



Consultation on the Security of Supply Regulation

*CEER Workshop
on the role of LNG
to improve regional SoS
in Europe*

17 March 2015

Background



- **Communication on the short-term resilience of the European gas system
(COM(2014) 654)**
- **Report on the implementation of Regulation (EU) 994/2010 and its contribution to solidarity and preparedness for gas disruptions in the EU.
(SWD (2014)325).**

Consultation



- **DG ENER's website:**



The screenshot shows the DG ENER website. At the top, there is a blue header with the European Commission logo and the word "ENERGY". Below this is a navigation bar with links: HOME, TOPICS, STATISTICS, CONSULTATIONS (highlighted with an orange underline), EVENTS, FUNDING, STUDIES, and ABOUT US. A red arrow points to the "CONSULTATIONS" link. The main content area displays the title "Consultation on the Revision of Regulation (EU) No 994/2010 concerning measures to safeguard security of gas supply". Below the title, it lists the "Target group(s)" as "Public authorities, Member States authorities, private organisations, industry associations, SMEs, Consultancies, other relevant stakeholders and Citizens (inside and outside of the European Union)". To the right, under the heading "LATEST", it mentions "Madrid Forum" dated "20 April 2015".

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European Commission

ENERGY

European Commission > Energy > Consultations > Consultation on the revision regulation eu no 9942010 concerning measures safeguard security

HOME TOPICS STATISTICS **CONSULTATIONS** EVENTS FUNDING STUDIES ABOUT US

Consultation on the Revision of Regulation (EU) No 994/2010 concerning measures to safeguard security of gas supply

Target group(s)

Public authorities, Member States authorities, private organisations, industry associations, SMEs, Consultancies, other relevant stakeholders and Citizens (inside and outside of the European Union).

LATEST

Madrid Forum
20 April 2015

- **Open until 8 April (NEW DDL)**

I. PREVENTION

- **Infrastructure**
- **Risk Assessments and Preventive Action Plans**
- **The Supply Standard**

II. MITIGATION

- **Protected Customers and solidarity**
- **Emergency Plans**
- **Declaring an Emergency**

INFRASTRUCTURE

- "N-1"

- Fit?
- Alternatives? Regional n-1?

- Reverse Flows

- SOS underrated?
- Benefits along the whole transportation corridor?
- More frequent reviews? Temporary decisions?

RISK ASSESSMENT & PREVENTIVE ACTION PLAN

- Key idea: cooperation (exchanges)
- Templates?
- Mandatory regional plans?

RISK ASSESSMENT & PREVENTIVE ACTION PLAN

- Key idea: cooperation (exchanges) → barriers
- Templates?
- Mandatory regional plans?

THE SUPPLY STANDARD – Today

- Currently an "obligation of result": common level of protection to all EU citizens while acknowledging the differences between MS.
- Existing room to determine the relevant undertakings required to take measures
- 3 questions:
 - Is it adequate?
 - How is it enforced?
 - What measures can/could be applied?

THE SUPPLY STANDARD (I)

Is it adequate?

- Adequate level of protection
- Alternatives?
- Effects of increased standards:
 - positive?
 - could jeopardize neighbouring MS' SoS (reducing liquidity)?

THE SUPPLY STANDARD (II)

How is it enforced?

- Result oriented? More prescriptive?
- How is it enforced?:
 - "*ex ante*" control: permanent control by Competent Authorities?
 - "*ex post*" control

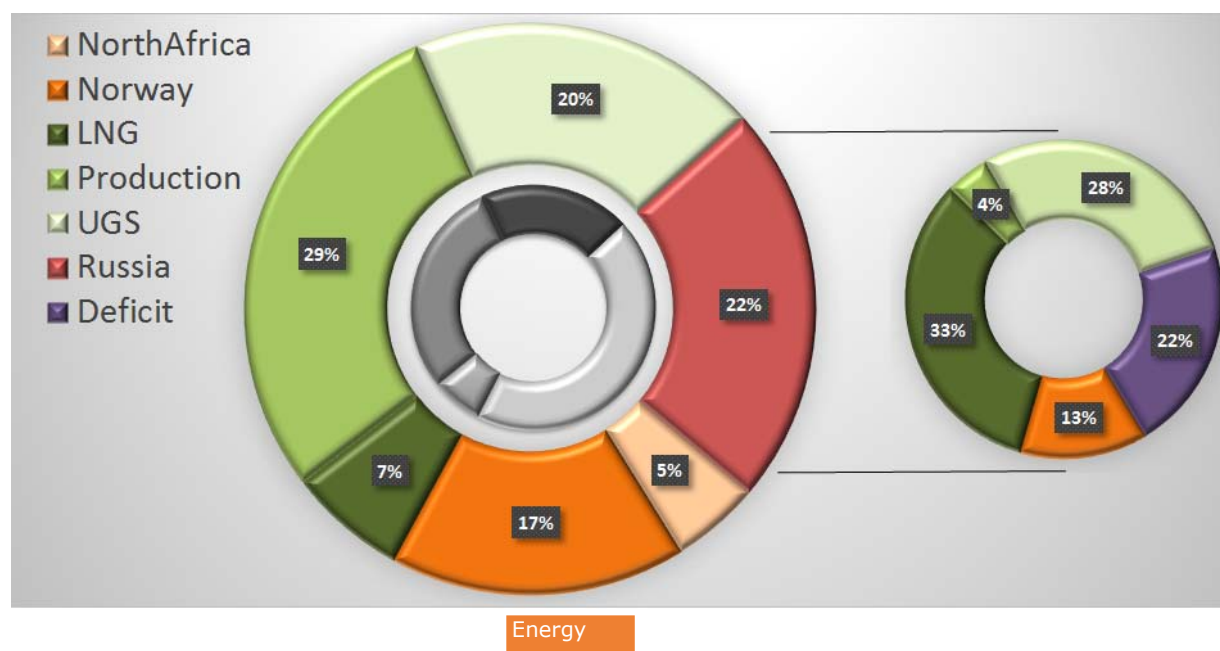
THE SUPPLY STANDARD (III)

What measures can/could be taken?

- Companies responsible as a "going concern"?
 - Can undertakings' ability to supply protected customers be checked? How?
 - Enhanced role of TSO?
 - MS where a functioning market cannot reasonably be relied upon, often:
 - Storage
- Storage obligations
- Strategic Storage

THE SUPPLY STANDARD (IV) – Others?

- Diversification obligations, common pooling mechanism, joint purchasing, etc.
- Increased reliance on LNG:



Prevention



LNG

- Role of LNG where market cannot be relied upon to fulfil the supply standard?
- Role in effectively addressing emergencies?
- Main barriers?
- Need for joint gas or LNG purchasing agreements?

PROTECTED CUSTOMERS

- Minimum *and* maximum protection level:
 - ➡ Prerequisite for solidarity
- Technical problems?
- "Check with neighbours first" approach?
- Upfront mandatory agreements at regional level for cases of disruption of protected customers?

EMERGENCY

- Need for a threshold?
- EU emergency = emergency in all MS?
- EU early warning/alert level too?
- Sufficient role for the Commission? Other actors?

LNG STRATEGY

- Explore the full potential of LNG, including as a back-up in crisis situations.
- Comprehensive LNG strategy to be prepared by the Commission.
- Calendar: 2015-2016



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