



The President

Vice-President Maroš Šefčovič
European Commission

Brussels, 24 October 2016

Energy market design

Dear Vice-President,

Let me thank you once again for the good dialogue that exists between the Commission and Eurogas and that you marked by your presence at the Eurogas General Assembly in Barcelona in June.

On 1 October, I took over from Gertjan Lankhorst as the President of Eurogas, and I would like to confirm my availability to continue and to contribute to our efforts for common understanding.

Such common understanding is already wide and includes the full commitment to a single market in energy to which sector coupling will be very beneficial.

It would therefore be inconsistent with EU policy and an important missed opportunity if the Commission did not take a holistic approach to energy market design by treating electricity and gas together in the same timescale, thus optimising policy for security of supply as well as affordable decarbonisation.

It is on that basis that I am writing to express my concern about the Commission's approach to issue proposals on electricity market design later this year and is launching a study on gas market design, which may lead to proposals only in 2017/18.

As a first step to ensure that the security of energy supply and the efficiency of a low-carbon energy system does not suffer from this staged approach, I strongly suggest that areas of overlap between the electricity and gas systems are already addressed now.

These are, for example:

- The principle role of gas as a second pillar on which a low-carbon energy system is built
- The backup function of gas-fired power generation in relation to electricity from variable renewables

- The need for the flexibility of gas in heating due to large seasonal temperature and hence energy demand fluctuations
- Large scale energy storage by converting excess electricity from variable renewable sources into hydrogen and methane (power-to-gas)
- The combination of renewable gas and electricity in decentralised energy production
- The evolving role of both electricity and gas DSOs, as pointed out to you by Gertjan Lankhorst in his letter of 16 August, to which no reply has been issued as yet
- On the consumer side: The development of mechanisms for demand-side response, use of smart meters, information to consumers, billing, vulnerable customers etc.

The integration of gas into future policies also applies to the Commission's forthcoming proposals on energy efficiency, renewable energy and the energy performance of buildings.

The political, and launch of practical, integration of electricity and gas at this point appears to me to be a necessary and sensible first step. I am at your disposal for questions and discussion.

Best regards,



Klaus Schäfer

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