

## Meeting of Energy Community Parliamentary Plenum

### Minutes

23 November 2021, hybrid

#### 1. Opening statements

The Energy Community Parliamentary Plenum was opened by Mr. Veroljub Arsić, Chairman of the Committee on the Economy, Regional Development, Trade, Tourism and Energy of the National Assembly of the Republic of Serbia, on behalf of the Energy Community Presidency in Office, and by the Chairman of the Committee on Industry, Research and Energy of the European Parliament, Mr Cristian-Silviu Buşoi.

In his opening statement, Mr Cristian-Silviu Buşoi highlighted the importance of the EU's Fit for 55 package. He explained that the package will deliver a transformational change designed to make Europe the first climate-neutral continent by 2050. He stressed that the EU cannot deliver on the decarbonisation ambitions by acting alone, but will work with its partners starting with the Energy Community Contracting Parties with which it shares common goals in order to achieve a better world.

#### 2. Briefing on new acquis 2021

After providing a brief overview of the state of implementation of the Energy Community Treaty in the Contracting Parties, Director Kopač explained the key legal acts to be adopted by the Energy Community Ministerial Council at its meeting on 30 November in Belgrade. He clarified that the package consists of five key legislative acts stemming from the EU's Clean energy for all Europeans package – the so-called “fourth energy package” with which energy policy is transforming into climate policy.

Mr Kopač explained that the new Renewables Directive will introduce new rules on support schemes, banning feed-in tariffs for all but small projects. The new Energy Efficiency Directive will set stronger measures for buildings renovation and savings in end-use sectors, as well as new rules on metering and billing. He stressed the importance of the Governance Regulation as it is the first legal act to prescribe what a national energy and climate plan should look like. Many Contracting Parties have already made good progress in designing their national energy and climate plans. The Electricity Directive and Risk Preparedness Regulation will put in place a new flexible and market-based electricity market design to facilitate the integration of a greater share of renewables. This includes the promotion of energy communities to stimulate the uptake of energy from renewable sources.

#### 3. Energy Community Decarbonization Roadmap 2021 - 2027

Mr Peter Pozsgai, Governance Expert at the Secretariat, presented<sup>1</sup> the Energy Community Decarbonization Roadmap, which is scheduled to be adopted at the November Ministerial Council. Mr Pozsgai explained that the Decarbonisation Roadmap outlines the sequence of adoption, transposition and implementation of decarbonisation-focused rules in order to put the Contracting Parties on a path towards achieving 2030 and mid-century decarbonisation targets.

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<sup>1</sup> [https://www.energy-community.org/dam/jcr:c50bb56f-6e94-4494-9279-fc5ade70349f/Parl%20Plenum\\_Pozsgai.pdf](https://www.energy-community.org/dam/jcr:c50bb56f-6e94-4494-9279-fc5ade70349f/Parl%20Plenum_Pozsgai.pdf).

## 4. Roundtable on carbon pricing and carbon border adjustment mechanism

The session featured a debate on the European Commission's proposal for a new Carbon Border Adjustment Mechanism (CBAM), for which Plenum Members were joined by representatives of the European Parliament and the Commission.

Adam Jarubas, Member of European Parliament, explained the context of the CBAM, with initial proposals going back to 2018, and its role in the Fit for 55 package. The CBAM aims to put a carbon price on imports of a targeted selection of products so that ambitious climate action in the European Union does not lead to carbon leakage. With respect to the timeline for CBAM's adoption, he explained that the Environment Committee's rapporteur is planning to submit the draft report before the Christmas break, the deadline for amendments being 9 February 2022 and vote in Committee scheduled for May 2022, following which the European Parliament is to issue a mandate for negotiations on the CBAM proposal with the Council of Ministers. The CBAM is expected to be phased-in gradually, over a 10-year period, starting from 2023.

Aleksander Vigne, Policy Officer at the European Commission, presented in more detail the design of the CBAM. He explained that the CBAM will initially apply only to a selected number of goods at high risk of carbon leakage, including electricity generation. During a transitional phase starting in 2023 and finishing at the end of 2025, importers will have to report emissions of their goods without paying a tax. The scheme will function by EU importers buying carbon certificates corresponding to the carbon price that would have been paid had the goods been produced in the EU. The price of the certificates will be calculated depending on the auction price of EU ETS allowances. EU importers will be able to use default values on CO<sub>2</sub> emissions in cases where such information is not available. Mr Vigne concluded by explaining that the proposal includes a conditional exemption in the electricity sector possible for Energy Community Contracting Parties.

Mr Kopač underlined that a carbon price comparable to the EU ETS could not be introduced overnight in the Energy Community, but its implementation needs to start very soon in all Contracting Parties. Introducing a carbon tax at the national level would bring revenues that can be used for the energy transition. He also explained that the non-implementation of the Third Energy Package, a long history of subsidizing households and failing to invest in the energy transition for many years will increase the difficulty of making such changes, potentially leading to a shortage of liquidity in the energy system and security of supply problems.

During the discussion, Members of the Plenum raised questions with respect to compatibility of the CBAM with WTO rules and underlined the potential implications of the tax.

## 5. AOB

Members of the Plenum heard a presentation by Ms Jasna Sekulovic, GIZ ORF-ETC Project Manager, on "Green Parliamentary Groups", which are open to all interested Members of Parliament in the Western Balkans.

Director Kopač explained that the current rules of procedure of the Parliamentary Plenum do not explicitly allow for remote participation and electronic voting. However, it may be useful to have such rules in place in order to have a quorum for the plenum to take decisions when needed, especially given the difficulties linked with the covid-19 pandemic. To rectify this, the

Secretariat will study the best options for incorporating electronic voting and online participation and present the proposals for amending the rules of procedure at the next Parliamentary Plenum meeting.

Director Kopač reminded the Plenum members of the possibility to act as rapporteur and prepare a non-binding report expressing views on issues of common interest. If any Member should be interested, he or she is invited to approach the Secretariat.

## RECORD OF ATTENDANCE

**Members:** Snježana Novaković-Buršać (Bosnia and Herzegovina), Marina Pendeš (Bosnia and Herzegovina), David Songulashvili (Georgia), Adam Jarubas (European Parliament), Cristian-Silviu Buşoi (European Parliament), Jovanka Bogavac (Montenegro), Sergiu Lazarencu (Moldova), Laze Tanevski (North Macedonia), Veroljub Arsic (Serbia), Snezana R. Petrovic (Serbia), Inna Sovsun (Ukraine)

**Energy Community Secretariat:** Janez Kopač, Barbora Poyner, Peter Pozsgai

**Parliamentary Secretariats:** Aleksandra Balac, Muhamet Morina, Tijana Knezevic, Lesya Nedelcu, Nenad Pandurevic, Dragan Pulevski, Tamila Shabashvili, Costis Yeraris, Lukasz Wilkosz, Amila Kličić

**Speakers:** Aleksander Vigne (European Commission), Jasna Sekulovic (GIZ)