

**Pracovná komisia SPNZ**

**ROZVOJ TRHU SO ZEMNÝM PLYNOM**

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**IGU PGC C - GAS MARKETS study - group C3**



# IGU's Triennial Work Programme 2009-2012

## Committees and the PGC C: Gas Markets

Working Committee 1: Exploration and Production

Working Committee 2: Storage

Working Committee 3: Transmission

Working Committee 4: Distribution

Working Committee 5: Utilisation

Dedicated to the Gas Chain

Program Committee A: Sustainability

Program Committee B: Strategy

Program Committee C: Gas Markets

Program Committee D: LNG

Program Committee E: Marketing

Deal with topics that are external to the gas chain and are Dedicated to IGU's image to the world outside the gas industry

Task Force 1: Building Strategic Human Capital

Task Force 2: Nurturing the Future Generations

Task Force 3: Geopolitics of Natural Gas

Special Projects

# IGU's Triennial Work Programme 2009-2012

## Introduction to PGC C

### Objectives

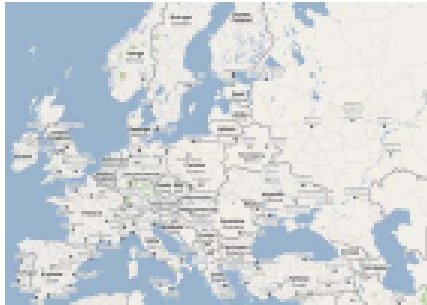
Analyse gas markets in both developed and developing countries and draw lessons from which security of energy, in particular gas supply, and demand can be further enhanced, from a perspective of mature and new markets.

### Topics for analysis

- Promotion of international integration
- Harmonisation of rules across national boundaries
- Facilitation for the development of new and mature gas markets
- Natural gas sourcing, including non-conventional
- Infrastructure
- Market and economic drivers
- Competing fuels
- Legal and regulatory aspects
- Business opportunities (e.g. power generation)
- Environmental issues
- Geopolitics

### Interaction

PGC B, D, E; WOC 1, 3 and other groups if needed



### **Study Group C.3 :Gas Markets in Europe and Russia**

#### **Purpose**

Identify and analyse gas markets in Europe and Russia with emphasis on energy security. List and address key market drivers, emerging issues and challenges.

#### **Scope**

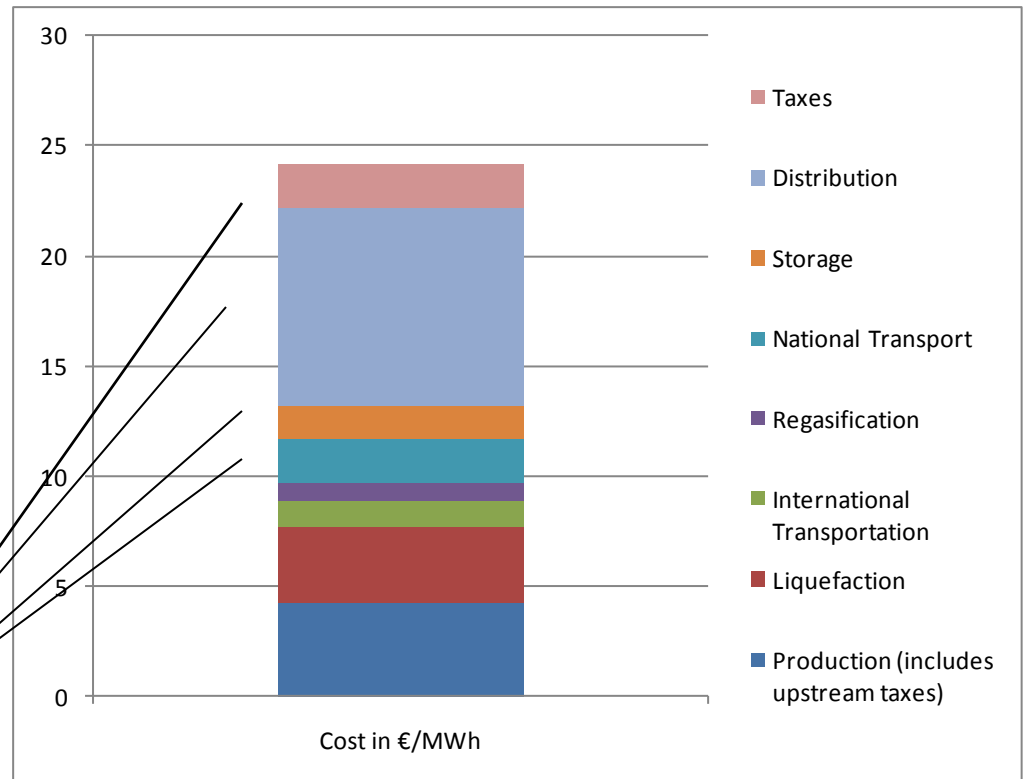
- Assess the supply–demand balance in key parts of the region, where demand centres are not in the proximity of reserves;
- Identify emerging issues and challenges in developing and growing gas markets;
- Identify opportunities to further develop and grow gas markets taking into account that the countries are at different levels of economic development (a mixture of emerging, developing and mature gas markets occurs);
- Study investment, climate and funding needed to monetise gas fields and to build infrastructure across several nations to deliver gas to the downstream markets.

# 1. COSTS ALONG THE VALUE CHAIN

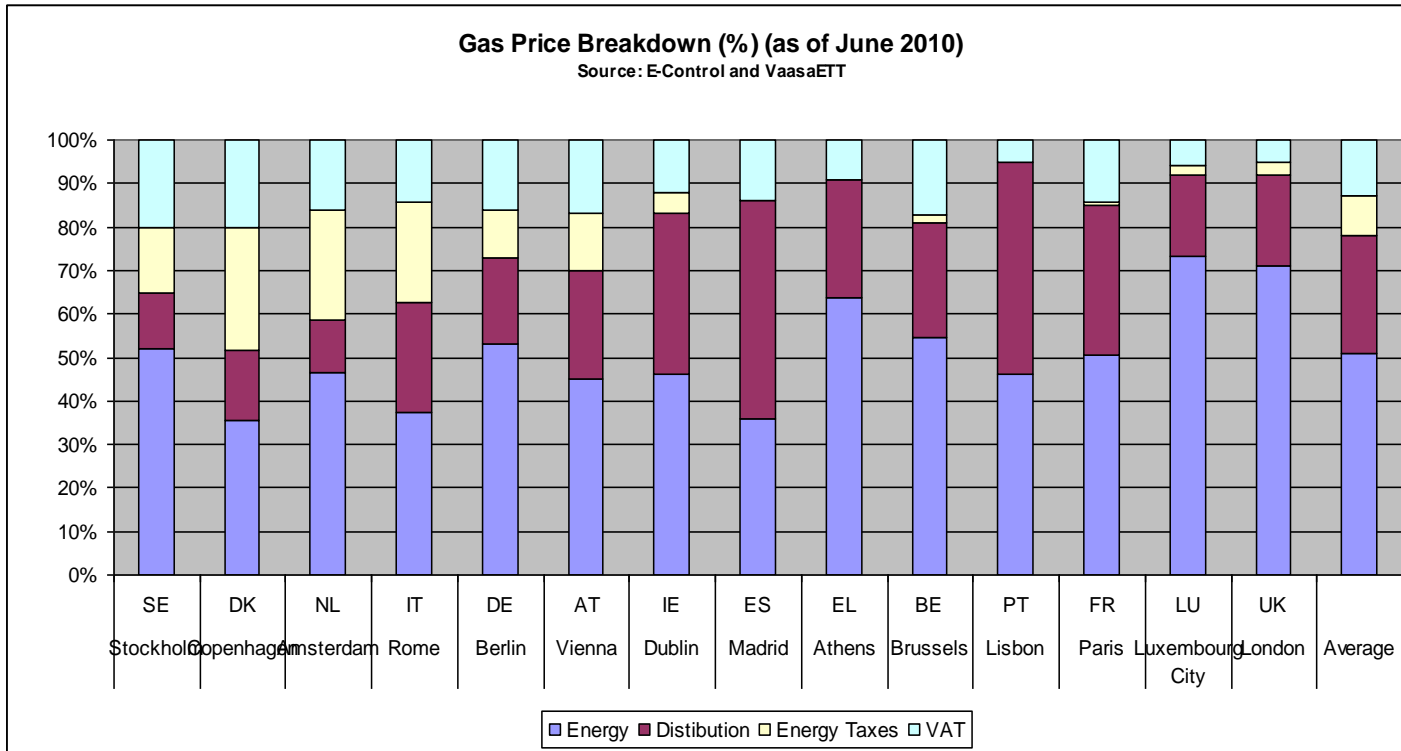
- “Well head to burner tip”
- Set a floor to the gas price
- How is the margin divided in the value chain?
- In which part of the value chain costs can be influenced and how?
- What is the most interesting segment to sell gas to and why?

Segments to be investigated:  
Households, Industry, Power

Countries to be investigated:  
UK, FR, ES, DE, SK, RU, PL, RS, NL



# 1a. DISTRIBUTION AND ENERGY TAXES

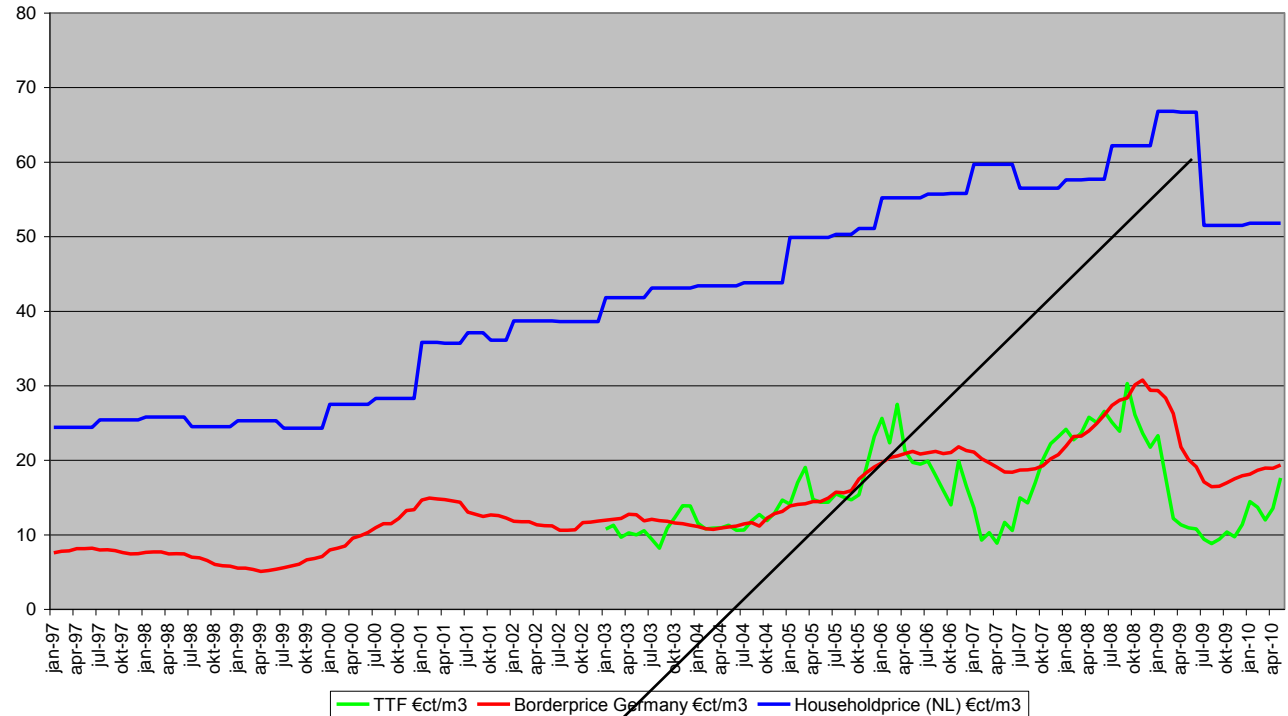


**Huge difference between countries in tax regime**

- no energy taxes in Spain, Greece and Portugal
- 20% in Denmark and Sweden
- Also VAT differs per country

# 2. PRICE FORMATION

Prices wholesale (TTF, Borderprice Germany) and Household Consumers (in the Netherlands)



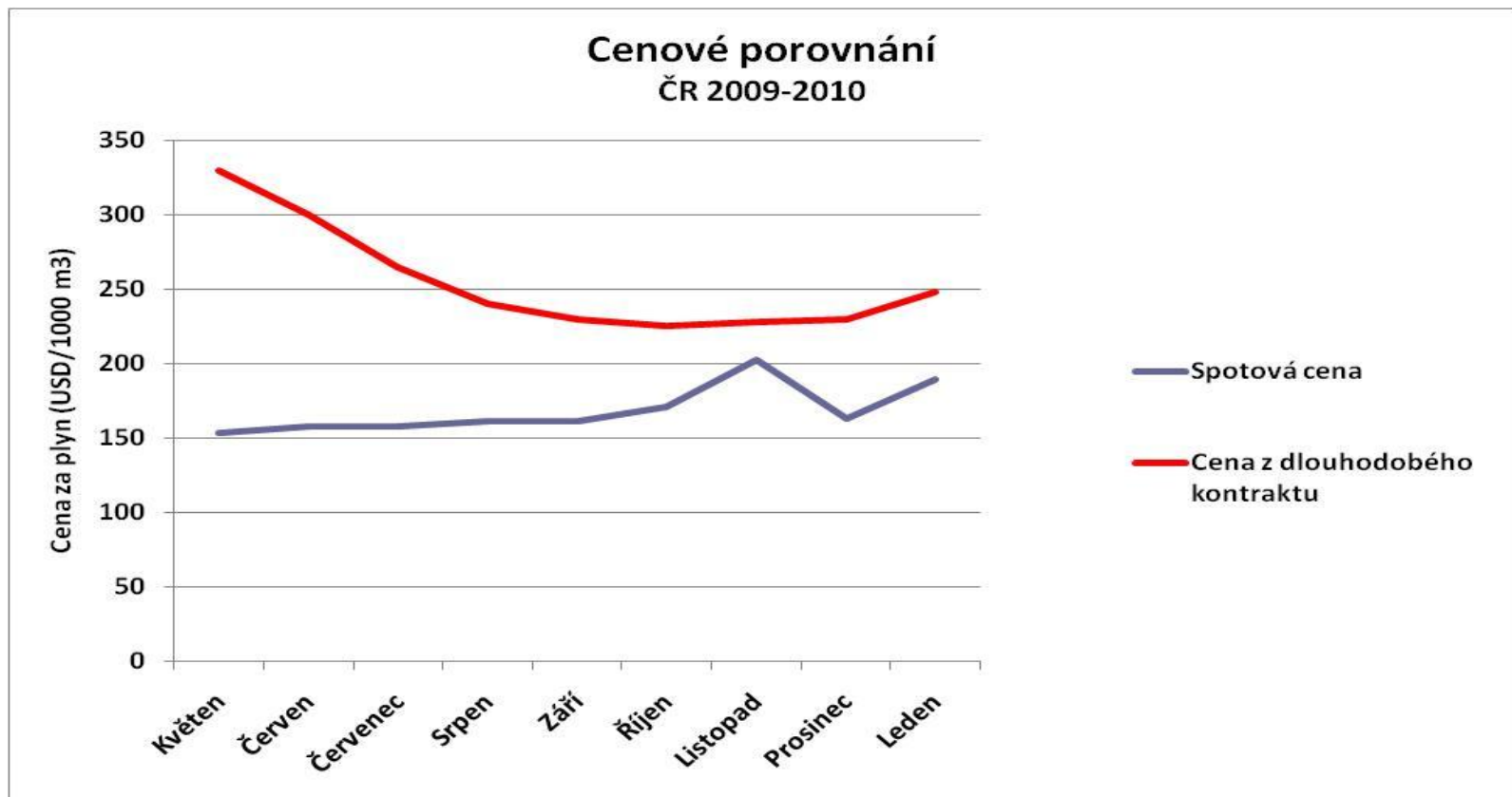
## Spot markets

### LT oil indexed prices

- Increased Volume Flexibility
- oil index partly replaced by spot indexation
- Temporary or not?
- Do end users profit from falling prices?
  - the fall witnessed in wholesale energy costs has not been fully reflected in end user prices, especially in the first quarter of 2009

## 2a. Nemecko-francúzská burza EEX Lipsko

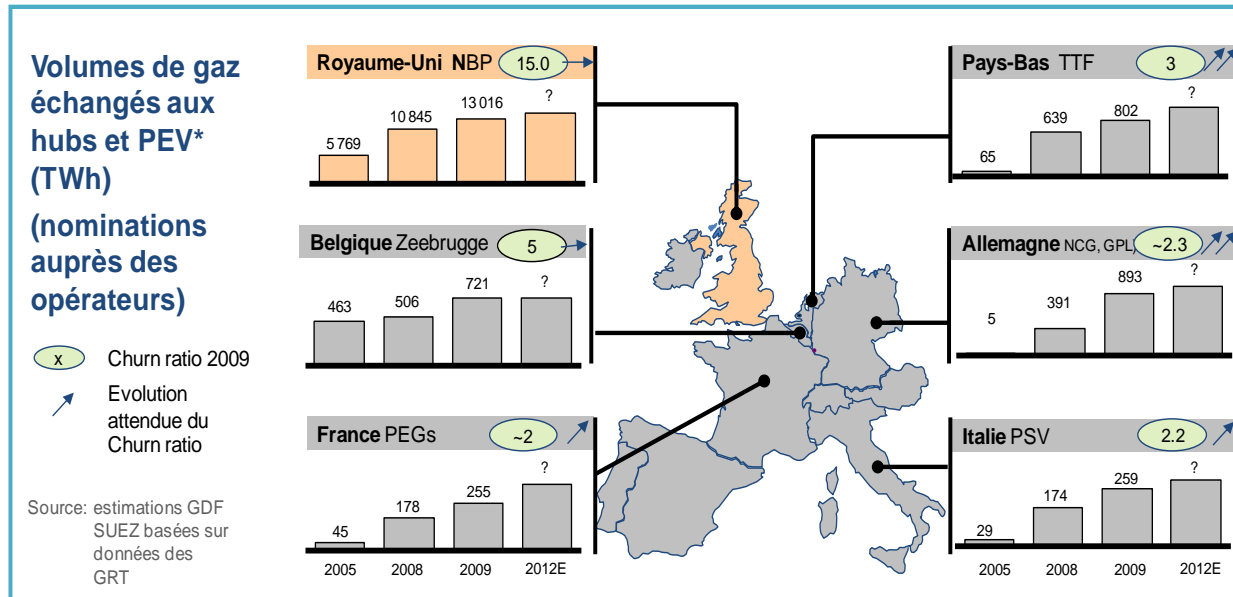
Porovnanie spotovej ceny komodity z burzy a  
vzorcovej ceny z dlhodobej zmluvy pre rok 2009



## 2b. Dôvody pre dlhodobé kontrakty na dodávku plynu viazané na cenu ropy :

- konkurencia s alternatívnymi palivami
- stabilnejšie ceny, sú vypočítateľné a nemanipulovateľné
- zohľadňujú ročný priemer, nie sezónne výkyvy
- akceptovateľné regulátormi
- plánovanie investícií do infraštruktúry (banky, úvery)
- súvislosť ropných a plynových projektov u producentov
- zmiešavanie príjmov za predaj ropy a plynu v cash flow
- spoločné kapitálové trhy
- ekonomický rast vplýva na plyn i ropu rovnako

# 3. DEVELOPMENT OF MARKET PLACES



## Conditions to emerge a market place:

- Good interconnections between markets places
- Many players and a competitive mid-stream segment
- Same players are present and active on different markets
- Constraints on LT and OTC contracts that would push the industry towards market places
- Access to storage capacity
- Uniform EU regulation implemented by member states correctly and on time
- Standardisation of terms & conditions (e.g. EFET Gas Contract)
- Clear legislation on trading commodities

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KUALA LUMPUR  
2012  
WORLD GAS CONFERENCE



4-8 June 2012  
Kuala Lumpur  
Malaysia