Ladies and gentlemen,

It is a pleasure and an honour to be here with you today for the official opening of Gas Storage Bergermeer, the largest open-access gas storage facility in Northwest Europe.

I have spoken many times, and at length, over the past months on the need for real and actionable steps towards realising the European Energy Union.

The Energy Union is ambitious. If done right, it could be enormously beneficial to the region in terms of boosting economic growth, promoting energy security, completing the internal market and encouraging investment.

One of the things that I have highlighted many times is the need for a competitive internal market for gas. Storage facilities such as this one will be critical to ensuring that gas supply is available during those inevitable periods of increased demand. This facility is indeed a very real, physical and practical expression of energy security. It is also an expression of a unique joint initiative, bringing together Taqa, the Abu Dhabi National Energy Company, and Energie Beheer Nederland.

Over the past years, we have been reminded all too often of the importance of energy security for Europe, and gas supply security in particular. Political tension and instability in Ukraine have reignited a long-running debate about how the countries of Europe can ensure, collectively, a sustainable and secure energy future.

Unfortunately this comes at a time when the region is seeing its domestic production falling. While the Netherlands remains the second-largest gas producer in Europe after Norway, Groningen production is set to decline, and prospects for unconventional gas remain low. While Groningen has provided significant flexibility to the European gas system, it is LNG that will need to take its place. Although LNG
will remain relatively expensive, we have been witnessing a substantial drop in prices from an average of around USD 10 per MBtu to current prices of around USD 7. Over the coming years a substantial amount of LNG will come online; the expectation is that the current price levels will continue.

**In this context, it is open and competitive gas markets that provide the best security guarantee.**

In January 2009, about one year after the first plans for Gas Storage Bergermeer had emerged, a dispute between Russia and Ukraine erupted, resulting in two weeks of supply cuts through Ukraine to Europe during a period of very high demand. Altogether, there was a shortage of 5 billion cubic meters. Europe was able to make up for this shortage, 75% by increasing withdrawals and 25% through supplies coming from other sources such as Norway and LNG. This facility will add significantly to that capacity to respond to market trends, with the ability to quickly withdraw large amounts of gas from storage.

And now, if we look back to last winter and the most recent Russia-Ukraine crisis, then we see again an appropriate reaction of the market, rapidly injecting additional gas into the storage spread across Europe. Record high inventories were reached by the end of the injection period.

This situation exemplified the degree to which gas storage is increasingly important for the security of energy supply, both for the Netherlands and for Europe as a whole – storage capacity in OECD Europe has steadily grown by 10% over recent years.

While the region is taking admirable and significant steps towards renewable power, with ambitious targets being laid out in the Energy Union roadmap, the fact is that renewables are only part of the solution. Some days the sun doesn’t shine, and some days the wind doesn’t blow. Natural gas is an obvious option to complement renewable energy, as it is a relatively clean burning fossil fuel, and gas from storage is available immediately when called upon. In addition, even if the region manages to decarbonise the power sector, gas will remain important not only for heating, but also for petrochemical and agricultural industries.

However, care must be taken to ensure that storage is used in line with the needs of the market. There may be governments that are tempted to make calls for strategic gas storage. This is understandable, yet such suggestions could do more harm than good. A sustainable and efficient internal market will require that gas storage is allowed to react to market signals. Putting restrictions on when and where stored gas can be released can distort such market signals and discourage the kind of investment that has made this facility possible.
Governments may wish to co-operate on the use of excess LNG or gas storage capacity during an emergency, but clear and transparent rules will be needed for collective action.

As you know, gas prices are relatively low, and if the region wishes to encourage building and maintenance of gas infrastructure, then the market must be allowed to operate without unnecessary restrictions.

**It should also be a market that is fair, and harmonised across the region.**

Because it is a challenging time for the gas storage business. So much depends on the outlook for the gas market, and how the region moves ahead with gas market integration. For the time being, gas storage users in some states pay substantially lower transmission tariffs than their neighbours. Naturally this can lead to other countries’ considering lowering their transmission tariffs for gas storage. The EU can do its part in ensuring fair competition along with the harmonisation of transmission tariff structure for gas storage.

Such considerations are vital as a facility such as Bergermeer can exist and survive only if it has a business case. When we talk about promoting a free market, it should not be taken to mean that critical energy infrastructure should be left to collapse as prices fall. Rather, a well-functioning internal energy market will naturally encourage investment. Such facilities are of course capital-intensive, and do not necessarily represent quick and easy profits. It is in the best interests of Europe and its member states to invest, and encourage investment, into such critical infrastructure.

**It is encouraging then to see the European Commission set out a roadmap in favour of gas supply diversification, storage and LNG.**

Indeed imports of liquefied natural gas will increase in coming years as global supplies come online – another promising tool for the diversification of Europe’s energy supplies. The opening of the new LNG terminal in Klaipeda last year, and the terminal in Poland this year, will increase security of supply of the countries and the region. In most European countries LNG capacity is beginning to reach sufficient levels. However to better make use of this capacity, the region will need enhanced interconnections in a number of regions, and better enforcement of third-party access to gas infrastructure, abolition of any limits on gas imports and exports within the EU, and exemptions for reverse flows on major interconnection points.
These are the kind of policies that will encourage action. Because while the Energy Union presents a tremendous opportunity, there will be limited success unless policy makers seize the chance to make meaningful changes to the way we produce, use and price energy. Vision, leadership and decisive action on the realities of the Energy Union is what is needed to take advantage of this opportunity.

Ambition is laudable, but action is what will make the difference. Action is what led to this facility here in Bergermeer. I hope to see more such successes in the coming years.

Again, I congratulate you on this accomplishment.