

► Eurogas Workshop of 5 May Looks at Long Term Outlook for Gas Demand and Supply 2030



From left to right: Mr. Martin Altstätter, Mr. Gertjan Lankhorst, Mr. Domenico Dispenza and Mr. Jean-Marie Devos

Eurogas presented its long term outlook for gas demand and supply at the horizon of 2030 at a workshop in Brussels on 5 May.

The energy policy goals of the EU (20x20x20 targets) and the economic crisis create uncertainties about the evolution of the future energy mix. Eurogas presented industry experts views on the role of natural gas in the future EU energy mix. The event was introduced by Mr. Domenico Dispenza, Eurogas President, Mr. Gertjan Lankhorst, Eurogas Vice President and Mr. Martin Altstätter, Chairman of the Forecasting Task Force. The Workshop was moderated by Mr. Jean-Marie Devos, Eurogas Secretary General.

The workshop presented the evolution of energy demand in the EU and the respective share of natural gas until 2030. The detailed analysis of the main trends in natural gas consumption by sector were outlined. The supply situation was shown in terms of the evolution of the

indigenous production and the additional supplies needed until 2030.

In his speech, Mr. Dispenza stressed that "because of its "green properties", highly efficient application technologies and flexibility, natural gas consumption in EU member states is still expected to rise between 14% and 23% in year 2030 in comparison with 2007, that is, to a range between 500 and 535 Mtoe from 2007's 437 Mtoe depending on the two scenarios. If we want to speak in the more common unit for the gas world, that is billion cubic meters we would arrive to, respectively, 595 and 637 bcm from the 2007's 520."



Mr. Lankhorst outlined the role of EU based indigenous gas production including prospects for unconventional gas.

The material of the workshop including the report, the speech of the Eurogas President, Mr. Dispenza and the presentation of Mr. Altstätter are available under http://www.eurogas.org/events_eurogasEvents.aspx

► Eurogas Board

At the last meeting in March, the Eurogas Board addressed international developments related to gas issues, including relations with Ukraine, and future key events such as the Russian Gas Society/Eurogas conference of Berlin that will take place on 21 May.

The Board analyzed the outcome of the Copenhagen summit (COP 15) and discussed the strategic priorities of natural gas in a low carbon economy. Mr. Jan Ingwersen who had attended the summit reported on the successful International Gas Union "parallel" event.

The Board analyzed the structure of the proposed regulation on security of supply for natural gas. Eurogas appreciates that the current Commission proposal, as discussed with the European Parliament and the Council, fully recognizes the role of industry to provide security of supply and to respond in case of emergency. Eurogas formulated number of recommendations and draft amendments. The actions of the Eurogas taskforce on security of supply and of the Strategy Committees were fully supported in this respect.

The Board also approved the principle of a letter to the Commission concerning the "Caspian Development Corporation" study.

An important position paper on capacity issues proposed by the System Users committee of Eurogas

was endorsed by the Board (see separate article).

[Eurogas reaction to the document "Europe 2020 – A European strategy for smart, sustainable and inclusive growth".](#)

The Board supported the idea of sending a letter to the EU Presidency in the context of the summit of 25 and 26 March that addressed important aspects of Post Lisbon Strategies, including on energy issues. In this letter sent on 22 March to Messrs. Barroso, Van Rompuy and Zapatero, the Eurogas President Mr. Domenico Dispenza took the following position:

- the European natural gas industry wishes to contribute to the process and calls for effective European strategy in internal and external energy and natural gas matters.
- gas should be treated on its own merits compared to other energy sources
- there is a lack of clarity and of certainty in some 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 published figures referring to "€60 billion less oil and gas imports by 2020".

The letter can be downloaded under:

<http://www.eurogas.org/uploaded/10L174%20-%20Mr%20Herman%20Van%20Rompuy.pdf>

► Eurogas President Intervention at Claeys and Casteels Conference

The 5th Annual Conference on EU Energy Law and policy took place on 27 and 28 January 2010 in Brussels. The event was built around five main themes: energy policy in the new EU Commission, the emergence of EU policy on energy security, achieving the 20-20-20 targets, the internal energy market and finally the EU's

competition policy in the energy markets. Mr. Domenico Dispenza, President of Eurogas, made a presentation on "Priorities for the EU Gas Industry during the Commission 2010 – 2014."

His presentation is available under:

<http://www.eurogas.org/uploaded/DD%20-%20Claeys&Casteels%20-%20270110.pdf>

► **Gas Coordination Group**

Several meetings of the Gas Coordination Group have taken place in early 2010. The 12 January meeting focused on the Ukraine – Russia relations on gas and on supply disruptions. The 15 February meeting focused on the 2010 Working Programme of the Gas Coordination Group, with deliverables clearly related to an Annual Report on Security of Gas Supply in the EU and

improved data collection. In parallel the task force on supply disruptions held several meetings. Different disruption models and scenarios were reviewed. The 15 March meeting was the occasion to exchange views with the Norwegian Ministry of Petroleum and Energy and GASSCO. A Eurogas delegation led by Mr. Jean-Marie Devos, Eurogas Secretary General, attended each of these meetings.

► **Joint Eurogas OGP Info Day "All About Natural Gas"**

Eurogas and OGP jointly organized a workshop on gas exploration, production and supply including sustainability issues on 25 February in Brussels. The presentations of the first session introduced natural gas reserves and resources available in Europe and worldwide, and extraction technologies including challenges to bring natural to the markets. The second session was dedicated to gas issues and lessons learned from the January 2009 gas transit crisis. The workshop also included a session on

the implementation of the 3rd internal market package. The third session referred to environmentally friendly drilling and production techniques and to advantages of natural gas in the energy mix and its role in delivering low carbon energy. The presentations of the workshop are available under

Part I:

http://www.eurogas.org/events_eurogasEvents.aspx?ev=129

Part II:

http://www.eurogas.org/events_eurogasEvents.aspx?ev=130

► **Gas Regulatory Forum of Madrid**

The Gas Regulatory Forum of Madrid took place on 14 and 15 January. A Eurogas delegation attended the forum and the Eurogas secretariat was represented by Ms. Margot Loudon, Deputy Secretary General. The topics of the forum highlighted the issues related to the implementation of 3rd energy package

including the set-up of the Agency and of the ENTSO-G but also issues such as a study on tariffs and balancing, capacity allocation and congestion management. Eurogas made a presentation on access to LNG terminals. The presentation is available under

http://www.eurogas.org/uploaded/Potential%20Harmonization%20-%20Presentation%20by%20EFET_EUROGAS_LNG_150110.pdf

► **EU Russia Dialogue – Thematic Groups**

Three thematic joint EU-Russia working groups are supporting the EU Russia Energy Dialogue; 'Energy Efficiency', 'Market Development' and 'Energy Strategies'. Meetings of these various working groups have taken place in recent months. On 27 January the first meeting of the subgroup on infrastructure took place and proposed a working programme. On 3 February the working group on energy strategies and scenarios met in Moscow. A new sub-group on

strategic innovations was also created.

On 13-14 April the subgroup on energy economics took place in Paris. The next EU-Russia summit will take place on 1-2 June in Khabarovsk. The modernization of the economy and energy cooperation will be high on the agenda.

2010 celebrates the 10th anniversary of the EU-Russia partnership

agreement and an official conference is expected to be organized in autumn. On industry side Eurogas is in contact with the Russian Gas Society for the organization of the

conference entitled "Energy Dialogue: Russia – European Union – Gas aspects". This conference will take place on 21 May in Berlin.

► **Natural Gas Consumption in EU27, Turkey and Switzerland in 2009**

According to preliminary figures and estimates from Eurogas, total natural gas consumption in EU27 has decreased by 6,4% in 2009 in comparison to 2008.

The initial estimate for 2009 natural gas consumption in EU27 is 18879 peta joule (PJ), equivalent to 484 billion cubic metres (BCM), or 406 million tons of oil equivalent (MTOE).

This represents a decrease of 6,4% compared to 2008. At the end of 2009, the total number of gas customers connected to the EU27 natural gas grid rose by approximately 1% in comparison to 2008, to reach 114 million customers. More detailed information under

<http://www.eurogas.org/uploaded/10P100%20-%20Press%20release%20on%20Evolution%20of%20Gas%20Consumption%202009.pdf>

► **European Gas Storage Conference "Adding Security Through Flexibility"**

Platts organised its fourth Annual Gas Storage Conference on 9 and 10 February in Budapest. Key topics were market storage development in Europe, underground storage, new and existing projects in development,

impact of the financial crisis on the storage market and finally pipeline and LNG competition. Ms. Margot Loudon, Deputy Secretary General, Eurogas chaired this two days conference.

► **ERGEG Workshop on Capacity Allocation and Congestion Management Procedures**

An ERGEG Workshop on the pilot framework guideline on gas capacity allocation and proposals for a comitology guideline on congestion management took place on 2 February in Brussels. Mr. Ralf Presse, Eurogas Chairman of the System Users Committee took an active part in this event with a presentation on Eurogas views on these subjects. According to Eurogas, capacity allocation should enhance the capacity of the market and offer core products to meet users' needs. In the event of congestion it is important to use market driven solutions to free up capacity. His presentation is available under

<http://www.eurogas.org/uploaded/ERGEG%20Workshop%20on%20CAM%20and%20CMP%20for%20Gas%20-%2020020210%20-%20Ralf%20Presse.pdf>

consultation on capacity allocation and congestion management procedures.

According to Eurogas, the main points are that:

- existing capacity rights must be respected,
- TSOs should consider a dynamic approach to capacity calculations,
- congestion management should not involve any shipper in being unable to honor firm delivery contracts,
- market participants use their rights efficiently and capacity hoarding is not be permitted

Eurogas issued a paper mid-March on capacity issues. In line with this paper comments were given to ERGEG's

The full paper is available under

<http://www.eurogas.org/uploaded/10NO171%20-%20Response%20to%20ERGEG's%20Recommendations%20for%20Guidelines%20on%20Congestion%20Management%20.pdf>

► **ICT for Energy Efficiency Conference**

The European Commission's conference on ICT (Information and communication technologies) for energy efficiency took place on 23 and 24 February in Brussels. Various panels dealt with issues related to smart metering and smart sustainable cities, smart grids etc. Ms. Margot Loudon, Eurogas Deputy Secretary General made a presentation on

smart metering policy. She referred to the fact that the benefits and costs should be carefully assessed at Member State level. Suppliers are expected to compete to introduce new services to customers which make use of new functionalities introduced by smart meters. Her presentation is available under <http://www.eurogas.org/uploaded/ICT%20for%20Energy%20Efficiency%20-%20Brussels%2023-240210.pdf>

► **ERGEG and ENTSOG Conference on 10 Years Development Network Plan**

ENTSOG and ERGEG held consecutive workshops on the issues of the 10 Year Network development plan on 26 January in Brussels. Eurogas representatives attended these two events. ENTSOG presented their first 10 years network development plan issued at the end of 2009. The

purpose of ERGEG was to bring forward some recommendations on their part and to explain their model-based analysis of infrastructure projects and market integration in Europe with particular emphasis on security of supply.

► **International Conference in Kiev on 26-28 April**

Mr. Jean-Marie Devos, Eurogas Secretary General made a speech on the occasion of the international conference "4th Europe-Ukraine Forum" on 26-28 April in Kiev. Aspects of the EU Ukraine-Russia energy and industry cooperation were addressed.

In a visit to Eurogas, a Ukrainian delegation lead by Mr. Yuri Boyko, Minister of fuel and energy of Ukraine, Mr. Andriy Veselovsky, Head of Mission of Ukraine to the EU and Mr. Yevgen Baculin, Head of the National Joint-stock Company Naftogaz of Ukraine discussed gas cooperation issues and the participation of Naftogaz in Eurogas structures.

► **Meetings and Events as of May 2010**

- 21 May 2010, Berlin – Russian Gas Society Conference
- 10 and 11 June 2010, Warsaw – Board and General Assembly meetings
- 30 September 2010, Brussels - Eurogas Annual Policy Conference 2010
- 14 October 2010, Brussels - Board meeting
- 9 December 2010, Brussels - Board meeting
- 10 December 2010, Brussels - General Assembly