

Commentary of the Union of Entrepreneurs and Employers (ZPP) on the proposal for establishing minimum gas storage obligations

EU leaders met at an informal meeting of heads of state and government in Versailles on 10 – 11 March 2022. The main reason was the response to the Russian invasion of Ukraine. The leaders adopted the Versailles Declaration which sets out a joint EU action plan for bolstering defence capabilities, reducing energy dependencies; building a more robust economic base and supporting investments. As a result of the above, on 22 March 2022, the European Commission proposed a regulation to establish minimum gas storage obligations (Gas Storage Regulation). On 23 March 2022, the Committee for Industry, Research and Energy (ITRE Committee) of the European Parliament adopted the above-mentioned regulation and called for the application of the urgent procedure to the project, which will be voted on in a plenary session from 4 – 7 April 2022. The rapporteur of the draft regulation in the European Parliament is Professor Jerzy Buzek. The appointed rapporteurs in the European Economic and Social Committee were Marcin Nowacki, Vice-President of ZPP, and Mateusz Szymański from the "Solidarity" trade union.

Under the new rules, EU Member States will have to ensure that their gas storage facilities will be filled to a minimum of 90 per cent by the first day of November each year. The exception would be 2022, when the target would be 80 per cent. In addition, the intermediate targets would guarantee that the tanks are filled all year round. Another provision is the mandatory certification of storage system operators to reduce the risks arising from the influence on critical infrastructure. The third arrangement is an incentive for further use of storage capacity and possible exemptions from transmission tariffs at entry or exit points of storage facilities.

The Union of Entrepreneurs and Employers supports the proposal for the regulation as a tool which can really contribute to the increased energy security of the EU. We particularly commend the fast reaction rate and work progress of the EU institutions. At the same time, ZPP calls for the following points to be added to the draft regulation.

Firstly, in our view, it is necessary to introduce a short-term investment vehicle in order to develop a hydrogen-ready infrastructure. The success of the common gas storage policy depends largely on the ability to transport gas efficiently. Therefore, in order to increase Europe's energy security in the long term, investments in infrastructure are necessary, including infrastructure suitable for hydrogen transmission, and especially interconnectors and storage facilities. This postulate is particularly important given that the recently completed revision of the TEN-E Regulation ended the possibility of supporting investments in gas infrastructure.

Infrastructure investments will enhance EU energy security in the long term but due to the long implementation period, they will not solve the problems caused by Russian aggression right here and right now. Therefore, in the short term, the EU should consider cooperating with non-EU countries bordering the EU on the use of existing gas storage facilities. In our opinion, cooperation with non-EU countries, in particular Ukraine, can quickly lead to adequate gas storage filling levels and should therefore be given high priority.

Next, ZPP calls for the expansion of the burden-sharing mechanism proposed by the Commission and for the supplementation of the Regulation with plans for the individual Member States, which would take account of the size of storage facilities, consumption in a given country and the warehouse's capacity to serve other countries in the region, so as to avoid unbalanced sharing of burdens, risks and costs. We fear that a lack of proper coordination could lead to high gas price fluctuations in some Member States.

ZPP supports the introduction of mandatory certification of storage system operators. Despite the short deadlines provided for in the Regulation and because of the possibility of appealing against an administrative decision, it will take several years to issue a final decision revoking the licences of storage

facility operators. Therefore, we note that the mandatory certification of storage system operators is a measure which will improve EU energy security in the long term, and not in the short term. In light of the above, we consider it necessary to adopt an early implementation mechanism which will allow national regulatory authorities to start their preparatory work on the mandatory certification process as soon as possible. At the same time, we call on the EC to quickly issue guidelines that will ensure uniform implementation of the provisions of the Regulation by all Member States.