

Energy: natural gas, security of supply

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PURPOSE : to establish measures aimed at ensuring the proper functioning of the EU internal market for gas by safeguarding security of gas supply. **CONTENT** : over 70% of our oil consumption and 40% of our natural gas consumption is at present imported. Projections indicate that these figures could rise to 90% and 70% respectively in 2020. In order to manage the EU's energy dependence as effectively as possible, this proposal presents a series of harmonisation measures which will guarantee joint and coordinated action with regard to security of supply. It establishes a common framework within which Member States shall define general, transparent and nondiscriminatory security of supply policies compatible with the requirements of a competitive single EU market for gas; clarify the general roles and responsibilities of the different market actors and implement specific non-discriminatory procedures to safeguard security of gas supply. The Member States will define a general policy and standards for the security of gas supply based on a clear definition of the roles and responsibilities of the various market players. In a crisis, joint and coordinated mechanisms will be implemented. Given the specific features of the gas sector with regard to transmission and storage, it is not foreseen at this stage to set minimum quantities of gas stocks. However, each Member State will have to implement a combination of measures which will comprise gas storage, interruption of interruptible demand to permit the redistribution of gas and ensure the flexibility of the system, the flexibility of supply and the spot markets. The Member States will determine national objectives so that gas storage ensures a minimum contribution to the security of supply standards. Lastly, the Commission will monitor gas supply and, if necessary, take measures to guarantee continuous long-term supply and the development of a liquid gas market. This new Community framework will entail the accomplishment of complex and technical tasks. In particular, it will be necessary to monitor the development of the international oil and gas markets and evaluate their impact on the security and safety of supply, and monitor the level of security of stocks. It will also be necessary to develop more reliable price indexes better reflecting market realities than the existing ones. It is therefore proposed to establish, within and under the aegis of the Commission's services, a European observation system for oil and gas supply which will bring together the expertise needed to accomplish these tasks. Ultimately, the creation of an Agency might be envisaged, which would relieve the Commission of these technical tasks. Measures to improve the security of oil and gas supplies can only be envisaged in coordination with producer countries. Intensified dialogue with the producer countries will make it possible to improve the price mechanism and allow the conclusion of satisfactory supply agreements. Cooperation should also take place with the producer countries and the transit countries with regard to the storage of oil and gas. In this connection, the dialogue between the EU and Russia is the first model of its kind.