ECORE
lunch seminar

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Monday, October 8, 2007 at 12h30

Gas market simulation models and European policy objectives

Abstract

The development of gas market simulation models goes back to the work of Mathiesen some 20 years ago. This was also the time this author introduced complementarity problems as a general computational method for solving economic equilibrium models. There now exist many electricity models that rely on the complementarity problems. The construction of the internal gas market in Europe has renewed the interest for gas models constructed on complementarity formulations.

We review some recent work on gas market simulation models and discuss the way they address questions that are currently at the centre of European energy policy. We specifically address the definition of the relevant market, the rationale for striving for a competitive downstream gas market and the problems of investments for security of supply. We present the way these questions are stated in European policy, the extent to which gas market simulation models embed relevant economic theories and whether this clarifies or clouds matters. We also discuss some difficulties of matching economic assumptions and computational possibilities and their consequences for the robustness of policy recommendations.

☞ We will offer sandwiches and drinks to everybody AFTER the talk.
☞ The seminars will be held at the Université Libre de Bruxelles, room S12.227, 44 avenue Jeanne (12\textsuperscript{th} floor of the building S).