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NOTE

from : Presidency/GSC
to : Delegations

Subject : Security of energy supply
 - State of play

In line with its June conclusions (paragraph 35), the October European Council will take stock of progress regarding energy infrastructures and interconnections, as well as crisis mechanisms. With a view to facilitating this stock-taking, delegations will find attached an updated factual progress report summarising the main steps and initiatives taken to improve the security of the EU's energy supply in line with the orientations set by the European Council last March.

Progress report

A number of steps and initiatives have been taken at national and Community level since last January in order to enhance the EU's security of supply and prevent and mitigate supply disruptions. The gas crisis between Russia and Ukraine at the beginning of the year and its impact on the European energy supply has shown the importance of disposing, for the short and long term, of:

- Efficient mechanisms for monitoring and preparedness
- Efficient crisis response and solidarity mechanisms
- Measures to improve the functioning of energy markets, increase energy efficiency, decrease dependence on external energy supplies and progress on energy infrastructure and interconnections

Some of the steps recorded below correspond to concrete projects (e.g. gas infrastructure), other are initiatives of a geopolitical (e.g. Eastern Partnership) or legislative nature (e.g. proposal for a Regulation on the Security of Gas Supply). Although some will deliver in the very short period, most will need time to be implemented and actually contribute to the EU's security of energy supply.

Preparedness (assessment / analytical capacity / measures):

- Monitoring Member States' preparedness and supplies from third countries, and running scenarios in the Gas Coordination Group, with, where relevant, participation of third countries concerned.
- National/Community measures (e.g. building up gas in storage, developing emergency response plans).

- Following the March "International Investment Conference on the modernisation of Ukraine's gas transit system" and alert about the payment of gas to be put in storage, continued dialogue with Ukraine and IFIs on reforms of the Ukrainian gas sector, including in the context of Ukraine's accession to the Energy Community Treaty, concerning infrastructure modernisation, financing needs, gas sector reform especially as regards increase in domestic prices towards international prices and the structural reforms of Naftogaz, led at the end of July to an agreement for a USD 1.7 bn financial package by IFIs facilitated by the Commission and conditional on a set of reforms being implemented. This was supported by Commission-led expert missions in June and July in Kyiv.

- Adoption (September) by Council of a Directive on stocks of crude oil and/or petroleum products, that will ensure that by 31 December 2012 the total oil stocks maintained within the EU correspond to 90 days of average daily net imports or 61 days of average daily inland consumption.

Measures that will deliver in the Medium/Long Term:

- Launch of the European Economic Recovery Plan with the adoption of the EP and Council Regulation establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy, providing €2 bn in 2009 and € 1.98 bn in 2010, divided in € 1.44 bn for gas infrastructure, € 0.910 bn for electricity infrastructure, € 0.015 bn for small islands, € 0.565 bn for offshore wind and € 1.05 bn for CCS. The Commission services completed the assessment of proposals on concrete projects last September for CCS and Offshore wind. Concerning gas and electricity infrastructures, the evaluation is still on going and should be completed by the end of November 2009.

- Launch of the Eastern Partnership (May) and of its Multilateral Platforms, including on Energy Security.

- Following the Southern Corridor Summit (May), which agreed a series of steps on gas and oil transportation links and arrangements in order to support the diversification of sources, markets and routes: the signing in July of the Nabucco Intergovernmental Agreement and progress on the Italy-Turkey-Greece Interconnector notably through an interconnection between BG and GR (MoU signed in July).
- Finalisation of a study on the Caspian Development Corporation with a view to facilitating access to gas from the Caspian region, for which concrete results are expected by the end of the year.
- Agreement on the Baltic Energy Market Interconnection Plan (BEMIP), followed by the signing (July) of a MoU by the 8 Littoral States of the Baltic Sea and the Commission, that launches its implementation.
- Completion of negotiations (as recorded in MoU signed on 7 October) with Ukraine with a view to its rapid accession to the Energy Community Treaty, leading to Ukraine's implementation of the EU's electricity and gas markets legislation.
- Proposal for a EP and Council Regulation concerning measures to safeguard security of gas supply (received July).
- Development of the Mediterranean Solar Plan.
- Measures to improve the functioning of energy markets, increase energy efficiency and decrease dependence on external energy supplies, e.g. developing renewable energy (implementation of Directive 2009/28/EC on the promotion of energy from renewable sources) and energy efficiency (agreement on the legislative acts on energy performance of buildings and labelling of energy products in time for Copenhagen CoP on Climate change, and finalisation of the agreement on labelling of tyres), or that are prerequisite to Security of Supply, notably the full and rapid implementation of the 3rd Internal Market package (adopted in July).