Basic information

2002/0220(CNS) CNS - Consultation procedure Directive	Procedure completed
Energy: natural gas, security of supply Repealed by 2009/0108(COD) **Subject** 3.60.03 Gas, electricity, natural gas, biogas 3.60.10 Security of energy supply	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ITRE Industry, External Trade, Research, Energy	MOMBAUR Peter Michael (PPE-DE)	12/11/2002

Former committee responsible	Former rapporteur	Appointed
ITRE Industry, External Trade, Research, Energy	MOMBAUR Peter Michael (PPE-DE)	12/11/2002

Committee for opinion	Rapporteur for opinion	Appointed
JURI Legal Affairs and Internal Market	WALLIS Diana (ELDR)	18/02/2004

Former committee for opinion	Former rapporteur for opinion	Appointed
ECON Economic and Monetary Affairs	BLOKLAND Johannes (EDD)	27/11/2002
JURI Legal Affairs and Internal Market	The committee decided not to give an opinion.	
ENVI Environment, Public Health, Consumer Policy	KRONBERGER Hans (NI)	27/11/2002

Council of the European Union

Council configuration	Meetings	Date
Transport, Telecommunications and Energy	2507	2003-05-14
Agriculture and Fisheries	2578	2004-04-26

European Commission	

Commission DG	Commissioner
Energy and Transport	

Key events

Date	Event	Reference	Summary
11/09/2002	Legislative proposal published	COM(2002)0488	Summary
09/10/2002	Committee referral announced in Parliament		
14/05/2003	Debate in Council		Summary
09/09/2003	Vote in committee		Summary
09/09/2003	Committee report tabled for plenary, 1st reading/single reading	A5-0295/2003	
22/09/2003	Debate in Parliament		
23/09/2003	Decision by Parliament	T5-0397/2003	Summary
08/12/2003	Amended legislative proposal for reconsultation published	15769/2003	
18/12/2003	Formal reconsultation of Parliament		
18/03/2004	Vote in committee		Summary
18/03/2004	Committee report tabled for plenary, reconsultation	A5-0213/2004	
19/04/2004	Debate in Parliament		
20/04/2004	Decision by Parliament	T5-0300/2004	Summary
26/04/2004	Act adopted by Council after consultation of Parliament		
26/04/2004	End of procedure in Parliament		
29/04/2004	Final act published in Official Journal		

Technical information

Procedure reference	2002/0220(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	Repealed by 2009/0108(COD)
Legal basis	EC Treaty (after Amsterdam) EC 095
Stage reached in procedure	Procedure completed

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A5-0295/2003	09/09/2003	
Text adopted by Parliament, 1st reading/single reading		T5-0397/2003 OJ C 077 26.03.2004, p. 0022-0059 E	23/09/2003	Summary
Committee final report tabled for plenary, reconsultation		A5-0213/2004	18/03/2004	
Text adopted by Parliament after reconsultation		T5-0300/2004 OJ C 104 30.04.2004, p. 0036-0304 E	20/04/2004	Summary

Council of the EU

Document type	Reference	Date	Summary
Amended legislative proposal for reconsultation	15769/2003	08/12/2003	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2002)0488	11/09/2002	Summary
Follow-up document	COM(2008)0769	13/11/2008	Summary
Document attached to the procedure	SEC(2009)0978	16/07/2009	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1342/2002 OJ C 133 06.06.2003, p. 0016-0022	26/03/2003	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Directive 2004/0067
OJ L 127 29.04.2004, p. 0092-0096 Summary

Energy: natural gas, security of supply

2002/0220(CNS) - 11/09/2002 - Legislative proposal

PURPOSE : to establishes 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.

Energy: natural gas, security of supply

2002/0220(CNS) - 20/04/2004 - Text adopted by Parliament after reconsultation

The European Parliament adopted the resolution drafted by Peter MOMBAUR (EPP-ED, D) and welcomed the fact that, as regards the substance, the Council has abided by Parliament's proposals. Parliament approved the amendment of the legal basis, and called on the Commission to alter its proposal accordingly. (Please refer to the summary of 18/03/04.)

Energy: natural gas, security of supply

2002/0220(CNS) - 26/04/2004 - Final act

PURPOSE : establishes measures to safeguard an adequate level for the security of gas supply. LEGISLATIVE ACT : Council Directive 2004/67/EC concerning measures to safeguard security of natural gas supply. CONTENT : this Directive establishes a common framework within which Member States must define general, transparent and non-discriminatory security of supply policies compatible with the requirements of a competitive internal gas market. It sets out to clarify the general roles and responsibilities of the different market players and implement specific non-discriminatory procedures to safeguard security of gas supply. Member States must take appropriate steps to ensure that the measures referred to in this Directive do not place an unreasonable and disproportionate burden on gas market players and are compatible with the requirements of a competitive internal gas market. A non-exhaustive list of instruments for the security of gas supply is given in the Annex. The main points are as follows: - Member States must ensure that supplies for household customers are protected to an appropriate extent at least in the event of certain specified events, such as a partial disruption of national gas supplies, or extremely cold temperatures during a nationally determined peak period. A non-exhaustive list in the Annex sets out examples of instruments which may be used in order to achieve the security of supply standards. If an adequate level of interconnection is available, Member States may take the appropriate measures in cooperation with another Member State, including bilateral agreements, to achieve the security of supply standards using gas storage facilities located within that other Member State. - Member States may require the industry to set indicative minimum targets for a possible future contribution of storage, either located within or outside the Member State, to security of supply. These targets must be published; - Given the importance of securing gas supply, i.e. on the basis of long-term contracts, the Commission must monitor the developments on the gas market on the basis of reports from Member States; - A Gas Coordination Group is established in order to facilitate the coordination of security of supply measure; - Member States must adopt and publish national emergency provisions; - Rules are established which are applicable in the event of a major supply disruption; the foreseeable length of such a supply disruption will cover at least eight weeks; - Regarding the handling of a major supply disruption, the Directive provides for a mechanism based on a three step approach. The first step involves the reactions of the industry to the supply disruption; if this were not sufficient, Member States must take measures to solve the supply disruption. Only if the measures taken at stage one and two have failed will appropriate measures be taken at Community level. ENTRY INTO FORCE : 19 May 2004. DATE OF TRANSPOSITION : 19 May 2006.

Energy: natural gas, security of supply

2002/0220(CNS) - 13/11/2008 - Follow-up document

The Commission presents a Communication on the Directive 2004/67/EC of 26 April 2004 concerning measures to safeguard security of natural gas supply.

Security of supply, as one of the three pillars of the energy policy for Europe defined by the European Council in March 2007, is more and more seen as a public good deserving a closer attention from the European Union. Natural gas is currently the second most important fuel in the EU's energy mix, representing roughly a quarter of EU gross inland consumption. It is widely used in various sectors, such as power generation, district heating, households and industry.

The Commission considers that the **EU needs to take a step forward on security of gas supply** and solidarity. While crises may be rare, they can have very high economic and social impacts. Therefore the EU needs to be prepared to tackle security of supply in an effective way. **Today's Community mechanism** – although fortunately not yet needed – **is not sufficient** to provide a timely response to a gas supply crisis which goes beyond the level that national measures can mitigate. Further, today's **lack of transparency** prevents the assessment of the real-time gas supply situation and potential responses within the EU.

The purpose of this Communication is to examine and discuss proposals on how the EU could approach security of gas supply more effectively in the current and future situation and which elements of the current EU policy on gas security supply should be further developed. It is suggested that **Directive 2004/67/EC should be revised** along the lines proposed in this communication.

1) Scope and better implementation of security of supply standards at national level: it should be carefully examined whether the mandatory scope of the security of supply standards should be extended beyond households. Especially where electricity production from gas is significant, in the absence of adequate alternative measures (fuel switching, storage of alternative fuel or sufficient spare capacity), supplies to power plants should be ensured also under extreme events.

The Commission should examine with the Member States and the industry whether the differences between the definition of roles and responsibilities of market players imply a market distortion or a hindrance to cross-border cooperation in case of crises. A thorough analysis should be carried out for each country to see: i) whether the individually defined security of supply standards are proportionate to the risks incurred; ii) whether the differences impact the competition or constitute a hindrance to solidarity agreements.

The following questions should be examined: are there other events which should be considered beyond partial disruption and extreme winter conditions? What should be the minimum level of short-term security of supply that every Member State individually has to be prepared for? How should it be defined? This Commission makes suggestions to these questions.

2) Community mechanism and solidarity: the gas markets, dominated (90%) by pipeline gas, have a **mainly regional character**: several countries are linked along the same major pipeline infrastructure. Therefore these Member States usually depend on each other's actions and consumption. If for example there is a shortfall of supplies on a specific pipeline, Member States should co-operate in the allocation of the available supplies, reduction of consumption, increase in withdrawal from storage etc. Within the EU, gas is physically transported only through pipelines therefore regional coordination could provide a timely response which EU-level actions might be unable to do. However, for the same reason, a supply shortage is most likely to affect a whole region, which might not be able to cope with it alone. Therefore a further step could be introduced to the levels of intervention: (1) industry, (2) Member States, (3) regional, (4) Community level. If the supply disruption cannot be managed adequately at regional level, the region would have the right to ask for Community assistance.

Pre-defined actions would provide a clear, foreseeable and timely reaction. The defined actions might include: a) a common declaration of an emergency situation, b) allocation of available supplies and infrastructure capacity among the affected countries, c) co-ordinated dispatching, d) activation of emergency measures in unaffected or less affected states in order to increase the amount of gas available to the affected markets.

This approach should lead to the definition of an effective **EU Emergency Plan**, including a European emergency scale, which will specify the nominal level of gas market operation, prevention mechanisms, as well as different pre-emergency and emergency levels defined by disruption volume and by the economic impact. The Community response would be a de facto **solidarity action**. Solidarity is by no means charity and adequate compensation mechanisms would have to be worked out. Each Member State should comply with the defined security of supply standards.

3) Transparency: adequate reporting obligations should be proposed, in order to increase transparency and assess the EU security of supply situation. The measures proposed in the third package on internal energy market to increase transparency should be taken into account: assessment of future supply and demand by the European network of TSOs, the obligation to publish aggregated levels of supply and demand, gas in stock and use of gas storage and LNG facilities.

4) The security of supply margin: during a supply shortfall, a gas supply must be guaranteed to households and other entities protected by the Directive. Two elements are needed: a) increase the **available gas** for the consumers protected by the Directive and b) dispose of **sufficient infrastructure** to transport the gas to these customers.

This excess gas and capacities could be called the "supply security margin". The extent of this margin could be derived directly from the re-defined national security of supply standards. These amounts could then be expressed as a percentage of average consumption. Spare capacity and "excess gas" should match such an indicator.

5) Strategic storage: strategic gas stocks refer to the stockpiling of natural gas which is destined to be used exclusively in emergency situations, hence inaccessible under normal market conditions. Stockpiling of natural gas is expensive. Member States have different levels of exposure to risks and hence different gas supply security requirements. Strategic stocks might be the preferable or only midterm solution for countries with single-source dependence and high share of uninterruptible demand.

The Commission **does not propose an EU-level obligation** as regards strategic stocks. If a Member State chooses this option as a national measure, the use of strategic stocks has to be carefully regulated to avoid market distortions: strategic stocks should not be released in non crisis situations to influence the value of storage and other flexibility instruments that are developed under competitive market conditions. **Development of commercial storages should be encouraged**.

Long-term strategy: although it goes beyond the scope of this Directive, the long-term EU strategy on gas and on energy supply security, as discussed in the Strategic Energy Review, remains crucial.

In order to reduce the risk and the effects of short-term gas supply shocks in the future, the EU has to continue striving for energy efficiency, a well-functioning, well-interconnected internal energy market, innovation and technological developments, diversification of the energy mix, supplies and routes, and effective international frameworks and relations. Transparency and coordination between Member States' actions towards third countries should contribute to strengthen a single voice on energy topics at international level.

Energy: natural gas, security of supply

2002/0220(CNS) - 16/07/2009

In order to strengthen the security of gas supply in the internal market, Council Directive 2004/67/EC concerning measures to safeguard security of natural gas supplies was adopted (see COD/2009/0108). The Directive provides that the Commission shall present an evaluation report on the implementation of the Directive by Member States, which is the purpose of this Commission Staff Working Document.

Transposition: most of the Member States have transposed the security of gas supply provisions of the Directive as part of their internal gas market legislation.

Differences in the security of gas supply roles of market players: Member States have defined the roles for their market players in a different way, which has created distortion for security of gas supply in European internal gas markets.

Security of supply standards: Member States have set very heterogeneous security of supply standards and in some Member States the definition of standards has not been made. These differences may create a barrier to the solidarity mechanism and to the finalisation of the internal gas market.

Security of gas supply instruments: the balance of various instruments is essential to enhancing the security of gas supply. The most frequent measures are gas storage, long term contracts, flexibility of production and imports and diversifications of gas supply. The general conclusion is that the level playing field within the EU has not been reached in terms of security of gas supply instruments.

National emergency measures: the two-step approach used by Member States has created a delay in full transposition of this provision and means that the Commission could only assess national emergency measures of 18 Member States. In any event, most of the Member States have defined their national emergency measures in a systematic way creating the national emergency plans. In these plans they also included prevention mechanisms, nominal level of gas market operation and different pre-emergency and emergency levels defined by disruption volume and by the economic impact.

Monitoring and reporting: Member States' reporting obligations are set out in two gas Directives. Member States have not prepared their annual internal market report in a proper way and much of the mandated information is not included in those reports. Therefore, the Commission had to prepare additional questionnaires and data tables to fulfil its monitoring obligation, which created an additional administrative burden. Moreover, the obligation concerning what to monitor is not sufficient to assess either the current long-term and short-term, or any future security of supply situation of the EU and the effectiveness of the mitigation tools. In addition, reporting obligations are limited in frequency and scope and only three Member States provided complete reporting. Greater transparency is therefore needed.

Energy: natural gas, security of supply

2002/0220(CNS) - 23/09/2003 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution by Peter MOMBAUR (EPP-ED, D) making several amendments to the Commission's proposal. (Please see the document dated 09/09/03.) Members deleted the provisions in the proposal related to the establishment of a European Observation system for supply of hydrocarbons to assist in the preparation of legislation in the field of gas supply. Members also deleted a provision where the Commission might address a Recommendation to Member States to take measures to assist Member States affected by disruption to the supply. Instead, where as a result of: -interruptions of supplies along individual transport routes, or -a halt to supplies from an entire natural gas-producing country or countries, an extraordinary situation arises which cannot be handled by the market participants and the Member States, even in cooperation with other market participants or Member States, the Member States affected may notify this to the Commission. The latter may hold consultations with the Member States and undertakings, take other appropriate measures and, where necessary, by a decision adopted pursuant to the relevant provisions, ask other Member States to take special measures. The decision must guarantee the payment of compensation geared to current market rates.

Energy: natural gas, security of supply

2002/0220(CNS) - 14/05/2003

The Council held a policy debate on the draft Directive regarding the security of supply of natural gas. Summing up the debate, the President noted that a majority of delegations were agreed that the main objective of the Directive should be the security of energy supply. He concluded that harmonised rules should not go beyond the absolute minimum necessary for supply measures and standards. Market forces are in general considered

to be sufficient to ensure both security of gas supply and a level playing field regarding security of supply obligations. In any event, due account should be taken - before deciding on new instruments - of the implementation of the new Directive aimed at liberalising Community gas markets.