



**GIE's contribution to the discussion regarding the
Commission's Green Paper**

A European Strategy for Sustainable, Competitive and Secure Energy

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The Green Paper

- GIE welcomes the Green Paper
- Deals with many wide ranging energy issues
- GIE focussed on the completion of internal gas market and security of supply from infrastructure perspective
- Support the recognition of the need for significant investment within an appropriate framework
- Efforts to improve interoperability are welcome, but need to be subject to an appropriate cost-benefit analysis

New Initiatives

- A number of new initiatives announced in these areas, such as:
 - European Grid Code
 - European Regulator
 - European Energy Supply Observatory
 - European Centre for Energy Networks
- Clarity required on the precise scope and objectives of these initiatives / organisations
- Need to ensure initiatives / organisations complement each other; maximising value and efficiency

Impact on / of other initiatives

- Need to understand interactions between initiatives:
 - Proposed European Grid Code aims to ensure a seamless grid to facilitate cross-border trade; facilitation of cross-border trade will be key aspect of the Regional Initiatives; therefore following this we will have a better understanding of what is required
 - We do not support a European Regulator, but do see the need for increased regulatory co-operation, which could be achieved through ERGEG and the RCCs established under the Regional Initiative
 - The SoS Directive establishes monitoring and reporting procedures which could assist in the work of the proposed European Energy Supply Observatory
 - The Gas Co-ordination Group has the potential to fulfil some of the objectives e.g. Co-ordinated responses to supply disruption

Gas Stocks

- There are many ways to achieve SoS, most notably via supply diversification and greater interconnection and integration of markets.
- As per the SOS Directive, we should maintain output based standards, allowing Member States and the market to deliver the most cost effective and pragmatic solutions.
- Development of emergency gas stocks could lead to :
 - undermining investments in existing and future storage
 - huge investments that could be used to achieve more efficiently SoS
 - substantial repercussions on gas prices

Conclusion

- We need an overarching framework that sets output based measures and direction with a view to a well-functioning Internal Gas Market
- This should be provided by the Commission's proposal to come up by the end of the year and followed by the regional initiatives
- But we need to provide the freedom to enable issues to be pragmatically addressed
- We need to recognise the timing and horizon of the different policy developments, building upon and reinforcing their success