

Dear Sir, Madam,

GasTerra welcomes the opportunity to respond to the consultation on an EU strategy for liquefied natural gas and gas storage. GasTerra is a registered organisation, being an active market player in wholesale gas trading and supply.

We associate ourselves with the views of Eurogas (see attachment), which we fully support.

We would like to highlight a few viewpoints which we consider particularly relevant:

I. The role of gas in the future EU energy mix.

If energy efficiency measures help to reduce energy demand, whether it is for coal, oil, electricity or gas, GasTerra applauds it. If however gas is being substituted by other energy sources, one should look carefully whether this really contributes to an efficient and ambitious transition to a low-carbon economy. In order to keep global warming below 2.0 °C, our society needs to act urgently. Therefore a rapid reduction of greenhouse gas emissions is now more important than setting a long term time frame to a 100 % CO₂-free economy. From that perspective, gas can play a vital role in the future EU energy mix. Gas offers significant opportunities for energy saving, when combined with modern appliances. Gas also facilitates further integration of renewable energy by providing back-up services. Moreover, in both cases gas can deliver quick wins, based on currently available technologies. And last but not least, gas heating can keep all homes warm, even on very cold days, without incurring the excessive (system) costs of all-electric solutions.

GasTerra would like to see the EU not being ambivalent about the future role of gas. The EU rightly has chosen to maintain and reinforce the ETS as the central instrument to achieve cost-effective emissions reductions. But the EU should not promote more gas infrastructure investment on the one hand, and at the same time show reluctance to acknowledge the vital role that gas can play in a new energy market design.

II. Focus of an EU strategy for liquefied natural gas

By considering to develop an LNG strategy, the EU now rightly puts the spotlights on this source of gas supplies. According to market analysts, global LNG developments increasingly present opportunities to contribute to affordable, reliable and lasting energy supplies for all EU customers. A well-functioning, liquid and unified internal energy market will also contribute to security of gas supply. EU stress tests have shown that only in some European regions security of gas supply currently is a real matter of concern. Moreover, that the real issue is mainly a lack of connecting transmission infrastructure, not a lack of alternative supplies.

There is no need for the EU to aim for a general reduction of imported fuels, as long as there is no excessive dependency on one single supplier. Such a goal would introduce an element of protectionism in EU's energy policy, instead of keeping energy affordable for its citizens and companies. In those regions where the market is not yet fully developed, targeted approaches may be considered, in particular efforts to develop liquid hubs and missing infrastructure. In general, one should trust market mechanisms and avoid new one-size-fits-all policy interventions, such as voluntary demand aggregation. A better way forward is to increase diversification possibilities (suppliers and routes, LNG and pipeline gas) in an approach aimed at more buyers and more suppliers enhancing market competition.

III. Focus of an EU strategy for gas storage

Storage use remains a competitive part of the wider flexibility market. In a well-functioning market, competition among flexibility instruments should deliver the most economic solutions. Again, GasTerra believes that there is no need for further one-size-fits-all policy interventions, over and above some modifications to Regulation 994/2010 concerning measures to safeguard security of gas supply, in order to clarify and strengthen its objectives, and enforcement of correct implementation of the Third Package. Targeted measures may be appropriate in Member States where the market has not been sufficiently developed or where supply security objectives may not be met, but these should distort the market as few as possible.

If you require any further information, please feel free to contact me (t: +31 50 364 86 24, m: +31 61 100 56 37, e: theo.ebels@gasterra.nl)

Best regards,

Theo Ebels

Manager Regulatory Affairs
GasTerra B.V.

Stationsweg 1
P.O. Box 477
9700 AL Groningen
The Netherlands
www.gasterra.com

