

Joint Gas Working Group
CONCLUSIONS
Belgrade 22-23 March 2006

- 1) The Joint Working Group (JWG) thanked very much Minister Naumov and Serbian Authorities for their hospitality and wished Serbia well with its reform plans.
- 2) The Commission urged Serbia to develop its energy market in conjunction with that of the European Union so that eventual integration would be easy. Serbia has many advantages such as geography, gas storage and interconnection that could be exploited for the benefit of Serbia in a wider European market. The Nis/Dimitrograd pipeline was recalled as a priority.
- 3) The JWG agreed that the framework for regulation of gas sector be based on *acquis communautaire* in line with the Energy Community Treaty.
- 4) Light handed application and innovative practical transposition of the Gas Directive is necessary to encourage investment. Particular attention should be given to exemptions from full market principles.
- 5) The regulatory framework must be stable and long term: this perspective might be longer than in established markets.
- 6) Investment protection is also important and the need for all Energy Community states to accede to the Energy Charter was recalled.
- 7) To access Middle East and Caspian resources, the legal and regulatory framework in Turkey should be compatible with that in the EU and the Energy Community, ideally through accession to the Energy Community Treaty.¹
- 8) The importance of stable and uninterrupted gas supply has been made visible in the light of the events of January and February 2006. Appropriate applications of legal and regulatory frameworks in transit states can help to improve the situation.
- 9) The Commission is invited to look at substantial LNG options and other routes in order to avoid increasing strategic dependence. In addition to the security that can be gained from pipeline investments.
- 10) For the application of the Gas Directive to new infrastructure a simple harmonised approach based on a one stop shop and a case by case evaluation of projects should be put in place based on Commission proposals.
- 11) The JWG agreed that storage investments are an essential to increase security of supply. Emphasis should be given on aspects of solidarity in line with *acquis communautaire*.
- 12) The Commission recalled that open seasons are an important option in the exemption procedure for Article 22 (Exemption for new infrastructures) Gas Directive.

¹ The Commission recognises that Turkey has a strategic role to play in providing access to Middle East and Caspian Resources. Turkey and the European Union underscore that their joint efforts should continue to enable Turkey to accede to the Energy Community by resolution of the outstanding issues.

- 13) The EC invited investors to comment on a two-tier open season process. A first tier would be an equity open season that allowed interested companies to take part in an infrastructure project. The companies would have to be subject to selection criteria and would have to make an initial substantial financial commitment. These first tier companies would be able to reserve some capacity for long term use, subject to ordinary use it or loose it (UIOLI) principles and non-retirement policies. A second tier open season would allow long term and/or short-term capacity commitment.
- 14) Pipeline promoters are encouraged to co-operate to achieve optimal results in order to develop the region as a whole and to avoid proliferation of sub-optimal infrastructure. Such co-operation should be based on market principles and commercial incentives.
- 15) The Commission welcomed the “The South East Europe Gasification Study” coordinated and lead by World Bank. World Bank stated its intention to finalise the first draft by mid 2006.
- 16) The Commission welcomed the contributions accomplished by Gas Infrastructure Europe (GIE), Oil and Gas Producers (OGP), Eurogas, and EASEE-gas and recalled for their future collaborations and contributions.
- 17) The Commission shall coordinate and assure streamlining process of the draft finalization of Guidelines for New Gas Infrastructure Investment Regulation (GGIIR) in the Energy Community of South East Europe. Comments and remarks of all involved parties shall be included to the best possible extend.
- 18) The Commission stated its intention to organise Gas Forum in July 2006. The venue of Forum will be defined later on.