



Energy Trading needs appropriate supervision

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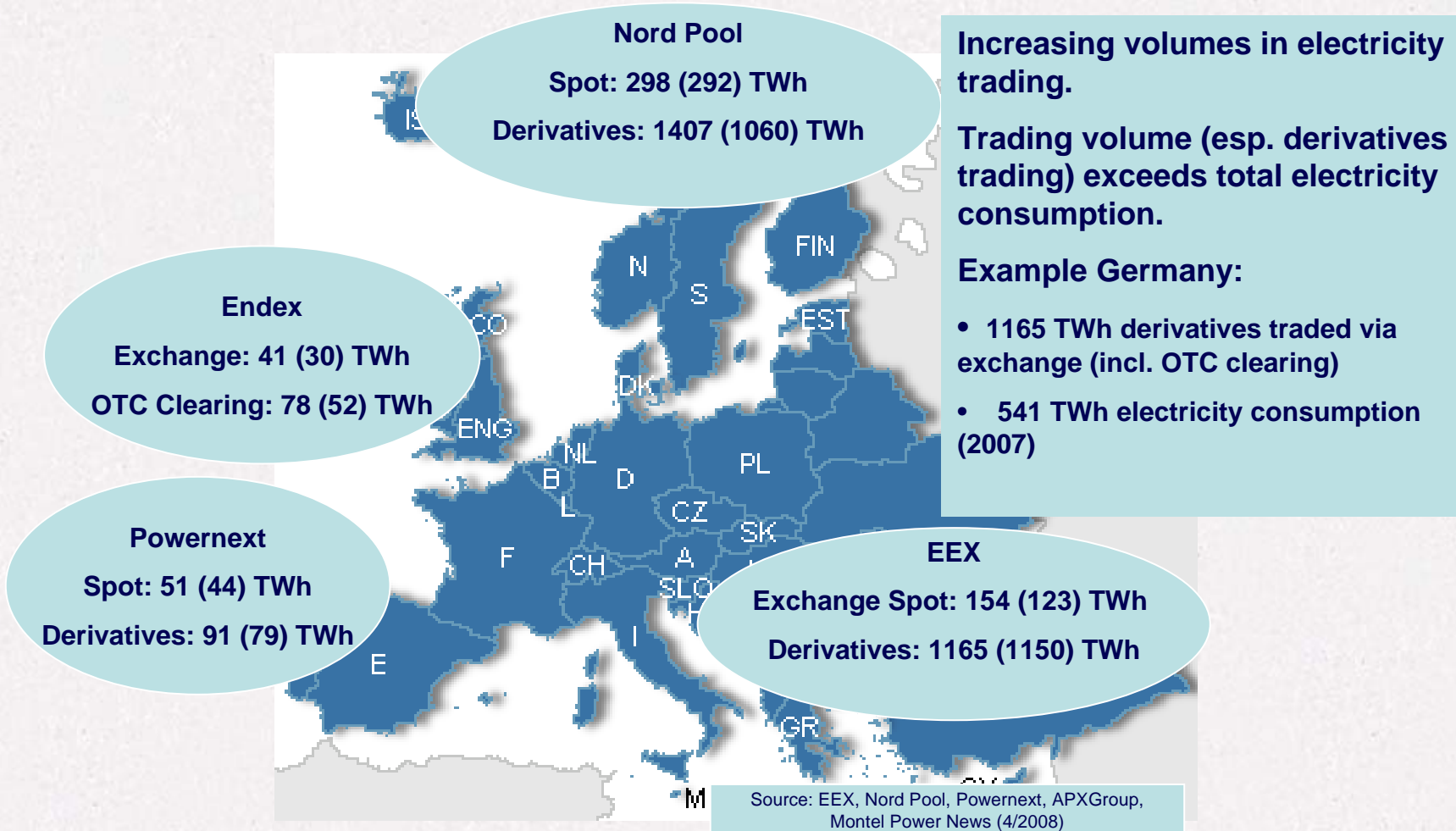
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Energy trading is of increasing importance



- Trading volumes in gas and electricity rapidly increased
- Trading provides hedging opportunities which are crucial for numerous market participants in order to ensure price predictability
- Trading will play an important role for the integration of renewable energy sources and save subsidies
- Trading is essential for achieving the EU internal market

Traded Volumes in Europe 2008 (2007) – Electricity

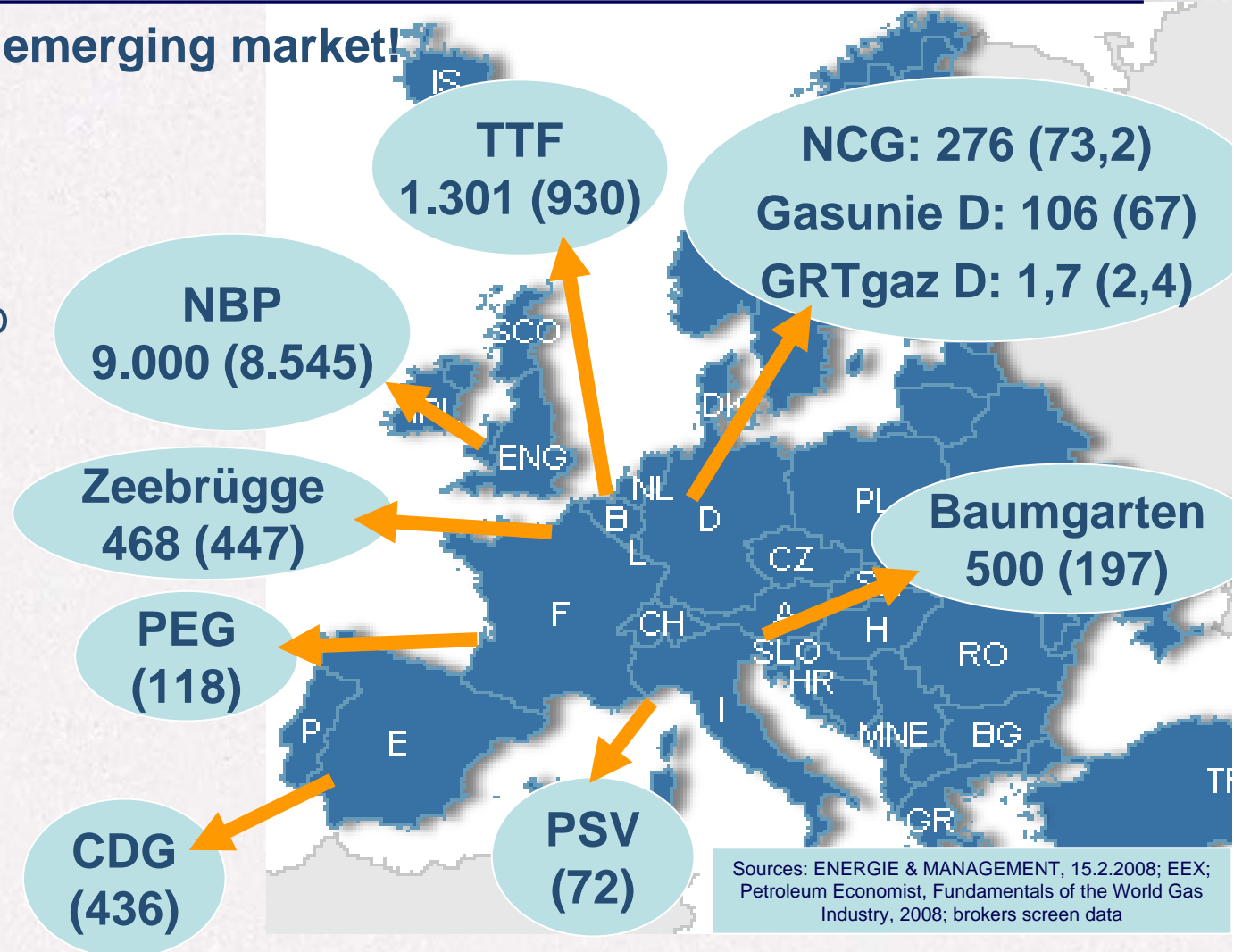


Traded Volumes in Europe 2008 (2007) – Gas (in TWh)



EU-Gas trading: An emerging market!

- National Balancing Point (NBP): still the most liquid European Gas Hub
- Baumgarten: developed to the third most important Gas Hub
- NetConnect Germany (NCG): increased trading volume



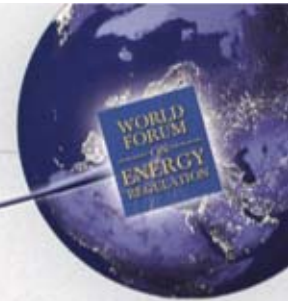
Current financial regulation is not adequate to guarantee integrity in the energy markets



Current financial market regulation only partly covers energy trading

- Only a small part of energy trading falls under the Market Abuse Directive (MAD) which covers Insider Dealing and Market Manipulation
- Current legislation: The open door for market abuse (insider trading, market manipulation).

What are the remedies ?



- A tailor-made and sector specific transparency regime and effective supervision are necessary to ensure market integrity.
- Financial and physical energy trading should be taken into account.
- No Sarbanes-Oxley for energy trading, but what needs to be done, must be done!

Effective supervision of energy trading is essential



- Cooperation between the competent authorities is important. Energy regulators must be fully included in the surveillance process.
- Energy regulators have in-depth knowledge of the functioning of energy markets
- Developments of other markets (e.g. oil, coal or CO2 emission rights) and interdependencies with those have to be considered
 - ⇒ Prices on these markets have a direct and indirect impact on the price of electricity and gas.



**Thank you
for your attention!**