

GasNaturally is a partnership established by six organisations from the gas industry that represent over 150 gas companies active in the European Union. We promote the use of gas for its qualities as a flexible, abundant and low-carbon fuel.

WHO ARE WE?



GASNATURALLY: ONE VOICE FOR GAS

6 ASSOCIATIONS

275 ENTITIES INCLUDING 150 COMPANIES



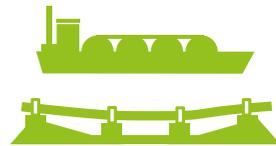
RESEARCH
& DEVELOPMENT



TECHNICAL
LEGISLATION
& STANDARDISATION



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CONTACT:
GAS NATURALLY
INFO@GASNATURALLY.EU
+32 2 234 68 97

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GASNATURALLY POLICY PRIORITIES // 2014-2019

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Natural Gas for Growth, Security of Supply and a Clean Energy Future

In 2009, a dedicated chapter in the Lisbon Treaty gave new prominence to the EU Energy Policy. Since then, the EU has proposed and adopted a range of policies for a better-functioning energy market and enhanced security of supply, whilst fostering greater energy efficiency and the development of cleaner energy sources.

Energy is at the very heart of any activity in Europe: access to reliable and competitive energy is essential to households and industry.

It is also crucial to preserve the continent's competitiveness in a globalised world. It matters to jobs, growth and to how the EU can fight climate change.

With this manifesto GasNaturally wants to offer practical recommendations to policymakers taking on new responsibilities in the 2014-2019 term.

Policymakers have a chance to turn Europe's top priorities into reality:



DID YOU KNOW?

The European energy situation needs urgent attention!

Today, Europe faces a paradox, with the parallel expansion of coal use and renewable energy deployment: CO₂ emissions and other harmful air pollutants are on the rise in some Member States, whereas subsidies for mature renewable technologies have contributed to higher energy prices. This is putting EU sustainability at risk and hurting households' purchasing power. This 'coal + renewables' paradigm has wiped out the benefits of an expanded renewables capacity. The EU achieves the opposite of what was initially planned: high costs and relatively limited emission cuts. The economy and the environment are paying the costs.

Now, EU policymakers have the opportunity to reverse the trend. In the next five years, they will have to take important decisions that will determine if and how a low-carbon energy system can be achieved.



OUR KEY POLICY RECOMMENDATIONS

FOR MORE COMPETITIVE ENERGY

| 1

The completion of the Internal Energy Market needs to remain a priority. Cross-border interconnections should be developed.

| 2

Renewable energy should be dispatched onto the grid under the same terms as all other competing power sources. Subsidies for mature renewables should be phased out.

FOR MORE SECURE ENERGY

| 3

The EU should support the full use of Europe's domestic gas sources, in order to increase the diversification of Europe's energy supplies.

| 4

The power system should be redesigned to allow gas and renewables to better partner together. For security of supply, variable generation and flexibility must go hand in hand.

FOR CLEANER ENERGY

| 5

The EU should opt for a single, legally binding 2030 greenhouse gas reduction target, to provide predictability and flexibility for long-term investments in lower carbon technologies.

| 6

The ETS should remain the cornerstone of the EU climate & energy policy framework, to provide the incentives needed for a switch from coal to gas.

WHAT IT TAKES, AND WHY IT IS NEEDED



With a **fully integrated and competitive energy market**, gas is well positioned to flow across the whole of Europe. Europe's resilient supply system and flexible infrastructure mitigate disruption from a single source and ensure a vast majority of European citizens have access to competitive energy. The cost of transporting natural gas through Europe's network of high pressure pipelines is at least 10 times lower than the cost of transporting the equivalent energy as electrical power (Fluxys, Energinet.dk & Gasunie, 2012). The vast existing gas infrastructure should therefore be used to its maximum potential.

CONCRETE ACTIONS FOR THE TERM:



The completion of the **Internal Energy Market** needs to remain a priority of the energy policy.



Cross-border interconnections should continue to be developed.



Renewables should be integrated into an amended electricity system and market, firstly **without subsidies** and secondly by ensuring that **variable generation and flexibility provided by natural gas** go hand in hand.

HOW GAS CAN HELP:

- **Gas in power generation requires lower capital investment:** The capital cost of a natural gas power plant is about **half that of a coal plant**, roughly five times lower than that of nuclear and almost four times lower than offshore wind. (European Commission, 2014)
- **Diversification of gas supply sources and routes can strengthen the EU's negotiating position towards suppliers.** Lower wholesale gas prices can result in benefits for the purchasing power of European customers.
- **In the residential sector, Europe can deliver cost savings for customers in the order of €100-120bn by using a diverse technology mix that include gas fuelled heat pumps, gas-fired District Heating and Combined Heat and Power (CHP).** Reducing emissions in the residential sector by 2030 is therefore more cost-effective with natural gas than under higher electrification scenarios. (European Gas Advisory Forum, 2012)



By taking the right measures for more competitive energy, you would also...



ENSURE SECURITY OF SUPPLY



BOOST ECONOMIC GROWTH



LOWER THE COST OF ENERGY



MAKE ENERGY MORE COMPETITIVE:

Energy is a key driver of competitiveness. Access to affordable and reliable energy can help unlock some of the barriers to economic growth across the continent.



New sources of reliable supply continue to be developed around our region (Azerbaijan, North Africa, East Africa, Eastern Mediterranean, the US). Rapid growth in the global trade of Liquefied Natural Gas will open up further supply sources.

The EU is equipped to face gas supply interruptions thanks to increased interconnectivity and gas flexibility.

CONCRETE ACTIONS FOR THE TERM:



Exploration of **untapped domestic resources** of conventional and unconventional gas should be supported.



The role of gas should be recognised in any renewable energy strategy, as it provides back-up solutions to variable renewables and guarantees security of supply.



The power system should be redesigned – and enabling policies introduced – to allow gas and renewables to optimise the partnership between them.

HOW GAS CAN HELP:

- **EU gas supply is diverse:** In 2013, 56% of the EU gas consumption was supplied by the European Economic Area (152 bcm from the EU28 and 106 bcm from Norway). Russia's share was 27% (125 bcm).
- **Europe has the potential to diversify its natural gas supplies further:** Several thousand kilometers of pipelines, interconnections and extensions are being built or planned. A large-capacity transportation network can receive liquefied natural gas (LNG) by tanker from all over the world. In Europe, the total LNG regasification capacity amounts to 190 bcm, with 150 bcm of spare capacity.
- **Gas-fired power production is best suited to provide flexible generation to complement renewables:** It can respond quickly to changes in demand. Start-up time from cold is less than 2 hours for modern Combined Cycle Gas Turbines. This compares with 6 hours for a coal-fired plant and 10 hours for lignite (Eurelectric, 2011).



By taking the right measures for security of supply, you would also...



LOWER EMISSIONS WHILE REDUCING ELECTRICITY COSTS



FAVOUR INDUSTRIAL RENAISSANCE



BOOST ECONOMIC GROWTH



MAKE ENERGY MORE SECURE

The EU can access energy from a variety of sources across different geographies. About 30 different countries (14 from the EU, 16 from outside) provide gas to Europe, with EU Member States and Norway together producing the majority of it.



CONCRETE ACTIONS FOR THE TERM:



The EU should opt for a **single, legally binding 2030 greenhouse gas reduction target**. This would provide predictability and flexibility for long-term investments in lower carbon technologies – renewables and gas alike. At the same time, the EU should keep striving to reach a global climate agreement.



The ETS should remain the cornerstone of the EU climate and energy policy framework. Non-ETS sectors should equally contribute to reducing emissions back-up solutions. That is why the role of gas should be recognised in any renewable energy strategy.



R&D support for all promising, non-mature low-carbon technologies – including a new generation of renewables, carbon capture and storage and power-to-hydrogen/power-to-gas technology – should be maintained and enhanced.



The EU should continue to create **an environment in which gas in transport can demonstrate its advantages on a level playing field** with other fuels and electricity. In particular, emissions reductions can be achieved using LNG in heavy-duty vehicles and in shipping. The Alternative Fuels Infrastructure Directive and initiatives such as the LNG blue corridor project represent possibilities how to make this happen.

HOW GAS CAN HELP:

- Natural gas in power generation is the most cost-efficient way to reduce CO₂ emissions: Switching from coal- and oil-fired power generation to best performance gas power plants would cut CO₂ emissions by 58% compared with 1990 levels (IHS CERA).
- Air quality benefits are also significant: coal-to-gas switching reduces more than 'just' CO₂; it also leads to 100% less particulate matter and 80% less NO_x (IGU).
- The life-time of a typical gas power plant is over 20 years. Investing in natural gas now will provide baseload today and a favourable backup regime for renewables in the coming decades.
- Gas in transport holds potential and environmental benefits: According to industry estimates, LNG heavy-duty vehicles could reach more than 50,000 units per year by 2020, representing 10-15% of the market.
- Gas shall also play a crucial role in future Smart Energy Systems: because of uncertainties around the future development of efficient and large scale electricity storage technologies means that gas will remain a key provider of both heating and electricity balancing services.



By taking the right steps, you would also...



CONTRIBUTE TO MAKING THE WORLD A BETTER PLACE TO LIVE



HELP DEVELOP INNOVATIVE TECHNOLOGIES



MAKE A CLEAN FUTURE REAL IN THE EU



MAKE ENERGY CLEANER

Building and deploying new, high-efficiency gas powered plants now is a cost-effective and 'no regrets' decision which would lead to an immediate cut in carbon emissions. It will also allow time for new technologies to become economically viable. Therefore, it is important for the EU to agree quickly on how to enable a switch from coal to gas in power generation, which is the most cost-effective way of reducing emissions in the EU at present.

