



International
Energy Agency

Secure • Sustainable • Together

EMERGENCY RESPONSE POLICIES

EXAMPLES OF STOCKHOLDING SYSTEMS

Energy Community Oil Stocks Workshop, April 2016 | Zagreb

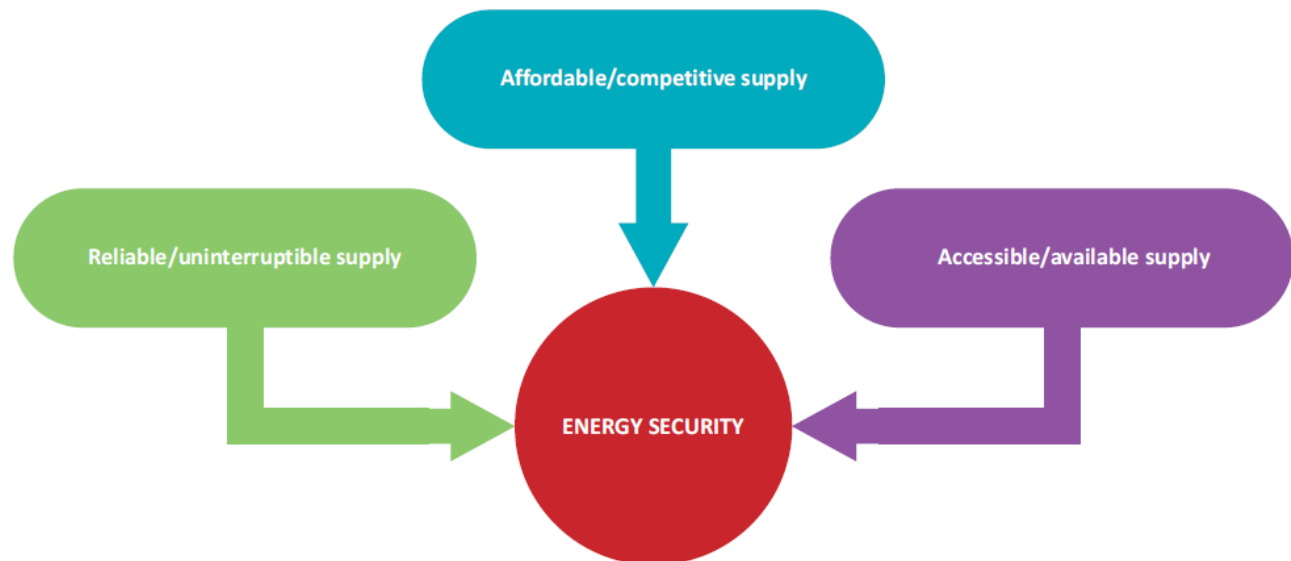
Jan Bartos, Emergency Policy Division

Establishment of IEA

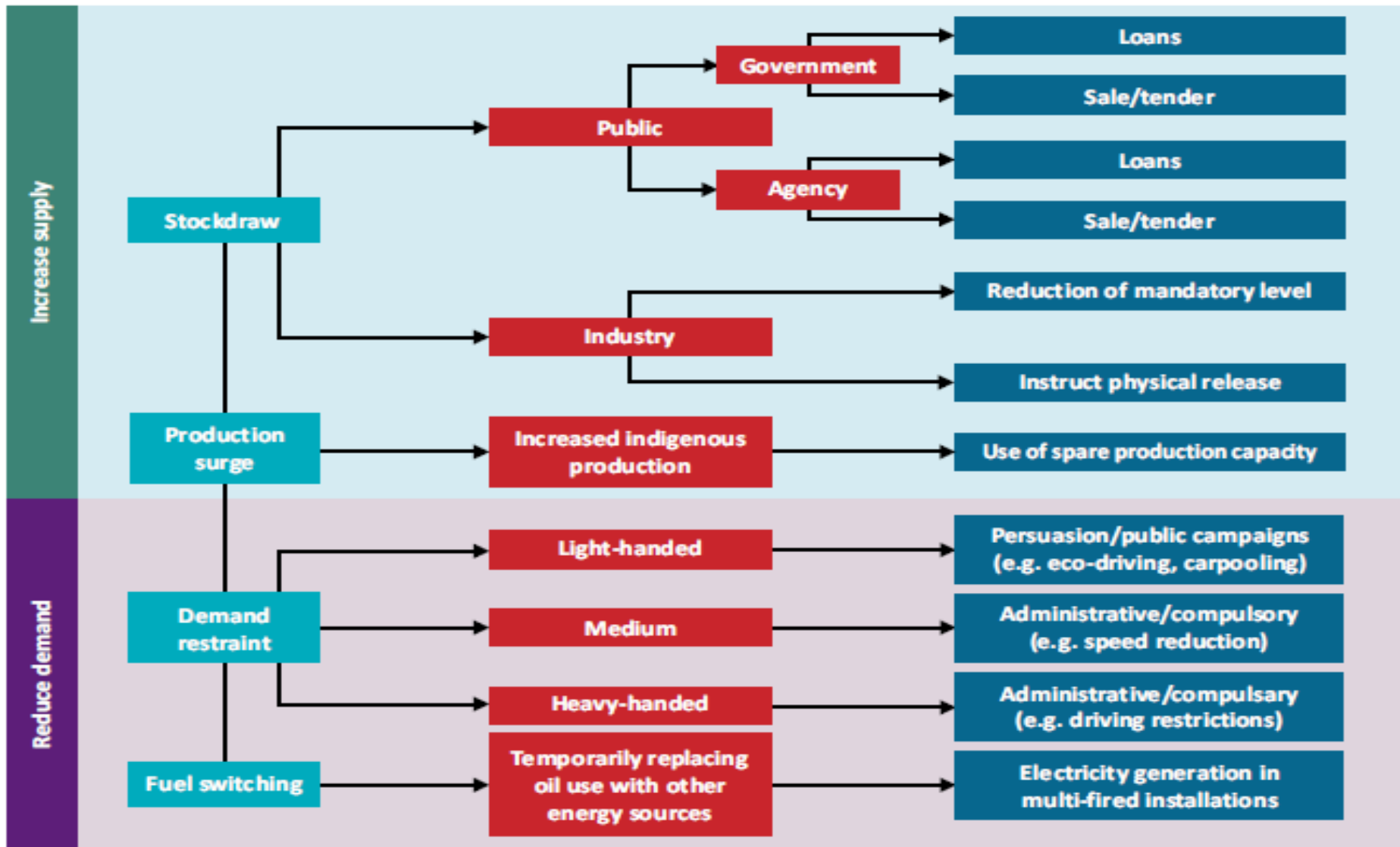
- **IEA established against backdrop of 1973-1974 oil crisis**
 - Avoiding competition for limited resources
 - Coordinated mechanisms for response
 - Safety net
- **Today, energy security as urgent as ever**
 - Oil security remains cornerstone
 - IEA move to a more comprehensive approach beyond oil

IEA definition of Energy Security

“Uninterrupted availability of energy sources at an affordable price”



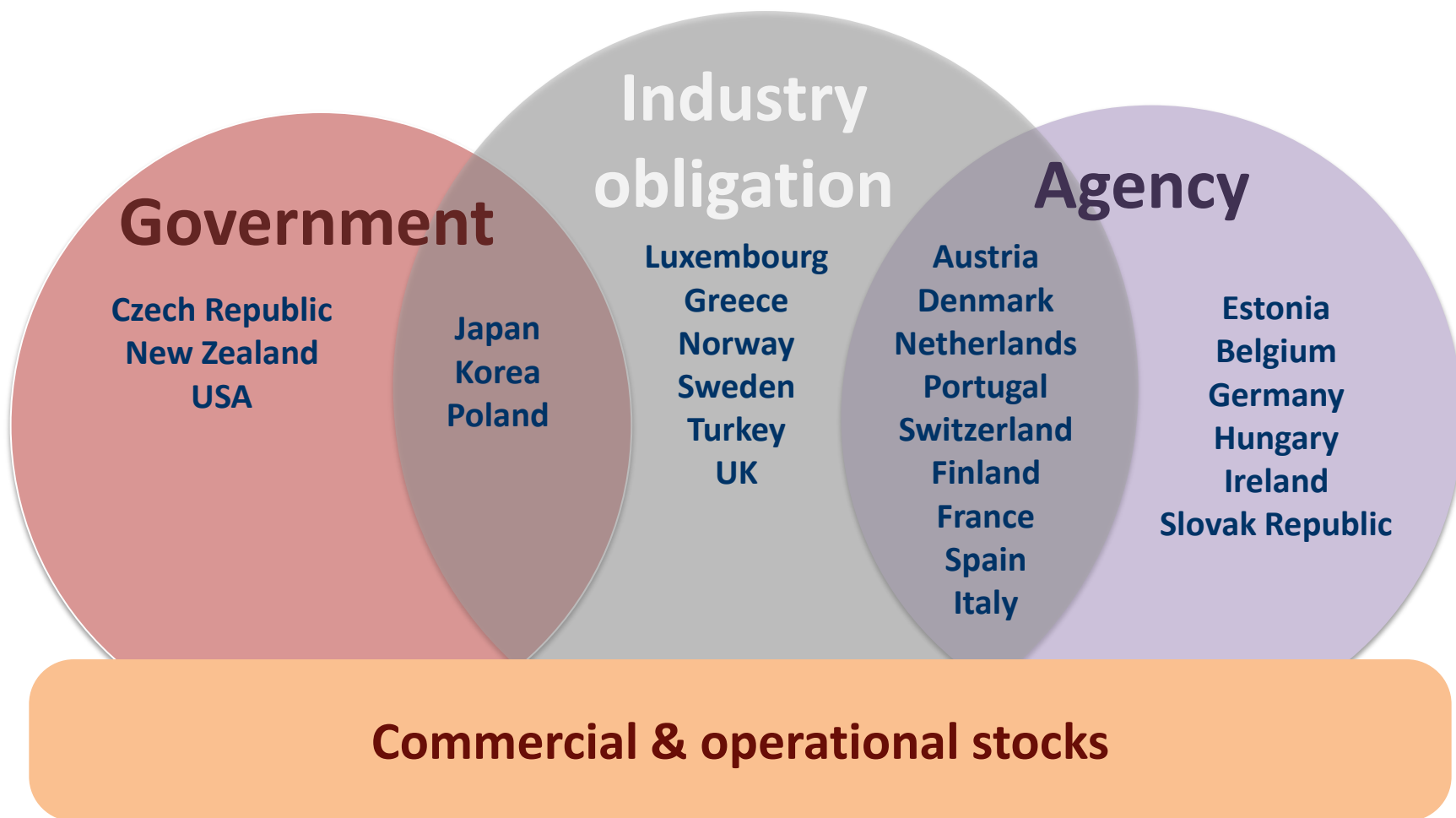
Oil emergency response measures



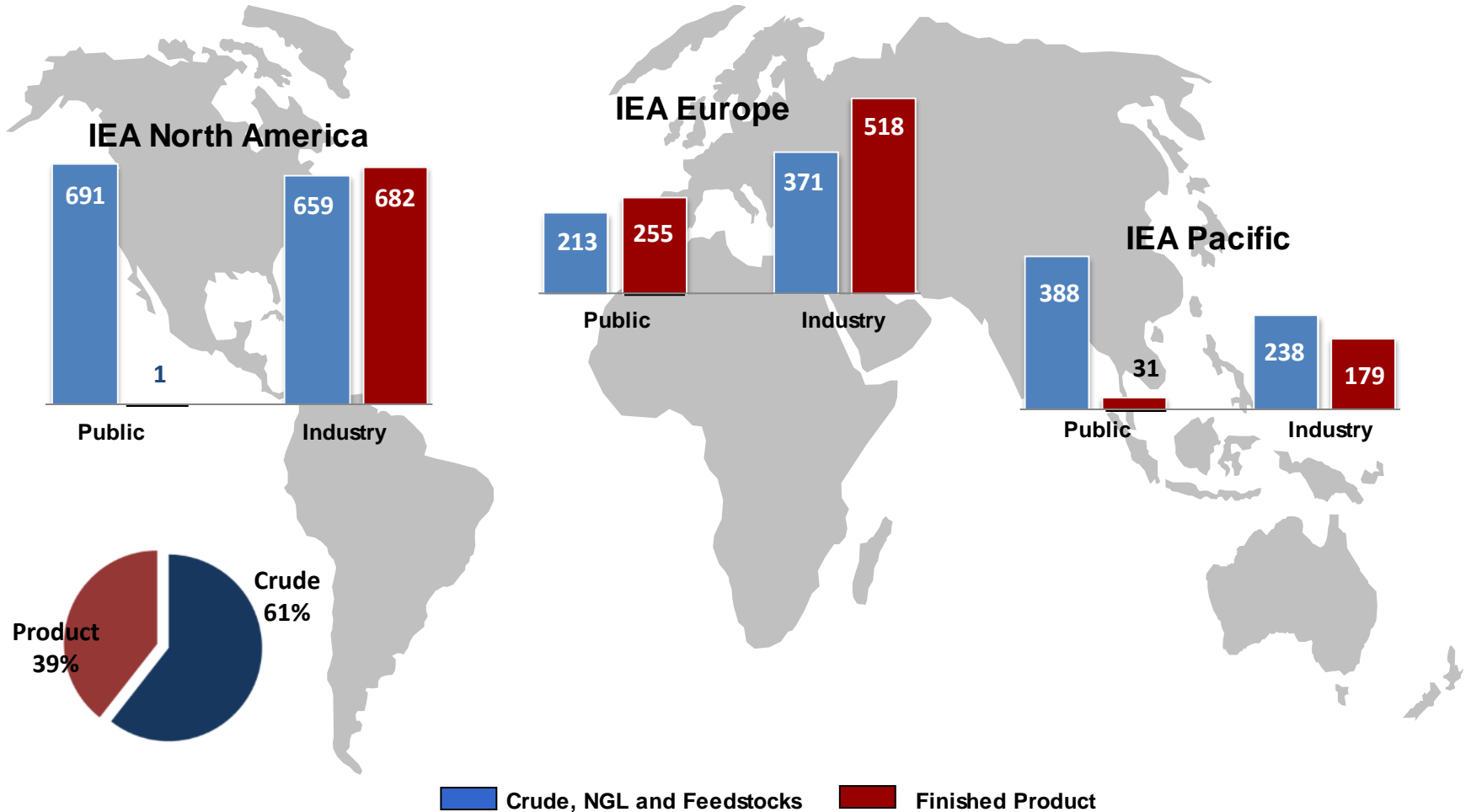
- **Regimes vary across IEA countries**
 - Reflect differences in market structure, geography & national policy
 - EU members need to comply with both IEA & EU systems (but same stocks can be used for both obligations)
 - Two general approaches:
 - Industry (compulsory & commercial stocks)
 - Public stocks (held exclusively for emergencies):-
 - Government stocks (*financed by govt budget*)
 - Agency (*held / controlled by public bodies including industry owned / operated*)

Stockholding Options

Different stockholding structures in IEA countries



Total IEA stocks by type



- **Release of stocks varies by system:**
 - Industry obligations reduction by % or specified number of days
 - Volumes made available through regular market channels
 - Possible exceptions: government can allocate to priority customers or set pricing
 - For government/agency stocks:
 - Tender bidding process
 - Sell at market price
 - Government sets price
 - Loan

Example 1: government stocks

- **Czech Republic, ASMR (governmental body)**
 - Initial cost covered from state budget/other stock sales
 - Direct funding from state budget
 - Running cost 1.4-1.5 EUR/tonne/month
 - No direct cost to consumers (only taxes)
 - Responsible for any international obligation
 - In practice holds 95-100 days as buffer
 - Separately stored with contractors, 50:50 crude/product
 - Released by loan (subject to fee) or tender
 - Possibility to process crude to products in refinery
 - Government decides
 - ASMR chairman also some limited authority
 - ASMR physically monitors and fines

Example 2: agency stocks

- **Belgium, APETRA (stockholding agency)**
 - Established by law
 - Initial cost covered by 800 mil EUR base loan
 - Running cost covered by levy (9.5 EUR/1000 l gasoline, 10.3 EUR/l diesel)
 - Responsible for any international obligation
 - Must hold at least 90 days of net imports
 - Stored with contractors
 - Maximum 60% in crude; separate, commingled, tickets
 - Different release mechanisms for international/domestic
 - International crisis: call for bids
 - In national disruption special price formula
 - Minister for energy decides
 - APETRA physically monitors; harsh fines set in contracts

Example 3: mixed

- **Spain, CORES (stockholding agency) + industry**
 - Industry has obligation of 92 days of sales/consumption
 - Obligatory membership of CORES
 - CORES established by law and holds at least 42 days
 - Delegated by industry; can be over 42 days (limit to capacity)
 - Priority given to small operators
 - Running costs financed by monthly fee from members
 - Fee calculated annually by CORES and published by ministry
 - Stocks separate or commingled, some in own storage
 - Different release mechanisms; governmental decision
 - CORES: offer to members based on market share; tender
 - Industry: lowering of obligation
 - CORES physically monitors; harsh fines set in contracts

Demand-side measures

■ Demand restraint

- Most policies focus on transportation sector
 - Wide range of measures, from light to heavy
 - Short-term can lead to long-term behavioral changes & fuel efficiencies (car-pooling, smart truck logistics etc.)
- Some potential in reduced heating

■ Fuel switching

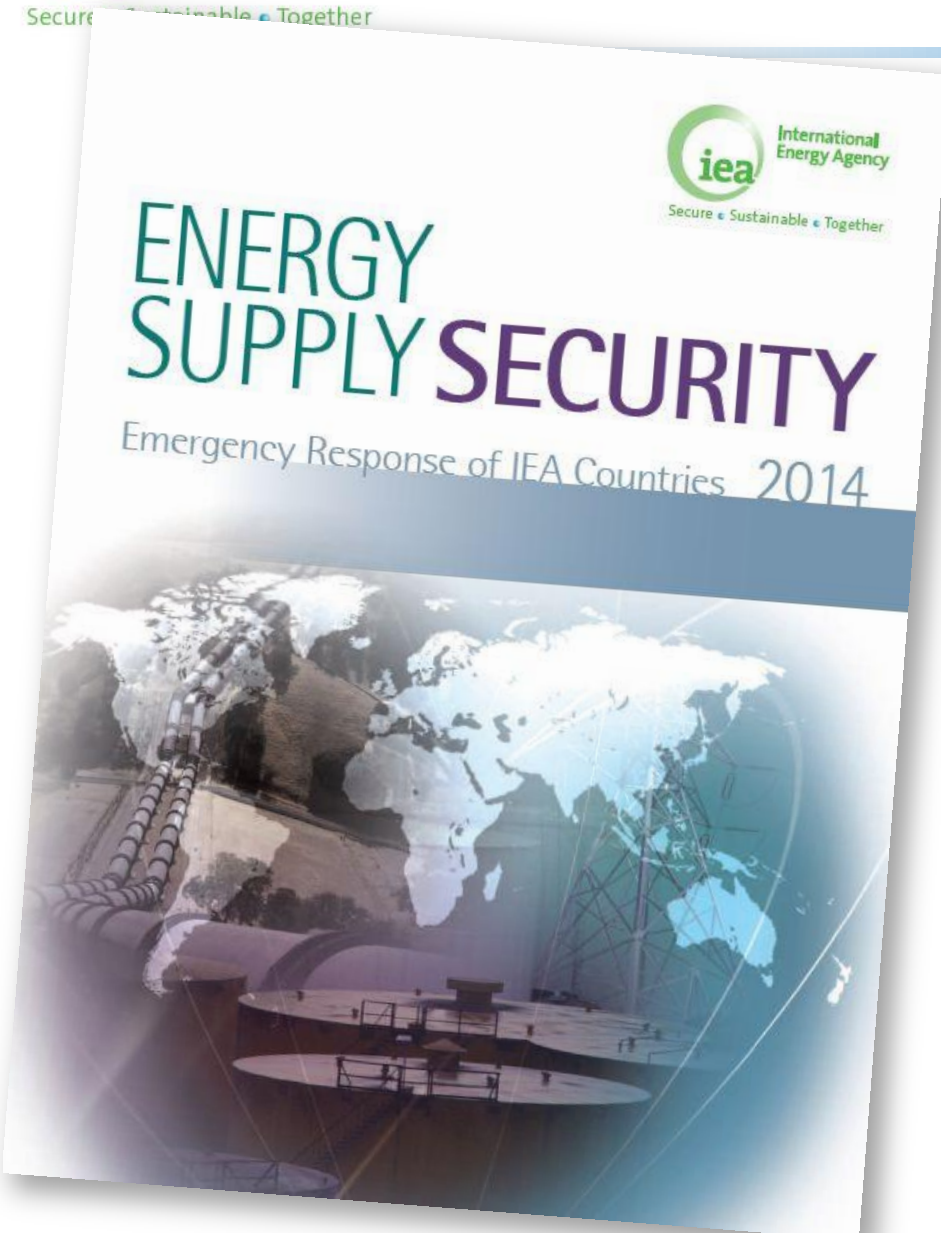
- Significant decline since 1970s
- In 2012 only 3% oil in electricity generation (25% in 1973) (OECD)
- Virtually no potential for short-term switching in transport

■ Other

- Relaxation of regulation, e.g. on fuel quality specifications

■ Successful measures require advance preparation!

For more information



Available for download at
<http://www.iea.org/topics/energysecurity/>

600 pages describing the emergency response policies for oil and gas of IEA and key partner countries.

PDF files for whole publication and individual chapters.

Thank you!

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