

67th PERMANENT HIGH LEVEL GROUP

Vienna, 22 March 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 a revised agenda that integrated the European Commission comments.

Suspending the calculation of opt-out hours under the LCPD during martial law in Ukraine

3. The PHLG was informed by Ukraine on damages to energy sector amid the full-scale invasion and unprovoked Russia war of aggression against Ukraine. To ensure stability of the energy system in full compliance with the environmental acquis, Ukraine in this situation would need a suspension of the calculation of the operating hours of opted-out large combustion plants for a defined period of time. This requires a decision by the Ministerial Council to be taken. The European Commission will continue the dialogue with Ukraine and the Secretariat in understanding the specificities needed for preparing the targeted amendments with the aim to support the functioning of the energy system in Ukraine. Against that background, the Contracting Parties supported in principle the request by Ukraine. The Presidency and Vice-Presidency will launch a written procedure on a proposal from the European Commission, once it is ready.

State of transposition of the acquis adopted in 2021 and 2022

4. The Secretariat recalled the importance of timely transposition and implementation of the decisions taken by the Ministerial Council in 2021 and 2022, in particular, the Clean Energy and the MRV Packages as well as the Electricity Market Package, and presented the state of play in individual Contracting Parties. The Contracting Parties complemented this information by an overview of the situation at national level and their transposition plans for 2023. Contracting Parties committed to inform the Secretariat immediately of any bottlenecks and delays and make the utmost use of all assistance available to them in 2023, most importantly the EU's TAIEX instrument and, if needed, also the Secretariat's targeted support upon request. The PHLG agreed that Contracting Parties will update each other on the development at each of the meetings throughout the year.

Update on ongoing activities

5. The Secretariat reiterated its readiness to assist Contracting Parties, upon their request, in developing and adopting the measures required to align with the EU restrictive measures pertaining to energy imposed on the Russian Federation and Belarus.
6. The PHLG underlined the importance of a functioning system for guarantees of origin for energy produced from renewable sources for the success of the energy transition and attracting investments in renewable energy. The Secretariat informed about the situation in each Contracting Parties in complying with their obligations under the Renewable Energy Directive, and the adherence to the regional system created by the Secretariat to that effect. The PHLG urged all

Contracting Parties' and their registries to join that system by signing agreements with the service provider selected within the timeframe agreed, except for those who are members in AIB.

7. In line with the conclusions of the Ministerial Council in December 2022, the European Commission updated the PHLG on the ongoing reflection on the issue of mutual recognition of guarantees of origin for energy produced from renewable sources between the EU and the Energy Community.
8. Following up on the conclusions of the Ministerial Council in December 2022, the Secretariat presented a set of measures and best practices for reducing energy demand in Contracting Parties. The PHLG welcomed the announcement by the Secretariat to develop policy guidelines on that basis. It invited the ECRB to engage 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 incentives for energy savings.

Decarbonisation Roadmap: Next Steps

9. The Secretariat presented the draft work programme for the Energy and Climate Committee for this year aimed at preparing the timely implementation of the Energy Community Decarbonisation Roadmap. The Secretariat updated on the upcoming discussion on carbon pricing in the Contracting Parties.
10. The Contracting Parties, the European Commission and the Secretariat supported to start discussions in the upcoming period. The Presidency announced that the Informal Ministerial Council to take place on 29 and 30 June in Albania will follow up on the input to be provided by the Energy and Climate Committee.

Gas issues

11. The Secretariat presented an overview of the gas security of supply situation in the Contracting Parties and the preparedness for the upcoming winter. Ukraine reported on the implementation of the Gas Storage Regulation, including the certification of gas storage operators.
12. The European Commission and the Secretariat updated the PHLG on the developments of the Joint Gas Purchase mechanism established in the European Union and the Contracting Parties' involvement. The PHLG welcomed the commitment made by Ukraine, Republic of Moldova and Serbia to participate in the mechanism and invited all other Contracting Parties with gas markets to provide the requested information based on the European Commission's questionnaire.
13. The Secretariat updated the PHLG on the Global Methane Pledge.

Proposed activities for 2023

14. The European Commission and the Secretariat presented an initial set of measures to be proposed to the Ministerial Council for adoption in 2023, including the new TEN-E Regulation, and the extension of the Energy Community Treaty under Article 97 of the Treaty.

Budgetary issues

15. The Secretariat presented the list of members of the Budget Committee.
16. The PHLG invited the European Commission and the Secretariat to present at its next meeting the draft biannual Energy Community budget along with the Work Program 2024-2025 to be proposed to the Ministerial Council in 2023.

Event planning 2023 and AOB

17. The Secretariat presented the agenda of the events to be organized by the Energy Community in the course of 2023. The Presidency announced that the Ministerial Council will take place on 14 December 2023.

Done in Vienna on 22 March 2023

For the Permanent High Level Group

THE PRESIDENCY

Appendix 1: Unilateral Declaration

The Republic of Kosovo welcomes the proposed extension of the Energy Community Treaty on the condition that the Treaty be simultaneously revised to refer to the Republic of Kosovo as a party on an equal footing.

The Treaty revision would reflect the legal developments and international obligations assumed by the parties since the signing in 2005.

The United Nations Interim Administration in Kosovo (UNMIK), which signed the Treaty on Kosovo's behalf, has relinquished its powers, and Kosovo has spoken for itself, assumed and fulfilled obligations, and contributed to the Energy Community budget as a contracting party.

Moreover, as part of the EU-facilitated dialogue, Kosovo and Serbia have concluded the Agreement on the Path to Normalization on 27 February 2023 and the Implementation Annex on 18 March 2023. Article 1 of the Agreement requires Kosovo and Serbia to develop normal relations based on equal rights, and Article 4 further provides that "Serbia will not object to Kosovo's membership in any international organisation".