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## EUROGAS General Assembly

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EDISON Headquarters ▪ Foro Buonaparte, 31 ▪ 20121 Milan

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“Ladies and gentlemen, dear colleagues,

First of all, I wish to congratulate our Edison’s colleagues for all the work done to make this meeting being a real success. Edison is a great company, very professional and which plays an important role in the country. I wish all the best for their future development.

Second, I am very pleased to see that the full membership is attending this General Assembly as we need the contribution to every member of the association in this very important moment for gas future.

Since we met in Warsaw in June 2010, many important events have occurred. No one could have ever imagined all that:

First, after an unprecedented **economic crisis** that caused terrible damages for the industry in general and people’s everyday’s life, in 2010 we finally registered an increase of total natural gas consumption in the EU27 of 7,2% in 2010 in comparison to 2009. This is a very good news. The economy is finally restarting. We now have the feeling that **the recession is fading away**. But uncertainties remain very high on the agenda.

Second, the **political insecurity in the Mediterranean and Middle East regions**, have raised huge concerns regarding the equilibrium of the MENA region and its future development. In this regard I have noticed that the European Commission, in coordination with the IEA, is monitoring the situation through the “Gas Coordination Group” on the events in Libya and their possible impacts on oil and gas supply. This is very welcome.

Third and not least, the **Japanese crisis** has also surprised everyone of us by its suddenness and gravity. Still now the damages for Japan, and for the whole nuclear industry remain unclear. But what we can say today is that the consequences, following the impact of the tragic earthquake and tsunami there, imply a new need for LNG imports that had not been previously foreseen. This will clearly have an impact on the pattern of global gas trade, with notably a substantial increase of gas demand in Asia. **Germany**, the main European energy market, has revised its energy strategy by taking the decision to phase out the nuclear power. New gas-fired power plants will certainly have to be built to partly compensate for the lost nuclear output. As stated by Commissioner Oettinger “We need more gas. After Berlin’s decision, gas will be a driver of growth.”

All those events remind us of the importance of diversity in energy trade as all parties need the flexibility and the ability to cope with an uncertain future that diversity, whether of demand or of supply, can bring.

Given this macroeconomic context, my conviction is that natural gas has never been at a more crucial point than the one that we are experiencing today :

**Position of gas in the Energy mix:** until recently nobody, especially in the European Commission, wanted to talk about natural gas. But the recent developments have significantly contributed to an increased recognition of the important role of gas in the energy mix. Besides the **new IEA scenario** released this Monday is a very good signal for us the scenario concludes that global use of gas rises by more than 50% from 2010 levels and accounts for more than a quarter of global energy demand by 2035. The main factors identified by the IEA leading to these results are : the ample availability of gas (much of it unconventional), which lowers average gas prices, implementation by China of an ambitious policy for gas use, lower growth of nuclear power and more use of natural gas in road-transport.

As M. Tanaka said: **“Surely that would qualify as a golden age.”**

- **Climate and environment policies:** the new proposal on the revision of the energy taxation directive, the international climate negotiations, and the implementation of the climate and energy package will surely impact on our businesses. We should support the EU green agenda, but we have to pursue our communication on the “green” feature of natural gas. Gas is not a threat for renewables, as Commissioner Connie Hedegaard expressed recently, but gas is an ideal partner for renewables. This complementary should be better recognized and we should strengthen our efforts in this regard.

- **European energy policy:** A cost-effective low-carbon energy future is in the hands of the industry, consumers and policy makers alike. Whilst the industry will supply the gas and the power generated from it, its decisions will be influenced by the choices made by consumers and by governments setting the framework in which these decisions and choices are made. That’s why the mobilization of the full membership of EUROGAS will be of the highest importance to provide EU decision makers and opinion formers with the information needed to make the right choices in order to avoid diverging signals from the Commission as well as uncertainty for the industry. In addition, we need to team up. Improving co-operation and co-ordination among gas-interest Associations/groupings will be absolutely necessary to reinforce the image of gas with a view to the recognition of its importance in the Roadmap 2050. The EU Gas 2050 joint initiative involving IGU, EGAF, OGP, GIE, as well as the technical Association Marcogaz and the research body GERG, will enable us to really get “a voice for gas”.

- **Unconventional gas development:** At the same time, some controversies have emerged regarding the unconventional gas development and especially the impact of the hydraulic fracturing on the environment. Surely we will have to respond to these concerns. But some have already mixed up things to vilify the image of natural gas. We have to re-establish the truth and make sure that all our efforts to emphasize the advantages of gas are not be damaged.

- **Current pressure on long-term contracts:** in this area too Eurogas is also active with our Russian partners (last meeting in Berlin), where we all underlined the need for more flexibility. We are facing important business challenges (changes in global market, constant changes of the European regulatory environment ... that’s why we need to enhance an open dialogue with our suppliers on those key challenges) therefore the relationship between EU and Russian gas industry has to adapt to this new environment. We pointed out this issue very seriously.

In Warsaw, we defined two main priorities for EUROGAS: 1/ focusing on the promotion of the image of natural gas towards our decision makers especially in the EU ; 2/ Strengthening the Association.

One year later I think that we have made important progress to fully mobilize and react in a timely to this changing environment for our industry :

First, on the promotion of the image of natural gas

I think that all our work now shows concrete results. Natural gas is starting to be seen by the EU decision makers as a contributor, as such, to a greener world. We surely still have to pursue our efforts but we are on the right track. We've succeeded notably in creating good and respectful relationship with Commissioner Oettinger and the DG Energy staff. This is an important achievement.

Second, on the strengthening of the Association

The reorganization of the Association was not as easy as we could have hoped. It was difficult for OGP to let Beate Raabe go. But I am very glad to see that today we have an excellent team. Today, we have a senior managers staff fully in place, ready to empower Eurogas. They are experienced, motivated and dedicated for the Association. They are increasing the visibility of the Association as well as its "power of attorney" to better influence European institutions.

As an example, in the past 6 months Eurogas has participated to approximately 75 seminars / conferences

Like you, I expect a reinforced action of the Eurogas Secretariat for next year. But the work of the Secretariat will only be successful if full membership is mobilized. I would like to thank all experts members for their participation in the EUROGAS works, task forces and Committees in 2010. I wish this dynamism to be strengthened in 2011 and 2012. As you can see our Board members, as well as our Executive Committee including myself, are mobilized to support the role of natural gas in the future development so that it becomes a reality for the coming decades. The world changes are offering today a huge window of opportunities. We have to catch it !"

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