

CHANGE OVERVIEW BOARD

GAS CENTRAL SERVICES CHANGE HORIZON EVENT

ABOUT THE EVENT

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| Registered | 14.04.2015 |
| Last Updated | 25.06.2015 |

This Event brings together and supersedes the previously registered Event 09 'Gas Target Model Review' and Event 13 'Bridge to 2025'.

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| Title | Beyond EU Third Energy Package |
| High Level Definition | Evolution of single European energy market, informed by: <ul style="list-style-type: none"> • European Commission (EC) announcement on European Energy Union; • ACER Bridge to 2025 Statement; and • ACER Gas Target Model Review |
| Purpose | The above initiatives share a common aim of further integration of the European energy market. There are variable themes, including: <ul style="list-style-type: none"> • EC announcement: <ul style="list-style-type: none"> • An integrated energy market • Energy efficiency • Innovation and competitiveness • Bridge to 2025: <ul style="list-style-type: none"> • Establishing liquid, competitive and integrated whole-sale energy market • Developing a functioning retail market that benefits consumers • Gas Target Model: <ul style="list-style-type: none"> • Wholesale market functioning |
| Assumptions | Key objectives and regulatory priorities are not materially impacted by future changes in European political leadership |
| Delivery Target | Out to 2025, but there is likely to be political and regulatory ambition for deliverables to be implemented to an earlier timescale |
| Dual Fuel | Yes |

EVENT IMPACT – INITIAL ASSESSMENT

<Complete for all Events on Change Horizon in Zone 1>

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| Process | Xoserve's review of the Bridge to 2025 Conclusions has identified the following potential market evolutions that might impact central gas industry processes: <ul style="list-style-type: none"> • The development of a 'trading region' comprising GB and countries in the nearer parts of mainland Europe; • Greater regulatory scrutiny of the role of Gas Distribution Networks • The introduction of 24 hour switching by 2025 (although this may be pre-empted by Ofgem's own work on next day switching) • Making it easier for Suppliers operating in one Member State market to enter another • The introduction of a set of standard regulatory supervision rules for |
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| | <p>market facilitators</p> <p>Xoserve will continue to monitor other initiatives with a view to identifying potentially tangible impacts on central gas industry processes</p> <p>DECC is indicating that the focus of European Energy Union proposals is on electricity rather than gas</p> |
| Dependencies | <ul style="list-style-type: none"> • ACER and ENTSOG Work Programmes • Development of further European Network Codes (ENCs) • Translation of ENCs into GB regulatory framework (Licences and Codes) |
| Related Events | <ul style="list-style-type: none"> • UK Membership of EU |
| Stakeholders | <ul style="list-style-type: none"> • Gas Transporters, Shippers, Suppliers, Xoserve |

EVENT SOLUTION – INITIAL HIGH LEVEL DESIGN

<Complete for all Events on Change Horizon when progressing from Zone 1 to Zone 2>

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| People | <i><Impact on resources – capacity, capability></i> |
| Process | <i><Impacted business processes></i> |
| Technology | <i><Impacted systems; scale of change></i> |
| Timing | <i><Time required to achieve solution implementation></i> |
| Projects | <i><Linked or related projects></i> |

EVENT DELIVERY MILESTONES

<Complete for all Events on Change Horizon when progressing from Zone 1 to Zone 2>

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|---------------------------------------|---|
| Key Milestones and approximate timing | <p><i><Milestone 1></i></p> <p><i><Milestone 2></i></p> <p><i><Milestone 3></i></p> <p><i><Milestone n></i></p> |
|---------------------------------------|---|

NEXT STEPS

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| External | <p>EC to bring forward policy proposals</p> <p>ACER to publish forward Work Programme</p> <p><i>[Items of interest in ACER WP2015 include the scoping of a potential Framework Guideline on Settlement Rules]</i></p> |
| COB | Next review Q4 2015 |