



Council of the
European Union

**Brussels, 6 November 2015
(OR. en)**

13174/15

**ENER 359
COEST 325
RELEX 833**

INFORMATION NOTE

From: General Secretariat of the Council

To: Delegations

Subject: External energy relations

- (a) Ukraine/Russia/EU trilaterals
 - (b) Energy Community
 - (c) Energy Charter Treaty
 - (d) IEA
 - (e) Strategic Group for international energy cooperation
 - (f) EU-MED energy cooperation
-

Delegations will find attached factual information on recent and upcoming events and developments relating to the item "International relations in the field of energy" on the agenda of the TTE (Energy) Council on 26 November.

(a) Ukraine/Russia/EU trilaterals

Since the spring of 2015, the Commission led by Vice-President Šefčovič has been facilitating talks in a trilateral format with Russia and Ukraine with a view of seeking a follow up agreement of last year's Winter Package for gas supplies from Russia to Ukraine. After intense negotiations, a new Protocol was agreed and initialled on 25 September 2015. In agreement with the two sides, Vice-President Šefčovič called on 9 October for the immediate implementation of the initialled Protocol after the latter had been discussed and supported by the two Presidents during talks in the Normandy format in Paris on 2 October, 2015.

Gas deliveries from Russia resumed as of 12 October, after Ukraine made an initial prepayment on gas deliveries. By the end of October Naftogaz had prepaid more than US\$500 million to Gazprom for gas deliveries and Gazprom had delivered close to 2 billion cubic meters of gas, as foreseen under the Protocol. As a result, the amount of gas in storage in Ukraine has increased to more than 17 billion cubic meters by early November, which should be sufficient to cover Ukraine's needs, provided there are no major supply interruptions during the coming winter.

The agreement on a new Winter Package would not have been possible without the Commission's successful facilitation of securing additional financing for Ukraine for the purchase of gas. Such financing is now expected to be made available to Naftogaz in the coming months. A loan facility for \$300 million from EBRD has already been signed on 23 October 2015 and should allow Naftogaz to purchase new supplies before the end of the year under a competitive bidding procedure. Moreover, the EIB and the World Bank signed a \$500 million risk guarantee on 9 October 2015 which should enable the World Bank to extend a loan guarantee to Naftogaz for a similar amount. This facility is expected to be operational by January or February 2016. Other financing schemes with IFIs are still being discussed.

The Commission will continue to monitor carefully the implementation of the Protocol by both sides in the coming months and will continue its close monitoring of transit flows through Ukraine, which was initiated during the winter of 2015/2016 in cooperation with ENTSO-G and Ukrtransgaz.

(b) Energy Community

The 13th meeting of the Ministerial Council of the Energy Community was held in Tirana, Albania, on 16 October 2015. The results of the Ministerial Council included the adoption of the Decision on the incorporation of the Energy Efficiency Directive (2012/27/EU) in the Energy Community. The Energy Community Secretariat was tasked to assist and support Contracting Parties in finding the best solutions for the implementation of the Directive in accordance with the specific circumstances and current level of the achievement in the area of energy efficiency, and to link it to appropriate financing.

Furthermore, the Ministerial Council adopted the Decision on the implementation of the Regulation 347/2013 in the Energy Community. Following concerns expressed by Contracting Parties regarding the requirement that projects of Energy Community interest need to receive a label of Project of Common Interest in the EU when they cross the border between Contracting Parties and EU Member States, the Commission announced that it intends to address these concerns by offering technical assistance in the preparation of the projects to the Contracting Parties before application.

The Ministerial Council also adopted General Policy Guidelines on the "Roadmap on the Reform of the Energy Community" as well on the "Future Joint Act on Security of Supply". Furthermore, the Ministerial Council welcomed the report on Renewable Energy, whilst deploring the lack of progress in implementing Directive 2009/28/EC. Accordingly, and with the ambition to speed up the process, a "Renewable Energy Coordination Group" was established with a mandate until 2020.

A number of other legal acts have been adopted, among which acts updating the Energy Community *acquis* in the area of environmental legislation related to emissions of power plants and in the area of energy statistics, increasing the budget of Energy Community by 30% and extending the term of the current Director of the Energy Community Secretariat by three years.

(c) Energy Charter Treaty

- International Energy Charter

On 29-30 October 2014, a Special Session of the Strategy Group of the Energy Charter took place, that finalised and agreed the text of the International Energy Charter. The Council, on 11 May 2015, approved the adoption and the signature by the European Union and EURATOM of the International Energy Charter.

On 20-21 May 2015 the Ministerial Conference on the International Energy Charter was held in the Hague, together with a High-level Business Forum sponsored and hosted by the government of the Netherlands. During the conference, the International Energy Charter was formally adopted and signed.

- Energy Charter Conference

The 26th meeting of the Energy Charter Conference will take place on 3-4 December in Tbilisi, Georgia. During the statutory part of the conference, the participants will discuss *inter alia* the budget for 2016-2017 and the reappointment of the Secretary General. The first part of the Ministerial Session will address the topic "Fostering regional cooperation through cross border energy trade". The second part will allow for CEOs of energy industry enterprises to present their views.

(d) IEA

The biannual IEA Ministerial meeting (17-18 November, Paris) will take place with the participation of Chile, China, Indonesia, Mexico, Morocco, South Africa, Thailand, and possibly Brazil, India and South Africa. The overarching topic for the Ministerial is "Innovation for a Clean, Secure Energy Future", focussing in particular on climate aspects ahead of the COP 21 meeting on 7-8 December. Further discussions will take place on the IEA's role at a global level, and on the renewal of the association process with partner countries, in order to lay the foundations for reaching tangible progress in this area. Accordingly, the expected main outcomes of the meeting are: an energy and climate statement endorsed by IEA Ministers, a joint declaration on the activation of association, as well as bilateral statements and work programmes. On this basis work is expected to continue as an evolving, progressing relation between the IEA and partner countries. Ministers will also be informed of the Executive Director's initiative to extend the work of the IEA Secretariat to energy technology collaboration, gas supply security and the broadening of the collective oil security mechanism.

(e) Strategic Group for international energy cooperation

The next meeting of the Strategic Group for international energy cooperation will take place on 12 November 2015 in Brussels. The Directors-General for energy of the EU Member States and the Commission representatives will discuss the effects of the current low oil prices. Future cooperation with third countries is also on the agenda, focusing on prospects for a renewed relationship and cooperation with Iran and on the EU-Algeria Strategic Energy Partnership.

(f) EU-MED energy cooperation: the three thematic Platforms under the Union for the Mediterranean (UfM)

The Mediterranean is increasingly important for EU gas supply, both as source and transit region. It also holds great potential in terms of renewable energy sources. The Energy Union aims at the establishment of strategic energy partnerships with Mediterranean producing and transit countries. The Euro-Mediterranean Energy Partnership is now shaped to link to the development of the Energy Union.

Against this background, last year the Euro-Mediterranean energy cooperation received a new impetus through the establishment of three thematic platforms covering three priority policy areas: i) natural gas; ii) integration of regional electricity markets; and iii) renewable energy and energy efficiency.

Since November 2014, when this cooperation mechanism was put forward in Rome at the High Level conference on energy cooperation in the Mediterranean, work has been progressing. The "Working guidelines" of the 3 platforms have been endorsed by the 43 UfM Members on July 23 at the ad-hoc SOM meeting of the UfM Members in Barcelona. The "Platform on Gas" has been formally launched in Brussels in June 2015. The "Platform on Regional Electricity Markets" was launched in October 2015 in Rabat. The "Platform on renewable energy and energy efficiency" is expected to be launched in Cairo in early 2016.

The Platforms, under the coordination of the Union for Mediterranean (UfM) co-presidencies (*i.e.* the EU and Jordan), organise and support a systematic dialogue of all public and private stakeholders concerned. The next goal is to elaborate, and agree on, a 2-year action plan that should be in line with the objectives of the three platforms as stipulated in the agreed "Working guidelines". A Euro-Mediterranean Energy Ministerial conference, which is foreseen to take place in 2016, should endorse these programmes of work.