



ENERGY COOPERATION BETWEEN THE EU, THE LITTORAL STATES OF THE BLACK & CASPIAN SEAS AND THEIR NEIGHBOURING COUNTRIES

EXECUTIVE SUMMARY

8th INTERIM PROGRESS REPORT

1st August 2015 – 31st January 2016

INOGATE Technical Secretariat (ITS) and Integrated Programme in support of the Baku Initiative and of the Eastern Partnership's energy objectives.

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INSTRUCTION TO READERS

More information on each of the listed events and activities can be found on the INOGATE website (<http://www.inogate.org>) with a 'documents' section where the following can be accessed:

- Concept Note;
- Terms of References;
- Agenda;
- Participants' List;
- Visibility Material;
- Report;
- Press Releases;
- Photos and Videos.

SUMMARY OF ALL COMPONENTS**Introduction**

During this reporting period substantial efforts were devoted to finalize the Terms of Reference (ToRs) of the different Multi-Component Activities and then to submit the ToRs to DGNEAR for approval. The ToRs comprised work under the CWP and also work under the RWP. The ToRs comprised a short ToRs based on a template approved by the EU and also, an IR budget and also a set of CVs of the NKEs who undertake the work. Approval of the ToRs by DGNEAR was a signal for the work to start. Over the Report Period, a high number of Activities were started.

In parallel with this, the project continued the implementation of already approved activities from the 7th IR period and started implementation of those which were approved in this reporting period.

Major Achievements

During the reporting period the project prepared and implemented the informal meeting of the INOGATE Country Coordinators in Kiev in September. The meeting was used to take stock of the accomplishment of the project since the spring of 2015 (the Tbilisi informal meeting of Country Coordinators) and to discuss which "priority 2" activities would potentially move to "priority 1". The EC DG NEAR made use of the event to inform the Country Coordinators in closed session about the program that would be offered by the EC after the completion of INOGATE.

The informal meeting of INOGATE Country Coordinators together with the Country Experts (day 1 only) held in Kyiv September 28-29, 2015 was deemed to be a major achievement for the project. The meeting served several purposes: (1) to take stock of the accomplishment of the project since the spring of 2015 and (2) to discuss which "priority 2" activities would potentially move to "priority 1". The EC DG NEAR made use of the event to inform the Country Coordinators in closed session about the program that would be offered by the EC after the completion of INOGATE. The meeting was organized in a considerably less formal way than past Country Coordinators' meetings and for the first time in a Partner Country. All the Partner Countries had been given "homework", i.e. they had been asked to prepare presentations reflecting their future needs and priorities for technical assistance. The presentations gave rise to frank and very open discussions. Partner Countries also used the opportunity to meet bilaterally with the project's Key Experts so as to clarify specific Country Work Plan issues.

During the reporting period, a number of "status" reports, that the project has previously agreed with DG NEAR in the previous reporting period, continued to be delivered – these included the bi-weekly reports (submitted every two weeks), the Monthly Report on Policy Developments, the Monthly ToRs Status report, and the Monthly ITS Activities Report (which captured progress by Country).

COMPONENT A – COMMUNICATION

The objectives of the Component A are to ensure that communication about the project is clear, that visibility is high and that results are disseminated to all the beneficiaries and stakeholders by means of the website, newsletter, media, conferences, seminars and workshops.

The Component is managed by the Key Expert 1 (Team Leader), Mr. Adrian Twomey, who started working in February 9, 2015.

During the reporting period, Component A work focused on the organisation of the launch event of the 1st Energy Policy Talk in Ukraine, the organisation of the Informal Annual CC meeting, production of two leaflets, the success stories and targeted media work. At the same time, work continued on updating of the INOGATE website and regular dissemination of the newsletter.

The following main activities were carried out under Component A during the 8th Interim Period.

During this reporting period the Component organised the first Energy Policy Dialogue event for Ukraine entitled "[Measures to enhance energy efficiency among Vulnerable Consumers](#)", in Kiev, on November 03, 2015. This intensive half-day event brought together the Vice Prime Minister, Members of the Parliament, Government Officials, the EU Delegation, the Support Group for Ukraine of the European Commission (SGUA) and leading EU Energy Experts to discuss together with relevant stakeholders specific energy efficiency measures to be taken by the Government in the next 12 months and address the needs of vulnerable consumers. Capitalising on the successful result of the first Energy Policy Talk, the team started the preparation for the organisation of the second and third Energy Policy Dialogue in Kiev and the first Dialogue event in Tbilisi, Georgia in early 2016.

The [Informal meeting of the INOGATE Country Coordinators](#) was held in Kiev, Ukraine on September 28 - 29, 2015. The overall progress of the implementation of the country and regional work plans was presented during the first day while the second day, which was attended only by the countries representatives' and the EC, was dedicated to the decisions that have been taken by the EC in terms of providing future technical assistance over 2016-2020. Parallel to this event, an internal communication workshop for the promotion of the ITS activities was organised by the ITS communication team.

During this period the team started the preparations of the high-level [INOGATE Final Conference](#) which will be held on March 17, 2016, in Brussels, Belgium. The selected venue – Hotel Metropole - was secured –and extensive communication took place with the Country Experts and the Key experts for the preparation of the draft agenda and for identifying suitable speakers.

In this Component was also the Financing Facilities Review Study. This Study started in early November 2015 with a three-week mission to Ukraine, Georgia, and Moldova by the two Non-Key Experts (Heikki Noro and Majda Bunjevcevic). The missions allowed the Non-Key Experts to meet with many key stakeholders in the three Countries including the EU, EIB, World Bank, IFC, GIZ, KfW, EBRD, USAID, ADB, NEFCO, and Finance in Motion, a slew of Local Banks, a number of Renewable Energy Investors, Energy Efficiency Agencies, Energy Efficiency Projects, Home Owners Associations, and Municipalities). Initial findings of the Study were also presented on December 10, 2015 in Brussels at the Eastern Partnership meeting by Heikki Noro. The Study is continuing and is expected to be completed in March 2016.

Another important activity in this period was the partial development of **the new visualised success stories** on ITS work that is starting to bear fruit in terms of results and impact. Following the EC's request to write the stories for a wider public – where the reader does not have specific energy knowledge, the ITS developed seven new stories. The new stories present the success of the INOGATE project grouped in thematic areas that promotes the regional character of the project rather than a country-specific perspective. Work entailed interviews with beneficiaries and other stakeholders as well as interviews and meetings with the ITS team of experts. The communication team is currently editing the stories and validating them with the concerned beneficiaries.

In addition, the **user-friendly bi-lingual INOGATE website** was updated regularly with new content - news, events, calendar, spotlight, publications, etc. Regarding the **INOGATE Newsletters**, the team issued the following newsletters: [August-September 2015](#), [October-November 2015](#), and [December 2015](#) providing timely information to the ITS newsletter subscribers.

Two publications - the [Ecodesign leaflet](#) and [Eco labelling leaflet](#) - were produced this period, supporting Component C participation in the Energy Efficiency and Renewable Energy Sources Forum, Kiev, Ukraine on November 10-13, 2105.

Media work was also carried out in this period. The communication team supported the half-day workshop on "[Awareness Raising for Energy Efficiency](#)" dedicated to Ukrainian journalists (organised by Component C) and the "1st Energy Policy Talk Dialogue" liaising extensively with the local journalists and Press. Moreover, press releases were prepared for the 1st Energy Policy Talks events together with the EU Delegations and other ITS events organised in the period. For some public profile events, speeches were prepared for the Team leader and the Key Experts. Some final changes were made to the [video](#) from the activity "Event on Sustainable Energy awareness rising in Dublin, Ireland".

Another activity that continued under the Component A (as part of the investment attraction) was further support to the [RESMAP \(Renewable Energy Sources Map\)](#). During this Reporting period, the activity was extended to develop similar platforms for Armenia, Azerbaijan and Moldova. Working with beneficiaries (R2E2 Fund Armenia, State Agency for Alternative and Renewable Energy Sources Azerbaijan and Energy Efficiency Agency Moldova) and local consultants in each of the three countries, the concept has been introduced during a mission in November 2015. Work is progressing well in Armenia and Azerbaijan; however, some challenges have been experienced with obtaining accurate data for Moldova, which has required a change of direction in the modelling approach.

COMPONENT B – ELECTRICITY and GAS

Working in all Partner Countries Component B comprises the largest (in scope and resources) part of the ITS project and encompasses activities aimed at the greater convergence of electricity and gas sectors, harmonisation of technical standards, enhancement of electricity and gas cross border cooperation and improvement of efficiency, security and reliability of energy infrastructure with a focus on main transit gas pipelines.

The Component is managed by the Key Expert, Nikos Tsakalidis, who is supported by two long-term non-key experts and a number of international and national short term non-key experts for particular assignments.

The work of the Component has been organised in five strategic areas of assistance. The following are the main activities that were carried out under these areas during the 8th Interim Period.

Regulatory Issues/Market Rules: This area of assistance, on the one hand, aims to support the energy regulators in building their capacity to perform their regulatory duties and responsibilities as well as to strengthen their independence while, on the other hand, seeks to improve the Partner Countries electricity and gas markets by adapting legislative documentation or amendments to the current legislation as well as introducing more advanced market rules.

In this reporting period the project team focused on the activities under CWPs and RWPs. Four CWP Terms of References in four PCs (Armenia, Azerbaijan, Georgia, and Ukraine) and two Terms of References for RWP have been prepared, approved by the EC and successfully launched while two CWP activities, one in Moldova and one in Armenia, and one RWP activity have been successfully completed. During this reporting period the project team also worked to support the important initiative to hold policy talks in Georgia addressing the challenges in electricity sector.

To mention some important results from the completed activities:

- a) CWP.01.MD activity in Moldova. With the assistance of ITS the Electricity and Gas primary legislation has been drafted, offered for public consultations and later approved by the government. This resulted in full compliance with the EU Acquis and also contributed to a release of EU funds;
- b) CWP.01.AM activity in Armenia. Contributed to an organisation of non-discriminatory access to electricity transmission line Armenia-Georgia which will eventually lead to a fair distribution of costs and benefits for the line users and consumers;
- c) RWP.03 regional seminar. Tools for the development of energy infrastructure (incl. NIF) have been promoted to the PCs and this contributed to long term security of supply;

Development/review of tariff methodologies: The purpose of this assistance is to support Partner Countries to develop tariff methodologies allowing for reflection of the actual costs involved in the production, transportation, distribution, and supply of electricity and gas.

Under this area one CWP activity in Belarus has been launched (CWP.03.BY). The activity looks at optimisation of consumers' electricity consumption i.e. using more electricity at low priced time periods and less at high priced time periods and as a result they consumers can reduce their electricity bill.

Harmonization of electricity and gas standards: The main purpose of using harmonised standards in all industries is to remove technical barriers to trade. This applies to the energy sector as well and in particular for the INOGATE Partner Countries this sets the scene for further modernisation of their respective Electricity and Gas infrastructure and to increased competitiveness.

In order to help Partner Countries build up their capacity to gradually harmonise their standardization system with European best practice, work on Standardisation Road Maps and Action Plans has been carried out which has been completed during the previous reporting period. During this reporting period the draft Road Maps and Action Plans have been revised in line with the EC comments and final versions were issued and submitted to EC for their final approval

Two CWP Terms of References one in Georgia and one in Ukraine have been developed, approved by EC and launched while two CWP activities, one in Georgia and one in Moldova, have been successfully completed. One RWP activity on-going from the previous period has been progressed. Among the results achieved it is worth to mention the CWP activity in Moldova (MD.73) which resulted in a setup of standardisation technical committee for E & G, crucial to upgrade and modernisation of E & G infrastructure in line with the EU standards and which contributed to a compliance with the Association Agreement and DCFTA.

Cross-border Trade of Electricity and Gas: Increased cross-border trade allows for optimisation of energy resources at a regional rather than a national basis and this comprises economic, environmental and also security of supply benefits as suggested by international and the EU experience.

In this reporting period one CWP Terms of References in Moldova has been developed, approved by the EC and launched while one CWP activity in Georgia has been successfully completed and one CWP activity in Azerbaijan which was on-going from the previous period has progressed (despite certain challenges with the data collection) and is close to completion.

As a result of completed CWP activity in Georgia on one hand the capacity of Georgian TSO (Transmission System Operator) in preparation of ten year electricity network plans (TYNDP) has been increased and on the other hand a value was added to investors, regulators, and policy makers.

Efficiency of Electricity and Gas Infrastructure: The security, efficiency, and reliability of energy supply are largely affected by the condition of the electricity and gas network infrastructure. Having in place a Pipeline Integrity Management System allows gas operators to receive timely information on the condition of the gas network which is vital in securing the safety and reliability of the gas transmission systems. This assistance supports the Partner Countries by addressing the above mentioned issues. During this reporting period the project team completed one CWP activity in Georgia while another CWP activity also in Georgia has been launched. The conclusions from the CWP activity in Georgia (CWP09GE) show that by improving the maintenance, inspection, calibration, and certification of gas meters the accuracy could be improved by as much as 2%. For the pilot area that was examined this would result in income being recovered for an additional 28,000 m³ per day for unaccounted gas delivered to customers.

COMPONENT C – SUSTAINABLE ENERGY

The objectives of the Component C are to provide assistance to strengthen energy institutional governance in relation to sustainable energy and to contribute to an improved business climate for energy efficiency and renewable energy investments.

The Component is managed by the Key Expert - Mr. Wolfgang Lutz - who started working in January 2015.

The following main activities were carried out under Component C during the 8th Interim Period:

In terms of the Country Work Plan activities the Component completed three tasks and started the implementation of two more tasks in Georgia and Ukraine. The completed assignments provide policy recommendations on the energy certification of buildings in Armenia, the improvement of administrative procedures for investments in wind farms in Georgia, and the implementation of energy labelling and ecodesign for energy-related products in Ukraine, in accordance to the relevant EU Directives. The last-named activity included a workshop on energy labelling and ecodesign realised at the VII Energy Efficiency and Renewable Energy Investment Business Forum in November 2015 in Kyiv.

The tasks started during the 8th reporting period are a workshop and the elaboration of a strategy, which supports the initiative of the Ministry of Energy of Georgia on market transformation of lighting products, and which will become part of the Energy Strategy for Georgia that is currently under elaboration, as well as a concept for mandatory energy audits, which will be applied by the State Property Fund of Ukraine (SPFU) in the process of privatisation of state-owned enterprises.

The SE Component continued working with the Partner Countries to promote the setting up of **Sustainable Energy Information Centres (SEIC)**. Following the signature of Memoranda of

Understanding on the creation of a SEIC by two Partner Countries (Georgia and Moldova), ITS collaborated with beneficiaries of both countries on the preparatory work needed to set up the centres. The preparatory work included - in both countries: the elaboration of a Strategy and the Action plan for the SEIC, the development, and provision of awareness raising material, exhibits, and didactic materials. While the SEIC for Georgia will be located at the Tbilisi City Hall, the SEIC for Moldova will be hosted by the Energy Efficiency Agency of Moldova (AEE).

ITS successfully implemented a **Regional Combined Event** ("Combo") on the benefits and requirements of the Energy Performance in Buildings Directive 2010/31/EU and their implementation in the Partner Countries Armenia, Azerbaijan, Georgia, Moldova and Ukraine. The event gathered decision makers from the partner countries in order to improve their understanding of the requirements of the Directive and to facilitate the transposition of the Directive into their national legislations. Organisations of the host country of the event, Denmark, provided first-hand experience on the implementation of the Directive in the EU and in Denmark, including energy performance certification schemes.

During this reporting period ITS started to replicate the successful development and implementation of the **RES Mapping tool** on wind and solar potential for Georgia, in the partner countries Armenia, Azerbaijan and Moldova. The RES mapping tool aims to provide additional support to attract investment in SE area as it allows for the broad calculation of the value of investments at particular locations, explained in terms that an investor can understand. In addition to the mapping of solar and wind energy, the tool under development in Moldova will include the potential for energy efficiency improvement in the building environment.

As a part of hand-over activities of transferring INOGATE banking materials to International Financing Institutions, ITS continued preparation on the development of an **e-learning platform**. The online platform will be based on INOGATE's valuable experience on how to train local commercial banks to assess energy efficiency and renewable energy investment proposals. The developed training materials are deemed to be of great value for a wider group of local commercial financing institutions and handing them over to EBRD provide for use in the PCs will secure the sustainability of ITS assistance in the region.

COMPONENT D – ENERGY STATISTICS

The objectives of Component D are to support the Partner Countries in improving energy economic planning through enhanced use and harmonisation of energy statistics in line with European practice and standards.

The Component is managed by a Key Expert (Mr Nicolas Brizard) who is supported by a long-term junior non-key expert, short-term international senior non-key experts, and short-term national non-key experts, the latter providing ad hoc assistance for specific activities.

During the reporting period the Energy Statistics Component implemented a number of activities of which the most important are briefly described below.

Whereas the 7th Reporting Period was dedicated for the most part to the planning and preparation of activities, the 8th Reporting Period focussed on the implementation of country and regional activities including three Regional workshops and four technical assistance missions. Active coordination with Eurostat, IEA and the Energy Community Secretariat has also taken place on several occasions.

On September 22-24, 2015, ITS Component D held a three-day **workshop in Minsk (Belarus) to help five INOGATE Partner Countries to develop indicators for the monitoring and evaluation of Energy Efficiency policies** according to the best international practices (RWP.12). The five countries invited to participate were Azerbaijan, Belarus, Moldova, Kazakhstan, and Ukraine that is countries that have

mastered the preparation of energy balances and have enough quality data to start calculating Energy efficiency indicators. During the workshop, participants were provided with information about adequate methodologies, tools, and models to collect data with end-user surveys and to calculate indicators. ITS and IEA experts introduced the key concepts and objectives underlying the development of energy efficiency indicators (e.g. the IEA energy indicators pyramid). Data collected by Belarus were used as a showcase to demonstrate the data collection and modelling methodologies used for the calculation of appropriate energy efficiency indicators in the residential and industry sectors.

A second regional **workshop** took place in Zagreb (Croatia) in November 2015 (for Armenia, Tajikistan) and December 2015 (for Kyrgyzstan) **to train and assist the three countries with the compilation of their first official national energy balance (RWP.13)**. These countries have made significant progress since 2012 in the collection of data needed for the compilation of energy balances. However, they needed additional technical assistance to compile an official energy balance that is fully aligned with international standards. During this workshop, in addition to the preparation of a draft energy balance, ITS experts assisted Armenia, Kyrgyzstan, and Tajikistan with the preparation of the five joint IEA/Eurostat/UNECE questionnaires in view to submit them to the IEA.

The Energy Statistics component of the INOGATE Technical Secretariat (ITS) also organised the **fourth annual Energy Statistics Network (ESN) meeting** in Tbilisi (Georgia) on November 17-18, 2015 (RWP.15). It took place in parallel with the Technical Assistance mission to Georgia. The meeting gathered the ESN representatives from the nine Partner Countries that have signed and implemented Energy Statistics Action Plans (ESAPs). Beyond the traditional activities of the ESN meeting (presentation of past activities and achievements, experience sharing), the meeting started the impact assessment of energy statistics activities conducted by ITS since 2012 and during the extension period. In terms of regional results and impacts, the participants to the meeting agreed that all Partner Countries have made good to very good progress since the inception of the project in 2012 despite very different starting points and available resources. The Partner Countries' headway can be measured through the ESAP indicators which monitoring started in 2012. More specifically, a clear increase in the capacity of PCs to collect, compile and disseminate better energy statistics harmonised with European and international standards was observed. During the ESN meeting, DG NEAR confirmed that the EU technical assistance in the field of Energy Statistics would continue after the end of the INOGATE project on April 30, 2016 until 2020. In addition to DG NEAR, representatives from the EU delegation to Georgia, the IEA and the Energy Community Secretariat also attended the meeting.

On December 14, 2015, ITS provided technical assistance to Armenia, Georgia, Moldova and Ukraine during the **workshop on the calculation of RES Share organised by the Energy Community Secretariat and Eurostat** in Vienna (RWP.104). ITS' contribution was two-pronged: (i) English-Russian translation services in order to help participants from INOGATE countries follow the morning workshop on the SHARES tool and a dedicated side event discussion with Eurostat on energy prices statistics in Moldova and Ukraine; (ii) assistance to Georgia, Moldova and Ukraine in the implementation of the SHARES tool, an MS Excel tool developed by Eurostat to help EU members and Energy Community members and Energy Community Contracting Parties calculate their RES Share.

During the 8th Interim Period, Component D also provided technical assistance to (i) Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan and Tajikistan remotely and on the occasion of regional events and to (ii) Belarus, Georgia, Moldova and Ukraine through in-the-field missions in these countries. The technical assistance provided to Armenia, Georgia, Kyrgyzstan and Tajikistan was related primarily to the compilation of energy balances while the assistance provided to Azerbaijan, Belarus, Kazakhstan, Moldova and Ukraine concerned for the most part the development of end-user surveys (e.g. households) and the calculation and modelling of energy efficiency indicators. In January 2016, ITS

organised a four-day workshop in Zagreb (Croatia) for the National Bureau of Statistics and the Energy Efficiency Agency of Moldova to work on the sampling for a household energy survey to be launched in early 2016. Finally, ITS experts have prepared for both Georgia and Moldova, methodology reports showing how to calculate energy related CO₂ emissions based on official energy balances.

During the 8th Interim Period, the project team continued **its active** coordination with **Eurostat, the International Energy Agency (IEA), and the Energy Community Secretariat**. The IEA contributed actively to the ESN meeting and the workshop on energy efficiency indicators. ITS and the IEA also coordinated their efforts to ensure that as many joint IEA/Eurostat/UNECE questionnaires as possible are submitted by PCs to the IEA. The Energy Community Secretariat participated in the ESN meeting as well and allowed ITS to present case studies of end-user surveys from Montenegro, FYROM and Bosnia and Herzegovina during the workshop on energy efficiency indicators in Minsk. ITS participated in events organised by the IEA (InterEnerStat meeting in Paris on September 14, 2015) and the Energy Community Secretariat/Eurostat (RES Share workshop in Vienna on December 14, 2015).

CONCLUSIONS ON THE 8TH INTERIM PERIOD

The biggest challenge for the project during the reporting period was to draft the concept notes and the Terms of Reference for the activities to be implemented during the second half of 2015 and the first month of 2016. The project continued the 8th reporting period with the same Key Experts from the 7th reporting period. During the reporting period the project prepared and implemented the informal meeting of the INOGATE Country Coordinators in Kiev in September. The meeting was used to take stock of the accomplishment of the project since the spring of 2015. The EC DG NEAR also made use of the event to inform the Country Coordinators in closed session about the programme that would be offered by the EC after the completion of INOGATE. The reporting period saw the implementation of all the activities that had been approved over the summer of 2015 and the drafting of those final activities that were moved into "priority 1" as a result of the discussions in Kiev and a meeting in November 2015 between the EC and the consortium implementing the project. Key among the new activities which were prepared and for which implementation started in late 2015 is the Baseline Monitoring the objective of which is to provide a "baseline of impact" at the time of project completion. During the end of the reporting period preparation for the High Level Event to be held in Brussels March 17 marking 20 years of cooperation between the EC and the PCs picked up speed and the concept was confirmed during one of the final days of the reporting period.

MAIN EVENTS PLANNED FOR THE 9TH INTERIM PERIOD: 1ST February – 30TH April 2016**Component A**

For the 9th reporting period, the component will take responsibility for organising and implementing the remaining "Policy Dialogue Talks" in close liaison with the EU Delegation in Kiev, the DG NEAR Support Group for Ukraine and in consultation with representatives of the main Ukrainian project beneficiaries and stakeholders. Three more talks are foreseen for Kiev, Ukraine in 2016 and two for Georgia. In addition, it is expected that there will be two further activities in Ukraine – that were recently requested by the EU Delegation in Kyiv. The first new activity is expected to be support for an info graphics series as part of the UA Policy Talks. The second activity (requested by the Delegation and SGUA) is likely to be focused on a short term support to the Ministry of Energy in connection with helping the Ministry devise national scenarios for their policy making and the National Energy Model (TIMES-Ukraine) that they have.

The communication activities for this period will focus on intensifying the communication of the results and impact of the project to be showcased to the High Level Event scheduled to take place on **March 17 2016 in Brussels**. The successful organisation of this conference will be the main focus of the team for the last interim period. Communication materials will be produced specifically for this conference including the **success stories** based on the monitoring of the project activities.

On-going communication work will feature:

- **More** updates to the INOGATE website;
- **Monthly e-newsletters** on INOGATE activities;
- **Country leaflets, thematic leaflets** and other promotional materials to be used in the events planned by all components;
- **Media work** to promote the success stories in local media channels and press releases.

Component B

The Electricity and Gas Component of the project will continue to cover five strategic areas of assistance in line with the new ITS strategy: Regulatory Issues/Market Rules and Development/review of tariff methodologies and Harmonization of electricity and gas standards and Cross-border Trade of Electricity and Gas and Efficiency of Electricity and Gas Infrastructure.

Considering that all CWP and RWP Terms of References have been approved during 8th reporting period in the next reporting period the project team will put its efforts to timely completion of the implementation of all activities and also work on the project final report. The following flagship activities (events) from the Country Work Plans and Regional Work Plans will take place:

For Azerbaijan: The Technical Assistance and the Workshop on preparation of a concept note and a road map for the setup of an independent energy regulator, towards the development of the country's energy market (CWP.01.AZ) will significantly improve capacity of Ministry of Energy officials in understanding the need for and content of energy sector liberalisation reforms, based on transfer of relevant experience and know-how from the EU. The workshop will include presentations of experience gained in the EU, including selected actual cases from specific countries, with regard to the set-up of an independent energy regulatory authority, of the draft concept note and the draft road map;

For Belarus: The Workshop on development of the model and the regulations on elimination of cross-subsidies in energy tariffs (CWP.03.BY) will increase the knowledge and the capacity of beneficiary's

personnel to understand and introduce new tariff structures in line with the development of the electricity sector as well as to make preliminary calculations of new tariffs and update the tariff methodology;

For Georgia: The Workshop on the accessibility and implementation of international technical regulations and standards in the oil and gas sectors (CWP.03,04.GE) will increase the capacity of the Georgian Electrotechnical Committee (TC) in developing and using a set of procedures, methods (in line with EU practices) that are needed for efficient introduction and adoption of priority gas standards (product standards and functional standards) as well as build the professional competence level of GOGC/GGTC personnel - needed to deal successfully with the implemented functional and related gas standards;

For Ukraine: The Workshop on transformation of the standardization system of Ukrtransgaz in accordance with the European practice (CWP05UA) will increase the capacity and competences of the Ministry of Energy and Coal industry, NAK Naftogaz and Ukrtransgaz in dealing successfully with the implemented functional gas standards and operate effectively the gas transmission system;

For Moldova: Assistance to Moldelectrica in defining and developing its TSO planning function (CWP.02.MD) will provide an opportunity to Moldelectrica to discuss with peers on the practices and methodologies adopted for the development of the Georgian TYNDP (Ten Year Network Development Plan) as well as any other strategic aspect of mutual interest between the two TSOs (Moldovan and Georgian). The workshop will contribute to an increased awareness and understanding by key decision makers in Moldova on the legislative amendments required to be effected in the view of an improved electricity market functioning including in particular an increased cooperation with neighbouring electricity markets;

For Georgia: Training on integrity assessment of unpiggable gas pipelines (CWP.08.GE) will present and discuss the results of the External Corrosion Direct Assessment survey and will increase capacity of beneficiary's personnel on the inspection and direct assessment of the unpiggable gas pipelines.

Energy Policy Talks in Georgia " Rational Use of Electricity- Optimizing the Electricity Value Chain (from Generation to Consumption)" organised jointly with Component A as part of the overall energy policy support to Georgia will discuss the challenges faced by the electricity sector in Georgia and the role of the Energy Community in addressing these challenges. The event will increase the capacity of high level decision makers in Georgia in understanding of the benefits that the EU legal and regulatory framework can bring to Georgian electricity market if implemented properly.

Component C

For the 9th interim period, the activities of **the Sustainable Energy Component** will be planned and implemented in line with the approved Regional Work Plan and the Country Work Plans, including former "priority 2" activities, which were moved to "priority 1".

The development of **Sustainable Energy Policies and Strategies**, which are in line with the requirements of the Energy Community Treaty and Association Agreements, is a priority of the new INOGATE strategy. In practice, this means that national legislation and regulatory frameworks should reflect the requirements of EU Directives in the field of energy efficiency and renewable energy, in particular Directives 2009/125/EC (on Eco design), 2010/30/EU (on energy labelling), 2010/31/EU (on the energy performance of buildings), 2012/27/EU (on energy efficiency) and 2009/28/EC (on promotion of renewable energy). In line with these priorities, the Component intends to implement and conclude the following activities related to the Development of SE Policies and Strategies in the 9th interim period:

- Regional capacity building (Combo) event on lessons learned on **Energy performance contracts (EPC)**, the EU experience and applicability in the Partner Countries as a follow-up to completed country specific activities implemented in Armenia and Moldova (approved and planned for February 2016);
- Improvement of the **legal framework on energy efficiency of the district heating sector** inclusive of Implementation of **District Heating roadmap** via training and guidance in the development of heat mapping in Azerbaijan (approved and on-going);
- Development of a concept of **mandatory audits of public industrial enterprises** which are planned to be fully or partially privatised in 2015-2016 in Ukraine (approved and on-going);
- Development of a **strategy for lighting market transformation** that will become part of the Energy Strategy in Georgia (approved and on-going).

The following activities were submitted to DG NEAR and were awaiting approval at the end of the reporting period:

- Regional Workshop to disseminate the experience with Sustainable Energy Information Centres (SEIC) in Georgia and Moldova to other partner countries (Armenia, Azerbaijan, Belarus and Ukraine);
- Development of and Energy Performance Model Contract for the promotion of energy services in Armenia, building on secondary legislation developed in Armenia and the successful implementation of a EPC model contract in Moldova;
- Capacity building for EE/RES awareness raising in Azerbaijan;
- Review of the draft Energy Efficiency Law of Azerbaijan and capacity building of decision makers
- Capacity building in energy audits for district heating systems for operators of DH enterprises in Ukraine, building on the experience of the on-going activity for the State Property Fund of Ukraine (SPFU).

The SE Component will continue providing technical assistance to Georgia and Moldova on the creation of **Sustainable Energy Information Centres** that should result in the opening of these centres to the public during the 9th interim period. Based on the successful Georgian experience, INOGATE started and continues collaboration with Azerbaijan, Moldova, and Armenia on development of **RES Mapping tool** for these countries. ITS will also continue the development regarding the transfer of INOGATE banking training material to the EBRD's **e-learning platform** for use in the PCs

Component D

During the 9th Interim Period, the Statistics Component plans to implement the activities that were approved on February 01, 2016 including (i) additional remote assistance to Armenia, Kyrgyzstan and Tajikistan to finalise their energy balances and to submit the five joint IEA/Eurostat/UNECE questionnaires to the IEA and (ii) a technical assistance mission to Azerbaijan to help with the implementation of their first household energy survey to provide additional follow-up on the methodology for the calculation of Energy Efficiency Indicators. During the 9th Interim Period, ITS experts will complete all Activity Completion Reports and a final assessment of the progress made by all Partner Countries since September 2012 as documented in the ESAP indicators.