

68th PERMANENT HIGH LEVEL GROUP

Vienna, 20 June 2023

1. The meeting was chaired by Mr Enea Karakaçi for the Presidency and Ms. Yolanda Garcia Mezquita for the European Commission.
2. The Permanent High Level Group (PHLG) approved the agenda and the Conclusions of the 67th PHLG meeting.

New acquis for 2023

3. Following discussions, the PHLG agreed that the draft decision for extending the duration of the Energy Community Treaty beyond 2026 is to be submitted to the Ministerial Council at its next meeting. Kosovo* welcomed the proposed extension and called for a revision of the Treaty to reflect the proper names of the Parties in accordance with its declaration appended to the 67th PHLG meeting of 22 March 2023.
4. The draft Commission proposal on the incorporation of the updated Regulation on Trans-European Networks for Energy (TEN-E) is to be submitted to the Ministerial Council at its next meeting. Contracting Parties will send comments on TEN-E in writing by the end of the week.
5. The PHLG welcomed the draft European Commission's proposal for a temporary suspension of the calculation of the operating hours of opted-out large combustion plants in Ukraine, and took note of the agreement between the Presidency and the Vice-Presidency to launch a written procedure for its adoption within the shortest possible timeframe, following upon the formal adoption of this proposal by the European Commission.
6. The European Commission informed the PHLG on the development in relation to the guarantees of origin for renewable energy in the Energy Community. Despite repeated calls, only a limited number of Contracting Parties' issuing bodies have signed up for the registries and to the regional system established by the Secretariat before the expiry of the deadline (Albania, one entity of Bosnia, Georgia, and Serbia independently since 2019). The Secretariat informed the PHLG that it has secured an extension of the deadline by the service provider for Contracting Parties' registries, maintaining the same favourable conditions. The offer will expire on 31 December 2023. The PHLG members are expected to present this offer to their issuing bodies. Kosovo* informed that its Energy Regulatory Office notified the Secretariat on 15 June 2023 that it has secured the necessary budget, and that it is ready to sign a contract with the service provider and to begin implementation in 2024. The Republic of Serbia, as a frontrunner in establishing a system for guarantees of origin that aligns with the Renewable Energy Directive and European standards, expressed its readiness to assist other Contracting Parties in implementing the system to contribute to regional objectives. Furthermore, Serbia extended an invitation to the European Commission to propose explicit criteria that, upon fulfillment, would enable mutual recognition and individual integration of Parties into the EU system for guarantees of origin in accordance with the European Commission's criteria. The European Commission drew attention to the commitments of the Contracting Parties to implement a functioning regional Guarantee of Origin system. The PHLG invited the European Commission to take account of this in the information to the Ministerial

Council in December 2023 on the next steps to be taken by the Contracting Parties. This will establish a base for the guarantees of origin if Contracting Parties aim to apply for mutual recognition and integrate their system into the EU system.

7. In light of progress made with transposing and implementing the Electricity Integration Package of 2022, the PHLG at its next meeting will be informed on the full REMIT Regulation incorporation in the Energy Community possibly in 2024. The operationalization of this system by a Ministerial Council decision will be subject to fulfilling the precondition that also Registered Reporting Mechanisms (RRMs) located in Energy Community countries pay the fees for ACER extending its services to the Energy Community Energy Community market participants can also use data reporting services of RRM located in EU Member States who are already covered by Commission Decision (EU) 2020/2152 of 17 December 2020 on fees due to ACER.
8. The PHLG took stock of the state of transposition of the Electricity Integration Package of 2022, for which the deadline expires at the end of 2023. The PHLG expressed its concern about the slow progress in several Contracting Parties, namely [Albania, Bosnia and Herzegovina, Moldova, North Macedonia, despite the technical assistance available from various sources, including TAIEX. The Secretariat took note of the lack of technical assistance mentioned/reported by Georgia and Montenegro and expressed its readiness to assist the transposition process. Contracting Parties were reminded of the deadline of 15 June 2023 for NEMO designation in full compliance with the CACM.
9. The PHLG took note of the market coupling roadmap presented by the Secretariat, based on the assumption of full market coupling including all Contracting Parties by the end of 2025. Achieving this objective will be decisive to be eligible for exemptions from the European Union's CBAM. The PHLG invited the Secretariat to inform the informal Ministerial Council of the progress in the transposition and implementation of the Electricity Integration Package.
10. The PHLG took stock of the state of implementation of the Clean Energy Package and the preparation of the draft national energy and climate plans in line with 2030 energy and climate targets, to be submitted to the Secretariat by the end of June 2023. The PHLG recalled the importance of the entire package and expressed concerns about the delays, in particular with regard to the transposition of the Governance Regulation. The PHLG invited the Secretariat to assist all Contracting Parties which have failed to comply with the deadline of 31 December 2022. The 2030 energy and climate targets are expected to be spelled out in a clear and binding manner in the transposing legislation, without prejudicing implementation of Article 6, paragraph 2, of Decision of the Ministerial Council No 2022/02/MC-EnC.
11. The state of transposition of the MRV Package adopted in December 2022 was reviewed upon presentation by the Secretariat. It was recognised that in several cases the absence of a climate law makes the development of secondary legislation – transposing the MRV – impossible. The PHLG invited the Contracting Parties to adopt the necessary legal base in terms of climate laws without delay and prepare the drafts of the secondary legislation transposing the MRV accordingly.

Ministerial Council follow-up

12. The Secretariat presented a concept for the Procedural Guidelines for identifying Flagship Transition Projects in the national energy and climate plans. The Procedural Guidelines for identifying Flagship Transition Projects in the national energy and climate plans will be presented at the Technical working group for energy and climate and the members of the working group will

give comments on the document. According to that concept, Contracting Parties will be invited to inform on a number of projects satisfying criteria such as key relevance for achieving the 2030 energy and climate targets, compliance with the do-no-significant-harm principle, lack of sufficient private or public funding for their timely realization, and beneficial cross-border impact. The project proposals will first be discussed at the Technical working group for energy and climate with the representatives of the Secretariat together with the European Commission taking into consideration the criteria to be developed by them and then be presented at the Energy and Climate Committee. The Secretariat will update the PHLG at its next meeting.

13. The Secretariat provided information on the preparation of Policy Guidelines on Energy Demand Reduction Measures in the Energy Community Contracting Parties, which will include a set of measures and best practices for reducing energy demand based mainly on European best practices. Before the Policy Guidelines on Energy Demand Reduction Measures in the Energy Community Contracting Parties is presented to the PHLG, it must be discussed and agreed upon at the Technical Level. The Secretariat also informed on the ECRB report on the measures taken at national level. The PHLG invited the ECRB to provide an update on its engagement with ACER, in the context of the established cooperation for the annual market monitoring reporting, to address issues related to retail energy prices, market signals and incentivize energy savings at its next meeting.

Budgetary issues

14. The European Commission and the Secretariat presented the draft Energy Community budget for 2024/25 together with the Energy Community Work Programme.

Preparation for the Informal Ministerial Council and AOB

15. The Secretariat presented the agenda and concept note for the discussions at the upcoming Informal Ministerial Council meeting in Albania. The focus will be to discuss the next steps to be taken within the framework of the Energy Community Decarbonisation Roadmap and mainly focusing on the concept of a regional ETS and progressing on implementation of energy and climate legislation. The European Commission informed on the approach on the way forward in developing the regional ETS. The European Commission encouraged the Contracting Parties to take an active role at the Informal Ministerial Council and express their positions on the guiding questions.
16. The Republic of Serbia supported the active role of the European Commission and the Secretariat and sought to be provided with necessary detailed and comparative analysis and assumptions regarding the informal proposal of the regional ETS in order to express positions on the guiding questions. Serbia reminded of its official note to the Secretariat on 16 June 2023, stating that Serbia will not be able to express its position on the guiding questions at such short notice without government approval and the availability of detailed and comprehensive analysis. Serbia also informed the PHLG that when these preconditions are fulfilled and in accordance with the procedure prescribed by the Treaty and the procedural acts of the Energy Community, Serbia can express its position at Energy Community Ministerial Council.
17. Kosovo* recalled that the Secretariat informed the Parties on the adoption of energy-related restrictive measures against the Russian Federation and Belarus in response to the continuing war of aggression against Ukraine. The Secretariat noted that parties have expressed support for but not adopted restrictive measures in accordance with paragraph 4 of the Conclusions of the 20th Ministerial Council held on 15 December 2022. Kosovo* notified the Secretariat of

Government Decision No. 06/142 of 10 May 2023 to impose and renew sanctions in line with EU foreign policy.

Done in Vienna on 20 June 2023

For the Permanent High Level Group

THE PRESIDENCY

Anex 1 : Statement of the Republic of Serbia: New acquis for 2023 (referring to the Conclusion No.5)

“The Republic of Serbia, as a frontrunner in establishing a system for guarantees of origin that aligns with the Renewable Energy Directive and European standards, expresses its readiness to assist other Contracting Parties in implementing the system to contribute to regional objectives. Furthermore, Serbia extends an invitation to the Commission to propose explicit criteria that, upon fulfillment, would enable mutual recognition and individual integration of Parties into the EU system for guarantees of origin in accordance with the Commission's criteria.”

Preparation for the Informal Ministerial Council

“The Republic of Serbia supports the active role of the European Commission and the Secretariat and seeks to be provided with necessary detailed and comparative analysis and assumptions regarding the informal proposal of the regional ETS in order to express positions on the guiding questions. Serbia reminds of its official note to the Secretariat on June 16th, 2023, stating that Serbia will not be able to express its position on the guiding questions at such short notice without government approval and the availability of detailed and comprehensive analysis. Serbia has also informed the PHLG that when these preconditions are fulfilled and in accordance with the procedure prescribed by the Treaty and the procedural acts of the Energy Community, Serbia can express its position at Energy Community Ministerial Council.”

Anex 2 : Letter of the Republic of Serbia to the Secretariat June 16th 2023

Annex 3: Comments of the Republic of Kosovo*

Kosovo* submits the following comments on the draft Conclusions of the 68th PHLG meeting held on 20 June 2023:

As to paragraph 3, Kosovo* proposes that the draft decision for the extension of the Treaty and the draft proposal on the incorporation of TEN-E be mentioned in separate paragraphs, since the two drafts were presented and discussed separately in the PHLG meeting.

As to paragraph 3, Kosovo* welcomed the proposed extension and called for a revision of the Treaty to reflect the proper names of the parties in accordance with its declaration appended to the 67th PHG meeting of 22 March 2023.

As to paragraph 5, Kosovo* asks that the Conclusions acknowledge its progress in establishing a system for guarantees of origin. Kosovo's* Energy Regulatory Office notified the Secretariat on 15 June 2023 that it has secured the necessary budget, and that it is ready to sign a contract with the service provider and to begin implementation in 2024.