

## 2<sup>nd</sup> Meeting - Energy and Climate Technical Working Group

*Vienna, 09 October 2018*

### MINUTES

#### **OPENING**

The **Energy Community Secretariat** welcomed participants to the second Energy and Climate Technical Working Group meeting (TWG), recalling objectives and mandate of the TWG as well as conclusions of previous meeting in June. In light of the adopted recommendation (January 2018) and guidelines (June 2018), the Secretariat highlighted the importance to start developing National Energy and Climate Plans (NECPs) to streamline reporting requirements and reduce administrative burden for Contracting parties. To assist Contracting parties, the TWG and the Energy and Climate Committee (ECC), the Secretariat contracted the Study on 2030 overall targets for the EnC (TU Wien, Joanneum, REKK) to develop a methodology and a quantitative assessment for achieving calculated 2030 energy efficiency, RE and GHG emissions reduction targets that may be expected under aligned framework conditions in the Energy Community Contracting Parties. The Secretariat stressed the timeliness and significance of a political consensus on the 2030 target setting and indicated that further work at technical level will be carried out for the development of a methodology that adequately reflects an equal EU ambition level. It also referred to the ongoing cooperation with GIZ to provide CPs with technical assistance for the preparation of NECPs.

#### **PART 1 - DISCUSSION ON 2030 TARGET STUDY AND WAY FORWARD**

**TU Wien, Joanneum Research and REKK** provided a shared presentation of the main findings included in the draft Final Report. The first part of the discussion focused on **energy efficiency** and the most appropriate methodology for baseline setting, recommended after a corresponding analysis of a total of four baseline scenarios (Reference 2012, Baseline 2007, Baseline II and Baseline III). Baseline III approach and scenario has proven to be the most homogeneous among all demand scenarios under consideration with considerably fewer outliers upwards, but also fewer outliers downwards with respect to the PEC/GDP and FEC/GDP indicators within CPs. On **renewable energy**, the report proposes to increase the RE share at CP level according to the formula set out in Annex Ia of the agreed text of the regulation on the Governance of the Energy Union, treating CPs of the EnC similar to EU MSs. Thus, this approach follows an integrated concept that takes into account the differences in economic development, the potential for cost-effective RE deployment and the interconnection level in the European Network of Transmission System Operators for Electricity (ENTSO-E) across the EU and the EnC. This approach strictly follows the formula set out in Annex Ia, and distributes the efforts across all CPs (and EU Member States) while

maintaining the RE ambition level as presumed at EU level. On **GHG emission** reduction, in absence of the EU Emissions Trading Scheme (EU-ETS), the methodology proposes for CPs to adopt a GHG target that is based on the application of the EU 2020 and 2030 non-ETS effort sharing methodology, with a weighting that is built on the GDP/capita levels of the CPs, leading to a gradient in national ambition levels moving from the stricter 2030 methodology based targets (for higher income CPs) to the less ambitious 2020 methodology based targets (for lower income CPs).

The **European Commission** stressed the need for additional research at technical level and further development of a clear baseline and a methodology that adequately reflects an equal EU ambition level. Lessons learned from setting the energy efficiency 2030 target at EU level were shared with the TWG. It was highlighted the importance of having a solid reference scenario, the elaboration of various policy scenarios and the assessment of their impact, with realistic projections on future trends. Assessment of energy savings potential and cost benefit analysis are very helpful, while the target needs to be ambitious. **Montenegro** indicated their support to the proposed methodology and requested more information on data used. They referred to limited number of technical experts in the country and expressed their willingness to cooperate with GIZ and the researchers working on the study to provide additional figures. **Albania** referred to their energy strategy and the importance of cross-checking numbers and targets with those included in the study. Written comments were shared with the Secretariat, where overall Baseline III was indicated as providing a smoother curve and a reasonable increase of energy consumption in Albania while the other scenarios were considerably off the chart in their estimations. While agreeing on the formula for RES, one key concern brought forward was on RES potential and how this was estimated in the report. Use of biomass has also proven not to be sustainable in Albania. TU Wien clarified that results presented built on the findings of the SEERMAP project. The approach on GHG emissions was welcome, at the same time Albanian GDP might impair its capacity to reduce emissions with modernization of its economy.

**Ukraine** indicated that Baseline III and the methodology to calculate RES targets seem reasonable. On GHG, targets could be more ambitious. It was asked which data sources were considered in the methodology developed at EU level. **Serbia** referred to a discrepancy in calculation of targets for 2020 and 2030. Several issues should be clarified when it comes to data and baseline to be used, ideally a meeting among modelers could be held in Belgrade. The **European Commission** provided clarifications on data consideration when targets were set at EU level and explained that the study uses a bottom up approach to determine the targets for CPs; implicit targets are also calculated at EU level and the Commission can propose measures and recommendations if MSs are not ambitious enough. In comparison to the study, **Former Yugoslav Republic of Macedonia** highlighted the higher ambition level of the country's targets for GHG emission reduction, included in the third annual update report, soon to be launched. The country also referred to ongoing preparations of the energy strategy, where additional targets are set. Researchers

should check if biofuels are included in the targets proposed in the study. **Georgia** expressed overall satisfaction with the proposed methodology and the fact that it is aligned with the EU approach. The 2005 baseline scenario was rationally explained in the study, at the same it was suggested to further reflect on the emission data year that would be reliable/verifiable for CPs and expressed its willingness to contribute to this discussion. Consistency with the NDC targets should be ensured. Both **Georgia and Serbia** recommended for the study to include considerations on security of supply.

**Kosovo**\*<sup>1</sup> presented detailed comments, highlighting that targets proposed in the study represent a heavy burden. It suggested, in general, to put forward only indicative targets up to 2025 instead of 2030, to revise the proposed target for energy efficiency and to consider the instability of woody biomass when determining RES target. The proposed methodology for GHG emission reduction target is acceptable, since based on fairness and providing Kosovo for gradual low carbon development.

**Bosnia and Herzegovina** presented detailed comments. Generally, the proposed methodology seems appropriate and fair, however the results obtained should be linked to the already agreed goals and current level of NEEAP implementation. On RES and GHG it would also be important to define more realistic goals and possibilities for Bosnia and Herzegovina, after a comprehensive interdepartmental assessment.

## **PART 2 – DISCUSSION ON NECPs STRUCTURE AND ANALYTICAL REQUIREMENTS**

The **European Commission** presented main progress made by MSs towards the preparation of integrated NECPs and provided an overview of expected timelines and deliverables ahead. The Governance Regulation has now been translated into all official EU languages and is ready to be adopted. Regional cooperation between MSs and possible consultation with third countries is foreseen.

**Ukraine** referred to a Commission communication focusing on Sweden and Finland as the most advanced countries in drafting integrated NECPs and inquired on criteria used for the assessment. The **European Commission** recalled that generally, MSs who have been following the structure and guidance provided at EU level, have shown to be successful. Contracting Parties can review existing NECPs during meetings and identify barriers and weaknesses. Practices may differ in MSs, for example Baltic countries have drafted common sections of NECPs and used similar analytical tools.

**Albania** referred to the adoption of three most important policy documents, including the Energy Strategy, the 2<sup>nd</sup> and 3<sup>rd</sup> Energy Efficiency Action Plan and the Renewable Energy Action Plan. As part of this process, it was asked whether NECPs should leverage on existing national strategies; this was confirmed by the Commission.

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\*<sup>1</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence



**GIZ** presented the institutional set-up and progress made in the elaboration of the Greek NECP, where one of the most challenging element was to find common priorities among national institutions. **Croatia** also presented their approach on NECP development, focusing on data availability, foreseen and ongoing modelling, timeframe and step ahead for Croatia. **Kosovo** emphasized the need for human capacities and technical assistance to support their newly established national working group on energy and climate. Challenges that have been already identified by the working group include lack of reliable data and technical expertise to cover the areas indicated by the plan.

#### **FOLLOW-UP**

- CPs to send written comments on the study;
- CPs to provide indications to GIZ and the EnC Secretariat on the areas where technical assistance would be mostly needed for the development of NECPs;
- Next TWG to be organized in February/March, date tbc.