

6th ENERGY EFFICIENCY COORDINATION GROUP MEETING

Energy Community Secretariat, Vienna: Am Hof 4, 5th Floor

Thursday, 13 November 2014, 09:00 – 17:30

The Energy Efficiency Coordination Group (EECG) meeting was attended by representatives of all Energy Community Contracting Parties (EnC CPs), as well as EnC candidate (Georgia) and observer countries (Turkey), the European Commission – DG Energy and DG Enlargement, IFI Coordination Office, Donors' community (GIZ Open Regional Fund – Energy Efficiency, EBRD, KfW, USAID, GGF/ Finance in Motion,), consultants engaged in the “Regional Energy Efficiency Programme - REEP” (BRE, ECA, GFA, CMS, Eco Ltd), as well as the representative of the Concerted Action on the Energy Performance of Buildings Directive (CA EPBD), the Institute of Energy of South East Europe (IENE), the Austrian Energy Agency and the Energy Community Secretariat (ECS).

The List of Participants is available online on the Energy Community website (“[Events](#)” section).

1. Introductory Remarks and adoption of the Agenda; 5th EECG meeting conclusions and Work Programme - status of implementation

The *EECG Chair* and *ECS* (Mr. *Bozidar Pavlović*, Ms. *Violeta Kogalniceanu*) opened the meeting and welcomed the participants. The meeting's draft Agenda was adopted.

ECS (Ms. *Violeta Kogalniceanu*) made an overview of activities undertaken and the achievements in 2014, based on the EECG Work programme 2014 and the conclusions of the 5th EECG meeting. The comprehensive Work Programme 2013-2014 was largely accomplished, and EECG members and CPs regularly participated in the meetings. Some of the key achievements of the EECG in 2013-2014:

- EEAPs were developed in all CPs and adopted in BiH/Republika Srpska, Kosovo *, Moldova, Montenegro and Serbia; in FYR of Macedonia, the EEAP was put up for public consultation in the 3rd quarter of 2014, to be adopted by the end of the year. These were accessed by ECS in January 2014 and presented at the EECG and PHLG meetings. Monitoring and Verification Platform was developed with support of GIZ ORF-EE. The urgent task remains adoption of the remaining draft EEAPs (in Albania, BiH/Federation of BiH, and Ukraine).
- The Labelling regulations were developed or adopted in all CPs. The EU Delegated Regulations on energy labelling was adopted in September 2013¹ by Ministerial Council. The Impact assessment and the proposed adaptations of the Energy Efficiency Directive (EED) were presented and discussed in the EECG, to be proposed for adoption by PHLG in March 2015. Its implementation will be a large part of the EECG Work Programme 2015-2016.

¹ Ministerial Council Decision D/2014/02/MC-EnC adapting certain Delegated Regulations on energy related products: http://www.energy-community.org/portal/page/portal/ENC_HOME/DOCS/3362179/MC-

- The work on transposition of EPBD is ongoing in all CPs, and supported either by regional programmes (REEP) or bilateral donors (EU/USAID/EBRD in Ukraine, EBRD in Moldova, GIZ in Serbia and Norway in Montenegro).
- The strong support offered by REEP (ESCOs, procurement, EPBD, utility schemes) and other donors/IFIs (EU, EBRD/REEP, GIZ ORF EE, World Bank etc) is very important and valuable for a successful implementation of the comprehensive EECG Work Programme. EECG will continue to extend its network of partners, and it plans to focus also on new activities and sectors (e.g. residential and transport sector).
- A few tasks in current Work Programme were initiated (e.g. energy supply utility participation as well as energy tariff reform, energy metering and billing, nearly zero energy building action plans), but not finalised, due to lack of time, and therefore will be continued in the next Work Programme.

The representative of the *European Commission, DG Energy (Mr. Erik Olsen)* presented the recent developments in EU Energy Efficiency Policy, i.e. EC Communication on energy efficiency (adopted in July 2014), 2030 EE framework and progress in implementation of EED and EPBD. In the previous period, EU economy has been able to reduce energy intensity and successfully decouple economic growth from energy consumption. The biggest progress was achieved in transport sector, followed by households and industry. This was driven by both adequate prices and policies. New EEAPs (submitted by April 2014) strengthened the current EE national policies and the set of new initiatives under EED (obligation schemes, financing mechanisms etc). EC estimated that in 2020, EU will be able to achieve energy savings of around 18-19%. To bridge the gap and achieve 20% target, the focus will be on enforcement and implementation of existing legislation, implementation of EE measures in buildings sector, involvement of utilities, strengthening market surveillance of products and full use of available financing. EC proposed in EE Communication a binding EE 2030 target of 30% (based on extensive modelling). However, in October 2014, the European Council decided to set indicative target at EU level of 27% by 2030 (that will be reviewed in 2020 having in mind the 30% target), and mandated EC to propose priority sectors for actions. EC currently works on the revision of the energy products framework by early 2015, as well as on implementation of the existing framework and financing. Infringement procedures speeded up the process of transposition of EED, while EPBD transposition is already achieved in the majority of the Member States.

Discussions:

The decrease of car fuel consumption in EU transport sector between 1995 and 2010 by 27%: this referred to the decrease of average specific consumption of fuel only in new cars; it seemed that the overall decrease was over reported.

Key EPBD implementation challenges in EU: EC explained that buildings sector has huge potential, but financing and design of cost-effective EE measures is very challenging, as well as implementation of a comprehensive legal framework. AEA explained that in Austria, a big problem lays with the high costs for renovation and refurbishment of existing buildings.

If the modelled cost effective target was 25%, why EC then proposed 30%?: EC explained that EE target was set later, when other targets (RES, GHG) were already set. Therefore, there was a need to complete the gap up to the 40% overall emission target announced and agreed; EE target took also into consideration, non monetary benefits that made the higher target appear achievable.

Conclusions:

- 1.1. EECG Work programme was largely accomplished, contributing to the transposition of energy efficiency *acquis* in CPs, and the coordination of donor's activities. EECG members and donors present at the meeting welcomed the prolongation of the EECG mandate, and agreed that EECG represents an excellent platform for continuous regional cooperation and for donors' engagement at regional level.
- 1.2. EECG thanked the *European Commission, DG Energy* for the presentation of the recent developments in the EU energy efficiency policy, which was found beneficial for the implementation and planning of future EE policies in EnC.

2. ESD Core Topic 1 – 2nd EEAP as a policy tool

GIZ ORF - EE (Mr. Johanes Elle, Mr. Armin Teskeredžić) presented the activities of GIZ ORF in the field of energy efficiency, especially the progress in development of the *Integrated Monitoring and Verification Platform (MVP)*.

Mr. Johanes Elle stressed the importance of EECG for the continuation of the valuable partnership with GIZ ORF-EE. Planning of new sub-projects and initiatives supported by GIZ ORF –EE will start beginning next year. GIZ ORF also founded solution to transfer know how and results of MVP to Moldova. Innovative solutions developed in partnership with ECS and EECG may be also interesting for some EU MSs. Recent approval of the "multEE" project under Horizon2020 programme will enable further transfer of MVP know-how and innovative solutions developed in the Western Balkans.

Mr. Armin Teskeredžić presented important highlights and developments planned under the MVP project. MVP was developed with a long term vision to serve for strategic planning and monitoring, and to be simple for use, flexible and innovative tool. First MVP training seminar was co-organized with the Energy Community Secretariat and held in Vienna in February 2014. Currently GIZ ORF is preparing booklet on good examples of implemented projects in SEE, as well as recommendations on information flow on how to set up well functioning MVP system. MVP is already running in Croatia (high-level launching event organised in October 2014) and is currently being tested in former Yugoslav Republic of Macedonia, Serbia, Kosovo*, Albania and Montenegro. New Horizon 2020 project aims at disseminating the MVP tool and further develop it by incorporating best practices from other EU countries.

CEI - Croatian National Energy Efficiency Authority (Mr. Dean Smolar) shared experiences on MVP implementation process in Croatia. MVP is legislatively incorporated in the Energy Efficiency Act and by-laws (rulebooks). CEI as national EE authority represents national MVP coordination body. Croatia is establishing systematic approach by linking planning documents, implementation and reporting (on national, regional and local level), with a goal to establish transparent way to verify the realized savings and be a good example to the other EU MSs in systematic monitoring of the implementation of energy efficiency policies. Training of MVP users is ongoing.

Discussion:

CEI further explained legislative framework in Croatia: EE Law obliges public sector, energy service providers and projects financed by EE Fund to provide data in MVP. This enables incorporation of key sectors, with a vision to include other projects (including projects financed by new WeBSEFF II).

MVP rulebook further defines MVP methodology and procedures and deadlines for development of plans on national and local level (to be developed by the end of 2016). Energy service providers are obliged to provide contracts to CEI (required by EE Law) and report on the savings and other

implementation details. If they don't report, fines and penalties are envisaged by EE Law. Currently, there are not so many obligations for industry, but CEI has plans to establish a functional industry network in the near future.

This session was followed by short presentations made by CPs on good EEAP implementing practices (based on the reports submitted by all CPs, with exception of Ukraine). Highlight of the best practices:

Montenegro is successfully implementing "Montenegrin Energy Efficiency Project" (combination of loan and grant supported by the World Bank), with 14 health and educational facilities reconstructed until now; recently it signed an extension of contract for additional 14 healthcare buildings. "Energy Efficiency Program in Public Buildings" is being implemented in cooperation with KfW, with 8 schools refurbished and plans to add additionally funding for educational and administrative buildings. Three projects are ongoing in households: MONTESOL (interest-free credit line for installation of solar-thermal systems for households, recently extended to service/ tourism sector), ENERGY WOOD (Interest-free credit line for installation of heating systems on modern biomass fuels) and SOLARNI KATUNI (providing subsidies for installation of photovoltaic solar systems in remote, summer farmhouses on pasture lands, with 3rd call launched up to date). Cooperation with GIZ-ORF EE and EBRD/REEP is very good. Montenegro will work in future on the creation of new financing mechanisms, as well as dedicate additional support from the state and municipal budgets.

Kosovo* has two main ongoing projects: (i) EBRD/ KoSEP for the implementation of EE and RES measures in residential building and SMEs (thermal insulation of the outside walls, new high quality windows, new heating systems on biomass), and (2) ongoing EU funded project for implementation of EE measures in public sector - 63 Schools and 2 hospitals in Kosovo*, with savings of more than 50% of the initial consumption, achieved in some projects implemented during 2014. Some ministries also implemented measures in their own buildings and installed solar systems. A new World Bank project will be signed off, and start soon, with implementation of EE measures in public buildings.

Serbia planned many activities to be financed by the state EE Fund, but due to a very large response to public call for projects, and at the request of the new government in office, all applications will be re-evaluated, and most of available state funding will be transferred to the next year fund budget line. There is ongoing work to improve relevant rulebooks and operation of the EE Fund. One of the main barriers is lack of staff to perform the implementation of all EE measures in public buildings in different municipalities of Serbia.

Bosnia and Herzegovina: in Republika Srpska, EEAP was adopted in December 2013, as well as the Operational Plan for EE Improvements in Public Buildings, and some local plans. Implementation projects are planned for 2015, including a new World Bank loan to start soon; this will finance the reconstruction of 30 to 40 public buildings (hospitals and schools). Environmental and EE Fund in Republika Srpska is developing a new financing mechanism for buildings EE. The ongoing REEP support is very valuable for the creation of the ESCO market and the new, market based financing mechanisms. In Federation of BiH, EE Law and EEAP are still not adopted (waiting for new government approval, at the beginning of 2015). However, the Law on Spatial Planning enabled implementation of EE measures in buildings, financed by federal budget or local governments (around EUR 1 million spent until now). This is combined with awareness rising activities and further improvement of buildings certification system and national calculation software, with support of REEP. GIZ ORF is supporting both entities in the development of MVP platform, to be linked with other platforms (e.g. developed by UNDP).

FYR Macedonia: USAID and the NGO "Habitat Macedonia" are implementing an EE residential project with already 30 reconstructed collective housing buildings. In 2014, the state budget is subsidising 30% of the investments for installation of solar water heaters to 606 households out of 2461 households which have applied. USAID is also providing valuable technical assistance to

industry, for the development of energy management system, and financial assistance covering 50% of the investment, in equipment for monitoring the energy consumption. Similar equipment is installed in the Ministry of Economy's own building. The EBRD credit line WeBSEFF II is active in FYR Macedonia.

Ukraine is facing problems with very high energy intensity and gas consumption, as well as shortage of gas and coal supply. Government is now putting focus on energy efficiency and set the target for reduction of gas consumption by 4 bcm for the next 3 years. This will be reflected in the NEEAP, which is under preparation, to be adopted at the beginning of next year. The Government currently works on a new EE legislative framework (EE Law, the ESCO Law, and the Law on energy audits). It has already adopted a mechanism that provides grants through SAEE and commercial bank loans to support the improvement of EE in heating and reduction of gas consumption, or replacement with other fuels, especially biomass. SAEE is open to any other initiatives and looks for valuable support by the donors' community.

Moldova: Since 2009, [MoSEFF](#), an EBRD credit line of EUR 42 million combined with a 5-20% EU grant component is providing for on-lending to Moldovan companies through EBRD's local partner banks; this is planned to be extended. [MoREFF](#) is providing an EBRD credit line of EUR 35 million for eligible energy efficiency projects in the residential sector, in combination with EU grant funding to support of project development and investment incentives. The national EE Fund is very active, with EUR 32 million investments committed for public and private sector, and 2 calls for projects launched until now. A recent "ESCO Moldova project", funded by the Global Environmental Facility through UNDP has the objective of creating an ESCO market in Moldova by converting existing energy service provider companies into ESCOs.

Albania is focused on the creation of an adequate policy framework: EE Law and EPBD Law were drafted, while development of secondary legislation is ongoing. Monitoring and reporting on savings is missing, and there is a need to develop adequate EE indicators. 2nd NEEAP was drafted in 2013, and re-worked during 2014, taking into account some priority sectors, e.g. buildings sector. Despite the Opening letter sent by the Energy Community Secretariat in November 2013 regarding the non compliance of Albania in energy efficiency legal framework (transposition of the ESD and the adoption of the 2nd NEEAP), not much progress was reported. The Labelling Law was already adopted, and the Ministry of Energy and Industry is working now in cooperation with the Ministry of Economy to enable adequate implementation structures and monitoring. There is an ongoing EE loan by KfW, and through the EE Law (still to be adopted) the reporting and monitoring process will further improved.

CPs also reported on the barriers for successful EEAP implementation, including insufficient capacities and lack of staff in state or local authorities, lack of funding and new innovative financing mechanisms, underdeveloped ESCO market etc. ECS analysed CPs reports and proposed activities in EECG Work Programme 2015-2016 to tackle the key barriers for EEAP implementation.

Conclusions:

2.1. EECG thanked *GIZ ORF-EE* and *CEI* for their presentations of the progress in developing the MVP Platform. EECG expressed its high appreciation of GIZ – ORF EE that undertook the necessary changes to make MVP tool fully functional in the Western Balkans, disseminated results in Moldova, and farther in the EU, through the recently approved Horizon 2020 project. Further activities and joint work will continue in 2015, with planning and implementation of new sub-projects and initiatives supported by GIZ ORF-EE.

- 2.2. Reporting by CPs showed progress and good implementing practices currently ongoing or planned in the most of the Energy Community EEAPs. ECS will publish all reports on EnC website. Ukraine is invited **to urgently submit the reports** based on the template developed by ECS after meeting.
- 2.3. EEAP should be seen as a key state strategic document on energy efficiency. The most urgent task for some CPs is to **adopt the missing EEAPs** (Albania, BiH/Federation of BiH, FYR of Macedonia and Ukraine) which is a requirement of the Energy Service Directive, and hence an issue of compliance.
- 2.4. ECS analysed CPs reports and proposed a number of activities in EECG Work Programme 2015-2016 to tackle key barriers for EEAP implementation. For the next EECG meeting, ECS will organise a **half a day session** dedicated to promoting available financing and new opportunities for energy efficiency.

3. EPBD Core Topic 4 - Certification of buildings and inspections of systems

CPs prepared updated reports on certification of buildings and inspections of systems (sent by all CPs), based on ECS template. Key recent developments in CPs were presented at the meeting.

Secondary regulation for EE in buildings in **Montenegro** was adopted in May 2013 and consists of 5 rulebooks covering also certification and inspection. Having in mind the delays in Norway funded project, and hence the absence of trained professionals, obligations for building certification and inspections are postponed to January 2016. Next steps will focus on the adoption of the EE law by the end of 2014 (to include some new requirements of the recast EPBD), capacity building and implementation of the new legislative provisions. The development of reference buildings, buildings stock and the software for energy performance calculation and certification of buildings will be also achieved through the project "Implementation of the recommendations of the Study on Energy Efficiency in Buildings in Montenegro", funded by a Norwegian Grant. The tender procedure for selection of Consultant was delayed, and its beginning is expected in December 2014.

Kosovo* thanked REEP for the comprehensive support in transposition of EPBD, including recent development of draft EPBD Law, in cooperation with the national Technical Working Group (TWG), and with the view to create an implementable framework of EPBD. A workshop focused on EPBD was held recently, and GIZ will also organize workshop on EPBD transposition practices in December 2014. In Kosovo*, the new government after the elections is still pending at the date of the EECG meeting and this has slowed down the finalisation of EPBD transposition.

FYR Macedonia: the legal framework for transposition of EPBD is set by the Energy Law, as well as 2 EPBD rulebooks and two supplementing by-laws. The work under REEP is ongoing to review and update/improve the legislation, and then develop a national software tool for energy performance calculation and buildings certification. The Energy Law was recently amended to enable electronic examination of energy auditors, which will start in February 2015. The Law on buildings is currently being harmonised with the Energy Law, i.e. the EPBD provisions.

Serbia is extensively working on drafting the rulebooks for inspections with the assistance of REEP. On the other side, local GIZ project is supporting the Ministry of Construction to improve rulebooks on certification. Serbia is also involved in [EPISCOPE](#) project launched in April 2013 as a follow-up of the TABULA project, to continue and expand the residential building typologies, elaborate the building stock models and monitor the implementation of EE measures.

Bosnia and Herzegovina: EE in buildings in Republika Srpska is regulated by the Law on Spatial Planning and Construction. Draft rulebooks are prepared (including on EPC and inspection), and the

Ministry is currently testing their applicability in practice (supported by bilateral GIZ project); this should be finalised by the end of 2014. EE Fund is responsible for issuing EPC, organising trainings of experts and random control of certificates. There are no ongoing activities on inspections of systems; the Ministry is now planning the next steps. In FBiH, a buildings certification scheme is being implemented and progressing, with 400 trained engineers in this field, and growing number of licensed companies. REEP is supporting the calculation software and EPC registry.

GIZ reminded that EU DELTER project produced a draft EPBD regulation for both entities. These drafts are available for use.

Moldova made significant progress by adopting the EPBD Law in July 2014, which will enter into force on Jan 1, 2015. The main problem now is the proper implementation, for which both the Ministry of Regional Development and Constructions and the Energy Efficiency Agency are together in charge. EBRD provided assistance for the development of EPBD law, and further support would be very valuable in this area, due to limited human capacities in the Ministry and EEA.

EBRD informed that they would do everything possible to extend resources and support.

In **Albania**, EPBD law was developed with technical assistance of REEP and in consultation with the national TWG well established and functional. However, it is still very challenging to develop both the full legal frame and its proper implementation. Albania also shared idea on development of harmonised educational/training activities in the Energy Community Contracting Parties for implementation of EPBD.

GIZ informed that a training course on inspection of buildings and building systems was conducted under the "capacity building project" in 2013 in Albania, BiH, Kosovo*, FYR Macedonia and Montenegro. The training material was developed and is available to be shared.

Mr. Bruce Young (CA EPBD Core Theme 2 Leader on Inspection of heating and air-conditioning systems, BRE, UK) presented CA EPBD, its work under Core Theme 2 and EU practices on inspection of heating and air-conditioning systems; he also referred to recommendations for CPs now being developed under REEP. Regular inspection and energy audit should be treated separately, as energy audits require technical skills and knowledge different from regular inspection; an identical treatment may lead to over-regulation if the needs of both have to be met on every occasion there is a requirement for only one. When designing inspection schemes and procedures, CPs are advised to think carefully about every step, and to study the results of the "[MOVIDA](#)" project. EPBD offers the opportunity to reduce the frequency of inspections or lighten them as appropriate, where an electronic monitoring and control system is in place, but countries should decide themselves what is appropriate ([iSERV](#) project is the most prominent project). Alternatives: nearly half MSs decided to do alternative measures for inspection of heating, and fewer for air conditioning (as this option became available later in the recast EPBD). A report, showing that the overall savings impact of alternative measures is at least as large as from inspection, must be sent to EC/ECS every 3 years. On a related topic, EPBD Article 8 (Technical building systems) has not yet received enough attention from MSs until now. A transition relief period for inspection schemes is recommended, as setting up the schemes takes a long time (scheme design, training, recruitment, operating procedures, publicity, etc). *Mr. Young* presented a proposal for extension of implementation date for inspection, as well as new date for reporting on alternative measures and the equivalence of those measures.

Conclusions:

- 3.1. ECS thanked the CPs which submitted good updated reports on certification of buildings and inspections of systems, based on the template developed by ECS. ECS will publish these reports on EnC website.

- 3.2. Despite the certain progress in this area, many CPs reported on many existing barriers related to the still underdeveloped regulatory framework, absence of the national tool for the EP calculation and certification of buildings, weak institutional capacities and lack of experienced experts in this area, as well as low awareness of investors and engineers regarding energy efficiency in buildings.
- 3.3. EBRD informed EECG that REEP still has resources available to support beneficiary countries in EPBD implementation, if needed.
- 3.4. EECG thanked Mr. Bruce Young and CA EPBD for presentation and exchange of experience on EU practices on inspection of heating and air-conditioning systems, for elaboration of the proposal for extension of implementation date for inspection, as well as new date for reporting on alternative measures and the equivalence of those measures.
- 3.5. ECS informed EECG members that it understands this and takes into consideration that EPBD transposition is complex and demanding. ECS is happy to have ongoing support by REEP and prepare proper and implementable system, even if it takes longer time than initially foreseen. On the other side, deadlines for transposition of EPBD are defined by Ministerial Council Decision (September 2012), and Directive should be transposed into national legislation as soon as possible in all CPs.

4. EU Directive 2012/27/EU on Energy Efficiency (EED)

ECS presented the adaptations of EED for the Energy Community, which have been circulated also to PHLG and EC for opinion, a Justification Note was prepared as well, with the plan to discuss and adopt the EED at the next PHLG meeting in March 2015. Having in view that EED repeals ESD, it is very appropriate to transpose it timely, instead of continuing with the implementation of the ESD.

The present adaptations took into account the 2014 Impact Assessment Study and its recommendations discussed within EECG. Beyond the general adaptations (administrative/institutional/time frame), the focus is on the adaptations proposed for EED – article 3 (National Targets), article 5 (Exemplary role of public bodies' buildings), article 7 (Energy Efficiency Obligation Schemes) and article 14 (Promotion of efficiency in heating and cooling). CPs should bring into force the laws, regulations and administrative provisions necessary to comply with EED by 30 September 2016.

ECS and EECG will coordinate a harmonised transposition and implementation of EED in EnC, and together with donor community, will work on implementation of new EED requirements in EnC (this is already foreseen in the next Work Programme).

Conclusions:

- 4.1. EECG endorsed information on adaptations of EED and thanked ECS for involving of EECG in the whole process. This topic will be put on agenda of the next PHLG meeting in March 2015.

5. EECG Work Programme 2015-2016

ECS presented the first draft summary of the EECG Work Programme 2015-2016 (available on the EnC [web site](#)).

The proposed Work Programme which includes 4 Areas and 10 Core Topics, focuses on the implementation of current and new EE directives in the Energy Community (including EED and EPBD), the development of the next round of EEAPs and their monitoring, the promotion of the exemplary role of public sector and energy services, the coordination of donors support for energy efficiency, the promotion of existing support initiatives and design of new ones, etc. It may also include other activities rising from the extension of the EnC Treaty and will promote stronger involvement of new CPs and candidate countries. EEGC will have 3 meetings per year, combined with training workshops. The whole work will be supported by the interactive Energy Community EE Forum, which will enable continuous discussion and functioning of broader implementation network of experts and institutions.

The Work Programme will be further discussed in the coming months, and ECS invited EEGC members to send their comments on the draft summary.

Conclusions:

- 5.1. EEGC thanked ECS for presenting the concept of the EEGC Work Programme 2015-2016.
- 5.2. ECS invited EEGC members to send first comments on the [draft summary](#), **before 24 December 2014**.
- 5.3. The Work Programme will be further developed in the coming months, and final version presented at the next EEGC meeting, including also operational issues (nomination of Core Topic leaders, Chair etc).

6. Regional Energy Efficiency Programme (REEP) – update on implementation

EBRD (Mr. Toivo Miller, Mr. Nigel Jollands) and ECA Consultants (Mr. Nick Haralambopoulos) provided updated information on the progress with REEP, Window 1 (Theme 1 - Regulatory and technical support for ESCO projects to improve the legal framework for enabling energy efficiency investments, Theme 2 - energy efficiency policy dialogue), Window 2 (credit lines for financing small scale EE/RE projects - WeBSEFF II launched in October 2013) and Window 3 (direct financing for medium-sized EE/RE companies – WeBSEDF).

REEP successfully combines technical assistance, credit lines and direct financing to create the enabling framework for development of a sustainable market for energy efficiency in the Western Balkans. In this regard, an important added value of the combined assistance is broadening financing to the public sector (primarily municipalities) in order to promote the exemplary role of the public sector.

Window 1 (Theme 1) on ESCO policy support (legal policy dialogue and TA for project preparation) is active and progressing in four CPs (Bosnia and Herzegovina, Croatia, Montenegro, and Serbia). In Serbia, where the work is most advanced, it included a high-level conference held in October to present and discuss the project's results to date. Despite the incomplete enabling legislative work, the analysis of projects for street lighting is advancing and shows promising results, with first tenders to be published in 2014. The call for public building projects will follow in 2015. The REEP dedicated web site will be created to provide all the information in one place. In Croatia, the focus is on public street lighting, with first tenders to be launched in November 2014. Due to higher electricity price, the commercial financing conditions are better in Croatia comparing to Serbia. Projects in public buildings will also follow, in Croatia. Montenegro achieved good progress, but concrete tendering of projects will go after relevant laws have been adopted: Law on PPP and Public Procurement (currently being revised by the Government). BiH seems very engaged; two WGs, one in each entity, key questions

were answered but not formalised; in FBiH, the project preparation started in two hospitals, and a similar approach is used in Republika Srpska.

EBRD emphasised that the whole purpose of REEP is to lead to increasing EE investments.

Window 1 (Theme 2 - policy dialogue) provides assistance in 3 domains: transposition of EPBD, development of public sector energy efficiency procurement rules and guidelines for the purchase of EE equipment, and utility EE obligation schemes and reforms to energy tariffs, metering and billing. Focus is on legislative aspect (both primary and secondary level), with the current and planned assignments ensuring coverage of all domains, and beneficiary countries.

EPBD support is the most extensive one in coverage, with six WB countries involved (except for Montenegro) with primary legislation developed in Kosovo* and Albania, and work progressing well on development of secondary legislation and IT calculation software and EPC registry, in all the others.

On EE procurement, there are 4 phases ongoing: review & analysis, regulations and legislation (already delivered in Montenegro), guidelines, as well as awareness raising & capacity building.

Montenegro and Croatia are beneficiaries of technical support with EE obligation schemes and tariff reform (in Montenegro only), scheduled to commence firstly in Croatia (by the end of 2014), and in Montenegro, in the 1st quarter of 2015.

Discussion, Q/A:

Serbia shared its experience on inspection of heating and cooling systems. Due to better understanding of alternative measures (after the workshop held in June 2014), the Ministry decided to implement alternative measures for smaller units, and to work on amendments to the Law.

Montenegro confirmed that REEP is delivering very good results. The EE procurement work is very useful and has been delivered in a timely way. TWG approach is very good, as well the concrete support in project development and implementation.

Serbia asked EBRD if it may also apply for TA for the utility schemes and the answer was positive.

Kosovo* suggested that EBRD also provides regularly update on EBRD – Kosovo* bilateral project for energy efficiency in buildings.

Eco Ltd (Mr. Grant Ballard-Tremeer) presented the highlights of the preliminary results of the Market Demand Study on Residential Buildings EE in Western Balkans. The final report will be presented in December 2014, and will serve as guide to EBRD, other IFIs and the EC to design a successful financing facility.

Conclusions:

- 6.1. EECG thanked EBRD, ECA Consultants and Eco Ltd for their update on the implementation of REEP in Western Balkans (Windows 1, 2 and 3), as well as for the preliminary findings of the Residential Market Demand Study. EECG acknowledged the good progress in REEP implementation, which also contributed to fulfilling EECG Work Programme and the overall compliance with the energy efficiency legal frame in Western Balkans, and the EnC at large.
- 6.2. EBRD informed EECG members on still available funding, and invited countries to send additional applications for assistance, if needed.

7. Energy efficiency: funds and other financing mechanisms

European Commission, DG Enlargement (Mr. Davor Kunc) highlighted main developments in EC and current and planned regional programmes for the EnC. He thanked ECS for the very good coordination of donors and EECG for the good work on the implementation of EU Acquis. DG ELARG will be transformed to DG NEAR covering enlargement and neighbourhood policy, starting 1 January 2015. EC informed EECG about the Berlin process (following Berlin conference with involvement of six Prime Ministers from Western Balkans), as a good place to discuss all key issues that need higher political support (ECS/EECG were invited to inform EC). REEP is progressing well, and targeting public sector will help these making investments in energy efficiency. Green for Growth Fund is another interesting facility which should be discussed regularly at EECG meetings.

IENE (Mr. Costas Theofylactos) presented the Greek experience in using EU Structural Funds for increasing the energy performance of buildings, including basic facts about building stock in Greece, legislation in place and ways of EPBD implementation. This included the description and sharing experience in implementation of the three currently running EE programmes in Greece supported by EU funds: "Exoikonomo" (Save), "Exoikonomo kat' Econ" (Energy Saving at Home) and "Prasina Domata se Dimosia Ktiria" (Green Roofs in Public Buildings). Energy Audits for buildings and Energy Building Inspectors are key for the application of EE measures and utilization of the long term energy conservation benefits. Public education in energy efficiency is also an important part of the implementing policy.

Finance in Motion (Mr. Lloyd Stevens,) presented Green for Growth Fund Southeast Europe to EECG. The financing is mostly dedicated to businesses and private households via partnering with financial institutions, and direct financing. GGF operates in 13 countries from SEE and European Neighbourhood Region, covering all EnC CPs, Turkey, Georgia, Armenia and Azerbaijan. As a public-private partnership, GGF can leverage donor and IFIs funds, in form of Fund shares. The Investment Advisor (*Finance in Motion*) has 10 offices throughout the region, and 12 offices in total. This increases the effectiveness of donor and IFI funding by bringing in additional capital that might not be otherwise attracted to this sector. The cumulative sub-loans offered by Partner Institutions to their clients to date totals EUR 143.5 million, or about 68% of cumulative loans from the Fund to its Partner Institutions, with energy savings of 830,879 MWh/year (for example, equivalent to 30% of the electricity production in Montenegro). GGF Technical Assistance Facility is an important component of GGF (based on the GGF TAF Strategy), with has currently around one hundred TA projects under its management.

EC DG ELARG emphasised the very valuable role of EECG as a single platform for coordination of regional programmes and activities in the area of energy efficiency. This also represents the added value to regular reporting of REEP, GGF to EC.

USAID (Mr. Andrew Popelka) presented USAID work and EE support in all CPs. USAID supports idea for separate discussion on financing (next EECG), as well as further EECG work on tariff reforms. Adequate metering and billing have to be also strongly promoted.

KfW (Mr. Stefan Hediger) presented KfW approach to stimulate the demand for investments in Energy Efficiency in the region, as well as Municipal Environmental Grant Loan Investment Programme (MEGLIP) in Serbia.

ECS/RCC consultant (Mr. Radovan Nikčević) presented to EECG, the idea for a regional programme for education – awareness raising campaign, developed in cooperation with ECS, for the implementation of SEE 2020 Strategy. This would be developed as a regional programme and ECS as a Coordinator of Dimension Energy of the Strategy is invited to prepare a programme which will support achievement of the targets in this dimension. ECS is responsible for programming and planning, coordination and implementation, as well as monitoring of achievements through qualitative and quantitative indicators. Education-awareness raising campaign will further promote exemplary

role of public bodies, enforcement of labelling directive, and implement public awareness campaign. Project proposal will be further developed and circulated to EECG for comments.

GIZ already started with awareness raising activities in cities, ready to provide support and expertise for the regional programme.

Conclusions:

7.1. The EECG thanked the presenters, donors and IFIs (EU, USAID, GGF, KfW, IENE) for the very useful updates of investment programmes, sharing experiences and good practices. The latter acknowledged that EECG represents an excellent platform for exchange of experiences, promotion and coordination of regional programmes and activities in the area of energy efficiency, and the design of new ones.

7.2. EECG thanked ECS/RCC for developing the idea for regional programme for the education – awareness raising campaign. The project proposal will be further developed and circulated to EECG for comments.

The next EECG meeting is planned for 17 March 2015 in Vienna, and will be combined with a half-day Workshop on financing, planned for 18 March 2015.