



Regional Cooperation in the framework of the Energy Charter

**Budapest Energy Charter Forum
7 October 2015**

Kanat Botbaev
Energy Charter Secretariat



What is special about energy transit?

- Energy difficult to store => timing matters;
- Reliance of energy trade on fixed infrastructure - built specifically for transporting energy;
- Fixed infrastructure investment – capital intensive;
- Energy transportation is capacity restricted;
- Pipelines/grids often controlled by incumbent companies, natural monopoly;
- Sensitive for energy security.



Transit provisions of the ECT

- Definition of transit
- Freedom of transit
- Co-operation of TSOs
- Non-discriminatory treatment of transit
- New capacity
- Security of established flows
- Conciliation procedure



Review of ECT Transit Provisions

■ Methodology

In line with the structure of the Questionnaire + classification based on geographical location of the Contracting Parties.

■ Responses received

- ☐ European Union;
- ☐ Central Asia;
- ☐ Caucasus;
- ☐ Other European:
- ☐ Other Constituency: MNG.



Conclusions of the Review

- Divergences in regulatory and institutional approaches regarding energy transit, trade and cross-border transport;
- Incompatibility between national legislations, different domestic institutional environments and incoherence in the informal practices of potential stakeholders;
- Multiple and cumbersome authorisation procedures related to the construction and/or expansion of cross-border infrastructure.

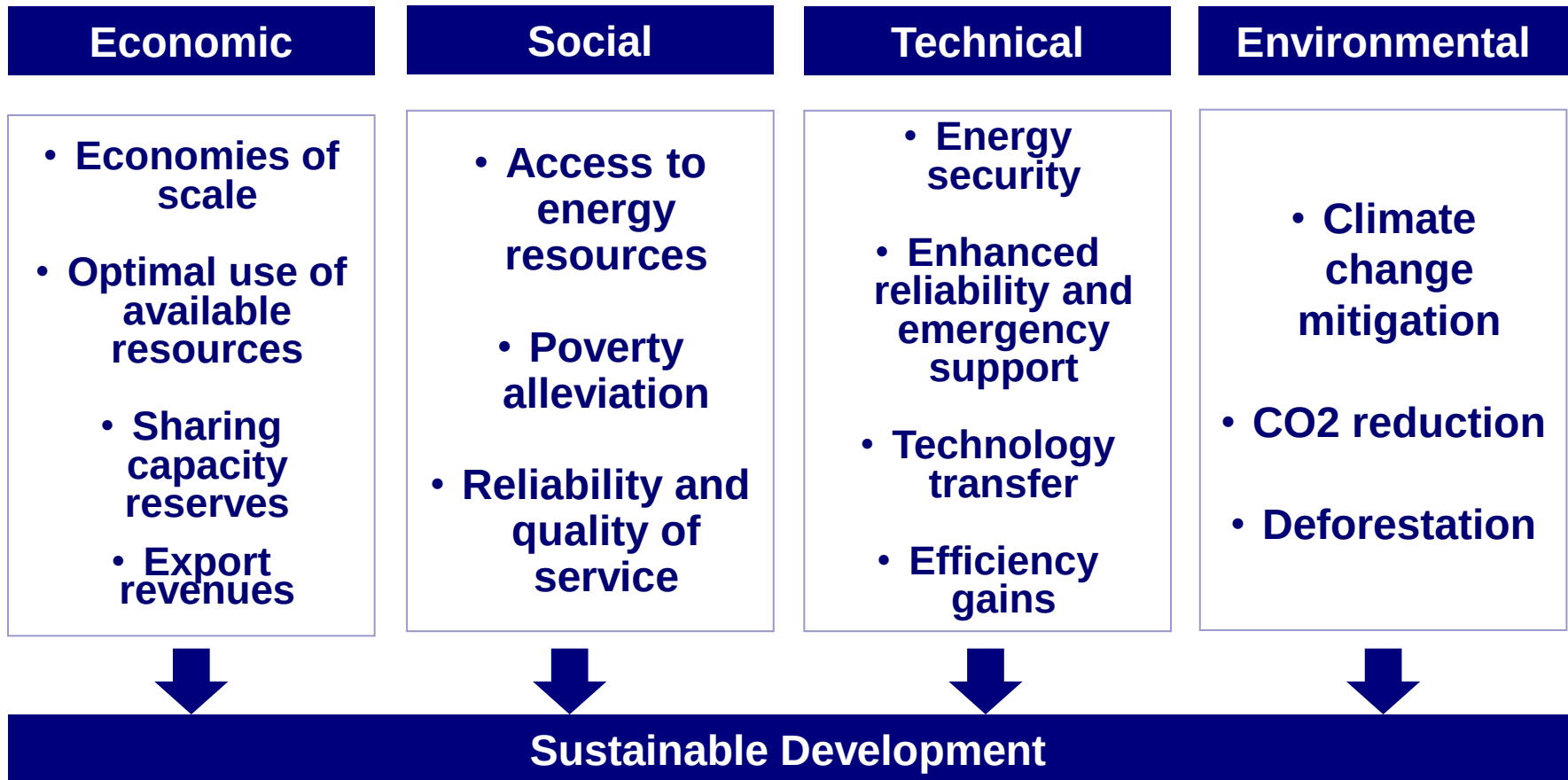


Possible outcomes

- To start negotiations of a Multilateral Framework Agreement on Transit of energy resources on a new basis;
- To start negotiations on a regional transit protocol in case of interest expressed by specific countries.



Benefits of Regional Cooperation

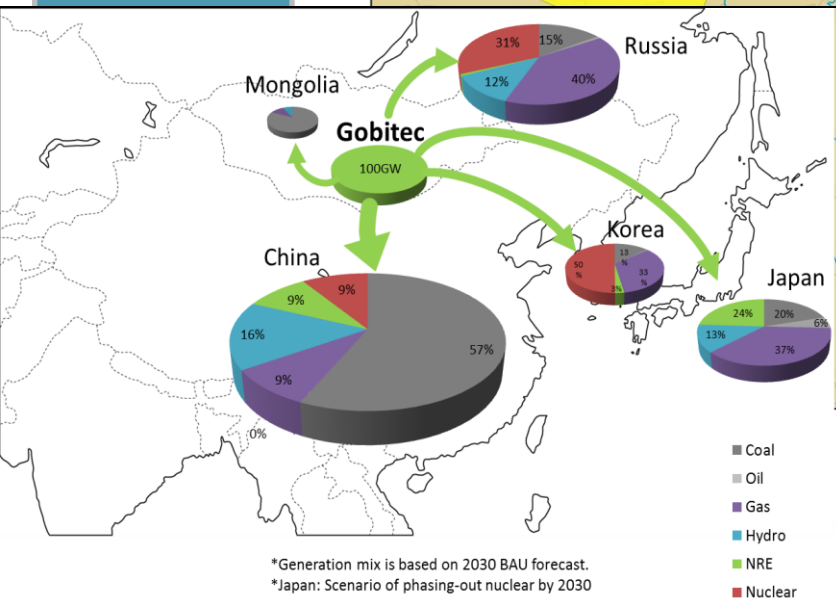
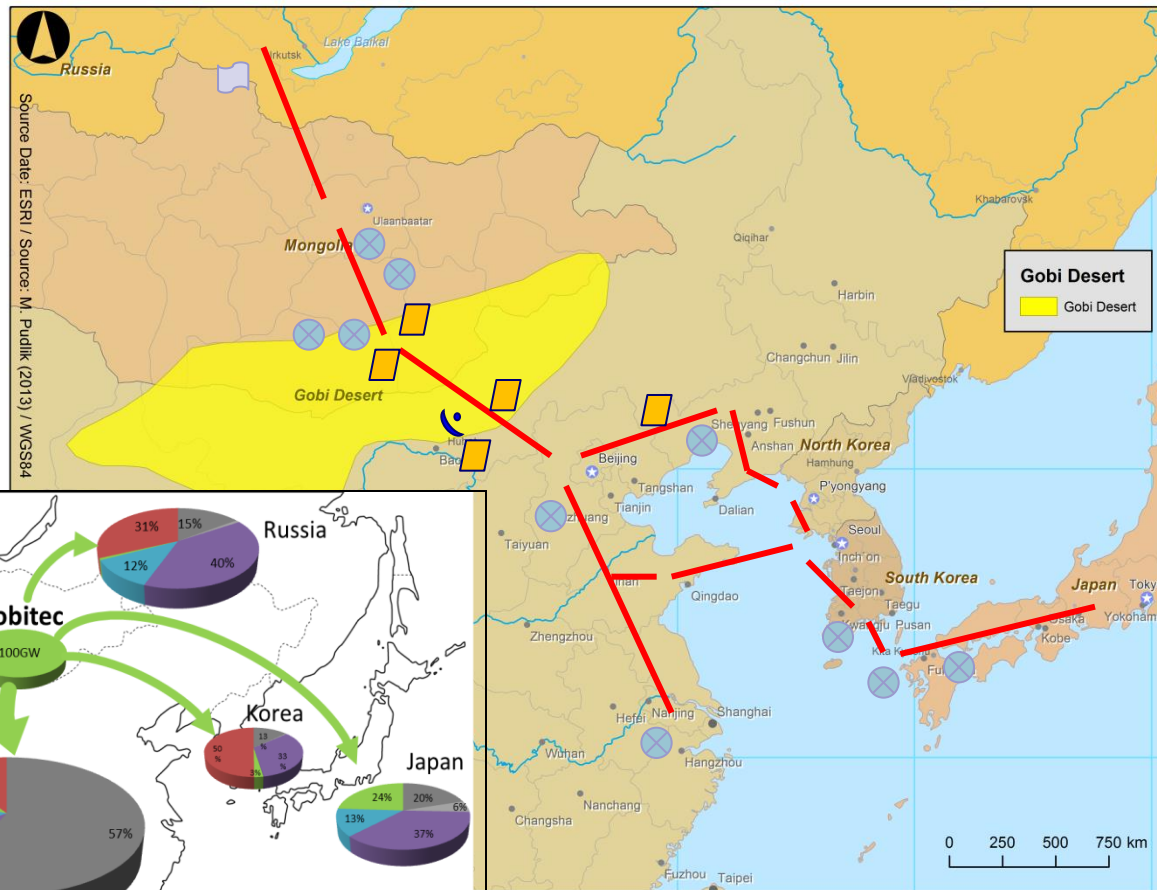






North-East Asia

100 GW RE capacity

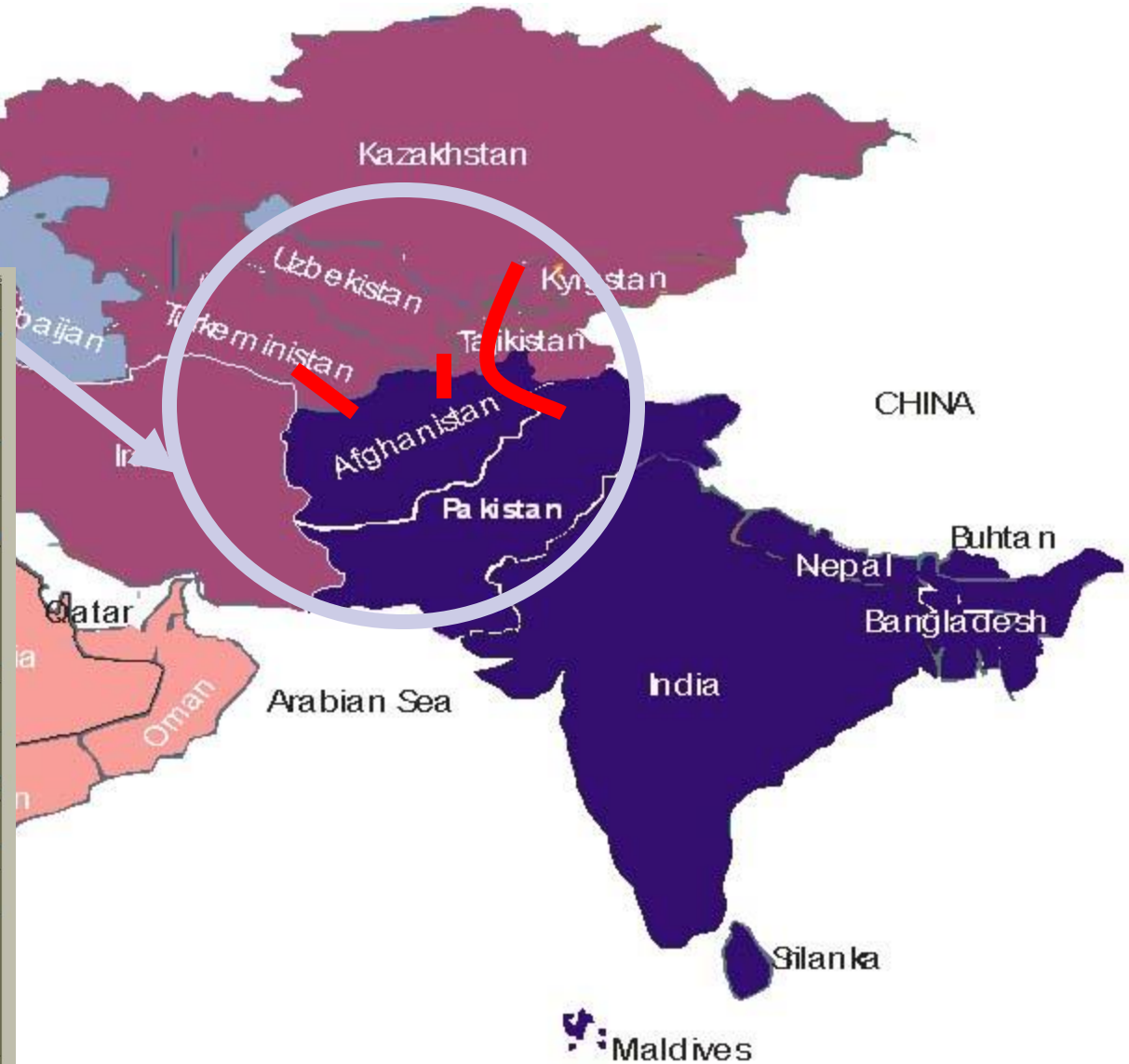
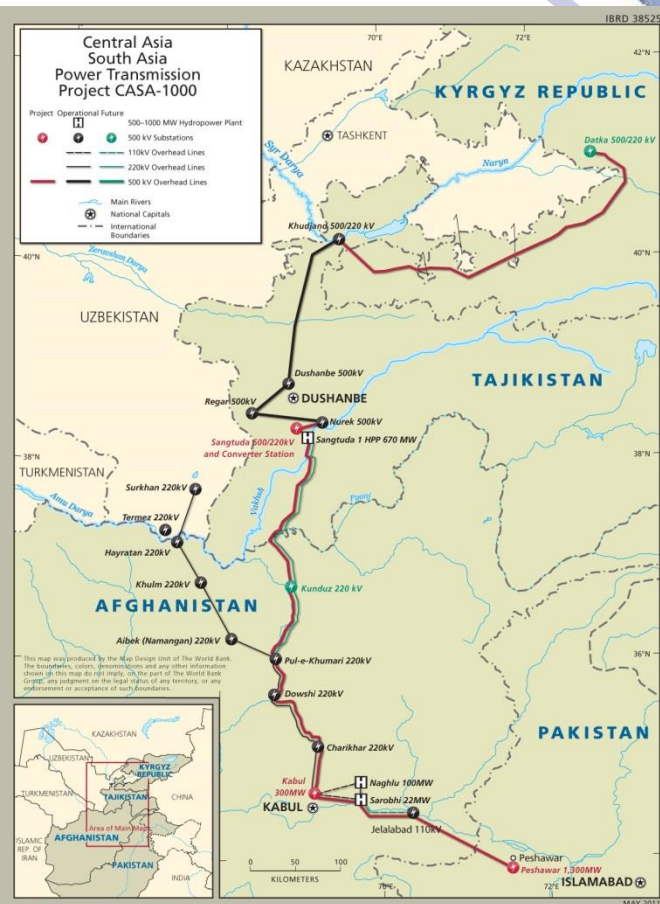


Source: Gobitec and Asian Super Grid for renewable energies in Northeast Asia, 2014



Central and South Asia

- CASA-1000
- TUTAP

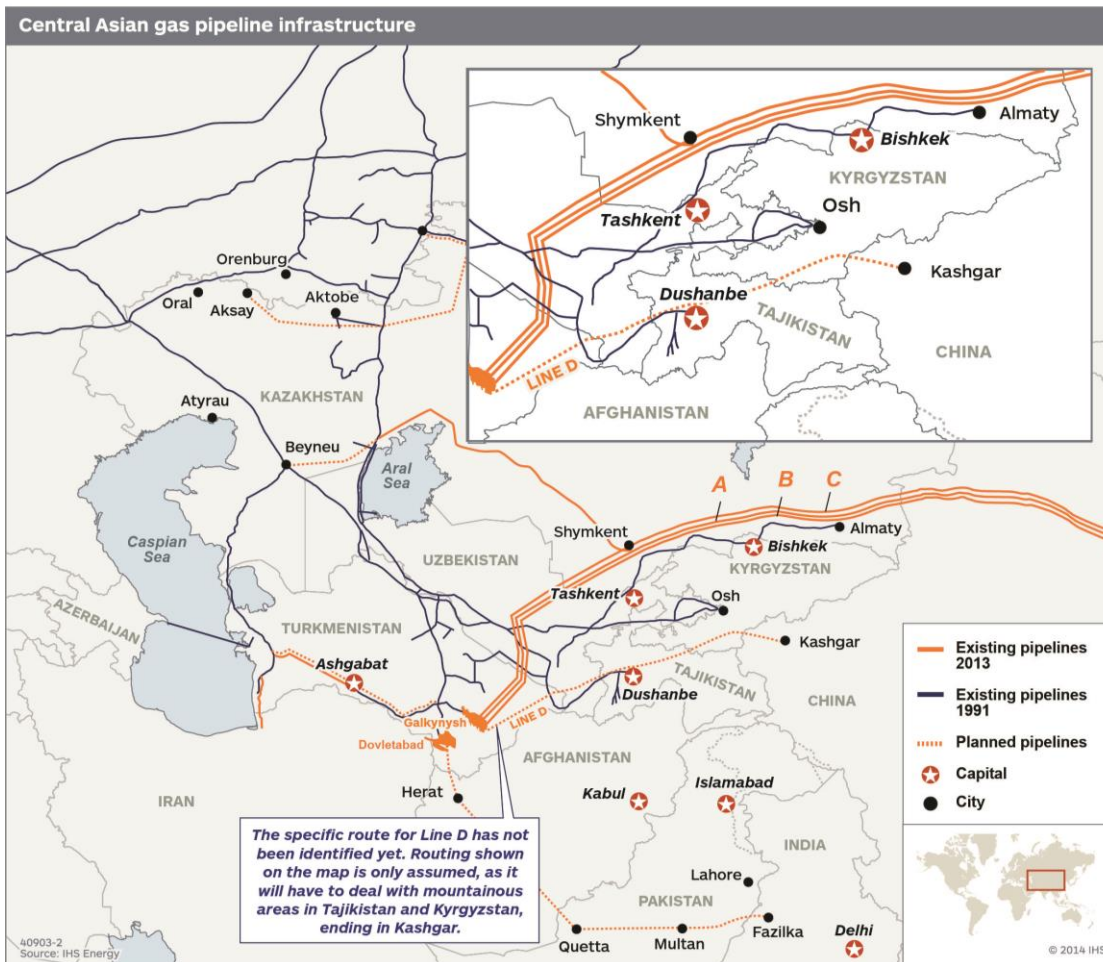


“One Belt, One Road” Initiative





China and Central Asia



- Turkmen gas represents the bulk of Central Asia gas deliveries to China (90% in 2014)
- First exports of Uzbek gas to China started in 2012 and increased to 3 Bcm in 2013
- First Kazakh gas exports to China commenced in 2013 at a mere 0.2 Bcm.



Role of the Energy Charter

- Energy trade is an important element of regional cooperation contributing to the energy security.
- The promotion and protection of energy investment as well as stable and reliable transportation routes are core to achieving such security.
- The Energy Charter as a multilateral instrument for international cooperation with its legal components and broad geographic scope could provide the necessary institutional platform for global and regional energy governance.



Thank you for your attention !

Energy Charter Secretariat

Boulevard de la Woluwe, 56 • B-1200 Brussels, Belgium

Tel.: +32 2 775 98 00 • Fax: +32 2 775 98 01 • info@encharter.org

www.encharter.org

Common rules for global energy security