

GAS NATURAL COMMENTS TO CESR AND ERGEG PUBLIC CONSULTATION ON RECORD-KEEPING, TRANSPARENCY AND EXCHANGE OF INFORMATION

Gas Natural would like to make some comments regarding this public consultation.

ERGEG proposes that each energy regulator would assess whether the level of transparency in its Member State is sufficient and decide whether to publish aggregate data on transaction is needed. The publication of data would be optional and decided by the energy regulator.

This approach could imply that there is not consistent information all across the EU and that supply companies are not in a level playing field. There is evidence from the past that energy regulators do not apply the same criteria and as a result the level of competition and liberalization is far from being the same in all Member States. Therefore, it should be avoided that this decision relies on energy regulators, as this would imply that reporting requirements could be different depending on the Member State.

We consider that if some minimum requirements are deemed to be necessary they should be harmonized and required in all Member States. In any case, special attention should be paid to the information that is commercially sensitive.

In our view, the disclosure of the data on trading transactions is not needed by the market. The essential information which might have a significant effect on prices is that one of the transmission network (capacity data, interruptions, changes in capacity availability, changes in balancing decisions, etc.) storage and LNG plants both, regulated and exempted. Transparency in exempted LNG plants would be the first measure to take in order to prevent capacity hoarding. In this regard information about capacity that might be available to third parties should be published with sufficient time to enable market participants to use such capacity.

In this regard, the European Commission has already identified that there might be a conflict of interest when companies have also an interest in the national markets:

“Therefore prevention of hoarding is only needed as a backstop measure, so that it is not hoarded by parties who have more opportunities to import gas in their market and have an interest in blocking entrance to the market through LNG”.

Also, Ofgem has analyzed exempted LNG plants and considers that:

“the ultimate objective of such measures [anti-hoarding measures] is to ensure that spare capacity can be obtained in a transparent manner by third parties so as to prevent hoarding of the capacity and allow maximum use”.

With regard the publication of price indices, we do not see it necessary as this information should be obtained from gas hubs. In a liberalized market, the publication of artificial price indices by the regulator could interfere with hub development and could give a wrong signal to the market. It should be noted that the wholesale market price and the wholesale cost might differ depending on the strategy of the company (hedging vs spot). Only in those companies which are also producers could make sense to identify the information about costs, prices and their margins.

Information requirements to new entrants can become a market barrier as they will have to bear an important administrative burden. This could imply that new market entrants or those which do not have a relevant market share are tempted to abandon the market. This would result in a reduction of market liquidity, more volatility and an increase in gas prices as the risk would be higher.

Therefore information on trading transactions should only be required in those particular cases where there is evidence that a player is exercising its market power.