

mZINE

Industry Insights From **MJM**ENERGY

Anti-Trust Issue

August 2007

EC Commences Anti-Trust Proceedings Against GDF and Eon



On 16th May 2006 the European Commission carried out unannounced inspections at the premises of gas companies in five member states. They had reason to believe that gas companies in Germany, Italy, France, Belgium and Austria may have violated EC-Treaty antitrust rules that prohibit restrictive business practises and/or abuse of a dominant market position.

Following on from those inspections the European Commission (EC) decided to start formal anti-trust proceedings against E.ON, a German energy company, and Gaz de France, a French gas company, for a possible breach of the EC Treaty's rules on restrictive business practices (Article 81).

[Read the rest of this article](#)

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serving the energy industry...

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Hello and welcome to the NEW LOOK August issue of **MZINE**, our free monthly e-newsletter.

This month we are taking a look at the anti-trust proceedings the EC have commenced against GDF and EON see main [STORY](#). At [PRICES](#) we take a look at the Gas and Power Forward Curve, whilst at [MPHASIC](#) Derek relates a fairy tale at Milford Haven!

Our public course dates for 2007 have now been published and can be found at [TRAINING](#).

SPECIAL NOTICE

Have you visited our new look website yet? www.mjenergy.com why not take a look now and see how easy it is to find your way about?

Our public courses training site has also moved. It can be found at: <http://www.mjenergy.com/publictraining/enter.html>

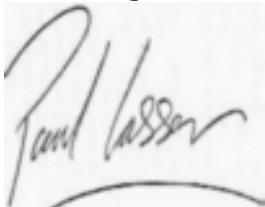
Please feel free to contact me about this newsletter and let me have your thoughts, what you like and don't like, I am open to your suggestions.

And if you have enjoyed reading this newsletter and think you know someone who might also enjoy it then feel free to forward it on.

Any one may sign up for this monthly newsletter, it is free and your details are protected.

Email:

Kind regards.



Paul Cassar
Editor

TRAINING

All of our training courses can now earn, participating solicitors, CPD points from the law society. Attendance at any of our events may also contribute to meeting accountancy CPD requirements under the terms of the ICAEW's CPD policy. Please visit www.icaew.co.uk/cpd for the ICAEW's CPD policy details.

Over the next few months the following one-day events are being held in Oxford or London, UK. For an at a glance view of our 2007 public training dates please visit: <http://www.mjenergy.com/PCG2007.htm>

More information about these courses can be found by clicking on the course title below or you can visit our new look public courses training site at <http://www.mjenergy.com/publictraining/enter.html>. Alternatively you can contact me by email or phone +44 (0) 1235 553917.

Our public courses can also be held at your location, for your company, or they can be tailor made to your requirements. If you want to find out more contact our Training Manager Nick White +44(0) 1235 211161 and get ahead of the rest.

| | | |
|----------------|------------------------------------|--------|
| 11th September | <u>UK Electricity Markets</u> | OXFORD |
| 12th September | <u>UK Gas Markets</u> | OXFORD |
| 13th September | <u>Network Code Introduction</u> | OXFORD |
| 25th September | <u>UK Gas & Power Overview</u> | LONDON |
| 26th September | <u>Emissions Trading</u> | LONDON |

European Gas Quality and Interchangeability Summit

September 17 - 19, 2007 · Novotel Hammersmith, London, UK



Improve your commercial and technical strategies and ensure optimal trade by limiting the impact of gas quality on your business



- ★ Get up-to-date on the latest movements towards the harmonisation of gas quality in Europe, EUROPEAN COMMISSION
- ★ SHELL, BP and TOTAL assess who should have responsibility for determining gas quality and who should absorb the subsequent costs
- ★ E.ON examine how to ensure that you maintain quality requirements to optimise the running of your gas infrastructure
- ★ NATIONAL GRID assess how common measurement techniques, principals and approaches can improve your gas trade
- ★ Overcome potential barriers to cross-border trade through insight from INTERCONNECTOR (UK) Ltd
- ★ SCOTTISH POWER establish how to optimise the running of your LNG import terminal



Website: www.iqpc.com/uk/gasquality/mjm

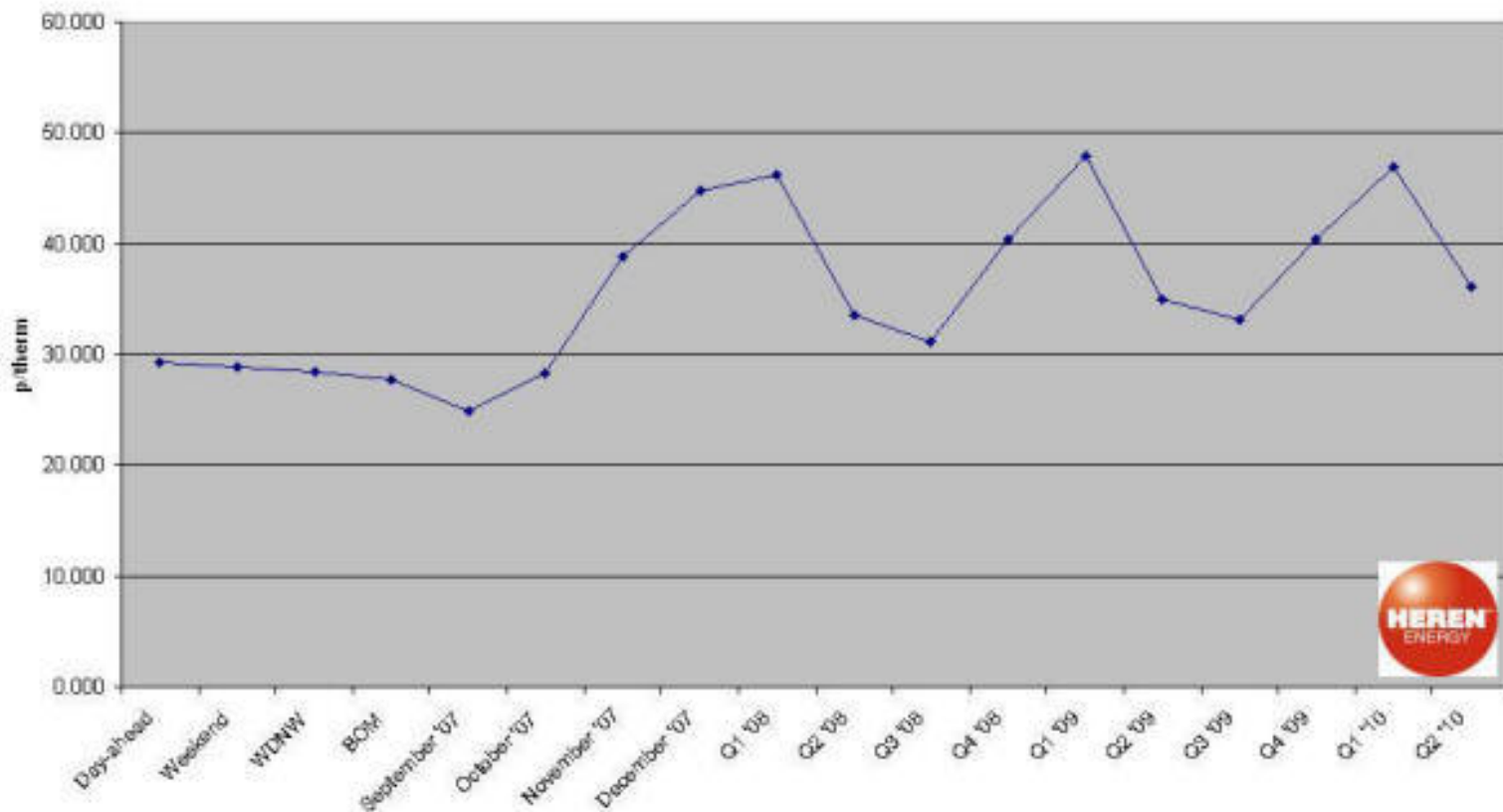
Questions? Contact us on 0800 652 2363 or +44 (0) 207 368 9300 or email enquire@iqpc.co.uk now!

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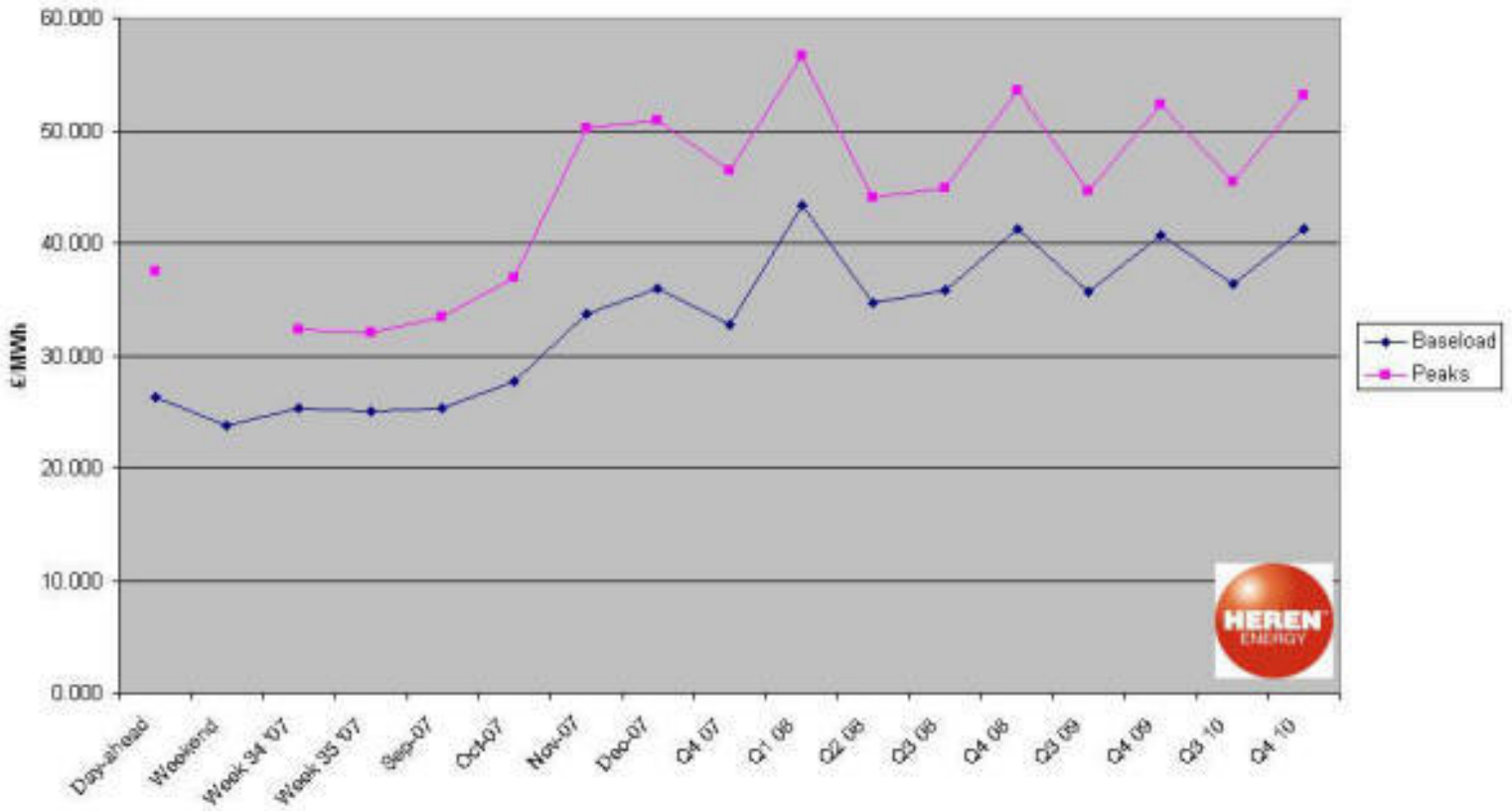
PRICES

Forward Curves

UK Gas Forward Curve 13/08/07



UK OTC Power Forward Curve 13/08/07



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MPHASIS!
for the lighter side of life!

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FEATURE

Price Dispute Between Russia and Belarus Continues.

Seven months on and Belarus find itself running foul of energy giant Gazprom yet again. This time Russia's neighbour is given an ultimatum to settle their gas debt with Gazprom or find that its gas supply is cut by 45%!

This new dispute is really a continuation of the price increase dispute imposed on Belarus by Gazprom earlier in the year, where the price of gas to Belarus was increased from \$47 per 1000 cubic metres to \$100 per 1000 cubic metres. (See January's MZINE) The deal was that Belarus could pay the old price for the first half of 2007 and then make up the balance by 23rd July of \$456 million.

But it appeared that Belarus did not pay the lump sum when it had become due and talks between Belarus and Russia failed to reach a settlement. So Belarus was given until 3rd August to settle the debt or have their gas supply reduced.

Knowing the response that could be expected from Belarus, Russia has made it clear that any attempt to siphon gas off from the transit pipes to Europe would be a criminal activity and they would seek legal justice should Belarus resort to such measures, instead of paying the debt. Gazprom also notified their European customers of a possibility of supply interruptions by Belarus.

In an attempt to buy more time, Belarus paid part of its debt, \$190 million, to Gazprom just as the deadline was expiring. In response Gazprom decided not to cut supplies but to generously give Belarus one more week to complete the payment. The final balance was paid by Belarus on 8th August and from now on all gas supplied to Belarus will have to be paid in full on a monthly basis.

According to Gazprom the price that Belarus will pay for gas will increase over the next five years until it reaches the same price being paid by Western Europe. Belarus will now start to believe that Gazprom means this and unless it can source its gas cheaper elsewhere may find gas a commodity that it struggles to afford.

Written and researched by Paul Cassar, MJMEnergy Ltd



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