Document 10

European Commission

The EU's strategy for LNG and storage

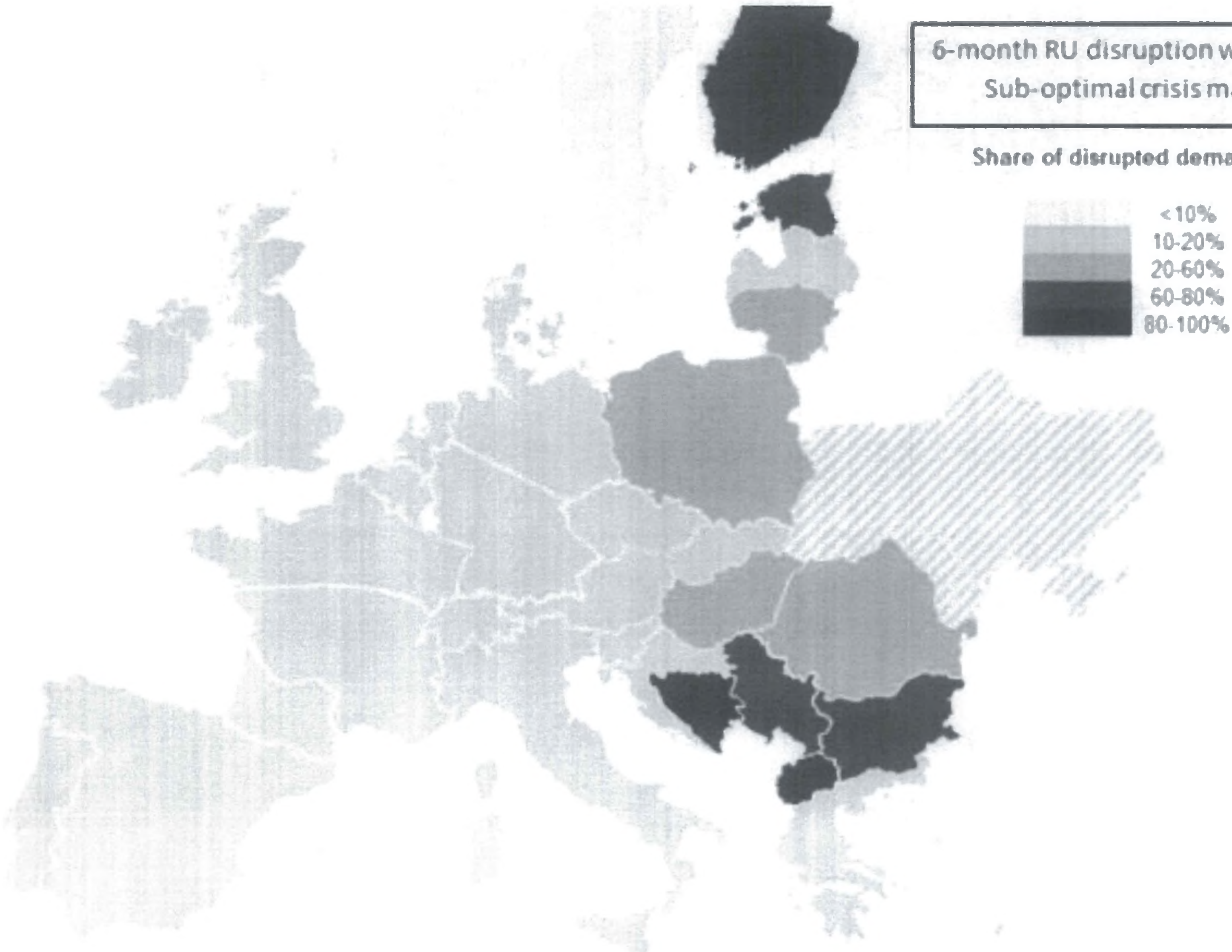
US-EU Energy Council – Policy WG

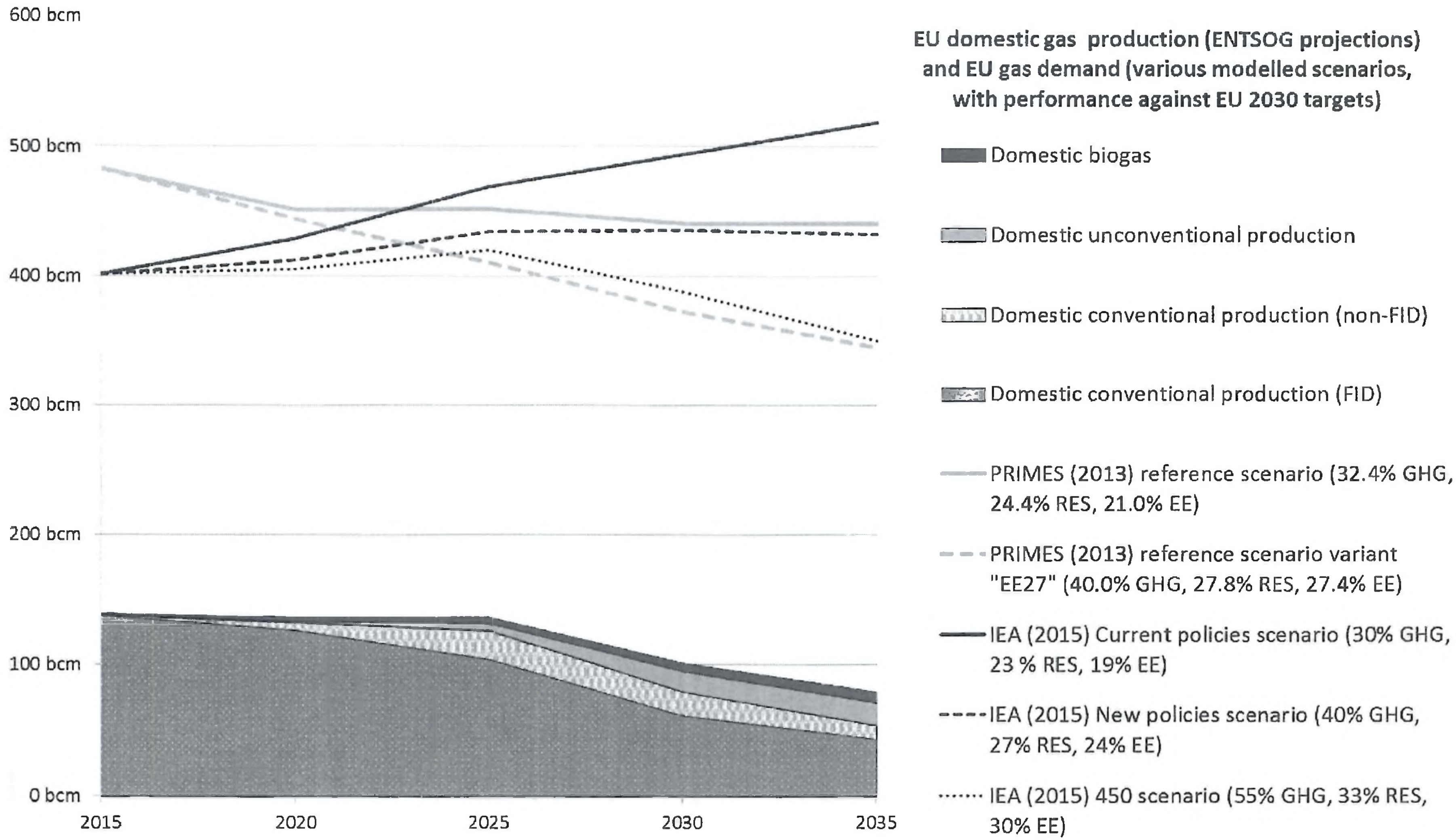
DG Energy

3 March 2016

European Commission

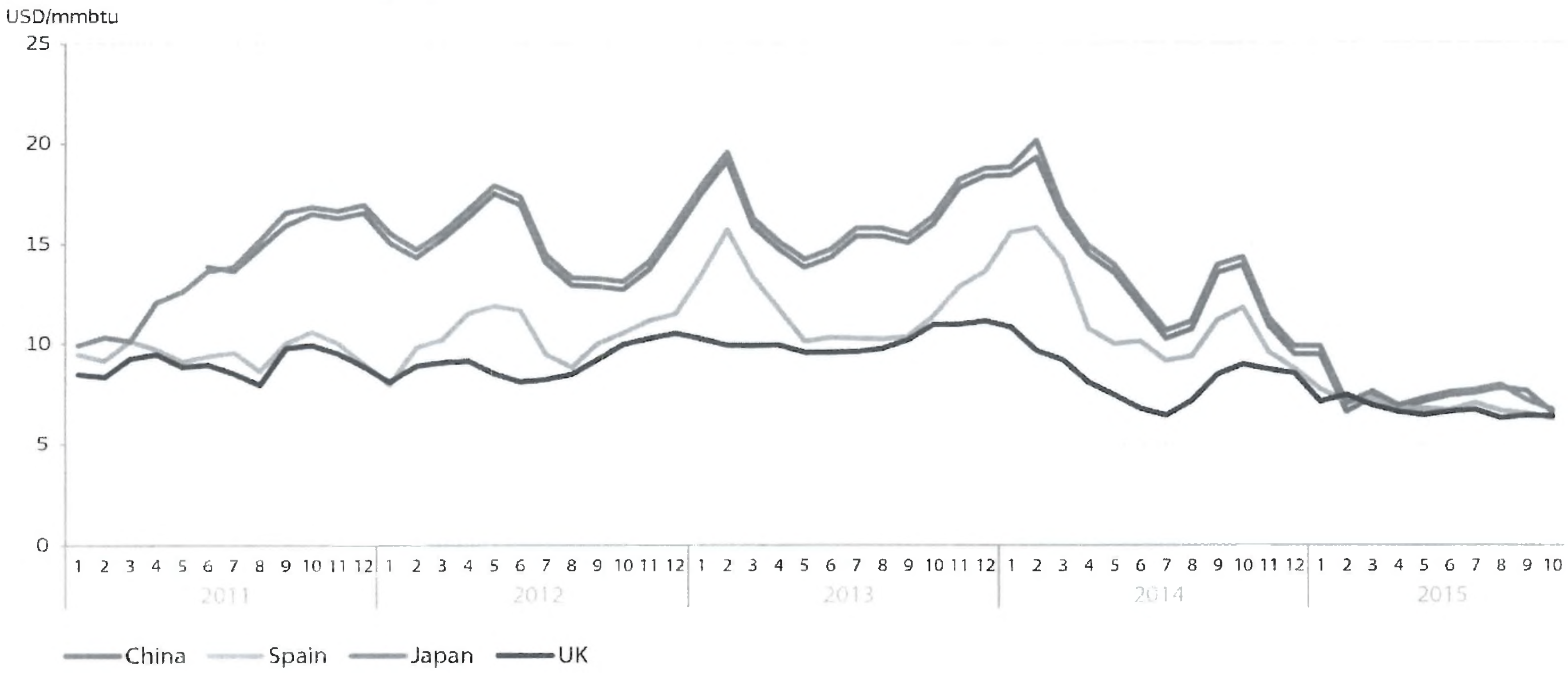
6-month RU disruption with a Cold Spell
Sub-optimal crisis management




EU domestic gas production (ENTSOG projections)
and EU gas demand (various modelled scenarios,
with performance against EU 2030 targets)
600 bcm
500 bcm
400 bcm
300 bcm
200 bcm
100 bcm
0 bcm
2015
2020
2025
2030
2035
Domestic biogas
Domestic unconventional production
Domestic conventional production (non-FID)
Domestic conventional production (FID)
PRIMES (2013) reference scenario (32.4% GHG, 24.4% RES, 21.0% EE)
PRIMES (2013) reference scenario variant "EE27" (40.0% GHG, 27.8% RES, 27.4% EE)
IEA (2015) Current policies scenario (30% GHG, 23 % RES, 19% EE)
IEA (2015) New policies scenario (40% GHG, 27% RES, 24% EE)
IEA (2015) 450 scenario (55% GHG, 33% RES, 30% EE)

European Commission

EU need for diversification meets global LNG opportunity...



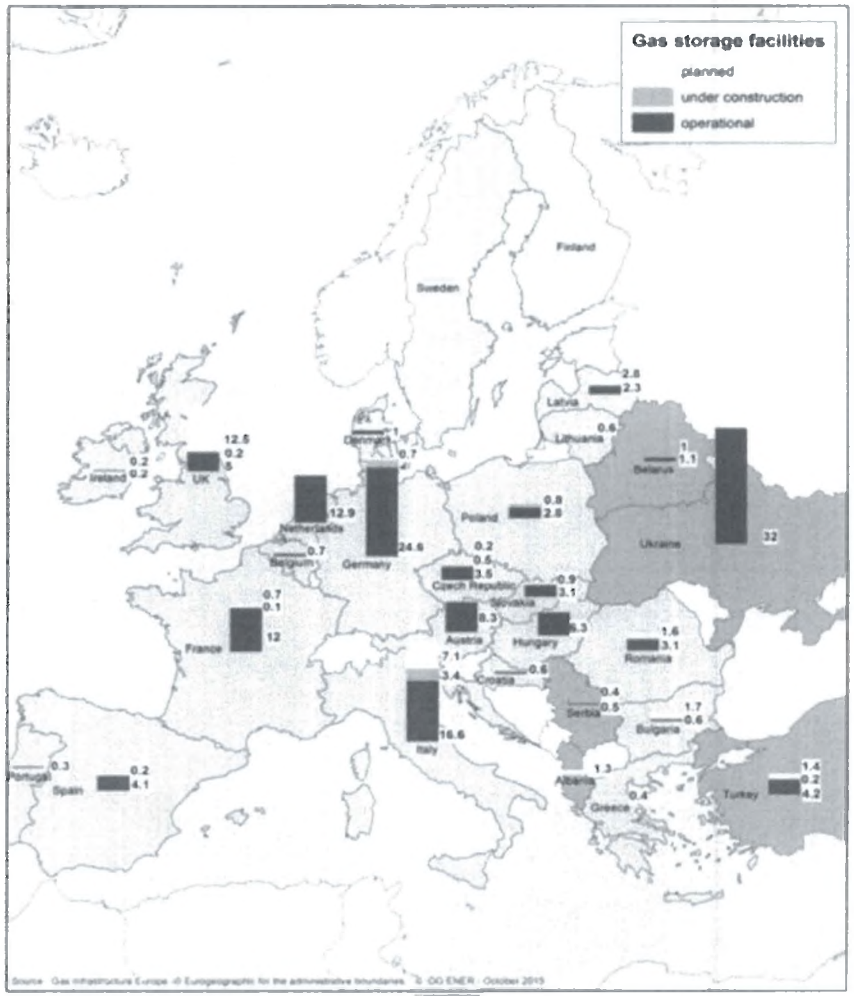
Challenges facing storage facilities

- Stress test:
  - *Important role of LNG and storage in crisis situations*
  - *Benefits of cooperation*
- Availability and type of storage varies significantly across the EU
- Restricted access to storage cross-border
- Competition from other flexibility sources

Security of supply risk

Room for better efficiency and optimisation

Technical working gas volume of underground gas storage facilities (in bcm)



European Commission

Important tools for diversification and flexibility: LNG and storage

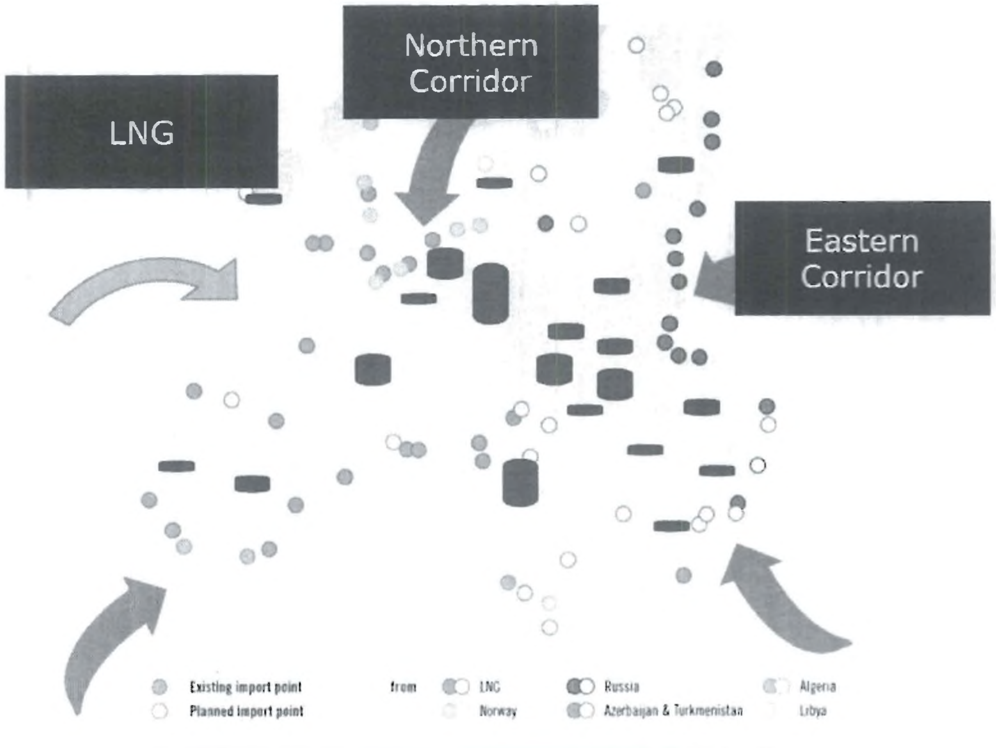


Figure 5.1: Existing and new import sources and routes[7]

Western Corridor

Southern Corridor

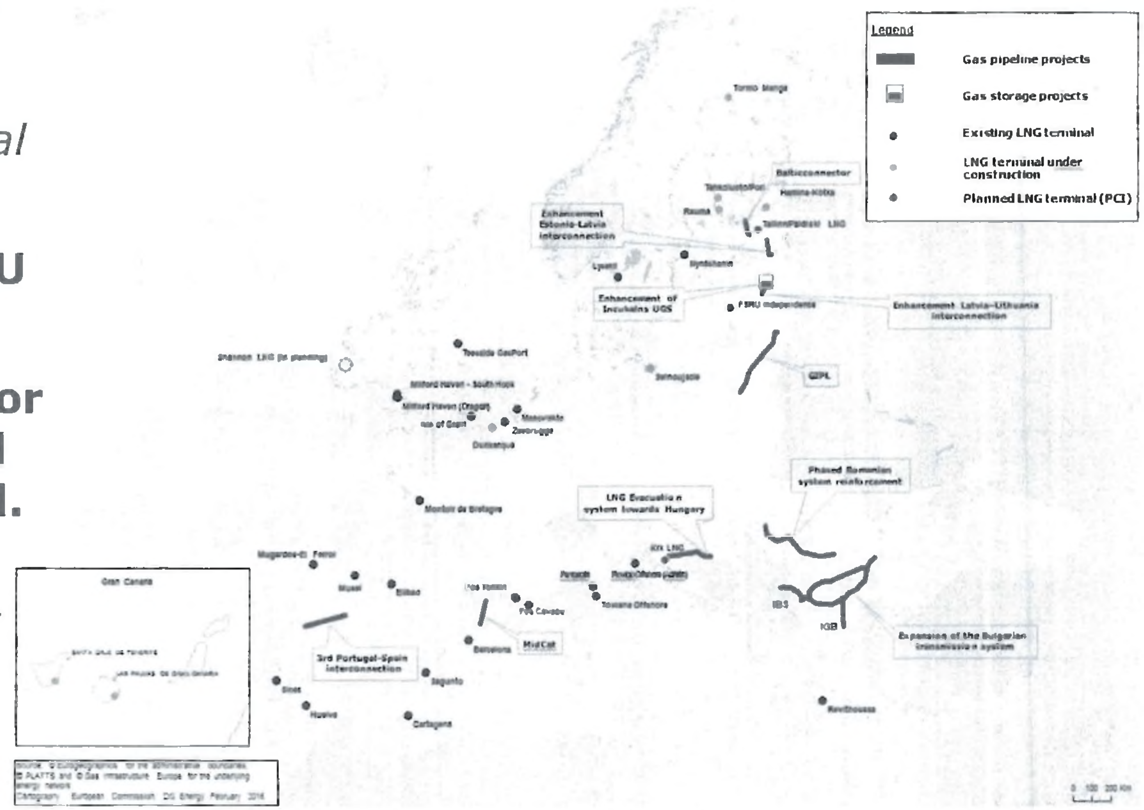
Objective is to ensure access to liquid regional gas hubs:

- To make sure all Member States have access to LNG as an additional gas source and to sufficient storage capacity, in particular in vulnerable Member States, either directly or through other countries
- To make the EU attractive for LNG

European
Commission

(1) Complete the internal gas market

- **Build key LNG related infrastructure**
  - *In particular under BEMIP and CESEC*
  - *This will also allow regional access to storage*
- **Fully implement existing EU energy legislation**
- **Ensure level playing field for existing LNG terminals and flexibility instruments (incl. storage)**
  - *Enable the introduction of new services and technologies*



European Commission

(2) 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)