

Brussels, 18 March 2015

Dear Head of State or Government, dear President of the European Council,

In view of the forthcoming European Council, GasNaturally – the partnership of six associations representing 150 companies and gas associations covering the entire gas chain – would like to contribute constructively to the Energy Union discussion.

We believe that the European Commission's Communication is an important step forward in creating a secure and competitive low-carbon energy market that will make the Energy Union a reality. This cannot be achieved without gas. Gas will be critical for the EU to maintain a diverse and flexible energy mix and to meet its emission reduction targets in the most cost-effective way. It will also make a large contribution to improving energy efficiency and enabling renewable energy sources. The important role of gas is not apparent from the Communication and **we invite the European Council to give a stronger signal that investment in gas infrastructure today will still be valued tomorrow.**

More concretely, GasNaturally believes that **six actions** will be vital to achieve a true Energy Union:

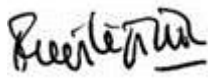
- 1. Move from coal to gas:** Switching from coal to gas would reduce by 50% European CO₂ emissions in electricity production, and would improve air quality and health. To achieve this as well as cost-efficient investment in energy efficiency and renewable energy, the ETS should remain the cornerstone of the EU climate and energy policy framework.
- 2. Maximise domestic gas production:** GasNaturally fully supports the Commission's recognition that domestic gas production will contribute to the strengthening of security of supply: in 2013, Europe's domestic gas production (EU + Norway) covered 55% of EU consumption, and its potential is still significant. Encouraging gas exploration in Europe as well as diversifying external sources and routes of supply must be a priority.
- 3. Improve energy efficiency:** Emerging gas technologies can offer important energy efficiency gains, whilst providing flexibility and energy storage. GasNaturally believes such technologies should be prominent on the Energy Union's research and innovation agenda. By the same token, the development of biogas, biomethane and synthetic gas produced from excess renewable electricity should be encouraged. For heating, according to Eurostat, gas was approximately 3 times cheaper than electricity in 2014 (on average and per kWh of energy).
- 4. Redesign the electricity market:** GasNaturally welcomes the Commission's initiative for a revised design of the electricity market to allow gas and variable renewables to be better partners in electricity generation. Gas is ideal to support the variability of renewable energy such as wind and solar. Large gas storage capacities are available to balance the power system and ensure security of electricity supply.

5. **A completed Internal Energy Market** comprising 500 million customers would be attractive for external suppliers and investors. Our industry has long lead times and high investment costs: if investment is not secured now, we may experience both missing infrastructure and a supply gap in the future.


6. Finally, **policy mechanisms that undermine the functioning of the Internal Gas Market, e.g. voluntary demand aggregation, must be avoided.** Instead, the EU should focus on implementing existing legislation and regulations, in order to bring markets closer together and facilitate market-driven integration.

We encourage you to support these proposals – a successful Energy Union depends on them - and we look forward to engaging with the EU institutions and the Member States to develop and promote them.

Yours sincerely,



François-Régis Mouton
Chairman of **GasNaturally**



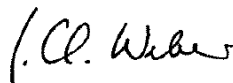
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President of **Eurogas**



David Salisbury
President of **European Gas Research Group (GERG)**



Jean-Claude Depail
President of **Gas Infrastructure Europe (GIE)**



Jean-Claude Weber
President of **MARCOGAZ**



Gordon Birrell
Chairman of Management Committee of **IOGP**



Jérôme Ferrier
President of
International Gas Union (IGU)



To:

- Werner Faymann, Federal Chancellor of Austria
- Charles Michel, Prime Minister of Belgium
- Boyko Borisov, Prime Minister of Bulgaria
- Zoran Milanović, Prime Minister of Croatia
- Nicos Anastasiades, President of the Republic of Cyprus
- Bohuslav Sobotka, Prime Minister of Czech Republic
- Helle Thorning-Schmidt, Prime Minister of Denmark

- Enda Kenny, The Taoiseach of Ireland
- Taavi Rõivas, Prime Minister of Estonia
- Alexander Stubb, Prime Minister of Finland
- François Hollande, President of the Republic of France
- Angela Merkel, Federal Chancellor of Germany
- Alexis Tsipras, Prime Minister of Greece
- Viktor Orbán, Prime Minister of Hungary
- Matteo Renzi, Prime Minister of Italy
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- Dalia Grybauskaitė, President of the Republic of Lithuania
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- Pedro Passos Coelho, Prime Minister of Portugal
- Klaus Iohannis, President of Romania
- Robert Fico, Prime Minister of Slovakia
- Miro Cerar, Prime Minister of Slovenia
- Mariano Rajoy, Prime Minister of Spain
- Stefan Löfven, Prime Minister of Sweden
- David Cameron, Prime Minister of the United Kingdom
- Donald Tusk, President of the European Council

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