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## **MINUTES OF THE BARENTS EURO ARCTIC COUNCIL – JOINT ENERGY WORKING GROUP MEETING (BEAC – JEWG) 12 MAY 2011 IN ARKHANGELSK**

### **Agenda 1. Welcome/opening of the meeting**

The BEAC JEWG co-chairs Mr. Johan Vetlesen and Mr. Anatoly Lukin opened the meeting and underlined that the workshop arrangement on the 11<sup>th</sup> may, preceding the formal BEAC JEWG, had been a success. The workshop had provided a broad overview of the challenges in energy efficiency and renewable energy in the Barents region and in North West Russia.

It was emphasized by the co chairs that further input was needed on the direction and content of the work both as to the objectives of BEAC JEWG and the practical tools for cooperation.

Progress in the work of BEAC JEWG should take into account the following documents; (i) the terms of reference (ToR) adopted by the BEAC JEWG in September 2009 and confirmed by the BEAC CSO later on. (ii) the message from the co chairs to delegates on the follow up of the conclusions of the BEAC Competitiveness Council ( e- mail of 22<sup>nd</sup> December 2010) (iii) Relevant parts of the NEFCO financed CENTEK report (final version from September 2010) and (iv) summary record from last meeting.

The co chairs noted and welcomed the good participation in the meeting from the Nordic countries (Sweden, Finland and Norway, the Russian Federation (Ministry of Energy) and the Arkhangelsk Oblast, the European Commission (DG Energy), NEFCO and the BEAC secretariat.

### **Agenda 2. Adoption of the agenda.**

Agenda point 8 was deleted as the Nordic Investment Bank (NIB) was not present.

### **Agenda 3. Summary record from BEAC JEWG meeting of 19<sup>th</sup> September 2009**

Co-chair Vetlesen informed that the summary record had been adopted in written procedure and had been sent out for information purposes.

### **Agenda 4. Follow up to the BEAC Competitiveness Council – Ministerial in Umeå 18<sup>th</sup>-19<sup>th</sup> May 2010**

Co-chair Vetlesen referred to the Swedish BEAC presidency initiative to arrange a BEAC Competitiveness Council in Umeå 18<sup>th</sup>-19<sup>th</sup> May 2010. In the declaration from this meeting Ministers called upon the BEAC Joint Working Group on Energy to identify and implement actions in the field of energy efficiency and renewable energy. The BEAC Competitiveness Council had underlined that within the overall objective of a more Eco Efficient Economy the promotion of energy efficiency and renewable energy were important parts and an area in which regional cooperation was of strategic importance. A draft report on conditions for renewable energy and energy efficiency had been produced for the Umeå meeting and finalized in the autumn. The so called CENTEK report gives a good overview of main challenges and some concrete ideas for further work. The report was distributed to the BEAC JWGE and of importance were those parts giving recommendations for work in the BEAC JWGE.

BEAC JWGE delegates were endorsed to look into this report.

### **Agenda 5. Round table statements on energy efficiency and renewable energy in the BEAC countries and regions**

Arkhangelsk Oblast (AO) gave a broad overview of projects and activities on energy efficiency and renewable energy in the region. There is a broad scope for improvements in the building sector (municipalities). Work is undertaken in collaboration with international finance institutions as well as under the energy policies at Federal level. There is still a large potential in bio energy in the region as well as a wind power potential. Arkhangelsk Oblast is looking into how a better network for energy efficiency could be developed. Cooperation with Arkhangelsk Oblast Energy Efficiency Center (AOEEC) is taking place. The Co Chair Mr. Lukin said that the work with the hot spots in the Arkhangelsk Oblast had been very successful.

The Russian Federation and the Ministry of Energy Mr. Nikolay V. Sviridow (Head of Department) gave a broad overview of Russian policies to promote energy efficiency and renewable energy with special focus on how the policies interact with the regions in NW Russia. He referred to new policies and legal acts/decrees being adopted lately and is in particular interested in technologies to be applied in the NW Russia region. A new organization was in process to be established. The target for Russian Federation was to improve energy efficiency by 40 percent in 2020. A Russian Energy Agency had been

established and interaction with 69 regions was important. Ministry of Energy had a coordinating function and 10 other Ministries were also involved in energy efficiency. It was a traditional strong link to the Barents region on energy efficiency and the Arkhangelsk region was among the leaders. The first meeting of the Council of the President on introducing new policies on energy efficiency had taken place in Arkhangelsk. Bio energy was of particular importance in the Barents region and resources are huge in particular in Komi.

The consumption of oil and gas and electricity would increase in the region and one was looking for technologies within combinations of hydropower and wind energy and diesel and wind-power. The Russian Federation was open for bilateral and multilateral initiatives both in Arkhangelsk and the other regions. Mr. Sviridov referred to a series of bilateral MoUs in the area of energy efficiency and renewable energy. The number of these MoUs had increased over the past few years. The Ministry of Energy was interested in better networking between regions on matters of energy efficiency and was open for any proposal in this direction.

The Nordic countries Finland, Sweden and Norway gave an overview of their bilateral relations with the Russian Federation and the regions in the field of energy efficiency and renewable energy.

Mr. Lipponen (Finland) said Finland had a series of concrete cooperation projects in pipeline within their bilateral programme. The Finnish Russian Energy Club was set up in Finland August 2010 as a counterpart for the Russian Energy Agency and as a Finnish partner for Russian regions in practical implementing the bilateral agreement (MoU). The Club includes companies, industrial federations and ministries. There is an Event Programme designed by the Club for 2011 and early 2012. The Neighbor Cooperation scheme is an instrument for common pre-studies in the area of energy efficiency and renewables.

Ms. Oettinger Biberg (Sweden) referred to the A MoU on Energy efficiency and renewable energy was signed between Russia and Sweden in March 2010. Further initiatives are for example *SymbioCity Russia Business Forum* set up by the Swedish *Embassy* in Moscow in December 2010 and a MoU between the Swedish Energy Agency and the Russian Energy Agency signed in March 2011. Prime Minister Putin visited Stockholm in April 2011 and signed a letter of intent on modernisation

Mr. Vetlesen (Norway) said Norway 27<sup>th</sup> April 2010 had signed a MoU with the Russian Federation and the Ministry of Energy. The main objective was to undertake information exchange on approaches to promote energy efficiency and renewable energy and to facilitate a dialogue between R & D institutions and market actors in this field. Identification of projects was going on. Norway also gave an overview of the organization in Norway with Enova and the increase in domestic funding of energy efficiency over the past years. Status was also given on the common renewable certificate market with Sweden to be operational from 1.1.2012. Finally the legal and strategic work on offshore wind was referred to.

The round table statements from BEAC countries and regions were welcome and useful as a basis for the information exchange on best practices and possible cooperation in the

multilateral BEAC setting. It was agreed that this agenda point therefore should be a fixed agenda point on the BEAC JEWG meetings.

DG Energy also gave an overview of current activities in the dialogue between the Russian Federation and the EU. A thematic group on energy efficiency has been established as one of three thematic groups and it is highly prioritized. Information sharing on how to monitor energy efficiency progress was mentioned, but also regional cooperation was underlined as important, including the cooperation on strengthening the ties between European agencies and

#### **Agenda 6. Status from European Commission (DG Energy)**

Ms. Baltause from DG Energy (European Commission) gave a broad overview of the status of various documents related to the EU energy policy discussions, amongst others Energy Strategy 2020 and the forthcoming Energy Roadmap 2050 to be submitted later in 2011.

DG Energy also gave an overview of current activities in the dialogue between the Russian Federation and the EU. A thematic group on energy efficiency was established already in 2001, today it is as one of three thematic groups and it is highly prioritized for practical cooperation activities. Information sharing on how to monitor energy efficiency progress was mentioned, but also regional cooperation was underlined as important, including the cooperation on strengthening the ties between European agencies and Russian energy efficiency agencies. The European Commission is also working with the European IFI's as EBRD and EIB on possible projects. DG Energy also referred to possibilities for some funding to projects in NW-Russia under various instruments (for instance an EU-tool like TAIEX and Partnership for Modernization Facility). Framework Programme for R & D (FP 7) has also financed some projects with Russian partners since parts of FP 7 are open for third countries. The ongoing EU grant programme for regional and non-state actors in the Baltic Sea region will finance also projects NW Russia for relevant projects within renewable energy and energy efficiency.

BEAC JEWG welcomed the information given by the European Commission and considered this information as very valuable for the BEAC JEWG as it provided information on the broader issues between EU and the Russian Federation as well as practical tools that could contribute to the cooperation in BEAC.

#### **Agenda 7. Status on energy efficiency and renewable energy from NEFCO**

Mr. Forsstrøm from NEFCO repeated some of the points in his presentation in the preceding workshop by providing information on the energy hot spots portofolio. NEFCO is in this area working closely with the BEAC Environment Group. It was underlined that NEFCO had been working to bundle smaller projects together to make them relevant for reporting under the Kyoto-protocol. However, NEFCO was now working in the post-Kyoto period and was adapting their thinking to the situation post Kyoto. The energy hot spots concept had already delivered concrete and very good results in financing projects on energy efficiency in NW Russia. NEFCO informed that Sweden also had decided on a special financing mechanism in the Barents window (SIDA). Funds had been allocated to NEFCO.

NW Russia is for NEFCO a key area together with the Baltic countries and Ukraine.

The BEAC JEWG welcomed the information provided by NEFCO and expressed that it was very useful to have a regular update since a large part of the NEFCO project portfolio in our Barents region was oriented towards solutions in the energy sector. In that context it was also mentioned the possibilities for better cooperation with the BEAC Environment Group and closer contacts.

#### **Agenda 8. Status by Nordic Investment Bank (NIB)**

Deleted from the agenda since NIB was not present.

#### **Agenda 9. Status by Nordic Council of Ministers (NCM)**

The co chair Mr. Vetlesen referred to the written information provided for by the NCM office in Kaliningrad. This information gives a good overview of the various activities NCM provides towards the NW Russia and in the Nordic neighborhood.

The BEAC JEWG also noted that the slides will be submitted electronically and the BEAC JEWG also noted the speech delivered by Mr. Vetlesen in the workshop which also gave an update of the Nordic action plan for energy cooperation (2010-2013). The BEAC JEWG welcomed this information and the initiative and grant for the workshop on the 11<sup>th</sup> May.

#### **Agenda 10. Follow up to the workshop on the 11<sup>th</sup> May**

The co chairs thanked the organizers and operators of the 11<sup>th</sup> May workshop on “Energy Efficiency and Renewables, Challenges and Possibilities for Russian Municipalities. Arkhangelsk Oblast and the Arkhangelsk Oblast Energy Efficiency Center had undertaken an excellent job in cooperation with Nordic Council of Ministers and ENSI- Norway.

The co chairs asked Mr. Dahlsveen from ENSI Norway to give some ideas for further work to follow up.

It was pointed at the huge potential for energy efficiency and utilization of renewable in Municipal sector. There is a lack of awareness and capacities. The new Russian Law on Energy Saving and Energy Efficiency Improvement had imposed new obligations on municipalities. One concrete idea would be to develop a network for awareness raising, information dissemination and capacity building in EE and RE in Russian municipalities (called Barents MUNEER). The objective could be to create a network between the 4 regional networks in Arkhangelsk, Karelia, Komi and Murmansk. ENSI presented some concrete ideas and tasks and elements in a plan for this. Then regional energy efficiency centers could provide secretariats for this work. This could be in line with the BEAC JEWG objectives and give more substance to the cooperation. The Russian Federation and Arkhangelsk Oblast said they were willing to look into any proposal of external financing of this kind in the context of BEAC JEWG.

BEAC JEWG took note of the proposal of Mr. Dahlsveen and would reflect on the outline presented.

## **Agenda 11. Next steps – ideas for further work**

Co-Chair Vetlesen gave a short summary of point to be followed up in the discussion on direction of future work.

- Many good ideas had been presented in workshop and during the meeting.
- There were synergies between the BEAC work and the various MoUs established between Nordic countries and the Russian Federation.
- Information on the EU Russia energy dialogue and on energy efficiency had been extremely useful
- There are opportunities to be looked into for the regional cooperation following from the new legislation and establishment of new agencies which should be explored.
- The ideas for better systems of networking across regions and energy efficiency centers were welcome.
- Information exchange on best practice in policies to promote energy efficiency and renewable energy should continue.
- The Nordic regions could have been better in this meeting. Only capitals had attended from the Nordic countries. The BEAC JEWG should look into how the regions could participate better. Capitals were asked to mobilize better for the next meeting.
- It was widely agreed, in light of the BEAC workshop, that the municipalities could be targets for new actions and events also under BEAC JEWG.
- One idea to be explored further is to improve the web based information system in BEAC JEWG, in the format of regular newsletters.
- The project outlined for networking on EE and RE in municipalities (MUNEER) could be looked further into.
- Many ideas for increased use of renewable energy in the region had been presented and the process very much supported by the Russian Federation Ministry of Energy. This should be looked further into.
- The BEAC JEWG very much welcomed the NEFCO Energy Hot Spots project activities. Regular contact with NEFCO was endorsed and the BEAC JEWG looked forward to improve information systems and cooperate closer with NEFCO and the BEAC working group on Environment.

## **Agenda 12. Any other business and next meeting.**

Next BEAC JEWG meeting is to be decided by the co chairs. The appropriate frequency of meetings would realistically be 1-2 meetings pr year. One could consider back to back with new workshops or with other working parties of BEAC.

### **Participant list:**

#### **Russia:**

Anatoly Lukin, Director, Fuel and Energy, Housing and Municipal Services, Arkhangelsk Oblast (co chair of BEAC JEWG),

Nikolay Sviridov, Head of Department, Ministry of Energy

Daniil Shaposhnikov, Regional Energy Saving Center, Arkhangelsk  
Vadiim Eremeev, Executive Director, Arkhangelsk Oblast Energy Efficiency Center

**Norway:**

Johan Vetlesen, Deputy Director General, Ministry of Petroleum and Energy ( Co Chair of BEAC JEWG)

Trond Dahlsveen, ENSI, Norway

**Finland:**

Mr. Hannu Lipponen, Senior Advisor, Ministry of Industry and Trade

**Sweden:**

Ms. Christina Oettinger Biberg, Deputy Director, Swedish Ministry of Enterprise Energy and Communications

**European Commission, DG Energy:**

Ms. Ruta Baltause, DG Energy

**International Barents Secretariat:**

Mr. Lars Miguel Utsi,

**NEFCO:**

Mr. Henrik Forsstrøm, Senior Advisor, NEFCO

Ms. Elisabet Paulig-Tonnes, Leading Manager, Project Administration, NEFCO