To improve the climate for investments in flexibility

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Natural GAS

- large worldwide resources
- major worldwide gas reserves at the doors of Europe
- the best H2 /Carbon ratio of all the fossil fuels
- an increasing global market
- still large indigenous resources

Natural GAS is an opportunity for Europe!
In order to take advantage of this mainly midstream opportunity - Investments are the key:
- to improve existing resources to the EU market
- to increase flexibility inside the EU market

A favourable climate for investment is made of:
- certainty, stability, predictability, adequacy …on
- demand growth, tariffs, regulations, structures of market and role of actors…

*Does such a climate exist, and if not how to create it?*

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The last EU energy regulation is not so favourable to a short/middle term friendly climate for investment

- The “Climate – Energy package” (more than the present economic crisis) has increased uncertainty on the EU future gas demand growth

<table>
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<th>EU 27 - Primary energy demand Gas - Mtoe</th>
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<td>IEA 2008 Ref Scenario</td>
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<td>------------------------</td>
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<td>2005</td>
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<td>2020</td>
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<td>Growth/year</td>
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Some aspects of the regulation of the last 3rd package of liberalization of energy market may have a short to medium term effect on investments:

- increased uncertainty on the adequacy of future regulated tariffs
- reorganisation of the structure of the market
- additional burden on “investment friendly” regulation
- ...

How the internal dimension of the future EU Security of Energy Supply Policy could improve the climate for investments?

- in facilitating additional investments on interconnections by adapted tariffs policies at the national and/or EU level
- in improving conditions for TPA exemption obligations
- in improving the long permitting procedure for any new infrastructure development
- in ensuring that emergency measures shall be applied in a transparent and non discriminatory way in order to issue correct signals to the market and future investors
- when projects involve the provision of extra, non economic, capacity for the purpose of security of supply, the EU should establish specific and transparent rules for its use
- and more generally in reintroducing stability and predictability that are necessary to decide long term investments...
Thank you!