1. The meeting was chaired by Ms Natalija Luković on behalf of Republic of Serbia (Serbia) and Florian Ermacora for the European Commission (Commission).

Other Contracting Parties present were: Albania, Georgia, Kosovo*, Moldova, Montenegro, Ukraine.

Participants present were: Austria, Cyprus, Germany, Greece, Finland, Lithuania, Slovakia, Slovenia

2. The Permanent High Level Group (PHLG) approved the agenda.

Treaty amendments

3. The Commission presented the state of play after the PHLG meeting in March 2021 and informed about the bilateral technical meetings with some Contracting Parties held in the meantime. The Commission made clear that without progress on the Treaty amendments, there will be no “reciprocity” mechanism, therefore no clear governance between EU MS and Contracting Parties, which is necessary for the implementation of the Electricity and CACM Regulations and ensure a regional access to EU-wide trading platforms (day-ahead, intraday, balancing).

4. The Parties discussed on remaining open issues. Serbia didn’t change the position on several issues expressed during the December 2020 Ministerial Council (reciprocity, financial penalties, denomination, State aid and competitiveness) and therefore does not agree with proposed wording of the amendments. Position of Kosovo* related to denomination is for Serbia unacceptable. Ukraine announced statement on penalties at the informal Ministerial Council on 2 July. Georgia agrees with proposed Treaty amendments and stressed it has no mandate to discuss Kosovo’s proposal related to denomination. Kosovo* insists on their proposals related to denomination. Albania supports Kosovo’s proposal. Montenegro supports Treaty amendments but has some comments on calculation methodology for penalties to be addressed within the respective Procedural Act. Commission stressed clear mandate from EU Council it has and reiterated its commitment to further discuss open issues. The Parties suggested the informal Ministerial Council on 2 July 2021 to focus its discussions further on the remaining open issues in a constructive manner.

The PHLG (except Serbia) underlined the importance to agree on Treaty amendments at the Ministerial Council in November 2021, and in particular the need for a “reciprocity” mechanism that would allow for the regional integration of the Contracting Parties into the EU electricity markets.

New acquis

Secretariat to launch in early July a consultation on drafts for adapted legal acts with Contracting Parties’ and neighbouring EU Member States’ stakeholders, subject to discussions at the informal Ministerial Council on 2 July 2021. The Contracting Parties invited the Commission to take these discussions into account when presenting proposals for adoption by the Ministerial Council in November 2021.


7. Contracting Parties stressed a need to align the 2030 targets with the ongoing design of national targets as planned in the emerging National Energy and Climate Plans.


Energy Community 2030 energy and climate targets and Decarbonisation Roadmap

10. The Commission informed about the results of the discussions at the technical working group of the Energy and Climate Committee on 29 June 2021 related to the design of 2030 targets, and associated envisaged two-step approach. The Commission informed that, depending on the progress of the 2030 energy and climate study, targets would be proposed at a later stage. The Contracting Parties invited the Commission to take the discussions at the PHLG and the informal Ministerial Council on 2 July 2021 into account when presenting proposals for all legal acts for adoption by the Ministerial Council in November 2021.

11. Some Contracting Parties stressed a need for targeted financial support from EU to enable timely decarbonisation.

12. The Commission presented the structure of a roadmap and timeline for its adoption with the aim of putting the Contracting Parties on a path towards achieving 2030 and mid-century decarbonisation targets.
13. The roadmap offers predictability, planning and sequence for the adoption, transposition and implementation of decarbonisation-focused rules while taking into account the capacities of the Contracting Parties in the years to come. The roadmap establishes a consistent dialogue with Contracting Parties on decarbonisation priorities. The roadmap would be updated biannually to keep the decarbonisation process of the Energy Community Contracting Parties in focus over time.

14. The roadmap would also support making progress on agreeing to a carbon pricing approach for the Energy Community by introducing a frame for concrete measures including the Monitoring and Reporting Regulation (MRR), the Accreditation and Verification Regulation (AVR), and pending decisions by Contracting Parties’ on the participation in the EU Emission Trading System.

Infrastructure


MC agenda A items

16. PHLG members took note of the Audit Report as of 31 Dec 2020, Director’s Report under Art 75 of the Treaty for the year 2020, Budget Committee Report on Audit 2020 and Budget Committee’s Annual Report on its activities for 2020. All the documents were thoroughly discussed on the Budget Committee.

17. PHLG took note of the draft Decision on the discharge of the Director from his management and administrative responsibility for the year 2020 previously endorsed by the Budget Committee.

Done in Cyberspace on 1 July 2021

For the Permanent High Level Group

THE PRESIDENCY