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## **THE NEW EU REGULATION ON GAS SUPPLY SECURITY: A CRITICAL EVALUATION**

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### **OVERVIEW**

This paper analyses the EU Regulation on gas supply security, due to be adopted by the European Council before the end of June 2010. It presents and discusses the main provisions of the new legislation; how the text evolved during the negotiation between July 2009 and June 2010; and what its implementation will mean for EU member states in Central and Eastern Europe (we focus on the 13 most Russia-dependent countries in the EU).

### **RESULTS**

Our paper shows that the EU Regulation, with its centrally defined gas security standards, is flawed. In its initial version its implementation would have forced some member states to invest in infrastructure that they might not need; following the weakening of all the main provisions during the negotiation, the new legislation will probably not force any member states to do anything, including those who enjoy an inadequate level of gas supply security. The new Regulation was decided after the gas supply crisis of January 2009 to replace the notoriously benign Directive 2004/67; the new text is now almost certain to be as useless as the Directive it replaces.

### **CONCLUSIONS**

The European Commission should have chosen a different approach, whereby the national action plans would be derived from careful assessments of the national situation, as opposed to defining security of supply standards that all member states have to comply with. Centrally defined standards are a 'blind' policy instrument that does not take into account national and regional characteristics; they were bound to be weakened by member states during the negotiation, to the point that all of them comply with the Regulation *ex ante*. We describe what an alternative, 'bottom-up' approach could have been.