

## FOR IMMEDIATE RELEASE

# EU Energy Security Package is a start in recognizing key role of natural gas

## More focus on contribution of gas to heating is needed

**(Brussels, Feb 16<sup>th</sup>, 2016):** The European Commission's gas proposals are a positive step in taking natural gas into account to deliver on the Energy Union's ambitions, according to the International Association of Oil & Gas Producers (IOGP).

"It's encouraging to see that the Commission recognizes the strategic importance of gas," said Roland Festor, IOGP's EU Affairs Director, commenting on the Package. "That said, the Commission should clarify the apparent contradiction between efforts to use more electricity and less gas in heating (even though gas is cheaper and more efficient), and a goal of promoting investment in gas. Investment will respond to demand signals," he explained.

Gas plays a key role in the European Union's energy system today. It will continue to be crucial, as the EU seeks to deliver on its climate goals while diversifying its sources of energy supply. IOGP will now analyze the package in detail.

"To live up to its ambitions, the Commission should, as a rule, rely on market forces – whether to shape investment in LNG infrastructure or gas storage, consumer choices, or in promoting greater security of supply," Mr. Festor said. "The recognition, in this package, of the fundamental role of the market is important and welcome," he added.

Functioning markets are however based on free competition. IOGP believes that the Commission's proposal for commercial information exchange covering contracts and other private agreements risks altering that spirit of competition, rather than supporting it.

An integrated energy market will be instrumental in enhancing competition and strengthening security of supply. While LNG can substantially increase diversification, more than half of the EU gas consumption is produced within Europe and Norway. Fostering competitive gas hubs supplied by diverse sources, including domestic production, should be top priority for the Energy Union.

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## About IOGP

The International Association of Oil & Gas Producers (IOGP) is the voice of the global upstream industry. Oil and natural gas continue to provide a significant proportion of the world's energy to meet growing demands for heat, light and transport.

Our Members produce more than a third of the world's oil and gas. They operate in all producing regions: the Americas, Africa, Europe, the Middle East, the Caspian, Asia and Australia.

We serve industry regulators as a global partner for improving safety, environmental and social performance. We also act as a uniquely upstream forum in which our members identify and share knowledge and good practices to achieve improvements in health, safety, the environment, security and social responsibility.