



OIL & GAS

Global and regional LNG market perspectives

IENE International Workshop

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Our vision: global impact for a safe and sustainable future

MARITIME



OIL & GAS



ENERGY



BUSINESS
ASSURANCE



SOFTWARE



RESEARCH & INNOVATION



Addressing challenges in the oil and gas industry



Low oil price,
high cost

Safety and
environmental
issues

Technology
development

Ageing assets
and
performance
issues

Less access to
easy
oil and gas

Gas Value Chain



EU Gas Industry Arrangements - Quo Vadis?

Market and Policy Dept.

Relevant Regulatory Developments

Several policy making initiatives influence the regulatory arrangements in the gas industry.

Policy Objectives

- Facilitate trade and competition
- Avoid discrimination and cross-subsidies
- Cost reflectivity
- Promote efficient investments
- Provide Transparency
- Ensure Security of Supply

Essential Milestones

- 2011: 3rd Energy Package enforced, this is a major step in harmonising the EU internal gas market
- 2011: Gas target model (1.0)
- 2012: ENTSOG adopted the Network Code on Capacity Allocation Mechanisms
- 2013: Energy Infrastructure Package (PCIs)
- 2013: ACER completed the development of the Framework Guidelines on Harmonised Transmission Tariff Structures
- 2014: ENTSOG adopted the Network Code on Balancing
- 2014: Preparation of Draft Network Code on Gas Transmission Tariffs
- 2015: Revised gas target model (2.0)
- 2015: ENTSOG adopted the Network Code on Interoperability
- 2015 : European Energy Union
- 2017: Review of the CBA Guidelines

Quo Vadis / Latest Commission's Initiative

The European Commission (DG Energy) aims at defining new regulatory initiatives for the natural gas business.

In October 2016 European Commission launched a tender focusing on the future design / redesign of the gas regulatory framework. The Commission is interested in two major questions.

Question 1

Is the current regulatory framework the most effective to maximise overall EU welfare?

Question 2

Are amendments necessary to the current regulatory framework to maximize EU welfare and if so what are the recommended changes?

Quo Vadis Request / Our View

TSOs have an essential role for the redesign the gas market arrangements in Europe. In our view the solution consists in a set of balanced measures aiming to strengthen market functionality and infrastructure management.

- Define a common approach for the merging of market zones / step-by-step mechanism and road-map
- Establish adequate tariff methodology for merged zones
- Create new network codes for integrating LNG regasification terminals and storages better into the network by harmonizing operational procedures
- Improve the regulatory framework for upcoming infrastructure projects
- Encourage TSOs to further develop their services, therefore supporting an increase in natural gas demand

Quo Vadis Request / Our View

Drivers for change and policy view of DNV GL

Drivers for change / Issues requiring regulatory and policy actions	Policy view of DNV-GL
<ul style="list-style-type: none">▪ Overall low liquidity in the market / insufficient market integration	<ul style="list-style-type: none">▪ Merging of market zones to allow for further market integration
<ul style="list-style-type: none">▪ Constrained competition and functionality in some markets / insufficient market integration	<ul style="list-style-type: none">▪ Larger zones will also support increasing liquidity and competition, and would limit the power of incumbent suppliers.
<ul style="list-style-type: none">▪ Several member states heavily dependent on one source / risks for security of supply	<ul style="list-style-type: none">▪ Larger zones may also increase the supply options for member states
<ul style="list-style-type: none">▪ Dominant role and market foreclosure through incumbent suppliers / limited competition	<ul style="list-style-type: none">▪ Updated regulatory arrangements for infrastructure projects facilitate the entry of new market players
<ul style="list-style-type: none">▪ Expected decline of domestic production / risks for security of supply	<ul style="list-style-type: none">▪ Providing TSOs with explicit financial incentives to act as "market enablers" and supports the demand of natural gas

GLOBAL IMPACT FOR A SAFE AND SUSTAINABLE FUTURE

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