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Gas stress test: Cooperation is key to cope with supply interruption

What will happen if Russian gas supplies are interrupted this winter? Will homes and companies have the energy they need? What can the EU and Member States do? The Commission's report on the resilience of the European gas system issued today, gives answers: More gas will continue to be delivered to homes and companies, if Member States cooperate and allow the market forces to work as long as possible. Government intervention should be carefully prepared on a regional basis and only kick in, if needed. The report includes concrete short-term recommendations for the most vulnerable EU Member States and neighbouring countries.

Vice-President of the European Commission, responsible for Energy, Günther H. Oettinger said: *"This report shows that we are not waiting but do everything we can do to be prepared. For the very first time, we have a complete picture of the risks and possible solutions. If we work together, show solidarity and implement the recommendations of this report, no household in the EU has to be left out in the cold this winter."*

The Russian-Ukrainian gas dispute puts the gas supplies to the EU once more at risk, as in 2009. With the winter approaching, the Commission wanted to have a clear picture of where the biggest shortfalls would arise and how they could be mitigated.

The report published today presents the results of a modelling exercise conducted by 38 European countries, including EU Member States and neighbouring countries. It analyses different scenarios, in particular a complete halt of Russian gas imports into the EU for a period of six months.

Cooperation helps alleviate the situation

A prolonged supply disruption would have a substantial impact in the EU, with the Eastern Member States and the Energy Community countries being affected most. Finland, Estonia, the Former Yugoslav Republic of Macedonia (FYROM), Bosnia and Herzegovina, and Serbia would miss at least miss 60 per cent of the gas they need. This means that even private households could be left out in the cold. If countries work together, instead of adopting purely national measures, then less consumers will be cut off from the gas. In this scenario, no household in the EU would have to be affected.

Allowing the market to function as long as possible

National reports show that EU countries and neighbouring countries envisage a wide range of measures to mitigate the impacts of a supply disruption, from diversifying their supplies to using reserves and strategic stocks to curtailing demand and switching fuels where possible. However, in general these plans are often too much limited to the national market and resort too quickly to interventionist measures. A **market-based approach** should be the guiding principle, with non-market measures (i.e. the release of strategic stocks, forced fuels switching and demand curtailment) only kicking in when the market fails. In a functioning market, price signals will attract new deliveries of gas, mainly LNG, and limit demand; the commercial use of storage will help ensure the demand-supply balance. The Report contains concrete recommendations on short-term measures for the most vulnerable EU Member States and the neighbouring countries.

Methodology

The report consists in an aggregated analysis of the results provided by the EU Member States and the Energy Community countries¹, as well as Georgia, Turkey, Norway and Switzerland. It includes an impact analysis conducted by the European Network of Transportation System Operators (ENTSO-G) in collaboration with the International Energy Agency (IEA) and G-7 partner countries (US, Canada, Japan). The package also includes three focus groups analyses (South-East Europe, Baltics and Finland and the Energy Community) and a report on the cooperation with G7 and other partner countries. Finally, it includes a report on the [Security of Gas Supply Regulation \(994/2010\)](#).

Background

The Stress Test Report is the first concrete action regarding short term energy security measures, which follows the adoption by the European Commission of the **European Energy Security Strategy**, last 28 May. The concrete recommendations in the report will accompany the measures foreseen by the Strategy to improve the EU's security of supply: completing the internal energy market, increasing energy efficiency, diversifying external supply sources and exploiting indigenous sources (fossil and non-fossil).

Today, **the EU imports** 53% of the energy it consumes. Energy dependence relates to crude oil (almost 90%), to natural gas (66%), and to a lesser extent to solid fuels (42%) as well as nuclear fuel (40%). Around half of the EU's primary energy consumption (48%) is used for space and water heating.

For further information

[MEMO/14/593](#)

LIVE coverage on Europe by Satellite (EbS):

<http://ec.europa.eu/avservices/ebs/schedule.cfm?sitelang=en&page=3&institution=0&date=10/16/2014>

Stress Test Report: http://ec.europa.eu/energy/stress_tests_en.htm

¹ Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia, Moldova, Ukraine and Kosovo

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