



Response to the LNG and storage strategy consultation launched by the European Commission

Position of the MVM Hungarian Electricity Private Limited Company (MVM Ltd.)

The security of gas supply is one of the key priorities of the EU's energy policy. We agree that such goal requires the synchronization and coordination of various policies and the intensification of EU-level and regional cooperation.

The MVM Ltd. shares and supports the strategic approach which believes that in order to strengthen energy security, the diversification of supply sources and routes as well as the creation of gas supply and storage infrastructure is essential. It is delighted to see that several steps have been taken in recent years to address such questions.

The MVM Ltd. also fully shares the basic starting points of the European Commission indicated in the consultation document, i.e. **the LNG and gas storage plays a pivotal role in the assurance and future reinforcement of the stable European gas supply**. We find the efforts to create a strategy and find common solutions in this field as justified and reasonable.

However, while creating a strategy, **careful attention must be paid to the various differences between Member States in place** with special regard to their energy mix, geographic location, access to energy resources, the features of the economic and energy sector and the current state of energy infrastructure and future opportunities. It also has to be taken into consideration, that various Member States do not have access to LNG terminals. In accordance with the above, the determination of goals and obligations which aim to tackle the question of LNG supply via a unified and inflexible approach and specific means has to be avoided. **In line with this, it is highly recommended to avoid determining any mandatory and unified target for the share of LNG usage both at EU and national level.**

The MVM Ltd. agrees with the findings of the European Commission, that Central and Eastern Europe is highly dependent on Russian gas supply and **in an effort to mitigate such dependency alternative solutions shall be sought**. Taking into account that the outlook to resolve of Russian-Ukrainian conflict erupted 1,5 years ago is uncertain, the Central and Eastern European region shall be prepared for possible gas supply disruptions in the mid-run.

In accordance with the above, the MVM Ltd. supports all those proposals tabled by the European Commission, which aim to **reinforce the gas infrastructure and security of gas supply of the Central and Eastern European region**. It is our conviction, that **regional cooperation has to be deepened**, and a quick and efficient mode of such cooperation has to be established in the event of possible gas disruptions. **The expansion of the Central and Eastern European Member States' gas pipeline system with special regard to the development of interconnectors has to be intensified**. These projects shall not only target Member States of the European Union, but members of the Energy Union as well, in line with the so-called CESEC

regional initiative aiming similar goals. **In order to expand such cooperation, we found the allocation of additional European funds as crucial.**

Besides connecting the gas infrastructures of Member States, **the strengthening of regional cooperation** in the field of gas storage is also essential. It is necessary to create those still missing technical, regulatory and market conditions, which help to eliminate the current barriers and – for the common benefit of the whole EU – which contribute to fully maximize the potential of gas storage capacities.

In the face of the serious gas supply disruptions in recent years and the damages the European economy have suffered as a result, **the creation of an EU-level recommendation with regard to mandatory storage obligations shall be considered. Based on the different features of Member States in the field of energy, such recommendation could determine respective security reserve storage levels.** In case a Member State lacks its own, or has insufficient gas storage capacities, **such recommendation could create the framework for regional cooperation in storing security reserves in neighbouring countries. In the sake of the security of gas supply, it is also worth consideration whether such efforts could be backed and urged by European financial assistance.** It could be also useful to investigate whether the establishment of a common European strategic gas reserve and its regional distribution - in line with Member States' different level of exposure to gas supply disruptions - would hold advantages for the European energy security.

We found it important to highlight that **the principles of efficiency and cost-effectiveness** also have to be respected when assessing the feasibility of certain investments and common projects in the field. **It is essential that the funds allocated for the development of the energy infrastructure must be used responsible and in a deliberate fashion.** Therefore, in advance of new energy infrastructure investments, it is recommended to assess how the potential of the already-existing infrastructure could be better exploited with special regard to the already-existing gas storages with relatively low level of usage.