



Guidelines for Good Practice on LNG (GGPLNG)

Madrid Forum XIV, May 22nd – 23rd 2008

- ERGEG announced that in the context of the Gas Focus Work Programme for 2007 would deliver GGPLNG.
- 25th July 2007 è meeting between ERGEG and GLE under the informal consultation launched by ERGEG on the “Preliminary GGPLNG”.
- 13th December 2007 è ERGEG launched a public consultation on its draft GGPLNG.
- GLE welcomed the opportunity to respond to the draft GGPLNG.
- GLE members developed a general response letter and additional detailed comments.

- LNG plays an important role in the European Energy Policy in terms of SoS, supply diversification and enhancement of competition.
- The adoption of some basic rules might have a positive contribution to the internal gas market and in the development of competition.
- To avoid any detrimental situation or distortion of the market, GGPLNG should take into account:
 - Technical characteristics of existing LNG terminals,
 - Specific business models, and
 - Regulatory frameworks in place.

Process Scope & Objectives



- Current Regulation 1775/2005 does not apply to LSOs so GGPLNG could only be voluntary.
- Owing that ERGEG's public consultation on GGPLNG has come 3 months after the release of the 3rd Package, it is not clear to what extent ERGEG has taken into account its proposals.
- GGPLNG should be limited to guidelines for LSOs, and not develop powers of NRAs.
- TPA obligation cannot be specified / harmonised beyond the level of general principles in order to allow development of products and services by each LSO.

- Over harmonisation could produce negative impacts in the development of business models in the LNG market not suitable for the market needs.
- GLE supports efforts to outline certain common operational area (including confidentiality, roles and responsibilities), definitions and procedures (including terminology used) – it is in this area where there may be benefits that LSO's can bring in linking upstream and downstream markets and improving efficiency of communication.
- GLE also supports the inclusion of certain transparency provisions in the GGPLNG.

Implications of More or Less Prescription



Gas LNG Europe

- A higher degree of prescriptiveness would go beyond the Directive 2003/55/EC.
- In GLE's view the key characteristics of an appropriate set of guidelines should:
 - Be already implemented or capable of being implemented efficiently in time and cost terms by LSOs.
 - Confirm a commonly agreed approach for operation facilities, and
 - Not present any threat to existing contractual rights or business model.
- The adoption of any guidelines implies incremental costs for LSOs which would need to be recovered from terminal users.

- GGPLNG should not affect the investment climate and should exclusively focus on the operational aspects.
- GLE considers that investment is fostered by a stable and predictable regulatory framework that:
 - guarantees that LSOs can recover the investments made against an appropriate return,
 - allows for an efficient operation of the facilities,
 - preserves existing contractual rights.
- Harmonisation must not hamper the fulfilment of the conditions above.

Application of GGPLNG to Exempted Terminals



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- GLE agrees that GGPLNG do not apply to LNG terminals exempted under Art. 22 of Directive 2003/55/EC.
- Regulatory authorities, at a European level, may only take the five criteria detailed under Article 22 of the Directive into account when granting an exemption.



Thank you
for your attention!