

Energy regulators call for mandatory regional plans for gas security of supply at the Madrid Forum

- **Fully implement the Gas Balancing Network Code**
- **Define protected customers at EU level**
- **LNG and storage are important to delivering security of supply**

Today, the Council of European Energy Regulators (CEER¹) presented at the Madrid Forum² (14-15 October 2015) a concept for enhancing security of supply in Europe based on market-based solutions and regionally (rather than nationally) focused security of supply plans. See our [Concept Paper on Gas Security of Supply](#)³.

To enhance cross-border cooperation, CEER supports mandatory regional plans. **Walter Boltz**, Chair of the CEER Gas Working Group, said: “*The regional plans would be complementary to national plans (risk assessment, preventive action plan and emergency plan).*”

Fully implement the Gas Balancing Network Code

Walter Boltz, explained that completion of the Internal Energy Market is the crucial basis of any EU security of supply strategy and is necessary to deliver robust price signals⁴: “*The Third Package framework, including network codes, needs to be fully implemented. The Gas Balancing Network Code obliges suppliers to contract sufficient volumes of gas for customers and ensures that sufficient gas is available to satisfy consumers’ needs as long as the network is in balance.*”

Define protected customers at EU level

CEER also argues for more solidarity between Member States, *inter alia* by harmonising definitions of protected customers at EU level so that a protected customer in one Member State is treated equally in other Member States in the case of an emergency.

LNG and storage are important to delivering security of supply

Regarding a European strategy for LNG, CEER stressed that investments driven by market signals represent the most effective way of balancing risks. Mechanisms such as Projects of Common Interest (PCIs) are one option (among others) to support expansion of interconnection capacity where market signals indicate a need.

Mr Boltz cautioned that “*concepts such as demand aggregation through common purchasing could raise competition issues and thus distort the functioning of gas markets.*”

With respect to gas storage, **Mr Boltz** also advocated a market-based and regional approach. He explained “*It is not possible to define single optimum levels/shares of LNG or storage.*”

The European Commission has welcomed [CEER’s \(April\) response to the Commission’s consultation on the revision of the Gas Security of Supply Regulation \(994/2010\)](#), our [response to the LNG and Storage Strategy](#)⁵ (September) and our (July) [Concept Paper](#) as valuable inputs as the Commission revises Europe’s Security of Supply Regulation.

Brussels, 14 October 2015

Ends (see Notes for Editors)

Notes for Editors:

1. The Council of European Energy Regulatory (CEER) is the voice of Europe's national energy regulators. Its members and observers are the independent statutory bodies responsible for energy regulation at national level. Visit www.ceer.eu.
2. The [European Gas Regulatory Forum \(Madrid Forum\)](#), a bi-annual meeting organised by the European Commission, discusses Europe's internal gas market issues. Chaired by the European Commission, the participants include representatives from Member State governments, transmission system operators, gas suppliers and traders, consumers, network users, gas exchanges, CEER, ACER and national regulatory authorities. At the 28th Madrid Forum meeting (14-15 October 2015), CEER presented regulators' views on gas storage, LNG and on security of supply (see the [regulators' presentations at the 28th Madrid Forum](#).)
3. [CEER's Concept Paper on Security of Gas Supply \(July 2015\)](#) not only sets out high level principles to enhance Europe's security of supply, but also includes a suite of 16 recommendations to prevent gas supply crises in the so-called "prevention" and "mitigation". Our Concept Paper follows on from the CEER's "[Vision on the Regulatory Arrangements for the Gas Storage Market](#)" (published in May 2015) which sets out how to improve the functioning of the gas storage market. It considers the role of storage both in efficient market functioning and in security of supply situations.
4. For further details see [CEER's response to the European Commission's consultation paper on the Revision of Regulation \(EU\) No 994/2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC](#).
5. CEER also published (end of September) a [response to the European Commission's public consultation on an LNG and Storage Strategy](#). CEER cautions against defining a single optimum level of LNG and/or storage. Regarding LNG, CEER consider that the regulatory framework in the EU guarantees a fair, transparent access to LNG infrastructure, effective congestion management procedures and functioning secondary capacity markets at most LNG terminals. CEER underlines that the main issue regarding access to LNG is linked to the liquidity of hubs, with liquid hubs capturing LNG volumes more easily than narrow markets. CEER sees room for improvement when modelling LNG in the Ten Year Network Development Plans (TYNDP). Regarding storage, CEER considers that a "one size does not fit all" when devising storage regulation. The regulatory framework should promote innovation and allow storage to compete with other sources of flexibility. CEER sees well designed and well functioning markets as being best placed to value and deliver security of supply. CEER calls for full implementation of Network Codes and the Gas Target Model