

Conclusions of the
14th meeting of the European Gas Regulatory Forum
Madrid, 22 • 23 May 2008

I. Regulation 1775/2005 • Compliance Monitoring

1. ERGEG presented an update of their monitoring exercise regarding Regulation (EC) No 1775/2005 (transparency requirements). ERGEG focussed on new monitoring results, the conclusions drawn from public consultation on the transparency monitoring report, the state of play of application of Article 13, i.e. penalties imposed by regulators and looked ahead to the next monitoring steps.
2. The Forum welcomed ERGEG's announcement to further proceed with monitoring of (1) Article 5 and 8 of Regulation (EC) No 1775/2005 and (2) the ERGEG Guidelines for Good Practice for Open Season. The Commission and stakeholders underlined the key role of regulators in continuous monitoring compliance with existing legislation.
3. The Commission announced that it will launch a study on the application of Article 3 and 7 Regulation (EC) No 1775/2005 in the EU, and in this context ERGEG and the Commission will cooperate.
4. The Forum on the one hand welcomed the progress made, but on the other hand also raised concerns with respect to the areas of non-compliance with Regulation (EC) No 1775/2005 and stressed that current discussions about improvements of the legislative framework via the 3rd package shall neither neglect the importance of, nor serve as, an excuse for inadequate implementation of existing EU legislation. The Forum invites the European Commission to strengthen the transparency requirements as laid down in the Annex to the Regulation.
5. The Commission and stakeholders expressed serious concerns about regulatory authorities not making use of their powers to sanction non-compliance and invited ERGEG to update the Forum on related implementation proceedings at its next meeting.
6. The Forum in addition stressed the responsibility of Member States to implement effective, proportionate and dissuasive penalties and appropriately empower the relevant authorities to sanction non-compliance with the requirements of the Regulation.
7. EFET presented its analysis of ERGEG's transparency monitoring from the point of view of network users. EFET encouraged the TSOs strongly to publish the data that is currently already available. The Forum welcomed that EFET will continue to analyse compliance with the Regulation from the point of view of network users, and invited the other associations to cooperate with EFET, to which they agreed. They will present their results to the next Forum.

II. Article 22 Directive 2003/55

8. The Commission and ERGEG presented the draft working document and the results of the public consultation of ERGEG's Guidelines as regards Article 22 of the Gas Directive, which were welcomed by the Forum.
9. The Forum invites the Commission to align these papers and to finalise them in the coming months.

The Forum invites the Commission to duly take into consideration stakeholders' comments on the draft discussion document • submitted in writing and expressed orally at the Forum. The Commission requested stakeholders to provide comments on the draft discussion document by 6 June 2008 to the Commission.

10. In the light of the relevance of testing marked capacity demand for the design of new investments, ERGEG and EFET presented an analysis of practical experience with Open Season procedures undertaken so far, highlighting practical problems and the need for further improvement of such processes. As regards Open Season procedures, the Forum recognises the need for clear and transparent rules. The forum invites ERGEG to continue working on this and to take comments by stakeholders into account. The Forum in addition invites ERGEG to exam the issue of confidentiality of data related to Open Season procedures.

III. Guidelines for Good Practice on LNG

11. ERGEG presented its Guidelines for Good Practice on LNG together with the results of and conclusions drawn from public consultation on the Guidelines. The Forum welcomed ERGEG's effort in developing a harmonised regulatory approach for the treatment of LNG terminals.
12. The Commission updated the Forum on its study on the role of and future policy needs for the treatment of LNG and announced to present the final results to the next Forum.

IV. Legislative Proposals • Update and Institutional Progress

13. The Commission and the Slovenian Presidency updated the Forum on the ongoing discussions on the legislative proposals in the Council and the European Parliament. The incoming French Presidency presented its priorities for the coming half year.
14. The Forum invited the Council and the European Parliament to come to an agreement on the proposals of the Commission as soon as possible in the course of 2008.
15. The Forum welcomed the initiatives of GTE+ and ERGEG to develop codes and guidelines. In this context, the Forum underlined the strong demand for a transparent and democratic consultation process, which should involve all stakeholders in the drafting process from the beginning. This process could be differentiated according to stakeholder interests in respect of the nature of the code to be developed.
16. ERGEG presented an information paper reflecting ERGEG's developing thinking on the scope of the eleven areas. The Forum welcomed ERGEG's intention to prepare for consultation in September - October 2008 a comprehensive document addressing the practical implementation of the framework proposed in the 3rd package, the consultation process and the establishment of priorities for the development of codes and guidelines.
17. ERGEG accepted the Forum's invitation to continue the ongoing dialogue with GTE and other stakeholders, and to develop their model for consultation for presentation to the next Forum. The Forum also stated that ERGEG and GTE should start with the consultation on possible priorities for network codes to be developed

18. The Forum invited all stakeholders to provide input to the GTE+ work programme and requested GTE to duly take into consideration the comments received. Marcogaz underlined the need to clarify the term "technical" as referred to in network codes.
19. As regards storage, GSE presented an update on GSE members' compliance with ERGEG Guidelines of Good Practice for Storage Operators (GGPSSO) and re-called its support for the full implementation of the GGPSSO as the main tool to ensure a well functioning internal storage gas market. The Forum welcomed progress made with respect to the implementation. The Forum invites the Commission to consider making the GGPSSO Guidelines binding. The Forum also invites GSE to present a final version of their position paper on congestion management and capacity allocation for storage operators to the next Forum.

V. Gas Regional Initiatives

20. ERGEG presented progress on the Gas Regional Initiatives. The Forum underlined its ongoing support for the Regional Initiatives as a useful interim stepping stone towards a fully integrated and well functioning market. The Forum underlined the importance of involvement of all stakeholders and Member States for the progress of the Regional Initiatives and especially welcomed the governmental cooperation in all Regions.
21. The Forum welcomed best practice solutions developed in the regions, and invited ERGEG to consider the implementation of already successfully demonstrated best practice solutions in all Regions.
22. The Forum acknowledged the strong wish of users for fast progress and legislative measures in order to enhance progress in network cooperation on European level. EFET, IFIEC, OGP, GEODE and CEFIC consider that the concept of regional network cooperation presented by EFET and GEODE is a possible way towards enhanced market integration. The Forum invited ERGEG to consider the possible implementation of this concept in all Regions.
23. The Forum recognises the need for developing market based balancing mechanisms, reducing balancing zones and sizes across regions, and for discussing the possible coordination role of hubs. The Commission invites all Gas Regional Initiatives to consider including these topics in their list of priorities.
24. As regards progress in the realisation of interconnection capacity between France and Spain, the Forum urges the responsible stakeholders to develop a coordinated Open Season. The Forum further urges TSOs in the SSE Region to implement interconnection agreements.
25. The Forum welcomes the EASEE-gas CBP implementation plan and asks EASEE-gas to broaden its action throughout all Gas Regional Initiative areas and to inform the next Madrid Forum on detailed progress of CBP implementation.

Any other business

26. The Forum takes note of the announcement by the Greek Regulator of the World Energy Regulatory Forum in October 2009 in Athens. The main topics are climate change, the effect of RES on infrastructure, regional integration of gas markets, investment and security of supply, LNG and the global gas market and the integration of financial and energy markets.