



Proposal for a Regulation concerning measures to safeguard the security of gas supply

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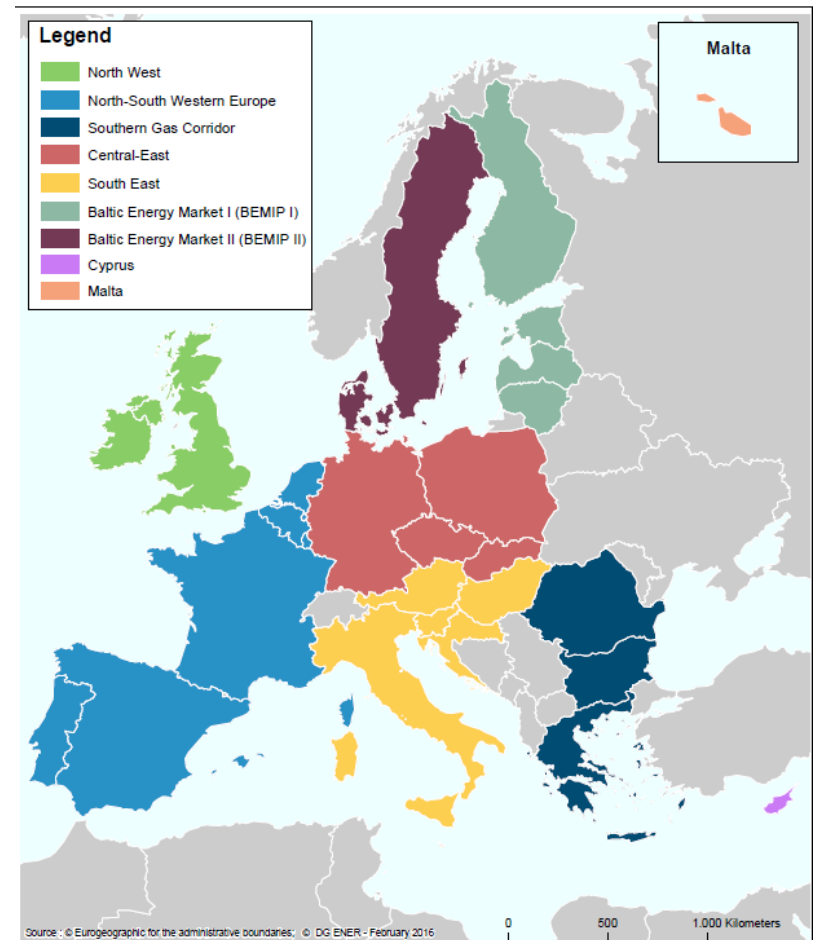
European Commission
Directorate-General for Energy
Unit B4 Security of Supply

A number of areas are under discussion

- Regional cooperation
- National Plans vs(?) Plans at regional level
- Powers of the Commission
- Solidarity
- Transparency of contracts

Regional cooperation

- Two different issues:
 - Composition of the regions
 - Purpose of the regions



Definition of the regions

- Via a definition of regions contained in Annex I, based on a number of criteria (Article 3)
- Why are regions defined in the legislative proposal?
 - The ordinary legislative procedure (OLP) is the most open and participative procedure
 - Ensures the application of the Regulation as of "day 1"
- Amendments are possible (delegated acts)
- Top-down vs bottom up? Or Mandatory vs voluntary?
 - Any proposal of regions, as part of the OLP, will require the agreement of the EU legislator
 - A cooperation *à la carte* is unlikely to deliver the same benefits, nor to be applied throughout Europe (examples in the past).

Purpose of the regions

- Why?
 - The most effective tool to improve prevention (better estimation of risk magnitude, early identification of synergies and inconsistencies)
 - To ensure a consistent and larger response in a severe crisis
 - What is the added value?
 - Experience shows there is real added value:
 - Ensuring consistency of measures
 - Ensuring full awareness of the type of measures to be deployed by your neighbours and when
 - Clear opportunity to exploit synergies
- ➡ reducing costs of SoS measures for consumers!

National Plans vs(?) Plans at regional level

- **NO!** Each Member State **MUST** prepare its national measures ahead of engaging in the regional discussion (Article 7(2) of the Commission's proposal).
- Need for an integrated document containing national & regional measures to ensure full consistency and true consultation (avoid tick in a box!)
- There is no loss of sovereignty.

Powers of the Commission

- Current system: opinion + "*name & shame*"
- Proposal: opinions + decisions




Only if certain
conditions are met

Solidarity

- A one-size-fits-all approach is unlikely to work in this case



The necessary arrangements need to be agreed among Member States in question, including technical, administrative and financial issues.

- Member States have already in place procedures for similar situations (emergencies) at national level. The same procedures can be applied  a political question?
- Non-paper prepared for the up-coming GCG meeting

Solidarity

- A number of principles (non-paper):
 - Last resort and no free-riding → EP to be exhausted first
 - Market-based as much as possible
 - No perverse incentives
 - Compensation costs must be paid by beneficiaries
 - Proportionality in costs and burden (based on existing mechanisms as much as possible)
 - Certainty for actors involved must be provided (framework)
 - Transparency in advance about likely affected gas volumes

Transparency of contracts

- Proportionate and clear approach:
 - Targeted mechanism for specific cases based on "lessons learnt".
 - Contracts:
 - Limited number of contract subject to automatic notification
 - Additional mechanism to prevent any "by-pass"
 - Clear obligations for suppliers affected
- No clash with other instruments
 - ➔ different scope and purposes



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