

AN AMERICAN MODEL FOR THE EUROPEAN NATURAL GAS MARKET

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ADAPTING THE AMERICAN MODEL FOR THE EUROPEAN GAS MARKET

- ◆ Learning from North America, the only large working competitive market in the world
- ◆ Once the Third Package is implemented, unbundling will be similar in US, EU
- ◆ Implementation of Third Package, EU Network Code requires effort from scarce regulatory resources
- ◆ Target model aims at outlining future market model and define priorities of regulatory effort

INFRASTRUCTURE AND CAPACITY

- ◆ **Most capacity likely to be allocated on a long-term basis, mostly through open seasons**
- ◆ **Transparent platforms should be established for competitive allocation of long-term capacity through co-ordinated open seasons**
- ◆ **Public institutions should be allowed to take part, possibly through PSOs imposed on their TSOs, to boost security of supply, competition**
- ◆ **Auctions very useful in the short run, but not likely to play a major role in long run, due to abundant capacity**
- ◆ **Auctions (including implicit) should be co-ordinated along main routes**

TARIFFS

- ◆ **Entry-exit tariffs would not harm cross-border trade as their scope is mostly “intrastate”**
- ◆ **For cross-border tariffs, entry–exit tariffs are close to distance based (if properly implemented)**
- ◆ **Long distance, cross border tariffs require monitoring and some harmonization to avoid discrimination**
- ◆ **Regulated tariffs should be used as reserve prices for capacity auctions**

HUBS AND MARKET DESIGN

- ◆ **North America shows that trade, prices are likely to concentrate in only few hubs**
 - **illusive development of “national” hubs**
- ◆ **Free access to the main hubs from all markets should be regulatory priority**
- ◆ **Mergers of entry-exit zones may be useful but better regulatory effort should be spent on**
 - **opening existing capacity by congestion management**
 - **harmonization of market rules**
 - **(developing the market for) new capacity**

THANKS FOR YOUR ATTENTION!

