

Oil Security and Emergency Stocks in the Czech Republic

IEA-EU-HANDA Workshop
Establishment of Emergency Oil Stocks
in Southeast Europe
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Czech economy

- CZ untypical in the EU/IEA as in Total Primary Energy Supplies :
 - High consumption of coal ca 49%
 - Low consumption of oil ca 20%
 - share of liquid fuels in the production of heat and electricity low - 2,6% (while coal 84,4%, gas 13%)

Basic Facts

- Administration of the State Material Reserves, the Czech Republic (ASMR) : state administration body with its own chapter in the state budget
- ASMR is the owner of state material reserves on behalf of the State
- Material reserves : strategic stocks for the mobilization and mitigation of impacts of crises, stocks for humanitarian aid

Policy

- Surplus of strategic stocks accumulated during the past regime (others than liquid fuels) has been gradually sold
- Cash earned from the sales is mostly used for the purchase of crude oil and liquid fuels

Main Priorities

- IEA membership (accomplished in February 2001)
- EU membership (Agreement on the Accession signed 16th April 2003)
therefore
- legislation was made to measure to both targets
- no obligation of the industry to hold stocks at the present time
- however there is a project in this respect
(90 days to be held by the state (ASMR) and 30 days to be held by the industry)

Basic legislation

- Act No. 97/1993 (on the ASMR) as amended
- Act No. 189/1999 (oil stocks and oil emergency)
- Decree No. 184/2000 (oil stocks - more details)
- System of state-owned oil stocks won in a contest with an agency system in the inter-ministerial discussions and was confirmed by the Government and the Parliament

Act No. 189/1999

emergency oil stocks :

- state material reserves
- financed from the state budget
- taxes paid, however returned if oil remains in storage
- target : coverage of 90 days of net imports (IEA) and 90 days of consumption of the selected petroleum products (EU)
- present figures : IEA 129 days at 28.2.2009, EU 107 days (average 2008 for 2009) at 31.3.2009

Act No. 189/1999

ASMR responsibility

- purchase, stockpiling, rotation, sales, temporary loans of oil stocks over 90 days
- yearly inspections of the volumes stored (depots are mostly not owned by the ASMR)
- penalty for the misuse of the emergency oil stocks

Act No. 189/1999

ASMR responsibility

- set-up of oil emergency plan
- oil data collection on imports, exports, processing, stocks - in normal time Czech Statistical Office, in emergency ASMR
- NESO Secretariat
- EU and IEA contact
- drafts of emergency documents

Act No. 189/1999

responsibility of the ASMR Chairman in oil emergency

- recommendation to the Government :
 - to declare emergency
 - to revoke emergency
 - to suggest emergency measures
 - to approve for stock draw (over 90 days)

Act No. 189/1999

oil emergency measures

- limits on max. speed
- restrictions on the use of some types, categories and classes of motor vehicles during specific days or for specific kind of transportation
- restrictions or ban on the use of some groups of motor vehicles (even/odd plates) during certain days

Act No. 189/1999

oil emergency measures

- restrictions on aviation transport and other aviation activities
- restrictions on the opening hours of petrol stations and ban the sale of fuels into canisters
- regulation measures for the use of industry oil stocks
- rationing system, ban on exports

NESO – National Emergency Sharing Organization

- Head : ASMR Chairman
- ASMR - Secretariat
- State Administration - MIT, MF, MI, MoD, MA, MTC, CSO
- Industry - CAPIT (Secretary General), members of CAPIT -refineries, owners of crude oil and petroleum products pipelines and storage sites, main oil market players

NESO

in normal times

- regular meetings - in normal times twice/year
- approval of basic documents
- emergency procedures
- trainings
- emergency exercises, tests in data collection

NESO

in emergency

- to proceed in compliance with
 - Act No. 189/1999 (oil stocks and emergency)
 - Government decisions
 - EU/IEA decisions
 - procedures as per IEA manuals (QuE, Voluntary Offers)

Oil Stocks

- crude oil max. 60%, rest in petroleum products (EU categories) - Act No. 189/1999
- may be held in abroad (max. 17%) - Government decision (Government agreement with Germany)
- petroleum products rotated permanently (quality specification amendments - Directive No. 98/70/EC)
- crude oil in tanks 5 years (if not loaned to the industry) – quality followed by the Technical University *)
- no tickets, physical stocks only

*) (ČVUT Praha - alma mater of Nicola Tesla)

Experience

- Centralized system

(state-owned oil stocks) – EC would like to have state owned stocks for all its countries for at least 30 days, such a proposal, however, not accepted by member states

- ✓ proved reliable during the crises (floods 1997 and 2002)
- ✓ is not a hindrance for rotation
- ✓ state oil stocks are held separately from industry operational stocks (transparency, prompt availability, no unavailable stocks deduction in contracts)

Thank you for your attention

