

21st Ministerial Council

Vienna, 14 December 2023

1. The Ministerial Council meeting was welcomed and chaired by Deputy Director General Mechthild Wörsdörfer for the European Commission.
2. The Ministerial Council approved the agenda of the meeting and adopted the A-points listed in Appendix 1 With regard to the Decision on the Reasoned Request submitted by the Secretariat against Montenegro in Case ECS-15/21, the Presidency and the Vice Presidency agreed to launch decision by written procedure immediately once the Opinion by the Advisory Committee is available.
3. The Presidency established the quorum of the Ministerial Council for the adoption of Decisions and Procedural Acts.

New acquis 2023

4. The Ministerial Council adopted the Decision on extending the duration of the Energy Community Treaty, which reflects the future-oriented commitments which Parties have already taken upon themselves so far.
5. The Ministerial Council adopted two Decisions required for the incorporation of the TEN-E Regulation (EU) 2022/869 in the Energy Community, including a Decision to extend the scope of 'Network Energy' under the Treaty. While continuing to foster market integration, competitiveness and security of supply by integrating infrastructures, the new TEN-E Regulation will also be pivotal to support the Energy Community's climate neutrality objectives. The implementation of the Regulation will start already in 2024 with the identification of the first list of Projects of Energy Community Interest. It is without prejudice to existing and further funding of infrastructure no longer covered by the TEN-E Regulation.
6. Following up on its last meeting, the Ministerial Council adopted the Procedural Act on the Seat of the Gas Forum, which will be held in Ukraine as soon as the conditions will allow. The Ministerial Council thanked Slovenia for its solidarity with Ukraine and congratulated it for hosting the successful first Forum on Renewable Investments in Ljubljana in November 2023.

Energy Community Budget 2024/2025 and related matters – state of play and next steps

7. The European Commission presented the main features and figures of the proposed Energy Community budget for 2024/2025 as well as a package of proposals complementing the budget and required for reasons of organisation and human resources at the Secretariat. The package comprises:
 - A Procedural Act amending Procedural Act No 2021/01/MC-EnC on the adoption of the Budget of the Energy Community for the years 2022-2023 and on the contributions by the Parties to the budget;
 - A Procedural Act amending the Staff Regulations and amending the Rules for Recruitment, Working Conditions and Geographical Equilibrium of the Secretariat's Staff of the Energy Community;
 - A Procedural Act amending Procedural Act No 2021/02/MC-EnC on the appointment of the Director of the Energy Community Secretariat;

- A Procedural Act on adoption of the Energy Community budget for 2024-2025;
 - A Procedural Act on adopting the Organigramme of the Secretariat;
 - A Procedural Act amending Procedural Act No 2014/01/MC-EnC on the Energy Community Procedures for the establishment and implementation of budget, auditing and inspection;
 - A Decision on Financial Discharge of the Director of the Secretariat of the Energy Community.
8. The Presidency and the Vice-Presidency agreed to launch a written procedure for the adoption of all above acts within the shortest possible timeframe and in agreement with the Presidency and the Vice-Presidency, upon the formal adoption and notification to the Secretariat of the acts to be proposed by the European Commission and agreed at EU level. The Ministerial Council rules, based on the opinion of the European Commission, and within its authority under Chapter VI of the Energy Community Treaty, that the Director is mandated to enter into legal commitments and make payments until 31 March 2024 up to the level of 25 percent of the approved Budget for 2023, and thereafter quarterly, until the new Budget 2024/2025 is adopted. Article 45 of the Energy Community Procedures for the Establishment and Implementation of Budget, Auditing and Inspection applies. No appointment may be made in excess of the limit set in the 2023 Establishment Plan until the new Budget 2024/2025 is adopted.
9. Given the ongoing Russian war of aggression against Ukraine and the extraordinary financial constraints the country is under by consequence, the Ministerial Council agrees to waive the country's budget contribution for the budgetary year 2023 on account of force majeure. The Secretariat is requested to write the contribution off from its accounts.

Implementation of the Treaty

10. The Secretariat presented the 2023 edition of the Implementation Report, which follows a new structure to better reflect the Energy Community's main priorities and represents also the state of play in implementing the Renewables Energy Directive, the Energy Efficiency Directive and the Governance Regulation. The Ministerial Council called upon all Contracting Parties to accelerate the full and swift implementation of the *acquis communautaire* in all areas. This is particularly important for the transposition of the Electricity Integration Package, which is the precondition for the full and reciprocal integration of the Contracting Parties' electricity systems and markets with the European Union's and on which all further implementation actions, including possible exemptions envisaged by the European Union's CBAM Regulation, depend. The Ministerial Council urged all Contracting Parties to finalize complete transposition of the Electricity Integration Package with the help of the Secretariat in the first quarter of 2024.
11. The Ministerial Council took note of the Secretariat's announcement to launch infringement procedures for possible Decision by the Ministerial Council in 2024 as a measure to accelerate the process of transposing the Electricity Integration Package as well as the Oil Stocks Directive.
12. The Ministerial Council expressed its serious concern about continued non-compliance with the Large Combustion Plants and the Industrial Emissions Directive in several Contracting Parties. Significant levels of air pollution affect the health and lives of citizens of the Energy Community. The Ministerial Council encouraged Contracting Parties to continue their implementation efforts.
13. The Ministerial Council welcomed the Secretariat's update on the measures taken by Contracting Parties under the emergency situation related to the price surge in 2021/2022. The Contracting Parties are invited to phase out any state of emergency in the energy sectors and focus on the transposition and implementation of the Energy Community's security of supply rules instead.

Decarbonisation Roadmap

14. The Ministerial Council reiterated its commitment to the goals outlined in the 2021 Decarbonisation Roadmap, emphasizing the need for continued progress in implementing energy and climate legislation and 2030 targets. In that context, the Ministerial Council recalled the adoption of the Governance Regulation and the need to advance the adoption of integrated National Energy and Climate Plans, taking due account of the recommendations provided by the Secretariat. Contracting Parties that have not yet submitted their draft plans were urged to do so without further delay. The Ministerial Council underlined that the 2030 energy and climate targets stipulated in the final NECPs must fully reflect those adopted by the Energy Community. The Ministerial Council welcomed the focus by the PHLG on improving the regional coordination among Contracting Parties on the NECPs' targets, policies and measures and their regional impact.
15. The Ministerial Council agreed to update the 2021 Decarbonisation Roadmap at its meeting in 2024 with a view to establishing a commitment to achieving climate neutrality by 2050, and deciding on the way forward as regards the implementation of carbon pricing in the Energy Community. Ahead of the 2024 meeting and so as to inform its future decision, the Ministerial Council invited the European Commission to carry out an impact assessment on the various policy options for a regional carbon pricing model at the Energy Community level, taking into account the summary report on technical consultations on carbon pricing held in the second half of 2023.
16. The Ministerial Council acknowledged that any possible future carbon pricing for the Energy Community should ensure cost effective emission reductions in line with Paris objectives and the energy and climate commitments to be taken by the Contracting Parties and help prepare for joining the EU ETS as well as provide to installations the same level of legal certainty before and after the EU accession. Furthermore, it should be designed with a view to enable the continued market coupling for the electricity sector after 2030 as well as a CBAM discount for the remaining CBAM sectors. The Ministerial Council underlined the importance of financial support to the decarbonisation of Contracting Parties.
17. Any form of credible carbon pricing requires robust emissions data. In this context, the Ministerial Council recalled the urgency of the swift transposition of the MRVA-package and acknowledged the urgent need for the Contracting Parties to invest in increased administrative capacity to implement the MRVA package, in order for the significant technical assistance offered by the European Commission, and other donors and IFIs active in the Energy Community to be effective and to be further enhanced. The Ministerial Council invited the European Commission and other donors to continue capacity building efforts toward the effective implementation by Contracting Parties of the MRVA-package.
18. The European Commission presented an indicative Roadmap for the mutual recognition of Guarantees of Origin issued by Contracting Parties and the EU and its Member States. Upon discussion, the Contracting Parties invited the European Commission to propose on the basis of the discussions to be held at the PHLG a Decision of the Ministerial Council allowing for mutual recognition of Guarantees of Origin in close cooperation with the Secretariat. Georgia asked for its special situation to be recognized in the discussions.

Follow-up from the last Ministerial Council

19. The Ministerial Council took note of the Secretariat's update on the Contracting Parties' response to the European Union's systematic invitation to align without further delay with the EU restrictive

measures imposed on the Russian Federation and Belarus, and to adopt corresponding measures pertaining to energy in their domestic legislation, and to prevent the circumvention of restrictive measures. The Ministerial Council urged those Contracting Parties lagging behind to adopt corresponding measures as soon as possible, and to inform the Secretariat thereof. Bosnia and Herzegovina, Serbia and Georgia underlined this does not create legal obligations.

Handover of the Presidency

20. The Ministerial Council thanks Albania for its Presidency and leadership and welcomes Bosnia and Herzegovina as the next Presidency of the Energy Community.

Done in Vienna on 14 December 2023

For the Ministerial Council,

THE PRESIDENCY

A handwritten signature in blue ink, appearing to be "E. King".

Unilateral declaration by Bosnia and Herzegovina and Serbia

With regard to conclusion 19, Bosnia and Herzegovina and Serbia consider that the Ministerial Council should not take geopolitical positions and that Bosnia and Herzegovina and Serbia are committed to their vital national, political and economic interests.