

# European Federation of Energy Traders

General Meeting  
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## **EFET Gas Campaign**

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# EFET Board Brainstorm, Sept 2005

**Need a renewed push to establish gas trading**

Initial ideas for **targets**:

- Short-term
  - **Improve liquidity** at virtual trading points (e.g. TTF)
- Long-term
  - **Independent System Operators** for groups of TSOs

# Gas Committee approach

1. Build on **priorities** and suggestions to establish **targets for 2006**
2. Plan and implement EFET input relevant to the **timeline of events**
3. Identify who we should be influencing and agree a **communication strategy**

Increase **EFET influence** as an effective catalyst for change in the gas market

# Current Gas Committee priority areas

- **Gas Hub Development** Group *(led by Doug Wood)*
  - To improve trading services and convergence of trading terms
- Project Group **Balancing** *(led by Eric Bensaude)*
  - To reduce risk by encouraging a transition to market-based balancing
- Project Group **Capacity Markets** *(led by Adam Cooper)*
  - To improve access by the establishment of capacity trading
- Project Group **Entry-Exit** *(led by Petter Amundsen)*
  - To make entry-exit implementation more helpful to traders

# Together, our Goal is to improve liquidity

**Gas Hub Development**

**Balancing**

**Entry-Exit**

**Capacity Markets**



**Liquidity**

*“Information transparency and effective unbundling remain important issues that affect risk in all these areas”*

# EFET gas priorities, given to DG Tren

- Ensure **long-term contracts** do not distort the market
- Implement **firm use-it-or-lose-it** on legacy arrangements
- Improve **information provision** by System Operators
- Design **entry-exit** access regimes to facilitate trade
- Make **unbundling** effective
- Oblige **TSOs to co-operate** across borders
- Establish consistent powers/duties for **independent regulators**
- Require full implementation of **storage access** guidelines
- Encourage or **obligations on incumbents** to make the market
- Establish **market-based balancing**

# ERGEG/CEER's gas issues for 2006

- Interoperability
- Gas Hub Development
- Maximising Capacity
- Transmission (& Transit) Charges
- Storage and Balancing
- ERGEG Road Map

We can expect the regulators to take a regional approach to gas market development

# EU Commission's Gas issues for 2006

- Continuation of the **DG Comp Sector Inquiry**
- Matters arising from the **DG Tren Market Review**
  - Ensuring unbundling fully complies with the Directive
  - Checking that there are ex-ante cost-reflective tariffs
- Guidelines for the **gas transmission regulation**
  - Capacity allocation, congestion management  
transparency requirements
- **Interoperability** study
- **Security of supply**

“the current EU legislative framework should be sufficient, but we will bring forward a 3<sup>rd</sup> package if necessary”.



# 12 month EU regulatory gas timeline

- Nov **2005** - DG Comp & DG Tren preliminary reports
- Dec - Council of Ministers & Presidency conclusions
- Dec - Publication of regulators' proposed road map
- Jan **2006** - Final responses to regulators' road map
- Jan/Feb - EU Parliament consider DG Tren report
- March - DGTren gas transmission regulation guidelines
- April - Storage access compliance
- April/May - Madrid Gas Forum
- May - Security of Supply Co-ordination Committee
- June - Council of Energy Ministers
- July - EU gas transmission regulation compliance
- Oct/Nov - Madrid Gas Forum

# Using the press



Increase effectiveness of  
EFET Gas press releases



- improve **timing and content** (e.g. *For all 12 events on the timeline, plus be ready for new issues*)
- **inform all members** of EFET
- get additional good quality exposure in **trade magazines**
- **regular column** in an EU Institutional newspaper(?)
- **national coverage** on key issues

# Improving liaison with local task forces

## Can the Gas Committee give better support?

E.g. In Germany

- The requirement to implement the new Network Access regime on 1 February 2006
- The BNA's efforts to open up long-term gas supply contracts

**Use gas committee influence at EU level  
and with international opinion formers**

# Sharing our long term vision of a European Gas Market

- Entry-exit systems are the norm
- Independent System Operators are established
- Long term contracts that foreclosed the market have been changed
- Each ISO's system has one balancing zone
- Bid and offer prices are used for cashing out daily imbalances
- Robust and liquid gas futures markets exist
- [Capacity rights for any individual transfer route are in the hands of many companies]

# Who else do we need to persuade?

Not just associations, also individual companies:

- Hub Operators (via GHDG)
- TSOs (via PGCM, PGB, PGEE)
- Incumbent suppliers (via GHDG & PGB)
- SSOs (via Gas Committee)
- Producers (via Gas Committee)

**Essential to establish bilateral contact with key people in companies that can influence change**

# Short-term Targets

(to complete and/or publicise)

- **Transparency requirements for gas hubs**  
=> to improve information at existing hubs
- **Benchmarking of TSO systems**  
=> to help entry/exit implementation for trading
- **Ideal Balancing System**  
=> to reduce risk by market-based balancing
- **Position on long term contracts and UIOLI**  
=> to make capacity more accessible to traders

**application to be developed in the next Gas Committee meeting on 15 December 2005**