



Council of the
European Union

Brussels, 21 June 2022
(OR. en)

10491/22

LIMITE

COEST 474
AZ 1
POLCOM 64
TRANS 421
ENER 321

COVER NOTE

From:	European Commission
To:	Delegations
Subject:	Commission's intention to enter into a <i>Memorandum of Understanding</i> on behalf of the EU on <i>A Strategic Partnership in the Field of Energy with the Republic of Azerbaijan</i>

DOCUMENT PARTIALLY ACCESSIBLE TO THE PUBLIC (27.10.2023)

Delegations will find attached a note for the attention of the COEST Working Party on the Commission's intention to enter into a *Memorandum of Understanding* on behalf of the EU on *A Strategic Partnership in the Field of Energy with the Republic of Azerbaijan*.



EUROPEAN COMMISSION

Directorate-General for ENERGY

Directorate-General for CLIMATE ACTION

Brussels,

NOTE FOR THE ATTENTION OF THE COEST WORKING PARTY OF THE COUNCIL

SUBJECT: Commission's intention to enter into a *Memorandum of Understanding* on behalf of the EU on *A Strategic Partnership in the Field of Energy* with the *Republic of Azerbaijan*

CONTACT POINTS: Commission DG ENER Unit A3

DELETED

REMARKS:

The EU first concluded a Memorandum of Understanding (MoU) on *A Strategic Partnership in the Field of Energy* with the Republic of Azerbaijan back in 2006. Since then, bilateral energy relations have intensified on the back of the completion of the **Southern Gas Corridor (SGC)** flowing piped gas to South Eastern European countries since December 2020, turning Azerbaijan into a key energy partner and supplier of natural gas. In the context of the ongoing energy crisis, natural gas supplies from Azerbaijan have become increasingly prominent in terms of diversification and security of supply. The Southern Gas Corridor is currently flowing natural gas to the EU at full capacity via the Trans-Adriatic Pipeline, on track to deliver 10.5 bcm in 2022, proving to be a key anchor for energy stability and security.

With prospects for doubling the SGC capacity over a period of four to five years, going forward it will be essential to continue closely engaging Azerbaijan with a view to securing a key source of natural gas, alternative to Russian gas, covering an important share of the needs of South Eastern European countries throughout the EU's long-term decarbonisation process. Furthermore, Azerbaijan has **strong untapped renewable energy potential**, far in excess of its domestic needs, in particular in the offshore wind sector. Azerbaijan's strategic goal is to gradually turn from a fossil energy supplier into a renewable energy supplier capable of exporting renewable electricity and renewable hydrogen to the EU as the EU's energy systems transition out of fossil fuel consumption, including natural gas.

The MoU on *A Strategic Partnership in the Field of Energy* with Azerbaijan shall serve as a political and policy platform for energy dialogue to advance the EU's energy agenda with Azerbaijan with a view to:

- 1) Underpinning the **SGC expansion** to double the current capacity up to 20 bcm, which “will play a major role to secure gas supply for South Eastern Europe” in line with the REPowerEU plan¹;
- 2) Promoting **renewable energy capacity, energy efficiency and renewable hydrogen capacity** to create the conditions for open and competitive domestic and international markets supplying the EU with energy generated from renewable energy sources;
- 3) Addressing **methane emissions** as a powerful global warming contributor and advancing intermediate steps towards Azerbaijan's accession to the Global Methane Pledge.

Without creating additional structures or duplicating existing ones, the MoU will build on existing energy-relevant high- and technical-level bilateral contacts taking place on a regular basis in the SGC context via the minister-level Advisory Council, dedicated Energy MoU meetings, and technical assistance and investment support provided through the EU4Energy, dedicated Energy Efficiency assistance, and the Economic and Investment Plan. European Financial Institutions such as the EIB and the EBRD are also actively engaged in Azerbaijan's energy sector.

The text of the draft Memorandum of Understanding will be provided as soon as feasible. It is not intended to have any legally or financially binding obligations on any of the parties.

¹ COM(2022) 230