

SEEGAS JSC Meeting

3rd Extraordinary Crisis Response Meeting

March, 2023

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Signatories of the MoU on the SEEGAS Initiative and actual Joint Steering Committee (JSC) members

- SEEGAS Trans-regional **Memorandum of Understanding signed** during the summer 2021
- SEEGAS **Joint-Steering Committee** established and first official physical meeting took place last week in Vienna in September 2021
- **JSC is meeting periodically** at least all 3 months to work towards better harmonization and integration
- 3 crisis response meeting were hold

 Signatories of the Memorandum of Understanding



Launch of the SEEGAS Report in December 2021



Source: www.energy-community.org/regionalinitiatives/SEEGAS.html

Conclusions of the 3rd SEEGAS JSC meeting - Extraordinary Crisis Response meeting



- Conclusions of the meeting can be found on our homepage:
- <https://www.energy-community.org/news/Energy-Community-News/2022/03/21.html>

Conclusions of the 3rd SEEGAS JSC meeting – Extraordinary Crisis Response meeting

Hybrid meeting

Austria, Vienna, 17-18 March 2022

1. The SEEGAS JSC expressed its concerns regarding the Russian aggression against Ukraine and welcomed the progress towards the establishment of a dedicated fund with a view to allowing the EU MSs, EnC CPs, other governments and international organizations to channel money to help Ukraine keep its energy system running.
2. In the context of ensuring energy security in the SEEGAS region the SEEGAS JSC welcomed EBRD's plans towards investing €2 bln for responding crisis needs such as providing emergency support to Ukraine and its neighboring countries, promoting energy diversification and interconnectivity in the short term perspective and boosting decarbonization and energy efficiency in the long run.
3. The SEEGAS JSC acknowledged the importance of the diversification both for Ukraine and across the South East and East European countries vulnerable to energy disruption from Russia. The significance of simulation work performed by ENSOG and its continuation was highlighted by participants. The SEEGAS JSC agreed with ENTSG that there is a need of establishing appropriate communication channels for the exchange of information on short notice between the relevant stakeholders.
4. The SEEGAS JSC took note of the presentation of the GTSOU update and challenges faced by Ukraine and its request for utilizing the Ukrainian gas transit system as much as possible to ensure and enhance Ukraine's overall security through GTSOU's recommendations towards the reduction of Russian gas supply through Nord Stream I to the EU. GTSOU stressed importance of improving Ukraine's energy security by adding firm capacities with Slovakia, Hungary, Romania and Poland to be available on long-term basis and opening up Trans-Balkan corridor by improving capacities between Turkey and Bulgaria and removing regulative barriers regarding gas export in Romania and virtual reverse flow in Moldova. GTSOU underlined the need to find the most suitable and prompt mechanism for financing the needed works for ensuring additional firm capacity, in particular from Poland and Slovakia. GTSOU has also requested introduction of all norms of the EU gas Network Codes on all the borders between Ukraine and the EU.
5. The SEEGAS JSC welcomed the progress made in Moldova regarding the establishment of the entry-exit tariff system and engagement of BRM in developing a platform for balancing and trading, however, the importance of finding a solution to the concern of backhaul on short notice was emphasized.
6. The SEEGAS JSC recognized the importance of Interconnection Agreements (IAs) between TSOs and called on the relevant parties to formalize IAs in a timely manner where relevant in order to stimulate and ensure the uninterrupted gas flows across borders in the SEEGAS region.
7. The SEEGAS JSC took note of the IA between BG and RO TSOs for the Transbalkan route and the available BG>RO firm capacity fully covering current demand. The SEEGAS JSC assessed the current situation and pointed out the possible need for increased capacity for this route. Bulgartransgaz confirmed the planning of a demand assessment. It was stated that Incremental capacity projects for SoS reasons, that are not market driven, would need financial support from the EU (Grant). It was confirmed by Bulgartransgaz that the company is to propose such projects for increasing the existing capacity from South to North on the Transbalkan route, as well as to Serbia (3rd phase of PCI 6.8.2) and improving connectivity between the existing transmission network and UGS Chiren (being expanded under PCI 6.20.2).
8. The SEEGAS JSC took note of the ongoing feasibility study regarding the Trans-Balkan reverse flow project by the EnCS ad hoc group and agreed to exchange information on the availability of technical capacity in the relevant infrastructure and potential gas sources in general.
9. The SEEGAS JSC welcomed the upcoming completion of the infrastructure development program in Poland and a decision of Polish gas transmission system operator Gas-System offer firm capacity to Ukraine as an emergency measure. GAZ-SYSTEM informed about the ongoing projects for both – decreasing the dependency from Russian gas by increasing the LNG deliveries towards UE a Ukraine (FSRU Terminal in Gdansk) as well as project aiming at securing the firm flows towards Ukraine (INCREMENTAL project). It was stated that the projects for SoS reasons that are not market driven, would need financial support from the EU (Grant). It was confirmed by GAZ-SYSTEM that the detailed proposal of such projects for increasing the existing capacity will be further developed in cooperation with European Commission and Energy Community Secretariat.
10. The SEEGAS JSC took note of the update on the progress made towards gas infrastructure development in Turkey and welcomed the proposal of the BOTAS to utilize the fifth LNG terminal coming on stream in the course of 2022 for the need of European countries. The SEEGAS JSC was invited to launch immediate negotiations with the management of the LNG terminal.
11. The SEEGAS JSC took note of the information from SOCAR on ongoing technical, commercial and regulatory discussions of matters which could emerge on accommodating potential additional gas quantities towards Europe via the expanded Southern Gas Corridor transportation system outside of the existing gas supply arrangements. The SEEGAS JSC took note of the update on the operation of gas exchanges by BGH, BRM, UEEX, TGE, CEGH and CEEGEX mainly claiming the volatility of prices on the trading platforms and welcomed the upcoming go live of the gas exchange by HEnEx in Greece.
12. The SEEGAS JSC acknowledged that there is a need to find a common solution and tailor made approach from the clearing perspective to current gas markets characterized by high rate of price volatility which may require the revision of the applicable margining model and EMIR requirements. It was also underlined that a solution is needed for TSOs to balance the system which are devoid of financial resources given the current context of high prices.
13. The SEEGAS JSC recognized the urgent need to advance the process at political level and coordinate the meetings involving relevant stakeholders/associations to brainstorm and discuss the solutions to the high commodity prices and the volatility on the market.

Conclusions of the 4th SEEGAS JSC meeting - Extraordinary Crisis Response meeting



- Conclusions of the meeting can be found on our homepage:
- <https://www.energy-community.org/regionalinitiatives/SEEGAS.html>

Conclusions of the *Extraordinary 4th SEEGAS Joint Steering Committee (JSC) Meeting - Crisis Response Meeting*

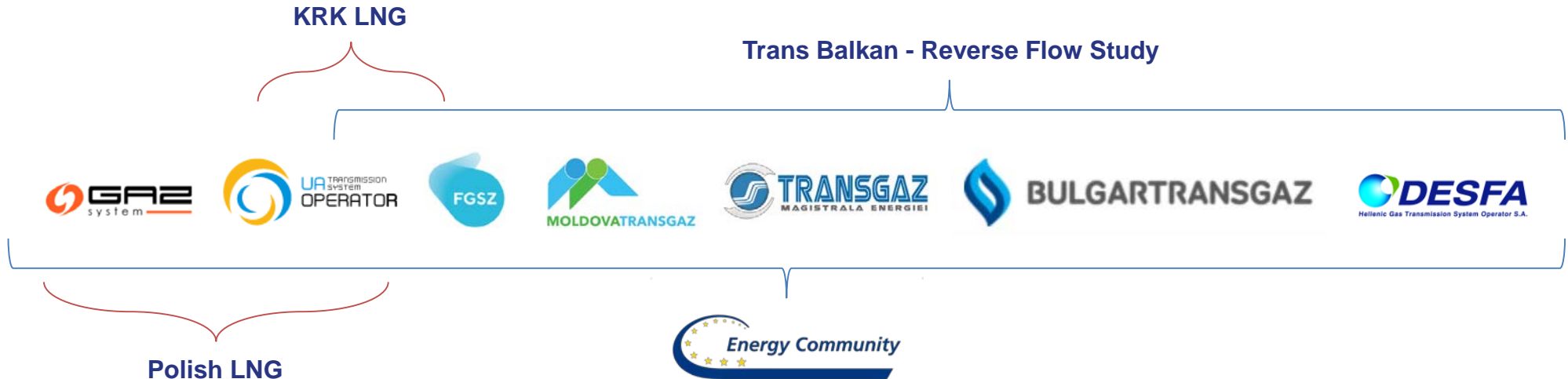
Hybrid meeting

Austria, Vienna, 30 June - 1 July 2022

1. The SEEGAS JSC took note of the update by the Energy Community Secretariat (EnCS) team on recent developments including the Regional Integration Study to be finalized in September 2022, the development of a Joint Regional Energy Market Post-trade Framework in Southern and Eastern Europe, the risk assessment of gas disruption from Russia performed for EnC CPs revealing Moldova as the most vulnerable country while Georgia was found mostly resilient to such risk. The emphasis was also made on the recent amendments related to gas storage regulation in the EU and the need of their adjustments for EnC CPs and transposition in EnC as early as possible.
2. The SEEGAS JSC welcomed the decision of the EBRD to expand the Crisis Response Package and took note of the progress made so far in support of Ukraine and Moldova with the focus on liquidity provision and policy reform support mechanisms provided. It was noted that the support will be extended to neighboring countries gradually.
3. The SEEGAS JSC also took note of the information regarding the Energy Security Project performed under the auspicious of USAID and exchanged views on the concerns regarding the availability of different capacity products (including firm) on the cross border point from Poland to Ukraine and the requirements for licensing in Ukraine. The Ukrainian and Polish stakeholders expressed readiness for the continuation of cooperation in order to abolish any barrier for accessing their gas markets and storage facilities in Ukraine within their capacity.
4. The Polish gas TSO Gas-System reported on the intensive works carried out in the last 10-12 years to achieve the independence from Russian gas supply including the scaling up of the use and development of LNG terminals.
5. The SEEGAS JSC acknowledged the importance of ReCo Team Europe Activity and took note of the results of table top exercise (TTX) performed by ENTSO-G, whereas the Contracting Parties have been represented by the EnCS, as it is the case in daily ReCo communication.
6. The SEEGAS JSC took note of the update on the state of play for the readiness of the Trans Balkan Route from the Bulgarian, Ukrainian, Greek and Moldovan gas TSOs. The signing of IAs between Bulgaria – Turkey and Bulgaria – North Macedonia was recognized as one of challenges on this way. Bulgartransgaz welcomed the commitments for assistance by the European Commission (EC) for the IA Bulgaria-Turkey and by the EnCS for the IA Bulgaria-North Macedonia.
7. GTSOU & Ukrtransgaz made emphasis on the gas crisis happening in each European country while Ukraine could not be considered as a problem for SoS and underlined the need of supporting Ukraine by replacing gas supply from NS1 as well as maximum utilization of gas transmission and storage infrastructure in Ukraine by European shippers especially in the circumstances when amendments regarding maintaining strategic gas reserves would take effect shortly. This kind of support was reported as the only tool to avoid an escalation of the war situation and to increase the security of Ukraine.
8. Moldovatransgaz listed the recent achievements regarding the progress in cooperation with BRM and first market transaction on the VTP and challenges related to the creation of liquid gas market, backhaul implementation and construction of the Ungheri-Drochia pipeline for diversification purposes.

9. DESFA outlined the increase of firm capacity towards Bulgaria and utilization of the Revithoussa LNG terminal at full load to contribute to meet the demand in the EU.
10. The projects proposed by Bulgartransgaz for increasing firm capacity from Greece and towards North Macedonia and Romania will contribute to ensuring additional quantities from LNG and alternative pipeline gas for the region.
11. The SEEGAS JSC was also updated on the measures being carried out to mobilize gas resources from other countries including the USA, Norway and Qatar to cover its need for both short and long-term perspectives to reduce dependence on Russian gas.
12. The SEEGAS JSC acknowledged the importance of the Regional Integration Study covering four supply corridors to the SEE region, took note of the progress made so far and welcomed its findings on sufficient transmission capacity in place in the region and increasing gas volumes to be accessed via LNG terminals (both operational and upcoming ones) and from off-shore fields in Romania and Turkey potentially. It was noted that some volumes could be also expected from the USA, Qatar, Iran (1 bcm) and Albania when reverse flow would become available from TAP, however, regulatory misalignment between countries remained as one of key barriers together with absence of IAs, delay in backhaul implementation in Moldova, high tariffs and VAT issues for the smooth operation of supply corridors and market integration in the region.
13. The SEEGAS JSC welcomed the progress in the area of LNG infrastructure development in Croatia, Greece and Poland and the planned increase of capacities in this respect. Despite such positive accomplishments the SEEGAS JSC pinpointed an open question with respect to gas demand in future in light of the war in Ukraine and green transition.
14. The SEEGAS JSC took note of the recent developments regarding the EC-initiated EU Energy Platform. The action plan for the South-East region adopted by the Task Force is built around matching supply and demand through an efficient use of infrastructure. This is conditioned by the existence of a well-developed regional market with stable fundamentals that attract market players to act efficiently with minimized risks (e.g. fully-fledged exchanges and proper clearing services).
15. In the context of better regional market integration and future connection of the local post-trading infrastructures within the frames of the SEEGAS-initiative (required upon completion of the consultancy project supported by the EBRD which is aiming to harmonize the post-trading facilities across the region), and in the light of the goals of the Task Force supported by the EC, EC's collaboration and support in the implementation of a common approach for selection of a clearing model would bring significant value for fostering the regional market integration and strengthening the energy security and liquidity in South-eastern Europe. The SEEGAS JSC will act as a facilitator in the process.
16. In addition, the market operators in the region like UEEEX, BRM, EXIST, BGH, CEGH, and CEEGEX as well as TGE/IRGIT updated the SEEGAS JSC on their state of play against the background of strongly volatile and high gas prices.
17. The SEEGAS JSC took note of the ACER's perceptions and forecasts for future as well as the views on how the current situation could be managed emphasizing the need of aggressive reduction of demand via energy efficiency measures and switching to other sustainable sources from gas.
18. SEEGAS JSC supported EFET and Europex statements for the need to allow the market to fulfill its function without interventions and draw attention to bottlenecks on the borders in the EU, fuel tax and licensing issues to avoid further complications on the market.

- On the 3rd SEEGAS Joint Steering Committee Meeting the TSOs agreed to engage in a Regional integration study with special focus on Trans Balkan - Reverse Flow. Covering commercial and physical aspects of gas supplies
- Regional Integration Study will be developed ad-hoc due to the crisis
- The analysis was developed in-house due to the emergency situation



Publication of the SEEGAS Report next week

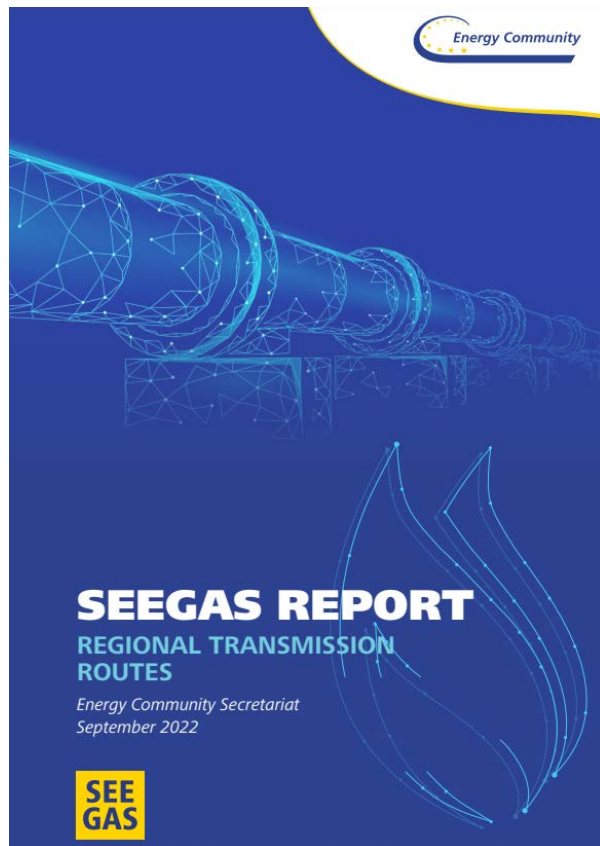


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Source: www.energy-community.org/regionalinitiatives/SEEGAS.html

Presentation of the SEEGAS Report on the Gas Forum on the 4th and 5th October



Chapter I

CROATIA – HUNGARY - CEE CORRIDOR



Chapter II

POLAND – UKRAINE SUPPLY CORRIDOR



Chapter III

THE TRANS-BALKAN CORRIDOR



Source: www.energy-community.org/regionalinitiatives/SEEGAS.html

Assistance in the Development of a joint regional energy market post-trade framework in Southern and Eastern Europe



- The 3rd **SEEGAS Stakeholder Meeting** was a **closed event** with invitation only to a dedicated group of experts and stakeholders which focussed on **clearing** and **post trading**
- The outcome of it lead to a cooperation between key stakeholders of this initiative
- A study is planned be developed together in order to analyse the possibilities for the region in cooperation with the following stakeholders:



HEnEx

ceegex
CENTRAL EASTERN EUROPEAN
GAS EXCHANGE

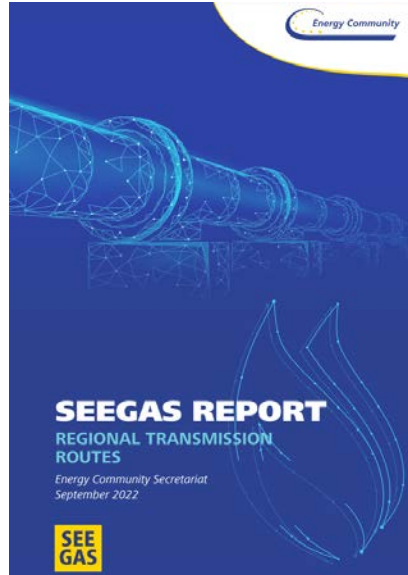


UKRAINIAN
ENERGY EXCHANGE



Balkan Gas Hub





- Including the storage operators closer in our initiative after the close cooperation with the exchanges and the TSOs
- Special focus on the Ukrainian storage



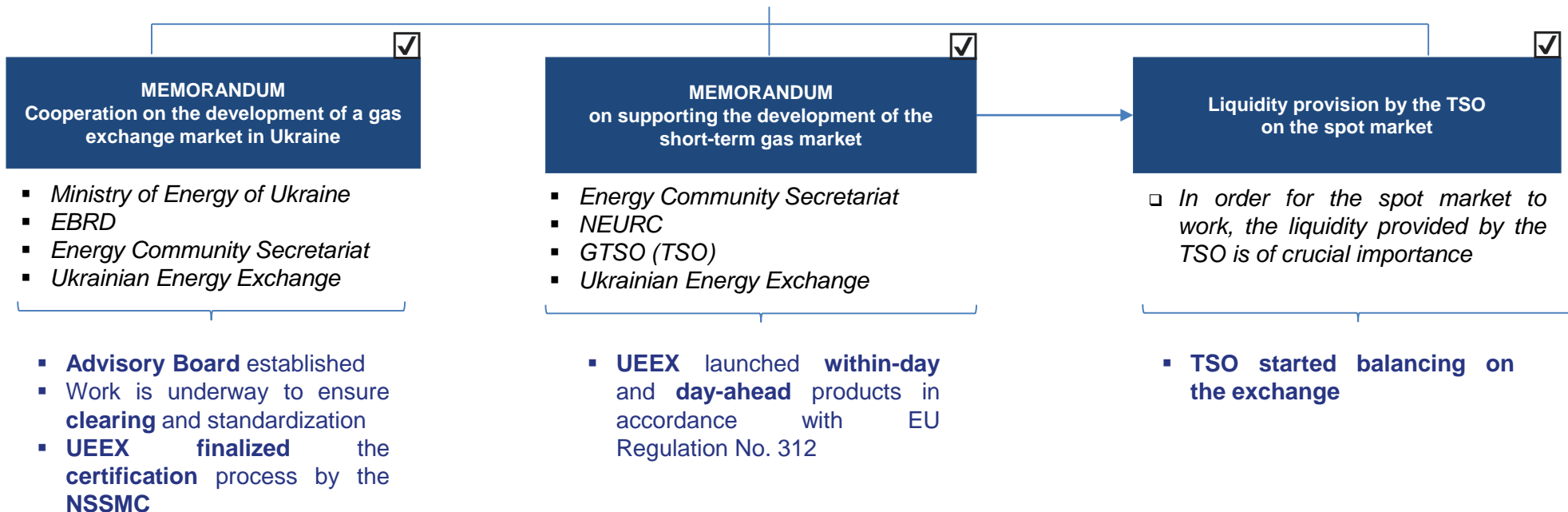
THANK YOU FOR YOUR ATTENTION

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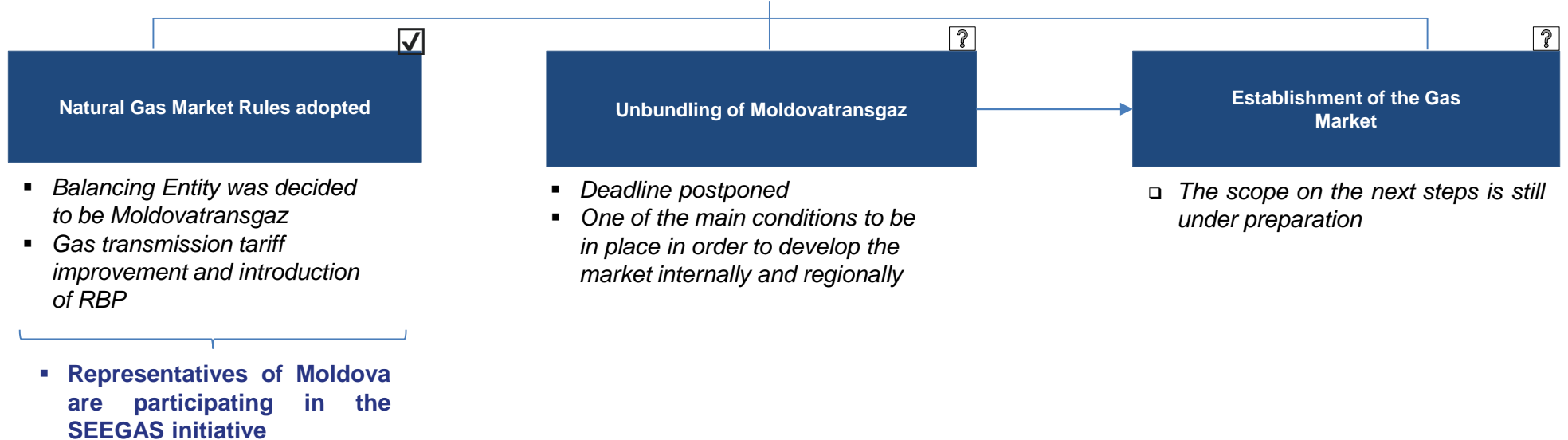
Participation of the Energy Community Secretariat in forming a Competitive Market in Ukraine



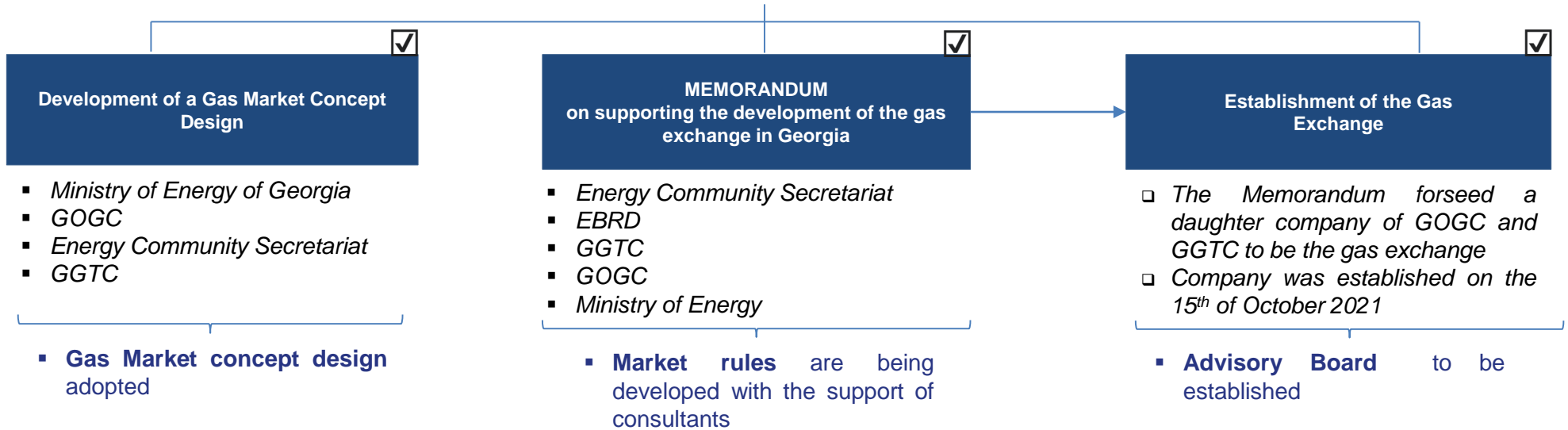
Participation of Energy Community Secretariat in forming a competitive market in Moldova



Work towards improvement of the trading environment in Moldova is ongoing, we expect to provide soon further updates on the project scope



Participation of Energy Community Secretariat in forming a competitive market in Georgia



GEORGIAN OIL & GAS CORPORATION

