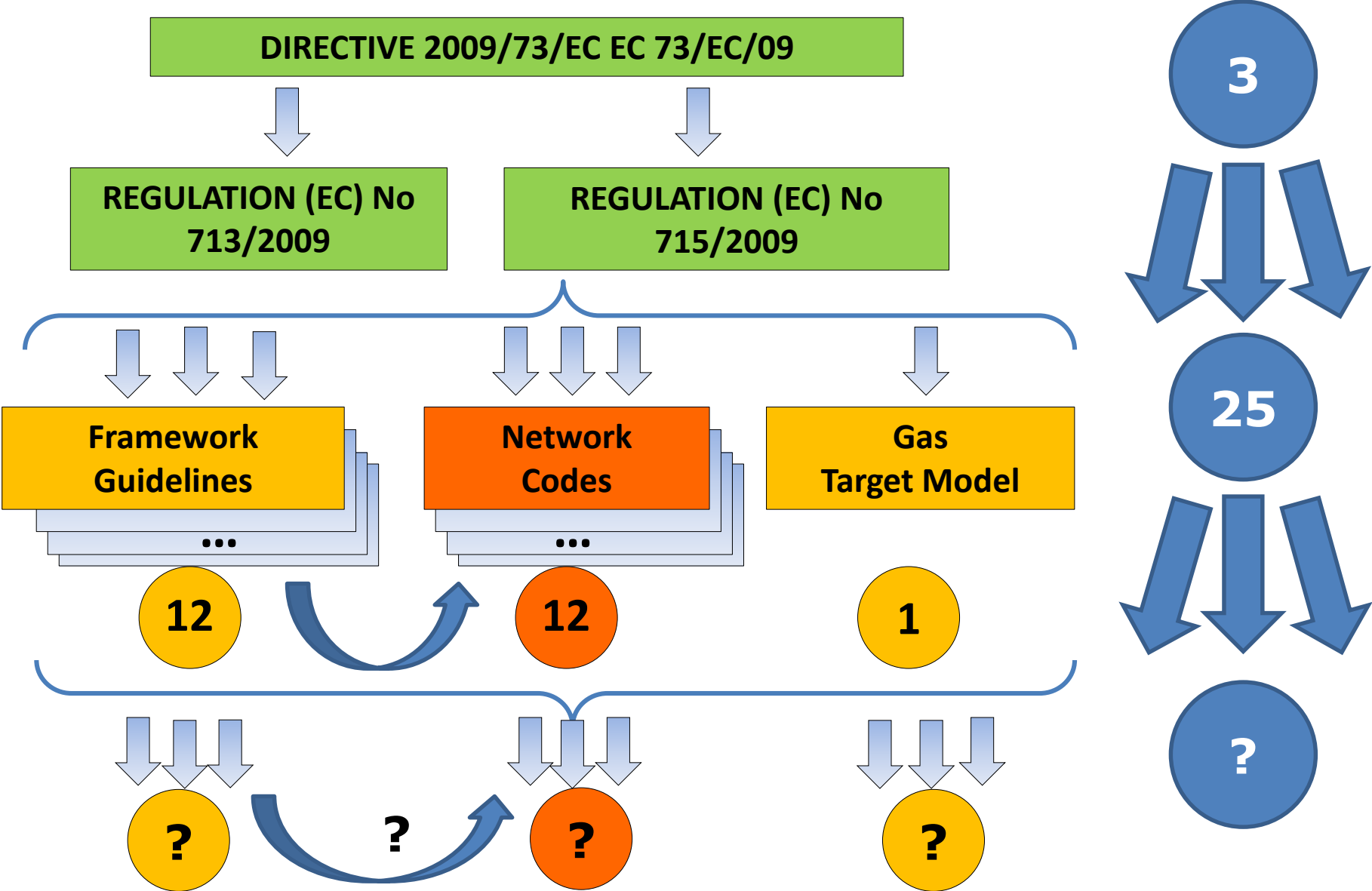


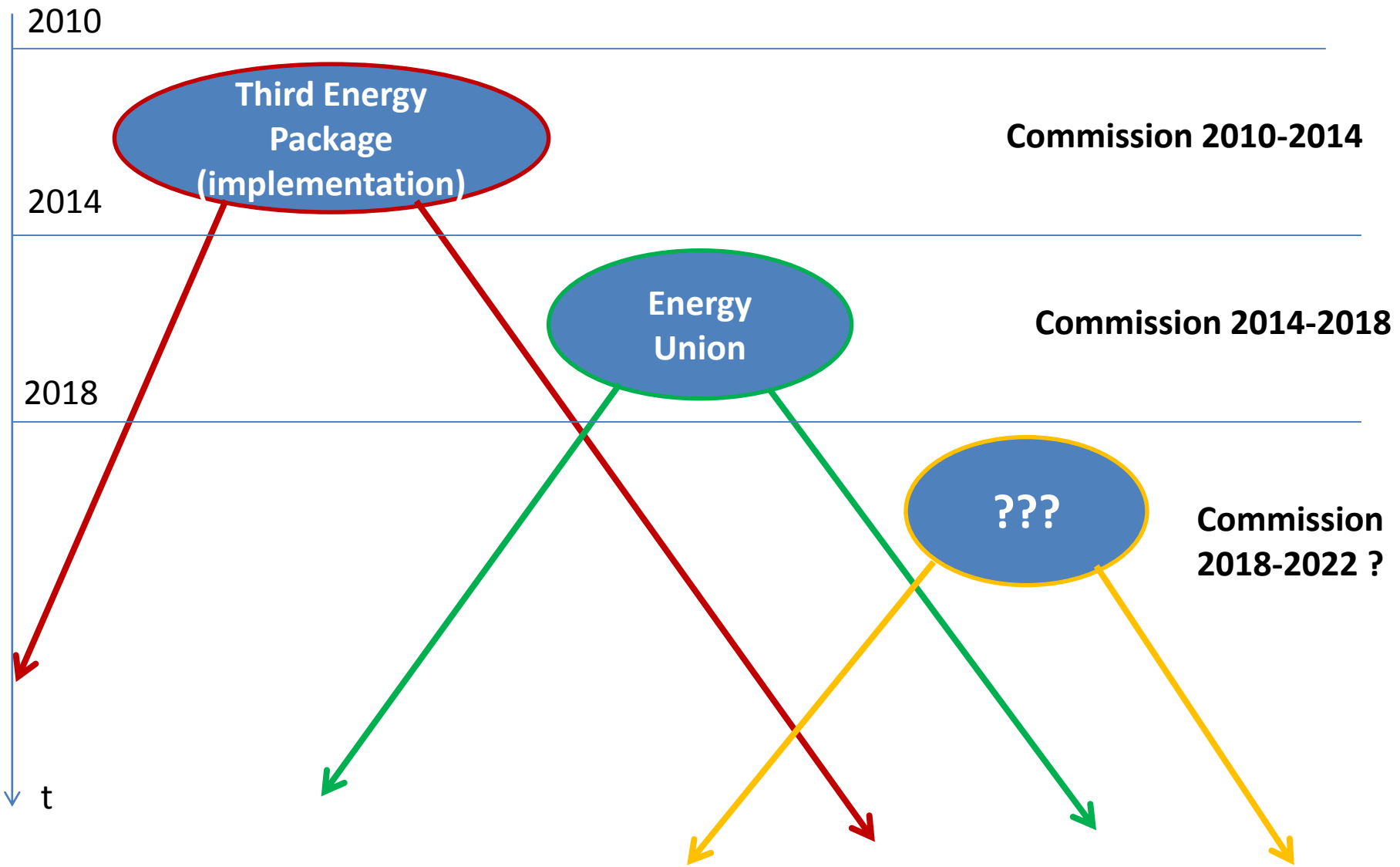
**Remarks of A.Konoplyanik &  
A.Barnes on item 4 of the  
agenda, 26<sup>th</sup> Round Informal  
Consultations/19<sup>th</sup> WS2 GAC  
meeting**

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

X

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.)