

EFET European Gas Hubs Benchmarking Study: 7th Edition

The European Federation of Energy Traders (EFET)¹ is pleased to publish the seventh edition of the [Gas Hubs Benchmarking Study](#), which is now available with explanatory notes on the EFET website. Some progress has been made in almost every market, though improvement has mostly been marginal. Key changes have been observed in particular in better transparency and implementation of the Balancing Network Code. The study reflects specifically the design of the virtual trading points in each market; the success of a hub also depends on wider market conditions that are not measured here, so this report should not alone be used as a proxy for more general market performance.

The 2020 update focuses on new and less mature hubs in line with the original objectives of the study and no longer measures the most developed virtual trading points. For the first time, it also includes assessments of the Republic of Ireland, the Baltic markets and Finland. The assessment criteria were unchanged from 2019, but the revised focus provides opportunities for refinement in the coming year.

The Czech market is the most advanced hub included in the study. It is now nearing maturity, though liquidity still suffers from proximity to NCG/Gaspool and CEGH. Improvements were made in balancing and a greater recorded number of market participants, reducing market concentration and the need for specific measures to address this. Hungary is the next most advanced in this category with improvements in information availability, fees and increased broker activity reflecting a growing confidence in the market.

The Republic of Ireland and the Baltic markets with Finland have been added for the first time this year and make a solid start with good transparency and balancing rules. Greatest gains have been made in Ukraine, Bulgaria and Romania again related to balancing and transparency; gas release programmes in Bulgaria and Romania took place though the design was criticized by EFET and they remain low in the table.

Slower progress was made in Slovakia, Greece, Slovenia and Croatia. Portugal is the only market not to progress though we are aware they have joined the Iberian hub Mibgas in conjunction with the more liquid Spanish market and that the negotiation of Portuguese products in MIBGAS will also allow the establishment of a natural gas reference price for the Portuguese market in Q1 2021. With ongoing barriers and infringement proceedings, Poland has fallen behind Turkey and Ukraine is catching up, though ongoing political intervention leaves a strong preference for trading at borders rather than the hub.

Commenting on the study, Doug Wood, Chair of the EFET Gas Committee said: “This year we see benefits in those countries implementing European Network Codes, and these are recognized as TSO achievements. Conversely, low political will is also evident through lack of NRA/Ministry progress, which in turn generates low market confidence. It is good to see that

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and enable the transition to a carbon neutral economy. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org

the study continues to be referenced widely and as a guide beyond the region in looking at how to establish clear and reliable gas hub price indexes.”

“We are pleased to see increasing scores in the less mature markets, showing the improvements made, not least through implementation of EU network codes, but also in making information more accessible”, added Steve Rose, Chair of the EFET Gas Hub Development Group.