

# Global Regulatory Trends

## Observations from a Producer-Marketer

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CS7.3: PGCB



Patron



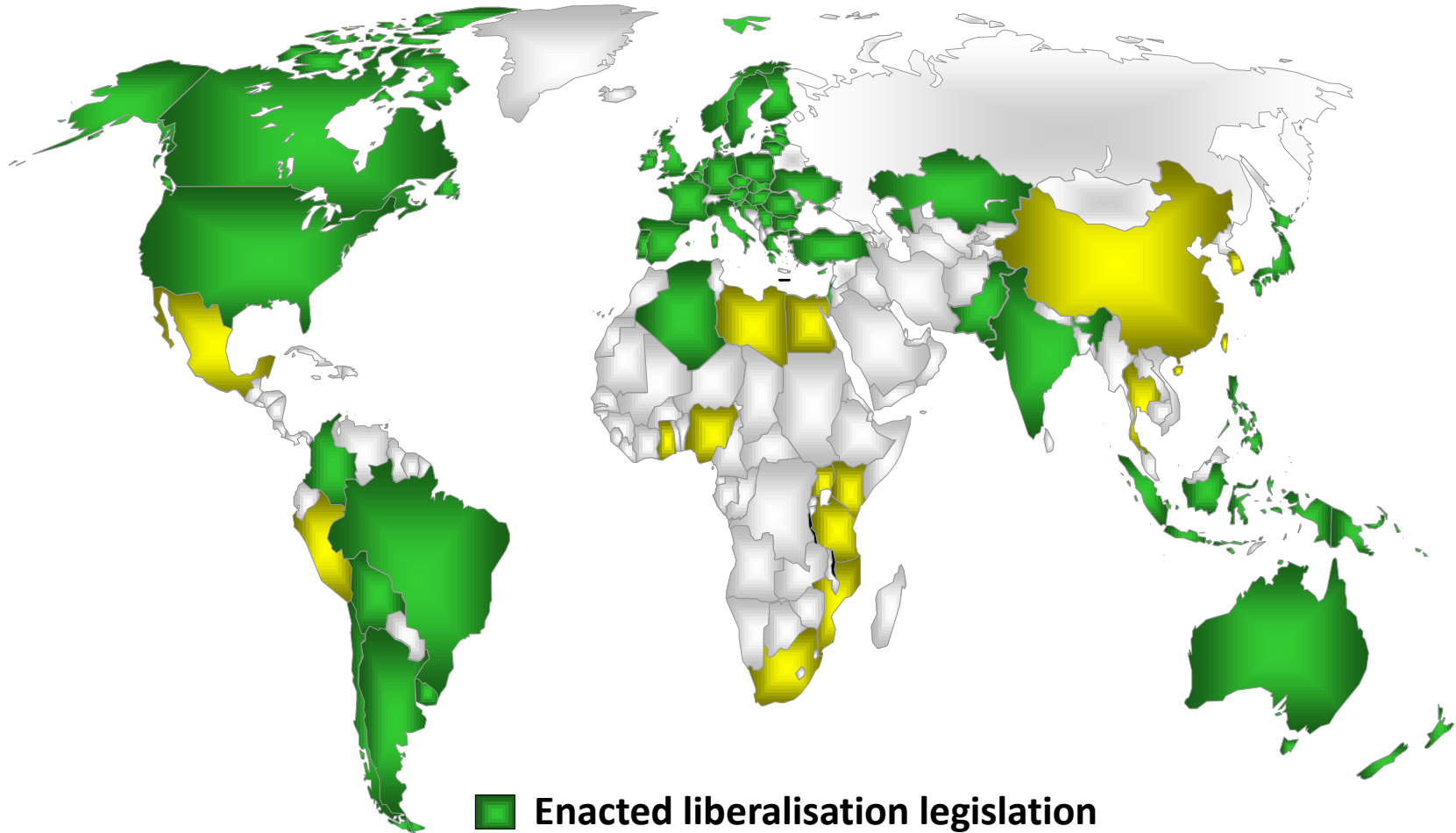
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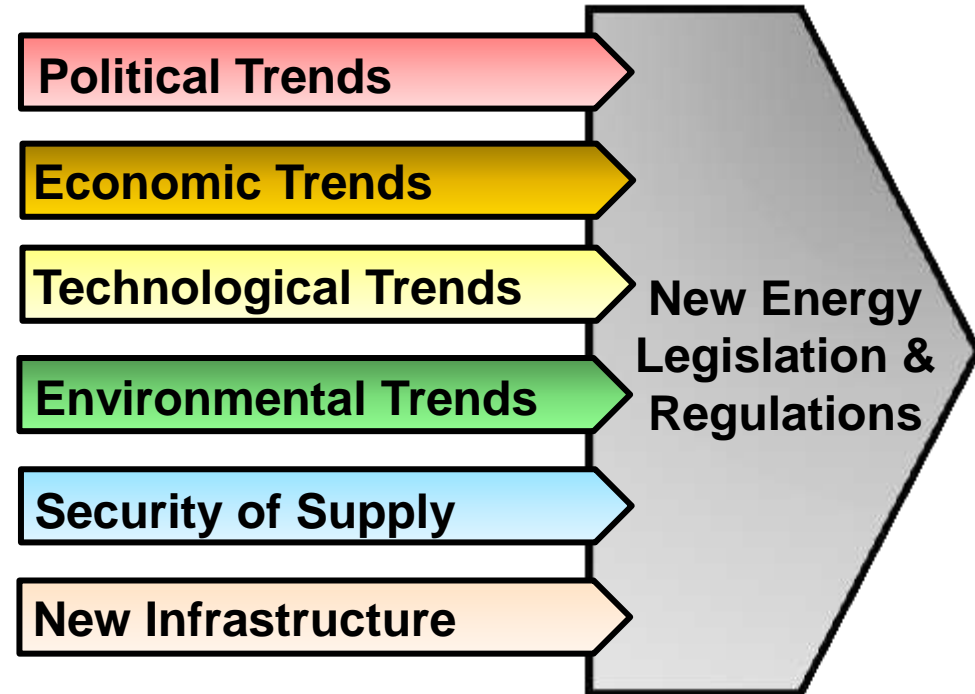
# Global Legislative / Regulatory Activity



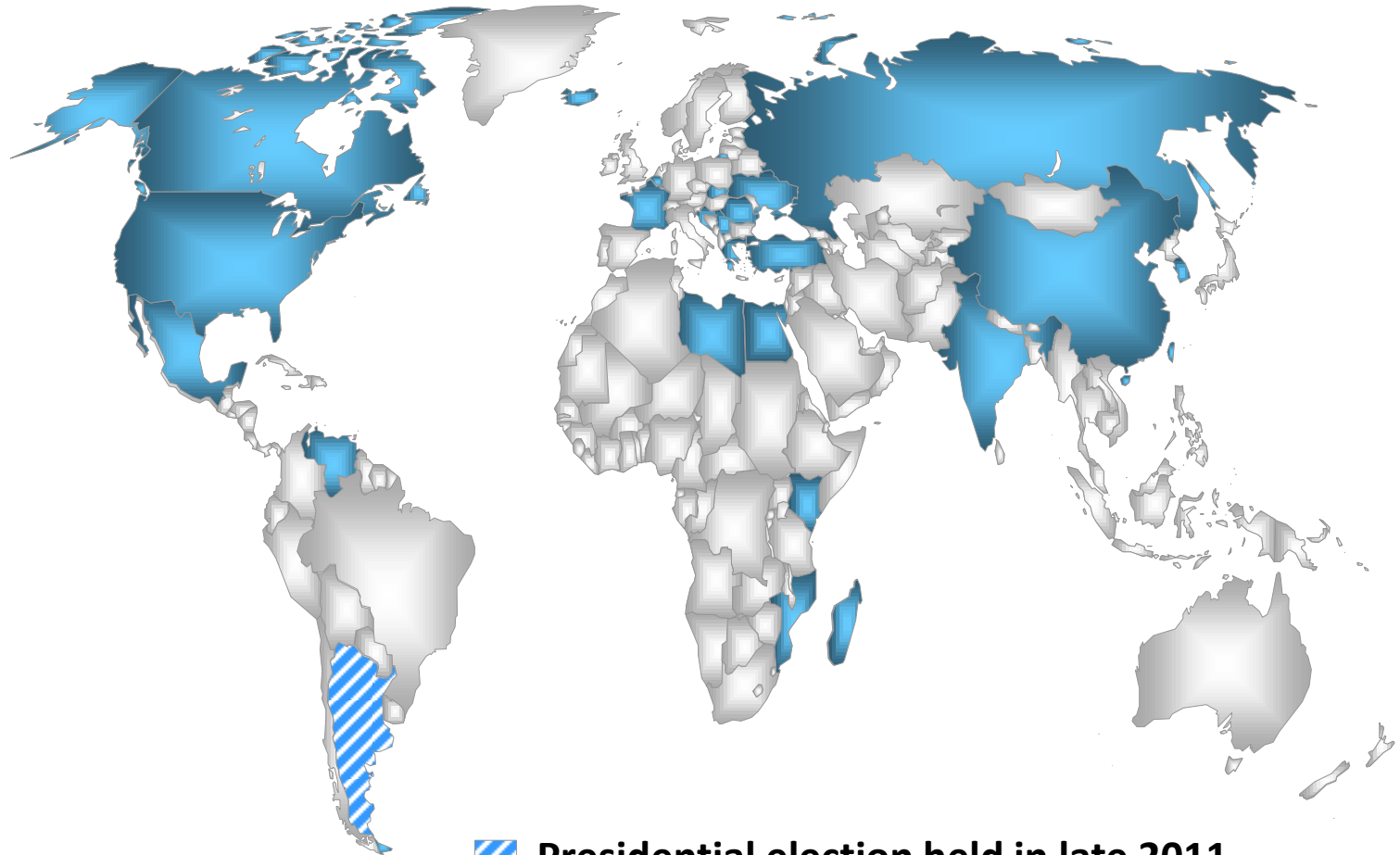
- Enacted liberalisation legislation
- Proposed or considering new legislation

# Trends / Influences Impacting Legislation

- **Large number of significant political elections in 2012**
  - Potential impact on key issues such as foreign participation, limits on exports, environmental legislation, and the pace and degree of liberalisation



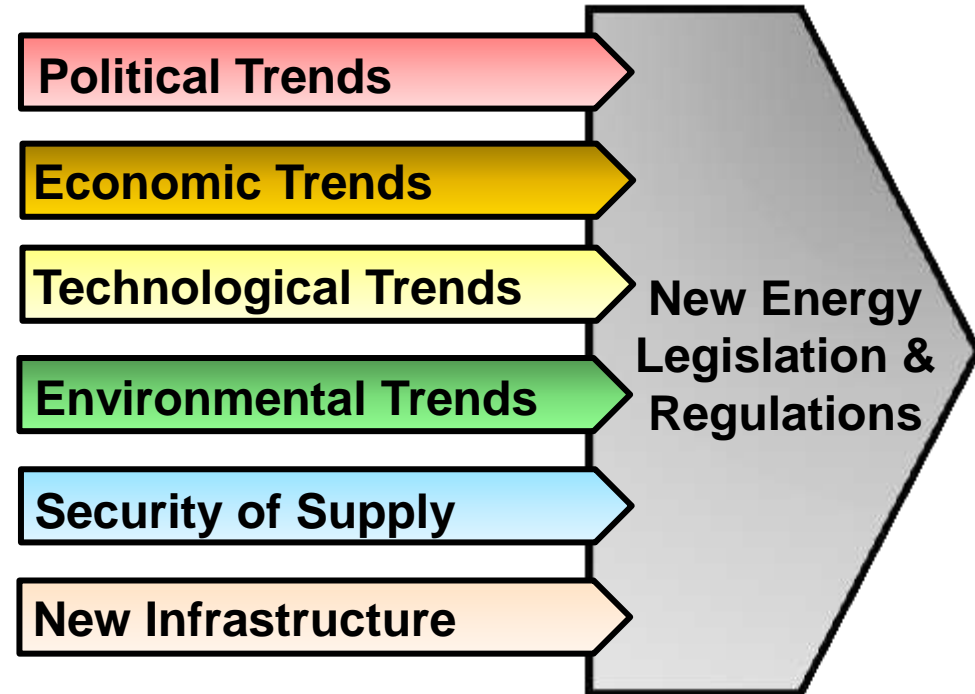
# Significant Elections in 2012



 Presidential election held in late 2011

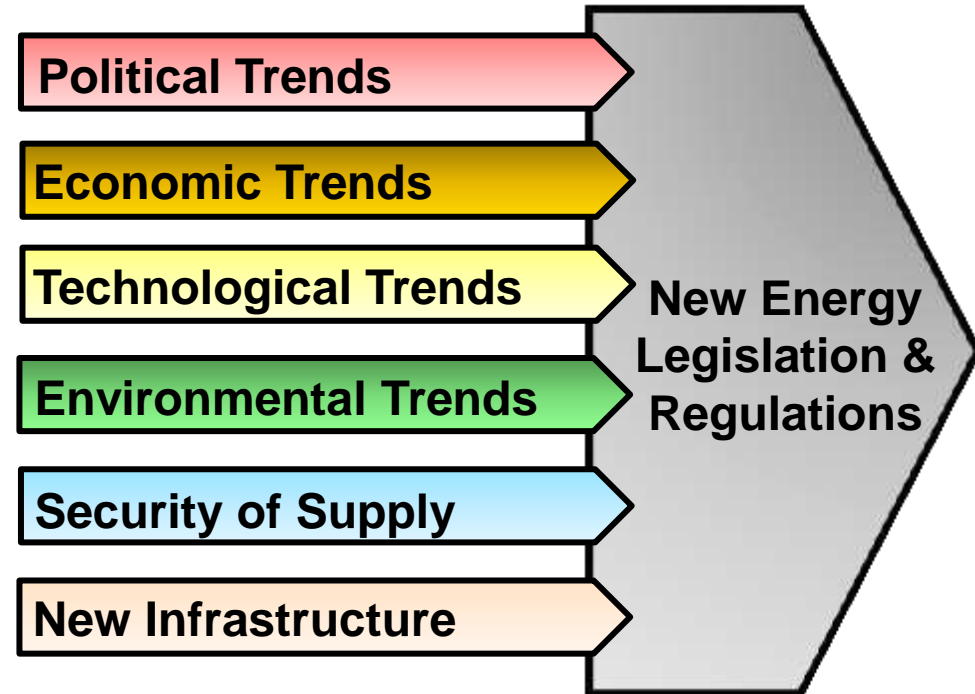
# Trends / Influences Impacting Legislation

- Ongoing fallout from global financial crisis (Financial Market Reform)



# Trends / Influences Impacting Legislation

- **Challenges in extrapolating the North American unconventional gas model globally**



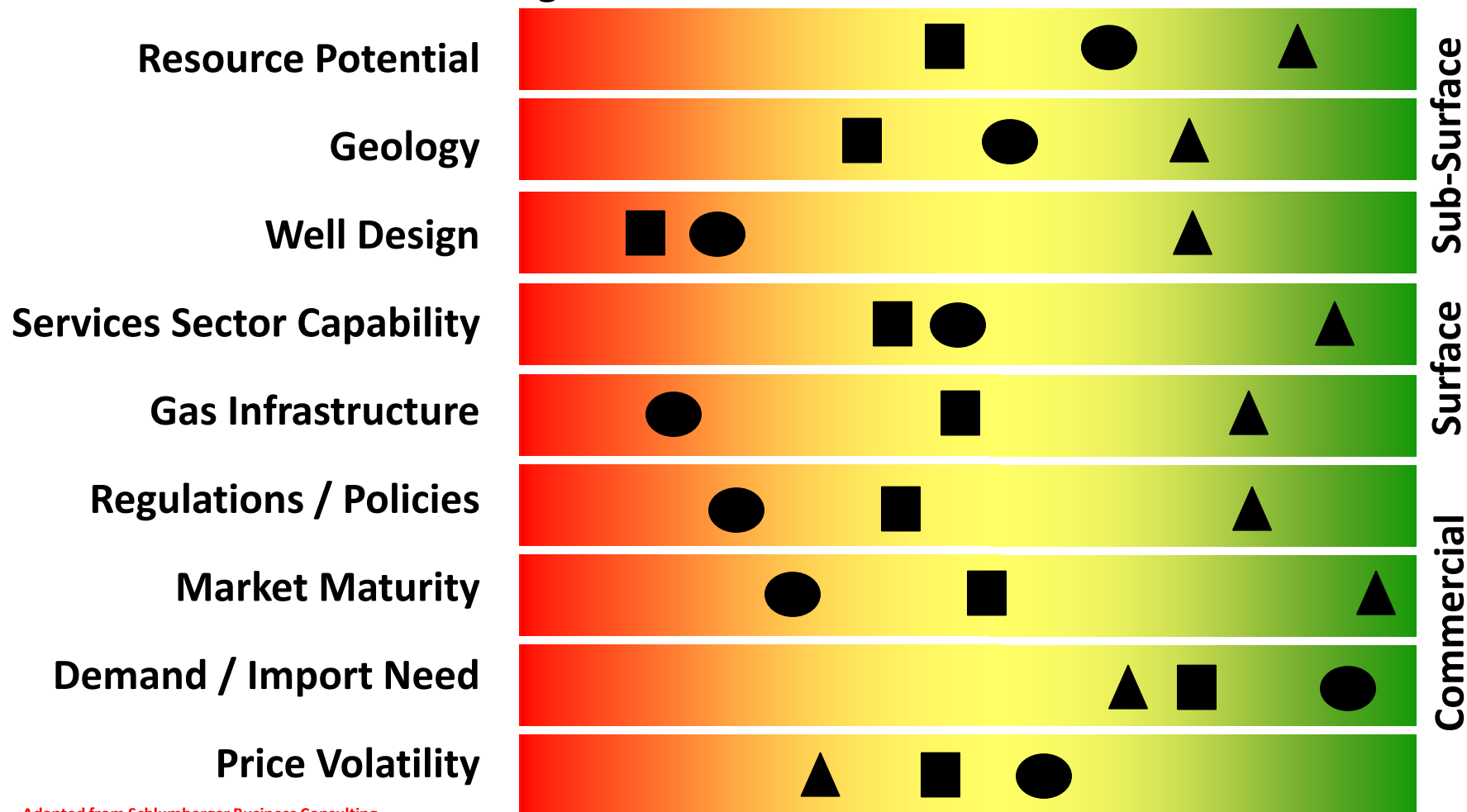
# Unconventional Gas Development Risk Factors

▲ North America

■ Europe

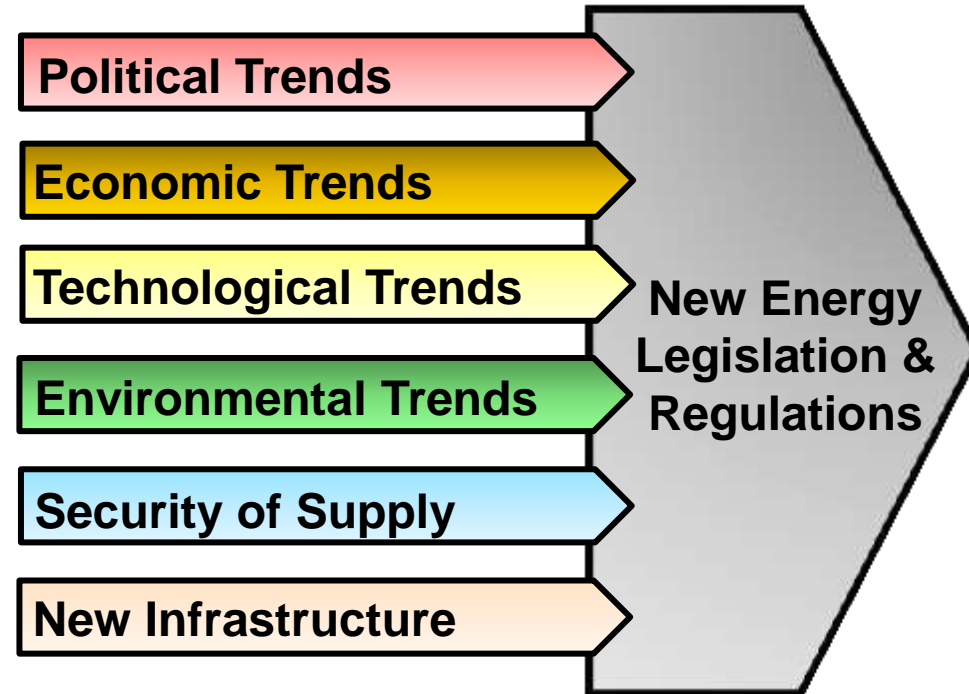
● Asia Pacific

High ← Risk → Low



# Trends / Influences Impacting Legislation

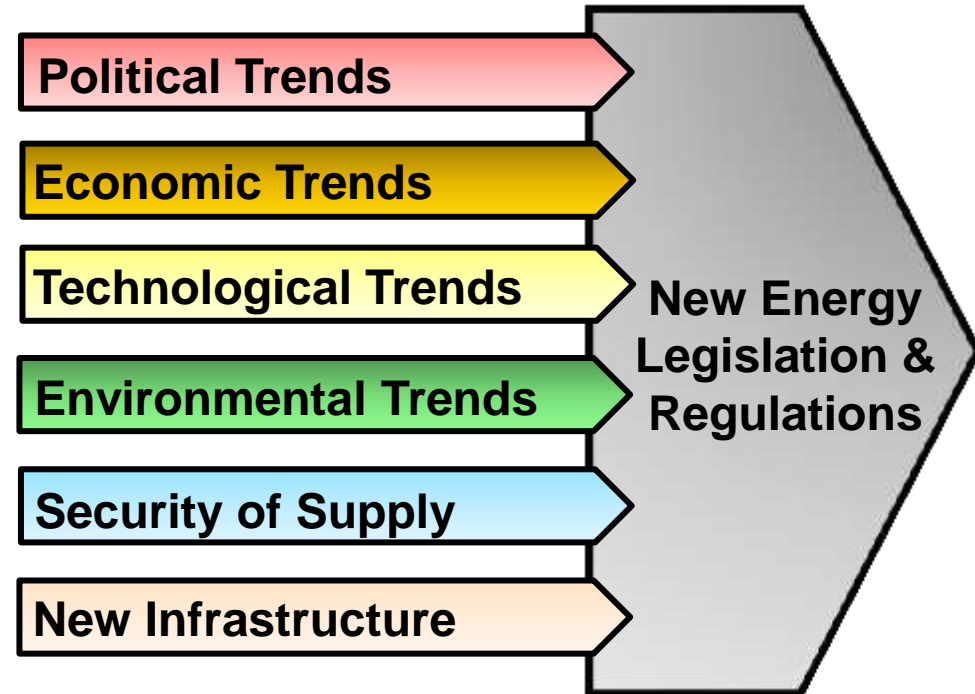
- Slowing of pace of new environmental legislation





# Trends / Influences Impacting Legislation

- **Re-emergence of Security of Supply as key policy driver**
  - Increasing focus on new infrastructure and Domestic Market Obligations



# Successful Gas Policies

- **Policies which have worked in successful global gas markets:**
  - Regulator with a focus on protecting all industry participants from potential abuse of a dominant market position
  - Providing a structured way of involving all industry participants in regulatory consultations
  - Unbundling of gas infrastructure
  - Encourage investment in new infrastructure (fair return)
  - Free market pricing (commodity portion of gas price)
  - Marketing freedom (avoid Gas Utilization Policies, DMO's)
  - Transparency, transparency, transparency
    - Accurate information; publishing of decisions, etc.

# Ideas for Consideration

- **Be aware of potential pitfalls that have resulted in market failures:**
  - Regulation of gas and power jointly
  - Price controls / subsidies
  - Mandatory Domestic Market Obligations / Utilisation Policies
  - Too many prescriptive regulations
  - Lack of effective tariff rate review and change
  - Legislation / Regulations “in a vacuum”

**Where competition exists, let the market decide**