

Statement on the occasion of the 27 Madrid Forum regarding the updated Gas Target Model

Madrid, 20-21 April 2015 • Europex appreciates the efforts done by ACER in updating the Gas Target Model (GTM) and the determination to search for a “**bridge**” towards a sustainable future for European gas markets. Europex is fully supportive for the completion of a competitive, efficient and secure European traded gas market. A careful and **non-intrusive** approach in terms of **Regulation** and market design **will achieve the most effective outcome**.

Frederick Bernthaler, Head of the Europex Working Group Gas Market (WGGM) stated: *“The primary goal remains the **complete and harmonised implementation** of the 3rd Energy Package incl. **Network Codes**. The intended evaluation of the GTM by NRAs will facilitate a better understanding of regional market functioning. In this context attention should be paid to uniform implementation by NRAs and reliability and time-horizon of the data used for evaluation.”*

As regards the New **Gas Target Model** the following points are of key importance:

- The **indicative & non exhaustive character** of the proposed **market-metrics** and the systematic inclusion of a **cost-benefit analysis** are positive elements.
- In the current state of market development, the choice of *TTF* and *NBP* as benchmark for well-functioning markets seems **unrealistic** and possibly misleading. Market assessment should rather be based on **qualitative evaluation** instead of (arbitrary) quantitative criteria. Experience shows that establishing large hubs takes time. 2017 could be **considered as too early** for NRAs to make a qualified judgment on future development.

- Notably (Regional) **Liquid Futures Market** will eventually develop but **cannot be created by Regulation**.
- Existing regulatory instruments such as **Financial Regulation, REMIT** and the oversight by NRAs are already complete and self-sufficient. **New Regulation** or structural market reform would not **create liquidity**. **Instead**, it could potentially cause **additional costs** for stakeholders and **end-users**.

Europex supports a harmonized structure of entry- / exit-zones and gas-hubs across Europe that serve traders and end-users in the most cost efficient way.

About: Based in the European quarter of Brussels, Europex is a not-for-profit Association of European Energy Exchanges, currently with twenty one members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets with regard to developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

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