



REPLIES OF THE EUROPEAN COMMISSION

TO THE EUROPEAN COURT OF
AUDITORS' SPECIAL REPORT

Security of the supply of gas in the EU

**EU's framework helped member states respond to the crisis
but impact of some crisis-response measures cannot be
demonstrated**

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This document presents the replies of the European Commission to observations of a Special Report of the European Court of Auditors, in line with Article 259 of the [Financial Regulation](#) and to be published together with the Special Report.

I. THE COMMISSION REPLIES IN BRIEF

The Commission welcomes the European Court of Auditors (ECA) report on the security of gas supply in the EU as gas supply is crucial for the energy security in the Union. Since the adoption of the gas Security of Supply (SoS) Regulation¹ in November 2017, there have been significant developments in the field of gas security of supply, notably following the energy crisis which started in 2022. The remedial actions proposed have been to a large extent implemented or are well under way. Moreover, REPowerEU actions have demonstrated that energy security is and will have to be a key factor in ensuring further decarbonization, security of supply and replacing fossil fuel imports.

Russia's war of aggression in Ukraine has caused upheavals in the energy markets and brought security of supply to the forefront. As a result, the energy security framework was placed at the centre of the EU's response to the consequences of this war and of the EU's action to protect its economy and citizens. The Commission addressed numerous threats, including of political, legal, market and physical (infrastructure) nature. It worked diligently on measures to ensure winter preparedness, energy security and affordability. These include the regulations on gas storage, high electricity prices, solidarity, joint purchasing of gas, permitting, as well as the demand reduction plan. The Union has gone through the current winter without any disruptions and Europe ended winter with remarkable achievements for its energy sector.

In addition, the European Green Deal Communication fully recognised the potential of the energy sector in contributing to a modern, resource efficient and competitive economy. The 2030 climate target plan outlined why, and how, greenhouse-gas emissions should be reduced by at least 55% by 2030 compared to 1990.

The Commission recalls that the ongoing Green Transition and the associated measures are expected to ultimately support enhanced energy security. The Commission furthermore believes that aside from the short-term actions to ensure the security of supply discussed in this audit, the very important aspects of the longer-term decarbonisation objectives such as the diversification away from natural gas and the role of biogas/biomethane for example are critical to assess the comprehensiveness of the EU action in that field.

II. COMMISSION REPLIES TO MAIN OBSERVATIONS OF THE ECA REPORT

The EU's framework for gas Security of Supply (SoS)

The Commission report² on the implementation of the gas SoS Regulation published in October 2023 points to potential improvements of the Regulation. As part of the discussions of the Hydrogen and Gas Package, the Council asked the Commission to revise the gas SoS Regulation without prejudice to the right of initiative of the Commission. The Commission aims to launch an evaluation this year without prejudice to the next Commission setting its own priorities.

Energy security is one of the three interdependent pillars of EU energy policy, alongside sustainability and competitiveness/affordability. Affordability of energy is an important policy objective addressed through other policy initiatives focusing on citizens, energy poverty, for instance, complementing the security of supply framework. Affordability challenges were not considered in the National Risk Assessments as the gas SoS Regulation do not require Member States to assess them. However, EU-

¹ Regulation - 2017/1938 - EN - EUR-Lex ([europa.eu](https://eur-lex.europa.eu/eli/reg/2017/1938/oj))

² REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT reviewing the application of Regulation (EU) 2017/1938 [EUR-Lex - 52023DC0572 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2017/1938/oj)

wide outlooks and assessments (e.g., by ENTSOG - European Network of Transmission System Operators for Gas) do look at the impact of different security of supply scenarios on prices.

The report referred in paragraph 23 distinguished between different types of gas demand reductions including those driven by energy efficiency investments, which may not be related to affordability.

The comprehensive reporting obligation process under the gas SoS Regulation is relevant and necessary to ensure an adequate level of coordination on gas security of supply in the Union. Nevertheless, the Commission has started working on possibilities for simplification, without putting in jeopardy its coordination role among Member States.

In this context, as for the Plans to be submitted by Member States according to the current gas SoS Regulation, the Commission considers that two separate cycles should be distinguished according to the gas SoS Regulation provisions. The first cycle is the first four years of implementation, as of the entering into force of the Regulation, in which Member States had to submit Common Risk Assessments (CRAs)/National Risk Assessment/Preventive Action Plans and Emergency Plans. The second cycle is the current one, in which Member States are required to submit updates to the above documents. As regards the first cycle, an infringement procedure (that was motivated by both the absence of plans and of appropriate solidarity mechanism) against Croatia and Romania is at Reasoned Opinion stage, as the Commission formal request to comply with EU law. As regard the opinions on the Plans, the Commission opinions are issued only if at least one of the four cases foreseen by the gas SoS Regulation, Article 8, point 8 apply³.

Similarly, as regards the regional Risk Groups (RGs) identified in Annex I of the gas SoS Regulation⁴, a differentiation is needed between the first cycle starting in 2018, and the second one related to the updated CRAs launched in 2022. During the first cycle, two risk groups (Southern gas corridor and Eastern Mediterranean RGs) did not submit the CRAs as they were not yet operational (the infrastructure of the supply corridors was not yet commissioned or existing). During the second cycle (from 2022) only the Northeastern RG – with no volunteer Member State coordinator – did not submit its CRAs. The Commission has recognized that this risk group is also covered by the Belarus RG and so its risk assessment was considered to be performed as part of the Belarus CRA.

The governance of the regional RGs efficiency strongly depends on effective and available technical capabilities. Most of the CRAs have been performed with significant Commission support (from the JRC). At this stage, it is reasonable to consider, especially now that the geopolitical context and supply patterns have changed significantly, that the number of RGs needs to be reduced, as suggested several times by the Member States. In 2024, the Commission has started to assess the possibility to amend Annex I of the Regulation on the composition of the Risk Groups, either by means of delegated act or at the occasion of a broader legislative review of the Regulation in 2025, under the upcoming next Commission mandate.

In the light of the recent energy crisis, the Commission reckons that the cooperation at EU level among Member States has been critical to jointly address all the issues encountered. At the same time the Commission acknowledges the necessity to review SoS reporting with a view to reduce the administrative burden for Member States and strengthen cooperation and measures.

As regard the support to Member States to reach solidarity agreements stemming from the energy security framework, the Commission also issued a Recommendation in 2018 to provide guidance on options of implementation and discussed this issue several times with Member States in the Gas Coordination Group and during dedicated meetings.

³ Regulation - 2017/1938 - EN - EUR-Lex (europa.eu)

⁴ See paragraph 5 of ECA report.

Furthermore, in December 2023, the EU co-legislators reached a provisional political agreement on the “hydrogen and decarbonised gases package” that includes default solidarity measures. When entering into force (in Q2 2024) these default solidarity measures will be enshrined in the gas SoS Regulation. Until then, the temporary solidarity provisions based on Article 122 are still in place. Scenarios considered in the “Dry run” exercise conducted by the Commission included a full Russian gas disruption plus additional gas supply deterioration conditions along the scenario time frame.

The Project of Common Interest (PCI)/Project of Mutual Interest (PMI) selection process is a complex stakeholder inclusive process for the selection of the most relevant EU energy infrastructure priorities every two years. PCIs have made and will continue to make an essential contribution to the internal energy market including to ensuring gas security of supply. The PCI/PMI selection process is completed by the publication of the Union list of PCIs and PMIs by way of a Commission Delegated Act. Although not expressly provided in the TEN-E Regulation, PCIs that are interdependent, potentially competing or competing nature are featured in project clusters, as defined in the delegated act for each Union list, to reflect such interdependencies. The TEN-E Regulation provides for a series of tools for the swift implementation of these projects including accelerated permitting, regulatory treatment, and eligibility to apply to Union financing.

Natural gas demand is expected to significantly decrease towards 2040 and further by 2050. In 2050, a limited use of natural gas will remain in the energy systems and Carbon Capture Use and Storage (CCUS) will be needed to abate these related residual CO₂ emissions. CCUS is not an alternative but complements energy efficiency solutions and the development of renewable energy sources⁵.

While there is only a limited number of commercial CCUS projects operating in the EU yet, the EU has set a legal target to support industries in capturing their emissions⁶. Under the agreed (provisional agreement) Net-Zero-Industry Act regulation⁷, oil and gas producers are obliged to contribute to the deployment of CO₂ storage with an annual injection capacity of at least 50 Mega tonnes CO₂ per year, from 2030 onwards. In addition, the Sustainable Carbon Cycle Communication⁸ put forward the specific targets for 2030 regarding the carbon used in the chemical and plastic products and 5 Mt of CO₂ to be removed from the atmosphere and permanently stored through frontrunner projects by 2030. Finally, the Commission Communication on industrial carbon management adopted on 6 February 2024 contributes to building the momentum for the deployment of CCUS solutions, based on multiple projects currently under construction in Europe.

EU crisis response measures and achievement of stated objectives

The Commission agrees with the observation that the package of several crisis response measures provided a strong signal to gas consumers, although the impact of individual measures implemented by Member States is difficult to quantify. While the measures taken by Member States aiming to save gas, encourage fuel switching and increase energy efficiency and RES (Renewable Energy Resources) roll-out all contributed to demand reduction, the Commission recalls that it is difficult to quantify with certainty the relative impact of these measures compared to other measures and factors beyond their control.

⁵ See ECA observation 51-52, and report title above 51.

⁶ See ECA observation 52.

⁷ Provisional agreement on NZIA: <https://www.consilium.europa.eu/en/press/press-releases/2024/02/06/net-zero-industry-act-council-and-parliament-strike-a-deal-to-boost-eu-s-green-industry/>

⁸ Sustainable Carbon Cycles Communication:
https://climate.ec.europa.eu/system/files/2021-12/com_2021_800_en_0.pdf

Notwithstanding, the Commission considers it relevant to highlight the figures by which this objective was exceeded. Overall gas consumption decreased by 18% or 117 billion cubic meters between August 2022 and February 2024 which translates into an average reduction of around 6 bcm/month. Weather variations mainly affect household demand (42% of achieved demand reduction, all causes considered). It is important to note that the decreased gas consumption due to lowered industrial activity has further been complemented by accelerated energy efficiency measures and/or fuel switching due to the energy crisis.

On gas storage⁹, the storage filling obligation significantly improved the reality of underground gas storage (UGS) filling compared to the period 2016 - 2021. EU gas storage levels on aggregate and Member States's gas storage levels individually consistently far exceeded historical gas storage levels. In addition, the obligation to reach the filling target of 90% by 1 November each year provides a strong reassurance both for security of supply and for the market.

On the price cap, i.e., Market Correction Mechanism (MCM), as set out in Regulation 2022/2578 the actual purpose of the cap is to limit episodes of excessively high prices. The Commission considers that the broad set of measures put in place by Member States and the Commission in 2022 together contributed to ease the market tension and this led to lower prices. These measures included: demand reduction, expansion of Liquefied Natural Gas (LNG) regasification capacity, storage filling commitments, strengthening of supply relationship with trusted partners, acceleration of renewable deployment, LNG benchmark, etc. In this regard, the price cap, i.e., market correction mechanism (MCM), has been one of those measures and played a role.

MCM is deliberately designed to avoid SoS problems. The cap is indeed set equal to the global price with an additional buffer that allows EU prices to set well above the international prices. The purpose of it is to make sure that EU can still attract gas from international markets even when the cap is active. In short, MCM is intended to prevent price spikes resulting from internal (to EU) inefficiencies/constraints but without limiting EU abilities to import gas.

AggregateEU contributed to the security of supply and diversification of gas supplies to the EU and Energy Community countries during and after the energy crisis. As part of the REPowerEU, AggregateEU is the only tool at EU level to ban gas supplies from Russia which made a contribution to the reduction of dependence on Russian gas. Furthermore, AggregateEU increased transparency of the market and aggregated demand from European buyers to better coordinate gas purchasing while harnessing Europe's collective market weight to achieve more competitive prices. As a result, European market players have showed high interest in AggregateEU tenders as demonstrated by high number of registered companies and the high amount of gas matched over four tendering rounds of 2023. Thanks to this broad interest by market players, AggregateEU, which is not a gas trading platform, has established itself as a complementary instrument to procure gas in addition to existing marketplaces and practices.

In respect of international gas outreach¹⁰ the Commission aimed at, via non-binding Memoranda of Understanding concluded in the wake of the energy crisis, reaching a high-level political agreement with key gas supplying countries with a view to diversifying gas supplies to the EU in line with the objectives of REPowerEU. The political nature of the Memoranda entailed a market signal effect for the private sector to support investment decisions via diminished political risk and the EU's political endorsement of gas supply sources. The Memoranda provided a set of tools to be activated by the two sides on the basis of shared policy needs and goals.

⁹ See paragraph 57 of ECA report

¹⁰ See paragraphs 67-69 of ECA report

III. COMMISSION REPLIES TO THE RECOMMENDATIONS OF THE ECA

Recommendation 1 – Complete the EU’s gas affordability framework.

The Commission should take greater account of the affordability dimension of gas security of supply by:

- a) ensuring an EU-level assessment of affordability in relevant key EU deliverables.**
- b) assessing the feasibility of including a consideration of affordability risk in national risk assessments mandated in the gas SoS Regulation when revising the gas security of supply Regulation.**
- c) assessing the feasibility of updating the requirements for member states’ reporting so as to cover information on affordability in addition to energy poverty, for example in NECPs.**

Target implementation date: 2025

The Commission accepts sub-recommendation 1a)

Energy security is one of the three interdependent pillars of EU energy policy, sustainability and competitiveness/affordability being the two others. Affordability of energy is an important policy objective addressed through policy initiatives focusing on citizens, energy poverty, for instance, complementing the security of supply framework.

The Commission accepts sub-recommendation 1b)

The report Reviewing the gas SoS regulation was published in October 2023 and points to potential improvements of the regulation itself in this area. As part of the discussions of the Hydrogen and Gas Package, the Council asked the Commission to revise the SoS regulation without prejudice to the right of initiative of the Commission. Without prejudice to the priorities of the next Commission, a revision of the current security of supply framework is considered. Such revision may also assess the rationale of including energy affordability considerations that can be handled by other relevant initiatives that focus on this policy objective. The Commission accepts there is scope to improve the current framework. In this regard, any legislative process would take a long time. Should the new Commission mandate consider it as a priority, the revision process itself could meet the date proposed by the Court of 2025; any potential new legislative proposal by the co-legislators and therefore its implementation, however, is likely not to be adopted before 2027/2028.

The Commission accepts sub-recommendation 1c)

Pursuant to Article 45 of the Governance Regulation, the Commission is currently carrying out a review of the Regulation which also looks at the effectiveness and suitability of the reporting requirements.

Recommendation 2 – Optimise the process of member state reporting on gas security of supply.

To ensure that the most salient gas SoS issues are identified and addressed coherently both nationally and regionally, the Commission should:

- a) assess the feasibility of streamlining the member states' gas SoS reporting requirements and the process of drafting and submitting the main deliverables (national and common risk assessments, preventive action and emergency plans), when revising the gas SoS Regulation;**
- b) assist member states further with the production of deliverables that are complete and submitted on time, notably by exploring digital tools for reporting and review.**

Target implementation date: 2025

The Commission accepts this recommendation.

The Commission is assessing and working in cooperation with Member States to streamline as best as possible Member States reporting obligations, as the aim is to receive timely, complete and, in their content, effective deliverables for the current cycle.

The Commission already points to potential improvements of the regulation itself in this area. The Commission is planning to launch the preparatory work in 2024 in view of a revision to be proposed in 2025, should the new Commission consider it as a priority. This would also respond to the Council request to revise the SoS regulation, without prejudice to the right of initiative of the Commission.

Recommendation 3 – Revise the structure of regional cooperation.

The Commission should review the current structure for regional cooperation by:

- a) adapting the configuration to changed circumstances (increased weight of LNG, reduced role of certain pipeline supply corridors);**
- b) reducing overlaps between, and clarifying roles and responsibilities within, risk groups**

Target implementation date: 2025

The Commission accepts this recommendation.

It is reasonable to consider, especially now that the geopolitical context and supply patterns have changed significantly, that the number of Risk Groups is too high and needs to be reduced, as suggested several times by Member States. In 2024, the Commission has started to assess the possibility and the optimal timing of an amendment to Annex I of the Regulation that includes the composition of the Risk Groups. This could take the form of either a delegated act or as part of a broader legislative review of the Regulation in 2025.

Recommendation 4 – Improve transparency of the implementation of PCIs.

After consulting the Member States, ENTSOG and promoters, the Commission should improve the transparency and clarity of data on PCI outcomes to include information on former PCIs, project costs and PCIs merged. This could be done on the PCI transparency platform or the Europa.eu webpage and should apply to all future PCI lists.

Target implementation date: 2025

The Commission accepts this recommendation.