



**EFET** European Federation  
of Energy Traders

# MIBGAS Agents Committee

## New European Gas Regulatory Framework

07 February 2023 | Doug Wood, Mike Bostan



# **New European Gas Regulatory Framework, The Traders' Vision**

## **EFET speakers**



*Doug Wood*  
Chair, Gas Committee



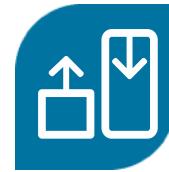
*Mike Bostan*  
Manager, Market  
Supervision Committee

# Gas Markets Intervention Package 20 Dec 2022 #1

Regulation 2022/2576 enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders



Transparency and information exchange



Intra-day volatility



Demand aggregation and joint purchasing



LNG price assessment and benchmark



Enhanced use of LNG facilities, gas storage and pipelines



Solidarity

## Gas Markets Intervention Package 20 Dec 2022 #2

Regulation 2022/2578 establishing a market correction mechanism to protect Union citizens and the economy against excessively high prices



Market correction event & dynamic price caps



Extension of MCM to derivatives linked to other VTPs



# #1 Transparency and information exchange



## **Notice**

Prior notice of tenders and negotiations >5TWh/year, 6 weeks before conclusion (or 2 weeks if negotiations start later).



## **EC recommendation**

Commission may issue a recommendation, if further coordination or improved functioning of joint purchasing is deemed necessary



## ***EC intervention***

*EC will not intervene, but expects recommendations to be followed*

## #2 Demand aggregation & joint purchasing



Service provider to organise demand aggregation and joint purchasing with dedicated IT tools



Participation will be open to all gas undertakings and consumers (unless restricted). MS may provide liquidity support / guarantees



Must participate in demand aggregation for storage filling targets for 15% of volumes in own or XB storage, but may decide not to purchase and may use gas for other purposes



Undertakings and consumers may coordinate or use joint contracts subject to compliance with Competition Law



*PRISMA appointed as service provider; participation in platform still unclear; competition law concerns*

## #3 Enhanced LNG facilities, gas storage and pipelines



### **Transparency**

Improved LNG transparency on platform, including publication of tariffs by exempted terminals



### **Underutilised capacity**

If <80% capacity is used or offered, the difference may be confiscated for the following month



### **Recognised as damaging**

NRAs/TSOs starting to declare derogation; existing UIOLI rules are adequate

## #4 Intraday



### Price boundaries

Trading venues to set price boundaries no later than 31 January 2023 for each energy-related commodity derivative, either as part of existing circuit breakers or as an additional mechanism



### MIBGAS mechanisms

Can MIBGAS please describe what mechanisms are in place?





# #5 LNG price assessments and benchmark



## **ACER publications**

ACER to produce daily LNG price assessment by 13 Jan 2023 and daily benchmark (spread) by 31 Mar 2023



## **Data submission**

LNG market participants must submit data to ACER by 18.00 through channels established by ACER



## ***ACER guidelines***

- *Currently under review*
- *Greater clarity needed – esp bids/offers*
- *Operational issues with reporting tool*
- *Initial focus on transactions only.*



## #6 Solidarity



### Scope

Solidarity for protected customers and electricity SofS; demand reduction; safeguard XB flows



### Extension of obligations

Solidarity obligations can be extended (temporarily) to MS with LNG facilities



### Default rules

Default rules defined for MS who have not concluded bilateral agreements. Costs to be “reasonable”.

## Impact of these measures

- Liquidity already reduced for multiple reasons including high margining requirements, reduced value at risk, greater uncertainty – not least of potential for interventions.
- Main action is in prompt market, likely to continue.
- LNG trading likely to continue as before. Platform is voluntary, unable to provide same service as commercial market. Parties will advertise as required, but unlikely to transact via the platform.
- LNG price assessment may provide interesting information, not expected to be referenced in transactions
- Increased transparency requirements and threat of EU intervention in negotiations may discourage some exporters from delivering to EU (or cause a premium)
- Solidarity will still depend on bilateral relations

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Market correction event & dynamic price caps



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# Effects of market correction mechanism on Iberian hubs



## Commission decision

Commission to decide market correction mechanism expansion to other hubs no later than 31 March



## TTF derivatives (and others)

Migration to OTC, other EU hubs or hubs outside EU



## LNG transactions reporting

LNG transaction reporting is now on a new data collection platform



# **THANK YOU FOR YOUR ATTENTION**

## **MORE INFORMATION**



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[www.efet.org](http://www.efet.org)