



Conclusions and Next Steps of CESEC Plenary Meeting and Working Groups of 28-29 November 2016 (drafted by the European Commission):

Day 1: Plenary CESEC meeting

- Overall satisfactory progress on "priority" projects, but many specific challenges remaining;
 - Action 1: Promoters, ministries, regulators to focus on removing remaining obstacles; EC ready to continue engagement to help overcome challenges
- Very limited progress on some of the CESEC "other" projects; in any event, CESEC focus to remain on "priority" projects
 - Action 2: [nevertheless, if relevant,] promoters or CESEC members may provide further updates or suggestions as regards the treatment of the "other projects" in the CESEC context by 16 December 2016, including any information on linkages to "priority" projects
 - Action 3: in view of "other" projects' heterogeneity EC to re-examine and categorize them
- Good progress with most short term Member State-level actions;
 - Action 4: EC to publish state of play of actions after reconfirming with Member States; (Energy Community Secretariat to publish review of Contracting Party progress on actions in January)

Day 2: Working Group on regulatory issues

Trading arrangements

- Action 5: Collection of further information on trading and clarification of terms and categories necessary to better gauge state of play – EC to coordinate
- All CESEC Member States should redouble efforts to establish/improve environment conducive to trading activity;
 - Action 6: Target of 8/20 "EFET Hub Score" to be achieved by all Member States by next CESEC HLG; Member States at or above that level (AT, HU) shall take actions to further improve score
 - Action 7: CESEC Member States to review EFET criteria and draw up action plan to implement necessary measures
- Market functioning can be improved via various measures (full or partial mergers, alternative tariff structures, common marketplaces, etc.); solutions will need to consider existing/planned infrastructure and gas flows, reality of regulatory cooperation, etc.
 - Action 8: CESEC countries are invited to report on models they consider effective and politically acceptable at next WG meeting

Tariffs

- In CESEC region with multiple small markets cross-border tariffs (in general and outliers in particular) are a key limiting factor to bringing new gas sources to markets (particularly those further from primary entry point due to pancaking of tariffs)
- Tariff structures/levels may be revisited on a country-by-country level or regionally with proposed solutions ranging from ensuring aligned approach to domestic

and cross-border flows (in the sense of the draft Tariff Network Code) to a large-scale tariff reform (e.g. removing cross-border tariffs)

- *Action 9: CESEC country regulatory authorities and transmission system operators should assess viability of various options, preferably also in consultation and closer cooperation with neighbouring regulators and report back on their positions and reform planning at next WG meeting*