

EUROGAS ANNUAL CONFERENCE
NATURAL GAS TO 2020 AND BEYOND
09 December 2010

Introduction by President of Eurogas – Mr. Jean-François Cirelli

Ladies and gentlemen, Dear colleagues,
Good morning, and Welcome,

I would like to express my warm and meaningful thanks for everyone joining us today for this important event. The Eurogas annual policy conference takes place at the very right moment when the gas industry is very much challenged. So I am very pleased for having the opportunity to debate with you on the topic of “Natural Gas to 2020 and beyond”. I also wish to thank all our valuable speakers for having accepted to be with us today to share their vision and inputs on this subject.

I will not be long to leave the floor to the first session of this conference. But before that, I just wish to give you my overview of the present situation and the challenges the gas industry has to overcome.

1st point : Natural gas has undoubtedly a key role to play now and in the future

Energy demand looks likely to grow 40 % by 2030, and could double by 2050. More efficient use of energy may help to bend these growth curves slightly downwards, but in a world of 9 billion people it is not going to solve all our problems. And climate stress will increase. We are now far from the 2°C objective. The world needs to halve global greenhouse gas emissions by 2050 to avoid the worst effects of climate change. We have to take actions : **the challenge is halve emissions and double energy.**

What is the solution ? Natural gas.

First of all, natural gas facilitates a rapid decrease in CO2 emissions, particularly if gas replaces coal. Modern gas plants emit between 50% and 70% less CO2 than coal plants per kilowatt of electricity generated. So, Natural gas replacing coal is the surest, fastest and cheapest way to reduce CO2 emissions.

With just five new gas plants replacing coal, we save as much CO2 as 9000 Megawatts of wind—2000 modern wind turbines

Natural gas is not expensive, unsubsidized energy source for getting to a low-carbon world quickly.

Finally, natural gas is flexible and efficient, and the necessary infrastructure already exists.

But these messages until now are nevertheless hard to get through. At very best, gas is overlooked ... The German Energy Concept is a good illustration of this: the word

gas is very seldom used. American, French and British long-term energy planning has shown the same willingness to ignore gas and the contribution it can make.

I am glad to see that our voice is beginning to be heard here in Brussels—the 2011-2020 Energy Strategy published by the Commission few weeks ago refers to the continuing key role of gas in the energy mix.

It is the main priority of Eurogas to take actions to convey these messages in particular because the future of gas is being decided. We need, as the terms of the debate move to the 2050 timeframe, to be able to address these issues too.

2nd point : Uncertainties are surrounding us but we have to go beyond

At this time we are experiencing an extremely difficult, destabilizing crisis. Market prices that reflect the short-term situation are not aligned with the prices of long-term contracts and are not reflecting the prices necessary to make the major investments needed in the gas industry in coming years.

The current situation is not sustainable and it challenges the satisfactory equilibrium between producers and consumers on which the entire continental gas system is founded.

Secondly, we are handicapped by a relentless succession of regulations – rules, directives, framework guidelines, ERGEG network codes of practice. These texts multiply at every level: rules for storage system operators, congestion management, capacity allocation, interdiction of trade at the border (versus hub to hub products).

We need a stable, coherent and predictable EU regulatory framework on the long term and not rules changing every two years. A long-term vision is hard-wired into the companies that operate in the European gas industry. It is in our DNA. Our relations with our suppliers have flourished as a result of that vision. Our customers have benefited from the warmth, light, stability, and economic and environmental benefits that have come from those relationships. We now need a long term vision at the level of policy and regulation as well. The Energy Road Map to 2050 that the Commission is working on will hopefully gives us an opportunity to look again at gas with hard headed realism.

I am pleased to engage with NGOs and representatives of green movement today. They will no doubt not allow us to be complacent, or to rest on our laurels, and nor should they.

I will now leave the floor to the first session of this conference regarding “the beneficial impact of natural gas use on CO2 reduction”.

I look forward to a lively and fruitful debate today.
Thank you for your attention.

Conclusion by President of Eurogas – Mr. Jean- François Cirelli

I would like to thank all of you, and especially the speakers, for making this conference a great success with very interesting and valuable debates. I have the feeling that it enabled all of us to better understand what is at stake for the European natural gas industry. The future of energy is designed today and I hope it will be driven by both ambition but also sufficient realism to draw the most pragmatic, environmental friendly, cost-effective and financially affordable pathway towards a low carbon energy system for Europe. Which means more gas !