



## **Securitisation challenges and decarbonisation opportunities for the EU gas market**

# **EU risk-preparedness: from the early warnings to the present crisis**

**Anne Houtman  
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## Three parallel evolutions

- EU progressive gas **market integration**: security of supply becomes more and more an **EU issue** (vs a national one)
- EU Eastern enlargement following the fall of the USSR
  - several (« new ») Member States not connected to the EU gas market and 100% dependent on Russian gas
  - **Russia** using gas as a political weapon (« wake-up calls » of the UKR/RUS gas crises)
- Increased EU gas **dependency** (2000: 66% 2019: 90%)
  - EU gas production halved over last 10 years
  - stable/increasing gas consumption
  - imports doubled over last 30 years (Russian share up to 44%)

***HENCE the EU did prepare for the risk of disruption of gas supply (and progressively reinforced its framework)***



## Evolving EU gas SoS framework before the crisis

Events	EU (re)action
EU gas market opening	2004 first EU (light) SoS rules: Directive 2004/67/EC
2006 & 2009 RUS-UKR gas disputes	2010 Reinforced SoS rules: - Gas SoS Regulation 994/2010 - IGA Decision 994/2012
2014 Annexion of Crimea	2014 Stress Tests and EU Strategy on SoS (ESSS)
2015 Continuing RUS/UKR tensions (& Paris Agreement)	2015 Energy Union 2016 Strategies on LNG & storage and on Heating & Cooling 2017 Still reinforced SoS rules - Regulation 2017/1938 - IGA Decision 2017/684



## Where were we before the crisis? (1)

- A more integrated & better functioning **EU gas market** ... but still unfinished work (e.g. liquid N-W vs Central, East, S-E)
- Better **infrastructures** (TEN-E and PCIs i.e. Trans-European Networks for Energy and Projects of Common Interest) e.g.:
  - Connecting national markets w.i. EU: more inter-connectors between MS (with *reverse flows*)
  - Connecting with external suppliers: more LNG terminals & pipelines w/ 3rd countries (e.g. AZ)
  - Increased storage capacities (eg. SP, PT, LT, HR, ...)
- Clear **responsibilities** between gas undertakings, MS (& competent authorities) and the EU (Commission, ENTSOG)



## Where were we before the crisis? (2)

- More **coordination** (e.g. «*Gas Coordination Group*» since 2004) & **cooperation** between regions and actors
- More **transparency** (e.g. on IGAs & contracts) and information exchanges, also allowing better compatibility w/ EU law (e.g. destination clauses)
- A 3-level crisis **declaration** mechanism: «early warning», «alert» & «emergency»
- **Risk-preparedness:**
  - Risk Assessment: N-1 infrastructure standard + supply standard for «*protected consumers*»
  - National/**regional** Preventive Action Plans and Emergency Plans



## Where were we before the crisis? (3)

- In the event of an extreme gas crisis, a **solidarity mechanism** between connected MS for «*solidarity protected consumers*», on the basis of « fair » compensation

But also:

- A more developed EU Energy and Climate **Diplomacy**

AND, in **synergy with climate objectives**

- Efforts to **moderate demand**
- Increased **domestic energy production** (renewables)



## The EU is better off ... BUT NOT enough!! WHY?

- **Crisis worse than any anticipated scenario: the « perfect storm »**
- **Gap between theory and practice (incl. political sensitivity)  
e.g. solidarity mechanisms & their compensation, NIMBY**
- **No or weak EU framework on some issues:  
MSs' choice of supplier; storage: no EU obligation on volume/  
property; injection of alternative gases; cybersecurity, etc...**
- **Implementation gap: MS dragging their feet, for example on**
  - **infrastructures (ex.: Midcat)**
  - **diversification engagements (ex.: NS2, RES targets)**
  - **permitting of renewable projects**
  - **promoting moderation of consumption****... or simply disagreeing (e.g. on joint purchases)**



### = many failures in climate & energy democracy

- **Governments** must do better to
  - stick to their engagements and to (EU) law (for ex. on solidarity with other MS, on building renovation, ...)
  - protect the general interest (SoS, climate, energy poverty/access)
  - control their enterprises
  - provide better information & tell (difficult) truth in clear terms
  - mobilise populations: facilitate participation (sobriety, PV, DR, ...) and foster acceptability of infrastructures & renewables projects
- **Enterprises** must do better on social and environmental responsibilities
- **Citizens** must do better to
  - monitor the fulfilment of their governments' engagements
  - challenge their authorities
  - participate in the energy transition (as prosumers, in demand response)
  - save energy
  - be solidaire





## The EU reaction: an updated framework (1)

Date	Name/Subject	Content	Type of document/ Tool	Reference	
13 Oct.2021	<b>Energy prices</b>	Toolbox for action and support	Communication	COM(2021)660	
15 Dec. 2021	<i>Fit-for-55</i> <b>Gas Market Package</b>	<i>New rules for the Internal Markets in renewable and natural gases and in hydrogen to facilitate the penetration of renewable and low-carbon gases into the energy system</i>	- Proposed Directive IM gas & H2 (recast) - Prop. Regulation IM gas & H2 (recast)	COM(2021)803 COM(2021)804	
		<i>Reduction of methane emissions</i>	Prop. Reg. methane	COM(2021)805	
		<i>Fit-for-55 (others)</i>	<i>Revision of the Directive on the Energy Performances of Buildings (EPBD)</i>	Prop. Directive (recast)	COM(2021)802
		<i>Recommendation on a fair transition to climate neutrality</i>	Prop. Council Recommendation	COM(2021)801	
		<i>Sustainable Carbon Cycles (capture, recycling, transport &amp; storage)</i>	Communication	COM(2021)800	
		<i>Calculation on Renewables in Cooling and Cooling Networks</i>	COM Delegated Reg.	Com.Del. Reg. (EU) 2022/759	
8 March 2022	<b>REPowerEU</b>	Joint EU action to reach Independence from Russian fossil fuels by 2030	Communication	COM(2022)108	
23 March	<b>Winter Preparedness</b>	<b>Gas storage obligations</b> by 1 Nov (80%-2022, 90% in subsequent years)	Prop. Am. Reg. 2017/1938 & al.	COM(2022)135	
	State aid	Temporary crisis Framework	Communication	OJ C 131 of 24.3.2022 p.1-16	
24-25 March	European Council	Phasing out EU dependency on Russian fossil fuels & relief from high prices	Conclusions	EUCO 1/22 para. 15-19	
25 March	Energy Diplomacy	EU- <b>US</b> cooperation on energy security	Joint Statement Biden-UvdL	STATEMENT/22/2041	



# The EU reaction: an updated framework (2)

8 April	Joint purchasing	1st meeting of the EU Energy Platform to secure supply of gas, LNG & Hydrogen	Press release	IP/22/2387
18 May 2022	REPowerEU Plan	Plan to reduce dependence & accelerate the energy transition - Annex 1: Fitfor55 potential & investment needs, - Annex 2: maps - RES potential, - Annex 3: Infrastructure needs - SWD: investment needs, H2 accelerator, biomethane plan	Communication + SWD	COM(2022)230  SWD(2022)230
		EU 'Save energy' plan: immediate voluntary savings & medium/long term structural measures acceleration	Communication	COM(2022)240
		EU External Engagement Strategy	Communication COM & EEAS	JOIN/2022/23
		EU <b>Solar</b> Strategy to double PV capacity, incl. Rooftop Initiative, Industry Alliance & Skills partnership	Communication	COM(2022)221
		Amendments to RED2, EPBD and EED	Prop. Directive	COM(2022)222
		Guidance to simplify and accelerate permitting procedures & Power Purchasing Agreements (PPA)	Recommendation & 2 Working Documents	C/2022/3219 SWD(2022)149 SWD(2022)151
		Geographical data to help identify « go-to » areas for wind and solar installations	Digital mapping tool	<a href="https://energy-industry-geolab.jrc.ec.europa.eu">https://energy-industry-geolab.jrc.ec.europa.eu</a>
	Hydrogen (H2)	Definition of Renewable H2: calculation of life-cycle emissions of ren.H2 & recycled carbon fuels to meet GHG thresholds of RED	COM Delegated Reg.	Draft for consultation
		Production of Renewable H2: criteria for RFNBO to be renewable H2	COM Delegated Reg.	Draft for consultation
	RFF	REPower chapter in MS' Recovery & Resilience Facility (RFF) plans	Prop. Regulation AM RFF Reg 2021/241 & al	COM(2022)231
		Guidance on RRF plans in the context of REPowerEU	Recommendation	COM notice



# The EU reaction: an updated framework (3)

	Electricity Market	Short-term Market Interventions & Long-term Improvements - course for action	Communication	COM(2022)236
30-31 May 2022	European Council	Accelerate delivery on REPowerEU objectives (rapid reduction of Russian dependency, system resilience, interconnections etc)	Conclusions	EUCO 21/22 para. 27-30
23 June 2022	Energy Diplomacy	EU- <b>Norway</b> statement on Strengthening energy cooperation	Statement	STATEMENT/22/3975
23-24 June 2022	European Council	Invitation to explore with international partners ways to curb rising prices & to ensure closer energy coordination bw MS	Conclusions	EUCO 24/22 para. 24-26
29 June 2022	Gas storage	Council adopts Regulation on gas storage obligations to prepare for the Winter	Regulation of Council & Parliament	<b>Regulation (EU) 2022/1032</b>
18 July 2022	Energy Diplomacy	EU- <b>Azerbaijan</b> new partnership	Press Release	IP/22/4550
20 July 2022	<b>Save Gas for a Safe Winter</b>	Gas Demand Reduction Plan: Substitution, Solidarity, Sobriety	Communication	COM(2022)360
		Common EU tool to coordinated Demand Reduction (target: 15% for 2022 Winter)	COM Prop. New Regulation	COM(2022)361
	State aid	First Amendment to the Temporary Crisis Framework	Communication	OJ C280 of 21.7.2022 p.1-13
5 Aug.2022	Demand reduction	Council adopts regulation on coordinated demand reduction measures	Council Regulation (Article 122 TFEU)	<b>Council Reg. 2022/1369</b>



## Now ALL actors need to act FAST !

In a nutshell, implement EU decisions & policy initiatives:

- To **protect vulnerable consumers**: e.g. EC Toolbox (action: public authorities)
- To accelerate the Energy Transition: e.g.
  - As a priority, **reduce energy consumption** e.g. gas by > 15% (action: ALL)
  - Accelerate the deployment of **renewables** e.g. accelerate/facilitate permitting & PPAs, double PV capacities, facilitate access of decarbonised gases to the market, etc ... (action: public administrations, enterprises, consumers)
- To optimise existing infrastructures and arrangements: e.g.
  - Fill in **storage**: > 80% by 1 November 2022 and 90% in subsequent years (action: natural gas undertakings)
  - Update preventive and emergency plans and prepare **solidarity** measures
  - Intensify energy diplomacy with producer/transit countries to **diversify** sources, (e.g. increase LNG supply) and use the EU Energy Platform/ negotiate **joint purchases** of gas and H2 (action: COM, EEAS, national services)



Classe Technologie  
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## Securitisisation challenges and decarbonisation opportunities



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DE BELGIQUE

# Thank you!

[annehoutman@skynet.be](mailto:annehoutman@skynet.be)