

CONCLUSIONS

19th PERMANENT HIGH LEVEL GROUP MEETING

23 MARCH 2011, VIENNA

1. The meeting was chaired by Mr. Vadim Ceban for the Presidency in office and Mr. Fabrizio Barbaso for the European Commission as Vice-Presidency.

AGENDA ITEM ONE – REVIEW OF 2010

2. The PHLG welcomed the Secretariat's report on the implementation of the Energy Community Work Programme. It was noted that in general the Work Programme of the Energy Community 2010 – 2011 so far is being performed as scheduled. At this stage, there are no particular areas of concern related to the full implementation of the Work Programme. The key tasks under the Work Programme for 2011 were also recalled.
3. The Chair of the Budget Committee reported on the audit of the financial accounts of the Energy Community for 2010, which has been recently completed and referred to the 2010 BC Report to the PHLG, which was distributed to the members.
4. The Secretariat presented summary information on the studies launched in 2009 and 2010. The PHLG members were invited to raise the perception and benefit from the outcome of the finalized studies on national level. Further, they were invited to encourage the support of the competent national authorities to the relevant consultants on spot.
5. The Permanent High Level Group discussed the state of implementation of the Treaty. The Contracting Parties not having reached full level of implementation were urged to catch up within the first half of 2011.
6. The Permanent High Level Group took note of the document prepared by the Secretariat on new approaches to supporting the implementation of the Treaty based on Conclusion 5 of the Ministerial Council meeting on 24 September 2010. It was recalled that improvement particularly in the operational implementation work as well as in the area of reporting and monitoring are needed. In addition, the role of all stakeholders on national level for timely and adequate implementation was stressed.
7. The Secretariat will send the document with an accompanying letter to the relevant ministers and ask for feedback. Particular emphasis on providing adequate administrative capacity should be noted.

AGENDA ITEM TWO – REPORT TO THE EUROPEAN PARLIAMENT AND NATIONAL PARLIAMENTS UNDER ARTICLE 52 OF THE TREATY

8. The PHLG reviewed the updated version of the Report and – following the proposal by the Presidency and the Vice-Presidency - agreed that it is submitted to the Ministerial Council for approval by written procedure. On this ground and following the requirements of Article 24 of the Internal Rules of Procedure of the Ministerial Council of the Energy Community, as adopted by PA 2006/01, the Secretariat was

invited to circulate the proposed text of the Report. In accordance of Article 25 of these Rules, requested comments not later than 15.04.2011.

AGENDA ITEM THREE – WORK PROGRAMME AND BUDGET 2012-2013

9. The PHLG examined the proposal for Work Programme 2012 – 2013 of the Energy Community. The Secretariat was invited to update the programme on the ground of the comments, which shall be provided not later than 30.04.2011. The Work Programme shall be submitted to the PHLG for its meeting in June 2011. PHLG was recalled that the proposal needs to be finalized for the Ministerial Council meeting in October 2011.
10. The Commission' proposal for budgetary frame shall be presented for approval together with the Work Programme. A summary outline of the budget 2012 - 2013 was presented for information; the full proposal, however, shall be presented to PHLG for consideration at its meeting in June 2011.

AGENDA ITEM FOUR – THIRD ENERGY INTERNAL MARKET PACKAGE

11. The European Commission summarized the work done so far in relation to the Third Energy Internal Market Package and outlined its views, related to a draft decision, concerning its implementation in the Energy Community context.
12. The Contracting Parties were informed that the concrete proposal shall be submitted at a later stage as to be discussed during an extraordinary PHLG meeting, currently scheduled for 26-27.05.2011. Upon agreement, the proposal shall be submitted to the MC for adoption at its meeting in October 2011.
13. The Secretariat was invited to address the ministers, recalling the recommendation in September 2010, as well as asking that relevant resources are devoted in the analytical process as to assure adoption of the relevant decision in October 2011.

AGENDA ITEM FIVE – RENEWABLE ENERGY SOURCES – IMPLEMENTATION OF DIRECTIVE 2009/28/EC

14. A revised approach to consider the 2009 as the base year for 2020 RES target calculation was presented and supported by the Contracting Parties. The PHLG agreed on contracting the IPA Energy and Water Economics to finalise the 2020 RES targets calculations with the new baseline year.
15. On this ground, the European Commission outlined its proposal for a draft decision, related to the implementation of Directive 2009/28/EC. The Contracting Parties will be invited to provide comments on the draft decision that will be circulated at a later date. The final proposal shall be discussed with the PHLG in an extraordinary meeting on 26 May 2011 and then submitted to the MC for a decision in October 2011.
16. The PHLG recalled the deadlines provided in the Recommendation of the Ministerial Council No. 2010/01/MC-EnC on the promotion of the use of energy from renewable sources (reports expected by 30 June 2011 and 31 December 2011). The Secretariat will compile and forward them to the Ministerial Council upon expiry of the relevant deadlines.

AGENDA ITEM SIX – OIL DIMENSION

17. The outcome of the Oil study and the oil workshop (01.03.2011) were presented by the Secretariat.
18. The PHLG noted that regional approach on Energy Community level in relation to oil stocks is not available, and underlined the need for further elaboration. Particular focus of attention in this direction was the legislative and financial base for setting up a Central Stockholding Entity (SCE) in the Beneficiaries. PHLG agreed to discuss a concrete concept on the issue at a later stage. In addition, PHLG invited that the Secretariat to provide support on the spot via missions on the development of the relevant legislative framework and administrative structures.
19. The European Commission presented its views on the planned implementation of Directive 2009/119/EC and suggested to postpone a binding decision. The Contracting Parties considered it appropriate inviting the Ministerial Council to consider issuing a recommendation at its meeting in October 2011.

AGENDA ITEM SEVEN – ENERGY EFFICIENCY

20. The Secretariat, recalling the overall deadlines for implementation of the energy efficiency acquis, presented its report, providing synthesis of its assessment of the strategies and measures presented in the first National Energy Efficiency Action Plans, prepared by the Contracting Parties¹.
21. The PHLG notes that the NEEAPs should be implemented in order to meet the targets.
22. The PHLG welcomes the Secretariat's proposal on the priority steps, as indicated in the Assessment report.

AGENDA ITEM EIGHT – ENVIRONMENT

23. The Secretariat summarized the work so far in relation Directive 1999/32/EC of 26 April 1999 relating to a reduction in the sulphur content of certain liquid fuels and amending Directive 93/12/EEC. The key conclusion, reached by the Secretariat is that - regardless of the efforts for encouraging the Contracting Parties of transposing and implementing the obligations resulting from this Directive – there are substantial reasons for concern, which are mostly linked with non-possibility to meet the deadline for implementation of this Directive (31 December 2011). In addition, PHLG expressed its concern that the Contracting Parties have not presented the information required under the proposed roadmap. Thus, all Contracting Parties were invited to present this information to the Secretariat without any further delay.
24. The PHLG supported the opinion of the Secretariat that the continuous support of all stakeholders will be a key prerequisite for meeting the obligations under

¹ At the date of the PHLG, 6 Contracting Parties have finalized their NEEAPs.

the Directive. In addition, PHLG stressed that without the necessary political back up and a concrete binding action plans it would be impossible to follow the respective implementation deadlines. Thus, PHLG invited its members to raise the topic explicitly at political level and respectively assure relevant actions in this direction on national level.

25. On this ground, the Secretariat underlined the importance of the timely set up and of the efficient work of the Task Force on Environment, whose establishment was agreed by the Ministerial Council, at its meeting in Skopje on 24 September 2010.
26. Based on Conclusion 11 of the Ministerial Council meeting of 24 September 2010, the Permanent High Level Group adopted the mandate of the Task Force on Environment in line with the Secretariat's proposal. The members of the Permanent High Level Group agreed to fully support and implement, in their Contracting Parties, all agreements reached by the Task Force within the respective deadlines.
27. PHLG members shall inform the Secretariat on the nominated members of the Environment TF not later than 15.04. In addition, it was agreed that the first meeting of the TF will take place on 24.05.2011. The TF shall be mandated to elect the chair.

AGENDA ITEM NINE – SECURITY OF SUPPLY

28. Recalling the obligation under the Treaty, the Secretariat presented its proposal on updating the Security of Supply Statements.
29. Upon relevant discussions, PHLG agreed with the proposed approach and structure of the Security of Supply statements, which shall address electricity, gas and oil sectors.
30. On this ground, PHLG invited all Contracting Parties to submit the updated versions to the Secretariat by the end of July 2011. Moldova and Ukraine are invited to submit their Statements in the timeframe outlined in their respective Accession Protocols.
31. It was recalled that the ministry responsible for energy of each Contracting Party shall be the contact point in relation to development and submission of the (updated) Security of Supply Statements to the Energy Community. However, the Contracting Parties are invited to opt as minimum for the involvement of the regulatory authorities and network operators in the process of preparation of the Statements.

AGENDA ITEM TEN – ARBITRATION COMMITTEE

32. Recalling the obligation under Article 14 of the Staff Regulations, the PHLG considered the proposed Procedural Rules of the Arbitration Committee. Upon relevant discussions, these were adopted.

AGENDA ITEM ELEVEN – STATISTICS

33. The Secretariat recalled to PHLG the major activities, performed so far in the area of statistics. In this relation, the major findings of the completed study on

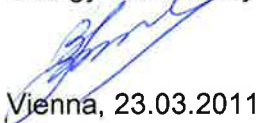
statistics and the key conclusions of the recent workshop on statistics (24-25 February 2011) were presented.

34. On this ground, it was reminded that the undertaken activities aim at preparing the adoption of statistics acquis in 2012.
35. PHLG welcomed the work so far and noted its agreement that activities continue as to achieve the objective of adoption of the relevant acquis as planned and thus to provide solid basis for realistic statistical information for the needs of the Energy Community. In this aspect, concrete reference was made to following on national level the activities specified in the respective action plans.

AGENDA ITEM ELEVEN – MISCELLANEOUS

36. The Presidency and the Vice-Presidency - recalling the Event Calendar 2011 – outlined the key Energy Community events within the first half of 2011. Particular reference was made to the upcoming PHLG – ECRB meeting and the Investment Conference.
37. The Secretariat referred to the envisaged obligation for reviewing the Dispute Settlement Rules –and announced that a concrete proposal will be circulated for consideration.
38. In relation to the Advisory Committee, the members of the PHLG were invited to each nominate one candidate for members/alternate members of the Advisory Committee established under Article 32 of the Rules of Procedure on Dispute Settlement. Nominations should comply with Article 32(2) of these Rules, accompanied by a CV of the candidate in question, and submitted to the Secretariat by 31 May 2011, with a view of proposing them to the Ministerial Council for appointment. Until the new members are appointed, the Advisory Committee shall operate in its current composition.
39. The Secretariat informed the PHLG on the state of play of preparation of a Regional Energy Strategy. It was agreed that a draft shall be circulated for comments by end of April 2011. Comments are expected by the end of May 2011. On this ground, the Secretariat shall present the finalized draft for consideration at the PHLG meeting in June 2011.

Energy Community Presidency



Vienna, 23.03.2011