



EUROPEAN COMMISSION

Brussels, 28.6.2016  
C(2016) 3969 final

*Dear President,*

*The Commission would like to thank the Bundesrat for its Opinion on the 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 {COM(2016) 52 final}.*

*The Commission welcomes the Bundesrat's support for the proposal's objectives and is pleased to have this opportunity to offer the following clarifications.*

*To achieve a high level of preparedness before a crisis and a more effective and better coordinated response in emergency situations, the Commission Proposal for a Regulation on Security of Gas Supply (Gas SoS Regulation) introduces mandatory regional cooperation for conducting risk assessments and drawing up the Emergency and Preventive Action Plans. The existing Regulation No 994/2010 provides for voluntary regional cooperation between Member States. By introducing a mandatory regional cooperation in pre-defined regions in the field of security of gas supply, the Commission seeks to address the shortcomings of the Regulation No 994/2010, which led to sub-optimal results as regards the risk preparedness of Member States in case of gas supply disruption.*

*The Gas SoS Regulation also introduces an explicit solidarity principle between directly connected Member States. The solidarity principle applies to extreme emergencies where the physical welfare of citizens is directly in danger.*

*Another important new element of the Gas SoS Regulation is to ensure the transparency of certain gas supply contracts that may have an impact on Europe's security of supply. Gas companies will be obliged to notify gas supply contracts with a duration of at least one year with suppliers and covering at least 40% of the annual gas consumption in a Member State. The competent authorities and the Commission will have also the power to request other supply contracts that do not fulfil these criteria but could create a risk for the security of supply.*

*Mr Stanislaw TILLICH  
President of the Bundesrat  
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*During the Ukrainian gas crisis, the competent authorities and the Commission found there was no proper legal basis to request information from gas companies about gas deliveries outside of emergencies, in particular if there are situations in the market that cannot be explained by normal commercial behaviour. The Commission proposal now contains such a legal basis.*

*Some gas companies and Member States reported to the Commission that negotiations of gas supply contracts between smaller gas companies and powerful gas producers might be used by the latter to introduce clauses in the gas supply contracts that may put the security of supply at risk. This applies in particular to gas companies in Member States that have not yet diversified their gas supply sources. Increased transparency is a tool to put an end to such practices.*

*At the same time, the Commission is aware that any disclosure of commercial information may cause serious damage to the business activities of the gas companies. The Commission would like to assure the Bundesrat of its experience with handling commercially sensitive information, in particular in the field of competition and nuclear energy. The same rules and procedures will be put in place to protect commercial secrets in gas supply contracts.*

*The points made above are based on the proposal presented by the Commission which is currently in the legislative process involving both the European Parliament and the Council in which the German government is represented.*

*The Commission hopes that these clarifications address the issues raised by the Bundesrat and looks forward to continuing the political dialogue in the future.*

*Yours faithfully,*

*Frans Timmermans  
First Vice-President*

*Miguel Arias Cañete  
Member of the Commission*