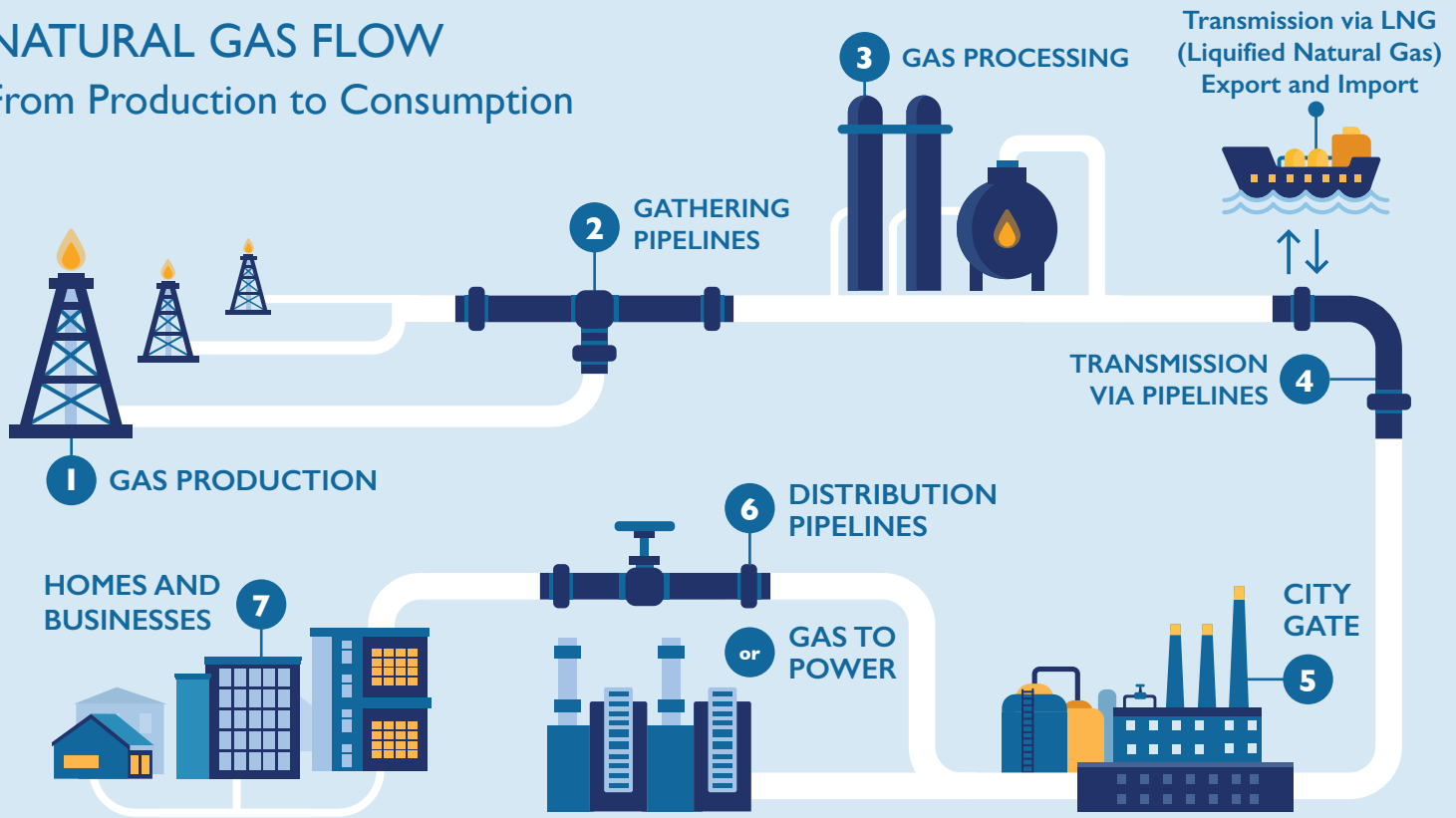


# DEVELOPING NATURAL GAS

## INFRASTRUCTURE & MARKETS

### NATURAL GAS FLOW

From Production to Consumption



## Steps for Regulatory Reforms

### Infrastructure Investment Incentives

- Cost/benefit analysis and risk assessment
- Regulatory certainty
- Transparent and consistent review, approval, and licensing process
- Long-term demand forecasts

### Developing Wholesale and Retail Natural Gas Markets

#### Day 0: Getting Started with a Wholesale Market

- Multiple Sources of Gas Production/Fuel Source Diversity
- Unbundling of Gas Production from Transmission
- Unbundling of Transmission from Storage and Distribution
- Non-discriminatory/Open Access to Transmission Pipeline Capacity and Storage
- Common Reliability Standards (Network Code) for all Transmission Pipeline System Operators in the Region
- Natural Gas Quality Standard

#### Day 1: Ramping Up a Wholesale Market

- Price Transparency of:
  - Just and Reasonable Capacity Contracts on the Pipelines (Fully Regulated)
  - Natural Gas Commodity (Fully Deregulated)
- Trading Platform for Pipeline Capacity and Commodity

#### Day 2 - Developing a Retail Market

- Unbundling of Distribution from Retail Supply of Natural Gas
- Non-discriminatory/Open Access Retail Supply Tariff
- Clearly Defined Retail Supplier Certification Process (Financial, Technical, and Managerial Capability)
- End Users' Choice of Retail Suppliers and Contract (Price/Term) Type
- Retail Market Monitoring and Mitigation against Anti-Competitive Marketing Practices