

Brussels, 19 January 2009

Gas Coordination Group: Solidarity works and the EU's gas market adapts to challenges of gas crisis

The mitigation measures undertaken by EU companies and Member States have allowed most countries to successfully manage the situation in a way which is the least disruptive for their consumers. Bulgaria remains the worst affected country but some measures have been proposed to bring gas from Greece to Bulgaria.

After the shock of the cut on 7 January, the Internal Gas Market managed to compensate for missing supplies in countries like Slovakia Austria, Hungary, Slovenia, Poland and even Croatia. Bulgaria is still hoping for a partial solution through deliveries of gas from Greece. Those are the main conclusions of the meeting of the gas coordination group that has taken place today in Brussels to evaluate the situation in the affected Member States as a consequence of the Russia-Ukraine gas crisis.

Each affected country gave the latest information on the measures taken to mitigate the consequences of the disruption of supply and industry representatives confirmed a number of important measures taken recently to address the situation of the most affected countries.

The group welcomed the following measures taken mainly by industry:

- the gas industry reacted and adapted to the changed situation: for Slovakia the East-West flow was reversed and gas delivered from Germany through the Czech Republic; German gas companies in particular also supplied additional amounts of gas through Austria to Hungary, Slovenia, Croatia, Serbia and Bosnia-Herzegovina;
- the higher withdrawal from gas storage in countries having such facilities, some of which were also able to help neighbouring countries (Hungary in particular, providing gas from its strategic stocks to Serbia)
- domestic production of gas within the EU, was increased as much as possible, and the UK increased its exports to the Continent; certain production margins in the Netherlands and Denmark could also be readily available and used as transmission capacity in the coming days;
- the possibility of Greece helping out Bulgaria to a certain extent in the coming days with gas from its LNG terminal;
- the use of LNG supply, particularly in Greece but also in Belgium.

Demand management has been widely used particularly where contracts which were able to be interrupted and fuel switching possibilities are in place. Some countries have had to discontinue supply to industrial consumers having no possibility of switching (eg FYROM).

As a result of these measures, mitigating the situation for most of the affected countries, Bulgaria remains the worst affected country. All other countries are successfully managing the situation in a way which is the least disruptive for their consumers.

Provided temperatures do not drop again and the additional supplies of gas can be maintained, the countries concerned, besides Bulgaria, would be able to manage the current situation for several weeks if not throughout the winter. The necessary adaptations will however, provoke additional costs for their industries.

The Commission will call for a meeting of the Directors General for Energy of the 27 Member States next Wednesday to study the situation from a broader energy point of view. At the same time, Commissioner Pieblags has decided to send Energy Deputy Director, Dominique Ristori to Bulgaria and Slovakia tonight to evaluate the situation on the ground and identify possible solutions. He has also sent Energy Deputy Director Fabrizio Barbaso to visit the most affected countries in the Energy Community Members in the Balkans. He will start his mission in Croatia tomorrow morning.

The situation remains tight and lower temperatures in the coming days could render the situation more critical, especially if the short-term contracts agreed at industry level could not be prolonged. The Commission therefore demands that the supply of gas from Russia, through Ukraine, is resumed as quickly as possible.

The European Commission would like to thank the EU partner countries Norway, Algeria and Libya who are providing the EU in this time of crisis with a steady and even increasing supply of natural gas.

The Gas Coordination Group has not fixed a new date for its next meeting, but it is ready to come back to Brussels, next week if the situation calls for it.

Background

The Gas Coordination Group was created in 2006 according to Directive 2004/67 relating to measures that guarantee security of natural gas supply. Chaired by the European Commission, it is composed of gas competent representatives of Member States, the European organisations of the gas sector and consumers. The Group meets regularly (at least 4 times per year) to exchange information and to develop both short and long term concrete measures which reinforce the security of gas supply to the EU.