

GIE President's Closing Speech at the 10th GIE Annual Conference
25 May, 12:30
Comarch Conference Center, Krakow

Ladies and Gentlemen,

The 10th Annual Conference is arriving to its end and now, I would like to share with you some of the conclusions I have in mind. During the last two days, we have had time to listen to the experts and discuss about a large number of topics. I have now the challenge to summarise in a few minutes the main messages, and I can tell you that it is not easy.

I will start saying that, for me, it is clear that the Energy Roadmap 2050 is a crucial matter; even if it is only a discussion document, it is clear that it will have more consequences than initially thought. This document is shaping the future energy policy and it is now that the maximum attention has to be paid; later, it could be more difficult, if not impossible.

Many speakers were sharing our view; they see a good role for gas until 2030, but later there is a lot of uncertainty. The uncertainty after 2030 is huge and we should be very careful about this.

For the Commission, it seems that CCS is the only way to ensure a long-term role for gas. However, we heard during this conference several speakers saying that CCS was not the only solution; other technologies such as power-to-gas and biogas could be further developed. It was also noted that ETS is not providing the right signals to incentivise the investments on low-carbon technologies, and this is not helping at all to ensure a long-term role for gas.

Yesterday, we were told that we should not underestimate gas consumption. We heard also that underestimating gas consumption in Europe in 2050 could give wrong signals to suppliers. We have to keep in mind that producers, suppliers and infrastructure operators need long-term certainty and visibility. As for gas infrastructure, the pay-back period in our sector amounts 30 to 50 years, therefore investments in this sector will happen only if the role of gas is recognised after 2030.

We have heard that there is an enormous amount of money out there from pension and investment funds. These funds are very willing to invest on gas



infrastructure. However, although the CAPEX for natural gas is lower than for other energies, this does not help too much. The investors have reminded us that they need to have the right conditions to invest. These conditions are basically the harmonisation and improvement of regulatory frameworks which have to become more stable and predictable within the EU. Investors want their returns to be ensured on the long-term. Moreover, it was clear that higher visibility from the EU policy makers would reduce the cost of capital.

Furthermore, we understand that climate change matters and also that we have to move to a low-carbon economy. That's why we have to voice louder that gas is certainly a "super-product". It is abundant, affordable, and acceptable and overall, it is flexible, very flexible, and flexibility is, indeed, what a low-carbon economy needs. Yesterday, it was also stressed that renewables and gas are a perfect "dream team" and I really believe it. The gas industry should work to make sure that the large share of back-up capacity for RES is provided by natural gas.

Regarding the new technologies and future developments, we found out that they are well developed; they are in some cases ready for large-scale industrialisation. These technologies have a huge potential although they are not so well known. More marketing is necessary to make the general public aware of all their advantages and benefits.

These innovative solutions are keeping options open for us in the long-term. They are demonstrating that CCS is not the only solution to ensure a long lasting life for gas; there are other options. Policy makers, together with the gas industry, should support them and be confident that they can bring us a low-carbon and competitive energy future for gas.

Looking more precisely on CCS, it was said yesterday that a business model for CCS had to be invented; on top of that, a right price for CO₂ must be in place if we want to see CCS taking-off.

It can't be denied that there are still some technical challenges in the field of fuel cells and CCS which, if solved properly, would allow a sound deployment of these technologies. Nevertheless, it is also true that we are seeing that CCS projects are already technically feasible. The reliability of an integrated



onshore scheme has been proved; a clear example of this is the CCS pilot project in Lacq.

Regarding Power-to-Gas, we saw the large options this technology can offer and how real projects are already working today. Biogas is also there and its importance is growing; there is a huge potentiality for massive greengas productions in different countries. This potential could be realized, provided the right framework and the support from policy makers and industry is granted.

Besides, new downstream gas technologies (as for example CHP, micro-CHP, heat pumps, etc.) are offering very high efficiencies and are about to come into the market on a major scale. In addition, technical developments and capital expenditures are required and achievable.

Our transmission and distribution networks are key contributors for the implementation of such new technologies.

Concerning the LNG terminals, there are key players in the gas market and the LNG market is becoming more global around Europe. LNG terminals are rapidly adapting their services to the changing market needs. New specific technology developments are taking place simultaneously. LNG terminals together with gas storages provide the flexibility and the security of supply that both the market and the renewable need. The LNG transparency platform is quite a success, and will soon be completed by aggregated data platform. The French regulator said this was a very good initiative. A survey will be conducted at the end of the year in order to get stakeholders' views about this process.

Regarding storage, gas storage operators are diversifying their offer and looking into new developments hopefully and with high interest. The storages provide flexibility and can play an ideal role as energy storage by using technologies as power to gas and gas to power. Trading companies want also to be able to buy and sell flexible products, and this can be done perfectly by storages. Gas storages are solution providers for today and they will remain like that tomorrow and in the long-term future. In addition, storage operators have developed a transparency platform, called "Aggregated Stock Inventory"(AGSI). This initiative has also been very welcomed; it has proved its efficiency, specifically during the cold snap: thanks to this platform, the



stakeholders could get the actual information on the aggregated level of storages.

Finally, on the transmission side, we have seen that *progress* is being made for the achievement of a single, harmonised and competitive gas market. The network codes will provide and manage effective and transparent access to the transmission networks across the borders. The time for the preparation of the first set of network codes is limited (2014 is close). Cooperation is essential to achieve in such a limited time the common targets on the proposed working plan.

ENTSOG is working to ensure that the process is transparent, that it involves all the parties and that it drives the European gas market in the right direction.

Ladies and gentleman, a lot has been said about gas and gas infrastructure during the last two days; today I will be leaving Krakow, and you can be sure that I am leaving with one strong feeling; this feeling tells me that we, the gas infrastructure operators, have realized the importance of working to ensure that gas and gas infrastructure receive the importance and recognition that they really deserve. As long as we keep united, cooperating together and walking on the same direction, as long as we receive strong signals from policy makers relating to the long term role of gas, then, I am totally confident that we will achieve our targets and will enjoy the future.

Thank you very much for your attention;