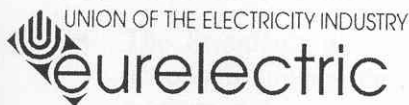
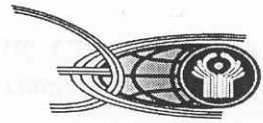


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CIS ELECTRIC POWER COUNCIL



**MINUTES  
of the 7<sup>th</sup> Meeting  
of the CIS Electric Power Council  
and EURELECTRIC Presidents**

September 18, 2006

**Present:**

**EURELECTRIC Delegation:**

Rafael Miranda, President of EURELECTRIC

Paul Bulteel, General Secretary of EURELECTRIC

Joaquin Pérez de Ayala, Chief of the Staff of the ENDESA Chairman and CEO

**CIS EPC Delegation:**

Anatoly Chubais, President of CIS EPC

Ksenia Datsko, Head of Department for External Relations and Protocol, RAO "UES Rossii"

Evgeny Mishuk, Chairman of the CIS EPC Executive Committee

Vladimir Voloski, Director of Department for External Relations, CIS EPC Executive Committee

**Objective of the meeting:**

- To discuss and assess the results of cooperation and fulfillment of the decisions taken at the previous Meeting of the Presidents in Vienna on June 14, 2005.
- To discuss and agree on further steps of joint work.

**Parties noted:**

- The current Meeting is the 7<sup>th</sup> regular Meeting of the Presidents of EURELECTRIC and CIS EPC.

**1. Item 1 of the Agenda: "News from CIS EPC and EURELECTRIC".**

- The participants exchanged views on the current situation in the electricity industry.

**2. Item 2 of the Agenda: "Progress since the last Presidents' Meeting".**

- The Presidents discussed the Progress Report summarizing activities performed after the 6<sup>th</sup> Meeting presented by the Secretariats and noted that the actions agreed at the previous meeting were successfully accomplished. They also acknowledged the work of the joint working groups, notably the comparative reports and the Roadmaps.
- The Presidents noted that much time passed since the last meeting in Vienna and stressed the need to meet on a more regular basis.

**3. Item 3 of the Agenda:** "List of EURELECTRIC-CIS EPC priority actions following the approval of the Roadmaps"

- The Presidents discussed and signed the "List of EURELECTRIC-CIS EPC priority actions following the endorsement of the Roadmaps towards compatible electricity markets in the regions of EU and CIS".

**4. Item 4 of the Agenda:** "Further steps: the priority actions implementation"

**Priority Action 1:** "To promote political support to the Roadmaps principles".

The Presidents discussed the issues of promoting political support to the Roadmaps implementation.

- Both sides pointed out the importance of establishing a legal and institutional framework to allow implementation of the actions aimed at EU and CIS electricity systems and markets integration.
- EURELECTRIC side mentioned that implementation of the Roadmaps' principles should be also promoted within the already established frameworks of the EU cooperation with the individual CIS countries, for example within the framework of the EU-Russia Energy Dialogue and other platforms.
- CIS EPC side presented a proposal of the establishment of a coordinating body for the EU-CIS electricity systems and markets integration, namely High Level Supervisory Commission under the governance of Mr. Piebalgs, EU Commissioner for Energy and possible personal participation of EURELECTRIC and CIS EPC Presidents in its work.
- The Presidents discussed the issue of addressing the CIS and EU policy makers at the highest level with the request to establish the necessary legal and institutional framework for all aspects of the electricity systems and markets integration.
- The Presidents discussed the issue of organizing a joint conference (workshop/round table) with participation of industry experts, government representatives and politicians of two regions in order to promote political support to the Roadmaps principles and to discuss the issues of establishing legal and institutional framework of cooperation.

**Priority Action 2:** "To propose concrete actions to implement the Roadmaps and to identify issues of further joint studies".

The Presidents exchanged views on further actions for the Roadmaps implementation.

- The CIS EPC side pointed out the necessity of making additional researches for further progress in the Roadmaps' implementation.
- The Presidents discussed the issue of co-operation with ERA (the Energy Regulators Regional Associations) and its possible role in setting up the common regulatory mechanism.

**Priority Action 3:** To organize regular exchange of information.

The Presidents discussed the state of play with the information exchange between EURELECTRIC and CIS EPC.

- The Presidents pointed out the positive experience of CIS EPC participation in publications of the regular reports of EURELECTRIC.
- CIS EPC side expressed the readiness to contribute to the 3<sup>rd</sup> edition of the regular report on interconnections development to be published by the joint EURELECTRIC-UCTE Working Group SYSTINT in early 2007.

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- EURELECTRIC side stressed that a Progress Report on implementation of the Roadmaps should be prepared on a regular basis (once or twice a year). Whereby, once the Common Regulatory Council is set, this Council must be involved in developing a comprehensive reporting format.

**Priority Action 4:** "To promote establishment of the political process to address the NPP issues".

The Presidents were informed about the work undertaken by EURELECTRIC Secretariat and Electric Power Council Executive Committee on possible limitations for the EU and CIS power systems and electricity markets integration because of NPP presence in the power systems to be interconnected.

- The Presidents pointed to the differences in the EU and CIS countries approaches to the assessment of the NPP nuclear safety level.
- The Presidents noted the following:

The Terms of Reference set certain limitations on the scope of the joint work, i.e. that EURELECTRIC and CIS EPC would not compare and/or discuss the content of actual safety standards either in the CIS or in the EU countries; and would not formulate conclusions regarding the levels of nuclear safety in the CIS and EU power systems.

It can be concluded from the descriptive reports, that due to the different reference levels, i.e. IAEA and national standards in the CIS report, and the EU 'high level of nuclear safety' in the EURELECTRIC report, it is not possible to draw conclusions at the EURELECTRIC and CIS EPC common level regarding possible limitations on future synchronous interconnection of the EU (UCTE) and CIS power networks because of nuclear power sources presence in the EU, CIS and Baltic power systems.

In the context of examining the feasibility of electricity markets integration (as envisaged in the frame of the EU-Russia Energy Dialogue in the Road Map for the Common Economic Space agreed in Moscow on May 10, 2005), inter alia, the compatibility of safety standards for electricity production, including nuclear safety, must be evaluated in a transparent way based on well-defined criteria. Therefore, the involved CIS countries and the European Union must in advance agree upon a process to address nuclear safety.

- The Presidents stressed the importance of keeping on the EU-CIS political dialogue on settlement of the problem of NPP involvement in operation of the power systems to be interconnected.

#### **5. Item 5 of the Agenda: "Technical feasibility study"**

- The Presidents discussed the current situation with Feasibility Study Project of UCTE-IPS/UPS synchronous interconnection (Feasibility Study Project) and also the request of Ukraine and Moldova to UCTE to consider the possibility of the Ukrainian and Moldavian power systems separate interconnection to UCTE.
- CIS EPS side explained that separate integration of the power systems of Ukraine and the Republic of Moldova into UCTE closes out the possibility for implementation of the UCTE/CIS and Baltic Power System Synchronous Interconnection project/ The consideration of this enquiry beyond the frames of the Feasibility Study Project can bring to conflicting decisions and, consequently, to frustration of the Feasibility Study and to breakdown of the agreements reached at the highest level regarding possibility of the electricity system integration.
- EURELECTRIC sees this inquiry as complementing and compatible and, at the EU side, to be solely handled by UCTE.

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**6. Item 6 of the Agenda: "Any other business"**

- The Presidents shortly tackled the issues of organizing the joint work, status of the joint working groups and regularity of their meetings.
- The Presidents discussed the date and place of the next Presidents' Meeting.

**7. Parties agreed:**

- 7.1 To acknowledge the work of the joint working groups which successfully completed the comparative report and elaborated the Roadmaps towards compatible electricity markets in both regions.
- 7.2 To adopt the Progress Report on the joint activity performed after the 6<sup>th</sup> Presidents' Meeting presented by the Secretariats.
- 7.3 To approve and sign the List of joint priority actions of EURELECTRIC and CIS EPC following endorsement of the Roadmaps in October, 2005.
- 7.4 To undertake efforts to promote implementation of the approved Priority actions as follows:

*Priority Action 1:*

- To continue actively promoting the Roadmaps with the responsible CIS and EU institutions, national governments, regulators and other responsible authorities.
- To continue promoting and using the Roadmaps in already established frameworks of the EU cooperation with individual CIS countries and at other relevant forums and events.
- To address the CIS and EU policy makers at the highest level with the request to establish necessary legal and institutional framework for all aspects of the electricity systems and markets integration.
- To address the European Commission with a proposal to establish a coordinating body for the EU-CIS electricity systems and markets integration, namely, a High Level Supervisory Commission with personal participation of EURELECTRIC and CIS EPC Presidents in its work.
- In the course of 2007, to organize a joint conference (seminar/round table) with participation of industry experts, government representatives and politicians of two regions to promote political support to the Roadmaps principles and to discuss the issues of establishing legal and institutional framework of cooperation.

*Priority Action 2:*

To assign the Secretariats and EURELECTRIC and CIS EPC Joint Working Groups "Markets" and "Environment":

- to identify and prioritize important issues and subjects of further studies required for the Roadmaps implementation in their different phases including development of proposals on setting up a legal framework of the EU and CIS electricity cooperation, establishment of the joint implementation and monitoring mechanism for creation of the common market, regulatory and economic aspects of integration, access to networks, ratification, interconnection capacity allocation mechanism, export/import, investment and cost sharing, etc.
- to undertake assessment of available external financial sources to be used in addressing identified issues necessary for implementation of the Roadmaps' elements (e.g. Tacis Programme, EBRD, World Bank and other)
- as an immediate step to explore the possibilities of cooperation with ERRA and its role in fulfilling functions in the common regulatory mechanism with an objective to develop a working plan and specify tasks of ERRA and joint EURELECTRIC-CIS EPC working groups.

*Priority Action 3*

- The CIS EPC Executive Committee to provide information on CIS countries to the 3<sup>rd</sup> edition of the SYSTINT report on "European, CIS and Mediterranean Interconnection" by

the end of September, 2006. EURELECTRIC to publish the report at the beginning of 2007.

- The joint WGs to develop a reporting mechanism to monitor progress in implementing the Roadmaps, in cooperation with the Common Regulatory Council, when this Council is set up. Meanwhile a simplified Progress Report should be elaborated on a regular basis, at least once a year for the meeting of the Presidents.

*Priority Action 4:*

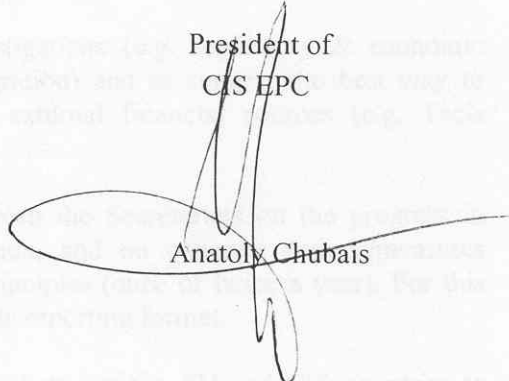
- To terminate the work undertaken by the Secretariats on the nuclear issues and not publish a common report.
  - To continue promoting the political process on settlement of the problem of NPP involvement in operation of the EU and CIS power systems to be interconnected.
- 7.5 To express support for further implementation of the Feasibility Study Project on interconnection of IPS/UPS power system to UCTE.
- 7.6 The Secretariats together with joint WGs to develop their Working Plan/Terms of Reference for the next phase.
- 7.7 To hold the next Meeting of the Presidents of EURELECTRIC and CIS EPC in Antwerp, Belgium on June 11-12, 2007.

President of  
EURELECTRIC



Rafael Miranda

President of  
CIS EPC



Anatoly Chubais