European Commission - Press release





Save Gas for a Safe Winter: Commission proposes gas demand reduction plan to prepare EU for supply cuts

Brussels, 20 July 2022

The European Union faces the risk of further gas supply cuts from Russia, due to the Kremlin's weaponisation of gas exports, with almost half of our Member States already affected by reduced deliveries. Taking action now can reduce both the risk and the costs for Europe in case of further or full disruption, strengthening European energy resilience.

The Commission is therefore proposing today a **new legislative tool and a European Gas Demand Reduction Plan, to reduce gas use in Europe by 15% until next spring**. All consumers, public administrations, households, owners of public buildings, power suppliers and industry can and should take measures to save gas. The Commission will also **accelerate work on supply diversification, including joint purchasing** of gas to strengthen the EU's possibility of sourcing alternative gas deliveries.

The Commission is proposing a **new Council Regulation on Coordinated Demand Reduction Measures for Gas**, based on Article 122 of the Treaty. The new Regulation would set a target for all Member States to reduce gas demand by 15% between 1 August 2022 and 31 March 2023. The new Regulation would also give the Commission the **possibility to declare, after consulting Member States, a 'Union Alert' on security of supply, imposing a mandatory gas demand reduction** on all Member States. The Union Alert can be triggered when there is a substantial risk of a severe gas shortage or an exceptionally high gas demand. Member States should update their national emergency plans by the end of September to show how they intend to meet the reduction target, and should report to the Commission on progress every two months. Member States requesting solidarity gas supplies will be required to demonstrate the measures they have taken to reduce demand domestically.

To help Member States deliver the necessary demand reductions, the Commission has also adopted a **European Gas Demand Reduction Plan which sets out measures, principles and criteria for coordinated demand reduction**. The Plan focuses on substitution of gas with other fuels, and overall energy savings in all sectors. It aims to **safeguard supply to households and essential users** like hospitals, but also industries that are decisive for the provision of essential products and services to the economy, and for EU supply chains and competitiveness. The Plan provides guidelines for Member States to take into account when planning curtailment.

Energy saved in summer is energy available for winter

By substituting gas with other fuels and saving energy this summer, more gas can be stored for winter. Acting now will reduce the negative GDP impact, by avoiding unplanned actions in a crisis situation later. Early steps also spread out the efforts over time, ease market concerns and price volatility, and allow for a better design of targeted, cost-effective measures protecting industry.

The Gas Demand Reduction Plan proposed by the Commission is based on consultations with Member States and industry. A wide range of measures are available to reduce gas demand. Before considering curtailments, Member States should exhaust all fuel substitution possibilities, non-mandatory savings schemes and alternative energy sources. Where possible, **priority should be given to switching to renewables** or cleaner, less carbon-intensive or polluting options. However, switching to coal, oil or nuclear may be necessary as a temporary measure, as long as it avoids long term carbon lock-in. Market-based measures can mitigate the risks to society and the economy. For example, Member States could launch auction or tender systems to **incentivise energy reduction by industry**. Member States may offer **support in line with the amendment of the State aid Temporary Crisis Framework**, adopted by the Commission today.

Another important pillar of energy saving is the reduction of heating and cooling. The Commission urges all Member States **to launch public awareness campaigns to promote the reduction of heating and cooling** on a broad scale, and to implement the EU 'Save Energy Communication', containing numerous options for short-term savings. To set an example, Member States could

mandate a targeted lowering of heating and cooling in buildings operated by public authorities.

The Demand Reduction Plan will also **help Member States identify and prioritise**, within their "non-protected" consumer groups, **the most critical customers or installations** based on overall economic considerations and the following criteria:

- **Societal criticality** sectors including health, food, safety, security, refineries and defence, as well as the provision of environmental services;
- **Cross-border supply chains** sectors or industries providing goods and services critical to the smooth functioning of EU supply chains;
- **Damage to installations** to avoid that they could not resume production without significant delays, repairs, regulatory approval and costs;
- Gas reduction possibilities and product/component substitution the extent to which industries can switch to imported components/products and the extent to which demand for products or components may be met through imports.

Background: What the EU has done to secure its energy supply

Following the Russian invasion of Ukraine, the Commission adopted the REPowerEU Plan to end the EU's dependence on Russian fossil fuels as soon as possible. REPowerEU sets out measures on diversification of energy suppliers, energy savings and energy efficiency, and an accelerated roll-out of renewable energy. The EU has also **adopted new legislation requiring EU underground gas storage** to be filled to 80% of capacity by 1 November 2022 to ensure supply for the coming winter. In this context, the Commission has **carried out an in-depth review of national preparedness plans** to face possible major supply disruptions.

The Commission has **set up the EU Energy Platform** to aggregate energy demand at the regional level and facilitate **future joint purchasing** of both gas and green hydrogen, to ensure the best use of infrastructure so that gas flows to where it is most needed, and to reach out to international supply partners. Five regional groups of Member States have already been initiated within the Platform, and a dedicated task force has been created within the Commission to support the process. The EU is **succeeding in diversifying away from Russian gas imports** thanks to higher LNG and pipeline imports from other suppliers. In the first half of 2022, non-Russian LNG imports rose by 21 billion cubic metres (bcm) as compared to the same period last year. Non-Russian pipeline imports also grew by 14 bcm from Norway, Azerbaijan, the United Kingdom and North Africa.

Since long before the Russian invasion of Ukraine, the EU has been **building a clean and interconnected energy system**, focused on increasing the share of domestically-produced renewable energy, phasing out imported fossil fuels, and ensuring connections and solidarity between Member States in the event of any supply interruptions.

By progressively eliminating our dependence on fossil fuel sources and by reducing the EU's overall energy consumption through increased energy efficiency, the European Green Deal and Fit for 55 package strengthen the EU's security of supply. Building upon these proposals, REPowerEU aims to accelerate the instalment of renewable energy across the EU and the deployment of energy efficiency investments. Over 20% of the EU's energy currently comes from renewables, and the Commission has proposed to more than double this to at least 45% by 2030. Since the beginning of the year an estimated additional 20 GW of renewable energy capacity have been added. This is the equivalent of more than 4 bcm of natural gas.

Through our investments in LNG terminals and gas interconnectors, every Member State can now receive gas supplies from at least two sources, and reverse flows are possible between neighbours. Under the Gas Security of Supply Regulation, Member States must have in place national preventive action plans and emergency plans, and a solidarity mechanism guarantees supply to 'protected customers' in neighbouring countries in a severe emergency.

For More Information

Memo Q&A

Communication

<u>Annex</u>

Regulation

State aid Temporary Crisis Framework

Factsheet: Save gas for a safe winter

Factsheet: A European Gas Demand Reduction Plan

Factsheet: Supporting cities to save energy

IP/22/4608

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