



International
Association
of Oil & Gas
Producers

***GAS AS AN INTEGRAL
PART OF THE EU
DECARBONISATION
STRATEGY: WHICH
SOURCES,
CHALLENGES AND
PERSPECTIVES***

Florence School of
Regulation

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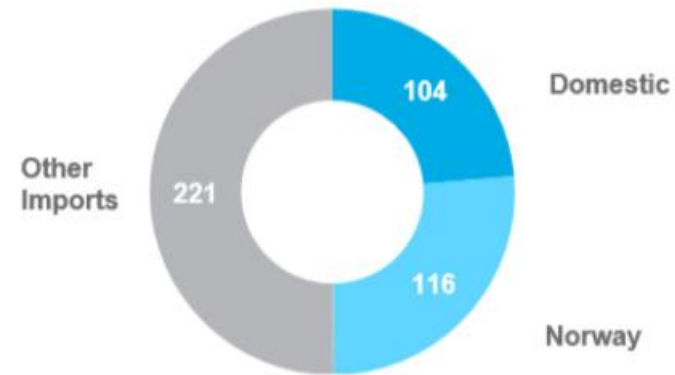
EU Gas Potential Remains High

Over 6000bcm of known and potential resources

New exploration is critically important

Importance of sharing best regulatory practices
e.g. maximising economic recovery and collaboration principles

2017 EU28+Norway Gas Supply Mix | bcm

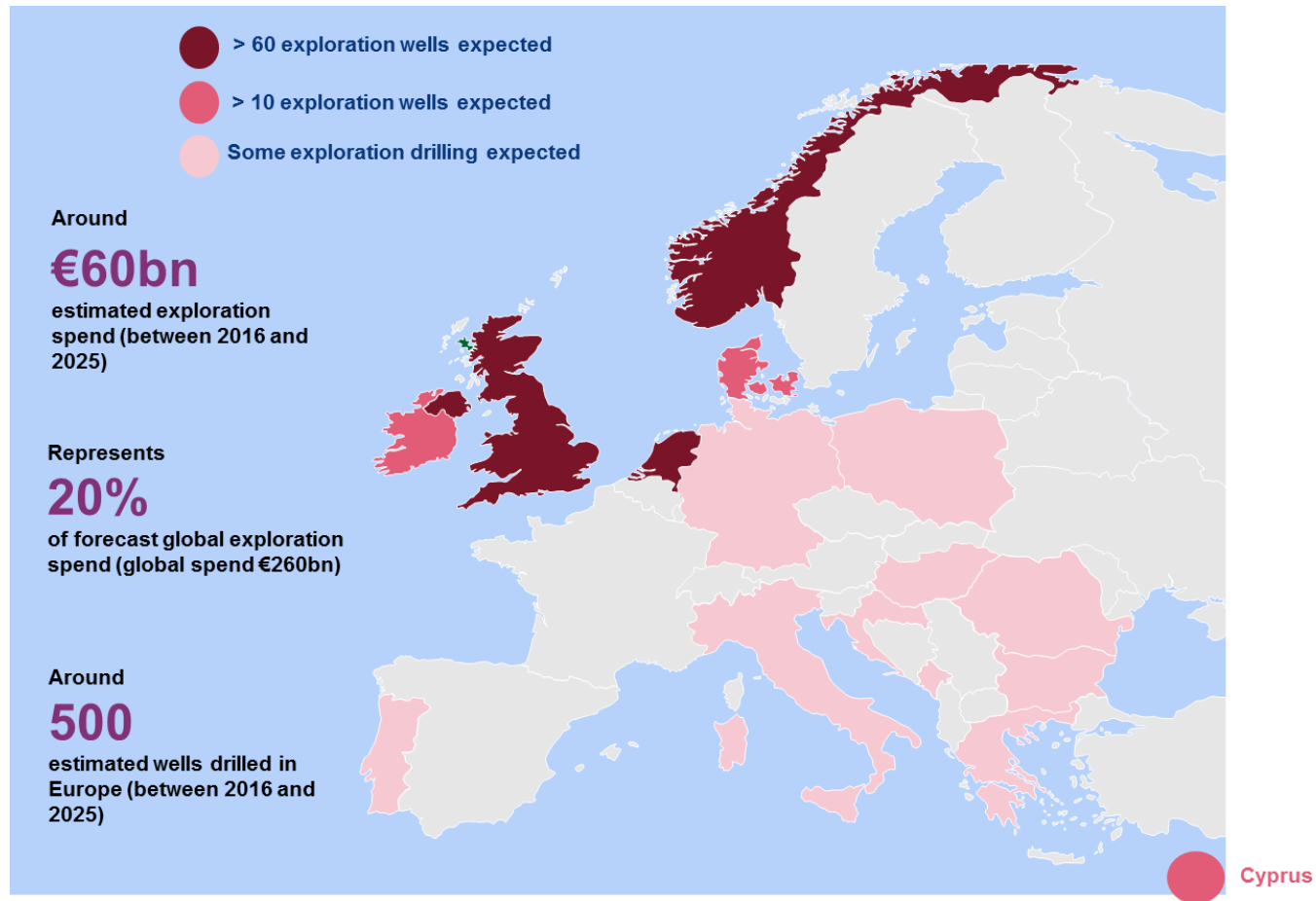


Gas Resources



■ Commercial ■ Technical ■ Yet-To-Find

Europe: Still an Exploration Hotspot



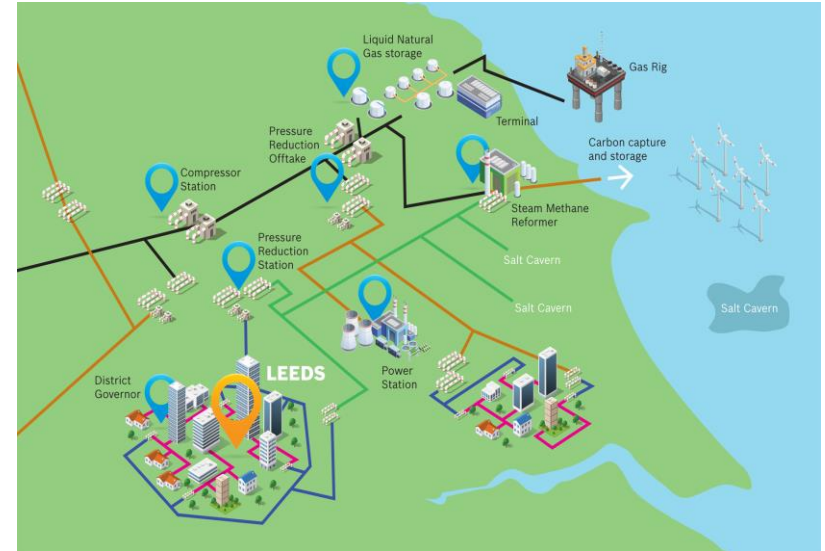
Europe Yields Some of Best E&P Results Globally!

EU gas market priorities

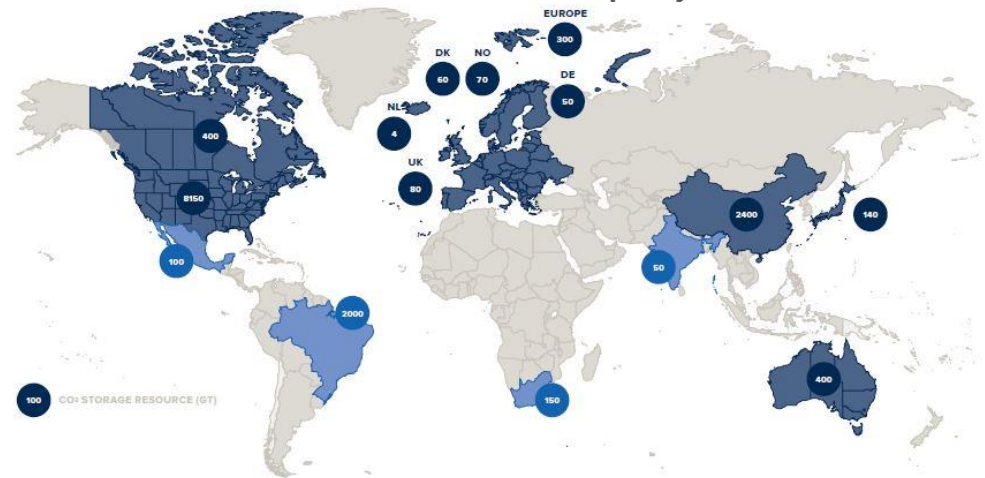
- Further hub development in Europe
 - From a supplier perspective, hubs are an efficient mechanism
 - Provide security of supply and flexibility
- We need to improve liquidity in other parts of Europe
 - Churn rate is non-existent in south-east Europe
 - New supply and production triggers hub development
- Gas storage obligations mitigate against new market entrants
 - Raises cost for the gas system
 - Discriminate against other forms of flexibility
- Regulated retail prices are impacting wholesale markets
 - Focus should be on competition and market integration, to enable efficiency

How to decarbonize natural gas?

- Natural gas can be decarbonised by converting it to hydrogen with CCUS
 - Sufficient storage capacity in Europe
 - Norway wants to receive EU's CO₂
- Regulatory change may be needed
 - Enable TSOs and DSOs could be enabled to transport CO₂ and H₂ as a regulated activity
 - Post-storage liability needs clarification
 - Business models for hydrogen should be assessed
 - IOGP-coordinated report for next Madrid Forum



Source: H21 project



Source: Global CCS Institute



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