

**Seventh meeting of the European Gas Regulatory Forum
(Madrid, 24-25 September 2003)**

UNICE comments on the proposed guidelines for good practice regarding third party access (TPA) to gas networks and connected services

UNICE expresses its appreciation of the conclusions and proposals formulated in the Guidelines for Good TPA Practice (hereinafter: GGP) and Recommendations on the Guidelines adopted by 5th meeting of the European Gas Regulatory Madrid Forum of 7-8 February 2002.

With respect to the development of competition, non-discriminatory access and liquid gas markets, UNICE considers the key obligations of transmission system operators (TSOs) under the GGP to be very important.

In particular, the adoption and further development of the GGP plays an important role in increasing the awareness of European gas TSOs about their responsibilities to provide non-discriminatory access to networks.

In line with the GGP, UNICE supports the following principles concerning:

- the guarantee of unbundled TPA services for access to TSOs facilities. Referring to the type of unbundling for achieving transparent and non-discriminatory conditions to allow third-party access to the transmission, distribution, storage and LNG infrastructures, legal unbundling is one of the possibilities in the short term. In the medium to long term, ownership unbundling will be preferred;
- to offer the same range of services to any eligible third party within the EU under the same conditions in accordance with the principle of non-discrimination;
- the need for transparent and non-discriminatory rules for capacity allocation and congestion management. It is important to ensure non-discrimination with regard to access to information on system use including available capacities of the system. Public monitoring of the actually technically used capacity is essential in order to avoid and/or detect any unjustified capacity hoarding. Capacity allocation and congestion management should promote interoperability between systems;
- to offer both long-term and short-term firm services on demand (flexible duration and starting date of service) and interruptible service when firm capacity is not available and no liquid secondary market exists;

- design capacity services to facilitate trading and re use of capacity; convergence of charging principles and tariff structures. There is a need for tariffication regimes in Europe to converge and to ensure cost-reflective tariffs;
- to design non-discriminatory and transparent balancing rules based on objective criteria; ensure that balancing charges are non-discriminatory and provide appropriate incentives for shippers to balance in-take and off-take of gas and not to endanger the system;
- the role of market-based mechanisms such as secondary capacity trading markets; in this regard, the TSO should allow TPA capacity rights to be freely tradable in a secondary market.

In addition to the previous topics, we stress the importance of the development of new trading locations in Europe in order to create a real competitive environment between operators active in the wholesale gas market.

Experience shows that capacity allocation in Europe is fragmented; from this situation derives the risk that gas trading will be restricted within regional borders.

The European gas market is not yet sufficiently competitive, flexible and liquid. The creation of gas trading hubs is an important element in this respect. Gas trading hubs have emerged at the National Balancing Point (NBP) in the UK and in Zeebrugge (FLUXYS) while more trading platforms are beginning to emerge. The development of existing as well as new gas trading hubs is essential for the development of a liquid European gas market and for a fully functional internal market for gas.

The full possibilities of effective trade between hubs across Europe will be guaranteed by a symmetrical European regulatory framework for access to international gas markets, as recently adopted for the electricity market.

In this respect, UNICE considers it particularly important that the guidelines will be promoted by the European Commission.

* * * * *