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**REPORT OF THE
MEETING OF THE MINISTERS OF ENERGY
OF THE BSEC PARTICIPATING STATES**

Yerevan, 15 April 1998

1. The Meeting of the Ministers of Energy of the Black Sea Economic Cooperation (BSEC) Participating States was held on 15 April 1998 in Yerevan, Republic of Armenia.
2. The Meeting was co-chaired by His Excellency Gagik MARTIROSYAN, Minister of Energy of the Republic of Armenia and Mr. Garen GALUSTYAN, First Deputy Minister of Energy of the Republic of Armenia.
3. The Meeting was attended by the following Participating States of the BSEC:
 - Republic of Albania
 - Republic of Armenia
 - Republic of Bulgaria
 - Georgia
 - Hellenic Republic
 - Republic of Moldova
 - Romania
 - Russian Federation
 - Republic of Turkey
 - Ukraine
4. The representatives of the Arab Republic of Egypt attended the Meeting as Observer.
5. The Meeting was also attended as guests by the representatives of the PABSEC, European Commission, Electric Energy Council of CIS, Regional Energy Center (BSREC), Russian Joint Stock Company "GAZPROM" and Armenian-Russian Joint Stock Company "ARMROSGAZPROM".

The list of participants of the Meeting is attached as Annex I.

6. His Excellency Prime Minister of the Republic of Armenia, Armen DARBINYAN made an inaugural speech. The text of the speech is attached as Annex II.

7. His Excellency Minister of Energy of the Republic of Armenia, Gagik MARTIROSYAN made an opening statement. The text of the statement is attached as Annex III.

8. The draft agenda of the Meeting was discussed and adopted. The amended agenda, as adopted, is attached as Annex IV.

ADOPTION OF THE AMENDED MEMORANDUM ON COOPERATION IN THE FIELD OF ELECTRIC POWER INDUSTRY

9. The participants held an exchange of views on the course of work on the Project for Interconnection of Electric Power Systems of the BSEC Participating States, took note of the results of the Meeting of WG on Energy held at the Deputy Ministers level (10-11 February 1998, Yerevan).

10. They underlined the importance of continuing and enhancing cooperation on the said Project and the necessity of adopting decisions to secure progress in the joint work on it.

11. The Ministers and the Heads of Delegations considered, approved and signed the amended Memorandum on Cooperation of the BSEC Participating States in the Field of Electric Power Industry (attached as Annex V).

12. The Delegation of Bulgaria signed the Memorandum with a Declaration (attached as Annex VI).

13. The Delegation of Romania made a statement in connection with its signing the Memorandum (attached as Annex VII).

14. The participants requested the PERMIS to inform the competent authorities of the Republic of Azerbaijan about the results of the meeting and inquire about their intention with regard to joining to the signed Memorandum.

ADOPTION OF THE TERMS OF REFERENCE FOR THE IMPLEMENTATION OF THE FEASIBILITY STUDY OF THE PROJECT OF INTERCONNECTION OF ELECTRIC POWER SYSTEMS OF BSEC COUNTRIES

15. Having exchanged views on planning the joint work for the implementation of the Memorandum, the participants noted that the carrying out of a Feasibility Study should be the priority task at this stage of the joint work on the Project for Interconnection of Electric Power Systems of the BSEC Participating States.

16. The Ministers and the Heads of Delegations discussed and endorsed the Terms of Reference for the Feasibility Study for the Project which was finalized at the Meeting of Experts (2 April 1998, Ankara) taking into account the comments received from the Participating States (attached as Annex VIII).

17. The Bulgarian Delegation stated that it will submit additionally its position on the Terms of Reference for a Feasibility Study for the Project in the context of the Declaration of the Republic of Bulgaria on the Memorandum on Cooperation of the BSEC Participating States in the field of Electric Power Industry.

18. It was recommended to include in the WG to be established for supporting the preparation of the feasibility study the representatives of the national energy regulating authorities, and to consider the proposal of the Georgian side regarding the use of the experience of the former regional dispatching centers and the potential of such enterprises as JSC "PONTOEL".

19. It was decided that the environmental considerations relating to the Project should be given more attention in the Terms of Reference.

20. The Ministers and Heads of Delegations authorized making amendments and changes in the Terms of Reference as may appear to become necessary to meet the respective requirements arising in connection with their consideration for possible financing by donors. Such amendments and changes shall be communicated to the Participating States, agreed upon by all the parties to the Project, and the revised text shall be approved by the Steering Committee.

MOBILIZATION OF FINANCIAL RESOURCES FOR CARRYING OUT THE FEASIBILITY STUDY FOR THE PROJECT OF INTERCONNECTION OF THE ELECTRIC POWER SYSTEMS OF THE BSEC PARTICIPATING STATES AND ADOPTION OF AN APPROPRIATE DECISION

21. The Ministers and Heads of Delegations reviewed the requirements for financial resources to carry out the Feasibility Study and the possibilities of securing the necessary financing. They took note of the results of the respective discussions held at the Meeting of WG on Energy in Yerevan.

22. Recognizing the necessity of securing financing to carry out the Feasibility Study for the Project on Interconnection of Electric Power Systems of the BSEC Participating States the Ministers of Energy and Heads of Delegations have generally considered the proposal of the Republic of Armenia on creation of initial financial base for this purpose, and agreed upon that each Participating State will submit to the Steering Committee its view and willingness to contribute in the realization of the above scope.

23. With this aim it has been decided to assign the Steering Committee for this Project to elaborate specific proposals on the amount of contributions and the order of their spending.

24. The participants agreed that the Steering Committee shall develop the method for determining the amount of contributions and shall conduct with the assistance of PERMIS the negotiations with the international organizations and financial institutions for seeking their financial assistance for carrying out the feasibility study for the project.

APPROVAL OF THE ORGANIZATIONAL STRUCTURE FOR SUPERVISING AND COORDINATING ACTIVITIES ON JOINT PROJECTS

25. The Ministers and the Heads of Delegations underlined the importance of having an appropriate organizational structure for supervising and coordinating activities on joint projects, in particular for the carrying out of the feasibility study.

26. The participants agreed that the question of setting up of an Advisory Committee could be considered at a later stage, if required.

27. They approved the setting up of a Steering Committee to be composed of designated representatives at the level of Deputy Ministers from each Participating State and three Working Groups with the scope of activities identified in the approved Terms of Reference for the Feasibility Study.

28. It was agreed to circulate through the PERMIS until 20 May 1998 the names of their representatives designated as members of the Steering Committee and the proposals on the date and venue of its first meeting.

ANY OTHER BUSINESS

29. Under this item of the agenda, the Chairman noted that along with the subject of interconnection electric power systems there were a number of issues related to different energy sectors of the regional interest.

They cover the energy efficiency, renewable energy, oil and gas transportation, creation of a data bank on energy programs, projects and other energy related information of common interest which deserve attention and collaboration within the BSEC process.

EXPRESSION OF THANKS

30. The delegations expressed their sincere gratitude to the Government of the Republic of Armenia for the hospitality extended to them and for the excellent arrangements made for this Meeting.

DATE AND VENUE OF THE NEXT MEETING

31. The Ministers and the Heads of Delegations agreed that the date and venue of the next meeting would be communicated to the Participating States through the BSEC PERMIS.

ADOPTION OF THE REPORT

32. This Report was adopted by the Ministers of Energy and Heads of Delegations for submission to the Eleventh MMFA.
