

*Dinner Debate sponsored by EUROGAS in cooperation with the
European Energy Forum
on*

*“Natural Gas and the Security of Supply
Challenge of the Enlarged Single Market”*

European Parliament - Brussels
16th March 2005



Speakers:

- **Mr. Giles Chichester**
MEP – President of the European Energy Forum
- **Mr. Enrique Locutura**
CEO - Gas Natural SDG - President of EUROGAS
- **Dr. Burckhard Bergmann**
Chairman of the Executive Board - E.ON Ruhrgas AG
- **Mr. Dominique Ristori**
Director General Affairs - DG TREN, European Commission
- **Jean-Marie Devos**
Secretary General - EUROGAS



Eurogas is

- A non profit industry organization based in Brussels
- A forum and an ambassador
- Representing federations and companies from 21 European countries including associate members



The new Eurogas objectives according Art. 2 of its new statutes are:

- **To promote the interests of its membership, companies,** national federations and associations involved in the supply, trading and distribution of natural gas and related activities (eg: storage and LNG)
- **To promote the development of natural gas** in Europe particularly in the legal, economic, technical and scientific areas and to promote cooperation within the gas industry
- **To help improve knowledge of natural gas,** of its performance and its use in Europe
- **To take stance on issues of common interest to the European natural gas industry** with respect to international organisations, including the EU and public opinion
- **To promote exchange of information and points of view** on natural gas issues between all stakeholders
- **To promote the smooth functioning of the internal natural gas market**

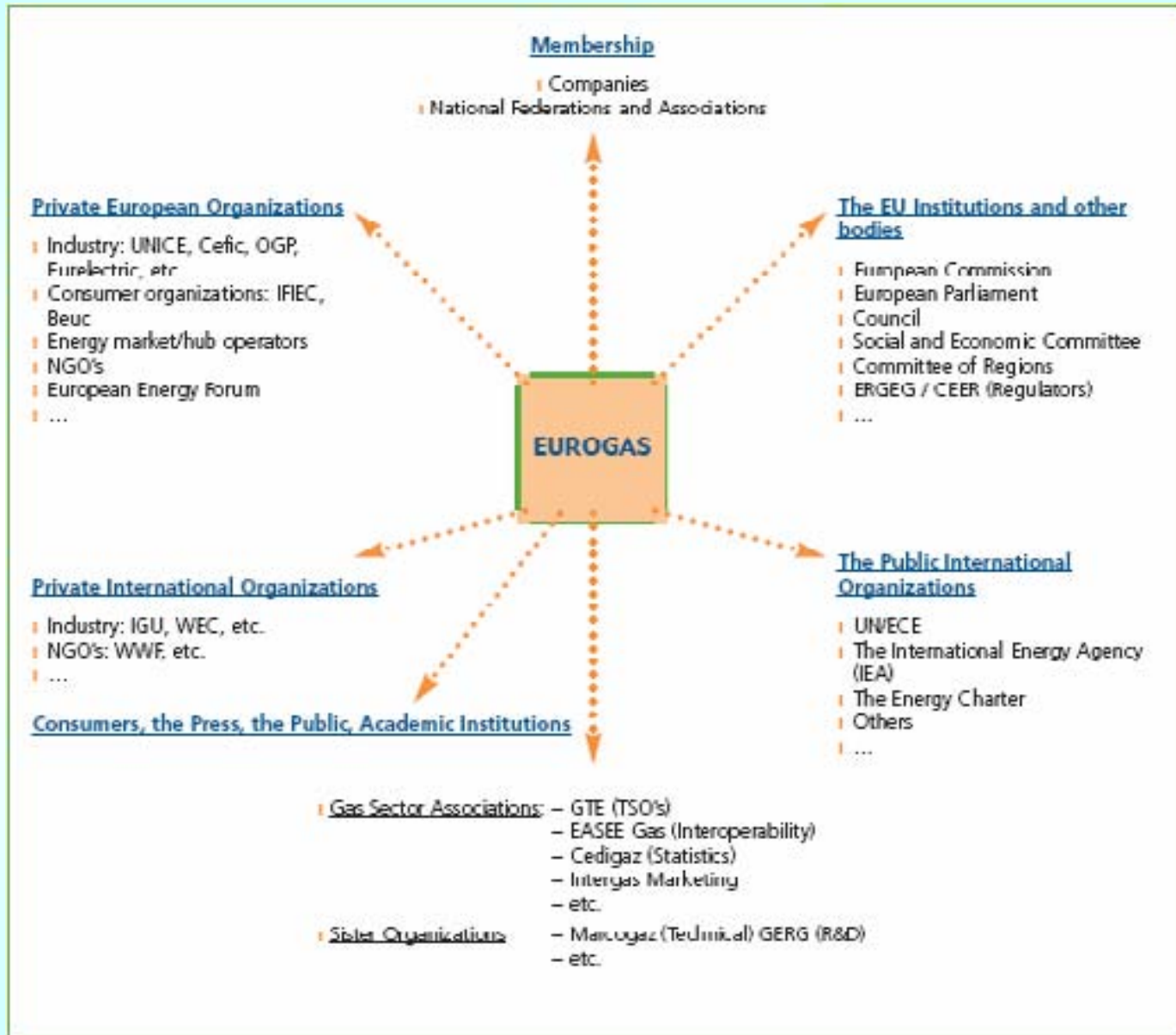


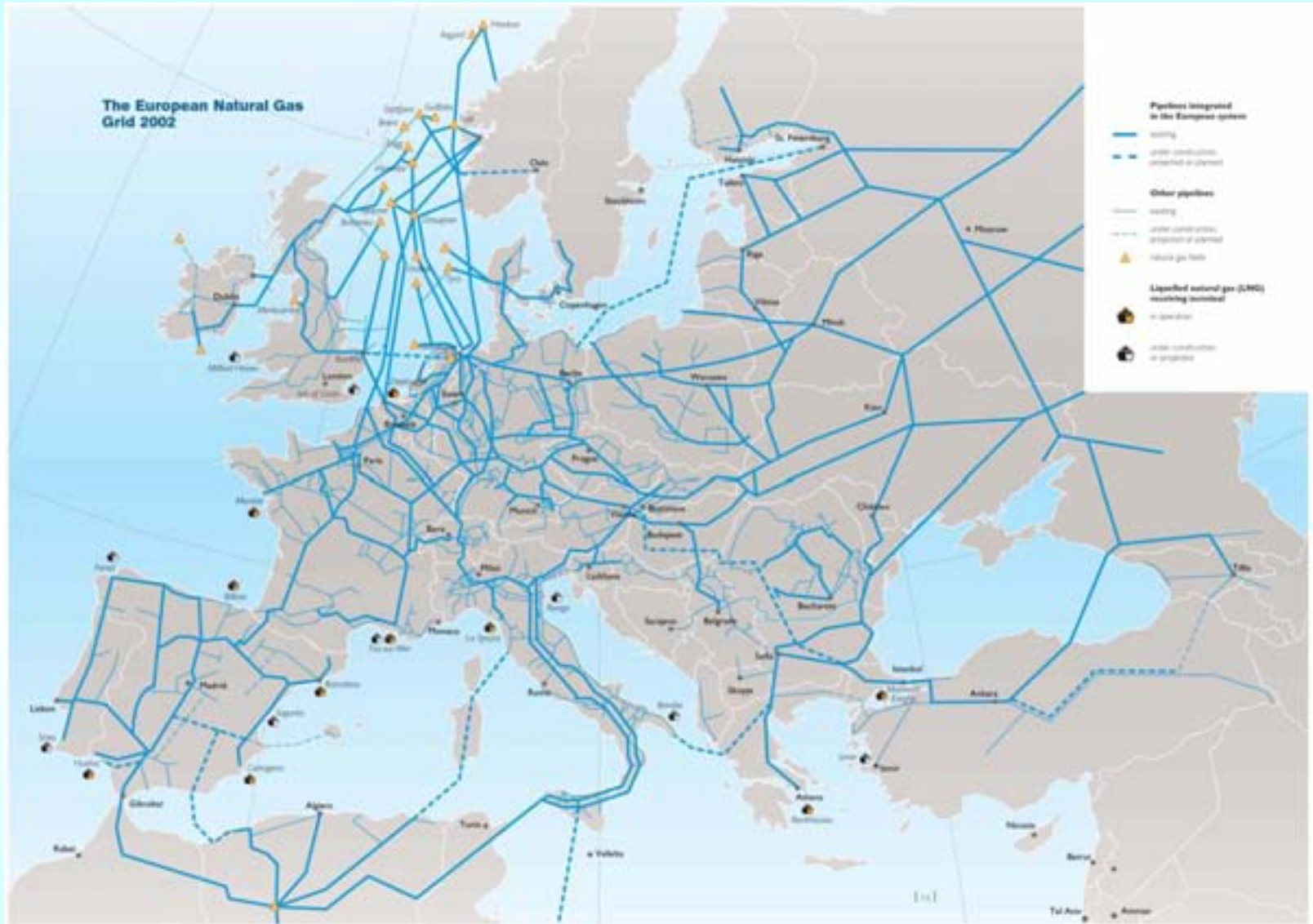
EUROGAS Membership since June 2004



**30 MEMBERS
(10 National
Federations / 20
corporate members)
21 COUNTRIES**





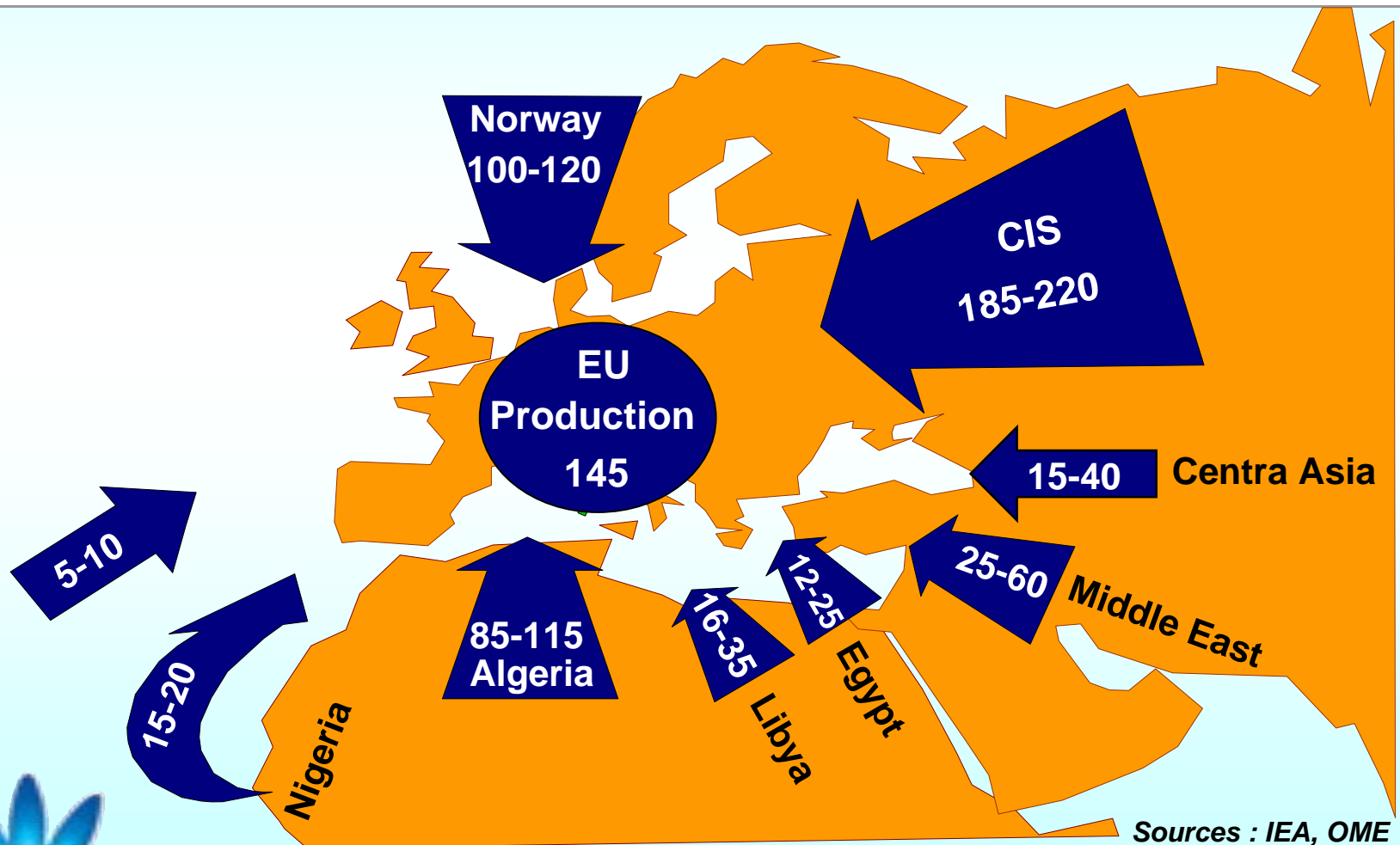


Updated information on natural gas consumption and trends

- According to preliminary figures, natural gas consumption increased by 3.3% in 2004
- Natural gas amounted in 2004 a total of 17.874,5 PJ (458,3 bcm); in 2003 it had reached 17.310,8 PJ (443,9 bcm)
- Rate varies between countries:
 - Above average: GR, Lux, ES, P
 - Below average DK, FIN, H, SK
- Overall trends confirmed:
 - Growing gas demand
 - Share in primary energy consumption: +/- 25%
 - Growing dependency of Europe from external sources (more that 70% of enlarged EU natural gas will be imported in 2030)



Supply capacities for Western Europe 2010-2020 (billion m³/year)



Sources : IEA, OME



Political, legal & global economic environment

- **The political context:**
 - EU 25
 - New Commission, new Parliament : New policies ?
- **The new enlarged EU level playing field for energy**
- **The global energy environment:**
 - A global market
 - The increased role of LNG
 - Increased dependency of the enlarged EU
 - Competition between regions
 - Did we measure the consequences ?
 - The interface with the single market
- **EUROGAS and the partnership with the European and International Institutions**



Achieving a level playing field: Some Key Issues

- **Completing the (enlarged) single market : the legislative package ;**
- **Adapting to a new European legal and regulatory environment : the new gas directive (2003/55/EC)**
 - Regulated Third Party Access,
 - Unbundling of transmission and distribution from supply,
 - Choice of energy supplier for all Europe's consumers,
- **Contributing to Europe Energy Security of Supply;**
- **Adapting to the new global gas world;**
- **Encouraging investment and entrepreneurship;**
- **Contributing to sustainable development and competitiveness.**



Expectations and Response

At the Enlarged EU Level :

- Strong expectations expressed by customers for lower prices and better services based on assumption that liberalisation will decrease prices to end users.
- ➔ Caution however – Europe is part of global energy scene
- Industry to respond pro-actively versus authorities and stakeholders. Economic, technical, environmental excellence to be pursued.
- New EU Member States to play an important role but need to adopt market driven and investment friendly measures.



Gas Regulatory Forum of Madrid

Eurogas :

- is an active participant in this forum
- ***supports the drive to the implementation of effective access regimes*** to transmission and distribution networks elaborated during the Madrid forum meetings as essential for the success of a European single competitive market
- ***welcomes the recent discussions on storage access issues*** and hopes that ongoing discussions built on the progress in the Forum, will reach conclusions
- ***welcomes the Commissions*** assurance on the continuing importance of the Madrid Forum to give stakeholders opportunity to decide pragmatic forward voluntary approaches
- ***welcomes the fact that the model*** of this forum has extended beyond EU borders where countries of the Caspian basin and also countries from South-East Europe considered establishing similar forums each.



Eurogas

- *welcomes Commissioner Pielbalgs' willingness to consult* Eurogas and other stakeholders in the preparation of the progress report
- *encourages the Commission to issue a consultation paper* with the **objectives**, planned **methodology** and **criteria** on which the progress report will be based that would be offered to stakeholders for discussion and possible hearing



Importance of

- Security of Supply
- Geopolitical factors
- Dialogue with producing countries

By Dr. Burckhard Bergmann

Chairman of the Executive Board - E.ON

Ruhrgas AG



Conclusion

The Natural Gas Industry is confident of meeting the challenges of growing gas demand in the enlarged single market provided some key conditions are fulfilled. Positive investment climate and sufficient entrepreneurial flexibility must be ensured.

The adoption of the new EU Directive concerning common rules for the internal market establishes a new legal framework, which will be very demanding for economic actors, whilst offering new opportunities in a stable legal environment.

A continued and structured dialogue between Member States, the European Institutions production countries and Industry on these issues should provide a sound basis for achieving our common strategic objective.

