



Regulators' views on the Security of Gas Supply Regulation

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- January crisis showed that
 - A **functioning internal gas market** is the **best guarantee** for security of supply
 - Letting the **market function as long as possible** was part of the successful emergency response
 - A **quick European response** is useful in case of a real crisis
 - An **updated instrument to respond to gas supply restrictions** is needed
- Regulators **welcome** Commission proposal for a **new Security of Gas Supply Regulation**

Central issues

- **Clear definition of roles and responsibilities**
- **Infrastructure and supply standard**
- **Definition of clear steps towards a Community emergency**
 - Need to leave it to the market for as long as possible
- **Development of Preventive Action Plans and Emergency Plans**
 - On national or regional level
- **Strengthening of the Gas Coordination Group**

Some clarifications needed – I

- **Close involvement of NRAs** in the development of the PAP and EP, where NRAs are not the Competent Authorities
- **Clarification of the reverse flow obligation:**
 - **Exceptions** should be possible where reverse flows do not significantly enhance security of supply or where investment costs outweigh benefits for security of supply
 - No reverse flows back to production sources, LNG facilities or with distribution networks

- **Clarification of cost allocation rules**
 - Where an investment in MS A benefits also MS B or
 - Where an investment in MS A benefits only MS B
 - Proportion to be paid by MS = **Proportion to which each MS benefits from the infrastructure investment**
- **Consideration of secure electricity and district heating supply to protected customers in PAP and EP**
- Need for a **higher threshold for a Community emergency**
 - **National and regional measures** are often more **effective and more targeted** than Community measures

Reverse flow investments vs. economic losses

- Reverse Flow investments in South East Europe are estimated to amount to **80-90 Mio. €**
- Economic losses of the gas crisis (reported by public authorities)
 - Bulgaria: 255 Mio.€
 - Hungary: 70 Mio.€
 - Croatia: 270 Mio.€
 - Serbia: 54 Mio.€
 - Slovakia: 100 Mio.€



What else is needed to handle future crisis better?

Security of Gas Supply Regulation is an important instrument,
BUT also

- **More transparency** on gas flows and storage levels
- **Better access to flexible gas** on the market
- **More capacities and better usage of existing capacities**
- **More supply and infrastructure diversification** → How should the future European energy policy look like?
- **More focus also on domestic production** → see the successes with unconventional gas in US
- **Need to ensure that planned investments are carried out**

Thank you for your attention!

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