



EASTERN PARTNERSHIP
Civil Society Forum

#EnergyUnion



Energy Security of EaP Countries and Energy Union Strategy

EaP Platform 3 meeting #14

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Brussels December 11, 2015

Energy Security in the Context of National Security

(example of Georgia)

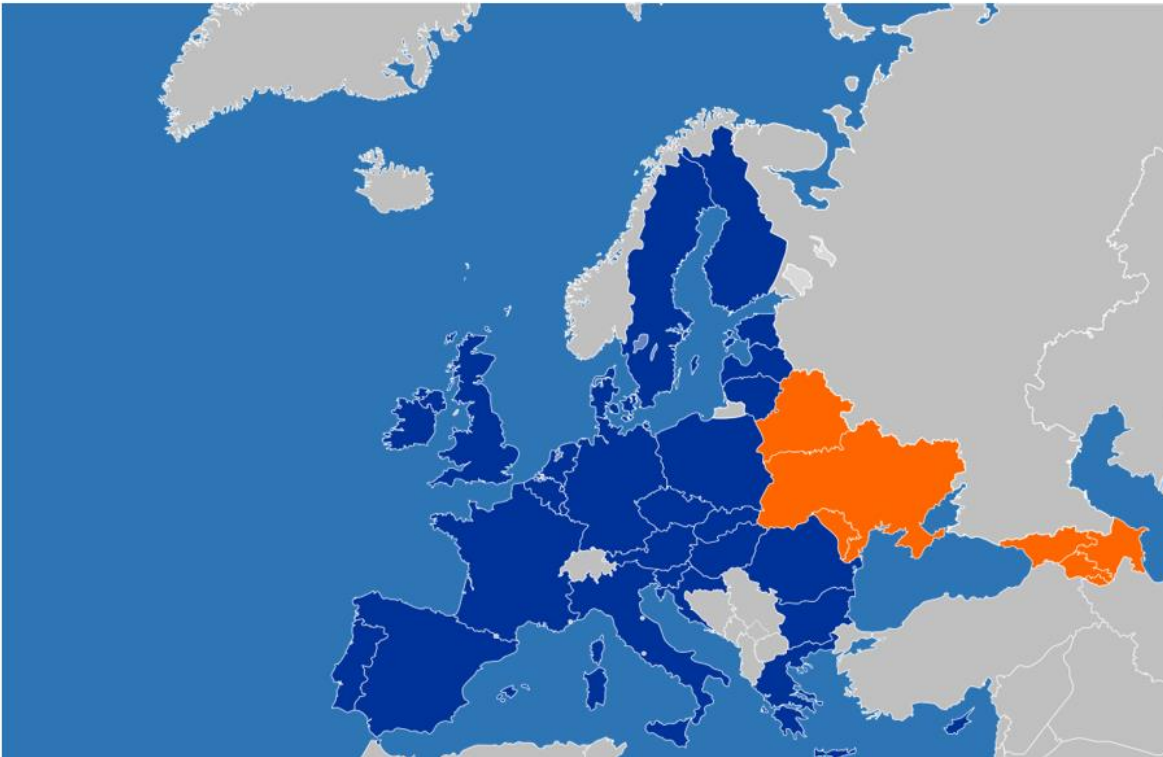


Energy Security should ensure observance and implementation of National Values and- not compromise other interests. Comprehensive approach - the weakest link in the chain. **Civil society participation can ensure wider vision of Energy Security and higher public involvement in overcoming problems. CS Participation and capacity - needs to be fostered**



ENERGY UNION AND ENERGY SECURITY IN EaP COUNTRIES

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Project Funded by the
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Rationale

- Rapidly changing environment and new geopolitical challenges
- New EU Energy Union Strategy
- Need for countries to review their energy policies

- To actually get there we need to :
 - Move into right direction
 - Move at sufficient speed

- CS interest is to assure that this happens



Participants and Contributors

- Artashes Sargsyan – Armenia – Eco-Team Energy and Environment
- Vugar Bairamov - Azerbaijan – *CESD RESEARCHERS GROUP*
- Giorgi Mukhigulishvili – Georgia – WEG
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- Arciom Bystrik – Belarus - Center for Environmental Solutions
- Andriy Chubik – Ukraine – Center for Global Studies

- Murman Margvelashvili – Georgia – WEG
- <http://weg.ge/wp-content/uploads/2015/11/Energy-Union-and-EaP-Countries4.pdf>



Energy Union – New Energy Strategy of the EU

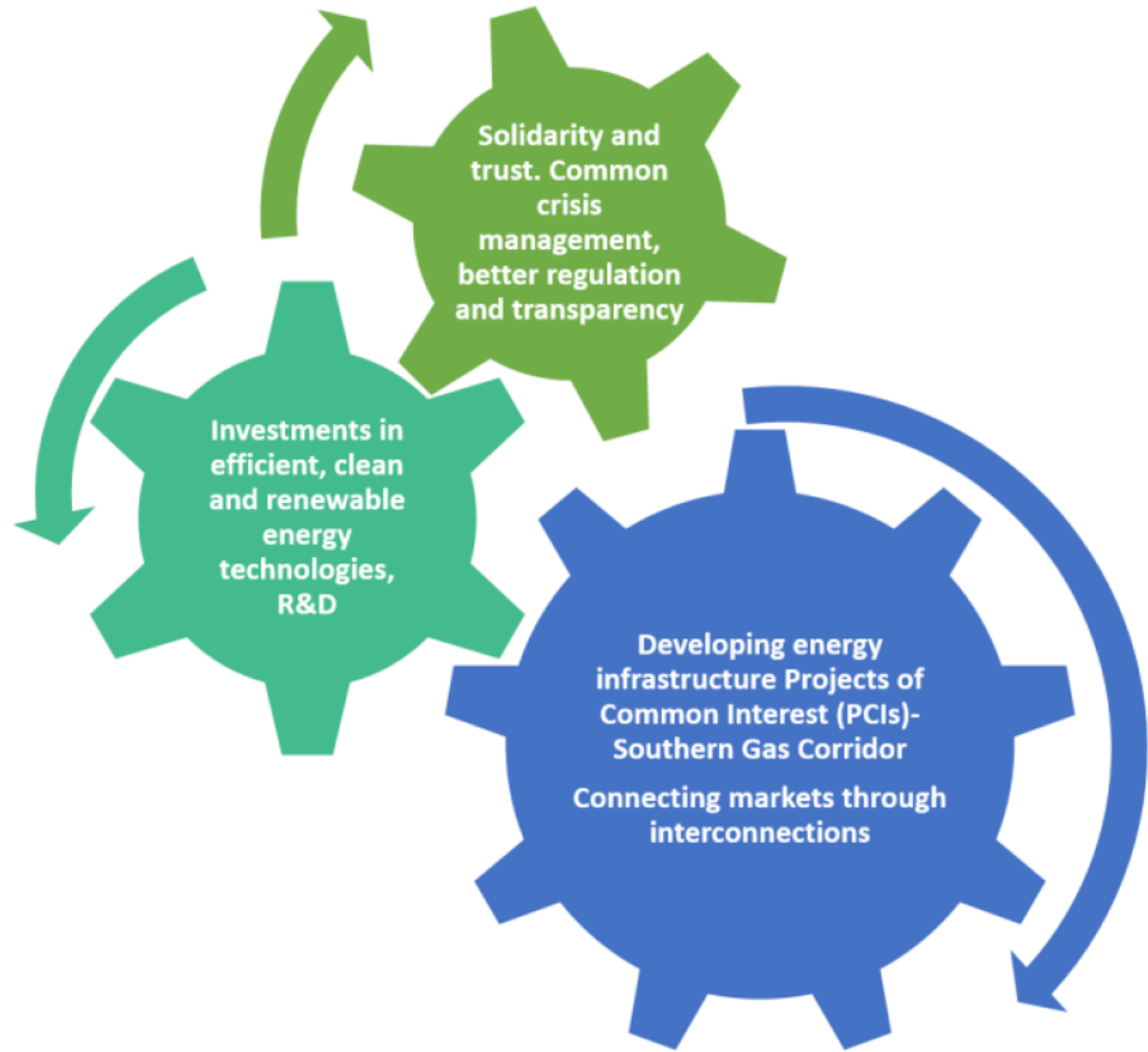
- In the process of realization into concrete steps and measures
- Main principles
 - Energy security, solidarity and trust;
Speaking in one voice, EU's **energy security is closely linked with its neighbours**
 - A fully integrated European energy market;
Transparency and implementation of 3rd package
 - Energy efficiency contributing to moderation of demand;
Increased efficiency, buildings
 - Decarbonizing the economy,
Climate, **leadership in renewables** 27%, EE 27%
 - Research, Innovation and Competitiveness.
Horizon 2020



Synergies



European Union
28 countries



Eastern Partnership Countries
Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine



Energy Security Risks and Interests of EaP Countries

Energy Security Risks and Interests

Armenia



- Disruptions in energy supply (oil, gas);
- Subversive and terrorist activities;
- Major deterioration of energy sector assets;
- Natural disasters, man-made accidents;
- Failure to construct the new nuclear power unit;
- Inadequate, below-the-cost tariff policy;

Georgia



- Increasing dependence on energy imports;
- Threat to operation of strategic energy infrastructure due to Russian occupation;
- Threat of soft power through Russian ownership of energy assets;
- Need for new technologies including EE & RE
- Economic crisis and affordability of energy;
- Climate Change effects on energy sector;
- Physical and cyber threats to critical Energy Infrastructure.

Azerbaijan



- Depletion of oil and gas reserves;
- Oil and gas pipeline security risks;
- Shortage of production of alternative energy resources;
- Energy Efficiency Development;
- Renewable Energy Development.

Belarus



- Strong dependence on a single supplier – Russia;
- Inefficient use of energy;
- Deteriorated energy system due to the "socially-oriented" policy;

Ukraine



- Russian aggression against Ukraine;
- Volatile gas prices and access to necessary volumes of imported gas at affordable prices;
- High dependence on credit resources and creditors for reforming energy sector;
- High penetration of Russian technologies, capital and owners in Ukraine's energy sector;
- High resistance of oligarchic groups to reforms in energy sector.

Moldova



- Strong dependence on a single source of fuel supply (Gazprom);
- Outdated energy infrastructure;
- Low solvency of population to pay energy bills;
- Poor investment climate and lack of capacity of local energy authorities to finance the relevant energy projects;



Security of transit flows

- Preserving the role in EU supply from Russia
 - Moldova, Ukrain, Belarus

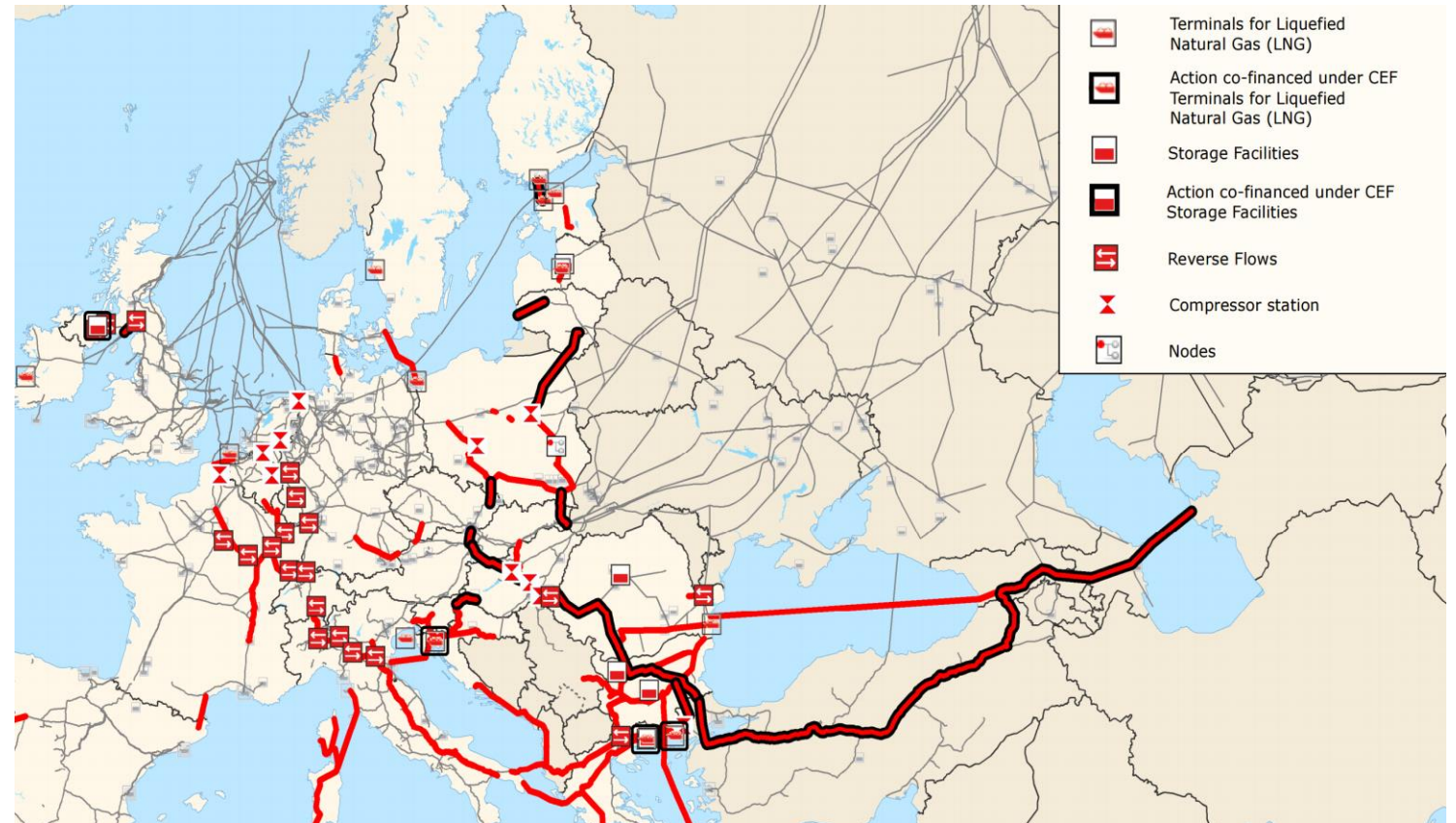




Security of Energy Flows

Increasing the role in diversifying EU energy supply

SOUTHERN GAS CORRIDOR PROJECT OF EU COMMON INTEREST





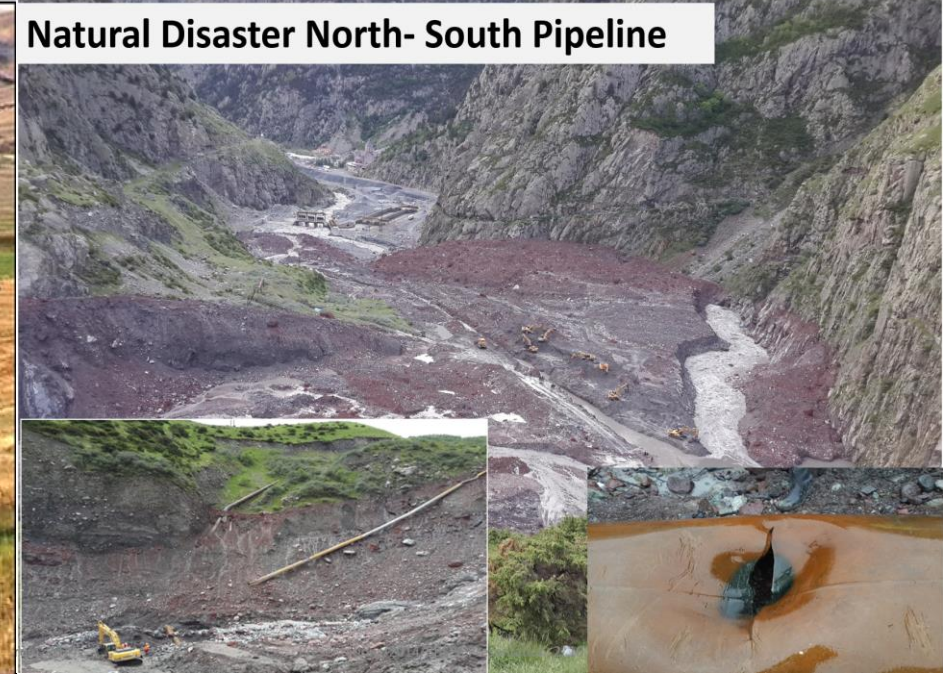
Pipeline security a common concern



Exploded North-South pipeline 2006



Bombed vicinity of WREP –Baku-Supsa oil pipeline



Devdoraki landslide

Cyber attack on BTC pipeline in 2008



Diversification – reducing the dependence on single supplier or buyer – common concern

- Azerbaijan – diversification of exports
- Armenia – diversification of supplies
- Moldova - strong dependence on sole supplier of gas and electricity
- Georgia, Ukraine and Belarus – all in need of diversification

Remedies:

- Development of own energy sources, renewables, reducing the risks of supply through solidarity
- Development of the emergency measures together with neighbors



Other common issues

- **Penetration of Russian capital**
 - Problematic for Georgia and Ukraine, . .
 - Especially risky in nontransparent governance and poor legal environment
- **Corruption and lack of transparency** – provides leverage for soft power
- **Resistance to reforms of interest groups** –
- **Obsolete and outdated energy infrastructure**
- **Lack of energy efficiency and insufficient development of Renewable Energy**



Recommendations

- The EaP countries should closer participate in discussion on **security, solidarity and trust**, including development of **preventive and emergency plans** and **talking in one voice with the monopoly suppliers** to the extent possible.
- The EU and EaP countries should strengthen communication on safeguarding measures of key energy infrastructure, including common operations to **protect important pipelines from terrorist physical and cyber attacks**;
- EaP countries **should develop domestic energy sources, especially renewable** and support development of **energy efficient** technologies;
- EaP countries should **harmonize their energy legislation to EU energy acquis**, which will **enhance transparency and investment environment** for attracting strategic investors in the sector;
- The EU should strengthen cooperation with Ukraine and Georgia on creating safeguards prevention measures against threats of Russian occupation of territories where strategic energy infrastructure is located;
- EaP countries should strengthen common principles of **transparency, competition and independence of energy markets regulators** by the implementation of European market principles in gas and electricity sectors;



Conclusions

- Energy Union strategy is going to strengthen the EU position and make it more attractive for Eastern Partners
- Significant synergies between EaP Countries' interests and Energy Union
- Energy Union success is also dependent on energy security of EaP countries – it should be made more inclusive through strengthening the vision of EU energy security along with the security of eastern partner countries.
- Need to be proactive and dynamic in changing world
- Need to develop CS capacity as a balance to governments who may not be always capable and willing to take extra tasks
- Need to align closely the climate and energy agenda in EaP platform work



Recommendations

- The potential for corruption and application of soft power multiplies in the conditions of substandard legislation and nontransparent governance this leads to sliding away from the EU. Countries who have chosen to reform energy sectors **should maximize the pace of the reforms.**
- **Extend the role of civil society to be presented at the EaP platform meetings not only as representatives of EaP CSF but also to include the representatives from each country.** Stronger interaction, common projects and experience exchange between the EaP and European NGOs can significantly strengthen the capacity of both sides;
- Strengthen the cooperation in **research and development including through Horizon 2020**, creation of Research and Innovation Centers and provision of other technical assistance. This is the key development factor to help the countries acquire competitiveness and contribute to R&D goals of the EU;
- The effective schemes of **meaningful CSO participation in formulating and implementing the energy strategies should be explored.** Consider the possibility of **creation of the Energy-East forum** to supplement and expand the discussion going on the platform 3 of the EaP.



Recommendations

- Coordinate closer climate and energy policies – platforms 2 and 3 – climate cooperation
- EaP countries need to develop their road maps in relation to Energy Union and keep close interaction (specific to Associated and non Associated countries)
- Increase the role of CS in policy making – involve in platform work (workshops and platform meetings) contribute to programs
- Timeliness is of paramount importance





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Thank You

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