EU strategy for liquefied natural gas and gas storage

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The Committee on Industry, Research and Energy adopted the own-initiative report by András GYÜRK (EPP, HU) in response to the Commission communication entitled 'An EU strategy for liquefied natural gas and gas storage'.

Whilst welcoming the Commission communication, Members stressed that an EU strategy for LNG must be consistent with the framework strategy for a resilient Energy Union, so as to contribute to increased security of energy supply, decarbonisation, the long-term sustainability of the economy and the delivery of affordable and competitive energy prices.

Members agreed with the assessment of the Commission that **Member States in the Baltic Sea region and in central and south-eastern Europe, and Ireland** – despite the huge infrastructure development efforts realised by certain Member States – are still heavily reliant on a single supplier and are exposed to supply shocks and disruptions. The availability of LNG, including supporting pipeline infrastructure, in these Member States could significantly improve the current supply security situation, contributing to more competitive energy prices.

The resolution stressed the need to:

- make the EU gas system more diverse and flexible and develop a strategy that aims at **lessening EU gas dependency in the long term**;
- promote, before supporting new regasification terminals, the **most efficient use of existing LNG terminals** from a cross-border perspective, so to avoid technology lock-in or stranded assets in fossil fuel infrastructure and ensure that consumers do not have to bear the costs of any new projects.

Completing missing infrastructure

As regards the LNG infrastructure, Members highlighted the importance of:

- giving priority to **market-based solutions** and to the utilisation of existing LNG infrastructure on a regional level;
- carrying out a **careful analysis of LNG supply alternatives** and options from a regional as well as an environmentally sustainable perspective, before deciding on new infrastructure;
- **cooperating a regional level** when building new LNG terminals and interconnections: Member States with access to the sea should cooperate closely with landlocked countries in order to avoid over-investment in unnecessary and uneconomic projects.

The Commission and the Member States are called upon to:

- put in place **strategies** to support facilities that can be used in the future to manage the transfer and storage of renewable natural gas;
- **fully implement key projects of common interest** (PCIs), and to assign high priority primarily to the most economically and environmentally efficient.

Regarding storage infrastructure, Members recalled that the cross-border accessibility of gas storages is one of the key tools to implement the principle of energy solidarity during gas shortages and emergency

crisis. They emphasised that a more extensive use of **Ukraine's storage capacity** will only be possible if an appropriate and stable commercial and legal framework and the integrity of supply infrastructure is guaranteed in Ukraine. The EU should support Ukraine in transitioning from dependency on Russian natural gas to LNG.

Connecting LNG and storage to markets: the report emphasised the importance of the work of **regional high-level groups**, such as the Central East South Europe Gas Connectivity High Level Group (CESEC), the Baltic Energy Market Interconnection Plan (BEMIP) and the South-West Europe group.

Members are called upon to:

- find cost-efficient and environmentally sustainable energy supply options to increase long-term security of supply for the Iberian peninsula, Central and South-East Europe, the Baltic states and Ireland;
- support the most vulnerable countries that continue to remain energy islands, such as Cyprus and Malta;
- prioritise gas production in the Mediterranean, Black Sea and Caspian regions, as well as for interconnecting landlocked countries in Central and South-East Europe to these new capacities in order to diversify supply sources in those regions.

Making the EU an attractive market for LNG: Members urged the Member States to **fully implement the Third Energy Package**. They highlighted the important role that well-interconnected liquid gas hubs play on the gas markets that would ensure a single integrated market where gas can freely flow across borders in line with market price signals. They urged stakeholders to **finalise the network code** on rules regarding harmonised transmission tariff structures for gas as soon as possible.

Gas storage in the internal market: the report highlighted the need to develop **harmonised tariff structures** across the EU and to increase transparency in tariff definition in order to achieve a higher utilisation rate of existing gas storages. It urged the Member States to fully implement the third energy package, particularly in relation to the provisions on granting access to **bio-methane** to the grid and to storage facilities. It also underlined the importance of eliminating regulatory barriers to developing regional storage concepts.

Role of the EU as a player on international LNG markets: Members considered that, through its emergence as an important market, the EU can contribute to the evolution of gas trading rules with a view to improved flexibility and the convergence of global gas markets.

In order to do so:

- the EU's trade policy should **enhance the Union's and Member States' energy diversification** and reduce their dependency on imported energy from too few suppliers;
- **the EU should play a more proactive role in the international energy diplomacy arena**: it should explore new partnerships, review its existing ones and hold specific energy talks with other partners in areas such as – but not limited to – Central Asia, North Africa and the Americas;
- **coherence between the EU's trade and energy policies** should be enhanced.

Sustainability and the use of LNG as an alternative fuel in transport, heat and power: Members acknowledged the potential of LNG as an alternative fuel, both in road and maritime transport. They underlined that wider use of LNG in freight transport could contribute to the decrease of global CO2, SOx, and NOx emissions, especially through using more LNG engines in maritime transport.

The report recommended, *inter alia*:

- the creation of a joint project with the Member States and their regions, a common project of '**LNG Blue Corridors for Islands**' for the maritime sector, including ports of the TEN-T Comprehensive Network;
- the implementation of Directive 2014/94/EU as regards the establishment of **CNG refuelling points** , so as to ensure that motor vehicles running on that fuel can circulate in urban/suburban agglomerations and other densely populated areas, and at least along the existing TEN-T Core Network;
- the adoption of measures to promote: (i) the development of vessels and motor vehicles running on LNG; (ii) transport of LNG by rail; (iii) the development of an efficient network of refuelling infrastructure in order to close the existing gaps in provision and create a complete supply network.