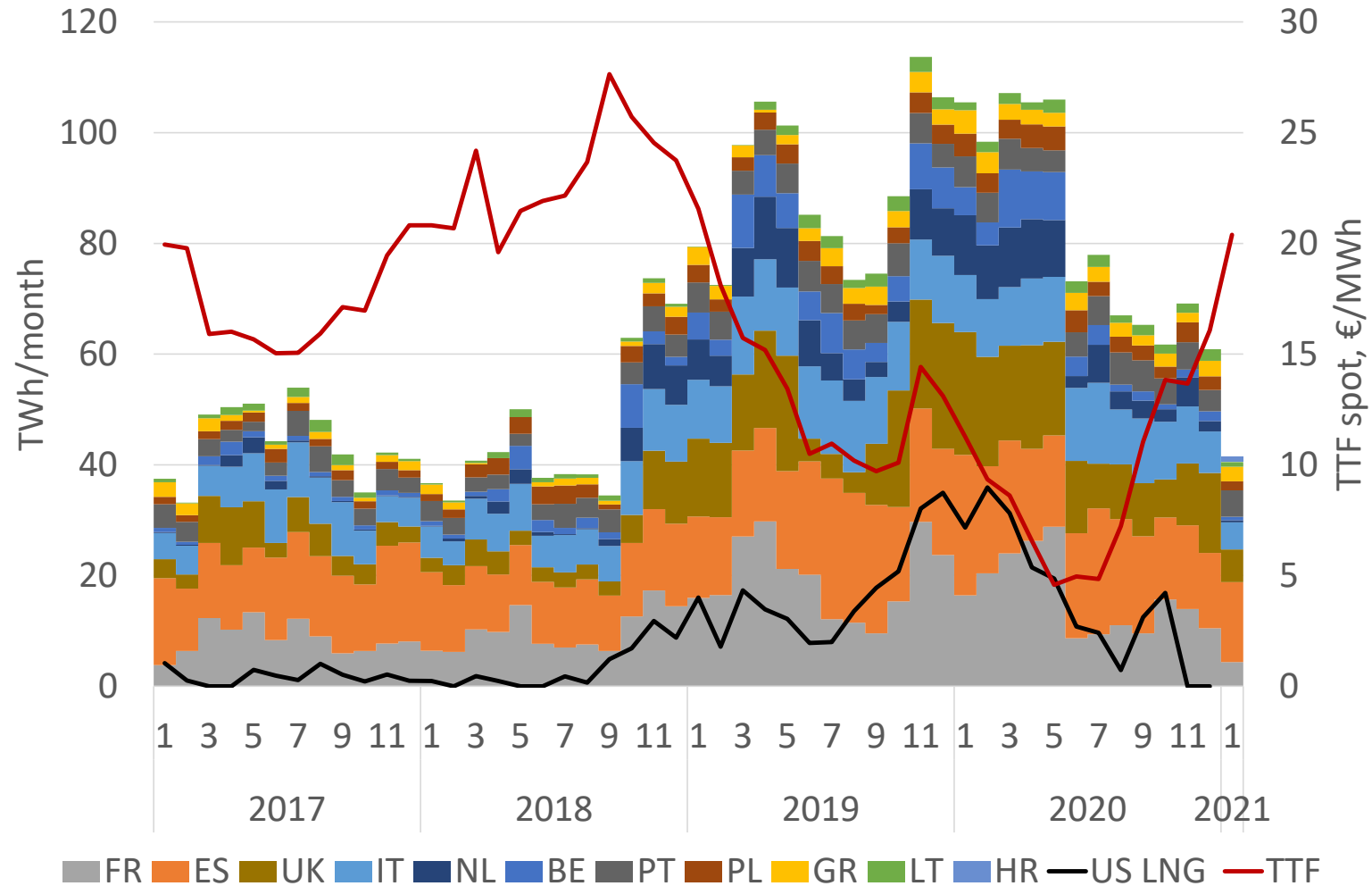




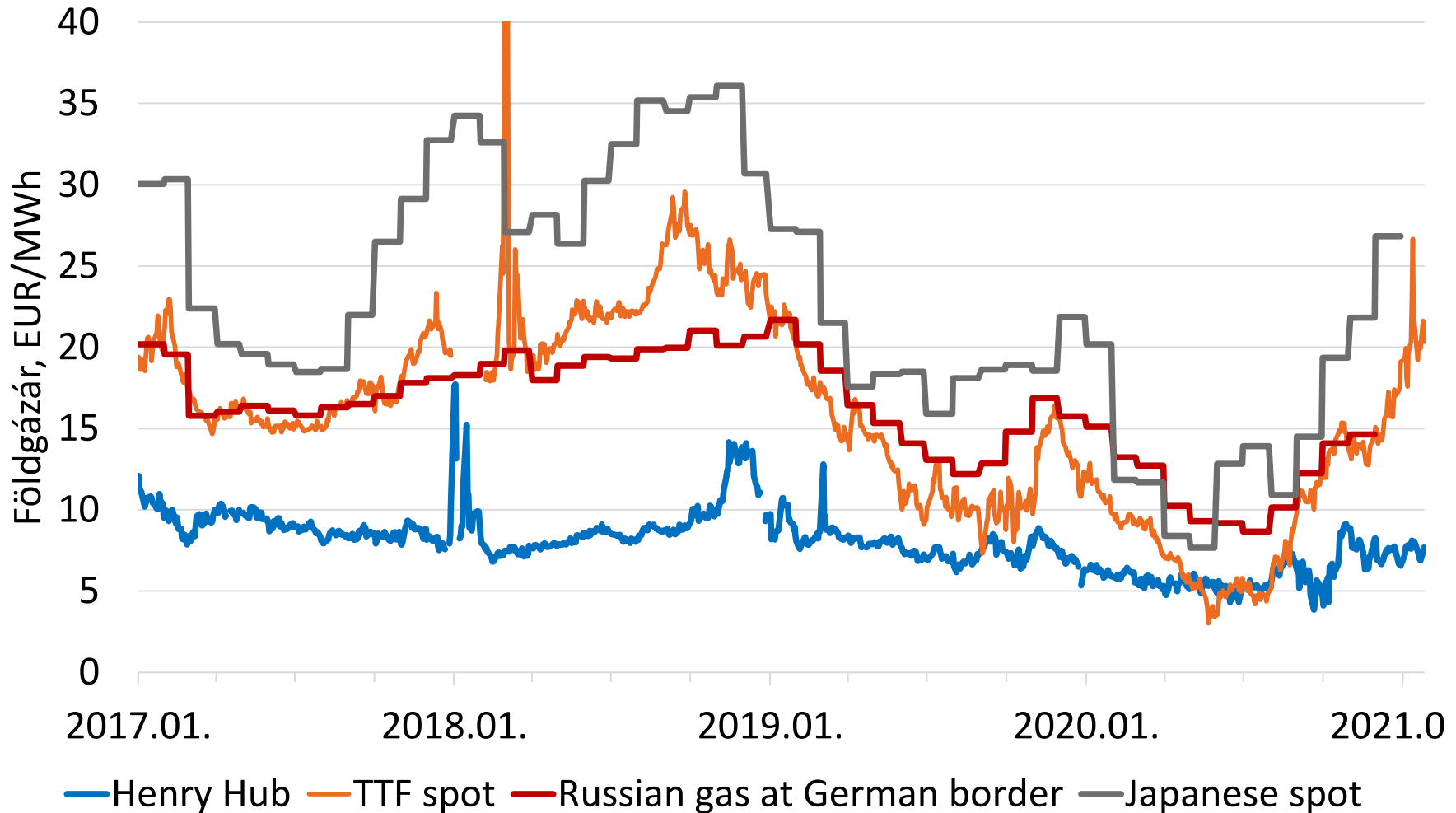
LNG ACCESS IN EUROPE – CURRENT STATE AND RECOMMENDATIONS

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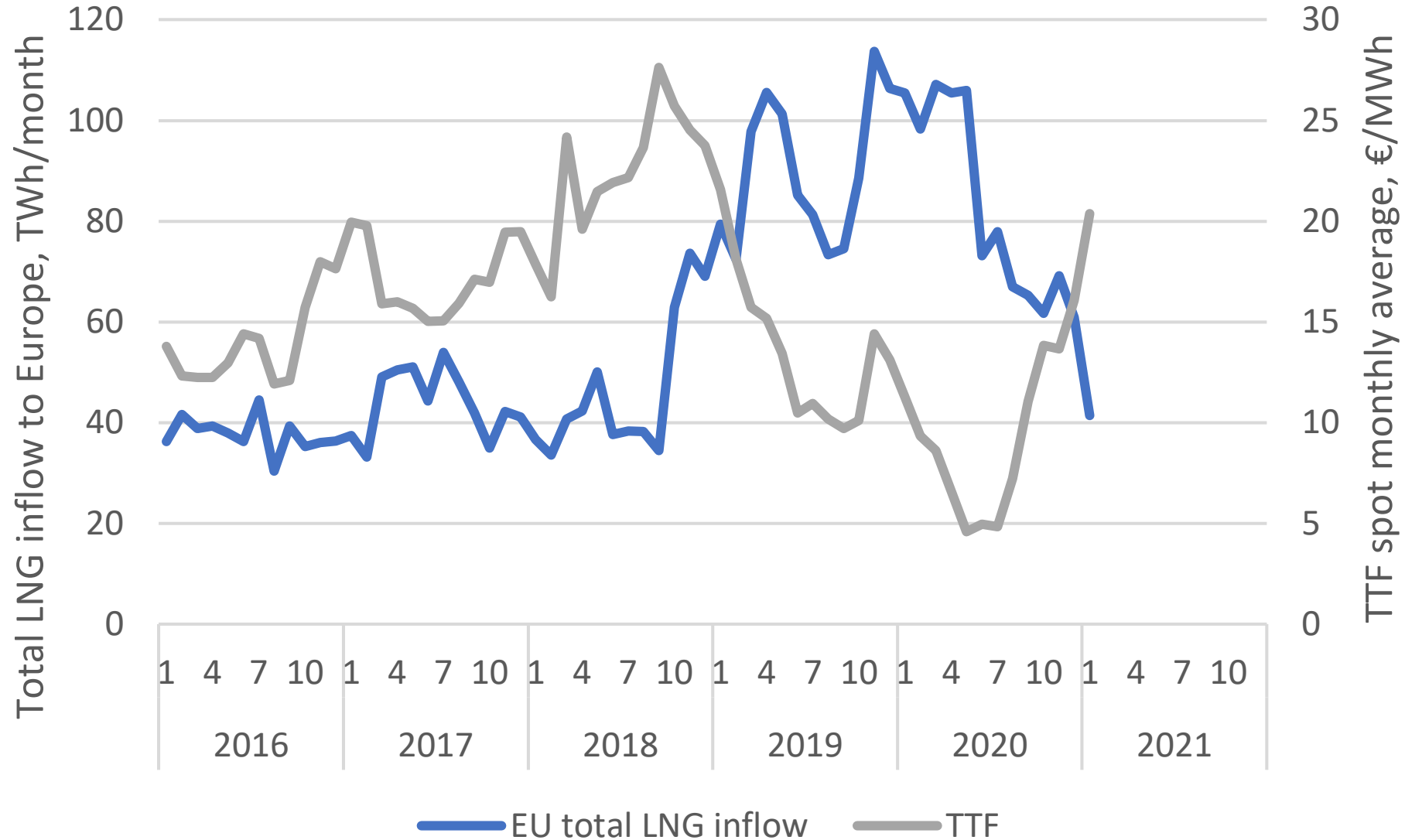
LNG flow to Europe



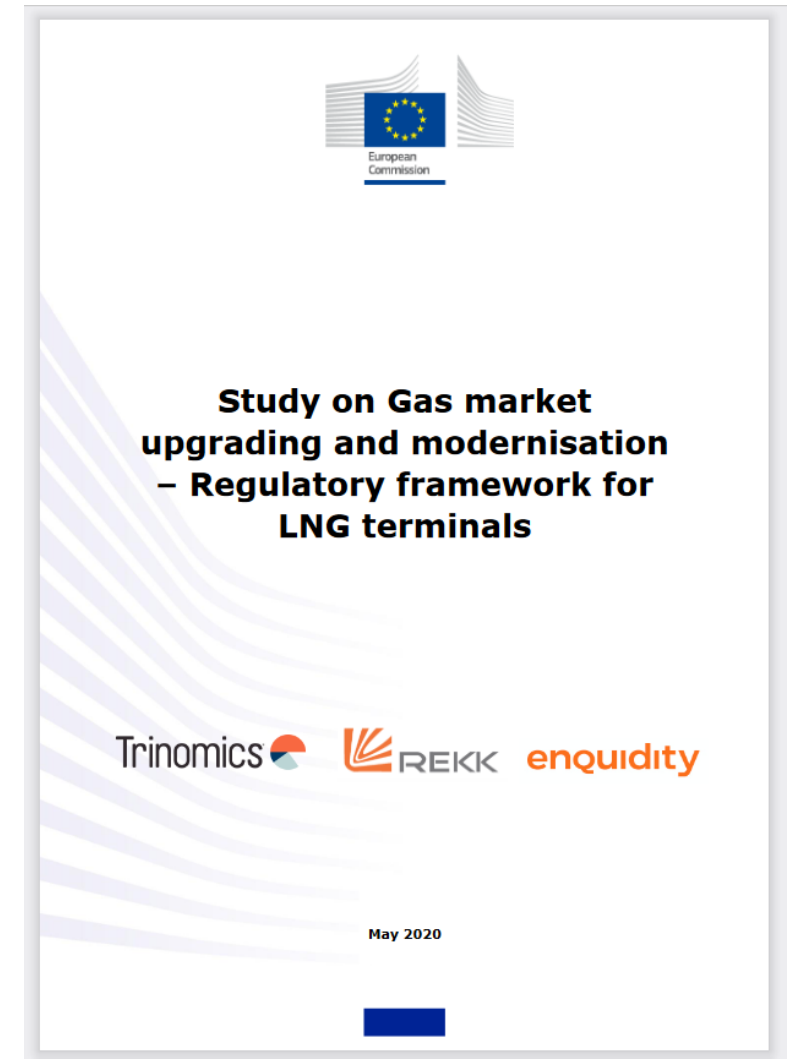
Global prices decoupled again in late 2020



LNG pushing down TTF prices in 2019-early 2020



- [Study on gas market upgrading and modernisation – Regulatory framework for LNG terminals](#) (2020)
- Questionnaire filled by 45 terminal operators, traders, regulators, market participants
- Complemented by interviews with stakeholders
- Based on questionnaires, modelling scenarios and recommendations formulated
- Goal to identify barriers to better utilisation and access to LNG terminals – is there a market failure and should the EU do something about it?



Recommendations and findings (1/3)

- LNG entry and trade is in **some EU Member States** hindered by **lack of competitive and liquid wholesale gas markets**
 - This weakness can be addressed by imposing market-making obligations on dominant gas importers into EU Member States with limited competition (high market concentration) and less-developed traded markets (low traded volumes and/or limited numbers of active participants)
- In **a few EU Member States** (e.g. Baltic States, Croatia) **lack of adequate interconnection capacity is still a barrier** to LNG entry and trade
 - This issue is being addressed by ongoing or planned investments (e.g. Balticconnector, HR LNG and related network investments) and
 - policy measures aimed at reducing infrastructural constraints (e.g. Baltic market merger)
- The EU LNG market and gas consumers would **benefit** from the development of an **EU-wide information platform** that ensures transparency on and comparability between terminal service offerings, tariff levels, and available capacities
 - Such a platform would facilitate progression towards auction-based capacity allocation and reduce inefficiencies in current primary and secondary capacity allocation mechanisms

Recommendations and findings (2/3)

- Implementing primary capacity allocation via auctioning with a (low) pre-set reserve price would create consumer welfare, enhance competition and provide robust price signals to infrastructure operators and market parties
 - Lessons can be learned from current and planned practices in Italy and Spain to determine most adequate procedures
- Although UIOLI or similar principles are applied at almost all EU terminals, terminal usage could be improved by:
 - Mandating UIOLI and introducing harmonised processes at all terminals via a centralised tool for secondary capacity bookings
 - Increasing transparency regarding available slots (via transparency platform)
 - Simplifying and harmonising general access procedures
- TSO entry tariffs do not have major impact on LNG entry and trade
 - Granting higher and/or harmonised discounts on TSO tariffs for entries from LNG terminals would have limited impact on gas flows and prices
 - As the current practices do not lead to major competition distortion, changing the concerned provisions in EU legislation is not deemed necessary

- **Co-existence of regulated and exempted terminals** in the same market region may lead to **competition distortion**
 - Any new decision regarding exemptions should be properly assessed taking into account its impacts on competition in the relevant market
 - Decisions regarding subsidisation or cross-subsidisation of (regulated) LNG terminals should also account for potential impacts on inter-terminal competition
 - Obliging exempted terminals to share relevant information via centralised transparency platform would improve market functioning by increasing transparency
- In conjunction with their NRAs, LSOs should systematically **evaluate and adapt** where necessary their **services portfolios**
 - This would allow them to properly meet market needs for additional flexibility (e.g. short-term bookings) or specific (e.g. unbundled) services, such as operational storage and services that are specifically focused on the small-scale LNG market

THANK YOU FOR YOUR ATTENTION