EU Energy Security

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EU Energy Security

- Energy Union
- Security of Supply Package from February 2016
- LNG and Storage Strategy
- Decision regarding Inter-Governmental Agreements (IGAs)
- Revised Security of Gas Supply Regulation
The Energy Union

Energy security

- Well-functioning gas market: increased competition and lower prices

Competitiveness

- COP21: Importance of renewables and energy efficiency
- Gas' role in energy transition

Sustainability

- Gas is important in the energy mix
- Stress Test: still vulnerable regions

Security

- Research & Innovation
- Low-carbon society
- Internal energy market
- Energy efficiency
Security of Supply Package

- Communication on an EU Strategy on Heating and Cooling
- Communication on an EU strategy for LNG and Gas Storage
- Proposal for a revised Decision on Inter-Governmental Agreements
- Proposal for a revised Security of Gas Supply Regulation
Context of
the Security of Supply Package

⇒ Energy Union Priority: Low carbon energy system

⇒ Energy Union Priority: Security of Supply

⇒ Energy Union Priority: Integrated energy market/Competitiveness
EU strategy for LNG and storage
Attract LNG to exploit its potential for diversification and flexibility

• **Global LNG supply is set to increase by 50% by 2020**

• EU needs to work closely with international partners to promote liquid and transparent markets
To reap the benefits of global LNG: access to liquid regional gas hubs

Completing the internal EU gas market is key:

- Build key LNG related infrastructure
  — In particular under BEMIP, CESEC and South-West
- Fully implement existing EU energy legislation
- Ensure level playing field for existing LNG terminals (regulated and exempted)
  — And enable new services and technologies
Ensure that storage can play a full role in security of supply

- Ensure adequate physical access to storage, including sufficient capacity of transmission network to/from storage
- Improve effectiveness and efficiency across borders of Member States and on a regional level
- Optimise the use of storage through network codes, remove regulatory barriers
- Embed storage as a security of supply instrument in regional preventive action plans and in emergency plans (SOS Regulation)
Revised Decision on Inter-Governmental Agreements (IGAs)
Nature of the problem to tackle?

- Current IGA Decision does not ensure compliance of IGAs with EU law
- Incompatible clauses are only detected after signature and difficult to change ex-post
- IGAs often do not contain effective legal mechanism for amendment or termination
- Non legally-binding instruments, currently not covered, can have similar effect as IGAs
Main features of the proposal

• Introduction of a **mandatory ex-ante assessment** of the **draft IGAs** by the Commission

• **Suspensory effect:** before signature or ratification of a draft IGA with a third country the Commission has to provide its opinion

• **Ex-ante assessment has to be quick but precise:**
  • 6 weeks + additional 6 weeks in case of doubts as regards compatibility with EU law
Proposal for a revised Security of Gas Supply Regulation
Why a revised Regulation now?

- Despite the improvements achieved with Regulation (EU) No 994/2010, there are still a number of problems:
  - Traditional policy patterns
  - External factors
  - Technical issues
  - Limited scope

- With the design of the current Regulation these problems cannot be overcome → need for a revised Regulation
What is new?

- Shift to a regional approach
- A new explicit solidarity principle
- More transparency to improve risk assessment and prevention
- Obligations between EU Member States and Energy Community Contracting Parties
Shift to a regional approach

- Why?
  - The most effective tool to improve prevention (better estimation of risk magnitude, early identification of synergies and inconsistencies)
  - To ensure a consistent and larger response in a severe crisis

- Joint Risk Assessment
- Joint Preventive Action Plan
- Joint Emergency Plan

Based on mandatory templates

Peer review

Gas Coordination Group

Commission's opinions and, ultimately, decisions
How?

- Definition of regions based on criteria, *inter alia*:
  - Existing groups (TEN-E), adapted to SoS needs.
  - Likely cooperation options, i.e. who needs to cooperate with who?
  - Market development and maturity
A new explicit solidarity principle

- Where the gas supply in a Member State is insufficient to cover the supply to:
  - households,
  - essential social services
  - and district heating

- The gas supply to consumers other than the previous categories cannot continue in the Member States directly connected

Trigger the application of the solidarity principle
More transparency to improve risk assessment and prevention

- Targeted mechanism for access to information ahead of an emergency.
  - E.g.: reduction in gas flows observed in autumn/winter 2014/2015

- Automatic notification of certain gas supply contracts:
  - Contracts between a supplier (or its affiliates) and a buyer (or its affiliates) that, individually or cumulative with their other contracts, cover 40% of the national gas market
  - In duly justified circumstances, the Member State or the Commission may require other security of supply relevant contracts.
Energy Community

- A number of obligations should also apply *between* EU MS and Energy Community Contracting Parties (all measures with cross-border impact)

- Obligations would enter into force in practice when the Energy Community Contracting parties have agreed and implemented reciprocal obligations towards EU Member States
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