

RESOLUTION**by the Euronest Parliamentary Assembly on ‘Solidarity and approximation in energy sector – towards a progressive regulatory framework’**

(2020/C 134/03)

THE EURONEST PARLIAMENTARY ASSEMBLY,

- having regard to the Paris Agreement on Climate Change ratified by the European Union, to which the Eastern Partnership countries are also party;
 - having regard to the Association Agreements between the EU on one side and Georgia, Moldova and Ukraine on the other side, in particular the provisions for cooperation on energy;
 - having regard to the Memorandum of Understanding on a Strategic partnership between the Republic of Azerbaijan and the European Union in the Field of Energy signed in 2006 and to the Joint Declaration between the European Union and Azerbaijan on the Southern Gas Corridor signed in 2011;
 - having regard to the Agreement (Comprehensive and Enhanced Partnership Agreement – CEPA between the EU on one side and Armenia on the other side) signed on 24 November 2017 and ratified by Armenia, in particular the provisions on energy cooperation;
 - having regard to the work programme of the EaP platform 3 – Connectivity, energy efficiency, environment and climate change (2018–2019);
 - having regard to recently adopted Directive (EU) 2019/692 ⁽¹⁾ containing principles of protection of energy security in Europe;
- A. whereas global changes in energy production and demand have a significant impact on geopolitics, industrial competitiveness and pose serious challenges to Europe’s security of supply;
- B. whereas concerns have emerged over climate change, the need to reduce CO₂ emissions, growing energy demand and uncertainties surrounding global oil and gas markets, arousing reflection on the part of both producer and consumer countries with regard to devising mutually beneficial strategies for transforming energy sectors into low-emission sectors, finding new balances among various sources of energy, ensuring reliable and safe supply, and energy-efficient consumption;
- C. whereas the regional energy policy dialogue under the Eastern Partnership has intensified over the last years, covering convergence of energy markets, diversification of energy supply and transit, development of sustainable energy sources, energy efficiency measures, and infrastructures of common and regional interest;
- D. whereas Eastern Partnership countries and the European Union are committed to deliver on issues such as renewables, energy efficiency, climate action and clean energy innovation;
- E. whereas energy-saving and energy efficiency measures, together with an increased use of renewable sources, contribute to reducing multiple forms of energy dependency, including financial, technological or fuel dependency in the nuclear and fossil fuels sectors, acquisition and ownership of strategic energy infrastructure, and investment in energy projects by non-reliable third parties in EU and Eastern European partner countries;
- F. whereas Eastern European partner countries have engaged in adopting and implementing policies and regulations for renewables and energy efficiency, including countries with obligations under the Energy Community Treaty; whereas, however, their efforts are hindered by insufficient monitoring and technical capacity and by the lack of investment and instruments for their implementation;

⁽¹⁾ Directive (EU) 2019/692 of the European Parliament and of the Council of 17 April 2019 amending Directive 2009/73/EC concerning common rules for the internal market in natural gas (OJ L 117, 3.5.2019, p. 1).

- G. whereas Moldova, Ukraine and Georgia joined the Energy Community in 2010, 2011 and 2017 respectively, and were therefore obliged to gradually harmonize their legislation with the EU legislation and international instruments with the aim to attract investments, create an integrated and competitive energy market, enhance security of supply, improve environmental standards;
- H. whereas an important component of the Association Agreements is the cooperation in the field of energy, including the strengthening of energy security, the convergence with the EU energy *acquis*, the development of cooperation in such areas as electricity, natural gas and oil, infrastructure, renewable energy and energy efficiency;
- I. whereas incorporation of binding commitments stemming from the membership of the Energy Community into the regulatory framework of the eastern partner countries and progressive reform agenda aligned with the EU Member States shall further promote and speed up their European integration process;
- J. whereas the 2017 Eastern Partnership Brussels Summit adopted the revised Eastern Partnership multilateral architecture to contribute to the goals of the Eastern Partnership, particularly by supporting the implementation of the '20 Deliverables for 2020'. The revised architecture will take into account the provisions of the EU Global Strategy, as well as the key global policy goals set by the Sustainable Development Goals of the UN 2030 Agenda, the Paris Climate Agreement and the European Consensus on Development;
- K. whereas progress has been made in achieving milestones related with the 20 deliverables for 2020 through ratification of the Paris Climate Agreement by all EaP countries, joining the Covenant of Mayors by many new cities, putting in place policies and institutional structures to promote green economy and launching a high-level policy dialogue in several EaP countries on energy efficiency. Challenges remain, however, in setting a comprehensive regulatory framework enabling and facilitating access to finances and other incentive mechanisms and supporting more effective energy policy implementation;
- L. whereas positive experiences of multilateral cooperation serve as a platform for greater regional market development, defines relevant instruments ensuring that it must be preserved and/or implemented; increased cooperation at regional level is indispensable in leading to deeper market integration at the European level;
- M. whereas the Russian Federation uses energy as its foreign affairs tool; whereas enforcing third energy package has been an effective tool to reduce Gazprom's influence;
- N. whereas the EU through implementation of Projects of Common Interests can bring new gas to regions that are dependent on a single source, as well as pipelines to bring new gas to the European market and become less vulnerable to Russia's gas disruption;
- O. whereas the reverse-flow pipelines have been key ingredients to make the EU and EU's neighbours more resilient in response to possible gas supply disruptions;
- P. whereas we observe boost to the development of sufficient LNG infrastructure across the EU, including gas storage facilities;
1. Welcomes the commitment of EU Member States and of the Eastern European Partners to the Paris Agreement; stresses that energy savings, energy efficiency and the use of renewable energy sources are the best way to reach the targets of the Paris agreement and increase energy security while decreasing import dependency on energy resources from third countries; reaffirms that the goal of a resilient Energy policy with an ambitious climate policy at its core is to give consumers, including households and businesses, secure, sustainable, competitive and affordable energy; encourages national governments to foster research and innovation by means of attracting investment, which requires a fundamental transformation of energy systems in Eastern European countries;
2. Calls for preserving, protecting and improving the quality of the environment and promoting the prudent and rational utilization of natural resources, in particular through maintaining energy efficiency and energy savings and the development of new and renewable forms of energy, through coordinated action, combining both legislative acts and policy actions at regional, national and local level;

3. Welcomes that Eastern European Partner Countries accelerate their cooperative efforts and commit to harmonizing their energy regulations more closely with the EU *acquis*, thus progressing towards sustainable energy;
4. Stresses the need to end an energy policy based on fossil fuels and calls on the EaP countries to start the process of phasing out such energy sources and replace them with renewable energies; reiterates that the energy transition should be socially fair, lead to innovation and be based on a futureproof infrastructure and solidarity, while enhancing security of supply; invites the current and future energy pipeline projects to safeguard regional energy security by avoiding dependency on dominant gas and oil supplier; stresses that solidarity and approximation in the energy sector among the EU and EaP countries can be guaranteed only if both new offshore and onshore parts of pipeline infrastructure comply with the EU legislation; in this regards, voices concerns about the North Stream 2 project, which will be a negative example hampering the principle of solidarity and common energy policy; stresses the necessity of a correct transposition of the amended Gas Directive in all Member States and calls European Commission to react firmly against any attempts to circumvent its provisions;
5. Underlines the importance of energy-saving and energy efficiency measures for the energy security of the EU and particularly EaP Member States; notes that, on average, EaP countries are three times more energy-intensive than the average EU country and stresses that reducing this gap is the single most efficient way to reduce energy dependencies of relevant EaP countries on a third country;
6. Voices concerns that exclusion of the Nord Stream 2 from the Third energy package will grant Gazprom with undue competitive advantage and further strengthen its market domination;
7. Invites the EU Member States and the Eastern Partnership Countries to further promote the diversification of energy sources and routes of supply, including through the completion and operationalization of existing energy connecting infrastructure projects and through reverse flow of gas routes, which are one of the best examples of solidarity; welcomes the further development of the legislation and projects related to the LNG terminals, which will inevitably result in progressive regulatory framework as well as in stronger common energy policy;
8. Encourages the development of gas reverse-flow projects between EaP countries as well as with the EU; supports promoting the availability of alternative sources of gas such as LNG and encourage to develop new ties with LNG suppliers, including the United States, and developing LNG regasification terminals and infrastructure;
9. Emphasizes that improvements of regulatory frameworks in the field of energy are of the utmost importance since investment decisions in these fields are largely affected by administrative authorizations; recommends that the governments of Eastern European partner countries ensure transparency, consistency and continuity in shaping legal, financial and regulatory frameworks, and continue to fight corruption in order to strengthen investor confidence and share regulatory know-how and best practices;
10. Stress the need for strengthened cooperation and a common approach between Eastern partners and EU countries regarding nuclear energy safety and security; ask all Eastern partners to fully subscribe to the Fundamental Safety Principles as stipulated in IAEA Safety Standards and be parties to and implement the relevant Conventions, such as the Convention on Nuclear Safety and the Joint Convention on the Safety of Spent Fuel Management and the Safety of Radioactive Waste Management; underlines that common effort to ensure the highest nuclear safety and radiation protection can be achieved through greater harmonization of standards and through the approximation of technical, regulatory and legal frameworks;
11. Considers that investments in the field of energy require a stable and predictable long-term framework, and that the challenge EaP countries have to face will be that of instilling confidence in the outcome of the new rules; Notes in that context the recent changes to the Ukraine energy law that still have to be further aligned with Energy Community Treaty rules and their implementation boosted by additional support;

12. Highlights the interest of developing an open, competitive and integrated energy market in Eastern Europe which could lead to more opportunities for trade and investment, capacity building and joint projects in the field of renewables, smart grids and energy efficiency taking into account the climate objectives; underlines that an integrated energy market should be based on reciprocity and a level playing field with regard to market access and infrastructure, as well as ensuring environmental protection and safety standards;
13. Stresses that, while energy policy objectives have been set and coordinated at EU level, EU Member States and EaP countries have to choose complementary strategies depending on the structure of their domestic energy markets and the starting point of their energy transition, including exploring the new possibilities and advantages offered by the LNG;
14. Highlights that natural gas will serve as a bridge fuel for energy transition; stresses that the success of energy market reform and energy transition is dependent on the establishment of a robust commercial, legal and regulatory framework that supports the changes needed, as well as a fair supporting financial framework based on a technology-neutral approach; expresses concerns in this context with the decision of the European Investment Bank to withdraw from financing unabated natural gas projects;
15. Reiterates the importance of thorough assessment of the current state of play in the energy sector, interactions between market players, state aid rules and the implications of reform options for all stakeholders and the society at large in the process of incorporating and implementing EU energy market principles; notes with concern that the energy markets of the EaP countries remain monopolised by quite few oligarchs; calls on the EaP countries to develop instruments to promote decentralisation strategies which make drawing power from multiple, localised energy networks (local solar plants, small wind farms, battery storage and combined heat-and-power plants) possible; calls on the EU to support this process by best practice sharing;
16. Highlights that new threats to security of energy supply posed by cyber-attacks require new measures; underlines that the cyber threat in the EU is amplified by the increased interdependence between the EU Member States' energy networks; recommends the EU Member States and Eastern European partner countries to develop and implement a cybersecurity strategy for the energy sector, which should aim among others to: strengthening readiness when it comes to responding to cybersecurity threats in the energy sector; coordinating responses in cyber-space; speeding up technological change towards resilient security systems;
17. Recommends that EU Member States and Eastern European partner countries engage in further exchanges and cooperation in research and policymaking with regard to renewables and energy efficiency, in parallel with tackling the problem of energy poverty, with a special emphasis on low-income and vulnerable households which struggle to cover their energy bills or are unable to keep home adequately warm, and cannot themselves afford to invest in energy efficiency and modernization projects but could participate in demand response if infrastructure and market conditions are in place;
18. Reiterates that reforms of energy markets are not only about creating a free and highly competitive environment, but also the ability of the state to fulfil its own social protection function to the most vulnerable consumers, who for various reasons are not able to secure their basic energy needs; stresses that energy market reform and energy transition can only be successful if they have broad social support and that citizens are put in their centre; reminds that it is estimated that more than 50 million households in the European Union alone are experiencing energy poverty and calls in this respect for a better use of the EU Energy Poverty Observatory to share information and best practices, to develop a specialist network of stakeholders working on energy poverty, and to respective develop national indicative objectives to reduce energy poverty;
19. Recognizes the value of the Energy Community Treaty, setting the basis for promotion of a regional energy market between the EU and its eastern neighbors, by the accession of Moldova, Ukraine and Georgia and the cooperation of Armenia, (in its capacity as observer), developed on the basis of mutual interests and specificities of individual countries;

20. Recognizes the importance of the legislative and technical support the EU provides in helping EaP countries to implement reforms for approximating their legislations in line with EU rules and standards; welcomes the work of EU4Energy Initiative, deployed in relation to the six Eastern Partner Countries, to strengthen their legislative and regulatory frameworks and to improve security of supply and connectivity in the region;
 21. Stresses that cross-border infrastructure between the EU and Eastern European countries needs further expansion as it still remains a significant obstacle to the development of a competitive integrated market in the electricity and gas sectors; calls on the EU and EaP countries to strengthen efforts to facilitate timely realization and the full development commissioning of the Southern Gas Corridor, aimed at improving the security and diversity of the energy supply, by bringing natural gas from the Caspian region and possibly from Central Asia to Europe; expresses its support for the fourth list of Projects of Common Interest which contains a number of essential projects to develop a well-interconnected and shock-resilient gas grid for the EU and its neighbourhood;
 22. Reiterates that expanding cross-border infrastructure between the EU and Eastern European countries contributes to an overall increase in regional energy security; calls on enhancing interconnectivity between the EU and EaP countries electricity supply networks, by implementing the synchronous interconnection of Ukrainian and Moldovan networks with the ENTSO-E (European Network of Transmission System Operators for Electricity) Continental Europe network; recommends that interested Eastern partners are included on a regular basis in the EU Energy Security Stress tests;
 23. Stresses the importance for all EU states strictly follow common rules in particular Directive (EU) 2019/692 and reiterates call to EaP countries to continue legislative developments in accordance to EU regulation in the energy sector;
 24. Instructs its Co-Presidents to forward this resolution to the President of the European Parliament, the Council, the Commission, the Vice-President of the Commission/High Representative of the EU for Foreign Affairs and Security Policy, the Commissioner for European Neighbourhood Policy and Enlargement Negotiations, the European External Action Service, the Governments and Parliaments of the EU Member States and the Eastern European partner countries.
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