

COMMENTS ON THE EU SECURITY OF GAS SUPPLY STUDY by Wood Mackenzie

1. The Study by Wood Mackenzie on the EU Security of Gas Supply contains several findings which can be endorsed by Eurogas as they correspond with those of its own recent report, *Security of Supply of Natural Gas in Western Europe* (March 1998).
 - ▲ The Wood Mackenzie Study makes a positive assessment of the role of individual gas companies in taking prime responsibility for national security of supply to the benefit of Europe as a whole
 - ▲ The Study recognises the significant and successful actions of the European gas industry in the field of supply security; there is no reason to think that this should change. This finding echoes the opinions given at various times by the European Commission, the EU Council of Ministers and the European Parliament.
 - ▲ The Study confirms that mature European gas industries have a good level of supply security and an effective portfolio of supply security tools.
 - ▲ The Study emphasises that security of supply in gas is not a problem at EU level. Efficient cross-border co-operation complements the national decentralised dimension, planning for which is the key to continued improvement, also at EU level.
 - ▲ The Study identifies that security of supply will be further enhanced by the extension of networks, and that the EU has a common interest in continuing to develop relations with external suppliers in order to enhance security of supply.
2. Two main aspects, however, of the gas business are not given sufficient weight in the Wood Mackenzie Study, to which gas companies have drawn attention.
 - ▲ The Study does not explicitly consider how important the diversification of both sources of supply and transport routes are for security of gas supply.
 - ▲ The Study overlooks the role of long-term contracts which the importing gas companies consider very important for long-term security of supply. The report by Eurogas concludes that the strength of the security of gas supply in Europe is due to a wide array of commercial and technical arrangements, *last but not least* of which are long-term purchase contracts.
3. With regard to the Recommendations concerning the EU dimension, Eurogas has reservations about the implied approach. As national situations are improved even

further, achieved according to each country's needs and circumstances, overall EU security of supply will be enhanced.

4. Eurogas considers that the EU can provide added value by
 - ▲ continuing to foster good relations with external suppliers and transit countries in order to mitigate geo-political risks and promote security of supply. Such relations will be complementary to the business and operational activities of gas companies.
 - ▲ secondly, by directing its trans-European network instruments to encourage the economic development of natural gas transport and storage capacities in the EU Member States and in non EU gas transit countries.
5. The Commission can continue to monitor the EU situation by producing periodic studies. Planning at supra-national level is, however, unwarranted and even risks leading to less efficient gas security management.

