

2nd Meeting of the UNECE Gas Centre Task Force Group on Gas Market and Regulations

*"Eurogas and its views on the Internal
Market"*

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THE EUROPEAN UNION OF THE NATURAL GAS INDUSTRY



Eurogas

- engages in a wide range of policy issues relevant to gas business interests
- A main interlocutor with EU institutions, and other organizations

Current areas of work

- Role of gas in the energy mix with the aim of boosting the gas market outlook
- The Energy/Market, implications for the gas market (electricity)
- Investment and infrastructure issues
- **Internal Market**
 - **Wholesale**
 - **Retail**

EUROGAS WORK ON WHOLESALE MARKET ISSUES

Positive news on the wholesale market

- Hub activity is increasing
- Prices are converging at hubs in North-West Europe
- February cold period – market performed well

Eurogas is preparing a Position Paper on the Commission's Internal Market Communication.

But, despite obvious progress much still remains to be done to ensure a robust gas market working well across the whole of Europe bringing benefits to our customers,

We would like to see

- Timely adoption of the Third Energy Package by all Member States – the fundamental rules have to be applied correctly
- Efficient progress on the Network Codes; Eurogas is an active participant in the process

Network Codes (1)

- Capacity Allocation Mechanism Code – now at the Comitology stage
 - by and large happy with the Code. Some remaining concerns on bundled products/sunset clause
- Balancing – happy with the proposed Code prepared by ACER

Network Codes (2)

- Tariffs – awaiting final Framework Guideline
 - There are complex issues to be tackled
 - How deep should harmonization go
 - Setting reference price
 - How to best avoid/remedy over/under recovery

It is important to avoid discrimination and cross-subsidies between shippers,

Network Codes (3)

- Interoperability and Data Exchange
 - A highly technical Code on which work is just starting

Incremental Capacity

- Eurogas considers that Open Seasons will have a continuing important role for deciding on investments in large-scale projects. For other incremental capacity, a process integrated with CAM auctions should be explored
- OS – require improvements

Eurogas work on Retail Market Issues

- Increasing focus on customer oriented policy issues, notably in 2012
 - Transparency of offers and packages
 - Vulnerable Customers

Eurogas supports the drive to empower the customers

- Clarity of offers incentives, durations, and real savings
- “Honest” dealing e.g. doorstep selling
- Robust, accurate, comparability tools

but companies have to be able to meet the range of customers needs with innovative products.

The customer’s participation in the market will help it grow.

Companies, not Consumer Associations, are best placed to find out what customers want.

How to deal with Vulnerable Customers?

- It is necessary to have in place adequate safeguards for vulnerable customers
- But customers can be evaluated as vulnerable in different ways
 - Financial hardship, visually impaired or problems that mean they cannot engage with technology

Measures to deal with vulnerable customers should be well targeted, avoid being over prescriptive, and should not distort the competitive market.

Regulated Prices?

- Eurogas agrees with the criticisms of the Commission and ACER/CEER on regulated prices
- They distort the market, in particular when they are set at below market price

Eurogas will continue to work with the Commission and Stakeholders on customer issues.

Eurogas has endorsed a 2020 Vision Statement on Customers issued by CEER and the European Association of Customer Bodies (BEUC), with its 4 identified principles of

- Reliability (not just physical but access to customer service and satisfaction)
- Affordability
- Simplicity
- Protection and Empowerment

How can we make this commitment concrete?

CONCLUSIONS

- Eurogas is highlighting its concerns over developments in the energy market that are damaging to gas interests
- There is progress, but still challenges lie ahead.
- Eurogas is pro-active in shaping the framework (regulatory, good-practices, voluntary commitments) that will deliver a more efficient competitive market.

THANK YOU FOR YOUR ATTENTION

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