



Energy Security Package

Eastern Partnership Platform

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European Commission**

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We aim at addressing the security of supply challenge through...

- The creating a competitive gas markets
- The reducing import dependency by modernising the heating and cooling sector
- More effective crisis prevention and response based on cooperation and solidarity

Security of supply package of 16/2/2016

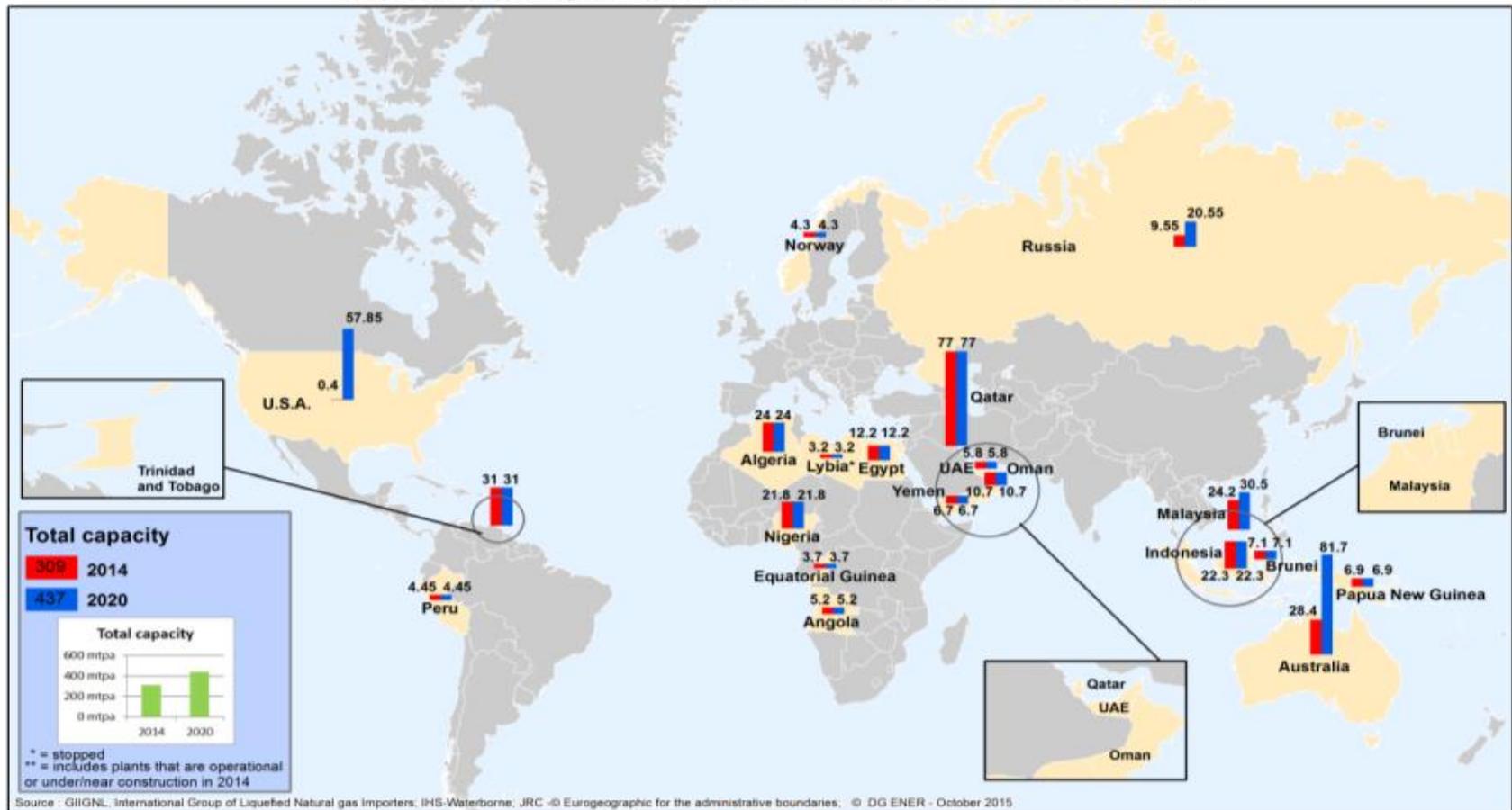
- Regulation on Security of Gas Supply
- Decision on Intergovernmental Agreements
- Liquefied Natural Gas and Storage strategy
- Heating and Cooling strategy



The LNG Strategy

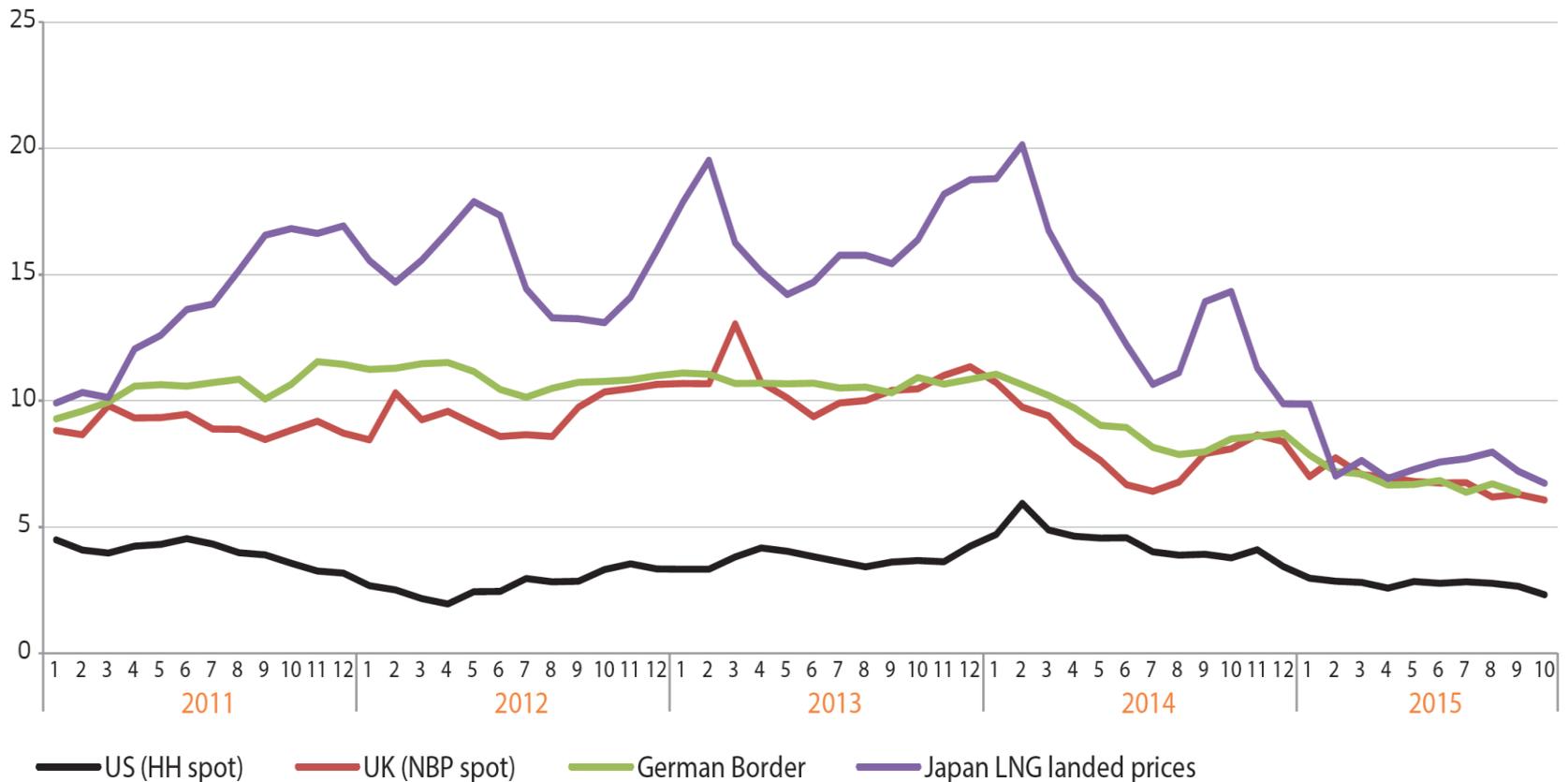
Around 50% expansion of global LNG supply is expected over the next few years

Nominal capacity of liquefaction plants, 2014 vs 2020** (mtpa)

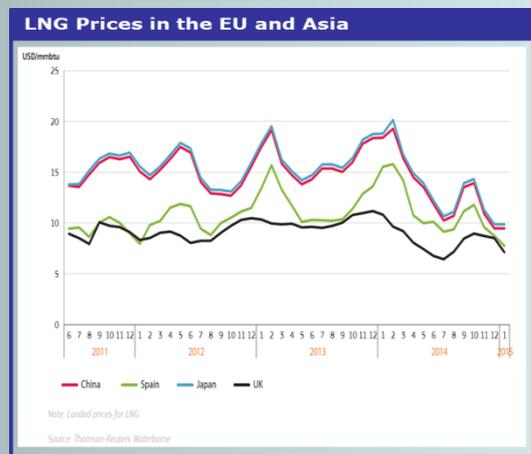
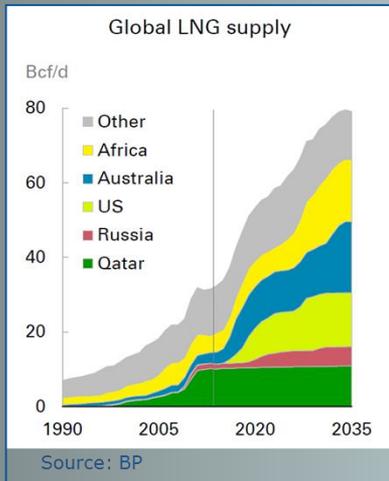


Global gas prices continue to align

USD/mmbtu

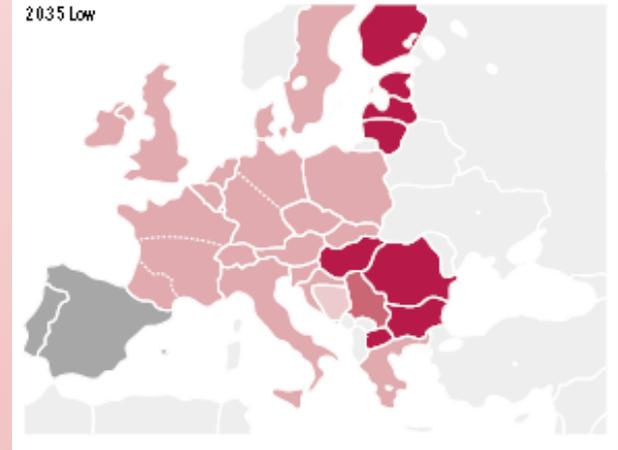


LNG supply opportunity meets EU diversification need



- Global LNG supply is set to expand dramatically, with the US and Australia becoming major players
- Asian and EU prices are converging...and falling

2035 Low



- Falling EU production, so imports at least remaining stable
- Need for diversification in regions dependant on single supplier

To reap the benefits of global LNG: access to liquid regional gas hubs

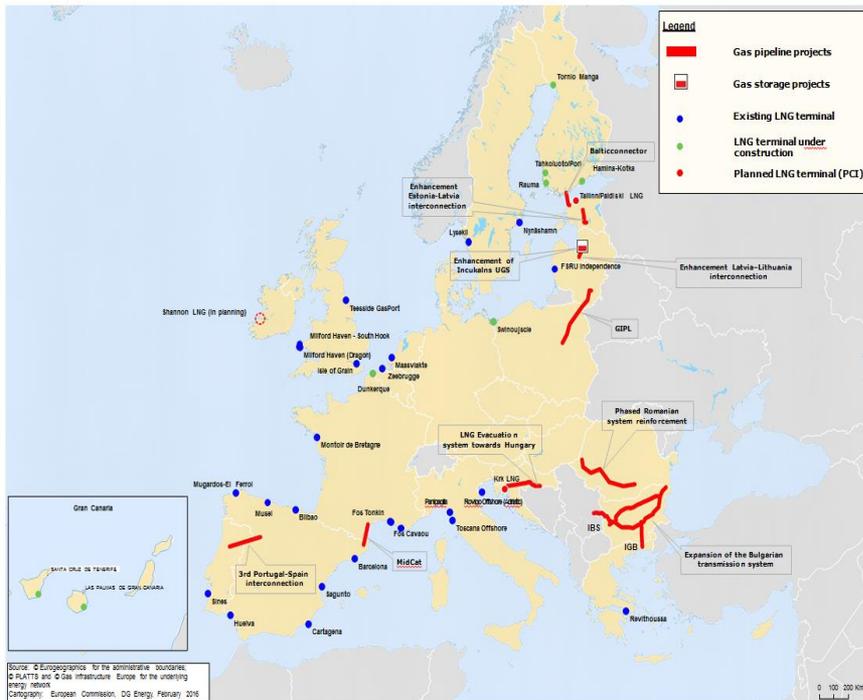
Completing the internal EU gas market is key:

Build key LNG related infrastructure

- In particular under BEMIP and CESEC high level groups
- These will also allow regional access to storage

Fully implement existing EU energy legislation

- Ensure level playing field for existing LNG terminals (regulated and exempted)
- Ensure level playing field for flexibility instruments, including storage
- Enable new services and technologies





Revision on Regulation on Security of Gas Supply

Shift to a regional approach

- **Why?**
 - The most effective tool to improve prevention (better estimation of risk magnitude, early identification of synergies and inconsistencies)
 - To ensure a consistent and larger response in a severe crisis

- Joint Risk Assessment

- Joint Preventive Action Plan

- Joint Emergency Plan



Based on mandatory
templates



Peer review



Gas Coordination Group



Commission's opinions and,
ultimately, decisions

How?

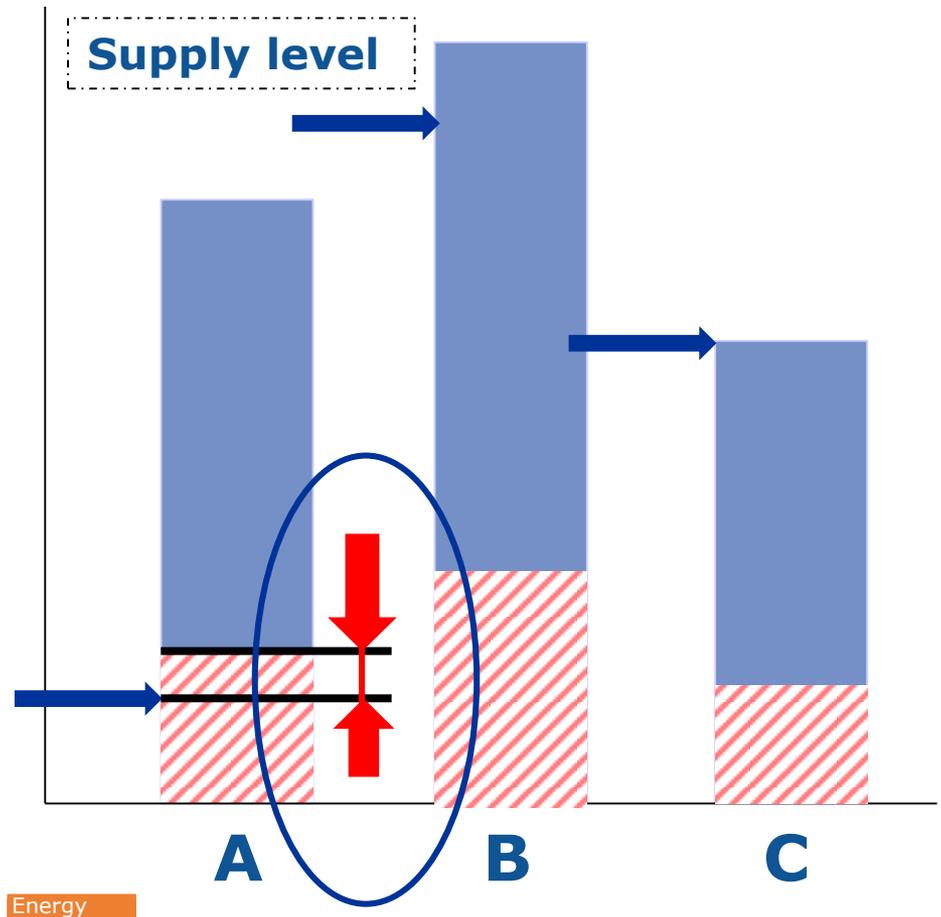
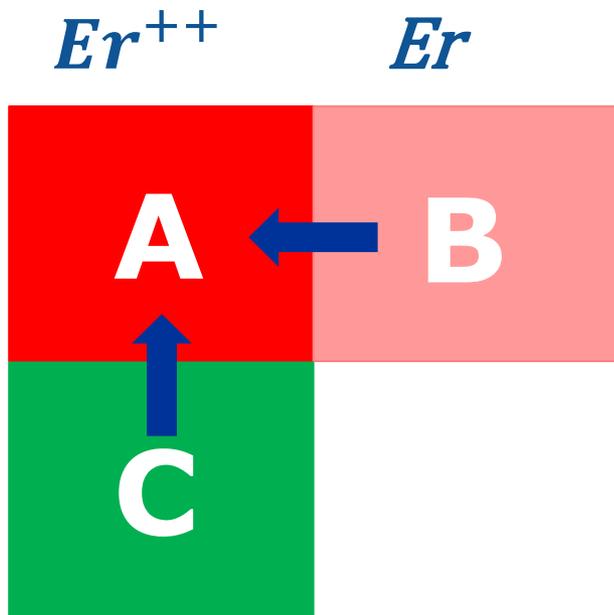
- Definition of regions based on criteria laid down in the Regulation, *inter alia*:
 - Existing groups (TEN-E), adapted to SoS needs.
 - Likely cooperation options, i.e. who needs to cooperate with who?
 - Market development and maturity



A new explicit solidarity principle

- Based on a **two-step** approach:
 1. Reset to "default" values any increased supply standard upon the declaration of an emergency in a MS
 2. Where step 1 is insufficient and the supply to households, essential social services and district heating cannot be satisfied in a MS:
 - The gas supply to consumers other than households, essential social services and district heating cannot continue in MS directly connected
 - Those MS directly connected must take the necessary measures to ensure that gas will be supplied to the MS in the severe emergency
- Applies among all MS (not limited to regions)

A new explicit solidarity principle



Better access to information in & outside emergency

- **Competent authorities** may require natural gas undertakings to submit information that they would make available in emergency
- **Enhanced access to contractual information irrespective of declaration of emergency** – staged approach
 - ✓ Automatic notification of contractual information
 - ✓ Automatic ex-post notification of gas supply contracts relevant for security of supply (duration exceeding 1 year and covering more than 40% of annual gas consumption in the MS)
 - ✓ Empowerment of competent authorities to request additional information from gas undertakings in duly justified circumstances

Energy Community

- Extension of the application of the regulation to the Contracting Parties of the Energy Community
 - ✓ Risk assessment, preventive action plans, emergency plans
 - ✓ Enabling reverse flows
 - ✓ Commitment not to take measures that negatively impact security of supply of the neighbours
 - ✓ Participation in solidarity
 - ✓ Participation in the Gas Coordination Group
- Joint Act of the Ministerial Council of the Energy Community
- Energy Community Contracting Parties implement the Joint Act
- Commission confirms the reciprocal character of the obligations



Thank you for your attention!