



GLE Position Paper: Pan-European Standardization of Gas Quality Specifications

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Who is GLE?

Gas LNG Europe (GLE) is one of the three columns of GIE, the European association of natural gas infrastructure operators. GLE represents the sole interests of LNG Terminals Operators in Europe. Since being established GLE has been a very active association gaining an excellent reputation as an expert voice to be listened to in relation to LNG topics at a European Union level.

GLE is in permanent contact with the European Commission, CEER, EFET, Eurogas and other market stakeholders, and over the last years GLE has published a significant number of position papers and studies that were highly appreciated by European and National institutions as well as the whole gas business.

GLE is continuing efforts to promote recognition for LNG infrastructure activities at European level as well as the proper legislative and regulatory framework for the LNG industry in Europe. While doing so GLE seeks to ensure that LNG business specifics are taken into account in any future European Union regulatory developments.

GLE currently represents **13 LNG Terminal Operators from 9 countries.**

Introduction

With European natural gas production in decline but consumption generally predicted to increase over the following decades, Europe is expected to become even more dependent upon gas imports with LNG playing a very important role. LNG has proved to be a globally flexible, competitive and reliable source of energy, providing security of supply in the mix of gas import options.

The European Commission is looking at the harmonisation of the gas quality specifications across European Union in order to create effective interoperability of gas networks and facilitating a free trade of gas by lifting local gas quality barriers.

Therefore, the European Commission has mandated CEN (Mandate M/400) to draw up gas specification standards in order to create a competitive single European gas market according to the Directive 2003/55/EC. The Mandate consists of two phases; the first consists in analysing the impact of gas quality fluctuations (Wobbe Index and density) on gas appliances falling under the GAD; and the second in creating EU standards for both combustion and non-combustion parameters.

Safety

It should be clear that safety is the issue of paramount importance regarding any proposal to change gas quality specifications. Any change may impact safety standards and must be thoroughly assessed before being implemented.

Critical Parameters of Gas Affecting LNG Terminals

Operating conditions of an LNG Terminal differ a lot from underground storage facilities and transmission systems which may be exposed to a wider range of components that have been introduced through bio-methane injection for example. However gas quality significantly impacts the operability of LNG Terminals and the following elements need particular consideration.

Wobbe Index

Countries with a narrow Wobbe Index range will be limited on the type of LNG received, reducing their competitiveness in the world LNG market, or require major investment in Wobbe Index correction facilities, adding additional expense into the value chain and generally increasing costs to end users. As wide as possible Wobbe Index range should be implemented to promote Europe's ability to receive both rich and lean LNG without additional processing expense.

Oxygen

If Wobbe Index adjustment is required then air or Nitrogen enriched air is generally used, introducing Oxygen to the gas stream. Any new specification should take into account the potentially increased levels of Oxygen in the gas immediately after the Wobbe Index adjustment process and not down stream where the gas may commingle and dilute the Oxygen.

During the development of individual component specifications in CEN TC234 GLE, will actively participate and may develop further positions to supplement this Position Paper.

European and Global Competition

GLE recognises that harmonising gas specifications across the whole of Europe will be challenging. However, harmonised specifications across the European Union are key to creating effective interoperability of networks and promoting a free trade of gas. In addition, such specifications need to be wide enough to increase Europe's competitiveness

in the global LNG market and not induce excessive treatment costs in the LNG/gas supply chain as that would risk increasing prices for end-users.

Impact on Gas Burning Equipment

We fully recognize that the European Commission's aim is to develop a gas specification appropriate for the European Union. Given that various Member States already use gas specifications similar to one another it seems feasible that a certain degree of harmonisation should be possible with minimal cost exposure. Any analysis should consider which gas specification could be acceptable to the largest number of Member States with the lowest replacement cost of gas appliances across the European Union.

As stated earlier, safety must be the primary concern in the gas industry which has a long track record of high safety standards. Consequently gas appliances should be configured to accommodate as wide a range of gas qualities as safely possible. This also supports Europe's competitiveness to attract diverse LNG/gas supplies and improves security of supply.

Regional Considerations

If a single European specification proves impractical to implement in one go, at the very least a regional approach should be considered. Again, any regional specifications should allow as wide a range of LNG as possible to be accepted.

It should be noted that LNG producers are generally unable to produce an LNG with a specific composition for a particular market. In the case that a European or regional specification is set that an LNG supply can not meet and gas treatment is required then it should generally occur at the entry points to the transmission networks and at cross border interconnection points if required.

Cost allocation and recovery

Where gas quality treatment is required in the EU it is necessary and very important to define responsibilities for the processing and delivery of gas within specification. Where any such obligations are placed on infrastructure operators, the regulatory framework should allow the costs associated with these obligations to be passed on to the market.

Conclusions

Harmonised or regionally harmonised gas quality specifications should be proposed as soon as practically possible by the European Commission. Member states should adopt a gas specification with as broad a range as safely possible for each combustible and non-combustible component in order to:

- Maintain safety standards in the gas industry

- Improve market connectivity and ease of doing business in Europe, promoting a single European gas market
- Increase Europe's competitiveness in the global LNG market
- Minimize additional costs in the LNG/gas supply chain
- Increase security of supply by providing access to as many sources of LNG as possible

GLE endeavours to contribute to the development of harmonised gas quality standards throughout Europe. The potential risks for safety, security of supply and competitiveness in the world LNG market as described above need to be assessed in depth and be taken into account when setting the new standards.