



Annual Report

Energy Community Secretariat
1 November 2022

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Annual Report on the Activities of the Energy Community 2021-2022

The Annual Report on the activities of the Energy Community outlines key actions and achievements in the period from 1 November 2021 to 1 November 2022 following the requirements of Article 52 of the Energy Community Treaty.

This reporting period was probably the most challenging year for the Energy Community yet. The Russian war of aggression against Ukraine (the Contracting Party holding the 2022 Energy Community Presidency) tested the resilience of the organization's institutions and their ability to adapt to rapidly changing circumstances. With a new Director at its helm, Mr Artur Lorkowski, the Energy Community Secretariat expanded and amplified its efforts to support the Contracting Parties in modernizing and greening their energy sectors as well as making them more resilient. Since the beginning of the war, the Secretariat provides logistical support and acts as fiduciary for international donations to the energy sector in Ukraine to counteract the impact of the Russian invasion.

Clean energy for all Europeans

Despite the extremely difficult circumstances, the Energy Community Contracting Parties and institutions continued to progress with implementation of the Clean Energy for all European Package and contributing to the achievement of the goals of the European Green Deal.

At its meeting in Belgrade on 30 November 2021, the Energy Community Ministerial Council adopted the Clean Energy for all Europeans package under the presidency-in-office of the Republic of Serbia. The package covers legislation in the areas of energy efficiency, renewables, governance, electricity market design and electricity security of supply rules.

The Council also adopted the Decarbonisation Roadmap for the Contracting Parties of the Energy Community, a political document outlining 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.

In 2022, the focus turned to transposition and implementation of the Clean Energy Package supported by the Energy Community Secretariat.

At the Informal Energy Community Ministerial Council on 8 July 2022 in Baden, Austria, Ministers concluded negotiations on the level of 2030 targets for energy efficiency, renewables and greenhouse gas emission under the presidency-in-office of Ukraine. The Contracting Parties reached a high level of ambition on targets for energy efficiency, putting a cap on the amount of final and primary energy consumption, boosting renewables and reducing greenhouse gas emissions by 2030, in line with the commitment to achieve climate neutrality of their economies by 2050. The targets are expected to be formally adopted at the Energy Community Ministerial Council in December 2022.



Informal Ministerial Council, 8 July 2022, Baden, Austria



The Secretariat continued to support the Contracting Parties in the development of National Energy and Climate Plans. Albania and North Macedonia were the first Contracting Parties to adopt this critical guiding instrument for their energy transition paths.

Winter preparedness in times of war

Russia's invasion of Ukraine on 24 February significantly reshuffled existing energy supply chains and marked a point of no return for the energy transition. While Ukraine is most deeply affected, the conflict has strong implications on all other Energy Community Contracting Parties and EU Member States. The Energy Community and its Secretariat immediately set to work to provide practical solutions to help Ukraine and to mitigate the impacts of a potential gas supply disruption by the Russian Federation.

The Secretariat initiated emergency security of supply coordination group meetings for electricity and gas to prepare for a possible gas supply disruption by the Russian Federation and outlined technical and regulatory measures to support the diversification of gas supplies to the Contracting Parties. The Secretariat outlined concrete measures to use existing gas infrastructure more efficiently and take advantage of new supply routes in a report published under the "SEEGAS Initiative".

Less than four months after its adoption in the European Union, the Ministerial Council of the Energy Community adopted by written procedure the Gas Storage Regulation to strengthen security of gas supply. The Contracting Parties are also taking part in the EU's joint gas purchasing initiative.

Tackling rising energy prices

The picking up of global energy demand due to increased economic activity necessary for economic recovery from the COVID-19 pandemic, combined with the direct and indirect consequences of Russia's war against Ukraine, resulted in a surge in energy commodity prices. Rapidly rising energy prices are a growing concern in the Contracting Parties where citizens already suffer from high levels of energy poverty. Addressing the impact of the high energy prices was a key focus of the Energy Community during this reporting period.

The Energy and Climate Committee on 12 April 2022 in Vienna kicked off the discussion on measures to address high energy prices, which continued at the Informal Energy Community Ministerial Council on 8 July 2022 in Baden, where ministers reflected on ways to act in a coordinated way.

Energy Community Contracting Party Ministers and Director Lorkowski discussed the response to high energy prices with EU Energy Ministers at the informal ministerial council meeting on 12 October 2022 in Prague. The importance of the Energy Community as a framework for tackling joint energy challenges and coordinating actions to ensure the stability of the European energy system was underlined.

Against this backdrop, the European Union announced the Energy Rescue Scheme for the Western Balkans, which will

encompass immediate measures in the form of budget support to cushion energy price increases as well as support to boost investment in energy connections, energy efficiency and renewable energy and other measures. The EU support reflects priorities under the Energy Community framework.

The Secretariat and the Energy Community Regulatory Board are monitoring the impact of the price surge and compliance of the measures taken in response in line with their respective competences.

Fast forwarding market integration

All institutions of the Energy Community worked towards advancing the establishment of a truly integrated energy market between the Energy Community Contracting Parties and neighbouring EU Member States as a way to contribute to strengthening energy security.

The synchronization of the electricity networks of Ukraine and Moldova with the Continental European power system was the biggest breakthrough. The gradual opening of electricity trade between European Union and Ukraine and Moldova following the emergency synchronization was a critical milestone for improving energy security.

Preparations to adopt the new electricity market and systems integration package at the December 2022 Ministerial Council continued. The package consists of the new Electricity Regulation, the ACER Regulation, the Network Code on Emergency and Restoration (ER) and four market and system operation Guidelines, accompanied by a Procedural Act on fostering regional energy market integration in the Energy Community.

Advancing the just energy transition

The Energy Community Secretariat continued supporting the Contracting Parties in their decarbonisation pathways, focusing on just transition aspects and assistance to regions dependant on coal mining and coal-fired power generation. The Secretariat assisted 12 municipalities in the Western Balkans that are part of the Energy Community Clean Air Regions Initiative (CARI) in drafting and implementation of local air quality action plans.

Against the backdrop of rapidly rising energy prices and inflation and heightened need to effectively tackle energy poverty, Director of the Energy Community Secretariat, Mr Artur Lorkowski, established a new Centre for Alleviating Energy Poverty in the Energy Community Contracting Parties. The Centre collects data and information on the causes and impact of energy poverty in the Energy Community Contracting Parties and promotes the development of appropriate policies and measures for reducing energy poverty following the *acquis communautaire*.

The Secretariat expanded the scope of the Energy Transition Tracker to cover not just the Western Balkans but also Georgia, Moldova and Ukraine. The tracker takes stock of their progress in reducing emission footprints, improving functioning of the energy markets, scaling up renewables, improving energy efficiency and planning for the decarbonised energy future.

Under the Gender Equality Initiative, the Secretariat continued to develop evidence-based responses, policies and legislation and raise awareness of the importance of collecting gender-disaggregated data in the energy sector to inform energy analysis. To facilitate gender-disaggregated data collection, the Secretariat published policy guidelines explaining why data are essential to evaluate and track the pivotal role of women, also as prosumers, in the energy sector.

Director Lorkowski joined the International Gender Champions (IGC) leadership network in March 2022.

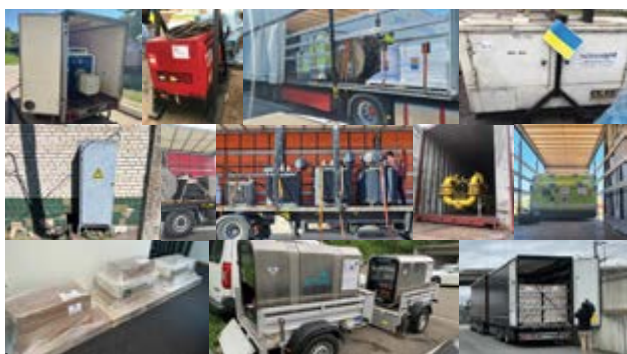


Energy Community Just Transition Forum, 12 July 2022, Sarajevo, Bosnia and Herzegovina

Apart from hands-on practical support, the Secretariat organized the Energy Community Just Transition Forum in cooperation with the Balkan Green Foundation, CEE Bankwatch Network and Climate Action Network (CAN) Europe. Opened by H.E. Zorana Mihajlović, Deputy Prime Minister and Minister of Mining and Energy of Serbia, the Forum was hosted by the Bosnian public electric utility company Elektroprivreda BiH at its headquarters in Sarajevo. The Forum gathered representatives of national, regional and local governments of the Energy Community Contracting Parties, high-level officials as well as representatives of civil society, academia, international organisations, trade unions and youth.



Energy Community Secretariat Ukraine support activities



In the immediate aftermath of Russia's invasion of Ukraine, the Energy Community Secretariat came to Ukraine's aid by establishing the Ukraine Support Task Force and the Ukraine Energy Support Fund.

The Task Force supports Ukraine by coordinating the donation process and the door-to-door delivery of specialized energy equipment, fuel and materials needed to repair the infrastructure damaged during the war. The Task Force cooperates closely

with the European Commission and particularly the Emergency Response Coordination Centre (ERCC) of the European Commission's Directorate-General for European Civil Protection and Humanitarian Aid Operations.

As of 15 October, the Secretariat engaged in delivering 26 shipments, in total 500 tons of equipment, tools and materials, with an estimated value EUR 2,7 million. 21 more shipments of ca. 2.600 tons were in preparation, with an estimated value of EUR 8,5 million. North Macedonia was the first Energy Community Contracting Party to donate emergency energy equipment to Ukraine.

Upon request of the European Commission and in agreement with the Ministry of Energy of Ukraine, the Energy Community Secretariat set up the legal framework for the Ukraine Energy Support Fund to counteract the impact of the Russian invasion. The Fund enables governments and international financial institutions to provide emergency financial support to the Ukrainian energy sector. The Secretariat acts as fiduciary of the Fund as well as an intermediary between the donors and the Ukrainian authorities. The fund has received first donations from the Government of Denmark and the Energy Regulators Regional Association (ERRA).

Nine electronic registries for guarantees of origin are ready to drive renewables uptake in the Energy Community

Under the regional project launched by the Energy Community Secretariat in January 2022, electronic registries for guarantees of origin were created for Albania, two entities in Bosnia and Herzegovina, Georgia, Kosovo*, North Macedonia, Moldova, Montenegro and Ukraine. All nine registries are ready to go-live following the signing of direct agreements between the Contracting Parties' issuing bodies and the service provider Grexel. Once in place, the system of guarantees of origin will serve as an important instrument to boost renewables investment and drive the energy transition.

EU4Energy Governance (Phase II) "Promoting the clean energy transition"



Co-funded by
the European Union

The Energy Community Secretariat is one of the implementing partners of the EU4Energy (Phase II) "Promoting the clean energy transition" technical assistance project, co-funded by the EU4Energy Programme of the European Union. The objective of the EU4Energy Governance Project Phase II is to achieve the clean energy transition, increase energy security in three Eastern partner countries (Georgia, Moldova and Ukraine) and facilitate access to energy to the distressed population in Ukraine to mitigate the impact of the war.

Throughout the action (between 2020 and 2024), the Secretariat will work with stakeholders in Georgia, Moldova and Ukraine in order to assist them with the drafting, transposition and implementation of energy reforms, including the Clean Energy for all Europeans Package. The targeted sectors are electricity, gas (including hydrogen), energy efficiency and renewable energy. The Project will also facilitate knowledge transfer to the relevant public authorities via various capacity building activities.

EU4Energy has identified the specific activities that will be implemented until the end of 2022 in Georgia, Moldova and Ukraine.



High Level Event on the Security and Stability of the Ukrainian Energy Sector during the War and its Post-War Revitalisation, 10 April 2022, Vienna, Austria

In April 2022, the Energy Community reinforced its engagement in Moldova by opening an office in Chisinau, financed under the EU4Energy project. It is an additional instrument to help Moldova in modernizing its energy sector and making it more secure and resilient to current and future challenges in line with Energy Community rules and principles. The project now has regional offices in all three Eastern partner countries.

Communications and outreach

Communications and outreach is crucial to the work of the Energy Community. The Secretariat continued to strengthen the visibility of the Energy Community to raise awareness and share success stories. The Secretariat used various channels to connect with the Energy Community's target audience.

The Energy Community public website continued to serve as the main stakeholder communication tool. Compared to the 2021 reporting period, both the number of users and page views increased by more than 20%. In 2022, the site underwent a migration, which equipped the site with a faster, more secure server infrastructure. In addition, back-end improvements in the area of event and user management were carried out, resulting in increased automatization and improved mailing tracking.

The Secretariat increased its presence on social media, with LinkedIn followers nearly doubling during the reporting period. Moreover, the Secretariat continued to serve as the focal point for journalists seeking pertinent information on energy and climate sector developments in the Contracting Parties. Statements by Energy Community representatives featured in major media outlets, including the Financial Times, Politico, Reuters and ICIS.

Following the end of the Covid-19 restrictions, the Secretariat transitioned to hosting onsite and hybrid events as well as continued with virtual formats based on the needs of the stakeholders. Apart from organizing its traditional stakeholder fora in the areas of just transition, electricity, gas, oil, law, competition and dispute resolution, the Energy Community organized the High Level Event on the Security and Stability of the Ukrainian Energy Sector during the War and its Post-War Revitalisation to mobilize support for the Ukrainian energy sector shortly after the beginning of the war.



At the 2022 Energy Community Summer School in Sarajevo, nearly 50 students engaged in hands-on learning about the energy transition. The goal of the annual summer school organized by the Secretariat and its partners is to empower a new generation of energy and climate professionals to engage and drive forward the energy transition.

In the course of this reporting period, the Secretariat issued numerous publications and studies to further assist the Contracting Parties in the implementation of the Energy Community acquis. As in previous years, the Secretariat's Annual Implementation Report was the most downloaded document from the Energy Community website.

Communications and outreach in numbers

200,197 Unique website visitors	134 News items	559,869 Page views
10 Publications	3 Studies	9.484 LinkedIn followers

Staff

During the reporting period, the Energy Community Secretariat engaged 35 permanently employed professionals, bringing diverse expertise from all programmatic and support areas covered by the Energy Community. Apart from its permanent staff members, 31 temporary personnel, engaged for a period of 1 to 12 months each, including interns, secondees, research fellows and locally recruited staff, made valuable contributions to the Secretariat's work.

Budget 2021

The Energy Community is funded by contributions from the Parties to the Energy Community Treaty. The ordinary budget amounted to EUR 4.813.608 plus an extraordinary budget amounted to EUR 693.963 (provided by 7 different donors) totalling the annual 2021 budget to EUR 5,507,571.

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