Gas Regional Initiative
Regional Gas Market "South South East"

Walter Boltz, Co Chair of the GRI SEE

Gas Mini Forum, 11th May

Agenda

- Background – What do we want to achieve?
- Status quo
- First improvements
- Coherence and convergence
- Way forward - topics of common interest

Background – What do we want to achieve?

PRACTICAL OUTPUT:

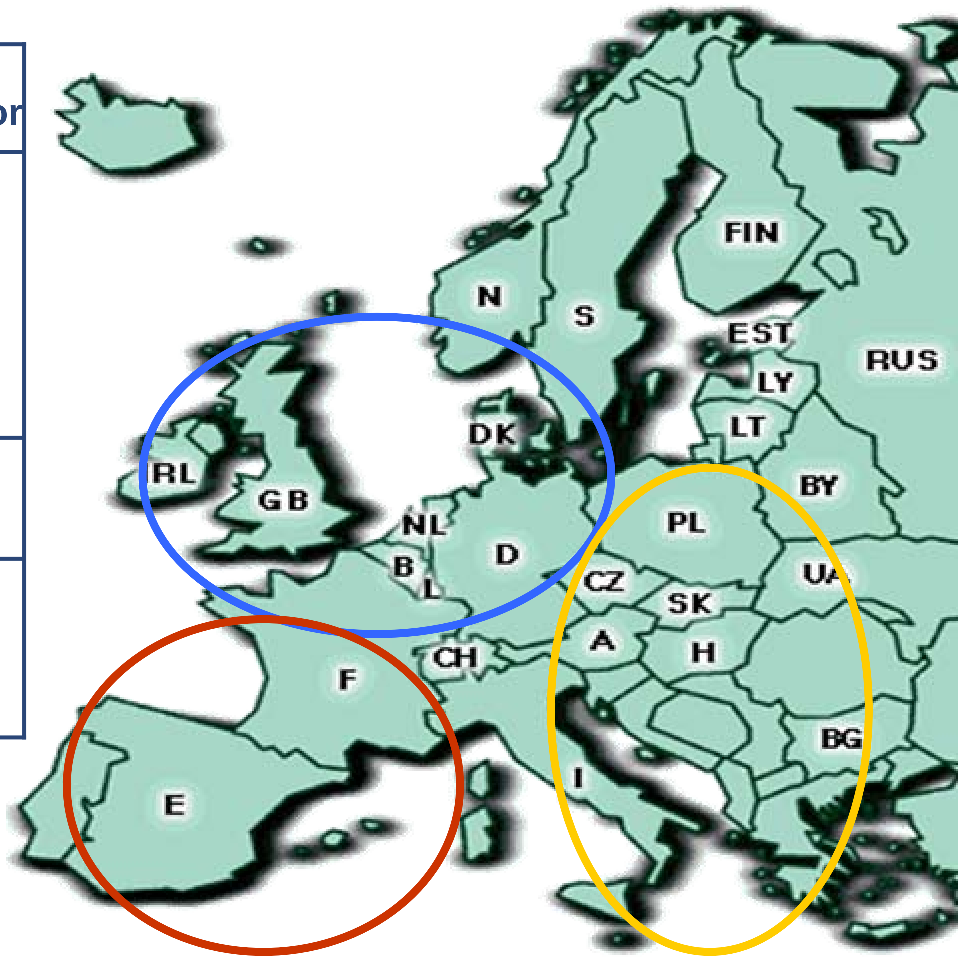
Identify existing obstacles and potential solutions, to increase:

- market liquidity
- trading activities and competition, increase number of active traders in the region
- TPA efficiency through harmonised TPA rules; market oriented and cost-based offer of transport services and flexibility tools; sufficient availability of transport capacities…
- security of supply and competition through diversification of sources and sufficient availability of transport capacities

ENSURE STRONG COORDINATION WITH THE OTHER REGIONS AS A FIRST STEP TOWARDS SINGLE MARKET

Regional Gas Markets

Region	Countries	Lead Regulator
North-North West	Netherlands, Belgium, France, Great Britain, Ireland, Germany, Denmark, Poland (aspirant member at present)	NL
South	Spain, Southern France, (Portugal)	Spain
South-South East	Italy, Austria, Slovakia, Hungary, Slovenia, Greece, Poland, Czech Republic	Italy & Austria



ERGEG

Structure of the GRI

EU COMMISSION

MADRID FORUM

Overall forum for discussing progress in establishing regional gas markets and pan-European consistency

ERGEG

established Regional Co-ordination Committees (RCCs). Each RCC :

- comprises regulators from the region;
- has autonomy, & adopts its own decision making process

STAKEHOLDER GROUP

Wide participation including market players

Chaired by RCC and used for consultation

IMPLEMENTATION GROUP

Includes TSOs, Market Operators (where appropriate)

This is the 'do-er' for each REM

Chaired by RCC

ERGEG

Agenda

- Background – What do we want to achieve?
- **<u>Status quo</u>**
- First improvements
- Coherence and convergence
- Way forward - topics of common interest

ERGEG

Status quo

April 2006	Establishment of the GRI
Sept 2006	Action plans and priorities have been defined
January 2007	first quick wins materialized
Feb 2007	work on identified priorities (IG, enabler groups)
2007	implementation and assessment of coherence and convergence

ERGEG

Agenda

- Background – What do we want to achieve?
- Status quo
- **First improvements**
- Coherence and convergence
- Way forward - topics of common interest

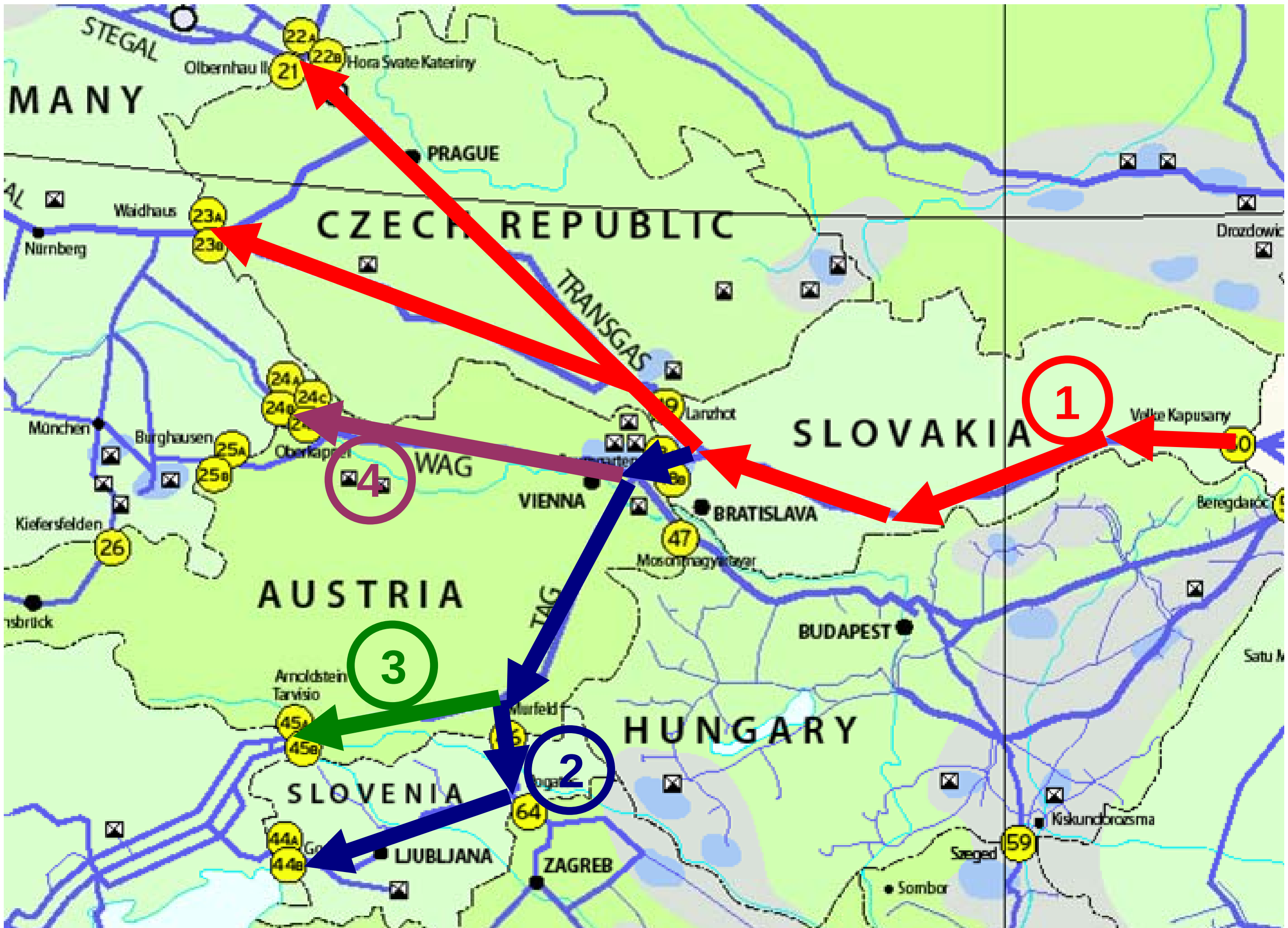
ERGEG

First improvements

- **N/NW**
  - day-ahead-auctions for improvement of the secondary capacity market (at IPs Bunde and Ellund)
- **South**
  - agreement to increase interconnection capacity
- **SSE**
  - Implementation of requirements of the Gas Regulation 1775/2005 - improvements in transparency due to regular monitoring
  - Conclusion of IAs/OBAs

ERGEG

Route Assessment in SSE



Available Capacities on firm basis in the Region SSE

	SPP	RTN	BOG	TAG	OMV	Geoplin	SRG	GAZ System
Route 1	YES	YES						
Route 2	NO			NO	YES	NO		
Route 3	NO			NO				
Route 4	NO		NO					
Route 5								NO
Route 6				NO **)			YES	

*) Transportation case: one-year contract for capacity of 10.000 Nm³/h (from November 2006 to October 2007) on a firm basis.

**) Since physical backhaul is not possible on the TAG system, possible backhaul transportation contracts will be concluded on an interruptible basis only.

ERGEG Regional Initiat

Congestion Management in the Region SSE

Which short-term congestion management procedure is applied?

	SPP	RTN	BOG	TAG	OMV	Geoplin	SRG	GAZ System
Route 1	None	interr. UIOLI, bulletin board						
Route 2	None			interr. UIOLI, bulletin board	interr. UIOLI, bulletin board	None		
Route 3	None			interr. UIOLI, bulletin board				
Route 4	None		interr. UIOLI, bulletin board					
Route 5								interr UIOLI
Route 6				interr. UIOLI, bulletin board			bulletin board	

Are there plans for capacity expansion?

	SPP	RTN	BOG	TAG	OMV	Geoplin	SRG	GAZ System
Route 1	No plans	No plans						
Route 2	No plans			exp. planned, not sufficient	No plans	exp. planned		
Route 3	No plans			exp. planned, not sufficient				
Route 4	No plans		Open season					
Route 5								No plans
Route 6				backhaul			exp. planned	

ERGEG Regional Initiat

Agenda

- Background – What do we want to achieve?
- Status quo
- First improvements
- **Coherence and convergence**
- Way forward - topics of common interest

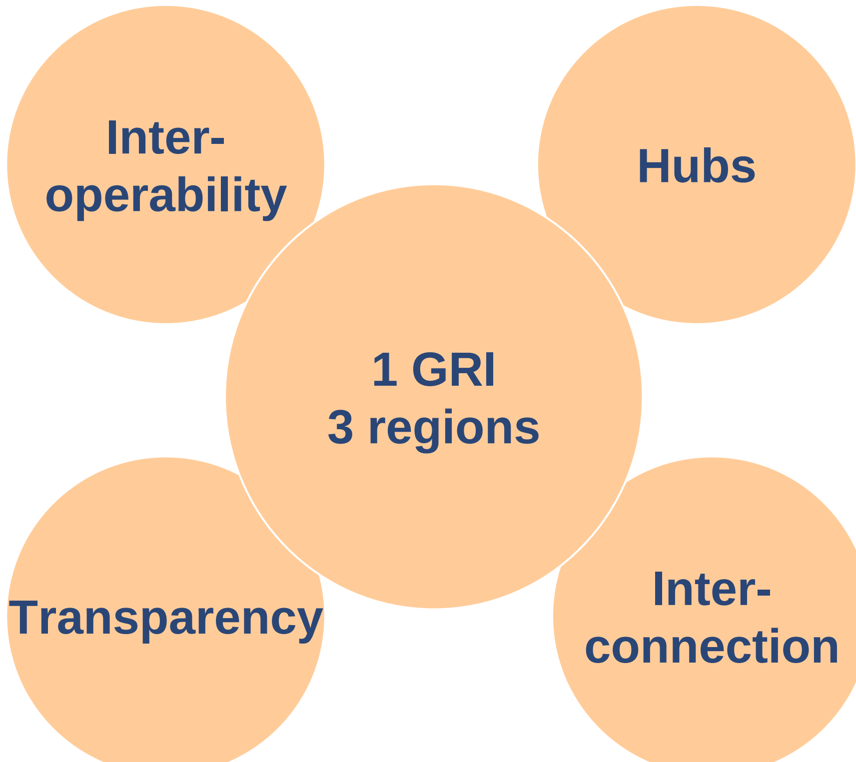
Priorities of the regions

Region	Priorities
SSE	Transparency Gas hub development Interconnection Practical transportation cases Regional eeT system One stop shop
N/NW	Transparency Gas hub development 1ary and 2ndary interconnection capacity Gas balancing Gas quality Regulatory coordination including investment issues
S	Transparency Gas hub development Interconnection capacity Interoperability Implementation of Directive - market opening

ERGEG

Common GRI Priorities

All the regions have identified
4 common priorities amongst their topics



Ensuring coherence and convergence

ERGEG set up a Task Force (GRI) with the aim to monitor the progress in the regions

based on the monitoring exercise 3 reports will be produced

- **Quarterly internal progress report**
- **A convergence and consistency report – for publication**
- **A strategic vision/roadmap paper – for publication**

Translating priorities into measurable results

Overarching aim: Linking priorities with beneficiaries

Priorities:

- Interoperability
- Hubs
- Transparency
- Interconnection

Measurable Results

Beneficiaries:

- Consumers
- Traders
- Network users
- Producers

Measurable results – 1

Measurable benefits to network-user (e.g. shippers)

- Simplified Access to the grid eg. One-stop-shop service
- Harmonized tariff systems
- EASEE Gas standards applied

Criteria for measuring benefits to consumers

- Switching behaviour/ rate
- Price differences between incumbent and alternative suppliers
- Harmonisation of general terms and conditions, especially with regard to minimum contract duration

Measurable results – 2

Criteria of measuring future success:

- Number of traders at hubs
- New entrants (large-industrial and end-user market)
- Transparency in Secondary market trading
- Market share and concentration measure of incumbents (such as HHI)

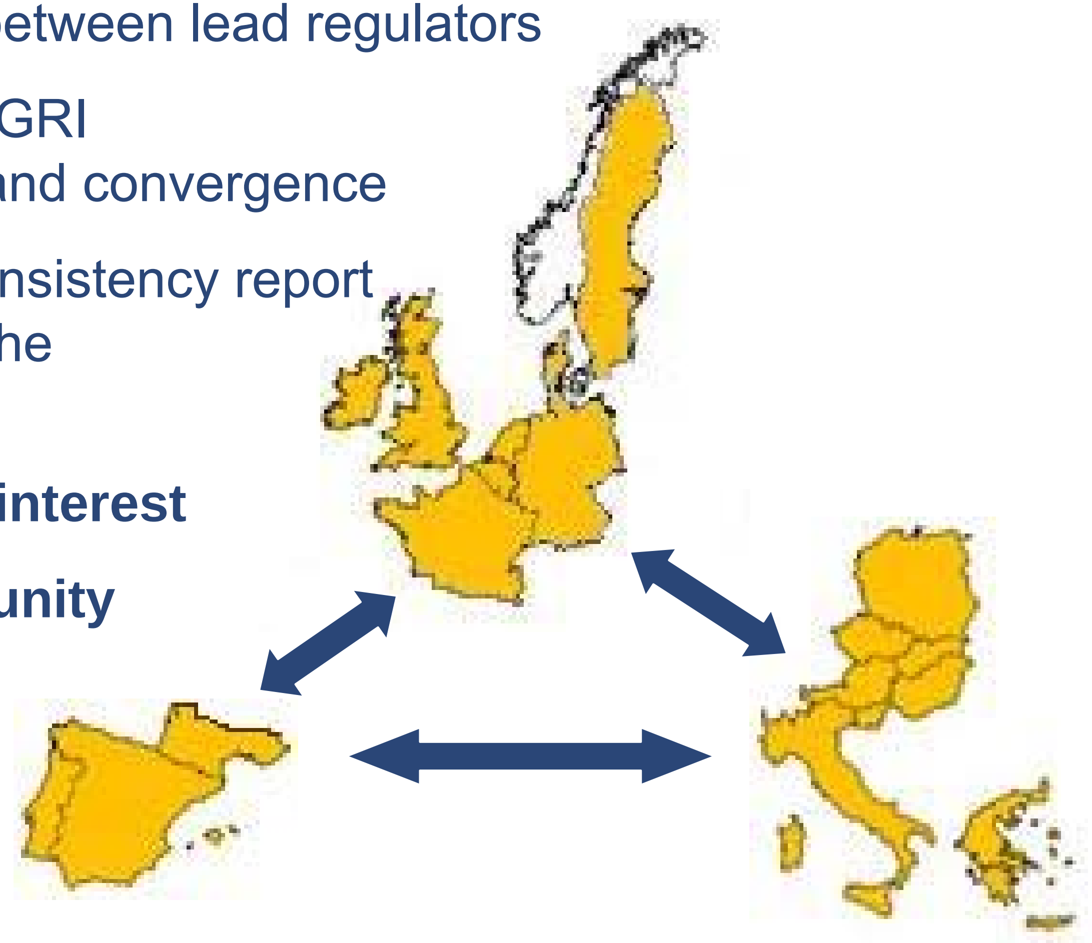
Measuring convergence:

- Price convergence (at hubs)
- Market structures

Coherence and convergence

- strong coordination between lead regulators
- ERGEG Task Force GRI
  to monitor progress and convergence
- Convergence and consistency report
  will be presented to the
  next Madrid Forum
- **Topics of common interest**

  with Energy Community



Agenda

- Background – What do we want to achieve?
- Status quo
- First improvements
- Coherence and convergence
- **Way forward - topics of common interest**

Way forward in SSE

The next 6 months

- Ongoing monitoring of compliance with Regulation 1775/2005
- Implementation of proposals of RCC studies on
  - Regional One stop Shop and entry Exit
  - Route Assessment
  - Hub as a Regional Balancing Point

Structuring the dialogue

- regular correspondence with the EC on progress in the regions
- regular correspondence with Ministries on progress in the region
- strong involvement of all stakeholders

Implications for the REM SSE: The way ahead

AP	Output	Responsible	Members	Result until
1	Best-practice standardised bulletin board	TSO		end June
2	Summary of planned investments in the region (incl. Storage)	TSO		end June
3	Removing remaining obstacles to implementation of IPA/OBA	TSO & shippers		end June
4	Best practice provision of OSS service	TSO		end June
5	REETS	RCC		end June
6	Hub development as regional balancing market	Hub operators EFET, Eurelectric, shippers		end June

Thank you for your attention!