



Common position of European industry associations on multi-system operation of TSOs in the 3rd package

We strongly welcome the 3rd internal energy market package and its effort to enhance the competitive single European market for gas and electricity.

Gas usually flows over several borders from its source to its final consumption. To promote competition it must be possible for a supplier to take a competitive decision to source gas from all directions or via LNG to supply a given customer (access conditions, capacity available, balancing risk etc.) on a reliable and stable basis. Opportunity costs per potential customer are higher due to the large number of different access systems which has also been highlighted in the Sector Enquiry.

If the much needed energy market reforms are to achieve effective and beneficial results then EU legislation has to include provisions for multi-system operation of TSOs, matched by regulatory supervision for the development of the European gas transmission grid. This is true for the inter- and intra-national level. The geographic scope of the regions should be defined on a flexible basis not being constrained by national borders.

The multi-system TSO operation should include common handling of capacities, the creation of a joint balancing market, joint system access and joint system enhancement as well as all aspects of transparency.

Historically many of the major investments have been made on an international corporate level, guaranteeing information flow and tariff predictability only for the involved parties. Under market liberalisation conditions and dealing with effectively unbundled companies there must be mandatory network integration in order to make sure that systems are optimised in an efficient way and not just for the benefit of one TSO but for all market participants.

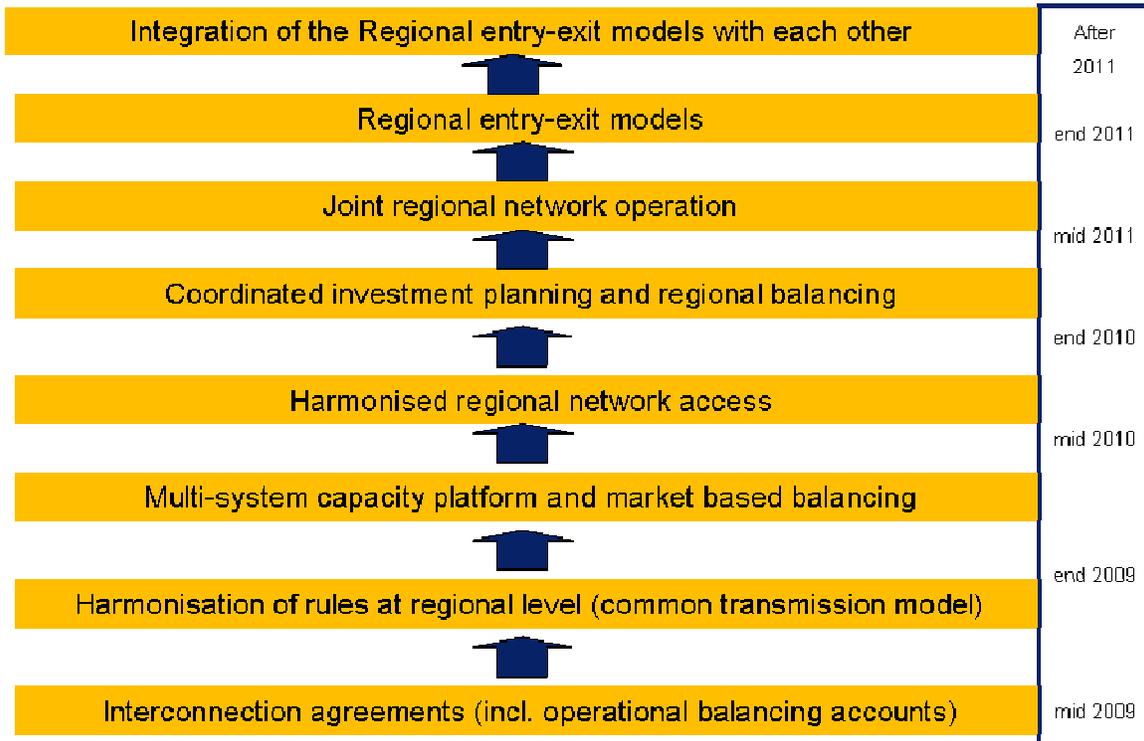
We believe that multi system operation of effectively unbundled TSO is a key prerequisite for further and timely development towards a single European gas market. All TSO's must work together as soon as possible with a view of creating a (regional) integrated entry exit system and a one-stop shop for all system user needs.

These principles are also part of the EFET Paper on regional cooperation of independent transmission system operators¹ (efficient multi-system operation).

¹ source: www.efet.org – Regional Gas Grids – Towards the single European market



A potential timetable could be the following:



After 2011 further work to integrate the regions with each other should be continued in order to get one pan-European gas market.

In conclusion

- to establish harmonised rules on a European basis, system user involvement on an equal basis is essential to achieve an efficient market
- for multi-system operation legislative support is required