

## **3<sup>rd</sup> Meeting - Energy and Climate Technical Working Group**

*Vienna, 21 March 2019*

MINUTES

### **Context**

This was the third meeting of the Energy Community Technical Working Group (TWG) on Energy and Climate.

The draft Final Report of a first study was presented and discussed at the 2nd meeting of TWG (October 9, 2018) and at the Energy and Climate Committee (ECC, October 10, 2018), where it was stressed the timeliness and significance of a political consensus on the 2030 target setting. At the same time, it was noted that the methodology proposed was too narrow and suggested for work at technical level to be further continued until May 2019.

To help defining scope and objectives of a follow-up study, a technical meeting among energy modellers from the European Commission and from the contractors (TU Wien and REKK) took place in DG ENER (Brussels) on October 25, 2018. Following these discussions, the continuation of the study was launched in December 2018, to deal with three main tasks:

1. Map all resources and data available for the target setting exercise and improve the analytical base;
2. Produce an excel tool for one Contracting Party (pilot – exemplified as Serbia, chosen in particular because of comprehensiveness and quality of historical data) with a first assessment of a limited corridor of targets for energy efficiency, RES and GHG emissions reduction and a calculation of their impact in economic terms as well as compared to historical trends;
3. After revision and general evaluation of the pilot, extend the tool to cover the rest of Contracting Parties.

### **OPENING**

The **Energy Community Secretariat** welcomed participants to the third Energy and Climate Technical Working Group meeting (TWG), recalling objectives and mandate of the TWG as well as conclusions of the Second Technical Working Group (October 9), which indicated that further work at technical level was needed for the development of a methodology that adequately reflects an equal EU ambition level.

The **European Commission** highlighted the importance of the discussions at the Technical Working Group as a step forward in the development of the study on 2030 targets for the Energy Community, stressing that feedback would contribute to improve the basis of the study and to evaluate and revise the pilot case. Based on the feedback received prior and during the TWG by Contracting Parties and the best approach identified, the methodology will be extended to all Contracting Parties. The Commission

recalled the importance of identifying a methodology that reflects an ambition level comparable to the one of EU28.

## **PART I - 2030 TARGETS FOR THE ENERGY COMMUNITY**

TU Wien, Joanneum Research and REKK delivered a technical presentation on the main findings included in the interim report. Contracting Parties engaged in an active discussion by posing questions and providing comments and recommendations.

**Serbia** expressed concern on the purpose of the study, on the target setting process, on the source of data used for the baseline scenario as well as for comparing Serbia to EU Member States, underlining the need of taking into account differences in economic conditions and a fair effort when setting targets. It highlighted the importance of considering the financial and social impact of the targets as well as security of supply. Also, Serbia suggested to reconsider the methodology used for calculating RES targets by not applying strictly the formula set out in Annex II of the Governance Regulation, treating CPs of the EnC similar to EU Member States, as well as by clarifying the calculations made for the four individual components. Serbia asked for clarifications to the European Commission on the EU target setting process and suggested that CPs will set their individual targets in the draft National Energy and Climate Plans. It requested to use the study only as an analytical tool to provide technical inputs.

**North Macedonia, Montenegro, Bosnia and Herzegovina and Albania** echoed Serbia and stressed the importance of involving national authorities when producing similar analysis for the remaining Contracting Parties. They also raised concern on the fact that most Contracting Parties did not reach 2020 targets yet. **Kosovo\*<sup>1</sup>, Georgia, Bosnia & Herzegovina and Albania** also highlighted some mismatch between data utilized in the interim study and national data recommended to take into account in the past. On RES target methodology, **Albania** also pointed out that the component on “potentials” unfortunately doesn’t take into account sustainability and environmental concerns necessarily associated with RES development, and stressed the particular case of hydropower depending on water availability, which shows irregular pattern from one year to the next in Albania.

The **European Commission** and the **Secretariat** reiterated that the methodology included in the interim report did not encompass all Contracting Parties yet, but focused on Serbia as pilot, given its reliable data, national energy strategy and being in the accession process. After the evaluation and revision of the pilot case, leveraging on the feedback received from Contracting Parties and once the best approach is identified, the methodology will be extended to the rest of Contracting Parties. The Secretariat highlighted the importance of cooperation between national experts and researchers from TU Wien, REKK and Joanneum Research. All versions of the study are shared with Contracting Parties and discussed extensively during the Technical Working Groups and beyond. The proposals contained in the study are inputs at technical level and therefore not obligatory per se, however they should inform the Ministerial Council, which is the ultimate institution taking political decisions and setting targets. The Secretariat also

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\*1 1 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

stressed that it is crucial to have reliable data; in order to increase data reliability and avoid mismatch, CPs were invited to compile energy data following EUROSTAT methodology.

After the morning session, a **Memorandum of Understanding** was signed between the Energy Community Secretariat, GIZ project Capacity Development for Climate Policy and GIZ Open Regional Fund for South-east Europe – Energy Efficiency to strengthen cooperation on supporting the Contracting Parties in the development of their NECPs.

## **PART II - GOVERNANCE REGULATION: INTRODUCTION AND NEXT STEPS**

The **European Commission** presented Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action which was adopted on 11 December, 2018. The key provisions of the Regulation were highlighted, including the integrated National Energy Climate Plans which incorporates the five dimensions of the Energy Union. Focus was put on Annex I of the Governance Regulation, which includes the structure of the plans (Part A – the plans and Part B – analytical basis), and on reporting requirements. The electricity interconnection target has been included for the first time by the Commission. The European Commission stressed that NECPs are not only strategies which set objectives, but they must be very concrete documents showing how those objectives will be attained. Specific policies and measures (PAM), including financial ones, which Member States intends to put in place to attain those objective must be spelled out. Moreover, Member States must emphasize their intent and PAM to promote regional cooperation. Beyond the 2030 timeframe, plans shall include also a longer term perspective, up to 2040 and 2050.

The **Austrian Environmental Agency** provided an overview of Austria's experience in the process of preparation of the integrated National Energy and Climate Plan as well as insights and key recommendations to Contracting Parties embarking in the same exercise. In particular, it stressed the importance of following Annex I of the Governance Regulation while developing the plan. In terms of institutional arrangement, in the case of Austria, all actions were coordinated by the Ministry of Sustainability and Tourism - the Energy department being part of the ministry since June 2018.

**New Climate Institute** presented a draft guidance document - elaborated in the framework of the cooperation with GIZ and the Secretariat – to consolidate and efficiently align Contracting Parties' multiple climate change and energy planning processes and international obligations into one single process. Also, in preparation for the discussions on NECPs, the **Energy Community Secretariat**, in cooperation with **GIZ**, hosted on March 20 a workshop on modelling options, gathering modelling experts from the European Commission's Joint Research Centre (JRC), the International Atomic Energy Agency (IAEA), Klimapolitika and the New Climate Institute (NCI) to analyze and compare existing modelling tools, methodologies and data needs, as well as lessons learnt for the preparation of the analytical annex of integrated NECP.

**Ukraine** indicated that certain notions in the Governance Regulation, e.g. energy poverty and energy security, do not have a unified definition, which leaves room for different interpretation from MSs. Furthermore, it was asked how to incorporate existing policy documents within the NECPs. **Serbia** referred

to transboundary consultations as an important requirement in the process of drafting the plans, while **North Macedonia** asked how to proceed when PAM included in the plans are insufficient to achieve objectives.

The **European Commission** reiterated that plans should clearly indicate how the country intends to achieve its objectives; when it comes to existing policy documents, it was suggested to leverage on those and include them in the closest relevant section of the plans. If PAM are not sufficient to achieve objectives, they should be revised or additional PAM included. The Commission and the Secretariat both pointed out to the key role the Energy and Climate Committee will play to enable regional cooperation and consultation in the process of drafting plans.