

# **SEEGAS Platform**

## **South East and East European Gas Platform – Project Proposal: Connecting pan European Energy Markets**

November 2020

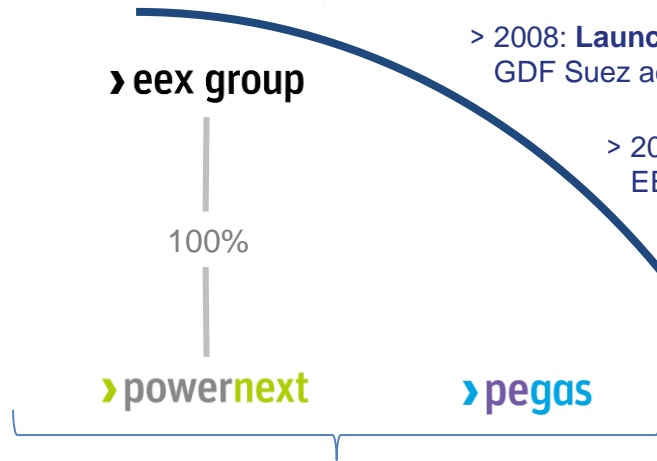
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- I. Introduction
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- The **SEE&EE Regions**, which include the **Energy Community Contracting Parties** and **Romania, Bulgaria, Greece, Croatia, Hungary, Slovenia, Slovakia and Poland**, are becoming increasingly liquid and interconnected
- Nearly all countries are **enabling** at the moment the **development towards hubs** and **exchange traded markets**
- Especially the gas market development in **Ukraine** and the strong **interest** of **international traders** is **triggering** the process of **market integration** in the **whole region**
- The **same logic** which was **applied 10 years ago** in **Europe** could be **envisaged** in the **South East** and **East European region**
- **One platform** for gas trading in this region would:
  - trigger **liquidity** and **interoperability**
  - **attract further market participants**, **increase security** of **supply** and **competition** in the mentioned market area
  - **incentivise closed markets** to **open up** for **competition** and **diversification** of **supply sources**

## II. The development of PEGAS as a role model (1/2)



> 2008: **Launch of Powernext Gas** (spot and futures) – French gas TSOs and GDF Suez added as shareholders

> 2008 : Creation of EPEX SPOT, 50/50 Joint Venture between POWERNEXT and EEX that initially operated the French, German and Austrian power spot markets

> 2009 Creation of EEX Power Derivatives, 20/80 joint venture between POWERNEXT and EEX on the power derivatives in France and Germany

> 2013: "**Europeanization**" of the gas activities of Powernext - cooperation with **EEX in Germany and the Netherlands: PEGAS**

> 2015: EEX becomes majority shareholder of Powernext – **Italy, Belgium and UK added to the PEGAS portfolio**

> 2016: Powernext becomes 100% owner of **Gaspoint Nordic** and starts a cooperation with **CEGH – Denmark and Austria** added to the **PEGAS portfolio**

> 2017: EEX Group becomes 100% owner of Powernext. Through a cooperation with **PXE, Czech republic** added to **PEGAS portfolio**

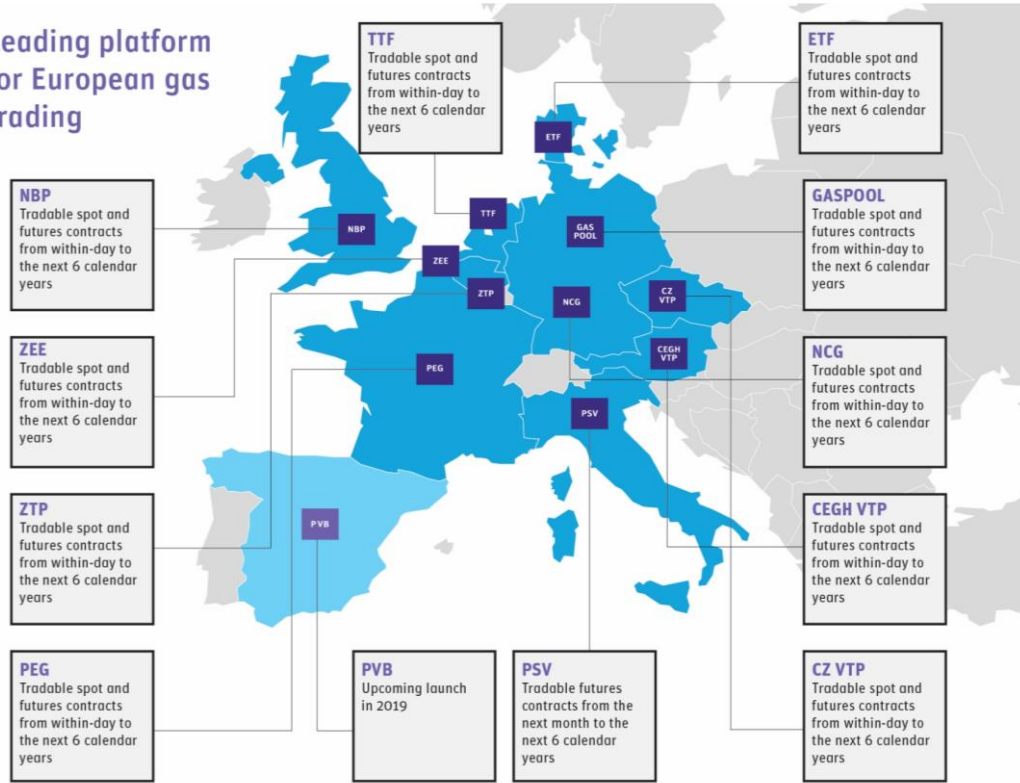
### Role model for \*SEEGAS

Usage of European best practices could enable **interoperability** and **market access** already at an early stage and **reduce integration costs** at a **later stage**. Necessary preconditions are existing in the markets. The need for an **organized steering committee** for such a process is needed. The **Secretariat** is in the **best position** to provide such support and bridge the gap.

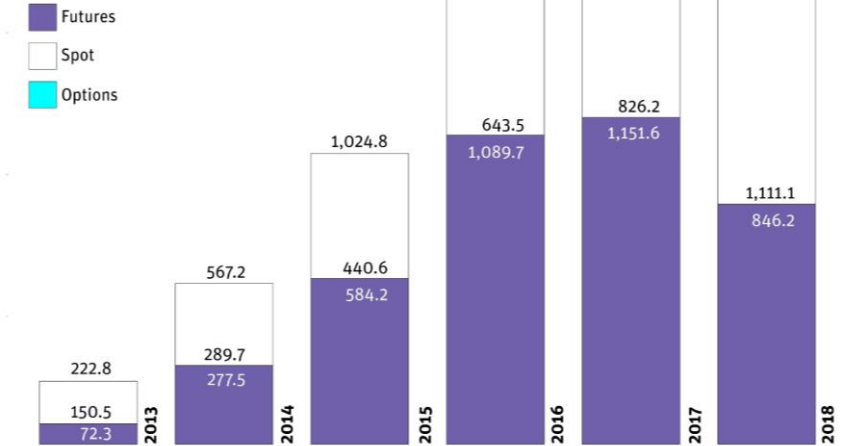


## II. Example of European market development - PEGAS – Now EEX Gas (2/2)

### Leading platform for European gas trading



### PEGAS Volumes (TWh)



Source: Powernext Annual Report 2018

- Important for the market development would be an **initiative** which would try to bring all **important participants** which are working on the **hub creation** in **each country** at the moment **at one table**
- This would allow us to steer the process from the beginning and enable the creation of **spread trading** at the **borders**
- **Spreads** are especially **important** for **trading companies** but also for the **well functioning** of the **balancing mechanism** of **adjacent TSOs**
- Therefore the following **strategy** could be envisaged:
  - I. Reach out, explain and collect the interest of all engaged gas exchange projects in the region
  - II. Collect the interest of all TSOs engaged in this region and create a separate working group under the umbrella of the SEEGAS Project
  - III. Include international trading companies and their expression of interest
  - IV. Propose a strategy and roadmap for the development of a pan European platform
  - V. Potentially use the **experience** of the **gas exchange project** in **Ukraine** and cooperate with **EBRD**

Exchanges have made a significant contribution to today's liberalized pan-European energy market.

The SEEGAS Project could trigger faster interconnection and interoperability and decrease the time to market. Early common standards would lower the cost for integration in the future which is in any way inevitable.



⦿ Hubs and Virtual Trading Points

- The **Secretariat** is in a **unique position** in order to **support** and **incentivise** the **development** of a **common and integrated gas market** in the **SEE&EE-Region**.
- The successful cooperation on the gas **exchange project in Ukraine** can be seen as a nucleus and good starting point for this initiative, as **neighbouring exchanges** and **TSOs** have **already expressed** their **interest**
- The logical next step will be anyway further **integration** of the **gas markets** in the **SEE&EE-Region**, after which integration into the **European system** could potentially materialize
- A **cross border cooperation** will **follow naturally**, especially through the **interest** of **international trading companies**
- In order to kick-off and drive this process, an **organized framework** and an **international cooperative structure** would be needed
- An **independent international organisation** like the **Energy Community Secretariat** would be the **ideal** body to **bridge** the **gap** between **all stakeholders** needed for this process





# THANK YOU FOR YOUR ATTENTION

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