

1st Meeting of the Energy Community Gas Forum

Adopted Conclusions

Maribor/Rogaska Slatina, 9 November 2007

I. Introduction

1. The agenda was adopted by the Forum.
2. The Commission, as the Chair of the Gas Forum, welcomed the holding of the First Gas Forum of the Energy Community in Maribor, Slovenia and invited the participants to the Forum to work together in order to develop the activities of the Forum in the best possible way and achieve the best possible results. In particular, it suggested providing the Forum with a precise work structure to allow consistent and proper follow-up of its work. In particular, it proposed to maintain for the following Fora a session on investments and a session on Regulatory issues and invited the participants to provide any other ideas in this respect. It also proposed to decide on the frequency of the Forum during the next meeting, foreseen during the first semester of 2008. Also the current presidency, Serbia, emphasized the importance of the Gas Forum and supports the chosen approach.

II. Investment Conference – follow up

3. The Forum welcomed the information, provided by the Secretariat about the Gas and Electricity Investment Conference, organized on 28.09.2007 in Athens, and about the planned next steps in relation to promoting concrete investment projects in SEE.

III. Regional Gasification Study

4. Economic Consulting Associates (ECA) presented the draft final results of the Regional Gasification Study led by the World Bank and KfW. The final report will take into account the remarks of the Contracting Parties, of the stakeholders and the discussion at the 1st Gas Forum and will be circulated to the participants and made public on the homepage of the Energy Community in due time. The draft final results clearly indicate the need for investments in the SEE region.
5. The participants welcomed the presentation of ECA on the so called Energy Community Ring concept. The project – which intends to connect all Contracting Parties via a ring taking also the specifics of the region with regard to the electricity sector as well as the regional pipelines, LNG terminals projects and storage facilities – could contribute significantly to further gasification of SEE but could also provide significant benefits for upstream and downstream countries.
6. The Forum concluded that the major pipeline projects addressed in the Gasification Study, and in particular in the Energy Community Ring, would need to integrate / take into account the results of this study (possible connections to the markets of the Energy Community with a view to develop competition and security of supply).
7. The World Bank stressed that the Ring would greatly facilitate private sector investment, including in gas-fired electricity generation and gas distribution. These catalytic impacts and the very substantial economic benefits of the Ring for the Contracting Parties and even for the European Union countries suggest that public sector development of the Ring, including possible grants, is

justified and called for. Such financing can only be considered if (i) the Contracting Parties clearly demonstrate their national and regional commitment to the Ring and (ii) accordingly include and assign high priority to the Ring in their national investment programs and (iii) request financing for the Ring in their national programs of EU and donor/IFI assistance.

8. The Forum noted and welcomed the support of the Donors to the project. The Forum invited the Contracting Parties to include with priority the ring in their national investment plans (short term and long term) and present to the Forum at the next meeting how their current programmes compare with the ring
9. The Forum underlined that clear indications from each Contracting Party that they assign high priority to the Energy Community Ring would be welcomed and requested this message to be conveyed by the participants to the Forum.
10. The Commission proposed, within its overall objective of promoting the development of a competitive gas market in the region, that the achievement of the Energy Community Ring becomes a goal of the work of the Forum and indicated its wish to therefore align the agenda of the next Forum with the main issues concerning the development of the project in order to achieve progress in its development.

IV. Regional Natural Gas Projects

11. The Gas Forum welcomed the presentation on the progress of the currently ongoing projects of potential impact on the SEE region which are “*Nabucco Gas Pipeline Project*”, “*Trans Adriatic Pipeline Project*” (TAP)/Ionian Adriatic Pipeline (IAP), and “*White Stream (GUEU) gas pipeline*”.
12. At the request of the Italian Ministry of Economic Development, a presentation on the project of the IGI was distributed.
13. The Forum concluded that regional infrastructure projects will strengthen security of supply, and contribute to the competitiveness of natural gas in relation to alternative fuels, support competition in gas supply and increase gas availability and thus access to natural gas in the region.
14. The Forum thanked 3C for the presentation on the Kyoto Protocol mechanism. The presentation demonstrated the procedure, the technical approach, the needed data but also the hurdles. The presentation also highlighted that there could be a positive impact on gas infrastructure investments in particular from industry and gas fired power plants.
15. The Forum notes the Treaty obligations that the Contracting parties shall endeavour to accede to the Kyoto protocol.

V. Current status of the gas markets in SEE

16. The Forum welcomed the presentation by the ECRB Gas Working Group of the initial results of their survey on the current state-of-play in the natural gas market in the Energy Community and invited the ECRB to present the final outcome of their study in the next Gas Forum
17. The ECRB Gas Working Group announced the start of the Gas Regional Initiative for the Energy Community, focused primarily on the western part of the SEE, as a platform which will promote discussion on the best practices regarding development of infrastructure, both in transmission and distribution, harmonization of access rules to infrastructure, and its efficient usage. All stakeholders will be invited to participate.

The Forum praised the work which has been done so far by the ECRB in view of the GRI-EnC. and invited the ECRB to report at the next Forum

VI. Report on progress of Gas Directive implementation

18. The Secretariat presented its findings on the current status of the implementation of the Directive 2003/55/EC. The Forum noted the substantial steps undertaken by the Contracting Parties in this direction. However, concrete lagging behind was specified for each of the Contracting Parties.
19. Further, on regional level it was noticed that in almost all Contracting Parties primary or secondary legislation to define market opening is missing or is under development.
20. The Forum agreed that enforcement remains a key target. The Secretariat was respectively asked to focus its support to the Contracting Parties on the ground of the findings.
21. The Forum recalls the conclusion (nr. 21) of the PHLG meeting on 17 October in Vienna in which each Contracting Party was invited to present at the occasion of the Ministerial Council in December 2007 a detailed roadmap, indicating the steps they intend to take to overcoming the delays. These should focus on all relevant issues, including market opening. The Secretariat is hereby asked to assist the Contracting Parties in developing these roadmaps. For that purpose draft Detailed Road Maps– based on the analysis send by the Secretariat to the Contracting Parties - shall be sent to the Secretariat at the latest by 1st December 2007.
22. The Forum expressed its support for the creation of the integrated Energy Community energy market.

VII. Implementation of new acquis into the Energy Community

23. The Forum strongly welcomed that the PHLG examined at its 6th meeting on 17 October 2007 the Draft Decision on the implementation of Directive 2005/89/EC on security of supply in electricity before 31 December 2009, of Directive 2004/67/EC on gas security of supply before 31 December 2009 and of Regulation (EC) n° 1775/2005 on conditions for access to the gas transmission network before 31 December 2008 and decided to submit it to the Ministerial Council for adoption.

VIII. Customer Focus Group – results achieved yet

24. The Forum acknowledges the work by the ECRB on vulnerable customer protection in the gas sector – besides the results which have been achieved in the electricity sector. It acknowledges that retail tariffs need to reflect costs and that cross subsidies among consumer groups shall be avoided. The Forum further supports the plan to adopt and implement the Best Practice Guidelines in the framework of the implementation of the requirements of the Treaty; the implementation process shall be monitored on a regular basis. When designing market opening roadmaps the vulnerable part of the population in SEE needs to be taken into account and dealt with by the relevant institutions.

IX. Third Package

25. The Commission presented its proposals to amend the current legislation on the internal electricity and gas markets. While underlining the importance for the Commission to keep all its partners informed of the on-going implementation of the Energy Policy of the EU, including the amendments to the internal electricity and gas markets legislation, it also noted that the immediate focus in the Energy Community remained the correct and full implementation of the existing obligations under the Energy Community by the Contracting Parties. The Commission moreover was ready to update this presentation in the light of the discussions taking place in the European Parliament and in the Council of Ministers of the EU when appropriate.

X. Miscellaneous

26. The Forum extended an invitation to Turkey to present its strategic energy objectives in gas.

27. The next Gas Forum will be held at the end of April/beginning of May 2008.