



BS/EN/WG/R(2007)1

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

Istanbul, 12-13 February 2007

1. The Meeting of the BSEC Working Group (WG) on Energy was held at the BSEC Headquarters in Istanbul on 12-13 February 2007.
2. The Meeting was chaired by Mr. Miroslav KUKOBAT, Head of European Integration and International Cooperation Section, Ministry of Mining and Energy of the Republic of Serbia.
3. The Meeting of the Working Group was attended by the following BSEC Member States:
 - Republic of Armenia
 - Republic of Azerbaijan
 - Georgia
 - Hellenic Republic
 - Republic of Moldova
 - Romania
 - Russian Federation
 - Republic of Serbia
 - Republic of Turkey
 - Ukraine
4. The Meeting was attended by the representatives of the Republic of Austria, Republic of Belarus, Czech Republic and the Republic of Poland as BSEC Observers.
5. The representatives of the Parliamentary Assembly of the Black Sea Economic Cooperation (PABSEC) and BSEC Business Council also participated in the Meeting.

The List of Participants is attached as Annex I.

6. Ambassador Altai EFENDIEV, Deputy Secretary General of the BSEC PERMIS, welcomed the participants and wished them fruitful work.

7. The Draft Agenda of the Meeting was discussed and adopted. The Agenda, as adopted by the Working Group, is attached as Annex II.

ADOPTION OF THE REPORT OF THE WORKING GROUP MEETING HELD IN SOCHI ON 26 SEPTEMBER 2006

8. The Report of the Meeting of the BSEC Working Group on Energy held in Sochi, Russian Federation on 26 September 2006, was adopted. The Report, as adopted, is attached as Annex III.

EXCHANGE OF INFORMATION ON RECENT DEVELOPMENTS IN THE FIELD OF ENERGY IN THE BSEC MEMBER STATES

9. The national delegations exchanged information on most recent developments in their respective countries as well as on the implementation of bilateral and multilateral projects in the field of energy.

10. The WG invited the delegations to communicate to PERMIS in electronic form the national updates on energy situation for further dissemination to Member States.

11. The Hellenic Republic, the Republic of Serbia and the Republic of Turkey presented as well as submitted in electronic version an update on recent developments in their respective countries. The said presentations are attached as Annex IV to the present Report.

STATE OF IMPLEMENTATION OF THE DECISION BY THE BSEC MINISTERS OF ENERGY ON PREPARATION OF THE COMPENDIUM OF ENERGY STRATEGIES OF THE BSEC MEMBER STATES

12. The WG took note of the information provided by PERMIS on the state of affairs regarding the collection of the National Energy Strategies and the replies to the energy Questionnaire from Member States. In total, eleven Member States have replied to the energy Questionnaire and five have submitted their National Energy Strategies to PERMIS.

13. Regarding the issue of Member States' replies to the energy Questionnaire, envisaged to reflect the state of affairs regarding the implementation of the two Ministerial Declarations and the Plan of Action in the Member States, the WG elaborated on this issue and with the view to finalize this procedure decided:

- a) To invite the Republic of Albania to forward to PERMIS the relevant information;
- b) That PERMIS disseminates the compiled document to the Member States;
- c) To appeal to the ICBSS, in its capacity as a BSEC Related Body with a mandate to carry out policy-oriented, pragmatic research initiatives and with respect to its goal of studying practical ways of widening and deepening regional cooperation, with the purpose to study the said compilation and present an effective analysis on the state of affairs.

14. Such an appeal to ICBSS is foreseen in the WG's Plan of Action for 2005-2007, Chapter VI. Exchange of Information, regarding the preparation of a comprehensive Energy Study for the BSEC Region and the possibility of commissioning the ICBSS for such task.

15. Furthermore, the Working Group proposed to PERMIS to explore on possibilities of attracting other international or regional centers of relevant competence to assist in implementation of this task.

16. The participants stressed the importance of this initiative for further defining ways and means of energy cooperation in the BSEC region.

17. Taking into consideration the time framework for the implementation of the task assigned by the BSEC Ministers of Energy, the WG recommended that the Republic of Turkey as forthcoming Chairmanship-in-Office and the Republic of Armenia as successive Country-Coordinator of the WG on Energy envisage this task in the preparation of their calendar of activities and plan of action.

18. With respect to the National Energy Strategies, the WG decided to invite the Member States, which have not yet done so, to forward to PERMIS, within the next two months, the relevant information with the view to finalize the respective compendium. Taking into account plans to organize in 2007 the BSEC Conference on Comparative Analysis of National Energy Strategies the Working Group instructed PERMIS to compile and disseminate all available contributions from BSEC Member States upon the expiration of two months term.

DISCUSSION ON THE STATE OF IMPLEMENTATION OF THE PROVISIONS OF THE BAKY AND ALEXANDROUPOLIS DECLARATIONS AND THE SOCHI STATEMENT OF THE BSEC MINISTERS OF ENERGY, PURSUANT TO THE RESOLUTION OF THE BSEC COUNCIL HELD IN MOSCOW ON 1 NOVEMBER 2006

19. The Working Group discussed and acknowledged important and significant developments in the field of energy in the wider Black Sea area at national, bilateral and multilateral level in line with the provisions of the BSEC Declarations on Cooperation in Energy.

20. It was discussed and suggested that while preparing and adopting the Plan of Action for the next term, the Working Group should abide by the Resolutions of the BSEC Council (Moscow, 1 November 2006) related to the activities of the BSEC Working Groups.

DISCUSSION ON THE STATE OF IMPLEMENTATION OF THE PLAN OF ACTION FOR 2005 -2007 AND ON THE MEASURES TO BE UNDERTAKEN FOR ITS EFFECTIVE EXECUTION

21. The delegation of the Republic of Azerbaijan in its capacity as Country-Coordinator presented its report on the state of implementation of the Plan of Action of the WG for the period 2005-2007, as well as a Draft Evaluation Report of the Activities of the Working Group on Energy. The Draft Evaluation Report was distributed to the participants of the meeting.

22. The Country-Coordinator provided information on the activities of the WG as well as their assessment of the progress made in the implementation of the Plan of Action and analysis and recommendations of what is needed to be done to enhance energy cooperation in BSEC.

23. The Country-Coordinator invited the participants of the WG for their comments and suggestions on the provided Draft Evaluation Report. The final version of the Evaluation Report will be submitted by mid-March by the Country-Coordinator to the Committee of Senior Officials and BSEC Council for their consideration.

24. The participants expressed their appreciation to the Republic of Azerbaijan as the Country-Coordinator for its contribution to the process of the development of regional cooperation in the field of energy.

25. The WG took note that according to the Resolution of the BSEC Council (23 April 2005, Komotini, Greece) the Republic of Armenia will assume its responsibility of the Country-Coordinator of the WG as of 1 May 2007 for the period 2007-2009.

FINALIZATION OF THE DISCUSSION OF THE PROPOSAL OF THE REPUBLIC OF TURKEY ON THE ESTABLISHMENT OF THE AD HOC WORKING GROUP FOR COOPERATION BETWEEN BSEC MEMBER STATES IN EXPLORATION AND EXTRACTION OF HYDROCARBON RESOURCES OF THE BLACK SEA

26. The WG took note of the information presented by the Republic of Turkey, according to the Decision, Para. 67 of the BSEC Council (Moscow, 1 November 2006) instructing the WG to submit the relevant proposals for the establishment of an Ad Hoc WG for cooperation among BSEC Member States in exploration and extraction of hydrocarbon resources of the Black Sea which is attached as Annex V to the Report.

27. The WG expressed its appreciation to the Republic of Turkey for its proposal and presentation of the relevant Background Paper, deliberated further on this important issue and decided to submit its proposal to the Committee of Senior Officials for its consideration. Furthermore, the WG decided to invite the Republic of Turkey to prepare and forward to PERMIS the Draft “Terms of Reference” of the said Ad Hoc WG.

PROJECT DEVELOPMENT FUND AND OTHER REGIONAL PROJECTS

28. The WG deliberated on the Project Application “Preliminary study for the development of a BSEC Regional Energy Intermediary Organization” submitted by public and private institutions from Azerbaijan, Bulgaria, Greece and Serbia for funding by the BSEC Project Development Fund.

29. The WG elaborated on the project idea. However, it was emphasized that such an initiative needs to be further explored by the WG and enriched with the active participation of more stakeholders from the BSEC Member States. The WG decided to defer any discussion on this issue at a future time when appropriate regional conditions will prevail.

30. Furthermore, the WG instructed the Project Coordinator to express its appreciation to the project partners for having elaborated and presented the said PDF Project Application and inform them of its decision.

ANY OTHER BUSINESS

31. The WG took note of the information presented by the Director of Projects and Programmes of the International Centre for Hydrogen Energy Technologies of the United Nations Industrial Development Organization (UNIDO – ICHET) in Istanbul, which aims to stimulate the application of hydrogen technologies in developing countries, contributing to growth and industrial development, while protecting the environment.

32. The WG took note of the following proposal of the BSEC Business Council regarding the UNIDO-ICHET presentation:

Re: ICHET – H2 Technologies

Step 1:Survey situation in every BSEC Member State and create a regional inventory (ICHET will prepare a questionnaire for the countries to fill out)

Step 2:Identify potential and main needs in each country and create regional needs inventory (by ICHET and BSEC)

Step 3:Start generating cooperation projects to address these needs strategically (by ICHET and BSEC with help from the PDF and external donors)

33. The WG took note of the information provided by the Chairman regarding the “BSEC Workshop on Energy, Science & Technology - perspectives for regional projects” to be held in the BSEC Headquarters on 20 April 2007. The Chairman invited the Member States’ delegations to participate in this BSEC event in order to encourage and promote energy cooperation as well as to examine opportunities for energy project financing.

34. The delegation of the Republic of Turkey expressed interest in enhancing cooperation in the area of climate change mitigation and adaptation among the BSEC Member States, in particular carbon sequestration technologies.

35. Furthermore, the WG took note of the information provided by KEPA of the University of Athens, lead partner of the PDF Project “EU-BSEC Energy and Environmental Policy Network – PROMITHEAS- 1” which was completed and consequently funded by the FP6 of the EU, regarding its planned activities and the respective invitation to Member States’ institutions to actively participate.

36. The WG took note of the proposal by the delegation of the Republic of Turkey on the issue of organizing a Workshop on electricity and natural gas regulatory issues with the participation of energy regulation experts from the BSEC Member States.

DATE AND VENUE OF THE NEXT MEETING

37. The date and venue of the next Working Group Meeting will be communicated to the Member States through BSEC PERMIS.

ADOPTION OF THE REPORT

38. The present Report will be submitted to the Committee of Senior Officials for consideration.
