

**Meeting of the Central and South-Eastern European Gas Connectivity
(CESEC)
High Level Group on 8-9 September 2016 in Budapest**

The High Level Group

- (1) Welcomes the significant progress in implementing the CESEC Memorandum of Understanding and Action Plan signed in Dubrovnik in July 2015.
- (2) Welcomes the signature of the Connecting Europe Facility grant agreement for the development of the Romanian section of the Bulgaria-Romania-Hungary-Austria (BRUA) gas transmission corridor, and the imminent commencement of work that will ensure effective bidirectional connections between Bulgaria, Romania and Hungary.
- (3) Welcomes the legislative, regulatory and operational measures being taken in Romania by the Government, the National Regulatory Authority and the Transmission System Operator to enable free flow of gas to the regional markets.
- (4) Welcomes the excellent progress in reinforcing the Bulgarian system, including the commissioning of four compressor stations.
- (5) Welcomes the imminent completion of the work on the main pipeline of the gas interconnector Bulgaria-Romania, a critical cross-border connection of the BRUA gas transmission corridor. Acknowledges the commitment of the involved transmission system operators to have all remaining ancillary work completed before the end of 2016.
- (6) Welcomes the commencement of preparatory work on system development by Hungary on the BRUA gas transmission corridor.
- (7) Welcomes the imminent signature of an updated Memorandum of Understanding on the Bulgaria-Serbia Interconnector which confirms both countries' commitment to execute the project in an expedient manner and welcomes the European Commission's decision (for Bulgaria) and intention (for Serbia) to provide significant EU support to both countries to enable the execution of the project.
- (8) Welcomes the signature of the Interconnection Agreements between, respectively, the Greek and Bulgarian, the Bulgarian and Romanian and the Romanian and Ukrainian transmission system operators which enable third-party access in line with EU rules and with it contractual reverse flow on the Trans-Balkan pipeline, providing the possibility to diversify gas sources.

These agreements build on the interconnection agreement signed between the Hungarian and Ukrainian transmission system operators in 2015.

- (9) Stresses the need for such interconnection agreements to be signed for remaining interconnection points between EU Member States and Energy Community Contracting Parties, within Energy Community Contracting Parties and at interconnection points with Turkey.
- (10) Welcomes the signature of a Memorandum of Understanding between the Greek, Bulgarian, Romanian and Ukrainian transmission system operators setting out the necessary steps to enable physical reverse flow on the Trans-Balkan pipeline.
- (11) Welcomes the Budapest joint statement signed by the Ministers of Energy of the Hellenic Republic, Republic of Bulgaria, Romania and Hungary in support of the natural gas “Vertical Corridor” as well as the corresponding joint statement by the Greek, Bulgarian, Romanian and Hungarian transmission system operators and the Interconnector Greece-Bulgaria project company to render operational that agreement.
- (12) Welcomes the effort of Croatia to develop by end 2018 a scalable floating LNG terminal in Krk together with the necessary evacuation infrastructure allowing for LNG deliveries (in the first phase) of around 2bcm/y.
- (13) Welcomes the imminent signature of the pressure management agreement (PMA) between the Hungarian and Croatian transmission system operators enabling the bidirectional use of their interconnection point.
- (14) Welcomes the Final Investment Decision for the interconnector Greece-Bulgaria, and looks forward to the conclusion of the on-going binding market test as the next important step in the development of this crucial project, which enjoys political support of the Republic of Bulgaria and the Hellenic Republic.
- (15) Welcomes the start of the construction phase of the Trans-Adriatic Pipeline between Greece and Italy and with it the overall progress towards opening the Southern Gas Corridor, a project that will lead to energy sources diversification and to the enhancement of energy security in the region.
- (16) Stresses that in addition to progress on the 7 priority projects the conditions for the 3 other priority projects (new LNG terminal in Northern Greece, connection to Romanian offshore production and Croatia-Serbia interconnector) should continue to be monitored closely and calls for a re-evaluation of the remaining CESEC projects for the forthcoming High Level Group meeting.

- (17) Agrees to the updated CESEC Action Plan 2.0 that includes i) a Member State-specific list of regulatory actions, ii) actions for the Energy Community Contracting Parties, and iii) further regional work to improve the functioning of gas markets by improving trading arrangements, enabling market entry and – where appropriate – optimizing cross-border transmission tariffs.
- (18) Welcomes the agreement on the step-wise implementation concept for harmonized EU gas market rules (network codes) in the Energy Community and their envisaged adoption by the Energy Community's Permanent High Level Group by the end of 2016 as well as the commitment by Member States and Contracting Parties to cooperate in implementing EU acquis at their respective interconnection points.
- (19) Agrees that an expansion of the CESEC scope beyond natural gas could be beneficial for the regional energy system.
- (20) Establishes a Working Group to examine what actions might be taken at the regional level to promote the cost-effective development of renewable energy and energy efficiency in the region, inter alia through sharing best practice, promoting investment, and promoting job creation. Requests this Working Group to propose, in close collaboration with the Energy Community Secretariat, concrete areas and methods for collaboration in time for a decision at the 2017 CESEC High Level Group.
- (21) Establishes a Working Group to examine what actions might be taken at the regional level to promote an efficient, well connected electricity market. Requests this Working Group to propose concrete areas and methods for collaboration in time for a decision at the 2017 CESEC High Level Group, in close collaboration with the Energy Community. The work of CESEC in this area should complement, and take into account the actions of the Western Balkan 6 initiative and the Energy Community Secretariat should propose how the findings of the Working Group can be incorporated into the Energy Community.