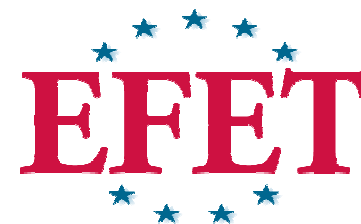


13th Madrid Regulatory Forum
16/17 October 2007



European Federation of Energy Traders

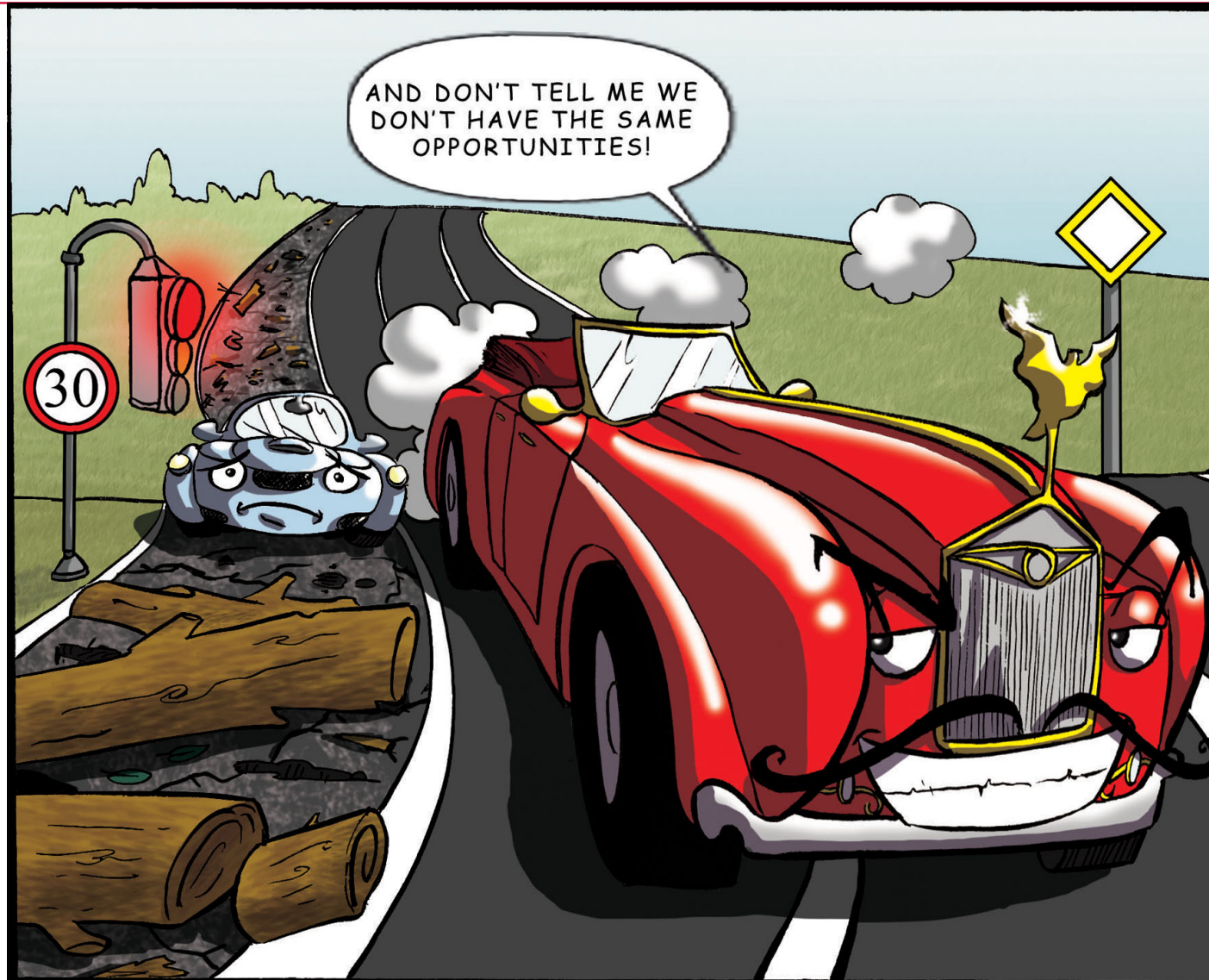
**The 3rd EU Energy package –
towards a single gas market**

EFET Gas Committee

www.EFET.org



Access across the EU gas market!



More Effective Unbundling



- § ISO must make Independent decisions
- § Goal that ISOs transcend national boundaries

Powers & duties of National Energy Regulators



- § Consistent powers and sufficient independence

- § Coordination between financial, energy and competition authorities
needs to be improved

European Agency for Cooperation in Energy Regulatory (EACER) – has a real job to do!



- § EACER needs a clear focus on x-border issues and the ability to take action
- § Powers and duties of EACER should match the activities of ENTSO(g) (if such a body were to be established)
- § Revise EACER powers & duties after evaluation of effectiveness

Information transparency – a crucial issue



Infrastructure information

- § Improved information on gas infrastructure remains a fundamental issue, which is well addressed by the proposals in the 3rd package

Market information

- § Overall market monitoring needs to be facilitated by the provision of consistent information from hub operators & exchanges
- § The circumstances under which a particular regulator could request records of individual confidential transaction need careful definition.

Storage - support for the main proposals



But we suggest better clarification that

- § the goal is a competitive storage market
- § unbundling should equally apply to TSOs who own storage
- § emphasis should be on convergence and harmonisation across Europe, in particular regarding information, annual allocation of capacity and facilitation of trading throughout the year.
- § decisions about inclusion in TPA or the nature of the access regime should have the same basis for all storage facilities and include an assessment of genuine competition within the same balancing zone.

Balancing

3rd package needs to provide greater impetus



§ Europe needs to converge on market-based balancing in which information provision is sufficient and timely to enable market participants to take corrective action within the balancing period.

- § First step is regional grid analyses to ensure that sufficient physical infrastructure to deliver gas will be built and made available to the market
- § Transparency is needed for any mutual assistance agreements, to avoid undue increased gas prices for consumers

ENTSO (gas) – benefit is not clear



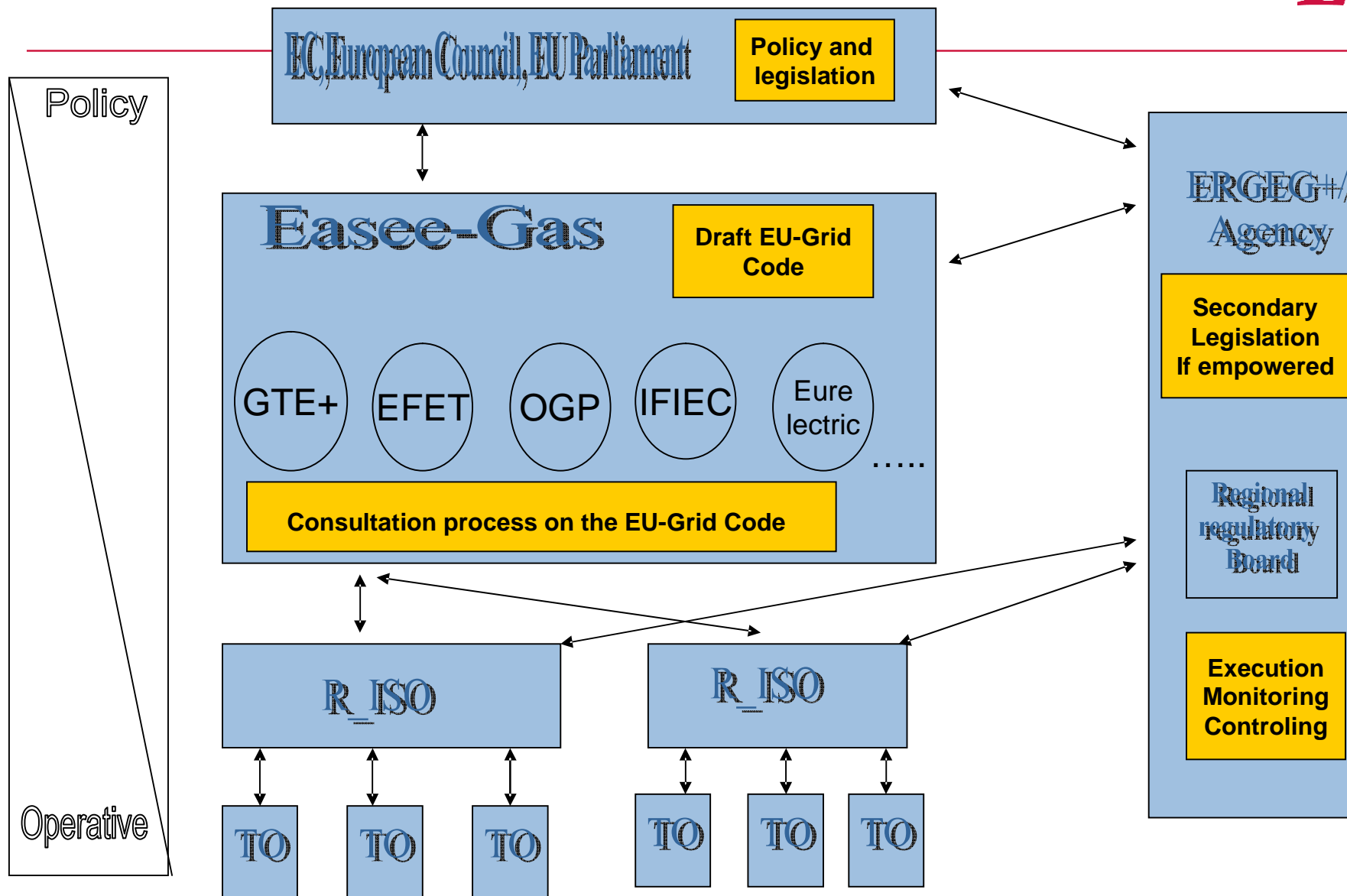
We recommend:

1. recognise an industry-wide platform as responsible for drafting binding documents on topics that affect wide parts of the industry
2. place clear obligations on TSOs both severally and jointly to implement the network parts of those documents and other network-related tasks that are specific to TSOs
3. empower EACER to step in if the industry cannot agree or the TSOs fail to deliver

§ equitable distribution of powers and duties

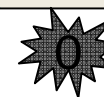
§ regulators responsible for the economic rationale of their decisions.

A better process for EU-wide gas network rules



Potential regional market development with determination of short term index prices

(Spot) price index



$R_{ISO\ xy}$

No	Localidad	Forma	No	No	No
1	Madrid	10	10	10	10
2	Barcelona	10	10	10	10
3	Valencia	10	10	10	10
4	Sevilla	10	10	10	10
5	Granada	10	10	10	10
6	Almería	10	10	10	10
7	Málaga	10	10	10	10
8	Cádiz	10	10	10	10
9	Jerez	10	10	10	10
10	Huelva	10	10	10	10
11	Badajoz	10	10	10	10
12	Extremadura	10	10	10	10
13	Castilla-La Mancha	10	10	10	10
14	Castilla y León	10	10	10	10
15	León	10	10	10	10
16	Galicia	10	10	10	10
17	País Vasco	10	10	10	10
18	Navarra	10	10	10	10
19	Aragón	10	10	10	10
20	Cataluña	10	10	10	10
21	País Valencià	10	10	10	10
22	Illes Balears	10	10	10	10
23	Canàries	10	10	10	10

Atlantic bassin
LNG Spot price

LNG

$R_{ISO\ 1}$

$R_{ISO\ 3}$

$R_{ISO\ 4}$

$R_{ISO\ 5}$

LNG

Border price

see

Border price

LNG

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