

Gas Natural Fenosa comments to the public consultation on Cost-Benefit Assessment of Gas Quality Harmonization in the EU

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Gas Natural Fenosa welcomes the European Commission opportunity to give our comments to this public consultation.

We would like to express our interest on providing our general comments on the GL Noble Denton and Pöyry Management consulting analysis.

Regarding the consultation questions we have some doubts on whether the questions are the most appropriate to get a broad picture of the gas quality issues that affects interoperability and therefore the goal of achieving a real energy internal market within Europe

We consider that the questionnaire is, in general, too specific and it is mainly focused on negative issues rather than on a balanced ones. We believe that an alternative approach should be done that takes into account more deeply Easse-gas analysis, experiences and discussions and not only the gas quality CBP result itself as well as case studies and positive experiences among EU countries to adequate systems to a wide rage of gas quality specifications.

In addition, we would like to point out that the consultation deadline has been too tight (summer break included) to provide a more substantial response.

General comments:

- We do not agree with the general conclusion of the study. The study considers one scenario in which all appliances need to be replaced. We do not share this hypothesis as it is not applicable to all countries. For example, Spain complies with the EN 347 (wider than the Easse-gas CBP range) and there is no need to replace any appliance.
- To evaluate the need to harmonise gas quality specifications within the EU, the consultants undertake a cost-benefit analysis. In this regard, we would like to highlight that the benefits linked to have a more secure gas for the EU are difficult to quantify as , for instance, in the near future Europe may face the need to compete with emergent countries for gas supply and a narrower gas quality specification of gas may hinder its position when competing to attract gas.
- The consultation asks for views on EUROMOT, The European Association of Internal Combustion Engine Manufacturers, position.
It is surprising that so much attention is paid to this response compared to others. EUROMOT represents an important sector in the gas chain (“members are

more than 40 IC leading engine manufactures in Europe, USA and Japan”) but it is neither the unique nor the most important.

- We believe there must be others responses that could have provided a positive vision on gas quality harmonisation, could help to have a better picture and would have prevented from having biased inputs.

In any case, as we said before, any approach that narrows the range of the gas to be accepted in the EU, would impact seriously the security of supply within the EU and could hamper European ability to attract gas supplies.

There are several arguments in EUROMOT response that we do not share. Some examples (italics):

- “The engine sector is concerned that introducing gas quality specifications like the EASEE gas specifications [...] could lead to excessive variations in gas quality with negative implications for the operation of gas applications and especially gas engines.”

We do not share this approach as there are countries which comply with EN 347, such as Spain where, as far as we know, neither gas applications nor gas engines have experienced significant negative implications.

- “As an alternative approach the engine gas sector strongly advocates the concept of proper gas treatment at each point of reception of imported gas in Europe to address these issues”.

We do not share this approach as some countries already accept a wide range of gas qualities (as consequence of previous investments to adapt systems to a wider range of gas) and to require treatment at each point of reception of imported gas in Europe would not be needed and would have extra costs. In this regard, we consider that treatment of gas can just be required at interconnection points when one of the Member States has more limited gas specifications.

- “Upgrading pipeline gas to almost “Russian” gas quality would in mainly ways be ideal and yield the best results for running gas equipment such as gas engines.”

We consider that relying on just one gas is against the efforts that the EU has undertaken in its external energy policy and, particularly, against the EU legislative measures to reduce the SoS risk. The Russian gas crisis showed that SoS was not only a threat but a reality.

- “EUROMOT recommends to use Russian and Norwegian gas as benchmark for the gas quality of European grid”

This recommendation does not take into account the foreseen LNG role will play in SoS objective but also when providing flexibility to the combined cycles in its role as back-up of renewable to comply with the 20-20-20 EU objective

- o EUROMOT position raises the issue of safety and threats for customers. Safety issues are of major concern for the Authorities (European and national) and gas supply companies.

Currently, there are countries like France, Germany and Belgium that have specifications close to EASEE-gas and Spain has even a wider one.

In this sense in Spain investment efforts have been undertaken to have appliances that can accept EN 347 gas qualities requirements and regulation is in place to have compulsory revisions of the appliances and gas installations so as to guarantee the necessary safety levels to consumers.