

Addressing Emerging Security Risks

Escaping insecurity with regional cooperation



Dr. Arūnas Molis
5 December, 2016
Tbilisi

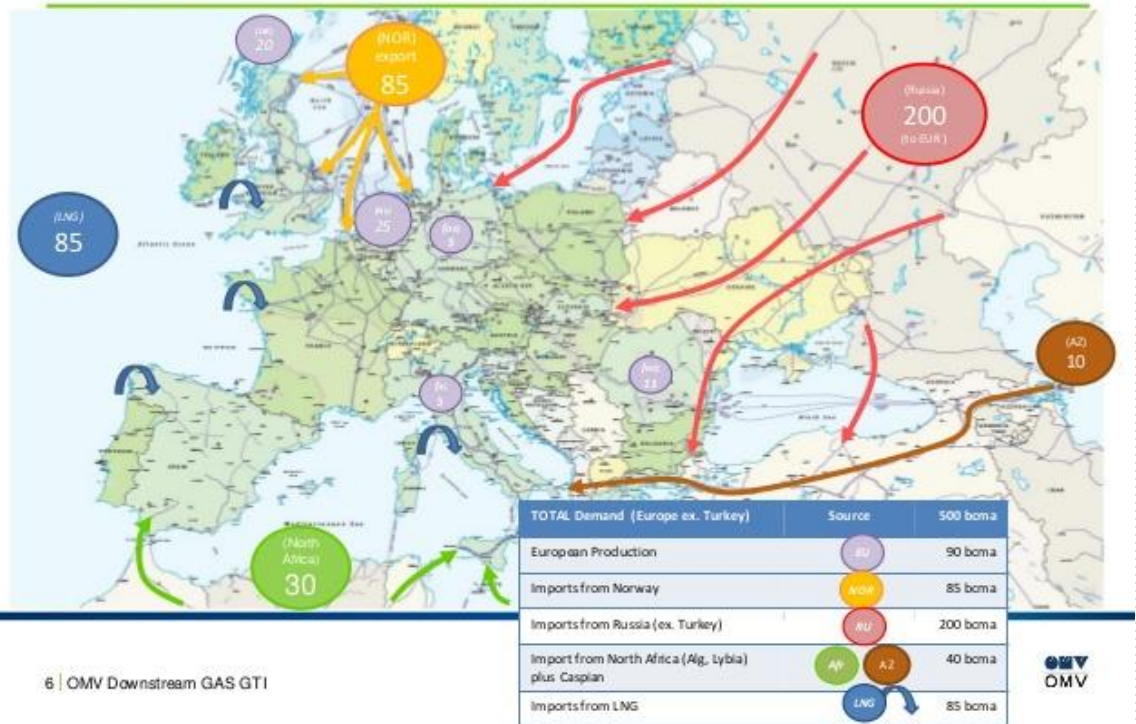
Dependencies that kill...

Import dependency...



Evaluate/anticipate future gas flows

Gas supply routes to Europe (2030)



Systemic dependency..



European Continental Network

European Continental Network (ECN) is the largest synchronously operating electricity system in Europe spreads over most of the Continental Europe.

1951-1958

The beginning of the ECN was in 1951, when Austria, Belgium, France, West Germany, Italy, Luxembourg, the Netherlands and Switzerland synchronised their power systems. By 1958, the European Continental Network was fully synchronised.

1995-2004

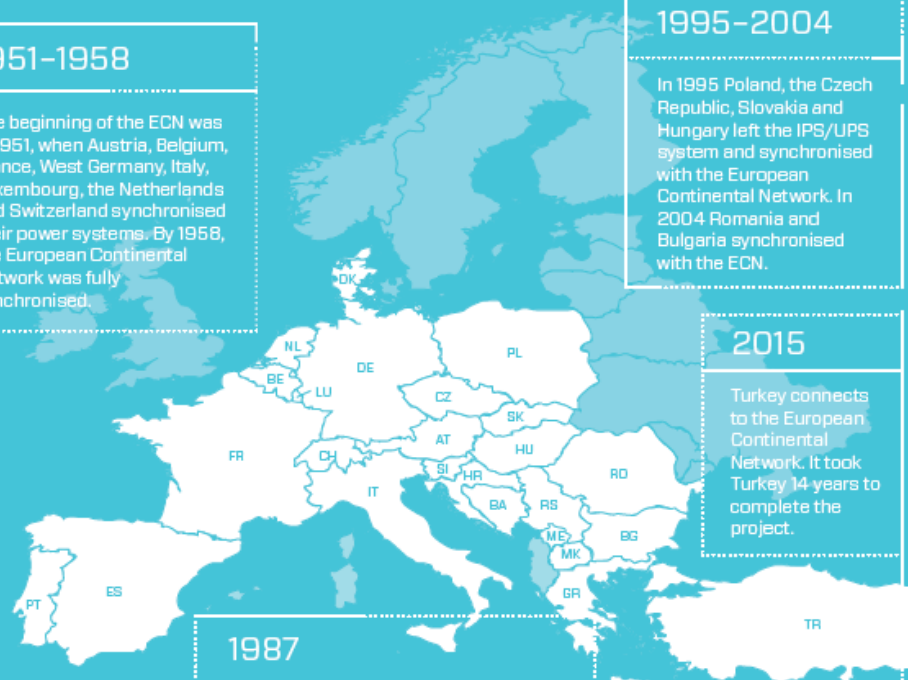
In 1995 Poland, the Czech Republic, Slovakia and Hungary left the IPS/UPS system and synchronised with the European Continental Network. In 2004 Romania and Bulgaria synchronised with the ECN.

2015

Turkey connects to the European Continental Network. It took Turkey 14 years to complete the project.

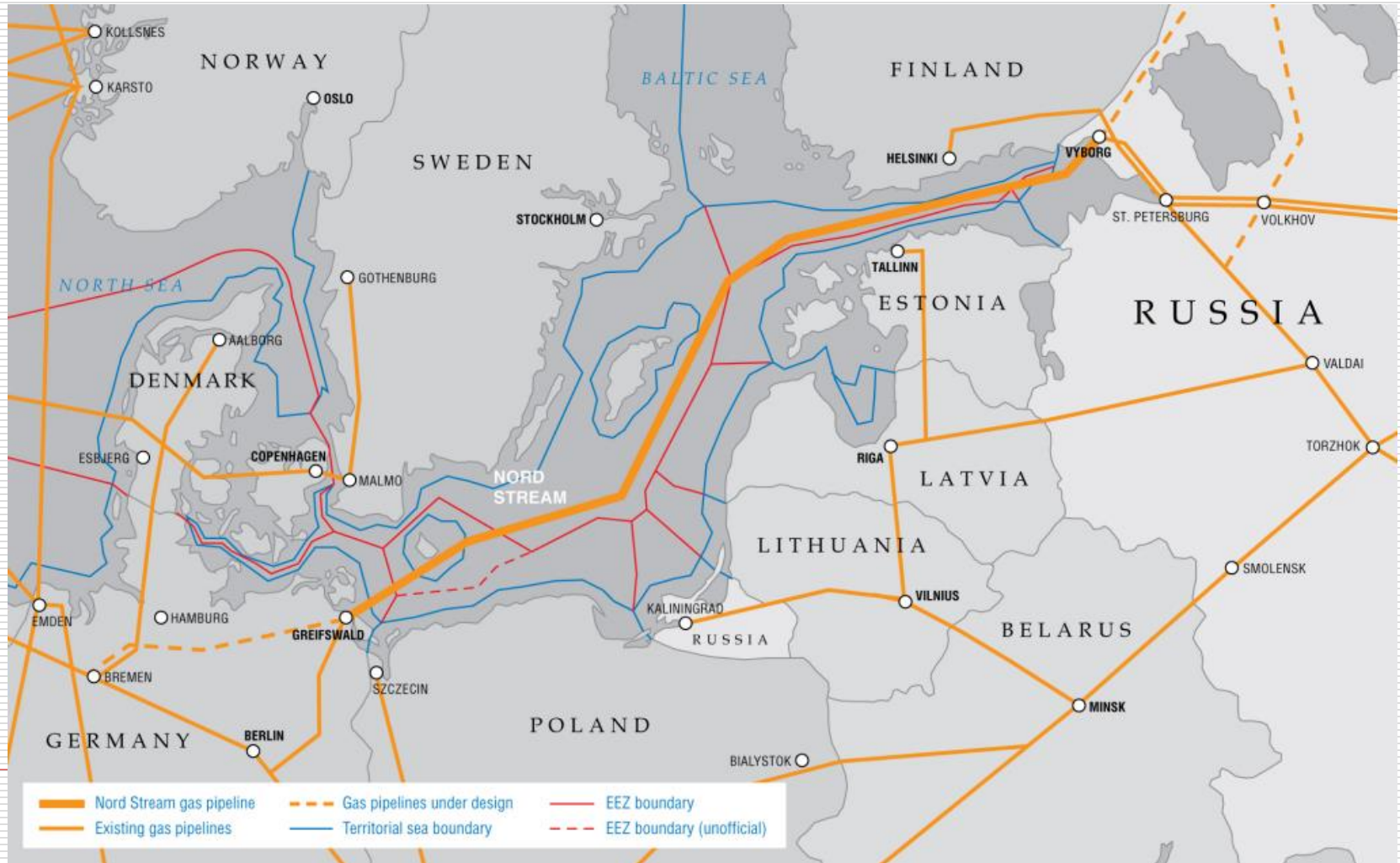
1987

Portugal, Spain, former Yugoslavia, Greece and Albania synchronised with the ECN.



Objects that threaten

NordStream 2 gas pipeline



Unsafe Astravets NPP



Incident in Astravets NPP, April 2016

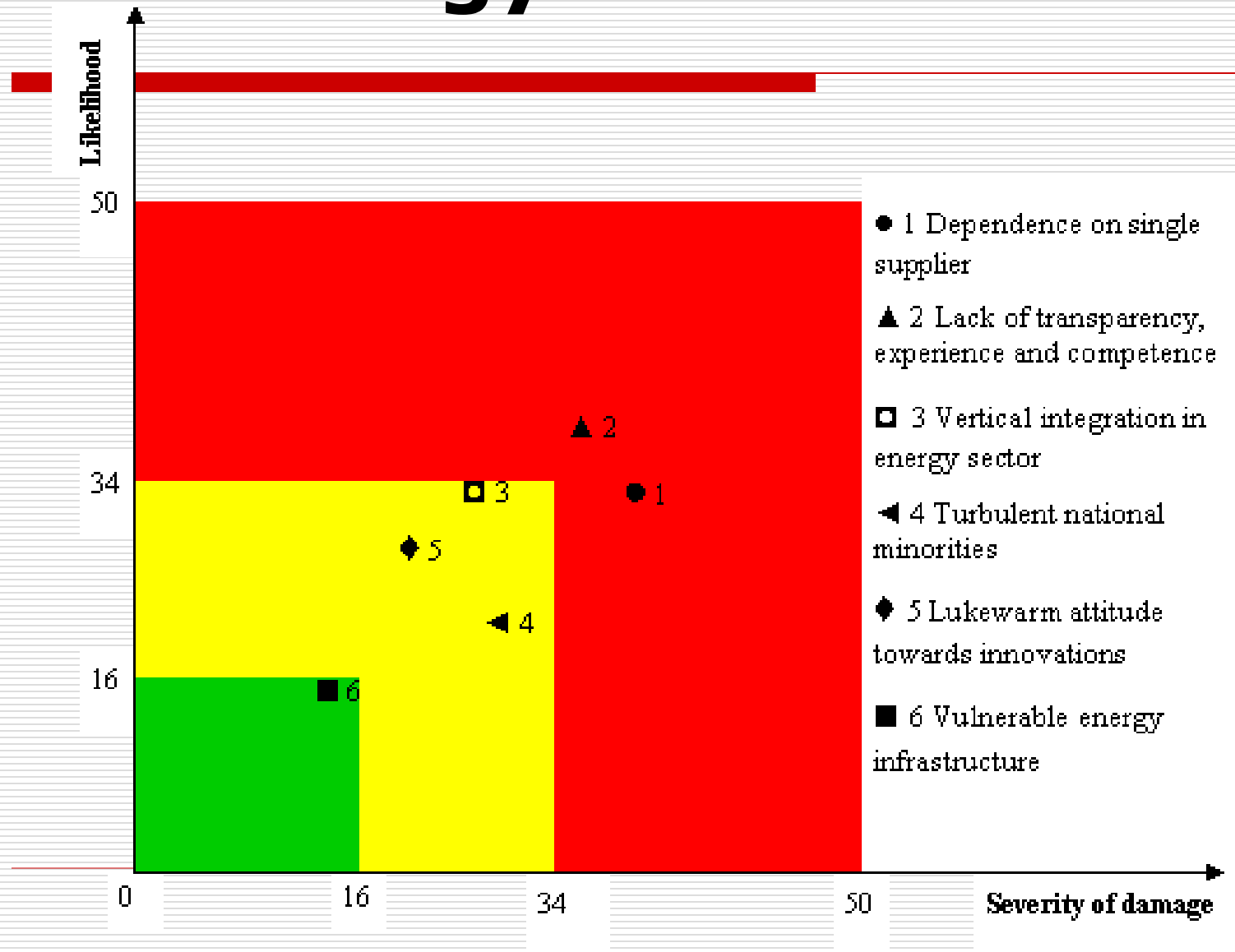


Partially
disclosed only
after 2 weeks

New accident in July 2016



Major vulnerabilities in energy sector in the BS



WE ARE ONLY
AS STRONG AS
WE ARE UNITED,
AS WEAK AS
WE ARE DIVIDED.

The EU “unity” on NS2

GOVERNMENTS' POSITIONS

on Nord Stream pipeline doubling capacity

GERMANY and AUSTRIA strongly support the construction of Nord Stream 2.



FRANCE is quite favourable to the project as it is eager to renew its economic relations with Russia, especially in the agricultural field.



ITALY expressed its opposition to the project in December 2015 but might switch position until the end.



THE NETHERLANDS are officially neutral, but Gazprom might use Dutch storage capacity for Nord Stream 2.



FINLAND, DENMARK and SWEDEN should deliver the BUILDING PERMITS as the pipeline crosses the Baltic Sea. Officially, they are neutral, but the decision depends on unofficial pressure and further possible political and economic games/bargains. SPAIN and PORTUGAL are not concerned by the project at all.



HUNGARY



ESTONIA



POLAND



CZECH REPUBLIC



LATVIA



SLOVAKIA



LITHUANIA



ROMANIA



CROATIA

THE EIGHT COUNTRIES signed the letter to the EU Commission, and CROATIA seems firmly adverse to the project and would also have signed the letter.

But Baltic region states do have common goals...

- ❑ Renewable energy development
(technological progress)
 - ❑ Creation of the EU regulatory framework
(Common internal and external EU energy policies)
 - ❑ Strengthening internal interdependence
(interconnections, consultations, common structures)
 - ❑ Resistance to negative external influence
(lessening dependence on single supplier)
-

Baltic States' interest - internationalization

OSCE Astana Commemorative Declaration 2010



"Our energy security dialogue, including on agreed principles of our co-operation, must be enhanced"

European Council Conclusions of 4th February 2011

„Safe, secure, sustainable and affordable energy, contributing to European competitiveness remains a priority for Europe“.



NATO Strategic Concept 2010

"(...) develop the capacity to contribute to energy security, including protection of critical energy infrastructure and transit areas and lines, cooperation with partners, and consultations among Allies on the basis of strategic assessments and contingency planning";



Cooperation formats

- ❑ EU, BEMIP, BASREC – integration of BS into the European energy market
- ❑ NB 8, Nordic Council of Ministers, Nordic Energy Research – harmonization of electricity markets, sustainable energy promotion
- ❑ E-Pine – consultations with US, strengthening investments
- ❑ OSCE – responding to emergency situations
- ❑ NATO – innovations, critical infrastructure protection

Key instrument: BEMIP

The BEMIP was endorsed by the eight Baltic Sea EU Member States and European Commission President J.M. Barroso on 17 June 2009. The main objective of the BEMIP is the creation of a fully functioning and integrated energy market supported by the necessary infrastructure in order to build a competitive, sustainable and secure energy market in the Baltic Sea Region.

BEMIP start up and goals

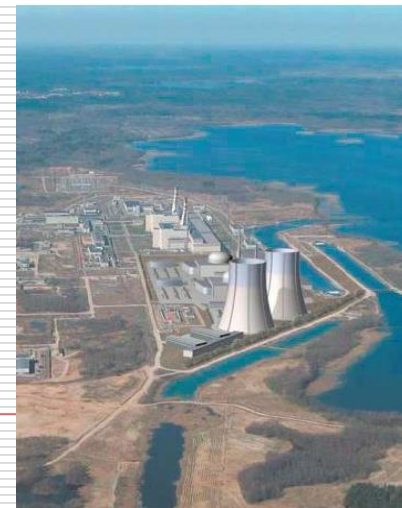
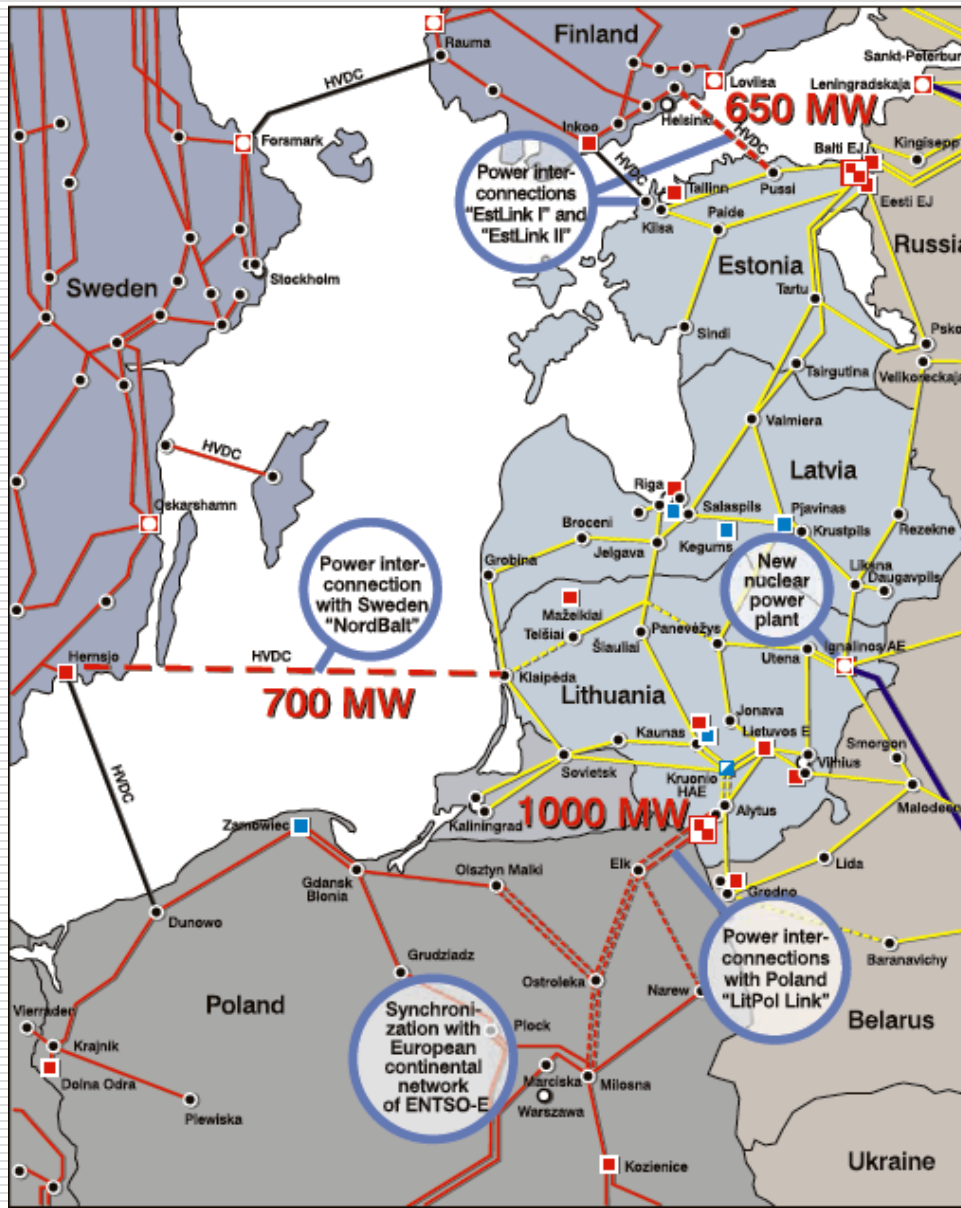
- The Baltic Energy Market Interconnection Plan was launched at the initiative of Commission President Barroso at the 2008 autumn European Council.
- The two main goals of the BEMIP initiative, within the context of the EU's 20/20/20 objectives are:
 - the full integration of the three Baltic States into the European energy market, through
 - the strengthening of interconnections with their EU neighboring countries.

Clear goals, effective structure..

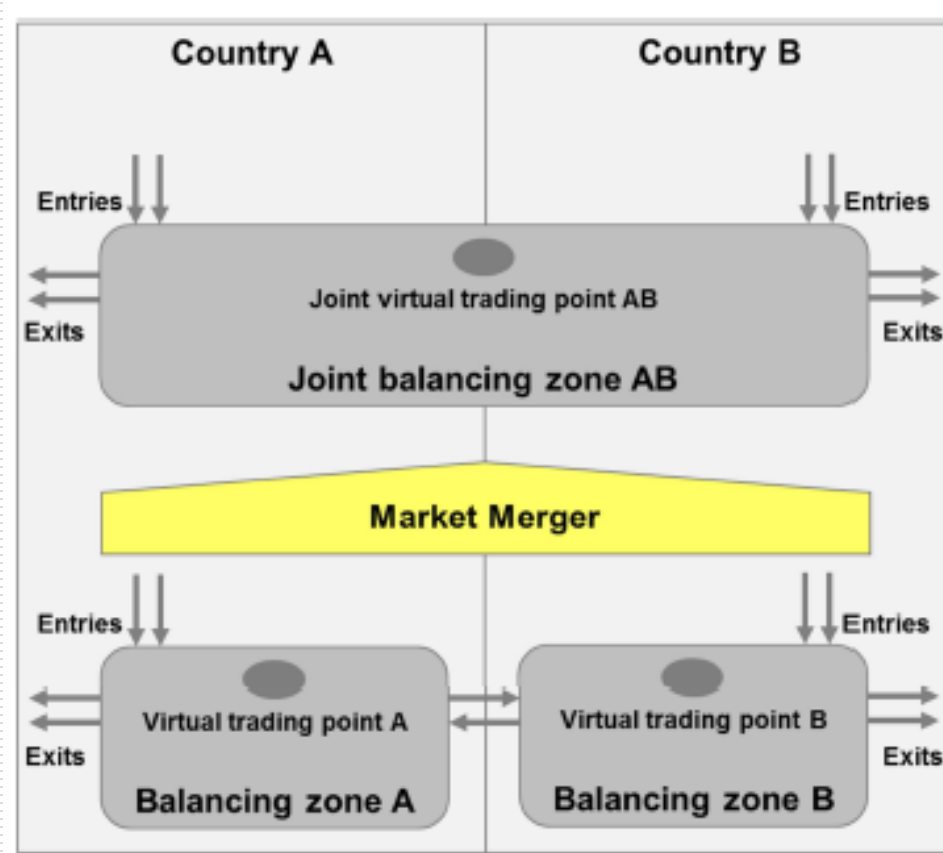


Project	Short description of the Project	Target timescales	Dependency with project	Responsible body
Step 1. Take preliminary political and business decisions on market integration	<p><i>Political</i></p> <ul style="list-style-type: none"> Baltic Prime Ministers decision to start the Baltic electricity market integration on the basis of the indications forwarded by the HLG Estonian and Lithuanian governments abolish the regulated tariffs for eligible customers at wholesale market (at least 35% of electricity consumption in each of the Baltic countries). <p><i>Business</i></p> <ul style="list-style-type: none"> Decision by Nord Pool Spot to start NPS Baltic preparation for opening of Estlink price area Decision by Estlink Shareholders to change Capacity Purchase Agreement and Shareholders Agreement for implicit auction by Day 1. In case the owners of Estlink1 cannot agree on opening, regulators will decide about changes in Estlink1 derogation. 	Summer / Autumn 2009		<p>Prime Ministers,</p> <p>Three Baltic States' Governments</p> <p>Nord Pool Spot</p> <p>Estlink shareholders</p> <p>Finnish and Estonian regulators</p>

New common energy infrastructure objects



Common gas market



Other measures

- ☐ Shale gas in Lithuania and Poland?
 - ☐ Creation of the support mechanism to the crises affected countries?
 - ☐ Joint negotiations with energy exporters?
 - ☐ Strengthening and better use of NATO, OSCE, IAEA cooperation formats?
-

Questions?

