

ANNEX 1 TO EUSAIR POSITION PAPER: LIST OF PRIORITIES PER TSG - TEMPLATE

- To be submitted by Pillars to NCs by 15.4.2019
- Agreement of all TSG members
- If possible, reference to the possible projects at country level
- PC to consider to distribute the template to the TSGs in advance, TSG members might consult with NCs, on how to approach (in order to stimulate TSG members to define possible projects “behind the priorities”)

PILLAR 2 “Connecting the Region” – Energy Networks SubGroup

TITLE	Policy objective	Summary of policy choices	Justification	Reference to the tentative possible actions or projects	Other remarks
Construction and establishment of a well-connected power system and well-functioning electricity market for the Adriatic-Ionian Region.	Policy objective 2: a greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management	See Art. 8.b CPR - EC regulation proposal COM(2018) 375	Electricity will have an increasing role and share in all the national energy systems through the Adriatic-Ionian Region as one of the drivers in the energy transition towards a low-carbon economy. Electricity will be produced by a variety of sources and facilities while renewable energies will become a key component. It is in the interest of all EUSAIR Member States to interconnect their power grids, as a means to optimise the deployment of low-carbon power generation, to maintain grid stability and security while expanding the use of intermittent and diversified power sources. Electricity storage, digitalisation of the power grid and smart grids will offer further opportunities for reducing costs and improving the service. Electricity market integration, market coupling would become possible should investments in new power infrastructure become a reality.	<ul style="list-style-type: none"> • <u>Transbalkan Electricity Corridor</u>. The Electricity Corridor is a cluster of projects consisting in new power transmission lines, their reinforcements to allow electricity trade, improve grid stability and the large-scale deployment of renewable energy sources. • <u>Undersea power link between Italy and Montenegro</u>. Power link between Italy and Montenegro including construction and reinforcement of power lines with neighbouring countries. • <u>Power market coupling and integration</u>. Creation of a wholesale power market for the Adriatic-Ionian Region according to a number of steps including harmonisation of electricity transmission tariffs, progressive market coupling, power purchase agreements and use of block chain to facilitate electricity trading. • <u>Pilot project on smart grids and electricity system digitalisation</u> to improve reliability, competitive and efficient power delivery and use. 	
Construction and establishment of an integrated natural gas infrastructure and a	Policy objective 2: a greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular		Given its low-carbon content natural gas would be the fuel of choice in the energy transition. It appears essential for EUSAIR Member States to invest	<ul style="list-style-type: none"> • <u>Transbalkan Gas Ring</u>. The Gas Ring is a cluster of projects consisting in new gas pipelines, gas storage facilities and 	

well-functioning gas market.	economy, climate adaptation and risk prevention and management		to ensure ample and secure gas supply during the next years. Gas supplies should be diversified with natural gas entering the market through several routes. New gas pipelines, gas storage, LNG regasification terminals can contribute. Interconnections would help the construction of a macro-regional market as well as counterflows towards a macro-regional trading hub. Investments in new infrastructure should be timely and part of the transition towards a low-carbon economy.	<p>counter flows including the Serbia - Bulgaria Interconnector, Bosnia and Herzegovina – Croatia Interconnectors, Croatia – Slovenia Interconnector.</p> <ul style="list-style-type: none"> • <u>Ionian – Adriatic Gas Pipeline (IAP)</u>. The IAP is a strategic gas supply infrastructure linking Albania, Montenegro, Bosnia and Herzegovina and Croatia to take advantage from and synergise which the Transbalkan Gas Ring and the Transadriatic Gas Pipeline which is now under construction. • <u>Eastern Mediterranean Gas Pipeline (East Med)</u>. Gas pipeline from the South East Mediterranean through Crete and continental Greece to exploit discoveries of off-shore gas resources. The project would include the Poseidon pipeline which should connect Greece with Italy. • <u>Natural gas trading hub for the Balkan Region</u>. The trading hub would allow to exchange contracts, enhance competition when feasible, while promoting security of gas supply. 	
Infrastructure development for LNG logistics in the Adriatic-Ionian Region.	<p>Policy objective 2: a greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management</p> <p>Policy objective 3: a more connected Europe by enhancing mobility and regional ICT connectivity</p>		<p>Direct use of LNG as a fuel for transport would allow diversification and reduction of greenhouse gas emissions as compared with the oil-derived hydrocarbon fuels. Direct use can be proposed for both maritime and land transport. Small-scale LNG deployment is considered a viable option by the European Commission and several Member States.</p> <p>Development of LNG infrastructure would contribute to LNG use in the maritime transport to comply with the strict emission limits proposed by the European Union and International Maritime Organisation. On the other hand, LNG use for heavy road transport is being promoted along special corridors through the European Union and could be extended to the Balkan Region.</p>	<ul style="list-style-type: none"> • Design, construction and management of an LNG infrastructure in key harbours of the Adriatic-Ionian Sea including co-ordination of main port authorities. • Design, construction and management of a network of LNG refuelling stations for road transport to deliver LNG as a viable option. • Pilot project to promote marine and road truck engine conversion to the LNG use as a fuel. 	

Agreed on: 18.04.2019