



BS/EN/WG/R(98)1

**REPORT
OF THE
MEETING OF THE WORKING GROUP
ON ENERGY AT THE DEPUTY
MINISTERS LEVEL**

Yerevan, 10-11 February 1998

1. The Meeting of the Working Group (WG) on Energy of the Black Sea Economic Cooperation (BSEC) was held at the level of the Deputy Ministers of Energy of the Participating States on 10-11 February 1998 in Yerevan, Republic of Armenia.
2. The Meeting was chaired by Mr. Garen GALUSTYAN, First Deputy Minister of Energy of the Republic of Armenia.
3. The Meeting was attended by the following Participating States of the BSEC:
 - Republic of Armenia
 - Republic of Bulgaria
 - Georgia
 - Hellenic Republic
 - Republic of Moldova
 - Romania
 - Russian Federation
 - Republic of Turkey
 - Ukraine
4. The representatives of the Arab Republic of Egypt and BSEC Business Council attended the Meeting as Observers.

The representatives of the Black Sea Regional Energy Center and KfW attended the Meeting as Guests.

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

5. H.E. Mr. Gagik MARTIROSIAN, Minister of Energy of the Republic of Armenia, made an inaugural speech. The text of the speech is attached as Annex II.

6. The draft agenda of the Meeting was discussed and adopted. The agenda, as adopted by the WG, is attached as Annex III.

DISCUSSION ON THE FORM OF A DOCUMENT INCORPORATING THE AMENDMENTS INTO THE MEMORANDUM ON COOPERATION OF THE BLACK SEA ECONOMIC COOPERATION PARTICIPATING STATES IN THE FIELD OF ELECTRIC POWER INDUSTRY (CONCLUDED IN MOSCOW ON 30 SEPTEMBER 1996), TO BE SIGNED AT THE MEETING OF MINISTERS IN YEREVAN

7. The delegations considered the situation with regard to the Memorandum on Cooperation of the Black Sea Economic Cooperation Participating States in the Field of Electric Power Industry which was signed by 8 BSEC countries on 30 September 1996 in Moscow.

8. In the course of the discussions it was noted that the participation in the BSEC project does not preclude the Participating States' participation in other interconnection schemes (projects) and their respective commitments.

9. As a result of the discussion held the WG decided to endorse the amended Memorandum prepared at this Meeting (Annex IV) and recommend to submit it for signing at the forthcoming BSEC Meeting of Ministers of Energy to be held on 15 April 1998 in Yerevan.

ELABORATION OF A WORKING PLAN/ PLAN OF ACTION FOR THE IMPLEMENTATION OF THE MEMORANDUM ON COOPERATION IN THE FIELD OF ELECTRIC POWER INDUSTRY

10. The WG exchanged views on the progress of the project since its last meeting held in Moscow and took note of the Report of the Meeting of the ad hoc WG of Experts on Electrical Networks held on 9-10 December 1997 at the PERMIS.

11. The delegations positively assessed the results of the said meeting and endorsed the preparation of the detailed Terms of Reference for the Feasibility Study on Interconnection

of the Power Systems of the BSEC Participating States which should facilitate the carrying out of this study.

12. The WG was informed on the state of the preparation of the detailed Terms of Reference and the draft Terms of Reference was circulated during the meeting.

13. The delegations appreciated the interest expressed by Turkey in contributing to the work on preparation of the detailed Terms of Reference.

14. In the view of the task it was agreed that all countries should present their comments on the detailed Terms of Reference by the end of February 1998 to the PERMIS which will circulate them to all the Participating States.

15. It was decided that the revised version of the draft Terms of Reference incorporating the comments of all the Participating States will be discussed at an open-ended meeting of experts to be held in the second half of March 1998 in Ankara according to the kind invitation of Turkey.

Thereafter the prepared version of the Terms of Reference will be submitted to the Meeting of the Ministers of Energy.

16. It was also agreed that each country should designate its National Coordinator for this project and inform the PERMIS accordingly by the 1st of March.

17. The WG recommended to set up a Steering Committee composed of distinguished representatives from all countries - parts to the project, in order to ensure its supervision and adoption of required decisions, as well as submit the issue to the Meeting of the Ministers of Energy. The parties may send any proposals concerning this subject to the PERMIS for circulation to all the Participating States.

18. The WG appreciated the participation of the representatives of the Black Sea Regional Energy Center in the Meeting and stressed the importance of development of the cooperation between BSEC and the Center in particular on the project in question.

DISCUSSION ON FINANCIAL ASPECTS OF THE IMPLEMENTATION OF THE PROJECT OF INTERCONNECTION OF THE ELECTRIC POWER GRIDS IN THE BSEC REGION

19. The delegations exchanged views on financial aspects of works to be carried out with regard to the said project.

20. It was found necessary that the parties, while using all possibilities of obtaining financial assistance from international organizations and financial institutions to carry out the Feasibility Study, should share the work which may be done by them.

21. The WG expressed appreciation with the reiteration by the Greek delegation on their willingness to pursue the issue of getting, if possible, financial assistance for the project from the European Commission.

22. It was agreed that the financial institutions such as EBRD, World Bank and other financial institutions should be consulted for possibilities of obtaining their financial assistance to the project and their representatives should be invited to the forthcoming Meeting of the BSEC Ministers of Energy.

23. The delegations recommended the PERMIS to contact BSTDB after it becomes operational to discuss the possibility of the involvement in financing the project.

DISCUSSION ON THE POSSIBLE CONVENING THE BLACK SEA ELECTRO-ENERGY ASSEMBLY

24. The delegations had a brief exchange of views on this agenda item. It was decided that the draft of the Statute of the BSEC Electro-Energy Assembly will be presented by the delegation of Armenia through the PERMIS to all the Participating States for studying and making their comments regarding its aims, structure and functions.

ANY OTHER BUSINESS

25. Under this item of the Agenda the Chairman noted that along with the Interconnections of the Electric Grids subject there are a number of issues related to different sectors of Energy of the regional interest.

They cover the energy efficiency, renewable energy, oil and gas transportation, creation of data bank on energy programs, projects and other energy related information of common interest which deserve attention and collaboration within the BSEC process.

26. In the ensuing discussions and interventions a number of delegations dwelled on different possibilities for such cooperation in particular relating to the use of solar collectors, combined cycle units, etc. At the same time it was also pointed out that the collaboration should cover such areas as regulating mechanisms for the electric power sector, its restructuring and use of BOT, BOO and other financial schemes for electric power projects.

FINALISATION OF THE DRAFT-AGENDA OF THE MEETING OF THE MINISTERS OF ENERGY

The Draft-Agenda of the BSEC Meeting of Ministers of Energy to be held in Yerevan on 15 April 1998 was discussed and agreed upon for the consideration of the Ministers. It is attached as Annex V.

EXPRESSION OF THANKS

The delegations expressed their sincere gratitude to the Government of the Republic of Armenia for the hospitality extended to them and for the excellent arrangements made for this Meeting.

DATE AND VENUE OF THE NEXT MEETING

The WG agreed that the date and venue of its next meeting would be communicated to the Participating States through the BSEC PERMIS.

ADOPTION OF THE REPORT

This Report was adopted by the WG for submission to the forthcoming Meeting of Ministers of Energy and the Eleventh MMFA.
