

Towards an EU strategy for LNG and gas storage

In February 2016 the European Commission published a communication on an 'EU strategy for liquefied natural gas and gas storage' as part of its sustainable energy security package. The Commission considers that improving the access of EU Member States to imports of liquefied natural gas (LNG), as well as developing more effective cross-border gas storage, would help to increase security of gas supply, reduce dependence on pipeline gas from a single supplier, and allow EU Member States to take advantage of low global prices for LNG. In the October II plenary session the European Parliament is due to vote on an own-initiative resolution concerning this strategy document.

LNG and gas storage strategy

The communication on an [EU strategy for LNG and gas storage](#) outlines the Commission's view that LNG could contribute significantly to the security, resilience and competitiveness of gas markets in Europe. Yet this requires the EU and its Member States to ensure the necessary import infrastructure is in place to access international LNG markets; complete the internal gas market to attract LNG supplies; provide cross-border storage capacity; and step up efforts to cooperate with international partners (suppliers or other importers) to develop a truly global LNG market. Greater use of LNG as a transport fuel would also help to reduce air pollution, since LNG has a much lower sulphur and nitrogen content and produces far fewer carbon dioxide emissions than petroleum-based transport fuels. The Commission believes that LNG could play a similar role in decarbonising the heat and power sector. These measures would help EU countries take advantage of the current abundance of supply and low global prices for LNG. The International Energy Agency [expects](#) this trend to continue until 2020-2021 as several large LNG export projects come on stream in the USA and Australia.

The Commission argues that LNG infrastructure in the EU is under-utilised and not optimally distributed. EU [projects of common interest in energy infrastructure](#) are helping to finance new LNG import terminals or provide additional capacity for existing ones, as well as improving cross-border gas interconnections and storage facilities. These measures can maximise the regional benefits of LNG for security of supply. According to the Commission, such infrastructural improvements need to be complemented by full implementation of the internal gas market, in particular greater market competition, more use of liquid gas hubs, stronger regional cooperation and risk assessment, and market based tariffs with cross-border access to gas storage.

The different dimensions of the LNG strategy are analysed in more detail in an [EPRS briefing](#) from June 2016.

Positions of the European Parliament

On 26 September 2016 the Committee for Industry, Research and Energy (ITRE) approved an [own-initiative report](#) on the EU strategy for liquefied natural gas and gas storage (rapporteur András Gyürk, EPP, Hungary). This is scheduled to be debated during the October II plenary session in Strasbourg. Supporting opinions were provided by the Committees for Foreign Affairs (AFET), International Trade (INTA), Environment, Public Health and Food Safety (ENVI), and Transport and Tourism (TRAN).

The ITRE report welcomes the LNG strategy and provides further reflection on key issues. The report is more cautious than the Commission about the need for considerable new infrastructure, noting the risk of stranded assets, excess storage capacity and spare import capacity. It emphasises specific concerns about EU dependence on Russian gas and is critical of the proposed [Nord Stream II project](#). The role of renewable gas and EU trade policy on LNG are also highlighted.

