

## **CONCLUSIONS**

### **13<sup>th</sup> PERMANENT HIGH LEVEL GROUP MEETING**

**25 JUNE 2009, SARAJEVO**

1. The meeting was co-chaired by Mrs. Mubera Bicakcic on behalf of Bosnia and Herzegovina as Presidency in office, and Mr. Fabrizio Barbaso for the European Commission.

#### **AGENDA ITEM ONE – MINISTERIAL COUNCIL MEETING**

2. The PHLG noted the information, provided by the Secretariat, on the organizational issues, concerning the Ministerial Council meeting on 26.06.2009.

#### **AGENDA ITEM TWO – IMPLEMENTATION OF THE WORK PROGRAMME**

3. Upon the presentation of the Secretariat, the PHLG noted that in general the Work Programme of the Energy Community 2008 – 2009 so far is being performed as scheduled. The performance of the key tasks for the first half of 2009 was also noted. The Secretariat recalled to the PHLG that the Work Programme 2010 – 2011 is presented for approval together with the Budget 2010-2011 at the Ministerial Council meeting on 26 June 2009.

#### **AGENDA ITEM THREE – IMPLEMENTATION OF THE TREATY (FOCUS ON MARKET DEVELOPMENT)**

4. The PHLG noted the Report on Market Development, prepared by the Secretariat, outlining the current situation and the outstanding issues for each of the Contracting Parties in development of electricity and gas markets. The Contracting Parties discussed the Report and provided their comments and updates. The Secretariat informed that it shall take into consideration these remarks and look into updating the Report accordingly before its publication – the Contracting Parties are invited to provide written comments by 15.07.2009.
5. It was noted that substantial improvements are to be found in the area of development and implementation of the legislative framework both in the electricity and gas sectors. However, implementation of specific market and technical rules, criteria and instruments required for effective functioning and opening of the market in many cases is lagging behind or showing suboptimal results.
6. In electricity, persistent shortcomings are in particular monitored with regard to the provisions for quality of supply and end-consumer rights, measures for protection of socially vulnerable customers as well as energy savings/substitution measures, energy efficiency instruments and other demand side measures. Transparency on market relevant data is still insufficient. With the exception of Croatia, switching activity in practical terms remains low even in those environments where formal market opening requirements are broadly met. PHLG supported this assessment

and recommended the Contracting Parties to focus on practical aspects of market development, regional market perspective and market monitoring.

7. In the gas sector, the status of the implementation of Directive 2003/55/EC strongly varies between the Contracting Parties and is not strictly related to the level of the gas market development. A key concern is that - although the deadline for implementing Regulation (EC) 1775/2005 has already passed 4 months ago - the process of implementation is completed by only one Contracting Party (Croatia).
8. Additional, specific targets are still to be met by each of the Contracting Parties, as it is outlined in the Annex of the Report. The PHLG reiterated its request to all Contracting Parties to take every necessary measure in order to speed-up the implementation process and bring their electricity and gas market environments in line with the requirements of the Acquis. From the point of view of institution building, sufficient capacity of the national regulatory authorities shall remain a key target.
9. The remaining steps to be taken by the Contracting Parties along the Roadmaps for implementation of Directives 2005/89/EC and Directive 2004/67/EC were also recalled. Upon request by a Contracting Party the Secretariat shall provide direct assistance in this respect. As decided during the 12<sup>th</sup> PHLG meeting, the Secretariat shall prepare detailed information on the progress achieved for the 14<sup>th</sup> PHLG meeting.
10. PHLG welcomed the presentation of the World Bank on the Wholesale Electricity Market Development and took note of the recommendations for needed actions in this aspect. The World Bank invited for relevant comments by the end of August 2009.
11. The Secretariat informed the PHLG on the state of play, concerning the CAO. EBRD and USAID confirmed their willingness to consider financing a significant part of the development costs provided TSOs:
  - Appoint the members of the Project Team;
  - Decide upon the level of their financial contribution;
  - Commit to finance the completion of the development phase in case of delay in the process.
12. Following the discussions, related to CAO, the PHLG welcomed the proposal of the Secretariat that the Chair of CAO IG Working Group for a discussion at the next PHLG meeting. In this perspective, all Contracting Parties were invited to liaise with the TSOs in order to facilitate the process and to provide to the Secretariat observations and suggestions in view of overcoming the current delays in establishing the Coordinated Auction Office.

#### **AGENDA ITEM FOUR – DONORS’ SUPPORT TO THE CONTRACTING PARTIES**

13. The PHLG welcomed the possibility for concrete exchange of views between the Contracting Parties and the Donors on the actual and possible support in the context of the Energy Community developments.
14. Further to some ongoing forms of support in each of the Contracting Parties, it was agreed that the Donors’ involvement should be enlarged to include the areas of:
  - a. Development of social safety nets – social policies with a target on vulnerable energy consumers
  - b. Training for the implementation of Social Action Plan

- c. Support for developing residential energy efficiency programmes to accompany price reforms and increase affordability
- d. Support to the Contracting Parties in environment-related aspects, especially with regards to environmental impact assessment of new infrastructure projects and compliance with the *acquis* related to curbing pollution;
- e. Technical assistance to RE TF.

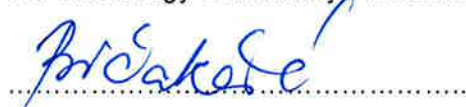
In addition, EBRD, USAID, Hellenic Aid, GTZ and the World Bank provided information on the available and possible support to the Contracting Parties and Observers.

Serbia (via EPS) presented the Green Book of the Electric Power Industry of Serbia.

#### **AGENDA ITEM FIVE – MISCELLANEOUS**

15. The Secretariat presented the status of development of the Security of Supply Statements. Since not all of the Contracting Parties have provided their Security of Supply Statements yet and since in most of the Statements relevant issues need some improvement or further development, the Secretariat will provide related support – if needed – on the spot during the missions.
16. The Secretariat and the Presidency recalled the events under the Energy Community Event Calendar for the second half of 2009. Operational information on the preparation of the outstanding events was provided. In relation to the first Oil Forum, the Secretariat requested particular support of the PHLG for submission of contact details of the persons to be responsible for oil issues as well as for getting in due time answers to the circulated questionnaire.
17. The Chair of the Budget Committee indicated that the PHLG will receive written information concerning the Budget Committee's Annual Activity Report 2008 the meeting of the Budget Committee of 25 June 2009.
18. PHLG agreed that capacity building in energy statistics is indispensable. Energy statistics is one of the major keystones for proper implementation of the *acquis*, particularly in terms of availability of reliable information required for investment plans and projects, generation and network adequacy, demand and supply balance, setting targets in energy efficiency and renewable energy, developing energy policies, monitoring, benchmarking, etc. PHLG representatives were requested to provide contact details of relevant institutions dealing with energy statistics in order to assist in implementation of the related activities planned by the Secretariat.
19. The European Commission indicated its intention to examine the possibility to change the frequency of Ministerial Council meetings to one per year from 2010 and invited Contracting Parties to consider this option in view of the examination of a formal proposal at the next PHLG meeting.

For the Energy Community Presidency:



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