

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on an EU strategy for liquefied natural gas and gas storage (COM(2016) 49)

FINAL DOCUMENT APPROVED BY THE COMMITTEE

The Committee on Economic Activities of Italy's Chamber of Deputies,

having examined, pursuant to Rule of Procedure 127 of the Chamber of Deputies, the Communication from the European Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "An EU Strategy for liquefied natural gas and gas storage" (COM(2016)49),

whereas:

The Communication will allow further progress to be made down the path mapped out by the European Union toward energy security, in that its aim is to strengthen the European market in the face of an international situation beset by upheavals and frequent crises that have the potential to cause uncertainties and interruptions in the supply of gas.

The proposed strategy forms part of the plan to achieve Energy Union, and is based on harnessing the potential of liquefied natural gas (LNG) and of gas storage to render the European system more flexible and better able to adjust to shocks.

Ensuring the availability of LNG and providing for storage could make a significant contribution to the diversification of energy sources, and put an end to the precarious situation of some Member States in the Baltic region and in central and south-east Europe that are currently highly dependent on a single gas supplier (Russia), and are thus very vulnerable to interruptions in supply.

Although European LNG production is expected to decrease, global supply should enjoy significant growth as new producers come on line, which should lower LNG prices and lead to substantial savings on energy bills. LNG has the additional advantage of producing fewer polluting emissions, and is therefore well suited to the transition to a low-carbon economy.

Gas storage could have an important role to play in the event of a disruption of supply, especially in the short term, because it offers greater immediacy and flexibility even than LNG.

The Communication stresses that Member States must take all necessary steps to complete the internal market for gas by eliminating regulatory, commercial and legal hurdles,

mindful that the present final document needs to be forwarded without delay to the European Commission as part of the political dialogue, as well as to the European Parliament and the Council;

does hereby express itself in favour of the Communication

with the following remarks:

- a) All things considered, it seems vital to keep options open by designing the strategy to be flexible enough to allow for changes of sources and suppliers in response to market movements or variations in supply, demand, prices, transport and storage costs, and so as to avoid making any irreversible financial or critical decisions that might turn out to be uneconomic or be superseded by technological change;
- b) It is important to make the most of the opportunity offered by the expected reduction in the price of LNG resulting from the entry of new external suppliers, with whom negotiations, conducted also at an EU level, should start as soon as possible. Comparative evaluations of the conditions and practicalities of supply should be made, and the negotiations conducted with an eye to securing flexible supply agreements;
- c) As regards infrastructure, the first thing to be done is to make efficient use of what is already in place and, especially, work on systems that allow bi-directional flows. Whereas the existing LNG terminals do have sufficient re-gasification capacity, they are not optimally distributed, being largely concentrated in a handful of Member States and inadequately interconnected, with the result that some Member States do not have access to LNG;
- d) Even more than to the construction of new terminals, whose location and manner of construction should in any case minimise environmental risk, consideration should be given to improving access to them;
- e) To create conditions favourable to the rapid expansion of the sector and ensure that LNG develops at a uniform rate throughout the EU and is used for as many applications as possible, one solution might be onshore LNG storage facilities.

Consideration should also be given to initiatives that encourage the development of small-scale markets, which can be mostly financed through private investment;

- f)* The potential of LNG for use in the transport sector should be exploited. It can be used as an alternative to marine fuels in shipping and as an alternative to diesel in heavy duty vehicles. This will require encouraging the renewal or replacement of fleets, and the adoption and widespread use of vehicles that are powered by LNG or have a dual-fuel capacity and of heavy duty vehicles powered by LNG;
- g)* Measures are needed to establish an EU-wide environmental standard for the level of sulphur content in marine fuels, given that at present the permitted levels vary widely from one Member State to another;
- h)* To facilitate investment planning, a stable regulatory framework is necessary, both with respect to taxation and with respect to the administrative and technical protocols for authorisation;
- i)* Particular attention should be given to the work of informing the public and securing its consensus on the expanded use of LNG, and so the advantages it offers in terms of the environment, safety and cost need to be made clear;
- j)* Whereas the natural gas storage capacity of the EU has increased considerably in recent years, there is room for improvement in the geographical placement of the storage facilities, whose uneven distribution causes excess capacity in some areas. In any case, Member States must not be prohibited from taking preventive non-market measures, such as providing for strategic storage, either to make up for failures or shortfalls of imported supplies from outside the EU or to deal with the effects of exceptional climatic conditions.