

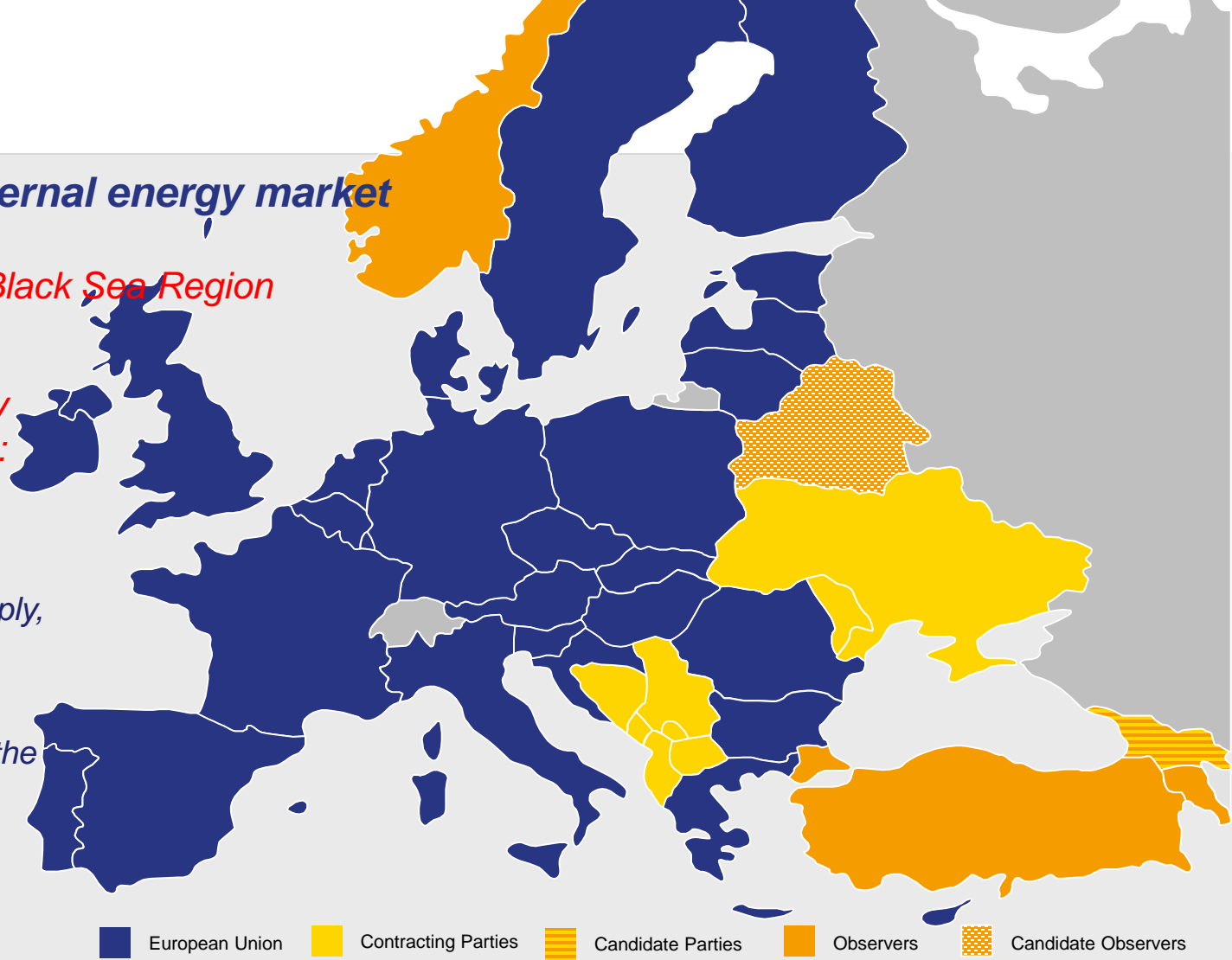
The background is a satellite-style image of the Earth, showing the continents of Europe and Africa. Overlaid on this are numerous glowing blue lines that represent energy transmission or data networks, connecting various points across the globe.

Governance in the wider sense: Institutions and Actors

College of Europe, 3 March 2017

Janez Kopač

Director, Energy Community Secretariat



Extending the EU internal energy market

Where?

South East Europe and Black Sea Region

Why?

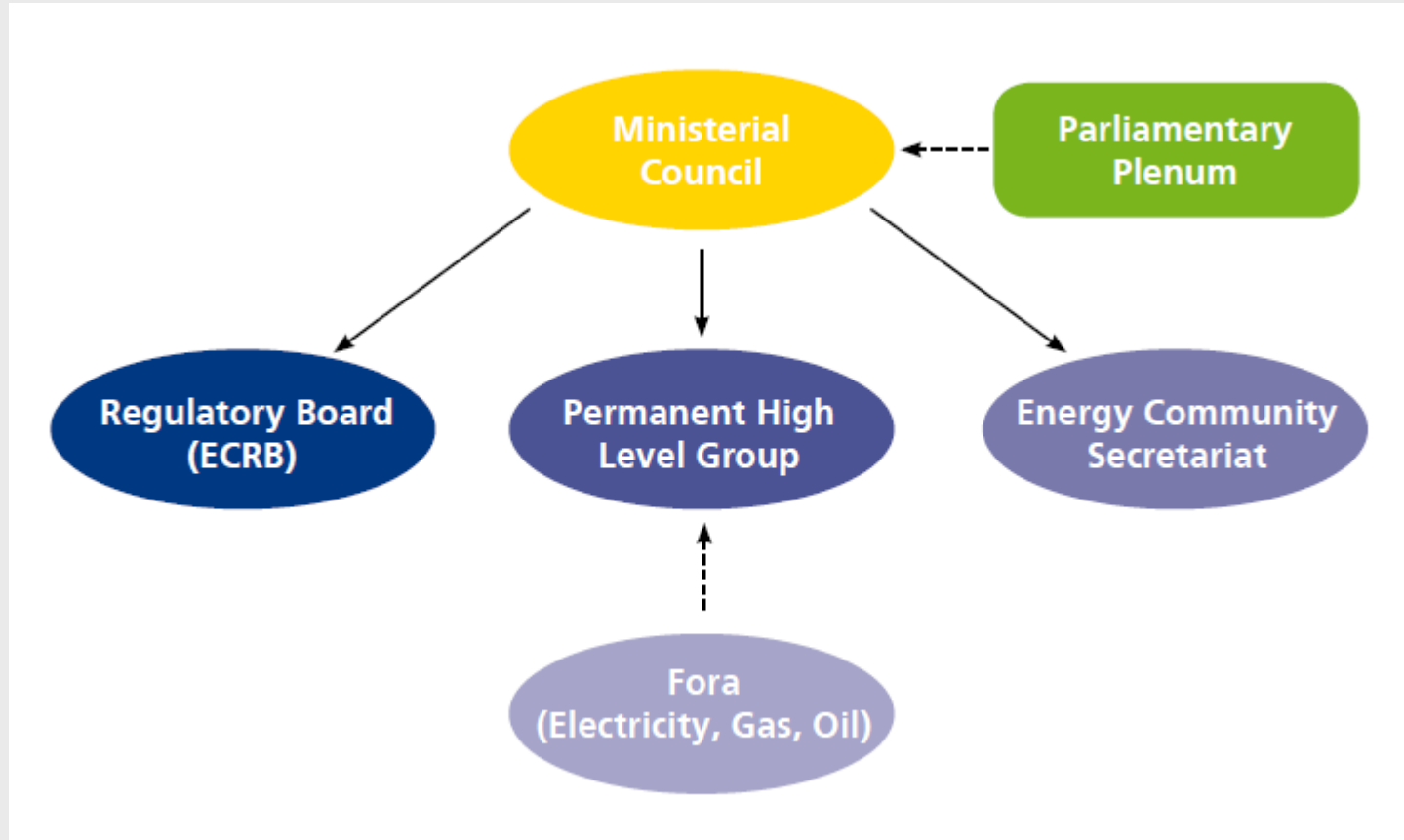
Creating single regulatory and market framework to:

- *increase energy trade,*
- *attract investments,*
- *enhance security of supply,*
- *improve environmental situation and*
- *increase competition in the energy market*

➤ **How?**

By the Rule of Law

European Union
 Contracting Parties
 Candidate Parties
 Observers
 Candidate Observers



DISPUTE SETTLEMENT PROCEDURE

- ▶ ***A Party to the Treaty, the Regulatory Board and the Secretariat may initiate a case of non-compliance***

3-stage procedure

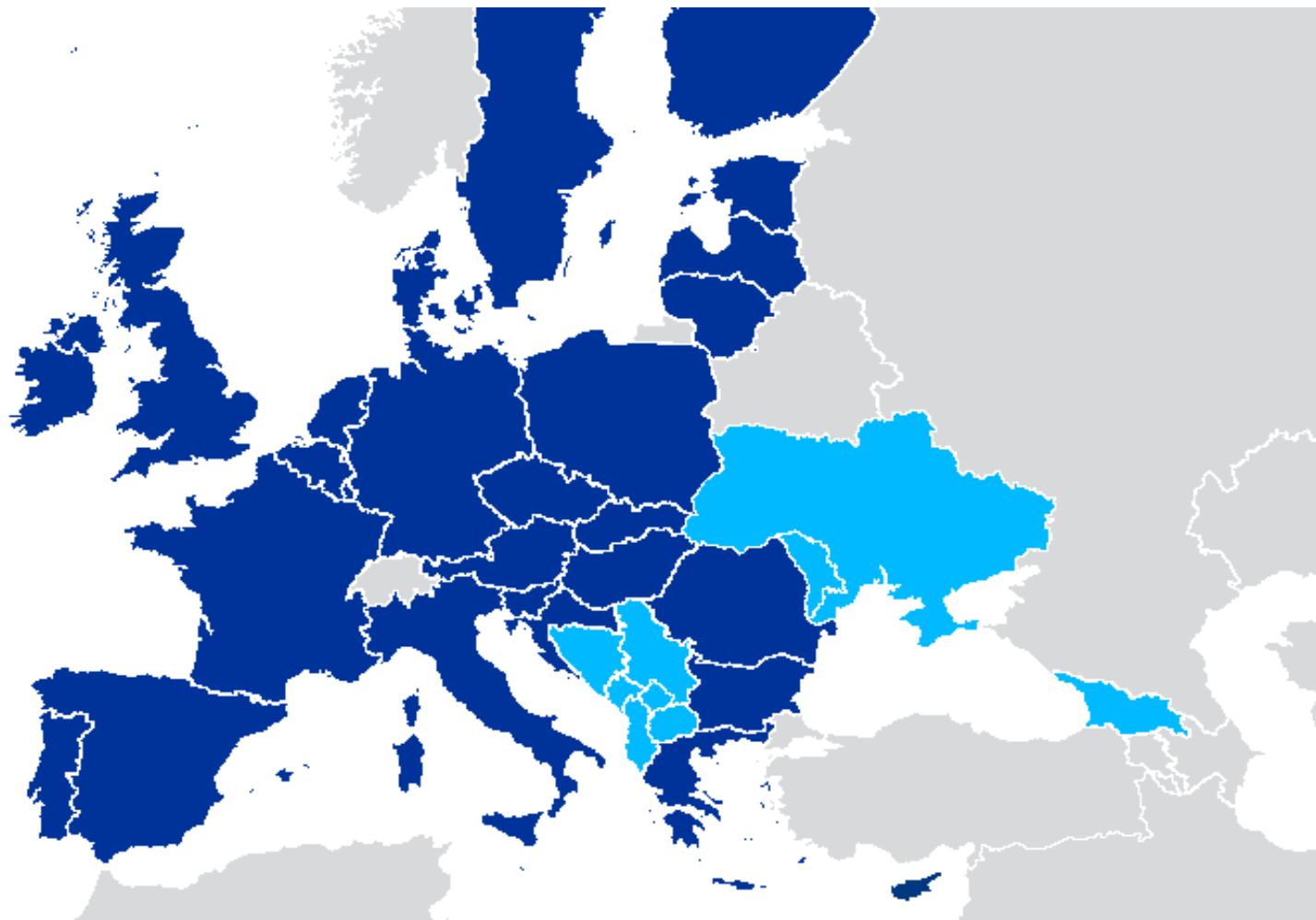
- ▶ ***Opening Letter*** – Secretariat requests national governments to comment on non-compliance problem within 2 months
- ▶ ***Reasoned Opinion*** - No reply? Unsatisfactory reply? Secretariat states reasons why it believes there is a breach of Energy Community law and requests compliance within 2 months
- ▶ ***Reasoned Request*** – Secretariat refers case to PHLG (hears both parties to dispute + takes into account (non-binding) opinion of Advisory Committee) → Ministerial Council for decision
- ▶ Currently approx. 20 cases open
- ▶ **No Court of Justice!**

Energy Union:

Panta Rhei - but first agree on what we are talking about

- Battle of pillars
- What is Energy Union geographically?
- What is governance?
- What is external dimension?

Towards a European Energy Union (15 Dec 2015): "Energy Union must establish a free flow of energy across EU and Energy Community countries"



The concept of "governance" means different things to different people.

- is “**process of assessment of policies and measures** at various levels to establish if they are coherent, complementary and sufficiently ambitious” (draft Regulation on the Governance of the Energy Union)
- A **set of processes of governing**, whether undertaken by a government, market or network, whether over a family, tribe, formal or informal organization or territory and whether through the laws, norms, power or language (Mark Bevir)
- Governance is an **alignment of institutions, countries and groupings** to better enforce particular policy (J.Kopač)

Energy Union package, 25 Feb 2015

- Establish strategic energy partnerships with increasingly important producing and transit countries or regions
- Develop partnership with Norway, USA, Canada, Ukraine
- Reframe relationship with Russia
- Closer integrate EU and Energy Community markets

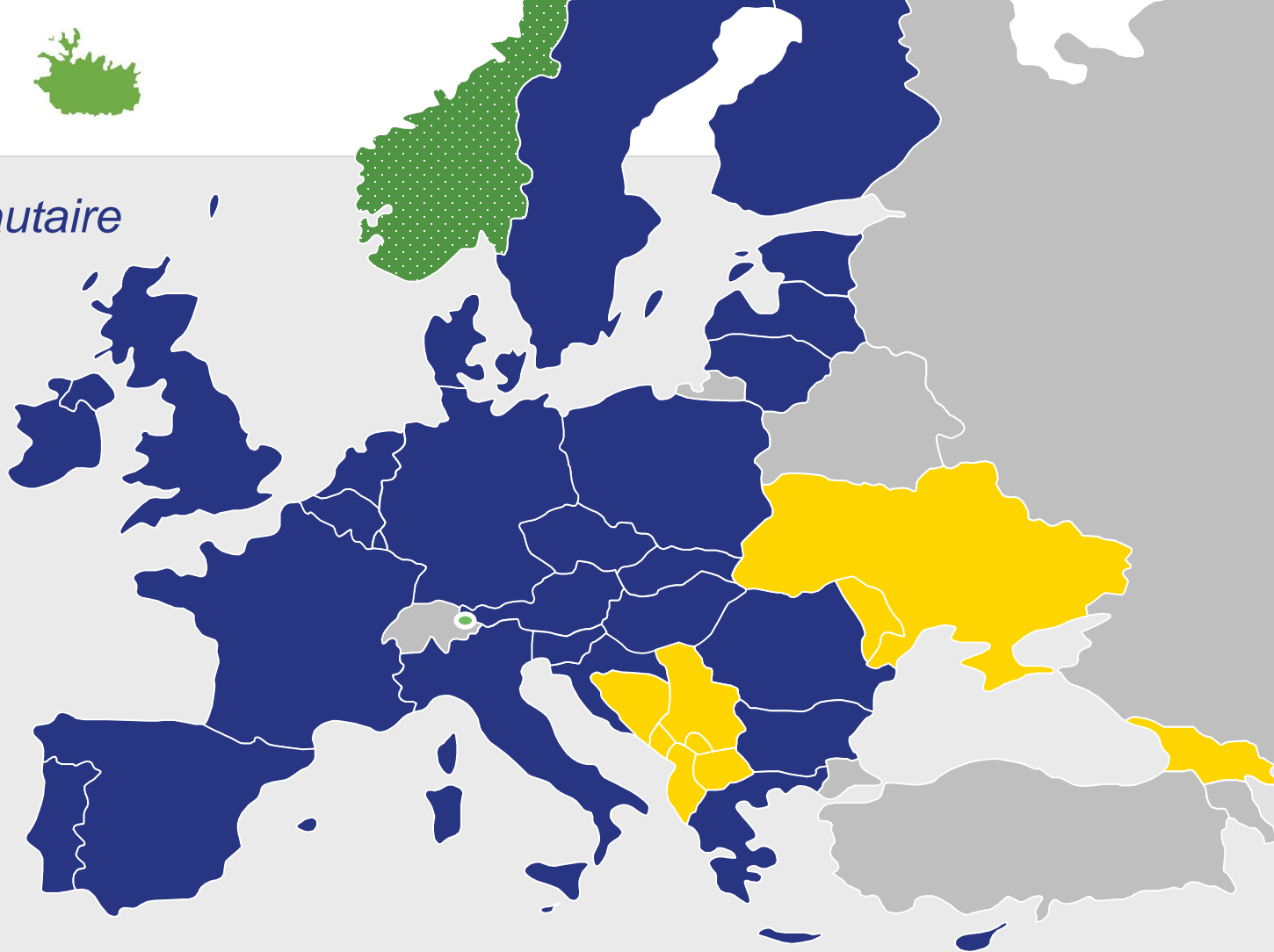
Second report on the State of the Play of the Energy Union, 1 Feb 2017

- reform process of the Energy Community
- reinvigorated dialogue with Algeria,
- Reinforced Energy Council EU-USA
- Ukraine
- Overviewing of oil and gas agreements with third countries

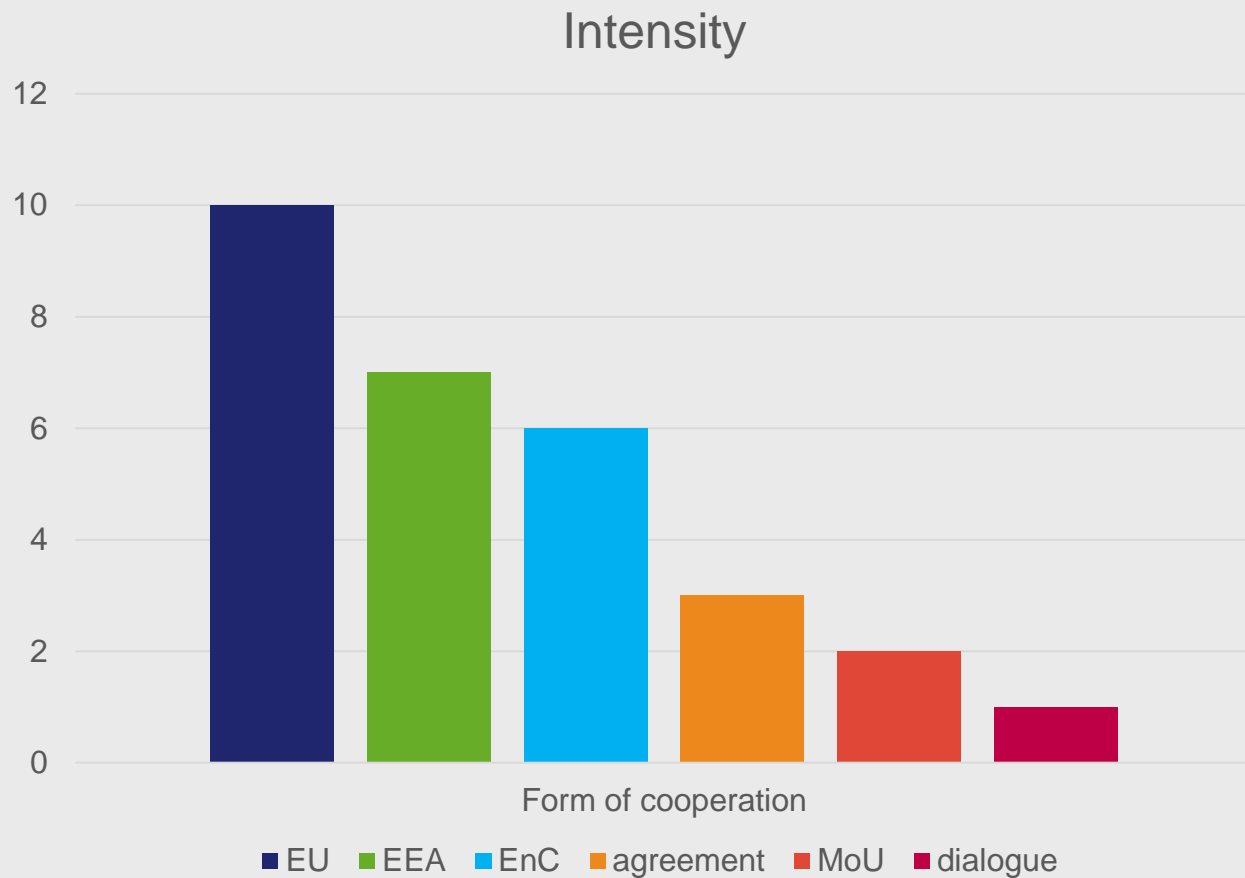
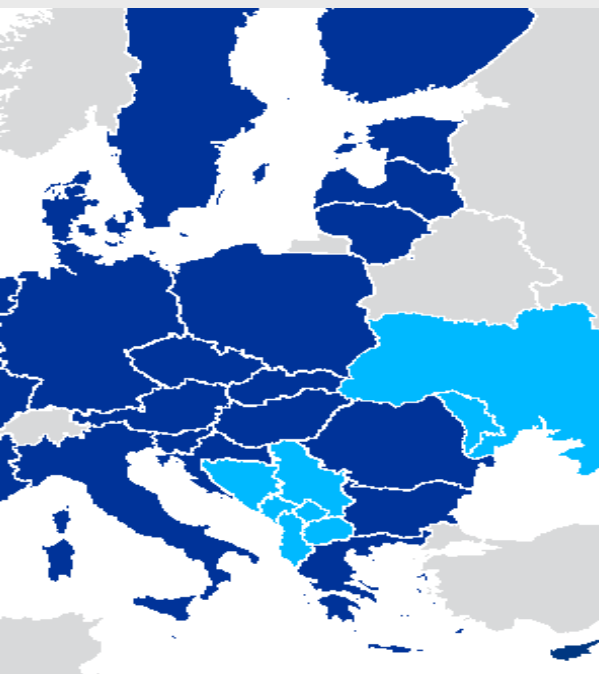


Acquis communautaire area

- European Union
- Contracting Parties
- European Economic Area
- Norway



Level of integration among countries in energy sector



Trends



-Brexit

-visibilisation (MoU instead of stronger integration)



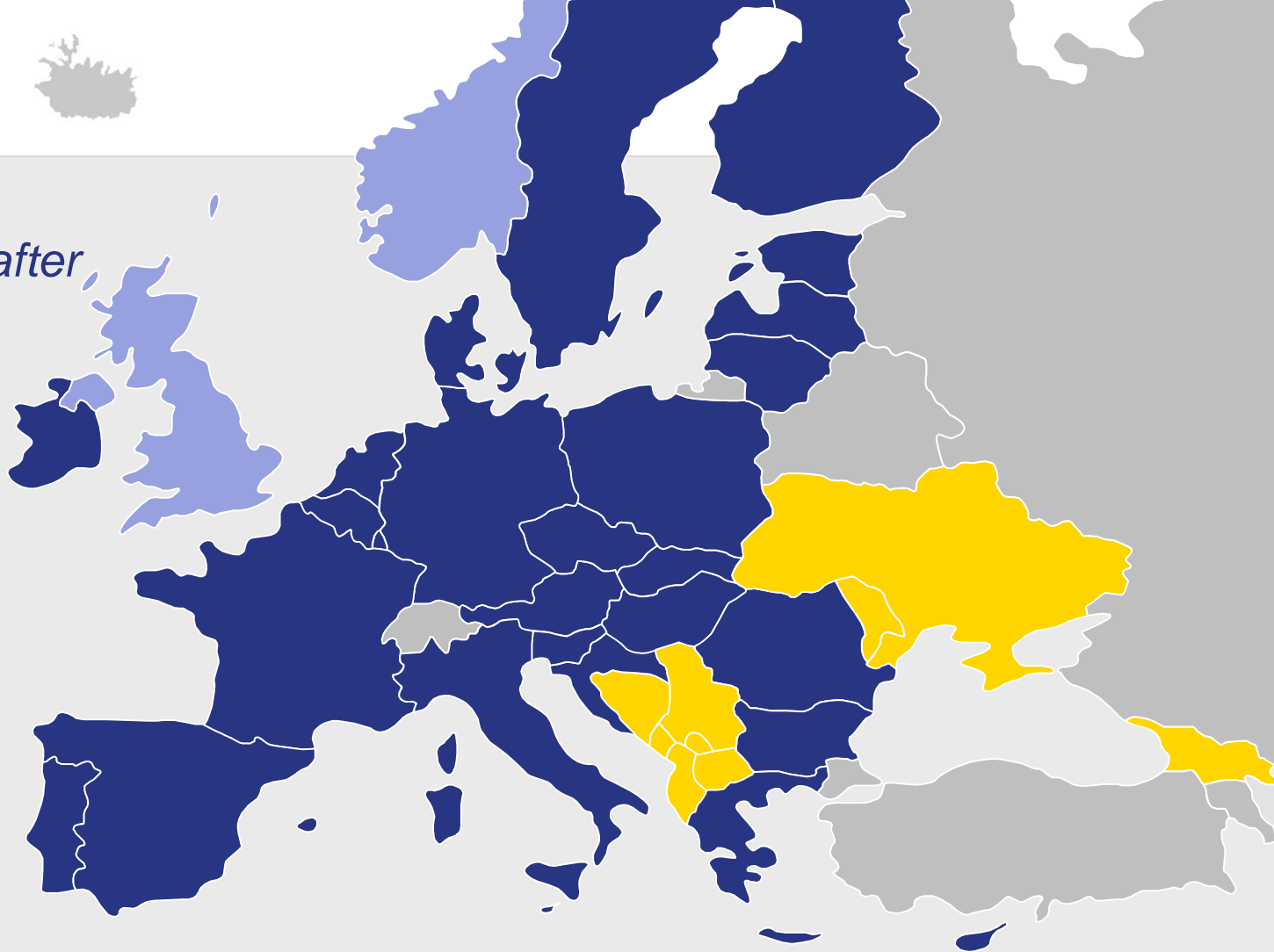
-accession to the EU (Montenegro)

-deep and comprehensive rule of law design (strengthening of Energy Community)



Energy Union after Brexit?

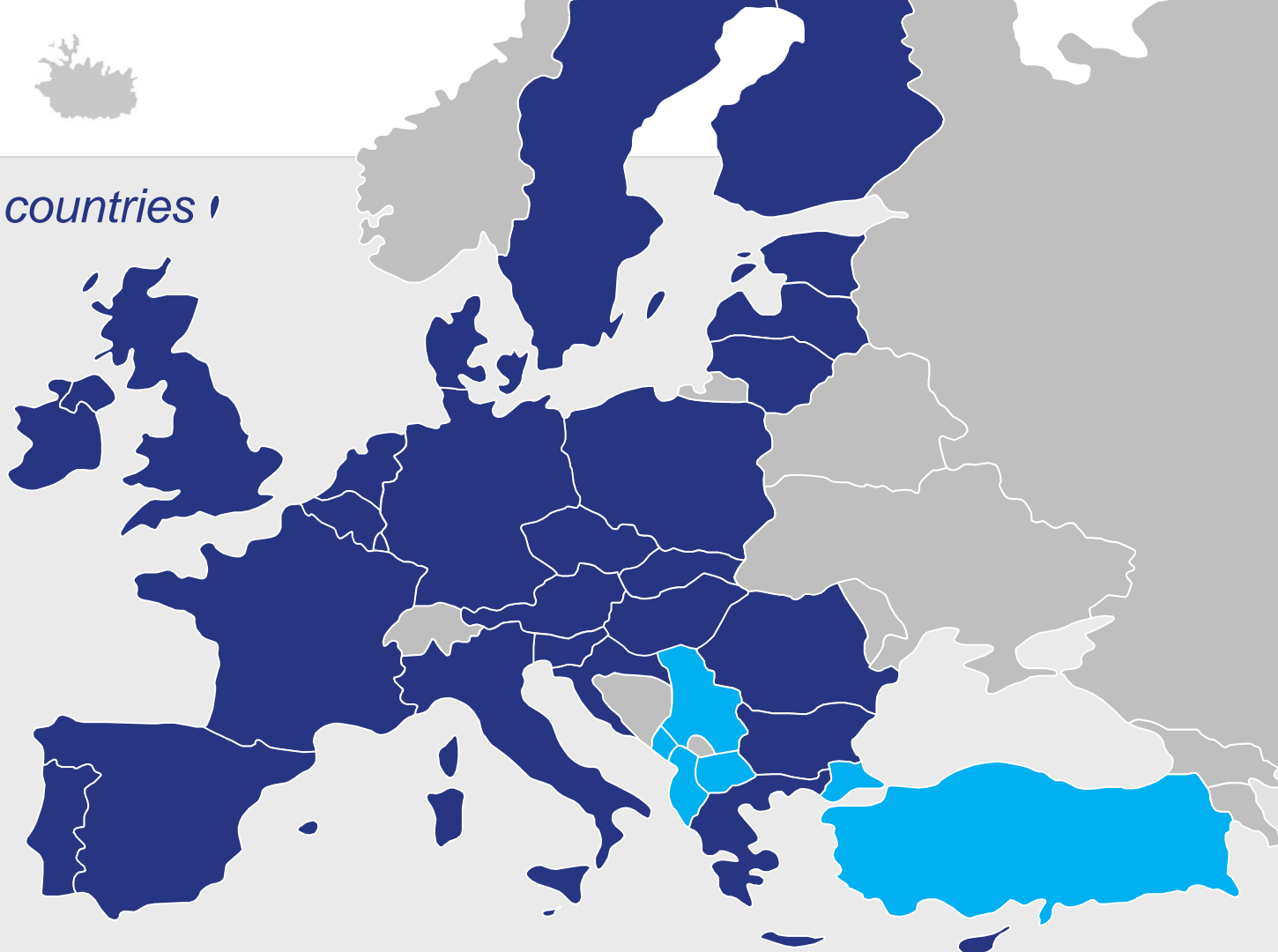
- European Union
- Contracting Parties
- UK & Norway





EU+accession countries

- European Union
- Candidate countries



Reciprocity on interconnection between EU MSs and EnC Contracting Parties -missing piece to the CPs' market integration to EU IEM

How to close the gap?


➤ ***Title III EnC Treaty – complete solution***



➤ ***Title II EnC Treaty – additional legal instruments needed***

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- Level playing field (switch-on clause/reciprocity)

-----two tier approach -----

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- A large blue upward-pointing arrow on the left side of the slide.
- Direct applicability of Network Codes + Regulations
 - Competence of EU institutions (ACER) in Contracting Parties
 - Better enforcement in case of infringement
 - State aid and competition enforcement

The background is a satellite-style image of the Earth at night, showing city lights. Overlaid on this are numerous glowing blue lines that curve and intersect across the globe, representing energy transmission or a global network.

*Thank you
for your attention!*
Janez Kopač

www.energy-community.org