6th Energy and Climate Technical Working Group

Vienna, 23 February 2021

DRAFT MINUTES

The 6th Energy and Climate Technical Working Group brought together over 100 participants to discuss the European Commission's recently launched study on "*Extension of the EU energy and climate modelling capacity to include the Energy Community and its nine Contracting Parties*", which is expected to provide robust results supporting ambitious 2030 target setting for energy efficiency, renewable energy shares and greenhouse gas emission reduction at the next Ministerial Council in autumn 2021, together with the adoption of relevant legislative elements of the Clean Energy for all Europeans Package. The meeting was essential to clarify the applied modelling suite, the data collection process and the methodology for setting the baseline and policy variants. A dedicated session focused on the Secretariat's initiative to support the process of institutionalizing and strengthening modelling capacity in the Energy Community, which was welcomed by the group.

Session 1 provided a general overview of the project (European Commission, ENER), introducing the modelling team of the external contractor (consortium led by E3M) and the main deliverables to be carried out. The study is expected to provide a baseline scenario as well as a methodology for target setting by June 2021. These two elements will be presented in July 2021 at the informal Ministerial Council. The Permanent High Level Group (PHLG) is expected to endorse the proposed targets and legislative package in the fall of 2021 to be then adopted at the November 2021 Ministerial Council of the Energy Community (EnC). It will be important for the contractor to exchange with the network of experts at technical level in Contracting Parties (CPs). One main interlocutor in each CP should be appointed. Bilateral workshops will be organized with each CP to exchange modelling results and discuss progress. CPs will also be consulted on the progress report that will be ready in July, while the final report has to be finalized by September 2021.

During **session 2**, the European Commission (ENER, CLIMA) delivered a detailed presentation on the EU process for setting targets, which was followed by a discussion on the study's scope, timeline and purpose among the leading consultants from E3M, experts from the European Commission and the CPs of the Energy Community. **Ukraine** inquired on how to deal with aspects of nuclear capacity and the Commission clarified that this will be based on country's information. **Serbia** asked which type and years of data have been collected so far; it was highlighted by E3M that different models will be using different datasets. **Montenegro** pointed out that supporting consultants for the data collection phase will be challenging, since the country is already struggling to perform a similar exercise for the development of its NECP. **Georgia** backed up Montenegro underlining that they will not be able to deep dive into this process. It was clarified that data templates will be pre-filled for CPs and CPs will mainly have to verify them. **Kosovo*** mentioned that they haven't approved policy beyond 2026 and asked whether this will hamper the modelling exercise; as explained by the contractor, policies have a certain degree of inertia, namely they will be having an effect beyond the date they are implemented.

BiH referred to their ongoing efforts on NECP consultations and the importance of close cooperation with the consultants appointed by the EC.

Session 3 was essential to clarify the applied modelling suite, including several models, each focusing on a specific sector linked with each other. Used since over 10 years for impact assessments in the EU, the Climate modelling suite of the contractor will now be expanded to cover all CPs**. Montenegro**, which is using TIMES and LEAP, inquired, along with **Serbia**, on the i) compatibility of the different modelling tools, ii) on how to handle the interaction and/or results of different modelling efforts and parallel products (e.g. NECP and 2030 targets study) and iii) on how costly will it be to implement the targets. **Serbia** also asked how the NECP baseline can be compared with the Commission's study baseline. The contractor underlined that the purpose of the project is not to replace national modelling efforts, but to use an independent model with a homogenous structure to provide comparability across countries. On the baseline scenarios: at EU level, the baseline was mirroring NECP projections of EU MS. The baseline for this particular study has not been finalised yet.

In **Session 4,** the contractor discussed the methodology to be used for collecting quality data and briefly presented the pre-filled data templates. CPs were asked to indicate contact points, experts or national institutions (e.g. statistical office) responsible for data at national level that will cooperate and support the data collection work of the contractor in the months to come. Templates have a high level of granularity, include data sources and are built to ensure comparability among the countries. The priority would be for CPs to verify trends and shares indicated as well as if prices of the energy commodities are correct (both pre- and post-tax). **Georgia** inquired on the approach to be followed if data are not available. At EU level there are similar challenges and in that case, the project will input data, also looking at countries that have similar patterns. **Montenegro** mentioned that data collection has already started for the NECP through Fraunhofer and GIZ, therefore some information can be exchanged already.

During **Session 5**, the contractor provided an overview of the methodology to be used for building baseline and policy variants. It would be important to have as much as possible realistic assumptions, while addressing countries needs and requests. **Ukraine** requested access to data and assumptions – especially forecasting data. **Kosovo*** shared its concerns on socio-economic constraints and divergence among targets. Considering that NECPs and the European Commission's study may lead to different results in terms of targets, how will this be managed? Also **Georgia** asked how to harmonize current (e.g. in NECP or NDC) and future targets. The Commission underlined that as per the 2018 guidelines adopted by the Ministerial Council, different social economic specificities will be taken into account. Given the differences among CPs, the proposed approach will be to proceed with national targets, which would make up collective EnC targets. In any case, the study will provide the base for 2030 target negotiations, however, the political discussion and decision will happen at the Ministerial Council. Also, sharing the studies, modelling and draft prepared for national plans will be very useful.

Session 6 was about the Secretariat's initiative that aims to support CPs in strengthening their internal modelling capacity at national level to ensure i) credibility and transparency of modelling results, ii) consistency of modelling approaches and results over time and across plans and reports, iii) efficient use of resources when carrying out modelling work, and iv) availability of factual and methodological knowledge gained throughout the modelling process for future applications. After a presentation from

the EnC Secretariat and the German Environmental Agency, CPs were asked to share their vision on institutionalizing modelling capacity. **Albania** referred to the 2020 law on climate change, which prepares the ground for institutionalizing modelling and projections, in parallel to secondary legislation under preparation on MRV**. BiH** is planning to set up a modelling centre at central and entity level – technical capacities are being built up with the support of GIZ. **Serbia** launched a software for energy modelling based on TIMES and established a large working group of stakeholders trained to use such a software. Both Fraunhofer and the Commission supported the initiative and the importance to harmonize national modelling efforts. The Secretariat will come forward with a detailed concept; the initiative will be presented to the next PHLG with the aim to be formalized as a platform for Institutionalizing Modelling Capacity.