

# NEWSLETTER

EU4ENERGY GOVERNANCE PROJECT

(JUNE – DECEMBER 2020)



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## INTERVIEW

# A LOOK BACK AT FOUR YEARS OF THE EU4ENERGY GOVERNANCE PROJECT



**Janez Kopač**

Director of the Energy Community Secretariat

**The EU4Energy Governance project's four-year 'Phase I' is coming to an end this December. We spoke with the Director of the Energy Community Secretariat Janez Kopač, who told us about his highlights of the project and what's coming next.**

**How and when did the EU4Energy Governance project start?**

Well, the predecessor to the EU4Energy Governance project was implemented by consultancy companies. The European Commission, however, decided that it wanted international organisations involved in the project and proposed that the Energy Community Secretariat, the International Energy Agency and the Energy Charter Secretariat should take over in 2016. This turned out to be a very good decision as we combined our expertise with additional funds for consultancy services and were thereby able to deliver much more. I would say it was a win-win situation for all parties involved.

**Can you tell us about the overall goals of the project?**

Our main goal was to offer technical assistance to Eastern Partnership Countries, namely Georgia, Moldova and Ukraine. We wanted to deliver a ready-made product in the form of both primary and secondary legislation that would result in local energy market reform, be useful in practice, as well as being acquis-compliant.

**What were the main activities carried out?**

Our main activities involved the drafting of primary and secondary legislation in the field of energy efficiency, electricity and gas markets, energy-related environment, renewable energy, oil stocks and infrastructure. Also, we carried out a lot of capacity building which involved training and helping stakeholders on the ground. This allowed us to craft laws that were developed in close collaboration with all involved local institutions for each sector of our work. This close cooperation ensured that involved stakeholders were committed, felt a sense of ownership and followed-up on all the new pieces of legislation.

Examples of our work include drafting Laws on the Energy Performance of Buildings in Georgia and Ukraine, as well as electricity market rules in Georgia, Moldova and Ukraine. We have compiled over 70 pieces of important legislation that have made a difference to citizens in these countries.

**What were the main challenges you were facing?**

The main challenge was political change in the beneficiary countries. For example, we would have great contact and understanding with a particular minister, but then the government would change, and we would have to start building a new relationship with the new minister from scratch. Otherwise, it was a very productive process.

## What are your best memories of the project?

*My best memories were when countries adopted primary and secondary legislative acts, which we developed, and they started to function in practice. This was when our technical assistance really became something tangible. It's always nice to see the result of your work and the impact it can have on the everyday lives of citizens in the countries involved.*

*In Moldova, where the electricity market was very limited, we introduced electricity market rules, which made a positive impact on the ground. And the successful implementation of our Law on the Unbundling of the Gas Transmission Operator in Ukraine was one of the conditions which allowed gas to flow from Russia to the EU – security of supply in Europe would have been seriously challenged in the winter of 2019/2020!*

*And in Georgia, during the coronavirus outbreak, our partners on the ground managed to adopt both an Energy Efficiency Law and an Energy Performance in Buildings Law. Both pieces of legislation resulted in the release of funds for many local energy projects to benefit the country.*

## What are you most proud of?

I think when Russia's President Putin called on Ukraine to implement our Law on Unbundling of the Gas Transmission Operator as a condition to signing a new gas transit deal – that was a big moment for us!

Also, I'm particularly proud of our project office in Kyiv, which has become a centre for local stakeholders to discuss energy sector reforms.

## What surprised you about the experience?

We have been working in this area for a long time, so nothing much surprises me anymore!

However, the Covid-19 pandemic was and continues to be a big shock. But thanks to a combination of virtual engagement and local presence through our offices in Kyiv and Tbilisi, we have managed to continue our work.

## Would you do anything differently?

I would have liked to open a local office in Chişinău, Moldova. Local presence makes such a difference.

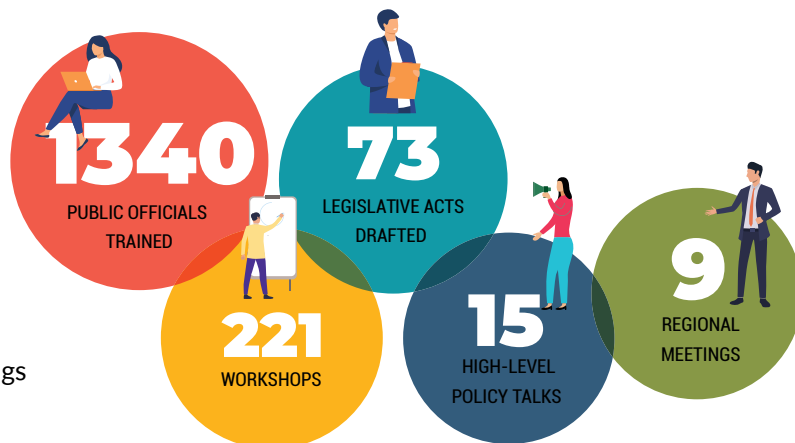
## What are your future plans?

Hopefully, we will soon sign a contract with the European Commission to continue our activities under Phase II, which should start in January 2021!

Our focus may well be on the Clean Energy Package, adopted by the EU in 2018. It will be our turn to implement these related energy laws in the partner countries.

We will continue to be busy, no doubt!

# ACHIEVEMENTS UNDER THE EU4ENERGY GOVERNANCE PROJECT



## GEORGIA

- » Draft Law on Energy Performance in Buildings (*adopted by Parliament in May 2020*)
- » Electricity Market Rules (*adopted in August 2020*)
- » Rules and Contract for supply of universal services (*adopted in August 2020*)
- » A new natural gas distribution network code (*adopted in August 2018*)
- » Legislation on sampling and analysis of marine fuel to improve quality of fuels used by vessels

## MOLDOVA

- » Electricity Market Rules (*adopted in August 2020*)
- » Contribution to the draft Law on Energy Efficiency (*adopted by Parliament in 2018*)
- » A methodology for the calculation of tariffs for the electricity market operator (*adopted in November 2019*)
- » New gas tariff calculation methodology (*adopted in December 2019*)
- » Natural gas transmission and distribution network codes (*adopted in November 2019*)
- » Legislation on reducing emissions into the air from large combustion plants

## UKRAINE

- » National energy efficiency target until 2020 (*adopted in August 2019*)
- » A new National Energy Efficiency Action Plan till 2030
- » Support for the Energy Performance of Buildings Law (*adopted in June 2017*)
- » Draft Law on Unbundling of the State-owned gas monopoly Naftogaz (*adopted in November 2019*)
- » Memorandum of Understanding between Ukraine and Moldova to enhance cooperation in the security of gas supply (*signed in December 2019*)

### Strengthening the requirements for energy-efficient and environmentally friendly products in Georgia

To promote green and efficient heating and cooling systems, the Law of Georgia on the Promotion of Energy Production and Use from Renewable Sources entails the development of a set of minimum requirements that ensure the low environmental impact of heat pumps and their inclusion in the national eco-labelling scheme. The EU4Energy Governance project supported Georgia in drafting a regulation on Minimum Requirements of Ecological Labelling of Heat Pumps for the country, which will be further discussed with state authorities and hopefully adopted soon.

Read our blog post with Energy Efficiency Expert Borko Raicevic to find out more:

<https://www.energy-community.org/regionalinitiatives/EU4Energy/Our-Blog.html>



## EU4Energy holds high-level event on Georgia's energy and water supply

23 September 2020



The EU4Energy Governance project hosted an online policy discussion and technical meeting to take stock of the status of the Law on Energy and Water Supply as well as related legal acts and market reforms.

With the adoption of the Law on Energy and Water Supply in December 2019, a clear path towards the development of the energy sector in line with European principles was set, outlining the specific requirements for the development of a competitive energy market. A number of secondary legal acts, which should put market principles envisaged under the Law into practice, are yet to be adopted.

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## Georgia to develop contract template for low-carbon electricity generation

22 July 2020



The EU4Energy Governance project helped Georgia to develop a template for a so-called “contract for difference”. This is a market-based mechanism for supporting renewables-based electricity generation. Georgia introduced a provision on Contracts for Difference in its recently adopted Law of Georgia on the Promotion of Energy Production and Use from Renewable Sources, however, the necessary contractual framework for its implementation is not yet developed.

The Contract for Difference incentivizes investment in renewable energy by providing stability to project developers through direct protection from financially unsustainable low wholesale prices, while at the same time ensuring that support is granted via a competitive bidding process. It also shields consumers from paying increased support costs when electricity prices are high.

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## EU4Energy provides expert support for Georgia's Natural Gas Emergency Plan

16 July 2020



Energy Community experts, Georgia's Ministry of Economy and Sustainable Development, the Georgian Oil and Gas Corporation and the Georgian Gas Transportation Company and other stakeholders have come together to develop a Natural Gas Emergency Plan to benefit the country.

With a view to creating a framework that takes into account the provisions of EU Regulation 2017/1938, the activity built on the currently existing emergency management structures and rules in Georgia. To achieve this aim, an active participation and contribution from public and private entities which are active in natural gas supply, transport and demand and in emergency planning and response, was essential.

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## Moldova adopts wholesale electricity market rules

5 October 2020



Moldova has adopted new wholesale electricity market rules that were developed with technical assistance delivered within the framework of the EU4Energy Governance project. The new rules are in line with the Energy Community electricity acquis and set out procedures for the procurement of electricity on forward, day-ahead, intraday and balancing markets. They also include rules on ancillary services procurement and imbalance settlement.

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## Ukraine and Moldova's electricity market integration tops agenda at EU4Energy High-Level Policy Talks

25 September 2020



Electricity market integration between Ukraine and Moldova as well as both countries' electricity market reforms topped the agenda at a recent high-level EU4Energy event.

The discussions focused on the latest state of play of national market reforms in Moldova, which are needed to ensure a smooth transition to a system where the transmission system operator plays the role of central party for balancing energy and imbalance settlement. Cooperation on cross-border exchanges and balancing is important for the optimal use of balancing resources and this is an area to be explored further in the context of future market integration.

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## New online platform to monitor energy efficiency actions

30 June 2020



The EU4Energy Governance project has developed an online monitoring and verification platform (MVP) that will assist in measuring progress towards energy efficiency targets and calculate energy savings.

The usage rights for the web-based software application, that was further tailored to Moldova's needs with EU4Energy support, were handed-over to the Energy Efficiency Agency of Moldova by the German development organization Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

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## EU4Energy delivers reform package to implement Oil Stocks Directive

6 November 2020



EU4Energy Governance representatives have finalised a technical assistance project to help Ukraine implement the Oil Stocks Directive 2009/119/EC. The project's work resulted in the development of secondary legislation needed to implement oil stock holding reform.

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## EU4Energy High-Level Policy Talks on clean energy development

8 September 2020



EU4Energy Governance hosted an online policy talk on clean energy development in Ukraine. The event was organised with participation of Ukraine's Ministry of Energy and the Ministry of Environmental Protection and Natural Resources, Parliament of Ukraine and other stakeholders.

The focus was on the challenges relating to the transposition of three key pieces of energy related environmental law: The Large Combustion Plants, Sulphur in Fuels and Fuel Quality Directives.

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## WEBINARS

Despite the ongoing Covid-19 outbreak, we organise multiple and well attended webinars, focusing on a number of pertinent issues.

### Sustainability aspects of the Clean Energy Package by Tibor Schaffhauser

The tutorial provides a brief overview on the new Energy Efficiency, Energy Performance of Buildings, RES Directives, including the corresponding EU targets. Special attention is given to Governance Regulation and Integrated Energy and Climate Plans. EU has already started to implement this new acquis, the Energy Community Contracting Parties are to follow the course in the near future.

[VIEW WEBINAR](#)

### Electricity Market and Trading by Arben Klllokoqi

Electricity markets are characterized by a continuous evolution that makes them more complex but better equipped to manage different risks. The tutorial provides an insight into the wholesale electricity market, market places and trading in general. It examines different market mechanisms that allow market participants to manage risks and materialise their opportunities.

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### Regulation on Wholesale Market Integrity & Transparency by Nina Grall

Regulation (EU) 1227/2011 on wholesale energy market integrity and transparency (REMIT) defines a framework for identifying and penalizing insider trading and market manipulation in wholesale energy markets across Europe.

The tutorial provides a brief overview on the key elements of the Regulation, the obligations of the contracting parties and on how the implementation will look in practice.

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## EU4Energy Governance Project

The EU4Energy Governance Project is a technical assistance project funded by the European Union, under the EU4Energy Initiative. It targets policy makers working in the energy sector of Eastern Partner countries and helps them strengthen their legislative and regulatory frameworks as well as identify investment opportunities in key energy infrastructure projects. Within this project, the Energy Community Secretariat is delivering technical assistance to three Eastern Partner countries Georgia, Moldova and Ukraine that are members of the Energy Community. Regional activities of the project also involve Armenia, Azerbaijan and Belarus.

The EU4Energy Initiative covers all EU support to improve energy supply, security and connectivity, as well as to promote energy efficiency and the use of renewables in the Eastern Partner countries Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. It does this by financing projects and programmes that help to reform energy markets and to reduce national energy dependence and consumption. Over the longer term, this makes energy supply more reliable, transparent and affordable, thus reducing energy poverty and energy bills for both citizens and the private sector.

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<https://www.energy-community.org/regionalinitiatives/EU4Energy/news.html>

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