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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Ministerial Conclusions of the High-Level Group of Central and South Eastern Europe Energy Connectivity

Delegations will find attached in the annex the draft Ministerial Conclusions of the High-Level Group of Central and South Eastern Europe Energy Connectivity.

**Meeting of the Central and South-Eastern European Connectivity (CESEC)
High Level Group on 19 January 2024**

Draft meeting conclusions

The CESEC High-Level Group

As regards electricity and renewable energy:

1. Welcomes progress in the implementation of the CESEC electricity infrastructure priority projects as well as market coupling initiatives laid out in the 2021 Electricity Action Plan, which allow the evolution of a larger and better interconnected regional electricity market and support the integration of a growing share of renewable electricity into the grid.
2. Welcomes the extension of the former Electricity Action Plan to include renewable energy, as it operationalises the 2021 Ministerial Conclusions of the CESEC High-Level Group and will help accelerating the deployment and integration of renewable energy in Central-Eastern and South-Eastern Europe in line with European 2030 and 2050 energy and climate policy objectives.
3. Endorses the updated **CESEC Electricity and Renewable Energy Action Plan** on priority infrastructure, market integration projects and policy priorities for renewable energy and invites the involved parties to implement and where necessary, speed up the implementation of action points as a matter of priority with a view to improving the functioning of the CESEC energy markets and their transition towards climate neutrality.

Regarding electricity:

4. With regards to priority infrastructures, the High-Level Group WELCOMES in particular:
 - a) Completion of a new electricity interconnector between Greece and Bulgaria that started operations on 30 June 2023. This new interconnector will substantially improve the cross-border power transfer capacity between Bulgaria and Greece and have substantial contribution to the reliability of the grid in whole region.
 - b) Completion of two interconnections between the electricity transmission systems of Hungary and Slovakia at Gabčíkovo (SK) – Gönyű (HU) – Veľký Ďur (SK) and Rimavská Sobota (SK) – Sajóivánka (HU)
 - c) Finalization of the Hungarian – Croatian – Slovenian 400 kV transmission grid connection. This interconnector is the first between Slovenia and Hungary and allows direct exchange of electricity between these two countries, providing a more stable and reliable operation of the electricity system.

- d) Finalisation and commissioning of the Sincro.Grid smart grid project between Slovenia and Croatia. The project is important for more efficient use of the existing electricity network in Slovenia and Croatia, for enabling the existing infrastructure to accept larger quantities of electricity from renewable sources and for ensuring more reliable electricity supply.
5. URGES the accelerated implementation of the following priority infrastructure projects:
- a) finalization of the Trans-Balkan Electricity Corridor, in particular Section III (2x400kV Obrenovac – Bajina Basta) in Serbia and Section IV (AC overhead line 400kV Bajina Basta (Serbia) - Visegrad (Bosnia and Herzegovina) - Pljevlja (Montenegro));
 - b) Mid Continental East Corridor, in particular its Romanian sections. In this context the Group encourages the affected transmission system operators to find a temporary solution allowing for at least the partial use of the completed power line sections in Serbia and Romania to enable the mitigation of the bottleneck already now.
 - c) Black Sea Corridor, in particular an urgent, but feasible solution for the Stalpu substation in Romania. These projects aim to better connect the area of the Black Sea coast to the rest of the European power network and enable a large-scale integration of new renewable energy sources.
6. WELCOMES the inclusion and INVITES speedy implementation of the GreenSwitch smart grid project, the Pannonian Corridor and the Interconnector between Lienz (Austria) and Veneto region (Italy) increasing the exchange capacity and resilience of the system.
7. WELCOMES the inclusion of new cross-border project between Romania and Moldova (Suceava – Balti) supporting the integration of the electricity system of Moldova into the EU's electricity market, together with internal Moldovan line between substation Vulcanesti and the substation Chisinau, important for the interconnection Isaccea (RO) – Vulcanesti (MD) – Chisinau (MD).
8. UNDERLINES that all electricity infrastructure projects should be implemented in compliance with EU and national legislation and taking into account the interests of all CESEC members. In this context, UNDERLINES the importance of implementation of Regulation (EU) 2019/943, including the integration of renewable and flexible technologies into the market and the requirement that Transmission System Operators need to ensure that at least 70% of the transmission capacity is offered for cross-zonal trade, while respecting operational security limits in line with Article 16 of the Regulation. The market reforms and expected increase of cross-border capacities offered to the market participants may positively influence both small and large-scale integration of RES and decrease electricity production of carbon intensive power plants.

9. TAKES NOTE of progress towards electricity market coupling among CESEC members and in particular:
- a) WELCOMES the successful implementation of the day ahead market coupling between Italy and Greece, Bulgaria and Greece and Bulgaria and Romania; the successful launch of the Complementary Regional Intraday Auctions (CRIDAs) between Greece, Italy and Slovenia; and the implementation of the intra-day market coupling between Italy, Greece and Slovenia, Bulgaria and Greece and Bulgaria and Romania. These projects are landmarks in European electricity market integration.
 - b) URGES the responsible parties to accelerate work on the remaining market coupling projects identified in the Electricity Action Plan between EU Member States and Energy Community Contracting Parties.
 - c) ENCOURAGES the continued work with the Energy Community Contracting Parties and the relevant stakeholders on the implementation of the electricity market regulation to enable the single day-ahead and intraday market coupling by the relevant parties in accordance with the applicable European and national legislation.
 - d) WELCOMES the launch: of the organised day-ahead electricity markets in Albania operated by Albanian power exchange (ALPEX), of the day-ahead market in North Macedonia operated by the national electricity market operator (MEMO); of the day-ahead market in Montenegro operated by the Montenegrin power exchange (MPEX); and welcomes the launch of the intraday market in Serbia operated by the power exchange SEEPEX.
10. WELCOMES the adoption of Decision 2022/03/MC-EnC on the incorporation of the European Union's electricity market acquis in the Energy Community together with Procedural Act 2022/PA/01/MC-EnC on fostering regional energy market integration in the Energy Community. In this context, welcomes the ongoing work of the Energy Community Contracting Parties and the Secretariat towards transposing and implementing the relevant legislation.
11. *[subject to the adoption of the Commission proposals extending the Treaty and the adapted TEN-E at the 14 Dec EnC Ministerial Council]* UNDERLINES the importance of the Projects of Energy Community Interest (PECI) for the integration of the electricity market of the CESEC region and CALLS for the High-Level Group to monitor progress of PECI projects at CESEC meetings upon their adoption of the PECI list by the Ministerial Council of the Energy Community.

As regards renewables:

12. STRESSES the added value of the CESEC framework to identify and monitor the implementation of actions aiming at an increased deployment of renewable energy for a cost-effective, climate neutral, integrated, safe, sustainable, environmentally sound and secure energy system, job creation and the reduction of air pollution.
13. WELCOMES the ongoing studies and technical assistance ordered by the Energy Community Secretariat, namely a study analysing the usage of existing interconnectors and 70% target in the Energy Community Contracting Parties to support increased deployment of renewables and guarantees of origin.
14. CALLS FOR a regular and in-depth discussion on renewable electricity with all involved stakeholders in the upcoming meetings of the relevant CESEC plenary and working group with a view to identifying possible regionally relevant generation projects on renewables in the CESEC region relying, inter alia, on the Commission's study on Mapping of renewable energy projects with regional impact, expected to deliver findings by early 2024.
15. UNDERLINES the importance of removing national and regional regulatory, administrative, infrastructure, technical, financial socio-economic and environmental barriers/obstacles hindering RES deployment and grid development at transmission and distribution level, and MANDATES relevant plenary and working group to regularly discuss these matters with relevant stakeholders.
16. INVITES the High-Level Group to identify the role of key enablers of previous and current infrastructure and generation projects and implementing capacity building and exchange and cooperation mechanisms, in order to accommodate a growing share of renewable electricity in electricity networks.
17. ENCOURAGES memoranda of understanding between the EU Member States and Energy Community Contracting Parties to scale up regional renewable energy projects, including cross-border renewable energy projects.
18. ACKNOWLEDGES the high potential of offshore wind in CESEC region, and MANDATES relevant plenary and working group to discuss further steps for the respective sea basins.
19. CALLS for concrete actions to materialise the significant opportunities for regional cooperation, financing and support in the area of renewables, including by initiating contacts and establishing institutional frameworks in view of developing cross-border renewables projects under the new window of the Connecting Europe Facility and – whenever relevant – opportunities offered by other instruments such as the cooperation mechanisms as referred to in the Directive (EU) 2018/2001 on the promotion of energy from renewable sources as amended by Directive (EU) 2023/2413.

As regards renewable and low-carbon gases and natural gas:

20. WELCOMES the extension of the former Gas Action Plan to include renewable and low-carbon gases, in particular hydrogen and recalls the importance of alignment with European 2030 and 2050 climate and energy policy objectives. The extension of the Action Plan reflects the energy policy priorities of the EU, operationalises the 2021 Ministerial Conclusions of the CESEC High-Level Group, and allows implementation of priority infrastructure projects.
21. ENDORSES the updates to the **CESEC Action Plan on Gases** on priority hydrogen and natural gas infrastructure projects and on priority actions for hydrogen and biomethane deployment.
22. INVITES the involved parties to implement and where necessary, speed up the implementation of all outstanding action points from the former Action Plan and new actions as a matter of priority with a view to integrating hydrogen and biomethane and improving the functioning of CESEC gas markets.

Regarding hydrogen:

23. HIGHLIGHTS the following concerning priority hydrogen infrastructure projects:
 - a) UNDERLINES the importance of advancing on and monitoring progress of the first-ever hydrogen cross-border infrastructure projects in the CESEC Action Plan on Gases identified as projects of common interest in Commission Delegated Regulation [XXX].
 - b) CALLS FOR the High-level Group to regularly monitor the progress the Generic Hydrogen Corridor between Ukraine, Slovakia, Czechia, Austria, and Germany due to the high potential of the corridor to transport large quantities of renewable hydrogen from Ukraine towards the EU when security conditions so allow.
 - c) *[subject to the adoption of the Commission proposals extending the Treaty and the adapted TEN-E at the 14 Dec EnC Ministerial Council]* UNDERLINES the importance of Projects of Energy Community Interest (PECI) for the cross-border hydrogen transport in the CESEC region and calls for the High-Level Group to monitor progress of future PEGI hydrogen projects at CESEC meetings upon the adoption of the PEGI list by the Ministerial Council of the Energy Community.
24. CALLS UPON the CESEC High-Level Group to take necessary actions for the infrastructure to accommodate an increasing share of biomethane and of hydrogen, this way facilitating the long-term climate goals of CESEC countries and to achieve climate-neutrality by 2050.

25. WELCOMES the study commissioned by the European Commission on the CESEC region's potential for renewable and low-carbon gas deployment in the context of infrastructure development. The study assessed prospects for ramping up renewable and low-carbon hydrogen production and off-take in the CESEC countries, the availability of reliable and accessible infrastructure as well as its readiness and technical potential to transport hydrogen, the most common technical, safety and economic challenges related to the hydrogen transmission, identified CESEC's challenges and key actions to address the infrastructure and regulatory priorities, bottlenecks and needs for renewable and low-carbon gas integration.
26. CALLS UPON the governments, transmission system operators, regulatory authorities and hydrogen producers in the CESEC region to join forces in order to implement recommendations of the study, in particular those related to removing bottlenecks from the infrastructure and regulatory perspective, aiming for an increased and cost-efficient deployment of renewable in the region; RECOMMENDS CESEC stakeholders to examine possible tools that are needed to streamline the infrastructure planning and long-term coordination for in the region identified.
27. WELCOMES the analysis of the aforementioned study on biomethane, assessing the technical readiness and specificities of the existing gas grid to accommodate a growing share of biomethane as well as potential need for adaptations of existing infrastructure and establishing smart gas grids.
28. RECOMMENDS the CESEC stakeholders to kick-off regular and in-depth discussions in the CESEC gases plenary on measures needed to improve regulatory environment for biomethane in the natural gas network and increase public and private financing related to the storage and pipeline transportation of biomethane.

Regarding natural gas:

29. WELCOMES the High-Level Group's significant contribution to the preparation of the REPowerEU Plan, in particular its support in selecting infrastructure projects of regional relevance, which aim to reduce dependence on Russian gas imports to Europe and CALLS UPON the CESEC governments, regulators and transmission system operators to work cooperatively on the acceleration and implementation of key cross-border investments, in particular those listed in Annex III of the REPowerEU Plan¹ on the 5th PCI list.
30. UNDERLINES that much has been achieved in improving the energy security of the EU countries in Central-Eastern and South-Eastern Europe and ENCOURAGES CESEC countries to increase efforts in terms of high-level political commitment to energy security, further diversification of supply to alleviate current dependencies on one supplier, and in terms of phasing out Russian gas.

¹ COM(2022) 230 fina

31. REQUESTS inclusion of projects identified in the REPowerEU Plan to the CESEC Action Plan on gases and tasks the CESEC gases plenary to monitor their timely implementation.
32. UNDERLINES the importance of maximizing the use of existing natural gas infrastructure and the completion of CESEC priority infrastructures and of market integration actions.
33. Concerning the CESEC priority natural gas infrastructure projects, the High-Level Group:
- a) WELCOMES the completion and start of commercial operations of interconnector Greece-Bulgaria, a Project of Common Interest which is a crucial achievement in the energy field in Europe and an excellent example of regional cooperation. The IGB will help to enhance further the security of supply of the entire region, including Western Balkans, Ukraine, and Moldova.
 - b) *[To be confirmed after the official commissioning event on 10 December 2023]* WELCOMES the start of commercial operations of the Bulgaria-Serbia Interconnector (IBS), an achievement which marks another critical milestone in the region's pathway toward diversification of sources and routes. The project is a step forward in the integration of the region and unhindered flows within the countries involved, and it is necessary to enable Serbia to diversify gas supplies and reduce import dependence on Russian gas.
 - c) WELCOMES recent progress in the realisation of the Greece - North Macedonia gas interconnector aiming at establishing a first interconnection point between the two countries. Once finalised, the pipeline will enhance security of supply of North Macedonia and allow for the gradual replacement of the most polluting sources of electricity.
 - d) WELCOMES the pilot project offering firm capacity at the Bereg virtual interconnection point between Hungary and Ukraine and INVITES the transmission system operators to establish firm capacity on a permanent basis.
 - e) UNDERLINES that all infrastructure projects should be implemented in compliance with EU and national legislation and taking into account the interests of all CESEC members.
34. Concerning the CESEC priority market integration actions, the High-Level Group:
- a) WELCOMES the signature of the interconnection agreement between Bulgartransgaz and GAMA for Kyustendil/Zhidilovo interconnection point which allows for increasing transportation flows between the two countries, which enhances security of supply of North Macedonia and increases the liquidity of the regional gas market.

- b) CALLS UPON on the Bulgarian and Romanian parties to advance the implementation of the Interoperability Network Code and merge interconnection points Negru Voda 1/Kardam and Negru Voda 2 Kardam into a single virtual interconnection point Negru Voda/Kardam and to finalise and sign the Interconnection Agreement concerning the new virtual point.
- c) CALLS for further progress and invites the transmission system operators of Greece, Bulgaria, Romania, Ukraine and Moldova to work towards an updated memorandum of understanding on the Trans-Balkan route and agree on common minimum gas quality requirements along the whole route, and where necessary, to conclude a transparent framework for non-discriminatory capacity allocation on the line and to carry out market test for reverse flows on the infrastructure to unlock the full potential lines in reverse flow with the help and support of the European Commission and the Energy Community Secretariat, as necessary.
35. WELCOMES the progress made in aligning the allocation of capacity on interconnection points between the transmission system operators of EU Member States and Energy Community Contracting Parties with the network code on capacity allocation mechanism. CALLS UPON the regulatory authorities to ensure a consistent application of these rules in allocating existing and prospective capacity at interconnection points.
36. STRESSES the importance of availability of gas that can be freely traded, of promoting competition and liquidity on the energy markets of all countries of the CESEC region.
37. UNDERLINES the importance of recent technical meetings in CESEC aiming to discuss the potential unification of gas quality requirements given future supply from global energy markets with LNG and from pipelines. CALLS UPON CESEC Transmission System Operators to analyse and simulate their gas quality requirements and potential tolerance ranges, which could be acceptable with an aim to identify regional solution. TASKS TSOs to finalise their assessments on the feasibility of harmonising the methane content and other requirements at interconnection points and ENCOURAGES TSOs to regularly report on the progress in the respective working groups, workshops and Ministerial meetings.
38. CALLS on the European Commission to regularly organise information sessions and financial institutions on financing/funding opportunities for infrastructure categories defined under Regulation (EU) 2022/869 and renewable hydrogen production.
39. REQUESTS a change in the name of technical groups within High-Level Group: electricity and renewable energy plenary and working group should change the name to *Electricity and Renewable Energy Plenary*. Gas plenary and working group should function under the new name: *Gases Plenary*
40. These conclusions do not create rights or obligations under international or domestic law.