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Working Documents

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DOCUMENT 1-1317/82

REPORT

drawn up on behalf of the Committee on Energy and Research

on a proposal from the Commission of the European Communities to the Council (Doc. 1-758/82 - COM(82) 603 final) for a draft recommendation on the methods of setting natural gas prices and tariffs in the Community

Rapporteur: Mr MORELAND

By letter of 15 October 1982 the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the draft Council Recommendation on the methods of setting natural gas prices and tariffs in the Community presented by the Commission to the Council.

The President of the European Parliament referred this draft Recommendation to the Committee on Energy and Research on 15 November 1982.

On 3 November 1982 the Committee on Energy and Research appointed Mr MORELAND rapporteur.

The Committee considered the Commission proposal at its meeting of 2/3 December 1982 and also, together with the draft report, at its meeting of 18/19 January and 15/16 February 1983.

At the last of these meetings the Committee decided by 10 votes to 1 with 1 abstention to recommend that Parliament should adopt the Commission's proposal subject to the following amendments.

The Commission stated at the Committee meeting that it had not adopted a position on the amendments.

The Committee then decided to reserve the right to propose that Parliament should apply Rule 36(2) of the Rules of Procedure.

The Committee then adopted the motion for a resolution as a whole unanimously with 1 absence.

Present at the time of the vote: Mr Gallagher, acting chairman; Mr Seligman, vice chairman; Mr Moreland, rapporteur; Mr Adam; Mr Beazley (deputizing for Mr Purvis); Mr Colleselli (deputizing for Mrs Phlix); Mr Franz (deputizing for Mr Fuchs); Mr Normanton; Mr Pedini; Mr Petersen; Mr Protopapadakis; Mr Rogers (deputizing for Mr Pattison); Mr Sassano.

The opinion of the Committee on Economic and Monetary Affairs is attached.

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The Committee on Energy and Research hereby submits to the European Parliament the following amendments to the Commission's proposal and motion for a resolution together with explanatory statement:

- I. Proposal from the Commission to the Council for a draft Council Recommendation on the methods of setting natural gas prices and tariffs in the Community (COM (82) 603 final).

Amendments tabled by the
Committee on Energy and Research

Text proposed by the Commission
of the European Communities

Recitals unchanged

Amendment No. 1

4. The two-part tariff system, consisting of a fixed component to cover fixed costs, in particular the cost of permanent connection to the network, and a component which varies with the quantity of gas supplied, is the system which, of the various tariff options available, should be generally the basis for charges to domestic consumers and small consumers of gas for industrial purposes.

Amendment No. 2

DELETE first part of phrase, up to "tariffs," and REPLACE with:

5. For large consumers of gas, where fixed costs form a small part of total costs, a single tariff should normally apply, but provision should be made for two (or more) components which decrease as consumption rises, in order to take account of economies of scale in transport which arise as volume increases. The tariffs applied for a given location should also vary in relation to the off-take characteristics, such as the load factor, in order better to pass on the costs.

Explanatory Memorandum

Paragraph No. 4

4. The two-part tariff system, consisting of a fixed component to cover fixed costs, in particular the cost of permanent connection to the network, and a component which varies with the quantity of gas supplied, is the system which, of the various tariff options available, should be generally used.

Paragraph No. 5

5. For the other categories of consumption subject to tariffs, provision should be made for two (or more) components which decrease as consumption rises, in order to take account of economies of scale in transport which arise as volume increases. The tariffs applied for a given location should also vary in relation to the off-take characteristics, such as the load factor, in order better to pass on the costs.

Amendment No. 3

ADD NEW paragraph after Paragraph No. 5:

6. In the case of non-tariff sales to
large consumers (i.e. contract sales),
prices should reflect cost and
market conditions.

Paragraph No. 6 now changed
to Paragraph No. 7

Remaining text unchanged

The Committee on Energy and Research hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a draft recommendation on the methods of setting natural gas prices and tariffs in the Community

The European Parliament,

- having regard to the proposal from the Commission of the European Community to the Council (COM(82) 603 final),¹
- having been consulted by the Council (Doc. 1-758/82),
- having regard to the report of the Committee on Energy and Research and the opinion of the Committee on Economic and Monetary Affairs (Doc.1-1317/82),
- having regard to the result of the vote on the Commission's proposal,
- having regard to its Resolution of 8 May 1981 on electricity tariff structures in the Community²,
- having regard to its Resolution of 16 November 1982 on a common approach to energy pricing structures³.

¹ OJ No. C270, 14.10.1982, p11

² OJ No. C144, 15.6.1982, p104

³ OJ No. C334, 20.12.1982, p31.

1. Welcomes this proposal by the Commission as a means of developing a common approach to the principles behind and transparency of the structure of prices and tariffs for natural gas in the Community;
2. Notes with approval that the Commission's objective is to ensure that such prices and tariffs are consistent with the broad energy policy objectives of diversification of resources, rational use of energy and energy conservation, and that the proposals are consistent with previous Council decisions and Parliament Resolutions relating to energy pricing and tariff structures;
3. Approves the proposal to promote the use of two-part tariffs for domestic and small users of gas for industrial purposes but suggests this is not necessarily relevant for large industrial users;
4. Condemns distortions of competition within the common market arising from the application of prices and tariffs, taxes or subsidies which result in artificially low or high price levels;
5. Emphasises the need to ensure that the Recommendation covers contract sales as well as tariff sales;
6. Notes the increasing marginal cost of natural gas production and the high prices being negotiated for supplies from Third Countries and consequently warns that regardless of any agreement on the methods of setting natural gas prices these are likely to rise in real terms over the next 20 years;
7. Considers it advisable in future negotiations on the supply and pricing of gas from sources outside the Community that the Commission should be consulted in order to apply the advantages of solidarity;
8. Notes that the application of this recommendation may lead to substantial profits accruing to those gas undertakings with access to cheap sources of gas; believes that such profits should not be applied to lowering tariffs but should be used for further investment in natural gas exploration, development and diversification of sources of supply, and for research and development of new technologies such as gasification;
9. Favours notification to the Commission by the Member States and gas undertakings when setting or changing their natural gas prices in order to make sure that these comply with Article 92 of the EEC Treaty;

10. Reminds the Commission of its statement¹ that it was considering the establishment of a system in conjunction with the gas industry for communicating average prices for representative groups of consumers;
11. Emphasises the need to monitor and evaluate the effect of this recommendation and in the light of such an evaluation the Commission should be prepared to consider proposing further Community legislation in due course;
12. Urges the Member States and natural gas undertakings to cooperate fully with the Commission in providing the necessary information for transparency purposes and in reviewing pricing issues in each Member State;
13. Requests the Commission, accordingly, to report to the European Parliament on developments in the market for natural gas in the Community within two years of the adoption of the present draft Recommendation;
14. Subject to the amendments to the proposed Recommendation which are attached, approves the Commission's proposal.
15. Instructs its President to forward to the Council and Commission, as Parliament's opinion, the Commission's proposal as voted by Parliament and the corresponding resolution.

¹ COM(82)651, 19.10.82

EXPLANATORY STATEMENTI. INTRODUCTION

1. The present report relates solely to the specific issue of the draft Council Recommendation on the methods of setting natural gas prices and tariffs in the Community currently being proposed by the Commission¹.

2. In the course of 1983, the European Parliament will be asked to pronounce on a general report on natural gas policy in the European Community. This will be an own-initiative report drawn up on behalf of the Committee on Energy and Research by Mr ROGERS on the basis of a Motion for a Resolution tabled by Mr PURVIS and Mr SELIGMAN².

3. It would be wrong for the present report to pre-empt any of the conclusions concerning the general natural gas situation in the Community which Parliament may reach as a result of its consideration of the ROGERS report. Accordingly no general analysis of the situation would be presented here. This explanatory statement will confine itself to certain observations concerning the market for natural gas in the Community, and to comments on the Commission's proposal³.

II. THE MARKET IN NATURAL GAS

4. The market in natural gas presents important peculiarities which distinguish it from the markets in other fuels.

5. To begin with, a comparatively complex and expensive infrastructure is ordinarily needed for the transport and distribution of natural gas. Energy is required for the transport of gas through pipelines, which can make the use of natural gas uneconomic if supply lines are too long, or if consumption is not consistently at a high enough level to warrant the cost of transport.

¹COM (82) 603 final

²Doc. 1-653/82

³Attention is drawn to a number of other relevant Commission documents. Details are set out in the Annex to this report.

6. Therefore many of the ordinary characteristics of a market are lacking in the case of natural gas. For example, one cannot speak of a spot price for natural gas, because of the physical and practical constraints on the trade in, and distribution of this fuel. In many cases there is only one feasible purchaser, and that is the consumer who is already linked up by pipeline to the source of supply.

7. Thus the pricing of natural gas is normally a matter of setting tariffs for consumption or contracts between the supplier and the consumer.

8. Gas is used in a number of different ways, notably (i) as an industrial fuel (ii) as a domestic fuel, and (iii) as a raw material in the chemicals industry. From this, and from what has already been said, it can be seen that the purpose, nature, scope and size of gas contracts will inevitably vary very widely. Consequently a tendency must be expected for prices to vary from one situation to another.

9. Another dimension of the gas market picture in the European Community is provided by patterns of supply from indigenous resources, on the one hand, and third country imports, on the other.

10. The largest producer of natural gas in the Community is the Netherlands, which has tended to account for almost exactly 50% of Community production. The only other major producer has been the United Kingdom, with about 25%. The major actual or potential sources of supply from outside the Community are Algeria, the Soviet Union and Norway.

11. The creation of a world market for natural gas is severely limited by three factors; (i) the number of countries which both possess reserves of natural gas and are equipped to exploit and distribute these reserves is limited; (ii) because of the expense of creating the infrastructure for the distribution of natural gas in the country where it is going to be consumed, large scale consumption of natural gas is mainly restricted to the industrialised countries of North America, Europe and the Far East; (iii) difficulty and expense of transport further reduce the number of countries available to supply natural gas to the major consumer countries.

12. A further dimension to the market situation in the European Community is provided by the general conviction that reserves of natural gas, which is inevitably a dwindling resource, should not be squandered. The desire of countries like the Netherlands and the United Kingdom to conserve this resource is an additional reason for supplies of natural gas being imported into the Community from third countries.

13. All the considerations cited above mean that the natural gas market in the Community is characterised by disparate and heterogeneous price and tariff structures.

14. As regards the internal Community market there is the problem that disparities in price and tariff structures can, and indeed do cause distortions of competition within the common market.

15. The explanation that has been given above for the existence of these disparities in itself suggests that they will be very difficult to remove. They do not exist without cause, and it may be that in certain cases they are the natural consequence of circumstances over which the Community has no control.

16. Even if this is true, however, it has yet to be demonstrated. One of the characteristics arising from the heterogeneity of the Community natural gas market has been a lack of transparency in the setting of prices and tariffs. That is to say, there has been a lack of the reliable and detailed information which is a prerequisite for making sensible comparisons between the various prices and tariffs in force.

17. A further complicating factor has been the existence of competing philosophies of gas pricing. One approach would be to base the price on the actual cost of production and distribution. Another school would tie the price of natural gas to the price of oil. The Council in previous Resolutions has tended towards the latter approach.

III. THE DRAFT RECOMMENDATION

18. The draft Recommendation is only a recommendation and not a directive, i.e. does not legally bind any Member State or gas undertaking. Yet agreement by Member States to this recommendation would be a statement of policy by all governments of the Community and any government which in practice operated a different policy would be liable of the accusation of inconsistency.

19. It must be emphasised that the Commission is not seeking to establish common prices. Rather it is seeking harmonisation of the principles on which tariffs are set.

20. However, these principles, it is hoped, will not only bring a measure of order to natural gas prices in the Community but also help to ensure that these are consistent with certain general energy policy objectives: diversification of resources, rational use of energy and energy conservation. These are objectives which the European Parliament has repeatedly endorsed.

21. In its proposal, the Commission commits itself to the two-part tariff system. This consists of one fixed component intended to cover fixed costs, in particular that of permanent connection to the network, and another, variable component, related to the quantity of gas supplied. The Commission's proposal, however, does not take sufficient account of the fact that the fixed costs can become proportionately much less significant for large consumers than for small ones. Where large quantities of gas are being consumed and the fixed costs are therefore only a minor proportion of the cost of the gas used, the importance of the two-part tariff principle is correspondingly reduced.

22. The proposed Recommendation is not restricted in scope to natural gas tariffs alone. It covers all natural gas prices including, by implication, those set in contract sales. It would have been better, however, if the Commission had made explicit reference to contract sales in the draft Recommendation, because of the large value of natural gas for which they can account.

23. Admittedly, it was a conscious decision by the Commission to concentrate on the ideal of common tariff structures, which, it felt, would "help to make the supply conditions more homogeneous and facilitate more consistent price formation within the Community". Nevertheless it is still regrettable that the Commission has not taken the opportunity to be rather more specific about some of the principles which it would like to see guiding negotiated contract sales of natural gas.

24. At the very least, there could have been a reference in the draft Recommendation to the need for the Commission to be given systematic data concerning the terms of gas supply contracts. In some cases it is true a Member State government as such would not be able to supply such data and in others it might not wish to do so, nor, under the terms of a Recommendation would it be bound to furnish it. However, in its Communication on "Energy pricing - policy and transparency"¹ the Commission specifically stated that it currently received "no information of any kind" on the price at which suppliers acquired gas under these contracts nor on the costs of handling and distribution. In the light of this, it is surprising that the draft Recommendation does not make at least some reference to the desirability of supplying the Commission with at least some data.

¹COM ((81) 539 final

25. One of the hazards of trying to bring some uniformity to the structure of tariffs and prices in the natural gas market is that, because of the varying conditions in which gas undertakings operate, the exercise may result in certain of them making large profits, with the affect that they will be tempted to lower prices and thus undermine the common structure.

26. Bearing in mind the overall energy policy objectives of the exercise, and not least the aim of husbanding a valuable energy resource, such profits ought to be invested in further exploration and development of natural gas.

27. While the proposed Recommendation is to be welcomed as a move in the right direction, it must be remembered that it is only a first step on the way to solving a difficult and important problem. The danger of distortions of competition caused by the application of artificial low tariffs occurring in the common market as a result of the lack of a common natural gas tariff structure is a real one. In the document on energy pricing just quoted, the Commission stated that "in some extreme cases, state aids which appear to be incompatible with the common market as understood in the sense of article 92 of the Treaty are paid to individual groups of energy consumers," and it instanced the case of the horticultural industry in the Netherlands, which is an important consumer of natural gas.

28. Situations of this type cannot be tolerated and although the Commission has been right, in such cases, to open proceedings in accordance with article 93 of the Treaty, recourse to the European Court of Justice alone will not solve the problem. The establishment of a fair and transparent price and tariff structure is the indispensable ultimate objective.

29. At the same time the illusion should not be encouraged that any progress that may be made towards achieving a more rational and equitable market for natural gas in the Community will necessarily mean lower prices. The problem to be dealt with is not the general level of gas prices but arbitrary variations in particular price and tariff levels which give rise to distortions of the competitive situation in the common market. That natural gas is indeed not becoming cheaper is indicated by prices being paid for supplies from third countries.

COMMISSION DOCUMENTS:

Proposal from the Commission of the European Communities to the Council for a draft Recommendation on electricity tariff structures in the Community, 21.7.1980 (Doc. 1-337/80).

Communication from the Commission to the Council and draft Council resolution on energy pricing - policy and transparency, 1.10.1981 (COM (81) 539 final).

Communication from the Commission to the Council concerning natural gas, 1.10.1981 (COM (81) 530 final).

Communication from the Commission to the Council concerning measures to enhance the security of natural gas supplies to the Community, 15.2.1982 (COM (82) 45 final).

Communication from the Commission to the Council on Community natural gas supplies, 15.10.1982 (COM (82) 653 final).

Communication by the Commission to the Council on energy pricing developments in Community policy 1981-82, 19.10.1982 (COM (82) 651 final).

O P I N I O N

of the Committee on Economic and Monetary Affairs

Rapporteur: Mr BEUMER

On 23 November 1982, the Committee on Economic and Monetary Affairs appointed Mr BEUMER draftsman of the opinion.

The committee considered the draft opinion at its meeting of 24/25 January 1983. It adopted the conclusions on 25 January 1983 with 2 abstentions.

The following took part in the vote: Mr Moreau, chairman; Mr Hopper, vice-chairman; Mr Deleau, vice-chairman; Mr Beumer, Mr Albers (deputizing for Mr Walter), Mr Beazley, Mr von Bismarck, Mr Caborn, Mr Carossino (deputizing for Mr Fernandez), Mr Franz, Mr Leonardi, Mr Moreland (deputizing for Miss Forster), Sir Brandon Rhys-Williams and Mr Rogalla (deputizing for Mr Mihr).

1. The importance of energy pricing as an instrument for implementing energy policy - and also economic and industrial policy - is clear, given the impact that energy prices have on economic and industrial development. The need for a common approach to energy pricing has also been recognized by the Council in recent years. This was in fact what prompted the Commission's communication to the Council on 'Energy Pricing - Policy and Transparency' (COM(81) 539 final). The draft recommendation discussed here, which applies specifically to gas, should be viewed in the context of this general communication and in the light of the Council's call at its meeting of 16 March 1982 for studies on the fuels in each sector and for detailed proposals to be submitted.

2. The general principles to be followed when setting energy prices, which are embodied in Council decisions and set out clearly in the Commission's communication to the Council on energy pricing - developments in Community policy 1981/82 (COM(82) 651 final), are as follows: the need for realistic pricing; the need for unity of the common market; and the transparency of energy prices.

3. Realistic pricing means that consumers must bear the full cost of supplying them with energy. Partly to combat the energy shortage, prices should in fact be kept at such a level as to discourage excessive energy consumption. As the Council stated in its conclusions of 3 December 1981, energy prices should not be held at artificially low levels, thereby distorting the market. In the document under discussion, this principle is formulated specifically for natural gas. A realistic price here is a price that should be aligned with those of competing energy sources and should cover overall costs. Too low a price involves the risk that optimum use will not be made of limited natural gas resources and that waste will occur as a result of the stimulating effects of low prices on consumption.

This principle is rightly embodied in paragraph 1 of the recommendation. However, it has to be stated that a number of countries currently have natural gas prices that diverge considerably from the prices charged for fuel oil. This is the result of social policy, anti-inflation policy, industrial and regional policy, and certain energy objectives. Amongst other things, such a pricing policy boosts energy consumption and creates distortions to competition. The Committee on Economic and Monetary Affairs is therefore

pleased to note that the draft recommendation unambiguously states that:

'Prices which are artificially low in relation to the market situation and to costs, having the effect of subsidizing certain classes of consumption or certain uses and/or of encouraging waste, should not be charged'.

The implementation of this principle will require substantial modifications to natural gas policy in a number of Member States. One may therefore ask whether this principle, together with the recommendation as a whole, will in fact be observed in the various Member States, given that a Council recommendation is not binding. It might be more practical to have provisions that were less far-reaching, but had legal force to back them up.

4. The slowness of gas prices to adjust is also a sign of a non-realistic pricing policy. As far as large users are concerned, this inertia is due to supply contracts with fairly inflexible provisions for price adjustments. With public tariffs on the other hand, adjustments to prices usually require the approval of political bodies and are invariably delayed as a result. Paragraph 2 of the draft recommendation is intended to deal with this situation:

'Natural gas pricing methods should be designed in such a way as to enable natural gas prices to adjust rapidly to changes in the competitive situation on the market and to trends in costs, particularly the cost to gas undertakings of acquiring gas; changes in such costs should be passed on in the sales tariffs without delay'.

5. Charging artificially low prices and subsidizing energy consumption distorts competition and prevents the creation of a common market, running counter to the objectives consistently pursued by the Committee on Economic and Monetary Affairs. Article 92 of the EEC treaty expressly prohibits the granting of aids that distort competition and affect trade between the Member States. The charging of artificially low energy prices to industry comes under this heading.

6. To ensure realistic pricing and prevent distortions to competition with respect to natural gas, the principles outlined above are supplemented by the following provisions: a two-part tariff system for categories of consumers with homogeneous characteristics; for other categories of consumption, some measures designed to pass on the actual cost of supplying a given consumer's needs; finally, to optimize the use of existing capacity, special tariffs and prices for contracts with arrangements for the interruption of supplies.

At first sight, these principles appear to meet the objectives pursued by the Committee on Economic and Monetary Affairs - the rational use of energy, fair competition and the creation of a common market. However, the Commission only provides an extremely brief explanatory memorandum and does not in any way appear to base its proposals on a study providing a thorough analysis of the natural gas market to assess the impact of the proposed principles. Such an analysis is however needed to ensure that these principles have the desired effect. The Commission is therefore asked to initiate such a study without delay and to submit a proposal on the basis of the results for more concrete action at a later stage.

7. The Commission should be urged to maintain constant surveillance over energy prices, particularly those for natural gas, to ensure that they do not conflict with Article 92 of the EEC Treaty. Action must be taken before prices and tariffs are fixed, since, if a price or tariff is found to be incompatible with the Treaty's aid rules after it has already been fixed, a number of consumers may have already taken the wrong investment decisions on the basis of a low energy price and would have problems if this price were changed to bring it into line with the rules of the Treaty. A case in point is the energy subsidy given to the Dutch horticultural industry. This arrangement has been declared incompatible with Article 92 of the EEC treaty and its withdrawal threatens to bankrupt a not inconsiderable number of Dutch horticultural undertakings.

8. This brings us to the basic principle of transparency. This presents a number of problems in the natural gas sector, particularly in relation to the prices charged to large industrial consumers. As there is no tariff system here, with prices being fixed in individual contracts and dependent on the

conditions of supply, and as an arrangement restricted to tariffs would thus only cover a limited part of the natural gas market, the inclusion of 'natural gas prices and tariffs' in the title of the recommendation is certainly necessary. However, one may ask why the Commission's draft recommendation for electricity - to be sure, a sector with a somewhat more transparent pricing policy - does not refer to 'tariffs and prices', as for natural gas, but is limited to 'tariff structures'.

9. The transparency of prices fixed in individual contracts in no way means that the content of each separate contract must be disclosed. Trade secrecy must be respected at all costs and a suitable solution would seem to be a 'system for communicating average prices for representative groups of consumer' in conjunction with the gas industry, which the Commission mentioned in its recent communication to the Council on energy pricing developments in Community policy 1981-1982 (COM(82) 651 final). In the draft recommendation discussed here, however, the Commission confines itself to proposing '(c) that they (i.e. the Member States) ensure that natural gas prices are characterized by the greatest possible degree of transparency and that prices and costs to the consumer be made public as far as possible'. This is rather vague and non-committal and certainly does not meet the requirement referred to above for the Commission to be given prior notice of the setting or modification of prices in order to ensure that there is no conflict with the rules of the Treaty regarding State aid.

10. As mentioned above with particular reference to the Dutch horticultural industry, the publication of average natural gas prices is not enough in itself. Before prices are fixed or changed, the Commission should be notified so that it can rule in advance on the compatibility of the new prices with the provisions of the Treaty. The draft recommendation is extremely vague on the need for transparency and in no way provides for prior notification of the Commission on pricing.

11. Broadly speaking, the Committee on Economic and Monetary Affairs holds that the principles set out in the draft recommendation form a first step towards a coherent energy pricing policy in the Community. They are however

rather vague and, as they are contained in a recommendation, fairly non-committal. The next step should therefore be to lay down more concrete and binding principles based on a thorough analysis of the natural gas market. This should also consider other price-related measures, especially fiscal incentives.

CONCLUSIONS

12. The Committee on Economic and Monetary Affairs

- (a) underlines the need for an energy policy that will ensure fair competition among the Member States and will help to create a true common market;
- (b) observes that the rational use of energy is essential for limiting the balance of payments deficit and for the future economic development of the Community; stresses therefore that the structure of energy prices should not be such as to stimulate consumption; to this end approves of the proposed two-tier tariff system provided that the variable price element is under no circumstances allowed to decrease as consumption increases;
- (c) believes that the proposed draft recommendation is a first step in the right direction, although the impact of the proposed principles cannot be assessed properly owing to the lack of a thorough analysis of the natural gas market;
- (d) therefore calls upon the Commission to perform such an analysis without delay and, on the basis of this analysis and the experience gained with the principles now being proposed, to submit proposals for a later stage containing less vague and more concrete directions, which should be set out in a more legally binding form than a recommendation;
- (e) urges the Commission to monitor constantly that Article 92 of the EEC Treaty is being observed when natural gas prices are fixed and that no aid is granted that would distort competition;
- (f) is in favour of prior notification of the Commission by the Member States when setting or changing their natural gas prices in order to make sure beforehand that these comply with Article 92 of the EEC Treaty;

(g) believes that the provisions designed to improve the transparency of natural gas prices are vague and inadequate and reminds the Commission in this connection of its statement that it was considering the establishment of a system in conjunction with the gas industry for communicating average prices for representative groups of consumers.

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