Measures to safeguard the security of gas supply

2016/0030(COD) - 16/02/2016 - Legislative proposal

PURPOSE: to safeguard the security of gas supply in the European Union.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Regulation (EU) No 994/2010 of the European Parliament and of the Council concerning measures to safeguard security of gas supply has already had a significant positive impact on the Union situation as regards the security of the gas supply, both in terms of preparation and mitigation.

Member States are better prepared to face a supply crisis now that they are required to draw up plans including preventive and emergency measures, and they are better protected now that they have to meet a number of obligations regarding infrastructure capacity and gas supply.

Five years after the adoption of Regulation 994/2010, **the security of the gas supply remains a highly topical issue**, given the tensions prevailing between Ukraine and Russia:

the implementation report of Regulation (EU) No 994/2010 of October 2014 highlighted areas in which improvements to that Regulation could further bolster the Union supply security;

- the Commission's Communication on the short-term resilience of the European gas system from October 2014 analysed the effects of a partial or complete disruption of gas supplies from Russia and concluded that purely national approaches are not very effective in the event of severe disruption, given their scope, which is by definition limited. This stress test showed how a more cooperative approach among Member States could significantly reduce the impact of very severe disruption scenarios in the most vulnerable Member States;
- the Commission Communication 'Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy' from February 2015, highlights the fact that the Energy Union rests on solidarity and trust, which are necessary features of energy security.

The increasing interconnection of the EU gas markets and the 'corridor approach' for enabling the reverse flows on gas interconnectors call for coordinated measures. Cooperation should also be extended to specific measures to **foster solidarity between Member States** in security of supply matters.

IMPACT ASSESSMENT: the Impact Assessment Board issued a positive opinion on 16 December 2015. Four policy options were examined and the option maintained consisted of ensuring a **better coordination, with some principles/standards being set at EU level**. This option: (i) will have a very limited overall impact on costs and prices; (ii) should be good for market participants and consumers; (iii) should help make the single energy market operate better.

CONTENT: this draft Regulation seeks to **replace Regulation (EU) No 994/2010** and ensure that all the necessary measures are taken to **safeguard an uninterrupted supply of gas throughout the Union**, in particular to protected customers in the event of difficult climatic conditions or disruptions of the gas supply.

This Regulation establishes provisions aimed at safeguarding the security of gas supply by ensuring the proper and continuous functioning of the internal market in natural gas ("gas"), by:

- allowing for **exceptional measures** to be implemented when the market can no longer deliver the required gas supplies;
- providing for a **clear definition and attribution of responsibilities** among natural gas undertakings, the Member States and the Union regarding both preventive action and the reaction to concrete disruptions of supply.

To meet this objective, the draft regulation proposes **stronger regional coordination, with certain principles and standards being set at EU level**. The approach proposed is that:

- Member States should cooperate closely within their regions when conducting **regional risk assessments**;
- in order to ensure EU-wide consistency, regional risk assessments will be conducted on the basis of an **EU-wide simulation**, with common standards and a specific scenario;
- risks identified through regional risk assessments will be addressed in **regional preventive action plans and emergency plans**, to be peer-reviewed and approved by the Commission.

To ensure that risk assessments and plans are comprehensive and consistent with one another, the Regulation sets out **mandatory templates** listing aspects that must be taken into account when conducting the risk assessment and drawing up the plans.

The Regulation also:

- improves the application of the **supply standard to protected customers** (mainly households) and the infrastructure standard (the possibility of supplying gas even if the largest infrastructure is not available);
- enables **permanent bi-directional capacity**;
- proposes the introduction of additional **transparency measures concerning gas supply contracts**; as such contracts may affect security of supply in the EU.

DELEGATED ACTS: this proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.