

17th ENERGY EFFICIENCY COORDINATION GROUP MEETING - MINUTES AND CONCLUSIONS

Wednesday, June 6, 2018, 9:30 - 17:40

Belgrade, Serbia

The Energy Efficiency Coordination Group (EECG) meeting was organised in cooperation with the Ministry of Mining and Energy of the Republic Serbia and Serbian-German development cooperation project implemented by GIZ “Energy Efficiency in Public Buildings”; it was attended by representatives of all Energy Community Contracting Parties (except Moldova), the European Commission - DG Energy and JRC, Donors’ Community and IFIs: EBRD/ REEP Plus, the Council of Europe Development Bank, the World Bank, KfW, GIZ ORF Energy Efficiency and GIZ bilateral projects, UNDP, USAID, as well as consultants assisting countries on energy efficiency (ECA, GFA, karanovic/nikolic, Finance in Motion GmbH), Ministry of Construction and Physical Planning of Croatia, University of Belgrade, representatives of DH companies (Belgrade and Pančevo), and the Energy Community Secretariat (ECS).

The high representative of the Ministry of Mining and Energy of the Republic Serbia (*Mr. Stevica Deđanski, State Secretary*) opened the event and welcomed EECG meeting participants. He provided introductory remarks on reforms in Serbia and activities in implementation of energy efficiency policy in line with Energy Community and broader EU policy obligations.

ECS (*Ms. Violeta Kogalniceanu*) welcomed participants and introduced the meeting agenda. ECS announced on behalf of Concerted Actions on EED that EnC CPs (one representative per CP) will be invited as observers to CE EED events, starting from October 2018. ECS (*Mr. Borko Raičević*) presented the realisation of the last meeting’s conclusions and the status of implementation of the EECG Work Programme 2017-2018.

The EECG documents and presentations are available online on the Energy Community website (“[Events](#)” section).

1. Core Topics 1&2: EED transposition and Energy Efficiency Action Plans

Contracting Parties presented their progress in transposition of Energy Efficiency Directive (EED) since the last meeting (March 2018), as well as the progress in achieving the 2020 energy efficiency targets, and implementation of NEEAPs.

Kosovo*: The Draft EE Law was approved by the Government in May 2018 and was sent to the Parliament. Full implementation of EED will require adoption of secondary legislation. As a positive feature, the law includes an extensive chapter on EE Fund.

Also, the draft law has set the legal basis for labelling with the aim of transposing Energy Labelling Directive through secondary legislation. EC and ECS suggested to Kosovo* to refer in the Law to both 2010 framework labelling directive and 2017 framework labelling regulation, to enable future adoption of implementing regulations for specific products.

Montenegro works on amendments of the existing EE Law to include number of missing requirements from EED. EED articles 7 and 15 are identified as most challenging for introduction and implementation (and analysed through REEP Plus support), as well as implementation of new energy labelling and ecodesign requirements. Ministry initiated communication with donors to work together on development of primary law and secondary legislation. The first draft of the Law will be communicated with ECS and shared with national stakeholders. Adoption of the Law is planned by the end of 2018. Montenegro also reported on extension of programmes for renovation of public buildings and recent adoption of new rulebooks for eco-design and energy labelling, with parallel training of market inspectorate supported by REEP Plus. There is an ongoing KfW TA for EE in buildings, including development building typology and EPC software tool.

In **Georgia**, the Ministry of Economy and Sustainable Development is working on EE legislation; the primary EE law (intended to transpose EED) is being drafted, with deadline to be adopted by December 2018; support is provided by consultant engaged by EBRD; the 1st NEEAP is still not adopted, and work on labelling regulation is ongoing.

Serbia: IPA project is supposed to finally start in the second half of 2018, and will directly support work on amendments of the existing (partly compliant) Law on Efficient Use of Energy to bring it into compliance with EED. The 3rd EEAP includes targets and measures on supply side and end-use sectors covering the period until 2018, while 2020 target was set by the Program for the implementation of the energy strategy. Certain activities are ongoing, including assessment of Article 7 implementation (REEP Plus), implementation of Article 5 and typology of public buildings (e.g. schools and kindergartens, with assistance of bilateral GIZ project). The Ministry provided information on 3rd EEAP implementation and preliminary reporting results on EE target achievement. Process of finalisation and adoption of eco-design package or rulebooks is ongoing.

The MVP platform is still not used for reporting purposes in Serbia due to some technical problems (despite existing regulation and formal requirements for obliged parties), and more or less similar situation is in other WB6 countries. ECS pointed out about importance of use of MVP and data collection from different projects (esp. large-scale projects). EBRD expressed interest to include EBRD/REEP projects and savings in MVP and the REEP Plus team will review the MVP template to identify and rectify any gaps with the level of information necessary for meeting the M&V requirements of the Directive.

The former Yugoslav Republic of Macedonia: the drafting of the new Energy Efficiency Law started in May 2018 in cooperation with ECS, REEP Plus, and other donors; this Law have been discussed now, with plan to be finalised and adopted by the end of 2018. The current focus is on introduction of ESCO model (presented recently to businesses in the Chamber of Economy) and introduction of energy management systems, firstly in central government buildings.

Bosnia and Herzegovina: state-level EEAP was adopted in December 2017 and includes projections of primary and final energy consumption and savings by 2020; EED transposition/implementation roadmap is also part of EEAP and serves as ToR for donors. The network of technical working groups has been established to work with support of donors on certain articles of EED; there is an ongoing work on development of typologies and long-term building renovation strategies (Article 4 and 5 of the EED – supported by GIZ and UNDP), establishment of the EEO scheme (Article 7- USAID), mapping of the potential for the application of high-efficiency cogeneration and efficient district heating and cooling (Article 14 - GIZ), while WGs for Article 15 is in the process of establishment. While implementation of most of the activities are performed by entities, the procurement legislation should be improved on state level (no progress up to date).

Amendments of EE legislation in the entity of Republika Srpska is planed only in 2019, while entity of Federation of Bosnia and Herzegovina works on implementation of 2017 law and partial implementation of EED through bylaws, and in on cantonal level.

In **Ukraine**, the new EE Law passed several stages of consultations, and it is now submitted to the responsible Ministry of Regional Development; it has been improved in April 2018 by the Technical Working Group with support of ECS. The decision on 2020 target have been submitted to the Ministry as well. The package of rulebooks for energy labelling and ecodesign is ready for governmental approval. The state support programme has been renewed and well used, with high demand especially by HoAs. There were 142 concluded energy performance contracts, more than 30 of active tender procedures, with efforts to further improve and extend scheme to lighting, hospitals etc.

ECS informed EECG on initiation of infringement procedure against Ukraine, and Reasoned Request has been recently sent to the Energy Community Ministerial Council for non-transposition of EED and ESD.

In **Albania**, the EE Agency is in the process of recruitment of the first staff, while Ministry with its staff is currently covering work of the Agency. Around EUR 650.000 of the state budget was allocated to the EE projects for the period 2019-2021. The new IPA CBC programme with Montenegro and Italy will provide capacity building for energy auditors and energy managers, and implementation of relevant provisions of EED.

ECS reminded Albania that EU Delegation in Tirana will provide capacity building support to EE Agency only when Agency is staffed, but EU funds should be allocated before the end of the year.

The EE Law of 2015 only partly transposed EED articles, focusing on Agency, Fund and energy audits. Albania still needs to amend EE Law and make it compliant with EED; REEP Plus will provide support.

As regards **Moldova**, ECS informed EECG that the draft Energy Efficiency Law passed the first reading in the Parliament in May 2018, and it is close to adoption.

European Commission, DG Energy (Ms. Claudia Canevari) presented latest information on amended EPBD in the EU. EPBD review process was initiated with Commission's 2016 Clean Energy for All Europeans Package and finished with adoption of amended EPBD by the European Council on 14th May 2018. The revised EPBD introduces several important elements: clear path towards decarbonisation of building stock by 2050 and national roadmaps, use of smart technologies in buildings, support for e-mobility, smartness indicator, long term building renovation strategies (new article 2a), financial component and focus on mobilisation of financing, especially to support combating energy poverty. The focus on building automation was achieved through amendments of Articles 14 and 15, while new improved data collection is required both for EPCs (Article 10) and technical building systems performance documentation (Article 8(5)). The amending Directive will be published on 19 June 2018 and EU Member States will have twenty months for transposition. EC will share published version with EECG¹.

ECS thanked EC for presentation on amended EPBD and reminded EECG that 2010 EPBD remains in force in EnC, while work on analysis and incorporation of amendments in EnC will be implemented probably during 2019.

European Commission, Joint Research Centre (Ms. Marina Economidou) shared information on EU Reporting process, and experience from 1st NEEAPs assessment done by JRC in 2016 (work on assessment of 2nd NEEAPs is ongoing). JRC provided tips on how to set target and report EED policy measures, and useful links and country examples (e.g. Ireland, France, Italy, Sweden, Luxembourg etc.). EU MSs used annual reports and NEEAP to report on targets and achievements, and they mostly followed EU approach (static baseline and absolute consumption target), and Eurostat statistics.

¹ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2018.156.01.0075.01.ENG&toc=OJ:L:2018:156:TOC

EECG members discussed ways to set EE target and the most preferable period to be covered by 1st EED NEEAPs, to enable swift shift to integrated energy and climate plans in future.

Conclusions:

- 1.1 ECS presented the status of implementation of the EECG Work Programme 2017-2018, which is on track; in the forthcoming period, the EECG will focus on monitoring of EED implementation, NEEAPs, 2030 framework, EPBD (including analysis of amendments) and product regulations.
- 1.2 The first EED annual progress reports were submitted by all CP. Albania needs to officially submit report to ECS. Georgia has another EED deadline for adoption (31 December 2018) and has set the 2020 target through the first NEEAP pending adoption. ECS reviewed the reports and found them in line with the provisions of the EED and the template distributed in 2017. The preliminary cumulative EnC primary energy consumption target as reported is 139,4 Mtoe and the final energy consumption 82 Mtoe; these figures are below the cumulative EnC PEC of 187 Mtoe and FEC of 133 Mtoe prescribed in Article 3 of the EED, adapted and adopted by the EnC Ministerial council in October 2015. ECS will prepare a report on 2020 target as requested by EED.
- 1.3 EECG (CP members) reported on EED transposition and NEEAP implementation; EECG acknowledged progress made by all CPs, especially progress by Kosovo* and Moldova where new EED Laws are close to adoption, Montenegro having amended EE and energy laws to partly transpose EED, and work in progress reported in Georgia, FYR Macedonia and Ukraine with a draft law under discussion.
- 1.4 However, there is still no single compliant law adopted yet in the Energy Community (Moldova is closest to adopt it, followed by Kosovo*). Serbia IPA TA that includes transposition of EED has been delayed since 2016, and EC DG NEAR was informed about this delay; the Serbian Law on efficient use of energy and Law on energy partly transposed EED and it needs amendments. Albania and Former Yugoslav Republic of Macedonia are significantly lagging behind, and REEP Plus support should be discussed further.
- 1.5 ECS reminded all CPs that the EED transposition deadline was October 15, 2017, which also includes adoption of secondary legislation required for implementation. ECS initiated a Reasoned Request to the Ministerial Council regarding Ukraine's lack of significant progress in transposition of the energy efficiency Directive (the current energy efficiency law dates back from 1994 and Ukraine has not transposed the ESD either).
- 1.6 EECG thanked the European Commission, DG Energy for the updates on energy efficiency in the EU, and latest information on amended EPBD. EC will share published version with ECS and EECG. EECG will include in proposal of the new EECG Work Programme analysis and incorporation of amended EPBD in EnC *acquis*.
- 1.7 EECG thanked JRC for the useful presentation of EU experience in preparation 1st EED NEEAPs, reporting obligations and practices, results of NEEAP assessment and good policy examples. The 1st NEEAP in EnC is due by April 2019, and ECS urged CPs to use MVP for monitoring and reporting on achieved savings. ECS will, in cooperation with EC, prepare template and guidelines for the EED NEEAP, and organise training during next EECG meeting.
- 1.8 EECG acknowledged the technical assistance available from different donors. ECS urged those CPs that need TA for legislation and NEEAPs to use the available TA (REEP PLUS, GIZ, EU IPA, EU4Energy, KfW, USAID, UNDP etc.) to finalise the transposition and start implementation.

2. Core Topic 5: EED – efficiency in energy supply, CHP and heating/cooling

The session focussed on good practices regarding EE modernization of District Heating Systems and use of renewable energy sources:

- **Public Utility Company Beogradske Elektrane (Mr. Bojan Bogdanović)** presented activities and strategic approach for modernization of the District Heating System in Belgrade, including measures for modernisation of substations, remote supervision and control, mapping and digitalization in the production process, and future plans envisaged by the company's development strategy by 2025.
- **Public Utility Company Grejanje Pančevo (Mr. Zoran Božanić)** presented implemented and planned activities for reconstruction and modernization of the district heating system, including results of the first Solar District Heating Project realised in Serbia.
- **The CoolHeating project (Mr. Ilija Batas-Bjelić)** presented the objectives and activities under the EU funded project for implementation of small modular renewable heating and cooling grids for communities in South-Eastern Europe, and focused on presentation of project for initiating new small district heating and cooling grids in city of Šabac.

EBRD (Mr. Meran Lukić) presented new financing possibilities under the ReDEWeB (Renewable District Energy in the Western Balkans) Programme, which intends to support the establishment of a market for Renewable District Energy (District Heating and Cooling) investment through a range of measures, providing both TA, investments and investment grants. Key objectives of the programme include support to stakeholders to deliver sustainable investments into Renewable District Energy; assistance to beneficiary countries in reaching their EnC and EU obligations, and support to private companies in preparing renewable H&C projects. The Fund has a current budget of EUR 4 million to be utilised during 2018-2021.

Conclusions:

- 2.1 EECG acknowledged several projects being implemented in Serbia for EE modernization of district heating systems and use of renewable energy sources, which can serve as examples in other CPs.
- 2.2 EBRD will start soon a regional Western Balkans Renewable District Programme and all CPs in the Western Balkan are encouraged to participate in it. EBRD is invited to regularly present updates at the EECG meetings.
- 2.3 ECS reminded CPs about obligation from EED (Article 14(1)) to carry out comprehensive assessment of the potential for the application of high-efficiency cogeneration and efficient district heating and cooling, by 30 November 2018.

3. Core Topic 9: ELD - Analysis/ adoption of new labelling regulation

ECS presented its first proposal of MC Decision incorporating and adapting Framework Regulation (EU) 2017/1369 setting a framework for energy labelling and repealing Directive 2010/30/EU, and six delegated acts being proposed for adoption: Delegated Regulation (EU) No 518/2014 (internet energy labelling), (EU) No 1254/2014 (residential ventilation units), (EU) No 2015/1094 (professional refrigerated storage cabinets), (EU) No 2015/1186 (local space heaters), (EU) No 2015/1187 (solid fuel boilers and packages), and (EU) No 2017/254 (use of tolerances in verification procedures).

Conclusions

- 3.1 EECG acknowledged the importance of adoption in 2018 of the new framework labelling regulation and missing delegated acts in the Energy Community. EECG will continue to be engaged in this process, and implement relevant activities under EECG Work Programme.
- 3.2 European Commission will formalise the MC Decision for package adaptation, in consultation with ECS and will submit proposal for adoption by the Ministerial Council in 2018.

4. Regional Programmes and Initiatives

The Regional Energy Efficiency Programme - REEP Plus (Mr. Nigel Jollands and Ms. Ana Bachurova, EBRD, Mr. David Williams, ECA and Mr. Zoran Kapor, GFA) reported on progress in implementation of REEP Plus Windows 1 (ESCO support) and Windows 2 (Policy Dialogue), since last EECG meeting held in March 2018.

Under Policy Dialogue, 14 out of 28 deliverables have been adopted, and REEP Plus is providing further support for deliverables that are still to be adopted. Since the last EECG meeting in March 2018, the REEP Plus has launched new assignments in Albania, the former Yugoslav Republic of Macedonia and Kosovo* and further assignments in Montenegro, Serbia and Bosnia and Herzegovina are under consideration.

Regarding ESCO support, gaps and barriers are analysed and addressed in all participating countries, especially in Serbia where implementation is ongoing (regulatory, technical, institutional, financial); REEP Plus also finalised the Legal Gap analysis for energy performance contracting (EPC) and energy supply contracting (ESC) in other five WB countries. All materials have been finalized and sent to WB5 countries in June 2018 and with these, the project was concluded; however legal follow up in WB5 countries will be necessary in order to implement project results.

GEFF implementation update since last EECG meeting: currently, this is active in 3 countries with 9 partner banks, regional offices in Belgrade and Tirana, GEFF Serbia in September to be launched.

Under WEBSEFF II financing facility, 304 projects have been financed since 2013, and first hospital in Bosnia and Herzegovina will be financed under Direct Lending Facility to Municipalities.

REEP Plus regional concept on EEOs was analysed based on EBRD's new EEO report, prepared to assess specific barriers and key success factors and common solutions for implementing a successful EEO in EBRD's Countries of Operation (incl. Energy Community). The three functional pillars have been recognised for successful EEO scheme: legal and regulatory framework, administration of scheme and delivery models for obligated parties. EBRD is investigating potential role in supporting utility-driven EE schemes and will produce policy guidelines.

USAID EIA Project (Mr. Mak Kamenica) presented EEO model in Bosnia and Herzegovina, which will be implemented as new model of financing of EE measures in Bosnia and Herzegovina, by adding EEO subsidy component to existing financing mechanisms (loans, EE funds, public budget). focused on residential sector and vulnerable customers, and involvement of expertise of electricity distribution companies as obliged parties. Project also calculated various economic benefits of EEOs model and EE investments in Bosnia and Herzegovina. USAID EIA Project will support further work on finalisation and implementation of EEO scheme, by supporting EEO Working Groups in Bosnia and Herzegovina.

The World Bank (Ms. Katharina Gassner) presented status of EE financing in the Western Balkan (there is a need and efforts to develop sustainable financing and institutional mechanisms), current financing models with case studies (presented at the EE financing ladder): Budget Financing with Capital Recovery, Energy Efficiency Revolving Fund, and Super ESCO.

ECS, EBRD and KfW provided updates on the concept proposal to mobilise the EUR 50 mil. of additional EU financial support for buildings sector renovation under REEP PLUS Windows 4.

Selected countries (Croatia, Serbia and Bosnia and Herzegovina) presented process of renovation of the building stock and EPBD implementation.

Ministry of Construction and Physical Planning of Croatia (Ms. Irena Križ Šelendić) as responsible state institution for EPBD implementation, presented national legislation, programmes, NEEAP targets and measures relevant for the in Croatia. Ministry will organize on 26 and 27 September 2018 a professional conference “Energy Efficiency in Buildings - for Better Tomorrow”.

Ministry of Construction, Transport and Infrastructure (Ms. Biljana Apostolović) and Serbian-German development cooperation project DKTi “Energy Efficiency in Public Buildings”, implemented by GIZ, (Ms. Svjetlana Đokić) presented status and further steps related to the support on EPBD implementation in Serbia , especially focusing on national typologies of buildings (residential buildings, schools and kindergartens). GIZ is organizing a regional workshop a day after the EECG workshop for an exchange of information and lessons on building renovation strategies, as this is also part of the current DKTi EE project.

UNDP (Mr. Elvis Hadžikadić) and GIZ (Mr. Goran Krstović) presented successfully harmonized activities of the UNDP and GIZ EE projects to support EE developments in Bosnia and Herzegovina. Presentations focused on development of typology of buildings, and systematic planning and support for development of building renovation strategies.

Conclusions:

- 4.1 EECG thanked EBRD and REEP Plus consultants for update on activities under REEP Plus programme, and acknowledged the progress with REEP Plus GEFF Residential EE financing facility. EECG acknowledged the progress with the new REEP Plus call-offs and regional concept on EEOs. EECG thanked USAID for the presentation and EEO scheme implemented in Bosnia and Herzegovina.
- 4.2 The Implementation of REEP deliverables needs to be finalised. EECG will continue to be actively involved as a regional steering group, in the promotion and implementation of REEP Plus activities. Albania and the Former Yugoslav Republic of Macedonia to get actively engaged with REEP Plus for the transposition of EED through new EE laws and by laws.
- 4.3 EECG thanked EBRD and KfW for the presentation of proposals for buildings sector renovation programmes. EBRD and KfW agreed to continue coordinating the full development of their proposals, and present these to the European Commission for the preparation of the financing procedure.
- 4.4 EECG thanked World Bank for brief updates on status with EE financing in the Western Balkan in buildings programme, as well as for presentation of financing models and showcases from CPs and other regions.
- 4.5 EECG thanked representatives from Croatia, Serbia and Bosnia and Herzegovina for exchange of valuable information and experience in the process of EPBD implementation and strategic renovation of buildings from these countries.

The next EECG meeting and EE Workshop are planned for 14 and 15 November 2018 in Vienna.