

FINAL

# INOGATE Technical Secretariat Country Work Plan: Belarus

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## Abbreviations and acronyms

AA	Association Agreement
AHEF	Ad Hoc Expert Facility
AP	Action Plan
BELSTAT	National Statistical Committee of the Republic of Belarus
BY	Belarus
CWP	Country Work Plan
E & G	Electricity and Gas
ECT	Energy Community Treaty
EE	Energy Efficiency
EnC	Energy Community
ENTSO-E	European Network of Transmission System Operators for Electricity
ENTSO-G	European Network of Transmission System Operators for Gas
ESAP	Energy Statistics Action Plan
EU	European Union
GE	Georgia
INO GATE	Energy Cooperation between the EU, the Littoral States of the Black & Caspian Seas and their Neighbouring Countries
ITS	Inogate Technical Secretariat
JSC	Joint Stock Company
NSI	National Statistical Institute
PC	Partner Country
RES	Renewable Energy Sources
RM	Road Map
SE	Sustainable Energy
TA	Technical Assistance
TA - ESS	Technical Assistance – Support to the development of the Energy Statistics System
TSO	Transmission System Operator

## **Section 1 Introduction**

The overall purpose of the Country Work Plan (CWP) for the project period February 2015 – April 2016 is to define the INOGATE activities to be carried out based on the explicit requests of the Partner Country and the experience of experts. This document outlines the ITS analysis of the needs and priorities of the countries and the proposed ITS strategy and rationale for intervention.

The proposed activities presented here take into account the bilateral and trade agreements of the EC and the PC as well as other EU projects and the activities of other donors in a PC.

This country work plan has been drafted by ITS in consultation with the Partner Country and the European Commission.

INO GATE is an EU regional cooperation instrument, that is based on inter and intra-regional cooperation of Partner Countries and capacity building, focusing on the following areas:

- Technical and regulatory advice on energy security, energy markets efficiency and development;
- Implementation of energy efficiency and renewable energy policies;
- Energy and economic planning through the use of improved energy statistics;
- Facilitating energy efficiency and renewable energy investments.

The ITS provides short or medium-term technical assistance in these areas at regional and country level.

## **Section 2 Energy policy of Belarus**

The legal structure in Belarus is different from other partner countries. The Constitution is the highest legal act in the country, which is followed by the decisions, decrees and orders of the Head of State, followed by the constitutional laws and other legal acts, decrees of the Cabinet of Ministers and other sectorial ministerial acts.

The government's main energy strategy priorities, based on analysis by ITS experts, are<sup>1</sup>:

- Increase the energy security of the country;
- Reliable supply of energy for the population;
- Reducing the unit cost of production, transport and consumption of energy resources;
- Achieving the most appropriate use of domestic energy resources;
- Improving financial stability, the functioning and development of the fuel and energy sector.

In accordance with the concept of energy security in Belarus, the key priorities are:

- Diversification of fuels and energy suppliers in the energy balance;
- Improving the reliability of the Belarusian energy system.

The reform of the Belarusian energy system is to be implemented in phases.

The main policy objectives of the energy strategy include:

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<sup>1</sup> Details are provided in Country Report: Belarus October 2014.

- Modernisation and development of electricity and heat generation capacity;
- Reducing the use of natural gas in the production of electricity and heat through increasing use of local fuels, renewable energy, and waste-to-energy technologies;
- Modernisation and upgrading of the networks;
- Development of IT infrastructure and central management of technology;
- Improving the financial recovery of energy suppliers;
- Improvement of the tariff policy, including a phased elimination of cross-subsidies;
- Reduction of energy imports;
- Improving the centralized management structure of the energy system;
- Establishing conditions for non-discriminatory access to electricity networks;
- Improving the regulatory and legal framework in the energy sector with possibilities for the formation of market conditions as well as the establishment and development of nuclear energy;
- Decreasing the greenhouse gas emissions;
- Development of cross-border power grid projects to allow trade in electricity;
- Increase funding for research and development (R&D).

The main documents of the energy policy and regulatory framework of Belarus, identified by ITS experts, are:

- The Law on Gas Supply (2003);
- The Law on Energy Saving (1998);
- The Law on Renewable Energy Sources (2010);
- Electricity Supply Rules (2011);
- The State Programme of Belarus Energy System Development for the period up to 2016 (2013);
- The development of a strategy for use of the energy potential of the Republic of Belarus (2010).

The relationship of Belarus with the EU in the energy sphere is not formalised by specific agreements such as association agreement or membership of the Energy Community.

Based on the ITS Strategy and further comments by Belarus the priorities for the cooperation between Belarus and INOGATE for the period 2015-2016 are shown in Table 1 <sup>2</sup>:

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<sup>2</sup> To the best knowledge of the ITS Project there are no overlaps with other donors.

**Table 1: Priorities of the Belarus-ITS cooperation for 2015-2016**

Priorities
Tariff reform *)
Improvement of the regulatory framework
Cross-border trade *)
RES mapping
Energy data collection
Energy balances
Energy indicators

Note: \* Added by Belarus after the finalisation of the ITS Strategy.

### Section 3 Achievements of the Belarus-ITS cooperation

Belarusian representatives have actively participated in regional seminars and study tours, listed in Table 2: Completed regional activities in 2011-2014 of the Regional Work Plan, as well as in national INOGATE activities, listed in Table 2. In addition to completed activities, Table 2 also contains ongoing activities, to which the INOGATE project is already committed.

**Table 2: Completed and ongoing activities of the Belarus-ITS cooperation in 2011-2014**

Implemented/ongoing Activities	Results	Impacts	Areas
<b>ELECTRICITY AND GAS</b>			
Assistance in promotion of investment into the sustainable energy sector in terms of connection to the electricity grid in Belarus (AHEF.024.BY). Completed.	Recommendations for Belarus to improve the procedures for connection to the grid taking into account European experience.	Clarity of legislation reduces uncertainty for potential investors and therefore promotes investment.	Regulatory Issues/Market Rules
<b>SUSTAINABLE ENERGY</b>			
AHEF.026.BY, completed: Assistance in improvement of the current legislation aimed at RES promotion in heat and electricity generation	Changes to current legislation framework are proposed for adoption.	Belarus legislation is improved with regards to promotion of heat and electricity generation from RES.	Development/Improvement of legislative frameworks
AHEF.085.BY, Completed: Training of staff of commercial banks on financing of EE/RES investment projects	Staff of BelVeb Bank trained in assessing EE/RES investment projects.	Credit lines have been provided to EE/RES investment projects.	Investment Facilitation
AHEF.087.BY, completed: Organization of the International Forum "Investments in	Improved capacity of high level decision makers on benefits of RES	Belarus legislation is improved with regards to EU best practice on RES	Investment Facilitation Development/Improvement

Implemented/ongoing Activities	Results	Impacts	Areas
renewable energy for sustainable energy development”	development. Changes to current legislation framework are proposed for adoption.	promotion.	of legislative frameworks
<b>ENERGY STATISTICS</b>			
Technical assistance on developing an Energy Statistics Action Plan (ESAP 2012 - 2014).	ESAP developed and endorsed.	Efficient planning of the content and dynamics of the activities and use of the available resources for energy statistics development.	Energy statistics improvement
1st TA Missions to initiate and support implementation of the ESAP: development of the concept for collection of data for EEI calculation and introduction into EEI compilation.	Prepared plan for carrying out survey on energy consumption in household sector and EEI compilation.	Increased capacity of Belstat to collect and compile energy statistics and balances, harmonised with EU and international standards.	Energy statistics improvement
2nd TA Mission to support implementation of survey on energy consumption in the household sector. Development of tailor-made model for EEI compilation. Integrated energy balance. Completed.	Developed methodology for survey on energy consumption in household sector. Improved accuracy of energy consumption data in household sector. Preliminary EEI compiled. Integrated energy balance compiled.	Increased capacity of Belstat to collect and compile energy statistics harmonised with EU and international standards. Support to the implementation of energy efficiency policies and measures.	Energy statistics improvement
Separate event during 1 <sup>st</sup> TA Mission: Conducted national meeting with key energy stakeholders on the importance of energy statistics for policy and decision making and appropriate division of labour and data sharing.	Support to the policy decision makers in development of the legal and institutional framework for energy statistics and energy system planning.	Increased awareness on the importance and use of official statistics for policy and decision making.	Energy statistics



## Section 4 Work Plan for Belarus-ITS cooperation

As an overall strategic approach ITS intends to support the national priorities set out in section 2. Due attention is also paid to ongoing technical assistance including from other donors. This is ensured by coordination meetings with the beneficiaries and donors currently providing TA in Belarus.

Emphasis will be given to those areas of intervention which are in line with the scope of work of the ITS project and those that bring tangible impact and results and have no duplication with other EU programmes and bilateral donors and are in line with the new INOGATE strategy.

The top priority planned national activities for the extension period February 2015 - April 2016 are listed in Table 3, and the secondary activities are listed in Table 4.

**Table 3: Top priority planned activities for the Belarus-ITS cooperation in 2015-2016**

Reference numbers	Activities	Expected results	Expected impact	Areas
<b>ELECTRICITY AND GAS</b>				
CWP.03.BY	Develop the model and the regulations on elimination of cross-subsidies in energy tariffs (electricity) with the support of the beneficiary (Ministry of Energy).	Model for cost reflective tariffs developed and proposed, and a set of regulations prepared.	Reduction and finally elimination of cross-subsidies.	Development of Electricity and Gas Tariff Methodologies
<b>ENERGY STATISTICS</b>				
CWP.08.BY	Organisation and implementation of the survey on final energy consumption in the household sector based on the IEA/Eurostat defined list of variables and modalities.	Improved accuracy of household energy statistics data and created data base for EEI compilation. Established institutional framework for EEI compilation, monitoring and verification.	Increased capacity of Belstat to collect and compile more detailed and reliable energy statistics.	Improvement of energy statistics system
CWP.10.BY	Technical assistance in the development of the tool for monitoring and evaluation of EE measures and policies. Harmonized calculation of energy efficiency indicators for the household sector and industry in line EU Directives 2010/31/EU and 2012/27/EU.	Model/tool for annual monitoring and evaluation energy efficiency measures.	Increased use of energy statistics in implementation of energy efficiency policies and energy planning.	Energy statistics system improvement. Support to the implementation of EE policies. Increased use of energy statistics for energy planning.
CWP.11.BY	Technical assistance in the preparation of the plan and concept for implementation of energy	Methodological and procedural concept for data collection in	Increased capacity of Belstat to collect more	Improvement of energy statistics system

Reference numbers	Activities	Expected results	Expected impact	Areas
	survey in service sector in 2016	service sector developed.	detailed energy data. Improved accuracy of energy statistics in service sector.	

**Table 4: Secondary priority planned activities for the Belarus-ITS cooperation in 2015-2016**

Reference numbers	Activities	Expected results	Expected impact	Areas
<b>ELECTRICITY AND GAS</b>				
CWP.05.BY	Development (modernisation) of the automated control and billing system in the power industry through the implementation of the "smart grid" technology in the Republic of Belarus.	A report with the description of the situation and further recommendations for the development of "smart grids" to be prepared for the Republic of Belarus.	Reduction of non-technical losses, rationalization of use of electricity, by enabling Demand Side Management methods	Efficiency of Electricity and Gas Infrastructure
<b>SUSTAINABLE ENERGY</b>				
CWP.06.BY	Assistance in the improvement of SE investment climate	Development of recommendations on SE investment climate and legislation improvement, e.g. lending conditions, banking regulations, tariff settings, fiscal incentives and institutional infrastructure.	Legislation for sustainable energy financing improved.	Investment facilitation
<b>ENERGY STATISTICS</b>				
CWP.09.BY	Technical assistance in the calculation of RES shares for the years up to 2014; Harmonized calculation of the share of energy from RES in line with Directive 2009/28/EC and SHARE tool.	Model/tool for annual monitoring and evaluation of RES shares established.	Increased use of energy statistics for RES policies and programmes planning.	Improvement of energy statistics system. Support to the implementation of RES policies. Increased use of energy statistics for energy planning.
CWP.12.BY	Development of	Short, medium and long	Improved use of	Support to the

Reference numbers	Activities	Expected results	Expected impact	Areas
	the concept (models and methods) for forecasting short, medium and long term energy demand to support development of forecasted energy balances	term energy demand forecasts calculated.	energy data for energy system planning and other national activities and policies.	use of energy planning tools
CWP.13.BY	Technical assistance in the application of the tool for the calculation of the CO2 emission from stationary and mobile energy sources (in line with IPCC* methodology developed under UNFCCC).	Model for monitoring and evaluation of the CO2 emission reduction; Harmonized calculation of the CO2 emission reduction.	Increased use of energy statistics for planning and implementation of CO2 mitigation measures.	Energy statistics system improvement. Support to the climate change mitigation policies and strategies.