



BS/EN/WG/R(2008)2

**REPORT OF THE
MEETING OF THE BSEC
WORKING GROUP ON ENERGY**

Istanbul, 19-20 November 2008

1. The Meeting of the BSEC Working Group (WG) on Energy was held at the BSEC Headquarters, on 19-20 November 2008.
2. The Meeting was chaired by Mr. Levon VARDANYAN, the Head of Department of the Development of the Ministry of Energy and Natural Resources of the Republic of Armenia.
3. The Deputy Secretary General of BSEC PERMIS, Ambassador Altai EFENDIEV delivered an opening statement.
4. The Meeting of the Working Group was attended by the following BSEC Member States:
 - Republic of Armenia
 - Republic of Bulgaria
 - Georgia
 - Hellenic Republic
 - Romania
 - Russian Federation
 - Republic of Serbia
 - Republic of Turkey
 - Ukraine
5. The representatives of the Parliamentary Assembly of the Organization of BSEC (PABSEC) and the BSEC Business Council also participated in the Meeting as Related Bodies.
6. The Meeting was attended by the representatives of the United States of America as a BSEC Observer.

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

7. The Draft Agenda of the Meeting was discussed and adopted. The Agenda, as adopted by the Working Group, is attached as Annex II.

EXCHANGE OF INFORMATION ON RECENT DEVELOPMENTS IN THE FIELD OF ENERGY IN THE BSEC MEMBER STATES AND ON THE DEVELOPMENT OF PROJECTS HAVING REGIONAL IMPACT.

8. National delegations exchanged information on recent developments in their energy sectors as well as on energy projects having regional impact.

9. The participants also touched upon the issues pertaining to the development of national and regional energy projects in view of the global financial crisis, economic slowdown and falling prices on energy sources. The WG agreed to come back to the issue at the next meeting with more in-depth analysis and assessments, provided that more information will be available, on potential impact of the crisis on the implementation of the national energy strategies and regional projects in the Black Sea region.

10. The WG expressed its appreciation for the support and the contribution of the USAID to the promotion and development of regional cooperation in energy among BSEC Member States.

CONSIDERATION OF THE REGIONAL ENERGY STUDY PREPARED BY THE ICBSS ON THE BASIS OF INFORMATION PROVIDED BY BSEC MEMBER STATES.

11. In the absence of the ICBSS representative, BSEC PERMIS provided background information on the subject and emphasized the importance of study for the planning of the activities of the WG.

12. The WG noted with satisfaction the completion of the study and expressed its appreciation of the excellent work done by the ICBSS for its preparation. The participants acknowledged the study as an important step for the implementation of the decision by the BSEC Ministers of Energy and eventually for the preparation of a comprehensive regional energy strategy.

13. The Participants held preliminary exchange of views and comments on the study, and given the importance and complexity of the issue and insufficient time for thorough consideration of the study by all national relevant authorities, decided to postpone its consideration until the next meeting of the WG.

14. The WG agreed that the submitted version provides a good basis for further improvement of the content of the study. In this regard the national delegations noted that the reflection of the national policies and priorities should be more comprehensive.

15. The WG invited all BSEC Member States to submit their updated contributions on national policies and priorities to BSEC PERMIS within one month so that the updated version of the study could be prepared and disseminated well in advance of the next meeting of the WG.

16. The Delegation of Georgia submitted updated version of the national energy strategy and requested that this information be incorporated to the study.

17. The Delegation of Romania expressed its opinion that its energy strategy, as was submitted to PERMIS, is not reflected adequately in the said study, and also requested to rectify the situation.

18. The WG agreed that the preliminary conclusions of this study could be used as a basis for a joint statement adopted at the Meeting of BSEC Ministers of Energy.

STATE OF IMPLEMENTATION OF THE PROVISIONS OF THE DECLARATIONS OF MINISTERS OF ENERGY OF BSEC MEMBER STATES, AS WELL AS BSEC COUNCIL RESOLUTIONS AND DECISIONS AND PROVISIONS OF THE BSEC DECLARATIONS AIMED AT TRANSFORMING BSEC INTO PROJECT-ORIENTED ENDEAVOR AND ENHANCING ITS EFFICIENCY AND EFFECTIVENESS

19. BSEC PERMIS provided information on the subject and on new recent resolutions, decisions and recommendations of BSEC Council as well as on tasks arising from the provisions of the Declaration of BSEC Ministers of Energy adopted in Kyiv in April 2008.

20. The participants exchanged views and ideas on the ways and means of enhancing effectiveness and efficiency of the WG and on the transforming BSEC into project-oriented endeavor.

21. In this regard the WG recommended to explore on the possibility of granting the status of BSEC projects to the ongoing regional projects in energy. In this regard the participants agreed to consider and submit to BSEC PERMIS relevant project proposals to be considered at the next WG.

22. The WG also decided to submit to BSEC PERMIS their views and opinions on the following issues arising from BSEC Council Resolutions and Decisions as well as BSEC Declarations:

- elaboration of the long-term regional plan of action/strategy on energy;
- enhancing the role and the status of the PERMIS in activities of the WG;
- establishment of the Council of Ministers of Energy;
- other relevant recommendations and proposals contained in the Evaluation Report of the activities of the WG submitted by the Republic of Azerbaijan as Country-Coordinator and approved by the WG at its meeting in Ankara.

23. To comply with relevant BSEC Council Resolution, the WG kindly asked BSEC Member States, which have not yet done so, to nominate their representatives to the WG on a long-term basis.

24. The WG also took note of the BSEC Council Resolution (Kyiv, 17 April 2008) on subordination of the Ad Hoc Group of Experts on Electrical Networks Interconnection

(AHWGEEEN) and the Ad Hoc Working Group on Cooperation among BSEC Member States in Exploration and Extraction of Hydrocarbon Resources of the Black Sea to the WG.

DISCUSSION ON THE PROSPECTS OF BSEC-EU COOPERATION IN ENERGY IN VIEW OF CONCLUDING DOCUMENTS OF MINISTERIAL MEETINGS HELD ON 14 FEBRUARY 2008 IN KYIV AND PROVISIONS OF THE “BSEC DECLARATION ON COOPERATION WITH THE EU IN THE FIELD OF ENERGY”, ADOPTED BY BSEC MINISTERS OF ENERGY ON 9 APRIL 2008 IN KYIV.

25. The national delegations exchanged views and ideas on the subject. The WG took note of the information provided by the BSEC PERMIS on the state of affairs of BSEC-EU relations. The WG also took note of the Second Strategic Energy Review “An EU Energy Security and Solidarity Action Plan” issued by the EC in November 2008.

26. In this respect the WG asked BSEC PERMIS to clarify the stance of the EU vis-à-vis the wider Black Sea region, its Black Sea Synergy Initiative, and on the interest and potential areas of cooperation in energy between two organizations.

27. The WG asked PERMIS to prepare by the end of December a draft joint plan of action based on common interests of BSEC Member States as well as priority areas in energy as defined in the EU/EC documents.

ESTABLISHMENT OF AN OFFICE OF THE ENERGY COMMUNITY OBSERVATORY IN BULGARIA COVERING THE SOUTH EASTERN EUROPE (SEE) AS WELL AS THE COUNTRIES OF THE BLACK SEA AND CASPIAN REGIONS WITHIN THE CONTEXT OF THE BSEC-EU COOPERATION IN THE FIELD OF ENERGY.

28. The WG took note with interest of the information on the subject provided by the delegation of Bulgaria. Upon the request of the national delegations, the Bulgarian delegation agreed to provide more detailed information in writing to be disseminated through PERMIS to BSEC Member States.

DISCUSSION OF THE INTERIM ASSESSMENT REPORT ON THE ACTIVITIES OF THE WORKING GROUP ON ENERGY FOR THE PERIOD 2007-2008 PREPARED BY THE COUNTRY-COORDINATOR

29. The Country-coordinator of the WG presented draft interim report on the activities of the WG for the period of May 2007- August 2008.

30. The WG discussed the draft report and recommended to further improve it to fully comply with the relevant BSEC Council Resolution.

31. The WG decided to consider the final version of the report at the next meeting for its eventual submission for consideration to the Committee of Senior Officials.

PROJECT DEVELOPMENT FUND: PROJECT APPLICATIONS IN THE FIELD OF ENERGY

32. The Working Group took note of the information provided by PERMIS regarding the available options to propose, examine and endorse regional projects financed by BSEC or non-BSEC sources. The WG expressed its interest to propose and eventually endorse such regional projects that need to be approved by the BSEC superior organs and funded by the Member States, international organizations or other external donors.

33. Furthermore, PERMIS provided preliminary information with regard to the BSEC Hellenic Development Fund (BSEC-HDF) that is expected to become fully operational in the near future, and will consider eligible projects in the area of renewable energy sources. However, the specific eligibility for submission of project applications will be announced in future call for proposals.

34. With regard to the BSEC Project Development Fund (PDF), the WG took note of the new Manual of Operations and the new requirements for submission of project applications with a high degree of regional cooperation and a focus on economic development.

35. In this respect, the WG considered the new rule that requires setting of priority project areas and corresponding timeframes in every WG according to their Action Plans for the period, the BSEC Economic Agenda and other relevant decisions of the WG. For that reason, the WG invited the delegations of the Member States to forward to PERMIS, for dissemination to all Member States, their proposals for priority project areas so that a decision can be taken at the next meeting of the WG.

ANY OTHER BUSINESS

36. The WG took note of the information provided by PERMIS and the respective Resolution of the 19th Council regarding the Black Sea Energy Conference "Energy Investments and Trade Opportunities (Athens, 8-9 October 2008). The WG instructed PERMIS to upload the relevant information of the said Energy Conference to the BSEC website.

37. The WG also took note of the ongoing project "PROMITHEAS-2" supported by the EU. In particular, the WG was informed about the 3rd edition of the "Energy View of BSEC countries – 2008" and the progress made in expanding the network of partner institutions of BSEC Member States and consequently coverage of national reports.

38. The WG took note of the information of the Second Kyiv Energy Security Forum held on 6-7 November 2008 in Kyiv organized by the "Open Ukraine" Foundation under the auspices of the Ministry of Foreign Affairs of Ukraine.

DATE AND VENUE OF THE NEXT MEETING

39. The next meeting of the WG will be held on 11-12 March 2009 in Yerevan preceding the Meeting of the BSEC Ministers of Energy.

ADOPTION OF THE REPORT

40. The WG adopted the present Report for submission to the next Meeting of the Committee of Senior Officials of the BSEC Member States to be held on 21-22 January 2009 at the BSEC Headquarters.
