

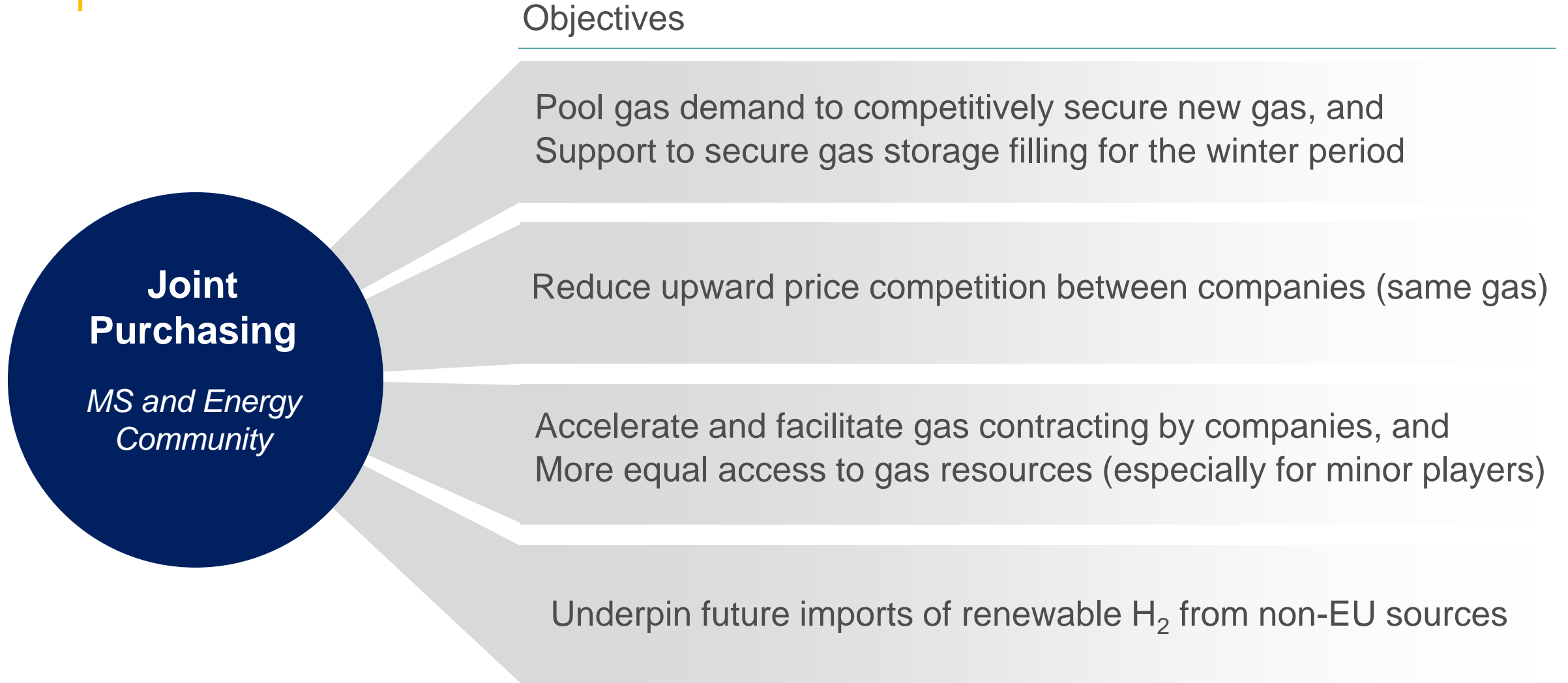


# Joint Purchase Mechanism for Gas

Preparatory slides for 26 October 2022

DG ENER – Energy Platform Task Force – Industry Advisory Group

# Joint Purchasing - access additional gas on best possible terms, supporting REPowerEU diversification objectives



# Design of Joint Purchasing mechanisms reflects needs and requirements of companies implementing them

## Vehicles to test and tailor Joint Purchasing tools

### Regional Groups

Consider regional, infrastructure and market dynamics

### Industry Advisory Group

Provide the perspective of industrial players

### Volumes Aggregation Tool(s)

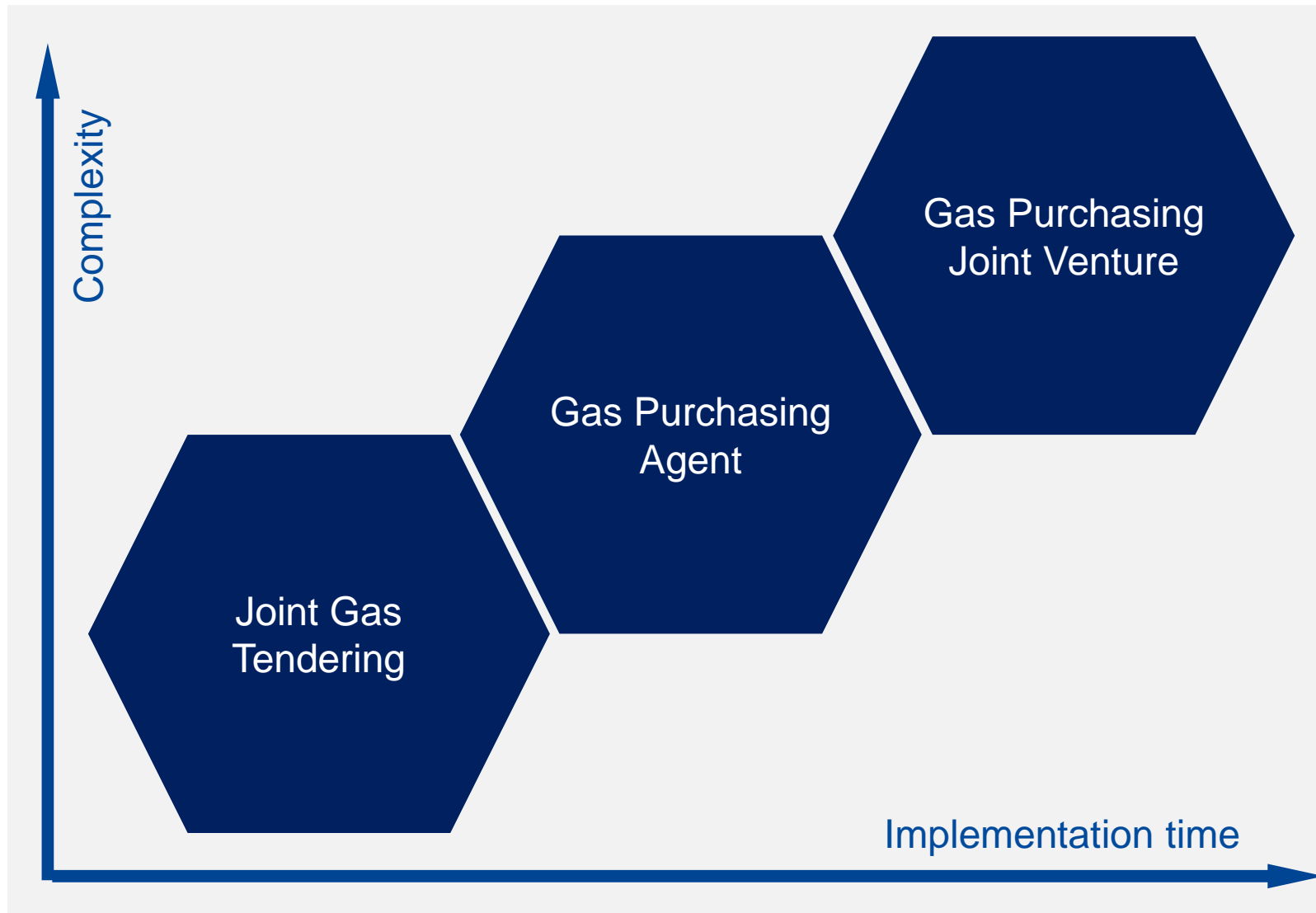
Companies express interest and indicate gas volumes for Joint Purchasing

- Landing zones proposed by Commission. Final design by companies
- More than one tool possible
- Commission facilitates, reviews compatibility with EU acquis and assesses possible support



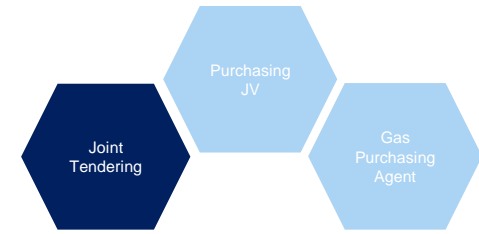
Would you propose additional pillars/vehicles?

# Three pre-identified types of Joint Purchasing tools

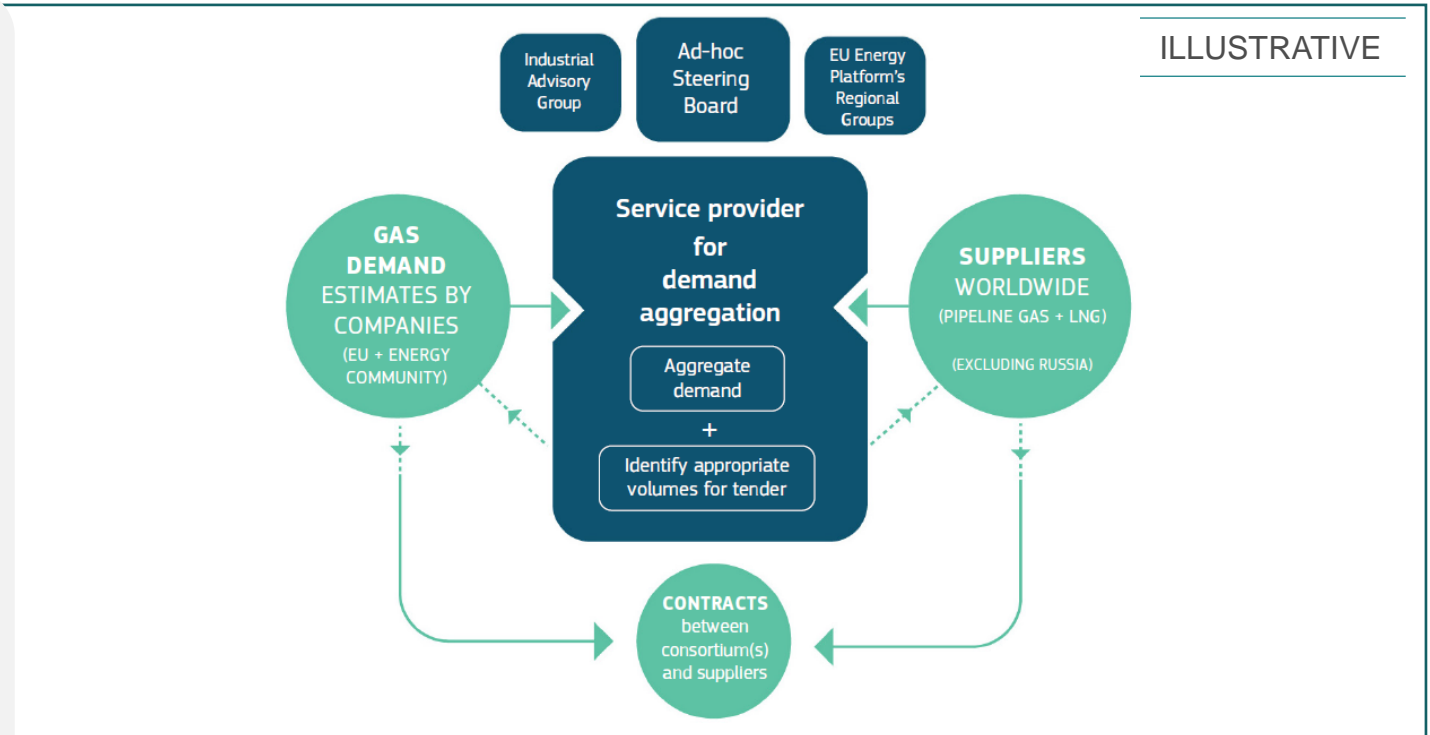


- Contracting by companies (either individually or collectively)
- Cater for different existing situations/time horizons
- Not mutually exclusive
- Consistent with the EU Green Deal objectives
- Legislation under preparation

# Joint Gas Tendering – suppliers bid for the aggregated demand under a dedicated platform



- Contracted platform service organises the demand aggregation, tender and matching
- EU purchasers indicate expected gas volumes/profile, timing and delivery points.
- Aggregated demand is tendered and contracts are concluded individually or collectively (consortium) by companies after matching
- Possibility to add bidding conditions (e.g. methane emission reduction). Obligation only for demand aggregation (15% of storage requirements), not for contracting
- Implementable in short term, learning from MS' experience



How would you ensure the volume in the demand matches with volume in the bids from suppliers?

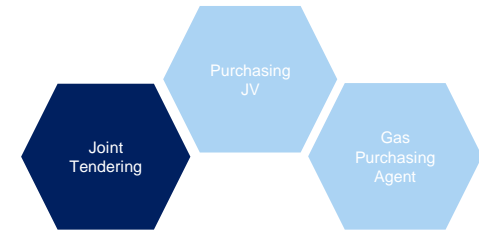


How would you implement Joint Tendering rapidly?



How would you secure that companies that are part of Demand Aggregation are finally contracting through Joint Purchasing?

# Joint Gas Tendering – different modalities for the application



## Modalities

## Examples

### Financial support

- Risk management facility (e.g. financial guarantees)

### Pooling critical demand

- Pre-defined share of gas demand of participating companies

### Decarbonisation requirement

- Promote gas that would be otherwise vented or flared
- Preference to renewable gases

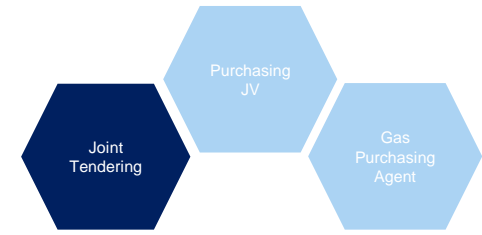


How should a risk management facility work to be successful for Joint Purchasing of Gas?



How would you promote the purchasing of gas that would otherwise be vented or flared (leaks)?

# Timeline – immediate focus on consulting Member States and companies at high level



**Oct** – First meeting of the Industry Advisory Group

**Oct** – Preparation of legal instrument to establish joint purchasing mechanisms

**Oct and Nov** – Preparatory work for the demand pooling tool

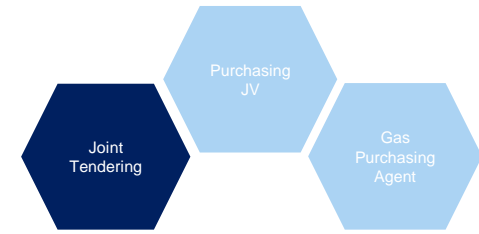
**Mid-Sep** - Meeting with MS to discuss measures for Joint Purchase

September

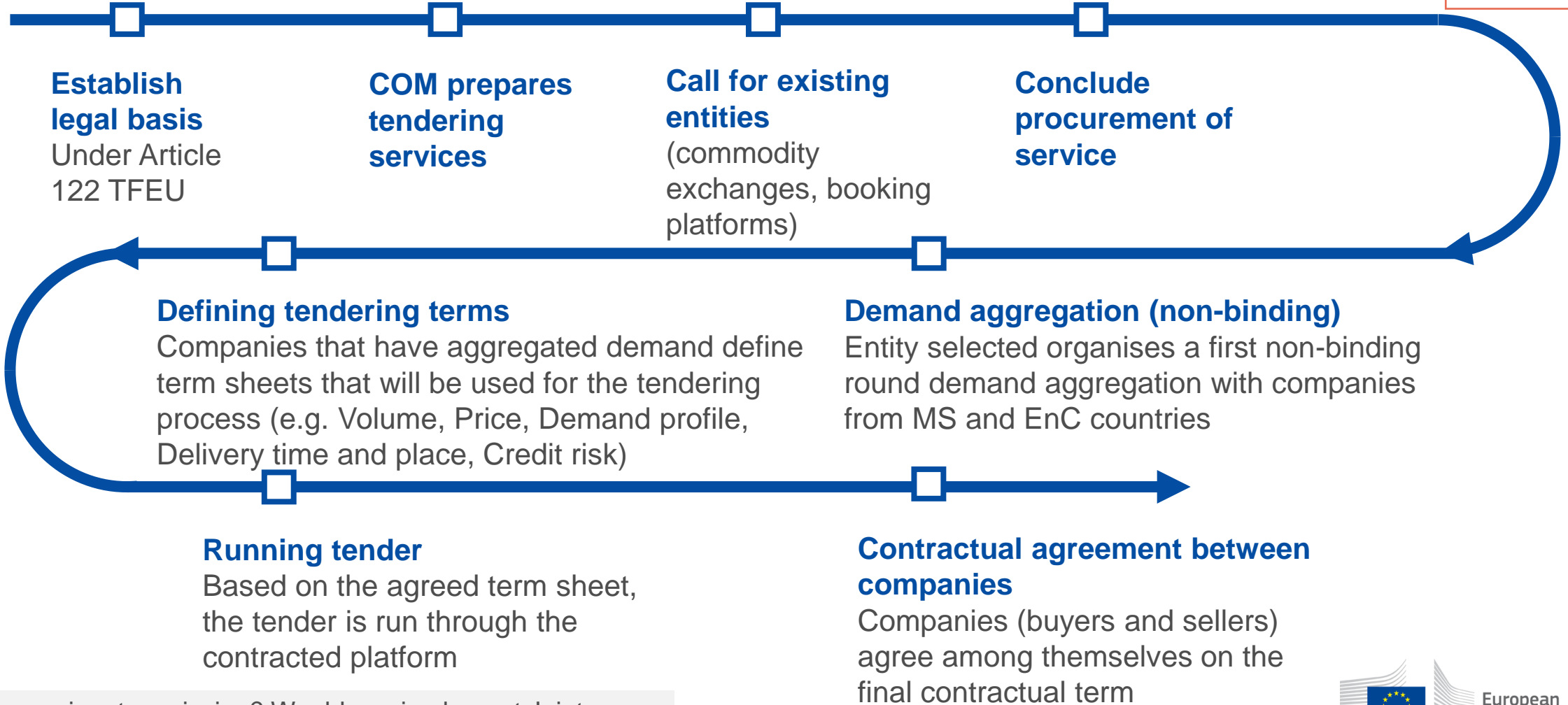
October

November

# An illustration: Implementing Joint Tendering – Steps required from the legal adoption of joint tendering to the actual purchasing of gas



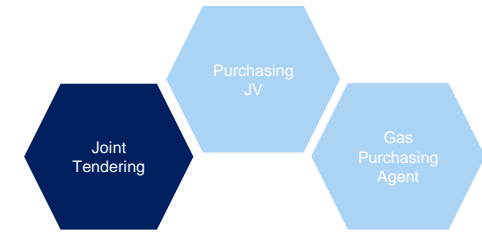
ILLUSTRATIVE



Any major step missing? Would you implement Joint Tendering in a different way?

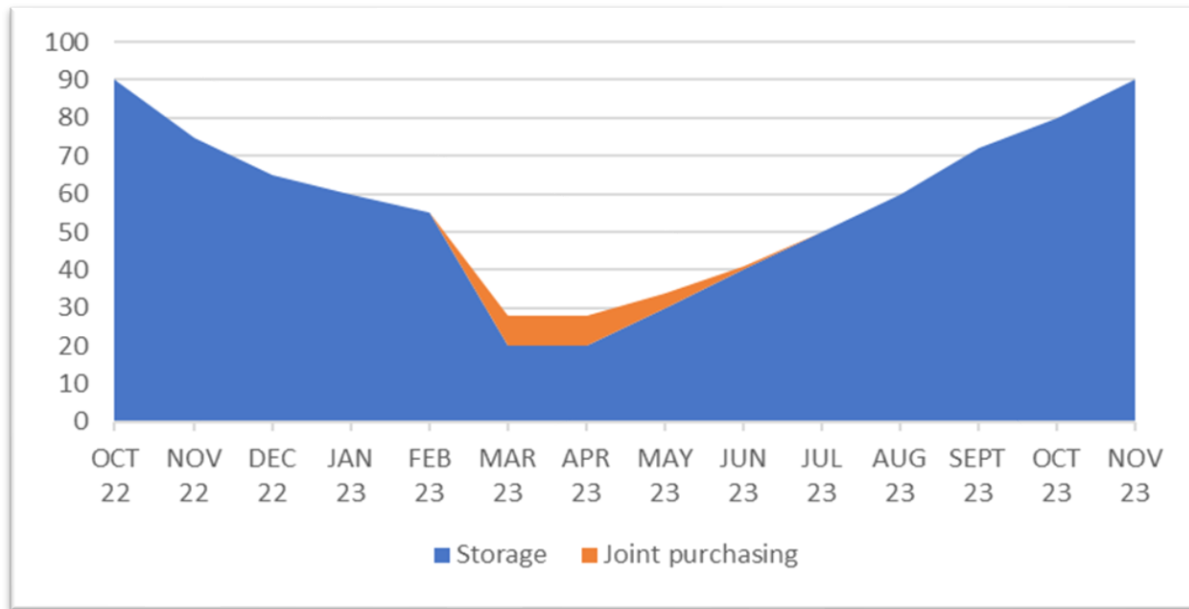


# An illustration: Implementing Joint Tendering – Examples of how Joint Tendering could support filling of the gas storages

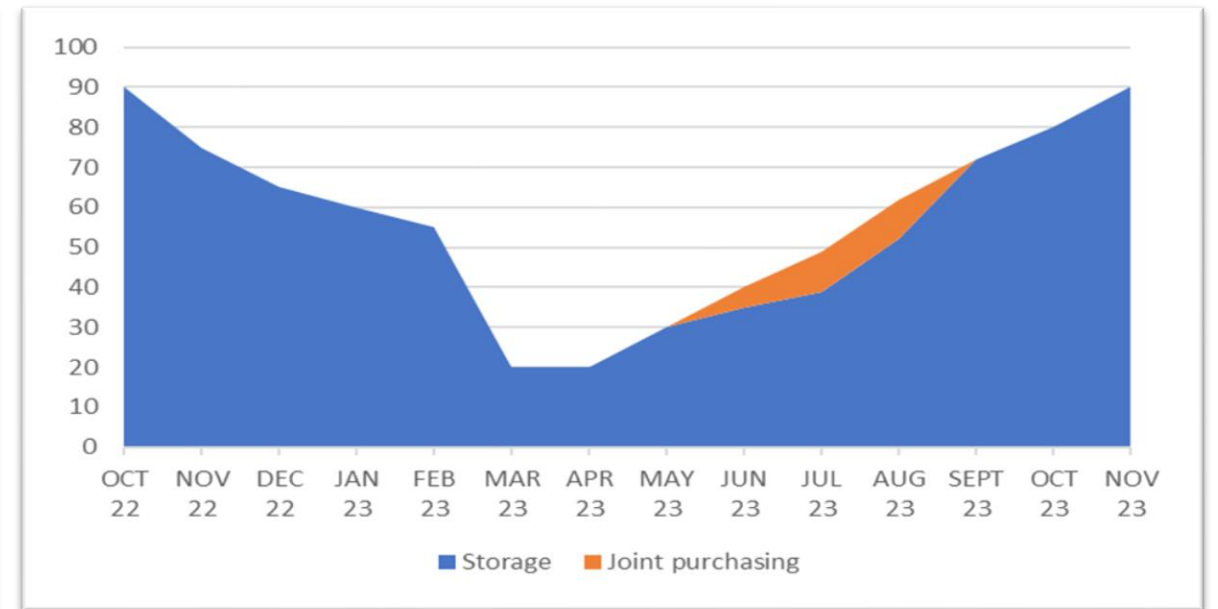


ILLUSTRATIVE

## Illustration 1: Joint Purchasing to support the potential depletion of storages by Spring 2023

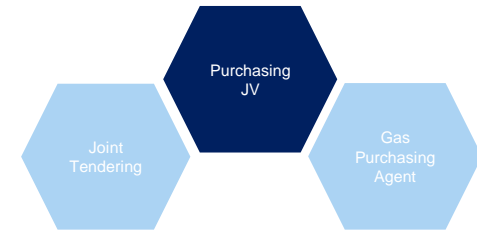


## Illustration 2: Joint Purchasing to support the refilling season to achieve 90% target by November 2023

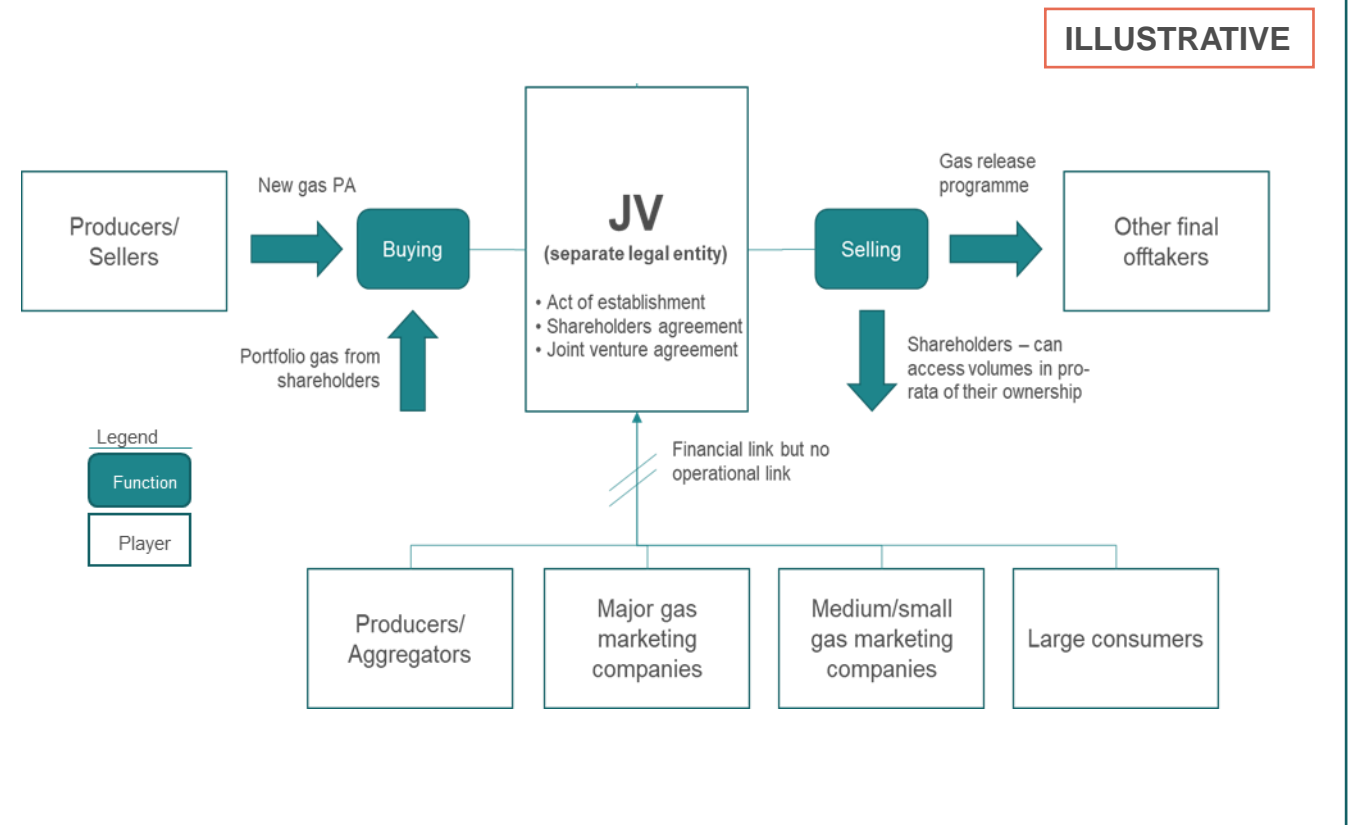


How would you implement Joint Tendering to support the filling of gas storages for Winter 2023/2024?

# Joint Venture – dedicated entity implements joint purchase, organises distribution



- New legal entity owned by companies buying jointly
- JV procures gas and enters into sign supply contracts with shareholders and other companies (e.g. gas release programme)
- JV takes on substantial financial commitment with take-or pay provisions and the duration of the contracts signed
- Inception time - 12 to 18 months

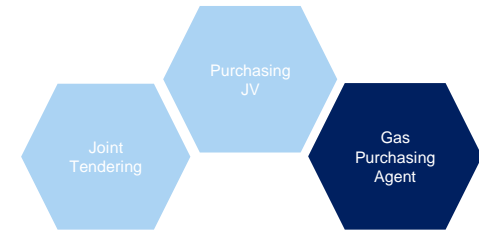


Which legal and procedural requirements would you imagine for setting up a Joint Venture?

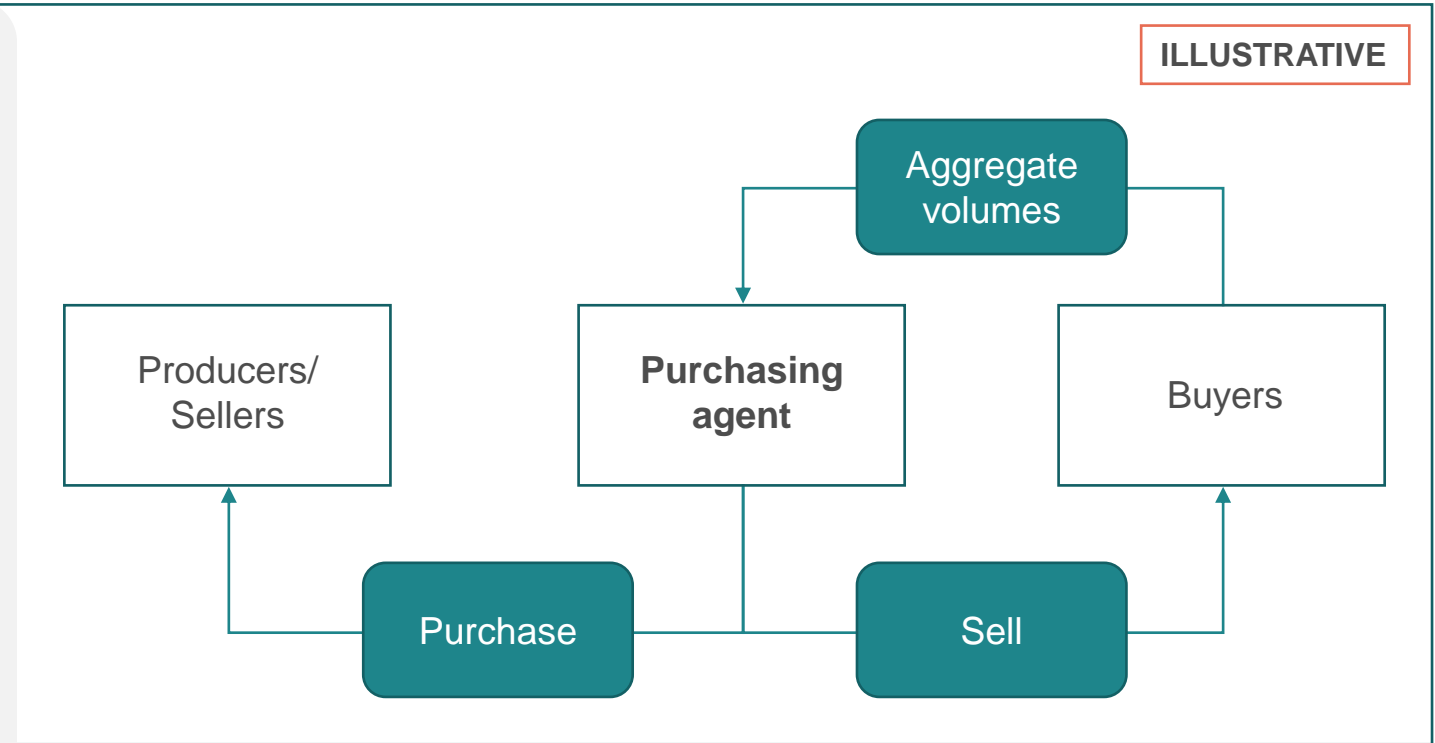


Any current entity could perform the same activity described above for Joint Venture?

# Purchasing agent – entrusted entities purchasing on behalf of other EU companies



- Entrusted entities purchasing on behalf of other EU companies
- Agent could be trustworthy EU downstream gas supplier able to improve negotiation position vis-a-vis suppliers
- Sign GSPA back-to-back with suppliers and customers, matching requested volumes, timing and offtake points
- Inception time - 12-18 months



Are there any examples of Agents already existing in the gas market?



Which legal and procedural requirements would you imagine for setting up such an Agent?

# Questions

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Companies' view on the Joint Purchasing instruments presented

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Other Joint Purchasing option not landing in broad concepts?

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Companies' role in implementing joint purchase?