

EFET European Gas Hubs Benchmarking Study: 6th Edition

The European Federation of Energy Traders (EFET)¹ is pleased to publish the sixth edition of the [Gas Hubs Benchmarking Study](#), which is now available with explanatory notes on the EFET website.² 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 care should be taken if this score is being used as a proxy for market maturity.

This year we have refined the hub scoring definitions to improve accuracy in marking the hubs relative to each other. Although the mechanism was primarily designed to measure progress in hubs where there were insufficient numbers of trades across multiple products to perform a detailed quantitative analysis, we have continued to score the more liquid markets, not least as continued validation of the model. We have therefore retained the criteria reflecting short term and long term liquidity. Two new markets have been added: Slovenia and Croatia. The score for France now reflects the hub merger of northern and southern markets into TRF.

Italy, France, Austria, Spain and Denmark now consistently score more than 15 points. Although improvements in transparency and system balancing are still possible, further growth in liquidity is more likely to depend on other factors related to market development rather than hub design or may simply be restricted by the size of the market. They therefore join hubs in Germany and Belgium in terms of the quality of hub design but fall short of NBP and TTF which continue to have superior longer-term liquidity.

Mid-level hubs in the Czech Republic and Hungary continue to increase in score, but fall short on areas like transparency, implementation of balancing markets, or licensing procedures and hub fees. Poland loses ground against Slovakia, Greece and Turkey who have all improved while Poland has stayed still. Early improvements in the Polish market have not been sustained and participation has dropped because of other issues that are not measured here.

Of the newer hubs, Ukraine has gained ground primarily through improvements in consultation and implementation of daily balancing. Although there is little experience of Slovenian and Croatian markets, initial indications are that there has been effort to establish title transfer points

¹ European Federation of Energy Traders (EFET) promotes competition, transparency and open access in the European energy sector. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and a competitive economy. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.

² See the 2019 Review of Gas Hub Assessment here: [https://efet.org/Files/Documents/Gas Market/European Gas Hub Study/EFET Hub Scores 2019.xlsx](https://efet.org/Files/Documents/Gas%20Market/European%20Gas%20Hub%20Study/EFET%20Hub%20Scores%202019.xlsx)

and to implement balancing rules. Bulgaria and Romania have made some limited improvement in making information available, but they remain far behind other hubs in terms of implementation of network codes relating to balancing and in the establishment of working hubs. We encourage them to engage more with market participants and to address concerns raised in order to benefit from greater competition and clear price signals.

Commenting on the study, Doug Wood, Chair of the EFET Gas Committee said: “The gas hub benchmarking study continues to be useful means to measure progress in the EU gas markets, and the commitment to implementing good practice in a way that will encourage market participants. We are pleased to see the study being 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 so many of the less mature markets, showing the improvements made, not least through implementation of EU network codes, but also in making information more accessible and administrative obligations less burdensome”, added Steve Rose, Chair of the EFET Gas Hub Development Group.