

Common EU Energy Policy and the Energy Security of Slovakia II

**Competitiveness and Regulation
of the
Internal Energy Market**



**Bratislava,
27-28 October 2008**

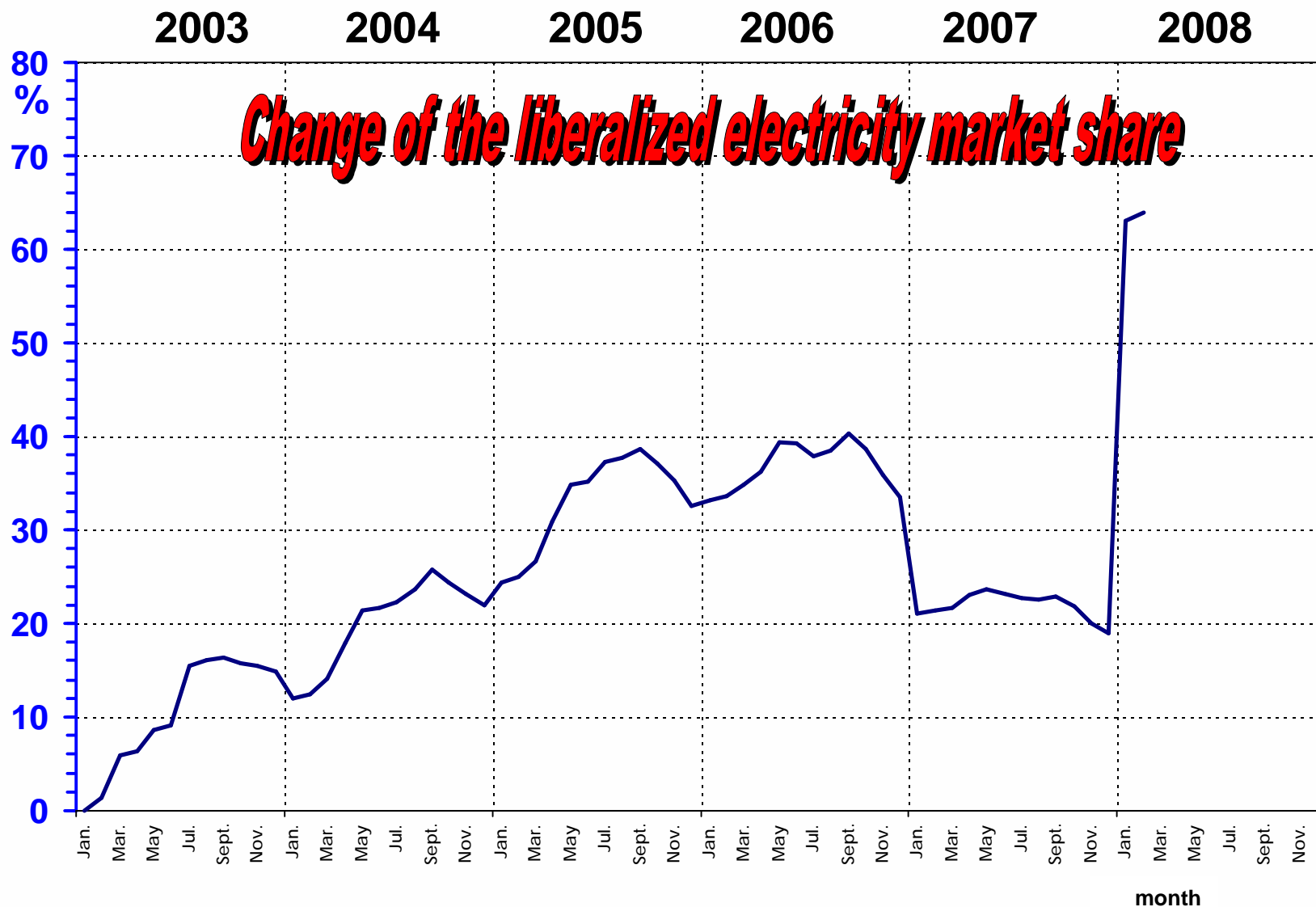
István PATAKI

Vice President

HUNGARIAN ENERGY OFFICE

Experiences of the Second Legislative Package (1)

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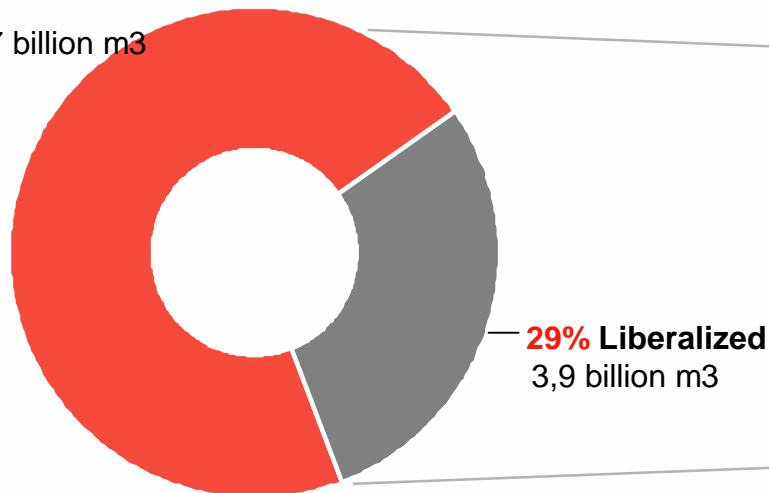
Liberalization on the Gas Market

Size of the Gas Market (2007):

13,6 billion m³

71% Public Utility

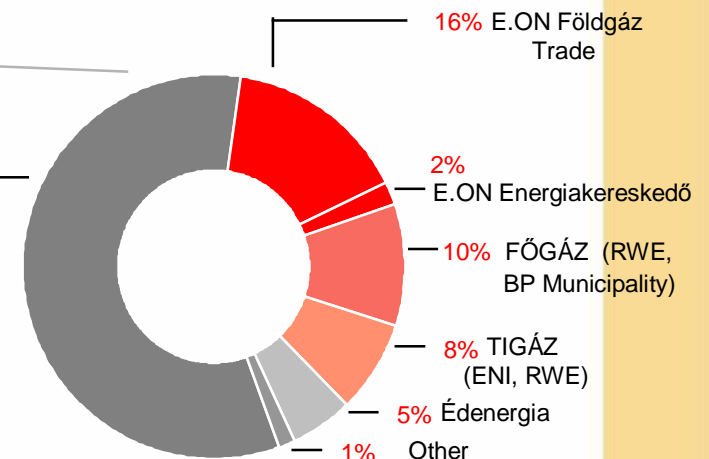
9,7 billion m³



Size of the Liberalized Market (2007):

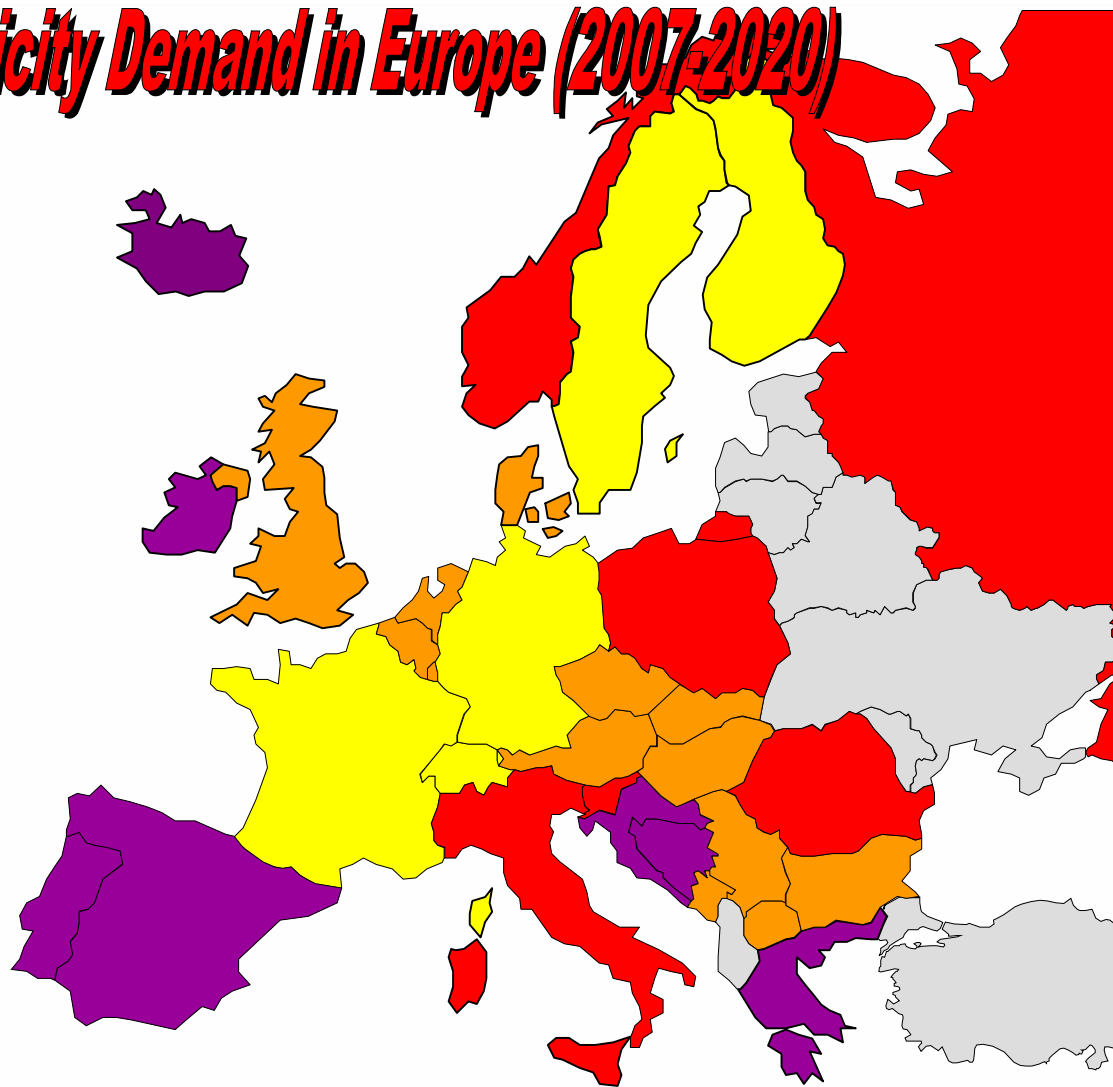
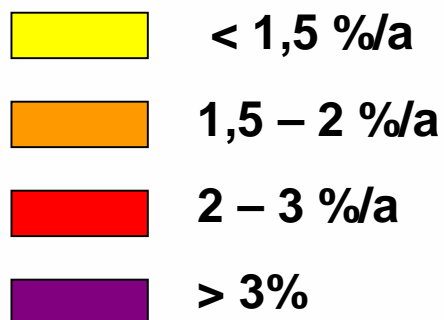
3,9 billion m³

58% EMFESZ
(RosUkrEnergo)



Growth of the Electricity Demand in Europe (2007-2020)

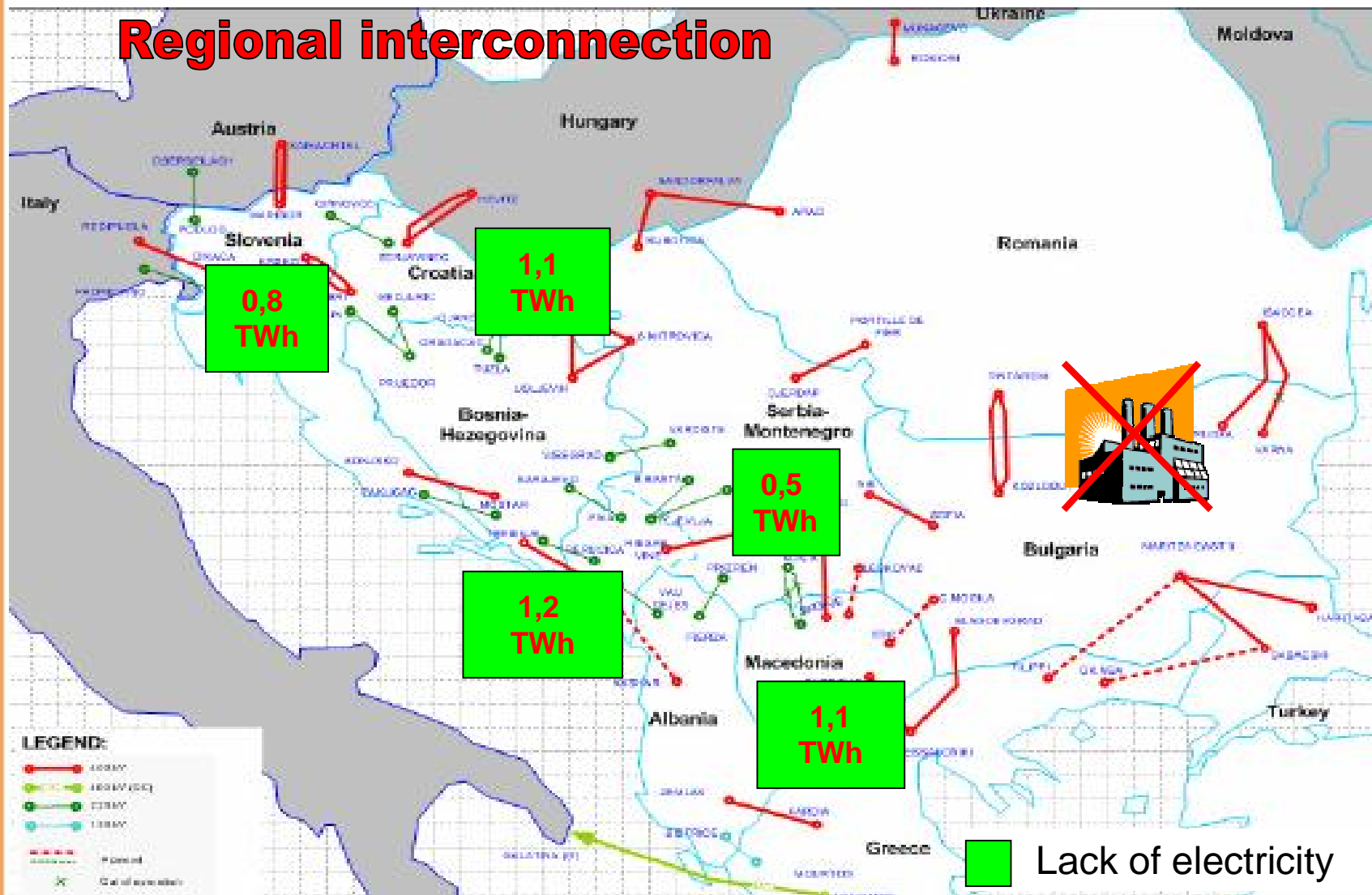
Average growth Rate:



Expectation from the Third Liberalization Package (2)

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Regional interconnection

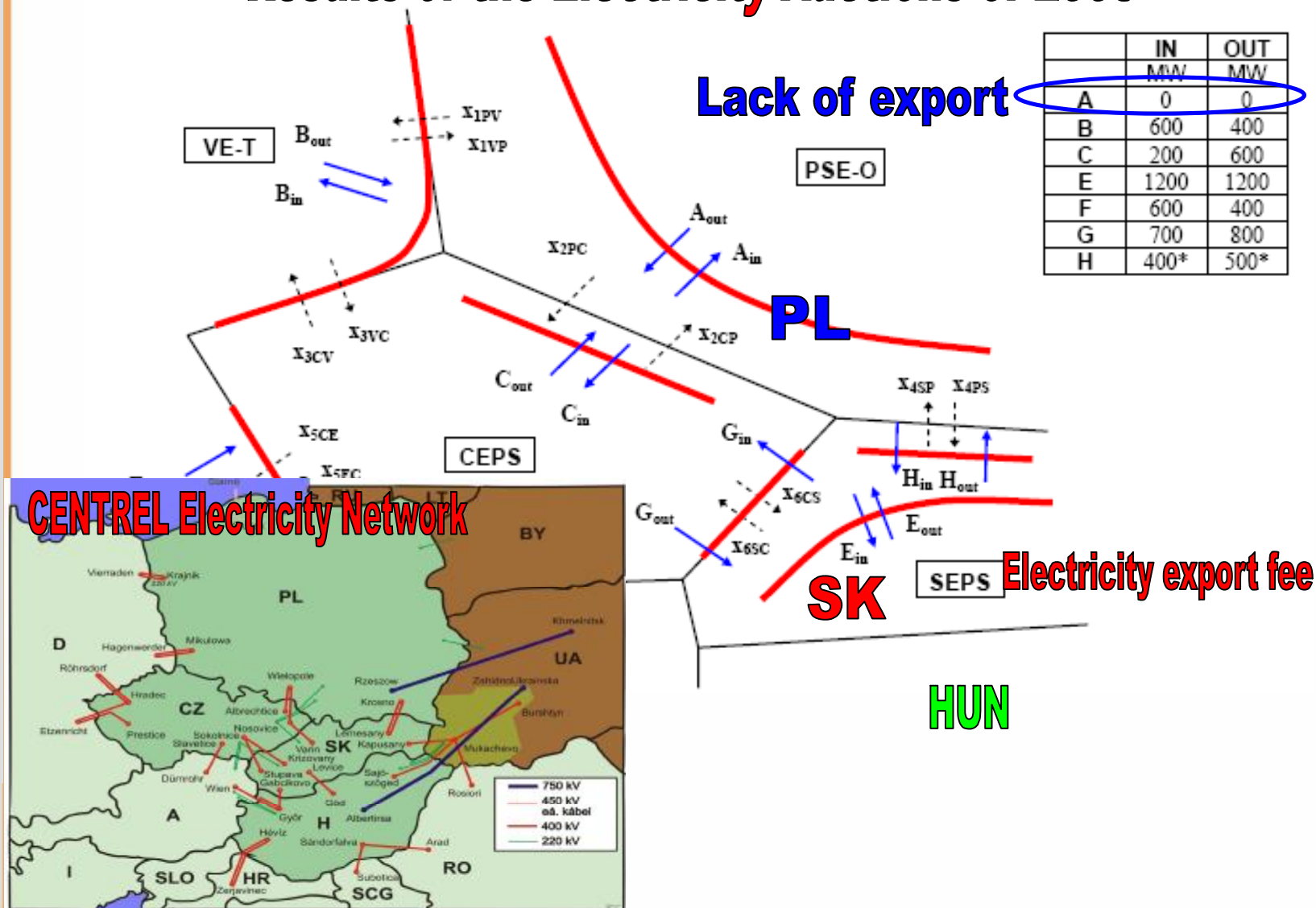


 Lack of electricity

Expectation from the Third Liberalization Package (3)

Results of the Electricity Auctions of 2008

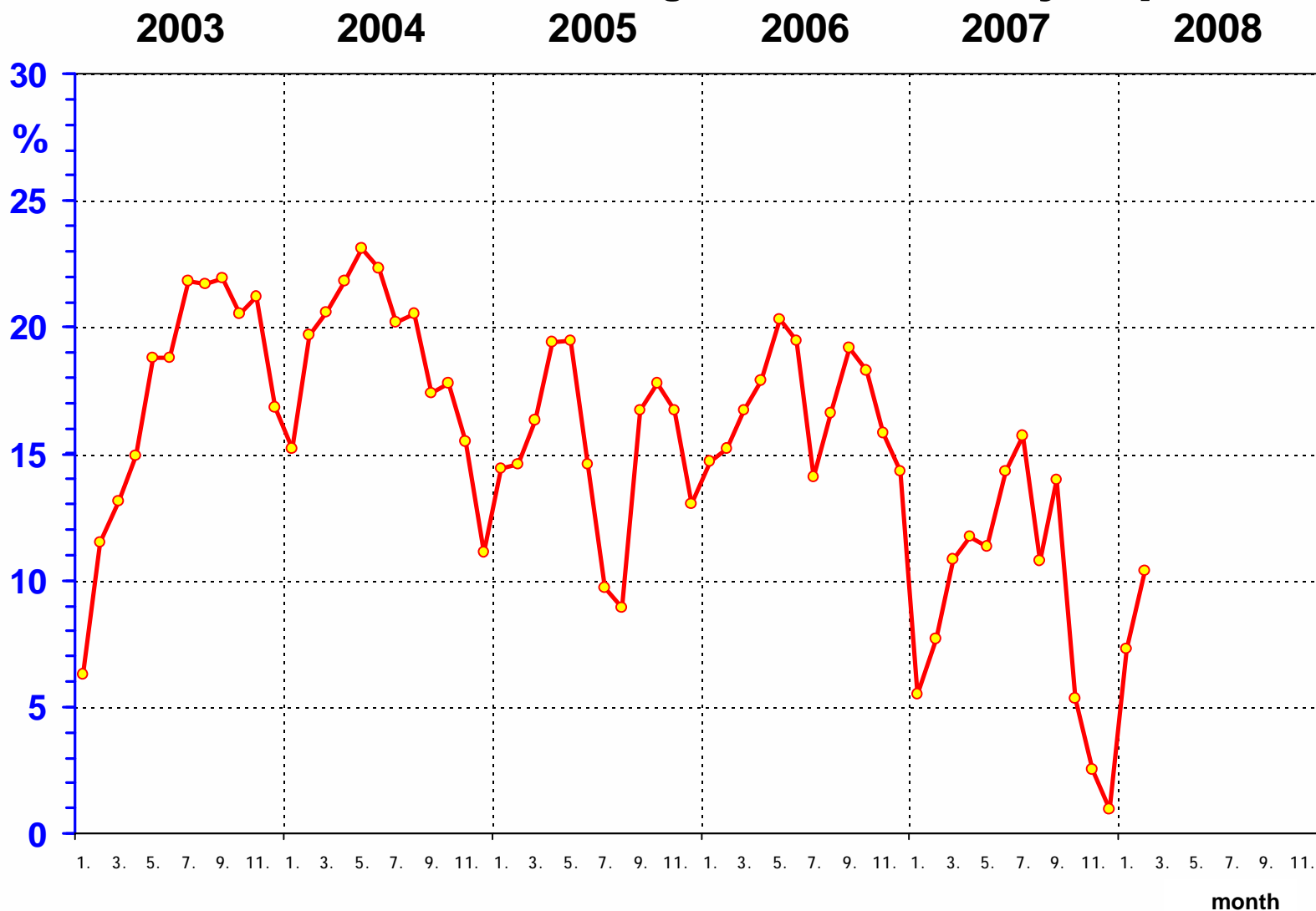
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Expectation from the Third Liberalization Package (4)

Share of the Net Hungarian Electricity Import

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Expectation from the Third Liberalization Package (5)

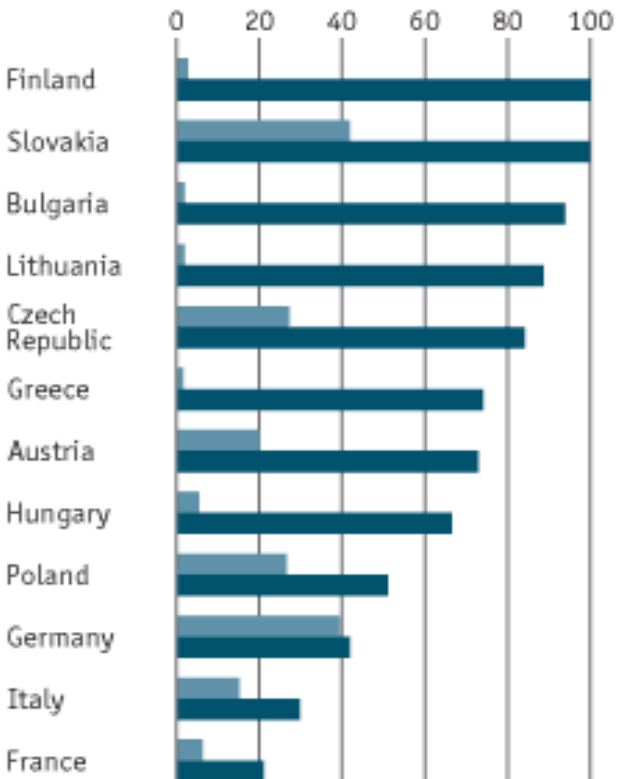
Gas supply - questions of security of supply

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The gas curtain

Russian gas dependence, 2007, %

Russia's dependence on country*
 Country's dependence on Russian supplies



Source: Greg Pytel, Sobieski Institute

* Amount of Russian gas sold to or carried through country as % of total Russian gas exports

Primary Russian Oil and Gas Pipelines to Europe (U)

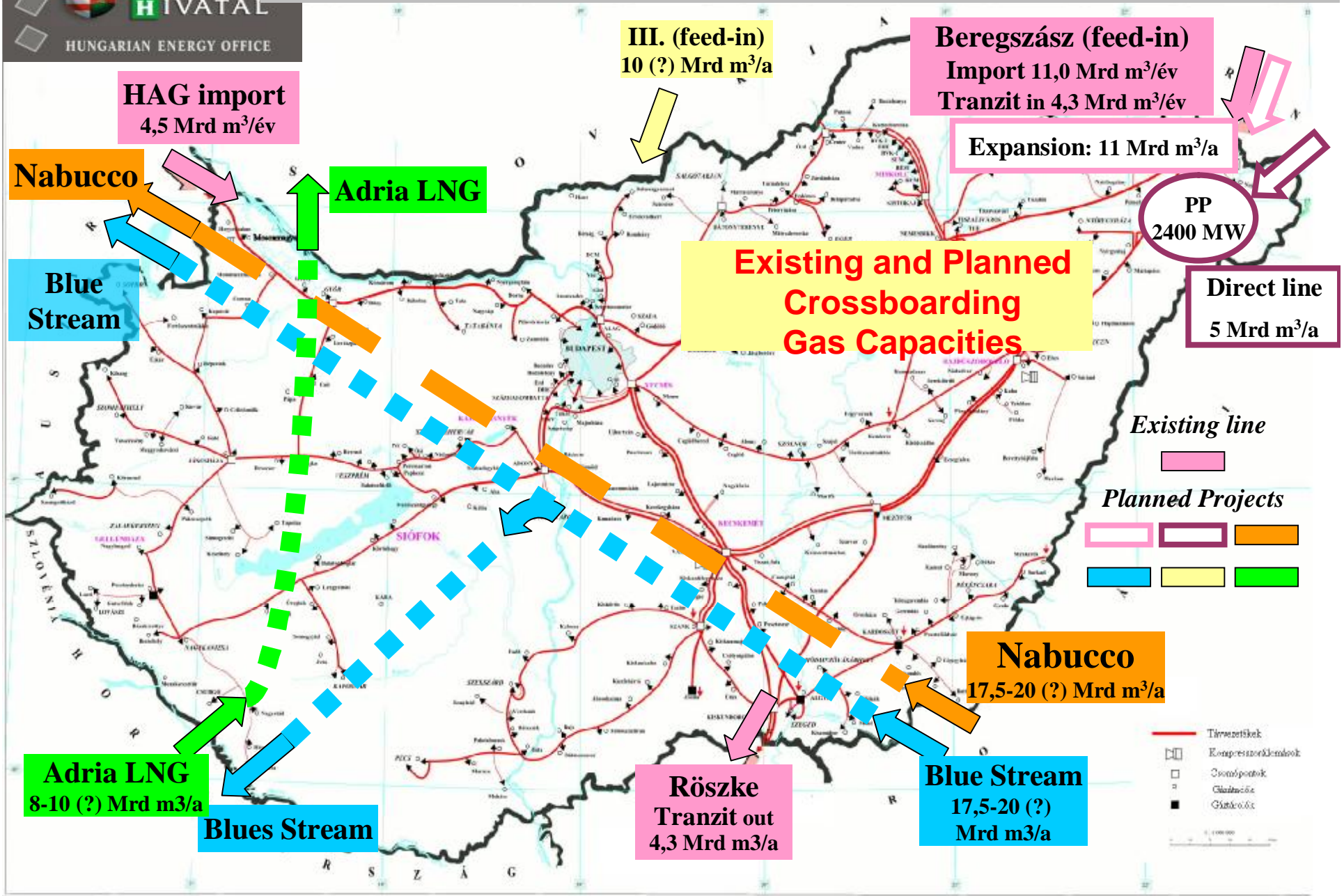




MAGYAR ENERGIÁHIVATAL

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Expectation from the Third Liberalization Package (6)



EU versus National regulation?

- Naturally, we are familiar with these efforts, and we do participate in elaborating the concept. We are not against the proposal for establishing the European Regulator, as we all have a lot to do as far as regional market building is concerned. **We welcome this initiative as far as this organization has a role in developing cross-border capacities**, congestion management, supervision of cross-border transmissions and the harmonization of the Directive with the regulation of individual member states. At the same time, it would be impractical and inexpedient if the European Regulator was authorized to have powers which fall within the competence of the national regulators. Independent regulatory offices will be needed within the individual member states in the future, as every country has more or less different aims to be implemented within different legal systems. **I do think that the EU Regulator shall rely on the national regulators when making decisions.**

Horváth J Ferenc (President of HEO)

In: EON Natural Gas Magazine (03/2008)

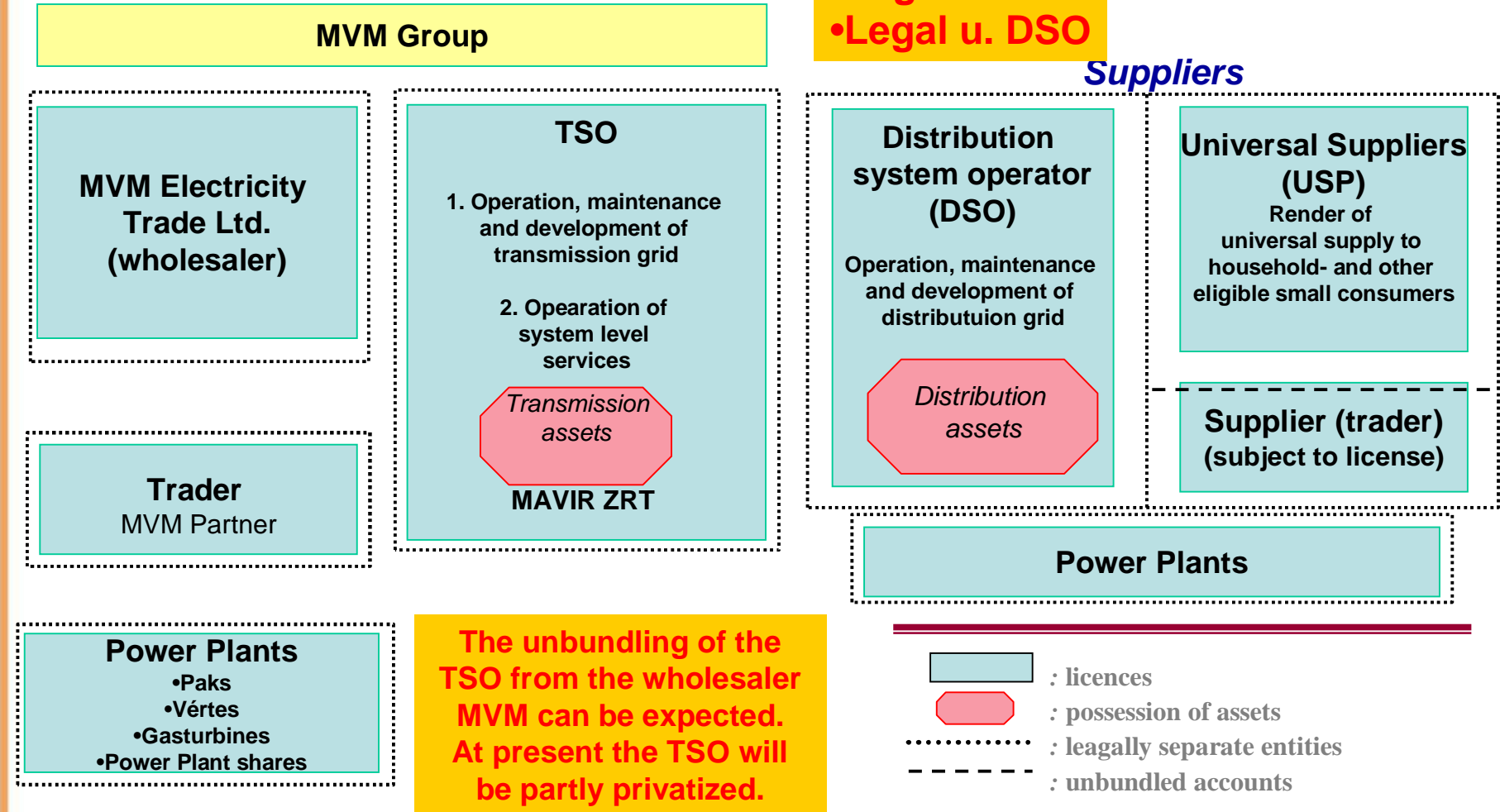
Gas and Electricity Market Regulation (1)

(separate or same approach)

Unbundling Electricity Market

Unbundling:
•Legal u. TSO
•Legal u. DSO

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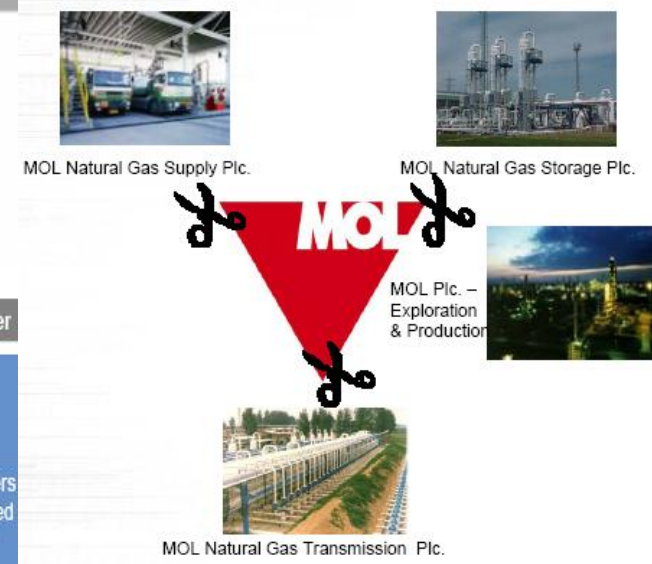
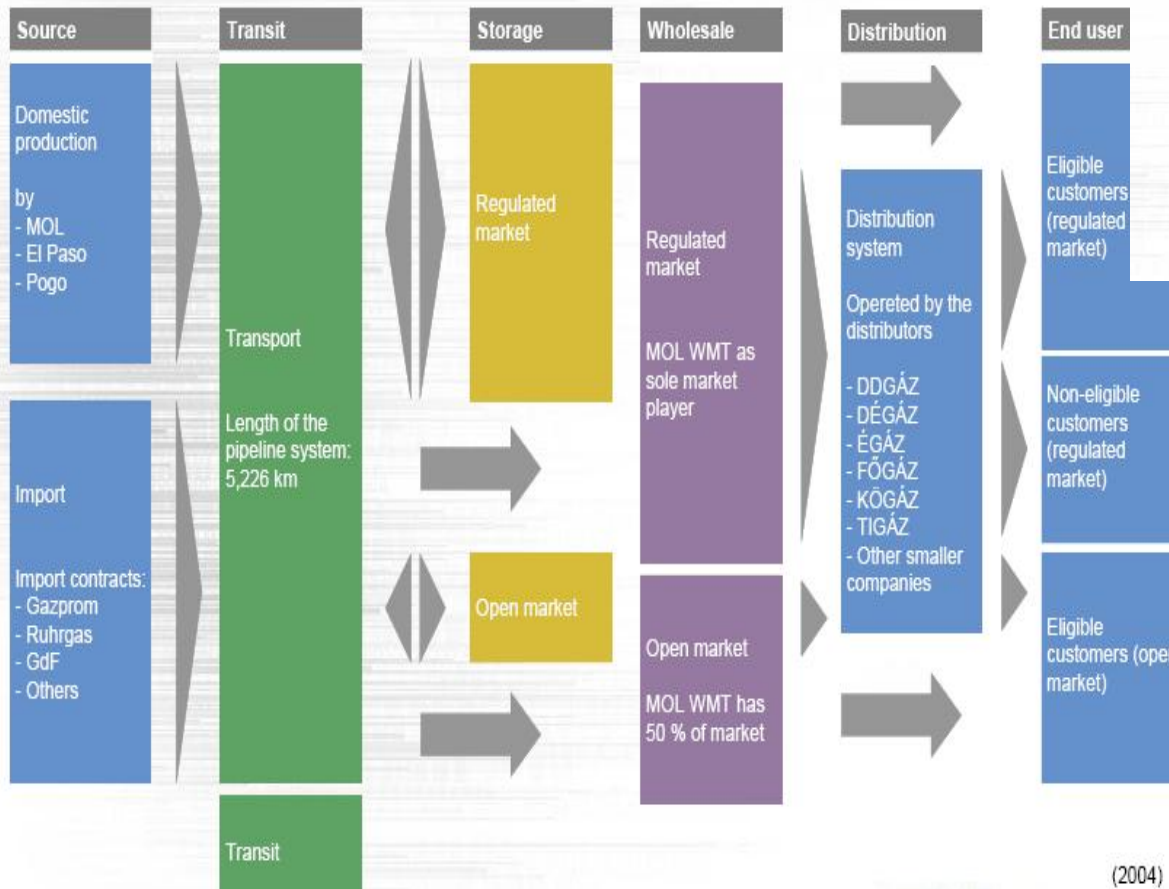


Gas and Electricity Market Regulation (2)

(separate or same approach)

Unbundling Gas Market

Market liberalisation

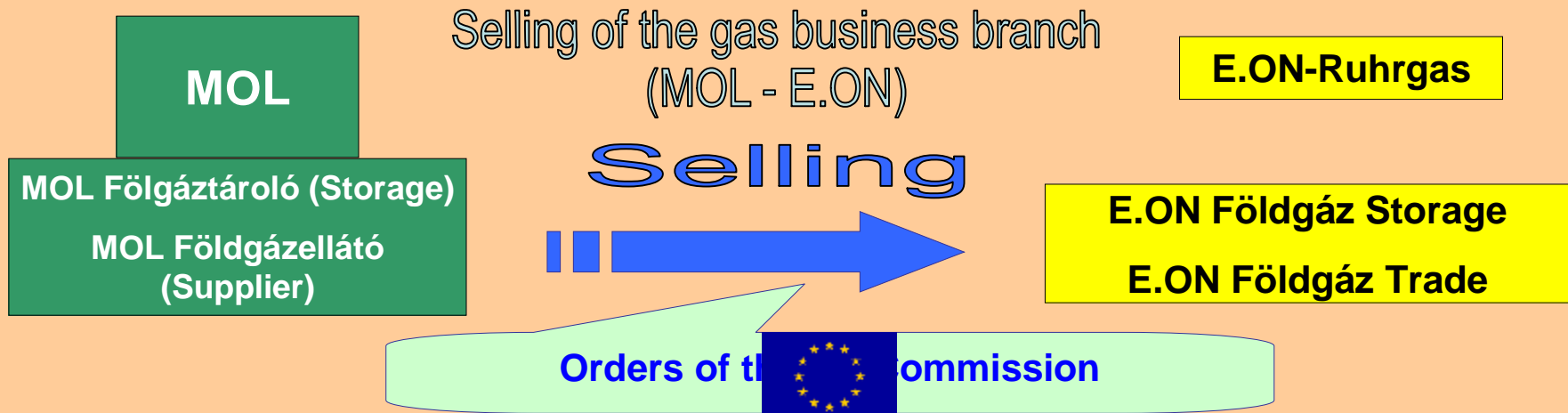


Gas and Electricity Market Regulation (3)

(separate or same approach)

Unbundling Gas Market

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- E.ON's yearly auction (Gas Release)
- Selling 50% of the gas supply contracts of the MOL Extractive

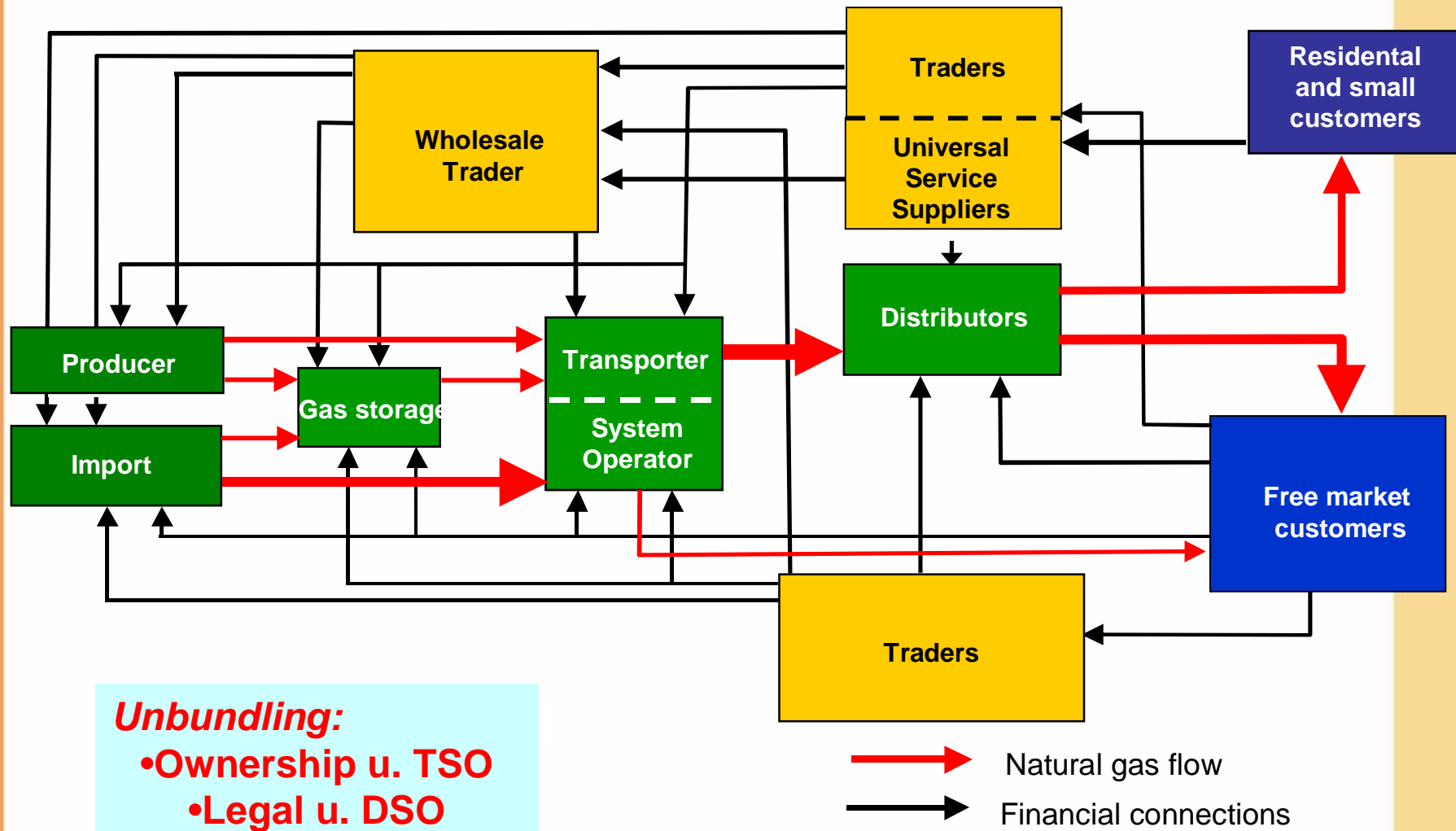
~ 2 mrd
m³/a

- Impacts*
- *Market liquidity*
 - *Cache for new participants*

Gas and Electricity Market Regulation (4)

(separate or same approach)

Unbundling Gas Market



Thank you for your kind attention!

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