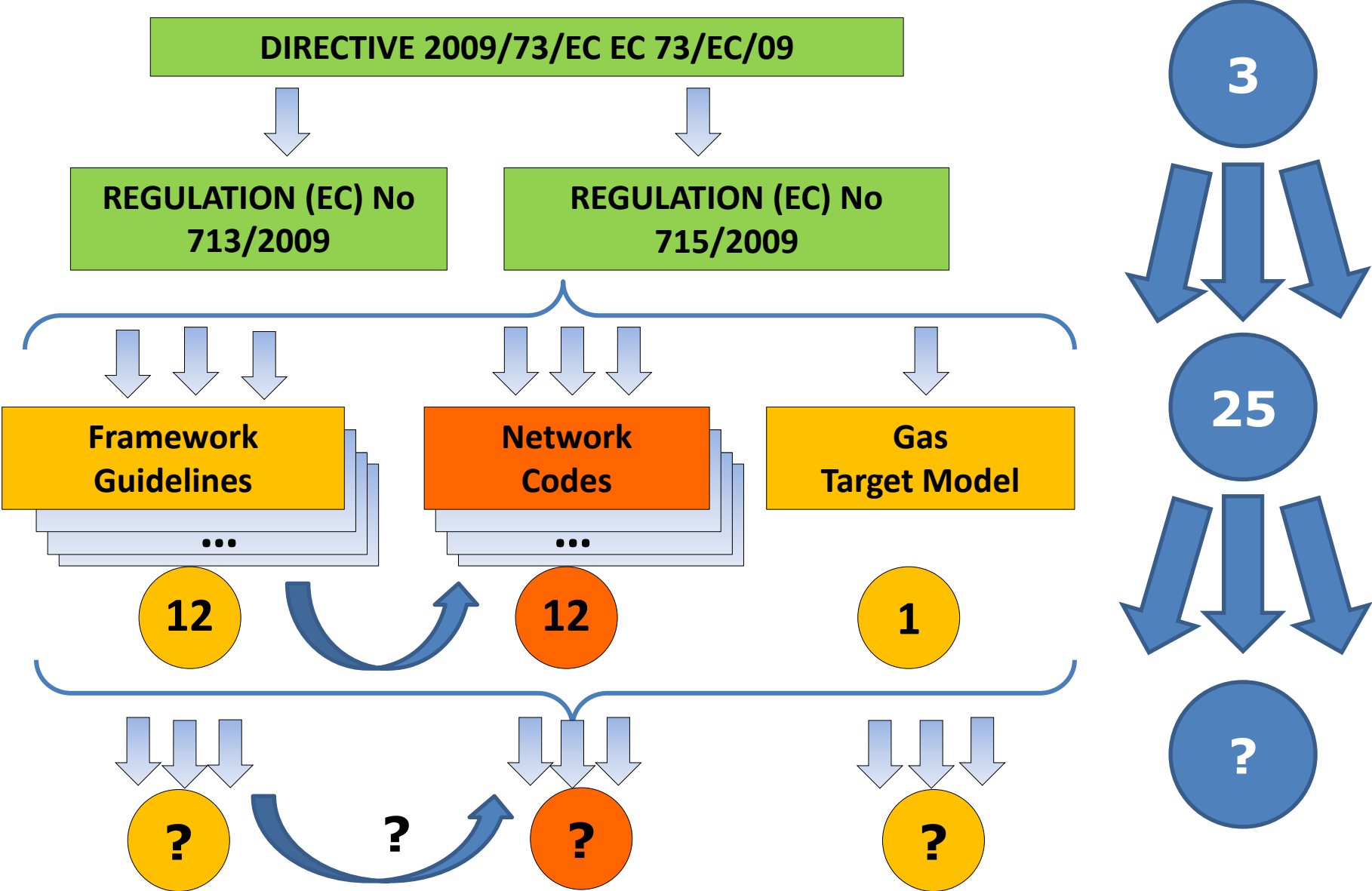


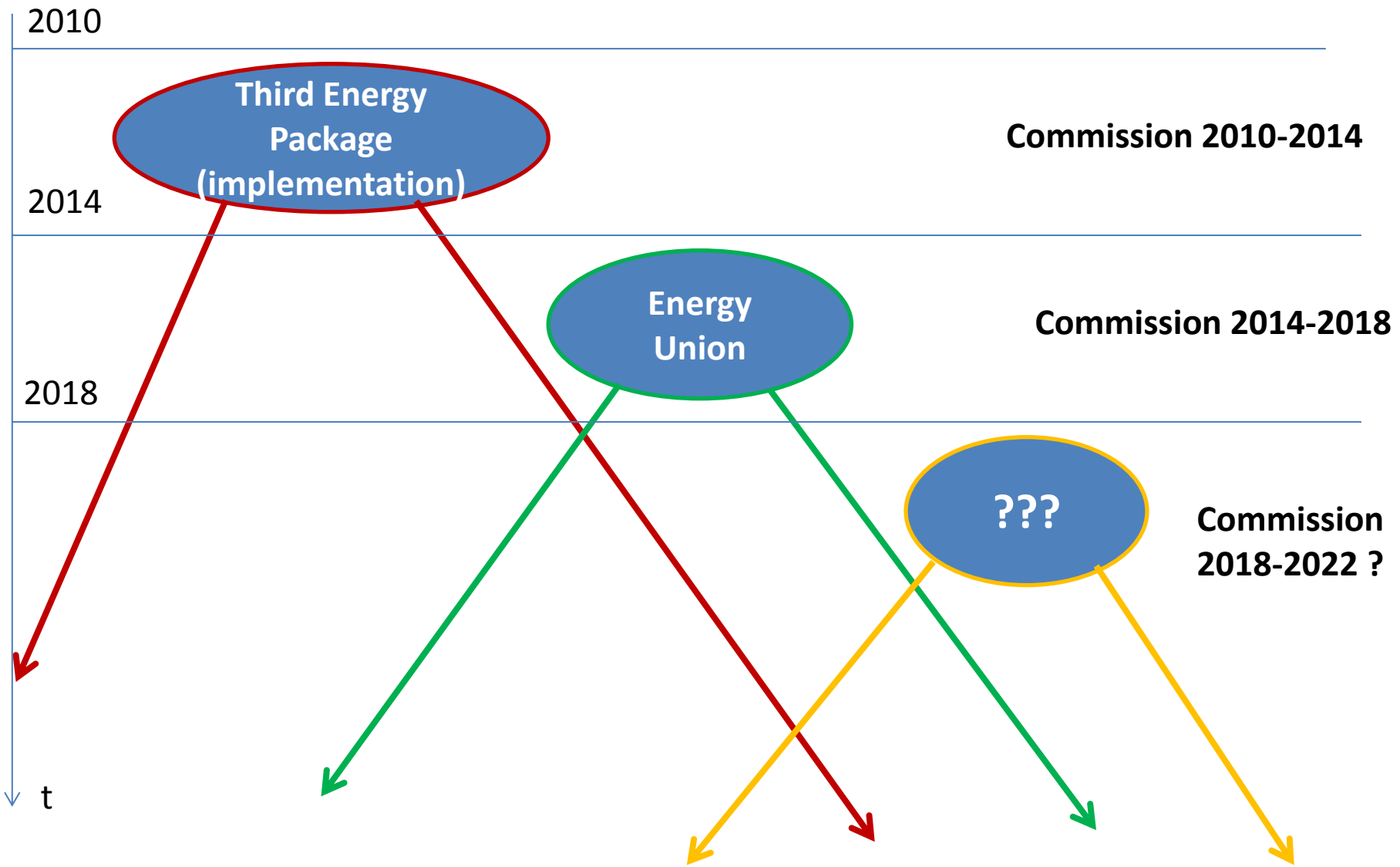
**Remarks of A.Konoplyanik &
A.Barnes on item 4 of the
agenda, 26th Round Informal
Consultations/19th WS2 GAC
meeting**

22.04.2016, E-Control, Vienna, Austria

Third EU Energy Package & following doc's = increasing pyramid of regulatory documentation in order to implement TEP (for dev't of new architecture of internal EU gas market)



Development of EU Energy regulation: each new Commission adds its own regulatory “pyramid” – which multiply complexity of EU energy (gas) regulation, add new challenges & uncertainties for market players => demand for “Early Warning System” for all parties



Regulatory matrix (time-frame) (1)

Regulatory acts (examples)	Stages of development (from political declaration to law enforcement)						
CAM NC							→
CAM INC NC							→
TAR NC							→
...							→
...							→
...							→
...							→
...							→
...							→
...							→
...							→
...							→
...							→

Illustrative example



List of doc's & time-frame of their dev't is available (?) from websites of EU institutions (CEC, ACER, ENTSOG, ...), though maybe not in a consolidated manner, but not assessment of their sensitive elements/consequences for different categories of market-players, incl. for major exporters to the EU market, which might have alternative choice as well...

Current status of the given document at the given stage of its dev't (key points for consideration)

- Aim: Short description of current status of the document and key points for consideration:
 - For Network Users (and especially for Gazprom as NU which is an upstream producer and not just reseller/trader) – from EU Regulators perspective
 - For EU Regulators – from NU view and especially from Gazprom view as an upstream producer and not just reseller/trader
- Regulatory matrix is needed to have a clear vision, at each stage of doc's dev't, of how much time the parties have in their disposal to address/solve the issue of mutual concern

Example from GAC/Consultations recent history (why Early Warning System is in mutual benefit)

- CAM NC dev't dilemma in 2009 (either/or):
 - **EITHER:** Option 1 = To go first for allocation of existing capacity mech'sms (based on offer of available physical capacity), then consider new/incremental capacity dev't mech'sms
 - **OR:** Option 2 = To go immediately for the mech'sms of allocation of existing & development of new/incremental capacity (based on assessment of demand for capacity)
- Option 1 was chosen based on the perception that:
 - Current utilization rate of existing capacity in EU is about 70% => No (major) new capacity will be needed => to concentrate first of mech'sms of allocation of existing (available physical) capacity => auction as the only competitive CAM
- When CAM INC turn came, auction was chosen as default mechanism:
 - introduction of the universality principle both for existing & new capacity (if auction is used in CAM NC, it SHALL (?) be used in CAM INC NC), but
 - auction is NOT an investment tool/instrument/mechanism =>
 - the whole story of CAM NC INC dev't is the story of conflict between economics (investment-friendly rules, no stranded assets, non-discrimination of investors, no free-riders, etc.) & narrow vision of competitive rules (auction as default procedure, short-termism, etc.)