

36th PERMANENT HIGH LEVEL GROUP

Vienna

26 March 2015

1. The meeting was chaired by Entela Cipa on behalf of Albania and Hans van Steen for the European Union.
2. The Permanent High Level Group approved the agenda.
3. The Permanent High Level Group discussed an amendment proposed by Serbia to the conclusions of its last meeting. It was agreed.

I. Energy Efficiency Directive

4. The Permanent High Level Group discussed the European Commission's "Non-Paper" on the implementation of the Energy Efficiency Directive (2012/27/EU) in the Energy Community. The main issue under discussion was the potential adaptation of the Energy Efficiency Directive, in particular with regard to Article 3 Energy efficiency targets. The Commission essentially proposes a methodology for setting an overall target for the Energy Community which is based on the EU model which requires each Member State to set an indicative national energy efficiency target expressed in terms of an absolute level of primary energy consumption and final energy consumption in 2020 as well as introduces modalities to check the progress in achieving the target.
5. The Permanent High Level Group took note of several Contracting Parties (Ukraine, Serbia, Moldova, Kosovo, Bosnia and Herzegovina, Montenegro) concerns as expressed already at the meeting of the Energy Efficiency Coordination Group of 17 March 2015, relating in particular to the burden of binding targets without adequate financial support, the deadline of 2020 in general, its relations with the implementation deadlines under the Energy Services Directive and the EEAPs, as well as the base year of 2007, very little time left for additional reliable analyses and projections and putting the cap on primary and final energy consumption rather than setting the target in energy savings, lack of goals such as 20-20-20 at ECT level, neglecting the discussions of the EECG on the topic in the past 2 years and results of Impact Assessment Study.¹
6. Moldova deposited position paper to the Secretariat. Serbia and Ukraine announced they will do that in next days. Contracting Parties invited the Secretariat to prepare a paper including all the comments (common position paper) and submit it to the Commission. The Contracting Parties expect that the Commission will answer on the questions stemming out of the common position paper before submitting the draft proposal. Having this in mind, the Contracting Parties invited the European Commission to answer presented questions, to consider more suitable adaptations, and to submit them for countries' revision, by no later than April 30, before a full proposal is developed;
7. The Permanent High Level Group invited the European Commission to submit a draft proposal for the implementation of the Energy Efficiency Directive no later than 15 May 2015, in order to be analysed by the Contracting Parties, first in the Energy Efficiency Coordination Group (2 June 2015), and to be discussed and potentially endorsed by the Permanent High Level Group at its meeting on 24 June 2015.

¹ This conclusion was proposed by Serbia after the meeting in line with Item V.10 of the PHLG Rules of Procedure. It will be finalised in the 37th PHLG meeting on 24 June 2015.

II. Regulation No 543/2013

8. The Permanent High Level Group invites the Commission to submit a proposal for a Decision on time for adoption of Regulation 543/2013 by the Permanent High Level Group at the next meeting in June 2015, taking appropriate account of the Secretariat's proposed changes and comments expressed by Serbia which will be additionally submitted in a written form to the Commission.
9. The Permanent High Level Group welcomed the commitment of ENTSO-E to publish all data submitted by the Contracting Parties' data providers upon incorporation of Regulation 543/2013 into the Energy Community *acquis* on its central transparency platform.

III. Energy Community for the Future

10. The Permanent High Level Group endorsed the Analytical Paper as submitted for public consultation written jointly by the Secretariat and European Commission, as required by Article 3(1) of Procedural Act No 2014/02 MC-EnC of the Ministerial Council. This endorsement does not prejudice the position of the Parties at the Ministerial Council.
11. The Secretariat presented the results of the public consultation which are available on the website of the Energy Community. The Permanent High Level Group noted these results.
12. Upon discussion, the Permanent High Level Group tasked the Secretariat and the Commission to draft an agenda with the list of topics for an ad hoc Task Force of PHLG members from Contracting Parties or their delegates to be organised before the end of April 2015 to discuss further the measures. Taking into account the discussion in the ad hoc Task Force the Commission together with the Secretariat is invited to draft a set of proposals to be discussed/endorsed at the June PHLG and later discussed/adopted at the Ministerial Council in 2015, as required by Procedural Act No 2014/02 MC-EnC. The set of proposals shall keep within the scope of the Analytical Paper and take into account the outcome of the public consultation.

IV. Regulation No 347/2013

13. The Permanent High Level Group recalled the Recommendation of the Ministerial Council of 23 September 2014 on implementing Regulation 347/2013. The Recommendation envisages that by 31 March 2015, Contracting Party (1) identify financial, administrative and regulatory barriers for implementation of the Projects of Energy Community Interest (in energy infrastructure categories) or Projects of Common Interest on the territory of their jurisdiction, and (2) provide the Secretariat with a list of most relevant measures, including Articles of Regulation (EU) No 347/2013 which would address the identified barriers, as well as an impact assessment for each element. On this basis, Secretariat and the Commission are to prepare an analytical report establishing which would require fastest implementation into the national legislations to allow progress with the realization of the projects concerned by 31 May 2015.
14. The Permanent High Level Group regretted that only one Contracting Party has submitted a short report. It also noted that the report submitted so far lacked any impact assessment of the measures proposed. Upon discussion, the remaining Contracting Parties were called upon to submit comprehensive reports as envisaged under the Recommendation by 31 March 2015 and Secretariat to present the assessment on the basis of the country reports and analytical materials related to HLRG report to the Commission till mid April 2015.
15. Ukraine welcomed the Secretariat's assessment that the list of PECIs should be revised on the basis of the adopted Regulation and expressed its strong interest to actively participate in this process. Serbia stressed the importance of financial involvement of EU funds into the implementation of PECEI projects to be properly fostered on equal terms as PCI projects.
16. The Permanent High Level Group invited the European Commission to submit a proposal on incorporating the Regulation in time for endorsement at the meeting in June 2015.

V. Regional Electricity Market

17. The Permanent High Level Group took note of the presentation by the Secretariat on the state of play with regard to national and regional power exchanges. It welcomed the initiative of the Secretariat to develop Policy Guidelines that contain a tool box allowing the Contracting Parties to establish - or access a power exchange which will lead to develop compatible organized day-ahead electricity markets which provide flexibility for various national, bi-/multilateral, regional or cross-regional integration paths for market coupling.
18. The Permanent High Level Group welcomed successful introduction of auctions on the Croatia/Bosnia and Herzegovina and Bosnia and Herzegovina/Montenegro border and the announced auctioning of transmission capacities for the border Montenegro-Albania by Coordinated Auction Office (SEE CAO). It urged SEE CAO to swiftly integrate the borders Albania-Greece and Greece-Turkey. The Permanent High Level Group welcomed EMS' initiative to finalize an agreement with SEE CAO related to the allocation of annual capacities for 2016 and beyond. The Permanent High Level Group further urged Macedonia to ensure participation of MEPSO in SEE CAO. The representatives of Serbia and Macedonia were invited to report progress to the next meeting in June.²
19. FYR of Macedonia reported that the inter-service coordination is taking place to overcome the VAT obstacle for swifter inclusion of the MEPSO into the activities of the SEE CAO.
20. Serbia stressed the need to ensure equally binding application of Network Code Regulations on interconnection points between EU Member States and Contracting Parties.

VI. Miscellaneous

21. The European Commission informed the Permanent High Level Group about the High Level Group on Central East South Europe Gas Connectivity.

The European Commission informed the Permanent High Level Group about the state of play of the revision of Regulation 994/2010 in the European Union. Recalling its announcement during the last Ministerial Council meeting in Kiev to establish the consultative process for better involvement of the Contracting Parties in the process of drafting EU legislation of relevance for the Energy Community the Commission invited Contracting Parties to participate in the on-going public consultation on the revision of Regulation 994/2010.

22. The Secretariat recalled the upcoming deadlines for Bosnia and Herzegovina and Serbia, respectively, to comply with their obligations under the Ministerial Council decisions declaring them in breach of Energy Community law.
23. Ukraine presented its "final draft plan" to reduce emissions from large combustion plants with a view of supporting its request to take into account its specific situation for the application of Decision 2013/05/MC-EnC. Based on the "final draft plan" submitted to the Secretariat and the European Commission, the Permanent High Level Group concluded that the plan should be further updated based on the consultation among Ukraine, the Commission and the Energy Community Secretariat held on the 25 March. Ukraine expressed its expectation that after the finalisation of the text of the plan the Commission will propose a Decision to the Ministerial Council.
24. The European Commission informed the Permanent High Level Group about the state of play of negotiations with Georgia on accession to the Energy Community. It called upon both parties to finalize these negotiations on time for signature of the accession agreement with Georgia at the Ministerial Council in Tirana.

² This conclusion was proposed by Serbia after the meeting in line with Item V.10 of the PHLG Rules of Procedure. It will be finalised in the 37th PHLG meeting on 24 June 2015.

The adoption of these conclusions follows the Rules of Procedure.

Done in Vienna on 26 March 2015

For the Permanent High Level Group,

THE PRESIDENCY