



International Association of Oil and Gas Producers

Article 22 Directive 2003/55 – Explanatory Note

Madrid Forum 22-23 May

OGP Position

- n An effective EU internal gas market that is interoperable, effectively functioning and competitive, based on a stable and predictable regulatory framework is necessary to secure global supplies.
- n Achieving EU energy security by attracting additional supplies requires any related regulation to facilitate investment in new capacities and flexibility for infrastructures.
- n The oil and gas producing industry is a globally competitive energy sphere. Competitiveness and contribution to security of supply in Europe depends critically on policy frameworks that recognise this context.

What needs fixing?

- n Current Article 22 (+ DGTren interpretative note) is successful in enabling major new investments, why change?
- n A “*transparent framework*” should have the flexibility for different national market contexts and a variety of project models
- n In the absence of clear long term direction Article 22 changes risk the failure or inadvertent exclusions of efficient projects.
- n Guidance should provide clarification, not seek to extend the current provisions of Article 22

Guidance (interpretation) should:

- n Recognise that Security of Supply is of increasing high priority
- n Consider the EU as part of the global gas market
- n Provide methods to encourage investment and simplify operations
- n Recognise that bona fide delays can occur to start up of projects and their operation
- n Be relevant to Article 22 and Directive 2003/55/EC
- n Recognise the differences that exist between the EU and some producer countries

Guidance (interpretation) should not:

- n Erode the global competitiveness of the European Union
- n Include or imply additional tests that may arbitrarily reduce the possibility of exemptions
- n Increase the lead time required for a project
- n Interfere with a project's design or its timing
- n Increase the difficulties in managing an upstream project to schedule and budget
- n Introduce a ranking system between projects
- n Retrospectively change or withdraw exemptions without agreement

Conclusions

- n For projects involving new sources of supply, security of supply criteria should take priority
- n When producing guidelines, allow consideration of the external as well of the internal markets
- n Recognise that investments subject to Article 22 are made by many market participants, not just the TSOs
- n The burden of compliance for EU investments should not be greater than that required for competing projects worldwide
 - Europe's security of supply and global competitiveness is at stake

Thank you for your attention!

