

## LNG

*Question 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*

**Yes, I agree with the Central-Eastern Europe region needs to access LNG. Currently there is no access at all to LNG source of supply in Hungary.**

**The project of North-South Gas Corridor are running in Central and South Eastern Europe which part is the Hungarian-Slovakian Interconnector, but still further infrastructure investments are required in order to connect Central European countries like Hungary to LNG terminals like Poland. According to this project the gas transmission system will connects the LNG Terminal of North Poland (Swinoujscie) through Poland, the Czech Republic, Slovakia, Hungary and Croatia, Adria LNG Terminal of Krk.**

**Bidirectional interconnections are building in potentially the near future and the new pipeline will connects to the domestic gas pipelines that are already in place, or are still on various stages of the planning or construction process.**

**This Corridor increase security supply and the integration of regional gas markets, enable access to new sources of supply (LNG, Norway) for CEE region which enables competition and market integration.**

**Magyar Gáz Tranzit Zrt. (MGT), (one of the Hungarian TSO) built the gas transit interconnector between the Slovak and Hungarian gas transmission system. The project has status of the Project of Common Interest (PCI). This gas system is part of the North-South Gas Corridor in Central and South Eastern Europe. The 110 km long interconnector connects the eustream a.s (Slovak TSO) gas transmission system and the FGSZ (other Hungarian TSO) gas transmission system. MGT started the commercial operation its pipeline since 1st of July 2015.**

**Magyar Gáz Tranzit Zrt. plans to develop its gas transmission capacities further up to 600 000 cm<sup>3</sup>/hour bidirectional in the next years.**

**Completing the North-South Corridor enhance energy security in the region with additional supply diversity, support the integration of the European gas market and improve the competition.**

*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?*

*Central and South East Europe is not connected to alternative gas supply sources, neither South Stream nor other projects are seen in the near future and risk of single source interruption could be considered high. For the South East European region the alternative source of supply is essential although with the balance of stranded assets which shall be shared within the Region and EU.*

*Question 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*

**Although do agree that it is important to have interconnected countries and regions, which enables potential supply, but as much important the Tariff setting mechanism by the individual countries and NRAs which can hamper the usage these networks , especially in case of long routes of access to LNG terminals their transit costs increases the cost of the gas for certain Regions.**

*Question 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?*

*Question 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*

*Question 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.*

**As per Question 3.**

*Question 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?*

**In Central East and South Europe the long access to LNG cost is much higher, which creates price disadvantage to the Region and not mentioning the potential bottle neck in case of supply interruption.**

*Question 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?*

**On top of the Question 3, we think it would be preferred to set up an EU Emergency System Access Plan, which would enable countries at long route access to LNG terminals in case of significant supply source outage.**

*Question 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?*

*Question 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?*

*Question 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?*

*Question 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.*

## **Storages**

*Question 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?*

**Different gas sources can increase the storage usage, because the diversified gas sources improves the market integration and the competition on gas market. I think that there will be more market player on the developing market and more market player can increase the storage capacity bookings in order to book flexible services of SSO.**

*Question 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)?*

**I think that the storages were played very important role in gas crisis 2009 January in Hungary. Since that the regulation was developed in Hungary in order to increase the security supply and the operation in case of supply crisis.**

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

**The strategic storage regulation guarantees the minimum gas stock reserve in Hungary. This reserve volume shall be securing the consumption at least 30 days of winter demand. The strategic stock can be released only in case of emergency.**

Question 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?*

**Hungary has 6.2 bcm storage capacity, the annual consumption was less than 9 bcm in 2014 which can secure a significant level of the Hungarian demand, sharing these accesses within the Region is important.**

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

Question 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?*

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

**The most critical regulatory barriers to use the storages in the region are the different regulation and the different infrastructure tariffs systems in the Member States and in non-Member States countries. In most of the countries the infrastructure tariffs (gas transmission and gas storages) are regulated despite the structure of the tariffs are very different in Central-Eastern Europe (CEE) region.**

**The tariffs are relatively high for use the transmission routes and storage capacities through more countries in the CEE region. Supporting Tariffs could increase the utilization at least within a certain region.**

Question 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?*

**The existing regulation regarding tariffs structure should be changed and harmonized in the Member States countries on EU level. Other important task is to harmonize the tariff regime in non-Member States too.**

Question 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?*

**Specific tariffs for storages and obligations for booking certain level of storages capacities can increase the storage capacity bookings and security of supply on national level. The assessment of**

**the region infrastructure tariffs in CEE region are necessary and need to harmonize the tariffs for initiate to use the storage on region level and not only nation level.**

*Question 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.*

*Question 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.*