PROCEDURAL ACT OF
THE MINISTERIAL COUNCIL OF THE ENERGY COMMUNITY

2019/PA/01/MC-EnC: On the adoption of the Budget of the Energy Community for the years 2020-2021 and on the contributions by the Parties to the budget

The Ministerial Council of the Energy Community,

Having regard to the Treaty Establishing the Energy Community, and in particular Articles 73, 74, 86 and 88 thereof,

Having regard to the Commission Decision of 6 November 2019 on establishing the Commission's proposal to the Ministerial Council of the Energy Community on the Budget of the Energy Community for the period 2020-2021,

Having regard to Articles 24 and 25 of the Energy Community procedures for the establishment and implementation of Budget, Auditing and Inspection,

Whereas the Ministerial Council shall adopt a bi-annual budget covering the operational expenses of the Energy Community necessary for the functioning of its institutions,

Whereas each Party shall contribute to the budget of the Energy Community as set out in Annex IV of the Treaty establishing the Energy Community,

HAS DECIDED AS FOLLOWS:

Article 1

The Energy Community Budget covering the financial years 2020 and 2021 as set forth in the Annex to the present Procedural Act is hereby adopted.

Article 2

With effect as of 1 January 2020, the contributions to the budget of the Energy Community by the Parties are set out in Annex to the present Procedural Act.

Article 3

This decision is addressed to all Parties and institutions under the Treaty establishing the Energy Community.

Article 4

The Director of the Energy Community Secretariat shall make this Procedural Act and its Annex available to all Parties and institutions under the Treaty establishing the Energy Community within 7 days after its adoption.
Adopted in Chisinau on 13 December 2019

For the Ministerial Council

[Signature]

Presidency
Explanatory Memorandum of the Energy Community budget 2020-2021

1. Context of the proposal

1.1. Treaty basis

Articles 73 and 74 of the Treaty establishing the Energy Community (hereinafter referred to as the "Treaty") stipulates that a Procedural Act adopted by unanimity by the Ministerial Council, on a proposal of the European Commission, shall lay down a biannual budget of the Energy Community. It cover(s) also the operational expenditure of the Energy Community necessary for the functioning of its institutions.

The present budget proposal and explanatory memorandum was prepared by the Director as required under Article 30 of the Energy Community Procedures for the Establishment and Implementation of the Budget, Auditing and Inspection (hereinafter referred to as the "Budgetary Procedures").

1.2. Provisions for 2020-2021 budget of the Energy Community

Guiding principles and provisions for the preparation of the budget (on content and structure) are laid down in the Energy Community Budgetary Procedures (amended in 2014).

An additional principle applied for the first time in the process is related to the introduction of Activity Based Budgeting (ABB) principles in the future reporting scheme of the Energy Community.

2. Outline of the Work Programme 2020-2021

While also reflecting the need to address new challenges ahead, the priorities of the Energy Community and its institutions, including the Secretariat, will be firmly centred on the key objectives established by the Treaty:
3. Extend the EU internal energy market rules and principles to countries in South East Europe, the Black Sea region and beyond on the basis of a legally binding framework
4. Establish a stable regulatory and market framework capable of attracting investment in power generation and networks;
5. Create an integrated energy market allowing for cross-border energy trade and integration with the EU market;
6. Enhance the security of supply to ensure stable and continuous energy supply that is essential for economic development and social stability;
7. Improve the environmental situation in relation with energy supply in the region and foster the use of renewable energy and energy efficiency; and

The Secretariat will continue to support the Contracting Parties in transposing and implementing the *acquis*. In situations where progress is lacking, experts of the Secretariat will get more and more involved in individual cases providing tailor-made support, either through country specific implementation missions or through the management of external consultancy services. The enforcement mechanism under the Treaty, supported by mediation and dispute resolution, will continue to serve as important tool to support the process of Treaty implementation in cases where other types of support have failed (e.g. drafting, knowledge sharing, capacity building).

At the same time, the Regulation for Energy Market Integrity and Transparency (REMIT) and Gas Network Codes and Guidelines, recently adopted by decision-making bodies of the Energy Community, will have to the transposed and implemented. Further tasks in infrastructure related issues (PECI/PMI related) will remain on the agenda of the Secretariat and will require regular reporting in line with the applicable regulation.

The General Policy Guidelines on 2030 Targets for the Contracting Parties of the Energy Community, adopted in December 2018, set the future focus of the work of the Energy Community in the area of decarbonisation. At the said December meeting, the Ministerial Council announced to work towards the incorporation of the Clean Energy Package. The first pieces of the Package that might be incorporated into the *acquis* already in 2019 are the recast Renewable Energy Directive, the amended Energy Efficiency Directive and the amended Energy Performance in Buildings Directive, and the Governance Regulation. This will result in further tasks and obligations of the Contracting Parties and require new efforts to be provided by the Secretariat. A particularly challenging obligation will be the preparation and adoption of National Energy and Climate Plans.

In addition, the *acquis* on Security of Gas Supply and the existing and future Network Codes foresee a number of new tasks for the Secretariat and the ECRB.

Further, the adoption of Procedural Acts by the Ministerial Council on the establishment and work of the Coordination Group of the Energy Community Distribution System Operators for Electricity and of the Energy Community Coordination Group for Cybersecurity and Critical Infrastructure will result in a number of new tasks, e.g. the organisation and preparation of meetings, overall content support to the working groups, etc.

With the existing and new tasks following from the mandate of the Secretariat, the list of reporting obligations towards various Energy Community institutions (e.g. Ministerial council, ECRB, PHLG) and the European Commission, has been increasing steadily. Details of the reporting obligations are presented in Annex II of the Work Programme.
Overall, the Secretariat's work reflects three main priority areas in line with Article 67 of the Treaty:

- **Activity 1 (A1)** – Implementation of the acquis pursuant to Article 67(b) of the Treaty focusing on the assistance offered to the Contracting Parties to support the proper implementation of the obligations under the Treaty and annual progress reporting to the Ministerial Council;

- **Activity 2 (A2)** – assistance to donors and to the coordination by the European Commission of the donors’ activity pursuant to Article 67(c), including assistance to the work of the donors’ community in the areas of the scope of the Energy Community in Contracting Parties; and

- **Activity 3 (A3)** – Administrative support to institutions and bodies in line with Article 67(a) regarding the facilitation and organisation of the work of the Energy Community institutions and working bodies established by decisions of the Ministerial Council.

The main activities, as defined in the Work Programme for reporting purposes, are further divided into actions (see Annex I to Work Programme 2020-2021). Further on reporting on the budget utilisation will be done according to defined activities (see above A1-A3) and corresponding indicators.

This document however, refers the planning of resources in accordance with the principles of the Budgetary Procedures (see below).

### 3. Budget assumptions

The major assumption underpinning the budget proposal is that the stable legal and financial framework will be further on applicable to the operations of the Energy Community. The planned amendments to the Treaty to improve its functioning that the Ministerial Council is scheduled to adopt in 2019, supported by the Presidency in Office and the Secretariat, is a first step of assurance that the Community will continue to work towards the achievement of the Energy Community objectives, responding to the requirements of creating a single internal energy market. On the level of financial planning for 2020-2021, the experience of budget implementation of the previous three years was taken into consideration as well as the strategic planning of future tasks and activities as presented in the Work Programme.

### 4. Energy Community budget structure

The financial planning follows the predefined structure of the budget through the provision of the applicable Rules. This stable frame given for planning of the expenditures and revenue since the very beginning of the Energy Community allows a multiannual comparison of utilization of the results.

The presented budget is allocated according to four budget lines ("BL") which are Human Resources, Travel Expenses, Office and Other Costs, Services that are further detailed in the budget positions (different number in different budget lines). Each of the budget positions is further composed of pre-defined accounts that are creating a group of accounts representing a certain category of expenditures related to the budget lines. Explanations given under this section are applicable for both years 2020-2021.
4.1. Budget Line: Human Resources

Budget Line I constitutes human resources expenditures. This part of the budget is defined in accordance with the approved Establishment Plan and follows the established salary scales.

The existing organisational structure of the Secretariat is the basis for the proposal. The budget for the Human Resources Budget Line is a result of the following considerations:

- In 2020 and 2021 respectively, the salaries are indexed with a 2% inflation factor; and
- Continued promotion of temporary employment under secondment and internship schemes is envisaged. Secondment, used as a form of strengthening the administrative capacity of the Contracting Parties, will be further on use in the years 2020-2021 to complement the Secretariat's team with specific technical expertise from national administrations and other organisations. Internships aim at supporting staff as well as disseminating knowledge about the Energy Community and contributing to capacity building. The financial assumptions of the proposed budget envisages funds for approximately 60 man/months for and internships¹ and 24 man/months for secondment. The number of temporary personnel is counted on a basis of 1 year engagement, i.e. in total five one-year internships and 2 one-year secondments planned for 2020 (in total 7 temporary).

4.2. Budget Line: Travel

Budget Line II comprises expenditures related to authorised travels of the Secretariat's staff on behalf of the Energy Community pursuing activities related to the implementation of the Treaty.

The expenditures refer mainly to the Contracting Party missions or technical assistance for the review of the implementation of the obligations under the Treaty. This budget contains also funds for justified travels linked to the organisation and participation of the staff in different meetings and conferences, including those of the Energy Community institutions, as speakers, etc.

In its structure, the budget for travel expenses is planned and composed of:

- Costs for flights and accidentals; and
- Daily Subsistence Allowance (DSA)².

4.3. Budget Line: Office

Budget Line III comprises expenditures that increase or alter the assets of the Energy Community and other office infrastructure expenditures (rent, office supplies, consumables and other services) that are necessary for the functioning of the Secretariat as an institution under the Treaty.

¹ Regulated by separate Rules on Secondees, Interns and locally recruited staff.
² The Energy Community Secretariat follows the DSA as published by the EuropeAid Cooperation Office, also applied by other international funded by the EU.
This budget line includes the following budgetary positions:

- **Rent**: The estimation of expenditures for the rental of office premises. This budget position considers the donation to be received from the host country (Austria) to the overall budget of the Energy Community.

- **Office equipment**: This budgetary position reflects the necessity to maintain the equipment (particularly IT and related office furniture) up-to-date to provide maximum security of the working environment, processes and of the processed data. This budget line is composed of the following budget accounts: hardware, software, office equipment and low value assets. The budgeting of the overall expenditure for 2020 follows the IT plan, which estimates the exchange of hardware (staff IT equipment – laptops, printers and servers in the IT administration area) and corresponding software. It also comprises licenses for the functioning of existing software required for the Energy Community website and for the internal accounting programme for the management of the Energy Community accounts.

- **Consumables**: This budget line comprises the following accounts: office supplies, repairs and maintenance as well as office cleaning, running costs and electricity costs for the premises.

- **Other services**: The envisaged budget under the budgetary position "Other services" reflects the necessary funds for carriers and transport by third parties, postal fees, other operating expenses and costs of communication (telecommunications).

### 4.4. Budget Line: Other costs and services

Budget Line IV concerns other expenditures that relate to the activities, which are necessary for the functioning of the Secretariat and other Institutions under the Treaty (Ministerial Council, PHLG, ECRB and Fora).

This budget line is composed of the following budget positions:

- **Advertising, communications and representation**: It covers the work performed within the area of public relations, related to issuance of publications by the Secretariat (i.e. publishing of new editions of the Legal Framework books, Implementation Reports, etc.), advertising required for the purposes of procurement and personnel search as well as costs of representation;

- **Studies, research and consulting**: Experience has shown that technical support through studies is a very useful tool for achieving the Energy Community's objectives. The research and consulting relates to the areas of work outlined in the Work Programme of the Energy Community (incl. ECRB);

- **Costs of outsourced services (IT, payroll, etc.)**: This budget line corresponds to the performance of activities and tasks related to IT administration (outsourced activity to an external partner), technical maintenance of the website of the Energy Community (in both administrative and external user areas), as well as the lease contracts for office equipment (e.g. copy machines and printers) as well as for the maintenance of existing IT solutions within the area of administration, accounting and human resources (databases for accounting and human resources);

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3 The Republic of Austria committed to donate EUR 170,000 on an annual basis to the office rent of the Secretariat in Vienna; no other forms of contribution to the rent expenses is considered (neither internal allocation of resources nor other donations)
- **Costs of audit, legal and financial advice:** This budget line includes funds for external audits as well as for outsourced legal services and financial contracts for payroll and accounting;
- **Financial services:** It covers banking and transaction fees;
- **Costs of events:** This budget line covers the expenses related to the organisation of all regular and ad hoc events, including: renting of premises and equipment, catering, technical arrangements;
- **Refunding:** It covers the travel expenses related to the participation of representatives of the Contracting Parties and/or Observers in the institutional meetings, workshops and other events organized by the Energy Community Secretariat; implementation of this budget follows a separate set of rules on reimbursement. As a principle, the same rules on reimbursement of the costs of transportation and accommodation apply since the beginning of the Energy Community; and
- **Training:** This budget position covers the expenses related to training, education, internal annual meetings of the Secretariat’s staff and, primarily, educational measures offered to the representatives of the Contracting Parties.

5. Energy Community Budget 2020

The proposed budget for 2020 is in line with the figure put forward by the Commission and is on the level of the 2019 budget (EUR 4,812,073). As is the case each year, the EU contribution (94.78% of the Energy Community budget) is conditional to the final adoption of the EU budget for 2020.

5.1. Budget line 1: Human Resources 2020

Compared to 2019, there is a 3.7% increase in financial resources requested for Budget Line 1. This is caused by the request for two new expert positions (for details and justification see Work Program attached) who will be employed in the course of next year and by 2% inflationary adjustment.

This budget line is composed of salaries for permanent staff members (on limited contracts subject to extensions) and temporary personnel (interns, secondees). The salaries are exempt from national income tax, without any further benefits (pension rights, health, unemployment) but accident insurance. There are no additional allowances and benefits offered.

The salaries of Energy Community Secretariat personnel applicable as of 1 January 2020 are based on existing levels of remuneration (2019) and subject to inflationary adjustment of 2%. In this budget line, resources of temporary assignments (24 man-months for secondments and 60 man months for internships) are also included (in 2019: 46.6 man-months). The scale of remuneration for secondees has been adjusted, which allowed to decrease the overall budget for temporary personnel from EUR 190,485 to EUR 175,432. This type of employment proved to deliver an added value to the work of the Secretariat. It has been also the best instrument to engage young professionals or experts from the Parties into the work of the Energy Community. In addition, temporary employments help to fulfil the requirements of the ‘geographical equilibrium’ - as required under the Rules for Recruitment, Working Conditions and Geographical Equilibrium of the Secretariat’s Staff of the Energy Community ("the Recruitment Rules").

4 The function of accounting has been outsourced since 2014 based on the provisions of the Budgetary Procedures (Art 41(2))
The request for an increase of personnel as justified in the work programme 2020-2021 was compensated through reallocations of budget appropriations between several budget lines.

5.2. Budget line 2: Travel 2020

The travel budget for 2020 (EUR 340,000) is 8% lower in comparison with 2019 (EUR 367,812). The estimate for 2020 was established based on experience of budget utilisation acquired in the past years. The efficient planning of future trips and missions shall allow sufficient performance of the activities within the requested budget.

5.3. Budget Line 3: Office 2020

The 6% increase between 2019 (EUR 400,084) and 2020 (EUR 424,205) for the office expenses budget relates to realistic provisions made for rent and other services. Both budget positions lacked resources in the past years of implementation.

5.4. Budget Line 4: Other Costs and Services 2020

The overall budget request for other costs and services is 6% lower for 2020 (EUR 1,395,000) than for 2019 (EUR 1,486,956). This comes as an adjustment to the planning in different budget lines. Based on actual past values of utilisation in all budget positions, it is assumed that this budget will be sufficient for the continuation of the activities under this budget line.

6. Energy Community Budget 2021

The proposed budget for 2021 of EUR 4,812,073 is based on the same assumption of a full team according to establishment plan, salary level and all other costs as for 2020. Increase of funds for salaries is outweighed with a decrease in funds for studies, education, consumables. Figures for 2021 are not yet available as concerns the future EU contribution, pending the outcome of the multiannual financial framework for 2021-2027. Thus, this constitutes an advanced indication of the resources needed for the operations of the Energy Community post-2020.
7. Statement of revenue 2020-2021

<table>
<thead>
<tr>
<th></th>
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</tr>
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<tbody>
<tr>
<td>European Union</td>
<td>4,560,883</td>
<td>4,560,883</td>
<td>4,560,883</td>
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<tr>
<td>Republic of Albania</td>
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<td>4,331</td>
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</tr>
<tr>
<td>Bosnia &amp; Herzegovina</td>
<td>9,624</td>
<td>9,624</td>
<td>9,624</td>
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<td>Kosovo†</td>
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<td>3,368</td>
<td>3,368</td>
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</tr>
<tr>
<td>North Macedonia</td>
<td>4,812</td>
<td>4,812</td>
<td>4,812</td>
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<tr>
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<td>4,812</td>
<td>4,812</td>
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<td></td>
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<tr>
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<td>26,948</td>
<td>26,948</td>
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<tr>
<td>Ukraine</td>
<td>189,590</td>
<td>189,590</td>
<td>189,590</td>
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<td></td>
</tr>
<tr>
<td>2. Donations</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Other revenue</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>4,812,073</td>
<td>4,812,073</td>
<td>4,812,073</td>
<td>0%</td>
<td>0%</td>
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</table>

8. Statement of expenditure 2020-2021

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Human Resources</td>
<td>2,557,221</td>
<td>2,652,866</td>
<td>2,804,091</td>
<td>3.74%</td>
<td>5.70%</td>
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<tr>
<td>2. Travel</td>
<td>367,812</td>
<td>340,000</td>
<td>340,000</td>
<td>-7.56%</td>
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<td>3. Office</td>
<td>400,064</td>
<td>424,205</td>
<td>441,205</td>
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<td>4. Other services</td>
<td>1,486,566</td>
<td>1,395,000</td>
<td>1,253,777</td>
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<td>-10.12%</td>
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<tr>
<td><strong>Total expenditure</strong></td>
<td>4,812,073</td>
<td>4,812,073</td>
<td>4,812,073</td>
<td>0%</td>
<td>0%</td>
</tr>
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</table>
## 9. Details of Statement of expenditure 2020-2021

Energy Community
Budget Planning 2020-2021

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. HUMAN RESOURCES</td>
<td>2,557,221</td>
<td>2,652,848</td>
<td>1,657,861</td>
<td>93,947</td>
<td>5%</td>
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<tr>
<td>2. TRAVEL EXPENSES</td>
<td>122,400</td>
<td>112,000</td>
<td>112,000</td>
<td>112,400</td>
<td>5%</td>
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<tr>
<td>3. OFFICE EXPENSES</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>0%</td>
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<tr>
<td>4. OTHER COSTS AND SERVICES</td>
<td>96,304</td>
<td>58,580</td>
<td>57,500</td>
<td>57,500</td>
<td>0%</td>
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<tr>
<td>TOTAL</td>
<td>4,812,073</td>
<td>4,812,073</td>
<td>4,812,073</td>
<td>4,812,073</td>
<td>0%</td>
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</table>

## 10. Institutional Budget (refunding and organisation of events)

(in EUR)

<table>
<thead>
<tr>
<th>(in EUR)</th>
<th>Budget 2020</th>
<th>Budget 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministerial Council (incl. bodies established by decisions of MC)</td>
<td>147,700</td>
<td>147,700</td>
</tr>
<tr>
<td>Permanent High Level Group</td>
<td>25,600</td>
<td>25,600</td>
</tr>
<tr>
<td>Energy Community Regulatory Board</td>
<td>68,700</td>
<td>68,700</td>
</tr>
<tr>
<td>Secretariat (incl. different workshops/events)</td>
<td>201,100</td>
<td>201,100</td>
</tr>
<tr>
<td>Electricity Forum</td>
<td>21,300</td>
<td>21,300</td>
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<tr>
<td>Gas Forum</td>
<td>20,800</td>
<td>20,800</td>
</tr>
<tr>
<td>Oil Forum</td>
<td>20,800</td>
<td>20,800</td>
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<tr>
<td>TOTAL</td>
<td>506,000</td>
<td>506,000</td>
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</table>
11. Annex IV of the Treaty: Parties Contribution Table 2020-2021

**ANNEX IV of the Treaty establishing the Energy Community**

**Budgetary Period 2020-2021**

<table>
<thead>
<tr>
<th>Parties</th>
<th>Contribution in %</th>
<th>Budget 2020 Contribution (in EUR)</th>
<th>Budget 2021 Contribution (in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union</td>
<td>94,78%</td>
<td>4,560,883</td>
<td>4,560,883</td>
</tr>
<tr>
<td>Republic of Albania</td>
<td>0,09%</td>
<td>4,331</td>
<td>4,331</td>
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<tr>
<td>Bosnia &amp; Herzegovina</td>
<td>0,20%</td>
<td>9,624</td>
<td>9,624</td>
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<td>Georgia</td>
<td>0,11%</td>
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<td>5,293</td>
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<td>Kosovo*</td>
<td>0,07%</td>
<td>3,368</td>
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<td>North Macedonia</td>
<td>0,10%</td>
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<td>Moldova</td>
<td>0,10%</td>
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<td>Serbia</td>
<td>0,56%</td>
<td>26,948</td>
<td>26,948</td>
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<tr>
<td>Ukraine</td>
<td>3,94%</td>
<td>189,596</td>
<td>189,596</td>
</tr>
</tbody>
</table>

| Total                    |                   | 4,812,073                         | 4,812,073                         |
12. Establishment Plan 2020-2021

Remark:

This establishment plan indicates the number of permanent and temporary posts proposed for carrying out the tasks under the corresponding work programme.

The number of temporary posts is estimated on the basis of 12-month assignments and may vary depending on the individual duration of the assignments.

<table>
<thead>
<tr>
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<tbody>
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<td>Director</td>
<td>1</td>
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<tr>
<td>Deputy Director</td>
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<tr>
<td>Head of Unit or Section</td>
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<td>Experts</td>
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<td>Temporary Personnel</td>
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<td>7</td>
<td>30</td>
<td>10</td>
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</tbody>
</table>

*For the future, the position of the Deputy Director would need to be clearly stipulated and defined in the Staff Regulations and the Recruitment Rules.*

ENERGY COMMUNITY SALARY SCALES 2020-2021*

<table>
<thead>
<tr>
<th>Level/description</th>
<th>per month (in EUR)</th>
<th>Full-time salary per month (in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
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<tr>
<td>Head of Section/Unit</td>
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<tr>
<td>Expert</td>
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<tr>
<td>Assistant /Officer</td>
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<tr>
<td>Secondee</td>
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<tr>
<td>Intern</td>
<td>1,611</td>
<td>1,644</td>
</tr>
</tbody>
</table>

* Figures are indicative for a full time employment

** For the future, the position of the Deputy Director would need to be clearly stipulated and defined in the Staff Regulations and the Recruitment Rules.
Annex : Energy Community Work Programme 2020-2021

I. INTRODUCTION

Background

This outline of the Work Programme of the Energy Community 2020-2021 is a summary of activities linked to the budgeting process of expenditures for the next two years. It is prepared following the requirements of the establishment of the budget laid down in the Energy Community Procedures for the Establishment and Implementation of Budget Audit and Inspection ("Budgetary Procedures"). It takes into consideration the following:

- Developments in the Energy Community’s scope (geographic and content wise);
- The Secretariat’s enhanced and more complex role in the implementation of the Treaty;
- Increased outreach, and cooperation with other policy making and financial institutions;
- New challenges of political, legal and economic nature in the Contracting Parties and Observers, especially decarbonisation;
- The energy developments in the European Union (EU) (especially the Clean Energy Package); and
- The increase in the scope of work of the Secretariat due to new tasks, higher number of events, travels and implementation efforts as a result of the above.

Within the current budgetary period 2018-2019, the Energy Community has worked intensively towards implementation of the acquis communautaire ('acquis') under the Treaty in a broad range of areas including electricity, gas, oil, renewables, environment, energy efficiency, climate, statistics, security of supply, State aid and competition. Enforcement and dispute settlement have played a significantly greater role than in previous periods. As reflected in detail in the Energy Community Secretariat’s (hereinafter 'the Secretariat') annual Implementation Report, the Contracting Parties have benefited from support by the Secretariat in transposing and implementing the acquis through drafting primary and secondary legislation, compliance reviews, enforcement and negotiations, mediation, streamlining and coordination of technical assistance, education, management of regional cooperation, etc. Such support will continue also in the next budgetary period 2020-2021.

The final sum of the proposed budget is based on a clear indication of the European Commission concerning the planned maximum contribution from European Union as the biggest Party to the Treaty by far.

Based on the suggestion of the Budget Committee, an additional activity based reporting scheme is envisaged for the budget 2020-2021 as presented in Annex I.

Challenges in catching up

In the years to come, the Contracting Parties and the Energy Community institutions are expected to work to support the energy transition in the Energy Community in line with global and European mainstream energy policy developments. Compared to the EU, most Contracting Parties are lagging further behind in this process, needing to strengthen administrative capacity and to attract
investment under more difficult circumstances and facing other challenges such as a high level of poverty and reliance on fossil fuels. The main instrument to support the Contracting Parties with catching up and progressing towards a comparable level to the EU is the full implementation of the acquis, both existing and new.

The Third Energy Package as well as the existing environmental and climate acquis is still far from being implemented. Closing the gap requires major efforts by the Parties, supported by the institutions. The challenges of full opening of the electricity and gas markets, unbundling and certification of transmission system operators and unbundling of distribution system operators still lie ahead. The newly incorporated REMIT Regulation will also have to be implemented. Moreover, the electricity and gas network codes and guidelines have recently been and/or are foreseen to be incorporated in the Energy Community in 2019. As they are not directly applicable, the efforts to transpose and implement them will have to be greater than in the EU. Beyond the Secretariat’s regular annual monitoring of acquis implementation, this will require from the Secretariat the fulfilment of specific reporting tasks (see Annex II), which increases workload and requires specific knowledge comparable to the expertise available at EU level (e.g. ENTSO-G, ENTSO-E, ACER etc.) This will strain the institutions, including the Secretariat, in terms of human and other resources.

Outside of the Third Energy Package, especially the Large Combustion Plants Directive and the Industrial Emissions Directive have far-reaching consequences in many Contracting Parties. The implementation phase of the Large Combustion Plants Directive should have started on 1 January 2018, with the reporting obligations by the Contracting Parties taking effect on 1 January 2019. The two Directives as well as the Environmental Impact Assessment Directive and the Wild Birds Directive are far from being implemented. The Environmental Impact Assessment and the Sulphur in Fuels Directives have been upgraded according to their latest amendments (with implementation deadlines of 1 January 2019 and 30 June 2018, respectively). The Strategic Environmental Assessment and Environmental Liability Directives, which are/will be applicable as of 31 March 2018 and 1 January 2021, respectively, have not yet been transposed in several Contracting Parties. The same goes for the Recommendation on implementing the provisions of the Monitoring Mechanism Regulation for greenhouse gas emissions, the basis for the implementation of the Clean Energy Package’s Governance Regulation as well as compliance with the Contracting Parties’ reporting requirements under the UNFCCC. Given the major challenges in implementing the environmental and climate acquis, this will require continued intensive assistance to the Contracting Parties by the institutions.

The reforms in some Contracting Parties (in particular Ukraine, Moldova, Serbia and Bosnia and Herzegovina) are becoming even more challenging due to either their constitutional particularities, fragmented legislation, complex territorial structure or geopolitical disposition, administrative structures and practices or political considerations. In addition, Georgia, as a new Contracting Party, will require additional intensive support to ensure its speedy integration into the Energy Community process. Altogether, this will increase the workload of both the Contracting Parties and the Secretariat significantly also in the budgetary period 2020-2021.

The Energy Community is also getting more involved in the application of the rules in individual cases. This includes, inter alia, supporting of infrastructure and generation projects, cross-border cost allocations decided by EBRD, environmental and strategic impact assessment procedures for individual projects, adequate follow-up on complex competition law and State aid, e.g. in connection with small hydropower or coal-fired electricity generation, assessment of risk of interruption of energy supply and its mitigation and reduction, etc. The unbundling
of transmission, including the certification processes, and distribution system operators is particularly work-intensive and absorbs already a significant amount of the Secretariat’s resources. The same goes for exemption requests for new infrastructure (as in the current South Stream II case). The Secretariat is also a key promoter of the development of several projects in different Contracting Parties, such as the power exchange in Albania that has not been established to date. Power exchanges in other Contracting Parties and/or on a regional level require similar support. In Ukraine, the Secretariat is engaged as one of the project promoters along with the EU and other international donors, in the establishment of a gas exchange in accordance with the EU legislation and best practice. Another example is the gas market in Albania, where the work starts from the very beginning. These tasks need to be performed on top of the Secretariat’s very work-intensive activities in enforcement. With stricter enforcement rules as envisaged by the proposed Treaty amendments, the upward trend of the last years will become even steeper.

Besides developing rules and procedures for all Contracting Parties individually, the tasks of the Energy Community also include developing regional approaches and solutions, when appropriate and effective, by the Energy Community institutions in an unprecedented depth and scope. The Energy Community will have to be even more involved in the creation of legal and institutional frameworks for organised markets. Full implementation of the acquis related to cross-border market integration will require guidance and concrete assistance, e.g. in the area of electricity balancing, day-ahead and intraday markets (market coupling), forward capacity allocation and system operation, etc. The assessment of a potential roll-out of national and/or regional capacity mechanisms in line with EU rules, which may be needed to ensure security of supply in the Energy Community, has started upon a request of the Energy Community Athens Forum, and will develop into a major activity for the Energy Community (as it is in EU Member States).

Expanding the acquis communautaire

Beyond the existing acquis (see Annex III), the Skopje Ministerial Council of December 2018 already adopted General Policy Guidelines on 2030 climate change, renewables and energy efficiency Targets for the Contracting Parties of the Energy Community and announced to work towards the incorporation of at least some parts of the Clean Energy Package possibly still in 2019. The first pieces of the Package expected to be incorporated are the recast Renewable Energy Directive, the amended Energy Efficiency Directive and the amended Energy Performance in Buildings Directive, and the Governance Regulation. They require adequate resources in the Energy Community to make their transposition and implementation a success. With the Governance Regulation and the foreseen National Energy and Climate Plans, this Package features a completely new approach to policy-planning in the Contracting Parties of an extraordinary complexity. Overall, it is fair to assume that, once incorporated, the Clean Energy Package will have a profound impact on the Contracting Parties’ economies and legal systems. Yet swift incorporation is needed on the pathway to decarbonisation.

Tasks of the Secretariat could include support to the platform of Coal Regions in Transition, an initiative under development for the region and led by the European Commission and the World Bank, which is linked to the integrated Energy and Climate Plans.

The adoption of the parts of the Clean Energy Package related to the electricity systems, namely the Electricity Directive, the Electricity Regulation and the Risk Preparedness Regulation, is also expected to take place during 2020-2021.
Overall, the Clean Energy Package will surely take centre stage in the work of the Energy Community during the next budgetary period.

Moreover, the *acquis* on *gas security of supply* is going to be updated by incorporation of the latest *Regulation* currently applicable in the EU, for the Energy Community a huge and difficult step ahead. In addition, the remaining electricity and gas network codes are going to be continuously adopted, and will impose an additional legal framework of unprecedented technical detail for which the Contracting Parties so far are not well prepared. These activities will increase the workload of the Secretariat and the ECRB significantly, including in terms of coordinating and streamlining this process closely with various EU bodies.

The coming into effect of the new acquis just before or during the next budgetary period means that the Secretariat will need to increase its activities on supporting transposition and implementation of the new acquis in the Contracting Parties, while the implementation of the existing acquis is still going on.

By establishing a Coordination Group for Cyber-Security and Critical Infrastructure, the Energy Community started its activities in cyber security *acquis* which consists of the following legislation at EU level: Directive on a common regulatory framework for electronic communications networks and services, the EU Authorisation Directive, the Access Directive, the Universal Service Directive and several Specific Directives. To ensure the same level of security across Europe, these legislative acts may also become obligations under the Energy Community Treaty.

II. OVERALL AND CROSS-CUTTING TASKS

1. PROMOTING AND SUPPORTING THE ENERGY COMMUNITY GOALS AND ACTIVITIES

The Energy Community institutions will continue to fulfil their mandates. For the Secretariat, this means in particular:

- Provision of *legal and technical assistance* to all Energy Community institutions within the scope of their competences linked to the implementation of the Energy Community Treaty;
- *Assisting the competent institutions and Parties with the implementation of decisions and recommendations*;
- Provision of *assistance of organisational, conceptual and legal nature* to all Contracting Parties and their relevant authorities;
- *Enforcement in cases of non-compliance* with Energy Community law, and support and promotion of the amicable settlement of disputes;
- *Organising events* of the Energy Community, its institutions and its institutional partners;
- *Coordinating the work of working groups and task forces*;
- *Supporting Donors coordination activities* by the European Commission;
- Promotion of the objectives of the Energy Community via e.g. *publications, presentations, public relations, maintaining and developing the website, liaising with other international institutions and bodies, donors, investors*, etc.;
- *Managing and implementing the budget* of the Energy Community in line with availability, objective necessity and applicable rules.
2. IMPLEMENTATION OF THE ACQUIS

The implementation of the current acquis communautaire, its expansion and the preparation for new acquis will remain the biggest challenges for the Energy Community also in the period 2020-2021. According to the 2018 Implementation Report, the most pressing issues are: the slow pace of the unbundling, the need for wholesale market opening in real terms, the lack of retail market liberalisation, the lack of cost-reflectivity with regard to certain energy prices, the persistence of illegal subsidies and implicit forms of State aid, the still incompliant regulatory framework, the lack of regional cooperation, the size of the responsible administrations in the Contracting Parties, as well as the lack of compliance with the environmental and climate acquis. The Secretariat’s work will be adjusted to meet the needs within the mandate set out in the Energy Community legal framework and the specified and available budgetary resources.

2.1. Providing assistance to Contracting Parties

A compliant, coherent legal framework is the first step which Contracting Parties need to take in order to achieve the objectives of the Treaty. That is why providing assistance to Contracting Parties with regard to drafting, transposing and implementing legislation is one of the priorities of the Secretariat.

- The Secretariat, within the mandate set out in the Energy Community legal framework, will review all draft legislation, providing comments on their compliance with the acquis, making sure that legislation adopted is in line with the obligations under the Treaty. This will apply to both existing and new (2018-2019) acquis. In many, if not most instances, when Contracting Parties ask for assistance, the Secretariat will, where appropriate, be involved in supporting the drafting of primary and secondary legislation, including by the Regulator, transmission/distribution system/market operators, etc. The Secretariat will provide compliance reviews, streamlining and assistance to the EU for the coordination of technical assistance and education for the Contracting Parties;

- The Secretariat will provide assistance to the Contracting Parties also by advising them on implementation of the acquis upon request as expanded in 2018 and 2019. For that purpose, the Secretariat has established special purpose internal task forces to tailor make solutions according to the particularities, needs and shortcomings of the Contracting Parties (with focus on Moldova, Ukraine and Georgia, but also Albania and other Western Balkan countries);

- The Secretariat will organise the process of adoption of the 2020 list of Projects of Energy Community Interest and Projects of Mutual Interest by the Ministerial Council;

- The Secretariat will continue its support via capacity building to national institutions such as the national statistics institutes, competition and State aid authorities, regulatory authorities, etc.;

- The Secretariat will further provide assistance in organising workshops and commissioning studies, to the extent required;

- The Secretariat will coordinate in a more regular way its assistance provided to the EU in relation with other international actors present in the Contracting Parties in order to avoid overlapping and duplications and make a more effective use of available resources. The Secretariat will continue to provide administrative support to the Observers within the mandate set out in the Energy Community legal framework.
2.2. Monitoring and Reporting

As in the past, the Secretariat will report on the progress of Treaty implementation by issuing Annual Implementation Reports, as the most comprehensive reference document and basis for further policy development and enforcement measures. The Implementation Report was upgraded and modernized during 2018. It involves almost all experts of the Secretariat. Furthermore, the Secretariat will continue to publish reports as part of the Secretariat's involvement in different regional initiatives (CESEC, Western Balkan 6) as well as ad hoc reports on different subjects, when required or assigned to the Secretariat by the relevant institutions.

Beyond the annual implementation monitoring, individual pieces of the acquis communautaire require targeted monitoring and reporting by the Secretariat. This includes a wide range of Directives, Regulations and other pieces of the acquis. Network codes and guidelines in electricity and gas will bring specific reporting obligations on the Secretariat's agenda, as displayed in Annex II.

2.3. Enforcement of the acquis and alternative dispute resolution

The dispute settlement mechanism under Article 90 of the Treaty is the instrument for Treaty enforcement and following up on instances of incomppliance with the Treaty. The work on enforcement, which under the Dispute Settlement Rules as amended in 2015 involves the Secretariat, the Permanent High Level Group and the Ministerial Council, has been and is already one of the activities taking up a large part of the Energy Community's work and deliberations. This is and will continue to be important for the credibility of a community based on the rule of law.

Recent experience also suggests that the cases coming to the Secretariat upon a compliant became increasingly complex. To give a few examples, the Secretariat (and subsequently the Advisory Committee, see below) is to deal with cases concerning the compliance of guarantees and long-term contracts made available to coal-fired power plant projects, accusations of manipulations of electricity markets and the compliance of environmental impact assessments. The complexity of these cases in terms of their legal, technical and economic specifics makes them particularly work-intensive. As the case may be, they also may require external legal and economic expertise.

Besides the institutions mentioned above, the Advisory Committee as a body established under the Dispute Settlement Rules has gained in importance for the purpose of impartial and law-based decision-making in enforcement cases. The Advisory Committee consists of five independent lawyers of highest international standing and reputation. They hand down Opinions in each and every case initiated by the Secretariat. The members' workload has already substantially increased during the present budgetary period. This is due to the increased number of complaints addressed to the Secretariat and the increased number of cases initiated by the Secretariat on its own motion, as well as the requirement stemming from the Dispute Settlement Rules to conduct a public hearing before giving an Opinion to the Ministerial Council. So far, these members have discharged their duties without any remuneration. This cannot continue with the increasing workload and may justify reasonable compensation under specific conditions, in order to further ensure impartial and law-based work of the Advisory Committee.

2.4. Cooperation with national authorities and courts

Since the Dispute Settlement Rules were amended in 2015, the Secretariat and authorities of the Contracting Parties avail themselves of the opportunity for formal communication and referrals of
questions on the interpretation of Energy Community law to the Secretariat. The Secretariat will continue dealing with such referrals within the mandate set out in the Energy Community legal framework.

2.5. Capacity building and educational activities

The Secretariat is organizing numerous working groups on several legal acts (i.e. implementation of individual Network Codes), on problematic topics (i.e. unbundling, certification process, price liberalisation, avoidance of cross subsidisation) for all Contracting Parties or sometimes only for several stakeholders from one or few Contracting Parties, primarily alone but sometimes in cooperation with ENTSO-G, ENTSO-E, ACER, CEER, IRENA, MEDREG, USAID, EBRD, KfW, the World Bank, GIZ Open Regional Fund for Energy Efficiency, etc.

In the category of capacity building fit also all meetings of bodies established by the Ministerial Council or PHLG decisions and all fora meetings.

The Secretariat will continue to support the meetings of the Energy Community Parliamentary Plenum, including with organisational support as well as expert input for the Plenum's reports and resolutions. Since its establishment, the plenum has met twice a year. Since 2017, the plenum has prepared on an annual basis a joint report on a topic of common interest: security of energy supply in 2017, renewables in 2018 and energy efficiency in 2019. Given the importance of these activities in terms of boosting acquis compliance as well as political support for the Energy Community, the Secretariat will continue to dedicate sufficient resources to this activity.

The Energy Community Summer School is a multidisciplinary training programme on energy-related issues started in 2016. The School focuses on topics relevant for the Energy Community, but most importantly on all aspects related to energy sectors in transition, in particular in South-Eastern and Eastern Europe. The Summer School provides an opportunity to gain an in-depth understanding of the energy sectors in their full complexity, covering energy's political, economic, technical, legal and sustainable aspects.

Bringing together 40 postgraduates and young professionals, the Summer School continues to increase the understanding of energy challenges in order to shape a better future by inspiring the design of new, innovative and efficient solutions. Speakers include high level representatives of European institutes, national authorities, companies and academia.

The Energy Community Summer School is supported by the Open Regional Fund for South-East Europe – Energy Efficiency (ORF-EE), as implemented by the German organisation Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and the Visegrad Fund in cooperation with academic institutions. It will continue to take place once per year also during the next budgetary period.

The Energy Community Regulatory School, established in 2017, developed into a well-received knowledge building centre for the Contracting Parties’ energy regulators. The training courses are dedicated to equipping regulatory authorities with the necessary expertise and EU best practise to fulfill their existing and new duties in implementing the acquis. Specific focus is thereby put on the new regulatory challenges ahead, e.g. related to network codes, REMIT, market coupling, trade, etc.

In the budgetary period 2018-2019, the Regulatory School offered around ten trainings per year. With the implementation deadlines for new regulatory duties stemming from the new acquis kicking-in and new regulatory challenges ahead, related to e.g. the Clean Energy Package, smart
technologies or cyber security, the need for training will most probably increase in the budgetary period 2020-2021. The impact of course preparations and organisation duties on the workload of the Secretariat is therefore expected to remain relevant also in the budgetary period 2020-2021.

Since 2013, the Secretariat, in cooperation with the Florence School of Regulation, organizes an annual Forum on European Energy Law in Vienna to promote the network and exchange of knowledge between energy lawyers and regulators from Contracting Parties and the European Union. The Forum is preceded by a workshop on Energy Community law to address specific legal issues and challenges for the Contracting Parties. Since 2018, the Legal Forum is organized back to back with the Dispute Resolution Forum. These events have met an unusual high demand and will be continued in the future. The Secretariat also organizes an annual Energy Competition Law Forum for the purpose of training and capacity building of competition and State aid experts in the Energy Community.

Since 2017, the Secretariat, in cooperation with civil society organisations, organizes an annual Sustainability Forum, in response to the continuous expansion of the Energy Community’s work on decarbonisation and the pressing need to establish a single multi-stakeholder platform dedicated to the key energy and climate issues the region is facing.

III. IMPLEMENTATION ACTIVITIES IN DETAIL

1. ACTIVITIES IN THE ELECTRICITY SECTOR

1.1. Transposition and implementation of the acquis on electricity in the Energy Community

Activities on the transposition and implementation of the Third Energy Package acquis on electricity will continue and expand with the expected adoption of new pieces of legislation in the Energy Community in the course of 2020-2021, namely Network Codes and Guidelines related to the electricity market and system operation and the electricity related parts of the Clean Energy Package. The Secretariat will actively support Contracting Parties’ Governments, ministries, regulators and system operators in the transposition and implementation through assistance in drafting, amending and reviewing primary and secondary legislation. Continuous compliance monitoring will be performed through a set of predefined indicators and the findings will be published in the annual Implementation Report. If needed, enforcement action will be initiated.

To ensure proper understanding and acceptance of the new legislation, the Secretariat will provide technical assistance and capacity building for the Contracting Parties’ stakeholders, from the organisation of dedicated workshops and working group meetings, to launching studies and publishing policy guidelines. The Secretariat will also facilitate cooperation and the participation of the Contracting Parties in the relevant institutions such as ENTSO-E, ACER and the bodies that are to be established following the implementation of the Network Codes and the Clean Energy Package, such as the European entity for DSOs or regional cooperation centres. Once compliance with the acquis is ensured, the Contracting Parties’ regulators should become more closely involved in the related activities of EU regulators. Yet until all formalities have been fulfilled for their permission to be part of the relevant working groups and decision-making bodies of ACER, continuous and enhanced cooperation with ACER in voluntary cooperation formats – such as the newly established joint ACER-ECRB workshops on the Guideline on Capacity Allocation and Congestion Management in electricity (hereinafter ‘CACM Regulation’) – will be used with the organisational and content-related support of the Secretariat.
The transposition and implementation of the electricity related *acquis* may be supplemented by the activities on identifying, incorporating and implementing parts of legislation governing trade, commercial, fiscal, financial and company matters, which are necessary for the efficient functioning of the regional electricity markets, such as *legislation related to value-added tax and public procurement*. To this end, the Secretariat, with support of the competent European Commission services, will cooperate with national taxation experts. The Secretariat, in close cooperation with the competent European Commission service, shall facilitate cooperation of national procurement authorities with the aim of developing and improving a common understanding of the public procurement rules applicable to the procurements in the energy sector. The Secretariat will support regular consultations and experience sharing among the national procurement authorities within an expert group, which will provide expert input for the development of official interpretations, instructions and policy guidelines for public procurements in the energy sector.

1.2. Liberalisation and integration of the electricity markets

The Secretariat will **monitor the development of competition and liquidity in the market** within the mandate set out in the Energy Community legal framework.

The establishment of a functional regional energy market, in which the principles enshrined in the Treaty are implemented, has always been one of the main goals of the Energy Community and thus of the Secretariat. The Secretariat will **support strengthening and enlarging of the regional institutions**, in particular the capacity auction office **SEE CAO**. The Coordinated Auction Office South East Europe (SEE CAO) has been operational since 1 January 2015, however, the regional coordination of cross-border capacity allocation has not been fully accomplished. Those interconnectors which are not yet benefitting from coordinated forward capacity allocation by any auction office should be included in SEE CAO. These interconnectors are Moldova-Ukraine, Serbia-EU Member States with the exception of Croatia and Bulgaria, Georgia-Turkey. The latter is particularly important as it will serve as the first step for integrating the - so far isolated- electricity market of Georgia with the Energy Community. In addition, the interconnections between Ukraine and Poland/Slovakia/Hungary/Romania must benefit from the support of the Secretariat with regard to the development of joint capacity allocations as an interim measure.

Activities on electricity market integration, which is progressing at a slow pace, will continue in 2020-2021. The Secretariat’s support to the establishment of national preconditions for regional electricity market integration, such as **development of national day-ahead, intraday and balancing markets**, will continue. As most of the main prerequisites, such as price deregulation and TSO/DSO unbundling, are expected to be put in place during the new budgetary period, implementation of **coupling day-ahead and intraday markets and integration of a balancing market at regional level** will come into focus. The Secretariat will support the process through a set of measures targeting the establishment of the legal, regulatory and institutional framework for regional integration. The Secretariat will facilitate, in the first place, the adoption and implementation of the **CACM Regulation and the Electricity Balancing Guideline** in the Energy Community to set a robust legal framework paving the way for integration at regional level and with EU Member States. The Secretariat will assist the Contracting Parties’ stakeholders - NRAs, TSOs and PXs - in creating a regional electricity market as an intermediary step towards joining European market coupling and balancing projects that are currently being developed at EU level. The **cooperation with EU market coupling projects** (MRC/4MMC) and European balancing projects (IGCC, TERRE, MARI, PICASSO, FCR) will be facilitated by the Secretariat. Implementation of the **coordinated capacity calculation process by TSOs** in the shadow CCR 10 region (includes the Western Balkans’ TSOs and CCR 10 TSOs, as well as borders to neighbouring TSOs of Croatia, Hungary and Italy) will be
supported as one of the important preconditions for ensuring optimal utilisation of cross-border capacities. The Secretariat will also continue to support TSOs for electricity that are not yet members of ENTSO-E in their endeavours to ensure compliance with membership requirements.

Additional activities related to regional electricity wholesale market opening and its organization, including the potential establishment of a regional power exchange platform and a regional balancing support mechanism, and their integration into European market coupling and balancing projects, may gain traction in the period 2020-2021.

Continuous and increased efforts of the Secretariat will focus on supporting and promoting electricity market coupling pilot projects between Contracting Parties (Western Balkans as well as between Ukraine and Moldova) as well as those on the interfaces between Contracting Parties and neighbouring EU countries, such as: North Macedonia-Bulgaria, Montenegro/Serbia/Albania-Italy, Bosnia and Herzegovina-Croatia, Ukraine-Poland/Slovakia/Hungary/Romania. With the expected start of the transposition and implementation of the electricity market and system operation guidelines following their incorporation into the *acquis*, the nature of the Secretariat’s activities will move from voluntary pilot initiatives to compulsory obligations of the Contracting Parties and EU Member States.

Furthermore, the participation of Power Exchanges in the European ‘NEMO platform’ will have to be promoted with respect to the implementation of the CACM Regulation. The Contracting Parties’ regulators will have to become more closely involved in power exchange-related activities and start collaborating with EU counterparts. The Secretariat will offer organisational and content-related support.

Implementation of the above-mentioned activities will require strong regional coordination and cooperation which will be provided through the regional platforms for adoption of the Network Codes and well-established regional initiatives for development of the electricity market, namely *WB6 and EU4Energy*. The Western Balkan 6 Initiative (WB6) will continue its activities on the completion of the regional electricity market and will further expand towards the creation of decarbonised, decentralised and digitalised electricity markets in the Western Balkans. The Secretariat will continue to provide additional support to the Contracting Parties through procurement of technical assistance. Market integration of the Energy Community Contracting Parties and EU Member States will be additionally supported through the *CESEC-E* initiative, which will particularly tackle issues that will arise on the borders between EU Member States and the Contracting Parties.

1.3. Security of electricity supply

As in all sectors, also with regard to security of supply, effective regional cooperation has been recognized as key to achieving the region’s energy policy objectives and addressing the challenges that EU Member States and Contracting Parties face. Recent initiatives for cooperation and the establishment of the Regional Security Coordinators (“RSC”) will have a positive impact in this sector, however, they do require significant involvement from the Secretariat.

Adoption and implementation of the security of supply related part of the Clean Energy Package, namely the Risk Preparedness Regulation, will be a focus of the Secretariat’s activities, together with the adoption and implementation of the Emergency and Restoration Network Code and System Operation Guideline. The Secretariat shall provide support in the implementation through development of necessary legislation and coordination of activities at national and regional level. The Risk Preparedness Regulation is expected to be adopted in 2020.
The new *acquis* will require significant changes in the electricity sector: adoption of regional risk assessment, regional and national preventive plans, as well as emergency plans. Once the Risk Preparedness Regulation is adopted, the Secretariat will guide and support the Contracting Parties with its implementation.

The Secretariat will assist the existing coordination platform acting in support of security of electricity supply, namely the *Security of Supply Coordination Group, Sub-group Electricity* (SoS CG SG-E), in its activities. The SoS CG SG-E will meet periodically or on an ad-hoc basis to coordinate the implementation of the acquis, generation and system adequacy assessment, identification and mitigation of security of supply risks, mechanisms and capacities for mutual assistance in the case of crises, operation of regional security coordinators, capacity mechanisms, including follow-up on the recommendations of the 2019 Study on adequacy assessment and capacity mechanisms in the Western Balkans, etc. One of the main new tasks and challenges during 2020-2021 – besides the implementation of the latest generation of EU acquis – may be the work related to generation adequacy and potential establishment of acquis-compliant capacity mechanisms.

Distribution network operation security and a cooperation mechanism between TSOs and DSOs will be supported through the *ECDSO platform*, in close cooperation with SoS CG SG-E and the Secretariat.

The Secretariat will act also as the focal point for the exchange of information in case of immediate supply shortages or natural disasters. In this context, the Secretariat will facilitate communication between stakeholders through the emergency platform as needed, prepare analysis, recommendations and summaries and coordinate initiatives for emergency assistance.

The Secretariat shall keep monitoring and reporting on electricity supply crisis, and the corresponding application of market-restrictive measures, load shedding/curtailment of supply and/or mutual assistance requested / provided by the Parties, and consequently will assess the impact. Infringement procedures will be initiated by the Secretariat in case of non-compliance with the Treaty.

2. **ACTIVITIES IN THE GAS SECTOR**

2.1. **Transposition and implementation of the Third Energy Package**

The Secretariat plays a key role in the implementation and transposition of the gas *acquis* in the Contracting Parties' legal and regulatory frameworks. The Secretariat will continue monitoring the Contracting Parties' compliance with the Treaty's obligations, but it will also actively participate in the development of compliant yet tailor-made solutions for each Contracting Party. The Secretariat's findings will be reflected in the annual Implementation Reports, as well as in ad hoc reports made for special occasions or region-wide initiatives. In particular, the Secretariat will review all draft gas legislation, providing comments on their compliance with the acquis, making sure that legislation adopted is in line with the gas *acquis*. The Secretariat will, in some cases, draft primary and secondary legislation, with a view to finally completing the implementation of the Gas Directive and the Gas Regulation requirements, such as unbundling and certification, market rules, grid codes, regulated and non-discriminatory access to grid infrastructure.

The Secretariat will specifically provide guidance to the emerging markets (Albania), as well as to the newcomers (Georgia) in putting in place tailor-made market models. The Secretariat will specifically focus on Ukraine in order to rectify notified deficiencies in the market and enable high market liquidity. One of the specific projects will be the establishment of a Ukrainian gas exchange. Unbundling of the gas transmission system operator may not occur during 2019 and
hence needs to be ensured during the next budgetary period at the highest priority level. This work will be coupled with the Secretariat’s priority to enable uninterrupted gas transit flows via Ukraine post 2020. In Moldova, similar activities will be envisaged. In the Western Balkan countries, the focus will be on eliminating the many remaining issues of non-compliance with the acquis (especially in Serbia and Bosnia and Herzegovina) and regional integration.

2.2. Market integration related activities

In the gas sector, the main focus will be on connecting the presently isolated markets and allowing emerging markets to grow and reach their full potential.

The Western Balkan region requires particular involvement and support. In order to improve the gas infrastructure in the region, interconnection agreements in line with the gas acquis must be put in place. Furthermore, the implementation of network codes on interconnection points between Contracting Parties and EU Member States will deepen regional market integration. The Secretariat’s Gas Action 2020 programme, as well as its joint activities with the European Commission under the Central and South-Eastern European Gas Connectivity Initiative (“CESEC”) and EU4Energy project, will play a leading role in the development of the gas market in the region. The Secretariat will continue to offer support and assistance to facilitate close cooperation between the Contracting Parties and eight bordering EU Member States (as part of a Memorandum of Understanding signed on 10 July 2015).

In addition to the monitoring and benchmarking of the implementation of the acquis, the Secretariat will focus its activities on providing technical assistance to the Contracting Parties in the development and integration of gas markets. Market integration will enable the departure from limited gas source diversity. Moreover, the Secretariat will support effective regional cooperation in order to address challenges that Contracting Parties face in the gas sector. Besides introducing competition in the wholesale national gas markets, regional integration is seen as an added value with spill over positive effects in the national markets. The work will especially focus on transposing and implementing the gas Network Codes in the Contracting Parties and at the interconnection points with neighbouring EU Member States, such as conclusion and monitoring of interconnection arrangements between the TSOs.

The long-term target remains the full-fledged membership of the Energy Community gas TSOs within ENTSOG. To enable closer cooperation of TSOs from the Energy Community Contracting Parties, the Secretariat together with ENTSOG established an External Contact Platform, which allows for regular exchanges of views and information between EU TSOs and TSOs from Contracting Parties. Enabling the participation of Contracting Parties’ TSOs in capacity platforms within the EU remains one of the main goals.

Establishing liquid gas exchanges (in Ukraine) and/or adhering and coupling with a more developed neighbouring gas market of EU Member States will may be pursued.

The Secretariat will continue with its activities aimed at the development of gas infrastructure as a precondition for the regional gas market. Particular attention will be paid to identifying and addressing project-specific challenges, especially from regulatory and legal perspectives, whilst taking into account financial sustainability.

More resources will be committed to the development of the retail markets. For that purpose, the Energy Community Distribution System Operators (ECDSO-G) platform will serve as a
mobilization platform for DSOs to enable best regulatory practices in coordination with the European Commission.

The Secretariat will further provide assistance in organizing workshops and commissioning studies, when needed.

2.3. Activities related to security of supply of gas

With regard to security of supply, the gas sector remains problematic, as the risks of both short and long-term supply interruption have not yet been eliminated. Pan-European security of supply is still a distant goal to be achieved. Ukraine, one of the Energy Community’s largest Contracting Parties, faces notable challenges in this field and thus an increased level of attention is dedicated to this Party by the institutions of the Energy Community.

In coordination with the European Commission, the Secretariat will continue assisting the Contracting Parties in solving the challenges related to security of gas supply. It will review and assist in transposition and implementation of the security of supply gas acquis, assessment of risks of interruption of energy supply and its mitigation and reduction. It will review and publish the statements on security of supply concerning gas, in accordance with Article 29 of the Treaty and the relevant acquis.

Decision on adopting the EU Regulation 1938/2017 on security of gas supply under the Energy Community Treaty is planned to be taken in 2019 or 2020. Once it becomes an obligation, the Secretariat is going to assist in its implementation by engaging Contracting Parties in formulating risk assessment policies on a national or regional level. The expected acquis is going to require much more substantial work, for both the Contracting Parties and the Secretariat – adoption of regional risk assessment, regional and national preventive plans and emergency plans. The Secretariat’s coordination with the European Commission on assistance with the preparation of the risk assessments and adopted plans would be crucial. This is a particularly challenging task as the solutions to effectively ensure security of supply in both EU Member States and Contracting Parties will be tailor-made. The Secretariat will be intensively assisting in the process of creation of the plans.

The Secretariat will further support the work of the Security of Supply Coordination Group, Sub-group Gas, which has been established and will plan and organise its activities in the next periods. The Secretariat will also continue to actively participate in the Gas Coordination Group at EU level.

3. ACTIVITIES IN THE OIL SECTOR

The key objective of the activities in this area is to support the developments in the Contracting Parties concerning the oil dimension of the acquis. The Energy Community’s activities in this area are linked to the implementation of Directive 2009/119/EC, which imposes an obligation on the Contracting Parties to maintain minimum stocks of crude oil and/or petroleum products.

With the support of the Secretariat, the Contracting Parties will have to bring into force the laws, regulations and administrative provisions necessary to comply with this Directive. The majority of the Contracting Parties are expected to finalise their respective stockholding system, which includes the composition of emergency stocks and the method of financing to the 61/90 day obligation, the available storage capacities and the method of financing during 2019/2020. Taking into account that 1 of January 2023 is the legally binding obligation deadline for the full
implementation of this Directive, all Contracting Parties must transpose primary and secondary legislation during the remaining four-year period.

A critical next step to be undertaken in all of the Contracting Parties refers to the establishment of a monthly data reporting framework, which needs to include quality verifications. Such data collection is fundamental for meeting the obligations under the Directive. The Secretariat will provide each Contracting Party with technical support to clarify and improve the understanding of the reporting details and methodologies related to the stockholding calculations also during 2020-2021.

Furthermore, in October 2018, the European Commission adopted an update of Directive 2009/119/EC in order to guarantee the highest level of security of energy supply in Europe. The 2017 review of the functioning of the Directive currently in force concluded that the Directive is still fit for purpose but in order to improve its clarity and reduce the administrative burden for the EU Member States, a series of technical changes and updates were proposed. In particular, the changes will improve the method to deduct the amount of petroleum products used for petrochemical, non-energy applications when calculating the minimum level of emergency stocks required. All these changes, if and when adopted in the Energy Community, will have to be reflected in the Contracting Parties' primary and secondary legislation. A Ministerial Council Decision will be required to adopt these changes and bring into force the laws, regulations and administrative provisions that will constitute the prerequisites to comply with the Commission Implementing Directive (EU) 2018/1581 of 19 October 2018 amending Council Directive 2009/119/EC as regards the methods for calculating the stockholding obligations of the Contracting Parties.

The Secretariat will assist the Contracting Parties via training activities for government officials and, if required, for the operating companies that are obligated to maintain oil stocks in case of emergency. The capacity building will focus on the Data Collection and Reporting Mechanism (co-organized possibly with EUROSTAT and the IEA).

The annual Oil Forum in Belgrade will continue to serve as an efficient platform for promoting regional cooperation in the oil sector along the frame outlined by the relevant Ministerial Council decisions.

The development of a common emergency oil stocks policy and crisis management in the Contracting Parties will strengthen the security of supply. The Energy Community's dependency on imports of crude oil and petroleum products still remains high. Given the important role that these products currently play in the economy, especially in the transport sector, holding emergency stocks that can be quickly allocated to where they are most needed in case of supply disruptions remains important for the energy security of the Energy Community. The Secretariat will continue assist the Contracting Parties in solving the challenges related to security of oil supply. It shall also review and assist in transposition and implementation of the Oil Stocks Directive in all Contracting Parties.

4. ACTIVITIES IN COMPETITION AND STATE AID SECTOR

The work in the area of competition falls into two parts, namely competition law and State aid law, as reflected by Article 18 of the Treaty.

The Secretariat will continue its support to the work of competition and State aid authorities in structure. This is being achieved through the cooperation procedure under Article 2 of the Dispute Resolution Procedures as well as in the framework of the Energy Community Competition and State Aid Network.
In order to foster the exchange between national authorities, the Secretariat established working groups tasked to issue concrete deliverables (e.g. recommendations, manuals, workshops, handbooks or toolboxes). The working groups cooperate in the creation of the above mentioned deliverables with the assistance of the Secretariat.

The activities related to competition law further include the review and assistance in implementation of contracts needed for the promotion of decarbonisation, in particular renewables. This has already resulted in cheaper and more transparent deployment of renewable energy, e.g. in Albania, and in the development of acquis-compliant legislation, e.g. in Ukraine, Moldova, North Macedonia and Georgia. The Secretariat, during the next reporting period, will continue providing assistance and ensure knowledge sharing of best practices in the Contracting Parties organising auction, which are to replace the administrative awarding of state support for renewable energy, and the drafting/review of a compliant contractual framework.

5. ACTIVITIES IN ENVIRONMENT

The work performed so far in the area of environment covered reporting on the Contracting Parties’ progress in implementing the acquis on environmental impact assessment, wild birds’ protection, the sulphur content of liquid fuels and large combustion plants.

While continuous monitoring of the transposition status will continue, implementation monitoring of individual projects has picked up as well. To that end, the notification of projects and involvement of the Secretariat in planned projects in the energy sectors has significantly increased in the past years and the tendency of civil society organisations notifying the Secretariat via individual complaints in cases where non-compliance in relation to these projects is constantly growing and bound to continue. Compliance with the rules on environmental impact assessment and strategic environmental assessment constitute a prerequisite for Energy Community's support of individual infrastructure projects. This will continue to be the case with respect to future projects and the Secretariat will continuously monitor compliance of these with the Energy Community environmental acquis.

In the past years, one of the main focuses of the Energy Community’s work related to environment was the preparation for the implementation of the Large Combustion Plants Directive, which entails the highest challenge for the Contracting Parties. With the Directive entering into force in 2018 and the reporting obligations in 2019, this exercise has entered the next level which, however, cannot be completed by having a narrow view of the environmental rules, but must be seen in its wider context, in particular with regard to social, financial and technical aspects. Consequently, the work in this respect needs to be linked to and embedded in the other activities of the Energy Community and have a specific focus on dynamically enabling decarbonisation of the Energy Community. It might also lead to proposals on harmonizing certain rules on a regional level, and/or implementing new EU acquis.

Contracting Parties implementing a national emission reduction plan ("NERP", which concerns Bosnia and Herzegovina, Kosovo*, North Macedonia, Serbia and Ukraine) and/or a limited lifetime derogation (opt-out – plants not operated for more than 20,000 operational hours between 1 January 2018 and 31 December 2023) flexibility mechanisms have to start reporting their emissions to the
climate change has been recognised. Given the challenges and financial implications of compliance, it is realistic to expect that enforcement action from the Secretariat may be necessary to achieve compliance.

In 2016, the Ministerial Council adopted Decision 2016/19/MC-EnC on a list of plants that can make use of the opt-out mechanism. In 2018, the Secretariat investigated with the Contracting Parties concerned the plants for which a final decision for opt-out was taken and received confirmation on those. Monitoring compliance with both the NERP and opt-out rules started on 1 January 2019, when Contracting Parties started to submit their reports on the emission inventories of large combustion plants. This exercise will continue over the coming years, on the basis of an annual reporting system.

The Secretariat will have to verify that the emissions of plants included under the NERPs are progressing towards the emission ceilings established therein according to the rules laid down in Article 6 of Decision 2013/05/MC-EnC. Operators of plants covered by the opt-out regime are required to submit each year to the competent authority a record of the used and unused time allowed for the plants' remaining operational life and the Contracting Parties concerned are required to submit each year a summary of these reports to the Secretariat. This exercise will be carried out with the assistance of the Environmental Task Force and in cooperation with the European Environment Agency.

Work on the incorporation of future environmental acquis is expected to remain intensive in the course of 2020-2021. The Task Force on Environment, assisted by the Secretariat, will also actively participate in that exercise, with a focus on the Fuel Quality Directive, Chapters II and IV of the Industrial Emissions Directive and the Air Quality Directive. Furthermore, incorporation of the Medium Combustion Plants Directive into the Energy Community environmental acquis shall be considered.

Since 2012 (when the position of an environmental expert was created at the Secretariat), the amount of the environmental acquis has increased more than twofold. Currently, with incorporating seven Directives, it is one of the most work-intensive part of the Energy Community's legal framework. This broad topic has been covered for the past seven years by one expert. The implementation of the Large Combustion Plants and Industrial Emissions Directives (which are undoubtedly amongst the most challenging pieces of legislation in the Energy Community acquis) have just entered into force in 2018. Contracting Parties are facing major challenges in their implementation, which would require an increased level of assistance from the Secretariat. The environmental portfolio is also subject to a high level of scrutiny and complaints from NGOs and the general public. This trend is expected to increase even further in the coming years. Against this background, an additional Environmental Expert would be needed to support the existing expert in his/her tasks, primarily with a view to the assessment of transposing legislation in the Contracting Parties on environmental assessments and environmental liability. Furthermore, he/she would have to focus on the preparation of infringement cases in the environmental domain and provide support to events in this topic (Environmental Task Force, Sustainability Forum, etc.).

6. ACTIVITIES IN CLIMATE CHANGE AND ENERGY TRANSITION

The Contracting Parties are already experiencing climate change impacts – such as major droughts and floods – that are also inflicting severe damages to the national budgets. The urgency of the climate challenge has been recognised at the international scale via the Paris Climate Agreement,
where countries called on each other to step up their climate action, to hold global warming to well below 2 degrees Celsius and to pursue efforts to limit it to 1.5 degrees Celsius.

To prevent further negative impacts to their citizens and the overall economy, the Energy Community Contracting Parties supported the call for enhanced action on climate change by signing and ratifying the Paris Agreement (with the exception of Kosovo*, which is not yet a signatory party to the UNFCCC).

The three existing pillars of the energy transition in the Energy Community – namely energy efficiency, renewables, environment, and their respective acquis – have been recently joined by climate, in an effort to include the Energy Community in the global transition to decarbonisation and the fight against climate change. Two recommendations on implementing also climate related acquis are currently in place: the Recommendation for Contracting Parties to implement and align their legislation to the Monitoring Mechanism Regulation (MMR) – Regulation (EU) No 525/2013 adopted by the Ministerial Council of the Energy Community in October 2016 and Recommendation 2018/01/EC on preparing for the development of integrated National Energy and Climate Plans (NECPs). During the upcoming budgetary period, Contracting Parties should fully implement both recommendations. To date, even transposition is lacking in the majority of cases. Technical work on the preparation of the plans should continue in 2019 and 2020 and final plans should be ready before 2021, taking into account the opinions received during the consultation process and relevant legislation. The national political process on the 2030 energy and climate targets should also be finalized by 2020 and implementation activities envisaged from 2021.

The Secretariat will support the Contracting Parties in the drafting of national legislation in the field of climate change, in close coordination with EU-funded projects in the region, in a way to ensure compliance with the applicable European acquis. The Secretariat will continue to offer technical assistance in order to draft or review relevant national climate change legislation so that each Contracting Party has a coherent legal framework, most adequate to fight climate change and adapted to national particularities.

Moreover, the drafting and implementation of National Energy and Climate Plans in the context of implementing the Governance Regulation from the Clean Energy Package will also involve and intensify the work of the Secretariat (as well as all other institutions) when it comes to the Energy Community’s contribution to fighting climate change and promoting the clean energy transition. The same will go for the adoption of long-term strategies for decarbonisation (up to 2050) and the upcoming revision of the Contracting Parties NDCs (Nationally Determined Contributions) under the Paris Agreement under the Ministerial Council’s Recommendation and once the Governance Regulation is adopted in the Energy Community as well. Meetings of the Energy and Climate Committee in the framework of the COPs are contributing to the coordination of ongoing climate negotiations and supporting the Contracting Parties in their climate ambitions and concrete steps forward.

Finally, the possibilities for emissions trading or carbon taxes to promote the decarbonisation of the energy sector may be further explored in the coming years. The uncertainty about a carbon price prevents investors from entering the markets. Moreover, its complete absence distorts the internal market.

To achieve all of the above and thus make the energy transition a success in the Energy Community, the Energy and Climate Committee and its Technical Working Group was established in June
2017 as a platform for cooperation between representatives of ministries and agencies in charge of energy, climate change and environment from the Contracting Parties and Observer countries. The Committee is expected to support Contracting Parties in the coming years in aligning their legislation to the applicable EU's energy and climate policy; integrating national energy and climate policies and legislation; and agreeing on 2030 targets for renewables, energy efficiency and greenhouse emissions reduction. The Secretariat will have to intensify its support (both in administrative and substance terms) to that body, as well as to Contracting Parties on their challenging path towards decarbonisation.

7. ACTIVITIES IN CYBERSECURITY

During the past years, the Secretariat has explored ways to enhance the security of supply in the cyberspace of the energy sectors, with an emphasis on the gas and electricity areas. The newly established **Coordination Group for Cyber-Security and Critical Infrastructure (Cyber CG)** has been tasked with identifying the potential risks and proposing and enacting effective preventive measures (for example in the legal and infrastructure sectors). The European cyber security *acquis* may serve as a basis as the Contracting Parties of the Energy Community face the same challenges as the EU Member States and need similar instruments to address these challenges.

The Secretariat will follow up on the findings of the Study on Cybersecurity in Energy and implementation of the provided recommendations. Assistance shall be provided in the development/upgrade of cybersecurity strategies related to energy, development and implementation of required measures and establishment of cooperation mechanisms on national level.

The Secretariat will sustain and expand as necessary its activities in the implementation of the Procedural Act 2018/PA/2/MC-EnC on the Establishment of an Energy Community Coordination Group for Cyber-Security and Critical Infrastructure and subsequently any corresponding acquis adopted by the Ministerial Council. The Secretariat will support coordination on cybersecurity governance following the tasks from the Procedural Act, and the recommendations from the Study. The Secretariat will support the work of the CyberCG, which shall convene periodically to review the implementation process, report on cybersecurity incidents and applied remedies and coordinate/agree on further steps or open issues. Ad-hoc meetings shall be convened upon the request of a member of the group subject to the consent of the Chair. Cooperation of the CyberCG with ECDSO and SoS CG (electricity/gas) will be facilitated by the Secretariat.

The Secretariat will **assist the Contracting Parties in the identification/nomination of critical infrastructure and operators of essential services**. The Secretariat shall support the identification of responsible authorities for cybersecurity in energy and establishment / nomination of Computer Security Incident Response Teams (‘CSIRTs’) responsible for energy on national level, as well as the operation of the CSIRT network and the closed-CSIRT cooperation mechanism on Energy Community level. The establishment of regional CSIRTs for energy in the WB6 and Black Sea regions shall be supported as required.

The Secretariat will support continuous and **regular regional cooperation and coordination on applied cybersecurity standards, capacity building and education, exchange of best practices, exchange of information on specific cyber threats, risk assessment, impact assessment and available service providers including experience from the cooperation with the private sector and other domains of cybersecurity.**
The Secretariat will also facilitate cooperation of the Contracting Parties with the EU on common cybersecurity mechanisms and their coordination on regional level, including cooperation with ENISA.

Activities in cybersecurity are completely new to the Secretariat and therefore an engagement of a new expert in this field is planned. His/her task would be to assist in the organisational issues related to the core tasks of CyberCG.

8. ACTIVITIES IN RENEWABLES

The activities on the promotion of energy from renewable sources in the Energy Community gained new impetus following the adoption by the European Union of the Renewable Energy Directive (EU) 2018/2001 (recast), at the end of 2018. In 2019, the Ministerial Council of the Energy Community is expected to set renewable energy targets to 2030, adopt and adopt the new recast Directive under the Energy Community framework, creating the basis for its implementation in the Contracting Parties as soon as possible thereafter. During 2020-2021, the major focus can be expected on the support to the Contracting Parties with the transposition of the of the new Renewable Energy Directive upon its adoption by the Ministerial Council and support of implementation of the provisions of the EU Renewable Energy Directive 2009/28/EC which have not been implemented so far and which are also part of the new Renewable Energy Directive.

Under the existing legal framework, the submission of the fourth progress on the promotion of energy from renewable sources of the Contracting Parties is expected by the end of 2020. Continuation of the activities of the Renewable Energy Coordination Group will be proposed to the Ministerial Council in 2019. The continuation of current activities will support transposition and implementation of the EU Renewable Energy acquis in the Contracting Parties to promote higher uptake of renewable energy in electricity but also in heating, cooling and transport, as the last three are lagging behind. Finalisation of the biomass consumption surveys in all Contracting Parties and compilation of revised biomass data for the previous years will ensure reliable and accurate reporting of energy statistical data required to design adequate renewable or energy efficiency policy measures taking into account a realistic heat demand.

Training sessions covering specific aspects of the Directive will be organized back-to-back to the Renewable Energy Coordination Group. Cooperation with IRENA, other international organisations as well as within European framework programmes like Horizon Europe will be enhanced for the benefit of the Contracting Parties. The Energy Community will continue working with International Financial Institutions and the Donors’ Community to ensure addressing the requirements of the legal and regulatory frameworks in the Contracting Parties.

9. ACTIVITIES IN ENERGY EFFICIENCY

The Secretariat’s activities in the energy efficiency field are currently supporting transposition and implementation of the energy efficiency acquis (Directive on Energy Efficiency, Directive on the Energy Performance of Buildings and a package of regulations for labelling of energy efficient products), promoting regional cooperation whenever appropriate (through facilitation of the Energy Efficiency Coordination Group) and implementation of key donors’ and International Financial Institutions’ (hereinafter ‘IFIs’) support programmes in the Energy Community.
Following the Ministerial Council’s adoption of the General Policy Guidelines on 2030 Energy and Climate Targets, the Secretariat’s energy efficiency experts will lead the work on the revision of the energy efficiency acquis (EED and EPBD) to incorporate 2030 targets and the new and amended requirements of the energy efficiency directives under the Clean Energy Package by the end of 2019. A particularly challenging requirement will be the preparation and adoption by the Contracting Parties of the National Energy and Climate Plans, where energy efficiency features as a key component. This work is expected to continue beyond 2019.

In 2020 and 2021, the major focus will be on the transposition of the amended energy efficiency directives (Energy Efficiency Directive, Energy Performance of Buildings Directive), integration of energy efficiency in the energy and climate framework; and an analysis and incorporation of new sectors and policy areas with significant impact on 2030 energy efficiency targets in the Energy Community (eco-design, transport sector and electro mobility, district heating and cooling, etc.).

With regard to the policy for promotion of energy efficiency products, the Ministerial Council adopted in November 2018 the new Regulation (EU) 2017/1369 setting a framework for energy labelling (repealing Directive 2010/30/EU) and six new implementing Delegated Regulations. They shall be transposed, implemented and applicable by 1 January 2020. Activities in 2020 and 2021 will continue to concentrate on the implementation of the product regulations in force, with a specific focus on market surveillance of the new product groups (including training and cooperation between market surveillance bodies). A detailed analysis of market surveillance capacities and shortcomings is a key requirement for the product legislation.

Further analysis and alignment of the energy efficiency policy in the Energy Community with the EU will be performed within the Energy Efficiency Coordination Group, including an analysis of incorporation of the eco-design requirements into the acquis, with the aim to extend and complete the energy efficient product policy framework in the Energy Community.

Technical assistance to the Contracting Parties in the process of implementation of the energy efficiency acquis will continue to be provided by the Secretariat in the form of training workshops using the EU’s knowledge and experience, missions, and, if appropriate and with specific objectives, meetings of the Energy Efficiency Coordination Group and EU Concerted Actions on EED and EPBD. The Secretariat will regularly monitor and review the progress.

The Secretariat will continue to support the Contracting Parties through REEP Plus and EU4Energy in the implementation of energy efficiency directives, as well as in drafting of additional legislation needed.

In 2018, the EU has allocated another 30 million Euro for energy efficiency, to scale up the current Regional Energy Efficiency Programme, implemented jointly by EBRD, KfW and the Secretariat, to extend technical assistance and co-financing for public and residential buildings’ renovation programmes in the Western Balkans (REEP Plus). The Secretariat will act to avoid duplications and overlapping of assistance project and will support the coordination of actions. It will facilitate the preparation of supporting legal framework and investment projects together with support for the strengthening of the energy services markets and the use of private financing in public sector utilities and buildings rehabilitation. The Secretariat will, in cooperation with EBRD, continue to strengthen the market for high-efficient district heating and preparation of projects through the Renewable District Energy Programme in the Western Balkans Fund (ReDEWeB Fund).
The Secretariat will work closely with DG NEAR and the IFIs to secure more funding for energy efficiency investments and policy dialogue in 2020 and 2021, when the new IPA financing framework will be in place. In cooperation with the European Commission, the Secretariat will continue working with the IFIs to develop financial instruments and facilities for investments in energy efficiency.

Operational support will be provided by the Secretariat in the implementation and reporting on the National Energy Efficiency Action Plans (NEEAPs) under the Energy Efficiency Directive, in order to achieve 2020 energy efficiency targets. The Secretariat will also facilitate and support the transition from NEEAPs to the National Energy and Climate Plans (NECPs) and preparation of the first NECPs.

10. ACTIVITIES IN ENERGY INFRASTRUCTURE

In October 2015, the Ministerial Council adopted Regulation (EU) 347/2013 on guidelines for trans-European energy infrastructure, with a deadline for transposition of 1 January 2017. In November 2018, the Ministerial Council adopted the second list of Projects of Energy Community Interest (PECI) and, respectively the list of Projects of Mutual Interest (PMI) in line with the Regulation, following a year-long selection process. The bi-annual PECI/PMI selection exercise will continue in line with Regulation 347/2013 and will be conducted in 2019-2020 and monitored in 2021. The Secretariat will also continue to provide assistance to the European Commission (DG NEAR) in selecting the projects that may benefit from co-financing under the “Connectivity Agenda”.

In this respect, the Secretariat will monitor very closely some selected regional projects proposed for co-financing and organise regular progress meetings in order to remove barriers and improve communication and promote an informed decision-making process.

Besides, the Secretariat will continue to monitor the transposition of Regulation 347/2013/EU by the Contracting Parties, provide assistance where needed, but also continue to enforce non-conformity through the initiation of cases against the Contracting Parties.

A functioning cross-border energy infrastructure and the connectivity of the gas and electricity markets in the region and with EU Member States will play a crucial role in reaching the decarbonisation targets of the Contracting Parties.

Informed decision making of the Contracting Parties on their long-term energy mix and its alignment with their decarbonisation goals is also highly dependent on the state of their energy infrastructure. In the framework of the NECPs, the Secretariat, in 2019 and 2020, will engage in the policy discussions of the Contracting Parties, analysing their energy mix and their 2030 energy strategies, with a view to assist them in defining ambitious and realistic decarbonisation goals that are properly reflected in their energy strategies and the corresponding infrastructure needs and development plans.

11. ACTIVITIES RELATED TO THE COOPERATION AMONG ENERGY REGULATORS

Streamlining of regulatory measures and providing a stable regulatory market framework is a key focus of the work of the Energy Community Regulatory Board (ECRB). This concerns e.g. market integration, network transparency, facilitation of investments, competition and security of supply. Within the necessary range of national specificities linked to this, it is necessary to harmonize regulatory rules to the maximum extent possible on a cross-border basis in order not to create barriers to cross-border trade and investments and consequently security of supply.
National regulatory authorities of the Contracting Parties have gained new competences stemming from the Third Energy Package, the Infrastructure Regulation and from the establishment of bodies both on a national and regional level. Also, the Energy Community Regulatory Board (ECRB), having new competences in the fields of certification, cross-border cost allocation, infrastructure exemption, gas and electricity network codes (and guidelines), will require more assistance, knowledge transfer and development of suitable institutional rules by the Secretariat.

Implementation of the new acquis adopted in 2018 related to network codes and guidelines as well as the REMIT Regulation and other activities will further trigger the continuous move from voluntary cooperation of Energy Community regulators under the ECRB umbrella to deliverables required by Energy Community law mirroring related tasks of ACER on EU level. The quality of related reporting activities of ACER on EU level will serve as a benchmark for these deliverables. This will significantly increase the duties of ECRB. New obligations of ECRB include:

- New monitoring responsibilities on network codes and guidelines;
- Regulation 2016/631 (RfG electricity connection code): monitor the implementation of the Regulation (Article 59(1)) – starting from the implementation deadline 12 June 2021; monitor the procedure for granting derogations from the Regulation by Contracting Parties’ regulators (Article 65) – starting from the implementation deadline 12 June 2021;
- Regulation 2016/1447 (HDVC electricity connection code): monitor the implementation of the Regulation (Article 76(1)) – starting from the implementation deadline 12 June 2021; monitor the procedure for granting derogations from the Regulation by Contracting Parties’ regulators (Article 83) – starting from the implementation deadline 12 June 2021;
- Regulation 2016/1388 (DC electricity connection code): monitor the implementation of the Regulation (Article 57(1)) – starting from the implementation deadline 12 June 2021; monitor the procedure for granting derogations from the Regulation by Contracting Parties’ regulators (Article 55) – starting from the implementation deadline 12 June 2021;
- Gas capacity allocation network code (Regulation 2017/459): monitor the implementation of the Regulation (Article 38);
- Gas congestion management guideline (Annex I to Regulation 715/2009): by 1 June 2020 issue a first report on congestion at interconnection points;
- Gas transmission tariff network code (Regulation 2017/460): before 1 October 2021 issue a report on the methodologies and parameters used to determine allowed or targeted revenues (Article 34) - it has to be stressed that ACER for the performance of its mirroring duty on EU level outsourced reporting to an external consultancy service despite the significant higher level of permanent staff available to ACER compared to ECRB; by November 2021 issue a report on the application of the reference price methodologies in Contracting Parties (Article 36);
- new decision-making duties stemming from the network codes and guidelines – e.g. on cross-border cost allocation for capacity optimisation, the use of a single capacity allocation platform and the application of alternative capacity allocation mechanisms in case of disagreement of Contracting Parties’ regulators stemming from the gas network code on capacity allocation (Article 6(2a), 28(2) and 37(3) of Regulation 2017/459) that, again will have to meet the quality benchmark of related deliverables of ACER;
- new recommendation powers: as of the implementation deadline 12 June 2021 Regulation 2016/631 (RfG electricity connection code, Article 65), Regulation 2016/1447 (HDVC electricity connection code, Article 83) and Regulation 2016/1388 (DC electricity connection code, Article 55) will kick-off a new legal obligation of ECRB to issue a reasoned
recommendation to Contracting Parties' regulatory authority to revoke a derogation from these Regulations due to lack of justification; and

- covering the role of ACER in coordinating the implementation of the REMIT Regulation by Contracting Parties' regulators, even if in a reduced format under the "REMIT light" model as adopted for the Energy Community in 2018 (Article 16 REMIT Regulation. ECRB already established a dedicated REMIT working group including three tailored work streams under its work programme 2019 to specifically address the new duty of coordinating investigations between regulators on a potential breach of the REMIT Regulation (Article 16);

In the budgetary period 2018-2019 and before the ECRB specific monitoring activities listed above, the ECRB section of the Secretariat: (a) supported the Secretariat's contribution to ACER's Annual Market Monitoring Report on gas wholesale markets; (b) produced annual reporting on electricity wholesale market development mirroring the related annual market monitoring of ACER; (c) produced a genuine annual report on gas and electricity retail market developments; and (d) conducted annual reporting on compliance with the acquis on gas market publication requirement. These activities developed from pilot reports in earlier years to standard and rolling ECRB deliverables for the purpose of providing information on market developments in the Contracting Parties and beyond from a regulatory perspective next to and separate from the Secretariat's annual implementation monitoring.

In the budgetary period 2020-2021, ECRB will also continue and further intensify its cooperation formats with CEER and MEDREG to which the three regulatory institutions committed to by signing a cooperation arrangement in 2018. An additional pillar of new activities will lie on a newly established cooperation format under the Eastern Partnership Initiative that ECRB will jointly perform with the European Commission and CEER starting from 2019. All these cross-regulatory activities are in the natural interest of ECRB members and the Energy Community having in mind common membership and common regulatory market integration targets across borders.

12. ACTIVITIES IN STATISTICS

Since the adoption of the acquis on energy statistics in 2012, all Contracting Parties should have developed the capacity to produce complete energy balances compliant with Regulation (EC) 1099/2008 and amendments thereof. The acquis on price reporting includes new Regulation (EU) 2016/1952 on European statistics on natural gas and electricity prices, repealing Directive 2008/92/EC.

The Secretariat will continue to work towards the adoption of new pieces of legislation, as they are adopted in the EU, hence allowing comparability of energy statistics published in the Contracting Parties with the data compiled and published by EUROSTAT. Key remaining tasks from the current acquis are related to the monthly statistics. Following the expected amendments of Regulation 1099/2008 (EC) in 2019, including those related to monthly statistics, the Secretariat, in consultations with EUROSTAT, shall ensure that such amendments are timely integrated in the Energy Community acquis and provide technical assistance, if needed, for implementation and enforcement of the acquis on monthly statistics, in particular to ensure monitoring of the compliance with the acquis on oil stocks.

The focus in the period 2020-2021 will be on supporting national statistics institutes (NSIs) to improve quality and completeness of the energy data to meet the needs of policy makers, stakeholders and consumers. The Secretariat will continue to support the projects in the Contracting Parties in this direction.
The ultimate objective is to have official energy statistics of the Contracting Parties transmitted and published by EUROSTAT with the quality dimensions, such as accuracy, timeliness, punctuality, coherence, compliant with Regulation 1099/2008, ESS (European Statistical System) Standard for Quality Reports and the International Recommendation for Energy Statistics (GRES).

The implementation of the Clean Energy Package will pose additional requirements for statistical data, in particular data necessary to monitor policy measures and corresponding indicators, such as energy security, energy efficiency, renewable energy sources, energy poverty, etc. In cooperation with EUROSTAT, all Contracting Parties have started to produce renewables questionnaires and develop own reporting systems to calculate renewables shares and communicate them to EUROSTAT. This trend is expected to improve further to enable monitoring and reporting the share of energy from renewable energy sources in accordance with new reporting requirements for the 2030 targets. Reporting needs for such indicators are already being considered in working teams of EUROSTAT.

NSIs of the Contracting Parties are expected to actively participate and improve their data collection and reporting systems in order to provide required information. The Secretariat will provide technical assistance, where needed, to Contracting Parties to develop methodologies for new data collections. The Secretariat will also support NSIs in the development of a reporting system for transparency of electricity and gas prices in accordance with the applicable EU rules. The transition to the new reporting system is expected to be facilitated through the participation of national experts in the Energy Statistics Working Group and with dedicated training or assistance, when necessary.

Following the interest of the national coordinators for energy statistics, the Secretariat will continue to facilitate cooperation in experience sharing and promoting best practices through regular annual meetings and capacity building. The final objective is to have the acquis on statistics fully implemented with an efficient reporting system in all Contracting Parties, providing relevant, consistent and reliable information for energy policy and monitoring of energy related sustainable development indicators.

IV. DONORS SUPPORT AND COORDINATION

Due to its increased contribution to stakeholders' and donors' activities, the Secretariat will be engaged in preparation and joint implementation of a number of IFI and institutional regional initiatives, including, inter alia:

- the Regional Energy Efficiency Programme (WBIF and EBRD);
- the KfW Efficient Biomass Based Heating and Cooling (WBIF and the World Bank);
- the Gas Sector Reform Implementation Plan for Ukraine (World Bank);
- the Market Monitoring Report (ACER);
- the electricity market initiative and cyber security (USAID);
- regulatory market monitoring (USAID);
- the gas Regional Initiative South South East (ACER); as well as
- the regional harmonisation of regulatory rules (MEDREG, CEER).

Additionally, the Secretariat assists, and will continue to assist, the WBIF/DG NEAR in preparing the regional project pipeline in the electricity area. This project is developed with the technical and financial support of multi-beneficiary IPA funds.
V. REGIONAL INITIATIVES

Major regional initiatives that emerged in the previous periods are described below:

1. Western Balkan Six Initiative

At the Vienna Summit of the Western Balkan 6 Initiative ("Berlin process") on 27 August 2015, six Contracting Parties of the Energy Community in Southeast Europe (Albania, Bosnia and Herzegovina, North Macedonia, Montenegro, Kosovo* and Serbia) decided to take steps to improve energy connectivity in the region by facilitating investments and prioritising market development.

In this context, the Western Balkan countries committed to implement connectivity reform measures, at national and regional level, as key preconditions for the development of a truly integrated electricity market.

The regional measures consist of establishing spot markets (power exchanges), a regional balancing market and making the best use of the already existing Coordinated Auction Office in Southeast Europe (SEE CAO) for regional capacity allocation. The national measures mainly focus on removing national obstacles to regional electricity market development by creating the appropriate market and regulatory framework.

The Energy Community Secretariat was tasked by the Western Balkan countries to take the lead to develop the regional energy market and to help implementing these measures. Accordingly, the Secretariat is continuously facilitating the process, monitoring and reporting on a bi-monthly basis on the achievements made at regional and national level.

To support implementation of the connectivity reform measures, a Grant Contract on Technical Assistance to Connectivity in the Western Balkans, Component 2: Regional Energy Market was signed between the European Commission and the Secretariat. The implementation period of the project is 36 months ending on 5 June 2019. By signing the contract, the Secretariat accepted the responsibility to manage the project, by governing the grant through identifying implementation actions that are eligible for receiving technical assistance and monitoring progress made on a regular basis. Upon completion of the Grant Contract, activities to implement the results of the technical assistance projects will be continued in 2020, in particular with regard to the implementation of the roadmaps for regional day-ahead market coupling and balancing integration, as well as in establishment of a coordinated capacity calculation in the Western Balkans.

2. EU4ENERGY

The EU4Energy Programme was launched by the European Union in June 2016, as part of its Regional Action Programme – East. It aims at supporting the elaboration and implementation of evidence-based, medium to long term energy policies in Partner Countries, based on improved use of statistics and sharing of best practice and EU experience. The action builds on the work of the former INOGATE Programme and the lessons learnt from it.

The new EU4Energy Programme will upgrade the scale of regional cooperation, focus on interconnectivity and energy efficiency and follow a result oriented approach.
The project results were merged into five (5) components, which outline the intervention logic of the entire Action:

- **Component 1**: focuses on enhanced energy data management;
- **Component 2**: aims at providing greater energy policy analysis and recommendations;
- **Component 3**: Legislative and Regulatory Environment and Key Energy Infrastructure (EU4ENERGY Governance) - seeks to generate an improved energy legislative and regulatory framework and implemented policy recommendations as well as to promote investments in key energy infrastructure strategic projects;
- **Component 4**: is intended to provide easier access to energy information for policy-makers and relevant stakeholders;
- **Component 5**: is expected to ensure better communication between the EU and Partner Countries on regional and bilateral cooperation in the field of energy.

Components 1, 2 and 4 are implemented by the IEA, whereas Component 3 is implemented by the Secretariat in Ukraine, Georgia and Moldova and by the Energy Charter Secretariat in Armenia, Azerbaijan and Belarus. The regional dimension of the Project (identification of key regional energy infrastructure projects) is being implemented by the Secretariat and covers also Armenia, Azerbaijan and Belarus. Component 5 is implemented by assigned company (Ecorys) following award of the contract early 2017 by the European Commission.

Implementation of project activities is managed, coordinated and logistically supported by the Eastern Partnership Assistance Unit (EPA Unit) within the Secretariat. In addition, regional offices established by the Energy Community in Kiev and in Tbilisi ensure a smooth implementation of the Project.

The Secretariat’s staff assists the EPA Unit with expertise and use of its resources, in line with the contract between the Energy Community and DG NEAR, according to the Work Programme of Component 3. In particular, the staff of the Secretariat will continue to be engaged in the Projects of Eastern Partnership Interest (PEPI) selection process based on its regional nature in Belarus, Ukraine, Georgia, Armenia and Azerbaijan, in provision of capacity building activities and in the implementation of energy efficiency legislation, the Third Energy Package, etc.

### 3. Central and South-Eastern European Gas Connectivity CESEC

Another regional initiative where the Secretariat has been actively involved, also as a co-chair to the plenary and working group meetings, is CESEC. This is based on the recognised need that regional cooperation is required to achieve the region’s energy policy objectives and address challenges that EU Member States and Contracting Parties face in the gas sector. Therefore, a Memorandum of Understanding was signed on 10 July 2015 as part of the Central and South-Eastern European Gas Connectivity (CESEC) initiative.

In the CESEC High Level Group meeting in September 2017, the CESEC initiative was extended to the electricity market, energy efficiency and renewable development with the aim to promote cost-effective renewable energy, energy efficiency and to achieve an efficient, well interconnected electricity market in the CESEC region and promoting growth, jobs investment and tackling energy poverty. Together with the European Commission, the Secretariat is facilitating activities in CESEC-E/EE/RES and acting as a co-chair in plenary and working group meeting.
The signatory countries expressed their commitment to jointly resolve challenges related to security of gas supply and promote source diversification by implementing coordinated measures that should enable regionally optimal results. They expressed their readiness to sustain the necessary political commitment to oversee the full and timely implementation of the CESEC Action Plan, which includes the following elements:

- Selecting a limited number of key projects benefitting the CESEC region;
- Identifying and addressing project-specific challenges;
- Financing aspects, including the role of IFIs, like EIB and EBRD;
- Addressing market integration challenges.

Together with ACER and the European Commission, the Secretariat was invited to closely monitor the implementation of the Action Plan on a regular basis by using all available tools and institutions foreseen by the EU acquis. It supports the Contracting Parties in their implementation of the Action Plan, with a particular emphasis on addressing the market integration barriers and requirements. It has prepared a list of concrete actions, necessary for achieving the CESEC market integration objectives. This serves as a monitoring task assigned under the mentioned memorandum.

Beyond related progress reporting, the Secretariat will promote the implementation of the measures foreseen under the “Energy Community Gas Action 2020”. This Plan aims at providing a close-up of reform measures to be undertaken by the Contracting Parties and on their interfaces with EU Member States in order to reach the obligations under the CESEC 2.0 Action Plan. This involves a series of activities, including enforcement of existing acquis, preparation of new acquis and coordination of market related cooperation between Contracting Parties and EU Member States. The Secretariat will develop a post 2020 gas action plan, streamlining the Clean Energy Package and decarbonisation efforts.

VI. HORIZONTAL AND OVERHEAD

1. Communication

Communication is a crucial aspect of the Energy Community’s activities. The communication activities in 2020 – 2021 will continue to raise awareness of the organisation’s core objectives and achievements to the public. Particular emphasis will be given to communicating clear, easy-to-understand messages to facilitate and encourage engagement with the general public, while expert information will continue to be easily accessible to investors, international financial institutions, academia, etc. Special attention will be given to ensuring that the communication activities keep pace with latest digital developments. Further efforts will be made to increase the Energy Community’s presence in the media, including via conducting interviews, publishing articles and maintaining contacts with specialized press in the Contracting Parties of the Energy Community and the EU.

Other high priority communication measures will, inter alia, include conducting interviews, publishing articles and organizing information campaigns for journalists. The Secretariat will build on its well-established contacts with specialized press in the Contracting Parties of the Energy Community and the EU. Also, the Secretariat will continue to strive to boost engagement with civil society.
The Energy Community website, relaunched in 2017, will be further on a key communication channel with stakeholders. The website will continue to be developed to ensure state-of-the-art functionality. It will also be **updated with high quality content on a regular basis**. The Secretariat will continue with the publication of its news items, distributed via the website subscription service, as a principle communication channel with stakeholders. Already in 2019, the Secretariat will start defining activities with the objective of improving features of the website related to the mailing tool, newsletter functions and integration of an online discussion platform into the website for use by stakeholders. Website activities will be complemented by an effective social media strategy and management of the Energy Community’s social media accounts to increase awareness of Energy Community’s activities and strengthen relationships with its stakeholders. This includes the production of short videos to increase the visibility of the Energy Community.

**Electronic and paper publications, tailor-made to effectively communicate with the relevant target group, will continue to be produced and widely disseminated.** Emphasis will be given to maintaining user-friendliness. As regards major print publications, the Secretariat will continue producing its annual Implementation Reports and the quarterly WB6 Electricity Monitoring Reports. The Legal Framework will be updated online in 2020. As soon as the adoption of the gas and electricity network codes has been completed (late 2020), a special edition of the Legal Framework will be published. Also, a special edition of the Legal Framework on the environmental acquis is to be published in 2020 at the latest.

2. Administration and General Services

The Secretariat organizes **around 100 events each year**, thereby providing administrative support to the institutions as required under the Treaty (Article 67a) (see Annex IV). The majority of the events takes place at the headquarters of the Energy Community in Vienna, which contributes to the efficiency of costs. In the period 2020-2021, not only the number of events will increase but also the nature of the meetings will change – more video conferences and remote participation at the meetings. For this reason, the Secretariat shall continue and improve the technical facilities (equipment) for those types of meetings.

In 2020-2021, the focus will be on the introduction of new IT solutions to support the increased activities of the Secretariat in the area of the documentation of processes, with the additional aim of increasing transparency. Improvement of existing IT documentation and development of new rules and procedures will be given high priority.

In the field of facilities, the provision of **office maintenance** will be continued.

Regular contribution will be provided in terms of obtaining the discharge decision for budget implementation by the Ministerial Council. For this aim, **external audits** of the Energy Community accounts will take place on an annual basis for the main accounts of the Energy Community (legal entity) and for the ongoing grants (up to 5 audits per year).

Starting with 2020, the Secretariat will be ready to engage more and more in the **indirect management of EU funds** through the Pillar Assessment planned for 2019. In all financial matters, as in the past, the Budget Committee will play a key role in advising the Director in the financial management of budget implementation. Overall maintenance and a potential technical upgrade of the database (for reporting and accounting) will be given priority.
In the area of **human resources**, the focus will be put on the development of strategic concepts and the implementation of systems and processes to automatize the work in the area of human resources (recruitment tool, etc.). The Energy Community will also continue to offer an internship/secondment scheme to young professionals and/or graduates in accordance with the applicable legal and financial framework of the Secretariat. These short-term temporary assignments require additional administrative efforts to manage the frequent personnel changes (on average 2-3 new entries/departures per month during a calendar year). Also the tasks related to recruitment procedures and the assessment of candidates applying for the roster of experts are steadily increasing routine tasks.

In the field of **procurement**, efforts will be continued to strengthen and improve procurement management. Already in 2018, the Secretariat initiated activities stemming from the recent adoption of the Austrian Public Procurement Act, such as the obligation to use an e-procurement system. Further, the Secretariat will continue in 2020-2021 to implement procurement and contract management for the Secretariat itself and for other regional initiatives implemented by the Energy Community.

Also, further involvement of the Secretariat in **coordination of regional initiatives** (see point V) poses on the unit additional tasks of support provided in the area of accounting, reporting and auditing.

Currently in the administration unit, five staff members are dealing with all listed areas of work: accounting and financial reporting, human resources administration (permanent and temporary) and recruitment, procurement, event management including providing administrative support for the participants at the meetings, website management, office administration, coordination of external partners and services providers (IT, accounting, cleaning, etc.). In all listed areas, there is a continuous increase of the number of activities from year to year. In the last biennium, there was no additional post allowed to expand the human resources in this area of work which resulted in certain deficiencies of the systems and processes established.
Annex I: Activity based budget reporting

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>LEGAL BASIS</th>
<th>ACTION</th>
<th>DESCRIPTION AND OBJECTIVES OF THE ACTION</th>
<th>INDICATOR OF THE ACTIVITY</th>
<th>RESOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support Contract (in Annex 1)</td>
<td>Title of the project</td>
<td>Budgeting and controlling, applicable legislation</td>
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<tr>
<td>Financial administration</td>
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<tr>
<td>Reporting and Budgeting</td>
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<td>Capacity building</td>
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<td>Institutional meetings</td>
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<tr>
<td>Analytical studies and research supporting legislation (or)</td>
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<td>Annual Report to the Euromed (Task)</td>
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<tr>
<td>Reporting in accordance with applicable obligations</td>
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<tr>
<td>Consistency and coherence (or)</td>
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<td>Transparency and quality of decision-making and regulatory framework</td>
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<tr>
<td>Control and Audit</td>
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<tr>
<td>Project management</td>
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<tr>
<td>Equipment and Vehicles</td>
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<tr>
<td>Procurement</td>
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<td>Access to information</td>
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<tr>
<td>Financial Management</td>
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</table>

**Notes:**
- The table above outlines the main activities of the Energy Community and their respective indicators and resources.
- The activity based budget reporting is crucial for maintaining transparency and accountability, ensuring that the Energy Community's objectives are met within the allocated budget.
# Annex II: Reporting obligations

<table>
<thead>
<tr>
<th>Areas of Work</th>
<th>Name of the act</th>
<th>Article</th>
<th>Description</th>
<th>Frequency / Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>DIRECTIVE 2009/72/EC</td>
<td>Article 47(2)</td>
<td>The Secretariat shall submit an overall progress report to the Ministerial Council for the first time by 30 June 2012, and thereafter on an annual basis. The progress report shall reflect the progress made on creating a complete and fully operational internal market in electricity and gas and the obstacles that remain in this respect, including aspects of market dominance, market concentration, predatory or anti-competitive behaviour and the effect thereof in terms of market distortion.</td>
<td>By 30 June 2012 and thereafter annually</td>
</tr>
<tr>
<td>Electricity</td>
<td>DIRECTIVE 2009/72/EC</td>
<td>Article 47(3)</td>
<td>The Secretariat shall present a report to the Ministerial Council for the first time by 30 June 2012, and thereafter on an annual basis, summarising the opinions issued by the Secretariat in application of the acts referred to in Article 1, as adapted by this Decision.</td>
<td>By 30 June 2012 and thereafter annually</td>
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</tbody>
</table>
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The Secretariat shall present a report to the Ministerial Council for the first time by 30 June 2012, and thereafter on an annual basis, summarising the opinions issued by the Secretariat in application of the acts referred to in Article 1, as adapted by this Decision.

The Secretariat and ECRB shall monitor the implementation of the Regulation as of 12 July 2021, on annual basis - frequency not defined.
<table>
<thead>
<tr>
<th>Category</th>
<th>Regulation</th>
<th>Article</th>
<th>Description</th>
<th>Frequency</th>
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</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>REGULATION 2016/631 (RfG connection code)</td>
<td>Article 65</td>
<td>The Secretariat and ECRB shall monitor the procedure of granting derogations from the Regulation by Contracting Parties' regulators</td>
<td>As of 12 July 2021, on annual basis - frequency not defined</td>
</tr>
<tr>
<td>Electricity</td>
<td>REGULATION 2016/631 (RfG connection code)</td>
<td>Article 76 (1)</td>
<td>The Secretariat and ECRB shall monitor the implementation of the Regulation</td>
<td>As of 12 July 2021, on annual basis - frequency not defined</td>
</tr>
<tr>
<td>Electricity</td>
<td>REGULATION 2016/631 (RfG connection code)</td>
<td>Article 83</td>
<td>The Secretariat and ECRB shall monitor the procedure of granting derogations from the Regulation by Contracting Parties' regulators</td>
<td>As of 12 July 2021, on annual basis - frequency not defined</td>
</tr>
<tr>
<td>Electricity</td>
<td>REGULATION 2016/631 (RfG connection code)</td>
<td>Article 57 (1)</td>
<td>The Secretariat and ECRB shall monitor the implementation of the Regulation</td>
<td>As of 12 July 2021, on annual basis - frequency not defined</td>
</tr>
<tr>
<td>Electricity</td>
<td>REGULATION 2016/631 (RfG connection code)</td>
<td>Article 55</td>
<td>The Secretariat and ECRB shall monitor the procedure of granting derogations from the Regulation by Contracting Parties' regulators</td>
<td>As of 12 July 2021, on annual basis - frequency not defined</td>
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</tbody>
</table>
| Electricity & Gas | REGULATION 1227/2011 (REMIT)                        | Article 7(3), (4) | 3. National regulatory authorities shall at least on an annual basis submit a report to the Secretariat on their activities under this Regulation and make this report publicly available.  
4. The Secretariat shall                                                                 | As of 29 May 2020 - at least annually                                                         |
Gas DIRECTIVE 2009/73/EC Article 52(2)

The Secretariat shall submit an overall progress report to the Ministerial Council for the first time by 30 June 2012, and thereafter on an annual basis. The progress report shall reflect the progress made on creating a complete and fully operational internal market in electricity and gas and the obstacles that remain in this respect, including aspects of market dominance, market concentration, predatory or anti-competitive behaviour and the effect thereof in terms of market distortion.

Gas DIRECTIVE 2009/73/EC Article 52(3)

The Secretariat shall present a report to the Ministerial Council for the first time by 30 June 2012, and thereafter on an annual basis, summarising the opinions issued by the Secretariat in application of the acts referred to in Article 1, as adapted by this Decision.
<table>
<thead>
<tr>
<th>Energy Community</th>
<th>Gas</th>
<th>REGULATION (EC) 715/2009</th>
<th>Article 29(2)</th>
<th>On annual basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Secretariat shall submit an overall progress report to the Ministerial Council for the first time by 30 June 2012, and thereafter on an annual basis. The progress report shall reflect the progress made on creating a complete and fully operational internal market in electricity and gas and the obstacles that remain in this respect, including aspects of market dominance, market concentration, predatory or anti-competitive behaviour and the effect thereof in terms of market distortion.</td>
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<tr>
<th>Gas</th>
<th>REGULATION (EC) 715/2009</th>
<th>Article 29(3)</th>
<th>On annual basis</th>
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<tbody>
<tr>
<td>The Secretariat shall present a report to the Ministerial Council for the first time by 30 June 2012, and thereafter on an annual basis, summarising the opinions issued by the Secretariat in application of the acts referred to in Article 1, as adapted by this Decision.</td>
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</table>

<table>
<thead>
<tr>
<th>Gas</th>
<th>REGULATION (EU) 703/2015 (Interoperability network code)</th>
<th>Article 25(1)</th>
<th>One-off - by 1 April 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six months after the expiry of the deadline for transposing and implementing this Regulation the Energy Community Secretariat shall monitor and analyse how</td>
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<tr>
<td>Energy Community</td>
<td>Security of Supply/Electricity</td>
<td>DIRECTIVE 2005/89/EC</td>
<td>Article 9</td>
</tr>
<tr>
<td></td>
<td>Gas</td>
<td>REGULATION 2017/459 (CAM network code)</td>
<td>Article 38</td>
</tr>
<tr>
<td></td>
<td>Gas</td>
<td>REGULATION 2017/459 (transmission tariff network code)</td>
<td>Article 36</td>
</tr>
<tr>
<td></td>
<td>Gas</td>
<td>REGULATION 2017/459 (transmission tariff network code)</td>
<td>Article 34</td>
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</table>

Transmission system operators have implemented Chapters II to V of this Regulation and submit its report to the Energy Community Permanent High Level Group.

The Secretariat and ECRB shall monitor the implementation of the Regulation as of 28 February 2020, on annual basis - frequency not defined.

The Secretariat shall monitor the implementation of the Regulation as of 28 February 2020, on annual basis - frequency not defined.

ECRB shall issue a report on the methodologies and parameters used to determine allowed or targeted revenues before 1 October 2021 - on annual basis.

The Secretariat shall monitor and review the implementation of Directive 2005/89/EC in the Contracting Parties and shall submit a progress report to the Permanent High Level Group by 30 June 2010.

The Secretariat shall monitor and review the implementation of Directive 2004/67/EC in the Contracting Parties and shall submit a progress report to the Permanent High Level Group by 30 June 2010.
| Oil | DIRECTIVE 2009/119/EC | Article 22 | The Secretariat shall monitor and review the preparation of the implementation of Directive 2009/119/EC in the Contracting Parties and shall submit an annual progress report to the Ministerial Council, the first of which shall be submitted in 2013. On annual basis |
| Infrastructure | DIRECTIVE (EU) 347/2013 | Article 5(5) | Within three months of the receipt of the annual reports referred to in paragraph 4 of this Article, the Energy Community Secretariat shall submit to the Groups a consolidated report for the projects of Energy Community interest falling under the categories set out in Annex I.1 and 2, evaluating the progress achieved and make, where appropriate, recommendations on how to overcome the delays and difficulties encountered. On annual basis |
| Infrastructure | REGULATION (EU) 347/2013 | Article 17 | Not later than 2018, the Energy Community Secretariat shall publish a report on the implementation of projects of Energy Community interest and submit it to the Ministerial Council. On annual basis |
| Infrastructure | REGULATION (EU) 347/2013 | Reporting (2) | The Secretariat shall present a report to the Ministerial Council by 30 November. By 30 November |
Ministerial Council for the first time by 30 November 2016, and thereafter on an annual basis, summarising the opinions issued by the Secretariat in application of the acts referred to in Article 1, as adapted by this Decision.

Each year by 30 June, Contracting Parties shall, on the basis of the results of the sampling, analysis and inspections carried out in accordance with Article 13, submit a report to the Secretariat on the compliance with the sulphur standards set out in this Directive for the preceding year. On the basis of the reports received in accordance with the first subparagraph of this paragraph and the notifications regarding the non-availability of marine fuel which complies with this Directive submitted by Contracting Parties in accordance with the fifth subparagraph of Article 6(8), the Secretariat shall, within 12 months of the date referred to in the first subparagraph of this paragraph, draw up and publish a report on the implementation of this Directive. The
Secretariat shall evaluate the need for further strengthening of the relevant provisions of this Directive and make any appropriate legislative proposals to that effect.

3. The results of this inventory shall be communicated to the Secretariat in a conveniently aggregated form within nine months from the end of the year considered. The methodology used for establishing such emission inventories and the detailed base information shall be made available to the Secretariat at its request.

4. The Secretariat shall organise a systematic comparison of such national inventories and, if appropriate, shall submit proposals to the Council aiming at harmonising emission inventory methodologies, for the needs of an effective implementation of this Directive.
3. For all combustion plants covered by Chapter III of this Directive, Member States shall, from 1 January 2018, establish an annual inventory of the sulphur dioxide, nitrogen oxides and dust emissions and energy input. Taking into account the aggregation rules set out in Article 29, the competent authority shall obtain the following data for each combustion plant:

(a) the total rated thermal input (MW) of the combustion plant;
(b) the type of combustion plant: boiler, gas turbine, gas engine, diesel engine, other (specifying the type);
(c) the date of the start of operation of the combustion plant;
(d) the total annual emissions (tonnes per year) of sulphur dioxide, nitrogen oxides and dust (as total suspended particles);
(e) the number of operating hours of the combustion plant;
(f) the total annual amount of energy input, related to the net calorific value (TJ per year), broken down in terms of the following...
categories of fuel: coal, lignite, biomass, peat, other solid fuels (specifying the type), liquid fuels, natural gas, other gases (specifying the type).

The annual plant-by-plant data contained in these inventories shall be made available to the Commission upon request. A summary of the inventories shall be made available to the Commission every 3 years within 12 months from the end of the three-year period considered. This summary shall show separately the data for combustion plants within refineries. The Commission shall make available to the Member States and to the public a summary of the comparison and evaluation of those inventories.

4. Member States shall, from 1 January 2018, report the following data annually to the Commission:
(a) for combustion plants to which Article 31 applies, the sulphur content of the indigenous solid fuel used and the rate of desulphurisation achieved, averaged over each month. For the first
year where Article 31 is applied, the technical justification of the non-feasibility of complying with the emission limit values referred to in Article 30(2) and (3) shall also be reported; and
(b) for combustion plants which do not operate more than 1 500 operating hours per year as a rolling average over a period of 5 years, the number of operating hours per year.

Environment  DIRECTIVE 2004/35/EC  18 (1)  Contracting Parties shall report to the Secretariat on the experience gained in the application of this Directive by 31 December 2026 at the latest. The reports shall include the information and data set out in Annex VI
Environment  DIRECTIVE 2001/42/EC of 27  12 (1)  Contracting Parties and the Secretariat shall exchange information on the experience gained in applying this Directive.
Renewable Energy  DIRECTIVE 2009/28/EC  Article 23  The Secretariat shall monitor and review the application of Directive 2009/28/EC in the

| 55 |
Contracting Parties. It shall submit an overall progress report to the Ministerial Council for the first time by 30 June 2015, and thereafter every two years. This progress report should cover those points referred to in Article 23 of Directive 2009/28/EC. For the first time by 30 June 2015, and thereafter every two years the Energy Community Secretariat shall present a report, addressing, in particular, the following elements:

(a) a review of the minimum greenhouse gas emission saving thresholds to apply from the dates referred to in the second subparagraph of Article 17(2), on the basis of an impact assessment taking into account, in particular, technological developments, available technologies and the availability of first and second-generation biofuels with a high level of greenhouse gas emission saving;

(b) with respect to the target referred to in Article 3(4), a review of:

(i) the cost-efficiency of the measures to be implemented to achieve the target;
(ii) an assessment of the feasibility of reaching the target whilst ensuring the sustainability of biofuels production in the Energy Community and in third countries, and considering economic, environmental and social impacts, including indirect effects and impacts on biodiversity, as well as the commercial availability of second-generation biofuels;

(iii) the impact of the implementation of the target on the availability of foodstuffs at affordable prices;

(iv) the commercial availability of electric, hybrid and hydrogen powered vehicles, as well as the methodology chosen to calculate the share of energy from renewable sources consumed in the transport sector;

(v) the evaluation of specific market conditions, considering, in particular, markets on which transport fuels represent more than half of the final energy consumption, and markets which are fully dependent on imported biofuels;

(c) an evaluation of the implementation of this
Directive, in particular with regard to cooperation mechanisms, in order to ensure that, together with the possibility for the Contracting Parties to continue to use national support schemes referred to in Article 3(3), those mechanisms enable Contracting Parties to achieve the national targets defined in Annex I on the best cost-benefit basis, of technological developments.

The Energy Community Secretariat/Commission shall evaluate the annual reports and the National Energy Efficiency Action Plans and assess the extent to which Contracting Parties have made progress towards the achievement of the national energy efficiency targets required by Article 3(1) and towards the implementation of this Directive.

End of 2019

The Energy Community Secretariat shall review the effectiveness of the implementation of Article 6 by 5 November 2018 and shall submit a report to the Ministerial Council of the Energy Community. That report shall be accompanied, if
appropriate, by
proposals for further
measures
By 30 June 2018 the
Energy Community
Secretariat shall submit
the assessment referred
to in Article 3(2) to the
Ministerial Council of
the Energy Community,
accompanied, if
necessary, by proposals
for further measures
ECS shall assess
progress achieved and
whether the Energy
Community is likely to
achieve energy
consumption of no more
than:
(a) 187 Mtoe of primary
energy and/or,
(b) 133 Mtoe of final
energy in 2020.
By 30 May 2019, the
Energy Community
Secretariat shall submit
a report to the
Ministerial Council of
the Energy Community
on the implementation
of Article 7. That report
shall be accompanied, if
appropriate, by a
legislative proposal for
one or more of the
following purposes:
(a) to change the final
date laid down in Article
7(1);
(b) to review the
requirements laid down
in Article 7(1), (2) and
(3);
(c) to establish
<table>
<thead>
<tr>
<th>Energy Efficiency</th>
<th>DIRECTIVE 2010/31/EU</th>
<th>Article 5(4)</th>
<th>n/a</th>
</tr>
</thead>
<tbody>
<tr>
<td>additional common requirements, in particular as regards the matters referred to in Article 7(7). The Secretariat shall publish a report on the progress of the Contracting Parties in reaching cost-optimal levels of minimum energy performance requirements.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Energy Efficiency</th>
<th>DIRECTIVE 2010/31/EU</th>
<th>Article 9(5)</th>
<th>By 31 December 2013 and every three years thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Secretariat shall by 31 December 2013 and every three years thereafter publish a report on the progress of Contracting Parties in increasing the number of nearly zero-energy buildings. On the basis of that report the Secretariat shall develop an action plan and, if necessary, propose measures to increase the number of those buildings and encourage best practices as regards the cost-effective transformation of existing buildings into nearly zero-energy buildings.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Energy Efficiency</th>
<th>DIRECTIVE 2010/31/EU</th>
<th>Articles 30 and 31</th>
<th>On annual basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Secretariat shall monitor and review the implementation of Directive 2010/31/EU in the Contracting Parties and shall submit a progress report to the Permanent High Level Group by 31 March 2013.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>DELEGATED REGULATION (EU) 626/2011</td>
<td>Article 2(5) of Decision 2011/03/MC-EnC</td>
<td>The Secretariat shall monitor and review the implementation of the Delegated Regulation and shall submit a progress report to the Permanent High Level Group by 1 October 2013.</td>
</tr>
<tr>
<td>-------------------</td>
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<td>---------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>DELEGATED REGULATION (EU) 1062/2010</td>
<td>Article 2(5) of Decision 2011/03/MC-EnC</td>
<td>The Secretariat shall monitor and review the implementation of the Delegated Regulation and shall submit a progress report to the Permanent High Level Group by 1 October 2013.</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>DELEGATED REGULATION (EU) 1061/2010</td>
<td>Article 2(5) of Decision 2011/03/MC-EnC</td>
<td>The Secretariat shall monitor and review the implementation of the Delegated Regulation and shall submit a progress report to the Permanent High Level Group by 1 October 2013.</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>DELEGATED REGULATION (EU) 1060/2010</td>
<td>Article 2(5) of Decision 2011/03/MC-EnC</td>
<td>The Secretariat shall monitor and review the implementation of the Delegated Regulation and shall submit a progress report to the Permanent High Level Group by 1 October 2013.</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>DELEGATED REGULATION (EU) 1059/2010</td>
<td>Article 2(5) of Decision 2011/03/MC-EnC</td>
<td>The Secretariat shall monitor and review the implementation of the Delegated Regulation and shall submit a progress report to the Permanent High Level Group by 1 October 2013.</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>DIRECTIVE 96/60/EC</td>
<td>Article 2(5) of Decision 2010/02/MC-EnC</td>
<td>The Secretariat shall monitor and review the implementation of the Directive and shall submit a progress report to the Permanent High Level Group by 30 June 2012. By 2 August 2025, the Secretariat shall assess the implementation of this Regulation and submit a report to the Ministerial Council. The Secretariat shall monitor and review the preparation of the implementation of Regulation (EC) 1099/2008 and Regulation (EU) 2016/1369 [2018/1/MC-EnC] in the Contracting Parties and shall submit an annual progress report to the Ministerial Council, the first of which shall be submitted in 2013. (2) Contracting Parties shall not be obliged to transmit data on natural gas prices for household customers if the consumption of natural gas in the household sector accounts for less than 1,5% of national final energy consumption in the household sector. (3) At least every three years, Energy Community Secretariat shall review which</td>
</tr>
<tr>
<td>Statistics</td>
<td>REGULATION (EU) 2017/1369</td>
<td>Article 19</td>
<td>2 August 2025</td>
</tr>
<tr>
<td>Statistics</td>
<td>REGULATION (EC) 1099/2008 of 22 October 2008 on energy statistics</td>
<td>Article 12</td>
<td>Annually</td>
</tr>
<tr>
<td>Climate</td>
<td>RECOMMENDATION 2018/1/MC-EnC</td>
<td>Article 1(7)</td>
<td>Annualy</td>
</tr>
<tr>
<td>---------</td>
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</tr>
<tr>
<td>Clmate</td>
<td>RECOMMENDATION 2018/1/MC-EnC</td>
<td>Article 3(3)</td>
<td>Continuously</td>
</tr>
<tr>
<td>Climate</td>
<td>RECOMMENDATION 2018/1/MC-EnC</td>
<td>Article 4</td>
<td>Every 2 years</td>
</tr>
</tbody>
</table>

Contracting Parties are not obliged to transmit data pursuant to paragraph 2.

The Secretariat should assist the Contracting Parties' efforts related to the preparation of their National Plans. It should report to the Ministerial Council on the progress annually.

The Secretariat should actively engage in the process and support cooperation activities described above, including through the Energy and Climate Committee. In particular, the Secretariat should facilitate timely consultation between Contracting Parties on the draft national plans.

Progress Reports on the implementation of national plans should be submitted by Contracting Parties to the Secretariat every two years and where appropriate on an annual basis, with a view to align the timescales for domestic, EU and international reporting. Those reports should facilitate the monitoring and the implementation of commitments taken under the United Nations Framework
Convention on Climate Change (UNFCCC) and Paris Agreement. The Secretariat should report to the Ministerial Council every two years on the implementation of national plans by Contracting Parties.

In view of the submission of the final national plans by Contracting Parties, the Secretariat should issue recommendations on draft national plans. The Contracting Parties should prepare the legal and institutional preconditions for the implementation of the core elements of Regulation (EU) No 525/2013 in their jurisdictions. The Secretariat should assist the Contracting Parties' efforts in this respect. It should report to the Ministerial Council on the progress annually.

Contracting Parties should provide progress reports every two years on the implementation of national plans starting in 2022. These implementation reports will be an important instrument in helping all Contracting Parties to see what is happening in implementing the Energy Union objectives. The Secretariat will
Energy Community

Climate

POLICY GUIDELINE 03/2018 on the development of National Energy and Climate Plans under Recommendation 2018/01/MC-EnC

Policy Guideline 03/2018 on the development of National Energy and Climate Plans under Recommendation 2018/01/MC-EnC

Article 6(4)

The Secretariat, with the support of the European Commission and Contracting Parties, will start working on the analytical and technical aspects related to the development of a template for national plans and launch a technical study on the Energy Community Reference Scenario 2018.

In 2020, draft national plans should be submitted to the Secretariat by March, after which a consultation with other Contracting Parties and Member States will be organised.

Subsequently, the Secretariat will issue opinions on draft national plans. Final plans should be submitted to the Secretariat by October 2020, taking into account consultations with other Contracting Parties and Member States, Secretariat opinions and relevant legislation. The Secretariat will subsequently provide a first aggregate assessment of national plans.

Climate

POLICY GUIDELINE 03/2018 on the development of National Energy and Climate Plans under Recommendation 2018/01/MC-EnC

Policy Guideline 03/2018 on the development of National Energy and Climate Plans under Recommendation 2018/01/MC-EnC

Article 6(6)

The Secretariat, with the support of the European Commission and Contracting Parties, will start working on the analytical and technical aspects related to the development of a template for national plans and launch a technical study on the Energy Community Reference Scenario 2018.

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Subsequently, the Secretariat will issue opinions on draft national plans. Final plans should be submitted to the Secretariat by October 2020, taking into account consultations with other Contracting Parties and Member States, Secretariat opinions and relevant legislation. The Secretariat will subsequently provide a first aggregate assessment of national plans.

Climate

POLICY GUIDELINE 03/2018 on the development of National Energy and Climate Plans under Recommendation 2018/01/MC-EnC

Policy Guideline 03/2018 on the development of National Energy and Climate Plans under Recommendation 2018/01/MC-EnC

Article 6(6)

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Subsequently, the Secretariat will issue opinions on draft national plans. Final plans should be submitted to the Secretariat by October 2020, taking into account consultations with other Contracting Parties and Member States, Secretariat opinions and relevant legislation. The Secretariat will subsequently provide a first aggregate assessment of national plans.
energy and climate plans.

https://www.energy-community.org/legal/acquis.html
### Annex III: List of relevant acquis

<table>
<thead>
<tr>
<th>#</th>
<th>Area of work</th>
<th>Title</th>
<th>General implementation deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Electricity</td>
<td>REGULATION (EC) 714/2009 of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) 1228/2003</td>
<td>1 January 2014</td>
</tr>
<tr>
<td>3</td>
<td>Electricity</td>
<td>REGULATION (EU) 838/2010 of 23 September 2010 on laying down guidelines relating to the inter-transmission system operator compensation mechanism and a common regulatory approach to transmission charging.</td>
<td>1 January 2014</td>
</tr>
<tr>
<td>4</td>
<td>Electricity</td>
<td>REGULATION (EU) 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) 714/2009</td>
<td>1 January 2014</td>
</tr>
<tr>
<td>5</td>
<td>Electricity</td>
<td>REGULATION (EU) 2016/1388 17 August 2016 establishing a network code on demand connection</td>
<td>12 July 2021</td>
</tr>
<tr>
<td>6</td>
<td>Electricity</td>
<td>REGULATION (EU) 2016/631 of 14 April 2016 establishing a network code on demand connection</td>
<td>12 July 2021</td>
</tr>
<tr>
<td>7</td>
<td>Electricity</td>
<td>REGULATION (EU) 2016/1447 of 26 August 2016 establishing a network code on requirements for grid connection of high voltage direct current systems and direct current-connected power park modules</td>
<td>12 July 2021</td>
</tr>
<tr>
<td>8</td>
<td>Gas &amp;</td>
<td>REGULATION (EU) No 1227/2011 of 25 October 2011 on wholesale energy market integrity and transparency</td>
<td>29 May 2020</td>
</tr>
<tr>
<td></td>
<td>Electricity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Law Category</td>
<td>Description</td>
<td>Date</td>
</tr>
<tr>
<td>---</td>
<td>--------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>11</td>
<td>Gas</td>
<td>REGULATION (EU) 703/2015 of 30 April 2015 establishing a network code on interoperability and data exchange rules</td>
<td>1 October 2018</td>
</tr>
<tr>
<td>13</td>
<td>Gas</td>
<td>COMMISSION REGULATION (EU) 2017/460 of 16 March 2017 establishing a network code on harmonized transmission tariff structures for gas</td>
<td>28 February 2020</td>
</tr>
<tr>
<td>16</td>
<td>Oil</td>
<td>DIRECTIVE 2009/119/EC of 14 September 2009 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products</td>
<td>1 January 2023</td>
</tr>
<tr>
<td>18</td>
<td>Environment</td>
<td>DIRECTIVE 2011/92/EU of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment with amendments introduced by Directive 2014/52/EU of 16 April 2014</td>
<td>1 January 2019</td>
</tr>
<tr>
<td>19</td>
<td>Environment</td>
<td>DIRECTIVE (EU) 2016/802 of 11 May 2016 relating to a reduction in the sulphur content of certain liquid fuels (codification)</td>
<td>30 June 2018</td>
</tr>
<tr>
<td>20</td>
<td>Environment</td>
<td>COMMISSION IMPLEMENTING DECISION (EU) 2015/253 of 16 February 2015 laying down the rules concerning the sampling and reporting under Council</td>
<td>1 January 2018</td>
</tr>
</tbody>
</table>
Directive 1999/32/EC as regards the sulphur content of marine fuels

21 Environment DIRECTIVE 2001/80/EC of 23 October 2001 on the limitation of emissions of certain pollutants into the air from large combustion plants 31 December 2017

22 Environment DIRECTIVE 2010/75/EU of 24 November 2010 on industrial emissions (integrated pollution prevention and control)1 General new plants deadline: 1 January 2018

23 Environment DIRECTIVE 79/409/EEC of 2 April 1979 on the conservation of wild birds 1 January 2028

24 Environment DIRECTIVE 2004/35/EC of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage 1 January 2021


31 Energy Efficiency
DELEGATED REGULATION (EU) 665/2013 of 3 May 2013 supplementing Directive 2010/30/EU with regard to energy labelling of vacuum cleaners
1 January 2016

32 Energy Efficiency
DELEGATED REGULATION (EU) 812/2013 of 18 February 2013 supplementing Directive 2010/30/EU with regard to the energy labelling of water heaters, hot water storage tanks and packages of water heater and solar device
1 January 2018

33 Energy Efficiency
DELEGATED REGULATION (EU) 811/2013 of 18 February 2013 supplementing Directive 2010/30/EU with regard to the energy labelling of space heaters, combination heaters, packages of space heater, temperature control and solar device and packages of combination heater, temperature control and solar device
1 January 2018

34 Energy Efficiency
DELEGATED REGULATION (EU) 874/2012 of 12 July 2012 supplementing Directive 2010/30/EU with regard to energy labelling of electrical lamps and luminaires
1 July 2016

35 Energy Efficiency
DELEGATED REGULATION (EU) 392/2012 of 1 March 2012 supplementing Directive 2010/30/EU with regard to energy labelling of household tumble driers
30 April 2016

36 Energy Efficiency
DELEGATED REGULATION (EU) 626/2011 of 4 May 2011 supplementing Directive 2010/30/EU with regard to energy labelling of air conditioners
1 January 2013

37 Energy Efficiency
DELEGATED REGULATION (EU) 1062/2010 of 28 September 2010 supplementing Directive 2010/30/EU with regard to energy labelling of televisions
31 December 2012

38 Energy Efficiency
DELEGATED REGULATION (EU) 1061/2010 of 28 September 2010 supplementing Directive 2010/30/EU with regard to energy labelling of household washing machines
31 December 2012

39 Energy Efficiency
DELEGATED REGULATION (EU) 1060/2010 of 28 September 2010 supplementing Directive 2010/30/EU with regard to energy labelling of household refrigerating appliances
31 December 2012
<table>
<thead>
<tr>
<th>Energy Efficiency</th>
<th>Text</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>DELEGATED REGULATION (EU) 1059/2010 of 28 September 2010 supplementing Directive 2010/30/EU with regard to energy labelling of household dishwashers</td>
<td>31 December 2012</td>
</tr>
<tr>
<td>41</td>
<td>DIRECTIVE 96/60/EC of 19 September 1996 implementing Directive 92/75/EEC with regard to energy labelling of household combined washer-driers</td>
<td>31 December 2011</td>
</tr>
<tr>
<td>43</td>
<td>COMMISSION DELEGATED REGULATION (EU) No 1254/2014 of 11 July 2014 with regard to energy labelling of residential ventilation units (‘Delegated Regulation 1254/2014’)</td>
<td>01 January 2020</td>
</tr>
<tr>
<td>44</td>
<td>COMMISSION DELEGATED REGULATION (EU) 2015/1094 of 5 May 2015 with regard to the energy labelling of professional refrigerated storage cabinets (‘Delegated Regulation 2015/1094’)</td>
<td>01 January 2020</td>
</tr>
<tr>
<td>45</td>
<td>COMMISSION DELEGATED REGULATION (EU) 2015/1186 of 24 April 2015 with regard to the energy labelling of local space heaters (‘Delegated Regulation 2015/1186’)</td>
<td>01 January 2020</td>
</tr>
<tr>
<td>46</td>
<td>COMMISSION DELEGATED REGULATION (EU) No 2015/1187 of 27 April 2015 with regard to energy labelling of solid fuel boilers and packages of a solid fuel boiler, supplementary heaters, temperature controls and solar devices (‘Delegated Regulation 2015/1187’)</td>
<td>01 January 2020</td>
</tr>
</tbody>
</table>
The Treaty establishing the Energy Community makes reference to the legal framework on competition in Chapter IV Title II. The acquis on competition rests on the principles relating to three pillars:

1. The prohibition of anti-competitive agreements established by Article 101 Treaty on the Functioning of the European Union (TFEU)
2. The prohibition of abuse of a dominant position provided for in Article 102 TFEU; and
3. The prohibition of State aid granted in violation of Article 107 TFEU and the principles of the Treaty


REGULATION (EC) 1099/2008 of 22 October 2008 on energy statistics

R/2018/01/MC-EnC on preparing for the development of integrated national energy and climate plans by the Contracting Parties of the Energy Community (Recommendation)

R/2016/02/MC-EnC on preparing for the implementation of Regulation (EU) No 525/2013 on a mechanism for monitoring and reporting greenhouse gas emissions (Recommendation)

Annex IV: List of existing bodies and institutions and average number of meetings p.a.

<table>
<thead>
<tr>
<th>Energy Community Institutions</th>
<th>Average # of events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministerial Council</td>
<td>2</td>
</tr>
<tr>
<td>Permanent High Level Group</td>
<td>4</td>
</tr>
<tr>
<td>ECRB (Plenary and Working Groups*)</td>
<td>20</td>
</tr>
<tr>
<td>Electricity Forum</td>
<td>1</td>
</tr>
<tr>
<td>Gas Forum</td>
<td>1</td>
</tr>
<tr>
<td>Oil Forum</td>
<td>1</td>
</tr>
<tr>
<td>Other bodies established by the decisions of the MC (accounted to the Secretariat)</td>
<td>75</td>
</tr>
</tbody>
</table>

*Gas WG; Electricity WG; Customer and Retail Market WG; REMIT WG*