



## Meeting Report

### 3<sup>rd</sup> Energy Panel

17 June 2019, Brussels, Belgium

#### **Summary:**

The third meeting of the Energy Panel under the new Eastern Partnership (EaP) multilateral architecture took place in Brussels on 17 June 2019. The meeting gathered participants from the six partner countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine), from Member States and from other European entities.

The discussions during the meeting focused on reviewing the work in progress on Deliverables 14 and 15 – interconnectivity and energy security -, on the implementation of energy reforms, visibility and communication, as well as on looking forward to the work and challenges that lie ahead, especially after 2020.

All background documents and PowerPoint presentations given during the meeting are available on the following web-page: <https://ec.europa.eu/energy/en/meetings-eastern-partnership>.

#### 1. **Introduction and work in progress** (Deliverables 14 and 15)

**Anne-Charlotte Bournoville**, HoU for International Relations in DG Energy, European Commission, chaired the meeting. The chair referred in her introduction to the latest developments of the EU Energy Policy since the second Energy Panel on 27 November 2018.

In the introductory remarks, COM and EEAS highlighted the role of the Eastern Partnership in promoting benefits for citizens and recalled some of the achievements. The Eastern Partnership, celebrating its 10 years anniversary this year, has been key in strengthening our relations over the past 10 years and in offering the opportunity to push energy reforms through political dialogue, peer exchange/best practices and an inclusive process with energy actors and civil society organisations.

The meeting discussed the progress made by the EaP partners to achieve the energy targets set in the “20 Deliverables for 2020”. The 20 Deliverables were approved at the EaP Summit in Brussels in 2017 and cover, inter alia, energy security, energy efficiency and renewable energy.

Discussions also focused on the importance of LNG and on the ongoing study, feeding future policy developments. The Civil Society Forum stressed that LNG represented positive developments even for countries without a maritime access.



**Mr Darski**, EEAS, recalled that during the 10 year EaP Anniversary High-Level Conference held in Brussels on 14 May, President Jean-Claude Juncker and Commissioner Johannes Hahn announced a broad and inclusive structured consultation process to reflect on the future strategic direction of the Eastern Partnership and a new – post 2020 – generation of deliverables. This consultation process will be as inclusive as possible involving a wide range of stakeholders. This process would put a special emphasis on sustainable developments issues, which will have an impact on the energy policy.

**Mr Michael Rupp**, DG NEAR, highlighted the importance of the 10 Year Anniversary with a short report of the EaP 10th Anniversary High Level Conference of 14 May 2019. He presented an update of the Energy Deliverables 14 & 15, following the updated overview of their implementation as well as of concrete results achieved by March 2019.

**Ms Ewelina Hartstein**, DG Energy, debriefed the participants on two events:

- 1) On 2 April 2019 in Bucharest the first meeting of Eastern Partnership (EaP) energy ministers with EU Energy Ministers took place (back-to-back with the informal TTE Council). It was recalled that the COM had taken the opportunity to praise the good cooperation in the energy sector between EU and EaP countries, the 10th anniversary of EaP and the 20 Deliverables for 2020, in particular with respect to security of supply (deliverable 14).
- 2) The regional sub-sectoral network on LNG was successfully launched on 20 February in Warsaw. It was the first of a series of four workshops, followed by one in Lithuania (17 May), Ukraine (20 September) and Szczecin, Poland (November). It took the form of two expert panels, preceded by a high-level kick-off meeting. Among the 120 attendees were representatives of governmental institutions, private companies, and academia from the EU and Eastern Partnership (EaP) countries. Interventions related to an overview of the global gas market fundamentals, on the need and methods to promote the liquidity, flexibility and transparency in the global LNG market. Subsequently, on 17 May a second series of discussions was held, back-to-back with the 2019 Klaipeda LNG Forum. The Commission extended its thanks to Lithuania: hosting the workshop in Klaipeda allowed to showcase best practices in developing LNG potential with important spill-over effects for the region. On the margins of the Forum participants visited a stainless steel production facility in the shipyard as well as the LNG regasification station. The workshop was focused on devising the right regulatory framework for LNG to be developed, in particular as regards encouraging trust, investment and trade. Presentations were followed by a discussion amongst EaP participants, who presented the situation in their home countries. Preparatory work on the next panel, hosted by Ukraine (in Kyiv) has started. Discussions will be concentrated on the issue of cross-border cooperation and market integration. Participants were asked to save the date of 20 September. Invitations will be sent before the summer break.

**Ms Vera Gusenbauer** from the Austrian energy regulatory authority presented on behalf of the Council of European Energy Regulators (CEER) the findings of the 8th workshop of Eastern Partnership energy regulatory bodies. The workshop, which was organised by CEER, the Energy Community Regulatory Board (ECRB) and the European Commission was held in Minsk on 21-22

May 2019. The overall objective of this cooperation is to provide a forum of exchange amongst regulators and to facilitate expert-to-expert discussions on pressing regulatory topics.

This year's workshop placed the emphasis on the implications of digitalisation for the energy system. The objective of the workshop was to identify opportunities, but also challenges and risks of digitalisation. While the first session focused on regulatory challenges and EU policy considerations in the area of the new market design, the second part was devoted to cyber security and consumer protection and empowerment.

Following the report on the Eastern Partnership Energy Regulatory Bodies workshop, partner countries stressed that digitalisation is an important issue. The chair noted that this topic will be high on the agenda of the next Panel.

Under the regional connectivity session, some clarifications were made by the chair regarding the Projects of Partnership Interests (PEPIs), which are a **laboratory exercise** at this stage, with a methodology adapted to the 6 Eastern Partnership countries. The European Commission is currently assessing the process.

The Energy Community Secretariat gave an overview of the PECEI and PMI projects, identified under a well-established process, reviewed every 2 years.

Some partner countries stressed the challenges they face regarding the implementation and enforcement of EU energy acquis and the need to work together on this topic.

Further discussions focused on some of these projects. The COM suggested sharing written contributions after the meeting so that achievements by the partner countries as well as new projects with modern data are duly reflected in the next round of the 20 Deliverables monitoring.

Regarding concrete interconnectivity projects:

- On the PMI project of gas pipeline RO-MD (Iasi-Ungheni-Chisinau), the representative of the Ministry of Economy and Infrastructure of Moldova highlighted that the procedures related to the construction of the Ungheni-Chisinau natural gas transportation pipeline and related infrastructure has started. At the beginning of May, all contracts were signed with the companies that started works/investments on the construction of the pipeline. According to the schedule agreed by all involved parties, the construction works shall be finalized by the end of 2019.

The chair then asked when will the Iasi-Ungheni-Chisinau Pipeline be functional, to which the representative of the Ministry of Economy and Infrastructure of Moldova replied that the functionality of the pipeline directly depends on the investments planned on the Romanian side in the Romania's gas system. Therefore the Moldovan side considered it appropriate to ask for Romania's position on the term of ensuring the functionality of this gas pipeline.

- On the back-to-back electricity interconnection between Georgia and Armenia: the project is being pursued in the framework of larger electricity interconnection plans of both Armenia and Georgia. The representative of the Ministry of Territorial Administration and



Infrastructure highlighted that Armenia's integration to the regional markets is a guarantee for energy security of Armenia, with all preconditions being present for regional integration. For example an initiative to create a "North-South" Energy Corridor between Armenia, Georgia, Iran and Russia will give an opportunity to work with energy systems of Eurasian Economic Union and European Union. Currently Armenian energy system is connected with Georgian and Iranian energy systems. Armenia is realizing 2 major investment projects on construction of 400 kV OHLs with Georgia and Iran, which will create reliable infrastructure for regional energy trade and transit.

A presentation on the financing possibilities under the Neighbourhood Investment Platform was delivered by Orest Tokac, DG NEAR. He presented the overall priorities of the Neighbourhood Investment Platform (NIP), based on the Riga priorities and the 20 Deliverables. A portfolio of energy projects as well as good examples were highlighted. Although energy is a major priority, the renewable energy sector is still underrepresented in terms of investment. It was recalled to have more projects in this field coming to NIP, as it is a demand-driven instrument. Further exchanges took place on the operations in each energy sector and on the reasons that are currently explaining this gap for the renewable energy (legislative situation, absence of competitive tenders etc.)

## 2. Implementation of Energy Reforms, Visibility and Communication

The session started with a presentation of the revised Gas Directive by **Benedikt Klauser, DG ENER**. The presentation informed the participants about the new Gas Directive (EU) 2019/692, which amends the 2009 Gas Directive. It was published on 17 April 2019 and entered into force on 22 May 2019. The transposition time is set for nine months. Member States will have the opportunity to apply for derogations for existing pipelines within one year. With the adoption of the Gas Directive (EU) 2019/692, the EU has acquired an exclusive external competence for entering into intergovernmental agreements with third countries, which relate to interconnectors from or to third countries. This prevents MS from signing such intergovernmental agreements with third countries. Under the amended Gas Directive, the Commission can, however, authorise MS to enter into such negotiations if specific conditions are fulfilled. Despite such an authorisation, the draft intergovernmental agreement between a MS and a third country would still need to be assessed under the 2017 IGA Decision, which remains applicable.

This presentation triggered a number of questions. The Civil Society Forum representatives asked in particular about the impact of the new revised Gas Directive on the Nord Stream 2 project. The representative of Naftogaz of Ukraine asked whether Germany had clarified its position with regard to the application of the modified Directive to NS2, to which the Commission replied that Germany has signalled that it would fully apply the new legislation. The representative of SOCAR asked whether there would be any implications for the Southern Gas Corridor, to which the reply was that TAP was already beneficiary of an exemption, which would continue to be valid also under the new Directive.

Then, **Angela Bularga from DG NEAR** gave a presentation about an inventory of energy subsidies that was prepared as part of the EU-funded project on "Greening Economies in the Eastern Neighbourhood" (EaP GREEN). The study was carried out by the Organisation for Economic Co-

operation and Development (OECD) and is the first comprehensive and consistent record of energy subsidies in the six Eastern Partner countries for the period 2010 – 2015. Further discussions focused on the scope of the study and the key findings, which are coming timely for energy reforms under the Clean Energy Transition for both EU MSs and the 6 EaP countries. The representative of Italy highlighted that his country was in a process of revision of energy subsidies (and subsidies in general), and encouraged international partners to also engage in such process. He said that in some cases, for revising subsidies, the amendment of international agreements was necessary, which warranted the cooperation of all parties in the appropriate international fora.

The chair stressed that for the first time outside the EU, the Sustainable Energy Award has been extended, and it is for the Eastern Partnership Countries. The Award Ceremony took place on Tuesday 18 June, in Brussels. It was highlighted that the interest for this Award was very high, with as many as 55 projects submitted. The evaluation committee, composed of several EC services, selected six finalists, which were then subject to a public online vote. Here again, the interest was very high: 37 000 votes were cast between 28 May and 09 June. The public vote formed 50% of the total vote. In addition, and the evaluation committee voted on the final winner, constituting the rest of the final vote.

A brief snapshot of communication activities under the EU4Energy communication initiative was presented, with a focus on social media challenges, video production and interactive energy efficiency stands.

A success story on energy communication was highlighted in Armenia (energy efficiency festival for students).

**Mr Rick Flint**, from Ecorys, presented the main objectives and tools of the EU4Energy dissemination and information campaign.

The **European Commission** encouraged Eastern Partner countries and EU Member States to become more proactive as regards communicating energy related activities under the Eastern Partnership in their relevant countries, notably taking advantage of the 10<sup>th</sup> anniversary of the Eastern Partnership in 2019.

### 3. Looking forward – after 2020

Lastly, the meeting reflected on the future set-up of the EU4Energy programme as well as for future cooperation on energy under Eastern Partnership, priorities and type of activities. The development of secondary energy legislation, energy efficiency measures in public buildings as well as power and energy balance and biofuels & heats collectors were singled out for the future of EU4Energy.

Eastern Partners generally expressed gratitude to all the parties that make EU4Energy possible and ensured its implementation. As regards the future prospects of the programme, it was highlighted by Armenia, Azerbaijan, Georgia and Moldova that EU4Energy had a crucial contribution in the



transposition of EU and Energy Community acquis in all areas of energy policy, and in particular in energy efficiency.

For example, EU4Energy has been working with Armenia to introduce regulations for labelling products' energy consumption and having them comply with minimum energy performance standards (MEPS).

EU4Energy has collaborated with Armenia's former Ministry of Energy Infrastructures and Natural Resources (now Ministry of Territorial Administration and Infrastructure of RA) in order to develop a comprehensive plan, which includes specific measures for enforcing compliance to energy performance legislation and for mobilizing investments in energy efficiency through innovative finance instruments.

Taking into consideration the importance of the energy efficiency in buildings, Armenia suggested continuing the elaboration of legislative and regulatory framework on increasing the energy efficiency in buildings.

For the future cooperation under the Energy Panel, several proposals were made, for instance, giving more attention to the topic of LNG and cybersecurity/digitalisation, stressing the need to work more on the challenges faced by the implementation of energy legislation. On energy infrastructures, some participants voiced the need to have all the actors on board. The COM suggested sharing written contributions after the meeting to elaborate together the future work beyond 2020. Concrete and practical matters in a more result-oriented work of the Panel were also suggested. The threat that Ukraine has to face on gas for the upcoming winter was raised by Ukraine and Civil Society Forum participants. The chair recalled that the implementation of energy reforms (notably by unbundling the gas sector) is an important part of the solutions.

Eastern Partners spoke favorably in support of the Energy Panel, where EaP countries can be heard and express their position/challenges. A call was made for a much more open and proactive communication/cooperation between EaP countries, especially those having signed Association Agreements with the EU or that are members of the Energy Community.

**Dinko Raytchev, DG Energy**, European Commission delivered a presentation on the role of the euro in international energy transactions, stressing the benefits of promoting the EUR, such as the avoidance reduction of the risk of extra-territorial effects of international sanctions, and the non-mandatory approach followed by the Commission in this matter. The Eastern Partners received this initiative with interest, but also a degree of skepticism, considering the role currently played by the USD, in their respective energy transactions.

*The chair summarized the outcome of discussions as follows:*

- The dialogues on energy issues are at the core of the Eastern Partnership and EU political processes, as witnessed by the high profile ministerial meeting in Bucharest, on 2 April 2019.
- The works of the regional sub-sectoral network on LNG have been launched successfully this year, and participants are looking forward for the next meetings and outcomes.
- We are on good track as regards the implementation of the 2020 deliverables, however further progress on energy reforms is necessary, as well as a reflection is needed on how to



- approach certain interconnectivity projects and the PEPs initiative.
- The EU4Energy program is in the process to be renewed after 2020, taking into account the lessons learned in the course of the current exercise.

**Lithuania** reiterated its invitation to host the next energy panel meeting in Vilnius.

**The Chair** thanked the participants for their active participation, the various speakers and colleagues for their respective contributions as well as the interpreters, the event organisers and the hotel for the logistical support.

