

## CONCLUSIONS

### 21<sup>th</sup> PERMANENT HIGH LEVEL GROUP MEETING

29 JUNE 2011, VIENNA

1. The meeting was chaired by Mr. Vadim Ceban for the Presidency in office and Mr. Fabrizio Barbaso for the European Union as Vice-Presidency.

#### AGENDA ITEM ONE – THIRD INTERNAL ENERGY MARKET PACKAGE

2. The PHLG discussed the draft Ministerial Council Decision on implementation of Directive 2009/72/EC, Directive 2009/73/EC, Regulation (EC) No 714/2009 and Regulation (EC) No 715/2009 and amending Articles 11 and 59 of the Energy Community Treaty, based on the Commission proposal.
3. The Contracting Parties presented their positions on the proposed draft decision. The main points of discussion related to the proposed amendments to the Treaty, to the legal basis (title IV / title II of the Treaty), to the role of the Energy Community institutions in the implementation of the Third Package (in particular in the procedures on certification and exemptions) and on the implementation deadline. Ukraine announced that it will present officially its position by 15.07.2011 in a Declaration format.
4. Upon the debates, an agreement of principle was reached on the draft decision with the exception of the following points: (1) deadline for implementation (extension of the general implementation deadline to 2014 or 2015; other deadlines will be adapted respectively) and (2) role of the Energy Community institutions in the implementation of the 3<sup>rd</sup> package. The draft decision, as finalised, will be submitted to the Ministerial Council meeting for consideration of the open issues and adoption.
5. The PHLG acknowledged the need for initiating work on utilising the possibilities provided for under Title IV of the Energy Community Treaty, in order to facilitate the achievement of the high-level goals of the Treaty, especially the creation of the Pan-European Energy Market, as well as the removal of identified barriers in the interfaces between the Contracting Parties and the EU Member States.

#### AGENDA ITEM TWO – RENEWABLE ENERGY SOURCES

6. The Secretariat presented the outcome of the 6<sup>th</sup> RETF meeting, which took place on 27<sup>th</sup> June 2011.
7. The Secretariat proposed the extension of the RETF mandate with one year as to proceed with the activities, related to the implementation of Directive 2009/28. PHLG

agreed with the approach and mandated the Secretariat to present a written proposal to the Ministerial Council.

8. The Secretariat informed the PHLG also on the undertaken steps, related to the RE related studies and in concrete for the one, concerning the revised approach to consider the 2009 as the base year for 2020 RES target calculation.
9. The European Commission informed about its views on the next steps, related to the implementation of the RES Directive 2009/28 in the Energy Community context.

### **AGENDA ITEM THREE – IMPLEMENTATION OF THE ACQUIS**

10. The Secretariat reported on its activities related to the implementation of the Treaty within the first half of 2011, including the discussion on new primary legislation with several Contracting Parties, the signature of and work within Implementation Partnerships, and the establishment of Contracting Party Profiles. The Permanent High Level Group thanked the Secretariat for its proactive approach. The Secretariat recalled its goal that all Contracting Parties be compliant with the second energy internal market package by the end of 2011. Contracting Parties were invited to continue active cooperation on new laws and by-laws, and to submit all information relevant for the Secretariat's annual implementation report currently under preparation not later than 15 July 2011.

### **AGENDA ITEM FOUR – REGIONAL ENERGY STRATEGY**

11. The Secretariat made reference to the circulated draft Regional Energy Strategy and to the comments received from the Parties.
12. The PHLG took note of the work of the Secretariat on the Regional Energy Strategy so far and stressed that this is a key document for the region, which needs to be supported with figures, identify strategic investment projects and provide an added value to the existing national strategies.
13. The Commission recalled the importance of this document, which is being scrutinised by the Commission services and EU member States. It referred to the need to be realistic, so that not to exceed the Energy Community mandate, taking also into account the limited resources. Further, following the comments of some Contracting Parties for review of the approach (Albania, Bosnia and Herzegovina, Moldova), the establishment of a special Task Force on developing the Regional Energy Strategy was discussed.
14. The PHLG agreed on a two-step approach. Based on the existing document, as commented, the Secretariat will prepare a "concept paper on guidelines for establishment of a regional strategy", which will be submitted to the Ministerial Council for agreement. On this basis, a task force will be set up with the mandate of elaborating a regional strategy.
15. The Parties are invited to provide further comments by 15.07.2011 to the Secretariat, on the ground of which the document shall be redrafted and presented to the MC for discussion and guidance for further steps.

## **AGENDA ITEM FIVE – ENERGY EFFICIENCY**

16. The Secretariat presented a draft decision on adopting certain delegated regulations with regards to energy labelling of household dishwashers, washing machines, refrigerating appliances, televisions and air-conditioners.
17. Upon debates, PHLG agreed that the draft decision is presented to the Ministerial Council for adoption.
18. The Secretariat reported on the 12<sup>th</sup> meeting of the Energy Efficiency Task Force on 16 June; the Task Force invited PHLG to recommend the Ministerial to extend its mandate in order to facilitate the follow-up of the transposition the Energy Performance in Buildings Directive recast (deadline in 2012), the new delegated regulations (Conclusion 7 of the Energy Efficiency TF meeting), as well as the recast of the Energy Services Directive. The Donors present at the Task Force meeting supported the extension proposal, expressing also the interest to provide further technical assistance to the Task Force in its next work programme.
19. The PHLG took note and agreed to recommend the extension of the mandate until the recast of Energy Services Directive is transposed. The Secretariat is invited to make the relevant proposal.

## **AGENDA ITEM SIX – MINISTERIAL COUNCIL MEETING**

20. The Presidency presented the draft MC agenda to the PHLG for information.
21. The Secretariat notified on the state of preparation of the relevant documents for the meeting and on the time line for their circulation. Particular reference was made to the necessity of timely reaction by the Parties to the proposals about draft decisions as the relevant materials should be circulated at least two months prior to the Ministerial Council meeting.
22. The Report on the implementation of the Work Programme of the Energy Community was discussed. The Secretariat was invited to reflect the received comments so far as well as the comments, which might be further provided not later than 15.07.2011, and to submit the report to the Ministerial Council.
23. The Director of the Secretariat referred to the annual report on execution of the Energy Community Budget 2010 pursuant to Art. 75 of the Treaty, which had been circulated.
24. Further to the information, presented to PHLG in March, the Report on Audit of the Energy Community for 2010 was recalled as part of the documentation for the Ministerial Council meeting. The Chair of the Budget Committee referred also the Budget Committee Report on Audit required under Art. 81(5) of the Budgetary Procedures.
25. Reference was made to the initial outline of the Report to the European Parliament and to the national parliaments under Article 52 of the Treaty was also presented.

## **AGENDA ITEM SEVEN – INFRASTRUCTURE PROJECTS OF REGIONAL VALUE**

26. The Secretariat recalled that a recent study commissioned by the Secretariat showed that there are 65 TPP units in the Energy Community excluding Moldova and Ukraine, with total installed capacity of 10,805 MW; their average weighted operation life by the end of 2010 was 30 years, as compared to 25 years which is the standard technical life of thermal power plant equipment. Hence, the majority of units are close to retirement, and some have surpassed the designed technical life and still operate, as there are no alternative solutions at present.
27. On this ground, PHLG agreed that the impact of Large Combustion Plants Directive on the power industry and the need to decommission and replace old coal fired power plants with new ones, preferably based on gas or renewable energy needs to be assessed. In this respect, the PHLG welcomed and fully supports the work started within the Environmental Task Force.
28. PHLG noted that investment opportunities and needs are huge in Contracting Parties to the Energy Community; nevertheless, investment decisions are determined mainly by investors' risk perception and therefore, an unrestricted access to the regional market is needed, as national markets are too small for big investments. Therefore, the Energy Community needs to intensify work towards reducing the regulatory barriers and opening the energy markets, and focusing on removing widespread regulated tariffs that are disincentives for investments, as well as towards enforcement of rules. A system for protection of vulnerable energy consumers should be designed and implemented in parallel with phasing out the regulated tariffs.
29. The Secretariat presented its views on developing a Regional Power Development Strategy and Investment Plan EC, USAID and WB as well as the other donors are invited to contribute and on the setting up an Investment Task Force.
30. The PHLG decided that this strategy should be a part of the broader Regional Energy Strategy discussed under Agenda Item Four.
31. The Commission once again stressed the importance of rapid progress and suggested a strong signal from the Ministerial Council, including a clear roadmap for the development of gas infrastructures in the Energy Community. In this relation, the Commission circulated a non-paper on Gas Infrastructure Development in the Energy Community.

## **AGENDA ITEM EIGHT – WHOLESALE MARKET OPENING**

32. The Secretariat outlined the content of the Regional Action Plan for wholesale market opening in the Energy Community that was elaborated by a group mandated by the PHLG and the ECRB following the joint meeting of these institutions on 24<sup>th</sup> March. The Regional Action Plan was approved by the ECRB at its meeting on 21<sup>st</sup> June. Upon debate, the PHLG decided to put the document on the agenda at its next meeting and that the PHLG coordination should be ensured by the representative of the Presidency in office.
33. As a complement to the RAP, the Secretariat presented a discussion paper on the topic. The Secretariat is invited to develop a paper on the ground of the presented concept.

## **AGENDA ITEM NINE – ENERGY COMMUNITY WORK PROGRAMME**

34. The Secretariat referred to the draft proposal for an Energy Community Work Programme 2012 – 2013, which had been circulated.
35. The Secretariat was invited to update the proposal on the ground of the received comments and those, which shall be further provided not later than 15.07.2011, and to circulate the updated version to the Ministerial Council for consideration.

## **AGENDA ITEM TEN – ENERGY COMMUNITY BUDGET 2012-2013**

36. The European Commission presented its proposal for the Energy Community budget for the period 2012-2013.
37. The PHLG took note of the proposal that will be submitted to the Ministerial Council for decision, including the table on the contributions of the Contracting Parties.

## **AGENDA ITEM ELEVEN – MISCELLANEOUS**

38. The PHLG was addressed by H.E. Dr. Jerzy MARGAŃSKI – Ambassador of Republic of Poland to Austria. Ambassador Marganski notified about a proposal of the Polish authorities to invite the ministers from the Contracting Parties at an informal meeting of the EU ministers, responsible for energy, concerning the external dimension of the EU energy policy and energy infrastructure. The event will take place in Wroclaw on 19-20 September 2011. PHLG members are invited to inform their ministers as to book the date. The Presidency in office was invited to coordinate a common position of the Energy Community to be presented at the event.
39. The Secretariat briefed on the outcome of the Investment conference (25.05.2011).
40. The Secretariat recalled several facts related to the ongoing work in the oil dimension, which were noted by PHLG.
41. Following up on conclusion 38 of the PHLG meeting of 23 March 2011, the Secretariat recalled that so far only two candidates for the Advisory Committee established under the Rules of Procedure on Dispute Settlement have been received. The Parties were invited to submit candidatures for members/alternate members of the Committee to the Secretariat by 15<sup>th</sup> of July 2011.
42. The Secretariat informed about the organization of a workshop on energy diplomacy, which will take place within the week, starting 24.10.2011. All Contracting Parties shall be invited to nominate two young professionals, dealing with energy matters as their representatives to take part in the training; concrete criteria shall be specified.
43. The Energy Community events till the end of 2011 were recalled.

Energy Community Presidency

  
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Vadim Ceban