

PRESS RELEASE

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Improving cross-border trade: INOGATE supports the creation and operation of regional electricity markets

Brussels– Nine (9) Partner Countries took part in the **Regional Seminar on Electricity Cross Border Trading – EU Perspectives** organised by the INOGATE Technical Secretariat in Brussels on 31 January to 1 February 2013. The creation and operation of regional electricity markets in the INOGATE Partner Countries is vital for the efficient optimisation of regional resources and increase of efficiency and the environmental performance of the national energy sectors. While the majority of relevant stakeholders in the Partner Countries see it as a priority to identify and alleviate the obstacles for an enhanced cooperation on electricity cross-border trading based on market mechanisms, they do not have a common level of understanding on cross-border issues and trading based on market principles, which is a prerequisite for creating functional regional markets.

Participants to the Seminar included representatives of electricity transmission system operators (TSOs) from Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Ukraine and Uzbekistan. The event provided an excellent opportunity for technical exchange between the INOGATE Partner Countries with those organisations that actively contribute to shaping the EU Single Electricity Market such as European Commission's Directorate General for Energy, the European Network of Transmission System Operators for Electricity (ENTSO-E), the Council of European Energy Regulators (CEER) and the Association of European Power Exchanges (Europex).

In this context, the purpose of the seminar was to present the fundamental principles on which the EU single electricity market has been built and to discuss the opportunities to increase cooperation with the INOGATE Partner Countries. Moreover, the seminar allowed for networking amongst the Partner Countries and permitted them to become familiar with the role of the relevant EU organisations, while having the opportunity to draw on the experience of EU approximation processes from the Baltic States, the Energy Community and Turkey. Key note speakers included representatives of CEER, Europex, ENTSO-E but also TEIAS (the Turkish TSO) in relation to the on-going process of working in parallel to the ENTSO-E system, and Elering (the Estonian TSO) in relation to their integration to the Nordpool market.

Given that the electricity systems of the INOGATE countries used to operate in a synchronous unified mode as part of the former Soviet Union, cooperation on the technical level involving Transmission System Operators exchanging views, identifying gaps and barriers and working towards their alleviation could be beneficial for the creation of regional markets, especially those in the vicinity of the EU single market. As discussed during the seminar, INOGATE Partner Countries can take advantage of three major regional electricity markets: 1) the Eastern European regional market involving Belarus, Ukraine and Moldova; 2) the Caucasus regional market involving Azerbaijan, Georgia and Armenia and 3) the Central Asian regional market involving Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan.

In addition to its capacity building objectives, the regional seminar provided an excellent forum for agreeing the work programme of the INOGATE Technical Secretariat project for the next two years. In this respect, INOGATE technical assistance will focus on helping the Partner Countries in three areas: 1) analysing the legal frameworks for cross-border trade, barriers, constraints and remediation; 2) undertaking capacity building to TSOs/operators; promoting co-operation between the TSOs in the partner countries and facilitating contacts with ENTSO/E; 3) providing assistance in the development and adoption of secondary legislation (e.g. grid codes and market rules) and market-based trading instruments (e.g. creation of power exchanges, auction mechanisms, etc.).

One of the key outcomes of the seminar was that participants were provided with an overview of electricity markets liberalisation, the most common implementation models for electricity wholesale markets, the rationale for regional markets for electricity cross-border trade including the reasons and models for unbundling and regulatory oversight. As a result, the Partner Countries agreed to work with INOGATE in the direction of establishing peer-working groups for each regional market.

INO GATE is an EU-funded programme promoting international energy co-operation between the European Union and the Partner Countries of Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. It works to support the EU policy frameworks of the Baku Initiative, the Eastern Partnership – Energy Security Platform, the Energy Community and the Central Asia Development Cooperation.

INO GATE works in four key areas: convergence of energy markets on the basis of the EU principles, enhancing energy security, supporting sustainable energy development, and attracting investment towards energy projects of common and regional interest. INO GATE is one of the longest running EU programmes since 1996.

The full meeting documentation can be found at the following link:

<http://tinyurl.com/electricity-seminar>

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