

# **IMPLEMENTATION OF THE TREATY STATUS AS OF JUNE 2007**

**– THE STATEMENTS ON MONITORING SECURITY OF SUPPLY –**

**Energy Community Secretariat, Vienna**

**28-29 June 2007, Becici, Montenegro**

**The 5<sup>th</sup> PHLG and 2<sup>nd</sup> MC Meetings**

# LEGAL BASIS FOR THE STATEMENTS

---

## THE TREATY

### ARTICLE 29 OF THE TREATY

- The statements on monitoring of security of supply to be adopted one year after the entering into force of the Treaty;
- The statements should cover:
  - a) diversity of supply,
  - b) technological security, and
  - c) geographical origin of the imported fuels.
- The statements shall be updated every two years;
- The Secretariat shall give guidance and assistance with respect to the statements;

## STEPS

### PROCEDURE AND RESULT

- Expert Meeting of 14-15 September 2007 in Vienna asked the Secretariat to propose a draft structure for the statements;
- The Secretariat provided the structure for the 1st PHLG Meeting of 17-18 October 2006 in Vienna;
- The Contracting Parties drafted the statements in the 1st half of 2007 having in mind their submission for the 5th PHLG Meeting of 28 June 2007 in Becici;
- By the end of June 2007, all Contracting Parties (except the former Yugoslav Republic of Macedonia) and Romania have communicated the statements to the Secretariat;
- The Secretariat made the statements available to any Party to the Treaty by dissemination through the web page of the Energy Community;

# STRUCTURE OF THE STATEMENTS

---

## BASIS

### MAIN ELEMENTS

- Based on the existing energy *Acquis* from the Treaty;
- Article 4 of the 2003/54/EC and Article 5 of the 2003/55/EC;
- Requirements:
  - a) supply/demand balance on the national market,
  - b) level of expected future demand and available supplies,
  - c) envisaged additional capacity being planned/constructed,
  - d) quality and level of maintenance of the networks,
  - e) measures to cover peak demand, and
  - f) measures to deal with shortfalls of one or more suppliers.

# DRAFTING OF THE STATEMENTS

---

## EXAMPLES

### EU PRACTICE

- The National Reports of each EU Member State;
- To gather information and to inform the Commission on the state of play in regulation, competition, security of supply and public service obligation;
- The 1st and 2nd editions of the National Reports were published in 2005 and 2006, followed by Annual Reports prepared by the Commission;
- The National Reports were prepared by the energy regulatory authorities and they are still available at the ERGEG website;
- The Secretariat proposed the structure of the statement compatible to the chapter on the security of supply from the National Reports;
- Extracts from the National Reports of the neighbouring Participants were circulated for explanatory purposes;

## OUTCOME

### INFORMATION PROVIDED ON THE FOLLOWING ITEMS

- Role and responsibilities of different players in the electricity and gas market;
- Legal framework related to security of electricity and gas supply as a public service obligation;
- Protection of electricity and gas supplies for household customers;
- Continuity of electricity and gas supplies;
- Summary of the investment programmes in electricity and gas;
- Regulatory framework in place which supports electricity related investments (generation, transmission, distribution);

## OUTCOME

### INFORMATION PROVIDED ON THE FOLLOWING ITEMS

- Regulatory frameworks to provide adequate incentives for new investment in exploration and production, storage and transport of gas and of LNG;
- Requisite measures to safeguard electricity and gas supply in the event of a sudden crisis;
- Cross-border co-operation in relation to security of electricity and gas supply;
- Clear policy in place to maintain the balance between electricity and gas supply and demand;
- Trend rate of growth of electricity and gas demand;

## OUTCOME

### INFORMATION PROVIDED ON THE FOLLOWING ITEMS

- Degree of diversity in electricity generation in order to ensure a reasonable balance between different primary fuels;
- Renewal of the electricity transmission and distribution networks to maintain performance;
- Use of new technologies (RES);
- Extent to which gas supply is covered by new long-term contracts for imports from third countries;
- Long-term gas supply contracts concluded by companies established and registered on their territory, and in particular their remaining duration;

## OUTCOME

### INFORMATION PROVIDED ON THE FOLLOWING ITEMS

- Existence of adequate liquidity of gas supplies;
- Levels of storage capacity;
- Level of working gas in storage and of the withdrawal capacity of gas storage;
- Degree of interconnection of the national gas systems;
- Foreseeable gas supply situation concerning specific geographic areas;
- Competitive impact of the measures taken to implement the Directives;

# THE STATEMENTS

---

## NEXT STEPS

### THE CONTRACTING PARTIES AND THE SECRETARIAT

- The Secretariat made the statements available to any Party to the Treaty for mutual comparison and identification of possible gaps to be bridged;
- In the period to come, the statements should be thoroughly read both by the Contracting Parties and the Secretariat;
- The Contracting Parties may provide additional information into current versions of the statements to bring them at the same information level (preferable example of Croatia);
- Once the statements are fully finalised in conformity to the expected outcomes, the Secretariat will draw findings and common conclusions, having in mind their presentation at one of the next PHLG meetings;
- It might appear as necessary to launch a study which would provide further introspection into the security of supply issues;