

GIE welcomes Energy Security Package

GIE welcomes the Energy Security Package, presented by the European Commission today. As one of the most important initiatives for the gas sector in recent years, GIE is looking forward to cooperate with the EU institutions towards a strong, resilient and flexible gas system in Europe:

Jean-Marc Leroy, President of GIE, said: *"Gas infrastructure is key to achieve the five dimensions of the Energy Union: LNG regasification terminals, underground gas storages and transmission infrastructure are crucial to ensure a flexible, integrated and resilient gas system in Europe, where the physical availability of gas is ensured at all times. I believe any EU energy policy should have the competitiveness of the EU's gas market at its centre. Gas will be key to meeting the EU climate change objectives; for example with modern gas-appliances and hybrid solutions the emissions from households can be substantially reduced."*

Revision of the Security of Gas Supply Regulation No 994/2010/EU

GIE welcomes the proposals for a revision of the Security of Gas Supply Regulation 994/2010/EC. While the current regulation contributed to increased security of gas supply in the EU, it is clear that more can be done to improve the resilience of Europe's gas system.

A well-interconnected European gas infrastructure is a precondition for security of gas supply. This ensures multiple supply sources and a resilient network. Moreover it is important to ensure the physical availability of gas, which is currently insufficiently reflected in the text. Investments in infrastructure should be carefully identified, such projects should be primarily market driven. For some specific investments which are not fully supported by the market, such as for security of supply, targeted support can be considered. This also applies for obligations on physical reverse flow. Investments should however not be detrimental for the efficient use of existing infrastructure and the identification of such projects should be based on gas flow scenarios and the modelling done by ENTSOG.

Increased regional cooperation, as one of the central elements in the reform proposal, should acknowledge regional and local differences: *"Europe's gas markets are very different, especially in regards to the security of supply. It is crucial that any EU measure takes this into account"* says Jean-Marc Leroy, GIE president.

GIE stands ready to engage with the European Commission on the proposed revision of the Regulation to ensure it delivers improvements in the resilience of Europe's gas system. GIE further welcomes mechanisms to streamline crisis management and cooperation.

Communication on LNG and gas storage strategy

As part of the package the European Commission also published the LNG and storage strategy. It recognises the strategic role of LNG and underground gas storages for the well-functioning of the EU gas market, in terms of security and diversity of supply, sustainability and competitiveness.

GIE believes that LNG is a competitive gas source and adds flexibility on the supply side, providing energy according to the market needs. GIE believes that utilisation of LNG terminals will continue to recover in the coming years. Europe is well-placed with over 200 bcm of import capacity and 27 LNG terminals, and several terminals are under construction. Further efforts on ensuring access to world-



PRESS RELEASE

16 February 2016

16GIE012

wide LNG resources for all gas markets in Europe should be undertaken. This will enhance Europe's diversity of supply and thus increase the competitiveness of the internal energy market.

In order for LNG to play its full role in the energy mix Europe needs to remain an attractive market for LNG supplies in terms of prices and regulatory framework, as Europe is competing on a world market for LNG.

Furthermore LNG has a great potential through small scale facilities and as a clean alternative fuel for transport. GIE believes that the benefits from using LNG in ships and trucks should be reflected in further policy measures aimed at reducing emissions from the transport sector.

Gas storage plays a vital role in the functioning of the internal gas market, including security of supply. There are more than 140 underground gas storage facilities spread over the European Union with a capacity of over 100 bcm. These play an important role to deliver gas particularly in peak-demand periods e.g. winter time, improving the liquidity of the market.

While storages play a different role in every Member State, the strategy presented addresses some of the challenges, the storage industry is currently facing throughout Europe. Gas storage operators will continue to work closely with the EU institutions, regulators and Member States to identify remaining barriers currently hampering the storage market and work on proposals to mitigate them.

Communication on Heating & Cooling strategy

GIE further welcomes the Heating and Cooling Strategy as another element of the proposed Energy Union package. GIE believes the strategy correctly focuses, amongst others, on reducing CO₂ emissions and energy consumption. The EU's gas infrastructure is an ideal partner for the heating and cooling sector being able to accommodate a variety of renewable energy sources, including renewable gases. It provides the flexibility needed to compensate for the variability resulting from the increasing share of other renewable sources and the characteristically high demand in residential heating during the winter.

As the strategy sets out a pathway towards increasing the role of renewable energy in heating and cooling, GIE believes a technology neutral approach will allow the market to find best solutions for CO₂ reductions.

GIE is convinced that a switch to natural gas is for many EU markets the most cost-efficient solution to reduce CO₂ emissions significantly. Similarly, when natural gas is used in conjunction with renewable sources, the residential heating can be decarbonized significantly, while investments into electricity infrastructure are minimized.

To find out more about GIE's structure and activities, please visit our website at www.gie.eu.

Press Contact

Boyana Achovski

T: +32 2 2090508

E: boyana.achovski@gie.eu