Günther Oettinger
European Commissioner for Energy

An energy community for the future

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Dear Mr. Buzek,
Honourable Members of the European Parliament,
Dear Minister Prodan,
Ladies and Gentlemen,

I am delighted to address today's conference on the crucial issue of the future of Energy Community, in the presence of Honourable Professor Buzek and Minister Prodan, representing this year's Presidency of the Energy Community. I would also like to thank the European Parliament for the support that you have continuously been providing to the Energy Community process since its very beginning.

Let me start by recalling that negotiating the Energy Community Treaty – at the start of this century – was a challenge. Having it ratified by the founding members was – in my view – a major achievement. Later on, in May 2010, Moldova joined the Energy Community and in February 2011, it was followed by Ukraine.

In 2011, when the Commission was reporting about the Energy Community five years after its creation it said:

'The Energy Community is about investments, economic development, security of energy supply and social stability; but – more than this – the Energy Community is also about solidarity, mutual trust and peace.

The very existence of the Energy Community, only ten years after the end of the Balkan conflict, is a success in itself, as it stands as the first common institutional project undertaken by the non-European Union countries of South East Europe.' — end of quote.

Let me add that both the Council and the European Parliament have expressed their appreciation for the achievements of the Energy Community since its creation. This philosophy has been underpinning the Energy Community project from its very beginning and it is fully valid today and for the future.

We believe in this process, we are proud of it and our duty is to make sure that the Energy Community values will be preserved in the years to come.

The Energy Community has become a reference point for countries willing and able to join the EU regulatory framework and to act according to competition and sustainability patterns.
The extension of the duration of the Energy Community Treaty agreed last year for an additional period of 10 years, until 2026, was the starting signal for building up a "new-generation - Energy Community", improving the concept, while remaining faithful to its philosophy.

The main shortcomings preventing the Energy Community Contracting Parties from fully exploiting its potential are well known. They include: (i) the gap between political commitments and full implementation of the energy acquis and (ii) the lack of investments. In fact, these two things are closely interlinked.

Since its establishment in December 2013, the High Level Reflection Group, under the leadership of Professor Buzek, has been actively debating proposals which could further improve the efficiency of the Energy Community.

I am convinced that many improvements can be made with relatively small changes, that can however have a big impact.

Regarding the institutional set up, one of those changes might be the transformation of the Ministerial Council into a real policy platform of pan-European Energy Ministers, which focuses on central strategic questions and empowers the Permanent High Level Group as much as possible.

There is also room to address the current dispute settlement procedures. Strengthening the link between the financial assistance available and effective implementation of the acquis should be the right way forward. Many other aspects can be reviewed with fresh eyes. However, my plea for this reflection process would be not to put at risk the foundations of the Energy Community project nor its already proven benefits.

I would like to ask all of you participating in today's conference to share and exchange your views and ideas on how the objectives and benefits of the Energy Community can be enhanced and secured in the future and how remaining weaknesses can be addressed and overcome. In particular, what is needed to bring about the right framework conditions for investments? Which changes in practices and rules may enhance the functioning of the institution?

The Energy Community is our common project. It is important that the views of all relevant stakeholders are being heard.

Today, more than ever, the Contracting Parties should realise how important it is to fully exploit the potential of the Energy Community framework for reforming the energy sector and creating a common energy market regulatory area in the region.

I believe that Ukraine's Presidency will provide momentum for further implementation of the obligations under the Energy Community Treaty accepted by Ukraine when the country joined the Energy Community in 2011.

The Statement by the EU’s Heads of State and Government on Ukraine of the 6th of March, made a strong call for the effective and consistent implementation of the Third Energy Package by all players in the European energy market. The Energy Community countries are due to implement the main provisions of the Third Energy Package by the 1st of January 2015. This implementation work should be the key priority of the Contracting Parties for this year.

Through our recently adopted assistance package, the EU and the Commission are ready to support Ukraine in the transition process and especially help to stabilise the economic and financial situation in the country, including in the energy sector. The measures proposed for the energy sector aim at improving Ukraine's energy security by supporting supply diversification and further integration of Ukraine into the EU gas market.
We have a special interest in ensuring the security of energy supply through investment in Ukraine’s gas infrastructure, in its gas storage, and in reverse flow capacity, which together will create a better and more stable situation. We will assist Ukraine in this. It will be important to convince the citizens of Ukraine that democracy and market-based reforms are the best way forward towards a beneficial medium- and long-term economic and social development.

We are committed to continue the work on the modernisation of the Ukrainian gas transmission system in co-operation with the EIB, EBRD and World Bank, in parallel to the implementation of the gas sector reforms in line with the Energy Community commitments.

We will work with Minister Prodan to prepare the next Energy Community Ministerial Council meeting in Kiev in September to focus on three strategic issues:

- First, we should hold a political debate about the future of the Energy Community on the basis of the High Level Reflection Report;
- Second, we would hope to sign the Protocol of Accession of Georgia to the Energy Community. Let me underline that Georgia will become the first Contracting Party without being physically interconnected - neither for electricity, nor for gas - with any of Energy Community Parties. This is a strong signal that we can succeed with further expansion of our energy market regulatory framework. I invite you to keep this in mind when addressing the issue of further enlarging the Energy Community in the discussions later today;
- The third point on which the Ministerial Council should focus is the security of supply issue and attracting further investments. The recently approved list of Projects of Energy Community Interest should be the key element in this context.

I wish a lot of success and ambitions to Ukraine for carrying out its internal reforms as well as in its role as the Presidency of the Energy Community!

We are going through exciting times for the Energy Community and we will certainly be called upon to adapt our modus operandi and structures to meet future challenges.

I would like to thank again Professor Buzek, for having accepted to chair and animate this reflection process. It is an honour and a privilege for the Energy Community to have you with us in this process. Your interest in the Energy Community is well known, and your invaluable experience at the highest level of national and European institutions represents a genuine added value in the on-going reflection.

Whatever our conclusions will be at the end of the road, let us not deviate from our initial philosophy and basic objectives. The Energy Community should aim to create integrated energy markets, based on common interest and solidarity.

I wish you all a lively and fruitful discussion today.

Thank you for the attention.