

BP submission to the European Commission's "Consultation on an EU strategy for liquefied natural gas and gas storage"

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1. Introduction / General

- We do not foresee falling gas demand. This fundamental question should be addressed before it becomes a self-fulfilling prophecy. Without projected demand growth, infrastructure and market investment will not take place, customers would pay higher prices and demand will fall.
- Gas provides an abundant and reliable source of energy. Gas is the lowest carbon fossil fuel and emits about 50% of the CO₂ of coal per unit of power. It is also the cleanest burning fossil fuel with significant air quality benefits relative to coal. Gas can play a key role in contributing to both environmental and energy security goals. The BP Statistical Review of World Energy shows a proven gas reserves-to-production ratio of 54.1 years, with global natural gas reserves of 187.1 trillion cubic metres.
- There remain plentiful volumes of gas in the EU's near neighbourhood (traditional sources like the North Sea, Russia and Northern Africa, as well the Caspian and prospective regions such as the Mediterranean and Black Sea). Europe should capitalise on these supplies by supporting indigenous exploration and production activities including unconventional gas development and by investing in the necessary transportation infrastructure.
- A diverse range of gas supply sources and routes is important in ensuring security of supply. EU market participants, responding to market signals, have undertaken significant infrastructure investment in recent years, particularly in North West Europe (NWE), through the construction of LNG terminals, storage facilities and interconnectors. This has enhanced energy security and improved market competitiveness.
- Energy security has not improved equally in all regions. In Central and South East Europe some countries remain reliant on a few suppliers due, in part, to a lack of interconnection and the presence of long term contracts. Security and competition enhancing measures should therefore focus on such isolated, fragmented markets to address specific concerns, rather than applied uniformly across Europe.
 - Possible solutions could include ensuring full implementation of the third energy package including associated network codes, improving interconnection and reverse flow capacity, and removing barriers to entry and trade.
- We would suggest that options outlined in paragraph 1.3 of the consultation document be explored further to assess the extent to which they can be utilised to resolve the issues.

- A one-size approach is not appropriate. Any intervention, if required, should be tailored to the particular circumstances of the individual market/region.
- Liberalised, well-functioning, interconnected and competitive markets are best placed to ensure energy security. Price signals only work in integrated, functioning markets, which include the ability to create swaps.
- We see the global LNG market oversupplied until around 2022, leading to low gas prices. After this point, the lack of new project sanctions in today's low oil price environment combined with growth in demand lead us to expect a tighter global LNG market.
- The cheapest cost of supply of gas to Europe is likely to remain Russian pipeline gas. Constructing new LNG and storage facilities would give a negotiating advantage when agreeing pipeline contract prices by providing an alternative source of supply but it is unlikely that the facilities will need to be fully used except in exceptional circumstances. This means it is unlikely that private investors will see an incentive to invest in them without public support.

2. LNG in the EU today

Q1: Do you agree with the assessment for the above regions in terms of infrastructure development challenges and needs to allow potential access for all Member States, in particular the most vulnerable ones, to LNG supplies either directly or through neighbouring countries? Do you have any analysis or view on what an optimal level/share of LNG in a region or Member State would be from a diversification / security of supply perspective? Please answer by Member state / region.

We broadly agree with the assessment presented. We would note that there is more than sufficient LNG and pipeline capacity to meet expected EU demand; however, given the location of the majority of terminals the challenge is moving this gas to more isolated markets. As such, enhancing access to interconnection capacity, including building additional interconnection infrastructure and enabling reverse flow where required will improve energy security.

We do not believe there is an optimal level/share of LNG in a given region or member state. First, LNG is not seen as a different commodity, but a different form of transport for methane. Thus the question of an optimal level of LNG could be interpreted as new sources different to existing pipeline routes. Therefore, the key is supply diversity and flexibility which includes access to interconnection, storage, import contracts, line-pack services and interruptible contracts and indigenous production. It should also be noted that new sources of supply will also be added in the future such as Shah Deniz 2 in Azerbaijan which is also a) expanding the South Caucasus Pipeline through Azerbaijan and Georgia, b) constructing a Trans

Anatolian Gas Pipeline across Turkey and c) constructing a Trans Adriatic Pipeline across Greece, Albania and into Italy.

Finally, it may be more cost-effective and a more efficient use of network infrastructure for certain member states to obtain LNG through interconnection with other member states than constructing their own infrastructure.

Q2: Do you have any analysis (cost/benefit) that helps identify the most cost-efficient options for demand reduction or infrastructure development and use, either through better interconnections to existing LNG terminals and/or new LNG infrastructure for the most vulnerable Member States? What, in your view, are reasons, circumstances to (dis)favour new LNG investments in new locations as opposed to pipeline investments to connect existing LNG terminals to those new markets?

Market-mechanisms are best placed to determine whether, when and where LNG terminals are built. For this to occur, barriers to trade, particularly cross border, and barriers to investment should be removed. Factors which may discourage investment in new LNG terminals in any given region could include the presence of barriers to market access, e.g. regulated wholesale energy prices, lack of interconnection, the size of the market and availability of alternative supplies of gas, for instance if lower cost alternative gas supplies are available such as long term Russian gas. Regulatory barriers and technical barriers may also discourage investment, e.g. geographical limitations, onshore infrastructure suitability and onerous capacity access requirements.

If for instance in Germany no terminal has been built for 30 years, this may indicate abundant alternative supply by pipeline or indirectly by neighbouring states and thus LNG investment by the market was seen as unnecessary.

Cost-benefit analysis should focus on the question of what is the sufficient level of LNG terminals in a well-connected European grid. Should by political decision in a member state or by the EU a 'strategic LNG terminal' be constructed, such a decision needs to include a clarification on cost coverage. There will be costs of construction and maintenance of the potentially underused asset, but these should be offset by lower gas prices to end users due to the increased number of supply options.

Q3: Do you think, in addition to the already existing TEN-E Regulation, any further EU action is needed in this regard? Do you think the use of LNG gas and existing LNG infrastructure could be improved e.g. by better storage possibilities, better network cooperation of TSOs or other measures? Please give examples

We support targeted measures such as better cooperation between TSOs, full implementation of the third package and investment in missing or incomplete infrastructure to allow gas, from any source, to flow more effectively between

member states. Focus should be on regions reliant on single/few sources of supply. Any non-market based interventions should be based on clear rationale as to why the market/existing legislation will not deliver the required changes and a cost benefit analysis should be undertaken to minimise costs to system users (ideally costs should be targeted at those consumers who benefit rather than socialised across all system users).

More generally action should mainly be targeted at isolated and fragmented markets, rather than across Europe. Any solutions should be tailored to specific markets or regions and ideally should work with the grain of the market. Any regulatory interventions should be time limited and reviewed periodically to determine whether they remain appropriate.

Q4: What in your view explains the low use rates in some regions? Given uncertainties over future gas demand, how would you assess the risk of stranded assets and lock-in effects (and the risk of diverting investments from low carbon technologies such as renewables and delaying a true change in energy systems) and weigh those against risks to gas security and resilience? What options exist in your view to reduce and/or address the risk of stranded assets?

It should be recognised that LNG is just a way of transportation of natural gas from various global production centres to demand locations much like pipeline gas. The LNG market is increasingly global with LNG flowing (with some exceptions) in response to global prices signals. The LNG market provides energy consumers with access to additional sources of supply, enhancing supply diversity and providing valuable flexibility thereby improving energy security. LNG offers market participants the ability to source gas supply on a long or shorter term basis, with considerable flexibility to divert and re-load cargoes to a range of regasification terminals. This allows participants access to an important source of gas flexibly to meet their supply requirements.

Global LNG regasification capacity is twice that of liquefaction capacity, as such, rates of less than 50% should be expected. Recent low utilisation rates are likely to reflect LNG being diverted to higher price, non-European markets – although we expect LNG to continue to return to European markets as price differentials narrow. Differing utilisation rates between terminals can be due to differences in the technical and commercial factors, varying market conditions between member states and the cost of utilising other sources of gas and flexibility in different member states.

In terms of the risk of creating stranded assets, where facilities are built on a commercial basis the risk is borne by market participants rather than end-users. In this respect, the majority of recent infrastructure investments across Europe have been constructed under a TPA exemption. Where capacity is allocated on the basis of long term agreements this reduces investment risk and such agreements are often necessary to support the significant investment in the LNG supply chain

which includes liquefaction, shipping as well as regasification facilities. This also indicates that an effective exemption regime is required.

Natural gas is versatile due to its scalability, reliability and efficiency as well as clean-burning properties and competitive costs. As such we believe it has an important role to play in the energy mix for the foreseeable future. This includes use in power generation replacing more polluting fuels, space heating, use in the transport sector and backing intermittent renewable generation.

We do not agree with the Commission's statement in the Annex of the consultation document that EU gas demand is likely to decline over time. BP's internal analysis shows that gas demand is likely to grow by 0.8% p.a. or by 15% in total until 2035 (BP Energy Outlook 2035, February 2015). This implies that additional gas infrastructure is likely to be needed for the next 20 years. Gas is ample and easily available to the EU on a competitive cost basis.

Q5: The Energy Union commits the EU to meeting ambitious targets on greenhouse gas emissions, renewable energy and energy efficiency, and also to reducing its dependency on imported fossil fuels and hence exposure to price spikes. Moderating energy demand and fuel-switching to low carbon sources such as renewables, particularly in the heating and cooling sector, can be highly cost-effective solutions to such challenges, and ones that Member States will wish to consider carefully alongside decisions on LNG infrastructure. In this context, do you have any evidence on the most cost-efficient balance between these different options in different areas, including over the long term (i.e. up to 2050)?

We believe that gas is vital to addressing the three elements of the energy 'trilemma': firstly, affordability without subsidies; secondly, supply security; and thirdly, environmental sustainability. A 1% switch of global coal-fired power generation to natural gas would result in GHG emission reductions equal to an 11% increase in renewables (BP Energy Outlook, January 2014). Natural gas can also play an important role in backing-up intermittent renewable generation.

Europe should encourage indigenous production, including conventional gas from the North Sea and unconventional gas.

The goal of energy independence is unlikely to be the least cost or most effective way of enhancing energy security and competitiveness. We agree that Europe should strive for indigenous gas production, particularly in the North Sea. However, the objective of reducing Europe's energy imports is likely to result in increased costs to consumers. A high level of energy security, affordability and sustainability is best achieved by diversified energy supplies within a fully integrated internal energy market, regardless of the share of imported energy.

We also believe that Europe should not justify or favour specific sources of energy solely on the basis of future price assumptions. Again, diversified supply options increase competition and reduce prices. Forecasting energy prices has proven very

difficult due to unpredictable events, such as the shale gas revolution in the US or the recent oil price fall. Since 2007 when the shale revolution started in the United States, Henry Hub gas prices have consistently been lower than UK National Balancing Point hub prices.

3. Potential entry barriers for LNG

Q6: What in your view are the most critical regulatory barriers by Member State to the optimal use of and access to LNG, and what policy options do you see to overcome those barriers? Have you encountered or are you aware of any problems in accessing existing LNG terminal infrastructure, either because of regulatory provisions or as a result of company behaviour? Please describe in detail.

It should be noted that in many EU markets LNG faces competition from a range of different supply sources and sources of flexibility, such as pipeline gas, storage, interconnectors and demand side measures and this is good for end users.

The LNG market is global which means LNG flows to regions of highest price. As such restriction on the price of gas, such as price caps, reduces the ability of LNG to respond to periods of system stress and can therefore act as a barrier to investment and efficient utilisation of LNG. Concern that member states may intervene during periods of system stress can also reduce incentives to invest in infrastructure and will reduce the ability to attract supplies. Lack of capacity to transport regasified LNG to remote areas also acts as a barrier.

Currently there is more than sufficient LNG terminal capacity available to meet demand which provides market parties with a choice of terminals to use in bringing in cargoes. Whilst we have found no difficulties in accessing existing LNG terminal infrastructure, it is possible LNG terminal access conditions including third party access and tariff requirements could be used to prevent access to markets. However, a recent study by CEER¹ found that all EU terminals “...have properly functioning [congestion management] provisions...” They also note that there was no contractual congestion. Ensuring effective anti-hoarding provisions should ensure that all surplus capacity is made available to the market.

We would also suggest that all LNG facility operators should publish information in accordance with the GLE LNG transparency requirements thereby encouraging effective access to LNG facilities. There is also a requirement for a stable regulatory regime – differing access requirements and rules on gas transportation and uncertainty over tariffs can dis-incentivise the effective flow of gas across borders.

Allowing cross border gas supply sources to be used to meet obligations to demonstrate compliance against security standards could encourage more effective use of LNG capacity. For regulated terminals, in approving tariffs, regulators should be mindful that by setting tariffs too high will provide a

¹ http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Gas/2014/C14-GWG-111-03_CEER_LNG_22102014.pdf

dis-incentive on market participants to utilise the facility, which may increase end-user costs. Furthermore, it should be noted that not all regasification terminals in Europe have access to gas quality correction facilities. In line with the move to standardisation of quality across Europe, we would suggest a review of the appropriateness of quality limits at each entry point/country be undertaken to ensure that they are not acting as a barrier to cross border and international trade, e.g. excluding certain LNG supplies. In addition, this issue could be tackled potentially with a requirement on TSOs (as they have access to various options for blending and better economies of scale) to provide blending facilities (and other mechanisms such as co-mingling) to be able to access all sources of supply and hence, improve diversification and security of supply.

Q7: What do you think are the most critical commercial, including territorial restrictions and financial barriers at national and regional level to the optimal use and access to LNG?

Please see our response to Q6.

More generally we believe that whilst there may be some improvements to current arrangements such as improving data transparency (as outlined in our response to Q6) we believe improving grid infrastructure, in particularly missing interconnection and reverse flow capacity, is the most effective way to encourage the efficient utilisation of LNG facilities and flow of gas between member states.

Q8: More specifically, do you consider that ongoing EU policy initiatives and/or existing legislation can adequately tackle the outstanding issues, or there is more the EU should do?

Where several supplies sources, including other LNG facilities, are present in a member state it may be appropriate to reduce the regulatory requirements, such as tariff approvals, restrictions on products and services that can be offered.

To remove barriers for gas including LNG the focus should be on improving interconnectivity and implementation of the Third Energy Package including Network Codes. We would note the EC should be mindful that whilst changes proposed under the codes may not themselves hinder the efficient flow of gas, certain codes could have an impact. For instance, the CAM code could result in the underutilisation of capacity at interconnection points.

We do not believe, at this stage, that additional regulations are necessary to accomplish the creation of the single internal energy market. However, greater guidance for member states and facility operators may be appropriate.

4. International LNG markets

Q9: How do you see worldwide LNG markets evolving over the next decade and what effects do you expect this to have on EU gas markets? Do you expect a shift away from oil-indexed LNG contracts, and if so under what conditions?

As noted above we believe that LNG will increasingly become a global market with price differentials determining where LNG will flow (there will remain a lag in response time due to shipping although this should reduce as additional global liquefaction capacity is added and the overall market for LNG increases). We expect LNG demand to increase from around 30bcf/d today to around 80bcf/d in 2035.

In the near term we expect oil related sales to continue to be required by most LNG liquefaction developers to underpin financing for new construction projects, however European buyers are likely to be reluctant to commit on this basis given their recent experience of pipeline contracts. This will make it difficult for European buyers to attract long term gas supply contracts and so they will likely depend on spot supplies. In the short to medium term, this will work as the increasing production in US/Australia should push volumes to Europe.

In the long term we assume that oil price indexation disappears in practice. It may remain on paper, but the inclusion of elements of spot gas indexation and rebates mean that this is not the reality of the pricing basis. Price discovery, based on the gas entering Germany via the Nordstream pipeline, already shows Russian gas being sold below Brent indexation. Russia concluded its first spot sales of gas in September 2015.

Q10: What problems if any do you see with the functioning of the international LNG market, particularly at times of stress? Are there specific actions the EU should take, in dialogue with our international partners, including in trade negotiations, to improve its functioning and/or to make the EU market more attractive as a destination for LNG? Could voluntary demand aggregation be helpful in some way?

It is clear that LNG cannot provide an immediate response, but requires some lead time largely related to shipping times. However, with significant volumes of new LNG liquefaction supply due online over the next few years, this increase in supply should reduce response times. Also, with a wide range of terminals in the EU (with varying technical characteristics), a highly interconnected gas market in Europe (particularly NWE), liquid trading hubs and clear access rules should help make the EU well placed to attract LNG at times of system stress.

On the issue of voluntary demand aggregation we struggle to see how this will encourage greater flows of LNG into Europe at times of system stress given decisions are based on the price differentials between markets. More specifically LNG importers will look at the total costs associated with supplying a particular market such as shipping costs, LNG terminal costs, transmission entry charges and any other costs to suppliers. We strongly believe that commercial negotiations and

discussions should be left to market participants, including discussions on pricing mechanisms.

The EC can provide assistance by helping to develop and maintain good relationships with international partners in order to enable market participants establish good commercial relationships. As such, we encourage Europe to address access to US LNG as part of the on-going TTIP negotiations.

5. LNG technology issues including LNG use in transport

Q11: What technological developments do you anticipate over the medium term in the field of LNG and how do you see the market for LNG in transport developing? Is there a need for additional EU action in this area to reduce barriers to uptake, for example on technology or standards, including for quality and safety?

It is difficult to predict what technological developments are likely to occur in the medium term but we expect the use of LNG in transport (mainly via shipping and government-constructed infrastructure) to grow significantly (albeit from a very low base) to around 3% share of total natural gas consumption by 2035.

6. LNG sustainability issues

Q12: Do you think there are any sustainability issues specific to LNG that should be explored as part of this strategy? What would be the environmental costs and benefits of alternative solutions to LNG? Please provide evidence in support your views.

BP supports the view that gas offers a range of environmental benefits, chiefly that it emits 50% of the greenhouse gases of coal per unit of electricity generated.

The air quality benefits of gas are often understated. Gas is cleaner to burn than coal with lower SO₂, NO_x and particulate emissions. It does not generate waste ash. This leads to significant health benefits.

Gas doesn't have the waste disposal or storage issues of nuclear power generation.

7. Storage

Internal market constraints and challenges for storage

Q13: What opportunities or challenges do the supply projections for different sources, in particular LNG and pipeline gas and low carbon indigenous sources, present for the use of gas storage / for gas storage operators?

Please see our first comment. We do not see falling gas demand but if falling demand becomes the accepted norm, it will dis-incentivise further investment in gas, leaving the EU more dependent on coal to support the intermittency of renewables.

It may be helpful to consider this issue from the perspective of forecast gas demand, which is used by market participants to determine the volume of required gas supplies. Other relevant factors include climate change, in particular renewable targets as these reduce the demand for gas, particularly in power generation. The overall reduction in gas demand due to these and other factors (such as high gas price relative to coal, mild weather, greater market integration and reducing seasonal spreads) versus market expectations has reduced overall demand for storage. The extent to which gas demand recovers in Europe depends, in part, on energy policy with climate change targets particularly important.

Another challenge for storage operators comes from increasing sources of gas flexibility, which include gas from other supply sources such as new pipeline gas, greater market interconnections (gas can flow more easily between countries in response to price signals), demand side measures (end-users selling back/turning down gas at times of high prices reducing spreads) and the development of liquid trading hubs.

The market has responded by building fast cycle storage facilities to take advantage of near term spreads rather than long range storage facilities. Gas facilities are also likely to benefit from the shift to renewable generation as greater flexibility in sourcing gas will be required to back intermittent renewable generation. The introduction of a greater obligation on shippers to manage their imbalance positions should also increase demand for short term flexibility such as storage.

Q14: Are, in your view, current market and regulatory conditions adequate to ensure that storages can fully play their role in addressing supply disruptions or other unforeseen events (e.g. extreme cold spells)?

Market participants are typically incentivised to ensure they source sufficient volumes of gas to meet customer demand particularly during periods of system stress (through imbalance/cash out mechanisms). They may do so by sourcing gas from a range of sources such as pipeline, LNG and storage capacity. Which supply source is used depends on a range of factors including the cost of transportation and entry and exit tariffs to and from the transportation system.

There is currently a wide variation in the regulation of storage facilities across Europe with some member states imposing non-market based interventions such as storage obligations, whilst others imposing no obligation. Often the aim of such interventions is to provide storage operators with a minimum return and ensure security standards are met. In some cases nationalistic tendencies can also drive such measures, for instance concerns on relying on non-indigenous sources of gas supply to meet demand during periods of high demand. These interventions can distort the competitive market, including undermining incentives for commercial storage and can distort prices. As such we would prefer to see a level playing field in place for all sources of flexibility including storage.

The cost of transport capacity to/from a storage facility in some member states could be an issue. In principle gas that once has entered a market area and has already paid entry cost, has to pay entry tariffs again if withdrawn from a storage site. For instance, German regulator BNetzA has reduced tariffs to/from storage by 50%, but has excluded storage from this rebate which is connected to more than one market area or across member state borders. Thus this regulation does not only insufficiently reflect the positive effect of gas storage to the transport system, but also penalises storage which already integrates markets across member states, potentially impacting on the efficient cross border flows of gas.

Q15: As an alternative to mandatory reserves, how could market based instruments ensure adequate minimum reserves?

Mandatory reserves could undermine the ability of the market to ensure adequate reserves as reliance may be placed on the mandatory reserves for dealing with stress situations. Any restrictions placed on withdrawal of gas in store could also exacerbate any emergency as participants may seek to withdraw their gas before restrictions come into effect.

Where non-market based measures are used they should address specific issues in isolated markets where there are few alternative sources of supply and flexibility. Intervention should be justified on the basis of a clear market failure. The cost of any intervention should be compared to alternatives with should be targeted at beneficiaries, e.g. end-consumers.

We would note CEER's position that member states and National Regulatory Authorities (NRAs) should develop a framework which allows users to book storage capacity in adjacent countries without restrictions on its use (see our response to Q14 – final paragraph).

Allowing market participants to use alternative sources of flexibility, including cross border, to meet minimum security standards may be appropriate. This means that storage alongside other sources of flexibility should be treated on a level playing field. More generally greater market interconnection and greater cross border coordination are likely to assume a greater role in providing improved supply security.

Storage Infrastructure

Q16: Do you have any analysis or view on what an optimal level/share of storage in a Member State or region would be? What kind of initiatives, if any, do you consider necessary in terms of infrastructure development in relation to storage?

There is no optimal level for a given member state as conditions are likely to change over time (e.g. additional supply sources are added, demand changes). A pre-determined level could distort market mechanisms (crowd out private

investment) and could result in higher costs for consumers where excess capacity is constructed. Instead supply diversity and flexibility should be the objective, allowing LNG, storage facilities, pipeline imports and indigenous production compete on a level playing field.

Carbon pricing will support gas and reduce the risk of stranded gas assets.

Q17: Do you think, in addition to the existing TEN-E Regulation, any further EU action is needed in this regard?

We do not believe further EU action is required but instead existing regulations should be implemented to create an integrated, well-functioning EU energy market.

Q18: Given uncertainties over future gas demand, how would you assess the risk of stranded assets (and hence unnecessary costs), lock-in effects, the risk of diverting investments from low carbon technologies such as renewables, delaying a transition in energy systems and how would you and weigh those against risks to gas security and resilience? What options exist in your view to reduce the risk of stranded assets?

Please refer to our response in Q6. As noted we expected gas to play an important role in the fuel mix for many decades to come. Storage will provide an important source of flexibility, particularly to back intermittent renewable supplies.

Regulatory framework and potential barriers for storage

Q19: What do you think are the most critical regulatory barriers to the optimal use of storage in a regional setting?

Completion of the Internal Energy Market is an important step for the efficient use of gas storage facilities in Europe. As CEER notes, “...allowing non-discriminatory rules for storage access to continue in emergency situations enhances the value of storage to the market and contributes to market participants realising the insurance value of storage”.

Effective non-discriminatory access to storage is important however, barriers to efficient use remain due to mandatory obligations in certain countries e.g. France, Italy (where restrictions on the use of storage during winter months are set with limited commercial rationale). SSOs should be allowed to offer a range of products tailored towards market participant requirements. In addition tariffs should be set appropriately to encourage the efficient usage of storage facilities.

Q20: Do you think ongoing initiatives and existing legislation can tackle the remaining outstanding issues or is there more the EU could do? Do initiatives need to include additional issues further to the ones described here?

We do not believe additional directives and regulations are required at this stage but instead existing rules should be fully implemented, after which analysis can be undertaken to determine whether any remaining barriers remain to the use of storage. It may however, be appropriate for the EC to issue additional guidance to NRAs and facility operators on ensuring gas can flows cross borders without restriction, setting and reviewing gas quality requirements and tariffs to ensure they do not prevent the efficient utilisation of storage capacity and allowing storage to compete with other sources of flexibility on a level playing field.

Q21: Do you consider EU-level rules necessary to define specific tariff regimes for storage only or should such assessment be made rather on a national level in view of available measures able to meet the objective of secure gas supply?

We support a cost allocation mechanism that only charges transmission costs on (domestic) exits as this would be the most efficient and overall would benefit end consumers by removing entry barriers. A consequence of such a mechanism would be that LNG terminals and storage facilities would not face transmission charges. Such a mechanism could be included in the EU wide tariff network code currently under discussion.

Q22: Have you ever encountered, or are you aware of, difficulties in accessing storage facilities? Has this concerned off-site or on-site storage facilities? Please describe the nature of the difficulties in detail.

We are not aware of any difficulties. We are not sure what is meant by 'off-site storage facilities'.

Q23: Have you ever encountered, or are you aware of, difficulties related to feeding LNG gas from the storage site back into the gas network? If so please describe the nature of these difficulties (regulatory provisions, company behaviour, technical problems) in detail.

We are not aware of any difficulties.

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