EU Energy Sector Regional cooperation through the INOGATE Programme: Lessons Learnt & the way forward

14th Georgian International, Oil, Gas, Infrastructure and Energy Conference (GIOGIE 2015)
25th & 26th March 2015 - Tbilisi

www.inogate.org
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The challenge

To secure adequate and reliable energy resources, at affordable prices, for citizens in both the INOGATE Partner Countries and the EU
What is INOGATE?

An EU-funded programme for regional energy cooperation between the European Union and its Partner Countries in Eastern Europe, Caucasus and Central Asia.

12 INOGATE Partner Countries:
Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkey (O), Turkmenistan, Ukraine and Uzbekistan.
INOGATE Development 1996-2014

**INOGATE Launch**
The Interstate Oil & Gas Transport to Europe (INOGATE) Programme as first-ever regional energy cooperation of this scale

**Technical audits phase**
Reveals the need for over 5 billion EUR in investments for rehabilitating energy infrastructures

**Demonstration Phase**
Proves the impact of small-scale demonstration projects such as cross-border gas metering stations helping to improve transparency of gas trade

**Expansion Phase**
Launch of Baku Initiative, Energy Road Map adopted by Ministers at 2nd Ministerial Conference in Astana providing long-term strategy
INO GATE Policy Framework

Baku Initiative
- Astana Declaration & Energy Road Map

For ENP Region
- Eastern Partnership
- Energy Community Treaty

Bilateral
- MoU Azerbaijan
- MoU Kazakhstan
- MoU Turkmenistan
- MoU Ukraine
- MoU Uzbekistan

INO GATE
INOGATE in numbers 1996-2013

Projects & Supplies
- Over 60 projects implemented
- Over 4 million EUR in small-scale emergency equipment and supplies

Aid
- 135 million EUR in technical assistance

People
- Over 7,000 persons trained
New ITS - Fact Box

- Project title: INOGATE Technical Secretariat (ITS)
- Budget: € 16.5 + 3 = 19.5 million
- Duration: 36 months (02.2012 – 01.2015)
- Extension: up to 30/4/2016
- Partner Countries:
  - Eastern Europe - Belarus, Moldova, Ukraine,
  - Caucasus - Armenia, Azerbaijan, Georgia
  - Central Asia - Kyrgyzstan, Turkmenistan, Kazakhstan, Uzbekistan, Tajikistan
- Four Project Components (A,B,C,D)
New ITS - Project Components

A - Coordination
• ITS operation
• Communication Strategy
• Investments policy
• Monitoring
• 18%

B – Electricity & Gas
• Regulation & Markets
• Standards
• Cross-border trading
• Gas streams efficiency
• 34%

C - Sustainable Energy
• RES
• EE
• 24%

D – Energy Statistics
• Energy Statistics
• Energy balances
• 24%
Regional and Country Ownership of ITS Activities and Results

Regional and Country ownership could be achieved and strengthened through development and signing of:

- Regional Work Plan;
- Country Work Plans;
- Memorandum of Intent for specific activities not covered by a work plan.

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Types of assistance provided

- Technical advisory
- Capacity building
- Awareness raising
- Networking
- Regional cooperation
- Multi-country approach

Institution building
Example: Capacity Building Activities (Part of the E&G Component)

- High Level Decision Makers
  - Low degree of convergence with EU (BE, AZ)
  - Why reform? What are the risks and benefits?

- Tariffs
  - Re-discussing the fundamentals (ERRA)
  - Progress made (project end)

- NRAs Role & Functions/Consumers
  - Independence, Budget, Code of Conduct
  - Consumer protection (CEER/ECRB/ERRA)

- Cross Border Trading - E
  - Early 2013 CBT-E Event in Brussels (with the participation of CEER/ECRB/ENTSO-E/EUROPEX/ELERING/TEIAS)

- Cross Border Trading - G
  - May 2013 Combined Seminar and Study Tour (GIE annual Conference, SNAM Storage Terminal)

- Markets, Regulation & Infrastructure: PCs Feedback
  - Regional Work Plan: Activity 03 (TBD 2015)
Example: Regional Studies and Analyses

ITS Status Report 2011

SE Regulation Jan 2014

Baseline Survey Jan 2014

Gas Losses Reduction Feb 2014

OECD/IEA 2014

Tariff Review 2015 (TBA)

Examples of Studies and Analyses:

- EU Best Practices in Technologies and Methodologies for the Reduction of Losses in Gas Transmission Infrastructure
- Inogate Programme Status Report 2011
- Gas Losses Reduction Feb 2014
- SE Regulation Jan 2014
- Baseline Survey Jan 2014
- Tariff Review INOGATE Partner Countries
- Region Highlights OECD/IEA 2014
- Eastern Europe, Caucasus and Central Asia Highlights
- Baseline Survey INOGATE Partner Countries Institutional and Regulatory Frameworks in Sustainable Energy
Key Energy Statistics Results (1)

- Increased **regional cooperation** on energy statistics through the establishment of an Energy Statistics Network;

- Increased capacity of National Statistical Institutes in the collection, compilation and dissemination of more consistent and reliable energy statistics.
Key Energy Statistics Results (2)

- Developed Energy Statistics Action Plans for the 11 INOGATE Partner Countries;
- 9 Partner Countries have endorsed their respective Action Plans.
Georgia: Example AHEF (completed)

1. Cathodic Protection System Design (on-going)
2. Direct Assessment Techniques of unpiggable pipelines
3. Construction Supervision (Non Destructive Testing-NDT) and Pipeline Testing and Commissioning (completed)

Scope of Work & Key Results:

- 3 seminars in Tbilisi & study tour to Greece
- participation open to other INOGATE PCs
- reduced construction and O&M cost
- reduced emissions (fugitive GHG)
- optimal design of rehabilitation programmes
- internationally recognized NDT certificates
Armenia: Example AHEF (completed)

Rules of connection to electricity and gas distribution networks

Scope of Work & Key Results:

- analysis of the current framework on connection conditions and charging
- comparison with EU practices
- recommendations regarding the rules and connection tariffs
- formulation and adoption by PSRC of proposals and in an improvement of the relevant primary and secondary legislation.
Azerbaijan: Example AHEF (completed)

Consultancy services on Advanced Meter Infrastructure (AMI) application at Azerenerji’s distribution networks

Scope of Work & Key Results:

- Assessment 3 Pilot AMI projects
- Assessment of existing (MDM) and billing practices
- Specs review and support to procurement (evaluation) AMI system design
- AMI solutions acceptable but poor degree of MDM integration
- Defined responsibilities for the internal project team structure for the AMI roll-out
- Key recommendation: Existing condition of the distribution network cannot guarantee a positive Cost/Benefit result.

✓ Pre-financing agreement with ADB on distribution networks rehabilitation (now AzerLight)
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RESMAP

“Support to energy investments”

RESMAP is a geospatial mapping tool developed to assist in sustainable energy investment planning.
Georgia: Example AHEF (on-going)

1. Support Georgia in Energy Sector Reform process and actions towards full membership of the Energy Community (MoE), ongoing.


Scope of Work:
- An overview of CEE and Baltics region with the implementation of the 3rd Energy Package (MoE)
- Critical review of the market model and associated rules (ESCO)
- Functional improvements on the internal electricity market
- Assistance in the discussions with Energy Community
- Adoption of new legislation
Georgia: Example AHEF (on-going) (1)
Southern Caucasus – Basic Info

Data: 2012/13
Georgia: Example AHEF (on-going)(2)

Azerbaijan (Azerenerji)
- An assessment of export potential
- Legal, Regulatory & Commercial modalities for CBT

Georgia (GSE)
- Review and compare current GSE transmission planning procedures and tools with those exercised in the EU

Turkey (TEIAS) - Observer
- Participate and follow the discussions between GSE and Azerenerji in a view of strengthening electricity trading
- Propose the milestones in a sequence of steps (sort of a Roadmap) aiming to an increased cooperation of the AGT systems
Thank You!

Nikos Tourlis
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SENIOR Energy Markets Convergence Expert

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