

**Eighth Meeting of the European Gas Regulatory Forum
Madrid, 8th and 9th July 2004**

3.2 Progress in the German Market

Comments by the European Federation of Energy Traders

Monitoring Report Findings on Network Access

Ministry of Economics and Labour August 31, 2003

- Need small number of **balancing areas in the HP grids.**
- Balancing areas not based on ownership but on **capacity bottlenecks.**
- Balancing areas defined by different gas quality, congestion or other hurdles, **if capacity is permanently constrained.**
- **Network operators must co-operate** with each other.
- Balancing area **co-ordination authority.**
- **Financial ring-fencing** - use revenues to reduce bottlenecks.

Current German perspective, July 2004

- **Still no firm implementation date** for EC Directive 55/2003 into national law e.g.:
 - No established regulatory authority
 - No effective unbundling.
- Large numbers of **decrees are missing**:
 - Balancing and metering rules, regional transportation issues, access fees etc.
- Future **transportation regime still unclear**.
 - Implementation into daily routine not before gas year 2006.

Proposed regime will not benefit competition

- Still transaction based, **not a real entry/exit regime**.
- Highly complicated with **too many zones** (dozens within the high pressure pipeline networks!).
- **Impossible to trade** within zones.
- Conditions of proposed regime **lag behind the ‘Marathon’ remedies**.
- Weak congestion management (e.g. **no UIOLI**).
- **No obligations for TSOs to co-operate** with each other.
- **No information transparency requirements**.