REPORT
ON THE NEXT STEPS RELATED TO THE OIL DIMENSION IN THE ENERGY COMMUNITY IN 2010

I. BACKGROUND

At the last PHLG meeting held in Zagreb on 17 December 2009, the Energy Community Secretariat submitted a report on the steps related to the Energy Community oil dimension, outlining the first concrete steps after the first Energy Community Oil Forum held in Belgrade on 24-25 September 2009.

These steps reflect the key elements, required by the Ministerial Council decision in Tirana on December 2008 including oil as part of the “Network Energy” as mentioned in Article 2 paragraph 2 of the Treaty, where the scope of Emergency Oil Stocks Directive 2006/67/EC is an essential part of this decision.

As indicated in the Energy Community Work Program for 2010 – 2011, the main objective for the envisaged activities is outlining efficient and concrete cooperation schemes on regional level among the Contracting Parties and their individual preparation for following concrete EU acquis on national level.

In parallel, the new EU Directive 2009/119/EC of 14 September 2009 of imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products was adopted. Thus – in addition to the currently applicable Directive 2006/67/EC of 24 July 2006 on the same topic, the EU legislative order on the issue of oil stocks was further developed.

Thus, it is considered that there is concrete and sufficient legal framework on EU level, which may be discussed as relevant background for establishment of a common legal platform, adequate and necessary for implementation by the Energy Community. It is the opinion of the Secretariat, however, that this platform shall be considered both by the Contracting Parties and by the Observer countries.

In addition, besides, the MC Decision of 2008, the last Ministerial Council Meeting of December 2009 in Zagreb indicated as a priority the deepening of the work on the Oil Dimension in the Energy Community as to prepare concrete MC decision in relation to the Oil Stocks.

Therefore, the Energy Community Secretariat finds necessary to elaborate on the topic in concrete details with the current report.
II. STEPS FOR 2010 AND KEY TARGET

The Energy Community Secretariat, taking note of the Work Programme for 2010-2011 and the Ministerial Council decisions as above, proposes to the PHLG hereby concrete further steps.

1. Next steps – PHLG is hereby invited to consider and approve the following:


1.2. Based on the undertaken steps so far, PHLG welcomes the initiative of the Energy Community Secretariat to organize a concrete workshop on 27-28 May 2010, so sufficient concrete background for further decisions is prepared for the PHLG meeting in June 2010;

1.3. PHLG invites the European Commission to present for the June 2010 PHLG meeting a proposal of a Draft Decision of MC on the implementation of Directive 2009/119/EC.

1. 4. PHLG agrees to review the draft decision as above with the aim that the MC considers its adoption in September 2010.

2. Other events in 2010

The Energy Community Secretariat invites PHLG also to take note of other coming initiatives in 2010, related to the development of the Oil Dimension of the Energy Community, namely:

2.1. Second Oil Forum – Belgrade –November 2010

On the ground of the excellent cooperation with EC and the IEA, the second Oil Forum is planned to focus on concrete implementation aspects of the acquis. Further, promotion of regional oil infrastructure projects and the development of the oil markets in the region shall be in the focus of the agenda. The role of biofuels, LPG and environmental aspects of the oil related activities shall be also considered.

Participation of high-level representatives from governments, international organizations, public and private oil companies, investors, international financial institutions and donors is envisaged.
2.2. Study for stockpiling in the Contracting Parties and Observers

The initial indication for implementation of a regional study on emergency oil stocks was presented on the first oil forum in September last year. Determination of the main mechanisms for supporting the national oil stockpiling and oil crisis management systems and harmonization with the latest EU Directive 2009/119/EC shall be the key targets of the study.

III. CONCLUSIONS

The Energy Community Secretariat considers the Emergency Oil Stocks as an integral part of the region’s security of supply concept. Therefore, adoption of adequate legislative framework to be followed by the Contracting Parties needs to be considered. In parallel, however, the Observer countries should be also involved actively in the related work.

Thus, the PHLG is hereby invited to consider the proposed steps.