

61st PERMANENT HIGH LEVEL GROUP

Vienna and cyberspace, 1 July 2021

1. The meeting was chaired by Ms Natalija Luković on behalf of Republic of Serbia (Serbia) and Florian Ermacora for the European Commission (Commission).

Other Contracting Parties present were: Albania, Georgia, Kosovo*, Moldova, Montenegro, Ukraine.

Participants present were: Austria, Cyprus, Germany, Greece, Finland, Lithuania, Slovakia, Slovenia

2. The Permanent High Level Group (PHLG) approved the agenda.

Treaty amendments

3. The Commission presented the state of play after the PHLG meeting in March 2021 and informed about the bilateral technical meetings with some Contracting Parties held in the meantime. The Commission made clear that without progress on the Treaty amendments, there will be no “reciprocity” mechanism, therefore no clear governance between EU MS and Contracting Parties, which is necessary for the implementation of the Electricity and CACM Regulations and ensure a regional access to EU-wide trading platforms (day-ahead, intraday, balancing).
4. The Parties discussed on remaining open issues. Serbia didn’t change the position on several issues expressed during the December 2020 Ministerial Council (reciprocity, financial penalties, denomination, State aid and competitiveness) and therefore does not agree with proposed wording of the amendments. Position of Kosovo* related to denomination is for Serbia unacceptable. Ukraine announced statement on penalties at the informal Ministerial Council on 2 July. Georgia agrees with proposed Treaty amendments and stressed it has no mandate to discuss Kosovo’s proposal related to denomination. Kosovo* insists on their proposals related to denomination. Albania supports Kosovo’s proposal. Montenegro supports Treaty amendments but has some comments on calculation methodology for penalties to be addressed within the respective Procedural Act. Commission stressed clear mandate from EU Council it has and reiterated its commitment to further discuss open issues. The Parties suggested the informal Ministerial Council on 2 July 2021 to focus its discussions further on the remaining open issues. in a constructive manner.

The PHLG (except Serbia) underlined the importance to agree on Treaty amendments at the Ministerial Council in November 2021, and in particular the need for a “reciprocity” mechanism that would allow for the regional integration of the Contracting Parties into the EU electricity markets.

New acquis

5. The Commission presented the approach to the adaptation of Electricity Directive 2019/944, Electricity Regulation 2019/943, Risk Preparedness Regulation 2019/941, CACM Regulation 2015/1222 and FCA Regulation 2016/1719 which is based on the new Article 25’ (reciprocity) as proposed in the Treaty amendments. The Contracting Parties invited the Commission and the

Secretariat to launch in early July a consultation on drafts for adapted legal acts with Contracting Parties' and neighbouring EU Member States' stakeholders, subject to discussions at the informal Ministerial Council on 2 July 2021. The Contracting Parties invited the Commission to take these discussions into account when presenting proposals for adoption by the Ministerial Council in November 2021.

6. As regards the 2030 energy and climate framework, the Commission presented the approach to the adaptation of Energy Efficiency Directive 2018/2002, Renewables Directive 2018/2001, and Governance Regulation 2018/1999 and its accompanying Implementing Regulation 2020/1208 and Delegated Regulation 2020/1044.
7. Contracting Parties stressed a need to align the 2030 targets with the ongoing design of national targets as planned in the emerging National Energy and Climate Plans.
8. The Commission presented the possible general approach to the adaptations of Gas Security of Supply Regulation 2017/1938. The Contracting Parties invited the Commission to present it more in detail at an upcoming meeting of the Security of Supply Group to allow for an informal exchange of views prior to the finalisation of the Commission's proposal to the Ministerial Council in November 2021. The Secretariat presented the draft proposal for Decision 2021/XX/PHLG-EnC amending Decision 2013/01/PHLG-EnC of 23 October 2013 on the incorporation of Regulation 838/2010 in the Energy Community *acquis communautaire*. The Contracting Parties welcomed the envisaged adjustment of Annex I to Regulation 838/2010 laying down guidelines related to the inter-transmission system operator compensation mechanism and a common regulatory approach to transmission charging (G-charges).
9. The Secretariat informed the PHLG on the outcome of the consultations with Serbia held following the conclusions of the 18th Ministerial Council related to the incorporation of the Regulation (EU) 2019/2146 of 26 November 2019 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 and of the proposed adaptation related to the new reporting requirement in monthly oil energy statistics. Upon discussion, the Contracting Parties invited the Commission to present the proposal attached in Annex 5 for adoption by the Ministerial Council in November 2021.

Energy Community 2030 energy and climate targets and Decarbonisation Roadmap

10. The Commission informed about the results of the discussions at the technical working group of the Energy and Climate Committee on 29 June 2021 related to the design of 2030 targets, and associated envisaged two-step approach. The Commission informed that, depending on the progress of the 2030 energy and climate study, targets would be proposed at a later stage. The Contracting Parties invited the Commission to take the discussions at the PHLG and the informal Ministerial Council on 2 July 2021 into account when presenting proposals for all legal acts for adoption by the Ministerial Council in November 2021.
11. Some Contracting Parties stressed a need for targeted financial support from EU to enable timely decarbonisation.
12. The Commission presented the structure of a roadmap and timeline for its adoption with the aim of putting the Contracting Parties on a path towards achieving 2030 and mid-century decarbonisation targets.

13. The roadmap offers predictability, planning and sequence for the adoption, transposition and implementation of decarbonisation-focused rules while taking into account the capacities of the Contracting Parties in the years to come. The roadmap establishes a consistent dialogue with Contracting Parties on decarbonisation priorities. The roadmap would be updated biannually to keep the decarbonisation process of the Energy Community Contracting Parties in focus over time.
14. The roadmap would also support making progress on agreeing to a carbon pricing approach for the Energy Community by introducing a frame for concrete measures including the Monitoring and Reporting Regulation (MRR), the Accreditation and Verification Regulation (AVR), and pending decisions by Contracting Parties' on the participation in the EU Emission Trading System.

Infrastructure

15. The Secretariat presented the draft proposal for Decision 2021/XX/MC-EnC of the Ministerial Council of the Energy Community amending Decision No 2015/09MC-EnC of 16 October 2015 on the implementation of Regulation (EU) No 347/2013 of the European Parliament and of the Council on guidelines for trans-European energy infrastructure. Upon discussion, the Contracting Parties invited the Commission to present the proposal as drafted in Annex 6 for adoption by the Ministerial Council in November 2021.

MC agenda A items

16. PHLG members took note of the Audit Report as of 31 Dec 2020, Director's Report under Art 75 of the Treaty for the year 2020, Budget Committee Report on Audit 2020 and Budget Committee's Annual Report on its activities for 2020. All the documents were thoroughly discussed on the Budget Committee.
17. PHLG took note of the draft Decision on the discharge of the Director from his management and administrative responsibility for the year 2020 previously endorsed by the Budget Committee.

Done in Cyberspace on 1 July 2021

For the Permanent High Level Group

THE PRESIDENCY