

Quo vadis, Baltic Gas Market?

17.01.2014

jurisozolins@apollo.lv

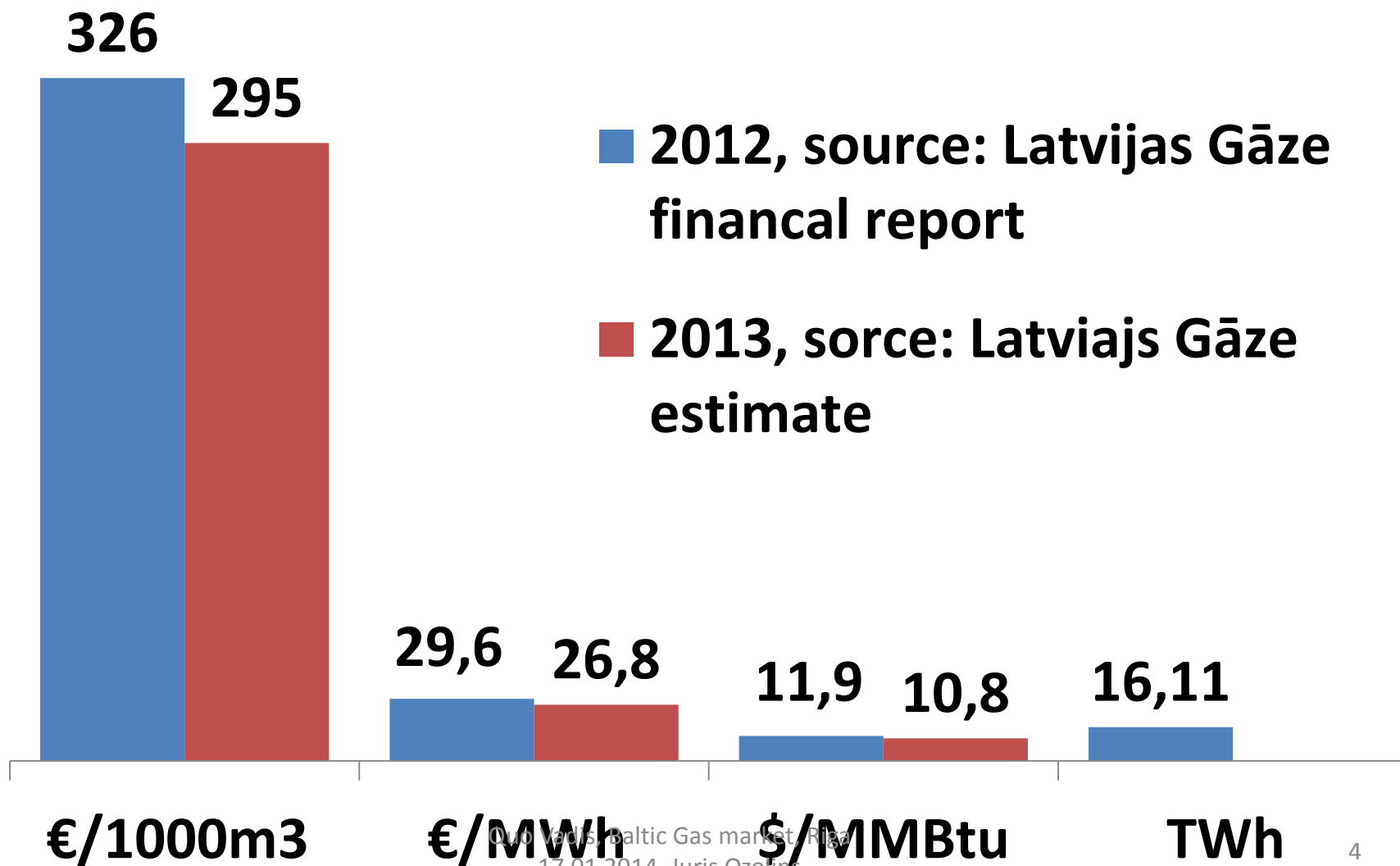


Quo Vadis, 2019 Gas market, Riga
 17.01.2014. Juris Ozoliņš



Quo Vadis: Baltic Gas market, Riga
17.01.2014. Juris Ozolins

Latvia's gas boarder price 2012 and 2013



Directive 2009/73/EC , Internal Market in Gas

- **Markets enable customers compare services and prices for goods and commodities;**
- **Markets can't promise low prices, but allow select best possible option under given circumstances;**
- **EU internal market in electricity and gas are designed for benefit of customers first!**
- **Energy providers are exposed to compete.**

Market opening and reciprocity (*Article 37*)

The eligible customers comprise:

- until 1 July 2004, eligible Member States shall publish, by 31 January each year, the criteria for the definition of those eligible customers;**
- from 1 July 2004, all non-household customers;**
- from 1 July 2007, all customers.**

To avoid imbalance in the opening of the gas markets, contracts for the supply with an eligible customer in the system of another Member State shall not be prohibited if the customer is eligible in both systems involved;

Third-party access (Article 32)

- Third party access to the transmission and distribution system, and LNG facilities are based on published tariffs, applicable to all eligible customers, including supply undertakings, and applied objectively and without discrimination between system users.**
- Transmission system operators shall have access to the network of other transmission system operators.**
- Directive shall not prevent the conclusion of long-term contracts in so far as they comply with Community competition rules**

Unbundling of transmission systems and transmission system operators (*Article 9*)

- Member States shall ensure that from 3 March 2012 each undertaking which owns a transmission system acts as a transmission system operator;**
- Where on 3 September 2009, the transmission system belongs to a vertically integrated undertaking a Member State may decide
 - (a) designate an independent system operator in accordance with Article 14, or**
 - (b) allow to establish Independent Transmission System Operator) (the provisions of Chapter IV.)****

Unbundling of distribution system operators

(Article 26)

Where the distribution system operator is part of a vertically integrated undertaking, it shall be independent at least in terms of its legal form, organisation and decision making from other activities not relating to distribution. Those rules shall not create an obligation to separate the ownership of assets of the distribution system from the vertically integrated undertaking.

Derogations in relation to take-or-pay commitments (*Article 48*)

If a natural gas undertaking encounters, or considers it would encounter, serious economic and financial difficulties because of its take-or-pay commitments accepted in one or more gas-purchase contracts, it may send an application for a temporary derogation from third party access(Article 32)

Emergent Market (article 49 (1))

Member States not directly connected to the interconnected system of any other Member State and having only one main external supplier may derogate from Articles 4, 9, 37 and/or 38. A supply undertaking having a market share of more than 75 % shall be considered to be a main supplier. Any such derogations shall automatically expire where at least one of the conditions referred to in this subparagraph no longer applies. Any such derogation shall be notified to the Commission.

Emergent Market (article 49,(3 & 5)

The Commission may grant the derogation referred to in paragraph 4, taking into account the need for infrastructure investments, which would not be economic to operate in a competitive market environment,

On the date at which the derogation referred to in the first subparagraph of paragraph 2 expires, the definition of eligible customers shall result in an opening of the market equal to at least 33 % of the total annual gas consumption of the national gas market.

Emergent Market

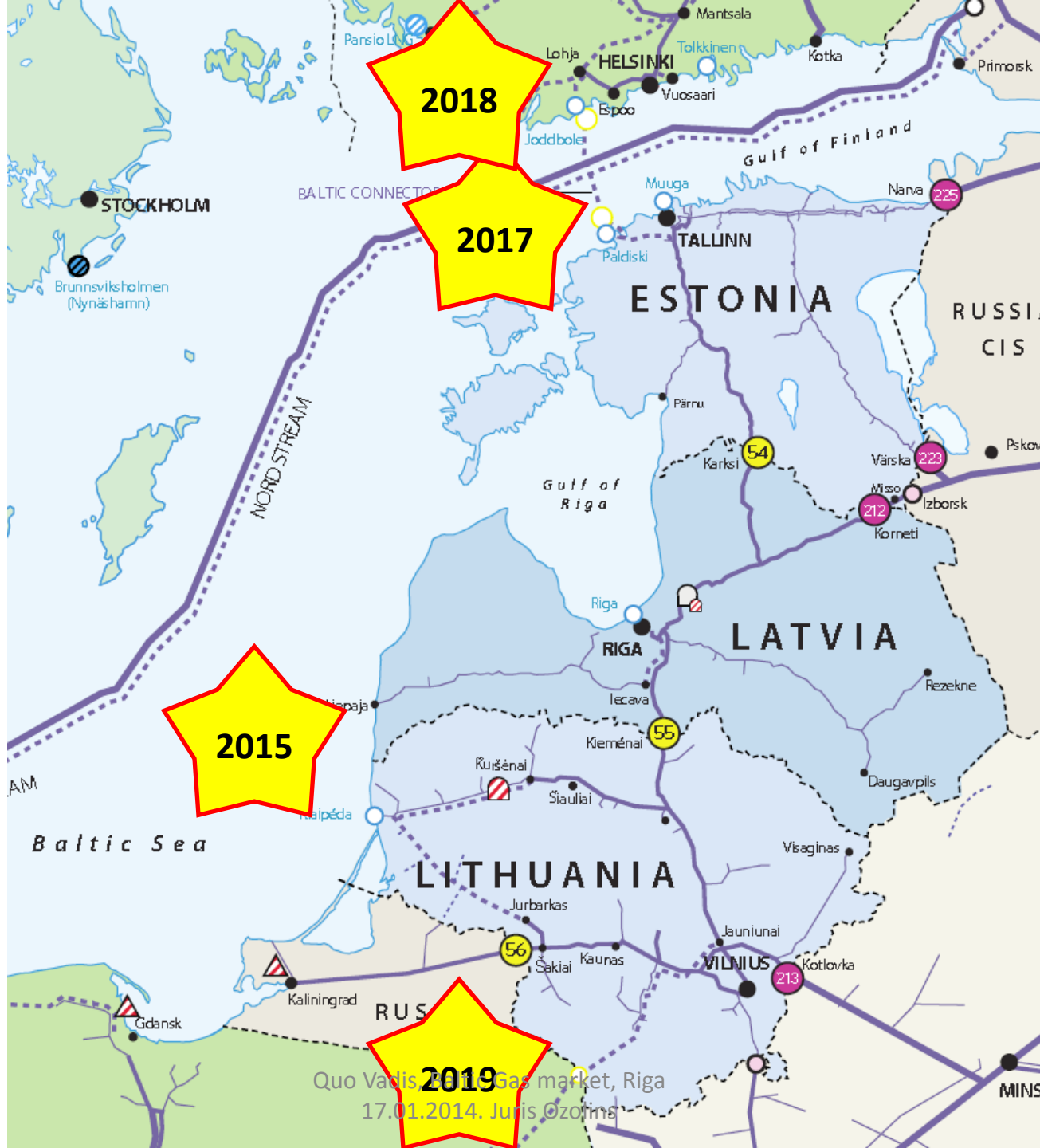
Terminology:

(31) ‘emergent market’ means a Member State in which the first commercial supply of its first long-term natural gas supply contract was made not more than 10 years earlier;

“emergent market” in a dynamic and developing system with growing internal supply/production .

Isolated markets Market (article 49 (1))

Articles 4, 9, 37 and/or 38 shall not apply to Estonia, Latvia and/or Finland until any of those Member States is directly connected to the interconnected system of any Member State other than Estonia, Latvia, Lithuania and Finland. This subparagraph is without prejudice to derogations under the first subparagraph of this paragraph.



Quo Vadis, 2019 Gas market, Riga
17.01.2014. Juris Ozoliņš

**Is there
alternative to the
market?
Behaviour
matters**

**Arn't you kidding? \$410 -
\$142=\$268... bingo!**

