



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



Energy security

Well-functioning gas market: increased competition and lower prices

Competitiveness

The Energy Union

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

Internal energy market

Low-carbon society

Energy efficiency

Energy

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*

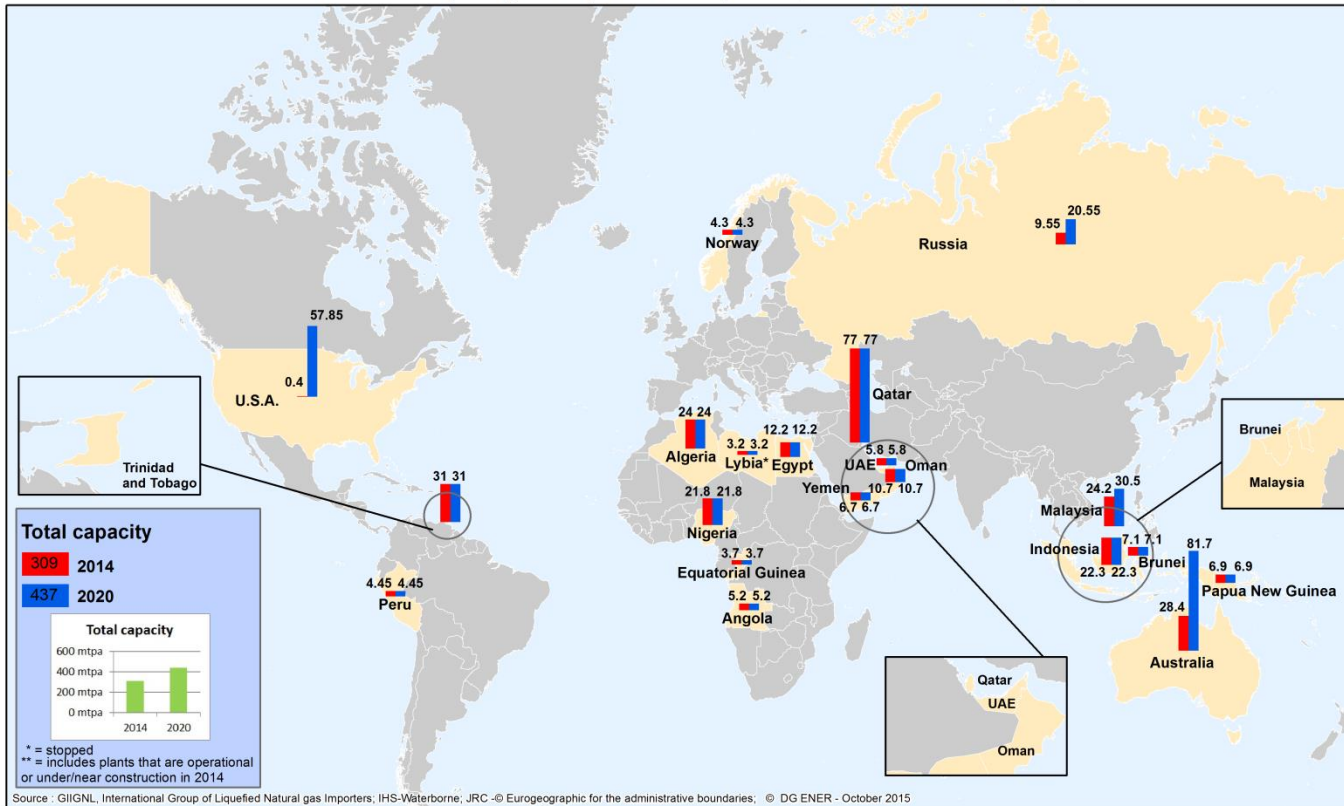
⇒ *Energy Union Priority:* *Integrated energy market/Competitiveness*



EU strategy for LNG and storage

Attract LNG to exploit its potential for diversification and flexibility

Nominal capacity of liquefaction plants, 2014 vs 2020** (mtpa)

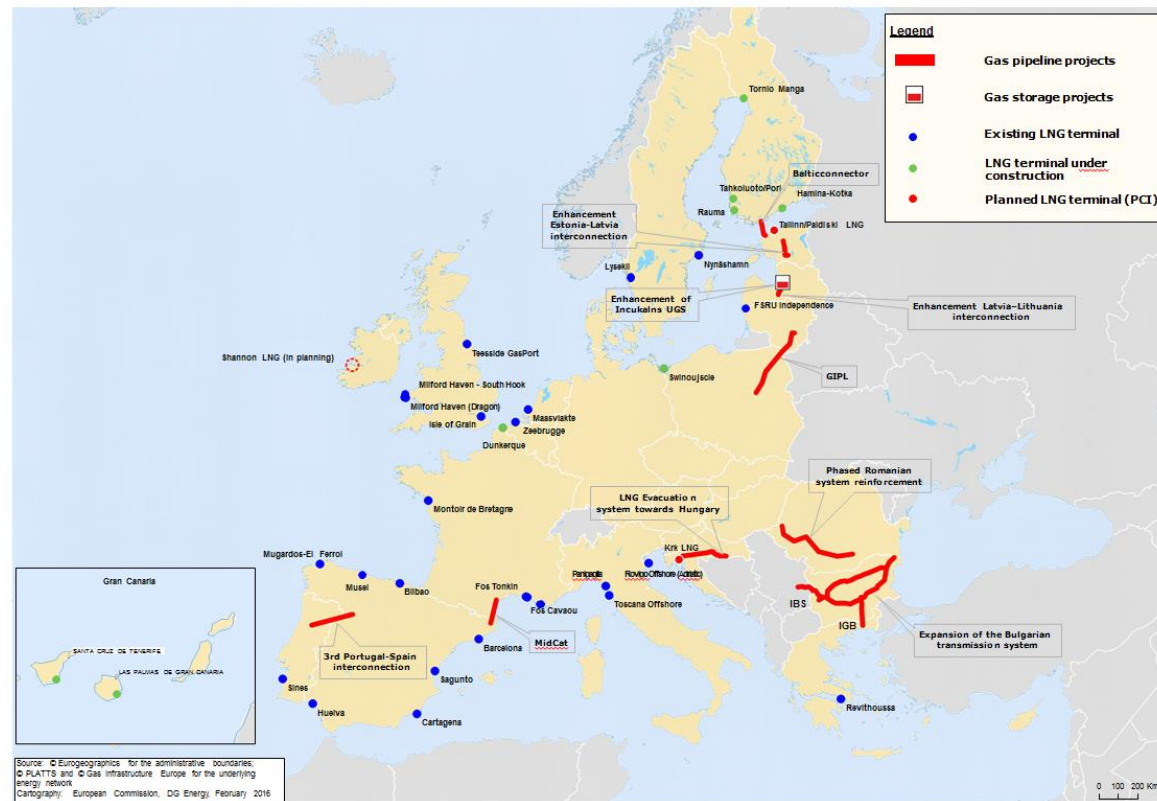


- *Global LNG supply is set to increase by 50% by 2020*
- *EU needs to work closely with international partners to promote liquid and transparent markets*

To reap the benefits of global LNG: access to liquid regional gas hubs

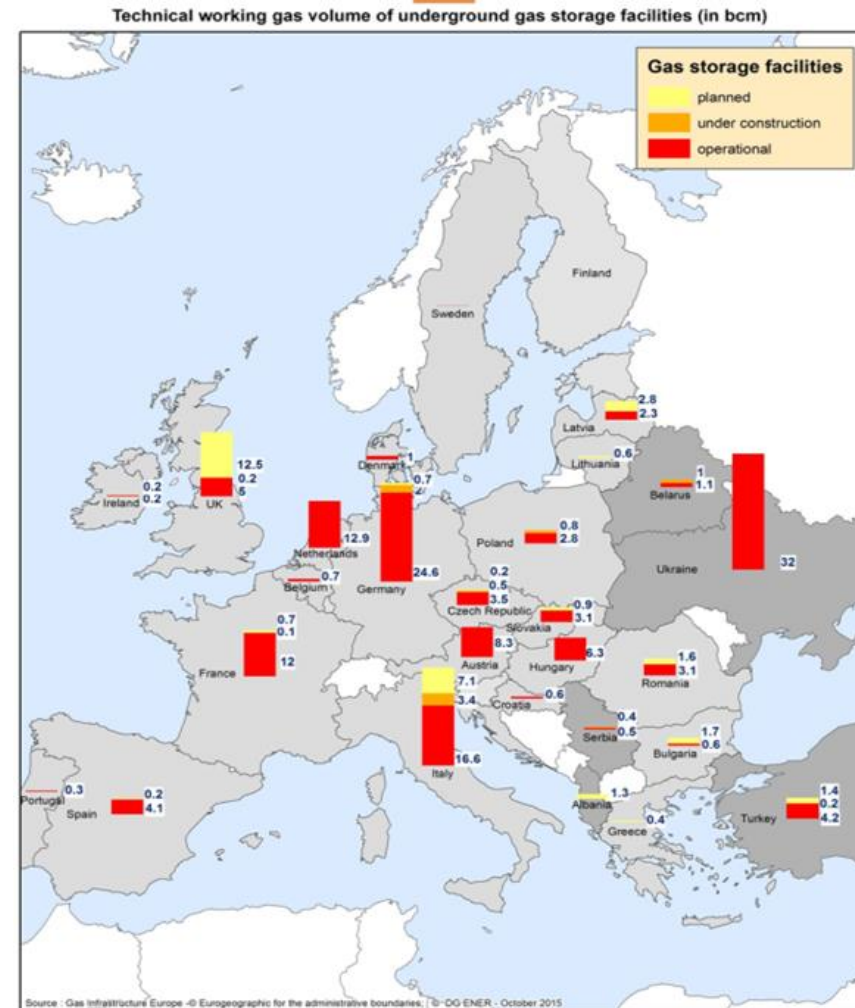
Completing the internal EU gas market is key:

- 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



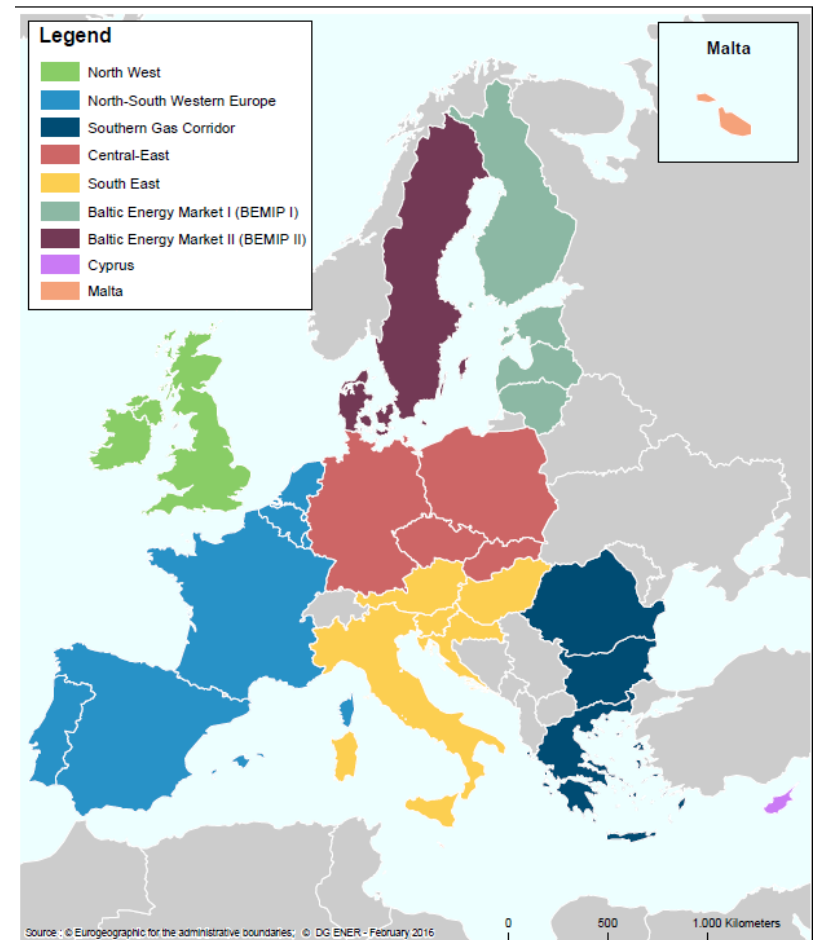
Commission's opinions and,
ultimately, decisions




European
Commission

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

Trigger the application of the **solidarity principle**


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

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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