

Energy Community

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Treaty
establishing the Energy Community



- “ October 2005 Ę signature
- “ July 2006 Ę enters into force
- “ 01/01/2007 BG + RO join EU



▶▶ WHY AN ENERGY COMMUNITY?

■ BACKGROUND

- conflicts of 1990s → disintegration of a unified energy system
- interdependence of energy supply

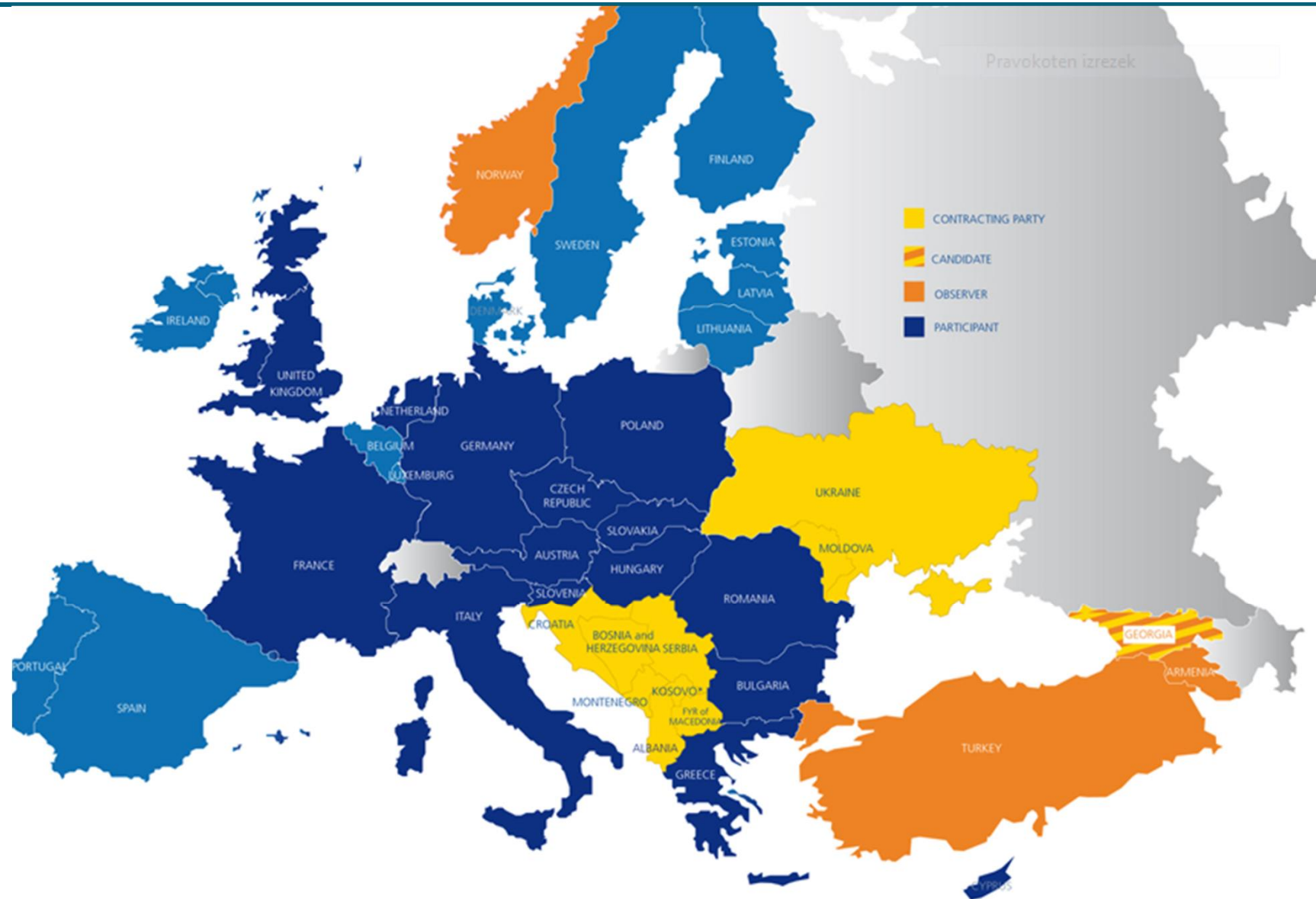
■ REQUIREMENTS

- cooperation; infrastructure; reconstruction
- stability as condition precedent to investments
- stable legal framework

■ BENEFITS OF REGIONAL APPROACH

- optimized usage of existing capacity of transportation and production
- improvement of future investments → small markets; economies of scale
- Process support
- EU Integration
- Security of supply

THE COMMUNITY È A LOOK AT THE MAP



INSTITUTIONS

MINISTERIAL COUNCIL

PERMANENT HIGH LEVEL GROUP

REGULATORY BOARD (ECRB)

↳ Working groups, Task forces

SECRETARIAT (VIENNA)

JUDICIAL FUNCTION Æ DISPUTE SETTLEMENT PROCEDURE

} Political decisions

→ Advisory body

→ Monitoring,
coordination, support



Gas (Third package)

Electricity (Third package)

Environment

Competition

Renewable energy sources (RES Directive)

Energy efficiency

Antitrust and state aid

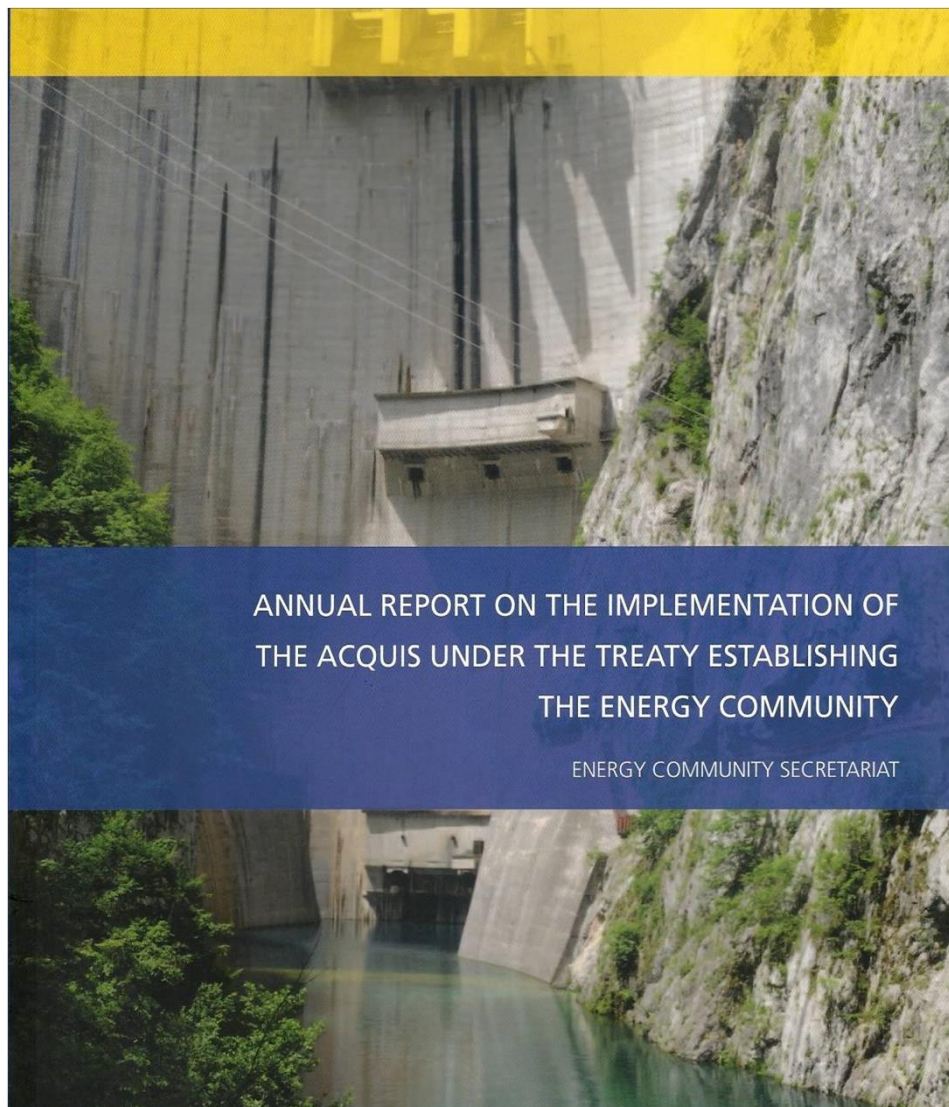
Statistics

Oil

MAIN UPCOMING LEGISLATIVE NETWORK



- “ Energy Statistics . by 31st December 2013
- “ Directive 2009/28 on Renewables . by 1st January 2014
- “ Third Package on electricity / gas . by 1st January 2015
 . + missing rules from %Second Package+!
- “ Large Combustion Plants Directive . by 31st Dec. 2017
- “ Sulphur in Fuels Directive was due for 31st Dec 2011 !!
- “ Energy Efficiency was due for 31. Dec 2012!!
- “ Oil stocks . by 1st January 2023



More information

- ✓ Commission Communication on security of energy supply and international cooperation - "The EU Energy Policy: Engaging with Partners beyond Our Borders"

http://ec.europa.eu/energy/international/security_of_supply/cooperation_en.htm

- ✓ Commission Report on the Energy Community

http://ec.europa.eu/energy/gas_electricity/community/community_en.htm

- ✓ Energy Community website

http://www.energy-community.org/portal/page/portal/ENC_HOME

The Energy Strategy - developed by a Task Force with a large representation basis, benefitting from the technical assistance sponsored by USAID

In two phases:

Phase 1: A Strategy paper, endorsed by the MC in October 2012

Phase 2: Identification of Projects of Energy Community Interest (PECIs), and associated policy measures to promote these, October 2012 . October 2013

The strategy paper has set three important objectives:

- **Objective 1:** Creating a Competitive Integrated Regional Energy Market
- **Objective 2:** Attracting investments in the energy sector
- **Objective 3:** Providing secure and sustainable energy supply to customers
and a large number of actions to support these,

Current energy situation and national trends (1)

Brief overview of the energy sectors in the Western Balkans/Energy Community, common features:

- Small and fragmented markets, with the exception of Ukraine
- Dependent on domestic fossil fuel (coal/lignite) or imported gas and oil
- Single source of gas imports
- High potential for renewable energy, especially hydro, biomass, wind, solar
- Power generation based on technologies from 60q and 70q. exceeding their life span, high reliability and environmental concerns
- Urgent need for major retrofit, and new power plants

The task force decided that a scenario analysis should be used, as a way to understand the regional energy outlook and potential value of a regional energy strategy.

Three scenarios were selected:

- . ~~Current trends~~ if current trends in development of the energy sector continue, what are the implications?
- . ~~Minimal investment cost~~ what are the minimal costs required to ensure that there is adequate supply of electricity to meet demand? this will be meeting the energy efficiency and RE energy targets only partially, and will not meet the Large Combustion Plants Directive
- . ~~Low Emissions Development/Sustainability~~ if more aggressive promotion of EE and RE was pursued, what might be the implications?; under this scenario all targets will be met as well as the requirements of the Large Combustion Plants Directive

A few highlights:

- ✓The scenario analysis demonstrates the potential for severe electricity shortages if current trends continue unabated.
- ✓It also demonstrated a very large investment gap, with CP reported plans already at approx. **27.9 billion** Euros through 2020 (Western Balkans) . it is even higher when considering the view point of other regional energy experts or when the analysis extends to include plant in the 2021 to 2030 timeframe.
- ✓The scenarios indicate the potentially large investment needs required for the region to meet supply adequacy. Between 2012-2020, an estimated **14.7 billion Euros** . only for WBs of investments are needed under the scenario that focuses on minimum supply adequacy.
- ✓It is evident that there are projects of regional significance that can benefit from a coherent EnC energy strategy.
- ✓An EnC strategy supported by a framework for project support should help mobilize financing.

Interest - PECI

Going forward into the second phase, it is important to focus on identifying those projects of regional importance that would benefit from additional interventions such as:

- Policy and regulatory instruments
- Technical assistance
- Financing mechanisms

PECI label in the Energy Community is similar to PCI label in the EU

PECIs are NOT intended to replace or override each CP's own strategy or project development priorities, but it is focused on projects of regional significance that would benefit from additional support.

Interest - PECI

Categories eligible for PECI Í labelÎ

Power generation

- New generation capacities
- Modernization, retrofitting of existing power plants, allowing for more efficient and environmentally safe production

Electricity transmission

Gas transmission

- Gas transmission pipelines (bi-directional capacity)
- Underground storage facilities
- LNG and CNG terminals

Oil

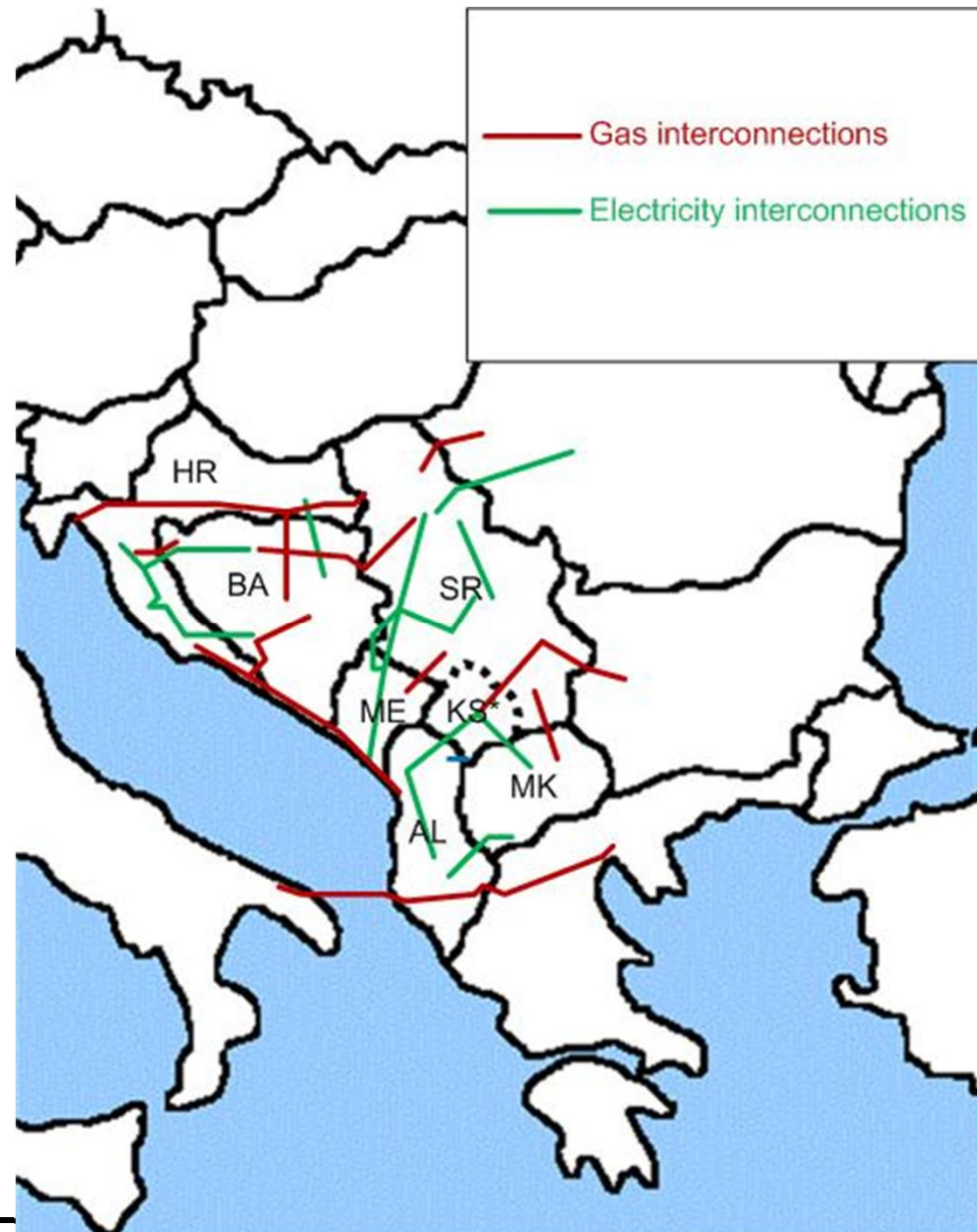
- Refinery improvements for facilitating improved fuel quality
- Storage facilities to contribute to the security stockholding obligations
- Pipelines used to transport crude oil

Overview of PECl candidates submitted



A total of **75 project proposals** was submitted by Project Promoters from the Western Balkans

Project Promoter	Electricity Transmission	Electricity Generation	Gas	Oil
Albania	1	1	2	0
B&H	3	5	4	0
Croatia	4	1	4	1
Kosovo*	6	5	0	0
FYR of MK	2	3	0	0
Montenegro	3	3	0	0
Serbia	6	10	9	2
TOTAL	25	28	19	3



THANK YOU FOR YOUR ATTENTION!

CONTACT

Energy Community Secretariat

Web: www.energy-community.org

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