**Slide 1**

Thank you David for this kind introduction.

I am very pleased to have the opportunity today to speak at EAGC in my quality of GIE President.

My GIE team fortunately has prepared in my intention some speaking notes.

And I cannot resist reading to you the first sentence : “Why the presentation” ?

That’s a pretty good question… Isn’t

So I feel somehow obliged to try to answer.

**Slide 2**

There are three energy issues in Europe today.

The first one is decarbonization. Decarbonization which will need a combined energy system. The word combined is key here. And no doubt that this combination will be a key challenge for the coming years. I will come back to that later.

The second one is that to move to zero Carbon we will have to complete the European Energy Market. And I am very pleased to see that the completion of this energy market is so far very successful. and it is also very emblematic of what the European Union can deliver, gathering all member states towards the same objective. I am not a gambler. So I will not make any bet on Brexit. But I am quite confident that the energy link between the UK and the EU will not die in a ditch…

The third one is to ensure policy coherence. And to strike as much as possible the right balance between sustainability, security of supply and competitiveness. The famous trilemma issue. On competitiveness, I have a conviction and an observation. My conviction is that there will be no energy transition if it is not affordable for our European fellow citizens. And the observation I made comes from the mobility sector. When our grand grand parents have operated a very quick transition from a mobility based on horse ridding to car mobility, I don’t remember it was by overtaxing horses or putting a ban on them, but rather by proposing more customer friendly solutions, and adapting existing infrastructures to welcome this new technology. The equation in the energy business is probably not exactly the same and I think we do need to deliver on a carbon price representing the environmental impact of each solution. But this assessment has to be fairly done through a well to wheel analysis and not through a simple tailpipe analysis. Carbon management should also preserve the competitiveness of the European Industry in the global competition.

So my proposal for today is to quickly go through

* Firstly the current EU market design
* Secondly to focus more on the decarbonization package 2020
* Then to discuss what will allow the energy system to efficiently deliver on the future market.

**Slide 3**

But let’s start first by introducing GIE for those who, in an unlikely event, have not yet heard about us.

GIE represents the interests of gas infrastructures operators, transmission, storage and LNG regasification. We have more than 65 members in 26 countries.

**Slide 4**

And we are pushing forward three very simple and very true ideas related to gas infrastructure. Gas Infrastructure will definitely play a crucial role in the European energy transition.

Gas infrastructure will guarantee a reliable supply of a clean and affordable energy throughout Europe beyond 2050, thanks to biomethane and H2.

It will guarantee the integration of all EU regions towards a well-functioning energy market and an increasing integration between gas and electricity to improve flexibility and reduce decarbonization cost

It will also guarantee the innovation in technologies and business models, in sector coupling and local solutions to deliver and store renewable and decarbonized energy.

**Slide 5**

So where are we today with the current market design ?

As you may see a hips of text have been developed and successfully implemented, not to mention even the gas directives. The result was discussed during the last Madrid Forum thanks to an assessment made by ACER. And even if, in any case, there is always room from improvement the conclusion was very positive.

Yes the European gas market is globally well functioning. And we all can legitimately be proud of that because it is the result of the whole gas industry, whichever part of the value chain you are addressing.

So now the main issue is to use efficiently this starting point to successfully deliver on an affordable European energy decarbonization.

**Slide 5**

This will require a bundle of legislative amendments under the umbrella of our future green deal.

From our point of view this legislative work should tackle several issues.

The first one obviously will be to step up the energy efficiency effort. It’s obviously key for the affordability of the energy transition.

But it is not the only condition. Another one is to maximize the use of existing infrastructures rather that thinking of developing new ones. By the way you are not even sure that you will be able to develop it. In Germany for instance a country where there is a crucial need to connect the energy produced in the North with the energy demand in the south, only 32 kms of electrical power lines were build last year. 32 kms is the annual distance travelled by a vineyard snail.

It could also be the opportunity to recall that gas transport is 10 to 20 times cheaper than electricity.

Germany transport 800 TWh of gas for around 5b€ and 500 TWh of electricity for 21 b€.

We will definitely need more and more electricity for ensuring the decarbonization. Probably up to 60 % of the European energy mix in 2050. But it will be costly. And the main mean to minimize the cost is using our existing gas infrastructure as an asset.

We will also need to make regulations evolve.

* firstly to break the silos inside the energy system and also between energy system and other industrial sectors too.
* Regulation should also evolve to allow options and facilitate technical innovation embedding risks the market is not yet ready to take.

Obviously this evolution should also improve the way the market is functioning by correcting what should be corrected.

This evolution should also be deployed with transparency as it is the case today and I want to praise the EU for the dialogue with stakeholders and the transparency.

It should also be based on technology neutrality as far as decarbonization of each sector is considered.

And finally it should also acknowledge regional differences. The energy transition will be a journey. And the starting point is not the same in every part of Europe. And the equilibrium between the three pillars : sustainability, security of supply and affordability is also not the same according to the region you consider.

**Slide 6**

What we have in common throughout Europe is that gas infrastructure is a key part of the value chain, currently providing very competitive solutions to transport or store energy.

It is already ready to welcome some new green gases such as biomethane or synthetic gas. Or even hydrogen thanks to blending.

Tomorrow gas infrastructure will also be able to store massive quantity of green hydrogen in salt caverns. And thanks to the technological advancement pipes will be even able to be converted in order to transport pure hydrogen. Today 100 % H2 turbines are already being developed.

**Slide 7**

And it is key.

Because convergent scenarios are demonstrating that using in 2050 renewable gas and green and blue hydrogen can bring huge savings compared to an hypothetic all electric scenario. And this solution using a smart combination with renewable electricity is also guaranteeing security of supply thanks to gas storage capacity.

One of them, delivered last march by Navigant, and called “Gas for Climate” demonstrates that an Integrated energy system can be fully renewable in 2050 and saves more than 200 Billion euro per annum.

Why ?

Because for instance, Battery seasonal storage is unrealistic even at strongly reduced costs. Only for France if you want to cover the global gas storage capacity using batteries you will need today 2 billion of the most efficient of them. Even if their efficiency is multiplied by ten in the next 30 years it is still 200 million of them, representing 70 millions of tons you will need to deployed … and to replace each 10 years.

Also full decarbonization of high temperature industrial heat can only be competitively achieved by using gas.

To day renewable gas cost is an issue. But I am quite confident that sustainably scaling-up renewable gas be it biomethane, synthetic gas or hydrogen will allow strongly reduced production costs even if we don’t take into account the extraordinary positive externalities these solutions will bring.

**Slide 8**

The journey toward a full decarbonization will not be an easy one.

But we will succeed if we are able to break the silos, to develop agile policies and regulation and also to accept that if the 2050 objective is key the trajectory is crucial. The climate in 2050 depend more on what we will emit till 2050 than on what we will emit in 2050. So in other words all opportunities to reduce quickly and in an affordable way emissions should be seized. And obviously natural gas has a key role to play in phasing out rapidly more emitting fuel. And that will also pave the way for green and renewable gas solutions.

In the energy, green is not an absolute color. And there are probably more than fifty shades of … green.

**Slide 9**

Another asset of the gas market is the pan European gas price convergence especially compared to electricity. It also demonstrates how liquid and efficient the market is. That is also something we will have to preserve in the future green market design.

What final consumers do want as far as energy is concerned ?

Very clear things :

* An affordable energy and efficient solutions for using it
* A transparent energy management showing very clearly was is decarbonized or renewable and what is not.
* And more and more flexibility, digitalization and security in energy services.

European Gas industry is already committed to deliver on this.

**Slide 10**

What are we expecting from Policy makers ?

Firstly to define quickly their 2050 vision including targets for all renewable and decarbonized energy, be it gas or electricity. And these targets should be based on carbon reduction, security of supply and affordability.

Secondly to break down the current silos in order to facilitate integrated systems in the energy sector and more circular economy solutions between industrial sectors including energy.

Technology should also be assessed in a very neutral way. And we should also take care of not forecasting the future only using technologies we currently know. We should let doors open as far as decarbonization is concerned, for the future generations. Remember that most part of the tools we are using today in our current life simply didn’t exist 10 years ago.

Fluidity of the gas market should also be eased by implementing trading for all renewable or decarbonized energy thanks to Guarantees of Origin with transparency based on life cycle analysis.

And finally defining alternative cost allocation allowing to reward positive externalities of gas and gas solutions in a more holistic vision.

**Slide 11** – Conclusion

Allow me to focus my main conclusion on emotion.

We all personally experience events with dire consequences, as attacks or hurricanes for instance, in a very emotional way.

And considering both the dramatic potential impact of Climate Change and the emergency to take measures in order to correct the pathway towards Paris objectives, it is quite normal to see some people or some groups of people reacting in a very emotional way.

And we all experienced that yesterday.

But the collective responsibility of Policy Makers and of ourselves, industrials, is precisely not to let emotions take over rationality.

That is something you rapidly learn in the business. As it’s a key condition to deliver sustainable and concrete results.

We should then keep that tracks as far as energy transition is concerned rather than succumbing to the temptation of idealistic solutions which will never fly or might have results opposite to what was expected

Be sure that GIE and all European infrastructure companies are committed to deliver on efficient energy decarbonization solutions and results. Not only by using all the advantages of natural gas compared to other energies but also in welcoming, developing, testing all technologies that pave the way towards a european green gas economy.