

EFET view on the DG Competition Gas Sector Inquiry

EFET¹ strongly believes that liquid and transparent wholesale energy markets help bring benefits to consumers and provide at the same time the right investment signals to enable efficient delivery of secure energy supplies. EFET emphasises the need for information transparency to enable the proper functioning of the markets in the interests of all European citizens.

Whilst legislative progress has been made, the practical implementation of an internal European gas market is hampered by barriers to market entry that are made worse by inadequate provision of information, particularly regarding the availability and use of gas infrastructure. Improvements are urgently needed in order to develop trading at and between gas hubs. The immediate priority should be to ensure that transport capacity is made available to the market on cross-border gas routes.

The draft preliminary findings of the gas sector inquiry are that:

1. At the wholesale level, markets generally maintain the high level of concentration of the pre-liberalisation period.
2. Lack of liquidity and limited access to infrastructure prevent new entrant suppliers from offering their services to the consumer.
3. Cross-border sales do not presently exert any significant competitive pressure.
4. There is a lack of reliable and timely information on the markets - normally the lifeblood of healthy competition.
5. More effective and transparent price formation is needed in order to deliver the full advantages of market opening to consumers

EFET agrees with the thrust of these conclusions, but notes that they are linked both regarding the reasons for lack of gas market liquidity and the solutions that need to be put in place.

We believe that **improved information transparency**, particularly in relation to the aggregate flows and available capacities in Europe's main gas pipes, is a simple and immediate step that must be taken to reduce concerns of discriminatory infrastructure access and inefficient use. EFET is currently updating its position on essential Gas Market Information.

Effective unbundling remains fundamental to achieving non-discriminatory access and facilitating cross-border trade. Commercial interests in major pipelines should have been fully and effectively transferred to structurally and legally unbundled infrastructure operators. Access to gas storage is also an essential aspect of market opening. Whilst the aim should be to develop competitive storage services, dominant storage businesses may need to be unbundled to a similar extent as the relevant pipeline businesses.

For further information, please contact:

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¹ Established in 1999, the European Federation of Energy Traders (EFET) is an industry association representing over 80 trading companies operating in about 20 countries. The EFET mission involves improving conditions for energy trading in Europe and fostering the development of an open, liquid and transparent European wholesale energy market. More information about EFET views and activities are available on www.efet.org