

16th ENERGY EFFICIENCY COORDINATION GROUP MEETING - MINUTES AND CONCLUSIONS

Energy Community Secretariat, Vienna

Monday, March 19, 2018, 9:30 - 17:30

The Energy Efficiency Coordination Group (EECG) meeting was attended by representatives of all Energy Community Contracting Parties and Turkey, the European Commission - DG Energy and DG NEAR, Donors' Community and IFIs: EBRD/ REEP Plus, the Council of Europe Development Bank, European Investment Bank, KfW, GIZ ORF Energy Efficiency and GIZ bilateral projects, UNDP, UNIDO, USAID, as well as representatives of EU4Energy, consultants assisting countries on energy efficiency (ECA, GFA), and the Energy Community Secretariat (ECS).

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

ECS (*Mr. Janez Kopač, Ms. Violeta Kogalniceanu*) and EC (*Ms. Claudia Canevari*) opened the event and welcomed participants, pointing out importance of energy efficiency and EECG role. The meeting agenda was introduced and adopted. ECS (*Mr. Borko Raičević*) presented the last meeting's conclusions and the status of implementation of the EECG Work Programme 2017-2018.

1. EED Core Topic 1: EED transposition and implementation

Contracting Parties presented their progress in transposition of Energy Efficiency Directive (EED) since the last meeting (November 2017), as well as the progress in achieving the 2020 energy efficiency target, and implementation of NEEAPs.

Albania: The 2nd NEEAP (covering 2nd and 3rd reporting period) was adopted by the Government on 20th December 2017 and the Secretariat received a Summary version in English. The Energy Efficiency Law was adopted in 2015, and only partly transposed EED articles, focusing on Agency, funds, and energy audits. Albania is aware about delays in implementation of EED, including late adoption of NEEAP in December 2017; EE Agency was established in December 2016, but only now has conditions to start work (budget was allocated, and around 31 staff will be hired).

The cooperation with donors on EED is ongoing or planned with REEP/EBRD, UNDP on EE fund etc.

Albania still needs to amend EE Law and make it compliant with EED; REEP Plus is willing to support this activity (draft ToR will be sent to Albania).

Montenegro focuses on amendments of the EE Law; the first screening identified gaps and improvements in legislation; this will be the legal basis for full transposition of EED, especially EED articles 7 and 15. Montenegro will continue the communication with various donors and ECS. EED article 4 will be covered through KfW TA that started in November 2017, with initial ongoing activities on creation of building inventory.

EBRD acknowledged the progress achieved in Montenegro with REEP Plus support.

Kosovo* : EE Law was drafted and passed public consultations; The last version (with incorporated comments from ECS and national stakeholders); will be send to Government by the end of March, and after that to Parliament, for adoption. Full implementation of EED will require adoption of secondary legislation. This law includes extensive chapter on EE Fund.

Also, the draft law has set the legal basis for labelling with the aim of transposing Energy Labelling Directive through secondary legislation. EC and ECS suggested to Kosovo* to refer in the Law to both 2010 framework labelling directive and 2017 framework labelling regulation, to enable future adoption of implementing regulations for specific products.

The former Yugoslav Republic of Macedonia: the drafting of the new Energy Efficiency Law was delayed, and WG started only recently activities with support of international TA. Some policy options are being analysed: Article 7, 8 and 16 (with UNIDO/REC), ESCOs and services market (Swiss Contact and REEP Plus). REEP Plus offered support with detailed legal analysis of policy options under Article 4, 5, 7 and 16, as well as legal drafting of EPBD articles. The establishment of EE fund is under discussion; MVP was delivered to the Ministry of Economy and used for NEEAP reporting.

ECS urged the Ministry of Economy to step up on the legal drafting, and recommended that both the Ministry and the Energy Agency be more engaged, and take advantage of the international TA, including REEP Plus offer, while noting that a continuous coordination among donors is very important. In this respect, ECS will continue engaging all donors involved in regular coordination through conference calls.

Serbia reported the continuous delay in starting of IPA project that will support amendments of the Law on Efficient Use of Energy and implementation of EED. Certain activities already started, including work on inventory of central-government buildings and implementation of Article 5 (with assistance of bilateral GIZ project), and for Article 7 (REEP Plus). The Ministry plans to strengthen human capacities for EED implementation.

Bosnia and Herzegovina: most important achievement is the adoption of state-level NEEAP in December 2017; primary savings and EED roadmap are included in the NEEAP. The Roadmap can serve as ToR for donors; Article 4 is supported by GIZ national project with renovation strategies: typologies for buildings were completed. Art 7 - USAID TA is supporting EEOs and amendments to existing EE laws. The Working Group has been set up in order to report on the obligations under EnC Treaty. Moreover, TWGs will be created to deal with each EED article.

(Amendments of EE Law in entity of RS will be checked and reported to the Group at the next EECG meeting by BiH member)

Moldova: reported on updated statistical data on consumption by household and amendments of EE and RES targets; biomass consumption doubled and Moldova will revise FEC and PEC targets in EED Annual Report. The EE Law was adopted by the Cabinet of Ministers in March 2018 and it will be sent to the Parliament in the course of March/April.

Georgia: the new Ministry of Economy and Sustainable Development is responsible for energy efficiency; EED transposition deadline for Georgia is December 2018; Ministry works on the primary EE law with EBRD, comparative analysis has been already drafted, and discussion on draft law has been initiated; the 1st NEEAP is still not adopted, due to Governmental reorganisation process and the lack of consensus on EE Agency with the Ministry of Finance (the latter proposed to add this role to an existing institution).

* This designation is without prejudice to positions on status, and it is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

Ukraine achieved progress with the transposition of EED since the 15th EECG meeting in November 2017, by discussing it in the Technical Working Group and having prepared a final draft for discussion in the Government in March/April 2018. EE Law passed inter-service consultations; consultations are now on weekly basis, the last one with the Ministry of energy and Regulator; final version shall be submitted to the Ministry of Regional Development. The 2020 and 2030 targets have been proposed and currently in inter-service consultation process (also in GOV priority plan for 2018); more than 10 secondary legal acts have been prepared for the EE fund; household programme is renewed and the focus will be on HoAs; Regarding DH, high-efficiency cogeneration and metering, draft law and 18 acts were developed and in different level of approval procedure. There were 337 procurement procedures on ESCO, almost 100 finalised and 25 EPCs concluded (local councils approved them).

Ukraine explained that the 2020 and 2030 target was developed by the same methodology (EU4Energy/ECS); the next NEEAP will be developed with TA from EU4Energy and in line with 2035 Strategy.

European Commission, DG Energy (Ms. Claudia Canevari) provided latest updates on EE in EU. The process for the adoption of the proposals included in the 2016 Clean Energy Package is advancing. The EPBD is the most advanced as the agreement between the European Parliament was reached at the end of December 2017 and it is expected to be formally adopted by the summer. This would allow for the amended EPBD to be also presented to the next EECG. Article 4 of EED was moved to the EPBD as Article 2a (provisional numeration) and it was strengthened. The Directive is aligned with EU decarbonisation goals and reporting, mobilisation of financing and investments, and smartness indicator for buildings (to be further defined by delegated acts), and support to e-mobility.

The EC/Council/Parliament 2nd Trilogue on EED was planned on 21 March.

Conclusions:

- 1.1 ECS presented the status of implementation of the EECG Work Programme 2017-2018; this is on track; EECG will work more on EPBD implementation, 2030 framework and product regulations. The first EED annual progress reports were submitted by all CPs, with exception of Albania. Georgia has another EED deadline for adoption (31 December 2018) and has set the 2020 target through the first NEEAP developed in 2017 and pending adoption. ECS reviewed the Reports and found them in line with the provisions of the EED and the template distributed in 2017. The preliminary cumulative EnC primary energy consumption target as reported is 141,2 Mtoe and the final energy consumption 83,1 Mtoe; these figures are below the cumulative PEC of 187 Mtoe and FEC of 133 Mtoe prescribed in Article 3 of the EED, adapted and adopted by the EnC Ministerial council in October 2015.
- 1.2 CPs acknowledged the technical assistance received from different donors (GiZ ORF EE WB6, EC – Moldova and Kosovo*, EU4Energy – UA and Moldova, EBRD – Georgia, REEP Plus: Kosovo*, Albania, Montenegro, Serbia, Bosnia and Herzegovina) and thanked the Donors and IFIs for their continuous support.
- 1.3 EECG (CP members) reported on EED implementation: progress was achieved with Montenegro having amended EE and energy laws to partly transpose EED, and work in progress reported in Georgia, FYR Macedonia, Kosovo*, Moldova and Ukraine with a draft law under discussion.
- 1.4 However, there is no single compliant law adopted yet in the Energy Community (Moldova is closest to adopt it). Serbia IPA TA (includes transposition of EED) has been delayed since 2016, and EC DG NEAR was informed (Serbian Law on efficient use of energy and Law on energy partly transposed EED). Albania and Former Yugoslav Republic of Macedonia are significantly lagging behind. REEP Plus support should be discussed further.

- 1.5 ECS reminded all CPs that the EED transposition deadline was October 15, 2017, which also included the adoption of secondary legislation required for implementation. ECS will start infringement actions against the least progressing countries.
- 1.6 ECS urged those CPs that need TA for primary and secondary legislation to use the available TA (REEP PLUS, GIZ, EU IPA, KfW, USAID, UN etc.) to finalise the transposition and start implementation.
- 1.7 EECG thanked the European Commission, DG Energy for the updates on energy efficiency in the EU.

2. Core Topic 7: EPBD - Energy Performance Requirements/ Cost-Optimal Level

At interactive session EECG members (Contracting Parties, IFIs and Donors) shared experience in implementation of EPBD; Discussions groups brainstormed on following questions:

For Donor's Community:

- TA for EPBD – what worked well and what not?
- Are Technical working groups delivering? What other beneficiaries engagement works or doesn't work?
- What would you change in the TA / financing?

For CPs:

- What worked well/better with REEP and REEP Plus support in my country?
- What was the most difficult article/by – law to transpose?

Conclusions:

- 2.1 EECG acknowledged various ongoing TA activities and need for enhanced coordination. Package of TA/policy dialogue and investment financing is good approach used e.g. by EBRB, KfW, etc.
- 2.2 From Donors' perspective, government should improve capacities to coordinate TA, and local governments should be engaged more. The time needed for approval of deliverables should be reduced; ToRs should not be changed in course of action, and proper law enforcement should take place.
- 2.3 EECG CPs pointed out that cost-optimality and EP calculation software remains still a difficult aspects of EPBD to implement; National WGs are learning by doing, and educational/advisory component is important; To implement EPBD faster, TA should be more flexible and focused on needs, and conditionality criteria applied (country to receive more TA if achieve more). National WGs are important, but additional high-level political support should reached with engagement of EC, ECS, IFIs and donors.

3. Core Topic 10 – ELD: Implementation practices

Contracting Parties were invited to present ELD implementation status, products legislation in focus, and market surveillance practices. EC questionnaire was circulated by ECS in January 2018 and to date the following CPs sent their answers: Kosovo*, former Yugoslav Republic of Macedonia, Moldova,

Montenegro and Serbia. All Contracting Parties were encouraged to submit their replies to the questionnaire on market surveillance as soon as possible.

CPs reported on market surveillance activities: these are performed usually by the state market surveillance bodies; enforcement of labelling regulation brings no strong incentives for the bodies, while combination with ecodesign surveillance brings more action. Representative of Montenegro explained the received technical support of REEP Plus and GIZ ORF EE in preparation of certain rulebooks dealing with energy labelling and ecodesign.

ECS and EC announced that the EU Regulation 2017/1369 repealing Directive 2010/30/EU would be proposed to the PHLG for adoption in the Energy Community, hopefully during the Ministerial Council in October 2018, if the internal EU procedures allow for it. ECS will present the adapted text at the next EEGG meeting in June 2018. Another 5 delegated acts will also be proposed for adoption: 518/2014-Internet energy labelling; 1254/2014-Residential ventilation units; 2015/1094-Professional refrigeration; 2015/1186-Local space heaters; 2015/1187-Solid fuel boilers.

Conclusions

- 3.1 EEGG reported on ELD implementation practices and market surveillance activities. There is a real need for training and capacity building or surveillance of specific products, as well as cooperation with between CPs and with EU MSs and relevant EU surveillance groups. EC to look at TAIX and other opportunities for cooperation and regular experience sharing with EU Member States.
- 3.2 ECS reminded CPs to finalise and send completed questionnaire on market surveillance activities before next EEGG meeting, as this will be important to clarify and discuss next steps on implementation of energy efficiency product policy in the Energy Community.
- 3.3 EEGG acknowledged importance and agreed on planned steps for adoption in 2018 of the new framework labelling regulation and missing delegated acts in the Energy Community. EEGG will continue to be fully engaged in this process, and implement relevant activities under EEGG Work Programme.

4. REGIONAL PROGRAMMES AND INITIATIVES

The Regional Energy Efficiency Programme - REEP Plus presented activities under Window 1 (ESCO support and Policy Dialogue) and the new Green Economy Financing Facility (GEFF) for the Western Balkans.

REEP Plus Windows 1 - ESCO support (Mr. Nigel Jollands – on behalf of Toivo Miller, EBRD and Mr. Zoran Kapor, GFA) reported on progress in implementation of existing and launching of new energy efficiency and ESCO/PPP projects in the Western Balkans. Good progress was achieved in Serbia (including energy supply contracting - ESC) and Bosnia and Hercegovina, but there are still many barriers for a scaling it up.

Gaps and barriers are analysed and addressed in participating countries, especially Serbia (regulatory, technical, institutional, financial), and REEP finalised the Legal Gap analysis for energy performance contracting (EPC) and energy supply contracting (ESC) in all WB countries. A Workshop dedicated to this project is foreseen for 19 March, after the EEGG meeting.

Serbia's experience: the market for EPC street lighting projects is developing and also other project types are under development, such as Energy Supply Contracting (ESC). Within the revision of the EE

Law, specific provisions and criteria for ESC in public sector will be introduced, together with finalisation and adoption of model contracts.

Montenegro agreed that ESCO progress is visible through REEP PLUS assistance; nevertheless, more focus should be on standardised regional approach with the aim to develop a common energy services market in the region. Montenegro is too small a market for big ESCOs. Ministry has limited influence on adoption of key legislation for ESCO projects in Montenegro (PPP Law) and there will be useful to initiate high-level political dialogue, supported by EC/ECS and EBRD.

REEP Plus Windows 2 - Policy Dialogue (Mr. Nigel Jollands, EBRD) presented the first assignments launched under the new 2017-2019 programme. Significant progress was achieved since November 2017, with 8 support projects approved and commenced (Albania, BiH - Republika Sprska, FBiH, Montenegro, Kosovo*, and Serbia); the only REEP Plus beneficiary that has no current TA is FYR Macedonia.

Policy dialogue under REEP Plus is implemented jointly by EBRD and ECS, with goal to facilitate more investments. EBRD/ECS reminded beneficiaries to adopt and implement the old REEP deliverables relevant for transposition and implementation of EED and EPBD. New expressions of interest by CPs are possible, while ones received in previous period will be revisited.

GEFF implementation update since last EEGC meeting: regional hubs opened in Belgrade opened in January 2018, and 2nd regional hub office to be established in Tirana by end-March; Launch events organised in Sarajevo (November 7th, 2017); Kosovo (March 13th, 2018), Vendor workshop in Pristina in December 2017, and 1st flight marketing campaign in BiH (November 2017); first success stories from BiH will be published on GEFF BiH website in March 2018.

Kosovo* briefly reported on EPBD implementation: REEP supported development of the primary Law and secondary legislation; the Regulation on inspection of heating and ventilation systems was adopted on 15 February 2018. Certification of buildings Regulation is finalised, but pending adoption since October 2017 (linked to the National Calculation Methodology to be finalised; GiZ supported the translation of acts into Albanian; NCM will be finalised before September 2018. The question whether a new Regulation on minimum energy performance of buildings is still under clarification with the Consultant. Work on the typology of residential sector is ongoing and supported by GiZ.

Kosovo* has also reported on the new activity for creation of National Registry (web-database) for EPCs, energy auditors and reports, appraisers and independent experts; the EU funded project has started in February 2018 and has been implemented by GFA.

EBRD (Mr. Remon Zakaria, EBRD) presented concept of EE programme for public sector buildings renovation, i.e. proposal for a regional project under REEP PLUS for promotion of EE in public buildings.

Countries provided feedback on ongoing national buildings renovation programmes.

Montenegro has two active projects (World Bank and KfW) with more than 50 public buildings in scope; Serbia with support of World Bank (SEEP1 and SEEP2 projects) rehabilitated around 90 buildings in the period 2005-2012, while additional 234 public buildings will be rehabilitated under new "Project for Results" in the period 2017-2021; programme with KfW for educational facilities was finalised; EIB project is implementing with Ministry of Education attaching EE to renovation programme etc. USAID commented that most IFIs promote investments in public buildings. Kosovo* also has projects in public buildings. BiH public buildings renovation project financed by WB loan is most efficient national project financing 55 public buildings in each entity (32 mil USD); in FBiH, the Environmental and Energy Efficiency Fund and the government co-finance the programme.

EBRD clarified that there is no current plans to engage with national EE funds, where tariffs are not high enough to recover the investments in a reasonable time frame, and funds are not able to be sustainable on a market base; moreover, such Funds take time to be setup (2-3y), then it requires costs to maintain the structure, etc.

On the REEP Plus and KfW's earlier proposal, EBRD acknowledges that its proposal is complementary to KfW's, but the market is known to be big enough to accommodate more than one scheme, and the fact that these two are rather similar, it only reinforces that principle of the proposed approach to large scale buildings renovation is the right one. KfW agreed with colleagues from EBRD that the holistic, more comprehensive approach should be used.

It was agreed that KfW and EBRD will discuss internally this issue, and coordinate between the two to ensure complementarity. EBRD and KfW will inform EC and ECS about the outcome of its coordination efforts.

EC DG NEAR (Mr. Davor Kunc) supported EBRD's and KfW's proposal to first coordinate among the IFIs, and then follow the same process of application for the EG grants for TA and incentives as it was done for REEP. This is part of the internal Commission programming process for 2019.

USAID (Mr. Andrew Popelka) presented USAID's focus on sustainable approach to energy efficiency investments - balancing use of subsidies with commercial financing.

GIZ (Ms. Jasna Sekulović, GIZ ORF EE and Ms. Svjetlana Djokić, GIZ DKTI EE) presented brief update on activities under regional GIZ ORF EE Fund, bilateral project in Serbia "Energy Efficiency in Public Buildings" and SENECA Green. GIZ ORF EE received in December 2017 additional funding for urban mobility, focusing on sustainable and energy efficient transport. In December 2017 started the project dealing with urban mobility on a local level with participation of capital cities and associations of local self-governments. The 1st SEE Parliamentary Forum on Energy Efficiency and Climate was held in December 2017 in Vienna; Study trip to Berlin for representatives of the WB6 Parliaments is foreseen for 6/9th of June. In May 2018 project for extension of MVP will start. The 3rd Energy Community Summer school is supported by GIZ ORF EE. GIZ ORF EE supported Montenegro in preparation of labelling regulation and now supporting less demanding rulebooks dealing with eco-design. Serbian – German development cooperation Project "Energy Efficiency in Public Buildings" supports strengthening legal framework related to EE in public buildings (implementation of EED Article 5 and upgrade of EE rulebooks), development of national typologies and cost-benefit analysis tool for EE investments in schools and kindergartens, establishment of a knowledge platform for EE in buildings and training and capacity building for stakeholders. The SENECA Green is new GIZ network of the GIZ projects (on energy, climate, waste and biodiversity) in the region of Eastern Europe, Caucasus & Central Asia; creation of catalogue of GIZ tools and instruments is ongoing.

ECS (Mrs. Irina Lazzerini) presented the activities of the Energy and Climate Committee (formerly Climate Action Group), sustainability agenda, and progress with 2030 targets and Integrated National Energy and Climate Plans.

Conclusions:

- 4.1 EEGC thanked EBRD and REEP consultants for update on activities under REEP Plus programme, and progress with REEP Plus GEF Residential EE financing facility. EEGC will continue to be actively involved as a regional steering group, in the promotion and implementation of REEP Plus activities.
- 4.2 EEGC acknowledged the progress with the new REEP Plus call-offs. The Implementation of REEP deliverables needs to be finalised.
- 4.3 ECS invited Albania and FYR of Macedonia to get actively engaged with REEP Plus for the transposition of EE Law and by laws.

4.4 EECG thanked EBRD for the proposal regarding public buildings renovations with a combination of grants and EBRD loans, and noted the similarity with the KfW proposal presented at the 15th EECG meeting.

The EBRD proposal is broadly consistent with KfW proposal, but to make it work in practice, EBRD and KfW agreed to coordinate the full development of their proposals in order to be more complementary. EC explained process, i.e when these proposals are harmonised, they will be sent to the WB6 beneficiares for their endorsement. After that, EC will proceed with its own financing decision making process.

4.5 EECG thanked USAID for presentation and focus on sustainable approach to energy efficiency investments.

4.6 EECG thanked GIZ for brief updates on activities under regional ORF EE Fund, bilateral project focused on energy efficiency in public buildings in Serbia and SENECA Green. EECG thanked GIZ ORF EE for continuous support, as well as for engaging in climate actions, extension of MVP, and creation of sustainable urban mobility policies.

4.7 EECG thanked ECS for update on activities under sustainability and climate agenda, as well information on the study on 2030 targets for the Energy Community. All documents will be shared with EECG.

The next EECG meeting and Workshop are planned for 6-7 June 2018 in Belgrade, and will be combined with Horizon 2020 EmBuild Conference organised on 7 June 2018.