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 Agency for the Cooperation
of Energy Regulators

3rd ACER Gas Target Model Workshop

3rd ACER GTM workshop, Brussels, 15 May 2014

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Opening

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- Introduction – regulators' strategic work
- Gas retail market functioning and gas specific aspects
- Functioning wholesale gas markets
 - Objective and criteria
 - Functioning forward markets
 - Market enhancement
 - Market integration
- Upstream competition and security of supply
- New usage of gas - promoting gas in transport
- Role of gas in complementing RES electricity generation
- Conclusions

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1. IEM in gas - Regulators' strategic work

Walter Boltz

ACER BoR Vice-Chair and ACER Gas Working Group Chair

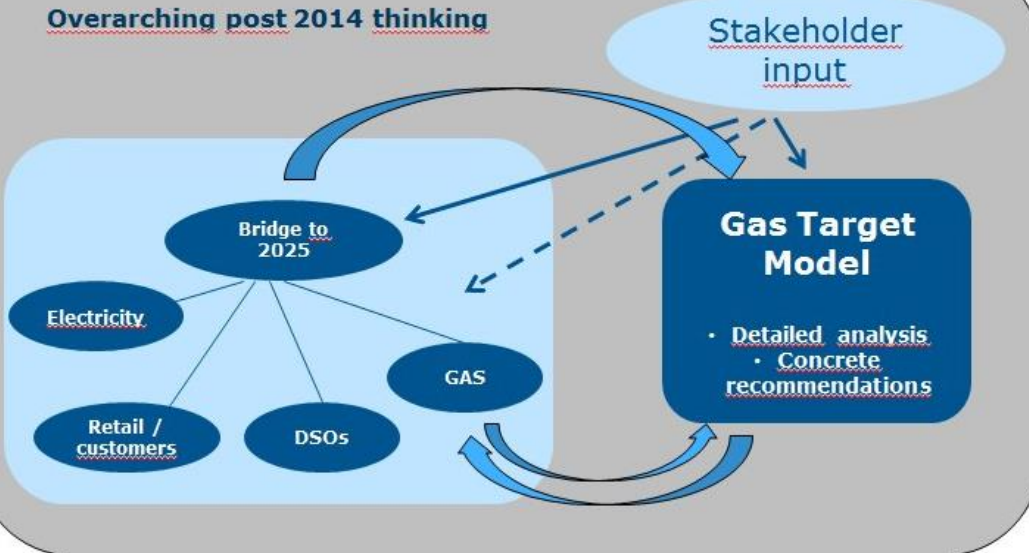
3rd ACER GTM workshop, Brussels, 15 May 2014

- Main priorities:
 - » **Implementation** of the 3rd Energy Package
 - » Development and implementation (of Framework Guidelines and) Network Codes
- 2014 deadline for the IEM completion is soon approaching.
→ Need for strategic thinking on post-2014 aspects
- ACER develops a vision: “**Energy Regulation – A bridge to 2025**” – overarching strategy on key factors, challenges and possible responses for the coming years to 2025
- Part of this work is the enhancement of the electricity and **gas target models**

Bridge paper analysis



Overarching post 2014 thinking



Our major **focus** and commitment remains:

- **3rd Energy Package** implementation; and
- Development and implementation of **FGs / NC**

2014 deadline for the IEM completion is soon approaching

→ Need for **strategic thinking on post-2014** aspects

We are developing a **vision: "Energy Regulation – A bridge to 2025"** – overarching strategy on key factors, challenges and possible responses for the coming years to 2025 (in consultation).

Part of this work is the enhancement of the electricity and **gas target models**.



Background

CEER Vision for a European Gas Target Model

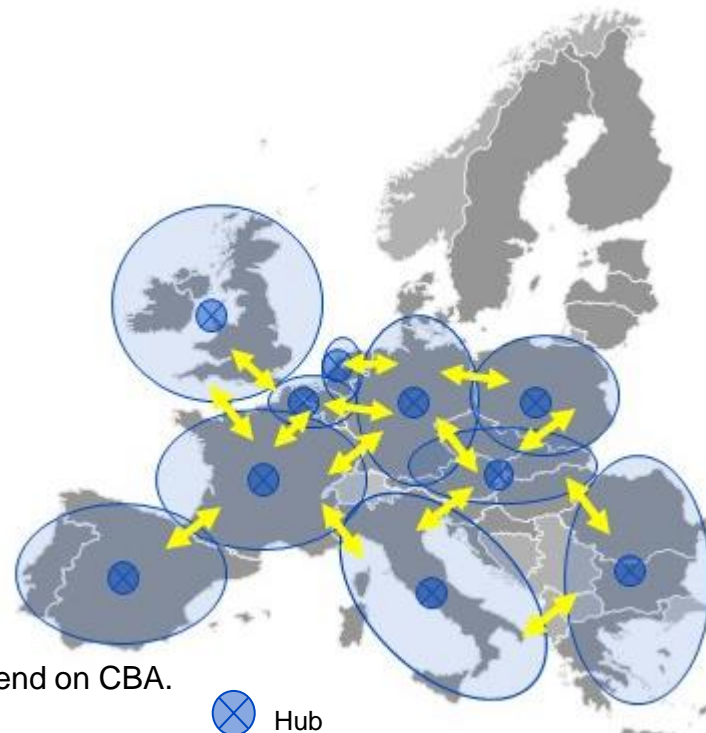
- Published in December 2011; developed with strong stakeholder support
- Approach: 3 pillars and recommendations



Vision for the 1st GTM in a nutshell

- Liquid hubs with sufficient and efficiently used infrastructure
- Functioning markets in all of Europe
- Ensure that gas flows to Europe
- Served as guidance for the FG/NC development

* Zones drawn for illustration. Size of zones will depend on CBA.



Approach: ACER is developing the update of the GTM

- Based on studies and analysis of specific areas – currently running
- In exchange with stakeholders
- Why an update?
 - Major changes of the gas market
 - Demand outlook changed
 - Flexibility role questioned

External contribution: expert advise and stakeholder input is key:

- ACER informal advisory panel (17 members from European associations, industry, traders, consumers, academia, EC as observer; 3 meetings)
- Stakeholder workshops and input (3 stakeholder workshops: 8 October 2013, 19 March and 15 May 2014; FSR academic workshop on GTM: 13 March 2014)
- Round table discussions
- Input through Bridge process and consultation



1st ACER GTM workshop – 8 October 2013

- Agreement among participants:
 - Priority: 3rd Package implementation, including development and implementation of Network Codes
 - Changes and improvements could become necessary → Given the long lead times of legislative measures, we have to start thinking ahead now
 - Need to assess and define the additional areas where possible additional (regulatory) measures are necessary
 - Consensus that the integrated European energy market can bring benefits – at the same time costs should be also analysed

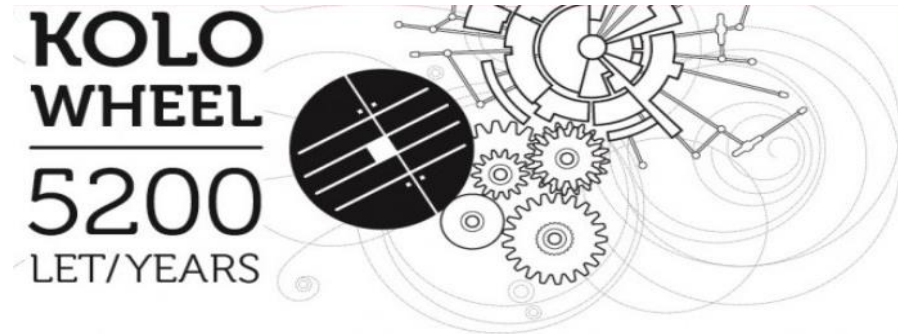
FSR Gas Target Model Workshop – 13 March 2014, Brussels

- With the participation of academia, FSR sponsors, NRAs

Discussing

- Staking out the goal of functioning gas wholesale markets
- Status and update of the GTM pillars 1 and 2
- Forward market functioning
- Evidence from price correlations btw markets: what does it mean?
- Can business requirements be met by current markets?
- Market connection as a booster and / or replacement of functioning home markets?





2nd ACER Gas Target Model Workshop – 19 March 2014, Ljubljana

- Ca. 50 participants at ACER
- Discussions in particular on
 - GTM1 criteria,
 - forward market functioning / wholesale market functioning
 - Congestion management; and
 - retail competition in gas, also compared to the situation in electricity
- Stakeholders' written input received following the workshop

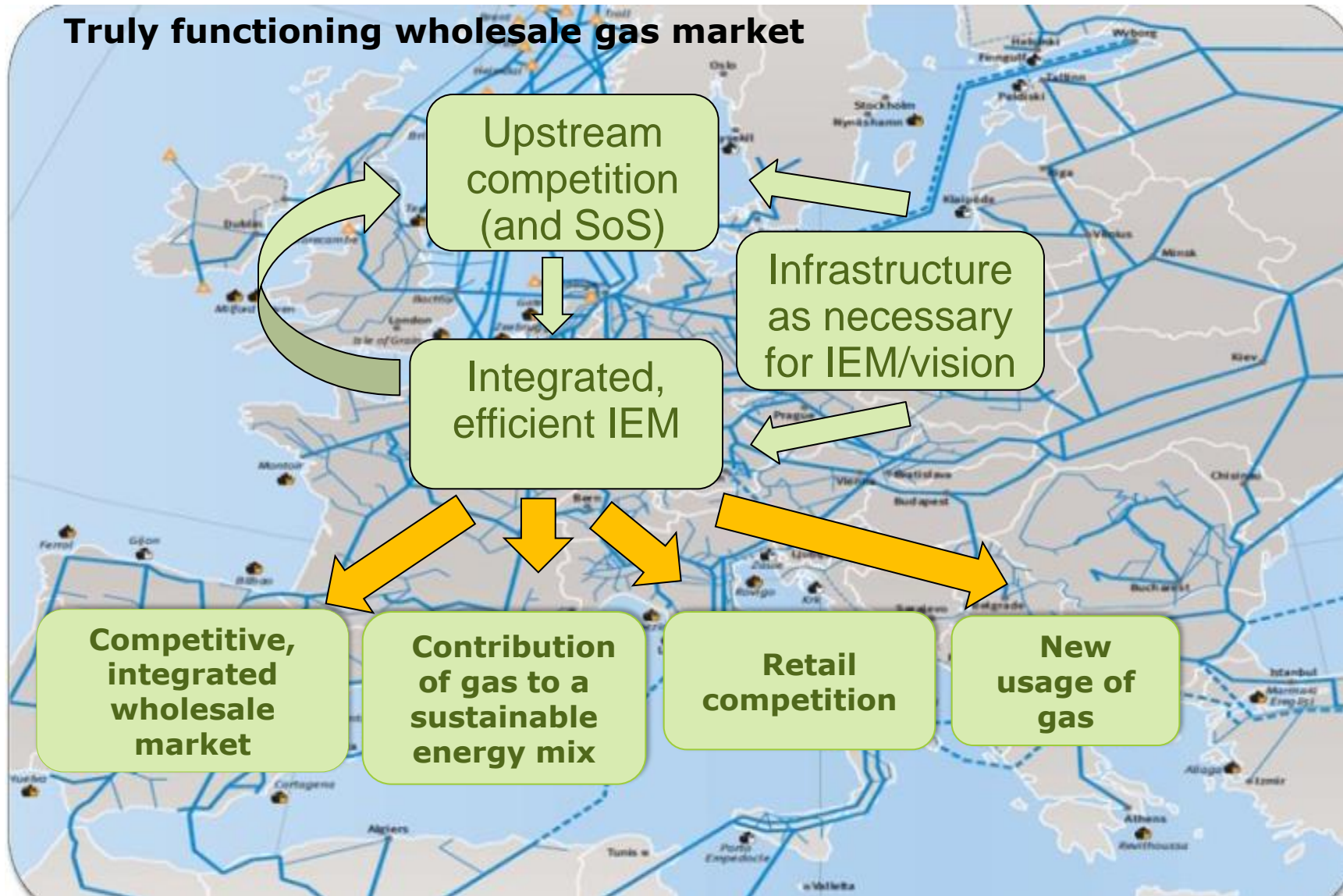
Next steps

- In the frame of regulators' strategic work „Energy regulation – A bridge to 2025“ the Green Paper was launched for public consultation between 29 April-16 May 2014 – final „Bridge“ document to be published in September 2014
- 3rd ACER GTM workshop, 15 May 2014, Brussels
- Final GTM to be published in September/October 2014


Stakeholder feedback is invited

- This workshop is web streamed
- Presentations will be published on the ACER website shortly

Truly functioning wholesale gas market



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**Thank you for
your attention !**