L.N. 317 of 2006

MALTA RESOURCES AUTHORITY ACT (CAP. 423)

Natural Gas Supply (Safeguard of Security) Regulations, 2006

BY virtue of the powers conferred by article 28 of the Malta Resources Authority Act, the Minister for Resources and Infrastructure, after consultation with the Malta Resources Authority, has made the following regulations:-

Title and date of commencement.

1. (1) The title of these regulations is the Natural Gas Supply (Safeguard of Security) Regulations, 2006.

(2) These regulations shall come into force on the 1st February, 2007.

(3) These regulations establish rules relating to the safeguarding of an adequate level of security of gas supply in the natural gas sector.

(4) These regulations give effect to Directive 2004/67/EC of 26 April, 2004.

Interpretation.

2. (1) In these regulations unless the context otherwise requires –

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"the Act" means the Malta Resources Authority Act;

"the Authority" means the Malta Resources Authority;

"Community" means the European Community;

"household customers" means customers purchasing natural gas for their own household consumption;

"LNG" means natural gas cooled to approximately -160 °C under atmospheric pressure, condensed to its liquid form;

"long-term gas supply contract" means a gas supply contract with a duration of more than ten years;

"major supply disruption" shall mean a situation where the Community would risk to lose more than 20% of its gas supply

from third countries and the situation at Community level is not likely to be adequately managed with national measures;

"Member State" means a member state of the Community;

"the Minister" means the Minister responsible for resources;

"natural gas" means gases, whether liquefied or gaseous, consisting mainly of methane and includes both "non-associated" gas originating from fields producing hydrocarbons only in gaseous form, and "associated" gas produced in association with crude oil as well as methane recovered from coal mines, but does not include "LPG" ;

"natural gas undertaking" means any natural or legal person carrying out at least one of the following functions: production, transmission, distribution, supply, purchase or storage of natural gas, including LNG, which is responsible for the commercial, technical and/or maintenance tasks related to those functions, but shall not include final customers;

Functions of the Authority.

3. (1) The Minister may require the Authority to define the roles and responsibilities of natural gas undertakings in ensuring adequate levels of security of gas supply, and to specify the adequate minimum security of supply standards that must be complied with by such natural gas undertakings.

(2) The Authority shall publish and implement such standards in a non-discriminatory and transparent way. The Authority shall also ensure that there shall not be placed an unreasonable and disproportionate burden on natural gas undertakings, in the implementation of these regulations.

(3) The Authority shall also, when taking such measures in the implementation of these regulations, ensure that they should be compatible with the requirements of a competitive internal gas market.

(4) A non-exhaustive list of instruments for the security of gas supply is given in the Schedule to these regulations.

Protection of household customers.

4. The Minister may require the Authority to ensure that supplies for household customers are protected to an appropriate extent in the event of:

(a) a partial disruption of national gas supplies, during a period to be determined by the Authority, which may take into account in its determination of the particular circumstances prevailing at the time;

(b) extremely cold temperatures during a peak period, which shall be determined, as the case may be, by the Authority;

(c) periods of exceptionally high gas demand during the coldest weather periods statistically occurring every 20 years.

Additional reports.

5. The Authority shall, in addition to the annual reporting requirements mentioned in regulation 13 of the Natural Gas (Marketing) Regulations, 2004, report on the:

(a) competitive impact of the measures taken pursuant to the implementation of regulations 2 and 3 of these regulations, on all natural gas undertakings;

(b) levels of storage capacity;

(c) the extent of long-term gas supply contracts concluded by companies established and registered in Malta, in particular their remaining duration, based on information provided by the companies concerned, but excluding commercially sensitive information, and the degree of liquidity of the gas market;

(d) regulatory frameworks to provide adequate incentives for new investment in exploration and production, storage, LNG and transport of gas:

Provided that, when fulfilling the reporting requirements mentioned in paragraph (d) of this regulation, the Authority shall take into account the implementation of regulation 12 of the Natural Gas (Marketing) Regulations, 2004, insofar as it has been so implemented.

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National emergency measures.

6. (1) The Authority, subject to the Minister's approval, shall publish national emergency measures.

(2) The national emergency measures mentioned in subregulation (1) of this regulation, shall ensure, where appropriate, that natural gas undertakings are given sufficient opportunity to provide an initial response to an emergency situation.

7. (1) The Authority may issue a compliance order, to any person subject to these regulations when the person concerned contravenes any of the provisions contained therein, ordering him to comply immediately with the provisions of these regulations. Compliance Orders.

(2) Any person who fails to abide by the provisions of a compliance order issued by the Authority shall, without prejudice to any other liability under these regulations, the Act or any other law, be guilty of an offence and be liable, on conviction, to a fine (*multa*) of not less than one hundred liri and not more than one thousand liri for each day during which the offence subsists:

Provided that such aggregate fines (*multa*) shall, not exceed the amount of ten thousand liri.

8. (1) Any undertaking which contravenes any of the provisions of these regulations shall be guilty of an offence and shall, on conviction, be liable to a fine (*multa*) of not more than ten thousand liri. Offences and penalties.

(2) Any person who, when information with respect to these regulations is requested by the Authority, knowingly or recklessly:

(a) gives any false, inaccurate or misleading information; or

(b) supplies incomplete information; or

(c) fails, without reasonable cause, to supply information requested within the time given; or

(d) prevents or hinders any investigation; or

(e) produces or furnishes, or causes or knowingly allows to be produced or furnished, any document or information which he knows to be false in any material respect,

shall be guilty of an offence and shall, on conviction, be liable to a fine (*multa*) of not less than one hundred liri and not more than one thousand liri.

(3) Without prejudice to sub-regulations (1) and (2) of this regulation, where any person fails to comply with the provisions of these regulations, the Authority may revoke his licence.

SCHEDULE

List of instruments to enhance the security of gas supply

1. working gas in storage capacity,

2. withdrawal capacity in gas storage,

3. provision of pipeline capacity enabling diversion of gas supplies to affected areas,

4. liquid tradable gas markets,

5. system flexibility,

6. development of interruptible demand,

7. use of alternative back-up fuels in industrial and power generation plants,

8. cross-border capacities,

9. cooperation between transmission system operators of neighbouring Member States for coordinated dispatching,

10. coordinated dispatching activities between distribution and transmission system operators,

11. domestic production of gas,

12. production flexibility,

13. import flexibility,

14. diversification of sources of gas supply,

15. long term contracts,

16. investments in infrastructure for gas import via regasification terminals and pipelines.