Mounting political support for the region of Central and South East Europe (CSEE) has led to the establishment of the Central and South-Eastern European Gas Connectivity (CESEC) initiative. The participants of the meeting agreed that CESEC offers an appropriate framework to continue building up regional energy policy cooperation in CSEE. Eventually, CESEC may become the regional cooperation platform in CSEE on issues beyond natural gas, such as electricity, renewables, energy efficiency, heating and cooling. The role of the EP in guiding this process forward and cooperating with the EC should be further examined. However, before expanding the scope of CESEC, three bottle-neck issues should be addressed:

- **Bridging differences in legal status**: Countries in the region have an array of legal profiles (EU Member States, EU Candidate States, Non-EU Members, Energy Community Signatories and Observers). This variety proves particularly challenging for finding a common legal ground for cooperation and equal access to financing facilities. The expected Energy Union governance structure may offer a solution along with the EU Energy Diplomacy Action Plan.

- **Developing further the governance structure of CESEC to allow for closer work on issues beyond natural gas**: One solution would be to apply the successful model of the Baltic Energy Market Interconnection Plan (BEMIP). Yet, the above mentioned legal differences in the region and the specificities of energy systems could be better addressed through work in thematic groups based on voluntary opt-in.

- **Tackling external influences**: The region’s high political fragmentation makes it vulnerable to external pressures. Specifically in regional energy policy cooperation this poses a risk in the ability of regional actors to identify with and commit to a set of common objectives and priorities. A coordinated approach to establishing regional cooperation in line with EU energy and climate objectives could be established through a European framework on regional cooperation along with an inclusive EU-driven strategy for the “macro region” of CESEC.

While solutions to the listed bottlenecks are explored, a parallel process should identify areas of high potential for regional cooperation. Specific proposals were made in the following areas:

- **Cooperation under the Renewables Directive**
  - With time to achieve national renewables targets running out, Member States facing issues to reach their targets domestically could become interested in statistical transfer partnerships with other potentially overachieving states. An independent broker facilitating this virtual market place would have to be identified. The emerging potential for trade in statistical transfers could deploy cooperation under the Renewables Directive among Member States but for the region of CSEE special procedures would be required.
in order to integrate Energy Community Signatories in this process. Currently, they can only engage in cooperation over physical transfer of renewable energy, which makes such cooperation cost intensive and dependent on cross-border infrastructure.

- **De-risking renewables investments to decrease capital costs**
  - While significantly endowed with renewable energy potential, the region requires financial resources to harness it. The cost of capital varies across Western Europe and CSEE (between 3.5% in Germany and 12% in Greece, for more information please consult DIA-CORE Project Policy Brief 3). This large “capital spread” affects both domestic and foreign investors and thus leads to underutilisation of the region’s green energy potential. Regional cooperation to address investors’ concerns has the potential to decrease their perception of associated risk.

- **Energy Efficiency**
  - Energy efficiency is another area where regional cooperation can take the form of joint knowledge creation and joint instruments. While individual national energy efficiency projects might not offer the scale to attract foreign lending institutions and investors, a regional technical assistance group consulting governments and specific projects on financing issues can incentivise the uptake of such projects. A corresponding proposal has been tabled by MEP Claude Turmes (see attachment).

- **Emergency response and fuel switch**
  - With 2014 stress tests identifying a potential for cooperation between states in the region through swaps of natural gas for electricity, further analysis on similar potential synergies would have to be carried out. A set of actions and cooperation procedures on how to activate such solidarity mechanisms in case of emergency could also be formulated with in CESEC.