The Energy Efficiency Coordination Group (EECG) meeting was attended by representatives of all Energy Community Contracting Parties (EnC CPs), as well as EnC candidate countries (Georgia), the European Commission – DG Energy and DG NEAR, WBIF IFI Coordination Office, Donors’ community (GIZ, EBRD, EIB, GGF/Finance in Motion, KfW, IFC, UNDP and USAID), consultants engaged in the “Study on Biomass-based Heating in the Western Balkans” (Tractebel Engineering), as well as the representative of the SEE Change Net, City of Frankfurt, and the Energy Community Secretariat (ECS). EECG invited a representative of Civil Society (SEE Change Net) to attend the meeting, based on MC decision and Procedural Act to strengthen the role of Civil Society in the EnC.

The List of Participants is available online on the Energy Community website (“Events” section).

After Introductory remarks by the ECS (Mr. Janez Kopač, Director), EECG Chair (Ms. Antonela Solujić) introduced the meeting’s Agenda, which was adopted by the EECG.

ECS (Ms. Violeta Kogalniceanu) reported on the implementation the EECG Work Programme 2015-2016:

- After discussions held at the EECG and PHLG meetings, Ministerial Council (MC) adopted a Decision on implementation of the Energy Efficiency Directive 2012/27/EU at the meeting in Tirana on 16 October 2015, with overall implementation deadline 15 October 2017.
- At the MC meeting Contracting Parties expressed the view that the overall timeframe of 2020 remains a challenge, especially from the financial perspective, and invited the Commission to consider to expand the EU financial and technical support in the process of the transposition and implementation of the EED, as well as to encourage bilateral and other multilateral Donors to provide the support.
- Core Topic 2 (Task 2) of the EECG Work Programme envisages the preparation of the next round of EEAPs and an analysis/introduction of the new EED requirements. The 3rd EEAP of Western Balkans CPs (who joined EnC in 2006) should cover the period 2016-2018, and should be submitted to ECS by 30 June 2016. A draft EEAP template was elaborated and adapted by the ECS, and will be presented at the EEAP training session on 18 November 2015.
- ECS published Annual Implementation Report and presented it at the MC meeting (October 2015), as well as the Publication “Energy Community - Tapping on its Energy Efficiency Potential” (June 2016). ECS is currently working on consolidated versions of EE legal framework applicable in the EnC.
Despite the progress in many CPs, there are still a lot of challenging tasks for EECG: timely transposition and implementation of EED, adoption of package of drafted legislation on EPBD in Albania and Kosovo\*, coordination of technical and financial support etc. EnC EE web platform should be used by EECG for exchange of best practices and discussion on key implementation barriers.

1. **EED Core Topic 1 - adoption and transposition of Directive 2012/27/EU in the Energy Community and ELD Core Topic 9 - Developments and analysis of new EU requirements**

*European Commission - DG Energy (Ms. Claudia Canevari)* presented the recent developments and progress in implementation of the energy efficiency policy framework in the EU. New Energy Union Strategy incorporated the "energy efficiency first" principle. The State of the Union package including Report on the EE 20% 2020 target, showing progress in MSs, will be published on 18 November 2015. EC will also review in 2015 and 2016 all relevant energy efficiency legislation and will propose revisions, where needed, to underpin the 2030 target. Under EED review process, public consultation was launched on 5 November 2015, and EECG members are invited to participate. EPBD review is in advanced phase, public consultation was closed in October 2015, to be followed by the impact assessment and option mapping. EC is working on a Heating and Cooling Strategy and will propose it for adoption beginning next year, as one of the key actions to address energy efficiency in the Energy Union Strategy. Energy labelling policy (together with ecodesign) delivers almost half of the savings necessary to meet 20% 2020 EE target; the so – far implementation was very successful, a review was carried out and EC proposed on 15 July 2015 to adopt a revised Regulation, returning to the A to G label scale as being the most effective, establishing a product registration database to simplify and speed up market surveillance, improving enforcement, electronic labelling etc. Once the Regulation is final, EC will start work on updating labels for specific products. Despite significant amount of available financing for energy efficiency in EU, there is still more needed to achieve 2020 targeted and address challenges, including project aggregation (project development assistance), de-risking (standardisation & benchmarking) and stronger promotion of market-based financial instruments and new business models.

**Discussions:**

EC explained that EEAPs and annual report of Member States showed progress and commitment in implementation of EED, while main challenges (relevant also for CPs) are in the implementation of Article 7 (due to its binding targets and its complex structure), Article 8 (should be supported by implementation guidance) and Art 14.

EC expressed its satisfaction that CPs showed significant progress and commitment with recent decision of MC to incorporate EED in the EnC, and mentioned that the implementation will be strongly supported by DG Energy and DG NEAR, together with ECS.

Regarding relevance of the EU 2030 EE target for EnC and CPs, EC explained that CPs should focus on achievement of the EnC 2020 EE target, while taking into consideration further developments in the medium term perspective. EECG will follow the new EU energy efficiency package and its timely adaptations, update of the PRIMES model etc.

CPs reported on practices in implementation of the labelling legislation and voluntary implementation of ecodesign legislation, as follows:

**Kosovo\*** introduced the Labelling Directive through Administrative Instruction on Labelling of Energy-Related Products in June 2012, with the labelling obligation effect from January 2013. Ministry of Industry and trade is responsible for implementation and surveillance, while KEEA has overall
coordination role. Ecodesign requirements are part of the Stabilisation and Association Agreement and its implementation should start soon.

Serbia introduced key labelling provisions in the Law on Efficient Use of Energy adopted in 2013, followed by the Decree and first set of Rulebooks for specific energy-related products adopted in 2014. EU supported TA will start soon to analyze and update regulation and deal with implementation challenges, including strengthening the market inspection capacities, improvement of the quality of inspection and monitoring system. Regarding ecodesign, a recent TA project analyzed legislation and market, as well as the priorities for gradual implementation of EU ecodesign regulation in Serbia.


Montenegro transposed the requirements of labelling and ecodesign directives into the Law on Efficient Use of Energy adopted in December 2014, and is now in the process of preparation of rulebooks to transpose the delegated regulations. The State Market Inspectorate is responsible for market surveillance, but this is very demanding task, as currently Inspectorate can check only technical documentation, but not the accuracy of the label.

The Former Yugoslav Republic of Macedonia transposed Labelling Directive and Delegated Regulation through adoption of the Rulebook on Labelling of Energy-Related Products in 2011 and its amendments in 2012 (to include labelling of air-conditioners). The Ministry of Economy is further working on transposition of the new labeling Delegated Regulations, in accordance with the MC Decision of 2014. The Ecodesign Ordinance was adopted in 2011, transposing Eco Design Directive and 13 Implementing Regulations while additional package of Implementing Regulations related to new products is planned to be finalized/transposed and published beginning of 2016. The implementation process is challenging, and not regularly reported by the State Market Inspectorate. USAID will support organization of training workshops and capacity building for the implementing institutions.

In Bosnia and Herzegovina, the entities are responsible for implementation and control of the Labelling directive. The Energy Efficiency Law and Labelling Regulation was already adopted in entity of Republika Srpska, while in entity of Federation of Bosnia and Herzegovina similar package has been drafted, but adoption is still pending. Technical assistance in this area would be beneficial to support implementation, especially for capacity building of implementing institutions.

Albania transposed the Energy Labelling Directive, and adopted relevant bylaws for labelling of some energy-related products, in 2013. The Directorate for market supervision was created in 2013, with the obligation to monitor implementation of the labelling scheme in Albania. There are many implementation problems to be tackled in future, one being the proper control and labelling of products from non-EU countries, especially for air-conditioners and lighting, due to their high impact on electricity consumption. Albania intends to create the Energy Efficiency Agency and develop Heating and Cooling Strategy.

Ukraine: energy efficiency and labelling is a top priority. Progress was achieved with five adopted and seven drafted technical regulations for labelling of energy related products. A Working Group on ecodesign and labelling was recently created, involving EC, EBRD and INOGATE experts. Market surveillance is a challenge, especially after recent government resolution, where certain restrictions were imposed to inspection bodies. A conference focused on these issues was organised in Ukraine, with wide participation of industry, experts, responsible Ministry of economy and SAEE. INOGATE
experts will work with SAEE on drafting the framework legislation on ecodesign. There are certain possibilities to get support from EU Horizon 2020 to strengthen capacities of domestic market surveillance authorities and cooperate with EU relevant bodies.

Georgia started the process of implementation of energy labelling and ecodesign directives, based on the Stabilisation and Association Agreement signed with EU. The Ministry of Economy is responsible governmental body. The Ministry of Energy with INOGATE support is starting project for assessment of the market and improvement of energy efficiency of electricity lighting in Georgia.

Conclusions:

1.1. EECG thanked the European Commission for its presentation and took note of the main recommendations for EED implementation in the Energy Community. EECG will follow the developments in EU, while focusing on current obligations within the recently adopted EED and EnC EE acquis.

1.2. The implementation of EED is included in the Work Programme of the EECG and is supported by Donors Community. However, existing and new financial instruments and funds should further effectively support transposition and implementation of EED, similar with the EU Member States. ECS will organise a special event or a session during the next EECG meeting focused on adequate financing and funds necessary to support the implementation of EED.

1.3. Transposition and implementation of energy labelling and ecodesign legislation is progressing steadily in Energy Community, including the adoption of rulebooks, technical regulations and designating market surveillance bodies. However, practical implementation of market surveillance remains a challenge, and EECG will further work on the improvement of market surveillance and enhanced cooperation between implementing and surveillance bodies. Technical assistance in this area (incl. USAID assistance) is very valuable, as well as the cooperation with EC and EU Member States to exchange best implementation practices.

2. ESD / EED Core Topic 2 – EEAPs and monitoring

ECS (Ms. Violeta Kogalniceanu) and GIZ Open Regional Fund – Energy Efficiency (Mr. Joachim Gaube) provided a briefing on the training sessions for the preparation of EEAPs and for MVP administrators, which will be jointly organized on 18-19 November 2015.

The EECG Work Programme 2015-2016 foresees under Core Topic 2 (Task 2) the preparation of a template for the 3rd EEAP of CPs from Western Balkans to be submitted to ECS by 30 June 2016. The 3rd EEAP template, as prepared by ECS incorporates the reporting obligations of ESD, while also facilitating the preparation of an overall strategic document for all energy savings and energy saving measures, in line with the EED and EPBD. Policy measures to timely transpose (by 15 October 2017) and implement EED have been also incorporated in the Template. Moldova is in the process of preparation of the 2nd EEAP, while Ukraine finalised its 1st EEAP.

Invited Contracting Parties provided update on their ongoing work on EEAPs:

Bosnia and Herzegovina is already working on the new EEAP incorporating all entities’ plans and reporting on the implemented measures. After coordination meeting with ECS held in October 2015, implementation roadmap was developed and MOFTER is in the process of discussion with all stakeholders and establishment of the Working Groups. Support is being provided by GIZ and USAID.

Ukraine finalised its 1st EEAP in cooperation with ECS, and informed EECG that this will be discussed in November 2015, at the next meeting of the Cabinet of Ministers.
Albania is working on the development of the 2nd EEAP within the National Working Group with the support provided by EBRD/REEP. The recent adoption of the Energy Efficiency Law will facilitate the whole EEAP implementation process, as it envisages the establishment of the energy efficiency agency and energy efficiency fund, as well as the creation of a national system for energy audits and reporting on energy savings achieved.

GIZ ORF - EE announced that it will provide technical support to the eligible CPs in the process of EEAP preparation and implementation. An important component is the use of MVP for reporting in 3rd EEAPs; GIZ support will be focused on mentoring and understanding the process, engaging national experts and development of a sustainable use of the MVP system. GIZ will analyse what is necessary for development and implementation of EEAPs, and following discussions with national coordinators and CPs, will develop process maps, and start working on its implementation in February 2016. The coordination with other donors will be ensured as well.

ECS appreciates GIZ approach, also used in the process of preparation of previous EEAPs, where countries engaged its own experts and institutions to draft these, GIZ support focussed on revisions and improvements.

Q/A session:

GIZ ORF-EE clarified that eligible countries for their support are Western Balkan countries. In Bosnia and Herzegovina and Serbia activities will be coordinated with the bilateral GIZ projects. GIZ will offer and present available support and Contracting Parties may express their interest to participate in this regional “project”.

SEE Change Net (regional think tank organisation) informed on the Intended Nationally Determined Contributions (INDCs) recently developed by SEE countries to address climate change and to reduce emissions, are lacking ambition and even entirely the energy efficiency component. The low level of involvement of CSOs was also mentioned. There is an interest from CSOs to be constructively involved in the EEAP preparation process, and GIZ-ORF EE expressed its availability to discuss EEAP preparation process with CSOs.

FYR Macedonia supports GIZ-ORF approach to transfer knowledge to responsible national experts; however having in mind limited human resources and time limits will be good to start earlier than February 2016 with GIZ ORF-EE support for EEAP preparation.

Ukraine mentioned the importance of the support provided by the bilateral GIZ project and ECS for the monitoring and reporting and further implementation of EEAP in Ukraine. A special division in SAEE in charge with monitoring the implementation of EEAP was created, and further capacity building will be very important.

Conclusions:

2.1. EECG thanked ECS for the proposed Template for the preparation of the 3rd EEAPs. It is recommended to be used by Contracting Parties for preparation of 3rd EEAPs, due by 30 June 2016 (with the exception of Moldova and Ukraine).

2.2. All EECG members are invited to comment on the 3rd EEAP template by 10 December 2015. After that the final version of the template will be distributed and made available on the Energy Community web site.

2.3. EECG thanked GIZ ORF-EE for its support and for tailoring its assistance to the needs and priorities of CPs, and EECG Work Programme 2015-2016.

2.4. ECS invited EECG members to use the Training sessions organised on 18 and 19 November as an opportunity to learn from rich EU Experience, and clarify and discuss all open issues related to preparation of the 3rd EEAPs.
3. **EED Core Topic 3 - Energy management**

EECG Chair (Ms. Antonela Solujić) presented the progress in implementation of the energy management system (EMS) in Serbia, developed with support and experience of the Japan International Cooperation Agency (JICA) during 2009-2011 and incorporated into national law in 2013. The Designated Organizations (big energy consumers and public sector) have the obligation to assign energy managers and periodically report to the Ministry of Mining and Energy - responsible for overall monitoring, certification/licensing of energy managers and inspection. Reporting requirements differ between categories of the designated organizations. The Ministry is currently working on the further development of the EM system, including procedures, online registry and database to support reporting and implementation of the system. Training for energy managers (theoretical and practical part) is provided by the designated training organizations selected through the public call, while the Ministry of Mining and Energy is responsible for implementation of examination and licensing of energy managers. The Training Center will be operational soon, and trainings may start in 2016. Designated Organizations have also to conduct periodically energy audits; additional training and examination for energy auditors was also incorporated in the system. New 5-year GEF project was approved to remove barriers for sustainable implementation of EMS in designated municipalities.

Mr. Bernd Jökel from the Energy Controlling Unit of the City of Frankfurt presented Energy Management in the City of Frankfurt. KfW made introduction mentioning that KfW works in public buildings follows three-pillar-approach: combining investments (presented at EECG meeting in June 2015) with energy controlling and optimization of operations (topic of today presentation).

City of Frankfurt has adopted climate protection goals until 2050: to be carbon neutral, reduce energy consumption by 50 % and fully cover energy needs by renewable energy sources; EMS is implemented in last 25 years (since 1990), and in the period 1990-2014 heating consumption decreased 36% and water consumption 62%. Savings are documented in a detailed project list. Paths to successful EM include integrated energy controlling, optimization of operations and investment related measures. Feedback control system P-D-C-A (Plan/Do/Check/Act) is being implemented (important as energy consumption varies), and is part of the corporate culture. Energy controlling includes: monitoring of consumption, development of key performance indicators, good presentation and permanent control process; prioritisation is based on cost and specific consumption; EPC is finally issued and displayed on the prominent space in the building; transition to operational optimization include incorporation of results of energy controlling (prioritisation), establishment of targets of operational optimization and instruments; this include focus on own personnel at municipal level, instructions and advices, seminar program for managers and maintenance staff (free for city staff, for others 1000 EUR/day), profit-sharing with building users for related savings achieved (25% bonus for users, 25 bonus for local energy mandates, 50% available for investment measures), remote control of heating system in buildings etc.

**Q/A session:**

Serbia explained that EM system establishes clear procedures, but doesn't put obligation to follow international standards (e.g. ISO 50001 or others); Theoretical and practical training programme last 6 days, followed by up to one month mentoring programme; training costs for municipalities amount to DIN 40000 (EUR 350) plus admin taxes for examinations; energy managers and energy auditors hold two different licences, and energy auditors need to have higher qualifications (MSc, technical field) and to pass additional training and examination.

Behavioural measures are very important, in passive houses reaching the highest rate, 80/20 ratio comparing to technical measures.
Further information on the energy management system in the City of Frankfurt is available at the: www.energiemanagement.stadt-frankfurt.de

Conclusions:

3.1. The EECG thanked Serbia and City of Frankfurt-Germany for the presentations of the energy management systems implementation practices. EECG will continue to exchange implementation practices in EU MSs and CPs, and analyze the establishment of a harmonised energy management system at the Energy Community level, following also the EED requirements.

4. Financial support for energy efficiency and EEAPs – role of incentives in EU supported projects

*European Commission, DG NEAR (Mr. Davor Kunc, Ms. Asari-Jane Efiong)* together with ECS and EECG initiated a panel discussion on the “Role of incentives in energy efficiency financing”, particularly on justification and complementarily of the two EU funded business models: REEP (with incentives going to beneficiaries) and GGF (with EC shares to cover the first loss in investments).

The panel was expected to give input into the IPA budgeting exercise 2016 -2020 and future EC support in the field of energy efficiency. REEP and GGF presented its respective models. EC, EECG, IFC, KfW, the HalkBank Macedonia, a commercial bank (which offers both REEP and GGF products), and ECS took part in the interactive discussions, presenting their views.

The discussion paper “Justification for the complementary Green for Growth (GGF) and EBRD ‘REEP Plus’ business models” and relevant questions were distributed to the EECG prior to the meeting as preparation materials.

EC explained that there were a lot of recent discussions about the role of incentives, particularly during IPA II programming. IPA II total available financing amounts to EUR 12 bil., EUR 7 bil. goes to six Western Balkan countries, part (EUR 2 bil.) to regional IPA, including EUR 1 bill. for WBIF, with certain amount to be allocated to EE financing. So far EUR 5.8. mil. was allocated for GGF TA facility, and EUR 15 mil. was secured for REEP Plus in 2016. IPA I had around EUR 100 mil. for EE, and to achieve same dynamics in annual allocations by 2020, energy efficiency should be high on agenda and important questions should be clarified, including issue of incentives. EC would like to get feedback from EECG, to be able to make proper decision. CPs should analyze contribution of GGF/REEP during the EEAP preparation process.

*EBRD (Ms. Marinela Kalemi)* gave an overview of the EBRD's Sustainable Energy Financing Facilities in the Western Balkan: structure, coverage, results and the role and use of financial incentives. It started in Western Balkan in 2009, and in 2013 REEP, as more integrated approach with three windows (including policy dialogue) contributing to the sustainable energy market in the region. Since 2013, WebSEFF II financed 162 projects in Bosnia and Herzegovina, Serbia, the former Yugoslav Republic of Macedonia and Croatia. In terms of savings of REEP, it is estimated that it contributed to the 3% of the 9% target in the region. The financial incentives aim to increase investments in energy efficiency and renewables by targeting market barriers, and constitute an interim solution in the absence of market-based instruments. The grant incentives have been developed within the Bank’s stringent guidelines on the use of grant mechanisms. To fit with EBRD’s Transition Impact mandate consultants conduct market studies, to ensure that financial incentives target clearly identified barriers, evolve over time and avoid or minimise market distortion.

*The Finance in Motion (Mr. Sebastian von Wolff)* presented GGF as marked based model, with well diversified portfolio across the target region with dynamic growth and contribution of private
investments. GGF estimated contribution to the national 9% EE targets: 8.9% in Serbia, 2.9% in Bosnia and Herzegovina, 1.13% in the former Yugoslav Republic of Macedonia, and 0.1% in Albania. As a public-private partnership, GGF can leverage donor funds, in the form of first-loss C shares, these are not subsidies but risk cushions, and increase the effectiveness of donor and IFI funding by bringing in additional capital that might not otherwise be attracted to the sector and the region.

Halkbank Skopje (Mr. Aleksandar Iljoj) presented the experience of commercial bank using both GGF and REEP models, starting in 2008 as first bank offering successfully eco-loan with EE component for retail market (cooperation with GGF), and established good tool for calculation and reporting on energy savings achieved. WebSEFF had important incentive component for corporate companies and after one year there was great demand for loans and now the credit line is fully used. TA component in both models was very important for the design and establishment of proper reporting tool, training the bank staff, increase of awareness etc.

EECG Chair (Ms. Antonela Solujić) presented a compiled view of CPs on the role of incentives in financing energy efficiency projects, based on the responses received from Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, Serbia and Ukraine. All CPs agreed that incentives (and TA) are very important for implementation of EE policy and EEAPs, and creation of new EE market segments, because of the still low level of awareness, high upfront investments in some segments like buildings and household sector, new market segments, low living standards, incomplete implementation of the regulatory framework, non stimulating energy prices etc. Particularly multi-family buildings should have significant subsidies and TA. Generally, CPs do not find incentives to have a market distorting effects, however they should be carefully set for different market segments taking in consideration the barriers. There is room for both GGF/REEP, but in practice most of CPs were not able to identify contribution of credit lines to their EEAPs and targets. CPs do not have the data on savings originating from concessional financing and that information should be shared.

Discussion:

IFC (Mr. Nebojša Arsenijević) informed that IFC decided to stop using subsidies globally, in both advisory and investment services, with some exceptions. Resources for incentives are limited, and they should focus on specific market segments. Since electricity prices in residential sector are significantly lower than market based, and rising these has an impact on energy affordability in a large share of population, there is a need for incentives in this sector. On the other side, industrial sector will probably reach soon market prices and there will be no reason for incentives. There are still other barriers that cannot be resolved with incentives: incomplete regulation, quality of projects etc.

KfW (Mr. Bodo Schmülling) emphasized existence of variety of incentives (some cannot be easily seen) and delivery channels: interest subsidized loans, upfront grant or at the end of measure, in form of reward etc. For example, KfW programmes use explicit grant component (for residential buildings, municipalities and SMEs) which is higher if higher EE standards are achieved.

EBRD/WEBSEFF’s approach is to analyze barriers and create minimal market distortion, with the aim to diminish grants overtime and provide products on commercial basis (e.g. in Poland). The Western Balkan market is still premature and complex with many existing market barriers (e.g. low penetration rate of EE technologies etc.), especially in residential sector and SMEs.

Montenegro emphasized the importance of central institutions for EE in each CP, for monitoring, development and implementation of national programmers linked with national EE policy goals; this is especially important for complex sectors with small size projects and large number of consumers (e.g. residential sector). TA to support the work of these institutions should be also considered.

The former Yugoslav Republic of Macedonia pointed out the importance of incentives in early period of implementation, as well as in complex sectors (residential, public sector), and agreed that some TA should be focused on capacity building of central institutions to implement projects.
ECS pointed out that central public institutions which are responsible for monitoring and reporting on national level generally don’t have a direct and sustainable communication with the commercial banks who are implementing projects with IFI lending facilities. This makes it very difficult to capture all the benefits in their regular reports on savings.

Kosovo* shared good experience of cooperation of KEEA with KoSEP; information was shared with central institution, enabling good monitoring of EE measures. Serbia shared experience of cooperation with GGF and REEP; Ministry developed simple reporting template and received requested information.

GGF and REEP mentioned that there is a clear reporting channel by partner banks and consultants and EC has access to very detailed information. The two will be happy to share non-sensitive information with ECS and CPs. EC will share the reports with ECS, but IFIs and consultants are invited to establish good link with national institutions responsible for monitoring of the achievement of the national energy saving target and preparation of EEAPs. This will enable good reporting by CPs on the contribution of IFIs and EE Funds to the national targets, and establish a harmonized way of countries reporting, under ECS guidance.

SEE Change Net presented briefly the results of its report: there is more than EUR 500 mil. available for EE financing, but not utilized in the region; studies show that for every million invested in EE creates two times more jobs compared to the same amount invested in energy generation; there is no political will for EE, including the problem of high level of technical and commercial losses, low energy prices, focus on energy generation etc.

Conclusions:

4.1. EC and ECS thanked EECG and the participants in the panel on “role of incentives in energy efficiency financing”, for the useful discussion and exchange of information; the conclusions will be used to facilitate EC decision on future EU IPA support for energy efficiency in the Western Balkans.

4.2. All CPs agreed that incentives and technical support are very important for the implementation of EE policies and EEAPs, and the creation of an EE market. Central public institutions responsible for monitoring and reporting on national level should have sustainable communication with the partner banks, and regular updates on the results of the projects implemented with support of IFI lending facilities. It is also important that CPs monitor and report on contribution of these instruments to their EEAPs. EC and IFIs will share with ECS relevant reports to monitor process on EnC level, but IFIs and consultants should establish direct cooperation with responsible institutions in CPs.

5. Update on Ongoing and Planned Support for Energy Efficiency

Regional Energy Efficiency Programme (REEP)

EBRD (Mr. Nigel Jollands) provided updated information on the progress with REEP focused on - Window 1 - Theme 1 - ESCO policy support and Theme 2 - policy dialogue support. REEP is being managed by the EBRD, supported by the Energy Community and funded by the EU IPA multibeneficiary.

Window 1 (Theme 2 - policy dialogue support) resulted in 3 primary laws (one being enacted) and 13 regulations finalised across 7 beneficiary countries. Regarding EPBD support, all deliverables have been accepted by the National Technical Working Groups, and next step is urgently adoption and implementation of regulatory instruments by the national governments or parliaments. In September
2015 ECS and EBRD sent letters to the Ministers in charge with energy, on the overall REEP progress and SBEM software licence; the ministers’ feedback was not sent, hence this is urgently needed for the continuation of support, including software trainings. Good progress was also achieved in other areas of support: EE Procurement (adoption of regulation pending), Utility EEOs & tariffs, Inspection alternatives in Serbia, EEAP development in Albania etc.

Window 1 (Theme 1) on ESCO policy support (legal policy dialogue and TA for project preparation) is active and progressing well in Bosnia and Herzegovina, Croatia, Kosovo*, Montenegro and Serbia. ESCO legislative support and project preparation assistance is ongoing, with the nine ESCO tenders prepared and additional nine tenders under preparation, covering street lighting and buildings.

**EBRD (Ms. Anastasia Rodina)** further presented ongoing and planned policy and legal technical assistance in the energy efficiency sector in Georgia and Moldova. In Moldova, the work was focused on EPBD transposition and its Implementation Roadmap, and finalisation and implementation of the condominium legislation, which is directly linked with financial instruments (MoREEFF, MoSEEFF). Assistance in Georgia in residential sector started with a Market study and Legal and institutional Gap analysis, and the Road Map and Recommendations plan for beginning 2016. EBRD is supporting Georgia in development of its 1st NEEAP.

This was followed by the presentation of the Ministry of Energy of Georgia (Ms. Natalia Jamburia) on the 1st NEEAP. The Working group involving key stakeholders was created, and in October 2015 stakeholder engagement workshop was held, expressing a preference for the EED based NEEAP both in term of the format and measures. Data gathering is mostly completed, EE measures analysed and calculated, and template being finalised. Further assistance will be needed to access funds for investments, and capacity building especially in industry and building sector (energy auditing). Ministry also proposed to the government set of EE measures based on international best practices.

**Conclusions:**

5.1. EECG thanked EBRD for continuous support and the update on the implementation of REEP in the Western Balkans, as well as for its assistance in Moldova and Georgia.

5.2. EECG acknowledged the good progress in REEP implementation, which will also contribute to the implementation of the EECG Work Programme. Primary issue is implementation of EPBD legislation and it is very important to get a formal approval of current deliverables (laws and regulations) by governments and parliaments of beneficiary countries, and send answer to the letters sent by ECS and EBRD. Having in mind REEP assistance and drafted EPBD package in CPs, ECS will be stricter in implementation of EPBD and in 2016 open infringement cases against no-progressing CPs.

5.3. EECG thanked the Ministry of Energy of Georgia for presentation and progress in development of the 1st EEAP and congratulated on the progress in implementation of the EE policy and decision to develop the 1st NEEAP compliant with EED.

**KfW (Mr. Bodo Schmülling)** presented the integrated approach of KfW in promoting energy efficiency and progress in SEE. Interventions in EE in public buildings include structural and comfort measures aimed at extension of building life and improvement of living/working conditions (EE measures should have share of more than 50%). Use of uniform measurement standards is another important KfW principle. KfW programmes offer attractive and fixed interest rate based on interest rate subsidy and state guarantee by German Government, and consist of loan and grant component (for TA measures). In Serbia and Kosovo* Loan/Grant for refurbishment of public facilities will start soon; Montenegro is in the 2nd phase of programme with energy management component; Albania has ongoing and starting second programme for public buildings; Turkey is in the appraisal phase and after election will define implementation structure; KfW programmes in Georgia and Armenia are in the preparation phase. Regarding EE/RE Loans in the other sectors, KfW work through 16 partner...
institutions with total loan volume of EUR 220 million; Serbia is frontrunner with new Eco Loan programme to start in 2016 and Green Finance Facility in 2017, to extend investment in broader environment area. In Montenegro, Albania and Kosovo* new credit lines are planned for 2016

*Tractebel Engineering (Mr. Dejan Stojadinović) presented the Study on Biomass-based Heating in the Western Balkans (Interim Report). This Study was initiated in March 2015, funded by EU/WBIF, managed by World Bank and supported by ECS, with the objective to identify viable investment options and policy measures to increase the use of biomass for heating in the region in a sustainable manner. The round tables will be organized during December 2015 in each beneficiary country to present interim report and case studies in more details. Highest biomass potential (toe/km²) for heating is available in Serbia, than in Kosovo*, Montenegro, Croatia, FYR Macedonia, Bosnia and Herzegovina and Albania. The potential agricultural residues take highest share, while woody biomass is already used, in some countries above sustainable level. Main recommendations include improvement of the legislation and data collection in the forestry sector, control & monitoring mechanisms, improvement of access to the forests (roads rehabilitation) etc. Share of heating demand covered by the district heating is around 12%, and by the electricity around 20%. Most of the heating sector interventions were focused on rehabilitation of heating supply infrastructure, and it is recommended to improve efficiency on the demand-side, with focus on residential sector and manufacturers of heating equipment. Introduction of the incentives should be linked with efficiency standards (like EN 303-5). Current work of consultant is focused on task related for barriers, and answers are pending form Albania, Bosnia and Herzegovina and Kosovo*.

*USAID (Mr. Andrew Popelka) presented USAID activities and Phase II of Residential Energy Efficiency for Low Income Households (REELIH) Project in Bosnia and Herzegovina, focused on addressing complex issue of development of sustainable and replicable mechanism for implementing energy efficiency in buildings with low income households. Phase I was focused on identification analysis of the main barriers, and in phase two activities are focused on the development and organization of replicable EE financial mechanism for residential buildings, where subsidies can be targeted wisely to vulnerable population. Assessment of building stock of Tuzla Canton was conducted, as well as assessment of the regulatory framework in entities of Federation of Bosnia and Herzegovina and Republika Srpska and analysis of financial institutions and availability of EE loans in Bosnia and Herzegovina.

*UNDP BiH (Mr. Sanjin Avdić) provided update on UNDP Green Economic Development project in Bosnia and Herzegovina. Additional EUR 1.2 mil. for 2016 was provided by SIDA for infrastructure and capacity building. MOFTER and Canton Sarajevo in meantime joined the project. The Decision and supporting documents to establish EE Revolving Fund within Environmental Fund in FBiH have been adopted, with the plan to be operational in 2016, and do similar activities in Republika Srpska. 27 EE infrastructure projects in public buildings were implemented in 2015 (total investment EUR 2.3 mil.), with new 30 projects planned in 2016. EMIS monitoring software is being now widely used, and all public building being monitored in entities will be also monitored by MOFTER, with assigned person to receive training. The building typology (administration, education and healthcare categories) will be developed for public buildings in 2016 for FBIH and Republika Srpska. The MoU was signed with Project Implementation Unit of the World Bank’s EE loan in Republika Srpska.

5.4. The EECG thanked the presenters (KfW, Tractebel Engineering, USAID, UNDP BiH) for the very useful updates on ongoing and planned regional projects, sharing experiences and good practices. This confirms that EECG represents an excellent platform for exchange of experiences, promotion and coordination of regional programmes and activities in the area of energy efficiency, and the design of new ones.
The next EECG meeting is planned for 10 March 2016 in Vienna and will be combined with the EE Workshop, planned for 11 March 2016\(^1\).

\(^1\) According to the updated information on send by ECS in January 2016