

# Gas Target Model

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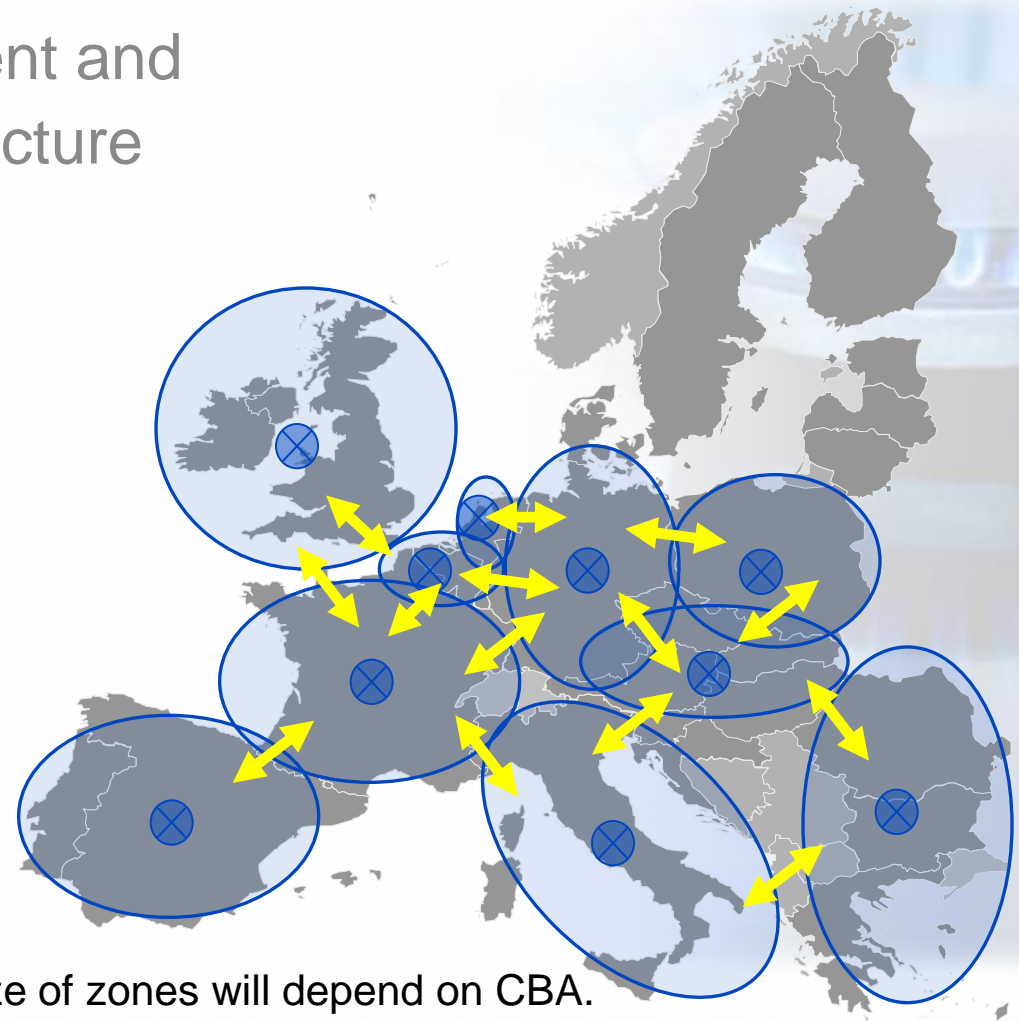
21<sup>st</sup> Madrid Forum, 22 March 2012

# Where we are

- Development of the Gas Target Model started after the 18<sup>th</sup> Madrid Forum
- Call for Evidence in 2010
- Five public workshops and one webinar
- Several stakeholder roundtables and bilateral discussions with stakeholders
- Public Consultation in 2011
- Publication of CEER vision in December 2011

# Vision for the GTM in a nutshell

- Liquid hubs with sufficient and efficiently used infrastructure
- Functioning markets in all of Europe
- Ensure that gas flows to Europe



⊗ Hub

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

# Vision for the GTM - 1

- Functioning wholesale markets in Europe
  - If a country is able to create a functioning market within the country itself
    - Market area
  - If a country is not able to create a functioning market within the country itself
    - Cross-border market area
    - Trading region
- Connected functioning wholesale markets in Europe
  - Explicit versus implicit allocations
  - How to value short term capacity?



# Vision for the GTM - 2

- Secure supply patterns
  - Short term trading will allow to respond to the growing need for flexible gas
  - Ensure that gas comes to Europe in the longer run
- Ensure that economic investments take place
  - e.g. regular “bidding” process for incremental capacity



# Recommendations

## 1. Creating liquid wholesale markets

- Prioritise full implementation of 3<sup>rd</sup> Package
- Assessment of market liquidity and degree of market integration within GRIs by 31 Dec 2012

## 2. Connecting markets

- NRAs to consider measures to improve the efficiency in the use of capacity by 31 Dec 2012
  - e.g. interconnection agreements, creation of market areas or trading regions. Report initial results by Sept 2014
- Assessment of implicit allocation measures.
  - Initial conclusions of pilot projects involving at least two MS by early 2013

## 3. Investment

- Develop proposals how to identify and integrate new capacity in 2012

# Work in GRIs

- GRI NW
  - Further work to be agreed within GRI NW
- GRI S
  - Assessment of possibility to establish one Iberian market done
- GRI SSE
  - Assessment of macroeconomic effects of cross-border market integration
  - Joint case study (Eustream, Net4Gas, CEGH and E-Control) on identification of possible implementation steps of the measures proposed in the GTM

# Next steps

- Further development of different Framework Guidelines and Network Codes in order to achieve the 2014 goal
- Identification of possible pilot projects in Gas Regional Initiative



The background of the slide is a light blue gradient with a faint, semi-transparent image of a high-voltage electricity pylon on the left and a gas burner with blue flames on the right.

Thank you for your attention!

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