

The logo for Eurogas, featuring the word "euro" in blue, a stylized multi-colored flower icon, and the word "gas" in blue.

Newsletter

► Natural Gas Consumption in the EU27 and Switzerland in 2010

According to preliminary figures and estimates from Eurogas, total natural gas consumption in EU27 increased by 7,2% in 2010 in comparison to 2009.

The initial estimate for 2010 natural gas consumption in the EU27 is 5655 terawatt hours (TWh GCV), equivalent to 522 billion cubic meters (BCM), or 438 million tons of oil equivalent (MTOE NCV).

At the end of 2010, the total number of gas customers connected to the EU27 natural gas grid rose by approximately 1% in comparison to 2009, to reach 115,4 million customers. The press release that contains detailed information is available [here](#).

► Eurogas Activity Report 2010 Now Published

The Eurogas Activity Report 2010 is now available. It refers to the impact of an increasingly globalized gas market on the European gas industry. It reviews market factors such as demand for gas, LNG imports, and progress in infrastructure projects. It notes that progress is also being made in policy recognition. It describes Eurogas policies on strategic and security of supply issues, sustainability, the internal European market, and the retail market both from the suppliers' perspective, and from that of the distribution system operators. Work on market transparency and integrity and on social affairs is described. The report provides information on the 2010 events of the organization and also lists

publications. Please click [here](#) to view or to download it.



► Eurogas Events for EU Policy Makers

The representatives of EU Member States in the COREPER, with special responsibilities for energy, participated in a working lunch on January 14th. Eurogas led a presentation on *Priorities of the European Gas Industry*.

Under the umbrella of the European Union Sustainable Energy Week (April 11-15), Eurogas in cooperation with Marcogaz and GERG hosted an event entitled '*Natural Gas Facilitating Sustainable Energy Solutions*'.

Both events were well attended and warmly received by participants. Presentations from the events can be downloaded ([COREPER](#) and joint [EUSEW](#) event).

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► Eurogas Views on External Energy Policy

Eurogas responded to the European Commission's public consultation on External energy policy. The key messages from our responses are:

- Improved external energy relations can help to further improve energy security;
- Supporting the EU's economic competitiveness by means of supporting access to reliable and cost-competitive global energy supplies should be a central mission of public policy;
- EU energy policies should be internally coherent and reassuring towards external suppliers on the

important role of natural gas in the future EU energy mix;

- While it is companies' responsibility to conduct commercial relations with suppliers, it is helpful when they are supported by political dialogues;
- Consultation and involvement of the European gas industry, with its long experience of external supply arrangements and the engagement of its companies in global markets, are essential in delivering a successful EU external energy policy.

The full response to this public consultation is available [here](#).

► Eurogas Welcomes EU's Energy Efficiency Plan 2011

Eurogas generally welcomes the newly launched Energy Efficiency Plan 2011, which offers a number of pragmatic business and market oriented approaches to achieving higher levels of savings.

Eurogas members are today active in a range of national energy efficiency schemes. In a competitive energy market, offering energy services is increasingly viewed by suppliers as essential in their commercial strategy to win and retain customers.

Eurogas wholeheartedly endorses the Commission's emphasis on energy efficiency in the transition to a resource efficient economy and a key to sustainable growth. Eurogas appreciates especially the emphases in the Action Plan on energy efficiency in buildings, which indeed offers the greatest savings potential, and on the efficient generation of heat and electricity, for which gas is a fuel of choice. We also appreciate the recognition of energy efficiency as a business sector, and of the need to empower consumers by enhancing their awareness of energy use and energy efficient solutions level.

Eurogas welcomes the decision by the Commission not to propose binding efficiency targets at this stage, although we are concerned that some of the obligatory measures which could be contemplated would distort existing market mechanisms. In particular, the

upgrading of generation capacity, based on the BAT (*best available technology*) principle, would risk imposing high costs and might phase out existing low efficient fossil fuel fired peak or back up generation capacity which is necessary to ensure security of supply. A cost efficient approach should be market based, with a well balanced incentive scheme that preserves the free investment choice of market operators. In general Member States should have the freedom to decide how users can be best encouraged to reduce their energy consumption.

Many Eurogas members are involved in promoting gas-fired energy solutions for more efficient energy use and as an Association, Eurogas engages in discussions on the design of the necessary evolution to smart metering systems and smart gas grids, with a focus on the functions they will offer to meet customers' requirements.

Eurogas is committed to the realization of a secure, sustainable and competitive European Energy Market. In a wide range of applications, natural gas is a natural choice for an efficient and economic solution in power and heat production, manufacturing processes and domestic and industrial space heating. In addition, gas also has significant potential as a vehicle fuel, particularly for fleet vehicles.

► **Learning by Doing: Roadmap for a Low Carbon Economy in 2050**

The European Commission published its *Roadmap for moving to a competitive low carbon economy in 2050* in March. Eurogas has drawn attention to the opportunity in the energy sector for earlier and quicker reductions in the emission of greenhouse gases (GHGs) than is highlighted in the *Roadmap*.

The *Roadmap 2050* states that EU emissions were estimated to be 16% below 1990 levels in 2009. It does not analyze why or how these reductions were achieved, and so misses the opportunity to learn lessons for the future from what has already been done in the recent past.

Many factors have contributed to progress so far. Prominent among them has been the wide adoption in many EU countries of high-efficiency gas-fired equipment, in many energy sectors, and especially in the generation of electricity. In addition to contributing to lower carbon emissions, natural gas is a flexible and affordable fuel.

The *2050 Roadmap* anticipates an accelerating trend in emission reductions from now to 2050—at an average rate of 1% per annum to 2020, accelerating to 1.5% to 2030, then to 2% per annum from 2030 to 2050 “as a wider set of cost-effective technologies would become available.” Eurogas notes that confidence in tomorrow’s technologies need not prevent the more rapid adoption of technologies that are already available today. Energy policies should be designed accordingly. In the interest of a competitive European economy, they should take advantage of subsidy-free routes to lower GHG emissions in the immediate future.

The Commission’s document anticipates that the development of sectoral policy options will go into greater depths on costs, trade-offs, and uncertainties. In this context, Eurogas hopes that the Energy Sector 2050 Roadmap that will now be developed by the Commission will fully take on board the application of a general principle that the most cost-effective measures to reduce emissions should be taken first.

► **Eurogas Position on Infrastructure Package: Need for Consistency with Business Realities**

Some weeks before the 28th of February Energy Council meeting, Eurogas drew attention to the need for Ministers to ensure that the European approach to supporting policies for natural gas infrastructure must be consistent with business realities.

Eurogas President Mr. Jean-François Cirelli, Vice Chairman and President of GDFSUEZ, wrote to the Hungarian Presidency (Minister of National Development Fellegi), and to Energy Commissioner Oettinger, to introduce a key Eurogas Position Paper on the subject.

Eurogas’ key points are that:

- Investment in infrastructure requires visibility and security about future use of natural gas in the energy mix. Policies need to be coherent on this.
- Gas shippers need a viable network. This implies a stable and predictable legal framework with adequate remuneration for

- investors and operators.
- Procedure to identify projects of European interest should be discussed with industry, should use transparent criteria, and consider market requirements, while market distortion should be avoided.

Other issues addressed in the Position Paper are permitting issues and matters related to regional clusters and to the Southern Corridor.

The Eurogas President said:

“A sound policy on infrastructure development is essential for a secure and sustainable European Energy Market’.

He added that ***“With its extensive experience, the European gas industry is willing to contribute further to this debate”.***

The position paper can be downloaded [here](#).

► **Eurogas Participation in Public Conferences**

Chairman of the Legal Affairs Committee, Mr Michael Gillis, spoke at the Claeys and Casteels conference in Brussels on 19th January. His subject *Priorities for the European Gas Industry* will appear in a book that is being prepared from the conference proceedings.

Mr. Simon Blakey, Eurogas Special Envoy presented views on the risks and challenges in developing unconventional gas in Europe at a conference on the topic organized by the Energy Exchange in Paris on 1st - 2nd February.

Eurogas represented by Mr. Blakey also shared views and industry perspectives on markets and regulation during the European Gas markets summit organized by "Eye for Energy" in London on 15th February.

Eurogas was also present at the GasTech Conference in Amsterdam on 22nd-23rd March, where Mr. Blakey contributed to online interviews for the Energy Delta Institute and delivered a speech introducing a Gas Technology Institute session on unconventional gas.

► **Active Participation of Eurogas in Regulatory Framework Working Processes**

On 10th February, the Council of European Energy Regulators (CEER) held a workshop in Brussels on CEER Guidelines of Good Practice on retail market design with a focus on supplier switching and billing. On behalf of Eurogas, Mr. David Johnson, Chairman of the Supply and Distribution System operators committee made a presentation focusing on suppliers switching and billing.

On 22nd February, the Council of European Energy Regulators organized a workshop in Bonn (Germany) on Target Model for the European gas market. Mr. Ralf Presse, Chairman of the System Users Committee participated in one of the panels.

The Gas Regulatory Forum of Madrid took place on 21-22 March. Ms. Margot Loudon, Eurogas Deputy Secretary General, made a presentation in the panel "EIP and infrastructure financing: regulatory aspects".

► **Main Forthcoming Meetings and Events as of April 2011**

- Russian Gas Society Conference – supported by Eurogas, 19 May, Berlin (programme available [here](#))
- Eurogas Board meeting, 9 June, Milan
- General Assembly meeting and members conference, 10 June, Milan
- Innovative Uses of Natural Gas, 24 June, Brussels
- Eurogas Board meeting 14 October, Brussels, Eurogas Offices
- Eurogas Board meeting 8 December, Brussels
- Eurogas Annual Conference 8 December, Brussels
- Eurogas General Assembly meeting 9 December, Brussels