

**INTERNATIONAL FEDERATION
OF INDUSTRIAL ENERGY CONSUMERS**

IFIEC Europe

Brussels

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Council of European Energy Regulators
28 rue le Titien, 1000 Bruxelles
BELGIUM

**Comments on the ERGEG Roadmap for a competitive single gas market in Europe,
Ref: E05-SEM-13-03, 21 November 2005.**

IFIEC Europe welcomes ERGEG's commitment to rapid progress towards a competitive single gas market in Europe. Liquid, competitive trading at hubs and between hubs is certainly a key part of a well functioning market and any initiatives which ERGEG can develop to encourage development of trading will be most useful.

IFIEC Europe's concern is that this must not be seen as a separate activity from the other processes underway under the umbrella of the European Gas Forum. Many of the causes of lack of progress towards the single gas market are already clear and more may become evident in February with the publication of the preliminary finds of DG Competition's Energy Sector Enquiry. These causes need to be addressed urgently.

In the view of IFIEC these causes include the following:

- 1) Lack of progress in providing access to market information. As an example, it is worrying that most of the provisions of the GGPSSO on information provision on storage which were agreed in April 2005 have still to be implemented. We urge ERGEG to review this.
- 2) Lack of progress to reduce market power of dominant players.
- 3) Lack of progress in unbundling of supply activities from pipeline operation, storage facilities, and LNG operations.
- 4) Failure of regulators to ensure adequate Third Party access (TPA) on a cost related basis to essential infrastructure of pipelines, storage, facilities, and LNG terminals. We are not aware of any new project in Europe which has not been granted exemption from providing TPA and consider that this is cause for grave concern for the future of liberalisation. Regulators need to address this issue and to consider the imposition of stringent Use It or Lose It (UOLI) provisions where infrastructure is not being fully utilised for the benefit of consumers.

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The ERGEG Roadmap suggests focus on regional hubs. IFIEC supports a single market and it follows that trading among hubs is crucial. We urge ERGEG to pay particular attention to issues which inhibit transfer of gas between hubs and suggest that a separate group is needed to specifically address these issues.

We point out that the UK hub is far from a model hub and this needs to be borne in mind when developing ideas for other hubs in Europe. There is lack of liquidity on the UK hub for trading gas for periods longer than two months ahead.

We would like consumers to be given the opportunity to be represented in the various regional working groups.

The timetable and target set by ERGEG, i.e. publication of a plan in January 2007, is in IFIEC's view very slow. While we accept that proper consultation is necessary this creates a real danger of a further year's delay in significant progress being made. We urge ERGEG to re-visit this timetable with a view to a much speedier process.

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