

## ENERGY COMMUNITY MINISTERIAL COUNCIL

### MEETING CONCLUSIONS

Sarajevo, 26 June 2009

1. The Ministerial Council meeting was opened by H.E. Mr. Mladen Zirojevic – Minister of Foreign Trade and Economic Relations of Bosnia and Herzegovina.
2. The Ministerial Council thanked the Authorities of Bosnia and Herzegovina for their hospitality.
3. The Ministerial Council approved the agenda and adopted the A-points as indicated in Annex 1 and then proceeded to the examination of the agenda items.
4. In relation to dispute settlement under the Treaty, the Ministerial Council, having taken note of the report by the Secretariat, emphasised the importance of the dispute settlement procedure for achieving the objectives of the Energy Community. The Ministerial Council expressed its concern about the pending cases against the former Yugoslav Republic of Macedonia and the consequences for investment in the energy sector of that country.
5. The Ministerial Council noted the information on the negotiations in view of the accession of new Contracting Parties. As regards the Republic of Moldova, technical negotiations were concluded on 29 April 2009. As regards Ukraine, technical negotiations are expected to be concluded in autumn. For these two countries, a decision could be taken at the next Ministerial Council meeting in December. As regards Turkey, technical discussions in view of starting formal negotiations continue. Finally, considering that Georgia is in the process of approving and submitting a formal application to become Contracting Party, the Ministerial Council asked, the Commission to further coordinate the accession process on behalf of the Energy Community.
6. The Ministers reviewed the state of play of the implementation of the Treaty with explicit focus on Market Development. A key conclusion made is that while substantial improvements are to be found in the area of development and implementation of the legislative framework both in the electricity and gas sectors, implementation of practical measures (such as specific technical rules, criteria and instruments required) for effective opening of the market in many cases is lagging behind or showing suboptimal results.

Thus, in the area of electricity, persistent shortcomings are in particular monitored with regard to the provisions for quality of supply and end-consumer rights as well as energy savings/substitution measures or energy efficiency instruments and other demand side measures for the protection of socially vulnerable customers. Transparency on market relevant data is still insufficient. With the exception of Croatia, switching activity in practical terms remains low although market opening requirements are theoretically broadly met.

In the gas sector, the status of the implementation of Directive (EC) 2003/55 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 expired half a year ago - the process of implementation is completed by only one Contracting Party (Croatia).

From point of view of institution building, the national regulatory authorities shall remain a key target.

The Ministerial Council shares the concern expressed by the European Commission and urged the energy ministries and TSOs for common steps in relation to the electricity market

development in the Energy Community. Detailed report on the state of play in this relation, including relevant action plan, should be presented at the December 2009 PHLG and Council meetings.

In this relation and recalling its political support to the establishment of a Coordinated Auction Office for cross-border capacity allocation and congestion management, the Ministerial Council indicated its expectation to all TSOs involved for quicker steps towards establishing the Coordinated Auction Office in Montenegro. The ministers welcomed the reiteration of the Donors' commitment to support actively the development of the Coordinated Auction Office. Further, the Ministerial Council noted the draft study prepared by the ESMAP/PPIAF/World Bank consultants on South East Europe Electricity Market Opening and the World Bank's presentation on the next steps.

On this ground, the Ministerial Council invited the Contracting Parties to consider the relevant steps on national level and the Secretariat to continue the active monitoring and to report regularly on the outcome.

The Ministers thanked the Donors for their ongoing support on both analytical and concrete implementation level to the Contracting Parties in relation to the market development and encouraged them to continue in this aspect, following the concrete needs in each Contracting Party.

7. The Ministerial Council had an exchange of views concerning the security of supply status in the frame of the gas crisis from January 2009 and in the context of the preparation for the winter 2009/2010. The European Commission provided an assessment of the current situation and indicated its intention to closer involve the Energy Community Contracting Parties in the EU activities, which shall be done in particular:
  - On the ground of data from the questionnaire prepared by the EU Gas coordination group, to be filled in and sent back to the Commission via the Secretariat;
  - By invitation of all Contracting Parties to attend the meetings of the EU Gas Coordination Group.

Furthermore the Ministerial Council recalled the necessity to share updated information of security of supply issues and, for those Contracting parties who have not yet done so, to submit their 2009 version of the Security of Supply Statement.

8. The Ministers welcomed the undertaken steps in the area of renewables and particularly the timely launch of a study as specified at the Ministerial Council meeting in December 2008. The Ministerial adopted the Mandate of the Renewables Task Force as proposed by PHLG. Mr. Paul Hodson from the European Commission was elected as a Chair of the Task Force..
9. The Ministerial Council noted the good work performed by the Energy Efficiency Task Force and thanked the Donors' Community for their support to the realization of the Task Force's work programme. The Ministerial Council agreed to extend the mandate of the Task Force till the end of 2010 and with the following scope of activities:
  - Finalization of the National Energy Efficiency Action Plans (NEEAPs);
  - Start of implementation and monitoring of the NEEAPs;
  - Implementation of the Awareness Raising Campaign;

- Preparation of a Road Map for transposition and implementation of the Energy end – use Directives listed below, with the expectation that these will be adopted as part of the expanded Acquis under the Treaty:

Based on the recommendations of the task Force and in view of a first discussion at the PHLG of September 2009, the Ministerial Council requested the Secretariat to prepare the relevant decisions for the introduction in the framework of the Treaty of the following instruments:

- Directive 2006/32/EC on energy end-use efficiency and energy services ;
- Directive 2002/91/EC on the energy performance of buildings;
- Directive 92/75/EEC on the indication by labelling and standard product information of the consumption of energy and other resources by household appliances.

10. The Ministerial Council adopted the Energy Community Work Programme and Budget for the period 2010-2011.
11. The Ministerial Council decided to appoint Mr Slavtcho Neykov for a second period of three years starting on 18.11.2009 and mandate its Chair to sign the relevant Procedural Act..
12. The Ministerial Council thanked the current Presidency of the Energy Community – Bosnia and Herzegovina – and issued a welcome to the incoming Presidency – Croatia. The Ministers concluded that the main priorities for the incoming Presidency are related to the further successful steps concerning: development of the regional market as concrete means of promoting the security of supply, focus on energy efficiency and RES, development of adequate basis for the Oil Dimension of the Energy Community, extensive work in the context of the social dimension of the Energy Community, provision of sound basis for efficient start of the performance of the Work Programme for 2010 – 2011.

These Conclusions are adopted.



For the Ministerial Council,

THE PRESIDENCY

### **Annex 1**

- 1) The Ministerial Council takes note of the Director's report on the implementation of the Work Programme of the Energy Community for 2009.
- 2) The Ministerial Council takes note of the Report of Audit as of 31 December 2008, presented by "Ernst&Young", of the Budget Committee report on Audit 2008 and of the Director's Report on the implementation of the budget of the Energy Community for the period 01.01.2008-31.12.2008.
- 3) Based on the information under item 3 above, the Ministerial Council adopted a Decision on Financial Discharge of the Director of the Energy Community Secretariat.
- 4) In accordance with Article 32 of the Procedural Act on Rules of Procedure on Dispute Settlement, the Ministerial Council appoints Mr Florian Ermacora (European Community), Ms Amela Alihodžić (Bosnia and Herzegovina) and Mr Nikola Radovanović (Serbia) as members of the Advisory Committee for a term of two years.
- 5) The Ministerial adopts the Conclusions of the 12th and 13th Permanent High Level Group meetings.