

Jean-François Cirelli

Vice Chairman and President

Lord Mogg
Chairman
ERGEG
rue le Titien 28
1000 Brussels
Belgium

Paris, 19 January 2011

Dear Lord Mogg,

Please find hereafter GDF SUEZ contribution to the CEER call for evidence on a vision for a European Gas Target Model

At the Spring 2007 Summit, the European Council recalled that the three pillars of an Energy Policy for Europe are competitiveness, sustainable development and security of supply. To reach these energy policy objectives, Heads of State and Government reaffirmed the need to further strengthen the internal market (Energy Package) and endorsed the "20-20-20" targets (Climate Package).

GDF SUEZ fully supports these objectives and is convinced that any initiative in the field of energy must contribute to these three pillars which form the cornerstone of the European energy policy.

GDF SUEZ wants to stress that natural gas should be a major contributor to any balanced mix designed to achieve simultaneously competitiveness, security of supply and sustainable development. As it is underlined by the International Energy Agency, natural gas is the most efficient, abundant and cleanest fossil fuel of the energy-mix.

We believe that an appropriate and stable regulatory framework, taking into account the specificities of natural gas, is necessary for its long-term development in Europe:

- As European indigenous reserves decrease, imports from non-European sources (including LNG) will necessarily grow. Long term investments and contractual commitments will be required in the coming years to bring natural gas to Europe all the more as the gas market is now global and Europe has to face the competition of other attractive markets for suppliers.
- European gas demand should continue to steadily grow as natural gas has, among other, an essential role to play in the strategy to reduce CO2 emissions. In particular, gas-fired power production will offer the most flexible and economic ways of backing up intermittent wind and solar power generation.

HEADQUARTERS GDF SUEZ
Tour T1 - 1 place Samuel de Champlain

Faubourg de l'Arche - 92930 Paris La Défense Cedex
Tél. +33 (0)1 44 22 00 00

www.gdfsuez.com

GDF SUEZ - SA AU CAPITAL DE 2 249 175 953 EUROS - RCS NANTERRE 542 107 651
Siège Social : 1 place Samuel de Champlain - 92400 Courbevoie

In this context, GDF SUEZ welcomes the opportunity to participate in the work led by the Council of the European Energy Regulators (CEER) and the European Commission aiming at recommending a comprehensive non-binding Gas Target Model (GTM) vision. According to us, it should focus on the following main objectives:

- Long term visibility as a condition of security of supply: it is of utmost importance for gas industry as its activities are capital intensive and are based on a long-term horizon;
- Diversity: the network users should access products designed according to their needs. While some products may be simple, others could be more complex allowing system optimizations;
- Efficiency: to guarantee an optimal functioning of the system, the regulatory framework should allow the market to send relevant economic signals to investors and consumers.

GDF SUEZ strongly believes that in order to avoid major uncertainties for businesses and consumers the design of gas market needs to take into account several crucial points:

- The remuneration of long-term transmission investment including, among other, long-term capacity reservation, without prejudice to short-term optimization;
- The definition of balancing zones that should take into account the physical reality of the network including its constraints and possible transfer effects between countries;
- In each balancing zones the development of the widest portfolio of firm capacity products to satisfy customers' needs;
- The pursuing of markets technical harmonization (gas quality, definition of gas day, balancing rules, promotion of cost-effective interconnections, etc.) to make them more efficient.

GDF SUEZ welcomes the possibility to contribute to the debate initiated by both the European Commission and the CEER on the development of a comprehensive non-binding gas target model vision. We believe that this vision must be based on a sound and transparent process and on an objective evaluation of impacts for stakeholders and for common welfare. Finally it must allow for a broad dialogue with all concerned actors, among other, sectors associations.

We look forward to further contributing to the work planned by the European Commission and CEER in the coming months.

Yours sincerely,



Jean-François Cirelli

Cc.

Ms. Fay Geitona

M. Walter Boltz