Basic information

2016/2059(INI) INI - Own-initiative procedure	Procedure completed
EU strategy for liquefied natural gas and gas storage **Subject** 3.60.03 Gas, electricity, natural gas, biogas 3.60.08 Energy efficiency 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	GYÜRK András (PPE)	23/02/2016
	Shadow rapporteur ZANONATO Flavio (S&D) TOŠENOVSKÝ Evžen (ECR) PUNSET Carolina (ALDE) SYLIKIOTIS Neoklis (GUE/NGL) DALUNDE Jakop G. (Verts/ALE) PAKSAS Rolandas (EFDD) BAY Nicolas (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	HADJIGEORGIOU Takis (GUE/NGL)	04/05/2016
INTA International Trade	KOULOGLOU Stelios (GUE/NGL)	23/05/2016
ENVI Environment, Public Health and Food Safety	ZORRINHO Carlos (S&D)	27/04/2016
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	

	TRAN Transport and Tourism	MONTEIRO DE AGUIAR Cláudia (PPE)	07/04/2016

European Commission	Commission DG	Commissioner
	Energy	ARIAS CAÑETE Miguel

Key events

Date	Event	Reference	Summary
16/02/2016	Non-legislative basic document published	COM(2016)0049	Summary
28/04/2016	Committee referral announced in Parliament		
26/09/2016	Vote in committee		
30/09/2016	Committee report tabled for plenary	A8-0278/2016	Summary
24/10/2016	Debate in Parliament		
25/10/2016	Decision by Parliament	T8-0406/2016	Summary
25/10/2016	Results of vote in Parliament		
25/10/2016	End of procedure in Parliament		

Technical information

Procedure reference	2016/2059(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/8/06297

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE582.327	10/05/2016	
Amendments tabled in committee		PE584.007	20/06/2016	
Committee opinion	AFET	PE582.256	14/07/2016	
Committee opinion	INTA	PE585.452	31/08/2016	

Committee opinion	TRAN	PE583.876	07/09/2016	
Committee opinion	ENVI	PE584.261	08/09/2016	
Committee report tabled for plenary, single reading		A8-0278/2016	30/09/2016	Summary
Text adopted by Parliament, single reading		T8-0406/2016	25/10/2016	Summary

European Commission

Document type	Reference	Date	Summary
Commission document (COM)	COM(2016)0049	16/02/2016	Summary
Commission response to text adopted in plenary	SP(2017)54	29/03/2017	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	RO_SENATE	COM(2016)0049	27/04/2016	
Contribution	CZ_SENATE	COM(2016)0049	06/06/2016	
Contribution	RO_CHAMBER	COM(2016)0049	17/06/2016	
Contribution	DE_BUNDESTAG	COM(2016)0049	20/07/2016	
Contribution	IT_CHAMBER	COM(2016)0049	05/08/2016	
Contribution	IT_SENATE	COM(2016)0049	07/11/2016	

EU strategy for liquefied natural gas and gas storage

2016/2059(INI) - 16/02/2016 - Non-legislative basic document

PURPOSE: to present an EU strategy for liquefied natural gas and gas storage.

BACKGROUND: the Commission's "Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy" gives concrete expression to the EU's ambition to bring about a transition to a sustainable, secure and competitive energy system.

As stressed in the Communication on the State of the Energy Union, the geopolitical challenges linked to ensuring secure and resilient supplies of fossil fuels also remain significant, particularly as regards commodities for which the EU is highly dependent on imports.

In this context, the Commission considers that the **further diversification** of the EU's natural gas supply remains a key objective, particularly as domestic production in the EU will continue to decline in coming decades. Vulnerability due to increasing import dependency can also be mitigated if the gas system remains flexible and able to respond to fluctuations in supply.

As regards LNG, the prospect of a dramatic (50%) expansion in global supply over the next few years and consequently of lower prices presents a **major opportunity** for the EU, particularly when it comes to gas security and resilience. Four Member States in the Baltic, central-eastern and south-eastern European regions are heavily dependent on a single supplier, and hence vulnerable to supply interruptions. These Member States need rapidly to develop access to a diverse range of energy sources, and the availability of LNG could make a major contribution in this regard.

LNG can also bring **benefits in terms of competitiveness**, as markets become exposed to greater competitive challenges from international suppliers.

In addition to improving security and competitiveness, LNG has the potential in some cases to **reduce environmental impacts**, and hence support the EU's sustainability objective.

Lastly, **robust and sufficient gas storage facilities are crucial** to energy security and resilience in times of major supply disruption. However, as with LNG, the full potential of storage to contribute to gas security and resilience is not currently being exploited.

This strategy, which has been prepared in consultation with a wide range of stakeholders, goes into the above issues in further detail and draws conclusions as to what specific measures may be necessary.

CONTENT: the present strategy aims to **exploit the potential of liquefied natural gas (LNG) and gas storage** to make the EU gas system more diverse and flexible, thus contributing to the key Energy Union objective of a secure, resilient and competitive gas supply. To exploit the full potential of access to a growing international LNG market and to make the EU an attractive market for suppliers the EU needs to:

1) Ensure that the necessary infrastructure is in place to complete the internal market and allow all Member States to benefit from access to international LNG markets, either directly or via other Member States. This is particularly urgent for Member States that are overly dependent on a single supplier. The EU's current LNG terminals provide sufficient overall regasification capacity, with further additions planned. However, they are not optimally distributed across the EU. To meet the challenge of non-optimal distribution of LNG terminals, the Commission feels that **increased interconnection to liquid hubs** where gas from existing LNG terminals or from pipeline sources is traded would improve security of supply for those Member States who currently have access to only a limited number of supply sources, while also helping to integrate markets across borders.

According to the Commission's analysis, the **implementation of key projects of common interest** supported in the high-level groups set up under the TEN-E policy will remove, or at least mitigate, the main vulnerabilities identified by the gas stress tests. It is therefore vital that the missing infrastructure links rapidly be constructed, and the requisite measures taken to promote liquid and competitive markets, including those to enable access to LNG and to promote new liquid hubs **in the central and south eastern, Baltic and south western regions and the Mediterranean**. The Commission supports the work being carried out in the high-level groups and encourages Member States and project promoters to accelerate final decisions on these key projects as a priority.

2) Complete the internal gas market: the EU needs to complete the internal gas market so that it sends the **right price signals** – both to attract LNG to where it is needed and to allow the necessary investments in infrastructure to take place. It is therefore crucial that Member States, in cooperation with national regulatory authorities (NRAs), take all necessary action to complete the internal gas market, eliminate the remaining regulatory, commercial and legal barriers and provide access for these markets to effective regional gas hubs.

3) Improve the role of storage to ensure security of gas supply: where the geological conditions allow for it, storage plays a major role in balancing the usual daily and seasonal fluctuation of supply and demand. However, the effectiveness and efficiency of the use of storage across Member States' borders and at regional level, both under normal market conditions and in crisis situations, could be improved.

Building on the proposed revision of the Gas Security of Supply Regulation, the Commission **calls on Member States to optimise the effectiveness and efficiency of the use of storage across borders** through regional preventive action and emergency plans.

The Commission also invites Member States to take action in the context of these plans to facilitate the availability of and access to storage on a wider regional level.

4) Cooperate more closely with international partners in promoting free, liquid and transparent LNG markets around the world. This means continuing to work closely with other current and potential suppliers such as Qatar, Nigeria, Egypt, Angola, Mozambique, Tanzania, Israel, Lebanon, Iran, Iraq and Libya) and with other major LNG importers such as Japan, South Korea, China and India, to eliminate obstacles LNG trade in world markets.

5) Support the use of LNG as an alternative fuel in transport: the Commission calls on Member States ensure full implementation of Directive 2014/94/EU on alternative fuels, including the establishment of LNG refuelling points across the TEN-T corridors and at maritime and inland ports. The EU should also continue to support the growth of LNG as an alternative fuel where it replaces more polluting conventional fuels and does not take the place of renewable energy sources, consistent with sustainability goals.

The Commission will **report on progress** as regards the strategic LNG and storage objectives presented here in its annual State of the Energy Union, identifying, any additional measures required.

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.

EU strategy for liquefied natural gas and gas storage

2016/2059(INI) - 30/09/2016 - Committee report tabled for plenary, single reading

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.