



## 14<sup>th</sup> Meeting of the Eastern Partnership Platform 3 on Energy Security 11 December 2015, Brussels, Belgium

### Meeting Report

#### Summary:

The 14th meeting of Platform 3 on Energy Security of the Eastern Partnership was held in Brussels on 11 December 2015 back-to-back with the regional INOGATE Workshop on 10 December 2015 on "Security of supply and interconnectivity: helping INOGATE Partner Countries to adopt adequate regulatory frameworks, methodologies and tools". INOGATE country coordinators participated actively in the Platform 3 meeting. The meeting gathered a high number of participants notably on the side of the partner countries going beyond the normal number and level of participants.

Representatives from the EEAS explained how the work under Platform 3 fitted into the overall review exercise of the European Neighbourhood Policy, underlining the principle of inclusiveness and confirming the EU's commitment to the multilateral strand and to strengthening the overall security aspect in the partnership's works. Participants were debriefed on the first State of the Energy Union report and the latest developments under the INOGATE programme and its successor programme which should start from May 2016 onwards.

The thematic session was based on the informal ministerial energy dialogue in Baku in September 2014 and the outcome of the Riga summit which has as a long-term objective to identify future projects of regional interest in the area of electricity interconnections. Based on a short background note with some steering questions, a brainstorming session was held in order to develop a methodology to identify, design and implement such projects of joint interest. The more technical aspects which were discussed at the regional INOGATE workshop the day before fed constructively into that debate. Considering the aspect of security, participants also discussed system synchronisation and contingency planning in the power sector.

The third session was dedicated to the review of the multiannual work programme of Platform 3 which is foreseen in the Eastern Partnership rules and procedures for all platforms and which goes hand in hand with the reviewed European Neighbourhood Policy. Discussions were based on a questionnaire which had been sent to all relevant stakeholders. While the number of written responses was quite limited, the discussion conveyed some forward looking suggestions to be taken into account. The deadline for submitting replies was extended to 31 December 2015 and all stakeholders are still invited to share their views.

Finally, participants decided on two concrete studies to be carried out under the High Quality Studies to support the Activities under the Eastern Partnership (HiQSTEP).



All PowerPoint presentations given during the meeting are available on the following web-page:  
<https://ec.europa.eu/energy/node/2710>

## 1. Opening session

The meeting was chaired by **Ms Mechthild Wörsdörfer**, Director for Energy Policy and **Mr Hans van Steen**, Head of Unit for International Relations and Enlargement at DG Energy, European Commission. In her welcoming words, Ms Wörsdörfer expressed her condolences to Azerbaijan after the recent and tragic accident at the offshore Platform n°10 of SOCAR's Gunashli oilfield. She referred to the conclusion of the trilateral talks between Ukraine, the Russian Federation and the EU on natural gas supply and transit for the winter 2015-2016, to the latest developments in energy policy in the EU, notably the first State of the Energy Union report and its accompanying documents such as the review of the European Energy Security Strategy, presented at 18 November 2015, and to the review of the European Neighbourhood Policy (ENP), equally adopted on 18 November 2015. She furthermore noted the ongoing COP21 negotiations, the recent oil price developments and the ongoing crisis between the Russian Federation and Turkey, which may affect bilateral and global energy projects.

**Mr Boris Iarochevitch**, Head of Division for the Eastern Partnership, Regional Cooperation and OECD at the European External Action Service detailed the overall political context from bilateral and multilateral point of view. Mr Iarochevitch pointed out that the region still remains exposed to conflict and internal challenges. On the multilateral level, commitments were made at the Riga Summit earlier this year, identifying energy security and interconnectivity as key areas of joint interest. The Declaration of the Riga Summit and the Review of the ENP are considered a guiding basis for a more tailored approach, reflecting the interests and values of the EU and its partners. Energy security is considered vital, and also involves local economies. In that context, the Covenant of Mayors is a remarkable success. Energy cannot be seen in isolation and the approach should always remain inclusive.

**Mr Ignacio Perez Caltendey**, from the Energy Policy Coordination Unit in DG Energy, reported on the State of the Energy Union Report, which the European Commission presented on 18 November 2015. The State of the Energy Union Report summarizes the achievements since February 2015 and looks ahead at future challenges. Several accompanying reports and documents were released at the same time such as the European Energy Security Strategy Implementation Report and the National Factsheets of the Member States.<sup>1</sup> The EESS Implementation Report focusses on 4 pillars: 1) Immediate actions aimed at increasing the EU's capacity to overcome a major disruption during the winter 2014/2015; 2) Strengthening emergency/solidarity mechanisms including coordination of risk assessments and contingency plans; and protecting strategic infrastructure; 3) Diversifying external supplies and related infrastructure; 4) Improving coordination of national energy policies and speaking with one voice in external energy policy.

In his presentation, Mr Perez Caltendey focused on the political messages of the Energy Union, in particular next year's proposal for new electricity targets, a consumer friendly decarbonisation, and continued geopolitical challenges which push for diversification of roots, sources and suppliers of energy.

The EU perspective was complemented by **Mr Murman Margvelashvili** from World Experience for Georgia, Eastern Partnership Civil Society Forum, who shared the main findings and

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<sup>1</sup> [http://ec.europa.eu/priorities/energy-union/state-energy-union/index\\_en.htm](http://ec.europa.eu/priorities/energy-union/state-energy-union/index_en.htm)

recommendations of a joint study by the 6 Partner Countries: 'Energy Union and Energy Security in EaP Countries' carried out very recently under the auspices of the Civil Society Forum. The findings advocated a comprehensive approach on energy security as a part of national security of the countries involved, where national interests are integrated in national values. Mr Margvelashvili stressed that the conception of the Energy Union was timely in the light of new geopolitical challenges. Energy security is interrelated for both the EU and its neighbours. Security of energy flows, diversification of sources and other common issues (penetration of Russian capital in the markets, resistance to reforms from interest groups, corruption) are of high concern, which adds to the importance of projects such as the Southern Gas Corridor. The study concluded that synergy with civil society is important to give a more balanced approach and to align climate and the energy agenda.

## **2. Regional Energy Cooperation**

**Mr Peter Larsen**, Project Director of INOGATE, gave an update on the INOGATE programme and its remaining work until it ends in April 2016. There will be a final INOGATE Legacy Event on 17 March 2016. INOGATE has Country Work Plans (CWP) for all countries except Turkmenistan, and Regional Work Plans (RWP), of which the majority are in good progress. Mr Larsen noted the first Ukraine energy Policy Talks, held on 3 November 2015 and then gave a short overview of other key results in the energy and gas sector, in the Renewable Energy and Energy Efficiency field, and in the field of Energy Statistics in Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine and in the RWPs.

**Mr Heikki Noro**, INOGATE expert, presented the INOGATE study on financing overview of instruments available to support energy efficiency and renewable energy, in which financing facilities, instruments and flows for energy efficiency and renewable energy in Ukraine, Moldova and Georgia were mapped, the performance of those instruments were assessed and gaps, challenges and opportunities for present financing systems were identified. Mr Noro pointed out the role IFIs in facilitating market opening, but that there is additional help needed. Due to little pull on the markets, economies have slowed down, loans are too expensive and the necessary legislation is not in place. An overview was given of the financiers and grant donors, and the similarities and differences between the partner countries, after which future directions were pointed out.

**Ms Natalja Miolato** from the Regional Programmes Neighbourhood East Unit in DG Neighbourhood and Enlargement Negotiations provided the participants with information on the future regional energy programme, which was conceived on the basis of evaluation, strategic analysis and a strong consultation process. While the 4 areas of cooperation of INOGATE remain important, the overall situation of the Partner countries has evolved, demanding a new approach. The new overall framework takes into account the outcome of the ENP review, the different status of the regional groupings, being energy importers or exporters, feedback from international organisations, energy information and the need for a more sectoral approach and interconnectivity. The new programme is divided into 5 components, which will be divided amongst 3 projects, covering different regional groupings and cooperating with different organisations (IEA, Energy Community and Energy Charter secretariats). It is expected to become operational in May 2016.

The presentation was followed by a Q&A on INOGATE and the future regional energy programme. It will work on Energy Efficiency indicators and demand forecasting, based on IEA created information on all countries, which will be useful for all companies, organisation and policy makers, since information will become comparable. Another important element will be the development of a methodology of investment identification.

## **3. Thematic Session: Electricity Interconnections**

The subject of the thematic session goes back to the informal Eastern Partnership energy dialogue which was held in Baku in September 2014 and during which participants called for further interconnectivity in the power sector. This was endorsed by leaders at the Riga Summit in May. In order to achieve the long-term objective of carrying out concrete regional projects of joint interest, a sound and adequate regulatory framework needs to be in place, a coherent and comprehensive methodology to be developed and the appropriate tools to be identified.

**Mr Nikos Turlis**, Electricity Markets and Convergence Expert at the INOGATE Technical Secretariat, gave a summary of the INOGATE Regional Workshop on 'Security of supply and interconnectivity: helping INOGATE Partner Countries to adopt adequate regulatory frameworks, methodologies and tools' of 10 December 2015. After a short history of the 20 years existence of the INOGATE programme and an overview of the workshop's sessions on security of supply, policy, regulation and financing and electricity interconnectivity, Mr Turlis presented the achievements and challenges in those fields: In terms of security of supply, evolution of long term supply and demand balance, policy and legislation diversification and infrastructure, and international cooperation were considered a success for most Partner Countries. However, assistance is still needed for projects' identification and regional coordination. In terms of electricity interconnectivity, planning at transmission level and main barriers for investments proved to be successful, but project identification and appraisal, financing and regulatory treatment of new interconnections, consultation and cost sharing, and divergence with the EU practices were identified as stumbling blocks. Mr Turlis also provided an overview of all the interconnection projects, indicating that some of these projects might conflict if they are to be executed at the same time.

**Ms Catharina Sikow-Magny**, Head of Unit of Networks and Regional Initiatives of DG Energy, introduced the brainstorming session on development of a methodology to identify, design and implement electricity interconnection projects of joint interest in the Eastern Partnership, based on steering questions sent to the participants ahead of the meeting. The steering questions were focussed around how to develop a definition, methodology, principles, criteria, identification, best practice and monitoring of the interconnections projects of joint interest. Ms Sikow-Magny pointed out the importance of identifying projects that bring benefits, such as lower prices and competitiveness, and to prioritize and limit the number of projects. A methodology would bring about cheaper electricity for business and private consumers, enhance security of supply and allow to introduce more renewable energy resources into the system. One important criterion is that at least two partners need to be beneficiaries at the same time.

Representatives from all the Partner Countries, the EIB and the Energy Community took the floor and contributed to the subsequent brainstorming. One challenge highlighted was the importance and difficulty for the Partner Countries to identify and prioritise the key projects before making investment plans. The Partner countries gave an overview of the interconnection lines already in place, pointed out the need for modernisation of that infrastructure, and highlighted the difficulties they experience in attracting investments for new infrastructure projects. The elements of the discussions proved clear interest in cooperation within a regional setting and require further analysis.

**Mr Alexander Mondovic**, Regional Group Senior Advisor to the European Network of Transmission System Operators for Electricity (ENTSO-E), gave an update on the status of Continental European system extension projects. He first explained the principles of the extension, distinguishing clearly the 2 types of system extensions: system extension type A, which is the geographic extension of a control area which is part of the synchronous area of Continental Europe, and system extension type B, which is a synchronous interconnection between a control area which is part of the synchronous area of Continental Europe and a control area which is not yet part. The control area which has a geographical extension (Type A) needs to be compliant with the technical operational standards, but is not responsible for the operation itself, whilst the control area which joined the Continental Europe system (Type B) is responsible to be compliant with the full scope of Continental Europe technical operational standards. He compared both types of the system

extensions by using examples from Spain-Maghreb and Poland-Burshtyn geographical extensions and interconnections with Turkey, Ukraine, Moldova and the Baltic States, and Albania and Kosovo by analogy. Mr Mondovic concluded his intervention by stressing that ENTSO-E, in principle, recommends HVDC interconnections. For an AC interconnection, a feasibility and benefit assessment is needed.

**Mr Petri Nieminen**, Senior Advisor at the National Emergency Supply Agency (NESA) of Finland presented the NordBER cooperation as an example for cooperation on contingency planning in the electricity sector at regional level. He explained the principles and criteria which have led to this cooperation, its main purpose and tasks in relation to security of supply as regards power transmission and distribution. NordBER functions as a cooperation forum for the 10 members (the TSOs and transmission authorities of the 5 Scandinavian countries), dealing with issues of cross-border effects, cooperating with rotating chairmanship within a central group that leads operations and 5 to 10 working groups. Mr Nieminen indicated that the cooperation serves two main goals: cooperation regarding regular exchanges of information and experience, and contingency planning for the overall Nordic power sector as a supplement to the national emergency work.

**All Eastern partner countries shared an update on their power contingency plans** including the challenges as regards regional electricity interconnection projects and to what extent there is already existing cooperation or exchange of information with neighbours in order to enhance the process of identifying cross-border and regional projects. Comments and questions in the **discussion round** concentrated on the presentation of existing interconnection lines, future interconnection projects, and to the developments of the energy sector at large of the partner countries. **Georgia** gave an overview of the international cooperation with neighbouring countries in emergency situations, stated the developments within its Transmission Network and highlighted identified projects and investments for network reinforcement. **Armenia** indicated the modernisation of transmission lines and presented their investment projects. **Azerbaijan** pointed out the high voltage transmission lines, connecting with Georgia and Turkey, and Russia with Iran, stating their plans to export electricity to Turkey via Georgia. It acknowledged the lack of grid codes and common rules as challenges. **Belarus** stated its plans for contingency, indicating it can provide 100 MW. It equally expressed its concerns to ENTSO-E about the Baltic States leaving the existing grid and the consequences that would have for Belarus. **Moldova** gave an overview of its power supply options, grid and interconnections with its ENTSO-E asynchronous operation and IPS/UPS synchronous operation, its generation capacity and import capacity from Ukraine and Romania. It also presented its Energy Strategy 2030 and the intention to integrate more renewable electricity sources in the system. **Ukraine** pointed out its objectives of security of supply and harmonisation, and expressed its support for interconnection with Romania and Moldova. It stressed that the current political situation in Ukraine should be taken into account in the contingency planning during winter 2015/2016.

#### **4. Work in Progress: Next Steps**

The last session of the meeting focussed on the review of the work programme. All Member States and Partner Countries received a questionnaire regarding the 2-yearly review of the Work Programme 2014-2017. **Ms Marion Schiller-Probst** from the International Relations and Enlargement Unit, DG Energy, underlined that the deadline for the submission of the questionnaires was extended until the end of 2015. Before handing the floor to the participants, she gave an analysis of the responses received. The responses were overall positive, stating that the participants found the format useful, facilitating the start of bilateral relations among Partner Countries and between Member States and Partner Countries. They enhance coherence between multi- and bilateral strands. It seemed that the current subsectors and the activities of the Work Programme in general also respond to the interests. The participants to the survey also indicated some items to improve: there

should be increased cooperation ahead of the meeting, the ownership should be placed more with the Partner Countries and EU Member States, by for example hosting the events under the Platform. More EU Member States participation would be welcomed and more attention should go to regional integration, and energy efficiency and renewables. There were differing views on whether more thematic panels were needed and on the participation of third countries to the meetings. Some proposals were laid out, such as to make an inventory of activities and goals to be able to focus better on specific issues, to look at synergies between the 4 platforms, to develop a PR plan for visibility and to integrate a Model of Leading Nations as in Platform 2 under the new panel on harmonisation of digital markets.

During the roundtable several Partner Countries and organisations took part in the discussion. The EIB indicated the need for a focus on concrete projects instead of on policy. The EEAS stressed the importance of replying to the questionnaire in order to improve the format and content of Platform 3. Moldova pointed out the lack of ownership and visibility, asked for more engagement from Member States, and would like to see the activities more correlated with climate issues. The latter issue was confirmed by Azerbaijan, who also indicated that more attention should be paid to the development, generation and transmission of renewable energy sources and to the challenge how to integrate them in the grid. When reviewing the thematic areas, it seemed that second, third and fourth activities were perceived as most useful and received numerous comments. The comments on the second activity reiterated the wish for more participation of the Member States and more ownership for the Partner Countries. The responses on the third activity pointed out that district heating, efficiency in the building sector, transport and transmission losses are considered the most interesting topics. Reaching out to academia for those activities was suggested. For the fourth activity, there was also interest from countries without nuclear power plants whereas Belarus thought the platform should not duplicate work done at the International Atomic Energy Agency. At the end of this roundtable, Ms. Schiller-Probst presented the timeline for the near future: the end of the year was established as new deadline for submission of the questionnaire. Beginning of 2016 a draft review of the Work Programme will be prepared and disseminated to all Platform 3 stakeholders before being adopted through written procedure in the first quarter of 2016.

Finally, **Przemysław Musiałkowski**, Team Leader of the High Quality Studies for the Eastern Partnership (HiQSTEP) and **Keterini Sardi**, Key Expert for Energy, recalled the purpose and added value of this study facility which was created to support the Eastern Partnership specific activities. They gave an overview of the 3 proposed studies under Platform 3, of which the first (Analysis of licensing and fiscal frameworks for concession agreements) and the third (Effect of the placement of solar panels on the building for the purpose of increasing energy security and energy efficiency and developing clean energy – proposed by Georgia) were considered the most useful by the Partner Countries. It was jointly decided to start working on these two studies.

## **6. Conclusion**

**Mr van Steen** expressed satisfaction on the general agreement of the usefulness of the multilateral strand, which is reflected in the good level of participation during the meeting's brainstorming and discussions.

The Platform meeting focused on electricity interconnections, which rendered interesting ideas, coming forth out of the interactions. Further reflection is now needed to see how to proceed. Mr van Steen also noted the good discussion on the revision of the Work Programme and stressed that the deadline of submission of the questionnaire was extended until end 2015, after which the responses will be analysed and a draft reviewed work programme be disseminated. The meeting also decided on two studies that will be undertaken by the HiQSTEP.

The Chair thanked the participants for their active participation and the various speakers and colleagues for their respective contributions. He announced the next Eastern Partnership workshop of energy regulatory bodies which will take place in Vilnius in April 2016. Mr van Steen encouraged partner countries to share feedback and ideas for future cooperation and topics for the platform meeting or other events.

Enclosures: Agenda, background note, participants list