



Council of the European Union
General Secretariat

Brussels, 20 July 2023

WK 10146/2023 INIT

LIMITE

ENER

This is a paper intended for a specific community of recipients. Handling and further distribution are under the sole responsibility of community members.

INFORMATION

From:	General Secretariat of the Council
To:	Working Party on Energy
Subject:	EWP 20/07 - Presentation: Demand aggregation

Following the Energy Working Party on 20 July, delegations will find in the annex the ppt presentation on demand aggregation.



PUBLIC

Building blocks for demand aggregation in the Decarbonisation Package

20.07.2023

This is an informal courtesy document not representing the final views of the Commission

Building blocks - Permanent demand aggregation mechanism

1. Voluntary mechanisms and possibility to use in crisis of natural gas

2. Commission to implement and may contract a service provider(s)

3. Users: buyers and sellers

4. Transparency

5. Financial incentives

6. Governance

Voluntary mechanisms with possibility to use in crisis of natural gas

Scope: natural gas / hydrogen / renewable or low-carbon gases or other energy commodities or services (e.g. CC(U)S)

	<u>Commodities</u>	<u>Use</u>
1. Permanent mechanisms supporting decarbonisation and security of supply	NATURAL GAS / RENEWABLE OR LOW-CARBON GASES / HYDROGEN	VOLUNTARY BY DEFAULT
2. Use the mechanism in case of a crisis related to the natural gas market	NATURAL GAS ONLY	MANDATORY DEMAND AGGREGATION



Trigger for crisis: Union alert due to the deterioration of the gas supply situation, if five or more competent authorities have declared an alert at national level pursuant to Article 11(1), point (b), of Regulation (EU) 2017/1938 (Demand Reduction Regulation)

Implementation of demand aggregation

- The Commission is responsible for the implementation of the demand aggregation mechanism
- The Commission may contract the services of one or more service providers to allow for differentiated processes, services, etc for the different gases
- For hydrogen, renewable or low-carbon gases, or other energy resources, the service provider may also carry out a transparency and demand assessment function

Exclusion as a service provider: entities targeted by EU restrictive measures or under the control of actors targeted by such measures

Users of the mechanism

PUBLIC

Buyers

- Companies based in the **EU + Energy Community countries**
- Possibility to open for third-country companies if it is in the interest of EU security of supply

Sellers

- International suppliers from third countries allowed

Exclusion as buyer or seller: entities targeted by EU restrictive measures or under the control of actors targeted by such measures

Exclusion of gas: Commission may decide to temporarily limit, for a fixed term, offers of natural gas from the Russian Federation or Belarus

Complementary provisions

Transparency

- The transparency mechanism will only be triggered under the crisis scenario in the natural gas market and will be limited to the notification of tenders. In case needed the Commission will issue a recommendation

Financial Incentives

- Maintain the grounds for providing financial incentives at the times of crisis for natural gas

Governance

- Purpose: exchange information and discussions with MS in relation to the demand aggregation
- The Commission may use the Gas Coordination Group
- Hydrogen to have its own coordination group and in cooperation with the Hydrogen Bank