



EUROPEAN COMMISSION
IMPACT ASSESSMENT BOARD

Brussels, 24 JUN 2009
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Opinion

Title **Impact assessment on Revision of Directive 2004/67 on measures concerning the security of gas supply**
(draft version of 18 June 2009)

RESUBMISSION

Lead DG **DG TREN**

1) Impact Assessment Board Opinion

(A) Context

The revision of the directive 2004/67 was announced for 2010 in the Second Strategic Energy Review. The January 2009 Russia-Ukraine gas conflict resulted in calls from the Council and the Parliament to accelerate this revision. The March 2009 European Council stated that the revision should include a crisis mechanism, which would involve all actors including energy industry, plans of security and supply, solidarity among the Member States through regional plans, and a redefinition of the threshold for deciding action at the European level. Additionally, the European Parliament asked for the inclusion of elements such as the allocation of available infrastructure capacity among the affected Member States, increase of the availability of the gas on the market, development of storage gas facility.

In its opinion of the 12 June 2009, the Board requested a resubmission of the previous draft IA.

(B) Positive aspects

The IA has been improved along the lines of some of the Board recommendations, notably by developing sections on the January gas crisis, and on the impact of the planned investments under the Economic Recovery Programme on the n-1 indicator.

(C) Main recommendations for improvements

The recommendations below are listed in order of descending importance.

General recommendation: The IA still needs to develop a robust baseline scenario to illustrate more convincingly the value added of this initiative taking into account the forthcoming entry into force of the 3rd internal market package and the investments under the Economic Recovery Programme. The N-1 approach should be further justified, and an option of applying it on a regional level assessed. The timing of the proposed measures should be clarified in the light of the stated need for an immediate response to the crisis.

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The IA should also provide a much more detailed assessment of costs and benefits, including the risks for the most vulnerable consumers.

(1) Problem definition. While the IA has been updated with a better description of the January gas crisis, there is still a need to explain more clearly to what extent the undesired effects were caused by a poor implementation of existing regulations (including the gas security directive), a lack of appropriate policy measures in place, or behaviour of MS which was not in line with the needs of the internal market. In this context underlying drivers for poor implementation should be analysed.

(2) A clear baseline scenario needs to be added. In line with the previous Board opinion, the IA needs to include a clear baseline scenario that would show expected developments in the years to come, and take into account the forthcoming entry into force of the 3rd internal market package. In that context, it needs to clarify the timing of the proposed measures and the impact they will have between now and 2011, when the 3rd package should become operational. Finally, as outlined in the IA, part of the response to the gas shortage might be fuel switching, and the baseline scenario should factor that in (e.g. impact of other legislation concerning oil stocks, etc.).

(3) The policy options need further clarification. In line with the previous Board opinion, the IA should also assess alternative options to applying the n-1 approach at a national level only, and develop separate policy options under which this optimisation and policy responses would take place at regional or EU27 level. The report still needs to clarify the difference as regards implementation of a directive and a regulation, and in particular how the latter would take into account the differences in Member State situations. Although not raised in the previous Board recommendations, it should be explained why the possibility under the current Directive to propose the Council to take measures cannot be used.

(4) The analysis of impacts should be further improved. In particular, the IA should provide an estimate of additional costs in terms of investments, and compare it to the benefits from avoided risks. While the IA now takes into account planned investments, the financing sources and distributional effects should be shown as well.

(D) Procedure and presentation

Given that DG TREN has already launched the inter-service consultation, this should be extended so that the revised impact assessment and second opinion of the Board can be included.

Additionally, the final IA report should include a consolidated overview of the Board recommendations from both opinions and the extent they have been dealt with.

2) IAB scrutiny process

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External expertise used	No
Date of Board Meeting	WP
Date of adoption of Opinion	24 JUN 2009 The present opinion concerns a resubmitted draft IA report. The first opinion was issued on 12 June 2009.