



European Energy Regulators' Stakeholders Workshop on Gas Capacity Allocation (CAM) and Congestion Management (CMP)

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selected issues:

- CAM vs. CMP? FCFS vs. auctions? and why?
- limitation of trading at the borders
- a portion of the available capacity set aside for firm short term capacity products
- re-allocation of capacity under existing contracts

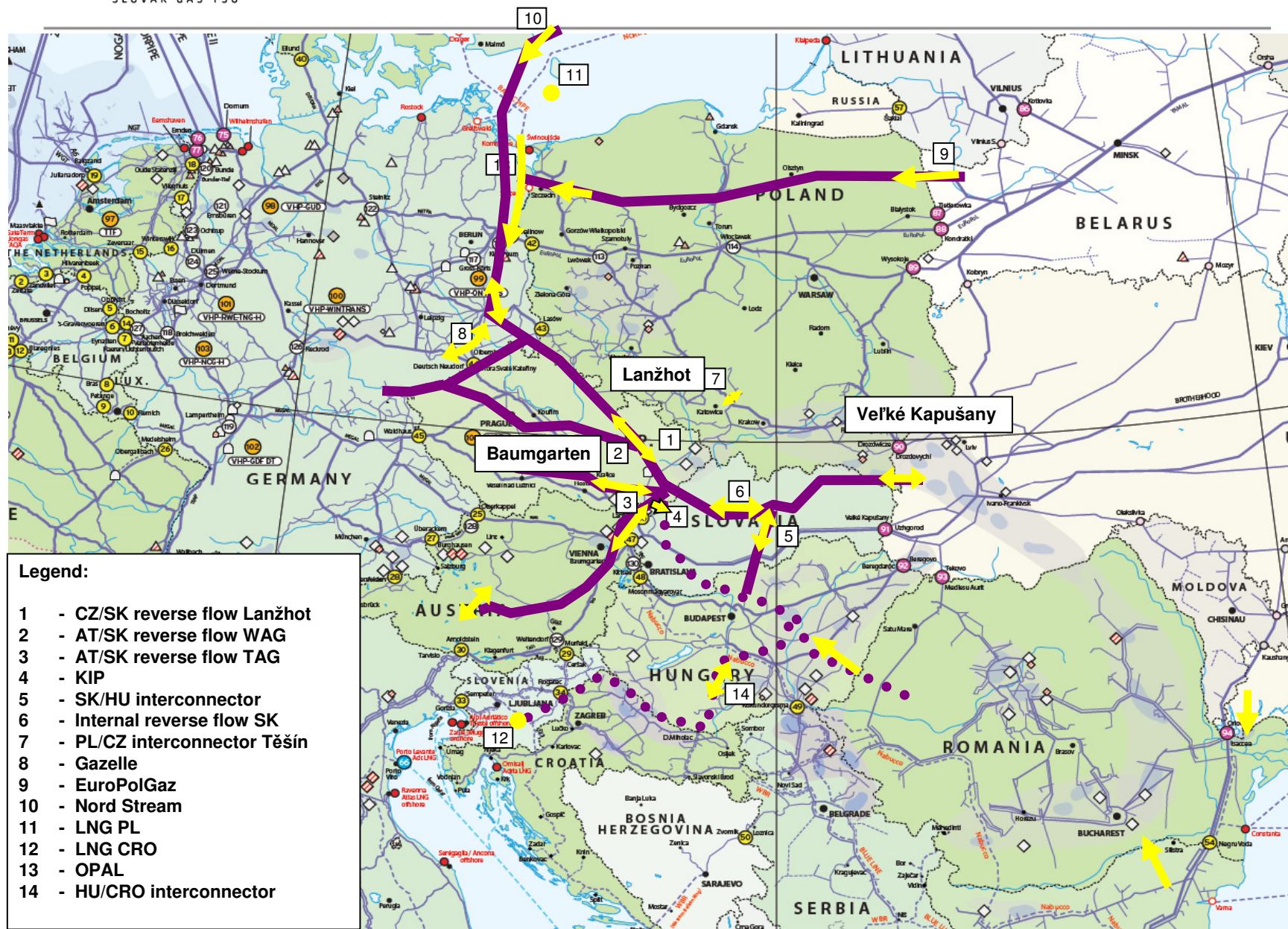
CAM vs. CMP? FCFS vs. auctions? and why?

A down-to-earth view from the practical life says that CAM and CMP are too much linked together to be treated as separate agendas.

Case study:

- eustream has not refused a single request for network access in the past years
- still, auctions are welcome as a supplementary allocation vehicle
- but, in a non-congested situation, why could not they be used along with the existing FCFS method and OSW (for new infrastructure expansions)?
- will an artificial structuring of the rule-setting process help to reach the goal: to provide the users with a transparent and simple access to the network?

Cross-border interconnections in CEE

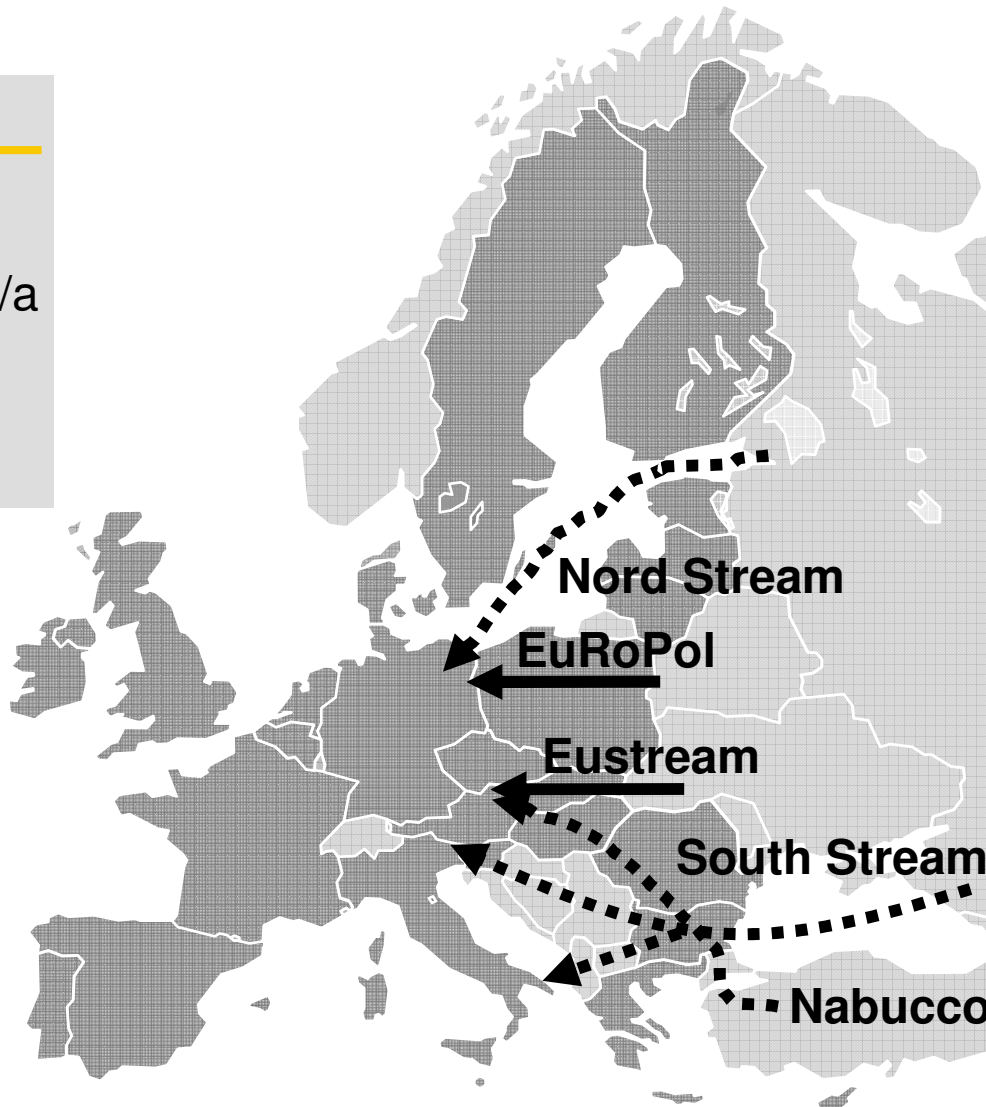


- it is not very known, but there are numerous trading transactions going on each day at the SK/UA border at Veľké Kapušany
- situation at the SK/CZ border at Lanžhot similar
- trading at the cross-border IP in this case does not cause for congestion
- BTW, isn't Baumgarten also a cross-border IP?
- and what is the difference between a „virtual hub“ and a hub?
- in this part of Europe, where there are scarcely any pre-dispositions for market liquidity, cross-border trading helps to promote it a lot
- and users want it
- if insensibly restricted: would not we throw out the baby with the bathwater?

Re-allocation of capacity under existing contracts

Eustream	90 bcm/a
EuRoPol Gaz	33 bcm/a
Nord Stream	2 x 27.5 bcm/a
South Stream	30 bcm/a
Nabucco	31 bcm/a

increasing pipe-to-pipe
competition



- it is no secret that the backbone of our business is transmission of large volumes of Russian gas from the east to the west
- is Gazprom, as a network user and a supplier to Europe blocking other comparable shippers?
- will there be more Gazproms in the foreseeable future?
- on the contrary, will not there be more „transit“ pipeline systems built?
- isn't it symptomatic: it is not shippers struggling to get access to the network, but several parallel pipelines (not always regulated) competing for a shipper...

- At the end of 2008, eustream and Gazprom export concluded a long-term transmission contract.
- A few days later, the gas supply crisis broke out.
- Resolving of the service and settlement of the all pending issues in the crisis aftermath was really facilitated with the existence of a stable contractual relation and clearly set obligations.
- It would have not been the same if the contract obligations would have been contested by a mandatory cancellation each year.
- Not only in the light of supply crises, eustream has re-shaped its contractual portfolio in a revolutionary way in the past years. Many short-term contracts are being concluded even on a day ahead basis now. But in our situation, they can smoothly co-exist with big contracts, which have always been the *raison d'être* of our pipeline.

