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# The third energy package to be introduced in the Balkan states, Moldova and Ukraine by 2015

Tomasz Dąborowski, Marta Szpala

On 6 October, Contracting Parties of Energy Community Treaty: Albania, Bosnia and Herzegovina, Croatia, Montenegro, Kosovo, Macedonia, Moldova, Serbia and Ukraine, during a meeting of the Energy Community Ministerial Council in Chisinau, decided to adopt EU regulations included in the third energy package by January 2015. The regulations provide for the separation of production (supplies), transport and distribution in the gas and electric power sectors, granting more competences and independence to regulatory bodies and higher protection of consumers' rights. The third package also sets the rules for third-party access to transport infrastructure and introduces solutions which make it more difficult for companies from third countries to take over control of transmission systems (these regulations are to come into effect in 2017).

**Commentary**

- The fact that the Contracting Parties are intending to adopt the third energy package proves that the EU's model of energy market organisation is attractive. This is also a success of the EU's external energy policy because the security of supplies to the EU itself will be improved and integration of the energy markets of the Energy Community states and EU member states will be facilitated. In the longer term, this will also have an impact on the accession processes of the countries which wish to join the EU.

- Judging from the experience of how the third energy package was adopted in EU member states, it will be extremely difficult for the Energy Community states to implement these regulations within such a short timeframe. The countries are likely to become less determined since no sanctions can be imposed if they fail to implement the provisions of the treaty.

- Through their undertaking to adopt the third energy package, the Contracting Parties are sending a clear political message of their desire to join the European Union and set transparent rules on the energy market. However, the motivations behind their decisions vary. For the Balkan states, attracting investors to their energy sectors, which require serious modernisation, is the top priority because non-transparent legislation is one of the main reasons why foreign investors have been withdrawing from these markets. In

turn, for Ukraine and Moldova the third package will be an important tool for reinforcing their position in their dealings with Russia. The adoption of this package will make it more difficult for Gazprom to maintain its status as the dominating company on the Moldovan market (Gazprom controls the monopoly, Moldovagaz) and may partly thwart its efforts to take control of the Ukrainian gas pipeline transport system and gain a share of its internal market. Additionally, the decision to adopt the package is improving the credibility of Ukraine as a transit country for oil and gas to the EU.

- Serious changes are bound to take place on the energy markets the Energy Community countries as a consequence of their implementation of the third energy package. The package will force them to liberalise their markets and to restructure state-controlled energy companies (at the moment, they are usually present in both transport and distribution). The scope of the changes in individual countries will depend on the unbundling model they adopt.

by Tomasz Dąborowski and Marta Szpala
co-operation Wojciech Konończuk