CESEC – the origin

Stress test 2014 → high vulnerability of the region in case of Russian supply disruption

Cooperative Scenario

Non-cooperative scenario

Source: ENTSOG
CESEC – de-bottlenecking the region

Source: DG ENER
CESEC – development steps

- **October 2014** – stress test
- **December 2014** – political declaration
- **February 2015** – terms of reference
- **July 2015** – MoU signed
  - EU | AL | AT | BG | FYROM | GR | HR | HU | IT | ROM | SI | SK | SRB | UA
- **Implementation Phase**
- **Spring 2016** – 3rd High-Level wrap-up
6 priority projects to increase SoS via strengthened interconnection
- TAP
- Interconnector GR-BG (IGB)
- Interconnector BG-SRB
- System reinforcement BG
- System reinforcement ROM
- LNG Terminal HR
- LNG evacuation system towards HU
To be financed by the market
- Role of IFIs such as the EIB or the EBRD may be considered
From the CESEC MoU:

1. “Effective regulatory framework [...] including regulatory incentives is a prerequisite”

2. Commitment to “promote market integration and well-functioning markets” by:
   a. “effectively and fully implementing all EU gas sector legislation”
   b. “removing remaining legal, regulatory and commercial barriers to physical and commercial gas flows”
   c. “particularly across borders, via efficient use of interconnections and effective gas network access”

3. “ACER, the European Commission or the Energy Community should act as a facilitator to any regulatory issue of a cross-border nature”
CESEC – translating the MoU into practical progress

ECS activities to monitor and facilitate CESEC:

✔ List of measures necessary for implementing market related CESEC preconditions developed & communicated to the CPs

◆ Country missions targeting discussions of national implementation steps with stakeholders envisaged
  ◆ Ministries to coordinate
  ◆ All relevant stakeholders to be involved

◆ Continous progress reporting
  ◆ as member of the CESEC meetings, in line with the MoU tasks
  ◆ via published standard reporting
  ◆ at EnC and EU Gas Fora
<table>
<thead>
<tr>
<th>MoU criteria</th>
<th>National relevance</th>
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<tr>
<td>Removal of obstacles - cross cutting</td>
<td>TSO unbundling &amp; certification</td>
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<td>Legal &amp; functional DSO unbundling</td>
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<td>NRA independence</td>
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<td>Ensuring transparent and non-discriminatory third-party access</td>
<td>Implement coordinated CAM and CMP allowing TPA in forward and reverse flow</td>
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<td>Tariff review – implement rules that do not distort trade across borders</td>
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<td>Implement market based balancing</td>
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<td>Ensuring free flow of gas and provision of competitive framework</td>
<td>Remove legal or contractual barriers to competition (anticompetitive clauses in transit contracts and IGAs)</td>
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<td>Ensure barrier- free market entry</td>
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<td>Optimise actual capacity use in both directions, including backhaul</td>
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<td>Supporting infrastructure development</td>
<td>Adopt interconnection agreements</td>
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<td>Implement Regulation (EU) 347/2013</td>
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<td>Ensure harmonised framework of operation of interconnected EU MS- EnC CP systems (implement Interoperability NC)</td>
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Thank you for your attention!

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