

## European Neighbourhood Policy in the Energy Sector

### **MARKET AND NORMS**

#### *ARMENIA*

- \_ Restructuring of the energy sector including privatisation progressed substantially.
- \_ Gradual elimination of price distortions still on the way

#### *AZERBAIJAN*

- \_ The State Oil Fund, established in 1999, should be more transparent
- \_ In November 2004 energy prices were adapted, which is an important step towards eliminating price distortions.

#### *ISRAEL*

- Explore the possibility of legal and regulatory convergence towards the principles of the EU internal electricity and gas markets
- Promote the exchange of experiences in pursuit of the electricity market reform in Israel
- Identify the scope for providing advice regarding the legal and regulatory framework in the electricity and gas sectors

#### *JORDAN*

- Establish a list of measures for gradual convergence towards the principles of the EU internal electricity and gas markets.
- Effective electricity price developments towards the elimination of distortions on the way
- Develop the Electricity Regulatory Commission towards an energy sector regulator independent from market operators.
- Further advance in restructuring/privatizing the electricity sector is planned

#### *LIBANON*

- \_ Implementation of the 2002 Law of Electricity Sector Organization, which sets a legal basis for restructuring and aims to establish a regulator in progress
- \_ The state-owned monopoly EdL 's privatization remains on the agenda

#### *MOLDOVA*

- Establish - on the basis of Moldavia's experience in the Regional Energy Market in South East Europe initiative ("Athens Memorandum") - a list of measures for gradual convergence towards the principles of the EU internal electricity and gas markets, accompanied by time schedules and a financing plan. Reciprocity issues to be addressed appropriately (market opening, environmental norms).
- Energy price developments and tariff reforms towards the elimination of distortions are planned as well as improvement of bill collection rates.
- Further develop the National Energy Regulatory Agency towards an independent body is expected
- Further restructure the electricity, gas and heat sectors and address payment arrears.
- Participation in EU related energy events.

## *MOROCCO*

– Cooperation for the settlement of actions aimed at increasing the use of natural gas: legal framework and technical measures.

\_ Application of the Rome agreement protocol of the 2 of December 2003: progressive integration of the Moroccan electric and gas markets to the European internal electric and gas markets.

– Settlement of the institutional, legal and technical conditions needed for the integration of the Moroccan internal market to EU internal market.

– Restructuration of the electric sector and settlement of the conditions needed for its liberalization.

## *TUNISIA*

\_ Application of the Rome agreement protocol of the 2 of December 2003: progressive integration of the Tunisian electric and gas markets to the European internal electric and gas markets in progress

– Settlement of the institutional, legal and technical conditions needed for the integration of the Tunisian internal market to EU internal market.

## *UKRAINE*

– Establish a list of measures for gradual convergence towards the principles of the EU internal electricity and gas markets, including regarding the regulator, accompanied by time schedules and a financing plan. Reciprocity issues to be addressed appropriately (market opening, environmental norms, internationally accepted nuclear safety standards)

– Price developments towards convergence of the Ukrainian and the EU markets.

– Adopt and implement a law developing the National Electricity Regulatory Commission.

– Further develop an internal gas sector restructuring plan.

– Further restructure the electricity sector including debt restructuring and adoption of the relevant debt law.

\_ Participation in EU related energy events as appropriate, including gradual involvement in the European Gas and Electricity Regulatory fora.

## **ENERGY POLICY CONVERGING TOWARDS EU ENERGY POLICY OBJECTIVES**

### *ARMENIA*

\_ Tackling these deficiencies of key importance: the bad state of infrastructure and networks suffering from losses including theft, inefficiencies, high dependence on one source (Russia), underinvestment, non-payment of debts and dependence on a nuclear power plant to be closed.

\_ Improvement of supply security, enhancement of competition, environmental protection and increase of energy efficiency and the use of renewable energy sources. A National Energy Strategy is in preparation.

### *AZERBAIJAN*

\_ Introduction of transparency regarding subsidies, installing metering, increasing cash collection, reverse the accumulation of arrears, the settlement of debts (e.g. those of electricity and gas state companies Azerenergy and Azerigas to SOCAR).

## *GEORGIA*

\_ Fight severe financial difficulties due to non-payment, corruption and theft, which constrain new investments.

## *ISRAEL*

– Enhance the dialogue on energy policy in the context of the preparation of an Israeli Energy Master Plan (e.g. workshops)

## *JORDAN*

\_ Take steps to adopt an updated overall energy policy converging towards European energy policy objectives.

- Further develop EU-Jordan energy policy dialogue and cooperation.
- Gradual harmonization of the Jordanian statistical and data registration systems in the energy sector with EU standards.
- Modernize and develop the Nuclear Energy Commission.
- Strengthen and develop the capacity of the Natural Resources Authority.
- Cooperate, in the context of the Declaration of Intent of 2 December 2003 on the Euro-Mashrek cooperation in the field of natural gas.

## *LIBANON*

\_ Become a transit country, including for the EU.

\_ Diversification and development of own resources

\_ Enhancement of competition including progressive cost coverage of tariffs

\_ Foster private participation, efficiency and improvement of regional network interconnections.

## *MOLDOVA*

– Prepare an updated energy policy document with an indication of financing sources and a timetable for implementation.

– Strengthen capacities for monitoring and forecasting energy developments.

## *MOROCCO*

– Cooperation aimed at reinforcing the security and the safety of energy installations and systems as well as the technical controls and risk prevention.

– Exchange of experience and know-how in order to strengthen the technical capacities of the laboratory of the ministry of energy and mines, among others control of the quality of hydrocarbons.

\_ Strengthening of the observation system, including exchange of information and education in an energy perspective

## *TUNISIA*

– Reinforcement of the energy policy dialog including the aspects linked to the progressive integration of Tunisia in the internal European energy market.

## *UKRAINE*

\_ Reinforce EU-Ukraine energy policy co-operation

## NETWORKS

### EGYPT

- \_ Strengthen the partnership in the Arab Natural Gas Pipeline.
- \_ Progressively bring Egyptian and Syrian gas to the region and, further, to the EU.

### GEORGIA

- \_ Enhance its transit role for Caspian resources through increasing the capacity of the Baku-Supsa pipeline and the completion of the Baku-Tbilisi- Ceyhan (Turkey) oil pipeline and the Baku-Tbilisi-Erzurum (Turkey) gas pipeline (completion by 2006).
- \_ Improve security of supply as energy infrastructure has deteriorated to the point where, without additional investments, the risk of catastrophic system failure will become unacceptably high within the next two-three years.

### ISRAEL

- Assess the scope for connecting Israel to the Trans-European/Mediterranean electricity, gas and oil networks, including Israel being part of inter-regional studies
- Develop gas transmission and distribution systems
- Exchange of know-how on security and safety of energy networks/infrastructure

### JORDAN

- Reduce electricity network losses.
- Further development of regional energy infrastructures including the submarine electricity cable with Egypt, the electricity interconnection with Syria and the gas pipeline towards Syria.
- Improve safety and security of energy infrastructure
- Develop interconnections on oil, gas and electricity with the neighboring countries

### LIBANON

- \_ Develop a joint electricity interconnection project with Egypt, Iraq, Jordan, Syria, Turkey which, once realized, will contribute to the establishment of a Mediterranean electricity ring.
- \_ Improving performance and further rehabilitation of infrastructure/networks
- \_ Development of GASYLE II, an offshore pipeline connecting coastal power plants.
- \_ Development of the Arab Natural Gas Pipeline which will bring Egyptian and Syrian gas to the region (signature in December 2003 of a Euro-Med Declaration of Intent on Euro-Mashrek cooperation in the field of natural gas). The Arab gas pipeline could, at a later stage, be connected to Cyprus and Turkey.

### MOLDOVA

- Substantial reduction of network losses (electricity, heat notably).
- Further rehabilitate and upgrade the gas network.
- Identify and start to implement reform options for the gas (transit) network.
- Install additional gas metering devices on pipelines at border crossings points.

### MOROCCO

- Strengthening of energy interconnections, including transit infrastructures

## *TUNISIA*

- \_ Develop transit and transport capacities as well as security of gas installations
- \_ Reduce the losses of the networks
- \_ Increase their performance, safety and security
- \_ Foster electrification of rural areas
- \_ Develop networks, infrastructures and interconnections (gas, electricity and oil) between Tunisia and the European Union and in the Euro-Mediterranean region.

## *UKRAINE*

- Increase performance of networks and reduction of network losses (oil, gas, electricity).
- Develop infrastructures for the diversification of oil and gas supplies. This should include, inter alia, the Odessa-Brody-Poland oil pipeline (Ukraine Poland Agreement should be implemented further).
- \_ Feasibility analysis of electricity interconnection of Ukraine with the UCTE synchronous network.
- Increase performance, safety and security of the gas transit network.
- Further explore the possibilities for the financial and legal restructuring of the gas transit business including unbundling; and unbundling and transparency of accounts (cf. Gas Directive 2003/55).

## **FOSSILE FUELS EXPLORATIONS AND EXPLOITATIONS**

### *ARMENIA*

- \_ Continuation of hydrocarbon exploration

### *AZERBAIJAN*

- \_ Increase exploitation of the Caspian oil and gas reserves, including the Shah Deniz gas field (operational from 2006/2007)

### *MOROCCO*

- Reinforcement of regional storage capacities for energy products

### *TUNISIA*

- Reinforce the programs and actions developing tunisian gas resources, including through the intensification of the explorations.

### *UKRAINE*

- Further implement Ukraine's mine restructuring plan. Reduce mine accidents, i.a. by gradually applying EU mine safety standards and practice.
- Advance in assessing the technical and financial feasibility of implementing clean coal technology and promotion of it.

## ENERGY EFFICIENCY AND RENEWABLE ENERGY

### ARMENIA

- \_ Support of energy policy activities including energy efficiency and renewable energy projects by the Energy Institute and the Energy Strategy Centre, under the Ministry of Energy
- \_ A National Sustainable Development Concept Paper and a Strategy are under elaboration.
- \_ Establishment in 2002 of a National Council for Sustainable Development. Its task is to enhance inter-sector co-operation on sustainable development efforts and to promote integration of environment considerations into various sector policies. The Council consists of representatives of different Ministries and departments, National Assembly, NGOs, youth and the business sector.
- \_ Armenia is committed to use more renewable energy sources (small hydro mainly but there is a good potential for wind, biomass and geothermal), which will improve the environment, decrease the import bill and enhance supply security.
- \_ Laws on renewables and energy efficiency have been adopted in September 2004.

### AZERBAIJAN

- \_ Implementation of a National Program on Environmentally Sustainable Socio-Economic Development for 2003 – 2010.
- \_ Settlement of a program for energy demand management and energy saving/efficiency.
- \_ Switch its power plants increasingly from oil to gas.
- \_ Continue the implementation of the National Alternative Energy Program for 2004-2013, adopted in October 2004

### EGYPT

- \_ Sustainable development principles are integrated in the National Urban Development Strategy for Egypt, up to the year 2017, as well as in various urban and regional strategies and policies.
- \_ The Ministry of Environmental Affairs has pursued activities to promote integration of environment considerations into other policy sectors even if no specific national strategy exists.
- \_ Reach the target of meeting 3% of its primary energy needs from renewable energy by the year 2010.

### GEORGIA

- \_ Energy efficiency should considerably be improved. A TACIS Energy Efficiency Center is functioning.

### ISRAEL

- Taking steps towards Israel's participation in the Intelligent Energy-Europe programme
- Co-operate in sustaining current efforts to improve energy efficiency and to promote the use of renewable energy sources in pursuit of the target set by Israel i.e. by 2007 at least 2% and by 2016 at least 5% of electricity to be produced from renewable energy sources
- Identify the scope for further legal harmonization, where appropriate, with EU energy efficiency legislation (minimum efficiency standards; labelling appliances)
- Take steps towards participation in EU activities relating to Energy Efficiency and the use of Renewable Energy (e.g. conferences and workshops).

## *JORDAN*

- Take steps to adopt an Action Plan for improving energy efficiency and enhancing the use of renewable energy.
- \_ Reinforce the institutions dealing with energy efficiency and renewable energy sources.
- Progress to reach Jordan's target to ensure that 5 % of the country's energy needs are covered by the year 2015 by renewable energy sources in the medium term.

## *LEBANON*

- \_ Increasing the share of renewable energy sources (hydro, solar and wind) in the country's energy balance to up to 10% by 2015. The Ministry of Energy and Mineral resources and the National Energy Research Center are the key bodies in the area of energy efficiency and renewables.
- \_ Develop a comprehensive energy efficiency policy

## *MOLDOVA*

- Prepare an Action Plan for improving energy efficiency and enhancing the use of renewable energy sources, reinforcing the relevant institutions, accompanied by a financing plan, quantitative targets and timetables for implementation.
- Implement a set of low cost measures in this area.

## *MOROCCO*

- Settlement of an energy policy based on sustainable development and integrating the European objectives in terms of security of supply, energy efficiency and environment.
- \_ Reinforcement of the control of the energy demand and the use of renewable energy.
- \_ Cooperation in the renewable energy field in order to settle institutions.

## *TUNISIA*

- Strengthen institutions
- \_ Settle an Action Plan as well as a financing plan and a settlement calendar

## *UKRAINE*

- \_ Explore the possibility for participation in the Intelligent Energy -Europe program
- Adopt Action Plans for improving energy efficiency and enhancing the use of renewable energy, for reinforcing the institutions, accompanied by financing plans and timetables for implementation. Further implement existing plans in this area.
- Cooperation regarding energy conservation projects on the way

## **NUCLEAR SAFETY STANDARDS AND NUCLEAR WASTE STRATEGY**

### *ARMENIA*

- \_ Armenia currently operates one out of its two Soviet type VVER 440 pressurised light water reactors (440 MW each) at the Medzamor Nuclear Power Plant (MNPP). The EU considers MNPP cannot be upgraded to internationally accepted nuclear safety standards at reasonable costs. In 1996, President Ter-Petrossian informed the Commission of the government's intention to keep Medzamor operating only for as long as it took to put in place alternative sources of energy. The Commission has provided assistance (21 million up to 2003) for nuclear safety and

decommissioning measures at MNPP and funded studies to develop a long-term strategy for Armenia.

\_A Law on the use of nuclear energy for peaceful purposes is in force and was recently amended with view to establishing a decommissioning fund.

\_The control of radioactive sources, including nuclear waste management and avoiding illicit trafficking, requires attention.

#### *AZERBAIJAN*

\_The control of radioactive sources, including avoiding illicit trafficking, requires attention.

#### *GEORGIA*

\_ Georgia does not operate nuclear plants, but it suffered in 1998 from radiological accidents. The control of radioactive sources, including avoiding illicit trafficking, requires attention.

#### *UKRAINE*

- Comply with the internationally accepted nuclear safety standards in completing and starting-up of the “K2R4” nuclear reactors; fully implement the Memorandum of Understanding on the closure of the Chernobyl nuclear power plant.
- Further strengthen the State Nuclear Regulatory Committee of the Ukraine.
- Take the necessary measures to ensure the entry into force and implementation of the agreement concluded with EURATOM on peaceful uses of nuclear energy.
- Make progress in decommissioning of Chernobyl NPP.
- Continue work on the Shelter Implementation Plan in order to transform Unit 4 of Chernobyl NPP into an environmentally safe site
- Should adopt a nuclear waste strategy.

To read more on the European Neighbourhood Policy:  
[http://europa.eu.int/comm/world/enp/index\\_en.htm](http://europa.eu.int/comm/world/enp/index_en.htm)