

# European Commission DG TREN

## Trainee trip to Stavanger

### 17-21 February 2010

## Report



## Introduction

It has been a real privilege to work with the Stavanger Region European Office to organise a trip for 22 DG TREN<sup>1</sup> trainees of 11 different nationalities to Stavanger. I know I speak on behalf of all the participants in saying that the trip was an extraordinary learning opportunity, which gave us new technical and commercial insights into the operations of the energy industry and has consequently shaped our outlook on the cooperation between companies, regulators, governments and the European Commission in the energy field.

The trip took place in the penultimate week of our traineeship at DG TREN. It was fascinating to learn about Norway's contribution to European energy security, not only as a supplier of oil and gas but also potentially as an exporter of renewable energy. With the prospect of North Sea hydrocarbon production dwindling, EU Member states have been increasingly looking further afield to secure much needed energy resources. In visiting Statoil, we gained an appreciation of how Statoil's business has responded to these needs by expanding its network of assets beyond the North Sea and the Barents Sea to become more global in scope, including for instance Azerbaijan's Shah Deniz field. It highlighted the importance of good cooperation between companies and the European Commission about security of supply objectives, because whilst the Commission might set the aims, it is the companies who implement them, draw up the investment plans and find the necessary capital to deliver these aims

This was a key way in which the trip added value to the traineeship in DG TREN: we were able to see how the regulatory framework, or policy direction set by the Commission and governments affects industry, requiring companies to adapt their business plans, sometimes even their entire business model. We learnt, for instance about the implications of the European Commission's unbundling legislation for Statoil's vertically integrated infrastructure, requiring them to sell their gas pipeline network. We also gained a first-hand understanding of how the EU 2020 renewables targets have created more incentives for Norwegian companies to adapt their business strategy to develop offshore wind energy. Furthermore, Statoil explained that a key reason for its decision to invest in the Sheringham Shoal Offshore Wind Farm was because they felt the UK government had now set up a stable enough regulatory and legal framework to accommodate wind energy in the grid. This really heightened our awareness of just how important the Commission and national governments' roles in designing the right regulatory framework to facilitate investment in RES are, particularly with respect to the North Sea Grid.

Seeing first-hand how European Commission policies are actually implemented by the industry players, enriched the already impressive overview to European energy policy which the stage had given us.

One of the most eye-opening aspects of the trip was the appreciation we gained of just how differently energy resources have been managed in Norway, compared to in our home countries. We discussed how the Norwegian model (strong state interest in Statoil, role of the NPD and investment of the

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<sup>1</sup> Now now DG ENERGY and DG MOVE. However, as we began our traineeship in DG TREN, for consistency, this term shall be used throughout the report.

revenues from the oil and gas sector in a pension fund) can serve as a model for other countries in managing their natural resources. Our interest in how Statoil has shared best practice with developing countries such as Angola, was evident from our lively debate with professionals with extensive international experience, hosted by Greater Stavanger Economic Development.

It was inspirational to meet so many professionals in the industry, from young entrepreneurs, to senior corporate managers, to those with experience in politics and journalism, at a time when many of us were thinking about our own career development. The opportunity to discuss topics that were so finely tailored to our interests with such a wide range of stakeholders was truly unique.

On behalf of all the DG TREN trainees of Oct 2009-February 2010, I would like to extend our heartfelt thanks to those who planned the programme in Brussels and all those who welcomed us in Stavanger and gave us their time during our visit. Our thanks go particularly to Bodil Agasøster and Pål Jacob Jacobsen from Stavanger Region European Office, Per Olav Hannsen from Greater Stavanger Economic Development and Ali Haider from Statoil's EU Affairs Office for their time, commitment and close teamwork, which made the trip such a success.

***Chloe Middleton***  
***Spokesperson, DG TREN trainees***  
***October 2009- February 2010***

## **Thursday 18<sup>th</sup> February, Visits to Statoil and the NPD and debate hosted by Greater Stavanger Economic Development**

On Thursday 18 February, the DG TREN trainees first met with the Mayor of Stavanger, Mr Leif Johan Sevland, who presented key facts about his municipality and its importance in Norway's economy. He explained how the municipality's growth thanks to the oil and gas sector should also be increasingly derived from greener industries. Stavanger's aim to become a front-runner in the renewable energy industry in the coming years is reflected in its participation in sustainable urban development initiatives, such as the World Energy Cities Partnership and the Covenant of Mayors. The Mayor drew comparisons with other single-industry dependent cities such as Seattle or Bilbao, and described plans to diversify the region's economy by finding ways to transfer the technological expertise they have in the energy industry to other sectors. On another note it was interesting to see how the municipality is improving its arts and cultural activities on offer to attract wider talent. The Mayor answered the participants' questions on the reasons for Norway's rejection of EU membership, on future plans to build the profile of the North Sea at EU level and the municipality's relations with Aberdeen, its « competing » twin.

The second part of the day was spent at Statoil's headquarters where an overview of Statoil's historical development was presented alongside 3 core business areas; natural gas, carbon capture and storage and wind energy. The presentation on natural gas focused on the commodity's specific characteristics and how this is a growth area in the industry, both because natural gas emits less carbon dioxide when burnt than other fossil fuels and because natural gas power plants can be used as peak load to complement intermittent RES generation. We were given insights into how Norway seeks to maintain and expand its position as a key supplier to the EU. The discussion then turned to the business opportunities and challenges presented by CCS, a technological solution to help manage CO<sub>2</sub> emissions, and for which Statoil is a pioneer developer. The final presentation covered wind energy. Different offshore mills prototypes were displayed and their commercial potential discussed. EC trainees enjoyed being able to discuss Statoil's business development strategy and the share of renewables in its whole production, as well as the risks associated with CCS both during the Q&A session and during the lunch that followed, hosted by Statoil.

The visit to the National Petroleum Directorate, which has the status of technical advisor to the Ministry of Petroleum and energy kicked off the afternoon. There was firstly a general presentation on its role and structure, followed by a more detailed description of its role in (1) defining safety standards at the financial, social and environmental level and (2) in promoting research and development, its priority areas and examples of supported projects. Overall the visit gave the trainees a sound insight into Norway's distinct approach to regulation based on tripartite consultation between the government, the regulator and industry. It was also fascinating to learn how the revenues from Norway's natural resources have been managed, most of which goes into a government pension fund, which is now almost 100% of the GDP. This is invested abroad to prevent the Norwegian economy from overheating.

The dinner hosted by Greater Stavanger Economic Development was an opportunity for the trainees to discuss challenges faced by the region in attracting and retaining international talent and also in providing facilities for them to integrate smoothly into Norwegian society. Pål Jacob Jacobsen then skillfully moderated a lively debate on how Norwegian oil and gas companies have shared their offshore expertise and model for managing resources with companies and governments abroad.

***Laura Eid  
Spokesperson, DG TREN Trainees,  
October 2009-February 2010***

## **Friday 19<sup>th</sup> February**

### **Visits to Lyse Energi, the Petroleum museum and debate with the Offshore North Sea Foundation**

On Friday morning the EC trainees visited the network utility Lyse Energi AS. Mr. Ove Jølbo, Director of Communication, gave us an overview of the company's activities, (including delivery of natural gas, heating and biogas, electricity generated from hydropower and wind, and also phone, internet, TV and alarm services). He also outlined the company's shareholding structure, which is entirely publicly owned by 16 municipalities. We really benefitted from the technically detailed but excellently delivered presentation of Lyse's achievements to date and future plans for harnessing hydropower. Participants learnt that Lyse was Norway's 6<sup>th</sup> biggest producer of hydropower in terms of capacity, thanks in part to its shares in major hydropower plants in southwestern Norway. Participants enquired about the rationale for sometimes maintaining 100-year-old hydropower plants in activity, and about the impact of hydropower maintenance on the environment. Mr. Rykhus presented Lyse's new fast-growing business in broadband services and pointed out the operational synergies existing between gas pipeline and fibre optic cable infrastructure. Finally, Lyse's Business Developer of Wind power, presented future plans to develop offshore wind generation facilities. In the discussion that followed, trainees were interested to find out about Lyse's attitude towards the so-called "super-grid" as well as the strengths and weaknesses of Lyse's fairly unconventional approach to the wind energy business. This was an excellent opportunity once again to discuss Norway's trade with the EU as we asked about infrastructure that would be required to export Norwegian hydro and wind power to the EU.

At the Petroleum Museum participants learnt about the history of oil and gas exploration and production in Norway, Norway's role as a key energy supplier to the EU and, from a practical point of view, what it is like to live and work on an offshore rig. Our final debate session was with representatives from the Offshore North Sea (ONS) Foundation. Cathrine Tjessem, Marketing and Information assistant at ONS, introduced the ONS Fair (to be held on August 24-27 in Stavanger), an event bringing thousands of representatives of energy companies and stakeholders together. Caroline Lagoutte, Conference Coordinator, encouraged the stagiaires to submit an application for the Young Professional Award<sup>2</sup>. It was agreed that this may be an attractive opportunity for next generations of DG ENERGY/MOVE stagiaires. Young entrepreneur Monika Bakke introduced her wave energy business and expressed her motivation to bring the petroleum and the renewable energy businesses closer, arguing that the renewable energy business was not mature enough yet to stand on its own. Kjell Ursin-Smith, President and CEO of ONS and former politician, and Einar Knudsen, Project Manager for the CCS park and former spokesman for Shell, initiated a very lively debate which drew many strands of what we had learnt about the Norwegian energy complex in the last two days together. The participants took the opportunity to enquire about Norwegian society's perception of the petroleum industry, and of itself as an energy supplier to the EU. The role of NGOs was also discussed.

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<sup>2</sup> <http://www.ons.no/index.cfm?event=doLink&famid=93954>

Overall this day, which was dedicated to Renewable energy, complemented the first day's focus on Norway's oil and gas sector very well, thus giving DG TREN stagiaires a more comprehensive view of Norway's wide-ranging activities in the energy sector and planned innovations, from which its neighbouring countries could also benefit.

*Emilien Gasc  
Trainee, DG TREN, October 2009-February 2010*

## **Saturday 20<sup>th</sup> February**

Saturday's activities enabled us to see another side of life in Stavanger which somehow rounded the picture and was really 'the icing on the cake' of what had already been a most interesting and fun two days of learning. We left the crowded streets of busy shoppers behind to climb the watchman's tower and cast our imaginations back to a pre-oil-industry age in Stavanger, when it was a town vulnerable to destruction by attack from the outside and fire from within. Our historical tour then led us through Stavanger's oldest streets and architectural evolutions and finally to the cathedral. Our boat trip first brought our imaginations back to oil rigs weathering rough conditions out at sea as we passed the many enormous service ships docked in the harbour. But in no time, ahead of us lay only the bleak snow covered craggy mountains and mystique of the fjords, their steep sides towering above the boat as we passed the Pulpit Rock. Once the cold became too great on deck we enjoyed a last glass of wine with our host Per Olav Hanssen, who had looked after our every need during our stay and entertained and educated us with stories ranging from oil rigs to fairy tales.

*Chloe Middleton  
Spokesperson, DG TREN trainees  
October 2009- February 2010*