



● Security of Gas Supply

*3rd Internal Energy Market package
and SoS Regulation: reinforcing
each other*

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● Security of Supply - EU Energy policy

Competitiveness

Sustainability

Security of Supply

Objectives:
20-20-20 by
2020

Integrated policy-making

Treaty of Lisbon (1 Dec 2009)
Art. 194 new energy article
spirit of solidarity

● SoS and 3rd package: how they are linked

- **Functioning IEM** - best tool to secure supplies
- **Investments/interconnections** - opening of markets/diversification
- **Consumer protection** - beyond the market („protected“ and vulnerable customers, PSO's, supply standard)
- **Cross-border co-operation** - coherence at Union level, regional co-operation and solidarity
- **Transparency** - informed decisions by gas undertakings and wise crisis-response at national/ Union level

● Functioning IEM as a prerequisite for SoS

- 3rd IEM package strengthens the functioning of European gas market (unbundling, cross-border co-operation and access to infrastructure, transparency, regulatory oversight).
- SoS Regulation enshrines the “3-level-approach” (industry, MS, Union) allowing the industry/market to resolve a crisis.
- Transparency, consultations and Commission’s role to ensure that emergency measures do not distort competition nor hamper the market functioning.
- Liquid/flexible markets ensure correct price signals directing supply to the most profitable regions and demand response.

● Investments in infrastructure

- Sufficient infrastructure and absence of bottlenecks are prerequisite for flexible and liquid European market.
- 3rd IEM: **Infrastructure planning** (ACER, ENTSO and 10 YNDP).
- Gas SoS: investments where it is needed the most (risk assessment), network resilience (N-1), **Reverse flows**.

● Customer protection ... it is all about

- 3rd IEM: “safety net” for exceptional situations where the market would not deliver an optimal result (PSOs, “vulnerable customers”).
- SoS Regulation: narrowly defined scope of protected customers and limited supply standard; extension possible, provided it does not negatively impact the functioning of the market and an effective competition

- Cross-border cooperation – coherence and solidarity at the Union level
 - 3rd IEM: obligatory cooperation of TSOs (ENTSO-G, network codes, guidelines); close cooperation of Member States and the NRAs (ACER) to ensure security of supply and regional solidarity, cross border investments and access to infrastructure,
 - SoS Regulation: concertation on Preventive and Emergency Plans, regional Plans, Gas Coordination Group, continuous co-operation.

● Transparency

- Information to be provided to the market participants.
- Full information on all Public Service Obligations.
- Disclosure of measures envisaged during emergency.
- During Emergency: increased exchange of information: contract duration, volumes, delivery points, maximum daily volumes.
- Information on existing and new Intergovernmental agreements.
- Duty on MS, CA and Commission to ensure confidentiality and protect commercially sensitive information.

● Thank you for your attention!

http://ec.europa.eu/energy/security/gas/gas_en.htm



● Backup slides (additional)

● Third Legislative Package

- **EU Regulatory Agency ACER** (Ljubljana, March 2011)
- **Cooperation of network operators (ENTSO-E/ENTSO-G)**
- EU wide network codes and guidelines – **pilot code started** (Capacity allocation code (gas))
- **Effective separation** of production/supply of gas from transmission/distribution (OU, ITO, ISO)
- **Transparency** of information for market participants
- **Infrastructure planning** (ACER, ENTSO and 10 year network plans)
- **Stronger role for regulators** – access to storage, monitoring, network security
- Certification of **third-country TSOs**

● Regulation on security of gas supply (1)

- **Comprehensive approach on the basis of Lisbon Treaty:** Article 194 (2) TFEU – *internal market, interconnections, in the spirit of solidarity*
- **Responsibility for security of supply - common standards for security of gas supply**
 - » Common **definition of protected customers:** 1) Households plus if Member States decide: 2) SMEs and essential social services (20%), 3) District heating installations
 - » Binding **infrastructure standard N-1**
 - » European approach on **reverse flows:**
 - » Obligation for reverse flows on all cross-border interconnections between Member States (except LNG, production, distribution)
 - » Opinion by Member States and procedure for exemption and proposal for capacity with Commission decision
 - » Flexibility and solidarity - **Minimum supply standard** for 30 days

● Regulation on security of gas supply (2)

● Towards a common level of preparedness in the EU

» **Basis: National/regional risk assessment**

» **Preventive Action and Emergency Plans to be published and assessed by the Commission**

- Basis: market mechanism
- Consultation with neighbours
- Regional plans
- Avoid distortion of the market by emergency measures
- Transparency on all measures

● Regulation on security of gas supply (3)

- **Responsibility and Solidarity** („starts before the crisis“)
 - » Shared task of undertakings, Member States and the Commission
 - Consultation on the plans
 - Regional cooperation (Annex IV)
 - Role of the Gas Coordination Group (ENTSO-G, ACER)
 - Assessment of the Plans by Commission
 - Union emergency: Monitoring and coordination at EU level (Commission)
- **Better information exchange:**
 - » Transparency on all Public Service Obligations (PSOs)
 - » New reporting requirements to ensure availability of data in the crisis
 - Contracts duration, volumes, delivery points, max. daily volumes
- **Common approach in the external relations:**
 - » Information by Member States to the Commission existing and new inter-governmental agreements with third country suppliers

● Regulation on security of gas supply (4)

● **Timeline and next steps**

- » Commission Proposal of 16 July 2009
- » September 2009- now: First reading in European Parliament and the Council
- » Inter-institutional negotiations – four trilogues (22 June 2010)
- » Spanish Presidency (1st half of 2010): political agreement
- » Belgium Presidency (2nd half of 2010)
 - Plenary vote by European Parliament in September 2010
 - Formal adoption by Council