The Energy Community is a “win-win” multilateral instrument of energy policy. The fact that neighbours of the European Union share the EU’s values and apply its common rules increases energy security beyond the Union’s borders. The Contracting Parties from outside the EU benefit from solidarity and from a comprehensive framework for energy market reforms.

Nine years after the Treaty establishing the Energy Community was signed, the main objective of the Community remains unchanged: to reform energy markets and to integrate them into the European Union’s Internal Energy Market as a precondition for economic and social stability, which will translate into attracting investment, securing the necessary energy supply and raising citizens’ welfare in a sustainable way.

The High-Level Reflection Group (HLRG) perceives the Energy Community as a true success story in many areas of its operation. The Group nonetheless finds that to fulfil its ambitious goals – and to meet expectations in such areas as: reforms of the markets’ structure, introduction of cost-reflective prices, creation of a favourable and predictable investment climate, regional market integration, elevation of environmental standards – the Community must enhance the mechanisms of law implementation and respond better to differing national or regional realities and changing circumstances.

Having carried out an assessment of the status quo, the Group is preparing proposals for improvements in the following areas:

1. Investments,
2. Legal perspective,
3. Geographical scope,
4. Institutions.

The High-Level Reflection Group

The Group is mandated by the Ministerial Council of the Energy Community to make an independent assessment of the adequacy of the institutional set up and working methods of the Energy Community, and to make proposals for improvements to the Ministerial Council in 2014.

Members:
Jerzy Buzek (chairman)
Walter Boltz
Vesna Borozan
Fabrizio Donini-Ferretti
Volodymyr Makukha
Goran Svilanović
INVESTMENTS

Many actions taken by the Energy Community are aimed at attracting investment. Yet, private investment has remained low and the Treaty does not offer specific instruments to strengthen the inflow of investments. Along with limited funding available even for priority projects, this constitutes a disadvantage – especially when the risk profile of many of the Energy Community countries is taken into consideration.

Thus, the HLRG proposals will focus on how to make the Energy Community an investments-friendly area, how to address the risks investors are facing and how to secure funding for investments and technical assistance.

LEGAL PERSPECTIVE

The Energy Community is based on the principle of homogeneous application of laws within the European Union and the Contracting Parties. Implementation of the *acquis communautaire*, paramount to achieve the objectives of the Treaty, may be the biggest challenge. Market reforms still need to be carried out, beginning with establishing efficient and transparent wholesale markets and fostering interconnections. The HLRG has been analysing such issues as the sectoral character of the *acquis* of the Energy Community, the role of secondary legislation, flexibility in the implementation of the *acquis* or sustainability as a key pillar of European energy policy, which was stressed, among others, in many responses to the public consultations held in early 2014.

The HLRG proposals will focus on adapting the tools and mechanisms available to the Community to ensure a higher level of law enforcement.

GEOGRAPHICAL SCOPE

The future geographical scope of the Energy Community has been one of the widely discussed topics. The EU institutions have been calling for further expansion of the Community via the Eastern Neighbourhood Policy, and for promoting the Energy Community as a framework for energy relationships with countries in the Western Balkans, Eastern Europe and other neighbouring countries that are willing and able to implement the relevant EU *acquis*.

In its proposals in this chapter, the HLRG will propose a scheme that shall ensure improved implementation of law, easier access to financing and participation benefits within reach for all members.

INSTITUTIONS

It is the well-balanced system of political and expert institutions that distinguishes the Energy Community from other organizations and projects active in the energy field. Therefore, the HLRG finds it necessary that to adjust the powers and scope of activity of the institutions to meet the ambitious goals pursued by the Community.

Proposals will concern the powers and procedures of the particular institutions, as well as the regulatory scope and legal control mechanisms.

The report of the High-Level Reflection Group will be submitted to the Ministerial Council of the Energy Community by mid June 2014.