

CEPS Energy Task Force

Security of Supply and Interdependence

Brussels, 29 September 2009

*Presentation by Mr. Jean-Marie Devos
Eurogas Secretary General*



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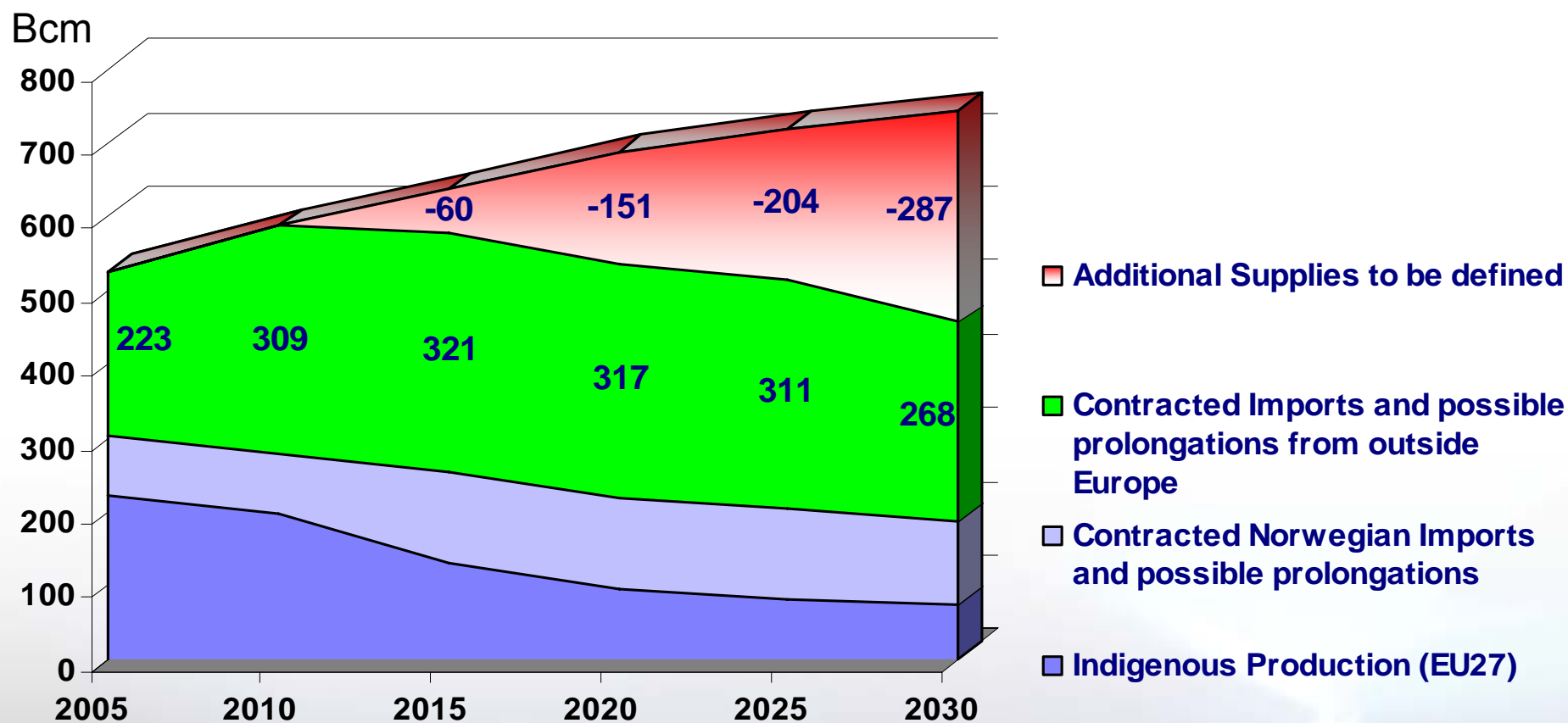
The organization is composed of 47 members from 27 countries:

- natural gas companies,**
- federations of natural gas companies,**
- and one international organization.**

1. Some Key Areas of Interest for Eurogas:

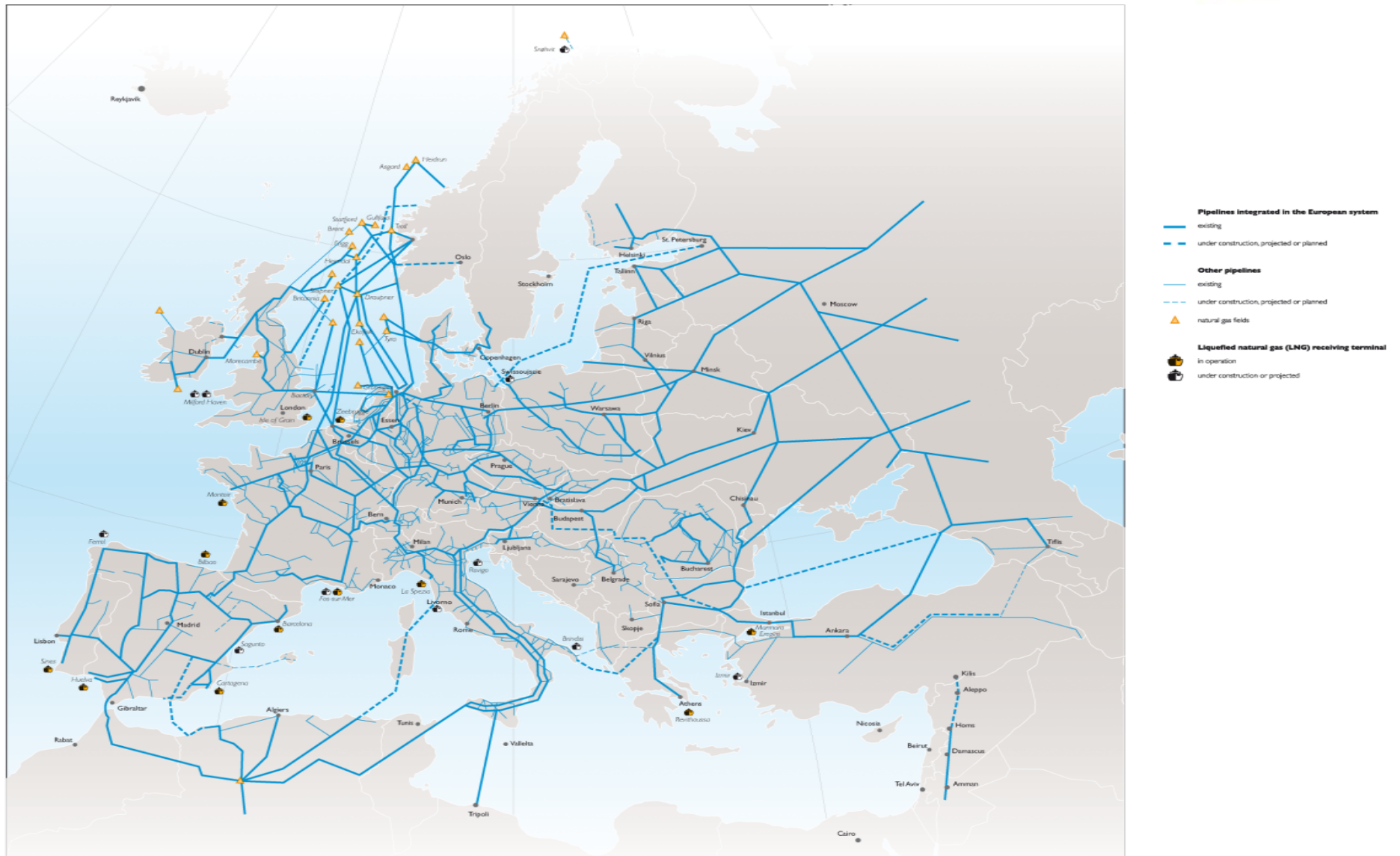
- Sustainable Economy and position of natural gas (including climate change and energy efficiency – climate/energy package)
- Key studies, economics, statistics and forecasts
- Competitiveness
- Security of Supply
 - *Gas Coordination Group, Berlin Fossil Fuel Forum*
 - *Relations with producing and transit countries (EU Russia Dialogue, Norway, Ukraine, Caspian Development Corporation and Mashreq Gas Initiative)*
 - *Diversity of energy sources: role of natural gas in a diversified energy mix*
 - *LNG*
- ➔ The Energy Strategic Review (SEER II) and Proposal for Security of Supply Regulation
- Internal Market
 - *Implementation*
 - *Regulatory Forum of Madrid*
 - *Gas Regional Initiative and Energy Community Treaty*
- ➔ The Third Energy Package
- Customer focus – Citizen's Energy Forum
- EU Social Dialogue for Natural Gas

2. Development of natural gas supplies in EU27



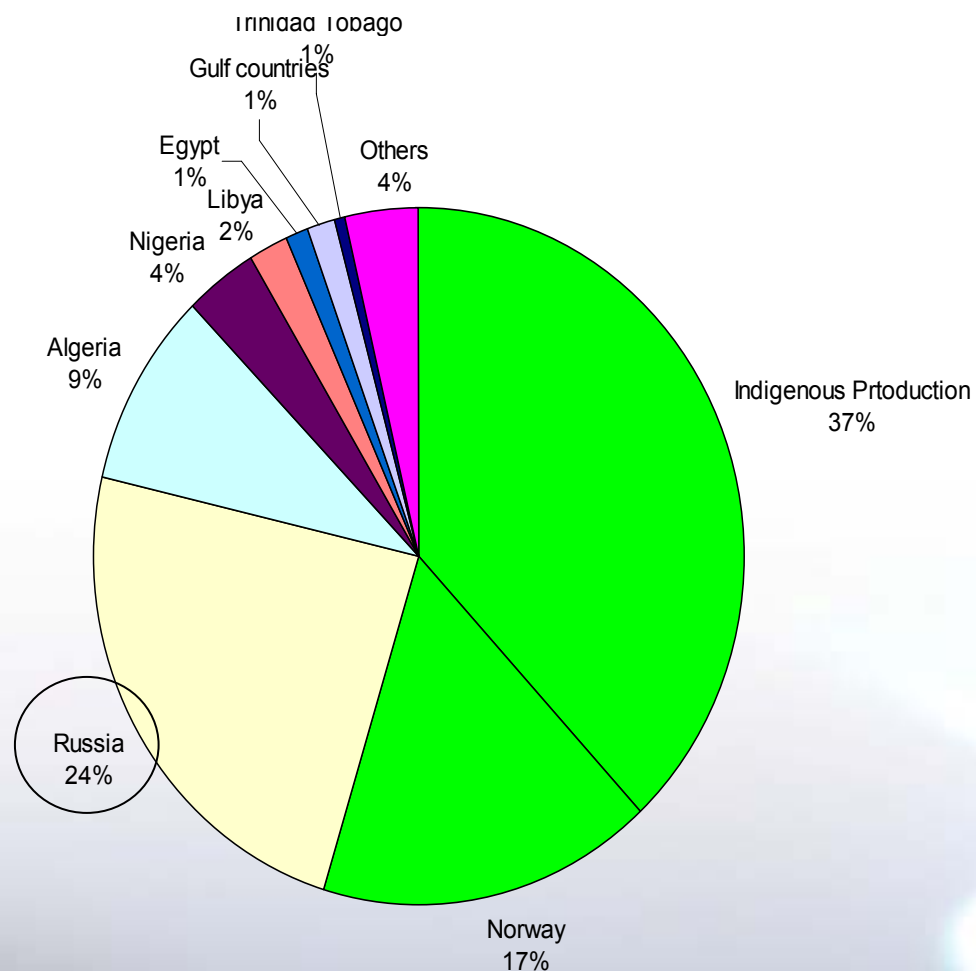
- Eurogas works on new forecast
- BUT uncertainties
- Impact of economic crisis?

2.1. European gas network

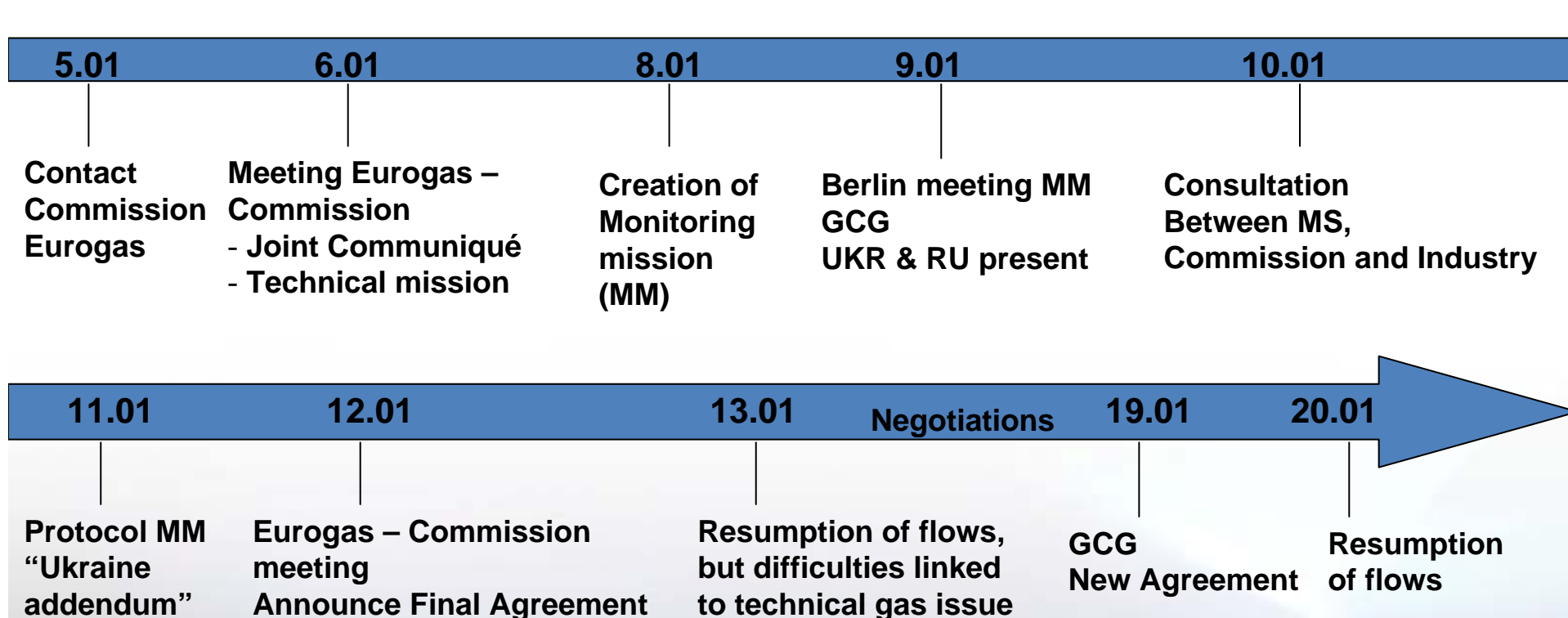


2.2. Split of EU supplies

Breakdown of EU27 supplies (2007)



3. Evolution of Crisis in beginning of January



3.1. Joint press release calling for immediate resumption of flows

- **Joint statement by Eurogas and the European Commission (6.1.2009)**
- In the context of the current dispute between Gazprom and Naftogaz and the reported very serious reductions of the volumes of natural gas supplied to Europe, the European organization of natural gas industries (Eurogas) met with Commissioner Piebalgs today to exchange views on the latest developments and related measures. **Eurogas and the European Commission expressed their strong concerns of the impact of the dispute on European customers and called for an immediate resumption of the natural gas supplies to Europe, urging both parties to respect their contractual supply and transit obligations.**
- Both parties should be aware of the negative impact and the damage this dispute might generate. It is necessary to reach not only a solution to this immediate problem but to arrive at a sound common agreement for the longer term to avoid the risk of future disputes.

3.2. Eurogas actions during crisis

Interlocutor of Commission and Presidency

- Informal contacts on daily basis
- Meetings with Commission
- Joint press release calling for immediate resumption of flows

Voice of industry

- Participation in GCG meetings

Link between industry and Commission

- Almost daily updates to members
- Coordination with members and update on latest developments

Technical expertise

- Coordination of nominations for monitoring team
- Follow-up of mission and daily developments

Source of information

- Permanent exchange of data and information with press and industry

Contacts with Russian and Ukrainian counterparts

3.3. Industry Actions during Crisis

- Situation difficult in some Eastern European and Balkan countries
- In other countries companies manage situation at national level
- All instruments are activated
 - Interruptible contracts
 - Storages
 - Diversification of supplies
 - LNG
 - Swaps and short term trades
 - Reverse flows
- Numerous examples of solidarity between companies
 - E.on - SPP
 - GDF-Suez – SPP
 - DEPA – Bulgargaz (...)

4. Some Lessons from the Crisis



Reaction of “EU System” in emergency

- Early cooperation and coordination between
 - Eurogas – European Commission and Presidency
 - ➔ **Quick setup of nominations of Monitoring Team**
 - ➔ **Eurogas in constant contact with Institutions (including Czech Presidency via the Czech Gas Union)**
 - ➔ **Press Coverage => Joint Eurogas/EC Statement**
 - ➔ **Effective and pro-active actions of Eurogas Membership**
- Eurogas regular contacts with EU and other Institutions (Energy Charter, OSCE, etc.)

4.1. Some Lessons from the Crisis

BUT => NEED TO ENHANCE CONFIDENCE:

- ➔ Need for consolidated political arrangements and contractual solutions between Ukraine-Russia partners on
 - Supply
 - Transit } => New 10 years Russia-Ukraine Agreement
- ➔ Need for “Long Term” institutional agreement between
 - European Union – Ukraine and Russia
 - An arbitration process?
 - A joint transit centre?
 - Importance of Energy Charter Treaty principles but...
- ➔ Confirmed need for even more diversification of sources and routes

5. Conclusions



For industry

- Diversification of sources and routes
- Tapping new sources of origin
- Continuous investments in major international supply/infrastructure projects
- Improve the interconnectivity towards and within Europe and the Internal Market
- Need to analyse additional reverse flows possibilities
- Improvement in regional cooperation on cross-border gas flow
- Cooperation and information exchange between industry needed
- Importance of commercial storage

5.1. Conclusions



For politics / public authorities

- Speak with one voice and involve stakeholders
- Reinforcement of external EU-dialogues
- Energy policy with strong security of supply component
- Elements such as compliance with international treaties and respect of transit and supply contracts
- The Gas Coordination Group should be supported by enforced working groups to develop pragmatic regional solutions
- Increase Europe's competitiveness for LNG in the global market (via a consistent package of actions)

→ We caution against « actionism » and hasty conclusions

→ Keep entrepreneurial flexibility

5.2. Conclusions

- Pan-European cooperation is a must
- The Energy Community has a role to play

EUROGAS Annual Policy Conference 2009

28/09/2009

Preliminary draft

1 October 2009

Conrad Hotel, 71 Av. Louise, B – 1050 – Brussels

8h30 – 9h15 - Registration

9h15 – 10h45 - OPENING SESSION

09h20 - 09h25 - **Opening address** by Mr. Jean-Marie Devos, Secretary General, Eurogas

09h25 - 09h45 - **Opening speech** by Mr. Domenico Dispenza, President of Eurogas

09h45 - 10h05 - **“Taking stock of 5 years of European Energy Policy”** by Mr. Andris Piebalgs, EU Energy Commissioner

Discussion

10h30 - 10h50 - Coffee break

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10h50 – 11h10 - “A Russian view on energy cooperation and security of supply”

by Mr. Valery A. Yazev, President, Russian Gas Society and Vice Chairman of the Russian State Duma

Discussion

11h20 - 13h15 - SESSION I

Meeting security of supply and customer expectations - Responses and policies - Did we get it right?

Moderation by Professor Jonathan Stern, Oxford Energy Institute

11h30 - 11h45 - “The action of the supply industry”

by Mr. Martin Herrmann, Chief Executive Officer, RWE Transgas

11h45- 12h00 - “Lessons of possible supply disruptions for security of supply in South-Eastern Europe”

by Mr. Dimitar Gogov, Executive Director, Bulgargaz

12h00- 12h15 - “Matching gas supply disruptions – the role of infrastructure”

by Professor Dr. Marc. O. Bettzüge, Institute of Energy Economics, University of Köln

12h15- 12h30 - “eustream - a view of a transmission system operator”

by Mr. Andreas Rau, Member of the Board of Directors, EU Stream

12h30 – 12h45 - “Ensuring security of supply in the EU: which tools? Which legal instruments?”

by Mr. Jean-Arnold Vinois, European Commission DG TREN

Discussion with the participation of representatives of major international organisations including IEA, Energy Charter, OSCE

13h15 - 14h30 - Lunch

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14h30 - 16h15 - SESSION II

Internal market - new challenges and opportunities

Moderation by Professor Jean-Marie Chevalier, University Paris Dauphine

14h30 - 14h45 - Introduction by Professor Chevalier

14h45 - 15h00 - “Building the internal market and the role of regulation in the 3rd energy package”

by Professor Jean-Michel Glachant, Florence School of Regulation

15h00 - 15h15 - “The Third Energy Package : A new impetus to the internal energy market? An industry analysis of strengths and weaknesses” by Mr. Theo Ebels, Head of Marketing Staff, GasTerra

15h15 - 15h30 - “Towards a pan-European energy regulatory action - the future ACER”

by Mr. Walter Boltz, Chief Executive Officer, E-Control

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15h30 - 15h45 - “From energy optimization to a low carbon economy”

by Dr. Klaus Altfeld, President of the European Gas Research Group-GERG

15h45 – 16h15 - Discussion and Closure

Thank you for your attention!