

Meeting of the Central and South-Eastern European Connectivity (CESEC) High Level Group on 21 September 2021

Meeting conclusions

The High Level Group

As regards electricity:

1. Endorses the updated Electricity Action Plan on priority infrastructure and market coupling projects and invites the involved parties to implement all outstanding action points as a matter of priority.
2. Welcomes progress in the implementation of the agreed CESEC electricity infrastructure priority projects, which will allow for the creation of a larger and better interconnected regional electricity market and support the integration of a growing share of renewable electricity into the grid. Stresses in this regard the need for speedy project implementation in compliance with the agreed schedules.
3. In this regard, welcomes in particular:
 - a) The ongoing works on the new electricity interconnector between Greece and Bulgaria and the implementation ahead of schedule of the related internal lines in Bulgaria (Maritsa East-Maritsa East 3 and Maritsa East-Burgas). The two projects were finalized ahead of schedule, which is a remarkable achievement in view of the complex working environment related to the COVID pandemic.
 - b) The start of operations of two new electricity interconnections between Hungary and Slovakia (Gabčíkovo-Gönyű – VeľkýĎur and Sajóivánka – Rimavská Sobota), enabling new cross-border transmission capacity that was finalised despite the difficult working environment during the pandemic.
 - c) Welcomes the near finalisation of the SINCRO.GRID project realised in Slovenia and Croatia. This smart grid project will enable more efficient network management and enable the further deployment of renewables. This project is based on the utilisation of novel technological solutions, advanced data management and common system optimisation and can serve as an example for other network operators in the CESEC region.
4. Highlights the following:
 - a) Notes that the implementation dates of the internal lines Cernavoda-Stalpu and Gutinas-Smardan in Romania have been pushed back to December 2023 and December 2024. These projects aim to better connect the area of the Black sea coast to the rest of the European power network, increase cross-border capacity with Bulgaria, and enable a large-scale integration of new renewable energy sources, therefore invites the project promoter and all parties concerned to step up efforts to ensure timely project implementation,
 - b) Encourages a speedy implementation of the Mid Continental East Corridor project cluster, in particular its Romanian sections, and in the meantime encourages the

affected transmission system operators to find a temporary solution allowing for at least the partial use of the completed power line sections in Serbia and Romania to enable the mitigation of the bottleneck already in the short term.

5. Takes note of progress towards market coupling among CESEC members and in particular:
 - a) Welcomes the successful implementation of the day ahead market coupling between Italy and Greece, and Bulgaria and Greece.
 - b) Encourages the swift implementation according to the agreed schedule for the day-ahead market coupling project between Romania and Bulgaria.
 - c) Urges the responsible parties to accelerate work on the market coupling projects identified in the Electricity Action Plan between EU Member States and Energy Community Contracting Parties in the Western Balkans region.
 - d) Encourages continued work with the Energy Community on the adaptation and implementation of the regulation to enable the single day-ahead market coupling agreement by the relevant parties in accordance with the applicable European legislation.
6. Underlines the importance of setting up and/or improving the functioning of power exchanges in the region, tackling regulatory barriers that hinder market coupling.
7. Urges the Energy Community Parties to finalize the pending Treaty reform envisaging reciprocity with Member States and credible enforcement of Energy Community rules, which are relevant to facilitate market coupling projects in the CESEC region.
8. Underlines the importance of reciprocity and a level playing field with regard to market access and infrastructure, and in particular stresses the importance of safety standards and environmental protection as well as the importance of carbon pricing.

As regards renewables:

9. Stresses the added value of the CESEC framework to identify and monitor the implementation of regional priority investments and other actions aiming at an increased deployment of renewable energy for a cost-effective, climate neutral and low-carbon, integrated, safe, sustainable, environmentally sound and secure energy system, job creation and the reduction of air pollution.
10. Welcomes the ongoing study ordered by the European Commission analysing the infrastructure, regulatory and market needs to facilitate renewables integration in the CESEC region, with a particular focus on cross-border investments, and looks forward to receiving and discussing the final results in the autumn. The study aims to identify the most promising renewable generation sites in the region and assess possible bottlenecks in electricity infrastructure between CESEC countries. The upcoming CESEC working group and plenary meetings on electricity and renewables are invited to discuss the study outcome with a view to suggesting possible updates of the priorities included in the CESEC electricity action plan.

11. Welcomes the ongoing studies and technical assistance ordered by the Energy Community Secretariat, namely a study analysing flexibility options to support increased deployment of intermittent renewables and guarantees of origin.
12. Calls for a regular and in-depth discussion on renewable electricity with all involved stakeholders in the upcoming meetings of the relevant CESEC plenary and working group with a view to identifying major renewable energy projects for investment and possible other priority actions in the CESEC region.
13. Acknowledging the high potential of offshore wind – in particular floating – in the Mediterranean Sea and of bottom-fixed and floating offshore wind in the Black Sea, and mindful of the need for close regional cooperation to realise the untapped potential, agrees to discuss in the CESEC framework further implementation steps for the respective sea basins, including offshore renewable capacity visions per sea basin and the identification of major offshore renewable energy projects.
14. Welcomes IRENA's plan to organise an investment forum in 2022 in the CESEC region to stimulate investment in and financing for renewable energy projects.
15. Underlines the importance of stable and efficient framework conditions, the removal of regulatory and technical barriers, while maintaining a stable and secure energy system, the exchange of best practices, and measures aiming to reduce the cost of capital, including with the help of public financing bodies such as the European Investment Bank.
16. Underlines the opportunity for regional cooperation, financing and support for the energy transition, including for cross-border renewables projects under the new Connecting Europe Facility and – whenever relevant – opportunities offered by other instruments, including the EU Renewable Energy Financing Mechanism, the Innovation Fund and the Modernisation Fund.
17. Welcomes the exchange between Greece and North Macedonia initiated in the context of CESEC exploring the possibilities for cross-border cooperation on the clean energy transition, the phase out of coal-fired electricity and the deployment of renewable energy sources, and encourages other CESEC members to engage in similar discussions, whenever relevant, with the facilitation of the Commission and the Energy Community Secretariat.

As regards gas:

18. With regard to the agreed CESEC priority gas infrastructure projects:
 - a) Welcomes the start of operations of the Trans-Adriatic Pipeline (TAP), phase I of the Bulgaria-Romania-Hungary-Austria (BRUA) pipeline corridor, and the LNG terminal on the island of Krk. These are essential pieces of infrastructure, which will significantly improve the security and diversification of gas supply as well as interconnectivity and competition in the region. The timely and successful completion of these projects of common interest (PCI), with the support of the European Commission, is a testimony to the success of the CESEC framework in helping identify, monitor and deliver regional priorities.

- b) Welcomes the ongoing construction works on the interconnector Greece – Bulgaria (IGB) and notes that the implementation date has been pushed back to July 2022. Invites the project promoter and all parties concerned to step up efforts to ensure timely project implementation, facilitating access to new gas sources in Bulgaria and other parts of South-East Europe.
 - c) Welcomes the good progress on the Bulgaria-Serbia Interconnector (IBS), including the publication of tenders and the recently signed loan agreement between Serbia and the European Investment Bank; and invites the involved parties to step up efforts and coordinate closely in order to enable project completion by mid-2023.
 - d) Welcomes progress on 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.
 - e) Underlines that all infrastructure projects should be implemented in compliance with EU and Energy Community legislation and taking into account the interests of all CESEC members.
19. Endorses the updates to the CESEC Gas Action Plan on country-specific regulatory actions and underlines the need to speed up the implementation of all action points not yet finalised with a view to improving the functioning of CESEC gas markets.
20. Calls for further progress and invites the transmission system operators of Greece, Bulgaria, Romania, Ukraine and Moldova to work towards an updated memorandum of understanding on the Trans-Balkan reverse flow with the help and support of the European Commission and the Energy Community Secretariat, as necessary.
21. Notes that further improvements would be possible, in particular by:
- a) Completing investments enabling full access to and from national markets and networks to the T1 trans-Balkan pipeline;
 - b) Improving the competitiveness of transmission tariffs in line with the network code on harmonised transmission tariff structures for gas, taking into account that the project relies on existing infrastructure with only relatively little additional investment needed;
 - c) Exploring contacts with the gas transmission system operator of Turkey to enable the signature of interconnection agreements with Bulgaria and Greece with a view to enable commercial flows in both directions;
 - d) Resolving customs and metering issues in Moldova to enable virtual reverse flow to Moldova, in particular ensuring the adoption of respective amendments to Moldovan energy legislation;
 - e) Exploring physical reverse flow options based on market demand on the remaining Trans-Balkan pipelines T2 and T3, taking note of the cancellation of the legacy contract in Romania.
22. 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 the network code on capacity allocation mechanism. Welcomes that all but

one regulatory authorities declared to treat interconnection points between Member States and Energy Community Contracting Parties equally to interconnection points between Member States and invites remaining regulatory authorities to do the same as soon as possible. Notes that the Romanian regulatory authority took a formal decision to implement the declaration.

23. Underlines the importance of efforts to increase the share of renewable and low-carbon gases, including biomethane and hydrogen, to facilitate the long-term decarbonisation of CESEC countries.
24. Recognises that differences in the actual quality of gases and/or in their specifications at cross-border interconnection points can lead to restrictions of cross-border gas flows and market segmentation, in particular in the context of incorporating a growing volumes of renewable and low-carbon gases into the existing gas network in the region (including biomethane and hydrogen).
25. Calls on CESEC gas transmission system operators to identify concrete gas quality related issues and discuss those in the next CESEC gas plenary and working group meeting with the aim of their possible future inclusion into the CESEC gas action plan. Considerations may include topics arising from the blending of hydrogen into the existing gas network as an alternative approach where dedicated hydrogen infrastructure is not yet available and other means of hydrogen transportation are not environmentally sustainable or technically or economically feasible.
26. Welcomes the Study commissioned by the Energy Community Secretariat on the potential for hydrogen technologies in the Energy Community and underlines the importance of taking into account the diversity of the Contracting Parties when identifying the potential to utilize hydrogen economically in specific sectors.
27. Welcomes the Commission's intention to launch a study on the regional potential and infrastructure readiness for renewable and low-carbon gases and invites the gas transmission and distribution system operators and other relevant stakeholders to actively contribute to this study.
28. Calls for a regular and in-depth discussion with all involved stakeholders in the upcoming meetings of the CESEC plenary and working group on gas on the readiness of the regional gas infrastructure for biomethane and hydrogen, related challenges, and on key assessment criteria for identifying priorities for investments in infrastructure, and other action in all the countries of the CESEC region.
29. These conclusions do not create rights or obligations under international or domestic law.