

## CONCLUSIONS

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

14 DECEMBER 2011, BRUSSELS

1. The meeting was chaired by Mr. Vadim Ceban for the Presidency in office and Mr. Fabrizio Barbaso, Deputy Director General for Energy at the European Commission, for the European Union as Vice-Presidency.
2. Mr. Ilarion Popa, Deputy Minister of Economy of Moldova, addressed the PHLG meeting, which is the last Energy Community meeting within the Moldovan Presidency.
3. The Director of the Secretariat recalled the key achievements within 2011 and outlined the major tasks for 2012. Further, he informed PHLG that he is not looking for extension of his mandate upon its completion on 18.11.2012. The Presidency and Vice-Presidency praised the progress made by the Energy Community under Mr. Neykov's direction of the Secretariat, and thanked him for his commitment and restless work. The European Commission announced that it will start the recruitment procedure, according to the relevant Energy Community rules, and that the vacancy will be published at the beginning of 2012.

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

4. Republic of Moldova made a unilateral statement on derogation, concerning unbundling (Article 9 and related articles of Directive 2009/73/EC), which is attached to these conclusions (Attachment 1).
5. Recalling the Ministerial Council decision 2011/02/MC-EnC, of 6<sup>th</sup> of October 2011, and the overall time line as envisaged, the PHLG discussed the proposal for a concrete Implementation Plan.
6. Ukraine abstained from the discussion of the draft Implementation Plan, related to the transposition of the 3<sup>rd</sup> package of the Energy Community due to abstaining from the approval of draft Decision of the Ministerial Council regarding the 3<sup>rd</sup> package for technical reasons until finalization of internal national procedures.
7. PHLG took note of the statements of the Contracting Parties, related to the implementation of the 3<sup>rd</sup> package, concerning possible implementation problems and the objective needs for support. The Secretariat confirmed its readiness to provide operational support to all Contracting Parties, which so request, in line with their individual needs and targeting concrete issues, which they face or might face prior to the implementation deadlines. The Commission recalled the objectives of the Energy Community and the need to make sure that solutions are fully compatible with the spirit of the Third Package. It confirmed that it will support the Contracting Parties and the Secretariat in finding the most suitable solution.

8. The Secretariat, recalling that a workshop on the 3<sup>rd</sup> package will be organized on 22.03.2012, invited all Contracting Parties to send to it by 15.02.2012 any questions they might have (related to substance, organizational or procedural issues), which the Contracting Parties would like to be discussed at the workshop.
9. The PHLG invited the Contracting Parties to start preparatory work and to explore appropriate solutions at national level within the possibilities of the Third Package.
10. Following the discussions, PHLG adopted the proposed Implementation Plan as basis for individual planning for each Contracting Party.
11. The European Commission briefed the PHLG on the procedure for adoption of Network Codes within the European Union and the state of play. The Secretariat announced that a proposal for a Procedural Act will be tabled at the next PHLG meeting for adoption.

#### **AGENDA ITEM TWO – RENEWABLE ENERGY SOURCES – IMPLEMENTATION OF DIRECTIVE 2009/28/EC**

12. In accordance with the conclusion item 13 of the 9th Ministerial Council meeting on 6 October 2011, the PHLG endorsed the European Commission proposal to appoint Mr. Joachim Balke as Chair of the Renewable Energy Task Force (RE TF).
13. The Chair of the RE TF presented the Conclusions of the 7th RE TF Meeting, which took place on 6th December 2011.
14. It was underlined that the RE TF agreed to close the Biomass Study before the end of 2011 in line with the Terms of Reference. The PHLG invited the Secretariat to complete the outstanding administrative and financial obligations from the Study and facilitate consequent follow-up activities as requested by the Contracting Parties.
15. It was underlined that the RE TF recognized the methodology used to determine the 2020 RES Targets as consistent with the approach for calculating the Targets for the EU Member States. The PHLG expects all Contracting Parties, including their relevant national institutions to reach consent on any disputed items related to the applied methodology individually.
16. The PHLG urged the RE TF to reach an agreement on the 2020 RES Targets at the next RE TF meeting early in 2012 as to have them available for the next PHLG meeting. Considering the procedural steps needed for adoption of the new RES Directive 2009/28/EC at the Ministerial Council meeting in 2012, the Secretariat reminded that the draft Decision including approved 2020 RES Targets has to be agreed and endorsed by the PHLG the latest in June 2012.
17. The PHLG took note of the recommendation of the RE TF in relation to revision of the national energy statistics based on the new biomass data, in line with the EUROSTAT methodology. The Contracting Parties committed to take the necessary steps to ensure that the energy balances shall incorporate all relevant renewable energy consumption data as used for setting the Targets.
18. Following the expressed concerns of the Secretariat, the PHLG took note that four Contracting Parties (Albania, Croatia, the Former Yugoslav Republic of Macedonia and Ukraine) were not present at the RE TF Meeting, and that Croatia and Ukraine did not provide any comments on the Biomass Study results. The PHLG urged the Contracting Parties to comply with their obligations and make sure of their full and timely participation in the forthcoming activities.

19. In accordance with the facts presented in the Final Report Update Calculation of RES Targets for the Contracting Parties (Chapter 2, Methodology, 2.2-Flat rate), Serbia and Montenegro request reduction of the flat rate proportionally to the time remaining to implement the Directive 2009/28/EC in the Contracting Parties precisely from 5.5% to 4%. On this ground, PHLG invited those Contracting Parties, which still have concerns with the level of targets, to provide their official position to the Chair of the RES TF not later than 01.02.2012. PHLG invited the RES TF to consider its final considerations in relation to timely preparation of EC proposal for a decision on implementation of Directive 2009/28/EC.

### **AGENDA ITEM THREE – DEVELOPMENT OF GAS POWER AND GAS RING IN THE ENERGY COMMUNITY**

20. The European Commission recalled the outcome of the joint ECRB/PHLG meeting on 14.10.2011 and briefed on the special ad-hoc meeting on energy infrastructure development in the SEE region, organized on 13.12.2011. The Chairman's conclusions are attached for ease of reference (Attachment 2). In line with item 13 of the Chairman's conclusions, the Contracting Parties are invited to present their proposals for a viable plan about the gas-to-power initiative to the Secretariat by 1<sup>st</sup> February 2012.
21. The Co-Chairmen of the ECRB GWG presented the provisional final report of the Study on "Recommendations for funding investments in the Energy Community Gas Ring". The PHLG welcomed the presentation and noted the importance of the risk assessment methodology being important for the implementation of the 3<sup>rd</sup> package. Taking note of the work so far, PHLG supported the involvement of ECRB in these activities.

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

22. The Chair of the Energy Community Strategy TF, Mr Cristóbal Burgos, presented information on the first meeting of the TF (12.12.2011) and on its conclusions.
23. PHLG welcomed the outcome of the first meeting of the Strategy TF and recalled the intensive amount of work scheduled for the Strategy TF for next year and invited Contracting Parties to assist in facilitating this process.
24. The PHLG encouraged the Contracting Parties to fully engage in developing the Strategy and to provide the necessary information and support to the work of the Task Force.
25. It was recalled that the Strategy needs to be finalized by end of May 2012, so that it can be endorsed by the PHLG in June 2012.

### **AGENDA ITEM FIVE – REGIONAL ACTION PLAN (ELECTRICITY WHOLESALE MARKET)**

26. The PHLG decided that the respective Presidency in Office should act as PHLG coordinator on the Regional Action Plan.

27. The PHLG asked the Secretariat to develop a common template for the Local Action Plans for all Contracting Parties, and to assist the Contracting Parties in drafting of their Local Action Plans for the Electricity Wholesale Market Opening. Regular reports on the development should be presented to PHLG.

#### **AGENDA ITEM SIX – ENVIRONMENT**

28. Mr. Wimmer from EC, on behalf of the Chair of the Environment TF, presented summary information on the outcome of the TF meeting (Vienna, November 2011).
29. In particular, the Task Force recommended to incorporate Directive 2005/33/EC amending Directive 1999/32/EC into the Energy Community acquis, as an isolated implementation of Directive 1999/32/EC is not advisable due to technical reasons. Directive 2005/33/EC is already under implementation by most Contracting Parties.
30. The Secretariat briefed on the state of preparation for the implementation of the Sulphur in Fuels Directive (1999/32/EC). The assessment of the state of Implementation of the Directive in the Contracting Parties demonstrated that even though progress was noted in several Contracting Parties, most likely none of them – with the possible exception of Montenegro and UNMIK – would fully implement the Directive by the end of 2011. It was noted that the implementation of the Sulphur in Fuels Directive is more difficult to achieve in Contracting Parties with refineries, due to the investments needed for modernization. The PHLG members committed to prepare and submit implementation road maps as agreed by the Task Force before the end of the year, and seek the Secretariat's help if needed.

#### **AGENDA ITEM SEVEN – MISCELLANEOUS**

31. The Secretariat recalled the Ministerial Council Conclusions (October 2011), putting particular emphasis on the priorities of the Montenegrin Presidency. In this relation, the Secretariat also briefed on the latest developments, concerning the Coordinated Auction Office.
32. The Secretariat presented an overview of the conclusions of the Oil Forum, targeting the implementation of the 2009 Oil Stocks Directive in the Energy Community, and the relevant preparatory steps were underlined.
33. An overall review of the Energy Community Work Programme for 2011 was made. Further, the highlights of the Work Programme 2012 were emphasized (with key focus on adoption and implementation of acquis).
34. The PHLG reiterated the 9<sup>th</sup> Ministerial Council conclusions (item 8) and invited the Contracting Parties to support actively and efficiently the Secretariat by providing extensive information on security of gas supply issues when required. This would enable the Secretariat to represent the Energy Community adequately at the Gas Coordination Group meetings.
35. The PHLG invited the Contracting Parties who have not submitted the updated Security of Supply statements so far to the Secretariat, to do so as soon as possible.

36. The Secretariat briefed on the outcome of the 3rd Investors Advisory Panel meeting. In its conclusions, the investors expressed concern with regards to the future treatment of gas pipelines and electricity lines between the EU Member States and the Contracting Parties. Notably the concern refers to whether these will be treated as interconnectors in the spirit and legal understanding of the 3rd package or not.
37. Following the expressed interest of several Contracting Parties the PHLG tasked the Secretariat in the course of 2012 to update the Tables and reiterate the activities related to the Generally Applicable Standards.
38. The PHLG took note of the Conclusions from the Statistical Workshop of 9<sup>th</sup> November 2011 and encouraged the Secretariat to sustain its support and monitoring of the follow up developments in 2012.
39. The key elements of the Energy Community Event Calendar 2012 were presented. The Secretariat and the EC expressed their concern related to non-regular participation at the Energy Community events.

Vadim Ceban  
