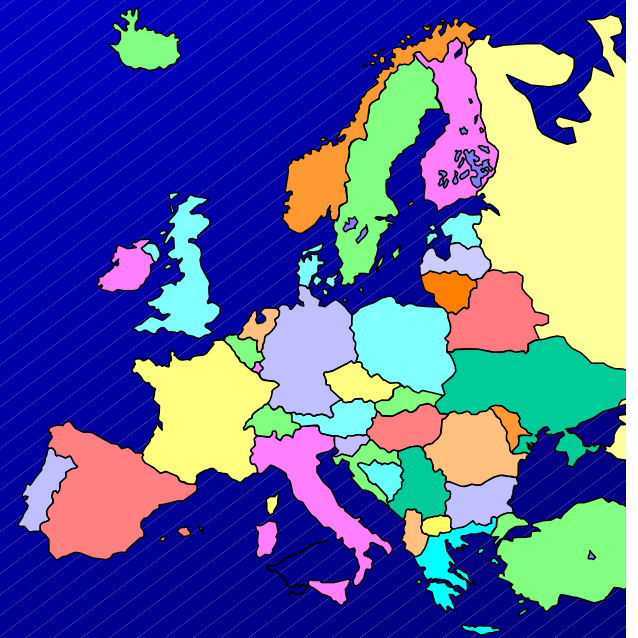
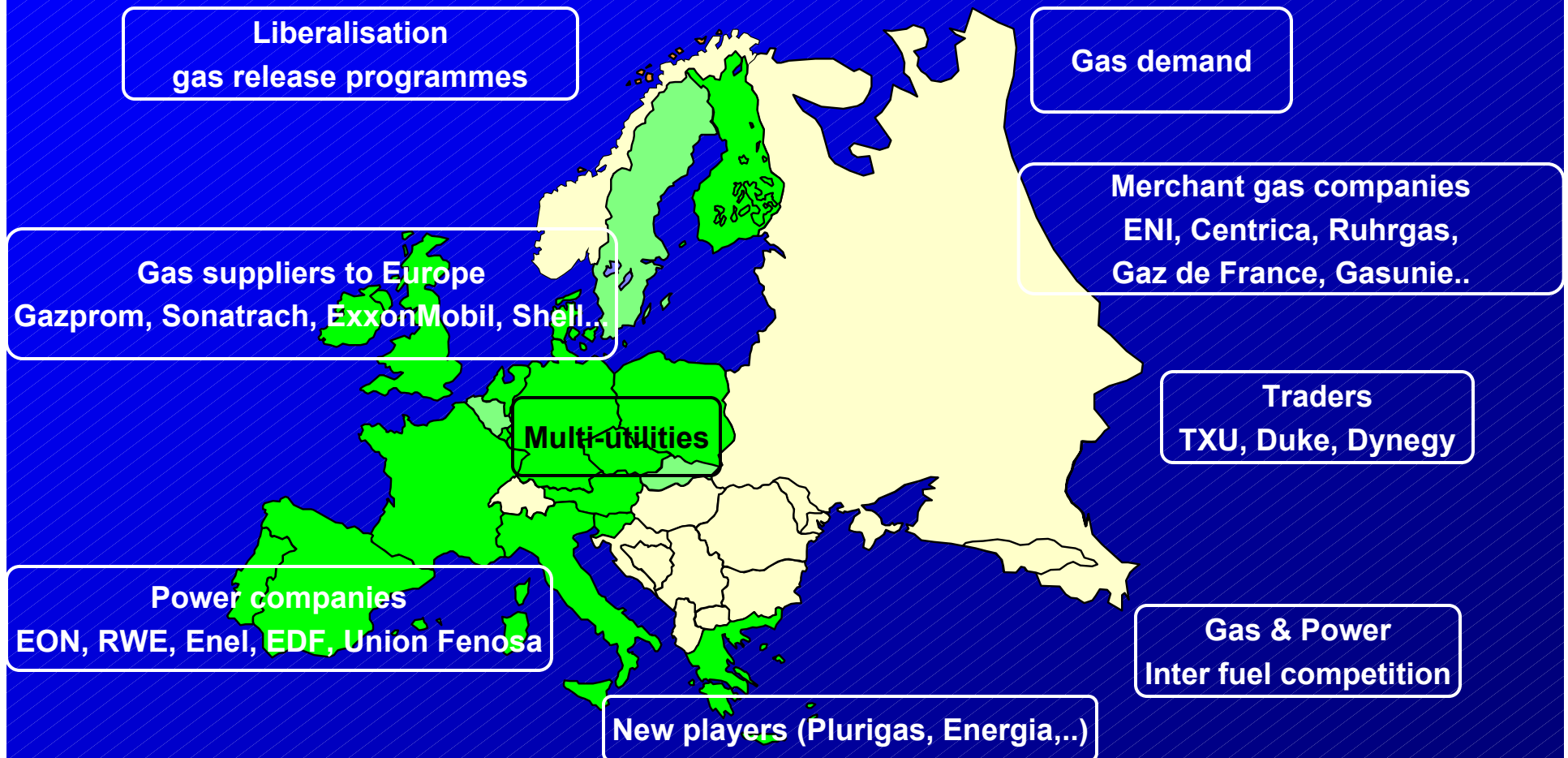


The Players on the European Gas Market: Positioning and Strategies

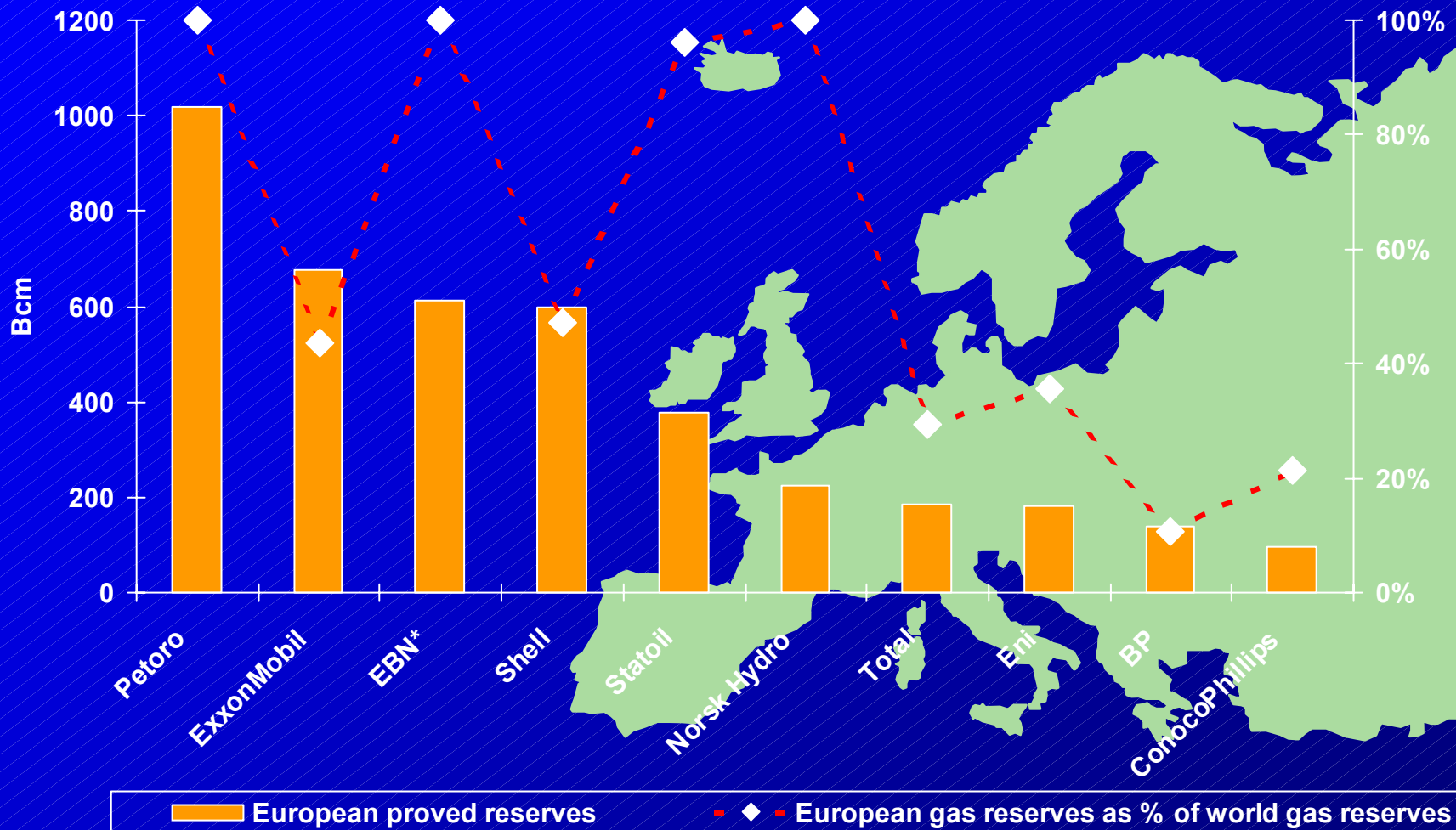
M.-F. Chabrelie - A. Lecarpentier
CEDIGAZ



Increasing links, interdependence and heterogeneous European energy markets

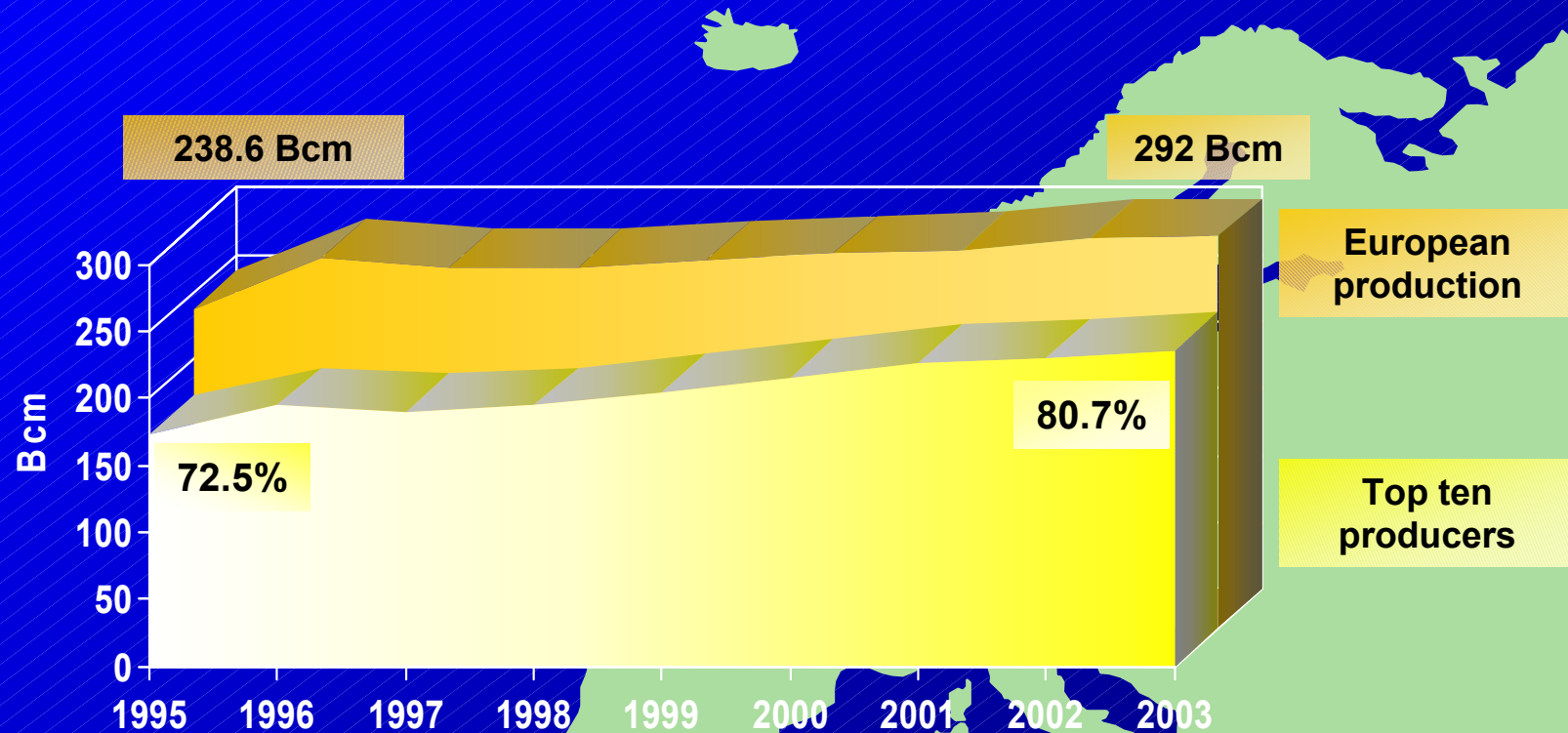


Top ten European proved gas reserves holders in 2003



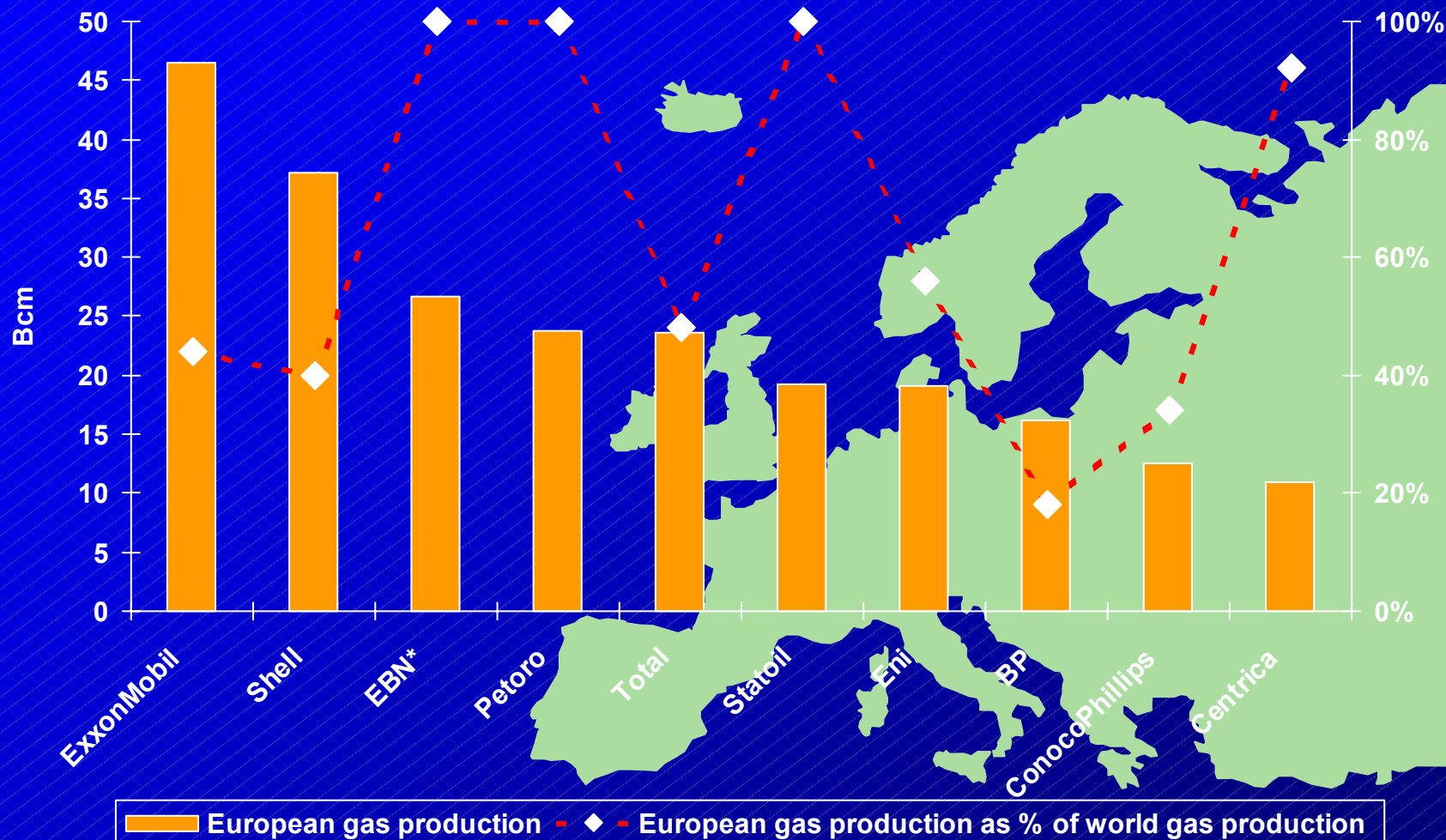
=> European reserves = key assets

Evolution of total European gas production VS Top ten European producers



=> trend towards bigger concentration

Top ten European producers in 2003

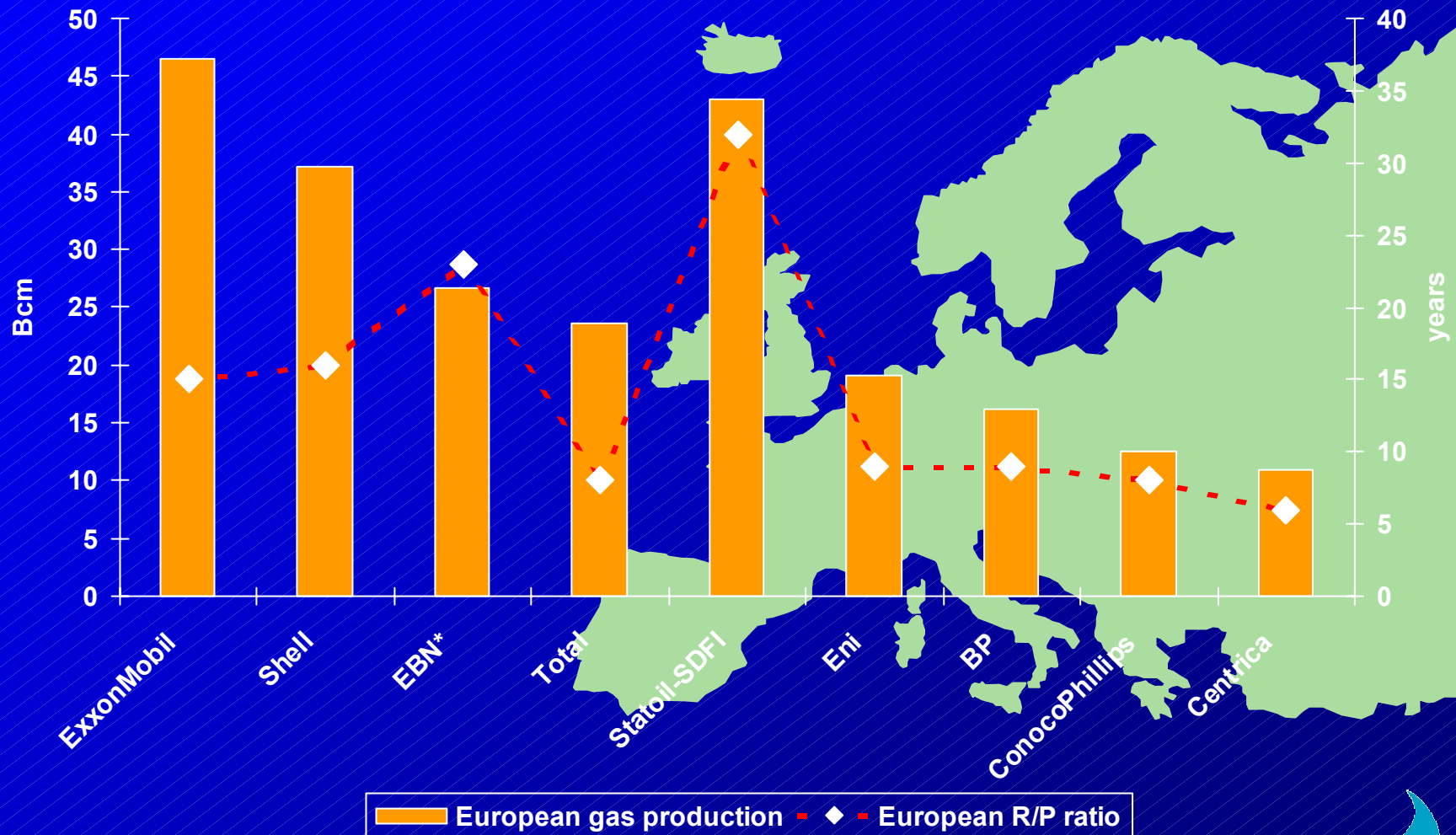


=> Europe a core area

Fifteenth annual session of the Working Party on Gas - UN - Geneva, 18-19 January 2005



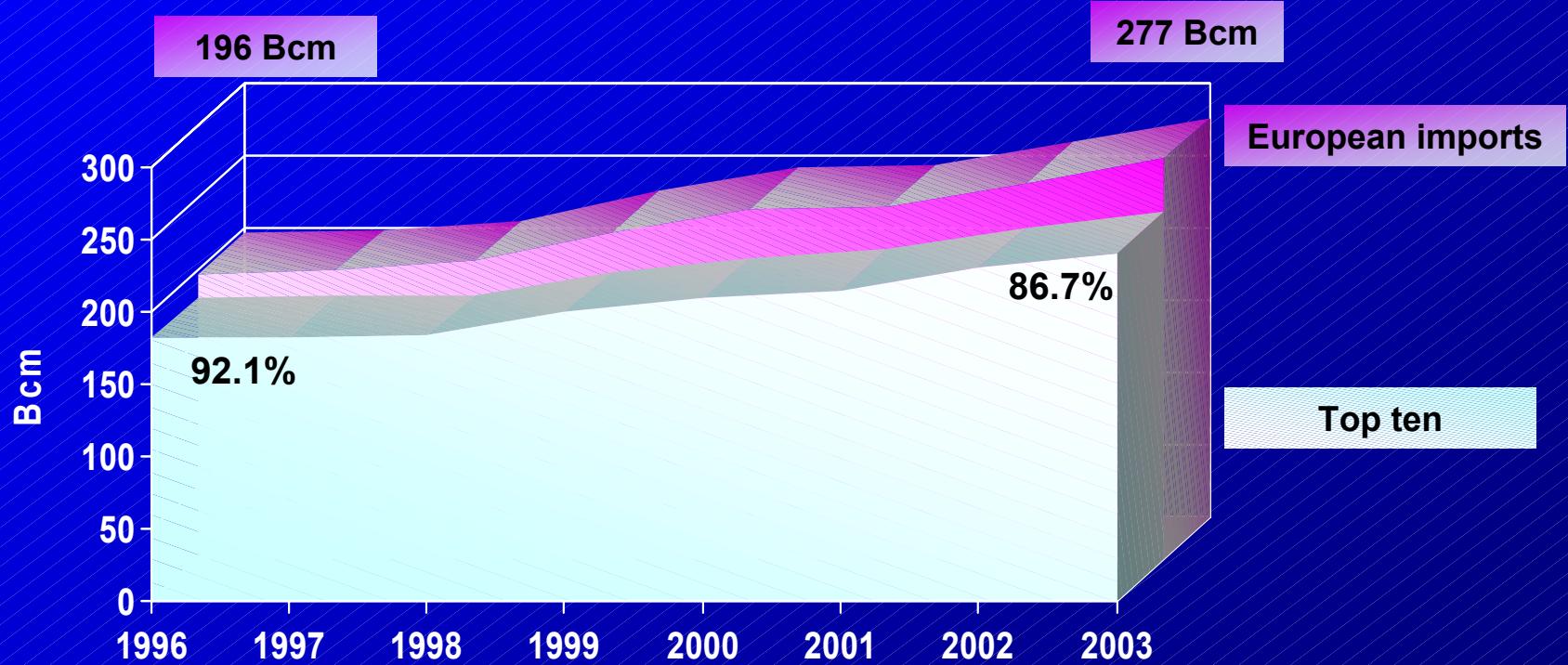
European producers in 2003 & European R/P ratio (years)



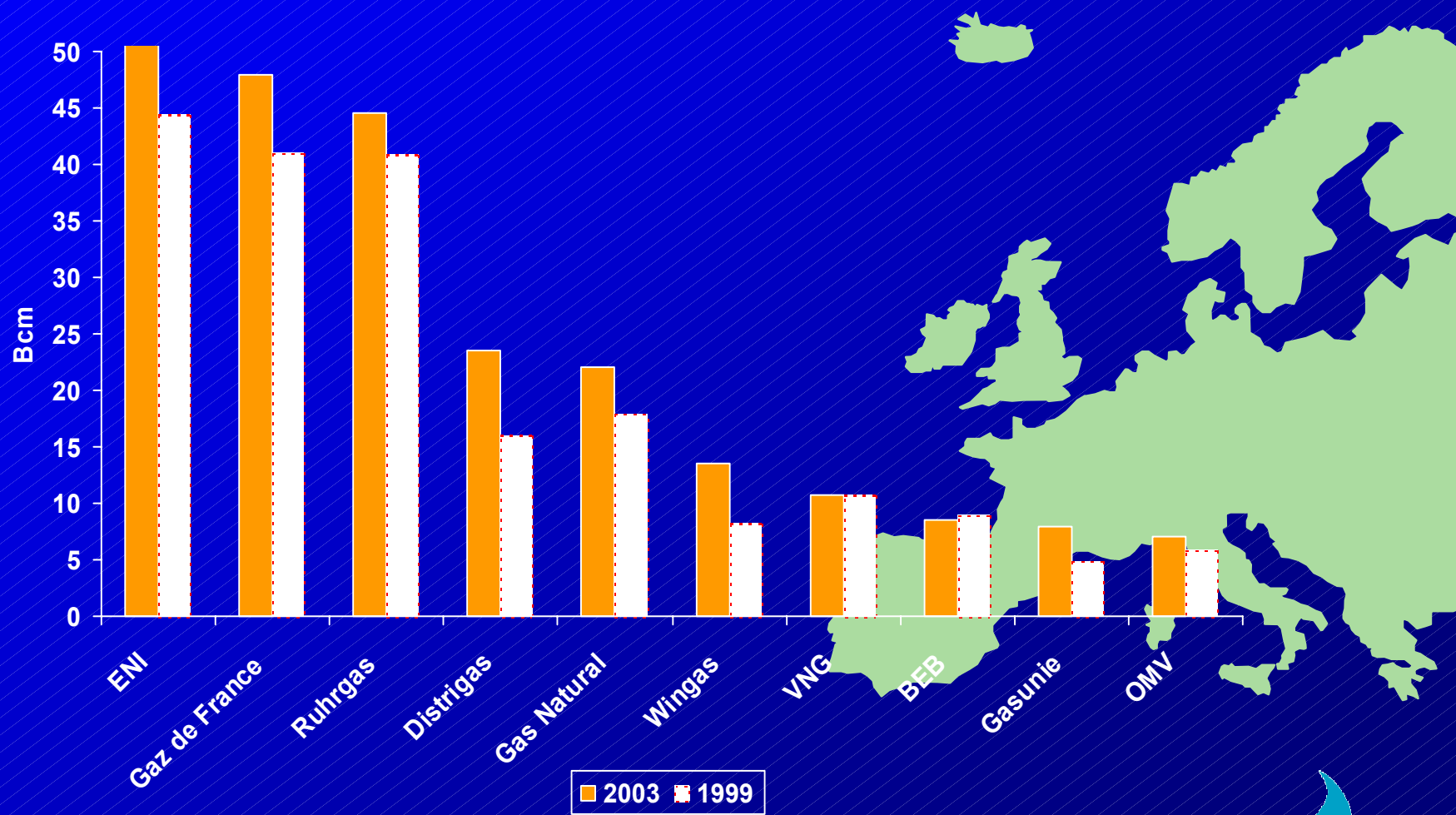
Fifteenth annual session of the Working Party on Gas - UN - Geneva, 18-19 January 2005



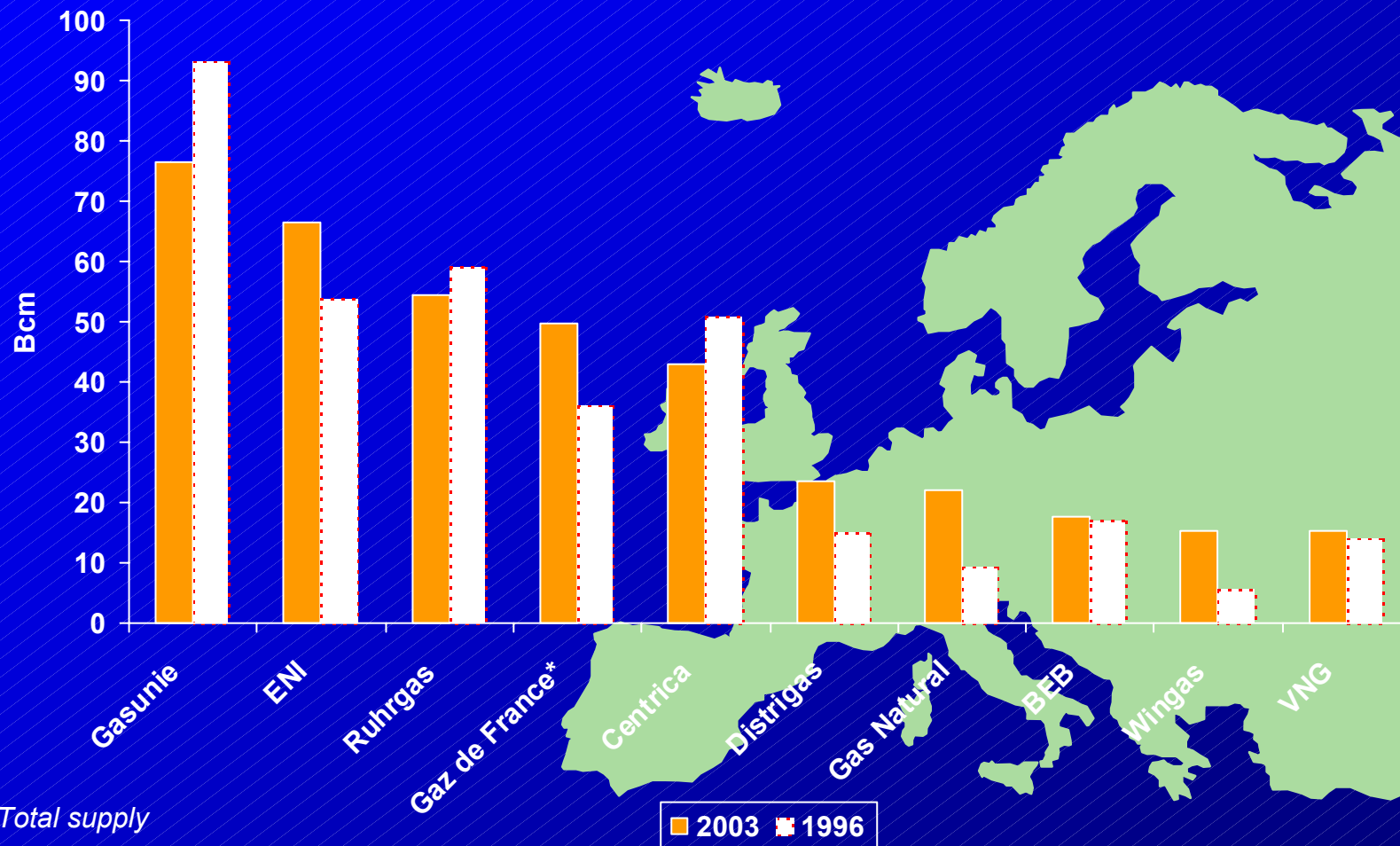
Evolution of total European gas imports vs Top ten European importers



Top ten European importers in 2003

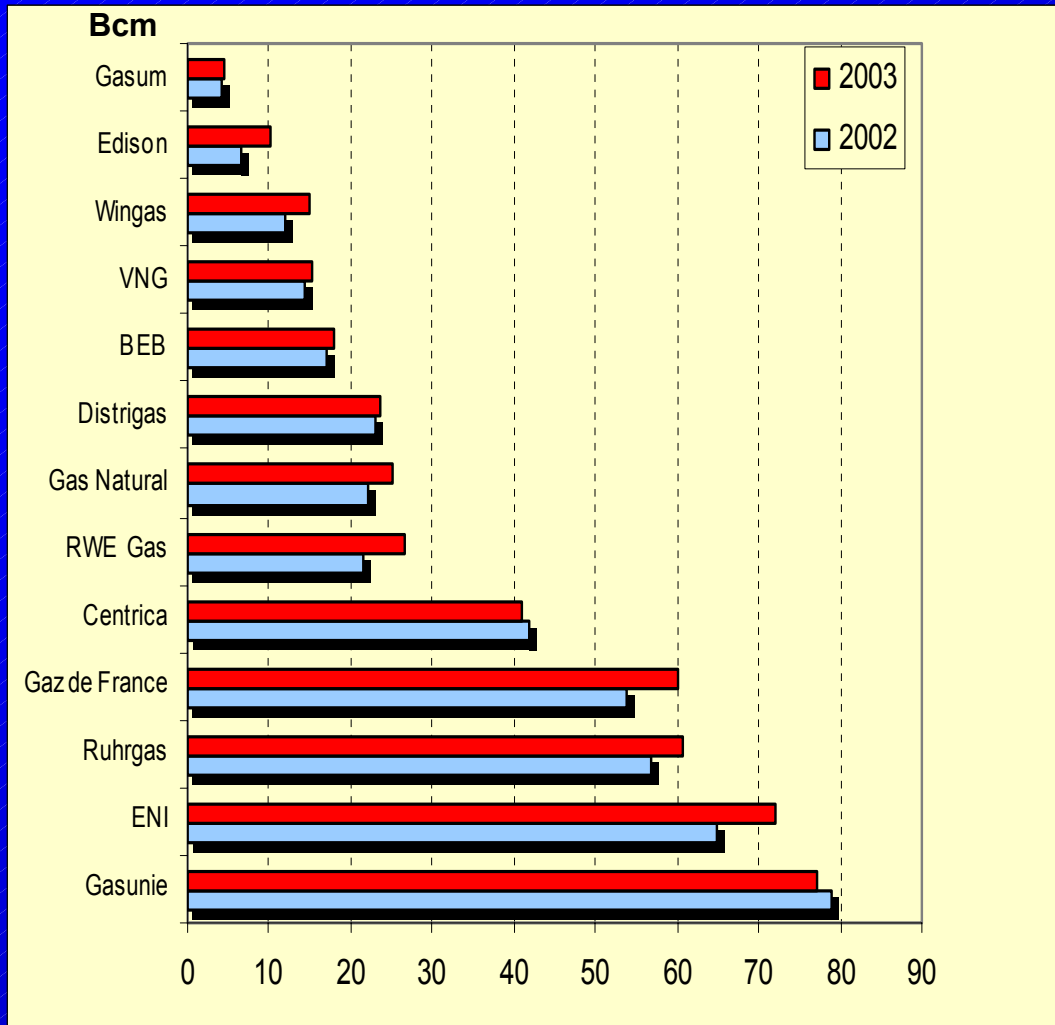


Top ten European suppliers in 2003



* Total supply

Europe's* largest gas companies



Share of sales abroad

Companies	2002	2003
Gasunie	54.3%	55.8%
Gas Natural	35.9%	43.3%
RWE Gas	27.0%	41.0%
Distrigas	35.4%	37.4%
Gaz de France	21.9%	38.3%
ENI Gas & Power	23.4%	32.6%
Ruhrgas	10.9%	11.7%

* EU-25



Gas competition on the major markets

Netherlands	
Company	Free market share
Gasunie	65%
10 - 20%	
Norsk Hydro/Duke	
1 - 10%	
Essent, Nuon, Eneco, Centrica, BP, Delta	
< 1%	
RWE, NRE, NM/Ons, Westland	

Spain	
Company	Free market share
Gas Natural	58%
BP	11%
Iberdrola	11.5%
Cepsa GC	6%
Shell	3%
Endesa	4%
Un. Fenosa	3%
Hidrocanta.	1%
< 1%	
Edison	

Italy	
Company	Overall market share
ENI	68%
Edison	13%
Enel	12%
Plurigas	4%
Hera	2%
Energia	1%
E.ON Thüga	1%
< 1%	
Italcogim, Dalmine, Blugas, BP, Electrabel, Gas Natural Vendita, E Noi, Eos Energia, Utilita, Energas Italian gas distributors	

Source: The Players on the European gas market, Cedigaz, December 2004



Gas competition on the major markets

France	
Company	Overall market share
Gaz de France	83%
Total (+GSO)	10%
«Régies»	3%
<4%	
Total Gas & Power, BP Gas, Norsk Hydro, Distrigaz, Ruhrgas, Eni	

Germany	
Company	Overall market share
Ruhrgas	56%
RWE Gas	16%
VNG	15%
Wingas	11%
1 - 10%	
BEB*	
<1%	
Gaz de France, Nuon, BP Gas, natGas, Essent	

Belgium	
Company	Overall market share
Distrigaz	92%
Gaz de France	5%
BP Belgium	2%
< 1%	
Wingas	

* After BEB demerger operation

Source: The players on the European gas market, Cedigaz, December 2004



Producers searching for new business opportunities in gas distribution

- **Moving downstream with their gas businesses is a priority of oil companies' policy to safeguard markets for their gas reserves**
- **Acquisition of distribution companies (ENI in GVS or Galp Energia, Shell in Epa Attiki)**
- **Possibility of direct sales to customers by acquiring licenses**
- **Reconsideration of their shareholding interests (BP in Ruhrgas, Shell and Exxon in Gasunie)**
- **Withdrawal from the regulated business (Repsol from Enagas, ENI from SNAM, BG from Transco)**



Companies' strategies and positioning

- **Gas transmission and distribution companies move upstream to secure direct access to supply** (Gaz de France's goal is to supply up to 15% of its market with its own reserves) **and expand their assets at all stages of the chain.**
- **Power utilities look for direct access to the resource:** power utilities in liquefaction (Union Fenosa in Oman, Egypt), in shipping, in regasification (Union Fenosa, Iberdrola, Endesa, Enel, Edison have stakes in planned LNG receiving terminals).
- **Producers also move downstream and want to secure a direct access to the markets:**
 - —▶ Sonatrach has reserved capacity in Grain LNG terminal (UK), has a 10% stake in the Reganosa project (Spain),...
 - —▶ Gazprom has established alliances with European partners and has a stake in the UK-Interconnector.
 - —▶ Statoil expands its business in spot trading (Hubco) and expands into downstream activities outside of Europe (US).



Conclusion

- **Industrial transformations - acquisitions and alliances - have been dramatic and very fast**
- **This wave of restructuring is likely to continue as markets become more and more competitive**
- **It strongly affected the gas market structure along the whole gas chain as borderlines between producers, buyers, sellers, distributors, electricity suppliers and generators are continuously shifting**
- **Gas company concept is evolving towards the international multi-energy or even multi-utility group**
- **Potential risk of concentration of these giant energy companies dominating global utility markets?**

