

Gas market integration

Case study – Potential for CZ – SK – AT



MINISTERSTVO
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Case study

- ➔ Compiled by the independent academic body – Institute of Energy Economics by the University of Economics, Prague
- ➔ Main benefits of the regional market coupling – increased security of supply, long term price stability, better demand side management
- ➔ Identification of preconditions for regional market integration
 - Sufficient aggregated demand (around 25 bcm yearly);
 - Close cooperation both on expert and political level;
 - Existing infrastructure;
 - Selected region on the crossroad of the traditional East-West and newly built North-South gas corridors – SoS.

National investments

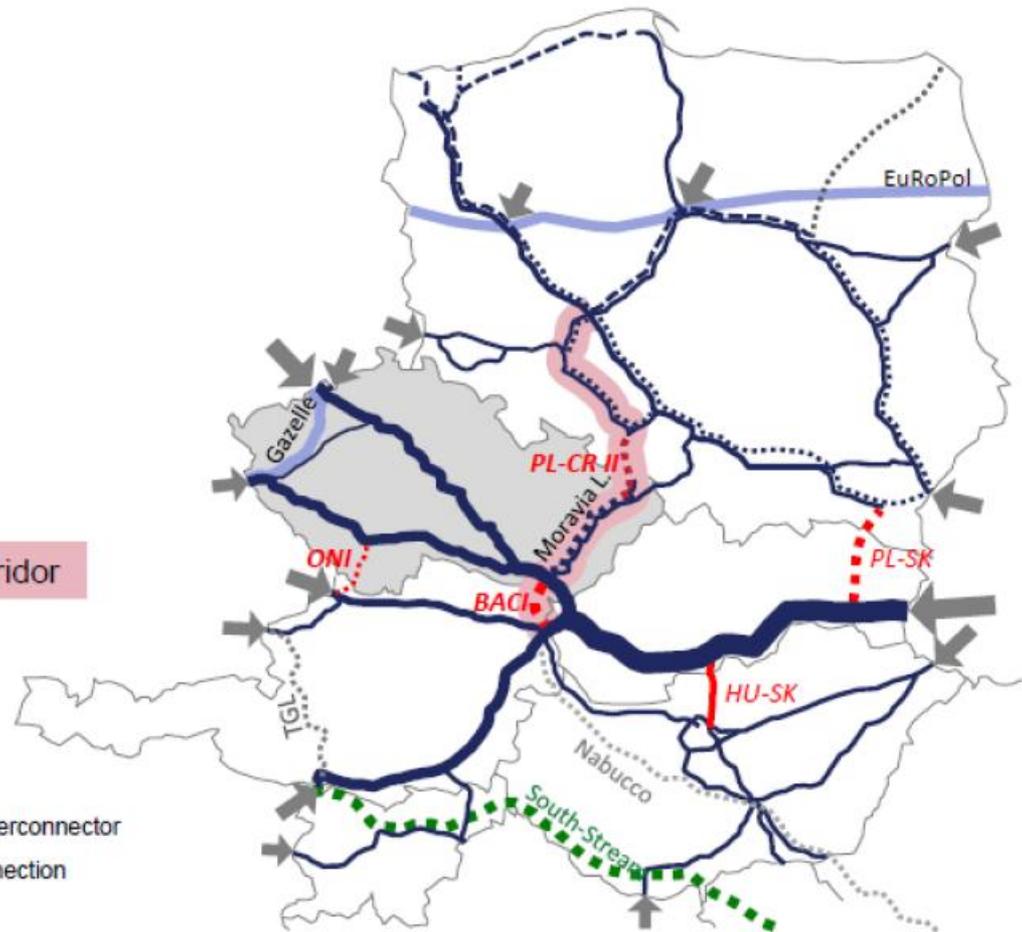
- under construction
- ⋯ in planning

Cross-border investments

- under construction
- ⋯ in planning

Part of the North-South Corridor

- BACI: Bi-directional Austrian-Czech Interconnector
- ONI: Oberkappel-NET4GAS Interconnection
- TGL: Tauerngasleitung



Source: <http://www.sfpa.sk/Ceec/2013/4ThomasKleefus.pdf>

Case study

- ➔ Analysis of infrastructure, regulatory environment, political actions
 - ▶ Lack of indigenous gas sources
 - ▶ Clear political support for further diversification in order to increase security of supply
 - ▶ Emphasis on competitive prices for end consumers
- ➔ Identification of the market integration barriers and specific recommendations

Market integration barriers

➔ Technical

- ▶ Insufficient infrastructure (lacking on the CZ – AT border profile)

➔ Commercial

- ▶ Long term gas contracts
- ▶ Insufficient 3rd liberalization package implementation
- ▶ Incompatible „software“

Specific recommendations

- ➔ Strengthening existing infrastructure and further interconnection development in order to increase potential market liquidity
- ➔ Revision of the national network fees and taxes
- ➔ Strategic public/private partnership in order to deliver sufficient financing
- ➔ Major progress in the 3rd liberalization package implementation (and IEM completion) – promote competition, price deregulation
- ➔ Best-practice and know-how sharing (governmental, TSO, private level)

Thank you for your attention

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