



GIE Venice 2013, welcome speech of Italgas CEO Paolo Mosa

Distinguished guests and delegates of the GIE Annual Conference, Ladies and Gentlemen.

On behalf of our Group CEO, Carlo Malacarne – who unfortunately has been held up in Rome and will join us later - I am pleased to open the eleventh annual conference of the GIE, and particularly to do so here in Venice. The reasons are twofold: firstly, as I have worked closely on a number of occasions with GIE in the past, I am well aware of its importance and outstanding skills, which are key to the development of an integrated European gas infrastructure; secondly, Venice - beyond its soul and indisputable charm - represents one of the most important municipalities for Italgas, which as you know is Italy's largest gas distribution company. Due to Venice's unique environment and geography, Italgas must leverage a specific mix of technologies and know-how, a feat of which I am particularly proud.

We are all aware of the difficulties that not only the natural gas industry, but the entire European economy faces at present. But we are equally aware that, although the market is going through a sensitive phase, in the long-term gas will gain ground against other fossil fuels as a primary energy source. It will not only serve as a transition fuel to a low-carbon economy and as a support to the development of renewable energy sources, but it also needs to be acknowledged as a source of clean energy in the long-term. On this point, today more than ever, infrastructure operators must be seen as a credible partner making meaningful long term investments in the network.

To borrow from something Carlo Malacarne said some time ago, I find it intriguing to think of gas as a "single currency" for a new phase of growth in Europe. I believe that Italy, in this regard, is a good example for the rest of Europe. Both are experiencing declining domestic production and an increased reliance on a small number of supplying countries, most of which are outside the EU. To address any possible shortage of supply, the process of integration needs to be accelerated across the gas system as outlined in the Third European Directive. This will not only increase security of supply, but also facilitate competition and flexibility in the market.

I would remind those who say that infrastructure development is being threatened by the overcapacity caused by the economic downturn and the resulting drop in consumption, that



investment is the key to the long-term health of the system. We must focus on the strategic importance of having a stable energy supply over a period of decades, not just the next few years.

Investments will be driven less by the long-term demand of shippers, and rather will be focused on helping to safeguard market integration, liquidity and security. To achieve these goals we all agree that we need to act on both the software (by that I mean common network codes and cross-border capacity allocation procedures) and the hardware (that means new international supply infrastructure, storage and interconnection between networks of different countries). An important step in this direction is represented by the European network codes promoted by the Commission with the support of ACER and ENTSOG; we are also sure that PRISMA, the first European platform connecting the gas hubs of 7 countries, has the potential to make a significant contribution. The platform has been active since last April and in recent months has already enjoyed considerable success in terms of capacity allocation.

Let me close with a recap of what Snam has had in place for some time to help create a truly integrated European gas system.

We have a long-standing, strong commitment to investing in assets which help promote the integration of markets, in particular through the creation of reverse-flows along the North-South Corridor. These investments will connect the Italian PSV to the major gas hubs of Northern Europe, representing one of the most significant European Projects of Common Interest. We are confident it will attract new flows of gas from North Africa (and the Caspian region) to the UK, passing through Switzerland, Germany and Belgium.

With this background and in this spirit, we intend to address the many challenges related to the effective implementation of a single European market; here in Venice I hope you'll make the most of the fruitful discussion with many of the stakeholders of our business. In the meantime, I'm sure you'll make the most of the unique views across the canals of Venice and the evening to come in Palazzo Ducale.

Thank you very much and enjoy the conference.