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**REPORT
OF THE MEETING OF THE BSEC
AD HOC WORKING GROUP OF EXPERTS
ON ELECTRICAL NETWORKS**

Istanbul, BSEC Headquarters, 19-20 December 2005

1. The Meeting of the Ad Hoc Working Group of Experts on Electrical Networks was held in Istanbul, at the BSEC Headquarters, on 19-20 December 2005.
2. The Meeting was chaired by Mr. Bogdan POPESCU-VIFOR, Director of Strategy, Planning, Marketing and Sales Division of the National Power Grid Company "Transelectrica"-S.A., Romania.
3. The following Member States of BSEC attended the Meeting:
 - Republic of Albania
 - Republic of Armenia
 - Republic of Azerbaijan
 - Republic of Bulgaria
 - Georgia
 - Hellenic Republic
 - Republic of Moldova
 - Romania
 - Russian Federation
 - Republic of Turkey
 - Ukraine
4. The Meeting was attended by the representative of the Republic of Poland as an Observer.
5. The representative of the Parliamentary Assembly of the Organization of Black Sea Economic Cooperation (PABSEC) also participated in the Meeting.
6. The representatives of the US Agency for International Development (USAID), the US Energy Association (USEA) and the National and Kapodistrian University of Athens (KEPA) attended the Meeting as official Guests.

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

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

REVIEW OF THE NEW DEVELOPMENTS IN ELECTRICAL NETWORKS OF THE BSEC MEMBER STATES

8. The national delegations provided information and made presentations on most recent developments in the field of electricity and electrical networks interconnection in their respective countries with the emphasis on the plans/projects ongoing and scheduled of national electrical systems interconnection with the neighbouring countries.

9. Certain progress in the development of electrical networks interconnection has been acknowledged by the participants with the necessity to undertake further steps in the framework of BSEC to bridge the technical differences between operating systems used in the BSEC Member States.

10. Information materials, including presentations, made by the national delegations will be provided to BSEC Member States in due time by BSEC PERMIS in electronic form.

PRESENTATION BY THE HELLENIC REPUBLIC IN THE CAPACITY OF COUNTRY-COORDINATOR OF THE PLAN OF ACTION OF THE AD HOC WORKING GROUP OF EXPERTS ON ELECTRICAL NETWORKS

11. The delegation of the Hellenic Republic presented a Draft Plan of Action as well as Draft Terms of Reference of the AHWGEEN.

12. The Terms of Reference of the AHWGEEN and the Plan of Action for the rest of the term of the Country-Coordinator were discussed and approved. The Terms of Reference (Annex III) and the Action Plan as adopted by the Ad Hoc Working Group of Experts (Annex IV), is attached.

PROMOTION OF REGIONAL PROJECTS OF COMMON INTEREST IN THE FIELD OF ELECTRICITY TRANSMISSION:

a. “Black Sea Regional Transmission Planning” Project

13. Representatives of the parties to the project, namely, the USAID, the USEA and national transmission grid company of Romania “Transelectrica” made comprehensive presentations on the project’s progress and accomplishments as well as expansion of the project to include two additional BSEC Member States, the Republic of Armenia and the Republic of Azerbaijan.

b. Activities of National Institutions having regional impact

14. Representative of the RAO UES of the Russian Federation made presentation on the activities of the company, one of the largest in the world, with the emphasis on the projects of interconnecting of electrical networks and energy exchanges between Russia and some of the BSEC Member States.

15. Representative of the Institute “ENERGOSETPROEKT” of the Russian Federation informed participants on the study of possible development of electrical networks and energy systems of Russia, Georgia and Turkey for power transmission and exchange in the region.

16. Representatives of the Turkish Electricity Transmission Co. informed the participants about the priorities of electrical networks development and regional interconnections with the emphasis on the UCTE system compatibility and re-emphasized that it will be useful to follow up the ongoing Black Sea Regional Transmission Project and the results of the final report, expected to be provided by the end of July 2006 according to the project schedule, to evaluate new interconnection projects in the region.

c. Linking the regional electrical networks with TEN

17. Participants exchanged views and ideas on the possibilities of linking with TEN of regional networks operating under different systems.

18. It was emphasized that immediate and full synchronisation of operation of two systems – UCTE and IPS/UPS - is not possible, however, can be further explored in the future. It was noted that one of the targets set by UCTE’s Steering Committee, after the successful reconnection last year of the 1st and 2nd zone of UCTE, is to respond to the application of IPS/UPS for the connection of their system to UCTE. For that purpose a cooperation agreement has been signed recently to launch a large-scale study for UCTE – IPS/UPS connection. The study will investigate all possibilities concerning the synchronization of two very large systems developed so far independently.

19. It was suggested also, that the issue of interconnection of networks operating under these two systems can be also explored through bilateral or multilateral consultations.

d. BSEC-WB ECA (World Bank’s Europe and Central Asia) cooperation

20. Participants were informed about the Letter of Cooperation signed between BSEC PERMIS and WB ECA regarding the promotion of regional cooperation in energy and electricity trade. It was agreed to continue discussions on the subject with the participation of the representatives of WB ECA during next meetings of the AHWGEEN in order to utilise this framework of cooperation for development of regional projects of common interest.

e. Project Development Fund (PDF)

21. BSEC PERMIS informed the participants on the possibilities and opportunities of development of project proposals through the BSEC PDF. National delegations were invited to prepare project proposals to be presented during the next meeting of the group.

22. In response to invitation by BSEC PERMIS, USAID agrees to explore the possibilities of information sharing and collaboration with BSEC such as improvements in border-crossing, customs, small and medium enterprises (SMEs) and business and investment climate.

EXCHANGE OF VIEWS ON THE CREATION OF A REGIONALLY-INTEGRATED ENERGY MARKET FOR ELECTRICITY IN THE CONTEXT OF THE EUROPEAN MARKET

23. Presentation on the creation of the Energy Community, including South East Europe as a potential model for the development of regional market for electricity in the context of the European market was made by Dr. Evangelos LEKATSAS of the Hellenic Republic.

24. It was emphasised that the creation of a regionally-integrated market for electricity within the European context is defined by certain “Acquis Communautaire” provisions, the implementation of which by the countries/parties is a prerequisite.

25. It was stressed in this context that the removal of barriers to trade is a key issue to facilitating the regional market where no monopolies are permitted and countries should undertake measures to deregulate and liberalize internal markets in order to join regional markets.

IMPLEMENTATION OF THE RELEVANT PROVISIONS OF THE ALEXANDROUPOLIS DECLARATION ON ENERGY COOPERATION IN THE BSEC REGION

26. Participants discussed related issues under above Agenda Items and agreed on the importance to examine the need to undertake the following actions with respect to some provisions of the Alexandroupolis Declaration:

- the AHWGEEN requested BSEC PERMIS to address on behalf of the BSEC the EU and the UCTE with the proposal to speed up the UCTE-IPS/UPS feasibility study;
- the Russian delegation proposed to address on behalf of the BSEC the EU and Mediterranean Ring Project (MRP) countries to hold a joint expert meeting with BSEC in order to discuss possible extension of the MRP to the BSEC region and, if necessary, to establish a joint working group.

ANY OTHER BUSINESS

27. No matter was raised by the participants under any other business.

EXPRESSION OF THANKS

28. Participants expressed their appreciation of the representatives of the “Black Sea Regional Transmission Planning” project for their valuable contribution to the Meeting and expressed hope for further fruitful and beneficial cooperation.

29. Participants also expressed their thanks to representative of KEPA for his views and ideas on the promotion of regional cooperation with the involvement of international organisations.

DATE AND VENUE OF THE NEXT MEETING

30. The Ad Hoc Working Group of Experts agreed that the date and venue of its next meeting will be communicated to the Member States through the BSEC PERMIS.

ADOPTION OF THE REPORT

31. The Ad Hoc Working Group of Experts adopted the present Report for submission to the forthcoming Meeting of the Committee of Senior Officials.
