European Commission

EU strategy for LNG and storage

Eastern Partnership

2nd Energy Panel, 27 November 2018

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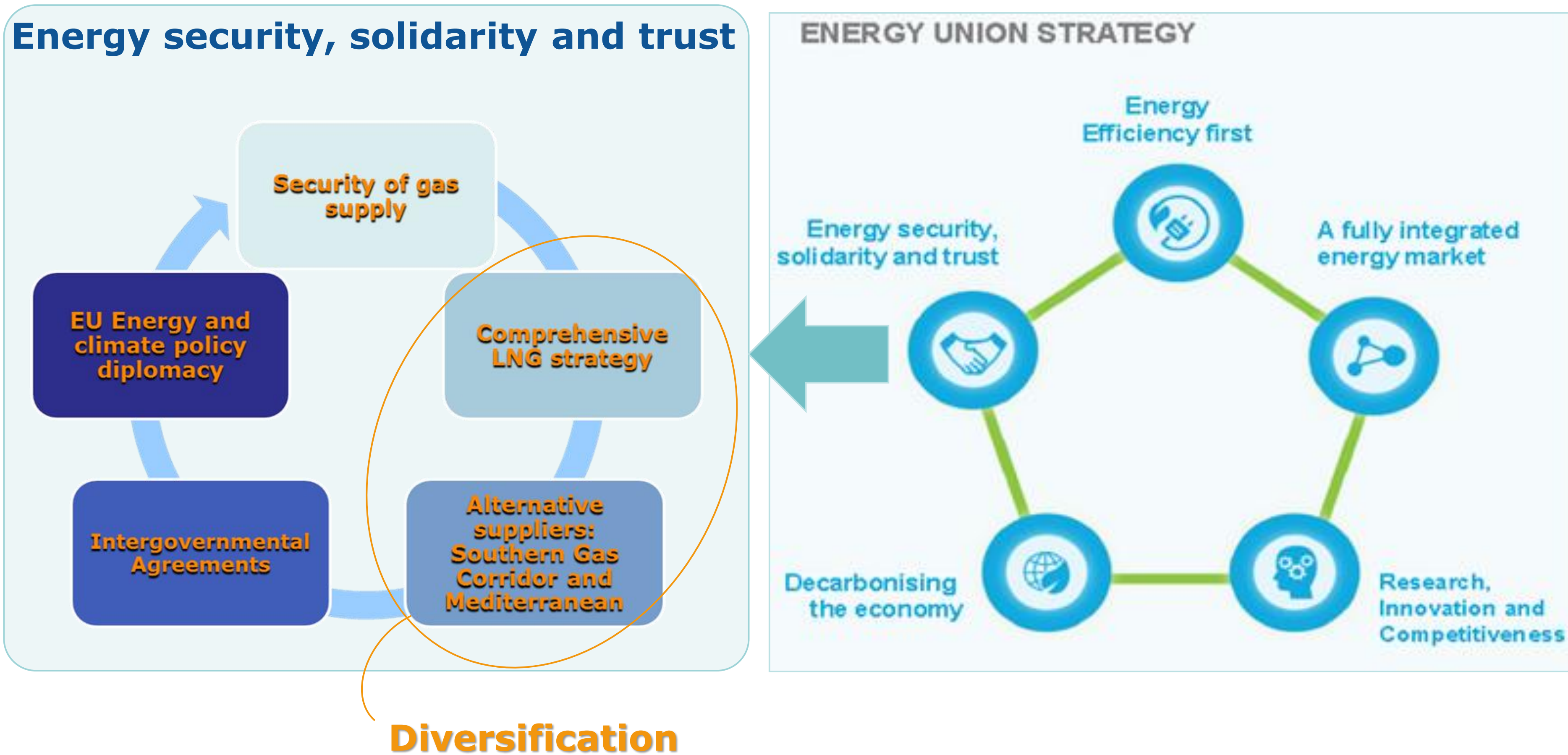
European Commission, DG Energy - Security of supply

Energy Union for a sustainable, secure and competitive energy market

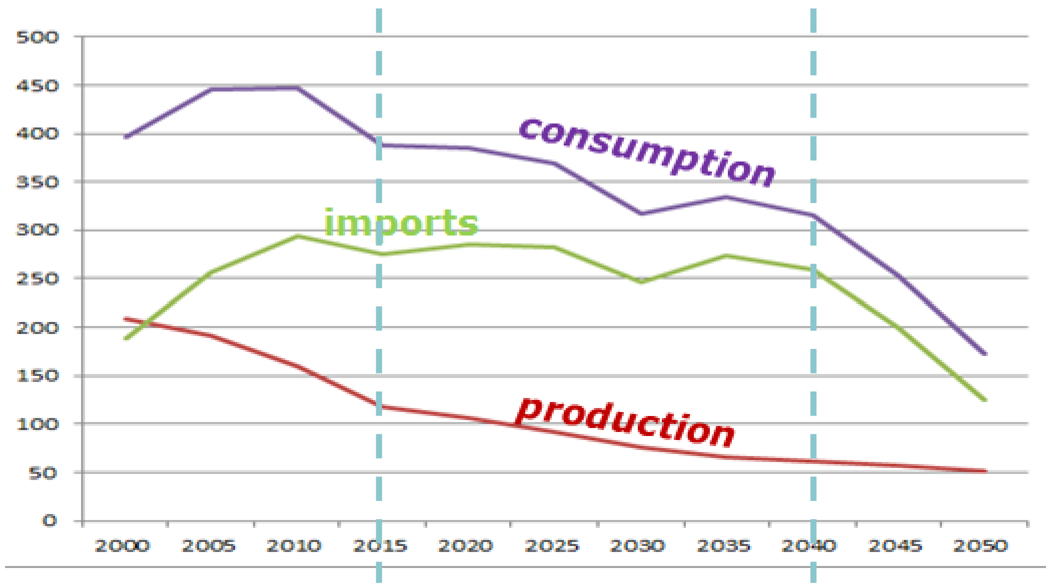


Projection: stable gas imports under a 2030 scenario (bcm)

- Slower but continued downward trend in EU gas domestic production
- Small decrease in gas consumption - compared to today's levels - until 2040, before more significant decrease

Stable gas imports until 2040

EU gas market developments (bcm)



Source: PRIMES (EUCO30 scenario)

(40% GHG emission reductions, 27% RES and 30% EE in 2030)

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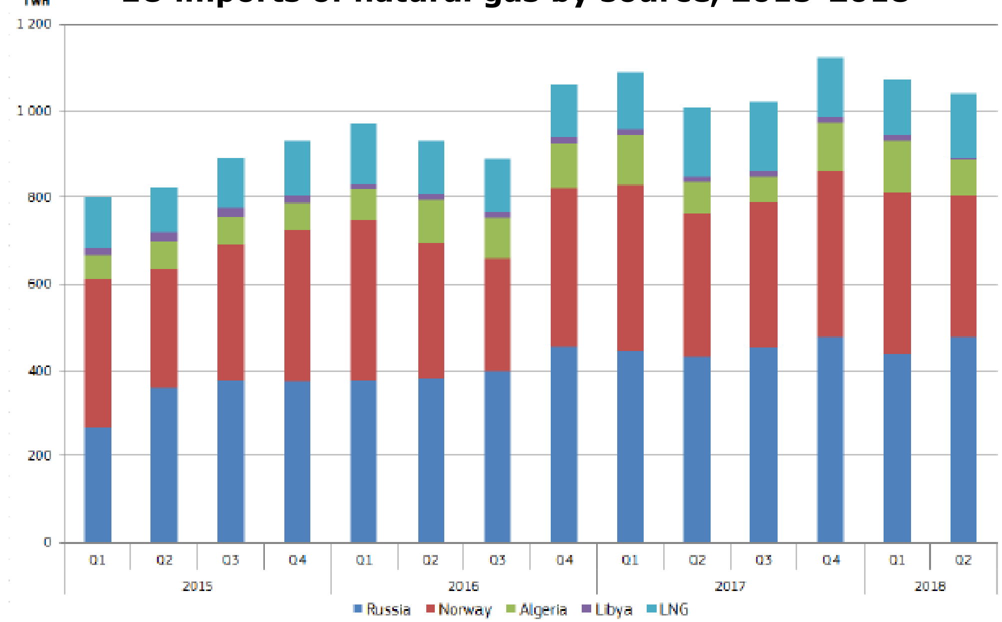
Gas consumption decreased in second quarter

- **Gas consumption seems to stabilize, long-term decreasing trend remains**
  – 8% decrease in Q2 2018 year-on-year

- **EU production decreased further**
  – 12% compared to a year ago

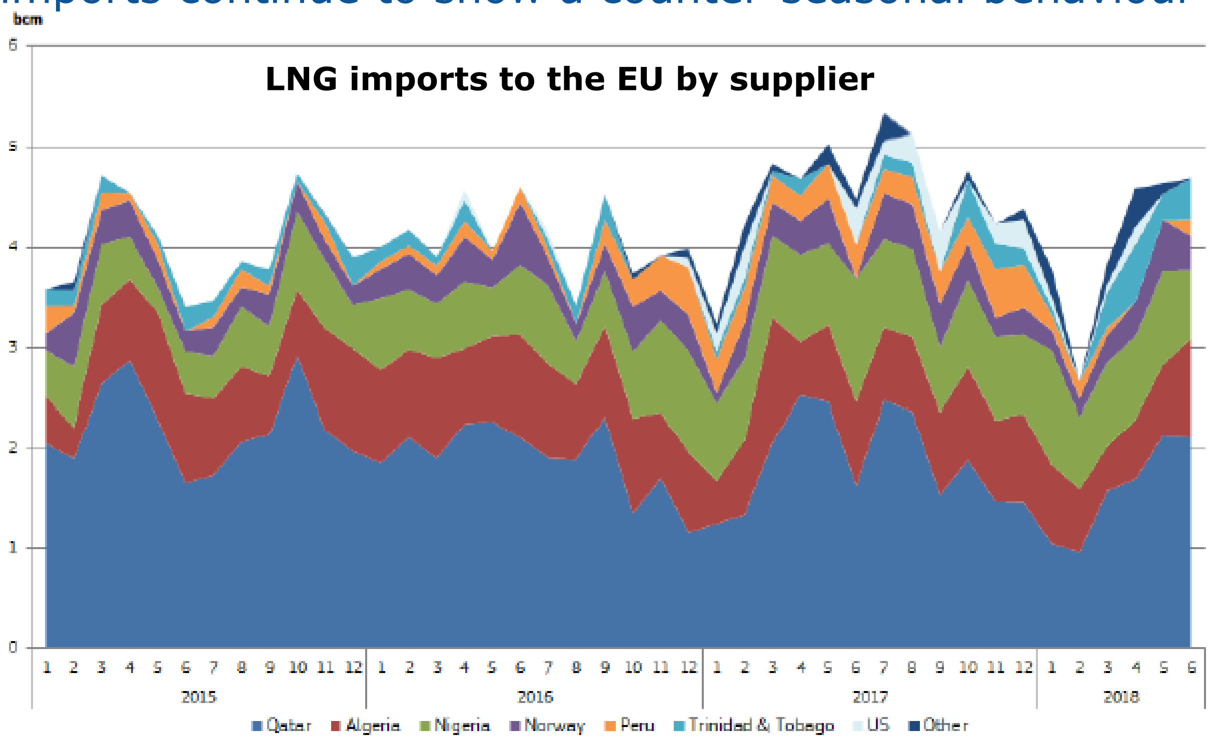
- **Imports were 3% higher than a year earlier (Q2)**
  – Russian supplies remained the main source of EU imports

EU imports of natural gas by source, 2015-2018



LNG's share stands at 14% of EU gas imports in Q2 2018

- Qatar remains the main supplier
- EU LNG imports continue to show a counter-seasonal behaviour



Source: Commission calculations based on tanker movements reported by Thomson Reuters
Imports coming from other EU Member States (reexports) are excluded
"Other" includes Angola, Brazil, the Dominican Republic, Egypt, Equatorial Guinea, Oman, Russia, Singapore and the United Arab Emirates

LNG and storage: important tools for diversification, flexibility and security of supply

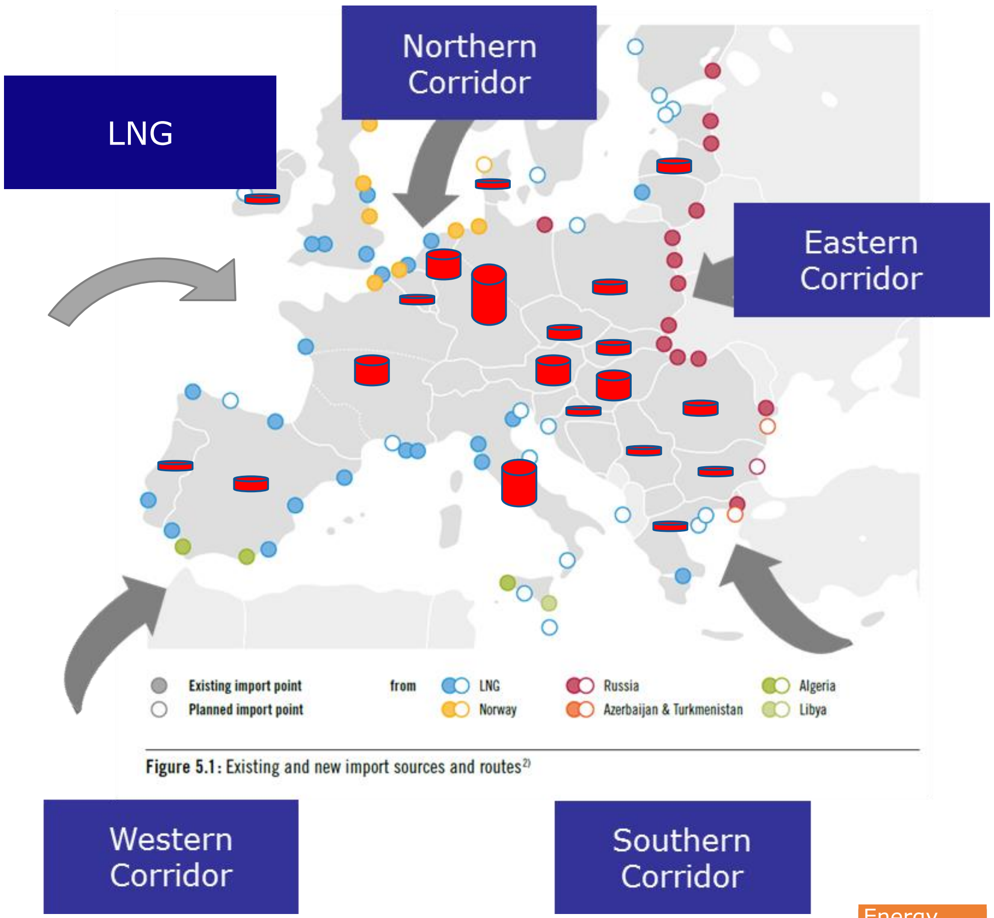


Figure 5.1: Existing and new import sources and routes[2)]

(1) Complete the internal energy market and ensure access to liquid regional gas hubs

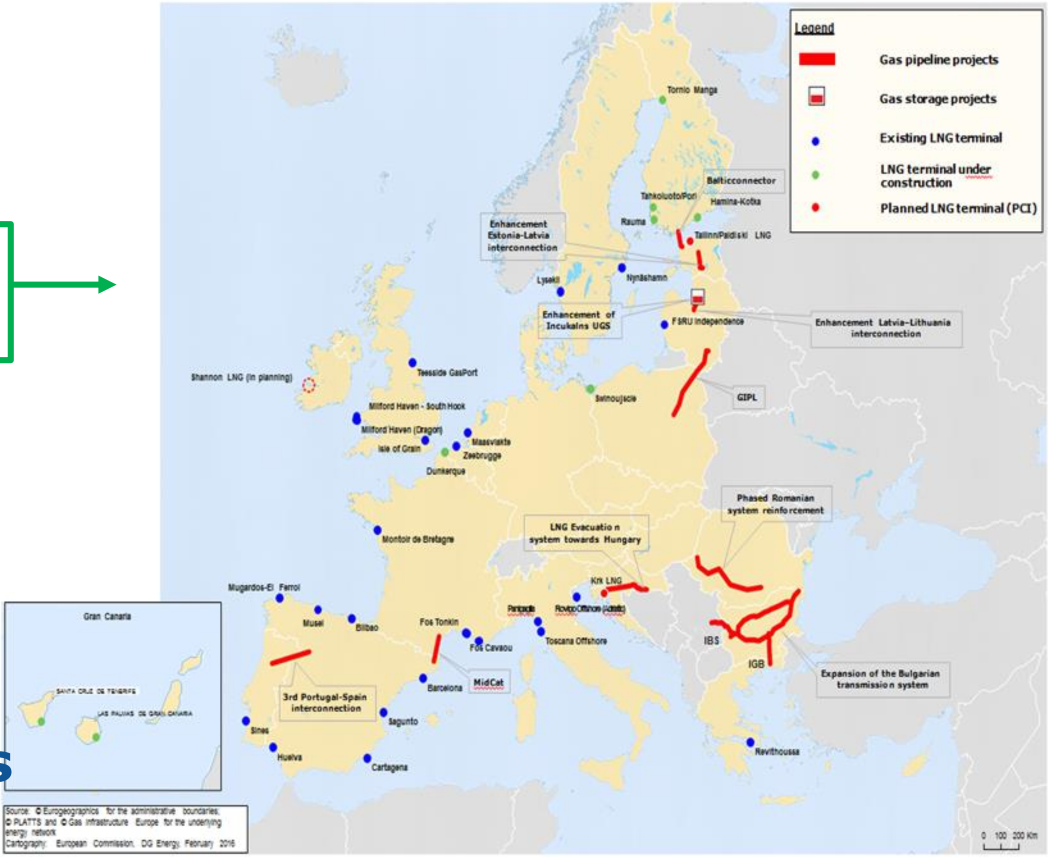
(2) Promote transparent and liquid global LNG markets

Complete the internal market

Ensure access to liquid regional gas hubs

- Focus on key missing infrastructure
- Fully implement the Third Energy Package
- Explore if further barriers exist

Promote transparent and liquid global LNG markets



Ensure stable regulatory framework

Ensure access to liquid regional gas hubs

- Focus on key missing infrastructure
- Fully implement the Third Energy Package
- Explore if further barriers exist

Promote transparent and liquid global LNG markets

Studies on barriers to LNG entry

- No pan-EU barriers but country-specific

Tackle remaining barriers in certain regions:

- Eliminate export / import restrictions
- Improve gas trading environment
- Create a regional market in the Baltics

Tariff network codes approved:

- Allowed discount for storage and LNG import terminals

International cooperation on key aspects

Ensure access to liquid regional gas hubs

- Focus on key missing infrastructure
- Fully implement the Third Energy Package
- Explore if further barriers exist

Promote transparent and liquid global LNG markets

- **LNG part of EU energy dialogues with supplier and consumer countries**
- **Memorandum of Cooperation with Japan**
- **Follow-up: Global action on LNG 2020 – 2022**
- **EU-US cooperation on LNG**

Our climate and energy objectives are inseparable: gas can play a role

- **In the short- to mid-term: replacing more polluting fuels (oil, coal) in power generation and transport**
  - Ex: Malta
- **New uses of LNG**
  - Transport: maritime and heavy duty vehicles & added services at terminals
  - Build on technological development: Small scale , FSRUs, FSU
  - Virtual pipelines: LNG via truck, train, micro regasification stations
- **Issue of fugitive methane emissions**

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Thank you for your attention!