International Association of Oil & Gas Producers

Energy Security in Europe

The view from oil & gas producers

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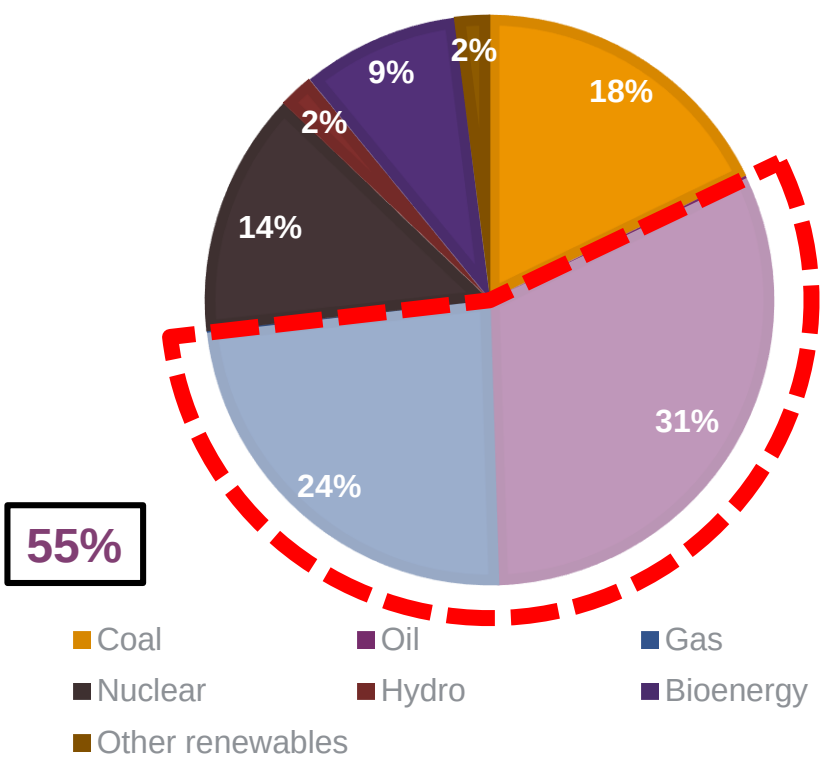
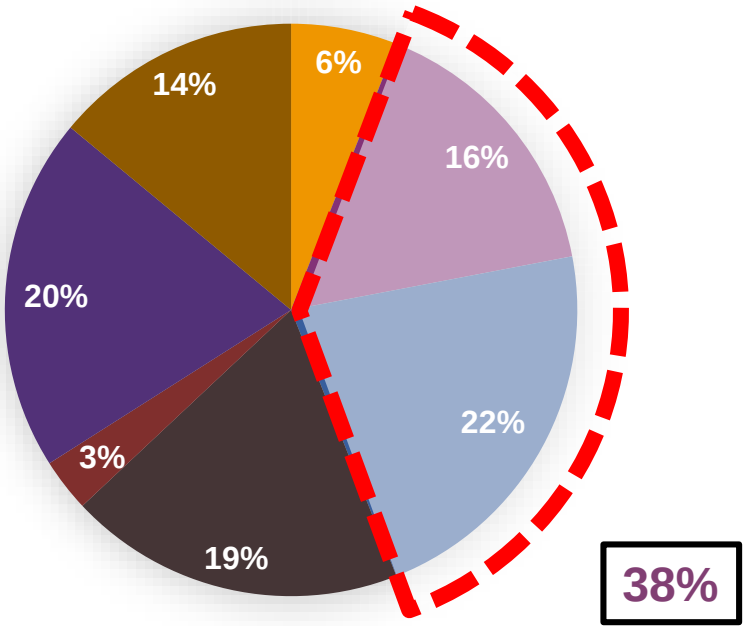
Promoting safe, responsible and sustainable exploration & production

Oil & Gas will continue to provide the world with energy

EU energy mix 2013



2040 – Two degrees



Source: International Energy Agency, World Energy Outlook 2015

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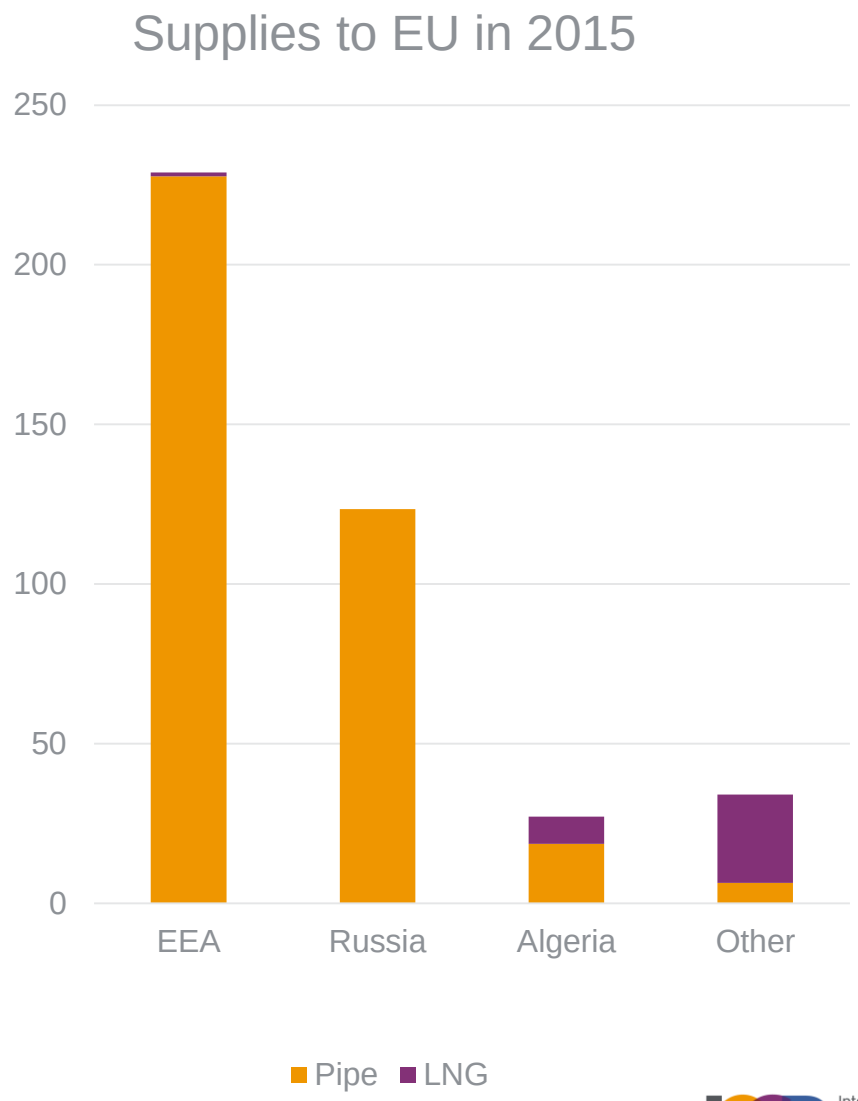
Natural gas supplies to EU in 2015

- Indigenous production covers 55% of EEA demand
- LNG resources more and more diversified
- New infrastructure for further diversification is being built



Source: Cedigaz

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Global operating context

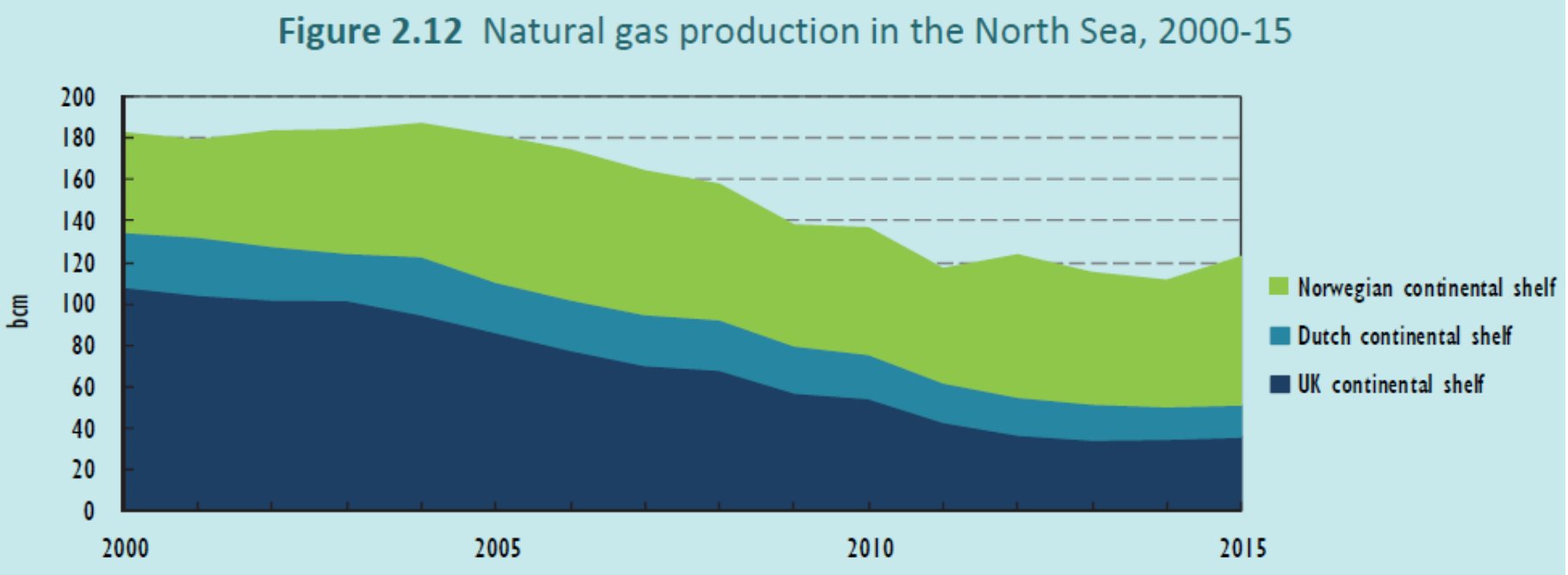
$380bn of projects stopped in last 18 months

US shale gas proving resilient; wave of new LNG projects coming on line

Successful licensing rounds in Europe: Norway, Ireland, Cyprus, etc

UK gas production up ~6-7% in 2015

Indigenous European production is important for energy security



Source: IEA gas Market Medium Term Report 2016

It supports the development of gas hubs

Efficiency is key to slowing the decline in European production

Significant potential remains: North Sea, East Med, Black Sea, Barents

Industry is adjusting to low prices by significantly reducing costs

Role of LNG in the EU

Connecting the internal energy market is an implicit form of demand aggregation for gas, including LNG

- Abundant LNG infrastructure offers supply flexibility, diversity
- Access to LNG supplies through gas hubs should be a model for whole EU
- Demand for flexibility will increase as renewables grow

Source: European Commission, DG Energy

Gas Security of Supply Regulation

- Regional groups should be non-exclusive and flexible
- Emergency Supply Corridors may create overlaps
- Market-based solutions should be priority
- Commercial data disclosure should avoid duplication, complexity and be proportionate

Source: DG Energy, European Commission

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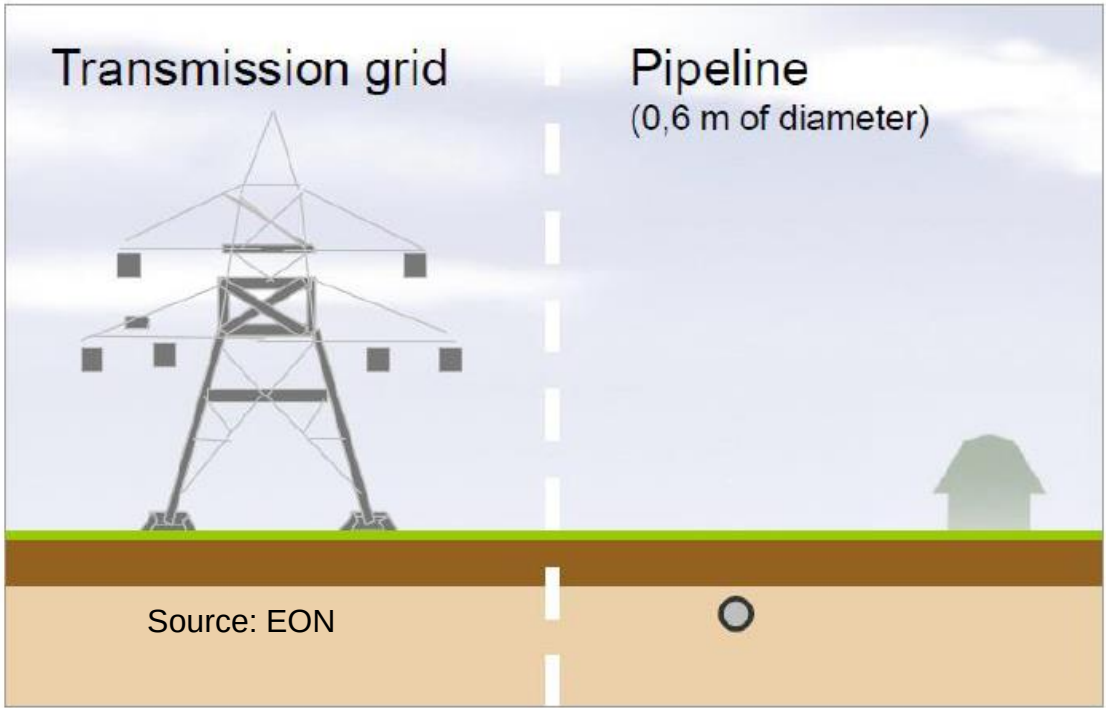
Security of supply has to be guaranteed all the way to consumers



Transporting gas in the EU costs ten times less than electricity for equivalent energy

Pipeline are underground: secure, safe and reliable

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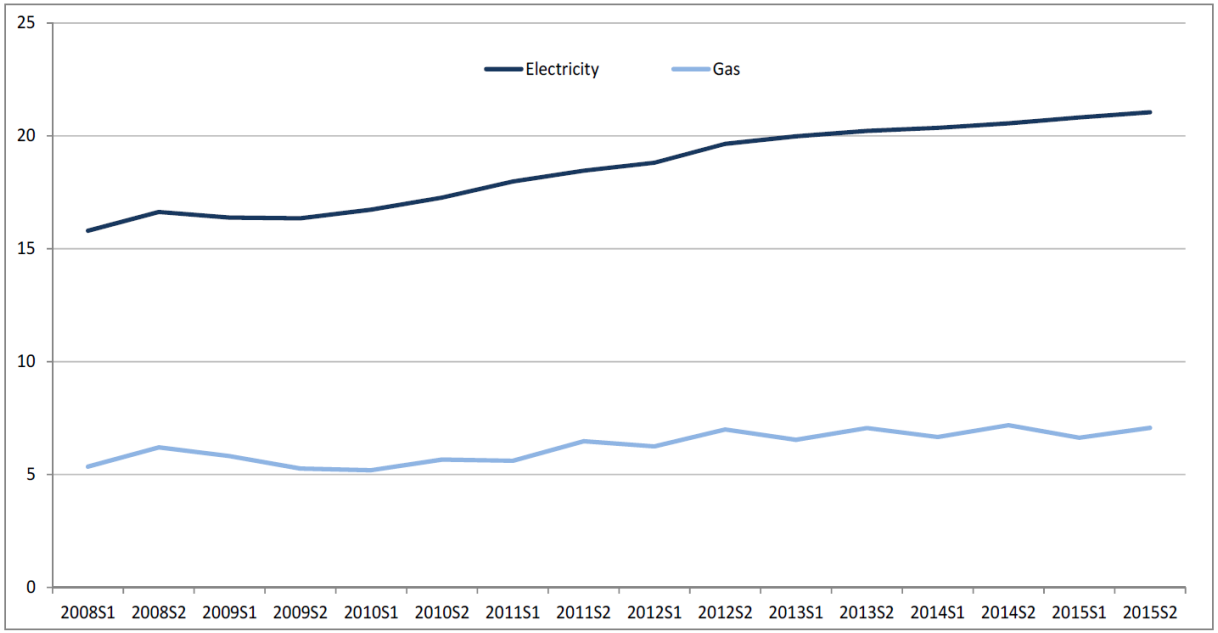
Security of supply should also take account of affordability

Evolution of household electricity and gas prices in the EU
(in € per 100 kWh, all taxes and levies included)



Source: Eurostat, European Commission

Gas is three times cheaper than electricity per unit for consumers

Diversity of energy mix creates resilience

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Conclusions

1. Gas is abundant, with new LNG
2. Security of supply will continue to improve
3. Gas is flexible, and will be a key part of a modern energy system
4. Indigenous production is key

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Thank you!

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