REPORT
TO THE 6th MINISTERIAL COUNCIL ON THE WORK PERFORMED BY
THE ENERGY EFFICIENCY TASK FORCE

I. BACKGROUND AND SCOPE OF THE REPORT

Based on the Treaty establishing the Energy Community (Article 35) and following the concrete decision by the Ministerial Council from December 2007, the Energy Efficiency Task Force (EETF) was created and became effective upon the adoption of its mandate and election of its Chair. Within the period of its existence, the EETF had six meetings all together.

The EETF – following its mandate – is expected to periodically report on the progress with the realisation of its Work Programme (attached). Thus, this is the third progress report for the work of the Task Force – the first one was presented at the 4th Ministerial Council meeting in June 2008, the second at the 5th Ministerial Council meeting in December 2008.

This report, however, provides overall information for the performance of the Energy Efficiency Task Force within the time line of its mandate along its Work Programme. Further, particular more detailed information is provided on the activities under tasks 2 and 4 of the Work Programme, as these might be basis for further considerations. This concerns mostly the findings related to the legal and institutional impact if the three end use Directives: Directive 2006/32/EC on energy end-use efficiency and energy services, Directive 2002/91/EC on the energy performance of buildings and Directive 92/75/EEC on the indication by labeling and standard product information of the consumption of energy and other resources by household appliances, in the case that these are eventually considered to become part of the Acquis under the Energy Community Treaty.

II. REALISATION OF THE WORK PROGRAMME – SUMMARY INFORMATION

The Work Programme of the Task Force entailed in particular four tasks.

Task 1

This task requested a comprehensive presentation of state of play of the situation among Contracting Parties and Observers in terms of Energy efficiency.

The performance under this task was subject of special report to the Ministerial Council meeting in June 2008. In brief, however, the preliminary findings in this aspect indicate the following:

Energy efficiency laws, strategies and action plans, based on bottom-up assessment of the cost-effective sectoral energy efficiency potentials, serve as the foundation for the promotion of energy efficiency that, if combined with adequate regulatory measures, can foster investments in energy efficiency.

1 See Conclusion 11 – Ministerial Council meeting, 18.12.2007.
One of the biggest drivers of energy efficiency is the imperative for cost-recovery tariffs that can ensure profitable and sustainable operation of utility enterprises. Thus, introduction of such a tool shall be effectively used as to improve energy efficiency.

Technical assistance is necessary to help governments make the transition from subsidy funds to loan funds, which would become a long-term, self-sustaining financing instrument accelerating energy efficiency investments.

Strengthening of administrative capacity in the area of energy efficiency is also evident. Capacity building and raising awareness can accelerate the achievement of energy efficiency objectives by introducing state-of-the-art technologies, successful institutional models, innovative financing mechanisms, assisting in preparation of energy efficiency projects, performance contracting deals. Currently such approach is not well developed in all Contracting Parties and Observers.

Once the national policies and legal framework are in place, their enforcement should be transposed on sectoral and local (community) levels through local energy plans, technological standards, codes and incentive programs. Institutions necessary for their effective implementation include designated government agencies, commissions and non-governmental organizations, national analytic and statistical institutes, municipalities, consumer and business associations, Energy Service Companies and housing associations.

There are, however, good examples for concrete achievements in the Contracting Parties and Observers. Thus, exchanging positive experience should continue.

**Task 2**

This task refers to the preparation of a generic (non-customized) Action Plan to advance energy efficiency in the Contracting Parties.

The task was achieved by preparing a detailed generic (template) Energy Efficiency Action Plan in accordance with the Energy Service Directive 2006/92/EC. This template was discussed and adopted by the Task Force members at the 3rd EETF meeting in September 2008, in Zagreb.

Further a customised Action Plan (of Croatia) was developed with the purpose of serving as a model; UNMIK has also been prepared its Energy Efficiency Action Plan in 2009, in accordance with the Directive. All the other Contracting Parties, with the exception of Bosnia and Herzegovina for which the Secretariat has received no information, have started the preparation of their Energy Efficiency Action Plans, as requested by the Energy Service Directive, with the aim to finalise these in the course of 2009.

**Task 3**

This task concerns the initial analysis related to the identification of the EU legislation on energy efficiency that could be extended to the Energy Community and would produce largest impact. The work in this direction focused on the extent to which the Contracting Parties will be able to take up the legislation, possible consequences, as well as a realistic timetable; the detailed analysis is presented in paragraph III, bellow.

**Task 4**

This task is related to Development of a Communication and Awareness Raising Campaign plan to propose immediate and concrete actions allowing the improvement of the energy efficiency in the region.
The Task has been accomplished by the preparation of the Plan that could be used by all Contracting Parties, with a concrete example of the Campaign currently implemented in Croatia. The Plan was presented at the 6th Task Force meeting in May 2009, in Vienna and the Task Force members have agreed to use this as a model.

Montenegro also launched an initiative called “Year 2009 – the Energy Efficiency Year in Montenegro” and started to prepare its awareness raising campaign using the Plan prepared within the Task Force activities.

III. ENERGY EFFICIENCY ACQUIS – POSSIBLE EXTENSION IN THE SCOPE OF THE TREATY

Due to the concrete practical importance of the issue, the following should be noted in addition in relation to Task 3 of the Energy Efficiency Task Force Work Programme:

At its meeting on 23.09.2008, the Energy Efficiency Task Force discussed a template for the realization of Task 3 of the Work Programme. Following upon it, all Task Force members, with the exception of Bosnia and Herzegovina have filled in the Template and based on these, the Energy Community Secretariat has prepared a short summary for the 6th Task Force meeting. The conclusions of the assessment are as follows:

1. Based on the findings, if the decision to extend the Acquis under the Treaty to include the three end use Directives, would be taken in December 2009, the Contracting Parties will be starting from a good basis, developed so far individually and on the ground of the undertaken activities within the Energy Community.

2. Nevertheless, the financial and human resources’ back up, which is required, should not be underestimated. Thus, it is necessary that proper allocation of funds should be considered by the Contracting Parties’ public budget, as well as from the Donor community’s programmes.

3. The implementation of the Energy Service Directive would be facilitated by the finalization of the Energy Efficiency Action Plans by all the Contracting Parties, even before the Directive may become mandatory for the Contracting Parties;

4. It is the view of the EETF that the Energy Performance in Buildings Directive is the most demanding in terms of implementation resources required;

Nevertheless, the proper enforcement of this Directive would also have the largest impact on energy savings, as, based on energy statistics, in the Energy Community one of the largest share of energy is used in residential and public buildings; this is even more valid, as significant rehabilitation of public buildings (schools, hospitals, office buildings and sports facilities, etc.) should be expected to happen in the coming years.

As an indication of this, Croatia, Montenegro and Serbia have started substantial energy savings' projects in public buildings, under the UNDP and respectively, the World Bank technical assistance programmes. Former Yugoslav Republic of Macedonia is also implementing a project funded by the Austrian Government with the same objective.

5. The transposition and implementation of the framework Energy Labeling Directive and its associated implementing Directives may pose the least financial and human resources constraints and has already a good background as to have its implementation started.
IV. CONCLUSIONS

Based on the achievements reported above, the Task Force has accomplished its mandate and its work programme in the envisaged time frame, setting the scene for further developments of energy efficiency in the Contracting Parties.

Nevertheless, significant implementation challenges, with respect to secondary legislation and institutional building are laying ahead to all the stakeholders in the Contracting Parties, before one can conclude that the available energy efficiency potential has been realised.

Therefore, in the Task Force’s opinion it is feasible to include the three end use Directives in the Acquis enforceable under the Treaty establishing the Energy Community, through a relevant Decision of the Ministerial Council with the time frame for implementation as proposed in the Respective Directives. It is a view of the EETF that this decision might be taken as soon as possible – even in December 2009.

Only after making the three end use Directives part of the Acquis under the Treaty, the actual work on transposition and enforcement would start. Furthermore, this way the technical assistance offered currently by many donors including the European Commission, EBRD, GTZ, USAID and Hellenic Aid, as well as the World Bank will have a valid and active partner in making the assistance most effective and complementary for the Energy Community.

It is on this ground that the Energy Efficiency Task Force proposes that the Ministerial Council of the Energy Community considers further steps in relation to energy efficiency.