

## *19<sup>th</sup> Ministerial Council*

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Belgrade, 30 November 2021

1. The Ministerial Council meeting was welcomed and chaired by Deputy Prime Minister of the Republic of Serbia Zorana Mihajlović and co-chaired by Deputy Director General of DG ENER Mechtild Woersdoerfer and Deputy Minister Yaroslav Demchenkov from Ukraine, representing the Vice-Presidencies.
2. The Ministerial Council thanked the Presidency in office for its hospitality.
3. The Ministerial Council approved the agenda of the meeting.
4. The Ministerial Council adopted the A-points listed in Appendix 1 indicated for adoption and endorsed conclusions from 60th, 61st and 62nd PHLG meeting.
5. The Ministerial Council took note of the draft Procedural Act 2021/02/MC-EnC amending Procedural Act of the Ministerial Council 2008/01/MC-EnC of 27 June 2008 on Rules of Procedure for Dispute Settlement under the Treaty (annex 17) and of the decision of Presidency and Vice Presidency that act shall be adopted by correspondence. The Presidency instructed the Secretariat to carry out the procedure in line with point VI.5 of the Rules of Procedure of the Ministerial Council within the shortest possible deadline in accordance with the Procedural Rules.

### **Treaty amendments**

6. All Parties confirmed the need for Treaty amendments and expressed their commitment to further work on compromise solutions in a constructive manner. The Commission proposed to focus in the meanwhile on alternative solutions within the framework of the current Energy Community Treaty in order to achieve progress on the integration of electricity markets, including through measures in the electricity field under relevant Title of the Treaty for discussion in 2022. This proposal was welcomed by the Contracting Parties.

### **New acquis**

7. Ministerial Council adopted the Decision on amending Annex I to the Treaty establishing the Energy Community and incorporating Electricity Directive 2019/944 concerning common rules for the internal market in electricity and Risk Preparedness Regulation 2019/941 on risk-preparedness in the electricity sector.
8. Ministerial Council adopted the Decision on amending the Treaty establishing the Energy Community and incorporating Directives (EU) 2018/2001 on the promotion of the use of energy from renewable sources and 2018/2002 on energy efficiency, Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action, and Implementing Regulation (EU) 2020/1208 on structure, format, submission processes and review of information reported by Member States and Delegated Regulation (EU) 2020/1044 supplementing Regulation (EU) 2018/1999 of the European Parliament and of the Council with regard to values for global warming potentials and the inventory guidelines and with regard to the Union inventory system.

9. The Secretariat will take into account the increased level of ambition as reflected in the adoption of Directive (EU) 2018/2001, Directive (EU) 2018/2002 and Regulation (EU) 2018/1999 when reviewing compliance by Contracting Parties with the targets set for 2020. In the same vein, the Secretariat will take into account the absence of a binding 2020 renewable energy target for Georgia.
10. Ministerial Council adopted the Decision on amending Annex I to the Treaty establishing the Energy Community and adapting and implementing Regulation (EU) 2017/1938 of the European Parliament and of the Council concerning measures to safeguard the security of gas supply
11. Ministerial Council adopted Procedural Act 2021/5/MC-EnC amending Procedural Act of the Ministerial Council 2008/02/MC-EnC of 11 December 2008 on the Establishment of Security of Supply Group.
12. Contracting Parties invited the European Union to include in the draft RED III Directive a provision that would enable recognition of Guarantees of Origin among Member States and Energy Community Contracting Parties.

## **Implementation of the Treaty**

13. The Secretariat presented 2021 edition of the Implementation Report. The Ministerial Council took note of the progress made and called upon all Contracting Parties to continue full implementation, with a particular emphasis on the Large Combustion Plants Directive, where non-compliance endangers citizens' health and lives. The Ministerial Council welcomed the initiative by the Secretariat to develop guarantees of origin and their transfer between Contracting Parties and calls upon all Contracting Parties' designated registries to join the initiative.
14. The Ministerial Council adopted the following Decisions: 2021/03/MC-EnC on the failure of Bosnia and Herzegovina to comply with the Treaty in Cases ECS-10/18; 2021/04/MC-EnC on the failure of Moldova to comply with the Treaty in Case ECS-7/18, and 2021/09/MC-EnC on the failure of Moldova with the Treaty in Case ECS-24/21; 2021/05/MC-EnC on the failure of Montenegro to comply with the Treaty in Case ECS-3/21; 2021/07/MC-EnC on the failure of North Macedonia to comply with the Treaty in Case ECS-22/21; 2021/08/MC-EnC on the failure of Serbia to comply with the Treaty in Case ECS-23/21; 2021/06/MC-EnC on the failure of Ukraine to comply with the Treaty in Case ECS-4/21.
15. With regard to draft Decision 2021/02/MC-EnC on the failure of Bosnia and Herzegovina to comply with the Treaty in Case ECS-5/17, the Ministerial Council noted the absence of an Opinion by the Advisory Committee. The PHLG will resume the discussion of that Case once the Opinion is available, before recommending adoption of a Decision to the Ministerial Council by written procedure.
16. Upon hearing of the parties to the case, the Ministerial Council did not adopt a decision under Article 92 of the Treaty in Cases ECS-10/17S and 13/17S against Serbia on establishing a serious and persistent breach by Serbia.
17. The Parties welcomed the 2021 edition of the Implementation Report and stressed their concern regarding the increasing difference in the implementation status among Contracting Parties.

18. The Ministerial Council thanked to the President of the Advisory Committee Dr Wolfgang Urbantschitsch for his valuable work and contribution to the rule of law and independent enforcement in the Energy Community, and committed to increased support to the Advisory Committee.

## **Energy and Climate Framework**

19. The Ministerial Council adopted the General Policy Guidelines on the adoption of a Decarbonisation Roadmap for the Contracting Parties of the Energy Community proposed by the European Union. Adopting the Decarbonization Roadmap by the Ministerial Council sends an important signal as to the readiness of the Energy Community to join the European Union and other international partners in achieving net zero greenhouse gas emissions by 2050.
20. Contracting Parties expressed their concern about financial capabilities to perform Decarbonisation Roadmap and expressed an expectation that EU will financially assist in that endeavour recognising the principle of common but differentiated responsibilities of each Party.

## **Appointment of the Director of the Secretariat**

21. The Ministerial Council adopted Procedural Act No ../2021 appointing Mr. Artur Lorkowski as a Director of the Energy Community Secretariat for a period of three years, starting on 1st December 2021.
22. Ministerial Council welcomed initiatives for priority matters of discussion in 2022 presented by Ukraine as attached in Annex I.
23. All Contracting Parties expressed its expectation from Ukraine to enable their representatives to participate to PHLG and Ministerial Council next year in person.

Done in Belgrade on 30 November 2021

For the Ministerial Council,

THE PRESIDENCY

## *Talking points of Deputy Minister Demchenkov at the 19th Ministerial Council*

*Nov 30, 2021 Belgrade, Serbia*

*Dear Ministers, Excellencies,*

*On behalf of the Ministry of Energy and the Government of Ukraine in general, I would like to emphasize how important the Energy Community is for Ukraine. We are aware that all Contracting Parties are facing their own challenges in conducting energy and climate reforms, and appreciate the support by the Energy Community. But Ukraine, under constant aggression from its Eastern neighbor and at the risk of the forced devaluation of its gas infrastructure assets, needs this Community. For Ukraine, the Energy Community is a guarantor of our country's European integration and offers the format where we can address issues that matter to us - on par with the European Union and the Contracting Parties. During our Presidency, we will support the Energy Community in becoming this format for the benefit of all its Parties.*

*We commit to continuing the process of Energy Community reforms on the basis of proposals we expect from the Secretariat in the first quarter of next year. The Energy Community Treaty, in its current form, is not yet fit to live up to the challenges of market integration, decarbonization and respecting the rule of law.*

*We will aim at strengthening the role of energy solidarity, a notion which is in the Energy Community already, but needs to be made operational, so as to ensure that all Parties interests are taken into account when decisions about infrastructure are taken. Solidarity is also important in the energy price crisis, which many of our countries are currently experiencing. We will make proposals on how solidarity can be addressed on a regional level, through an initiative we call R.E.S.P. – Responding to European Energy Crisis, and look forward to discussing it with you at a dedicated meeting, which we are going to call soon.*

*We will further promote the coupling of Contracting Parties' markets in electricity and gas with those of the European Union. For gas, this means the opening of infrastructure to full third party access, in both directions, also on the borders between EU Member States and the Contracting Parties. For electricity, we are undertaking steps, in Ukraine and Moldova, to synchronize our networks with that of ENTSO-E. This will bring great benefits to the European Union as well, and we will request the Energy Community to oversee its successful implementation.*

*Finally, we are committed to the decarbonization of our energy industry and the Green Deal. We welcome today's adoption of a number of important documents putting us on track with achieving its objectives. We are aware of the enormous challenges, in Ukraine and beyond, and support the Secretariat's initiative of creating national decarbonization funds, co-financed from the revenues of carbon pricing schemes and European Union grants. Such support is crucial to mitigate the impact of the transition on our countries, and make sure it is a fair deal for our population. We ask the Secretariat to make concrete proposals in this respect. We will also launch an initiative for reviving the international carbon markets after the Glasgow CoP, and support the free trade in guarantees of origin for renewables and hydrogen, which, so far, is still prevented by European legislation.*

*Dear Ministers, dear colleagues*

*I am aware that this is an ambitious agenda. In Ukraine we believe in the potential of the Energy Community and look forward to developing it jointly with you. We also look forward to a close*

*cooperation with our Secretariat under its new Director Lorkowski and Deputy Director Buschle. We also would like to thank the European Commission, represented today by Deputy Director General Wörsdörfer, for their continued support. We are confident that, in working together, we can master the challenges of our energy transitions, and get the utmost benefit out of it.*

*Thank you.*