

PROGRESS REPORT ON THE FIRST YEAR'S IMPLEMENTATION

EU Strategy for the Danube Region

Priority Area 2
("to encourage more sustainable energy")

co-ordinated by Hungary and the Czech Republic



30 June 2012

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EUSDR Report June 2012

Priority Area 2

“to encourage more sustainable energy”

1. OVERALL PROGRESS

1.1. State of play

SUMMARY

The EU Strategy for Danube Region, Priority Area 2 (EUSDR PA2) took a threefold approach during the first year of the implementation of the Strategy: policy, action and project-based approaches.

As a first step of the policy approach, PA2 identified the ongoing legislative debate on the energy infrastructure priorities of the EU (COM(2011) 658) as one of the most important discussions at the EU level. PA2 took a decision to coordinate a regional position on the energy infrastructure priorities. First, PA2 overviewed the existing frameworks of cooperation in the field of energy in the region. To avoid duplications and build on already existing structures, the PA2 established a very good relation with the Energy Community since there are significant overlaps regarding the aims and territorial coverage of the two initiatives. As a result of the cooperation, the PA2 is invited to the meetings of the EnC’s Regional Energy Strategy Task Force aiming to develop the common Energy Strategy of the Energy Community countries.

Furthermore the PA2 also received an observer status in the North South Gas Working Group. The Working Group is chaired by the Commission and its future decisions are to have significant impact on the Danube Region’s gas market.

Parallel the Priority Area 2 developed the Danube Region Gas Market Model in close cooperation with an outside expert group, the Regional Center for Energy Policy Research (REKK) under the leadership and guidance of the PA2 which provided the substantial part of the input energy data in order to effectively model the Region’s gas market.

The Danube Region Gas Market Model is the first tangible product of the PA2 which might have significant policy impact on the ongoing legislative debate on the energy infrastructure priorities of the EU, including the identification of the Projects of Common Interest (PCI). With the development of this Model, the PA2 created a strong basis for the countries of the Danube Region to form their common, therefore, strong position on the PCIs with regional importance.

The second approach of PA2 was an action-based approach. We broke down all the actions and action groups from the Strategy’s Action Plan into roadmaps. The PA2 started to implement several actions and is also in the process of establishing a priority order in their implementation.

The third approach is a project based approach. All the projects submitted to PA2 were evaluated and letter of recommendation was awarded to those which have Danube Macroregion relevance. We associated each project with the relevant action. Besides, PA2 started to generate its own projects for the implementation of different actions, like Action 17 in the Strategy. Additionally, PA2 developed a concept called „Demand-response program for public building electricity consumers” which it submitted for consideration to the European Parliament and the European Commission as pilot project.

Further, the PA2’s Danube Gas Market Model provided the countries of the Danube Strategy with a list of projects in the regional gas market which have the highest regional impact on gas prices in the region. PA2 started discussions with European Investment Bank on starting cooperation on the above list of projects.

The Priority Area’s biggest challenge during the last one year has been the less than satisfactory participation of delegates in the SG meetings. The PA2 started to work on this situation and started a road show to Danube capitals (have already been in Chisinau and Belgrade) to engage personally with the NCP, as well as, the delegate in the SG.

Major outcomes of the PA2’s first year of activity are as follows:

- PA2 held four Steering Group meetings (3 in Budapest, 1 in Prague),
- Held an annual conference in Budapest at the end of May with over 120 participants,
- Had a conference in the European Parliament under the patronage of three MEPs (from Czech Republic, Slovenia and Hungary) in June 2012,
- Had a three-hours briefing session with the DG ENER experts about the Danube Gas Market Model in June 2012,
- Selected 16 Danube-projects from which awarded 8 projects with letters of recommendation,
- Broke down 16 actions into road maps,
- Developed several own project ideas,
- Handed in own project concept to the European Parliament and the European Commission for funding (Demand-response program for public building electricity consumers),
- On the 4th SG meeting the Steering Group accepted a set of policy conclusions for regional gas market development,
- The PA2’s Danube Gas Market Model has a chance to have policy impact at EU level,
- The PA2’s Danube Gas Market Model produced a list of projects with highest regional efficiency value. Discussion with EIB has started on potential cooperation on these projects.

1.2. Danube Region Gas Market Model as first and significant tangible product of the Strategy's implementation

The Danube Region Gas Market Model was initiated by the Steering Group of the EUSDR Priority Area 2 in order to implement the Action which called upon the countries of the Strategy to develop their joint position on the natural gas Projects of Common Interest (PCIs). The Model was developed by an external expert group, the Regional Center for Energy Policy Research (REKK), under the leadership and guidance of the PA2 which also provided a substantial part of the energy data input for the effective modeling of the Region's gas market.

The Danube Region Gas Market Model is the first tangible product of the PA2 which might have significant policy impact on the ongoing legislative debate on the energy infrastructure priorities of the EU, including the identification of the Projects of Common Interest. With the development of this Model, the PA2 created a strong basis for the countries of the Danube Region to form their common and therefore, strong position on the PCIs with regional importance.

1.2.1. Cooperation with existing frameworks in order to develop the Model

In order to avoid duplications and build on already existing structures, the PA2 established good relations with the Energy Community (EnC) due to significant overlaps regarding the aims and territorial coverage of the two initiatives. As a result of the cooperation, the PA2 is invited to the meetings of the EnC's Regional Energy Strategy Task Force aiming to develop the common Energy Strategy of the Energy Community countries.

Furthermore the PA2 also received an observer status in the North South Gas Working Group. The Working Group is chaired by the Commission and its future decisions are to have significant impact on the Danube Region's gas market.

1.2.2. Objective of the Model (ANNEX3: DETAILED DESCRIPTION OF THE DANUBE REGION GAS MARKET MODEL)

The Danube Region Gas Market Model analyzes the impacts of new investments into gas transmission pipelines, cross border interconnections, gas storage facilities and their combinations on market integration and liquidity, price and social welfare changes and supply source diversification.

The primary objective of creating the Danube Region Gas Market Model was to provide a consistent analytical tool, based on solid economic theory, that allows for the simulation of the effects of new infrastructure projects and project packages (like the North-South Gas Interconnections) on the Region's gas market integration and supply security. While the Model builds on the data and results of previous studies, it has a number of unique features. Beyond extending gas market analysis to the entire Region covered by the Danube Strategy, it is able to calculate market outcomes such as country specific natural gas wholesale prices and trade flows subject to constraints represented by the physical gas infrastructure and contractual arrangements specific for the region.

Outcomes can be calculated and compared for alternative gas demand scenarios and for alternative infrastructure topologies. Modeling outcomes easily allow for an in-depth regional supply security analysis and the estimation of the country specific social benefits of new infrastructures.

1.2.3. Policy conclusion of the PA2 as result of the Model (ANNEX 4: POLICY CONCLUSIONS OF THE PRIORITY AREA 2)

As a pioneer initiative in the Strategy's implementation, following the development and introduction of the Model, the Steering Group of the PA2 on its meeting held on 30 May 2012 accepted a set of policy conclusions – which might have significant policy impact on the EU legislation concerning the infrastructure package – acknowledging the role of the Strategy as a unique cooperation platform helping the countries of the Danube Region to overcome gas sector related challenges and difficulties. In the conclusions the countries urge the Commission to promote new energy infrastructure projects of regional relevance (e.g. in the framework of the new energy infrastructure package) that help decreasing the level of unilateral gas import dependence and gas market isolation of the region.

As a final and forward-looking point of the conclusions, countries of the EUSDR decided to ask the Priority Area 2 to conduct a Study for the optimal use of the gas storage capacities in the Region.

1.2.4. Energy infrastructure projects as possible result of the Model

The Model is able to produce a list of gas infrastructure projects prioritized by their regional impact. The main goal of the PA2 is to boost the implementation of the projects which are on the top of the prioritized list. The PA2 has already started the consultation process with the European Investment Bank on the possible cooperation in order to finance energy infrastructure projects.

1.2.5. Visibility of the Model

The Gas Market Model was first introduced to the PA2's Steering Group and to the participants of the Annual Stakeholders Seminar held in Budapest on 30-31 May 2012 (ANNEX 5: ANNUAL STAKHOLDER SEMINAR OF THE PRIORITY AREA 2 - AGENDA, INVITATION AND PRESS RELEASE). More than 120 participants attended the Seminar including leading experts from international gas organizations and associations.

A conference co-hosted by Hungarian, Slovenian and Czech MEPs was organized in the European Parliament on 20 June 2012 marking the second phase of the Model's introduction (ANNEX 6: POSTER AND PROGRAMME OF THE EVENT IN THE EUROPEAN PARLIAMENT). Several experts attended the meeting from different professional associations and institutions including the European Commission DG ENERGY represented by Mr Jean-Arnold Vinois and DG REGIO represented by Mr Olivier Baudelet, as well as professional organizations like ENTSO-G, EFET and ACER. Following the event in the European Parliament the Model was introduced to experts of

the European Commission DG ENERGY upon the invitation of Ms Catharina Sikow-Magny.

As a next step, upon the invitation of the European Commission, the Model is going to be introduced in the upcoming meeting of the North-South Gas Working Group on 12 July 2012 in Brussels.

1.3. Strategic Partnership with other structures

1.3.1. Cooperation with the Energy Community

In order to avoid duplications and build on already existing successful structures, based on a concept paper (ANNEX 7: CONCEPT PAPER ON THE COOPERATION WITH THE ENERGY COMMUNITY) accepted by the PA2 which identified the possible cooperation topics, the Priority Area established good relation with the Energy Community (EnC) due to significant overlaps regarding the aims and territorial coverage of the two initiatives. Following several meetings and consultations with the Energy Community, the Priority Area 2 gained an observer status in the EnC Regional Energy Strategy Task Force which aims at developing a Regional Energy Strategy that provides an overarching framework to the contracting parties of the EnC for developing their own Strategies, ensuring the security of supply in the Region. As a main result of the cooperation the Task Force decided to share its energy database regarding its contracting parties. This data was used as input to the Danube Region Gas Market Model commissioned by the Priority Area 2. The Energy Community was represented by its director on the 1st Annual Stakeholder Seminar of the PA2.

Both, the Danube Region Gas Market Model and the Regional Energy Strategy aim at creating a competitive Regional Energy market which ensures the security of supply in the Region. The Regional Energy Strategy is focusing on the Energy Community Contracting Parties which include the Western-Balkan countries, Moldova and Ukraine while the Danube Model's target area in addition includes all the EU Member States of the EUSDR and also Poland. The Regional Energy Strategy will contain general political objectives and concrete actions how to achieve them, as well as energy demand scenarios, and a methodology and criteria to select projects of Energy Community interest. The main objective of the DRGMM is to provide support for the development of the Danube Region – including the contracting parties of the EUSDR – joint position on natural gas Projects of Common Interest. The PA2 would like to achieve the best available cooperation between the Danube Region Gas Market Model developed by the PA2 and the Regional Energy Strategy elaborated by the EnC in order to multiply their positive effects on the Region's gas market integration thus future consultations are expected in this specific field, as well.

Planned future cooperation is also based on the concept paper developed by the PA2. The Priority Area would like to assist its non-EU member states in their work focusing on the transposition and implementation of the EU energy acquis. Contrary to the EnC's practice, the PA2 would like to undertake a bottom-up approach which for a specific roadmap (Action 15) was developed aiming at a knowledge transfer from the EU member states towards the non-EU countries of the Strategy.

1.3.2. Observer status in the North-South Interconnections East Gas Working Group

The Priority Area 2 officially contacted the North-South Gas Working Group led by the European Commission DG ENERGY in order to invite the Priority Area 2 to its meeting since the implementation of the North-South Initiative significantly affects the whole Danube Region. Following this request, the Gas Working Group granted an observer status to the Priority Area 2 and included it in its Terms of Reference. As a result of the cooperation, the Gas Working Group invited the PA2 to introduce the Danube Region Gas Market Model to the participants of North-South Gas WG.

1.4. Process

[Work done so far on governance: PACs, Steering Groups, links with stakeholders; Significant changes in your work/network approach resulting from the Strategy (e.g. larger networks, more visibility), including any problems encountered and any solutions found; Links with projects from other Priority Areas; Publicity measures (such as website, stakeholder seminars, publications,...) etc. Please emphasise, when appropriate, the issues that are specific to your Priority Area]

1.4.1. Governance structure

The Priority Area 2 is co-ordinated by Hungary and the Czech Republic. From the Hungarian side the PA2 is led by Ms Anita Orbán, Ambassador at-Large responsible for energy security issues of Hungary in the Ministry of Foreign Affairs and Ms Olga Svitakova, head of department at the Czech Ministry of Industry and Trade.

In order to effectively implement the Strategy, a small secretariat was established with 2 employees in Hungary for assisting the Priority Area Coordinator in her daily duties. In the Hungarian coordination structure, the task of the chief advisor is more professional oriented, while his colleague is assisting in the administrative work connected to the daily activities of the PA2. From the Czech Republic's side the Priority Area Coordinator is assisted by one employee.

The cooperation between the two coordinator countries is working and progressing well. The consultation between the coordinators and their teams are sufficient.

1.4.2. Steering Group Meetings

The activities of the EUSDR countries in the work of the Priority Area 2 are very diverse. Some of them are very active and stick to deadlines decided in the SG meetings, while others are less interested. However, in the last few months significant progress has been achieved regarding the countries' participation (ANNEX 8: LIST OF ATTENDANCE) in the daily work of the PA2. This might be the positive result of the progress achieved by the PA2 and its recognition by the Steering Group members.

Some of the non-EU countries are lacking financial resources which prevent them to take part in the Steering Group meetings organized in Budapest or in Prague. Resources of the Technical Assistance provided by the European Parliament and the European Commission are not enough to finance such costs; however the participation of the non-EU countries is essential for the successful implementation. Priority Area 2 would like to

draw the attention of the European Commission and urge it to work out solutions in order to solve the problem.

Until drafting this report 4 Steering Group meetings were held as follows:

- 1st Steering Group Meeting of the PA2 (kick-off meeting) – 23 June 2011 – Budapest (ANNEX 9: AGENDA AND MINUTES OF THE 1st SG MEETING)

Main activities: targets of the PA2 were set

Terms of Reference of the PA2 was accepted

- 2nd Steering Group Meeting of the PA2 – 27 November 2011 – Prague (ANNEX 10: AGENDA AND MINUTES OF THE MEETING)

Main activities: 8 on-going and 3 planned energy projects were selected

work plan for the breakdown of actions were discussed

Energy Community and PA2 possible cooperation topics were discussed

concept of the 1st Stakeholder Seminar of the PA2 was introduced

progress on the North-South Initiative was introduced by the representative of the European Commission DG ENERGY

- 3rd Steering Group Meeting of the PA2 – 23 February 2012 – Budapest (ANNEX 11: AGENDA AND MINUTES OF THE MEETING)

Main activities: concept paper (ANNEX 7) on the cooperation between the Energy Community and the Priority Area 2 was accepted by the Steering Group as basis document for the implementation of Action 2 (To ensure that actions are coherent with the general approach of the Energy Community and the Danube Strategy processes.) and Action 5 (To tap possible cooperation opportunities with the Energy Community.)

roadmap for the implementation of Action 15 (To encourage the Energy Community members/observers in adopting and implementing the Renewable Energy Directive.) was accepted

concept for the implementation of Action 17 (To provide local authorities, business and citizens in the Danube Region consultative support with issues relating to mitigation of climate change and energy efficiency) were introduced and accepted

roadmap for the implementation of Action 3 (To enforce regional cooperation with a view to develop and implement the North-South gas interconnection projects) was accepted

progress report on already selected ongoing and planned projects were discussed

Steering Group decided on grouping of Actions which are overlapping each other

one new energy project was supported by issuing a Letter of Recommendation

- 4th Steering Group Meeting of the PA2 – 30 May 2012 – Budapest (ANNEX 12: AGENDA AND MINUTES OF THE MEETING)

Main activities: progress report on the cooperation with the Energy Community was discussed and accepted by the Steering Group (ANNEX 13: PROGRESS REPORT ON THE COOPERATION WITH THE ENERGY COMMUNITY)

progress report on already selected ongoing and planned energy projects was introduced and discussed

new project proposals submitted by the EUSDR countries were discussed and evaluated, Steering Group decided to support one proposal

breakdown of actions were completed; the SG discussed and supported 8 roadmaps covering (ACTION1, ACTION4, ACTION6, ACTION GROUP 8-11-16, ACTION9, ACTION10, ACTION GROUP 12-13, ACTION GROUP 14-17) 12 actions (ANNEX 2)

the Danube Region Gas Market Model was introduced to the Steering Group Members

as result of the Danube Region Gas Market Model the countries accepted a “policy conclusions” document (ANNEX)

1.4.3. Further activities of the coordinator countries (meetings/consultations/conferences)

HUNGARY

Date	Place	Event
10/2011	Brussels	Open Days 2011
10/2011	Belgrade	EUSDR Labgroup Meeting; Consultations with key players of the EUSDR

		implementation in Serbia
11/2011	Belgrade	Meeting of the Central European Initiative
12/2011	Bratislava	Conference on the Future of Cohesion Policy
12/2011	Vienna	Energy Community Regional Energy Strategy Task Force Meeting
1/2012	Bucharest	2 nd meeting of EUSDR National Contact Points and Priority Area Coordinators (PAC, CP)
1/2012	Szeged	HU-RO CBC Kick-off Meeting
2/2012	Vienna	Energy Community Regional Energy Strategy Task Force Meeting
3/2012	Vienna	Danube Financing Dialogue (represented by BDCP)
3/2012	Vienna	Energy Community Regional Energy Strategy Task Force Meeting
4/2012	Bratislava	Consultations with key players of the EUSDR implementation in Serbia
4/2012	Brussels	Consultations with DG ENER
5/2012	Brussels	Consultations with DG ENER
5/2012	Érd	Danube Region Strategy Conference
6/2012	Moldova	Consultations with key players of the EUSDR implementation in Moldova
Regular consultations with Managing Authorities		

Date	Place	Event
10/2011	Prague, Chamber of Deputies	EUSDR and its contribution for the Czech Republic – seminar (PAC, CP)
11/2011	Brussels	HLG for EUSBSR, HLG for EUSDR (PAC, CP)
11/2011	Bratislava	Implementation of EUSDR (Danube Knowledge Cluster) – Challenges for EU Cohesion Policy in Globalized Economy (PAC)
01/2012	Bucharest	2 nd meeting of EUSDR National Contact Points and Priority Area Coordinators (PAC, CP)
02/2012	Brussels, EP	MEP Danube Forum (PAC)
03/2012	Prague, European House	Presentation of the EUSDR (PAC)
03/2012	Vienna	Danube Financing Dialogue (CP)
04/2012	Brussels	Scientific Support for the EUSDR (PAC)
05/2012	Berlin	CEEE Forum – SG meeting (observer status) (PAC)
Negotiation with the City of Ostrava - regularly		

1.5. Publicity measures

1.5.1. First Annual Stakeholder Seminar of the Priority Area 2

The first Annual Stakeholder Seminar of the Priority Area 2 took place at the Hungarian Ministry of Foreign Affairs on 31 May 2012. More than 120 participants attended the meeting from various institutions, companies, NGOs, associations which was dedicated to the introduction of the Danube Region Gas Market Model as well as to the introduction of progress reports on key energy infrastructure projects such as the North-South Gas Interconnection Initiative including the Slovakia-Hungary interconnector, the

Polish Shale gas project, the Gas Ring Concept, the Krk LNG terminal concept and the Bulgaria-Romania Interconnector project.

The conference was opened by the Priority Area Coordinators Ms Anita Orbán and Olga Svitakova and welcomed by the Hungarian NCP government commissioner Balázs Medgyesy as well as the representative of the DG REGIO Mr Olivier Baudalet, the DG ENERGY acting head of unit Ms Catharina Sikow-Magny and the director of the Energy Community Mr Slavtcho Neykov. The keynote speeches of the conference were held by Mr Pál Kovács Hungarian Minister of State for Climate Change and Energy, Mr Jiri Georgiev Czech Deputy State Secretary for EU Affairs and Mr Alen Leveric Croatian Assistant Minister of Economy.

1.5.2. Conference in the European Parliament

Visibility of the Strategy's implementation at European level is important in order to show the real added value of the macro-regional development concept. In order to fulfill this objective the Priority Area 2 in cooperation with Czech, Slovenian and Hungarian MEPs organized a conference in the European Parliament on 20 June 2012 which was dedicated to the introduction of the Danube Region Gas Market Model.

1.5.3. Website of the Priority Area 2

The Priority Area 2 is actively using the group spaces website provided by the INTERACT. Call for events, basic information on selected energy projects as well as press releases, pictures are available on the website.

1.6. Network of the Priority Area 2

The Priority Area has developed a contact list including more than three hundred names from the sector including experts from companies, associations, European , regional and national institutions, authorities and NGO's.

1.7. Funding

1.7.1. Relation with the managing authorities of different EU programs

The Priority Area 2 established good relation with many of the Managing Authorities responsible for transnational or cross-border cooperation programs which are relevant for the Danube Region Strategy. Consultations are regular and effective, especially in light of the new Multiannual Financial Framework.

In order to understand the state of play regarding projects financed by the European Territorial Cooperation Programme, the Priority Area held several consultations in September and October 2011 with project leaders and project partners whose projects are financed by such funds. Results of the consultations are not positive. As a main problem we must emphasize that communication between the projects implemented in the same field does not exist, projects do not build upon the results achieved by earlier implemented projects and dissemination of the results is not effective. In order to improve the situation, the PA2 would like to build on already existing successful projects. As a good example of this, the PA2 will use and build on the results of the

4BIOMASS concept with extending its scope to all the Danube countries helping the dissemination of the project's results.

1.8. Work foreseen in the coming months

In the coming weeks the Priority Area 2 is going to focus on the dissemination of its Danube Region Gas Market Model since the issue is more than topical in light of the current legislative debate on the infrastructure priorities of the European Union including the identification of the Projects of Common Interest (PCIs).

As a next step, the PA2 will concentrate on the effective use of the Region's gas storage capacities since the Steering Group of the PA2 decided to ask the Priority Area to conduct a study for the optimal use of the gas storage capacities in the Region.

Following the work connected to the gas sector, the Priority Area 2 will also focus on renewable energy sources and energy efficiency issues which come from the implementation of the roadmaps dealing with the topics. The PA will focus on the elaboration of a Danube Region Renewable Energy Action Plan as well as a Danube Region Transnational Biomass Action Plan.

2. PROGRESS BY TARGET

[Remark: Please link the actions of the Action Plan to the targets proposed. If this link is difficult to establish, please indicate what needs to be done/ what is planned to solve this. Please also link the projects to the actions.]

2.1. Achievement of national targets based on Europe 2020 energy targets

2.1.1. "ACTION 7 – To build a working relationship with the Central Eastern European Forum for Electricity Market Integration; this could be enlarged to neighbouring countries

- Progress in the implementation of the action:

The roadmap elaborated by the PA aims at assisting the EECR to achieve its following main goals:

- development of the Flow-based method calculation cross border available capacity in CEE region, for day-ahead electricity trading
- force stakeholders on the way forward to implementation EU integrated market with electricity by the 2014
- removal of impediments to electricity trading in CEE Region
- integration of electricity trading in CEE Region

In relation to Danube Strategy (EUSDR), in Spring 2012 the CEEEF and EUSDR agreed on close cooperation of the two initiatives. Since then the EUSDR representative has an observer status in CEEEF, which will contribute to wider

dissemination of information in the whole EUSDR scope. The other Danube Strategy countries that are not CEEEF members (i.e. EnC countries) will thus be able to prepare for joining the European integrated electricity market.

- List of projects associated with the action:

→ *[Name of the project; a full description will be in annex 2.]*

2.1.2. *ACTION 8– To extend the use of biomass (e.g. wood, waste), solar energy, geothermal, hydropower and wind power*

ACTION 11 - To explore the possibility to have an increased energy production originating from local renewable energy sources to increase the energy autonomy

ACTION 16 - To facilitate networking and cooperation between national authorities in order to promote awareness and increase the use of renewable energies

- Progress in the implementation of the action:

As a first step of the implementation of the action-group, PA2 is focusing on issues related to the sustainable exploitation of the biomass potential of the EUSDR countries. As a first pilot concept EUSDR PA2 would like to build on the results of the 4BIOMASS project listed as project example in the Strategy's Action Plan and would like to develop the Danube Region's Transnational Biomass Action Plan. The 4BIOMASS concept already includes 5 EUSDR countries (Austria, Czech Republic, Germany, Hungary, and Slovenia) therefore the concept shall be extended to all the EUSDR countries in order to complement the Transnational Biomass Action Plan, elaborated by the 4BIOMASS project.

In parallel with the implementation of the specific roadmap, Priority Area 2 shall launch the gap analysis of other renewable energy sources including the identification of obstacles blocking their successful integration into energy networks.

Besides particular projects the main aim of the roadmap is to facilitate networking and knowledge sharing in the field of renewables in order to identify best practices, excellent research groups and financing methods in the region. This exercise should allow the EUSDR countries to obtain funds by acting together and coordinated rather than alone and segmented.

- List of projects associated with the action:

- Transenergy: Transboundary Geothermal Energy Resources of Slovenia, Austria, Hungary and Slovakia

- 4BIOMASS, Fostering the sustainable usage of renewable energy sources in Central Europe - putting biomass into action

- Establishing the cross-border development of biogas industry via joint determination of biogas potentials, education, research and innovation
- The analysis of the opportunities of the use of geothermal energy in Szabolcs-Szatmár-Bereg and Satu Mare counties
- NOVÉ ZÁMKY – Dvorská cesta, Biomass Boiler Room
- Bioenergy AC - Sharing best available technologies and promoting Partnership for sustainable biomass use for Energy between the Alps and the Carpathians
- „Establishment of alternative energy virtual knowledge center”
- BIOSEC - Production of second generation biofuel
- Ostrava Smart City Initiative

2.1.3. *“ACTION 10 – To implement the National Renewable Energy Action Plans and to prepare a Danube Region Renewable Energy Action Plan*

- Progress in the implementation of the action:

The implementation of the roadmap is focusing on the elaboration of the Danube Region Renewable Energy Action Plan. The work will include the horizontal analysis of the National Renewable Energy Action Plans in case of the EU Member States, and the Simplified Renewable Energy Action Plan documents in case of non-EU Member States. Based on the results of the analysis, policy recommendations shall be drafted. These recommendations focusing on the identified obstacles hindering the penetration of renewable energies as well as market and technical gaps shall address policy makers and responsible institutions. This document shall also point out ways of energy saving and best practices identified in the EUSDR countries regarding mainly the implementing measures and support schemes.

- List of projects associated with the action:

→ *[Name of the project; a full description will be in annex 2.]*

2.1.4. *“ACTION 12 – To develop a comprehensive action plan for the sustainable development of the hydropower generation potential of the Danube River and its tributaries (e.g. Sava, Tisza and Mura Rivers)*

ACTION 13 - To develop and set up pre planning mechanism for the allocation of suitable areas for new hydro power projects

- Progress in the implementation of the action:

Implementation of the action group will include the following tasks:

- Map out the already operating hydro power plants above 10 MW capacity on the Danube River and its main tributaries
 - Preparing a complex study regarding the impact of already operating hydro power plants on the Danube River and its tributaries, to the environment, ecosystem (including migration of fish and other taxa) and navigation as well as their compliance with relevant EU regulations and guidelines.
- List of projects associated with the action:

→ *[Name of the project; a full description will be in annex 2.]*

2.1.5. *“ACTION 14 – To promote energy efficiency and use of renewable energy in buildings and heating systems including by renovating district heating and combined heat and power facilities as required by Energy Performance of the Buildings Directive and Renewable Energy Directive*

ACTION 17 - To provide local authorities, businesses and citizens in the Danube Region consultative support with issues relating to mitigation of climate change and energy efficiency”

- Progress in the implementation of the action:

Implementation of the roadmap is aiming to support the increase of energy efficiency and RES investment projects in the building sector with a special focus on upgrading their heating system, by renovating the district heating system and utilizing CHP¹ where

¹ CHP is a technique allowing the production of both heat and electricity. Unlike traditional power stations where exhaust gases are directly evacuated by the chimney, the gases produced by cogeneration are reutilized. Electricity/heat cogeneration installations can achieve energy efficiency levels of around 90 %.

possible (retrofitting already existing power plants or building new ones) which lead to the quick growth of nZEB (nearly zero energy buildings).

Such nZEB refurbishment of the identified buildings can be achieved by utilizing available energy efficient and RES technologies in the refurbishment of the identified buildings. In case of a multifamily block building the technological solution could be combined with supportive and sustainable financing (for example Revolving Guarantee Fund) to decrease the risk of loans and increase the level of comfort for the owners and the banks. In case of public building sector the ESCO (Energy Service Company) third party financing is quite beneficial, it decreases the burden on authorities.

- List of projects associated with the action:

→ *[Name of the project; a full description will be in annex 2.]*

2.1.6. *“ACTION 15 – To encourage the Energy Community members/ observers in adopting and implementing the Renewable Energy Directive*

- Progress in the implementation of the action:

The aim of the roadmap – based on the concept paper on the cooperation between the EnC and the EUSDR - elaborated by the PA2 is to help the Energy Community in its main goal related to the implementation of EU “acquis communautaire“ among its contracting parties. The implementation of the roadmap will focus on the identification of the available institutional best practices and knowledge in the EU countries and identification of challenges in the non-EU countries regarding the transposition and implementation of the energy acquis. The main idea in the cooperation would be the knowledge transfer on the EU energy acquis from the EU Member States to the non-EU Member States of the Strategy, through training programs, such as the TAIEX or TWINNING facilities. For this purpose the PA2 drafted a questionnaire for the identification of the available knowledge in the EU-member states and the needs in the non-EU countries of the Strategy.

- List of projects associated with the action:

→ *[Name of the project; a full description will be in annex 2.]*

2.2. “Remove existing bottlenecks in energy transport in countries of the EU Strategy for the Danube Region in order to allow reverse flow of gas by 2015”

2.2.1. *“ACTION 1 – To develop a joint position of the region regarding the changes which could be introduced in the framework of the TEN-E policy review and the modalities of the new Energy Security and infrastructure instruments, especially regarding the energy infrastructure gaps”*

- Progress in the implementation of the action:

The implementation of the action is focusing on the development of a Danube Region Gas Market Model in close cooperation with an outside consultancy with an objective to provide adequate support for developing the Danube Region’s joint position on natural gas PCI’s (Projects of Common Interest) in light of the current legislative debate on the infrastructure priorities of the European Union. The first draft of the Model was introduced to the Steering Group member on 30 May 2012 and the wider public on 31 May 2012 in the framework of the first Annual Stakeholder Seminar of the Priority Area 2. Introduction of the Model at European level was done on 20 June 2012 in the European Parliament.

- List of projects associated with the action:
 - New power transmission line 400kV between substation “Maritza Iztok”(Gulubovo) and “substation “Burgas”
 - New power transmission line 400kV between substation “Plovdiv” and substation “Maritza Iztok”(Gulubovo), parallel to power transmission line 400kV “Ivan Popov”
 - New power transmission line 400kV between substation “Maritza Iztok”(Gulubovo) and “Maritza Iztok 3” TPP, parallel to power transmission line 400kV “Hebros”
 - Two overhead lines 220 kV Plat – Trebinje
 - Bulgaria-Romania Energy Markets Coupling

2.2.2. *“ACTION 3 – To enforce regional cooperation with a view to develop and implement the North-South gas interconnection projects*

- Progress in the implementation of the action:

The roadmap is focusing on the identification of the Projects of Common Interest (PCIs) which are with key importance for integrating the Region’s gas market. As part of this process the PA2 is acquired an observer status in the North-South Gas Working Group which was granted by the responsible services of the European Commission. As part of the implementation, the PA2 is developed the Danube Region Gas Market Model in order to create strong basis to the countries of the EUSDR to form their joint therefore, strong position on natural gas PCIs. The Model is able to produce a list of gas infrastructure projects prioritized by their regional

impact. The main goal of the PA2 is to boost the implementation of the projects which are on the top of the prioritized list. The PA2 has already started the consultation process with the European Investment Bank on the possible cooperation in order to finance energy infrastructure projects.

- List of projects associated with the action:
 - Adriatic spot market for crude oil and oil products
 - Bulgaria-Serbia Gas Interconnector
 - Slovakia-Hungary Interconnector

2.2.3. *“ACTION 4 – To develop gas storage capacities. A secure energy supply for Europe cannot rely on the construction of pipelines only. Additional flexibility through storage capacity is therefore necessary as well. Support should be given to the realization of storage projects to ensure that all countries of Central and Eastern Europe have adequate access to such facilities. The regional approach to planning the storage facilities should in particular apply to ensure that the new infrastructure is developed in the most efficient manner.*

- Progress in the implementation of the action:

The implementation of the roadmap will include the following activities in order to understand the current situation:

- collecting the list of already existing and planned gas storage projects in the EUSDR countries, including their main parameters,
- evaluation of the utilization of the available gas storage capacities, as well as the role of the planned gas storage projects in a functional regional energy gas market,
- evaluation of the planned interconnectors from the point of view of their possible effect on the utilization of the storage capacities,
- evaluation of the effectiveness of the mechanisms suggested by the CEER Guideline on third party access to natural gas storage in facilitating optimal use of the available gas storage capacities in the Region and offer modification if necessary.

As part of the implementation, countries of the EUSDR asked the Priority Area 2 to conduct a study for the optimal use of the gas storage capacities in the Region.

- List of projects associated with the action:
→ [Name of the project; a full description will be in annex 2.]

2.2.4. *“ACTION 6 – To cooperate to implement the Regional network integration and the New Europe Transmission System (NETS) in line with the feasibility study*

- Progress in the implementation of the action:

The roadmap of the specific Action was elaborated in close cooperation with the company responsible for the initiative. Priority Area will follow closely the implementation.

- List of projects associated with the action:

→ *[Name of the project; a full description will be in annex 2.]*

2.3. “Strengthen cooperation of the Energy Community countries with international financial institutions to upgrade the EC countries’ energy infrastructure and energy markets by 2015”

2.3.1. *“ACTION 2 To ensure that actions are coherent with the general approach of the Energy Community and explore synergies between the Energy Community and the Danube Strategy processes”*

“ACTION 5 To tap possible cooperation opportunities with the Energy Community”

- Progress in the implementation of the action:

The Steering Group of the PA2 on its meeting held on 22 February 2012 accepted a concept paper (ANNEX 7) which serves as basis for cooperation between the two initiatives. In this document the PA2 identified the possible cooperation topics and opportunities. As a first result of the implementation of the Action, the Priority Area 2 is invited to the EnC’s Regional Energy Strategy Task Force Meetings as observer. The Task Force is responsible for drafting the common Energy Strategy of the EnC’s contracting parties. As another important cornerstone of cooperation, the EnC Regional Energy Strategy Task Force decided to share its energy data which was used as an input of the Danube Region Gas Market Model. The PA2 would like to achieve the best available synergies between the Danube Region Gas Market Model developed by the PA2 and the Regional Energy Strategy elaborated by the EnC in order to multiply their positive effects on the Region’s gas market integration thus future consultations are expected in this aspect as well.

- List of projects associated with the action:

→ *[Name of the project; a full description will be in annex 2.]*

ANNEXES

ANNEX 1: ROADMAPS TO IMPLEMENT EACH ACTION

ROADMAP FOR AN ACTION

ACTION 1

Action - “To develop a joint position of the region regarding the changes which could be introduced in the framework of the TEN-E Policy review and the modalities of the new Energy Security and Infrastructure Instrument, especially regarding the energy infrastructure gaps”. It will be in the interest of the region to ensure that the instrument supports projects and concepts of key importance to the region such as a north-south gas interconnection, investments in gas networks, investments in supply routes benefiting the region, etc..

FOREWORD

On October 19, 2011, the European Commission published a proposal for a Regulation on guidelines for trans-European energy infrastructure and repealing Decision no 1364/2006/EC. When finalized, this regulation will replace the present TEN-E program of the EU and will serve as the union level framework to identify and support the development of energy infrastructure projects with a trans-European interest.

The primary purpose of the proposed legislation is to strengthen energy supply security and market integration across the Union as well as to enhance energy infrastructure so that it can integrate massive amounts of renewable electricity production in the future.

The European Union Strategy for Danube Region and its Action Plan states that for a secure and well-functioning natural gas market in the Region ‘...the interconnections between national markets have to be improved and countries in the region need to gain access to new external sources. Reinforcing gas transmission infrastructure will be key for preventing potential supply disruption in the future. Well-functioning networks, interconnections and interoperability are needed for energy security, diversification and effective energy operation.’ The Action Plan foresees the development of a joint position of the region regarding natural gas PCIs within the framework of the new Connecting Europe Facility. Such a joint position could help the Region to gain European support for projects with outstanding regional relevance.

In order to implement the specific action, Priority Area 2 (PA2) in close cooperation with an outside consultancy shall prepare a study with an objective to provide adequate support for developing the Danube Region joint position on natural gas PCI’s (Projects of common interest).

Milestone n°1: The implementation of the specific action requires substantial human resources and professional expertise. Therefore as first step, Priority Area shall hire outside consultancy.

- *Work:* PAC’s are responsible for choosing the outside consultancy which has the necessary professional experience and human resources to perform the study

✓ *Output*: outside consultancy with proper professional skills and human capacity selected
→ *Responsible*: PAC's; *Deadline*: one month after starting the implementation (31/01/2012)

Milestone n°2: First concept paper on the proposed study shall be presented to the Steering Group of the Priority Area 2.

- *Work*: outside consultancy shall present its first views on the proposed study to the Steering Group of the Priority Area 2.
✓ *Output*: theoretical support is granted by the Steering Group
→ *Responsible*: outside consultancy, Priority Area; *Deadline*: 28/02/2012

Milestone n°3: Elaboration of the Study focusing on the development of the Danube Region joint position on natural gas PCI's.

- *Work*: The primary task of the study is to create an economic modelling framework that allows for a consistent analysis of interactions between gas infrastructure investment options and consequent gas market development and integration in the Danube Region.
 - **Task I.** – country profiles: under this Task a critical assessment of existing national gas industry assets and capacities will be carried out. Production, transmission, cross border capacity and underground storage facilities will be covered.
 - **Task II.** – Identification of infrastructure development options: under this Task those infrastructure development plans and projects with a potential and significant impact on the Danube Region gas market will be identified that have emerged so far in national studies, the ENTSO-G network development plan or Energy Community studies. In addition to the technical characteristics of the development options, cost data for the projects will be collected by the assistance of the Steering Group members of the Priority Area 2. Cost data will be crucial in evaluating the cost-efficiency of infrastructure development alternatives.

Finally, a number of feasible regional infrastructure scenarios (or packages, corridors) with a potential to become a PCI (for example NETS, North-South corridor, alternative South energy corridor projects, etc) will be identified, in consultation with the DRS PA2 and the Steering Group.

- **Task III.** – Modelling analysis: under this task a quantitative assessment of the relationship between potential future natural gas infrastructure development projects (scenarios) and their likely impact on gas market integration in the Danube Region will be carried out. This analysis will facilitate the ranking of development alternatives.

Estimated impacts will be compared to modelling outcomes of a Baseline Scenario describing the present (end of 2011) situation. In particular, the following impacts of development options are to be quantified:

- Impact on the average wholesale price of gas by country
- Impact on cross border gas trade flows across the Danube region
- Impact on the level of source diversification by country
- Impact on leverage to Russian supply routes by country

✓ *Output:* Modelling the Danube Region natural gas market integration is completed

→ *Responsible:* outside consultancy in close cooperation with the Priority Area;

Deadline: 29/05/2012

Milestone n°4: Conclusions of the study discussed by the Priority Area 2

- *Work:* Priority Area 2 to discuss the conclusions of the study presented by the outside consultancy

✓ *Output:* **Conclusions of the Priority Area 2 accepted**

→ *Responsible:* Steering Group; *Deadline:* 30/05/2012

Milestone n°5: Dissemination of the study and its conclusions focusing on the Danube Region joint position on the natural gas PCI's in the framework of the Annual Stakeholder Seminar of the Priority Area 2.

- *Work:* to disseminate the study and its results in the framework of the Annual Stakeholder Seminar of the Priority Area 2.

✓ *Output:* study disseminated

→ *Responsible:* outside consultancy in close cooperation with the Priority Area;

Deadline: 31/05/2012

Milestone n°6: Dissemination of the study and its conclusions focusing on the Danube Region joint position on natural gas PCI's at the level of the European institutions such as the European Commission and the European Parliament.

- *Work:* to disseminate the study and its conclusions at the level of the European institutions such as the European Commission and the European Parliament

✓ *Output:* study and its conclusions disseminated at the level of the European institutions

→ *Responsible:* PAC's; *Deadline:* 31/08/2012

ACTION 2-5

CONCEPT PAPER

Concept paper on the possible cooperation between the EU Strategy for the Danube Region and the Energy Community (accepted by the Steering Group of the PA2 on 23rd February 2012)

The EU Strategy for the Danube Region (EUSDR) and the Energy Community are both instruments to facilitate energy market integration. EUSDR and the Energy Community should work and cooperate closely together also to encourage synergies and avoid duplications.

The main goal of the Energy Community is to implement the EU's energy acquis in the Western-Balkan region, but also in Ukraine and Moldova. In the short term it aims at creating open and transparent national energy markets, based on stable regulatory and market frameworks. In the medium term, an integrated energy market should be in place across the region which allows for cross-border trade in energy and also guarantees energy supply. Finally, in the long term, the regional market should be fully integrated in the European Union's internal energy market.

The EUSDR aims at coordinating long-term energy policies as well as national investment strategies (power plants, grids, pipelines, interconnectors, etc.). Regarding energy markets, the aim is to establish an integrated and well-functioning market for energy. In order to achieve the EU2020 targets the Strategy helps to increase the use of renewable energy sources and also to improve energy efficiency.

The European Commission in the Strategy's accompanying Action Plan suggested 3 concrete actions for cooperation between the EUDRS and the Energy Community as follows:

Energy infrastructure

- Action - "To ensure that actions are coherent with the general approach of the Energy Community and explore synergies between the Energy Community and the Danube Strategy processes". The Energy Community aims at extending the EU internal energy market to South East Europe (Parties: Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Serbia, and Kosovo; Participants: Austria, Bulgaria, Cyprus, Czech Republic, France, Germany, Greece, Hungary, Italy, The Netherlands, Romania, Slovakia, Slovenia, and United-Kingdom as well as the European Union).

Energy markets

- Action - "To tap possible cooperation opportunities with the Energy Community", which aims in particular at creating an integrated energy market allowing for cross-border energy trade and integration with the EU market.

Energy efficiency and renewable energy

- Action - “To encourage the Energy Community members/ observers in adopting and implementing the Renewable Energy Directive”. Negotiations are underway to include RES directive in the ‘acquis communautaire’ to be implemented by Energy Community members within the framework of the Energy Community.

In this concept paper, as a first step, we would like to concentrate on the general ways of cooperation between the EUSDR and the Energy Community. Since the 2nd Steering Group Meeting of the PA2 held in Prague on 27 October 2011 the following steps have been made:

- Visit of Anita ORBÁN (Priority Area Coordinator for PA2) at the Energy Community’s Headquarter in Vienna – 20 December 2011
- Consultations with Mr. Slavtcho NEYKOV (Director, Energy Community) and Mr. Dirk BUSCHLE (Deputy Director, Energy Community)
- Following the meeting, the PA2 requested an observer status for the EUSDR in the Regional Energy Task Force of the Energy Community which has been granted
- The Regional Energy Task Force officially invited the PA2 as observer to its meetings; - 13.01.2012
- Mr. Slavtcho NEYKOV’s and Mr. Dirk BUSCHLE’s visit to Hungary; The one day meeting included consultation with Mr. Balázs MEDGYESY – Government Commissioner Responsible for the EU Danube Region Strategy. During the consultations several possible cooperation topics between the EUSDR and EC have been identified; - 17.01.2012

Following steps to done

Implementation of the “acquis” in the Energy Country contracting parties

Role of the EU DRS Member States

In order to help the Energy Community in its main goal related to the implementation of EU “acquis communautaire” among its contracting parties, we must identify the available institutional best practices and knowledge in the EU countries of the Danube Region Strategy. This can be done via the Steering Group Members network of the PA2.

We recommend that each DRS EU-country offers its available best practices and knowledge to the non-EU Member States in a specific topic, via TAIEX and TWINNING training programs.

- Example: Hungary has huge capacity and knowledge regarding the use of many types of renewable energy sources. Therefore Hungary is willing to launch

training programs to experts and institutions from the Western-Balkan countries, through the TAIEX facility, in order to implement the EU acquis related to renewables, including the Renewable Energy Directive.

- Project example: How to utilize best the geothermal potential – legal background, best practices and project examples by the Hungarian Geothermal Association;
- Project example: Transfer of institutional knowledge, best practices on the implementation of Directive 2001/77/EC (promotion of electricity produced from renewable energy sources in the internal electricity market)

Role of the non-EU DRS Member States

In close cooperation with the Energy Community, we recommend that the non-EU Member States of the Danube Region Strategy identify their needs, problems related to the adaption and implementation of the EU “acquis communautaire” in which they would welcome the experiences of the EU Member States of the EUDRS.

- Examples:
 - difficulties:
 - in the implementation of the Renewable Energy Directive
 - in the elaboration of support schemes for electricity produced from renewable energy sources (based on Directive 2001/77/EC)
 - in the preparation of Simplified Renewable Energy Action Plans (SREAP)
 - in the implementation of Directive 2003/30/EC (promotion of the use of biofuels or other renewable fuels for transport) regarding the provisions on incentive measures, monitoring and reporting

Participation in the Regional Energy Strategy Task Force

The Priority Area 2 will circulate amongst its Steering Group Members the first draft of the Regional Energy Strategy Concept which was composed by the Energy Community Secretariat. The following meeting of the Regional Energy Task Force is to be held in Vienna on 28th February 2012, where the PA2 will take part as observer.

Annual Stakeholders Seminar of the DRS PA2

The EUDRS PA2 is going to hold its first Stakeholders Seminar on 31st May 2012 in Budapest. Following the opening plenary session the conference will continue with three parallel panels, such as energy infrastructures, energy markets and renewables. Energy Community will be asked to delegate experts to each panel.

ACTION 3

ROADMAP FOR AN ACTION

(accepted by the Steering Group of the Priority Area 2 on 23 February 2012)

Action - “To enforce regional cooperation with a view to develop and implement the North-South gas interconnection projects”.

The strategic concept of the North-South natural gas interconnection is to link the Baltic Sea area (Poland) to Adriatic and Aegean Seas and further to the Black Sea, covering the following EU Member States (Bulgaria, Hungary, Poland, Romania, Slovakia, Austria and the Czech Republic). This would provide the overall flexibility for the entire Central East European (CEE) region to create a robust, well-functioning internal market and promote competition. The concept would make the best use of existing and new import infrastructures, such as new LNG regasification plants and projects of the Southern Corridor.

Milestones

1. Development and endorsement of the North-South in CEE Action Plan, including projects and actions on gas
 - November 2011 – Done
2. Start implementation of the projects and actions related to the gas sector in the North-South Action Plan
 - November 2011 – Ongoing. Responsible bodies: project promoters, MS, regulatory authorities
3. Monitor implementation of the Action Plan
 - Gather information on progress from project promoters on projects and responsible entities for actions – June-September 2012. Responsible bodies: COM, project promoters and action owners
 - Prepare 1st progress report – October 2012. Responsible body: COM
4. Identify "projects of common interest" in SEE
 - Launch regional working group in SEE for gas – March 2012. Responsible body: COM (gas working group membership: MS, Regulators and TSOs, representative of ACER and ENTSOG)
 - Identify complete list of projects to be assessed in the SEE region – June 2012. Responsible body: gas working group in SEE, TSOs and other project promoters
 - Agree on the project assessment methodology using evaluation criteria as described in the new Regulation on TEN infrastructure (under discussion with Parliament and Council) – July 2012. Responsible body: gas working group in SEE
 - Propose list of "projects of common interest" in SEE – October 2012. Responsible body: gas working group in SEE
5. Review projects in CEE according to the assessment methodology agreed in July

- Propose list of "projects of common interest" in CEE – October 2012.
Responsible body: North-South Gas working Group, North-South High Level Group

6. Project management

- North-South Interconnections High Level Group meetings – June 2012; October 2012

ROADMAP FOR AN ACTION

ACTION 4

Action - “To develop gas storage capacities”. A secure energy supply for Europe cannot rely on the construction of pipelines only. Additional flexibility through storage capacity is therefore necessary as well. Support should be given to the realisation of storage projects to ensure that all countries of Central and Eastern Europe have adequate access to such facilities. The regional approach to planning the storage facilities should in particular apply to ensure that the new infrastructure is developed in the most efficient manner.

□ *Example of project - “To implement the already agreed infrastructure projects on time, in particular the TEN-E and the European Energy Programme for Recovery projects in the Region, especially the important interconnectors and pipelines ”.*

FOREWORD

Periodic crises highlight the Danube Region’s vulnerability regarding security of supply. As a core element of the energy infrastructure, gas storages are essential in order to improve the situation. Countries of the Danube Region differ from each other from the available gas storage capacity point of view. Some of them have substantial unused capacities while others are lacking storage availabilities. The Danube Region Strategy is a possible platform to coordinate the effective capacity allocation.

In order to ensure the security of supply as a main goal of the EUSDR, Priority Area 2 shall work out a mechanism for the optimal use of the available capacities in the Region. The Priority Area shall also examine the role of the planned gas storage projects in a functional regional energy gas market.

Milestone n°1: As a first step the Priority Area shall map out the list of existing and planned gas storage capacities in the countries of the EUSDR.

- *Work:* Steering Group members shall collect the list of already existing and planned gas storage projects in their countries, including their main parameters.
 - ✓ *Output:* list of already existing and possible gas storage projects
 - *Responsible:* SG members; *Deadline:* 3 months after starting the implementation

Milestone n°2: The Priority Area shall evaluate the utilization of the available gas storage capacities, as well as the role of the planned gas storage projects in a functional regional energy gas market.

- *Work:* To examine the utilization of the available gas storage capacities, as well as the role of the planned gas storage projects
 - Assessment of storage demand and supply endowment of the countries, identification of physical and contractual congestions.
 - ✓ *Output:* current situation regarding gas storage utilization and development evaluated
 - *Responsible:* Priority Area; *Deadline:* 3 months after the previous milestone is completed

Milestone n°3: Evaluation of the planned interconnectors from the point of view on their possible effect on the utilization of the storage capacities.

- *Work:* to evaluate the effect of the planned interconnector projects
 - ✓ *Output:* effect of the planned interconnectors evaluated
 - *Responsible:* SG members; *Deadline:* 4 months after the previous milestone is completed

Milestone n°4: to evaluate the effectiveness of the mechanisms suggested by the CEER Guideline on third party access to natural gas storage in facilitating optimal use of the available gas storage capacities in the Region and offer modification if necessary, based on the outcome of milestones 1-3.

- *Work:* Assessment of current mechanisms in the Region compared to those in the Guidelines. Suggestions for amendments of current practice to facilitate optimal use of the available gas storage capacities.
 - ✓ *Output:* Suggestions elaborated and accepted by the Steering Group
 - *Responsible:* Priority Area; *Deadline:* 4 months after the previous milestone is completed

ROADMAP FOR AN ACTION

ACTION 6

Action: *“To cooperate to implement the Regional network integration and the New Europe Transmission System (NETS) in line with the feasibility study”.*

Milestone n°1: Transform NETS Study Company into a joint venture company

- *Work:* To elaborate the Joint Venture Agreement, the Articles of Association and Study Scope.
 - ✓ *Output:* finalized Joint Venture Agreement, the Articles of Association and Study Scope
 - *Responsible:* The participating TSOs;
 - *Deadline:* 30/06/12, subject to the length of national approval procedures
- *Projects:* To closely co-operate on the wording of the text. To approve the Joint Venture Agreement, the Articles of Association and the Study Scope.
 - ✓ *Output:* approved Joint Venture Agreement, the Articles of Association and Study Scope by the participating TSOs
 - *Funding:* The participating TSOs co-financed by the EU TEN-E fund;
 - *Responsible:* The participating TSOs; *Deadline:* 30/06/12

Milestone n°2: Elaborating studies n°1, n°2 and n°3

- *Work:* The participating TSOs agree on the first three studies to be carried out. The participating TSOs select the consultant(s) for the first three studies via public procurement.
 - ✓ *Output:* contracted consultant(s) / first three studies prepared
 - *Funding:* The participating TSOs co-financed by the EU TEN-E fund;
 - *Responsible:* The participating TSOs, contracted consultant(s);
 - *Deadline:* three months after the previous milestone is completed
- *Projects:*
 - Study n°1 (working title: Detailed analysis of the core and impacted gas markets from gas infrastructure usage point of view)
 - Study n°2 (working title: Potential new supply sources in the core and impacted region)
 - Study n°3 (working title: Detailed analysis of available worldwide best practices)
 - *Funding:* The participating TSOs co-financed by the EU TEN-E fund;
 - *Deadline:* three months after the previous milestone is completed

Milestone n°3: Elaborating studies n°4 and n°5

- *Work:* The participating TSOs agree on the last two studies to be carried out. The participating TSOs select the consultant(s) for the last two studies via public procurement.
 - ✓ *Output:* contracted consultant(s) / last two studies prepared
 - *Funding:* The participating TSOs co-financed by the EU TEN-E fund;
 - *Responsible:* The participating TSOs, contracted consultant(s);
 - *Deadline:* 31/03/13
 - *Projects:*
 - Study n°4 (working title: Development of integrated CEE gas market concept)
 - Study n°5 (working title: TSO's role in realization of the integrated CEE gas market)
- *Funding:* The participating TSOs co-financed by the EU TEN-E fund;
 → *Deadline:* six months after the previous milestone is completed

Milestone n°4: Evaluation of and strategic decision based on the studies regarding the continuation of the project

- *Work:* The participating TSOs evaluate the co-operation and decide on its future, including the eventual realisation of the suggestions of the studies.
 - ✓ *Output:* strategic decision
 - *Responsible:* The participating TSOs;
 - *Deadline:* six months after the previous milestone is completed

ROADMAP FOR AN ACTION

ACTION 7

Action - “To build a working relationship with the Central Eastern European Forum for Electricity Market Integration; this could be enlarged to neighbouring countries”. The integration of electricity markets and market platforms, as well as handling the generation capacity in the region, require specific harmonisation of legislation and market rules, which can be best coordinated at regional level. The following ‘Central Eastern European Forum for Electricity Market Integration’ (Austria, Czech Republic, Germany, Hungary, Poland, Slovakia and Slovenia) – “Heptalateral Forum” should be further developed.

Milestone n°1: Creation of the Central Eastern European Forum

- *Work:* Establishment of the CEE Forum with the aim to remove the trade barriers and the bottlenecks in electrical networks
 - ✓ *Output:* Signing of the Memorandum of Understanding
 - *Responsible:* Ministries responsible for energy; *Deadline:* 12/2009

Milestone n°2: Specification of the CEE Forum

- *Work:* Defining of workgroups and their targets
 - ✓ *Output:* Kick-off meeting – elaboration and concretization of the targets from the MOU
 - *Responsible:* Ministries; *Deadline:* 6/2010

Milestone n°3: Creation of the CEE Forum Workgroups

- *Work:* Establishment of the CEE Forum
 - ✓ *Output:* Defining of cooperation among the stakeholders
 - *Responsible:* Ministries, TSOs, National energy regulators, Power exchanges; *Deadline:* Autumn 2010

Milestone n°4: Flow-based method for capacity calculation

- *Work:* Development of the Flow-based method calculation cross border available capacity in CEE region, for day-ahead electricity trading
 - ✓ *Output:* Calculation method description
 - *Responsible:* TSOs, CAO; *Deadline:* 31/12/2011
- *Projects:*
 - Common Grid model – deadline 31/12/2010
 - Flow-based capacity calculation for day ahead trading – deadline 31/12/2011
 - ✓ *Output:* Method is tested (Dry run tests)
 - *Funding:* TSOs contribution, CAO; *Responsible:* CAO, TSOs; *Deadline:* 31/12/2011

Milestone n°5: Support of Joint Declaration ACER and NRAs issued in March 2012

- *Work:* Cooperation of Member states and support stakeholders to find common agreement on next steps
 - ✓ *Output:* Political Guidance on the creation of an integrated Central Eastern European Electricity Market
- *Responsible:* SG CEE Forum; *Deadline:* 30/04/2012

Milestone n°6: Force stakeholders on the way forward to implementation EU integrated

market with electricity by the 2014

- *Work:* Monitor the development of the CEE Target Model Implementation Roadmap; Draft the roadmap
 - ✓ *Output:* CEE Target Model Implementation Roadmap (TSOs and PXs)
- *Responsible:* SG CEE Forum and stakeholders; *Deadline:* 30/06/2012

Milestone n°7: Removal of impediments to electricity trading in CEE Region

- *Work:* Monitor impediments to electricity trading or new barriers in CEE Region or between regions. Necessary activities or political support for removal impediments or barriers
 - ✓ *Output:* Necessary actions including negotiation on EU level with the aim to remove obstacles
- *Responsible:* SG and stakeholders CEE Forum; *Deadline:* 31/12/2013

Milestone n°8: Integration of electricity trading in CEE Region

- *Work:* Completion of integration of electricity market incl. approval of rules
 - ✓ *Output:* Fully integrated electricity market in CEE Region
- *Responsible:* Member States; *Deadline:* 31/12/2013

Abbreviations:

CAO – Central Allocation Office GmbH

SG – Steering Group

FB MC – Flow-Based Market Coupling

PXs – Power Exchanges, i.e. day-ahead market operators

ROADMAP FOR ACTIONS

ACTION GROUP 8-11-16

Action (8): “To extend the use of biomass (e.g. wood, waste), solar energy, geothermal, hydropower and wind power”, especially by research and exchange of experiences / good practices / dissemination of information on related activities undertaken at national level. This would imply networking and cooperation between national authorities in order to promote awareness on renewable energy.

Action (11): “To explore the possibility to have an increased energy production originating from local renewable energy sources to increase the energy autonomy”. Energy autonomy not only diminishes dependency on energy import but creates also new jobs by requiring new energy production systems and increases the value of regional assets in a sustainable way as each region creates long-term energy sources without depending on others.

Action (16): “To facilitate networking and cooperation between national authorities in order to promote awareness and increase the use of renewable energies (biomass, solar, hydropower and wind) especially by research and exchange of experiences/ good practices/ dissemination of information on related activities undertaken at national level.

FOREWORD

In order to avoid duplications and explore synergies with other initiatives, EUSDR Priority Area 2 (PA2) is committed to build on already operating successful structures to facilitate practical applications. There are many excellent on-going or already completed projects available on ground, financed by different EU sources such as cross-border cooperation or transnational programs. The most problematic issue is the dissemination of the information, knowledge generated during the project cycle. In our view the Danube Region Strategy with its network could successfully enhance this process.

As a first step of the implementation of the current action-group, PA2 is focusing on issues related to the sustainable exploitation of the biomass potential of the EUSDR countries. As a first pilot concept EUSDR PA2 would like to build on the results of the 4BIOMASS project listed as project example in the Strategy's Action Plan.

The 4BIOMASS concept already includes 5 EUSDR countries (Austria, Czech Republic, Germany, Hungary, and Slovenia) therefore, as a first step, some basic information from the other EUSDR countries shall be collected in order to complement the Transnational Biomass Action Plan, elaborated by the 4BIOMASS project.

In parallel with the implementation of the specific roadmap, Priority Area 2 shall launch the gap analysis of other renewable energy sources including the identification of obstacles blocking their successful integration into energy networks. The results of these analyses that could be based on intensive networking and updating already available studies (e.g. EnC, IEA studies) will serve as input to the Danube Region Renewable Energy Action Plan.

Besides particular projects the main aim of this roadmap is to facilitate networking and knowledge sharing in the field of renewables in order to identify best practices, excellent

research groups and financing methods in the region. This exercise should allow the EUSDR countries to obtain funds by acting together and coordinated rather than alone and segmented.

Milestone n°1: Steering Group Members of the other 9 EUSDR countries not included in the 4BIOMASS project are required to provide information as follows: general country description (agriculture, forestry); general energy profile; current status of biomass (solid biomass, biogas, biofuels); policy assessment (key actors; national bioenergy policy, strategies and action plans; bioenergy targets; regulation scheme; financial support and economic incentives, environmental impacts of biomass production and use); assessment of available biomass resources, energy/food trade-offs, overview on the whole biomass value chain in terms of biomass supply, logistic, boiler and other biomass-utilization devices in each countries.

In order to further develop the demo project database of the 4BIOMASS project, SG members are also asked to provide the possible list of best practice projects, implemented in their respective countries.

- *Work:* Steering Group members are responsible for providing the information mentioned in Milestone no1.
 - ✓ *Output:* completed country profiles
 - *Responsible:* SG members; *Deadline:* 6 months after starting the implementation

Milestone n°2: Modification of the Transnational Biomass Action Plan which is the output of the 4BIOMASS project to a Danube Region wide Transnational Action Plan based on the information provided by the EUSDR countries. The implementation of the following Milestones would require specific professional skills; therefore outside consultancy shall be hired.

Selection of the proper outside consultancy

- *Work:* PA2 to choose the proper outside consultancy
 - ✓ *Output:* outside consultancy with proper professional skills selected
 - *Responsible:* PAC's; *Deadline:* 2 months after the previous milestone is completed

Modification of the Transnational Biomass Action Plan to a Danube Region wide Action Plan.

The modified Action Plan would include general and sectorial recommendations (biomass production from forestry and agriculture; biomass for heating and cooling; biomass for electricity; biomass for transport fuels; transport of biomass) for the whole Danube Region based on the original Action Plan completed with the missing country profiles.

- *Work:* modification of the already available Action Plan to a Danube Region wide concept
 - ✓ *Output:* Danube Region Biomass Action Plan completed
 - *Responsible:* consultancy in close cooperation with PA2; *Deadline:* 8 months after the previous milestone is completed

Milestone n°3: Dissemination of the Danube Region Biomass Action Plan in the EUSDR Member States and create a network for relevant stakeholders dealing with biomass, based on the “Biomass Transnational Forum” established by the 4BIOMASS concept.

Steering Group (SG) Members are responsible for disseminating the Danube Region Biomass Action Plan to all relevant stakeholders (ministries, implementing authorities, professional associations, knowledge centres) in their countries. SG members are also liable for collecting comments, raised in their countries (public consultation). PAC's are responsible to consult the Action Plan with the European Commission.

- *Work:* dissemination of the Action Plan and public consultation
 - ✓ *Output:* information disseminated and comments collected
 - *Responsible:* SG members, PAC's; *Deadline:* 3 months after the previous milestone is completed

Milestone n°4: Possible modification of the Danube Region Biomass Action Plan based on the comments, suggestions collected through the implementation of Milestone no3.

- *Work:* to modify the Danube Region Biomass Action Plan
 - ✓ *Output:* Modified, harmonized Action Plan
 - *Responsible:* Consultancy in cooperation with PA2; *Deadline:* 3 months after the previous milestone is completed

Milestone n°5: Policy recommendations

In order to extend the sustainable use of biomass in the DRS countries, policy recommendations will be accepted based on the study and the consultation process.

- *Work:* Consultancy in close cooperation with the Priority Area is responsible to elaborate policy recommendations to relevant decision makers in order to help the EUSDR countries to exploit their full biomass potential within sustainable frames.
 - ✓ *Output:* policy recommendations accepted by the Steering Group
 - *Responsible:* consultancy in close cooperation with the Priority Area; *Deadline:* 5 months after the previous milestone is completed

ACTION 9

Mr Florian Ballnus,
Priority Area 6 Coordinator,
Bavarian State Ministry of the Environment
and Public Health,
Germany

Ms Kornelija Pintarić,
Priority Area 6 Coordinator,
Ministry of Culture,
Nature Protection Directorate,
Croatia

Budapest, “ “ March 2012

Dear Priority Area Coordinators,

We present our compliments to the Priority Area 6 of the EU Strategy for the Danube Region and would like to inform You that Hungary and the Czech Republic are making progress as co-coordinators of the Sustainable Energy Priority Area (Priority Area 2) within the Strategy for the Danube Region.

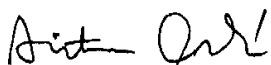
During the implementation process one of our goals is to be facilitators and effective coordinators to make a genuine contribution so that we have well-functioning energy networks, interconnections, interoperability within the Danube-macro region and to reach the renewable targets.

As part of this process we are making roadmaps for actions in the Action Plan. One of actions in our Priority Area is ***“To reinforce the Carpathian Convention to share best practices on using biomass for energy purposes”***. We believe that the Priority Area 6's focus on preserving biodiversity, landscapes and the quality of air and soils is closer to the activities of the Carpathian Convention than that of the PA2. Further as far as we understand, observers from the Carpathian Convention participate in PA6 Steering Group meetings. To avoid duplication and to build on synergies, of the Danube Strategy we would recommend that the PA6 takes over the leadership in implementing the above action.

As co-coordinators of the PA2 we would like to offer our assistance if the Priority Area 6 has any questions or actions related to or relevant for the energy infrastructure, energy markets, energy efficiency and the use of renewable energy or any other energy related issue in the Danube region.

We are grateful for your consideration.

Sincerely yours,



Ms Anita Orbán
Priority Area Coordinator
forsustainable energy



Ms Olga Svítáková
Priority Area Coordinator
for sustainable energy



Bayerisches Staatsministerium für
Umwelt und Gesundheit



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Ms Anita Orbán
Priority Area 2 Coordinator
Ministry of Foreign Affairs
Hungary

Ms Olga Svitáková
Priority Area 2 Coordinator
Ministry for Industry and Trade
Czech Republic

by E-Mail

Ihre Nachricht
05.03.2012

Unser Zeichen
E3c-A0082.90-2012/45-1

Telefon +49 (89) 9214-3144
Dr. Florian Ballnus
Florian.Ballnus@stmug.bayern.de

München
13.03.2012

EU Strategy for the Danube Region
Shifting Action "using biomass for energy purposes" from PA2 to PA6

Dear Ms Orbán,
dear Ms Svitáková!

Thank you very much for your letter from 5. March 2012. I also would like to send my compliments to the Priority Area 2 and would congratulate you for the efficient progress you made in the facilitation of the implementation of the PA2 actions.

I also would like to express that I fully support your approach of close cooperation among the Priority Area Coordinators, as the EUSDR follows an integrative approach and it is for the benefit of all of us to seek for synergies and to support each other, where possible and appropriate.

It is true, that the action "To reinforce the Carpathian Convention to share best practices on using biomass for energy purposes", currently laid down in Priority Area 2, has references to and is to some extent overlapping with Priority Area 6, also taking into consideration that the Carpathian Convention has been appointed as a permanent Observer in Priority Area 6.

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Nevertheless, we have to keep in mind that the Action Plan of the EUSDR is the result of an extensive consultation and decision taking process of the participating countries. At the moment I would therefore not see the possibility to shift actions from one Priority Area to another one, without a respective consultation process.

However, the Action Plan is a "living document" and there might be the option of its alteration at a later point of time, depending also on the first results of the single actions and projects. This would also be the opportunity to consider a possible shift from PA2 to PA6 again. At a later stage and with first experiences gained, I believe it will be easier to judge, whether the focus of the above mentioned action is heading more towards renewable energies or more to biodiversity-related issues. At the moment we do not know this and therefore I propose to keep the action in the responsibility of PA2. In any case, at least the Steering Groups of PA2 and PA6 shall have the opportunity to discuss and to approve a potential later shift as well.

Considering all these arguments, I would propose the following next steps:

1. For the time being, the mentioned Action remains in the responsibility of PA2.
2. The Priority Area Coordinators of PA6 will support the facilitation of the implementation of related projects and initiatives and are interested to follow the further progress. PA6 is ready to facilitate the coordination with other PA6-related actions and projects, which might emerge from the PA2 action.
3. The Priority Area Coordinators of PA2 and PA6 could jointly participate at events and conferences related to the above mentioned action. This would also demonstrate the integrative and cooperative approach of the EUSDR.
4. To a later point of time, the shift of the action from PA2 to PA6 should be considered again.

I hope this proposal finds your agreement. I remain at your disposal for any further questions or remarks.

With kind regards



Florian Ballnus

Priority Area Coordinator 6

Bavarian State Ministry of the Environment and Public Health

Mr Florian Ballnus,
Priority Area 6 Coordinator,
Bavarian State Ministry
of the Environment and Public Health,
Germany

Budapest, "21" March 2012

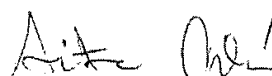
Dear Priority Area Coordinator,

Thank you very much for your reply concerning the Action ***"To reinforce the Carpathian Convention to share best practices on using biomass for energy purposes"*** in the Priority Area 2.

We are grateful for your cooperation. We think exchanging experiences and discussing common challenges between the Priority Areas can integrate the EU Strategy for Danube Region more efficiently. Your proposal for the next steps is beneficial for the coordination of the above mentioned action. We will follow this suggestion.

We are convinced that the cooperation in the future could be useful on both sides, and we are looking forward to work with Priority Area 6.

Sincerely yours,



Mrs Anita Orbán
Ambassador-at-large for Energy Security
Priority Area Coordinator
for sustainable energy

ROADMAP FOR AN ACTION

ACTION 10

Actions: *“Action - “To implement the National Renewable Energy Action Plans and to prepare a Danube Region Renewable Energy Action Plan”. These should be prepared in light of a Strategic Environmental Impact Assessment where appropriate²⁷”.*

FOREWORD

Each Member State of the European Union is obliged to adopt its national renewable energy action plan (NREAP) under directive 2009/28/EC on the promotion of the use of energy from renewable energy sources.

In order to boost the transposition and implementation of certain provisions from directive 2009/28/EC, the Energy Community prepared a Simplified Renewable Energy Action Plan (SREAP) template to its contracting parties. Countries of the Energy Community were asked to provide their SREAP until 30/06/2011 which later was extended until 30/06/2012.

The Simplified Renewable Energy Action Plan includes substantial part of the NREAP therefore those country documents together with NREAP's could be the basis for preparing a Danube Region Renewable Energy Action Plan.

Milestone n°1: The evaluation of the NREAP and SREAP documents and also the elaboration of a Danube Region wide Renewable Energy Action Plan would require substantial financial resources. As anext step the Priority Area shall identify the possible financial resources for the implementation of the action.

- *Work:* to identify and acquire the financial resources in close cooperation with the outside consultancy
 - ✓ *Output:* financial resources identified and acquired
 - *Responsible:* PAC's in cooperation with the outside consultancy; *Deadline:* 4 months after starting the implementation

Milestone n°2: The implementation of the specific action shall start with the horizontal analysis of the NREAP and SREAP documents of the EUSDR countries. This work requires substantial human resources and professional expertise. Therefore as first step, Priority Area shall contact outside consultancy.

- *Work:* PA2 shall choose the proper outside consultancy
 - ✓ *Output:* outside consultancy with proper professional skills selected
 - *Responsible:* PAC's; *Deadline:* 3 months after the previous milestone is completed

Milestone n°3: Analysis of the NREAP and SREAP country documents.

- *Work:* Outside consultancy in close cooperation with the Priority Area 2 shall examine and evaluate the available Renewable Energy Action Plans. This evaluation

should mainly focus on the commonalities and differences between countries of the EUSDR based on the following angles (examples only):

- transposition of Directive 2009/28/EC,
- expected final energy consumption by 2020,
- renewable energy targets and trajectories, trend analysis (indicative objectives in case of non-EU members;),
- measures for achieving the targets (indicative objectives in case of non-EU Member States),
- overview of all policies and measures to promote the use of energy from renewable energy sources,
- administrative provisions and spatial planning,
- information provisions,
- support schemes to promote the use of energy from renewable resources,
- experiences gained during the implementation of NREAP's
- identification of major barriers and suggestions to avoid them when preparing DRREAP,
- etc.

This milestone shall also include the comparison of the RES data-collecting methodologies applied in the EUSDR countries as well as the partial results of other roadmaps being implemented by the Priority Area 2 (such as action group 8-11-16 on the extension of the use of biomass).

The implementation of the specific milestone may also include financial recommendations regarding EU funds helping the spread of renewable energy sources.

✓ *Output*: study on the commonalities and differences between the countries of the EUSDR regarding their RES targets (objectives) implementing measures, support schemes and data-collecting mechanisms.

→ *Responsible*: outside consultancy in close cooperation with the Priority Area;

Deadline: five months after the previous milestone is completed

Milestone n°4: Dissemination of the Study in the EUSDR Member States (ministries, implementing authorities, professional associations, knowledge centres). Steering Group Members are responsible for disseminating the study in their countries and also liable for collecting comments, suggestions raised by relevant stakeholders (public consultation). PAC's are responsible for consulting the Action Plan with the European Commission.

- *Work*: dissemination of the study and public consultation

✓ *Output*: information disseminated

→ *Responsible*: SG members, PAC's; *Deadline*: 3 months after the previous milestone is completed

Milestone n°5: Policy recommendations if it is deemed necessary. Based on the results of the study elaborated through the implementation of milestone no3, policy

recommendations shall be drafted. These recommendations focusing on the identified obstacles hindering the penetration of renewable energies as well as market and technical gaps shall address policy makers and responsible institutions. This document shall also point out ways of energy saving and the best practices identified in the EUSDR countries regarding mainly the implementing measures and support schemes.

- *Work:* to draft the policy recommendations
 - ✓ *Output:* policy recommendations accepted by the Steering Group
 - *Responsible:* outside consultancy in close cooperation with the Priority Area;
- Deadline:*
3 months after the previous milestone is completed

Milestone n°6: Based on the policy recommendations supported by the Member States a Danube Region wide Renewable Energy Action Plan shall be developed that takes into account the experiences gained during the implementation of NREAPs.

Because of different and updated modelling approach the 2020 trajectory assumptions may differ from what is described in NREAPs.

- *Work:* to develop a Danube Region wide Renewable Energy Action Plan
 - ✓ *Output:* draft Danube Region Renewable Energy Action Plan (DRREAP)
 - *Responsible:* outside consultancy in close cooperation with the Priority Area;
- Deadline:* 5 months after the previous milestone is completed

Milestone n°7: Dissemination of the draft DRREAP in the EUSDR Member States (ministries, implementing authorities, professional associations, knowledge centres). Steering Group Members are responsible for disseminating the draft DRREAP in their countries and also liable for collecting comments, suggestions raised by relevant stakeholders (public consultation). PAC's are responsible for consulting the draft DRREAP with the European Commission.

- *Work:* dissemination of the draft DRREAP and public consultation
 - ✓ *Output:* draft DRREAP disseminated
 - *Responsible:* SG members, PAC's; *Deadline:* 3 months after the previous milestone is completed

Milestone n°8: Possible modification of the draft DRREAP based on the comments, suggestions collected through the implementation of Milestone no7. Following the possible modification the Steering Group shall approve the DRREAP.

- *Work:* possible modification and final decision regarding the DRREAP
 - ✓ *Output:* DRREAP modified and approved
 - *Responsible:* outside consultancy in close cooperation with the Priority Area, PAC's; *Deadline:* 3 months after the previous milestone is completed

Milestone n°9: Dissemination of the DRREAP

- *Work*: Dissemination of the draft DRREAP in the EUSDR Member States (ministries, implementing authorities, professional associations, knowledge centres). Steering Group Members are responsible for disseminating the DRREAP in their countries.
 - ✓ *Output*: DRREAP disseminated
 - *Responsible*: outside consultancy in close cooperation with the Priority Area, PAC's; *Deadline*: 3 months after the previous milestone is completed

ROADMAP FOR ACTIONS

ACTION GROUP 12-13

- Actions: **Action - “To develop a comprehensive action plan for the sustainable development of the hydropower generation potential of the Danube River and its tributaries (e.g. Sava, Tisza and Mura Rivers)”**. The plan would pave the way for the coordinated and sustainable development of new power stations in the future and retrofitting the existing ones in the way that would minimise the environmental impact and the impact on the transportation function of the rivers (navigation). The options for using hydropower to respond to fluctuations in the electricity demand should be explored – using dams to maintain high water level in preparation for the demand peak.
- Action - “To develop and set up pre planning mechanism for the allocation of suitable areas for new hydro power projects²⁹”. This pre planning mechanism and its criteria would pave the way for new hydropower plants by identifying the best sites balancing economic benefits and water protection. It should also take into account climate change impacts (e.g. lower or higher water levels). This should be based on a dialogue between the different competent authorities, stakeholders and NGOs. In the suitable areas, the permits process could be streamlined.
-

Milestone n°1: Map out the already operating hydro power plants above 10 MW capacity on the Danube River and its main tributaries

As a first step detailed examination/evaluation needed regarding current state of play of already operating hydro power plants and dams with potential retrofit options for hydropower. (This could be based on the results of already available studies). Such evaluation could serve as a basis for identification of future development directions/trends as well as the development of a comprehensive action plan for the sustainable development of the hydropower generation potential of the Danube River and its tributaries.

Work:

As a first step the list of already operating hydro power plants on the Danube River and its main tributaries shall be composed.

•

✓ *Output:* List of already operating hydro power plants on the Danube River and its tributaries

→ *Responsible:* SG members; *Deadline:* 6 months after starting the implementation

Milestone n°2:

Complex study regarding the impact of already operating hydro power plants on the Danube River and its tributaries, to the environment, ecosystem (including migration of fish and other taxa) and navigation as well as their compliance with relevant EU regulations and guidelines.

- *Work:*
 - ✓ *Output:* complex study on the general condition of already operating hydro power plants based on the Danube River and its tributaries
 - *Responsible:* PA together with external experts; *Deadline:* two years after the previous milestone is completed

Milestone n°3:

Evaluation of the study, developing set of criteria regarding modernisation and retrofit of hydropower installations and dams and site selection and planning for small scale upstream hydropower integrating WFD, EIA, SEA, habitat regulation and recommendations of EU Water Directors

- *Work:* Prepared by the PACs, Decision of the SG
 - ✓ *Output:* set of criteria
 - *Responsible:* Steering Group; *Deadline:* one year after the previous milestone is completed

Milestone n°4: Consulting the agreed criteria with DG ENVI and work out joint modernisation plan together

- *Work:* Each country which has a hydro power plant on the list of agreed HPPs to design a pilot project
 - ✓ *Output:* joint development plan
 - *Responsible:* PACs; *Deadline:* one year after the previous milestone is completed

ROADMAP FOR ACTIONS

ACTION GROUP 14-17

- Action: *Action - “To promote energy efficiency and use of renewable energy in buildings and heating systems including by renovating district heating and combined heat and power facilities as required by Energy Performance of the Buildings Directive and Renewable Energy Directive”*. This could be done through networks of best practices (e.g. sharing experience in successful use of the ERDF funds to support sustainable energy investments in housing) and cooperation with International Financial Institutions on facilitating the sustainable energy investments in housing. In that context, innovative financing instruments such as European Fund for Southeast Europe (EFSE)^[1] as well as the recently launched Green for Growth Fund South East Europe (GGF) should be promoted and used widely.
- Action: *Action - “To provide local authorities, businesses and citizens in the Danube Region consultative support with issues relating to mitigation of climate change and energy efficiency”*. This could be done by setting up central competence and advisory centres (contributing to climate protection concepts, energy management, know-how transfer, training and public relations work)

FOREWORD

It is widely known that most existing buildings are energy intensive; within the EU they are responsible for approx. 40% of EUs energy consumption and 36% of EUs CO₂ emissions. Buildings across Europe are very different since their construction is dependent on climatic, cultural, existing national policies, economic development, available construction materials etc. and a common approach to increase the EE of existing and new buildings in the Region is very challenging. In spite of the obvious differences, there are several similarities in the more than 100 million homes of the Region, for example the high number of block buildings, the high EE potential of these buildings, the decreasing social welfare of dwellers, the high energy bills, the still lacking knowledge of sustainable energy practices and possibilities on what and how much could be done/achieved at local level.

There are more than 100,000 local governments in Europe who act as local policy makers and administrators for almost 500 million inhabitants. Municipalities are an important level of governance, since they are the closest to the citizens.

Sustainable energy actions at local level is also high on the agenda, not necessarily to comply with national and European targets (in case of EU MS), but mainly because energy is needed for our everyday life, for every sector. Facing problems every day at local level arising from the changing climate, high energy prices has put the transition towards a sustainable energy future. The financial benefits of EE activities, the increased energy security by incorporating RE into energy production has become more attractive

for local actors, whom have realized the need for an integrated approach, for clear local climate and energy strategies, short and long term targets.

Besides the need for improved enabling framework conditions, the lack of financing by means of own funds and favourable credit conditions, devoted leaders, human knowledge and capacity are seen as main factors for non-actions, however several leading examples can be seen in the Region.

CONCEPT

Support the increase of energy efficiency and RES investment projects in the building sector with a special focus on upgrading their heating system, by renovating the district heating system and utilizing CHP² where possible (retrofitting already existing power plants or building new ones) which lead to the quick growth of nZEB (nearly zero energy buildings).

Such nZEB refurbishment of the identified buildings can be achieved by utilizing available energy efficient and RES technologies in the refurbishment of the identified buildings. In case of a multi family block building the technological solution could be combined with supportive and sustainable financing (for example Revolving Guarantee Fund) to decrease the risk of loans and increase the level of comfort for the owners and the banks. In case of public building sector the ESCO (Energy Service Company) third party financing is quite beneficial, it decreases the burden on authorities.

Milestone n°1: Identify middle size (40.000-150.000 population) cities in the target countries which already have developed or have expressed their intention to develop a Local Sustainable Energy Strategy/Action Plan and foresee activities to decrease CO2 emissions and energy intensity of the building sector together with the upgrading of their district heating system and utilizing cogeneration for locally supplying heat and electricity.

Concrete actions to decrease the energy intensity of the building sector (public) could be the implementation of high EE refurbishment investment projects with build in renewables retrofitted district heating system and CHP utilization in cooperation with local energy producer companies.

- *Work:* Based on the listed criteria a number of cities will be contacted and invited to participate in the project
 - ✓ *Output:* 2 cities/country identified who will take part in the project
 - *Responsible:* SG members; *Deadline*:* 6 months after starting the implementation

The following criteria's could be an advantage in identifying the most suitable cities:

- Suggested size to be between 40.000-150.000 inhabitants

² CHP is a technique allowing the production of both heat and electricity. Unlike traditional power stations where exhaust gases are directly evacuated by the chimney, the gases produced by cogeneration are reutilized. Electricity/heat cogeneration installations can achieve energy efficiency levels of around 90 %.

- Covenant of Mayors membership
- District heating widely utilized in the city
- Local power plant which could be retrofitted
- Local environmental law allowing the CHP retrofit
- Local Energy and/or Energy Efficiency Strategy, or officially expressed intention to develop such strategy
- In case of developed Strategy concrete actions identified in an Action Plan covering aspects of energy efficiency improvement of the local building stock (nZEB target is an advantage); cities who don't have an Action Plan yet, but officially express their intention to act locally towards achieving the nZEB goals is also an advantage
- Experience in refurbishments projects
- Proved close cooperation (signed PPP) or letter of support from the main local energy providers with respects to this project
- Local Energy Agency (not as a consultancy) or energy expert in the local authority
- Previous awareness raising and information disseminating activity about energy efficiency, sustainable energy consumption at end users etc (activity coordinated by the municipality or in cooperation with other stakeholders)
- Active green local NGO (who could help in the lobbying for a strong local cooperation, involve the public, disseminate info etc.)

Milestone n°2: identify the actions to be taken, following the priorities described in the local energy strategies towards the nZEB goals. Such actions could consist of:

- Establish cooperation (working group) with the local industry/energy providers and agree on their involvement in order to increase the share of RES in the buildings; agree on the upgrading of the district heating system and the power plant to be retrofitted into a CHP
- Capacity building, training of the local authority personnel involved, property owners association etc, in case the knowledge is missing
- Choose the type of buildings and actual buildings which could go through a high level EE refurbishment; also on which power plant could be retrofitted
- Develop a baseline energy consumption inventory
- Identify technologies to be used (both for EE and RES) to reach a high level of CO2 reduction (min. 70% but the desired goal is nZEB)
- Get approval from the relevant stakeholders/owners (not relevant in case of public buildings belonging to the local authority)
- Identify financial resources for the investment both for the buildings refurbishment and heating system and power plant upgrading (state fund, structural fund, development bank funding, local authority funding, ESCO, bank loan, guarantee revolving fund, own contribution, PPP etc.)
- Inform and involve the citizens
- *Work:* Preparatory work for the investment

- ✓ *Output:* project leaders and expert group identified, buildings and power plant for the project, technologies identified, targets set, financial resources identified, stakeholder consultation and involvement

→ *Responsible:* Municipality in cooperation with a project leader/owner *Deadline*:* 9 months after previous milestone is completed

Milestone n°3: Develop an investment plan for the buildings identified to reach the targeted savings and identify the implementers (procurement)

- *Work:* Preparation of the investment plan, approval

- ✓ *Output:* Investment plan approved

→ *Responsible:* project leader *Deadline*:* 12-18 months (depends on the approval and procurement procedure) after previous milestone is completed. In case of a CHP retrofit the investment plan approval can go on up to approx. 24 months

Milestone n°4: Implementation of the investment project and monitoring of the actual work

- *Work:* Implementation

- ✓ *Output:* construction, monitoring

→ *Responsible:* project leader and contractor *Deadline*:* approximately 12 months after previous milestone is completed. In case of CHP retrofit the implementation is longer approx. 18-24 months

Milestone n°5: Monitor the energy savings into a local aggregated database (in case several buildings will take part in the project). Report the aggregated data to the relevant body (in case of MS this is part of the ESD)

- *Work:* Monitoring and reporting the energy saved after the refurbishment

- ✓ *Output:* available and reliable data on the energy saved

→ *Responsible:* project leader *Deadline*:* continuous (monthly) after the refurbishment is done;

Milestone n°6: Info dissemination, awareness raising of this activity, using the refurbished buildings as presentation model, visitors accepted on a certain day each month for example.

- *Work:* Disseminating info about the project, benefits of the activity, CC mitigation, EE refurbishment, dwellers experiences etc.

- ✓ *Output:* Increased acceptance, knowledge from the general public, national/international recognition of the project

→ *Responsible:* municipality/project leader; *Deadline*:* continuous, however visits should be made available for free for at least 5-10 years following the refurbishment;

*Note: timeframe suggested might differ from country to country, however a minimum 2 or 3 years would be needed to deliver the expected outcomes.

ROADMAP FOR AN ACTION

ACTION 15

(accepted by the Steering Group of the PA2 on 23 February 2012)

Actions: *“To encourage the Energy Community Members/observers in adopting and implementing the Renewable Energy Directive”.*

Milestone n°1: Most of the Energy Community’s contracting parties started to consider the implementation of Directive 2009/28/EC. The Energy Community has an up-to-date information database on the current state of play regarding the adaptation and implementation of the Renewable Energy Directive. Therefore, in close cooperation with the Energy Community the PA2 will map the current situation and also the problems, difficulties the contracting parties are facing.

- *Work:* The coordinators of the PA2 will contact the Energy Community Secretariat in order to map the current state of play regarding the Renewable Energy Directive in the contracting parties. Through its Steering Group Network the PA2 will gather information from the contracting parties in order to understand the problem, difficulties they are facing when to adapt and implement the Renewable Energy Directive
✓ *Output:* The PA will see the current state of play

→ *Responsible:* PA coordinators; *Deadline:* 3 months after starting the implementation

Milestone n°2: Priority Area will collect the available best practices, knowledge and list of experts from the EU Member States of the DRS related to the implementation of the Renewable Energy Directive

- *Work:* The Steering Group members will contact the responsible institutions in their countries in order to collect the available capacities regarding experts, knowledge and best practices
✓ *Output:* List of experts; map of best practice and knowledge

→ *Responsible:* SG members; *Deadline:* 3 months after the previous milestone is completed

Milestone n°3: Following the work identified in milestone n°1 each DRS EU Member State must offer its available best practices and knowledge to the non-EU

Member States within a specific topic, via TAIEX and TWINNING training programs.

- *Work:* The available capacities will be offered to the non-EU Member States of the DRS, this will be coordinated by the Priority Area Coordinators.

✓ *Output:*

→ *Responsible:* Responsible ministries; *Deadline:* 2 months after the previous milestone is completed

Milestone n°4: Elaborating and submitting project applications to the managing authorities of the TAIEX and TWINNING programs

- *Work:* Preparation of the project applications by the Member States

✓ *Output:* submitted project applications

→ *Responsible:* SG members; *Deadline:* 4 months after the previous milestone is completed

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Projects:

□ *Output:* project application

→ *Funding:* TAIEX, TWINNING programs; *Responsible:* SG, responsible ministries; *Deadline:* 3 months after the previous milestone is completed

Milestone n°5: Implement the projects

- *Work:* Implementation of the projects through trainings

✓ *Output:* best practice disseminated

→ *Responsible:* ministries; *Deadline:* continuous

ANNEX 2: PROJECTS APPROVED BY THE STEERING GROUP

PROJECT APPROVED BY THE STEERING GROUP

Name of the project	<i>New power transmission line 400kV between substation “Maritza Iztok”(Gulubovo) and “substation “Burgas”</i>
Action related	Action - “To develop a joint position of the region regarding the changes which could be introduced in the framework of the TEN-E Policy review and the modalities of the new Energy Security and Infrastructure Instrument, especially regarding the energy infrastructure gaps”. It will be in the interest of the region to ensure that the instrument supports projects and concepts of key importance to the region such as a north-south gas interconnection, investments in gas networks, investments in supply routes benefiting the region, etc..
Countries involved	<i>Bulgaria, with significant effect to the Danube Region</i>
Funding	<i>This project was approved by the EBRD and funded by the "Fund for the decommissioning of Unit 3 and Unit 4 of Kozloduy NPP".</i>
Stage of implementation	<i>under implementation</i>
Description	<i>The construction of this 400 kV power line will strengthen the eastern and southern parts of the 400 kV power transmission ring, will contribute to more sustainable and reliable operation of the whole transmission 400 kV network and will provide for reduction of the transmission losses of electric power in it; besides, cross-border exchange and electricity sales in the Balkan Peninsula will be guaranteed. The construction of this 400 kV power line will strengthen the eastern and southern parts of the 400 kV power transmission ring.</i>
Involvement of the PACs	<i>The Priority Area 2 follows the implementation of the project with regular progress reports due in every 6 months.</i>
Next steps	<i>In case of successful implementation the project will be extended in scope and depth</i>

Name of the project	<i>New power transmission line 400kV between substation “Plovdiv” and substation “Maritza Iztok”(Gulubovo), parallel to power transmission line 400kV “Ivan Popov”</i>
Action related	Action - “To develop a joint position of the region regarding the changes which could be introduced in the framework of the TEN-E Policy review and the modalities of the new Energy Security and Infrastructure Instrument, especially regarding the energy infrastructure gaps”. It will be in the interest of the region to ensure that the instrument supports projects and concepts of key importance to the region such as a north-south gas interconnection, investments in gas networks, investments in supply routes benefiting the region, etc
Countries involved	<i>Bulgaria, with significant effect to the Danube Region</i>
Funding	<i>This project was approved by the EBRD and funded by the "Fund for the decommissioning of Unit 3 and Unit 4 of Kozloduy NPP".</i>
Stage of implementation	<i>under implementation</i>
Description	<i>The construction of this 400 kV power line will strengthen the eastern and southern parts of the 400 kV power transmission ring, will contribute to more sustainable and reliable operation of the whole transmission 400 kV network and will provide for reduction of the transmission losses of electric power in it; besides, cross-border exchange and electricity sales in the Balkan Peninsula will be guaranteed. The construction of this 400 kV power line will strengthen the eastern and southern parts of the 400 kV power transmission ring</i>
Involvement of the PACs	<i>The Priority Area 2 follows the implementation of the project with regular progress reports due in every 6 months.</i>
Next steps	<i>In case of successful implementation the project will be extended in scope and depth</i>

Name of the project	<i>New power transmission line 400kV between substation “Maritza Iztok”(Gulubovo) and “Maritza Iztok 3” TPP, parallel to power transmission line 400kV “Hebros”</i>
Action related	Action - “To develop a joint position of the region regarding the changes which could be introduced in the framework of the TEN-E Policy review and the modalities of the new Energy Security and Infrastructure Instrument, especially regarding the energy infrastructure gaps”. It will be in the interest of the region to ensure that the instrument supports projects and concepts of key importance to the region such as a north-south gas interconnection, investments in gas networks, investments in supply routes benefiting the region, etc.
Countries involved	<i>Bulgaria, with significant effect to the Danube Region</i>
Funding	<i>This project was approved by the EBRD and funded by the "Fund for the decommissioning of Unit 3 and Unit 4 of Kozloduy NPP".</i>
Stage of implementation	<i>under implementation</i>
Description	<i>The construction of this 400 kV power line will strengthen the eastern and southern parts of the 400 kV power transmission ring, will contribute to more sustainable and reliable operation of the whole transmission 400 kV network and will provide for reduction of the transmission losses of electric power in it; besides, cross-border exchange and electricity sales in the Balkan Peninsula will be guaranteed. The construction of this 400 kV power line will strengthen the eastern and southern parts of the 400 kV power transmission ring</i>
Involvement of the PACs	<i>The Priority Area 2 follows the implementation of the project with regular progress reports due in every 6 months.</i>
Next steps	<i>In case of successful implementation the project will be extended in scope and depth</i>

Name of the project	Transenergy: Transboundary Geothermal Energy Resources of Slovenia, Austria, Hungary and Slovakia
Action related	Action - “To extend the use of biomass (e.g. wood, waste), solar energy, geothermal, hydropower and wind power”, especially by research and exchange of experiences / good practices / dissemination of information on related activities undertaken at national level. This would imply networking and cooperation between national authorities in order to promote awareness on renewable energy
Countries involved	<i>Slovenia, Austria, Hungary, Slovakia</i>
Funding	Total budget. 2 855 090 euro MÁFI: 825 801 – 85% ERDF SGUDS: 706 597 – 85% ERDF GBA 724 593 – 75% ERDF Geo-ZS:598 098 – 85% ERDF
Stage of implementation	<i>under implementation</i>
Description	<p>The project „TRANENERGY – Transboundary Geothermal Energy Resources of Slovenia, Austria, Hungary and Slovakia” aims is to provide implementation tools based on a firm geoscientific basis for <i>enhanced and sustainable use of geothermal resources in the western part of the Pannonian basin</i>. The project addresses the key problem of using natural resources that are shared by different countries in a sustainable way. <i>Natural resources, such as geothermal energy</i> whose main carrying medium are deep groundwaters along regional flow paths are strongly <i>linked to geological structures that do not stop at state borders</i>, i.e. integral parts of the entire flow system encompass vast areas (recharge areas lie in mountain regions while waters discharges from the deeply buried basement structures of intramountain basins). Therefore only a <i>transboundary approach</i> and the establishment of a joint, multi-national management system may handle the assessment of geothermal energy and the limits of use in a region, irrespect of political state borders.</p> <p>The responsible use of natural resources is especially an important issue, when <i>possible national interventions may cause unfavorable effects in a neighboring country</i>. This is especially true for <i>transboundary aquifers</i>, where water extraction at a national level without cross-border harmonized</p>

	<p>management strategies may cause negative impacts (depletion, or overexploitation) leading to unnecessary economic and political tensions between countries. The need for complex assessment in transboundary regions is line with water protection policy and rational water use as set up in the <i>Water Framework Directive (2000/60/EC)</i>.</p> <p>Geothermal energy is strongly restricted to areas with appropriate geological buildup (high geothermal gradient, favorable reservoir rocks and sufficient transporting media - geothermal fluids). In this respect the target area of the project has outstanding opportunities. Due to the thin lithosphere, the <i>geothermal gradient is above world average in the Pannonian Basin</i>. The project's region is divided by state borders into four independent Member States (Austria, Slovakia, Slovenia, Hungary), but geologically the area with vast amount of transboundary geothermal resources are composed of interconnected structures of the Eastern Alps, Western Carpathians and different sub-basins of the Pannonian Basin.</p> <p>Project duration is 01.04.2010 – 31.03.2013. Overview of authorities involved in the management of geothermal energy, current users and utilization parameters are already completed and results are available on the project website (http://transenergy-eu.geologie.ac.at). A multi-lingual geothermal database, as well as geological models will be ready by the end of 2011. Hydrogeological and geothermal models will be finalized in 2012. By March 2013 an interactive web-portal will be developed which integrates maps, models, databases. Furthermore a feasibility study for a cross-border power plant and a strategy paper on the sustainable utilization of geothermal energy (including recommendations for joint management and monitoring) will be completed by 2013.</p> <p>A user friendly web-based decision supporting tool (interactive web portal), which transfers expert know-how about hydrogeothermal utilization (single-well - balneology and doublets - geothermal energy) and sustainable reservoir management to stakeholders (decision makers, water- and mining authorities, present and potential investors) at the W-ern part of the Pannonian basin:</p>
Involvement of the PACs	<i>The Priority Area 2 follows the implementation of the project with regular progress reports due in every 6 months.</i>
Next steps	<i>In case of successful implementation the project will be extended in scope and depth</i>

Name of the project	4BIOMASS, Fostering the sustainable usage of renewable energy sources in Central Europe - putting biomass into action
Action related	Action - “To extend the use of biomass (e.g. wood, waste), solar energy, geothermal, hydropower and wind power” , especially by research and exchange of experiences / good practices / dissemination of information on related activities undertaken at national level. This would imply networking and cooperation between national authorities in order to promote awareness on renewable energy
Countries involved	<i>Austria, Poland, Slovenia, Germany, Hungary, Czech Republic, Italy</i>
Funding	Total Budget: 2.409.563 € Total ERDF: 1.906.268 € Public co-financing: 488.917 € Private co-financing: 14.377 €
Stage of implementation	<i>completed</i>
Description	<p>The Project 4Biomass fosters usage of bioenergy throughout Central Europe (CE) via turning know-how to show-how.</p> <p>The project contributes to sustainable exploitation of biomass in two ways:</p> <ol style="list-style-type: none"> 1. The exchange of best practice concerning technology, demonstration projects and management approaches throughout CE will contribute to territorial cohesion. It will provide an equal level of knowledge regarding available technologies, investment possibilities and operation of bioenergy systems. 2. Direct support to regional stakeholders by turning know-how to show-how (workshops, project development, field trips). A Joint Management Tool consisting of a databank will pool information on CE demonstration projects and best practise. It will help stakeholders to find tailor-made solutions for investments in bioenergy plants, and for their operation. <p>For biomass as a limited resource, a political framework is needed to regulate its usage. In this context the project 4Biomass analyses the exploitable biomass potential in CE and its respective trade. A core activity is an internationally aligned stakeholder dialogue. (“What do you expect from your national</p>

	<p>Biomass Action Plan/Renewable Energy Action Plan (nBAP/REAP)?”).</p> <p>Further a coordinated regulatory framework – a Transnational Action Plan directed at policy makers and implementing authorities – will be developed giving advice on how an integrated and transnational coordinated bioenergy policy can be designed.</p> <p>Implementation of policies will be facilitated by the preparation of a Transnational Forum for stakeholders to exchange experiences on- and to further coordinate, national policy implementations.</p> <p>Moreover, criteria for giving a mandate to “Central European Biomass Centres” will be elaborated. They will address transnational biomass & sustainability issues and in addition play vital roles in the Transnational Network 4Biomass. National networks of stakeholders will be optimized and enlarged in order to operate as part of this network. The Transnational Network 4Biomass will support international cooperation, exchange of information about best practices, new technologies and other ways of biomass utilization. This supports efficient transnational management of biomass.</p> <p>4BIOMASS will produce a joint management tool consisting of a databank, pooling all information on CE demonstration projects, used by NCCs (National Competence Center) and stakeholders to find tailor-made solutions for investment into bioenergy and operation of plants. Information will be obtained from broad national networks connected to NCCs. Study trips for local & regional stakeholders will be organised. A transnational forum will be prepared, establishing joint transnational management of nBAP and other bioenergy policy implementation. The discussion and exchange of experience in the forum will be facilitated by a transnational action plan directed at policy makers and implementing authorities, giving recommendations on policy design/adjustment. Based on existing personal professional contacts, national networks will be optimised/enlarged in view of operating as part of the transnational network 4BIOMASS. The tools will contribute to increased investment and to integrated and coordinated bioenergy policies.</p>
Involvement of the PACs	<i>Progress report was asked and provided by the Hungarian project partner</i>
Next steps	<i>PA2 would like to build on the result of the project with the implementation of the roadmap connected to the Action Group 8-11-16. This action group aims at extending the geographical scope of the 4BIOMASS project to the whole Danube Region in</i>

	<i>order to develop a Danube Region Biomass Action Plan</i>
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Name of the project	Establishing the cross-border development of biogas industry via joint determination of biogas potentials, education, research and innovation
Action related	Action - “To extend the use of biomass (e.g. wood, waste), solar energy, geothermal, hydropower and wind power”, especially by research and exchange of experiences / good practices / dissemination of information on related activities undertaken at national level. This would imply networking and cooperation between national authorities in order to promote awareness on renewable energy.
Countries involved	<i>Hungary, Serbia</i>
Funding	HU-SRB IPA CBC Total: 282,887.20 € LB-HU: 175,542.00 € PP-SRB: 107,345.20 €
Stage of implementation	<i>under implementation</i>
Description	<p>The 20-months long project aims at introducing and strengthening biogas technology in Serbia by using the expertise accumulated in the Leading Beneficiary (LB) laboratory. Biogas is a renewable energy carrier produced from biomass by biotechnological conversion to a mixture of methane and carbon dioxide. The biomass source can be organic waste or energy plants. The technology thereby combines waste disposal with bioenergy production in an environmentally friendly way. The product biogas can be used in several ways: burning the gas generates heat, conversion in a gas engine leads to “green electricity” and heat and the purified biomethane can replace natural gas, which is imported from low security sources by both countries, in every use. LB has accumulated knowledge in biogas R&D and coordinates the activities of the Hungarian Biogas Association, the only NGO involving all major actors involved in HU.</p> <p>The results will facilitate the growth of renewable energy production, which is yet unexplored in SRB and developing in HU. The conditions are ideal in the region as large amount of biomass is available. The Project will establish a sustainable and synergistic co-operation across the border.</p>
Involvement of the PACs	<i>Chief Advisor of the Priority Area 2 attended the kick-off meeting of the project.</i>

Next steps	<i>Result of the implementation will be used for achieving the goals of the specific Action which the project is connected to</i>
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Name of the project	<i>The analysis of the opportunities of the use of geothermal energy in Szabolcs-Szatmár-Bereg and Satu Mare counties</i>
Action related	Action - “To extend the use of biomass (e.g. wood, waste), solar energy, geothermal, hydropower and wind power”, especially by research and exchange of experiences / good practices / dissemination of information on related activities undertaken at national level. This would imply networking and cooperation between national authorities in order to promote awareness on renewable energy.
Countries involved	<i>Hungary, Romania</i>
Funding	<i>European Regional Development Fund: 40.687,8 € (85 %)</i> <i>State co-financing: 4.786,2 € (10 %)</i> <i>Own contribution: 2.394 € (5 %)</i>
Stage of implementation	<i>under implementation</i>
Description	<p><i>The project is supported in frame of the Hungary-Romania Cross-border Co-operation Programme.</i></p> <p><i>The main goal of the project to summarize the geothermal energy resources in both mentioned counties and – at the end of the project – to create a study about the opportunities of economic use of these energy resources.</i></p> <p><i>The results of the project are three professional studies. The first study summarized the renewable energy resources in the both counties like sun energy, wind energy and biomass. This study is completed. A database about the geothermal energy resources and about the results of geologically analyses will be made in the second study. A feasibility study also will be created, which is based on the above mentioned analysis and research. This study – involves alternatives and calculations – is about potential economic use of results of research.</i></p> <p><i>Four workshops were organised and two electronic newsletters were edited to communicate the results of the project.</i></p> <p><i>A professional conference will be organised as the closing event of the project, where the studies will be presented by the experts for enterprises and organisations, who are interested in use of renewable energy. General objective: Renewable energy sources on the level of the local and the county especially exploration of the utilization facilities of geothermal power.</i></p>

	<i>Specific objective: Analysis of the utilization of geothermal power as a heating energy.</i>
Involvement of the PACs	<i>The Priority Area 2 follows the implementation of the project with regular progress reports due in every 6 months.</i>
Next steps	<i>In case of successful implementation the project will be extended in scope and depth</i>

Name of the project	<i>Adriatic spot market for crude oil and oil products</i>
Action related	<p>Action - “To enforce regional cooperation with a view to develop and implement the North-South gas interconnection projects”. The strategic concept of the North-South natural gas interconnection is to link the Baltic Sea area (Poland) to Adriatic and Aegean Seas and further to the Black Sea, covering the following EU Member States (Bulgaria, Hungary, Poland, Romania, Slovakia, Austria and the Czech Republic). This would provide the overall flexibility for the entire Central East European (CEE) region to create a robust, well-functioning internal market and promote competition. The concept would make the best use of existing and new import infrastructures, such as new LNG regasification plants and projects of the Southern Corridor.</p>
Countries involved	<i>Croatia with significant effect to the whole Danube Region</i>
Funding	<p><i>Total budget: approx. € 48 mil. (HRK 360 mil.)</i></p> <p><i>3 tanks on Omišalj Terminal: approx. € 28 mil. (HRK 200 mil.)</i></p> <p><i>3 tanks on Sisak Terminal: approx. € 20 mil. (HRK 160 mil.)</i></p> <p><i>Financing is planned from recapitalization by HANDA (the Croatian Compulsory Oil Stocks Agency) and current assets.</i></p>
Stage of implementation	<i>under implementation</i>
Description	<p><i>The JANAF system was built as an international crude oil transportation system from the Port and Terminal of Omišalj, Island of Krk, Croatia to both local and foreign refineries in Eastern and Central Europe.</i></p> <p><i>Janaf Plc. is in a great investment cycle. One of our objectives is to form the Adriatic spot market. To achieve this, we are building new capacities for storage of both crude oil and oil products on our Omišalj and Sisak Terminals. At the same time we are finishing the pipeline flow reversal project, as well as replacement of the pipeline built in the Krk bridge (connecting the mainland with the Krk Island and our Terminal via the undersea pipeline). Expected benefits from the project are: opening the market, lowering the prices, stronger participation in energy transportation network.</i></p> <p><i>In specific, increasing storage capacities includes building storage tanks on the Sisak Terminal (phase 1 – 2 new tanks for crude oil are finished, their nominal capacity is 160 000m³; phase 2 – 3: new tanks with nominal capacity of 240 000 m³ in</i></p>

	<i>total, ongoing) and the Omišalj Terminal (new tanks for oil products with total nominal capacity of 100 000m³ and for crude oil of 640 000 m³ capacity. In our FP 2009-2013, we have planned 3 tanks for crude oil. The project is ongoing. Our objective is to form the Adriatic spot market. To achieve this, we are building new capacities for storage of both crude oil and oil products on our Omišalj and Sisak Terminals. The establishment of such market will encourage opening the market, lowering the prices, stronger participation in energy transportation network.</i>
Involvement of the PACs	<i>The Priority Area 2 follows the implementation of the project with regular progress reports due in every 6 months.</i>
Next steps	<i>In case of successful implementation the project will be extended in scope and depth</i>

Name of the project	Two overhead lines 220 kV Plat - Trebinje
Action related	Action - “To develop a joint position of the region regarding the changes which could be introduced in the framework of the TEN-E Policy review and the modalities of the new Energy Security and Infrastructure Instrument, especially regarding the energy infrastructure gaps”. It will be in the interest of the region to ensure that the instrument supports projects and concepts of key importance to the region such as a north-south gas interconnection, investments in gas networks, investments in supply routes benefiting the region, etc.
Countries involved	<i>Croatia, Bosnia and Herzegovina</i>
Funding	1-2 M€
Stage of implementation	<i>under implementation</i>
Description	This project will re-establish both previously existing 220 kV interconnection lines Plat-Trebinje between Croatia and Bosnia and Herzegovina, but it will be linked on Croatian side to new substation 220/110 kV Plat (Dubrovnik) instead of previous power plant switchyard. Project will increase the cross-border capacity and support market integration.
Involvement of the PACs	<i>The Priority Area 2 follows the implementation of the project with regular progress reports due in every 6 months.</i>
Next steps	<i>In case of successful implementation the project will be extended in scope and depth</i>

Name of the project	NOVÉ ZÁMKY – Dvorská cesta, Biomass Boiler Room
Action related	<p>Action - “To extend the use of biomass (e.g. wood, waste), solar energy, geothermal, hydropower and wind power”, especially by research and exchange of experiences / good practices / dissemination of information on related activities undertaken at national level. This would imply networking and cooperation between national authorities in order to promote awareness on renewable energy.</p> <p>Action - “To promote energy efficiency and use of renewable energy in buildings and heating systems including by renovating district heating and combined heat and power facilities as required by Energy Performance of the Buildings Directive and Renewable Energy Directive”. This could be done through networks of best practices (e.g. sharing experience in successful use of the ERDF funds to support sustainable energy investments in housing) and cooperation with International Financial Institutions on facilitating the sustainable energy investments in housing. In that context, innovative financing instruments such as European Fund for Southeast Europe (EFSE)³⁰ as well as the recently launched Green for Growth Fund South East Europe (GGF) should be promoted and used widely.</p>
Countries involved	<i>Slovakia</i>
Funding	<p>Planned Project budget in total: EUR 2 700 000,-</p> <ul style="list-style-type: none"> - there from technological part: EUR 1 600 000,- - there from construction part: EUR 600 000,- - project documentation: EUR 61 000,- - engineering activities , reserve fund: EUR 439 000,-
Stage of implementation	<i>under implementation</i>
Description	<p>The Project solves the construction of a new, independent boiler room situated in already existing areal of the Central Heating Source at Dvorská cesta in Nové Zámky. The boiler house for split fuel-wood with capacity 6MW, together with existing natural gas boilers and equipments for high-efficiency combined production of electricity and heat (VU Kvet) shall supply the common network of the central distribution system with by this way produced thermal</p>

	<p>energy.</p> <p>The produced electric energy is supplied into the electric/electrizing network of the company ZSE, a.s., Bratislava and the heat from biomass shall provide the flats of the inhabitants of Nové Zámky with heat.</p> <p>The town Nové Zámky is situated in the Southern part of Slovakia, exactly on the territory of the Danube Lowland. By realization of this Project we may provide increasing of energy supply reliability; by the elimination of burning the part of natural gas we may stabilize(freeze) prices for heat valid for inhabitants of this Danube Lowland' s region as well as we may decrease the level of the greenhouse gas emissions and we are sure, that this is one of the main goals of EU Energy Policy. The term of the complete testing start has been scheduled from : November 11, 2011; it is planned to be executed together with testing heat(thermal) energy supply into the network.</p> <p>Test operation with full(maximum) capacity shall be planned from December 1, 2011. The term of the unit putting into operation shall be planned from February 1, 2012.</p>
Involvement of the PACs	<i>The Priority Area 2 follows the implementation of the project with regular progress reports due in every 6 months.</i>
Next steps	<i>In case of successful implementation the project will be extended in scope and depth</i>

Name of the project	<i>Bulgaria-Serbia Gas Interconnector</i>
Action related	Action - “To enforce regional cooperation with a view to develop and implement the North-South gas interconnection projects”. The strategic concept of the North-South natural gas interconnection is to link the Baltic Sea area (Poland) to Adriatic and Aegean Seas and further to the Black Sea, covering the following EU Member States (Bulgaria, Hungary, Poland, Romania, Slovakia, Austria and the Czech Republic). This would provide the overall flexibility for the entire Central East European (CEE) region to create a robust, well-functioning internal market and promote competition. The concept would make the best use of existing and new import infrastructures, such as new LNG regasification plants and projects of the Southern Corridor.
Countries involved	<i>Bulgaria and Serbia with significant impact to other EUSDR countries</i>
Funding	<i>It is expected the Bulgarian part of the route to be financed by the European Fund for Regional Development – Operational Programme Regional Development</i>
Stage of implementation	<i>Planned</i>
Description	<i>Construction of a gas pipeline Sofia(Bulgaria) - Dimitrovgrad(Serbia) - Nis(Serbia).The total length of the pipeline is 150 km – 50 km on Bulgarian territory. Expected diameter of the pipeline - 28`` and working pressure 55 bars. The objective is to improve the natural gas network interconnections and lead to diversification of the natural gas routs and sources for both Bulgaria and Serbia.</i>
Involvement of the PACs	<i>The Priority Area 2 follows the implementation of the project with regular progress reports due in every 6 months. Priority Area 2 issued a Letter of Recommendation to the project.</i>
Next steps	<i>In case of successful implementation the project will be extended in scope and depth</i>

Name of the project	Bulgaria-Romania Energy Markets Coupling
Action related	Action - “To develop a joint position of the region regarding the changes which could be introduced in the framework of the TEN-E Policy review and the modalities of the new Energy Security and Infrastructure Instrument, especially regarding the energy infrastructure gaps”. It will be in the interest of the region to ensure that the instrument supports projects and concepts of key importance to the region such as a north-south gas interconnection, investments in gas networks, investments in supply routes benefiting the region, etc..
Countries involved	<i>Bulgaria, Romania with significant impact to other EUSDR countries</i>
Funding	<i>[Amount; sources of funding.]</i>
Stage of implementation	<i>Planned</i>
Description	<p>On 30.11.2010 a Memorandum of understanding for market coupling is signed between Ministry of Economy, Energy and Tourism of Bulgaria and Ministry of Economy, Trade and Business Environment of Romania. The MoU foresees cooperation between Electricity System Operator of Bulgaria, Transelectrica and OPCOM Romania. The framework of the MoU is open and to other parties.</p> <p>Objectives: Support for coupling the market with the regional markets of Continental Europe: -Detailed review of the market integration processes in Europe, implemented concepts, advantages and disadvantages of the different market coupling models; -Market coupling between Bulgarian and Romanian market zones, Action plan, Legal, Technical and Organisational arrangements, recommendations and terms of reference for the main functionalities of the market coupling system.</p>
Involvement of the PACs	<i>The Priority Area 2 follows the implementation of the project with regular progress reports due in every 6 months. Priority Area 2 issued a Letter of Recommendation to the project.</i>
Next steps	<i>In case of successful implementation the project will be extended in scope and depth</i>

Name of the project	Slovakia-Hungary Interconnector
Action related	<p>Action - “To enforce regional cooperation with a view to develop and implement the North-South gas interconnection projects”. The strategic concept of the North-South natural gas interconnection is to link the Baltic Sea area (Poland) to Adriatic and Aegean Seas and further to the Black Sea, covering the following EU Member States (Bulgaria, Hungary, Poland, Romania, Slovakia, Austria and the Czech Republic). This would provide the overall flexibility for the entire Central East European (CEE) region to create a robust, well-functioning internal market and promote competition. The concept would make the best use of existing and new import infrastructures, such as new LNG regasification plants and projects of the Southern Corridor.</p>
Countries involved	<i>Slovakia, Hungary with significant impact to the Danube Region</i>
Funding	<p>Initial estimate, prior to FID for Hungarian side cca. 130 M EUR for the first step (7MW) configuration of the compressor station.</p> <p>For the Slovak side: app. 21 M EUR</p> <p>EU funds: 30 M EUR (EEPR), other funds: to be determined in the future</p>
Stage of implementation	<i>Planned</i>
Description	<p>The project aims at establishing a new bi-directional high pressure gas interconnection between Slovakia (Vel'ké Zlievce) and Hungary (Vecsés) along the following trace Vecsés – Gödöllő – Balassagyarmat - HU/SK border - Vel'ké Zlievce. The length of this new interconnection will be approximately 115 km (of which respectively 21 km in Slovakia and 94 km in Hungary). The transmission capacity is foreseen to be approximately 5 Bcm/y.</p> <p>This project as a key project of North-South gas Interconnection will contribute to increasing the security of supply in the CEE region and in particular in Hungary and Slovakia by enabling solidarity cross-border actions in case of gas crisis, as well as the diversification of gas supply sources (via the Krk LNG terminal in Croatia, the Hungary-Croatia pipeline and further the Nabucco pipeline). The project will be an essential part of the North-South Gas Corridor. The main objective of the project is to complete a</p>

	<p>network construction in order to facilitate safe and reliable gas supplies by establishing a bi-directional high pressure gas interconnector between Slovakia and Hungary, which currently does not exist. Further to this, the construction of this pipeline will highly increase the security of gas supplies of the region and will enable cross-border transmission, thus also solidarity actions in case of gas crisis. Furthermore, it will ensure the diversification of gas supplies for both Hungary and Slovakia: the pipeline will provide the opportunity to supply Hungary and Slovakia from new alternative directions, including the access for Slovakia to the planned Nabucco Pipeline and to the Krk Island LNG terminal. The interconnector will improve integration into the EU gas infrastructure system and also improve the case for the realization of the Southern Gas Corridor by increasing the regional market for gas volumes from additional supply sources. Simultaneously, in the context of the reverse flow connections with the Czech Republic and Austria, it will substantially contribute to the possibility of transporting gas volumes from the north-western direction.</p>
Involvement of the PACs	<p><i>Priority Area 2 issued a Letter of Recommendation to the project and it will be evaluated by the Danube Region Gas Market Model developed by the PA2.</i></p>
Next steps	

Name of the project	Bioenergy AC - Sharing best available technologies and promoting Partnership for sustainable biomass use for Energy between the Alps and the Carpathians
Action related	<p>Action - “To extend the use of biomass (e.g. wood, waste), solar energy, geothermal, hydropower and wind power”, especially by research and exchange of experiences / good practices / dissemination of information on related activities undertaken at national level. This would imply networking and cooperation between national authorities in order to promote awareness on renewable energy.</p> <p>Action - “To reinforce the Carpathian Convention to share best practices on using biomass for energy purposes”. The Carpathian Convention includes a provision that Parties shall pursue policies aiming at introducing environmentally sound methods for the production, distribution and use of energy, which minimises adverse effects on biodiversity and landscapes, including wider use of renewable energy sources and energy-saving measures, as appropriate.</p>
Countries involved	<i>Austria, Italy, Romania, Slovakia, Hungary, Czech Republic, Ukraine, Poland, Republic of Serbia</i>
Funding	<p>SEE Coop. Programme Total budget: 1,482,920.10 EUR Shares: ERDF Fund: 1,132,288.40 EUR ENPI Fund: 135,734.49 EUR Other Funds: 214,897.21</p>
Stage of implementation	<i>Planned</i>
Description	<p>The sustainable use of biomass for energy purposes represents an enormous potential for the sustainable development of the Carpathian Area. Because of the special conditions in fragile mountain ecosystems, the introduction of innovative and environmentally sound methods for the supply for and production of biomass will need to minimize adverse effects on biodiversity and landscapes. Therefore, the EU Strategy for the Danube Region calls for the reinforcement of the Carpathian Convention “to share best practices on using biomass for energy purposes” and for the development of a project aimed at “set-up a cooperation mechanism between the regions of the Alpine Convention and the regions of the Carpathian Convention for the transfer of best practices, best available technologies, environmental and social know-ho” in the field of biomass. Bioenergy AC aims at reaching this objective through the</p>

	<p>establishment of a permanent innovation platform of research, technologies and innovation centres, public sector and other relevant stakeholders from the Alpine and the Carpathian Regions working in the field of biomass energy. The realization of a database and an web forum will facilitate the establishment of the platform and the regular exchange of information among the stakeholders involved. The concrete application of technologies for sustainable production and use of biomass at local and regional level in the Carpathians will be promoted through the development of ad hoc studies and joint trainings in pilot areas. The project follow-up and sustainability will be facilitated through the establishment of a platform of governmental representatives of the Carpathian countries under the framework of the Carpathian Convention. Project results will be transferred to other SEE areas with similar geographical, environmental, economic and social features through the development of a specific study. The Bioenergy AC project strives to create a powerful cooperation mechanism interlinking the Carpathian and Alpine Regions to sharing experiences and best practices concerning the sustainable production of renewable energy from biomass. The project aims at making the Carpathians an hot spot for innovative use of sustainable energy from biomass.</p>
Involvement of the PACs	<p><i>The Priority Area 2 follows the implementation of the project with regular progress reports due in every 6 months. Priority Area 2 issued a Letter of Recommendation to the project.</i></p>
Next steps	<p><i>In case of successful implementation the project will be extended in scope and depth</i></p>

Name of the project	„Establishment of alternative energy virtual knowledge center”
Action related	<p>Action - “To facilitate networking and cooperation between national authorities in order to promote awareness and increase the use of renewable energies (biomass, solar, hydropower and wind) especially by research and exchange of experiences/ good practices/ dissemination of information on related activities undertaken at national level.</p> <p>Action - “To facilitate networking and cooperation between national authorities in order to promote awareness and increase the use of renewable energies (biomass, solar, hydropower and wind) especially by research and exchange of experiences/ good practices/ dissemination of information on related activities undertaken at national level.</p>
Countries involved	<i>Hungary, Slovakia</i>
Funding	<p>HU-SK CBC. Programme</p> <p>Total expenditure: 158 000 euro</p> <p>Own resource: 7 900 euro</p> <p>ERDF contribution: 127 585 euro</p> <p>National state contribution: 22 515 euro</p>
Stage of implementation	<i>Planned</i>
Description	<p>One driver of the recovery from the economic crisis could be the "escape forward", the company innovation, and the support of R&D. In order to do this, the existing corporate R & D knowledge- mass is to be held, and to achieve efficient mobilization. We mean the hindering of research redundancies, as a research engineer, "nurturing" takes for years. Besides the lay-producer job retention is also important.</p> <p>The establishment of knowledge base means the integration of certain knowledge parts, concerning some elements of the sector, being available at consortium partners.</p> <p>Thus organized "knowledge" forms the basis for the operation of the center, which knowledge is growing, developing continuously during the activity, and will be delivered in various forms, both for business and for social groups.</p> <p>The mentioned consortium will be created by universities, university knowledge centers, organizations of civil society, scientists, and innovative companies interested in the topic, who mainly come from the Slovak and Hungarian territories.</p> <p>The number of participants in the knowledge center is not limited, therefore any organization, company may be the member, having appropriate skills and competence .</p> <p>A well-designed and implemented communication contributes to</p>

	<p>the success of the project, and to the market introduction of the achieved professional results. The information plan has been compiled in accordance with it. The information of target groups is particularly important to ensure the dissemination of created results. It is important to emphasize the building of the communication chain generated by all actors, in which workshop-type events will be organized time by time, where the affected person can meet, and exchange their ideas interactive way. The direct aim of the project: establishment of vehicle energetic R&D knowledge center, mainly generating alternative energetic and drive technology development projects, and collaborating during their implementation. As the result of the project a less used but very effective form of knowledge transfer will be realized: the alternative energy virtual knowledge center will be created, extending over the country's border, which would be implemented by creating a consortium consisting of prominent representatives of the topic.</p>
Involvement of the PACs	<p><i>The Priority Area 2 follows the implementation of the project with regular progress reports due in every 6 months. Priority Area 2 issued a Letter of Recommendation to the project.</i></p>
Next steps	<p><i>In case of successful implementation the project will be extended in scope and depth</i></p>

Name of the project	BIOSEC Production of second generation biofuel
Action related	Action - “To extend the use of biomass (e.g. wood, waste), solar energy, geothermal, hydropower and wind power” , especially by research and exchange of experiences / good practices / dissemination of information on related activities undertaken at national level. This would imply networking and cooperation between national authorities in order to promote awareness on renewable energy.
Countries involved	<i>Hungary, Slovakia</i>
Funding	<i>HU-SK CBC Programme :1017950 euro</i>
Stage of implementation	<i>Planned</i>
Description	<p>The general aim of the project is the production of bioethanol in frames of a cross-border cooperation. Bioethanol is produced from second generation feedstock and can be applied in vehicles. Specific goals of the project are the expected results of the single steps of the bioethanol production process. These are as follows:</p> <ol style="list-style-type: none"> 1. Identification of the most appropriate feedstock for bioethanol production in the region. 2. Development of an environment friendly bioethanol production process of the feedstocks. 3. Testing the applicability of the produced ethanol 4. Dissemination of the research results. <p>The Slovak-Hungarian cross border region has an outstanding agricultural potential for the growth of fast growing tree species and energy crops that are appropriate as feedstocks for bioethanol production. With the cultivation of these plants the agricultural performance of the region can be increased and new workplaces can be created in the agricultural sector. On the other hand agricultural and industrial wastes (e.g.: sunflower hulls, vine branch, paper sludge) present in the region can also serve as feedstocks for bioethanol production. With the utilization of wastes as feedstocks the amount of wastes that have to be deposited can be reduced. On long term this contributes to the improvement of living standards in the region and to the protection of natural resources. The results gained by the testing of the applicability of ethanol as a vehicle fuel contribute to the build-up of a sustainable transport environment in the region. The research results are usable for vehicle fleet operators and for local governments in the region. Through the dissemination of all research results of the project functioning clusters can be defined in the region. The optimal location, the sphere of attraction and the suppliers base of a potential bioethanol plant</p>

	can be defined. The establishment of a bioethanol plant is an investment with no return for single market players (single cities, single farmers). However, for partners of same interest in a region it might be a realizable alternative. Cross border regional characteristics get an emphasised role.
Involvement of the PACs	<i>The Priority Area 2 follows the implementation of the project with regular progress reports due in every 6 months. Priority Area 2 issued a Letter of Recommendation to the project.</i>
Next steps	<i>In case of successful implementation the project will be extended in scope and depth</i>

Name of the project	Ostrava Smart City Initiative
Action related	<p>Action - “To promote energy efficiency and use of renewable energy in buildings and heating systems including by renovating district heating and combined heat and power facilities as required by Energy Performance of the Buildings Directive and Renewable Energy Directive”. This could be done through networks of best practices (e.g. sharing experience in successful use of the ERDF funds to support sustainable energy investments in housing) and cooperation with International Financial Institutions on facilitating the sustainable energy investments in housing. In that context, innovative financing instruments such as European Fund for Southeast Europe (EFSE)³⁰ as well as the recently launched Green for Growth Fund South East Europe (GGF) should be promoted and used widely.</p>
Countries involved	<i>Czech Republic</i>
Funding	<p><i>This initiative is supposed to be mainly financed by the:</i></p> <ul style="list-style-type: none"> - <i>City of Ostrava own instruments 375 million CZK</i> - <i>Structural Funds 2014+ 2125 million CZK</i> <p><i>Private sector partners 50 million CZK</i></p>
Stage of implementation	<i>Planned</i>
Description	<p><i>City Of Ostrava leads its effort to involve in the energy industrial initiative Smart Cities along with the supportive partners Moravian-Silesian Region and VŠB-Technical University of Ostrava with a view to improving the limit situation of the environment in the Moravian-Silesian Region.</i></p> <p><i>Smart Cities Initiative is a tool aimed at raising the awareness of EU mission of reducing the CO₂ emissions by 20 % until the year 2020. Initiative is closely linked to the EC’s SET Plan (Strategic Energy Technology Plan) from the year 2011. Ostrava is aimed not only to the reducing of emissions, but also to reduce dust pollution and improve the environment situation in general, by the steps in the energy and industry sectors which are traditionally crucial for the Region.</i></p> <p><i>Areas for the suitable selected projects:</i></p> <ul style="list-style-type: none"> - <i>increase energy efficiency of buildings</i> - <i>lighting - support efficient lighting system in the city</i> - <i>public transport – eMobility</i> - <i>streamlining the transport system and its continuity - Light systems and systems for transport management</i>

	<ul style="list-style-type: none"> - <i>building parking facilities</i> - <i>support for the controlled car entrance to the city</i> - <i>incineration of waste in the households – educate, aid and motivate citizens for using the environmental types of heating</i> - <i>support for education - training for liability to the environment</i> <p><i>etc.</i></p>
Involvement of the PACs	<i>The Priority Area 2 follows the implementation of the project with regular progress reports due in every 6 months. Priority Area 2 issued a Letter of Recommendation to the project.</i>
Next steps	<i>In case of successful implementation the project will be extended in scope and depth</i>

ANNEX3: DETAILED DESCRIPTION OF THE DANUBE REGION GAS MARKET MODEL

Danube Region Gas Market Model

FOREWORD

The European Union Strategy for the Danube Region (EUSDR) and its Action Plan³ states that for a secure and well-functioning natural gas market in the Region ‘...the interconnections between national markets have to be improved and countries in the region need to gain access to new external sources. Reinforcing gas transmission infrastructure will be key for preventing potential supply disruption in the future. Well-functioning networks, interconnections and interoperability are needed for energy security, diversification and effective energy operation.’ (Action Plan, p. 18). The Action Plan foresees the development of a joint position of the region regarding natural gas projects of common interest (PCI) within the framework of the new Connecting Europe Facility. Such a joint position could help the Region to gain European support for projects with outstanding regional relevance.

Objective of the Model

The objective of the Model is to provide support for the development of the Danube Region joint position on natural gas PCIs. The impacts of new investments into gas transmission pipelines, cross border interconnections, gas storage facilities and their combinations on market integration and liquidity, price and social welfare changes and supply source diversification are being analysed by the Danube Region Gas Market Model (DRGMM).

Danube Region Gas Market Model

The modelling work was commissioned by the Danube Region Strategy Priority Area 2 (to encourage more sustainable energy) and carried out by the Regional Centre for Energy Policy Research (REKK) at the Corvinus University of Budapest. The primary objective of creating the DRGMM was to provide a consistent analytical tool, based on solid economic theory, that allows for the simulation of the effects of new infrastructure projects and project packages (like the North-South Gas Interconnections) on the region’s

³ Com(2010) 715 and SEC(2010) 1489, respectively.

gas market integration and supply security. While the model builds on the data and results of previous studies, it has a number of unique features. Beyond extending gas market analysis to the entire region covered by the Danube Strategy, it is able to calculate market outcomes such as country specific natural gas wholesale prices and trade flows subject to constraints represented by the physical gas infrastructure and contractual arrangements specific for the region. Outcomes can be calculated and compared for alternative gas demand scenarios and for alternative infrastructure topologies. Modelling outcomes easily allow for an in-depth regional supply security analysis and the estimation of the country specific social benefits of new infrastructures.

In this first phase of the collaborative effort, the focus of the analysis has been on comparing the impact of new infrastructures on regional gas market integration. Based on the assumption that stronger market integration results in price convergence across the region and to less expensive gas supply prices, we looked at how the implementation of individual infrastructures and of packages impacts some regional gas price convergence indexes that we have created. Those price convergence indexes are then used for ranking the different projects and packages.

Geographical scope of the Model

Analyzed markets: Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Former Yugoslav Republic of Macedonia, Greece, Hungary, Kosovo*, Moldova, Montenegro, Poland, Republic of Serbia, Romania, Slovakia, Slovenia.

External markets: Germany, Italy, Russia, Turkey, Ukraine.

(*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.)

Concerning the market structure the Model assumes perfect competition. The strategic interaction among market players and their market power are ignored. The gas market is modelled as a whole, by maximizing the total welfare of consumers and suppliers. This leads to a simple yet detailed regional partial equilibrium model with tractable effects of factors on the final prices and sales.

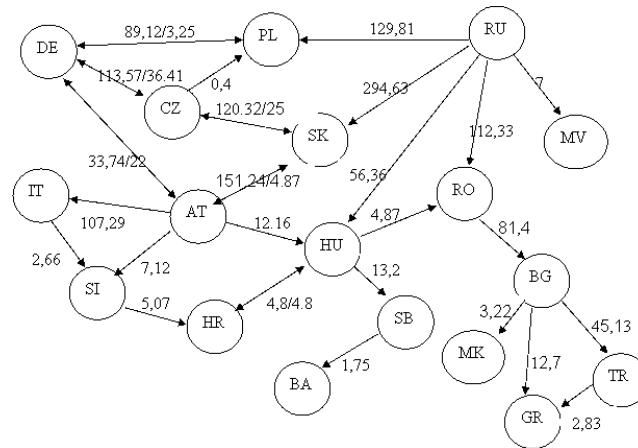
A one-year modelling period is chosen and is divided into 12 seasons (months) so that intra-year swings in demand and changes of supply, i.e.; production, transmission and storage can be illustrated.

There are two allotted years for the modelling: the base scenario is 2011 and the future setting is designed for 2020. The main **input** data categories are:

- Consumption: yearly natural gas consumption of analyzed countries and the monthly distribution as a ratio of the annual consumption is based on forecasts of different institutions (Energy Community, ENTSOG, Kantor study).
- Natural gas indigenous production for countries where relevant, based on fact data and forecast of publicly available sources.
- Infrastructure capacities: interconnection pipelines are characterized by their daily maximum flows, storages by their injection and withdrawal daily maximum

capacities and the working gas capacity, LNG by their maximum daily capacity. The following chart shows the base interconnector setting.

(Arrows show the possible physical flow direction and the daily max. capacity (mcm/day))



- Costs: transmission costs are not included in the Model, however storage and LNG cost can be set for each site individually.
- The settings of the long term take-or-pay contracts.

The TOP contracts limit the traders' opportunities as their minimum amount (defined for the year but also as a daily minimum) has to be delivered, or penalty has to be paid. The yearly flexibility of TOP's is +/-15%. We assume that contracts are oil-indexed with some spot element. The ratio of spot/oil indexed price can be set, in the base scenario the Model assumed 30% spot- 70% oil indexed.

The 2020 setting is envisaged with forecasted demand and local production data, and with those infrastructure elements that are under construction at the time of data collection for the modelling (in 2012) being added to the base set of infrastructure, and with expired TOP's being renewed with the same features as before but on an 80% annual volume base.

External markets: transit to outside markets is based on TOP contracts with pre-defined contract path, where the amount of TOP deliveries reduces the infrastructure capacity available for spot trade purposes. Only amounts of TOP contracts transited through the region is taken into account. Outside markets' prices are exogenous. The Model is using the following prices for modelling: Germany: TTF price; Italy: PSV price; Russia: oil-indexed price; Turkey: Russian price -2%; LNG: TTF price except for future Romanian and Bulgarian LNG projects where Russian price -2% is assumed. (Please note that the demand of the region does not affect the external market price.)

Modelling exercise

Considering the 2011 setting with the present infrastructure and present set of TOP contracts, the Model results (annual average price and annual consumption for each country) form the reference scenario. Each infrastructure project is dropped into the base setting and Model outcome is calculated. To evaluate the effect of each infrastructure investment on regional market development the REKK developed the following Regional Convergence Index (RCI):

$$RCI = \sum P_i^{\text{modelled}} * Q_i^{\text{region}} / P_{\text{spot}} * Q^{\text{region}},$$

where P_i stands for the gas price for country i calculated by the model, Q_i is the amount of gas consumption by country i calculated by the model, while Q is the aggregate gas consumption of all modelled countries for the same scenario. P_{spot} stands for western European spot gas prices. This index estimates the extra cost the Danube Region has to pay for its gas consumption as compared to the case when this gas was purchased at Western spot prices.

For each project where the RCI decreases compared to the reference scenario, market integration results in decreasing prices and price convergence between the Danube Region and Western Europe.

$$\text{Cost efficiency of Regional Convergence} = RCI / \text{investment cost estimate}$$

The cost to reduce purchase cost premium paid by the Danube Region can also be compared by each project. Most efficient solutions rank higher.

$$RSI = \text{Regional Spill-over Index}$$

Some projects however have very limited regional spill-over effect. Their impact is restricted to the two adjacent markets that are connected by an interconnector.

RSI measures the same convergence as RCI but without taking into account the two adjacent markets connected. Project with larger spill-over effect can also be identified.

The infrastructure projects can be prioritised based on these (price convergence) indexes, or further aspects (like security of supply) can also be added. The model can be used for intra year calculations as well: assuming that there is a supply shortage in January the drop in consumption by different infrastructural settings can also be evaluated.

ANNEX 4: POLICY CONCLUSIONS OF THE PRIORITY AREA 2

Conclusions of the Priority Area 2 (to encourage more sustainable energy)

of the EU Strategy for the Danube Region for a regional gas market

- 30 May 2012, Budapest -

1. Countries of the EU Strategy for the Danube Region (hereinafter referred to as EUSDR) are acknowledging the role of the EUSDR as a unique cooperation platform that enables them to work together – building on the experiences of the electricity market integration – in order to overcome common energy sector related challenges and difficulties they are facing in the area of natural gas.
2. In order to achieve their overall energy goals, the countries of the EUSDR identified the following necessary and basic preconditions:
 - a. adequate regulatory framework,
 - b. harmonized capacity allocation and congestion management systems,
 - c. well-functioning and interconnected energy infrastructures in accordance with the ongoing legislative debate on the European Grid Code and the European Infrastructure Package especially the latter's provisions regarding incentives,
 - d. interoperability, coordinated balancing regime and network tarification,
 - e. developed gas storage facilities.
3. Without significant indigenous production, it is inevitable to get access to external gas supplies for a well-functioning, integrated natural gas market. The supplier(s) should not hinder the market integration efforts via monopolistic policies. They should abide by the Union *acquis communautaire* adopted by the participating countries of the EUSDR.
4. Developing the internal energy market and ensuring the security of supply are two strongly interrelated aspirations. Countries of the EUSDR are committed to both objectives. An integrated approach would serve the enhancement of both goals.
5. Countries of the EUSDR urge the Commission to promote new energy infrastructure projects of regional relevance (e.g. in the framework of the new energy infrastructure package) that help decreasing the level of unilateral gas import dependence and gas market isolation of the region. In particular, infrastructure initiatives that increase regional gas market competition and consequent gas price convergence in a cost efficient manner should enjoy preference over projects that rather consider the rest of the DR as a gas transit area.

6. Countries of the EUSDR ask the Priority Area 2 to conduct a Study for the optimal use of the gas storage capacities in the Region.

ANNEX 5: ANNUAL STAKEHOLDER SEMINAR OF THE PRIORITY AREA 2 - AGENDA, INVITATION AND PRESS RELEASE



MINISTRY OF FOREIGN AFFAIRS
OF HUNGARY

Annual Stakeholder Seminar of the Priority Area 2 - to encourage more sustainable energy - of the EU Strategy for the Danube Region *(The Seminar is financed by the European Union and the New Széchenyi Plan)*

Programme

09.00 – 09.10	Opening remarks
	<ul style="list-style-type: none">• Ms Anita Orbán, Ambassador-at-Large for Energy Security, Ministry of Foreign Affairs; Priority Area Coordinator for Priority Area 2; (Hungary)• Ms Olga Svitáková, Head of International Affairs Department, Ministry for Industry and Trade; Priority Area Coordinator for Priority Area 2; (Czech Republic)
09.10 – 10.00	Welcome addresses
	<ul style="list-style-type: none">• Mr Balázs Medgyesy, Government Commissioner for the EU Strategy for the Danube Region; (Hungary)• Mr Olivier Baudulet, Directorate General for Regional Policy, European Commission;• Mrs Catharina Sikow-Magny, Acting Head of Unit for Networks and Regional Initiatives, Directorate General for Energy, European Commission;• Mr Slavtcho Neykov, Director, Energy Community;
10.00 – 10.30	Coffee break
10.30 – 11.30	Keynote speeches
	<ul style="list-style-type: none">• Mr Pál Kovács, Minister of State for Climate Change and Energy, Ministry of National Development; (Hungary)• Mr Jiri Georgiev, Deputy State Secretary for EU Affairs, Office of the Government; (Czech Republic)• Mr Alen Leverić, Assistant Minister of Economy; (Croatia)



The project is supported by the European Union.
(VOP-1.1.1-11-2011-0001)



11.30 – 12.30	“Towards an integrated gas market in the Danube Region by 2014”
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- **Mr Péter Kaderják**, Director, Regional Centre for Energy Policy Research;
 - ♦ The aim of the presentation is to introduce an economic modelling framework that allows for a consistent analysis of interactions between gas infrastructure investment options and consequent gas market development and integration in the Danube Region.

12.30 – 13.30	Buffett lunch
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13.30 – 15.30	Panel I. – Regional gas market integration and supply security – perspectives and constraints <i>(Moderated by Ms Kateřina Miklošová, Office of the Government of the Czech Republic)</i>
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- **Keynote: Mr Pierre Noel**, Senior Research Associate, EPRG, University of Cambridge;
 - ♦ The future of long term gas contracts and the Danube Region gas market
- **Mrs Catharina Sikow-Magny**, Acting Head of Unit for Networks and Regional Initiatives, Directorate General for Energy, European Commission;
 - ♦ North-South Gas Interconnections in CEE and SEE
- **Mrs Violeta Kogalniceanu**, Head of Infrastructure Unit, Energy Community;
 - ♦ Synergies between regional initiatives
- **Ms Veneta Tzvetkova**, Head of Energy markets and restructuring Department, Ministry of Economy, Energy and Tourism;
 - ♦ Progress report on the Bulgaria - Romania Gas Interconnector project

15.30 – 15.50	Coffee break
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*The project is supported by the European Union.
(VOP-1.1.1-11-2011-0001)*



HUNGARY'S RENEWAL

MINISTRY OF FOREIGN AFFAIRS
OF HUNGARY

15.50 – 17:50	Panel II. – Project Approach <i>(Moderated by Mr Pál Ságvári, Head of Unit; Ministry of National Development, Hungary)</i>
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- **Mr Antoine Jourdain**, Member of the Board of Directors of Eustream;
 - ◆ Progress report on the Slovakia – Hungary Interconnector
- **Mr Stanislaw Cios**, Head of unit; Ministry of Foreign Affairs of Poland;
 - ◆ Impact of the Polish shale gas on the Danube Region's gas market
- **Ms Andrea Čirlićová**, Business Area Manager, European Network of Transmission System Operators for Gas (ENTSO-G);
 - ◆ Report on the implementation of reverse flow projects identified by ENTSO-G with a special reference to the Danube Region
- **Mr Aleksandar Kovacevic**, Senior Visiting Research Fellow, The Oxford Institute for Energy Studies;
 - ◆ The Gas Ring Concept
- **Mr Dubravko Proštenik**, Project manager, Plinacro Company, Croatia;
 - ◆ Status report on the LNG regasification facility located at Krk, Croatia
- **Mr Melchior Karigl**, Financial director, European Investment Bank;
 - ◆ Inside into the Southern Corridor

17:50 – 18.00	Closing remarks
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*The project is supported by the European Union.
(VOP-1.1.1-11-2011-0001)*



HUNGARY'S RENEWAL

MINISTRY OF FOREIGN AFFAIRS
OF HUNGARY

Mr Philip Lowe,
Director General for Energy
European Commission

Budapest, February "14", 2012

Dear Director General Lowe,

We present our compliments to the Directorate General for Energy of the European Commission and have the honour to inform you that Hungary and the Czech Republic are making progress as co-coordinators of the Sustainable Energy Priority Area (Priority Area 2) within the Strategy for the Danube Region.

During the implementation process one of our goals is to provide an opportunity for the stakeholders of the Danube macro-region to exchange experiences, to work out good practice models, and to discuss common challenges in the integration of the energy market for the Danube Region. As part of this process we are organizing an Annual Stakeholder Conference in Budapest on 31 May, 2012.

We have the honour to invite you to deliver a keynote speech at the **Annual Stakeholder Conference of the Priority Area 2**. We kindly ask you to note the date of the conference in your calendar.

Please find enclosed the preliminary agenda of the meeting.

We would be honoured if you accept our invitation.

Wishing you a lot of success and good health in your highly responsible duties, please accept the assurances of our highest consideration.

Sincerely yours,


Mr Balázs Medgyesy
Government Commissioner for the EU Danube Strategy
Ms Olga Svitáková
Priority Area Coordinator
for sustainable energy
Ms Anita Orbán
Priority Area Coordinator
for sustainable energy

*The project is supported by the European Union.
(VOP-1.1.1-11-2011-0001)*



PRESS RELEASE

Danube Strategy: The region is looking for common solutions to energy challenges

May 31, 2012 1:49 PM

The first Annual Stakeholder Seminar of the EUSDR (EU Strategy for the Danube Region) Energy Priority Area, coordinated by Hungary and the Czech Republic, took place at the Ministry of Foreign Affairs of Hungary on May 31, 2012.

The primary goal of the Seminar was to present the results of the Danube Region Gas Market Model Study to the economic, professional, and scientific partners of the Danube Region Strategy.

More than a hundred participants attended the conference, being welcomed by Government Commissioner for the Danube Region Strategy Mr Balázs MEDGYESY as well as high-ranking representatives of the European Commission's Regional Policy and Energy DGs, and the Director of the Energy Community Mr Slavtcho NEYKOV.



Pál Kovács, Anita Orbán (photo: Károly Árvai)

In her opening remarks, Ambassador-at-Large, Priority Area Coordinator Ms Anita ORBÁN, named the Study which was conducted by the Regional Centre for Energy Policy Research for the initiation of the EUSDR Energy Priority Area as first and significant result of the regional cooperation. The Study generated serious interest at both regional and EU levels.

Ms ORBÁN outlined that the Danube Region is facing common challenges and difficulties in the area of energy as well. High energy prices, fragmented energy markets, and problems regarding security of supply showed their negative effects several times during the recent year's gas crises. Ms ORBÁN stressed that the Danube Strategy offers an adequate framework to find coordinated regional solutions to all these problems.

In the field of energy, the study on gas market is the first manifestation of this cooperation, creating an opportunity for the countries of the Region to have a common – and therefore powerful – position on the development of energy infrastructure to be carried out in the future. This is a particularly topical issue in light of the current legislative debate on energy infrastructure priorities in the European Union.



photo: Károly Árvai

The keynote speeches were held by Mr Pál KOVÁCS Hungarian Minister of State responsible for Climate Change and Energy issues, Mr Jiri GEORGIEV Deputy State Secretary for EU Affairs (Czech Republic) and Mr Alen LEVERIC Croatian Assistant Minister of Economy.

Mr Pál KOVÁCS outlined Hungary's position on the subject of the conference. He emphasised – among others – that the creation of the missing energy interconnections would contribute to the creation of a single European energy market and to the strengthening of solidarity among Member States. As he said, the aim of the energy infrastructure development is to improve the security of supply and at the same time to decrease energy prices.

In his speech, Mr Jiří GEORGIEV outlined that the Danube Strategy is a unique opportunity to strengthen regional cooperation in the area of energy as well. He claimed that the Strategy could also contribute to the application of the principles of the Single Market in the energy market as well. Mr Alen LEVERIC gave an overview on the energy strategy of Croatia, highlighting the opportunities which the building of the North-South Energy Corridor could provide.



photo: Károly Árvai

The Danube Region Gas Market Model elaborated by the Regional Centre for Energy Policy Research was presented by the Director of the Institute, Mr Péter KADERJÁK. He pointed out that the EU realised the problems resulting from the lack of a single European energy market, this recognition should be advantageous for the countries of the Danube Region.

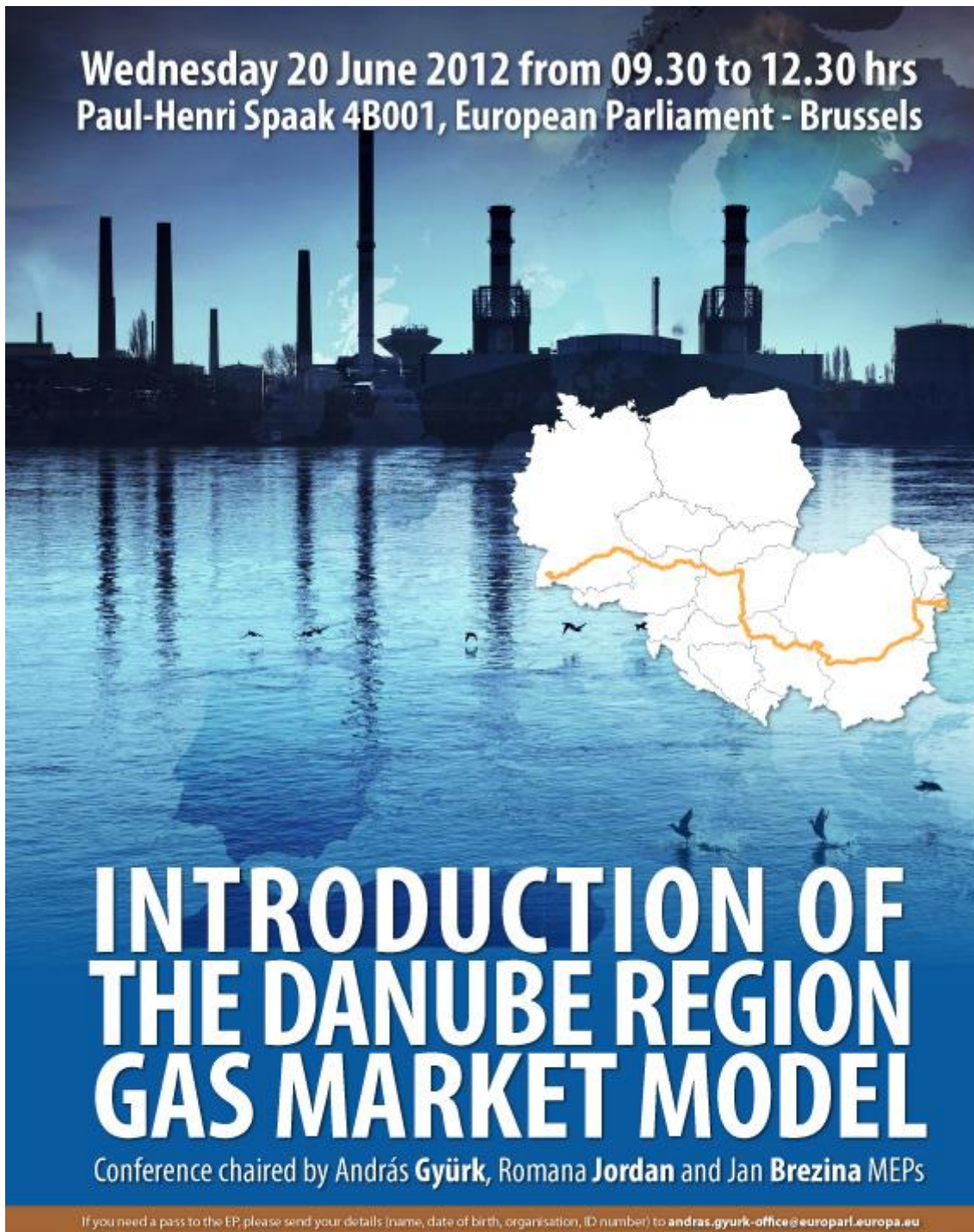
He explained that in addition to building cross-border pipelines, making better use of storage capacities is also necessary for improving the security of supply in the region. The most efficient coordination of the capacity utilisation can be reached at a regional level thus, the Study contains concrete recommendations on this issue as well.

Panel II of the conference was dedicated to energy projects such as the Hungary–Slovakia the Romania – Bulgaria interconnector projects, the Gas Ring Concept or the Krk LNG project.

SOURCE: (eu.kormany.hu)

**ANNEX 6: POSTER AND PROGRAMME OF THE EVENT IN THE EUROPEAN
PARLIAMENT**

Wednesday 20 June 2012 from 09.30 to 12.30 hrs
Paul-Henri Spaak 4B001, European Parliament - Brussels

The background of the poster features a photograph of an industrial facility with several tall smokestacks emitting plumes of smoke. In the foreground, there is a body of water reflecting the sky and the industrial structures. Overlaid on the right side of the image is a white map of Central Europe, with the Danube River highlighted in orange. The river flows from the west towards the east, passing through the highlighted region.

**INTRODUCTION OF
THE DANUBE REGION
GAS MARKET MODEL**

Conference chaired by András Gyürk, Romana Jordan and Jan Brezina MEPs

If you need a pass to the EP, please send your details (name, date of birth, organisation, ID number) to andras.gyurk-office@europarl.europa.eu



Introduction of the Danube Region Gas Market Model

Final programme of the event
European Parliament PHS 4 B001 - 20th June 2012

09.30 – 09.35	Welcome speech
	<ul style="list-style-type: none">• Ms Olga Svitáková, Head of International Affairs Department, Ministry for Industry and Trade; Priority Area Coordinator for Priority Area 2; (Czech Republic)
09.35 – 09.55	Keynote speeches
	<ul style="list-style-type: none">• Mr András Gyürk, MEP, Member of the ITRE Committee• Ms Romana Jordan, MEP, Member of the ITRE Committee
09.55 – 10.00	Opening remark
	<ul style="list-style-type: none">• Mr Olivier Baudelet, Team leader of the Danube sector, DG Regio, European Commission
10.00 – 11.00	Introduction of the Danube Region Gas Market Model
	<ul style="list-style-type: none">• Mr Péter Kaderják, Director, Regional Centre for Energy Policy Research (REKK), Substitute Member of the Board of Appeal, Agency for the Cooperation of Energy Regulators (ACER)
11.00 – 12.20	Panel discussion – Regional gas market integration and supply security – perspectives and constraints
	<ul style="list-style-type: none">• Mr Jean-Arnold Vinois, Director, DG Energy, European Commission• Ms Andrea Čirlićová, Business Area Manager, European Network of Transmission System Operators for Gas (ENTSO G)• Mr Colin Lyle, Board Member and Gas Committee Chairman, European Federation of Energy Traders (EFET)• Mr Jacques de Jong, Member of the Board of Appeal, Agency for the Cooperation of Energy Regulators (ACER)• Questions and Answers
12.20 – 12.30	Closing remarks
	<ul style="list-style-type: none">• Ms Anita Orbán, Ambassador-at-Large for Energy Security; Ministry of Foreign Affairs; Priority Area Coordinator for Priority Area 2; (Hungary)
12.30 – 14.00	Lunch for the Speakers (EP Members' Restaurant)

ANNEX 7: CONCEPT PAPER ON THE COOPERATION WITH THE ENERGY COMMUNITY

Concept paper on the possible cooperation between
the EU Strategy for the Danube Region and the Energy Community
(accepted by the Steering Group of the PA2 on 23rd February 2012)

The EU Strategy for the Danube Region (EUSDR) and the Energy Community are both instruments to facilitate energy market integration. EUSDR and the Energy Community should work and cooperate closely together also to encourage synergies and avoid duplications.

The main goal of the Energy Community is to implement the EU's energy acquis in the Western-Balkan region, but also in Ukraine and Moldova. In the short term it aims at creating open and transparent national energy markets, based on stable regulatory and market frameworks. In the medium term, an integrated energy market should be in place across the region which allows for cross-border trade in energy and also guarantees energy supply. Finally, in the long term, the regional market should be fully integrated in the European Union's internal energy market.

The EUSDR aims at coordinating long-term energy policies as well as national investment strategies (power plants, grids, pipelines, interconnectors, etc.). Regarding energy markets, the aim is to establish an integrated and well-functioning market for energy. In order to achieve the EU2020 targets the Strategy helps to increase the use of renewable energy sources and also to improve energy efficiency.

The European Commission in the Strategy's accompanying Action Plan suggested 3 concrete actions for cooperation between the EUDRS and the Energy Community as follows:

Energy infrastructure

Action - "To ensure that actions are coherent with the general approach of the Energy Community and explore synergies between the Energy Community and the Danube Strategy processes". The Energy Community aims at extending the EU internal energy market to South East Europe (Parties: Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Serbia, and Kosovo; Participants: Austria, Bulgaria, Cyprus, Czech Republic, France, Germany, Greece, Hungary, Italy, The Netherlands, Romania, Slovakia, Slovenia, and United-Kingdom as well as the European Union).

Energy markets

Action - "To tap possible cooperation opportunities with the Energy Community", which aims in particular at creating an integrated energy market allowing for cross-border energy trade and integration with the EU market.

Energy efficiency and renewable energy

Action - “To encourage the Energy Community members/ observers in adopting and implementing the Renewable Energy Directive”. Negotiations are underway to include RES directive in the ‘acquis communautaire’ to be implemented by Energy Community members within the framework of the Energy Community.

In this concept paper, as a first step, we would like to concentrate on the general ways of cooperation between the EUSDR and the Energy Community. Since the 2nd Steering Group Meeting of the PA2 held in Prague on 27 October 2011 the following steps have been made:

- Visit of Anita ORBÁN (Priority Area Coordinator for PA2) at the Energy Community’s Headquarter in Vienna – 20 December 2011
- Consultations with Mr. Slavtcho NEYKOV (Director, Energy Community) and Mr. Dirk BUSCHLE (Deputy Director, Energy Community)
- Following the meeting, the PA2 requested an observer status for the EUSDR in the Regional Energy Task Force of the Energy Community which has been granted
- The Regional Energy Task Force officially invited the PA2 as observer to its meetings; - 13.01.2012
- Mr. Slavtcho NEYKOV’s and Mr. Dirk BUSCHLE’s visit to Hungary; The one day meeting included consultation with Mr. Balázs MEDGYESY – Government Commissioner Responsible for the EU Danube Region Strategy. During the consultations several possible cooperation topics between the EUSDR and EC have been identified; - 17.01.2012

Following steps to done

Implementation of the “acquis” in the Energy Country contracting parties

Role of the EU DRS Member States

In order to help the Energy Community in its main goal related to the implementation of EU “acquis communautaire” among its contracting parties, we must identify the available institutional best practices and knowledge in the EU countries of the Danube Region Strategy. This can be done via the Steering Group Members network of the PA2.

We recommend that each DRS EU-country offers its available best practices and knowledge to the non-EU Member States in a specific topic, via TAIEX and TWINNING training programs.

Example: Hungary has huge capacity and knowledge regarding the use of many types of renewable energy sources. Therefore Hungary is willing to launch training programs to experts and institutions from the Western-Balkan countries, through the TAIEX facility,

in order to implement the EU acquis related to renewables, including the Renewable Energy Directive.

Project example: How to utilize best the geothermal potential – legal background, best practices and project examples by the Hungarian Geothermal Association;

Project example: Transfer of institutional knowledge, best practices on the implementation of Directive 2001/77/EC (promotion of electricity produced from renewable energy sources in the internal electricity market)

Role of the non-EU DRS Member States

In close cooperation with the Energy Community, we recommend that the non-EU Member States of the Danube Region Strategy identify their needs, problems related to the adaption and implementation of the EU “acquis communautaire” in which they would welcome the experiences of the EU Member States of the EUDRS.

➤ Examples:

- difficulties:
- in the implementation of the Renewable Energy Directive
- in the elaboration of support schemes for electricity produced from renewable energy sources (based on Directive 2001/77/EC)
- in the preparation of Simplified Renewable Energy Action Plans (SREAP)
- in the implementation of Directive 2003/30/EC (promotion of the use of biofuels or other renewable fuels for transport) regarding the provisions on incentive measures, monitoring and reporting

Participation in the Regional Energy Strategy Task Force

The Priority Area 2 will circulate amongst its Steering Group Members the first draft of the Regional Energy Strategy Concept which was composed by the Energy Community Secretariat. The following meeting of the Regional Energy Task Force is to be held in Vienna on 28th February 2012, where the PA2 will take part as observer.

Annual Stakeholders Seminar of the DRS PA2

The EUDRS PA2 is going to hold its first Stakeholders Seminar on 31st May 2012 in Budapest. Following the opening plenary session the conference will continue with three parallel panels, such as energy infrastructures, energy markets and renewables. Energy Community will be asked to delegate experts to each panel.

ANNEX 8: LIST OF ATTENDANCE

SG Meeting:	AT	BIH	BG	CZ	DE	HR	HU	MD	MNE	RS	SK	SI	RO	UA	Total
1st SG Meeting on 23 June 2011		Emb	x	x	x	x	x	Emb			x	Emb	Emb	Emb	11
2nd SG Meeting on 27 October 2011			x	x	x(BY)	x	x				x	x			7
3rd SG Meeting on 22 February 2012			x	x		x	x		x		x	x	Emb		8
4th SG Meeting on 29 May 2012	x		x	x	x	x	x			x	x	x	x		10

X= presence

Emb= Embassy only

ANNEX 9: AGENDA AND MINUTES OF THE 1ST SG MEETING

EU STRATEGY FOR THE DANUBE REGION PRIORITY AREA 2 – sustainable energy

Kick-off meeting

23 June 2011

Ministry of Foreign Affairs, Hungary
Budapest, Bem rakpart 47.

AGENDA

9:30-10:00 Registration of participants (*coffee*)

10:00-10:10 Opening remarks by Mrs. Etelka Barsi-Pataky, Government Commissioner, National Contact Point of Hungary, HU Ministry of Foreign Affairs on behalf of the Hungarian Presidency

10:10-10:25 Presentation on the EU Strategy for the Danube Region by Mr. Jan Král, Head of European Policies Coordination Department, Office of the Government of the Czech Republic

10:25-10:45 EU Strategy for the Danube Region by Mr. Olivier Baudalet, Programme Manager, European Commission DG REGIO

10:45-11:05 Priority area 2- to encourage sustainable energy by Ms. Olga Svitáková, CZ Priority Area Coordinator for sustainable energy

11:05-11:20 Presentation on EU energy policy by Ms Monika Eordoghne Zsigri DG Energy - Unit B1, Energy policy, Security of supply & Networks

11:20-11:40 Implementation of Priority Area 2 by Ms. Anita Orbán, HU Priority Area Coordinator for sustainable energy

11:40-12:30 Work procedure – Steering Group

12:30-14:00 Lunch at Panorama Room

14:00-14:20 Presentation on the financial aspects of the Strategy by financial institutions by Zsolt Szabó, National Development Agency

14:20-15:50 Discussion on financial aspects and project implementation

15:50-16:00 Conclusions by Ms. Anita Orbán and Ms. Olga Svitáková, Priority Area Coordinators for sustainable energy

MINUTES

MINUTES

1st Meeting (Kick-off meeting) of the Steering Group of EUSDR PA2

– to encourage more sustainable energy –

23 June 2011

On June 23rd, the Hungarian EU presidency and the Czech Republic hosted the 1st Meeting (Kick-off meeting) of the Steering Group of EU Strategy for the Danube Region (EUSDR) Priority Area 2 (PA2) – to encourage more sustainable energy – in Budapest, at the Ministry of Foreign Affairs, Hungary. The meeting was attended by representatives of the Ministries of Foreign Affairs and other relevant Ministries of the EUSDR member states, by representatives of the European Commission and the National Contact Points, as well as the Priority Area Coordinators appointed to coordinate the sustainable energy priority area (PA2).

Opening remarks

Ms. Anita Orbán, chair of the meeting, Ambassador-at-Large for Energy Security and the Hungarian Priority Area Coordinator for EUSDR PA2 welcomed the participants and after a brief introduction round she gave the floor to Ms. Etelka Barsi-Pataky, Government Commissioner, National Contact Point of Hungary. In her opening remarks, Ms. Barsi-Pataky underlined the importance of EUSDR and reviewed the results of the Hungarian EU presidency concerning the EUSDR. She emphasised that all priority area started to elaborate on projects and the implementation phase of the EUSDR has started. The next steps ahead of the EUSDR were also presented.

Mr. Jan Král, Head of European Policies Coordination Department at the Office of the Government of the Czech Republic congratulated the Hungarian EU presidency and gave a general overview about the EUSDR. He introduced the underlying principle behind the EUSDR and emphasised that the countries involved in the EUSDR share common

challenges and the main task of the EUSDR is to overcome these challenges. He also reflected on the three no principle of the EUSDR.

Presentation on EU Strategy for the Danube Region

Mr. Olivier Baudelet, representing DG REGIO of the European Commission stated that EUSDR is already a success as it brings together 14 member states of EUSDR on 11 priority areas. In his presentation, he reflected on five main points. First, he explained the role of the actors (Priority Area Coordinators, Steering Group, National Contact Points, ICPDR, the European Commission) in EUSDR PA2. He emphasised that the European Commission will help to facilitate the work of the Priority Area Coordinators by providing technical assistance and a web platform. Second, Mr. Baudelet reflected on the working methods and emphasised the importance of transnational, integrated and inclusive approach in the implementation phase. Third, he called for the finalization of targets by the end of June 2011. Fourth, he claimed that lot of financing opportunities are available (e.g. EU funds, national funds, loans, World Bank, European Investment Bank funds, TEN-E, LIFE+, structural funds) and the alignment of funding will also contribute to finance great projects. A Letter of Support can also be provided to great projects by the Steering Group and DG REGIO will ask the programmes to give priority to these project proposals. Fifth, he underlined the next steps ahead by June 2012:

- each action has to be broken down into operational steps with milestones and deadlines
- 3 new projects have to be identified
- 10 existing projects need to be identified
- the Steering Group should meet at least twice
- one seminar with stakeholders should be organized
- a web-site should be dedicated to PA2
- report by the Priority Area Coordinators should be prepared

Mr. Baudelet concluded that the responsibility and the ownership of the EUSDR lie with the 14 countries and the implementation should mean real work rather than political statements.

Presentation of PA2

Ms. Olga Svitáková, the Czech Priority Area Coordinator for PA2, gave a thorough presentation on the state of play of the European energy policy field and PA2 of the EUSDR. The presentation is attached to this report.

Exchange of views on PA2

Ms. Fruzsina Ellenrieder representing DG ENVIRONMENT pointed out that ICPDR should be invited to the Steering Group meetings as three actions in the EUSDR deal with hydropower. She also highlighted that a Workshop on hydropower will be organized on 13-14 September, 2011 by DG ENVIRONMENT.

As an answer to the questions raised by Slovakia and Croatia Ms. Olga Svitáková clarified that PA2 does not aim to duplicate existing projects such as the North-South gas interconnector and Poland can participate in these project as a non-member of EUSDR.

Presentation on EU energy policy

Ms. Monika Eordoghne Zsigri, representing DG ENERGY of the European Commission, presented the EU energy policy goals and the main energy targets of the European Union. The presentation is attached to this report.

Target setting

Each priority area should agree on realistic and feasible targets in the Steering Group by the end of June 2011. The Priority Area Coordinators for PA2 presented a Draft Resolution on targets distributed to the members of Steering Group prior to the Kick-off meeting. Amendments incorporating all the comments received from participants were made on the Draft Resolution and the Steering Group accepted the document as a policy guideline in PA2. Please find the document attached to this report. Concrete numerical targets are proposed and sent out via email by the Priority Area Coordinators on 27 June and should be agreed by 30 June 2011 in the Steering Group via email as well.

Implementation of PA2 and work procedure of the Steering Group

Ms. Anita Orbán, in her capacity as the Hungarian Priority Area Coordinator for PA2 presented the Terms of Reference distributed to the members of Steering Group prior to the meeting. The interventions, received from all members present, as well as, the European Commission were incorporated into the text and the Steering Group accepted the document. The initial selection criteria for Danube projects were set and accepted by the Steering Group. The timeline and the tasks ahead were presented. The presentation is attached to this report.

Presentation on the financial aspects of the EUSDR

Mr. Zsolt Szabó representing the National Development Agency of Hungary gave a thorough presentation on the possible financial sources of the implementation of EUSDR PA2. As for current opportunities, he underlined the 4th call of the Southeast Europe Transnational Cooperation Programme. The link of the pre-announcement will be sent out to the members of the Steering Group. Mr. Szabó's presentation is attached to this report.

Concluding remarks and the next tasks ahead

In the closing remarks, the European Commission emphasised that the members of the Steering Group should be experts on their field and it is crucial for all members to have the authority to take decisions. As for great projects, the Commission underlined that PA2 should generate sustainable projects with a real need behind them.

The Priority Area Coordinators for PA2 summarised the outcome of the meeting: the Terms of Reference, the initial selection criteria for Danube project and the Draft Resolution on targets which will serve as a policy guideline for PA2 were all approved. The targets will be finalized by 30 June 2011.

The Priority Area Coordinators for PA2 underlined that the **tasks of each Steering Group member** are:

- **to collect all the on-going energy projects (approved, under implementation) in their home country by 31 July 2011**
- **to examine possible project proposals for the 4th call of Southeast European Transnational Cooperation Programme by 31 July 2011**
- **to gather information on existing financing possibilities by 30 September 2011**

The next Steering Group meeting will be held in late September/early October in Prague where concrete projects will be decided.

ANNEX 10: AGENDA AND MINUTES OF THE 2ND SG MEETING

Agenda PA2, SG meeting Prague, October 27, 2011

1. Selecting the Danube projects from the ongoing projects (26 projects have been submitted via the SG members for consideration, see the ongoing projects in Annex 2)
2. Deciding on which new projects to support with a letter of recommendation (16 new projects have been submitted for consideration, see the planned projects in Annex 3)
3. Setting up a work plan for the individual actions in the Action Plan. Starting with the following actions:
 - a. “To tap possible cooperation opportunities with the Energy Community”
 - b. “To enforce regional cooperation with a view to develop and implement the North-South gas interconnection projects”
 - c. „To implement the National Renewable Energy Action Plans and to prepare a Danube Region Renewable Energy Action Plan.”
4. Deciding on the theme, venue and timing of the annual conference (preliminary discussion paper in Annex 4)
5. Any other business

MINUTES

MINUTES

2nd Meeting of the Steering Group of EUSDR PA2

-to encourage more sustainable energy-

27 October 2011, Prague

On 27 October 2011 the Czech Republic hosted the 2nd Meeting of the Steering Group of EUDRS PA2 – to encourage more sustainable energy – in Prague at the Ministry of Industry.

Opening Remarks

In her opening remarks Ms. Olga SVITÁKOVÁ co-coordinator for PA2 of EUSDR welcomed the participants and after a brief introduction round she gave the floor to Mr. Olivier BAUDULET, representing DG REGIO of the European Commission.

In his opening words Mr. BAUDULET stressed that the Strategy now is in the implementation phase and 12 Steering Groups started the work. He reported that almost all SG's finalized the targets which will be revised at the next HLG meeting. He mentioned 4 challenges facing the Steering Groups:

- Credibility of the SG's - he pointed out that at least the EU Member States should be present at the SG meetings;
- Implementation - he outlined the labeling of ongoing projects as an important tool for communication purposes, but at the same time, he stressed that this does not give anything to the public. As he mentioned, national projects or projects without funding should not be labeled as ongoing projects. In his view it is more important to break down each action into operational steps than labeling projects;
- Readiness of the countries for co-operation;
- Alignment of the funds by the countries is also a challenge;

Finally, he mentioned that the next PAC's meeting is going to be held on 30/31 January 2012.

In her capacity as Priority Area Coordinator for PA2, Ms. Anita ORBÁN gave a thorough overview on the achievements since the 1st Kick-off Steering Group Meeting as follows:

- We have organized the work of the PA2, and we have resources available for staff costs.
- We have regular consultations with the different program managing authorities and financial institutions (CBC and transnational programs, EIB).

- The South-East Europe Transnational Cooperation Program's 4th call for proposal already mentions the EUSDR, moreover, some CBC programs (HU-RO, HU-SK) give extra points to Danube relevant projects.
- The most important task in the forthcoming period is to identify and launch new energy projects in the region.
- For this purpose an EIB Danube Contact Point will be opened soon in Budapest at the Ministry of Foreign Affairs in order to elaborate and fund Danube relevant energy projects from the whole Region.

Following that, Ms. Anita ORBÁN gave some information related to the 3rd INTERACT Labgroup Meeting which was held on 6-7 October 2011 in Belgrade. Regarding the Steering Group Meeting she stressed that we must know about the "work on the ground" and we must also know about the ongoing and planned energy projects which enable us to explore the gaps in the sector.

After the first round Ms. Olga SVITÁKOVÁ shortly introduced the agenda of the meeting which was sent to the SG Members via email on 17 October 2011 (ANNEX1).

The first and the second items on the agenda were the selection of the Danube projects from the ongoing and planned project proposals. As Ms. SVITÁKOVÁ said 51 project proposals from 5 countries were submitted until the deadline, from which 29 is ongoing and 22 is planned. The project proposals were introduced by the country representatives as follows:

- 15 project proposals (6 ongoing / 9 planned) from Bulgaria by Mr. Dobrin STEFKIN
- 18 project proposals (17 ongoing / 1 planned) from Hungary by Mr. István JOÓ
- 7 project proposals (2 ongoing / 5 planned) from Croatia by Mr. Sani LJUBUNCIC
- 9 project proposals (3 ongoing / 6 planned) from Slovakia by Mr. Juraj JURASEK
- 2 project proposals (1 ongoing / 1 planned) from Moldova by Ms. Olga SVITÁKOVÁ
(There was no Moldavian representative present.)

Following the project introduction round, Mr. Schütze BURCHARD indicated that the Bavarian projects were not included in the package. In her answer, Ms. Anita ORBÁN indicated that only those projects proposals were brought in front of the SG which filled in the standardized template. However, she also stressed that the project evaluation will be continuous by the forthcoming SG meetings.

Mr. Ádám SZOLYÁK conveyed the concern of the DG ENVI related to two Croatian projects as follows:

No. 12 Hydrotechnical system on the Drava river

No. 13 Multipurpose regulation of the Sava river

These projects have been subject to a complaint from a coalition of environmental NGOs as they pose serious threats to the ecological integrity of these rivers.

DG ENVI would like to draw the attention to the fact that these projects need to be properly assessed to secure compliance with EU environmental legislation (EIA/SEA, Natura 2000, WFD), which has been already transposed to HR national legislation, before the Commission can approve their implementation as part of the Danube Strategy or before any EU financing is approved.

DG ENVI also insists on the necessity to respect relevant EU environmental legislation (including compliance with Art. 6 of the Habitats Directive) for all the other infrastructural projects on the lists. In addition, all requirements of the WFD, including article 4(7), should be fully implemented for these Croatian projects, which are likely to cause deterioration in water bodies.

**

After the short debate, Ms. Anita ORBÁN reminded that the PACs pre-assessed the project proposals as it was asked by the European Commission and she introduced the suggested project list for vote as follows:

- Ongoing Projects which fit into the EU Danube Region Strategy:
 1. New power transmission line 400kV between substation “Maritza Iztok”(Gulubovo) and “substation “Burgas” (submitted by Bulgaria) nr.1 in ANNEX2

New power transmission line 400kV between substation “Plovdiv” and substation “Maritza Iztok”(Gulubovo), parallel to power transmission line 400kV “Ivan Popov” (submitted by Bulgaria) nr.2 in ANNEX2

New power transmission line 400kV between substation “Maritza Iztok”(Gulubovo) and “Maritza Iztok 3” TPP, parallel to power transmission line 400kV “Hebros” (submitted by Bulgaria) nr.3 in ANNEX2
 2. Transenergy: Transboundary Geothermal Energy Resources of Slovenia, Austria, Hungary and Slovakia (submitted by Hungary) nr.10 in ANNEX2
 3. 4BIOMASS, Fostering the sustainable usage of renewable energy sources in Central Europe - putting biomass into action (submitted by Hungary) nr.12 in ANNEX2
 4. Establishing the cross-border development of biogas industry via joint determination of biogas potentials, education, research and innovation (submitted by Hungary) nr.18 in ANNEX2
 5. The analysis of the opportunities of the use of geothermal energy in Szabolcs-Szatmár-Bereg and Satu Mare counties (submitted by Hungary) nr.19 in ANNEX2
 6. Adriatic spot market for crude oil and oil products (submitted by Croatia) nr.25 in ANNEX2
 7. Two overhead lines 220 kV Plat – Trebinje (submitted by Croatia) nr.26 in ANNEX2

8. NOVÉ ZÁMKY – Dvorská cesta, Biomass Boiler Room (submitted by Slovakia) nr.27 in ANNEX2

- Planned energy projects which could be supported by issuing Letter of recommendation by the PA2:
 1. Bulgaria-Serbia Gas Interconnector (submitted by Bulgaria) nr.6 in ANNEX3
 2. Bulgaria-Romania Energy Markets Coupling (submitted by Bulgaria) nr.7 in ANNEX3
 3. Slovakia-Hungary Interconnector (Submitted by Slovakia) nr.21 in ANNEX3

The Steering Group voted for the proposed project list unanimously.

The third item on the agenda dealt with three actions from the Action Plan. The first topic “to tap possible cooperation opportunities with the Energy Community” was presented by Mr. István JOÓ. The main points of his presentation were:

- The establishment of the Energy Community,
- Institutions of the Energy Community,
- Aims of the Energy Community
- Cooperation opportunities and next steps to be done

In his presentation Mr. István JOÓ pointed out the importance of the cooperation, since both, the EUSDR and the Energy Community have common goals in the areas of the energy infrastructure, energy markets, etc. As following steps he suggested contacting the Energy Community Secretariat in order to identify possible cooperation opportunities. The SG agreed that PA2 will establish a contact with the Secretariat of the Energy Community and work out a work plan for cooperation.

The next presentation was held by Mr. Ádám SZOLYÁK from the European Commission on the North-South interconnection project with a particular focus on the oil dimension. His presentation covered the following main points:

- Energy Infrastructure Package;
- The North-South Interconnections Initiative;
- Draft action plan proposed to the High Level Group;
- Obstacles for project implementation;
- Oil working group’s proposal for projects;
- Overview of the process of identification of projects of common interest ;
- PCI implementation and monitoring;

The SG decided to get in touch with the DG Energy regarding the North-South Energy Corridor and work out a plan on the Danube Strategy entering the implementation phase of the North-South energy corridor.

The third action from the Action Plan („To implement the National Renewable Energy Action Plans and to prepare a Danube Region Renewable Energy Action Plan.”) was introduced by Mr. Anita ORBÁN. She gave a detailed presentation on the current state of play as follows:

- First country reports were submitted in the previous year;
- There is no aggregated Energy Action Plan;
- There is no overarching green statistics in the region;
- There is no standardized data collection methodology in the region;
- Classical top-down topic;

In the following debate Ms. Olga SVITÁKOVÁ indicated that the Czech Republic has a different approach related to the Renewable Energy. In her opinion, a common methodology regarding data collection is supportable; however a common Renewable Energy Action Plan for the whole Danube Region is not feasible.

Mr. Olivier BAUDELET stressed that the preparation of a Danube Region Energy Action Plan is part of the Action Plan and the PA must report back to the European Commission about the progress.

Ms. Anita ORBÁN concluded that the PA2 will try to work on a unified methodology, and will assemble a roadmap in the forthcoming period.

The next item on the agenda was the Annual Stakeholders Seminar. On behalf of the coordinators Ms. Anita ORBÁN introduced the topic, based on the preliminary discussion paper (ANNEX2) which suggested two possible topics to the conference as follows:

- Forum on the possible synergies and cooperation with the Energy Community
- Forum on a Danube Region Renewable Energy Action Plan

In her opinion a Stakeholder Seminar would give credibility to the PA2. It would also be a good opportunity to introduce the selected ongoing and planned energy projects to the relevant stakeholders. Ms. ORBÁN offered that Budapest could host the meeting in May 2012.

Mr. Olivier BAUDELET supported the second topic, since the Renewable Energy Action Plan would affect more countries and more actions from the Action Plan. The Czech Republic recommended a two-way approach: introducing the PA2 of Danube Strategy on the first day and having a detailed discussion on selected topics like the Renewable Energy Action Plan on the second day. The SG accepted this approach.

In the AOB Mr. Juraj JURASEK informed the SG about an international conference “Implementation of the Danube Strategy” which is to be held in Bratislava.

Concluding remarks and the next tasks ahead:

In the closing remarks, the PACs thanked the participation to the invited guests and the SG members. They stressed that the selection of project will be continuous by the following SG meetings and Members of PA2 should use the unified template when submitting project proposals. **The next deadline for submitting project proposals is 15 December 2011.**

The PA2 leadership will continue to break down each action into operational steps in the forthcoming period.

The next SG meeting will be held in Budapest in early 2012.

LIST OF PARTICIPANTS

	Surname	Name	Country, organization	Status
1.	Orbán	Anita	Hungary, MFA	Member
2.	Joó	István	Hungary, MFA	Member
3.	Baudelet	Olivier	Belgium, EC	Observer
4.	Szolyak	Adam	Belgium, EC	Observer
5.	Stefkin	Dobrin	Bulgaria, NEK	Member
6.	Ljubunčić	Sani	Croatia, ME	Member
7.	Schütze	Burchard	Germany, ME	Member
8.	Kosec	Cveto	Slovenia, ME	Member
9.	Jurášek	Juraj	Slovakia, ME	Member
10.	Janyška	Petr	Czech Rep. , MFA	Observer
11.	Mareš	Michal	Czech Rep., MFA	Observer
12.	Miklošová	Kateřina	Czech Rep., Gov. Office	Member
13.	Prášil	Jan	Czech Rep., Gov. Office	Observer
14.	Svitáková	Olga	Czech Rep., MIT	Member
15.	Hlavatý	Lukáš	Czech Rep., MIT	Member

ME – Ministry of Economy, MFA – Ministry of Foreign Affairs, MIT – Ministry of Industry and Trade, NEK – Natsionalna Elektricheska Kompania EAD, EC – European Commission

ANNEX1

Agenda

PA2, SG meeting

Prague, October 27, 2011

6. Selecting the Danube projects from the ongoing projects (26 projects have been submitted via the SG members for consideration, see the ongoing projects in Annex 2)
7. Deciding on which new projects to support with a letter of recommendation (16 new projects have been submitted for consideration, see the planned projects in Annex 3)
8. Setting up a work plan for the individual actions in the Action Plan. Starting with the following actions:
 - a. “To tap possible cooperation opportunities with the Energy Community”
 - b. “To enforce regional cooperation with a view to develop and implement the North-South gas interconnection projects”
 - c. „To implement the National Renewable Energy Action Plans and to prepare a Danube Region Renewable Energy Action Plan.”
9. Deciding on the theme, venue and timing of the annual conference (preliminary discussion paper in Annex 4)
10. Any other business

ANNEX2

Preliminary discussion paper

Stakeholders' Conference

Priority Area 2

It is crucial to reach out to all the stakeholders of the Danube Region Strategy (DRS) regularly. An annual conference is an excellent opportunity to gather the relevant stakeholders for the success of the PA2 and also the whole DRS. The first annual conference shall address one of the key challenges in the PA2. In this framework we would like to suggest two possible conference topics as follows:

1. **Forum on the possible synergies and cooperation with the Energy Community**

Background: The aim of the Energy Community is to (a) create a stable regulatory and market framework capable of attracting investment in power generation and networks in order to ensure stable and continuous energy supply that is essential for economic development and social stability; (b) create an integrated energy market allowing for cross-border energy trade and integration with the EU market; (c) enhance the security of supply; (d) improve the environmental situation in relation with energy supply in the region; and (e) enhance competition at regional level and exploit economies of scale.

It is a declared goal of the European Commission's recent Communication on the External Dimension to deepen and widen the Union's relationship with the countries of the Energy Community. The Danube macro regional strategy shall play a crucial role in this process as all the non-EU DRS Member States are part of the Energy Community (Bosnia and Herzegovina, Croatia, Moldova, Montenegro, Serbia and Ukraine) which gives us a powerful platform for cooperation. Furthermore the PA2 first SG meeting set up a target to strengthen the cooperation of the Energy Community countries with international financial institutions to upgrade the EC countries' energy infrastructure and energy markets by 2015. As a result, the first stakeholders' meeting could concentrate on the deepening and widening of the relationship with the countries of the Energy Community.

Actions it relates to:

- *"To encourage the Energy Community members/ observers in adopting and implementing the Renewable Energy Directive",*
- *"To ensure that actions are coherent with the general approach of the Energy Community and explore synergies between the Energy Community and the Danube Strategy processes"*
- *"To tap possible cooperation opportunities with the Energy Community".*

Possible outcome of the seminar:

- Recognizing the most important difficulties Energy Community countries are facing in implementing the EU acquis;
- Identifying the most important niche where the Danube strategy should work with relation to countries of the Energy Community;

- Presenting ongoing and planned projects and best practices in the Energy Community countries in the above actions;
- Presenting a timetable for the implementation of the above actions;
- Officially launching 1-2 projects in the above actions.

2. **Forum on a Danube Region Renewable Energy Action Plan**

Background: In the DRS countries there is no common Renewable Energy Action Plan and also a common green statistic database is missing. The national Renewable Energy Action Plans were prepared individually and ever since then there is no coordination among them. Even though we live in the same neighborhood, it is surprising to learn how little we know about our neighbors' plans in this field, not even talking about the missed opportunities to share experiences and best practices in the fast developing field of renewable energy. The forum could concentrate on the above issues in order to start a process which would end in a common Green Database and Renewable Energy Action Plan which could also serve as a basis for future projects

Actions it relates to:

- *"To implement the National Renewable Energy Action Plans and to prepare a Danube Region Renewable Energy Action Plan"*
- *"To extend the use of biomass (e.g. wood, waste), solar energy, geothermal, hydropower and wind power"*
- *"To promote energy efficiency and use of renewable energy in buildings and heating systems including by renovating district heating and combined heat and power facilities as required by Energy Performance of the Buildings Directive and Renewable Energy Directive"*
- *"To facilitate networking and cooperation between national authorities in order to promote awareness and increase the use of renewable energies"*

Possible outcome of the seminar:

- Political commitment to aggregate the national Renewable Energy Action Plans into a macro regional one and to collect green statistics;
- Discussing the main focus of the individual action plans;
- Elaborating on the utilization of the aggregated action plan;
- Discussing the different methodologies for collecting the green database, finding the best practice;
- Commissioning universities/research institutes to do and effectively launch the project.

Besides the theme, the date and venue of the seminar is to be decided by the Steering Group, as well.

ANNEX 11: AGENDA AND MINUTES OF THE 3RD SG MEETING

AGENDA

3rd Steering Group Meeting of the Priority Area 2

Budapest, 23.02.2012

Ministry of Foreign Affairs of Hungary (1027 Budapest, Bem rakpart 47; Room BC112)

- 09.45 Registration of the Participants (Main entrance of the MFA's building at Bem square)
- 10.00 Opening remarks by Anita ORBÁN and Olga SVITAKOVA, Priority Area Coordinators for the PA2
- Opening remarks by Balázs MEDGYESY, Government Commissioner Responsible for the EUSDR
- Opening Remarks by Katerina MIKLOSOVA, Office of the Government of the Czech Republic
- 10.20 Report of the Priority Area Coordinators: progress since the 2nd Steering Group Meeting, challenges ahead
- Energy Community
 - DRS PA2 relations – concept paper (ANNEX 1)
 - Participation in the work of the Regional Energy Task Force (ANNEX 1a);
 - Conclusions of the Bucharest NCP-PAC Meeting (29-31 January 2012)
- 10.30 Report of the European Commission DG REGIO by Olivier BAUDELET
- 10.45 Progress report on the selected ongoing and planned Danube-relevant energy projects (ANNEX 2)
- Selection of further Danube-relevant ongoing and planned energy initiatives (ANNEX 3)
- 12.00 Networking buffet lunch (MFA, Panorama room)
- 13.00 Break down of actions from the Strategy's Action Plan (ROADMAP ANNEXES);
- **Zsuzsanna IVÁNYI** (Senior Expert, Climate Change, Environmental Policy Directorate, REC: Regional Environmental Center) and **Judit BÁLINT** (Expert, Climate Change, Environmental Policy Directorate, REC: Regional Environmental Center)
 - *"To provide local authorities, businesses and citizens in the Danube Region consultative support with issues relating to mitigation of climate change and energy efficiency".*
 - **Péter KADERJÁK** (Director, REKK: Regional Centre for Energy Policy Research)

- *“To develop a joint position of the region regarding the changes which could be introduced in the framework of the TEN-E Policy review and the modalities of the new Energy Security and Infrastructure Instrument, especially regarding the energy infrastructure gaps”.*
- *“To develop gas storage capacities”.*

- **Mónika ZSIGRI** (Policy Co-ordinator; DG ENER, European Commission)

- *“To enforce regional cooperation with a view to develop and implement the North-South gas interconnection projects”.*

14.30	Preparation for the Annual Stakeholders Seminar (ANNEX 4)
14.50	Modification of the PA2's Terms of Reference (ANNEX 5)
15.00	Preparation for the reporting process (Presentation by Olivier BAUDELET)
15.20	AOB
16.00	Closure of the Steering Group Meeting

MINUTES

MINUTES

3rd Meeting of the Steering Group of Priority Area 2

– to encourage more sustainable energy –

23rd February 2012, Budapest
Ministry of Foreign Affairs

(List of participants in ANNEX 1)

On 23rd February 2012 Hungary hosted the 3rd Steering Group Meeting of the Priority Area 2 – to encourage more sustainable energy – in Budapest at the Ministry of Foreign Affairs.

1. Opening Remarks

Following a short introduction round by the participants, **Ms. Anita Orbán** Priority Area coordinator welcomed the representatives of the countries, institutions and summarized the work which had been done after the Steering Group Meeting held on 27th October 2012 in Prague.

Main elements of her welcoming address were as follows:

- a small secretariat has been established and a new colleague has been employed which means that two full time staff is dedicated to the PA2,
- our work is mostly learning by doing,
- we are working in coordination with the Strategy for the Baltic Sea Region and we are trying to use their experiences in our work,
- we have a lot of new tasks,
- the support of the European Commission is crucial for the success of the Strategy,
- we rely on other experience as well, mainly in the implementation of the Action Plan.

The Priority Area Coordinator stressed the role of the European Commission and she outlined that the PA2 works in close cooperation with DG REGIO, DG ENERG, DG ENVI and she particularly thanked the help to Mr. Olivier BAUDELET from DG REGIO.

Finally, Ms. Orbán mentioned the importance of gap analysis which is in progress. Preliminary result shows room for improvement in many areas, where the Danube Region Strategy can be an added value.

In her opening thoughts **Ms. Olga Svitakova** Priority Area Coordinator also welcomed the participants. She remarked that the Strategy has already strengthened the macro-region. As she mentioned the establishment of a small secretariat in the Czech Ministry is in progress and hopefully a small team with 1-2 employee will start its work from April.

In representation of the National Coordinator for the Czech Republic **Ms. Katerina Miklosova** welcomed the participants. She stressed the commitment of the Czech Republic for the success of the Strategy and she also hoped that the cooperation between the EU and non-EU Member States will be a success.

2. Progress Report

The first item on the agenda was the progress report by the Priority Area Coordinators. **Ms. Anita Orbán** outlined the achievements so far in the cooperation between the Danube Region Strategy and the Energy Community. She stressed that as it was approved by the 2nd Steering Group Meeting the PA2 officially contacted the Energy Community Secretariat and as important result the PA2 is going to take part in the future work of the Regional Energy Task Force which works in the framework of the Energy Community Secretariat.

2.1. Concept Paper on the possible cooperation between the EU Strategy for the Danube Region and the Energy Community (ANNEX 1)

Following this, **Ms. Anita Orbán** invited Mr. István Joó to present the concept paper to the Steering Group on the possible cooperation between the EUSDR and the Energy Community.

Mr. István Joó outlined that the concept paper (ANNEX 1) is based on commonalities which the Strategy and the Energy Community have. During his presentation he introduced the role of the Energy Community and he summarized the work that had been done so far regarding the cooperation between the two initiatives. He pointed out that the PA2 identified the acquis implementation as top priority in the possible cooperation between the two institutions. In this regard, as he mentioned, the role of the EU and non-EU Member States should be separated. The main idea in the cooperation would be the knowledge transfer on the EU energy acquis from the EU Member States to the non-EU Member States of the Strategy, through training programs, such as the TAIEX or TWINNING facilities.

Mr. Joó also outlined the PA2 participation in the future work in the Regional Energy Strategy Task Force of the Energy Community Secretariat (ECS) as cornerstone in the cooperation between the two initiatives. Other important possibility is the Annual Stakeholders seminar of the PA2 where the ECS will also be invited to delegate participants.

Following the presentation the Steering Group Members made some remarks concerning the possible content of the knowledge transfer:

- energy efficiency issues should be also part of the package,
- non EU Member States are facing problems regarding the adaptation and implementation of the directive dealing with the energy performance of buildings,
- non-EU member states should be assisted in identifying their EU2020 targets.

DECISION OF THE STEERING GROUP:

- The Steering Group officially approved the concept paper as basic document of the cooperation between the Danube Region Strategy and the Energy Community.
- The PA2 is going to send the approved concept paper to the Energy Community and the European Commission for consideration.

- EU Member States of the Strategy are asked to map out the best practices, knowledge, and list of experts available in their countries regarding the EU energy acquis which could be relevant for non-EU Member States. This will be coordinated by the PA via the SG members.
- Non-EU Member States are asked to identify their needs, problems concerning the EU energy acquis adaptation and implementation. This will be coordinated by the PA via the SG members.

OTHER TASKS by the PA2:

- Annual report of the Energy Community Secretariat will be sent out to the Steering Group Members

Following the presentation of the concept paper, Ms. Anita Orbán also stressed the importance of the cooperation between the initiatives and she also outlined the importance of the PA2 participation in the Regional Energy Strategy Task Force. She summarized the role of the Task Force which was presented in ANNEX 1a to the SG Members.

OTHER TASKS by the PA2:

- First draft concept paper on the Regional Energy Strategy, drafted by the ECS will be sent out to the Steering Group Members.

2.2. on the progress of the Strategy from the European Commission's point of view

The next item on the agenda was presented by **Mr. Olivier Baudalet** from DG REGIO on the progress of the Strategy from the European Commission's point of view as follows:

- NCP-PAC meeting was held in Bucharest on 29-31 January,
- diverse Priority Areas with high ambitions and lower achievements,
- Technical Assistance was provided to all PA's,
- Role of the Stakeholders Seminar are very important,
- first mini draft report by the PAC's is due in June and HLG will discuss it in December 2012 and first report will be submitted to the Council in June 2013,
- Steering Groups are very important elements of the Strategy, thus at least the Member States should be present on the meetings,
- SG Meeting are place to real discussions, therefore, capable SG members shall be delegated by the countries,
- Steering Groups Meetings should be held at ministerial level at least once a year,
- the Strategy's Action Plan is very important but actions are very large; the European Commission has prepared a Roadmap template which should be applied to actions; the roadmaps could help to identify real needed projects and could be used to check the relevance of the projects submitted by the countries,
- the number of Letter of recommendations issued by Steering Groups to projects should be limited in order to preserve its value,
- policy issues should also be discussed by SG's, and agreement on different issues would show strong support,
- the Danube Region Strategy is a key policy followed up by the Commissioner very closely,

- the European Commission is ready to facilitate future work as well.

Ms. Anita Orbán:

- Letter of Recommendations are very important and hopefully we will see their positive effects in the near future. Since the previous SG Meeting, we have issued 3 Letter of Recommendations - following a written procedure - to project proposals. Two proposals might be granted with up to 3 extra points by the managing authority in case of Danube relevance.

2.3. Progress Report on the selected ongoing and planned Danube-relevant energy projects
(selected by the Steering Group of the PA2 in Prague on 27 October 2011) (ANNEX 2)

The next item on the agenda was the presentation of the progress reports on the already selected ongoing and planned energy projects. Before the presentations **Ms. Anita Orbán** asked the SG Members to try to contact directly the project leaders in cases where reports were not provided following several requests.

The submitted proposals were presented as follows:

New power transmission line 400kV between substation “Maritza Iztok”(Gulubovo) and “substation “Burgas”; New power transmission line 400kV between substation “Plovdiv” and substation “Maritza Iztok”(Gulubovo), parallel to power transmission line 400kV “Ivan Popov”; New power transmission line 400kV between substation “Maritza Iztok”(Gulubovo) and “Maritza Iztok 3” TPP, parallel to power transmission line 400kV “Hebros”

- The progress report was presented by Tsvetan Tsonev.

Transenergy: Transboundary Geothermal Energy Resources of Slovenia, Austria, Hungary and Slovakia

- The progress report was presented by István Joó.

Further task:

- *Further clarification is needed regarding the financial background of the project.*

4BIOMASS, Fostering the sustainable usage of renewable energy sources in Central Europe - putting biomass into action

- Information was not provided by the Hungarian project partner

Further task:

- *PA2 will contact the project leader.*

Establishing the cross-border development of biogas industry via joint determination of biogas potentials, education, research and innovation

- The progress report was presented by István Joó.

The analysis of the opportunities of the use of geothermal energy in Szabolcs-Szatmár-Bereg and Satu Mare counties

- The progress report was presented by István Joó.

Adriatic spot market for crude oil and oil products

- The progress report was presented by Ms. Natasa Mihajlovic

Further task:

- *Further project partners are needed.*

Two overhead lines 220 kV Plat – Trebinje

- The progress report was presented by Ms. Natasa Mihajlovic

NOVÉ ZÁMKY – Dvorská cesta, Biomass Boiler Room

- The progress report was presented by Mr. Juraj Jurasek

Bulgaria-Serbia Gas Interconnector

- Progress report was not provided.

Further task:

- *Mr. Lubomir Petkov representing Bulgaria in the Steering Group was asked to provide the written progress report.*

Bulgaria-Romania Energy Markets Coupling

- Progress report was not provided.

Further task:

- *Mr. Lubomir Petkov representing Bulgaria in the Steering Group was asked to provide the written progress report.*

Slovakia-Hungary Interconnector

- Progress report was presented by Mr. Juraj Jurasek representing the Slovak Republic and Mónika Zsigri from the European Commission.

2.4. Opening remarks by Mr. Balázs Medgyesy Government Commissioner Responsible for the Danube Region Strategy in Hungary

Following the presentation of the progress reports Ms. Anita Orbán gave the floor to **Mr. Balázs Medgyesy** Government Commissioner Responsible for the Danube Region Strategy in Hungary. In his welcoming speech Mr. Medgyesy welcomed the participants of the Meeting. His main thoughts were as follows:

- Steering Groups have a very important role,
- the Energy Priority Area is a prime example where the Danube Region Strategy could have an added value,
- Action Plan and targets are already set up,
- we have very ambitious goals and we already have some results that should be presented to public,
- the breakdown of actions is a huge task which should be finished until June,
- some of the possible funds are already gone from our perspective,
- cooperation between the Energy Community and the DRS PA2 is important,
- there are some projects that could be presented as flagship initiatives,
- achievement of goals is not impossible but we have a challenging job ahead in the forthcoming months.

2.5. Selection of further Danube-relevant ongoing and planned energy initiatives (ANNEX 3)

The next item on the agenda dealt with project evaluations which were submitted by the DRS countries as follows:

MULTIPURPOSE HYDROTECNICAL SYSTEM ON THE DRAVA RIVER – CROATIA

- the project proposal was presented by **Ms. Natasa Mihajlovic**:
 - o she stressed the importance of the project in light of the EU2020 targets,
 - o only the Western Balkan Investment Framework offers possible financial resources,
 - o the project is not against the EU neither its law
- **Mr. Olivier Baudalet**:
 - o the European Commission has some doubts regarding the project which was already presented to Croatia,
 - o they know that Croatia is preparing its answer, thus, he suggested to postpone the decision on this project to the next Steering Group Meeting of the PA2.

<i>Decision of the Steering Group:</i>

- | |
|--|
| <ul style="list-style-type: none">- <i>The Steering Group agreed to postpone the decision on this project to its next meeting.</i> |
|--|

NEXT STEP:

- *The project will be part of the agenda of the next Steering Group Meeting. Both, Croatia and the European Commission will be asked to present their views on the proposal.*

MULTIPURPOSE REGULATION AND UTILIZATION OF THE SAVA RIVER SECTION FROM THE CROATIAN-SLOVENIAN BORDER TO THE CITY OF SISAK - CROATIA

- the project proposal was presented by **Ms. Natasa Mihajlovic** to the Steering Group,
- decision on the project was postponed to the next Steering Group Meeting of the PA2,

NEXT STEP:

- *Croatia and Slovenia will consider submitting a joint project proposal to the next Steering Group Meeting. Proposal should also be sent to PA4, PA5 and PA11.*

Ostrava Smart City Initiative – CZECH REPUBLIC

- the proposal was presented by **Ms. Olga Svitakova**,

NEXT STEP:

- *the Steering Group of the PA2 asked further clarification concerning the proposal's financial background and the decision was postponed to the next Steering Group Meeting.*

Green Chemistry Belt - GERMANY

- in the absence of Germany the proposal was introduced by **Mr. István Joó**,

NEXT STEP:

- *the Steering Group agreed that further clarification is needed concerning the budget of the project, therefore, decision on the project proposal was postponed to the next Steering Group Meeting.*

Development of infrastructure for cross-border research and education in the field of renewable biogas production - HUNGARY

- the proposal was presented by **Mr. István Joó**,
- Mr. Joó stressed that the project was already submitted to the HU-RO CBC program and the managing authority might give up to 3 extra points in case of Danube-relevance,
- the Steering Group asked further clarification regarding the financial background of the project,

NEXT STEP:

- *during the meeting Mr. Joó managed to acquire the missing information and the SG unanimously supported the proposal and asked the PAC's to issue a letter of recommendation to the project.*

Cluster Strategy for balancing fluctuating renewable energies - HUNGARY

- the Steering Group decided that the project is not in compliance with the general objective of the Strategy which says that the concept should have an impact on the whole macro-region or significant part of it, hence, the SG did not support the proposal.

Construction of Bolgrad vapor-gas power stations 30-50 MW- UKRAINE

NEXT STEP:

- *in the absence of Ukraine's representative the Steering Group decided to postpone the decision on the proposal to its next meeting and at the same time asked Ukraine to provide more detailed information on the project.*

Establishment of Trans frontier "Energy Island" for Energy Generation, Transit, Conservation and cross-border Networking - UKRAINE

NEXT STEP:

- *in the absence of Ukraine's representative the Steering Group decided to postpone the decision on the proposal to its next meeting and at the same time asked Ukraine to provide more detailed information on the project.*

End of morning session

Afternoon session from 13.15

3. Break down of actions from the Strategy's Action Plan

The first presentation (**Action 17 "To provide local authorities, businesses and citizens in the Danube Region consultative support with issues relating to mitigation of climate change and energy efficiency"**) was held by Ms. Judit Bálint (expert, Climate Change Environmental Policy) from the Regional Environmental Center on Action 17 from the Action Plan. The title of her presentation was "Climate change mitigation and energy efficiency at local level".

The presentation focused mainly on the gaps and needs that exist at local level concerning climate change and energy efficiency issues. At the beginning of her presentation **Ms. Judit Bálint** gave a short overview on already existing international initiatives, institutions, concepts (Local Government Climate Roadmap, Mexico City Pact, and Covenant of Mayors) dealing with the specific topic.

She stressed that local authorities are core elements of energy efficiency and climate change issues. As she mentioned, EU and national policy frameworks are not always supportive. Targets are set, general support is there, but European guidance and national support is needed. Framework conditions for local actions need to be fair and supportive.

She outlined that local authorities in order to deal effectively with issues such as energy efficiency and climate change should have some basic requirements to be realized as follows:

- motivating and supporting framework from national level,
- decision power and authority for regional /local level leaders,
- clear role and responsibilities,
- communication between key players,
- adequate personnel,
- Energy Agency at local level,
- Regional climate and energy offices.

Ms. Bálint pointed out the importance of proper policy and strategy frameworks both at national and regional level. At higher level national regulations, sanctions, comprehensive and well-structured national climate and energy strategies, action plans with clearly described measures and quantified measurable targets are needed.

At local level climate and energy strategies, action plans and also local regulations should be in place.

As for financing Ms. Bálint outlined that several EU and national/local funding sources, financial tools are available but these are not always successfully accessed or utilized by stakeholders. Based on this, harmonized, understandable procedures and assistance are needed for local authorities.

The speaker stressed that regarding training and awareness raising there is a need for:

- education, awareness raising,
- disseminating the information shaped for different stakeholders,
- disseminating the information on existing financial possibilities,
- capacity building,
- developing strategies on how to communicate the exemplary role of local authorities to public, business and industry,
- raising public involvement.

In her conclusion Ms. Bálint pointed out that the current framework is not supportive, but sparsely good examples exist. The question is: how we go forward? Good examples cannot be repeated because local players are overloaded with their usual work, money is missing, the staff is unmotivated and local governments are underfinanced.

Mr. Olivier Baudelet stressed that first we should have the expertise and money would be next step.

Ms. Judit Bálint reflected that the expertise, knowledge is already available but only at central level.

Mr. Baudelet suggested that knowledge and best practice transfer could happen via pilot projects. One or two cities from each country should be voluntary to implement energy efficiency and climate change pilot projects. As Mr. Baudelet explained, in his view financial resources are still available via national programs.

Ms. Anita Orbán outlined that possible cities could be identified in each country by the Steering Group Members in each country.

Mr. Baudalet suggested that at least two cities should be identified in each country and concrete project proposals should be supported by the Steering Group with issuing letter of recommendations to the best proposals.

Following this, **Ms. Judit Bálint** stressed that pilot projects are already available, thus expectations concerning new possible Danube pilot projects should be set as ambitious as possible.

Mr. Dragos Viorel Tigau: pilot projects should not be limited to big cities. We should concentrate on medium sized cities where success could be easily reached.

Ms. Anita Orbán: We ask the Regional Environmental Center to develop a maximum 1-2 pages concept paper on the issue and this will be submitted for approval to the Steering Group.

DECISION OF THE STEERING GROUP:
<ul style="list-style-type: none"><i>Member States are asked via their SG members to identify 2 cities in their country which are willing to implement pilot projects on energy efficiency and climate change issues (deadline: Next Steering Group Meeting of the PA2).</i><i>Steering Group asks the Regional Environmental Center to develop a concept paper on the issue.</i>

The next item covered Action 1 (***“To develop a joint position of the region regarding the changes which could be introduced in the framework of the TEN-E Policy review and the modalities of the new Energy Security and Infrastructure Instrument, especially regarding the energy infrastructure gaps”***) and Action 4 (***“To develop gas storage capacities”***) from the Action Plan.

Ms. Anita Orbán introduced the next speaker **Mr. Péter Kaderják**. The Priority Area Coordinator informed the Steering Group on the future cooperation with the Regional Centre for Energy Policy Research. The Centre was asked by the PAC to develop a study on a regional gas market model.

The presentation was held by Mr. Péter Kaderják (Director, Regional Centre for Energy Policy Research- REKK) with the following title: ***“Assessing the Danube Region natural gas markets to support the development of a DR joint position regarding natural gas infrastructure priorities within the framework of the new Connecting Europe Facility”***.

Main elements of his presentation were the followings:

- common problems in the Danube Region (security of supply, economic development, price, etc.)
- asymmetric exposure of the Region regarding supply security,
- main consequences of the gas crisis in January 2009,
- natural gas dependency of the economies of selected Danube Region countries,
- key questions for the Danube Region gas sector,
- energy policy response of the EU in 2009,
- 994/2010 Directive,
- European Infrastructure Package as common opportunity,

- Possible development of a Danube Region joint position (he outlined that joint position could help the Region to gain European support projects with outstanding regional relevance),
- results of the North South Working Group (countries covered, focus of the study, shortcomings),

Following this, Mr. Kaderják gave some information on the possible content of the study as follows:

- extension of the already available market analysis to the following DRS countries: Austria, BiH, Moldova, Serbia, Slovenia + Poland),
- extension of infrastructure and regulation analysis to the above mentioned countries,
- assessment of cost estimates for infrastructure options,
- development of feasible regional infrastructure scenarios / , packages' / corridors (NETS, N-S, etc)
- modelling DR market integration and gas product pricing by use of the Regional Gas Market Model (REGMO) developed by REKK
 - analysis of infrastructure scenarios / , packages' / corridors,
 - impacts on prices, trade flows, market liquidity, source availability, leverage to Russian supply routes,
- the development scenarios are ranked by their cost efficiency in promoting progress in market integration (e.g. reverse flow) - input for CB analysis,
- policy conclusions and recommendations.

Following the presentation Ms. **Anita Orbán** stressed that this would be the first study with macro regional impact. The first draft and results will be presented in the framework of the Annual Stakeholders Seminar of the PA2 due on 31 May 2012 in Budapest.

In order to create an effective macro regional model by end of May, the Priority Area Coordinator asked the active participation of the DRS member states through providing some basic data necessary to perform the study. This will be coordinated by PAC's.

The next invited speaker was Ms. Mónika Zsigri from the European Commission. She gave a presentation on the state of play and the way forward concerning the North-South Interconnection Plan and its extension to South-East Europe. Main elements of her presentation could be summarized as follows:

- energy priorities for 2020 and beyond,
- Action Plan for the North-South Interconnection,
- the expansion of the North-South initiative to South-East Europe,
- identification of Projects of Common Interest (PCI).

In her presentation Ms. Zsigri gave an overview on the identification of Projects of Common Interest. As she explained kick-off meeting of the working group is due in March 2012. The submission of PCI proposals will be possible between May and June 2012 and the evaluation will be finished by September. The Regional pilot PCI list will be elaborated by November 2012.

Ms. Zsigri mentioned that she recommended Danube PA2 to be invited into the North-South working group.

Following the presentation Ms. Anita Orbán indicated that PA2 will officially contact the responsible services of the European Commission in order to request the PA2's participation in the future work of the SEE Working Groups.

Ms. Zsigri also indicated that REKK is more than welcome in the work of the Working Group.

NEXT STEP:

PA2 will officially contact the European Commission in order to suggest PA2's participation in the future work of the SEE Working Groups.

After the presentations by the invited speakers **Ms. Anita Orbán** gave some overview on the work that had been already done concerning the actions from the Strategy's Action Plan:

- **Action 1 - “To develop a joint position of the region regarding the changes which could be introduced in the framework of the TEN-E Policy review and the modalities of the new Energy Security and Infrastructure Instrument, especially regarding the energy infrastructure gaps”.**

NEXT STEP:

- *Action will be covered by the study performed by REKK.*

- **Action 2 - “To ensure that actions are coherent with the general approach of the Energy Community and explore synergies between the Energy Community and the Danube Strategy processes”)**

NEXT STEP:

- *Roadmap will be elaborated until the next SG meeting based on the concept paper that was accepted during the meeting.*

- **Action 3 - “To enforce regional cooperation with a view to develop and implement the North-South gas interconnection projects”.**

NEXT STEP:

- *Roadmap was accepted by the Steering Group.*

- **Action 4 - “To develop gas storage capacities”.**

The draft roadmap was presented by Mr. István Joó. Based on Mr. Olivier Baudelet's comment Milestone no1 was modified as follows: “Priority area must collect the list of existing, missing and needed gas storage capacities from a regional point of view in the DRS countries.

NEXT STEP:

- *Action will be covered in the study performed by REKK and roadmap will be elaborated further in accordance with the study until the next Steering Group Meeting of the PA2.*

- **Action 5 - “To tap possible cooperation opportunities with the Energy Community”**

NEXT STEP:

- Roadmap will be elaborated until the next SG meeting based on the concept paper that was accepted during the meeting.

- **Action 6 - “To cooperate to implement the Regional network integration and the New Europe Transmission System (NETS) in line with the feasibility study”.**

Ms. Anita Orbán: we have contacted the responsible company and received the roadmap.

NEXT STEP:

- Roadmap will be presented at the next SG meeting

- **Action 7 - “To build a working relationship with the Central Eastern European Forum for Electricity Market Integration; this could be enlarged to neighbouring countries”.**

Ms. Mónika Zsigri suggested that concerning the specific action PA2 should contact Unit B2 at the European Commission.

NEXT STEP:

- Roadmap will be elaborated until the next Steering Group Meeting.

- **Action 8 - “To extend the use of biomass (e.g. wood, waste), solar energy, geothermal, hydropower and wind power”,**

Ms. Anita Orbán: the content of action 8, 11, 16 are very similar, hence we suggest the grouping of those actions.

NEXT STEP:

- Steering Group decided on grouping of Actions 8, 11, 16

- **Action 9 - “To reinforce the Carpathian Convention to share best practices on using biomass for energy purposes”.**

Ms. Anita Orbán: this action is not the best fit for PA2 since the Carpathian convention is not energy but ecologically driven, thus we suggest transferring the action to Priority Area 6.

NEXT STEP:

- Steering Group agreed on transferring the action to Priority Area 6. This will be coordinated by the PAC's.

- **Action 10 - “To implement the National Renewable Energy Action Plans and to prepare a Danube Region Renewable Energy Action Plan”**

Ms. Anita Orbán: we would like to ask an independent consultant to assist the PA2 in the implementation of this action, since we do not have the necessary capacity. We need to find the best approach to implementing this action. We may have to start with basic data collecting and methodology issues before being able to aggregate the renewable action plans.

NEXT STEP:

- Roadmap will be elaborated until the next Steering Group Meeting.

- **Action 11- “To explore the possibility to have an increased energy production originating from local renewable energy sources to increase the energy autonomy”**

NEXT STEP:

- Steering Group decided on grouping of actions 8, 11, 16.

- **Action 12 - “To develop a comprehensive action plan for the sustainable development of the hydropower generation potential of the Danube River and its tributaries (e.g. Sava, Tisza and Mura Rivers)”**

NEXT STEP:

- Steering Group decided on grouping of actions 12, 13.

- **Action 13 - “To develop and set up pre planning mechanism for the allocation of suitable areas for new hydro power projects”**

NEXT STEP:

- Steering Group decided on grouping of actions 12, 13.

- **Action 14 - “To promote energy efficiency and use of renewable energy in buildings and heating systems including by renovating district heating and combined heat and power facilities as required by Energy Performance of the Buildings Directive and Renewable Energy Directive”.**

Ms. Anita Orbán: extremely difficult action since no fund is available for this purpose; dissemination of best practices could be a good solution;

Ms. Mija Nenezic; The Energy Efficiency window of the Western Balkan Investment Framework could be used for that purpose.

- **Action 15 - “To encourage the Energy Community members/ observers in adopting and implementing the Renewable Energy Directive”.**

The roadmap concerning the action was presented by Mr. István Joó. He stressed that the roadmap was drafted according to the concept paper on the cooperation between the Energy Community and the DRS which was accepted by the Steering Group. He presented 5 milestones. Small modifications were asked after his presentation as follows:

- deadline of Milestone no1 should be corrected to 31/03/2012,
- deadline of the work identified in Milestone no4 should be modified from 30/09/2012 to 31/12/2012.

NEXT STEP:

- *The Steering Group accepted the modified roadmap, thus the PAC's will coordinate the work according this.*

- **Action 16 - “To facilitate networking and cooperation between national authorities in order to promote awareness and increase the use of renewable energies**

NEXT STEP:

- *Steering Group decided on grouping of Actions 8, 11, 16*

- **Action 17 - “To provide local authorities, businesses and citizens in the Danube Region consultative support with issues relating to mitigation of climate change and energy efficiency”.**

NEXT STEP:

- *The Steering Group agreed that Action 17 will be elaborated together with a concept paper in cooperation with the Regional Environmental Center (REC) until the next Steering Group Meeting.*

4. Preparation for the Annual Stakeholders Seminar

The next item on the agenda was presented by Ms. Anita Orbán as follows:

- the suggested date of the conference is 31 May 2012 in Budapest, but opening networking dinner would take place on 30 May 2012,
- the main aim of the conference is to gather the relevant experts from the countries of the Danube Region,
- the first workshop would concentrate to the policy level,
- the second workshop would be place for the introduction of projects which were selected and supported by the Steering Group,
- Technical Assistance will be used for covering the costs,
- result of workshops will be summarized in written conclusions as well,

- press conference will be organized.

Mr. Olivier Baudelet:

29th of May is Danube Day and Commissioner Oettinger has some plans because of this. Therefore maybe the date of the conference should be modified. Further clarification is needed.

NEXT STEP:

- *The Steering Group agreed on the planned agenda of the Stakeholder Seminar. Steering Group members are asked to suggest speakers to each panel from their country. PACs will contact the SG members in a few days for this purpose. Invitation letters to speakers will be sent out by the PAC's including SG members from the respective country in cc.*

5. Modification of the Terms of Reference (TOR) of the PA2

Ms. Anita Orbán: previous experience shows the importance of written procedure, hence we should amend the TOR in order to include the process in it.

Mr. Olivier Baudelet asked to clarify that written procedure going to be applied via email.

NEXT STEP:

- *The Steering Group of the PA2 unanimously accepted the modified TOR. Updated version will be sent out to the SG members.*

6. Preparation for the reporting process

Mr. Olivier Baudelet: the progress report is due in June 2012. The first part of the report will be a general progress overview on the overall results including problems PA's are facing and also future plans. The second part will be an overview from action by action. The third part will deal with a state of play concerning the achievement of targets set by SG's.

7. AOB:

- **Ms. Olga Svitakova** gave a short presentation on a MEP Danube Forum which was held in Brussels on 7th February 2012 and she thanked the preparation and organization of the meeting to the Hungarian hosts,
- in her closing remarks **Ms. Anita Orbán** thanked the active participation of the representatives and she reminded the SG members to the followings:
 - Next Steering Group Meeting is going to be held on the day before the Annual Stakeholders seminar possibly on 30 May 2012 in Budapest,
 - Next deadline for submitting project proposals is 30 April 2012.

Closure of the meeting at 16.00***

ANNEX 1

LIST OF PARTICIPANTS:

1. BULGARIA	Lubomir PETKOV
2. BULGARIA	Tsvetan TSONEV
3. CROATIA	Nataša MIHAJLOVIĆ
4. CZECH REPUBLIC	Katerina MIKLOSOVA
5. CZECH REPUBLIC	Olga SVITÁKOVÁ
6. CZECH REPUBLIC	Lukáš HLAVATÝ
7. EUROPEAN COMMISSION	Olivier BAUDELET
8. EUROPEAN COMMISSION	Mónika ZSIGRI
9. HUNGARY	Balázs MEDGYESY
10. HUNGARY	Anita ORBÁN
11. HUNGARY	István JOÓ
12. HUNGARY	Boglárka BORDI
13. HUNGARY	Anna BÉRCZI-SIKET
14. MONTENEGRO	Mija NENEZIĆ
15. ROMANIA	Andrada BEREZINTU
16. ROMANIA	Dragos Viorel TIGAU
17. SLOVAKIA	Juraj JURASEK
18. SLOVENIA	Cveto KOSEC
19. <i>SPEAKER</i>	<i>Péter Kaderják</i>
20. <i>SPEAKER</i>	<i>Judit BÁLINT</i>

ANNEX 12: AGENDA AND MINUTES OF THE 4TH SG MEETING

AGENDA

4th Steering Group Meeting of the Priority Area 2

Budapest, 30.05.2012
Ministry of Foreign Affairs of Hungary
(1027 Budapest, Bem rakpart 47; Room BC 112)

REGISTRATION OF THE PARTICIPANTS (MAIN ENTRANCE OF THE MFA'S BUILDING AT BEM SQUARE)

10:00-10.45

1. OPENING REMARKS

11:00-11:15

- Anita ORBÁN and Olga SVITAKOVA, Priority Area Coordinators for the PA2
- Balázs MEDGYESY, Government Commissioner Responsible for the EUSDR
- Katerina MIKLOSOVA, Office of the Government of the Czech Republic

2. REPORT OF THE PRIORITY AREA COORDINATORS: PROGRESS SINCE THE 3RD STEERING GROUP MEETING, CHALLENGES AHEAD

11:15-11:45

- Progress report on the cooperation with the Energy Community ([ANNEX 1](#))
- Observer mandate in the North-South gas interconnection working group
- Observer mandate in the Central Eastern European Forum for Electricity Market Integration
- EiB, Budapest Danube Contact Point (BDCP)
- Event in the European Parliament and further planned events for the fall ([ANNEX 6](#))

3. PROGRESS REPORT ON THE SELECTED ONGOING AND PLANNED DANUBE-RELEVANT ENERGY PROJECTS, SELECTION OF FURTHER DANUBE-RELEVANT ONGOING AND PLANNED ENERGY INITIATIVES

11:45-12:30

- Progress report ([ANNEX 2](#))
- New projects ([ANNEX 3](#))

4. BREAK DOWN OF ACTIONS FROM THE STRATEGY'S ACTION PLAN (PART 1)

12:30-

13:00

- Roadmaps ([ANNEX 4](#), [ANNEX 4A](#),)

NETWORKING BUFFET LUNCH (VENUE: MFA, PANORAMA ROOM)

13.00-

14.00

4. BREAK DOWN OF ACTIONS FROM THE STRATEGY'S ACTION PLAN (PART 2)	14:00-15:00
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5. OVERVIEW OF THE STATUS OF THE STAKEHOLDER SEMINAR, THE REGMO MODELL, RECOMMENDATION, POLICY IMPLICATION
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15:00-16:15

- Introduction of the Danube Region Gas Target Modell by Mr. Péter Kaderják (director, Regional for Energy Policy Research)
- Conclusions of the Priority Area 2 (ANNEX 5)

6. AOB	16:15-16:30
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CLOSURE OF THE STEERING GROUP MEETING	16:30
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NETWORKING DINNER OF THE ANNUAL STAKEHOLDER SEMINAR OF THE PA2 (VENUE: Gerbeaud Restaurant; Address: Vörösmarty tér 7-8., Budapest 1057, Hungary)

<i>Departure from the Hotels</i>	18:30
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<i>NETWORKING DINNER</i>	19:00-
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21:00

31 May 2012

ANNUAL STAKEHOLDER SEMINAR OF THE PA2	09:00-18:00
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(Registration starts at 8:15)

VENUE: Ministry of Foreign Affairs of Hungary (1027 Budapest, Bem rakpart 47)

Detailed agenda attached

MINUTES

4th Steering Group Meeting of the EUSDR Priority Area 2
(to encourage more sustainable energy)
30 May 2012
Budapest, Ministry of Foreign Affairs

On 30 May 2012, Hungary hosted the 4th Steering Group (SG) Meeting of the EUSDR Priority Area 2.

1. OPENING REMARKS:

The meeting was chaired by Ms Anita ORBÁN, Hungarian Priority Area Coordinator for the PA2. Ms Orbán welcomed the participants of the event especially those who first attended the SG meeting and she initiated an introduction round.

The SG unanimously agreed to digitally record the meeting.

Olga SVITAKOVA:

She thanked the Hungarian coordination for preparing the SG Meeting as well as the Annual Stakeholder Seminar of the Priority Area 2 (PA2). Ms SVITAKOVA outlined the importance of the selection of further Danube-projects.

Balázs MEDGYESY:

- 4th SG Meeting is an important milestone in the energy cooperation within the EUSDR,
- energy cooperation is a prime example of the added value of the macro-regional strategy,
- macro-regional cooperation is essential for the Region's energy security,
- cooperation with the Energy Community (EnC) is an important signal to the EU,
- PA2 is a key player in the regional cooperation since the Priority Area is member of the North-South Regional Gas Working Group as well as the Central Eastern European Forum for Electricity Market Integration,
- challenges regarding the sustainable energy are vast in the Region,
- integrated and coordinated planning is necessary from the energy security point of view too,
- the Region must focus on energy network optimization,
- the Danube Region Gas Market Model is a major development of the PA2,
- EIB Budapest Danube Contact Point is becoming to be operational, it is planned to make use of the Region's Model, provided by the SG to its operation,
- introduction of the Danube Region Gas Market Model in the framework of the Annual Stakeholder Seminar of the PA2 as well as at the European Parliament, are two major events of the Priority Area.

Katerina MIKLOSOVA:

- she thanked the Hungarian coordination for preparing the meeting, as well as the Annual Stakeholder Seminar,
- the implementation of the Strategy reached an important level since the PA's must show concrete results to the European citizens,
- the implementation of the goals of the PA2 is running smoothly.

2. REPORT OF THE PRIORITY AREA COORDINATORS: PROGRESS SINCE THE 3RD STEERING GROUP MEETING, CHALLENGES AHEAD

PROGRESS REPORT ON THE COOPERATION WITH THE ENERGY COMMUNITY (ANNEX 1)

Anita ORBÁN:

In October the SG agreed that PA2 will establish a relationship with the EnC.

István JOÓ:

Mr JOÓ introduced the progress report which was sent out the SG members as ANNEX1.

PA2 attended two Regional Energy Strategy Task Force meetings. Between the two events PA2 invited EnC representatives to Budapest in order to introduce them the Danube Region Gas Market Model in detail. Following the consultation, the Task Force unanimously accepted to share the EnC's energy data with the PA2.

Anita ORBÁN:

- very important that the EnC data can be used as input to the Danube Region Gas Market Model which gives us the possibility to avoid duplicating the work,
- the EnC Regional Energy Strategy Task Force with the assistance of the USAID is developing a gas demand model,
- our Model takes rather a supply view,
- before the summer we would like to organize a meeting with the USAID in order to discuss the possible cooperation regarding the two models,
- cooperation is going really well with the EnC.

Olivier BAUDELET:

- previous SG decided to launch an initiative aiming to exchange experiences between EU and non-EU MSs regarding energy acquis communautaire.

Anita ORBÁN:

- a questionnaire was sent out to all SG members including two parts, one for the EU MSs and one for the non-EU countries of the Strategy. We asked the EU MSs to offer their experience as well as the non-EU countries to identify their needs,
- unfortunately only Montenegro and Croatia replied which means that the leadership of the PA approached the question in a wrong way or there is no interest in both sides (non-EU and EU),
- the questionnaire was developed in cooperation with Montenegro,
- this approach differs from the EnC's work,
- we will restart the process.

Olivier BAUDELET:

Mr BAUDELET reminded that being a SG member is a job, which requires time. The Priority Area 2 is one the best PA's regarding the implementation of the Strategy but the members of the SG should participate more actively in the work.

The SG unanimously accepted to restart the process (to exchange experiences regarding energy acquis communautaire). Deadline for answers is: 30 June 2012.

OBSERVER MANDATE IN THE NORTH-SOUTH GAS INTERCONNECTION WORKING GROUP;

OBSERVER MANDATE IN THE CENTRAL EASTERN EUROPEAN FORUM FOR ELECTRICITY MARKET INTEGRATION;

Anita ORBÁN:

- PA2 established a very good relationship with the North-South Gas WG which was extended now to South-East Europe; PA2 received observer status in the WG and also included in their WG's ToR,
- all the projects of the North-South Initiative are included in the Danube Region Gas Market Model,
- Kantor Study applying different approach than our Model,
- PA2 also received observer status in the Central Eastern European Forum for Electricity Market Integration where Ms SVITAKOVA represented the PA.

Olga SVITAKOVA:

- Ms SVITAKOVA introduced the goals and work of the Forum as well as the identified synergies between the Forum and the EUSDR.

PROGRESS CONCERNING THE EIB DANUBE CONTACT POINT

Progress concerning the EIB Danube Contact point was introduced by Mr Balázs MEDGYESY government commissioner:

- kick-off meeting of the Contact Point was held on 12th April 2012 in Budapest,
- the elaboration of the Contact Point's long term work plan is in progress ,
- temporary expert helps in the process.

Olivier BAUDELET asked about the link between the SG and the BDCP.

Balázs MEDGYESY:

- the BDCP would like to utilize the strategy and content provided by the SG,
- the preferential content is set by the SG,
- the BDCP is a tool to finance projects in order to help make tangible results,
- the projects identified by the SG members have very important role in this process,
- projects can be channeled into the BDCP in order to further optimize them,
- BDCP is open for experts from other countries as well,
- there is a designated resource to invite non-EU MSs as temporary experts.

Anita ORBÁN:

- several meetings with the EIB were held since February,
- as result of the Danube Region Gas Market Model PA will have a list of priority projects,
- the EIB also has a project list including 200 projects which were never realized,
- SG can give the political support to the priority project list.

Mr Olivier BAUDELET stressed that project selection should be based on the Action Plan and he explained the methodology of the Letter of Recommendation to the new SG members.

EVENT IN THE EUROPEAN PARLIAMENT AND FURTHER PLANNED EVENTS FOR THE FALL

Anita ORBÁN:

- the Gas Market Model will be introduced in the European Parliament on 20 June 2012,
- a Czech, a Hungarian and a Slovenian MEP will host the event,
- ENTSG, DG REGIO and DG ENERGY will also be present,
- SG members are asked to help finding representatives from ACER (alternate board members), since there will be an ACER board meeting on the same day,
- in the afternoon on 20 June 2012 the delegation is invited by DG ENERGY to present and discuss the Model with them ,
- all SG members are invited and PA will also invite the representations of the EUSDR countries,
- the conference is necessary because a lot of low-quality events were organized using the logo and name of the EUSDR PA2 without our knowledge,
- PA2 leadership is planning an event in Vienna in order to introduce the Danube Region Gas Market Model to international energy organizations.

3. PROGRESS REPORT ON THE SELECTED ONGOING AND PLANNED DANUBE-RELEVANT ENERGY PROJECTS, SELECTION OF FURTHER DANUBE-RELEVANT ONGOING AND PLANNED ENERGY INITIATIVES

PROGRESS REPORT ON THE SELECTED ONGOING AND PLANNED PROJECTS (ANNEX 2)

Transenergy: Transboundary Geothermal Energy Resources of Slovenia, Austria, Hungary and Slovakia (supported by the SG Meeting held on 27.10.2011)

Detailed progress report including the financial background of the project was presented by Mr István JOÓ.

4BIOMASS, Fostering the sustainable usage of renewable energy sources in Central Europe - putting biomass into action (supported by the SG Meeting held on 27.10.2011)

Detailed progress report on the project was presented by Mr István JOÓ.

„Establishment of alternative energy virtual knowledge center” (The project proposal was supported by the Steering Group via written procedure)

Mr István JOÓ: Project is still under evaluation by the Managing Authority.

BIOSEC – Production of second generation biofuel (The project proposal was supported by the Steering Group via written procedure)

Mr István JOÓ: Project is still under evaluation by the Managing Authority.

Development of infrastructure for cross-border research and education in the field of renewable biogas production

Mr István JOÓ: Project is still under evaluation by the Managing Authority.

Bulgaria-Serbia Gas Interconnector (supported by the SG Meeting held on 27.10.2011)

Progress report on the project was introduced by Ms TZVETKOVA.

Bulgaria-Romania Energy Markets Coupling (supported by the SG Meeting held on 27.10.2011)

Progress report was presented by Ms. TZVETKOVA but Steering Group of the PA2 asked Bulgaria to provide the progress report in written format as well.

Bioenergy AC - Sharing best available technologies and promoting Partnership for sustainable biomass use for Energy between the Alps and the Carpathians (The project proposal was supported by the Steering Group via written procedure)

Mr István JOÓ: project is still under evaluation by the Managing Authority.

SELECTION OF FURTHER DANUBE-RELEVANT ONGOING AND PLANNED ENERGY INITIATIVES (ANNEX 3)

BULGARIA: UGS Chiren Expansion

The project proposal was introduced by Ms TZVETKOVA.

Ms Anita ORBÁN suggested that all gas storage projects should be considered as part of the Danube Region Gas Market Model. The Model will show if a project is with a regional importance. We would also like to propose to further develop the Model including a Study on the optimal use of the available, planned and potential gas storages in the Region.

Steering Group agreed to postpone the decision on the project to the next Steering Group Meeting since it will be part of the Danube Region Gas Market Model which will show if the project has a regional importance.

Project will be part of the agenda of the next SG meeting automatically.

CROATIA: Multipurpose hydro technical system on the Drava River

The project proposal was introduced by Ms Natasa MIHAJLOVIC. Croatia is not yet prepared the answer to the European Commission. This project is top priority for Croatia.

Olivier BAUDELET:

Last time the SG had some concerns regarding the environmental impact of the project and it's too early to say whether this project is good or not. It's too early to the Steering Group to have an opinion on the project mainly without the environmental impact assessment too. Only projects which are ready should be supported by the SG

with letter of recommendation. The credibility of the SG would be affected if not yet ready projects were supported.

Natasa MIHAJLOVIC:

Croatia is applying the highest environmental standards also for this project. Croatian Ministries would be the first to stop the project if it is not in compliance with the law. This project is important in order to fulfill the country's RES target.

Anita ORBÁN:

Based on the Minutes of the February's meeting the SG shall wait for the results of the ongoing discussion between Croatia and the European Commission.

The discussion is still ongoing between Croatia and the European Commission.

Steering Group agreed to wait until the discussions between Croatia and the European Commission are concluded and at the same time asked Croatia to provide a more detailed project proposal, including an environmental impact assessment.

GERMANY (BAVARIA): Green Chemistry Belt

The project proposal was presented by Mr Rupert PRITZL.

Olga SVITAKOVA

Ms Svitakova asked more clarification regarding the macro-regional dimension and impact of the project.

Mr Rupert PRITZL offered to provide more information to the Czech Republic on the project proposal.

Steering Group decided to wait for more clarification. Decision on the project was postponed to the next Steering Group Meeting.

CZECH REPUBLIC: Ostrava Smart City Initiative

The initiative, including the financial background was presented by Ms Olga SVITAKOVA.

Olivier BAUDELET:

All of the smart cities should be mapped out and should be part of the Strategy.

Steering Group decided to support the project with issuing a Letter of Recommendation to it.

UKRAINE (3 projects): Construction of Bolgrad vapor-gas power stations 30-50 MW; Establishment of Transfrontier "Energy Island" for Energy Generation, Transit, Conservation and cross-border Networking; Green energy for the healthy environment and sustainability;

The 3rd Steering Group Meeting of the PA2 asked more clarification regarding the first two projects from Ukraine. Two emails were sent to the Ukrainian NCP, without any reply.

Steering Group decided to postpone the decision on the projects to the next Steering Group meeting.

4. BREAK DOWN OF ACTIONS FROM THE STRATEGY'S ACTION PLAN (ANNEX 4)

ACTION GROUP 12-13

Roadmap for the action group was presented by Ms Anita ORBÁN.

The representative of Austria Mr Andrea HAIDER asked about the financial background of the implementation. Ms Anita ORBÁN replied that PA2 have only limited financial resources therefore SG members must contribute with work as much as possible. Mr. XXXXX suggested asking the Members States in an official letter if they have such studies already available, which can be used for the implementation.

Steering Group accepted the roadmap elaborated for the implementation of actions 12 and 13.

LUNCH BREAK

ACTION GROUP 14-17

Roadmap for the action group 14-17 was presented by Ms Judit BÁLINT representative of the Regional Environmental Center (REC). It's up to the SG to decide on the target area (public or housing sector).

Anita ORBÁN:

Last time the SG decided that each country is to map out maximum two cities which are willing to take part in the implementation of the specific action group. A set of criteria had been developed by the REC assisting the countries to find the most suitable cities. This would be a pilot project.

Judit BÁLINT:

The criteria are listed in Milestone no1. Municipalities who have some experience would be a good starting point. Local energy agency could also be an important part of the process.

KARL GREISSING:

Ulm and New Ulm could be possible cities to take part in the initiative.

Olivier BAUDELET:

Maybe Ostrava would also be interested to take part in the project.

Natasa MIHAJLOVIC:

KRK Island might also be part of the implementation.

Steering Group agreed that final deadline for nominating cities is: 15 June 2012. Steering Group accepted the roadmap elaborated for the implementation of actions 14 and 17.

ACTION 1

Action was introduced by Ms Anita ORBÁN.

Steering Group accepted the roadmap elaborated for the implementation of action 1.

ACTION 4

Action was introduced by Ms Anita ORBÁN.

Steering Group accepted the roadmap elaborated for the implementation of action 4.

ACTION 6

Action was introduced by Ms Anita ORBÁN: this action is implemented by a company.

Steering Group accepted the roadmap elaborated for the implementation of action 6.

ACTION 8-11-16

Action group was introduced by Ms Anita ORBÁN: the 4BIOMASS project is already included in the AP.

Steering Group accepted the roadmap elaborated for the implementation of action group 8-11-16.

ACTION 9

Ms Anita ORBÁN:

The 3rd SG meeting decided to send a letter to PA6 asking them to implement the action, since it's closer to their area. Their answer was negative.

Steering Group decided to contact the Carpathian Convention to ask them if they are ready to take the leadership on this action.

ACTION 10

Action was introduced by Ms Anita ORBÁN.

Steering Group accepted the roadmap elaborated for the implementation of action 10.

ACTION 7

Action was introduced by Ms Olga SVITAKOVA.

Steering Group accepted the roadmap elaborated for the implementation of action 7.

Anita ORBÁN

Leadership of the PA2 will suggest a priority list for the implementation of the roadmaps.

5. OVERVIEW OF THE STATUS OF THE STAKEHOLDER SEMINAR, THE REGMO MODEL, RECOMMENDATION, POLICY IMPLICATION

Ms Anita ORBÁN welcomed the representatives of the Regional Centre for Energy Policy Research (REKK) including Mr. Péter KADERJÁK, director of the Centre. Ms ORBÁN asked the participants of the meeting to clarify the data in the country profiles which were distributed to all SG members.

Steering Group members are asked to clarify their country data latest 11 June 2012.

The Danube Region Gas Market Model was introduced in detail by Mr Péter KADERJÁK including the method and first preliminary results of the Model:

- cost estimates of the projects are the most difficult part of the Model therefore data clarification by the EUSDR countries would be appreciated,
- the primary focus of the analysis was to look at the gas wholesale price convergence in the Region,
- security of supply related measures can easily be calculated from the input data,
- this is a one year short term optimization Model,
- local productions and storages are represented in the Model,
- take or pay contracts and transit are also included in the Model,
- the Model calculates marginal prices to each country,
- EnC, ENTSO-G and other institutions' data were also used for modeling the Region,
- outputs of the Model (examples only): monthly marginal prices per country; winter peak and summer consumption; monthly net import divided by TOP related import and spot related imports; monthly storage activity by country; pipelines flows; transit flows,
- the Model is able to examine single projects and also infrastructure packages.

Anita ORBÁN:

- congratulated to the REKK for developing the Danube Region Gas Market Model,
- input of the DG ENERGY will also be included following the discussions in Brussels due on 20 June 2012,
- in cooperation with the REKK, PA2 would like to work out another project/study on Regional gas storage optimization.

CONCLUSIONS OF THE PRIORITY AREA 2 (TO ENCOURAGE MORE SUSTAINABLE ENERGY) OF THE EU STRATEGY FOR THE DANUBE REGION FOR A REGIONAL GAS MARKET (ANNEX 5)

Steering Group of the Priority Area 2 accepted the conclusions with the following modification:

“6. Countries of the EUSDR ask the Priority Area 2 **to conduct** a study for the optimal use of the gas storage capacities in the Region.”

Natasa MIHAJLOVIC thanked the work of the Priority Area Coordinators.

Meeting was closed by Ms Anita ORBÁN at 16:40.

ANNEX

LIST OF PARTICIPANTS

Andreas HAIDER	Austria
Lubomir PETKOV	Bulgaria
Veneta TZVETKOVA	Bulgaria
Natasa MIHAJLOVIC	Croatia
Katerina MIKLOSOVA	Czech Republic
Olga SVITAKOVA, PAC	Czech Republic
Lukas HLAVATY	Czech Republic
Olivier BAUDELET	European Commission
Rupert PRITZL	Germany
Karl GREISSING	Germany
Anita ORBÁN, PAC	Hungary
Balázs MEDGYESY, HU NCP	Hungary
István JOÓ	Hungary
Boglárka BORDI	Hungary
Stefan IMRE, RO EMB.	Romania
Milena DJAKONOVIC	Serbia
Juraj JURASEK	Slovakia
Eric BARTHA	Council of Danube Cities and Regions

Invited guests:

Péter BAKONYI, PAC PA5	Hungary
Judit BÁLINT	Regional Environmental Center (REC)
Péter KADERJÁK	Regional Centre for Energy Policy Research
Borbála TÓTH	Regional Centre for Energy Policy Research
László PAIZS	Regional Centre for Energy Policy Research

ANNEX 13: PROGRESS REPORT ON THE COOPERATION WITH THE ENERGY COMMUNITY

Progress report on the cooperation between the EU Strategy for the Danube Region and the Energy Community (EnC)

DRAFT VERSION -17.05.2012

Events, meetings

Since the 3rd Steering Group Meeting of the Priority Area 2 (hereafter: PA2) held in Budapest on 23 February 2012, the cooperation and relationship between the two initiatives has significantly strengthened.

In the previous months two EnC Regional Energy Strategy Task Force (hereafter: TF) meetings were held where the PA2 took part as observer. The first event was due in Vienna on 28 February 2012 on which Ms. Anita ORBÁN addressed the participants of the meeting, and she introduced the work of the PA2 as well as the possible cooperation topics between the two initiatives. She also informed the representatives on the ongoing work, focusing on the elaboration of a Danube Region Gas Target Model, which triggered off the interest of the participants.

Following the TF meeting, the PA2 invited representatives from the Energy Community Secretariat (hereafter: EnC Secretariat) to Budapest in order to introduce them in detail the concept and the ongoing work concerning the Danube Region Gas Target Model (DRGTM) performed by Regional Centre for Energy Policy Research (REKK) coordinated and supervised by PA2. During the meeting several commonalities and complementarity between the DRGTM and the Regional Energy Strategy (elaborated by the EnC Secretariat) were identified.

Both, the DRGTM and the Regional Energy Strategy aim at creating a competitive Regional Energy market which ensures the security of supply in the Region. The Regional Energy Strategy is focusing on the Energy Community Contracting Parties which include the Western-Balkan countries, Moldova and Ukraine while the DRGTM target area in addition includes all the EU Member States of the EUSDR and also Poland. The Regional Energy Strategy will contain general political objectives and concrete actions how to achieve them, as well as energy demand scenarios, and a methodology and criteria to select projects of Energy Community interest. While the main objective of the DRGTM is to provide support for the development of the Danube Region – including the contracting parties of the EUSDR – joint position on natural gas Projects of Common Interest.

As result of the consultation held in Budapest on 14 March 2012, the Task Force Meeting that was due on 22 March 2012 unanimously accepted to share its energy database regarding the contracting parties of the EnC, with the Priority Area 2. These data are essential for effectively modeling the region's gas market.

Annual Stakeholder Seminar of the PA2

In order to further develop our cooperation we rely on the active participation of the EnC in the Annual Stakeholder Seminar. PA2 requested Mr. Slavtcho NEYKOV director of the EnC to welcome the participants of the Stakeholder Seminar as well as Ms. Violeta KOGALNICEANU, Head of Infrastructure Unit to take part in PANEL I. discussions with a presentation focusing on the synergies between regional initiatives. Both participants confirmed their attendance.
