

COOPERATION ON GAS INFRASTRUCTURE INVESTMENTS – EVOLUTION OF THE JOINT GAS WORKING GROUP

Concept Paper of the Energy Community Secretariat

I. BACKGROUND AND SCOPE

Recent developments in the gas sector – and particularly the gas crisis from January 2009 – indicated once again that flexibility on policy level is certainly to be used as to provide conditions for quick and effective adjustment to the realities.

It is on this ground that the Energy Community Secretariat proposes to the Permanent High Level Group to consider this Concept Paper, which indicates the Secretariat's views on an issue of key practical importance – the cooperation on gas infrastructure investments among the Parties to the Treaty.

In practical terms, the proposal is linked to establishment of a “Gas Ring Group”, which shall replace the existing Joint Gas Working Group, and which – on the ground of clear structure and mandate – shall target in concrete terms infrastructure investments in the gas sector on regional level.

Thus, this paper focuses concretely on the cooperation format on gas infrastructure issues in general and in relation to the Gas Ring concept – in particular.

II. GAS INFRASTRUCTURE MATTERS AND INSTITUTIONAL DEVELOPMENTS WITHIN THE ENERGY COMMUNITY – THE JOINT GAS WORKING GROUP

The most recent format of discussions on the topic is related to the decision of the Ministerial Council of the Energy Community on the non-binding list of priority infrastructure projects (covering both electricity and gas)¹.

Historically, however, the gas issues in general and the infrastructure aspect in particular have been discussed within the Energy Community well before the Treaty of its

¹ The latest discussions in this aspect were at the 5th Ministerial Council meeting on 11.12.2008.

establishment entered into force. Thus, the topic was explicitly elaborated in the Memorandum of Understanding on the Regional Energy Market in South East Europe and its Integration into the European Community Internal Energy Market (The Athens Memorandum 2003).

In addition, upon the signature of the Treaty², but prior to its entry into force³, following an initiative by the European Commission, a Joint Gas Working Group was established and its first meeting took place on 22-23 March 2006 in Belgrade, where its meetings were usually organized afterwards.

The intention of its establishment was the creation of a flexible format for discussion on operational level major issues, concerning gas related developments in the Energy Community and particularly in the Contracting Parties. Thus, the Joint Gas Working Group was always considered as a preparatory tool for the Gas Forum, established under the Treaty, where both general and concrete discussions also take place.

An explicit focus of the mandate of the Joint Gas Working Group was on gas infrastructure investments in South East Europe and development of a supportive regulatory framework. In this aspect, the work of the group has always been concretely linked to the South East Europe Regional Gasification Study, financed and lead by the World Bank and KfW. A major element of this study is linked to the Energy Community Gas Ring.

It is recalled that besides this Joint Gas Working Group, gas issues are mainly discussed in the following formations:

- The Gas Forum (from 2009 once a year)
- The ECRB and its Gas Working Group (as regards regulatory aspects)
- The newly created Security of Supply Coordination Group (probably once a year on gas)

Besides, it is also noted that the transmission system operators cooperate on these issues within Gas Transmission Europe (GTE+) taking South-East Europe into account. This cooperation is related to the so called Ten Years Network Development Statement dealing with the extension of the European gas grid from the European perspective - taking also security of supply based projects into consideration.

There is a need to better articulate these several formations, while respecting the differences in role and responsibilities, and at the same time to provide for an operational group on infrastructure issues involving the transmission system operators.

² 25.10.2005.

³ 01.07.2006

III. THE GAS RING GROUP – PROPOSED EVOLUTION OF THE JOINT GAS WORKING GROUP

The Energy Community Secretariat hereby proposes the establishment of an Energy Community Gas Ring Group, which shall replace the Joint Gas Working Group and shall have activities as below.

The focus of the Group shall be:

- To share information on the status of on-going and planned investment projects in gas transmission infrastructure and gas storage facilities;
- To discuss investment options and priorities as regards interconnections – within the overarching concept of Energy Community Ring.

It is suggested that the European Commission should further chair the group, to leave to the group a flexible and light organisation and to further benefit from the assistance of the Secretariat. Participation should be foreseen at operational level and should be open to interested stakeholders, in particular to gas transmission system operators.

In order to focus as much as possible on concrete projects, it is recommended to organize the meetings on defined geographical areas or gas routes or facilities. The meeting is foreseen to take place on a regular basis once per year but can also be convened occasion driven.

IV. CONCLUSIONS AND PROPOSALS FOR NEXT STEPS

The Secretariat considers that the proposed changes shall contribute to explicit and stream-lined focus on concrete investment projects.

In parallel, however, the proposal does not interfere with the existing mechanisms for operational information, decision making and control.

It is on this ground that PHLG is invited to consider the current note and eventually agree on the proposed approach.