
Conclusions of the 3rd SEEGAS JSC meeting – Extraordinary Crisis Response meeting

Hybrid meeting

Austria, Vienna, 17-18 March 2022

1. The SEEGAS JSC expressed its concerns regarding the Russian aggression against Ukraine and welcomed the progress towards the establishment of a dedicated fund with a view to allowing the EU MSs, EnCS CPs, other governments and international organizations to channel money to help Ukraine keep its energy system running.
2. In the context of ensuring energy security in the SEEGAS region the SEEGAS JSC welcomed EBRD's plans towards investing €2 bln for responding crisis needs such as providing emergency support to Ukraine and its neighboring countries, promoting energy diversification and interconnectivity in the short term perspective and boosting decarbonization and energy efficiency in the long run.
3. The SEEGAS JSC acknowledged the importance of the diversification both for Ukraine and across the South East and East European countries vulnerable to energy disruption from Russia. The significance of simulation work performed by ENTSO-G and its continuation was highlighted by participants. The SEEGAS JSC agreed with ENTSO-G that there is a need of establishing appropriate communication channels for the exchange of information on short notice between the relevant stakeholders.
4. The SEEGAS JSC took note of the presentation of the GTSOU update and challenges faced by Ukraine and its request for utilizing the Ukrainian gas transit system as much as possible to ensure and enhance Ukraine's overall security through GTSOU's recommendations towards the reduction of Russian gas supply through Nord Stream I to the EU. GTSOU stressed importance of improving Ukraine's energy security by adding firm capacities with Slovakia, Hungary, Romania and Poland to be available on long-term basis and opening up Trans-Balkan corridor by improving capacities between Turkey and Bulgaria and removing regulative barriers regarding gas export in Romania and virtual reverse flow in Moldova. GTSOU underlined the need to find the most suitable and prompt mechanism for financing the needed works for ensuring additional firm capacity, in particular from Poland and Slovakia. GTSOU has also requested introduction of all norms of the EU gas Network Codes on all the borders between Ukraine and the EU.
5. The SEEGAS JSC welcomed the progress made in Moldova regarding the establishment of the entry-exit tariff system and engagement of BRM in developing a platform for balancing and trading, however, the importance of finding a solution to the concern of backhaul on short notice was emphasized.
6. The SEEGAS JSC recognized the importance of Interconnection Agreements (IAs) between TSOs and called on the relevant parties to formalize IAs in a timely manner where relevant in order to stimulate and ensure the uninterrupted gas flows across borders in the SEEGAS region.

7. The SEEGAS JSC took note of the IA between BG and RO TSOs for the Transbalkan route and the available BG>RO firm capacity fully covering current demand. The SEEGAS JSC assessed the current situation and pointed out the possible need for increased capacity for this route. Bulgartransgaz confirmed the planning of a demand assessment. It was stated that Incremental capacity projects for SoS reasons, that are not market driven, would need financial support from the EU (Grant). It was confirmed by Bulgartransgaz that the company is to propose such projects for increasing the existing capacity from South to North on the Transbalkan route, as well as to Serbia (3rd phase of PCI 6.8.2) and improving connectivity between the existing transmission network and UGS Chiren (being expanded under PCI 6.20.2).
8. The SEEGAS JSC took note of the ongoing feasibility study regarding the Trans-Balkan reverse flow project by the EnCS ad hoc group and agreed to exchange information on the availability of technical capacity in the relevant infrastructure and potential gas sources in general.
9. The SEEGAS JSC welcomed the upcoming completion of the infrastructure development program in Poland and a decision of Polish gas transmission system operator Gas-System offer firm capacity to Ukraine as an emergency measure. GAZ-SYSTEM informed about the ongoing projects for both – decreasing the dependency from Russian gas by increasing the LNG deliveries towards UE an Ukraine (FSRU Terminal in Gdansk) as well as project aiming at securing the firm flows towards Ukraine (INCREMENTAL project). It was stated that the projects for SoS reasons that are not market driven, would need financial support from the EU (Grant). It was confirmed by GAZ-SYSTEM that the detailed proposal of such projects for increasing the existing capacity will be further developed in cooperation with European Commission and Energy Community Secretariat.
10. The SEEGAS JSC took note of the update on the progress made towards gas infrastructure development in Turkey and welcomed the proposal of the BOTAS to utilize the fifth LNG terminal coming on stream in the course of 2022 for the need of European countries. The SEEGAS JSC was invited to launch immediate negotiations with the management of the LNG terminal.
11. The SEEGAS JSC took note of the information from SOCAR on ongoing technical, commercial and regulatory discussions of matters which could emerge on accommodating potential additional gas quantities towards Europe via the expanded Southern Gas Corridor transportation system outside of the existing gas supply arrangements.
12. The SEEGAS JSC took note of the update on the operation of gas exchanges by BGH, BRM, UEEX, TGE, CEGH and CEEGEX mainly claiming the volatility of prices on the trading platforms and welcomed the upcoming go live of the gas exchange by HEnEx in Greece.
13. The SEEGAS JSC acknowledged that there is a need to find a common solution and tailor made approach from the clearing perspective to current gas markets characterized by high rate of price volatility which may require the revision of the applicable margining model and EMIR requirements. It was also underlined that a solution is needed for TSOs to balance the system which are devoid of financial resources given the current context of high prices.
14. The SEEGAS JSC recognized the urgent need to advance the process at political level and coordinate the meetings involving relevant stakeholders/associations to brainstorm and discuss the solutions to the high commodity prices and the volatility on the market.