

PROCEDURAL ACT 2024/04/MC-EnC
OF THE MINISTERIAL COUNCIL OF THE ENERGY COMMUNITY
on the adoption of the Budget of the Energy Community for the years 2024-2025 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 proposal from the European Commission of 13.12.2023 to the Ministerial Council of the Energy Community on the Budget of the Energy Community for the period 2024-2025,

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 ADOPTED THIS PROCEDURAL ACT:

Article 1

The Energy Community Budget covering the financial years 2024 and 2025 as set out in the Annex is hereby adopted.

Article 2

With effect as of 1 January 2024, 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 Procedural Act 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.

Done by correspondence on the 19th of February 2024.

For the Ministerial Council



Presidency

ANNEX TO PROCEDURAL ACT 2024/04/MC-EnC

OF THE MINISTERIAL COUNCIL OF THE ENERGY COMMUNITY

on the adoption of the Budget of the Energy Community for the years 2024-2025 and on the contributions by the Parties to the budget

ENERGY COMMUNITY BUDGET

2024-2025

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1. Context of the Proposal

1.1. Treaty basis

Articles 73, 74 and 88 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 and was submitted to the European Commission for agreement, 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 2024-2025 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 and 2022).

2. Outline of the Work Programme 2024-2025

This outline of the Work Programme of the Energy Community 2024-2025 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:

- ✓ The ongoing challenge of true and comprehensive implementation by the the MRV package, Contracting Parties of binding commitments taken in the Energy Community institutions, including existing *acquis communautaire* and the assessment of progress with the implementation of Contracting Parties' integrated National Energy and Climate Plans in line with the 2030 targets;
- ✓ The significant increase of the *acquis communautaire* over the last two years, which includes the 2030 energy and climate targets, the Clean Energy package, the Electricity Integration package and the MRV package. To achieve real progress and ensure homogeneity with the European Union, these packages require true, full and timely implementation. Implementing these packages is more complex than previous ones and requires increased efforts by all Contracting Parties as well as the Energy Community institutions. The failure to do so would either have serious repercussions on the European Union's energy markets (the Electricity Integration package) and/or thwart the energy transition and decarbonisation of the Energy Community (the Clean Energy and MRV packages);
- ✓ The challenges and need for support to the Contracting Parties in decarbonizing their economies and most notably their energy sectors in line with the Decarbonization Road Map will continue also beyond the *acquis communautaire* already adopted in the Energy Community. The discussion on a carbon pricing scheme ultimately aligned with the EU's emission trading system has been launched by the 2022 Ministerial Council, to which pursuing compliance with the incoming CBAM Regulation adds a clear incentive;
- ✓ The swift creation of a suitable framework to meet the ambitious RES targets in line with the

electricity market design currently under revision in the EU, as well as fast permitting procedures compliant with environmental standards;

- ✓ The need to speed up the full implementation of the pollution standards for large combustion plants under the Large Combustion Plants and Industrial Emissions Directives;
- ✓ The implementation of new *acquis communautaire* anticipated for adoption in 2023 and beyond, such as the new TEN-E and the full REMIT regulations;
- ✓ The required strong support in maintaining the functioning of the energy system of Ukraine damaged by war, and fostering the development of a green economy in Ukraine in the interest of the entire Energy Community, and in full compliance with European rules and practices;
- ✓ The Secretariat's enhanced and more complex role in the implementation of the Treaty.

Overall, the Secretariat's work reflects these main priority areas in line with Article 67 of the Treaty, topped-up with 4th area introduced in 2022 to support Ukraine.

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 donor's activity pursuant to Article 67©, including assistance to the work of the donor's community in the areas of the scope of the Energy Community and Contracting Parties.

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

Activity 4 (A4) – continuing support focusing on carrying on the critical work using the existing mechanisms established under the Ukraine Support Task Force and Ukraine Energy Support Fund to keep the Ukrainian energy system functioning.

3. Budget assumptions

The major assumption underpinning the budget proposal is that the legal and financial framework will be further applicable to the operations of the Energy Community. The ongoing discussion on possible amendments to the Treaty to improve its functioning are additional assurance that the Energy Community will continue to work towards the achievement of the Energy Community objectives, responding to the requirements of creating a single internal energy market in line with the European Green Deal objectives. On the level of financial planning for 2024-2025, the Energy Community Secretariat took into account the experience of budget implementation of the previous years, the strategic planning of future tasks and activities as presented in the Work Programme, as well as the budgetary framework from the largest contributor, the EU.

4. Energy Community budget structure

The financial planning follows the predefined structure of the budget through the provision of the applicable Rules of Title V: Establishment and Structure of the Budget set in the 2014/01/MC-EnC amending Procedural Act No 2006/03/MC-EnC laying down the Energy Community Procedures for the Establishment and Implementation of Budget, Auditing and Inspection as amended by Procedural Act 2022/PA/02/MC-EnC.

The present 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 2024-2025.

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 level. The existing organizational structure of the Secretariat, as established originally by the Ministerial Council in 2007 and evolved through subsequent Budgets adopted by the Ministerial Council, is the basis for the proposal. The budget for the Human Resources Budget Line is a result of the following considerations:

- a) In 2024 and 2025 the salaries are indexed with a 2% inflation factor comparing with the previous year.

Funding for 44 full-time permanent staff, including 31 existing positions as of 2023 and additional 13 full-time staff positions introduced from 2024 to:

- Support for Ukraine: 9 staff positions (1 Head of Unit; 4 Experts; 4 Officers)

Currently, there are 6 positions (4 Officers and 2 Experts) funded by the EU4Energy Phase II+ 2023 grant. The proposal is to establish **2 additional Expert** positions and **1 post of Head of Unit** to provide required support of the back-office and operational sustainability for growing programmatic activities and staffing increase, and to manage 8 staff focused on Support to Ukraine workstream.

The **Ukraine Support Task Force Unit (USTFU)** will continue its mission to support Ukraine and its authorities in providing assistance to the energy infrastructure of the country, in response to the damages and the energy supply situation. The Unit will continue working in the framework set-up from February 2022 to obtain, assist, deliver and track in-kind assistance needed for emergency damage repair and reconstruction of the energy infrastructure.

USTFU will continue carrying out this task in coordination with the international partners, namely the European Commission (DG ENER, DG NEAR, DG ECHO), the G7+ coordination (Energy Rammstein), private companies, authorities of Member States and third countries, along with the Ukrainian energy infrastructure operator companies. The Unit will continue supporting the Ukraine Energy Support Fund and will engage in other Ukraine-related tasks of the Secretariat.

4 Experts will provide expertise in Logistics, Communication, Energy and Internal Audit, while **4 Officers** will continue the work in Finance, Tracking, Energy and Legal support.

These activities will build on the intelligence gathered during this period to provide specific assistance to the Ukraine and the Commission on the energy market reforms that will be necessary during the reconstruction, also drawing on the Ukraine Energy Market Observatory established by Energy Community in 2022 to streamline and consolidate its monitoring functions. The Observatory is of key importance to create a reliable and transparent investment framework for rebuilding Ukraine's energy system.

In accordance with the Article 19 of the Procedural Act 2019/08/ECS-EnC on the adoption of the Financial Management Rules of the Energy Community, the Director may appoint an Internal Auditor to carry out and report on matters related to financial management and budget implementation. The position of **Internal Auditor** is aimed addressing the need to enhance

the internal control a in the areas of accounting, media and communication, treasury, financial reporting, supply management, policies review, update and structuring, IT, risk management, operations effectiveness, compliance, internal processes review and control, environmental (EMAS) certification, etc.

- Implementation of new acquis: 4 staff positions (4 Experts)
 - a) 4 new Expert posts (Climate, 1st Green Deal, 2nd Green Deal and Electricity) will be involved in work to implement the decision adopted by the Ministerial Council in 2021 to broaden the activities of the Energy Community to the Clean Energy Package as well as the Electricity Integration Package. The implementation of these packages, unprecedented in magnitude and pan-European importance, requires significant reinforcement of the workforce of the Secretariat to fulfill its assistance, reporting and enforcement tasks. Besides that, a number of important and resource-intensive pieces of European law is in the pipeline for 2023 and 2024.
 - b) In addition to the current mandatory accident insurance, full-time permanent staff will be provided with a health insurance scheme in the form of a monthly reimbursement of up to EUR 500 of the actual cost of their individual health prime. The introduction of the scheme is subject to the adoption of the proposal for amendment of the Energy Community Staff Regulations (Procedural Act adopted in 2007 amended by the Procedural Act 2022/PA/02/MC-EnC adopted by the Ministerial Council on 15.12.2022).
 - c) Continued promotion of temporary employment under secondment, locally recruited personnel and internship schemes is envisaged.¹ Secondment, used as a form of strengthening the administrative capacity of the Contracting Parties, will be further on use in the years 2024-2025 to complement the Secretariat's team with specific technical expertise from national administrations and other organizations. Internships aim at supporting staff as well as disseminating knowledge about the Energy Community and contributing to capacity building including assignment performed in the contracting parties countries. The financial assumption of the proposed budget envisages funds for approximately 84 person/months or 7 one-year temporary staff annually. It has been also valuable 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'²
 - d) The presented budget for human resources translates to an overall increase of 44,21% in 2024 compared with 2023.

4.2. Budget Line: Travel

Budget Line II comprises expenditures related to authorized travels of the Energy Community 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 organization and participation of the permanent and temporary staff in different meetings, conferences, trainings including those of the Energy Community institutions, as speakers, etc.

¹ Regulated by separate Rules on Secondees, Interns and locally recruited staff.

² Rules for Recruitment, Working Conditions and Geographical Equilibrium of the Secretariat's Staff of the Energy Community ("the Recruitment Rules").

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

- a) Daily Subsistence Allowance (DSA)³
- b) Costs for flights and incidentals.

Considering post-COVID development and observed statistics, the reduction of funds for travel proposed due to reduced number of trips, use of hybrid and online events, while recognizing the increase of the cost for air-tickets and accommodation compensated for frequent destinations with more effective planning, which should allow to reduce the budget by 17,28% in 2024 compared with 2023. The decrease is in line with the EU Eco-Management and Audit Scheme (EMAS) commitments aiming at the reduction of carbon emissions and best practices adopted by other international organizations.

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.

This budget line includes the following budgetary positions:

- a) 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 Community⁴
- b) Office equipment: This budgetary position reflects the necessity to maintain the IT, media and equipment office furniture up to date to provide appropriate working environment and ensure in- person and online conference facilities at the Energy Community premises available and function stably with required modern equipment. It includes hardware, office equipment, office furniture and low value assets.
- c) Consumables: This budget line comprises the following accounts: office supplies, repairs and maintenance, office cleaning services, utilities and electricity costs for the premises.
- d) 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 (internet, landline and mobile communication fees).

There is no increase for 2024 budget as the same premises currently used and effectively invested in the previous years will continue to be used.

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 Energy Community Secretariat and other Institutions under the Treaty (Ministerial Council, PHLG, ECRB and Fora).

This budget line is composed of the following budget positions:

- a) 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

³ The Energy Community Secretariat follows the DSA as published by the *EuropeAid Cooperation Office*.

⁴ The Republic of Austria committed to donate EUR 170,000 on an annual basis to the office rent of the Secretariat in Vienna.

editions of the Legal Framework books, Implementation Reports, etc.), promotion campaigns, advertising required for the purposes of procurement and personnel search; subscriptions; as well as costs of representation.

- b) 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 required in the areas of work outlined in the Work Programme of the Energy Community.

There is significant increase by 76,92% under this category due to ongoing need to conduct comprehensive studies, reviews and research required for Contracting parties.

- c) 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 service provider), 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), and maintenance of existing IT solutions within the area of administration, accounting and human resources (databases for accounting and human resources); recurring software licenses.
- d) Costs of audit, legal and financial advice: This budget line includes funds for external audits as well as for outsourced legal services; outsources financial contracts for payroll, staff travel administration and accounting support services.
- e) Financial services: This budget line covers banking and transaction fees.
- f) Costs of events: This budget line covers the expenses related to the organization of all regular and *ad hoc* events, including: renting of premises and equipment, catering, technical arrangements, video recording, photo shooting, events streaming. The list of key events is presented in the section 11 below.
- g) 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.
- h) Training: This budget position covers the expenses related to training, education, internal annual meetings of the Secretariat's personal and educational measures offered to the representatives of the Contracting Parties.

5. Energy Community Budget 2024-2025

The proposed budget for 2024 reflects the scope of tasks of the Energy Community and is 6.602.731 EUR, or 29,97% higher than the budget for 2023.

The proposed budget for 2025 reflects the scope of tasks of the Energy Community and is 6.734.786 EUR, or 2.0% higher than the budget for 2024. It is subject to the outcome of the annual EU budgetary procedure and the adoption of the EU budget for 2025, for which figures are not available yet. Thus, this constitutes an advanced indication of the resources needed for the operations of the Energy Community in 2025.

6. Statement of Revenue 2024-2025

Core Budget

Parties	Contribution (in %)	Budget 2023 Contribution (in EUR)	Budget 2024 Contribution (in EUR)	Change Budget 2024 vs. 2023 (in %)	Budget 2025 Contribution (in EUR)	Change Budget 2025 vs. 2024 (in %)
<i>European Union</i>	94,78%	4.815.170	6.258.068	29,97%	6.383.230	2,00%
<i>Republic of Albania</i>	0,09%	4.572	5.942	29,97%	6.061	2,00%
<i>Bosnia & Herzegovina</i>	0,20%	10.161	13.205	29,97%	13.470	2,00%
<i>Georgia</i>	0,11%	5.588	7.263	29,97%	7.408	2,00%
<i>Kosovo*</i>	0,07%	3.556	4.622	29,97%	4.714	2,00%
<i>North Macedonia</i>	0,10%	5.080	6.603	29,97%	6.735	2,00%
<i>Moldova</i>	0,10%	5.080	6.603	29,97%	6.735	2,00%
<i>Montenegro</i>	0,05%	2.540	3.301	29,97%	3.367	2,00%
<i>Serbia</i>	0,56%	28.450	36.975	29,97%	37.715	2,00%
<i>Ukraine</i>	3,94%	200.166	260.148	29,97%	265.351	2,00%
Sub-total revenue:		5.080.365	6.602.731	29,97%	6.734.786	2,00%

Other sources of funding

Donor/Grant	Estimated 2023 Contribution (in EUR)	Estimated 2024 Contribution (in EUR)	Change Budget 2024 vs. 2023 (in %)	Budget 2025 Contribution (in EUR)	Change Budget 2025 vs. 2024 (in %)
<i>European Union: EU4Energy Phase II</i>	450.000	450.000	0,00%	p.m	p.m
<i>European Union: EU4Energy Phase II+</i>	929.250	929.250	0,00%	929.250	0,00%
<i>Government of Austria*</i>	170.000	170.000	0,00%	170.000	0,00%
<i>Other revenue</i>	p.m.	p.m	p.m	p.m	p.m
Sub-total revenue:	1.549.250	1.549.250	0,00%	1.099.250	-29,05%
Total revenue (all sources):					

* Annual contribution to the office rent in Vienna.

7. Statement of expenditure 2024-2025

Core Budget

Budget Line	Budget 2023	Budget 2024	Budget 2025	Change Budget 2024 vs. 2023	Change Budget 2025 vs. 2024
1. Human Resources	2.906.865	4.191.910	4.275.748	44,21%	2,00%
2. Travel Expenses	272.000	225.000	229.500	-17,28%	2,00%
3. Office Expenses	505.000	505.000	515.100	0,00%	2,00%
4. Other Costs and Services	1.396.500	1.680.821	1.714.437	20,36%	2,00%
Sub-total expenditure:	5.080.365	6.602.731	6.734.786	29,97%	102,00%

Other sources of funding

Donor/Grant	2023 Contribution	Estimated 2024 Contribution	Budget 2025	Change Budget 2024 vs. 2023	Change Budget 2025 vs. 2024
European Union: EU4Energy Phase II	450.000	450.000	p.m	0,00%	p.m
European Union: EU4Energy Phase II+	929.250	929.250	929.250	0,00%	0,00%
Government of Austria*	170.000	170.000	170.000	0,00%	0,00%
Other revenue	p.m.	p.m	p.m	p.m	p.m
Sub-total expenditure:	1.549.250	1.549.250	1.099.250	0,00%	-29,05%
Expenditure (all sources):	6.629.615	8.151.981	7.834.036	29,97%	72,95%

8. Details of Statement of expenditure 2024-2025

(in EUR)	Budget 2023	Budget 2024	Budget 2025	Change Budget 2024 vs. 2023	Change Budget 2025 vs. 2024
1. HUMAN RESOURCES					
Subtotal Human Resources	2.906.865	4.191.910	4.275.748	44,21%	2,00%
2. TRAVEL EXPENSES					
Daily Subsistence Allowance (DSA)	89.600	75.000	76.500	-16,29%	2,00%
Travel Expenses (flights and incidentals)	182.400	150.000	153.000	-17,76%	2,00%
Subtotal Travel Expenses	272.000	225.000	229.500	-17,28%	2,00%
3. OFFICE EXPENSES					
Office rent	215.000	215.000	219.300	0,00%	2,00%
Office equipment	70.000	85.000	86.700	21,43%	2,00%
Consumables	150.000	135.000	137.700	-10,00%	2,00%
Other Services	70.000	70.000	71.400	0,00%	2,00%
Subtotal Office Expenses	505.000	505.000	515.100	0,00%	2,00%
4. OTHER COSTS AND SERVICES					
Advertising, communication and representation	50.000	55.000	56.100	10,00%	2,00%
Studies, research and consulting	516.500	780.821	932.057	51,18%	19,37%
Costs of outsourced services (IT, payroll, etc.)	200.000	240.000	244.800	20,00%	2,00%
Costs of Audit, Legal and Financial Advice	130.000	130.000	132.600	0,00%	2,00%
Financial services	26.000	30.000	30.600	15,38%	2,00%
Conference costs	120.000	195.000	198.900	62,50%	2,00%
Refunding	284.000	180.000	183.600	-36,62%	2,00%
Training (internal and external)	70.000	70.000	71.400	0,00%	2,00%
Subtotal Other Costs and Services	1.396.500	1.680.821	1.714.437	20,36%	2,00%
TOTAL COSTS	5.080.365	6.602.731	6.734.786	29,97%	102,00%

9. Establishment Plan 2024-2025

The establishment plan indicates the number of permanent and temporary posts proposed for carrying out the tasks under the corresponding work programme under the core budget and other funding sources.

Core Budget

Position/ Year	2023		Post occupied as of 31.03.2023	2024		2025	
	Permanent Post	Temporary Post	All Posts	Permanent Post	Temporary Post	Permanent Post	Temporary Post
Director	1		1	1		1	
Deputy Director	1		1	1		1	
Head of Unit	5		5	6		6	
Experts	19		19	27		27	
Officers	5		5	9		9	
Temporary Personnel		7	7		7		7
Total:	31	7	38	44	7	44	7

Other sources of funding

Donor/ Grant	2023	Post occupied as of 31.03.2023	2024	2025
	Post	Post	Post	Post
EU: EU4Energy Phase II	5	4	3	0
EU: EU4Energy Phase II+	9	8	4	7
Total:	14	12	7	7

10. Energy Community salary scale 2024-2025

Level/description	Full-time salary (base line) per month (in EUR)	Full-time salary (base line) per month (in EUR)	Full-time salary per month (range when applicable) (in EUR)	Full-time salary (base line) per month (in EUR)	Full-time salary per month (range when applicable) (in EUR)
	2023	2024	2024	2025	2025
	A	B	C	D	F
Director	14.381	15.244*	15.244*	16.158*	16.158*
Deputy Director**	2.105	2.147	2.147	2.190	2.190
Head of Unit	8.418	8.586	7.727 - 9.445	8.758	7.882 - 9.633
Expert	7.051	7.192	6.473 - 7.911	7.336	6.602 – 8.069
Officer	5.160	5.263	4.737 - 5.789	5.368	4.831 - 5.905
Seconded	3.433	3.502	3.502	3.572	3.572
Intern	1.748	1.783	1.783	1.819	1.819

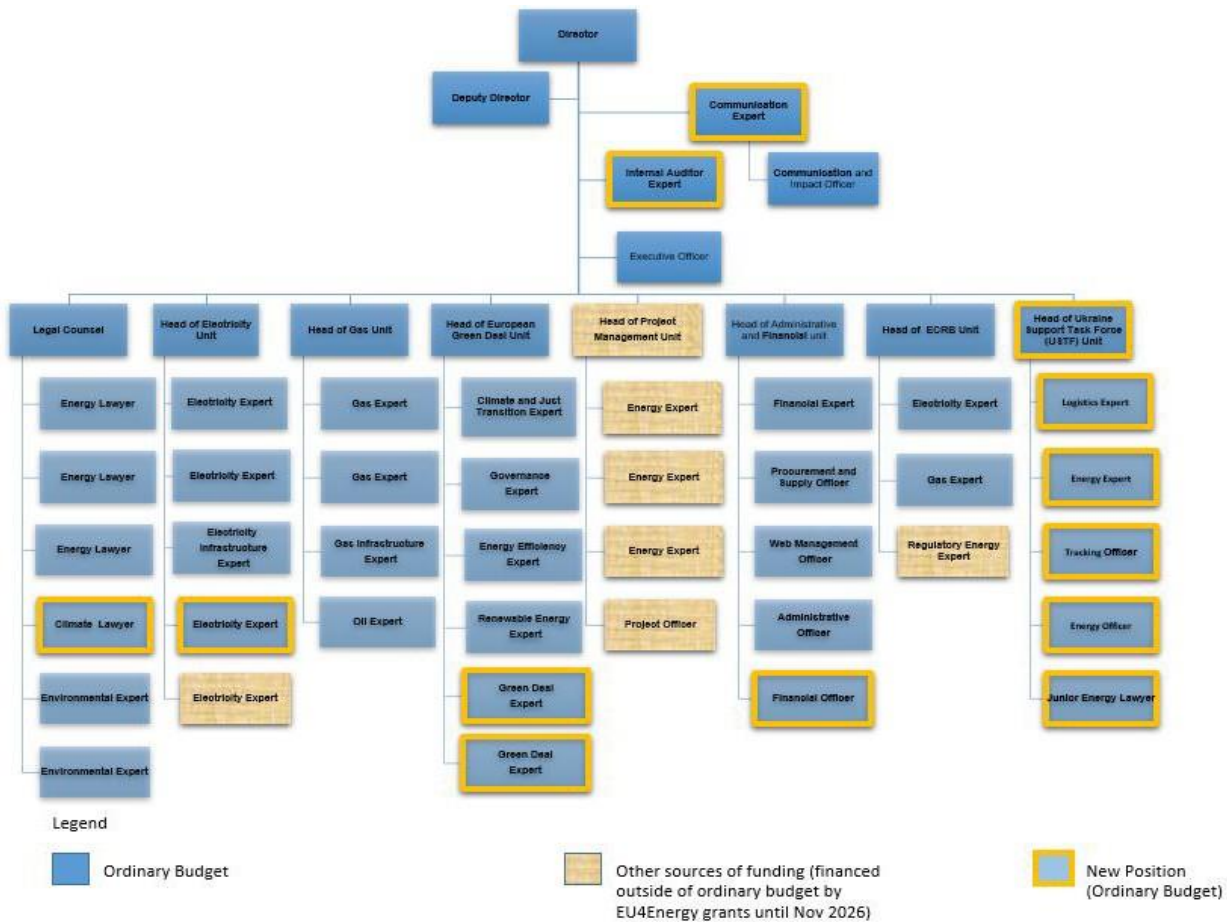
* In 2024 and 2025, the annual salary increase beyond the 2% indexation will be granted only after and subject to a performance appraisal in line with section 4.8 point (c) of the Staff Regulations. Should the performance appraisal in 2024 and 2025 render a negative result, the salary indicated for the preceding year shall remain applicable.

** Corresponds to the difference between Head of Unit salary and Deputy Director salary.

11. List of Key Events

Advisory Committee
Budget Committee
Coordination Group for Cybersecurity and Critical Infrastructure
ECDSO-electricity
ECDSO-gas
ECRB Consumers and Retail Markets Working Group
ECRB Electricity Working Group
ECRB Gas Working Group
ECRB REMIT Working Group
Electricity Forum
Energy and Climate Committee
Energy and Climate Committee Technical Working Group
Energy Community Regulatory Board
Energy Derivatives Coordination Group
Energy Efficiency Coordination Group
Environmental Task Force
Gas Forum
Law Forum
Ministerial Council
Ministerial Council (informal)
Oil Forum
Permanent High Level Group
Renewables Coordination Group
Security of Supply subgroup-electricity
Security of Supply subgroup-gas

12. Updated Organigram 2024-2025 and Unit's activities



The Legal Unit (LU)

The Legal Unit (LU) coordinates the Secretariat's activities related to the implementation of the *acquis communautaire* in the Contracting Parties. Together with the line units, it assists Contracting Parties in drafting texts of a legal nature (laws, secondary legislation, decisions etc.) and reviews compliance of such acts drafted and adopted by Contracting Parties. The

Legal Unit leads the work on enforcing the *acquis communautaire* by carrying out the dispute settlement procedures established by the Treaty. It hosts the Secretariat's Dispute Resolution and Negotiation Center. It is also in charge of assisting Contracting Parties in the areas of environmental as well as competition and State aid policy and ensures their implementation. The Legal Unit assists other institutions such as the Ministerial Council and the Permanent High Level Group on procedural aspects of their work. The Unit organizes regular events such as the Energy Law Forum, the Competition Forum and the Dispute Resolution Forum.

The Electricity Unit (EU)

The Electricity Unit (EU) will continuously assist Energy Community Contracting Parties in the transposition and implementation of the electricity market part of the Clean Energy package, Network Codes and Guidelines, including support in drafting and reviewing relevant policy and regulatory documents, guidelines, recommendations and conducting dedicated studies.

Alongside, the electricity unit will facilitate, monitor and report on progress made in the electricity market development and cross-border integration at regional and European level. In support of this, the Electricity unit supports and coordinates activities of the coordination group of the Energy Community distribution system operators (ECDSO-E), security of supply coordination group, cyber security coordination group. The unit also facilitates and organizes meetings with the EnC electricity generation companies and other stakeholders related to the implementation of the Energy Community acquis.

In addition, the Electricity Unit will monitor and report the Energy Community Contracting Parties' progress in the implementation of the obligations related to the Regulation (EU) 347/2013, prepare and implement the process of identifying Projects of Energy Community Interests (PECIs) and any other electricity infrastructure related projects. Experts from the unit provide support to the WBIF in reviewing the applications for grants related to infrastructure and generation projects.

The Electricity Unit will also provide guidance and facilitate implementation of the acquis in the domain of energy statistics compliant with the Treaty, applying the best practice in EU and internationally agreed practice and procedures.

The Electricity unit regularly organizes dedicated workshops on various topics related to the practical aspects of the implementation of acquis (market coupling, storage, smart grids, grid connection of renewables, cross-border projects and more efficient usage of the interconnectors, etc.) providing support to capacity building of Contracting Parties and facilitating exchange of knowledge with EU member states.

The Gas Unit (GU)

The Gas Unit (GU) continues its mission to transpose the Energy Community's gas and oil stock acquis and support its constituency in the proper implementation of gas market frameworks, enabling efficient, affordable and secure supplies to the citizens of the Contracting Parties; monitor compliance with the existing acquis framework, enable market integration with the European Union's energy market and ensure that all activities, duties and competences of the Secretariat's remit in the gas and oil sectors are taken timely and efficiently. The Gas unit provides programmatic support and policy guidance in the areas of regulatory and sector-related frameworks for implementation of gas network codes, opening of the markets, proper governance of the network operators, security of energy supply, promotion of de-carbonization of gas sectors, reducing methane emissions.

The European Green Unit (EGDU)

The European Green Unit (EGDU) will continue its activities focusing on the decarbonisation agenda of the Energy Community. This will include the follow-up work to the Energy Community Decarbonisation Roadmap, including monitoring the implementation of the acquis in energy efficiency, renewable energy and climate, with a particular focus on alignment with the Ministerial Council decision on 2030 energy and climate targets.

A considerable part of the activities will be dedicated to the coordination of work on reviewing and making recommendations on draft National Energy and Climate Plans (NECPs). Unit will be also actively engaged in conceptual work concerning carbon pricing in the Energy Community, in line with the requirements of CBAM regulation. In addition, efforts will be devoted to ensure that just energy transition dimension is properly reflected in the Energy Community agenda.

In the context of the above, Unit will continue its cooperation with the Contracting Parties, EU institutions, IFIs, bilateral donors, others in order to identify and implement the most suitable instruments for incentivizing investments supporting the decarbonisation and green energy transition.

The Project Management Unit (PMU)

The Project Management Unit (PMU) will continue overseeing development and implementation of the technical assistance Projects funded by donors and implemented by the Energy Community Secretariat in Georgia, Moldova and Ukraine.

PMU communicates, negotiates and drafts the grant contracts with contracting authorities, develops and reviews the work programmes, delivers certain elements of those as deemed appropriate, liaises with all stakeholders to ensure their support and input, undertakes specific Project management and communication activities, prepares technical and contributes to financial planning and reporting required by the donor.

The Administrative and Finance Unit (AFU)

The Administrative and Finance Unit (AFU) will continue its mission to enable and promote the efficient and effective use of the Energy Community's resources, maintain, update, and monitor compliance with the existing governance framework, and most importantly, provide timely, quality, and value-added service to its clients and other stakeholders.

AFU provides programmatic support and policy guidance in the areas of budget, finance, human resources, procurement and contracting, events management, travel, facilities and assets management, information and communication technology, information security, risk management, and internal control.

The Ukraine Support Task Force Unit (USTFU)

The Ukraine Support Task Force Unit will continue its mission to support Ukraine and its authorities in providing assistance to the energy infrastructure of the country, in response to the damages and the energy supply situation. The Unit will continue working in the framework set-up since February 2022 to obtain, assist, deliver and track in-kind assistance needed for emergency damage repair and reconstruction of the energy infrastructure.

USTFU will continue carrying out this task in coordination with the international partners, namely the European Commission (DG ENER, DG NEAR, DG ECHO), the G7+ coordination (Energy Rammstein), private companies, authorities of Member States and third countries, along with the Ukrainian energy infrastructure operator companies. The Unit will continue supporting the Ukraine Energy Support Fund and will engage in other Ukraine-related tasks of the Secretariat.

The Energy Community Regulatory Board (ECRB) Unit

The ECRB Unit will continue its mission to support the implementation of the ECRB work program. This includes market monitoring activities, specific surveys on the gas, electricity and retail markets of the Contracting Parties. New obligations are stemming from the gas and electricity network code as well as REMIT. Extensive new decision-making obligations will have to be accomplished according to electricity market guidelines. Another pillar of the ECRB Unit's activities is coordination of joint activities with other regional regulatory bodies, such as ACER, CEER and MEDREG in the format of joint workshops and joint reports. Finally, the ECRB Unit will continue regulatory expertise to activities of other Secretariat's units.

ANNEX. Energy Community Work Programme 2024-2025

I. Introduction

Background

This outline of the Work Programme of the Energy Community 2024-2025 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:

- The ongoing challenge of true and comprehensive implementation by the Contracting Parties of binding commitments taken in the Energy Community institutions, including the existing *acquis communautaire* as well as the assessment of progress with the implementation of Contracting Parties' integrated National Energy and Climate Plans in line with the 2030 targets;
- The significant increase of the *acquis communautaire* over the last two years, which includes the 2030 energy and climate targets, the MRV package, the Clean Energy package and the integration package for electricity systems and markets. More than ever before, these packages require true, full and timely implementation. Implementing these packages requires increased efforts by all Contracting Parties as well as the Energy Community institutions (the Ministerial Council, the Permanent High Level Group, the Regulatory Board and the Secretariat), and as the failure to do so could have serious repercussions on the functioning of the European Union's energy markets (the Electricity Integration package) and prevent tangible progress in the energy transition and decarbonisation of the Energy Community (the Clean Energy and MRV packages).
- The challenges and need for support to the Contracting Parties in decarbonizing their economies and most notably their energy sectors, in line with the Decarbonization Road Map, already adopted in the Energy Community. The discussion on a carbon pricing scheme ultimately aligned with the EU's emission trading system has already been launched by the 2022 Ministerial Council, to which pursuing compliance with the incoming CBAM Regulation adds a clear incentive;
- The swift creation of a suitable framework to meet the ambitious RES targets in line with the electricity market design currently under revision in the EU, as well as fast permitting procedures compliant with environmental standards;
- The need to speed up the full implementation of the pollution standards for large combustion plants under the Large Combustion Plants and the Industrial Emissions Directives;
- The implementation of new *acquis communautaire* anticipated for adoption in 2023 and beyond, such as the new TEN-E and the full REMIT regulations;
- The required strong support in maintaining the energy system of Ukraine damaged by war, and fostering the development of a green economy in Ukraine in the interest of the entire Energy Community, depending on public and private investors' trust in full compliance with European rules and practices;
- The Secretariat's enhanced and more complex role in the implementation of the Treaty, as well as increased outreach and cooperation with other policy making and financial institutions.

Persisting challenges

Within the current budgetary period 2022-2023, the Energy Community has already worked intensively towards implementation of the *acquis communautaire* 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.

The **Third Energy Package including the related network codes and guidelines as well as the existing environmental and climate *acquis*** is not yet fully implemented. Closing the gap requires major efforts by the Contracting Parties, supported by the Energy Community institutions. Organized electricity markets are still nascent or do not even exist in most Contracting Parties. Full opening of the electricity and gas markets and ensuring their liquidity will be a major challenge for the upcoming period.

Unbundling and certification of transmission system operators and unbundling of distribution system operators still have not been accomplished. This applies to electricity and even more to gas, where markets are still nascent and monopolized, including the use of infrastructure by way of third-party access. The **REMIT Regulation** has only just been transposed in most of the Contracting Parties. To ensure the full implementation of EU standards on wholesale market transparency will be necessary to safeguard electricity and gas market integration between Contracting Parties and Member States.

Outside the Third Energy Package, especially the **Large Combustion Plants Directive and the Industrial Emissions Directive** have far-reaching consequences for many Contracting Parties. The implementation phase of the Large Combustion Plants Directive started on 1 January 2018, with the reporting obligations by the Contracting Parties taking effect on 1 January 2019. The stricter requirements of the Industrial Emissions Directive will take effect on 1 January 2028 for existing plants, a target date that is getting closer and will not be met if not prepared well in advance. Yet, the Contracting Parties are still significantly lagging behind with the implementation of the Large Combustion Plants Directive, a situation that was exacerbated by the increase of energy prices starting in 2021. In the context of the unsatisfactory air quality in many Contracting Parties, and the impact on lives and health of Energy Community citizens, efforts need to be significantly stepped up.

The **Strategic Environmental Assessment Directive, the Environmental Impact Assessment Directive and the Wild Birds Directive** pose additional challenges, in particular but not limited to hydropower plant projects, the implementation of which has recently moved up on the agenda of many Contracting Parties. The fast deployment of renewable energy projects promoted by RePowerEU will require a permitting framework that will accelerate the deployment based on preapproved zoning and mapping. In order to support the Contracting Parties effectively in this growing demand, the Secretariat will provide support to Contracting Parties including by developing robust legal frameworks and methodologies for faster deployment of renewable energy projects and on project level. The Environmental Liability Directive has not yet been transposed in several Contracting Parties. The same goes for the upgraded Sulphur in Fuels Directive. Given the major challenges in implementing the environmental *acquis* and its high visibility for investors, citizens and civil society alike, this will require continued intensive assistance to the Contracting Parties by the Energy Community institutions.

The *acquis* related to **energy efficiency and renewable energy** is also still not fully implemented in all Contracting Parties. In the area of renewable energy, for instance, the transition towards market-based support schemes and auctions has started in most of them but will need further support. The same goes for setting up a system of guarantees of origins, which was developed with the support of the Secretariat but has been established so far only by Serbia.

On **Emergency Oil Stocks**, the deadline for implementing Directive 2009/119/EC (as amended) expired on 1 January 2023. The 2022 Ministerial Council recalled this deadline and requested the Secretariat to follow up individually with Contracting Parties facing difficulties in that respect North

Macedonia and Serbia have transposed primary and secondary legislation and are building up the emergency oil stocks. The rest, apart from Bosnia and Herzegovina, have the respective draft Laws drafted (Albania, Georgia, Kosovo*, Moldova, Montenegro and Ukraine). The Energy Community must step up its efforts to assist all Contracting Parties to complete the transposition of primary and secondary legislation and start building the emergency stocks, including the Commission Implementing Directive (EU) 2018/1581 of 19 October 2018.

By establishing a Coordination Group for Cyber-Security and Critical Infrastructure, the Energy Community started activities in the area of cyber security. A Procedural Act of the Ministerial Council 2018/2/MC-EnC envisages the implementation of a set of provisions from the EU *acquis* on Cybersecurity and on critical infrastructure in the energy sector, which must be followed up by the Contracting Parties.

The Secretariat's role in the **application of the rules in individual cases, projects and initiatives** will continue. This includes, *inter alia*, assistance in development of National Energy and Climate Plans, supporting infrastructure and generation projects, environmental and strategic impact assessment procedures for individual projects, adequate follow-up on complex competition law and State aid reviews, e.g. in connection with hydropower or coal-fired electricity generation, assessment of risk of interruption of energy supply and its mitigation and reduction, etc. The unbundling of transmission and distribution system operators, including the certification processes for those and storage operators, as well as exemption requests for new infrastructure, is particularly work-intensive and absorbs already a significant amount of the Secretariat's resources. The creation of gas market in some countries as Albania has to start from the very beginning. In several Contracting Parties, such as Bosnia and Herzegovina, Georgia, Montenegro, North Macedonia and Albania the development of organised electricity markets is unfinished. In Ukraine, in addition to assistance for joint capacity allocations with the neighbouring Parties to the Treaty, the Secretariat will continue to provide support both to the institutions and to the energy sector to address the impact of the war and aggression damaging the energy infrastructure.

The need for the Secretariat's key role in implementing the *acquis communautaire* is further underpinned by an increasing number of **infringement procedures** based on complaints as well as on the Secretariat's own initiatives. This work is indispensable for the credibility of the Energy Community as a community under the rule of law, as well as for external stakeholders such as investors and civil society.

In the area of electricity markets and systems, 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. Regional and coordinated solutions to carbon pricing are also supported by the Secretariat. The Energy Community Secretariat's initiative, the South East and East European Gas (SEEGAS) Platform, launched to further enhance market development and integration in the regional gas sectors, will continue to be an important tool for pursuing market integration and diversification of sources and routes. 'Synergy' and 'spill-over' effects, resulting from the development of gas hubs in these regions, translate into time and costs to be saved. The SEEGAS platform increases security of supply in the region and incentivizes closed markets to open up and diversify their supply sources, most notably in cases of Moldova, Ukraine and North Macedonia. To enable the creation of spread trading across borders, which is important for trading companies and the well-functioning of the balancing mechanisms of adjacent TSOs, needs continued efforts.

New challenges ahead

The Ministerial Council adopted the Clean Energy Package in 2021 and 2022. This Package includes the recast Renewable Energy Directive, the amended Energy Efficiency Directive and the amended Energy Performance in Buildings Directive, the Governance Regulation, new Electricity Directive, Electricity Regulation, Risk Preparedness Regulation, ACER Regulation and market and system

operation Network Codes and Guidelines.

The new **Electricity Integration package**, including nine new legal acts (Electricity Directive, Electricity Regulation, Risk-preparedness Regulation, ACER Regulation and 5 market and system operation Network Codes and Guidelines) was adopted by the Ministerial Council in December 2022. Given the deadline of 31 December 2023 for the transposition of the electricity package by the Contracting Parties implies that the activities on its implementation will be substantially enhanced in the period 2024-2025. In this context, the Western Balkan countries require support both in implementing a compliant legal and regulatory framework, necessary to ensure a proper operationalization of the electricity market at national, regional and European level and at all timeframes. Further efforts will be required by the Contracting Parties to transpose and implement electricity and gas network codes and guidelines.

The European Commission has mobilised the strategic TAIEX instrument (Technical Assistance and Information Exchange) to support the Western Balkan partners in the EU electricity legislation incorporated in the Energy Community *acquis*. The first regional workshop took place on 4-5 April 2023. It was also open to the Eastern Partnership Countries. Experts from EU Member States and the Energy Community Secretariat explained the objectives of the policy and provided advice as to how the objectives of the policy are being implemented in their Member States. This will be followed by expert missions to each partner country to address the specific challenges related to the implementation of the relevant EU legislation in each local context. The Secretariat is closely involved in the implementation of this instrument.

The *acquis* on **gas security of supply** has been updated by incorporation of the Security of Gas Supply Regulation currently applicable in the EU, and as a matter of urgency, the Storage Regulation, which will be effective at least during this budgetary period. Both pieces of *acquis* require significant work of the Secretariat. In addition, the remaining and updated electricity and gas network codes are going to be continuously adopted and will impose an additional legal framework of great 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 Contracting Parties and the Energy Community institutions are expected to work more intensively to support the **energy transition in the Energy Community in line with the Green Deal**. This most prominently includes coordination of the process of the adoption and implementation of integrated national energy and climate plans (NECPs), strengthened coordinated focus on fostering renewable energy and energy efficiency (additional necessary focus on mainstreaming RE across the sectors, focus on bioenergy-sustainability criteria, ensuring energy efficiency first principle across all sectors), increased support to permitting of renewable energy projects, including implementation of the relevant *acquis* and a focus on permitting and siting (identification of no-go and to-go areas in shadowing RePowerEU), assistance in implementation of the MRV system in the Energy Community Contracting Parties, efforts for designing and gradual adoption of carbon pricing mechanism in the Contracting Parties in view of the future alignment with EU ETS legislation in line with requirements under the CBAM Regulation, as well as further work under the Decarbonization Road Map action plan on possible alignment of the Contracting Parties with the EU *acquis*. With the Governance Regulation and the foreseen integrated National Energy and Climate Plans, the Clean Energy Package features a completely new approach to policy-planning in the Contracting Parties of an extraordinary complexity.

The Leaders of the WB6 Contracting Parties in 2020 committed at the Sofia Summit to “align with the EU Climate Law once it is adopted with a vision of achieving climate neutrality by 2050”. This commitment was reiterated and further spelled out by the Leaders in a Declaration on Energy Security and Energy Transition at the Berlin Summit in 2022. It will trigger significant amount of work for the Energy Community institutions including in drafting and reviewing national climate laws. The also agreed to “*review and revise, where necessary, all relevant legislation to support progressive*

decarbonisation of the energy sector and secure full enforcement, notably through the Energy Community". The climate neutrality commitment was reiterated in the Decarbonisation Road Map adopted in 2021 setting a comprehensive list of legislative and policy actions ahead of Energy Community for 2030 and beyond, with a key role and tasks ahead. Given that the energy transition challenge in most Energy Community Contracting Parties is inextricably linked with the coal phase-out, additional efforts also are to be made in line with the principles of just transition.

Compared to EU Member States, Contracting Parties are increasingly lagging behind the decarbonisation of their energy sectors, and need to catch up in highly sensitive areas such as pricing carbon and phasing out carbon subsidies, strengthen administrative capacity and the need to attract investment under more difficult circumstances such as a high level of poverty. 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, as well as supporting the Contracting Parties with knowledge sharing programs and enabling financing to support transposition and implementation of the *acquis communautaire*.

If added to the ongoing challenge of implementing the existing *acquis communautaire*, these new tasks require **adequate resources in the Energy Community** to make transposition and implementation a success. If done right, the Clean Energy Package will have a profound impact on the Contracting Parties' economies and legal systems. Therefore, swift and proper implementation is needed on the pathway to decarbonisation. These tasks, in particular the assessment of progress and support to ensure Contracting Parties' 2030 targets, the implementation of the *acquis* on renewables and energy efficiencies, the review of the NECPs full implementation of the electricity and MRV package deserve a response corresponding to the established high demand. Monitoring obligations and newly gained competences will impact the human resource in particular for the Secretariat. Beyond the Secretariat's regular annual monitoring of *acquis* implementation, the new *acquis* requires the fulfilment of specific reporting tasks, which increases workload and requires specific knowledge comparable to the expertise available at EU level.

Enforcement and dispute resolution will also play an even greater role than in previous periods, as investors and civil society assume a more active role and governments will be under stronger scrutiny to adhere to their long-term plans when implementing sectoral policies in order to ensure that the green energy transition is not derailed. This also applies to the full implementation of the newly incorporated *acquis* such as the Clean Energy package, the electricity integration and the MRV package and the additional efforts required to support Ukraine (see below).

The energy sector reform in the Contracting Parties in the period 2022-2023 was negatively affected by the **energy crisis**, amplified by the outbreak of the war in Ukraine in February 2022. In order to shield consumers from the price hikes in the electricity and gas markets, the Contracting Parties' governments introduced various non-harmonised interventions in the market through public service obligations and State aid. Phasing out of these measures constitutes a major challenge ahead. If they continue to apply, the risk of stagnation and back-sliding in the energy market development in the Contracting Parties may be expected. In these circumstances, pursuing the upgrade of the electricity market functioning and its integration required by the new electricity package (e.g. wholesale and retail market opening as well as the development of competition and cross-border trade along with the regional cooperation) could face manifold challenges in 2024-2025, in particular given the current complex geopolitical and socio-economic environment. Thus, it will require an additional support to Contracting Parties in rectifying the negative consequences of the energy crisis on the markets and accelerating the implementation of the new Electricity Integration Package.

New *acquis* on the horizon

The Secretariat's **proposals for adoption of new *acquis*** include the Energy Performance of Buildings Directive, the Fuel Quality Directive, General Policy Guidelines on Carbon Pricing, Habitats Directive, Update of Industrial Emissions Directive, Medium Combustion Plants Directive, National

Emission Ceilings Directive, Network Code on Cybersecurity, amendments on wholesale energy market integrity and transparency (REMIT), Trans-European energy infrastructure (new TEN-E Regulation), Ambient Air Quality Directives, and the Water Framework Directive, Habitats Directive and Birds Directive. While some of these pieces of legislation will indeed be proposed for adoption in 2023, it was agreed that the potential incorporation of the remaining *acquis* will be postponed to 2024-2025. In either case, the workload on the side of all stakeholders involved, including the Energy Community institutions, will be affected by the preparation, negotiations and transposition of the Ministerial Council's respective decisions.

The same goes for the **significant update to the existing Energy Community *acquis*** currently finalized in the European Union under the Fit for 55 package. It seems logical that in an integrated European market and system across Energy Community borders, these updates will consequently be extended to the Contracting Parties in order to avoid the parallelism of two distinct set of rules. After being adopted in the EU, the recent proposal by the European Commission on a revised electricity market design will also have to be transposed by the Contracting Parties which are expected to couple their markets with the EU. Finally, once the hydrogen and decarbonised gas markets package has been adopted in the EU, it is to be expected that the Energy Community would adopt it in the upcoming budgetary period. All these updates will require additional efforts and activities in supporting the Contracting Parties in the period 2024-2025.

Special focus on Ukraine

The war in Ukraine has fundamentally changed the energy supply landscape of Ukraine. The energy infrastructure is seriously damaged or destroyed, and the system operators, specifically the electricity TSO faces daily challenges to balance the grid. Distribution grids in gas and electricity, along with the electricity production infrastructure are also facing significant damages and require constant and urgent repairs. The district heating systems have also sustained serious damages. In order to keep up with the urgent repair needs, the Ukrainian energy infrastructure depends on equipment supplies and specifically in-kind and monetary donations from the international community in keeping up with the repair needs.

In the mid-, and longer term, in a post-war environment, the Ukrainian energy infrastructure will need to be reconstructed in a way that enables Ukraine to comply with the long-term decarbonisation goals and the fundamentally altered realities of supplying the Ukrainian economy with energy. The networks will need to be able to accommodate significantly more domestic renewable electricity production, but also to transport bio-methane and potentially hydrogen, when the production of renewable and low-carbon gases scales up. Foreseeably the Ukrainian economy may be more reliant on imports from its EU Member State neighbours through the existing gas and electricity interconnections. Gas transit from the east is reduced compared to the pre-war situation and may halt in short and mid-term perspective, which might require the optimisation, the in-depth analysis on the potential the of the gas transmission network and related infrastructure needs. Electricity interconnections towards the EU Member States might need to be reinforced, subject to the specific infrastructure needs assessment based on the TEN-E framework.

Since the onset of the war in Ukraine, the Secretariat has been assisting the Ukrainian authorities via two work streams, assisting Ukraine with its urgent needs in keeping its energy infrastructure functional:

- Ukraine Support Task Force
- Ukraine Energy Support Fund

The Secretariat further engaged in supporting Ukraine in keeping the energy markets on the path of the reform during the war and further in the full-scale synchronisation of the power systems and market integration of Ukraine and Moldova with Europe. To support these activities in a systematic and transparent manner the Energy Community Secretariat has established and will further work on

the Ukraine Energy Market Observatory to streamline and enhance its assistance, monitoring and reporting during martial law and in the post-war rebuilding of Ukraine.

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, complemented by the new challenges and tasks linked to the implementation of the *acquis* and the support to Ukraine. 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, **including review of draft and final documents (laws, secondary legislations, decisions, concepts etc) in all areas and levels**;
- **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;
- **Reviewing and assisting the coordination by the European Commission of the donors' activity**;
- 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

According to the 2022 Implementation Report, the most pressing issues are the unprecedented surge of electricity and gas prices, emergency interventions in the energy markets, implementation of the European Green Deal, establishment of the spot electricity markets, implementation of the Clean Energy Package, implementation of environmental law, energy security and transition. The implementation of the current *acquis communautaire* needs to be expanded to the new *acquis* adopted in 2021 and 2022, particularly in the field of environment and climate, decarbonisation, renewables and the electricity market. As outlined above, it is to be expected that new *acquis* will need to be incorporated during the new budget period to keep the Energy Community legal order aligned with the EU as much as possible.

Besides, the war in Ukraine deeply affected the work of the Secretariat. It will adjust its work to both meet the needs within the mandate set out in the Energy Community legal framework and the specified and available budgetary resources and to provide targeted assistance to Ukraine's energy sector development.

2.1. Providing assistance to Contracting Parties

A compliant, coherent legal framework is the indispensable precondition for Contracting Parties to achieve the objectives of the Treaty. That is why providing assistance to Contracting Parties with regard to reviewing, transposing and implementing legislation is one of the priorities also for the upcoming period.

- The Secretariat, within the mandate set out by the Treaty, will review all draft and adopted legislation and other documents pertinent for the implementation of the Treaty. It will provide comments on their compliance with the *acquis*, making sure that the adopted legislation is in line with the obligations under the Treaty. Recalling that the entire Clean Energy Package has been incorporated in the Energy Community *acquis* only in 2021 and 2022, this work stream will increase significantly. The European Commission is already providing support to the Western Balkan partners to transpose the electricity package with the TAIEX instrument. In addition to and complementing the efforts with this assistance, when Contracting Parties ask for assistance, the Secretariat will support the institutions responsible for drafting primary and secondary legislation, including ministries, regulatory authorities, transmission/distribution system operators, market operators, etc. The Secretariat will provide compliance reviews and technical assistance, including educational aspects and capacity building to the Contracting Parties;
- The Secretariat will provide assistance to the Contracting Parties also by advising them on the implementation of the *acquis*. For that purpose, the Secretariat establishes internal task forces and working groups with a special purpose to tailor make solutions according to the particularities, needs and shortcomings of the Contracting Parties;
- Following the successful adoption and incorporation of the adapted revised TEN-E Regulation, the Secretariat will organise the process of evaluating candidate projects to the Project of Energy Community (PECI) label in line with the revised TEN-E Regulation and will organise the adoption of the 2024 list of Projects of Energy Community Interest by the Ministerial Council. In 2025 the Secretariat will carry out its monitoring and reporting tasks as defined in the TEN-E Regulation and will assist the project promoters in complying with theirs. As regards the process for selecting the Projects of Mutual Interest (PMIs) carried out by the European Commission in line with the revised TEN-E Regulation, the Secretariat will be actively involved and contribute to the relevant regional groups where candidate PMIs involving Contracting Parties will be discussed and assessed.
- 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 have to take a leading role under the Joint Committee on competition and State aid law established by the Ministerial Council. All these activities will be additionally supported by webinars and other online educational tools.;
- The Secretariat will further provide assistance in organising workshops and commissioning studies, to the extent required.

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 involves virtually 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, Berlin Process, Western Balkan 6 Transition Tracker) as well as *ad hoc* reports on different subjects, when required or assigned to the Secretariat by the relevant institutions. It will particularly monitor the progress made under the Declaration on energy security and green transition in the Western Balkans, as committed towards the Heads of State and the Presidents of the European Council and the European Commission in November 2022. Upon request of the Regional Coordination Council, the Secretariat will further engage in monitoring the implementation of the Green Agenda for the Western Balkans coordinating work on energy, climate action and depollution.

Beyond the annual implementation monitoring, individual pieces of the *acquis communautaire* require

targeted monitoring and reporting by the Secretariat and ECRB. 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. Moreover, the Secretariat will cooperate with the European Commission and other European bodies within the scope of the Procedural Act on Regional Market Integration's reciprocity mechanism.

2.3. Enforcement of the *acquis* and dispute resolution

The *acquis communautaire* increasingly requires the Secretariat to get engaged in individual case assessments in **issuing and monitoring the implementation of certification opinions** in areas such as unbundling, exemptions or gas storages.

The **dispute settlement mechanism under Article 90 of the Treaty** is the instrument for Treaty enforcement and following up on instances of incompliance with the Treaty. The work on enforcement, which under the Dispute Settlement Rules 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. The Secretariat is increasingly addressed by citizens, market participants, investors and civil society organizations on a regular basis. The number of cases is constantly increasing.

Recent experience also suggests that the cases coming to the Secretariat upon a compliant became increasingly complex. The Secretariat (and subsequently the Advisory Committee) deals 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 in an unprecedented number of cases, among many others. The complexity of these cases in terms of their legal, technical and economic specifics makes them particularly work-intensive.

Mediation of **state-investor disputes** has become an important instrument for finding fast and amicable agreements to conflicts which otherwise risk to paralyze the reforms in Contracting Parties and affect the investment climate. In the last budgetary period, the Secretariat's Dispute Resolution and Negotiation Center has settled high-profile disputes e.g. in the field of renewable energy in Contracting Parties such as Georgia, Kosovo* and Ukraine. The mediation activities will continue.

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. The recent amendments to the Energy Community Dispute Settlement Rules by the Ministerial Council in 2022 envisage their remuneration from the Energy Community budget.

2.4. Cooperation with national authorities and courts

Under the Dispute Settlement Rules amended in 2015, the Secretariat and various **authorities of the Contracting Parties** cooperate and engage in formal dialogues on the interpretation of Energy Community law. The Secretariat will continue dealing with such referrals within the mandate set out in the Energy Community legal framework. Before the pandemic, the Secretariat has established communication for cooperation with the judicial academies of the Contracting Parties, and will further engage in building up a judicial network providing capacity building, knowledge sharing and assistance

to the national judges on the Energy Community acquis through regional as well as targeted national events, workshops and meetings.

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, technical issues) for all Contracting Parties or sometimes only for several stakeholders from one or few Contracting Parties, primarily alone but sometimes in cooperation with ENTSOG, ENTSO-E, ACER, CEER, IRENA, MEDREG, USAID, EBRD, KfW, IMF, EIB, the World Bank, GiZ Open

Regional Fund for Energy Efficiency, EC JRC, GIE, Marcogaz, MGP, OGMP, UNOPS, BES, industry associations, etc.

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 interests in security of supply, renewables, energy efficiency, national energy and climate plans. In 2022 the Plenum was engaged in discussion related to the war in Ukraine and security aspects. These activities are expected to contribute to boosting acquis compliance as well as political support for the Energy Community.

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 external donors, 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 fulfil 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. 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 next budgetary period. The impact of course preparations and organisation duties on the workload of the Secretariat is therefore expected to remain relevant also in the next budgetary period.

The Secretariat will continue its support to the **Coordination Group of Distribution System Operators** for Electricity (ECDSO-E) by facilitating and providing coordination of the activities of task forces and technical network aimed at implementation of the *acquis* pertaining to distribution system operation in accordance with the act on ECDSO-E establishment. In particular, the Secretariat is responsible to establish cooperation of ECDSO-E with EU DSO entity in accordance with Regulation (EU) 2019/943. By supporting the ECDSO-E Coordination Group as a platform for DSOs, the

Secretariat will increase its assistance in order to enable active participation of customers in the electricity market, which will entail extensive investment in smart metering system, and other tasks stipulated in the Directive (EU) 2019/944.

As bodies established under the Energy Community Treaty, the annual **Electricity Forum**, the annual **Gas Forum** and the annual **Oil Forum** will continue to serve as platform for promoting reform and regional cooperation in the respective sectors.

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 on European Energy Law is complemented by a Dispute Resolution Forum. The Secretariat, in cooperation with Concurrences, 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. These events continue to meet an unusual high demand, and will be continued in the future.

Since 2017, the Secretariat, in cooperation with civil society organisations, organises an annual Sustainability and Just Transition 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. Since 2021, by incorporating sustainability issues, the scope of this event has even been profiled under the just transition concept and had increased. The purpose of this initiative is to adequately reflect Secretariat's role as a principal in the Coal Regions in Transition Platform for Western Balkans and Ukraine, to build on Secretariat's work on energy poverty, clean air regions initiative and to directly link these activities with Secretariat's mandate to monitor the NECP process. The forum is an occasion to ensure participative character of the NECP process and provide a platform of exchange and engagement for all key stakeholders.

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

Following the incorporation of the Clean Energy Package and the latest decision of the Ministerial Council in December 2022, the Energy Community Secretariat's legal obligations stemming from the newly adopted electricity *acquis* are substantially increased. The Secretariat has been tasked to issue various opinions, guidelines, monitor, review and report on the progress in the transposition and implementation. In the first place, the activities on the **transposition and implementation of the demanding set of rules which make the *acquis*** on electricity will need to be continued with increased effort. This concerns in particular the adoption of the new primary and secondary legislation by the Contracting Parties in order to transpose and implement **Electricity Directive, Risk-preparedness Regulation and Electricity Regulation of the Clean Energy Package together with Network Codes and Guidelines** related to the electricity market and system operation in line with the ambitious deadlines set by the Ministerial Council's Decision. The Secretariat will actively support Contracting Parties' governments, ministries, regulators, network and market operators in the transposition and implementation through assistance in drafting, amending and reviewing primary and secondary legislation. Moreover, the **Secretariat will support coordinating and streamlining the assistance in transposing and implementing new *acquis* with the Contracting Parties** to avoid overlapping and ensure an efficient and consistent approach to drafting of the new legislation. With the reciprocity between Contracting Parties and the EU Member States introduced by the new electricity package, **the need for harmonised and coherent legal and regulatory framework among Contracting Parties and EU Member States is significantly increased.** This will require

additional efforts on the alignment of the new legislation with the pan-European and regional processes and best practices which will be facilitated by the Secretariat. Continuous compliance monitoring will be performed through a set of predefined indicators and the findings will be published in the annual Implementation Report.

To ensure proper understanding and application of the new legislation, and consequently to facilitate its implementation by relevant stakeholders, **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. This effort will need to be intensified as the adoption of the latest Electricity package entails a high number of new legislative, technical, institutional and contractual arrangements. These topics require a high understanding and knowledge within the Contracting Parties' and call for continuous assistance by the Secretariat to enable their submission and/or implementation within the tight deadlines set by the Ministerial Council Decision.

The Secretariat will also facilitate cooperation and the participation of the Contracting Parties' stakeholders in the relevant institutions such as ENTSO-E, the All NEMO Committee, the Market Coupling Steering Committee, the Pentalateral Coordination Group, ACER and the bodies that are established under the Network Codes and the Clean Energy Package, such as the European entity for DSOs or regional coordination centres (RCCs).

Additionally, the Contracting Parties' regulatory authorities should become more closely involved in the related activities of their EU counterparts. This is even more important as ACER, by the incorporation of the ACER Regulation (together with the Procedural Act on Regional Market Integration) is now responsible for taking decisions on issues concerning the borders between Contracting Parties and Member States. This change also requires **more intense and systematic cooperation within the ECRB to actively participate in ACER's decision-making processes**. In addition to the efforts for taking over and **implementing the pan-European terms, conditions and methodologies (TCMs)**, regional TCMs concerning the Contracting Parties (and the neighbouring EU Member States) will need to be decided upon by respective regulatory authorities within predefined deadlines set by the Network Codes and Guidelines.

Required processes within those regions need to be established under the umbrella of the electricity working group (EWG) of the ECRB and the cooperation of regulatory authorities will need to be intensified to cope with the tight deadlines provided for by the legal framework. Another important novelty is the fact, that in case of non-agreement among regulators or active referral, **the ECRB is required to take decisions**. Such decisions are to be adopted within six months and require the involvement of all parties affected. This not only means that the ECRB will need to fully assess the content of such proposals but also to amend, where necessary to ensure legal compliance, to consult with stakeholders and to organise hearings of affected parties to ensure a legally valid decision-making process and adoption of a final decision. Furthermore, the new package assigns specific tasks to the ECRB such as its participation in dedicated EU Committees as well as new monitoring obligations and potential requests to provide opinions. Therefore, **the cooperation with ACER, needs to be strengthened**, to adopt such decisions, will need to be built.

The transposition and implementation of the electricity related *acquis* is 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**. To this end, the Secretariat, with support of the competent European Commission services, cooperates with national taxation experts. The Secretariat shall continue its support to harmonization of VAT regime pertinent to energy related transactions in order to facilitate market integration, in cooperation with the Commission (DG TAXUD), and national VAT institutions in the format of consultative meetings and workshops as need be.

1.2. Liberalisation and integration of the electricity markets

The Secretariat will **monitor the development of competition in the electricity market in different timeframes** within the mandate set out in the Energy Community legal framework, and where needed promote it proactively.

By adoption of the Ministerial Council decision incorporating the new electricity package in December 2022, the Contracting Parties are legally bound to implement EU methodologies and processes and to finally be integrated in the integrated European electricity market. The Electricity Regulation on one hand sets general provisions for integrated electricity markets in Europe complemented by three market related Guidelines, namely the **Forward Capacity Allocation (FCA) Guideline, the Capacity Allocation and Congestion Management (CACM) Guideline and the Electricity Balancing Guideline**, adding with specific provisions and a high number of TCMs related to the respective market timeframe.

The Secretariat will have to increase its efforts in supporting this process at different levels of maturity and development in Contracting Parties with the goal to accomplish the integration of Contracting Parties into the single day-ahead and intraday coupling in the first half of the decade. Besides **coupling of day-ahead and intraday markets, the integration of Contracting Parties' balancing markets** will come into focus, among others also as a precondition for ensuring an exemption from the application of CBAM. Furthermore, general provisions for forward markets need to be incorporated and the rules and functioning of the regional allocation platform (SEE CAO) already established in the Energy Community will need to be further aligned with the new legal framework. The Secretariat will facilitate, the transposition and implementation of the respective Network Codes and Guidelines in the Energy Community to set a robust legal framework paving the way for integration at regional level and with EU Member States. Furthermore, the Secretariat will assist Contracting Parties' stakeholders - NRAs, TSOs and NEMOs - in joining European market coupling and balancing projects that are currently being developed at EU level. The **cooperation with EU market coupling projects** (SDAC and SIDC) and European balancing projects (IGCC, TERRE, MARI, PICASSO, FCR) will be facilitated by the Secretariat. Development and implementation of **coordinated capacity calculation methodologies by TSOs** in the newly established capacity calculation regions (CCRs) will be supported as one of the important preconditions for ensuring optimal utilisation of cross-border capacities. This also relates to the new obligations stemming from the Electricity Regulation which task Contracting Parties to ensure a minimum level of available cross-zonal capacities to be provided by TSOs.

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. With the establishment of NEMOs providing day-ahead and intraday trading services, **the Secretariat will also support Contracting Parties' NEMOs when adhering to the EU Committees** and processes. 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. Continuous and increased efforts of the Secretariat will focus on supporting the development and implementation of an integration plan for Contracting Parties' NEMOs to be included in the market coupling operator functions in the EU which is legally required to be presented by NEMOs of Contracting Parties and neighbouring EU Member States by the end of 2023. This plan will outline required steps, their timeline of implementation within the upcoming years and function as roadmap to enable **Contracting Parties to join the single day-ahead and intraday coupling**.

Implementation of the above-mentioned activities will require strong regional and European coordination and cooperation which will be provided through different regional and already established EU platforms and working groups.

The Secretariat will support countries in creating fully-integrated and competitive energy markets that will provide market signals for decarbonisation and green investments necessary to meet 2050 carbon-neutrality target. A monitoring and reporting of relevant indicators related to the electricity market

development will be achieved under the **Energy Transition Tracker**, prepared on an annual basis, promoting creation of decarbonised, decentralised and digitalised electricity markets in the Energy Community Contracting Parties. The report will underpin activities on creating fully-integrated and competitive energy markets that will provide market signals for decarbonisation and green investments necessary to meet 2050 carbon- neutrality target.

The Secretariat will continue to assist the Contracting Parties on **flexibility issues**, following the study analysing flexibility sources in the Energy Community to support decarbonisation, made in 2022 for the Secretariat. Several workshops have been planned related to this topic (on energy storage technologies, smart grids, etc.). Activities on developing markets for flexibility will be initiated to respond to the increased deployment of intermittent renewable sources, such as wind and solar, in the Energy Community. This will include activities on ensuring non-discriminatory access to the market to all providers of flexibility services and other activities on increasing system flexibility, such as digitalisation, involving transmission and distribution system operators within the framework of ECDSO platform. This also includes the design and implementation of storage solutions. The Secretariat has been involved in reviewing secondary legislation concerning balancing responsibility of renewables and will continue to provide its services in this respect. Experts from the Secretariat are engaged in designing and supporting initiatives to promote smart grids and meters, batteries and other electricity storage capacities, together with technologies that contribute to the electricity system flexibility and decarbonisation.

1.3. Security of electricity supply

The adoption of the new electricity package by the 2022 Ministerial Council will result in enhanced activities in the area of the security of electricity supply in the period 2024-2025 in line with the requirements and deadlines defined by **the newly adopted Risk-preparedness Regulation, Electricity Regulation and the system operation Network Codes and Guidelines**. As in all sectors, effective regional and European cooperation has been recognized as key to achieving the region's electricity policy objectives and addressing the challenges that EU Member States and Contracting Parties face. The establishment of regional procedures and instruments, including operationalisation of the **Security Operation Regions (SORs)** and regional coordination centers (RCCs) which now are legally binding for Contracting Parties' TSOs, will have a positive impact in this sector, however, they do require significant involvement and support from the Secretariat.

Furthermore, risk preparedness plans have to be prepared, based on the national and regional crisis scenarios in line with the deadlines that are spanning across 2024-2025, and will require a substantial engagement of the Secretariat in reviewing and issuing its opinions on the plans. In addition, the Secretariat will monitor how Contracting Parties fulfil obligations and will provide technical and legal assistance where required. This regulation will be in the focus of the Secretariat's activities, together with the **Emergency and Restoration Network Code (ER NC) and System Operation Guideline (SO GL)**. The Secretariat will provide support in the implementation of the ER NC and the SO GL and monitor how obligations defined there are being implemented in the Contracting Parties. The new acquis will require significant changes in the electricity sector: adoption of regional adequacy assessment, risk assessment, regional and national preventive plans, as well as emergency plans. 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 and other issues stemming from the RpR, SO GL and ER NC. One of the main new tasks and challenges during 2024-2025 will be the **work related to generation adequacy and potential establishment of, and bring the existing capacity mechanisms in compliance with the new electricity acquis**. The Secretariat will continue its regular monitor of security of electricity supply issues in the Contracting Parties throughout- 2024- 2025 and continue to provide recommendations in this respect.

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, as well as with the new DSO entity established in the European Union

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 existing gas acquis and the hydrogen and decarbonised gas market package

The Secretariat supports the implementation and transposition of the gas *acquis* in the Contracting Parties' legal and regulatory frameworks.

Negotiation on **the Hydrogen and decarbonised gas market package is undergoing in the European Union**. After its adoption, consequently it should be transposed in the Energy Community, possibly during the budgetary period 2024-2025. Given the increasingly limited resources to incorporate and absorb new *acquis* by the Contracting Parties as have been proven even with the Third Package and related network codes further incorporation of *acquis* will be decided upon a thorough evaluation of all relevant circumstances, such as the Contracting Parties' absorption capacity, required Secretariat's engagement to support the Contracting Parties and the available financial and human resources to this end. In parallel, 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 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 and adopted gas legislation**, providing comments on their compliance with the *acquis*, making sure that legislation adopted is in line with the gas *acquis*. If new *acquis* is incorporated, this will require that the Secretariat in parallel develops its own knowledge and comprehensive reach out to not only regulatory specificities of the new legislation, but also to technical and industrial standards. The Secretariat will assist, upon Contracting Parties' request, in **drafting 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, security of supply, regulated and non-discriminatory access to grid infrastructure. The Secretariat **shall issue opinions related to certification of storage and transmission operators and preventive and emergency plans**.

The Secretariat will specifically continue to provide assistance to fast reforming markets (Moldova, North Macedonia), focus on Ukraine in re-establishing a competitive market it has had before the war, provide **guidance** to the emerging markets (Albania) and expanding markets (Georgia), **monitor the development of competition in the gas markets** and allow for their regional gas market integration. The Secretariat will continue assisting Serbia and Bosnia and Herzegovina to rectify their long standing breaches of the *acquis* in the gas sector in order to be able to fully engage in the decarbonisation of their economies.

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 which is stressed in the 2021-

2027 EU Economic and Investment Plan for Western Balkan. In order to improve the gas infrastructure in the region and enhance first wave of decarbonisation, 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 Energy Community's joint activities with the European Commission under the Central and South-Eastern European Gas Connectivity Initiative (“**CESEC**”), delivered on many targets set to open the gas market in the region, however, still residual activities remained in the Western Balkan region. Moreover, the CESEC will identify low carbon gases and hydrogen infrastructure project in the region, mapping the relevant issues to be addressed at cross border interconnection points. This is where the Secretariat will continue to offer support and assistance to facilitate close cooperation between the Contracting Parties and bordering EU Member States.

Under the **SEEGAS initiative**, using the experience of European markets especially the role of balancing mechanisms and their importance for the transition to a marketplace, the Secretariat aims at market integration of the Contracting Parties and Member States in practical terms. The market balancing regime will promote the development of the short-term market, which it itself needs in the early stages, in order to then transform into a well- functioning liquid wholesale market.

The SEEGAS initiative has been formalized through the signature of a trans-regional Memorandum of Understanding between TSOs and exchanges active in the region. All participating countries in the region are enabling the development towards hubs and exchange traded markets at the moment. The interconnectivity between these platforms is the crucial next step to allow stable price formation in the region, increase security of supply and gas market diversification possibilities. Parallel developments are taking place in Georgia, where stakeholders are actively structuring a project towards the development of a gas exchange and OTC auction platform, following the ongoing market liberalization.

Two reports have been developed jointly with the participating stakeholders. The first report covers the scope of the initiative and described the market development in the region. The second report focussed on new regional supply routes as a reply to the experienced gas crisis. Another additional step for the initiative is to engage with critical storage operators in the region to enhance the cooperation between storage operators, exchanges and TSOs. Especially storage products used through exchange plays a critical role in Europe. A third report is initiated to focus on available gas storage facilities in the region.

Together with EBRD and the participating exchanges, ECS is conducting a **regional clearing study** which has the aim to propose improvements in the actual setup and work towards a regional solution. This work requires also to develop financial regulation. Through ECRB, legal gaps in the financial legislation can be closed which would need the engagement of financial regulators in the region. In this context enhanced cooperation between financial and energy regulators will be pivotal.

Market integration will enable the departure from limited gas source diversity and will enable smooth leap into decarbonising the gas sectors in the future, allowing for other gases to be injected into grid at least costs. 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.

Establishing liquid gas exchanges (in Ukraine, Georgia, Moldova, Serbia) and/or adhering and coupling with a more developed neighbouring gas market of EU Member States shall be supported. 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**, moving from interconnection agreements to coupling of capacity products and integrating balancing markets. The Secretariat will assist Contracting Parties in exploiting to the optimum the EU initiative for **joint gas procurement**, where the major countries with gas markets – Serbia, Ukraine, Moldova – showed significant interest to join this initiative.

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 and other third countries' TSOs. The Secretariat will continue to cooperate with ENTSOG via different formats, via permanent ReCo group, as well as via ad-hoc relevant actions – such as Prime Movers on gas quality and hydrogen acceptance and on Guarantees of Green Gases Origins. Enabling the participation of Contracting Parties' TSOs in capacity platforms within the EU remains one of the main goals.

The Secretariat will continue with its activities aimed at the **compliant use of existing and new 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 DSOs platform has been enhancing cooperation between the DSOs, delivering policy papers on best practices for a variety of topic, from measurement to unbundling. The focus will continue to be on the proper functioning of DSOs in enabling non-discriminatory access to their grids, and their interface with the TSOs, also from the perspective of sustainability of the gas sector. The amended Gas Directive and Regulation, as expected to be adopted in 2024 by the Energy Community, change the gas flow patterns, upgrading significantly the role of distribution system operators. Thus, the formal structure, determined by the Procedural Act, of the already existing Energy Community Coordination Platform of Distribution System Operators for Gas, would be required to enable smooth implementation of new gas acquis, as expected to be adopted by the Energy Community in 2024-2025.

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

2.3. Activities related to security of supply of gas

As a matter of urgency, a new acquis related to storage obligations (the Storage Regulation) was adopted in 2022 and the Secretariat has prepared and advised the Contracting Parties in smooth transposition and implementation of this emergency piece of legislation which has increased security of supply in the Energy Community since. It will **review and assist in transposition and implementation of the security of supply gas acquis, assessment of risks of interruption as it has been doing in the previous period (Impact assessments) of energy supply and propose to the Contracting Parties 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*. **The Secretariat must adopt intermediary trajectories for achieving the mandatory storage targets each year in the Energy Community.**

Most notably, the Secretariat will assist Contracting Parties in smooth implementation of EU Regulation 1938/2017 on security of gas supply which was adopted by the Ministerial Council in 2021. The Secretariat is going to assist **in its implementation by engaging Contracting Parties in formulating risk assessment policies on a national 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 will issue its opinions on the Preventive and Emergency plans in line with the Regulation**. The Secretariat's coordination with the European Commission's Joint Research Centre (the JRC) 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**. The Secretariat will, finally, support diversification efforts of the Contracting Parties from Russian sources and pursue the REPower policy of alternative supplies.

2.4. Activities related to hydrogen and other renewable gases

The Energy Community will need to pursue decarbonisation of the gas sector to secure its durability and sustainability in reaching the net-zero carbon economy in 2050. In that sense, the Energy Community has been identified as one of the key pillars in delivering goals of the **EU Hydrogen strategy (2020)**. **The Energy Community is explicitly referred to as one of the stakeholders** with a critical role to play for the promotion of EU regulations, standards and clean hydrogen, including the deployment of new infrastructure, such as refueling networks and the re-use, where relevant, of existing natural gas grids. Participation of the Western Balkans and Ukraine in the European Clean Hydrogen Alliance will be encouraged.⁵

Although the negotiations on the new regulatory framework are still ongoing in the European Union, the Secretariat is engaged and will continue to be involved in the European bodies or platforms which are focusing on gas quality and hydrogen handling, as well as on guarantees of origin for decarbonised gases.

2.5. Methane leakage

Mitigation of methane emissions by the gas industry is an important step in making the gas sector sustainable and more credible in delivering decarbonisation goals. The Secretariat supports the Contracting Parties' stakeholders (operators, companies) in joining a memorandum of understanding with Oil and Gas Methane Partnership (OGMP) and in reporting the methane emissions, based on the OGMP 2.0 framework. It would be beneficiary to be extended to oil companies. The same framework will be a part of the Regulation on methane emissions by the energy sector, that is being negotiated in the European Union. The regulation includes not only gas and oil sectors, but obligations for the coal industry as well. When the upcoming Regulation is adopted in the European Union and consequently incorporated in the Energy Community, the Secretariat will support the Contracting Parties in its transposition and implementation.

The Secretariat, as a Supporting Organisation to the **Methane Guiding Principles**, will implement the MGP work plan, aiming to decrease methane leakage by operationalization Global Methane Pledge, to which all Contracting Parties committed.

3. ACTIVITIES RELATED TO DECARBONISATION

3.1. Governance and climate

Based on the commitment to climate neutrality, enshrined under Decarbonisation Roadmap for the Contracting Parties of the Energy Community agreed in 2021, the Energy Community has continued on a very demanding pathway towards ambitious decarbonisation agenda.

The Ministerial Council in 2021 and in 2022, under Clean Energy Package, broadened the activities of the Energy Community to climate-related acquis by introducing energy and climate governance – based on integrated National Energy and Climate Plans (NECPs) - aimed at navigating Contracting Parties' efforts towards achieving energy and climate commitments equally ambitious to those in the EU. This was complemented in 2022 with the adoption of legally binding 2030 targets for GHG

reduction, renewable energy and energy efficiency.

In effect, **the role and tasks for the Secretariat have been significantly extended**, with a main focus put on coordination of the effective governance structure and assessment of progress and policy response ensuring that targets are achieved.

The Contracting Parties are part of the international climate agenda and the urgency of the climate action in Energy Community has been already recognised. 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). In this regard, the adoption of long-term strategies (LTSS) for decarbonisation (up to 2050) and the revision of the Contracting Parties NDCs (Nationally Determined Contributions) are two key milestones under the Paris Agreement, which is also coordinated by the Energy Community Secretariat in order to ensure consistency with the NECPs and 2030 targets. Work on national climate laws have been an important tool to create the legal base for further climate action in Contracting Parties and to have an interface between the international climate commitments and the EU based energy and climate governance model adopted and adapted via Clean Energy Package.

Coordination of the process of the adoption and implementation of NECPs and Long-term Strategies and ensuring coherence and consistency with NDCs will be a main task for the Secretariat for the years 2024-2025. **This includes several tasks requiring substantial additional resources and capacity, such as:**

- comprehensive assessment of draft NECPs, including: Integrated reporting on greenhouse gas policies and measures and on projections integrated reporting on national adaptation actions, financial and technology support provided to developing countries and carbon price revenues
- Integrated reporting on renewable energy
- Integrated reporting on energy efficiency
- Integrated reporting on energy security
- Integrated reporting on the internal energy market
- Integrated Reporting on Energy Poverty
- Integrated reporting on research, innovation and competitiveness
- the provision of Recommendations, as well as overall assessment of the adopted NECPs;
- facilitating regional exchange and coordination in the design and implementation of the NECPs in the Energy and Climate Committee;
- stocktaking of the existing and planned Long-term Strategies (LTSS), assessment and guidance to Contracting Parties in designing their LTSS and ensuring consistency between the NECPs and LTSS;
- work with the European Commission on the development of the Energy Community E- Platform for the Integrated Progress Reports (not covered by the European Environment Agency – EEA) –
- organization of the Integrated Progress Reporting process, capacity building for Contracting Parties on reporting, assessment of the submitted reports both directly to the Energy Community Secretariat and to the EEA;
- Secretariat assessment of the progress achieved by Contracting Parties in reaching the 2030 targets including commitments under Article 4 of the UNFCCC and Article 3 of the Paris Agreement and the issuance of recommendations;
- In cooperation with the EEA monitor the progress in national climate change adaptation planning and strategies and the establishment of Energy Community and national GHG inventory systems for reporting on policies and measures.

By the decision to incorporate Implementing Regulation (EU) 2018/2066, Implementing Regulation (EU) 2018/2067 and parts of Directive 2003/87/EC (MRV Package) in the Energy Community *acquis*

communautaire, Energy Community has recognised the growing need for the establishment of the carbon pricing system in line with the requirements set by CBAM Regulation. The years 2024 and 2025 will be decisive in terms of preparation for the functioning ETS in the Energy Community

The Secretariat will provide assistance in implementation of the MRV system with special regard to designing the management of the compliance cycle, which will be covered by the second phase of the EU4Climate.

The Secretariat will also further support the Contracting Parties in the drafting and implementing national legislation in the field of climate change (climate laws), 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 Secretariat foresees a dedicated work under Energy and Climate Committee and its Technical Working Group focused on efforts for designing and gradual adoption of carbon pricing mechanism in the Contracting Parties in view of the future necessary alignment with EU ETS legislation in line with requirements enshrined under CBAM Regulation.

This activity coerced by CBAM **will require additional capacity at the Secretariat's level** to conceptualise future model for functioning of the ETS system in the Energy Community and ensure its proper transposition and implementation. Years 2024-2025 will be decisive in this respect.

Due to the dynamic development of the EU's energy and climate acquis, maintaining the integration of Contracting Parties in the European internal energy market is possible only if the legislative changes are introduced in the Energy Community as well. Therefore, in addition, further to the abovementioned tasks, the Secretariat will engage with the European Commission in further works under the Decarbonisation Roadmap action plan on the possible further alignment of the Contracting Parties with the upcoming EU acquis.

3.2. Activities in renewables

In 2021, the Ministerial Council of the Energy Community the new recast Renewable Energy Directive (EU) 2018/2001 was adopted as part of the Clean Energy Package, establishing the basis for its implementation in the Contracting Parties with a formal deadline by the end of 2022.

During 2024-2025, the major focus is and can be expected on the support to the Contracting Parties with the implementation of the new Renewable Energy Directive. Guarantees of origin and cooperation schemes, could allow for further tapping the Energy Community's large renewable energy potential, especially when integrated with the respective markets of the European Union. Moreover, citizen's participation in the development of renewable energy projects, including enabling and implementation of self-consumption mechanisms and energy cooperatives will have to finally gain traction. Reform of support schemes and implementation of market-based auctions for renewable energy projects in the Contracting Parties will also require major efforts.

The continuation of current and new activities under the framework of the **Renewable Energy Coordination Group** 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. Following adoption of 2030 RES targets at the December 2022 Ministerial Council, and their integration through the development of National Energy and Climate Plans, further monitoring of implementation of adopted policies and measures to achieve 2030 renewable energy targets will be conducted in the framework of the

Renewable Energy Coordination Group. **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.

The Renewable Energy Directive (EU) 2018/2001 (REDII) extends its scope, in comparison to Directive Renewable Energy Directive 2009/28/EC, in several areas including support schemes, self-consumption, energy communities, sustainability criteria and greenhouse gas impact of biomass, biofuels and bioliquids etc.

In order to reach 2030 RES targets, Contracting Parties may apply support schemes. However, in line with the REDII, support schemes for electricity from renewable sources have to provide incentives for the integration of electricity from renewable sources in the electricity market in a market-based and market-responsive way, while avoiding unnecessary distortions of electricity markets as well as taking into account possible system integration costs and grid stability.

The Secretariat is obliged to report to the Ministerial Council on the performance of support for electricity from renewable sources granted by means of tendering procedures in the Contracting Parties.

Contracting Parties may open participation in support schemes for electricity from renewable sources to producers located in other Contracting Parties or Member States.

The Secretariat is obliged, upon request of the relevant Contracting Party, to assist them throughout the negotiation process with the setting up of cooperation arrangements by providing information and analysis, including quantitative and qualitative data on the direct and indirect costs and benefits of cooperation, as well as with guidance and technical expertise. The Secretariat may encourage or facilitate the exchange of best practices and may develop templates for cooperation agreements in order to facilitate the negotiation process.

The REDII, for the first time, introduces renewables self-consumers, obliging Contracting Parties to ensure that consumers are entitled to become renewables self-consumers.

The **Secretariat is tasked to monitor** if Contracting Parties included a summary of the policies and measures for self-consumption under the enabling framework and an assessment of their implementation respectively in their integrated national energy and climate plans and progress reports pursuant to Regulation (EU) 2018/1999.

The REDII, also for the first time, introduces renewable energy communities, obliging Contracting Parties to ensure that final customers, in particular household customers, are entitled to participate in a renewable energy community while maintaining their rights or obligations as final customers, and without being subject to unjustified or discriminatory conditions or procedures that would prevent their participation in a renewable energy community, provided that for private undertakings, their participation does not constitute their primary commercial or professional activity.

The Secretariat is tasked to monitor if Contracting Parties included enabling framework for energy communities in their integrated national energy and climate plans and progress reports pursuant to Regulation (EU) 2018/1999.

Sustainability criteria are extended to cover biomass for heating and cooling and power generation in the REDII, therefore, **the Secretariat is obliged to monitor and report** on implementation of voluntary national schemes setting standards for the production of biofuels, bioliquids or biomass fuels. **The Secretariat is obliged to assess the impact** of additional sustainability criteria for biomass fuels

on the internal market. **The Secretariat is obliged to monitor** the origin of biofuels, bioliquids and biomass fuels consumed in the Energy Community and the impact of their production, including the impact as a result of displacement, on land use in the Energy Community and in the main third countries of supply. **The Secretariat is obliged to monitor** the commodity price changes associated with the use of biomass for energy and any associated positive and negative effects on food security. **The Secretariat should organize capacity building for** Contracting Parties on implementing regulation on rules to verify sustainability and greenhouse gas emissions saving criteria and low indirect land-use change-risk criteria which defines new obligations for the implementation of the REDII.

In addition, obligations related to sustainability criteria and greenhouse gas impact of biofuels and bioliquids are extended such as: **the Secretariat is obliged to ensure** that an Energy Community database is put in place to enable the tracing of liquid and gaseous transport fuels that are eligible for being counted towards the numerator, that is the amount of energy from renewable sources consumed in the transport sector; **the Secretariat is obliged to assess** whether the obligation relating to advanced biofuels and biogas produced from feedstock effectively stimulates innovation and ensures greenhouse gas emissions savings in the transport sector.

While most of the CPs have reached their 2020 RES targets in heating and cooling, these renewables rely on inefficient use of biomass in individual households that are usually the main source of pollution. Therefore, support for finding more sustainable heating solutions (as heat pumps, extension of district heating network) in individual households is needed. RED II also sets out provisions for enabling independent producers to be connected to district heating network, as well as provisions on rights of district heating consumers to be well informed and to exercise their rights on disconnection if the district heating system is not energy efficient. However, being neglected, the district heating systems in the Contracting Parties are facing many problems, the district heating infrastructure is obsolete and inefficient, share of renewables is insignificant, tariffs are set so as not to incentivize investments, many operators are operating with debts, etc. Moreover, relying on fossil fuels, district heating companies will be subject to carbon pricing. Finding the best solution for introducing carbon pricing in district heating sector, and educating relevant stakeholders is needed.

The Secretariat has in previous years tackled the issues concerning the heating and cooling sector. However, for all reasons described above, the heating and cooling sector needs greater support in the decarbonisation process.

The support has to be provided to supporting Contracting Parties in drafting legislation compliant with Energy Community acquis, discussing solutions for integrating renewables and waste heat in the sector, informing district heating companies about carbon pricing, supporting in creating decarbonisation plans, discussing third-party access, making district heating to be more consumer-oriented, etc.

Given that the energy transition challenge in most Energy Community Contracting Parties is linked with the coal phase-out and investments in renewables, additional efforts have to be made in line with the principles of just transition. The Energy Community Secretariat will closely work together with the European Commission on the coal phase out efforts in the region.

3.3. 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 Clean Energy Package in 2021 and energy and climate targets in 2022, the Secretariat will support the work on the transposition and implementation of Directive 2018/2002 amending Directive 2012/27/EU on energy efficiency, the new energy labelling regulation, and design new energy efficiency policy measures and regional initiatives to support tackling common challenges in Contracting Parties to implement the Clean Energy Package and Energy Community Decarbonisation Roadmap.

Operational support will be provided by the Secretariat in the implementation and reporting on energy efficiency pillar of the National Energy and Climate Plans (NECPs) under the Governance Regulation, in order to achieve 2030 energy efficiency targets.

In 2024 and 2025, a significant focus will be on the integration of energy efficiency in the energy and climate framework, especially by incorporation of new EU sectors and policy areas with significant impact on 2030 energy efficiency targets in the Energy Community, such as decarbonisation of buildings and renovation wave, heating and cooling, promotion of "energy efficiency first" principle, new EU legislative framework for eco-design and energy labelling for sustainable products, etc.

Further analysis and alignment of the energy efficiency policy in the Energy Community, with the EU, including towards the incorporation of the updated Energy Efficiency Directive, will be performed within the Energy Efficiency Coordination Group (EECG), including an analysis of incorporation of the amended energy performance of buildings directive, new eco-design and labelling requirements into the acquis, with the aim to extend and complete the energy efficient product policy framework in the Energy Community.

While previously limited to one national energy efficiency policy expert, the Secretariat plans to extend and reimburse the EECG participation to one more expert per Contracting Party, extending the expertise to energy efficiency in buildings or heating and cooling issues.

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 Energy Community is planning to focus its activities on the building sector as the main energy-consuming sector in the Energy Community, with its crucial role in achieving the Energy Community 2030 energy and climate targets and 2050 decarbonisation goals. Making buildings more energy efficient has also positive impact on citizens' wellbeing, including improved health and comfort level in homes and offices, new local green jobs in the building sector etc.

The Secretariat will continue to support the Contracting Parties through REEP Plus in the transposition and implementation of energy efficiency directives and new policies to support achievement 2030 energy efficiency targets, such as decarbonisation of buildings and renovation wave, heating and cooling, promotion of "energy efficiency first" principle, new EU legislative framework for eco-design and energy labelling for sustainable products, demand reduction, etc. The main contribution of Energy Community Secretariat would be boosting the buildings renovation wave through the adoption of supporting legal and strategic framework. The new legal provisions and increased energy efficiency ambition level will contribute significantly to the implementation of the Energy Community Decarbonisation Roadmap and achievement of the Energy Community 2030 energy and climate goals.

The EU is constantly updating its legislative framework. As part of the Clean Energy Package, Directive 2010/31/EU on the Energy Performance of Buildings (EPBD) was amended in 2018 by the Directive (EU) 2018/844. In December 2021, the Commission proposed a revision of the EPBD. The negotiations within EU are ongoing, with plans to be finalized during the second half of 2023. The

Energy Community Secretariat will in cooperation with Commission in 2024-2025 work on the incorporation of the 2018 EPBD amendments and the EPBD recast and support implementation.

In cooperation with the European Commission, **the Secretariat will continue working with the Contracting Parties and IFIs** on mapping legal and market barriers for buildings renovation, exchanging best EU practices, analysing financing options and/or develop financial instruments and facilities for investments in energy efficiency, especially for deep buildings renovations.

The additional tasks stemming out of the political commitments will require a reinforcement of the Secretariat's legal and technical capacity to support the Contracting Parties in many new areas, and explicitly for buildings renovations and making the district heating sector more energy efficient.

When it comes to the district heating sector, the EED requires that the heat consumption is metered and that consumers pay according to what they consume. Obligations concerning this matter are strengthened in amendments of EED. In many district heating systems, these obligations are not implemented, which prevents consumers to reduce energy consumption and adjust the room temperature according to their needs. This is opposite to all principles of energy and just transition: the energy efficiency first principle and the principle that the access to energy is affordable, easy and sustainable. **The Secretariat will support national authorities in drafting secondary legislation** needed for the implementation of heat consumption metering and billing. Moreover, since DH systems are usually in the ownership of local authorities, addressing all matters described requires reaching out to these stakeholders. The Secretariat will provide additional support to local authorities in implementing heat consumption metering and billing, by organising regular meetings, linking them with donors and IFIs, showing best practices, etc.

Moreover, the Secretariat will **support in conducting a comprehensive assessment of the potential of energy efficient district heating and high efficiency cogeneration**. The Secretariat will also introduce CPs and local authorities with heat planning which will be obligation under EED under Fit for 55 package. **The Secretariat will continue assisting the Commission** and other donors to communicate and coordinate assistance in order to avoid duplications and overlapping of assistance.

4. ACTIVITIES IN THE OIL SECTOR

4.1. Transposition and implementation of the Emergency Oil stocks Directive acquis

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. 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 to assist the Contracting Parties in solving the challenges related to security of oil supply. It will also review and assist in transposition and implementation of the Oil Stocks Directive in all Contracting Parties.

The Contracting Parties had to bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 1 January 2023. None of the Contracting Parties finalised 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 2021/2022. This will require intensive support by the Secretariat and other institutions during 2023 and 2024/2025.

4.2. Data Collection and reporting

Data collection is fundamental for meeting the obligations under the Directive. The Secretariat have to provide Contracting Parties with technical support to clarify and improve the understanding of the

reporting details and methodologies related to the stockholding calculations also during 2024-2025.

In concrete terms:

- According to Regulation (EU) 2018/1999 adopted by the 2021 MC (Section 2 Article 26.1). All Contracting Parties should send to the Secretariat by 15 March 2023 a summary copy of the **stock register** showing at least the quantities and nature of the emergency stocks included in the register on the last day of the preceding calendar year as referred to in Article 6(2) of Directive 2009/119/EC. A Contracting Party for which **less than 30 days of specific stocks** are held shall draw up an **annual report** analysing the measures taken by its national authorities to ensure and verify the availability and physical accessibility of its emergency stocks, as referred to in Article 5 of the Directive 2009/119/EC. **That Report shall be sent to the Energy Community Secretariat** by the end of the first month of the calendar year to which it relates (Article 9.5).
- Starting from 25 March 2023, each Contracting Party should send on a monthly basis, a definitive statistical summary of the level of stocks actually held on the last day of the calendar month, calculated either on the basis of the number of days of net oil imports or on the basis of the number of days of inland oil consumption. The statistical summary must provide precise details of why the calculation is based on the number of days of imports or, conversely, on the number of days of consumption and must specify which of the calculation methods set out in Annex III of the Directive 2009/119/EC was used.
- Statistical summaries of specific stocks for each product category, showing the specific stocks existing on the last day of each calendar month and specifying the quantities and the number of days of average consumption in the reference year which those stocks represent, as referred to in Article 13 of Directive 2009/119/EC.
- Summaries of commercial stocks – Contracting Parties should send the Secretariat a monthly statistical summary of the levels of commercial stocks held within their national territory as referred to in Article 14 of the Directive 2009/119/EC.

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).

4.3. Fuel Quality Directive

Fuels used for road transport in the EU have to meet strict quality requirements to protect human health and the environment. Common fuel quality rules help reduce greenhouse gas and air pollutant emissions and establish a single fuel market and ensure that vehicles can operate everywhere in the EU on the basis of compatible fuels. The Fuel Quality Directive applies to petrol, diesel and biofuels used in road transport and gasoil used in non-road-mobile machinery.

The EU Fuel Quality Directive 98/70/EC was first launched with the objectives of ensuring the quality of petrol and diesel fuels. The strict quality requirements are imposed within the European Union for petrol and diesel fuels used in cars, trucks, and other vehicles to protect human health and the environment.

The Fuel Quality Directive requires a reduction of the greenhouse gas intensity of transport fuels by a minimum of 6% by 2020. The monitoring and reporting obligations relating to greenhouse gas emissions intensity also remain applicable after that date. Together with the Renewable Energy Directive it also regulates the sustainability of biofuels. The proposed amendments to the FQD are incorporated in the proposal for the revision of the Renewable Energy Directive adopted by the

European Commission on 14 July 2021 with its 'Fit for 55' package. Articles 3 and 4 of the proposal are of direct relevance to the FQD.

After the adoption by the EU Parliament of the FQD 98/70/EC amendments, a proposal for a possible **inclusion of the Fuel Quality Directive into the Energy Community legal framework** could be foreseen.

The Secretariat will **assist all Contracting Parties in updating their legislation** and provide the final text of the national implementing measures, which incorporates the provisions of the Fuel Quality Directive 98/70/EC into their legislation. The Secretariat **should also monitor** to what extent the Contracting Parties place in their markets petrol, diesel as set out in Annex I and II and permit the marketing of gas oils intended for use by non-road mobile machinery (including inland waterway vessels), agricultural and forestry tractors, and recreational craft only if they meet relevant requirements.

5. ACTIVITIES IN COMPETITION AND STATE AID

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 Contracting Parties. This is being achieved through capacity building in the form of the Energy Competition Law Forum, organised in cooperation with *Concurrences*, and workshops on topics of current practical relevance in the enforcement practice of national authorities, as well as informal consultations and the **cooperation procedure under Article 2 of the Dispute Resolution Procedures**.

In order to ensure effective and consistent enforcement of the prohibitions enshrined in Article 18 of the Treaty, the newly established **Joint Committee**, co-chaired by the European Commission and the Secretariat, will serve as an opportunity for cooperation, exchange of information and knowledge and mutual consultation. In order to foster this cooperation between the national enforcement authorities and the European Commission and the Secretariat, the Secretariat has to play an active role in designing the agenda of the meetings of the Joint Committee which shall meet at least twice a year. The agenda shall include topics of current practical relevance such as the assessment of measures mitigating the energy price surge or renewable energy support schemes as well as ongoing investigations by national enforcement authorities and best practices. In the same framework, based on the model of the European Competition Network, the Secretariat will set up a consultation mechanism between the national enforcement authorities on the one hand and the European Commission and the Secretariat on the other hand, to ensure swift guidance to ensure effective and consistent enforcement of the prohibitions enshrined in Article 18 of the Treaty. This mechanism shall enable competition and State aid authorities to inform each other of ongoing investigations and proposed decisions and take on board comments from the other authorities in order to pool their experience and identify best practices.

Furthermore, as co-chair of the Joint Committee, the Secretariat will work on drafting and adopting opinions upon request by the Advisory Committee on requests brought to the attention of the Ministerial Council pursuant to Article 90(1) or 92 of the Treaty.

The activities related to competition law further include the **review and assistance in implementation of legislation and contracts needed for the promotion of decarbonisation, in particular renewables**, including power purchase agreements and contract for difference. The Secretariat, during the next budget period, will continue providing assistance and ensure knowledge sharing of best practices in the Contracting Parties organising auctions, which are increasingly replacing the administrative awarding of state support for renewable energy, and the drafting/review of a compliant contractual framework.

6. ACTIVITIES IN ENVIRONMENT

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

Continued monitoring of the transposition and implementation status remains a priority.

However, given the acceleration of renewables-based projects, there is a growing need to **support streamlined planning and permitting in general terms and for individual projects** more closely. This trend is expected to continue, driven by the growing number of projects and the associated need for careful environmental monitoring. Alongside this, there has been a marked increase in the number of individual complaints from civil society organizations to the Secretariat, regarding specific energy projects. At the same time, it should be noted that the Secretariat started monitoring the strategic environmental process for the National Energy and Climate Plans developed by each Contracting Party. The engagement of the Secretariat in regard to strategic environmental assessment is expected to increase as the deadline for providing the draft National Energy and Climate Plans ends in June 2023 and final plans in June 2024. The lagging implementation of the emission reduction provisions of the Large Combustion Plants Directive also generated a growing number of technically complex cases in the past years, the systematic follow-up of which will provide consistent workload for the Secretariat.

Compliance with the rules on environmental impact assessment and strategic environmental assessment needs to be ensured for all planned projects. The Secretariat will continuously monitor compliance of projects with the Energy Community environmental *acquis*. This concerns in particular hydropower projects which have come under intense scrutiny by citizens and civil society on account of their often adverse impact on biodiversity, one of the key elements of the Green Deal as well as of the WB6 Sofia Declaration and Green Agenda for the Western Balkans. Concerns are also raised on problems related to new coal-fired power plant and coal mine projects as well as offshore hydrocarbon exploration. With the concept of the acceleration zones foreseen by new recommendations adopted by EU Commission and draft proposed legislation, it is also expected that large-scale wind farm plans and projects will come under environmental scrutiny, especially with regard to impacts on natural habitats and wild birds. The Secretariat with its Task Force on Environment coupled with the Renewable Action Group works on an assessment of the current permitting process of energy projects with a focus on renewables. As a result of this activity, the Secretariat will develop Policy Recommendations for streamlining the permit-granting process in line with the European Commission's. These recommendations will also encompass the crucial aspects and prerequisites of developing spatial zoning and mapping for renewable energy projects. The Secretariat will provide support to Contracting Parties in their efforts to optimize and simplify the procedures associated with granting permits, ultimately fostering a more efficient and expedited process. This support extends to facilitating the implementation of best practices, leveraging innovative approaches and digitalization, and ensuring compliance with regulatory requirements.

In the past years, one of the main focuses of the Energy Community's work related to environment was the **implementation of the Large Combustion Plants Directive**, which entails the highest challenge for the Contracting Parties. Since the entry into effect of the reporting obligations in 2019, the implementation challenge for Contracting Parties became even more obvious and several cases of non-compliance are already being addressed by ongoing dispute settlement procedures. Implementation of the Large Combustion Plants Directive cannot be completed by having a narrow view on the environmental rules, but must be seen in its wider context, in particular with regard to regional, social, financial and technical aspects as well as decarbonization objectives.

Recognizing that 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 the regions in which citizens suffer most from bad

air quality, the Clean Air Regions Initiative was launched.

Contracting Parties **implementing a national emission reduction plan** (NERP, which concerns Bosnia and Herzegovina, Kosovo*, North Macedonia, Serbia and Ukraine) are already struggling to follow-up on their own planning. Contracting Parties started to **submit their reports on the emission inventories of large combustion plants** in 2019 (covering the 2018 reporting year). This exercise continued in the following reporting years and will do so over the coming years, on the basis of an annual reporting system. The Secretariat **has 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.

Three plants (Pljevlja in Montenegro, Tuzla 4 and Kakanj 5 in Bosnia and Herzegovina) concerned by limited lifetime derogations (opt-out – plants not operated for more than 20,000 operational hours between 1 January 2018 and 31 December 2023) have reached the end of their lifetime, yet they remain in operation amidst security of supply concerns. This requires not only enforcement action from the Secretariat which is already taking place, but also solutions mitigating the environmental damage without threatening supply security. In any event, 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 by the Secretariat in cooperation with the European Environment Agency. All plants concerned (one further plant in Bosnia and Herzegovina, four in Serbia and nineteen in Ukraine) will have to close by the end of 2023, it is however expected that several will remain in operation. In particular, the situation in Ukraine needs to be urgently addressed considering the force majeure induced by the war and the targeted destruction of electricity generation and transmission facilities.

7. ACTIVITIES RELATED TO CYBERSECURITY

The Secretariat plans to expand its activities in 2024 and 2025 in the area of cybersecurity in the energy sector by supporting the Contracting Parties in the adaptation and **adoption of a legally binding legislative framework**, which is not yet in place in the Energy Community. Recognizing that the technological development and digitalization of the energy sector create significant risks to an increased exposure to cyberattacks and cybersecurity incidents, and being faced with an increased number of cyberattacks on the energy infrastructure in Ukraine, as a result of Russian invasion and weaponization of energy, a need for strengthening legislation and cooperation in cybersecurity is increasing. As cybersecurity protection does not stop at the borders of the Energy Community Contracting Parties or EU Member States borders, a secure system requires the cooperation and coordination of all involved neighboring countries. Given the plans at EU level for adoption of the **Network Code on Cybersecurity (NCCS) in 2023, activities on its adoption in the Energy Community could follow.**

Following its adoption at the Energy Community level, Contracting Parties will have to transpose and implement the NCCS, where assistance of the Secretariat is expected to be needed. Following the implementation of the NCCS, the Secretariat will monitor and regularly report on all obligations and activities defined within the code, especially supporting more focused cooperation and coordination between different institutions and national and regional levels. Building up the legislative framework related to cybersecurity and consulting now experienced Ukrainian experts will bring additional benefits and make the energy systems within the Energy Community more resilient and secure. This would contribute to the achievement of the Energy Community objectives, which are among others, to enhance the security of supply of the single regulatory space in the Energy Community and ensure access for all Contracting Parties to a stable and continuous energy supply that is essential for economic development and social stability.

The Secretariat will also continue to provide technical assistance, education/support and facilitate an exchange of information/good practices related to cybersecurity within **the Coordination Group for**

Cyber-Security The Coordination Group for Cyber-Security has been tasked with identifying the potential gaps in the cybersecurity environment and mechanisms applied in energy and proposing and enacting effective preventive policies and measures. The Group is a vehicle for coordination in establishing a compliant legal basis, including the energy-specific EU delegated acts like NCCS.

8. ACTIVITIES RELATED TO ENERGY INFRASTRUCTURE

The Secretariat's activities in the next two years related to energy infrastructure will be based on supporting the: 1) **incorporation of the Regulation (EU) 2022/869 on guidelines for trans-European energy infrastructure (new TEN-E Regulation)** in the Energy Community;

2) transposition and implementation of the new TEN-E Regulation 3) organisation of the selection of **Projects of Energy Community Interest (PECI)** and active involvement and contribution to the relevant regional groups' work, where candidate **Projects of Mutual Interest (PMIs) involving Contracting Parties will be discussed and assessed**, together with other monitoring and reporting obligations defined by the TEN-E Regulation; 4) **support to Ukraine in the planning of their energy infrastructure needs**; 5) support to Ukraine, Moldova and Georgia in developing new infrastructural projects which would strengthen their interconnections with the EU Member States; 6) support to all CPs to increase and optimise the usage of their existing energy infrastructure.

It is expected that the adoption of the new TEN-E Regulation in the Energy Community, planned for the end of 2023, would contribute to faster and timely development of the energy infrastructure, supporting more extensive integration of renewables, enabling decarbonisation efforts and energy systems' transformation, electricity and decarbonised gases market development, thus directly creating more stable investment climate and attracting investments in gas networks, power generation and transmission and distribution networks. Additionally, the introduction of new technologies like energy storage, smart grids, hydrogen and electrolyzers would also be facilitated. To accelerate the development of these projects and the application of new technologies, the Secretariat will organise educational workshops and meetings with the representatives of Contracting Parties (regulators, project promoters, transmission and distribution system operators etc.). The Secretariat will also organise workshops on the new TEN-E Regulation and continue to assist Contracting Parties in its implementation, at the same time regularly conducting activities on monitoring and reporting. The Secretariat will also continue to monitor the implementation of the TEN-E Regulation by the Contracting Parties, provide assistance where needed and continue to enforce non-conformity through initiating cases against the Contracting Parties.

Immediately after the adoption of the new TEN-E Regulation and its incorporation in the Energy Community legislative framework, the new process for PECI projects will start, expected to be finished to enable the new energy infrastructural projects of common-interest list, approved at the next Ministerial Council meeting. An educational workshop will be organised before the process to inform all project promoters about the procedures and methodology for selecting the projects.

The Secretariat aims to support Ukraine in the planning of its energy infrastructure needs. The same is valid for Moldova regarding support by the Secretariat in developing a new electricity interconnection to Romania, and support Georgia for the same issue (Black Sea cable project). More efficient usage of existing electricity infrastructure, addressed in the Electricity Regulation (2019/943, as adapted and adopted by Ministerial Council Decision 2022/03/MC-EnC) with the so called 70% target will be addressed by **the ongoing study on the 70% target for electricity interconnection capacities** to be made available to market participants, ordered and reviewed by the Secretariat, following by several educational workshops which will be organised. The Secretariat will continue to review transmission network development plans and participate at the public discussions organised for this purpose.

During the next reporting period, the Secretariat will provide assistance to the European Commission (DG NEAR), upon its request, in selecting the projects that may benefit from co-financing under EU-

designed funds.

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 2024 and 2025, will engage in the policy discussions of the Contracting Parties, analysing their energy mix and their 2030 energy strategies, to assist them in implementing ambitious and realistic decarbonisation goals that are properly reflected in their energy strategies and the corresponding infrastructure needs and development plans.

9. ACTIVITIES RELATED TO THE COOPERATION AMONG ENERGY REGULATORS

The **Energy Community Regulatory Board (ECRB)** has a crucial role in fostering competitive, integrated and secure markets in the Energy Community. Streamlining of regulatory measures and providing a stable regulatory market framework, as well as assisting national regulatory authorities in fulfilling their responsibilities, is a key focus of the its work of the Energy Community Regulatory Board (ECRB). The ECRB and the national regulatory authorities of the Contracting Parties have been assigned competences and tasks by a number of adopted legislative acts. Following the Clean Energy Package into the Energy Community acquis and the activities and challenges of already initiated decarbonisation of the energy sectors, the ECRB and Secretariat's experts supporting its work will embark into various new activities during 2024-2025. 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.

The significant recurring activities related to monitoring responsibilities on network codes and guidelines will have to be performed also in the years 2024-2025. In addition to regular observation of the implementation of electricity connection codes (Regulations 2016/631, 2016/1447 and 2016/1388), gas capacity allocation, tariff and balancing network code (Regulations 2017/459, 2017/460 and 2014/312) and REMIT Regulation, the ECRB will prepare and publish:

1. a monitoring report on congestions at interconnection points, in line with the Gas congestion management guideline (Annex I to Regulation 715/2009), by 1 June every year; for every Contracting Party, an analysis of tariff consultation documents, within two months after their submission by the regulatory authority or the transmission system operator, in line with Gas transmission tariff network code (Regulation 2017/460);
2. a report on the application of the gas transmission reference price methodologies in Contracting Parties, in line with Gas transmission tariff network code (Regulation 2017/460).

In relation to the **REMIT Regulation**, the ECRB will coordinate the investigatory work of NRAs on cross-border level, coordinate and harmonize regulatory guidance that facilitates implementation of REMIT, maintain the central registrar of the registered market participants, consolidate the suspicious transaction reporting in the market and report on implementation of REMIT in the Contracting Parties.

Depending on specific requirements stemming from the **gas capacity allocation network code**, the ECRB shall take over its decision-making duties related to 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. Similarly, the ECRB shall, upon the need, issue a reasoned recommendation to Contracting Parties' regulatory authority to revoke a derogation from these Regulations due to lack of justification, in line with the electricity connection codes.

Finally, the ECRB and the ECRB Unit of the Secretariat shall continue (a) supporting the Secretariat's contribution to ACER's Annual Report on the results of monitoring the electricity and gas markets; (b)

producing a genuine annual report on gas and electricity retail market developments; and (c) conducting annual reporting on compliance with the acquis on electricity and gas transparency requirements. 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.

In the years 2024-2025, the tasks and responsibilities of the ECRB are expected to be expanded so as to **facilitate implementation of the market and system operations network codes and guidelines in electricity, the Clean Energy Package and the future new legislative package on gas markets**. The network codes require coordination of the NRAs in assessing, amending and approving methodologies and terms and conditions required. This will be coordinated by the ECRB, including also coordination of stakeholders' consultations. With respect to the Clean Energy Package, the regulatory authorities shall in particular engage into discussions around sector coupling, enhance the protection and empowerment of consumers and explore the possibilities to support the development of renewable energy and green mobility. Finally, the regulators shall actively support the creation of regulatory frameworks incentivizing development of new technologies and innovative solutions for energy markets.

In the budgetary period 2024-2025, the cooperation with other regulatory authorities with overlapping sphere of interest, such as financial regulators and competition authorities shall be continued and strengthened. 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. Cooperation format under the Eastern Partnership Initiative should be limited to 2-3 trilateral meetings between that ECRB will jointly perform with the European Commission and CEER. 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.

10. ACTIVITIES RELATED TO STATISTICS

Acquis on energy statistics incorporates all aspects of Regulation (EC) 1099/2002 on energy statistic, adapted for the Energy Community Contracting Parties and Directive (EU) 2016/1952 on natural gas and electricity prices. With **the latest amendments of the Regulation incorporated in the legal order of the Energy Community**, the energy statistics of the Contracting Party shall become a key tool to measure implementation and compliance with the policy objectives and targets set by relevant decisions of the Ministerial Council, based on the comparable indicators and methodologies, in accordance with the respective EU rules.

Key remaining tasks from the current acquis are related to the monthly statistics, in particular to ensure monitoring of the compliance with the Council Directive 2009/119/EC) and its 2018 amendment.

The implementation of the **Clean Energy Package puts 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. 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.

The Secretariat will continue to support Contracting Parties to implement the new legislation. The focus in the period 2024-2025 will be on **supporting national statistics institutes (NSIs)** to enhance comparability of energy statistics published in the Contracting Parties with the data compiled and published by EUROSTAT 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 (IRES).

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.

In addition to Energy Statistics Working Group of Eurostat, in which all Contracting Parties are represented, 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.

11. UKRAINE SUPPORT ACTIVITIES

11.1. The Ukraine Support Task Force

During the ad-hoc Security of Supply coordination group meeting on 2 March 2022, the Ministry of Energy (MinEnerg) called upon the EnCS to provide practical support for Ukraine, with regards to keeping its energy system functional. In response to the request of MinEnerg, **the Secretariat has established the Ukraine Support Task Force - USTF** on 18 March 2022. Since then, the EnCS works together with MinEnerg and international partners (donor companies, international organisations, international foras s.a. the G7+ coordination “Energy Rammstein”, the European Commission: DG ENER, DG NEAR – Support Group for Ukraine- SGUA, DG ECHO, European External Action Service, EU Member States and third countries) and **verifies, coordinates, assists and tracks the deliveries of the donated energy related items, s.a. critical equipment, repair materials, infrastructure components, tools, fuels or chemicals**. With the start of the dedicated campaign against the energy infrastructure of Ukraine on 10-11 October 2022 by Russia, the scale of damages has risen exponentially and the international awareness about the status of the Ukrainian energy infrastructure has been augmented.

The **Secretariat has established a working connection with the Emergency Response Coordination Centre (ERCC)** of DG ECHO, coordinator of the European Union Civil Protection Mechanism (UCPM), in order to assist the donors with the logistical task. Since the onset of the war, the Secretariat’s USTF has assisted the delivery of **more than 65 shipments**, with a total weight of over 3.600tons of equipment and liquids - as of mid-May. Currently ca. 50 more shipments are in preparation or on the way, such as critically needed high voltage autotransformers, requiring the coordination of multiple partners due to the complexity of the operation. New offers are submitted daily. These described coordinated activities of the Secretariat have been endorsed by DG ENER and DG ECHO and may also be used in a post-war environment focusing on the reconstruction of the energy infrastructure.

The Secretariat also cooperates in the framework of the G7+ energy coordination initiative “Energy Rammstein” and has set-up a mechanism with ERCC and the Governmental Agency for Strategic Reserves of Poland RARS, to channeloversees donations via the existing European mechanisms, destined to Ukraine.

11.2. The Ukraine Energy Support Fund

In response to the request of the Commissioner of Energy of the European Commission and upon request by international donors to involve an intermediary in order to safeguard financial donations

from the risk of misallocation and misuse, the Secretariat has established **the Ukraine Energy Support Fund (“the Fund”)** which matches available funds and demand for urgently needed equipment, fuel, services and capital inflow on the basis of trilateral or bilateral grant and fiduciary agreements, stipulating the rights and obligations of donors, the Ministry of Energy of Ukraine and the Secretariat as fiduciary of the funds.

The Secretariat’s activities in implementing the Fund include: promotion of the Fund to attract new donations, negotiation and conclusion of grant and fiduciary agreements with donors and the Ministry of Energy of Ukraine, overseeing and reviewing compliance of the process of selecting and approving requests for support by Ukrainian energy companies through the Ministry of Energy of Ukraine as well as the process of procuring the items/services through an external procurement agent, disbursing funds in line with the contractual framework, monitoring deliveries and use of the items procured under the Fund, and reporting and auditing. These activities and responsibilities require extensive human resources, including project management, operational support, administrative support, financial management and legal support. Since the success of the implementation of the Fund determines the attractiveness of the Fund for further donors and further donations by existing donors as well as for Ukrainian energy companies in need of support, the diligent discharge of these tasks and responsibilities remains a top priority and requires the deployment of further qualified human resources.

The set-up and purpose of the Fund is not limited to the procurement of equipment, fuel, services and capital inflow during the war, but extends to the procurement of such items if needed after the war. The structures and processes developed may also be used in a changed context, e.g. after-war recovery and rebuilding of the energy sector, for the purpose of implementing donations to Ukraine.

11.3. The Ukraine Energy Market Observatory

In an effort to streamline and consolidate its monitoring functions under the Energy Community Treaty with regard to Ukraine, the Secretariat created the **Ukraine Energy Market Observatory**. The Observatory will closely follow and review all developments related to the energy market and corporate governance in Ukraine. This will support the further integration of the Ukrainian energy sector with Europe and help building trust in a predictable and transparent governance in line with European practices.

11.4. Continuation of the activities during wartime

The Russian invasion of Ukraine is having catastrophic effects on the energy sector of Ukraine, which is now in need of support for its functioning and eventual reconstruction. It is of outmost importance that this reconstruction process focuses on clean energy sources and on objectives related to decarbonisation, sustainability and security of supply. These goals can only be achieved through the deployment of state-of-the-art technologies and the development of adequate infrastructure projects, including interconnectors. Considering these needs and priorities, the Secretariat stands ready to further extend its support to Ukraine. The Secretariat has identified different areas of cooperation in which it can continue to deliver its support to Ukraine:

- Finalization, implementation and monitoring of the National Energy and Climate Plan (NECP), in accordance with the obligations under the Energy Community Treaty, based on an already existing draft. The NECP should be instrumental for Ukraine to build the green economy .
- Focusing on increasing the share of electricity obtained from renewable sources in the energy balance of Ukraine. To this end, the main aim is the development of a conducive regulatory framework and incentives regime, as well as the supporting of international investment in renewable energy sources.
- The Secretariat will provide targeted legal support to the Ukrainian energy sector for damages

inflicted by the war of aggression by the Russian Federation. This activity is temporary in nature, linked to the exceptional situation of war inflicted by the Russian Federation on the territory of in a Contracting Party that affects its energy system, and will not result in any additional budgetary expenditure for the Secretariat.

- Tailoring the infrastructure design to Ukraine's ambition to build a green energy sector fully integrated in the European markets, based on the principles of the TEN-E Regulation, by actively participating in the EU PMI selection process and assisting Ukrainian project promoters and authorities when defining candidate projects.
- Continuation of the activities performed by the Ukraine Support Task Force, the Ukraine Energy Support Fund and the Ukraine Energy Market Observatory, subject to the continuation of the war in Ukraine. It may be assumed that support in 2024-2025 will still be required due to continuing infrastructural damages caused by the continuation of the conflict, time required to manufacture, procure and deliver equipment and supplies, and the possibilities of a protracted war beyond 2023.

The Secretariat currently discharges with the activities supporting Ukraine based on the assignment of tasks to a considerable part of its human resources, as well as staff under the EU4Energy grant.

11.5. Support activities in light of a post-war scenario

When the war comes to an end, the Secretariat will review and assist in the coordination by the European Commission of the donors' activity. The focus of the support activities will continue to be on **ensuring the operation of energy networks and markets and implementation of the EU acquis and**, in line with the objectives of EU integration and European Green Deal. The budget and in particular the assignment of human resources, should allow for flexibility in shifting activities, enabling the swift adaptation of the required expertise for the relevant activities. . For those purposes, the Secretariat needs to react promptly, flexibly and adapt its workflows to the ever-changing nature of the situation on the ground.

IV. Donors Support and Coordination

The Secretariat will be engaged increasingly in cooperation and joint implementation with IFIS and donors, as well a number of joint initiatives. Additionally, the Secretariat assists, and will continue to assist, the WBIF/DG NEAR in preparing the regional project pipeline based on the National Energy and Climate Plans and their Transition Flagship Projects as well as the Projects of Energy Community Interest.

V. Regional initiatives

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

1. EU4ENERGY GOVERNANCE

The EU4Energy Governance Project 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 Eastern Partnership countries, based on sharing the best practice and EU experience. Currently the action is in phase II.

Implementation of Project activities is managed, coordinated and logistically supported by the Project Management Unit (PM Unit) within the Secretariat. In addition, regional project offices established by the Energy Community in Kyiv, Chisinau and Tbilisi ensure a smooth implementation of the Action. The Secretariat's staff assists the PM Unit with expertise and use of its resources, in line with the contracts between the Energy Community and DG NEAR, according to the Description of Action and

Work Programme. Currently the Energy Community Secretariat is implementing two Grant Contracts for EU4Energy Governance: **Phase II and Phase II+** which are complimentary to each other.

The specific objective of Phase II as implemented by the Secretariat is to strengthen energy legislative and regulatory frameworks as well as evidence-based energy policy design capabilities, in light of the changed market circumstances and the need to facilitate access to energy to the distressed population in Ukraine. The expected result is improved transposition and implementation of the energy acquis and coherent policy development in line with the Energy Community Treaty/Association Agreements/DCFTAs/ EU best practices (for Georgia, Moldova and Ukraine). In terms of concrete activities, the following is envisaged (to be further specified in the annual work programmes of the project):

- Support in legislation and regulation development in areas where a need of support is identified. Areas for support could include electricity market reforms, transposition and implementation of RES Directive (EU) 2018/2001 and reforms in gas sector. Most support efforts will be focused on the improvement of network codes, market rules, regulatory methodologies (e.g. on tariff setting) and technical regulations (e.g. metering, accounting etc.);
- Particular attention will be dedicated to address the energy related issue in Ukraine in the war and/or post-war period. This can cover post-synchronization and market integration related activities, suggestions on market functioning in the war/post-war period, cross-border mechanisms, etc. The market integration thus can cover not only partner countries, but also neighboring EU Member States;
- Development and implementation of a methodology of effective monitoring of the implementation as well as effective enforcement of legislation, in particular to ensure the functioning and increasing the efficiency of the electricity and gas markets. Important aspects should also be to improve the energy system capacity to uptake renewables, as well as cross-border cooperation on the implementation of the EU legislation on security of electricity and gas supply;
- Ensuring the follow-up of policy pathways outlined in the Energy Community Treaty/DCFTA/EU best practices and published energy policy roadmaps, in-depth reviews for every country;
- Increasing institutional capacities and coordination at political and technical level;
- Contributing to the post 2020 Eastern Partnership architecture.

The overall objective of the EU4Energy Governance Project Phase II+ as is the clean energy transition, increase energy security in three Eastern partner countries (Georgia, Moldova and Ukraine) is achieved and access to energy to the distressed population in Ukraine to mitigate the impact of the war facilitated. In terms of concrete activities, the following is envisaged (to be further specified in the annual work programmes of the Project):

- Provision of technical assistance to improve transposition/alignment and implementation of the energy acquis and coherent policy development in line with the Energy Community Treaty/Association Agreements/DCFTAs/relevant EU acquis and best practice (for Georgia, Moldova and Ukraine); assistance to Ukraine and Moldova in the ENTSO-E post-synchronization process;
- Support will be provided for legislation and regulation development (in the areas where there is the need of support - for example in Ukraine and Moldova on the electricity market reforms and post-synchronization process). Most support efforts will be focused on the improvement of network codes, market rules, regulatory methodologies (e.g. on tariff setting) and technical

regulations (e.g. metering, accounting etc.). Support will also be provided in the areas of electricity and gas market, hydrogen, renewables and energy efficiency (new EPBD, efficient district heating and cooling, etc.), energy infrastructure as long as the actions contribute in the long term to the EaP region's energy transition and decarbonization efforts;

- Particular attention will be dedicated to address energy related issues in Ukraine during the war and/or in the post-war period. This can cover post-synchronization and market integration related activities, suggestions on market functioning in the war/post-war period, cross-border mechanisms, energy infrastructure reconstruction activities etc. The Project will increase institutional capacities and coordination at political and technical level. The Project will also support DG NEAR with information through ad-hoc updates (reporting) upon request from DG NEAR on energy acquis transposition/ alignment and implementation in Georgia, Moldova and Ukraine.

Provision of technical assistance support to Ukraine in organisation and supply of donations, to ensure the functioning of the Ukrainian energy infrastructure.

- The project will support Ukraine in ensuring the functionality of its energy infrastructure. This can cover support in the organisation, supply and feedback on deliveries to donors of goods (such as equipment, repair materials, infrastructure components, or fuel) to ensure the functioning of the Ukrainian energy infrastructure during and after the war activities on the territory of Ukraine have ceased. Assistance will be provided through liaising with companies, organisations and countries to identify additional donors of goods as well as support the delivery of donated or procured goods through logistics assistance;
- The Project will also provide administrative support to the management of the Energy Community Secretariat's established Fiduciary account collecting financial donations dedicated to support the functioning of Ukraine's energy system in stable manner, in line with the fiduciary agreements signed with donors and Ministry of Energy of Ukraine.

One of the objectives of the EU4Energy program is to avoid potential overlapping with the activities of the Energy Community Secretariat and other donors. In that respect the work program of EU4Energy project is always designed in the way to avoid any duplication of activities. Therefore, no activities financed through the regular budget for the activities of the Energy Community Secretariat will be duplicated by the EU4Energy project.⁵

2. 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.

⁵ Budget lines and activities are separated from the Energy Community budget: EU4Energy costs are registered under different cost center, every document related to costs out of EU4Energy has to have different logo, stamp is different. All costs of EU4Energy have to follow the separate work program.

The CESEC initiative has delivered on majority of its targets, and has now put the focus regional approach in identifying hydrogen and low carbon gases interconnection projects and mapping the related cross-border issues.

Together with 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.

Employees are in a separate unit (EPA Unit). Financial report is separated. Audit is separated. EU4Energy has to use practical guide on contract procedures for European Union external action (PRAG) in accordance with Grant Contract, while Energy Community not.

New regional initiatives to be launched in 2024 are described below:

3. THE BERLIN PROCESS AND THE GREEN AGENDA FOR THE WESTERN BALKANS

Under the Declaration on energy security and green transition in the Western Balkans, the Secretariat committed towards the Heads of State and the Presidents of the European Council and the European Commission in November 2022 to monitor the progress made towards the regionalization of the energy and climate transition. The Declaration includes a wide range of deliverables for the Western Balkan Contracting Parties in the areas covered. Following the Sofia Declaration on the Green Agenda for the Western Balkans (GAWB) and its action plan, the Secretariat will have to more substantially engage in monitoring the implementation of the Green Agenda for the Western Balkans, where it has the lead on energy and climate action.

VI. Horizontal and Overhead

The Energy Community is built on the assumption that the commitments entered into by the Parties to the Treaty are being kept. The instruments to make sure that this is achieved are mostly of a legal nature. They require procedures and expertise at the level of the Energy Community institutions which makes sure that Contracting Parties, upon their request, receive legal support in drafting legislation (or other acts of legal nature) in all areas covered by the Energy Community *acquis*; the compliance of legislation (or other acts of legal nature) drafted and adopted by Contracting Parties with the Energy Community rules is assessed in all areas covered by the Energy Community *acquis*; cases of non-compliance by Contracting Parties' national rules are being brought to the attention of the Ministerial Council after having carried out a comprehensive preliminary procedure.

With the adoption of new *acquis* in 2021, 2022 and in the upcoming period, the main area of the Secretariat's involvement and interaction with Contracting Parties by providing legal support, drafting legislation, decisions and contracts, compliance reviews, enforcement and dispute settlement, will increase in scope. The legal activities will have to be expanded to the **electricity and decarbonisation agenda as well as to the special focus on support to Ukraine**.

4. ADMINISTRATION, FINANCE, HR AND GENERAL SERVICES

The Energy Community will aim to cope with its multiple administrative tasks in the areas of budget, accounting, financial management, reporting, office administration, facilities management, procurement, auditing, travel, supply management, information technology (IT), IT-security on the basis of on an efficiently coordinated use of the limited existing resources. The implementation of these tasks requires a holistic approach to cooperation among all the available resources, initiatives, projects and experts.

In terms of events, **the Secretariat normally organizes around 140 meetings each year**, thereby providing administrative support to the institutions as required under the Treaty (Article 67a) (see Annex IV). With new areas covered by the Energy Community, this area of activity will increase further. A significant number of the events takes place at the headquarters of the Energy Community in Vienna, which contributes to the efficiency of costs. In the period 2024- 2025, not only the number of events will increase but also the nature of the meetings will be delivered mostly in hybrid (or blended) format rather than doing it online or in person exclusively. The Secretariat will continue work closely with organizers to select the most cost effective and efficient way to achieve meeting's objectives utilizing online platforms and self- service for organizers but will need extra human resources on full-time basis to cope with the back-office support functions required for hybrid meetings in particularly.

The Secretariat's staff is and will be increasingly engaged in cross-unit cooperation projects. To maximize the impact of the Secretariat's support and its ability to discharge with its growing number of tasks will also require extra staff, including investment in staff members' ongoing individual professional development.

The costs for travels (both for the Secretariat's mission as well as travel reimbursement policy for participants of Contracting Parties) needs to be aligned to the increased work scope, the annual cost increase for air-travel and accommodation, while taking into account the new hybrid and online modalities of events in post-COVID era, and the need to reduce carbon emissions from business travel.

The Secretariat's administrative activities in areas such as human resources management and public procurement. Outsourcing some administrative services like office cleaning, IT, information security, accounting support tasks will continue to be in place and is found an efficient way to provide required statutory functions and provide services for internal and external stakeholders. Additional investments in physical security and systematic upgrade of the IT infrastructure will be an important contribution to the good functioning of the Secretariat.

Distant administrative support will be provided for staff working in Ukraine, Moldova and Georgia. Efforts will be made to improve documents storage, organization and archiving moving to 100% digital documents flow and implementing digital signatures.

An external audit 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, and consolidated reporting will be required using the updated Terms of Reference from 2023. Moreover, the Energy Community plans to be recertified with EMAS certificate in 2023, where actions in office greening, reduction of emissions from business travel, green procurement and energy savings are listed and implemented. EMAS certificate requests constant improvement of the environmental and carbon footprint performance for activities performed by the Energy Community.

The Energy Community will 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.

5. COMMUNICATION

The **Energy Community website** will continue to be the **main communication channel with stakeholders**. The website will be continuously updated with high quality content on a regular basis and further developed to ensure state-of-the-art functionality and new user-friendly features.

After the adoption of Clean Energy Package and the new targets in December 2022, the Secretariat started restructuring the site, explaining the requirements and sketching out the implementation roadmaps. As we move along, the site will be equipped to show the progress and to display other monitoring, reporting results;

As a reaction to the war, a new section on Ukraine support was established in 2022. The further development of the section will be at the center of the Secretariat's attention. It will closely document the process: creating content on donated equipment, funds submitted, open and closed procurement. Also, the separate page on Ukraine Energy Market Observatory and its output products (Notes, letters, secondary legislation updates) will be further developed and expanded;

Especially in the area of news, there will be a greater focus on measuring the impact of the sent mailings. For this purpose, regular internal reporting will be established and further developed.

Other communication measures will, inter alia, include conducting interviews, organizing press conferences, publishing articles and organizing information campaigns for journalists. Social media (LinkedIn, Facebook, Twitter) will continue to be another important feature to reach out and connect to citizens to increase awareness of Energy Community's activities and strengthen relationships with stakeholders. This includes creating specially tailored content, including short videos, and campaigns to increase the visibility of the Energy Community.

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 electronic publication series, the Secretariat will continue producing its annual Implementation Reports, SEEGAS, the Energy Transition Tracker as well as the reports required under the Berlin Declaration and the WB6 Green Agenda. With respect to printed publications, the Secretariat will follow its EMAS (Eco-Management and Audit Scheme) policy requirements.

In order to reflect its increasingly important role and influence, **the Secretariat intends to improve the Energy Community's public profile in the course of 2024-2025**. The Secretariat wants to assure it is continuously communicating in the smartest possible way - based on impact maximization principle. The brand audit assessment, which is much like a health check of a company, will kick off a long-term process (8-15 months); resulting either in a partial or complete overhaul of organization's corporate identity. When clear where it stands (strengths / weaknesses matrix), the Secretariat will develop a brand strategy and create a consistent brand identity. During this process, the Secretariat's corporate design, corporate culture, corporate behavior and corporate communication will be scrutinized.