

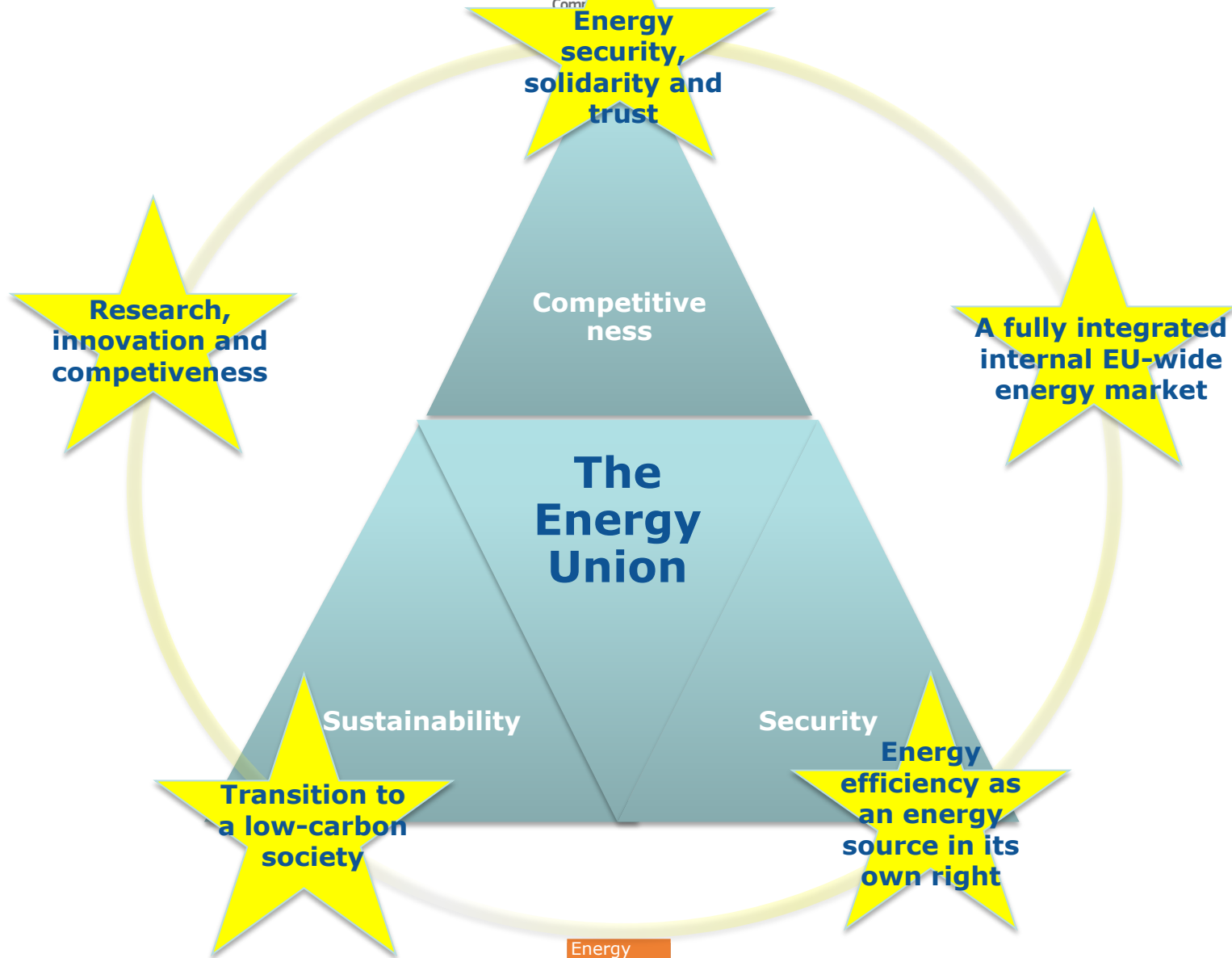


The role of natural gas in the Energy Union

Member States Gas Forum

European Commission, Energy
Internal energy market: Security of supply

Brussels, June 23rd 2015



1 Energy Security, solidarity and trust

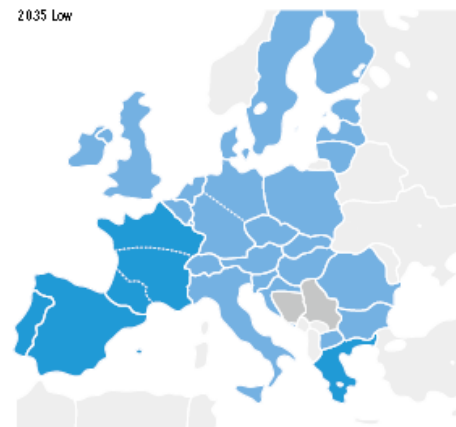
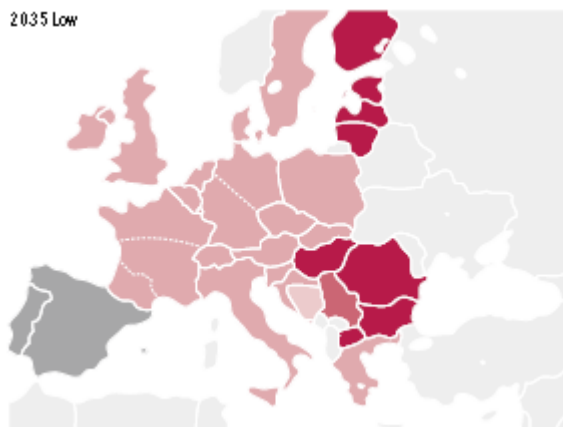


We have to diversify energy supply

This means an increased variety of sources, suppliers and routes; increasing transparency on gas supply; working together on security of supply and developing a stronger European role in global energy markets.

TYNDP 2015: Russia and (potentially diverse) LNG dominating EU future gas supply

- Increasing import needs
- Regions not sufficiently integrated often suffer from a lack of supply security and competition
 - Baltics, CEE & SEE – security of supply issue
 - SWE – exposure to global LNG price



Cooperative supply source dependence towards Russian (red) and LNG (blue) supplies.
Source: ENTSOG TYNDP 2015

We've conducted an Energy Stress Test

Results

We've conducted an Energy Stress Test

Why ?

A simulation
of an extreme
situation
Not a
projection!

Today we import

53%

of the energy we consume

	Crude oil	88%
	Natural gas	66%
	Solid fuel	42%
	Nuclear	40%

From Russia



39%
gas



33%
oil

48% of the EU's energy is used to heat water and homes

(1) Progress has already been made:

- Third Energy Package - better functioning internal market
- Gas Security of Supply Regulation (Reverse flow, Gas Coordination Group)
- New, additional infrastructure e.g. Under EEPR
- Some regional work as in Baltics, BG-EL

Efficient use of gas infrastructures in mitigating disruption depends on:

-> ability of impacted countries to send price signals to attract gas and ...

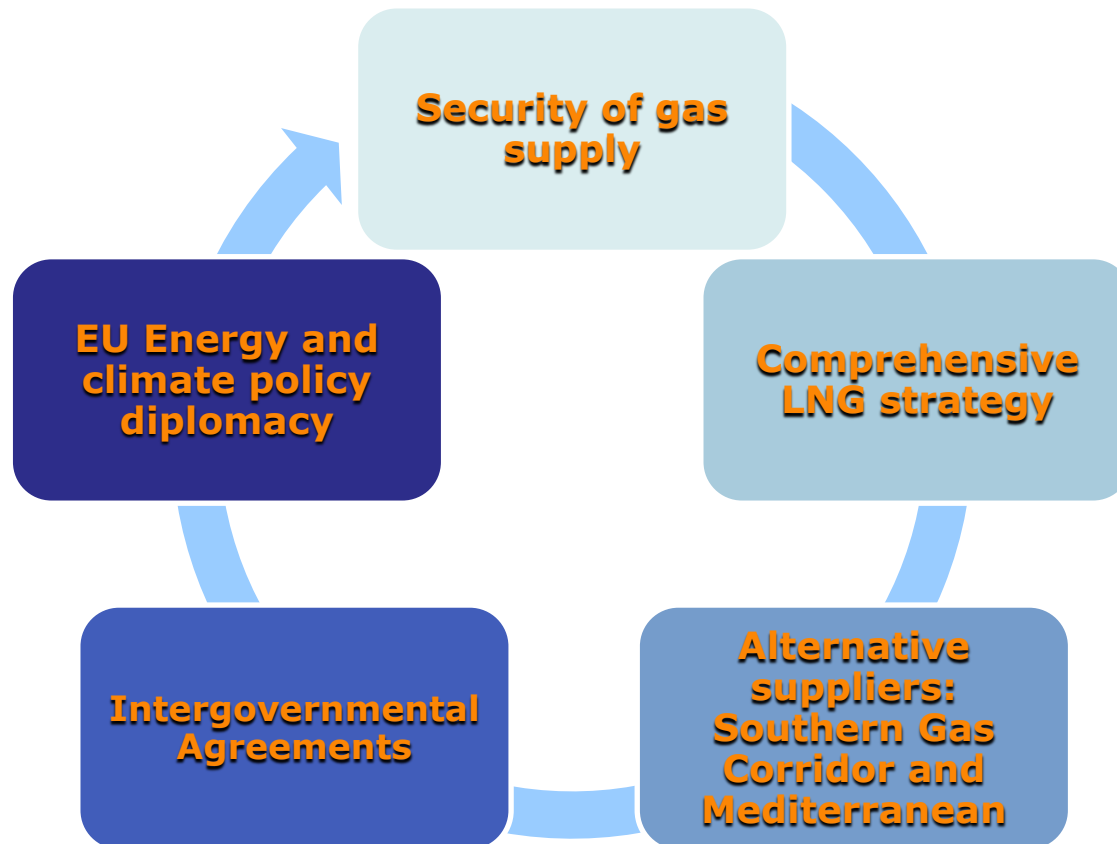
- In a functioning market, price signals will attract new deliveries of gas, mainly LNG, and limit demand; the commercial use of storage will help ensure the demand-supply balance.

-> ... on the cooperation between Member States

- Regional production, storage and LNG will not take full benefit of existing interconnections in case of sub-optimal crisis management

Energy Security, solidarity and trust

Concrete actions



Revision of the Gas Security of Supply Regulation

Stress test

- Remove barriers to market functioning
- Ensure implementation of the SoS Regulation
- Coordinating measures
- Reverse Flows Exemptions, Investment projects

Mitigation - Prevention

Stakeholders

Voluntary demand aggregation mechanisms for collective purchasing of gas during a crisis

Public consultation

- Preference for market-based measures
- Need for harmonization
- Regional differentiation?

Implementation 994/2010

- Solidarity
- Cross-MS issues, parallel functioning of markets

Energy Union

- Common crisis management
- Preventive and emergency plans at regional and EU level
- Solidarity has to be strengthened

Global LNG markets are set to expand with new volumes entering from US and Australia in particular



Important tools for diversification: LNG and storage strategy



Figure 5.1: Existing and new import sources and routes²⁹

LNG

- Current import capacity sufficient to cover all gas import projections by 2040
 - But: bottlenecks
- Supply outlook: new potential suppliers

Storage

- Is storage capacity sufficient?
- Decreasing summer-winter spread
 - Risk of viability of storages

Reviewing the IGA Decision

What works?

- Useful to receive information on IGAs landscape and features

What does not work?

- Not sufficient to cure the problem:
 - Commission not informed of ongoing IGAs negotiations
 - No voluntary compatibility check before concluding an IGA

Next steps

- Assessing options (ex-ante checks)

Thank you for your attention!

