



## **Security of Supply – CEER intervention**

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## Security of Supply – CEER activity

CEER is committed to address security of supply topics:

- CEER views in the context of the development of the SoS Regulation EU No 994/2010
- CEER work on the role of and framework for storage and LNG in security of supply perspective
- CEER reaction to the Commission's European Energy Security Strategy
- Several CEER members were involved in the elaboration of the stress test at national / regional level and have coordinated their analysis as far as appropriate



## CEER view on security of supply

**The precondition for secure gas supply is a well working IEM**  
i.e. achievement of well-functioning, competitive wholesale gas markets with effective upstream competition where all the European Network Codes are implemented and a European single market in energy is in place

- ▶ Priority of market based measures
- ▶ Interventions to be limited as far as possible in their impact, timing, goal, addressees; accompanied by CBA

### Updated GTM addresses security of supply and upstream competition

- ▶ all Member States should try to reach a position in which their Residual Supply Index (RSI) exceeded 110% for more than 95% of days/year and they have access to at least 3 supply sources (criteria from initial GTM of 2011)

# Security of supply – Proposals

## GTM 2 proposes measures to:

- **Increase the extent to which existing sources can replace any existing source that is lost**
  - Ensure that accessibility of existing gas sources is geographically widespread
  - Infrastructure investment decisions should adequately reflect the value of improved SoS and of increased upstream competition
  - physical reverse flow capacity should be maximized on most interconnectors
- **Make the best use of gas storage and LNG facilities**
  - Priority of market based measures and signals
    - Unbundling of storage products; system balancing prices to reflect value of lost load; entry-exit tariffs to recognise role of storage, no cross subsidies
  - In the event of politically motivated physical supply interruption regulatory measures may be justified
  - Making maximum use of LNG and storage by extending the gas consumes that can be reached from existing facilities through accelerated Project of Common Interest implementation
- **Increase the diversity of upstream supply sources**
  - Incentivise European TSOs to jointly develop highly complex projects bringing gas from relatively distant / new geographies
  - Non-physical backhaul capacity shall be priced at marginal cost
  - As last resort in case of overdependence on a particular source of gas legal limitation of the share taken from that source should be considered
- Proposals for assuring that there are no unilateral measures taken even in emergency situations and that Member States cooperate fully and do not restrict cross-border flows to protect national interests at the expense of neighbors

## Security of supply

Issues for further consideration, inter alia in the frame of the review of the EU Regulation No 994/2010, e.g.

- ▶ Full implementation of the SoS Regulation is outstanding: there are measures not tried yet
- ▶ Regional approach where appropriate, e.g. regional preventive action plans and emergency plans, regional supply standard assessments
- ▶ Solidarity: how to ensure solidarity between Member States? Full cooperation in emergency?
- ▶ Ensure cross-border access to gas in storage and LNG, without restriction of flows in emergency

→ There is room for measures in a network code - possible amendment of existing network codes(s) to better manage emergency situations or the EC could start the process for the network code for operational procedures in an emergency as in Art. 8(6)f of Reg. 715

NRAs are ready to support Member States and EC with their experience in better preparation for crisis situations and in developing solutions

CEER will support the EC in the review of EU Regulation No 994/2010

## Security of supply

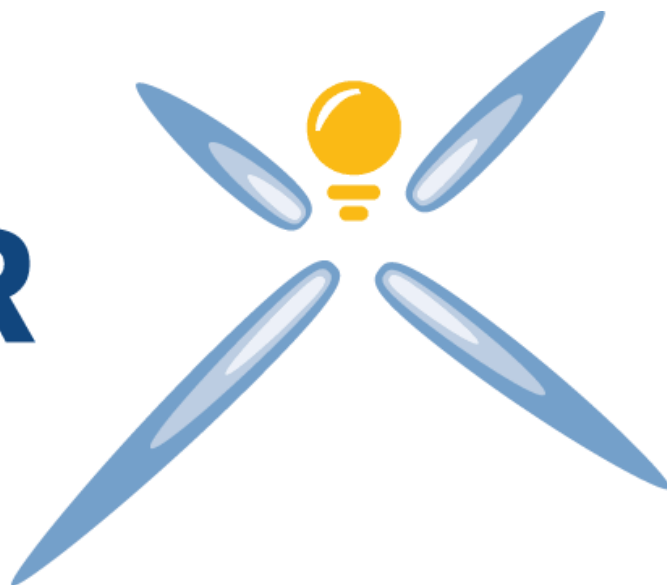
CEER will analyse further proposals being discussed and/or proposed at European level and provide assessments and advice to policy makers

- ▶ Solidarity fund (by gas companies) for early action in case of crisis
- ▶ Measures to speed up infrastructure developments for improving interconnectivity in the EU
- ▶ Questions around strategic storage
- ▶ Regulatory issues of possible swap arrangements
- ▶ Measures to increase storage fill levels
- ▶ Reverse flow: revisit the exemption decisions granted
- ▶ “Contingency coordination mechanisms and plans to deliver energy to countries in times of need”: only in regional or EU-wide emergency situations (i.e. when markets failed); role for NRAs
- ▶ Identify possible sources for short-term additional supplies, notably role of LNG for Europe.

# Thank you for your attention!

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Energy Regulators**



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