

EFET statement on amended Gas VVI

21 March, 2001

After several difficult months of negotiations, the four participating associations (BGW, VKU, VIK, and BDI) have signed a supplement to the existing Gas Network Agreement which aims to improve the basis for competition in gas in Germany. The supplement focuses on the areas of improved transparency, storage, and congestion management.

EFET has concluded that the amended VV Gas will do little or nothing to improve the poor competitive conditions that exist in today's gas market in Germany. While the document affirms intentions to improve transparency and guarantee non-discriminatory treatment for transport and storage, there are, in fact, few operational details that implement these intentions. The tariff and contract arrangements continue to be exceptionally complex and expensive. When all the layers of gas transport (import, regional, and local) are added up, Germany continues to have some of the highest transport costs in Europe.

The "rules" laid out in the amended VV are not binding for the concerned parties, nor are there any sanctions provided if any party chooses not to adhere to the rules. In reality, most gas network operators have chosen not to adhere to these rules. Court action or threats of intervention by the Federal Cartel Office continue to be necessary to gain reasonable access to the system.

The Associations and the Ministry will use the amended VV at the forthcoming EU Ministerial meeting in Stockholm to defend Germany's approach to negotiated third party access. However, the current situation proves EFET's concerns:

- ? After nine months of "liberalisation" more than 99.5% of all German customers continue to get their gas from their traditional supplier.
- ? Gas prices are up by almost 100% since early 2000.
- ? Only a small handful of newcomers have been able to deliver modest gas quantities to a few customers.

#### Editor note

An open letter has been sent to Minister Werner Müller, with detailed arguments why the amendments on VVI will not bring the competition on gas in Germany. Copy of the open letter (in German) is available by e-mail on request.

#### For more information,

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