

ENERGY COMMUNITY MINISTERIAL COUNCIL

MEETING CONCLUSIONS

Brussels, 27 June 2008

1. The Ministerial Council took note of the Director's report on the implementation of the Work Programme of the Energy Community.
2. The Ministerial Council took note of the Report of Audit and Financial Statements of the Energy Community and approved the Decision on the Financial Discharge of the Director for the year 2007.
3. The Ministerial Council took note of the draft report to the Parliaments pursuant to Article 52 of the Treaty. However, In order to better match with the financial year, the Ministerial Council decided to postpone the adoption of the report to December, in order to cover the period May 2007- December 2008, and from next year on, to have reports covering the period January – December.
4. The Ministerial Council adopted the Decision on the implementation of Commission Decision of 9 November 2006 amending the Annex to Regulation 1228/2003/EC on conditions for access to the network for cross-border exchanges in electricity, as reviewed by the PHLG on 26 June 2008. It was recalled that the provisions of point 3.2 (last sentence) of the Congestion Management Guidelines allow to continue applying at the border between Croatia and Hungary the methods used in the Central Eastern Europe region.
5. The Ministerial adopted the Conclusions of the 8th and 9th Permanent High Level Group meetings.
6. The Ministerial Council took note of the report by the Chairperson of the Energy Efficiency Task Force on the currently undertaken steps and underlined the importance of its work. It was noted that the work is progressing according to schedule and that – according to the mandate given – the Task Force will provide a full report – including recommendations – by June 2009 at the latest.
7. The Ministerial Council reviewed the state of play of the implementation of the Treaty establishing the Energy Community on the basis of the report established by the Secretariat and the information provided by the President of the ECRB on the energy market development. It was noted that very substantial progress was achieved since the last Ministerial Council meeting in Belgrade. For all Contracting Parties, it was stressed that a particular attention shall be given to secondary legislation and enforcement. At regional level, specific efforts are needed to strengthen the regional dimension, in particular as regards electricity cross-border exchanges.
8. In this respect, the Ministerial Council reiterated its request to the electricity transmission system operators to proceed swiftly with the establishment of the Coordinated Auction Office. The Albanian Presidency was invited to dedicate utmost importance to the

establishment of the Coordinated Auction Office with a view to achieve the decisive steps at the occasion of the next Ministerial Council.

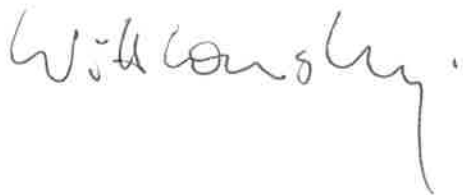
9. The Procedural Act on Rules of Procedure for Dispute Settlement concerning the implementation of Articles 90 to 93 of the Treaty was adopted.
10. The Ministerial Council had an exchange of views concerning security of supply status as proposed by the Secretariat and agreed with the procedural steps as outlined in it. In particular, the Ministerial Council stressed the importance for the Contracting Parties to implement Directive 2005/89/EC concerning measures to safeguard security of electricity supply and Directive 2004/67/EC concerning measures to safeguard security of natural gas supply before 31 December 2009 as decided. For this purpose, the Ministerial Council favourable considered the establishment of a cooperation group, which composition and functioning shall be detailed in a Procedural Act to be proposed for decision by the Ministerial Council in December 2008. This draft Procedural Act shall also propose a procedure for the implementation of Article 44 to 46 of the Energy Community Treaty regarding mutual assistance.
11. Concerning the possibility to develop an Oil Dimension within the Energy Community, the Ministerial Council took note of the concept paper developed by the Secretariat and agreed to further explore its possible content and calendar, with two main components. First, the establishment of an Oil Forum should allow discussing and promoting regional oil infrastructure projects and the development of the oil markets in the region. Second, the oil dimension should allow implementing the EU legislation in relation with the oil sector. Several existing provisions of the Treaty and EU pieces of legislation referred to in the Treaty could become applicable to the oil sector. Besides, new pieces of EU legislation could be taken over, such as the provisions on minimum stocks of crude oil and/or petroleum products. The Secretariat was therefore invited to prepare the detailed drafts in view of a possible decision at the next Ministerial Council meeting in December 2008.
12. The European Commission informed that, after being entrusted by the Ministerial Council to coordinate the accession process in June 2007, after preliminary contacts with the applicants, and after completion of the European Community internal procedures, it expects to be able to initiate formal negotiations with the Republic of Moldova, Ukraine and Turkey. These formal negotiations are expected to start in the second semester 2008. They will be organised and carried out in close cooperation with the incoming Albanian Presidency and the Ministerial Council will be informed about the progress at each of its meetings. In this respect, the Ministers welcomed the proposal of the Secretariat to carry out preparatory missions to the Observer countries as early as possible.
13. The European Commission presented the status of discussion as regards its Energy and Climate package, in particular as regards its international dimension and possible involvement of Contracting Parties.
14. The Ministers welcomed the information presented by the Secretariat on the current steps regarding the development of the Social Dimension of the Energy Community and the preparation of the first Social Forum in November 2008 in Tirana.
15. The Ministerial Council thanked the current Presidency of the Energy Community – UNMIK – and issued a welcome to the incoming Presidency – Albania which briefly

presented its main priorities. The Ministers concluded that the main priorities for the incoming Presidency period are related to the further successful steps concerning: the development of the regional market, the social dimension of the Energy Community in line with the Social Memorandum, undertaking of concrete steps in the area of security of supply, promoting concrete investments and progress with energy efficiency.

These Conclusions are adopted.

For the Ministerial Council,

THE PRESIDENCY

A handwritten signature in blue ink, appearing to read "Willem Van Rossum". The signature is written in a cursive style with a long, sweeping tail on the final letter.