

# 9th Energy Efficiency Task Force meeting

28 June 2010, Vienna

## Minutes and Conclusions

### I. Introduction

The 9th Energy Efficiency Task Force (EETF) meeting was attended by the EETF members from Albania, Bosnia and Herzegovina, Croatia, Moldova, Serbia and UNMIK; representatives of the European Commission DG Energy, DG Enlargement, as well as of the Donors' community: GTZ Open Regional Fund - Energy, USAID/SYNENERGY programme, Council of Europe Development Bank; consultants involved in the technical assistance programmes (i.e. IFI Coordination Office), Regional Cooperation Council, Network of Associations of Local Authorities of South-East Europe, Austrian Energy Agency and the Energy Community Secretariat (ECS). The members from Bulgaria, former Yugoslav Republic of Macedonia and Montenegro were not present.

The meeting was opened by the Director of the Energy Community Secretariat, who welcomed nomination of Moldova' representative in the EETF. In his opening remarks he reminded the participants that the following pieces of legislation: Directive 2006/32/EC on energy end-use efficiency and energy services (ESD), Directive 2002/91/EC on the energy performance of buildings (EPBD) and Directive 92/75/EEC and the implementing Directives on the indication by labelling and standard product information of the consumption of energy and other resources by household appliances, were adopted as part of the *acquis* under the Energy Community Treaty at the Ministerial Council (MC) meeting of 18 December 2009 in Zagreb. He also reminded on the adoption by the European Parliament and the Council of the EU, of the recast Energy Performance of Buildings Directive 2010/31/EU and the recast of the Energy Labelling Directive 2010/30/EU and their publication in the Official Journal of the EU on 18.06.2010. These directives are also planned to be adopted as part of the energy efficiency *acquis* to replace the Directive 2002/91/EC and the Directive 92/75/EEC as soon as the Ministerial Council will adopt the Decision in this respect.

The meeting's agenda was approved.

The Task Force Chair made review of the EETF Work Programme, status in implementation and next deliverables by the end of 2010.

The ECS reminded the EETF members that the Directives adopted at the Ministerial Council meeting in December 2009 should be interpreted as adapted through the Decision. The work of the Task Force is a solid basis for the full transposition of the energy efficiency *acquis*, nevertheless the implementation should be based on the Directives' requirements and not only on the timetable of the Work Programme.

### II. Task 1 of the Work Programme: "Finalisation of the 1st National Energy Efficiency Action Plans (NEEAPs)"

Following the Agenda, the ECS presented a **preliminary assessment of the (draft) NEEAPs**, followed by a round table discussion.

The main observations derived from the analysis of the NEEAPs are as follows:

- All Contracting Parties (CPs), with the exception of Bosnia and Herzegovina and Moldova, submitted a draft NEEAPs, based on which the ECS commented extensively, applying the similar methodology used for the screening of the NEEAPs of the EU Member States. The CPs are expected to take into account, to the extent possible, ECS's comments in their final NEEAPs;
- Draft NEEAPs presented include 9 % overall savings target of the FIEC (with the exception of Serbia – 6%), as well as an intermediate target of minimum 2% for the 1<sup>st</sup> NEEAP; Target Calculation in most of the CPs should be improved to be fully in line with ESD; For the final NEEAPs, following amendments are necessary (in accordance with MC decision): to extend the period covered and calculate the 9 year national indicative energy savings target for the period 2010 - 2018 and to include 2012 as intermediary target;
- In many NEEAPs saving levels were calculated, but that were not well explained; moreover, the financial analysis for NEEAPs implementation, as well as further elaboration of sources of financing seems unclear, too general (limited to Energy Efficiency Funds), or missing at all; There is need for more diversified package of financing tools, including the new regional credit lines available for the CPs, which were launched recently.
- All NEEAPs included the main economic sectors: households, commercial and public (sometimes bundled together), industry and transport; Generally speaking, a good package of EEI measures were presented in all sectors; Exemplary role of the Public sector is acknowledged in all NEEAPs;
- Primary legislation is progressing in many CPs to transpose the EU Directives: primary legislation is in place in Croatia and Montenegro or in preparation (in the remaining CPs); the development of the proper legislative (incl. secondary legislation), institutional and investment framework in the area of energy efficiency should be made a priority and, hence clearly stated and explained in the 1<sup>st</sup> NEEAPs.

EETF members reported on the status of the finalisation of the 1<sup>st</sup> NEEAPs:

- **Albania:** NEEAP's finalisation is underway; it will be translated in Albanian and after that submission to the Government for approval. Nevertheless, the main barrier still remains the NEEAP implementation: associated legislation and implementation, appointment of responsible institutions, and securing of the public funding.
- **BIH:** will start with preparation of the NEEAP, with GTZ ORF-E and USAID support. USAID informed on the progress in the buildings' sector – emphasizing that a consensus is achieved with the state and the entities on the approach and format of the technical assistance and that the work on the NEEAP (buildings part) will start this summer. GTZ is also ready to start the assistance in the remaining sectors, however this requires a written request (letter of intent) from the Government, which is still pending.
- **Croatia:** 1<sup>st</sup> NEEAP was prepared and adopted by the Government; NEEAP is now in the implementing phase, with the need to monitor process and refine policies to be included in the 2<sup>nd</sup> NEEAP.
- **Former Yugoslav Republic of Macedonia:** not present at the meeting. ECS informed that EETF member submitted final (improved) version of the NEEAP on 24<sup>th</sup> June 2010. NEEAP will be also submitted to the Government for approval.
- **Moldova:** has just joined EnCT/EETF process. Nevertheless, draft Law on EE is now in the Parliament and the Program on EE developed. NEEAP preparation will be a priority in forthcoming period, planned to be finished in the near future (2010), while ECS offered permanent assistance for this activity.
- **Montenegro:** not present at the meeting, but EETF member informed ECS by e-mail that process of amending NEEAP is in finalisation stage, with support provided by the consultant appointed under the EU financed "TAEnCT" project. The final version of NEEAP is expected to be in line with the draft version and ECS comments, as well as in accordance with the NEEAP template. Montenegro made

some restructuring of measures on the basis of recently approved Law on energy efficiency, with further elaboration of the energy savings and financial estimates.

- **Serbia:** NEEAP was improved based on the ECS comments, especially for the building sector. The Ministry will be responsible for the general overview of the NEEAP, while the Serbian Energy Efficiency Agency will be responsible for implementation. Also, a 9% national energy saving target was adopted.
- **UNMIK:** Improvement of the NEEAP was finished (e.g. time frame extension and calculation of the new saving targets), with support from the EC consultants. Once the EE Law gets adopted in the Parliament, the Ministry will be responsible for the monitoring of the NEEAP. Now, it needs to further discuss on the means of funding (state budget and other sources).

EC financed project "Support to IFI Coordination in the Western Balkans and Turkey" identified 1.4 billion euro as available in the Western Balkan from the regional and national IFI and TA funds, but it is not clear if this amount is enough or not, since unfortunately not all NEEAPs have investments estimated, while they should.

DG ENERGY asked if the former Yugoslav Republic of Macedonia's experience (as one of the best NEEAP examples) can be replicated. The Secretariat will circulate it to all Task Force members.

### **III. Task 2 of the Work Programme: "Monitoring of the Implementation of the NEEAPs":**

Ms. Vesna Bukarica, consultant of the Croatian Ministry of Economy, Labour and Entrepreneurship, presented the **Croatian experience on NEEAP monitoring and verification**, including: role of monitoring and verification in the ESD and NEEAP (difference between "administrative" and "measurement" approach); update of the EU harmonised calculation models (Top-Down and Bottom-Up - drafts available from June 2009), Croatian approach to using these, as well as best practice examples from EU (Austrian Agency's online data base for bottom-up calculation), applicability of EU models in CPs and proposal of the next steps.

Croatian approach to M&V of the savings under NEEAP: The Act on Energy End-use Efficiency prescribes annual reporting on energy efficiency and NEEAP, and obliges Ministry to prepare and adopt the Ordinance on M&V (under preparation, to be adopted by the end of 2010). The Ordinance will prescribe:

- Top-down indicators to be used (relation with regulation on energy balance) - for national reporting;
- Bottom-up equations for different types of measures - for EEI measures defined in NEEAP and for users of National Fund's financial resources;
- Obligation of metered savings for energy performance contracting in public sector and large energy consumers.

Proposed steps in CPs: begin with the EU draft harmonised calculation models; examine applicability in a country and choose the most appropriate indicators/formulas; ensure data (energy and related statistics); develop calculation and monitoring tools; monitor and report.

EETF Chair reminded that monitoring of NEEAPs is very complex task, and that EC still don't have fully defined methodology. Task Leader from Bulgaria was unfortunately not present at the meeting, and ECS thanked the Croatia for the willingness to present to EETF their inspiring experience and approach.

The Task Force discussed the monitoring methodology based on the model proposed by Croatia and agreed to consider further exchanging views on the approach in their individual cases. EETF proposed that monitoring process should be developed in two steps: in short run, starting with a simple monitoring of the EE programmes (a template will be developed and used for reporting by CPs - by 15 October), with gradually development of the detailed M&V system for specific EEI measures (detailed template will be developed).

#### **IV. Task 3 of the Work Programme: "Preparation of a Roadmap for the Implementation of the EE Directives"**

**Summary Report on the Roadmaps for the implementation of the energy efficiency directives** was presented by the Task Leader, Serbian EETF member. The Report summarizes findings from the energy efficiency roadmaps prepared on the basis of the harmonized structure specified by the developed Template. Report thus follows this structure and provides common overview and comparative analysis of CPs' transposition status on the relevant energy efficiency directives. Task Leader presented main findings, as well as some unclear issues present in the Roadmaps. Implementation of the Energy Labelling Directives was recognised as the most advanced in CPs.

All CPs were invited to provide clarifications. The draft report will be distributed to the EETF members for comments and clarifications, and after finalisation will be available on the Energy Community web site.

**BIH:** informed that first draft of the EE Roadmap was prepared and will be, after internal consultations, submitted to the ECS.

**DG Energy provided information on the recast directives:**

- Directive 2010/31/EU on the energy performance of buildings, and
- Directive 2010/30/EU on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products.

In general, there is different level of changes between these two recast directives. Labelling Directive was not so much changed, came to improve the old Directive 92/75/EEC and extend the scope to the energy-related products which have a significant direct or indirect impact on energy consumption. It also solved the issue that too many appliances were within the A class (green label), so directive introduces new efficiency classes (A+, A++ and A+++ ) on top of the existing A class. Member States shall transpose this directive by the end June 2011.

Recast EPBD introduces broader changes and stricter rules. However, political will to adopt this directive was very high in EU and whole process was finished in record time (13 months). Main EPBD features: extended scope of the Directive, stricter provisions, and give the public sector a leading role in promoting energy efficiency; quite as many obligations for the EC as for the Member States; all new buildings need to have certificate; all buildings undergoing major renovations should meet certain efficiency levels; more information included into certificate; for all buildings sold or rented out the certificate has to be included in advertisements; the Member States need to apply the methodology for calculating of the energy performance of buildings, but such common framework methodology is not yet finalized – will be developed by the EC. Voluntary certification scheme for the energy performance of non-residential buildings shall be adopted. Financing: the Commission will have to present an analysis of financing measures in place and utilization of funds (e.g. IFIs and other financing mechanisms), and draw recommendations for making the financing instruments more effective; directive introduces a new definition for the "nearly zero energy buildings" - by 2020 all new buildings need to be nearly zero energy buildings and by 2018 all buildings occupied and owned by public authorities should also be nearly zero buildings. Member States shall transpose this directive by the end of July 2012.

After discussion on the adoption of the recast directives, EETF members supported the adoption of the recast EPBD and Labelling Directive in the Energy Community to replace the Directive 2002/91/EC, respectively the Directive 92/75/EEC, as soon as possible, after a Decision of the Ministerial Council.

#### **V. Implementation of the EE Directives and needs for further TA and cooperation**

**Successful example of Austria in EPBD implementation** was presented by Ms. Christina Spitzbart, the Austrian Energy Agency.

**Energy efficiency support mechanisms active in the Western Balkans** were presented by Mr. Gordon Purvis and Mr. James Corcoran, the Office for IFI Coordination. EC financed project "Support to IFI Coordination in the Western Balkans and Turkey" identified and presented 27 funds available in Western Balkan for EE Financing, of which 9 regional funds and 18 country-specific ones. Total funding available is 1.4 billion euro. This includes TA and financial schemes such as credit lines/IFIs, bilateral donors and commercial sources. Main findings: a large range of funds are now available in the region; the Banks' level of advertising of the EE Financing availability varies, so do the lending terms and conditions; some governments have introduced national funds to help to reach national targets; EU Directives, NEEAPs and EE support mechanisms can be even closer linked; Next step can be to continue the efforts of supporting access and distribution, with the implementation of the awareness raising activities.

Details about the project "Support to IFI Coordination in the Western Balkans and Turkey" and summary of identified funds and mechanisms will be available online on the EnC Web site. After finalisation of the project (by the end of next month) more detailed information will be sent to the ECS and EETF.

#### **Update on the on-going and planned TA support:**

- Mr. Armin Teskeredzic, **GTZ ORF – Energy**, provided an update on the project activities. He noted the willingness and readiness to support the BIH NEEAP development for the non-buildings sector, once the Government submits an official request. GTZ ORF-E proposed to develop and present in details M&V Template on the next EETF meeting. Standard and proposed EU methodology for top-down and bottom-up approaches will be elaborated and relation to the energy statistics will be emphasized. The focus will be put on determination of the reference values; market and stock average, valid for SEE countries and different from EU default values, proposed within the EU methodology package. GTZ ORF-E proposed also to present a concept of the web tool in which both monitoring of NEEAPs implementation as well as the registration of the ongoing EE projects per countries would be possible. The design of web forms will be presented and discussed at the next EETF meeting. It is envisaged that the web application/tool, if accepted by EnC Secretariat and CPs, will be hosted on the EnC Secretariat web site.
- Ms. Astghine Pasoyan, presented update on achievements and planned activities under the **USAID/SYNENERGY programme**. Regional activities in beneficiary countries (Albania, BIH, former Yugoslav Republic of Macedonia, Moldova and Ukraine) include comprehensive activities under the following components: National and Municipal Planning/Program Design (NEEAPs developed in Albania, former Yugoslav Republic of Macedonia and Serbia, under preparation or planned in BIH, Moldova and Ukraine); Legal and Regulatory Support; Project Preparation; Awareness and Financing and Business Development. In BIH agreement was reached in order to start this summer project on the NEEAP preparation – part for buildings. Different Templates (mentioned in presentation) were also developed under SYNENERGY programme and they are available for all CPs, upon request to Ms. Pasoyan or ECS (i.e. EE Fund operational manual, Energy performance contract template, Energy auditing procedures, Building code enforcement, Building EE Financing Scheme, etc.).

ECS proposed that each CP by 20 July 2010 sends to the ECS in writing an assessment of their **needs for further capacity building** (EE Agencies set up, EE Funds set up, Methodology for EPBD, audits, management, ESCOs etc.).

#### **VI. Development of energy efficiency at local level as key for success**

Ms. Milena Garthley, the Network of Associations of Local Authorities in South East Europe (NALAS) presented **Energy efficiency measures in SEE municipalities**, by giving overview of NALAS area of work, with the particular attention to the activities of the NALAS Task Force on EE and the findings from the recently finalized Study "Energy efficiency Measures in South-East European Municipalities and the Role of National Associations and NALAS" (available on the NALAS web site: <http://www.nalas.eu>). Study included comprehensive assessment of the energy efficiency in SEE

municipalities, and came up with recommendation of the priority next steps: Strategy development on EE/RE at associations' level; establishment of the EE/RE Committees in all associations; Development of the NALAS information base on EE/RE good practices; Target-oriented action planning for NALAS TF-EE in cooperation with the associations' EE/RE Committees and Raising of funds enabling NALAS through its member associations to actively promote EE/RE measures in municipalities.

A first concrete output is adopted declaration (15 June 2010) which calls for an extension of the Covenant of Mayors to the Western Balkans. The call was jointly issued by NALAS, the Council of European Municipalities and Regions (CEMR), Energy Cities and the European Foundation for the Sustainable Development of the Regions (FEDRE), with the support of the Congress of Local and Regional Authorities of the Council of Europe.

The EETF thanked NALAS for its presentation and recommended a further, stronger cooperation with this organization. Presented NALAS initiative aimed at extension of the Covenant of Mayors to IPA countries is welcomed and supported as very important step toward for fully involvement of the SEE local authorities in the promotion of the energy efficiency. The Covenant of Mayors in Western Balkans Declaration was distributed at the meeting by NALAS's representative.

## VII. CONCLUSIONS:

1. The Task Force welcomed the progress with the preparation of the NEEAPs and expects the finalisation of these by 30 June. The Task Force took note that Bosnia and Herzegovina did not present a NEEAP yet; the Task Force recommended Bosnia and Herzegovina to agree on the approach and prepare a draft version for ECS comments as soon as possible, preferably before the end of 2010, with an aim to have a final version by not later than the 2<sup>nd</sup> quarter of 2011. Moldova, which joined the Energy Community in May 2010, acknowledged that it has a draft NEEAP for buildings and will start the preparation for the remaining sectors, with the aim of finalising it by December 2010.
2. The Task Force thanked representative of Serbia (Task leader for Task 3 of the Work Programme 2009-2010) for the presentation on the Summary Report on the roadmaps for the implementation of the energy efficiency directives and welcomed the initial preparation, as well as the improvement of Road maps by each CP, with the exception of Bosnia and Herzegovina and Moldova; the Task Force urged Bosnia and Herzegovina to progress with the finalisation of the Road map, and invited Moldova to use the same template to prepare its Road map. The Task Force recommended to the PHLG members to use it as a monitoring tool in the process of implementation of the Directives, and also to follow the time line.
3. The Task Force welcomes the adoption of the recast Energy Performance of Buildings Directive 2010/31/EU and Labelling Directive 2010/30/EU, and recommends that these are also adopted in the Energy Community to replace the Directive 2002/91/EC, respectively 92/75/EEC Directive, as soon as possible, after a Decision of the Ministerial Council.
4. The Task Force discussed the monitoring methodology based on the model proposed by Croatia and agreed to consider using the same approach in their individual cases. The Task Force proposed that monitoring process should be developed in two steps: in short run starting with simple monitoring of the EE programmes (a template will be developed and used for reporting by CPs, by 15 October); in the second step will develop a detailed Monitoring system for specific EE measures (detailed template will be developed).
5. The Task Force thanked the European Commission - DG ELARG for its initiative to finance a review of all energy efficiency support mechanisms in the Western Balkans and welcomed the presentation of the initial findings by the IFI Coordination Office. It also welcomed the proposal to continue the efforts of supporting access to these and distribution of information, as well as awareness raising activities; these were considered as necessary tools for proper utilization of the available regional energy efficiency support mechanisms active in the Western Balkan.

6. The Task Force welcomed the presentation of SYNENERGY/USAID on the planned future activities and thanked USAID for its continuous support to the Work programme of the Task Force.
7. The Task Force welcomed the update on the GTZ ORF-E project activities and the proposal of additional engagement to develop the detailed Template for monitoring and verification, as well as the web tool in which both monitoring of NEEAPs implementation, as well as the registration of the ongoing EE projects per countries would be possible.
8. The Task Force thanked the Austrian Energy Agency for its presentation on the Austria's successful experience with the implementation of the Energy Performance of Buildings Directive.
9. The Task Force agreed that the implementation of the energy efficiency directives and the NEEAPs will require significant mobilisation and human and financial resources and asked the Donors' Community for their support. The support will be needed in the whole process of adoption and proper implementation of the new EE directives, and the topics and areas that are most urgent include the development of a methodology and customized software for calculation of energy performance in buildings, the preparation of codes, standards, secondary legislation, educational, communication and awareness raising campaign, establishment of the monitoring end verification system, promotion of the exemplary role of the public sector and development of the market for energy services. The Task Force mandated the Secretariat to consult the Donors' Community for additional technical assistance in these areas.
10. The Task Force thanked NALAS for its presentation and recommended a further, stronger cooperation with this organization. NALAS initiative aims at extending the Covenant of Mayors to IPA countries, and Task Force members were invited to support it, as it could be a very important step for full involvement of the SEE local authorities in the promotion of energy efficiency. The Covenant of Mayors in Western Balkans Declaration was distributed at the meeting by NALAS's representative.
11. The Chair reminded the Task Force members of the next meeting on 3 November 2010 and of the remaining Task 4: Implementation of the Communication and Awareness Raising Campaign plan, under which, each Task Force member will prepare a short report with the Campaign Plan and implementation activities.
12. The Task Force reinforced its commitment to assist the PHLG in the process of adoption and implementation of these new Directives. In this respect, the Task Force requested the PHLG to continue involving them in the activities and decision that are relevant for the legal and institutional development needed for the new *Acquis* implementation, especially with regards to the preparation and implementation of the Road maps as described in the Work programme.
13. The Task Force expressed the opinion that, in the context of adopting the recast directives and for the implementation of the NEEAPs, the extension of its mandate is useful and tasked the Secretariat to bring this to the attention of the PHLG in its meeting of 29 June 2010.