

Mechanisms to address emergency

A case example on the practical relevance of the holding of
emergency oil stocks

Mag. Maria Anwar BA
Crisis Management and Energy Intervention
Belgrade, 28th of September 2022

Austria's stockholding obligation

- IEA's Agreement on an International Energy Programme: obligation to hold emergency oil stocks equivalent to at least 90 days of net oil imports
- EU's Council Directive 2009/119/EC: obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products equivalent to at least 90 days of average daily net imports or 61 days of average daily inland consumption
- EBG 2012 (Austrian national act on oil stockholding): obligation to hold emergency stocks equivalent to 25 % of yearly net imports of oil and petroleum products

Austria's stockholding obligation

- April 2022: Austria was keeping emergency oil stocks of around 2,6 million tonnes of oil equivalent, consisting of crude oil as well as petroleum products
- According to the EBG 2012 the **Austrian Central Stockholding Entity** is in charge of keeping and managing the emergency oil stocks
- According to the Energy Steering Act 2012 a release of emergency stocks is possible
 - to prevent an imminent or resolve a current disruption of Austria's energy supply
 - to fulfill obligations under international law

Timeline

3rd of June 2022

Incident in OMV refinery Schwechat leading to a damage in the main distillation plant

4th of June 2022

1st release of emergency stocks

1st of July 2022

Temporary reduction of stockholding obligation from 25% to 22,22%

11th of July 2022

2nd release of emergency stocks

23rd of September 2022

3rd release of emergency stocks

3rd of June 2022: Incident in OMV refinery in Schwechat

- OMV refinery in Schwechat:
 - Only refinery in Austria
 - Covers approximately 40-50% of domestic fuel market
- **Damage of main distillation plant** during final inspection activities after six-week maintenance shutdown
 - Loss of production capacity of around 80%
 - Shutdown of various weeks expected

3rd of June 2022: Incident in OMV refinery in Schwechat

- Near exhaustion of company's own product reserves after maintenance shutdown:
 - 4 days for diesel
 - 5.4 days for gasoline
 - 20 days for kerosene
- High holiday traffic and high fuel demand for the following days expected

4th of June 2022: Order to release emergency stocks

- Order to release emergency stocks in the amount of
 - 112,000 tonnes of diesel and
 - 56,000 tonnes of gasoline
- Simultaneous establishment of an alternative system of supply
- Reduction of deliveries to fuel stations to around 80% of contractually stipulated amounts

4th of June 2022: Order to release emergency stocks

- Operational implementation carried out by Austrian Central Stockholding Entity
- Transfer of ownership through In-Tank-Transfer allowed immediate use and redistribution of the released amounts of fuel

Logistical challenges in the establishment of an alternative supply system

- OMV was able to acquire alternative quantities contractually but faced challenges in delivering them to Austria due to logistical reasons:
 - Unavailability of railway lines in neighbouring countries
 - Suspension of diesel deliveries from a relevant source after a technical incident
 - Rejection of considerable amounts of semi-finished products because of a divergence in quality
 - Missing loading personnel in a neighbouring country's port

1st of July 2022: Order to reduce the stockholding obligation temporarily

- Rented storage facilities in Trieste, Italy, were mainly filled with crude oil
→ due to refinery damages crude oil could not be processed while semi-finished products could not be transported via the pipeline
- Order to reduce stockholding obligation temporarily from 25% to 22,22% of yearly net imports in the timeframe from 1st of July until 31st of October
- Storage capacities were freed and OMV was able to unload, store and transport semi-finished products to Austria via Transalpine Pipeline (TAL)

11th of July 2022: Order to release emergency stocks

- Order to release emergency stocks in the amount of
 - 100,000 tonnes of diesel and
 - 45,000 tonnes of semi-finished products
- To ensure short-term security of fuel supply during high-demand holiday season in spite of logistical challenges
- Diesel was made available for the Austrian market while semi-finished products were made available for OMV for further processing

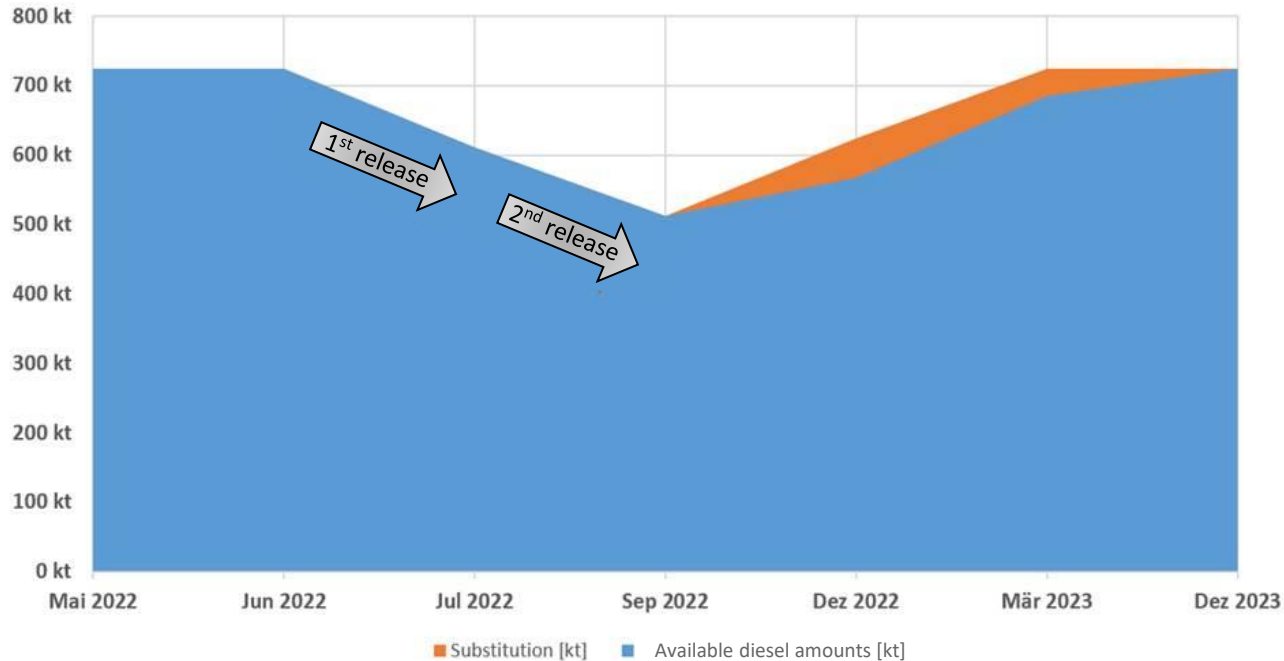
23rd of September 2022: Order to release emergency stocks

- Order to release emergency stocks in the amount of 60,000 tonnes of diesel to ensure security of fuel supply

Planned replenishment of the emergency stocks

- Planned replenishment of quantities from the 1st release until 31st of December 2022 (quantitatively), restoring of initial proportions until 31st of March 2023
- Planned replenishment of the quantities from the 2nd release by 31st of March 2023
 - emergency stocks of semi-finished products fully replenished until 31st of December 2022
 - replenishment of diesel will be partly subsidized by other oil and oil products by 31st of March 2023
 - restoring of the initial proportions of emergency stocks by 31st of December 2023

Planned replenishment of the emergency diesel stocks



Thank you for your attention!

Maria Anwar
Crisis Management and Energy Intervention
maria.anwar@bmk.gv.at