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**Uprigaz's views on ERGEG recommendations on the  
10-year gas network development plan**

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Uprigaz welcomes ERGEG's initiative to launch a public consultation on the 10-year gas network development plan.

Uprigaz thinks that the successful development of the single EU open gas market is conditional upon a series of conditions which all imply the implementation of a coordinated plan of development of gas infrastructures aiming at:

- creating new entry points for sources of pipeline gas and LNG;
- allowing the cross-border flow of gas from hub to hub across the EU grid;
- enabling the EU suppliers to take advantage of the seasonal fluctuations of gas markets and of the arbitrage opportunities on the world LNG markets through the development of underground storage and LNG storage capacities;
- improving the security of supply at EU level through additional flexibilities, including reverse flow on major pipelines, allowing mitigation of possible regional supply shortage;
- enhancing the robustness of the EU gas industry against geopolitical and technical risks deriving from its increased dependency on imported gas and LNG resources.

Uprigaz firmly believes that the benefit for the EU consumers deriving from the development of gas infrastructure, both in terms of security of supply and of optimum pricing through competition will exceed by far the additional cost resulting from the upgrading of the gas infrastructure, all the more as the expected medium term prices of oil and gas makes it likely that the additional cost of infrastructure will become marginal in the final price of gas.

UPRIGAZ insists on the fact that 10-year gas network development plan is not binding. This is important in order to maintain the flexibility required to adjust investment, over time, to changes in the pattern of EU gas supplies and demands.

Uprigaz thinks that the relevant planning level for optimising the overall EU gas security of supply should cover a wider scope than the internal gas transmission network only. Insofar as the EU will be dependent for 70% of its supplies on imported resources in 2015, it seems necessary to include in the

investment planning process the following infrastructure which does not strictly form part of the regulated EU gas network:

- new LNG terminals and new interconnectors, whether or not they are exempted from TPA;
- new long distance gas pipelines carrying gas resources from producing countries;
- new underground storage capacities, whether or not they are exempted from TPA.

Thus, it is Uprigaz's view that ERGEG should foster the implementation of a "10-year gas infrastructure development plan" encompassing:

1. the gas network development plan as it is intended in the consultation;
2. relevant indicative information for the purposes of planning regarding the other gas infrastructure contributing to the supply and balancing of the EU market, namely new gas pipelines and interconnectors, LNG terminals and underground storages.

Uprigaz considers that the adequate level to comprehend and evaluate the planning process pertaining to infrastructure under point 2 here above is precisely the pan European level and therefore strongly recommends to integrate these other types of infrastructure in the planning process. To this end, Uprigaz suggests to rename the process as the "10-year gas infrastructure development plan". The 10-year gas infrastructure development plan should be indicative, non-binding and respect the confidentiality of business sensitive information. Specific and transparent rules for the development and use of the 10-year gas infrastructure development plan should be established.

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## Responses from Uprigaz to the “Questions for stakeholders” in the consultation

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

The plan would give to the gas suppliers a clearer vision on their possibilities to cover new markets in the EU and to assess whether, to enter into such markets, they should expect to rely upon planned infrastructure or envisage developing their own investment scheme (e.g. a new LNG terminal). The plan should establish consistency between gas flows and infrastructure needs based on a clear and transparent methodology. As such, it should also help to facilitate improved cross-border co-ordination of investment planning and any related regulatory consents which may be required.

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

A matrix of available point to point capacities of gas transmission across the EU in the short, medium and long term would be the most important deliverable expected from the plan. A review of the existing or potential bottlenecks is necessary in order to improve fluidity.

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

Uprigaz considers that such a pan European infrastructure plan would be highly beneficial to the security of supply and would reduce the geopolitical dependence and commercial pressure by non EU large suppliers.

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

The scope proposed by ERGEG should be enlarged to all relevant gas infrastructures, including new long distance gas pipelines, interconnectors, and LNG terminals, whether regulated or TPA exempted. In general terms modifications of the scope should be decided only after consultation with the stakeholders.

- 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?

Uprigaz, which has been involved in the French planning process (PIP in 2006 and 2008), stresses the necessity to combine the “top-down” and “bottom-up” approaches. Where possible, the top-down approach should also seek to harmonise the key common planning assumptions (macro-economic trends, energy prices, exchange rates etc) against which proposed infrastructural investments are developed.

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

Uprigaz does not like the idea of imposing an obligation on potential investors to communicate to competitors “all the relevant information” about their future projects. Relevant information expected to be provided should be limited to publicly available information. This can be supplemented by informal one-to-one discussions between (for example) ENTSOG and interested stakeholders, but communication on new projects should as a matter of principle be indicative, contributive and non binding.

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

ENTSOG should follow the above mentioned two tier methodology:

- gathering the “bottom-up” information deriving from the national planning processes;
- implementing a “top-down” consultation on new EU wide projects (pipelines and interconnections, LNG terminals...).

- Are the scenarios mentioned appropriate? Would you have other proposals?

Uprigaz agrees broadly to the scenarios envisaged by ERGEG/ENTSOG. Nevertheless Uprigaz believes that the appropriate time frame for the evaluation of these scenarios should be reviewed and not limited to a yearly basis.

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

Uprigaz thinks it necessary to build-up and maintain a pan European gas network model which could simulate a series of supply disruptions and elaborate the adequate schemes for mitigating such situations. This model would also be extremely useful to shippers for assessing at any time the available cross-border capacities.

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

Uprigaz agrees with the proposals of the consultation document.

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

Uprigaz considers as important to assess and explain the deviations from the previous plan. Monitoring and review of the plan should be part of the clear and transparent rules for the development and use of the 10-year gas infrastructure development plan.

- Is the consultation procedure for the EU-wide 10-year gas network development plan proposed in section 3.5 appropriate?

Uprigaz agrees with the methodology and dialogue proposed by ERGEG based on the non-binding and indicative work performed by ENTSOG.