

EU-GCC Energy experts group - 10 December 2013

The EU-Gulf Cooperation Council (EU-GCC) Energy expert group met in Brussels on 10 December 2013. The objective of the group, which was established in 2010, is to have an exchange at expert levels on two energy issues of common interest namely energy efficiency and gas.

The meeting was chaired on the EU side by Mr Barbaso (part of the meeting) and Mr H. Van Steen. The GCC Delegation was led by Mr Farred Al-Asaly (Chairman of the GCC Energy Committee).

The EU side gave an overview of our legislation on energy efficiency legislation and the internal gas market. The GCC presented an outline on the global oil market, the GCC oil and gas market and the Saudi Arabia Energy Efficiency Program (SEEP). Agenda of the meeting and presentations enclosed.

Section on Gas

GCC holds 21% of global gas reserves and aims at increasing the use of gas in its energy mix. However, such gas, with the exception of Qatar which is a large gas exporting countries, is to be used in the domestic GCC gas market.

Gulf countries hold huge reserves of "unconventionals" but their production will be more expensive than the exploitation of their abundant of "conventional" oil and gas resources. Unconventionals are not perceived by GCC as a threat but as a complement to address the rising energy demand at global scale. **GCC believes that hydrocarbons** are and will remain the largest component of the energy mix and renewables will only be a complementary element.

GCC also added that beyond 2020 production of unconventional oil in the US will decline substantially.

In reply to a question from GCC on the administrative cost of unbundling the EU explained that the benefit from increased competition in the market outweigh the cost of unbundling.

Although oil was not on the agenda GCC underlined several times that since 1973 they have been a reliable supplier of oil providing additional production (thanks to their spare capacity) of oil in a number of critical situations (Iranian revolutions, Gulf war, Libyan revolution).

Section on energy efficiency

GCC expressed a strong interest in the EU legislation on energy efficiency and indicated that they are implementing a system of "labelling" using as a reference the EU system.

In replying to a question from GCC, on the impact of energy efficiency measures on competitiveness, the EU side explained that our new legislations are adopted following impact assessments. Such impact assessments quantify how new legislations will affect our broad policies objectives such as security of supply, competitiveness and sustainability.

The GCC side presented the Saudi Arabia activities on energy efficiency which started in 2003. In 2007, they created a permanent SEEC (Saudi Energy Efficiency Centre) which employ more than 100 engineers. In 2012, the Saudi Arabia Energy Efficiency Program (SEEP) was launched. SEEP covers building, transport and industry sectors (more than 92% of Saudi energy consumption) and is based on four broad principles:

- focus on demand side,
- price reform mechanism are not included (price is a very sensitive issue in GCC),
- emphasis on impact on the end user and the payback period,
- implemented measures should consensual.

At the end of the meeting both sides expressed appreciation on the fruitful and 'frank' exchange of views and it is was agreed to held the next meeting in the second half of 2014 in Saudi Arabia.