

## **REGIONAL ENERGY STRATEGY**

### **Progress update**

### **Report by the Energy Community Secretariat**

#### **1. Steps so far**

The Ministerial Council decided in its 7<sup>th</sup> Meeting of 6<sup>th</sup> October 2011 to set up a Task Force and mandated it to prepare the Regional Energy Strategy of the Energy Community.

The Task Force has a large stakeholders' representation of all the Contracting Parties, the European Commission, the Donors' Community, the Investors Advisory Panel as members, as well as regional organisations (RCC), Participants to the Treaty establishing the Energy Community, the Danube Strategy Coordinator for Energy Infrastructure as observers.

Up to the date of the 24<sup>th</sup> PHLG meeting, the Regional Energy Task Force had already two meetings - on 12 December 2011 in Brussels, on 28 February 2012 in Vienna. A third one is planned for 22 March 2012 in Vienna.

During its first meeting, the Task Force agreed to nominate Mr Cristobal Burgos, representative of the European Commission, as its Chair.

It also discussed the structure of the Strategy, as proposed by the Chair and the Energy Community Secretariat, and acknowledged the need for a regional approach to facilitating investments and ensuring energy security in the Energy Community. It was also proposed that the Strategy outlines the opportunities and positive features in the region's energy sector. Finally, the Strategy is aiming at incorporating the framework criteria which will be used to assess, at a later stage, infrastructure projects of regional interest.

Several donors have pledged technical assistance to the Task Force and respectively the Secretariat for the preparation of the Strategy.

These included as follows: (i) USAID would offer support through its current South East Europe - Regional Energy Demand Planning and also through its new regional initiative Capacity Building for Low Emission Strategies (CB – LEDS) for integrating national strategies in a regional one, based on an analysis of several scenarios <sup>1</sup>; (ii) the WB has funded numerous studies on regional issues (generation investments, gasification of Western Balkans, wholesale market opening, etc.) that could be used in the regional strategy, and if needed, it can also mobilise short term expertise for specific issues; KfW may also provide short term assistance, based on the Task Force's specific needs; The Investors Advisory Panel expressed a desire to contribute by commenting on the template and to assist in identifying significant hurdles to investments.

In its 2<sup>nd</sup> meeting, the Task Force discussed the regional overview that was prepared by the Energy Community Secretariat (ECS) following the Conclusions of the 1<sup>st</sup> Strategy Task Force meeting, in December 2011.

The paper presented the findings from the questionnaires filled by all Contracting Parties with the exception of Ukraine. This overview followed the structure of the questionnaire and also

the Strategy's table of content. As a general observation, many questionnaires did not respond fully to all queries and, therefore the regional overview was, to a certain extent, incomplete.

For the 2<sup>nd</sup> metering, ECS also prepared and distributed in advance a draft proposal for Regional Objectives, as well as a draft paper on Strengths, Weaknesses, Opportunities and Threats (SWOT) of the Energy Community, in the context of the Regional Strategy.

In conclusions of the 2<sup>nd</sup> meeting, it was agreed that the Contracting Parties will send more detailed information with regards to the development scenarios used in their energy demand forecasts, as well as on their plans to build the required energy infrastructure (gas and electricity interconnectors and power generation plants) to be able to meet their energy demand. This information will be used to refine and complete the Regional Overview for the 3<sup>rd</sup> Meeting on 22 March.

As agreed at the 2<sup>nd</sup> meeting, the Task Force also received a revised version of the Regional Objectives as prepared by ECS – the document was circulated on 2<sup>nd</sup> March with the invitation to comment on it by 9<sup>th</sup> March 2012. Other stakeholders to the Strategy (the ECRB working groups, the Task Forces on Energy Efficiency, Renewable Energy, and Environment) were also consulted on the Regional Objectives.

## **2. Upcoming meetings and next steps**

The 3<sup>rd</sup> meeting of the Task Force will further discuss the update of the Regional overview, the revised Objectives and the SWOT analysis with the aim of agreeing on these. In addition, it is expected that the European Commission will prepare a first draft of the background document for public consultation, as well as the first draft criteria for identifying and assessing projects of regional interest.

Serbia and the EBRD will prepare a first draft set of actions to reach the regional objectives and present it at the 3<sup>rd</sup> Task Force meeting.

The discussion on the approach to regional energy demand forecast will also be the topic of the 3<sup>rd</sup> meeting, based on the technical expertise offered by USAID. The recently published draft Regional Investment Plan by ENTSO-E should also provide an input to the discussion on the Strategy.

The planned next Task Force meetings are as follows: 4<sup>th</sup> meeting on 30 May and 5<sup>th</sup> meeting on 25 September.

### **Next steps:**

- The Task Force agrees on Regional objectives and targets, mid April
- The Task Force prepares the Set of actions to meet the objectives and targets, mid/end April
- The Task Force agrees on the set of criteria for assessing projects of regional interest, end of April
- The draft Regional Energy Strategy is prepared, early June
- This is discussed and endorsed at the 25<sup>th</sup> PHLG meeting in June
- The methodology for the criteria for assessing projects of regional interest will be discussed in the 5<sup>th</sup> Task Force meeting, September
- The Strategy is presented at the 10<sup>th</sup> Ministerial Council meeting for approval, October
- After that, a second phase including the assessment of projects of regional interest is launched.