



International
Association
of Oil & Gas
Producers

European Economic and Social Committee – Amendment of Gas Directive

08/03/2018

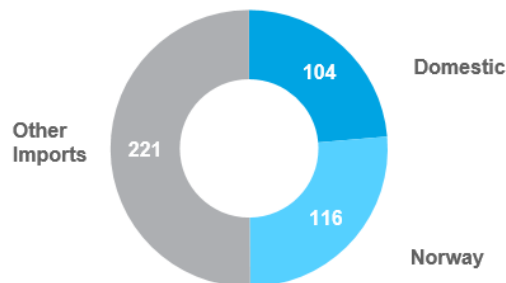
Christian Schwarck, IOGP



Role of EU gas market

- **IOGP supports the development of a well-interconnected, efficient and liquid EU gas market**
 - Liquid gas hubs provide flexibility and security
- **We see a continuing importance for the EU gas system in the long-term**
 - Natural gas to hydrogen conversion, with CCS
 - Renewable gases
 - New technologies show potential decarbonised role of gas infrastructure, such as pipelines, gas storage, gas transmission & distribution networks
- **Around half EU gas supply comes from European production**
 - Challenge is how to promote new E&P investment in Europe (5,156bcm gas resources remain in Europe)

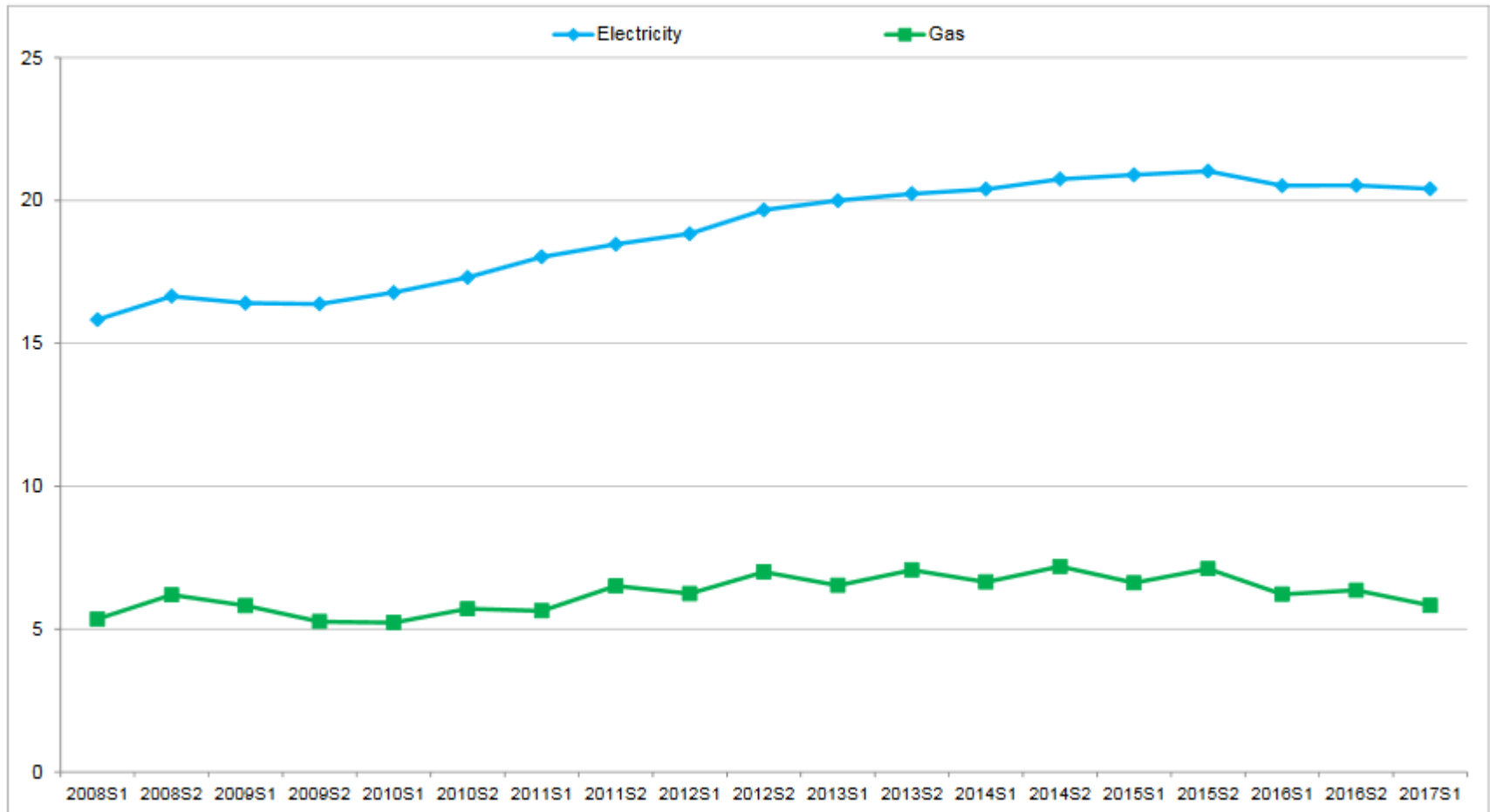
2017 EU28+Norway Gas Supply Mix | bcm



Source: Woodmac report for IOGP “European Upstream Competitiveness Outlook”

Gas in EU is 4x Cheaper than Electricity

Evolution of household electricity and gas prices in the EU
(in € per 100 kWh, all taxes and levies included)



Cost of Transporting Electricity vs Gas

BBL (gas) v Britned (elec.)



	BBL	Britned
Length (km)	230	260
Capacity (GWh/d)	465	24
Investment (€million)	500	600
Cost (€ / GWh/d / km)	4,675	96,154

x21

Arc de Dierrey (gas) v Suedlink (elec.)



	Arc de Dierrey	Suedlink
Length (km)	310	800
Capacity (GWh/d)	422	96
Investment (€million)	619	10,000
Cost (€ / GWh/d / km)	4,726	130,208

x28

Gas Directive amendment

- **Important to recognise distinction between upstream pipelines and transmission interconnectors**
 - This proposal mainly covers transmission interconnectors
 - The regime applying to upstream pipelines remains unchanged
 - Avoid new and undefined terms such as ‘import infrastructure’, ‘import pipeline’, etc
- **What does “first interconnection point with the Union network” imply?**
 - DG Energy: should be understood as physical interconnection point
 - Intention is not to refer to offshore virtual points
- **Future gas market proposals should be subject to impact assessment and stakeholder consultation**
 - Important to avoid unintended consequences



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