

# OPEN LETTER to the Heads of State and Government of the European Union



International  
Association  
of Oil & Gas  
Producers

Brussels, Oct. 20, 2014

Dear President Van Rompuy,

At your European Council meeting on Oct. 23, you will be taking crucial decisions on the future of Europe's climate and energy policy. **Making the right choices now is critical to developing a policy that protects the climate and ensures secure, safe and competitive energy for citizens and industries in the European Union.**

OGP represents the world's leading companies and industry associations that explore for and produce oil and gas – our members produce more than half the world's oil and about one third of its gas.

We would like to share with you some points that, we believe, will help in reaching such important decisions:

## **1. Put the consumer at the centre**

Efficient markets can help keep costs under control at a time when electricity bills are a growing concern. To achieve that, any policy should strive for technology neutrality and should phase out subsidies. At a time when onshore wind energy has become competitive, a new target for renewable energy would distort competition and risk adding unnecessary cost for consumers.

## **2. Choose one GHG target and keep the ETS as the policy's cornerstone**

This European Council may be one of the last chances to reconsider targets: we strongly recommend Europe opts for a single 2030 target – for greenhouse gas emissions reduction. One target would place the Emissions Trading System at the centre of Europe's efforts to cut CO<sub>2</sub> emissions.

This would be a significant step towards ensuring that gas plays a meaningful role in electricity production. Gas emits roughly half the CO<sub>2</sub> of coal: by taking one simple step – switching all existing coal power plants to gas – Europe could meet a large proportion of the proposed 2030 GHG reduction target.

At the same time, the most ambitious GHG reduction measures, if unilateral, would only marginally contribute to global reductions, while undermining EU industry competitiveness and associated jobs. That is why the EU should step up its efforts to reach a global agreement in Paris in 2015.

## **3. Recognise the critical role that natural gas has to play...**

**...in keeping the lights on:** the more intermittent renewable energy comes on-stream, the greater the requirement for other energy sources which are capable of balancing them and guarding against a deterioration of supply security. Gas power plants are the best option available: they are reliable and flexible.

**...and in securing energy supply to keep citizens warm:** with a fully integrated internal energy market, gas would be able to move freely throughout the EU, improve Europe's security of supply and contribute to greater energy efficiency.

#### **4. Support and facilitate more oil and gas exploration in the EU**

In its European Energy Security Strategy (recommendation pillar n.5), the European Commission recognises that increasing domestic oil and gas production is a key action. Europe still holds significant potential: the Mediterranean, the Black Sea, the Arctic and shale gas, alongside the remaining North Sea potential.

Current conditions have seen EU exploration activities fall to record lows. To develop that untapped potential, we need predictable national fiscal and regulatory frameworks. While we should avoid unnecessary legislation, policies encouraging the role of oil and gas in the future EU energy mix can help to trigger more investment – for the benefit of Europe's security of supply, industrial competitiveness and economic growth.

You can find more details on this topic in the attached document.

We hope that these few points will help to enrich the discussion. We believe that they would move the EU closer to reaching its energy and climate goals, without drifting us away from the objective of a prosperous and sustainable Union.

My team and I remain at your disposal for any further clarification you may want on any of these issues.

Yours sincerely,



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