

# 10<sup>th</sup> ENERGY EFFICIENCY COORDINATION GROUP MEETING - MINUTES AND CONCLUSIONS

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*Energy Community Secretariat, Vienna*

*Thursday, 10 March 2015, 09:00 – 17:30*

The Energy Efficiency Coordination Group (EECG) meeting was attended by representatives of all Energy Community Contracting Parties (EnC CPs), except Bosnia and Herzegovina and Serbia, and by EnC candidate countries (Georgia) and Observers (Armenia, Turkey), the European Commission – DG Energy and DG NEAR, NALAS, WBIF IFI Coordination Office, Donors' community (GIZ, EBRD/ REEP, GGF/ Finance in Motion, KfW, UNDP and USAID), as well as representatives of the SEE Change Net, ADENE Portugal, Austrian Energy Agency, Wien Energie GmbH, consultants assisting countries on energy efficiency (ECONOLER, GFA) and the Energy Community Secretariat (ECS).

The List of participants is available online on the Energy Community website ("[Events](#)" section).

*Mr. Janez Kopač, ECS Director*, opened the meeting and in his introductory remarks pointed out that, despite the extensive donors' support in drafting primary and secondary legislation in many CPs, the adoption process is very slow and cumbersome. EECG proved to be a very good and helpful model of regional cooperation at technical level, but a strong political support for legislative reforms at national level is necessary, and getting this should become the first priority.

Having this in view, ECS started the infringement procedures in Albania and Kosovo\* regarding non notification of the transposition in national legislation of the Energy Performance of Buildings Directive (EPBD), and it will continue with the other CPs, in the case of non compliance with energy efficiency *acquis*; in case on no notification, the procedure is streamline and cases could be presented directly at the next Ministerial Council meeting in October 2016.

*Ms. Violeta Kogalniceanu, ECS Head of EE Unit*, presented status of implementation of the EE *acquis* and EECG Work Programme:

- The adoption of pending primary legislation is priority, especially that related to EPBD, in Albania, Kosovo\* and Ukraine.
- The transposition of the Directive 2012/27/EU should start in all CPs, as many important measures are due before the overall transposition deadline of 15 October 2017; these include the inventory of heated and/or cooled central government buildings (January 2017), notifications on Article 7 on EEOs and long-term renovation strategies (March 2017), reporting on national energy efficiency targets (June 2017) etc. For the CPs that are due to prepare their 3<sup>rd</sup> EEAP by 30 June 2016, the incorporation of EED measures in their 3<sup>rd</sup> EEAPs is one of the first steps.
- The implementation of EED is included in the Work Programme of the EECG, and bilateral and other multilateral donors are encouraged to provide the support in the process of the transposition and implementation of the EED.

## **1. EED Core Topic 1 - transposition of Directive 2012/27/EU in the Energy Community**

*European Commission - DG Energy (Ms. Claudia Canevari)* presented the recent developments and progress in implementation of the energy efficiency policy in the EU, since the last EEGC meeting (November 2015). The agreement reached in Paris COP21 conference in December 2015, gives a strong impetus to the implementation of Energy Union Strategy, in which energy efficiency is a pillar. The EE progress report published in November 2015 assessed progress made by EU Member States towards the 2020 EE targets and EED implementation (as required by Article 24), and established indicator based reporting (by using mostly official Eurostat data). There is a generally positive trend achieved in EU MSs, but still more needs to be done, to make sure that the target is reached.

From the notified savings per measure type in MSs, the highest share was expected from the energy efficiency obligation schemes (33%), followed by financial schemes or fiscal incentives (20%), energy and CO2 taxes (14%), and regulation and voluntary agreements (11%).

The adoption of the EU Strategy for Heating and Cooling in February 2016 was one of the key developments to tackle this important energy and gas consuming sector in EU, analysing key issues, facts and giving directions on how to integrate heating and cooling into EU energy policies.

Legislative reviews of the EU EE framework (including EED and EPBD) are expected; review of EED will be focused on EE target and other relevant aspects to reflect the 2030 perspective. Review of EPBD will address challenges of slow implementation, poor compliance and enforcement, and low renovation rate. The EC is working towards having a legislative proposal of the EE package (EED, EPBD) ready in the early autumn.

EC repeated that CPs should focus on timely transposition and implementation of EED, following deadlines agreed by the EnC.

**Montenegro** (*Ms. Milica Knežević, on behalf of the Ministry of Economy*) presented the progress in transposition and implementation of EED in Montenegro. The Law on Efficient Use of Energy was adopted in December 2014 and transposed main requirements of EED, while full alignment will be achieved through the adoption of new, as well as amended secondary legislation. The current focus is on implementation of EED's Articles 4-6 and 14-15. Regarding Article 5, a Decree on reconstruction of administrative buildings was adopted in February 2016; planning of reconstruction of public administrative building is ongoing, with initial financing for reconstruction of the first set of buildings provided within the EEPPB project supported by KfW (loan + grant). EE procurement regulation developed with REEP support was also adopted in February 2016, and the consultant is supporting Ministry in drafting the required amendments of the Law and relevant by-laws necessary for the implementation of EEO schemes. The main requirements of Article 14 and 15 were transposed by the new Law on Energy, published in January 2016. Additional support for development of by-laws will be provided through TA projects: REEP, KfW, IPA 2011 and IPA 2012.

**Albania** reported on the recent adoption of the EE Law, which transposed key requirements of the EED, and ongoing work on development of the by-laws. EE Law includes provisions on the creation of the proper institutional and financial framework (EE Agency and EE Fund) and the development of EEAP (this activity is being supported by REEP); EPBD Law was drafted since November 2014, but it is still in the process of inter-ministerial consultations, with the expectations to be adopted in April 2016.

**Kosovo\*** is finalising new EE Law (supported by EU TA), focused on implementation of EED Articles 3, 4, 5, 13, 14, 16 and 18. The establishment of the EE Fund is currently most important topic for consenting on within the government in Kosovo\*; the Ministry will send the draft EE Law to ECS for compliance check.

**FYR Macedonia** already transposed requirements of ESD and the “old” Cogeneration Directive; the process of transposition of EED was initiated, and TA for this is being discussed with some donors (UNIDO, GEF). There are two options considered: to amend the EE chapter under existing primary (energy) law and secondary legislation, in order to transpose the EED, or to prepare an Energy Efficiency Law.

In **Moldova**, the Government discussed transposition of EED before the official adoption in the EnC. The transposition is included in the Governmental Programme for 2016, with TA provided by SIDA. Strengthening capacities of the implementing EE Agency is a key issue for implementation of the planned activities.

**Ukraine** prepared a roadmap for implementation of EED, with clear time schedule defined; SAEI is working with other stakeholders including Ministry of Energy and Coal Industry, to transpose and implement EED; the drafting process is supported by ECS, EU, TAIEX and GIZ. SAEI presented its plan to finalise and adopt the EED compliant Law in 2016, and to continue with working on secondary legislation at the beginning of 2017. The draft Law on Obligatory Metering and Billing is transposing some requirements of EED, and will be sent to ECS for compliance check. Activities for establishment of the EE Fund in Ukraine are underway.

**Bosnia and Herzegovina:** As no official representative of BiH was present at the meeting, GIZ EE - BiH reported about the TA offered to the State Ministry (MOFTER) for EED transposition; EEAP Working Group was established and the next step will be preparation of the roadmap for transposition of EED as part of EEAP; Participation of all invited institutions in the EEAP working group is very important, including Republika Srpska; In the entity of Federation of BiH the proposed EE Law was recently withdrawn from the Parliament, showing low political will to transpose even the Directive 2006/32/EC. An important development in the EED transposition in BiH was the Article 7 draft regulation supported by USAID.

**Serbia:** As no representative attended the EECG, the bilateral GIZ project on EE in buildings reported that it assisted Ministry to develop the Table of Concordance for EPBD Directive.

**Georgia** is working on the development of EED compliant NEEAP, supported by EBRD. One of the main issues under discussion is how to design and implement the EEO scheme, to avoid significant negative impact on energy prices.

#### **Discussions:**

EC DG ENER: In the EU there is also a practice to condition ex-ante the MSs’ access to Structural or Cohesion funds for energy efficiency with the proper implementation of EPBD and EED.

EC DG NEAR mentioned the example of the Western Balkans, where significant financing was dedicated for transposition of EPBD under REEP, and it is hard to get replenishment for REEP Plus if there is no progress in adoption of legislation (even without having an explicit ex ante conditionality).

ECS mentioned the example of Ukraine, where the adoption of EPBD legislation is one of the conditions for the EUR 600 mill of macroeconomic financial support from EU, IMF and the WB.

ECS informed that next annual implementation report will be much more detailed and based on tables of concordance for each piece of EE *acquis*, and for each CP; this will flag the non-compliance of each single article and this will be the basis for further infringements.

#### **Conclusions:**

- 1.1. EECG thanked the European Commission and Montenegro for their comprehensive presentations of latest development in EU EE policy, and respectively EED transposition and implementation practices, and took note of the status quo with the transposition of EED in the rest of the Energy Community. ECS reminded Contracting Parties that the implementation of EED is included in EECG's Work Programme and is/will be supported by Donors Community.
- 1.2. The adoption of existing draft legislation developed with the technical assistance of REEP and other donors remains a **high priority** in Contracting Parties; this is also an important step to enable further TA and funding. ECS is ready to provide further political support and asked Contracting Parties and donors to send information on any existing barriers in the adoption of existing draft legislation. Existing and new financial instruments and funds to be established would support the transposition and implementation of EED.
- 1.3. EECG also took note of the key transposition deadlines and steps for timely transposition of EED, as presented by ECS. ECS reminded the members, that the integration of EED policy measures in the 3<sup>rd</sup> EEAPs is one of the first steps towards transposition. ECS invited EECG members to actively participate and benefit from the EED training session organised on 11 March; this will cover best energy efficiency implementation practices, inclusive the implementation of EED Articles 4, 5, 6 and 7, financing schemes for EEAPs and support under Horizon 2020.

## **2. EED Core Topic 2 – EEAPs and monitoring**

*GIZ Open Regional Fund – Energy Efficiency (Mr. Joachim Gaube, Ms. Jasna Sekulović)* presented an overview and first results of the project “Strengthening Capacities for Implementing the EEAP Cycle” – related to the development of 3<sup>rd</sup> EEAPs in Western Balkan CPs. GIZ ORF EE provides advisory and mentoring support in the process of 3<sup>rd</sup> EEAP preparation. The project started with screening and identification of the needs in partner institutions, with a goal to finalise EEAPs by the end of June 2016, in line with EnC deadlines. All partner institutions expressed the need for expert support in preparing the EEAP chapters related to EED policy measures, calculation of new energy saving targets by 2020, EPBD cost-optimum methodology etc. Still, the GIZ ORF EE support is tailor-made for the respective countries. GIZ will also see to a good coordination with other donor's supported projects (EBRD in Albania, IPA in Serbia etc.), in order to avoid overlapping. GIZ management model was used to develop the process map of an ideal EEAP cycle by all partner institutions.

EECG members provided an update of the development of the 3<sup>rd</sup> EEAP, which is ongoing in all Western Balkan Contracting Parties. Moldova is working on its 2<sup>nd</sup> EEAP and Armenia and Ukraine provided comprehensive presentation of experience of in their EEAP development and implementation.

### **Discussion:**

GIZ ORF EE informed that MVP project is being finalised and coming to the end, and invited CPs to transfer MVP to national servers; GIZ suggested of having MVP topic regularly at EECG meetings after the submission of 3<sup>rd</sup> EEAPs.

GIZ ORF EE stated that there will be an opportunity for consultations on the draft of the EEAPs, and partners will be encouraged to present documents to civil society; Activities will be in line with other GIZ ORF EE project (Public dialogue on sustainable use of energy in South East Europe) which goal is to foster dialogue process between civil society, members of Parliament, government and other stakeholders. These dialogue processes are intermediated by GIZ ORF EE partners in this project - network of schools of political sciences.

EC DG NEAR also encouraged the cooperation with civil society, in order to strengthen the network and use broader national capacities.

#### **Conclusions:**

- 2.1. EECG thanked GIZ ORF- EE for its support and for tailoring its assistance to the needs and priorities of Contracting Parties, as well as the EECG Work Programme 2015-2016. MVP should also be officially acknowledged as a tool for monitoring and verification of energy savings in Contracting Parties. Beneficiary Contracting Parties are invited to transfer MVP to national servers, while MVP will be a regular reporting topic after the submission of 3<sup>rd</sup> EEAPs.
- 2.2. ECS reminded Contracting Parties that the deadline for submission of the 3<sup>rd</sup> EEAPs is 30 June 2016, and Contracting Parties should plan to finalise EEAPs by this date, or even earlier (April-May) to enable ECS to provide useful comments.
- 2.3. EECG congratulated Armenia and Ukraine on very good progress achieved in development and implementation of their EEAPs.

### **3. Update on Ongoing and Planned Support for Energy Efficiency**

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*European Commission DG NEAR and IFI Coordination Office (Mr. Davor Kunc, Mr Hubert Warsmann)* informed EECG about the ongoing work on WBIF EE publication, which will look more closely to achievements (including legal and financial aspects); EECG members are asked to actively participate in the development of the brochure, and ECS will coordinate this activity with EC and EECG.

*Regional Energy Efficiency Programme (Mr. Siegfried Brenke, REEP consultant)* provided the updated information on the progress with REEP focused on - Window 1 - Theme 1 - ESCO policy support. The work on ESCO market development is progressing slowly in some countries. In Croatia 3 projects are contracted and being implemented with four more tenders prepared and to be published shortly. In Bosnia and Herzegovina one project was put on hold for political reasons and one energy supply contracting ESCO project could be tendered in 2<sup>nd</sup> quarter of 2016. In Serbia the progress is slow: although detailed technical specifications and tender documentation was prepared for the street lighting project in Vrbas (Serbia) since the 3<sup>rd</sup> quarter of 2015, the tender is still not published by the municipality. Other 4-5 municipalities are currently being assisted to prepare pipelines of projects for ESCO financing, but so far the decision process seem to be very cumbersome and stop and go type. Although ESCO financing is recognised by both EU and the Energy Community as an appropriate financing model for public investments in energy efficiency, there are still a lot of barriers at municipal level, even if only linked to the insufficient legal framework. More political support is needed in order for the public authorities to publish prepared tenders.

There is now an urgent need for municipalities to take steps towards increasing their capabilities and awareness, and make decisions. EECG is a good place to discuss the bottlenecks in REEP implementation and share lessons and good models.

*Green for Growth Fund (Mr. Lloyd Stevens)* presented and distributed the latest EE brochure "Save energy, save costs, develop your business - A practical guide to energy efficient business solutions". It contains a series of energy-saving measures, categorised according to business sectors.

*EBRD (Ms. Vesselina Haralampieva) and the Ministry of Energy of Georgia (Ms. Margalita Arabidze)* presented work on development of Georgia's first NEEAP and overview of measures, based on EED

requirements. Draft NEEAP measures are currently being discussed with various stakeholders, with a plan to have final NEEAP discussed and agreed with all stakeholders by mid 2016.

The second half of the meeting was organised as an interactive group exercise in which EECG members exchanged ideas for their 2020 vision on EE policy framework, and how they see this vision realised. The discussions facilitation of the four groups was provided by SEE Change Net, WBIF - IFI Coordination Office, Independent Consultant Armenia and ECS. The 2020 vision share many common patterns: high level of transposition of EED/EPBD in national legislation and gradual implementation of other standards based on EU/EnC *acquis*; strengthening the coordination role, capacity and relevance of implementing EE agencies; international funding is expected to be the prevalent way of financing, with strengthening the role of domestic financing and national EE funds; strengthening the role of other stakeholders (mainly municipalities and civil society) and cross-sectoral cooperation; public sector shall/will be leading by example (ministries and EE Agencies, with stronger role of local governments); training and education will be important common mechanism to achieve the vision.

GIZ ORF EE (Mr. Benjamin Struss) presented the Horizon 2020 multEE project - Improving multi-level governance for energy efficiency. The multEE project aims to improve the consistency and quality of EE policy planning and implementation through the introduction of innovative, bottom-up M&V schemes, and improvement of vertical and horizontal coordination between administrative levels. In the first pillar of the project the Monitoring and Verification Platform (MVP) developed in cooperation with the EECG is being adapted and transferred to EU countries. In the second pillar the focus will be on improving vertical and horizontal coordination mechanisms in seven „standard“ types of energy saving schemes prevalent in most of the participating countries. GIZ ORF will use EECG meetings and EE Forum to share good practices and first results (brochures and publications) with EECG members and experience of participating countries, including FYR Macedonia and Croatia.

NALAS representatives (Ms. Elena Anastasova, Mr. Aleksandar Arsovski) presented the work of the NALAS and Task Force on Energy Efficiency, Knowledge Management System and ongoing Horizon 2020 projects.

### **Conclusions:**

- 3.1. EECG acknowledged progress in implementation of REEP. Key issues are linked to the adoption of the package of draft legislation by national authorities and a faster decision making process in municipalities for tendering and implementation of ESCO projects supported by REEP.
- 3.2. EECG thanked the EBRD and Ministry of Energy of Georgia for the presentation on 1<sup>st</sup> EEAP and congratulated on the progress in implementation of the EE policy.
- 3.3. EBRD and ECS thanked participants in the interactive group exercise, for the useful brainstorming on the goals and vision for Contracting Parties 2020 EE policy.
- 3.4. The EECG thanked the presenters (GIZ ORF EE, NALAS) for the very useful updates on ongoing and planned regional projects, sharing experiences and good practices. EECG will use experience from multEE project, and will further increase coordination between different EE policies, including EED and EEO schemes. EECG will regularly exchange information and promote regular cooperation with NALAS EE Task Force.

The next EECG meeting is planned for 01 June 2016 in Vienna and will be combined with the EE Workshop, planned for 02 June 2016.