EU-Russia Energy Dialogue

Joint Report
EU-Russia Energy Dialogue 2000-2010:
Opportunities for our future Energy Partnership

Presented on the occasion of the 10th anniversary of the EU-Russia Energy Dialogue

by

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Brussels / Moscow November 2010
1. Introduction

The EU and Russia are interdependent energy partners.

The Russian Federation is the 3rd biggest world trade partner of the EU (9.7%), following the US (15.2%) and China (11.4%). Energy represents 65% of total EU imports from Russia.

Russia is the biggest oil, gas, uranium and coal supplier to the EU, and the third biggest electricity supplier. 31% of total EU’s gas imports, 27% of total EU’s crude oil imports, and 24% of total EU coal imports are supplied from the Russian Federation 1. In 2009, Russia supplied 30% of total EU uranium imports. 24% of total EU gas sources are supplied from Russia. For several EU Member States, Russia is the only gas source and supplier.

At the same time, the EU is by far the largest trade partner of the Russian Federation: 45% of Russia imports originate from the EU, and 55% of its exports go to the EU, including 88% of Russia’s total oil exports, 70% of its gas exports and 50% of its coal exports. The export of raw materials to the EU represents around 40% of the Russian budget, and the EU represents 75% of cumulative foreign investments in Russia. In terms of infrastructure, Europe is the natural destination for Russian energy exports.

Overall, the intensity of EU-Russia energy relations has been increasing over the past ten years. EU enlargements in 2004 and 2007 were a further step in the relations, as most of the new Member States fully relied on gas supplies from the Russian Federation. The EU 27 gas imports from Russia grew from 119 bcm in 2000 to 134 bcm in 2008. From 2000 to 2007, oil supplies from Russia to the EU increased from 112 Mt to 185 Mt. The import of hard coal increased by a factor of 4 from 15 Mt to 56Mt in the same period. Russia is now the largest coal exporter to the EU. While as a consequence of the financial and economic crisis 2009 has seen a drop in imports, the year 2010 again shows an upward trend.

At the same time, the EU has stepped up its efforts to diversify supply and routes in particular for oil and gas, and more recently the Russian Federation also started to diversify its customers.

Acknowledging this development, the EU confirms that the Russian Federation will remain a key supplier of fossil fuels to the European Union, and the Russian side confirms that it will remain a stable and predictable supplier to the European Union. On this basis, both sides agree to further develop their relations.

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1 Eurostat data 2008
International legal base for cooperation between the EU and Russia

The legal basis for EU-Russia energy relations is the EU-Russia Partnership and Cooperation Agreement which was signed in 1994. In 2007, the Russian Federation and the EU decided to open negotiations on a new Agreement. Within the Dialogue, the Parties note the continuation of the negotiations and agreed that energy, as a strategically important matter of cooperation, will be one of the substantive elements of this Agreement. Both sides note the necessity to reflect in the energy chapter of the new Agreement inter alia the principles on energy security agreed at the G8 Summit in St Petersburg in 2006, as well as issues relating to energy efficiency and the reliability of demand, supply and transit.
In order to develop the principles of global energy security, the Russian side in 2009 proposed a new Conceptual approach for a legal base for international cooperation in the field of energy. The Parties envisage analysing together how best to consider the elements and ideas of the proposal in existing contexts. In particular, these include discussions on the Convention on ensuring international energy security drafted by Russian experts, the ongoing modernisation process of the Energy Charter Treaty as well as the ongoing negotiations for a new EU-Russia Agreement; as well as negotiations on specialised agreements such as the envisaged agreement on cooperation on the peaceful uses of nuclear energy.

**Origins of the Energy Dialogue**

In 2000, the Russian Federation and the European Union felt the need the upgrade the cooperation on this key sector and decided, during the EU-Russia Summit in Paris of October 2000, to institute an Energy Dialogue, "which will enable progress to be made in the definition of an EU-Russia energy partnership and arrangements for it". Energy was considered as one of the most solid pillars of cooperation between the European side and Russia since the 60s, and as a key element for the further integration of the markets. The cooperation should include "the introduction of cooperation on energy saving, rationalisation of production and transport infrastructure, European investment possibilities, and relations between consumer and producer countries".

After one year of intensive work, both sides agreed on joint objectives and tasks of the EU-Russia Energy Dialogue as laid down in the first synthesis report. The outcome of the exploratory phase of the Dialogue was confirmed by the EU-Russia Summit in 2001.

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The first synthesis report of the Dialogue from 2001 stated:

"Overall, Russia and the EU share the same concerns for ensuring stable energy markets, reliable and growing imports and exports, a pressing need to modernise the Russian energy sector, to improve energy efficiency and to reduce greenhouse gas emissions from energy production and use in their respective economies. Against this background, a number of common and complementary interests can be identified, such as the short and long-term reliability of energy supplies, energy efficiency, a desire to secure long term investments, opening up energy markets, diversifying the range of energy products traded and enhancing the technology base of the energy sector of the economy."

The Joint Statement of the EU-Russia Summit from 30 October 2001 noted the following priorities for future work:

"– improvement of the legal basis for energy production and transport,
– ensuring the physical security of transport networks;
– legal security for long-term energy supplies;
– the recognition of certain new transport infrastructures as being of "common interest";
–the importance of rational energy use and savings."
The Structure

As a bilateral cooperation mechanism, the energy dialogue has developed around concrete themes of interest to both parties and calling for shared “win-win” solutions. To succeed, such a dialogue must take into account all the stages of decision making and involve all relevant parties.

The impulse for an energy dialogue was launched by Presidents Vladimir Putin, Jacques Chirac and Romano Prodi during the EU-Russia summit of 30 October 2000. Subsequent summits have been regularly informed of the state of development (annual progress reports) and have given guidance for future work. The political leadership of the Dialogue was ensured at the beginning by the two "sole interlocutors", V. Khristenko, Vice Prime Minister of the Russian Federation, and F. Lamoureux, Director General for Energy and Transport of the European Commission, and subsequently by the EU Commissioner for Energy, A. Piebalgs, and the Russian Minister for Energy, S. Shmatko. Today, the coordinators of the Dialogue are on the Russian side Sergey Shmatko, Minister for Energy of the Russian Federation, and Günther H. Oettinger, Commissioner for Energy.

On the EU side, Member States have been closely involved in the work of the Dialogue as well as on the Russian side other Ministries, departments of the Ministry of Energy and research institutes. Member States' representatives are EU Co-chairs in the Thematic Working Groups, supported by the Commission services, and participate in the work of the groups and subgroups.

International financial institutes and industry have been further important actors in the Dialogue. From the start of the energy dialogue, representatives from industry were invited to take part in bilateral thematic groups on the themes of strategies, technology transfer, investments, environmental questions and energy efficiency. These groups, comprising Russian and European experts from the corporate sector and from national administrations, were charged with examining common areas of interest and defining priority sectors for cooperation. Their work has led to conclusions and recommendations, included in the progress reports.

Political steering was given to the Dialogue by the Permanent Partnership Councils dedicated to energy. The first Permanent Partnership Council on energy took place on 3 October 2005 in London. The fifth meeting takes place in Brussels on 22 November 2010.

The 10th anniversary of the EU-Russia Dialogue provides the occasion to analyse the achievements of the Dialogue, to draw lessons from the past cooperation and to propose on that basis the further objectives and actions of the Dialogue. The Dialogue should continue to be a tool of reference and provide a sound and structured basis for joint action and to facilitate mutual understanding on key issues of common concern.

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2 Reports are available on the website [http://ec.europa.eu/energy/international/russia/dialogue/dialogue_en.htm](http://ec.europa.eu/energy/international/russia/dialogue/dialogue_en.htm)

3 In 2005/2006, both sides established four Thematic Working groups on Investments, Infrastructure, Energy Efficiency and Trade. Subsequently, it was agreed to reduce this number to three groups on Scenarios, Forecasts, and Strategies, on Market Developments, and on Energy Efficiency.
Strategies, Scenarios and Forecasts

From the start of the Dialogue, both sides agreed on the importance to ensure long-term security and safety of energy demand and supplies. Progress on this issue requires to discuss long-term developments of their markets and to exchange information on their internal strategies and forecasts. To this effect, a specific Thematic Group on Forecasts, Scenarios and Strategies was established in 2007. The Group had its first meeting in September 2007. Since then, an extensive exchange has been undertaken in particular on the following subjects:

- The Russian Energy Strategy until 2030: The primary objective of the Energy Strategy until 2030 is to create an innovative and efficient energy sector in Russia that would correspond both to the growing economy's demand for energy resources and to the foreign economic interests of Russia. The Strategy notes that energy exports will continue to remain one of the most significant factors contributing to the economic development of Russia, and that crude oil output should reach 530-535 million tonnes, and natural gas production 885-940 bcm. The discussion on the Strategy allowed to have a better view on Russia's plans in particular in view of its future exports to the European Union.

- Different EU energy strategy papers and scenarios, such as the Action Plan for Energy from 2007, reports and statistics from Eurostat, the International Energy Agency and industry associations. This is important to evaluate possible developments of the future energy demand in the European Union.

- The Energy economy sub-group exchanged information on methods, instruments and models used to develop forecasts and scenarios and agreed to continue this close exchange in the future.

- In 2010 the Group discussed, on the basis of a Russian proposal, the project of a web-based platform for different scenarios / forecasts / strategies with the aim to easily compare different models and forecasts and to create an expert data pool.

The Group analysed and discussed the consequences of the financial and economic crisis and took note of an expert report finalised in summer 2010 on this subject. The report noted the decreasing energy consumption in Russia and the EU, decreasing prices for gas and a significant volatility of export volumes as immediate consequences of the crisis.

Energy Markets Developments

The EU-Russia Energy Dialogue made an important contribution to the better understanding of the functioning of the respective markets.

It has been possible to resolve difficulties faced by Russian companies in the internal energy market by establishing clear and predictable rules for companies operating in the single market. The Dialogue has created a path for European companies seeking to enter Russian markets. During this period, EU companies have made significant investments. The dialogue has made it possible to resolve certain problems which European companies have encountered. Likewise, Russian investments in the EU have been forthcoming, essentially through stakes which big Russian companies have bought.

The third joint Progress Report presented to the November 2002 EU-Russia Summit underlined the importance to underpin the attractiveness of legal frameworks such as
concessions and joint ventures for investments to ensure appropriate access to the energy transport networks. Both sides underlined the need to ensure a stable framework to guarantee non-discriminatory access to the transportation networks. Both sides also highlighted that energy prices should reflect the commercial imperative for investing companies so that at least the capital and operating costs can be recovered.

Certain regulatory and other developments in the respective markets led to criticism by the other Party. The Dialogue has proven to be forum also for intense discussions on the investment situation in the Russian Federation or on the internal market rules in the emerging single energy market in the EU. In many cases, it was possible to clarify misunderstandings and to find solutions. On other issues, both sides noted their different positions. Both sides recognised the importance and usefulness to exchange views also on complicated matters, and recognised the similarities and differences in their respective markets.

A particularly important subject were long term gas contracts which included territorial restriction clauses running counter to EU rules governing free movement and competition. Thanks to the dialogue, these questions have been discussed and solutions have emerged. Both sides have rightly upheld the importance of long term contracts for consumers and suppliers. They support security of supply by improving investment planning for production or infrastructure projects necessary for EU supplies. While they are an essential element for energy security of supply, the contracts must evolve with the gradual creation of an internal energy market in the EU. Long-term contracts have to respect the internal market rules and competition rules in the EU market. On the subject of destination clauses, several agreements between EU and Russian companies were reached from October 2003 onwards.

Both sides intensively discussed the market situation and new regulatory requirements in their respective markets. The Russian side raised its concerns with regard to the unbundling requirements, which may result in decreasing investments, and the third country clause in the Third Internal Market Package of the European Union. The Package, consisting of two Directives and three Regulations, will be applicable from 3 March 2011 in the EU and is a further important step towards the creation of a single energy market in the EU. Within the Dialogue, the EU in detail informed the Russian partners on the content of these changes to the internal market. It will be one important task of the Dialogue to continue discussions on this topic.

The investment situation in the Russian Federation was another important topic of discussion within the Dialogue. The EU side underlined the need to proceed with market reforms, the application of market-based pricing and to simplify administrative and licensing procedures. Both sides discussed the impact on foreign investment of the decisions of the Russian authorities on Production Sharing Agreements in the energy sector in spring 2003, and the impact of the Strategic Sectors Law from 2008, in connection with the Subsoil law which according to the EU may result in decreasing investments. Both sides share the opinion to maintain a continued development of new gas and oil fields to sustain stable delivery of gas to Europe as well as investment.
Energy supplies and energy trade

The EU-Russia Energy Dialogue continuously analysed the trade situation on energy goods between the EU and the Russian Federation. In 2006, a joint report of the Thematic Group on Trade highlighted the following priorities in that context:

- the need for an optimal use of existing export capacities;
- the analysis of a potential use of swap operations;
- the need to restrain from applying quantitative restrictions in trade.

Both sides supported the development of a direct dialogue between supplies of raw material and end-users.

EU-Russia energy relations covers a wide range of products and energy goods, and the development of the relations greatly differed depending on the different energy sectors.

The Dialogue organised several roundtables on coal, electricity, gas and nuclear issues to take into account of the specificity of each sector.

In the gas sector, discussions have focused on security of supply and security of demand aspects, as well as market developments.

During the crisis regarding natural gas transit in January 2009 the European Commission, the Russian Federation and Ukraine agreed on Technical Terms for Monitoring the Supply of Natural Gas through Ukraine. The implementation of the monitoring mechanism significantly helped resuming supply in early 2009.

In November 2009, the Coordinators of the Dialogue signed an Early Warning Mechanism. Both sides strongly welcome the Mechanism which aims at ensuring rapid communication and preventing further supply interruptions in the field of gas, oil or electricity. Both sides highly appreciate the functioning of the Mechanism since then.

Russia is one of the main suppliers of crude oil and oil products to the European Union. Oil transportation is effected by trunk pipelines, maritime and railway transport. Maritime transport through the Baltic Sea increased significantly following the opening of the Primorsk port facilities in 2001. During the first years of the Dialogue, intensive discussions were held therefore on maritime safety aspects, such as the use of double hull tankers. Both sides agree to further optimise the use of existing oil pipelines.

Coal is an important energy source in the Russian Federation and the European Union, and the trade exchange of coal has been increasing over the past ten years, also because there were neither peculiar obstacles or barriers to trade nor significant supply interruptions.

A main objective of the discussions in the Dialogue has been to improve the efficiency and environmental performance and to encourage the use of modern, efficient and cleaner coal combustion technologies. To this effect, a number of specific projects were undertaken:

- “Cost Effective Clean Coal Improvements to Russian Utility Plant”: Facilitate the technology transfer to improve the efficiency and environmental performance of conventional coal-fired power plants in Russia.
- “Promotion of Renovation Activities in the Russian Energy Sector”, a study resulting in a market assessment of the perspectives for rebuilding/rehabilitating coal-fired power plants in Russia to increase efficiencies and thereby reduce the greenhouse gas emissions.
• “Circulating Fluidised Bed for the Clean and Very Efficient Retrofit of an Existing Coal-Fired Power Plant”. This project was studying the rehabilitation of the “Novocherkasskaya GRES” coal-fired power plant.

Several seminars and round tables on clean coal technologies took place in April 2003 and February 2004 in the Russian Federation.

The electricity systems of the European Union and the Russian Federation are following different rules and are based on different systems. Russia is exporting electricity to Finland through interconnection lines. The electricity systems of the Baltic States operate in parallel with the Russian UPS system which allows for import and export of electricity between the Baltic States and the Russian Federation. Russia has however no links with the synchronous area of mainland Europe. As a consequence, electricity trade between the EU and Russia is still limited.

The lack of interconnections has been the subject of a large study, the feasibility study on the synchronous interconnection of the power systems of the CIS and Baltic States (IPS/UPS) to the Central European UCTE. The result of this study from 2008 have been discussed in the framework of the Dialogue: The study showed that synchronous interconnection is feasible on the condition of carrying out a serious of technical, maintenance and organisational measures, including the creation of a necessary legal framework. Since this may require a long period, asynchronous interconnections may be considered in the meantime. This would however require further studies. The newly created Ad-hoc Group on Electricity will be the framework for the discussion on these matters.

In the past ten years, the electricity markets have undergone significant reforms both in the EU and the Russian Federation. In the EU, the second and third internal market packages have been adopted respectively implemented. The main elements are separation and regulation of networks ( unbundling), mandatory third party access and the establishment of independent regulators.

In the Russian Federation, electricity sector reform foresees a gradual liberalisation and demonopolisation of the power sector. The reform included the restructuring of the national monopoly RAO UES into several energy companies, the creation of a transmission grid company and the liberalisation of prices in parts of the Russian Federation.

As to nuclear issues, the Russian Federation is a key supplier to the EU nuclear industry. Since 1992, Russia is the largest uranium supplier to the EU Member States. It is supplying fuel assemblies to soviet-designed VVER reactors in the New Member States, and to the RBMK reactor in Lithuania until its closure.

Cooperation focused on safety and security of the nuclear energy sector. Through the Tacis programme, the EU supported a large number of support activities and technical assistance to nuclear safety projects in the Russian Federation.

The Dialogue prepared the way for the negotiations on an EU-Russia Euratom agreement on the peaceful use of nuclear energy. In December 2009, the Commission received from the Council a mandate to negotiate an ambitious EURATOM agreement with the Russian Federation. First preparatory talks between both sides took place in 2010.
The Parties consider it necessary to evaluate further the possible barriers to energy trade between the EU and Russia, whether existing or likely to appear in the future, and whether they are of political, legal, economic, financial or technical nature, and to promote their removal.

Energy Infrastructure

Finally, the dialogue has put in place the conditions for long term energy supplies in Europe by supporting the building and modernisation of energy transport infrastructure and establishing safety rules.

The EU-Russia Summit of October 2001 had defined the following projects of "common interest" to be studied by both Parties:
- interconnection of the electricity networks
- the Northern Trans-European gas pipeline
- the Yamal-Europe gas pipeline network through Belarus and Poland
- the development of the Shtokman field;
- the connection of the Druzhba oil transmission system through Belarus and Ukraine with the Adria network.

In 2007/2008, both sides decided to create a specific working group on infrastructure issues with the aim to discuss issues related to infrastructure policy in Russia and in the EU, in particular infrastructure projects – for instance pipelines, high voltage lines, underground gas storages, liquefied natural gas terminals, liquefaction plants – of common EU - Russia interest. Furthermore, planning processes, authorization procedures, promotion of projects, financial and administrative tools, regulations on safety and maintenance may also be included in the dialogue. The Group discussed the European Energy Programme for Recovery (EEPR), the TEN-E programme, the Ten Year Network Development Plans and main activities of ENTSO-E and ENTSO-G, the new Regulation on Security of Gas Supply, the European Commission's planned Energy Infrastructure Package, an update on the construction of the Baltic Nuclear Power Plant in Kaliningrad, the specificities of the electricity network in the region and the state of play of oil pipelines (Burgas-Alexandroupolis, Samsun-Ceyhan, Caspian Pipeline Consortium, Baltic Pipeline System 2, Druzhba) and gas pipelines (Nord Stream, South Stream).

Both sides welcomed progress notably in the Nord Stream project as priority project under the TEN-E programme. It was agreed that joint projects should increase security of supply and security of demand for both sides.

Promotion of sustainable energy / energy efficiency

Energy efficiency was identified from the start of the Dialogue as a key area of common interest and of cooperation. In 2006, both sides agreed on a joint EU-Russia Energy Efficiency Initiative. These initiatives included projects on

- approximation of legislation and regulations in the field of energy efficiency, heat supply and renewable energies;
- cooperation at regional level, strengthening partnership programs between local and regional energy efficiency centres in the EU and Russia;
• cooperation of the use of Kyoto Protocol mechanisms for the improvement of energy efficiency;

• providing support to the development of renewable energy and energy efficiency projects.

The Dialogue initiated and supported, among others, a large number of concrete projects and activities:

• Energy Bridges - Bridging the gap between different energy management experiences in Kaliningrad, Lithuania and Italy

• Round tables and a study on the efficient use of associated petrol gas and technology cooperation.

• Tacis projects on "Energy Efficiency at regional level in Archangelsk, Astrakhan, and Kaliningrad regions" and on "Renewable Energy Policy and Rehabilitation of Small Scale Hydro Power plants";

• Support the Kyoto Protocol implementation

• Sustainable energy management on municipal level

• "EastWind"- Establishing wind energy use in the Russian Federation

• Renewable energy policy and the rehabilitation of small scale hydropower plants

• EU-Russia Cooperation on Energy Efficiency Indicators

Exchanges between EU and Russian experts and authorities through specific seminars and regular meetings have contributed in concrete terms to sharing legislative experience and know how between the EU and Russia, particularly on development of policy and legislation, assessment of the potential for energy efficiency improvements, renewable energy greenhouse gas emission's reduction. This was particularly important in view of the Russian energy efficiency law adopted in 2009. EU best practices further helped setting up an administrative system for implementation of policy and legislation at federal and regional level in the Russian Federation.

The creation of the EU-Russia Energy Technology Centre in Moscow in 2002 was a very practical and concrete example of our cooperation. The Centre was designed to promote cooperation in advanced energy technologies, to encourage industrial partnerships and to facilitate investments in priority projects. The Centre was very active in bringing together Russian and EU energy industry representatives and thus facilitated cross-border investments. It fulfilled an important role of technical assistance and support by organising round tables and seminars on important issues of mutual interest as well as by facilitating the development of bankable energy projects. In the field of energy efficiency, it supported the development of pilot projects in Astrakhan, Arkhangelsk and Kaliningrad. Special mention should be made to the organisation of meetings on the harmonisation of technical norms and standards in the electricity sector, on the legal framework of the refining industry and for the use of renewable energies, on advanced technologies for the safety of coal mining and on the possible participation of EU businesses in the Russian domestic gas market. Furthermore, the centre
made in-depth analyses of associated gas utilisation, safety of coal mines, heavy oil processing and the utilisation of mini hydropower plants. The Centre played a very useful role as communication platform between EU and Russian industry, helped to establish industrial partnerships and assured the participation of EU experts in different modernisation projects (for example in the Russian electricity sector). The financing of the centre ended in 2006.
Both sides agree that they will consider the creation of a centre, supported by Russian and EU industry, as a platform for exchange and "one-stop shop", notably with regard to energy efficiency and new technologies in different sectors.

Conclusions: opportunities for our future partnership

Both sides highly appreciate the results that have been obtained in the past 10 years of the existence of the Energy Dialogue. They note the important and fruitful work of the three Thematic Groups on Energy Strategies, Forecasts and Scenarios, on Energy Market Developments and on Energy Efficiency. They also welcome the work of the Subgroups on Energy Economics, on Infrastructure and on Investment as well as of the recently established ad-hoc group on electricity. These groups, together with different groups existing before 2007, have made a specific contribution to the further development of energy cooperation between the European Union and Russia in the past 10 years.

The sides agree to continue their work within this framework while keeping the necessary flexibility to adapt and to have meetings on specific subjects if necessary. The European side notes he lack of financing of activities within the Dialogue and calls for an improved access to financial resources in view of the importance of the EU-Russia Energy Dialogue for overall EU-Russia relations.

Russia and the European Union will face a number of challenges regarding the future development of their energy relations, such as

- the increasing globalisation of energy markets
- the development of energy prices
- the continued reform of their internal energy markets
- the importance of reducing greenhouse gas emissions and to find sustainable ways to produce energy.

In view of these challenges, both sides underline their commitment to see their mutual energy relations as a priority and to further intensify the EU-Russia Energy Dialogue. They agree that the Dialogue should contribute to develop reliable, transparent and stable energy relations based on the principles of an open market.

In particular, both sides agree:

- to consider the set-up of an EU-Russia Energy Dialogue Advisory Body to advise the Coordinators of the Dialogue;
- to enlarge and to widen the EU-Russia Energy Dialogue to representatives from the academic and research communities;
- to consider the restructuring of industry participation through the creation of an "Industry Energy Roundtable". Such a forum would provide a platform for exchange and contact between the EU and Russian industry and prepare industry input to the Dialogue with a view to make concrete proposals including in the context of the
Russia –EU Modernisation Partnership and prepare joint projects in the different areas.
- to consider the creation of an EU-Russia Centre for energy innovation and energy efficiency with the support of industry. This Centre should also work as one-stop shop to facilitate activities of EU and Russian investors.
- to increase the information exchange between both sides through possible internet platforms.
- to establish close contacts with other EU-Russia Dialogues, in particular the EU-Russia Research Dialogue.

Moreover, both sides agree on the following list of priorities. Both sides agree that this list should be continuously updated in the Thematic Working groups and that new upcoming important issues should be included in a flexible way.

- To start work on a long-term roadmap with the aim to discuss the role of Russian energy resources for the EU energy mix and security of supply over the next decades until 2050;
- To discuss the role of energy transportation infrastructure in that context;
- To collaborate further on supply issues and ensure the good application of the Early Warning mechanism;
- To regularly establish a list of "outstanding energy matters" with a view to seek pragmatic and timely solutions;
- To support the introduction of market-based mechanisms and to discuss the further gradual integration of the EU and Russian energy markets;
- In the field of energy efficiency, to share best experience with regard to the implementation of legislation, to support energy efficiency measures such as better use of associated petrol gas, coal bed methane, clean-coal technologies carbon capture and storage, and the reduction of technical barriers and harmonisation of environmental standards, to facilitate investments in priority areas such as energy efficiency in generation, transmission and distribution of electricity and to cooperate on training programmes;
- To work towards the reduction of investment barriers as well as the facilitation of cross-border investment with a focus on the practical implementation of the domestic legislation and / or any bilateral or multilateral agreement between both sides.

Both sides underline that the Dialogue should make an important contribution to the EU-Russia Partnership for Modernisation as agreed at the Rostov EU-Russia summit on 31 May – 1 June 2010. Both sides welcome the agreed joint plan of actions as a contribution of the Dialogue to the Modernisation Partnership. Both sides agree that the plan will support energy efficiency in the Russian and EU economies.

Günther H. Oettinger  
Sergey I. Shmatko
Annex 0: Structure of the EU-Russia Energy Dialogue

1.9.2010

Coordinators
S. Shmatko - Minister of Energy of the Russian Federation
G.H. Oettinger - Commissioner for Energy

Delegated Coordinators
- Y. Yanovskiy - Deputy Minister, Ministry of Energy
  P. Lowe - Director General, DG Energy

Energy Strategies, Forecasts and Scenarios Group
  - Subgroup energy economics

Market Development Group
  - Subgroup Investment
  - Subgroup Infrastructure
  - Ad-hoc Group on Electricity

Energy Efficiency Group

Co-Chairs of the Thematic Groups

Russia
Yuri Baron
Deputy Director, Department of State Energy Policy, Ministry of Energy RF

M. Balashov
Director, Department for Electricity, Ministry of Energy

Sergey Mikhaylov
Director, Department of State Energy Policy, Ministry of Energy

EU
Richard Lavergne
Senior Advisor, Ministry of Ecology, Energy, Sustainable Development, and the Sea, France

Chris Barton
International Energy Policy - Energy Strategy & International Unit, Department of Energy & Climate Change, United Kingdom

Ursula Borak
Deputy Director General, Federal Ministry of Economics and Technology, Germany

EC Secretaries of the Thematic Groups

Christian Cleutinx
Director General, Enlargement Supply Agency

Paula Abreu Marques
Acting Director, General Policy, DG for Energy, European Commission

Marie Donnell
Director, New and Renewable Energy Sources, DG for Energy, European Commission

EC / RE assistants

J. Baur / M. Lastovskaya
J. Baur / V. Volkov
R. Beltrame / S. Soloviev

1 Industry-led
2 EU Co-chair: J. Vlasin, Head of Unit Security of Supply, DG Energy / Co-chair of Russian Federation: M. Balashov, Vice-President Transnet
3 EU-Co-chair: D. Futter, Deputy Director General, DG Energy / Co-chair of Russian Federation: V. Nikitov, Director of Electricity Development, Ministry
Annex 1: List of joint energy projects

1. Russia gas market liberalisation
2. Rationalisation of the Federal wholesale electricity and power market - Forem - Russian Federation - at Moscow
3. Land registration in the gaz, oil and transport sectors: Roszemcadastr
4. Russia: Analysis of the legal status of reform process in the electricity sector
5. Harmonisation Of Energy Policies Of Russia And The EU (Energy Dialogue)
6. Study of the efficiency of heat supply for the purposes of market infrastructure development - Key institutions, Russia n federation, KI 02-26
7. Keeping warmth. Realisation of European energy efficiency program goals in Murmansk region.
8. PHOENIX - Introduction of international ESCO concept for energy saving and waste utilisation for energy production
9. Energy Bridges - Bridging the gap between different energy management experiences in Kaliningrad, Lithuania and Italy
10. Energy sector study - Russia
11. Institutional support to Kyoto protocol implementation (Energy Dialogue)
12. ESAPP - Energy saving at public premises
14. BSR Interreg IIIB neighbourhood Programme - Baltic Energy Efficiency Network for the Building Stock
15. South-East Finland-Russian Neighbourhood Programme - Implementation of District Heating Norms in Russia
16. Euregio Karelia Neighbourhood Programme - Karelian Villages - Intelligent Energy Services
17. Baltic Environment and Energy
18. Euregio Karelia Neighbourhood Programme – Karelian Peat Harvesting and Export
19. BSR Interreg IIIB neighbourhood Programme - Baltic Energy Efficiency Network for the Building Stock
20. Perspectives of Offshore Wind Energy development in marine areas of Lithuania, Poland and Russia (POWER)
21. BSR IIIB Sustainable energy management on municipal level
22. BIO-INTEGRATION - Development of Innovation and Production Network between Finnish and Russian SME in Bioenergy Sector
23. BSR IIIB Sustainable energy management on municipal level
24. Renewable energy policy and the rehabilitation of small scale hydropower plants
25. SR IIIB EastWind - Establishing wind energy use in the RF
26. Promoting investments into energy savings projects in Russia's regions.
27. Addressing the impact of the financial crisis on EU - Russia energy cooperation
28. Support to the creation of an energy efficiency management system in Russia
29. EU-Russia Cooperation on Energy Efficiency indicators in Russia
30. SPIN-Energy efficiency in urban development planning
31. Support to the development of new generation models to estimate and forecast GHG emissions and efficiency of Russian climate change mitigation measures and policy
Annex 2:  List of Progress Reports

Reports of the EU-Russia Energy Dialogue

- First joint Synthesis Report, October 2001
- Second progress report, 29 May 2002, Moscow
- Third progress report, 11 November 2002, Brussels
- Fourth progress report, 6 November 2003, Rome
- Sixth progress report, 4 October 2005, London
- Interim progress report, 25 May 2006, Sochi
- Seventh progress report, 24 November 2006, Helsinki
- Eighth progress report, October 2007
- Ninth progress report, October 2008
- Tenth progress report, November 2009

Reports are available on the website
http://ec.europa.eu/energy/international/russia/dialogue/dialogue_en.htm
Annex 3: List of meetings 2009/2010

17 February 2009: First meeting of the Sub-Group on Energy Economics, Moscow;


19 March 2009: Joint Meeting of the Thematic Group on Energy Market Developments and the Investments Subgroup on main obstacles for investments in Russian projects of oil and gas production, Moscow;

20 March 2009: Working meeting of the EU – Russia Coordinators at ministerial level, Moscow;

16 April 2009: Co-Chairs Meeting of Joint Thematic Group on Energy Efficiency, Brussels;

30 April 2009: Fourth meeting of the EU-Russia Permanent Partnership Council on Energy, Moscow;

29 May 2009: Second meeting of the Sub-Group on Energy Economics, Brussels;

21 July 2009: Third meeting of the Sub-Group on Energy Economics, Moscow;

23 July 2009: Regular Meeting of the Joint Thematic Group on Energy Efficiency, Brussels;

16 October, 2009: Third meeting of the Investments Subgroup, Moscow;

27 October 2009: Fifth Meeting of the Thematic Group on Energy Market Developments;


16 November 2009: Meeting of the Coordinators of the Energy Dialogue on the ministerial level, Moscow;

15 December 2009: Regular Meeting of the Joint Thematic Group on Energy Efficiency, Moscow;

15 December 2009: Seminar "EU – Russia cooperation on establishing a common EU – Russia testing, certification, monitoring, training and consultation centre for renewable energy and energy efficient equipment", Moscow;

27 January 2010: First meeting of the Subgroup on Infrastructures;
3 February 2010: Fourth meeting of the Thematic Group on Energy Strategies, Forecasts and scenarios, Moscow;

8 April 2010: Meeting of the Coordinators of the Energy Dialogue Moscow;

22 April 2010: Fourth meeting of the Energy Economics Group, Paris;

4 June 2010: Fourth Meeting of the Investment Subgroup, Brussels

17 June 2010: Sixth meeting of the Thematic Group on Market Developments, Moscow;

13 July 2010: Meeting of the Delegated Coordinators of the EU-Russia Energy Dialogue;

30 July 2010: Meeting of the Joint Thematic Group on Energy Efficiency, Brussels;


16 September 2010: Fifth meeting of the Investment Subgroup, Moscow,

17 September 2010: Second Meeting of the Subgroup on Infrastructures;


21 September 2010: Fifth meeting of the Thematic Group on Strategies, Forecasts and Scenarios with participation of the Thematic Group on Energy Efficiency;

5 October 2010: Workshop on bilateral cooperation of Russia and the EU and IFI's in the area of energy efficiency and renewable energy. Formats and agreements of cooperation, ongoing and planned projects at federal and regional level;

3 November 2010: Co-Chair's meeting – videoconference of the Thematic Group on Energy Efficiency.
Annex 4: Statistics

Hard Coal: EU-27 imports from Russia
between 2000-2008

Russian Imports

Unit: 1000 toe
Annex 5: Photos

Minister Khristenko and Director General Lamoureaux, first "sole interlocutors" of the EU-Russia Energy Dialogue

Minister Shmatko and Commissioner Piebalgs signing the Early Warning Mechanism, November 2009

Minister Shmatko and Commissioner Oettinger, 10th anniversary of the EU-Russia Energy Dialogue, November 2010