



Council of the
European Union

Brussels, 21 November 2016
(OR. en)

14484/16

ENER 387
COEST 301
RELEX 950

INFORMATION NOTE

From: General Secretariat of the Council

To: Delegations

Subject: Any other business

Recent developments in the field of external energy relations

(a) Energy Community

(b) Energy Charter

(c) Ukraine

(d) Union for the Mediterranean

(e) Canada

(f) India

(g) China

- Information from the Commission

Delegations will find attached factual information on recent and upcoming events and developments relating to the item "International relations in the field of energy" on the agenda of the TTE (Energy) Council on 5 December.

a) Energy Community

The last six months were focused on the preparation of the Permanent High Level Group (PHLG) and the 14th Energy Community Ministerial Council in Sarajevo, on 13 and 14 October 2016 respectively.

Following the final round of negotiations with Georgia (Brussels, 19 May 2016), the Ministerial Council unanimously approved the accession of the Republic of Georgia to the Energy Community Treaty. The Ministerial Council also adopted four decisions expanding the current scope of the environmental *acquis* and it adopted a list of Projects of Energy Community Interest (PECI) as well as a Recommendation on Projects of Mutual Interest (PMI). Moreover, the Ministerial Council agreed to start negotiations on the revision of particular elements of the Energy Community Treaty.

The Ministerial Council dealt with 11 dispute settlement cases, including two cases on (i) the extension of sanctions against Bosnia and Herzegovina for serious and persistent breach of the Treaty, and (ii) on the determination of the existence of serious and persistent breach against Serbia. On the eve of the Ministerial Council, the European Commission and the Energy Community Secretariat reached an agreement with Bosnia and Herzegovina on an action plan on the transposition of the *acquis* in the gas sector. Lastly, in October Belarus has notified its interest to participate in the activities of the Energy Community as an observer.

b) Energy Charter

The last six months were focused on the proposed Multilateral Framework Agreement on energy transit, the new structure and working methods of the Energy Charter Conference and its subsidiary bodies, as well as the priorities of the new Work Programme for 2017.

With regard to the proposed Multilateral Framework Agreement on energy transit, the result of the Contracting Parties' discussions was that such framework agreement is not called for and alternative options may be investigated. As regards the new working methods of the Conference, the Contracting Parties have prepared the application of the new working structure of the Energy Charter and its subsidiary groups as of January 2017. Its purpose is to improve effectiveness by merging the three groups on Investment, Trade and Transit, and Energy Efficiency into one single group, the Implementation Group. Under the new Work Programme for 2017, among the priorities identified were the creation of an online database on disputes under Article 26 ECT, and a guide/handbook on general provisions applicable to investment agreements in the energy sector, in line with the modernisation agenda approved in 2014.

c) Ukraine

A new Memorandum of Understanding (MoU) on a Strategic Energy Partnership with Ukraine was signed by the Commission on behalf of the EU and the European Atomic Energy Community at the EU-Ukraine Summit on 24 November. This new and upgraded MoU reflects the change in the parameters of the strategic partnership between the EU and Ukraine. Progress in the reforms related to the energy sector continued: the Government decided in July on the full ownership unbundling of Naftogaz, the law on the independent energy regulator has been adopted in September, which is one of the key conditions for energy markets to function. Furthermore, the draft electricity market law was approved by the Parliament in first reading in September. Several pieces of legislation on energy efficiency should be adopted before the end of the year.

The developments and future priorities in the energy cooperation with Ukraine as a strategic partner to the EU were also discussed in the 12th meeting of the Strategic Group for International Energy Cooperation which took place on 28 October 2016 in Brussels. Deputy Minister for Energy and Coal Industry of Ukraine, Mr Ihor Didenko attended the meeting as special invitee. Participants acknowledged the efforts and progress made in the energy sector of Ukraine and reconfirmed the need for further reforms with the view of putting in place a competitive energy market to be linked with the EU integrated energy market. The Commission and the EU Member States expressed their will to continue supporting Ukraine in this process.

d) Union for the Mediterranean

Public and private stakeholders continued to carry out regional dialogue in the framework of the Union for the Mediterranean energy platforms, covering three priority policy areas: i) natural gas; ii) integration of electricity markets; and iii) renewable energy and energy efficiency. Work programmes for the three platforms were drafted and agreed. A launch event of the Platform on renewable energy and energy efficiency took place on 14 November in the frame of the EU Energy Day at COP 22 in Marrakech. A UfM Ministerial Meeting on energy will take place in Rome on 1 December, at which the work programmes of the three platforms should be endorsed.

e) Canada

The second meeting of the revitalised High Level Energy Dialogue with Canada took place in Ottawa on 21 September 2016, which discussed oil and gas markets, clean energy technologies and innovation, renewable energy and electricity market design, and concluded with a wrap up session on further collaboration which identified a number of potential priority actions that should be consolidated into an agreed list.

f) India

Since the signature of the Clean Energy & Climate Partnership at the EU – India Summit in March 2016, cooperation with India has further intensified. The third workshop on EU-India Smart Grids Cooperation was held in Bornholm, Denmark, on 1 – 2 September, while cooperation on energy efficiency in buildings, on offshore wind energy and smart integration of solar energy is gaining momentum. On 26 October 2016, the 8th meeting of the EU-India Energy Panel took place in Delhi, where the EU and India took stock of the cooperation on energy and climate change and agreed the first work programme for the Clean Energy & Climate Partnership. The work programme covers energy efficiency, solar energy and the International Solar Alliance, offshore wind, smart grids, financing energy infrastructure and energy efficiency investments, climate change and joint energy research & innovation. Further, it was agreed that four Joint Working Groups will regularly meet under the energy panel: 1) energy security 2) renewable energy 3) energy efficiency, smart grids, energy (electricity) markets and 4) clean coal. The first meeting of the EU-India JWG on Energy Security took already place on 26 October back-to-back with the energy panel.

g) China

In July 2016 the EU-China Road Map on energy cooperation was signed. The EU-China Road Map sets out the goals and areas of future bilateral cooperation, notably in the areas of energy supply and demand with the view to contribute to the transformation of the energy system, to the sustainable development of the global energy system and to energy and climate resilient investment.