



Direção-Geral
de Energia e Geologia

Reporting on Gas Demand Reduction (June 2023 – July 2023)

pursuant to article 8 (1) of Council Regulation (EU) 2022/1369

Portugal, August 2023

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1. INTRODUCTION

Following the Russian invasion of Ukraine, in February 2022, the European Commission presented a set of instruments and measures to mitigate the weight of Russian fossil fuel supplies to Member States and to increase the security of energy supply in the EU.

The adopted measures include:

- Regulation (EU) 2022/1032 of 29 June 2022, on gas storage, which introduces targets and trajectories for underground gas storage facilities, seeking to ensure that European Union increases its level of preparedness, in particular to face the winter period. Subsequently, and to strengthen the mechanisms for action at Union level.
- Council Regulation (EU) 2022/1369 of 5 August 2022, on coordinated demand-reduction measures for gas, was adopted, establishing rules to address a situation of severe difficulties in the supply of gas, with a view to safeguarding Union security of gas supply, in a spirit of solidarity.
- Council Regulation (EU) 2022/1854 of 6 October 2022, on an emergency intervention to address high energy prices was adopted to mitigate the effects of high energy prices through exceptional, targeted and time-limited measures.
- Council Regulation (EU) 2022/2576 of 19 December 2022, enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders, including the implementation of a platform that will allow for demand aggregation and joint gas purchasing.
- Council Regulation (EU) 2022/2577 of 22 December 2022, laying down a framework to accelerate the deployment of renewable energy with a particular focus on specific renewable energy technologies or types of projects which are capable of achieving a short-term acceleration of the pace of deployment of renewables in the Union.
- Council Regulation (EU) 2022/2578 of 22 December 2022, establishing a market correction mechanism to limit episodes of excessively high gas prices in the Union which do not reflect world market prices and protect Union citizens and the economy against excessively high prices.

The Council Regulation (EU) 2022/1369 of 5 August 2022, defines a set of rules, namely a voluntary reduction of gas demand of at least by 15% compared to the average gas consumption during the five consecutive preceding years in the same period. The results achieved by the Union in the winter of 2022-2023 were positive and the joint effort made during that period allows to start this new period in a safer and better prepared way. However, despite the extremely positive results it is important to reaffirm that the effort must continue.

With this in mind, the Council Regulation (EU) 2023/706 of 30 March 2023 amending Council Regulation (EU) 2022/1369 was approved, extending the measures to reduce gas consumption by 15% for another twelve months, until 31 March 2024. Accordingly, the reference period has been changed to a full year, from April to March.

In accordance with the provisions of Article 8(1) of the Council Regulation (EU) 2022/1369 of 5 August 2022, amended by Council Regulation (EU) 2023/706 of 30 March 2023, **the present document is the second report on the reduction of gas consumption achieved by Portugal for the new assessment**



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period from 1 April 2023 to 31 March 2024. On this report, maintaining the coherence with previous reports, there is also a chapter where some data related to preparedness to face the winter period is described.

Directorate General for Energy and Geology is the National Competent Authority on energy security of supply issues, and as such it is the national entity responsible for monitoring and reporting the implementation of Council Regulation (EU) 2022/1369.

2. ASSUMPTIONS

Reference gas consumption

The “reference gas consumption”, as defined in Council Regulation (EU) 2022/1369 of 5 August 2022, amended by Council Regulation (EU) 2023/706 of 30 March 2023, means the volume of a Member State’s **average gas consumption during the periods from 1 April to 31 March during the five consecutive preceding years, starting with the period from 1 April 2017 to 31 March 2018.**

The data for Portugal is presented in table 1. Considering the available data, disaggregation is made of overall consumption, considering the consumption of “dedicated power plants (CCGT)” and “other uses”. “Other uses” include the consumption of industry, households and services (including public administration) sectors.

This division is justified by the periodicity of the reports, as defined in Council Regulation (EU) 2022/1369, since a greater disaggregation is only possible with annual data, and in the context of the provision of statistical information to the competent authorities. Furthermore, this disaggregation is important to highlight the weight of the power sector gas demand on overall demand, considering the well-known specificities of the Portuguese weather/climate conditions, National Electricity System functioning and the electricity mix.

TABLE 1 – REFERENCE GAS CONSUMPTION

**Monitoring on the implementation of the demand-reduction measures
Council Regulation (EU) 2022/1369 of 5 August 2022**

Period From April to March

Natural Gas consumption TJ	Apr/17- Mar/18	Apr/18- Mar/19	Apr/19- Mar/20	Apr/20- Mar/21	Apr/21- Mar/22	reference gas consumption Apr- Mar
Overall consumption	246 677	229 753	254 199	231 849	234 326	239 361
Dedicated power plants (CCGT)	96 773	71 826	97 304	81 062	96 451	88 683
Other uses	149 904	157 927	156 896	150 787	137 875	150 678

Note:

2021, 2022 and 2023 data are provisional

It was not accounted on the reference gas consumption the rule predicted in §5 of Article 5

An effort has been made to allow for greater disaggregation of the information, seeking to respond to the breakdown of gas consumption by sectors listed in the new wording of Article 8(1). **However, until this is possible, and seeking to maintain the comparability of data with those previously provided, the structure referred to above is maintained.**

Derogations

In accordance with Article 5 (9) of the Council Regulation (EU) 2022/1369 of 5 August 2022, although the Union's Alert State has not been declared, Portugal notified the European Commission (letter of

12th September of 2022) of evidence pertaining to the applicability to Portugal of derogations under paragraphs 5 and 7 of article 5.

Limit to the reference gas consumption associated to gas storage volume (Article 5 (5)):

- In the framework of the application of Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022, Portugal communicated the filling level of gas in Carriço's underground storage facility which, on 1 August 2022, was 107% (= 3827,1 GWh) exceeding the filling target of 72% (by 1 256,7 GWh).

In accordance with Article 5 (5) of the Council Regulation (EU) 2022/1369 of 5 August 2022, if a Union alert is declared, 1 256,7 GWh or 4 524 TJ will be deducted to the reference value, shown in Table 1 above.

Derogation associated to Interconnection capacity limitations (Article 5 (7)):

- Portugal has a firm technical export capacity of 45,7% compared to 2021 total gas consumption.
- The capacity of interconnections with Spain does not reach 90%, due to lack of demand. However, the capacity is maximized, according to article 6 of Commission Regulation (EU) 2017/459 of 16 March 2017.
- Sines LNG facilities are commercially and technically ready to re-direct gas to other Member States. To increase its capacity several infrastructure reinforcement investments have been approved (nr. 8 of the Council of Ministers Resolution No. 82/2022 of 27 September¹).

Portugal is still waiting for the assessment/opinion of the Commission on the notification submitted, but, in case of Union alert declaration, understands that the mandatory demand reduction target is 7%, instead of 15%.

¹ <https://dre.pt/dre/detalhe/resolucao-conselho-ministros/82-2022-201509699>

3. MEASURES TO SAFEGUARD SECURITY OF GAS SUPPLY

Portugal has been closely monitoring the developments in the energy price situation and has sought to implement measures to mitigate its effects, taking into consideration the specific functioning and characteristics of its gas system, as well as its electricity system.

3.1. Measures to reduce gas demand

The Council of Ministers Resolution No. 82/2022, of 27 September, approved the Portuguese Energy Saving Plan 2022-2023 (PPE). This plan has foreseen mechanisms for periodic monitoring of the evolution of gas consumption and, if necessary, proposals for changing the measures adopted shall be presented. The measures are mandatory for the central public administration and recommended for all of the other sectors. In the event of a Union alert being declared, the PPE becomes mandatory for all sectors and may include exceptional measures.

Some of the plan's most relevant actions, due to the lasting impact they may have on consumption reduction, include training and capacity building, and communication and awareness raising.

- **Training and capacity building actions**

The PPE includes the implementation of training and capacity building actions, including training of public servants for the implementation, promotion and monitoring for resource efficiency measures, training and/or capacity building to enhance energy efficiency, and training and/or capacity building to enhance water efficiency.

By the end of July 2023, 58 actions were carried out, covering about 1 578 people.

- **Communication and awareness raising actions**

The PPE foresees the development of communication and awareness campaigns for different target audiences as pivotal agents for the reduction of energy consumption. Communication and awareness raising actions are planned for the adoption of more efficient behaviours aiming at reducing energy and water consumption. These are being carried out through the media, social networks, the “Rota da Energia” (*Energy Route*) initiative, among others, involving municipalities and parishes, signatories of the Sectoral Pacts, and other entities.

A national communication campaign was started at the end of February (through social platforms) which ran until the end of April. This campaign had a very significant impact on the scope of communication actions. The national communication campaign will continue its development during this year, with TV spots and open airtime, among others.

These actions, as well as those in the context of training and capacity building, began prior to the approval of the plan. **By the end of July 2023, 168 actions had been carried out, reaching approximately 2 775 454 people.**

TABLE 2 – TRAINING AND CAPACITY BUILDING AND COMMUNICATION AND AWARENESS RAISING ACTIONS

Month	Number of actions		Pax involved	
	Training and capacity building	Communication and awareness raising	Training and capacity building	Communication and awareness raising
Subtotal 2022	21	84	1 016	22 910
Jan/23 to Mar/23	22	49	341	1 933 493
Apr/23	3	12	49	816 579
May/23	9	11	113	585
Jun/23	3	9	59	1 440
Jul/23	0	3	0	447
Subtotal 2023	37	84	562	2 752 544
TOTAL	58	168	1 578	2 775 454

Source: ADENE

Although the savings associated with the implementation of the communication and awareness raising measures have not yet been quantified, it is expected that they will have a relevant and long-lasting impact on the pursuing of the objectives set out in the PPE.

The website dedicated to the PPE can be consulted in <https://planopoupancaenergia.pt/> and is updated regularly during its implementation.

Considering the approval of the Regulation extending the deadline for the application of the reduction measures, and as the EPP has an implementation period until 31 December 2023, its temporal extension is being analysed, as well as possible reformulations of the measures in force.

3.2. Measures to improve preparedness

As noted above, issues associated with security of gas supply are interconnected through multiple regulations and obligations. Within the scope of Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022, Portugal has been communicating the evolution of the filling level of its storage facilities. The following tables show the evolution of the filling level of gas in Carriço's underground storage facility, as well as in Sines LNG Terminal, since June 2023.

TABLE 3 – FILLING LEVEL OF CARRIÇO UGS

Date	UGS Physical Quantity ⁽¹⁾ (GWh)	UGS Commercial Capacity (GWh)	UGS Filling Level (%)
1 Jun 2023	3 609,4	3 570,0	101
1 Jul 2023	3 293,3	3 570,0	92
1 Aug 2023	3 095,5	3 570,0	87

(1) UGS filling level including balancing stock

TABLE 4 – FILLING LEVEL OF SINES LNG TERMINAL

Date	LNGT Physical Quantity ⁽²⁾ (GWh)	LNGT Commercial Capacity (GWh)	LNGT Filling Level (%)
1 Jun 2023	1 284,7	2 666,0	48
1 Jul 2023	1 118,8	2 666,0	42
1 Aug 2023	632,1	2 666,0	24

(2) LNGT commercial capacity, excluding dead-stock

Also, according to Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022, Portugal communicated the draft filling trajectory for the year 2023, as foreseen in Article 6a (7). The Commission Implementing Regulation (EU) 2022/2301 of 23 November 2022 sets the filling trajectories and the intermediate targets for 2023 aiming to achieve the objective of 90% filling level in November 2023. As can be seen in the table below, Portugal has maintained storage levels above the values set for each intermediate target.

TABLE 5 – FILLING TRAJECTORY OF UGS FOR 2023

	1 Feb 2023	1 May 2023	1 July 2023	1 Sept 2023	1 Nov 2023
Filling Trajectory	70%	70%	80%	80%	90%
Filling Values	109%	107%	92%		

4. GAS DEMAND REDUCTION

The present report seeks to evaluate the available data for the reporting period of June 2023 and July 2023. Table 6 shows the calculation of gas demand reduction for the referred period.

TABLE 6 – NATIONAL GAS CONSUMPTION IN JUNE 2023 AND JULY 2023 AND RATES OF CHANGE

**Monitoring on the implementation of the demand-reduction measures
Article 8 of Council Regulation (EU) 2022/1369 of 5 August 2022
Period from 1 June to 31 July**

Natural Gas consumption TJ	Jun-Jul/17	Jun-Jul/18	Jun-Jul/19	Jun-Jul/20	Jun-Jul/21	reference gas consumption Jun-Jul	Jun-Jul/23	Δ%
Overall consumption	45 867	43 345	46 457	39 472	40 925	43 213	33 008	-23,6%
Dedicated power plants (CCGT)	21 813	18 094	21 007	18 768	17 051	19 346	13 946	-27,9%
Other uses	24 054	25 251	25 450	20 705	23 874	23 867	19 062	-20,1%

Note:

2021, 2022 and 2023 data are provisional

From the analysis of the available data, it is possible to verify that in the period of June 2023 and July 2023, comparing with the average of the five homologous periods of the reference period, a reduction of 23,6% in the global consumption of gas was attained.

Considering the data provided on the previous report and the data in the previous table, Table 7 below shows the cumulative gas demand variation since April 2023:

TABLE 7 – NATIONAL GAS CONSUMPTION FROM APRIL 2023 TO JULY 2023 AND RATES OF CHANGE

**Monitoring on the implementation of the demand-reduction measures
Article 8 of Council Regulation (EU) 2022/1369 of 5 August 2022
Period from April to July**

Natural Gas consumption TJ	Apr-Jul/17	Apr-Jul/18	Apr-Jul/19	Apr-Jul/20	Apr-Jul/21	reference gas consumption Apr-Jul	Apr-Jul/23	Δ%
Overall consumption	84 329	76 779	85 328	69 795	79 735	79 193	59 126	-25,3%
Dedicated power plants (CCGT)	35 749	24 542	33 185	24 949	29 577	29 600	21 100	-28,7%
Other uses	48 580	52 237	52 144	44 846	50 158	49 593	38 027	-23,3%

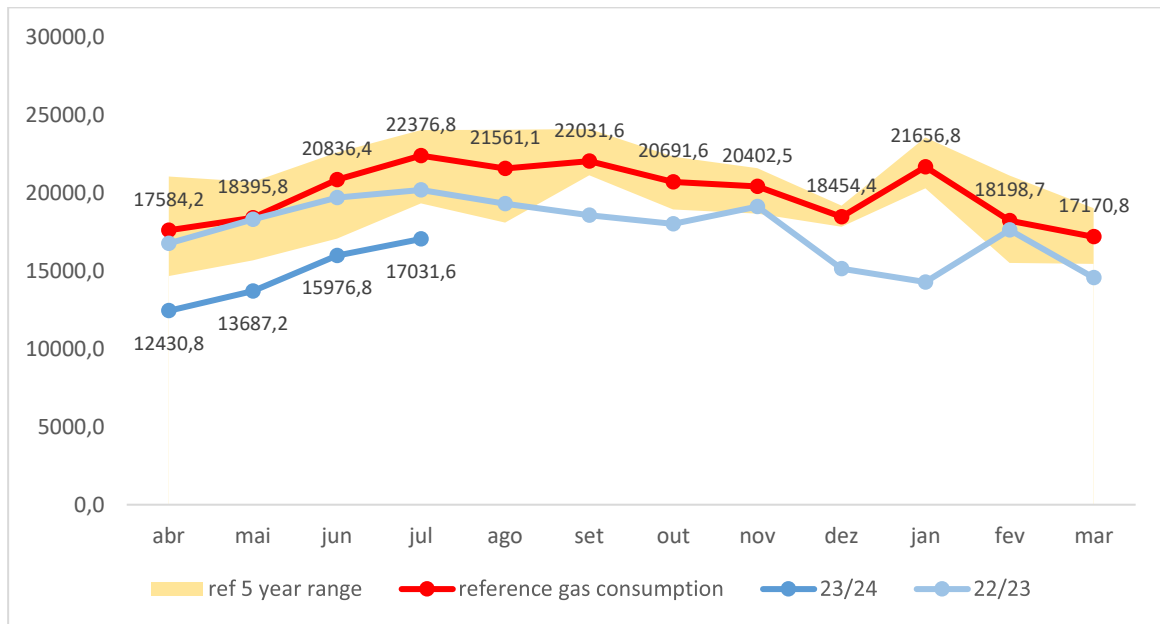
Note:

2021, 2022 and 2023 data are provisional

From the analysis of the available data, it is possible to verify that in the four months assessed period (April 2023 – July 2023), in comparison with the historical average of the last five homologous periods, a reduction in the global consumption of gas of over 25% was attained.

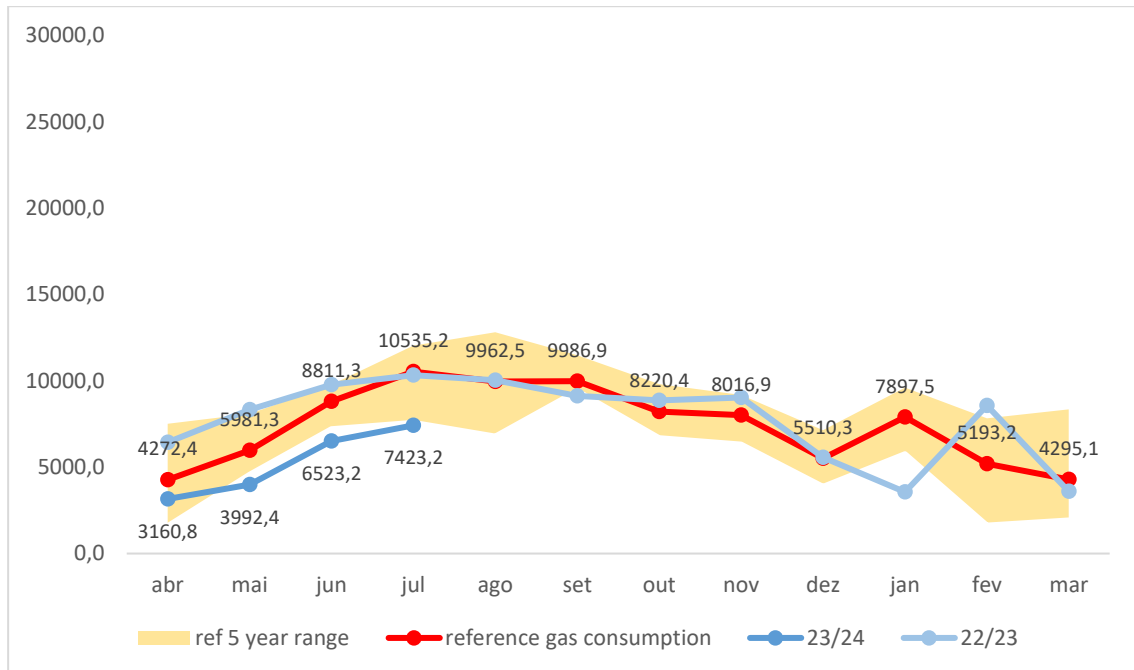
The following graphs show the evolution of gas consumption, disaggregated according to the previous tables, comparing the values for the 2023-2024 period (dark blue line) with the reference ones (red line). The consumption range shade during the 5-year reference period is also presented (light orange shade), as well as the evolution of gas consumption recorded in 2022-2023 (light blue line), so that possible trends can be verified.

FIGURE 1 – TOTAL GAS CONSUMPTION FROM APRIL TO JULY (TJ)



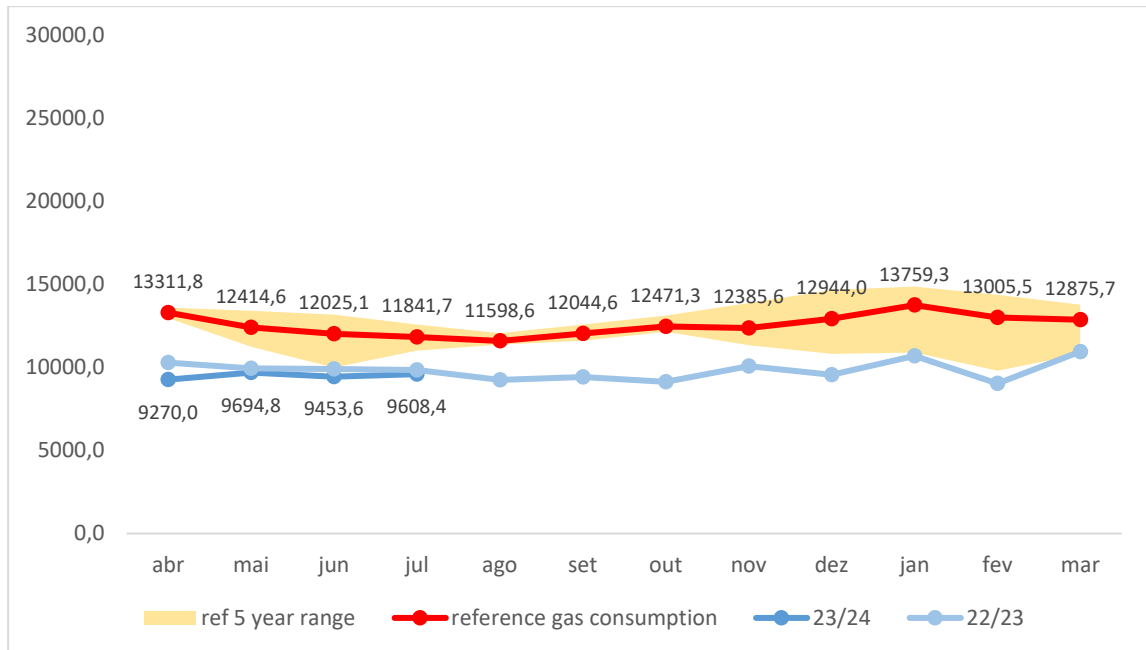
It is possible to see that the total gas consumption in the four months analysed was significantly lower compared to both the reference consumption and last year's consumption. The cumulative reduction in the four months compared to the reference consumption was 25,3%. On an annual basis (YoY), there is a reduction of 21,0% in total gas consumption verified from April to July. It seems also important to mention that the total gas consumption in this first four months was always below the minimum value of the range of the reference period.

FIGURE 2 – CCGT GAS CONSUMPTION FROM APRIL TO JULY (TJ)



Gas consumption in dedicated power plants shows significant fluctuations throughout the year, highly dependent on the meteorological and climatic conditions observed. Even so, and despite the reduced rainfall during the four months under analysis, gas consumption at the CCGTs is lower than during the same reference period (- 28,7%). The reduction compared to the previous year is even more significant (- 39,5%).

FIGURE 3 – OTHER USES GAS CONSUMPTION FROM APRIL TO JULY (TJ)



As for the consumption of gas in other uses than exclusive power generation, it is possible to verify the reduced seasonality in gas consumption throughout the year. The fluctuations are relatively small, allowing confirmation of the high dependence that fluctuations in the total gas consumption have on the production of electricity by the dedicated power plants.

As with total consumption, gas consumption in the group 'other uses' remains below the reference consumption (- 23,3%), although comparing YoY variation it is smaller (- 4,9%).

Analysing the above graphs, it appears to be a consistent downward trend in gas consumption, particularly in sectors less affected by seasonal and weather effects. However, further assessment on the evolution of gas consumption shall be done in order to verify whether the reduction that took place in 2022-2023 and seems to continue is structural.

5. CONCLUSIONS

Portugal has reduced until the end of July its total gas consumption by almost 25,3%, since April, when compared to the average consumption of the same period in the five years of the reference period.

The reduction in gas consumption in June and July, when compared to the reference period, is achieved in all sectors, although with greater significance in the electricity sector.

The consumption of 'other uses' remains well below the consumption during the reference period but when compared on an annual basis the changes are less significant. This situation may demonstrate that the reduction achieved last year was permanent. It will be crucial to continue monitoring the development of these consumption in order to assess the structural extent of the reduction.

Regarding electricity generation, there is a significant decrease compared to the reference period, but the dependence of the electricity sector on weather conditions, particularly in hydroelectric generation, requires the permanent monitoring of consumption of CCGTs. The reduced rainfall in June and July, following the same pattern as the two previous months, to which must be added the need to manage the available water resources and the forecast of a hot and dry Summer, reduced hydro production when compared with historical data for the same period. This low availability of hydro is expected to continue in the next months.

The developments in new installed capacity, namely solar, and the use of the electricity interconnections with Spain may allow to maintain the reduction in the need to resort to electricity generation in CCGTs.

One word to the implementation of the Portuguese Energy Saving Plan 2022-2023. The consolidation of the plan and of its measures, even with its possible review and extension, will bring lasting results, which may already be reflected in actual consumption data.

Finally, the geopolitical situation and its impact on gas prices and, more broadly, on overall energy prices and ultimately on inflation. The stabilisation of gas prices, while good news, may change consumption trends, particularly for large industrial consumers. Portugal is confident that the actions that are being taken will allow structural changes in the consumption to be achieved with socioeconomic development at the same time and is fully committed to meet the reduction of gas consumption set by the Council Regulation (EU) 2022/1369.