

Interview Jean-Marc Leroy

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Argus Gas Connections - Q&A: GIE pushes for infrastructure investment

Jean-Marc Leroy has been president of Gas Infrastructure Europe (GIE) - an industry body that comprises 68 member companies active in natural gas transmission, storage and LNG regasification - since November. He is also gas chain managing director at French energy firm Engie. He was chief executive of Engie's underground gas storage operator Storengy until July last year. Leroy sees a continuing need for investment in new infrastructure. Edited highlights follow:

How do European Commission gas consumption estimates of 380bn-450bn m³ in 2030 affect gas infrastructure investment?

Some gas sectors will decrease but others will grow. The residential sector will probably see a decrease in gas consumption owing to improved energy efficiency in buildings. But gas consumption in the power sector will probably rise compared with recent years. And there will be new areas for consumption. Mobility is a key sector that will experience major growth in gas demand. Gas in Europe is in a transitional period. But gas remains key to achieving European climate and energy goals. That remains the main factor sustaining gas consumption in Europe. If we transformed all coal-fired power plants into gas-fired power plants then we would cut 20pc of total CO2 emissions for the EU 28. Gas is also key for renewables because of the far quicker ramp-up time of gas-fired plants. That is essential for the development of intermittent renewables such as solar and wind.

What are your estimates of combined EU gas infrastructure investment needed for 2030?

Investment is dependent on Europe moving further towards a single energy market and on diversification of the energy mix and of suppliers and routes. That will be the main driver for investment. But we will invest less than in the past. There is also a major advantage for gas because the infrastructure is already there. It is an opportunity for the gas industry. But there is still a need for investment in new infrastructure. And we have to maintain existing infrastructure, distribution, transmission grids and storage facilities.

Do the commission's recent gas law proposals give the right signals for infrastructure?

We support the commission's focus on regions. An approach based on one size fits all does not work for Europe. In some countries, diversification has already taken place with advanced provision of reverse flow. In other parts of Europe, you still need to develop interconnections and reverse flow. But we need to look more in depth at the question of costs and benefits for interconnection. Some countries benefit from infrastructure in a neighbouring country. If you invest in LNG or

interconnections in one country, that might bring benefits to neighbouring countries. The ensuing cost and resulting benefits should be analysed so that a proper repartition is done between the concerned countries.

Does including Moldova, Ukraine and Serbia add to EU security of supply?

Including neighbouring countries in the EU's framework for security of gas is very important. We have to co-operate more with neighbouring countries so that they apply the greater part of EU rules. Ukraine has already transposed three-quarters of the third energy package into national law. This is very important because it removes regulatory barriers. It simplifies gas flows.

Do you see greater investment in underground gas storage facilities from security of gas legislation?

There is not a huge need to develop gas storage capacity. In some parts of Europe, there are probably some very specific needs. But it will only be marginal investment.

How much of a burden is EU's energy market integrity and transparency regulation Remit and other laws such as the financial markets legislation MiFID?

They are a cost. But when Remit is linked to voluntary transparency initiatives, it provides transparency and information to the market. In such cases, these costs will bring benefits to the final customers. GIE has extended the voluntary transparency platforms to include fundamental data reporting for storage and LNG system operators. So the additional work for gas infrastructure operators has been limited. There are uncertainties regarding the applicability of MiFID on some contracts of gas infrastructure operators.