

ENERGY COMMUNITY MINISTERIAL COUNCIL

MEETING CONCLUSIONS

Zagreb, 18 December 2009

1. The Ministerial Council meeting was opened by H.E. Mr. Djuro Popijac – Minister of Economy of Croatia. The Ministerial Council thanked the Authorities of Croatia for their hospitality.
2. The Ministerial Council approved the agenda and adopted the A-points as indicated in Annex 1 and then proceeded to the examination of the other agenda items.
3. The Ministerial Council noted the information on the negotiations in view of the accession of new Contracting Parties, provided by the European Commission, which has been mandated to lead these. The European Union expressed its favourable position in the light of the letter sent on 9 December 2009. Both Countries reiterated their wish to become Contracting Parties and informed the Ministerial Council about the legislative reforms in course to comply with the obligations deriving from the Energy Community Treaty. The Ministerial Council approved at unanimity the two Decisions concerning the accession of the Republic of Moldova and of Ukraine to the Energy Community subject to the amendments as indicated in Annex II to these conclusions.
4. At this occasion, in line with its 2005 Memorandum of Understanding with Ukraine, the European Union recalled that ensuring the highest levels of nuclear safety remains a key priority for both parties and stressed therefore the importance it attaches to the completion of a satisfactory assessment of the level of nuclear safety in all Ukrainian operating nuclear power plants.
5. The Ministerial Council welcomed the start of formal negotiations with Turkey for the accession to the Energy Community and invited the European Commission to continue them actively.
6. The Ministerial Council reviewed the state of play of the implementation of the Treaty. Further to welcoming the progress – particularly on primary legislation level - the ministers expressed their concern about the broadening gap between the Contracting Parties in the implementation process and invited them to specify in concrete terms the reasons for lagging behind in the relevant areas. Besides, the Secretariat was invited to continue using all possibilities in line with the Energy Community Work Programme 2010-2011 to operationally support diminishing the differences. Following the report on the state of play in relation to the regional electricity market activities and in particular to the establishment of a Coordinated Auction Office (CAO) for cross-border capacity allocation and congestion management, the Ministerial Council strongly reiterated its expectations for speedy progress. The TSOs/ISOs from the Contracting Parties and the involved EU Member States were invited to continue actively their cooperation in this aspect. Further, the Ministerial Council asked the relevant ministers to monitor regularly the work in this aspect. The ministers expressed their gratefulness to the Donors' Community for the provided support in the process of establishment of the CAO and asked for further support. The ministers asked Montenegro as a host country to the CAO to continue considering all preparatory steps in relation to providing all conditions for effective functioning of the CAO.
7. The Donors reiterated their support for the expeditious establishment of the CAO, together with other market reforms. They stressed that non compliance to the *acquis* represents a serious obstacle to investment and must be urgently addressed, including through possible dispute settlement procedures.
8. The Ministerial Council had an exchange of views concerning the security of supply status, recalling in particular the gas crisis from January 2009 and in the context of the preparation for the

winter 2009/2010. Further, the European Commission provided an assessment of the current situation and briefed the ministers on its proposal for a Regulation, concerning the measures to safeguard the security of gas supply. Besides, following the initiative of the European Commission, the Ministerial Council exchanged initial views on the Third Internal Market Package in perspective of its implementation in the Energy Community.

9. The Ministerial Council noted the work performed by the Energy Efficiency Task Force. The ministers adopted a Decision to extend legal framework of the Energy Community Treaty via introducing energy efficiency acquis, including Directive 2006/32/EC on energy end-use efficiency and energy services ; Directive 2002/91/EC on the energy performance of buildings and Directive 92/75/EEC on the indication by labeling and standard product information of the consumption of energy and other resources by household appliances (and the relevant implementing directives). At this occasion, the Ministerial Council was informed of the possibilities offered by EBRD and other Donors for supporting energy efficiency projects.
10. The Ministers welcomed the undertaken steps in the area of renewables in the context of the report of the RE TF Chair. The RE TF and the Secretariat are invited to continue their active work, so eventual proposal for extension of the Energy Community acquis in the area of RES might be considered at the next Ministerial Council meeting.
11. The Ministerial Council reviewed the list of priority infrastructure projects in the Contracting Parties and approved its updated version including the complements as discussed by the PHLG.
12. The Ministerial Council was informed about the ongoing study concerning the "Caspian Development Corporation" (CDC) and its potential benefits for securing new gas supplies and expressed its wish to be kept informed on the further development of this project.
13. In relation to dispute settlement under the Treaty, the Ministerial Council, having taken note of the report by the Secretariat, reiterated the importance of the dispute settlement procedure for achieving the objectives of the Energy Community, requested the Secretariat to actively follow-up on open cases and encouraged the concerned Contracting Parties to further work to achieve negotiated solutions at short term.
14. The Ministers took note of the ECRB activities and priorities for 2010-2011.
15. The Ministerial Council thanked the current Presidency of the Energy Community – Croatia – and issued a welcome to the incoming Presidency – Former Yugoslav Republic of Macedonia. The Ministers concluded that the main priorities for the incoming Presidency shall be related to concrete further steps concerning:
 - Development of the regional market as means of promoting the security of supply,
 - Successful start of the implementation process of the energy efficiency acquis,
 - Active work on RES activities as to prepare concrete decision for eventual extension of the acquis at the next MC meeting,
 - Deepening the work on the Oil Dimension of the Energy Community as to prepare concrete MC decision in relation to the Oil Stocks,
 - Extensive support to the new Energy Community members for timely fulfilment of their obligations.

These Conclusions are adopted.

For the Ministerial Council,

THE PRESIDENCY



Annex I

- 1) The Ministerial Council takes note of the Director's report on the implementation of the Work Programme of the Energy Community for 2009.
- 2) The Ministerial adopts the Conclusions of the 14th and 15th Permanent High Level Group meetings.
- 3) The Ministerial Council approves the Annual Report to the Parliaments pursuant to Article 52 of the Energy Community Treaty.
- 4) The Ministerial Council takes note of the Preliminary Report on the implementation of the budget of the Energy Community for the period 01.01.2009-31.12.2009.
- 5) The Ministerial Council adopts Decision on amending Article 50 of the Energy Community Treaty as proposed.
- 6) The Ministerial Council adopts Decision on amendments of the Staff Regulations of the Energy Community as proposed.

Annex II

Amendments to the Ministerial Council Decisions regarding the accession of the Republic of Moldova and of Ukraine to the Energy Community:

- A last recital is added to the Ministerial Council Decisions concerning the accession of the Republic of Moldova and of Ukraine as follows: "Whereas, in the gas sector, the fulfilment of the obligations deriving from the accession to the Energy Community requires specific attention due to the importance of this sector for the security of supply of all Parties,"
- At the end of Article 1 paragraph 2 of the Ministerial Council Decisions concerning the accession of the Republic of Moldova and of Ukraine to the Energy Community, the following shall be added: "Before signing this Protocol, the President shall, in agreement with the Vice-President representing the European Union, verify that a law on the gas sector in compliance with Directive 2003/55/EC is adopted and enacted."