



Council of the
European Union

Brussels, 11 July 2014

11704/14

ENER 350

NOTE

from: General Secretariat of the Council
to: Delegations

Subject: Follow-up to the European Council of 26-27 June 2014
- Energy security

Following the call by the March European Council ('EC' - see doc. EUCO 7/1/14 REV 1), on 28 May the Commission presented a Communication on a European Energy Security Strategy ('EESS' - doc. 10409/14) which the June EC welcomed and on which it held a first discussion. The corresponding conclusions are set out in doc. EUCO 79/14.

The EC called notably for increased effort to reduce Europe's high energy dependency, supports the immediate implementation of a set of most urgent measures and, in the run-up to the October EC, asked the Council to further analyse other medium to long-term measures to enhance the EU's energy security, based on the Commission's EESS.

The Presidency duly acknowledges:

- that useful discussions, supported by valuable contributions, already took place in the first semester on possible lines of actions on Energy security and enabled a broad convergence of views on the measures highlighted by the EC;

- that some actions are already under way, e.g. a process has been initiated in order to carry out short-term risk assessments, the preparatory process for the next Ministerial Council of the Energy Community is on track, and reflections on the second list of Projects of Common Interest ('PCIs') have been engaged.
- that some measures need to be carried out also in the context of the external dimension of the EU energy policy, e.g. diversification of routes or supplies;
- that the choice of measures actually pursued by Member States will have to take due account of national circumstances and energy mixes.

This being said, several of the measures highlighted by the EC should be further refined in order to be more operational. Given the tight deadline and in line with the roadmap on the 2030 framework on Climate and Energy circulated on 8 July the Presidency, through the present Note, intends to facilitate the reflection process on Energy security by identifying a list of measures (see Annex), taking into account the EC Conclusions as well as the outcome of the G7 Energy meeting in Rome that has evaluated a list of possible measures to enhance energy security at a more global level. The Presidency invites delegations to debate on such measures on the basis of the questions in the Annex.

The Presidency will then, under its responsibility, sum up these discussions for the consideration of the Informal Energy Ministerial on 6 October, the outcome of which will be reported to the President of the European Council ahead of the October EC.

Written contributions from Member States are welcome at the earliest convenience of delegations, preferably by mid-August.

Short Term Measures (in addition to the stress tests):

1. development of regional emergency plans to increase a coordinated action in case of emergency situation or disruption;
2. develop arrangements for coordinated use of existing regasification and storage capacities in the gas systems in normal and emergency regimes;
3. enhance a continuous monitoring of the level of injection during the summer of 2014 in the gas storages in EU Member States and in the Energy Community contracting parties;
4. development of virtual reverse flow taking into account existing and contractual capacities at the interconnection points among Member States, and establishing a simple tariff regime for the shippers willing to use these virtual reverse flow capacities.

Medium and long term measures:

5. promote energy efficiency and low carbon technologies;
6. diversify the energy mix through the increased use of Renewable Energy Sources (RES) in a way that is market driven. To this aim, their deployment should take into consideration support schemes that can be pursued with attention to market integration and cost-efficiency;
7. increase transmission and storage capacity of energy in the electricity grids to allow: a) the balancing among neighboring countries of energy produced by RES; b) the enhancement of network security; c) the reduction of imports of fossil fuels for power generation;
8. sustainable development of domestic resources of hydrocarbons;
9. opening of the Southern Corridor as a route for the diversification of sources of supply for Europe and the Balkan region, connecting it to the Ionian – Adriatic pipeline and ensuring the possibility for other sources (Iraq, South East Mediterranean Sea and, in the future, Turkmenistan) to have access to this route toward EU;
10. promote the development of gas resources in the South East Mediterranean Sea (Cyprus, Israel and other countries in the area), with the aim to export these resources to EU markets;

11. promotion of the global gas and oil supply by supporting upstream developments in new frontiers such as North Africa and East Mediterranean;
12. enhancement of relationships with gas producing countries to attract competitive LNG flows, thus reducing the dependency of Europe on gas imported by 'Take or Pay' contracts;
13. promote diversification in the energy mix at national level;
14. promote energy exchanges at regional level, such as market coupling for electricity market and gas exchange;
15. promote cooperation among customers to increase their power market with external suppliers;
16. coordinated actions to ensure full transparency in the transit conditions of gas in the networks outside the EU;
17. identify bottlenecks and lack of interconnections to avoid gas network supplied by only one entry point, and ask Transmission System Operators to build reverse flow capacities;
18. promote, by means of specific regulatory arrangements and/or public funding, the availability of strategic infrastructure, such as redundant storage, import and transport facilities, LNG regasification plants;
19. support the development of the integration of EU transmission system operators to lead the realization of South-North and East-West gas transportation corridors, building on the integration of the European TSOs;
20. promote the adoption of gas pricing formulas linked to hub prices in the destination markets - instead of oil indexation;
21. promote the relaxation of destination clauses in LNG contracts;
22. stimulate research, development and innovation that addresses medium and long-term needs for the transition to a clean energy future.

Questions to Member States:

- I. *which of the short term measures listed above could be implemented in a practical way before or during next winter ?*
- II. *How can the above medium to long term measures be further refined (concrete actions) and at which level (national/regional/EU) would they be best implemented, bearing in mind the need to ensure coordination between Member States ? Which of them are considered by Member States to be of priority interest ?*
- III. *The deployment of PCIs, including the prioritisation of those of more short-term relevance, already contributes to energy security and a more efficient internal energy market. Taking this into account how do Member States assess the new interconnection target proposed by the Commission as an effective tool for enhancing energy security ? Which parameters of the energy systems of Member States should be considered (e.g. total power installed, peak internal power demand, the share of energy produced by RES, etc.) ?*
- IV. *Duly taking in account notably the relevant provisions of Regulation 994/2001 concerning measures to safeguard the security of gas supply, how do Member States consider emergency plans should be developed in order to guarantee prompt response to supply disruption offering solidarity mechanisms ?*
