

“Meeting of the Central and South-Eastern European Connectivity (CESEC) High Level Group in Bucharest on 1 April 2019

Conclusions

The High Level Group

As regards gas:

1. With regard to the CESEC priority gas infrastructure projects, the High Level Group:
 - Welcomes the Final Investment Decision regarding the LNG terminal on the island of Krk made in January 2019. Acknowledges the strong commitment and financial backing of the Croatian government which, along with the help of the European Commission, enabled the positive outcome on this project, which is of strategic importance to the security of supply of the European Union and a game changer for the security of supply of Croatia and the region.
 - Welcomes the progress in the construction of the first phase of the Romanian and Hungarian sections of the Bulgaria-Romania-Hungary-Austria (BRUA) corridor, expects that the project will enter into operation by the end of 2019 and that its full transmission capacity will be offered to market participants in accordance with the applicable EU rules.
 - Welcomes progress achieved so far and recalls the necessary efforts to ensure the timely completion of the Trans-Adriatic Pipeline (TAP) by 2020.
 - Welcomes the decision to award more than €27 million from the Connecting Europe Facility for the rehabilitation of certain pipeline sections on the internal Bulgarian gas network and expects the project to enable the full utilization of existing and future gas interconnectors also in view of improving competition and the functioning of the gas market in Bulgaria and the region.
 - Welcomes progress in the implementation of the interconnector Greece – Bulgaria (IGB). The public procurement procedures are expected to be finalized during the second quarter of 2019, enabling the launch of construction works before the summer. The High Level Group invites the project promoter to step up its efforts so that the pipeline can enter into

operation in 2020 when the first TAP deliveries are also expected. The High Level Group further calls upon responsible transmission system operators to conclude the interconnection agreements in due time for the envisaged project schedule.

- Invites the involved parties to step up their efforts regarding the Bulgaria-Serbia Interconnector (IBS), find solutions on all outstanding issues to enable rapid progress on the Bulgarian section, and complete the project by 2022 at the latest in accordance with the timetable agreed by the two countries at the EU-Western Balkans Summit on 17 May 2018.
 - Welcomes progress in the implementation of the other CESEC infrastructure projects, which will also contribute to regional market integration.
 - All infrastructure projects should be implemented in compliance with EU legislation and taking into account the interests of all CESEC countries.
2. Endorses the updated Gas Action Plan and underlines the need to speed up the implementation of all action points not yet finalised with a view to improving the functioning of gas markets in the countries of the region.
 3. Stresses the urgent need to progress towards enabling physical reverse flow on the Trans-Balkan pipeline system in accordance with the agreed Concept Paper and the Memorandum of Understanding signed in September 2016 by the transmission system operators of Greece, Bulgaria, Romania, Ukraine and Moldova.
 4. Expects the respective transmission system operators to offer firm capacity products starting on 1 January 2020 according to the annual auction calendar, with the first auctions for the yearly products starting in July 2019 and the auctions for the quarterly products starting in August 2019. The firm capacity products offered should enable bi-directional flows reflecting market demand across the borders, with full access to national markets taking into account on-going competition cases. No capacity product should be conditional upon domestic gas consumption. In emergency situations, the Gas Security of Supply Regulation 2017/1938 should apply.
 5. Stresses the need for more productive and tight cooperation in the context of regional security of supply, according to the respective provisions of the Regulation 2017/1938.
 6. Stresses the need that transmission system operators sign gas interconnection agreements in line with EU rules for all interconnection points in the CESEC region. In particular, there is an urgent need to sign or revise agreements for all interconnection points between Romania and Bulgaria, Romania and Hungary,

Moldova and Ukraine and also between EU Member States and Energy Community Contracting Parties.

7. Calls upon the Regulatory authorities to ensure that capacity on interconnection points between the transmission system operators of EU Member States and Energy Community Contracting Parties, as well as within the Energy Community, is allocated in line with Network code on capacity allocation mechanism.
8. Underlines the importance of ensuring broad access to the transmission infrastructure and making available short-term capacity to market participants on a transparent and non-discriminatory basis. Stresses in this regard the importance of the availability of gas volumes that can be freely traded in regional markets to increase liquidity, improve market functioning and enable the diversification of gas supply.
9. In order to tap into the potential of the Black Sea offshore gas resource, reiterates the necessity to develop close links between the gas networks of the CESEC countries by completing the identified priority projects, eliminating remaining barriers such as differences in gas quality, and underlines the importance of safeguarding a stable and predictable regulatory framework for investors and the need to avoid measures that distort the functioning of wholesale and retail gas markets.

As regards electricity:

10. Welcomes the decision to award more than €28 million in grants from the Connecting Europe Facility for the construction of a second interconnector between Bulgaria and Greece and looks forward to a swift project implementation allowing the interconnector to be commissioned by 2023 in line with the announced schedule.
11. Welcomes the decision to award €48 million in grants from the Connecting Europe Facility for the construction of the Slovenian sections of the interconnector between Hungary, Croatia and Slovenia and looks forward to having the new overhead line commissioned by 2021.
12. Welcomes the finalisation of the construction of the first pole of the undersea HVDC link between Italy and Montenegro and looks forward to its coming into operation by the end of this year, following a test phase.
13. Notes that the availability of the Trans-Balkan electricity corridor, in particular its sections in Serbia, is one of the preconditions for the second pole of the Italy-Montenegro interconnector, doubling the transmission capacity between the two countries. Invites the parties involved in that corridor to carry out necessary cost-benefit analyses and address remaining bottlenecks.

14. Welcomes progress in the implementation of the other CESEC electricity infrastructure projects which will allow for the creation of a larger and interconnected regional electricity market:

- The SINCRO.GRID smart grid project in Slovenia and Croatia as a best-practice example for regional cooperation, potentially replicable to facilitate the energy transition in the region and beyond.
- The Black Sea Corridor, which will connect renewable power generation sites on the Black Sea coast to the wider CESEC region.
- The initial steps taken to remove the bottleneck between Ukraine and Slovakia by increasing the capacity of the electricity line between Mukacheve-Kapusany. A level playing field in terms of equivalent basic rules with respect to market access, infrastructure and market opening, as well as environmental and safety standards aligned with European legislation will facilitate electricity trade between the EU and Ukraine.
- The ongoing implementation of the Interconnections between Hungary and Slovakia.

15. Endorses the updated Electricity Action Plan and invites the involved parties to implement all action points as a matter of priority.

16. Underlines the importance of setting up and/or improving the functioning of power exchanges in all countries of the region, tackling regulatory barriers that hinder market coupling.

17. Invites the transmission system operators of Greece, Romania and Bulgaria to appoint (participate in, or set up) a Regional Security Coordinator, pursuant to the System Operation Guideline in the most efficient way.

18. Stresses the need to make rapid progress in the implementation of the electricity market coupling projects between EU Member States and Energy Community Contracting Parties, as identified in the updated CESEC Electricity Action Plan.

As regards renewables:

19. Underlines the vast renewable energy potential of the CESEC region, inter alia the cost-competitive potential especially from for wind and solar estimated to be 130 GW already today, and the added value of an increased deployment of renewable energy for a cost-effective, low-carbon, integrated and secure energy system and job creation and stresses:

20. Stresses the value of the forthcoming study by the International Renewable Energy Agency assessing the cost-competitive renewable energy potential across sectors and its relevance for national and European long-term strategies for energy and climate policies.
21. Underlines the importance of stable and efficient framework conditions for a cost-effective renewable energy deployment and the need to exchange best practices and to explore options to reduce the cost of capital, in particular through a de-risking guarantee scheme with the support of EU.
22. Stresses the need for the removal of regulatory and technical barriers for the full deployment of the renewable energy potential and importance of further increasing market, grid and sectorial integration of renewable energy and of exploring best practices in this field.
23. Underlines the opportunity for regional cooperation on renewable energy policies, including for the development of cross-border projects in the field of renewable energy also with a view to opportunities under the new Connecting Europe Facility.

As regards energy efficiency:

24. Underlines the importance of developing energy efficiency in the CESEC countries, especially in buildings and heating infrastructures.
25. Encourages an enhanced regional cooperation through a CESEC Energy Efficiency Forum to be set up and implemented by the Commission together with the Member States, drawing on best practices and the use of innovative financial instruments to trigger additional private financing for energy efficiency.
26. Stresses the need to progress in the implementation of the energy efficiency legislation in the CESEC countries.
27. Encourages the finalisation of the National Energy Efficiency Action Plans (NEEAPs) for the Energy Community countries.

As regards National Energy and Climate Plans (NECPs):

28. Confirms the importance of regional cooperation in developing long-term energy and climate plans and decarbonisation strategies.
29. Welcomes in this context the start of regional cooperation on the draft National Energy and Climate Plans in line with the requirements of the Regulation on the

Governance of the Energy Union and climate action and underlines its commitment towards this process.

30. Welcomes the opportunity of the future collaboration with the Energy Community Contracting Parties in this exercise in view of the application of the relevant European Union regulatory framework throughout the Energy Community.