EU strategy for liquefied natural gas and gas storage

2016/2059(INI) - 25/10/2016 - Text adopted by Parliament, single reading

The European Parliament adopted by 415 votes to 223, with 55 abstentions, a resolution 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 highlighted, in this context, current developments in global LNG markets, where **oversupply has led to lower prices**, presenting an opportunity to deliver lower energy costs to EU consumers through relatively cheaper gas supplies.

(1) Reduce Union dependency: 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.

(2) 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.

(3) Connecting LNG and storage to markets: Parliament 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.

Parliament expressed concern at the proposed **doubling of capacity of the Nord Stream pipeline**, and the counterproductive effects this would have on energy security and diversification of supply sources and the principle of solidarity among Member States. It considered that if, contrary to European interests, Nord Stream 2 were to be built it would necessarily require a sound assessment of LNG terminals' accessibility and a detailed state of play on the North-South Gas Corridor.

(4) Making the EU an attractive market for LNG: Members urged the Member States to **fully implement the third energy package**, while insisting that the completion of the internal gas market and the elimination of regulatory obstacles would greatly improve the liquidity of gas markets. They urged stakeholders to **finalise the network code** on rules regarding harmonised transmission tariff structures for gas as soon as possible.

(5) Gas storage in the internal market: the resolution 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. Members supported the Commission's proposal to enable the deployment of bio-methane and other renewable gases which comply with relevant EU quality standards in gas transmission, distribution and storage.

(6) Role of the EU as a player on international LNG markets: Parliament supported the Commission, the European External Action Service and the Member States in their active engagement in **energy diplomacy** in order to promote a rule-based, transparent and well-functioning global gas market.

Members considered it of key importance that 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.

Stressing that trade plays a key role in energy security, Members noted that strong energy partnerships, reinforced by the inclusion of **energy chapters in the EU's trade agreements**, are essential tools.

(7) 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 common project of '**LNG Blue Corridors for Islands**' for the maritime sector, including ports of the TEN-T Comprehensive 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.

Lastly, Parliament noted that the use of small-scale LNG technology in certain areas, such as **long-range transportation or industrial high-performance applications**, could not only contribute to climate policy objectives but also result in significant business advantage. It also noted that LNG, and in particular CNG, is also a viable solution for public transport.