



The future role of gas

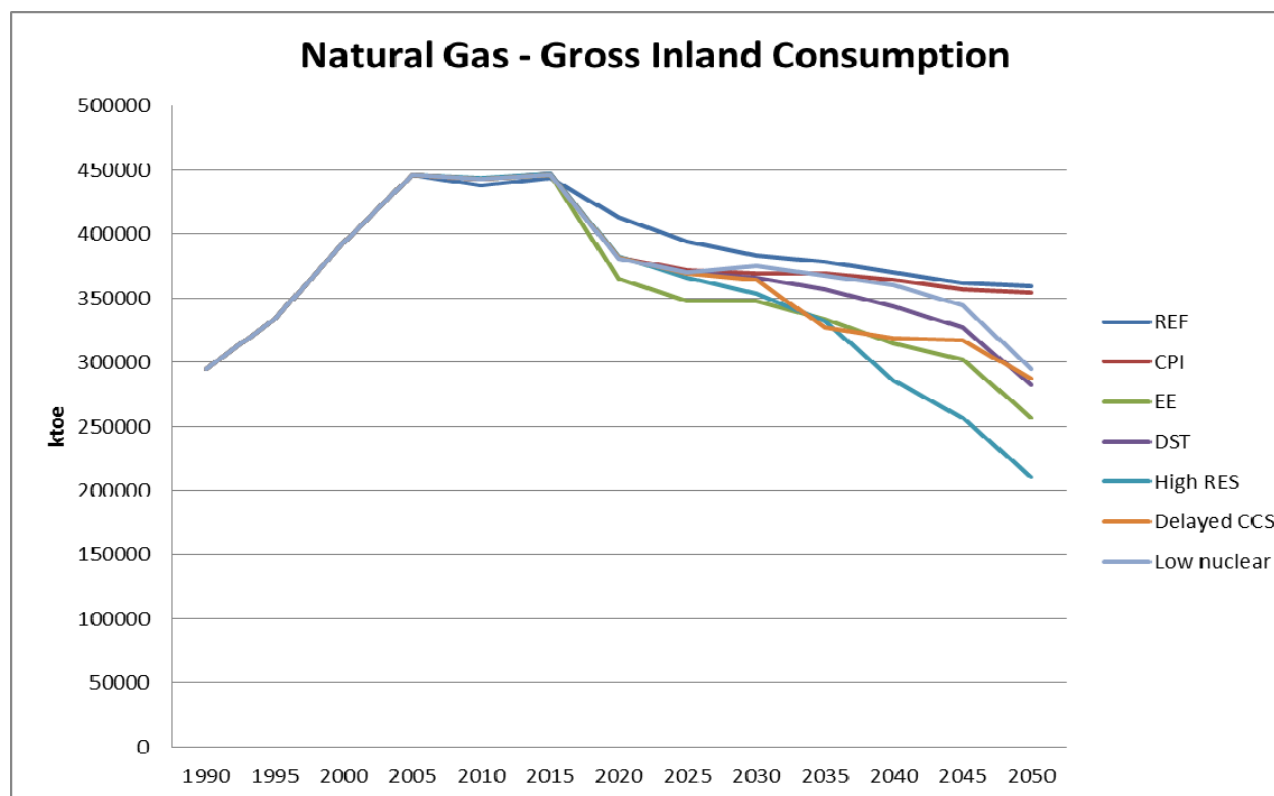
Kitti NYITRAI

European Commission, Directorate-General for Energy

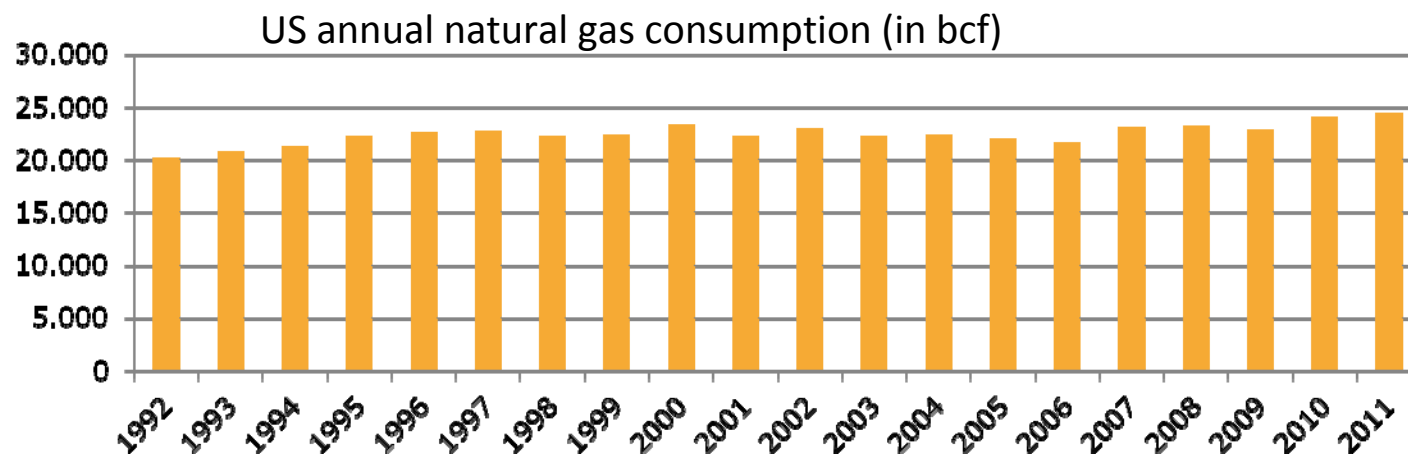
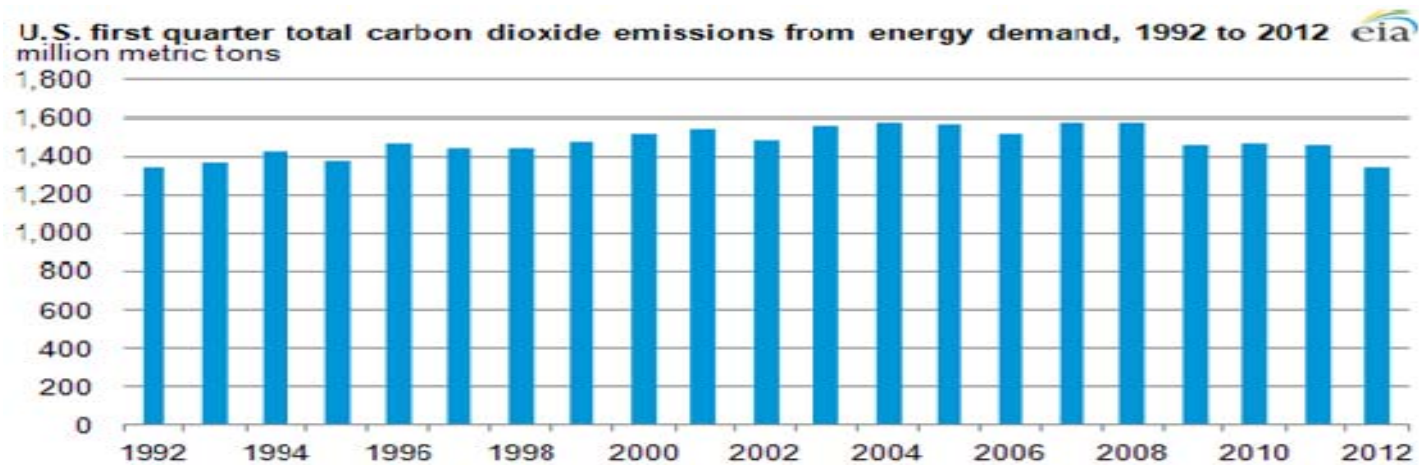
Madrid Forum, 17-18 April, 2013



Natural gas consumption in the EU

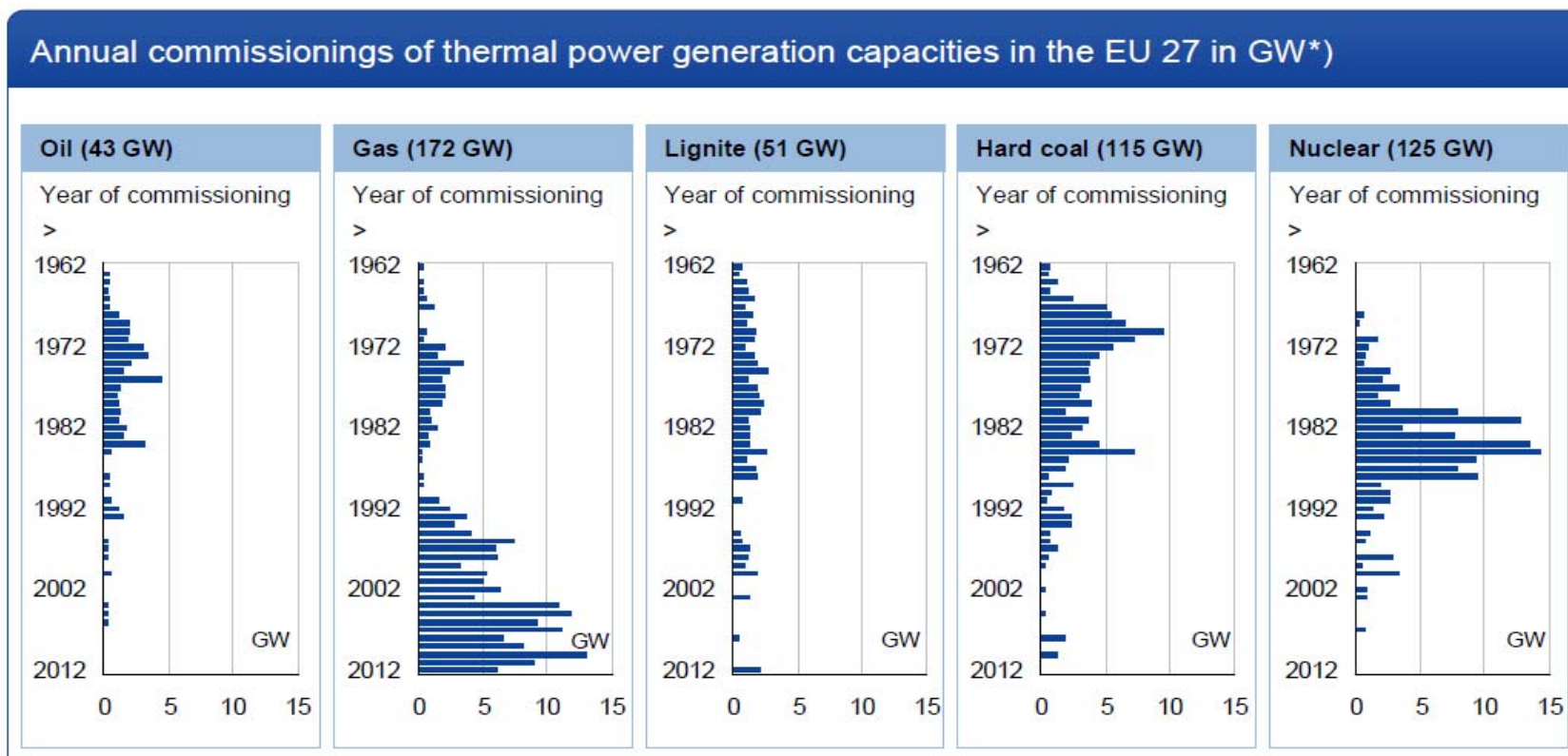


Natural gas can be backbone of a decarbonised energy system



Source: EIA

Aging fleet of coal plants in the EU will required massive base load plant replacement



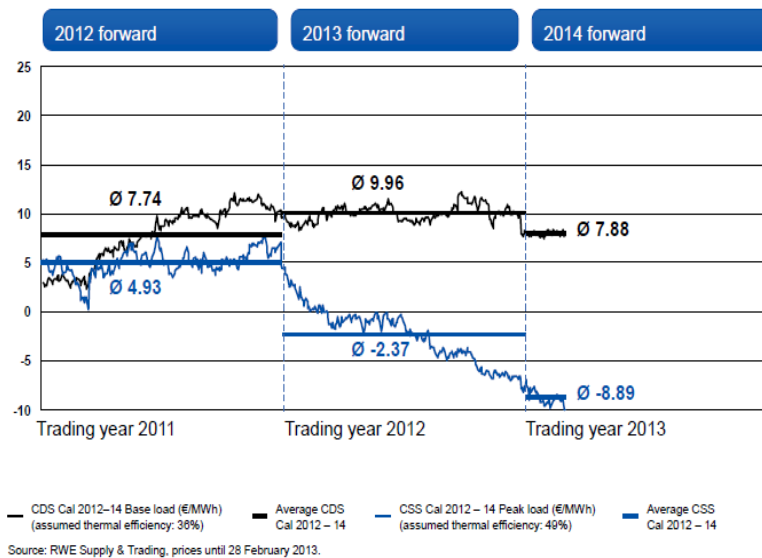
1 Adjusted net generation capacity.

Sources: Platts Database, Worldwatch Institute, RWE, 2012.

But competitiveness and financial viability of investments in gas-to-power are at stake

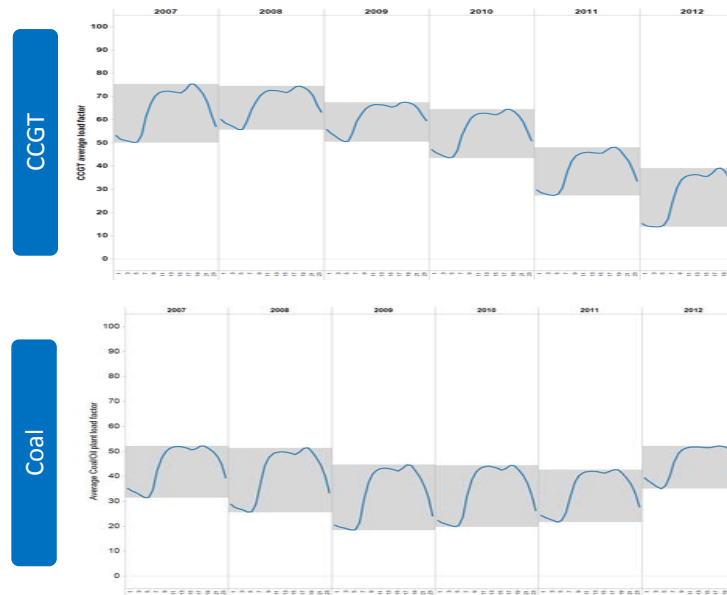
Clean Spark Spread

German Clean Spark and Dark Spread,
€/MWh



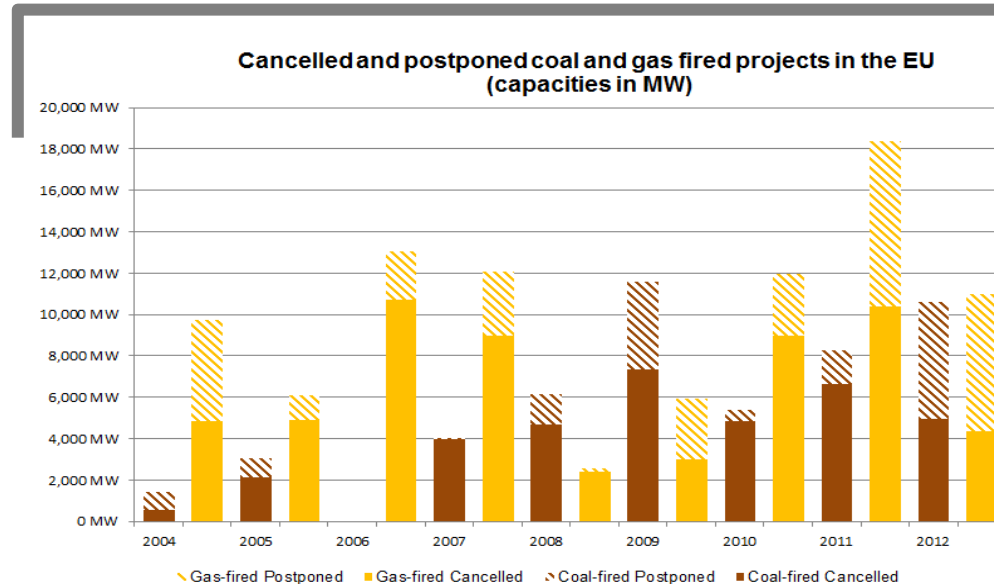
Plant load factor

CCGT and coal plant hourly average load factor
2007-2012, %



EU in 2013 - Not quite there yet...

Plants cancelled and postponed



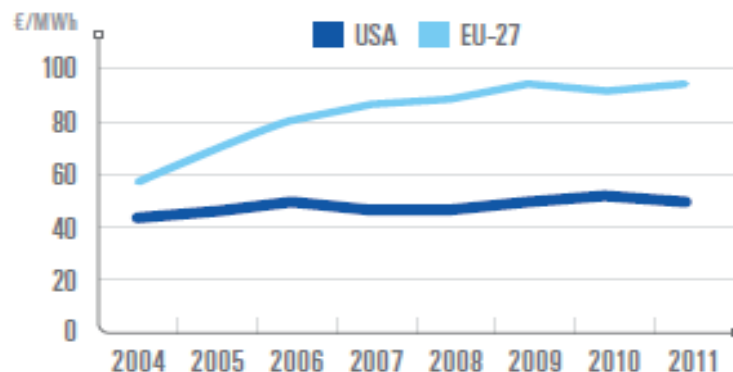
Plants closed or mothballed

Recent (January 2013) announcements:

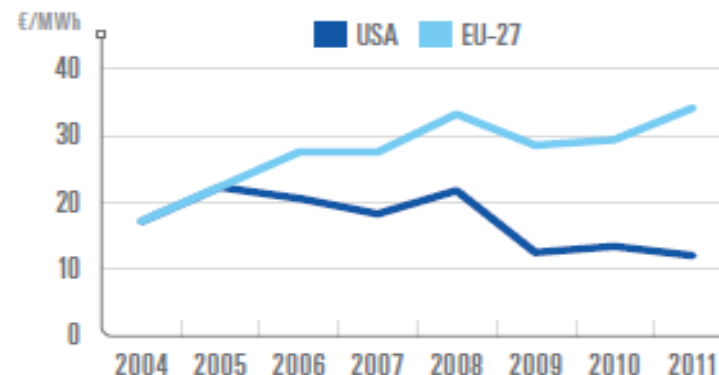
- **E.ON** to decide on the mothballing of Irsching-5 (850MWe CCGT commissioned in 2010)
- **RWE** plans to mothball a further 3,000 MW [gas capacity] in Britain in 2013
- **GDF Suez** to close 2.1 GW of gas-fired capacity in Europe

Future role of gas depends on its price

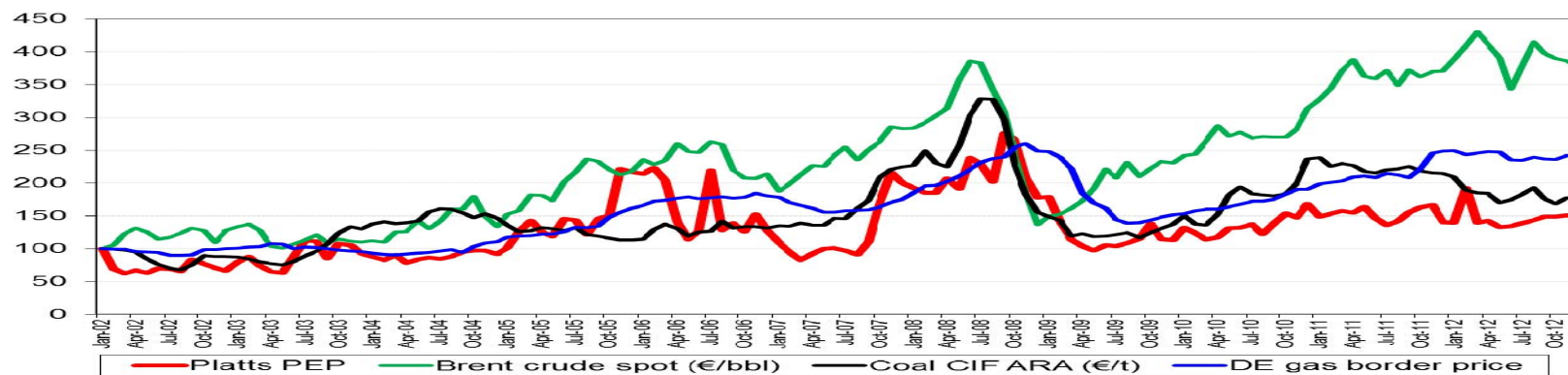
Industrial Electricity Prices



Industrial Gas Prices

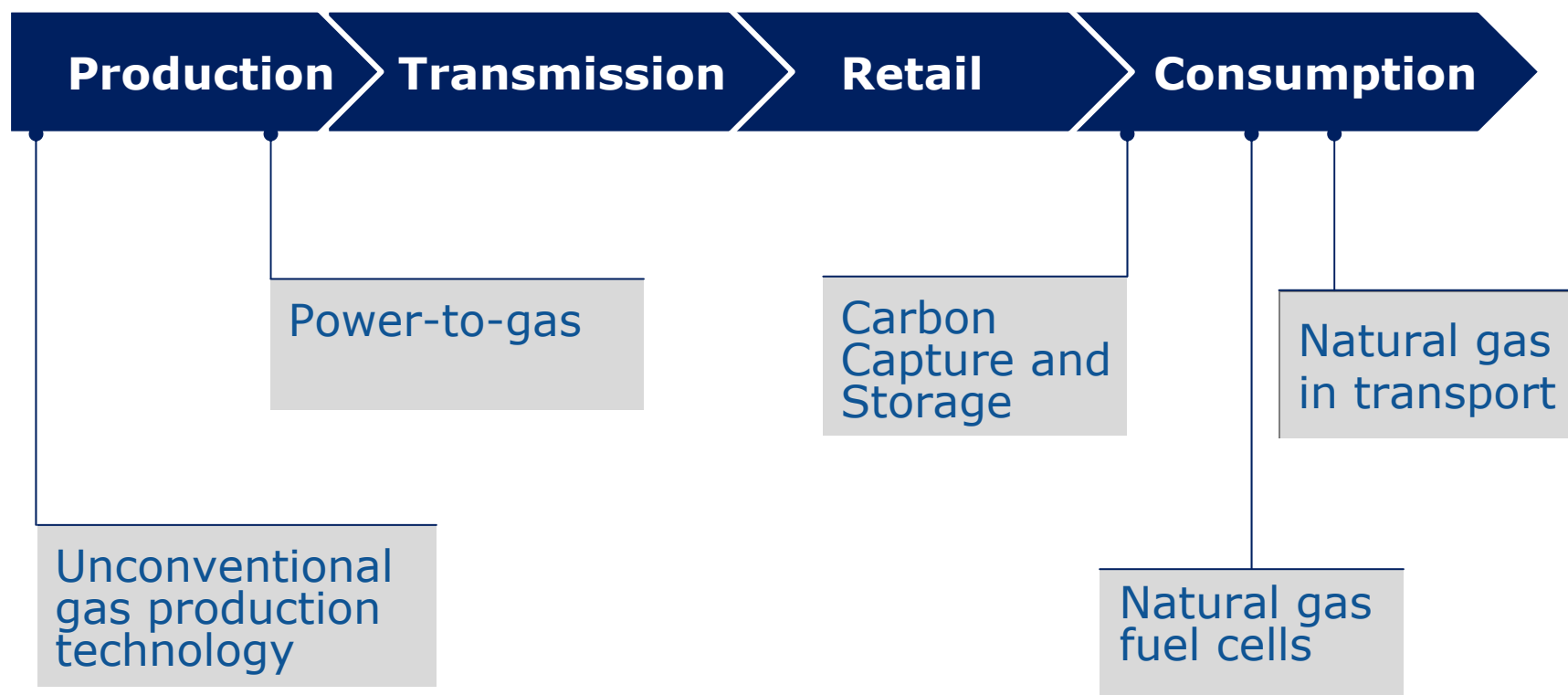


Source: Eurostat, DECC, BCG



Source: Platts, BAFA

Key role of innovation to support the position of gas in the decarbonization of the EU energy system



So future role of gas depends on...

- 1 its price**
- 2 the creation of a well-functioning internal market as exists for competing fuels**
- 3 dynamics of inter-fuel competition**
- 4 innovation (other uses of gas could be exploited much more aggressively)**
- 5 appropriate investment signals in the new LT/ST environment**
- 6 ...and last but not least an ambitious climate policy framework for 2030 (and beyond)**