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# WHAT MODEL IS NECESSARY TO MAKE THE EU GAS MARKET MORE ATTRACTIVE AND COMPETITIVE?

**Ing. Jiří Gavor, CSc.**

Director of ENA,  
Director of Association of  
Independent Energy Suppliers





# WHY WE STUDY SO MUCH THE WINTER PACKAGE

Development on electricity markets was always a little bit in advance compared to gas markets.

Advantages of electricity:

- Much more sources
- More competition and better liquidity
- Universal “MUST” source

Both markets are closer and closer. Which final consumer now bother with oil indexed long-term contracts? Trading is similar and marketing, especially on retail markets, is practically identical.

What is going on electricity markets now, that will influence gas markets in the future. The faster adaptation, the better for gas.

# THE PHENOMENON OF RES

## 2020

- 20% of final energy consumption
- The Czech target already fulfilled, EU target (16% in 2014) probably to be met

## 2030

- 27% of final energy consumption
- Risks:
  - Heat pumps and PV + batteries probably outweigh gas boilers or small cogeneration in new family houses. New housing will be often “electricity only”
  - E-mobility probably outweigh CNG
- Opportunities: biomethane and particularly P2G and G2P technologies

# THE PHENOMENON OF ENERGY SAVING

## 2020

- 20%
- The EU target already fulfilled, the Czech target probably NOT to be met

## 2030

- 27% (or 30% ?!)
- Risks: inevitable decrease of heat and consequently gas for heat consumption
- Opportunities: better efficiency of gas technologies compared to coal

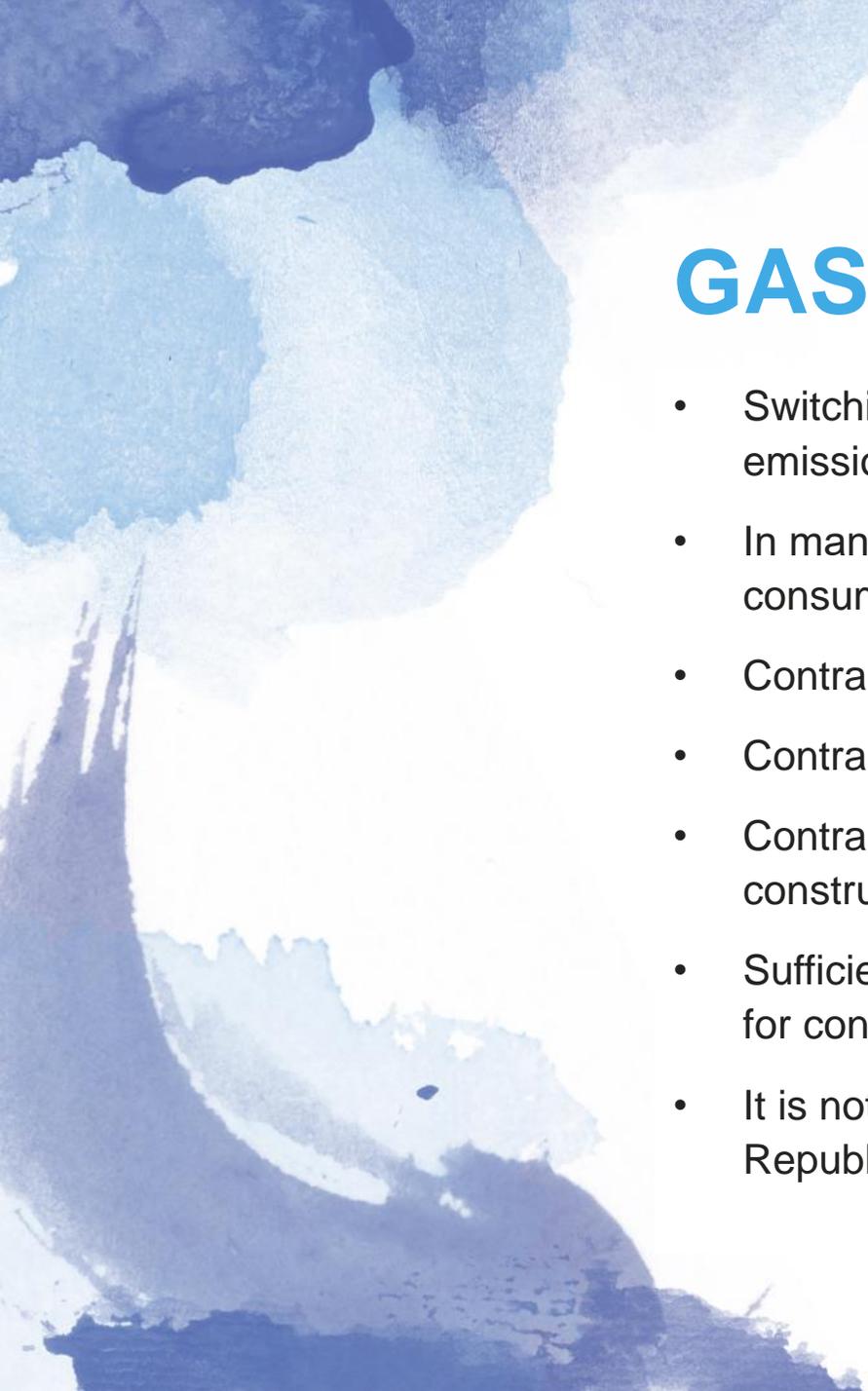
# THE PHENOMENON OF DECARBONIZATION

## 2020

- 20%
- The EU and Czech target already fulfilled, but some countries have serious problems

## 2030

- 40%
- Risks: Gas is also a fossil fuel. In a long term prospect, decarbonization will work against NG
- Opportunities: biomethane and particularly P2G and G2P technologies

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# GAS ADVOCACY

- Switching from coal to gas is a simplest and usually a cheapest way for saving emissions (USA versus Germany)
- In many cases existing fleet can be used (“sleeping” power plants, connections without consumptions)
- Contrary to nuclear, gas is a very flexible source with a good compliance with RES
- Contrary to nuclear, gas does not need a financial state support
- Contrary to nuclear, it is a simple and proven commercial technology with a short construction time
- Sufficient and a better diversified supply (LNG) means a better security and economy for consumers
- It is not only CO<sub>2</sub> what is important – air quality is a big problem not only in the Czech Republic

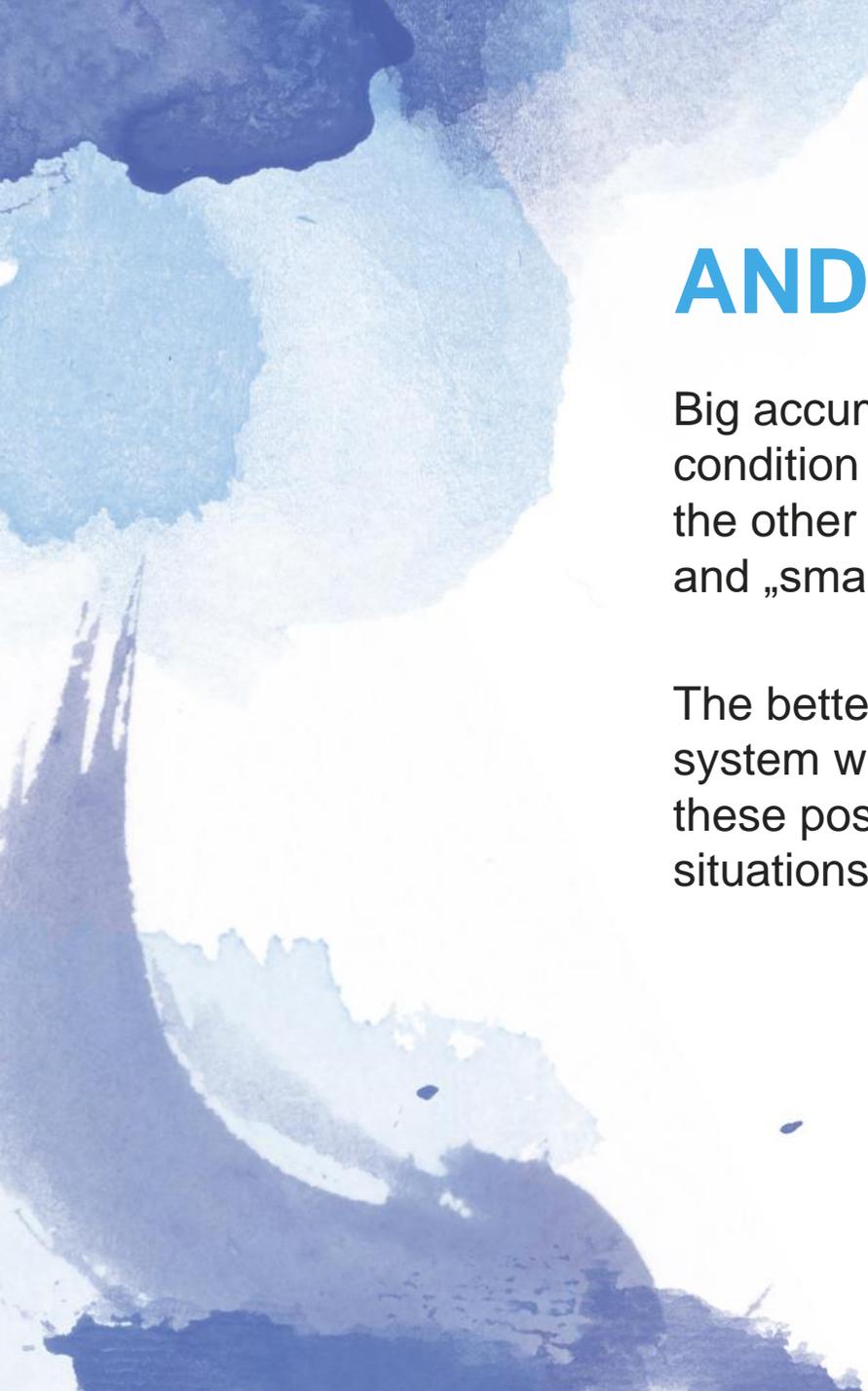
# STRICTER EU ENVIRONMENTAL LEGISLATION

New emission limits will bring a competition advantage for gas sources.

LCPD, IED (2016): approximately a half of 150 GW of coal capacity in EU has some form of derogation from IED.

And now new BREF and BAT (2021) is coming!

Stricter limits, new pollutants (HCl, HF, Hg), impact on more than 100 plants with thermal output above 300 MWt. Additional investment nearly 2 bil.EUR only in CR. Increase of operating cost up to 7 EUR/MWh.



## AND FINALLY SOME WARNING ...

Big accumulation of gas pipelines means better safety of supply and better condition for gas traders compared to electricity (smaller risk of deviation). On the other hand, such comfort does not encourages demand side management and „smart“ business products.

The better, more liquid and sophisticated markets, the better transportation system with more interconnections, a new EU regulation for mutual help. All these positives can lead to an underestimation of a danger in critical situations, to an underestimation of a significance of gas storage.

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THANK YOU  
FOR YOUR ATTENTION