GasNaturally Reaction to the EU Council Conclusions

25 March 2022

Having reviewed the conclusions of the European Council held on 24 and 25 March 2022, GasNaturally would like to highlight the following:

EU Energy Sovereignty and Security of Supply

- We are ready to support the goal of reducing the EU’s energy dependencies through the ramping up of production in the EU and its neighbourhood.
- We believe that by accelerating the deployment of renewable and low-carbon gases in the coming years, together with improvements in efficiency, the EU can offer its citizens and business sustainable solutions to strengthen the EU’s strategic autonomy with the aim of reaching the net-zero goal by 2050. To this end, Gas Naturally fully supports the ambition to accelerate biomethane and renewable hydrogen production by 2030.
- We point out that there is a significant potential to increase domestic natural gas production in Europe and its neighbourhood that the EU should consider, thus contributing to diversity and long-term security of supply.
- We believe that proposals relating to security of supply should have a solid grounding to ensure investment security and smooth trade relations between the EU and third countries.
- We welcome the aim to channel coordinated investment in energy systems, including LNG infrastructure as well as the commitment to complete and improve the interconnection of European gas and electricity networks.

Energy Market Function

- We highlight that an efficiently functioning, interconnected and liquid energy market with free and transparent price formation for competing energies from a diversity of domestic and global suppliers, intelligent demand-side solutions, and with a stable legislative framework will best ensure cost-efficient, secure supplies to consumers.
- Independent purchasing is a core element of a functioning EU single energy market. However, the current unexpected short-term need for the purchase of large volumes of natural gas could potentially justify that governments have a role in addressing the situation. However, government roles should be limited to facilitating the conclusions of agreement between market players.

Adequate Storage Levels

- We recognize that ensuring adequate storage utilization is essential for security of supply. We consider that the focus should first and foremost be on market based, non-distortive
mechanisms as opposed to securing utilisation of storage through regulatory obligations. In case of gaps, auction-based capacity allocation mechanisms, such as in Italy and France, could be used to maximise storage utilization. Such mechanisms should be coupled with a cross-border cost-allocation mechanism to fairly distribute the security of supply premium among benefiting Member States.

GasNaturally is ready to work with EU institutions, national governments, and stakeholders for a successful REPowerEU plan to be published by the Commission by the end of May.

GasNaturally is a partnership of eight associations from across the whole gas value chain. Our members are involved in gas exploration and production, transmission, distribution, wholesale and retail operations, as well as gas in transport.