

GIE Initial Reaction to Article 22 GGP and EN

Madrid Forum
22/05/08

Introduction

- GIE welcomes the opportunity to comment on both the ERGEG GGP and the EC EN on Article 22
- Investment in gas infrastructure is vital for the effective current and future functioning of the gas market in Europe and there is significant demand from gas suppliers and end users.
- Article 22 remains a vital tool to ensure investment that could enhance competition and security of supply takes place

Position on Article 22

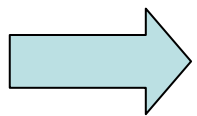
- GIE, having carried out a member survey on this subject, is not aware of any major concerns regarding the existing guidelines
- The number of exemptions granted to date demonstrates the success of article 22 in attracting investment
- Clarification of the process by which exemption applications will be considered may be useful, in particular concerning consistency and transparency across Europe
- Guidelines should stay within the scope of Directive 2003/55/EC and Regulation 1775/2005
- It remains important that exemptions are judged on a case-by-case basis
 - Some flexibility is appropriate to account for individual project specifications, and guidelines must be broad enough to be applied without the risk of conflict with national market circumstances

General Comments on Guidelines

- Review of an exemption should only be subject to the applicant breaking applicable law or not complying with the conditions set in advance by authorities – scope beyond this may undermine investment decisions taken, and indeed hinder future decisions being made
- Clarity and certainty in timings associated with the processing of exemption applications is vital to allow applicants to fully analyse the risk of application
- There must be an appropriate balance between the information requirement and associated costs to the project initiator
- In the specific case of granting exemptions to LNG terminals it should be considered that those exemptions are not detrimental to existing regulated LNG terminals in the same market area

Wider Investment Debate

- It is important that the investment debate is not dominated by article 22
 - A stable and predictable regulatory regime is needed across Europe which encourages and facilitates investment
- It is clear that such a climate has not yet been achieved, in particular for inter-Member State infrastructure
- This has been acknowledged in the EC's 3rd Energy Package



The debate must focus on rectifying this and ensuring the necessary climate for investment

Conclusion

- GIE welcomes involvement in the development of any guidelines on article 22, as well as the wider investment debate
- GIE has provided detailed comments on ERGEG's draft GGP
- GIE has the intention of providing similar comments on the EC EN