

Conference Summary

Central European Energy Conference 2013

24-26 November 2013, DoubleTree by Hilton, Bratislava, Slovakia

- Organizers:** Research Center of the Slovak Foreign Policy Association, Representation of the European Commission in Slovakia and Slovak Gas and Oil Association
- Main partners:** Mega & Loman and Západoslovenská energetika, a.s. E.ON
- Partners:** DATATHERM, s.r.o., eustream, a.s., IPESOFT, s.r.o., Rusatom Overseas, SEPS, a.s., Slovenské elektrárne, a.s. Enel and Slovenský plynárenský priemysel, a.s.
- Institutional Partners:** Centre for Eastern Studies (Warsaw), Embassy of the Republic of Poland in Bratislava, Embassy of the United States in Bratislava, European Union Institute for Security Studies (Paris), Hungarian Institute of International Affairs (Budapest), Institute of International Relations (Prague), International Visegrad Fund, Faculty of Social Studies, Masaryk University (Brno), Konrad-Adenauer-Stiftung, Polish Institute of International Affairs (Warsaw) and Russian – Baltic Media Centre (Sankt Petersburg)
- Media partners:** energia.sk, EurActiv.sk, International Issues & Slovak Foreign Policy Affairs, PRO-ENERGY magazín, SITA Slovenská tlačová agentúra, a.s. and Zahraničná politika

Conference Summary submitted by:

Alexander Duleba, Conference Director, duleba@sfpa.sk
Jozef Badida, Conference Manager, badida@sfpa.sk

The 7th annual Central European Energy Conference (CEEC) on "EU Energy Policy and Energy Security of Central Europe" was held **under auspices** of Minister of Economy of the Slovak Republic, Mr. **Tomáš Malatinský** and Minister of Trade and Industry of the Czech Republic, Mr. **Jiří Cienciala**. Its main aim was to evaluate the progress in developing the North-South Energy Corridor and creating a regional energy market in Central Europe.

Welcome dinner

The conference begun with the social event on Sunday, 24 November 2013, during which **Ambassador Urban Rusnák**, Secretary General of the Energy Charter Secretariat, presented the Charter's expansion and outreach policy.

First Day

The CEEC 2013 was officially opened on Monday, 25 November, 2013 by Mr. **Dušan Chrenek**, Head of the Representation of European Commission in Slovakia, and Mr. **Alexander Duleba**, Director of the Research Center of the Slovak Foreign Policy Association. Presented delegates were addressed by the Introductory Remarks of Mr. **Ján Petrovič**, Director General of the Energy Section of the Ministry of Economy of Slovakia, Ms. **Réka Szemerkényi**, Chief Energy Security Advisor to the Prime Minister of Hungary and **H.E. Tomasz Chłoń**, Ambassador Extraordinary and Plenipotentiary of the Republic of Poland to the Slovak Republic. A key-note was delivered by Ms. **Inge Bernaerts**, Head of Unit Internal Market II: Wholesale markets, electricity and gas of the Directorate-General Energy of the European Commission.

Panel I. Regulation and regional integration

Director of the Agency for the Cooperation of Energy Regulators, Mr. **Alberto Pototschnig**, introduced his institution and its place in the creation of the Internal Energy Market (IEM) aiming to bring more choice of suppliers/offers and "better" prices, reflecting the demand/supply fundamentals. Moreover he discussed the Integration of the Day-Ahead Markets in electricity and Capacity Allocation Mechanism Pilot Projects in natural gas across the EU. Representatives of the National Regulatory Authorities (Mr. **Ján Nehoda**, Advisor of the Czech Energy Regulatory Office, Mr. **Richard Ružička**, Director of the Gas Department of the Regulatory Office of Network Industries in Slovakia and **Attila Nyikos**, Vice-President of the Hungarian Energy and Public Utility Regulatory Authority) discussed the issues like energy poverty in line with the „eat or heat dilemma“, end-users prices and cooperation of their offices in "Visegrad Four region" (V4). Regarding the integration of

regional markets, Mr. Nyikos interestingly asked the question, “not whether we will have an integrated energy market in Europe [but] how many we will have”. Mr. **Jozef Badida**, Energy Analyst and Lawyer collaborating with the Research Center of the Slovak Foreign Policy Association, described the idea of Regional Energy Authority, more concentrated and effective regulation in areas such as gas transmission. Panel I was chaired by Mr. **Ján Klepáč**, Executive Director of the Slovak Gas and Oil Association.

Panel II. Central European gas corridor

Mr. **Rafal Wittmann**, Member of the ENTSOG Board, discussed the TYNDP 2013-2023 and stressed the importance of new projects in the CEE region in order to lower dependence on Russian supply and increase source diversification. Representatives of transmission system operators (Mr. **Milan Sedláček**, Head of Regulatory Affairs and Business Concept Development at eustream, a.s., **György Harmati**, Deputy Chief Executive for Strategy at MVM, **Thomas Kleefuß**, Managing Director at NET4GAS and **Piotr Kuś**, Director of GAZ-SYSTEM's Brussels Office) described new infrastructure projects interconnecting V4 countries. Moreover, Mr. Sedláček pointed out the existence of a fierce pipe-to-pipe competition regarding the transportation of Russian gas. Mr. Kleefuß presented the market coupling project of regional gas markets. In this respect he added that the Austrian gas hub (CEGH) has to be naturally involved into this process. Panel II was presided by Mr. **Karel Hirman**, Director of Energy Issues Section at the Slovak Innovation and Energy Agency.

Panel III. Market-coupling of electricity markets

Vice-Convenor of the Market Integration Group at ENTSO-E, Ms. **Kaja Hollstein** considers the adoption of Network Codes and implementation of regional projects as equally important approaches in the creation of IEM. Speakers representing electricity short-term market organizers (Mr. **Michal Cabala**, Chairman of the Board of Directors at Slovak OKTE, a.s. and Mr. **Igor Chemišinec**, Member of the Board of Directors at Czech OTE) described the benefits (price convergence and optimal usage of transmission grids) and further vision (engagement of Romania and Poland) of existing market coupling of the Czech Republic, Slovakia and Hungary. Moreover, Mr. Chemišinec focused on potential gas market integration where markets resemble to the situation in electricity five years ago. Mr. **Zsolt Bertalan**, CEO of HUPX Hungarian Power Exchange, explained the functioning and products offered by this new market player in Hungary. Ms. **Aleksandra Gawlikowska-Fyk**, Head of Energy Project at the Polish Institute of International Affairs, analysed pros and cons of the Polish approach regarding regional market coupling. Panel III was led by Mr. **Jaroslav Kubinec**, Executive Director for Trade at SEPS and commented by Mr. **Michal Hudec**, CEO at energy analytics, s.r.o.

Dinner Sessions

This year's delegates were served dinner during the informal discussions over various intriguing topics. The first dinner session (represented by Mr. **Maroš Kondrôt**, Member of the National Council of the Slovak Republic, Mr. **Ján Petrovič**, Director General of the Energy Section of the Ministry of Economy of Slovakia and Mr. **Peter Marčan**, Chairman of the Energy Security Institute) focused on the new energy policy of the Slovak Republic. The LNG supply from the United States to Europe was debated during the second dinner session (discussants: Mr. **Robert Zajdler** from the Polish Sobieski Institute, Mr. **Llewellyn King**, Executive Producer and Host of "White House Chronicle" on PBS and Mr. **Jozef Badida**, Energy Analyst and Lawyer collaborating with the Research Center of the Slovak Foreign Policy Association). And in the third dinner session (speakers: Ambassador Ms. **Ingrid Brocková**, Permanent Representative of the Slovak Republic to OECD, Mr. **Pawel Olejarnik**, Energy Analyst at the Global Energy Economics Directorate of the International Energy Agency and Mr. **Karel Hirman**, Director of Energy Issues Section at the Slovak Innovation and Energy Agency) the World Energy Outlook 2013 was presented.

Second Day

Opening remarks delivered by Mr. **Pavol Sýkorčin**, Secretary General at the Ministry of Foreign and European Affairs of the Slovak Republic welcomed the delegates on Tuesday, 26 November 2013.

Panel IV. Nuclear Energy in Central Europe

Mr. **Hergen Haye**, Head of New Nuclear & Strategy at the UK Department of Energy and Climate Change presented the UK perspective on nuclear energy based on contracts for difference and strike price. Mr. **Václav Bartuška**, Special Envoy for Energy Security of the Ministry of Foreign Affairs of the Czech Republic very critically evaluated current instability of the investment environment. Representatives of the nuclear technology providers (Ms. **Denisa Volekova**, Director of the Branch, Rusatom Overseas and Mr. **Pavel Janík**, Managing Director for the Czech Republic, Westinghouse Electric Company) stated benefits of nuclear energy as part of the solution for the future. Mr. **Roland Blaško**, Manager at Slovenské elektrárne, softened optimism by telling that consumers would not be so happy to pay higher electricity prices due to "nuclear subsidies". Panel IV was chaired by Mr. **Břetislav Dančák**, Dean of the Faculty of Social Studies at the Masaryk University in Brno.

Panel V. Emerging energy security challenges and Europe

Speakers at this panel (Ms. **Urszula Pallasz**, Senior Policy Advisor at the Strategic Planning Division of the European External Action Service, Mr. **András Szörényi**, Senior Advisor on Energy Security Issues at the Ministry of Foreign Affairs of Hungary, Ms. **Iana Dreyer**, Associate Fellow at the European Union Institute for Security Studies, Mr. **Frank Umbach**, Associate Director at the European Centre for Energy and Resource Security of the King's College London and Mr. **Jarosław Ćwiek-Karpowicz**, Head of Research Office at the Polish Institute of International Affairs) discussed various aspects of the European energy sector, including oil and gas dependence, high energy prices in comparison with the USA, delocalisation and deindustrialisation, gas corridors and expected reduction of the EU's share on global export. They also offered some potential solutions, such as joint EU vision and energy diplomacy, extension of IEA/Energy Charter, finalisation of IEM and full integration of new member states into gas networks). Panel V was led by Mr. **András Deák**, Associated Fellow at the Hungarian Institute of International Affairs.

Panel VI. EU energy and climate policy after 2020: trends in energy prices and competitiveness of EU companies

Ms. **Lívia Vašáková**, Economic Advisor at the Representation of the European Commission in Slovakia discussed results of the Green Paper Consultation which implies that binding nature of the 2030 targets is questionable. Mr. **Pawel Olejarnik**, Energy Analyst at the Global Energy Economics Directorate of the International Energy Agency forwarded the message of the IEA to enhance the EU's competitiveness. Ms. **Alena Šalamonová**, Head of Regulatory and Market Affairs at Slovenské elektrárne, a.s. called for the introduction of the capacity mechanism increasing security of supply. Mr. **Marian Krzaklewski**, Member, European Economic and Social Committee, presented the economic effects caused by intermittent supply from renewables sources and potential solutions. Panel VI was presided by Mr. **Filip Černoč**, from the Faculty of Social Studies of the Masaryk University in Brno and commented by Ms. **Lenka Ferencáková**, Editor at EurActiv.sk.

Concluding remarks of the Central European Energy Conference 2013 were delivered by Mr. **Alexander Duleba**, Director of the Research Center of the Slovak Foreign Policy Association.

Speakers' presentations and photos could be found on the website of the conference: www.ceec.sk.