

PRIORITY ACTIONS FOR ENERGY NETWORKS

Background Paper by the TSG2 Sub-Group on Energy Networks

Introductory remarks

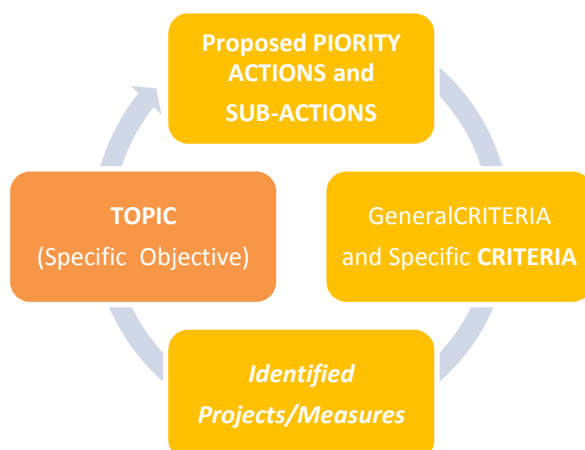
On the basis of the preliminary discussions held during the first two TSG2 meetings and their minutes and operational conclusions (Trieste, 20-21 April 2015 and Belgrade, 6-7 July 2015), during the TSG2 meeting held in Rome on 14-15 December 2015 the Energy Networks Sub-Group agreed upon a short list of proposed Priority Actions on energy networks on which to focus the common activity during an initial period. This would be an effective way to concentrate the efforts, and promptly produce and results.

Thus, three Priority Actions and their respective Sub-Actions are defined in the framework of the Specific Objective for the Topic of Energy Networks as stated in the EUSAIR Action Plan of 17 June 2014 as “To achieve a well-functioning internal energy market supporting the three energy policy objectives of the EU: competitiveness, security of supply and sustainability”.

In proposing the three Priority Actions consideration has been made of the proposals and priorities in the interest TSG2 Member Countries as expressed by means of templates or tables for implementation which have been circulated. With reference to the Topic of Energy Networks a number of TSG2 Member Countries also suggested specific selection criteria, possible sources of financing and databases available.

During the Energy Networks Sub-Group meeting of 14 December 2015 the changes and developments in the energy context have been noted, particularly the Energy Union Package of 25 February. 2015, the Central and South-Eastern European Gas Connectivity Memorandum of Understanding of 10 July 2015, the work on the Projects of Energy Community Interest of 6 June 2015, the ongoing process for adopting the 2012/33/EU Directive on Fuels for Maritime Transport.

For each of the three Priority Actions which are proposed a few Priority Sub-Actions have been identified as shown by the table which follows. Selecting this list of Actions and Sub-Actions does not mean that other (indicative) Actions and Sub-Actions included in the EUSAIR Action Plan are less relevant, neither that TSG2 Member Countries cannot make further proposals. These further (proposed) Actions and Sub-Actions could be evaluated and eventually included during forthcoming TSG2 meetings, preferably as soon as the first deliverables for the proposed Priority Actions and Sub-Actions would be available. It is assumed that the proposed Priority Actions and Sub-Actions would help identifying projects (and measures), their actors and means for financing. Ideally, along this process projects (and measures) will be first labelled, then endorsed and launched for implementation in the interest of the Region.



It should be noted that each Priority Sub-Action can include a host of projects (and measures). A consequence, some ranking (or ordering) is advisable. When identifying projects (and measures) the six General Criteria described in the Introduction to the EUSAIR Action Plan should be taken into account, namely: 1. Address identified priorities, meeting well substantiated needs and be widely supported; 2. Their scope of impact should be transnational if not macroregional; 3. They should be realistic and credible; 4. They should build on existing initiatives and have reached a fair degree of maturity; 5. They should pay attention to the cross-cutting aspects; 6. They should be coherent and mutually supportive (compatible with other Pillars). Specific Criteria should be defined as they might apply to all the projects (and measures) encompassed by the three Priority Actions, or to groups of projects (and measures) encompassed by a specific Priority Action.

It can be assumed that reference can be made to existing or proposed “master plans” and “policy framework” for each Priority Actions as a support in the identification of the projects (and measures) and their assessment and ranking according to Specific Criteria.

It is noted that guidelines, criteria and lists of projects (and measures) of interest for the Priority Actions and Sub-Actions proposed by the TSG2 Sub-Group or Energy Networks are contained in the work performed and ongoing on Projects of Energy Community interest, the Central and South-Eastern European Gas Connectivity Initiative, and the Poseidon Programme amongst others. In this respect, forms of co-operation can be envisioned with existing European and multilateral organisations which have similar or converging objectives. A special case is the Energy Community which would be consulted and, in cooperation with EC, offer support and analysis relevant to the compliance with the EU and Energy Community rules and initiatives, upon request by the TGS2.

The concept of master plans and policy frameworks for the Region with regard to each one of the three proposed Priority Actions could be discussed during forthcoming TSG2 Meetings. In particular, the TSG2 may focus on the identification of projects (and measures), their assessment and ranking according to Specific Criteria and the availability of (public and private) means for financing before these projects (and measures) are labelled and endorsed to promote their implementation and accomplishment.

Time horizons such as the years 2020 and 2030 could be considered in the implementation and accomplishment of projects (and measures) though some projects (and measures) might span over longer period of time, whereas there are a few existing projects with significant impact for the Region, capital investment and spin-offs which have been already agreed upon in the broad EU context.

Topic	Priority Actions	Priority Sub-Actions
Energy Networks <i>(Specific objective: To achieve a well- functioning internal energy market supporting: the three energy policy objectives of the EU: competitiveness, security of supply and sustainability)</i>	Construction and establishment of a well-connected power system and well-functioning electricity market	1. Construction of new transmission capacities and smart grids to achieve a balanced, sustainable and timely development of an interconnected electricity system
		2. Development of a regional efficient, integrated and transparent electricity market (including a co-ordinated auction office) with the aim to provide competitive and secure power supply through the Region
		3. Integrate energy efficiency and development of conventional and renewable energy sources with aim at environmental concerns and reduction of greenhouse gas emissions
	Construction and establishment of an integrated natural gas infrastructure and a well-functioning gas market	1. Diversification of natural gas sources, infrastructures, and routes (notably, TAP, IAP and other pipelines) to promote security of natural gas supply and competitiveness
		2. Development of interconnections, counterflows and natural gas storage along a regional perspective
		3. Establish an efficient gas trading hub towards an integrated natural gas market for the Region
	Clean fuels for maritime transport and their logistics	1. Developing a master plan for the use of LNG and other clean fuels in the Adriatic and Ionian Seas with a view to an Environmental Controlled Area
		2. Establishing a few ports with infrastructure to allow fuel switching to LNG in shipping and wider LNG deployment (by the year 2020)
		3. Converting ship engines to dual fuel use (by the year 2020)
		4. Harmonising security norms and technical standards for LNG deployment and direct use while adopting EU directives and reducing risk (by the year 2020)