



BS/ELN/WGE/R(2009)1

**MEETING OF THE BSEC
AD HOC WORKING GROUP OF EXPERTS ON
ELECTRICAL NETWORKS (AHWGEEN)**

Istanbul, BSEC Headquarters, 29-30 January 2009

REPORT

1. The Meeting of the Ad Hoc Working Group of Experts on Electrical Networks was held in Istanbul, at the BSEC Headquarters, on 29-30 January 2009.
2. The Meeting was chaired by Dr. Tigran GNUNI, Deputy General Director for Science, CJSC “Scientific Research Institute of Energy” of the Republic of Armenia.
3. Ambassador Altai EFENDIEV, the Deputy Secretary General of the BSEC PERMIS welcomed the participants and made the introductory remarks for the meeting.
4. The following Member States of BSEC attended the Meeting:
 - Republic of Armenia
 - Republic of Azerbaijan
 - Georgia
 - Hellenic Republic
 - Republic of Moldova
 - Romania
 - Russian Federation
 - Republic of Serbia
 - Republic of Turkey
 - Ukraine
5. The representative of the BSEC Business Council also participated at the Meeting.
6. The Meeting was attended by the representative of the United States of America as Observer.

7. The representatives of the United States Agency for International Development (USAID) and the United States Energy Association (USEA) also participated at the Meeting as Guests.

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

9. 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**.

EXCHANGE OF INFORMATION ON RECENT DEVELOPMENTS IN THE FIELD OF ELECTRICAL NETWORKS IN THE BSEC MEMBER STATES AND ON THE DEVELOPMENT OF PROJECTS HAVING REGIONAL IMPACT

10. The national delegations exchanged information on most recent developments in the field of electrical networks interconnection in their countries, as well as between/among the BSEC Member States.

11. The representatives of the USEA and the USAID provided detailed information on the current state of affairs in the BSTPP implementation and on the objectives for the second phase of the project.

12. The representatives of the USAID and of the delegation of the Republic of Turkey also provided brief information on the sub-regional project – “AGT Power Bridge” with the participation of the Republic of Azerbaijan, Georgia and the Republic of Turkey.

13. Presentations and statements made during the meeting are available upon request in the BSEC PERMIS.

14. The participants also exchanged views and ideas on a wide range of issues pertaining to the effectiveness and efficiency of the activities of the AHWGEEN and its practical and project orientation. The AHWGEEN decided that national delegations will submit to the BSEC PERMIS by the **end of February 2009** their concrete proposals on the subject. These proposals will be compiled by the BSEC PERMIS into an Open list (“TO-DO List”). This List will be opened for practical and concrete proposals and will be considered at the subsequent meetings of the Group.

STATE OF IMPLEMENTATION OF THE PROVISIONS OF THE DECLARATIONS OF MINISTERS OF ENERGY OF BSEC MEMBER STATES, AS WELL AS BSEC COUNCIL RESOLUTIONS AND DECISIONS AND PROVISIONS OF THE BSEC DECLARATIONS AIMED AT TRANSFORMING BSEC INTO PROJECT-ORIENTED ENDEAVOR AND ENHANCING ITS EFFICIENCY AND EFFECTIVENESS

15. The representative of the BSEC PERMIS provided brief information on the subject with the emphasis on two issues - the issue of the development of legally binding mechanism in the field of the electrical networks interconnection, and on the issue of the appointment of national experts to the AHWGEEN on a long-term basis.

16. The AHWGEEN decided to further consider the issue of development of legally binding mechanism at its subsequent meetings.

17. The AHWGEEN appealed to the countries, which have not yet done so, to expedite the process of nomination and appointments of the national experts on a long-term basis. It was decided to set the **end of March 2009** as a deadline for the completion of this issue.

18. In compliance with the BSEC Council Resolution and with the view of the implementation of the Plan of Action, the Country-Coordinator shall prepare by the **end of March 2009** an interim Assessment Report of the activities of the AHWGEEN. The Report will be submitted for consideration to the Committee of Senior Officials.

DISCUSSION AND ADOPTION OF PLAN OF ACTION OF THE AHWGEEN FOR THE PERIOD 2009-2010 SUBMITTED BY THE REPUBLIC OF TURKEY IN ITS CAPACITY AS COUNTRY-COORDINATOR

19. The AHWGEEN extensively discussed, amended and adopted the Plan of Action of AHWGEEN for the period of 2009-2010, attached as **Annex III**.

20. At the same time the AHWGEEN decided that national delegations will further consider and submit to the BSEC PERMIS their concrete proposals to the effect of defining the priority measures and projects in the field of electrical networks interconnection.

21. It was decided that these proposals will be compiled by the BSEC PERMIS in the Open list of the proposals for the AHWGEEN. The List will be further considered and discussed at the forthcoming meetings of the AHWGEEN.

22. As a follow up of its discussions and with the view of practical implementation of the Plan of Action, the AHWGEEN decided that national experts shall submit to the BSEC PERMIS project proposals and project ideas, as well as priority measures to be undertaken by the BSEC Member States to facilitate cooperation in the field of electrical networks interconnection.

23. With the view of the implementation of the Plan of Action, the AHWGEEN asked the Country-Coordinator to prepare and submit by the **end of February 2009** a unified format for the exchange of information.

24. The AHWGEEN discussed and decided to support the proposal of the USAID to organize in the **autumn of 2009** in cooperation with the BSEC an investment conference as a follow up of the first and the second phases of the BSTPP and to include it in the Plan of Action of the AHWGEEN.

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

25. In pursuance of the decision taken at the last meeting of the AHWGEEN, the participants exchanged views and proposals on the subject. With the view of making the discussions more focused, it was agreed that the Republic of Turkey in its capacity as Country-Coordinator will present detailed information on the subject based on the results of comprehensive regional study

entitled “Transmission Planning Criteria in the Black Sea Region” conducted in the framework of the BSTPP and supported by the USAID.

DISCUSSION ON THE PROSPECTS OF BSEC-EU COOPERATION IN ENERGY IN VIEW OF THE CONCLUDING DOCUMENTS OF MINISTERIAL MEETINGS HELD ON 14 FEBRUARY 2008 IN KYIV AND PROVISIONS OF THE “BSEC DECLARATION ON COOPERATION WITH THE EU IN THE FIELD OF ENERGY”, ADOPTED BY BSEC MINISTERS OF ENERGY ON 9 APRIL 2008 IN KYIV

26. The BSEC PERMIS provided background information on the subject. The participants had exchange of views and ideas on the subject, as well as made certain proposals that will be reflected in the draft BSEC-EU Plan of Action in Energy being prepared by the BSEC PERMIS under the guidance of the Country-Coordinator of the Working Group on Energy (WGE) and to be discussed at the forthcoming meeting of the WGE to be held in Yerevan on 18-19 March 2009.

27. The AHWGEEN also decided that national experts can contribute to the BSEC-EU Plan of Action with their ideas and proposals through the relevant authorities of their countries. The AHWGEEN decided to set the end of **February 2009** as a deadline for submission of such proposal.

PROJECT DEVELOPMENT FUND: PROJECT APPLICATIONS IN THE FIELD OF ELECTRICAL NETWORKS

a. New Manual of Operations of the BSEC Project Development Fund (PDF)

28. The AHWGEEN took note of the information provided by PERMIS with regard to project funding in the framework of the BSEC Project Development Fund (PDF) and particularly the requirements of its new Manual of Operations which was adopted by the 19th BSEC Council in Tirana on 23 October 2008.

29. In addition, the AHWGEEN took note that a new PDF Application format, conforming to the rules of the new Manual of Operations, will be approved by the BSEC and will become available to project applicants in mid-2009 after which PDF Applications can be submitted again.

30. With regard to the priority areas and timeframes for PDF projects that need to be defined by the AHWGEEN, it was decided that the PERMIS will draft the said document according to the approved Action Plan for the period 2009-2010 and disseminate it to the Member States for their consideration.

b. PDF Application submitted to the AHWGEEN

31. Following the approval of the new PDF Manual of Operations and the requirement to submit PDF Applications conforming to new format that will soon be approved by the BSEC, the AHWGEEN did not discuss the PDF Application “*The structural and technological issues of integrating energy system of BSEC countries and the evaluation of possibilities and requirements to the energy system of Moldova for energy transit of a given energy flow*”, submitted by institutions from Moldova, Ukraine and Romania.

32. In addition, the AHWGEEN took note of Part I. Article 7 of the new PDF Manual of Operations prescribing that *“Only entities from the Member States who made their voluntary contributions can benefit from the Fund. For those entities from the Member States that did not yet contribute, the issue should be solved on a case-by-case basis”*.

33. In this regard, the AHWGEEN instructed the PERMIS to contact the applicants and inform them of the new rules and procedures in case they wish to re-submit their project in the new application format will be approved by the BSEC.

34. Furthermore, the AHWEGN, taking into consideration the on-going regional projects, invited the delegations of the Member States to present additional project ideas for regional collaboration in the field of electrical networks, and submit them for funding by the Project Development Fund according to its new Manual of Operations.

ANY OTHER BUSINESS

35. Under this item the participants exchanged information on the initial assessment of the impact of the global financial crisis and economic slowdown on the implementation of their national energy policies and investment projects in their respective countries. It was decided that the AHWGEEN will have a more detailed exchange of information and experiences at its next meeting.

36. The AHWGEEN expressed its appreciation to the Government of the United States of America (USAID) and the USEA for their commitment to support the promotion of cooperation in the Black Sea Region and its assistance in the implementation of the BSTPP.

DATE AND VENUE OF THE NEXT MEETING

37. The AHWGEEN 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

38. The AHWGEEN adopted the present Report for submission to the forthcoming Meeting of the BSEC Working Group on Energy.