

Mr. Herman Van Rompuy
President
European Council
B – 1048 Brussels

10L174

Brussels, 22nd March 2010

Dear Mr. President,

On the eve of the European Summit of 25th and 26th March which will address post Lisbon strategies, the European natural gas industry wishes to express its full support to the objective of reaching sustainable growth at the horizon of 2020 and thereafter.

After two years of toughest economic recession, the choice of appropriate instruments will be of utmost importance, for a successful European strategy for mid and long term recovery and growth. A competitive and sustainable energy sector is a key dimension of this recovery. Natural gas will play a major role in this process as a most efficient, abundant and clean segment of the energy-mix as recognized by the International Energy Agency and European scenarios. Natural gas represents one quarter of the primary energy mix and is expected to maintain its key position at the horizon of 2020.

We appreciate that the Commission has shaped over the years a good understanding of the role of natural gas. However, Eurogas wishes to express its concerns regarding some elements of the proposed 2020 strategy, in particular the provision concerning the gas sector which might generate unnecessary ambiguity and might negatively impact on the investment climate and on international movements of natural gas.

The present formulation of the strategy creates uncertainty on the future of gas in the energy mix. While describing its objectives for a sustainable growth, the Commission states, in a paragraph on “clean and efficient energy”: *“Meeting our energy goals could result in € 60 billion less in oil and gas imports by 2020. This is not only financial savings; this is essential for our energy security.”* (p13)

EUROGAS does not share this affirmation which might put gas at a disadvantage compared to other energy sources. As a matter of fact, EUROGAS considers that efforts on energy efficiency and security should apply to all types of energy sources.

There is a lack of clarity and of certainty in the figures used in the Europe 2020 strategy. EUROGAS would like to stress that no information is given in the communication on the methodology and the scenarios used by the Commission in order to establish the aforementioned figures (“€ 60 billion less in oil and gas imports by 2020”).

Moreover, we note that the use of economic factors, such as imports, could lead to confusion as we do not understand the link made by the Commission between imports and clean and efficient energy issues.

More generally, EUROGAS believes that the consultation of appropriate stakeholders is necessary for the elaboration of scenarios. We remain open to discuss further this issue with the Commission.

Natural gas qualities continue to recommend it for an essential role in delivering a cleaner economy. Since it emits far less CO₂ per unit of energy produced than any other fossil fuel, an increase in its use for power generation by gas-fired plants will significantly continue to reduce greenhouse gases emissions and air pollutants.

In addition to being a fuel of choice for direct power generation, natural gas will also increasingly need to be used as the best physical, technical and economical back-up for electricity generation from renewable but also intermittent energy sources, especially wind and solar.

Further penetration of natural gas in sectors like residential or in road transport should provide immediate benefits to air quality in our densely populated and car and trucks crowded continent.

Furthermore, natural gas availability, efficiency and flexibility allow it to be used in combination with renewables not just in the power grid but also in other advanced site-based applications which are already available to the market and which allow to deliver heat or other forms of energy very efficiently.

Natural gas and its increasingly efficient technologies empower the building up of a sustainable economy in line with the EU's energy and climate change policy. Any pragmatic roadmap for a greener future goes through a larger role for gas.

Within the internal market, constant progress is achieved by developing even more interconnections, and reverse flows on basis of the experience and recommendations of industry. The recent European recovery plan is an important reflection of the EU commitment to further develop gas infrastructures, hence improving the investment climate and security of supply.

With regard to external energy relations, the EU has highly put the accent on the quality of our relations with producing and transit countries and has an important role to play in order to provide the political and legal framework for commercial relations with producing and transit countries.

In a post-Copenhagen world, we are convinced that natural gas is a bedrock of sustainable development.

The years ahead will be challenging for the gas sector, but appropriate actions on growth re-launch, entrepreneurial vision, market functioning, security of supply and support in research and development will provide a framework conducive to a more sustainable economy, with gas being a major pillar of the EU energy mix and a driver for strong improvement to the European quality of life.

Eurogas is most willing to further discuss and contribute to the elaboration of future energy scenarios and strategies.

Yours sincerely,



Domenico Dispenza

PS: A similar letter was addressed to Mr. José Manuel Barroso and Mr. José Luis Rodríguez Zapatero.