

EU antitrust drive on 'key bottlenecks'

The European Commission's antitrust department has based its decisions on which cases to pursue on the difference that a solution would make to the market, a spokesman said Thursday. It focused its efforts on companies whose market behavior could be creating major bottlenecks, he added.

Frank Maier-Rigaud, of the European Commission's directorate-general for competition, told an IP Week natural gas session in London that the difficulty his team faced was deciding which competition cases were priorities, rather than in unearthing possible infringements.

The team decided that removing bottlenecks along the supply chain would make the biggest difference, he said.

Focus on Eni, Gaz de France Suez, RWE

Italian Eni, France's Gaz de France Suez and Germany's RWE are among the companies being investigated for behavior that hindered market developments. This included strategic underinvestment; devising auctions that killed interest in capacity; and high balancing costs and inflated network costs.

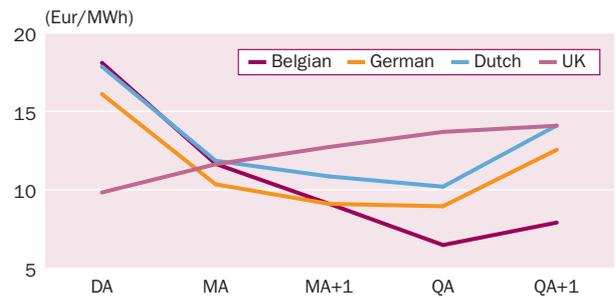
These cases occur when a supplier also owns the network through which the gas or electricity must flow, and the European Commission has attempted, with two directives, and now its third package, to force through unbundling.

But to its frustration, the council of ministers and the European parliament have opposed this. He said it was regrettable, but clearly the council and parliament were in the "driving seat."

One company, RWE, has announced it is selling off its gas network while not admitting any anti-competitive behavior, to forestall lengthy litigation.

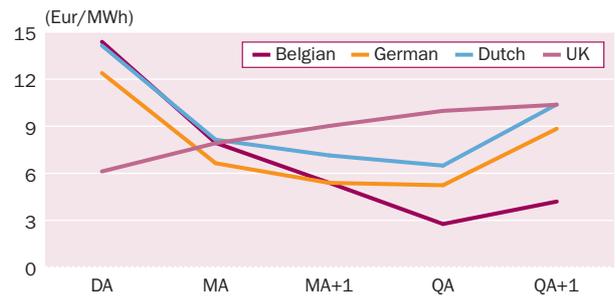
Sharing the platform was the head of Dutch gas transporter

Spark Spread, February 18 (50% efficient)



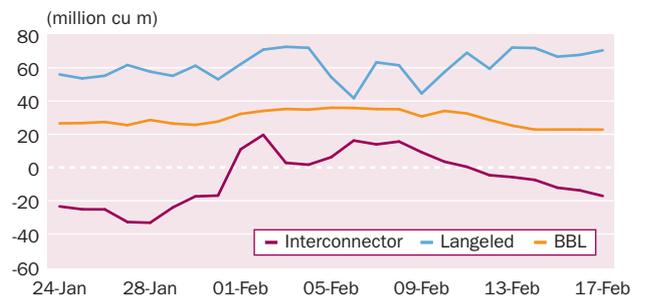
Source: Platts

Clean Spark Spread, February 18 (50% efficient)



Source: Platts

Cross-border flows into the UK



Source: IUK / National Grid (Negative volumes are UK to Belgium)

National Grid's Demand Forecast

Date	Demand (mcm)	Notes
18-Feb	318.79	(Actual demand)
19-Feb	323.36	(Forecast)
20-Feb	326.06	(Forecast)

Gasunie—one of the very few European energy companies to have unbundled. Marcel Kramer's view was that regulation had not done enough so far, and there was a risk that consumers could spend money on bureaucracy without getting any extra gas.

Regulation was needed, he said, but governments had to decide whether they wanted an EU energy policy. "We will have to see a few more cold winters before we get there," he said.

In the meantime, he said it was "for the market to act, and while some projects might need prodding along by governments, what was not wanted was for governments to fund projects of dubious value.

Initiatives to subsidize projects without a commercial basis were a hazardous way of spending government money," Kramer said.