



Investing in Gas Infrastructure



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Flame XVIII

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Who is GIE?



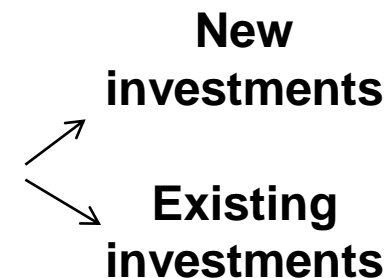


The Challenge: EU energy objectives



The Requisite ?

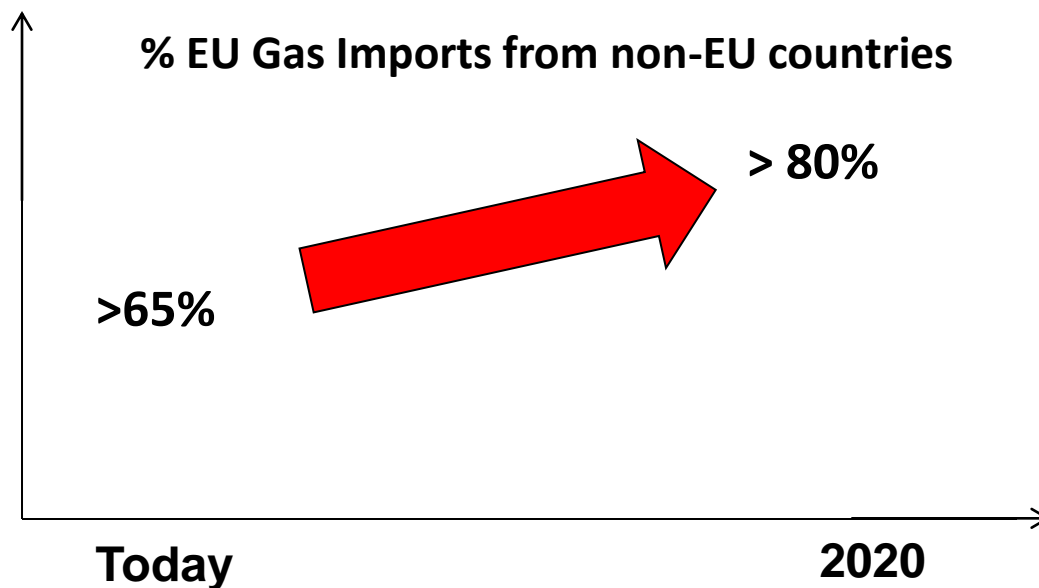
→→→ Energy Infrastructure!



Do we need more gas infrastructure?

Answer: Yes, EU needs more infrastructure

1. SECURITY OF GAS SUPPLY – Increasing our dependency

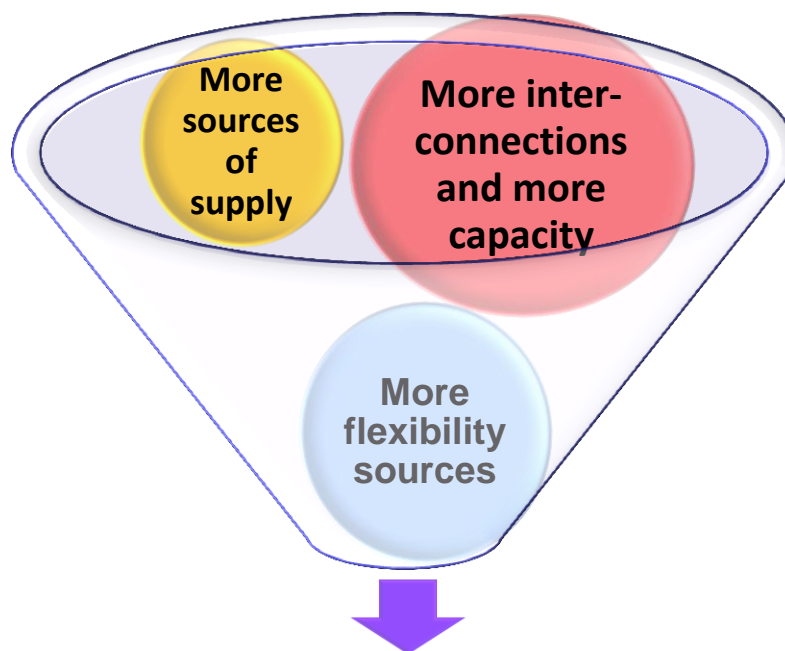


→ More gas supply routes/points, more gas interconnections, more reverse-flows, more storage and more resilient gas infrastructure.

Do we need more gas infrastructure?

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2. COMPETITIVENESS – Achieving a truly internal gas market



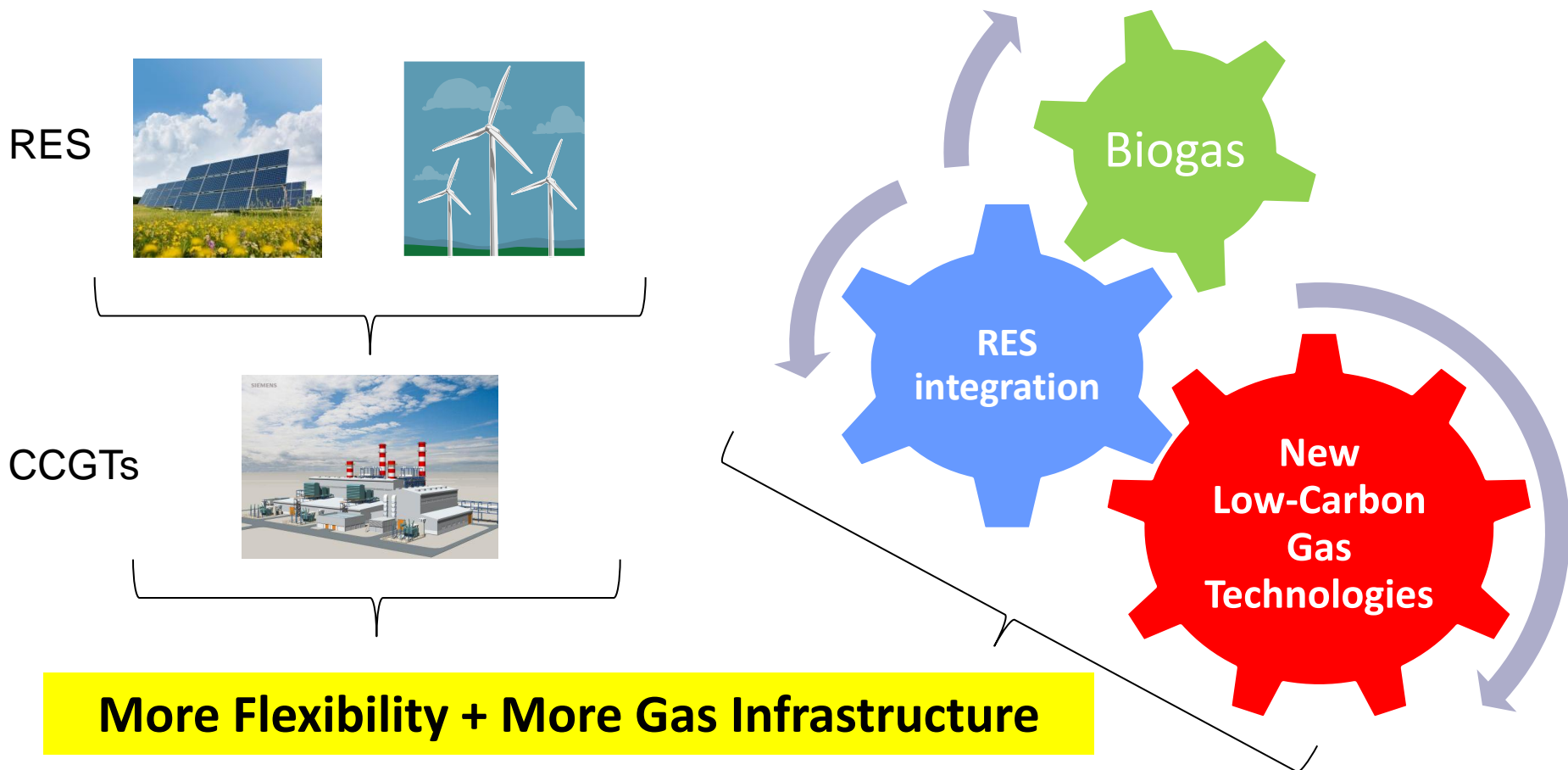
More Gas Infrastructure

→ Gas Infrastructure usually represents less than 10% of the final consumer's bill.

Do we need more gas infrastructure?

Answer: Yes, EU needs more infrastructure

3. SUSTAINABILITY – Enabling a Low Carbon Economy





Electricity and Gas Infrastructure
→ Estimation of 200 billion Euros up to 2020



**Energy Infrastructure
Package 2011**

70 billion Euros for gas projects



→ **ENTSOG Ten-Year Network Development Plan showed investment projects for the following 10 years valued in 89 billion Euros**

Why gas is a no-regret option?

Gas delivers the highest, quickest and cheapest reduction of GHG by replacing coal by gas

Existing high-tech technologies (CHP, micro CHP, gas heat pumps, etc.) offer higher efficiencies never seen before

Natural gas also offer immediate opportunities for reduction of CO₂ emissions in the transportation and maritime sector

CCGTs enable the development of renewables

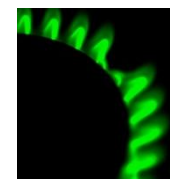
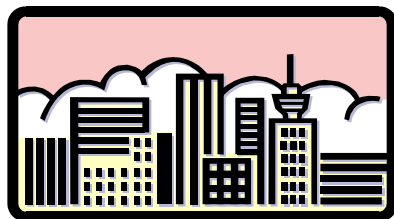
→ **Gas will be critical for the transformation of the EU Energy System**

What are the drivers for Investment in Gas Infrastructure?

1. CCGTs development to cover new demand, enable RES and replace fuel, coal and nuclear power stations



2. Development in the domestic markets



Biogas

3. Achieving a single, well interconnected, competitive and sustainable gas market.



Internal Energy Market

- Market-based investments
- Possibility of having also gas infrastructures not based on direct market demand which take into account externalities (SoS, solidarity, sustainability, etc.)
- Financial Support might be needed, but it should
 - not introduce market distortion
 - not be detrimental for existing investments underpinned by the market

How to make investments in infrastructure more appealing in these volatile times?

1. Sound investment climate

- Stable, visible and predictable regulatory framework

2. Recognition of a significant role for gas in the long-term

3. Permitting

- Speeding-up
- Certainty about overall duration
- One-stop shop



How to make investments in infrastructure more appealing in these volatile times?

4. Financing

- Projects not supported by the market
- Different types of financial support
- Careful with already existing investments
- Avoiding market distortions

5. Cross-border projects

- Large variety of MSs, NRAs, TSOs, regulatory frameworks and stakeholders
- **Coordination and involvement** from all parties is paramount.

6. Energy Infrastructure Package

- Part of the Connecting Europe Package
- EC's proposal is welcome and appreciated
- Clear distinction between gas and electricity is needed.
- Complementarity and coherence with existing legislation
- Process for selection of Projects of Common Interest (PCIs) to be carried out carefully
- Storage and LNG operators to be more recognised and involved in the PCI process as well as on the CBA.



- Launched in December 2011
- Gas Advocacy campaign to showcase the essential role of gas in the future EU energy mix.

23-26 April: **Gas Week at the EU Parliament**
More information at www.gasnaturally.eu

→ Long-term visibility from policy-makers is crucial!

Decarbonisation of Power Sector by 80-95% by 2050

Natural Gas will play a critical role in the transition to a low carbon economy

After 2030, natural gas development will depend on CCS: either gas might become a low-carbon technology or it is limited to flexible back-up for renewables.

Energy Roadmap's target only make sense if a Global deal is achieved.

We need to see that Policy makers recognise the crucial role of gas in the future EU energy mix. Otherwise investments on gas infrastructure will be hampered.



**Thank you for your kind
attention**

**Jean-Claude Depail
GIE President**

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