CAM, CMP and anti-hoarding mechanisms applying in European terminals. Eurogas views on CEER study

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eurogas
THE EUROPEAN UNION OF THE NATURAL GAS INDUSTRY

Eurogas LNG Task force

- Eurogas represents the most important LNG terminal users in Europe
- The Eurogas members imported around 90% of the total EU27 LNG imports in 2010

Key objectives:

- Represent terminal users' interests
- Ensure that the views of users are taken into account in all relevant policy making activities.

Key Policy Principles

- Access rules should meet users' interests, in respect of transparency, standardization of approval procedures, harmonization of operating procedures etc.

Eurogas Members

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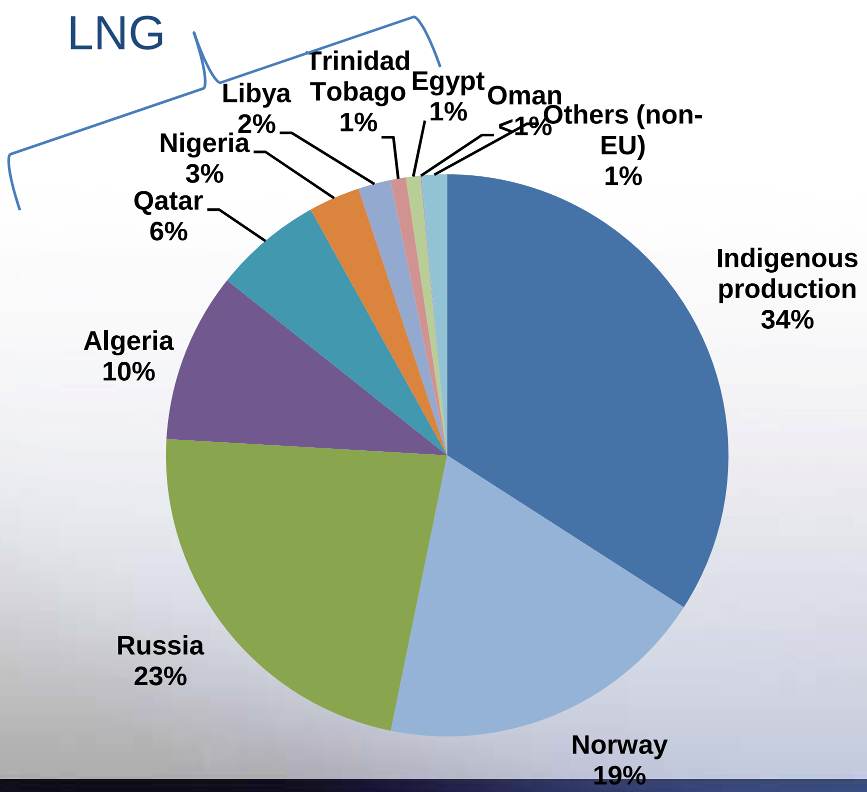
The EU gas market

Eurogas <u>preliminary estimates</u> for 2010 indicate that LNG imports in EU27 have increased by more than 25% compared to 2009, with Qatar becoming the 4th largest external supplier of the EU (first in LNG).



EU27 supplies in 2010 (Preliminary Eurogas estimates)

... Global changes impact on EU suppliers

2011 is a special year :

- In the EU27, natural gas consumption in the first six months 2011 registered 9% drop compared to 2010, mainly due to milder weather than in 2010.

Despite this situation LNG demand is increasing

- Fukushima impact on global LNG market.
- Libya Supply disruption.
- Global LNG demand is improving worldwide.
- Shale gas in the USA has stopped new LNG imports

Europe needs to remain an attractive market for LNG

General comments on CEER Study

- Eurogas thanks CEER for the opportunity to participate in the first workshop on access to European LNG terminals.
- The dynamics of the LNG market are global and supply/demand and prices have important impact on the LNG flows.
- Ensuring enough investment in primary LNG regas capacity is key to prevent capacity allocation problems.
- The answers and views of the shippers in general terms could be considered positive in the current environment.
- Due to the long term investment requirements, stable and predictable regulatory framework is key.
- Given the small number of respondents some individual comments should not unduly affect the general conclusions.

Eurogas views on conclusions on CAM

- When considering capacity utilization, seasonality and other circumstances should be taken into account.
- Tariffs have to reflect the real cost of the service and the risk taken by the shipper.
- The key principle is that of non discriminatory terminal rules.

Eurogas views on conclusions on CMP

- CMP should prevent hoarding but also take into consideration the existing rights of the shippers, market mechanisms, as secondary markets, should be the preferred option.

- New upcoming regulation, as for example REMIT,* could have an impact on CMP.

(*) Regulation on Energy Market Integrity and Transparency

Eurogas views on conclusions on Transparency

- Clarity is the most important requirement.
- The publication in English should be at the same time as the national publication.
- Any new proposed transparency arrangements should be reviewed to ensure that they do not suffer the inadvertent effect of stifling innovation in the development of new products and services.
- Any new initiative should not conflict with the existing commercial arrangements.

Eurogas views on conclusions on Secondary Capacity Markets

- Secondary Capacity markets are continuing to evolve and have room to increase their volumes.
- The primary capacity holders are incentivized to sell unused capacity on the secondary market.
- Market mechanisms should be the preferred option to allocate and price capacity.
- LSO should be independent and facilitate services.
- Harmonization of commercial arrangements should not be an objective by itself if it does not increase the efficiency of the market.

Eurogas views on conclusions on access to short-term capacity for spot cargoes

- Currently we agree with the overall conclusions that the current situation is satisfactory.
- Given the small number of respondents some individual comments should not unduly affect the general conclusions.
- Eurogas is not supportive of the conclusion that access to spot capacity is being hindered.

Joint list EUROGAS-EFET with respect to European LNG Receiving Terminals.

This joint list, agreed in December 2009, identifies some areas which may improve LNG import terminal services by ameliorating the trading potential and reinforcing the internal gas market.

Eurogas is ready to participate in any discussions going forward.

Final considerations

- Eurogas is ready to work with the relevant stakeholders in any efforts to improve capacity utilization.

- The role of gas in the future energy mix should be clearly recognized by policy makers to maintain Europe's position as an attractive energy market.

Thank You