



Annual Report

Energy Community Secretariat

1 November 2021

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Annual Report on the Activities of the Energy Community 2020-2021

The Annual Report on the Activities of the Energy Community outlines key actions and achievements in the period from 1 November 2020 to 15 October 2021 following the requirements of Article 52 of the Energy Community Treaty.

Preparing for the energy transition

This reporting period brought to the fore the necessity to advance the energy transition in the Contracting Parties of the Energy Community and contribute to the achievement of the goals of the European Green Deal. Despite the challenging conditions posed by the Covid-19 pandemic, all institutions worked intensively on preparing legislative acts under the Clean Energy for all Europeans Package, aimed at setting a new energy and climate framework and boosting regional market integration, for adoption by the November 2021 Ministerial Council.

Besides focusing on setting 2030 targets for energy efficiency, renewable energy sources and greenhouse gas emission reduction and the development of National Energy and Climate Plans, the Energy Community worked to put in place an enabling framework for renewables to play an active role in the transition to a smart and integrated energy system and a decarbonised economy. Activities focused on the introduction of market-based support schemes, citizen's participation in the development of renewable energy projects and implementation of a system for guarantees of origin.

Through its new online Heating and Cooling Network, the Energy Community facilitated the exchange of good practice in modern technologies, policies and programmes among technical experts and policymakers and informed the public about the benefits of using renewables and waste heat in district heating networks.

Following the publication of a flagship study which recommended for the Contracting Parties to gradually introduce carbon pricing, the Secretariat invited all electricity generators in the Energy Community Contracting Parties to design and implement internal carbon pricing on a voluntary basis. The electricity producer Elektrani na Severna Makedonija (ESM) of North Macedonia and the power utility Elektroprivreda BiH (EPBIH) of Federation of Bosnia and Herzegovina have already joined the initiative.

In the area of energy efficiency, the key focus of the Energy Community in this reporting period was harvesting the energy efficiency potential of the buildings sector. The Secretariat provided assistance to the Contracting Parties to improve their

legal framework and remove regulatory barriers in the buildings sector and worked to match the needs of the Contracting Parties with donor funding.

As integrated energy markets are crucial for decarbonisation and security of energy supply, the Energy Community put in the spotlight the tools necessary to drive the transition towards a decarbonized and decentralized electricity sector, including the new electricity market design, electrification of the economy and investments in clean energy.

Recognizing that new financing opportunities are needed to secure investments to make the energy transition a reality, the Secretariat launched a new initiative to increase the understanding of EU green finance trends in the Contracting Parties and enable stakeholders to actively engage in the ongoing financial revolution.

Designing the right legal and regulatory framework

This reporting period continued to be marked by the ongoing Covid-19 pandemic. In spite of these challenging times, the Secretariat ensured that the Energy Community institutions and working groups continued to meet virtually on a regular basis and delivered technical assistance as needed. The Secretariat drafted numerous primary and secondary laws to assist the Contracting Parties in the transposition and implementation of the acquis.

Secretariat's reviews of national legal acts for 2021 (until 31 August 2021)

Contracting Party	Number of reviews
Albania	15
Bosnia and Herzegovina	10
Georgia	12
Kosovo*	3
Moldova	6
Montenegro	9
North Macedonia	4
Serbia	14
Ukraine	35

The Secretariat was deeply engaged in several transmission system operator certification processes. Taking into account the Opinion of the Secretariat, the Regulatory Commission for Energy of Republika Srpska, an entity of Bosnia and Herzegovina, certified Gaspromet Pale as a gas transmission system operator.

Work on certification of the transmission system operators in Georgia, Moldova, Serbia and Ukraine is ongoing.

The Energy Community Regulatory Board continued to address regulatory challenges and ensure that energy reforms benefit consumers. It focussed its activities on providing support to national regulatory authorities in implementing new Energy Community acquis communautaire. This included the REMIT Regulation for increased integrity and transparency of wholesale energy markets and gas and electricity Network Code and Guideline Regulations, the transposition of which is now advanced in many Contracting Parties.

Regional market integration received a major boost with the entry into force of the Connection Agreement between KOSTT of Kosovo* and transmission system operators from Continental Europe on 14 December 2020. The first-ever yearly auctions for electricity transmission capacity on Kosovo*'s borders with Albania, Montenegro and North Macedonia by the Coordinated Auction Office in South East Europe (SEE CAO) took place. In

addition, cross-border market integration gained ground with the new 400kV line between Kosovo* and Albania being put in operation.

Trans-regional cooperation on development of integrated SEEGAS market moves ahead

In summer 2021, a Memorandum of Understanding to support trans-regional cooperation on the development of an integrated South-Eastern and Eastern European gas (SEEGAS) market was signed by the Energy Community Secretariat, energy exchanges and trading service providers BRM, UEEX, TGE, CEEGEX, ECG, BHG and Henex and transmission system operators Moldova-transgaz, GTSOU, FGSZ, GAZ-SYSTEM, Transgaz and Desfa. The signatories aim to cooperate on the development of cross-border natural gas trading, e.g. on exchange platforms, and introduce transparent and competitive interregional market-based pricing mechanisms and efficient cross-border gas transmission and interoperability.

SEEGAS Memorandum of Understanding signatories



The Memorandum aims to create prerequisites for the functioning of a competitive liquid SEEGAS market and to ensure unhindered access to the respective natural gas markets for all market participants and service providers on a non-discriminatory basis and equal terms in accordance with the acquis. It also aims to facilitate cooperation on the implementation of an effective commodity clearing system for natural gas transactions that is in line with best European practices.

With the support of the Secretariat, the Ukrainian Energy Exchange became the first licensed commodity exchange in Ukraine. Georgia established the Georgian Gas Exchange.

Energy Community Just Transition Initiative

The Secretariat launched the Energy Community Just Transition Initiative to ensure that the move away from fossil fuels in the Contracting Parties is socially just, in the interest of women, workers and entire communities. The Secretariat manages four interlinked projects, which together represent the key dimensions of the Just Transition Initiative.

The first dimension of the initiative, the Coal Regions in Transition Project for Western Balkans and Ukraine is a joint effort of the European Commission, the Energy Community, World Bank, EBRD, College of Europe and the Government of Poland. The initiative aims to facilitate the development of transition strategies and projects to kick start the transition process in coal-dependent regions in the Western Balkans and Ukraine.

The second dimension focusses on gender equality and aims to ensure that a move away from fossil fuels, instead of replicating existing inequalities, will give women a place at the table where energy transitions are discussed and shaped. To lead by example, the Director of the Energy Community Secretariat, Mr Janez Kopač, became an “International Gender Champion” by joining a leadership network that aims to break down gender barriers and make gender equality a reality.

Under the Clean Air Regions dimension, nine Western Balkan municipalities (Banovići, Bitola, Kakanj, Lukavac, Maglaj, Novi Sad, Niš, Pljevlja and Tuzla) joined the Clean Air Regions Initiative (CARI). Mayors of the nine participating municipalities committed to undertake voluntary measures aimed to reduce air pollution in their municipalities, focusing on the most critical sources of pollution such as domestic heating, industry and traffic. With the knowledge gathered during the first workshop on 8 - 9 September 2021 in Hungary, participating municipalities

are ready to start developing their own Local Air Quality Action Plans supported by the Secretariat and the Hungarian Western Balkans Green Center.

The last dimension of the Just Transition Initiative is addressing energy poverty in the Energy Community Contracting Parties. The Secretariat launched a study to identify and assess the number of households in energy poverty in the Contracting Parties and propose policies and measures to eradicate energy poverty.

The first Energy Community Just Transition Forum took place virtually on 30 June 2021 in cooperation with the Balkan Green Foundation. The Forum was also the occasion to gather for the first time the key members of the Just Transition Advisory Board composed of representatives from academia, trade unions, governments and civil society.

Energy Community teamed up with Hungary to support green transition in Western Balkans

On 14 June 2021, the Ministry for Innovation and Technology of Hungary through its development agency of the Western Balkans Green Center (WBGC) and the Energy Community Secretariat joined efforts to help the Western Balkans fight climate change and foster the region’s green transition. Cooperation will focus on knowledge sharing and exchange programmes.



Signing ceremony of the Memorandum of Understanding between the Ministry for Innovation and Technology of Hungary and Energy Community Secretariat, 14 June 2021, Budapest, Hungary



EU4Energy Governance (Phase II) “Promoting the clean energy transition”



Co-funded by the European Union

The Energy Community Secretariat is implementing the EU4Energy Governance (Phase II) “Promoting the clean energy transition” technical assistance project, co-funded by the EU4Energy Programme of the European Union. The EU4Energy Phase II - Component 1 project will contribute to the development of sound legislative and regulatory frameworks for energy in order to support the region’s transition to clean energy and the liberalisation of the energy market.

Throughout the action (between 2020 and 2024), the Secretariat will work with stakeholders in Georgia, Moldova and Ukraine in order to assist them with the drafting, transposition and implementation of energy reforms, including the Clean Energy for all Europeans Package. The targeted sectors are electricity, gas (including hydrogen), energy efficiency and renewable energy. The Project will also facilitate knowledge transfer to the relevant public authorities via various capacity building activities.

The EU4Energy has identified the specific activities that will be implemented until the end of 2022 in Georgia, Moldova and Ukraine.

Secretariat joins EMAS to protect the environment and reduce its environmental footprint

Having set up an internal environmental management system (EMS), the Secretariat is working to continuously enhance its environmental performance. On 7 September 2021, the Secretariat was accepted to the Austrian registry of organisations implementing an Environmental Management and Audit Scheme (EMAS).



Successfully completed actions include a transition to 100% renewable energy, efficient LED lighting and a smart heating system. Water conservation and waste separation measures were put in place. In line with its green procurement principles, the Secretariat tendered new, EMS certified service suppliers in printing, cleaning, office supplies and catering. The Secretariat's emissions impact has also significantly decreased, due to the combined effect of Covid-19 restrictions and the newly introduced travel rules.

Communications and outreach

Due to the ongoing restrictions caused by the Covid-19 pandemic, the Energy Community institutions continued to meet via digital platforms. In March 2021, the Secretariat, in cooperation with GIE, MARCOGAZ, Methane Guiding Principles (MGP) and other leading industry experts, launched a new webinar series "Methane Mondays" in order to improve gas stakeholders' knowledge about the importance of tackling methane leakage and best practices in their measurement and reporting. Another successful webinar series, co-organized with the Agency for the Cooperation of Energy Regulators, explored the role of hydrogen in the transition towards a low-carbon economy.

As the first physical event following the Covid-19 lockdown, the fifth edition of the Energy Community Summer School empowered the new generation of energy and climate professionals to engage in the energy sectors in transition. The event was organized by the Energy Community Secretariat in cooperation with the Visegrad Fund and the Friedrich-Ebert-Stiftung, Dialogue Southeast Europe (FES-SOE). Polis University, Tirana; Comenius University Bratislava; Jagiellonian University, Krakow; Masaryk University, Brno; and REKK, Budapest act as project partners since 2016.



Fifth Energy Community Summer School, 21-28 August 2021, Vienna, Austria



During this reporting period, the Secretariat issued numerous publications and studies on issues of great importance to the Contracting Parties, including on boosting the use of renewables in transport, introducing carbon pricing, methane emissions in the gas sector and exploring the potential of hydrogen technologies. The Secretariat continued to publish the WB6 Energy Transition Tracker, which takes stock of the progress on reducing emission footprints, improving functioning of the energy markets, scaling up renewables, improving energy efficiency and planning for the decarbonised energy future, together with tailor-made visibility materials to emphasize the report's key messages. As in previous years, the Secretariat's Annual Imple-

mentation Report was the most downloaded document from the Energy Community website.

The Energy Community public website, as the main stakeholder communication tool, underwent development to better accommodate virtual and hybrid events. The Secretariat increased the Energy Community's presence on social media, gaining over 1.100 new followers on LinkedIn during the reporting period. Moreover, the Secretariat continued to serve as the focal point for journalists seeking pertinent information on energy and climate sector developments in the Contracting Parties.

Communications and outreach in numbers

86.097 Unique website visitors	39.340 Website downloads	362.119 Page views
12 Publications	7 Studies	142 News items
4.998 LinkedIn followers	3.256 Twitter followers	3.287 Facebook followers

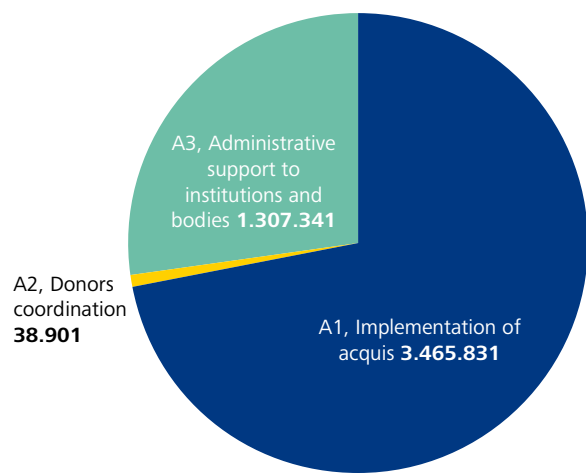
Staff

During the reporting period, the Secretariat engaged 34 permanently employed professionals, covering diverse expertise from all areas covered by the Energy Community. Apart from its permanent staff members, 20 temporary staff members, including interns, research fellows and locally recruited staff, made valuable contributions to the Secretariat's work.

Budget 2020

The Energy Community is funded by contributions from the Parties to the Energy Community Treaty. The total budget for 2020 amounted to EUR 4.812.073 and remained the same as in the previous year. This figure excludes EU4Energy Governance and donations.

2020 indicative spending per activity



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