

## CONCLUSIONS

### 16<sup>th</sup> PERMANENT HIGH LEVEL GROUP MEETING

17 MARCH 2010, VIENNA

1. The meeting was co-chaired by Ms Elena Kolevska on behalf of Former Yugoslav Republic of Macedonia as Presidency in office, and Mr. Fabrizio Barbaso for the European Commission as Vice-Presidency.

#### AGENDA ITEM ONE – IMPLEMENTATION OF THE TREATY

2. The PHLG took note of the report, prepared by the Secretariat, outlining the current situation and the outstanding issues for each of the Contracting Parties. The Contracting Parties are encouraged to improve their efforts in order to finalize the ongoing transposition and implementation process, thus complete the indicated and other outstanding requirements in the process of bringing their legal framework in full compliance with the relevant Acquis under the Treaty.
3. In addition to some positive developments, the PHLG was informed by each of the Contracting Parties on the areas where operational problems, concerning implementation, still exist. PHLG reiterated the concern of the fact that the gap between legal implementation – in those Contracting Parties in which legal implementation has been completed - and the practical achievements in liberalization of the energy markets is widening throughout the Energy Community. Contracting Parties are strongly requested to identify the obstacles and introduce mechanisms and measures in line with the Treaty to foster the process and to present these to the Secretariat by 01.05.2010.
4. On the ground of the provided information and its own findings, the Secretariat shall prepare a concrete report for the Ministerial Council on the outstanding obstacles, which shall be presented to the PHLG for consideration at its next meeting. In parallel, the Secretariat shall continue providing appropriate assistance and support upon request.
5. The implementation of the Security of Supply Acquis is a matter of specific concern. Special attention shall be paid during 2010 to ensure compliance with the related Acquis and implementation of related provisions. The Secretariat shall provide the required assistance, monitoring and reporting.
6. The Secretariat reported requests from several Contracting Parties for targeted assistance in development of their legal framework. Apart from this, the Secretariat noted that – despite the explicit request during the 15th PHLG meeting (Item 16 of

the 15th PHLG Conclusions) - not many formal requests have been registered so far.

## **AGENDA ITEM TWO – RENEWABLE ENERGY SOURCES**

7. The PHLG took note of the report of the Chair of the RE TF on the RES related activities so far and on the progress of the Energy Community RES Study, as well as on the outcome of the second meeting of RES TF (24.02.2010).
8. The Secretariat recalled that the preparation of a MC decision on the extension of the acquis on RES is one of the priorities of the present Presidency. The members of the PHLG were therefore invited to examine from the perspective of each Contracting Party level the requirements of the Directive and the outcome of the RES Study, financed by the Energy Community, with a view to reach an agreement on a draft MC decision at the PHLG meeting in June 2010.
9. In this respect, the PHLG agreed to hold a meeting with the RE TF Chair and the consultant on 16 April to discuss the provisions of the draft MC decision and to reach consensus on the level of the proposed binding RES targets in this decision. Therefore, the representatives of the Contracting Parties and relevant candidate Contracting Parties should have a clear mandate to agree on the final results of the Study at the end of this meeting.

## **AGENDA ITEM THREE – ENERGY EFFICIENCY**

10. The PHLG took note of the first deadlines of June 2010 for the preparation of the National Energy Efficiency Action Plans (NEEAPs) and the translation of the labels and the terms to be used in the label and fiche in the relevant language; it also took notes of recent developments concerning the preparatory steps for the implementation of the energy efficiency acquis as adopted in December 2009, including the draft NEEAPS and the Roadmaps.
11. The PHLG welcomed the work of the EE TF and encouraged its further proceedings along the adopted Work Programme.
12. The Secretariat informed the PHLG members for the planned missions to the Contracting Parties, related to the implementation process and based on the roadmaps.

## **AGENDA ITEM FOUR – OIL DIMENSION**

13. The Secretariat presented its report on the implementation of Article 41 of the Treaty to the oil sector. It was noted that - on the ground of the information received so far - the main area of concern with respect to the application of Article 41 EnC to the oil sector is the levying of customs duties.
14. At this stage, however, it might be concluded that compared with other energy carriers, the market for oil and petroleum products, albeit characterized by a high dependence on imports, is relatively open and competitive within most Contracting Parties, including the possibility for competing suppliers to enter the market and to have access to networks and storage facilities.

15. In relation to the report, the Secretariat was invited to collect more information on the details in each Contracting Party and report to the PHLG if specific cases are noted.
16. In its turn, the Secretariat noted that its review of national law and practice is still at an early stage and may yield additional findings with respect to all barriers, covered by Article 41 of the Treaty.
17. The Secretariat provided detailed information on the planned Workshop on Oil Stocks, organized on 27-28 May 2010 in Zagreb.
18. The Secretariat recalled that preparing a Ministerial Council decision for inclusion of Council 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 as part of the acquis to be implemented is one of the priorities of the present Presidency and stressed that, in order to have the relevant decision adopted by the Ministerial Council in September 2010, the agreement of PHLG on the concrete proposal to the MC should be reached at the PHLG meeting in June 2010.
19. PHLG agreed that work, related to the implementation of the new oil stocks directive shall be currently the key focus of attention.

#### **AGENDA ITEM FIVE – ENVIRONMENT**

20. The PHLG welcomed the timely and comprehensive report of the Secretariat, concerning the implementation of Directive 1999/32/EC relating to a reduction of the sulphur content of certain liquid fuels. The Secretariat was invited to take a similar approach with respect to Directive 2001/80/EC and present the report to the PHLG at its last meeting in 2010.
21. The PHLG members agreed to use the report as basis of their pre-implementation activities and involve the Secretariat as comprehensively as possible.
22. The Secretariat recalled that the deadline for implementation of Directive 1999/32/EC is 31 December 2011. In this relation, the Contracting Parties were invited to consider eventual problems they might face with the implementation process and to notify the Secretariat in writing by 20.05.2010. All findings in this aspect shall be summarized and presented to the PHLG at its next meeting together with proposals for assistance, if needed.
23. The PHLG members who have not yet communicated to the Secretariat the focal points within their Contracting Parties for the implementation of Directive 1999/32/EC, Directive 2001/80/EC and the acquis on State aid were invited do so immediately, but not later than by the end of March 2010.

#### **AGENDA ITEM SIX – SOCIAL DIMENSION**

24. The Secretariat and the European Commission DG EMPL presented its findings in relation to the finalisation of the Social Action Plans, in accordance with the Memorandum of Understanding on Social Issues in the context of the Energy Community. The Commission regretted the delays in some Contracting Parties and urged for swift action.

25. The Secretariat recalled that the third Social Forum will take place on 10-11 June 2010 in Skopje and that will focus on customers' issues.
26. The European Commission, DG EMPL presented for information the ongoing Study on the employment in the gas and electricity sectors in the Contracting Parties of the Energy Community. EC is invited to verify who the contact points of the Contractor are in Albania and Bosnia and Herzegovina.

#### **AGENDA ITEM SEVEN – THIRD ENERGY INTERNAL MARKET**

27. EC reported on the ongoing activities for preparing the timely implementation of the third package by the EU member states and underlined that the Energy Community Contracting Parties should not lag behind in this process.
28. Against this background, a specific workshop on the topic has been planned to take place on 15.04.2010 in Vienna. Participants from the Contracting Parties shall be invited (PHLG members, ECRB members and representatives of the TSOs).
29. In addition, PHLG shall discuss the topic of the implementation of the Third Package at each of its meetings prior to the Ministerial Council meeting for 2010.
30. PHLG shall outline its consolidated view and propose concrete decision for the Ministerial Council's meeting in the autumn of 2010.
31. The Secretariat confirmed that the PHLG and ECRB representatives shall be reimbursed in accordance with the reimbursement rules.

#### **AGENDA ITEM EIGHT – DISPUTE SETTLEMENT**

32. The Secretariat presented to the PHLG information on the development of the open dispute settlement cases.
33. The PHLG expressed its hope and expectation that a new Law on Energy as well as a new Rulebook on Tariffs closer in line with the electricity acquis will be adopted soon by the former Yugoslav Republic of Macedonia.
34. The Secretariat announced its intention to investigate potential obstacles to cross-border trade in electricity, gas and oil in the Contracting Parties' legislation and initiate the measures necessary for removing them. The PHLG members will fully cooperate with the Secretariat in that respect.
35. EC noted that efficient Dispute Settlement procedures are essential for the credibility of the Energy Community.

#### **AGENDA ITEM NINE – MAJOR PRIORITY PROJECTS**

36. EC recalled the gap between the expressed political support to the CAO project and the concrete steps undertaken so far. ECS briefed on the current state of play. Upon discussions, the Secretariat was invited to summarize the expected information from the TSOs, concerning their position on the establishment of the expert team.

37. PHLG agreed that the CAO project should appear on the agenda of the workshop on the 3<sup>rd</sup> energy internal package.
38. The PHLG noted the information on the priority infrastructure projects both in gas and electricity and encouraged the Secretariat to provide reports to the PHLG in this direction at least twice a year.
39. In the area of gas, the PHLG welcomed the recent signature of Joint Statement on political level, concerning the interconnector Serbia - Bulgaria. Further, the meetings on the other two priority projects (LNG Terminal Krk and IAP) were noted. PHLG expressed its expectations for speedy identification of needed update on legislative level by the Contracting Parties concerned.
40. In addition, in relation to IAP, PHLG encouraged effective considerations of the position of all Contracting Parties involved, possibly via a joint meeting at the level of the ministries concerned.
41. In the area of electricity, PHLG welcomed the identified priority projects, where relatively quick progress can be achieved. The Secretariat informed the PHLG that – following the experience in the area of gas infrastructure projects – concrete proposal for meeting schemes for each of the projects shall be consulted operationally by mid of April 2010.

#### **AGENDA ITEM TEN – ACCESSION OF NEW CONTRACTING PARTIES**

42. PHLG welcomed the completion of all procedures, concerning Moldova' accession to the Energy Community. Moldova was invited to determine its representatives in all Energy Community institutions, where this is still missing.
43. PHLG was briefed on the recent developments in Ukraine in the context of the accession process. The Secretariat is invited to establish contacts with the new governmental officials, responsible for the Energy Community matters, and to support their efforts, concerning the finalization of the accession process.
44. PHLG noted brief information on the relations with Georgia and Turkey.

#### **AGENDA ITEM ELEVEN – MISCELLANEOUS**

45. The European Commission presented briefly the Lisbon Treaty, focusing on the new approach towards the energy policy of the European Union.
46. The Secretariat recalled the coming investment conference (18.03.2010) and provided operational details on its conduct.
47. The PHLG reviewed the Energy Community Event Calendar 2010. The Secretariat recalled explicitly the coming workshops.
48. The PHLG took note of the information, concerning the studies, financed by the Energy Community, launched in 2008 – 2009.

49. The Secretariat informed about new Rules on Reimbursement procedure adopted mid Feb 2010 and applicable within the budgetary period 2010-2011.
50. The Chair of the Budget Committee informed about the results of the 7<sup>th</sup> Budget Committee meeting of 16 March 2010.
51. In relation to the implementation of Generally Applicable Standards, it was noted that the adopted list has to be updated since standards have to be developed continuously. The Contracting Parties are invited to present by 15.04.2010 their concrete concerns and/or request for assistance. On this ground, the Secretariat might consider whether there is a need for an additional workshop.
52. Further, the PHLG requested that options to support the Contracting Parties in translating the Generally Applicable Standards are investigated.
53. The Secretariat is invited to report on points 51 and 52 at the next PHLG meeting.
54. The PHLG welcomed the Secretariat's initiative for joint PHLG – ECRB meeting, scheduled to take place on 30.06.2010.
55. The next PHLG meeting shall take place in Vienna on 29.06.2010.

Energy Community Presidency:



Vienna, 17.03.2010