



# **European Gas Market target model – initial reaction**

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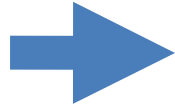
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# EU energy policy implications

## Policy objectives:

- Sustainability
- Security
- Competition



- Renewable generation
- Gas market integration



## Gas implications

More local flexibility  
More cross-border flexibility



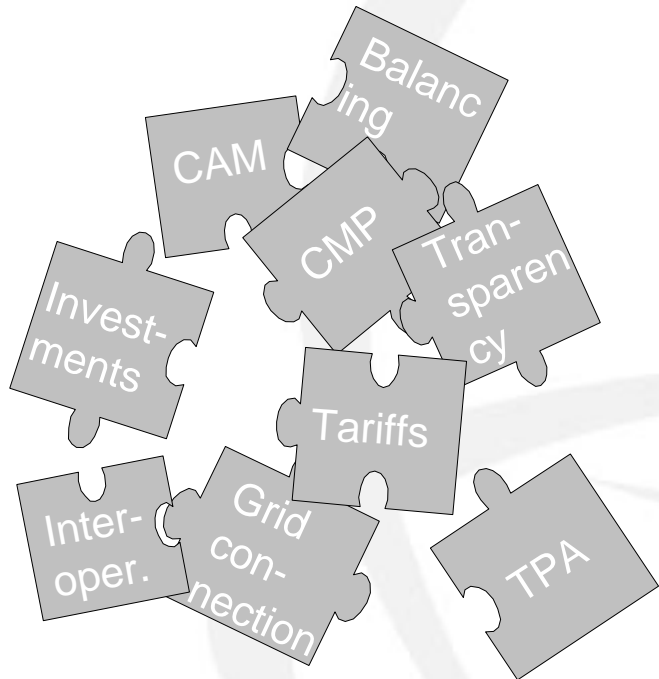
- More and intermittent gas generation
- Increased cross-border gas flow
- New gas flows to compensate indigenous decline

Changing requirements may influence

- system design,
- network access arrangements, and
- system operation

# Objective of an European Target Model

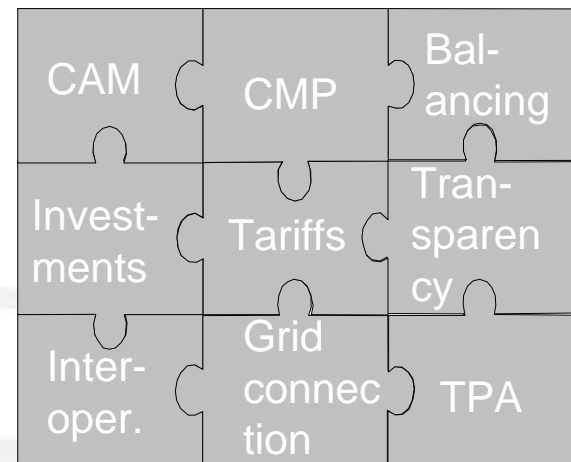
Different areas for harmonisation



?



Single European Gas Market



Clear picture of the future gas market with its key principles needed to streamline relevant Network Codes accordingly

# Target model role

## Goal to:

- define blueprint for the single European gas market
- inform development of individual framework guidelines and network codes
- ensure coherence, avoid inconsistencies and inefficiencies between codes
- facilitate development of scope of each code development

## Fit with Third Package

- Top level design to inform subsequent Third Package processes?

## Timeline

- Sufficiently fast target model development to inform developments without delays



# Target model definition

## Specificity

- To be informed by opening project phase

## Structure of European Gas Market Framework

- Investment – new regulatory framework to deliver new EU energy policy
- Market rules – enabling easier network access and market integration
- Technical and operational rules – to support system operation/interoperability

Target model must deliver blueprint to ensure coherence and timely delivery of a set of rules to deliver net benefits from a fully functioning gas market and a balanced risk sharing between all market players

# Target model development process

## Main actors collaboration essential

- Member States
- ACER (EREG)/NRAs
- ENTSOG/GIE
- System users and consumers
- Producers

## Other inputs

- Electricity regime experience
- Other gas regime experience and European learning

Target model should reflect underlying scope for market efficiencies and reflect the physical reality of gas transmission

# Risks to be avoided in the current discussion

Details of  
framework  
guidelines

Discussion  
restricted on  
procedure

**Discussion on  
Target Model**

Lacking  
dialogue  
between  
stakeholders

Delays in further  
market integration

Target model should carve out the scope of future framework guidelines and not replace detailed discussions on them.



# Conclusions

Target model critical element to deliver coherent single European gas market

Target model should inform Commission's plan and priority setting

Target Model plan

- define scope during Q1 2011
- use Q2/Q3 2011 to define preferred policy options

Collaborative development necessary between

- Commission
- Member States
- ACER
- ENTSOG/GIE
- System users
- Wider stakeholders

to deliver a well defined model to ensure success of subsequent Third Package process

ENTSOG supports the development of the target model and will provide expertise on process and content where needed