

EFET publishes annual review of gas hub assessments

Today the European Federation of Energy Traders (EFET)¹ published the 2016 update of its [European Gas Hub Development Study](#).

The study was first released in March 2014 and provided a means of measuring progress made by less liquid hubs where quantitative data on liquidity is not available. Instead it lists a series of steps to be taken by Transmission System Operators, National Regulatory Authorities, and by market parties in order to progress towards a successful hub. It was based on traders' experience in the more mature markets, and describes a "good practice" model on how to create a hub that is attractive to traders. This should be seen as complementary to other measures to create competitive markets and to enable gas to be brought to and from a hub.

The second part of the study, which was updated for the second time now, provides individual hub assessments based on the model and the known status as of end Q2 2016. This date was chosen as it can take time for regulatory changes to affect the market. Although a number of member states instituted reforms on 1 October 2016, more time is needed to assess their effectiveness. That is why in countries, such as Spain, the regulatory changes as of October 2016 were not reflected in the latest hub review, but we hope they will result in positive developments in the coming year.

"There have been apparent improvements in hub design in some of the developing markets, but these must also be seen in the context of what is happening elsewhere in the market," said Gunnar Steck, Chair of the EFET Gas Hub Development Group. "While trading opportunities improved in Poland and Hungary during the year, this progress risks being set back if it is thwarted by other reforms."

At the other end of the scale, some of the least developed markets had no change or had even regressed. "Better documentation and consultation with network users, creation of an entry-exit system with a virtual trading point, and the ability to exchange gas and imbalances remain fundamental requirements that are not yet met in all systems," said Doug Wood, Chair of the EFET Gas Committee.

Drawing on the expertise of the EFET regional and national task forces, we will continue with intensified dialogue with the European Commission, ACER and NRAs, encouraging them to develop reasoned action plans to achieve minimum levels of tradability in new markets, in a short time-frame.

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¹ The European Federation of Energy Traders (EFET) promotes competition, transparency and open access in the European energy sector. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and a competitive economy. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.