Basic information

2009/0108(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Measures to safeguard security of gas supply Repealing Directive 2004/67/EC 2002/0220(CNS) Repealed by 2016/0030(COD) **Subject** 3.60.03 Gas, electricity, natural gas, biogas 3.60.10 Security of energy supply 3.60.15 Cooperation and agreements for energy	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ITRE Industry, Research and Energy	VIDAL-QUADRAS Alejo (PPE)	16/09/2009
	Shadow rapporteur SWOBODA Hannes (S&D) VĂLEAN Adina (ALDE) TURMES Claude (Verts /ALE) SZYMAŃSKI Konrad (ECR) RANSDORF Miloslav (GUE /NGL) PROVERA Fiorello (EFD)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	SARYUSZ-WOLSKI Jacek (PPE)	21/10/2009
ECON Economic and Monetary Affairs	CHOUNTIS Nikolaos (GUE /NGL)	20/10/2009
ENVI Environment, Public Health and Food Safety	SONIK Bogusław (PPE)	15/09/2009
IMCO Internal Market and Consumer Protection	KALNIETE Sandra (PPE)	28/09/2009

Council of the European Union	**Council configuration**	**Meetings**	**Date**
	Transport, Telecommunications and Energy	2983	2009-12-07
European Commission	**Commission DG**	**Commissioner**	
	Energy	OETTINGER Günther	

Key events

Date	Event	Reference	Summary
16/07/2009	Legislative proposal published	COM(2009)0363	Summary
14/09/2009	Committee referral announced in Parliament, 1st reading		
07/12/2009	Debate in Council		Summary
18/03/2010	Vote in committee, 1st reading		Summary
29/03/2010	Committee report tabled for plenary, 1st reading	A7-0112/2010	
21/09/2010	Decision by Parliament, 1st reading	T7-0322/2010	Summary
21/09/2010	Results of vote in Parliament		
21/09/2010	Debate in Parliament		
11/10/2010	Act adopted by Council after Parliament's 1st reading		
20/10/2010	Final act signed		
20/10/2010	End of procedure in Parliament		
12/11/2010	Final act published in Official Journal		

Technical information

Procedure reference	2009/0108(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Repealing Directive 2004/67/EC 2002/0220(CNS) Repealed by 2016/0030(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 194-p2
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/7/00727

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE430.654	12/11/2009	
Committee opinion	IMCO	PE428.268	02/12/2009	
Amendments tabled in committee		PE438.187	19/01/2010	
Amendments tabled in committee		PE438.231	20/01/2010	
Amendments tabled in committee		PE438.242	20/01/2010	
Committee opinion	ENVI	PE430.260	27/01/2010	
Committee opinion	AFET	PE430.670	02/02/2010	
Committee opinion	ECON	PE430.714	22/02/2010	
Committee report tabled for plenary, 1st reading/single reading		A7-0112/2010	29/03/2010	
Text adopted by Parliament, 1st reading/single reading		T7-0322/2010	21/09/2010	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00030/2010/LEX	20/10/2010	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2009)0363	16/07/2009	Summary
Document attached to the procedure	SEC(2009)0977	16/07/2009	Summary
Document attached to the procedure	SEC(2009)0978	16/07/2009	Summary
Document attached to the procedure	SEC(2009)0979	16/07/2009	
Document attached to the procedure	SEC(2009)0980	16/07/2009	
Commission response to text adopted in plenary	SP(2010)7193	13/10/2010	
Commission working document (SWD)	SWD(2014)0325	16/10/2014	Summary

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	CZ_SENATE	COM(2009)0363	07/12/2009	

Contribution	LT_PARLIAMENT	COM(2009)0363	26/01/2010	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0106/2010	20/01/2010	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Regulation 2010/0994
OJ L 295 12.11.2010, p. 0001 Summary

Measures to safeguard security of gas supply

2009/0108(COD) - 16/10/2014 - Follow-up document

This Commission Staff Working Document reports on the implementation of Regulation (EU) 994/2010 and its contribution to solidarity and preparedness for gas disruptions in the EU.

To recall, Regulation (EU) 994/2010 aims to ensure that each Member State puts in place appropriate tools to prepare for and to manage the effects of a gas shortage caused by either a supply disruption or exceptionally high demand.

The present report is aimed at feeding into the wider discussion on upcoming improvements to the security of supply framework announced in the European Energy Security Strategy.

The main findings as regards the implementation and the assessment of these elements are as follows:

The supply standard and protected customers: as regards the definition of protected customers, some Member States have explained to have technical difficulties in distinguishing protected from non-protected customers which led them to include a broader group (i.e. all customers connected to the distribution grid) to the protected customers. Very often **basic information to verify the fulfilment of the supply standard is missing.** Member States have pointed to difficulties in interpreting the supply standard as one of the reasons for the missing information. One of the **main weaknesses** in the implementation of Regulation 994/2010 is that it has failed to bring about a clear system in which the supply standard is monitored and enforced in a systematic manner. As a result thereof, it appears that customers remain unequally protected across the EU.

The infrastructure standard including the N-1 rule and the obligation to install bi-directional capacity: the Commission services are of the view that the N-1 infrastructure standard is a crucial indicator to test whether the entry capacities into a gas transmission system are sufficiently balanced and are not overly-concentrated on a single trunk pipeline or underground gas storage facility. Member States have effectively made use of the N-1 standard in their Risk Assessments to examine the resilience of their network in various disruption scenarios. The N-1 standard is only one factor in testing accurately the resilience of a gas system.

As regards **bi-directional capacity**, the report noted that the share of bi-directional cross-border interconnection points within the EU has increased from only one-quarter (24%) in 2009 to almost half (40%) of all points by 2014. This means that the gas flows via almost every second interconnection point between Member States can physically be turned around.

The Risk Assessment, Preventive Action Plan and Emergency Plan: the Risk Assessments and Plans have no doubt had a positive impact on security of supply. However, weaknesses have been identified. The Risk Assessments and Plans have remained nationally focussed only and that the co-ordination between Member States has overall been poor. In their Preventive Action Plans and Emergency Plans, Member States must pay attention to the cross-border impact of their policies and factor in the impact of neighbouring countries' measures.

The notification of intergovernmental agreements (IGAs) and details of commercial agreements: the Commission carries out a detailed compliance check of the IGAs with the EU acquis and follows up in the form of letters to the concerned Member States.

As concerns the requirement to submit long-term commercial supply contracts, it has to be noted that the importance of such contracts for the gas market has overall decreased in the last years. Often the information provided on the long-term contracts has given just a broad overview. In many vulnerable Member States without supply diversification and gas hubs, long-term contracts remain an important element for security of supply. It should therefore be considered to introduce a more flexible and focused reporting obligation for long-term contracts.

Responsibilities and coordination in case of an emergency: emergency management represents another basic pillar of security of supply beside prevention. The Commission is tasked to **monitor the security of supply situation** on Union level. It has five days at its disposal to **verify whether a declaration of emergency is justified** and whether the measures do not breach the relevant principles and they follow closely the actions listed in the Emergency Plan.

Upon the request of several Competent Authorities that face a gas crisis simultaneously, the **Commission can declare a Union emergency or a regional emergency** for a specifically affected geographical area.

Since the entry into force of the Regulation the **national crisis levels have been declared on the occasion of two events.**

Lastly, the report concludes that Regulation 994/2010 has been instrumental in putting in place the basic building blocks of gas supply security on national level and thus improving the resilience of Member States in a gas crisis. However, there is scope to strengthen the EU's preparedness and capacity to respond effectively to gas supply crises further.

Measures to safeguard security of gas supply

2009/0108(COD) - 07/12/2009

The Council held a **policy debate** on the proposed regulation, on the basis of a questionnaire prepared by the Presidency, and following a presentation by the Commissioner for Energy, Mr Piebalgs.

In principle, the general approach of the Commission's proposal was well received. Ministers highlighted, however, certain points of concern regarding specific aspects of the draft regulation.

Many ministers stressed, in particular, the **need to clarify further the roles and responsibilities of the market actors, the Member States and the Commission**, in line with the subsidiarity principle. For ensuring gas supply, the hierarchy going from gas undertakings, Member States, to the regional and the EU level was underlined. Crisis management should be based on an in-depth risk analysis, and their must be a balance between solidarity, the market's responsibilities and Member States' responsibility for their own gas supply.

A majority of ministers welcomed the Commission's proposal of mandatory infrastructure and supply standards, while asking for increased flexibility in order to take account of **national circumstances and specificities**. The implementation of the standards should be based on a cost-benefit analysis, with due priority given to market-based instruments. Regional and bilateral cooperation has been strongly supported in the debate, but more details will be needed, in particular regarding the breakdown of costs.

A clear-cut definition of **protected customers** was esteemed necessary, allowing nevertheless for sufficient flexibility to take national or regional circumstances into account, including financial issues. Several delegations also asked for this definition to be based on a cost-benefit analysis.

The incoming Spanish Presidency announced its intention of reaching a political agreement on the Commission's proposal before the end of June 2010.

Measures to safeguard security of gas supply

2009/0108(COD) - 21/09/2010 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 601 votes to 27, with 23 abstentions, a legislative resolution concerning measures to safeguard security of gas supply and repealing Directive 2004/67/EC.

It adopted its position at first reading under the ordinary legislative procedure (formerly known as the codecision procedure). The amendments adopted in plenary are the result of a compromise reached between the European Parliament and the Council. They amend the Commission’s position as follows:

Subject matter: the amended text states that the 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, by allowing for exceptional measures to be implemented when the market can no longer deliver the required gas supplies.

This Regulation also provides transparent mechanisms, in a spirit of solidarity, for the coordination of planning for, and response to, an emergency at Member State, regional and Union levels.

Protected customers: this definition covers all household customers connected to a gas distribution network and, in addition, where the Member State concerned so decides, may also include: (a) small and medium-sized enterprises, provided that they are connected to a gas distribution network, and essential social services, provided that they are connected to a gas distribution or transmission network, and provided that all these additional customers do not represent more than 20% of the final use of gas; and/or (b) district heating installations to the extent that they deliver heating to

household customers and to the customers referred to in point (a) provided that these installations are not able to switch to other fuels and are connected to a gas distribution or transmission network.

Responsibility for security of gas supply: the text stipulates that the security of gas supply is a shared responsibility of natural gas undertakings, Member States, notably through their Competent Authorities, and the Commission, within their respective areas of activities and competence. Such shared responsibility requires a high degree of cooperation between them.

As soon as possible and no later than 12 months following the entry into force of the Regulation, each Member State shall designate a Competent Authority that ensures the implementation of the measures provided for in this Regulation.

Establishment of a Preventive Action Plan and an Emergency Plan: before adopting a Preventive Action Plan and an Emergency Plan at national level, the Competent Authorities shall exchange their draft Plans and consult each other at the appropriate regional level. They should consult the Commission, with a view to ensuring that their draft Plans and measures are not inconsistent with the Preventive Action Plan and the Emergency Plan of another Member State and that they comply with this Regulation and with other provisions of Union law. Such consultation shall be carried out in particular between neighbouring Member States, notably between isolated systems forming gas islands and their neighbouring Member States.

The Competent Authorities concerned may decide to establish joint Preventive Action Plans and joint Emergency Plans at regional level, in addition to the Plans established at national level. In the case of joint Plans, the Competent Authorities concerned shall endeavour, where appropriate, to conclude agreements in order to implement regional cooperation.

When establishing and implementing the Preventive Action Plan and the Emergency Plan at national and/or regional level, the Competent Authority shall take due account of the safe operation of the gas system at all times and address and set out in those Plans the technical constraints affecting the operation of the network, including the technical and safety reasons which may lead to the reduction of flows in the event of an emergency.

No later than two years following the entry into force of the Regulation, the Preventive Action Plans and Emergency Plans, including, where applicable, joint Plans, shall be adopted and made public. Such Plans shall be notified to the Commission without delay. The Commission shall inform the Gas Coordination Group. Competent Authorities shall ensure the regular monitoring of the implementation of such Plans.

Content of the national and joint Preventive Action Plans: the national and joint Preventive Action Plans shall contain: (a) the results of the risk assessment; (b) the measures, volumes, capacities and the timing needed to fulfil the infrastructure and supply standards, including where applicable, the extent to which demand-side measures can sufficiently compensate, in a timely manner, for a supply disruption; (c) obligations imposed on natural gas undertakings and other relevant bodies, including for the safe operation of the gas system; (d) the other preventive measures, such as those relating to the need to enhance interconnections between neighbouring Member States and the possibility to diversify gas routes and sources of supply, if appropriate, to address the risks identified in order to maintain gas supply to all customers as far as possible; (e) the mechanisms to be used for cooperation with other Member States for preparing and implementing joint Preventive Action Plans and joint Emergency Plans; (f) information on existing and future interconnections, including those providing access to the gas network of the Union, cross-border flows, cross-border access to storage facilities and the physical capacity to transport gas in both directions ("bi-directional capacity"), in particular in the event of an emergency; (g) information on all public service obligations that relate to security of gas supply.

The national and joint Preventive Action Plans shall be based primarily on market measures, and shall take into account the economic impact, effectiveness and efficiency of the measures, the effects on the functioning of the internal energy market and the impact on the environment and on consumers, and shall not put an undue burden on natural gas undertakings, nor negatively impact on the functioning of the internal market in gas.

Infrastructure standard: the amended text provides that Member States or, where a Member State so provides, the Competent Authority shall ensure that the necessary measures are taken so that by four years after entry into force of this Regulation at the latest, in the event of a disruption of the single largest gas infrastructure, the capacity of the remaining infrastructure, determined according to the N-1 formula as , is able to satisfy total gas demand of the calculated area during a day of exceptionally high gas demand occurring with a statistical probability of once in 20 years.

By three years following the entry into force of the Regulation, the transmission system operators shall adapt the functioning of the transmission systems in part or as a whole so as to enable physical gas flows in both directions on cross-border interconnections.

Luxembourg, Slovenia and Sweden shall, by way of exception, not be bound by, but shall endeavour to meet, the obligation on infrastructure standards, while ensuring the gas supplies to protected customers.

Procedure for enabling bi-directional capacity or seeking exemption: for each cross-border interconnection between Member States, transmission system operators shall, not later than 15 months after the entry into force of this Regulation, submit to their Member States or, where Member States so provide, their Competent Authorities or their regulatory authorities, after consulting with all other transmission system operators concerned: (a) a proposal for bi-directional capacity concerning the reverse direction ("reverse flow capacity"); or (b) a request for an exemption from the obligation to enable bi-directional capacity.

The proposal for reverse flow capacity or the request for exemptions shall be based on an assessment of market demand, projections for demand and supply, technical feasibility, the costs of reverse flow capacity, including the consequent reinforcement of the transmission system, and the benefits for security of supply.

The authority concerned receiving the proposal or exemption request shall notify the authorities concerned of the other Member States that could, according to the risk assessment, benefit from reverse flow capacity and the Commission of the proposal or the exemption request without delay. That authority concerned shall give those authorities concerned and the Commission the possibility to issue an opinion within a period of four months following receipt of that notification.

Supply standard: the Competent Authority shall require the natural gas undertakings, that it identifies, to take measures to ensure gas supply to the protected customers of the Member State in the following cases: (a) extreme temperatures during a seven-day peak period occurring with a statistical

probability of once in 20 years; (b) any period of at least 30 days of exceptionally high gas demand, occurring with a statistical probability of once in 20 years; and (c) for a period of at least 30 days in case of the disruption of the single largest gas infrastructure under average winter conditions.

Emergency Plans and Crisis Levels: the national and joint Emergency Plans shall inter alia: (a) define the role and responsibilities of natural gas undertakings and of industrial gas customers including relevant electricity producers, taking account of the different extents to which they are affected in the event of gas supply disruptions , and their interaction with the Competent Authorities and where appropriate with the national regulatory authorities at each of the crisis levels; (c) define the role and responsibilities of the Competent Authorities and of the other bodies to which tasks have been delegated at each of the crisis levels; (d) ensure that natural gas undertakings and industrial gas customers are given sufficient opportunity to respond at each crisis level; (e) identify, if appropriate, the measures and actions to be taken to mitigate the potential impact of a gas supply disruption on district heating and the supply of electricity generated from gas; (f) establish detailed procedures and measures to be followed for each crisis level.

The three main crisis levels shall be as follows:

- early warning level (**early warning**): when there is concrete, serious and reliable information that an event may occur which is likely to result in significant deterioration of the supply situation and is likely to lead to the alert or the emergency level being triggered; the early warning level may be activated by an early warning mechanism;
- alert level (**alert**): when a supply disruption or exceptionally high gas demand occurs which results in significant deterioration of the supply situation, but the market is still able to manage that disruption or demand without the need to resort to non-market measures;
- emergency level (**emergency**): in the event of exceptionally high gas demand, significant supply disruption or other significant deterioration of the supply situation and in the event that all relevant market measures have been implemented but the supply of gas is insufficient to meet the remaining gas demand so that non-market measures have to be additionally introduced with a view, in particular, to safeguarding supplies of gas to protected customers.

The national and joint Emergency Plans shall ensure that cross-border access to infrastructure in accordance with Regulation (EC) No 715/2009 is maintained as far as technically and safely possible in the event of an emergency. The Plans shall not introduce any measure unduly restricting the flow of gas across borders.

When the Competent Authority declares any of the crisis levels, it shall immediately inform the Commission and provide it with all the necessary information, in particular with information on the action it intends to take. In the event of an emergency which may result in a call for assistance from the Union and its Member States the Competent Authority of the Member State concerned shall without delay notify the Commission's Civil Protection Monitoring and Information Centre.

The Member States and, in particular, the Competent Authorities shall ensure that: (a) no measures are introduced which unduly restrict the flow of gas within the internal market at any time; (b) no measures are introduced that are likely to endanger seriously the gas supply situation in another Member State; and (c) cross-border access to infrastructure in accordance with Regulation (EC) No 715/2009 is maintained as far as technically and safely possible, in accordance with the Emergency Plan.

The national and joint Emergency Plans shall be updated every two years, unless circumstances warrant more frequent updates, and shall reflect the updated risk assessment.

Union and regional emergency responses: at the request of a Competent Authority that has declared an emergency, the Commission may declare a Union emergency or a regional emergency for a specifically affected geographical region. At the request of at least two Competent Authorities that have declared an emergency, the Commission shall declare, as appropriate, a Union or regional emergency. In all cases, the Commission, using the means of communication most appropriate to the situation, shall gather the views of, and take due account of all the relevant information provided by, the other Competent Authorities. When it assesses that the underlying basis for the Union or regional emergency no longer justifies a declaration of emergency, the Commission shall declare an end to the Union or regional emergency. In all cases, the Commission shall give its reasons and inform the Council of its decision.

In a Union or regional emergency, the Commission shall coordinate the action of the Competent Authorities, taking full account of relevant information from, and the results of, the consultation of the Gas Coordination Group.

Monitoring by the Commission: the Commission shall carry out continuous monitoring of, and reporting on, security of gas supply measures. By four years following the entry into force of the Regulation at the latest the Commission, on the basis of the report and after consulting the Gas Coordination Group shall:

- draw conclusions as to possible means to enhance security of supply at Union level, assess the feasibility of carrying out risk assessments and establishing Preventive Action Plans and Emergency Plans at Union level and report to the European Parliament and the Council on the implementation of this Regulation, including inter alia the progress made on market interconnectivity; and
- report to the European Parliament and the Council on the overall consistency of Member States' Preventive Action Plans and Emergency Plans as well as their contribution to solidarity and preparedness from a Union perspective.

Derogation: the Regulation shall not apply to Malta and Cyprus for as long as no gas is supplied on their respective territories.

Measures to safeguard security of gas supply

2009/0108(COD) - 16/07/2009 - Legislative proposal

PURPOSE: to establish measures aimed at safeguarding the security of gas supply, and repealing Directive 2004/67/EC.

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

BACKGROUND: Council Directive 2004/67/EC established a legal framework at Community level to safeguard security of natural gas supply and to contribute to the proper functioning of the internal gas market in the case of supply disruptions. However, under the current measures, Member States still enjoy a large margin of discretion as to the choice of measures. Where the security of supply of a Member State is threatened, there is a clear risk that measures developed unilaterally by that Member State may jeopardise the proper functioning of the internal gas market. Recent experience has demonstrated the reality of that risk.

To allow the internal gas market to function even in the face of a shortage of supply, it is therefore necessary to **provide for a more coordinated response to supply crises, both concerning preventive action and the reaction to concrete disruptions of supply**. In response to the Russian-Ukrainian gas crisis in January 2009 causing an unprecedented disruption of gas supplies to the Community via Ukraine, the European Council and the European Parliament have called for an accelerated revision of the existing Directive.

IMPACT ASSESSMENT: the impact assessment has considered **five policy options**: 1) no new Community action; 2) better enforcement of Directive 2004/67/EC; 3) voluntary approach by industry; 4) a revised directive; 5) a new regulation.

With regard to options 1 and 2, the Commission concluded that the existing Directive is insufficient given the growing import dependence and increased supply and transit risks in third countries as well as, increasing gas flows and the development of the internal gas market within the Community. With regard to option 3, a major disadvantage of a voluntary approach is that participation of all players in a consistent manner cannot be guaranteed. Moreover, the extra capacity to ensure security of supply is not necessarily provided by market forces. With regard to options 4 and 5 (choice of legal instrument) the Commission considers that a **Regulation is a more appropriate instrument than a Directive** for the following main reasons: (i) a Regulation is directly applicable to the competent authorities in the Member States, to natural gas undertakings and to customers; (ii) it does not require lengthy transposition; it ensures clarity and coherence of standards and obligations across the Community and it defines directly the involvement of Community institutions.

CONTENT: the proposed Regulation on security of gas supply would provide a **common indicator** to define a serious gas supply disruption. This is known as N-1, i.e. the shutdown of a major supply infrastructure or equivalent (e.g. import pipeline or production facility). It would require all Member States to have a competent authority that would be responsible for monitoring gas supply developments, assessing risks to supplies, establishing preventive action plans and setting up emergency plans. It would also oblige Member States to collaborate closely in a crisis, including through a strengthened Gas Coordination Group and through shared access to reliable supply information and data.

The main objective of the proposal is to **increase the security of gas supply by creating the incentives to invest in necessary interconnections to meet the N-1 indicator, as well as the reverse flows.**

The Regulation places primary emphasis on the **role of the internal gas market** to ensure the security of gas supply. It states that security of gas supply is a task of the natural gas undertakings, Competent Authorities of the Member States, the industrial gas customers, and the Commission within their respective areas of responsibility. It requires a high degree of cooperation between them. The Regulation allows the recourse to non-market based measures decided by the competent authority only as the last resort in emergency situations when all market based measures are exhausted and the natural gas undertakings are no longer able to deal with a supply disruption. The Commission is also given a stronger role to ensure that the internal market works for as long as possible and that measures decided at national level are compatible with this principle.

The proposed Regulation would **improve the framework for investment** in new cross-border interconnections, new import corridors, reverse flows capacities and storages, supported also by the European Economic Recovery Plan. It confirms the greater interdependence of gas supplies within a single European gas market, and provides a sound basis for the EU to defend its interests more effectively in its relations with external gas suppliers. Those interconnections are at the same time necessary for the proper functioning of the internal gas market.

The following points should be noted:

- **solidarity measures**: security of gas supply is a task of the natural gas undertakings, Competent Authorities of the Member States, the industrial gas customers, and the Commission within their respective areas of responsibility. It requires a high degree of cooperation between them in order to effectively manage any eventual major gas supply disruption;

- **establishment of Preventive Action Plan and Emergency Plan**: by 31 March 2011 at the latest, the Competent Authority shall establish: (a) a Preventive Action Plan containing the measures needed to mitigate the risks identified; and (b) an Emergency Plan containing the measures to be taken to mitigate the impact of a gas supply disruption;
- **infrastructure standard**: by 31 March 2014, the Competent Authority shall ensure that in the event of a disruption of the largest gas supply infrastructure, the remaining infrastructure (N-1) has the capacity to deliver the necessary volume of gas to satisfy total gas demand of the calculated area during a period of sixty days of exceptionally high gas demand during the coldest period statistically occurring every 20 years;
- **Community emergency responses**: the Commission may declare a Community Emergency at the request of one Competent Authority or when the Community loses more than 10% of its daily gas import from third countries as calculated by ENTSO-G. It shall declare a Community Emergency where more than one Competent Authority has declared Emergency. The Commission shall convene the Gas Coordination Group as soon as it declares Community Emergency.

BUDGETARY IMPLICATIONS: the proposal will have a limited impact on the Community budget, covering the costs of meetings of the Gas Coordination Group and the costs of the monitoring task force which can be deployed to monitor the gas flows within and outside the Community. Missions outside the Community in moments of crisis may draw on funds from the Instrument for Stability.

Measures to safeguard security of gas supply

2009/0108(COD) - 16/07/2009 - Document attached to the procedure

This Commission Staff Working Paper accompanies the proposal for a Regulation concerning measures to safeguard security of gas supply and repealing Directive 2004/67/EC. It provides an assessment of the January 2009 gas supply disruption to the EU.

To recall: from 6-20 January 2009, gas flows were interrupted from Russia to the EU via Ukraine. A majority of Member States were affected directly and indirectly. Although the disruption was a commercial matter between Gazprom of Russia and Naftogaz of Ukraine, the EU was in regular contact with both parties before the onset of the disruption and throughout the event and was instrumental in the agreement on creating an international monitoring mission as well as facilitating negotiations on an agreement for gas supplies into the EU to resume.

This paper considers how the crisis developed and why existing provisions were not enough to avoid major disruptions to EU gas supplies in January 2009. It considers what the EU can learn from these events in order to make the framework more resilient and effective in responding to gas supply threats, both in an emergency situation and over the medium to longer term.

This paper also responds to a specific request from the European Parliament and from four individual MEP's for an analysis of the Russia-Ukraine gas crisis including the lessons learned.

Main conclusions: the Commission’s concerns that the EU energy security strategy must be strengthened are therefore completely vindicated.

The crisis highlighted weaknesses in each stage of the gas supply security approach at EU level:

- the early warning mechanisms at national and EU level are inadequate. Early warning mechanisms within the EU as well as with supplier and transit countries should be strengthened or put in place. They should be underpinned by appropriate bilateral and multilateral agreements with the EU’s gas supplier and transit countries, including energy provisions, building where possible on the relevant existing frameworks and provisions, such as within the WTO and Energy Charter;
- emergency planning needs to be made more consistent and coherent among Member States, with common standards and coordinated responses;
- the new internal energy market legislation should be implemented as quickly as possible in order to address weaknesses in market functioning which undermine security of supply and limit the ability of the market to deal with supply threats and disruptions;
- greater transparency and easier access to market information is necessary in order to assess the supply situation wisely and taken necessary preventive and remedial action;
- the lack of interconnections and the physical isolation, in energy terms, of some Member States, proved to be a real impediment to dealing with a supply crisis.

The crisis also confirmed the importance of certain principles of EU energy policy which deserve to be strengthened:

- as far as possible, the market should be able to manage risks and crisis situations. However, this requires the regulatory framework to be adequately robust. There also has to be room for political intervention should this be necessary;
- a national energy supply crisis quickly becomes a European issue; conversely, European intervention can work more effectively than individual national reactions and ensure security of gas supply across the EU;
- political solidarity in the EU is vital both in domestic responses, to ensure that the market can work properly, and in dealing with external partners;
- the importance of demand side management as an important energy security tool, as it was conspicuously absent from most reactions. Any emergency response must also focus on ways of reducing energy demand and diverting demand towards other low-carbon fuels and technologies. This also has to be fully incorporated into any longer term strategy on energy supply security;
- effective and transparent coordination at the EU levels at the political, commercial, regulatory, and network level is key to resolving a crisis with EU implications.

The crisis also served as a wake-up call to policy makers to strengthen their energy strategies:

- growing dependence on gas for electricity and domestic heating, with limited options for fuel-switching, further increases the risk that a gas supply crisis will have a deeply damaging economic impact;
- likewise, the dependence of parts of the EU on a single supplier or a single source is a major concern to consumers across the EU and calls for new efforts to **increase supply diversification in supplier**, supply route and supply source.

The crisis also confirmed the benefits of EU collaboration and confirmed the importance of having **emergency plans and measures** in place at a national level, the need to improve the Community dimension and the added value of a coherent EU approach to the EU’s external energy security.

The document concludes that the disruption of supplies affected a large number of Member States and the ad-hoc measures facilitated at a Community level did help to mitigate somewhat the major economic impact the dispute had on some EU Member States. Clearly there is a need to formalise these arrangements and **ensure that the Community is better placed to face such situations in the future**.

Measures to safeguard security of gas supply

2009/0108(COD) - 20/10/2010 - Final act

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

LEGISLATIVE ACT: Regulation (EU) No 994/2010 of the European Parliament and of the Council concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC

CONTENT: the Council has adopted a Regulation concerning measures to safeguard security of gas supply, following an agreement at first reading with the European Parliament. The aim of the Regulation is to establish measures for safeguarding the security of gas supply by i) ensuring the proper and continuous functioning of the internal natural gas market, ii) permitting the introduction of exceptional measures when the market can no longer provide the necessary gas supplies, and iii) providing for a clear definition and allocation of responsibilities between the gas supplying companies, the Member States and the Union.

The Regulation also provides transparent mechanisms, in a spirit of solidarity, for the coordination of planning for, and response to, an emergency at Member State, regional and Union levels.

Responsibility for security of gas supply: the Regulation stipulates that the security of gas supply is a shared responsibility of natural gas undertakings, Member States, notably through their Competent Authorities, and the Commission, within their respective areas of activities and competence. Such shared responsibility requires a high degree of cooperation between them. As soon as possible and no later than 3 December 2011, each Member State shall designate a Competent Authority that ensures the implementation of the measures provided for in this Regulation.

Establishment of a Preventive Action Plan and an Emergency Plan: the Competent Authority of each Member State, after consulting the natural gas undertakings, the relevant organisations representing the interests of household and industrial gas customers and the national regulatory authority, where it is not the Competent Authority, shall establish at national level:

- a Preventive Action Plan containing the measures needed to remove or mitigate the risks identified, in accordance with the risk assessment undertaken pursuant to the Regulation; and
- an Emergency Plan containing the measures to be taken to remove or mitigate the impact of a gas supply disruption.

Before adopting a Preventive Action Plan and an Emergency Plan at national level, the Competent Authorities shall exchange their draft Preventive Action Plans and Emergency Plans and consult each other at the appropriate regional level. They shall consult the Commission, with a view to ensuring that their draft Plans and measures are not inconsistent with the Preventive Action Plan and the Emergency Plan of another Member State and that they comply with this Regulation.

The national and joint emergency plans will be defined in terms of **three main crisis levels**:

- **early warning level (early warning):** when there is concrete, serious and reliable information that an event may occur which is likely to result in significant deterioration of the supply situation and is likely to lead to the alert or the emergency level being triggered; the early warning level may be activated by an early warning mechanism;
- **alert level (alert):** when a supply disruption or exceptionally high gas demand occurs which results in significant deterioration of the supply situation, but the market is still able to manage that disruption or demand without the need to resort to non-market measures;
- **emergency level (emergency):** in the event of exceptionally high gas demand, significant supply disruption or other significant deterioration of the supply situation and in the event that all relevant market measures have been implemented but the supply of gas is insufficient to meet the remaining gas demand so that non-market measures have to be additionally introduced with a view, in particular, to safeguarding supplies of gas to protected customers.

Risk assessment: by 3 December 2011, each Competent Authority shall make a full assessment, on the basis of the following common elements, of the risks affecting the security of gas supply in its Member State.

Infrastructure standard: by 3 December 2014 at the latest, the Competent Authority shall ensure that the necessary measures are taken in the event of a disruption of the single largest gas infrastructure, the capacity of the remaining infrastructure, determined according to the N – 1 formula, is able to satisfy total gas demand of the calculated area during a day of exceptionally high gas demand occurring with a statistical probability of once in 20 years.

Supply standard: the Competent Authority shall require the natural gas undertakings, that it identifies, to take measures to ensure gas supply to the protected customers of the Member State in the following cases: a) extreme temperatures during a 7-day peak period occurring with a statistical probability of once in 20 years; b) any period of at least 30 days of exceptionally high gas demand, occurring with a statistical probability of once in 20 years; and c) for a period of at least 30 days in case of the disruption of the single largest gas infrastructure under average winter conditions.

Union and regional emergency responses: at the request of a Competent Authority that has declared an emergency, the Commission may declare a Union emergency or a regional emergency for a specifically affected geographical region.

In a Union or regional emergency, the Commission shall coordinate the action of the Competent Authorities, taking full account of relevant information from, and the results of, the consultation of the Gas Coordination Group.

Monitoring by the Commission: the Commission shall carry out continuous monitoring of, and reporting on, security of gas supply measures and present reports on the subject. By 3 December 2014 at the latest, the Commission must submit a report to the European Parliament and to the Council on the overall consistency of Member States' Preventive Action Plans and Emergency Plans as well as their contribution to solidarity and preparedness from a Union perspective.

ENTRY INTO FORCE: 02/12/2010.

Measures to safeguard security of gas supply

2009/0108(COD) - 16/07/2009 - Document attached to the procedure

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.

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.