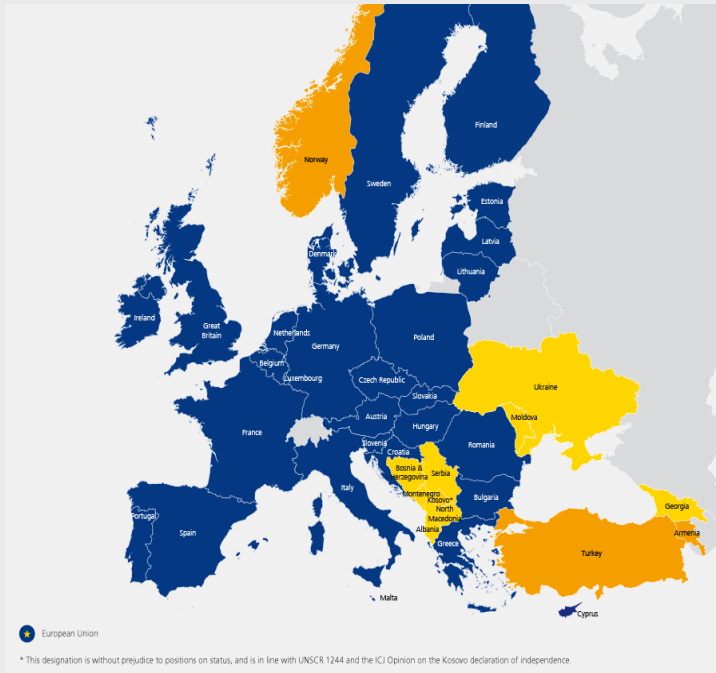


*Current progress in the Contracting
Parties and Oil Stocks Directive
Amendments*

11th Oil Forum

8 October 2019, Belgrade

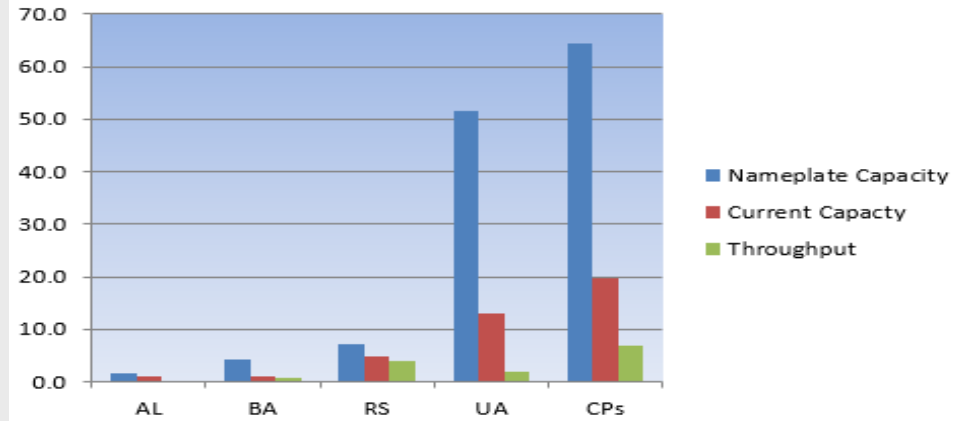
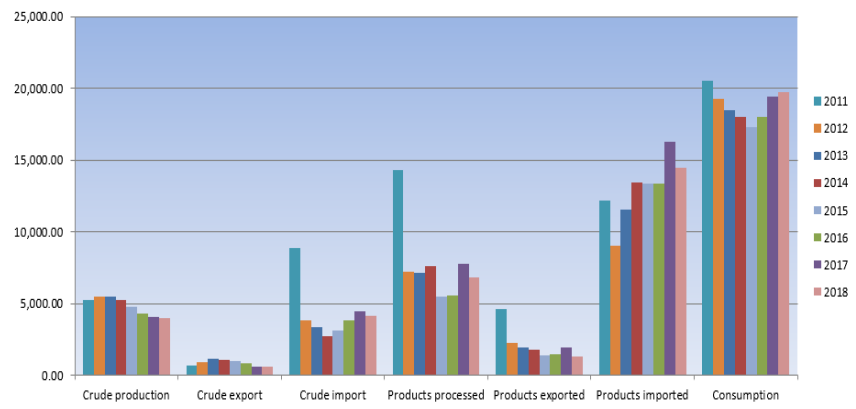
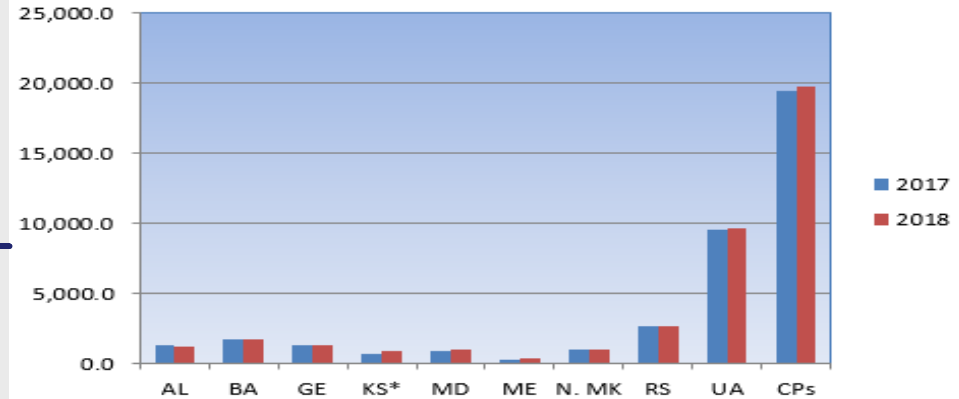
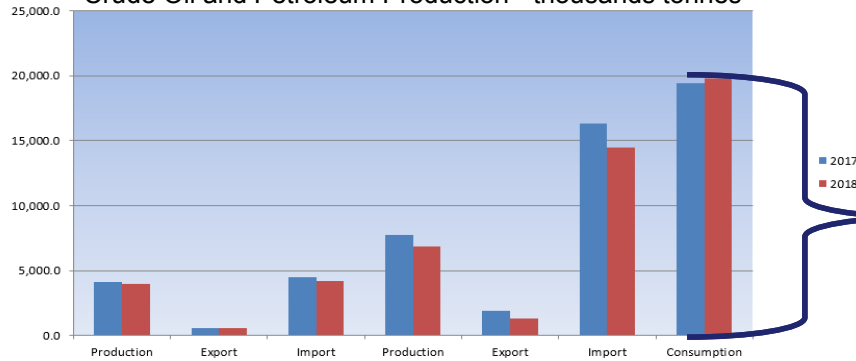
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Oil Data – 2018

Crude Oil and Petroleum Production - thousands tonnes



Note: Abbreviations used for the CPs

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.

- **Currently - Entire emergency oil stockholding obligation is on industry**
- ***A draft Law relevant to emergency oil stockholding is ready.***
- **The draft Law “On the establishment, maintenance and management of security minimum stocks of crude oil and petroleum products” foresees the set-up of the State Agency for Security of Oil Reserves (ASOR), which will be a public body in charge to establish, maintain and manage the security stocks**
- ***The legal procedure for the approval of the draft Law by the Government started in July 2018***
- **However, definitive decisions on the most suitable draft Law have not been yet taken. Currently, the representatives of different institutions are discussing the Law in order to reach a final draft, which should then be approved by the Government and afterwards by the Albanian Parliament**

- **Currently - no legislation on compulsory stocks of oil and petroleum products in place**
- ***Both entities have adopted laws which are not in compliance with the Directive***
- **Technical assistance was provided in 2016 - None of the suggested actions have been followed up**
- ***It is thus not possible for the Secretariat to move on with the necessary steps for further elaboration of the emergency stockholding policy and the relevant legislation (primary and secondary) necessary for transposition of Directive 2009/119/EC***
- **The Secretariat considers the agreement on further elaboration of the emergency stockholding scheme and the transposition of Directive 2009/119/EC on the state level as top priority**

- **The draft Law on emergency oil stockholding prepared in March 2014 is not yet adopted**
- *Many promises that the draft Law will be adopted*
- **The Ministry of Trade and Industry and the Ministry of Finance are analysing options on how to find the needed financial resources. According to the Government's legislative programme for the year 2019, the Law is expected to be adopted by the fourth quarter of 2019**
- *Kosovo* should prioritize:*
 - Drafting an action plan for building up emergency oil stocks to 90/61 days*
 - Adopting the new draft Law on Compulsory Oil Stockholding*

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.

- Georgia holds no emergency oil stocks at present
- *The Secretariat assisted Georgia in aligning its legislation with the Energy Community oil acquis*
 - *A five-year Action Plan (2018-2023) for oil stockholding - done*
 - *Oil Stockholding Act of Georgia and related annexes were drafted*
 - *The State Agency for Oil and Gas (operating under the Ministry of Economy and Sustainable Development) is stipulated as the Central Stockholding Entity (CSE).*
 - *The obligation is to maintain stocks of oil and/or petroleum products responding to 90 days of net import volume*
- From January 1, 2023, when the legislation should be in force, every compulsory stockholder will be required to hold emergency stocks equal to 25% of its imports of crude oil or petroleum products during the reference year
- *Currently, another round of consultations with stakeholders is planned to find solutions to previously raised concerns, such as the lack of stocking facilities; impact of the obligation on small importers; effect of such obligations on the retail prices, etc*

- The country has drafted a Law on creating and maintaining a minimum level of oil product stocks in 2017
- *The draft law prescribes intermediate obligations to be fulfilled by economic operators in order to create and maintain emergency stocks at the level of:*
 - *30 days of average daily net imports by 31 December 2020*
 - *60 days by 31 December 2021*
 - *90 days by 31 December 2022*
- Reviewed from the consultant employed by the EU Delegation in Chisinau
- Committed to review the draft Law in compliance with the Implementing Directive (EU) 2018/1581
- *Moldova should focus on:*
 - *Adopting the new draft law as soon as possible*
 - *Drafting secondary legislation in line with the law within Q1 2020*

- **A new draft Law on Security of Supply of Oil Products, was finalized during the third quarter of 2016**
- ***The draft law transposes all provisions of Directive 2009/119/EC***
- **In the framework of an inter-ministerial consultation, a positive opinion on the draft Law was obtained from the Ministry of Justice, the Secretariat for Legislation, the Ministry of Public Administration and the Ministry of Defence**
- ***The draft Law is still being considered by the Ministry of Finance and the Ministry of Internal Affairs***
- **Due to this, the adoption of the new draft Law and the subsequent secondary legislation in line with Directive 2009/119/EC is still pending**
- ***Priority:***

Adoption of the new draft law on security of supply of oil products

Drafting subsequent secondary legislation in line with Directive 2009/119/EC

- The Law on Compulsory Oil Reserves entered into force in September 2014 - Applicable as of 1 January 2015
- *The Parliament has adopted four subsequent Laws Amending the Law on Compulsory Oil Reserves, each time postponing the application of the Law by one year*
- According to the latest amendment, the Law is envisaged to enter into force as of 1 January 2020
- *The approval of the necessary by-laws and action plans is in delay*
- The country's oil stocks corresponded to 74 days of average daily consumption in September 2019, an increase from August 2018 when stocks stood at 61 days

- Emergency oil stocks in Serbia are regulated by the Commodity Reserves Law adopted in December 2013. With this Law, Serbia has transposed the most relevant provisions of Directive 2009/119/EC on Emergency Oil Stocks
- *Several by-laws have been adopted during this reporting period between two Fora, namely:*
 - Emergency Response Plan*
 - The Rulebook on Defining the Yearly Programme of Emergency Oil (2018 and 2019)*
 - The register of establishing all emergency oil stocks is in progress*
- During 2018 and 2019, activities on the formation of emergency oil stocks reserves have continued:
- *Two public procurements took place, one on the purchase of crude oil in the amount of 16.000 tons and petroleum products (type EURO Diesel) in the amount of 6.000 tons and one on the optional contract (ticket) for 50.000 tons of petroleum product*
- The estimated number of days of emergency reserves calculated based on inland consumption is currently around 19

- There is no legal framework in place for the establishment of emergency oil stocks

MODEL:

- ***Dec 2017 - The model for oil stocks sent by the State Reserve Agency to the Ministry of Energy and Coal Industry (MECI) for approval***
- **May 2018, MECI approved this model, and sent to the Ministry of Economy. Furthermore, a draft resolution of the Cabinet of Ministers of Ukraine “On approval of the model of oil stocks and its financing in Ukraine” was prepared and agreed with the Ministry of Economic Development and Trade of Ukraine and additional executive authorities.**
- **October 2019 - the draft resolution is being reviewed together with the Ministry of Justice of Ukraine**

RESOLUTION (the draft Law):

- **Q4-2018 and Q1-2019, the draft Law on Minimum Oil and Petroleum Products, the provisions of the Central Inventory Management Company and the Oil and Petroleum Products Market Crisis Plan – prepared**
- **The draft Law is currently undergoing approval by the Ministry of Economic Development and the executive authorities involved**

- The review of the functioning of current Directive – still fit for purpose
- In order to improve its clarity and reduce the administrative burden for MS (CPs), a series of technical changes and updates were proposed and adopted
- Regulation 1099/2008 modified several times – references of Oil Stocks Directive to this Regulation have become outdated
- Our suggestion:

Contracting Parties shall adopt by 31 Dec 2020, the laws, regulations and administrative provisions – necessary to comply with Directive 2009/119/EC and Commission Implementing Directive 2018/1581 of 19 Oct 2018 amending Directive 2009/119/EC

Key priority for all Contracting Parties should be considered the transposition of primary and secondary legislation in compliance with the Oil Stocks Directive 2009/119/EC

MOS data collection is fundamental for meeting obligations under the Directive. Contracting Party will need to fully understand the reporting details and methodologies related to the stockholding calculations using the MOS data

There are some progresses with some Contracting Parties but not enough to ensure a quick transposition and consequently full implementation of the Oil Stocks Directive within 2022

The background is a satellite-style image of the Earth at night, showing city lights. Overlaid on this is a complex network of glowing blue lines that connect various points across the globe, symbolizing energy infrastructure or a global network.

*Thank you
for your attention!*

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