EFET

Press release

29 January 2001

German Gas Industry Increases the Chances for Regulation

Whether they realized it or not, the German gas industry pushed the market decisively towards regulation yesterday. After several months of failed negotiations to improve the existing arrangements for gas network access in Germany (so-called Gas VV), the Economics Minister Müller finally drew a clear line and stated that unless the participating associations create a proper framework for liberalising the gas market, he would impose regulation. Yesterday's summit meeting among the four participating associations (VIK, BDI, VKU, BGW) was meant to be a fresh start, a commitment to get the process going again on the basis of a set of common principles. The foundations would be laid for real gas liberalisation in a new VV2.

Despite the explicit request from the Economics Minister at last week's Handelsblatt Conference that he not be let down by the associations lest he be forced to regulation, the meeting did exactly that. Continued stonewalling by the German gas industry (BGW) meant no progress was made on agreeing to common principles, an agenda, and a clear time frame to complete the negotiations. The consumer side (represented by VIK/BDI) was offered a commitment to deal with just three elements of network access - storage, congestion management, and transparency. Interestingly, these were precisely the three areas that the associations agreed – in a formal commitment made to the Economics Ministry in July - to solve by the end of last year. The Associations also decided yesterday not to decide: Another "summit meeting" will be held toward the end of February, to see whether progress can be made.

EFET, several big Gas users, and even senior politicians are coming to the same conclusion: The VV process is failing and failing badly. In the six months since the VV1, the German gas consumers find themselves facing rising prices, no choice of supplier, and still captive to a monopolised industry. The critical element in "negotiated" third party access is that all parties must be willing to "negotiate". VIK/BDI – with significant support from EFET - have been prepared and willing to negotiate. But, with their actions over the past year, the gas system operator who also represent the big gas suppliers have clearly signaled to everyone, including the German Government, that they have no real interest in negotiation.

Editors notes

EFET is the European Federation of Energy Traders. At present 47 Energy trading companies from 14 European countries are member of EFET. Within EFET several Working Groups and Task Forces are active. One of the Task Forces is the German Task Force Gas (GTFG). In EFET-GTFG there are 13 active German members including all major and several medium size German trading companies.
Chairman of the German Task Force Gas is Dr. Jörg Spicker, General Director of Aquila Energie GmbH in Essen.

EFET- GTFG has produced 3 position papers in the last 12 months regarding VVI. (also see www.efet.org)
EFET- GTFG has lobbied with BMWi, Federal Cartel Office (FCO), with European Commission.
EFET-GTFG participated in the hearings at FCO, European Commission and BMWi.
EFET- GTFG has lobbied to become the 5th Association in VVII. On suggestion Minister Werner Mueller EFET-GTFG took steps to participate in VIK/BDI negotiating team
EFET has signed MoU with VIK about participation in VVII.
Other Verbaende were not very enthusiastic, probably because of EFET-GTFG's members detailed knowledge on the German gas grid, structures and their international experience on all European hubs, operating storage and promotion of liberalisation.

A compromise with the other Verbaende was found that 2 EFET-GTFG members would take part in the VVII negotiations as part of the enlarged BDI/VIK negotiation team.
In VVII negotiation the EFET-GTFG members of the BDI/VIK team co-ordinate several specific activities.
EFET-GTFG is taking part in the VVII Gas negotiations from 23 November 2000 on.

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