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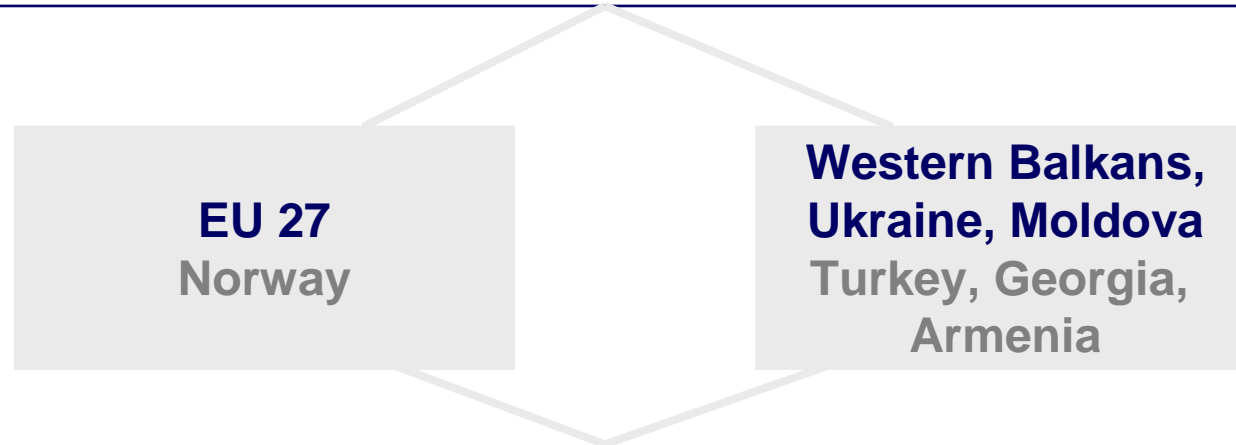
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Enlarging the EU Internal Energy Market: Challenges & Opportunities for South-East Europe

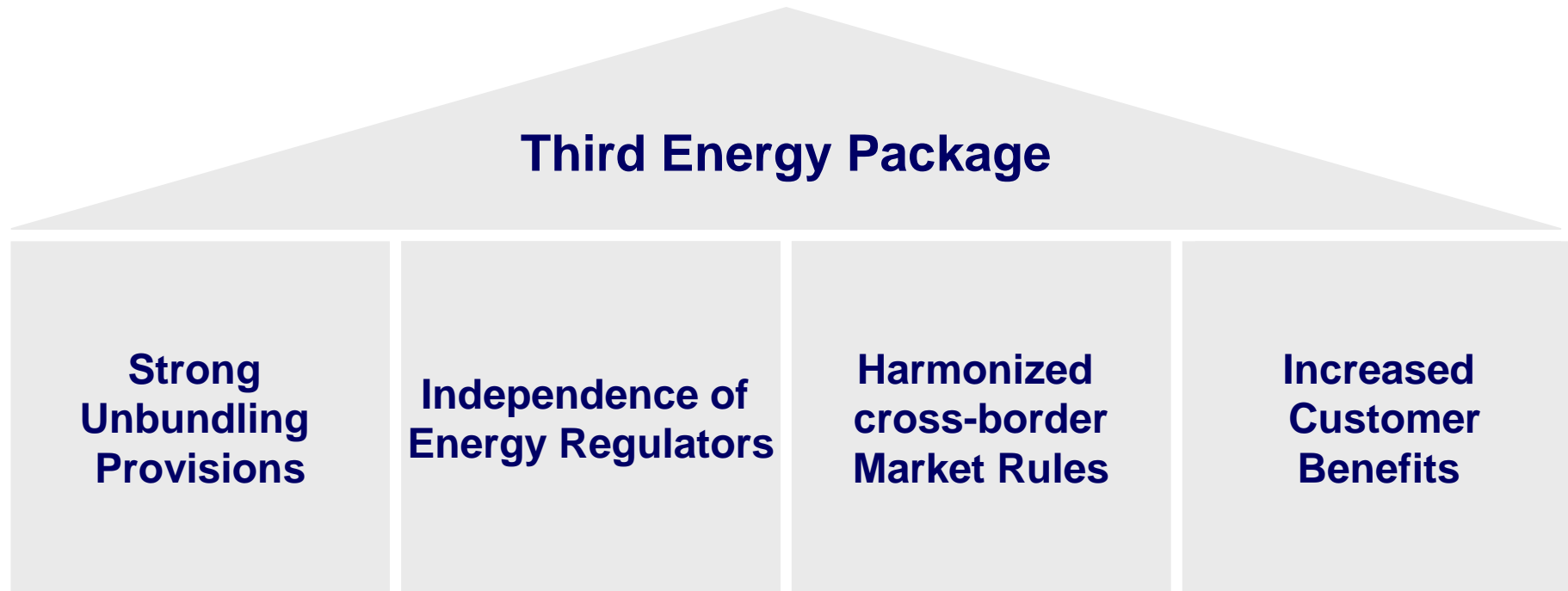
**Walter Boltz, Executive Director
Vice Chair of ACER's Regulatory Board**

European Energy and the South-East: Cooperation through Integration



- The EU member states and 9 countries in South-East Europe form a strategic community in the field of energy - the so called **‘Energy Community’** was established in 2006
- By signing the Energy Community Treaty, the South-Eastern European countries committed themselves to introduce and implement EU energy law in their countries
- The creation of harmonized conditions on energy markets from Ireland to the Black Sea is of high strategic value to both the EU and South-East Europe

The Pillars of an Enlarged Internal Energy Market



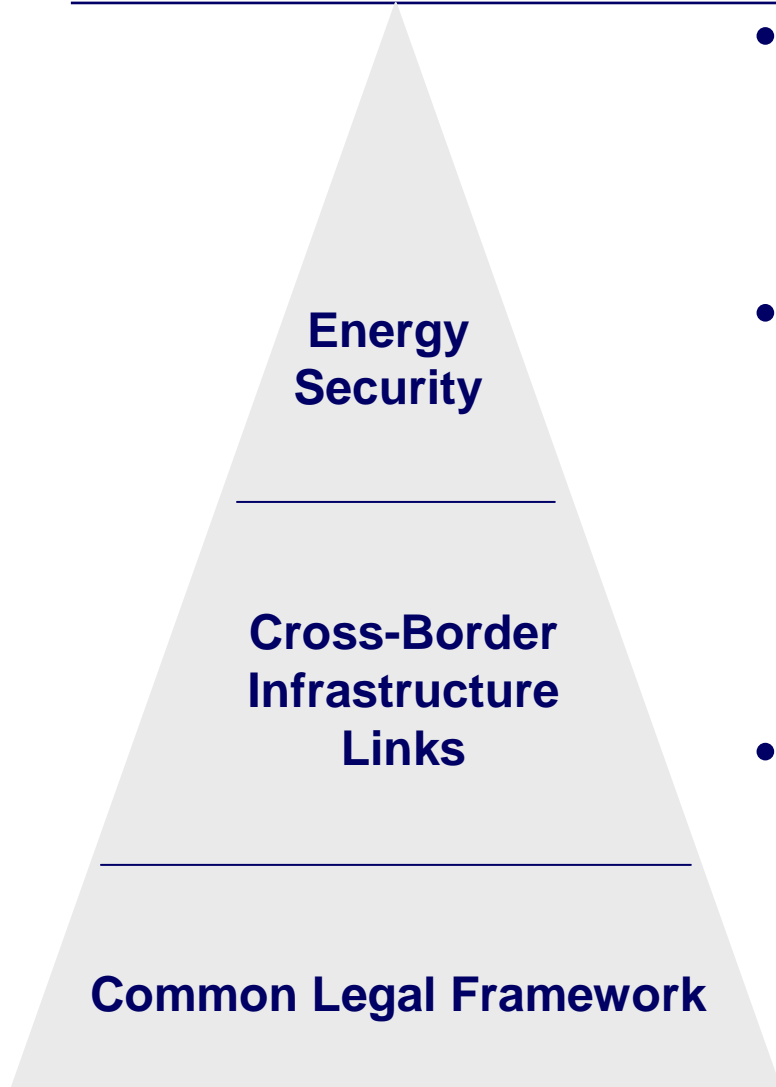
The Third Energy Package in force since March 2011 provides the legal basis for the EU Internal Energy Market

It is subject to implementation throughout the Energy Community bringing a stable regulatory framework to the continent's South-East

Creating Links through Energy Infrastructure



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- The Energy Community is a strategic institution with the aim of **ensuring energy security** throughout the continent
- The establishment of vital infrastructure linking external energy sources with South-East Europe and the EU is facilitated through a **common legal framework** valid throughout the geographic area of the Energy Community
- Major cross-border infrastructure projects through the territory of the Energy Community do not only help to **boost energy supply in South-East Europe** but also allows the **EU to diversify its energy sources**

Examples of (potential) Energy Infrastructure Projects

Gas Ring

A **gas ring** on the territory of the **Western Balkans** could receive gas from external sources and distribute it via a ring shaped pipeline network throughout South-East Europe enabling the gasification of an ungasified region

Southern Corridor

Projects such as the **Nabucco Pipeline, ITGI and TAP*** could benefit from a homogeneous legal framework on large parts of their routes transporting gas from sources in the Caspian, Central Asia and the Middle East to the EU via Energy Community territory

Opportunities and Challenges



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- An enlarged Internal Energy Market creates **legal certainty** beyond the borders of the EU allowing for enhanced competition and **attraction of investments**
- Linking South-East Europe with the EU offers the potential for vivid **cross-border energy trade**
- The integration of EU and South-Eastern European energy markets increases **prospects for EU membership** of non-member countries in South-East Europe
- The **implementation of EU standards** in South-East Europe is progressing but still remains very **challenging** due to a long history of closed conditions in local markets
- **Political tensions** also remain a risk factor in the region

Conclusions



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Integrating the South-East into the EU's internal energy market is a win-win strategy for the whole continent

An enlarged internal energy market provides enhanced energy security to all

The EU's energy market is the world's largest – becoming part of it means mitigating the risks of acting in isolation and benefitting from stable and open market conditions

The EU and South-East Europe should actively pursue cooperation and uphold favorable relations



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