

*Draft*

## 63rd PERMANENT HIGH LEVEL GROUP

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Vienna, 20 April 2022

1. The meeting was chaired by Deputy Minister Demchenkov and Mr Roman Andarak on behalf of the Presidency and Mr Florian Ermacora for the European Commission.\*
2. The Permanent High Level Group (PHLG) approved the agenda.

### Solidarity with Ukraine

3. The PHLG ~~fiercely~~strongly condemns ~~the attack by~~Russia's unprovoked and unjustified military aggression against Ukraine, ~~the Presidency of the Energy Community, and the atrocities committed during the war.~~ It applauds Ukraine's outstanding efforts and achievements to keep the energy system operational in wartime. The PHLG welcomes the synchronisation of the electricity ~~systems~~grids of Ukraine and Moldova with the Continental European Network (CEN), and calls for the commercialization of electricity flows and exports, based on pre-synchronisation market rules and striving for technically feasible solutions in the short term, to close the liquidity gap of the electricity system sector as soon as possible.\*
4. The Secretariat reported about the support it provides to the Ukrainian energy sector, including through a dedicated Ukraine Energy Support Fund and coordination of supplies of critical energy equipment. The Parties were invited to using these as vehicles for their own support. The Parties will consider to support Ukraine by exceptionally taking over its annual contribution to the Energy Community.
5. The Presidency announced its plans to introduce an initiative related to the restriction in trade of energy products originating from the Russian Federation.

### New acquis

6. The European Commisison introduced the main approach and principles of the package of a Procedural Act on a Regional Energy Market, the Electricity Regulation, Network Code and Guidelines to be proposed for adoption in December 2022. The package comprises all elements missing for the establishment of a truly integrated power electricity market between the Contracting Parties and the neighbouring EU Member States, which will help all ~~p~~Parties in optimizing ~~power~~electricity flows taking into account the existing infrastructure and reducing trading costs.\*
7. Upon discussion, the PHLG agreed to the following indicative consultation schedule aiming at timely completion of all processes for the Ministerial Council and PHLG meetings in December 2022:
  - Comments by all stakeholders consolidated on a Contracting Party/EU Member States level, as well as ACER and ENTSO-E, by 16 May 2022;
  - Technical workshops with stakeholders from Contracting Party/EU Member States on 5 May 2022 and 24 May 2022, with eventual adjustments of the texts inbetween by ~~the Secretariat and~~ the European Commission together with the Secretariat;

- Presentation of the package for finalization at the next meeting of the PHLG.\*

8. The European Commission introduced the approach to the implementation of the latest set of [the EU Delegated Regulations](#) for energy efficiency labelling. Upon discussion, the PHLG agreed to finalize them at its next meeting and present them for adoption at the Ministerial Council in December 2022.\*

## Decarbonization Roadmap

9. The Contracting Parties reaffirmed their strong determination to have a set of 2030 targets adopted by a decision of the Ministerial Council in December 2022. The PHLG invited the Energy and Climate Committee to steer the negotiations for reaching this decision, based on the study presented by the European Commission, aiming for finalizing these negotiations at the [informal Ministerial Council meeting](#) in July 2022. The roadmap presented by the European Commission was supported by the PHLG, and will guide the next steps towards adoption of the targets.\*

10. The Secretariat presented the state of play of the preparations of the Contracting Parties towards setting up robust and compliant MRV systems, as a basis for the preparations of carbon emissions trading in line with the European Union's ETS. The Secretariat also informed about the process of the adoption of long-term strategies and 2020 target reporting as required by the Governance Regulation already this year.

11. The European Commission briefed the PHLG about the state of play of the legislative process in the EU for the introduction of a carbon border adjustment mechanism (CBAM). [The European Commission informed that, under certain very strict conditions/circumstances](#), Contracting Parties' electricity exports may be exempted from the CBAM. In particular, they will require full implementation of the Decarbonization Roadmap and the implementation of full Clean Energy Packages I and II, including the Procedural Act on a Regional Energy Market, the Electricity Regulation, Network Code and Guidelines. The Secretariat announced the organization of a high-level event on the topic in May in Brussels.\*

## Implementation and Reform

12. The PHLG followed up on the meeting with Commissioner Simson on 12 April 2022 in presenting in detail the measures taken to address the price surge, which in many Contracting Parties has led to energy crises. To ensure compliance with the acquis, the Secretariat announced that it will be reviewing all national measures before summer and request the introduction clear phase-out measures and timelines in case of interventions in the market framework.

13. The Secretariat recalled the deadlines for transposing and implementing the Clean Energy Packages I and II, including the Gas Security of Supply Regulation and Electricity Risk-Preparedness Regulation, and informed about the gap analysis it has carried out and communicated to the Contracting Parties. The PHLG members of the Contracting Parties were invited to organize the relevant domestic stakeholders for a discussion with the Secretariat to agree on transposition roadmaps for all acts concerned.\*

14. The Secretariat also provided an overview of the state of transposition of the Oil Stocks Directive, the deadline for which expires by the end of the year. Contracting Parties were invited to speed up their efforts in that respect and to collaborate closely with the Secretariat.

## Administrative and Budgetary Rules and Procedures

15. The Secretariat presented three draft Procedural Acts amending the Rules of Procedure of the Ministerial Council, the PHLG and for Dispute Resolution respectively. Their adoption will allow more time for the European Union and Contracting Parties to carry out their internal approval procedures ahead of institutional meetings. The Secretariat also presented a Procedural Act to amend its organigramme and upgrade it in a manner better serving the needs of the Contracting Parties. The Secretariat also presented some envisaged changes to the rules related to budget implementation. The whole package will be finalized by the Secretariat and the European Commission in the next weeks, and possibly proposed for adoption by written procedure.

## AOB

16. ~~Text on update of Electricity Directive and Risk Preparedness Regulation to be proposed by EC~~ The European Commission pointed to the need to amend Decision 2021/13/MC-EnC on incorporating Directive (EU) 2019/944 and Regulation (EU) 2019/941 in the Energy Community acquis in order to reflect the package of a Procedural Act on Regional Energy Market, the Electricity Regulation, Network Code and Guidelines for presentation. The Contracting Parties invited the European Commission, in cooperation with the Secretariat, to draft amendments to the Decision 2021/13/MC-EnC for presentation and finalisation at the next PHLG meeting.\*
17. The Secretariat informed about amendments to the acquis on statistics in the European Union (Regulation (EU) 2022/132 of 28 January 2022 amending Regulation (EC) No 1099/2008 of the European Parliament and of the Council on energy statistics, as regards the implementation of updates for the annual, monthly and short-term monthly energy statistics). To maintain homogeneous application of the acquis in the Energy Community, the Contracting Parties PHLG invited the European Commission to ~~present~~ make a proposal for incorporation of the new Regulation at ~~the its~~ next PHLG meeting.\*

Done in Vienna on 20 April 2022

For the Permanent High Level Group

THE PRESIDENCY

\* This conclusion was commented by the European Union and will be finalized in the next PHLG meeting.