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'I/A' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee (Part 1)/Council
No. prev. doc.:	11416/1/17 REV 1
Subject:	Memorandum of Understanding complementing the Central and South-Eastern European Connectivity (CESEC) initiative with a Joint approach on electricity market, energy efficiency and renewable development - Establishment of the EU position

1. On 24 July 2017, the Commission presented the draft of the above-mentioned Memorandum of Understanding to the Working Party on Energy. The objective of the Memorandum is to extend CESEC regional cooperation beyond gas, and include electricity, renewables and energy efficiency in the areas of cooperation.
2. Further to the comments of delegations, the revised version of the draft Memorandum was examined and agreed at the meeting of the Working Party on Energy on 5 September 2017. The Memorandum is planned to be signed on 28 September 2017 by CESEC ministers and the Commission on behalf of the European Union at the CESEC High Level Group meeting in Bucharest.
3. The Permanent Representatives Committee (Part 1) is invited to approve the position of the European Union as set out in the draft Memorandum contained in the Annex to this note and to suggest to the Council to confirm this approval.

ANNEX

Memorandum of Understanding complementing the Central and South-Eastern European Connectivity (CESEC) initiative with a Joint approach on electricity market, energy efficiency and renewable development

Sides:

the European Union

the Republic of Austria

the Republic of Bulgaria

the Republic of Croatia

the Hellenic Republic

Hungary

the Italian Republic

Romania

the Slovak Republic

the Republic of Slovenia

the Republic of Albania

Bosnia and Herzegovina

Kosovo*

the former Yugoslav Republic of Macedonia

Montenegro

the Republic of Moldova

the Republic of Serbia and

Ukraine

HAVING REGARD TO:

The Memorandum of Understanding on a Joint approach to address the natural gas diversification and security of supply challenges as part of the Central and South-Eastern European Gas Connectivity (CESEC) initiative signed on 10 July 2015 by the European Union, nine of its Member States¹ and six Energy Community Contracting Parties;

The conclusions of the CESEC High Level Group of 9 September 2016 expressing that an expansion of the CESEC scope beyond natural gas could be beneficial for the regional energy system to achieve efficiently and timely the objectives of the Union's energy policy and to address the main challenges faced in the energy sector by the EU Member States in the region and Energy Community Contracting Parties;

* This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

¹ The Republic of Austria, the Republic of Bulgaria, the Republic of Croatia, the Hellenic Republic, Hungary, the Italian Republic, Romania, the Slovak Republic and the Republic of Slovenia.

The conclusions of the European Council of October 2009, which supported an EU objective to reduce greenhouse gas emissions by 80-95 % by 2050 compared with 1990 levels, in the context of reductions by developed countries as a group deemed necessary by the Intergovernmental Panel on Climate Change;

The conclusions of the European Council of 24 October 2014, which set targets for 2030 of at least a 40 % reduction in greenhouse gas emissions, an at least 27 % share for renewable energy and an EU target of at least 27 % for improving in energy efficiency, to be reviewed by 2020 having in mind an EU level of 30%;

The five key interlinked and mutually reinforcing dimensions of the strategy on the Energy Union presented by the European Commission on 25 February 2015 and the governance framework for the Energy Union;

The provisions of the Treaty Establishing the Energy Community and the governance framework for the Energy Community;

The need to ensure closer integration of the European Union and Energy Community energy markets, as also envisaged by the Treaty Establishing the Energy Community;

The three established objectives — security, sustainability and competitiveness — of the Union’s energy policy and the ambition to create an internal energy market in which no Member State remains isolated from the European gas and electricity networks, ensuring that energy flows freely across the European Union, without technical or regulatory barriers;

The relevant regulatory framework concerning common rules for the internal market in electricity and gas, including network codes as well as the Guidelines for Trans-European energy infrastructure;

The established legal framework for the Union’s energy efficiency policy, which aims at increasing efficiency at all stages of the energy chain from generation to final consumption and the relevant legislation

The established legal framework for the Union’s renewable energy policy, which aims at increasing the production of renewable energy, lowering dependence on imported fossil fuels and making its energy production more sustainable.

THE SIDES AGREE:

That it is useful and necessary to complement their regional cooperation by including electricity networks, markets and supply security, energy efficiency as well as renewable energy.

To make their best endeavors to achieve a regionally optimal situation by ensuring a stable regulatory framework and by implementing joint measures to integrate the CESEC markets into the internal energy market. This will improve the liquidity and resilience of the energy system and will enable the full use of the region's energy efficiency and renewable potential.

I. The extended scope of responsibilities of the CESEC Initiative

That the CESEC Action Plan in the areas of electricity, renewables and energy efficiency should define specific roadmaps, measures, projects and studies necessary to achieve, effectively and in good time, the common objectives as follows:

(1) Electricity markets, infrastructure and security of electricity supply

Electricity markets

- The development of a larger, more liquid and competitive regional energy market in the South East Europe region to ensure security of electricity supply at least cost for consumers.
- The coordination of capacity calculation and the development of regional power trading through pilot market coupling projects to overcome the limits of small, isolated markets. These pilot projects are based on the Union's Third Energy package, EU Rules on trading as set out in the relevant Network Codes, the proposed South East Europe Capacity Calculation Region and the Memorandum of Understanding on Regional Electricity Market Development signed on 27 April 2016 in Vienna. These pilot projects are listed in the Action Plan annexed to this Memorandum of Understanding.
- The importance of regional power trading to ensure that electricity infrastructure will deliver the full potential of cost savings.
- The transparency in the regulatory framework to build investor and public confidence and remove barriers so that utilities are managed effectively and efficiently.
- The Sides are expected and determined to assist Ukraine and the Republic of Moldova in the integration of their electricity markets into the European electricity market.

Electricity infrastructure

- The need for investments in electricity infrastructure to achieve the objectives of the Union's energy policy in terms of regional market integration and integration of renewable energy sources.
- The need to establish fully interconnected and intermodal electricity networks on the basis of Projects of Common Interest (PCIs), Projects of Energy Community Interest (PECIs) and Projects of Mutual Interest (PMIs). The regional infrastructure network should be developed in line with the establishment of regional power trading and should maximize the region's growing renewable energy production and contribute to the smartening of the grid also in view of cross-sectoral integration in network industries.
- The need to accelerate the joint realization of a limited number of electricity infrastructure projects which bring the highest benefits for the CESEC region, notably in terms of improving the functioning of the electricity markets, enhancing the cross-border transmission capacity, the integration of renewable electricity, network interoperability as well as system flexibility.
- The need to take all measures at all levels to enable the timely and resource-efficient implementation, including by means of the available instruments and funding for Contracting Parties and European Member States, of the following priority projects:

1. Enhancement of the cross-border transmission capacity between Bulgaria, Romania and Greece and comprising the following 2 project clusters:

1.a) Interconnection Bulgaria-Greece and internal reinforcements in Bulgaria (a cluster of 4 PCIs)

1.b) Reinforcement of the interconnection between Bulgaria and Romania ("Black Sea Corridor") comprising 2 internal reinforcements projects in Romania and 1 in Bulgaria (3 PCIs)

2. Enhancement of the transmission capacity along the East-West corridor in South-East Europe from Italy to Romania via the Balkans and comprising the following 3 project clusters

2a) Italy — Montenegro Interconnector

2b) Transbalkan corridor (a cluster of 5 PECIs)

2c) Interconnection Romania — Serbia ("Mid Continental East Corridor") and internal reinforcements in Romania (4 projects)

3. Electricity Interconnections Hungary — Slovakia

3.1. Interconnection between Gabčíkovo (SK) — Gönyű (HU) and Veľký Ďur (SK)

3.2. Interconnection between Sajóvánka (HU) and Rimavská Sobota (SK)

4. Infrastructures supporting the integration of Ukraine and Moldova power systems into European electricity market

4.1 The OHL rehabilitation Mukacheve (Ukraine) – V.Kapusany (Slovakia); Restoration and strengthening of existing cross-border line Mukacheve (UA) – V.Kapusany (SK); technology type - cross-border line (AC, overhead line) (PMI)

4.2 Interconnection between Isaccea (RO) and Vulcanesti (MD), back to back station in Vulcanesti (MD), OHL 400kV Vulcanesti (MD) - Chisinau (MD) (PMI)

5. Interconnection Croatia — Hungary — Slovenia between Žerjavinec/Hévíz and Cirkovce

6. Slovenia – Croatia Smart Grids Project

Security of electricity supply

- The need to enhance security of electricity supply, including cyber-security, in the region, notably by reinforced co-operation on how to prevent and manage crisis situations.
- The need for the maximum preparedness for electricity crisis situations and an effective management of such situations should they occur, based on full respect of market rules and effective cross-border co-operation.
- The need to duly and timely implement the relevant network codes and guidelines in this respect, which aim to strictly limit the introduction of 'export bans' as a means to cope with electricity crisis situations, call for a stronger co-operation between the Transmission System Operators and the drawing up of 'system defense plans'.
- The need to share information and best practice in this context.

(2) Renewable energy

- The need to take all appropriate measures, in accordance with their renewable energy action plans, in view of achieving the relevant binding targets and sectorial targets for transport, as set out in Directive 2009/28/EC and, where relevant, by Decision 2012/04/MC-Energy Community, and in this context, to exchange information and best practices.
- The need to work together towards contributing to the binding EU-level renewable energy target of at least 27 % share by 2030 and any post-2020 commitment of Energy Community.
- The need to discuss the potential and possible measures for an improved cooperation between the Member States in the region and the Energy Community Contracting Parties.
- The added value of increased renewable energy deployment in the field of energy security as well as sustainable and cost-effective energy system. The need for future electricity grid infrastructure development, allowing for an effective integration of renewable energy, including storage.
- The Sides therefore intend to focus on promoting renewable energy and underline the potential of renewable energy deployment in the region, also with a view to reduce import dependency, improve resilience to supply shocks, and reduce energy poverty especially in the heating and cooling sector and through specific action at building level, in coordination with energy efficiency.
- The importance of tackling renewable energy and energy efficiency together, especially at decentralized level.
- The need to exchange information and best practices and cooperate to increase the contribution of renewable energy, including specific support instruments as well as reducing non-financial barriers for deploying renewable energies.
- To share information and best practices to enhance and promote the use of financial instruments, with a particular view to lowering capital costs of renewable energy projects, improving the effectiveness of public funds and its capability to attract additional private funding.

(3) Energy efficiency

- The importance of energy efficiency as a tool to increase security of energy supply, enable the energy transition towards the full decarbonisation of the economy by 2050 and reduce greenhouse gases emissions, while promoting growth, jobs investment and tackling energy poverty which constitutes a major challenge in the CESEC region
- The need to work together to increase energy efficiency at all stages of the energy chain from generation to final consumption. This will help to achieve energy efficiency objectives as defined in the Union's legislation and in the Energy Community legislation, in the 2020 and 2030 energy and climate strategies and in the Energy Union Strategy.
- The need to share information, experience and best practices on — and to cooperate on measures that aim at — improving energy efficiency. As regards financial issues, the cooperation should in particular focus on:
 - The more effective use of public funds such as EU funds, including those available for the Energy Community Contracting Parties, to trigger additional private financing for energy efficiency and sustainable energy investments, especially in buildings, with a particular view of implementing the legislation and support the most vulnerable consumers;
 - The use of Project Development Assistance in both the EU Member States and the Energy Community Contracting Parties and aggregation mechanisms to support the development of investment project pipelines;
- As regards horizontal issues, the cooperation should in particular focus on:
 - Benchmarking activities on energy efficiency practices in specific sectors (e.g. energy efficiency measures to address energy poverty) in order to identify and promote good practices and foster cooperation actions.

II. The Action Plan in the areas of electricity, renewables and energy efficiency: implementation and monitoring

The Sides developed an Action Plan in the areas of electricity, renewables and energy efficiency, as presented in Annex 2 of this Memorandum of Understanding.

The close monitoring by the European Commission and by the Secretariat of the Energy Community and the Agency for the Cooperation of Energy Regulators (ACER) of the Action Plan annexed to this Memorandum of Understanding in the areas of electricity, renewables and energy efficiency is crucial to the success of the CESEC process. The European Commission, ACER or the Energy Community Secretariat are invited as facilitators to any regulatory issue of a cross-border nature.

The CESEC Action Plan in the areas of electricity, renewables and energy efficiency should be regularly reviewed and, when necessary, take into account the most recent developments in the energy sector and to include new measures and projects needed to address emerging challenges.

III. Nature of the Memorandum of Understanding

The present document complements the Memorandum of Understanding on a Joint approach to address the natural gas diversification and security of supply challenges as part of the Central and South-Eastern European Connectivity (CESEC) initiative of 10 July 2015.

It records a political intent alone and does not establish any new legal commitments under domestic or international law for the Sides and does not replace or modify any existing legal obligations with regard to the Sides and any third persons.

Signed at Bucharest on 28 September 2017 in English and one original copy

For the European Union

For the Republic of Austria

For the Republic of Bulgaria

For the Republic of Croatia

For the Hellenic Republic

For Hungary

For the Italian Republic

For Romania

For the Slovak Republic

For the Republic of Slovenia

For the Republic of Albania

For Bosnia and Herzegovina

For Kosovo*

**For the former Yugoslav Republic of
Macedonia**

For Montenegro

For the Republic of Moldova

For the Republic of Serbia

For Ukraine

Annex 1: Terms of Reference

Annex 2: Action Plan

* *This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.*

Annex 1

Terms of Reference for the Joint approach on electricity, energy efficiency and renewable development as part of the Central and South-Eastern European Connectivity (CESEC) initiative

(1) Background

Since its launch in February 2015, the Central and South Eastern Europe Connectivity (CESEC) enhanced regional cooperation has delivered tangible results when it comes to gas.

Thanks to it, the Central and South-Eastern Europe region has boosted security of supply and diversification in an especially vulnerable region and has facilitated the development of a liquid natural gas market. Concretely, the CESEC initiative has resulted in speeding up the implementation of identified priority gas infrastructure projects in the region as well as in the implementation of EU and Energy Community market rules to ensure fairer prices for consumers and efficient functioning of energy markets.

The CESEC High Level Group in its meeting of September 2016 agreed that the CESEC process is sufficiently mature to warrant broadening its mandate beyond gas to include other key areas such as: electricity trading and market coupling; the coordinated planning and development of power grid infrastructures; renewable energy as well as energy efficiency.

The present document complements the Terms of Reference agreed in Sofia in 2015 on gas cooperation in the framework of High Level Group on Central and South Eastern European Connectivity.

(2) Objectives of the High Level Group on Central and South Eastern Europe Connectivity in the areas of electricity, renewables and energy efficiency

With the introduction of market coupling in almost all EU but the South-East Europe, the region is now lagging behind. Two separate processes have been launched, one within the European Union and another one within the Energy Community (EnC), the so-called "Western Balkans 6" (WB6) Initiative. However, there is a clear need for a single "South-Eastern Europe" market coupling region encompassing EU and Western Balkans 6 partners as also envisaged by the Treaty Establishing the Energy Community and by the Western Balkan 6 Initiative.

The large number of Projects of Common Interest, Projects of Energy Community Interest, Projects of Mutual Interest in the electricity sector identified in the CESEC region shows that the region needs additional infrastructure to fill the gaps of the regional networks in order to improve the cross border transmission capacity across the CESEC region. Implementation of these projects, currently being held up by delays, inter alia due to financing and permitting issues, is therefore an important part of the challenge to improve the functioning and the reliability of the electricity market in the region by allowing for increased cross-border trade in Central and South Eastern Europe, including between the Energy Community Contracting Parties and neighbouring EU Member States. Therefore, the realisation of new transmission lines, including interconnectors, and the modernisation of existing ones must be accelerated to ensure the proper integration of the power market while maximising the utilisation of the region's growing renewable production.

The CESEC region stands to gain from concerted efforts to exploit fully the renewable energy and energy efficiency potential that the region has to offer. A coordinated regional approach regarding renewables development offers the region a great opportunity to make the best use of its extraordinary wind, solar, hydro and biomass resources. Opportunities abound to make investment in energy efficiency – in particular in buildings, given the low efficiency of the buildings stock in most of the CESEC region. These investments will create many jobs in the region, whilst saving businesses and citizens' money.

In this context, the objectives of the High Level Group on Central and South Eastern Europe Connectivity in the areas of electricity, renewables and energy efficiency are:

- To jointly establish a roadmap for the implementation of limited but key electricity infrastructure projects beneficial to the Central and South-Eastern Europe region.
- To identify all issues (e.g. regulatory, permitting, coordination, technical and financial) impeding their timely development and/or completion of these infrastructures.
- To develop electricity trading in the region overcoming the limits of the small size of isolated markets, thereby ensuring security of supply at a lesser cost.
- To promote renewable energy, also with a view to reduce import dependency and improve resilience to supply shocks, especially in the heating and cooling sector and through specific action at buildings' level, in consistence with energy efficiency.
- To share information, best practices of support schemes and reducing non-financial barriers and promote the use of financial instruments for renewables and energy efficiency, with a view to lower capital costs, improve the effectiveness of public funds and its capability to attract additional private funding, with a particular focus on buildings. The cooperation, also together with financial institutions like the EIB, will in particular focus on: the more effective use of public funds, Project Development Assistance schemes as well as aggregation mechanisms to support the development of project pipelines and benchmarking activities in specific sectors to identify and promote good practices.

(3) Organisation of the High Level Group on Central and South Eastern Europe Connectivity in the areas of electricity, renewables and energy efficiency

• Participation

For the purpose of extending the regional cooperation to electricity, renewables and energy efficiency, the following participants are added: Kosovo* and Montenegro.

The Energy Community Secretariat should participate at the work of the High Level Group and should co-chair the relevant meetings with the Commission services.

Representatives from Regulatory Authorities, ENTSO-E, ACER and project promoters (TSO or non-TSO) as well as International Financial Institutions should also participate to the Group on Central and South Eastern Europe Connectivity in the areas of electricity, renewables and energy efficiency.

The Group on Central and South Eastern Europe Connectivity may also decide to invite additional representatives or independent experts and civil society representatives to some of the meetings.

• Structure

The work of the High Level Group on Central and South Eastern Europe Connectivity in the area of electricity, energy efficiency and renewable development should be articulated around two main bodies -a steering group and technical sub-groups- following the structure already existent in the existing Terms of Reference annexed to the Memorandum of Understanding on a Joint approach to address the natural gas diversification and security of supply challenges as part of the Central and South-Eastern European Gas Connectivity (CESEC) initiative.

While the Steering Group is common to all areas of CESEC regional cooperation gas, electricity, renewables and energy efficiency, three specific technical sub-groups should be set up for each of the new thematic priorities. One sub-group should be responsible for electricity trading and security of supply, one for electricity infrastructure and another one for renewables and energy efficiency. Member States and Energy Community Contracting Parties may choose in which sub-group they participate.

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Annex 2 ACTION PLAN

Electricity markets: trading and coupling

Member State (s) / Energy Community Contracting Parties	Description of the Action	Responsible entity/entities	Timing
Italy – Montenegro – Serbia	<p>Early implementation of Market Coupling:</p> <ul style="list-style-type: none"> - Identify operational, legal/regulatory and commercial changes needed for market coupling - Identify possible roadblocks/resolutions and any other necessary partners - Comprehensive Implementation plan - Market coupling Implementation 	Transmission system operators (TSOs), Power exchanges and Regulatory Authorities from Italy, Montenegro and Serbia	Project duration: 2 years (activities to start mid 2017)

Bulgaria – Romania – Greece + accession stream for future Western Balkan 6 partners with Croatia & Italy	Accession work stream enabling Western Balkan 6 partners to participate as observers in the development of a common capacity calculation methodology in the South East Europe Region.	All Transmission system operators (TSOs)	September 2017
Croatia (EU), Bosnia and Herzegovina (Energy Community)	Establish day ahead and intraday electricity market	Transmission system operators (TSOs)	First phase: Q4 2017 / Q1 2018 Second phase: July 2018 (depending on completion of Bosnia and Herzegovina state power exchange)

<p>Serbia – 4M (CZ-SK-HU-RO)</p>	<p>• Early implementation of Market Coupling:</p> <ul style="list-style-type: none"> • Day-ahead market coupling between Serbia & 4M countries (CZ-SK-HU-RO): <ul style="list-style-type: none"> - Identify operational, legal/regulatory and commercial changes needed for MC - Identify possible roadblocks/resolutions - Comprehensive Implementation plan • Market coupling Implementation 	<p>Transmission system operators (TSOs), Nominated Electricity market Operators & Power exchanges</p>	<p>Phase 1: Pre-feasibility analysis 2-3 months (June/July 2017)</p> <p>Phase 2: tbd</p>
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<p>Romania, Bulgaria, Greece + Western Balkan 6 partners</p>	<p>Develop harmonized cross-border forward auctioning processes for ENTSO-e South East Europe Region including non-EU bidding zone borders, including agreement on appropriate platforms</p>	<p>Transmission system operators (TSOs) and power exchanges</p>	<p>2 years (with launch of Roadmap/milestones during Bulgarian Presidency of the Council)</p>
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Infrastructure priority projects

Enhancement of the cross-border transmission capacity between Bulgaria, Romania and Greece and comprising the following 2 project clusters:

Interconnection Bulgaria- Greece and internal reinforcement in Bulgaria (a cluster of 4 PCIs)

Project	CESEC sides	Description of the Action	Responsible entities	Timing	Comments
PCI 3.7.1 Interconnection between Maritsa East (BG) and Nea Santa (EL)	Bulgaria, Greece	Completion of permit granting process	Ministry of Energy, Bulgaria; Competent authority, Greece	04/2018	Project in permitting status.

		Completion of construction	Elektroene rgien Systemen Operator EAD/ESO, IPTO (Greece)	04/2021
		Completion of commissioning	Elektroene rgien Systemen Operator EAD/ESO, IPTO (Greece)	2021

PCI 3.7.2: Internal line between Maritsa East and Plovdiv (BG)	Bulgaria	Completion of FEED studies	Elektroenergien Systemen Operator EAD/ESO	2017	Project in permitting status. Difficulties due to other permit granting reasons (different than law changes, environmental problems or preparation of application files). Difficulties in tendering process; difficulties due to lawsuits and court proceedings.
		Completion of permit granting process	Bulgarian Minister of Energy	06/2018	
		Completion of commissioning	Elektroenergien Systemen Operator EAD/ESO	12/2020	
PCI 3.7.3: Internal line between Maritsa East and Maritsa East 3 (BG)	Bulgaria	Completion of permit granting process	Bulgarian Minister of Energy	04/2018	Project in permitting status. Difficulties due to other permit granting reasons (different than law changes, environmental problems or preparation of application files). Difficulties due to lawsuits and court proceedings.
		Completion of construction	Elektroenergien Systemen Operator EAD/ESO	10/2018	
		Completion of commissioning	Elektroenergien Systemen Operator EAD/ESO	12/2018	

PCI 3.7.4: Internal line between Maritsa East and Burgas (BG)	Bulgaria	Completion of permit granting process	Bulgarian Minister of Energy	08/2018	Project in permitting status - Difficulties due to other permit granting reasons (different than law changes, environmental problems or preparation of application files). Difficulties in tendering process; Difficulties due to lawsuits and court proceedings
		Completion of construction	Elektroenergien Systemen Operator EAD/ESO	04/2021	
		Completion of commissioning	Elektroenergien Systemen Operator EAD/ESO	06/2021	

Reinforcement of the interconnection between Bulgaria and Romania (“Black Sea Corridor”) comprising 2 internal reinforcements projects in Romania and 1 in Bulgaria

Project	CESEC sides	Description of the Action	Responsible entities	Timing	Comments
PCI 3.8.1 Internal line between Varna and Burgas (BG)	Bulgaria	Completion of permit granting process	Bulgarian Minister of Energy	04/2019	Project in permitting status. The commissioning date for the line was anticipated from 30/09/2022 to 30/09/2021, since ESO EAD received the required financial support from Connecting Europe Facility for the construction works for the line.
		Completion of construction	Elektroenergien Systemen Operator EAD/ESO	12/2020	
		Completion of commissioning	Elektroenergien Systemen Operator EAD/ESO	09/2021	

PCI 3.8.4 Internal line between Cernavoda and Stalpu (RO)	Romania	Construction start date	C.N.T.E.E. TRANSEL ECTRICA S.A. (RO)	2018	Project in permitting phase; land expropriation decision has still to be issued by the Government.
		Construction end date	C.N.T.E.E. TRANSEL ECTRICA S.A. (RO)	2020	
		Commissioning completed	C.N.T.E.E. TRANSEL ECTRICA S.A. (RO)	2020	
PCI 3.8.5 Internal line between Gutinas and Smardan (RO)	Romania	Final investment decision reached	C.N.T.E.E. TRANSEL ECTRICA S.A. (RO)	2017	Permitting does not fall under TEN-E Regulation provisions
		Completion permit granting process	Romanian Ministry of Energy	2018	

		Construction start date	C.N.T.E.E. TRANSEL ECTRICA S.A. (RO)	2018	
		Construction end date	C.N.T.E.E. TRANSEL ECTRICA S.A. (RO)	2020	
		Completion of commissioning	C.N.T.E.E. TRANSEL ECTRICA S.A. (RO)	2020	

Enhancement of the transmission capacity along the East-West corridor in South-East Europe from Italy to Romania via the Balkans and comprising the following 3 project clusters

Italy — Montenegro Interconnector						
Project	CESEC sides	Description of the Action	Responsible entities	Timing	Comments	
PCI 3.19 Italy — Montenegro HVDC line	Italy, Montenegro	Completion of construction	Terna	12/2019	Initial delay as priority given to other investments:	
		Completion of commissioning	Terna	2019		

Interconnection Romania — Serbia (“Mid Continental East Corridor”) and internal reinforcements in Romania (4 projects)

Project	CESEC sides	Description of the Action	Responsible entities	Timing	Comments
PCI 3.22.1 (PECI status) Interconnection between Rosita (RO) and Pancevo (RS)	Romania Serbia	Completion of construction	Elektromrež a Srbije (RS), C.N.T.E.E. TRANSELECTRICA S.A. (RO)	12/2017	Construction works in progress on both sides of the border
		Commissioning completed	Elektromrež a Srbije (RS), C.N.T.E.E. TRANSELECTRICA S.A. (RO)	12/2017	

PCI 3.22.2 Internal line between Portile de Fier and Resita (RO)	Romania	Construction end date	C.N.T.E.E. TRANSELE CTRICA S.A. (RO)	02/2018	The provisions of permit granting and public participation of TEN-E Regulation are not applicable (see article 19 from Regulation no 347/2013). The permit granting process started in 2012.
		Commissioning date	C.N.T.E.E. TRANSELE CTRICA S.A. (RO)	01/2018	
PCI 3.22.3 Internal line between Resita and Timisoara/Sacalaz (RO)	Romania	Final investment decision	C.N.T.E.E. TRANSELE CTRICA S.A. (RO)	2018	The project promotor is expected to notify the project to the Romanian competent authority in June 2017 for the purpose of establishing the start of the permit granting process.
		Conclusion of permit granting process	Romanian Ministry of Energy	2019	
		Construction end date	C.N.T.E.E. TRANSELE CTRICA S.A. (RO)	2023	

PCI 3.22.4. Internal line between Arad-Timisoara/Sacalaz (RO)	Romania	Final investment decision	C.N.T.E.E. TRANSELE CTRICA S.A. (RO)	2020	The project promotor is expected to notify the project to the Romanian competent authority in April 2018 for the purpose of establishing the start of the permit granting process.
		Conclusion of permit granting process	Romanian Ministry of Energy	2020	
		Final investment decision	C.N.T.E.E. TRANSELE CTRICA S.A. (RO)	2023	

Transbalkan corridor						
Project	CESEC sides	Description of the Action	Responsible entities	Timing	Comments	
PECI-Transbalkan corridor – sections III and IV: Section III: Double AC OHL 400 kV Obrenovac (Serbia) – Bajina Basta (Serbia) Section IV: Double AC OHL 400 kV Bajina Basta (Serbia) – Visegrad (Bosnia and Herzegovina) – Pljevlja (Montenegro)	Serbia, Montenegro, Bosnia and Herzegovina	Permitting start date	Relevant Competent Authorities	2019	Lack of appropriate grant funds for sections III and IV. Due to financial gap of 30 % of investment costs, appropriate WBIF investment grant is needed, or the application of the proper CBCA.	
		Conclusion of permit granting process	Relevant Competent Authorities	tbc		
		Construction start date	CGES, EMS, NOS-BIH	2020		
		Construction end date	CGES, EMS, NOS-BIH	2023		
		Completion of commissioning	CGES, EMS, NOS-BIH	2023		

PECI- OHL 400 kV Kragujevac – Kraljevo (Transbalkan corridor – section II)	Serbia	Start of the permit granting process	2017	
		Completion of the permit granting process	tbc	
		Construction start date	2018	
		Construction end date	2020	
		Completion of commissioning	2020	
		Relevant Competent Authorities		
		Relevant Competent Authorities		
		Elektromrež a Srbije (RS)		
		Elektromrež a Srbije (RS)		
		Elektromrež a Srbije (RS)		

Grid Section in Montenegro - 400 kV OHL Pljevlja (ME) - Lastva (ME)	Montenegro	Construction start date	CGES (ME)	2014	Construction in progress
		Construction end date	CGES (ME)	2018	
		Commissioning completed	CGES (ME)	2018	
Double AC OHL 400 kV Pancevo (Serbia) – Resica (Romania) PEI/ PCI	Serbia, Romania				See info on PCI 3.22.1

Electricity Interconnections Hungary — Slovakia

Project	CESEC sides	Description of the Action	Responsible entities	Timing	Comments
PCI 3.1.6.1 Interconnection between Gabčíkovo (SK) — Gönyű (HU) and Veľký Ďur (SK)	Hungary Slovakia	Permitting end date	Slovakia: Ministry of Economy Hungary: Hungarian Energy and Public Utility Regulatory Authority	11/2018	
		Construction starting date	MAVIR (HU), SEPS (SK)	01/2020	
		Construction end date	MAVIR (HU), SEPS (SK)	12/2020	

PCI 3.17 Interconnection between Sajóvátka (HU) and Rimavská Sobota (SK)	Hungary Slovakia	Permitting end date	Slovakia: Ministry of Economy	11/2018	
			Hungary: Hungarian Energy and Public Utility Regulatory Authority		
			MAVIR (HU), SEPS (SK)	04/2019	
			MAVIR (HU), SEPS (SK)	12/2020	
		Commissioning completed	MAVIR (HU), SEPS (SK)	12/2020	

Infrastructures supporting the integration of Ukraine and Moldova power systems into European electricity market

<p>PMI: OHL rehabilitation Mukacheve (Ukraine) – V.Kapusany (Slovakia): Restoration and strengthening of existing cross-border line Mukacheve (UA) – V.Kapusany (SK) ; technology type - cross-border line (AC, overhead line)</p>	<p>Ukraine, Slovakia</p>	Completion of pre-construction stages	SEPS (SK)	N.A.	<p>Final solution still not agreed. Concept under consideration.</p>
		Completion permit granting process	Slovakia: Ministry of Economy	N.A.	
		Construction start date	SEPS (SK)	N.A.	
		Construction end date	SEPS (SK)	N.A.	
		Completion of commissioning	SEPS (SK)	N.A.	
		Feasibility	IS Moldelectrica (MD)	09/2017	
<p>PMI: Interconnection between Isacceca (RO) and Vulcanesti (MD), Back to Back station in Vulcanesti (MD), OHL 400kV Vulcanesti (MD)- Chisinau (MD)</p>	<p>Romania Republic of Moldova</p>	Regulatory approval	Relevant Competent Authority	2018	
		commissioning	IS Moldelectrica (MD)	2022	

Croatia — Hungary — Slovenia between Žerjavinec/Hévíz and Cirkovce						
Project	CESEC sides	Description of the Action	Responsible entities	Timing	Comments	
PCI 3.9.1 Interconnection between Žerjavinec (HR)/Hévíz (HU) and Cirkovce (SI)	Slovenia Croatia Hungary	Conclusion of permit granting process	Croatia: Ministries responsible for energy, environment, spatial planning and reconstruction Slovenia: Ministries responsible for spatial planning, construction and energy	2017	In preparation phase (preceding the permitting); Environmental approval foreseen for 2017 Investment completed on the Hungarian side, no permitting is necessary.	
		Construction starting date	ELES d.o.o. (SI)	2018		
		Construction end date	ELES d.o.o. (SI)	2018		
		Commissioning completed	ELES d.o.o. (SI)	12/2018		

Slovenia – Croatia Smart Grids Projects						
Project	CESEC sides	Description of the Action	Responsible entities	Timing	Comments	
10.3 SINCRO.GRID (Slovenia/Croatia) aims at solving network voltage, frequency control and congestion issues enabling further deployment of renewables and displacement of conventional generation by integrating new active elements in the transmission and distribution grids into the virtual cross-border control centre based on advanced data management, common system optimisation and forecasting involving two neighbouring TSOs and the two neighbouring DSOs.	Slovenia Croatia	Completion permit granting process (acquisition of building permit)	Slovenia: Ministry responsible for environment and spatial planning Croatia: Ministry of environment and energy	2018	As the project is a smart grid project and all new infrastructures will be placed within existing substation, only the acquisition of building permits is required for completion of permit granting process (without usual permitting process). No regulatory approval required.	
		Construction end date	ELES, HOPS	2021		
		Commissioning completed	ELES, HOPS	2021		

Other electricity infrastructure projects, including storage

1. Interconnection between Banja Luka (BA) and Lika (HR)
2. Internal reinforcements in Slovenia of the Croatia — Hungary — Slovenia interconnector between Žerjavinec/Hévíz and Cirkovce and comprising the following 3 projects (all in Slovenian territory)
 - 2.1 Corridor Beričevo-Podlog
 - 2.2 Corridor Podlog and Cirkovce
 - 2.3 Corridor Divača-Beričevo

3. Interconnector Italy-Slovenia between Salgareda (IT) and Divača-Beričevo (SI)
4. Amfilochia Hydro Pumped Storage (Crete, EL)
5. Southern Aegean Interconnector (EL)
6. New double 400 kV interconnection line between Bulgaria and Serbia, including network upgrade in Central Serbia.

Electricity security of supply

The January 2017 cold spell illustrates the continued vulnerability of the South East Europe to possible electricity shortages, in particular in case of extreme weather circumstances. It also shows the need of cooperation amongst the various transmission system operators and various ministries concerned when preventing and handling electricity crisis situations.

The implementation of the network codes and guidelines will require Member States to strengthen regional co-operation between Transmission system operators, in particular for preventing and managing crisis situations. The existing Regulation on Capacity Allocation and Congestion Management (CACM) provides rules on curtailment of cross-zonal capacity allocation in case of "force majeure" or emergency situations, including the obligation to notify market participants concerned by the curtailment and provide compensation. This provision develops the rules set out in Article 16(2) of Regulation (EC) No 714/2009.

In addition, the "Guideline on System Operation" and the "network code on Emergency and restoration" (NC ER) to be in force the second semester of 2017, set out a framework for the enhanced cooperation of TSOs among them and through their Regional Security Centres (RSCs) and provide clear rules to prepare for and manage emergency situations. More specifically, the network code on Emergency and restoration requires TSOs to elaborate a "system defense plan"³ in preparation for emergency situations and to ensure their consistency in the relevant RSCs. Moreover, the "Guideline on System Operation" provides rules on 'remedial actions' used by the TSOs to manage the operational security of the system, including the obligation to prepare and coordinate remedial actions at regional level via Regional Security Centres and to develop a procedure for sharing costs.

³ TSOs have one year since the entry into force of the NC ER to elaborate the "system defence plan".

The aim is to ensure that the Transmission system operators (TSOs) in the CESEC region deliver in time the obligations set out in the network codes and guidelines.

Member State (s) / Energy Community Contracting Parties	Description of the Action	Responsible entity/entities	Timing
All CESEC members	Adoption of system defence plans (Article 11 of Network Code on Emergency and Restoration)	Transmission system operators (TSOs)	12 months after the Network Code on Emergency and Restoration enters into force (~end 2018)
All CESEC members	Set-up Regional Security Centres: <ul style="list-style-type: none"> • Methodology for coordinating operational security analysis (Article 75 of Guideline on System Operation) • Proposal for regional operational security coordination (Article 76 of Guideline on System Operation) 	Transmission system operators (TSOs)	<ul style="list-style-type: none"> • Methodology 12 months after "Guideline on System Operation" enters into force (~end 2018) • 3 months after the approval of the methodology (~1st quarter 2019)

Renewable energy

Member State (s) / Energy Community Contracting Parties	Description of the Action	Responsible entity/entities	Timing
All CESEC members	<p>Assessment of regional onshore and offshore renewable potential by 2030 and 2050 and benefits of regional approach (also in connexion with electricity infrastructure development and the National Energy and Climate Plan within the Energy Union governance process).</p> <p>Identification of renewable energy zones/hotspots to support electricity infrastructure development.</p> <p>EU-CESEC Members could regionally coordinate plans as proposed by the Energy Union Governance Regulation. Energy Community Contracting Parties could also regionally coordinate plans in the framework of the EU energy acquis implementation.</p>	<p>CESEC members</p> <p>European Commission</p> <p>Potential involvement of IRENA</p>	2017-2018

All CESEC members	<p>Best practice exchange on:</p> <ul style="list-style-type: none"> - Support instruments for renewable energies (feed-in tariffs, premiums, auctions, other financial incentives), with an initial focus on RES-E. Support instruments for RES-H/T will be added. - Means to reduce non-financial barriers to renewable energy projects (e.g. administrative procedures, permitting processes, grid connection) 	CESEC members	2017 onwards
All CESEC members	Promotion of financial instruments and further development of innovative financial instruments for lowering capital costs of renewable energy projects.	CESEC members Financial institutions	2018 onwards

Energy efficiency

Member State (s) / Energy Community Contracting Parties	Description of the Action	Responsible entity/entities	Timing
Romania, Bulgaria, Hungary	"Sustainable Energy Investment Forum" in Bucharest	European Commission, Romania and the other participating CESEC members	4 th quarter 2017
All CESEC members	Additional "Sustainable Energy Investment Forums" in CESEC countries	European Commission and other participating CESEC members	2018-2019
All CESEC members	Possible development of a regional technical assistance office	European Commission and the CESEC members	End of 2017-beginning of 2018
All CESEC members	Benchmarking activities on energy efficiency practices in specific sectors (e.g. energy efficiency measures to address energy poverty) to identify and promote good practices and foster cooperation actions.	European Commission, all interested CESEC members	As from 2018