

7th Oil Forum

Belgrade
8/9 September 2015

Introduction

1. The Forum was opened with the welcoming of participants by the chairman, Mr. Massimo Lombardini, representing the European Commission.
2. H.E. Mr. Aleksandar Antic, Minister of Mining and Energy of the Republic of Serbia welcomed the Forum on behalf of the Government of Serbia, emphasizing that oil security, as part of energy security of supply is one of the main priorities in the oil sector of Serbia. The Minister then presented the latest progress made by the Serbian Government with regards to transposing the Oil Stocks Directive 2009/119/EC which will allow Serbia to start building emergency oil stocks in last quarter of 2015.
3. The Forum was also addressed by Mr. Dritan Spahiu on behalf of Albania, as Presidency of the Energy Community, presenting Albanian efforts which have focused on exploring the various possibilities of how their present emergency stockholding structure could be changed to be an effective system in line with the Oil Stocks Directive 2009/119/EC. In addition, the Forum was informed that the aim for establishing Albania's new emergency stockholding system is to meet the objectives of the Directive, both in terms of its own security of oil supply and taking serious step towards EU membership and meeting the 2023 deadline agreed by Energy Community. A draft law has been prepared and Albania is committed to taking a final decision in the very near future.
4. The Agenda was adopted by the Forum.

1. Security of Energy Supply

5. The Secretariat presented the progress made so far by the Energy Community and its role, as an integral part of the Energy Union, in contributing to European energy policy objectives and meeting current and future challenges. The Forum welcomed the results of the public consultation which gathered stakeholders' views on options for the implementation of proposals made by the High Level Reflection Group in its report "An Energy Community for the Future". The Secretariat also presented the latest discussions at the PHLG meetings which identify specific reform measures to be submitted for consideration and adoption by the Energy Community Ministerial Council in October 2015.
6. The Forum welcomed the presentation made by the European Commission on the Energy Union. On February 25, the Commission adopted a Communication on "A Strategic Framework, Action Plan and Roadmap for the Energy Union" based on five mutually supporting and interlinked dimensions respectively: energy security, solidarity and trust, a fully integrated internal energy market, energy efficiency as a contribution to moderation of energy demand, decarbonisation of the economy, and research, innovation & competitiveness. Following the positive reactions from the European Council in March 2015 March and the Energy Council on 8 June 2015, the Commission is now preparing and implementing the

initiatives announced in the Energy Union Roadmap. In particular on 15 of July 2015, the Commission came forward with a "summer package" including the following initiatives: a consultative Communication on energy market design, a Communication on a new deal for energy consumers, a new regulation on Energy Labelling and a legislative proposal for the reform of the Emission Trading System.

7. The Secretariat presented a detailed overview of the progress in the Contracting Parties since the last Oil Forum as well as the next steps necessary to prepare national legislation and to set up emergency response systems in order to comply with Directive 2009/119/EC. The Forum acknowledged that the progress in transposing the Directive varies substantially across the CPs, ranging from being still in the early stages of considering possible options for a stockholding system (e.g. Bosnia and Herzegovina, Moldova, Ukraine), to being in a more advanced stage of considering the most appropriate stockholding system (Albania, Montenegro, Kosovo*) to having formally adopted main legislation and part of relevant secondary legislation (the former Yugoslav Republic of Macedonia) and full transposition of primary and secondary legislation (Serbia). The Forum was informed in more details about the Serbian progress which serves as a concrete example that could be followed by the other Contracting Parties. Serbia, in addition to establishing the Commodity Reserves Law, which transposes Council Directive 2009/119/EC, has adopted the secondary legislation relevant to Annexes I – IV of the Directive, as well as the collection of an emergency oil stockholding fee. In June 2015 the Serbian Government approved the long-term plan for gradual forming and maintaining compulsory oil reserves for the period of ten calendar years, making possible for Serbia to start forming oil stocks within this year. The Forum was also informed about the Action Plan in Montenegro for the alignment of national legislation with the *acquis* related to mandatory 90-day stocks of oil and/or oil products, the establishment of a central body for mandatory oil stocks and an increase in storage capacity approved by the Montenegro Government in April 2015. Currently Montenegro is in the process of defining the stockholding model which includes drafting the Emergency Stockholding Law.
8. The Forum welcomed the IEA presentation on demand restraint measures – Saving Oil in a Hurry, which analysis measures to rapidly reduce short-term oil demand mainly in the passenger transport sector. Demand restraint policies have increasingly been used around the world to quickly reduce air pollution levels, and such policies could also be used in the event of oil supply disruptions or during periods of high oil prices. The IEA underlined that the potential impact of various measures could be substantial during an emergency, but only if the necessary emergency planning and preparation are carried out before an emergency occurs. The IEA also highlighted the importance of a country's overall emergency response system, noting that having oil stocks is important but that it is equally important to have the procedures and decision making structures in place and ready to activate, so that crisis response, including releasing stocks or implementing demand restraint measures, is fully effective when needed.

II. Enhancement and transparency of Oil Data

9. The Forum welcomed the presentation made by the International Energy Forum (IEF) that provided an explanation of the JODI initiative, which was created as a global response to the need for greater transparency in oil and gas markets for a less volatile marketplace and to contribute to greater stability in the energy market and security of energy demand and supply. The IEF talked about its cooperation with the JODI Partners (APEC, EUROSTAT, GECF, IEA, OPEC, OLADE, & UNSD) which is a key for the success of JODI. The IEF also emphasized

the needed collaboration in Energy Community in order to increase energy transparency which requires not only availability but also reliability of data. In addition the Forum welcomed the recent cooperation's with the Energy Community Secretariat which has been most successful, with immediate impact on responsible institutions to produce and submit monthly oil and gas data collections. The Forum was informed that so far only Ukraine and the former Yugoslav Republic of Macedonia are participating in the JODI Initiative. Moldova's submitted JODI questionnaires for both oil and gas in August. Montenegro and Serbia are expected to begin participating in JODI with monthly data very soon, with the remaining three Contracting Parties (Albania, Bosnia and Herzegovina and Kosovo*) to be ready by the end of 2015. The IEF pointed out that on behalf of the JODI partners they are committed to continue this cooperation with the Energy Community Secretariat and will continue to support future activities in this direction. The Forum encouraged all Contracting Parties to participate with high priority to the JODI Initiative.

10. The Forum welcomed the presentation from the International Energy Agency (IEA) focused on the methodologies and key attributes for both annual and monthly oil statistics questionnaires (referred to as AOS and MOS, respectively). A flow chart of the movement from indigenous production of primary oils and imports to eventual uses of refined petroleum products was provided, demonstrating the energy balance which is covered by the data collection. Both annual and monthly data provide a clear supply balance, for both primary oils and refined products, and includes details of trade origins and destinations. The annual data also collects information on final consumption by end-use, providing a clear indication of what main sectors are responsible for a country's oil consumption. In the monthly data collection, detailed information on stock levels are collected, and this provides information on the size and types of stocks, including emergency oil stocks, which are available for any given month. The IEA noted that all data are submitted to the IEA from official national sources, typically the national statistical agencies, which are based on their domestic data collection systems using the standardized definitions. The IEA concluded by encouraging all Contracting Parties to actively participate in the JODI as a good means of improving monthly data collection. This will constitute a first step in facilitating the ability to fulfill the MOS data submissions as required under the Directive.
11. Eurostat provided the Forum with an explanation of typical problematic issues in reporting using the Monthly Oil Statistics (MOS) questionnaire to fulfil the reporting requirements under the Council Directive 2009/119/EC. The presentation included an overview of the experience of oil stock reporting over the last years and of the workflow in Eurostat undertaken in the area of stock data reporting. The methodologies for calculating minimum stockholding obligations and compliance were also presented briefly. Eurostat underlined that the MOS data collection is fundamental for meeting obligations under the Directive and that each Contracting Party will need to fully understand the reporting details and methodologies related to the stockholding calculations using the MOS data.

III. Transposition of the oil stocks directive in the Energy Community

12. The Forum welcomed the presentation made by the European Commission which outlined an updated overview of the transposition process and the latest experience on oil stocks as part of security of oil supply in EU Member States. The Forum was informed that all Member States have declared full transposition of Directive 2009/119/EC. The Commission has completed the transposition check, aimed at verifying whether all provisions of the Directive were transposed in the national legal systems and has started this year the systematic conformity check. In addition, the Commission informed the Forum about the infringement

procedures against those Member States that did not transpose all of the provisions of the Directive or that had not notified the Commission within the given deadline.

13. The Forum appreciated NORA (Ireland) sharing its experience on the establishment of their emergency oil stocks under Council Directive 2009/119/EC which provided detailed information of Ireland's activities and past achievements regarding its stockholding system and emergency procedures. The information and experience sharing through the presentation was considered very valuable, and the Contracting Parties were encouraged to take advantage of such similar experience at the European level and to discuss topics like legal and institutional framework, composition of oil stocks, technical aspects, costs and funding and basic elements of emergency response system.
14. The Secretariat presented an overview of the Coordinated Technical Assistance program provided to the Contracting Parties during 2014. The Forum noted that in efforts to further promote progress in each of the Contracting Parties towards the transposition of Council Directive 2009/119/EC, the Secretariat organized, financed and coordinated Technical Assistance from experienced experts during 2014. This was a follow-up and continuation of technical assistance provided in 2013. This assistance was planned to provide to each Contracting Party, regarding the development of a detailed plan - Roadmap for establishment of emergency oil stocks by 1st January 2023, with the possibility to focus on other critical areas, as according to the specific circumstances of each Contracting Party.
15. The Forum was also informed that the Secretariat renewed the assistance program in 2015 with the objective of helping to advance the development of the legal framework (drafting/reviewing main legislation and sub-laws/regulations); institutional framework (competent authorities for activities under Directive 2009/119/EC); data/information gathering system; technical specifications (capacity requirements); and financing (funding set-up costs, operational costs). The Secretariat informed the Forum that any technical assistance not used by a given Contracting Party will be allocated to another Contracting Party and therefore strongly encouraged those which have not already done so to submit their requests for this assistance as soon as possible.
16. The independent oil experts, who have been part of the Coordinated Technical Assistance, presented a summary of the actions taken under this Assistance program, describing the assistance provided to each Contracting Party. The Forum was informed in more details about field visits to Albania, Kosovo*, the FYR of Macedonia (two field visits), Moldova, Serbia and Ukraine. The Forum was informed that none of the Contracting Parties visited were ready to work on the development of a detailed Roadmap as a standalone document, therefore the assistance focused on other critical areas, depending on the particular CP's request, like the identification of oil stockholding policy options most appropriate for specific circumstances, drafting and/or reviewing primary and/or secondary legislation.
17. The Forum also noted that in all of the Contracting Parties the establishment of a monthly data reporting framework, which should include quality verifications and assure data submissions each month by a given deadline, remains a critical next-step that needs to be taken. The independent oil experts emphasized that such data collection is fundamental for meeting obligations under the Directive and each CP was provided with presentations to clarify and improve their understanding of the reporting details and methodologies related to the stockholding calculations. Included among the outcomes of this assistance, the FYR of Macedonia and Serbia have taken concrete steps to begin collecting monthly oil data based on the MOS questionnaire.

18. The Forum was provided a presentation on the Technical Assistance and Information Exchange instrument of the European Commission. The TAIEX expert informed the Forum that this assistance supports public administrations with regard to the approximation, application and enforcement of EU legislation as well as facilitating the sharing of EU best practices. Workshops, Expert Mission and Study Visits are the three main methods of providing their assistance. TAIEX also presented their technical assistance provided to three Contracting Parties (Albania, Kosovo* and Montenegro) in close cooperation with the Energy Community Secretariat. The Forum noted that despite continuous efforts made by the Secretariat, most Contracting Parties had so far not taken advantage of this opportunity and those Contracting Parties not already doing so were encouraged to submit their requests to TAIEX expert mission within the third quarter 2015.
19. The Forum considered all topics discussed during the round table session as constructive and very useful. The Forum also noted that the establishment of emergency oil stocks and of an effective and reliable emergency response system remains a big challenge from a financial, legal, political, technical and an organizational point of view. The Forum acknowledged the progress made so far, in particular from Serbia and the FYR of Macedonia, however it also noted that most of the Contracting Parties still have a long way to go to achieve full compliance with the directive.
20. The Forum noted as a key priority the Secretariat's proposal to the Contracting Parties regarding the transposition of Directive 2009/119/EC into national law by the end-2016. For this reason, the Forum noted that each Contracting Party must update their Roadmap which was presented by the Secretariat, of what must be achieved over the coming 7-year period in order to successfully achieve the establishment of emergency oil stocks and an effective and reliable emergency response system.
21. The next Oil Forum is tentatively scheduled to be held in September/October 2016.