

19th ENERGY EFFICIENCY COORDINATION GROUP MEETING - MINUTES AND CONCLUSIONS

Tuesday, 5 March 2019, 9:30 - 17:30

Sarajevo, Bosnia and Herzegovina

The 19th Energy Efficiency Coordination Group (EECG) meeting was attended by representatives of all Energy Community Contracting Parties, except Moldova, by Armenia (as Observer country), the European Commission - DG Energy and DG NEAR, EU Delegation to Bosnia and Herzegovina, Donors' Community and IFIs: EBRD/ REEP Plus, European Investment Bank, the World Bank, KfW, GIZ ORF - Energy Efficiency and GIZ bilateral projects, UNDP, USAID, Bosnia Energy Efficiency Project, as well as consultants assisting countries on energy efficiency (ECA, Karanović/Nikolić, nLogic Advisory, Encon Services International), Regional Cooperation Council, SEE Change Net, Habitat for Humanity and the Energy Community Secretariat (ECS).

ECS (Mr. Janez Kopač) and the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina (Mr. Nedjo Kapetina) welcomed participants and ECS introduced the meeting agenda.

The EECG documents and presentations are available online on the Energy Community website ("[Events](#)" section).

1. EECG Work Programmes 2019-2020

ECS summarised EECG activities under previous EECG Work Programme 2017-2018 and presented the new Work Programme 2019-2020. The previous Work Programme was largely implemented and progress achieved (esp. when it comes to transposition of EE Directives, but implementation remains challenging); ECS presented implementation challenges from 2018 Implementation Report - new Work Programme will tackle this and continue some activities of the previous Work Programme; it will also continue to follow the example of EU Concerted Actions; the EECG Work Programme 2019-2020 includes 10 Expert Areas (five focused on implementation of EED, three on EPBD and two on EE products), as well as horizontal and cross cutting issues.

In 2019, EECG will focus on: transposition and implementation of EE acquis and expert discussion on revision and adoption of revised EU directives, development of EED NEEAPs, monitoring and reporting on savings achieved, progress toward 2020 and setting of 2030 EE targets, promotion of the exemplary role of the public sector, update of legislative framework for energy services, audits and management systems, efficiency in energy supply, CHP and heating/cooling, buildings' energy performance requirements and certification, implementation and market surveillance practices, coordination of existing regional support programmes and design of new ones.

Conclusions:

- 1.1 The EECG Work Programme 2017-2018 was largely implemented and significant progress achieved in transposition of EE Directives, but implementation remains a challenge.
- 1.2 EECG thanked ECS for the presentation of EECG Work Programme 2019-2020 and endorsed it.

1.3 EECG confirmed the (Co-) Chair in the person of Mr. Denis Tumuruc from the Ministry of Economy and Infrastructure of the Republic of Moldova and the nominated Expert Areas' Leaders, as proposed by ECS.

2. Expert Areas 1, 2, 7 and 8: EED/EPBD implementation and NEEAPs

ECS invited CPs to present the status, progress and plans for implementation of selected key EED/EPBD articles and preparation of new NEEAPs, based on a reporting template circulated prior to the meeting. Selected requirements and reporting structure follows the Expert Areas 1, 2, 7 and 8 from the EECG WP 2019-2020, and show key progress since the last EECG meeting (November 2018). All CPs completed questionnaire, with the exception of Bosnia and Herzegovina¹.

- **Albania:** the draft amendments of the EE law were prepared with REEP Plus support (to achieve full compliance with EED); key secondary legislation for implementation of EPBD Law has been also drafted with REEP TA, but still needs to be finalised and adopted. The Energy Efficiency Agency started activities on energy audits in public buildings, data collection and administration of the Monitoring and Verification Platform (MVP) supported by GIZ ORF-EE. The World Bank supports development of a new EE financing mechanisms for public buildings, while the new EU IPA project will strengthen capacities and coordination role of the EE Agency.
- **Bosnia and Herzegovina:** reported on recent progress achieved, including progress with planning and coordination activities for preparation of new NEEAP, creation of Working Groups dealing with different aspects of EED (NEEAPs & modelling, EEOs, Building Renovation Strategies etc.); BiH is planning to continue with NEEAP until new NECP is adopted in 2021. Amendments of EE Law in the Federation of Bosnia and Herzegovina and Republika Srpska are planned, while Brčko Distrikt still needs to initiate work on drafting of EED compliant EE Law.
- **Kosovo*:** after adoption of EED Law in November 2018, Kosovo* started working on secondary legislation (various TA is being secured by EU, REEP, KEEP etc.); current focus is on establishment of the EE Fund - Board Members have been appointed and recruitment of Fund's Managing Director is ongoing. Package of EPBD regulation was adopted in December 2018. Regarding NEEAP, Kosovo* initiated activities by organising meetings with stakeholders, data collection for the reporting on energy savings and planning new measures. MVP is installed but still not functional - KEEA staff participated in the GIZ ORF-EE MVP Plus kick-off workshop organised in February 2019.
- **Georgia:** the EE Law was recently approved by the Government with certain comments – it will be further updated and submitted to the Parliament; the latest amendments of the Law introduced the EE Agency, as legal public entity responsible for implementation and enforcement, under the Ministry of Economy and Sustainable Development. The NEEAP has been drafted during 2016-2017 and updated in 2018 to cover implementing period 2019-2021 – its submission to the Government is planned by the end of March 2019.

ECS and EC (DG NEAR) congratulated Georgia for progress achieved. The EPBD law is for a long time in Parliament and its adoption should be a priority for Georgia; implementation should be further supported and specific roles performed by all stakeholders involved in implementation to be clarified.

¹ Summary progress table (updated with latest information received from Montenegro on 13.03.2019) is available here: https://www.energy-community.org/dam/jcr:234729fe-68c7-48ea-b7aa-dfa5425ac047/EECG_summary_0319.xlsx

- **North Macedonia:** EE Law transposing EED and EPBD passed the public consultation and is being prepared for the approval by the Government – its adoption is planned for the second quarter of 2019; number of existing by-laws will be amended and some new by-laws to be drafted no later than six months after the adoption of the Law. NEEAP preparation and MVP reporting is ongoing and supported by GIZ ORF-EE. Strengthening of capacities is planned, having in view the ongoing process for employment of additional five persons in the Energy Sector of the Ministry of Economy.
- **Montenegro:** EE Law amendments to further transpose EED were adopted by the Government in December 2018 and submitted to the Parliament, but final adoption is still pending. Development of inventory and the new software for energy performance certification of buildings is in progress and supported by KfW and a team of consultants. EED NEEAP is under development; support is provided by GIZ and EBRD/REEP (mainly on Article 7 and eco-design as alternative measures). Work on upgrade of MVP is in progress under GIZ ORF-EE MVP Plus project (regional kick-off meeting was held in February 2019 in Podgorica). Capacity building of market inspectors is continued in reporting period and focused on energy labelling and eco-design requirements for air-conditioners and refrigerating appliances, with REEP support.

NEEAP duration and target is still under discussion in Montenegro - to match best with ongoing project for preparation of NECP. ECS provided some clarifications on NEEAP duration (2019-2021) and transition to NECPs in 2021 based on current timeline and previous ECS recommendations.

- **Serbia:** EE Law amendments were prepared and put in public consultation; amendments are mainly focused on articles dealing with energy audits and energy management system, ESCO procurement and introduction of energy supply contracting and model contracts, introduction of eco-design requirements etc.; a further amendment of the law is planned to achieve full compliance with EED and will be supported by EU-IPA project. Draft EEO notification is prepared with REEP support and will be sent to ECS - alternative measures are envisaged; Preparation of the new EED NEEAP 2019-2021 and data collection is ongoing with GIZ ORF-EE support; EPBD by-laws were drafted with REEP and GIZ TA, but not adopted yet. EE financing is improved and state funding extended with introduction of EE fees by the general Law on Fees. There is ongoing negotiation with CEB to finance refurbishment of central government buildings in Serbia.
- **Ukraine:** EED Law entered inter-service consultations, and decision on 2020 EE targets is postponed until the Law is finalised. There are Ongoing activities with EU4Energy Governance Project on drafting the new NEEAP, and with Ukrainian-Danish Energy Center on MVP and reporting; 276 EPCs were concluded until now (5 for central government buildings), and extension of scope and amendments of ESCO legislation is ongoing. The EE Fund is expected to become operational in 2019; The EPBD Law and all necessary by-laws were adopted, as well as most of labelling and eco-design regulations.

Conclusions:

- 2.1 CPs presentations on the status, progress and plans for implementation of selected key EED/EPBD articles and preparation of new NEEAPs showed that the implementation of EED and EPBD is progressing, but still slowly, despite the significant TA in place offered by EU, REEP, GiZ, UNDP, USAID etc.
- 2.2 All CPs started working on the 1st NEEAP under EED; there is progress in preparation but it appears that most CPs will not be able to adopt it before the deadline of 30 April 2019. ECS urged CPs to step up on the preparation process having in view the April deadline.

- 2.3 CPs reported progress in MVP as (mandatory) tool for NEEAP reporting. ECS acknowledged the importance of a harmonised approach and thanked GIZ ORF-EE for the continued support on training and customising MVP through MVP Plus Project (for Western Balkans). However, there is concern that the process of incorporating and use of MVP is still slow by most of CPs.
- 2.4 EECG thanked GIZ ORF EE, EBRD and EU4Energy for their support to CPs to preparing the 1st EED NEEAP.

3. Energy Efficiency in EU – updates; 2030 EE targets and policy framework

European Commission, DG Energy (Ms. Claudia Canevari) presented the update on energy efficiency and related documents in the EU: the 2050 Long-Term Strategy presented by Commission in November 2018, integrated governance process (one plan – one report – one monitoring) and Governance Regulation which entered into force in December 2018, progress with draft Integrated National Energy and Climate Plans (NECPs), and recommendations for EnC Contracting Parties to prepare the ground for the preparation of their NECPs.

The Long-Term Strategy is a consultative document, which shows the vision for a climate-neutral future of EU and EnC, with EE and RES as important pillars. Vast majority of Member States approved and published draft NECPs by end 2018 (with different level of quality), with involvement of national stakeholders, multilevel dialogues and regional cooperation facilitated by Commission. For preparation of NECPs it is important to timely start with internal administrative dialogues, define responsibilities, assess existing strategies and plans and identify gaps, assess the Clean Energy Package, existing policies and measures and identify best practices, reinforce analytical tools (modelling, reporting), identify and address barriers, and develop an internal timeline.

Energy Community Secretariat (Ms. Violeta Kogalniceanu) provided latest updates on 2030 targets and energy and climate framework in the EnC. Work on EE targets and the methodology is still not finalized, but the planned date for finalization is set to May 2019. The General Policy Guidelines on 2030 Targets for the Contracting Parties of the Energy Community were presented at the Ministerial Council meeting, in late November 2018. In the meantime, 2030 Target Report was submitted by the Consultant, reviewed and commented by ECS and COM, the Consultant prepared an analysis of certain indicators (energy intensity, GDP/capita, energy consumption/capita in the EnC CPs and some new EU MSs to be able to derive a significant methodology for calculating the 2030 targets, that would give the same/equivalent level of effort for 2030 energy efficiency targets.

Recommendation 2018/01/MC-EnC together with Policy Guidelines provide more details on development of integrated National Energy and Climate Plans (NECPs) and encourage CPs to streamline multiple monitoring and reporting obligations on climate and energy in NECPs. This was prepared by the Secretariat in cooperation with the European Commission. The EnC Energy and Climate Committee and National Working Groups will work together with EECG and RECG on 2030 targets and NECPs. Support to Contracting Parties has been provided by GIZ ORF EE, GIZ project from Berlin and EBRD.

Conclusions:

- 3.1 EECG thanked the European Commission, DG Energy for the useful updates on energy efficiency, 2050 Long-Term Strategy, Governance Regulation and status with NECPs in EU experience, with useful recommendations for CPs and ECS.

3.2 EECG thanked Energy Community Secretariat for information on the ongoing work on 2030 targets and energy and climate framework in the EnC. The EECG will be regularly updated and work together with the EnC Energy and Climate Committee and National Working Groups on 2030 EE targets and NECPs.

4. Expert Area 5: Innovative Funds and Financing energy efficiency

Environmental Protection Fund of Federation of Bosnia and Herzegovina (Ms. Jasmina Kafedžić) presented the Fund's activities and innovative EE financing models implemented in Federation of Bosnia and Herzegovina. The fund is established by Federal Government and operational since 2010 and finances EE projects since 2013 (as grants or loans to different sectors); the fund replenishment is sustainable through environmental fees; UNDP Green Economic Development (GED) Project supported the development of a Revolving Fund (Loan) for financing EE projects with 0% annual interest rate, up to 12 months grace period and up to 7 years repayment period. The Fund is also responsible for administration of Energy Efficiency Information System in Federation of BiH, promotion of Energy Management System and has prominent role in the future EEO system and ESCO contracting.

UNDP (Ms. Arnesa Borcak), GIZ (Mr. Goran Krstović), USAID and EU Delegation in Bosnia and Herzegovina presented or briefly reported on TA support available for implementation of EE directives and promotion of new/innovative EE financing mechanisms in Bosnia and Herzegovina. This includes creation of a favourable EE investing environment, institutionalisation of monitoring, reporting and management system, creation and implementation of EEO scheme, ESCO contracting, systematic NEEAP development process, preparation of Building Renovation Strategies, capacity building etc.

ECS congratulated BiH institutions and donors on high level of coordination of activities and harmonised and systematic approach used and linked with implementation of EE directives and national legislation.

MOFTER expressed its gratitude for high level of cooperation and donor support in BiH, strongly supports this approach and asked all donors and IFIs active in BiH to join the cooperation platform coordinated by MOFTER.

European Investment Bank (Ms. Sandrine Friscia) presented the role of the EIB in EE financing within and outside the EU, i.e. examples of initiatives managed and/or initiated by EIB in the EE sector in EU/EnC, examples of EE projects financed by EIB in Ukraine, potential participation of EIB in the First Kosovo Energy Efficiency Fund, and new EIB Energy Lending Dialogue.

Conclusions:

4.1 EECG thanked the Environmental Protection Fund of BiH, UNDP, GIZ, USAID and EU Delegation in BiH, for sharing of best practices and coordination of TA support available for implementation of new/innovative EE financing mechanisms in Bosnia and Herzegovina.

4.2 EECG thanked the European Investment Bank for the update on existing and planned activities in EU and EnC and invited EIB to regularly attend EECG meetings.

5. Regional Programmes and Initiatives

The European Bank for Reconstruction and Development (Mr. Nigel Jollands, Ms. Ana Bachurova) and KfW (Mr. Burkhard Margraf) reported on progress in implementation Regional Energy Efficiency Programme for the Western Balkans (REEP & REEP Plus) since last EECG meeting.

REEP Plus as an integrated package of finance, technical assistance and policy dialogue is implemented jointly with ECS. REEP Plus Policy Dialogue is providing further support for both five new and ten ongoing assignments (proper engagement of stakeholders and official approval of project phases is important). The EEO Policy Guidelines for Energy Community have been updated in cooperation with EC DG Energy and new assignments under Programme windows ongoing: policy dialogue and ESCO support, intermediated financing, direct financing, and direct lending to municipalities windows.

ESCO Market development in Serbia is progressing, with 33 street lighting ESCO projects approved; An example of implementation of the largest ESCO project in Veliko Gradište in Serbia was presented. ESCO support continues under REEP Plus, with focus on deepening and broadening the ESCO market development.

GEFF Residential increased the number of loans and projects, as well as the participating Partner Financial Institutions. Implementation update since last EECG meeting: currently, GEFF is active in 5 countries with 13 partner banks, and total signing amount has reached EUR 53.5 million. First three success stories were published on GEFF BiH website. EBRD aims to sign all EUR 85 million financing for residential EE investments across the all WB countries, with 16-18 participating FIs by the end of 2019.

Under REEP Plus Window 4 (Direct Lending to Public Sector), the first project signed in June 2018 was presented - project for EE retrofit of the Zenica Cantonal Hospital in BiH. The EBRD is having active discussions in Kosovo* and BiH to prepare public buildings EE investments;

KfW is actively engaged in REEP Plus (under Window 2 - Intermediated Financing for SMEs and micro enterprises and under Windows 4- Direct Lending to Public Sector); two contracts were signed with financial institutions (in Serbia and BiH) and two new loan agreements planned to be signed in December 2018 (in Serbia); TA component has been provided now from KfW own funds. Under Windows 4, KfW is in active discussions with all WB6 countries, to build on existing KfW programmes and projects in public buildings and beyond; most mature programs are in Albania, Serbia and Montenegro.

Montenegro stressed the fact that GEFF hasn't started activities in Montenegro and citizens are still not benefiting from this facility. The Ministry of Economy recalled its willingness to support these activities and will again ask support from EC and ECS to resolve of this issue.

ECS reported on EE donors' coordination and matrix on TA for energy and climate. First Donors' and IFIs' coordination meeting was held on 13 November 2018 to coordinate activities on energy efficiency and climate (ongoing and planned TA, Legal support, Capacity building) and will be organised regularly back to back with EECG meeting. ECS presented shortly the matrix on TA for energy and climate. This proves the large amount of TA for EE and climate, mostly in the Western Balkans and Ukraine. ECS will further update Matrix and include TA available for Georgia and Moldova for the next EECG meeting.

Conclusions:

5.1 EECG thanked EBRD, KfW and REEP Plus consultants for update on activities under REEP Plus programme, and acknowledged the progress with REEP Plus. GEFF is progressing well, but still to be launched in Montenegro. The stakeholder engagement and timely approval of REEP deliverables is important, and EECG will continue to be actively involved (as a regional steering group) in the promotion and implementation of REEP Plus and other regional support programmes.

5.2 EECG thanked ECS, donors and IFIs for their continuous coordination, their valuable support and regular reporting to EECG and CPs.

The next EECG meeting and EE Workshop are planned for 17 and 18 June 2019 in Vienna.