



BS/EN/WG/R(2004)1

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

Istanbul, BSEC Headquarters, 9-10 February 2004

1. The Meeting of the BSEC Working Group on Energy was held in Istanbul at the BSEC Headquarters, on 9-10 February 2004.
2. The Meeting was chaired by Mr. Ashraf SHIKHALIYEV, Head of Division of the Department for Economic Cooperation and Development Ministry of Foreign Affairs of the Republic of Azerbaijan.
3. The Meeting was opened by H.E. Mr. Mecid KERIMOV, Minister of Fuel and Energy of the Republic of Azerbaijan.
4. The Meeting was attended by the following Member States of the BSEC:
 - Republic of Albania
 - Republic of Armenia
 - Republic of Azerbaijan
 - Republic of Bulgaria
 - Georgia
 - Hellenic Republic
 - Romania
 - Russian Federation
 - Republic of Turkey
 - Ukraine
5. The representative of the State of Israel attended the Meeting as Observer.
6. The Meeting was also attended by the representatives of the Parliamentary Assembly of the BSEC (PABSEC), the BSEC Business Council (BSEC BC) and the International Centre for Black Sea Studies (ICBSS).
7. Mr. Lyulin RADULOV, Director of the Black Sea Regional Energy Centre attended the Meeting as Guest.

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

8. The draft agenda of the Meeting was discussed and adopted. The agenda, as adopted by the Working Group, is attached as Annex II.

STRATEGIES CONTRIBUTING TO THE IMPLEMENTATION OF THE PROVISIONS OF THE 'BAKY DECLARATION ON ENERGY COOPERATION IN THE BSEC REGION', ADOPTED BY THE MINISTERS OF ENERGY OF THE BSEC MEMBER STATES ON 19 SEPTEMBER 2003

9. The Working Group undertook extensive deliberations concerning the implementation of the "BAKY DECLARATION ON ENERGY COOPERATION IN THE BSEC REGION" which defined the broad political priorities of the BSEC pertaining to development of the multilateral cooperation in the BSEC energy sector.

10. The Turkish Delegation drew attention to the Studies being undertaken within the Southeast Europe Cooperation Initiative (SECI) with respect to the power systems interconnection of the BSEC Countries.

11. The Working Group converged on the opinion that following the adoption of the "BAKY DECLARATION" the next step of the BSEC cooperation in this field is the creation of a list of strategic objectives, deriving from the BAKY DECLARATION, and leading to the eventual adoption of a relevant Plan of Action for their implementation. To this end the Working Group decided to follow the following methodology:

- (i) the Working Group produced an initial list of strategic objectives;
- (ii) the PERMIS will disseminate the list to the Member States;
- (iii) the Member States will subsequently forward to the PERMIS additional proposals to complete the list, and;
- (iv) this list will be discussed and adopted during the next meeting of the Working Group, which is also expected to deliberate on a Plan of Action for their implementation.

12. The initial list of strategic objectives is attached as Annex III.

13. Dr. Yannis PAPANIKOLAOU, Director General of ICBSS, expressed the satisfaction of ICBSS for the endorsement by the Ministers of Energy and the Ministers of Foreign Affairs of the BSEC Member States of its proposal to elaborate a BSEC regional energy strategy, based on a cooperative approach. He further stated that the ICBSS will take full advantage of the mandate given to it and aspires to the full backing and support of the WG on Energy both in terms of intellectual contribution and in assisting ICBSS in securing the necessary funds for its realization. In due course ICBSS will communicate to the Working Group on Energy more information about the contents of its study and will be looking forward to receiving comments and proposals in this regard.

PERSPECTIVES OF THE EXCHANGE OF ELECTRICITY AND TECHNICAL CONDITIONS OF OPERATION OF THE INTERFACE AMONG THE BSEC COUNTRIES

14. The Delegations exchanged information and ideas on the perspectives of the exchange of electricity and technical conditions of operation of the interface among the BSEC countries, including the one between Turkey and the Transcaucasian countries. In the framework of the discussions the Delegation of the Republic of Turkey made a presentation on the project “Connection of Turkish Power System to UCTE” and its respective policies.

15. It was generally agreed that the said issue remains of major interest as an attractive possible multilateral cooperation project, but in view of a number of Transmission System Operators (TSOs) of the Member States joining the UCTE and therefore abiding by the UCTE technical requirements and standards, the aforesaid issue requires further study in terms of specific technical solutions according to individual Member States’ interests with respect to the UCTE standards.

FUNDING OPPORTUNITIES BY THE BSEC PROJECT DEVELOPMENT FUND

16. The Working Group on Energy emphasized the importance of the Project Development Fund for reinvigorating the BSEC activities.

17. In this framework the BSEC PERMIS made a presentation regarding the mechanism governing the operations of the Project Development Fund and outlined its main provisions vis-à-vis project financing.

18. The Member States were invited to submit their respective project proposals aiming at facilitating the cooperation in the field of energy.

19. To this end the Working Group decided to follow the following methodology:

- (i) the Working Group produced an initial list of project proposals;
- (ii) the PERMIS will disseminate the list to the Member States;
- (iii) the Member States will subsequently forward to the PERMIS additional proposals for this list, and;
- (iv) the complete list of project proposals will be considered during the next meeting of the Working Group, with a view to selecting the projects that will be submitted to the Committee of Senior Officials.

20. The initial list of project proposals is attached as Annex IV.

21. The project proposal presented by the Hellenic Republic, concerning the development of a network consisting of University Energy Policy Centres and other relevant Academic Institutes of the BSEC countries, was extensively discussed during the deliberations. The participants viewed the aforementioned proposal as interesting, and it was agreed to continue the exchange of views on this issue in the next meeting of the Working Group after the proposal is further elaborated and submitted in the ‘Standard Application for Funding a BSEC Project’.

22. Mr. Lyulin RADULOV presented the views of the Black Sea Regional Energy Centre on the development of energy cooperation in the framework of the BSEC, with a special emphasis on the expected positive contribution of the Project Development Fund.

ANY OTHER BUSINESS

23. The Ukrainian Delegation made a presentation on the Odessa-Brody pipeline.

24. Furthermore it was suggested that the PERMIS should extend an invitation to the UCTE to send experts involved in its Mediterranean- and Baltic Ring programs to the next meeting of the Working Group in order to share their experience and views on the issue of interconnection.

DATE AND VENUE OF THE NEXT MEETING

25. The Working Group agreed that the date and venue of its next meeting would be communicated to the Member States through the BSEC PERMIS.

ADOPTION OF THE REPORT

26. The Working Group adopted the present report for the submission to the Committee of Senior Officials and the Tenth Meeting of the Council of Ministers of Foreign Affairs to be held in Baky on 30 April 2004.
