

43rd PERMANENT HIGH LEVEL GROUP

*Sarajevo
13 October 2016*

1. The meeting was chaired by Branka Knežević on behalf of Bosnia and Herzegovina and Hans van Steen for the European Commission.
2. The Permanent High Level Group (PHLG) approved the agenda.

Ministerial Council A points

3. The PHLG discussed the amended Procedural Act "Rules for Recruitment, Working Condition's and Geographical Equilibrium for the Secretariat's Staff of the Energy Community". The PHLG agreed to make this an A-Point. Georgia raised its concern as to the deletion of Observers' eligibility for recruitment.
4. The PHLG discussed based on point IV.5 of the Consolidated Internal Rules of Procedure of the Ministerial Council of the Energy Community and identified all Measures as well as the appointment of the members of the Advisory Committee, as listed in the annex to the draft Agenda to be included in the draft agenda of the Ministerial Council for adoption as "A" items. This does not include Decisions 2016/16/MC-EnC and 2016/17/MC-EnC.
5. The PHLG acknowledged the recent steps taken by former Yugoslav Republic of Macedonia (VAT legislation, beginning of distribution system unbundling, balancing responsibility) towards implementation of the Third Energy Package and the WB 6 measures, as well as by Albania and Kosovo* with regard to the transposition of the energy efficiency acquis, and called upon all countries to continue their efforts in this respect.
6. The PHLG also acknowledged the efforts made by Serbia and Ukraine to transpose the Sulphur in Fuels Directive. Ukraine highlighted that as from 1 January 2017 its legislation will be in compliance with the Directive.
7. The PHLG also encourages Serbia and Kosovo* to continue their political dialogue aimed to resolve their bilateral disputes in the energy sector.

Energy Infrastructure

8. The PHLG endorsed the draft Decision of the Ministerial Council of the Energy Community on the establishment of the list of projects of Energy Community interest ('Energy Community list') and recommended its adoption by the Ministerial Council.
9. The PHLG endorsed the draft Recommendation of the Ministerial Council of the Energy Community on projects of mutual interest (PMI) between Contracting Parties and Member States of the European Union, and recommended its adoption by the Ministerial Council.
10. Upon proposal by Albania, Kosovo*, the former Yugoslav Republic of Macedonia and Montenegro, there was overall support to include the IAP gas interconnector in the Annex to the

Recommendation on PMI. Albania also suggested to review Regulation 347/2013 as incorporated in the Energy Community in the future to enable more projects between Contracting Parties and Member States to become PECEI.

11. Ukraine proposed to include the interconnector between the Khmelnytsky NPP in Ukraine to the electricity network in Poland in a future revision of the PMI list. Ukraine invited EU Member States to participate in this project.

Environment

12. The PHLG endorsed the European Commission's proposal for a Recommendation to incorporate the Monitoring Mechanism Regulation into the Energy Community *acquis* and recommended its adoption by the Ministerial Council.
13. The European Commission emphasized that this Recommendation is not legally binding and that the upcoming negotiations for Treaty amendments will provide an opportunity to discuss the future direction of the Energy Community in terms of energy and climate change.
14. Ukraine announced that it will provide a report on greenhouse gas emissions to the Secretariat by May every year.
15. The PHLG took note of the presentation of the European Commission on the proposal on authorizing exemption of plants from compliance with the emission limit values set by Directive 2001/80/EC, endorsed the proposal and recommended its adoption by the Ministerial Council. The PHLG clarified that an opt-out of the plants listed in the Decision is not an obligation but a possibility.
16. Upon the initiative Serbia, the European Commission declared its willingness to modify the adaptations made to the Strategic Environmental Assessment Directive to the effect that the deadline for transposition of the Directive should be 1 January 2018 and 31 March 2018 for implementation, as a technical amendments.
17. The former Yugoslav Republic of Macedonia, while supporting all Directives proposed, announced that it will include the broadening of the scope of certain environmental directives in the negotiations for amendments to the Treaty. Serbia announced to also include the already submitted proposals for amending Annex II of the Treaty (certain deadlines in the Sulphur in Fuels Directive).
18. Serbia proposed to reconsider the implementation deadlines in the European Commission's proposal to amend to the Sulphur in Fuels Directive. Upon discussion, the PHLG reconfirmed its endorsement of the proposal.
19. The European Commission underlined that the amendments made to the Sulphur in Fuels Directive to include marine fuels are fully in line with the international developments in this area and will open up new possibilities also for Contracting Parties.
20. Ukraine asked the Secretariat to provide official feedback to the draft of national emissions reduction plan.

21. The PHLG invited all Contracting Parties concerned to proceed with the adoption of their respective national emission reduction plans according to the Opinion of the Secretariat and stressed the importance of the implementation deadline of 31 December 2017 for the Large Combustion Plants Directive.

Implementation of the Treaty

22. The PHLG discussed the two requests submitted by the Secretariat under Article 92 of the Treaty. It took note of the Secretariat's report on the follow-up in both the cases against Serbia and Bosnia and Herzegovina.

23. Based on these developments, it was agreed that Decisions 2016/16/MC-EnC and 2016/17/MC-EnC would be amended as discussed and agreed at the meeting.

Accession of Georgia

24. The PHLG endorsed the draft Decision on the accession of Georgia, including its protocol, and recommended its adoption by the Ministerial Council. The PHLG looks forward to Georgia's swift implementation of the acquis in line with the accession protocol.

Preparation of the Ministerial Council

25. The PHLG discussed and reviewed the draft conclusions of the Ministerial Council.

The adoption of these conclusions follows the Rules of Procedure.

Done in Sarajevo on 14 October 2016

For the Permanent High Level Group,



THE PRESIDENCY