

# 5th Vienna Forum on European Energy Law

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Roundtable Discussion Gas Market  
Developments

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- Energy policy research centre and think-tank based at the Corvinus University of Budapest – founded in 2004
- Associated consultancy
- Mission: to provide professional analysis, advice and training to promote energy markets that are sustainable both commercially and environmentally
- Founders are economists with regulatory experience
- Strong methodological background
- Education and training



- Price gap between East and West has diminished, falling prices (global)

- Hardware in place:

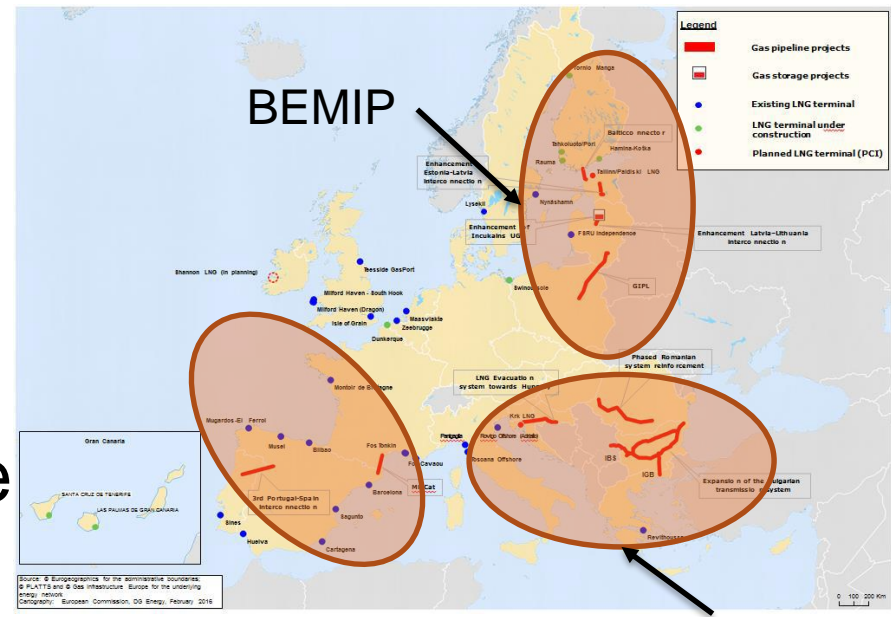
- Better interconnectivity
- Reverse flow
- Few more PCI to build

- Software in place

- TAR NC, CAM NC

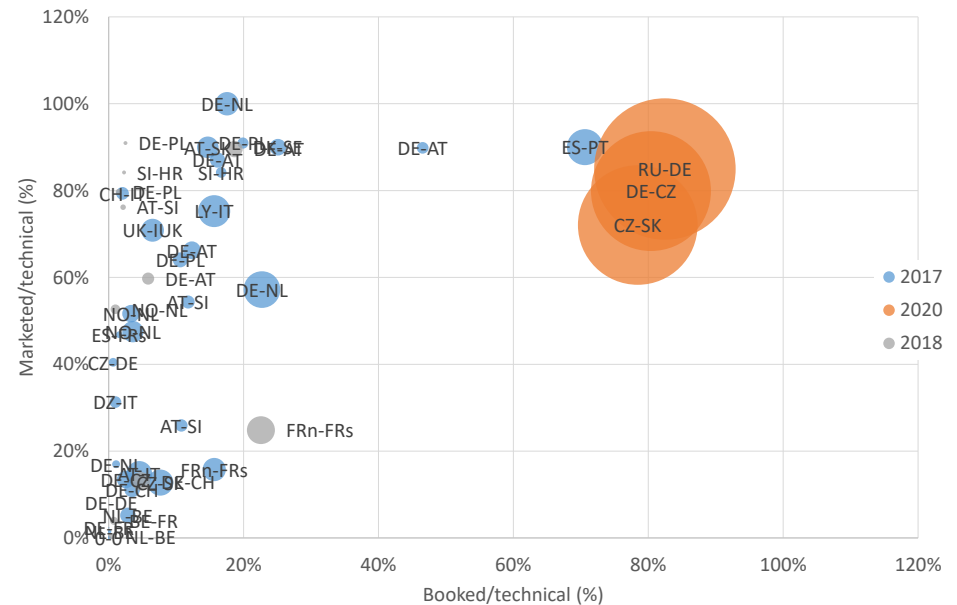
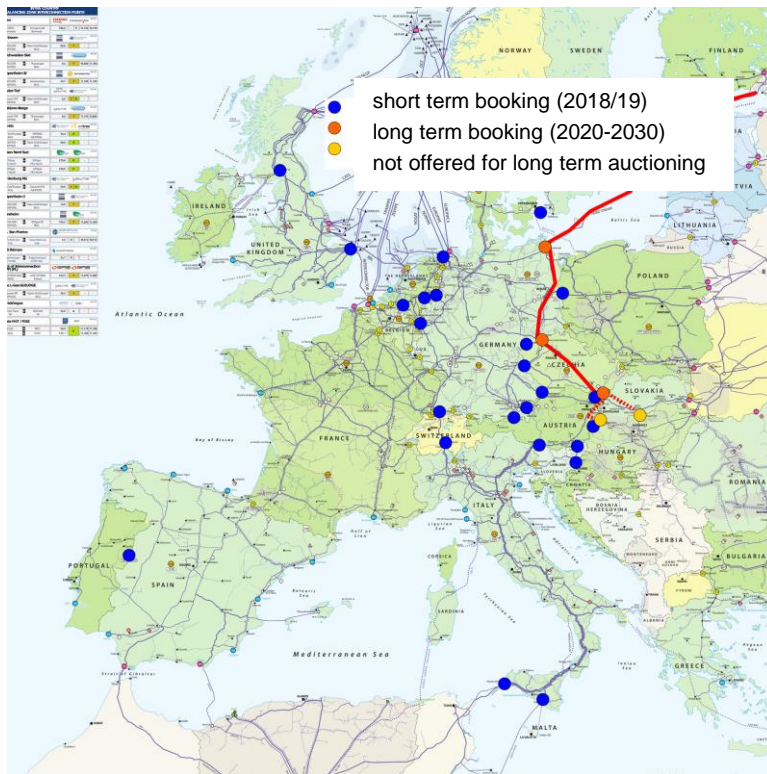
- Market: Short term trade

Infrastructure need defined by LNG strategy



CESEC

# Results of the March 2017 European capacity auction



2020-30 booking leaves 20% of technical capacities available for short term bookings

2018: 20% of capacities are booked on the same route

2017: ~10% of 2017 consumption was booked on yearly auction – shorter term booking is the bulk

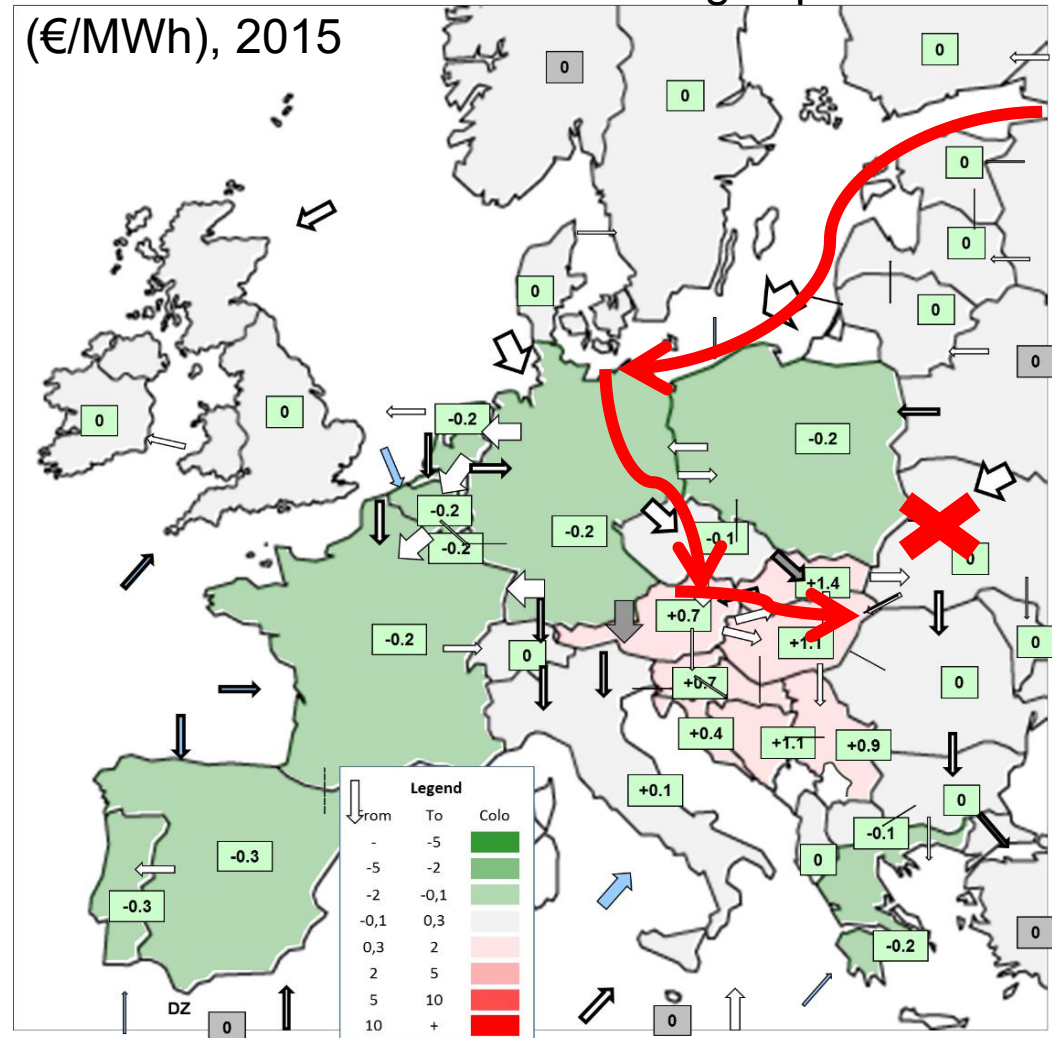
# The reason why NS2 is dividing Europe

- Modelling NS2 to be built overnight in 2015
- Due to the growing number of congestions price difference between Western and Eastern-Europe increase:
  - significant price increase in the CSEE region (0,4–1,1€/MWh)
  - marginal price drop in Western-Europe (0,2–0,3 €/MWh)
- The overall welfare effect of NS2 is negative, although Western European consumers and TSOs realize gains.

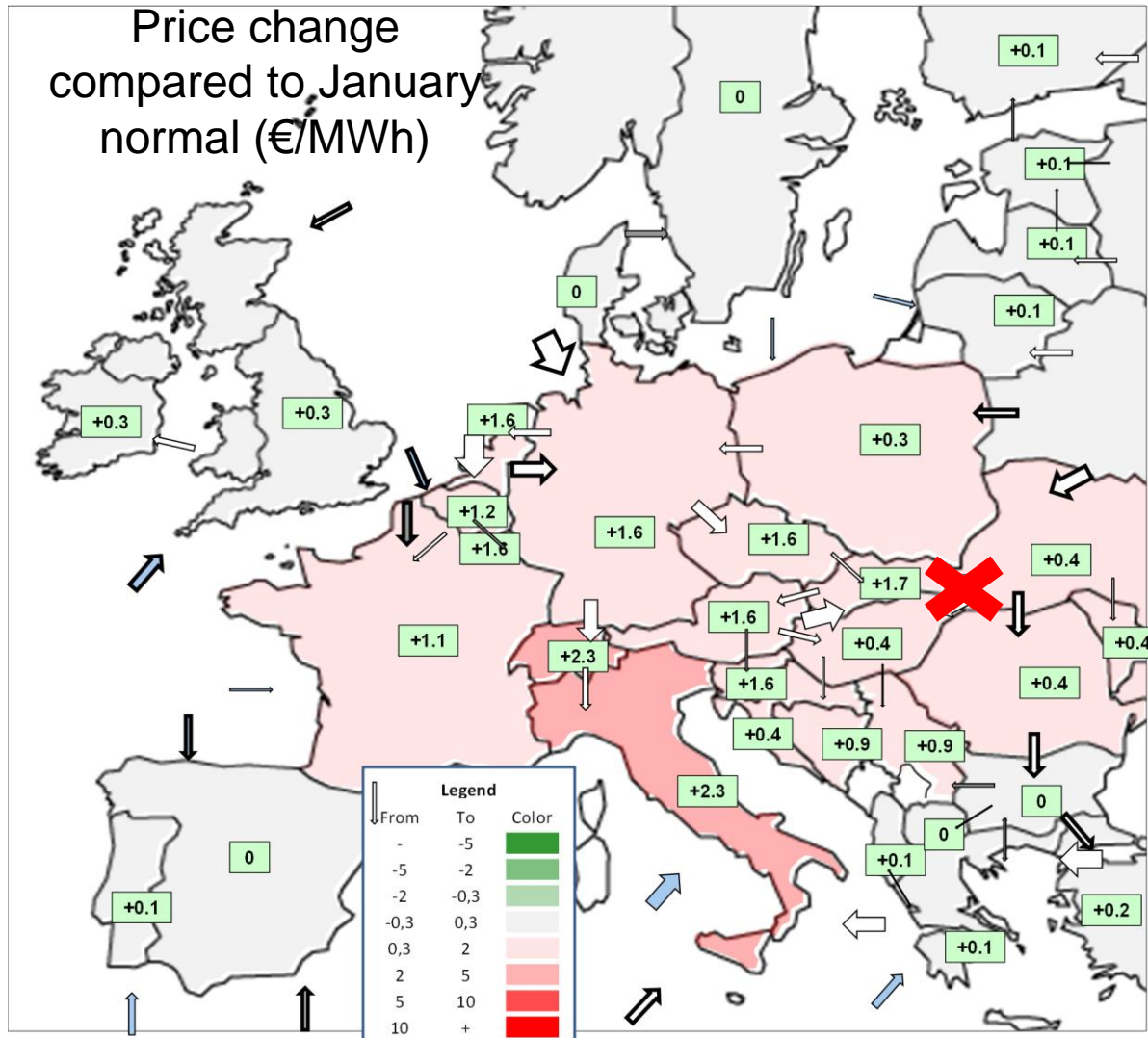
## Scenario assumptions:

- All contracts except for Trans-Balkan rerouted (RU-AT, RU-BA, RU-CZ, RU-FR, RU-DE, RU-HU, RU-IT, RU-RS, RU-SK, RU-SI)
- Price of Russian gas delivered remains unchanged for existing contracts

The effect of NS2 on wholesale gas prices (€/MWh), 2015



# Disruption on NS2 in January



- Storage and LNG can fill the gap
- Prices in SEE: less effected, than in Western Europe
- No congestion on pipelines

- When creating an internal market keep an eye on dominant players
  - foster competition of suppliers
  - Prevent market foreclosure situation (easier than to open competition cases ex-post)
  - Do not expect long term bookings when traders have choice and want to trade shorter term
- In a buyer position make access to market easy for new entrants
- Get used to security of supply problems – or try to reduce vulnerable consumers' gas consumption (renewables, energy efficiency)