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**PABSEC**

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**ECONOMIC, COMMERCIAL AND FINANCIAL AFFAIRS COMMITTEE**

**REPORT\***

**“The Role of Parliaments in Enhancing Energy Security in the BSEC Member States”**

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## **I INTRODUCTION**

1. Energy is the basis of socio-economic development, as well as the important prerequisite for human existence. Today, special attention is paid to energy security, which means protection of a country and society from the threat of energy shortage, as well as instability and interruptible energy supply. Due to the growing demand for energy resources in the world, the degree of interdependence among producer, transit and consumer countries is increasing. In this context, the importance of the Wider Black Sea Region is growing, where the main energy transportation routes to the world market pass and transnational energy projects of regional and global significance are implemented.

2. Energy security threats mainly imply economic, social, political changes and man-made and natural hazards, which are inextricably intertwined. The scale of the global energy development creates both huge opportunities for growth and potential risks. Global changes in traditional markets and the emergence of new ones accelerate the transition to energy efficient and environmentally friendly modern energy sources. Reduction of energy pressure on global climate system requires mobilization of significant investments for the constant renewal and modernization of the energy infrastructure. In today's world, with the growing demand for energy resources and the dependence of economies on stable energy supplies, it is important to ensure durable energy security within the framework of a constructive dialogue among the market stakeholders based on the common interest in successful economic development and improving the well-being of the population.

3. Energy security, as a necessary condition for economic growth, in its turn guarantees national security. Ensuring safe and environmentally friendly energy supply is one of the priorities of economic and social development. To this end, the BSEC Member States are taking necessary measures to ensure energy security that differ due to the diversity of socio-economic development level, as well as energy resources scarcity or redundancy in particular states.

4. Considering the high relevance of the issue and the fact that the energy security is the key to enhancing national security and sustainable development, the 59<sup>th</sup> Meeting of the PABSEC Economic, Commercial and Financial Affairs Committee decided to discuss "The Role of Parliaments in Enhancing Energy Security in the BSEC Member States" as the main topic of its 60<sup>th</sup> Meeting.

5. The Parliamentary Assembly of the Black Sea Economic Cooperation has attributed a substantial attention to the energy issues. The Assembly adopted the several Recommendations on the energy issues: Recommendation 155/2017 "Development of New and Renewable Sources of Energy in the BSEC Member States", Recommendation 98/2007 "The priorities of Cooperation between the BSEC Member States in the field of Energy: Oil and Gas Spheres", Recommendation 91/2006 "Alternative Energy Resources and their Possible Application in the Black Sea region", Recommendation 68/2003 "Cooperation in the Field of Energy", as well as recommendations regarding environmental issues and climate change.

6. The present Report uses the information received from the national delegations of the Republic of Armenia, the Republic of Bulgaria, the Hellenic Republic, the Republic of Moldova, the Republic of North Macedonia, Romania, the Russian Federation, the Republic of Serbia, the Republic of Türkiye and Ukraine. Reference material was also obtained from the official websites of the United Nations (UN), the International Energy Agency (IEA), the International Renewable Energy Agency (IRENA), the International Atomic Energy Agency, the World Bank, the European Union (EU), and other relevant international organizations.

## **II GLOBAL ENERGY TRENDS AND ENERGY SECURITY IN THE BSEC MEMBER STATES**

7. The energy sector is a combination of electric power, oil and gas, coal industry, nuclear energy, etc., as well as methods and means for their production, distribution and utilisation, which ensure the operation of all spheres of human activities. The energy sector faces industrial, economic, commercial, resource and organizational risks, as well as threats of natural hazards and disasters, terrorism, cyber security, outdated infrastructure, etc. Therefore, it is necessary to pay special attention to the effective energy risk management by means of continuous monitoring.

8. The International Energy Agency defines energy security as the uninterrupted availability of energy sources at an affordable price. Energy security has many aspects: long-term energy security implies timely investments to supply energy in line with economic development and environmental needs; short-term energy security emphasises the ability of the energy system to react promptly to unexpected and rapid changes in the supply-demand relation. According to the Organization for Security and Cooperation in Europe, energy security means having stable access to energy sources on an updated, sustainable and affordable basis. Widely accepted understanding of energy security indicates well-functioning international energy markets, stable consumer-producer relations, sustainable production and resilient critical energy networks.

9. The main challenges in the field of energy security are the geopolitical tensions and conflicts, political instability, growing dependence of the majority of developed industrial countries for the supply of oil and gas, increased energy demand due to rapid growth of world population, economic development, industrialization and urbanization, climate change, resource scarcity, natural disasters, etc. Energy security disturbances with powerful spillover effect could have severe impact on states and economies, limiting their economic and societal development and rising tension. Governments are reshaping and updating their energy strategies to reflect the new geopolitical realities and to address the need for affordable energy, considering how best to move forward in terms of energy policies, prices, and new partnerships on energy security.

10. Price volatility and turbulence in energy markets contributed to the insecurity of energy supply across the world in 2022. The rise of global energy demand due to the increased economic activity necessary for the economic recovery after the Covid-19 pandemic, combined with the geopolitical tensions resulted in a surge in energy commodity prices. According to the data of the World Bank, since the summer of 2021, there has been a drastic increase in energy prices. The global fuel energy price index including prices for crude oil, natural gas, coal, and propane stood at 223.27 index points in January 2023, up from 100 in the base year 2016. Figures increased six-fold between summer 2020 and summer 2022, as a result of an energy supply shortage that was worsened by the Russian full-scale invasion of Ukraine in February 2022. The lack of energy supply had a spillover effect to the prices of transportation fuels and fertilizers, contributing to high inflation and posing dire consequences for households, manufacturers, and the wider economy alike. Moreover, high energy prices could result in energy poverty of many households. According to the IEA estimates, high gas and coal prices accounted for 90 percent of the upward pressure on electricity costs around the world.

11. The World Bank's energy price index increased by 26.3 percent between January and April 2022, on top of a 50 percent increase between January 2020 and December 2021. In its latest Commodity Markets Outlook, the World Bank predicts that after rising by about 60 percent in 2022, energy prices would decrease 11 percent in 2023. However, energy prices in 2023 will still be 75 percent above their average over the past five years.

12. Armed and unjustified aggression by the Russian Federation against Ukraine and followed European sanctions on oil and coal imports from Russia, as well as natural gas supplies cutbacks to Europe affected the global energy system, global energy trade flows and the established supply and demand patterns. The IEA in its latest World Energy Outlook 2022 estimates that, governments, confronted with energy deficit and high energy prices, have so far allocated over 500 billion USD, mainly in advanced economies, to protect consumers from the direct effects of the crisis. Countries made efforts to increase or diversify oil and gas supply, secure alternative fuel supplies and ensure adequate gas storage, in some cases even extending the lifetimes of nuclear power plants or returned temporarily to greater polluting energy sources, such as coal power plants. Measures were taken to shield consumers from the worst consequences of the energy crisis and reduce price volatility by limiting fuel and electricity price increase, introducing exemptions from various taxes, compensation mechanisms for affected consumers, easing of payment terms, support extended to energy and utilities companies for dealing with high electricity and gas costs, etc.

13. According to the IEA, nuclear power made a considerable contribution to electricity production, providing 10 percent of global electricity supply in 2018. A number of ageing nuclear power plants in advanced economies were on their way to being made redundant, due to safety concerns, policies of gradually deactivating them and economic and regulatory factors. However, the current energy crisis rejuvenated the notion of nuclear energy power source to a certain extent. Countries are assessing potential of nuclear energy together with renewables, and other advanced technologies, so as to achieve enhanced energy security.

14. Projections are that without significant changes in policy or technology, global energy consumption will increase nearly 50 percent over the next 30 years. Moreover, according to the International Renewable Energy Agency estimates, around 80 percent of the global population lives in countries that are net energy importers. Thus, the concerns about energy security and ecological consequences encourage governments to accelerate investments in cleaner, sustainable renewable energy and shift their strategies towards a low-carbon economy, sustainable development and “green” growth. However, fossil fuels still represent 80 percent of the total energy supply globally and renewables require a large influx of investments which have grown but have still to reach the expected target. The IRENA assesses that 90 percent of the world’s electricity could come from renewable energy by 2050 in comparison to the current 29 percent.

15. The Wider Black Sea Region encompasses countries that are large energy suppliers, as well as energy transit countries and energy consumer states. Since the majority of the BSEC Member States are energy importers, security in this domain is vital and implies ensuring a safe, sufficient and clean energy supply. The BSEC Member States vary in terms of their energy potential, availability of energy resources, diversity of energy supply patterns and degree of development of domestic energy markets and infrastructure. At the same time, they share the same concerns regarding energy security, the stability of energy markets, the reliability and growth of imports and exports, the need to modernise the energy sector, to improve energy savings and to reduce greenhouse gas emissions. The BSEC Member States have made efforts to create effective policies, seeking to strengthen energy systems and security. Measures were taken to ensure the safe and uninterrupted supply of energy, further diversification of supply, improvement of energy-related technology and infrastructure, energy efficiency and environmental safety.

16. Global trends in the energy sector indicate that the BSEC region has a paramount role in the formation of a new energy map on the Eurasian continent, which will reflect new aspects in the future, such as diversification of oil and gas supply, new routes for transporting energy

resources to European markets and ensuring their security. The energy map of the BSEC area has been transforming rapidly in the last years, as a result of major energy projects and interconnections. Many of the large energy projects which are crossing the BSEC Region are important not only for the Wider Black Sea Region, but the whole of Europe contributing to the regional and international energy security. Some of these projects are the Baku-Tbilisi-Ceyhan oil pipeline (fully operational since 2006); the Baku-Tbilisi-Erzurum Pipeline, also known as the South Caucasus Pipeline (2006); the Trans-Anatolian Natural Gas Pipeline (TANAP, 2018), the Trans-Adriatic Pipeline project (TAP, 2020) that form the backbone of the Southern Gas Corridor; the TurkStream natural gas pipeline (2020); Interconnector Bulgaria-Romania (commissioned in 2016), etc. Recently launched projects are the Liquefied natural gas (LNG) terminal project near Alexandroupolis (construction started in 2022), Interconnector Greece - Bulgaria (operational since 2022), Interconnector Bulgaria - Serbia (currently under construction), etc. All these regional energy projects simultaneously connecting the BSEC Member States and the rest of the world, unlock huge potential for cooperation in the sphere of energy security.

### **Role of National Parliaments**

17. Through their legislative, budgetary, oversight and representation functions, national parliaments can contribute to energy security. As countries struggle with the global energy crisis, parliaments ensure sound legislative response to the present energy challenges. Parliamentarians pass legislation that promotes energy security and facilitates a global energy transition to overcome the global energy and climate crisis.

18. National parliaments join efforts with governments to draw up national plans and strategies for energy diversification, stronger energy efficiency and conservation of resources, as well as to enact legislation which will encourage the use of renewable energy and promote research and development in new and alternative energy sources.

19. National energy legislative framework must be comprehensive and is to cover all dimensions of energy security. The parliaments should likewise aim to adopt the necessary regulations and procedures targeting the measures which will ensure security of energy supply and consumption in the BSEC Member States and mitigate the impact of rising energy prices for consumers.

20. Parliaments also play an important role in raising awareness about climate change, rational energy consumption, energy efficiency, renewable solutions, etc. They hold public hearings and actively participate in the information and communication campaigns, also with various energy stakeholders.

21. It is necessary to emphasize the need for the preparation and adoption of a law on protecting critical infrastructure in the context of increasing threats of technological development and global environmental changes.

22. Parliaments' role is pivotal in improving the laws regulating the internal energy markets with a view to creating a fully effective, competitive and stable common energy market in the region. International parliamentary cooperation is to be strengthened at the global and regional levels, in the field of energy security.

23. The parliaments should actively participate in the ratification of the international instruments related to crucial aspects of energy security and incorporate these provisions into their national legislation.

24. The PABSEC appreciates the efforts of the national parliaments of the BSEC Member States, in overcoming the current energy and geopolitical challenges, forging consensus around the key measures contributing to energy security.

#### ***Situation in the BSEC Member States***

25. The energy sector of ***the Republic of Armenia*** is a balanced and efficient system. The Energy Sector Development Strategic Programme until 2040 and the Action Plan were approved by the Decision of the Government of the Republic of Armenia No 48-L of 14 January 2021. The Strategy focuses on ensuring the following conditions for the energy sector development: free, competitive and non-discriminatory environment; increased inclusive and diversified energy security; clean and energy efficient sustainable development; regional significance; safety and reliability; digitization, renewal, knowledge base and high technology; predictability and transparency, availability and equity, as well as attractiveness for investors.

26. The main priorities for the development of the energy sector of the Republic of Armenia are: maximum use of the renewable energy potential; realization of energy efficiency potential; development of nuclear energy (extension of the projected lifetime of the 2<sup>nd</sup> unit of the Armenian Nuclear Power Plant and construction of a new power unit); regional cooperation; the North-South transport corridor construction program and gradual liberalization of the electricity market.

27. Within the framework of the Agreement "On the Eurasian Economic Cooperation", Armenia adopted the technical regulation of the Eurasian Economic Union "On energy efficiency requirements of energy-consuming devices". In addition, in the context of the "Comprehensive and Enhanced Partnership Agreement" signed between Armenia and the EU, Armenia is to adjust 65 technical regulations, instructions and guidelines to promote energy conservation.

28. The Energy Saving and Renewable Energy Programme for 2022-2030 was approved by the Decision of the Government of the Republic of Armenia No 398-L of 24 March 2022. The program addresses the issues of ensuring the required level of energy reliability and safety, strengthening economic and energy independence, stimulating the creation of new production capacities and services for the development of energy saving and renewable energy, as well as reducing the negative impact of man-made factors on the environment and human health.

29. The national legislation of ***the Republic of Bulgaria*** in the field of energy security is well developed. A number of laws, regulations, ordinances and decrees govern public relations in the field of production, supply, and safe use of energy products, as well as the protection of life and health of the population in the event of accidents, disasters or breaches of national security. Some of them are: the Energy Act; the Act on the Safe Use of Nuclear Energy; the Act on the Management and Functioning of the National Security Protection System; the Disaster Protection Act; health and safety regulations for the use of electrical equipment in electrical and district heating plants; Ordinance No. 9/2004 on the technical operation of power plants and networks; Ordinance No. RD-16-57/2008 on the activities of the operators of the electricity system and of the distribution networks, as well as of the operational duty personnel from the electricity sites and consumers' electrical installations; Ordinance No. 11/2004 on fuel reserves; Ordinance on the procedure, method and competent authorities for identification of critical infrastructures and their sites and assessment of the risk to them; Ordinance on the procedure for the identification and designation of European critical infrastructures in the Republic of Bulgaria.

30. In response to a number of European Union regulations, Bulgaria is drafting and implementing the Contingency Plan to ensure the security of the supply of natural gas in the

Republic of Bulgaria (2022) and the National Action Plan to address risks in the electricity sector in the Republic of Bulgaria (2021).

31. In the context of the EU's leading energy policy to ensure energy security through diversification of sources and routes, energy cooperation between Bulgaria and Greece has become even more important. Efforts were made to build the gas interconnector between the two countries, the Maritsa East - Nea Santa interconnector, as well as the liquefied natural gas terminal near Alexandroupolis.

32. Bulgaria identifies the security of natural gas supply as a top priority, which should be directed according to EU requirements towards securing at least three sources of gas supply for each member state. Bulgaria's policy to ensure the security of natural gas supply is expressed in the following specific initiatives: continuing work on improving regional gas connectivity within the Central and South-Eastern Europe Energy Connectivity Group (CESEC). In an Action Plan adopted by CESEC, which is an annex to the Memorandum on a Common Approach for Addressing the Challenges of Diversification and Security of Natural Gas Supply signed by the member states of the group, a list of 21 projects of major importance for the diversification of gas supply in the region is included. Out of these projects, 7 are of particular importance for the region, 3 of which involve Bulgarian participation - the Interconnector Bulgaria-Greece, the Interconnector Bulgaria-Serbia and the strengthening (modernisation, rehabilitation and extension) of the Bulgarian national gas network, which are also on the list of projects of European interest.

33. *The Hellenic Republic* took a number of actions to address a drastic increase in energy prices. It introduced: a scheme to subsidize energy bills for all consumers as well as a temporary mechanism for capping the prices in the wholesale market and regulating prices dependent on the electricity generation technology, for 12 months, starting from July 2022. The following measures were taken to secure energy supplies: the increase of the gasification capacity of Revythoussa LNG terminal; the increase of diesel stocks used as an alternative fuel in natural gas-fired power plants; signing of an agreement with Italy to maintain gas stocks in Italy; adoption of the decision to double the share of lignite to the electricity production mix for the next 12 months; measures to decrease gas and electricity demand, etc. In addition, Greece has introduced measures to limit electricity consumption in the public sector, and there are ongoing programs in the private sector to increase energy efficiency.

34. Greece is at the forefront of energy transition effort, implementing the ambitious National Energy and Climate Plan (NECP). With the revision of the NECP, Greece's objective is to accelerate the green transition, which will create conditions for energy self-sufficiency, sustainable economic growth and social prosperity. At the same time, Greece is engaged in the European discussions for changing the way the electricity and gas markets work.

35. The development of renewable energy sources strengthens Greece's position on the European and global map by offering energy independence and by receiving international recognition. Moreover, it joined several regional and international cooperation initiatives for the development of the energy sector and energy security. Greece is becoming an energy gateway from the Caucasus, the Middle East and the East Mediterranean to the EU and the South-Eastern Europe, following important investments in existing and underway energy projects. In the future, the East Med pipeline, floating storage and regasification units (FSRUs) and the Kavala Underground storage facility will further enhance the Greek role in the energy sector.

36. Considering the energy crisis constraints, the war in Ukraine and the risks related to the security of supply of electricity and natural gas in *the Republic of Moldova*, the authorities

adopted a complex set of measures aimed at prevention and mitigation of the impact on prices and security of energy supply. The 2030 Energy Strategy of the Republic of Moldova provides concrete benchmarks for the development of the energy sector in the country, aiming to ensure the necessary basis for economic growth and social well-being. This document identifies the country's strategic opportunities in the rapidly changing energy context. The most important objective is to ensure the security of energy supply, based on the consolidation of electricity and natural gas transit and creation of the modern electricity generation platform. The Strategy sets the following aims in the field of energy security: making new energy interconnections; stimulating the use of energy produced from renewable sources (RES) in connection with domestic gross consumption; ensuring the share of biofuels in total fuels; increasing the internal capacities of electricity production; ensuring a share of electricity production from RES. The Energy Strategy of the Republic of Moldova till 2050 is in preparatory stage.

37. The national development strategy „European Moldova 2030”, approved by the Law No. 315/2022, emphasizes the importance of energy from renewable sources. In addition, the National Security Strategy, approved by Government Decision no. 153/2011 gives due consideration to ensuring economic security and reducing energy dependence.

38. The Republic of Moldova does not have significant energy resources, such as coal and oil, and its RES potential is yet to be fully utilized. However, the country can reduce import dependence by capitalizing on the potential for renewable energy production and increasing the share of electricity in the energy consumption structure, including transport and construction sectors. The Moldovan authorities seek to diversify gas and electricity supply, to strengthen energy security and to enable a transparent, fully open and functional energy market. On 29 July 2022, the Parliament of the Republic of Moldova adopted amendments to the Law on Natural Gas to address price volatility in the gas market and increase its preparedness in the event of a possible natural gas supply disruption. In 2022, changes were made to the Law on electricity no. 107/2016 in order to introduce a mechanism for diversification and ensuring the purchase of electricity from at least two sources, as a measure to increase the security of electricity supply.

39. In 2021, the Government of the Republic of Moldova adopted the National Action Plan for Mitigating the Energy Crisis to deal with the gas supply crisis and its social and economic consequences, which were exacerbated by the Covid-19 pandemic. Moreover, a set of measures to prevent and mitigate the impact of the energy crisis in the eve of natural gas supply curtailment and preparations for the 2022-2023 heating season were adopted.

40. The cornerstone of the energy policy of *the Republic of North Macedonia* is the Energy Law adopted in 2018. The Energy Efficiency Law was adopted in February 2020. The new Energy Development Strategy 2020-2040 was adopted in December 2019 which was prepared according to the requirements of the Energy Law. The Strategy provides a platform for the overall energy sector modernisation and transformation in line with EU energy trends, contributing to increased access, integration and affordability of energy services, reduction in local and global pollution, and increased private sector participation, while considering North Macedonia's development potential and domestic specifics. The Strategy integrates climate and environmental aspects of the energy sector, while proposing an affordable, reliable and sustainable energy for the future.

41. The National Energy and Climate Plan (NECP) covering the period 2021-2030 was adopted. The NECP reflects the country's dedication to decarbonization and transformation of the economy and energy system to face the new challenges of the 21st century. The NECP covers the following aspects: decarbonization (addressing two segments: greenhouse gas emissions and renewable energy sources); energy efficiency; security of energy supply; the



regulation of the internal energy market; research, innovation and competitiveness in the sectors of energy and climate change.

42. The country set targets for all five dimensions of the NECP. The strategic policy under the decarbonisation dimension envisages the realization of all identified climate change mitigation actions that will further reduce greenhouse gases emissions, increase the share of renewable energy sources in the gross final energy consumption and promote the transition of the energy sector to low carbon technologies. Concerning the energy efficiency dimension, North Macedonia strives to maximize the savings in primary and final energy consumption. In terms of energy security, the country plans to decrease dependency on energy imports by increasing the utilization of renewable sources, energy efficiency and diversifying its sources of supply. Moreover, North Macedonia aims to strengthen internal energy market and participate in initiatives for the establishment of regional market.

43. Due to the diversified and balanced energy mix, based mainly on domestic resources, **Romania** is a regional energy security provider, having a top position in the EU in terms of the lowest dependence on imported fuel. It relies on a combination of hydrocarbons, nuclear, gas, renewables and coal, with a clear timetable for phasing out coal and replacing it with more sustainable sources.

44. Romania's energy security is the main pillar of energy policies. Several measures were adopted to achieve the EU's strategic objective of reducing dependence on imported natural gas from the Russian Federation, such as: diversifying energy sources and transmission routes; optimal use of domestic resources; modernizing energy infrastructure; developing production and more pronounced use of renewable energy; increasing energy efficiency and strengthening regional and international partnerships on the supply of natural gas, LNG and hydrogen; coordinating energy policies decisions taken at national level with those of the EU, and adopting a unified vision in negotiations with external partners. Romania is committed to promote energy cooperation in the region, both through capitalizing on available energy production potential and on cross-border energy transport infrastructure.

45. In order to eliminate energy dependence on Russia, to ensure energy security and to maintain climate change targets, Romania will accelerate the development of renewable energy sources, storage capacities, nuclear energy and energy efficiency measures. It will continue to support the continuity of energy supply to ensure the necessary resources for energy consumption at national level and will make use of the opportunities offered by the inauguration of the Greece-Bulgaria interconnector.

46. Aiming to achieve the goal of removing coal from the energy mix and ensuring the energy security objectives through accelerated growth of renewable energy sources, the following measures are of outmost importance: development of renewable energy sources, including hydro and nuclear energy; energy efficiency; exploiting the potential of offshore renewable (wind) energy in the Black Sea; large-scale electricity storage; use of hydrogen to decarbonize sectors, as well as the use of natural gas as a transitional fuel. At the same time, Romania will continue to take the necessary measures to mitigate the impact of rising energy prices on household and non-household consumers.

47. Romania is supporting the global effort to combat climate change by assuming the European target to achieve climate neutrality by 2050. The National Recovery and Resilience Plan (NRRP) envisages the adoption of measures for the ecological transition and full support for environmental improvement, sustainability and development. The transition to renewable energy represents one of the most important target in the coming period and the NRRP is considering development of additional renewable energy capacities by 2030.

48. The base of the energy sector in *the Russian Federation* is fuel and energy complex that brings significant contribution to the national security and the socio-economic development of the country.

49. As a result of the increase in geopolitical tensions and introduction of sanctions by unfriendly countries in 2022, the strategic documents in the field of electric power industry and the Energy Strategy of Russia have been updated for the period up to 2050 with due regard to the new challenges. Among the tasks set forth in the Energy Strategy are the following: meeting country's energy needs; maintaining country's energy security while pursuing the low-carbon development; spatial energy development with due regard to decentralization and increased flexibility; strengthening technological independence of fuel and energy complex and improving the energy sector management.

50. In December 2022, the Government of the Russian Federation updated the Master Plan of location of electric power facilities until 2035, the main strategic goal of which is to ensure the reliable operation of the energy system of Russia and systematically reduce the environmental impact.

51. The unified electricity planning system was introduced in 2023. The Decree of the Government of the Russian Federation on extending renewable energy support in retail markets until 2035 was signed. This will promote attraction of investments to renewable energy projects and will contribute to the increase of low-carbon generation share in the constituent entities of the Russian Federation in the long term. Further development of "green" power generation based on nuclear energy and hydrogenation .

52. In the framework of low-carbon energy development Russia promotes hydrogen power. At the end of 2022, the high technological "Roadmap for Hydrogen Development" was approved, and in January 2023 the agreement was concluded on the implementation of the Roadmap.

53. Measures are being taken for import substitution and introduction of the best available technologies, digital transformation in oil and energy and combating climate change. International cooperation continues, both in bilateral and multilateral formats.

54. Despite the sabotage on three out of four lines of the Nord Stream 1 and Nord Stream 2 gas pipelines in September 2022, Russia continues to responsibly comply with its contractual obligations in energy supply including delivery via the Black Sea "Turkish Stream" and "Blue Stream" gas pipelines to all willing buyers.

55. The pillars of energy development, energy security and environmental protection of *the Republic of Serbia* are energy efficiency growth; increase in the share of renewable energy sources in the energy mix, regional connectivity to increase the security of the system and to diversify the supply routes and investments in the energy and mining sectors.

56. In April 2021, the Republic of Serbia amended the complete legislative framework in the fields of energy and mining, with the aim of providing conditions for energy independence, as well as the need for further harmonization with the regulations of the Third Energy Package of the EU energy legislation and certain provisions of the EU Clean Energy Package for all Europeans. The following laws have been adopted: Amendments to the Law on Energy, Law on Energy Efficiency and Rational Use of Energy, Law on the Use of Renewable Energy Sources, Amendments to the Law on Mining and Geological Research. In addition, the Law on Climate Change was adopted, and the Low Carbon Development Strategy of the Republic of Serbia is expected to be adopted.

57. Based on the Law on Energy from April 2021, the Government adopted the Regulation on network rules in the field of electricity in the second half of 2022, which will contribute to the

improvement of system security, facilitate the proper functioning of the internal electricity market, facilitate the integration of renewable sources of electricity, enable more efficient use of the network and resources and increase competition. In December 2022, the Government adopted a new Regulation on energy vulnerable customers. This regulation will contribute to the reduction of the energy poverty rate.

58. The Republic of Serbia has begun drafting a national plan for energy and climate, which will define measures to reduce greenhouse gas emissions and set targets increasing the share of RES, as well as increasing energy efficiency for 2030 with projections until 2050. Drafting of a new strategy for the development of the energy sector until 2040, with projections until 2050, is underway with the accompanying program of strategy implementation, of which the hydrogen strategy is an integral part, bearing in mind that hydrogen is expected to be a significant energy source in the future.

59. Recently, many important regional energy projects have been initiated and developed, such as the gas Interconnector Serbia-Bulgaria, the Trans-Balkan Corridor, the North Continental South East Corridor project, etc. These projects are of strategic importance not only for the Republic of Serbia, but also of regional and European importance.

60. The Republic of Serbia, through a series of international initiatives such as the Energy Community, Central and South Eastern Europe energy connectivity, the EU Strategy for the Adriatic-Ionian Region, and the Berlin Process supports the development and implementation of infrastructure projects important for the entire region of Southeast Europe - the Trans Adriatic Pipeline (TAP), the Ionian Adriatic Pipeline (IAP), Gas Interconnector Serbia-Bulgaria, the Trans-Balkan Corridor, etc.

61. The general strategic framework document of *the Republic of Türkiye* is the 11<sup>th</sup> Development Plan for the period 2019 - 2023. Energy supply security is one of the main pillars of Türkiye's energy policy, and thus the Plan emphasizes the optimum use of domestic and renewable resources. The plan defined the main goal of the energy policy as meeting the energy needs necessary for economic and social development on a continuous, high quality, safe and sustainable basis through a free competitive market. The national energy and mining policy was announced in April 2017 by the Ministry of Energy and Natural Resources aiming to enhance Türkiye's energy perspective by improving energy supply security, increasing the use of domestic energy resources, and providing a predictable energy market. Türkiye's energy strategy is aimed at reducing foreign dependency, supplying continuous and cheap energy and raw materials, ensuring predictability in the markets, and developing energy efficiency and domestic technology within the framework of national energy and mining policy.

62. Given its geopolitical position, Türkiye has become a reliable, stable, predictable and important energy trade centre between the regions rich in energy resources, i.e., Caspian Basin, Middle East and Central Asia, and the regions with high consumption, i.e., Europe and other developed regions. In this context, projects such as the Baku-Tbilisi-Ceyhan Crude Oil Pipeline, the Trans-Anatolian Natural Gas Pipeline, the Trans-Adriatic Pipeline and the TurkStream Natural Gas Pipeline reinforce the energy security of the region.

63. One of the of Türkiye's goals in the upcoming period is to become the energy trade centre of the region by taking advantage of its market size and strategic location, as well as to ensure and reinforce energy supply security. In this respect, maximizing utilization of domestic and renewable resources, increasing energy efficiency and consolidating the energy supply routes and resource diversity in the context of reducing energy imports come to the fore given the fact that the country is approximately 98 percent foreign-dependent on natural gas and

approximately 90 percent on oil. Thus, supporting mechanisms and incentive schemes and various legislative regulations were carried out to pave the way for green energy investments.

64. According to the amendments to Electricity Market Law, No 6446 and Natural Gas Market Law, No 4646, the Ministry of Energy and Natural Resources was tasked to prepare a long-term energy strategy every 5 years after 2022. This document will constitute a basis for Türkiye's zero emissions target 2053.

65. Türkiye plans to utilize nuclear power. To this end, an agreement was signed in May 2010 for the construction and operation of a 4.800 MW nuclear power plant (NPP) in the Akkuyu region located at the coast of Mediterranean Sea. The construction of the Akkuyu NPP started in April 2018. The first unit of Akkuyu NPP is planned to become operational by the end of 2023.

66. In the last twenty years energy sector has been undergoing modernization, restructuring and liberalization which further encourages local and international investments. Given the substantial Turkish natural gas storage capacity, its diversification of supply, large infrastructure facilities, including LNG and the natural gas discoveries in the Black Sea, the idea of Türkiye as natural gas hub gave momentum in 2022 and is to be further discussed in 2023.

67. The Russia's war against *Ukraine* causes great damage to the energy sector of Ukraine. During the war were damaged oil refineries and depots, power generating plants, coal-mining, gas and electrical networks and equipment, as well as numerous public usage infrastructure facilities. In addition, as a result of large-scale missile attacks on the critical infrastructure of Ukraine, which began on 10 October 2022 hitting thermal power generation plants and electric substations, Ukraine stopped the electricity export and took emergency measures to stabilize its energy system.

68. To support the restoration of the destroyed energy infrastructure, the Ukraine Energy Support Fund has been established. It is administered by the Energy Community Secretariat and its resources are directed to the restoration of energy infrastructure damaged or destroyed as a result of fighting on the territory of Ukraine.

69. The energy policy of Ukraine focuses on the issues of decarbonization, energy efficiency, diversification of sources and further deepening of integration with the EU energy system. These components are important not only in terms of achieving climate neutrality, but also in terms of energy security and sustainability. Moreover, on the way to full integration with the EU, reducing dependence on fossil fuels, starting a full trade of electricity, diversification of supply sources is necessary.

70. The gas transmission system of Ukraine is considered to be one of the largest in the world, but significant unused capacities require its optimization and modernization in order to establish new gas streams.

71. Ukraine strictly fulfils international obligations, which are set in a comprehensive Association Agreement with the European Union and the Treaty establishing the Energy Community. Since June 2022, Ukraine intensified its efforts in connection with obtaining candidate status for accession to the European Union. In the energy sector, the gradual approximation of legislation takes place in accordance with the timeframe defined in Annex XXVII to the abovementioned Agreement, which was updated in accordance with the Decision of the Ukraine-EU Association Council on amendments and additions to Annex XXVII to the Association Agreement between Ukraine and the European Union, the European Atomic Energy Community and their Member States. The law on ratification of this Decision was adopted by the Verkhovna Rada of Ukraine on 6 June 2019.

72. The integration of the energy markets of Ukraine and the EU is of great importance for strengthening the energy security of Europe and the states that are Contracting Parties of the Energy Community. The priority areas for adapting Ukrainian legislation to EU legislation are electricity, oil and gas, energy efficiency, renewable energy and nuclear energy.

73. The Verkhovna Rada of Ukraine adopted several laws on the development of renewable energy sources. These are the laws of Ukraine “On Alternative Energy Sources”, “On the Energy Efficiency Fund”, “On Energy Efficiency”, “On Amending Certain Laws of Ukraine on Improving the Conditions of Support for Electricity Production from Alternative Energy Sources”, “On Amendments to Certain Laws of Ukraine Ensuring Competitive Conditions for the Production of Electricity from the Alternative Sources”.

74. Ukraine initiated the introduction of new markets for natural gas and electricity and solves the problem of shortage of gas, oil and oil products during the war. The Verkhovna Rada is considering the issues of real diversification of supplies, increasing import from Europe, encouraging operators to sign medium and long-term contracts, including provision of financial crediting reasonable terms, forming an emergency stock of motor fuel from all market operators, creating and maintaining minimum reserves of oil and oil products. The above-mentioned issues can only be solved by the state through the creation of strategic oil and gas reserves.

### **III INTERNATIONAL FRAMEWORK AND EXPERIENCE**

#### **Regional level**

##### ***The Organization of the Black Sea Economic Cooperation (BSEC)***

75. Strengthening cooperation in the sphere of energy has been one of the priority tasks for the Organization of the Black Sea Economic Cooperation (BSEC) with the aim to develop a competitive regional energy market through supporting investments in energy infrastructure, increasing energy security, interconnectivity and further diversify energy sources and routes. The energy issues and cooperation have been discussed in several Meetings of the Ministers in charge of Energy of the BSEC Member States, namely: in Baku, in 2003, Alexandroupolis in 2005, Kyiv in 2008, Yerevan in 2009, Sofia in 2010 and Belgrade in 2012. The meetings resulted in various Ministerial Declarations which emphasised the role of energy in the sustainable development of the BSEC Member States and accentuated the need of multilateral regional collaboration in the energy sector through the elaboration of common approaches and projects.

76. In the strategic BSEC document “The BSEC Economic Agenda - Towards an Enhanced BSEC Partnership” adopted in Istanbul, 2012, Goal 4 is dedicated to the promotion of sustainable energy and development of the Black Sea energy market. The Green Energy Strategy adopted in 2018, considered new trends and transformation in energy sector and sustainable development goals. The main activities of the BSEC Member States in the field of energy are conducted by the respective Working Group (WG). Currently the Republic of Armenia is the Country-Coordinator for the period 1 July 2021 – 30 June 2023. The priority areas of the WG Plan of Action are sustainable energy development, improvement of regional energy connectivity and infrastructure and information exchange on national legislations and reforms in the sector. The deliverables in the previous period are inter alia, the completion of the project “Promoting application of high-performance energy efficiency standards in buildings in Member States of the BSEC and United Nations Economic Commission for Europe (UNECE)” financed through a grant from the Black Sea Project Promotion Facility and implemented by the UNECE; continuous cooperation with the BSEC Green Energy Network; regular participation in the BSEC Green Energy Investment Forum which gives impetus to the

development of the use of green energy in the BSEC Region; expansion of cooperation with energy-related organizations namely UNECE, Energy Charter, IEA and IRENA.

### **European Union**

77. A range of measures aiming to achieve an integrated energy market, security of energy supply and a sustainable energy sector are at the centre of the EU's energy policy. The Energy Union Strategy was adopted in 2015 as a comprehensive document emphasising the interrelated dimensions of Union's action such as energy security, solidarity and trust; a fully integrated European energy market; energy efficiency; decarbonizing the economy; research, innovation and competitiveness.

78. At the present moment, the EU and its Member States are redesigning their energy strategies to reflect new geopolitical realities and to address the need for affordable energy. A novel aspect of the EU's response to the changed geopolitical situation is REPowerEU Plan launched in May 2022. It aims to further reduce the EU's dependence on Russian fossil fuels, while increasing the resilience of its own energy system. The plan adopted with a new Joint Communication on EU external energy engagement, includes a set of integrated activities to save energy, diversify and secure energy supplies, increase renewable energy deployment, and smartly combine investments and reforms. The Plan is building on the European Green Deal proposals, and it is expected that boosting energy savings and efficiency, as well as enhancing renewables will lessen the pressure on energy prices, while strengthening the EU green transition.

79. The REPowerEU Plan was preceded by the launch of the EU Energy Platform in April 2022. It was followed by emergency interventions, including the Save Gas for a Safe Winter Communication, a new legislative instrument and a European Gas Demand Reduction Plan, as well as a proposal for a Regulation on an Emergency Intervention to Address High Energy Prices. Moreover, numerous actions were taken to combat rising energy prices.

### **European Energy Community**

80. The Energy Community is an international organisation gathering the European Union and its neighbours with the aim to establish an integrated pan-European energy market. This is achieved by extending the EU internal energy market rules and principles to the Black Sea region, the South-Eastern Europe and beyond, on the basis of a legally binding framework. It focuses its work on efforts to establish a stable regulatory and market framework and an integrated energy market, improvement of the security of supply and related environmental situation, encouragement of the use of renewable energy and energy efficiency, etc. Albania, Georgia, Moldova, North Macedonia, Serbia and Ukraine are some of Contracting Parties, while the EU Member States participate collectively as the European Union. Armenia and Türkiye participate as Observers in the Energy Community.

### **Global level**

#### **The United Nations**

81. The UN recognizes that energy is key to achieving both the 2030 Agenda for Sustainable Development and net-zero emissions in line with the Paris Agreement on Climate Change. The Sustainable Development Goal SDG 7 aims to *inter alia*, by 2030: ensure universal access to affordable, reliable and modern energy services, increase substantially the share of renewable energy in the global energy mix, and double the global rate of improvement in energy efficiency. Many UN agencies and mechanisms deal directly or indirectly with energy security, to name a few: UN-Energy, United Nations Development Programme, United Nations Industrial Development Organization (UNIDO), etc.

### **International Energy Agency (IEA)**

82. Ensuring energy security is one of the core objectives for the International Energy Agency (IEA), which was established in 1974. Providing information and policy advice recommendations to countries, the IEA helps them ensure secure and sustainable energy, support their energy security and advance transition to clean energy. Greece and Türkiye are member countries, while Ukraine is association country.

### **International Renewable Energy Agency (IRENA)**

83. The International Renewable Energy Agency is a universal intergovernmental organisation that supports countries in their transition to a sustainable energy future by promoting the widespread adoption and sustainable use of all forms of renewable energy. Established in 2009, it has been exploring opportunities offered by renewable energy for addressing problems of energy security and volatile energy prices. All BSEC Member States are members of the IRENA.

## **IV CONCLUDING REMARKS**

84. Energy security stays at the top of the global agenda, especially in the context of the rapidly changing energy situation in the world. The energy sector is facing numerous challenges and is undergoing major changes. States strive to create reliable and sustainable energy systems that constitutes a complex social, political, economic, environmental and technological challenge.

85. One of the key priorities for the accomplishment of energy security is parliamentary support to strengthening joint action to mitigate the negative effects of the energy crisis and adopt comprehensive approaches to address energy security issues. The PABSEC stands ready to further promote coordination among the parliaments of the Member States in fighting the adverse effects of energy crisis.

86. Action should be taken to strengthen dialogue and cooperation on the issue of energy security within the Wider Black Sea Region and accelerate implementation energy projects and increase transmission capacity of current infrastructure facilities with due regard for the individual circumstances of the countries. Cooperation among Member States and their relevant energy agencies and companies on topical issues can further contribute to strengthening of the energy security in the region by diversifying energy resources, suppliers, and routes. Utilisation of various types of renewable energy can also reduce countries' dependence on energy imports and contribute to the transition to "green" energy and achieve net zero greenhouse gas emissions by 2050.

87. Ensuring energy security is an essential prerequisite for economic development and strengthening stability. In this regard, it is necessary to expand the dialogue among exporting, importing and transit countries to enhance good neighbourly relations and prevent possible abuse in the energy markets. Security and solidarity in the energy sector depend to a large extent on adherence to the principles of fairness, transparency and openness.

88. Setting up of a sustainable and environmentally sound supply of energy and building stable geopolitical conditions in the region and in the world at large require joint efforts of authorities at all levels. Solution of these strategic objectives will ensure stable sustainable development for the current and future generations.