

1 **Communiqué adopted at the Baltic Sea Region Energy Cooperation (BASREC)**
2 **Conference of Ministers in Copenhagen**
3 **17-18 February 2009**
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6 The Ministers of Energy of Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania,
7 Norway, Poland, Russia and Sweden, and the European Commissioner for Energy convened in
8 Copenhagen on 17 and 18 February 2009. These countries and the European Commission (hereafter
9 referred to as the Parties) are the members of BASREC.

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11 The Delegations of the Netherlands, Slovakia and the United Kingdom attended the conference as
12 observers. Delegations of Baltic Development Forum, the Baltic Sea Parliamentary Conference
13 (BSPC), the CBSS, the Energy Charter, the International Energy Agency (IEA), the Nordic Council
14 of Ministers, and International Financial Institutions also attended the conference.

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16 BASREC is a part of the Council of the Baltic Sea States (CBSS), and the energy co-operation
17 therefore takes place within the Northern Dimension Policy Framework. In this context, BASREC
18 may serve as a complement to the EU-Russia energy dialogue. Furthermore, work within BASREC
19 will take the reform process within the CBSS into consideration, as well as the planned EU strategy
20 for the Baltic Sea region.

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22 The Parties took note of the information on their co-operation in the period 2005-2008 and adopted
23 this communiqué, which defines the framework for the next three-year period. Reference is made to
24 previous "BASREC" Ministerial Conferences in Stavanger 1998, in Helsinki 1999, in Vilnius 2002
25 and in Reykjavik 2005.

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27 The Parties addressed the coherence of energy and climate policy issues and emphasised that
28 continuation of their close co-operation is essential for efficient and sustainable development in the
29 region. Stable and secure energy supplies are important for economic growth and welfare in the
30 region, which can be achieved in harmony with climate change requirements.

31
32 The Parties confirmed their will to continue to strengthen energy co-operation in the next three-year
33 period (2009-2011), in order to sustain the integration of the energy markets and the energy
34 infrastructure as well as to ensure competitive, stable and secure energy supply in the region.
35 Development of effective energy systems, promotion of energy efficiency and the use of renewable
36 energy are essential to meeting the challenges of energy and climate policy issues.

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38 The Parties welcomed the information about the outcome of the Baltic Sea Testing Ground Facility
39 (TGF), which is a regional climate fund providing financing for Joint Implementation projects
40 within the framework of the Kyoto Protocol via the purchase of emission credits. The fund
41 comprises EUR 35 million and is structured as a Public-Private Partnership shared equally by
42 public and private contributions. The TGF is administrated by the Nordic Environment Finance
43 Cooperation (NEFCO). At the end of 2008 about 94% of the fund's capital is committed and the
44 remainder of projects is to be contracted in 2009.

45
46 BASREC represents a unique and important forum for dialogue on global climate change and
47 energy policy issues with important producers of oil and gas, not least because these producers are
48 members of BASREC. In this respect, BASREC is a natural facilitator of strengthened partnership.

49

50 The Parties confirmed their commitment, strengthened during the United Nations Framework
51 Convention on Climate Change - COP 14 - conference held in Poznan in December 2008, to the
52 ongoing negotiations on a post-2012 global-climate agreement and agreed to work out and put
53 forward a statement from BASREC addressing climate and energy-related issues at COP15 to be
54 held in Copenhagen in December 2009. This statement will mainly propose a future avenue
55 regarding energy efficiency and renewable energy in general, including measures that must be
56 taken, such as the use of low-carbon, energy-efficient technologies and clean coal technology,
57 especially Carbon Capture and Storage (CCS)..

58

59 For many years, to come fossil fuels are expected to continue to be an important part of the member
60 countries' energy mix. However, increasing use of renewable energy, energy efficiency (EE) and
61 common efforts on research and development of new energy technologies will contribute to
62 reducing greenhouse gas (GHG) emissions from energy use. In addition, CCS technology can play
63 an important role in reducing GHG emissions. The meeting welcomes the initiative and efforts
64 taken by member countries and industry to promote the demonstration of CCS technology projects.

65

66 The general energy perspective of climate issues is to reduce CO₂ emissions from energy use. The
67 meeting recognised that this effort requires a comprehensive catalogue of specific measures.
68 Organised in an effective manner, these can pave the way for a significant contribution by the Baltic
69 Sea Region to addressing the issues of global climate change. The Parties stressed the importance of
70 further co-operation and exchange of knowledge on energy efficiency and energy savings as well as
71 on the potential of renewable energy in many member countries. In this context the Parties further
72 welcomed the Baltic Sea Bio-energy Promotion project, jointly developed by BASREC and Baltic
73 21, as a strategic effort to strength the competitiveness and sustainable use of bio-energy in the Baltic
74 Sea Region and contribute to the EU target of 20% renewable energy by 2020.

75

76 Stable and secure supplies of energy as well as well-functioning, competitive energy markets
77 require efficient transport routes for electricity and natural gas. The parties welcomed the European
78 Commission's Second Strategic Energy Review in November 2008, including an initiative to
79 develop a Baltic Energy Market and Interconnection Plan (BEMIP) covering electricity, gas and
80 storage. The plan will identify the solutions to remove barriers to market integration and the
81 infrastructures needed to ensure effective interconnections between the countries in the Baltic Sea
82 Region and the rest of Europe. A roadmap will be agreed to facilitate the implementation of the
83 plan, which is crucial for guaranteeing trade of energy and a secure, reliable and diversified energy
84 supply in the region.

85

86 The Ministerial Conference served as a platform for assessing the first developments of a Baltic
87 Energy Market and Interconnection Plan. The Parties agreed on the importance of creating well-
88 functioning energy markets and the necessary interconnections on which such markets depend.

89

90 The Parties acknowledged that financial means may be useful for the acceleration of the realisation
91 of the Baltic Energy Market and Interconnection Plan, as security of supply aspects may justify
92 such intervention. The Parties took note of the EU's Economic Recovery Plan which should be
93 discussed further. The TEN-E-Programme will continue to provide financial support to
94 infrastructure development. The European Structural Funds may also be used for this purpose. In
95 this connection, the participating international investment banks emphasised their willingness to
96 participate actively in the financing of infrastructure projects and other energy projects, where

97 appropriate. The Parties noted that the region is still in need of investments in the energy sector for
 98 it to address climate issues and secure energy supplies.
 99

100 The Parties welcomed the establishment of the International Renewable Energy Agency (IRENA).
 101 IRENA is to promote fast adoption and sustainable use of renewable energy worldwide. Its tasks
 102 will include practical advice and support for both industrialised and developing countries on the
 103 expansion of renewable energy and the promotion of better regulatory frameworks. IRENA will co-
 104 operate closely with other international initiatives working with renewables, including BASREC.
 105

106 The Parties acknowledged that rehabilitation and development of existing district heating systems in
 107 combination with increased use of combined heat and power (CHP) are essential for widespread
 108 and efficient use of renewables. There is great potential for increasing the effectiveness of the
 109 district heating systems and promoting CHP in the region. Countries that already have efficient
 110 district heating systems and extensive experience in the use of renewables in CHP plants could
 111 contribute to harnessing this potential through sharing of experience and knowledge.
 112

113 The Parties confirmed that their co-operation in the upcoming three-year period will concentrate on
 114 the following energy topics in order to meet global energy policy and climate policy challenges:
 115

- 116 • Security of energy supply
- 117 • Development and integration of energy infrastructure in the region
- 118 • Energy efficiency and savings
- 119 • Increased use of renewable sources with specific focus on the forms of energy potentially
 120 dominant in the region
- 121 • Increasing renewable sources in the heat market
- 122 • Rehabilitation and development of district heating systems and CHP in order to facilitate
 123 the use of biomass
- 124 • Development of Clean Coal Technology
- 125 • Demonstration of Carbon Capture and Storage (CCS)
- 126 • Energy policy issues for the post-Kyoto period
 127

128 The Parties are committed to engaging in reviews, studies, workshops/seminars, small projects and
 129 other activities carried out within the following fields:

- 130 • Best practices for deployment of energy efficiency (EE) and renewables in the energy sector
- 131 • Integration of fluctuating wind power into the electricity system
- 132 • Legal and financial frameworks to promote the objectives for increased EE and use of
 133 renewables
- 134 • Integration of regional electricity and gas markets, including assessment of supply and
 135 demand and the need for new production capacities.
 136

137 The Parties recognised the need for financial contributions from each member country in order to
 138 carry out reviews, studies, workshops, projects and other activities for the next three-year period of
 139 co-operation.
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141 The Parties agreed on BASREC having a budget framework for carrying out activities of EUR 1
142 million for the three-year period 2009-2011.¹ All member countries are to participate in raising the
143 funds and are to contribute in accordance with the CBSS key.

144

145 The funds will either be directed to a specific BASREC account, which is to be administered by
146 CBSS. Alternatively, the BASREC member countries will finance reviews, feasibility studies,
147 workshops, small projects and other activities and events directly. The BASREC budget framework
148 can only be used after decision and approval by the Group of Senior Energy Officials (GSEO).
149 Periodically, the chair of BASREC will present a report including the state of project realisation and
150 the distribution of the BASREC budget framework.

151

152 Each presidency must finance and undertake the secretarial function during its presidency. The
153 Executive Committee (the four chairmanships during this co-operation period) is to assist the
154 presidency in its work and ensure continuation of the work during the yearly rotating presidencies
155 of BASREC.

156

157 GSEO is appointed to organise the work of implementing the recommendations and decisions
158 agreed upon, to seek financing for task fulfilment and to secure proper and adequate reporting, as
159 well as sound co-ordination of the work, also with other international energy or financial
160 organisations, where appropriate.

161

162 BASREC members at ministerial level will meet when necessary, but no later than in 2011.

¹ Icelandic reservation due to the economic situation in Iceland