

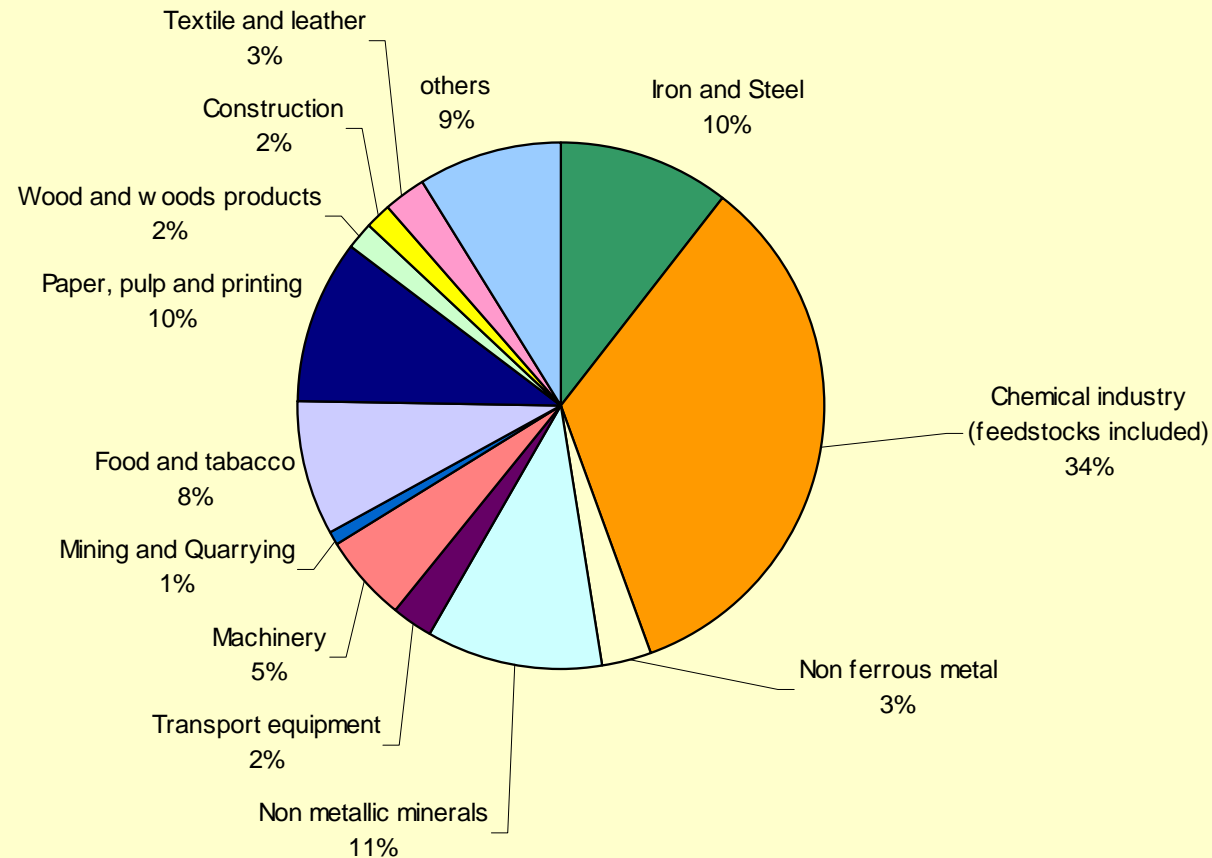


# **Sustainable and competitive access to Natural Gas for the Chemical Industry**

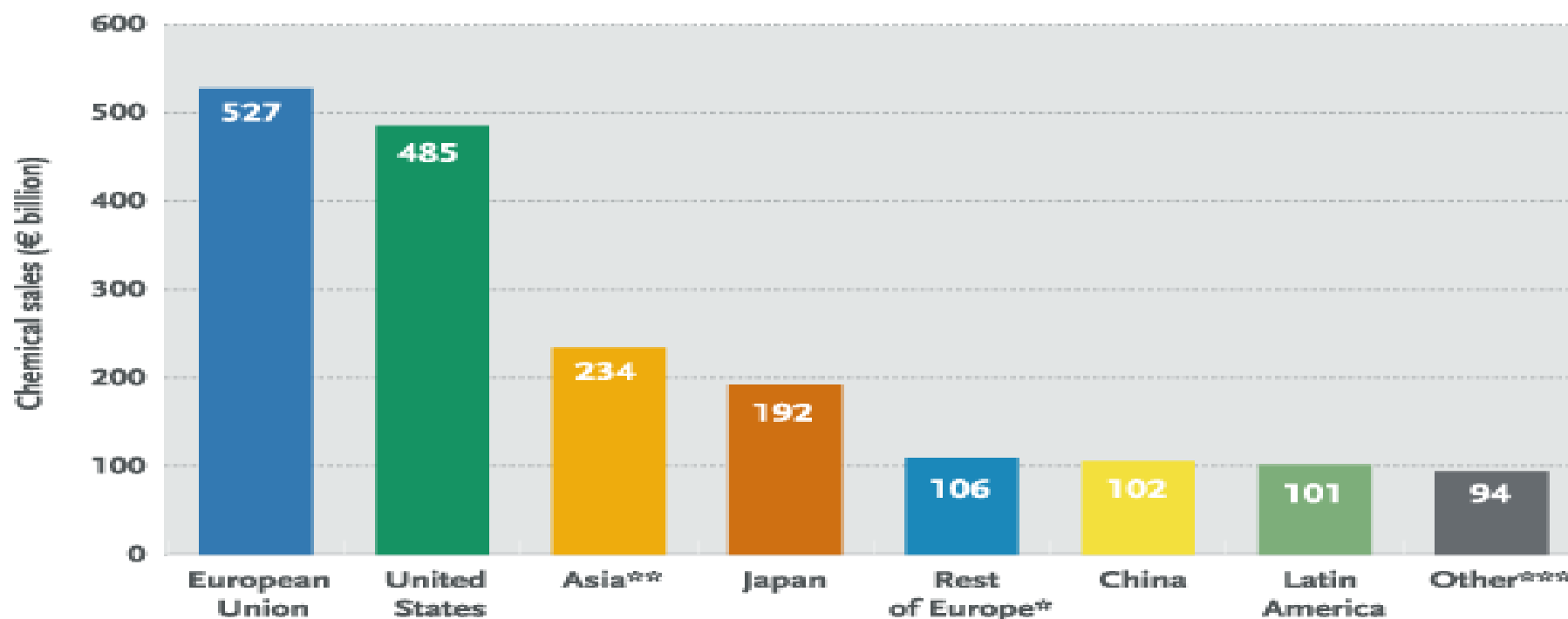
**Contribution to the Madrid Forum Sep. 2005**

# ***The Chemical Industry needs Energy***

**Industry Energy consumption per sector 2002**



Source: IEA



World chemicals production in 2002 is estimated at € 1841 billion.  
The EU accounts for 28.6% of the total

Source: Cefic

Definition: Rest of Europe\* = Switzerland, Norway, Central & Eastern Europe, and Turkey

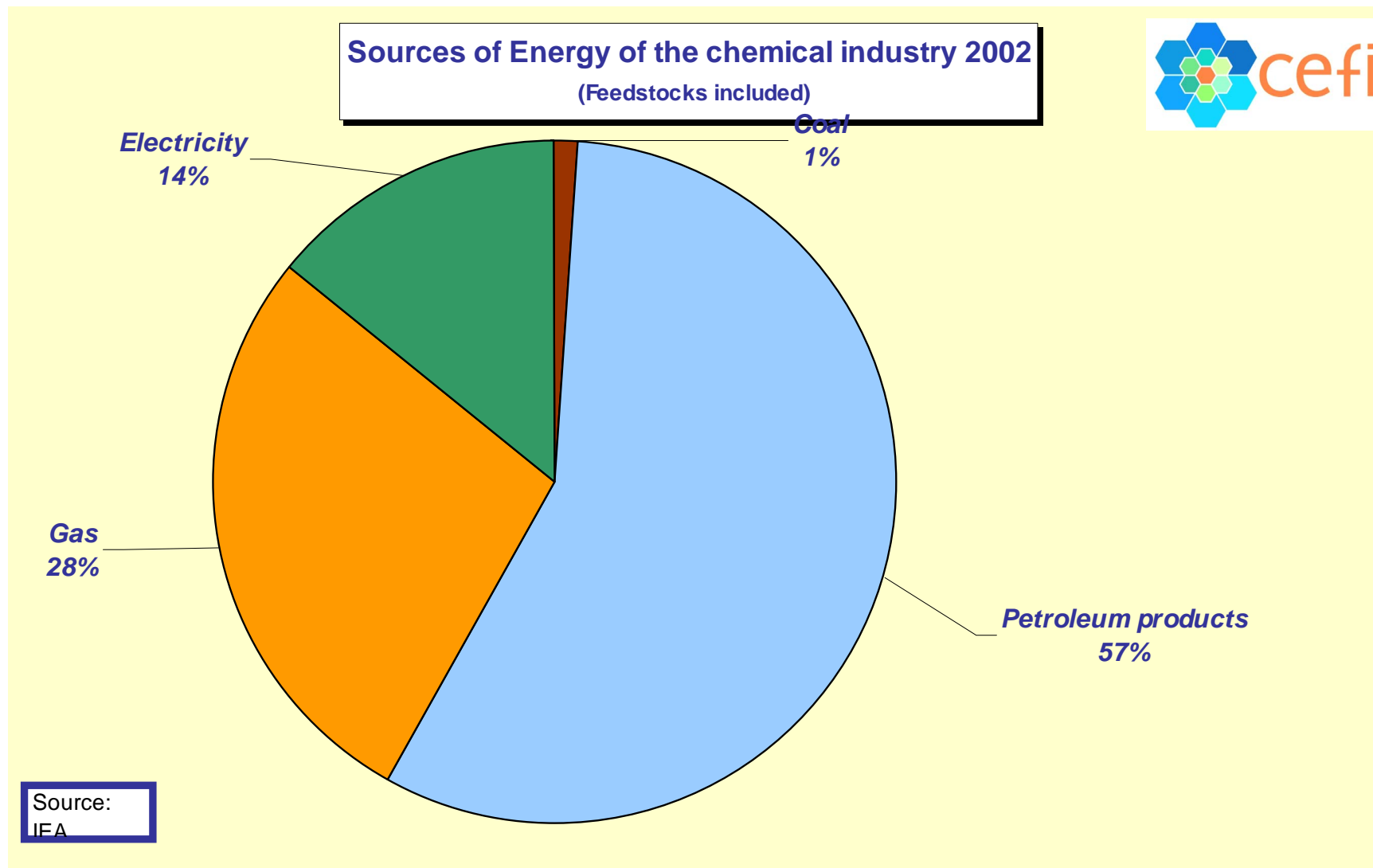
Asia\*\* excluding Japan & China.

Other\*\*\* including Canada, Mexico, Africa, & Oceania

**EU chemical industry is a global player**



# Energy sources



# ***Liberalisation and harmonisation of the European gas market: Insufficient performance...***

- **Slowness of progress towards a liberalized market as routinely demonstrated in EC benchmarking reports is unacceptable:**
  - **A competitive gas market is a key issue for the international competitiveness of the European Chemical Industry!**
- **Over 6 years EU Directives and Guidelines did not produce any substantial progress with respect to practical access of industrial end-users in most EU countries!**

***WHY ?***

# ***Access to Natural Gas Grids for industrial end consumers:***

## ***The “No GO’s”:***

- Refusal of access based on lack of “contractual capacity”
  - No efficient anti-hoarding mechanisms in place
  - No transparency - with the excuse of protection of “commercially sensitive information”
- Discrimination:
  - Short balancing periods, narrow tolerance levels, high costs of flexibility service, insufficient flexibility in access to storage produce high financial risks in case of small portfolios.
  - Requirement for additional nomination procedures and metering - only in case of independent grid access.

# ***Liberalisation and harmonisation of the European gas market: Lessons learnt ...***

- **Compromises on transparency have proven to reliably prevent effective third party access.**
- **Lengthy discussions on guidelines with the aim of compromising have proven to be a waste of time: Even if “unanimously agreed upon” no full implementation due to “non-binding” character.**
- **Placebos don't help: Further discussions should strictly and exclusively aim at a more rapid market opening through**
  - **efficient, non-discriminating grid access and**
  - **reduction of dominant market positions.**

# ***Liberalisation and harmonisation of the European gas market - The way forward:***

- **ERGEG's first draft of a road map is highly appreciated; recommendations based on practical experiences are vital.**
- **Sector inquiry of DG COMP is most welcome and should be carried out thoroughly:**
  - **Besides insufficient grid access dominant market positions of incumbents are the most serious hurdles for a competitive gas market.**
- **'Cultural change' required:  
Enforcement by Commission and national authorities instead of just monitoring!**



***Any further delays will  
additionally damage the  
international  
competitiveness of the  
European Chemical  
Industry !***