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*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

5TH ANNIVERSARY OF THE ENERGY COMMUNITY

Wien, 24 October 2011

President Lupu,
Vice-Chancellor Mr. Spindelegger,
Minister Mitterlehner,
Director Neykov,
Ministers, Ambassadors,
Excellencies,
Ladies and Gentlemen,

It is a great pleasure to be here today to celebrate with you the first five years of existence of the Energy Community.

Five years might appear to be a short period of time in the life of international organizations. In the case of an organization that was conceived for an initial life span of 10 years, today's Anniversary represents a milestone.

As we all know, it all began with the technical negotiations known as "the Athens process", which led to the signature in 2002 and 2003 of Memorandums of understanding, as a first step for non-EU countries in South East Europe to come closer to the European standards in the energy field.

The concept for building an Energy Community between the European Union and the same countries, proposed by the Commission a couple of years later, was a courageous concept. It was based in our conviction that sharing specific goals and promoting technical cooperation would help overcoming the political burden of recent history. While it was a courageous undertaking, the concept was not new: pooling energy resources was indeed at the very heart of the origins of the European Union itself!

The Energy Community was conceived as a win-win project, where all partners – EU Member States and their neighbours – would benefit from enhanced energy interconnections, economies of scale and diversification of sources of supply in energy.

Time has proved that this was the right approach. Since the signature of the Energy Community Treaty, the importance of strengthening the external dimension of the EU energy market has become more and more evident. And the Energy Community is today a model for regional cooperation on energy matters within the broader Europe, which spans from Lisbon to Kiev and from Tirana to Helsinki. In its recent Report on the Energy Community, addressed to the Council and to the European Parliament, the Commission clearly concluded on the merits of this "success story", which should be extended beyond 2016.

Five years after the entry into force of the Treaty, the Energy Community has grown into a mature organization, which provides a sound institutional framework for cooperation, mutual support and exchange of experiences.

Its Secretariat, based in Vienna, represents the cornerstone of this institutional architecture, and I would like to thank its Director, Mr. Slavtcho Neykov, and all members of its staff – whom I am glad to see among us today – for their professional work, their devotion and enthusiasm, which have made the Energy Community institutions what they are today.

I know that the success of the Energy Community would not have been possible without the political commitment of each Contracting Party and without the direct involvement of your authorities at the highest level. But I am also aware of the contribution made by your representatives at official meetings and working groups

and their efforts towards making technical cooperation possible – despite often antagonist national positions.

I would also like to thank EU Member States – and many of them are represented here today – for the institutional support provided to this process, which was also decisive for the viability and success of the Energy Community:

I refer of course to Austria, which hosts the Secretariat and supports financially its premises;

to Greece, host country for the work of the Energy Community Regulatory Board and the Electricity Forum, and

to Slovenia, which hosts the Gas Forum;

But we should not forget other EU Member States that keep playing an active role, by sharing their national experience, be it within the Permanent High Level Group or within the Regulatory Board, or at conferences, workshops or events. I am grateful that the Polish Presidency invited for the first time the Ministers of the region to an EU informal energy Council, four weeks ago in Wroclaw, highlighting that we all share the same objectives and concerns.

The interest in the Energy Community is growing throughout the region, as highlighted by the accession of the Republic of Moldova and of Ukraine. With the enlargement of the Energy Community, the size of the potential regional market has almost tripled (from approximately 26 million inhabitants to around 73 million). Two weeks ago, Armenia was accepted to participate in the work of the Energy Community institutions together with other observers: Turkey, Norway and Georgia. The centre of gravity of this project – which was inspired by a strong EU pre-accession component – has therefore started to shift towards the East. The Commission welcomes the interest shown by third countries, but recalls that we should only accept new members that are truly willing and capable to assume the same commitments as our Energy Community partners.

In its annual report on the implementation of the Energy Community Treaty that has just been released, the Secretariat gives a rather positive assessment of the degree of alignment of Contracting Parties national rules with their commitments under the Treaty. But, as the report itself warns, there is still much work to be done.

We all know that despite intensive legislative work, our objective of creating open, transparent and competitive national energy markets in all Contracting Parties has not been achieved yet, and this represents a serious obstacle for the establishment of a regional market and its integration in the EU internal energy market. The limited impact of reforms on the national markets is an issue for the credibility of the process and represents a deterrent for private investors.

The Energy Community faces paramount investment challenges which result from the modernization of the electricity transmission and distribution networks and interconnectors, from the EU standards on energy efficiency or from the implementation of key environmental provisions aiming at reducing the emissions from large combustion plants. This will require modernizing existing generation plants or decommissioning and replacing a number of them in the coming years.

The current insufficient interconnection capacity is indeed an obstacle to developing regional markets. Promoting region-wide energy systems and exchanges will help not only single Contracting Parties, but will contribute to the security of supply of the broad Europe.

At its meeting in Chisinau, two weeks ago, the Ministerial Council of the Energy Community took some important decisions that will be decisive for the Energy Community in the years to come:

- Firstly, the setting up of a Task Force that will elaborate a Regional Energy Strategy and an investments plan for the Energy Community, with involvement and ownership of all Contracting Parties, donors, private investors and other stakeholders. A commonly agreed Regional Strategy will not only allow us to pool resources and make use of economies of scale by promoting solidarity, cooperation between neighbours and mutual trust, but it will also serve as a reference for international donors and private investors, to boost synergies and avoid duplications.
- Secondly, the Ministerial Council committed to an implementation plan towards the creation of a regional gas market based in the concept of a "Gas Ring", connecting all contracting parties and contributing to the security of supply of the region and neighbouring countries.
- Thirdly, the Ministerial Council agreed to implement the newest rules on the European Union internal market for electricity and gas by 2015 at the latest, showing their willingness to progress together with the EU Member States towards a pan-european energy market. The Ministerial Council decision includes – for the very first time in five years – special rules on the involvement of the Energy Community institutions in the practical implementation of the internal energy market rules. The Commission knows that putting this decision into practice will be most challenging, and will therefore be supporting all interested parties – national authorities, regulators and, especially, the Energy Community institutions – in performing their tasks in the most satisfactory way.

Let me finish by recalling that we have a long road ahead of us, and that we are facing challenging times where, more than ever, all of us – Contracting Parties, Member States and EU institutions and bodies – will have to show our commitment with the Energy Community project. Our support and daily contribution to the Energy Community institutions will be decisive for achieving one day one single energy market within the broad Europe.

Thank you very much for your attention!