

Implementation of the Storage Regulation in the Energy Community

**18th Energy Community Gas Forum
Predrag Grujicic,
Energy Community Secretariat**

Vienna, 28 September 2023

ECS adopted the decision on filling targets on 15 November 2022.

Intermediate gas storage filling targets were met and fulfilled.

Contracting Party	February 1 st	May 1 st	July 1 st	September 1 st
Serbia	50%	15%	45%	70%
Ukraine*	33%	23%	47%	58%

For Ukraine, the filling target is reduced to 35% of its average annual gas consumption.

Contracting Party	% level	Working gas volume
Serbia	120%+	7.4TWh
Ukraine *	37%	117.30TWh

1 November 90% target – already fulfilled

Ukraine



Draft preliminary decision notified to the Secretariat on 3 March 2023

Secretariat issued the binding opinion 31 March 2023

UKR NRA adopted the final certification decision in compliance with the ECS opinion on 6 April 2023

Ukrtransgaz was **the second one in Europe**, only after Belgium's *Fluxys*, to be certified

Serbia has not yet initiated the certification of its storage system operator, Banatski Dvor Ltd.

Secretariat developed draft amendments to the national energy law and shared with the Serbia - the certification is due by 31 March 2024

Ukraine

- Government's decision to impose obligations on the state-owned companies to fill storage
- the booked capacities are effectively used by applying a use-it-or-lose-it mechanism;
- incentive regime for storage of gas by way of a customs warehouse regime under which stored gas is customs-free for 3 years.

Moldova

- Government's decision - creation and maintenance of security stocks of natural gas, responsible - JSC Energocom (state-owned company);
- imposed financial contributions to suppliers on the retail natural gas market;
- the EBRD loan - ensuring that by the winter season 2022/23 stored gas was higher than 15% of Moldova's annual average demand; similar actions for this winter

Serbia

- MoU with Hungary, using Hungarian storage capacities for Serbian customers; *Srbijagas*, the state-owned supplier and trader, purchased additional quantities from the market to store gas in *Banatski Dvor* (100%) and in the Hungarian storages (380mcm)

Secretariat drafted a template for a Burden Sharing Agreement. The closest to be signed was between UKR and MD

Article 17a of Regulation (EU) 2017/1938:

Secretariat to submit a report on the Regulation implementation by 1 June 2023 and annually thereafter, containing:

- a. an overview of the measures taken by the Contracting Parties to fulfil the storage obligations;
- b. an overview of the time needed for the certification procedure, set out in Article 3a of Regulation (EC) No 715/2009 as adapted and adopted by the Ministerial Council Decision 2011/02/MC-EnC;
- c. an overview of the measures requested by the Energy Community Secretariat in order to ensure compliance with the filling trajectories and the filling targets;
- d. an analysis of the potential effects of this Regulation on gas prices and potential gas savings in relation to Article 6b(4).

Secretariat adopted the Storage Report on 1 June 2023

<https://www.energy-community.org/news/Energy-Community-News/2023/06/01b.html>

Not possible to establish a relationship between the gas price dynamics and the filling of gas storage in the EU/EnC

Costs of storage not always transposed to the customers

Demand reduction regulation in the EnC n/a, still significant gains in consumption savings esp Moldova (winter season 2022/23 vs 2022/2021 = -47%)

“...the perception of political/regulatory risks is higher than that of military risks” [...] “That has created the perception of legal unpredictability for foreign operators”

EU trading community to (re)gain the trust in Ukraine for the storage business case.

Ukraine is urged to avoid imposing onerous administrative requirements and to implement further measures aimed at mitigating regulatory risks.

<https://www.energy-community.org/Ukraine/observatory.html>

- Define stress-test scenarios to check whether gas stored by foreign operators could be evacuated in case of emergency during the 2023/2024 winter season
- Partners: USAID, EC, Simone, UKR TSO, SSO, Naftogaz, Ministry and ECS
- *It is possible to evacuate the amount of gas that is expected to be stored in UTG's gas storage facilities in "customs warehouse mode" from Ukraine to the EU under the stress-test scenarios. This is possible regardless of whether the evacuation must occur in a shorter period (the more likely option, as indicated by the traders) or across the entire winter season, until the end of March 2024.*
- Some 2.1bcm in UGS as of today

Stronger SoS situation in the EnC

Non-market measures as principal measures

Moving to market measures as the prices fall

Use of demand aggregation tool

CPs without storages to be more attentive and use Burden sharing mechanisms agreement

Serbia to certify its storage operator

Ukraine to commit to stable regulatory environment

For 2024 trajectory – submission of data by UKR and SRB overdue



THANK YOU FOR YOUR ATTENTION

Predrag.grujicic@energycommunity.org

GET IN TOUCH

-  www.energy-community.org
-  [Ener_Community](https://twitter.com/Ener_Community)
-  [/company/energy-community](https://www.linkedin.com/company/energy-community)
-  [/Ener.Community](https://www.facebook.com/Ener.Community)
-  [/EnergyCommunityTV](https://www.youtube.com/EnergyCommunityTV)