Brussels, D(2015)

# **Opinion**

**Title** 

DG ENER – Revision of the Decision 994/2012/EU on the information exchange mechanism with regard to intergovernmental agreements between Member States and third countries in the field of Energy (IGA Decision)

(draft version of 11 November 2015)\*

#### (A) Context

Decision 994/2012/EU (IGA Decision) sets out an information exchange mechanism concerning intergovernmental agreements between Member States and third countries in the field of energy. It is also meant to promote compliance of those agreements with EU law. The main feature of this mechanism is that the Commission carries out compliance checks of IGAs after a Member State and a third country have concluded such agreements. While this is useful for receiving information on existing IGAs and for identifying problems posed by them in terms of their compatibility with EU law, it is not sufficient to solve such problems. This impact assessment supports a possible revision of the IGA Decision in the context of the Energy Union Strategy, which indicated that a full compliance with EU law of agreements related to the buying of energy from third countries is an important element in ensuring energy (and in particular gas) security. The IGA Decision is closely linked to the Security of Gas Supply Regulation while its scope is wider.

#### (B) Overall opinion: POSITIVE

The Board recommends that the IA report be further improved in respect of the following key aspects:

- 1) The report should clarify whether the main problem is to ensure the compliance of existing non-compliant agreements or to prevent non-compliant agreements from being concluded in the future.
- 2) The report should clarify in the baseline scenario if the problem of non-compliant agreements is likely to persist, by describing how many IGAs may be expected in the future as well as their relative importance.
- 3) The report should better justify why the option of inducing model clauses to improve IGA compatibility with the EU law is discarded. It should describe the regional impacts of the different options, impacts on third countries, as well as estimated one-off and re-occurring administrative burdens.

<sup>\*</sup> Note that this opinion concerns a draft impact assessment report which may differ from the one adopted

### (C) Main recommendations for improvements

- (1) Clarify the main problem and describe their consequences. The report should clarify what is the most important problem the initiative tries to address, e.g. is it turning existing non-compliant agreements into compliant ones, or preventing non-compliant agreement from being concluded in the future? It should then describe the negative consequences for Member States and the Union as a whole of concluding IGAs that are not compatible with the EU law in different areas (e.g. the Third Energy Package, competition rules, public procurement rules). The report should better present the argument and evidence supporting the conclusion that the scope should be extended to non-legally binding instruments. It should better describe the context of the initiative, including the main concerns of the Member States regarding the 2012 proposal for IGA Decision, how they are addressed as well as the views of the European Parliament.
- (2) **Develop the baseline scenario**. The report should describe in more detail how the situation is likely to evolve without additional EU action. How many IGAs and, to the extent known, non-legally binding agreements are expected to be concluded in the future (new and renewal of the existing ones)? What is their relative importance in terms of energy share imported or support for critical infrastructure?
- (3) Better assess the impacts. The report should better explain the reasons for the assumed limited impacts of the option to induce model clauses in order to improve IGA compatibility with the EU law. To the extent possible, the report should present relevant examples to illustrate the impacts of the different options, which are currently only assessed in a general manner. It should describe the regional impacts of the different options, impacts on third countries as well as make a greater effort in quantifying one-off and re-occurring administrative burdens. Finally, it should summarise how the ex-ante assessment of IGAs will address all the problems identified.
- **(4) Clarify future monitoring and evaluation arrangements.** The report should describe the key indicators that will be used to measure the success of the initiative.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

## (D) Procedure and presentation

The report should eliminate overlaps between text of the main report and Annex. It should explain some of the more technical terms used (i.e. ownership unbundling, hub pricing, wholesale gas pricing) in a glossary.

(E) RSB scrutiny process	
Reference number	2016/ENER/005
External expertise used	No
Date of RSB meeting	2 December 2015