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NEW GAS INITIATIVE TO PROMOTE EUROPEAN COMPETITION

British energy regulator Ofgem today (Tuesday) gave its support to a new European gas initiative. The European Regulators' Group for Electricity and Gas (ERGEG), in which Ofgem plays a key role, has unveiled four gas Regional Energy Market projects which will encourage the development of competitive gas markets in Europe by removing barriers to trade.

Ofgem chairman Sir John Mogg said:

"A well functioning European gas market is of fundamental importance to British consumers. This important new initiative will identify and remove barriers to competition at a practical level. It will tackle head-on many of the issues identified by the European Commission in both its sectoral review of energy and the Green Paper, and follows on from the Electricity Regional Initiative which was launched earlier this year."

The four projects will bring together key stakeholders in an effort to make real progress towards achieving a single, competitive energy market.

"Ofgem welcomes and fully supports the Gas Regional Initiative. We will play a major role in ensuring that progress is made in our regional project and we urge all stakeholders to do the same," added Sir John.

"British customers have paid dearly for the lack of competition in continental Europe. For example, the lack of transparency in Europe's gas markets means that no one has yet provided British customers with an answer to why the interconnector flows were lower than expected this winter. The Gas Regional Initiative will be able to tackle individual issues of transparency at a local level."

Where access to networks is blocked, this initiative will similarly be able to identify and address specific instances. In this way, the gas initiative puts the goal of a fully competitive market firmly in our reach.

Ends

Notes to editors

1. The Gas Regional Initiative comprises of four regional energy market (REM) projects set up to tackle, in a practical way, many of the issues highlighted in the European Commission's energy Green Paper and the preliminary findings of the Commission's inquiry into the gas and electricity sectors.
2. The gas regional initiative follows on from a similar initiative in electricity which was launched by ERGEG in February 2006.

- The Regional Initiative project encompasses 14 EU members. These have been grouped into four gas Regional Energy Markets (REMs) as follows:

REM	Countries	Lead Regulator
North-West	Netherlands, Belgium, France, Great Britain	Netherlands
North	Germany, Denmark, Netherlands	Germany
South	Spain, Portugal, southern France	Spain
South-East	Italy, Austria, Slovakia, Hungary, Slovenia, Greece, Poland, Czech Republic	Italy and Austria (co-Chairs)

- The gas REMs will bring together all of the relevant parties—regulators, market participants, consumers, Member States, the European Commission and other stakeholders.
- Each gas REM will identify the priority issues that need to be tackled to foster the development of competition. Key issues will include access to networks, transparency of information and the development of liquid gas hubs for trading.
- The European Regulators Group for Electricity and Gas (ERGEG) acts as an advisory group to the European Commission. Membership is limited to the EU regulators but regulators from candidate countries and the European Economic Area hold observer status. Sir John Mogg who is Chairman of Ofgem is the current President of ERGEG.
- Further details on the gas regional initiative are available on ERGEG’s website www.ergereg.org.
- Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem’s aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority’s powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000.

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