



# **ANNEX X - 1<sup>st</sup> Year Country Work Programme Republic of BELARUS**

**EU4Energy Programme Component 3 - Legislative and Regulatory Environment and Key Energy Infrastructure**



## 1. Introduction

The overall purpose of the first year country work programme (CWP) is to define the EU4Energy activities to be carried out based on the explicit requests from the Partner Country. This document outlines the EnCS's and ECS's analysis of the current needs and priorities for support as well as the proposed strategy and rationale for intervention. The activities presented here take into account ongoing activities of other donors in the country. This country work programme has been drafted by EnCS and ECS in consultation with the Partner Country and the EU. Assistance will be provided in line with EU principles.

Within Component 3, the specific objective for the Republic of Belarus is to support the implementation of policy recommendations stemming from country analyses (either from the Component 2, or from other international reports, including Inception Report for Component 3 of EU4Energy Programme) following EU's best practice in the areas proposed by country.

## 2. Overall objective for the year

The overall objectives for EU4Energy Component 3 activities in the first year are:

- (i) to support improvement of the existing legislative and regulatory framework on energy efficiency in line with best EU and international practice and
- (ii) to support the ongoing structural energy policy reforms to move towards competitive electricity market by elaboration of the relevant primary legislation in line with best EU and international practice and
- (iii) to contribute to strengthening and improving predictability of the investment climate in the energy sector.
- (iv) to support development of greater technical capacity in key energy ministries and energy regulatory commission, other public stakeholders on identification of key energy infrastructure projects.

These objectives were identified following a comprehensive assessment regarding the status of the legislative, regulatory and institutional environment in the energy sector of the Republic of Belarus, consultations with national authorities, EU Delegation to the Republic of Belarus and other stakeholders.

## 3. Prioritised list of measures to be taken by the government

The following priority areas for support under EU4Energy were identified during inception phase and are based on country proposals and analysis of current situation and existing policy recommendations (Annex IV to the Inception report).

For the coming period (1<sup>st</sup> year Work Programme) the prioritised measures in electricity sector are drawn from the following recommendations: i) the Government should provide for adoption of market oriented principles and respective regulatory framework on the basis of international experience when developing energy sector legislation<sup>1</sup>; ii) electricity generation, transmission and distribution should be legally unbundled<sup>2</sup>, iii) continue towards improving electricity and heat laws (including considerations for legal unbundling) and ensure their timely adoption<sup>3</sup>

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<sup>1</sup> In-depth Energy Efficiency Review of the Republic of Belarus, Energy Charter Secretariat, 2013

<sup>2</sup> Energy Policy Review: Eastern Europe, Caucasus and Central Asia, International Energy Agency, 2015

<sup>3</sup> idem



In the area of investment it is recommended to ensure predictability of the investment climate in the energy sector<sup>4</sup>.

In the area of energy efficiency activities were defined based on recommendations that were made by ECS during recent In-depth energy efficiency policy review: i) the Government should provide for further development of secondary legislation and regulatory documents in different sectors in close cooperation with respective stakeholders; ii) the Government should analyse and identify a system of measures aimed at accelerated improvement of energy efficiency and renewable energy financing structure to increase the investments; iii) the Government should pay special attention to ensuring compliance with adopted building codes and rules.

#### **4. Specific objectives in different sectors/areas/spheres, First Year Country Work Programme, approximate timetable of activities, assumptions and risks**

The specific objectives for the First Year Country Work Programme (period January 2017 – December 2017) are i) the preparation of the relevant primary and secondary legislation; ii) improved institutional framework for entire policy cycle, ii) enhancement of the investment climate through improved legal framework in the relevant energy sector and iv) identification of priority infrastructure projects. i) Operationalization of the agreed policy proposals from Component 2, ii) More efficient and effective procedures including cross-ministerial cooperation and public consultation process and iii) Greater Technical, institutional and Administrative capacity in key energy ministries and agencies, v) Greater technical capacity in key energy ministries and energy regulatory commission, other public stakeholders on identification of key energy infrastructure projects.

The First Year Country Work Programme comprises: the list of activities to support implementation of selected priority measures, including individual measurable results expected in the area (see Table 1), approximate timetable of activities for the first year CWP (January – December 2017) to support the planning (see Table 2). Assumptions and risks relevant for implementation of the first year work programme for Belarus are specified in Table 3.

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<sup>4</sup> Idem



**Table 1 First Year Work Programme (2017)**

	Activities/months	Specific objective	Indicators/Sources of verification
	<b>Area 1 Energy efficiency</b>		
BY 1.1	Scaling up investment in energy efficiency in public and private sector	SO1: Operationalization of the agreed policy proposals SO2: More efficient and effective procedures including cross-ministerial cooperation and public consultation process SO3: Greater Technical, institutional and Administrative capacity in key energy ministries and agencies	Energy efficiency Task Force is established and meets 4 times
BY 1.1.1	Identify main drivers leading investors decisions in the area of energy efficiency and analyse existing financial sources and requirements to energy efficiency		Report with main legislative and regulatory barriers identified
BY 1.1.2	Organise 3 meetings of the Task force to Identify main legislative and market barriers to energy efficiency investment decisions and propose necessary legal and regulatory amendments		Report proposing necessary legislative and regulatory changes
BY 1.1.3	Organise High-level policy roundtable (back to back to last meeting of the Task Force) to present and discuss conclusions and next steps to follow up		High-level policy roundtable is organised to discuss results
	<b>Area 2 Electricity Market</b>		
BY 2.1.	Electricity Market Law		Comparison of current requirements for the creation of internal and common Eurasian electricity market with the 2d and 3rd Energy Package
BY 2.1.1	Comparison of the Eurasian common electricity market concept with the 2d and 3rd Energy Package and analysis and assessment of the concept of the draft electricity law, prepared in 2016		Inter-Ministerial working group is established and meets at least once



BY 2.1.2.	Support to the process of elaboration of draft electricity law, by providing suggestions for necessary amendments to align the law to best EU practice		Suggestions to align Draft Electricity Market law to best EU practice are provided
<b>Area 5 Investment climate</b>			
BY 5.1	Improved predictability of the investment climate in the energy and electricity sectors	SO1: Operationalization of the agreed policy proposals from Component 2 SO3: Greater Technical, institutional and Administrative capacity in key energy ministries and agencies	
BY 5.1.1	Support to identify legal and regulatory risks which impeded the inward flow of investments in the energy and electricity sectors and encourage the development of strategies in order to effectively minimise such risk and to improve the investment climate		Set of indicators assessing legal and regulatory investment risks in the energy sector developed Report with recommendation on improving investment climate
BY5.1.2	Organise High-level policy roundtable to present results and discuss next steps		High-level policy roundtable is organised to present results

**Table 2 Approximate Timetable of Activities for the First Year Work Programme (January – December 2017)**

	Activities/months	Jan.2017	Feb. 2017	Mar.2017	Apr. 2017	May-17	Jun-17	Jul-17	Aug. 2017	Sep. 2017	Oct. 2017	Nov. 2017	Dec. 2017
<b>Area 1: Energy Efficiency</b>													
BY1.1	Scaling up investment in energy efficiency in public and private sector												
BY1.1.1	Identify main drivers leading investors decisions in the area of energy efficiency and analyse existing financial sources and requirements to energy efficiency and renewable energy projects												
BY1.1.2	Identify main legislative and market barriers to energy efficiency investment decisions and propose necessary changes to legislation, including conditions for the operation of energy service companies (ESCOs), model contracts, monitoring and verification procedures and protocols												
BY1.1.3	Organise High-level policy roundtable (back to back to last meeting of the Task Force) to present and discuss conclusions and next steps to follow up												
<b>Area 2: Electricity market</b>													
BY 2.1.	Electricity Market Law												
BY 2.1.1	Comparison of the Eurasian common electricity market concept with the 2d and 3rd Energy Package and analysis and assessment of the concept of the draft electricity law, prepared in 2016												
BY 2.1.2.	Support to the process of elaboration of draft electricity law, by providing suggestions for necessary amendments to align the law to best EU practice												
<b>Area 5: Investment climate</b>													
BY 5.1	Improved predictability of the investment climate in the energy and electricity sectors												
BY 5.1.1	Support to identify legal and regulatory risks which impeded the inward flow of investments in the energy and electricity sectors and encourage the development of strategies in order to effectively minimise such risk and to improve the investment climate												
BY 5.1.2	Organise High-level policy roundtable to present results and discuss next steps												
<b>Regional Activities</b>													
BY RA 1	Regional meeting/workshop to discuss the process of identification of key energy infrastructure projects with participation of the short term experts and EPA Unit, IFIs, other donors and stakeholders is conducted to ensure training and experience exchange												



**Table 3 Assumptions and Risks**

Risks	Risk level (H/M/L)	Mitigating measures
<b>Unstable political situation in the country - change in government priorities</b>	L	Building on the positive experience of past projects, the EU will continue a regular policy dialogue with the Government to facilitate collaboration on energy issues. This will help to maintain continuity with achievements made so far and strengthen trust between the Government, the EU and implementing partners. Commitments under the Eastern Partnership Platform III on Energy Security represent additional key frameworks for closer collaboration. The regional dimension of the action also contributes to reduce the impact of this risk. The EnCS and ECS will contribute to this process by providing inputs and updates for such meetings and platforms regarding the national and regional developments and how they affect Action implementation.
<b>Energy is not a political priority - lack of political will to collaborate with the EU on energy issues</b>	H	This risk will be mitigated by ensuring appropriate steering of the action through the Steering Committee meetings. Partner Country's commitment at a high political level will be required for a successful outcome of the action.
<b>Lack/discontinuity of human resources - weak institutional memory</b>	M	The action will work with a wide number of experts including local experts to help develop local capacity. This will be supplemented by training (following the work program) in order to create skilled human resources.
<b>Lack of will to address energy policy reforms on a sound economic basis</b>	H	The action will provide the necessary information and support to Partner Country to make appropriate choices. Partner Country's commitment at high political level will however be required for a successful outcome of the action.
<b>Lack of commitment to participate in some of the activities (sharing data, experience exchange, coordination and working meetings)</b>	M	The provision of assistance under Component 3 is based on country specific work programs developed in consultation with all the relevant stakeholders. Partner Country's commitment at high political level will however be required for a successful outcome of the action.
<b>Overlapping activities with bilateral support activities funded by EU or other donors</b>	M	It should be mitigated by effective coordination mechanisms, keeping regular contact with EU Delegations and other donors (where relevant) and applying flexible implementation methods.
<b>Assumptions</b>		
The Work Programme is timely approved; Political commitment; Sufficient administrative capacity; Willingness of senior management in beneficiary ministries/agencies/municipalities to allocate appropriate human resources to contribute the process; Willingness of private sector beneficiaries (including banking sector) to contribute to the process; Draft Eurasian common electricity market concept timely provided for review; Political willingness to introduce proposed changes to legislation; the needed input data is provided by authorities in time; the Local authorities went through all internal procedures and are ready to accept technical assistance; Political willingness to introduce proposed changes to legislation.		



Таблица 1: Программа работы, 2017 (неофициальный перевод)

	Деятельность	Конкретные цели	Показатели
	<b>Раздел 1 Энергоэффективность</b>		
<b>BY 1.1</b>	Увеличение притока инвестиций в энергоэффективность в государственном и частном секторах.	КЦ1: Введение в действие согласованных политических предложений Компонента 2 КЦ2: Более эффективные и действенные процедуры, включая сотрудничество между министерствами и процесс открытых консультаций. КЦ3: Повышение технического, институционального и административного потенциала в ключевых энергетических министерствах и агентствах.	Целевая группа для предложения необходимых законодательных и нормативных изменений для повышения инвестиций в энергоэффективность в государственном и частном секторах.
<b>BY 1.1.1</b>	Выявление основных стимулов, влияющих на решения инвесторов в секторе энергоэффективности, анализ существующих финансовых источников и требований к проектам по энергоэффективности и возобновляемым источникам энергии.		Отчет по анализу основных стимулов спроса и предложения инвестиций в энергоэффективность.
<b>BY 1.1.2</b>	Выявление основных законодательных и рыночных препятствий для решений по инвестициям в энергоэффективность и предложение необходимых изменений в законодательстве, включая условия по функционированию энерго-сервисных компаний (ESCOs), типовые контракты, процедуры и протоколы по мониторингу и сверке.		Рекомендации по необходимым законодательным и нормативным изменениям с целью создания благоприятных рамок и лучших условий для инвестиций в энергоэффективность в государственном и частном секторах.
<b>BY 1.1.3</b>	Организация круглого стола на высоком политическом уровне (в связке с заседанием целевой группы) для представления результатов и обсуждения предстоящих шагов		Организация круглого стола на высоком политическом уровне для обсуждения результатов.





Раздел 2 Рынок электричества			
<b>BY 2.1</b>	Закон о рынке электроэнергии	<p>КЦ1: Введение в действие согласованных политических предложений Компонента 2</p> <p>КЦ2: Более эффективные и действенные процедуры, включая сотрудничество между министерствами и процесс открытых консультаций.</p> <p>КЦ3: Повышение технического, институционального и административного потенциала в ключевых энергетических министерствах и агентствах.</p>	<p>Сравнение существующих требований к созданию внутреннего и Евразийского рынка электроэнергии со 2-м и 3-м Энергетическим Пакетом</p> <p>Создание меж-министерской рабочей группы и организация как минимум одной встречи</p> <p>Предложения по приведению Проекта закона о рынке электроэнергии в соответствие с лучшими практиками ЕС</p>
<b>BY 2.1.1</b>	Сравнение концепции общего Евразийского электроэнергетического рынка со 2-м и 3-м Энергетическим Пакетом и анализ концепции проекта закона об электроэнергетике, подготовленного в 2016 году.		
<b>BY 2.1.2.</b>	Поддержка процесса разработки проекта закона по электроэнергетике путем предоставления рекомендаций по необходимым изменениям с целью соответствия закона наилучшим практикам ЕС.		
Раздел 5 Инвестиционный климат			
<b>BY 5.1</b>	Повышение предсказуемости инвестиционного климата с энергетическом и электроэнергетическом секторах.	<p>КЦ1: Введение в действие согласованных политических предложений Компонента 2</p> <p>КЦ3: Повышение технического, институционального и административного потенциала в ключевых</p>	<p>Ряд показателей для оценки законодательных и нормативных инвестиционных рисков в развитии энергетического сектора.</p>
<b>BY 5.1.1</b>	Содействие в выявлении законодательных и нормативных рисков, препятствующих притоку инвестиций в энергетический и электроэнергетический сектора		



**BY5.1.2**

Организация круглого стола на высоком политическом уровне для представления результатов

энергетических  
министерствах и агентствах.

Круглый стол на высоком политическом уровне для представления результатов

**Таблица 2: График мероприятий, 2017 (неофициальный перевод)**

		январь	февраль	март	апрель	май	июнь	июль	август	сентябрь	октябрь	ноябрь	декабрь
	<b>Раздел 1 Энергоэффективность</b>												
BY1.1	Увеличение притока инвестиций в энергоэффективность в государственном и частном секторах.												
BY1.1.1	Выявление основных стимулов, влияющих на решения инвесторов в секторе энергоэффективности, анализ существующих финансовых источников и требований к проектам по энергоэффективности и возобновляемым источникам энергии.												
BY1.1.2	Выявление основных законодательных и рыночных препятствий для решений по инвестициям в энергоэффективность и предложение необходимых изменений в законодательстве, включая условия по функционированию энерго-сервисных компаний (ESCOs), типовые контракты, процедуры и протоколы по мониторингу и сверке.												
BY1.1.3	Организация круглого стола на высоком политическом уровне (в связке с заседанием целевой группы) для представления результатов и обсуждения предстоящих шагов												
	<b>Раздел 2 Рынок электричества</b>												
BY 2.1.	Закон о рынке электроэнергии												
BY 2.1.1	Сравнение концепции общего Евразийского электроэнергетического рынка со 2-м и 3-м Энергетическим Пакетом и анализ концепции проекта закона об электроэнергетике, подготовленного в 2016 году.												
BY 2.1.2.	Поддержка процесса разработки проекта закона по электроэнергетике путем предоставления рекомендаций по необходимым изменениям с целью соответствия закона наилучшим практикам ЕС.												
	<b>Раздел 5 Инвестиционный климат</b>												
BY 5.1	Повышение предсказуемости инвестиционного климата с энергетическом и электроэнергетическом секторах.												
BY 5.1.1	Содействие в выявлении законодательных и нормативных рисков, препятствующих притоку инвестиций в энергетический и электроэнергетический сектора и поддержка выработки стратегий по эффективному снижению этих рисков и улучшению инвестиционного климата.												
BY 5.1.2	Организация круглого стола на высоком политическом уровне для представления результатов												
	<b>Региональная деятельность</b>												
BY RA 1	Проведение региональных встреч/семинаров для обсуждения процесса выявления ключевых проектов в энергетической инфраструктуре, проведения обучения и обмена опытом, с участием отделений СЭП, МФИ, других доноров и участников.												