

3rd Meeting of the Energy Community Gas Forum Final Conclusions

Ljubljana, 16 October 2008

The Forum was chaired by the Commission and attended by representatives of Ministries and regulatory authorities of the Contracting Parties, Participants, Observers, Donors and gas industry associations.

I. INVESTMENTS

1. The Forum welcomed the presented results of the study “Energy in the Western Balkans” done by the International Energy Agency which highlighted in particular the need of cooperative and coordinated regional approach to diversify supply sources in a transparent regulatory framework, which supports competitive markets, cost reflective prices in order to provide proper framework for urgently needed investments in transmission, storage and distribution. The Forum expressed interest in IFIs financing a study on upstream supply and gas pipeline issues examining possibilities for a coordinated approach in this respect. The World Bank expressed its readiness to assess this possibility. The IEA expressed readiness to contribute its expertise to such study.
2. World Bank/Economic Consulting Associates (ECA) presented the draft final report on the extension of the Gasification Study for storage facilities in SEE. The Forum welcomed the information and invited participants to comment on the draft final report by mid-November 2008. The participants were encouraged to give information that would help to finalise the study. The World Bank/ECA complete and publish the report on the Energy Community homepage in December 2008.
3. GTE+ informed the participants about the preparation of the Ten Year Network Development Statement which will be produced biannually by GTE+ based on the task envisaged in the Third Package. The importance of capacity forecasting in the SEE is one of the crucial tasks of the Energy Community. The model plans to take into consideration the forecasted capacity needs of those Contracting Parties having a gas market as well of those, which do not have a gas market yet. The Forum acknowledged the main benefits of the regional approach able to signal urgently needed infrastructure investments, and its potential to play a crucial role in the development process of the Energy Community Ring. TSOs, representatives of ministries and regulatory authorities which have not provided the relevant data to GTE+ yet, would do so by October, in order to be included in the Capacity Development report to be published in November 2008.
4. The representatives of the Contracting Parties presented the progress on the realization of their investment programs - compatible with the Energy Community Gas Ring Concept. The Forum noted the presentations of the Republic of Croatia and Srbijagas. Bosnia-Herzegovina announced it would sign the MOU for the Ionian Adriatic pipeline at the Ministerial Council meeting in December 2008 in Tirana. The Contracting Parties agreed to further on report on the achieved progress with regard to regional projects in line with the Energy Community Ring Concept.
5. The Forum welcomed the presentation on the Hungarian - Romanian interconnector given by the Romanian TSO – Transgaz and recognized that this type of agreement could be a model for coordination in the region.

II. NEW EUROPEAN TRANSMISSION SYSTEM – RECENT DEVELOPMENTS

6. The Forum was informed that the CEOs of Plinacro (Croatia), Transgaz (Romania) and FGSZ Natural Gas Transmission Ltd (Hungary) signed a Memorandum of Understanding (MoU) on 26 September 2008, in Budapest aiming to establish a Study Company that explores the framework of potential cooperation for the New European Transmission System (NETS) initiative. BH-Gas (Bosnia Herzegovina) signed the MoU as observer, while Bulgartransgaz (Bulgaria); Geoplin Plinovid (Slovenia); and Srbijagaz (Serbia) participants to the Budapest meeting had expressed interest at that occasion to join later. The NETS project is a regional initiative to achieve broader inter-connection between the national gas pipeline systems across Central and South Eastern Europe and improve security of supply.
7. The Forum welcomed the information and asked the representatives of the project to keep the Forum updated.

III. MARKET REGULATION

a. ECRB activities related to gas

8. The Forum welcomed the information on a common regulatory approach for new infrastructure projects, provided by the ECRB. ECRB was asked to open the draft for comments to the stakeholders of the Energy Community process. Reaching a common approach will have a crucial impact on the development of the Energy Community Gas Ring as well as on other new infrastructure projects conceived at regional level.
9. ECRB informed the Forum about the recently launched study on Natural Gas Transmission in the Energy Community and invited the Contracting Parties to provide inputs for the study. ECRB also echoed the positive results of the first Gas Distribution Conference.

b. Progress on the Treaty implementation

10. The Forum welcomed the presentation provided by EFET of traders' perspective with regard to mutual recognition of licenses in the Energy Community. The presentation highlighted the possible benefits and remaining obstacles in this context. The Forum emphasized that seeking legal measures, as the recently established dispute settlement procedure could help to remove the existing hurdles to cross border trade.
11. The Secretariat presented an update on the implementation of Directive 2003/55/EC, Regulation 1775/2005/EC and to a smaller extent on Directive 2004/67/EC in the Contracting Parties. The Commission re-called the importance of the comprehensive implementation of the energy acquis within the Energy Community. The Forum invited the Contracting Parties to report to the Secretariat on the progress made before the next Gas Forum.
12. The ECRB Section of the Secretariat informed the participants about the results on the market developments in the Contracting Parties updated to mid-2008. The Forum asked the ECRB to continue to monitor the process and support market development in the Contracting Parties and publish its report in October 2008.