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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
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Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010 - Policy debate

With a view to Coreper on 18 May 2016, delegations will find in the Annex information from the Presidency on the abovementioned subject.

Security of gas supply

Discussion note for the TTE (Energy) Council

On 16 February the European Commission presented in its 'winter package' the legislative **proposal for a Regulation of the European Parliament and of the Council concerning measures to safeguard security of gas supply and repealing Council Regulation 994/2010**.

Strengthening the EU's ability to absorb the impacts of a potential gas disruption is at the heart of EU energy policy and is a key objective of the EU's Energy Union, which in its first dimension "energy security, solidarity and trust" announced a revision of the EU's Gas Security of Supply Regulation (EU) No 994/2010 as a concrete action.

The impact assessment of the new regulation has emphasized that in the absence of further action, the EU's preparedness and capacity to respond effectively to a gas supply crisis would be limited.

The Netherlands Presidency held several discussions in the Energy Working Party on the draft proposal, including the analysis of the impact assessment, key issues and a detailed examination of the articles. During these meetings, the Presidency has identified regional cooperation, solidarity and transparency as the most contentious elements between the Member States on which political guidance from the Ministers would be welcomed.

Regional cooperation

The objective of the proposal is to build a cost-effective and performing EU regional framework that would increase security of supply across the EU. Enhanced regional cooperation and coordination is an important tool for building more solidarity and trust between Member States and for addressing the shortcomings of purely national approaches. The proposal stipulates that Member States will be obliged to prepare regional risk assessment, preventive action and emergency plans within predefined regions. Some Member States support this approach while other Member States prefer a more flexible approach with joint analysis related to specific common risks (e.g. disruption of gas flows from a major supplier) and national preventive action and emergency plans which are coordinated with concerned Member States.

Solidarity

Solidarity is one of the main novelties in this legislation. It can be a significant tool for neighbouring countries in case of extreme emergencies. Member States will be obliged to assist in providing gas to households, essential social services and district heating installations in a directly connected neighbouring Member State that has declared the emergency to the extent that such gas supply is threatened. The principle of solidarity has been welcomed by the Member States. The definition of the solidarity principle and the modalities for application are being discussed.

Transparency

National Competent Authorities may require natural gas undertakings to provide information in duly justified circumstances, while natural gas undertakings have to provide this information during an emergency. The Commission may request access to this information.

Information on gas supply contracts with a duration of more than one year will need to be notified to the Competent Authorities concerned who shall submit this information to the Commission once every year. In cases where the same supplier or its affiliates provide more than 40% of the yearly natural gas consumption in the Member State concerned, information about these contracts needs to be notified to both the Competent Authority concerned and the Commission. Some Member States do not see this as a proportionate measure for transparency and consider that the need for submission is not justified. Some are (also) concerned about commercial confidentiality, secrecy and growing administrative burden.

Taking into account the above considerations, the Presidency would like to ask the Ministers to share their views, in particular on the following questions:

- 1. What modalities would be best suited to organise and strengthen the regional cooperation?**
- 2. How would you envisage the modalities of the application of solidarity? In particular which terms and conditions would need to be fulfilled in order to implement solidarity?**
- 3. To what extent should information on commercial gas supply contracts be provided to national competent authorities and to the Commission?**