

## Energy Community Task Force on Environment 13<sup>th</sup> Meeting

15 February 2017

### Conclusions

1. In his opening remarks, Peter Vajda, Environmental Expert of the Energy Community Secretariat, mentioned that following the last Environmental Task Force dedicated to climate change in September 2016 and the adoption of the Recommendation on the implementation of the Monitoring Mechanism Regulation (MMR), the main purpose of today's meeting is to have a first discussion and analysis of the key provisions of the MMR to be incorporated into the Energy Community *acquis*. At the same time, since the implementation deadline for the Large Combustion Plants Directive (LCPD) is at the doorstep, discussions will touch upon LCPD as well.
2. The Task Force adopted the agenda.

### Discussion on Regulation (EU) No 525/2013 (MMR) and the Clean Energy Package

3. The experts of the Energy Community Secretariat provided an introduction on the general context of the meeting, focusing on the work done at regional level for climate action (Western Balkan 6), the Recommendation adopted at last Ministerial Council and the priorities for alignment to Regulation (EU) No 525/2013.
4. Based on Article 2(1) of the Recommendation, the Secretariat presented its ideas on provisions of the MMR that could be identified as of relevance for the Contracting Parties, who were also invited to provide their comments/remarks.
5. Serbia expressed general concerns of the relevance of some of the provisions of the MMR presented by the Secretariat. Furthermore, Serbia expressed reservations regarding the incorporation of the MMR into the Energy Community *acquis*, which has much broader sectoral scope than the energy sector.

Serbia expressed certain concerns on the implementation of some of the key provisions of the Regulation, with particular regard to the administrative capacities necessary for implementing those provisions. It was suggested that the draft proposal is shared with the Contracting Parties for a more detailed analysis well in advance of the next ETF meeting. In addition, it has to be clarified which body could take the role of the Climate Change Committee. In relation to methodology, Serbia highlighted that non-Annex I countries can access only non-Annex I tools, training material and software. It was also mentioned that the UNFCCC Secretariat requested also non-Annex I countries to provide data on GHG emissions for the aviation sector, something that was flagged as not relevant by the Secretariat.

6. Montenegro expressed some reservation with regard to the timeframe for implementation and the importance of establishing a reporting system as a first priority, since this still does not exist in most of the Contracting Parties. It was suggested that an annex with timeframes and deadlines should be considered in detail.
7. It was suggested that Article 1 should be modified with the intention to link the future decision to the NDCs rather than the Kyoto Protocol.
8. Montenegro and Serbia requested further reflection on Article 7 (greenhouse gas inventories and their reporting cycle) and expressed concerns over the possibility to jeopardize the technical and financial support provided by the UNFCCC and GEF.

9. Georgia expressed interest in Article 15 on adaptation, although discussions on the elaboration of adaptation strategies are still ongoing within the government. Serbia also underlined that it would be important to keep this provision in the proposal;
10. Serbia expressed concerns on reporting on policies and measures to the Secretariat, especially in the light of the fact that reports from sectors different than energy (e.g. waste, agriculture, transport) are beyond the scope of the Energy Community Secretariat. Furthermore, Serbia expressed that they are facing challenges when requesting sectoral ministries (e.g. transport, agriculture) to report on GHG emissions and policies and measures in their respective sectors.
11. The MMR expert from Slovenia as well as civil society representatives underlined that climate is an horizontal issue and therefore, emissions from all the sectors should be reported. The Slovenian expert also highlighted that biannual reports and biannual update reports are different requirements, therefore it should be clarified what to include in the proposal.
12. Serbia requested to elaborate once again the possible inclusion of Article 19(7) as regards the registries set up pursuant to the Effort Sharing Decision, as this may be of relevance for the country in future.
13. With regard to Article 26, Contracting Parties requested to clarify on the rules and the mandate of the proposed Regional Climate Change Committee and suggested have a detailed text of the proposal before the next meeting of the Environmental Task Force. It was suggested that all ministries and not only the ministry of energy and environment should be involved in the work of the Committee, to reflect the interdisciplinary nature of climate issues.
14. The MMR expert from Slovenia pointed out that the Task Force shall start considering whether to create a new web application for harmonized MMR reporting or, preferably, to rely on the existing one used by the European Commission.
15. The representative of DG Climate Action emphasised that it is a natural step for the Energy Community to take into account some climate *acquis*. He referred to the Clean Energy Package and in particular to the Energy Union Governance and its main features (e.g. Integrated National Energy and Climate Plans, national progress reports, European Commission monitoring), aiming also at streamlining all climate and energy related obligations in one legislative text while aligning them with the Paris Climate Agreement. As changes to the MMR will be very limited, starting already with the implementation of its key provisions will enable Contracting Parties to move ahead with the establishment of MRV systems in compliance with the international and the EU transparency frameworks.
16. The MMR expert from Croatia shared their experience to fully align with the Regulation in the accession process. The most important element for Croatia was to introduce legislation and a national system which very clearly states responsibilities and deadlines for providing data on GHG emissions.
17. The MMR expert from Slovenia also underlined the importance of having responsibilities and legal obligations clearly defined, along with implementation deadlines. The inventory system should be established, maintained and be compliant, the low carbon development strategy should be enacted by the government, in consultation with the ministry of environment and energy. Climate policies are to be streamlined in all sectors. The costs related to MMR have to be taken into account, e.g. civil servants, experts, software, etc. More importantly, Contracting Parties should keep in mind that the alignment process may take years and therefore the earlier this process starts, the better.
18. The representative of Umweltbundesamt (Austrian Environmental Agency) presented the recent joint project carried out with the Western Balkans countries. The representative of KPC (KommunalKredit Public Consulting) options for climate financing in the post-Paris Agreement world. The representative of the European Climate Foundation presented the preliminary findings of the SEERMAP (South East Europe Electricity Roadmap) project. The representative of the EBRD provided an overview on the Green Economy Transition process at the Bank.

19. The representatives of civil society reiterated that MMR adoption is a necessary first step towards the Energy Union governance and an excellent opportunity to ensure dialogue across all sectors. Continued technical and financial support is necessary as well as investing in stable administrative capacity. A concrete case study on stakeholder participation in the Serbian climate change strategy was shared with the audience.
20. The chairman emphasised that energy policy without taking into account climate change consequences is too short-sighted, in particular after the entering onto force of the Paris Climate Agreement. He stressed that robust data are a prerequisite for evidence based national policy making, encouraging Contracting Parties to support a decision to implement the MMR rather sooner than later.

### **Large Combustion Plants Directive (2001/80/EC)**

21. The Secretariat recalled the imminent implementation deadline of 1 January 2018 for the Large Combustion Plants Directive and asked the Contracting Parties to report on their legislative progress in transposition as well as their respective adoption processes of their NERPs (where relevant).
22. EBRD presented the Bank's reservations concerning financing of new coal-fired projects and the requirements of new plants to implement BAT as defined by the BREF (Best Available Technique Reference Document), the new regime under Directive 2010/75/EU which, as opposed to the former legal regime, is now making the conclusions on BAT legally binding.
23. The Contracting Parties reported on their progress towards LCP transposition and implementation.
24. Serbia informed that the emission limit values have already been transposed. As regards the NERP, having received the Secretariat's comments, the companies have until 1 June 2017 to provide their statements whether they want to remain in the NERP or they would start with the opt-out from 1 January 2018. Following that, the final version of the NERP will be adopted.
25. Kosovo\* reported that the postponement issue with the start date (2022 vs 2018) is still under discussion at Government level.
26. Moldova reported that a project for evaluation of the institutional framework and the existing legislation in the field of industrial pollution related to IED transposition is currently underway with GIZ support. A supplementary examination regarding the measures to be performed in order to transpose Directive 2001/80/EC will be carried out and the expected results will be reported later.
27. Montenegro reported that LCPD is already being implemented in that Contracting Party and currently the main topic is issuing the IPPC permit to TPP Pljevlja (which applied for the opt-out). It is foreseen that these will be resolved by the implementation deadline.
28. Ukraine reported that the final steps are taken as regards the adoption of the NERP. Its final form is not decided yet but most likely it will be a Decision of the Council of Ministers.
29. Bosnia and Herzegovina provided that the NERP has already been endorsed by the Council of Ministers and currently the operators are required to provide information on the secured financing for the implementation of the measures outline in the NERP.

### **Conclusions**

30. The Chairman concluded that based on today's meeting, a more detailed discussion shall take place on the substance of the MMR at the June meeting based on a draft Commission proposal to be sent in advance, at the same time maintaining an eye on the developments on the Governance Proposal of the Clean Energy Package.

31. Clear indications were voiced by civil society that climate-related issues are highly relevant for the activities of the Energy Community and the idea of including certain provisions of the MMR in the form of a decision received broad and strong support.
32. Contracting Parties were invited to proceed with the adoption of their NERPs, where applicable and inform the Secretariat thereof.

**Any other business**

33. The indicative date for the next meeting of the Task Force is 8 June 2017. The representatives of the Secretariat announced that the meeting is planned to be held back-to-back with the first Sustainability Forum meeting, which takes place on 9 June 2017.