

12th ENERGY EFFICIENCY COORDINATION GROUP MEETING - MINUTES AND CONCLUSIONS

Energy Community Secretariat, Vienna

Tuesday, 15 November 2016, 09:00 - 17:00

The Energy Efficiency Coordination Group (EECG) meeting was attended by representatives of all Energy Community Contracting Parties (EnC CPs), the European Commission – DG Energy and DG NEAR, RCC, Donors' community (EBRD/ REEP Plus, Finance in Motion / GGF, European Investment Bank, GIZ, KfW and UNDP), as well as representatives of IFI and donor's Coordination Office, the CA EED and SEE Change Net, consultants assisting countries on energy efficiency (ECA, GFA, e7 Energie Markt Analyse), and the Energy Community Secretariat (ECS).

The List of participants is available online on the Energy Community website ("[Events](#)" section).

ECS (Ms. Violeta Kogalniceanu), and the EECG Chair (Ms Antonela Solujić, Serbia) welcomed the participants. ECS introduced agenda and briefly presented the status of implementation of the EE acquis and EECG Work Programme 2015-2016.

EECG congratulated Georgia for becoming full member of the Energy Community.

1. EED Core Topic 1 - transposition of Directive 2012/27/EU in the Energy Community and Core Topic 2: EEAPs and monitoring

EECG members reported on progress in transposition of EED, especially with regard to national target setting and reporting, status of adoption of the EEAPs and the main lessons learned from implementation.

Montenegro adopted 3rd EEAP in June 2016, including preliminary reporting on EED targets; GIZ-ORF EE supported development of separate chapter with policy measures for implementation of EED; As regards reporting, 3rd EEAP is missing some data from energy balances (currently being revised by the Montenegrin Statistical Office) and Montenegro will perform additional calculations of achieved savings and future targets. Improvement of national energy statistics, as well as platform based on the web technology for monitoring and evaluation of energy savings, are the priorities for the next period. Monitoring and Verification Platform (MVP) has been successfully transferred to the Ministry of Economy, and will become the official platform for monitoring of 3rd EEAP.

Albania adopted the EE Law in November 2015, and now working on secondary legislation and establishment of EE Agency (the budget for the operation of the Agency was secured for 2017), EE Fund, EE audit system and EEO scheme. EEAP was developed with REEP support, and in July 2016 was sent to different institutions and further improved based on the comments received; financing of EEAP measures and establishment of EE Fund is challenging issue and there is ongoing work to tackle comments received by the Ministry of Finance. Two NEEAP priority sectors (residential and transport) were selected.

ECS recommended that Albania timely analyse and amend EE Law in order to fully transpose EED.

Kosovo*: EE law is being drafted and the main open issue is creation of EE fund. The concept note for EE Fund was prepared with support of EU Delegation and World Bank; the Ministry is insisting on a revolving EE fund; Energy savings target was distributed at 1% annually until 2020. The 3rd EEAP will be soon finalised and sent to ECS for comments. The large participation of other institutions and the support provided by GIZ ORF-EE was very beneficial during the EEAP development process.

Serbia is still working on EED target setting, while current focus is on transposition of EED Articles 5 and 7; two working groups were established (and supported by GIZ Serbia Project “EE in Public buildings”, BPIE and EBRD/REEP) to analyse options for transposition of these articles.

State financial support is being provided through the Budgetary Fund for Energy Efficiency, with two public calls during 2016 and currently signed contracts with 15 municipalities; ongoing public call is being supported by the UNDP donation of USD 0.5 million; A final version of 3rd EEAP was drafted, and after comments from the Working Group, will be sent to ECS, next week; Serbia shares the positive experience of using BU indicators for evaluation of EEAP measures, supported previously by GIZ ORF EE (for public sector) and extended with IPA project support to other sectors; this was based on the statistical survey on final energy consumption.

Georgia is working on EED compliant 1st NEEAP supported by EBRD, with final version expected by the end of 2016. Georgia is currently initiating process of development of primary EE Law, supported also by EBRD.

Ukraine is working on EED draft Law with ECS support; this is expected to be put in inter-service consultation during December 2016. A NEEAP monitoring system is under development. Target setting for 2020 is being initiated, with possible support from EU4Energy programme. The Metering Law passed the first reading in the Parliament, and draft Law on State Budget for 2017 envisages establishment of EE Fund, on top of currently ongoing incentive programme for households; eighteen energy performance contracts have been already concluded, while the proposed amendments to the ESCO Law passed first reading in the Parliament.

Bosnia and Herzegovina: A Working Group for preparation of EEAP was established, two out of five chapters were prepared; the work on target setting not started yet; BiH plan is to adopt EEAP by the end of 2016. The EE Law in FBiH is still not adopted, mainly due to political issues on entity level. State level institutions and donor’s community in Bosnia and Herzegovina are trying to assist to resolve situation.

Former Yugoslav Republic of Macedonia: the Ministry of Economy’s nominated EECG member was not present at the meeting; the Energy Agency reported that the 3rd NEEAP was drafted with support of GIZ ORF-EE and submitted to ECS; after elections in December it will be (probably) put on Governmental agenda for adoption.

Moldova finalised its 2nd EEAP (adoption by the Government is pending); it is working on EE Law (with SIDA support); one of the options is to merge the EE Agency and the EE Fund, revise certification scheme for energy auditors, procurement procedures and introduce ESCO concept and promotion. The target for 2020 was set in the EEAP and expressed in final energy consumption, amounting to 167 ktoe.

CA EED (Mr. Stane Merše, Jozef Stefan Institute – Energy Efficiency Centre, Slovenia) presented EU experience and lessons learned in implementation of EED Article 14 - CHP, Heating and Cooling. EED promotes integrated approach for realisation of cost effective potential for efficient heating and cooling, by promoting high efficiency cogeneration, efficient district heating and cooling and other supply options, which can bring 10-30% energy savings. EED requirements, the comprehensive assessment (CA) process and interlink with CBA at national and installation level were presented, as well as waste heat utilisation as part of EU Strategy on Heating and Cooling. Example of city of Maribor was presented.

EC emphasised that EED and Article 14 requirements were adopted in 2012, while EU Strategy on Heating and Cooling adopted in 2016 further promote utilisation of waste heat and municipal waste. Based on the Strategy, EU will move on regulation and implementing measures in this area.

EECG members further presented their experience in implementation of Article 14.

Serbia: current legislation sets minimal EE obligation for new or refurbished electricity and heating supply or cogeneration facilities (requirement for preparation of EE elaborate). For new buildings feasibility of high-efficiency alternative systems is considered (Article 6 of EPBD), including cogeneration and district heating. IPA project in Serbia analysed CHP and district heating possibilities and potential, which appeared not to be economic without feed-in tariffs.

Montenegro: the assessment of the potential for application of high-efficient cogeneration, as well as introduction of district systems for heating and cooling (in line with EED) is ongoing under the EU IPA project, as well as the preparation of action plan and bylaws (based on Energy Law), including requirements for acquiring the status of privileged producer of electricity from high-efficient cogeneration etc.

Ukraine: thanked ECS for comments on amending the Cogeneration Law. District heating is a priority of SAAE and state activities – draft law on financial treatment of DH companies is in the Parliament (will introduce changes to previous practice of popularising decentralised heating); DH Market Law is under preparation.

QA, Discussions:

GIZ ORF-EE (Ms. Jasna Sekulović) presented the cooperation with beneficiaries and support in preparation of NEEAPs; the support was focused on the preparation of chapter on EED policy measures for four (4) respective countries (Montenegro, the former Yugoslav Republic of Macedonia, Serbia and Kosovo*), and based on mentoring support for all other aroused questions during the NEEAP preparation process. All four CPs representatives expressed their satisfaction with such kind of approach in providing of technical assistance.

In Serbia the NEEAP Working Group identified the main contribution to the implementation of Article 7 target, coming from the implementation of the energy management system, from investments by Budgetary Fund for Energy efficiency (with additional contributions coming by the planned levy on energy consumption).

ECS recalled issue with non-adoption of 2nd NEEAP in FYR Macedonia and suggested that CPs should learn from previous experience (e.g. long consultation process). Strong institutional leadership is necessary to finalise and adopt NEEAP.

EC pointed that every CP needs to identify and report on 2020 target. ECS proposed to organise a special session on target setting during next EECG meeting, which was supported by the participants.

EC explained that old cogeneration directive was mostly focused on high efficiency cogeneration, and market development; EED merged cogeneration with other EE technologies and brought added value to cogeneration, making it more attractive, part of Article 7 measures etc.

Upon Georgia's question on what kind of assessment a country with no district heating should make, EC and ECS explained that DH is not an obligation, as all legislation in EU and EnC, the *acquis* is technology neutral. CPs should take best solution by taking into account country characteristics and results of comprehensive assessment, which links heating demand forecast to the most efficient way of delivering it.

Conclusions:

- 1.1. ECS thanked EEGC members for the presentation of progress in transposition of EED, status of adoption of the EEAPs and the main lessons learned from implementation.
- 1.2. Regular progress reporting and exchange of experience in transposition of EED is very beneficial and EEGC will continue to discuss most challenging aspects of EED, identify priority needs and work on joint implementation. A dedicated session on national target setting and reporting is planned for the next EEGC meeting.
- 1.3. Bilateral and other multilateral donors are encouraged to provide support in the process of transposition and implementation of the EED and NEEAPs.
- 1.4. ECS noted that the deadline for submission of the 3rd NEEAPs by Western Balkans CPs was 30 June 2016, and congratulated Montenegro for timely submission and adoption of 3rd EEAP; Other Western Balkans CPs (with exception of Bosnia and Herzegovina and Kosovo*) submitted its draft 3rd NEEAPs to ECS, and their adoption should follow as soon as possible. ECS also noted the progress with the 1st EEAP in Georgia and 2nd EEAP in Moldova.
- 1.5. EEGC thanked GIZ ORF- EE for its extensive and tailored “mentoring and advisory” support in development of 3rd EEAPs, customised to the needs of beneficiary Contracting Parties, and focusing on building local capacities necessary for implementation of EEAPs.
- 1.6. EEGC thanked the CA EED representative for presentation of EU experience in implementation of EED Article 14 - promotion of efficiency in heating and cooling. Knowledge and experience sharing from CA EED and CA EPBD is very beneficial and will continue in the future.

2. Update on Ongoing and Planned Support for Energy Efficiency & EED Core Topic 4 – Energy Services

European Commission, DG NEAR (Mr. Davor Kunc) provided update and presented brochure on EE financing in Western Balkans¹. The political approval of EUR 50 million was announced at WB6 Paris Summit in July 2016: 30 million to REEP Plus and 20 million to GGF will be available in first half of 2017. This funding will leverage around EUR 240 million of new funding for on-lending to new energy efficiency and renewable energy projects in the region. Beside considerable energy and emission savings, EU contribution activated 36 new green banks in the WB6 region. Significant potential identified in household and public sector (35-40%) was used to prioritise EU support: REEP Plus is estimated to generate additional EUR 140 million of loans (EBRD in residential sector and public dialogue, as well as KfW in public and private sector); GGF will be supported as well and EU will by EUR 20 million additional shares. Evolution of NEAR support follows the needs and challenges identified in WB: the interventions will continue to be in private sector, as well as in public sector (challenging for ESCOs), and will expand with REEP Plus to the residential sector. Expert advice by EEGC and support by civil society / SEE Change Net was very valuable.

EC also explained that a concept of national revolving funds was elaborated and presented by the World Bank, and discussed between WB/REEP/GGF/ECS/EC, as a possible EC intervention in the Western Balkans from regional programmes. It was concluded that this concept as a mechanism for financing EE measures in the region is more suitable for national IPA financing and a good way for unblocking investments in public sector. This analysis will be communicated with EU delegations.

¹ https://www.energy-community.org/portal/page/portal/ENC_HOME/DOCS/4432428/4222BE33E8277E11E053C92FA8C0EA95.pdf

The Finance in Motion (Mr. Lachlan Cameron) provided the last six months update on the Green for Growth Fund (GGF): the initial focus was on SEE and Western Balkan, but it expanded to North Africa and Middle East with six new countries. GGF also deals now with more financial institutions - new partners in Montenegro, Kosovo* and Georgia (and more to come). Requests from financial institutions to finance energy efficiency in buildings are clear signals of political changes.

Regional Energy Efficiency Programme - REEP PLUS (Mr. Nigel Jollands - EBRD and Mr. David Williams and Mr. Zoran Kapor- REEP consultants) explained the transition of REEP to REEP Plus and presented the new programme, including what offerings will be available under REEP Plus and the schedule of next steps.

REEP Plus is a combination of new focus areas (e.g. residential sector) and moving from policy and legislating to implementation. New areas of support include: public buildings (EED Art. 4 and 5), heating/cooling (EED Art. 14), Residential EE and HOAs (EED Art. 4, 7, 14, 20), EEOs (EED Art. 7) M&V and reporting (EED Art. 24) and institutional capacity building and all areas. Support will be provided for legislative framework development, rules and codes, capacity building for implementation, data management support, knowledge transfer, and pilot project development. Official letters will be sent to WB countries, and initial country "expressions of Interest" is expected by end of January 2017. After priority setting missions and submission of full country proposals, implementation is planned to start in second half of 2017.

EBRD (Mr. Nigel Jollands) also provided update on Ukraine Residential Energy Efficiency Policy Dialogue: focuses on transposition of EPBD in Ukraine, including development of primary legislation, technical regulation, standards, and calculation software. Implementation of EPC Software is one key project of REEPD programme. *The e7 Energie Markt Analyse (Mr. Michael Toth and Mr. Klemens Leutgöb)* presented the model of EPBD Buildings certification in Ukraine - current approach on EPC, conceptual approach and how to transfer EPBD requirements into the software tool used for whole EPC process (calculation, certification, verification, registry) including management function.

Conclusions:

- 2.1. EECG thanked DG NEAR and the donor's community for its support in financing energy efficiency measures. EECG will actively follow and contribute to the implementation of regional programmes. The new Brochure "Financing energy efficiency in the Western Balkans" is a valuable tool for promotion of energy efficiency and financing mechanisms.
- 2.2. EECG thanked Finance in Motion, EBRD and REEP consultants for update on GGF and REEP, and the planned future activities. EECG will continue to be actively involved as steering group, in the promotion and implementation of REEP Plus and GGF activities.
- 2.3. EBRD/ECS reminded that the priority remains the adoption of the package of draft legislation by national authorities, prepared under REEP in 2014-2016. EECG should communicate to ECS/EBRD if any support is needed to speed up the adoption process.
- 2.4. Regarding REEP Plus, after official communication by EBRD and ECS to the responsible ministries, the initial countries' "expressions of Interest" are expected.
- 2.5. EECG thanked e7 Energie Markt Analyse for presentation of model of EPBD buildings certification in Ukraine. Regular progress reporting and exchange of experience in implementation of EPBD is very beneficial and EECG will continue to discuss most challenging aspects of EPBD and work on joint implementation.

3. EECG Work Programme 2017-2018

ECS presented the draft EECG Work Programme 2017-2018 (available on the EnC web site²). The extension of the EECG mandate, as a broader implementation network in 2017 and beyond, is very beneficial to support the implementation of Energy Efficiency Directive (EED) and discuss changes of EU legislation; EECG work is also important for the implementation of Energy Efficiency Action Plans (EEAPs) and in other areas where countries are less progressing (e.g. EPBD), or where regional cooperation is needed for the coordination of new and existing regional TA programmes and initiatives.

EECG Work Programme 2017-2018 continues the activities of the EECG Work Programme 2015-2016, and follows the example of EU concerted actions; it includes 4 core areas and 10 core topics, and focuses on: transposition and implementation of the Directive 2012/27/EU, implementation of NEEAPs and their monitoring, promotion of the exemplary role of public sector and energy services, coordination of donors support for energy efficiency, promotion of existing support initiatives (REEP Plus, WB6 Sustainability Charter etc.) and design of new ones. It is flexible and may include other activities rising from the extension of the EnC Treaty.

EECG members were invited to be actively engaged in discussion, especially on the agenda items related to the Work Programme 2017-2018, and comment draft document by **16 December 2016**.

Conclusions:

- 3.1. EECG thanked ECS for the presentation of draft EECG Work Programme 2017-2018. Draft version of the Work Programme will be available on the Energy Community web page.
- 3.2. Core Topic Leaders are invited to analyze activities proposed under their respective Core Topics and submit any additional proposals by 16 December 2016. Donors are invited to examine the Work Programme and send their proposal for (additional) support to the EECG related to this, by the same date.

4. Experience Sharing

ECS presented Sustainability Charter introduced recently under Western Balkans 6 Initiative (the so-called "Berlin process"). The idea is to "green" the connectivity agenda with new measures in EE/RES/Climate area and provides additional visibility, and investment support - the EU additional funding for energy efficiency (EUR 50 million) would need to be matched with legal, regulatory, institutional reforms that enable energy efficiency improvements at large scale. Next summit in Rome will put more attention on sustainability at highest political level. ECS was tasked to develop roadmap (with sub-measures, milestones, responsible entities) and report on progress and achievements on regular basis; first phase will be stocktaking report.

ECS explained that the Sustainability Charter puts together a number of measures on energy efficiency, but there are no new obligations; all are stemming from the Acquis.

ECS further discussed with EECG issues and questions to identify legal and regulatory barriers for development of ESCO market and buildings rehabilitation programmes (completed template was only received from Montenegro).

² <https://www.energy-community.org/portal/page/portal/4222BE33E7F37E11E053C92FA8C0EA95>

UNDP BiH (Mr. Sanjin Avdic) presented development of Energy Efficiency Revolving Funds in BiH, with support of the Green Economic Development Programme. In 2016 additional 45 EE infrastructure projects of public sector buildings will be implemented. Currently 80% of public buildings have been incorporated in energy management (EMIS) software, and development of building typology is ongoing. Support in establishment of EE Revolving Fund in FBiH has been provided since 2014, with series of studies and concrete technical assistance in establishing EE Revolving Fund (methodology, internal documents, rulebooks, guidelines and financial models). Study „Analyzing the employment impact of EE measures in Bosnia and Herzegovina“, showed that EUR 1 m. invested in EE generates 98 green jobs annually. Next year Fund will support fuel switch project tailored financial mechanisms (fossil fuels to biomass), public lighting projects and performance based contracting.

Conclusions:

- 4.1. EECG thanked ECS for the update on activities Sustainability Charter and will support Secretariat and national authorities in implementation and reporting on of the Sustainability Charter.
- 4.2. ECS reminded EECG to fill in the distributed questionnaire relevant for implementation of measures no 1 and 3 of Sustainability Charter (identify legal and regulatory barriers for development of ESCO market and buildings rehabilitation programmes).
- 4.3. EECG thanked UNDP BiH for presentation of development of Energy Efficiency Revolving Fund in BiH, with support of the Green Economic Development Programme. Positive results may be used by other CPs during the process of implementation of Article 20 of EED, i.e. analysis and establishment of financing facilities, or use of existing ones, for energy efficiency improvement measures.

The next EECG meeting is planned for 09 March 2017 in Vienna and will be combined with the EE Workshop, planned for 10 March 2017.