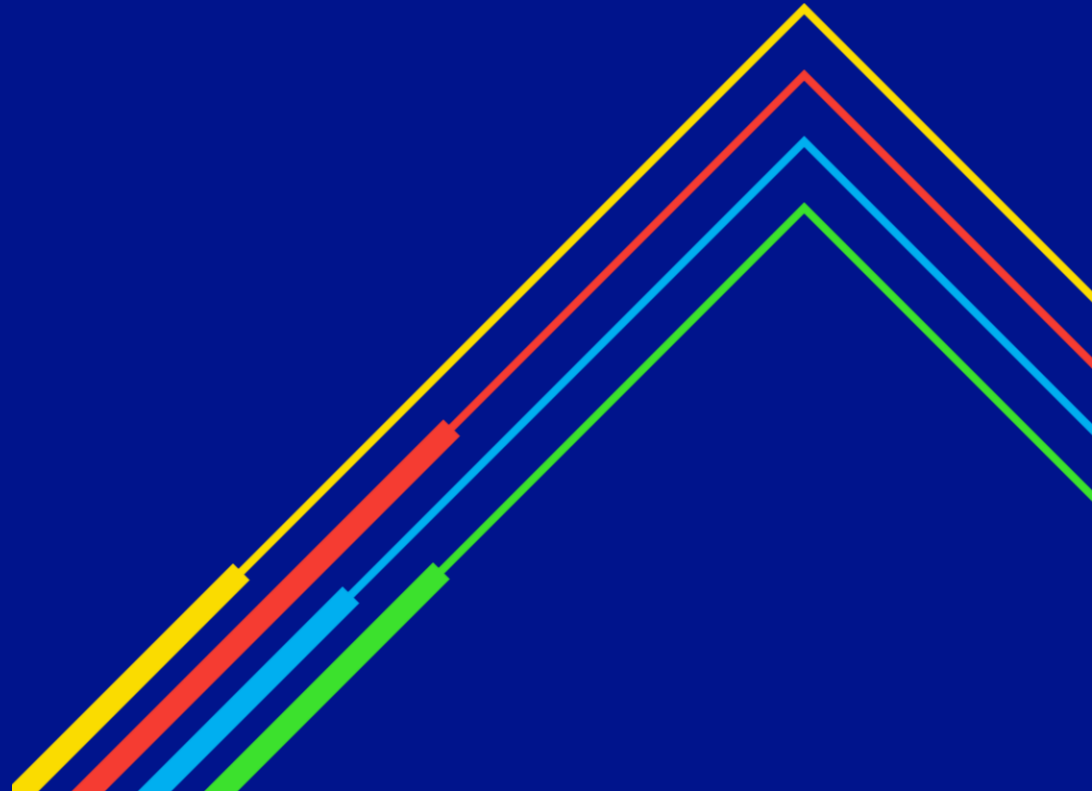


EU Solidarity Requirement

Security of Gas Supply

01-10-20

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Context

- Security of Gas Supply (EU) Regulation came into effect December 2018.
- May 2020 – UK received an infraction notice from the Commission regarding the **solidarity** requirement
 - As did every other Member State (MS)

Article 13 obliges member states, in response to **solidarity** requests, to take measures to reduce supply to its non solidarity protected customers in order to provide help to solidarity protected customers in the neighbouring state.

Subject to safe operation of the system, and interconnector capability.

Solidarity process



- Originally a light touch approach proposed by UK.
 - Let the market resolve deficits
 - Plus commitment to continue to make capacity available at relevant IP.

However Commission are seeking more guarantee on gas molecules physically turning up where they are required.

- A revised approach needs to be considered.

Revised approach to resolving Solidarity infraction

Principles & key assumptions

1. (BEIS position). We need a more substantive solution that will satisfy the Commission.
2. (Regulation requirement). There is a market based response phase, and a non market based response phase.
3. Use existing mechanisms whenever possible, rather than develop new ones.

Further Detail

- **Market and Non-Market responses.**
- Market Based Response relies on market priced voluntary offers from shippers. GB shippers factor in all costs when submitting an offer.
- Non Market Based Response requires directed actions on shippers. Existing arrangements as set out in UNC Section Q could form basis for compensation.
- **Legal Frameworks**
- **Bilateral Agreement** between member states.
- Modifications to **Uniform Network Code** to introduce concept of solidarity response.
- Will also consider if changes required to Licence, Interconnector Agreements & Safety Case.
- Executive powers under the Energy Act 1976.

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