

# General Assembly

## Item 1.4.:

### **Introduction on the Board and Committees activities**

Brussels, 5<sup>th</sup> December 2007

*Presentation by Mr. Domenico Dispenza  
President of Eurogas*



THE EUROPEAN UNION OF THE NATURAL GAS INDUSTRY

# About Eurogas – Organization and Membership



43 members from 24 countries:

- 12 federations
- 30 companies
- 1 international organisation

## Membership at 1<sup>st</sup> November 2007 43 Members in 24 different countries

- 30 Companies,
  - 12 Associations
  - 1 International Organization
- ... more to follow !
- New full members in 2007: EdF, RWE Gas Midstream GmbH, Edison S.p.A.
  - New associate member in 2007 : Union Fenosa Gas S.A.
  - POGC became full corporate member

A short overview of some key Eurogas  
priorities and activities

## The Third Package and the Internal Market

## The Third Package – Status and Eurogas Action

- From 2006 « Green Paper » => Consultation process
- January 2007: Commission proposals
- March 2007: opinion Energy Council + Heads of States
- July 2007: EP opinion
- 19 September 2007: Legislative proposals

## Eurogas advocacy

- Publication: «The European natural gas market – Eurogas views on the way forward » (October 2006, 44 p.)
- Number of position papers, for ex:
  - 07NO250 – April 2007 - Guidelines for good regulatory practice
  - 07PP279 – May 2007 – Position paper on proposals on the internal market – Improved market integration
  - 07PP282 – May 2007 – Position paper on sustainability and energy efficiency
  - 07PP383 – June 2007 – Position paper on proposals of the internal market – a strategy for a competitive, secure market
  - Board – 4th December 2007: Approval of several Position Papers on “Third package” (e.g. Powers of regulators, Guidelines, Interface Agency-Regulators-Commission)

## The legislative process

- Commission Proposal adopted on 19 September 2007
- Council – discussion on this item is tabled on 03.12.2007 (working groups/COREPER)
- European Parliament – first discussion took place on 02.10.2007
- Debates in the European Parliament (e.g. on Impact Assessment by Commission)

## Political debate

- High Political reactions, perceptions and debates in Member States
- Complexity and simplification
- Geopolitical and strategic issues (e.g. Note of Commission on Non EU Investments in EU networks)

### Main Content of the package relevant to natural gas

- Proposed Directive amending Directive 2003/55/EC concerning common rules for the internal market in natural gas
- Proposal for a Regulation amending Regulation No 1775/2005/EC on conditions for access to the natural gas transmission networks
- Proposed regulation on Agency for Cooperation of Energy Regulators
- Impact assessment
- Announced « Guidance » on (downstream) supply, long term contracts and compatibility with EC competition law
- Other aspects

## The Third Package – Status and Eurogas Action



### Proposed Directive amending Directive 2003/55/EC concerning common rules for the internal market in natural gas: key points

- Unbundling of transmission systems and TSOs: an option between « OU » and « ISO »  
=> new article 7.7(a), 7(b) (certification) and 9 (ISO)  
(Member states may grant derogations from 7.1)
- European Agency for the Cooperation of Energy Regulators  
=> Art. 24(d)
- National Regulatory Authorities => art. 24 (a/b), (c)  
=> designation, independence, powers
- Record keeping  
=> art. 24(f) for transactions in gas supply contracts with wholesale customers and with TSO's, Storage and LNG operators
- Promotion of regional solidarity for situations likely to result in severe disruption of supply (Directive 2004/67/EC)  
=> art 5 (a)

## The Third Package – Status and Eurogas Action



- Promotion of regional cooperation (cooperation of network operators and consistency of legal regulatory framework)  
=> new art. 5 (b)
- Clause restricting foreign ownership and capital in EU energy sector (networks)  
=> control of non-EU investments => 7(a), 7(b)
- Legal and operational unbundling of storage system operators  
=> Art.9(a)(for facilities necessary for providing efficient access to the system for supply of customers).  
The storage system operator shall have effective decision-making rights (...) to operate, maintain or develop facilities. This does not preclude the existence of appropriate coordination mechanisms of the parent company.



- Confidentiality for TSO's of commercially sensitive information
  - => art. 10 amended, i.e. information unbundling and no joint services apart purely administrative IT functions
  - => ex. no joint legal services
- Promotion of new gas infrastructures
  - => new article 22
  - Exemption for a limited period of time for major new infrastructures
    - interconnectors between Member States
    - LNG and storage facilities
  - Investments must enhance competition and security of supply.
  - Supervision by the Commission and exemptions on a case by case basis.



### **Proposal for a Regulation amending Regulation No 1775/2005 on conditions for access to the natural gas transmission networks**

#### **Key objectives**

- A. To enlarge scope of regulation to LNG and storage
- B. GTE+ and to clarify its role
- C. To establish the role and responsibilities of Commission, GTE+ and ERGEG+ in establishing technical and market codes
- D. Requiring regional cooperation with GIE+
- E. Confirm that entry/exit systems are required
- F. Broad requirements for TPA to storage and LNG
- G. The preparation of binding Guidelines is signalled, amended GGPSSO and the guidelines already under preparation on LNG access, and an associated Comitology procedure for future amendments.

### Cooperation between National Regulators and new Agency

- A. Framework for national regulators to co-operate in cross-border matters and promotion of regional co-operation
- B. Maintaining regulatory oversight of co-operation among TSOs.
- C. Decision-making powers on exemption requests under Article 22 and the power to settle disputes between NRAs
- D. A general advisory role to the Commission, including on the need for Guidelines to be introduced or strengthened

## The impact assessment process

...is aiming at providing sound cost/benefit  
Analysis of policy options

- TSO unbundling
- Strengthening of national energy regulators so that powers are harmonised
- Co-operation between EU energy regulators - TSO coordination
- Increasing transparency
- Pre-liberalisation long-term contracts for gas transmission
- Enhanced DSO unbundling
- Storage/strategic storage
- Framework for new investments in gas infrastructure
- Consumer protection and preventing energy poverty
- Control of third country investment in EU networks
- Analysis of macroeconomic impacts
- Analysis of social effects
- Analysis of environmental effects



## The institutional process

- Official presentation by the Commission of its legislative package on the Energy Internal Market
- Opening of the co-decision procedure
- Working groups of the Council – meet regularly from end September 2007 (twice a week)
- Directors of Energy meet in Lisbon (5-6 November 2007)
- Energy Council under Portuguese Presidency on 3 December 2007 (*Eurogas Board and GA on 4 & 5 December*)
- 2008 – first semester – Slovenian Presidency
- 2008 – second semester – French Presidency

## Eurogas Action (Conclusions)

- Some key questions for the natural gas industry
  - effective implementation and application of Directive 2003/55
  - effective unbundling: OU and ISO
  - regulators cooperation – Agency
  - TSO's regulation
  - Art. 22 – process – content
  - (Compulsory) guidelines power (e.g.) on « non essential aspects »
  - Records of commercial transaction
  - Others
  
- ⇒ In depth review by Eurogas
  - ⇒ discussion and selection of key issues/priorities
  - ⇒ advocacy



## Eurogas Action (Conclusions)

### EUROGAS RESPONSE

- On 19<sup>th</sup> September 2007: Speech by Eurogas President provided a first reaction to Third Package
- On 21<sup>st</sup> September 2007: Meeting with Commissioner Piebalgs  
=> Follow up in early 2007
- On 21<sup>st</sup> September 2007: Eurogas Policy Conference with
  - High Attendance
  - Speeches by
    - Commissioner Piebalgs
    - MEP Vidal-Quadras (Vice President of the European Parliament)
    - The Eurogas President
- Number of new Position Papers adopted by Board on 4th December 2007 on proposals of Committees

## The external dimension

## **External EU Energy Policy: Importance of Dialogue with Producers: Example of EU– Russia Dialogue. Existing Structure**

Eurogas and other industry groups are involved in the activities of the EU-Russia Energy Dialogue Thematic Groups:

- Energy Strategies, Forecasts and Scenarios (ES)
  - Market Developments (MD)
  - Energy Efficiency (EE)
- 
- Appropriate resources and focus
  - Building confidence
  - Clarifying the legal-economic environment
  - Preparing the ground to the future partnership agreement

## Dialogue EU-Russia

- Speech of the President at the Russian Gas Society meeting, Moscow, 20 November 2007
- Conference in Berlin, 23 May 2007 (with the support and participation of Eurogas)

## What's next for the future

- Eurogas must adapt to new challenges
- Eurogas will strengthen its role of effective platform for industry deliberations and consensus forming
- Eurogas will reinforce its advocacy role and its dialogue with EU institutions and other stakeholders