



EU4ENERGY PROGRAMME

COMPONENT 3 - LEGISLATIVE AND REGULATORY ENVIRONMENT AND KEY ENERGY INFRASTRUCTURE

WORK PROGRAMME
MAY 2018 – APRIL 2019

REPUBLIC OF BELARUS



INTRODUCTION AND OVERALL OBJECTIVE

The overall purpose of the second year (May 2018 - April 2019) country Work Programme is to follow up on the EU4Energy Governance activities carried out during the first year of the implementation and in particular to support the implementation of specific EU4Energy Governance recommendations in the areas of electricity market reform, investment climate and energy efficiency.

The overall objectives for the EU4Energy Governance activities for Belarus are:

- Provide support to the operationalisation of the agreed policy proposals from the Component 2 or from other EU4Energy reports/studies;
- Support to introducing more efficient and effective procedures including cross-ministerial cooperation and public consultations process;
- Strengthen the technical, institutional and administrative capacity in Ministry of Energy and other key ministries and agencies.

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, the EU Delegation to the Republic of Belarus and other stakeholders.

During the first year of implementation, the EU4Energy facilitated the establishment of the Energy Efficiency Task-force, comprising representatives from the Government (central and local) and non-governmental stakeholders (industry, SMEs, business and home owners associations, banks, IFIs, service providers, etc.). Discussions were held (including dissemination of the questionnaire) with members of the Task-force in order to identify and prioritise the main drivers and the existing challenges/barriers for demand and supply of energy efficiency investments; identify most suitable actors and the necessary legal and regulatory improvements to address the challenges. In December 2017, the Task-force adopted the Energy Efficiency Investment Roadmaps, containing measures and recommendations for overcoming identified barriers and risks to investments in energy efficiency.

Furthermore, an assessment was undertaken of the Draft Electricity Law of the Republic of Belarus in comparison with best EU practices, including suggestions and relevant (applicable) for Belarus recommendations to align the draft law to best EU practice. Support was also provided to the development of wholesale and retail electricity market rules and grid connection rules by implementing series of training sessions for representatives of the Ministry of Energy, Belenergo and other relevant organisations.

As a result of the training, capacity and understanding of relevant officials on basic provisions and requirements (based on the best EU practice) to be included in the draft market rules and technical regulations was increased.

Energy Investment Risk Assessment profile was drafted for Belarus with recommendations on ways to mitigate risks identified and High-level Roundtable on Investment climate was organised with the participation of the Energy Charter Secretariat Secretary General and high-level Belarus officials.

In total six country missions and six events were held, including meetings of the Energy Efficiency Task Force, High-level Roundtable and training sessions were organised during the first year, 140 participants, 4 technical reports/publications more than 20 articles/news items.

The activities presented here take into account ongoing activities of other donors in the country. This country Work Programme has been drafted by the Energy Charter Secretariat in consultation with the Partner Country and the EU. Assistance will be provided in line with EU principles.

SECOND YEAR COUNTRY WORK PROGRAMME, APPROXIMATE TIMETABLE OF ACTIVITIES

For the coming period, the prioritised activities in electricity sector are drawn from the Roadmap for scaling up energy efficiency in electricity sector as adopted by the EU4Energy Task-force in December 2017, namely measures to overcoming barriers for investment in energy efficiency and renewable energy in the electricity sector¹. The Roadmap contains the following recommendations:

- Develop and adopt rules/technical codes for the wholesale and retail electricity markets in line with EU best practice;
- Re-organise the current institutional setting in the electricity sector and create electricity market operators;
- Develop and adopt regulatory acts for state regulation (licensing) of independent generation plants, grid connection rules and access to market.

¹ EU4Energy BY1.1/2017 Final report and Roadmap

In the area of energy efficiency activities were defined based on recommendations of the EU4Energy Roadmap for scaling up energy efficiency in industrial and SME sector² as adopted by the EU4Energy Task-force in December 2017, namely to revise/amend the existing legislation by adding a supplement on state regulation of energy efficiency services and to provide training sessions and seminars on energy efficiency services.

In the area of investment, activities are identified based on the recommendations, stemming from the EU4Energy Energy Investment Risk Assessment profile of Belarus, presented in December 2017, namely to strengthen cooperation between Ministries and governmental authorities, undertake consultations with external stakeholders at the earliest possible stage in the decision making process and to ensure free and complete access to both enacted and draft legislation as well as all energy related regulations.

The second year country Work Programme comprises of the list of activities to support implementation of selected priority measures, including individual measurable results expected in the area and assumptions (see Table 1 and 3), approximate timetable of activities for the second year (May 2018-April 2019) to support the planning (see Table 2).

² idem

Table 1 Second year Work Programme

	Activities/months	Specific objective	Indicators/Sources of verification
	Area 1 - Energy efficiency		
BY 1.2	Support to development of legislative and regulatory basis for providing energy efficiency services	SO1: Operationalisation of the agreed policy proposals from Component 2 SO2: More efficient and effective procedures including cross-ministerial cooperation and public consultation process	Gap analysis of the existing legislation with regard to energy efficiency services. Final report with concrete proposals for the necessary changes on legal/regulatory acts on energy efficiency services
BY 1.2.1	Identify gaps in the currently legislative and regulatory frameworks with regard to energy efficiency services (based on best EU practice)		
BY 1.2.2	Make proposals for the necessary changes in the legislation in order to overcome the gaps identified		
	Area 2 - Electricity Market Reform		
BY 2.1.	Electricity Market reform	SO1: Operationalisation of the agreed policy proposals from Component 2 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	Draft Electricity law Draft Wholesale and retail market rules Draft Grid connection guidelines and dispatching rules Organise capacity building session (if deemed necessary)
BY 2.1.1	Follow up on recommendations to align draft Electricity Law and secondary legislation (Wholesale and retail market rules, Grid connection rules, etc.) to EU best practices		

	Area 5 - Investment climate ³		
BY 5.1	Improved predictability of the investment climate in the energy and electricity sectors		
BY 5.1.1	Follow up on recommendation to improve stakeholders consultation and inter-ministerial coordination	SO1: Operationalisation of the agreed policy proposals from Component 2 SO2: More efficient and effective procedures including cross-ministerial cooperation and public consultation process	Gap analysis of existing procedure for inter-ministerial and stakeholders consultation in comparison with EU best practice Code of good practice for public consultation and inter-ministerial coordination (based on EU best practice) developed, presented at a workshop and agreed with Ministry of energy.

³ Within current contract budget and as continuation of 2017 activities

Table 2: Approximate Timetable of Activities for the Second Year Work Programme (May 2018-April 2019)

	Activities/months	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19
	Area 1 Energy efficiency												
BY 1.2	Support to development of legislative and regulatory basis for providing energy efficiency services												
BY 1.2.1	Identify gaps in the currently legislative and regulatory frameworks with regard to energy efficiency services (based on best EU practice)												
BY 1.2.2	Make proposals for the necessary changes in the legislation in order to overcome the gaps identified												
	Area 2 Electricity Market Reform												
BY 2.1.	Electricity Market reform												
BY 2.1.1	Follow up on recommendations to align draft Electricity Law and secondary legislation (Wholesale and retail market rules, Grid connection rules, ect) to EU best practices												
	Area 5 Investment climate												
BY 5.1	Improved predictability of the investment climate in the energy and electricity sectors												
BY 5.1.1	follow up on recommendation to improve stakeholders consultation and inter-ministerial coordination												

Table 3 Interventions log frame

SO1: Operationalisation of the agreed policy proposals from Component 2

Outcomes/results and indicators	Work Plan activities	Assumptions
<p>Result 1.1: Operationalization of Policy Proposal on creating conditions to scale up investments in energy efficiency in industry and electricity sectors</p> <p>Baseline: General legal and institutional framework for energy efficiency is in place, however only limited energy efficiency investments are taking place in industrial and electricity sectors; Number of legal and regulatory barriers are hampering the demand and supply of energy efficiency investments in industrial and electricity sectors</p> <p>Target: The necessary legal and regulatory amendments to drive the investments in energy efficiency are identified and respective measures to overcome are proposed</p> <p>Indicator: Number of drafted, adopted and implemented legislative and regulatory acts</p>	<p>2017-2018</p> <ul style="list-style-type: none"> - Identify main stakeholders and establish Task Force - Organise survey to identify and drivers to demand and supply of energy efficiency investments - Organise 3-4 meetings of he Task Force - Prepare a report/roadmap outlining main legislative and regulatory barriers and proposed solutions/legislative changes - Organise national event to event to discuss solutions to scale up energy efficiency investments and adopt Roadmap <p>2018-2019</p> <p>Follow up on Roadmap recommendations – Energy Efficiency services</p> <ul style="list-style-type: none"> - Gap analysis of existing legislative framework with regard to energy efficiency services - Prepare a report with concrete proposals for changes in legal/regulatory acts on energy efficiency services <p>Follow up on Roadmap recommendations – Energy efficiency in electricity sector</p> <ul style="list-style-type: none"> - Covered by outcome 1.3 activities 	<p>Political willingness to implement Roadmap adopted by the Task Force activities</p> <p>Willingness to engage non-government stakeholders in discussion on ongoing energy sector reform and legislation development</p> <p>Willingness of key stakeholders to engage in consultation process</p> <p>Political willingness to undertake proposed legislative amendments</p>
<p>Result 1.2: Operationalization of policy proposal to ensure predictability of the investment climate in the energy sector</p> <p>Baseline: Investment climate is gradually improving, however still some legal and regulatory risks exists, which impede the inward flow of investments in the energy sector. The 2017 assessment of risks gives moderate results for By</p> <p>Target: At least a one of the main investment risk</p>	<p>2017-2018</p> <ul style="list-style-type: none"> - Prepare report with recommendations on improving the investment climate (based on analysis of indicators) - Bilateral meetings are organised with government and non government stakeholders to present and discuss investment risk indicators identified and improvement strategy - High level policy event is organised to present set of indicators prepared <p>2018-2019</p>	<p>Political willingness to remove legal and regulatory investment risks</p> <p>Sufficient data available to create indicators</p> <p>Involvement/commitment of state authorities to work programme activities</p>

<p>indicators⁴ show improvement in 2019; Increased knowledge and understanding among government officials and high-level decision makers on potential solutions to minimise risks</p> <p>Indicator: Set of investment indicators for Belarus analysing legal and regulatory investment risks ; Number of proposals for amendments in existing legal and regulatory framework; Number of meetings and number of stakeholders involved in identification of legal and regulatory investment risks; Number of high level policy events and the level of attendance</p>	<p>Follow up on recommendation to improve stakeholders consultation and inter-ministerial coordination - to be covered by SO2 activities</p>	
<p>Result 1.3: Operationalization of policy proposal to: implement energy sector market reform</p> <p>Baseline: No legislative framework for competitive electricity market exists;</p> <p>Target: Electricity market law is aligned to EU best practise and is adopted and implemented; Market rules and regulations (if applicable) aligned to best EU practice are drafted, adopted and implemented</p> <p>Indicator: Number of legislative/regulatory proposals drafted, adopted and implemented; Number of Intergovernmental working group meetings to discuss electricity market reform</p>	<p>2017-2018</p> <ul style="list-style-type: none"> - Report on comparison of the draft electricity market concept with the 2nd and 3rd Energy Package - Facilitate the organisation of 1 Working group meeting – meeting to discuss recommendations made - Provide suggestions for necessary amendments to align the law to best EU practice <p>2018-2019</p> <p>Follow up on Results 1.1 recommendations</p> <ul style="list-style-type: none"> - Support to aligning draft Electricity law to best EU practices - Support to drafting Wholesale and retail market rules in line with best EU practices - Support to drafting Grid connection rules and dispatching rules in line with best EU practice 	<p>Political willingness to undertake electricity sector reform and align draft legislation to best EU practices</p> <p>Potential for compatibility of the draft electricity law concept with best EU practices.</p> <p>Involvement/commitment of state authorities to work programme activities</p>

⁴ The standard country profile contains 4 main investment risk indicators and 9 sub-indicators.

SO2: More efficient and effective procedures including cross-ministerial cooperation and public consultation process

Outcomes/results and indicators	Work Plan activities	Assumptions
<p>Result: Improve stakeholders participation in energy/energy efficiency policies development and implementation</p> <p>Baseline: Formal procedure for public consultation of legislative proposals exists, but it takes place only at the final stage of draft law, when there is almost no scope to influence the policy outcome; No participation of civil and business society in the process of identification, development and amendments of energy/energy efficiency related policies, legislation and respective institutional framework.</p> <p>Target: Code of good practice for Public consultation (for energy/energy efficiency policies taking into account Belarus context and legislations) is prepared and aligned to best EU practice and is used in practice; Public consultation for energy related legislative proposals is organised at early stage of draft law; Civil and business society is consulted in the process of identification, development and necessary amendments of energy/energy efficiency related policies, legislation; Comments from public consultations are properly recorded and available for the public</p> <p>Indicator: Number of stakeholders meetings; Number of non-government/civil society stakeholders consulted and comments taken on board; Number of bilateral consultations and comments taken on board; Number of civil society stakeholders consulted and comments taken on board</p>	<p>2017-2018</p> <ul style="list-style-type: none"> - Energy Efficiency Investment Task Force is established and 4 meetings are organised - Survey among non-government stakeholders is organised to analyse main drivers to demand and supply of energy efficiency investments - Collect and summarise non-government stakeholders proposals for legislative and regulatory changes <p>2018-2019</p> <p>Follow up on Results 1.2 recommendations:</p> <ul style="list-style-type: none"> - Gap analysis in existing procedures for stakeholders consultation and inter-ministerial coordination in the process of legislative/regulatory acts development - Develop and present Code of good practice (based on EU best practices) Undertake <p>Follow up on Result 1.1 recommendations:</p> <ul style="list-style-type: none"> - Organise Stakeholders consultations on necessary amendments in the legislation on energy efficiency services according to the Code of good practice developed 	<p>Political willingness to improve existing procedures for stakeholder involvement</p> <p>Willingness to engage non-government stakeholders in discussion of ongoing energy sector reform and legislation development</p> <p>Willingness of key stakeholders to engage in consultation process</p>

SO3: Greater Technical, institutional and Administrative capacity in key energy ministries and agencies

Outcomes/results and indicators	Work Plan activities	Assumptions
<p>Result: Increased capacity to follow up with electricity market reform</p> <p>Baseline: Low knowledge and capacity among state stakeholders to effectively undertake electricity sector reform, including drafting/implementing legislation and regulations; Low awareness of high level policy makers on benefits from planned reform</p> <p>Target: At least 20 relevant officials, high-level decision makers are trained and show improved awareness following trainings, guidelines and policy dialogue meetings.</p> <p>Indicator: Number of stakeholders meetings; Number of training sessions; Number of government official trained; Number of high level policy events and level of attendance</p>	<p>2017-2018</p> <ul style="list-style-type: none"> - Three training sessions on Market rules and technical codes conducted - Template documents prepared for the Wholesale and Retail market rules based on EU best practice <p>2018-2019</p> <p>Follow up on Results 1.1 recommendations – electricity market reform</p> <ul style="list-style-type: none"> - Exchange of experience and EU best practices on electricity market rules and grid codes (on a job training) 	<p>Political willingness to undertake electricity sector reform</p> <p>Relevant officials are participating in project activities and training sessions</p> <p>Involvement/commitment of state authorities to work programme activities</p> <p>Project access to decision makers</p>