



***Oil Stockholding Progress in
the Contracting Parties during 2015
and next steps for 2016***

5th Oil Stocks Workshop
19/20 April 2016, Zagreb

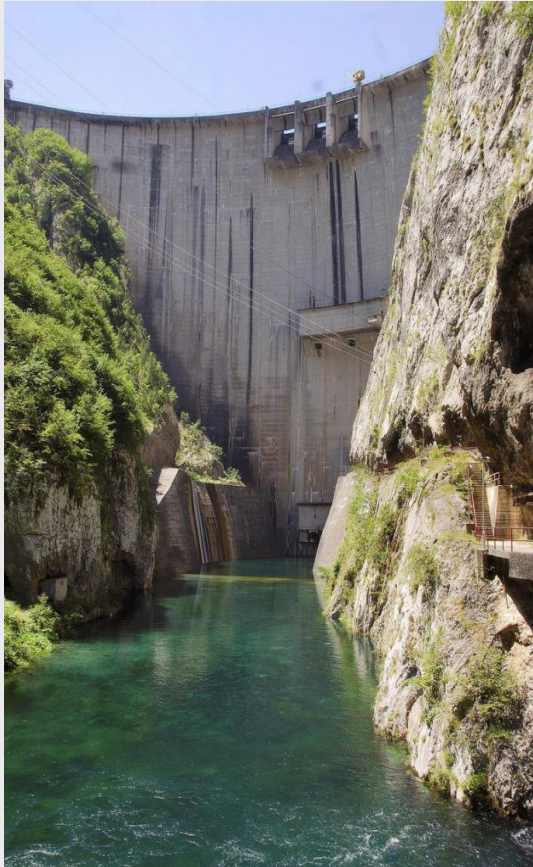


- **Progress and main findings**
- **Priorities**
- **Next steps**

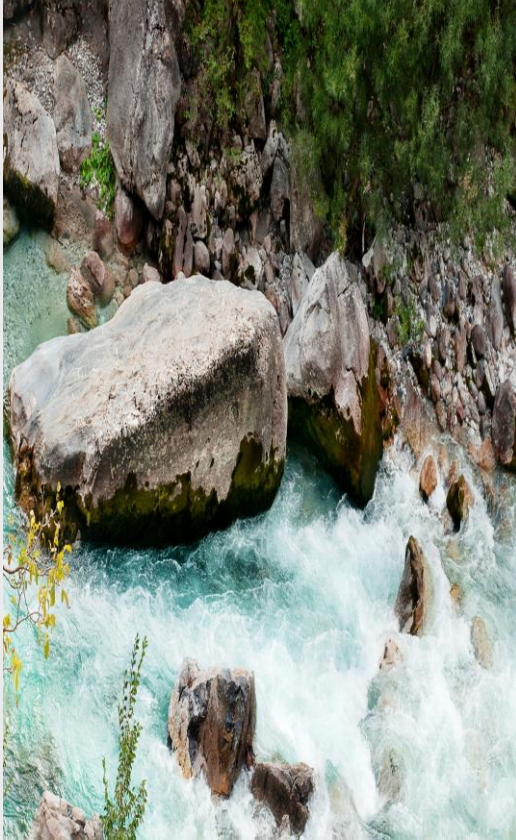
OIL STOCKS PROGRESS



- Current emergency oil stockholding system places the entire emergency stockholding obligation on industry
- Recently prepared a draft Law relevant to emergency oil stockholding and the draft Law foresees that a CSE will be created. Another oil stockpiling model is currently evaluating – joint efforts with industry
- Intention is to change the obligation on industry, starting in 2017, to 30 days, and begin progressively building emergency stocks of the CSE. However, definitive decisions on the issues have not been yet taken
- A detailed model was developed to make the key calculations necessary to be included in Albania's Action Plan
- Calculations included a number of alternative scenarios such as the amount of crude oil to be held and the manner in which to phase out the stockholding obligation on industry, in order to provide CP with an idea of the impact of various alternative options faced
- In terms of a fee on purchases of gasoline and diesel per liter, the required amount of fee for fully funding the stocks averages between 2 and 3 ALL per liter



- Currently - no legislation on compulsory stocks of oil and petroleum products in place
- Bosnia and Herzegovina has established a working group for this purpose. Assistance will be provided within 1st half of 2016
- The assistance will begin considering the potential stockholding models which could be adopted taking into account the two entities and the roles of their corresponding designated stockholding bodies
- The Secretariat considers the transposition of Directive 2009/119/EC on the state level as a priority



- **A new Law on emergency oil stockholding drafted in March 2014 , assisted and reviewed by the Secretariat**
- **The draft Law is expected to be adopted within the 2nd or 3rd quarter of 2016**



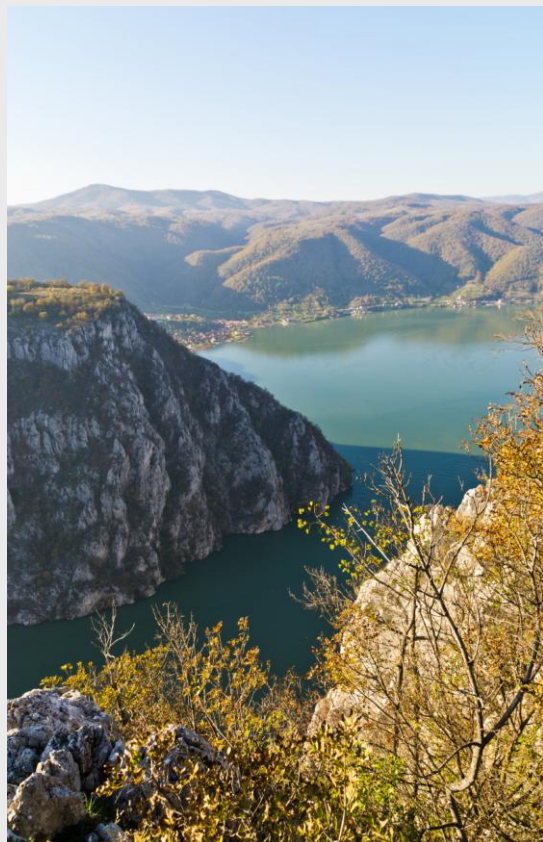
- **The Law on Compulsory Oil Reserves entered into force in October 2014**
- **The Law was supposed to be applicable as of 1 January 2015. However, in December 2014, the Parliament Amended the Law which postponed the application of the Law for one year**
- **Preparation and approval of by-laws are essential in order to fulfil the requirements under the Law**
- **Action Plan and secondary legislation related to the transposition of the Annexes to Directive are in the final phase and are expected to be prepared/approved within 2016**



- No progress was reported regarding the legislative framework on oil stocks
- The industry has no legal obligation to hold oil stocks
- The Commodity Reserves Law deals with oil stocks by requiring the publicly owned State Material Reserves to keep oil stocked in the amount of 30 days of consumption in the previous year
- The Commodity Reserves Law includes procedures to release and report on such stocks which are, however, not in compliance with Directive 2009/119/EC
- Oil security and transposition of the Oil Stocks Directive should be given more attention in the near future in Moldova



- A decision has been taken to regulate emergency oil stocks by a separated law
- The newly adopted Energy Development Strategy by 2030 foresees the establishment of a stockholding agency, a detailed plan for ensuring stocks of oil products and secondary legislation
- Action plan for implementation of the Oil Stocks Directive approved by the Government in 2015
- Draft Law on Compulsory Oil Stocks is finalized and in public hearing phase
- Hopefully – primary and secondary legislation will be approved within 2016



- **February 2015** - The Energy Reserves Administration (ERA) established within the Ministry of Mining and Energy
- In 2014 and 2015 most of the work to establish the full legal framework necessary for implementing the Directive has been completed
- **Action Plan** - Long-term (10 years) and Mid-term (3 years) plans on emergency oil stockholding adopted by the Government
- The Long-term Plan indicates the timetable for legislative alignment, establishing measures to be taken in the case of an emergency, acquiring storage capacities, and for gradually increasing stock levels to meet the minimum level set by the acquis
- It is clear that the work on emergency oil stockholding is progressing well – amount of stocks: around 14 days
- **Intervention Plan** - the only remaining secondary legislation not yet transposed - will be drafted and approved within 3rdQ-2016



- There is no legal framework in place for the establishment of emergency oil stocks
- In 2015, the Government tasked the State Reserves Agency (Agency) to lead a Working Group to develop the long term Action Plan (2016 – 2022) for creating an emergency oil stockholding system to meet the Directive
- A model for projecting key calculations for Ukraine's emergency stockholding and a preparatory paper for drafting the Ukrainian Action Plan were developed in Oct/Nov 2015
- The Preparatory paper provides the basis for the WG to prepare the Action Plan to be presented to the Government of Ukraine. This will set the groundwork for the planned Governmental decision on emergency oil stockholding model, which is expected to be taken by end-June 2016

PRIORITIES

Suggested Updated Roadmap to the CPs

CONTRACTING PARTIES ROADMAP Q2/2016 – 2022

No.	YEARS	2016	2017	2018	2019	2020	2021	2022
	TASK							
	A LEGAL							
1	Government's decision appointing Working Group	█						
2	Gov. decision on Strategic action plan for emerg stockholding system	█						
3	Approval of the Law on Emergency Oil Stocks		█					
4	Secondary legislation required under the Law		█					
	B ORGANISATIONAL AND MANAGEMENT							
1	Set-up Central Stockholding Entity (as required)		█					
2	Develop stockholding obligations for operating companies (if required)		█					
3	Development of Emergency Response Planning		█					
4	Development of Inventory monitoring and reporting system		█					
	C ENGINEERING							
1	Securing Engineering Budget		█					
2	Assess and design additional tank capacity		█					
3	Engineering design for additional tank capacity		█					
4	Tender for storage construction		█					
5	Build required additional tank capacity		█	█	█	█		
	D STOCKBUILDING							
1	Arrange financing for purchasing of emergency stocks		█	█	█	█	█	
2	Build-up emergency stocks		█	█	█	█	█	█
3	Report compliance progress to the EnC Secretariat		█	█	█	█	█	█



Progress in transposing the Directive varies substantially across the CPs:

1. In the early stages of considering possible options for a stockholding system - BA, MD, UA

Priority:

- Drafting Action Plan for building up emergency oil stocks to 61/90 days obligation – by June 2016
- Governmental decision on Strategic action plan – by end of 2016

2. More advanced stage of considering the most appropriate stockholding system and finalizing primary legislation - AL, KS* and MN

Priority:

- Approval of the Law on Emergency Oil Stocks in compliance with Directive – by 2nd quarter 2016
- Adoption of the Secondary legislation required under the Law – by end of 2016

Note: Abbreviations used for the CPs



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3. Having formally adopted main legislation – MK

Priority:

- Approval of the secondary legislation – by end of 2016
- Intervention Plan in the event of an emergency disruption to the supply of the market with crude oil and oil derivatives – by end of 2016

4. Having formally adopted main legislation and relevant secondary legislation - SRB

Priority:

- Intervention Plan in case of oil supply disruption – by end of 3rd quarter 2016
- Building stock up in conformity with the annual program of establishment of emergency stocks



Oil security and transposition of the EU Directive should be given more attention:

- High oil import dependency: BA, KS*, MK, MD, MN
- Limited number of oil producing CPs: AL, SRB, UA
- Insufficient existing storage capacities: in all CPs
- Insufficient connection of national networks: in all CPs
- Lack of interconnections more or less in all CPs

NEXT STEPS



41st PERMANENT HIGH LEVEL GROUP – 15 March 2016

- **The Secretariat stressed the need to speed up work at national level to prepare the implementation of Directive 2009/119/EC by the implementation deadline of 2023 and invited the Contracting Parties to elaborate national Action Plans, with the support of the Secretariat**
- **The Permanent High Level Group invited the Secretariat to prepare an overview of the state of the play in the transposition of the Directive and propose further steps for a timely implementation for the next PHLG meeting**



Secretariat's Proposals – 42 PHLG meeting in June

- **There is a lack of clear intermediate deadlines for progressing towards full compliance with the Directive**
- **The Ministerial Council Decision (D/2012/03/MC-EnC), under article 2, foresees that further relevant measures regarding the Directive's implementation would be proposed**
- **On this basis, the Secretariat would like to suggest a draft Ministerial Council Decision concerning the implementation of the certain rules of the Directive 2009/119/EC in the Energy Community**



Secretariat's Proposals – 42 PHLG meeting in June

- Article 25(2) shall be adapted as follows: “Contracting Parties shall communicate to the Secretariat by 31 March 2017 the text of the main provisions of the national law which they intend to adopt in the field covered by this Directive and Action Plan on Establishment of Oil Stocks
- Article 25(1) subparagraph 1: “31 December 2017” instead of “31 December 2012”

For the purpose of fulfilling the data reporting requirements under Annex I – IV of the Directive, Contracting Parties shall:

- Begin regular monthly participation in the submissions of JODI Oil Questionnaire before 1 January 2018
- Communicate to the Secretariat by 31 March 2018 the proposed legal basis and Action Plan for collecting all oil data necessary to submit the Monthly Oil Statistics (MOS) Questionnaire

The background is a satellite-style image of the Earth at night, showing city lights. Overlaid on this are numerous glowing blue lines that curve and intersect across the globe, representing a global energy network or data flow.

*Thank you
for your attention!*

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