

Thirteenth Meeting of the Madrid Regulatory Forum

16-17 October 2007

PRESENTATION OF LEGISLATIVE PROPOSAL

Discussion Points

euro  **gas**

THE EUROPEAN UNION OF THE NATURAL GAS INDUSTRY



Eurogas supports the Commission's aims to achieve a fully functioning internal market. This necessitates policies focused on

- improved implementation of existing Legislation
- improved TSO co-operation
- an improved regulatory process
- non-discriminatory access and system operation
- an emphasis on pragmatic regional solutions such as are explored in the GRI, as a step to a European internal market
- a stable regulatory framework conducive to support investment needs for Europe's supplies

In assessing the package, these will be the key questions for us.

An improved regulatory process (1)

Eurogas supports the twin objectives of the package

- measures to ensure that NRAs should have the necessary resources and harmonised powers to carry out their duties effectively and correctly
- improved regulatory oversight and co-ordination at European level

In principle, gas network operators should be subject to strong, well targeted regulation.

In contrast, the commercial side of the business should be governed by principles of competition law and market considerations (e.g. consumer protection law).

An improved regulatory process (2)

As system users, we would wish to be confident in clear boundaries of responsibilities between NRAs with their enhanced powers and ENTSOG, for resolution of any problems which could arise.

Also we question potential overlaps with the duties and competencies of competition authorities.

We urge that the Agency and NRAs consider adopting Guidelines for Good Regulatory Practice, as suggested by Eurogas in May 2007.

Progress in improving the regulatory process has to be achieved in the same timescale across Europe.

Improved TSO Co-operation

- We welcome the steps the Commission is taking to improve TSO co-operation. This should deliver better services for gas suppliers.
- In principle, we agree with the establishment of ENTSOG. Improved cross-border network relations, embracing planning, interoperability etc. will provide a fundamental underpinning of regional market development.
- But we have concerns that the concept of “market” codes is unclear and risks leading to undue intervention of TSOs in the trading and supply business.
- We very much welcome, that there will be an obligation to consult regularly with network users and other suppliers. We shall be seeking rules of procedure which ensure an efficient and effective consultation process.
- The success of ENTSOG will depend on a membership that must be comprised of individual TSOs meeting their obligations in a correct, transparent and timely fashion, meeting the services users need on a non-discriminatory basis.

Non-discriminatory access and system operation

It is of paramount importance that suppliers and shippers have unhindered access to network services under transparent and non-discriminatory measures.

Eurogas has argued that different solutions are possible, and no single solution at European level is required.

Solutions to strengthen effective unbundling should be proportionate and take into account the need to (1) guarantee non-discriminatory access (2) improve market development and integration, (3) have strong European companies to negotiate gas supplies in the interests of European consumers.

Sound, well targeted, regulation should be sought.

The overall approach of the legislation , when implemented, should afford users and investors confidence in the efficiency of its individual instruments and the way they work together, and provide a robust procedural protection of their interests. This is essential for a well functioning market, meeting customers' interests.