1 Responses to consultation – LNG section

1.1 LNG in the EU today

1. Do you agree with the assessment for the above regions in terms of infrastructure development challenges and needs to allow potential access for all Member States, in particular the most vulnerable ones, to LNG supplies either directly or through neighbouring countries? Do you have any analysis or view on what an optimal level/share of LNG in a region or Member State would be from a diversification / security of supply perspective? Please answer by Member state / region.

No comment.

Question 2: Do you have any analysis (cost/benefit) that helps identify the most cost-efficient options for demand reduction or infrastructure development and use, either through better interconnections to existing LNG terminals and/or new LNG infrastructure for the most vulnerable Member States? What, in your view, are reasons, circumstances to (dis)favour new LNG investments in new locations as opposed to pipeline investments to connect existing LNG terminals to those new markets?

No comment.

3. Do you think, in addition to the already existing TEN-E Regulation, any further EU action is needed in this regard? Do you think the use of LNG gas and existing LNG infrastructure could be improved e.g. by better storage possibilities, better network cooperation of TSOs or other measures? Please give examples.

No comment.

4. What in your view explains the low use rates in some regions? Given uncertainties over future gas demand, how would you assess the risk of stranded assets and lock-in effects (and the risk of diverting investments from low carbon technologies such as renewables and delaying a true change in energy systems) and weigh those against risks to gas security and resilience? What options exist in your view to reduce and/or address the risk of stranded assets?

No comment.

5. The Energy Union commits the EU to meeting ambitious targets on greenhouse gas emissions, renewable energy and energy efficiency, and also to reducing its dependency on imported fossil fuels and hence exposure to price spikes. Moderating energy demand and fuel-switching to low carbon sources such as renewables, particularly in the heating and cooling sector, can be highly cost-effective solutions to such challenges, and ones that Member States will wish to consider carefully alongside decisions on LNG infrastructure. In this context, do you have any evidence on the most cost-efficient balance between these different options in different areas, including over the long term (i.e. up to 2050)?

No comment.

1.2 Potential entry barriers for LNG

6. What in your view are the most critical regulatory barriers by Member State to the optimal use of and access to LNG, and what policy options do you see to overcome those barriers? Have you encountered or are you aware of any problems in accessing existing LNG terminal infrastructure, either because of regulatory provisions or as a result of company behaviour? Please describe in detail.

No comment.

7. What do you think are the most critical commercial, including territorial restrictions and financial barriers at national and regional level to the optimal use and access to LNG?

No comment.

8. More specifically, do you consider that ongoing EU policy initiatives and/or existing legislation can adequately tackle the outstanding issues, or there is more the EU should do?

No comment.

1.3 International LNG markets

9. How do you see worldwide LNG markets evolving over the next decade and what effects do you expect this to have on EU gas markets? Do you expect a shift away from oil-indexed LNG contracts, and if so under what conditions?

No comment.

10. What problems if any do you see with the functioning of the international LNG market, particularly at times of stress? Are there specific actions the EU should take, in dialogue with our international partners, including in trade negotiations, to improve its functioning and/or to make the EU market more attractive as a destination for LNG? Could voluntary demand aggregation be helpful in some way?

No comment.

1.4 LNG technology issues including LNG in transport

11. What technological developments do you anticipate over the medium term in the field of LNG and how do you see the market for LNG in transport developing? Is there a need for additional EU action in this area to reduce barriers to uptake, for example on technology or standards, including for quality and safety?

No comment.

1.5 LNG sustainability issues

12. Do you think there are any sustainability issues specific to LNG that should be explored as part of this strategy? What would be the environmental costs and benefits of alternative solutions to LNG? Please provide evidence in support your views.

No comment.

2 Responses to consultation – Storage

2.1 Internal market constraints and challenges for storage

13. What opportunities or challenges do the supply projections for different sources, in particular LNG and pipeline gas and low carbon indigenous sources, present for the use of gas storage / for gas storage operators?

No comment.

14. Are, in your view, current market and regulatory conditions adequate to ensure that storages can fully play their role in addressing supply disruptions or other unforeseen events (e.g. extreme cold spells)?

We prefer usage of storage obligations to the minimum level possible or with minimal thresholds, because they distort the market and its competitiveness, restrict short term market and liquidity.

We are convinced that the conditions and rules related to the supply disruptions and security of supply are very strict in the Czech Republic. It is necessary to ensure that the standards (if these must be applied) do not restrict the competition in the market. For example in case of storage obligations is competition in the market threatened due to e. g. limited storage capacities and monopoly position of the gas storage companies which are part of vertically integrated companies. Storage capacities are not regulated and are not acquired on a non-discriminatory basis as well.

15. As an alternative to mandatory reserves, how could market based instruments ensure adequate minimum reserves?

We think that functional market and sufficient liquidity provide the best tools for resolving crisis situations. It is same solution which is proposed by Gas Target Model. But it is dependent on conditions and infrastructure in individual member states and there are countries where is necessary to introduce mandatory reserves. From our point of view we consider any increase of mandatory reserves as a tool that could hinder the single market development.

2.2 Storage infrastructure

16. Do you have any analysis or view on what an optimal level/share of storage in a Member State or region would be? What kind of initiatives, if any, do you consider necessary in terms of infrastructure development in relation to storage?

We believe that doesn´t exist one-size-fits-all model. The optimal share of storage is dependent on conditions and decisions of individual member states. We have information how are the gas storages used to meet the security of supply in other member states and the approaches are very different.

17. Do you think, in addition to the existing TEN-E Regulation, any further EU action is needed in this regard?

It is necessary to ensure that the security of supply through minimum reserves is not abused by some market players to strengthen their market position.

18. Given uncertainties over future gas demand, how would you assess the risk of stranded assets (and hence unnecessary costs), lock-in effects, the risk of diverting investments from low carbon technologies such as renewables, delaying a transition in energy systems and how would you and weigh those against risks to gas security and resilience? What options exist in your view to reduce the risk of stranded assets?

It must be a political decision whether is necessary and effective to incentivise the development of gas storages in individual countries or preserve the natural development of the infrastructure.

2.3 Regulatory framework and potential barriers for storage

19. What do you think are the most critical regulatory barriers to the optimal use of storage in a regional setting?

The critical barrier is insufficient transmission capacity at interconnection points and other technical barriers as well (e. g. insufficient reverse flows). Course, development of emergency plans at regional level could bring harmonization among different national emergency plans and more effective approaches (where needed).

20. Do you think ongoing initiatives and existing legislation can tackle the remaining outstanding issues or is there more the EU could do? Do initiatives need to include additional issues further to the ones described here?

No comment.

21. Do you consider EU-level rules necessary to define specific tariff regimes for storage only or should such assessment be made rather on a national level in view of available measures able to meet the objective of secure gas supply?

No comment.

22. Have you ever encountered, or are you aware of, difficulties in accessing storage facilities? Has this concerned off-site or on-site storage facilities? Please describe the nature of the difficulties in detail.

For example, in the Czech Republic each shipper is obliged to hold 20% of security of supply using storage capacity but there is impossible to ensure the domestic storage capacity for all shippers acting in the Czech gas market. The domestic storage capacities are sufficient but reserved by long-term contracts concluded in the past. The shippers could acquire the storage capacities in neighbouring states but it could be more expensive and in reality impossible because in case of emergency the neighbouring states could use the gas from domestic storages for their own use. So it is not really helpful for security of supply of the Czech Rep. The only thing that really makes, it is not security of supply but it is higher prices for end customers.

23. Have you ever encountered, or are you aware of, difficulties related to feeding LNG gas from the storage site back into the gas network? If so please describe the nature of these difficulties (regulatory provisions, company behaviour, technical problems) in detail.

No comment.