

Draft MC Decision proposal concerning the implementation of the certain rules of Council Directive 2009/119/EC in the Energy Community ECS Note for the PHLG discussion in December 2013

1. Background

In October 2012, the Contracting Parties of the Energy Community made a significant and firm commitment towards establishing emergency oil stocks. With the Ministerial Council Decision of the Energy Community on the implementation of Council Directive 2009/119/EC, each Contracting Party has committed to implementing the Directive no later than 1 January 2023. This was a critical step for Contracting Parties progress in the extension of the *acquis communautaire* and towards enhancing both domestic and regional oil supply security.

2. Current situation

The deadline established by the Ministers' decision provides for a period of roughly 10 years to achieve full implementation of the Directive. While this may appear to be a substantial amount of time, in fact it will require a very proactive approach by Contract Parties in order to have in place all necessary elements for compliance with the Directive. This is more than just the building up of volumes of emergency stocks - a process that will likely require several years of gradual progress; it also requires designing and establishing the legislative basis, creating the necessary data reporting system and making operational a system for maintaining ready, and releasing when necessary, emergency oil stocks.

Understanding this challenge, the Contracting Parties requested at the 4th Oil Forum a coordinated technical assistance led by the Secretariat and with the support of the European Commission. Based on this request, the Secretariat presented at subsequent PHLG meetings and at the 5th Oil Forum its progress in establishing a framework for providing assistance and support in emergency stockholding. Contracting Parties were encouraged at these meetings to submit their specific technical assistance requirements so that the technical assistance could be tailor made to provide the maximum assistance for the specific needs of each Contracting Party.

Having a clear timeframe for achieving implementation of the Directive allows policy makers in the Contracting Parties to establish effective and realistic milestones which set out the concrete steps necessary for successfully meeting the objective. Such milestones are vital in order to avoid complacency by decision makers which can set in. A critical first step is the establishing of a legislative framework which transposes the Directive and clearly designates the responsible body for establishing and maintaining emergency oil stocks. Once established, this responsible body can begin concrete steps toward fulfilling the objective.

3. Proposal for next steps

The technical assistance provided to the Contracting Parties so far has indicated that there is a lack of clear intermediate deadlines for progressing towards full compliance with the Directive. In order to help the decision makers in the CPs to understand and support the process of meeting the final target, a concrete action plan would be required. The action plan would lay out specific tasks to be achieved each year, setting key dates for main milestones which would serve as a basis for

assessing progress. At the same time, Contracting Parties should envisage the data collecting system required to successfully comply with the Directive. Such a reporting system requires time in establishing and developing the necessary quality and timeliness of data collection.

The Ministerial Council Decision (D/2012/03/MC-EnC), under article 2, foresees that further relevant measures regarding the Directive's implementation would be proposed. On this basis, the Secretariat would like to suggest a draft Ministerial Council Decision concerning the implementation of the certain rules of the Directive 2009/119/EC in the Energy Community.

With such a proposal, establishing clear intermediate deadlines, the Secretariat is confident that Contracting Parties will make more active and measurable progress towards implementing the Directive by the end of 2022.