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Transparency Requirements: The US Model

EFET Gas Committee

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The US Regime—Summary

- § **Specific and detailed information transparency requirements**
 - § Implemented and enforced by single federal regulator (FERC)
- § **Applies to all interstate pipelines**
 - § Proposal for new requirements for some *intrastate* pipelines
- § **Data types and measurement units are consistent across the US**
 - § No transparency “patchwork”
- § **No requirement for harmonisation of reporting formats**
 - § Market has delivered information format harmonisation
- § **No single user protection relating to the data that is published**
 - § No exemption similar to the EU less than three shipper rule
- § **Ongoing requirements for improvements in the provision of information by pipeline companies to keep pace with market developments**

Required Information in the US

§ Pipeline Capacity

- § Total capacity available, including fees
- § Capacity booked (firm and interruptible) per shipper: volume, delivery point, injection point, duration, price.
- § Planned outages and maintenance
- § Clearly published balancing rules

§ Storage Capacity

- § Total capacity available, including fees
- § Capacity booked (firm and interruptible) per shipper: volume, duration, price
- § Maximum volume and injection/withdrawal rates, total injection and withdrawal, maximum injection & withdrawal, prices charged to customer
 - Twice yearly, 30 days after injection/withdrawal season, per customer

§ Flows

- § Proposed new rule would require operators to post actual flow volumes at receipt, delivery and storage points within 24 hours of the gas day closing
 - would apply to both interstate and intrastate pipes

What Regulation 1775/2005 Requires

§ Short on specific requirements:

- § “Detailed information” about services offered
- § “Technical information” necessary for effective network access
- § “Reasonably and sufficiently detailed information” on tariffs
- § “User friendly, standardized information” on capacities

§ Provides wide discretion to TSOs

- § Subjective criteria
- § No clear requirement for standard measurement units
- § No timing requirement
- § Less than 3 shipper exemption survives

§ Based on the US experience, effective information transparency requires clear and specific rules

- § Transparency is ill suited to allowing wide TSO discretion

§ Additional guidance would be welcome

EFET has proposed specific Information Requirements



- § Internet access to critical data
- § Gas quality specifications
- § Maximum available pipeline capacity
- § Commercially available pipeline capacity
- § Maintenance schedules and planned outages
- § Daily gas flow information
- § Imbalance calculation methodologies
- § Available storage capacity
- § Storage injection/withdrawal rates

How does the EU stack up?



Key Categories	US-wide Requirement	EU-wide Requirement
Non-discriminatory pipeline access	•	?
Internet access to critical data	•	?
Gas quality specifications	•	X
Maximum available pipeline capacity	•	?
Commercially available pipeline capacity	•	?
Maintenance schedules and planned outages	•	X
Gas flow information	?	X
Imbalance calculation methodologies	•	?
Available storage capacity	•	?
Storage injection/withdrawal rates	•	X
No Less Than 3 Shipper rule	•	X

Why is Information Access important?

§ Enhances gas trading by:

- § Aiding non-discriminatory system access
- § Helping transmission customers manage costs and non-compliance risks
- § Facilitating market entry by new participants
- § Facilitating creation of regional gas markets
- § Optimising system utilization
- § Facilitating efficient market balancing mechanisms
- § Facilitating secondary market development and operation

§ And traders are vital to a fully functional gas market. Traders . . .

- § Bring together supply and demand
- § Help manage supply and price risk and volatility
- § Compete on price, putting downward pressure on consumer prices
- § Help to optimise generation fuel mix and operational efficiency
- § Help to optimise transmission system utilisation over various time horizons

Conclusion



- § US requirements are significantly ahead of EU requirements
 - § Very limited information is generally available in the EU
 - § There are few clear, specific and consistent EU-wide requirements
 - § What is available in the EU is not consistent TSO to TSO
- § The US system focuses on getting the basic information published
 - § Consistent units but no harmonised format
 - § Relies on the market to make the data useful
 - § Private sector companies clean the data and sell it in a uniform format
- § The EU must improve EU-wide data publication requirements
 - § Clear EU-wide guidance for data publication
 - § Ensure consistent implementation by TSOs
 - § Consistency of data availability across TSOs is key
 - § The market will deliver any required format standardisation services



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