



## Major Policy Issues – Wholesale Gas Markets

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*Natural gas markets do not automatically happen  
– they must be created*

*ResourcesLaw report to the APEC Energy Working Group*

# What are the challenges in development of markets?

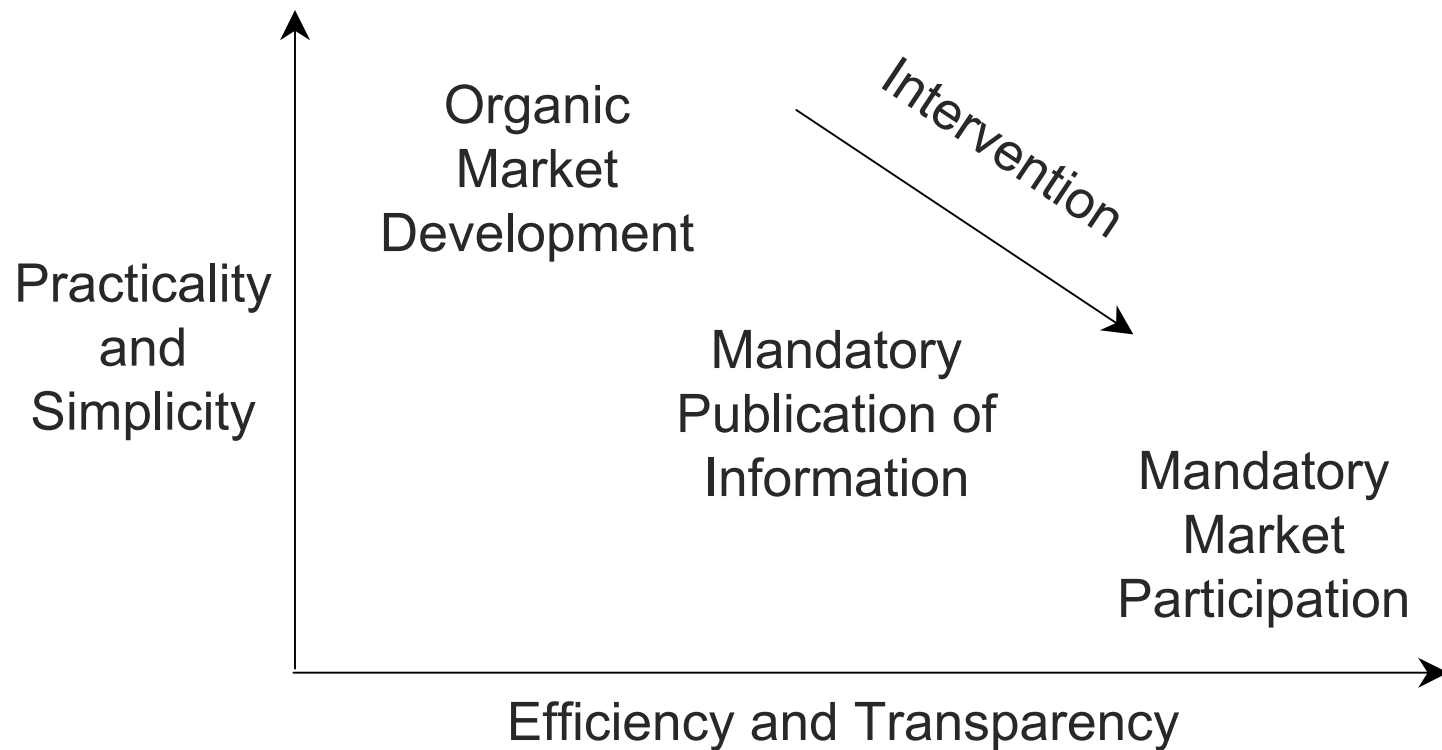
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*Developing a market framework from best-practice principles*

- Achieving liquidity
- Accommodating (or changing) existing gas supply and transportation contracts
- Developing interfaces with other markets (infrastructure services, retail gas markets, electricity markets)
- Accommodating (or overcoming) jurisdictional diversity

# Proposition 1

- Principles are fine, but intervention must balance competing objectives
  - maximise efficiency and transparency
  - maximise practicality and simplicity



# Proposition 2

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- Uniformity of market arrangements has value

- Gas sale and purchase contracts
- Transportation and transmission contracts

Jurisdictional peculiarities may need to be subordinate to homogeneity of arrangements.

- There may be a role for regulation of contracting frameworks

- “Unbundling” of gas supply and transportation/transmission contracts
- Non-price elements of gas transmission contracts
- Provisions for assignment of contractual rights
- Establishment of trading facilities (e.g. bulletin boards)
- Information reporting