

EUROGAS COMMENTS ON ERGEG'S 2010 WORK PROGRAMME

Introduction

Eurogas welcomes the opportunity to comment on ERGEG's proposed 2010 work programme and appreciates the ongoing work towards a single European energy market underpinned by successful implementation of the Third Energy Package, both from a system user perspective and on the retail aspects. We appreciate the emphasis on stakeholder involvement and confirm that Eurogas looks forward to responding to the consultations on the range of gas-related market issues.

From the system user perspective we consider the most important deliverables to be the development of Guidelines on capacity issues, and questions on gas infrastructure development. From the viewpoint of suppliers we welcome regarding customer issues the emphasis on sharing of good practices in the retail market.

Eurogas is of the opinion that ERGEG should also focus its attention on the successful establishment of ACER and in that context ensuring an effective, evolving role for ERGEG in the transitional period. Topics proposed will be challenging deliverables.

Answers to specific questions

How do you assess our general approach and objectives?

Eurogas views the general approach and objectives of ERGEG's 2010 work programme as challenging in view of the large range of topics. The seven areas of work include legislative issues, investment questions related to security of supply concerns, regional aspects, climate trading and transparency and retail market. Considering, however, work to be done in setting up ACER, we are concerned that other objectives might fall short. Therefore in approaching its 2010 programme ERGEG should focus on good management of key priorities.

Do you consider that the deliverables we have proposed are an adequate means to reach our key objectives?

The deliverables should focus on those areas where ERGEG can successfully steer the direction, with stakeholder input provided. For example, gas security of supply continues to be one of the top priorities for the Commission. In its 2010 work programme ERGEG acknowledges this priority and mentions the possibility that the impact of the financial crisis could endanger certain infrastructure projects. More specifically therefore ERGEG should mention the need to promote necessary infrastructure investments within a stable, harmonized regulatory environment with regulated tariffs providing an adequate return on network investment and showing a due appreciation of the importance and implications of this investment for the gas chain.

Work on CAM/ CMP should be analyzed in relation to work on the gas balancing rules.

Please indicate the deliverables you consider as "very important", "important" or "not important".

In the view of Eurogas the most important area of work for ERGEG should be the development of the proposed Guidelines, infrastructure development and establishment of ACER in accordance with the 3rd Energy Package provisions while at the same time assuring the continuing progress of the Regional Initiatives. The regional initiatives have proved to be an incentive for gas undertakings to achieve progress, to achieving the goal of a single European energy market as well as a valuable communication platform. It is important to ensure, moreover, that the outcome of the initiatives converge successfully towards a single European

market and therefore ERGEG should continue its regular evaluation of the extent to which the GRI objectives have been achieved in this respect.

ERGEG's role with regard to security of supply should primarily involve promoting necessary infrastructure investments, in particular in gas. Stable and predictable regulatory regimes and adequate return on investments will be conducive to this objective. Improved co-operation between national regulatory authorities and TSOs will also be important.

While the major challenges still lie in bringing further improvements to the regulatory aspects of the wholesale market, principally the regulatory aspects of system management (including LNG), Eurogas also welcomes the emphasis on necessary progress in the retail market. We suggest, however, that ERGEG maintain a focus on the implications of regulated retail prices for the market.

Eurogas also recognizes the importance of the planned work on trading and market integrity, as the energy regulatory viewpoint has to complement and balance work coming from financial authorities.

The climate issue is in the view of Eurogas, of less importance for the work of ERGEG in 2010 although policy focus will rightly continue to be of high importance generally. We are concerned, nonetheless, that references to sustainability are found only in the Electricity section. Any work on climate change properly belongs in the cross-sectoral (3.3) and should take account of the contribution natural gas makes to climate change policy.

Eurogas considers external relations to be less important for ERGEG's work than the other identified priorities.

To sum up, the priority of the 2010 work programme Eurogas proposes the following order:

Very Important

- 1) The Third Energy Package: ERGEGs continuing role alongside ACER and in the development of the development of framework guidelines as well as consumer issues;
- 2) Security of Supply: focus on regulatory stability and promotion of necessary infrastructure projects in form of attractive regulated tariffs;
- 3) Regional Market Integration: towards a common European energy market;

Important

- 4) Financial Services: we recognize that energy regulators should be involved in determining any tailor-made regime for energy, alongside general financial services regulation;
- 5) Affordability and consumer issues: with a focus on smart metering and other consumer issues;

Not Important

- 6) The Climate and Energy Package: while the working of this internal market should be compatible with climate objectives, we do not see that, at least from the gas perspective, ERGEG's contribution is as necessary as the other identified items;
- 7) External Relations: It is interesting to exchange views on some issues on a global level, but ERGEG's immediate tasks should focus on improving the internal energy market.

For the deliverables with consultations or hearings do you intend to actively participate?

Eurogas already takes active part in ERGEG's consultations and intends to do so in the future.

Do you have any specific comments on any of the individual deliverables?

Attached is our recent letter to DG TREN giving our views on the priorities of Codes.