

Obligations in the area of Security of Supply under the EnC Treaty

Energy Community Secretariat

Vienna, 17th October 2006

Scope of the presentation

This presentation addresses three obligations under the Treaty in the area of SoS:

- SoS statements (EnCT art. 30)
- Safeguard measures (EnCT art. 36-39)
- Mutual assistance (EnCT art. 44-46)

It does not cover however the specific obligations under the energy acquis on planning and operation of the system, usually part of Transmission and Distribution Grid Codes

Attention

- Directives 2005/89/EC (SoS electricity) and Directive 2004/67/EC (SoS gas) are not part of the acquis under the EnCT
- **Need to expand the acquis under the EnCT? – Measure to be proposed by the European Commission (Title II)**

Legal background

a) Art. 29 of the EnC Treaty defines the contents:

- Diversity of supply
- Technological security
- Geographical origin of the imported fuels

b) Report on monitoring Security of Supply under Art. 4 of 2003/54/EC and art. 5 of 2003/55/EC requires monitoring of SoS in particular of:

- Supply/demand balance on the national market
- Level of expected future demand and available supplies
- Envisaged additional capacity being planned/constructed
- Quality and level of maintenance of the networks
- Measures to cover peak demand
- Measures to deal with shortfalls of one or more suppliers

Report on monitoring Electricity Security of Supply – EU case

A - Part of the so called national report, prepared by regulator or Ministries

B – Indicative contents:

A general description of the ongoing supply-demand situation with the following indicators included, reference should be made to TSO projections where available

- Current levels of electricity peak demand (MW) and expectations for the next three years (i.e. 2006-08)
- Currently available generation capacity
- Forthcoming generation investment for the next three years (authorised and actually in process of construction)
- Current generation fuel mix and expected developments
- Actual investments commissions / or retired during 2004 including:
 - net new coal/oil capacity (GW)
 - net new gas capacity (GW)
 - net new renewables capacity (GW)
 - net new CHP capacity (GW)
 - net new other capacity (GW)

Report on monitoring Electricity Security of Supply – EU case

A description of the role of regulatory or other authorities should also be included, specifically:

- Authorisation criteria for new generation investments and the role of long term planning
- Implicit and explicit incentives to build capacity (e.g. explicit payments, capacity options, design of balancing mechanism)

Finally the regulator should report on any progress in major infrastructure projects and in particular important interconnection projects between or within Member States, including the regulatory framework under which they will operate.

The TSO processes for planning new network build should be described, and how they are integrated with congestion management and the functioning of wholesale markets.

Report on monitoring Gas Security of Supply – EU case

A - Part of the so called national report, prepared by regulator or Ministries

B – Indicative contents:

A general description of the ongoing supply-demand situation with the following indicators included, reference should be made to TSO projections where available

- Current levels of gas consumption (bcm) and expectations for the next three years (i.e. 2005-08)
- Currently available production and import capacity (bcm)
- Forthcoming production and import investment for the next three years (authorised and actually in process of construction)

A description of the role of regulatory or other authorities should also be included as prescribed in Directive 2004/67, and specifically with regards to:

- Requirements relating to supplier of last resort
- Incentives to increase production/import capacity or any type
- Requirements to the availability of storage for public service reasons

Finally the regulator should report on any progress in major infrastructure projects and in particular important interconnection projects between or within Member States, including the regulatory framework under which they will operate.

Last developments

- The European Commission has invited the Secretariat and regulators to a meeting on the 24th October before the Athens Forum
- Objective of the meeting is to discuss the draft structure of the so-called “National reports”, which in principle includes the statements on SoS. An additional outcome should be a proposed schedule for completing the reports, sending them to the EC/ ECS and preparing an EnC report.
- The Secretariat view is that once the structure is agreed, regulators should fill in the reports in cooperation with the Ministries.

Safeguard measures

- Definition: Temporary measures that in the event of a sudden crisis, the concerned party could adopt
- Obligation under the EnC Treaty (art. 36-39) for the adhering parties, UNMIK and the Participants (9+5). Obligation as well under the Directives 2003/54 and 2003/55
- Measures in place must be notified immediately by the Parties to the ECS

Proposed next steps

- ECS to submit a proposal for the establishment of a registry at the next PHLG meeting

Mutual Assistance

- Definition: Procedures applicable when disruption of supply affects a Party and involves another Party or a third country
- Obligation under the EnC Treaty (art. 44-46) for the European Community, adhering Parties and UNMIK (25+9)
- Ministerial Council to adopt Procedural Act by July 2007
- Examples:
 - Field of nuclear energy. Key chapters are general terms; competent authorities; financial provisions and liabilities
 - Albania/ FYROM in the 2005 Albanian electricity crisis

Proposed next steps

- ECS to prepare a concept paper on Mutual Assistance for the next PHLG meeting