

PRESS RELEASE

INTERVENTION OF PRESIDENT OF EUROGAS AT THE INTERNATIONAL GAS UNION WORLD CONGRESS

Willy Bosmans, President of Eurogas, took part in the strategic panel "Gas to Power Europe & Russian Federation" at the International Gas Union World Congress on 6 June 2006 in Amsterdam.

The generation of power is largely expected to stay the first growth sector for gas in Europe. Russian and European gas and power markets are changing and new business models develop where convergence between gas and power exist. However, the European gas markets are changing and gas has to compete with other power production technologies.

In this context Willy Bosmans compared the relative positioning of gas versus coal, its main competitor today. Current high gas prices and some national CO2 allocation schemes improve the competitive position of coal. A number of utilities are therefore questioning the merits of gas but *"gas presents still a lot of advantages compared to coal and nuclear"* Mr. Bosmans affirmed.

"As the cleanest fossil fuel, available in sufficient reserves, allowing easier siting and permitting, being less capital intensive, having shorter construction periods and a great operational flexibility in Europe, gas has certainly a future for power generation", he added.

Furthermore, and to alleviate the concerns about security of supply he stressed that *"Europe needs diversification of producing sources and supply routes"*. Important investments are also needed and can only be realised if the regulatory and business environments are giving the right incentives.

He underlined that commercial relations between buyers and sellers at industry level must remain the backbone of European gas supply but that this has to be supported by stable and transparent legal and political frameworks.

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