



The new Regulation concerning measures to safeguard the security of gas supply

European
Commission

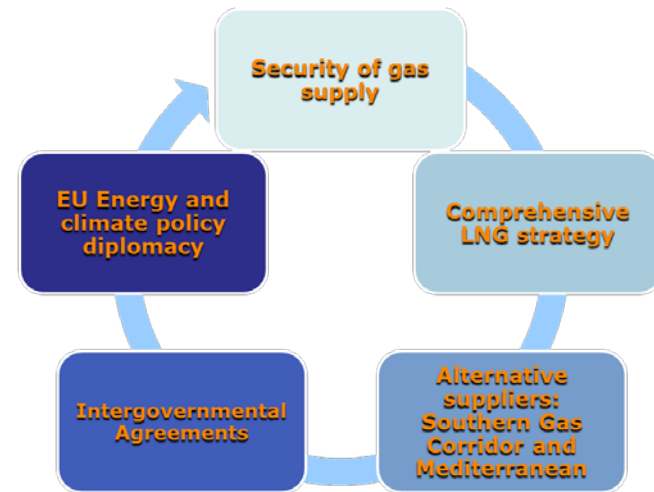
Gas supply
SOLIDARITY is key: under new rules no one
will be left in the cold

Energy

Sustainable #EUEnergySecurity

The new Gas Security of Supply Regulation recently entered into force

- Energy Union Priority -> Energy security, solidarity and trust
- What is new?
 - **Shift from national to regional approach**
 - Regional cooperation based on risk-based groups
 - Cross-border measures
 - Commission as facilitator
 - Commission powers in case of new non-market based measures
 - **Corridor approach for reverse flow**
 - **Explicit mechanism for solidarity**
 - **Improved exchange of information and transparency**
 - **Closer cooperation with Energy Community**
- Entry into force of the revised Regulation as of November 2017





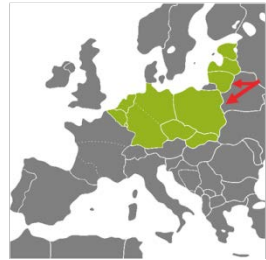
Shift to regional approach

- Regional cooperation based on risk-based groups (Annex I)
- Obligatory cooperation
 - Agree on and notify a cooperation mechanism for preparation of Risk Assessments and Plans (Nov 2017)
 - Appropriate and effective cross-border measures
- Commission as facilitator during the process

> Ukraine



> Belarus



> North-Eastern



> Trans-Balkan



> Baltic Sea



> Algeria



> Libya



> Norway



> UK



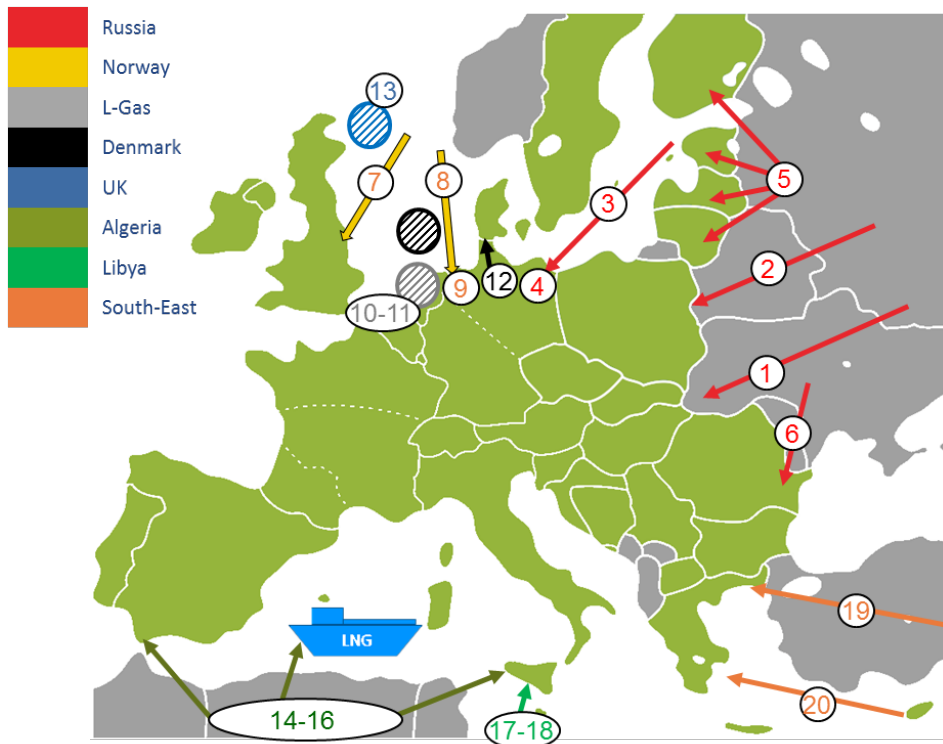
> Denmark



> Low calorific gas



A possible cooperation mechanism

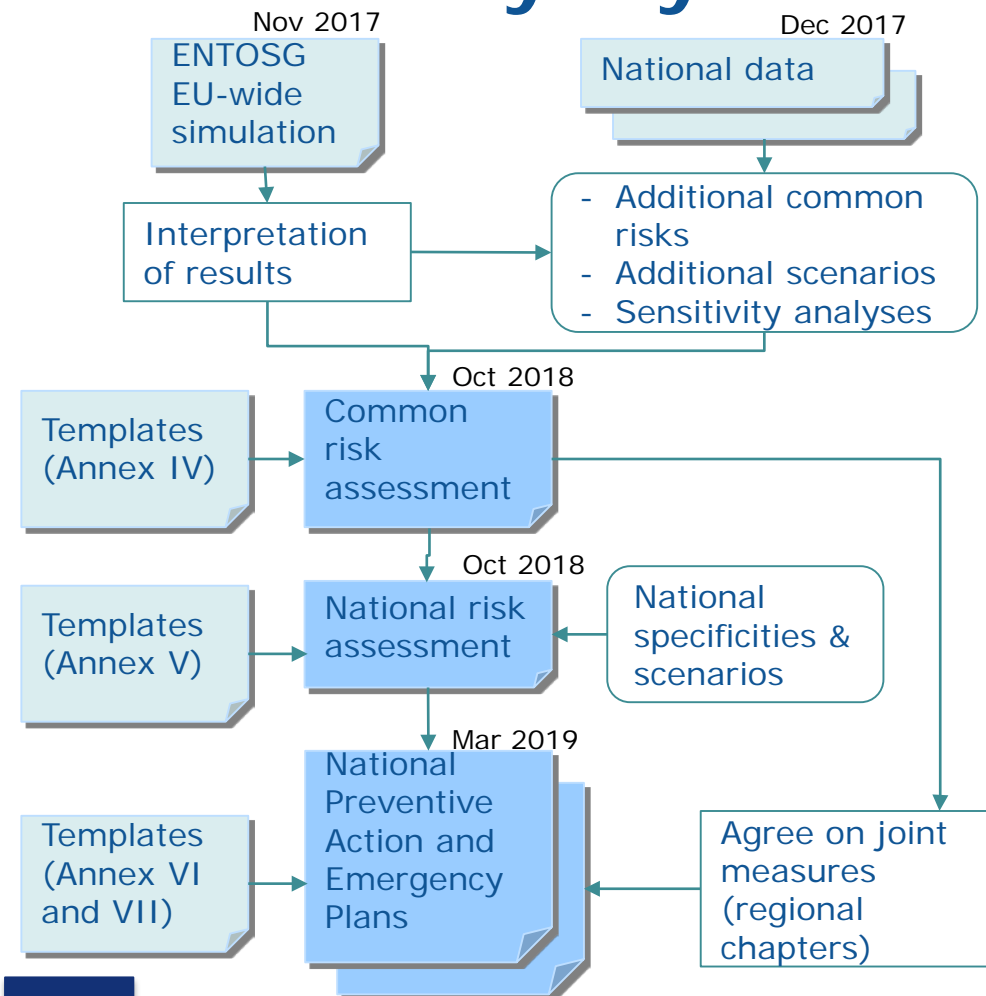


- Rotating 'leader' for each of the major deliverables: risk assessment, preventive action plan and emergency plan
 - start with the most impacted MS for the Risk assessment
- Roles of a leader may include:
 - Overall 'project management'
 - Propose schedule
 - Organize, chair meetings
 - 'hold the pen'
- Commission provides dedicated point of contact for each risk group



The process of preparing the Risk assessments and Plans – every 4 yrs

- **EU-wide simulation** by ENTSOG (Article 7(1))
- Prepare **common Risk Assessments** for each risk group (Article 7(2))
 - **NEW:** Integrated perspective on gas and electricity systems
 - National risk assessments remain and need to be in sync with common risk assessments
 - Stakeholders, incl NRAs should cooperate with CA and provide requested information
- Develop jointly **regional chapters** to be incorporated in each MS' Preventive Action (PAP) and Emergency Plan (EP) (Article 8(3))





Consultation and approval of Plans

- Regular reporting to GCG on progress and cooperation mechanism
- CA to consult stakeholders, **incl. NRAs** as well as exchange draft plans with neighbouring MSs and MSs within each risk group
- Commission Opinion on Plans, after consulting the Gas Coordination Group, where they:
 - Are not effective
 - Are inconsistent
 - Unduly distort the internal market
 - Do not comply with this Regulation
- Commission powers in case of new non-market based measures (Article 9(4)(6)(8)(9))
 - Measures need to comply with Art. 6(2) (same as for increased supply standard) → Commission Opinion
 - If doubt Commission requests impact assessment (**includes task for NRA**)
 - If endangers SoS of other MS or the EU → Commission Decision to amend or withdraw measure

Infrastructure standard (Article 5)

- **N-1 definition remains**

- It is complemented by hydraulic modelling (Article 7(4)(a))
- Can be calculated on a regional or risk-group level (if agreed by CAs)

- **Reverse flow (Article 5 and Annex III)**

- Benefits measured along the supply corridor
- Whole process can be delegated to the NRA
- Consistency with TEN-E process: joint submission, cost-benefit analysis, cross-border cost allocation, role of NRA and ACER
- TSOs to submit joint proposal or exemption request for all interconnections* before 1 December 2018 (unless valid exemption)
- Commission to publish
- Exemptions can be revised upon request of a MS or Commission

In approving tariffs / methodologies; cost allocation

*That existed on the date of entry into force of this Regulation



Explicit mechanism for solidarity from 1 December 2018 (Article 13)

Priority of supplies to solidarity protected customers (households, essential social services) in a Member State A under emergency over non-solidarity protected customers in a (directly/indirectly connected) Member State B

- **New definition: solidarity protected customers**
- **Measure of last resort, only comes after:**
 - Increased supply standard moved to normal levels
 - Market based measures for as long as possible
 - Non-market measures are exhausted
- **In exchange of fair and prompt compensation**
- **Bilateral arrangements between MSs (by December 2018)**
- **Self-executing – does not depend on existing bilateral arrangements**
- **Burden-sharing based on 'most advantageous offer'**
 - When more than one MS can provide help



Improved exchange of information and transparency (Article 14)

- Main purpose: regular inflow of contract related information in order to reflect information in risk assessments and plans
- Enhanced **access to (contractual) information** irrespective of declaration of emergency (Article 14(4))
- Notification of **details** of all contracts with cross-border dimension and longer than 1 year (Article 14(6(a)))
 - Each natural gas undertaking to relevant Competent Authority
 - CA to COM in anonymized form, new and modified contracts to be sent every September
 - Non-aggregated
 - Excluding price information
 - Indication whether it falls under the 28% threshold

Improved exchange of information and transparency

- **Automatic ex-post notification of gas supply contracts relevant for security of supply (Art 14(6(b)))**
 - All existing contracts (after 12 months); new and modified contracts
 - 28% threshold based on annual consumption of most impacted MS
 - Two-step approach: to Competent Authority, and if doubts, to Commission
 - CA to submit its SoS assessment to COM
 - Discretionary powers to request contracts for CA and COM (article 14(7))
 - Whole contracts but only details of accompanying commercial agreements
 - No price information
 - Infrastructure contracts not included (unless relevant for the supply contract)
- **Confidentiality of commercially sensitive information**



Closer cooperation with the Energy Community

- **Energy Community Contracting Parties (Article 16)**
 - Capacity building and cooperation: to ensure consistency across border of risk assessments and Plans
 - Participate in Gas Coordination Group
 - Amendment of the Energy Community Treaty with a view to implement reciprocal obligations under the Gas SoS Regulation



Thank you for your attention!

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