



17th Meeting of the Eastern Partnership Platform 3 on Energy Security 23 June 2017, Brussels, Belgium

Meeting Report

Summary:

The 17th meeting of Platform 3 on Energy Security of the Eastern Partnership took place in Brussels on 23 June 2017. The meeting gathered participants from partner countries, from EU Member States as well as from other European entities.

In the opening part, information was shared on the main political developments in the Eastern Partnership in the run-up to the 2017 Eastern Partnership Summit, to take place on 24 November in Brussels, and on progress on the European Energy Union. Under the section “Regional energy cooperation” participants were informed on the progress and future work of the regional energy programme EU4Energy.

The thematic session was dedicated to the role of consumers and notably to the question of how the energy transition in both Eastern Partnership countries and EU MS could be optimized through an increasing engagement of the energy consumers.

Finally, participants were debriefed on the 2017 edition of the Eastern Partnership workshop of energy regulatory bodies. They were also updated on the four studies which are currently being carried out under the High Quality Studies to support the Activities under the Eastern Partnership (HiQSTEP) as agreed in the Platform meeting of December 2015.

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 Megan Richards**, Director for Energy Policy in the morning and **Ms Anne-Charlotte Bournoville**, Head of Unit for International Relations and Enlargement at DG Energy, European Commission in the afternoon.

Ms Richards informed participants of progress being made on the European Energy Union, notably the Clean Energy for all Europeans package and, in particular, on the focus the package gives on consumers. Based on the proposals made in the package, consumers across the EU will have a better



choice of supply, access to reliable energy price comparison tools, and the possibility to produce and sell their own electricity.

Mr Boris Iarochevitch from the External Action Service informed the meeting of the preparations for the next Eastern Partnership Summit, which will include energy interconnectivity and energy efficiency. Both sectors have an impact on the consumers, for instance by increasing energy market transparency and improving citizens' life due to the decrease in energy prices. Mr Iarochevitch also briefly explained the reasoning for the proposal to align the current Eastern Partnership multilateral architecture with the priorities agreed at the Summit in Riga in 2015. It is expected that the proposal will be endorsed at the next Summit.

2. Regional Energy Cooperation

Discussion: Towards the Eastern Partnership Summit 2017 and deliverables for 2020

The discussion aimed at taking stock on the progress of energy interconnections and energy efficiency milestones towards the Summit and at looking forward to the necessary work under Platform 3 to achieve the 2020 deliverables. Elements of the discussion will serve as input for the next work programme 2018-2020 under the reviewed Eastern Partnership multilateral architecture.

All partner countries confirmed their agreement with the content of the updated Joint Staff Working Document “Eastern Partnership – 20 Deliverables for 2020 – Focusing on key priorities and tangible results”¹ and notably with the deliverables 14 and 15 (Energy supply/Energy efficiency and renewable energy). The milestones were generally considered as being realistic and as being drivers for regional cooperation. Reference was made to the upcoming Informal Policy Dialogue on energy efficiency in Chisinau on 10 July. Questions focused on the review of the multilateral architecture.

EU4Energy: Bella Nestorova (DG Neighbourhood and Enlargement) and the representatives from the implementing partners, i.e. **Duarte Figueira** (International Energy Agency), **Svitlana Karpyshyna** (Energy Community Secretariat) and **Bilyana Chobanova** (Energy Charter Secretariat) reported on the completed inception period and the 1st Steering Committee of the cooperation programme between the EU, Neighbourhood East and Central Asia which was held on 19 May in Paris. They informed about the respective country and regional work programmes for 2017/2018. Finally, **Silvia Grant** (EU Neighbours East, OPEN Neighbourhood programme) presented the ongoing communication campaign on EU4Energy and encouraged all stakeholders to contribute by facilitating coordination and support, real-time information, public awareness campaign and media relations and press tours.

3. Thematic Session: Optimizing the energy transition through increasing engagement of consumers

Anna Colucci, Head of Unit at DG Energy on “Retail markets, coal and oil” summarized the elements of the “Clean energy for all Europeans” package² relating to the role and participation of consumers. The set of proposals aims at creating the right conditions for ensuring energy transition and necessary investments. It is expected that by mobilizing up to 177 billion euros of public and

¹ [SWD\(2017\) 300 final](#)

² <https://ec.europa.eu/energy/en/news/commission-proposes-new-rules-consumer-centred-clean-energy-transition>

private investment per year from 2021, this package can generate up to a 1% increase in GDP over the next decade and create 900,000 new jobs. The overall package aims at putting the consumer in the centre by focusing on empowerment, information and protection of the consumers. This implies the increased use of smart meters, creating a level playing field also for consumers who store or sell domestically generated electricity, and reinforcement of local energy communities. Clearer billing, access to price comparison tools and the restriction of fees when switching the energy provider are tools towards a well-informed consumer. As regards fighting energy poverty, Member States will have to define, monitor and report on energy poverty to be facilitated by an Energy Poverty Observatory which will be established. In addition, consumers shall receive adequate information on alternatives before being disconnected from the grid. Finally, the cooperation among the different distribution operators will be strengthened.

Consumers in the current and future energy markets in the Eastern Partner countries

Representatives of each partner country shared information of the situation in his/her country as follows:

Armenia - Ashot Ulikhanyan, Deputy Head of Tariff Policy Department at the Public Services Regulatory Commission: Armenia is undergoing a gradual liberalization of its energy markets which includes new services for electricity distribution, the revision of the right of the final consumer to sell self-generated electricity, the switching of energy suppliers. Works continue towards repartition of functions between distributors and suppliers.

Azerbaijan – Elshan Abdulazimov, coordinator of Eastern Partnership and energy issues at the Ministry of Foreign Affairs: Azerbaijan works currently towards comprehensive reforms for instance with the aim of increasing the share of natural resources into the electricity mix. The government is planning to adapt its supply and distribution system among others by improving the efficiency of distribution and consumption and the tariff system and by establishing an independent energy regulator. Further complex reforms after 2025 are to meet the consumer's demands as regards energy efficiency and increasing the level of energy quality.

Belarus – Andrey Zorich, Head of Strategic Development and external investment cooperation department at the Ministry of Energy: Belarus is currently drafting a revised electricity law. As regards the impact on the consumers, the main challenge is to find the right balance between state subsidies, tariffs and the integration of electricity generated by renewable energy sources. Increasing costs is a sensitive issue affecting the whole of the economy of Belarus, households and industry. Energy poverty is increasing. The main role of the consumers at this stage is considered to be electricity conservation and decreasing waste.

Georgia – Tamar Barsonidze, Chief specialist at the Georgian National Energy and Water Supply Regulatory Commission (GNERC): Georgia's most important work is to integrate the electricity produced by renewable sources and the incentives towards the consumer, e.g. by reforming the tax codes. The main challenges and next steps concern the customer's rights to choose a supplier, the protection of vulnerable customers, improving the reliability of energy supply and the implementation of EU directives on energy efficiency, emission etc.

Moldova – Denis Tumuruc, Head of Department for energy efficiency and renewable energy policies at the Ministry of Economy: Mr Tumuruc informed briefly on the progress of legislation recently approved and under development in view of ensuring security of gas and electricity supply and strengthening the role of the country as a transit corridor for natural gas and electricity. Moldova works towards a liberalized market to the benefit of the consumer. This includes increasing options to change the energy supplier, intensifying competition among suppliers and creating transparency on

the market. The government is undertaking several initiatives and campaigns pursued to inform and educate the consumer.

Ukraine – Oleksandra Kozlovska, Head of International Cooperation and European Integration Department at the Ministry of Energy and Coal Industry: With the aim to integrating in the European energy market, recent efforts in reforming the energy sector of Ukraine led to major results, especially with regard to security of supply and protection of consumers' rights. For instance, consumers of natural gas have been provided with the right conditions to ensure their active involvement in the market, procedure to sign contracts on natural gas supply through joining supply grids by an application have been simplified, compensation in case consumers receive below-standards quality of gas/services is allowed, consumers will be free to choose among different suppliers. Through the recently adopted law on electricity, an energy Ombudsman is established, which will act as an impartial intermediary between parties and thereby enhance the role of consumers in the relations with their power and gas suppliers.

The **discussion** focused on the increase of tariffs at retail level in the EU and the Eastern partners which would require short and long term responses. For instance, putting in place all the necessary elements that will foster market functioning, increasing the flexibility of the network including more decentralization and digitalization are important elements which entail transition costs but which will lead to decreasing subsidies and stabilize tariffs at the long term. There was agreement that liberalization of tariffs is hard to be ensured and to be explained to the consumers in both regions, but that there is a wide range of tools to help vulnerable and energy-poor without acting on market prices. Discussants also raised the increasing role of the regulatory bodies as facilitators between energy suppliers and customers and were interested to learn more about the installation of an energy Ombudsman and related experiences in Ukraine and Georgia.

Sergio Ascari from the Florence School of Regulation presented the main findings of a study which analysed key features of the current Ukrainian gas market and its mid-term perspective and confronts it with key metrics of the EU Gas Target Model concept. The final report will be available in July. The analysis shows that Ukraine is mirroring energy poverty emerging like in the EU, that the governments' plan to become energy self-sufficient is feasible but costly. In order to involve the consumer in that endeavour, the process must be slow and well controlled.

Finally, **Toni Vidan**, Member of the European Economic and Social Committee presented the future energy markets from the consumers perspective'. He welcomed the discussion on the increasing role on consumers in the energy area which 5 years ago would still not have been possible. He observes a tendency that sooner or later customers would seek to become self-sufficient and leave the energy systems if their needs are not taken into account. It is therefore in the governments', the public sector's and the energy providers' interest to seek improving cooperation with the consumers. He therefore calls for improving public consultations, new technology to be driven by local governments, more support towards the concept of energy communities and finally not to forget to integrate rural households into future smart energy systems.

4. Work in Progress - next steps

Andrew Ebrill, Secretary-general of the Council of European Energy Regulators (CEER) debriefed the audience on the 6th Eastern Partnership Workshop of Energy Regulatory Bodies which took place in Kiev on 16-17 Mai 2017. The workshop focused on "Quality of supply from a regulatory

perspective” and more specifically on continuity of supply and commercial quality of supply. It was complemented by a field trip to the regional centre of excellence for metrology technology in Boyarka. The meeting report and all presentations are available online³.

Finally, **Przemysław Musiałkowski**, Team Leader of the High Quality Studies for the Eastern Partnership (HiQSTEP) and the respective study team leaders provided an update on the three ongoing studies under Platform 3 as follows: i) **Nikos Tourlis**: “Effect of the placement of solar panels on buildings to increase energy security and energy efficiency and develop clean energy in the Eastern Partner countries”; ii) **George Georgocostas**: “Energy efficiency in industrial sectors in Georgia and Azerbaijan” and iii) **Vagn Jorgensen**: “Analysis of licensing and fiscal frameworks for concession agreements”. HiQSTEP is also mandated to carry out an inventory of EU and EU Member State cooperation activities at bilateral and regional level with Eastern partner countries. This inventory is expected to be ready by the Summit.

5. Conclusion

Ms Bournoville made a brief wrap-up of the different meeting topics. She underlined again the need to put all necessary frameworks in place to enable the consumer to engage more in the transition to a low carbon economy including in the energy systems in both regions. The discussions during the meeting clearly showed that the EU and partner countries are facing similar challenges in that respect and that both sides can only take advantage in cooperating further on related topics, for instance on tariff design or on the protection of vulnerable consumers.

In the broader picture, Ms Bournoville recalled the ongoing preparations towards the Eastern Partnership Summit on 24 November and the upcoming Informal Policy dialogue on Energy Efficiency in Moldova on 10 July. She welcomed the work of EU4Energy which is expected to significantly contribute as a key tool in our energy cooperation under the Eastern Partnership.

The next meeting of Platform 3 will take in late autumn after the Summit. It will be the last meeting in its current shape, before changes of the new Eastern Partnership multilateral architecture come into force. This may be a good momentum to review the way of working in the then future energy panel. At the same time she assured participants that the scope of energy cooperation will remain as broad as it is now even though interconnectivity and energy efficiency have been identified as the key priorities up to 2020.

Ms Bournoville invited EU Member States to indicate who would be willing to host the next workshop of regulatory bodies in spring 2018.

The Chair thanked the participants for their active participation and the various speakers and colleagues for their respective contributions and she encouraged partner countries to share feedback and ideas for future cooperation and topics for the platform meeting or other events.

Enclosures: Agenda, participants list

³ <https://ec.europa.eu/energy/node/2710>