



DIRECTORATE-GENERAL FOR ENERGY

**SUMMARY NOTE OF THE MEETING OF THE GAS COORDINATION GROUP
14 FEBRUARY 2014 (10:00-16:00)**

1. UPDATE ON THE CURRENT SITUATION ON SECURITY OF SUPPLY IN THE EU

The Netherlands informed the Group on the Government's announced decision to reduce production at Groningen gas field following the increasing number of earthquakes detected in the region and after a series of studies were conducted. The long-term contracts, including those related to flexibility, will be in any case honoured and there should be no impact on other Member States. The decision will be reviewed in 2016 for the period starting in 2017.

2. TRENDS AND EXPECTATIONS ON FOREIGN GAS MARKETS AND THE GLOBAL MARKET IN 2014 AND POTENTIAL IMPLICATIONS FOR EU GAS SECURITY OF SUPPLY

The representative of the Oxford Institute for Energy Studies delivered a presentation on the "Global gas market dynamics impacting EU gas security in 2014" describing the drivers affecting the supply available to the EU as well as their effects on prices in terms of both pipeline gas and LNG.

GLE presented their views on the current role of LNG and its expected contribution to security of supply. Although imports through LNG are declining in the EU, and new services are consequently being developed to compensate the reduced utilisation rate, terminals are operative and LNG flows could rapidly flow to the EU should there be a need.

3. DISCUSSION POINT: SECURITY OF SUPPLY RELATED OBLIGATIONS IN LICENSING CONDITIONS AND THEIR POSSIBLE NEGATIVE IMPACTS ON MARKET FUNCTIONING (MORE DETAILED INFORMATION TO COME)

A discussion was held on the different security of supply obligations linked to licensing. The main elements and rationale behind the various obligations, e.g. the obligation to diversify entry capacities or mandatory storage, were explained together with the potential problems for trading perceived by other members. It was also mentioned that diverging national situations may require tailored security of supply solutions.



4. THE COMMISSION'S REPORT ON SECURITY OF GAS SUPPLY AND REGULATION 994/2010 – AN OUTLINE OF THE MAIN ISSUES – *DG ENER, EUROPEAN COMMISSION*

The Commission described its initial ideas for the report on security of gas supply to the Parliament and the Council due by December 2014 under Article 14 of the Regulation. The Commission proposed to further discuss this topic at the next meeting of the GCG.

5. ANY OTHER BUSINESS

With regard to the storage situation, Gas Storage Europe, GSE, presented AGSI+ transparency platform (accessible via their web) and informed the Group that current storage levels are higher than in the last three years. In case of a cold spell, the EU would be in a better position now than in 2012.

The Commission presented the topics proposed by GCG members for in-depth discussions for the coming meetings, which can be broadly grouped in the following categories: internal energy market related issues, cross-border effects, links with electricity, implementation of Regulation (EU) No 994/2010, the role of storage and LNG and some international issues. The Commission suggested dedicating the May meeting to issues related to the cross-border impact of national measures and the challenges in implementing the Regulation. A specific discussion would be dedicated to protected customers.

Hungary informed the GCG about the launching of the Visegrad Four Gas Forum, which will consist on a series of events, the next one taking place in Budapest on 17 February 2014.

The next meeting of the Gas Coordination Group is envisaged for May 22th 2014.