


# EU-Russia Energy Dialogue



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● THE FIRST TEN YEARS: 2000 – 2010



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## Foreword

Sharing the same continent and bound together by history, Russia and the countries of the European Union are natural partners, also in the energy sector. Well-established (energy) trading relations between Russia and the Western part of Europe can be dated back over centuries, while the first imports of Russian (USSR) gas by pipeline to Austria occurred back in 1968.

In this context, the EU-Russia Energy Dialogue is still very young, being established at the sixth EU-Russia Summit in Paris on 30 October 2000 with the remit of enabling “progress to be made in the definition of an EU-Russia energy partnership and arrangements for it”. It was both the first real EU strategic energy policy Dialogue established with an external energy partner and the first sectoral Dialogue with Russia, a model which has been adopted since in many other sectors.

Russia as a close neighbour and the foremost external energy resources supplier to the EU, was therefore the natural choice for an initiative to strengthen energy relations, much as it was a natural choice in 1999 for the first of the EU’s so-called “Common Strategies” under the then newly-ratified Amsterdam Treaty.

Our energy relations with Russia present both a challenge and a real opportunity. The continuing commitment of both sides combined with the increasing EU competence in the energy sector, particularly following the entry into force of the Lisbon Treaty, underpins the importance of the Energy Dialogue as a framework for an open and frank discussion and cooperation on key energy issues of mutual interest. And much has been achieved over the last ten years of the Energy Dialogue, including on issues related to transport and climate change. The Energy Dialogue has provided an effective framework for a better understanding of each others priorities and concerns.

As I look forward, I firmly believe we should keep in mind the underlying vision of the founders of our Energy Dialogue, namely the establishment of an effective and fully integrated “energy community” spanning the length and breadth of the European continent.



Philip Lowe  
Director-General Directorate General for Energy  
European Commission





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# Historical Overview

EU-Russia Summit  
Paris, 30 October 2000

## Joint Declaration

of the President of the European Council, J. CHIRAC, assisted by the Secretary-General of the Council/High Representative for the Common Foreign and Security Policy of the EU, J. SOLANA, of the President of the Commission of the European Communities, R. PRODI, and of the President of the Russian Federation, V. V. PUTIN

We, the leaders of the European Union and the Russian Federation, meeting in Paris for the sixth summit since the entry into force of the Partnership and Cooperation Agreement (PCA), reaffirm the particular importance we attach to strengthening our strategic partnership, based on the principles of democracy, respect for human rights, the rule of law and the market economy.

The policy of reforms instituted in Russia heralds the beginning of a new stage in its development which the French Presidency's work programme aims to support. The implementation of these reforms will contribute to the development of our relations. The EU has reaffirmed its willingness to bolster this process, based on the PCA and on its common strategy on Russia. The primary objective of this cooperation, which is entering into a new phase, will be to support the institutional, economic and social reforms, with a view to strengthening the rule of law and meeting the democratic requirements of a modern economy and society. The TACIS programme in particular will be geared towards this goal, in consultation with the Russian authorities.

We welcome the development of the partnership between the European Union and the Russian Federation during recent years, on the basis of the Partnership and Cooperation Agreement (PCA), the Common Strategy of the European Union on Russia, and the Russian Federation's Medium-term Strategy for developing relations with the European Union.

Furthermore, we recognise the importance of rigorous implementation of the PCA, particularly in the economic and social spheres.

The approximation of legislation and a transparent and stable legal framework will help to facilitate our trade relations. The Union welcomes the fact that the Russian authorities have drawn up an economic programme intended to promote investment in Russia and which should enable further progress in this key area of our cooperation. The EU's technical assistance will be continued in this respect. The two sides will continue their efforts, particularly under the PCA, with a view to improving investment opportunities.

The recent meeting in Moscow of a round table of Russian and European industrialists also made it possible to identify opportunities for investment and trade which need to be maximised.

We regard Russia's speedy accession to the WTO as a matter of priority. The EU will continue to provide technical assistance in this context. The EU and Russia have agreed on the need to step up the work in progress in Geneva and, in particular, their bilateral negotiations on the conditions of access to markets in industrial products and services, on the basis of new offers to be submitted by Russia in the near future. The EU and Russia welcome the fact that a conference will be held in Moscow at the end of March 2001 on Russia's accession to the WTO.

The European Union and Russia have decided to institute, on a regular basis, an Energy Dialogue which will enable progress to be made in the definition of an EU-Russia energy partnership and arrangements for it. This will provide an opportunity to raise all the questions of common interest relating to the sector, including the introduction of cooperation on energy saving, rationalisation of production and transport infrastructures, European investment possibilities, and relations between producer and consumer countries. The planned ratification of the Energy Charter Treaty by Russia and the improvement of the investment climate will be important aspects in this context.

We consider that priority must be given to the synergy between the research capabilities of Russia and the Union as the driving force behind economic and social development. It is for this reason that we welcome the forthcoming signing of the EU-Russia Cooperation Agreement in the field of science and technology. The sides recognise the importance they attach to pursuing the cooperation initiated between the Russian and European satellite navigation systems (GLONASS/GALILEO).

We would like the Conference on Climate Change in The Hague to be a success, with a view to speedy entry into force of the Kyoto Protocol. Implementation of this Protocol will enable the EU and Russia to strengthen their

cooperation in the fields of energy and industry and to lend their contribution to implementing the objectives of the Kyoto Protocol. We have expressed our desire to strengthen regional and cross-border cooperation, particularly as part of the EU's Northern Dimension. In this context, we have discussed nuclear safety and the management of irradiated waste and fuels. We have agreed that the prompt conclusion of the negotiations under way on the Multilateral Nuclear and Environment Program (MNE-PR) in the Russian Federation is of crucial importance in enabling us to progress with cooperation in this area.

We attach particular importance to cooperation in the field of Justice and Home Affairs.

We have discussed and condemned terrorism in all its forms.

After taking stock of implementation of the action plan to combat organised crime, we felt it necessary to step up our efforts in this area. We stressed the importance of cooperation on consular and visa matters.

The EU informed Russia of the enlargement process which, since the European Council in Helsinki, has moved up a gear. Our shared objective is to maximise the potential of EU enlargement in order to boost exchanges between an enlarged European Union and Russia and between Russia and the applicant countries. The Dialogue already under way with Russia on this matter will be continued in the appropriate PCA bodies, attaching particular importance to Kaliningrad.

With regard to Chechnya, we agreed upon the need to seek a political solution as a matter of urgency, with due regard for the sovereignty and territorial integrity of the Russian Federation.

We welcome the progress achieved in the common European security and defence policy, the objective of which is to contribute effectively to crisis management in compliance with United Nations principles. We also welcome the progress achieved in Dialogue and cooperation between the EU and the Russian Federation on political and security issues in Europe. At this Summit we have decided to undertake specific initiatives with a view to strengthening our cooperation in this area. These initiatives appear in a specific declaration.

The Russian Federation and the European Union remain extremely concerned by the grave situation currently prevailing in the Palestinian territories. The Russian Federation and the European Union repeat their call for all sides

to make every effort to end the violence and implement the measures which they have agreed for this purpose. The continuation of clashes offers no prospects and the use of armed force is not a solution. During this critical period, it is essential that a sense of responsibility should prevail and Dialogue be resumed as soon as possible in order to restore confidence and get back on the road to peace. Based on the strategic partnership developing between them, the Russian Federation and the European Union intend to work together to promote the quest for an overall and lasting settlement in the Middle East, in application of United Nations Security Council Resolutions 242 and 338, and the agreements concluded and principles adopted at the Madrid Conference. The Russian Federation and the European Union confirm their willingness to cooperate with all sides involved in establishing a just and lasting peace in the Middle East.

We welcome the change in the FRY and call for the process of democratisation to continue. Events in recent weeks have shown that the people have opted clearly for change. The new President of the FRY embodies the people's aspirations for the construction of the democratic rule of law and the FRY's return to the fold of European nations. We will continue to combine our efforts to contribute to the consolidation of democracy in the FRY. We express our support for the full participation of the FRY in international institutions and particularly for its speedy and unhindered admission into the United Nations Organisation. A democratic FRY opens the way for regional reconciliation and cooperation.

We reaffirm our determination to apply in full UN Security Council Resolution 1244. The municipal elections in Kosovo mark a stage at which we reaffirm the need to establish a democratic and multi-ethnic society in Kosovo. We reaffirm our support for UNMIK's efforts to attain the objectives set in UN Security Council Resolution 1244 and we urge all sides to cooperate fully with it. Stability, peace and prosperity in Kosovo depend on respect for human rights, the rule of law and democracy.

We call for a more active search for solutions to the regional disputes in the Southern Caucasus under the current negotiations formats. The political will of all parties is an essential prerequisite for progress in settling these disputes.

The quality and openness of the discussions which we have held as part of this sixth EU-Russia summit reflect our shared determination to provide, by strengthening our strategic partnership, a substantial contribution to peace, stability and prosperity in Europe as a whole, in order to help us respond to our common challenges.

## Timeline EU-Russia Energy Dialogue

Agreement to initiate a regular Energy Dialogue with the aim of establishing an energy partnership between Russia and the European Union



*Vice-Prime Minister Viktor Khristenko and European Commission President Romano Prodi, September 2000*

EU-Russia Agreement on Partnership and Cooperation signed, establishing a legal framework for cooperation between the European Union and Russia. Title II includes a provision on political Dialogue, provides the legal basis for an Energy Dialogue

Political decision to establish a format of Permanent Partnership Council to deal with all areas of cooperation



*EU-Russia Summit 2003, Russian President Vladimir Putin and President of the European Commission Romano Prodi*

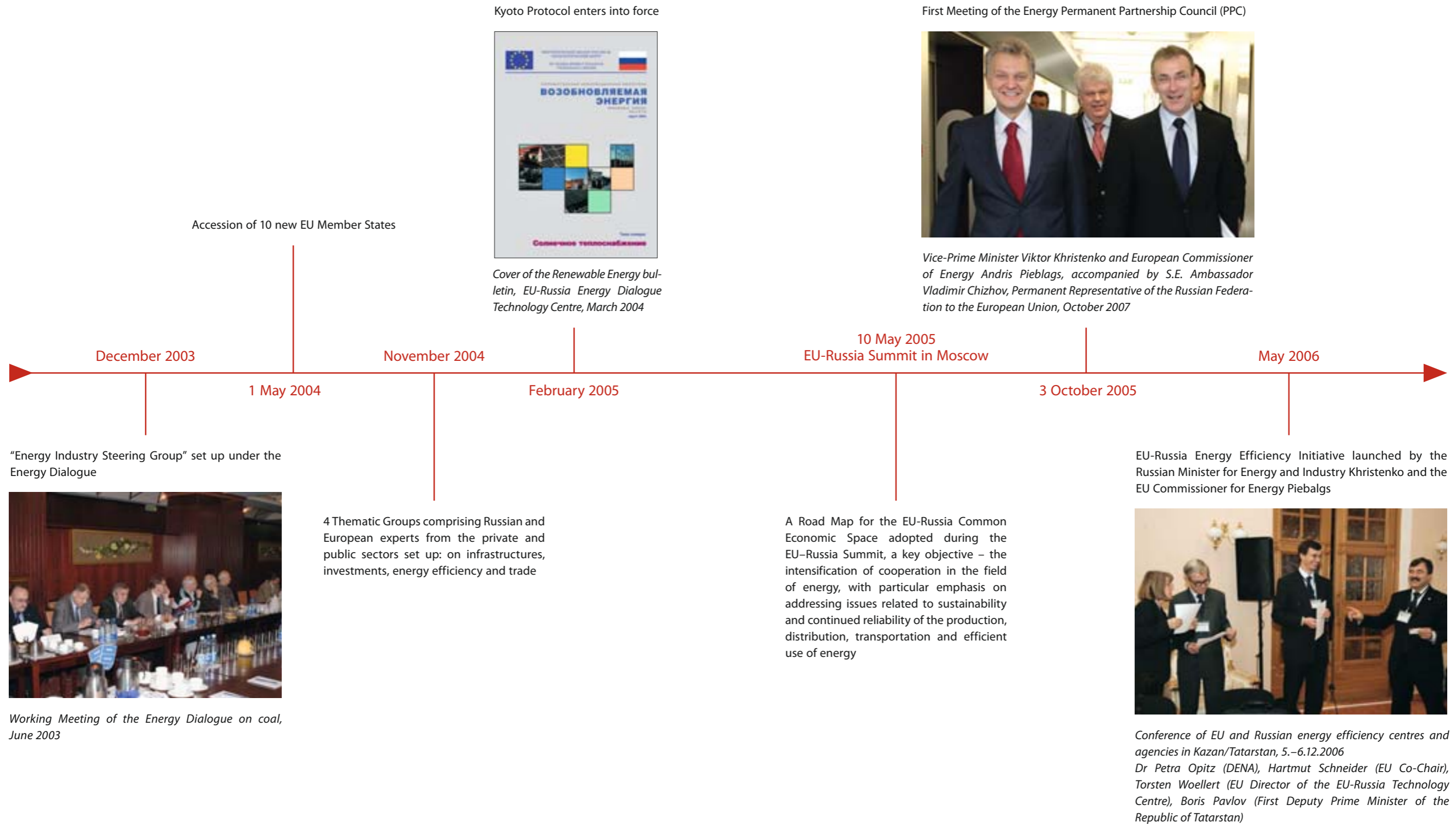
The short- and long-term guidelines for the EU-Russia Energy Dialogue identified in order to promote investment, increase energy security and boost commercial relations in the sector



*Vice-Prime Minister Viktor Khristenko and Director General François Lamoureux, first "sole interlocutors" of the EU-Russia Energy Dialogue*



# Timeline EU-Russia Energy Dialogue





## Timeline EU-Russia Energy Dialogue

2<sup>nd</sup> Meeting of the EU-Russia Permanent Partnership Council on Energy



Experts' Meeting in the Ministry of Industry and Energy of the Russian Federation, 2006

A Sub-Group on Investments under the Thematic Group on Market Developments established



Meeting of the Sub-Group of Investments

Negotiations for a New EU-Russia Agreement launched to replace the Partnership and Cooperation Agreement (PCA). Common agreement that the existing PCA will remain in force until replaced by the new agreement

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Reorganisation of the Thematic Groups:

- 1) a new Thematic Group on Energy Strategies, Scenarios and Forecasts
- 2) a Sub-Group on Energy Economics under Thematic Group I established,
- 3) the Thematic Groups on Trade, Investments, and Infrastructure merged into a single Thematic Group on Energy Market Developments,
- 4) the mandate of the Thematic Group on Energy Efficiency prolonged



Mikhail Soloviev (Russian Secretary of the Thematic Group on Energy Efficiency), EU-Russia energy conference, November 2007



Russia Energy Dialogue, C. Cleutinx (European Commission Secretary of the EU-Russia Thematic Group on Energy Efficiency), Dr Petra Opitz (DENA), Sergey Mikhaylov (Co-Chair of Thematic Group on Energy Efficiency of EU-Russia Energy Dialogue, Director of the Department of the State Policy, Ministry of Energy and Industry), Marc Franco (Head of European Commission Delegation in Moscow), Artur Runge-Metzger (Co-Chair of the Climate Change Sub-Group, Head of Unit Directorate General of Environment), Viktor Blinov (Co-Chair of Climate Change Sub-Group, Director, Roshydromet), Mikhail Kozeltsev (Executive Director, Russian Regional Environmental Centre (RREC))

3<sup>rd</sup> Meeting of the EU-Russia Permanent Partnership Council on Energy

# Timeline EU-Russia Energy Dialogue

A Sub-Group on Infrastructure established under the Thematic Group on Market Developments

Signature of an "Early Warning Mechanism" to ensure rapid communication and to prevent further supply interruptions in the field of gas, oil or electricity

30 April 2009  
Moscow

22 November 2010  
Brussels

April 2009

November 2009

4<sup>th</sup> Meeting of the EU-Russia Permanent Partnership Council on Energy

5<sup>th</sup> Meeting of the EU-Russia Permanent Partnership Council on Energy

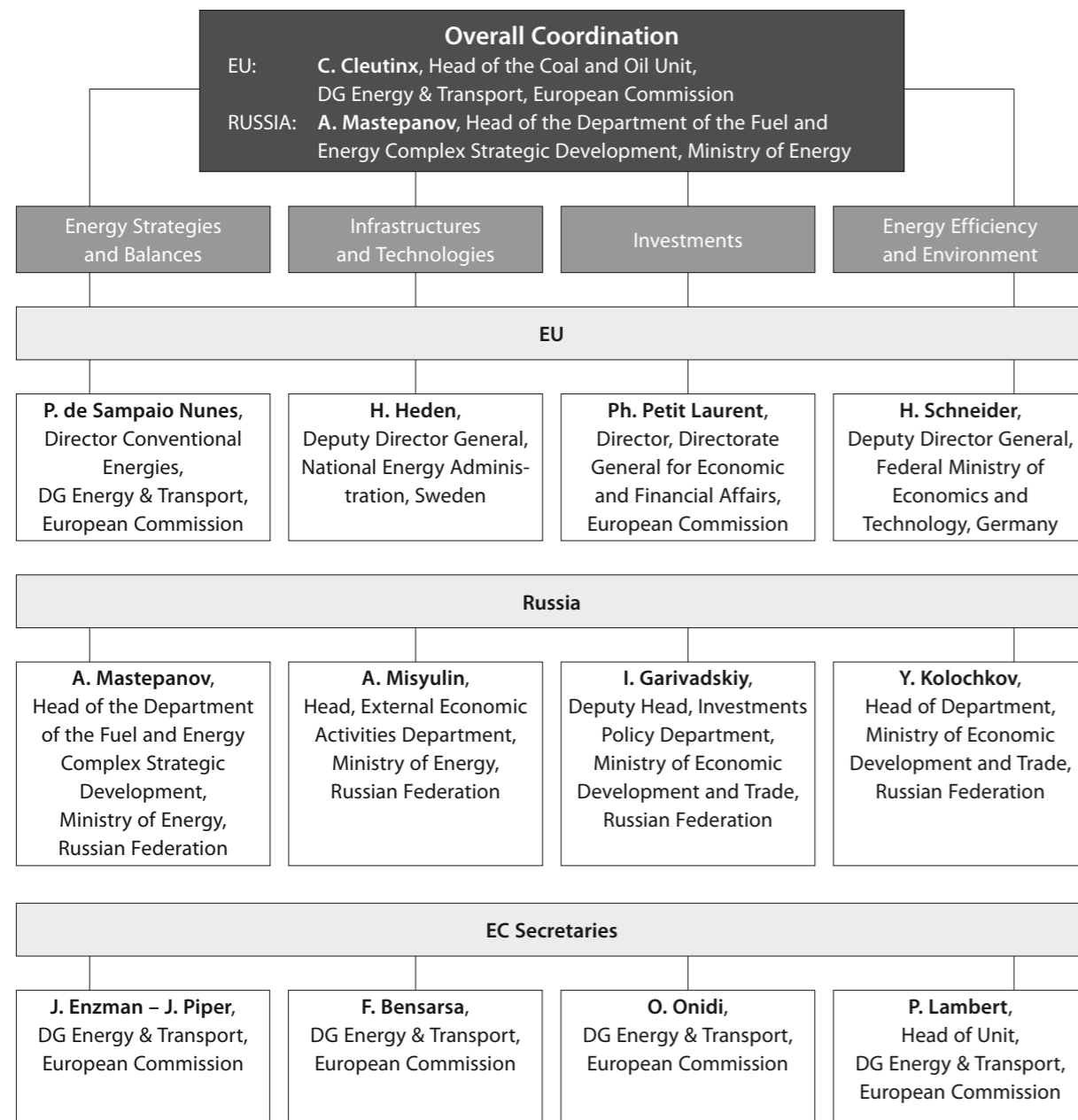


Signature of the 10<sup>th</sup> anniversary report of the EU-Russia Energy Dialogue

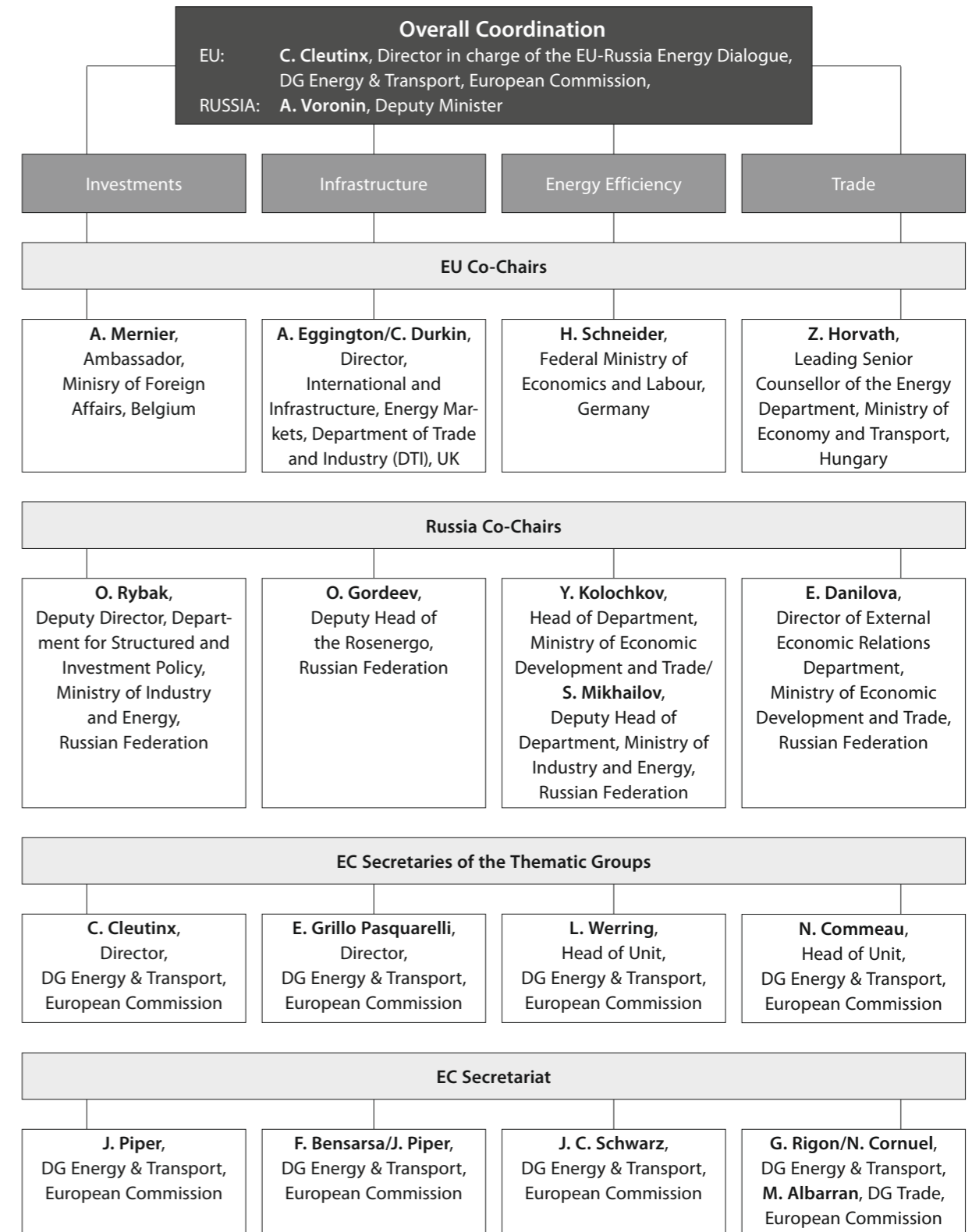


Russian Minister of Energy Sergey Shmatko and the European Commissioner for Energy Günther H. Oettinger

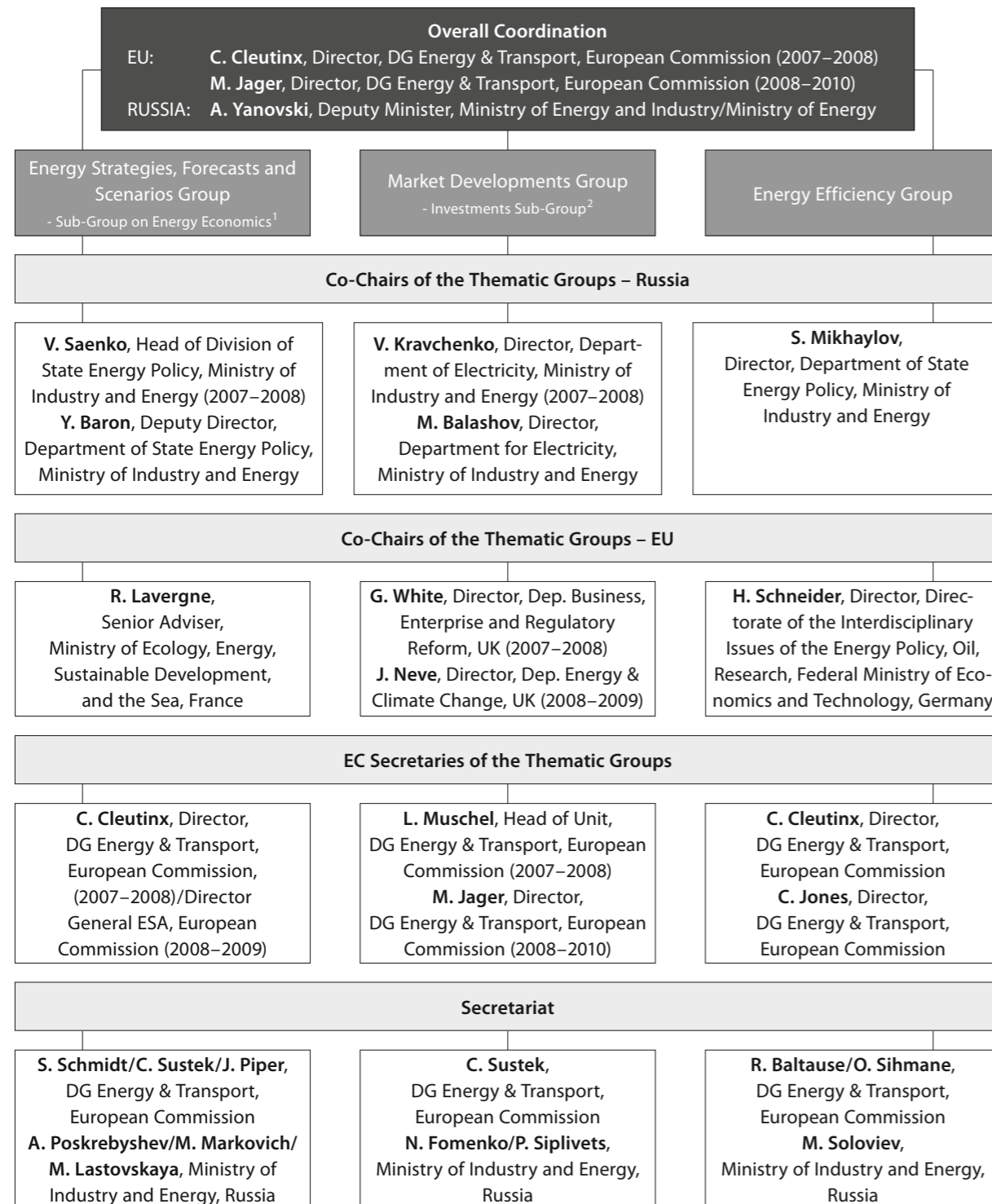
### Structure of the EU-Russia Thematic Expert Groups of the Energy Dialogue in 2001



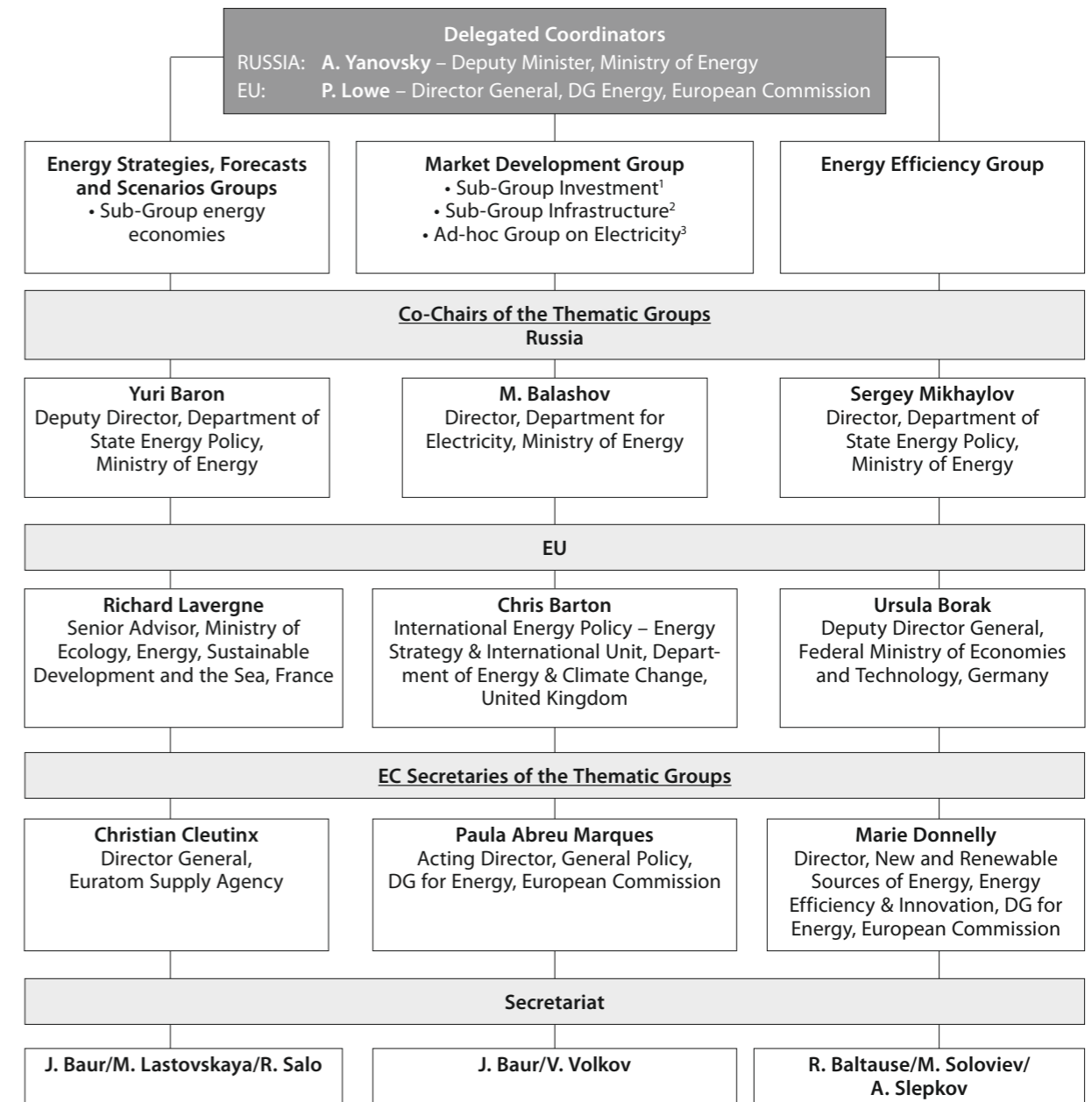
### Structure of the EU-Russia Thematic Groups of the Energy Dialogue in 2004–2006



## Structure of the EU-Russia Thematic Groups of the Energy Dialogue in 2007–2009



## Structure of the EU-Russia Thematic Groups of the Energy Dialogue in 2010



<sup>1</sup> EU-Co-Chair: R. Lavergne  
 Russian Co-Chair: Y. Baron  
 EC: C. Cleutinx

<sup>2</sup> EU Co-Chair: CH. Finlayson (Shell)/Ch. Watson (Shell)  
 Russian Co-Chair: Sh. Mc Cormick (TNK-BP)/O. Karimov (TNK/BP)

<sup>1</sup> Industry-led

<sup>2</sup> EU Co-Chair: J. Vinois, Head of Unit Security of Supply, DG Energy/Co-Chair of Russian Federation: M. Barkov, Vice-President Transneft

<sup>3</sup> EU Co-Chair: D. Ristori, Deputy Director General, DG Energy/Co-Chair of Russian Federation: V. Nikonov, Director of Electricity Development Department, Minenergo



# 10<sup>th</sup> Anniversary Conference

## Programme

### Brussels, 22 November 2010, Hotel Métropole

08:00–09:00 *Welcome Coffee and Registration*

09:00–09:45 **Opening by the Belgian Presidency of the Council of the European Union Paul Magnette, Belgian Minister for Climate and Energy**

Keynote speech: Sergey Shmatko, Russian Minister for Energy  
Keynote speech: Günther H. Oettinger, Commissioner for Energy

*Followed by a press point: 09:45–10:00*

09:45–11:00 **Thematic Panel 1: Shaping a common energy area: perspectives for EU-Russia energy markets for the next decades**

Moderator: Jonathan Stern, Oxford Institute for Energy Studies

Philip Lowe, Director General, Directorate General for Energy, European Commission  
Jean-François Cirelli, President Eurogas, GDF-Suez  
Daniel Dobbeni, President ENTSO-E  
Malcolm Brinded, Executive Director Exploration & Production, Shell

Anatoly Yanovsky, Deputy Minister of Energy, Russian Federation  
Alexander Medvedev, Deputy CEO, Gazprom, CEO Gazprom export  
Valeriy A. Jazev, Deputy Chairman of the State Duma, President Russian Gas Society  
Nikolay N. Spasskiy, Deputy Director General, Rosatom

11:00–11:15 *Coffee Break*

11:15–12:30 **Thematic Panel 2: Towards a Partnership for Modernising our energy sectors**

Moderator: Leonid M. Grigoriev, President, Institute for Energy and Finance, Moscow

D. Michel Judkiewicz, Secretary General, European Industrial Research Management Association  
Riccardo Puliti, Managing Director, EBRD  
Robert-Jan Smits, Director General, Research Directorate General, European Commission

Valeriy P. Sorokin, Consultant, Administration of the President of the Russian Federation  
Igor Leshukov, Deputy Director General, Russian Energy Agency  
Dmitry Shugaev, Deputy Director General, Rostekhnologii

12:30–13:00 **10 years of the EU-Russia Energy Dialogue: opportunities for our future Energy Partnership**

Philip Lowe, Director General DG Energy, European Commission  
Anatoly Yanovsky, Deputy Minister of Energy, Russian Federation

13:15 **Family photo for VIP participants**

13:30 *Buffet Lunch*

## Dear participants of the conference, Dear members of the EU-Russia Energy Dialogue,

Ten years ago, on 30 October 2000, the EU-Russia Energy Dialogue was launched at the sixth Summit between the EU and Russia in Paris. This Dialogue was founded upon the mutual interdependency in the field of energy between the Russian Federation and the EU. Its objective was and is to strengthen the EU-Russia relations, to increase confidence and transparency, and to provide reliability, security and predictability of our energy relations based on market economies. The Dialogue is also a fundamental tool to further strengthen the overall EU-Russia relationship.

The Energy Dialogue has been essential to develop our energy relations. Our energy relations are consistently strong and interdependent. We have made efforts to improve our regulatory framework with a view to achieve harmonised approaches, for example in the field of energy efficiency. Through the Dialogue, we have established an Early Warning Mechanism to improve communication and to prevent supply interruptions in the field of gas, oil or electricity. Moreover, we have realised a number of joint projects in different areas such as clean coal, renewable energy resources or energy efficiency as well as new infrastructure projects.

The 10<sup>th</sup> anniversary of the Dialogue will be an opportunity to take stock and to discuss the way forward. Panel 1 will discuss the perspectives for EU-Russia energy markets for the next decades and debate the level of interdependency and linkage between the EU and Russian energy market in the decades to come. Panel 2 will put the energy sector at the centre of the Modernisation partnership between Russia and the EU and will discuss the role of new technologies and new energy systems for EU-Russia energy relations. We are convinced that the discussions will provide a strong stimulus for the future work within the Dialogue.

**We look forward to a successful conference.**



**Sergey Shmatko**  
Minister for Energy  
Russian Federation



**Paul Magnette**  
Minister for Climate and Energy  
Kingdom of Belgium



**Günther H. Oettinger**  
Commissioner for Energy  
European Commission

Brussels, 22 November 2010

## Welcome Address

### Paul Mignette, Belgian Minister for Climate and Energy

Dear Commissioner Oettinger,  
Dear Minister Shmatko,  
Ladies and Gentlemen,

#### 1. Welcome and introduction EU-Russia Energy Dialogue

It is an honour for me, in my capacity as President of the EU Council of Energy ministers, to open, together with Commissioner Oettinger and Minister Shmatko, this important conference. It gives me a great pleasure to welcome you at the celebration of the 10<sup>th</sup> anniversary of the EU-Russia Energy Dialogue.

Today's conference is also special because this is the first time that this Dialogue is taking place since the entering into force of the Lisbon Treaty. This treaty gives the EU an explicit competence in the area of energy. This is an indication of the growing importance attached to this area by the EU. The Treaty also emphasises that the EU Energy Policy is to be undertaken in a spirit of solidarity between the Member States.

The external dimension will become even more important, as it is for example one of the priority areas in the Energy Strategy 2020, which was published recently by the Commission and will be addressed by the European Council next spring. Moreover the Commission clearly intends to continue this road as it plans announced to present a Communication on the external dimension of European Energy policy next year.

The EU-Russia Energy Dialogue was launched at the 6<sup>th</sup> EU-Russia Summit in October 2000 in Paris and since its beginning it has proven its usefulness. We see clear political determination from both sides to develop and intensify this Dialogue. The Dialogue attests of our shared willingness to find mutually beneficial approaches while being clear aware of the common interests that bind us. The Dialogue is a necessity based on the pragmatic and equitable principle of security of supply and security of demand. The importance of the enhanced cooperation and Dialogue between the producing and consuming countries is growing and in the last few years concrete

results have appeared. In order to keep this momentum it is imperative that we maintain and even reinforce our commitment.

EU-Russia energy relations are solid and have become more intense and diverse over the last few years. Earlier this year we also celebrated the 25<sup>th</sup> session of the EU-Russia Summit. The bilateral relations between the EU and Russia have evolved and expanded hugely since their inception in the nineties. Regular consultations and working contacts in a wide variety of areas have now become commonplace and have led to a better mutual understanding and a higher level of confidence between the two sides, as evidenced by several joint actions.

One of the most important components in EU-Russia relations is undoubtedly the Energy Dialogue. The EU and Russia are physically linked in many different ways, but the energy links definitely form one of the strongest threats that connect us. I do not need to elaborate on how the EU needs Russia as a major energy supplier and on how Russia needs the European Union as its major energy market. We are interdependent, to the mutual benefit of both sides.

In the last ten years a lot has been achieved to improve the cooperation and the transparency between the two sides. Of course, during these ten years the world has also changed considerably, and the dynamics of our Energy Dialogue should take account of these new realities and challenges, like climate change, the financial and economic crisis, and the growing global demand for energy.

The Energy Dialogue is a clear evidence of the goodwill that exists between both parties to work together in a trustworthy and transparent manner. But we need to think ahead and remain ambitious. Therefore, I am glad that at the EU-Russia Summit in May this year both sides agreed to reinvigorate the Dialogue and to give it a new impetus. The Partnership for Modernisation

will serve as a flexible framework for promoting reform, enhancing growth and rising competitive complementing partnerships between European Member states and the Russian Federation. It is not by accident that President Medvedev identified energy-related topics as one of the priority areas for modernisation. The EU-Russia Energy Dialogue should serve as one of the key implementing instruments for this Partnership for Modernisation.

I hope that this 10<sup>th</sup> anniversary conference, and the Permanent Partnership Council that will take place this afternoon, will contribute to a further strengthening of the Dialogue. Looking towards the future, I hope that we can further upgrade our energy relations by boosting the negotiations on the energy provisions in the New Agreement, in order to provide this relationship with the strong legal framework that it needs.

I am pleased to see that today's Conference brings together experts from a wide variety of sectors and areas, from high level government representatives and from civil society, from industry and from the academic world. This is important, since in our Dialogue we address complex issues, and we must understand their wider implications. For that, the input of all stakeholders is key, and on behalf of the Belgian Presidency I wish to thank you: the speakers that will share with us their experience and views, but also the audience, who share with us the aim to deepen our understanding of the issues at stake

#### 2. Key messages Belgian Presidency

Allow me to take this opportunity to share with you some key messages on the European energy policy as treated by the Belgian EU Presidency. We have taken up several topics among our priorities:

a. The development of a more strategic and coherent energy policy for the near and more distant future.

At the informal meeting of Energy Ministers early September, I had a first extensive discussion with my EU colleagues on some of the main topics that will part of the future energy policy: consumers, infrastructure and Energy efficiency. And finally, at the upcoming Energy Council scheduled on 3 December I will launch a first reflection among my EU colleagues on the very recently published<sup>1</sup> communication of the Commission: Energy 2020: A Strategy for competitive, sustainable and secure energy.

b. The creation of a modern and integrated European energy grid.

During a fruitful discussion at the informal energy council in September; the Belgian Presidency launched the debate on the upcoming proposal of the Commission on the Infrastructure Package. My colleagues and I looked for the "missing links" in the European energy grid and examined how the regulatory and financial framework could be improved to materialise the infrastructure projects as soon and as efficiently as possible. The aim of this discussion was to deliver a useful input for the infrastructure package, which was published last week by the Commission.

c. Given the large investment needs in energy infrastructure, as well as the energy and climate challenges we face in the near future, and the importance of the interaction with the industry in order to safeguard a European competitive energy market, I proposed, at the informal energy council, to launch an Energy Industrial Round Table, which should gather the key European industrial actors of the energy sector.

d. The promotion of a more consumer friendly energy policy. In all these discussions the Belgian Presidency gives special attention to making the energy policy more consumer friendly; a topic which was well received by my fellow-ministers during the informal energy council. On this occasion, Commissioner Oettinger offered to draw up a benchmark report on the subject, which in the meantime was recently published. Furthermore, I launched the idea of creating, in the context of the London Citizen's Energy Forum, a network of European independent energy ombudsmen. Finally, we strive to adopt Council Conclusions on "An energy policy for consumers" at the formal energy council, which will firmly anchor the consumer in the centre of the energy policy.

e. While setting the EU objectives for the next ten years, in the new Energy Strategy, we need to think further ahead bearing in mind the longer term perspectives beyond 2020. Therefore I am very much looking forward to the publication by the Commission of the Energy Roadmap 2050. Our responsibility in the year to come is to establish a vision of structural and technological changes required to move to a low carbon society by midcentury. During our Presidency we initiated a first reflection on the vision of the Commission on the "Roadmap 2050: towards a low carbon energy

<sup>1</sup> 10 November 2010

system" during the Energy DG meeting. The EU's plans for 2050 will of course be very relevant for Russia as well: as the EU and the world makes the transition to a lowcarbon economy there are plenty of opportunities for the EU and Russia to deepen and widen our energy relations. I should stress here that low carbon does not mean without hydrocarbons.

f. And last but not least; the need for a strong and coordinated external energy policy. As I indicated before, in future the external dimension of EU's energy policy will gain more and more importance. Therefore the Presidency initiated a first reflection on the possible future developments of the external dimension at meeting of Director-Generals for energy on 7 October. I would like to recall the following key message that we retained from the debate: The EU energy external energy policy should not be restrictive in its relations with relevant third countries, but should nonetheless create strategic partnerships with some key states, that are crucial for

the European energy market and its security of supply (e.g. Russia, Ukraine, Norway). These crucial cooperation should preferably be legally enforceable.

I am looking forward to the in depth exchanges that we will have during the course of the day and I am confident that this anniversary meeting will be one of the most successful.

## Keynote Speech Günther H. Oettinger, European Commissioner for Energy

Keynote Speech given at the EU-Russia 10<sup>th</sup> Anniversary High-Level Conference EU-Russia Permanent Partnership Council for Energy

Dear Minister Shmatko  
Dear Minister Magonne,  
Dear Minister Fellegi  
Excellency,  
Ladies and Gentlemen,

It is my pleasure and a great honour to host you today in Brussels, together with Minister Shmatko and Minister Magonne, at this conference on the occasion of the tenth anniversary of the EU-Russia Dialogue. Let us use this half day ahead of us for a fruitful discussion and forward-looking debate among partners who share common interests to build even stronger EU-Russia energy relations.

The EU-Russia Energy Dialogue was founded 10 years ago, at the EU-Russia Summit in Paris on 30 October 2000. The then leaders of the EU and the Russian Federation recognised that energy relations as one of the key areas of cooperation between the EU and Russia had to be upgraded. They took a necessary and right decision. Over the past 10 years, the Dialogue has become an example for other similar initiatives.

The Dialogue has significantly contributed to the confidence building between the EU and the Russian Federation in the strategically important energy sector. It has been instrumental in solving very concrete problems as during the 2009 gas crisis, in exchanging positions and ideas, in approximating our legislation and standards notably in the field of energy efficiency, and in promoting joint projects, be it in the field of infrastructure or energy efficiency.

This would not have been possible without the involvement of many people working for and in the Dialogue. This anniversary is the right moment to thank for their efforts and their investment into EU-Russia energy relations. First of all the first sole interlocutors, Minister Khristenko for the Russian side and Director-General Lamoureux for the EU side who have laid the foundations of our work. I would like to thank the Co-Chairs

of the different working groups. Finally, without the efforts of the involved experts from the authorities, EU Member States, international institutions and from the industry the Dialogue would not have produced results.

### Changes in the European Energy Policy

Let me tell our Russian partners that this conference takes place at an important moment for European energy policy. The entry into force of the Lisbon Treaty one year ago has given energy with a selfstanding article a solid legal foundation. This was a recognition of the fact that that this area has become increasingly important for the European economy and its citizens. Two weeks ago the Commission adopted a new strategy that outlines the challenges of our policies until 2020. Last week the Commission proposed a Communication on the EU energy infrastructure needs. And in February next year, the Head of State and Government of the EU plan to hold a special meeting dedicated to energy. In many areas we urgently have to take actions at European and national level in order to have reliable, affordable and environmentally sustainable energy supplies. We need to finalise a true European energy market where energy commodities can be shipped under market conditions from Tallinn to Lisbon – a Europe without borders not only for movements of persons or of capital, but also for energy

This new European energy policy will not be complete without an external dimension. Member States have repeatedly called for the EU to speak with a common voice in third countries. In practice, national initiatives do not leverage the strength of the size of the EU market and could better express the EU interest. Building on the legal basis in the Lisbon Treaty, which clarifies and strengthens



the external dimension, the EU's external energy policy must ensure effective solidarity, responsibility and transparency among all Member States, reflecting the EU interest and ensuring the security of the EU's internal energy market. More effective coordination at EU and Member State level need to be put in place. We will make concrete proposals for such an external energy policy in the course of the next year.

Ladies and Gentlemen,

This anniversary is an occasion to take stock of the achievements of the EU-Russia Energy Dialogue and the lessons learned. We had ups and downs in our relations. The EU and the Russian Federation have in to a large extent compatible interest which we need to jointly pursue, but also different interest which cannot always be brought on a common denominator.

This should however not be seen as an obstacle to a close partnership and cooperation – quite to the contrary.

The **Russian Federation** is the most important energy partner of the European Union. 31% of total EU's gas imports, 27% of total EU's crude oil imports, and 24% of total EU coal imports are supplied from the Russian Federation. A large part of the uranium used in the EU is imported from the Russian Federation<sup>1</sup>.

On the **other side** is the EU by far the largest trade partner of Russia. 47% of all Russian imports originate from the EU, and about 75% of the foreign investments in Russia come from European investors. Our infrastructure systems for oil and gas are closely interconnected. This close interdependence will remain also in future. European domestic gas resources are depleting, and we expect therefore an increase of gas imports until 2030 [figures]. There is no alternative to further strengthen our relations and to start thinking about our joint priorities for the next decades.

Let me summarise the main objectives of the EU-Russia energy cooperation:

- 1) Based on the close energy interdependency between the EU and the Russian Federation we must put our relationship on a stable and sustainable basis. To do that, we should know where we want to go, and what we would like to achieve in our respective markets in the EU and in the Russian Federation. I agreed therefore already with Minister Shmatko that we should develop a common understanding of a roadmap until 2050, based

on the long-term strategies and forecasts of Russia and the EU. This should be a helpful tool to co-ordinate our respective energy policy objectives as far as this is possible. This is in the interest of security of supply for the EU and in the interest of demand security for Russia.

The European Commission just a few days ago adopted a Communication on our energy strategy until 2020. In the longer term, we work towards the ambitious goal of a low-carbon economy until the year 2050.

It is equally important to know the developments and scenarios for the Russian energy market. What will be the Russian production capacities for oil and gas in the next decades? Will the investment climate be right to attract European investors? The Russian energy strategy until 2030 offers a first insight into the views of the Russian government.

On the basis of these and further documents we can develop a common "vision" of our energy relationships to the benefit of both sides.

- 2) A substantial condition for stable and long-term relationships is a solid legal basis. The present relations between the EU and the Russian Federation are based on the Partnership and Cooperation Agreement of 1994. In particular in the energy sector, this agreement does not meet any more the needs of our current level of energy cooperation. We should therefore include into the New Agreement which is currently negotiated between the Russian Federation and the EU a strong and comprehensive energy chapter which goes beyond the provisions of the current Agreement. A first important step towards a more solid legal basis would be the accession of the Russian Federation to the WTO which I hope will become a reality soon.
- 3) The EU-Russia Partnership for Modernisation will be a framework to promote concrete energy projects between the EU and the Russian Federation. The Energy Dialogue has prepared its input to this exercise to be discussed at the next EU-Russia Summit. Both the Russian and the EU energy sector face the challenge to modernise. We should focus on energy efficiency and on new innovative technologies to pave the way towards more sustainable economies. Another priority in the Partnership is the improvement of the investment climate and the access to our respective markets. We have to reduce administrative barriers, and we look forward to Russian proposals to modify the existing

framework in the Russian Federation. I understand that in the field of energy efficiency requirements and labelling in the Russian Federation we recently have sorted out some obstacles. We will continue to tackle concrete problems in a pragmatic and solution-oriented manner.

- 4) Security of supply and security of demand issues will remain at the very centre of EU-Russia energy relations. Following the transit crisis in 2009, we have established an Early Warning Mechanism to prevent and better handle future crises. This Mechanism was helpful in June this year. Our objective must however be to avoid future crises. One key element in this respect is the introduction of transparent and market based relations between producers, transit countries and the consumers. We have made progress on this way as the recent negotiations between Poland and the Russian Federation on the Yamal pipeline have proven.
- 5) For years to come, the transportation of hydrocarbon resources from Russia to the EU against investment and technology from the EU to Russia will remain the basis of our relations. We must however think beyond that to further advance our energy relations. In the long term, our objective will be to bring our markets closer together. If we can approximate our rules of the functioning of our respective energy markets, our relations will become simpler in several aspects. Investment decisions by a Russian company in the EU or an EU company in the Russian upstream sector would then be as normal as investments in other sectors.

This "normalisation of our energy relations" should be a long-term objective to be kept in mind.

## Conclusion

Energy is the life blood of our societies. The well-being of our people, industry and economy depends on safe, secure, sustainable and affordable energy. At the same time, energy related emissions account for almost 80% of the EU's total greenhouse gas emissions. The energy challenge is thus one of the greatest tests which Europe has to face. It will take decades to steer our energy systems onto a more secure and sustainable path. In the European Union, the energy challenges facing us are too overwhelming to be resolved by Member States individually. We are stronger acting together. The Europeanization of energy policy has already started.

However, Europe is not alone with these challenges. It cannot realise its energy objectives without close cooperation with the main suppliers. Russia is not only the main energy supplier of the European Union, but also a strategic neighbour. Joining efforts and resources, within a coherent and transparent framework, will help achieve stability and reduce uncertainty. This will be our task for the coming decades of the EU-Russia Energy Dialogue.

I look forward to a lively and fruitful debate today.

Thank you for your attention.

<sup>1</sup> Eurostat data 2008

Unofficial translation 10.12.2010

## Keynote Speech

### Sergey Ivanovich Shmatko, Minister for Energy of the Russian Federation

Opening Words by Minister for Energy of the Russian Federation Sergey Ivanovich Shmatko at the Anniversary Conference of the EU-Russia Energy Dialogue in Brussels

Dear Minister Oettinger,  
Dear Minister Magnette,  
Dear participants,  
Ladies and Gentlemen,

First of all I would like to thank the European Commission and personally Mr Oettinger and Mr Magnette for organising and conducting this event of importance to all of us – a High-level Conference marking the 10<sup>th</sup> anniversary of the EU-Russia Energy Dialogue.

Our EU-Russia tandem has already kept pedalling for ten years of international cooperation on the European energy market. And we have reached considerable successes. Several breakthrough initiatives have been realised thanks to our joint work and full mutual understanding.

Today we have a good opportunity to draw preliminary conclusions of bilateral energy cooperation. We can discuss problems that concern us. We can make plans for the future. Ten years is not a short period of time. The most important milestone in the development of the Energy Dialogue can be deemed to have been the year 2005 when it became an element of the Roadmap for implementing the Common European Economic Space. The year 2007 with further States joining the European Union conveyed an additional impulse to our cooperation in the field of energy by making it larger and more voluminous.

I would like to note that Russia supplies a considerable part of the European consumption in terms of gas, oil, coal and uranium, which constitutes a major share of our export of resources. In this context, around 80% of foreign investment in Russia comes from the European Union.

As a matter of fact, the economies of Europe and Russia have already been integrated with each other.

Consequently, stable, reliable and predictable relations between Russia and the EU based on mutual trust in the

field of energy constitute the most important conditions for providing energy security for Europe.

We are most interested in an efficient use of our energy potential, stable relations with the traditional consumer countries of Russian energy resources, and in establishing cooperation mechanisms and structures for developing international cooperation in the field of energy.

And I am pleased that the Russia-EU Energy Dialogue has become one efficient form of such cooperation.

Under its auspices, a successful mechanism of consultations is implemented on energy cooperation between State institutes and the business in the format of three Thematic Groups.

Regular meetings of the Coordinators of the Energy Dialogue are very important as are the meetings of the Delegated Coordinators of the Dialogue. In these meetings we conduct operational exchanges of views on vital problems, develop concrete ways to avoid disagreements.

This year the work of the Thematic Groups concentrated on:

- implementing joint initiatives to increase the efficiency of energy use;
- working on a comparative analysis of energy strategies and elaborating scenarios for the development of the energy sector in Russia and the EU;
- studying the development of the energy markets and progress in implementing large energy infrastructure investment projects.

The mechanism of the Energy Dialogue is constantly improved to finetune it to solving most critical tasks.

One example is the creation of an ad-hoc working group in July this year on the initiative of the Russian side. This Group will work on cooperation issues between the Russian and European system operators and regulators in the field of electricity. One of the main tasks of this Group is the creation of a joint market for electricity in the Baltic Sea countries. This will not only allow unifying their energy potential but also improving the environmental situation in the region.

Negotiations on the New Agreement have also been launched and are ongoing as concerns energy cooperation.

In the framework of the Energy Dialogue, a joint plan of actions has been prepared in order to implement the initiative of "Partnership for Modernisation" which will be presented to the regular Russia-EU Summit on 7 December 2010 in Brussels.

We are prepared to participate in projects, primarily in the field of energy efficiency, renewable energy sources.

Furthermore, the analysis of the Third EU Energy Package continues. I note that some experts consider that certain of its provisions of principle are in direct conflict with the international agreements signed by European Union member states. It is necessary to improve the international legal basis in the field of energy. Russia has elaborated a draft Convention on Ensuring International Energy Security. It will be presented today for the first time. We hope that its final version will be worked out with the widest participation of interested parties.

Our task is to create an operational document for all participants in the international energy chain: producers, transiting parties, consumers.

A Dialogue is carried out on harmonising national energy strategies.

Here a key role in defining the most important directions of our activities could be played by the Energy Road Map 2050.

We agreed in Moscow on launching this extensive programme in the course of European Energy Commissioner Oettinger's visit in April this year.

I cannot avoid mentioning the Memorandum on the Early Warning Mechanism signed in 2009. Its main task is to determine – in advance – problems and risks relating to the supply and demand of energy carriers, minimise the consequences of possible supply cuts to Europe. Let me say that this mechanism has already shown its efficiency. We consider that transit countries should also be involved in this mechanism.

In order to lower the risks, Russia is successfully carrying out two large investment projects.

Firstly, South Stream. The Documents on the creation of a joint Russian-Bulgarian undertaking were recently signed for constructing the Bulgarian part of pipeline system.

Secondly, Nord Stream. The construction was launched in spring 2010. We look forward to all gas projects being supported by the European Union.

Furthermore, Russia has launched also other important energy projects. These include the construction of the Baltic Nuclear Power Plant, double transmission line of 400kW in the Kaliningrad region in Russia, and the construction of the nuclear power station Belene in Bulgaria. Work is ongoing to implement the project in Bulgaria. I think that it has entered into a new phase of development and shows how the relations between partners can be established in an efficient and modern way.

We are prepared to study proposals from our European partners for joint implementation of these projects.

I emphasise once more that a lot has been done over the ten years of the existence of the Russia-EU Energy Dialogue to deepen energy cooperation between Russia and European Union member states. But we have to do more.

Unfortunately a note of mistrust remains in the energy field between Russian and European partners. A consequence of it is the actively pursued policy of diversification. The European Union is looking for new sources of energy resources and routes to supply them to the consumers. And we honour such a policy of the European countries and work ourselves on new supply directions.

Russia is entering new markets and takes the way of maximally eliminating country-based risks to transiting its energy carriers.

But we understand that any diversification creates additional expenditure. It is the consumer – undertaking or people – who pay for it in the end.

This leads to lowering the competitiveness of the industry.

I am convinced that we will together find a balance between a free choice and economic viability. And if the partners depending on each other – Russia and the European Union – joint their forces, a positive effect can be guaranteed.

The gas sector establishes the central point of cooperation between Russia and the European Union. For this, it is necessary that we learn to listen to each other, that we speak the same language. It is necessary to be more active in cooperating both at the Governmental and company levels.

For this cooperation I suggest to create a joint special platform, such as a Centre of Gas Studies.

Its tasks should include the collection and processing of gas statistics, analytical studies, continuous work on scenarios and prognosis, elaboration of joint recommendations on energy policy.

It would be important that both sides trusted the information received from this Centre. To accomplish this, it has to be maximally open and minimally dependent on policy.

I propose to study this initiative as one of the new concrete directions of the Russia-EU Energy Dialogue.

But we cannot limit ourselves to the gas sector alone.

I think that we have a large potential for cooperation both in renewable energy, hydro energy and some areas of non-traditional energy. We have something to propose each other in these fields both in terms of technology and new forms of management.

The mechanisms of the Energy Dialogue itself also need to be modernised. We already discussed the enlargement of the set of Thematic Groups. I think that we need to be more active in attracting business representatives to the work. This would help us define more clearly the tasks that we need to solve in the framework of the Thematic Groups.

Furthermore, we have to develop a media strategy for the Energy Dialogue, which is needed to distribute information on the development of our joint projects and to actively inform the general public of the development of the Energy Dialogue. It needs to contain work plans, meetings, publications and joint presentations.

The fifth meeting of the Permanent Partnership Council will take place today after this Anniversary Conference. I am convinced that it will become a platform where we can discuss current and future issues of our cooperation in the energy sector.

It will also give the necessary political support to the measures that will be carried out under the Energy Dialogue, process of implementing joint priority projects that represent a mutual interest.

To conclude, I would like to wish you fruitful work and creative successes!

Thank you for your attention!

## Report of the 10<sup>th</sup> Anniversary Conference

The 10<sup>th</sup> anniversary of the EU-Russia Energy Dialogue Conference took place on 22 November 2010 in Hotel Metropole in Brussels. The conference was opened by Paul Maignette, Belgian Minister for Climate and Energy and followed by keynote speeches from Russian Minister for Energy Sergey Shmatko and Commissioner for Energy of the European Commission Günther H. Oettinger.

- Valeriy P. Sorokin, Consultant, Administration of the President of the Russian Federation
- Igor Leshukov, Deputy Director General, Russian Energy Agency
- Dmitry Shugaev, Deputy Director General, Rostechologii

### Executive summary

10<sup>th</sup> anniversary of the EU-Russia Energy Dialogue Conference was one of the biggest events in the history of the EU-Russia energy relations. In the opinion of the speakers the Dialogue was mutually beneficial, based on political determination and proved its usefulness and committed to the evolution and expansion of the relations between the EU and the Russian Federation.

Despite sometimes different interests, there is a common will for further cooperation, the Dialogue being a good forum for the exchange of ideas, approximation of legislation and promotion of joint projects in the field of infrastructure or energy efficiency. According to the participants, the Dialogue has significantly contributed to the confidence building between the EU and the Russian Federation in the strategically important energy sector.

Several speakers underlined that gas should play a stronger role in the future energy mix of EU, due to its abundance, affordability and accessibility and low CO<sub>2</sub> emissions. The speakers highlighted the solid economic link and interdependence between the EU and Russia, as well as the need for expansion of the cooperation into new areas: renewable energy, technology and investments, nuclear research, as well as the transportation and storage of energy.

It was underscored that both sides share certain objectives: maintaining competitiveness in the current world, CO<sub>2</sub> reduction and a need for high investment in energy infrastructure, and that therefore cooperation would be a win-win situation for both partners.

### Briefing

**Minister Maignette** in his opening speech welcomed everybody on behalf of the Belgian Presidency of the Council of the European Union and mentioned the historic event, which was the establishment of the Energy Dialogue on the 6<sup>th</sup> EU-Russia Summit in Paris. He underlined the role of

### The further agenda consisted of three main elements:

- a. Thematic panel 1: *Shaping a common energy area: perspectives for EU-Russia energy markets for the next decades*
- b. Thematic panel 2: *Towards a Partnership for Modernising our energy*
- c. Conclusion of the conference delivered by Philip Lowe, the Director General of DG Energy, European Commission and Talyat Aliev, Deputy Director of the Department of International Cooperation of Ministry of Energy, Russian Federation.

### The list of panelists included:

- a. Thematic panel 1:
  - Jonathan Stern, Oxford Institute for Energy Studies – Moderator
  - Philip Lowe, Director General, Directorate General for Energy, European Commission
  - Jean-François Cirelli, President Eurogas, GDF-Suez
  - Daniel Dobbeni, President ENTSO-E
  - Malcolm Brinded, Executive Director Exploration & Production, Shell
  - Talyat Aliev, Deputy Director of the Department of International Cooperation of Ministry of Energy, Russian Federation
  - Alexander Medvedev, Deputy CEO, Gazprom, CEO Gazprom export
  - Valeriy A. Jazev, Deputy Chairman of the State Duma, President Russian Gas
  - Nikolay N. Spasskiy, Deputy Director General, Rosatom
- b. Thematic Panel 2:
  - Leonid Grigoriev, President, Institute for Energy and Finance, Moscow – Moderator
  - D. Michel Judkiewicz, Secretary General, European Industrial Research Management Association
  - Riccardo Puliti, Managing Director, EBRD
  - Robert-Jan Smits, Director General, Research Directorate General, European Commission

energy in the Lisbon Treaty and emphasized the solidarity of the member states in the energy field. He also referred to the 2020 Energy Strategy of the EU, which outlines the external relations as one of the priorities.

In his opinion the mutually beneficial Dialogue, based on political determination, security of supply and demand proved its usefulness and committed to the evolution and expansion of relations between EU and Russian Federation. He stated that the European Union and Russia are interdependent and that the newly established Partnership for Modernisation will give the cooperation a new impetus.

He highlighted the priorities of the Belgian presidency, which are: development of more coherent strategy, including consumers, infrastructure and energy efficiency, as well as the creation of European grid and promotion of consumer friendly energy policy.

**Minister Shmatko** in his speech thanked the Commission and Belgium Presidency for organising the conference and pointed out at the very beginning that the Russian and EU's economies are interdependent, stressing that 80% of FDI inflow comes from the EU. He mentioned the successes of the 10 years of Dialogue, such as the establishment of the Early Warning Mechanism (EWM), which proved its worth in 2009 and the work of the Thematic Groups. Referring to EWM he underlined the key role of the transit countries.

He stated that a lot had been achieved so far, but more could have been done. In his opinion the strengthening Partnership for Modernisation and cooperation on the Roadmap 2050 will be crucial.

He mentioned the lack of trust from the EU side proven by the EU policy for diversification of sources, which is in his opinion very costly for the European consumers and not needed, as Russia is a good supplier and close cooperation between his country and EU would be a win-win situation.

Minister Shmatko mentioned the role of two pipelines (North Stream and South Stream) as well as the electricity grid to Kaliningrad as projects that should be of EU's interest. In his opinion energy security is crucial for the future development and transport, technology and investment are the areas of possible cooperation. He also mentioned that the cooperation should not be only limited to gas, but can also develop in renewable, hydro, geothermal and solar energy.

**Commissioner Oettinger** stated that Energy Dialogue has significantly contributed to the confidence building between the EU and the Russian Federation in the strategically important energy sector. He mentioned its role as a platform for exchanging positions and ideas, approximation of legislation and standards in the field of energy efficiency and promotion of joint projects in the field of infrastructure or energy efficiency.

He mentioned that the conference takes place in an important moment for the European energy policy, with Lisbon Treaty coming into force in 2009 and giving energy policy a solid legal foundation as well as the adoption of a new strategy until 2020 and Commission's proposal of a Communication on the EU energy infrastructure needs.

Commissioner stated that EU needs to take actions on every level to have a reliable, affordable and environmentally sustainable energy supplies and energy market without borders. The new energy policy must ensure effective solidarity, responsibility and transparency among all Member States, reflecting the EU interest and ensuring the security of the EU's internal energy market, but can not be complete without the external dimension.

He underscored that the Russian Federation is the most important energy partner of the European Union, but also EU on the other hand is by far the largest trade partner of Russia with 47% of all Russian imports originating from the EU and 75% of the foreign investments in Russia coming from European investors. He highlighted that this interdependence will remain also in future with European domestic gas resources depleting and expected therefore an increase of gas imports until 2030.

He stressed the need for a new, comprehensive agreement between the two partners to meet the needs of current cooperation and an importance for the EU of the information about the developments and scenarios for the Russian energy market in order to develop a common vision.

He mentioned that there were ups and downs in the bilateral relations, but there is a compatible interest to large extend, that should be jointly pursued, despite some different interests, that sometimes are difficult to be brought to a common denominator.

In his opinion security of supply and security of demand will remain at the very centre of EU-Russia energy relations and the transportation of hydrocarbon resources from

Russia to the EU against investment and technology from the EU to Russia will remain the basis of bilateral relations in the future.

Asked about the status of South Stream he answered that it should meet the European regulations, but there is no interest to block it and in the future EU might need 2 pipelines in the south of Europe.

During the **first panel discussion** moderated by Jonathan Stern, the Director of Gas Program in Oxford Institute for Energy Studies, **Mr Lowe**, Director General of DG Energy in the European Commission, stated that Russian Federation is a reliable partner with its resources and the aim of the cooperation should be an open and competitive market. The objective of the Third Package was to continue the creation of such a market in the EU. He underlined that markets shouldn't be closed in national boundaries and there is a need for diversification of sources of supply to the EU.

He has also underlined the strong place of gas in the energy mix of EU and the need for interconnectivity and investments in ageing infrastructure. As possible areas of cooperation with Russia he mentioned energy efficiency, technology and renewables.

**Mr Cirelli**, the President of Eurogas, highlighted the solid economic link and interdependence between the EU and Russia. In his opinion the partnership is an opportunity, not a threat and the Dialogue is a good platform for discussions.

He stated that long term gas supply contracts are the pillars, but can evolve and become more reactive to the market conditions, with Russia being key supplier for Europe. In his opinion the role of gas in energy mix will grow, because of its low CO<sub>2</sub> emissions and abundance.

**Mr Dobbeni**, the President ENTSO-E, in his speech mentioned the change of power systems in the last decade and anticipated further change in the future. He added also that the synchronization of EU's and Russian systems is not impossible, but not as easy either.

**Mr Brinded**, the Executive Director of Exploration & Production at Shell, pointed out the areas of high importance for both partners in the nearest future, which are in his opinion: maintaining competitiveness in the current world, CO<sub>2</sub> reduction and a need for high investment in energy infrastructure. He highlighted the symbiotic relations between EU and Russia, which are underpinned by gas.

He stressed that the popularity of gas will increase due to its abundance, affordability and accessibility and the need for CO<sub>2</sub> reduction. In his opinion Russia will remain the main exporter of gas to the EU because of its geographic location, abundant resources and infrastructure.

**Mr Aliev**, the Deputy Director of the Department of International Cooperation of the Russian Ministry of Energy underlined the need for harmonization of strategies in the future and stressed the role of reliability in bilateral relations. He stated the Russian will to increase the trust, which example was introduction of Early Warning Mechanism. He mentioned trade barriers as a problem damaging European consumers and the Russian suppliers.

He recalled the liberalisation process of Russian domestic electricity market and a European Third Package that have in his opinion a similar aim. Russia however was concerned whether the Package will enhance the security and do not cause problems and limit the investment in infrastructure. He concluded that both partners need joint efforts to enhance the cooperation.

**Mr Medvedev**, the Deputy CEO of Gazprom, in his speech compared in a metaphor gas to a Cinderella. Gas from Russia in his opinion would help to fill the gap in gas demand in Europe and decrease the emissions of CO<sub>2</sub> in the future. He stated that increase of 1% of gas in energy mix reduces the CO<sub>2</sub> emissions by 3%.

Mentioning the capacity of two pipelines to Europe – North Stream and South Stream, he stated that it will be enough to produce electricity out of it, as from 50 nuclear power plants or 100 coal fired power plants.

**Mr Yazev**, the Deputy Chairman of the State Duma, pointed out three areas of cooperation between the two partners: decarbonisation, where partners need a single position; nuclear research, where Russian side has large experience; and deregulation, which in his opinion is a paradox in EU, because an increase of regulations can be observed. In his opinion gas could help meet EU's targets for reduction of carbon dioxides emissions.

**Mr Spasskiy**, the Deputy Director General of Rosatom, in his speech concentrated on current trends in the nuclear industry and legal issues. He listed the recent Russian nuclear projects abroad, including first nuclear power plant (NPP) construction in Turkey and construction of NPPs in China and Bulgaria. He mentioned Russian openness for cooperation with European partners in this field.



He also stressed the need for cooperation on legal issues, stating that the Korfu Declaration is an artificial restraint and do not make any sense nowadays, as it causes unpredictability for the Russian producers and harms its European consumers.

During the **second panel**, moderated by Mr Grigoriev, the President of Institute for Energy and Finance in Moscow, first speaker **Mr Leshukov**, the Deputy Director General of Russian Energy Agency, pointed out three areas of crucial importance for the cooperation between EU and Russia: information, technology and financing. He mentioned the key role of transparency, information sharing, common analysis and common infrastructure, but in his opinion cooperation in these fields will not be efficient without financial resources.

**Mr Shugaev**, the Deputy Director General of Rostechologii, after describing his organisation, highlighted the attractiveness of Russian energy sector for foreign direct investments and its eagerness for creation of joint ventures with foreign companies. As a good example he mentioned the cooperation with Boeing.

**Mr Sorokin**, the Consultant in Administration of the President of the Russian Federation, in his speech concentrated on the Russian proposal to G20 on prevention of oil spills and marine protection. He mentioned the oil spills in Australia and USA and inefficiency of regulatory systems to prevent them. He stated that there are gaps in the legal regulations, which should be solved on international level. He believes that Russia and EU should have a common stand in this matter and in his opinion the Dialogue can be an instrument for further cooperation.

**Mr Judkiewicz**, the Secretary General of European Industrial Research Management Association, stated that renewable sources of energy will not fill the gap between demand and supply and a role of gas will grow. He added that cooperation with the Russian side should have a broader scope and should include the transportation and storage of energy as well.

**Mr Puliti**, the Managing Director of EBRD, underscored the need for extended cooperation not only in technology field, but also in the legal and regulatory framework. He made a link between market liberalisation and technology improvement emerging from it. The objective of EBRD projects in Russia is to make Russian companies more competitive on international markets. He stressed that there should be a connection between investments made and projects' developments.

**Mr Smits**, the Director General of Research Directorate General in the European Commission, concluded the discussion by saying, that a lot of work is still to be done in the field of research, but cooperation, not competition will be a win-win situation for both partners.

In the final part of the conference **Mr Aliev** and **Mr Lowe** summed up what was said and thanked everybody for participation and work for the Dialogue. Mr Lowe concluded that it was one of the biggest events in the EU-Russia energy history and despite the fact, that there is no agreement on all aspects of a Third Package, there is a will for cooperation and Dialogue is a good forum for the exchange of ideas.

Bartosz Arabik  
DG ENER – A3



## Sergey Shmatko Russian Minister for Energy

Sergey Ivanovich Shmatko was born on 26 September 1966 in the city of Stavropol.

He served in the military – in the nuclear-powered submarine forces of the Northern Fleet.

From 1983 until 1990, he studied at the Faculty of Mathematics and Mechanics, then later at the Faculty of Political Economy at the Ural State University (Sverdlovsk) and from 1990 until 1992, he studied Economics at Marburg University (FRG). In 2004, he graduated from the Higher Academic Courses of the Joint Staff Military Academy of the Russian Federation Armed Forces as a specialist in "Russian Federation Defence and Security".

From 1992, he worked as an auditor for BDO Binder (Frankfurt am Main), as the director of RFI GmbH (a consulting company for investments in Russia), as the official representative of RFFI in the EU, as a research associate at the Institute for Investment Problems, and headed the Department of External Affairs at the All-Russian Bank for Regional Development.

1997 – 1999 – Head of the Analytical Centre for Economic Strategy at Rosenergoatom.

1999 – 2001 – Advisor to the Director General of VNIIES on economic strategies.

2002 – 2005 – Chairman of the State Conversion Fund.

From July 2005 – President of Atomstroyexport CJSC, and from January 2008 – Deputy Director of Atomenergoprom OJSC (serving in both positions simultaneously).

In May of 2008, he was appointed Deputy Minister of Energy of the Russian Federation.

He has PhD in Science.

Married with two children.



## Paul Magnette

### Belgian Minister for Climate and Energy

Born in 1971, Paul Magnette has been living in Charleroi since his early childhood. After having studied political science and EU politics at the ULB (1989–94), he specialized in the history of political ideas at the University of Cambridge (1994–95), thanks to a scholarship by the Wiener-Anspach foundation. At the same time, throughout his studies, he militates with the young Socialists of Charleroi, supporting the restoration of the party, (which he joins in 1993), and left-wing convergence.

In 1995, he received a mandate from the National Fund of Scientific Research (FNRS) to prepare a PhD devoted to European citizenship, which he defended in 1999. After that, he got in charge of research for the FNRS (1999–2001), then became professor of political science and director of the Institute for European Studies at the ULB (2001–2007). At the same time, he established the Center of Political life studies (CEVIPOL) of the ULB, together with Pascal Delwit and Jean-Michel De Waele.

He was invited by many universities in Europe and North America, published about thirty books, received several scientific prizes and took part in very many international congresses. He is regularly invited to analyze the political news in the Belgian and French media, and is recognized as one of the best experts with regard to the European Union.

During the spring of 2007, Paul Magnette makes the great jump into politics. On June 11<sup>th</sup> 2007, and at the request of the President of the PS, Elio Di Rupo, he agrees to take the supervision of the PS of Charleroi and solves the political crisis the city experienced for many months. After fifteen days of rough negotiations, a new team, renovated and feminized, takes the reins of the first Walloon metropolis. Three weeks later, Paul Magnette becomes Minister of Health, Social action and Equal opportunities within the Walloon Government, whilst he continues to lead the PS of Charleroi.

With a new management plan for the “Disabled Persons Agency”, the restoration of homes for elderly people, the financing of the Walloon hospitals and an increase in the budget of the social action of 7%; in six months time, Paul Magnette succeeds in imposing himself within the Walloon Government.

After a difficult formation of the federal Government, at the end of December 2007, Paul Magnette is appointed as Minister of Climate and Energy in charge of Environment, Sustainable Development and Consumers Protection in the governments Verhofstadt III, Leterme I and Van Rompuy I.

With these federal competences, Paul Magnette asserted himself like the minister having restored the power struggle between the Public Authority and the electric giant “Electrabel” by the calling into question of the monopolistic situation of the historical group, whereas the European energy market is liberalized. He claims and obtains a contribution of the producers of nuclear power to the federal budget 2008 in order to refund to the consumers part of the revenue perceived by the producers following the accelerated damping of the nuclear power plants in Belgium.

He also develops an true social energy policy at the moment when the prices of gas and electricity reach historic summits in Europe. Initiator of the “Spring of the environment”, he encourages the various regions to coordinate their environmental policy more and to fight more effectively against climate warming.

As a father of three children, Paul Magnette devotes his scarce spare time to them. Passionate with (especially Italian and Anglo-Saxon) literature and cinema and a big amateur of cooking, he never misses the ritual of the Sunday market in Charleroi, and likes to prepare good meals for his friends.



## Günther H. Oettinger

### European Commissioner for Energy

#### Personal details

- German
- Born on 15 October 1953 in Stuttgart
- Protestant
- One son
- Member of the European Commission responsible for energy since February 2010

#### Political career

- 2005–2010 Minister-President of Baden-Württemberg, Germany.
- Member of the Governing Board and the Federal Executive Committee of the Christian Democratic Union of Germany (CDU Deutschland) since 2005.
- Member of the State Parliament of Baden-Württemberg from 1984 to 2010.
- Chairman of the Federal Committee on Media Policy of the CDU from 1999 to 2006 and of the Media Policy Experts Group of the Christian Democratic Union of Germany from 2006 to 2010.
- Chairman of the Christian Democratic Union of Baden-Württemberg (CDU Baden-Württemberg) from 29 April 2005 to 20 November 2009.
- Co-Chairman of the Commission on the Modernisation of Financial Relations between the Federal Government and the German States (Federalism Reform II) from March 2007 to March 2009.
- District Chairman of the CDU in northern Württemberg (CDU Nordwürttemberg) from December 2001 to July 2005.
- Chairman of the CDU in Ditzingen from 1977 to 1985.
- Federal State Chairman of “Junge Union Baden-Württemberg” (youth section of the CDU in Baden-Württemberg) from 1983 to 1989.
- District Councillor in Ludwigsburg from 1979 to 1993.
- Town Councillor in Ditzingen from 1980 to 1994. Leader of CDU members of Ditzingen Municipal Council from 1982 to 1994.

#### Professional career

- Chairman of the CDU Baden-Württemberg parliamentary group in the State Parliament from January 1991 to April 2005.
- From 1988 to 2005, lawyer and CEO of a firm of auditors and tax consultancy.
- From 1984 to 1988, lawyer employed by a firm of auditors and tax consultancy.
- From 1982 to 1984, employed by a firm of auditors and tax consultancy.
- Member and Presidency (March 2007–February 2009) of “Four Motors of Europe”.

#### Education

- Studied law and economics in Tübingen. First State Law Examination in 1978. Scientific Assistant at Tübingen University. Second State Law Examination in 1982.
- Primary school in Ditzingen, grammar school and “Abitur” (upper secondary school leaving certificate) in Korntal.

#### Languages

- German: mother tongue
- English: proper knowledge
- French: basic knowledge
- Italian: basic knowledge



**Professor Jonathan Stern**  
 Director of Gas Research,  
 Oxford Institute for Energy Studies

**Expertise**

- Natural gas issues worldwide: development, trade, liberalisation, regulation and security
- Utility policy, deregulation and liberalisation
- Russian and CIS energy and climate change issues

**Current/Forthcoming Projects**

- Future Gas Production in Russia: is the concern about lack of investment justified?

**Academic and Professional Experience**

2003: Honorary Professor, Centre for Energy, Petroleum & Mineral Law & Policy, University of Dundee  
 2002: Visiting Professor in the Department of Environmental Science and Technology at Imperial College in London  
 1992 – 2007: Associate Fellow, Sustainable Development Programme, Royal Institute of International Affairs  
 1985 – 92: Head of the Energy and Environmental Programme, Royal Institute of International Affairs  
 1990 – 91: Director of Studies, Royal Institute of International Affairs

**Selection of Publications**

*The April 2010 Russo-Ukrainian gas agreement and its implications for Europe.*  
 by Jonathan Stern, Simon Pirani and Katja Yafimava, 2010.

*Continental European Long-Term Gas Contracts: is a transition away from oil product-linked pricing inevitable and imminent?*  
 by Jonathan Stern, 2009.

*Future Gas Production in Russia: is the concern about lack of investment justified?*  
 by Jonathan Stern, 2009.

*The Russo-Ukrainian gas dispute of January 2009: a comprehensive assessment.*  
 by Jonathan Stern, Simon Pirani and Katja Yafimava, 2009.

*The Future of Russian Gas and Gazprom.*  
 by Jonathan P. Stern, 2005. £39.5. OIES28



**Philip Lowe**  
 Director General,  
 Directorate-General for Energy,  
 European Commission

Philip Lowe was born in Leeds in 1947. He read Politics, Philosophy and Economics at St John's College, Oxford and has an M. Sc. from London Business School. Following a period in the manufacturing industry, he joined the European Commission in 1973, and held a range of senior posts as Chef de Cabinet and Director in the fields of regional development, agriculture, transport and administration, before becoming Director-General of the Development DG in 1997. From September 2002 he was Director-General of the Competition DG until he took up his current appointment as Director-General of the Energy DG in February 2010.



**Jean-François Cirelli**  
President Eurogas, GDF-Suez

Jean-François Cirelli was born on July 9, 1958, in Chambéry (France). He is a graduate of the Institut d'Études Politiques de Paris and the Ecole Nationale d'Administration (1983 – 1985). He also has a degree in law.

He began his professional career in 1985 when he went to work for the Treasury division of the French Ministry of the Economy and Finances. He was successively in charge of housing policy, the General Secretariat of the Paris Club (rescheduling of sovereign debt) and the regulation of financial markets. He was also an alternate director for France at the IMF.

In 1995, he was named economic counselor to the President of the French Republic (Jacques Chirac), a position he held until 2002.

In 2002, Jean-François Cirelli was appointed Deputy Chief of Staff to the French Prime Minister (Jean-Pierre Raffarin). He was primarily in charge of economic, industrial and labor issues.

In 2004, Jean-François Cirelli was named Chairman and Chief Executive Officer of Gaz de France on September 15, 2004.

Since July 22, 2008, Jean-François Cirelli is Vice Chairman and President of GDF SUEZ.

He is also Chairman of the Board of Directors of Electrabel, Board Member of SUEZ Environnement and Supervisory Board Member of Vallourec.

Jean-François Cirelli is married and the father of two children.

He is a "Chevalier de la Légion d'Honneur".



**Daniel Dobbeni**  
President ENTSO-E

In December 2008, Daniel Dobbeni was appointed President of the European Network of Transmission System Operators for Electricity (ENTSO-E) for a two-year term of office. The 42 transmission system operators from 34 member countries of the association share the responsibility of ensuring reliable and sustainable transmission of electric power for more than 500 million citizens.

He is also CEO and president of the Executive Committee of Elia, the Belgian transmission system operator as well as a chairman of the board of Belpex, the Belgian power exchange. Throughout his career, he was involved in several international bodies and authored several articles.



**Malcolm Brinded**  
Executive Director  
Exploration & Production, Shell

Malcolm Brinded became Executive Director of the Upstream International with effect from July 1, 2009.

He joined Shell after graduating in Engineering from Cambridge University and has worked for Shell companies in Brunei, The Netherlands, Oman and the UK. In 1998 he became Managing Director of Shell UK Exploration and Production – responsible for a fifth of the country's offshore oil and gas business – and from 1999 until 2002 he was Shell Country Chairman in the UK. He continues as a member of the Royal Dutch Shell plc Board, a role he has held since its formation in 2004, and was a member of the Boards of the two former parent companies since 2002. From March 2004 until his current appointment, he was Executive Director in charge of Exploration & Production.

Malcolm is a Fellow of the Institutions of Civil and Mechanical Engineers and of the Royal Academy of Engineering. He is a member of the Nigerian President's Honorary International Investor Council and a Trustee of the Emirates Foundation and the International Business Leaders Forum. He is also the Chairman of the Shell Foundation. In 2002 he was appointed CBE for services to the UK oil and gas industry.





## Anatoly Yanovsky

### Deputy Minister of Energy of the Russian Federation

Anatoly Borisovich Yanovsky was born on 22 February 1957 in Moscow.

He graduated from the Moscow Mining Institute in 1979.

From 1979 to 1993, he worked for the A. A. Skochinsky Institute of Mining, where he held the posts ranging from trainee-researcher to head of department.

From 1993 to 1996 – Deputy Director, then Vice President of the Russian Coal Company (“Rosugol”).

From 1998 to 2000 – Secretary of State – Deputy Minister of the Fuel and Energy Ministry of the Russian Federation. Then, until 2004 – Deputy Minister of Energy of the Russian Federation.

From 2004 to 2008 – Director of the Department of the Fuel and Energy Sector; Director of the Department for State Energy Policy; Deputy Minister of Industry and Energy of the Russian Federation.

In July of 2008, he was appointed Deputy Minister of Energy of the Russian Federation.

PhD in Economics, PhD in Technical Sciences.

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## Alexander Medvedev

### Deputy CEO Gazprom, CEO Gazprom export

Alexander Medvedev was born on August 14, 1955 in Shakhtersk, Sakhalin Oblast.

#### Education

Alexander Medvedev graduated from Moscow Physics and Technology Institute majoring in Automated Control Systems.

He has a PhD in Economics.

Alexander Medvedev is a full-fledged member of the International Academy of Investment and Construction Economics.

#### Professional experience

1978 – 1989

Employee of the International Economic Relations Department of the Global Economy and International Relations Institute of the USSR Academy of Sciences; later on – Senior Researcher, Acting Head of Sector, Academic Secretary of the Comprehensive Program for Sci-Tech Development of the USSR under the USSR Academy of Sciences and the State Committee for Science and Technology.

1989 – 1991

Director of Donau-Bank AG, Managing Director of Inter Trade Consult GmbH (Austria).

1991 – 1996

Director of IMAG Investment Management & Advisory Group GmbH (Austria).

1997 – 1998

Vice President of Vostochnaya Neftyanaya Kompaniya (Eastern Oil Company).

1998 – 2002

Director of IMAG Investment Management & Advisory Group GmbH (Austria).

2002 – 2005

Member of the Management Committee of Gazprom, Director General of Gazexport.

2005 – 2008

Deputy Chairman of the Management Committee, Gazprom; Director General of Gazexport (since November 1, 2006 – Gazprom export).

Since 2008

Deputy Chairman of the Management Committee, Gazprom; Director General of Gazprom export; President – Chairman of the Kontinental Hockey League Executive Board.

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## Valeriy Yazev

### President, Russian Gas Society

Valeriy Afonasyevich Yazev was born on 29 October 1949.

1974 – graduated from the S.M. Kirov Urals Polytechnic Institute in the city of Sverdlovsk in Technical Physics. After graduating from university, he was placed at the Ural Electrochemical Plant, where he worked in various engineering positions.

1983 – 1991 – worked for different entities governed by the Ministry of the Gas Industry of the USSR.

1992 – headed the Yava Corporation, a multisectoral holding company.

1996 – elected as a member to the House of Representatives of the Legislative Assembly of the Sverdlovsk Region.

From 1997 – member of the State Duma of the Russian Federation Federal Assembly (Second Convocation); member of the Committee for Industry, Construction, Transportation and Energy; chairman of the Fuel Resources Subcommittee (mining, transport and utilisation of coal, oil, natural gas, fuels, peat).

1999 – member of the State Duma of the Federal Assembly of the Russian Federation (Third Convocation); member of the Committee for Energy, Transport and Telecommunications; chairman of the Subcommittee on Gas.

2003 – member of the State Duma of the Federal Assembly of the Russian Federation (Fourth Convocation); chairman of the Committee for Energy, Transport and Telecommunications.

2007 – member of the State Duma of the Federal Assembly of the Russian Federation (Fifth Convocation); Deputy Chairman of the State Duma.

V. A. Yazev takes an active role in the legislative safeguarding of the country's economic development, he is one of the key authors of laws for the Russian fuel and energy sector, particularly the laws "On gas supply in the Russian Federation", and "On natural gas export". He is the initiator and co-author of the laws "On transport", "On telecommunications" and others. It was through Yazev's active participation that conceptual provisions for the Federal Law "On Special Terms of Management and Disposition of Assets and Shares of Organizations Operating in the Area of Atomic Energy Uses and Amendments to Certain Legislative Acts of the Russian Federation" were passed.

V. A. Yazev is a member of the Presidium of the General Council of the United Russia party.

V. A. Yazev has been awarded a Medal of Honour, the order of Peter of the first degree, with medals "In honour of the 850<sup>th</sup> Anniversary of Moscow", "In honour of the 1000<sup>th</sup> Anniversary of Kazan", and for "300 years of the Russian Fleet".

V. A. Yazev is an Honoured Worker of the Oil and Gas Industry of the Russian Federation. He was winner of the 2006 Russian Government Award in Science and Technology.

Holds a PhD in Economics.

Married with three children.

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## Nikolay Spasskiy

### Member of Governing Board, Deputy Director General for International Activities

Nikolay Spasskiy was born on August 10, 1961 in Sebastopol, Crimea region.

In 1983 he graduated from the Moscow State Institute of International Relations with the Ministry of Foreign Affairs of the USSR. He was qualified as a specialist in international relations and foreign languages. Nikolay Spasskiy has degrees of Candidate of Science in history and Doctor of Science in politics.

In 1983 – 1985 he worked as a consultant in the Press Department of the Ministry of Foreign Affairs of the USSR.

In 1985 he moved to the Department of the USA and Canada in the same ministry where he worked till 1991 as a consultant, senior consultant, third and, later, first secretary.

In 1991 he became an adviser at the Ministry of Foreign Affairs of the USSR.

In 1991 – 1997 he was successively employed as expert, deputy director, first deputy director and director of North America Department in the Ministry of Foreign Affairs of Russian Federation and was a member of the Ministry Board.

1997 – 2004: Ambassador of Russia to Italy and San-Marino.

2004 – 2006: Deputy Secretary of the Security Council of Russia.

In 2006 – 2008 he was Deputy Head of the Federal Atomic Energy Agency, state secretary.

Since April 2008 Nikolay Spasskiy has been holding the office of Deputy Director General of the State Atomic Energy Corporation "Rosatom".

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**Leonid Grigoryev**  
President, Institute for Energy and Finance,  
Moscow

Dean of the Management of International University in Moscow since 2005; the President of Institute for Energy and Finance since 2004; Chairman of the Board of WWF-Russia since 2006.

Graduated from Moscow State University and holds a PhD in Economics.

In 1971 joined IMEMO RAN and keeps the affiliation with IMEMO.

Deputy Minister of Finance and Economy, Chairman of Foreign Investment Committee in 1991 – 1992.

Advisor to Executive Director, the World Bank in 1992 – 1997.

General Director of Bureau of Economic Analysis in 1997 – 2001.

Chairman of the Board of Expert Institute in 2005 – 2009.

More than 300 publications on: Global and Russian Economy and Energy, Business Cycle and Capital Formation, Middle class in Russia, Corporate Governance and Privatization, Property rights, etc.

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**D. Michel Judkiewicz**  
Secretary General,  
European Industrial Research  
Management Association

D. Michel Judkiewicz has been managing Director of Xland sprl, a consulting company based in Belgium, since 1997. ([www.xland.be](http://www.xland.be))

Throughout his 38-year career, Michel held various positions in different multinational organizations, from the factory floor, through R&D, sales and marketing to general management in fields like chemical industry, IT, process control and high education institutions.

Functional areas of his expertise encompass complex project management, crisis management, change management, mediation, strategic marketing and international trade, technology transfer and innovation, prospective strategy and general management.

His activities spanned over Europe (western and eastern), USA where he lived for three years and Asia (India, Vietnam, etc.).

Prior to his present Xland tenure, Michel spent time as research assistant at ULB (Université Libre de Bruxelles), Sobemap (a business consulting company), Honeywell as a senior research engineer in the USA and as an application engineer in Europe and UCB (a major Belgian chemical and pharmaceutical multinational company) as process control manager, strategic marketing manager, general manager of a subsidiary and assistant to the CEO of UCB Chemicals, before managing the UCB fine chemicals division and selling it in 1996, according to the board of directors request. In these functions he has been member of several boards of directors of different entities.

Since 1996, Michel has helped establish best practices in strategy development and implementation, Process and Project Management at different organizations in industry, commercial entities and research centres as well as non profit organizations among which one can quote Proviron NV, Actiris, UCB, FNRS (Fonds national de la recherche scientifique), Université Libre de Bruxelles, VUB (Flemish university of Brussels), Tevan BV, Contichim SA, Reanal, Brudisc asbl, etc.

Michel holds masters in Electrical and Mechanical engineering from the ULB (Université Libre de Bruxelles, 1971) and a certificate in General Management from the Insead-CEDEP (1987).

He has been teaching at the Solvay business school and the ULB polytechnic institute.

He is a member of the IEEE (USA), the AIrBr (society of Belgian engineers of ULB where he is past president), the FABI (Fédération des associations belges d'ingénieurs), the Fondation Universitaire and the INSEAD-CEDEP alumni.

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**Riccardo Puliti**  
Managing Director, EBRD

Riccardo Puliti is the Managing Director in charge of the Energy and Natural Resources sectors at the European Bank for Reconstruction and Development.

Riccardo joined the EBRD in 1996 in the Power and Energy Utilities department and moved to Natural Resources in 1998. In 2000, he was appointed Deputy Director of Municipal and Environmental Infrastructures and in 2002, Director of Transport Infrastructures.

Riccardo has extensive experience in emerging market economies, working with both the private and public sectors. He started his career at Istituto Mobiliare Italiano (IMI) Group in 1987, he then moved to Banque Indosuez in Paris where he worked in M&A and equity capital markets. He then joined NM Rothschild and Sons in London where he held several positions in M&A and equity capital markets.

Riccardo holds various Supervisory Board and Board of Directors memberships in investee companies.

He is an MBA alumnus of Instituto de Estudios Superiores de la Empresa (IESE) and a postgraduate alumnus of the Kennedy School of Government (Harvard University) and Imperial College.

Riccardo is fluent in six European languages.



**Robert-Jan Smits**  
Director General,  
Research Directorate General,  
European Commission

Robert-Jan Smits is Director-General of DG Research (RTD) – European Commission. His previous assignment was Deputy Director-General of DG Joint Research Center (JRC) where he was responsible for Programmes and Stakeholder Relations, Resource Management, and three Institutes, being the Institute for Energy, the Institute for Environment and Sustainability and the Institute for Prospective Technological Studies.

Before that Mr Smits was Director for the European Research Area: Research Programmes and Capacity at DG RTD, where his responsibilities included: Joint Programming, coordination of national research programmes, cooperation with inter-governmental research organisations (EIROforum, EUREKA, COST), Research Infrastructures, Regions of Knowledge, Research Potential and the relations with the European Investment Bank (EIB).

Robert-Jan Smits was born in 1958. He has degrees from Utrecht University in The Netherlands, Institut Universitaire d’Hautes Etudes Internationales in Switzerland and Fletcher School of Law & Diplomacy in the United States of America.





**Igor Leshukov**  
Deputy Director General,  
Russian Energy Agency

Born 1964 in Tashkent, Igor Leshukov received an excellent classical education from St. Petersburg State University and holds a Diploma with honors in Middle East history and languages. His second degree is an MA in European politics and administration from College of Europe in Bruges, a specialist training institution of the European Union.

Mr Leshukov enjoys a rare combination of a vast experience both in academic domain where he has been a Deputy Dean and a Senior Lecturer in Foreign Politics and Theory at the School of International Relations of St. Petersburg State University and Visiting Professor in many Russian and European universities with operational functions for the Russian governmental bodies since he has been working, consulting and advising at different stages of his carrier at the Ministry of Foreign Affairs, the Ministry of Economics and Trade and the Federal Tariff Service.

Since 2005 Igor Leshukov serves as a senior advisor to Sergey Kirienko, a well known figure in Russian politics and now the Director General of the State Corporation "Rosatom" that consolidates all the assets of Russian nuclear industry. His function can be described as a Chief Analyst of the nuclear industry with a special focus on external economic affairs. At the same time Mr Leshukov chairs the Board of Directors of Energy and Industry Analytica, an in-house consulting company of Rosatom established as a result of reorganizing the ATOMINFORM, the Soviet era institute of management, economics and information of the Russian nuclear industry.

Maintaining his responsibilities in Rosatom, Igor Leshukov has recently accepted an invitation from the Ministry of Energy and in Summer 2010 was appointed Deputy Director General of the Russian Energy Agency, a coordinating agent of the Russian government responsible for the management of the energy efficiency policy and various information services in the energy domain. His main function there is to provide an analytical support for the Ministry of Energy on any issue of the Ministry competence with a special focus on international cooperation and the staff work of the Russian part of the intergovernmental commissions.



**Dmitry Shugaev**  
Deputy Director General, Rostechnologii

Born in 1965.

Education: 1987 graduated from the Moscow State Institute for International Relations under the Ministry of Foreign Affairs. He holds a PhD in Economics.

1997–2001 – Managing director of "Yuridicheskiy Profil" (Judicial Profile) CJSC.

2001–2002 – Advisor to the Deputy Director General of the Rosonoboronexport State Corporation.

2002–2004 – Assistant to the First Deputy Director General of the Rosonoboronexport State Corporation.

2004–2008 – Chief of Staff of the Director General of the Rosonoboronexport State Corporation.

2008–2009 – Chief of Staff of the Director General of the Russian Technologies State Corporation.

2009–to date – Deputy Director of the Russian Technologies State Corporation.

Awarded The Order of Merit for the Motherland (second class).

Photo gallery



Opening Panel: Sergey Shmatko (Minister of Energy of the Russian Federation), Günther H. Oettinger (Commissioner for Energy of the European Commission), Philip Lowe (Director General, Directorate General for Energy, European Commission)



Sergey Shmatko (Minister of Energy of the Russian Federation) and Philip Lowe (Director General, Directorate General for Energy, European Commission)



Thematic Panel: from left to right: Jean-François Cirelli, Talyat Aliev, Daniel Dobbeni, Nikolay Spasskiy, Professor Jonathan Stern, Malcolm Brinded, Alexander Medvedev, Philip Lowe, Valeriy Yazev



Thematic Panel: from right to left: Valeriy Yazev, Philip Lowe, Alexander Medvedev, Malcolm Brinded, Professor Jonathan Stern, Nikolay Spasskiy, Daniel Dobbeni, Talyat Aliev, Jean-François Cirelli



Registration Desk at the 10<sup>th</sup> anniversary Conference of the EU-Russia Energy Dialogue



Registration of Speakers, Participants and Press



Thematic Panel: from left to right: Jean-François Cirelli, Talyat Aliev, Daniel Dobbeni, Nikolay Spasskiy, Professor Jonathan Stern, Malcolm Brinded, Alexander Medvedev, Philip Lowe, Valeriy Yazev



Keynote speech: Sergey Shmatko, Minister for Energy of the Russian Federation



Keynote speech: Günther H. Oettinger, Commissioner for Energy of the European Commission





Paul Magnette, Minister for Climate and Energy of the Kingdom of Belgium



Journalist at the conference



Coffee Break



Thematic Panel 2: from left to right: Valeriy P. Sorokin, Riccardo Puliti, Dmitry Shugaev, Leonid Grigoriev, D. Michel Judkiewicz, Igor Leshukov, Robert-Jan Smits



Sergey Shmatko (Minister for Energy of the Russian Federation), Günther H. Oettinger (Commissioner for Energy of the European Commission), Philip Lowe (Director General, Directorate General for Energy, European Commission)



Audience



Audience



Audience



Participants of the 10<sup>th</sup> anniversary Conference of the EU-Russia Energy Dialogue



Lunch: Sergey Shmatko (Minister for Energy of the Russian Federation), Günther H. Oettinger (Commissioner for Energy of the European Commission) and Paul Magnette (Minister for Climate and Energy of the Kingdom of Belgium)





Family Picture



Family Picture



**Documents of the  
EU-Russia Energy  
Dialogue**

Brussels/Moscow  
November 2010

# Joint Report

## EU-Russia Energy Dialogue 2000–2010: Opportunities for our future Energy Partnership

Presented on the Occasion of the 10<sup>th</sup> Anniversary of the EU-Russia Energy Dialogue by Günther H. Oettinger, European Commissioner for Energy and Sergey I. Shmatko, Minister for Energy

### 1. Introduction

The EU and Russia are interdependent energy partners.

The Russian Federation is the 3<sup>rd</sup> biggest world trade partner of the EU (9.7%), following the US (15.2%) and China (11.4%). Energy represents 65% of total EU imports from Russia.

Russia is the biggest oil, gas, uranium and coal supplier to the EU, and the third biggest electricity supplier. 31% of total EU gas imports, 27% of total EU crude oil imports, and 24% of total EU coal imports are supplied from the Russian Federation<sup>1</sup>. In 2009, Russia supplied 30% of total EU uranium imports. 24% of total EU gas sources are supplied from Russia. For several EU Member States, Russia is the only gas source and supplier.

At the same time, the EU is by far the largest trade partner of the Russian Federation: 45% of Russia imports originate from the EU, and 55% of its exports go to the EU, including 88% of Russia's total oil exports, 70% of its gas exports and 50% of its coal exports. The export of raw materials to the EU represents around 40% of the Russian budget, and the EU represents 75% of cumulative foreign investments in Russia. In terms of infrastructure, Europe is the natural destination for Russian energy exports.

Overall, the intensity of EU-Russia energy relations has been increasing over the past ten years. EU enlargements in 2004 and 2007 were a further step in the relations, as most of the new Member States fully relied on gas supplies from the Russian Federation. The EU 27 gas imports from Russia grew from 119 bcm in 2000 to 134 bcm in 2008. From 2000 to 2007, oil supplies from Russia to the EU increased from 112 Mt to 185 Mt. The import of hard coal increased by a factor of 4 from 15 Mt to 56 Mt in the same period. Russia is now the largest coal exporter to the EU. While as a consequence of the financial and economic

crisis 2009 has seen a drop in imports, the year 2010 again shows an upward trend.

At the same time, the EU has stepped up its efforts to diversify supply and routes in particular for oil and gas, and more recently the Russian Federation has also started to diversify its customers.

Acknowledging this development, the EU confirms that the Russian Federation will remain a key supplier of fossil fuels to the European Union, and the Russian side confirms that it will remain a stable and predictable supplier to the European Union. On this basis, both sides agree to further develop their relations.

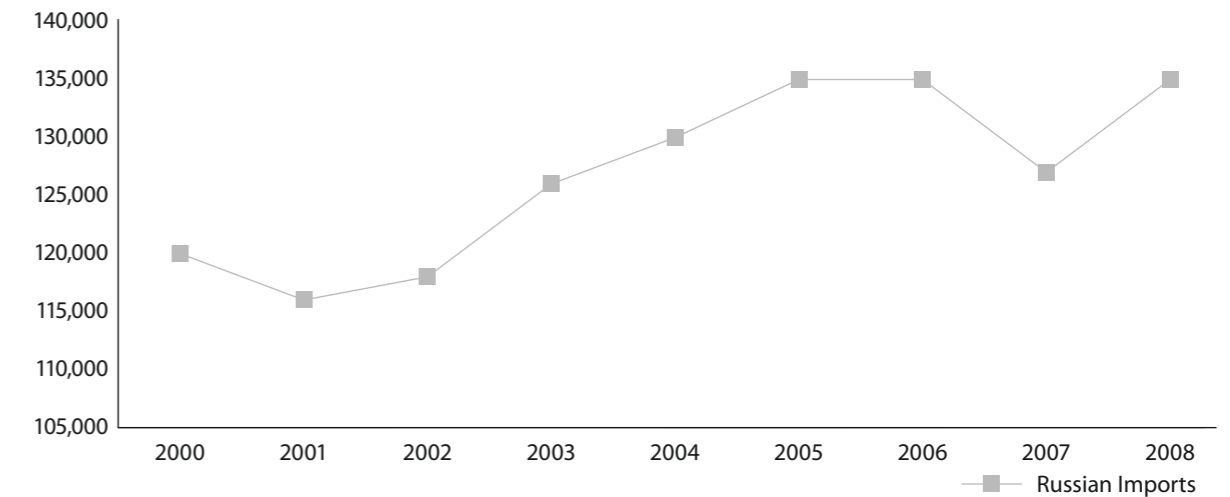
### International legal Base for Cooperation between the EU and Russia

The legal basis for EU-Russia energy relations is the EU-Russia Partnership and Cooperation Agreement which was signed in 1994. In 2007, the Russian Federation and the EU decided to open negotiations on a new Agreement. Within the Dialogue, the parties note the continuation of the negotiations and agreed that energy, as a strategically important matter of cooperation, will be one of the substantive elements of this Agreement. Both sides note the necessity to reflect in the energy chapter of the new Agreement inter alia the principles on energy security agreed at the G8 Summit in St Petersburg in 2006, as well as issues relating to energy efficiency and the reliability of demand, supply and transit.

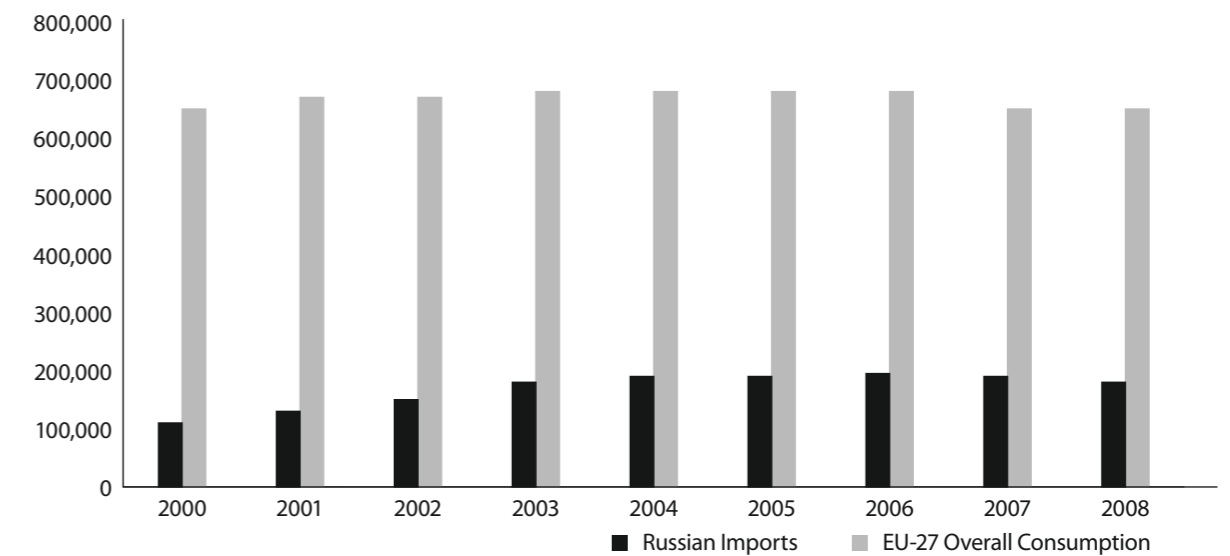
In order to develop the principles of global energy security, the Russian side in 2009 proposed a new conceptual approach for a legal base for international cooperation in the field of energy. The parties envisage analysing together how best to consider the elements and ideas of the proposal in existing contexts. In particular, these include discussions on the convention on ensuring international

<sup>1</sup> Eurostat data 2008

Natural Gas: EU-27 imports from Russia between 2000–2008



Oil: EU-27 gross inland consumption and imports from Russia between 2000–2008



energy security drafted by Russian experts, the ongoing modernisation process of the Energy Charter Treaty as well as the ongoing negotiations for a new EU-Russia Agreement; as well as negotiations on specialised agreements such as the envisaged agreement on cooperation on the peaceful uses of nuclear energy.

### Origins of the Energy Dialogue

In 2000, the Russian Federation and the European Union felt the need to upgrade the cooperation on this key sector and decided, during the EU-Russia Summit in Paris of October 2000, to institute an Energy Dialogue, "which

will enable progress to be made in the definition of an EU-Russia energy partnership and arrangements for it". Energy has been considered one of the most solid pillars of cooperation between the European side and Russia since the 1960s, and as a key element for the further integration of the markets. The cooperation should include "the introduction of cooperation on energy saving, rationalisation of production and transport infrastructure, European investment possibilities, and relations between consumer and producer countries".

After one year of intensive work, both sides agreed on joint objectives and tasks of the EU-Russia Energy Dialogue as

laid down in the first synthesis report. The outcome of the exploratory phase of the Dialogue was confirmed by the EU-Russia Summit in 2001.

#### The first synthesis report of the Dialogue from 2001 stated:

“Overall, Russia and the EU share the same concerns for ensuring stable energy markets, reliable and growing imports and exports, a pressing need to modernise the Russian energy sector, to improve energy efficiency and to reduce greenhouse gas emissions from energy production and use in their respective economies. Against this background, a number of common and complementary interests can be identified, such as the short and long-term reliability of energy supplies, energy efficiency, a desire to secure long term investments, opening up energy markets, diversifying the range of energy products traded and enhancing the technology base of the energy sector of the economy.”

The Joint Statement of the EU-Russia Summit from 3 October 2001 noted the following priorities for future work:

- improvement of the legal basis for energy production and transport;
- ensuring the physical security of transport networks;
- legal security for long-term energy supplies;
- the recognition of certain new transport infrastructures as being of “common interest”;
- the importance of rational energy use and savings.”

### The Structure

As a bilateral cooperation mechanism, the Energy Dialogue has developed around concrete themes of interest to both parties and calling for shared “win-win” solutions. To succeed, such a Dialogue must take into account all the stages of decision making and involve all relevant parties.

The impulse for an Energy Dialogue was launched by Presidents Vladimir Putin, Jacques Chirac and Romano Prodi during the EU-Russia summit of 30 October 2000. Subsequent summits have been regularly informed of the state of development (annual progress reports<sup>2</sup>) and have given

guidance for future work. The political leadership of the Dialogue was ensured at the beginning by the two “sole interlocutors”, Viktor Khristenko, Vice Prime Minister of the Russian Federation, and François Lamoureux, Director General for Energy and Transport of the European Commission, and subsequently by the EU Commissioner for Energy, Andris Piebalgs, and the Russian Minister for Energy, Sergey Shmatko. Today, the coordinators of the Dialogue are on the Russian side Sergey Shmatko, Minister for Energy of the Russian Federation, and Günther H. Oettinger, European Commissioner for Energy.

On the EU side, Member States have been closely involved in the work of the Dialogue as well as on the Russian side other Ministries, departments of the Ministry of Energy and research institutes. Member States’ representatives are EU Co-Chairs in the Thematic Working Groups, supported by the Commission services, and participate in the work of the Groups and Sub-Groups.<sup>3</sup>

International financial institutes and industry have been further important actors in the Dialogue. From the start of the Energy Dialogue, representatives from industry were invited to take part in bilateral thematic groups on the themes of strategies, technology transfer, investments, environmental questions and energy efficiency. These groups, comprising Russian and European experts from the corporate sector and from national administrations, were charged with examining common areas of interest and defining priority sectors for cooperation. Their work has led to conclusions and recommendations, included in the progress reports.

Political steering was given to the Dialogue by the Permanent Partnership Councils dedicated to energy. The first Permanent Partnership Council on energy took place on 3 October 2005 in London. The fifth meeting takes place in Brussels on 22 November 2010.

The 10<sup>th</sup> anniversary of the EU-Russia Dialogue provides the occasion to analyse the achievements of the Dialogue, to draw lessons from the past cooperation and to propose on that basis the further objectives and actions of the Dialogue. The Dialogue should continue to be a tool of reference and provide a sound and structured basis for joint action and to facilitate mutual understanding on key issues of common concern.

### Energy Strategies, Forecasts and Scenarios

From the start of the Dialogue, both sides agreed on the importance of ensuring long-term security and safety of energy demand and supplies. Progress on this issue requires discussion of long-term developments of their markets and to exchange information on their internal strategies and forecasts. To this effect, a specific Thematic Group on Energy Strategies, Forecasts and Scenarios was established in 2007. The Group had its first meeting in September 2007. Since then, extensive exchange has taken place in particular on the following subjects:

- The Russian Energy Strategy until 2030: The primary objective of the Energy Strategy until 2030 is to create an innovative and efficient energy sector in Russia that would correspond both to the growing economy’s demand for energy resources and to the foreign economic interests of Russia. The Strategy notes that energy exports will continue to remain one of the most significant factors contributing to the economic development of Russia, and that crude oil output should reach 530–535 million tonnes, and natural gas production 885–940 bcm. The discussion on the Strategy made it possible to have a better view on Russia’s plans in particular in view of its future exports to the European Union.
- Different EU energy strategy papers and scenarios, such as the Action Plan for Energy from 2007, reports and statistics from Eurostat, the International Energy Agency and industry associations. This is important to evaluate possible developments of the future energy demand in the European Union.
- The Energy economy Sub-Group exchanged information on methods, instruments and models used to develop forecasts and scenarios and agreed to continue this close exchange in the future.
- In 2010 the Group discussed, on the basis of a Russian proposal, the project of a web-based platform for different scenarios/forecasts/strategies with the aim to easily compare different models and forecasts and to create an expert data pool.

The Group analysed and discussed the consequences of the financial and economic crisis and took note of an expert report finalised in summer 2010 on this subject. The report noted the decreasing energy consumption in

Russia and the EU, decreasing prices for gas and a significant volatility of export volumes as immediate consequences of the crisis.

### Energy Market Developments

The EU-Russia Energy Dialogue made an **important contribution to the better understanding of the functioning** of the respective markets.

It has been possible to resolve difficulties faced by Russian companies in the internal energy market by establishing clear and predictable rules for companies operating in the single market. The Dialogue has created a path for European companies seeking to enter Russian markets. During this period, EU companies have made significant investments. The Dialogue has made it possible to resolve certain problems which European companies have encountered. Likewise, Russian investments in the EU have been forthcoming, essentially through stakes which big Russian companies have bought.

The third joint Progress Report presented to the November 2002 EU-Russia Summit underlined the importance of underpinning the attractiveness of legal frameworks such as concessions and joint ventures for investments to ensure appropriate access to the energy transport networks. Both sides underlined the need to ensure a stable framework to guarantee non-discriminatory access to the transportation networks. Both sides also highlighted that energy prices should reflect the commercial imperative for investing companies so that at least the capital and operating costs can be recovered.

Certain regulatory and other developments in the respective markets led to criticism by the other party. The Dialogue has proven to also be a forum for intense discussions on the investment situation in the Russian Federation or on the internal market rules in the emerging single energy market in the EU. In many cases, it was possible to clarify misunderstandings and to find solutions. On other issues, both sides noted their different positions. Both sides recognised the importance and usefulness of exchanging views also on complicated matters, and recognised the similarities and differences in their respective markets.

A particularly important subject was **long term gas contracts** which included territorial restriction clauses running counter to EU rules governing free movement and compe-

<sup>2</sup> Reports are available on the website [http://ec.europa.eu/energy/international/russia/dialogue/dialogue\\_en.htm](http://ec.europa.eu/energy/international/russia/dialogue/dialogue_en.htm)

<sup>3</sup> In 2005/2006, both sides established four Thematic Working groups on Investments, Infrastructure, Energy Efficiency and Trade. Subsequently, it was agreed to reduce this number to three groups on Strategies, Forecasts and Scenarios, on Market Developments, and on Energy Efficiency.

tion. Thanks to the Dialogue, these questions have been discussed and solutions have emerged. Both sides have rightly upheld the importance of long term contracts for consumers and suppliers. They support security of supply by improving investment planning for production or infrastructure projects necessary for EU supplies. While they are an essential element for energy security of supply, the contracts must evolve with the gradual creation of an internal energy market in the EU. Long-term contracts have to respect the internal market rules and competition rules in the EU market. On the subject of destination clauses, several agreements between EU and Russian companies were reached from October 2003 onwards.

Both sides intensively discussed the market situation and new regulatory requirements in their respective markets. The Russian side raised its concerns with regard to the unbundling requirements, which may result in decreasing investments, and the third country clause in the **Third Internal Market Package** of the European Union. The Package, consisting of two Directives and three Regulations, will be applicable from 3 March 2011 in the EU and is a further important step towards the creation of a single energy market in the EU. Within the Dialogue, the EU informed the Russian partners in detail on the content of these changes to the internal market. It will be one important task of the Dialogue to continue discussions on this topic.

The **investment situation** in the Russian Federation was another important topic of discussion within the Dialogue. The EU side underlined the need to proceed with market reforms, the application of market-based pricing and to simplify administrative and licensing procedures. Both sides discussed the impact on foreign investment of the decisions of the Russian authorities on Production Sharing Agreements in the energy sector in spring 2003, and the impact of the Strategic Sectors Law from 2008, in connection with the Subsoil law which according to the EU may result in decreasing investments. Both sides share the intention of maintaining a continued development of new gas and oil fields to sustain stable delivery of gas to Europe as well as investment.

### Energy Supplies and Energy Trade

The EU-Russia Energy Dialogue continuously analysed the trade situation on energy goods between the EU and the Russian Federation. In 2006, a joint report of the Thematic Group on Trade highlighted the following priorities in that context:

- the need for an optimal use of existing export capacities;
- the analysis of a potential use of swap operations;
- the need to refrain from applying quantitative restrictions in Trade.

Both sides supported the development of a direct dialogue between suppliers of raw materials and end-users.

EU-Russia energy relations cover a wide range of products and energy goods, and the development of the relations greatly differed depending on the different energy sectors.

The Dialogue organised several roundtables on coal, electricity, gas and nuclear issues to take into account of the specificity of each sector.

In the **gas sector**, discussions have focused on security of supply and security of demand aspects, as well as market developments.

During the crisis regarding natural gas transit in January 2009 the European Commission, the Russian Federation and Ukraine agreed on Technical Terms for Monitoring the Supply of Natural Gas through Ukraine. The implementation of the monitoring mechanism significantly helped to resume supply in early 2009.

In November 2009, the Coordinators of the Dialogue signed an **Early Warning Mechanism**. Both sides strongly welcome the Mechanism which aims at ensuring rapid communication and preventing further supply interruptions in the field of gas, oil or electricity. Both sides highly appreciate the functioning of the Mechanism since then.

Russia is one of the main suppliers of **crude oil and oil products** to the European Union. Oil transportation is effected by trunk pipelines, maritime and railway transport. Maritime transport through the Baltic Sea increased significantly following the opening of the Primorsk port facilities in 2001. During the first years of the Dialogue, inten-

sive discussions were held therefore on maritime safety aspects, such as the use of double hull tankers. Both sides agree to further optimise the use of existing oil pipelines.

**Coal** is an important energy source in the Russian Federation and the European Union, and the trade exchange of coal has been increasing over the past ten years, also because there were neither peculiar obstacles or barriers to trade nor significant supply interruptions.

A main objective of the discussions in the Dialogue has been to improve the efficiency and environmental performance and to encourage the use of modern, efficient and cleaner coal combustion technologies. To this effect, a number of specific projects were undertaken:

- “Cost Effective Clean Coal Improvements to Russian Utility Plants”: Facilitate technology transfer to improve the efficiency and environmental performance of conventional coal-fired power plants in Russia.
- “Promotion of Renovation Activities in the Russian Energy Sector”: A study resulting in a market assessment of the perspectives for rebuilding/rehabilitating coal-fired power plants in Russia to increase efficiencies and thereby reduce greenhouse gas emissions.
- “Circulating Fluidised Bed for the Clean and Very Efficient Retrofit of an Existing Coal-Fired Power Plant”: This project was studying the rehabilitation of the “Novocherkasskaya GRES” coal-fired power plant.

Several seminars and round tables on clean coal technologies took place in April 2003 and February 2004 in the Russian Federation.

The **electricity systems** of the European Union and the Russian Federation follow different rules and are based on different systems. Russia exports electricity to Finland through interconnection lines. The electricity systems of the Baltic States operate in parallel with the Russian UPS system which allows for import and export of electricity between the Baltic States and the Russian Federation. Russia has however no links with the synchronous area of mainland Europe. As a consequence, electricity trade between the EU and Russia is still limited.

The lack of interconnections has been the subject of a large study, the **feasibility study on the synchronous interconnection of the power systems of the CIS and Baltic States (IPS/UPS) to the Central European UCTE**. The result of this study from 2008 have been discussed in the framework of the Dialogue: The study showed that synchronous interconnection is feasible on the condition of carrying out a series of technical, maintenance and organisational measures, including the creation of a necessary legal framework. Since this may require a long period, asynchronous interconnections may be considered in the meantime. This would however require further studies. The newly created Ad-hoc Group on Electricity will be the framework for the discussion on these matters.

In the past ten years, the electricity markets have undergone significant reforms both in the EU and the Russian Federation. In the EU, the second and third internal market packages have been adopted and implemented respectively. The main elements are separation and regulation of networks (unbundling), mandatory third party access and the establishment of independent regulators.

In the Russian Federation, electricity sector reform foresees a gradual liberalisation and demonopolisation of the power sector. The reform included the restructuring of the national monopoly RAO UES into several energy companies, the creation of a transmission grid company and the liberalisation of prices in parts of the Russian Federation.

As to **nuclear issues**, the Russian Federation is a key supplier to the EU nuclear industry. Since 1992, Russia has been largest uranium supplier to the EU Member States. It supplies fuel assemblies to Soviet-designed VVER reactors in the New Member States, and to the RBMK reactor in Lithuania until its closure.

Cooperation focused on safety and security of the nuclear energy sector. Through the Tacis programme, the EU supported a large number of activities and technical assistance to nuclear safety projects in the Russian Federation.

The Dialogue prepared the way for the negotiations on an EU-Russia Euratom agreement on the peaceful use of nuclear energy. In December 2009, the Commission received from the Council a mandate to negotiate an ambitious EURATOM agreement with the Russian Federation. First preparatory talks between both sides took place in 2010.



The parties consider it necessary to evaluate further the possible barriers to energy trade between the EU and Russia, whether existing or likely to appear in the future, and whether they are of political, legal, economic, financial or technical nature, and to promote their removal.

### Energy Infrastructure

Finally, the Dialogue has put in place the conditions for long term energy supplies in Europe by supporting the building and modernisation of energy transport infrastructure and establishing safety rules.

The EU-Russia Summit of October 2001 had defined the following projects of "common interest" to be studied by both parties:

- interconnection of the electricity networks;
- the Northern Trans-European gas pipeline;
- the Yamal-Europe gas pipeline network through Belarus and Poland;
- the development of the Shtokman field;
- the connection of the Druzhba oil transmission system through Belarus and Ukraine with the Adria network.

In 2007/2008, both sides decided to create a specific working group on infrastructure issues with the aim of discussing issues related to infrastructure policy in Russia and in the EU, in particular infrastructure projects – for instance pipelines, high voltage lines, underground gas storages, liquefied natural gas terminals, liquefaction plants – of common EU-Russia interest. Furthermore, planning processes, authorization procedures, promotion of projects, financial and administrative tools, regulations on safety and maintenance may also be included in the Dialogue. The Group discussed the European Energy Programme for Recovery (EPR), the TEN-E programme, the Ten Year Network Development Plans and the main activities of ENTSO-E and ENTSO-G, the new Regulation on Security of Gas Supply, the European Commission's planned Energy Infrastructure Package, an update on the construction of the Baltic Nuclear Power Plant in Kaliningrad, the specificities of the electricity network in the region and the state of play of oil pipelines (Burgas-Alexandroupolis, Samsun-Ceyhan, Caspian Pipeline Consortium, Baltic Pipeline System 2, Druzhba) and gas pipelines (Nord Stream, South Stream).

Both sides welcomed progress notably in the Nord Stream project as a priority project under the TEN-E programme. It was agreed that joint projects should increase security of supply and security of demand for both sides.

### Promotion of Sustainable Energy/Energy Efficiency

Energy efficiency was identified from the start of the Dialogue as a key area of common interest and of cooperation. In 2006, both sides agreed on a joint EU-Russia Energy Efficiency Initiative. These initiatives included projects on:

- approximation of legislation and regulations in the field of energy efficiency, heat supply and renewable energies;
- cooperation at regional level, strengthening partnership programs between local and regional energy efficiency centres in the EU and Russia;
- cooperation of the use of Kyoto Protocol mechanisms for the improvement of energy efficiency;
- providing support to the development of renewable energy and energy efficiency projects.

The Dialogue initiated and supported, a large number of concrete projects and activities including:

- Energy Bridges – Bridging the gap between different energy management experiences in Kaliningrad, Lithuania and Italy;
- Round tables and a study on the efficient use of associated petrol gas and technology cooperation;
- Tacis projects on "Energy Efficiency at regional level in Arkhangelsk, Astrakhan, and Kaliningrad regions" and on "Renewable Energy Policy and Rehabilitation of Small Scale Hydro Power plants";
- Support the Kyoto Protocol implementation;
- Sustainable energy management on municipal level;
- "EastWind"- Establishing wind energy use in the Russian Federation;
- Renewable energy policy and the rehabilitation of small scale hydropower plants;
- EU-Russia Cooperation on Energy Efficiency Indicators.

Exchanges between EU and Russian experts and authorities through specific seminars and regular meetings have contributed in concrete terms to sharing legislative experience and know how between the EU and Russia, particularly on development of policy and legislation, assessment of the potential for energy efficiency improvements and the reduction of renewable energy greenhouse gas emission. This was particularly important in view of the **Russian energy efficiency law adopted in 2009**. EU best practices further helped setting up an administrative system for implementation of policy and legislation at federal and regional level in the Russian Federation.

The creation of the **EU-Russia Energy Technology Centre** in Moscow in 2002 was a very practical and concrete example of cooperation. The Centre was designed to promote cooperation in advanced energy technologies, to encourage industrial partnerships and to facilitate investments in priority projects. The Centre was very active in bringing together Russian and EU energy industry representatives and thus facilitated cross-border investments.

It fulfilled an important role of technical assistance and support by organising round tables and seminars on important issues of mutual interest as well as by facilitating the development of bankable energy projects. In the field of energy efficiency, it supported the development of pilot projects in Astrakhan, Arkhangelsk and Kaliningrad. Special mention should be made of the organisation of meetings on the harmonisation of technical norms and standards in the electricity sector, on the legal framework of the refining industry and for the use of renewable energies, on advanced technologies for the safety of coal mining and on the possible participation of EU businesses in the Russian domestic gas market. Furthermore, the Centre made in-depth analyses of associated gas utilisation, safety of coal mines, heavy oil processing and the utilisation of mini hydropower plants. The Centre played a very useful role as communication platform between EU and Russian industry, as it helped to establish industrial partnerships and assured the participation of EU experts in different modernisation projects (for example in the Russian electricity sector). The financing of the Centre ended in 2006.

Both sides agree that they will consider the creation of a new Centre, supported by Russian and EU industry, as a platform for exchange and "one-stop shop", notably with regard to energy efficiency and new technologies in different sectors.

### Conclusions: Opportunities for our future Partnership

Both sides highly appreciate the results that have been obtained in the past 10 years of the existence of the Energy Dialogue. They note the important and fruitful work of the three Thematic Groups on Energy Strategies, Forecasts and Scenarios, on Energy Market Developments and on Energy Efficiency. They also welcome the work of the Sub-Groups on Energy Economics, on Infrastructure and on Investment, as well as of the recently established ad-hoc group on electricity. These groups, together with different groups existing before 2007, have made a real contribution to the further development of energy cooperation between the European Union and Russia in the past 10 years.

The sides agree to continue their work within this framework while keeping the necessary flexibility to adapt and to have meetings on specific subjects if necessary.

The European side notes the lack of financing of activities within the Dialogue and calls for improved access to financial resources in view of the importance of the EU-Russia Energy Dialogue for overall EU-Russia relations.

Russia and the European Union will face a number of challenges regarding the future development of their energy relations, such as:

- the increasing globalisation of energy markets;
- the development of energy prices;
- the continued reform of their internal energy markets;
- the importance of reducing greenhouse gas emissions and finding sustainable ways to produce energy.

In view of these challenges, both sides underline their commitment to see their mutual energy relations as a priority and to further intensify the EU-Russia Energy Dialogue. They agree that the Dialogue should contribute to develop reliable, transparent and stable energy relations based on the principles of an open market.

In particular, both sides agree:

- to consider the set-up of an EU-Russia Energy Dialogue Advisory Body to advise the coordinators of the Dialogue;
- to enlarge and to widen the EU-Russia Energy Dialogue to include representatives from the academic and research communities;
- to consider the restructuring of industry participation through the creation of an "Industry Energy Roundtable". Such a forum would provide a platform for exchange and contact between the EU and Russian industry and prepare industry input to the Dialogue with a view making concrete proposals including in the context of the Russia-EU Modernisation Partnership and prepare joint projects in the different areas;
- to consider the creation of an EU-Russia Centre for energy innovation and energy efficiency with the support of industry. This Centre should also work as one-stop shop to facilitate activities of EU and Russian investors;
- to increase the information exchange between both sides through possible internet platforms;
- to establish close contacts with other EU-Russia Dialogues, in particular the EU-Russia Research Dialogue.

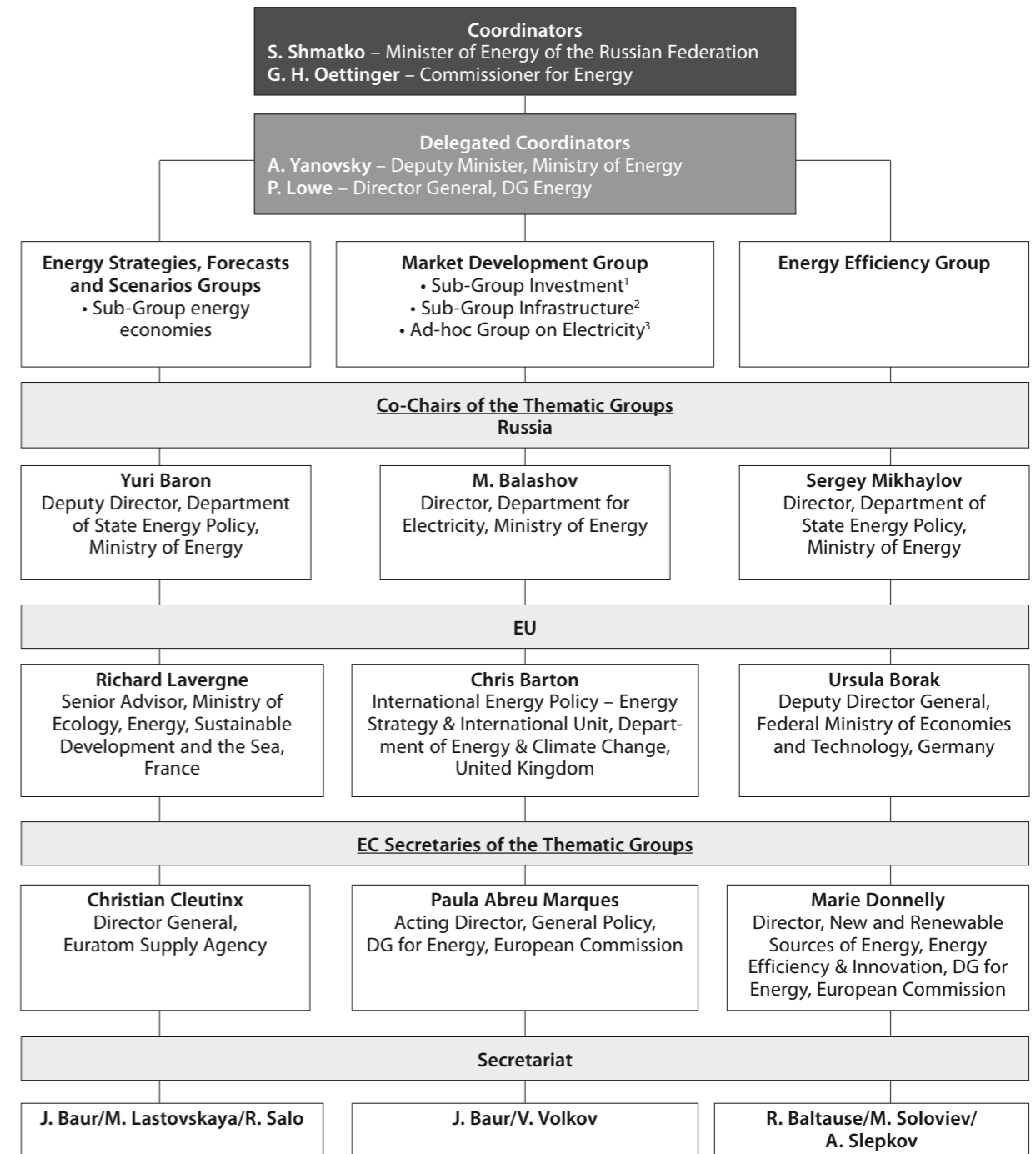
Moreover, both sides agree on the following list of priorities. Both sides agree that this list should be continuously updated in the Thematic Working Groups and that new upcoming important issues should be included in a flexible way.

- To start work on a long-term roadmap with the aim of discussing the role of Russian energy resources for the EU energy mix and security of supply over the next decades until 2050;
- To discuss the role of energy transportation infrastructure in that context;
- To collaborate further on supply issues and ensure the good application of the Early Warning Mechanism;
- To regularly establish a list of “outstanding energy matters” with a view to seeking pragmatic and timely solutions;
- To support the introduction of market-based mechanisms and to discuss the further gradual integration of the EU and Russian energy markets;
- In the field of energy efficiency, to share best experience with regard to the implementation of legislation, to support energy efficiency measures such as better use of associated petrol gas, coal bed methane, clean-coal technologies carbon capture and storage, and the reduction of technical barriers and harmonisation of environmental standards, to facilitate investments in priority areas such as energy efficiency in generation, transmission and distribution of electricity, and to cooperate on training programmes;
- To work towards the reduction of investment barriers as well as the facilitation of cross-border investment with a focus on the practical implementation of the domestic legislation and/or any bilateral or multilateral agreement between both sides.

Both sides underline that the Dialogue should make an important contribution to the EU-Russia Partnership for Modernisation as agreed at the Rostov EU-Russia summit on 31 May–1 June 2010. Both sides welcome the agreed joint plan of actions as a contribution of the Dialogue to the Modernisation Partnership. Both sides agree that the plan will support energy efficiency in the Russian and EU economies.

Günther H. Oettinger  
Sergey Shmatko

## Structure of the EU-Russia Energy Dialogue 2010



<sup>1</sup> Industry-led

<sup>2</sup> EU Co-Chair: J. Vinois, Head of Unit Security of Supply, DG Energy/Co-Chair of Russian Federation: M. Barkov, Vice-President Transneft

<sup>3</sup> EU Co-Chair: D. Ristori, Deputy Director General, DG Energy/Co-Chair of Russian Federation: V. Nikonov, Director of Electricity Development Department, Minenergo

## List of joint energy projects

1. Russia gas market liberalisation
2. Rationalisation of the Federal wholesale electricity and power market – Forum – Russian Federation – Moscow
3. Land registration in the gas, oil and transport sectors: Roszemcadastr
4. Russia: Analysis of the legal status of reform process in the electricity sector
5. Harmonisation Of Energy Policies Of Russia And The EU (Energy Dialogue)
6. Study of the efficiency of heat supply for the purposes of market infrastructure development – Key institutions, Russian federation, KI 02–26
7. Keeping warmth. Realisation of European energy efficiency program goals in Murmansk region
8. PHOENIX – Introduction of international ESCO concept for energy saving and waste utilisation for energy production
9. Energy Bridges – Bridging the gap between different energy management experiences in Kaliningrad, Lithuania and Italy
10. Energy sector study – Russia
11. Institutional support to Kyoto protocol implementation (Energy Dialogue)
12. ESAPP – Energy saving at public premises
13. Energy Efficiency at Regional Level. Arkhangelsk, Astrakhan and Kaliningrad Regions.
14. BSR Interreg IIIB neighbourhood Programme – Baltic Energy Efficiency Network for the Building Stock
15. South-East Finland-Russian Neighbourhood Programme – Implementation of District Heating Norms in Russia
16. Euregio Karelia Neighbourhood Programme – Karelian Villages – Intelligent Energy Services
17. Baltic Environment and Energy
18. Euregio Karelia Neighbourhood Programme – Karelian Peat Harvesting and Export
19. BSR Interreg IIIB neighbourhood Programme – Baltic Energy Efficiency Network for the Building Stock
20. Perspectives of Offshore Wind Energy development in marine areas of Lithuania, Poland and Russia (POWER)
21. BSR IIIB Sustainable energy management on municipal level
22. BIO-INTEGRATION – Development of Innovation and Production Network between Finnish and Russian SME in Bioenergy Sector
23. BSR IIIB Sustainable energy management on municipal level
24. Renewable energy policy and the rehabilitation of small scale hydropower plants
25. SR IIIB EastWind – Establishing wind energy use in the RF
26. Promoting investments into energy savings projects in Russia's regions.
27. Addressing the impact of the financial crisis on EU-Russia energy cooperation
28. Support to the creation of an energy efficiency management system in Russia
29. EU-Russia Cooperation on Energy Efficiency indicators in Russia
30. SPIN-Energy efficiency in urban development planning
31. Support to the development of new generation models to estimate and forecast GHG emissions and efficiency of Russian climate change mitigation measures and policy

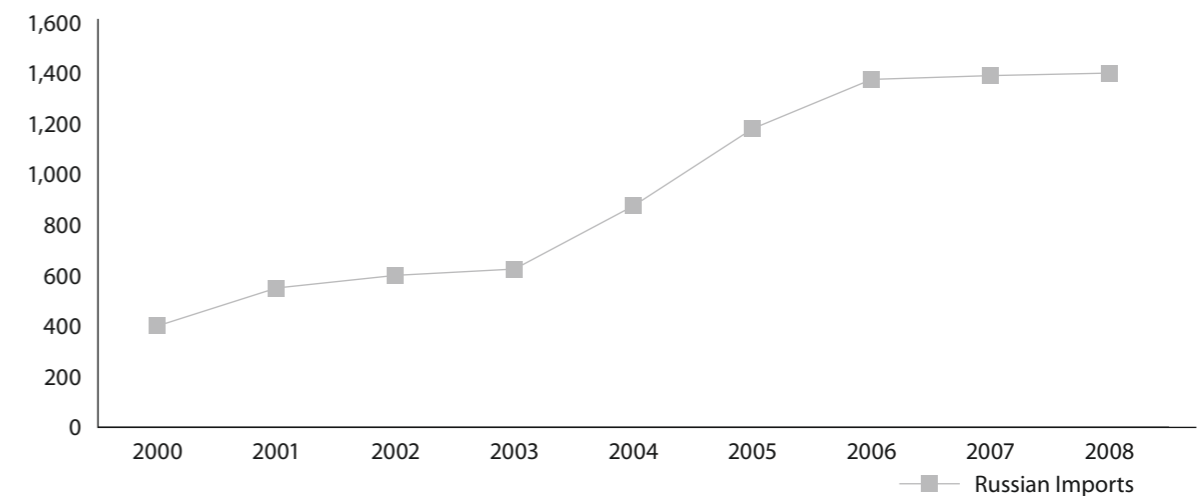
## Reports of the EU-Russia Energy Dialogue

- First joint synthesis report, October 2001
- Second progress report, 29 May 2002, Moscow
- Third progress report, 11 November 2002, Brussels
- Fourth progress report, 6 November 2003, Rome
- Fifth progress report, 25 November 2004, The Hague
- Sixth progress report, 4 October 2005, London
- Interim progress report, 25 May 2006, Sochi
- Seventh progress report, 24 November 2006, Helsinki
- Eighth progress report, October 2007
- Ninth progress report, October 2008
- Tenth progress report, November 2009

Reports are available on the website [http://ec.europa.eu/energy/international/russia/dialogue/dialogue\\_en.htm](http://ec.europa.eu/energy/international/russia/dialogue/dialogue_en.htm)

## Statistics

Hard Coal: EU-27 imports from Russia between 2000–2008





## List of Meetings 2009/2010

- 17 February 2009: First Meeting of the Sub-Group on Energy Economics, Moscow;  
 18 March 2009: Joint Meeting of the Thematic Group on Energy Market Developments and the Thematic Group on Energy Strategies, Forecasts and Scenarios on the evaluation and development of the "Early Warning Mechanism";  
 19 March 2009: Joint Meeting of the Thematic Group on Energy Market Developments and the Investments Sub-Group on main obstacles for investments in Russian projects of oil and gas production, Moscow;  
 20 March 2009: Working Meeting of the EU-Russia Coordinators at ministerial level, Moscow;  
 16 April 2009: Co-Chairs Meeting of Joint Thematic Group on Energy Efficiency, Brussels;  
 30 April 2009: Fourth Meeting of the EU-Russia Permanent Partnership Council on Energy, Moscow;  
 29 May 2009: Second Meeting of the Sub-Group on Energy Economics, Brussels;  
 21 July 2009: Third Meeting of the Sub-Group on Energy Economics, Moscow;  
 23 July 2009: Regular Meeting of the Joint Thematic Group on Energy Efficiency, Brussels;  
 16 October, 2009: Third Meeting of the Investments Sub-Group, Moscow;  
 27 October 2009: Fifth Meeting of the Thematic Group on Energy Market Developments;  
 10 November 2009: Conference "Realising Russia's Energy Saving Potential, Enhancing the Energy Efficiency of the Russian Economy", Moscow, at the margins of the International Forum for Innovative Technologies, concepts and projects EMBIZ 2009, Moscow;  
 16 November 2009: Meeting of the Coordinators of the Energy Dialogue on the ministerial level, Moscow;  
 15 December 2009: Regular Meeting of the Joint Thematic Group on Energy Efficiency, Moscow;  
 15 December 2009: Seminar "EU-Russia cooperation on establishing a common EU-Russia testing, certification, monitoring, training and consultation centre for renewable energy and energy efficient equipment", Moscow;  
 27 January 2010: First Meeting of the Sub-Group on Infrastructures;  
 3 February 2010: Fourth Meeting of the Thematic Group on Energy Strategies, Forecasts and Scenarios, Moscow;  
 8 April 2010: Meeting of the Coordinators of the Energy Dialogue, Moscow;  
 22 April 2010: Fourth Meeting of the Energy Economics Group, Paris;  
 4 June 2010: Fourth Meeting of the Investment Sub-Group, Brussels;  
 17 June 2010: Sixth Meeting of the Thematic Group on Market Developments, Moscow;  
 13 July 2010: Meeting of the Delegated Coordinators of the EU-Russia Energy Dialogue;  
 30 July 2010: Meeting of the Joint Thematic Group on Energy Efficiency, Brussels;  
 2-3 September 2010: Workshop "Energy Efficiency in Buildings" – organised by Joint Research Centre of the European Commission and the Russian Energy Agency, Moscow;  
 16 September 2010: Fifth Meeting of the Investment Sub-Group, Moscow;  
 17 September 2010: Second Meeting of the Sub-Group on Infrastructures;  
 20 September 2010: Round Table "Energy Efficiency Indicators in Russia" – jointly organised by the International Energy Agency, European Commission, Russian Ministry of Energy and the Russian Energy Agency, Moscow;  
 21 September 2010: Fifth Meeting of the Thematic Group on Strategies, Forecasts and Scenarios with participation of the Thematic Group on Energy Efficiency;  
 5 October 2010: Workshop on bilateral cooperation of Russia and the EU and IFIs in the area of energy efficiency and renewable energy. Formats and agreements of cooperation, ongoing and planned projects at federal and regional level;  
 20 October 2010: Meeting of the ad-hoc Group on Electricity, Moscow;  
 3 November 2010: Co-Chair's Meeting – video conference of the Thematic Group on Energy Efficiency;  
 22 November 2010: High-level conference on the occasion of the 10<sup>th</sup> anniversary of the EU-Russia Energy Dialogue, Brussels;  
 22 November 2010: Russia-EU Permanent Partnership Council on Energy, Brussels;  
 23 November 2010: Meeting of the Thematic Group on Market Developments, Brussels.



Minister Viktor Khristenko and Director General François Lamoureux, first "sole interlocutors" of the EU-Russia Energy Dialogue



Minister Sergey Shmatko and Commissioner Andris Piebalgs signing the Early Warning Mechanism, November 2009



Minister Sergey Shmatko and Commissioner Günther H. Oettinger, 10<sup>th</sup> anniversary of the EU-Russia Energy Dialogue, November 2010



## Activity Report of the Thematic Group on Energy Strategies, Forecasts and Scenarios 2010

The activities of the Thematic Group on Energy Strategies, Forecasts and Scenarios (hereinafter, the Strategies Thematic Group) involves sharing views and preparing proposals for developing energy strategies, policies and forecasts of Russia and the EU, and promoting the development of a system of information exchange and monitoring that ensures a higher degree of transparency and mutual trust on energy issues. The Thematic Group includes a Sub-Group on energy economics.

Two meetings of the Strategies Thematic Group were held on 3 February and September (jointly with TG 3) this year in Moscow, and one meeting of the Sub-Group on energy economics on 14<sup>th</sup> April of this year in Paris. These meetings discussed:

- The priorities and targets for the long-term development of the Russian energy sector, as set out in the approved Energy Strategy of Russia to 2030;
- The new energy scenarios of the European Commission, the International Energy Agency (IEA), Eurogas, ExxonMobil and Shell, and the development plans for the European gas transportation system;
- An assessment of the impact of the financial and economic crisis on Russia-EU cooperation in energy;
- In cooperation with the Thematic Group on Energy Efficiency, the results of the Round Table on Energy Efficiency Indicators in Russia held in September of this year in Moscow and the existing IEA projects on this subject;
- Issues for cooperation between the Thematic Group on Strategies and the Energy Efficiency Thematic Group;
- Other areas of cooperation within the competency of the Strategies Thematic Group.

In the discussions on the outcome of the Round Table on Energy Efficiency Indicators, the parties noted that the main potential for increasing energy efficiency is in the industrial, transportation and residential sectors, which together account for over 50% of total energy consumption in Russia. They also underlined the recommendations from the Round Table to Russia regarding the creation of a high-profile group on energy efficiency in order to ensure the best possible coordination between the approaches of the relevant governmental agencies.

When discussing future cooperation between the Thematic Group on Strategies and the Thematic Group on Energy Efficiency, the parties emphasized the need to avoid a duplication of activities and approved the following subjects, reflecting:

- the strategic areas for increasing energy efficiency for the period to 2050;
- the impact of measures taken to increase energy efficiency on scenarios and forecasts;
- statistics, their definition, data collection methods, design of energy efficiency indicators and their analysis within public policies (both parties recalled their decision to organise a seminar on this subject facilitated by BTSOI in early 2011).

It was noted, however, that such cooperation should be done on a case-by-case basis.

Work has also begun on implementing the joint initiative of the Deputy Prime Minister of the Government of the Russian Federation, Mr I. Sechin, and the European Commissioner for Energy, G. Oettinger, that was launched during the European Commissioner's visit to Moscow in April this year to design a Road Map for Russia-EU Cooperation on Energy to 2050. The work is being carried out with a view to providing input for Russia's Energy Strategy to 2030 and the European Road Map until 2050. A first meeting on this subject should take place in early 2011. The parties agreed that the Strategies Thematic Group should continue its work on preparing the Road Map based on the underlying principles of sustainability, reliability and adaptability in the framework of competitive energy markets. In addition, both parties emphasized the need to discuss new strategic documents that are prepared by EU and Russian government bodies.

Both sides will continue to discuss innovative strategies and cooperation on the utilization of alternative sources of energy in order to study the opportunities and ways of improving cooperation in this area.

The parties agreed to request representatives of Russian and EU industry to make proposals on innovation and

alternative sources of energy, in particular for increasing energy efficiency and preventing climate change. Such activities will also contribute to the Russian-EU Partnership for Modernisation initiative. The Strategies Thematic Group agreed that a first meeting on this issue should be included in the work programme for early 2011.

In 2010 the Sub-Group on energy economics focused its work on analyzing the substantial information related to energy scenarios, forecasts and modelling, primarily in the EU and Russia, but also global energy scenarios.

Given the increasing efforts to conserve energy, to reduce CO<sub>2</sub> emissions, to use new technologies and energy resources, as well as the wide range of possible government policies and their effectiveness, the variety of existing and developing scenarios and forecasts is becoming increasingly broad, diverse and even contradictory.

In order to achieve the objective of working towards the harmonization of EU and Russian energy strategies and policies, the Strategies Thematic Group needs to undertake a more profound analysis of all of the assumptions underpinning the various scenarios and models.

Experts of the subgroup on energy economics prepared three voluminous reports during 2010 detailing the results of the successive stages of work and presented the outcomes to meetings of the Thematic Group. Special technical meetings were held between EU, Russian and independent experts to discuss specific issues related to the elaboration of energy scenarios on 13<sup>th</sup> and 14<sup>th</sup> April in Paris.

This has provided both sides with more detailed information about the development of energy scenarios that should help to enhance cooperation and begin the process of aligning their positions. It should be noted, however, that this process needs to be further developed since the significant current levels of uncertainty and difference of views about future developments affects investment decisions. Further analysis and alignment of positions would also be an important contribution to implementing the early warning mechanism that has been approved by the parties.

As agreed between the parties, an internet resource has been launched with the objective of sharing ideas of scenarios on future energy developments.

The parties agreed on the importance of study trips and seminars to enhance the cooperation between the experts of the two parties.

Both sides agreed to organise in cooperation with the Thematic Group on Market Developments, and with the involvement of business, a meeting on the alternative use of natural gas.

Yuri Baron  
Richard Lavergne

On behalf of the European Commission  
Christian Cleutinix

## Report of the Thematic Group on Market Developments 2009–2010

- 1) The Thematic Group on Market Developments was created in September 2007 with the aim of promoting trust and transparency in EU-Russia relations, to promote increased security and predictability of energy markets, to evaluate the possible barriers to energy trade between the EU and the Russian Federation, to discuss investment issues and to contribute to the development of efficient energy markets.
- 2) In this reporting period, the Group held meetings in October 2009 in Brussels, in June 2010 in Moscow and in November 2010 in Brussels. The meetings were attended by representatives of the Russian government, the European Commission, EU Member States administrations and the Russian and EU industry. In the first half of 2010, the EU Co-Chair was taken over by Chris Barton from the UK Department of Energy & Climate Change. The Russian Co-Chair was M. Balashov, Ministry of Energy of the Russian Federation. All meetings took place in a very constructive atmosphere and contributed to mutual confidence and increased transparency in key aspects of Russia-EU energy relations.
- 3) The EU side informed the Russian side regularly on legal developments in the EU, including the implication of the entry into force of the Lisbon Treaty on the energy policy and the external energy policy of the EU. The EU presented the European Energy Programme for Recover (EEPR), which forms part of the European Economic Recovery Plan, aimed at containing the impact of the financial and economic crisis. The Programme is used to speed up gas and electricity infrastructure projects and to promote innovative areas such as Offshore Wind energy projects as well as CCS (Carbon Capture and Storage) projects.
- 4) The Group intensively discussed developments in the EU internal energy market, notably the Third Energy Package. Several presentations by the European Commission on the content and the state of play of the implementation of the package, notably with regard to the unbundling requirements and the third country clause, made it possible to clarify a number of misunderstandings. The Package, consisting of two Directives and three Regulations, will be applicable from 3 March 2011 in the EU. The Commission invited the Russian side to participate in the relevant consultation processes which are taking place in the context of the application of the Third Package. The Russian side submitted a list of detailed questions on the Third Package which were answered by the European Commission in June 2010 by letter of Commissioner Oettinger to Minister Shmatko.
- 5) A further subject of discussions was the latest regulatory developments in the energy sector of the Russian Federation, notably with regard to the implication of the Strategic Sectors Law on the energy sector. The EU side submitted a list of questions on this matter to the Russian side. Both sides discussed the legal framework of foreign investors in Russia, and the EU noted its strong interest in improving the situation for foreign investors in the Russian Federation. The Russian side made presentations on the taxation environment.
- 6) The Russian side informed the EU regularly on recent developments in the Russian electricity sector and underlined its intention to continue the gradual liberalisation. Both sides share the view that further market opening is an important objective. Further steps of price liberalisation in the market are foreseen on 1 January 2011.
- 7) With regard to security of supply, both sides welcomed the signing of the EU-Russia Early Warning Mechanism in November 2009 by the Coordinators of the Dialogue. The Early Warning Mechanism is a very important tool to ensure better information and coordination in case of an emergency situation or the threat of an emergency situation in the supply of energy between the Russian Federation and the EU. Both sides noted the efficient use of the Early Warning Mechanism when it was triggered by the Russian government in the June 2010 Belarus gas transit crisis. It was agreed that the Mechanism should continue to be actively used in case of an emergency situation and that close contacts should be kept between the Coordinators and at working level before and during such situations.

- 8) The Thematic Group agreed to continue working in its current setting and at the same time to organise whenever necessary sector-specific meetings e.g. for gas, oil, electricity or nuclear issues. The work of the Group was supported by two subgroups, one on infrastructure and one on investment. The Sub-Group on Infrastructure organised two meetings, one in January 2010 in Brussels and one in September 2010 in Moscow. The Sub-Group on Investment as forum of industry representatives also met twice, first in June 2010 in Brussels and in September 2010 in Moscow.
- 9) The Sub-Group on Energy Infrastructures was established in 2008 with the aim of discussing issues related to infrastructure policy in Russia and in the EU, in particular infrastructure projects – for instance pipelines, high voltage lines, underground gas storages, liquefied natural gas terminals, liquefaction plants – of common EU-Russia interest. Furthermore, planning processes, authorization procedures, promotion of projects, financial and administrative tools, regulations on safety and maintenance may also be included in the Dialogue. Co-Chairs (for the EU: Mr Vinois, DG Energy, European Commission, and for the Russian side: Mr Barkov, Vice-President Trans-neft) and members were appointed from both the EU and the Russian side in 2009. The Sub-Group approved the Terms of Reference and a List of Priority Projects to be discussed, as basis for the Sub-Group's work. It had discussions on the European Energy Programme for Recovery (EEPR), the TEN-E programme, the Ten Year Network Development Plans and main activities of ENTSO-E and ENTSO-G, the new Regulation on Security of Gas Supply, the European Commission's planned Energy Infrastructure Package, the update on the construction of the Kaliningrad Nuclear Power Plant and the specificities of the electricity network in the region and the state of play of oil pipelines (Burgas-Alexandroupolis, Samsun-Ceyhan, Caspian Pipeline Consortium, Baltic Pipeline System 2, Druzhba) and gas pipelines (Nord Stream, South Stream). With regard to infrastructure, the Russian side on different occasions presented the plans with regard to the construction of the Kaliningrad nuclear power plant, the first nuclear power plant project in Russia with partial private funding. The EU side stressed the importance of the compliance with international conventions and of the environmental impact assessment for this project.
- 10) The Sub-Group on Investment met on 4 June in Brussels and on 16 September in Moscow. Both meetings were co-chaired for the Russian side by Otabek Karimov, TNK-BP, and for the EU side by Igor Ignatiev, Deputy Country Chair of Shell in the Russian Federation. The Group discussed investment-related developments with relevance for the energy sector in the European Union and the Russian Federation, including the Third Package of the EU internal market, and developments in the field of taxation in the Russian Federation, for example the mineral extraction tax, excise tax, export duties for hydrocarbons and other taxes. The Russian side also made presentations on the Subsoil Law and the Strategic Sectors Law and its implication on foreign investment in the Russian Federation. Both sides underlined the importance of foreign investment and the need to improve the investment climate.
- 11) Both sides welcomed the creation of an Ad Hoc Group on Electricity within the framework of the Thematic Group for elaborating recommendations and proposals on coordination mechanisms for Russian and EU infrastructure organizations in the power sector.
 

The first meeting of the Ad Hoc Group was held on 20 October 2010 in Moscow. Current state and prospects of power markets in Russia and the EU were discussed at the meeting as well as current tasks to ensure the joint operation of the EU and Russian energy systems. The Russian side presented the project to construct a Baltic NPP in Kaliningrad.
- 12) Russian and EU industry representatives made the following proposals to improve EU-Russia energy relations:
  - Improve legal status of EU-Russia energy relations in the framework of the ongoing negotiations of the EU-Russia New Agreement;
  - Harmonisation of legislation between EU and Russian authorities, for example oil spill legislation in EU and RF, improving and clarifying principles of trans-border power trading;
  - Approval and authorisation procedures/stability of regulatory framework in the Russian Federation;
  - Stability of the tax regime in the Russian Federation; taxation of profits instead of taxation of extracted volumes or revenue; export duties in the Russian Federation;

- New technologies in the field of exploration/extraction;
- Development of greenfield incentives based on the specific proposals of the Petroleum Advisory Forum;
- Security of supply and security of demand of gas – long term production capacity of gas in Russia and long term demand in the EU – how to strengthen these through cooperation. Continue and enhance the regular exchange of data, information and forecasts to assist in enhancing the stable and reliable supply and demand of gas;
- Development of energy efficiency, including in the field of gas (gas flaring). Assessment of new technologies to enhance the operational security and reliability of trunk pipelines;
- Harmonisation of existing standards and regulations for gas pipeline systems;
- Further liberalisation in the Russian power market/capacity developments;
- Create opportunities for EU/Russian companies to get better access to energy consumers of the other party without the involvement of intermediary companies;

Moreover, the participants of the Investment Sub-Group made the following concrete proposals for the EU-Russia Energy Dialogue:

- Select specific joint industry projects as success stories for the EU-Russia Energy Dialogue;
- The Russian side highlighted its wish to be better informed on regulatory decisions and the development of the regulatory framework at EU and Member States level in different energy sectors. To this effect, it was proposed to create an information platform, for example in form of an internet portal, as access and information point both for Russian companies interested in the EU and for EU companies interested in Russia.

13) The Thematic Group reached a joint understanding on the priorities for the year 2011:

- To discuss new EU strategic documents, such as the new Energy Strategy 2020 and the new infrastructure package;
- To discuss the Russian oil and gas investment plan and the short-term plans for the further development of the Russian upstream sector;
- To continue the exchange of views and discussion on the implementation of the Third internal market package of the EU, including with regard to specific regions, and on other relevant legislation of the EU internal market;
- To cooperate on grid development plans and on studies on the options and conditions for power systems interconnection based on mutual benefit, taking into account current network configuration, rules and regulations on both sides;
- To examine the situation of foreign investment in the Russian energy sector on the basis of the questionnaire sent by the European Commission to the Russian government;
- To continue the exchange on taxation regimes;
- To establish a joint analysis of the functioning of the Early Warning Mechanism one year after its adoption;
- To start discussions on the harmonisation of technical standards and regulations of pipeline systems, possibly through the creation of an expert group;
- To organise a conference on gas-flaring in cooperation with the Thematic Group on Energy Efficiency.

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Ministry of Energy of the Russian Federation  
Russian Co-Chair

Chris Barton  
Department of Energy & Climate Change United Kingdom  
EU Co-Chair

Paula Abreu Marques  
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## Report of the Thematic Group on Energy Efficiency second half 2008 – second half 2010

### Introduction

Cooperation on energy efficiency, energy savings and renewable energy has been an important priority of the EU-Russia Energy Dialogue since 2000 when the EU-Russia Energy Partnership was launched. Following the Second Meeting of the EU-Russia Permanent Partnership Council (PPC) on Energy in Moscow on 8 December 2006, the EU and Russia have agreed to prolong the mandate of the Thematic Group on Energy Efficiency. It was also agreed that this Group can rely on the work undertaken and results achieved by the previous Joint Thematic Group on Energy Efficiency and Energy Savings.

The work of the Thematic Group is supported by joint seminars, workshops, consultations and EU-RF joint projects and it aims at:

- exchanging information on legislative and regulatory frameworks;
- sharing the experiences, knowledge and cooperation on projects in energy efficiency, energy savings, renewable energy sources, gas flaring reduction;
- implementing joint projects in the areas of energy efficiency, primary energy savings and promotion of renewable energy sources.

The report of the Thematic Group 2010 includes information on the work conducted and results achieved in the time period from second half 2008 – second half 2010.

In this reporting period, the Group held meetings in December 2008 and in December 2009 in Moscow, as well as in July 2009 and in July 2010 in Brussels. A joint meeting with the Thematic Group on Energy Strategies, Forecasts and Scenarios took place on 21 September 2010 in Moscow. The meetings were attended by experts from EU Member States and Russia, the European Industrialists Round Table, International Financial Institutions and the European Commission.

In the first half of 2010, Hartmut Schneider, a long standing EU Co-Chair of the Thematic Group (since 2001) retired and the EU Co-Chair was taken over by Ursula Borak, Deputy Director General for European and International Energy Policy, Oil and Gas, Energy Efficiency in the Federal Ministry of Economics and Technology of Germany.

The EC-Secretary was taken over by Ms Marie Donnelly, Director for Renewable New and renewable sources of energy, energy efficiency & innovation of the Directorate General for Energy of the European Commission.

The work of the Thematic Group is organised by the European Commission's Directorate-General of Energy and by the Ministry of Energy of the Russian Federation.

### Implementation of the EU-Russia Energy Efficiency Initiative and the Work Programmes of the Thematic Group

An important priority of the Joint Thematic Group on Energy Efficiency during the last years was the implementation of the EU-Russia Energy Efficiency Initiative, launched by the Minister of Energy and Industry Khristenko and Commissioner Piebalgs in February 2006, particularly the annual work programmes of the Thematic Group, to be implemented jointly by the EU and Russian side

The following objectives of this initiative were confirmed in 2008:

- increasing energy efficiency while promoting economic growth;
- improving the standard of living of the population and expanding the range and level of services on offer;
- harmonising the legal and regulatory base, and making it more effective;
- reducing the impact on the environment by introducing new energy efficient and environmentally clean technologies and renewable sources of energy.

A particular focus of the EU-Russia Energy Efficiency Initiative was given to legislation, cooperation at regional level and to joint pilot projects in energy efficiency, renewable energy and use of associated gas.

The Thematic Group has closely followed and provided input to the development of the legislative, regulatory and institutional framework on energy efficiency in the Russian Federation and the EU in 2009 and 2010:

- 1) On 13 November 2009, a new Energy Strategy for the Russian Federation for the period until 2030 was

adopted by the Russian government. It aims at decreasing the specific energy intensity by 57% by 2030, compared to 2005, and increasing the share of renewable energy in electricity production from 0,5% to 4,5% (except large hydro power plants);

- 2) On 23 November 2009, a new Law on Energy Savings and on Improvement of Energy Efficiency in the Russian Federation was signed by the Russian President;
- 3) In June 2010, "Europe 2020 Strategy for smart, sustainable and inclusive growth" was adopted by the European Council. It confirmed the EU energy and climate-change objectives for 2020: reduce the greenhouse gas emissions by 20%, increase the share of renewable energy to 20% and make a 20% improvement in energy efficiency;
- 4) On 21 October 2010, a State Programme for Energy Savings and Increased Energy Efficiency for the time period until 2020 was approved by the Russian government;
- 5) On 10 November 2010, the communication "Energy 2020 – A strategy for competitive, sustainable and secure energy" was adopted by the European Commission.

### Thematic Group Meetings: December 2008–July 2010

The following topics of common interest were discussed during the Thematic Group meetings:

- Legislation in the Russian Federation and in the European Union in areas of energy savings, energy efficiency and renewable energy,
- Potential of energy efficiency and renewable energy in Russia and in the EU, with a particular focus on energy efficiency in buildings and energy efficiency for products (standards and labelling),
- Legislative developments and cooperation on efficient use of associated petrol gas, in cooperation with industry and International Financial Organisations,
- Education and training of energy management experts and energy efficiency engineers,
- EU-Russia cooperation on energy research and technology,
- Policies and instruments in the coal sector, clean coal technologies, opportunities for EU-Russia cooperation on energy efficiency in the coal sector, in the area of utilisation of coal bed methane,
- Industry experience in the implementation of projects in the area of energy efficiency and alternative and renewable energy,
- Experience with a joint EU-Russia internet portal European Enterprise Network,

- Results of joint projects and financial instruments for the development of new initiatives/joint projects,
- Bilateral initiatives between Russia and some EU Member States, and International Financial Institutions,
- International initiatives and cooperation formats for the promotion of energy efficiency and renewable energy (IPEEC, Methane to Markets, Covenant of Mayors, IRENA, GGRF etc.).

### Seminars and Conferences

In the period of 2008–2010 several seminars and conferences were organised to support the work of the Thematic Group on Energy Efficiency:

- |                     |   |
|---------------------|---|
| 4 October 2008:     | Seminar "Renewable Energy Certification: EU experience and the functioning mechanism in Russia", Moscow;  |
| 4 December 2008:    | Experience and best practice sharing seminar on Energy Service Companies (ESCO's), Moscow,  |
| 10 November 2009:   | Conference "Realizing Russia's Energy Saving Potential, Enhancing the Energy Efficiency of the Russian Economy", Moscow, at the margins of the International Forum for Innovative Technologies, concepts and projects EMBIZ 2009, Moscow, |
| 15 December 2009:   | Seminar "EU-Russia cooperation on establishing a common EU-Russia testing, certification, monitoring, training and consultation centre for renewable energy and energy efficient equipment", Moscow,                                      |
| 2–3 September 2010: | Workshop "Energy Efficiency in Buildings" – organised by Joint Research Centre and Russian Energy Agency, Moscow,   |
| 20 September 2010:  | Round Table "Energy Efficiency Indicators in Russia" – jointly organised by the International Energy Agency, European Commission, Russian Ministry of Energy and the Russian Energy Agency, Moscow,                                       |
| 5 October 2010:     | Workshop on bilateral cooperation of Russia and the EU and IFIs in the area of energy efficiency and renewable energy. Formats and agreements of cooperation, ongoing and planned projects at federal and regional level.                 |

### Joint EU-Russia Projects

In 2008–2010 the work of the Thematic Group was supported by the following joint EU-Russia projects:

- a) **"Renewable energy and rehabilitation of small scale hydropower plants"**  
(September 2007 – September 2009)  
The project focused on EU-Russia cooperation in the field of renewable energy policy and legislation in cooperation with the Russian government and the European Commission, and on a programme for introduction of renewable energy use in Russia at the federal and regional levels.
- b) **"Support to the creation of an energy efficiency management system in Russia"**  
(2009)  
The project was implemented as a follow up to the discussions in the Energy Efficiency Thematic Group and in the ESCO's seminar of last December. The project allowed to collect best practices from existing energy efficiency agencies in Europe and to elaborate recommendations regarding how some of those practices could be applied in Russia. The project team helped to develop a concept of an energy efficiency agency in Russia – an implementing and monitoring institution to be set up in accordance with the new Law on Energy Conservation.
- c) **"Energy efficiency investment projects in Russia's regions"**  
(October 2008–December 2010)  
The project supports the EU-Russia cooperation through analysis of the draft energy efficiency legislation in Russia, regional energy savings potential and potential of the GHG emissions savings in different sectors, incentive mechanisms, and the potential for the use of the JI mechanism in the energy sector of Russia.
- d) **"EU-Russia cooperation on energy efficiency indicators in Russia"**  
(launched on 15 February 2010)  
The project was developed by DG ENER in cooperation with the Russian Ministry of Energy and ADEME in the framework of the EU-Russia Thematic Group on Energy Efficiency.
- e) **The Northern Dimension Environment Partnership**  
The ongoing project on rehabilitation of district heating in Kaliningrad is supporting the investments of the EBRD.

### Future Tasks, Priorities and Cooperation

The Thematic Group has provided a considerable contribution to strengthening the EU-Russia cooperation. The recent major developments in legislation and in energy strategy documents in Russia and in the EU have provided an excellent basis for enhanced EU-Russia cooperation.

Therefore, the main priority of the work of the Thematic Group in 2011 will be given to supporting achieving the objectives of the EU-Russia Modernisation Partnership, launched by the EU and Russia at Rostov-on-Don Summit in May 2010, through the promotion of practical cooperation between the EU and Russia on energy efficiency, clean and sustainable energy.

The EU-Russia Partnership for Modernisation will build upon work undertaken and results achieved due to the implementation of the EU-Russia Energy Efficiency Initiative in the framework the work of the Thematic Group.

Priority areas of cooperation in 2011:

1. Identification of concrete areas of potential cooperation in new areas for the Thematic Group discussions, such as energy efficiency in energy generation, transmission, monitoring of progress and support for implementation of the legislation and regulations, energy efficiency in the coal sector, clean coal technologies, industry cooperation and sustainable energy innovation, etc;
2. Cooperation improvement with financial organisations, particularly on the development of support mechanisms/solutions for practical implementation of energy efficiency measures, energy management, investments in energy efficiency and renewable energy;
3. Cooperation at the regional level, strengthening partnership programs between local and regional energy efficiency centres in the EU and Russia with particular focus on energy efficiency in buildings;
4. Education, training, post-graduate education of energy auditors and energy management experts and engineers, informing energy consumers;
5. Strengthening the cooperation and information exchange with other EU-Russia sectoral Dialogues on cross cutting topics (EU-Russia Research Dialogue, EU-Russia Regulatory Dialogue etc.);



6. Intensified exchange of views on the multilateral energy framework;
7. Information exchange on the experience of the EU Member States, the industry and the International Financial Institutions on cooperation with Russia in their areas of expertise and competence at both federal and regional level, based on bilateral agreements (MoUs, cooperation agreements concluded between Russia and Austria, Denmark, Germany, Finland, France, Netherlands, Spain, Sweden, the United Kingdom, EBRD etc.);
8. Support for the Joint Research Centre – Russian Energy Agency cooperation on practical aspects of energy efficiency and renewable energy policy and legislation implementation.

Sergey Mikhaylov  
Ministry of Energy of the Russian Federation  
Russian Co-Chair

Ursula Borak  
Federal Ministry of Economics and Technology of Germany  
EU Co-Chair

Marie Donnelly  
Directorate General for Energy  
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## Work Programme of the Thematic Group on Energy Efficiency in 2011

No.	Description of activities/projects	Implementation framework/ Instruments	Time frame	Responsibility/ Involvement
<b>1. Preparation of a "Road Map" on EU-RF cooperation in the energy sector for the period until 2050</b>				
1.1.	Inventory and exchange of information on bilateral activities between the EU Member States, IFIs and Russia	Thematic group meetings and information exchange	Started in 2010, update – second half 2011	<i>Minenergo, COM EU Member States</i>
1.2.	Identification of most promising areas for cooperation in areas of demand side and supply side energy efficiency in mid and long term	Thematic Group meeting	1) 11–15 April 2011, Brussels (tbc), 2) autumn 2011, Moscow (tbc)	<i>Minenergo, COM, EU Member States</i>
1.3.	Joint seminar with the Thematic Group on Strategies, Forecasts and Scenarios on energy statistics and energy efficiency indicators	TAEIX seminar	February 2011	<i>Minenergo, COM in cooperation with REA</i>
<b>2. Strengthening an investment friendly and secure legal environment in EU and Russia</b>				
2.1.	Exchange of information on development of strategy documents and legislation	Thematic Group meetings	Two meetings in 2011	<i>Minenergo, COM in cooperation with REA</i>
2.2.	Development of a methodology for monitoring of energy efficiency improvements at macro and sector levels in Russia (in cooperation with IEA)	Ongoing EU-Russia project	End 2010 – beginning 2011	<i>REA, EU Project team in cooperation with Minenergo, COM</i>
<b>3. Strengthening cooperation and exchange of best practice</b>				
3.1.	Best experience sharing/inventory of the EU instruments and tools available for monitoring of progress and support for implementation of the legislation and regulations	Thematic Group cooperation with JRC-COM and REA	Two meetings in 2011	<i>JRC-COM and REA, in cooperation with Minenergo, COM</i>
3.2.	Joint cycle of workshops on best practices in Energy efficiency and energy saving	Seminars, based on the proposal of REA	End 2010 – beginning 2011	<i>REA, Minenergo, COM, JRC-COM, EU Member States</i>
3.3.	Exchange of best experience on legislation, technologies and financing in area of energetic use of the associated petrol gas	TAEIX seminar	February 2011	<i>Minenergo, COM, EU and RF industry, IFIs</i>
3.4.	Coal experts' consultations on energy efficiency in coal sector and on clean coal technologies	TAEIX seminar or experts consultations per video conference	End 2010 – beginning 2011	<i>Minenergo, COM</i>
3.5.	Cooperation on the level of regions, strengthening of cooperation between European and Russian energy agencies with particular focus to district heating	Project under consideration	Draft project proposal to be developed by the EU side during the first half 2011	<i>REA, Minenergo, COM, EU Member States</i>

No.	Description of activities/projects	Implementation framework/ Instruments	Time frame	Responsibility/ Involvement
3.6.	Promotion of alignment of energy efficiency requirements, standards and labelling for products by development of Dialogue with the EU-Russia Regulatory Dialogue and by exchange of information on practical experience of NP ICEE & RE in Russia with the voluntary certification system "Synergy"	EU-Russia Regulatory Dialogue	End 2010–2011	<i>Minenergo, COM, Minprom, ICEE &amp; RE</i>
4. Exploration of possibilities of establishing an EU-Russia centre for energy efficiency and innovation (including on options of co-financing by EU and Russian business) as a one-stop shop for business				
4.1.	Feasibility study of setting up a joint EU centre/centres for innovation and energy efficiency and renewable energy and cooperation with existing international innovation centres in Russia and in the EU	Study under consideration	Draft project proposal to be developed by RF side by end 2010	<i>Minenergo, COM</i>
4.2.	Exchange of information and Dialogue with the Research Dialogue, including information on the European Strategic Energy Technology Plan (SET Plan) and information on calls for demonstration projects and other activities in clean energy sector under 7 <sup>th</sup> Framework Programme	Thematic Group meetings, CORDIS webpage, <a href="http://cordis.europa.eu/fp7/dc/index.cfm?fuseaction=UserSite.FP7ActivityCallsPage&amp;id_activity=5">http://cordis.europa.eu/fp7/dc/index.cfm?fuseaction=UserSite.FP7ActivityCallsPage&amp;id_activity=5</a>	End 2010–2011	<i>Minenergo, COM, technology cooperation stakeholders</i>
5. Support to pilot projects and investment facilitation in priority areas of energy efficiency, energy saving and renewables such as better use of associated petrol gas, coal bed methane, clean-coal technologies carbon capture and storage, energy efficient district heating and energy savings measures in buildings, energy efficiency in energy generation, transmission and distribution, as well as biomass and wind energy				
5.1.	Improvement of cooperation with IFIs, and in particular the EIB, to develop support tools for investments	Thematic Group meetings, eventually seminars, NDEP	Two meetings in 2011	<i>Minenergo, COM, IFIs' representatives in the Dialogue</i>
5.2.	Promotion of attraction of potential investors' interest to the opportunities to enter the Russian market of power generation by using renewable energy sources	1) Dialogue with the IFIs in the framework of the Thematic Group, 2) Seminar during the EU Sustainable Energy Week 3) Northern Dimension Environmental Partnership district heating projects	April 2011	<i>Minenergo, COM, EU Member States</i>
6. Training, education, awareness raising				
6.1.	Cooperation on development of education programmes for energy auditors, energy management experts and engineers	Tempus programme for universities, JRC-REA cooperation, TAIEX, etc.	Deadline for RF project proposal for Tempus programme: 15 February 2011	<i>Minenergo, COM, JRC, in cooperation with REA, universities, regional authorities</i>

No.	Description of activities/projects	Implementation framework/ Instruments	Time frame	Responsibility/ Involvement
6.2.	Dialogue with the EU industry associations regarding the development of traineeship programmes on energy efficiency in energy production and transmission, energy audits in different sectors, ESCOs etc.	Thematic Group meetings, information exchange	April 2011 (tbc)	<i>EU industry participants in the Dialogue, AEB, IRT in cooperation with JRC, Minenergo, EC</i>
6.3.	Information and awareness raising with consumers and stakeholders on energy efficiency, through activities of EU and Russian regional and local energy efficiency centres and joint activities with the Russian Energy Agency	1) Joint EU-Russia project under consideration, 2) JRC-REA cooperation, 3) TAIEX, if necessary	Draft project proposal to be developed by REA and JRC-COM during the first half 2011	<i>Minenergo, COM, EU Member States, REA, JRC-COM</i>
7. Intensified exchange of views on the multilateral energy framework				
7.1.	Development of joint EU-Russia suggestions/initiatives for cooperation areas in the International Partnership for Energy Efficiency Cooperation (IPEEC)	Meetings of the Thematic Group	2011	<i>Minenergo, COM, IPEEC countries in the Dialogue</i>
7.2.	Further information exchange on the existing international cooperation forums in the area of energy efficiency and renewable energy (Covenant of Mayors, IRENA, M2M etc.)	Thematic Group meetings, information exchange, experts' consultations if necessary	April 2011 (tbc)	<i>EU industry participants in the Dialogue, AEB, IRT in cooperation with JRC, Minenergo, EC</i>

**EU financial instruments available for the EU-Russia cooperation in energy sector in 2010 and in 2011:**

- **TAIEX instrument for organisation of seminars/workshops, study tours, expert visits etc.**
- **EU-Russia Partnership for Modernisation Facility** (launched in October 2010) for the support of jointly agreed activities in line with the priority areas of the Partnership and EU-Russia Dialogues under the four Common Spaces
- **ENPI Cross Border Cooperation** for regional cooperation in the Baltic Sea area
- **Northern Dimension Environmental Partnership (NDEP) Support Fund** supports the NDEP by mobilising grant funds to leverage IFI loans. However, energy efficiency is not the main priority, two district heating projects have been approved, the project in Kalinigrad is on-going
- **Neighbourhood Investment Facility** of the EU combines the technical assistance part for preparation of investment projects of IFIs in areas of joint interest. Russia is eligible for NIF.

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