

Guidelines for BASREC Project Activities

1. Preface

The Ministries for Energy of Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Russia and Sweden, and the European Commissioner for Energy are the members of the Baltic Sea Region Energy Cooperation, abbreviated BASREC.

The BASREC's main objective is to promote sustainable growth, security and prosperity in the region. BASREC focuses on integration of the energy markets and the energy infrastructure as well as on ensuring competitive, stable and secure energy supply and predictable demand in the region. BASREC pursues development of effective energy systems including reliable energy infrastructure, promotion of energy efficiency and the use of renewable energy and other sustainable energy sources, which are essential to meeting the challenges of energy and climate policy issues and energy security. Likewise BASREC pursues the development and use of new, low-carbon and energy-efficient technologies and Carbon Capture and Storage (CCS) in order to ensure economic growth in the short and the long run.

Box 1: The areas of focus according to the communiqué adopted in Berlin 14-15 May 2012

In the upcoming period (2012-2015) the BASREC parties will concentrate on the following energy topics in order to meet global energy and energy related climate policy challenges:

- Security of energy supply and predictability of energy demand
- Analysis of options for the development and integration of energy infrastructure in the region, in particular regional electricity and gas markets, including legal frameworks
- Increased energy efficiency and savings
- Increased use of renewable sources available in the region, including integration of fluctuating wind power into the electricity system

- Rehabilitation and development of district heating and cooling systems and CHP
- Demonstration of transportation and storage of CO₂
- Low-carbon energy policies up to 2050
- Capacity building in the energy sector of the region

The BASREC parties are committed to engaging in reviews, (feasibility) studies, workshops/seminars, joint pilot projects and other activities carried out inter alia within the fields mentioned above.

2. The structure of BASREC

BASREC is as part of the Intergovernmental Networks of the Council of the Baltic Sea States (CBSS), and energy co-operation therefore also takes place within the Northern Dimension Policy Framework. BASREC covers the issues of energy and energy related climate policy in CBSS.

BASREC is a ministerial process with a mandate for a co-operation period and meetings on demand and at least one ministerial meeting towards the end of the co-operation period.

The Group of Senior Energy Officials (GSEO) is the responsible body for BASREC operative work. The presidency is rotating between the member countries according to the rules of CBSS.

The presidency carries out the daily work together with a secretarial function. In accordance with the communiqué the presidency country is responsible for financing a secretarial function during its presidency. The Executive Committee (ExCom) is to assist the presidency in its work and ensuring continuation of the work during the yearly rotating presidencies of BASREC.

The Executive Committee consists of the previous, the current and the following chairmanship as of July after the ministerial meeting (its composition alternating each year accordingly). The holder of the BASREC account (in the co-operation period 2012-15: Denmark) in its function is a permanent member of the Executive Committee. The account holder is aimed to change every co-operation period and be appointed by the GSEO no later than one year in advance of the next ministerial meeting.

The duration of the presidency is one year. The presidency runs from 1 July to 30 June the following year.

3. Resources and financing of the energy co-operation

The participation in the main BASREC political process is financed by each member and observer by their own budget.

Each presidency must finance and undertake the secretarial function during its presidency. The Executive Committee is to assist the chairmanship in its work and ensure continuation of the work during the yearly rotating presidencies of BASREC.

The BASREC member countries agreed to carry out activities of EUR 1 million for the co-operation period 2012-2015.¹ Member countries are encouraged to participate in raising the funds and to pay their contribution in cash in accordance with the CBSS key.

Decisions on the use of the BASREC budget are taken on the basis of consensus by the financially contributing members of the GSEO.

The settlements can be paid by one or two instalments between 2012 and 2014 in order to ensure a smooth realisation of the activities. Funds not spent in the co-operation period 2012-2015 should be refunded to contributing countries in accordance with the CBSS key if not decided otherwise.

The spending of the BASREC budget is based on Financial Rules for Administration and Use of the BASREC Budget Framework, which was adopted XX YYYY 2012.

¹ Icelandic reservation due to the economic situation in Iceland

Periodically, the chair of BASREC will present a report including the state of project realisation and the distribution of the BASREC budget framework.

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

4. Administrative procedure for BASREC-project implementation

The general approach on project implementation is that all projects have to be approved by the GSEO. Each project will be assigned a lead country. The lead country has the responsibility for the coordination and operation with regard to the realization of the projects. ExCom is the project owner (client) and has also the duty to sign contracts and invoices for reimbursement to the Danish Energy Agency.

5. Approval of projects

The total amount available for projects is 960.000 EUR in the co-operation period 2012 – 2015.²

The financially contributing members of the GSEO are to decide which projects/activities are to be carried out within the energy topics, stated above on which BASREC will focus in the co-operation period 2012-2015. Some of these projects/activities may need some follow-up by specialists to secure that the outcome is in line with the realities of the Baltic Sea Region. For this purpose each country can establish a reference group.

The actual lead country of a BASREC project/activity may also request the GSEO representatives to appoint other representatives/experts to follow-up on the BASREC projects/activities. If the GSEO member countries do not make any appointment, it is taken for granted that the GSEO representative responds to enquiries put forward by the contractor.

Irrespective of the way chosen, at the end the results of the projects/activities have to be looked into and handled/decided by the GSEO as such.

6. Tendering rules

Projects from 3.400 EUR to 67.100 EUR at least two written bids must be obtained. There are exemptions to the rules of two bids in case invitations to bid entail excessive cost or administration.

Projects from ≥ 67.000 EUR <125.000 EUR at least two written bids must be obtained and an obligation to publish the call for tenders on the website of the Danish Energy Agency, www.ens.dk.

Projects from ≥125.000 EUR has to follow the procedure in the EU procurement directives and an obligation to publish the call for tenders on the website of the Danish Energy Agency, www.ens.dk

Workshops

There is no requirement of tendering procedure in connection with organisation of workshops. Conference facilities etc. is selected locally by the lead country based on quality of services and prices.

7. Project owner (client)

² Iceland has a reservation of 40.000 EUR (if possible in kind contribution)

The ExCom is the formal project owner (client). It means that the ExCom signs the contracts with the consultants for all projects. The lead country submits invoices to the chair of the ExCom. On behalf of the ExCom the chairman signs the invoices and submits them for payment to the Danish Energy Agency.

The Danish Energy Agency pays the invoices and maintains record of the BASREC account including current information to the GSEO.

8. Disbursement to the consultants

Payment for the consultants' work will be done under the contracts with instalments of 40 %, 45 % and 15 % of total contract sum minus 10 % set aside for force majeure. However disbursement in two instalments (minus 10 % set aside for force majeure) may be applied in case of workshops/seminars/conferences. The invoices are payable 30 days from receipt. Payment of 40 % of the overall budget will be made when the contract has been signed, 45 % of the overall budget will be made after ExCom's approval of the midterm report. Payment of the final 15 % of the overall budget (+ 10 % set aside for force majeure) will be made upon the ExCom's approval of the final report and the final accounts. A copy of the contract is attached as Annex 2.

9. VAT

There is no VAT on the projects/activities. If it is a Danish contractor the invoice is sent to DEA (via the ExCom) without VAT. If it is not a Danish contractor the invoice is sent to the Danish Energy Agency's (via the ExCom) without VAT, but the Danish Energy Agency's VAT number and the contractor's VAT number must be stated on the invoice. The Danish Energy Agency's VAT number is: 59778714.