

CONCLUSIONS

18th PERMANENT HIGH LEVEL GROUP MEETING

23 SEPTEMBER 2010, SKOPJE

1. The meeting was chaired by Ms Elena Kolevska for the Presidency in office and Mr. Fabrizio Barbaso for the European Commission as Vice-Presidency.

AGENDA ITEM ONE – MINISTERIAL COUNCIL MEETING

2. The Secretariat provided operational information on the preparation of the Ministerial Council meeting. In addition, organizational issues on the upcoming Ministerial Investment Debate were discussed.
3. The PHLG welcomed the information by the Presidency and Vice-Presidency on the Gas Market Law of Ukraine as a prerequisite to sign the Protocol of Accession to the Energy Community. The signature ceremony was brought to the attention of the PHLG members.
4. The materials for the MC meeting were reviewed. The Republic of Serbia objected some inconsistency of the Report on Dispute Settlement prepared by the Energy Community Secretariat relating to the registered case ECS- 3/08, and it was agreed at the meeting that the report would be modified and circulated next day at the Ministerial Council Meeting.
5. The European Commission recalled the key issues on the Agenda of the Ministerial Council related to the new Renewable Energy Directive 2009/28/EC, the Third Internal Energy Market Package, as well as the implementation of the recasting Directives 2010/31/EU on the energy performance of buildings and 2010/30/EU on the indication by labeling and standard product information of the consumption of energy and other resources by household appliances..
6. The European Commission presented basic information on the new Regulation on Security of Gas Supply, as approved by the European Parliament, and underlined the required further progress in several key areas of the gas market such as transparency, use of gas storage facilities, interruptible supply and customer protection, use of gas in district heating and preventive activities.
7. The PHLG agreed with the proposal of the Secretariat for establishing a Task Force on Environment and mandated it to address the Ministerial Council with a relevant request in this aspect.

AGENDA ITEM TWO – IMPLEMENTATION OF THE ENERGY COMMUNITY TREATY

8. The PHLG underlined the importance of the “Implementation report 2009/2010”, prepared by the Secretariat, that is giving a detailed and objective picture of the Energy Community development on both regional and national level.
9. The PHLG welcomed the fact that to a large degree, the Contracting Parties are updating their legal frameworks based on the elements contained in the *acquis*, in all sectors covered by the Treaty. In this relation, the concrete, recent progress achieved by each of the Contracting Parties was recalled. However, these findings, reflected in the report, are mitigated by the lack of transposition of certain elements, or the lack of implementation, application and enforcement of these elements in practice.
10. The Vice-Presidency welcomed the Implementation Report 2009/2010 as a comprehensive document, which should become a document of reference on the implementation of the Treaty and energy markets in the Energy Community. The Vice-Presidency however regretted that, despite a high level of political ambition the main goals of the Treaty (such as the promotion of investments through harmonised – transparent rules that guarantee an open market) have not been achieved so far, and that some rules and principles that are essential for a liberalised market – such as the third party access or the role of the regulator – are often not respected in practice.
11. The PHLG noted its concerns that the political will expressed in relation to the implementation of the Energy Community Treaty is still not yet sufficiently supported by adequate work on national level. Moreover, the formal transposition in the legislation needs additional efforts for actual implementation and enforcement in practice. The PHLG agreed that the work should focus mainly in this direction, both at the political and the expert level.
12. The PHLG recalled that certain degree of principle convergence of the market designs exists between Contracting Parties, as well as between Contracting Parties and EU Member States; this could be attributed to the reforms enacted within the Contracting Parties following their Energy Community membership. However, the convergence needs to be strongly improved.
13. The PHLG underlined that the lack of proper wholesale market opening is still one of the key issues when it comes to the shortcomings in implementation of the Treaty. Another issue to be better addressed in the future relates to the creation of a regional market, one of the main tasks of the Treaty. In this aspect, with regard to the regulatory framework, effective independence of regulatory and competition authorities, which is key for the practical implementation of the market opening in the legislation, needs to be permanently ensured.
14. On the ground of the experience, already established by the Energy Community Secretariat, the PHLG supported the proposal for periodic meetings between each of the Contracting Parties and the Secretariat, aimed at providing a coherent outline of the requirements for full compliance with the Treaty with the involvement of all relevant authorities. In this relation, the Secretariat informed the PHLG on the “Albania Day in the Energy Community Secretariat” and noted its readiness to have similar meetings with all other Contracting Parties.
15. In addition, the members of the PHLG agreed and committed to keeping the Secretariat informed on all developments within the respective Contracting Party in

all areas covered by the Treaty, and to reply to the Secretariat's inquiries without delay.

16. Representatives of two Contracting Parties (Serbia and UNMIK) exchanged statements of principle on the official denomination of the latter Contracting Party and its institutions, as well as on the ownership over a part of the power grid and production capacities in the territory of Kosovo.

AGENDA ITEM THREE – INVESTMENTS – INFRASTRUCTURE PRIORITY PROJECTS

17. The PHLG thanked the Presidency and personally to Minister Fatmir Besimi for taking the initiative and organizing the Ministerial Investment Debate.
18. The PHLG welcomed the information by ECS on the progress and the concrete steps, related to the identified priority infrastructure projects in both electricity and gas, and endorsed the proposal for additional projects to be included on the list.

AGENDA ITEM FOUR – MISCELLANEOUS

19. The Secretariat informed the PHLG about recent developments in the context of the dispute settlement.
20. The Secretariat briefed on the development of the study on statistics. The PHLG reaffirmed the need and readiness to follow up the activities specified in their respective action plans aiming to achieve targets outlined in the Energy Community Road Map.
21. The Secretariat informed the PHLG about the status of the Biomass Study and underlined the further work envisaged in the area of renewable energy in 2011. In this aspect the Secretariat recalled the importance of strengthening the cooperation between RE TF members, representatives of Statistical Offices and the Consultant to obtain accurate results further needed for the calculation of the 2020 RES targets.
22. The enlargement of the Energy Community is already a fact and there is a strong trend to its continuity.
23. The Energy Community Event Calendar 2010 was reviewed. It was noted that there will be no other PHLG meeting by the end of 2010.

Energy Community Presidency:


Skopje, 23.09.2010