

35th PERMANENT HIGH LEVEL GROUP

Vienna

17 December 2014

1. The meeting was chaired by Oleg Shevchenko on behalf of Ukraine as Presidency in office and Mr. Christopher Jones for the European Union as Vice-Presidency.
2. The Permanent High Level Group approved the agenda.

Third Energy Package transposition

3. The Permanent High Level Group took note of the update by the Secretariat and the Contracting Parties on the state of play of transposition of the Third Energy Package. The Group regretted the delays in adopting the necessary energy laws for this purpose in a number of Contracting Parties, despite the assistance provided by the Secretariat and external donors.
4. The Commission offered assistance to the Contracting Parties in specifying priorities in the implementation of the proper secondary legislation based on Third Energy Package compliant laws and gas and electricity market opening.
5. The Permanent High Level Group also called upon Contracting Parties to take advantage of the ongoing reforms of their legislative framework in the context of Third Package transposition for further opening of domestic electricity and gas markets. In particular, the concept of institutionalized, permanent and unlimited public supply should be reconsidered in order to not thwart market opening in practice. The Permanent High Level Group expressed its concern about the recent postponement of electricity market opening in the former Yugoslav Republic of Macedonia as well as protectionist measures taken by Ukraine in the gas sector.
6. The representative of Bosnia and Herzegovina and Serbia reported on the steps envisaged by their authorities to remove the breach declared by the Ministerial Council.
7. The representative of Serbia proposed to the Energy Community Secretariat to support CPs in implementing the Third Energy Package and to use all possible mechanisms to avoid future delays. It should be done as soon as possible and preferable at the beginning of 2015. The Secretariat announced that it would prepare Policy Guidelines dedicated to the implementation of the unbundling provisions.¹

Energy Community for the Future

8. The Secretariat informed the Permanent High Level Group about the process of drafting the analysis of the proposals made by the High Level Reflection Group, the Parties and by other stakeholders to the Treaty and the Commission informed about the process of accepting its agreement with the Secretariat's paper.
9. The PHLG invited both institutions to accelerate work and agreement on the text before the end of December 2014 since the paper shall be submitted to public consultation by the end of the year.

¹ This conclusion was proposed by Serbia after the meeting in line with Item V.10 of the PHLG Rules of Procedure. It will be finalised in the 36th PHLG meeting on 26 March 2015.

Electricity Market

10. The Secretariat presented short overview of preparation and discussion of the draft Regulation 543/2013 on transparency in electricity markets in the Energy Community.
11. The Commission presented the state of play of preparation of the proposal. The Commission presented changes it proposes to make when transposing the Regulation into Energy Community acquis, in particular regarding deadlines for implementation of the Regulation and the request to be addressed to ENTSO-E for publication of data on a common platform.
12. The PHLG shared the views of the Commission and took note of the interest of the Contracting Parties in implementing the Regulation that will benefit the consumers by clear publication requirements in the same way as other Parties of the Energy Community. The PHLG invited the Commission to send a draft proposal to the Contracting Parties early January.

Energy Efficiency Directive

13. The PHLG thanked the Secretariat for preparing their proposals for adaptations of the Energy Efficiency Directive for adoption in the Energy Community. The Commission presented the state of play of preparation of its proposal. In particular the Commission announced further discussion on potential review of the two targets for energy efficiency, establishment of maximum final consumption value and of the timeline for implementation of the Energy Efficiency Directive. PHLG agreed to continue the discussion on the EED in its first meeting in March 2015. The Commission announced that the EED will be proposed for adoption at the Ministerial Council in 2015. The final proposal will take into account the findings of the Impact Assessment Study. The PHLG invited the Commission to prepare its position paper in January.

Plan to reduce emissions from power generation in Ukraine

14. Ukraine presented the latest version of its draft plan to reduce emissions from large combustion plants with a view of supporting its request to take into account its specific situation for the application of Decision 2013/05/MC-EnC. Based on the updated information submitted to the Commission and to the Secretariat and in view to information still to be submitted, the PHLG concluded that the plan should be further updated as soon as possible with a view to prioritise measures for plants and pollutants having the highest environmental impacts. Such approach would allow Ukraine to achieve compliance with the environmental *acquis* within the shortest possible timeframe.

PHLG's work in 2015

15. The Secretariat presented event calendar for 2015.
16. The Secretariat presented proposals for adoption of new acquis in the year 2015. Adoption of Energy Efficiency Directive 2012/27/EU is envisaged by the Ministerial Council in 2015. The adoption of the Regulation 347/2013 on guidelines for trans European energy infrastructure will be informed by the process of assessment of barriers and remedies in construction of PECIs in the Contracting Parties but following the conclusions of the Ministerial Council. Regulation 543/2013 on submission and publication of data in electricity markets is planned to be adopted on the first meeting of PHLG in 2015. The Commission is currently reflecting on further involvement of Contracting Parties in work regarding security of supply. In this respect the PHLG welcomed this announcement of the Commission which follows up on the conclusions from the Ministerial Council in Kyiv related to consultations with Contracting Parties when adopting new acquis.
17. The Commission will aim to prepare proposals for adoption of the Directive 2012/33/EC on sulphur content of marine fuels and Directive 2014/52/EU on environmental impact assessment. Adoption of first set of Network Codes will be made subject to the development of the market opening and implementation of the Third Energy Package in the Contracting Parties.

18. Contracting Parties will reflect upon the proposal for the working plan for the year 2015.

Miscellaneous

19. The Commission reported about next steps in the negotiations with Georgia.

20. Ukraine stressed the importance of using existing gas pipeline connections for reverse flows. In particular, enabling two-way flows, including backhaul (the "virtual reverse flow") through four primary pipelines interconnecting Ukraine and Slovakia can unlock a total annual capacity of 100 bcm for the region and store gas in underutilised underground storages. To that end in view of Ukraine the agreement on interconnections between Ukrainian and Slovakian TSOs should be concluded in conformity with the Third Energy Package requirements.

21. The PHLG urged the three Contracting Parties without NREAP to adopt it as soon as possible. The Secretariat reminded the Contracting Parties to submit RES progress report by the end of December 2014.

Presidency handover

22. Representative of Ukraine summarized main achievements during the current Presidency and the representative of Albania presented main priorities of the Presidency for the next year.

The adoption of these conclusions follows the Rules of Procedure.

Done in Vienna on 17 December 2014

For the Permanent High Level Group,

THE PRESIDENCY

