REVIEW OF THE SECURITY OF SUPPLY STATEMENTS

I. BACKGROUND

According to Article 29 of the Treaty establishing the Energy Community, Contracting Parties shall adopt security of supply statements, shall be communicated to the Secretariat, shall be made available to any Party to this Treaty and shall be updated every two years.

The security of supply statements shall describe in particular the diversity of supply, technological security and geographic origin of imported fuels. The Secretariat shall give guidance and assistance with respect to the statements.

II. SECURITY OF SUPPLY STATEMENTS

In 2007, the Contracting Parties submitted their first security of supply statements based on a structure proposed by the Secretariat that follows the requirements of Article 29 of the Treaty establishing the Energy Community, Article 4 of the Directive 2003/54/EC and Article 5 of the Directive 2003/55/EC.

These requirements refers to cover in particular: supply and demand balance on the national market, the level of expected future demand and envisaged additional capacity being planned or under construction, the quality and level of maintenance of the networks, measures to cover peak demand and to deal with the shortfall of one or more suppliers.

The Security of Supply Statements have been published on the Energy Community website being available to all the Parties to the Treaty.

Conclusion no. 8 of the 12th PHLG meeting in March 2009, recalls the obligation of the Contracting Parties to submit updated versions of Security of Supply Statements to the Secretariat by 20 May 2009.

As of beginning of September 2009, the Secretariat received updated Security of Supply Statements from all the Contracting Parties - though from Croatia as an interim statement and from Serbia as a draft, based on the structure developed in 2007 and even extended by some of the requirements provided for in Dir. 2004/67/EC and Directive 2005/89/EC although the latter have to be implemented by the end of 2009. The Security of Supply Statements will be published on the Energy Community website.
III. REVIEW OF THE SECURITY OF SUPPLY STATEMENTS


Based on the Decision of the Ministerial Council, the Road Maps developed by the Secretariat and presented to the PHLG in the September 2008 meeting and the technical assistance provided the Secretariat, the Contracting Parties have taken actions to transpose in the national legislation and implement the Security of Supply Directives 2004/67/EC and 2005/89/EC by the end of 2009.

The Security of Energy Supply Directives request the establishment of a common legal and regulatory framework within which the Contracting Parties shall define general, transparent and non-discriminatory security of supply policies compatible with the relevant energy Acquis requirements from the Treaty and operation of a competitive internal energy market, and facilitate a stable investment climate to maintain a sustainable balance between supply and demand.

The general roles and responsibilities of the competent authorities and market actors involved are to be defined by the Contracting Parties to set, meet and monitor the quality of supply and network security performance objectives while contributing to proper functioning of the regional and EU internal electricity and gas markets.

According to the Article 7 of Directive 2005/89/EC the reporting requirements in relation to the monitoring of security of supply became more specific and detailed and shall cover the overall adequacy of the electricity system to supply current and projected demands for electricity, comprising:

- operational network security;
- the projected balance of supply and demand for the next five year period;
- the prospects for security of electricity supply for the period between five and 15 years from the date of the report; and
- the investment intentions, for the next five or more calendar years, of transmission system operators and those of any other party of which they are aware, as regards the provision of cross-border interconnection capacity;
- principles of congestion management, as set out in the Regulation (EC) 1228/2003;
- existing and planned transmission lines;
- expected patterns of generation, supply, cross-border exchanges and consumption, allowing for demand management measures;
- regional, national and European sustainable development objectives, including the priority projects;
- publication of information by the transmission system operators on their investment intentions or those of any other party of which they are aware as regards the provision of cross-border interconnection capacity;
- investment related to the building of internal lines that materially affect the provision of cross-border interconnection.
According to the Article 5 of Directive 2004/67/EC the reporting requirements, related to monitoring of security of supply, additionally to the topics requested by the Article 5 of the Directive 2003/55/EC, shall also cover the following:

- the competitive impact on all gas market players, of the measures taken in relation to ensure adequate level of security of gas supply, to ensure implementation of the adequate minimum security of supply standards and to ensure security of supply for specific customers
- the level of storage capacity,
- the extend and reminding duration of long-term gas supply contracts concluded by companies established and registered on their territory
- the degree of liquidity of the gas market,
- the regulatory framework providing adequate incentives for new investment in exploration and production, storage, LNG and gas transport, taking into account the Article 22 of the Directive 2003/55/EC.

IV. RESULTS AND NEXT STEPS

The actual structure of the Security of Supply Statements corresponds to the requirements described in Article 29 of the Treaty establishing the Energy Community, the internal energy market Directives 2003/54/EC and 2003/55/EC and includes to a certain extent also requirements of the Directive 2004/67/EC, although the rules its rules have to be implemented by the end of 2009.

The extension of the energy Acquis with the Security of Supply Directives provides the basis for further consideration of all the aspects that influence the security of energy supply on short, medium and long-term in the energy systems at national and regional level.

The gas crisis from January 2009 showed that problems in ensuring security of supply with one commodity cannot remain isolated and can influence significantly the other energy markets and systems. It was the case of electricity systems and networks that were at stake for some days in some of the Contracting Parties as the household customers switched to electricity consumption to heat their houses during the shortage of gas supply for heating purposes.

Taking into the account the multiple impacts between different energy commodities and systems, the structure of the Security of Supply Coordination Group of the Energy Community mirrors these facts; thus the Group, established by the Ministerial Council in December 2008, shall include the representatives of electricity and gas sectors, to straightening the activities related to security of energy supply in general.

It has to be positively emphasized that even those Contracting Parties which do not have a gas market currently, provided Security of Supply Statements related to natural gas. Because of the missing gas market, provision of analysis related to all of the mentioned requirements is not easy, hence understandable if not all items have been dealt with so far.
Based on the analysis of the Security of Supply Statements, the Secretariat is going to focus on the implementation of the missing items – if any – in the course of the missions to the Contracting Parties. Additionally the results of the first Security of Supply Coordination Group meeting will be taken into consideration in order to be best prepared for any kind of energy supply restriction, caused either by technical, commercial or political reason. Further, the Secretariat shall report on the undertaken steps and their outcome in March 2010.