

# IGU PGCB

Triennium 2006-2009

- ❑ **IGU PGCB: Strategy, Economics and Regulation is responsible for**
  - ❑ **Supply and Demand to 2030**
  - ❑ **Gas Price Formations and Trends**
  - ❑ **Regulation & and Future Industry Structure**
- ❑ **The Global Energy Challenge: Reviewing the Strategies for Natural Gas towards 2030**

**Chair:** Pedro Moraleda, Spain



**Vice-Chair:** Colin Lyle, UK



**Secretary:** Francisco Schar, Spain




## **Study Group 3 – Regulation and Future Industry Structure**


- ❑ Changes in the gas regulatory frameworks
- ❑ Provide a vision of the gas industry in the horizon of 2030
- ❑ Perspective view of the developing regulatory regimes
- ❑ Driving forces for structural changes
- ❑ Examine the kind of companies best suited to the projected business environment, along the whole gas supply chain

**Leaders: Margot Loudon & David Sweet**

# Study Group 3



24<sup>th</sup> World Gas Conference  
ARGENTINA | 2009  
5-9 October



**2006-2009 Triennium Work Report**  
October 2009

**IGU PROGRAMME COMMITTEE B**

**STUDY GROUP B3**  
**REGULATORY DEVELOPMENTS**

With contributions of:  
Boris Dourf  
Joshe Ong  
Jayesh Parmar

Coordinated by  
**Margot Loudon & David Sweet – Study Group Leaders**

June 8th 2009

<b>EXECUTIVE SUMMARY</b> .....	349
<b>INTRODUCTION</b> .....	350
<b>PART 1</b> .....	362
An Overview of Regulatory Trends.....	
<b>UNBUNDLING</b> .....	
European Union.....	
North America.....	
South America.....	
Asia.....	
<b>THIRD-PARTY NETWORK ACCESS AND TRANSMISSION</b> .....	
European Union.....	
North America.....	
South America.....	
Asia.....	
<b>LNG ACCESS AND RATES</b> .....	
European Union.....	
North America.....	
South America.....	
Asia.....	
<b>STORAGE ACCESS AND RATES</b> .....	
European Union.....	
North America.....	
South America.....	
Asia.....	
<b>MARKET DESIGN (WHOLESALE MARKET DESIGN)</b> .....	
European Union.....	
North America.....	
South America.....	
Asia.....	
<b>SECURITY OF SUPPLY</b> .....	
European Union.....	
North America.....	
South America.....	
Asia.....	
<b>ENFORCEMENT</b> .....	
<b>CONCLUSION TO PART 1</b> .....	
<b>PART 2</b> .....	
Role of Harmonized Business Practices in Natural Gas.....	
	347

	<b>REGULATORY DEVELOPMENTS</b>
	<b>HARMONIZATION OF NATURAL GAS BUSINESS PRACTICES</b>
<b>VOLUNTARY MODEL OF HARMONIZATION</b> .....	368
The European Union's Historical Approach to Natural Gas Business Practices.....	368
The European Union's Natural Gas Business Practices Harmonization.....	369
Evolution of the European Union's Approach to Harmonized Natural Gas Business Practices.....	370
<b>PUBLIC-PRIVATE PARTNERSHIP MODEL OF HARMONIZATION</b> .....	370
United States' Approach to Natural Gas Business Practices.....	371
United States' Natural Gas Business Practices Harmonization.....	371
United States and Canada Natural Gas Business Practices Harmonization.....	372
<b>CO-REGULATORY MODEL OF HARMONIZATION</b> .....	373
Evolution of New Zealand's Natural Gas Business Practices and Co-Regulatory Model.....	373
New Zealand's Natural Gas Business Practices Harmonization.....	374
<b>LNG AND HARMONIZATION</b> .....	374
The Relationship between LNG and Pipeline Gas.....	374
Gas Quality Harmonization.....	375
<b>CONCLUSION TO PART 2</b> .....	376
<b>PART 3</b> .....	377
How will these developments impact on the gas industry chain?.....	377
<b>IMPACT ON GAS PRODUCERS</b> .....	377
<b>IMPACT ON WHOLESALE GAS SUPPLIERS</b> .....	377
<b>IMPACT ON RETAIL BUSINESSES</b> .....	379
<b>IMPACT ON THE GAS INFRASTRUCTURE BUSINESS</b> .....	390
Pipelines.....	390
TSDs.....	390
DSOs.....	391
Other Investments.....	392
Storage.....	392
LNG.....	392
<b>CONCLUSION TO PART 3</b> .....	393
<b>CONCLUSIONS</b> .....	394
<b>RECOMMENDATIONS</b> .....	394
<b>LIST OF ACRONYMS</b> .....	396

# IGU PGCB

Triennium 2009-2012

- ❑ **IGU Strategy Committee** is responsible for
  - ❑ **World Gas Supply, Demand & Trade**
  - ❑ **Wholesale Gas Price Formation**
  - ❑ **Corporate Strategy & Regulation**
- ❑ Develop key issues from IGU 2030 Study

**Chair:**

Colin Lyle, UK



**Vice-Chair:**

Fethi Arabi, Algeria



**Secretary:**

Harry Whitaker, UK



## Study Group 3 – Corporate Strategies and Regulation

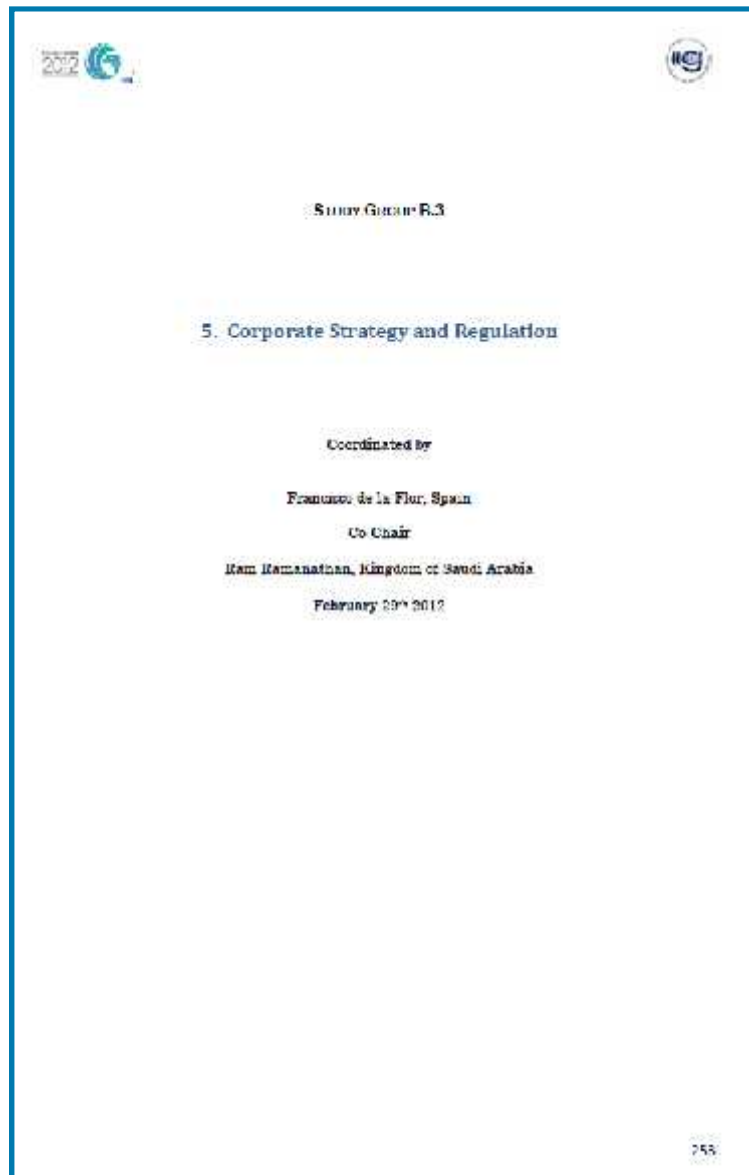
- ❑ Review & share industry experiences over the last 10 years
  - ❑ Regulatory risk mitigation
  - ❑ Developing new commercial opportunities
- ❑ Identify economic effects of regulation on gas assets
- ❑ Explore industry and government responses to globalisation
- ❑ Analyse cases studies on responses to technical, commercial and regulatory change, and identify future key issues.
- ❑ How should companies along the gas chain respond in a changing business environment?

Leader: Francisco de la Flor, Spain

Co-leader: Ram Ramanathan, Kingdom of Saudi Arabia



# Study Group 3



The table of contents lists the following sections and their corresponding page numbers:

- 5. Corporate Strategy and Regulation ..... 254
- Abstract ..... 255
- 5.1 Introduction & Objectives ..... 256
- 5.2 Scope and Limitations of the Report ..... 257
- 5.3 Natural gas value chain ..... 258
- 5.3.1 Introduction ..... 258
- 5.3.2 Exploration & Production ..... 268
- 5.3.3 Infrastructure ..... 268
- 5.3.4 Wholesale Markets ..... 265
- 5.3.5 Retail Markets ..... 266
- 5.3.6 LNG chain (liquefaction, shipping, regasification) ..... 266
- 5.4 Corporate Strategy and Regulations ..... 271
- 5.4.1 Main regulatory trends: General overview ..... 271
- 5.4.2 M-jet impact on gas companies ..... 270
- 5.4.3 How did the gas companies react? ..... 273
- 5.4.4 Some draft proposals for a "draft" regulation ..... 273
- 5.5 Conclusion ..... 275
- 5.6 Regulatory institutions ..... 278
- 5.6.1 ACLR versus LCR ..... 278
- 5.6.2 The European Network of Transmission System Operators for Gas: An Overview ..... 282
- 5.7 The Global Regulatory Gas Issues Affecting Corporate Strategy: The Interaction between ICLR and ISU ..... 300
- ANNEX I - Corporate Case Study Narratives ..... 308
- ANNEX II - Corporate Case Study Slides ..... 339

The page number '254' is located in the bottom right corner.



Wednesday 6 June 2012 : SECURING GAS SUPPLY

07:30 -18:30 Conference Registration

08:30 -09:15 Keynote Address

09:00 -17:00 Exhibition

09:45 -11:45 Committee Sessions/Expert Fora

12:00 -13:30 Luncheon Address

13:45 -14:30 Keynote Addresses

14:30 -16:00 Strategic Panel Sessions

16:30 -18:30 Committee Sessions/Expert Fora

### **Committee Session 7.3: Corporate strategy & regulation**

**Chaired by:** Francisco de la Flor, Enagás, Spain

**Objectives:** Changes in the gas regulatory framework are increasingly a major aspect of corporate strategy and risk management. This is leading to adjustments in the valuation, traditional structure and services of the gas industry in several parts of the world.

**Content:** In this session, gas industry executives responsible for corporate strategy will explain their analysis of regulatory models around the world, and present a series of case studies to illustrate company responses to technical, commercial and regulatory changes throughout all parts of the gas business. This will aim to answer the question "How should companies along the whole gas chain respond in the changing business environment?"

### **Expert Forum 7.A: Regulatory issues & business cases**

**Chaired by:** Susan Court, Hogan Lovells, USA & Ram Ramanathan, Saudi Aramco, Kingdom of Saudi Arabia

**Overview:** Building on the theme of Committee Session 7.3, this expert forum will explore in more depth the impact of regulation on corporate strategies for companies involved in each part of the gas chain. The focus will be on those issues that have a major impact on the global gas market, either because the regulation affects international trade and investment, or because the regulatory controls set a new benchmark for activities in several countries

# IGU PGCB

Triennium 2012-2015

## **Study Group 3 – Corporate Strategies and Regulation**

- ❑ Assess natural gas market reforms
- ❑ Develop case studies covering corporate responses to the technical, commercial and regulatory changes affecting the gas industry
- ❑ Share best industry experiences, by Identifying strategies to mitigate commercial and regulatory risks
- ❑ Identify the potential for cooperation between natural gas players with a focus on success stories between IOCs, NOCs and Service Providers
- ❑ Assess the effects of globalisation on the world gas supply chain, by understanding how industry structures will evolve, and how this will affect the number of firms in the gas business

## Study Group 3 – Corporate Strategies and Regulation

- ❑ Assess the effects of globalisation on the world gas supply chain and gas market reforms
  
- ❑ Interaction between ICER – IGU: regional cases studies and the sharing of good practises
  - ❑ Mediterranean
  - ❑ The Americas
  - ❑ Asia – Pacific
  
- ❑ Identify the potential for cooperation between natural gas players with a focus on success stories between IOCs, NOCs and Service Providers

**OTHERS**