



EUROPEAN COMMISSION

*Brussels, 3.11.2016
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*Ms Laura Boldrini
President of the Camera dei Deputati
Piazza Montecitorio
IT – 00100 ROMA*

Dear President,

The Commission would like to thank the Camera dei Deputati for its Opinion on the Commission's Communication on an EU strategy for liquefied natural gas and gas storage {COM(2016) 49 final}.

This Communication forms part of the Energy Security Package implementing the Energy Union and addresses the role liquefied natural gas (LNG) and gas storage can play in ensuring that all Member States have access to the liquid gas market and diversified sources of supply. This is in line with the objectives of the Energy Union which aims to provide EU consumers with secure, sustainable, competitive and affordable energy supplies. The Communication identifies specific actions designed to improve the security of gas supply in the EU, in particular through diversification and the completion of a well-functioning and fully integrated EU gas market.

Looking at the EU overall, the level of gas diversification, access to sufficient liquefied natural gas imports and storage capacity is good. However, the energy security stress tests¹ showed that there are still vulnerable regions, especially in the south-eastern part of the EU, where one-sided supply dependence and missing infrastructure do not yet allow for a competitive and secure gas supply. The stress tests also demonstrated that in case of a supply crisis, LNG and storage are the two main elements of the gas system that would be relied upon to replace the missing volumes of gas. Therefore, the actions identified in the strategy aim to allow all Member States to have access to regional liquid gas hubs through a wide range of sources, including LNG, and to ensure sufficient storage capacity on a regional basis with a particular focus on vulnerable regions.

¹ <https://ec.europa.eu/energy/en/news/stress-tests-cooperation-key-coping-potential-gas-disruption>.

The Commission welcomes the overall support of the Camera dei Deputati for the strategy for LNG and storage. The Commission has presented the Communication to the Energy Working Party of the Council. The European Parliament is currently discussing an own-initiative report that is expected to be voted upon by the end of 2016. The Commission has already launched several work streams based on the actions defined in the Communication. Work under the specific regional groups in the Baltic Sea Region² and South-East Europe³ has also started as a consequence. These work streams will be followed by further actions with the aim of fully implementing the strategy set out in the Communication.

In response to the more technical comments in the Opinion, the Commission would like to refer the Camera dei Deputati to the attached annex.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Camera dei Deputati and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Miguel Arias Cañete
Member of the Commission*

² Under the BEMIP (Baltic Energy Market Interconnection Plan) High-Level Group.

³ Under the CESEC (Central East South Europe Gas Connectivity) High-Level Group.

ANNEX

The Commission has carefully considered each of the issues raised by the Camera dei Deputati in its Opinion and is pleased to offer the following clarifications.

The Commission welcomes the view of the Camera dei Deputati that the EU needs a flexible energy system that allows diversification from many sources and suppliers and which can at the same time respond to constantly changing market conditions; the Commission sees a well-functioning and fully interconnected EU energy market as key in achieving this.

The Commission acknowledges the Camera dei Deputati's call to seize the opportunity of current low global LNG prices to the benefit of EU source diversification through increased international dialogue. Under the proposed strategy the Commission will continue and strengthen its dialogues with current and new major LNG supplier countries and consumers in order to make sure that the LNG market evolves towards increased flexibility and transparency. Regular discussions on LNG are already held with the US, Australia and Japan and will be initiated in the coming months with Canada and other major suppliers and consumers. The Commission will also continue to closely follow related trade and price developments.

The Commission is pleased that the Camera dei Deputati shares the view that the focus should be on a better use of existing infrastructure, including a better utilization of and access to existing LNG terminals, for example by allowing bi-directional flows, before any new investments are pursued. This is why the strategy identifies only a limited number of projects, several of which are indeed intended to reverse flow capability and better connect markets to those with existing LNG import terminals. Better utilization of existing infrastructure is also pursued in the strategy through allowing operators to introduce new products and services targeting other uses of LNG, as well as small scale LNG that can cover smaller isolated markets or serve specific local industry. The Commission also acknowledges the importance of a stable regulatory framework that gives confidence to investors taking decisions on new investments that may be necessary.

The Commission welcomes the Camera dei Deputati's support for the actions intended to exploit the potential of LNG in transport where it can have a significant positive effect in reducing environmental impacts, in particular when it replaces dirtier fuels. The Commission also agrees that the use of LNG is particularly suited for long-distance road freight transport and vessels, for which alternatives to diesel are very limited. LNG in particular is the best option to meet the limits for sulphur content in marine fuels and limits for nitrogen oxides emissions in Emission Control Areas.

The Commission takes note of the remark of the Camera dei Deputati on the need for more harmonization of permitted levels of sulphur content in Member States. Limits for the sulphur content in marine fuels are regulated by the EU Sulphur Directive⁴. The levels permitted are dependent on whether marine waters of Member States are located inside or outside an Emission Control Area (ECA); the designation of these Areas – following an application submitted by a Member State – is under the authority of the International Maritime Organization. The Commission would welcome the designation of new ECAs on remaining EU marine areas, which would lead to a further harmonisation of requirements regarding sulphur limits within the EU.

The Commission also takes note of the remark of the Camera dei Deputati about the importance of disseminating information about the role and potential benefits of LNG which is a challenge the gas industry is indeed currently facing. The Commission considers, however, that the promotion of a specific type of fuel or technology is rather a task for the relevant industry players and the Commission should stay neutral in this regard.

The Commission fully supports the Camera dei Deputati's view that all Member States should have access to sufficient gas storage capacity. An improved distribution of capacity across the EU through the strengthening of cross-border access to available storage will allow for a more efficient prevention and response on the part of Member States in a regional context to potential supply disruptions or strained supply situations.

⁴ Directive 2012/33/EU of the European Parliaments and of the Council of 21 November 2012 amending Council Directive 1999/32/EC as regards the sulphur content of marine fuels.