

The background of the slide features a world map in shades of blue and white. Overlaid on the map are several large, cylindrical industrial storage tanks, likely for oil or gas, with metal walkways and railings. The overall aesthetic is professional and related to energy and global trade.

Challenges for a comprehensive European Energy Security Policy for Gas

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Some Background

- **Founded during the oil crisis of 1973-74, the IEA's initial role was to co-ordinate measures in times of oil supply emergencies**
- **2005 Ministerial Communiqué declared "Energy Security is more than Oil, but includes Gas and Electricity"**
- **Subsequent gas crises in US (2005), UK, Italy and Ukraine related (2006, 2009), Turkey and Australia (2008)**
- **In 2007, Ministers ask IEA for advice on gas emergency policies and measures**

Increasing Need for Gas Security

- **Greater demand and dependence of our economies on gas**
 - Global gas demand will increase under any scenario
 - EU gas demand is expected to increase from 526 bcm to 619 bcm (reference scenario) but decline to 509 bcm in the 450 scenario
- **Indigenous IEA gas resources are depleting**
 - EU gas imports to increase from 312 bcm to 516 bcm (RS) or 428 bcm (450)
- **Power sector more dependent on gas**
 - Half of the incremental gas demand will come from the power sector
- **Gas markets are changing**
 - Liberalisation in European countries
 - Evolving role of gas companies : from national to regional companies with gas and power portfolios
 - Part of gas supply based on short-term contracts
 - Gas markets are globalizing

Security of Gas Supply

A multi-dimensional Concept

- **Short-term aspects: responding to a sudden gas supply disruption**
 - Sensitive customers (residential) must be protected
 - Supply solutions: other supply routes, storage
 - Demand solutions: using switching capabilities in the power and industrial sectors
- **Long-term aspects: making sure that the necessary infrastructure will be built to meet demand (annual and peak)**
 - Investments in all parts of the gas value chain (import, transport, storage)
 - Diversification of supply sources (pipeline, LNG – if possible)
 - Diversification of supply routes (interconnectors)
- **Countries must have a variety of measures adapted to their situation**

What can be improved?

Lessons from January 2009

■ What worked well

- Increased withdrawals from storage facilities
- Use of alternative routes (Yamal, Blue Stream)
- Additional imports from existing suppliers
- Additional LNG imports (SE Europe)

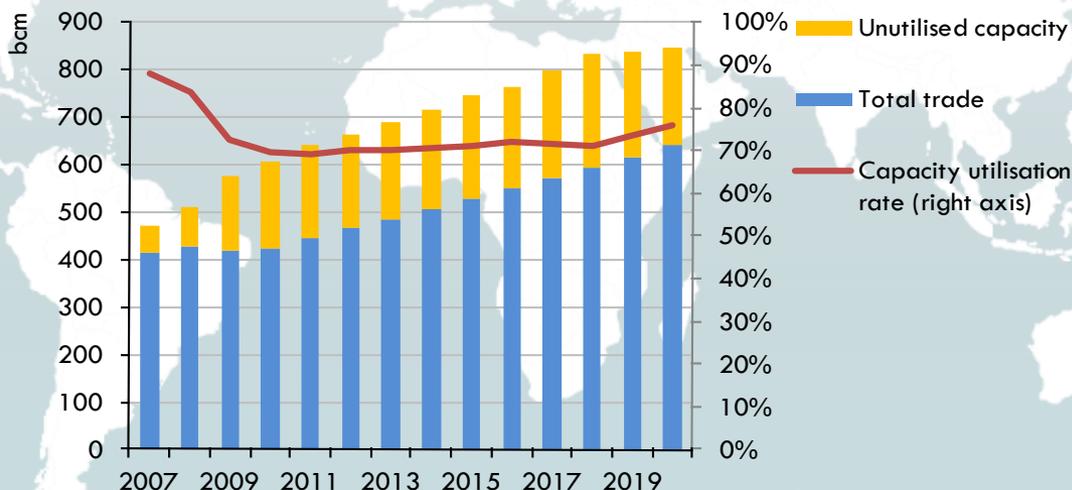
■ But some shortcomings

- Insufficient interconnections or possibility to reverse pipeline flows, in particular in Eastern Europe
- Insufficient/lack of storage (South Eastern Europe)
- Need better and harmonized preparedness to face supply disruptions on a national and regional level
- Need interactions between the gas and power sectors
- Need more timely data

Recent Trends in European markets

- **Gas demand has collapsed since mid 2008**
 - OCDE Europe gas demand collapsed by 7% over the first 10 months
 - The decline has affected both the industrial and the power generation sectors
 - Gas demand recovery will depend mainly on the economic recovery, on future gas prices and investments in power generation
- **Uncertainties on investments remain**
 - How long will the oversupply last?

Use of interregional transport capacity



Gas markets are globalizing

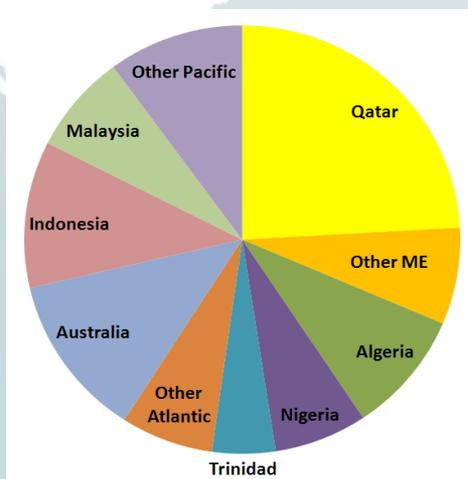
The role of LNG for security of gas supply

● Advantages

- LNG is flexible, does not depend on one producer
- LNG can provide short-term relief (sometimes at a cost) if import infrastructure is there
 - Regasification capacity twice as high as liquefaction

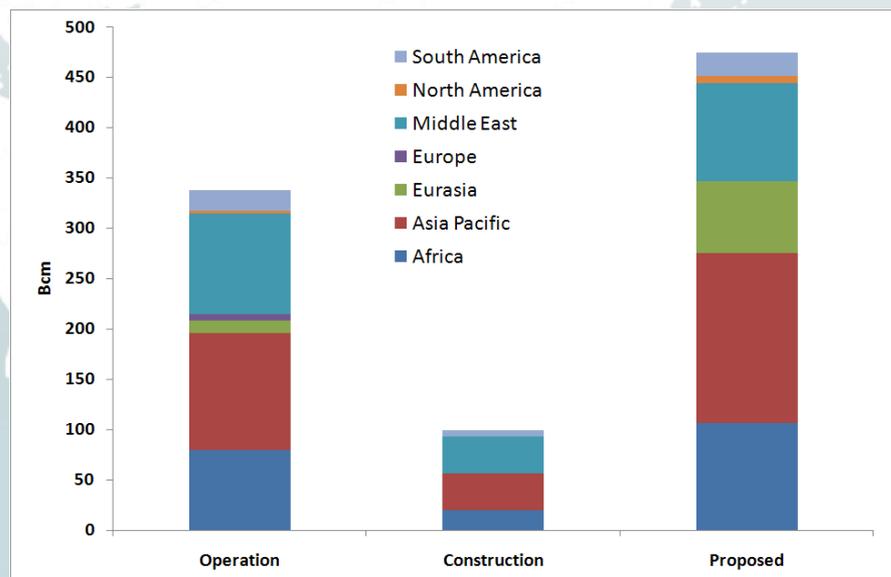
● Potential issues

High dependency on some maritime routes



Based on capacity existing and under construction

The next LNG generation



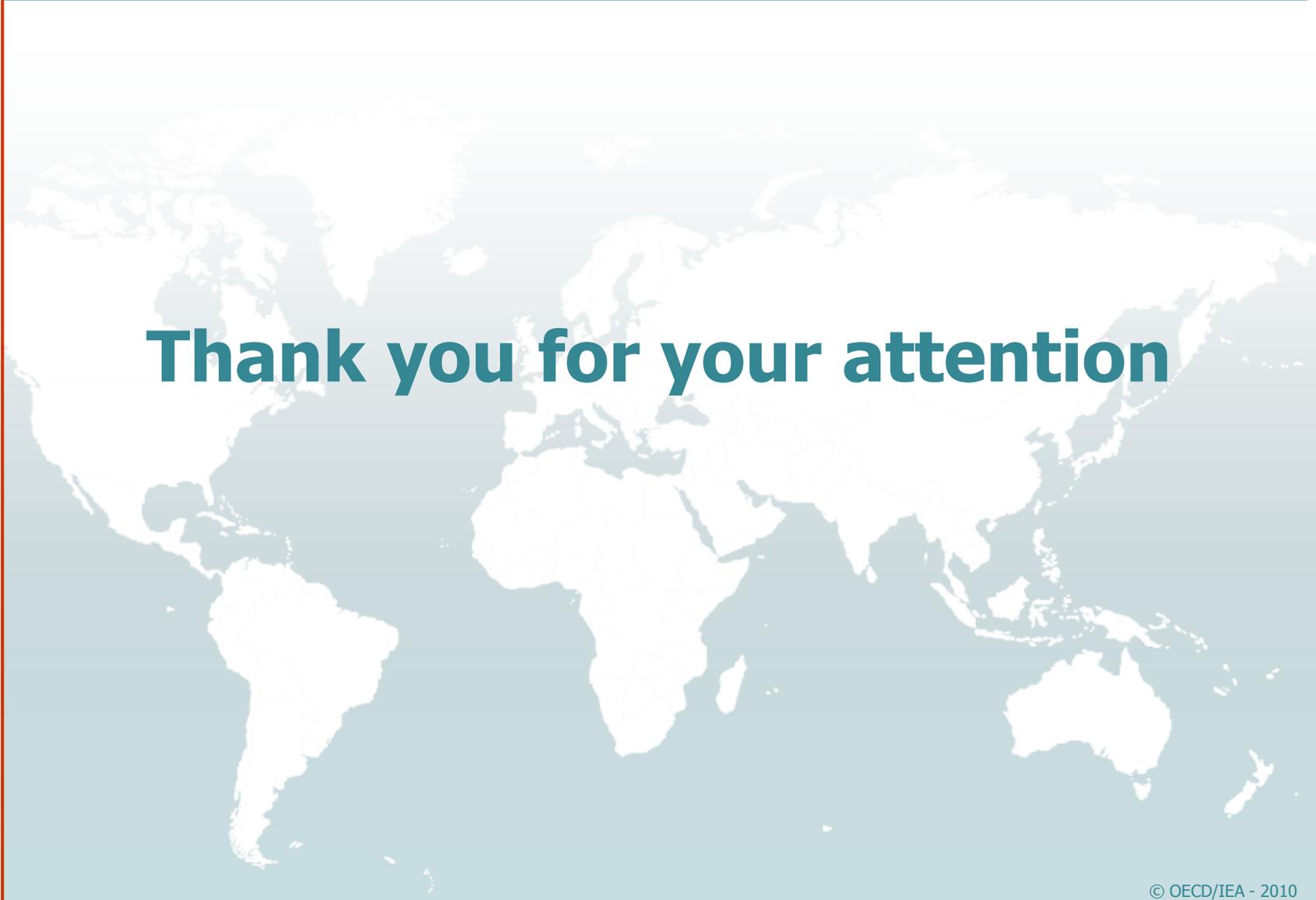
Ministerial Meetings' Decisions

14-15 October 2009

- **Ministers agreed to implement recommendations to improve gas security**
 - Gas and electricity supplies are critical to countries' economies
- 1. Well-functioning, flexible markets are the best way to assure security of supply**
- 2. Countries should review its gas market and gas security policies and improve individual emergency preparedness**
- 3. Increased role for the IEA**
 - Monitoring progress in gas market and gas security policy,
 - Developing crisis scenarios and conduct emergency response exercises and reviews,
 - Encouraging collective approaches

The relations between the EU and the IEA

- **Harmonization of stock holding obligations (oil)**
- **The IEA participates to the Gas Coordination Group as an observer**
- **The IEA participates to the Task Force on simulation of supply disruptions**
- **The EU participates to the Emergency Response Reviews for EU countries**
 - **The IEA conducts ERR regularly for oil**
 - **ERR have also started to include gas**
 - **The Emergency Policy Division periodically tests and updates the IEA's emergency response mechanisms**



Thank you for your attention