



Gas Security of Supply Regulation Review Intervention by CEER

Walter Boltz, Chair of CEER Gas Working Group
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CEER Concept Paper

In July 2015, CEER published a Concept Paper on Gas Security of Supply, to be found under this link:

http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Gas/2015/C15-GWG-122-04_SoS%20concept%20paper_21072015.pdf



Main Conclusions (1/3)

3rd Package:

- ▶ **Full implementation** will deliver well-functioning spot and forward markets and should be considered as the primary objective for any EU Security of Supply (SoS) strategy
- ▶ **Balancing Network Code implementation:** This network code puts the onus on suppliers to contract sufficient volumes of gas for their customers. As long as the network is in balance, there is sufficient gas to satisfy consumer needs. This market framework could be the basis for better reflecting SoS requirements via imbalance fees
- ▶ Where interventions are introduced, the impact on the market should be understood and minimised

Regional Plans:

- ▶ CEER supports **mandatory regional plans**, which could be complementary to the national plans (risk assessment, preventive action plan, emergency plan); the regional plans should be available at least in English. The review period should be prolonged (currently 2 years)
- ▶ **SoS-mediators:** Where a region cannot reach consensus on the content of a regional plan, the European Commission could help by appointing an SoS-mediator
- ▶ Establish a transparent and well-articulated borderline between **prevention** (market-based SoS) and **mitigation** (state intervention via emergency plans) in order to ensure the required level of security of supply at lowest cost

Main Conclusions (2/3)

Definitions:

- ▶ **Supply Standards:** Clear preference for “obligation of results” over “obligation of efforts” when it comes to fulfilling the standards. In certain circumstances “obligation of efforts” may ensure that market players have the means to procure flows as long as possible
- ▶ **Protected customers** should be defined in a clear and transparent way at EU level, since this definition is part of solidarity between Member States. The definition should comprise those customers who are not in the position to negotiate their level of SoS themselves (usually households)
- ▶ **Solidarity:** Intergovernmental solidarity principles should be ready to use in all Member States. They should be clear, agreed upfront and transparent to the market

Shut-off plans:

- ▶ Shut-off plans should be **coordinated regionally**
- ▶ National shut-off plan must explicitly **consider the treatment of cross-border exit flows** compared to flows to national consumers
- ▶ If the situation requires the curtailment of firm contracts, a **protected customer in one Member State should be treated equally by the other Member State** in case of an emergency

Main Conclusions (3/3)

Crisis levels:

- ▶ Keep early warning level, alert level and emergency level
- ▶ Trigger for the **early warning level**: Number of physical balancing actions undertaken by Transmission System Operator (TSO) is much higher than normal; buying gas is proving to be more difficult
- ▶ Trigger for the **alert level**: TSO is no longer able to keep system in balance
- ▶ Trigger for **emergency level**: The TSO is no longer able to keep the system within the operational thresholds (e.g. necessary pressure levels)

Infrastructure:

- ▶ Potential **reverse flow interconnections**, as well as existing exemptions, shall be regularly examined through a rigorous and transparent market test followed by economic evaluation and stakeholder inputs along the affected corridor have to be taken into account

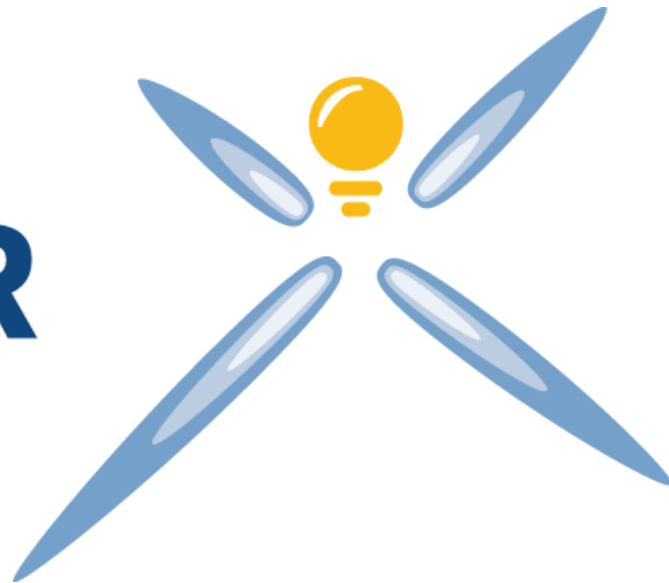
Further issues:

- ▶ **Explicit role for National Regulatory Authorities (NRAs) in security of supply provisions**, in case the NRA is not the competent authority
- ▶ Promote **demand side measures** for large industrial customers, e.g. voluntary demand reduction interruptible contracts or fuel switching

Thank you for your attention!

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