



# Connecting Markets

## Status of the EU gas market, innovations in gas transmission sector

### TSO perspective

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# EU Internal gas market elements have been achieved

- All consumers have a choice to buy gas from different suppliers they choose via the existing networks ✓
- Separated production/supply/gas trade activities from network (transmission & distribution) activities ✓
- Independent regulators for electricity and gas established ✓
- Harmonization of technical standards, access to networks and others rules done. ✓
- Increased cooperation among transmission operators (ENTSOs) ✓
- Increased Security of supply ✓ However new infrastructure to interconnect SEE countries is still to be built..



# Achievements that contributed to the completion of the IEM on wholesale level

- Access to and use of cross-border capacity has been simplified and harmonized on EU level
- Contractual congestion at IP is not EU-wide issue that restrict access to markets anymore => **No significant barriers for cross border trades at most of the IPs**
- Liquidity at EU hubs has increased in past years, hub spreads differentials are at minimum levels since 2005 => **price convergence at EU hubs has significantly increased**
- => **Internal market with gas has been almost fully achieved**, one of few remaining parts is a full implementation of all gas Network codes



# Wholesale gas price convergence in the EU



Better market functioning

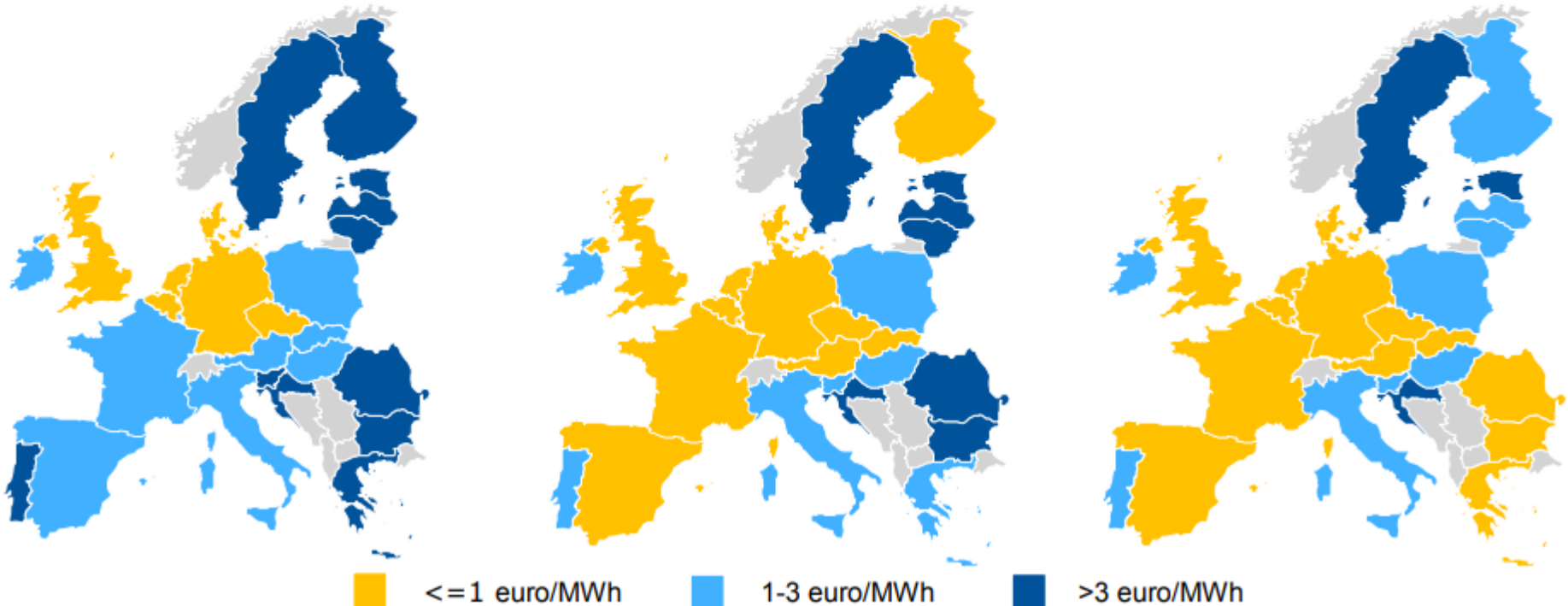
## Gas supply sourcing costs continue to decrease and converge

Calculated gas sourcing cost\* compared to TTF - estimates

2014: TTF = 23.7 € /MWh

2015: TTF = 21 € /MWh

2016: TTF = 15.5 € /MWh





# TSOs perspective: Gas as enabler of low carbon economy

## 1. Hybrid Energy System – sector coupling

- A Hybrid Energy System building on both electricity and gas systems as cross-border energy carriers is more efficient, resilient, sustainable as well as cheaper than an all-electric energy infrastructure. Need to ensure that interaction between the 2 systems is fully enabled.

## 2. Technology Neutrality

- All relevant existing and future technologies should contribute to the energy transition. Technology neutral regulation and subsidy schemes promote optimal investments

## 3. Green Gas Innovation

- Innovation in biogas and hydrogen is already taking place. However, an improved framework to promote green gases is needed to speed up EU energy transition. Active TSO involvement will provide an increased speed of transition.

## 4. New Gas Markets

- Transition to natural gas represents quick and relatively cheap climate gains by replacing coal and oil – addressing both CO<sub>2</sub> and air quality in general.

## 5. Product & Service Innovation

- Products and services of the TSOs should be addressing needs of customers, supporting efficient use of assets as well as promoting the energy transition – calling for more regulatory flexibility and room for development.



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**Thank you for your attention**

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