

Briefing

28 April 2023

Joint gas purchasing through AggregateEU – call open for companies

Late in December 2022, the EU Council approved Council Regulation (EU) 2022/2676 of 19 December 2022 on enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders ("**Regulation 2022/2576**").

Faced with an unprecedented mix of crises, culminating with the highest energy prices seen in decades, the EU introduced an emergency mechanism to address high gas natural prices and to ensure security of supply for the winter to come. Regulation 2022/2576 is set to apply for one year, until December 2023.

The main novelty introduced by Regulation 2022/2576 is the establishment of AggregateEU – within the EU Energy Purchase Platform, which was first mentioned on 18 May 2022 in the REPowerEU Plan and was created to work on the diversification of EU gas supplies after Russia invaded Ukraine. AggregateEU is the EU's mechanism that enables gas undertakings or undertakings consuming gas established in the EU to aggregate their gas demand through a service provider contracted by the EU Commission (PRISMA). Subsequently, these undertakings will be able to conclude gas purchasing contracts, individually or in a coordinated manner with others, with natural gas suppliers or producers that have matched the aggregated demand.

The rationale behind the AggregateEU mechanism is that demand aggregation and joint purchasing could strengthen EU solidarity in purchasing and distributing gas, as the EU could use its collective market power to negotiate better prices with international suppliers rather than each undertaking consuming gas negotiating on their own. It would also enable the EU to better prepare for next winter by refilling its gas storage in a coordinated and timely manner.

On 25 April 2023, the Commission launched the first call for companies to register their gas purchase demand in preparation for the joint purchasing of gas at EU level.

What should be considered for this initial phase:

- Companies need to register with the service provider PRISMA and subscribe to the AggregateEU mechanism. Registered companies will have until 2 May 2023 to respond to the first call for demand aggregation;
- Once all the individual demands have been submitted, the required volumes will be aggregated and put out for tender on the global market.
- The AggregateEU mechanism will match the collective EU demand with offers from international gas suppliers (excluding Russian suppliers), and participating companies will be able to enter into negotiations with suppliers regarding contractual terms for the purchase and delivery of gas.
- The EU Commission has no role in the negotiation of the gas purchasing contracts;
- EU Member States must ensure that local companies submit their gas demand for an equivalent of 15% of each Member State's gas storage filling obligation, as set out in the Gas Storage Regulation no. 2022/1032. However, the purchase of gas by companies will remain voluntary.

This material is for general information only and is not intended to provide legal advice. For further information on this topic please contact us at: office@volciucionescu.com. The Volciuc-Ionescu website can be accessed at www.volciucionescu.com.