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Professor Dr.  
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Gas Market Integration: status quo

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Dear Mr. Borchardt,

*Lieber Dieter,*

As you are aware, Open Grid Europe is strongly active in further developing the internal gas market. In particular we believe in the positive effects of cross-border market integration on enhanced diversification and security of supply while at the same time securing key benefits for consumers, suppliers, traders and gas transmission system operators. Together with interested partners we have shown a lot of creativity and commitment in developing ideas as to how a cross-border market merger could be realised. In this respect the merger of the gas markets in Belgium and Luxembourg in 2015 serves as a successful example for the feasibility of cross-border integrations.

In parallel to our thoughts BNetzA initiated a study to evaluate the status quo of the two German gas market areas in respect of the criteria for a functioning gas market as described in the updated ACER Gas Target Model. The study, which was finally published on 18<sup>th</sup> May 2016, also addresses options how NCG and Gaspool could further improve market liquidity in particular. In this context different internal measures and a number of options for market integration have been analysed. According to the study an integration of the two German market areas with at least the TTF seems to provide the highest benefits. BNetzA plans to initiate a dialog with the market about the outcomes of the study.

In view of these developments Open Grid Europe decided to put its work on market integration steps on hold and wait for the results of the market dialog and political discussions. We regret that we cannot proceed as planned as we are still convinced that cross-border market mergers are important on the way towards a fully integrated European gas market.

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Nevertheless, we would like to use this opportunity to deeply thank you for your support of our ideas over the last years. Your contribution has been highly appreciated and we look forward continuing our market integration efforts together with you.

Yours sincerely,

