

# Strategic Advantages of Regional Integration: A Path to EU Energy Security

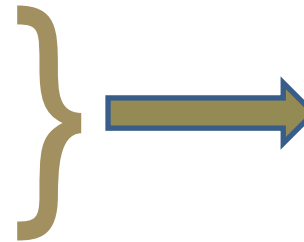


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## The East Central European Countries

The East Central European countries face almost the same problems in the field of energy:

1. the considerable dependence on energy import,
2. the high rate of energy prices,
3. the small and separate energy markets and
4. the lack of a well interconnected infrastructure.



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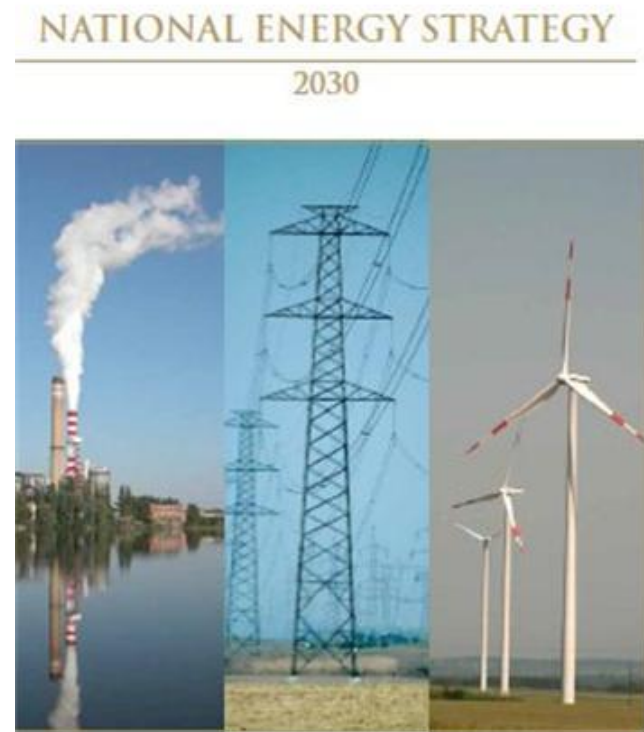
## The Hungarian National Energy Strategy

### The key message of the National Energy Strategy:

*Our purpose is to seek ways out of our dependency on imported fossil energy.*

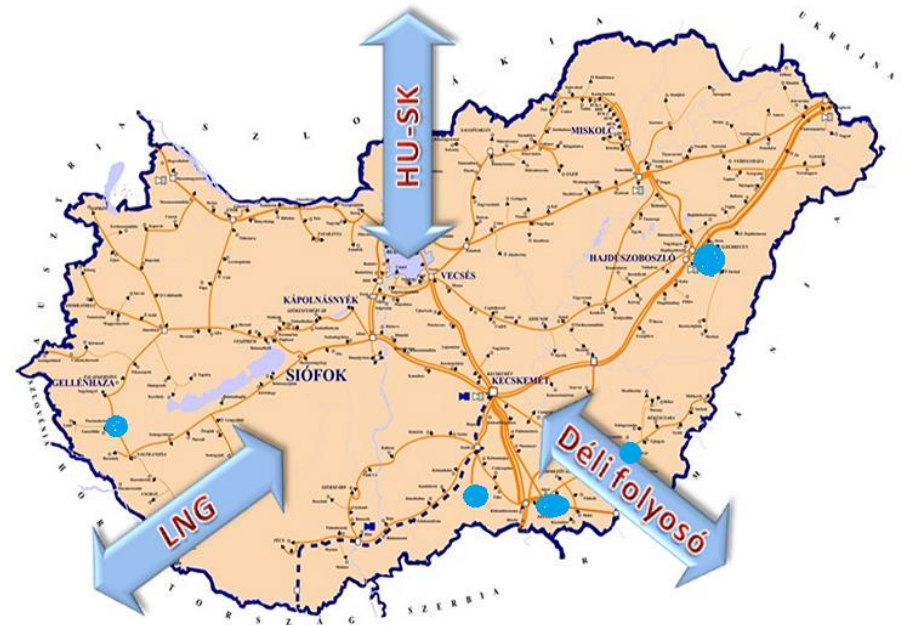
#### The five crucial efforts to achieve the above goal:

1. Increasing energy savings and energy efficiency,
2. Increasing the share of renewable energies,
3. Integrating the Central European grid network and constructing the required cross-border capacities,
4. Safe nuclear energy,
5. Utilising the domestic coal and lignite resources in an eco-friendly manner of power generation.



## The third effort of the National Energy strategy : Integrating the Central European grid network and constructing the required cross-border capacities

- Separate electricity markets to be transformed into a single market by 2014
- Three major infrastructure developments are needed for the integration of natural gas networks:
  1. North-South Gas Interconnections: from Poland to Croatia, Slovenia and Romania (HU-SK interconnector)
  2. South-Western developments in order to reach the LNG in Croatia (Croatian-Hungarian Interconnector)
  3. South- Eastern developments in order to be connected with the Southern Gas Corridor



Storage entry, exit points

## Advantages of the integrated gas network

An integrated gas network system with Slovakian-Hungarian, Croatian-Hungarian and Romanian-Hungarian gas connections

- ✓ enables access to the import sources from the Baltic, Black and Adriatic Seas,
- ✓ enables access to the underground storages, strategic storages in Hungary,
- ✓ contributes to the integration of the market and enhances security of supply
- ✓ together with the integration of market and trading systems of neighbouring countries enables the establishment of a regional infrastructure platform which has a great effect on price competition.

*The implementation of projects with a view to integrate the networks and to diversify the purchasing of natural gas also requires the strengthening of the regional role.*

## Regional cooperation

Cooperation with the neighbouring countries (particularly in the framework of the Danube Region, North-South High-Level Group, the V4 and V4+) aims at:

- ensuring price stability,
- the diversification of resources,
- the security of supply and
- the increasing of regulatory network capacities.



The regional cooperation gives an appropriate frame to harmonize the energy policy, and the different national investment strategies, which will lead to a well functioning, and integrated energy market in the EU.



## Draft Infrastructure Regulation



Welcome the aim of Regulation to support the establishment of missing links for completion of single European internal energy market

The well organized infrastructure developments contributes:

- to create a competing EU single energy market,
- possibility to build up solidarity among Member States, and
- to ensure that European citizens and businesses have access to affordable energy sources.

Agree with the necessity of regulating cost benefit analyses for European Projects, also encourage to supplement the 3rd package legislation especially the Ten Year Development Plan elaboration procedure

## For a better regulation

- Member States should have greater role, when decision is made on the union wide list of Project of Common Interest.
- Support for investments of PCI-s by the market at first place, but proper limits should be built in the system by due consideration of the capability of the Member States and their consumers.
- For cost allocation procedures : greater level of playing field for affected Member States to implement and use commonly adopted methodologies as well.
- An utmost importance for MS to actively participate in elaboration of further union procedures and methodologies.



→Extremely important to get to know each other opinion, but it is even more important **to develop a common regional opinion** in the most important questions in order to represent our interests more efficiently.

→The recently completed economic modeling framework, which is in accordance with the planned Regional Energy Strategy of the Energy Community may be an appropriate basic for adopting a common policy regarding the common infrastructure priority.

→The commonly adopted developments will enhance the security of supply in the region and as a final goal, will reduce the prices of the energy.



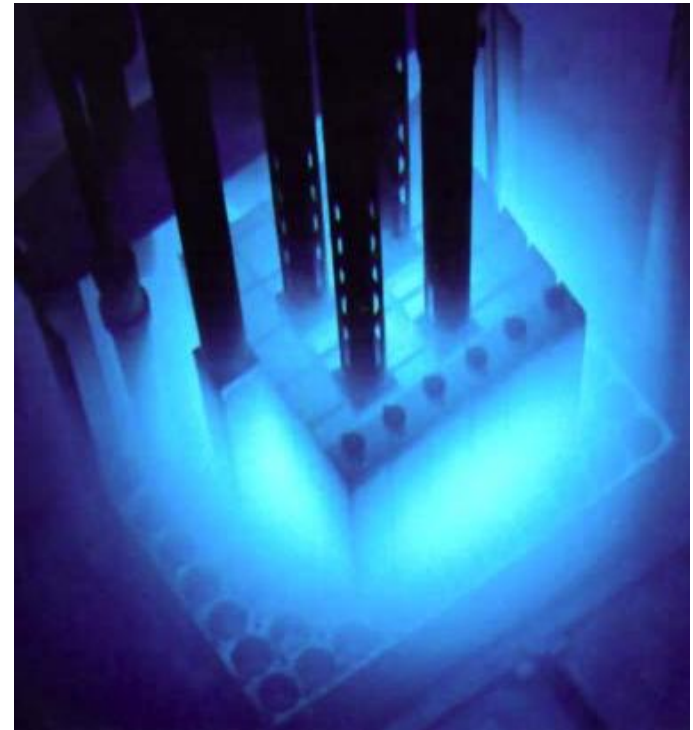
## Different approaches to nuclear energy

Member States of our region represent themselves individually in certain issues, such as:

- structure of the energy mix
- use of nuclear energy

New nuclear generation can help facing the climate change challenge or mitigate the import dependency

Nuclear energy should get the same evaluation on EU level as other renewable resources



## Renewable energy

Renewable energy is one of the key power generation factors at present

challenges to be solved:

- more significant balancing regimes (natural gas, nuclear energy)
- future demand is hard to forecast (economic situation, energy efficiency measures, energy mix targets)

Hungarian Action Plans:

Action Plan on Renewable Energies,  
Forming Action Plan on Power Plants and  
Reserve Management Action Plan



## Afterword

The energy policy of the East Central European Region should be formed around the answers to the most important local, regional and global challenges.

It should focus on:

- achieving rationalised energy demand and supply
- encouraging the growth of economy
- ensuring sustainability, security and economic competitiveness of energy supply

For enhancing these aims in the region not only infrastructural developments but also harmonized regional approach is needed.



MINISTRY  
OF NATIONAL DEVELOPMENT

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**Thank you for your  
attention!**