
EREG Fact Sheet

THE GAS REGIONAL INITIATIVE: MAKING PROGRESS TOWARDS A SINGLE EUROPEAN MARKET

Introduction

Liberalisation will move the currently separate gas markets in Europe towards a competitive single European market. The benefits of liberalisation will be shared by all consumers across Europe in the form of competitive prices, secure supplies, innovation and choice. There will also be benefits for European energy companies which will be able to seek new customers throughout the EU.

The development of regional gas markets, together with further liberalisation at a national level, is an important and practical step towards the eventual goal of a competitive single European gas market. The European regulators, through the European Regulators' Group for Electricity and Gas (EREG), launched in April 2006 a **gas regional initiative**, made up of **four regional energy market projects (REMs)**.¹ The overall aim of the gas regional initiative is to push forward, at a practical level, the development of regional markets in collaboration with industry, Member States, the European Commission and other stakeholders.

The gas REMs are the outcome of EREG's November 2005 consultation paper and 2006 conclusions paper² - which set out EREG's views on the key issues preventing the development of competition and regional markets. The establishment of the gas REMs was supported by all stakeholders who responded to the November 2005 consultation paper. The gas REMs are also part of the regulators' response to the problems highlighted in the

¹ The Gas Regional Initiative (GRI) follows on from EREG's Electricity Regional Initiative (ERI) which was launched in February 2006.

² Gas Roadmap paper (*Roadmap for a competitive single gas market in Europe*, **Consultation Paper** of November 2005 and **Conclusions Paper** of March 2006) are available on www.ereg.org.

European Commission's 2005 Benchmarking report and the Preliminary Findings of the DG Competition's energy sector inquiry.

What the Gas Regional Initiative (GRI) will achieve

The objective of the gas Regional Initiative is to push forward the development of regional markets as a stepping stone towards a single competitive market. It is made up of 4 gas REMs which will look at how barriers to market integration and development can be overcome. The gas REMs will bring together all of the relevant parties – regulators, industry, consumers, Member States and the European Commission – to help identify the key issues and barriers and to ensure that priorities for action are identified and taken forward by the appropriate party. The focus of the gas REMs is on the practical issues that are most important to the development of regional markets in gas. This will include looking at ways of improving the way in which gas is currently is traded (at and between gas hubs) and other factors – such as transparency and information provision and access to networks. Progress under the regional initiative must – and will – recognise the overriding principle that regional markets must be compatible with the eventual goal of a single European market. ERGEG will regulatory report publicly on the ongoing progress of the gas REMs including through the 'Madrid Forum' meetings (made up of regulators, Member States, industry and the European Commission).

The Gas Regional Energy Market projects (REMs)

ERGEG has consulted widely with stakeholders in developing the gas REMs. All stakeholders supported the projects as practical way of making progress towards the development of a single competitive European gas market.

It is vital that stakeholders collaborate in the gas REMs to ensure that progress can be made.

The table below identifies the initial geographic scope of the 4 gas REMs.

Gas Regional Energy Market (REM)	Likely geographic scope (lead regulator in bold)
North-West	Netherlands , Belgium, France, United Kingdom, Ireland
North	Germany ³ , Denmark, Netherlands, Sweden
South	Spain , Portugal, Southern France
South-South East	Italy , Austria (co-chairs), Slovakia, Hungary, Slovenia, Greece, Poland, Czech Republic

There is a lead regulator for each of the 4 gas REMs. The lead regulator will chair a small regional committee of regulators from the Member States involved. The committee will co-ordinate the work and direct working groups made up of regulators, transmission system operators and other market operators (of gas hubs and storage facilities).

Network users and other stakeholders will have a central role to play. They will be closely consulted through stakeholder groups which will ensure a two-way dialogue on key issues. Stakeholders will be asked to identify problems and possible solutions and to comment on proposals presented to them.

It will be the task of the co-ordination committee to establish the working and stakeholder groups – and to define ways of working, and develop a detailed timetable for work. The committee will also consider how best to involve Member State governments and the European Commission.

Individual national regulators may lack specific powers necessary for implementing the actions agreed by the gas REM – so the involvement of Member States and the European Commission will be particularly important in overcoming barriers to progress.

³ Initially the North and North-West REMs will be run jointly, i.e. under the lead of the Netherlands. Once the first phase of the REMs has been completed it is intended that the North region will revert to the leadership of the German regulator and will be separate from the North West REM.

Each co-ordination committee will prepare regular progress reports to ERGEG and ERGEG will provide public updates – including at the Madrid Forum meetings. An indicative timetable for the work is shown below.

April-June 2006	ERGEG to report to the Madrid Forum (May) on the establishment of the gas REMs and the Gas Roadmap Conclusions Paper Finalise membership Establish ways of working and governance Identify priorities
July-Sept 2006	Publish detailed timetable, establish stakeholder participation, collect view and other relevant information
Late Autumn 2006	ERGEG to compile a first overall progress report of the four REMs Consultation at Madrid Forum
2007 on	Carry out work established in the timetable