



OPINION

European Economic and Social Committee

EU gas storage policy

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2017/1938 of the European Parliament and of the Council concerning measures to safeguard the security of gas supply and Regulation (EC) n°715/2009 of the European Parliament and of the Council on conditions for access to natural gas transmission networks
[COM(2022) 0135-2022/0090 (COD)]

TEN/779

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| Referral | European Parliament, 04/04/2022 Council of the European Union, 04/04/2022 |
| Legal basis | Articles 194(2) and 304 of the TFEU |
| Section responsible | Transport, Energy, Infrastructure and the Information Society |
| Date adopted in plenary | 18/05/2022 |
| Plenary session No | 569 |
| Outcome of vote (for/against/abstentions) | 160/1/3 |

1. Conclusions and recommendations

- 1.1 The EESC condemns the unjustified and unprovoked invasion of Ukraine by the Russian Government and expresses its solidarity with the Ukrainian people, calling for firm actions at both EU and national levels, in a spirit of unity at this dramatic time. The Russian aggression has sparked a global geopolitical crisis, which is having an exponentially growing impact on the EU. The dependence on primary energy from third countries has become a direct threat to the security and stability of the EU.
- 1.2 The EESC strongly supports the proposal for the Regulation, welcomes the decision to apply an expedited procedure, and applauds the swift reaction of the European institutions¹². Having well-filled gas storage facilities plays a key role in ensuring a safe winter (2022/2023), protecting against price shocks, shielding Europeans from energy poverty, and securing the competitiveness of European businesses. The Committee notes that the cost of inaction in current circumstances would significantly exceed the cost of short-term measures envisaged by the Commission.
- 1.3 The Committee urges the Institutions to introduce a short-term investment instrument, which will improve the EU's energy independence, and stresses that merely accelerating existing plans is not enough to guarantee Europe's energy security.
- 1.4 Cooperation with third countries is a complimentary measure to investments in new infrastructure, which will increase Europe's energy security. The EESC urges the Council and the Parliament to consider using gas storage facilities in bordering third countries, which will bring a value-added to providing security of supply, especially in Ukraine.
- 1.5 The Committee supports the plan to fill gas storages in consideration of the storage's size, the country's consumption, and the capacities of storage facilities to serve other countries in the region, with the aim of avoiding unbalanced burden sharing on a regional dimension.
- 1.6 The Committee notes that a final decision on the mandatory certification of gas storage operators will take several years due to the possibility of appeals before national courts. Hence, the Committee recommends introducing an early implementation mechanism, which will allow national regulatory authorities to start preparatory work before the Regulation becomes fully effective.

2. General comments

- 2.1 In recent months, "the unbalanced gas market has led to a sharp increase in gas prices"³. During the heating season which is currently coming to an end, the EU's level of filling storage was

¹ <https://www.europarl.europa.eu/news/en/press-room/20220405IPR26703/meps-back-urgency-procedure-to-refill-gas-reserves-before-next-winter>

² https://ec.europa.eu/commission/presscorner/detail/en/QANDA_22_1937

³ Explanatory memorandum to the proposal for the Regulation.

largely below the level of preceding years, with over 20 percentage points difference compared to 2020, and almost 30 percentage points compared to 2019.

| | 2019 | 2020 | 2021 |
|----------|--------|--------|--------|
| February | 51.98% | 71.19% | 50.85% |
| July | 73.31% | 80.71% | 47.84% |
| October | 96.92% | 94.62% | 74.93% |
| December | 94.23% | 87.68% | 67.21% |

Table 1. Comparison of filling levels in Europe. Source: Reuters⁴

- 2.2 The total EU underground storage capacity is 101,1bcm, distributed across 160 facilities in 18 Member States⁵. Gazprom owns about 10% of total European underground gas storage capacity⁶, and has influence over almost one-third of all gas storage in Germany, Austria and the Netherlands⁷.
- 2.3 The Commission noted that the filling rate of Gazprom-owned storages has been significantly lower than average⁸. In October 2021, in countries where Gazprom does not own storage facilities, such as France and Italy, the level of gas in storage has reached near-normal levels for that time of year. Nevertheless, the Gazprom-owned Rehden natural gas storage facility in Germany, which accounts for almost a fifth of the country's storage capacity, has been less than 10% full, since being full in October 2019, according to Gas Infrastructure Europe data. The Haidach facility in Austria, also operated by Gazprom and one of the largest underground storage facilities in central Europe, has been merely 20% full⁹.
- 2.4 In light of Gazprom's conduct, it has become apparent that the European energy market may be under the undue influence of third countries, and that it is necessary to take decisive steps against it. Therefore, the Committee supports the plan to fill gas storage's without Russian gas.
- 2.5 Notwithstanding the measures proposed in the Regulation, the EU's energy security can be improved by removing restrictions in gas transmission and trading between Member States, as well as the temporary resumption of extraction in unused (damped) resources in the EU. The EU's energy security and energy price stability can be further improved by joint gas purchases.

4 <https://www.reuters.com/business/energy/europe-would-struggle-refill-gas-storage-without-russian-supplies-2022-03-30/>

5 https://ec.europa.eu/commission/presscorner/detail/en/QANDA_22_1937

6 <https://www.martenscentre.eu/blog/how-gazprom-manipulated-the-eu-gas-market/>

7 <https://www.ft.com/content/576a96f7-e41d-4068-a61b-f74f2b2d3b81>

8 https://www.europarl.europa.eu/doceo/document/E-9-2021-004781-ASW_EN.html#ref1

9 <https://www.ft.com/content/576a96f7-e41d-4068-a61b-f74f2b2d3b81>

3. Specific comments

3.1 Mandatory filling targets and trajectory

- 3.1.1 The EESC supports the Commission's proposal on the mandatory filling targets. The targets set by the Regulation cannot be seen as excessive. Nevertheless, to avoid further increases in energy prices, the Committee strongly recommends not to increase the prescribed targets further.
- 3.1.2 Without prejudice to the quality of the Regulation, in practice a common and effective gas storage policy cannot happen without robust gas transmission systems. To increase Europe's resilience in the long-run, it is crucial to invest in the infrastructure, including hydrogen-ready infrastructure, especially interconnectors and storage facilities. The Committee urges the Institutions to introduce a short-term investment instrument, which will improve the EU's energy independence, and stresses that merely accelerating existing plans is not enough to guarantee Europe's security.
- 3.1.3 Where a Member State cannot meet the filling target due to specific technical characteristics, the Member State shall inform the Commission before 1 November, providing reasons for the delay. In the EESC's view, the November deadline for notification of delay is too late. November is already well into the heating season, and delays in any Member State can jeopardise the European effort and cause price shocks. Therefore, the EESC recommends the deadline for notification of delay is moved to October at the latest. At the same time, Member States should be encouraged to comply with mandatory targets as soon as technically possible, rather than by December.
- 3.1.4 At the same time, the EESC stresses the importance of cooperation with the Energy Community and urges the Commission, the Council and the Parliament to consider using gas storage facilities in bordering third countries, which will bring a value-added to providing security of supply, especially in Ukraine.
- 3.1.5 Cooperation with third countries is a complementary measure to investments in new infrastructure to ensure adequate levels of gas storage quickly, and hence should be given high priority.

3.2 Implementation, monitoring and enforcement

- 3.2.1 The EESC applauds the fact that the introduction of mandatory targets is accompanied by the introduction of effective implementation, monitoring and enforcement measures on the part of Member States as well as the European Commission.
- 3.2.2 At the same time, the EESC notes that there is a no clarity as to the responsibility for non-compliance with the obligations prescribed. Since gas storage operators are not free from the influence of third countries, the Committee believes that the legal burden should fall on the Member States. Moreover, the EESC calls for the Regulation to be complemented by a set of effective sanctions that can be imposed by the Commission on Member States, which do not comply with obligations.

3.2.3 Article 6a (8) shall be amended by adding the underlined: "In case of substantial and sustained deviation from the filling trajectories **or the filling target**, the following measures shall be taken". The purpose of filling should be reconsidered in the process of filling a storage facility due to objective circumstances. Article 6c on fair burden sharing should be amended according to the above.

3.2.4 The EESC notes that there is a significant extension of the Commission's competences and positively assess the fact that it is limited in time.

3.3 **Financial incentives for market participants**

The EESC supports the exemptions from transmission tariffs at storage entry or exit points. On the other hand, the Committee stresses the rising inflation and potential effects of providing additional financial incentives and state aid for market participants. The EESC recommends reassessing the use of existing EU funds, especially the National Reconstruction and Resilience Plans, to adjust them to the current situation, so that part of the funds can be allocated for these purposes.

3.4 **Burden sharing mechanism**

3.4.1 The EESC notes that an unbalanced division of responsibilities in relation to storage fillings is highly problematic. The Committee calls on the Commission to supplement the Regulation by plans for individual Member States, which would take into consideration the storage's size, the country's consumption, and the capacities of the storage facility to serve other countries in the region, with the aim of avoiding unbalanced burden sharing, risks and costs. The EESC is concerned that the lack of good coordination can lead to an immense impact on the regional gas market.

3.4.2 For instance, a regional approach to the implementation of the Regulation can be taken. For instance, the Inčukalns facility could be considered as a natural gas storage facility in the Baltic region and Finland with the location in Latvia.

3.5 **Mandatory certification of storage system operators**

3.5.1 The EESC supports the mandatory certification of storage system operators. Nevertheless, the EESC notes that given the possibility to appeal a negative certification decision, the final decision depriving storage facilities' operators from their licenses would take several years, depending on the expediency of national judicial proceedings. Therefore, mandatory certification of storage system operators is an instrument, which will improve the EU's energy security in the long-term, rather than short-term.

3.5.2 Therefore, the Committee recommends introducing an early implementation mechanism, which will allow national regulatory authorities to start preparatory work before the Regulation becomes fully effective.

3.5.3 In light of the above, the Committee urges the Commission to present guidelines for the certification procedures as soon as possible, in order to allow for the timely assessment by national regulatory authorities. At the same time, the EESC stresses the importance of the Commission's guidelines for the consistent application of the Regulation across the Member States, and, ultimately, for the success of gas storage policy.

Brussels, 18 May 2022

Christa Schweng

The president of the European Economic and Social Committee
