

Madrid Forum: 22nd – 23rd May 2008

Views by Eurogas
on

Article 22 – ERGEG's draft Guidelines
(Item 2)



THE EUROPEAN UNION OF THE NATURAL GAS INDUSTRY

Principal Points on draft ERGEG Guidelines

- In general, Eurogas supports the approach taken in the draft Guidelines
- There are challenges in delivering new infrastructure essential to Europe's security of supply in coming years, and it is important to incentivise the needed investments
- One of the possible tools is the Article 22 exemption process, but a balanced approach is needed to using this Article – case by case assessment is essential
- Eurogas supports the initiative to prepare Guidelines to enhance a harmonized European approach to the implementation of Article 22.

We have called for further details and clarifications in the Guidelines, e.g.

- a more precise definition of interconnector
- a precise definition of hoarding – it is not clear either how anti-hoarding mechanisms would apply to exempted capacity especially in the case of partial exemption

With regard to market tests or similar procedures,

- Open seasons (or comparable) procedures are important in assessing demand for capacity, but should not necessarily be the only means of determining the capacity of a project – other aspects have to be taken into account.
- Open seasons should be accompanied by a non-discriminatory capacity allocation process to meet the needs of users for non-exempted capacity.
- Together the procedures should determine market need and the availability of the investors to support financially the related investments.
- Open seasons should not be used to allocate equity.

With regard to consultations with neighbouring authorities,

- Consultations are appropriate especially in the case of an interconnector, to set up common or at least compatible rules for the facility on each side of the border, ensuring that it should enhance competition in national and regional markets and at European level

With regard to assessment criteria,

Generally the described criteria seem appropriate, but may need fleshing-out as some areas are vague and therefore risk being applied in a subjective manner.

Providing that the criteria to obtain the exemption are met, there is no reason to dismiss the possibility that incumbents may benefit from Article 22 exemptions.

Concerning the Explanatory Note by DG TREN.

How will this note relate to the eventual ERGEG Guidelines?

Eurogas members are currently assessing the draft and we shall comment later.

(Eurogas Response to ERGEG's Consultation on Article 22
(08NO270): www.eurogas.org)