

## Conclusions and Conference Declaration:

### Unlocking South East European Energy Potential through Regional Energy Policy Cooperation

Conference held in Sofia, 3-4 June 2015

*The conclusions formulated below were drafted by Christian Egenhofer, Anna Dimitrova and Julian Popov as a result of discussions and stakeholder consultations. The conclusions are not reflective of the official position of CEPS or of the Bulgarian institutions cooperating with CEPS or the states represented.*

*The event was organised by CEPS in cooperation with the Deputy Prime Minister for EU Funds and Economic Policies, the Ministry of Energy of the Republic of Bulgaria, the Ministry of Foreign Affairs of the Republic of Bulgaria and the Administration of the President of the Republic of Bulgaria.*

The conference aimed to initiate dialogue between governmental representatives from the region of South East Europe on the potential benefits of regional cooperation in the field of energy policies. Specific attention was paid to several topics: natural gas and electricity markets, electricity generation, renewables deployment and energy efficiency. Participants expressed their concerns and shared information on the prospects of using existing cross-border initiatives to advance regional energy policy cooperation, focusing on the mechanisms for regional cooperation in light of the EU's energy objectives (Energy Union) and national and regional energy interests in South East Europe.

#### Declaration:

The participants at **Unlocking South East European Energy Potential through Regional Energy Policy Cooperation**

*recognise*

- the lack of a universal geographical definition of the region of South East Europe, which impedes the establishment of a framework for regional cooperation;
- the limited progress of the South East Europe region in becoming part of the Single European Energy Market and in advancing critical energy markets reform in line with EU energy objectives;
- the need for a coordinated and cooperative approach to energy policy in South East Europe to achieve resilient, affordable and sustainable access to energy for economies in the region and thus to follow EU energy objectives.

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### *Participants welcome*

- the regional approach to achieving a Single Energy Market, which takes account of regional differences;
- the establishment of an Energy Union and its commitment to the region of South East Europe outlined in the Energy Union Package by the European Commission;
- the High Level Group on Gas Connectivity in Central and South East Europe, chaired by the Vice President for Energy Union of the European Commission Maroš Šefčovič, and

### *call for*

- a coherent geographical definition of the region that allows for inclusive energy policy strategy development and the optimal use of the endogenous energy resources in the region;
- a European framework on regional policy cooperation that envisages the participation of stakeholders with differing status vis-à-vis the EU in regional energy policy initiatives;
- an expansion of the scope of the High Level Group on Gas Connectivity in Central and South East Europe to issues beyond gas infrastructure, such as electricity infrastructure, renewables integration, and energy efficiency. The High Level Group should be used as the platform for a structured energy policy dialogue and cooperation;
- the scope of the High Level Group on Gas Connectivity in Central and South East Europe to be extended to issues such as electricity infrastructure, renewables integration, energy efficiency and energy innovation. This new platform can be used to launch a regional energy policy cooperation initiative in Central and South East Europe;
- a 'no regret' common approach to energy policy cooperation in Central and South East Europe to be outlined by the High Level Group on Gas Connectivity in Central and South East Europe at its next meeting on 10 July 2015 in Croatia following the June 2015 declarations of the Pentalateral, BEMIP and the 12 'energy neighbours' regional energy cooperation initiative. This 'no regret' common approach would be applied to policy choices that are fit to meet national challenges.

### **Group I Conclusions:** Electricity and Gas markets and infrastructure, renewables integration

- Gas infrastructure in the region of Central and South East Europe must be upgraded to meet the requirements outlined in Regulation No 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of gas supply. Existing bottlenecks (technical, regulatory and financial) should be outlined immediately and solutions must be identified within the context of the High Level Group on Gas Connectivity in Central and South East Europe;
- Regional energy policy cooperation on electricity should be launched via a regional plan to respond to electricity cuts or shortages, both internal or external, to the region of Central and South East Europe;
- Energy infrastructure financing instruments across the region should be streamlined to allow for the most efficient and regionally valuable projects to be realised at optimal cost; this will require a better alignment of EU and Energy Community member states' instruments;
- Market liberalisation reforms must be carried out with attention to social implications such as energy poverty. Price shocks for vulnerable end consumer groups must be mitigated;
- Renewables integration beyond national targets should be stimulated through statistical transfers of renewable energy with EU member states, yet still achieve national targets or other incentives.

**Group II Conclusions:** Energy efficiency, demand response, storage, innovation and 'new' energy

- Energy efficiency should be regarded as an energy resource;
- A cross-border platform should be integrated into existing regional initiatives to monitor progress, and exchange experience and good practice in order to accelerate the uptake of energy efficiency measures and innovation in the energy sectors of states in Central and South East Europe; this will require (modest) finance;
- Aggregated demand and demand response should be used to finance challenges;
- Cross-border tradable energy savings certificates might be considered as a tool to stimulate energy efficiency investments and to achieve national energy savings targets;
- Regional research initiatives are needed to determine the potential of innovative solutions to transform the region's energy supply and demand (buildings, lighting, transport, industry) sectors into sustainable and competitive ones.