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 Agency for the Cooperation
of Energy Regulators



ACER Recommendation on EU gas market in times of decarbonisation

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Director a.i.

Gas Bridge launch event

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Context:

Need to adjust gas regulatory framework to the new energy policy goals

Aim:

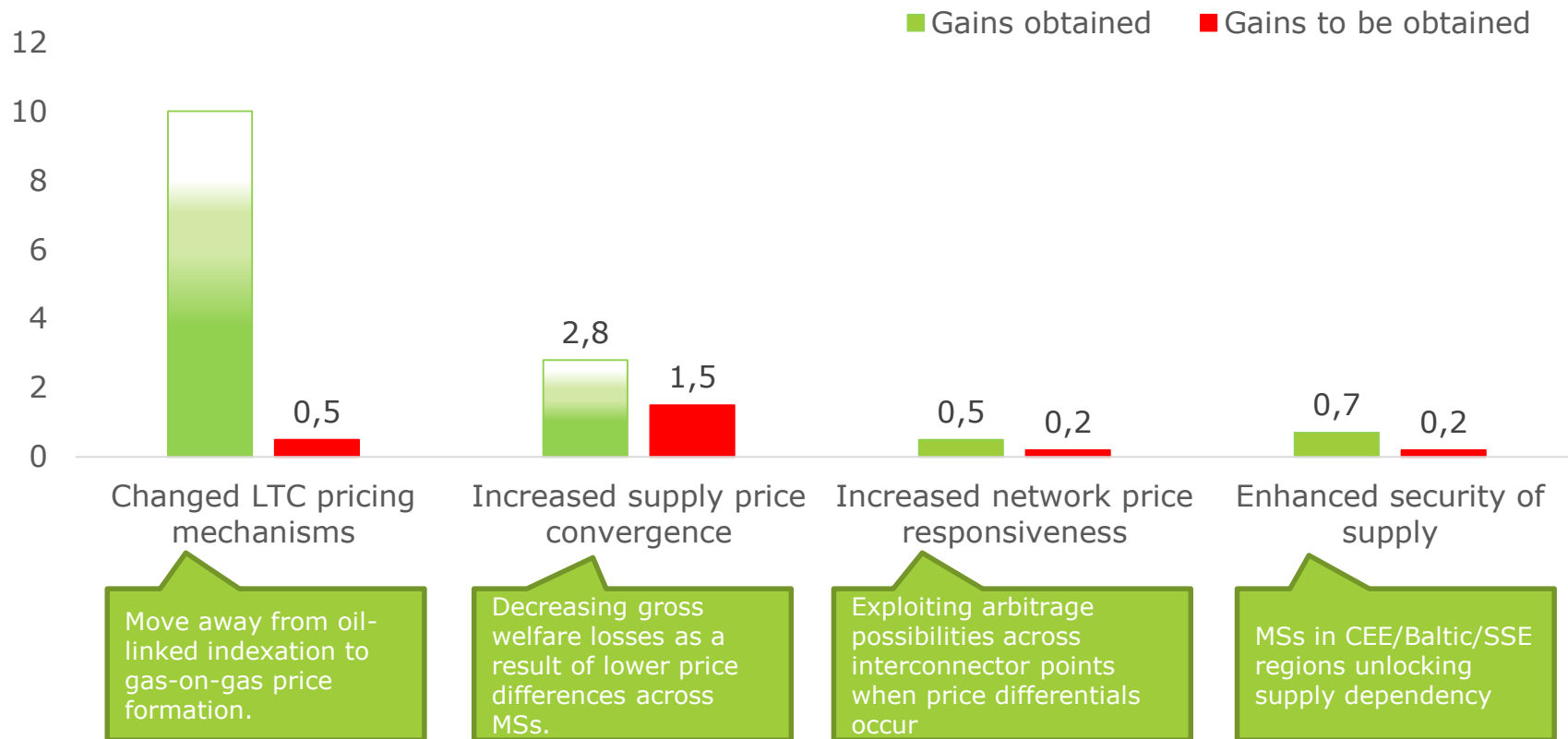
Support the EU institutions in identifying future challenges and appropriate measures for the gas sector after 2025



To become the world's first climate-neutral continent, Europe must reduce emissions further and faster, and by at least 50% for 2030. Given energy production and use accounts for 75% of the EU's emissions, energy will have a central role to play in the European Green Deal.

EU gas consumers saw tangible benefits from better functioning wholesale markets and could gain even more

Estimation of annual welfare gains since 2013 in billion euros for selected categories



The estimated gains of the various categories can not be summed up because they are interrelated

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- ACER Recommendation
- ACER – CEER Conclusions document
- Evaluation of Responses

Access and market monitoring

Governance of infrastructure and oversight of existing and new entities

Dynamic regulation for new activities and technologies

Transmission tariffs and cross-border capacity allocation

- The system of having ACER track **Gas Target Model indicators** to measure market performance should be **incorporated in EU law**, while the choice of metrics needs to be capable of change in line with evolving market conditions.
- Legislation should only specify the process, enabling **the Agency to update the metrics** after the usual public consultation.
- **Threshold values** for these metrics could be specified by the Agency in advance and then **used to indicate (as a screening mechanism) cause for concern** on market functioning grounds in the gas wholesale market.

- Scenarios need to be driven by the National Energy and Climate Plans.
- In order to test the robustness of proposed solutions, **energy-sector scenarios should be used to develop alternative, realistic pathways** which take into account the availability of efficiently produced “green” gases and to identify the related system needs.
- The choice of these scenarios and needs can materially influence the choice of investments, so should not be left to promoters of those investments. Therefore, **energy-sector scenario development and needs identification at EU level**, as a basis for the TYNDP, should be at least **subject to approval by ACER** but should not overwrite national approvals of the NDP.

- A parallel can be drawn with the approach for electricity storage and recharging stations for electric vehicles (CEP).
- **In general, TSOs and DSOs should be precluded from investing in potentially competitive activities.**
- Where the market is not bringing forth the needed investment, competitive tenders should be utilised.
- If this fails, then following careful analysis of the cost and benefits and of the effect on competition, **it should be possible to grant limited exemptions to TSOs and DSOs to invest in order to get the market started.**

- Broad agreement that **the current design does not seem to be causing major issues on a pan-EU basis.**
- Therefore the implementation of the Tariffs Network Code as well as monitoring its effects on the gas market in order to assess whether further measures are needed shall remain a priority.
- **There are concerns in some regions and legislative changes can unlock better regulatory tools to address any instance where cross-border tariffs become a barrier to trade** and where there is a risk of foreclosure of cross-border capacity.

Clara Poletti and Annegret Groebel will provide more recommendations and details.

Recommendation to be sent to the institutions.

The Agency will continue interaction with stakeholders.

Thank you for your engagement in the process!