

**MINUTES AND CONCLUSIONS
6th PERMANENT HIGH LEVEL GROUP MEETING
17 OCTOBER 2007, VIENNA**

WELCOMING AND INTRODUCTORY REMARKS

1. The meeting was co-chaired by Mr. Miroslav Kukobat, on behalf of Serbia as Presidency in office, and Mr. Barbaso, Deputy Director General of DG TREN of the European Commission.
2. The Agenda of the meeting was adopted (**Attachment**).

AGENDA ITEM ONE - DOCUMENTS FOR ADOPTION WITHOUT DEBATE

3. Following the mandate, provided by the Ministerial Council to the PHLG, the Procedural Acts on the Seat of the Gas Forum of the Energy Community, and the Procedural act on the List of Generally Applicable Standards for Gas and Electricity were adopted by the PHLG.
4. In relation to the List of the Generally Applicable Standards for Gas, the Secretariat was requested to analyze whether the Easeegas recommendations shall be considered obligatory for the Contracting Parties and to present the results to the PHLG.

AGENDA ITEM TWO – EXTENSION OF THE EU ACQUIS APPLICABLE

5. The PHLG examined the Draft Decision on the implementation of Directive 2005/89/EC before 31 December 2009, Directive 2004/67/EC before 31 December 2009 and Regulation (EC) n° 1775/2005 before 31 December 2008 and decided to submit it to the Ministerial Council for adoption.

AGENDA ITEM THREE – WORK PROGRAMME, BUDGET AND STAFF

6. The proposal of a Work Programme of the Energy Community for 2008 – 2009 was presented by ECS. Upon relevant discussions, the PHLG decided to consider the proposal as good basis in view to be presented to the Ministerial Council. The Contracting Parties were invited to provide additional possible comments in writing to the Secretariat by the end of October 2007. Afterwards, the Secretariat shall circulate the amended version upon reflecting the proposals.

7. The PHLG welcomed the proposal of the Secretariat that more detailed information on concrete planning of the relevant activities should be considered on six months basis. The Secretariat is therefore invited to present proposals for such planning upon consultation with and under the guidance of the relevant Presidency in the overall scope of the Work Programme.
8. Several Contracting Parties expressed the need to better coordinate Energy Community related activities within the Contracting Parties and to build the necessary administrative capacity.
9. Therefore, the PHLG welcomed the emphasis in the Work Programme on the envisaged technical assistance to the Contracting Parties to be provided by the Secretariat. The importance of the support by the donors for the implementation of the Treaty and for achieving the objectives of the Energy Community was also explicitly noted. Further, the European Commission reminded the existence of different EU pre accession mechanisms, which might be used. Noting these possibilities, the PHLG asked the Secretariat to analyze the different options provided by the Donors and the European Commission and to periodically communicate them to the PHLG and to the relevant Contracting Parties.
10. The Secretariat reminded the Contracting Parties on their contributions to the Budget of the Energy Community for 2007 being an obligation of the Parties under Title II of the relevant Procedures for the Establishment and Implementation of Budget, Audit and Inspection (Procedural Act No. 2006/03).
11. The European Commission informed the Contracting Parties that it would submit its budget proposal for 2008 – 2009 pursuant to Article 88 of the Treaty in written form as soon as the final figures and allocations are decided and its internal procedures are completed.
12. The Secretariat introduced the proposal of Staff Regulations, which, if adopted, shall replace those currently applicable. Upon relevant discussions, the PHLG decided to submit the proposal to the Ministerial Council for adoption and for this purpose mandated the Secretariat to finalize the text on the ground of the received comments with the assistance of the European Commission and to circulate the final version, including one with indicated changes by the end of October 2007.
13. The Secretariat presented its Organization Chart for information.
14. PHLG was informed about the ongoing process of establishment of the Budget Committee and current notifications received concerning its members. PHLG asked those Contracting Parties, which have not nominated their representatives yet, to do so by the end of October 2007.
15. Upon proposal by the Secretariat, PHLG expressed their recommendation that the initial meeting of the Budget Committee should take place within the

first quarter of the year 2008 prior the PHLG meeting. The Commission in its capacity of a chair of the Budget Committee requested the Secretariat to prepare the draft of the relevant internal rules of procedure pursuant to Article 23(5) of the above mentioned Procedures and to circulate them to the members of the Budget Committee for comments and adoption.

AGENDA ITEM FOUR - IMPLEMENTATION OF THE TREATY

16. On the ground of the information, distributed in advance to the PHLG members (Report on the implementation of the acquis), the Secretariat presented its findings on the current status of the implementation of the acquis in each of the areas as specified by the Treaty. The PHLG noted the substantial steps undertaken by the Contracting Parties in this direction. However, concrete lagging behind was specified for each of the Contracting Parties.
17. Further, on regional level it was noticed that in almost all Contracting Parties primary or secondary legislation to define market opening is missing or is under development.
18. The European Commission indicated that in future the monitoring concerning the environmental and competition acquis should be developed more in details.
19. Each of the Contracting Parties informed PHLG about its assessment of the process of implementation of the Treaty as well as the identified next steps. They were requested to provide or confirm the updated information in written to ECS by 1st November 2007.
20. The PHLG agreed that enforcement remains a key target. The Secretariat was respectively asked to focus its support to the Contracting Parties on the ground of the findings. Nevertheless, the PHLG notes that the assistance of the Secretariat is important, but effective results can be achieved only if the Contracting Parties take respective responsibility for practical steps towards implementation.
21. Therefore, each Contracting Party is invited to present at the occasion of the Ministerial Council a detailed roadmap, indicating the steps they intend to take to overcoming the delays. These should focus on all relevant issues, including market opening. The Secretariat is hereby asked to assist the Contracting Parties in developing these roadmaps. For that purpose draft roadmaps shall be sent to the Secretariat at the latest by 1st December 2007.

AGENDA ITEM FIVE – MUTUAL ASSISTANCE IN THE EVENT OF DISRUPTION

22. The PHLG took note of the preliminary questionnaire concerning the implementation of Articles 44 – 46 of the Treaty and agreed that Contracting

Parties would provide written answers and comments to the Secretariat by end of 2007.

AGENDA ITEM SIX – INVESTMENT PROJECTS OF REGIONAL INTEREST

23. Upon presenting short information on the Energy Community Investment Conference (Athens, 28th September 2007), the Secretariat introduced the first indicative list of infrastructure projects for the Contracting Parties. The PHLG thanked the Secretariat for the preparation of the list and for the organization of the Investment Conference.
24. With the view to present a list of projects of regional interests for the Contracting Parties to the December Ministerial Council, the Secretariat is invited to undertake the following activities:
 - Prepare the draft final list of priority projects in accordance with the Ministerial Council Decision by 10 November 2007 and circulate it for comments to PHLG before 20 November 2007; Based on the comments received from the PHLG, the ECS will finalize the list and circulate it not later than 1st December 2007;
 - Propose an approach to facilitate project preparation by organizing training workshops in one or more Contracting Parties, as indicated in the Work Programme.

AGENDA ITEM SEVEN – ENERGY EFFICIENCY

25. Following the relevant conclusion of the 5th PHLG meeting, the Secretariat introduced a proposal on the establishment of a Task Force on Energy Efficiency.
26. Upon relevant discussion, the PHLG took note of the proposed mandate as described in the Working Paper of the Secretariat and decided to submit this draft mandate to the Ministerial Council for adoption, including additional possible precisions to be provided by the PHLG members to ECS not later than 1st November 2007.
27. PHLG members are invited to consider possible applications for the chair person and inform the Secretariat not later than 1st December 2007.

AGENDA ITEM EIGHT – SOCIAL ISSUES

28. The Secretariat presented to the PHLG its proposals concerning the development of a forum addressing social issues. Two major options were

presented in this aspect from different perspectives – a) Building on the existing Electricity and Gas Fora and b) Development of a separate Platform on Social Issues.

29. The PHLG, taking note of the proposal and upon relevant discussions, favored Option b) as indicated above, bearing in mind that meetings might be organized next to other Energy Community events.
30. The Secretariat presented operational details on the Social Conference (18.10.2007).
31. The PHLG was also informed about the work of the ECRB in relation to Customers Protection. In this regard, it was suggested to present the ECRB Guidelines from July 2007 as part of the agenda of the December PHLG meeting for consideration in the context of Article 33 of the Energy Community Treaty and for possible consideration by the Ministerial Council in 2008.

AGENDA ITEM NINE – MINISTERIAL COUNCIL AGENDA

32. The PHLG took note of the indicative draft agenda for the December Ministerial Council as prepared by the Presidency and the Vice-Presidents. It was considered as a good practice to circulate for information an indicative draft agenda of the Ministerial Council meetings at the occasion of a preceding PHLG meeting.

AGENDA ITEM TEN – MISCELLANEOUS

33. The Commission expressed regrets that, despite various contacts, no agreement could be found in due time to allow for the inclusion of KOSTT in the ITC Mechanism 2008 – 2009. UNMIK expressed the difficulties encountered by KOSTT in this situation, its disagreement with the non-inclusion of KOSTT in the ITC Mechanism and thanked the Commission for its attempts to mediate in the matter. Serbia indicated its readiness to pursue technical discussions. Consequently, the Commission asked both Parties to resume contacts and find an agreement that would guarantee the continuity of electricity flows through the territory of Kosovo. The Commission confirmed its readiness to further assist in this matter, including via external expertise.
34. The Secretariat presented brief information on the development of the Dry-Run Study. Further, the Secretariat was asked to circulate the final information in this direction to the PHLG and ECRB members upon completion of the study, which is expected in November 2007, as well as to present in summary the outcome of the study at the next PHLG meeting in December 2007.