



Lessons learnt from the first year's implementation. The way ahead

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Ambassador Anita Orbán, Priority Area Coordinator
Ministry of Foreign Affairs of Hungary

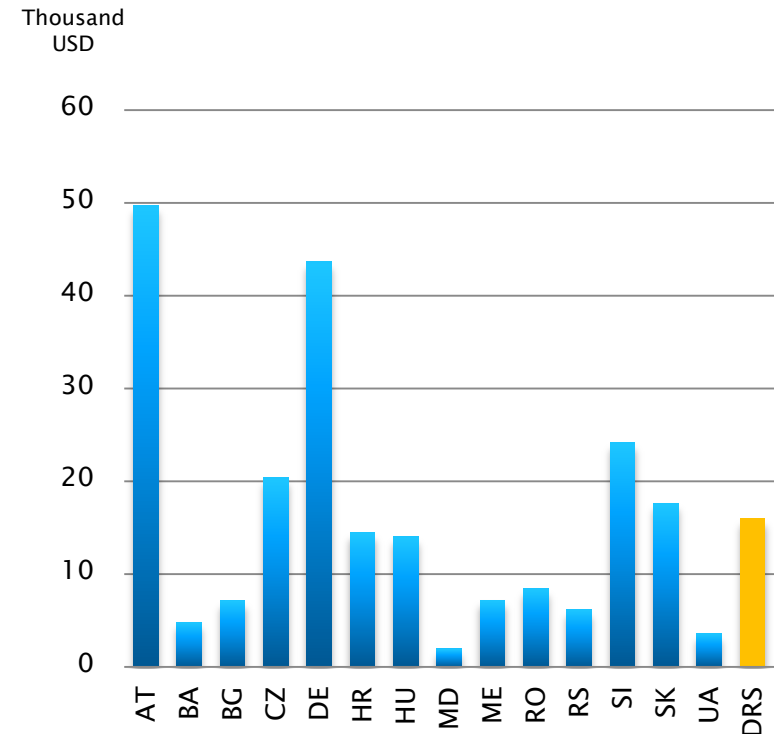
Outline of the Danube Region

Key features:

- ▶ 8 EU + 6 non-EU countries;
- ▶ More than 100 million inhabitants;
- ▶ One-fifth of EU's total area;
- ▶ Significant regional disparities



GDP per head in PPP (2011)



Source: World Bank

Major objectives of the macro–regional concept

- ▶ PA2 is coordinating regional energy policies to exploit the potential of an integrated energy market;
- ▶ PA2 is instrumental in the integration of the energy markets of the non–EU countries and supporting the implementation of the EU energy acquis– the Strategy created a new platform for cooperation;
- ▶ PA2 is committed to launch cutting edge technology developments which will increase the energy efficiency of the region and enhance the use of renewable energy sources;

The achievement of these objectives will result in **more jobs, more competitiveness and more investment** in the whole Danube Region.

Steering Groups are the brain of the PAs

- ▶ Daily work of the PAs is coordinated by Priority Area Coordinators and their staff;
- ▶ Steering Group = Main decision making body consisting of high-level officials from each country;
- ▶ 5th SG meeting is scheduled to 5 December;
- ▶ Strategic partnership with the EnC, observer status in regional gas WGs;

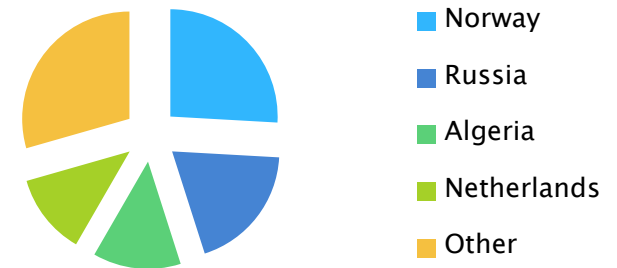


Demanding challenges for the entire region

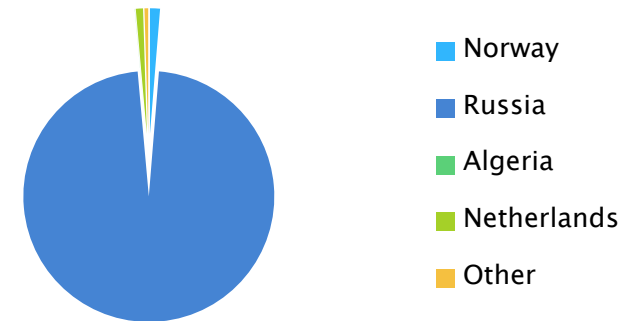
Common characteristics of the Danube Region:

- ▶ High energy prices;
- ▶ Fragmented markets;
- ▶ Lack of interconnectivity;
- ▶ Vulnerability regarding security of supply;
- ▶ Non-efficient energy consumption;
- ▶ Homogeneous region regarding natural gas;

Gas imports (2010) for EU-15

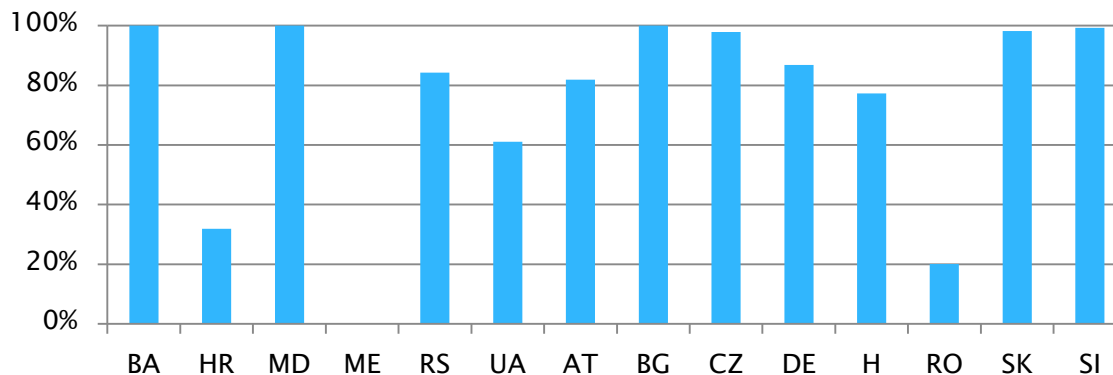


Gas imports (2010) for DRS-14



Source: EUROSTAT

Gas Dependence*



*consumption not covered by domestic production

Source: EUROSTAT, Energy Community

Objectives supporting EU2020 goals

General objective – to promote the EU2020 goals with all possible means

- ▶ Well functioning energy networks;
- ▶ Better interconnectivity (interconnectors and gas storages);
- ▶ To improve energy efficiency and the share of renewables;



Various tools to achieve the targets

- I. Coordinating common position of the EUSDR countries regarding policy issues
- II. Implementation of the Strategy's Action Plan (17 actions in 3 groups for the PA2)

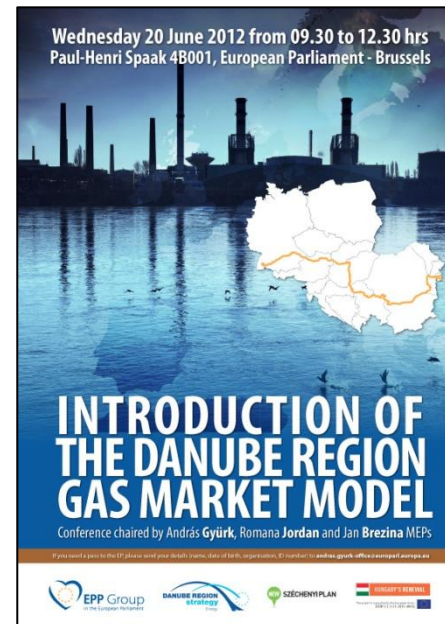
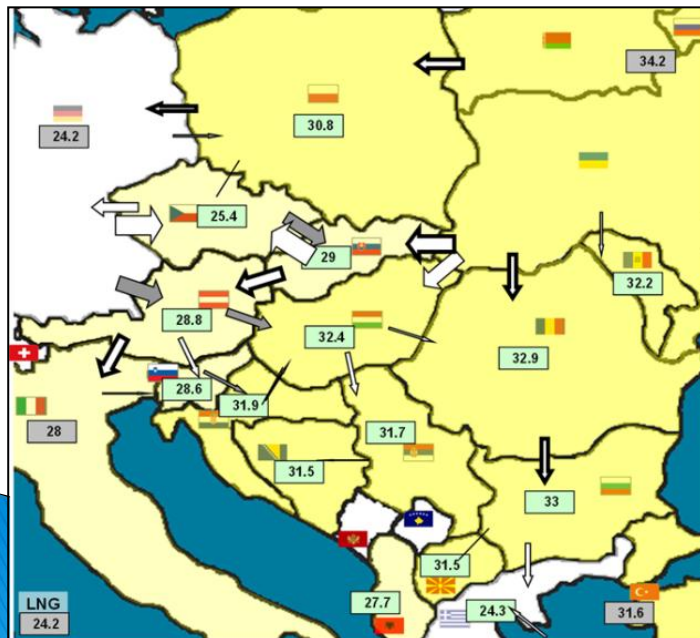


- III. Projects

Successful policy coordination – Gas Market Model

The Danube Region Gas Market Model

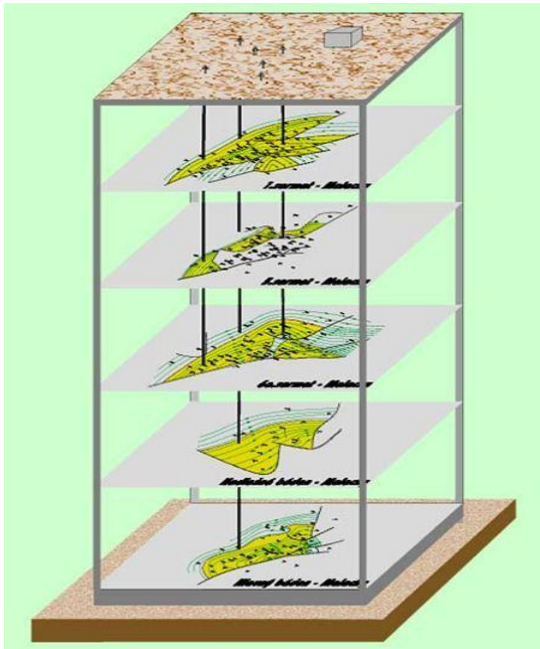
- ▶ First and tangible result of the PA2
- ▶ Comes from the Action Plan: development of a joint position of the region regarding natural gas projects of common interest (PCI);
- ▶ Tool for modelling the regional effect of gas infrastructure projects and project packages on gas prices;



Successful policy coordination – Storage analysis

Regional gas storage market analysis and transmission price benchmarking for the Danube Region:

- ▶ Based on the conclusions of the Danube Region Gas Market Model;
- ▶ Preliminary results will be presented on the next SG meeting on 5 December 2012;



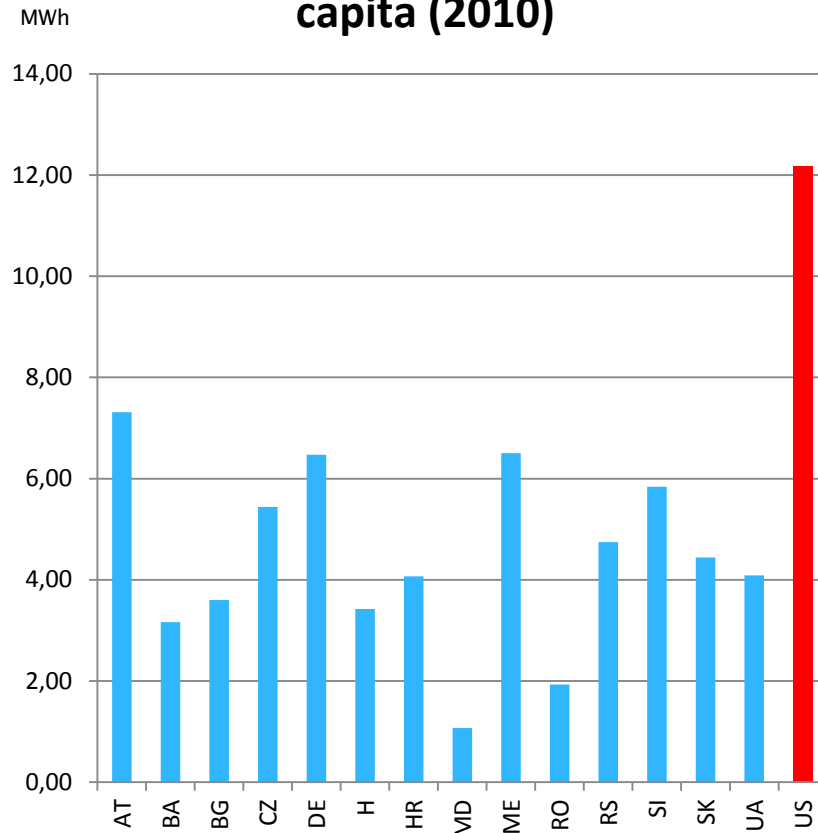
Outline of Láb gas storage, Slovakia
(www.pozagas.sk)



7 Fields gas storage, Austria
(www.rag-austria.at)

Energy efficiency is low in the region with significant growth potential

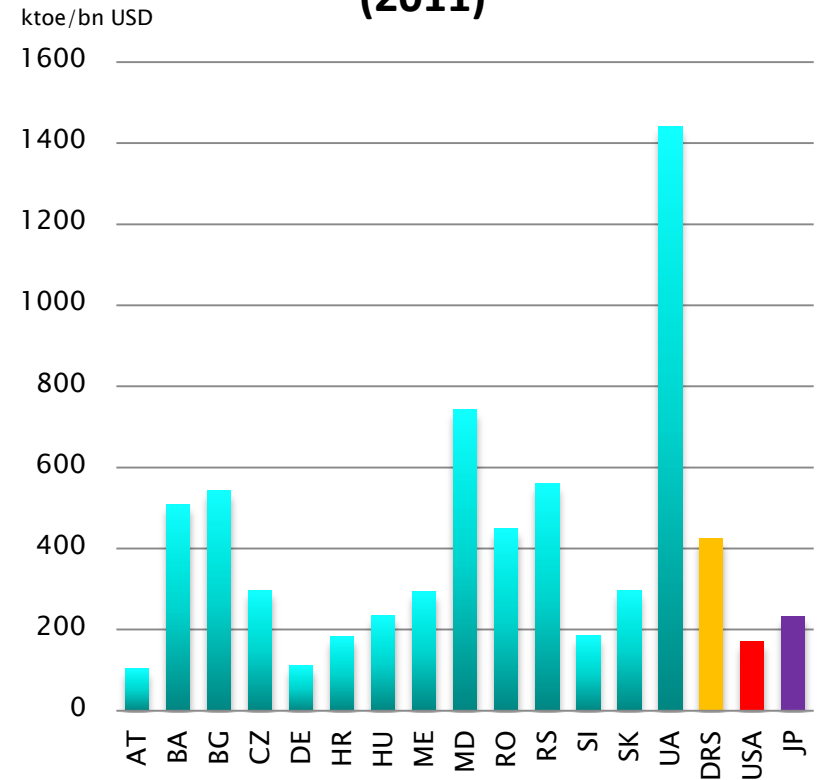
Electricity consumption per capita (2010)



Source: EUROSTAT, Energy Community

Energy intensity (2011)

(Total Primary Energy Supply/GDP)



Source: IEA

Successful policy coordination – Smart grids

Study on the Smart Grid deployment in the Danube Region:

- ▶ In cooperation with international partners;
- ▶ TOR is under development;

Aims of the Study:

- ▶ to assess the differences in the country specific demand for smart grid solutions in the Danube Region;
- ▶ to explore to what extent the current network is likely to be able to serve the needs of the changing production and consumption environment;

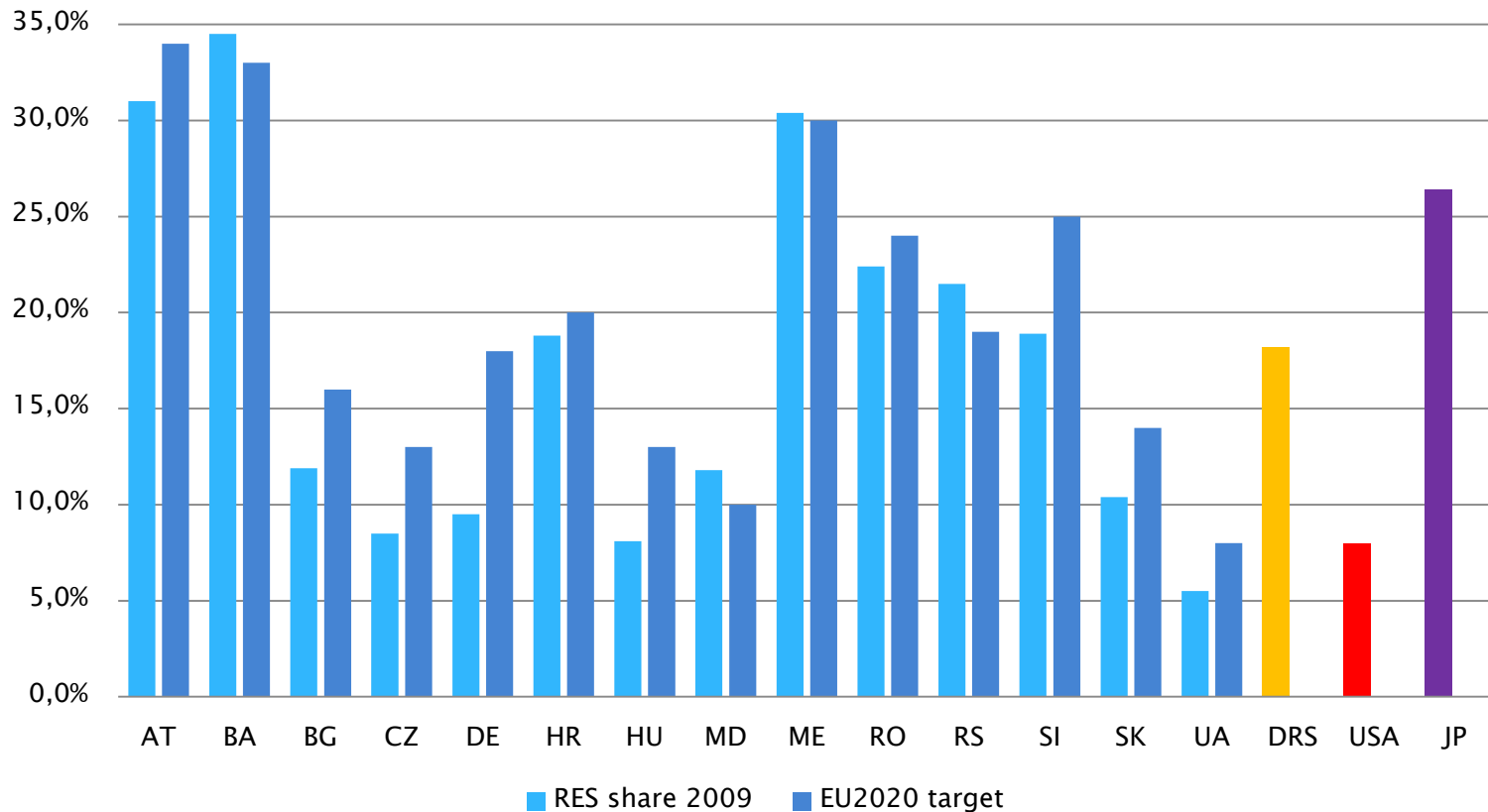
First results are expected in the first half of 2013.



Illustration of Europe by night
(naturalearth.springercarto.com)

Still area for improvement at renewables in a heterogeneous region

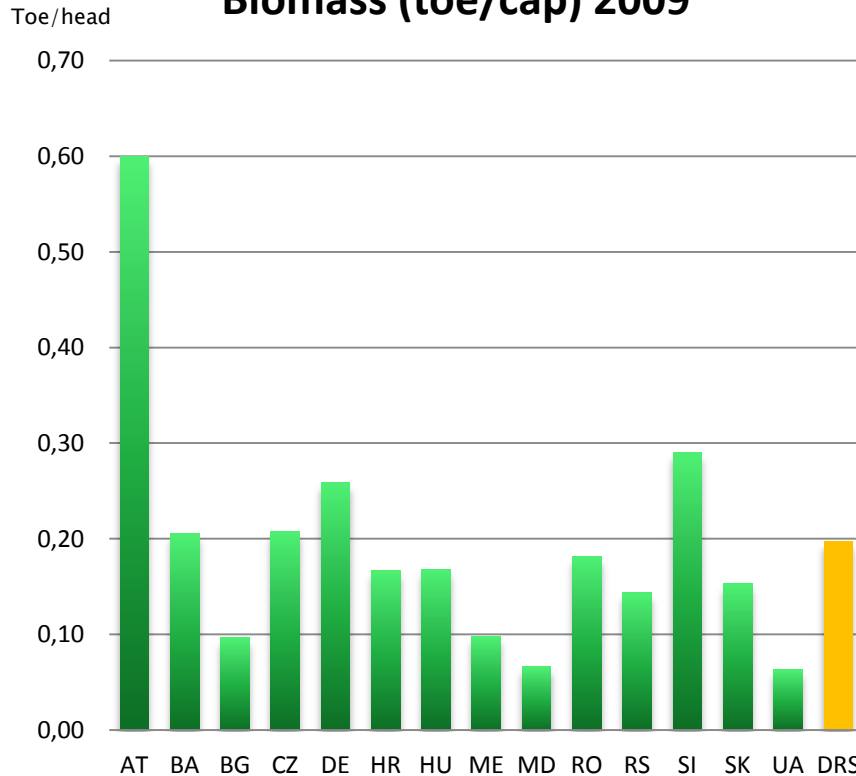
Share of renewables and EU2020 targets



Source: EUROSTAT, Energy Community, IEA

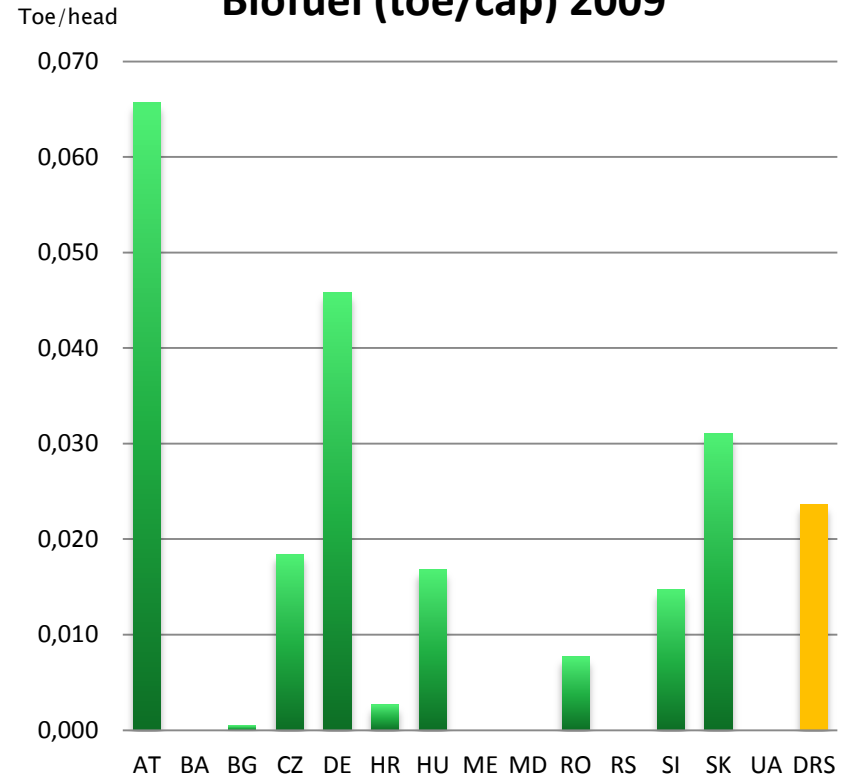
Huge regional differences in biomass and biofuels

Gross final energy consumption: Biomass (toe/cap) 2009



Source: EUROSTAT, Energy Community

Gross final energy consumption: Biofuel (toe/cap) 2009




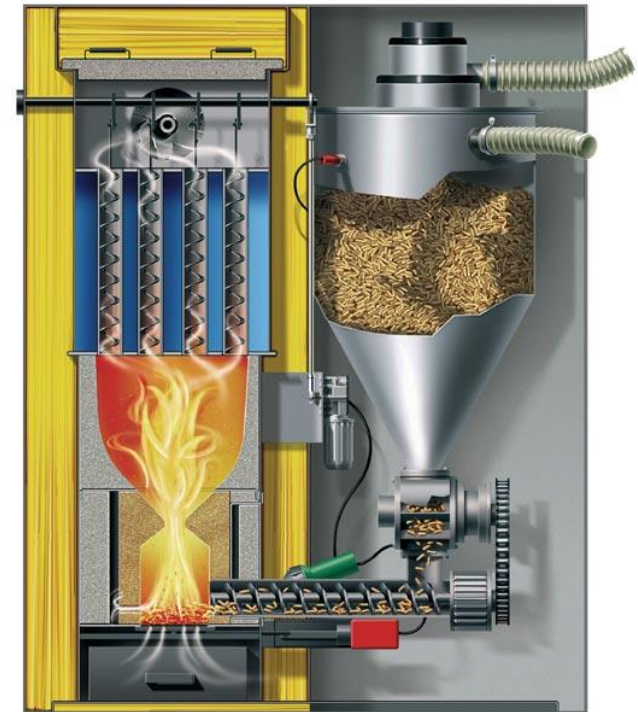
Source: EUROSTAT, Energy Community

Implementation of the Action Plan has started

Action: *“To extend the use of biomass (e.g. wood, waste), solar energy, geothermal, hydropower and wind power”*

Answer: *Danube Region Biomass Action Plan:*

- ▶ Building on the results of the  biomass concept in order to develop a Danube Region-wide Biomass Action Plan
- ▶ Preliminary results are expected by the mid of 2013
- ▶ Main objectives of the Study:
 - ▶ policy recommendations on the sustainable use of the Region's biomass potential,
 - ▶ coordinating the position of the Danube-countries on financing biomass concepts in the next MFF



Automatic pellet burner
(www.biomasseverband.at)

Integration of non-EU countries is essential

- ▶ Based on the concept paper, accepted by the Steering Group of the PA2 in February 2012 in cooperation with the Energy Community;
- ▶ Specific training programs to non-EU countries for the implementation of the EU energy acquis (e.g. provisions of the 3rd energy package);
- ▶ Coordinating the assistance offered by the EU Member States;
- ▶ First trainings will be financed through PA2 and expected to start in February 2013;

For more information please visit:
<http://danube-region.eu/>

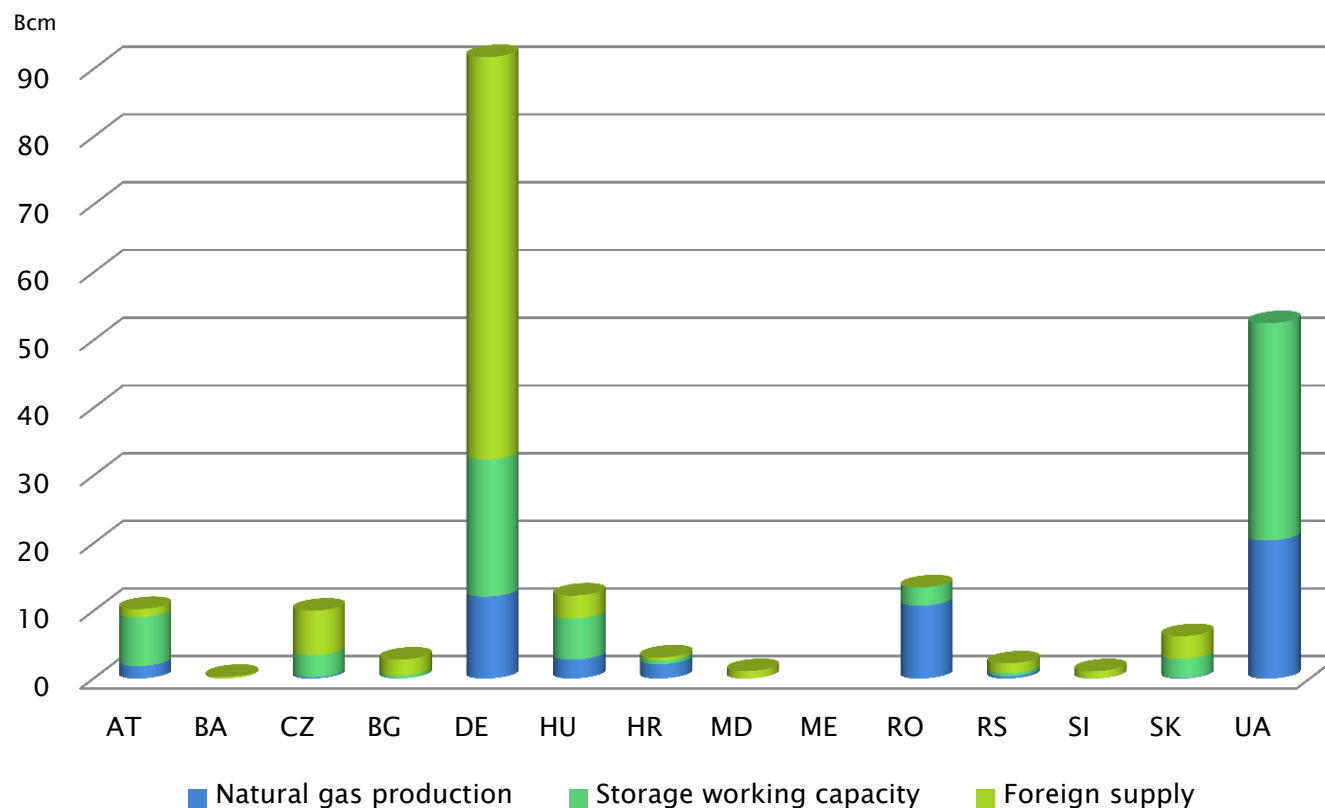
Thank you for your attention!

aorban@mfa.gov.hu



Gas exposure varies country by country

DRS-14 Gas Consumption Coverage (2010)



Source: EUROSTAT, Energy Community