



Yara International's response to the public consultation on ERGEG recommendations on the 10-year gas network development plan

As the world's number one supplier of mineral fertilizers and Europe's single largest industrial consumer of natural gas, Yara International welcomes the invitation from ERGEG to communicate our views with regard to the 10-year gas network development plan. Yara is following the development of the European market in natural gas with great interest. As a large market actor, Yara believes that improvements in infrastructure are paramount in order to achieve a better functioning European market in natural gas.

Below is the Yara International response to the questionnaire annexed in the document "ERGEG recommendations on the 10-year gas network development plan", published 11 March 2009.

1. What would be for you the benefits of the 10-year gas network development plan?

- Yara considers increased market predictability on gas supply in Europe as the primary benefit of such a plan.
- However, large and small infrastructure projects should be diversified. In order to succeed in creating new infrastructure there is a need to assess in-depth the different actors on both the supply side and possible purchasers of the gas. (*An issue that is still not resolved in the Nabucco-project*). Building infrastructure as an answer to security of supply issues, will not resolve all of the challenges within the European Market.
- Considering the above, Yara sees the 10-year gas network development plan as an important tool to improve the identification of physical congestion, bottlenecks and interconnection points in Europe, and in consequence a vital mechanism to build new and better infrastructure within the European Union.
- Yara, however, questions the ability of the 10-year gas network development plan to improve the security of supply through new infrastructure outside of Europe. Closer cooperation between TSOs, producers, regulators and future purchasers of gas, among others, needs to be carried out to ensure a community-wide approach.
- ENTSOG should be instructed to remain in close contact with all relevant stakeholders prior to drafting the 10-year gas network development plan, in order to obtain the necessary overview of possible future investments.

2. What is the most important information you expect from the 10-year gas network development plan?

- The 10-year gas network development plan will provide a greater degree of security of supply if it implies investment projects transporting gas from new resources into Europe from countries that currently have no transportation grid linked up with Europe.

- As a result, better infrastructure will provide for greater confidence, trust and comfort for industrial actors and investors, improving European competitiveness.
- The aim should also be to develop a larger quantity of hubs with better liquidity in order to allow new entrants on the gas market and increase the amount of gas available.

3. Do you consider that the 10-year gas network development plan, as proposed by ERGEG, will be beneficial to security of supply?

- Yara believes that the 10-year gas network development plan will help to identify bottle necks and improve interconnections between Member States, as well as challenges related the construction of new grid and LNG storage terminals.
- Yara is questioning the efficacy of this approach when considering issues related to large infrastructure projects from outside Europe, such as the Nabucco-project, where the intention is to bring in large quantities of new gas. In this respect, it is important that TSOs are in close contact with all market actors to ensure a broad and viable scope when deciding on investments in infrastructure.
- It is vital to include the market actors and to ensure that:
 1. There are sufficient numbers of purchasers where the new infrastructure is to be built and that long term agreements are struck; and
 2. Sufficient quantities of gas exist on the producer side to supply the intended purchasers.

4. Do you consider that the scope proposed by ERGEG is appropriate? Should it be enlarged?

- With regards to article 3.1, challenges to a well functioning transportation grid are not necessarily limited to two or more TSOs. In Yara's view, it is therefore important not to limit the scope of the 10-year gas network development plan to a certain number of TSOs. Rather, they should be extended to all identified challenges to a well functioning grid.

5. Do you agree with the combined bottom-up / top down methodology proposed in the document? What would be the most efficient process to achieve the top down approach?

- Yara supports the combined methodology approach and has no further comments.

6. Would you agree with putting an obligation on market participants to communicate all the relevant information about their future projects?

- As the use of the future infrastructure requires cooperative efforts from various actors, e.g. producers, traders, TSOs and industrial undertakings, Yara agrees with the view that communicating all essential elements to future projects are vital

7. What would be the best way for ENTSG (including its members) to collect data from stakeholders? Should that be carried out at a national, regional or European level?

- Yara supports the idea that all three levels should be used by ENTSOE to collect data, accordingly to scope, aim and level of decision-making.

8. Are the scenarios mentioned appropriate? Would you have other proposals?

- Yara is pleased with the scenarios displayed in the consultation document and has no further comments.

9. What are your views on the proposed EU network modelling and simulation of supply disruption?

- Yara recommends that ERGEG should include measures to increase transparency; such as on-line publication of gas flows and other relevant market information for traders and purchasers. Such information is already being published on-line in the UK and it generates a more transparent market where actors possess more information when purchasing gas.

10. Do you consider the drafting methodology and content relevant? In your view, should ERGEG be more or less prescriptive?

- Yara is pleased with the methodology drafted by ERGEG and has no further comments.

11. Do you consider it important to have a monitoring report assessing and explaining deviations from the previous plan?

- Yara considers such monitoring as an essential measure and considers it important that all deviations from the plan should be justified.

12. Is the consultation procedure for the EU-wide 10-year gas network development plan proposed in the consultation document appropriate?

- Yara suggests that “large Industrial companies and other significant end-users” should be included in the list of stakeholders referred to in article 3.5 in the consultation document.

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