

**CONCLUSIONS**  
**8<sup>th</sup> PERMANENT HIGH LEVEL GROUP MEETING**  
**11 MARCH 2008, VIENNA**

**WELCOMING AND INTRODUCTORY REMARKS**

1. The meeting was co-chaired by UNMIK as Presidency in office and by the European Commission as Vice-Presidency.

**AGENDA ITEM ONE – IMPLEMENTATION OF THE WORK PROGRAMME**

2. The PHLG took note of the oral information, presented by the Director of the ECS on the implementation of the Work Programme and encouraged him to present such information at each PHLG meeting.

**AGENDA ITEM TWO – DISPUTE SETTLEMENT**

3. The PHLG examined the Draft Procedural Act on the Rules of Procedure for Dispute Settlement under the Treaty. Following the discussions an amended version including certain legal improvements of the text will be circulated by 20.03.2008 for written consultation until 15.04.2008. It will then be submitted to the Ministerial Council for adoption in June.

**AGENDA ITEM THREE – DRAFT DECISION ON THE IMPLEMENTATION OF COMMISSION DECISION OF 9 NOVEMBER 2006 AMENDING THE ANNEX TO REGULATION (EC) NO 1228/2003 ON CONDITIONS FOR ACCESS TO THE NETWORK FOR CROSS-BORDER EXCHANGES IN ELECTRICITY**

4. The PHLG examined the Draft Decision on the implementation of Commission Decision of 9 November 2006 amending the Annex to Regulation (EC) No 1228/2003 on conditions for access to the network for cross-border exchanges in electricity and decided, subject to final review at the next PHLG meeting, to submit it to the Ministerial Council for adoption. It was noted that the explanatory note will be complemented in order to indicate that, in future, new interconnections, for instance new submarine cables connecting Italy to a Contracting Party, shall be taken into account and the Decision revised accordingly.

5. With a view to finalize the draft to be submitted to the Ministerial Council in due time, the Contracting Parties are invited to provide comments in writing to the Secretariat not later than 15.04.2008.
6. It was also reminded that the next Athens Forum – to take place on 16th May 2008 – will be the occasion to further discuss this core topic in relation to the establishment of the Coordinated Auction Office.

#### **AGENDA ITEM FOUR – SECURITY OF SUPPLY**

7. The Secretariat presented a summary of the answers to the questionnaire submitted to the Contracting Parties in year 2007. The PHLG noted that the Contracting Parties strongly support the establishment of a Coordination Group on the basis of Directive 2004/67/EC composed by the Contracting Parties, the Participants and the European Community. Further, there is major support that such a group also covers electricity issues, so to provide similar approach concerning Directive 2005/89.
8. Considering the answers provided by the Contracting Parties at this stage, the PHLG decided that:
  - In order to implement Directive 2004/67/EC a Security of Supply Group (for gas) should be established before 31 December 2009 with competences limited to the provisions of Directive 2004/67/EC (cooperation – no decision power). This Group shall be composed by representatives of the Parties and by representatives of designated stakeholders.
  - In a second step, the competences of the Security of Supply Group are extended to electricity.
  - In a third step, before 31 December 2009, a Procedural act shall detail the procedure for the implementation of Article 44 to 46 of the Treaty. This procedure should take into account the three-step approach reflected in question 4. The possibility to mandate the PHLG to adopt certain decisions shall be examined.
9. In this relation, the PHLG asks the Secretariat to develop its summary into a short concept paper with indication of the relevant procedural steps and planning along the above, with the view to submit it for discussion at the next Ministerial Council.

#### **AGENDA ITEM FIVE – IMPLEMENTATION OF THE TREATY-ELECTRICITY AND GAS**

10. It was reminded that the electricity and gas directives as well as the electricity regulation had to be implemented by 1st July 2007. At the last Ministerial Council, Contracting Parties agreed to catch up with the delays before July 2008.
11. The PHLG took note of the information presented by the Secretariat and by the Contracting Parties on the state of play as concrete problems for each Contracting Party were specified and discussed. The PHLG encouraged those Contracting

Parties who have outstanding activities under way which require lengthy administrative procedures to submit to the Secretariat before the 1<sup>st</sup> May 2008 specific action plans indicating every such issues and corresponding activities including foreseeable deadlines for implementation.

12. Further, an outline of actions to be followed was specified for each Contracting Party. As the missions to the Contracting Parties were indicated as effective tool for providing concrete assistance in the implementation process, the PHLG asked the Secretariat – in concrete coordination with the Contracting Parties - to continue these intensively prior to the Ministerial Council meeting in June 2008. The missions to the Contracting Parties also revealed the need to clarify certain aspects concerning the interpretation and implementation of specific provisions of relevant acquis. The Secretariat was requested to draw up a list of these questions in order to assess how to best answer them in a specific workshop to take place on 10 – 11 April 2008 in Vienna in the premises of the Secretariat.
13. In addition to the missions, and further to previous discussions and conclusions in this aspect, the Secretariat and the European Commission underlined again that sufficient administrative capacity needs to be dedicated to the implementation of the Treaty.
14. With the view to present to the June Ministerial Council an updated picture of the situation, the PHLG requested the Secretariat to prepare for the next PHLG meeting a separate note indicating what concrete formal acts were adopted or are under concrete development since 01.07.2007.

#### **AGENDA ITEM SIX – IMPLEMENTATION OF THE TREATY-COMPETITION**

15. The PHLG takes note of the Preliminary Report on the implementation of the competition acquis, based on data received by the Contracting Parties and invites the Secretariat it to continue its work in this direction.

#### **AGENDA ITEM SEVEN – IMPLEMENTATION OF THE TREATY-ENVIRONMENT**

16. The PHLG takes note of the Secretariat's Preliminary Report on the implementation of the environmental acquis, based on data received by the Contracting Parties and focusing on the Directives on Environment Impact Assessment and Wild Birds respectively. The Commission informed about its own monitoring system and it was agreed that the monitoring reports will be transmitted to the Secretariat.

#### **AGENDA ITEM EIGHT – IMPLEMENTATION OF THE TREATY-RENEWABLES**

17. PHLG takes note of the Secretariat's report and requests the Contracting Parties to present summary information on the progress for the next PHLG. The information shall be presented to the Secretariat for summarization by 01.05.2008.

#### **AGENDA ITEM NINE – ENERGY MARKET DEVELOPMENTS**

18. The PHLG took note of the progress made by the SEE CAO IG and stressed the importance of having market based capacity allocation methods and in place as soon as possible. The PHLG requested to receive the final version of the CAO Action plan to be adopted in April by the ECRB Implementation Group. Further, the PHLG invited the TSOs of all Contracting Parties and Participants involved to take without delay the necessary steps to better structure their cooperation and requested to be informed about the expected Memorandum of Understanding.
19. The PHLG took note of the market development report and invited the Secretariat to develop a strategy plan with concrete proposals for measures to overcome the hurdles of the current market barriers with the view to discuss these aspects at the October PHLG meeting.

#### **AGENDA ITEM TEN – GENERALLY APPLICABLE STANDARDS**

20. The PHLG took note of the step-by-step approach proposed by the Secretariat concerning the development of national plans for the implementation of the generally applicable standards. The PHLG requested the Secretariat to review the timeline with the view to report to the December Ministerial Council.
21. In this relation the Secretariat is requested to officially contact in writing the ministers, responsible for energy matters in the Contracting Parties, to raise the awareness of the needed steps as to ensure a timely adoption of the requested implementation plan.

#### **AGENDA ITEM ELEVEN – NEXT MINISTERIAL COUNCIL**

22. The draft agenda for the Ministerial Council meeting was presented. The Secretariat indicated that for the preparation of item 5 (Oil dimension), a first version of the concept paper will be circulated shortly to gather the views of the Contracting Parties.

#### **AGENDA ITEM TWELVE – MISCELLANEOUS**

23. The Commission presented the new Climate and Energy Package for information.
24. The Commission made a presentation on the EC financial assistance programmes concerning administrative capacity and the Project Preparation Facility and invited the Contracting Parties to consider further efficient utilization of the possibilities they provide.
25. The Commission gave information on the steps taken in relation with the operation of the inter TSO compensation mechanism between UNMIK and the Serbian TSO.
26. The Budget Committee chair gave an overview of the two meetings of the Budget Committee and the major findings, announced so far by the external auditors, as well as the coming next steps.

27. The Secretariat presented the Relation between the Gas Development plans of the Contracting Parties and the Energy Community Gas Ring Concept, as one of important topics of the JGWG meeting, as well as next Gas Forum. The PHLG recognized the usefulness of the Gasification study and acknowledged the Gas Ring as a viable solution in the long term to create a competitive, secure and sustainable gas market in the region. The PHLG requested the Gas Forum and the JGWG to pursue the analysis on how the current National investment plans of the contracting parties tally with the Gas Ring project and when appropriate to propose initiatives or solutions on how to best reconcile them. Finally, the PHLG supported the extension of the gasification study to the storage capacities. The PHLG also underlined that the Gas Forum and the JGWG are set in order to facilitate the creation of a regional gas market, and therefore as such constitute a good approximation of a Gas Regional initiative as currently exist in the EU.
28. The Secretariat recalled the coming events by middle of 2008 in accordance with the event calendar for 2008.
29. The PHLG welcomed the information about the organization of a technical workshop on priority electricity projects of the Energy Community to take place on 09.04.2008 in Vienna.

FOR THE PRESIDENCY:

  
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