



Delegation of the European  
Union to Turkey



# ***"EU Turkey Energy Dialogue: Common Goals and Challenges \****

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# EU energy goals

## Sustainability

Reduction of emissions

Reduction of energy consumption

Development of renewable energy sources

## Security of energy supply

Diversification of energy sources, supply countries and routes

Grid Stability

Adequate energy infrastructure

## Competitiveness

Affordable and competitive prices

Promotion of new technologies, growth and jobs

Improved energy efficiency

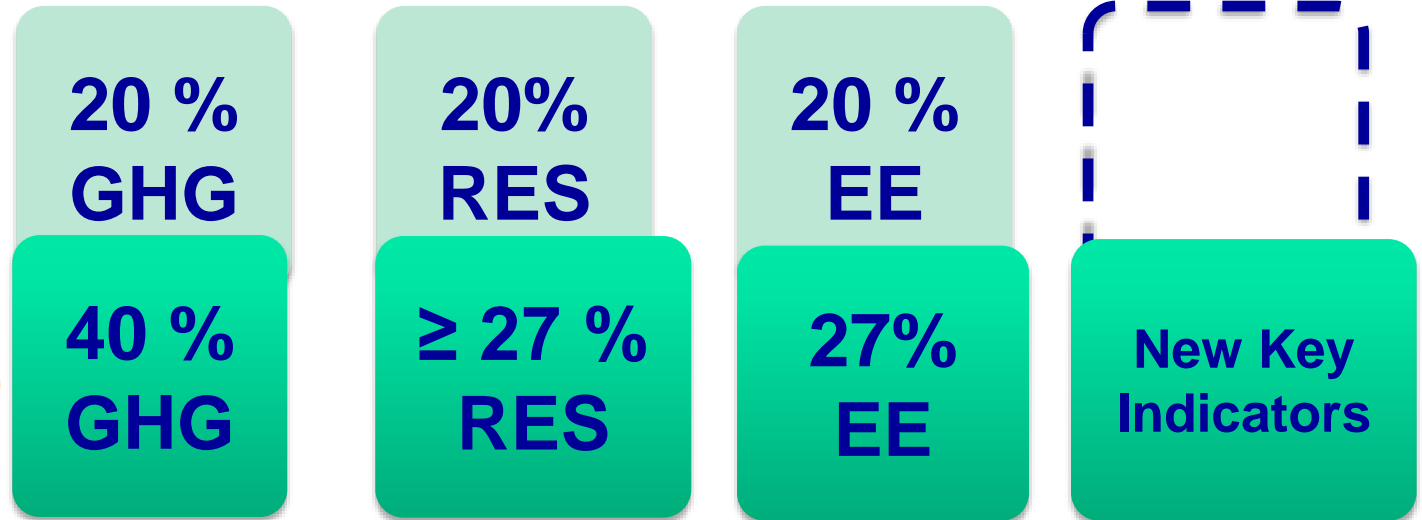




# EU 20 & 30 Energy targets



2020  
2030

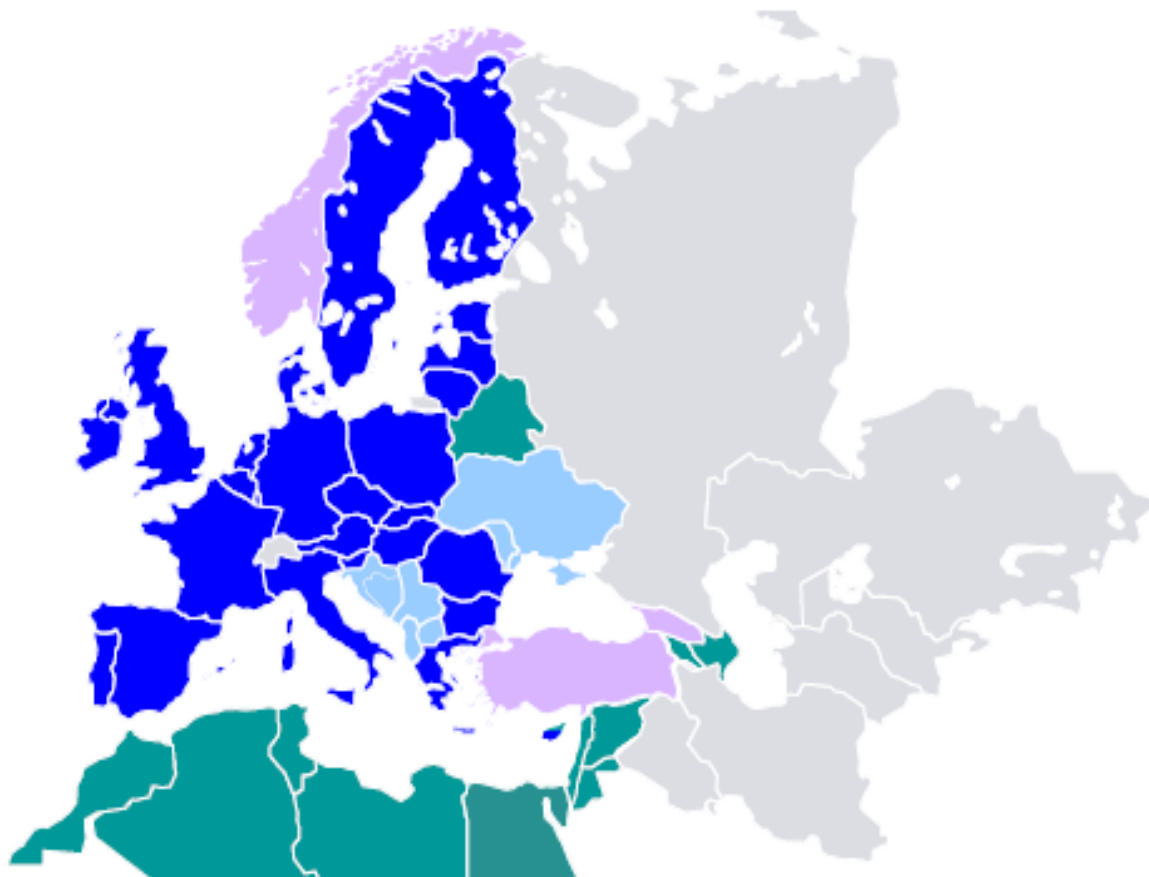


**New governance system**



# Extension of the EU energy market

- EU
- Energy Community Parties
- Energy Community Observers
- Other Neighbourhood Policy Countries



The EU is projecting its energy market model as well as political and economic stability in neighbouring countries including through the Energy Community Treaty. See: <http://www.energy-community.org>



# Energy Roadmap scenarios (2050)

Current  
trends  
scenarios

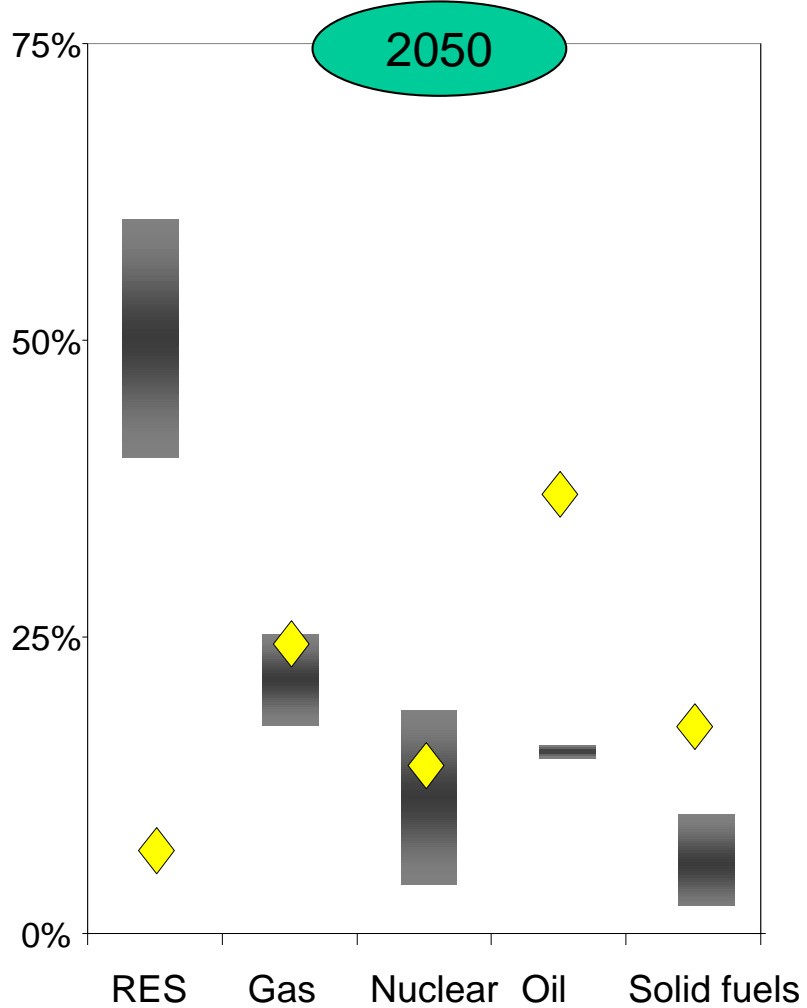
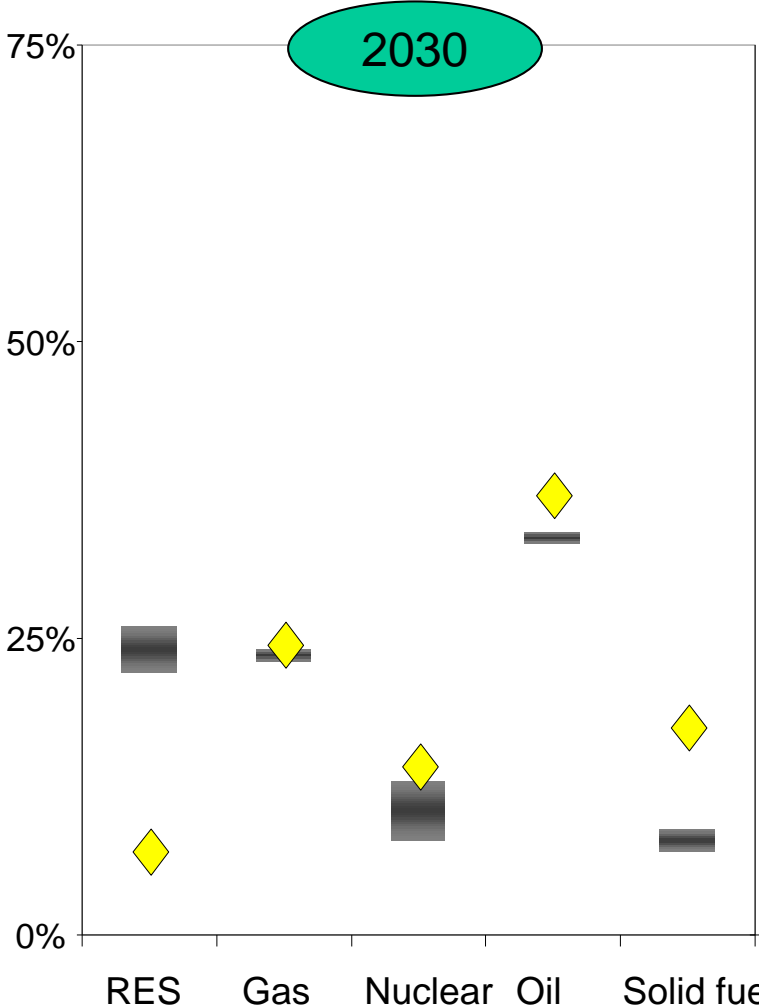
- Business as usual (as of March 2010)
- Current Policy Initiatives (as of April 2011)

Decarbonisation  
scenarios

- High Energy Efficiency
- Diversified Supply Technologies
- High RES
- Delayed CCS
- Low Nuclear



# 2030 Strategy & Road Map 2050



◆ 2005

Source: European Commission



# EU Energy Security Strategy

## EU Energy Security Strategy

The way forward

### For the coming winter

- Energy security **STRESS TESTS**
- **EMERGENCY & SOLIDARITY** mechanisms at regional & EU level
- Encourage the increase of **STORAGE, REVERSE FLOWS & LNG**

### For medium/long term

- Promote **ENERGY EFFICIENCY** 
- Build a fully integrated **INTERNAL MARKET** 
- Look at **INDIGENOUS RESOURCES** 
- Develop energy **TECHNOLOGIES** 
- Promote supply source **DIVERSIFICATION** 
- Speak with **ONE VOICE** in external energy policy 



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# Energy Union Strategy



Source: European Commission





## We aim at addressing the security of supply challenge through...

- The creation of a competitive gas markets
- The reduction of import dependency by modernising the heating and cooling sector
- More effective crisis prevention and response based on cooperation and solidarity

### Security of supply package

- Regulation on Security of Gas Supply
- Decision on Intergovernmental Agreements
- Liquefied Natural Gas and Storage strategy
- Heating and Cooling strategy



# Complete the internal gas market

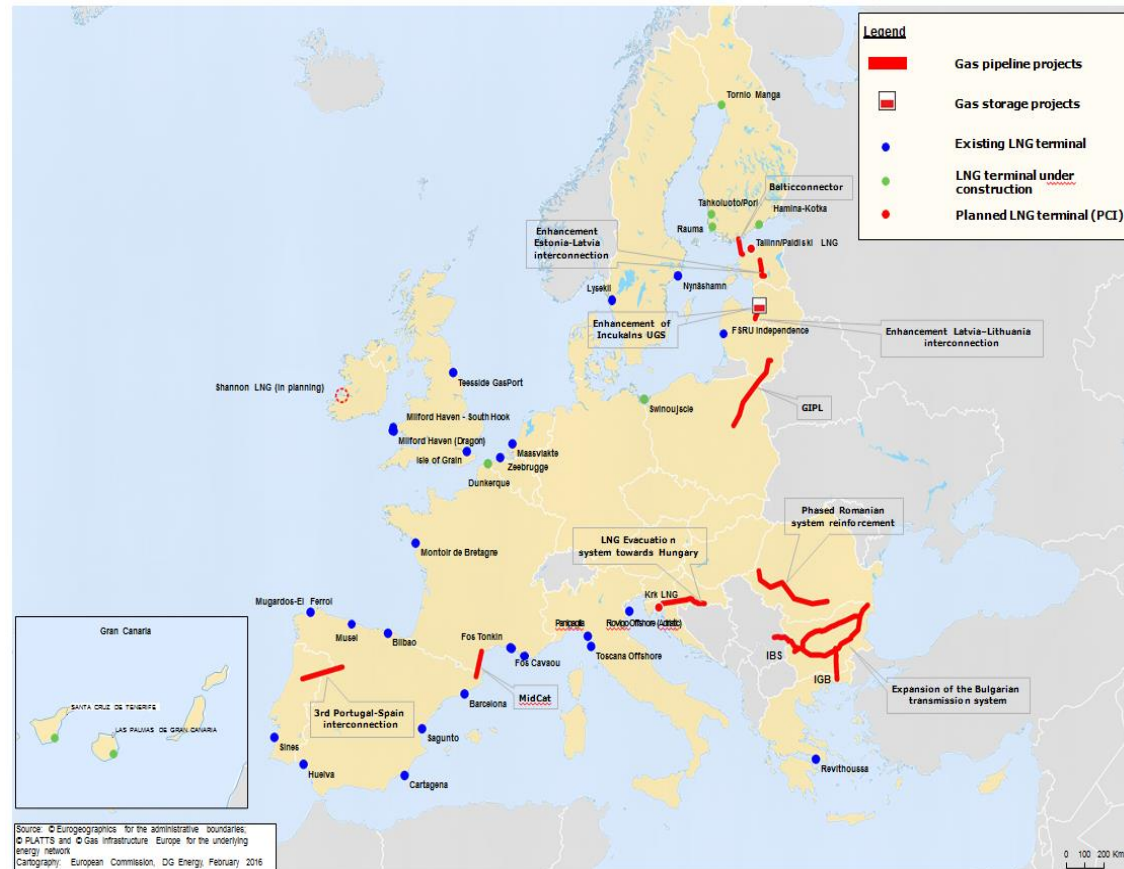
## ■ Build key LNG related infrastructure

- *In particular under BEMIP and CESEC*
- *This will also allow regional access to storage*

## ■ Fully implement existing EU energy legislation

## ■ Ensure level playing field for existing LNG terminals and flexibility instruments (incl. storage)

- *Enable the introduction of new services and technologies*





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# Storage can play a full role in security of supply

- Ensure adequate **physical access** to storage, including sufficient capacity of transmission network to/from storage
- Improve effectiveness and efficiency **across borders** of Member States and on a regional level
- **Optimise** the use of storage through network codes, remove regulatory barriers
- Embed storage as a **security of supply instrument** in regional preventive action plans and in emergency plans (SOS Regulation)



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## Enhance dialogue with key international partners

- Pursue regular discussions and high level energy dialogues with **current and potential supplier countries** to eliminate restrictions on market participants and promote free trade
- Work to promote transparent and liquid LNG markets with other **consumer countries** and IEA
- Use full range of EU energy diplomacy instruments in bilateral and multilateral contexts
- Check compliance of IGAs with EU law



# Enhanced regional cooperation

- **Shift from national to regional approach**
  - Regional risk assessment, preventive action plans and emergency plans
  - Introduction of templates
  
- **More effective assessment of the plans**
  - Peer review
  - Discussion of the plans (including peer review report) in the Gas Coordination Group
  - Possible Commission decision requiring amendments to the plans



# Proposal for the regions

Proposal for the design of the **regions** based on existing regional groups to the extent possible

- Geographical proximity
- Existing and planned interconnections
- Possibility to pool resources and balance risks for security of supply
- Market development and maturity
- Manageable number of Member States in the region





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# Energy Community

- Extension of the application of the regulation to the Contracting Parties of the Energy Community
  - Risk assessment, preventive action plans, emergency plans
  - Enabling reverse flows
  - Commitment not to take measures that negatively impact security of supply of the neighbours
  - Participation in solidarity
  - Participation in the Gas Coordination Group on certain issues



- Explicit introduction of **solidarity principle** in the Regulation
  - Priority of supplies to protected customers (households, essential social services, etc.) in a Member State A under emergency over non-protected customers in a (directly connected) Member State B
  - Need for technical and administrative arrangements between the Member States shall be agreed beforehand
  - If Member States fail to agree, the Commission may propose a mechanism





# Proven reserves in the four corridors (tcm)

Northern Corridor

2.1

Eastern Corridor

44.6

Western Corridor

6

Southern Corridor

111.3



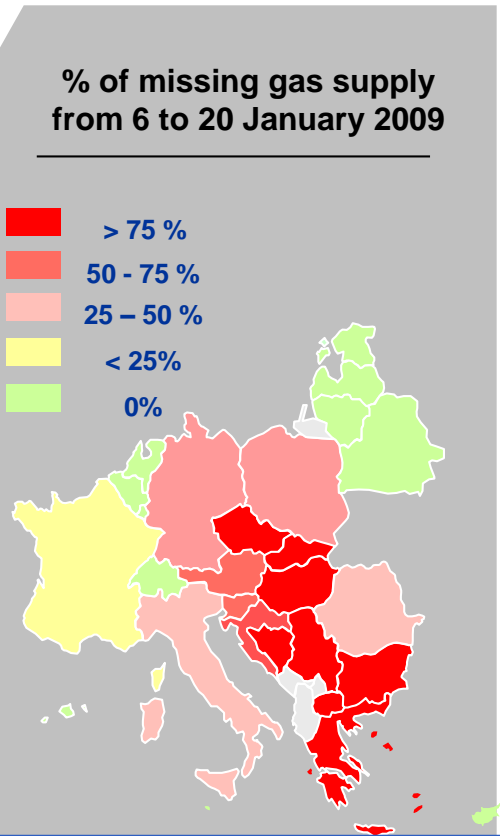
# Southern Gas Corridor (SGC)

- The set of gas infrastructures for transmission of gas from the Caspian Basin, Central Asia, the Middle East and the Eastern Mediterranean Basin to the European Union
- On 14 October 2013, the European Commission has adopted a list of 248 key energy infrastructure projects
- These projects have been selected by twelve regional groups, carrying the label "projects of common interest" (PCI)
- They will benefit from faster and more efficient permit granting procedures and improved regulatory treatment



# Multiple objectives assigned to SGC

- **Open a reliable and significant route for gas from the Caspian Region**
  - ⇒ Bringing Azeri, Turkmen and/or Iraqi gas direct to the EU
- **Improve Security of Supply in Southern Europe**
  - ⇒ Diversifying the countries put most at risk in the 2006 and 2009 supply cut-offs
- **Reduce transit risks (Turkey, Southern Caucasus etc)**
  - ⇒ Creating a new physical bridge to import gas in Europe
    - ⇒ Dedicated infrastructure, scalable, legally independent
- **Increase wholesale competition**
  - ⇒ Bringing new gas volumes to (new) gas hubs, fostering liquidity and competition in the wholesale markets



**The ultimate objective of the SGC is to bring up to 90bcm/a of new gas volumes from the Caspian Region and the Middle East in Europe, sufficient for multiple intra-EU interconnectors (TANAP, TAP, ITGI, etc)**



## EU: State of Play

- Energy represents ~80% of EU GHG emissions
- Dependence on few suppliers
- Import dependency ~80-90% by 2030 (~ 60% today)
- Investment challenge around € 1 trillion by 2020



More than 70% of world oil and gas reserves are within the European market's economic reach



# Turkey: State of Play

- Significant increase in demand
- Dependence on imports
- Investment needs
- Potential for renewables
- Potential for energy efficiency



# Turkish energy policy

- Liberalising energy markets
- Discouraging import dependency
- Securing energy supply
- Diversifying resources, routes and technologies
- Ensuring maximum use of renewable energy
- Increasing energy efficiency
- Minimising negative environmental impact



# East-West corridor: Synergy

## East

- Export/transit energy
- Attract investment
- Market reforms
- Improved technology



*Energy flows*

## West

- Security of supply
- Investment opportunities
- Energy trade
- Access to resources



*Investment flows*



# Main Challenges for the EU & Turkish energy markets

- Both Turkey and the EU are largely dependent on imports
- Both Turkey and the EU are developing energy strategies to respond to the three energy objectives of security, sustainability and competitiveness
- Both Turkey and the EU are developing competitive models for their energy markets
- However, what is lacking is the interconnection and integration of their energy markets through stable and transparent legal framework





## EU -Turkish energy policies

- The common energy objectives and policies of the EU and Turkey are largely overlapping, and indeed complementary
- Turkey's position is enviable. Geopolitically, it is a link between the oil- and gas-rich regions
- Economically, it is potentially an attractive market for investment in infrastructure, energy efficiency and renewable energy



# EU-Turkey High Level Energy Dialogue

- It is clear that both Turkey and the EU have a lot to gain from close cooperation on energy matters
- That's why the Commission launched a "High Level Energy Dialogue"
- The High Level Dialogue is the manifestation of the importance both sides attach to enhancing the cooperation in the energy sector
- The Dialogue reaffirms Turkey's status as a key partner of the EU and to lay the basis for bringing the mutual relation to a more strategic level
- There have been four meetings so far and the next one is set to take place in Brussels



# EU-Turkey energy cooperation

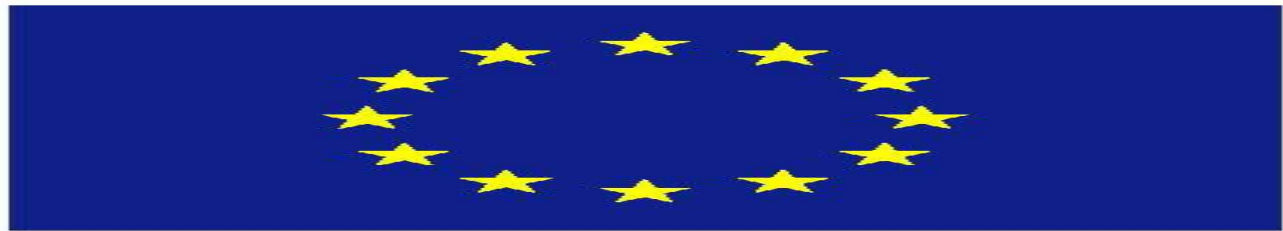
Cooperation on a common energy policy & practices;

- Enhance energy security both for EU & Turkey
- Develop Turkey's transit position
- Create good investment opportunities
- Establish solid regulatory framework for Turkey
- Enhance energy trade between EU & Turkey
- Intensify technological cooperation

✓ EU-Turkey energy partnership → Win-Win....



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