



Energy Agreement A gas perspective

Deloitte Oil & Gas Conference 2013

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25 June 2013

gasunie
crossing borders in energy

Content

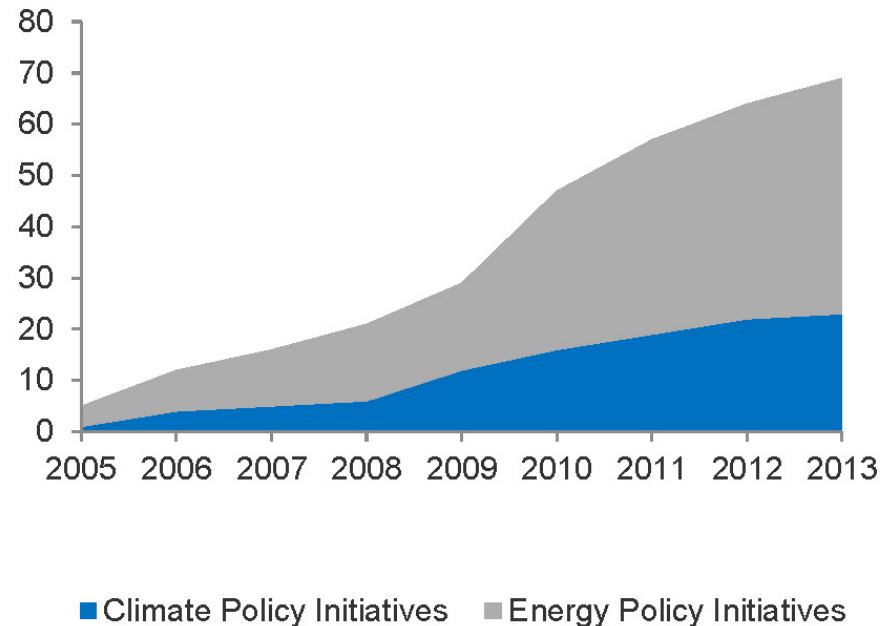
- EU Energy markets are increasingly politicised
- A volatile carbon price
- Policies driving investments in the power sector
- The lack of coherence in energy policies
- Energiewende
- UK energy policy is at a crossroad
- Energy developments in the Netherlands uncertain
- Energy is more than electricity



EU Energy markets are increasingly politicised

- Major growth in EU policy initiatives
- European energy markets driven by policies and regulations rather than fundamentals

EU policy initiatives relevant for the energy industry

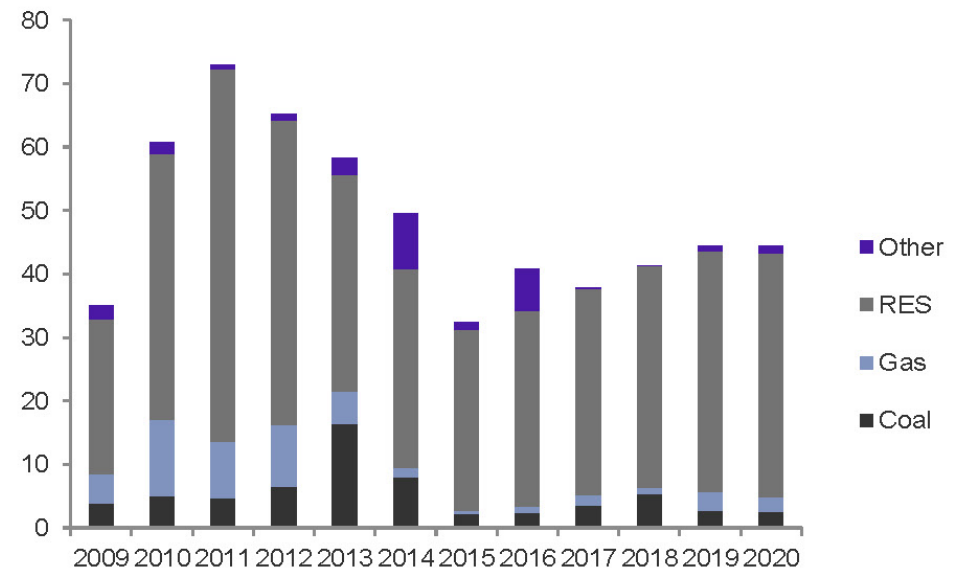


Source: Statoil analysis

Policies driving investments in the power sector

- Large subsidy schemes and government initiatives, rather than markets, have been the key driver for investments
- Investors and producers need a reasonable degree of long term predictability

EU27 power capacity additions, yearly investments (bEUR)*

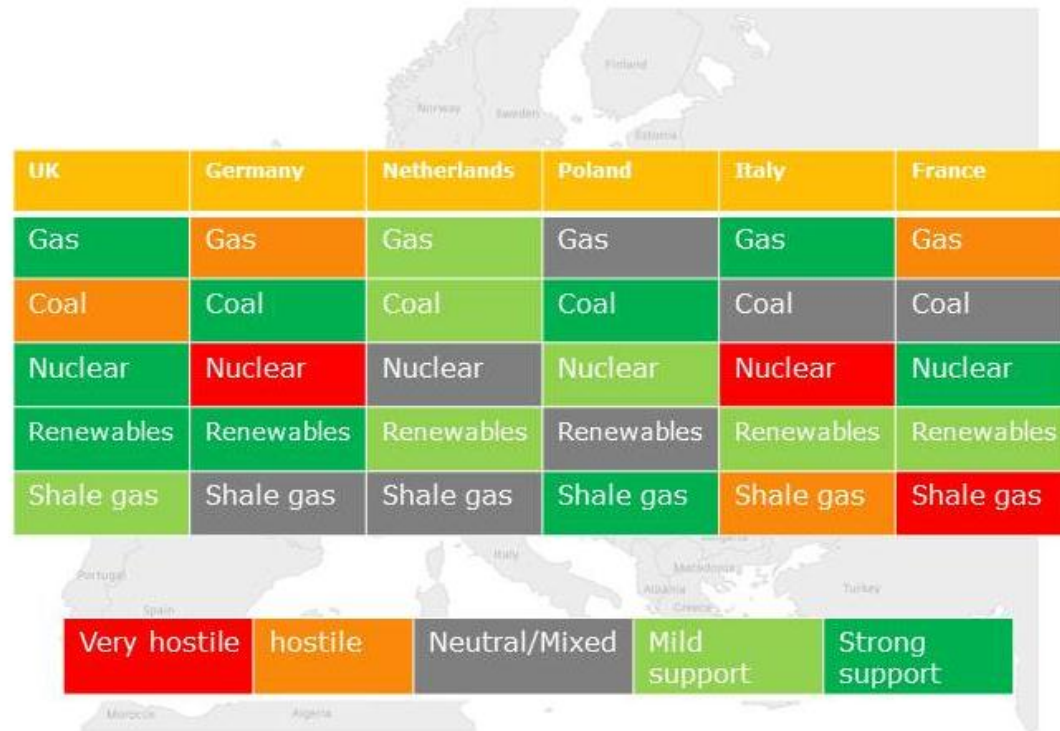


*Investments are allocated to year of commissioning

The lack of coherence in energy policies adds to the complexity

- Energy policy is a national prerogative, creating diverging policies
- Rising complexity of EU-wide and national energy market legislation
- Adapting to national differences is challenging for market players

Diverging views on energy sources

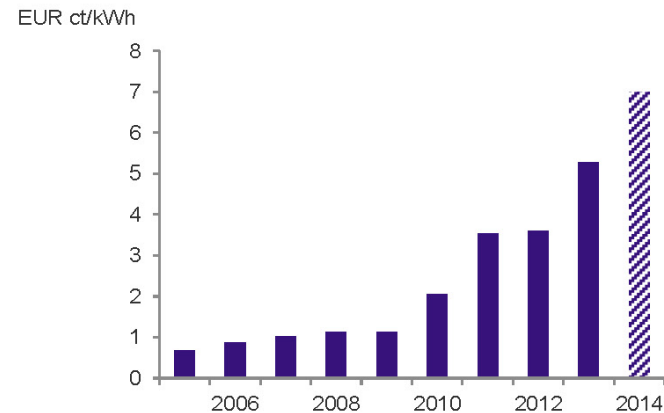


Source: Gasunie, Statoil

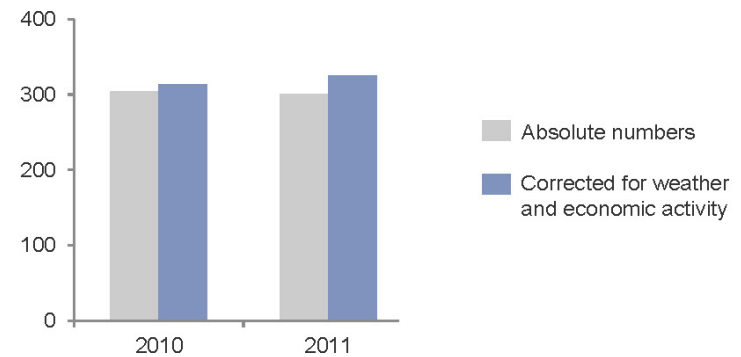
Energiewende: High cost renewables and increasing role for coal

- German households paying a high price for the Energiewende
- Coal is increasing its market share and backing up renewables due to:
 - Low fuel cost of coal and lignite
 - Low carbon price
- CO₂ emissions on the rise

German renewables surcharge*



ETS emissions from power and heat sector (Mt CO₂)**

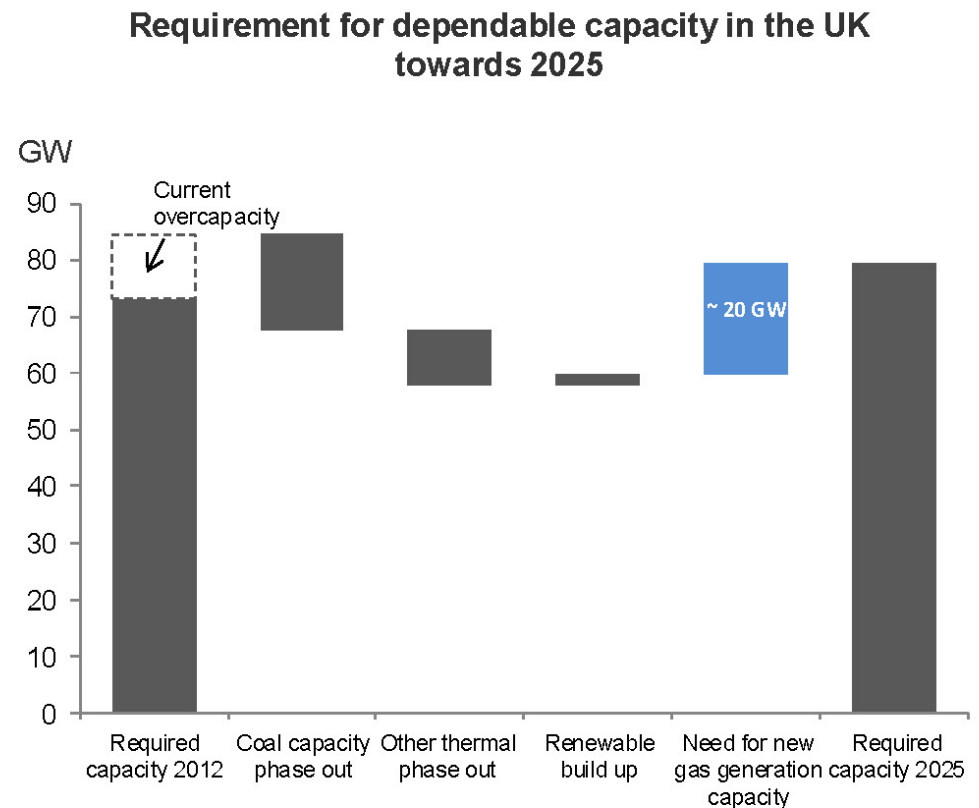


* Source: German TSOs, Statoil

** Source: Point Carbon

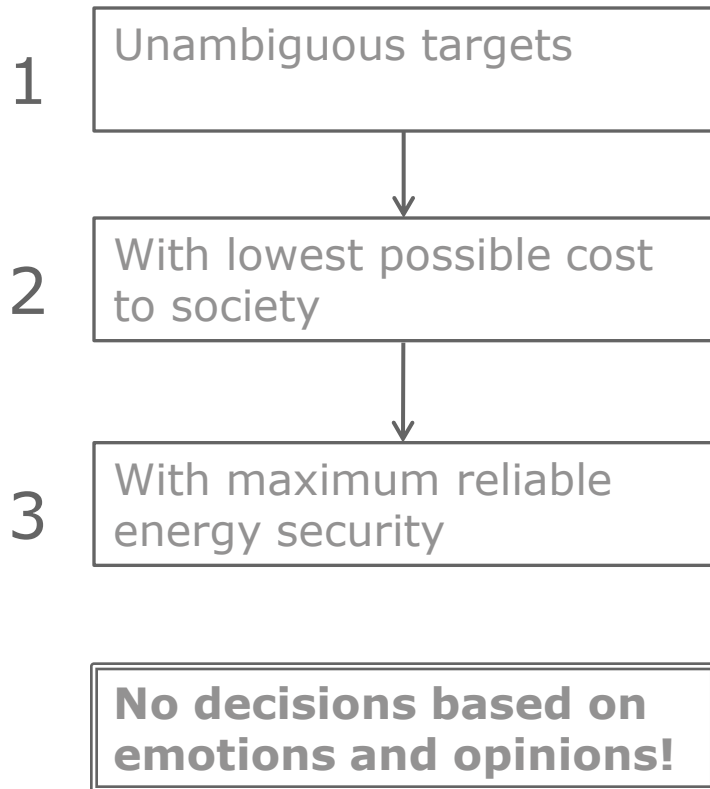
UK energy policy is at a crossroad

- UK introducing measures to phase out coal and reduce emissions
 - Carbon price floor
 - Emissions performance standard
- Challenges remain
 - New power generation investments not taking place due to regulatory uncertainty
 - Speed of implementing Electricity Market Reform



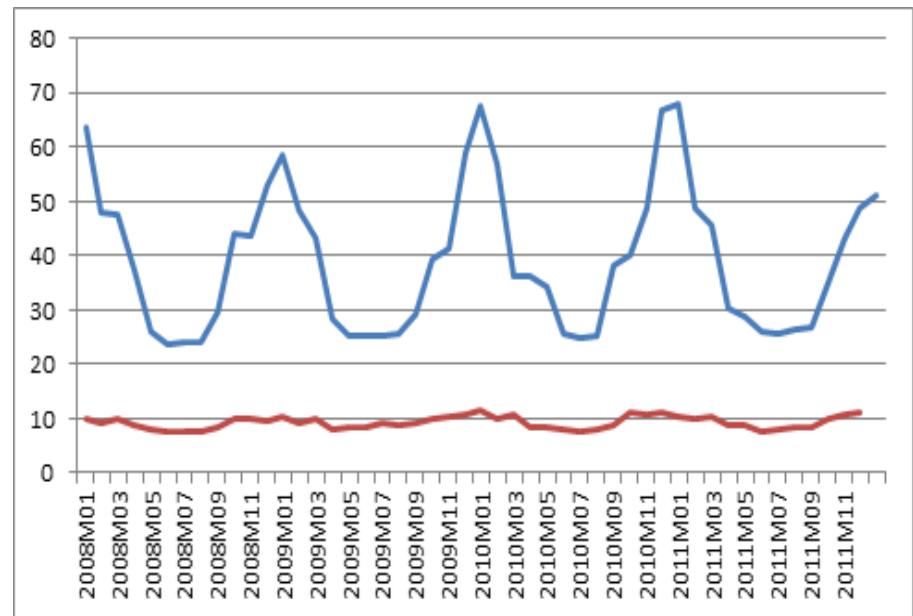
Source: Redpoint Energy, CERA, Statoil analysis

Energy developments in the Netherlands uncertain. What we need:



Energy is more than electricity

- Energy \neq Electricity
- National energy mix is a system with different components that work together
- Abrupt policy changes lead to instability
- Climate change requires action!



Monthly energy demand in TWh in gas (heating) and electricity in the Netherlands