

**Proposal for a  
Regulation of the European Parliament and of the Council  
concerning measures to safeguard the security of gas supply and repealing Council  
Regulation (EU) No 994/2010 (COM(2016)52)**

FINAL DOCUMENT APPROVED

The Committee on Economic Activities, Trade and Tourism

Having examined, pursuant to Rule 127 of the Rules of Procedure, the Proposal for a Regulation of the European Parliament and of the Council concerning measures to safeguard the security of gas supply and repealing Council Regulation (EU) No 994/2010 (COM(2016)52),

Whereas

Six years following the adoption of EU Regulation 994/2010 to safeguard the security of gas supply, which remains a central issue for the European Union, also in light of the many geopolitical tensions that have arisen in the meantime and have affected relations with certain suppliers and the security of supply routes;

In the summer of 2014, the Commission requested the Member States to conduct a Stress Test of their national systems to evaluate the impact of a prolonged disruption of Russian gas supplies;

The proposal for a new regulation is therefore based on an assessment of the risks which the absence of a Europe-wide integrated system might entail, especially in view of recent events which have dramatically highlighted the precarious conditions in some Member States which depend almost exclusively on a single supplier;

The new regulation sets out to make a major contribution to the measures adopted at the European level governing energy security by aiming at strengthening the overall resilience of the European market when confronted by adverse international scenarios and frequent crises, likely to create uncertainties and disruptions in gas supplies;

To ensure that the internal gas market functions effectively, the proposal for a regulation affirms the principle of solidarity according to which neighbouring countries are required to help one another to guarantee continuity in gas supplies at times of crisis;

The solidarity principle is wholly consistent with the purposes of the Energy Union and can be given broad support. However, this principle must be spelt out in terms which ensure that the measures that can be adopted to implement it have to be seen as measures of last resort, to be applied only after the Member States have already activated all the instruments available to them, and after having put in place the measures defined in the national emergency plans;

The principle of solidarity is implemented in the proposal for a regulation by strengthening cooperation between geographically neighbouring countries who must cooperate closely to pre-empt and manage any crises on the energy markets;

Accordingly, the European Commission has opted for the solution of subdividing the territory of the European Union into different regions deemed to be homogeneous, within which the principle of solidarity should be implemented as a matter of priority in the event of a crisis situation arising, in relation both to risk assessment and to the adoption of preventive and emergency plans;

The definition of the regions as indicated in the Commission's proposal would appear to be more a mere geographic exercise rather than be based on technical consistency with the system of existing interconnections between different Member States and the infrastructures that already exist or are currently being implemented, particularly in implementation of the laws governing TEN-E networks and gas transit flows;

The kind of regionalisation proposed appears to be unnecessarily inflexible and wrongly brings together individual Member States in predefined and exclusive groups, which runs the risk of limiting their ability to react as effectively as possible to any disruptions in supply;

The proposal for a regulation does not sufficiently address the matter of possible suppliers of last resort in the event of an emergency acting on the basis of pipeline or LNG supply contracts, the use of market storage and strategic storage facilities, and the regional-level coordinated use of the LNG regasification terminal capacities, which are presently working below capacity;

The proposal identifies a number of categories of protected customers to which gas availability must be guaranteed as a matter of priority. This priority may possibly lead to the disruption of supplies to non-protected customers to the extent necessary to guarantee uninterrupted supplies to protected customers. Without prejudice to the right of the Member States to include small and medium enterprises among their protected customers, the Committee nevertheless considers that the type of protected customers envisaged in the proposal for a regulation would appear to be too restricted, and feels that greater flexibility should be introduced to be able to take account of the

specific character of the systems and preferences of the Member States. In particular, the exclusion of companies in the thermoelectric sector from the category of protected customers could be seriously damaging, to the detriment of the whole community if their supplies were to be disrupted;

to strengthen the resilience of the European system, the proposal makes it necessary for the infrastructure networks to be equipped with a permanent physical capacity to transport gas in both directions ("bi-directional capacity") on all interconnectors between Member States, in order to ensure technical guarantees for two-way supplies and adequate liquidity to all the markets;

The European Commission should lay down more detailed provisions governing the principle of solidarity, above all with regard to activating any financial compensation measures in the event that action is taken in favour of other Member States;

The proposal provides for better access to information and measures regarding transparency in the case of certain supply contracts, which the operators must report to the European Commission and the Member States as soon as they are concluded or amended. It is also necessary see whether the degree of transparency required may in some cases be excessive, because it adversely affects the margin of caution and confidentiality which should be preserved, in the light of consolidated contractual practice and strategic interests;

Taking note of the opinion of the Standing Committee on European Union Policies;

Noting the need for this final document to be promptly forwarded to the European Commission as part of the so-called political dialogue, and to the European Parliament and the European Council,

HAS ISSUED A POSITIVE OPINION,

*With the following qualifications:*

- a) it is advisable to see whether it is necessary to explicitly stipulate that once all the infrastructure work has been built to be able to guarantee full interconnection between the European networks, the regional subdivision may well have been superseded and the solidarity principle will have to be implemented at the level of the whole continent and not only within specific regional areas;
- b) When defining the regions, account must be taken both of the existing infrastructure situation and projects currently in the course of implementation pursuant to the TEN-E

network provisions, and of the interconnections through a third country (Switzerland, for example);

- c)* In the transitional period the breakdown of the regions must be established in a more realistic manner, introducing greater flexibility to enable the Member States, where this is considered appropriate, to be members of several regions simultaneously, in order to ensure the practical application of the concept of solidarity;
- d)* To avoid the fragmentation of the internal gas market and to be really effective in terms of solidarity, cooperation between the regions and the designation of suppliers of last resort, the shared use of market and strategic storage, and the coordinated regional-level use of the LNG regasification terminals capacities should not be rigidly limited, while interregional “emergency gas-supply corridors” could be identified;
- e)* And, at all events, the cooperation mechanism should be adjusted by adopting a two-tier approach, one national and one regional: each Member State should therefore draft their own preventive and emergency action plans, including an analysis of the regional risks involved, while at the regional level, the consistency and comparability of the plans adopted by the Member States must be guaranteed;
- f)* The substance of the agreements for the practical application of the solidarity principle, to be agreed between the interested Member States, shall also contain the criteria for establishing any financial compensation payments;
- g)* As to the composition of the region to which Italy belongs, which includes Austria, Croatia, Hungary and Slovenia, while it is obviously in the strategic interests of Italy to establish close cooperation with these partners, the solidarity principle must also and at all events be extended to the Member States interconnected through a Third State; this is the case with Switzerland, through which major supply routes, such as Transitgas, pass;
- h)* The Member States must be given the right to include the natural gas-fired thermoelectric generation facilities among their protected customers, considering that if their work were to be blocked as a result of any gas supply disruption, it could prove extremely detrimental to the whole community;
- i)* With regard to guaranteeing bidirectional capacity, it is essential to ensure consistency between the procedures provided by the proposal for a regulation and the procedures provided under the rules governing the TEN-E networks, in order to prevent opportunistic

conduct by the enterprises concerned, which might be induced to choose the procedure which best suits their own interests;

- j)* To obviate the risk of overburdening enterprises with excessive reporting obligations, it is necessary to exclude the reporting of any contractual information which the enterprises have already supplied at the national and the European levels, pursuant to other regulatory provisions and, at all events, to shield any information which might prove strategically decisive to the security and the priority interests of the Member States from excessive transparency:
- k)* With regard to increasing the powers of the European Commission, particularly regarding the declaration of regional emergencies, a balance must be struck which leaves greater margins of autonomy to individual Member States when they initially implement the most appropriate countermeasures to ensure more rapid and directly operational responses.