



The image of gas: a view from the EU

European Gas Conference, Vienna

31st January 2013

François-Régis Mouton, Chairman, GasNaturally

Who are we ?

GasNaturally brings together:
7 organisations
133 companies in Europe

GERG

marcogaz

TECHNICAL ASSOCIATION
OF THE EUROPEAN NATURAL GAS INDUSTRY

OGP



gie

euro gas

IGU
INTERNATIONAL GAS UNION
UNION INTERNATIONALE DU GAZ

A Unified Voice for Natural Gas

Our Mission:

Communications

- Feed the policy debate with factual information and data
- Underline the role gas could play in a sustainable energy mix
- Manage perception of natural gas amongst policymakers

Advocacy

- Emphasise how natural gas helps the EU meet its energy policy objectives
- Help policymakers formulate a clear vision for the future
- Secure a policy framework able to deliver that vision

Gas and the 3 EU Energy Policy Objectives

The 3 EU Energy Pillars



Competitiveness



Security of Supply



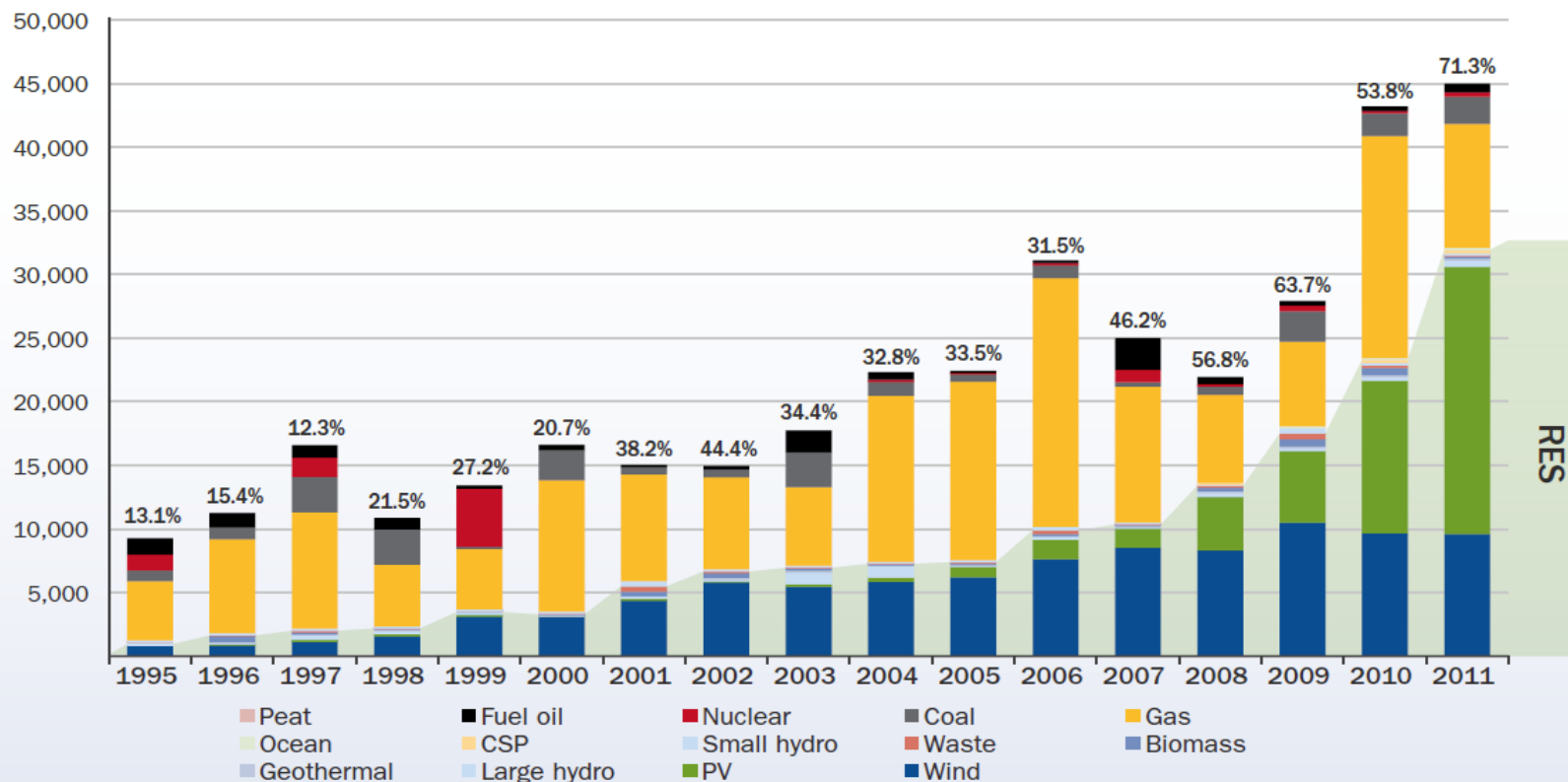
Sustainability

Gas is an
adequate
answer to
these
issues

Focus on the Gas & Power sector

EU INSTALLED POWER GENERATING CAPACITY PER YEAR IN MW AND RES SHARE (%)

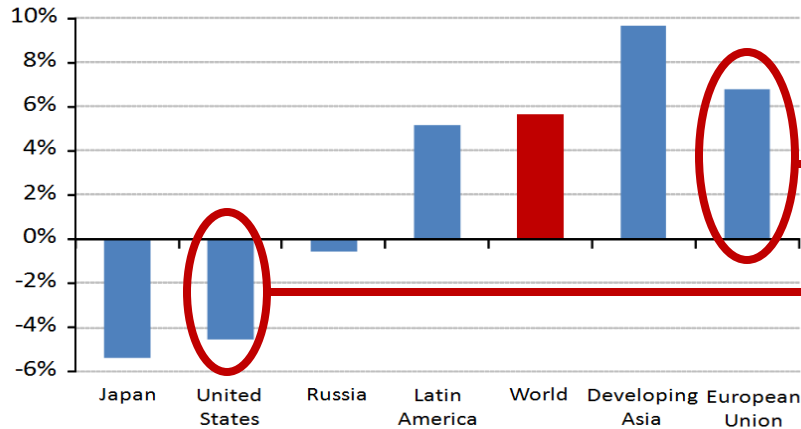
FIGURE 2.1



**No longer a question, but a must:
Gas industry has to deal with high investments in renewable**

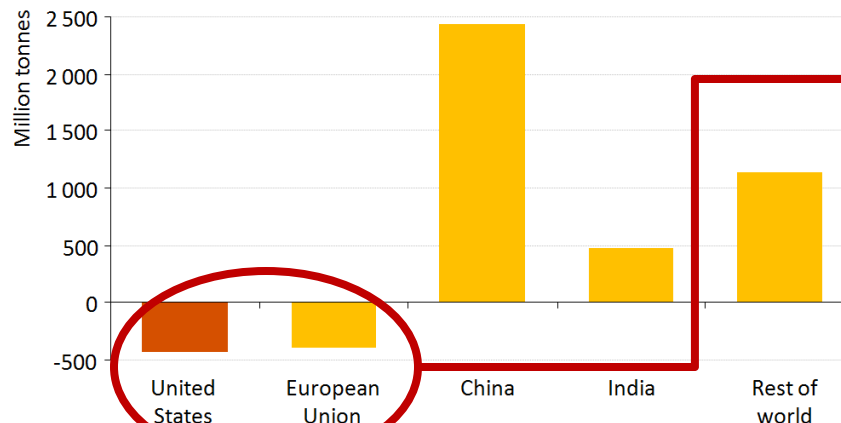
What Consequences on Emissions?

Growth
in coal
demand
in 2011



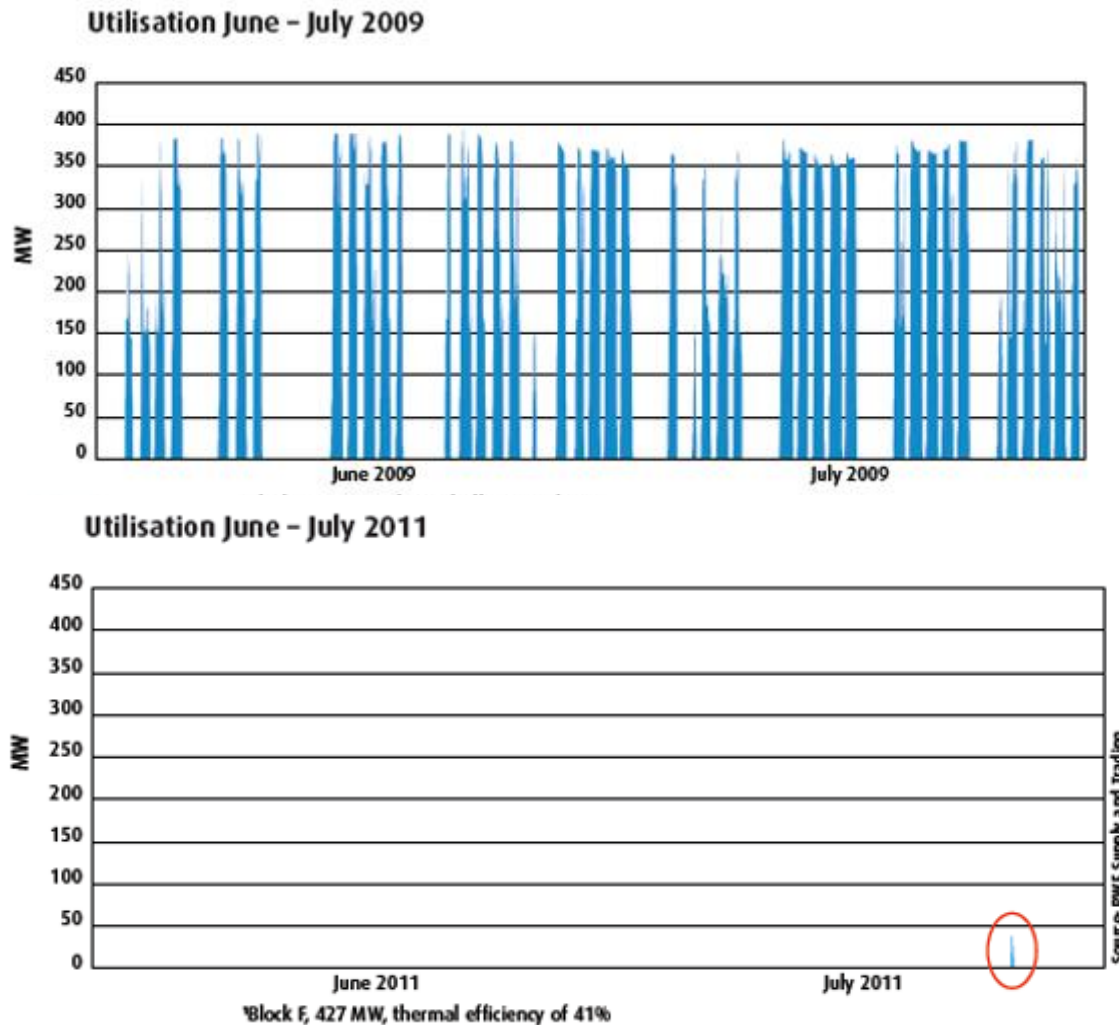
EU energy & climate policies are now less effective than US ones !

Global
CO₂
emissions
Growth
2006-2011

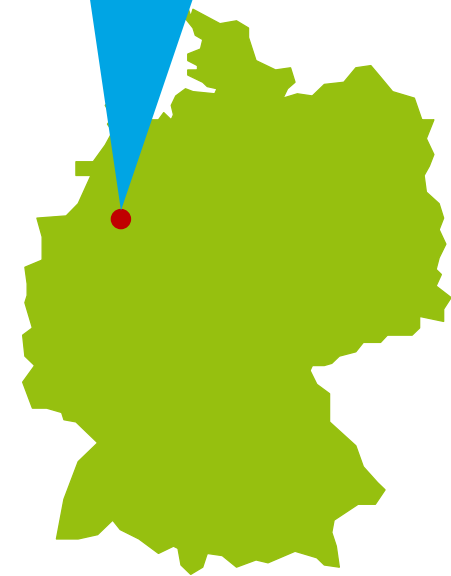


Source : IEA, *Golden Age of gas*, 2011, p 49

What consequences on Gas Power plants?



Gersteinwerk
power plant



Source : RWE Supply & Trading 2011

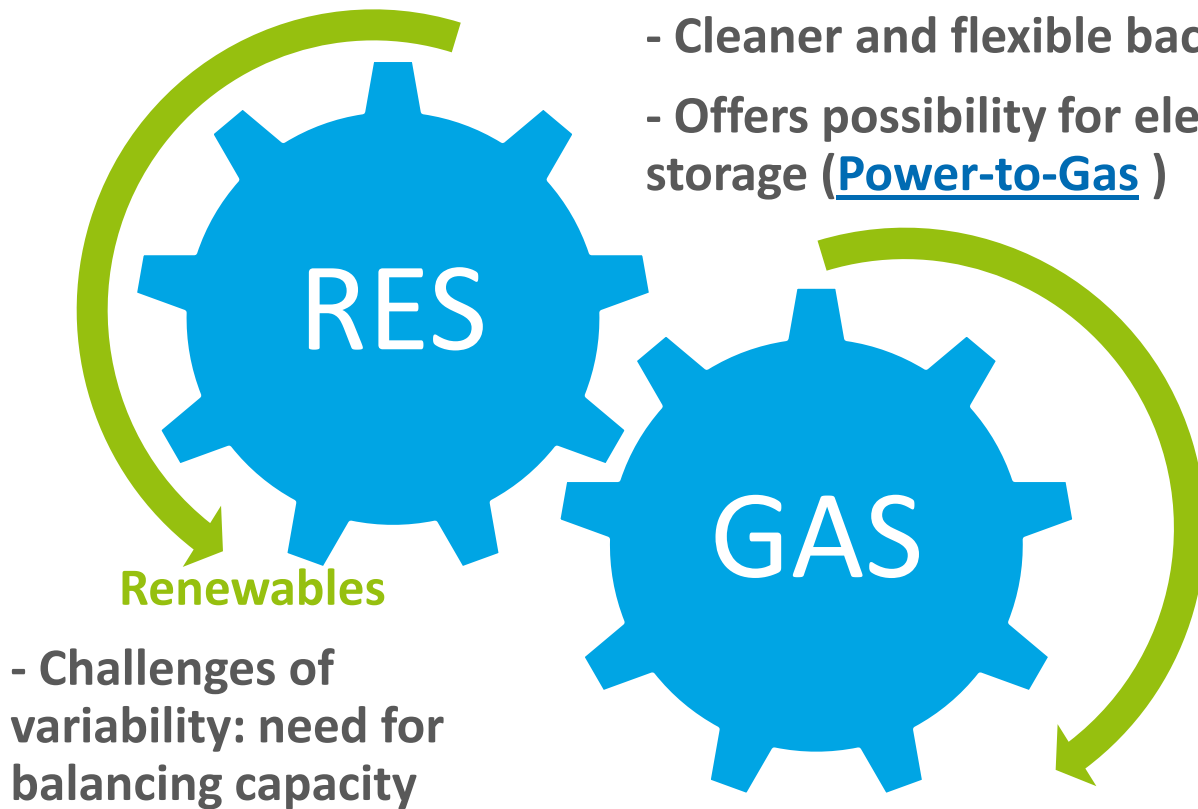
No longer a question, but a must:
Among other, need of reshuffling the power market design

The Solution:

A Natural Gas and Renewables Partnership

Natural Gas

- Cleaner and flexible back-up
- Offers possibility for electricity storage (Power-to-Gas)



What is needed:

A clear view on post-2020 energy and climate policy to provide the right incentives and competitive pressure on the market

No longer a question, but a must:
Gas has now to displace coal in the EU

Changing the mindsets

“Gas will remain critical for the transformation of the energy system. Substitution of coal (and oil) with gas in the short to medium term could help to reduce emissions with existing technologies until at least 2030 or 2035”.

Commissioner Oettinger at the Energy Dialogue Russia- EU, 27 April 2012

Perception of gas has improved... But issues remain

+ « Gas is the cleanest fossil fuel”

« Security of supply is less of an issue thanks to diversification of sources ”

« Gas-fired power plants bring efficiency and flexibility into EU grids”

« More gas can help restore the competitiveness of EU industry”

« Gas is still A fossil fuel »

« Exploring Shale Gas in the EU is questionable »

« Gas is only a transition fuel »

« To avoid a gas ‘lock-in’, priority should be given to renewables investments »

The Way Ahead for Natural Gas? (1/2)

2013

Gas, the fuel of reason

2035

- Replacing coal in power generation, Gas for mid & base load and backing up variable renewables
- Gas for heating, hot water & transport (LNG for shipping, gas for fleet, etc)
- Diversifying supplies: New investment in gas infrastructure, incl. Southern corridor and new LNG sources
- Further deployment and integration of renewables in the energy system
- R&D investment in renewables, energy efficiency, gas technologies (Power to Gas, ...) and CCS.

The Way Ahead for Natural Gas? (2/2)

2035

Gas, part of the solution

2050

- Gas for mid & base load and back up for variable renewables
- Further deployment of variable renewables
- Power-to-Gas : The gas grid stores and transports excess renewable energy
- Help decarbonisation of EU power sector generation
- CCS wide scale deployment (subject to technology breakthroughs & public acceptance)

« Making A Clean Future Real ! »

Partnership

Flexibility

Innovation

Diversification

Certainty

Incentives

GasNaturally calendar for 2013

21st of
Jan

GasNaturally Roundtable

European
Parliament

Gas Security
of Supply

05th of
March

GasNaturally Roundtable

European
Parliament

Technology &
innovation

23th to
25th of
April

Gas Week

European
Parliament

**Competitiveness,
Sustainability,
Security of Supply**

+ infrastructure & gas
utilisation, Power,
Industry

13th of
Nov

Gas Member State Forum

Under Lithuanian
Presidency
Patronage





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