



GTE report prepared by Frontier Economics: *"The environment for gas network investment in Europe"* (January 2016, [link](#))

Volumes fall and costs rise, what are the implications for the integrated gas market?

Existing Assets

Volumes might decrease faster in mature markets, where assets are more depreciated, and where potential to replace other energy sources (e.g. coal) is lower



Depreciation could (partially) compensate decrease of revenues due to lower volumes



Optimise (where possible) existing assets to reduce unitary costs

New Investments



New remuneration formulas (e.g. accelerated depreciation, WACC premium, etc.)



Tariff design: incentivise LT bookings, Ramsey principle, etc.

Regulatory Stability and long-term visibility are essential

Developing demand in both traditional and non-traditional markets (e.g. mobility sector)



Gas pipe line regulated revenues

