



Speech of GIE President

GIE Annual Conference 2015 – Introductory session

23 April 2015, 11:00-12:00, InterContinental Hotel, Dublin

Dear Member of the European Parliament, Sean Kelly

Dear Minister, Alex White

Dear Commissioner, Miguel Arias Cañete

Dear General Manager of Gaslink, Aidan O' Sullivan

Distinguished guests and delegates,

Ladies and Gentlemen,

It is a great pleasure and satisfaction for me to welcome you in Dublin for the 13th edition of the GIE Annual Conference. I am very happy to see so many persons interested in the developments of the gas infrastructure industry.

I want to sincerely thank our hosting company, Gaslink, for the strong support in the preparation of this conference. Your contribution has been essential for the success of this event. Thank you again.

This Dublin conference is successful : it is fully booked, there are 350 speakers and delegates here today!

[pause]

Ladies and Gentlemen,

Last years' agenda was dominated by the agreement on the 2030 framework for climate and energy. In November 2014, the Council approved very ambitious targets for 2030. The European Trading Scheme remains the main instrument to drive decarbonisation.

There were last year many changes in the European institutions : European elections lead to a new European Parliament, with more than half of new members. The Juncker Commission took over from the Barroso II Commission. President Juncker said that the Commission should become more political; do more on the big things and less on the small things. The Energy Union is certainly the big thing of the years to come. Moreover, the Presidency of the European Union is now endorsed by Donald Tusk, who advocated for the Energy Union concept recently.

Last year, security of supply was on the top of the political agenda with the Russo Ukrainian conflict and its possible implications on the transit of gas for Europe. Thanks to the strong involvement of the European Commission and infrastructure operators, uninterrupted transit of Russian gas to Europe was secured, while reverse flows from Europe improved supply to Ukraine and the "winter package" provided Russian gas to Ukraine. Storage levels in Europe and Ukraine were carefully monitored by stakeholders – thanks to the AGSI+ platform provided by GIE –, and we can now say that the winter supply was satisfactory.

This year and the years to come, we will see important developments impacting our industry.

A wide policy discussion is going to take place regarding security of supply. We are ready to continue providing constructive solutions. But it is important to stress that **the existing infrastructure should be fully utilised first ! It is essential to fill in gas storages ahead of winter. Moreover, provided there are adequate price signals, LNG cargoes will be attracted to Europe..And we are convinced that it is necessary to improve the interconnections into Eastern Europe.**

This year also, the European policy debate will develop around five key dimensions of the Energy Union:

- security of supply and solidarity,
- effective internal market,
- decarbonisation,
- energy efficiency,
- research, innovation and competitiveness.

Gas infrastructure is key to achieve all these objectives. We will hear during the conference what the industry can do in practice.

At the end of 2015, the COP21 in Paris should discuss a global binding agreement regarding greenhouse gas emissions. Its outcome is very important for the European industry – and for the gas sector. Indeed, Europe should not have strong ambitions alone as it would reduce the competitiveness of the European economy. Ideally, the EU should review its targets in the light of the outcome of the COP 21.

Another important policy debate for this year will be the review of the power market design. The outcome will strongly impact the future viability of gas-fired power plants, and the European demand for gas.

Many other actions have been planned in the context of the Energy Union for the 3 years to come, it would be too long to enumerate all of them. However, I would like to point out that any new regulation should be based on a proper impact assessment. A measure should be taken on the condition that the benefits exceed the costs!

[pause]

Indeed, the evolution of gas demand is very important for the development of gas infrastructure. For several consecutive years, demand has decreased in Europe. However, with lower oil prices as of mid-2014, the stabilisation of Asian demand and the operation of new sources of LNG, we may expect lower gas prices and easier access to LNG in the coming years.

Let's hope that these developments will restore the competitiveness of gas over coal in power generation and the competitiveness of the European energy-intensive industry.

But let's hope also that we get some positive signals from policy makers on the long term role of gas. The infrastructure built today will be used in 2050 and beyond. If the legislative

proposals that will be proposed soon don't take the right options to ensure the proper role of gas in the future energy mix, gas infrastructure operators will be reluctant to invest!

In any case, GIE is convinced that most investments should be market based. We should avoid a shift from market based to central planning and public funding.

As regards transmission, given the unsecure prospects for gas demand and the future structure of tariffs - favouring the short term at the expense of the long term -, **network users are less likely to commit to long-term bookings – thereby increasing the risk of stranded assets for TSOs. Are we moving towards a sound investment climate?**

Still, the European Fund for Strategic Investments, which is being set up in the context of the Juncker plan, seems to be a good step towards improving the financial viability of risky projects.

[pause]

Despite these challenges, there are some real opportunities for our industry; but we need to adapt the gas infrastructure to changing policy regulations, changing consumption patterns and changing sources of gas. The European energy system is evolving fast. The electricity and gas networks are becoming more interconnected with gas-fired power plants providing back-up for renewable energy sources, but also with hybrid solutions where gas supports the deployment of decentralised solar heating or micro-CHPs.

Innovation is key to find the most cost-effective solutions for the future energy system. We have many innovative solutions : new production (biomethane), new energy storage (power to gas), new uses (gas for transport), new products (micro CHPs, gas heat pumps..) and CCS. The cornerstone of these developments is the existing gas infrastructure.

Gas and gas infrastructure are key to achieve our low-carbon energy future. It is a no-regret option.

[pause]

This afternoon, we will have a whole session on the future supplies for Europe. In the current security of supply context, speakers will describe the developments taking place and – quite importantly – how Europe is perceived from outside Europe. The second session will focus on innovation and gas, showing many technologies being deployed now. Tomorrow will be dedicated to the “Energy Union in practice” with a session on the “hardware”, the still missing infrastructure, and a session on the “software”, the access rules and developments towards a truly functioning internal gas market.

But before the main sessions, we will have the keynote addresses of Member of the European Parliament Seán Kelly, Minister Alex White, and Commissioner Miguel Arias Cañete.

And I leave the floor now to Aidan O’Sullivan, General Manager of Gaslink, our host for this GIE Annual Conference. I wish you a very fruitful and interesting conference.

Thank you very much for your attention.