

8TH ENERGY COMMUNITY GAS FORUM

Ljubljana, Slovenia
25-26 September 2013

Final Conclusions

Internal Market

1. The Forum welcomed the efforts made by the Contracting Parties in secondary legislation development but expressed its concerns on still existing **noncompliance** of the Contracting Parties' gas legislation with the Energy Community acquis especially as regards unbundling, third-party access, the independence of national energy regulators and the facilitation of cross-border gas flows. The Forum stressed the need for a more coherent progress in legislative reforms to ensure a level playing field on Energy Community level. With regard to the considerations about the post-2016 Energy Community perspective, the importance of enforcement abilities of the Energy Community, the institutional gap between the EU internal energy market and the Contracting Parties were pointed out. Furthermore, the Energy Community needs achievable and realistic policy goals.
2. The Forum reminded the Contracting Parties on the deadline of 1 January 2015 (the latest) for implementing the **Third Energy Package** and urged Contracting Parties to - during the legislative reviews for the transposition of the Third Energy Package - overcome barriers in national market design that hinder the development of effective market opening, The Forum reminded the Contracting Parties on the need for close cooperation with the Secretariat in the law drafting process at the earliest possible stage but in any event before initiation of the parliamentary procedure.
3. The Forum identified the following key **barriers to effective market opening**: the existence of destination clauses in import contracts; lack of regulation of cross border transmission; incompliance of long term contracts with competition rules; the need to improve effective regulatory independence; too extensive public service obligations and regulated energy prices.
4. The Forum re-called that the final target of integrating the Energy Community and European market, competitive cross-border trade and the operation of interconnected networks requires compatibility of the legal and technical framework. The Forum therefore stressed the need to **implement the European Network Codes** (NCs) in the Energy Community without delay and in a timely and coherent manner in coordination with the European developments.
5. The Forum underlined the importance to involve the Energy Community stakeholders already in the Framework Guidelines (FGs) and NC development process and invited the European Commission, the Secretariat, ACER and ENTSO-G to continue close cooperation in this respect. In this context, the Forum welcomed the efforts of the ECRB in providing input to the process of developing FGs and NCs to ensure proper reflection of the specificities of the Energy Community.
6. The Forum welcomed the ECRB work in the gas sector as an important tool for harmonization of regulatory regimes as pre-condition for cross-border trade. The Forum encouraged the Contracting Parties to implement the ECRB recommendations on gas balancing.

Security of Supply

7. The Forum welcomed the *Study on Implementation of Regulation (EC) 994/2010 in the Energy Community* presented by the Secretariat. In order to narrow the gap between the regulatory framework for security of gas supply in EU and in the Contracting Parties, the Forum supported as soon as possible **incorporation of Regulation (EC) 994/2010** into the Energy Community acquis. The Forum noted that proper implementation of said Regulation will have a practical positive influence on operational short and long term response to situations threatening security of supply.

8. Re-calling that security of gas supply plays a more pertinent role in the Energy Community than in other regions with mature gas markets, the Forum expressed that Contracting Parties should have a clear and complete picture of the security status of their gas markets. The Forum urged Contracting Parties to align their **gas security statements** with the updated guidelines of the Energy Community Secretariat requirements of *Directive 2004/67/EC concerning measures to safeguard security of natural gas supply*.

Future of gas in the Energy Community

9. The Forum took note that the current global and regional gas market status quo prevails as a result of previously unseen and unexpected developments but the current situation is constantly evolving and should be followed by more competition.
10. The Forum expressed that natural gas should play a role in the Contracting Parties' energy mix , taking note of the very diverse development levels of national gas markets. The small size of natural gas markets and the uncertainty, which gas demand is currently facing in Europe make it essential that Contracting Parties carry out concerted actions to attract investments in the gas sector and to secure diversified supplies. The pre-requisites include establishing major infrastructure linking the region to various gas sources and creating an interconnected system of gas infrastructure within the Energy Community (Gas Ring) coupled with a stable investment climate and regulatory framework.
11. The Forum welcomed the progress made in relation to the development of gas **infrastructure** and expressed its appreciation for the identification of Projects of Energy Community Interest (PECI). The Forum underlined the need for providing the PECI with financial and regulatory investment incentives and invited the European Commission to support (1) as soon as possible incorporation of *Regulation (EC) 347/2013 on guidelines for trans-European energy infrastructure* into the Energy Community acquis providing regulatory investment incentives tools and (2) granting support for co-financing the PECI via the Western Balkans Investment Framework.

Key corridors for the Energy Community (the Caspian region and Ukraine)

12. The Forum agreed that the TAP's selection as the pipeline route to transport Shah Deniz 2 gas into Europe is a significant step towards the realisation of the Southern Gas Corridor and the enhancement of security of supply in Central and South Eastern European markets. With the construction of TAP, the Energy Community should be able to access gas sources of North Africa and North-West Europe via the potential of reverse flows.
13. All the stakeholders on this route – Shah Deniz II Consortium, Georgia, Turkey, Greece's TSO, TAP, renewed their commitment to successful finalization of this enterprise. This is a unique opportunity for the Energy Community to gasify its Contracting Parties and to take the first step towards the realization of the Gas Ring by interconnecting TAP with Croatia's existing transmission network and beyond. In order to make this happen, the Contracting Parties have to facilitate the efforts of market players to build business cases for the gas markets especially concerning new gas-fired electricity generation via aggregating the potential related electricity (and thus gas) demand, new gas sources, and to provide for predictable regulatory framework in line with the European gas acquis.
14. Ukrtransgaz of Ukraine presented its potential of UGS for European customers, subject to materialization of reverse flow from Slovakia. This will trigger development of a gas market in Ukraine compatible with the incumbent European gas hubs. The Forum invited Ukraine to speed up the process of restructuring Naftogaz and implementing the Energy Community acquis.

Gas infrastructure in new market conditions

15. The three regulators of Italy, Greece and Albania shared their experience concerning their cooperation on issues necessary for the implementation of cross-border infrastructure projects, for instance reaching a common exemption decision on TAP. The main challenge in this pioneer case was to accommodate the TAP-business case and – at the same time – achieve as many benefits for the regional gas market as possible. Both the Commission's and Secretariat's Opinions on this Decision successfully tackled this problem.
16. ENTSOG presented Ten Year Network Development Plan for 2013-2022. Uncertainties of the European gas demand have been taken into account by ENTSOG in performing this task.
17. The Forum welcomed the Gas Storage Europe analysis of the market value of underground gas storages. GSE expressed its concerns on potential impact on availability of storages and security of supply if the (low) summer-winter spread, as the dominant driver to store gas persists.