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INFORMATION NOTE

From:	General Secretariat of the Council
To:	Council
Subject:	Any other business The impacts of the gas storage neutrality charge and the need for better coordination at the European level - Information from the Austrian, Czech, Hungarian and Slovak delegations

In view of the Transport, Telecommunications and Energy Council on 4 March 2024, delegations will find in Annex an information note from the Austrian, Czech, Hungarian and Slovak delegations.

ANNEX

AOB TTE (Energy) Council 4 March 2024

The impacts of the gas storage neutrality charge and the need for better coordination at the European level

Information from the delegations of Austria, Czech Republic, Hungary and Slovak Republic

In October 2022 a gas storage neutrality charge („Gasspeicherumlage“) was introduced in Germany to cover the costs associated with the new requirements for gas storage levels. This levy has already been increased several times and since the beginning of this year has been set at the level of 1.86 EUR per MWh. The charge is not only collected within Germany but also at all cross-border interconnection points with neighboring countries. It therefore increases the cost of all gas exported from Germany.

The introduced measure, aimed at recovering costs arising from gas storage in Germany, poses significant challenges for the European gas market and has broader implications for energy security, economic competitiveness, and regulatory coherence within the EU.

The increased transit costs disproportionately affect the Central and Eastern European region, making it more difficult for Member States in this area to access gas imports from Western Europe. As a result, this could force some Member States to rely more heavily on gas imports from Russia, potentially increasing their geopolitical dependencies and undermining all efforts to diversify energy sources.

Additionally, the imposition of the measure has led to increased costs for gas traders and consumers alike, ultimately burdening end customers with higher energy bills. The impact has already been visible in several markets. In some countries, the spot gas premium has risen by 50 percent over the German Trading Hub Europe equivalent since the levy was adopted.

The gas storage levy could lead to further fragmentation within the EU gas market. If other countries decide to implement similar unilateral measures, it would go well against the functioning of the European gas market, creating unjustified barriers to trade and hindering cross-border cooperation. In this sense, it raises concerns regarding the compliance with the Gas Storage Regulation ((EU) 2022/1032). Similarly, it goes against the principle of solidarity, since the levy penalizes the most vulnerable countries without direct access to LNG terminals.

European countries have been actively seeking to diversify their gas supply sources to enhance energy security. The German cross-border interconnection points play a crucial role in the diversification of gas supplies for many Member States in the region. LNG from North Western Europe and Norwegian pipeline gas is transported via Germany. However, the imposition of the levy and possible introduction of similar measures by other Member States could hinder those diversification efforts and limit options for sourcing gas from alternative suppliers and routes. This, together with possible end of transit of Russian gas via Ukraine by the end of this year, will significantly reduce the security of supply of the whole region and make it more sensitive towards price fluctuations.

The increased costs have ripple effects throughout the economy, affecting various industries and households. Higher energy costs can lead to reduced competitiveness for businesses and increased financial strain on households, ultimately dampening economic growth prospects.

A prolongation of this measure by another two years until 2027 is currently under consideration. The possibility of extending the gas storage act indicates a commitment to maintaining the levy for the foreseeable future. This prolonged imposition could further entrench the negative impacts on market dynamics and hinder efforts to achieve a more integrated and efficient European gas market.

Addressing these negative consequences requires concerted efforts and coordination at the European level to ensure that energy policies promote market integration, diversification and sustainability. Therefore, we believe it is urgent to find a solution, together with the Commission, that would eliminate the negative impacts of such unilateral measures and that would not jeopardize the energy security of any Member State.