

Consultation on the Oil Stocks Directive (Directive 2009/119/EC)

Fields marked with * are mandatory.

Introduction

This consultation is launched to collect views and suggestions from stakeholders and citizens for the purposes of the current evaluation of Council Directive 2009/119/EC imposing an obligation on Member States to maintain stocks of crude oil and/or petroleum products. The general objective of the evaluation is to assess how the Oil Stocks Directive has been implemented in the Member States and how it is functioning in practice; to identify possible problems and areas for improvement or simplification.

Article 22 of the Directive tasked the Commission to "review" (evaluate) the functioning and implementation of this Directive. As a first step, an independent study was carried out by an external consultant. The final report is published on the website of the Directorate General for Energy (<https://ec.europa.eu/energy/en/studies>). As a part of this study, a technical survey was carried out addressed to targeted stakeholders.

For more information about the evaluation, see the [roadmap](#)

Who should answer?

The Commission is now seeking the views of all stakeholders and general public, with the help of a general non-technical survey, which focusses on the basic questions of the evaluation. Stakeholders having replied to the technical survey are encouraged to answer to this public consultation, which will serve as a complement to the input they provided in the past. This consultation also provides experts the opportunity to express their personal views, which might well differ from the official position of their institutions / authorities.

What is the Oil Stocks Directive?

In view of the important role of oil for the economy and the significant import dependence, EU Member States have to hold emergency oil stocks. This obligation was imposed first in 1968, under Council Directive 68/414/EEC of 20 December 1968. Such stocks shall ensure the continuity of supply of petroleum products to consumers in case of possible disruptions. In 2009 the legislation was revised with the following main objectives in mind:

- improving the availability of the stocks,
- better harmonization with the stockholding system created by the International Energy Agency (IEA),
- reducing administrative burden
- and improving transparency.

Member States had to transpose the Directive into their national legal order by 31 December 2012.

Main provisions of the Oil Stocks Directive

Member States must maintain a total level of emergency oil stocks corresponding, at the very least, to 90 days of average daily net imports or 61 days of average daily inland consumption, whichever of the two quantities is greater.

The average daily net imports are to be calculated on the basis of the method explained in Annex I of the Directive, whilst the procedure for calculating average daily inland consumption is given in Annex II. Annex III lays down the procedure for calculating stock levels.

The Directive includes several provisions which are supposed to improve the availability of stocks; for example, it distinguishes emergency stocks and commercial stocks and clarifies that stocks held by bankrupt companies cannot be reported as emergency stocks. The Directive also introduced the so-called specific stocks; Member States may make a voluntary commitment to establish such stocks which have to meet stricter requirements related to their composition and availability. Member States have an obligation to ensure that emergency oil stocks are available and physically accessible. In this regard, they are responsible for putting in place arrangements for the identification, accounting and control of these stocks. A register containing information on emergency stocks (the location of the depot, refinery or storage facility, the quantities involved, the owner of the stocks and their nature) has to be established and continually updated.

Since 2013, a single questionnaire is used by the IEA and the Commission, which was adjusted to fully meet the requirements of the Directive. In addition to the monthly reporting of stock levels, the Directive introduced annual reporting (summary copy of the register and a report on the measures ensuring the availability and physical accessibility of stocks) which provides additional information about the Member States' stockholding arrangements.

CSE: In order to maintain stocks, each Member State may set up a central stockholding entity (CSE), in the form of a non-profit making body or service. The CSE shall maintain oil stocks (acquire and manage these stocks). Under the conditions and limitations laid down by the Directive, CSEs and Member States may delegate part of the management of stocks to another Member State with stocks on its territory, to the CSE set up by the said Member State or to economic operators

Specific stocks and other stocks of products: Each Member State is invited to commit to maintaining specific stocks. In this case, they must maintain a minimum level defined in terms of number of days of consumption. Specific stocks shall be owned by the Member State concerned or the CSE set up by it. Member States shall publish their decision to hold specific stocks in the Official Journal of the European Union.

Specific stocks shall be composed of one or several of the following products: ethane; LPG; motor gasoline; aviation gasoline; gasoline-type jet fuel (naphtha-type jet fuel or JP4); kerosene-type jet fuel; other kerosene; gas/diesel oil (distillate fuel oil); fuel oil (high sulphur content and low sulphur content); white spirit and SBP; lubricants; bitumen; paraffin waxes; petroleum coke.

Member States shall ensure that in total, for the reference year, the crude oil equivalent of the quantities consumed of products included in the categories used is at least equal to 75 % of inland consumption. If there is no commitment to maintain at least 30 days of specific stocks, Member States shall ensure that at least one third of their commitment is held in the form of products, under the conditions laid down by the Directive.

Biofuels and additives: When calculating stockholding obligations and stock levels actually maintained, biofuels and additives shall be taken into account only where they have been blended with the petroleum products concerned. Furthermore, under certain conditions, part of the biofuels and additives stored on the territory of the Member State in question may be taken into account when calculating stock levels actually maintained.

Emergency procedures: Member States must be able to release all or part of their emergency stocks and specific stocks if required. Contingency plans shall be developed. In the event of a major supply disruption, emergency procedures must be in place. Specific rules also apply according to whether or not there is an effective international decision to release stocks.

Finally, the Directive set up a "Coordination Group for oil and petroleum products" (Article 17). While the main role of the Group is to facilitate coordination between Member States in case of a disruption, it is also a useful forum to discuss various issues related to the implementation of the Directive.

See more information about the EU stockholding system at

<https://ec.europa.eu/energy/en/topics/imports-and-secure-supplies/eu-oil-stocks>

<http://ec.europa.eu/eurostat/data/database>

IEA regime

Each IEA country has an obligation to hold oil stocks equivalent to no less than 90 days of net imports. No obligation is imposed to countries that are net oil exporters. The oil stocks obligation can be met through stocks held exclusively for emergency purposes and also to stocks held for commercial or operational use, including stocks held at refineries, port facilities and in tankers in ports. In case of oil disruption, the IEA may activate collective emergency oil response measures.

IEA has 29 member countries. 20 EU Member States are also parties to IEA.

See more information on the IEA stockholding system at

http://www.iea.org/media/freepublications/security/EnergySupplySecurity2014_PART1.pdf

<https://www.iea.org/netimports/>

1. General information about respondents

* 1.1. Are you answering on behalf of an organisation or institution?

- ☒ Yes, I am answering on behalf of an organisation or institution
☐ No, I am answering as an individual

* 1.2. If replying as an individual/private person, please give your name; otherwise give the name of your organisation, your full name and position title.

Text of 1 to 200 characters will be accepted

Antony Chiwoko
Economics and Policy
UK Petroleum Industry Association (UKPIA)

* 1.3. Please enter your email address:

antony.chiwoko@ukpia.com

* 1.4. In which capacity are you completing this questionnaire?

- | | |
|--|---|
| <input checked="" type="radio"/> as an individual / private person | <input type="radio"/> academic/research institution |
| <input type="radio"/> civil society organisation | <input type="radio"/> international organisation |
| <input type="radio"/> private enterprise | <input type="radio"/> professional organisation |
| <input type="radio"/> public authority | <input type="radio"/> public enterprise |
| <input type="radio"/> consumers association | <input type="radio"/> other |

* please specify here:

50 character(s) maximum

Trade Association, UK Downstream Oil Industry

1.5. If you are a private or public enterprise, could you please indicate your principal business sector?

- | | |
|---|--|
| <input type="radio"/> Central Stockholding Entity | <input type="radio"/> Oil processing |
| <input type="radio"/> Oil storage | <input type="radio"/> Oil transportation |
| <input type="radio"/> Oil trading | <input type="radio"/> Chemicals |
| <input type="radio"/> Transport | <input type="radio"/> other |

1.6. If you are a private or public enterprise, could you please indicate the size of your company?

(Medium-sized enterprise: an enterprise that employs fewer than 250 persons and whose annual turnover does not exceed EUR 50 million or whose annual balance-sheet total does not exceed EUR 43 million. Small enterprise: an enterprise that employs fewer than 50 persons and whose annual turnover and/or annual balance-sheet total does not exceed EUR 10 million. Micro-enterprise: an enterprise that employs fewer than 10 persons and whose annual turnover and/or annual balance-sheet total does not exceed EUR 2 million.)

- ☐ large enterprise
- ☐ medium-sized enterprise
- ☐ small enterprise
- ☐ micro-enterprise
- ☐ I don't know

1.7 If you are a private or public enterprise, could you please indicate whether you are obliged to hold oil stocks?

- ☐ Yes
- ☐ No

1.8. If you are a professional organisation, which sector(s) does your organisation represent?

- | | |
|--|---|
| <input type="radio"/> Oil processing | <input type="radio"/> Oil storage |
| <input type="radio"/> Oil transportation | <input type="radio"/> Oil Import-export |
| <input type="radio"/> ChemicalsTransport | <input checked="" type="radio"/> other |

please specify here:

50 character(s) maximum

Oil processing and Oil Import-Export

1.9. If you are a professional organisation, where are your member companies located? (several answers are possible)

- | | | | |
|--|---|-----------------------------------|--|
| <input type="checkbox"/> Austria | <input type="checkbox"/> Belgium | <input type="checkbox"/> Bulgaria | <input type="checkbox"/> Croatia |
| <input type="checkbox"/> Cyprus | <input type="checkbox"/> Czech Republic | <input type="checkbox"/> Denmark | <input type="checkbox"/> Estonia |
| <input type="checkbox"/> Finland | <input type="checkbox"/> France | <input type="checkbox"/> Germany | <input type="checkbox"/> Greece |
| <input type="checkbox"/> Hungary | <input type="checkbox"/> Ireland | <input type="checkbox"/> Italy | <input type="checkbox"/> Latvia |
| <input type="checkbox"/> Lithuania | <input type="checkbox"/> Luxembourg | <input type="checkbox"/> Malta | <input type="checkbox"/> Netherlands |
| <input type="checkbox"/> Poland | <input type="checkbox"/> Portugal | <input type="checkbox"/> Romania | <input type="checkbox"/> Slovakia |
| <input type="checkbox"/> Slovenia | <input type="checkbox"/> Spain | <input type="checkbox"/> Sweden | <input checked="" type="checkbox"/> United Kingdom |
| <input type="checkbox"/> non-EU country(ies) | | | |

1.10. If you are a civil society organisation, please indicate your main area of focus.

- ☐ Energy
- ☐ Environment & Climate
- ☐ Technology & Research
- ☐ other

1.11. If you are a public authority, can you define more specifically your area of competence?

- ☐ national government
- ☐ national parliament
- ☐ regional government
- ☐ regional parliament
- ☐ local authority
- ☐ governmental agency
- ☐ EU institution / body
- ☐ other

1.12. Is your organisation registered in the [Transparency Register](#)?

- ☐ Yes
- ☐ No

1.13. Please give your country of residence/establishment

- | | | | |
|---|--|--------------------------------|---|
| <input type="radio"/> Austria | <input type="radio"/> Belgium | <input type="radio"/> Bulgaria | <input type="radio"/> Croatia |
| <input type="radio"/> Cyprus | <input type="radio"/> Czech Republic | <input type="radio"/> Denmark | <input type="radio"/> Estonia |
| <input type="radio"/> Finland | <input type="radio"/> France | <input type="radio"/> Germany | <input type="radio"/> Greece |
| <input type="radio"/> Hungary | <input type="radio"/> Ireland | <input type="radio"/> Italy | <input type="radio"/> Latvia |
| <input type="radio"/> Lithuania | <input type="radio"/> Luxembourg | <input type="radio"/> Malta | <input type="radio"/> Netherlands |
| <input type="radio"/> Poland | <input type="radio"/> Portugal | <input type="radio"/> Romania | <input type="radio"/> Slovakia |
| <input type="radio"/> Slovenia | <input type="radio"/> Spain | <input type="radio"/> Sweden | <input checked="" type="radio"/> United Kingdom |
| <input type="radio"/> Other non-EU European country | <input type="radio"/> Non-European country | | |

* 1.14. Please indicate your preference for the publication of your response on the Commission's website:

(Please note that regardless the option chosen, your contribution may be subject to a request for access to documents under Regulation 1049/2001 on public access to European Parliament, Council and Commission documents. http://ec.europa.eu/transparency/access_documents/index_en.htm In this case the request will be assessed against the conditions set out in the Regulation and in accordance with applicable data protection rules.)

- ☒ Under the name given: I consent to publication of all information in my contribution and I declare that none of it is subject to copyright restrictions that prevent publication.
- ☐ Anonymously: I consent to publication of all information in my contribution and I declare that none of it is subject to copyright restrictions that prevent publication.
- ☐ Please keep my contribution confidential. (it will not be published, but will be used internally within the Commission)

2. Relevance

Relevance looks at the relationship between the needs and problems in society and the objectives of the intervention. The economic, social or political climate may change over time which could make a previous intervention less relevant. In this context, is it still relevant to stipulate minimum requirements for emergency oil stocks and/or to align those requirements to those of the International Energy Agency (IEA)?

2.1 Do you agree that the emergency oil stocks are necessary to guarantee the security of supply in the EU?

- ☒ Yes, fully
- ☐ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

Oil products are essential to the EU security of energy supply. Emergency oil stocks ensure the resilience of the EU and global energy system to sudden changes within the supply-demand balance.

2.2 Do you agree that the EU needs to have its own rules on emergency oil stocks?

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

UKPIA believes in full alignment with IEA guidelines, but agrees that, as with the EU system, it is relevant to stipulate minimum requirements, for justification of a level playing field.

2.3 Do you agree that the EU rules on emergency oil stocks need to be in line with the rules applied in the context of the IEA?

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

We believe that EU requirements should be aligned to those of the IEA, but that obligated parties should be allowed to use Naphtha stocks for compulsory coverage when used for gasoline production.

2.4. The Directive obliges to hold a level of oil stocks equivalent to 90 days of average daily net imports or 61 days of average daily inland consumption, whichever of the two quantities is greater. In your view, are these levels of emergency oil stocks requested by the Directive appropriate for the EU to cope with a serious oil supply disruption?

- ☒ Yes, fully
- ☐ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer notably by clarifying if you think higher or lower level of stocks would be more adapted.

200 character(s) maximum

UKPIA believes that current stock levels are fully sufficient: any structural changes should be justified and examined against criteria of cost-effectiveness including appropriate acceptability.

2.5. The average daily net imports referred to in question 2.3. need to be calculated based on the crude oil equivalent of imports during the previous year. Annex I of Directive 2009/119/EC lays down the methodology based on which the imports of petroleum products are converted into crude oil equivalent. In your view, is this methodology well adapted for the calculation of the equivalent of crude oil import?

- ☐ Yes, fully
- ☐ Yes, partly
- ☐ No
- ☒ No opinion

Please explain your answer

200 character(s) maximum

2.6. The average daily inland consumption referred to in question 2.3 need to be calculated based on the crude oil equivalent of inland consumption during the previous calendar year. Annex II of Directive 2009/119/EC lays down the methodology based on which the inland consumption is converted into crude oil equivalent of inland. In your view, is this methodology well adapted for the calculation of the inland consumption?

- ☐ Yes, fully
- ☐ Yes, partly
- ☐ No
- ☒ No opinion

Please explain your answer

200 character(s) maximum

2.7. Annex III of Directive 2009/119/EC lays down the methodology for calculating the level of stocks held. In your view, is this methodology well adapted for calculating the actual level of stocks that would be actually accessible and available in case of oil supply disruption?

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

According to economic operators unavailability factors are less than 3%. The EU should remain consistent with IEA but an updated study backed by IEA should be launched.

2.8. Any additional views related to the relevance of the objectives of Directive 2009/119?

500 character(s) maximum

3. Effectiveness

Effectiveness analysis considers how successful EU action has been in achieving or progressing towards its objectives. The evaluation should form an opinion on the progress made to date and the role of the EU action in delivering the observed changes. Directive 2009/119 aimed at: (1) improving the availability of the stocks, (2) better harmonizing with the stockholding system created by the IEA, (3) reducing administrative burden and (4) improving transparency. In this context, to what extent have the 4 main objectives been achieved? To what extent have the planned results been produced and contributed to the overall objective of strengthening the security of oil supply?

3.1. In your view, has the Directive improved the availability of the stocks in case of oil disruption?

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

There has never been a large scale test of the effectiveness of the CSO system to react to a genuine disruption event, although IEA stock release have occurred in response to some supply constraints.

3.2. In your view, has the Directive improved the physical accessibility of the stocks in case of oil disruption?

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

The implementation of the current rules in some Member States does not entirely guarantee physical accessibility of the stocks in a timely manner.

3.3. In your view, has the Directive achieved a better harmonization with the International Energy Agency (IEA) system?

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

UKPIA calls for broad alignment with the IEA. However, with inclusion of a small amount of finished products i.e Naphtha stocks an important feedstock used in blending of transport fuels.

3.4. If you are a public administration, how would you rate the impact of the Directive on the administrative burden?

- ☐ The administrative burden increased largely
- ☐ The administrative burden increased slightly
- ☐ No impact
- ☐ The administrative burden decreased slightly
- ☐ The administrative burden decreased largely
- ☒ No opinion

Please explain your answer

200 character(s) maximum

3.5. If you are an economic operator, how would you rate the impact of the Directive on the administrative burden?

- ☐ The administrative burden increased largely
- ☐ The administrative burden increased slightly
- ☐ No impact
- ☐ The administrative burden decreased slightly
- ☐ The administrative burden decreased largely
- ☐ No opinion

3.6. In your view, has the Directive improved the transparency as regards the level of emergency oil stocks held in the Member States and the European Union as a whole?

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

Improved by establishing a harmonised EU-wide system of public registry for products to account & control stock availability. However managed in a way that does not increase administrative burden.

3.7. Emergency oil stocks may be held at any location across the EU. The previous rules allowed cross-border stockholding only if there was a bilateral agreement between the Member States concerned. The Directive removed this requirement, but Member States need to authorize in advance cross-border arrangements between operators. In your view, has the Directive improved transparency as regards the cross border stocks?

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

The abolition of bilateral agreements should be enforced. Restrictions imposed by Member State for stocks held abroad should not be stricter than for stocks being held on their territory.

3.8. Are you aware of any unexpected or unintended effects of the Directive?

- ☒ Yes
☐ No

Please explain your answer

200 character(s) maximum

The discrepancy between the provision for unavailable stocks between EU and IEA rules unduly increased the obligation for EU Member States and thus, costs.

3.9. Any additional views on the effectiveness of Directive 2009/119?

500 character(s) maximum

UKPIA welcome the fact that the Directive provides greater granularity and transparency to the IEA methodology, although we would like to raise a number of issues that we recommend to address during the review: Naphtha stocks to be allowed for compulsory coverage when used for gasoline production (transport use); ensure a level playing field by harmonizing among Member States; abolition of bilateral agreements; 10% deduction rule to be reviewed; level playing field between refiners and importers

4. Efficiency

Efficiency considers the relationship between the resources used by an intervention and the changes generated by the intervention. Efficiency analysis will include analysis of administrative and regulatory burden and look at aspects of simplification. It is important to note that efficiency analysis should always look closely at both the costs and benefits of the EU intervention as they accrue to different stakeholders.

The ex-ante cost benefit carried out by the Commission in 2008 can be consulted in the [Impact Assessment](#)

4.1. In your view, the costs related to the implementation of the Directive were:

- ☐ Very high
- ☒ high
- ☐ Moderate
- ☐ Low
- ☐ No opinion

Please explain your answer

200 character(s) maximum

Costs are high and not evenly applied, as refiners and importers are treated differently, with higher obligation for refiners. UKPIA calls for a level playing field between all obligated parties.

4.2. How would you estimate the economic burden resulting from the Directive on the different stakeholders? (0 stands for no impact 1 for minimum impact and 5 for a maximum impact)

	0	1	2	3	4	5
CSE	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SME	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Industry	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consumers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tax payers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
State finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4.3. Did the Directive improve efficiency by simplifying reporting?

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

Improved efficiency and can be further improved by leveraging national reporting tools. This simplifies reporting, reduce administrative burden and save costs for obligated entities & Member States.

4.4. Did the Directive improve efficiency through better harmonisation with the IEA system?

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

UKPIA calls for full alignment of EU requirements to those of the IEA. The 10% rule should be removed, or a study backed by IEA should be launched based on current practices and recent techniques.

4.5. Considering your answers to chapter 3 and to questions 4.3 and 4.4, do you think that the costs related to the implementation of the Directive are proportionate to the benefits achieved?

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

Yes, costs are broadly proportionate to the benefits. the main problems revolve around some member state's different treatment of refiners and importers, leading to greater costs for the refiners.

4.6. Any additional views on the effectiveness of Directive 2009/119?

500 character(s) maximum

In the UK CSO legislation requires refiners to hold a higher obligation than importers, thus providing a competitive advantage for importers (see question 4.1). The UK should therefore ensure a level-playing field, including justification and transparency of any exemptions or partial exemptions granted to some market participants.

5. Coherence

The evaluation of coherence involves looking at how well or not different actions work together. Checking "internal" coherence means looking at how the various internal components of an EU intervention operate together to achieve its objectives. Similar checks can be conducted in relation to other "external" interventions, at different levels: for example, between interventions within the same policy field or in areas which may have to work together. At its widest, external coherence looks at compliance with international agreements/declarations.

5.1. The IEA requires its members to hold oils stocks equivalent 90 days of net imports and imposes no obligation on net oil exporters. Contrary to the EU system, stocks held for commercial or operational use can be counted to this purpose. 20 EU Member States have to comply with both the EU and the IEA mechanism. In your view, is the system resulting from the Directive coherent with IEA obligations?

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

UKPIA calls for full alignment with the IEA methodology. Especially the use of Naphtha stocks for compulsory coverage: an important feedstock used in blending of transport fuels in significant volumes

5.2. The Energy Union means making energy more secure, affordable and sustainable. The Energy Union strategy is made up of 5 dimensions: (1) energy security, solidarity and trust; (2) a fully integrated European energy market; (3) energy efficiency contributing to moderation of demand; (4) decarbonising the economy and (5) research innovation and competitiveness.

http://ec.europa.eu/priorities/energy-union-and-climate_en

In your view, is the Directive coherent with the Energy Union objectives?

	Yes, fully	Yes, partly	No	No opinion
Energy security, solidarity and trust	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fully integrated European energy market	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Energy efficiency contributing to moderation of demand	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Decarbonising the economy	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Research, innovation and Competitiveness	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please explain your answer

200 character(s) maximum

Oil will continue to play an important role in the EU energy mix for a considerable period of time. The objective of the Directive come under the fundamental need of averting supply disruption shocks.

5.3. In your view, is the Directive coherent with other EU rules in the energy sector ? <https://ec.europa.eu/energy/en/topics>

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

It is in line with the objective of ensuring energy security and energy accessibility and affordability, but fails to guarantee a level-playing field as stockpiling keeps a strong national prerogative

5.4. In your view, is the Directive coherent with other EU rules relating to the oil sector? <https://ec.europa.eu/energy/en/topics/oil-gas-and-coal>
http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8630&lang=en

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

The Directive more than other EU rules recognizes the importance of oil products for the EU economy and society as a whole.

5.5. In your view, is the Directive coherent with other EU policies? https://ec.europa.eu/info/index_en

- ☐ Yes, fully
- ☒ Yes, partly
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

The cumulative cost of different pieces of legislation on the EU refining sector has to be taken into account.

5.6. Any additional views on the coherence of the Directive with other rules, policies and actions?

500 character(s) maximum

UKPIA strongly object to the demand that a Member State should be able to require an economic operator with an obligation to hold any proportion of stocks on national territory'. In effect, this would remove Article 8 (2) entirely, and any flexibility that the Economic Operator has meeting its obligation. UKPIA members don't want controls in place and ask for oil stocks legislation to better take into account the EU's internal energy market agenda.

6. EU added value

European added value is defined as the value resulting from an EU intervention which is additional to the value that would have been otherwise created by Member State action alone. In the context of the evaluation, the question is whether having an EU Directive on emergency oil stocks presents more added value than a situation without EU intervention.

6.1. Do you see an added value in having a coordinated mechanism for emergency oil stocks?

- ☒ Yes
- ☐ No
- ☐ No opinion

6.2. Do you think that the existence of a separate EU system for emergency oil stocks is justified?

- ☒ Yes
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

An EU Directive provides added value in terms of transparency and reporting, provided all other rules are fully aligned with the IEA, but increases the administrative burden.

6.3. Do you consider that the EU system is a good complement of the IEA system?

- ☒ Yes
- ☐ No
- ☐ No opinion

Please explain your answer

200 character(s) maximum

Yes, provided rules are fully aligned with the IEA system and the value of cross-border emergency stocks is fully exploited.

6.4. What would be the consequences on the levels of oil stocks available in case of disruption if the EU no longer required Member States to hold emergency stocks?

- ☐ No consequence
- ☒ Decrease the level of oil stocks held
- ☐ No opinion

Please explain your answer

200 character(s) maximum

Dependent on market structure, as stocks are generally held when commercially attractive. Factors reduce when obligations are not placed on economic operators, as an incentive to minimise stocks arise

6.5. What would be the consequences on the security of oil supply if the EU no longer required Member States to hold emergency stocks?

- ☐ No consequence
- ☒ Increase the vulnerability in case of oil disruption
- ☐ No opinion

Please explain your answer

200 character(s) maximum

6.6. Is there a need for EU additional policy on emergency oil stocks?

- ☐ Yes
- ☒ No

Please explain your answer

200 character(s) maximum

6.7. Any additional views on Directive 2009/119 added value?

500 character(s) maximum

7. Results of the study – Recommendations

A study in support of the mid-term evaluation of the functioning and implementation of Council Directive 2009/119/EC was prepared by a consultant to provide the Commission with an independent evaluation of the Directive. Respondents are invited to give their opinion on the findings and recommendations presented in the report[1].

The composition and levels of emergency stocks held are crucial to addressing a disruption in an effective way. Annex I of the Directive sets out the methods and procedures for the calculation of the crude oil equivalent of the petroleum product imports. Annex II sets out the method for calculating the crude oil equivalent of inland consumption. Annex III sets out the methods for calculating the level of stocks held. The methods and procedures described in these Annexes may be amended in comitology, in accordance with the regulatory procedure referred in Article 23(2).

Naphtha is a petroleum product which can also have a petrochemical use. Annex I and Annex II detailed specific provisions to take into account the part of naphtha not available for energy purposes. Annex I states that the crude oil equivalent of oil import is reduced by 4%, or if by the net actual consumption or the average naphtha yield if greater than 7% on the national territory of the Member State. Annex III state that crude oil stocks are to be reduced by 4% which correspond to the average naphtha yield, and stocks of naphtha are not included in the emergency stocks.

[1] Study in support of the mid-term evaluation of the functioning and implementation of Council Directive 2009/119/EC- Trinomics, 2016- http://ec.europa.eu/energy/studies/study_in_support_of_the_mid-term_evaluation_of_the_functioning_and_implementation_of_council_directive_2009_119_ec_en.pdf

7.1. The 7% naphtha threshold might have an impact on the stockholding obligation for some Member States with naphtha yield fluctuating around 7%. Do you consider annex I should be amended to limit the trigger effect of the 7% naphtha yield?

- ☒ Yes
☐ No

Please explain your answer

500 character(s) maximum

UKPIA recommends to address this issue in the review, and to remaining aligned with IEA requirements. The stockholding obligation might change quite significantly up or down due to the naphtha calculation method and the threshold values which can be exposed to unmanageable sharp increases or decreases in obligation.

7.2. Under the IEA methodology, for calculating the stock levels, the 4% naphtha yield is deducted from "crude oil, NGL, and feedstock" which is the abbreviation for the full name of Crude, NGL, Feedstocks, Additives/oxygenates and Other Hydrocarbons; compared to 4% reduction of "crude oil" in Annex III of the Directive. "Crude oil" in the sense used in Annex III of the Directive comprises also Crude, NGL, Feedstocks, Additives/oxygenates and Other Hydrocarbons. Do you consider Annex III of the Directive should be amended to explicitly indicate the full name of Crude, NGL, Feedstocks, Additives/oxygenates and Other Hydrocarbons?

- ☒ Yes
☐ No

Please explain your answer

500 character(s) maximum

The clearer the Directive wording the better. However, the updates should not be sufficiently rigid so to prevent flexibility in their application.

7.3. Under the IEA methodology, naphtha for gasoline production is included in the calculation for stock levels if it is reported as gasoline blending component while naphtha for petrochemical uses is excluded. According to Annex III of the Directive, stocks of naphtha are not included in the emergency stocks. Do you consider Annex III of the Directive should be amended to further detail the possible reporting of naphtha as gasoline blending component?

- ☒ Yes
☐ No

Please explain your answer

500 character(s) maximum

UKPIA calls for full alignment with the IEA methodology. Especially the use of Naphtha stocks for compulsory coverage: an important feedstock used in blending of transport fuels in significant volumes.

Both in the IEA methodology and in Annex III of the Directive, a 10% deduction is made on the quantities of stocks calculated. According to the IEA methodology the deduction is made to account for unavailable stocks. The Directive does not specify any reason for the deduction.

7.4. In your view, is a 10% deduction still justified?

- ☐ Yes
- ☒ No

Please explain your answer

200 character(s) maximum

UKPIA calls for full alignment of EU requirements to those of the IEA. The calculation methodology should be revised to remove the 10% rule.

7.5. if not justified, how should Annex III be amended?

- ☐ No deduction rate at all for unavailability
- ☒ A lower deduction rate
- ☐ Several deduction rates based on the nature of the stock holders (whether CSE, private, cross border,...)
- ☐ Other (specify)

Please explain your answer

200 character(s) maximum

Studies performed by petroleum companies indicate unavailability factors of less than 3%. An updated study backed by IEA should be launched, based on both current practises and recent techniques.

Additional contribution

Do you have other specific views that could not be expressed in the context of your replies to the above questions?

5000 character(s) maximum

The transparency and credibility of the cross-border stock-holding system should be improved, rendering Member State level limitations to cross-border stockholding unnecessary.

Similarly, to Trinomics' recommendations on harmonizing conditions for cross-border stockpiling, establishing an EU-wide system of public registry for crude oil and product stocks where Member States identify (using their CN codes), account and control the availability of the stocks could offer an effective solution. Such registry would need to tackle potential confidentiality issues of sensitive information of stock-holding entities, including CSEs.

Biofuels are used as a blending component for transport fuels in significant volumes and should be counted as part of an obligated supplier's stock holding.

Finally, you may upload here any relevant documents, e.g. position papers, that you would like the European Commission to be aware of.

08e98782-2dfb-4764-882c-ef48ad3619da/UKPIA_Oil_Stocks_Directive_Mid-Term_Review_Position_Paper.pdf

Thank you for your participation in the consultation!

Contact

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