



Autorità Garante della Concorrenza e del Mercato
Autorità per l'Energia Elettrica e il Gas

PRESS RELEASE

Gas: Antitrust Authority-Regulatory Authority for electricity and gas: Eni must give up part of its storage

To deal with critical problems and increase competition and security – The joint fact-finding investigation is completed

Rome, 3 June 2009 – In order to increase the competition and security of the Italian gas system, Eni should give up part of its gas storages (which, are obtained by government concessions) following the model adopted for the liberalization of the electricity sector. This is one of the main proposals that emerge from the “Enquiry by the Antitrust Authority (ACGM) and the Regulatory Authority for Electricity and Gas (AEEG) on the storage activity in the natural gas sector in Italy”. A sector which, in the two Authorities’ opinion, still shows “major critical issues” and needs “a significant upgrading of the storage capacity, essential for strengthening security”.

To deal with these “critical issues”, Government actions have been necessary, to guarantee the safeguard of the national system. From this type of actions, made also in the recent past, descended burdens for businesses and households (for example, the curbing of consumption for industrial customers and the activation of “interruptibility” contracts, the obligation to maximize imports and use alternative sources than gas for the production of electricity, notwithstanding environmental regulations).

The document states that the upgrades carried out up to now by the dominant operator – which, through Stogit (now part of Snam Rete Gas), holds 97% of all reserves – have been “absolutely marginal” and insufficient for both guaranteeing greater security in the national energy system, and also for ensuring the necessary flexibility for operators in order to compete effectively in the liberalized market.

“The current storage shortage and the delays in the achievement of competition in the national gas market benefit ENI, since it has less expensive and more alternative flexibility instruments than its competitors do,” the Antitrust Authority and the AEEG point out.

The “rationing” of the storage and the system vulnerability

One of the central nodes that emerge from the enquiry is, for the competitive outline, the “real and actual rationing of the storage”, to which are subject the companies that sell – or would like to sell – gas, in particular to industrial and thermoelectric customers. The origins of this rationing were examined by the following standpoints: the behaviour of the enterprises, in particular of Eni, the company that dominates the entire gas chain; the overall insufficiency of storage capacity and services, in particular for enterprises that sell to thermoelectric and industrial customers.

In order to have a positive impact on this situation, the Antitrust Authority and the AEEG stress the need for actions to “eliminate the barriers and distortions of the development of new storage capacity and make the regulation of the balancing, access and use of the storage capacity advancing”.

The enquiry also reveals certain critical issues that make vulnerable the national economic system. The most evident ones concern the meeting of the daily gas demand at “peak” moments in “anomalous conditions”, such as, for example, waves of particularly severe cold and situations that may be worsened by events of a technical, commercial, or political nature (such as the Russian-Ukrainian crisis) that “limit the import capacity”. According to the Antitrust Authority and the AEEG, “these events must be considered appropriately when evaluating the degree of security of the national system and in order to guide development”.

Sale of assets following the model of the electricity market

In this context, one of the measures proposed for the competitive outline is the sale by Eni of “subsets of assets” to third parties, as already experimented in the electricity market to aid its liberalization. According to the Antitrust Authority and the AEEG, an operation of this kind in the sector of storage (which are, moreover, obtained by government concessions) could have various positive effects, such as: the entrance of new operators, with the creation of several independent storage enterprises; the reduction of the dominant operator’s influence in the storage activity; a greater and faster opening to competitive development initiatives; the resulting development of new capacity. Everything in perspective to create a “national gas hub”, desired by the Government itself, and conveniently exploitable for the wider European market.

The enquiry by the Antitrust Authority and the Regulatory Authority (AEEG) began in late 2007, with the aim of investigating the presence of possible obstacles to the development of new storage

capacity, and of evaluating the possible existence of alternative flexibility instruments other than storage, and their accessibility for new operators. The study also analysed the regulatory context, to evaluate its impact on the sector's competitive dynamics.

The respective resolutions can be found on the websites of the Antitrust Authority (www.agcm.it) and the Regulatory Authority (www.autorita.energia.it).