



MEMORANDUM

ON A MECHANISM FOR PREVENTING AND

OVERCOMING EMERGENCY SITUATIONS

IN THE ENERGY SECTOR WITHIN THE FRAMEWORK OF

THE EU-RUSSIA ENERGY DIALOGUE

(EARLY WARNING MECHANISM)

Guided by the agreements reached at the European Union-Russian Federation Summit in Samara in May 2007 to establish an Early Warning Mechanism;

Taking into account the agreements reached by the European Union and the Russian Federation at the meeting of the Permanent Partnership Council on Energy held in Paris in October 2008 on the need to strengthen the Early Warning Mechanism and to consider the participation in it of transit countries;

Recognising the utmost importance of ensuring unhindered and uninterrupted energy supply, -preventing and overcoming emergency situations in the energy sector with minimal negative consequences;

Taking into account the evaluation of short-, middle- and long-term technical, commercial and political risks related to supply and demand elaborated within the framework of the EU-Russia Energy Dialogue Thematic Groups on Energy Strategy, Forecasts and Scenarios and Market Developments;

Recognising the usefulness to make the *Memorandum on an Early Warning Mechanism in the Energy Sector within the Framework of the EU-Russia Energy Dialogue, signed in Moscow on 16 November 2009*, more effective;

The Coordinators of the EU-Russia Energy Dialogue – the Minister of Energy of the Russian Federation and the European Commissioner for Energy, have a common understanding on the following:

Section 1

Definitions

For the purposes of this Memorandum:

1.1. **“Early Warning Mechanism”** foresees:

- an early evaluation of potential risks and problems related to the supply and demand of natural gas, oil and electricity
- the prevention and rapid reaction in case of an emergency situation or a threat of an emergency situation.

1.2. **“Emergency situation”** is a situation with a significant disruption / physical interruption of supply of natural gas, oil and electricity from the Russian Federation to the territory of the European Union, including supplies transiting through third countries or the event of an exceptionally high demand for the referred energy products within the European Union or Russia, in which market measures are not sufficient and non-market measures have to be additionally introduced.

- 1.3. **“Expert Group of the Early Warning Mechanism”** – a working group created in order to carry out consultations and elaborate recommendations related to preventing and overcoming emergency situations. It consists of EU and RF representatives, including members of the Thematic Groups on Energy Strategy, Forecasts and Scenarios and Market Developments, established within the framework of the EU-Russia Energy Dialogue.
- 1.4. **“Special Monitoring Group”** – a working group that can be created for examining the ongoing circumstances and development of events related to an emergency situation and keeping an objective record of them. The Terms of Reference for the monitoring of the transit of natural gas through Ukraine, dated 10 January 2009, could serve as a model.

Section 2

Objective of the Memorandum

The objective of this Memorandum is to set out practical measures aimed at preventing, and rapidly reacting to an emergency situation or to a threat of an emergency situation, as well as mitigating its consequences and preventing such situations in future, to be undertaken by the EU-Russia Energy Dialogue Coordinators (Coordinators hereinafter) and the structures reporting to the Coordinators.

Section 3

Early Evaluation

3.1. Should one of the Sides to this Memorandum become aware (based on its own information or information received from a Third Party) of a situation which in its opinion could lead to a threat of an emergency situation, that Side should inform the other Side as soon as possible.

3.2. An early evaluation of potential risks and problems related to the supply and demand of energy materials and products should be undertaken by the Thematic Groups on Energy Strategy, Forecasts and Scenarios and Market Developments under the EU-Russia Energy Dialogue, and should regularly be reported to the Coordinators.

Section 4

Prevention and Rapid Reaction

The Early Warning Mechanism applies in case of either of the Sides discovering circumstances relating to an emergency situation or a threat of an emergency situation in the supply of natural gas, oil and electricity from the Russian Federation to the territory of the European Union, including supplies transiting through third countries.

Section 5

Notification

- 5.1. Under the circumstances set out in Section 4, the Coordinators notify each other, within the shortest possible time, of the use of the Early Warning Mechanism aimed at preventing, and rapidly reacting to an emergency situation or to a threat of an emergency situation.
- 5.2. The notification indicates, *inter alia*, designated persons authorised by the Coordinators, who maintain permanent contact with each other.

Section 6

Exchange of Information

- 6.1. Upon notification in accordance with Section 5, each Side provides the other Side with its own assessment of the circumstances which could lead to Prevention and Rapid Reaction - Section 4.
- 6.2. Such an assessment includes an estimate of the timeframe within which the threat of an emergency situation or the emergency situation could be eliminated.
- 6.3. Both Sides react promptly to the assessment and complement it with additional information available on its side.

Section 7

Consultations

- 7.1. If one Side is unable to adequately assess or accept the other Side's assessment of the situation or the estimated timeframe within which a threat of an emergency situation or an emergency situation may be eliminated, the corresponding Coordinator can request consultations, which are intended to take place within a time period not exceeding 3 days from the moment of forwarding the notification foreseen in section 5.
- 7.2. Such consultations take place through the Expert Group of the Early Warning Mechanism consisting of representatives authorised by the Coordinators.
- 7.3. The consultations aim at:
 - elaborating a common evaluation of the situation and of the possible further development of events;
 - elaborating recommendations to eliminate the threat of an emergency situation or to overcome the emergency situation;
 - elaborating recommendations on a joint action plan of the Sides in order to minimise the impact of an emergency situation and, if possible, to overcome the emergency situation, including the possibility of establishing a Special Monitoring Group.
- 7.4. The consultations, common evaluations and proposed recommendations are based on the principles of transparency, non-discrimination and proportionality.
- 7.5. The Coordinators, within their competencies, work to eliminate the threat of an emergency situation or overcoming the emergency situation taking into account the recommendations that were elaborated as the result of the consultations.
- 7.6. The Expert Group of the Early Warning Mechanism reports its activities within a short time period after the implementation of any agreed plan of action in an emergency situation, to the Coordinators.

Section 8

Monitoring

- 8.1. If an emergency situation occurs, the Coordinators may establish a Special Monitoring Group for examining the ongoing circumstances and development of events and for an objective record of them. The Group consists of:
- representatives of both Sides;
 - representatives of energy companies;
 - representatives of international energy organisations, proposed and mutually approved by the Sides;
 - independent experts proposed and mutually approved by the Sides.
- 8.2. The Special Monitoring Group starts its work without delay and operates, as necessary, until the emergency situation has been solved. A Decision on the termination of the work of the Special Monitoring Group is taken jointly by the Coordinators.

Section 9

Participation of Third Parties

- 9.1. The Sides may invite, in mutual agreement, representatives of third parties to take part in the consultations or monitoring, as described in Sections 7 and 8.
- 9.2. Third parties indicated in Section 9.1, in agreement between the Sides, can participate in further carrying out any plan of mutual actions.

Section 10

Implementation

From the moment of discovering the circumstances described in section 4, and until the completion of the procedure of applying the Early Warning Mechanism, as well as until the elimination of the threat of an emergency situation or the resolution of the emergency situation, the Sides refrain from any actions that deepen the negative consequences of such an emergency situation.

Section 11

Joint actions by the Coordinators of the EU-Russia Energy Dialogue aimed at overcoming an emergency situation, mitigating its consequences and preventing such situations in the future

The Coordinators of the EU-Russia Energy Dialogue, within their respective competences, intend to undertake concerted or joint measures aimed at overcoming an emergency situation, mitigating its consequences and preventing such situations in the future.

Where the Coordinators consider it appropriate, to improve the efficiency of the measures being undertaken, the Coordinators, according to their respective internal procedures, may decide to address their respective decision making bodies with a proposal to take additional actions at bilateral or multilateral level.

Section 12

Costs

Each Side independently carries the costs relating to the actions in the framework of this Memorandum.

Section 13

Confidentiality

The Sides take necessary measures to protect confidential information on the basis of the relevant legal and normative acts of the Russian Federation, or the European Union and its member states, as applicable, as well as in accordance with applicable international agreements and conventions.

Section 14

Final Provisions

This Memorandum does not constitute an international agreement or other legally binding document and does not establish rights and obligations governed by international law.

Both sides intend to upgrade the Early Warning Mechanism by incorporating it into the negotiating text for a New Agreement between the Russian Federation and the EU. The cooperation under this Memorandum is envisaged to cease from the day of the entry into force of such a bilateral Agreement that includes provisions corresponding to this Early Warning Mechanism.

This Memorandum is made in two copies, both of them in Russian and English. The Memorandum is signed in Brussels on 24 February 2011.

The Coordinators of the EU-Russia Energy Dialogue:



Günther Oettinger
European Commissioner for Energy



Sergei Shmatko
Minister of Energy of the Russian
Federation