

PROGRESS REPORT ON THE THIRD YEAR'S IMPLEMENTATION

EU Strategy for the Danube Region

Priority Area 2
["to encourage more sustainable energy"]

co-ordinated by Hungary and the Czech Republic



30 June 2014

1.	OVERALL PROGRESS	4
1.1.	State of play.....	4
1.1.1.	Coordinating regional energy policies.....	4
1.1.2.	Enhancing the energy market integration of non-EU countries	8
1.1.3.	Facilitation cutting-edge technology developments	8
1.1.4.	Cooperation with other Macro-regional Strategies	9
1.1.5.	Outline on the future, next steps and challenges	10
1.2.	Process.....	10
1.2.1.	Governance.....	10
1.2.2.	2 nd Annual Forum of the EUSDR in Bucharest.....	11
1.2.3.	2 nd Stakeholder Seminar	11
1.2.4.	Publicity Measures	11
1.2.5.	Network of the PA2/Relations with other structures.....	12
1.2.6.	Outline on the future, next steps and challenges	12
2.	PROGRESS BY TARGET	13
2.1.	“Achievement of national targets based on the Europe 2020 climate and energy targets”	13
2.2.	“Remove existing bottlenecks in energy transport in countries of the EU Strategy for the Danube Region in order to allow reverse flow of gas by 2015”	14
2.3.	“Strengthen cooperation of the Energy Community countries with international financial institutions to upgrade the EC countries’ energy infrastructure and energy markets by 2015”	15
3.	ANNEX 1: ROADMAPS TO IMPLEMENT EACH ACTION	16
3.1.	Action 1-3-4	16
3.2.	Action 2-5-15	17
3.3.	Action 7	18
3.4.	Action 8-11-16	19
3.5.	Action 10	22
3.6.	Action 12-13.....	23
3.7.	Action 14-17.....	24
4.	ANNEX 2 - PROJECTS APPROVED BY THE STEERING GROUP	25
5.	ANNEX 3 – TA PROGRESS REPORT	31

6.	ANNEX 4: WORKSHOP ON THE DANUBE REGION GEOTHERMAL CONCEPT – MINUTES	32
7.	ANNEX 5: REGIONAL WORKSHOP ON SMART GRID DEPLOYMENT IN THE DANUBE REGION - REPORT	36
8.	ANNEX 6: CONCEPT PAPER AND AGENDA OF THE SEMINAR ON SHARING BEST PRACTICES BETWEEN EUSDR AND EUSBSR.....	43
9.	ANNEX 7: AGENDA AND MINUTES OF THE 7 TH SG MEETING	47
10.	ANNEX 8: AGENDA OF THE “CONNECTED DANUBE REGION” WORKSHOP	57
11.	ANNEX 9: FINAL PROGRAM OF THE 4 TH WORKSHOPS IN MOLDOVA.....	59
12.	ANNEX 10: LETTER OF RECOMMENDATION TO THE DANUBE UNIVERSITIES PROJECT PROPOSAL.....	62

1. OVERALL PROGRESS

1.1. State of play

1.1.1. Coordinating regional energy policies

In line with the Europe 2020 Strategy, the European Union (EU) has been making significant efforts for completing the internal energy market and moving towards a competitive low carbon economy. Increased share of renewable energy, improvements in energy efficiency as well as better and smarter energy infrastructure are essential to achieve these objectives. There are several initiatives in place at EU and Member States level to help the transition into a greener/low carbon economy.

The macro-regional approach of the EU has created a new planning level between the Union and the Member States. After almost three years of implementation, the Energy Priority Area of the Danube Region Strategy has proved to be a successful platform for forming the common position of the Danube countries in several fields of energy. The macro-regional thinking cannot replace the work of the Member States but it can provide a comprehensive framework for the harmonized planning of national energy strategies.

The Energy Priority Area is engaged in gradually mapping out the current energy landscape of the Danube macro-region. After completing initiatives that had significant policy impact on the final list of the Projects of Common Interest (PCIs), namely the Danube Region Gas Market Model and the Gas Storage Analysis, the emphasis was put on renewables and electricity. The Priority Area applied the same approach that was successfully used for the gas market by initiating a joint thinking of the countries with the help of regional studies to summarize and present the current status and suggest further steps to promote the development of these renewable energy sources.

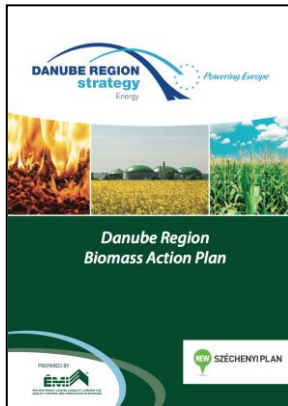
Taking into account the limited resources available, the Energy Priority Area decided to prioritize and focus on those renewable sources of energy, which still offer significant untapped potential for the Region, i.e. biomass and geothermal energy. The integration of renewables to the existing electric power system was also analysed by initiating a discussion on the ‘smarting’ of power grids. The specialized reports and studies of the Energy Priority Area, as these encompass information from all countries of the Danube Region, are first of their kind.

The “Renewable Electricity Market Monitoring Report in the countries of the Danube Region” provides an up-to-date evaluation of the RES-E development. The Danube Region Biomass Action Plan and the Danube Region Geothermal Concept are paving the way for an enhanced cooperation amongst Danube countries for increasing the utilization of these renewable sources. The assessment report of the Danube Region Smart Grid Concept highlights that the national demand for smart grids is not articulated yet in the majority of the Danube Region countries thus, the macro-regional engagement is timely in order to assist the countries in their thinking on smart grid deployment.

Our aim in the last one year was to give a deep overview on the activities of the Energy Priority Area regarding renewables as well as a clear state of play on the region's energy characteristics with a specific emphasis on the low carbon future of the Danube Region.

1.1.1.1. The Danube Region Biomass Action Plan

The countries of the Danube Region have significant potential to increase renewable energy production from biomass. The use of this energy source helps addressing climate change, security of supply concerns, while it contributes to economic growth and job creation, particularly in rural areas.



The Danube Region Biomass Action Plan has been finalised in February 2014 based on desk research and inputs from the countries of the Danube Strategy. The document provides a comprehensive analysis of the biomass potential, legal framework and regulatory environment of biomass utilization in the Danube Region as well as it promotes good practice projects. The Action Plan also lists a group of cross-border policy recommendations formulated to foster the use of biomass in the region. The document has been uploaded to the website of the Priority Area (<http://groupspaces.com/Energy2/pages/publications>) and was also published in a limited volume.

The main findings of the Action Plan were presented to the Steering Group at the 7th SG Meeting, at the “Perspectives of the Use of Regional Bioenergy Potentials” international conference organised by the 4motors working group in Timisoara in March 2014 and at the Danube-INCO.NET Task Coordination Meeting in Trieste in April 2014.

The Joint Declaration on Biomass Sustainability accepted by the Steering Group at the 7th SG Meeting has been sent to the European Commission and to the Council in July 2013.

Besides the Action Plan, a demonstration website (www.danubebiomass.eu) is constantly being developed with the aim to collect biomass projects which are considered as best practices from the countries of the Danube Region.

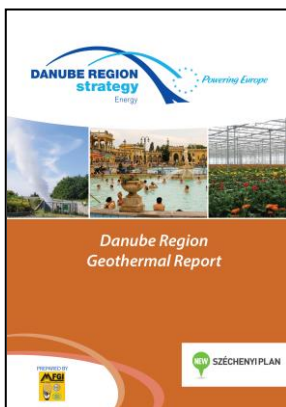
The preparation of a project proposal addressing the data access and non-technical issues hindering biomass utilization is ongoing, the Energy Priority Area intends to organise a workshop for interested project participants in the autumn of 2014. The Action Plan was presented at the “Event on the Scientific Support to the Danube Strategy” organised by the Joint Research Centre in Vienna in June 2014 as well.

1.1.1.2. The Danube Region Geothermal Concept

Although the deep geothermal potential of the Danube Region is very promising, currently balneology is predominant, district heating is subordinate and electric power generation hardly exists. At the same time, regional geothermal aquifers do not stop at state borders and resource management strategies without regional harmonization could have unfavourable effects for the neighbouring countries.

The objective of the Danube Region Geothermal Concept developed together with the former lead partner of the TRANSENERGY project financed by the Central Europe Program, the Geological and Geophysical Institute of Hungary (MFGI), is to enhance the sustainable utilization of deep geothermal energy in the Danube Region with the ultimate aim to attract investors to the participating countries. In order to achieve this, the main targets are to provide: a harmonized pool of national geothermal datasets, an overview of the current utilization and the potential, an evaluation of selected transboundary pilot areas and a comparison of regulatory frameworks. Knowledge transfer on the implementation of related EU policies to non-EU states with high geothermal potential, with a focus on the INSPIRE regulation is also on the agenda.

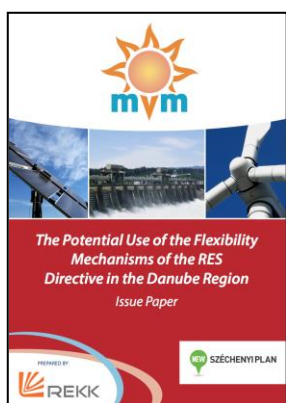
The above outlined concept was discussed by 19 institutions representing 10 Danube Region countries in a workshop at the end of 2013 (<http://groupspaces.com/Energy2/item/553232>). At the meeting each country presented its country profile (based on a pre-set template) and the participants jointly discussed the preliminary project idea. Most participants committed themselves to continue with the project as part of the project consortium. (see ANNEX 4: WORKSHOP ON THE DANUBE REGION GEOTHERMAL CONCEPT – MINUTES) MFGI, with the assistance of the Energy Priority Area, successfully applied for consultancy support from the Technical Assistance Facility managed by PA10 for further developing the geothermal concept in 2014.



Based on the inputs received from the participants and receiving support from the project management consultant, MFGI has prepared a detailed project proposal in the first half of 2014 in order to prepare the project for application to open calls in the second half of the year or in early 2015. The establishment of this scientifically based information pool will be a key factor for the future success of the geothermal projects planned for 2014-2020.

The Priority Area has informed the European Commission and the European Geothermal Energy Council (EGEC) about the project preparation in March 2014. In June 2014, PA2 has published a regional geothermal report based on the questionnaires received from the workshop participants. The geothermal concept was presented and discussed in detail at the Panel discussion on geothermal utilization in the PA2 Workshop of the Danube Region Strategy Annual Forum in Vienna, 26-27 June 2014.

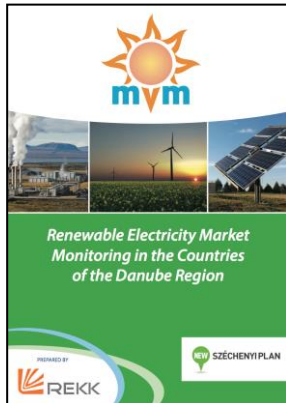
1.1.1.3. The Potential Use of the Flexibility Mechanisms of the RES Directive in the Danube Region – *Issue Paper*



The ‘Potential Use of Flexibility Mechanisms of the RES Directive in the Danube Region’ report was commissioned by MVM in 2013 and published by PA2 in April 2014. The document aimed at unlocking an information vacuum as after 5 years of adoption of the RED, there is limited information about examples of these flexibility mechanisms in the EU. The aim was to help member states with low or expensive RES potential (“importing” member states) to use renewable electricity or heat produced in other countries with higher RES potential and lower production costs (“exporting” member states) to comply with their national target. This would lead not only to overall

cost savings for reaching their national RES targets, but also for the overall European target for 2020.

1.1.1.4. Renewable Electricity Market Monitoring in the Countries of the Danube Region



The ‘Renewable Electricity Market Monitoring in the countries of the Danube Region’ report which was commissioned by MVM Hungarian Electricity PLC (MVM) in 2013 and published by PA2 in April 2014, provides an up-to-date evaluation of the RES-E development of all 14 DRS countries. The document shows that photovoltaic appliances have captured surprisingly large shares of new RES-E thanks to the rapid spread and acquisition of technology and slow reactions of policy makers, however, sustainability of support is a major issue in the region and Ukraine is one of the most ambitious newcomers in the group of heavy supporters of RES-E. The overwhelming majority of RES-E policymakers in the Danube Region still prefer to use feed-in tariffs as their primary instrument choice. In the run-up to finalizing this monitoring report, the COM published its best practice guidance on the design of renewables support scheme. In the light of this, the Danube Region countries may be on the brink of major policy reforms to switch from FIT regimes to FIP schemes.

1.1.1.5. The Danube Region Energy Efficiency Concept for Public Buildings

The aim is to investigate the current practice of financing energy efficiency investments of public buildings in the Danube Region countries by focusing on best practice sharing and on the formulation of policy recommendations in order to create a more attractive environment for public building renovation projects.

The European Commission has listed some well-known obstacles to investments in energy efficiency projects in the European Union in general. According to the consultation paper of the European Community, the main barriers to initiating such projects are of market, financial and/or regulatory in nature. The Energy Priority Area believes that many of the detailed obstacles could be eliminated more effectively at a regional level.

Main goal of the concept is to get transparent and trustworthy information about the current market situation in the related field. The concept will foster the realization of new investments; create new job opportunities for inhabitants and develop energy efficiency in public buildings which represent about 12% of the EU’s final energy consumption. In the frame of the concept, with support from the Budapest Danube Contact Point, PA2 has organized several discussions with the European Investment Bank to foster knowledge sharing regarding financing of energy-efficiency projects in the region.

PA2 has organized a knowledge-transfer type pilot project to the representatives of the Hungarian Ministry of National Development in July 2013 to Baden-Württemberg. The aim of the field trip was to study the practice of ESCO financing through discussions with energy-efficiency experts from the State Government of Baden-Württemberg and the city of Stuttgart. The study tour proved to be a very successful experience, the participants received thorough presentations on the topic, gained an insight and had the opportunity to exchange views about

the ESCO-financing scheme put into practice in the Southwestern state of Germany. Based on the positive feedbacks of this event, Priority Area 2 is ready to organize further similar knowledge-sharing activities with other interested participants.

PA2 has also supported an Intelligent Energy Europe project proposal named ‘Energy Performance Contracting in the Danube Region’. Under PA2 coordination several institutions from countries in the region joined the project as partners and the PA2 also issued a Letter of Recommendation by a written procedure in April. The project was initiated by the State Office of Baden-Württemberg, GIZ and Steinbeis-Europa-Zentrum.

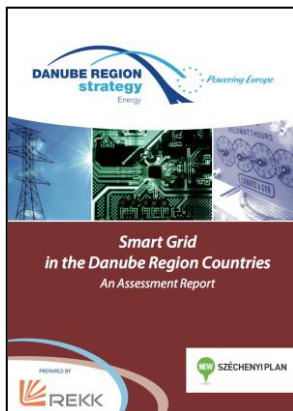
1.1.2. *Enhancing the energy market integration of non-EU countries*

1.1.2.1. Training Program in Moldova

In order to assist the non-EU countries of the Danube Region Strategy in their efforts to implement the Third Energy Package of the European Union, the Energy Priority Area launched a tailor-made knowledge transfer training program in the Republic of Moldova. Since the 2nd Annual Report, where the beginning and the first three workshops were introduced in details, PA2 had organised the 4th and final workshop (<http://groupspaces.com/Energy2/item/456580>) of the first phase of the program in the end of July 2014. Receiving positive feedback from several stakeholders, the Energy Priority Area in cooperation with the government of Moldova and the European Commission is committed to launch the second phase of the concept. PA2 is also planning to implement this initiative in other EUSDR countries.

1.1.3. *Facilitation cutting-edge technology developments*

1.1.3.1. The Danube Region Smart Grid Concept



The electricity systems and markets of the Danube Region countries are heterogeneous and their electricity networks are facing very different challenges due to specific production and consumption patterns. The aim of the Danube Region Smart Grid Concept (<http://groupspaces.com/Energy2/pages/publications>) is to facilitate a common understanding on the rather complex notion of “smart grids” and assist the countries of the Danube Region to take the first steps towards the development of smart grid policies and action plans. In order to meet the energy efficiency targets of the EU, the standardisation of smart appliances and the preparation of national plans for the swift deployment of smart grids are necessary.

The Danube Region Smart Grid Concept included a kick-off workshop (<http://groupspaces.com/Energy2/item/549088>) for stakeholders held in Brussels in November 2013 with the participation of around 50 experts from 14 countries (*see ANNEX 5: REGIONAL WORKSHOP ON SMART GRID DEPLOYMENT IN THE DANUBE REGION - REPORT*) and an assessment report which was finalised in January 2014. The workshop was co-organized by the Energy Priority Area of the Danube Region Strategy and the Directorate-General for Energy with the support of the State Government of Baden-Württemberg and the Regional Centre for Energy Policy Research (REKK). From the assessment report (compiled by REKK) and the workshop the conclusion can be drawn that the smarting of grids is a

complex and gradual process and the national demand for smart grids is not articulated as yet in the majority of the Danube region countries.

It is evident from the assessment that the drivers behind smart grids in the Danube Region vary across countries. Managing the new technologies that have to be integrated into the current network, such as distributed and renewable generation and electric vehicles or the facilitation of retail market competition (via easier supplier switch and innovative tariff packages) are common, but other more fundamental services facilitated by smart metering such as the reduction of commercial losses and the improvement of service quality are prioritized as well.

The PA2 and REKK were invited to Brussels by the European Commission to give a guest presentation about the assessment report. The Smart Grids Task Force Steering Committee meeting took place in April 2014 (<http://groupspaces.com/Energy2/item/635121>). The presentation generated several questions from the audience resulting in a fruitful discussion.

Smart grid development is not a purely technical matter, it also requires regulatory changes and DSOs need proper incentives to engage in higher risk investments associated with modern technologies. As a result, PA2 is planning a workshop for regulators of the Danube Region to discuss the role of Distribution System Operators in providing ancillary services, the innovation need on future electricity networks, the best regulatory practices for the deployment of active distribution network management and coordinated balancing for the cost efficient integration of RES-E in the Danube Region.

1.1.4. Cooperation with other Macro-regional Strategies

1.1.4.1. Seminar on sharing best practices between EUSDR and EUSBSR

The Priority Area 2 and the Embassy of Hungary in Stockholm organised a seminar entitled *'The Baltic Sea Region Strategy and the Danube Region Strategy via the lens of Energy Cooperation'* under the Visegrad Group Presidency of Hungary, that took place in Stockholm, 2nd April 2014 (<http://groupspaces.com/Energy2/item/635422>). The aim of the event was to facilitate a cooperation of the two macro-regional strategies and to provide an opportunity to exchange experiences of the implementation. The Baltic Sea Region and the Danube Region share similarities in the changes they face regarding the energy sector. Sharing best practices and the responses to those challenges was beneficial for all participants.

The seminar, which was executed in cooperation with the European Commission Representation in Sweden, was one of its kind in initiating a dialogue of the macro-regional strategies. The speakers, both from the EUSBSR and the EUSDR and the European Commission as well, introduced the work and main achievements of the respected Priority Areas. The PA2 of the EUSDR was represented by the Priority Area Coordinators, Ambassador Anita Orbán, who presented the latest results, policy concepts and value added of the PA2 and Mr Vladimir Blaha, who talked about the energy market situation and challenges in the region.

(see ANNEX 6: CONCEPT PAPER AND AGENDA OF THE SEMINAR ON SHARING BEST PRACTICES BETWEEN EUSDR AND EUSBSR)

PA2 has also participated upon invitation at the 5th Annual Forum of the EUSBSR. Mr István Joó, Chief Advisor to the Priority Area Coordination was a panellist at the parallel work stream under the title “Cooperation with and learning of other European macro-regions”, where he introduced the Energy Priority Area of the EUSDR and its main achievements.

1.1.5. Outline on the future, next steps and challenges

After having been analysed, the Energy Priority Area now has a clear picture on the energy landscape of the region. Following the completion of several analyses in various energy fields, the time has arrived to focus more on concrete energy projects with significant regional impact. The current Multiannual Financial Framework can provide substantial financial sources for developing Danube projects in the field of energy. Beside national operational programmes, centrally managed funds will also be available for projects.

However, the ultimate objective of the Priority Area is to help enhancing the energy market integration process of the European Union to provide long-term security of supply to the countries.

1.2. Process

1.2.1. Governance

Since the 2nd Annual Report there have been some changes in the governance structure of the Energy Priority Area. The Czech coordination has been transferred from the Ministry of Industry and Trade to the Office of the Government of the Czech Republic. Steering Group Meetings

After the record number of 13 participating countries at the 6th Steering Group Meeting on 13th June, 2013 (as detailed in the 2nd Annual Report of the PA2), the participation of the countries is slightly decreased on the 7th SG Meeting took place in Budapest, 17th December 2013. The involvement of the Steering Group Members and the participating countries remained a problem.

The main topics of the 7th Steering Group Meeting of the PA2 – Budapest, 17th December 2013:

(see ANNEX 7: AGENDA AND MINUTES OF THE 7TH SG MEETING)

progress report since the 6th Steering Group Meeting

progress report on the Danube Region Strategy by the European Commission

report on the developments regarding the Projects of Common Interest

new project proposal submitted by Croatia: Croatian-Slovenian joint project on the multipurpose protection, regulation and utilization of the River Sava

progress report on the initiatives of the PA2: Danube Region Geothermal Concept, Danube Region Smart Grid Concept, Danube Region Biomass Action Plan

state of play on the future Danube Transnational Program

progress report on the activities of the Budapest Danube Contact Point

1.2.2. 2nd Annual Forum of the EUSDR in Bucharest

The 2nd Annual Forum of the Danube Region Strategy took place in Bucharest, 28-29 October 2013. In his opening speech, Commissioner Hahn highlighted the smart grid, geothermal, biomass and energy efficiency concepts of the PA2, as good examples.

The PA2 also participated at the “Connected Danube Region” workshop of the Forum, where Mr István Joó, Chief Advisor to the Priority Area Coordinator presented the results and on-going activities of the PA2, with detailed introduction of the Danube Region Gas Market Model, Danube Region Gas Storage Analysis and the Moldova Training Program of the PA2.

(see ANNEX 8 :Agenda of the “Connected Danube Region” workshop)

1.2.3. 2nd Stakeholder Seminar

Since the European Council discussed the 2030 framework for climate and energy policies at its spring meeting on 20-21 March 2014 based on the COM paper published in January 2014, we expect the debate to intensify by the end of 2014. Working out a common Danube Region standpoint will probably be more relevant at that time therefore we have decided to organize the event in the second half of 2014.

1.2.4. Publicity Measures

1.2.4.1. Website of the PA2

As a publicity measure the website of PA2 has received its own domain name and now is under www.danube-energy.eu, however, the website is also available at the original address: <http://groupspaces.com/Energy2/>. PA2 is regularly updating the website with the latest news and information, and the new publications of the PA can be found uploaded as well.

1.2.4.2. Publications

The Priority Area has published its main concepts and studies in order to a better dissemination. The following publications have been distributed to the main stakeholders and partners, but can be found at the website of the PA2 as well:

The Danube Region Gas Market Model – Identifying Natural Gas Infrastructure Priorities for the Region

Natural Gas Storage Market Analysis in the Danube Region

Danube Region Biomass Action Plan

Smart Grid in the Danube Region - *An Assessment Report*

The Potential Use of the Flexibility Mechanisms of the RES Directive in the Danube Region – *Issue Paper*

Renewable Electricity Market Monitoring in the Countries of the Danube Region

ERRA Case Study – *Supply quality regulation in the energy industry – Hungarian case study with European outlook*

Danube Region Geothermal Report

Since the 2nd Annual Report, a short leaflet was published and with updates republished to present the most important results of the work done in the field of sustainable energy development, accompanied by images, diagrams and professional content.

1.2.5. Network of the PA2/Relations with other structures

The Priority Area continued to develop its network from the sector including experts from companies, associations, European, regional and national institutions, authorities and NGO's. PA2 has built connection to several institutions and stakeholders in the past one year through conferences and other personal links, including projects such as GOVERNEE, DANUBE-INCO.NET, TRANSPARENSE, DANUBENERGY and structures such as Joint Research Centre, European Parliament, Central European Initiative, 4 motors, European Investment Bank, European Union Strategy for the Baltic Region, European Geothermal Energy Council, Austrian Agricultural Cluster, etc.

1.2.6. Outline on the future, next steps and challenges

Participation of the countries in the implementation remained to be problematic. Occasionally the participation costs of non-EU countries were reimbursed related to Steering Group meetings. This practice could be a solution but for that purpose the sources provided by the Technical Assistance are not adequate.

Concepts of the Energy Priority Area were financed from the Technical Assistance and funds provided by the Government of Hungary for the implementation of the Strategy.

Taking into consideration the programming process of the new Multiannual Financial Framework (MFF), adequate funding possibilities for Danube-related projects are expected to be in place by early 2015.

2. PROGRESS BY TARGET

2.1. “Achievement of national targets based on the Europe 2020 climate and energy targets”

Associated Actions

ACTION GROUP 8-11-16

ACTION 8– To extend the use of biomass (e.g. wood, waste), solar energy, geothermal, hydropower and wind power

ACTION 11 - To explore the possibility to have an increased energy production originating from local renewable energy sources to increase the energy autonomy

ACTION 16 - To facilitate networking and cooperation between national authorities in order to promote awareness and increase the use of renewable energies

ACTION 10 – To implement the National Renewable Energy Action Plans and to prepare a Danube Region Renewable Energy Action Plan

ACTION GROUP 12-13

ACTION 12 – To develop a comprehensive action plan for the sustainable development of the hydropower generation potential of the Danube River and its tributaries (e.g. Sava, Tisza and Mura Rivers)

ACTION 13 - To develop and set up pre planning mechanism for the allocation of suitable areas for new hydro power projects

ACTION GROUP 14-17

ACTION 14 – To promote energy efficiency and use of renewable energy in buildings and heating systems including by renovating district heating and combined heat and power facilities as required by Energy Performance of the Buildings Directive and Renewable Energy Directive

ACTION 17 - To provide local authorities, businesses and citizens in the Danube Region consultative support with issues relating to mitigation of climate change and energy efficiency”

ACTION 15 – To encourage the Energy Community members/ observers in adopting and implementing the Renewable Energy Directive

The Danube Region Biomass Action Plan has been finalised in February 2014 based on desk research and inputs from the countries of the Danube Strategy. The document provides a comprehensive analysis of the biomass potential, legal framework and regulatory environment of biomass utilization in the Danube Region as well as it promotes good practice projects. The Action Plan also lists a group of cross-border policy recommendations formulated to foster the

use of biomass in the region. The document has been uploaded to the website of the Priority Area (<http://groupspaces.com/Energy2/pages/publications>) and was also published in a limited volume.

Although the deep geothermal potential of the Danube Region is very promising, currently balneology is predominant, district heating is subordinate and electric power generation hardly exists. The objective of the Danube Region Geothermal Concept is to enhance the sustainable utilization of deep geothermal energy in the Danube Region with the ultimate aim to attract investors to the participating countries. The concept was discussed by 19 institutions representing 10 Danube Region countries in a workshop at the end of 2013 (<http://danube-energy.eu/item/553232>). Based on the inputs received, a detailed project proposal was finalised in the first half of 2014 to open calls in the second half of the year or in early 2015. In June 2014, PA2 has published a regional geothermal report based on the questionnaires received from the workshop participants. The establishment of this scientifically based information pool will be a key factor for the future success of the geothermal projects planned for 2014-2020.

Other types of renewables such as photovoltaic (PV) and wind, which provide electricity but with an intermittent nature, were considered by looking at their actual development in the Renewable Electricity Market Monitoring in the Countries of the Danube Region and analysing their integration to the existing electric power system in the frame of the Danube Region Smart Grid Concept. The ‘Potential Use of Flexibility Mechanisms of the RES Directive in the Danube Region’ analysis was aimed to help member states with low or expensive RES potential to use renewable electricity or heat produced in other countries with higher RES potential and lower production costs to comply with their national target.

With support from the Budapest Danube Contact Point, PA2 has organized several discussions with the European Investment Bank to foster knowledge sharing regarding financing of energy-efficiency projects in the region. PA2 has also organized a knowledge-transfer type pilot project to the representatives of the Hungarian Ministry of National Development in July 2013 to Baden-Württemberg. The aim of the field trip was to study the practice of ESCO financing through discussions with energy-efficiency experts from the State Government of Baden-Württemberg and the city of Stuttgart. Based on the positive feedbacks of this event, Priority Area 2 is ready to organize further similar knowledge-sharing activities with other interested participants. PA2 has also supported an Intelligent Energy Europe project named ‘Energy Performance Contracting in the Danube Region’, initiated by the State Office of Baden-Württemberg, GIZ and Steinbeis-Europa-Zentrum. Under PA2 coordination several institutions from countries in the region joined the project as partners.

2.2. “Remove existing bottlenecks in energy transport in countries of the EU Strategy for the Danube Region in order to allow reverse flow of gas by 2015”

ACTION 1 – To develop a joint position of the region regarding the changes which could be introduced in the framework of the TEN-E policy review and the modalities of the new Energy Security and infrastructure instruments, especially regarding the energy infrastructure gaps.

ACTION 3 – To enforce regional cooperation with a view to develop and implement the North-South gas interconnection projects

ACTION 4 – To develop gas storage capacities

The Danube Region Gas Market Model and Gas Storage Analysis of the Energy Priority Area significantly contributed to form a joint position in the Danube Region. The first phase of the PCI selection process was closed at the end of 2013, but the regional approach in the field of energy is becoming more important especially with the new Russian-Ukrainian conflict. With the new PCI selection round starting in 2014, the Danube Region Gas Market Model is ready to identify the most needed gas infrastructure development projects in the region.

The findings of the Danube Region Gas Storage Analysis can serve as significant input to the debate on regional preparedness for security of supply situations.

2.3. “Strengthen cooperation of the Energy Community countries with international financial institutions to upgrade the EC countries’ energy infrastructure and energy markets by 2015”.

ACTION GROUP 2-5

ACTION 2 – To ensure that actions are coherent with the general approach of the Energy Community and explore synergies between the Energy Community and the Danube Strategy processes”

ACTION 5 – To tap possible cooperation opportunities with the Energy Community”

To involve the non-EU countries in achieving the goals of the Strategy and the EU is of utmost importance. One of the main objectives of the Energy Priority Area is to foster the integration of the energy markets of these countries by giving aid to them to implement the energy acquis of the EU. Based on the decision of the Steering Group and the special situation of the Republic of Moldova, a knowledge based training program was launched by the PA2 to assist the implementation of the 2nd and 3rd Energy Package of the EU.

The first phase of the program was completed in the first half of 2013 with four on the spot workshops in Chisinau. The Priority Area is committed to launch the second phase of the concept in Moldova, as well as to implement the initiative in other Danube Region Countries.

3. ANNEX 1: ROADMAPS TO IMPLEMENT EACH ACTION

Roadmap for an Action

3.1. Action 1-3-4

Action - “To develop a joint position of the region regarding the changes which could be introduced in the framework of the TEN-E Policy review and the modalities of the new Energy Security and Infrastructure Instrument, especially regarding the energy infrastructure gaps” “

Action - “To enforce regional cooperation with a view to develop and implement the North-South gas interconnection projects”

Action – To develop gas storage capacities

The first phase of the PCI selection process was closed in late 2013. The Energy Priority Area significantly contributed to form the joint position of Danube countries on the most needed gas infrastructure developments by developing the Danube Gas Market Model and Gas Storage Analysis.

Regional approach in the energy field is more and more important, especially in light of the Russian-Ukrainian conflict. Security of gas supply is a top priority not only for Danube countries but the whole European Union.

The Danube Gas Market Model is ready to assist the new PCI selection round to start in 2014 in order to identify the most needed gas infrastructure development projects. Findings of the Model were again presented in Brussels in November 2013.

The findings of the Danube Gas Storage Analysis are widely known, and can serve as significant input to the intensive debate on regional preparedness for security of supply situations.

3.2. Action 2-5-15

Action - “To ensure that actions are coherent with the general approach of the Energy Community and explore synergies between the Energy Community and the Danube Strategy processes”.

Action - “To tap possible cooperation opportunities with the Energy Community”.

Action - “To encourage the Energy Community Members/observers in adopting and implementing the Renewable Energy Directive”.

The Training Program of the PA2 to the Republic of Moldova

Based on the decision of the Steering Group and the special situation of the Republic of Moldova, the Energy Priority Area launched a knowledge based training program to assist the implementation of the Second and Third Energy Package of the European Union.

The first phase of the program was completed with four on-the-spot workshops in Chisinau between February-July 2013, with the active participation of decision and policy makers, as well as lead experts of the relevant players of the Moldovan energy sector (TSO, DSO, Regulator. (*see ANNEX 9: FINAL PROGRAM OF THE 4th WORKSHOPS IN MOLDOVA*)) (The first three workshops have been already introduced in the 2nd Annual Report.)

PA2 is committed to launch the second phase of the concept in Moldova, as well as to implement the initiative in other EUSDR countries like Ukraine or Serbia.

3.3. Action 7

Action - "To build a working relationship with the Central Eastern European Forum for Electricity Market Integration; this could be enlarged to neighbouring countries."

Integration of energy markets 4M Market Coupling

The interconnected Czech-Slovak-Hungarian daily electricity market (known as **CZ-SK-HU Market Coupling**) demonstrated since its launch in September 2012 a positive benefit for electricity market participants. Romania and Poland (which subsequently abandoned this plan) decided to join this trilateral project to participate in the benefits of integration and thus contribute to the development of a single European electricity market. Interconnection of national electricity markets based on the target model – the so-called Single Price Market Coupling for daily electricity trades and implicit allocation of cross-border capacities – should ensure a harmonized approach to the organization of the market, more efficient use of cross-border transmission capacities, increased competition in the market, stabilization and convergence of wholesale electricity prices and an increase in market liquidity.

Therefore, the representatives of regulatory authorities, transmission system operators and market operators from the Czech Republic, Slovakia, Hungary, Poland and Romania signed on July 11, 2013 a Memorandum of Understanding on cooperation on the **accession of Romania and Poland** to the linked Czech-Slovak-Hungarian daily electricity market. Poland, however, under different conditions in the respective markets decided not to join this project. It has, nevertheless, an observer status, thus ensuring mutual exchange of information and sharing of experiences that will facilitate its possible future connection. It will therefore be the **4M MC project**.

In January 2014 the energy exchanges of the countries concerned completed the necessary steps required to implement the Price Coupling of Regions (PCR) solution into the IT infrastructure of energy exchanges. The final solution becomes hereby fully compatible with the target model of a single European energy market (Internal Energy Market, IEM). The implementation of PCR into the system of individual energy exchanges is necessary to achieve an EU-wide harmonization of the daily electricity market, which is one of the priority objectives of the EU.

Based on the development of the project, the Steering Committee endorsed the project 4M MC into operation by the end of 2014 to allow the use of the advantages of interconnected markets to its participants. Thanks to the 4M MC project the increase of liquidity and efficiency of the interconnected markets is expected.

On April 2, 2014 the Project Steering Committee 4M Market Coupling (4M MC) confirmed on its meeting the planned interconnection of daily electricity market of the Czech Republic, Slovakia, Hungary and Romania for the trading day on November 11, 2014 to the date of delivery on November 12, 2014. The currently implemented solution 4M MC will be fully compatible with the recently launched solution NWE Market Coupling (e.g. using PCR solution, setting maximum / minimum prices, the smallest possible increment). The deadline for 4M MC bids was according to the decision of national regulators set at 11.00 CET.

3.4. Action 8-11-16

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

Action - “To explore the possibility to have an increased energy production originating from local renewable energy sources to increase the energy autonomy”

Action - “To facilitate networking and cooperation between national authorities in order to promote awareness and increase the use of renewable energies”.

The Danube Region Biomass Action Plan

The countries of the Danube Region have significant potential to increase renewable energy production from biomass. The use of this energy source helps addressing climate change, security of supply concerns, while it contributes to economic growth and job creation, particularly in rural areas.

The Danube Region Biomass Action Plan has been finalised in February 2014 based on desk research and inputs from the countries of the Danube Strategy. The document provides a comprehensive analysis of the biomass potential, legal framework and regulatory environment of biomass utilization in the Danube Region as well as it promotes good practice projects. The Action Plan also lists a group of cross-border policy recommendations formulated to foster the use of biomass in the region. The document has been uploaded to the website of the Priority Area and was also published in a limited volume.

The main findings of the Action Plan were presented to the Steering Group at the 7th SG Meeting, at the “Perspectives of the Use of Regional Bioenergy Potentials” international conference organised by the 4motors working group in Timisoara in March 2014 and at the Danube-INCO.NET Task Coordination Meeting in Trieste in April 2014.

The Joint Declaration on Biomass Sustainability accepted by the Steering Group at the 7th SG Meeting has been sent to the European Commission and to the Council in July 2013.

Besides the Action Plan, a demonstration website (www.danubebiomass.eu) is constantly being developed with the aim to collect biomass projects which are considered as best practices from the countries of the Danube Region.

The preparation of a project proposal addressing the data access and non-technical issues hindering biomass utilization is ongoing, we intend to organise a workshop for interested project participants in the autumn of 2014. The Action Plan was presented at the “Event on the Scientific Support to the Danube Strategy” organised by the Joint Research Centre in Vienna in June 2014 as well.

The Danube Region Geothermal Concept

Although the deep geothermal potential of the Danube Region is very promising, currently balneology is predominant, district heating is subordinate and electric power generation hardly exists. At the same time, regional geothermal aquifers do not stop at state borders and resource management strategies without regional harmonization could have unfavourable effects for the neighbouring countries.

The objective of the Danube Region Geothermal Concept developed together with the former lead partner of the TRANSENERGY project, the Geological and Geophysical Institute of Hungary (MFGI), is to enhance the sustainable utilization of deep geothermal energy in the Danube Region with the ultimate aim to attract investors to the participating countries. In order to achieve this, the main targets are to provide: a harmonized pool of national geothermal datasets, an overview of the current utilization and the potential, an evaluation of selected transboundary pilot areas and a comparison of regulatory frameworks. Knowledge transfer on the implementation of related EU policies to non-EU states with high geothermal potential, with a focus on the INSPIRE regulation is also on the agenda.

The above outlined concept was discussed by 19 institutions representing 10 Danube Region countries in a workshop at the end of 2013. At the meeting each country presented its country profile (based on a pre-set template) and the participants jointly discussed the preliminary project idea. Most participants committed themselves to continue with the project as part of the project consortium. MFGI, with the assistance of PA2, successfully applied for consultancy support from the Technical Assistance Facility managed by PA10 in the value of 25.000 EUR for the further development of the geothermal concept in 2014.

Based on the inputs received from the participants and receiving support from the project management consultant, MFGI has prepared a detailed project proposal in the first half of 2014 in order to prepare the project for application to open calls in the second half of the year. The establishment of this scientifically based information pool will be a key factor for the future success of the geothermal projects planned for 2014-2020.

The Priority Area has informed the European Commission and the European Geothermal Energy Council (EGEC) about the project preparation in March 2014. In June 2014, PA2 has published a regional geothermal report based on the questionnaires received from the workshop participants. The geothermal concept was presented and discussed in detail at the Panel discussion on geothermal utilization in the PA2 Workshop of the Danube Region Strategy Annual Forum in Vienna, 26-27 June 2014.

Other initiatives

Other types of renewables such as photovoltaic (PV) and wind, which provide electricity but with an intermittent nature, were considered by looking at their actual development in the Renewable Electricity Market Monitoring in the Countries of the Danube Region and analysing their integration to the existing electric power system in the frame of the Danube Region Smart Grid Concept. The 'Potential Use of Flexibility Mechanisms of the RES Directive in the Danube Region' analysis was aimed to help member states with low or expensive RES potential to use renewable electricity or heat produced in other countries with higher RES potential and lower production costs to comply with their national target.

The 'Renewable Electricity Market Monitoring in the countries of the Danube Region' report which was commissioned by MVM Hungarian Electricity PLC (MVM) in 2013 and published by PA2 in April 2014, provides an up-to-date evaluation of the RES-E development of all 14 DRS countries. The document shows that photovoltaic appliances have captured surprisingly large shares of new RES-E thanks to the rapid spread and acquisition of technology and slow reactions of policy makers, however, sustainability of support is a major issue in the region and Ukraine is one of the most ambitious newcomers in the group of heavy supporters of RES-E. The overwhelming majority of RES-E policymakers in the Danube Region still prefer

to use feed-in tariffs as their primary instrument choice. In the run-up to finalizing this monitoring report, the COM published its best practice guidance on the design of renewables support scheme. In the light of this, the Danube Region countries may be on the brink of major policy reforms to switch from FIT regimes to FIP schemes.

The Danube Region Smart Grid Concept included a kick-off workshop for stakeholders held in Brussels in November 2013 with the participation of around 50 experts from 14 countries and an assessment report which was finalised in January 2014. The workshop was co-organized by the Energy Priority Area of the Danube Region Strategy and the Directorate-General for Energy with the support of the State Government of Baden-Württemberg and the Regional Centre for Energy Policy Research (REKK). From the assessment report (compiled by REKK) and the workshop the conclusion can be drawn that the smarting of grids is a complex and gradual process and the national demand for smart grids is not articulated as yet in the majority of the Danube region countries.

It is evident from the assessment that the drivers behind smart grids in the Danube Region vary across countries. Managing the new technologies that have to be integrated into the current network, such as distributed and renewable generation and electric vehicles or the facilitation of retail market competition (via easier supplier switch and innovative tariff packages) are common, but other more fundamental services facilitated by smart metering such as the reduction of commercial losses and the improvement of service quality are prioritized as well.

The PA2 and REKK were invited to Brussels by the European Commission to give a guest presentation about the assessment report. The Smart Grids Task Force Steering Committee meeting took place in April 2014. PA2 gave a short overview about the Strategy and the activities of the priority area first, then REKK presented the main findings of the report. The presentation generated several questions from the audience resulting in a fruitful discussion.

Smart grid development is not a purely technical matter, it also requires regulatory changes and DSOs need proper incentives to engage in higher risk investments associated with modern technologies. As a result, PA2 is planning a workshop for regulators of the Danube Region to discuss the role of Distribution System Operators in providing ancillary services, the innovation need on future electricity networks, the best regulatory practices for the deployment of active distribution network management and coordinated balancing for the cost efficient integration of RES-E in the Danube Region.

The ‘Potential Use of Flexibility Mechanisms of the RES Directive in the Danube Region’ report was commissioned by MVM in 2013 and published by PA2 in April 2014. The document aimed at unlocking an information vacuum as after 5 years of adoption of the RED, there is limited information about examples of these flexibility mechanisms in the EU. The aim was to help member states with low or expensive RES potential (“importing” member states) to use renewable electricity or heat produced in other countries with higher RES potential and lower production costs (“exporting” member states) to comply with their national target. This would lead not only to overall cost savings for reaching their national RES targets, but also for the overall European target for 2020.

3.5. Action 10

Action - “To implement the National Renewable Energy Action Plans and to prepare a Danube Region Renewable Energy Action Plan”.

The ‘Renewable Electricity Market Monitoring in the countries of the Danube Region’ report was commissioned by MVM Hungarian Electricity PLC (MVM) in 2013 and published by PA2 in April 2014. It provides an up-to-date evaluation of the RES-E development of all 14 DRS countries. The document shows that photovoltaic appliances have captured surprisingly large shares of new RES-E thanks to the rapid spread and acquisition of technology and slow reactions of policy makers, however, sustainability of support is a major issue in the region and Ukraine is one of the most ambitious newcomers in the group of heavy supporters of RES-E. The overwhelming majority of RES-E policymakers in the Danube Region still prefer to use feed-in tariffs as their primary instrument choice. In the run-up to finalizing this monitoring report, the COM published its best practice guidance on the design of renewables support scheme. In the light of this, the Danube Region countries may be on the brink of major policy reforms to switch from FIT regimes to FIP schemes.

3.6. Action 12-13

- *Action - “To develop a comprehensive action plan for the sustainable development of the hydropower generation potential of the Danube River and its tributaries (e.g. Sava, Tisza and Mura Rivers)”.*
- *Action - “To develop and set up pre planning mechanism for the allocation of suitable areas for new hydro power projects”.*

The implementation of the Roadmap was prioritized by the Steering Group of PA2 taking into consideration the limited resources available. The implementation of the Action group 12-13 has not yet started. However, during the implementation in the future PA2 is keen on building on the results of the work done by all relevant institutions. Most importantly, the PA2 will take into consideration the work of the ICPDR, especially its strategic document on the issue under the title "**Guiding Principles on Sustainable Hydropower Development in the Danube Basin**" that was adopted at the 11th Standing Working Group Meeting on 18-19 June 2013 in Sarajevo.

3.7. Action 14-17

Action - “To promote energy efficiency and use of renewable energy in buildings and heating systems including by renovating district heating and combined heat and power facilities as required by Energy Performance of the Buildings Directive and Renewable Energy Directive”

Action - “To provide local authorities, businesses and citizens in the Danube Region consultative support with issues relating to mitigation of climate change and energy efficiency”.

The aim is to investigate the current practice of financing energy efficiency investments of public buildings in the Danube Region countries by focusing on best practice sharing and on the formulation of policy recommendations in order to create a more attractive environment for public building renovation projects.

The European Commission has listed some well-known obstacles to investments in energy efficiency projects in the European Union in general. According to the consultation paper of the European Community, the main barriers to initiating such projects are of market, financial and/or regulatory in nature. The Energy Priority Area believes that many of the detailed obstacles could be eliminated more effectively at a regional level.

Main goal of the concept is to get transparent and trustworthy information about the current market situation in the related field. The concept will foster the realization of new investments; create new job opportunities for inhabitants and develop energy efficiency in public buildings which represent about 12% of the EU’s final energy consumption. In the frame of the concept, with support from the Budapest Danube Contact Point, PA2 has organized several discussions with the European Investment Bank to foster knowledge sharing regarding financing of energy-efficiency projects in the region.

PA2 has organized a knowledge-transfer type pilot project to the representatives of the Hungarian Ministry of National Development in July 2013 to Baden-Württemberg. The aim of the field trip was to study the practice of ESCO financing through discussions with energy-efficiency experts from the State Government of Baden-Württemberg and the city of Stuttgart. The study tour proved to be a very successful experience, the participants received thorough presentations on the topic, gained an insight and had the opportunity to exchange views about the ESCO-financing scheme put into practice in the Southwestern state of Germany. Based on the positive feedbacks of this event, Priority Area 2 is ready to organize further similar knowledge-sharing activities with other interested participants.

PA2 has also supported an Intelligent Energy Europe project named ‘Energy Performance Contracting in the Danube Region’. Under PA2 coordination several institutions from countries in the region joined the project as partners and the PA2 also issued a Letter of Recommendation by a written procedure in April. The project was initiated by the State Office of Baden-Württemberg, GIZ and Steinbeis-Europa-Zentrum. Unfortunately the project proposal was not awarded by the IEE programme in November 2013, however, as the project partners were convinced of the idea and the strong consortium, they are looking for other funding sources.

4. ANNEX 2 - PROJECTS APPROVED BY THE STEERING GROUP

Received a Letter of Recommendation:

(see ANNEX 10: Letter of Recommendation to the Danube Universities project proposal)

Project Proposal to the Priority Area 2

(to encourage more sustainable energy)

Please return to: Danube-energy@mfa.gov.hu

BASIC PROJECT DATA	
Full project title	Danube Universities for sustainable energy competence
Short project title	DU – Danube Universities
Project website	http://danubeuniversities.eu/
Project description	<p>Access to energy is the necessary requirement for all life and all economies on earth. The energy supply today is mainly based on the finite resources of fossil fuels and nuclear energy. Serious side-effects and risks cannot be simply ignored. But the efficient use of energy mostly only plays a role within the framework of short-term economic goals and strategies. The use of regenerative energies as inexhaustible sources that are also environmentally friendly and socially compatible is the only key for a long-term, sustainable energy supply for humanity.</p> <p>The simultaneous introduction of regenerative energies and of technologies for energy saving and energy efficiency means that conventional raw materials will be slowly phased out and substituted within the production process. This not only creates new products and new methods of production, but also new jobs. The first person to utilize these opportunities will prosper financially. The energy sources within a sustainable energy industry will be the regenerative energies in all of their manifestations.</p> <p>All energy technologies and their applications require profound scientific and technical knowledge. Universities and research institutes must accept their role as leaders and coordinators. Only they are able to train the scientists and engineers required for this structural change.</p> <p>A trans-regional, voluntary partnership between Danube universities and enterprises could be able to build a trans-regional network that opens new avenues to the partners (e.g. in the development of courses and content), but which also opens new doors of opportunity to the universities located along the Danube itself. Production, trade and industry for regenerative energies and fuel cells can now develop at these locations.</p>

<p>Objective(s) of the project</p>	<p>The main idea is to link the education and research activities of the participating universities and enterprises in the field of renewable energy and efficient energy use. The aim is to create synergies and to use know-how from each other sustainably.</p> <p>Following objectives should be achieved through concrete actions:</p> <ul style="list-style-type: none"> • Building a network of partner universities and strengthening existing co-operations through student exchange, teacher exchange and staff exchange • Building up of a competence network • Using each other's know how and laboratory facilities • Common research activities • Contribution to the European Danube Strategy • Exchange of experiences from higher developed regions to lower developed regions • Development of common curricula • Exchange among students during their studies as well as for practical training in companies/institutes • Exchange of professors • Summer school for sustainable energy management and special topics • Know-how transfer • Achieving synergy between science and industry through stronger cooperation between universities and industrial companies including SMEs • Close cooperation with local authorities • Increasing of research potential and researcher mobility.
<p>Planned project activities including deadlines or duration</p>	<p>Numerous above mentioned goals are already regularly implemented but the aim is to continue and develop these activities.</p> <ul style="list-style-type: none"> • <i>Development of interactive and market-oriented education concepts</i> <p>This activity includes the development of common study programs, life-long learning measures for lecturers as well as for employers of enterprises or other involved stakeholders, development of databases, technology platforms and scientific-economical-cooperative education measures.</p> <ul style="list-style-type: none"> • <i>Innovative education forms: remote laboratory projects</i> <p>Project partners develop and install remote systems. Common use of each other's laboratory facilities is an economical and ecological solution instead of building up laboratories.</p> <ul style="list-style-type: none"> • <i>Research working groups (E-Mobility, Smart grid, Photovoltaics, Energy meteorology, Solarthermal, Energy efficiency & Environment)</i> <p>The goal of the working groups is to promote bilateral or multilateral research projects and to develop concepts for EU applications. The results of these can also be helpful in the education and be used by every</p>

	<p>participating university.</p> <ul style="list-style-type: none"> • Summer Schools along the Danube The Green Waves Summer Academy along the Danube will be organized once a year. The specialty of the “wandering” Summer Academy is the mixture of compact lectures and cultural programmes. The students become a part of an international community because students from numerous universities and six countries (Austria, Bulgaria, Germany, Hungary, Serbia, Slovakia) participate in the events. • Conferences, fairs Common booths on fairs enable the partner universities to present their own activities under the umbrella of “Danube Universities” but the participation on conferences and symposia also help to collect ideas and suggestions for common projects. • Gender equality projects Our gender mainstreaming concept includes numerous activities for ensuring gender equality at the technical universities in the region. Besides workshops and exchange of experience about gender projects we organize Girl’s days within the framework of excursions along the Danube to motivate young schoolgirls to decide for studying on technical universities.
<p>Need and added value for Danube Region Strategy</p>	<p>A modern, flexible higher education system, which is in the center of the triangle innovation - education – research will be the backbone of this development.</p> <p>By close contacts to the industry sector, innovative systems and technologies in the field of energy efficiency, smart energy systems and renewable energy technologies need to be developed. The cooperation within the European countries and the partner countries is essential in order for Europe to remain competitive in this global transition of the energy sector. The collaboration of universities within our common projects will be the basis for a durable structure of inter European university cooperation in energy.</p>
<p>Transboundary impact</p>	
<p>Connection with other project(s) ?</p>	
<p>Relevant PA2 Action(s) from the Danube Region Strategy’s Action Plan (please click to the link):</p> <p>Contribution to following Actions:</p> <ul style="list-style-type: none"> • To facilitate networking and cooperation between national authorities in order to promote awareness and increase the use of renewable energies • To provide local authorities, businesses and citizens in the Danube Region consultative support with issues relating to mitigation of climate change and energy efficiency 	
<p>STATUS AND TIME FRAME</p>	
<p>Current project phase:</p>	<p><input type="checkbox"/> Definition (e.g. project idea, abstract)</p>

(please tick a box)	<input checked="" type="checkbox"/> Preparation (e.g. project proposal, feasibility study) <input type="checkbox"/> Implementation <input type="checkbox"/> Completion		
Start date	01.12.2014	End date	01.12.2017
Notes	<p>Above dates are estimated dates for the project.</p> <p>The deadline for the ERASMUS+ “Knowledge Alliances” call is the 3rd April 2014.</p> <p>In case of rejection, we would like to use the Letter of Recommendation requested from the Board of DRS PA2 in other calls, too, as well as for the whole period of the project.</p>		
PROJECT MANAGEMENT			
Project leader			
Contact person	Name	Csilla Csapo	
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	E-mail	csapo@hs-ulm.de	
	Website:	http://www.hs-ulm.de/en/aa	
Project partners (including country code, address, email, phone)	<p>Budapest University of Technology and Economics (Hungary) Prof. Dr. David Raisz (raisz.david@vet.bme.hu) Prof. Dr. Ferenc Lezsovits (lezsovits@energia.bme.hu)</p> <p>Obuda University (Hungary) Prof. Dr. Ervin Racz (racz.ervin@kvk.uni-obuda.hu)</p> <p>Slovak University of Technology in Bratislava (Slovakia) Prof. Dr. Michal Masaryk (michal.masaryk@stuba.sk)</p> <p>Szechenyi University Győr (Hungary) Prof. Dr. Eva Racz (raczev@sze.hu) Prof. Dr. Zoltan Varga (vargaz@sze.hu)</p>		

<p>University of Novi Sad (Serbia) Prof. Dr. Filip Kulic (kulic@uns.ac.rs)</p> <p>Angel Kanchev University Ruse (Bulgaria) Prof. Dr. Nicolay Mihailov (mihailov@uni-ruse.bg)</p> <p>Ulm University of Applied Sciences (Germany) Prof. Dr. Franz Böhm (boehm@hs-ulm.de)</p> <p>University of Applied Sciences Technikum Wien (Austria) Momir Tabakovic (momir.tabakovic@technikum-wien.at)</p> <p>ELMÚ Net Distributor Ltd. (Hungary) (TBC) József Béres, CEO (jozsef.beres@elmu.hu)</p> <p>Stadtwerke Pfarrkirchen (Germany) Martin Wosnitza, CEO (martin.wosnitza@swpan.de)</p>		
FINANCING		
Available: (please tick a box)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> Partly <input type="checkbox"/> No	
Total budget:		
Source(s) and amount (potential sources for project ideas): (please tick a box and provide further info)	<input checked="" type="checkbox"/> National/regional funds:	Germanfunds: <ul style="list-style-type: none"> • Baden-Württemberg Foundation • Ministry of Education, Research and Art Baden-Württemberg • German Academic Exchange Service
	<input type="checkbox"/> EU funds:	
	<input type="checkbox"/> IFI loans:EBRD	
	<input type="checkbox"/> Private funds: equity and Venture capital	
	<input type="checkbox"/> Other:	
EUSDR EMBEDDING		
Relation to other Priority Areas of the Danube	<input type="checkbox"/> PA1a: To improve mobility and intermodality of inland waterways	

Region Strategy: (please tick a box)	<input type="checkbox"/> PA1b: To improve mobility and multimodality – Road, rail and air links <input checked="" type="checkbox"/> PA03: To promote culture and tourism, people and people contacts <input type="checkbox"/> PA04: To restore and maintain the quality of waters <input type="checkbox"/> PA05: To manage environmental risks <input type="checkbox"/> PA06: To preserve biodiversity, landscapes and the quality of air and soils <input checked="" type="checkbox"/> PA07: To develop the knowledge society through research, education and information technologies <input checked="" type="checkbox"/> PA08: To support the competitiveness of enterprises, including cluster development <input checked="" type="checkbox"/> PA09: To invest in people and skills <input checked="" type="checkbox"/> PA10: To step up institutional capacity and cooperation <input type="checkbox"/> PA11: To work together to promote security and tackle organised and serious crime		
Do you agree to be considered as a Danube project?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		
REMARKS (will be filled by the Priority Area Coordinators)			
Decision of the PA2 Steering Group		DATE:	
Date of last update			

5. ANNEX 3 – TA PROGRESS REPORT

The Technical Assistance is an essential contribution to the successful coordination of the Priority Area. The seed money in Hungary's case is extended by other EU resources as well as contribution from the Hungarian Government.

The recipient of the TA source in the PA2's case is the Hungarian Ministry of Foreign Affairs and Trade and the Office of the Government of the Czech Republic after transfer of tasks from the Ministry of Industry and Trade. The Technical Assistance is split evenly between the coordinating countries. The proper use of public funding is guaranteed by strict internal rules of both beneficiary institutions.

In Hungary's case the TA was only used for covering staff and their related costs such as flight tickets, travel and accommodation costs. The Czech Republic is using the fund for covering staff and their related costs of travel and accommodation.

The journeys are connected to the coordination activities of the PA2 as well as the implementation of its concepts as follows:

- general DRS meetings in Brussels and in DRS countries (Annual DRS meeting, NCP/PAC joint meetings, PAC meetings, programming meetings),
- consultations with the European Commission as well as other relevant stakeholders in Brussels (associations, experts in energy field):
- implementation of concepts, initiatives of the PA2,
- introduction of results of different concepts of the PA2,
- invitations to conferences, workshops.

6. **ANNEX 4: WORKSHOP ON THE DANUBE REGION GEOTHERMAL CONCEPT – MINUTES**

Workshop on the Danube Region Geothermal Concept (DanReGeotherm)

Budapest, 28 November 2013

Geological and Geophysical Institute of Hungary

1143 Budapest, XIV., Stefánia út 14.

MINUTES OF THE WORKSHOP

1. Every participant expressed its interest to participate in the project.
2. The project will focus on deep geothermal, therefore shallow geothermal is skipped.
3. The main project activities were accepted as presented (with further possible modifications):
 - Overview and database of current utilizations;
 - Detailed hydrogeothermal models at selected cross-border pilot areas;
 - Eliminating technical barriers: re-injection and EGS;
 - Eliminating non-technical barriers: overview and comparison of regulatory frameworks.
4. Current geothermal utilization should be evaluated through a survey and personal interviews. It would also help bonding with stakeholders. Actual field work is advised when collecting data.
5. The joint database (metadatabase) required by the project should follow INSPIRE regulations.
6. It is possible to create two separate databases, one open for the public (utilization database) and another for elaborating geothermal models.
7. The pilot areas should be transboundary ones (involving at least 2 or 3 countries).
8. The pilot areas recommended are:
 - a. Drava basin (SLO-HR-HU);
 - b. SE-Pannonian basin (RO-SRB-HU / HR-BH);
 - c. Drina-river (SRB-BH).
9. The project could deal with Enhanced Geothermal Systems (EGS) as well, for example by preparing simplified potential maps for the entire project area. Croatia does not want to take part in this activity. Stress maps could be compiled (maybe only for selected areas) based on experiences from Germany, the Czech Republic, etc.

10. Although re-injection is a complex and site-specific question, it will be kept in the project proposal for the time being and participants are asked to formulate their proposals.
11. A webmap service should be part of the project, as a main tool for visualizing results.
12. Other countries, which were missing from this Workshop (Bulgaria, Ukraine), have the opportunity to join later.
13. The project concept will be modified based on the inputs of the Workshop and circulated among participants in January 2014 in order to receive feedbacks.

List of participants

Gregor Goetzl	Federal Geological Office of Austria (AT)
Roland Hackl	ic-group - Technical Assistance Facility consultant (AT)
Boban Jolović	Geological Survey of the Republic of Srpska (BIH)
Natalija Samardžić	Geological survey of Federation of B&H (BIH)
Snezana Komatina	NTEC - Society for R&D in the field of new technologies (BIH)
Tamara Marković	Croatian Geological Survey (HR)
Radovan Filjak	Croatian Geological Survey (HR)
Staša Borović	Croatian Geological Survey (HR)
Tomislav Kurevija	University of Zagreb (HR)
Domagoj Vulin	University of Zagreb (HR)
Hana Jirakova	Geomedia Ltd. (CZ)
Roman Sigut	Geomedia Ltd.(CZ)
Jan Holeček	Czech Geological Survey (CZ)
Johannes Birner	Geothermie Neubrandenburg GmbH (DE)
Annamária Nádor	Geological and Geophysical Institute of Hungary (HUN)
Teodóra Szőcs	Geological and Geophysical Institute of Hungary (HUN)
László Sörös	Geological and Geophysical Institute of Hungary (HUN)
György Tóth	Geological and Geophysical Institute of Hungary (HUN)
Anita Orbán (HUN)	Ministry of Foreign Affairs, EU Strategy for the Danube Region
István Joó (HUN)	Ministry of Foreign Affairs, EU Strategy for the Danube Region
Szilárd Árvay (HUN)	Ministry of Foreign Affairs, EU Strategy for the Danube Region
Szilvia Nagy (HUN)	Ministry of Foreign Affairs, EU Strategy for the Danube Region

Judit Szántó (HUN)	Ministry of Foreign Affairs, EU Strategy for the Danube Region
Péter Kiss-Parciu	Budapest Danube Contact Point (HUN)
Márk Alföldy-Boruss	Ministry of National Development (HUN)
Zoltán Békés	Ministry of National Development (HUN)
Marcel Rosca	University of Oradea (RO)
Codruta Bendea	University of Oradea (RO)
Anca-Marina Vijdea	Geological Institute of Romania (RO)
Sanja Mrazovac-Kurilić	University Union Nikola Tesla (SRB)
Sasa Smiljanic	AGES - Geosciences department (SRB)
Petar Dokmanovic	University of Belgrade (SRB)
Dejan Milenic	University of Belgrade (SRB)
Radovan Cernak	State Geological Institute of Dionyz Stur (SK)
Marian Fendek	Comenius University (SK)
Miriam Fendekova	Comenius University (SK)
Nina Rman	Geological Survey of Slovenia (SI)
Andrej Lapanje	Geological Survey of Slovenia (SI)

7. **ANNEX 5: REGIONAL WORKSHOP ON SMART GRID DEPLOYMENT IN THE DANUBE REGION - REPORT**

Regional Workshop on Smart Grid Deployment in the Danube Region

Brussels, 18 November 2013

Commission Building (morning)
Conference Centre Albert Borschette
Rue Froissart 36, 1040 Brussels, Room 3A

Permanent Representation of Hungary to the EU (afternoon)
Rue de Trèves 92-98, 1040 Brussels

Workshop Report

The Energy Priority Area (PA2) of the Danube Region Strategy (DRS) together with the Regional Centre for Energy Policy Research (REKK) organised the “**Regional Workshop on Smart Grid Deployment in the Danube Region**” (18 November 2013, Brussels) within the framework of their joint effort to introduce the issue of smart grids (SGs) into the policy agenda of the Danube region cooperation.

The aims of the workshop were

- a) to assess the role of the European Union in the promotion of smart grid infrastructural development;
- b) to discuss the current state-of-affairs regarding smart grid and smart metering policy in the Danube region countries;
- c) to discuss the future utilisation prospect of smart grids in the Danube region countries and the potential demand for smarting the current grid infrastructure;
- d) to identify regulatory issues and learn from best practices; and
- e) to identify issues of common concerns and potential fields of future cooperation.

The workshop brought together the representatives of the Danube region countries, the European Commission and the professional organisations and association seated in Brussels.

The present report summarises the main issues discussed in the presentations and draws conclusions on further PA2 activities regarding smart grids.

Opening Remarks - Ms Catharina Sikow-Magny, Head of Unit, Internal Market I: Networks & Regional Initiatives, DG Energy, European Commission

Ms Catharina Sikow-Magny summarised the 4 pillars of the Danube Region Strategy and the past activities of the PA2. She emphasised that only 2 smart grid projects are included on the first Project of Common Interest (PCI) list and that altogether 4 proposals have been received on this topic. She clearly expressed that the European Commission is interested to see how committed Danube region countries are about SGs and that the countries should submit more SG projects by 2015 when the first revision of the PCI list will be carried out.

Energy cooperation in the Danube Region - *Mr Peter Friedrich, Minister for the Bundesrat, Europe and International Affairs, State Government of Baden-Württemberg*

Mr Peter Friedrich briefly summarised the history of the Danube region. He reiterated that the Danube countries all have ambitious policy goals but different priorities regarding renewable and decentralised generation, storage and other new infrastructures. Mr Friedrich believed that the Danube Region Strategy is an area of enormous potential for energy cooperation. He emphasised that South-East Europe can potentially produce RES-E to northern load centres as this region has a high renewable potential. He also indicated that some countries might have other drivers than RES-E deployment, most notably issues of non-payment and grid quality. He expressed that his expectation from the workshop were discovering bottlenecks to smart grid development and to generate concrete project proposals that can be developed further under the PA2. He offered support from Baden-Württemberg for such initiatives.

Renewable Energy acquis implementation in the Energy Community – the key driver for Smart Grid deployment - *Ms Gabriela Cretu, Energy Community*

Ms Gabriela Cretu introduced the history of the Energy Community (EnC) including the constant change in memberships due to accession of new members and the outgoing member (Croatia) that joined the EU. The Community also has several observer states such as Norway, Armenia and Turkey, and a candidate, Georgia, which has recently applied for membership. She emphasised that the EnC member states have a mandatory commitment to implement to EU acquis and the reason for this is to receive investment in the region that has old infrastructure but good potential for RES and energy efficiency. She then focused on the Renewable Directive that is under transposition in the EnC members states. The deadline for the submission of National Renewable Energy Action Plans was 2013 June, but only Serbia forwarded its report until now. The 2020 RES target was based on a similar methodology as for the EU member states but the overall EnC target is not fixed (like in the EU) and in aggregate it is less than 20% (the actual share was 11% in 2009 mainly due to Ukraine which is a big country with low RES). She pointed out that Serbia is to export 975 GWh between 2016 and 2020 to count towards the Italian target based on the cooperation mechanisms introduced by the RED. She also informed the participants that the EnC has a Regional Energy Strategy and 35 identified Projects of Energy Community Interest (PECI). This approach is similar to the EU approach with the exception that generation projects were included as well as the SEE region is a net electricity exporter.

The TEN-E regulation and the upcoming Connecting Europe Facility (CEF) - *Mr Sebastian Gras, DG Energy, European Commission*

Mr Sebastian Gras conveyed the most important information regarding the CEF. The facility provides support for projects at the transmission level that are not commercially viable but possess significant positive externalities. He introduced the TEN-E regulation targets, which are:

- 10% electricity interconnection among members states;
- to end energy isolation;
- N-1 and reverse flow in gas.

He reiterated the information that only 2 smart grid projects qualified for PCI (Italy and France, Ireland and Northern Ireland) and emphasised the benefits of PCIs that are accelerated

permit granting, improved regulator treatment and financial support. He called the attention of the audience that the any future smart grid project submission should

- confine to the smart grid definition provided by Annex II.1(e) of Regulation No 347/2013;
- serve a minimum of min 50.000 users;
- high-voltage & medium voltage (over 10 kV);
- represent a consumption area exceeding 300 GWh/year;
- include minimum 4 project partners from at least two member states (both TSOs and DSOs).

Smart Grid PCIs are eligible for grants for studies and works if the Cost Benefit Analysis (CBA) shows positive externalities but lacks commercial viability. CEF financing shall not exceed 50% of the eligible cost (both for studies and for works), which financing can be increased to 75% if highly innovative solutions, a high degree of regional or Union-wide security of supply, or strengthening the solidarity of the Union are proposed. The ultimate aim of CEF is to provide financial support for smoothing network tariffs disproportions and softening the negative social impacts of non-integration.

Introduction of the Danube Smart Grid Initiative - *Mr Péter Kaderják, Director, Regional Centre for Energy Policy Research (REKK)*

Mr Péter Kaderják introduced the ongoing work of REKK in the framework of PA2 and provided the preliminary results of the scoping study on the state-of-affairs on smart grid and smart metering in the Danube countries, together with the potential drivers associated with smart grid solutions by the different countries in the region.

Mr Péter Kaderják first gave an overview on the aim of the Danube Region Smart Grid project, then described the method of the research. Then he informed the audience that SG investment is concentrated in a few countries many of them with large RES-E capacities, with the Danube region countries lagging behind, except for Germany. Based on the questionnaire which was sent by 9 countries out of 14 so far, most respondents felt that the current development phase regarding smart grid investments in their country was either at the beginning or has not started yet. The biggest investment need was expected in smart metering. The smart meter rollout as a percentage of all meters was dominantly between 0-10%.

The drivers of smart grid and metering deployment in the Danube region were manifold and country specific. Energy efficiency potential was mainly seen in the South East European countries, with high renewable energy capacity forecasts are foreseen in a number of Danube region countries. The share of electric vehicles and plug-in hybrid electric vehicles in the total light-duty vehicles (personal cars) is still negligible in the DR countries and the charging infrastructure is sparse.

The region seems to be heterogeneous regarding unplanned interruption indicators and supplier switch of households as a sign of retail competition is still low in the region. The data show that there is a great potential in peak shaving (decreasing the gap between highest and lowest consumption) for the region.

The scope for future Danube region cooperation could be assisting voluntary, sub-group level pilot initiatives, developing a smart grid regulatory guideline, promoting regulatory cooperation and supporting the development of country level roadmaps. He concluded that drivers go beyond merely the renewable ambitions of the countries and include more traditional problems such as electricity theft, metering problems and grid operation.

The macro-regional approach in energy planning - Ms Anita Orbán, Ambassador-At-Large for Energy Security of Hungary; Priority Area Coordinator, Energy Priority Area of the Danube Region Strategy, Ministry of Foreign Affairs of Hungary

Ms Anita Orbán listed the achievements of the Energy Priority Area of the Danube Region Strategy in the past two years, the Gas Market Model being used for PCI selection, the Gas Storage Analysis and an energy training programme in Moldova. She then explained the current activities, the Danube Region Biomass Action Plan, the Danube Region Geothermal Concept, the Renewable Energy market monitoring and the Danube Region Smart Grid Concept, which shows that a great emphasis was placed on renewable energy issues this year in the Priority Area.

She stressed that cooperation is necessary in the Danube region to provide consumers with cheap and secure energy supply and that the Danube region countries sooner or later need to take significant steps for smartening their electricity networks. As she explained, the current expert workshop is a first step to launching a discussion amongst key players of the Danube countries on smart grids and the role of the Danube Region Strategy was to facilitate this process by providing a platform for the discussion.

Welcome Address - H.E. Ambassador Olivér Várhelyi, Deputy Head of the Permanent Representation of Hungary to the European Union

H.E. Ambassador Olivér Várhelyi welcomed the participants at the Permanent Representation of Hungary and emphasised the relevance of smart grid policies, especially in light of the new energy and climate package due to be published later in 2013. He explained that the European Commission adopted a Green Paper on "A 2030 framework for climate and energy policies" and now it is preparing further policy options which will be tabled by January 2014 so as EU leaders could discuss this at their regular spring summit in March 2014. The implementation of smart grids, he believed, could contribute to achieving the climate and energy targets of the European Union by providing a viable answer on how to integrate the increasing level of renewables in the electricity system, and by improving energy efficiency at the level of individuals, with the active participation of consumers in the energy market. He stated that the Danube Strategy is an ideal framework to jointly address problems affecting all countries of the region and that the concept serves not only the interest of the EU Member States but also provides a good opportunity for non-EU countries to profit from the exchange of know-how within the region.

The consequences of high RES-E penetration on the transmission and distribution grids in Germany - Mr Christian Schorn, EnBW Regional AG

Mr Christian Schorn stated that the main problem in Germany is integration of electricity from renewable energy sources (RES-E) to the distribution grid and not supply quality. He quoted that RES-E would require the rebuilding of the low voltage (LV) network to a 10 times bigger grid and instead of this Germany intend to smarten the LV network as it is operating close to its limits now. In Baden-Württemberg the level of RES-E is already high enough that

sometimes it is transferred from the distribution grid to the transmission grid that causes operational problems. He quoted a study from the German Energy Agency (DENA) that expects a 50% cost reduction by using smart technologies. He presented the NETLabs, two smart grid research pilot projects of EnBW in real network environment where load is lower than RES-E capacity. The main focus of these pilots is storage and infeed management to avoid transformer meltdown.

He stressed that price of photovoltaic (PV) is very close to grid parity and once it reached that level, people will install PV units without financial backing from the state and smart grids will not be an option any more but a necessity.

How to incentivise DSOs to transform distribution grids to smart grids - *Mr Rafael Cossent, Universidad Pontificia Comillas, Madrid*

Mr Rafael Cossent stated that grids are getting smarter but they are only means for tackling certain problems. He summarised some conclusions from his work on implementing Cost Benefit Analysis (CBA) methodologies on real networks such as the proper scaling (substation automation resulted gains only up to 20%) and the need for grid operators to monitor not only the grid, but consider the users as well in the future. Distribution System Operators (DSOs) are to be considered as middlemen between users and Transmission system Operators (TSOs) in certain system services and due to the changes in consumer attitude and the changing responsibilities, the regulation of DSO revenues requires careful considerations. He quoted the example of the United Kingdom for introducing a revenue driver on distribution grid capacity. He stressed that the methods for defining network cost and the assessment of infrastructure development should move beyond benchmarking and use engineering knowledge. He summarised the regulatory option for incentivising DSOs and provided country examples.

Incentivising smart grid pilots – regulatory experiences in Italy - *Mr Luca Lo Schiavo, AEEG*

Mr Luca Lo Schiavo introduced the concept of reverse power flow time as an indicator for the length of the risk involved in grid operation due to large scale RES-E production. He also provided some background to the Italian network:

- integration of large scale wind power was the first regulatory issue in Italy but now it is mainly the distribution network that is highly automated already due to the quality of service regulations;
- smart meters are fully deployed;
- mandatory time of use tariff for consumers in the regulated market;
- each households can have two electricity charging points with two meters, one for normal use and one for electric vehicles (EV).

He explained the current regulation in Italy which intends to incentivise DSOs to be involved in more risky but technologically innovative grid developments (P-smart concept). He noted that the regulation is designed in a way that DSOs can only receive the WACC¹ premium if they invest in network sections that are already facing problems related to RES-E integration (reverse power flow: RPF). He informed the audience that in the next regulatory period (from

¹ Weighted Average Cost of Capital - the minimum return that a company must earn on its asset base to satisfy its providers of capital.

2016) the regulator plans to introduce an output based regulation based on RPF and the P-smart concept that will provide rewards and penalties for DSOs based on predefined outputs. The details of the future regulation will depend on the results of the 8 pilots investments carried out under the current system. He concluded that the regulators are important but the key drivers of evolution are the customers.

The ERA-net Smart Grid Plus initiative – smart grid initiatives in Europe - *Michael Hübner, Austrian Federal Ministry for Transport, Innovation and Technology*

Michael Hübner started his presentation with emphasising that 93% of smart grid demo projects in Europe are funded by the national funds of the EU member states and only 7% is coming from the EU framework programmes. Then he introduced the ERA-NET initiative that is a quicker, smaller and more flexible project support fund than the forthcoming Horizon 2020. This fund is financed from voluntary member state contributions that are topped up with money from the European Commission. It is important that only those countries that contribute to the fund are eligible for support.

Conclusions and future cooperation

From the scoping report and the workshop the conclusion can be drawn that different countries face different potential benefits and these should be weighed against the costs involved. This is evident, e.g. in the case of smart meters, from the practices of the countries that - as a rule - base their rollout decisions on cost-benefit analyses. However, the ‘smarting of grids’ does not happen at once, it is a complex and gradual process. Therefore, it is essential that countries analyse the alternative solutions, their costs and benefits regularly in order to make informed decisions. The national demand for smart grids is not articulated as yet in the majority of the Danube region countries. Comprehensive assessment is rather an exception than a rule.

It is evident, however, from the preliminary assessment that the drivers behind smart grids in the Danube countries is not uniformly the new technologies that have to be integrated to the current network such as distributed and renewable generation and electric vehicles or the facilitation of retail market competition (via easier supplier switch and innovative tariff packages) but other, more fundamental issues facilitated by smart metering such as the reduction of commercial losses and the improvement of service quality.

Smart grid development is not a purely technical matter as its development and efficient operation requires regulatory changes as well. DSOs need proper incentives to engage in higher risk investments associated with modern technologies. Some countries have already employing such regulatory incentives (e.g. Italy or Romania) but – again - it is not a common practice. In addition, DSOs need to be able to recover their cost and this triggers the need to rethink the current network tariff structure based on energy charges that are not likely to provide sufficient revenues in the future. On the operational side, the energy efficiency and peak shaving benefits that can be achieved by installing smart meters, require adequate information provision for consumers combined with a time-of-use tariff system, that provides strong incentives for behavioural change.

Future actions on smart grids in the Danube Region are envisaged at three levels:

1. Regulatory cooperation

The countries of the Danube region could form a working group on regulation that would provide a supportive environment to the future deployment of smart grids. The initial topics for consideration are:

- the role of DSOs in providing ancillary services;
- innovation need on future electricity networks: new roles, new actors and new service providers (non-technological issues);
- „best regulatory practices" for the deployment of active distribution network management;
- coordinated balancing for the cost-efficient integration of RES-E in the Danube Region.

Future work on regulatory cooperation under the PA2 should take into consideration the activities of other international organisations such as the ENTSO-E activity on network codes. The value added of a DRS initiative should be accurately determined.

2. Research cooperation

The discussion has brought up several issues that can form a basis of joint thinking on the future smart grid research agenda:

- the applicability of demo projects already executed in countries with similar boundary conditions in Europe;
- what would be the effect of massive RES-E penetration in DRS countries: how would these countries cope with issues already experienced in Germany?

Possible funding sources could be the Era-Net Initiative (for contributing countries) and the Horizon 2020 call from 2014.

3. Investment cooperation

The third level of possible cooperation – that is on the other hand the most evidently prioritised by the European Commission – is that of joint project proposals of DRS countries for transnational investment projects. The scope of PCIs is limited to transmission projects so that issues connected to the distribution grids are not eligible. The role of PA2 in developing such proposals could be analysed. A second option could be identifying projects eligible for EU regional funds.

8. ANNEX 6: CONCEPT PAPER AND AGENDA OF THE SEMINAR ON SHARING BEST PRACTICES BETWEEN EUSDR AND EUSBSR

The Visegrad Group Presidency Seminar in Stockholm

On the experiences of the implementation of the EU Baltic Sea and the Danube Region Strategies– Sharing best practices

Holding the Visegrad Group Presidency between July 1st 2013 and June 30th 2014, Hungary intends to highlight policy areas that are highly relevant for the whole Central European region and are also of interest for a broader community of countries in Europe. Energy security undoubtedly is of utmost importance for Europe.

The European Union created two macro-regional strategies to answer more effectively to the challenges that are more complicated to solve at a country or an EU level. The first one, the Baltic Sea Region Strategy was created in October 2009 to address the challenges arising from the degradation of the Baltic Sea. The Danube Region Strategy, established in 2011, collects Central-European countries along the Danube, Europe's second largest river, in order to help the development of this heterogeneous region.

Energy is a priority in both macro-regional strategies. The characteristics of the two regions are different, but they have some similarities regarding energy features: energy interconnections and market integration haven't been realised yet, though both Strategies made significant efforts in this regard. In case of the Baltic Sea Region Strategy, the main problem is the isolation of the three Baltic States from other parts of the EU. The Danube Region Strategy also lacks the integrated energy market and connected region, but the Energy Priority Area of the Strategy was able to identify the most important energy infrastructure investments at a regional level. The implementation of these projects will result in lower energy prices, and increased competitiveness in the region.

The Baltic Sea Region and the Danube Region share similarities in the challenges they face regarding the energy sector. Sharing the best practices and the responses to those challenges could be beneficial for all participating countries. The knowledge transfer would facilitate the

more efficient and coherent implementation of the targets defined in the respected Action Plan of the Strategies.

The cooperation between the two concepts would enhance the energy market integration and the competitiveness of the Regions.

Furthermore the European Commission as well as the European Council expressed in several documents the importance of the interaction between the two macro-regional strategies². The Communication of the European Commission released in March 2012³ also fostered a closer cooperation of the two strategies. The Council conclusion released on 22nd October 2013 invites the Member States and the Commission to develop and strengthen links between the Baltic Sea Region and the Danube Region Strategies and with any further macro-regional strategies.

The seminar initiated by the Embassy of Hungary in Stockholm in cooperation with the European Commission Representation in Sweden will provide an opportunity to exchange experiences of the implementation of EU macro-regional policies in the field of energy, discuss past and potential challenges and hardships, and reflect upon the future priorities.

Venue: Europahuset, Regeringsgatan 65., Stockholm

Date: 2nd April 2014

To register, please send your name, title and the name of your organisation **by email** to comm-rep-sto-rsvp@ec.europa.eu latest by 27th March 2014.

² COM(2011) 381; European Council 15848/11

³ COM(2012) 128

The Baltic Sea Region Strategy and the Danube Region Strategy via the Lens of Energy Cooperation

Stockholm, 2 April 2014

Venue: Europahuset, Regeringsgatan 65., Stockholm

Final Agenda

08:30-09:00 Registration

09:00-09:30 Opening remarks

Ms Lilla MAKKAY, Ambassador of Hungary to Sweden

Mr Pierre SCHELLEKENS, Head of Representation, European Commission Delegation to Sweden

Mr Erik KIESOW, National Contact Point of the EUBSRS in Sweden, Deputy Director of the Prime Minister's Office of Sweden

Mr Vicente RODRIGUEZ SAEZ, Deputy Head of Unit, Directorate-General for Regional and Urban Policy, European Commission

09:30-10:00 First Panel – Introduction - Macro-Regional Strategies of the EU and their Energy Priority Areas

Ms Anita ORBÁN, Priority Area Coordinator, Energy Priority Area of the Danube Region Strategy, Ministry of Foreign Affairs of Hungary

Ms Olga BOGDANOVA, Ministry of Economics of the Republic of Latvia

Ms Ann-Jasmin KRABATSCH, Programme Manager, Directorate-General for Regional and Urban Policy, European Commission

Moderator:

Mr Stefan GÄNZLE, Associate Professor, Department of Political Science and Management University of Agder, Norway

10:00-10:15 Q &A

10:15-10:30 Coffee break

10:30-12:00 Second Panel – Macro-Regional approach towards an Integrated European Energy Market

Ms Rota ŠŅUKA, Priority Area Coordinator, Priority Area Energy of the Baltic Sea Region Strategy, Ministry of Economics of the Republic of Latvia (Baltic Energy Market Interconnection Plan)

Mr Péter KADERJÁK, Director, Regional Centre for Energy Policy Research, Hungary (Danube Region Gas Market Model, Danube Region Gas Storage Analysis)

Ms Mónika ZSIGRI, Policy Co-ordinator, Directorate-General for Energy, European Commission

Mr Vladimír BLAHA, Priority Area Coordinator, Energy Priority Area of the Danube Region Strategy, Government Office of the Czech Republic

Mr Vytautas Naudužas, Ambassador at Large on Transport and Energy Security, Ministry of Foreign Affairs of the Republic of Lithuania

Moderator:

Mr Stefan GÄNZLE, Associate Professor, University of Agder, Department of Political Science and Management

12:00-12:15 Q&A

12:15- 12:30 Closing Remarks

Mr Stefan GÄNZLE, Associate Professor, Department of Political Science and Management University of Agder, Norway

12.30-13.30 Reception offered by the Embassy of Hungary

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9. ANNEX 7: AGENDA AND MINUTES OF THE 7TH SG MEETING

AGENDA **7th Steering Group Meeting of the Priority Area 2**

Budapest, 17 December 2013
Ministry of Foreign Affairs of Hungary
(1027 Budapest, Bem rakpart 47; Room BC 112)

ARRIVAL AND REGISTRATION OF THE PARTICIPANTS (MAIN ENTRANCE OF THE MFA'S BUILDING AT BEM SQUARE)

9:00-9:30

1. OPENING REMARKS

9:30-9:45

- Anita ORBÁN, Priority Area Coordinator for the PA2 (Hungary)
- Balázs MEDGYESY, Government Commissioner, National Contact Point (Hungary)
- Petra STASTNA, National Contact Point (Czech Republic)

2. REPORT OF THE PRIORITY AREA COORDINATOR: PROGRESS SINCE THE 6TH STEERING GROUP MEETING

09:45-09:55

3. PROGRESS OF THE IMPLEMENTATION OF THE DANUBE REGION STRATEGY

09:55-10:15

- Csaba HENDE, European Commission, DG REGIO

4. NEXT STEPS FOR THE PROJECTS OF COMMON INTEREST

10:15-10:35

- Mónika ZSIGRI, European Commission, DG ENER (video call)

COFFEE BREAK

10:45

10:35-

5. NEW PROJECT PROPOSAL SUBMITTED BY CROATIA

11:00

10:45-

6. PROGRESS OF THE INITIATIVES OF THE PA2 - ONGOING CONCEPTS

11:00-11:50

- Progress of the Danube Region Geothermal Concept (MFGI - Annamária NÁDOR)
 - Evaluation of the workshop in Budapest on 28th November 2013

NETWORKING BUFFET LUNCH (VENUE: MFA, PANORAMA ROOM)

11:50-12:50

7. PROGRESS OF THE INITIATIVES OF THE PA2 - ONGOING CONCEPTS

12:50-14:20

- Progress of the Danube Region Smart Grid Concept (REKK - Péter KADERJÁK/Zsuzsanna PATÓ)
 - Presentation of the Final Study
 - Evaluation of the workshop in Brussels on 18th November 2013
- Final results of the Danube Region Biomass Action Plan – Presentation of the Study (ÉMI - Tamás SZILÁGYI)

8. STATE OF PLAY ON THE FUTURE DANUBE TRANSNATIONAL PROGRAM

14:20-14:50

- Presentation by Mr Imre CSALAGOVITS, Office for National Economic Planning, Member of the Programming Task Force

9. PROGRESS REPORT ON THE ACTIVITIES OF THE BUDAPEST DANUBE CONTACT POINT

14:50-15:10

CLOSURE OF THE STEERING GROUP MEETING

15:10-15:20

MINUTES

7th Steering Group Meeting of the EUSDR Priority Area 2
(to encourage more sustainable energy)
17 December 2013
Budapest, Ministry of Foreign Affairs of Hungary

On 17th December 2013 the Hungarian coordination hosted the 7th Steering Group (SG) meeting of the Priority Area 2 (PA2) in Budapest.

1. OPENING REMARKS

The meeting was chaired by Ambassador Anita Orbán, Priority Area Coordinator (PAC). Ms. Orbán welcomed the participants of the event.

Mr. Balázs Medgyesy (National Contact Point, Hungary)

- The Danube Region Gas Market Model has managed to identify the most important Projects of Common Interest (PCI) in gas infrastructure,
- Now we have a better understanding of the geothermal and biomass potential of the Danube region,
- Smart grid solutions are very diverse and application has to be analyzed and utilization should be optimized for the region,
- The PA2 supplies the EU and national governments with inputs to promote an optimal utilization of the available resources by selecting projects with the highest return rate,
- The PA2 is a very important driver for the integration of non-EU countries,
- Financing is of high importance to realize the concepts of the strategy. Addressing various sources, like the EU Multiannual Financial Framework for 2014-2020 and the Danube Transnational Fund, is a crucial element.

Ms. Petra Stastna (representing the National Contact Point of the Czech Republic)

- Funds have to be channeled into the process of implementation with regard to EU Multiannual Financial Framework for 2014-2020, projects have to be competitive to gain support,
- There will be some internal changes in the Czech coordination of PA2 in early 2014,
- In agreement with the Hungarian coordination the 8th Steering Group meeting will be held in Prague in June 2014.

2. REPORT OF THE PRIORITY AREA COORDINATOR: PROGRESS SINCE THE 6TH STEERING GROUP MEETING

Ms. Anita Orbán summarized the work done since the 6th SG meeting in June 2013. Almost all the projects identified by the Danube Region Gas Market Model have made it to the PCI list of the EU. The representative of the European Commission's (COM) DG ENER highlighted during the Bucharest Annual Forum in October 2013 that the Energy Priority Area had a significant policy impact on the PCI selection process.

The conclusions of the Danube Region Gas Storage Study were also channeled into the Brussels decision making processes and therefore the PA2 is expecting more policy coordination work for the better utilization of gas storage facilities in the region. A new round of activities is expected that will show the best utilization of the model. With the completed PCI list, a single project or a cluster of projects can be tested together showing the market impact for the entire region. The European Commission's DG ENER has expressed its intention to work with the model further and the Energy Community has already extended it to a European scale.

The results of the Danube Region Biomass Action plan are presented later in detail, but despite its positive outcome it has to be stated that gathering data was problematic. The demo project database was launched and available online, which contains the best practice biomass projects from the Danube region. Ms. Orbán encouraged the members of the SG to submit further relevant best practice projects.

Regarding smart grids, the Danube Region Smart Grid Workshop was co-organized by PA2 and DG ENER with the help of the State Government of Baden-Württemberg and the Regional Centre for Energy Policy Research (REKK) in Brussels on 18 November 2013 as agreed during the 6th SG meeting. Detailed presentation of the findings is scheduled later during the meeting. The workshop has revealed that there is no clear roadmap to implement smart grid projects therefore the Danube Region Smart Grid Initiative is a clear value added. The PA2 should continue with the development of the smart grid concept and initiate a regional smart grid pilot project. Also, a consortium should be established that would be eligible for funding from the EU Multiannual Financial Framework for 2014-2020 and other funds.

The Danube Region Geothermal Concept was accepted on the 5th SG meeting and significant progress has been made since then. The Danube Region Geothermal Workshop was organized in Budapest on 28 November 2013 in the Geological and Geophysical Institute of Hungary. Around 40 experts from 10 countries took part in the workshop to further discuss the concept and to establish a geothermal consortium. The presentation and country reports were uploaded to the website of PA2. The finalized project proposal will be submitted for EU financing in the next Multiannual Financing Framework of 2014-2020. The Institute, with the assistance of PA2, successfully applied for consultancy support from the Technical Assistance Facility managed by PA10 in the value of 25.000 EUR for the further development of the geothermal concept in 2014.

The first phase of the Moldova training program was successfully completed in July 2013. All in all, there were 4 workshops on location with 18 experts from several European countries. The training program was tailor made to the needs of the Moldovan public administration. Based on the positive feedbacks, the PA2 is ready to initiate the second phase of the project in the Republic of Moldova and in other non-EU countries. Donors are still required to start the second phase.

To better communicate the activities and achievements of the PA2, a short flyer was published and distributed at various forums. It has been decided that most of the studies of the PA2 will be summarized and published in a unified format. A new renewable energy monitoring study will also be commissioned next year and it will be published as well. The website of the PA2 (www.danube-energy.eu) is constantly updated to communicate the progress.

The second Annual Forum of the Danube Region Strategy was organized in October 2013. In his opening speech, Commissioner Johannes Hahn (DG REGIO) highlighted several concepts of the PA2, among them the geothermal, biomass and smart grid concepts. All these initiatives support the achievement of the EU's low carbon economy goals. The next Annual Forum of the Danube Region Strategy will be organized in Vienna in July 2014.

The staff of the PA2 attended 16 events to represent the activities of the Priority Area. In June 2013 the annual report of PA2 was submitted for evaluation to the European Commission. The PA2 was highlighted as one of the best performing PAs.

Regarding future plans, the most important issue at hand is to secure financing for the projects of the PA2. The implementation of on-going concepts, most importantly the smart grid and geothermal concepts, will be continued next year. The topic of the forthcoming 19 March 2014 Annual Conference of the PA2 will be the EU's 2030 Renewable and Climate Policy Objectives. The Danube Region has a huge untapped potential in energy efficiency and renewable energy therefore the PA2 wants to highlight initiatives that could improve the state of play in the Danube Region. The conclusions of the conference would be channeled into the relevant Brussels decision making processes. On 2 April 2014 a seminar is going to take place organized by the PA2 and the Hungarian Embassy in Stockholm, in cooperation with the European Commission Representation in Sweden. The aim of the seminar is to share best practices and experiences between the energy priority areas from the two existing macro-regional strategies of the EU, the Danube Region Strategy and the Baltic Sea Region Strategy. The representatives of the future Adriatic-Ionian Strategy will also be invited. The concepts and the work of the PA2 were presented to the United Nations Sustainable Energy for All (SE4All) initiative. The SE4All shows interest most importantly towards the biomass concept of the PA2.

Ms. Natasha Mihajlovic added that Croatia proposed to be a bridge between DRS and Adriatic-Ionian Strategy. Anita Orbán invited the Croatian representatives to the DRS-Baltic seminar.

3. PROGRESS OF THE IMPLEMENTATION OF THE DANUBE REGION STRATEGY

Mr. Csaba Hende on behalf of the European Commission's DG REGIO held a presentation on the Commission's point of view on the implementation of macro-regional strategies.

Mr. Hende presented a report of the European Commission on the added value of macro-regional strategies from June 2013, which shows that the strategies are demonstrating their merit both strategically and politically. Both the Danube Region Strategy and the Baltic Sea Region Strategy have results in terms of policy making and new projects. However, improvement in existing cooperation mechanisms and planning would be desirable. Mr. Hende summarized the conclusions of the 2nd Annual Forum of the Danube Region Strategy and gave an overview of future perspectives of the strategy.

4. NEXT STEPS FOR THE PROJECTS OF COMMON INTEREST

Ms. Mónica Zsigri on behalf of European Commission's DG ENER held a presentation via video call on the selected PCI projects.

The presentation gave an overview on the regulation and the next steps of the Projects of Common Interest (PCI) and the Cost Benefit Analysis process. Ms. Zsigri presented the guidelines of the Connecting Europe Facility 2014-2020, which offers grants for studies and financial instruments for energy infrastructure projects. The indicative timetable shows that the European Commission will launch the first call by May-July 2014 and the call will be open for three months.

--COFFEE BREAK --

5. NEW PROJECT PROPOSAL SUBMITTED BY CROATIA

Ms. Natasa Mihajlovic presented the Croatian-Slovenian joint project on the multipurpose protection, regulation and utilization of the River Sava. A special company was established in Croatia that is in charge of the project which managed to secure financing from the Western Balkan Investment Framework to do preliminary studies and results are expected within one year.

Mr. Cveto Kosec added that this is a multisectoral and multipurpose project with a distinctive regional impact. The Slovenian side of the project proposal will be submitted at a later date.

Mr. Csaba Hende added that DG ENVI received the project proposal but they asked for more information to give an in-depth analysis on the concept. The project must be in line with the environmental regulations of the EU, which is a prerequisite to apply for EU funding. He added that colleagues from DG ENVI should be consulted before the project is submitted.

Ms. Natasa Mihajlovic replied that as soon as the study is complete, the project will be submitted to DG ENVI. Ms. Mihajlovic also asked whether a letter of recommendation could be issued at this stage.

Ms. Anita Orbán replied that the relevant priority areas should be involved to evaluate the project and the proposal for the Slovenian part of the project should be completed and then a Letter of Recommendation could be issued jointly with the other involved priority areas. The practice of other multi-sectoral projects should be followed by consulting all other relevant priority areas. Examples of such projects will be sent to the Croatian partners.

The Steering Group unanimously agreed to contact waterways (PA1a), rail-road-air mobility (PA1b), water quality (PA4), environmental risks (PA5) and biodiversity (PA6) priority areas. Ms. Natasa Mihajlovic will send the proposal to relevant Priority Areas and DG ENVI for evaluation and support.

6. PROGRESS OF THE INITIATIVES OF THE PA2 - ONGOING CONCEPTS

Danube Region Geothermal Concept

Ms. Annamária Nádor from the Geological and Geophysical Institute of Hungary gave a presentation on the status of the Danube Region Geothermal Concept with a summary of the geothermal concept workshop held in Budapest on 28 November 2013.

Ms. Anita Orbán stressed that the research and the workshop have shown that data quality and level are heterogeneous and the geothermal potential is hugely untapped, but the organizations

involved are very motivated. The region is lagging behind in geothermal power generation; utilization is mostly limited to balneology.

The concept will be finalized in January 2014 and developed to a project proposal with the help of a consultant paid from the Technical Assistance Facility fund of PA10. The aim of the project is to create a uniform and transparent pool of information on the geothermal and geophysical characteristics of the Danube region. Furthermore, the database will contain specific information on the regulatory, economic and social aspects as well as energy demand and market analysis of the countries. The project will be submitted for EU funding in the next Multiannual Financing Framework of 2014-2020.

-- LUNCH BREAK --

Danube Region Smart Grid Initiative

After the networking lunch Ms. Zsuzsannó Pató on behalf of the Regional Centre for Energy Policy Research (REKK) presented the status and results of Danube Region Smart Grid Initiative to the Steering Group. As revealed by the study, the main barriers behind smart grid deployment in the region are high construction costs, inadequate incentives and lack of regulatory policies. When looking at potential drivers, countries form two clusters: one group focusing on renewable energy integration and retail competition, the other cluster is interested in reducing network and commercial loss and improving energy efficiency. The study identified three fields of possible cooperation. First, a regulatory cooperation in the form of a working group or training program to create a supportive environment for smart grid deployment. Second, cooperation in research to study the effects of smart grids in the region and evaluate demo projects in countries with similar characteristics. Third, investment cooperation to attract financing into network development.

Ms. Anita Orbán added that the final study and the main conclusions will be sent to Commissioner Günther Oettinger (DG ENER) and to the members of the Steering Group early next year. The COM encouraged the PA2 to develop a smart grid consortium and to apply for PCI status since there is a lack of smart grid projects. The real value added would be smart grid projects with a cross-border or regional effect. Ms. Orbán asked the members to look for partners who can take part in a development of a transnational smart grid pilot project.

Ms. Natasa Mihajlovic added that focus should be put on regulators and distribution system operators (DSOs). She noted that the Croatian Hrvoje Požar Energy Institute wasn't invited to join the work. The REKK has done an excellent job, but other institutions could have been involved.

Mr. István Joó added that the Croatian organization was invited to the Brussels workshop but it did not attend.

Mr. Péter Kaderják stressed that REKK had worked together with the Croatian institute before and has good work experience. Given the size and the budget of the work, it was not possible to invite other organizations to participate. The major part was the collection of the questionnaires which was possible to be done without deep technical knowledge, which is the most typical strength of Hrvoje Požar. However REKK has contacted colleagues from most countries and several parties were asked to double check the data.

Ms. Natasa Mihajlovic added that ACER should be contacted and detailed information should be sent on the initiatives of PA2.

Mr. Péter Kaderják commented that ACER has a limited mandate and its work is related to cross-border issues but this would be a regional project. Their resources are also limited, but ACER could contact the relevant personnel. The Energy Regulators Regional Association (ERRA) could also be contacted to get special assistance and to involve regulators from all Danube countries. Third party regulators can be invited to share their experience. Relevant members of the COM should be informed, since smart grids are in line with European policy of decarbonization and innovation. Potential financial sources could be identified which could fund such projects. Support towards interested partners in the region could facilitate investment.

Based on the conclusions of the Smart Grid Study and the Workshop in Brussels, Ms. Anita Orbán suggested organizing a workshop with the participation of regulators and DSOs since the regulatory issue seems to be the bottleneck. Ms. Orbán asked for the intervention of Steering Group members to contact regulators in their countries. They will also be contacted through the ERRA network.

The Steering Group unanimously agreed to organize a workshop on smart grids with the involvement of DSOs and regulators from the region. All members of the Steering Group are asked to contact the regulators in their countries to attend the event. Furthermore, a consortium should be put together to initiate a pilot smart grid project that would gain PCI status and be eligible for EU financing.

Danube Region Biomass Action Plan

Mr. Tamás Szilágyi on behalf of ÉMI Non-profit Ltd. presented the status of the Danube Region Biomass Action Plan.

He listed the main conclusions of the study, stressing that there is a lack of specific and unique biomass related data in the Danube Region, in spite of biomass having the greatest significance among renewable energy sources in the Danube Region. He also noted that forestry sector is the main biomass supplier and going to keep its dominance to 2020; the significance of the agriculture and waste sector will increase rapidly to 2020; biomass supply is continuously increasing; bioenergy production is dominated by solid biomass; most bioenergy is consumed in the form of heat and no change is expected to 2020. He stressed that best practice projects from the region are still welcome to be uploaded to the project website.

Mr. Szilárd Árvay commented that the study was sent to all SG-members for feedback and evaluation with the deadline of 16 December 2013. If more time is needed, the deadline can be extended, but the study should be finalized and published early next year. The final version of the study and a short summary will be sent to the members of the Steering Group in January 2014. The finalized action plan will be published in printed format as well.

Ms. Anita Orbán added that the study will also be presented at the Annual Conference of the PA2 in March 2014. The project needs to be continued in the same way as the geothermal concept to create a harmonized database for the entire region with policy recommendations. A project consortium should be established in order to apply for funding. The bottlenecks

towards investment into biomass project are the lack of available data and lack of harmonized regulatory framework.

The Steering Group unanimously agreed to establish a project consortium with the aim to create a harmonized biomass database for the region. The final version and the summary of the study will be sent to all members of the SG and introduced at the 2nd Annual Conference of PA2.

Danube Region Transnational Program

Mr. Imre Csalagovits member of the programming task force of the Danube Region Transnational Cooperation Program for 2014-2020 presented the state of play of the program's preparation.

Ms. Anita Orbán added that the PA2 has two concepts which are nearing completion and could be channeled in for funding to the Danube Transnational Program. She also asked about the available thematic objectives of the program.

Mr. Imre Csalagovits replied that there are maximum 4 thematic objectives in the program. Individual projects can be considered in the programming, but series of projects or linked projects have better chances of approval. It is important that projects have to support the activities of the Danube Transnational Program and should involve more parties.

7. PROGRESS REPORT ON THE ACTIVITIES OF THE BUDAPEST DANUBE CONTACT POINT

Mr. Péter Kiss-Parciu held a presentation on the activities of the Budapest Danube Contact Point (BDCP). Mr. Kiss-Parciu gave an overview of funding sources available for the implementation of DRS projects in the new 2014-2020 financial framework. The BDCP has identified a project implementation scheme, which can be used as a guideline for realizing a specific project.

Mr. István Joó reminded all participants that the services of the Budapest Danube Contact Point are free of charge to the Danube countries and BDCP can accommodate seconded experts from other countries.

Mr. István Joó reviewed the upcoming events by date, thanked the participation of all SG members and closed the session.

List of participants:

1. Árvay, Szilárd Hungary
2. Crisan, Cosmin Romania
3. Csalagovits, Imre Danube Transnational Program
4. Csirszka, Gábor ÉMI Non-profit Ltd.
5. Diegelmann, Christina Germany, Baden-Württemberg
6. Hende, Csaba European Commission
7. Hlavaty, Lukas Czech Republic
8. Ionescu, Ioana Veronica Romania
9. Joó, István Hungary
10. Juraj, Jurasek Slovakia
11. Kaderják, Péter Regional Center for Energy Policy Research
12. Kaszab, Róbert Hungary
13. Kiss-Parciu, Péter Budapest Danube Contact Point
14. Kosec, Cveto Slovenia
15. Medgyesy, Balázs Hungary
16. Mihajlovic, Natasa Croatia
17. Nádor, Annamária Geological and Geophysical Institute of Hungary
18. Nagy, Szilvia Hungary
19. Orbán, Anita Hungary
20. Pató, Zsuzsanna Regional Center for Energy Policy Research
21. Pretterhofer, Stefan Austria
22. Pritzl, Rupert Germany, Bavaria
23. Rusu, Aliona Republic of Moldova
24. Stastna, Petra Czech Republic
25. Szántó, Judit Hungary
26. Szilágyi, Tamás ÉMI Non-profit Ltd.
27. Zsigri, Mónika European Commission (video call)

10. **ANNEX 8: AGENDA OF THE “CONNECTED DANUBE REGION” WORKSHOP**

WORKSHOP 1: CONNECTED DANUBE REGION

The workshop will address the impacts of the EU Strategy for the Danube Region on connecting the Danube Region, in particular in the fields of mobility and energy. Concrete projects and long-term initiatives have been started in the framework of the Strategy during the past two years and show the need of even closer cooperation. We will present them and discuss their effects. We will discuss the future possibilities within the Danube Strategy and the potential of using the funding sources available.

- What are the impacts of two years of cooperation for the connectivity of the Danube Region in the fields of transport and energy efficiency? Looking back, what has changed?
- What is the benefit of a macro-regional approach? What are their effects?
- How can Danube-wide projects be promoted, across different countries, programmes and funds?
- How to collaborate with partners in the Danube region (other programmes, funds, countries)?
- What are the key main funding sources? How to access them?
- What opportunities will the new programming period of EU funds 2014-2020 bring?

9:45-10:00 Introduction

10:00-11:00 PART I : Danube Faces

Priority Area 1a | Mobility - Waterways

• *Reinhard Vorderwinkler*, Federal Ministry for Transport, Innovation and Technology, Austria

• *Monica Patrichi*, Ministry of Transport of Romania, Romania

Priority Area 1b | Mobility Rail-Road-Air

• *Franc Žepič*, Ministry of Infrastructure and Spatial planning, Slovenia

• *Miodrag Poledica*, Ministry of Transport, Serbia

Priority Area 2 | Energy

• *István Joó*, Ministry of Foreign Affairs, Hungary

PART II : Danube Highlights

a) Initiatives and Policies

• *Alexandru Capatu*, Pro Danube International, Romania

• *Nenad Nikolić*, General Manager, South East Europe Transport Observatory (SEETO)

11:00-11:15 Coffee Break

11:15-12:15 PART II : Danube Highlights (Continuation)

b) Inspiring Projects and Actions

• *Susanne Belihart*, SETA –South East Transport Axis project, Germany

• *Victor Parlicov*, Director General, National Energy Regulatory Agency (ANRE), Republic of Moldova

PART III : Danube financing

Initiatives and Policies

- *Anton Schrag*, Deputy Head of Unit E2 Romania, Directorate-General for Regional and Urban Policy, European Commission
- *Helmut Adelsberger*, Directorate-General for Mobility and Transport, European Commission
- *Michele Amedeo*, Directorate-General for Enlargement, European Commission
- *David Pelech*, Budapest Danube Contact Point, Hungary

Facilitator:

Ivana Lazic, INTERACT Point Vienna

11. **ANNEX 9: FINAL PROGRAM OF THE 4TH WORKSHOPS IN MOLDOVA**

**Danube Region Strategy (DRS)
Energy Priority Area**

4th WORKSHOP PROGRAMME

July 29-30, 2013

Chisinau, Moldova

AGENDA-AT-A GLANCE

July 29 (15:00 – 17:30)	<p>Topic I: Monitoring of the regulated activities – the necessary legal/regulatory framework and the different regulatory procedures; Monitoring the economic performance of regulated companies</p> <p>Topic II: Enforcement of the regulations. Methods of sanctioning of license holders not complying with the license conditions</p>
July 30 (09.00 – 11:30)	<p>Topic III: Grid connection – the responsibilities of different players for grid connection, the connection charges, the ownership of the connected network, dispute settlement regarding network connection (regulatory power settle disputes)</p> <p>Topic IV: Small customers’ self electricity generation: Connection costs, conditions for grid access, metering, pricing, billing, consumption and sale of energy, licensing</p>
July 30 (11:30 – 12:30)	<p>Evaluation of the series of workshops and summarising the “lessons learned” during the knowledge transfer and consultation period</p>

Monday, July 29, 2013

Topic I: Monitoring of the regulated activities

Topic II: Enforcement of the regulations

Venue: MOLDELETRICA, str. V. Alecsandri, 78.

<p><i>Afternoon Session</i> 15:00 – 17:30</p>	<p>-Monitoring of the regulated activities – the necessary legal/regulatory framework and the different regulatory procedures; Monitoring the economic performance of regulated companies</p> <p>-Enforcement of the regulations. Methods of sanctioning of license holders not complying with the license conditions</p>	<p><u>Targeted audience:</u> Representatives of the; - Ministry of Economy of Republic of Moldova, - ANRE (Regulatory Authority) - Local TSOs, DSOs (gas and electricity) - Local Suppliers (gas and electricity)</p>
<p>15:00 – 15:45</p>	<p>Introduction of the key elements of the EU Directives (3rd EU Package) regarding regulatory tasks of monitoring</p> <p>Introduction of wide range of regulatory monitoring</p>	<p><u>Presenter:</u> dr. Gábor SZÖRÉNYI – ERRA (former regulator)</p>
<p>15:45 – 16:30</p>	<p>Monitoring the economic performance of regulated companies</p>	<p><u>Presenter:</u> Mr. Povilas Kazlauskas - National Control Commission for Prices and Energy in Lithuania</p>
<p>16:30 – 17:15</p>	<p>Enforcement of the regulations. Methods of sanctioning of license holders not complying with the license conditions.</p>	<p><u>Presenter:</u> Mr. Povilas Kazlauskas - National Control Commission for Prices and Energy in Lithuania</p>
<p>17:15– 17:30</p>	<p>Q&A</p>	
<p>17:30</p>	<p>Meeting concludes</p>	

Tuesday, July 30, 2013

Topic III: Grid connection

Topic IV: Small customers' self electricity generation

Evaluation

Venue: MOLDELETRICA, str. V. Alecsandri, 78.

<p><i>Morning Session</i> 9:00 – 12:30</p>	<p>- Grid connection – the responsibilities of different players for grid connection, the connection charges, the ownership of the connected network, dispute settlement regarding network connection (regulatory power settle disputes)</p> <p>- Small customers' self electricity generation: Connection costs, conditions for grid access, metering, pricing, billing, consumption and sale of energy, licensing</p>	<p><u>Targeted audience:</u> Representatives of the; - Ministry of Economy of Republic of Moldova, - ANRE (Regulatory Authority) - Local TSOs, DSOs (gas and electricity) - Local Suppliers (gas and electricity) - Small Customers' associations</p>
<p>09:00 – 10:00</p>	<p>Grid connection – the responsibilities of different players for grid connection, the connection charges, the ownership of the connected network, dispute settlement regarding network connection (regulatory power settle disputes) (ERRA benchmark, Hungarian Case Study)</p>	<p><u>Presenter:</u> Mr. Ede TRESÓ – ERRA expert (former regulator)</p>
<p>10:00 – 10:15</p>	<p>Q&A</p>	
<p>10:15 – 10:30</p>	<p>Coffee break</p>	
<p>10:30 – 11:15</p>	<p>Small customers' self electricity generation: Connection costs, conditions for grid access, metering, pricing, billing, consumption and sale of energy, licensing</p>	<p><u>Presenter:</u> Mr. Ede TRESÓ – ERRA expert (former regulator)</p>
<p>11:15 – 11:30</p>	<p>Q&A</p>	
<p>11:30 - 12:30</p>	<p>Evaluation of the series of workshops and summarising the “lessons learned” during the knowledge transfer and consultation period</p>	

12. ANNEX 10: LETTER OF RECOMMENDATION TO THE DANUBE UNIVERSITIES PROJECT PROPOSAL

LETTER OF RECOMMENDATION

To whom it may concern

The Steering Group of the Priority Area 2 (“to encourage more sustainable energy”) of the EU Strategy for the Danube Region made up of representatives from the Danube countries (nominated by their governments), has pre-examined the project called “**Danube Universities for sustainable energy competence**”. The conclusion is:

The project “**Danube Universities for sustainable energy competence**” contributes to the actions of the EU Strategy for the Danube Region. Hence, the Steering Group – representing the Danube countries – gives its highest recommendation to the project and asks every concerned party to take the endorsement of the Danube countries into consideration when evaluating the project.

Budapest, 31 March 2014



Anita ORBÁN

Priority Area Coordinator
Sustainable Energy Priority Area
EU Strategy for the Danube Region