IAEE Luncheon
Houston, 10 April 2008

RESTRUCTURING
OF EC GAS MARKETS
LIBERALISATION OF EC ENERGY MARKETS

- HISTORY AND LEGISLATIVE DEVELOPMENT 1980-2008
- CURRENT PROBLEMS
- FUTURE MEASURES
- RECENT AND CURRENT DEVELOPMENTS
EUROPEAN GAS MARKETS - THE ESSENTIALS

- History
- Geopolitics
- The gas supply chain

1980’s – Preliminary steps towards legislation

- The Internal Energy Market: Commission working document

The first energy law package:

- 1998 Gas Market Directive
  - Functional unbundling
  - Negotiated/regulated TPA
LIBERALISATION OF THE EC ENERGY MARKETS - AN OVERVIEW OF 2000-2008

- Directive 2003/55/EC
  - Regulated TPA
  - Legal Unbundling
  - Regulatory authorities
  - Full market opening July 2007

- Regulation 2005/1775 on the conditions for access to gas transmission networks

- Security of gas supply Directive
## Incumbents control the majority of the gas in their home countries

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MAIN PROBLEMS AND DEVELOPMENTS

PROBLEMS:

- Market concentration
- Vertical foreclosure
- Lack of market integration
- Lack of transparency
- Lack of competition (downstream/upstream)
REASONS FOR IMPERFECTIONS

- Historical market structure
- Efforts by existing players to protect market positions
- Insufficient regulatory powers on national and EU level
- Member States (!)
FUTURE MEASURES - 3rd LEGISLATIVE PACKAGE

- Commission package of 19 September 2007

- Main features:
  - Ownership unbundling
  - Agency for cooperation
  - Enhanced powers for national regulators
  - Cooperation among TSO’s
FUTURE MEASURES - 3rd LEGISLATIVE PACKAGE

UNBUNDLING:

- Ownership unbundling
  - E.ON proposal!

- ISO option (control unbundling)
FUTURE MEASURES - 3rd LEGISLATIVE PACKAGE

- AGENCY FOR COOPERATION OF ENERGY REGULATORS
  - Not a "super" agency
    - Advocated by Commission
  - Not pure cooperation
    - Powers in certain cross-border issues
    - BUT emphasis on consultation, guidelines, developing best-practises
FUTURE MEASURES - 3rd LEGISLATIVE PACKAGE

NATIONAL REGULATORS

- Independence from private and public influence
  - Resources, management rules

- Powers to co-operate

- Policy objectives (renewables, competition, sustainable development etc.)
FUTURE MEASURES - 3rd LEGISLATIVE PACKAGE

- TSO - COOPERATION
  - Operational rules and access regimes
  - Coordinated operation of networks
  - Coordinated investment planning
FUTURE MEASURES - ENERGY CONSUMER CHARTER

- European Charter on the Rights of Energy Consumers
  - Not a legal document
  - Presents existing legislation affecting consumers in an easily comprehensible way
CURRENT MARKET DEVELOPMENTS

- Emergence of LNG companies
- New small scale players
- Gazprom
- Regional TSO’s (?)
- Unbundling (?)
MORE INFORMATION

- The Third-Legislative Package and Ownership Unbundling in Light of the European Fundamental Rights Discourse, *Competition and Regulation in Network Industries* (1/2008)


THANK YOU

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