

## Commission: Winter package on the Energy Union

On 16 February 2016, the European Commission presented its winter package on the **Energy Union**. The goal of this medium-to-long-term project is to integrate the European energy markets into a Single Energy Market.

The measures in the winter package form part of an overall package of more than 40 planned measures announced in February 2015, designed by the Commission to strengthen and standardise the European energy markets. In the **summer package** presented in July 2015, the Commission focused on the future electricity market design, on the role of consumers and on emission trading. The now released winter package contains the Commission's responses to the security of gas supply, intergovernmental agreements, LNG and gas storage as well as to heating and cooling.

View the press release [here](#).

### Revision of the provisions on the security of gas supply

The Commission has presented concrete legislative proposals in order to secure gas supply in all Member States of the European Union even in situations of gas shortage, caused by either supply disruption or exceptionally high demand.

The proposal for the new **regulation concerning measures to safeguard security of gas supply** includes, among others, the following elements:

- > The regulation takes a regional approach to tackle threats on the security of gas supply. Member States are grouped into regions, e.g. Belgium /France /Luxembourg /Spain /The Netherlands /Portugal or Czech Republic /Germany /Poland /Slovakia. Every 4 years the national "Competent Authorities" of each group will jointly identify and assess all risks affecting the security of gas supply at the regional level and develop Preventive Actions Plans and Emergency Plans. The Commission may ask the Competent Authorities to change a plan if e.g. it is not effective to mitigate identified risks or if it is inconsistent with the risks assessments or plans of other regions.
- > The infrastructure standard which Member States have to ensure shall be sufficient to satisfy demand during a day of exceptionally high gas demand if the single largest infrastructure is disrupted (N -1) not only in

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view of the capacity of the remaining infrastructure but also taking into account market-based demand-side measures. Neighbouring Member States will be allowed to jointly guarantee the infrastructure standard.

Due to their existing high infrastructure standard, Luxembourg, Slovenia and Sweden do not have to meet the N-1 criterion.

- > In principle, transmission system operators shall enable permanent reverse flow capacity at all gas interconnection points between Member States (except LNG and connections to distribution networks). Existing exemptions remain valid until 1 December 2018 unless they expire before. They have to be revised afterwards according to the new procedures, especially including a cost-benefit analysis taking into account the whole transportation corridor. The Commission may request modifications to joint decisions on new or enhanced bi-directional capacities or exemptions thereof taken by the regional Competent Authorities (Annex III).
- > Natural gas undertakings will be responsible to take measures to ensure the supply of gas to household and other protected customers in the case of (i) extreme temperatures during a 7-day peak period (ii) any period of at least 30 days of exceptionally high gas demand, both occurring with a statistical probability of once in 20 years as well as (iii) for a period of at least 30 days in case of disruption of the single largest gas infrastructure under average winter conditions. The undertakings are not obliged to meet their obligations based on national measures only, but can introduce regional or Union-wide measures as well.

Which natural gas undertakings are caught by the regulation are to be identified by the Competent Authority of each Member State.

- > Additionally, the natural gas undertakings will have to notify the Commission and the Competent Authority of new or amended (but not if only related to gas price) contracts relevant for the security of supply and of their provisions. These are contracts with a duration of more than one year that provide alone or with other contracts with the same supplier (group) from a third country more than 40% of the yearly natural gas consumption in the Member State.

Besides that, the natural gas undertakings have to notify certain contractual information of all contracts with suppliers from third countries with a duration of more than one year to the national Competent Authority. The Competent Authority shall notify these data to the Commission once per year.

In case of an emergency or in other “duly justified circumstances”, the Competent Authorities can request information on contracts which do not fall under the above definition but on which information is needed to assess the overall situation of gas supply in one or more Member States.

- > The Member States shall agree on a technical, legal and financial arrangements so in case of an emergency in one Member State it can be supplied with gas from neighbouring states.
- > The draft foresees no institutionalised joint purchase mechanisms. But as long as WTO and EU competition rules are complied with, Member States and natural gas undertakings will be free to “explore potential benefits linked to collective purchasing”.

View the proposal [here](#) and [here](#) (annexes).

View the factsheet [here](#).

### Revision of the Intergovernmental Agreement (IGA) Decision

With the proposal for a ***Decision of the European Parliament and the Council on intergovernmental agreements (IGAs) between Member States and third parties*** the Commission aims to increase transparency to ensure that IGAs in the field of energy comply with applicable EU legislation and policies. According to the draft

- > Member States shall inform the Commission of their intention to enter into a new or amend an existing IGA at the earliest possible moment before negotiations are opened. In doing so, Member States may request assistance and ask the Commission to follow the negotiations as an observer.
- > In any case, the draft agreement (or amendment) must be notified to the Commission. The Commission will assess the draft within six weeks and express any doubts within that period. The Member State shall then take “utmost account” of the Commission’s opinion.
- > Member States are to notify all existing IGAs to the Commission within three months of the decision entering into force.
- > Existing, new or amended “non-binding instruments” such as memoranda of understanding and joint declarations, are also to be notified to the Commission, which may comment on them.
- > Agreements between undertakings are not caught by the decision but may be notified to the Commission, especially when they are referred to in an IGA or a non-binding instrument.

View the proposal [here](#).

View the factsheet [here](#).

## Communication: EU strategy on LNG and gas storage

The Commission also presented its **Communication on an EU strategy for liquefied natural gas and gas storage**.

In the 11-page paper the Commission points out that both for LNG as for gas storage the full potential for contributing to a more resilient gas supply is currently not exploited, mainly due to missing infrastructure already identified as Projects of Common Interest (PCI).

The Commission therefore focuses on completing the missing PCIs as well as the internal gas market to make projects commercially viable. It notes however, that many LNG terminals are currently exempted from third-party access although such access is the regulatory norm according to the third energy package.

The Commission also points out that transmission tariffs from and to gas storage vary widely across the EU, which may hamper the competitiveness of storing gas. It plans to address this question mainly through the completion and adjustment of EU-wide network codes. Also, new storage facilities should meet the requirements also of renewable types of gas.

Finally, the Commission announces regular discussions on LNG with various supplier countries including Australia, Qatar, the US, Canada, Nigeria, Israel or Lebanon and under certain conditions also with Iran, Iraq and Libya.

The Communication is accompanied by a **staff working document** describing the status of LNG and gas storage in the EU.

View the communication [here](#).

View the factsheet [here](#).

## Communication: An EU Strategy on Heating and Cooling

Finally, the Commission presented a Communication on an EU Strategy on Heating and Cooling, focusing mainly on the decarbonisation of buildings.

In the reviews of the Energy Performance of Buildings Directive, the EEG and the Renewable Energy Directive the Commission will among others look into promoting renewable energy through a comprehensive approach to speed up the replacement of fossil fuels in district heating and cogeneration of heat and power.

The Commission also plans to look into rules to integrate thermal storage (in buildings and district heating) into flexibility and balancing mechanisms of the grid.

The Communication is accompanied by a staff working document ([part 1](#) | [part 2](#)) giving an overview over the sector.

View the Communication [here](#).

View the factsheet [here](#).

## Next steps

In 2016 the Commission plans to present

- › the draft report on the outcome of the Commission sector inquiry into capacity mechanisms in **Q1 2016** (final report in **Q3 2016**),
- › legislative proposals on
  - a new EU electricity market design,
  - security of electricity of supply (both in **Q4 2016**),
- › its Renewable Energy Package (**Q4 2016**),
- › a Communication on the governance of the Energy Union (in **Q4 2016**).

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