

EFET European Gas Hubs Benchmarking Study: 5th Edition

The European Federation of Energy Traders (EFET)¹ is pleased to publish the fifth edition of the Gas Hubs Benchmarking Study, which is available with explanatory notes on the EFET website.²

In order to ensure continued compatibility of the hub scores, this year, some updates to the scorecard criteria were made, and two new criteria were introduced to reflect the levels of short-term and long-term liquidity in each market. These updates have caused minor shifts in the total score of several hubs but have not threatened the general comparability of the results over the years.

In mature gas hubs (NBP, TTF, NCG, Gaspool, France, ZTP) full completion of the criteria may not have a material effect on liquidity. These hubs tend to be more dependent on political issues, such as Brexit, currency risk, hub mergers, as well as migration to/from other hubs.

Mid-level hubs like the Danish GTF and the Czech OTE score well in hub design this year, but the relatively low level of liquidity reflects their proximity to more liquid markets, notably Germany. Hungary and Poland reduced in score despite some historical improvements to hub design and hub liquidity has been affected by wider market conditions.

Turning to the development of nascent gas hubs covered by the study, we observed some progress in implementation of network codes in Greece and Bulgaria. However, the trading environment remains poor in both countries, as well as the neighboring market of Turkey, despite some improvements to the national legislation. When it comes to Romania and Ukraine, no substantial progress on hub development was observed at the cut-off point³.

For the first time, the study includes Portugal, which scored below Greece, Turkey and Bulgaria but above Ukraine and Romania. We believe that the future success of the hub's performance in Portugal will depend heavily on its relation with the Spanish PVB.

"By continuing to benchmark European gas hubs EFET aims to reinforce best practice and demonstrate the fundamental link between good hub design and increased liquidity," said Steve Rose, Chair of the EFET Gas Hub Development Group.

¹ 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.

² The 2018 Review of Gas Hub Assessment is available here:
https://www.efet.org/Files/Documents/EFET%20Hub%20Scores%202018_FV.xlsx

Presentation of the 2018 Review of Gas Hub Assessment is available here:
https://www.efet.org/Files/Documents/EFET_GasHubs2018_EAGC.pdf

³ 1st July 2018

“The scorecard continues to be a useful point of reference for the CESEC process and the countries in Central and South-Eastern Europe involved in it, as it offers practical guidance on improving the levels of tradability in their national gas markets,” added Doug Wood, Chair of the EFET Gas Committee.