

14th Madrid Forum
22/23 May 2008



European Federation of Energy Traders

**Guidelines for Good Practice on
Third Party Access for LNG
System Operators (GGPLNG)**

EFET Gas Committee
Colin.Lyle@EFET.org



GGPLNG

- Access to LNG Infrastructure



- § **Guarantee fair and non discriminatory treatment between terminals**
 - § **Level of prescription in the guidelines is about right** in providing flexibility for regulatory authorities to recognise practical differences between terminals.
 - § **Arrangements to facilitate trading between regulated and TPA exempt facilities should be harmonised where practical.**

- § **Keep flexibility in commercial offer: GGPLNG should avoid over prescription** regarding how bundled and unbundled services should be offered, so that no barriers are created to innovation and product variations in the market.

- § **Level-playing field: Cross subsidies should be avoided** and they should be quickly phased out when they appear in regulated facilities

- § **Access to information:**
 - § **Consistent and user-friendly information provision** helps to stimulate market development.
 - § **Some requirements on information provision and on practical standardisation of UIOLI products may be usefully applied** to help improve trading opportunities in the short term and to achieve a more consistent regime into the long term business

GGPLNG

- improving secondary trading and liquidity



- § **It is crucial that LSOs do not create barriers to the development of secondary markets** (e.g. by not putting in place the necessary arrangements to facilitate the market once there is a recognised need).

- § **Key principles:**
 - § **Improve trading arrangements to foster liquidity and make LNG a real complementary market to pipeline gas.**
 - § **The market should be free to deliver innovative products to meet demand** rather than be subject to the imposition of prescriptive solutions. This will help to facilitate the free trade and the flow of LNG.

- § **Where practical, trading arrangements should be harmonised at LNG importation facilities** to stimulate the development of trading on secondary markets
 - § Termination clauses
 - § Replacement gas
 - § Force Majeure standardisation
 - § Other relevant clauses related to EFET master agreements (credit support...)

- **The Guidelines are well balanced**, but changes can be expected in the LNG market - regulators and LSOs will need to adapt their practice to commercial changes
- **Implementation must aim to facilitate wider investments** and the trading activity so that LNG is increasingly fungible with pipeline gas.
- **Careful market consultation** needed during implementation.
- **Avoid cross subsidies** and eliminate barriers to market development
- **Harmonisation of contractual terms** relating to the Master Trading Agreement ... EFET is starting work on this



European Federation of Energy Traders

**Amstelveenseweg 998
1081 JS Amsterdam**

**Tel: +31 (0)20 5207970
Email: secretariat@efet.org
www.efet.org**