



Energy Community Energy and Climate Committee/Talanoa Dialogue

Vienna, 10 October 2018

MINUTES

OPENING

On October 10, 2018 the Energy Community, in cooperation with the European Commission's Directorate-General for Climate Action and the EU Regional Implementation of the Paris Agreement project, convened the fourth meeting of the Energy and Climate Committee under the "Talanoa Dialogue" process. The dialogue, co-Chaired by Connie Hedegaard, former EU Commissioner for Climate Action, Mykola Kuzio, Ukrainian Deputy Minister of European Integration, and Jozsef Feiler, Senior Associate of the European Climate Foundation, took stock of the Contracting Parties' efforts and progress towards their pledges under the global Paris Agreement on climate change and considered how to boost their current level of ambition. The Talanoa discussions brought together representatives of the Energy Community Contracting Parties and Observers, the European Commission and non-state actors, including civil society, business, academia and donors.

The **Director** of the Energy Community Secretariat welcomed participants providing a background on the facilitative dialogue, emphasizing the heavily reliance on coal in many Contracting Parties and the challenges countries are confronted with when shifting towards a low-carbon development. He mentioned the importance of the future adoption of the Clean Energy Package in the Energy Community and referred to the Talanoa dialogue as an occasion to think out of the box and join efforts to keep temperatures at 1,5°Celsius. The UNFCCC has admitted the Energy Community as an observer organization to COP 24 in Katowice, Poland. This will provide an invaluable opportunity to contribute to tackling the climate challenge and support a sustainable energy transition in the region.

SESSION 1: WHERE ARE WE?

The **Chair** opened the session by reminding the audience how important is the science of climate change, referring to both the latest IPCC report and the Nobel Prize awarded to two economists that have shaped today's policies on greenhouse-gas emissions. The **European Commission** referred to the vital role played by the facilitative dialogue as serious moment of reflection on climate challenges after the Paris Agreement and in the lead-up to COP24. Climate finance will remain a key topic for the political debate in Katowice and the new finance pledge should necessarily involve the private sector. Science and civil society are expected to play a bigger role in the dialogue, where special attention will be also dedicated to multilateral climate regimes and transparency rules. **Klima Politika** took stock of the situation in the region regarding emission sources, future trends and ambition level of NDCs from Contracting Parties, as the original pledges for the Paris Agreement were limited in scope or ambition for most of them. A summary

of the agreed goals and the proposed GHG emission reduction was presented, with particular emphasis on emissions intensity and emissions per capita.

Albania informed the participants on progress made in transposing climate legislation. The climate change law along with the Decision on establishing a mechanism for monitoring and reporting are expected to be adopted in the first quarter of 2019. The Albanian NDC should be revised to include LULUCF. **Bosnia Herzegovina** noticed that GHG emissions in the country should be decreased by 2030 of 2% compared to BAU, however this is conditional to international support. While BiH plans to update its climate strategy, the Fourth National Communication has been already prepared and aims at mitigating the impact of climate change. **Kosovo*** indicated their commitment to climate mitigation and adaptation with a 10-years strategy and a 3-years action plan, regardless not being a Party to the UNFCCC. These documents are expected to be adopted by end of the year. **Former Yugoslav Republic of Macedonia** highlighted the ambition of national targets for 2030 and their upcoming work on a national climate strategy. Difficulties at national level in coordinating energy and climate policies with different institutions were also pointed out. **Georgia** informed the audience on ongoing preparations of the Second Biennial Update Report and inventory, which entails also changes in the energy and agricultural sector, the key emitters of GHG in the country. **Montenegro** stressed the importance of being engaged at COP 24 and Talanoa discussions. The country plans a 13 % GHG emission reduction by 2030 compared to 1990, although suffering from lack of quality data and adequate methodology. This issue, along with different level of economic development and energy mix, should be taken in consideration prior to drafting national energy and climate plans. **Serbia** referred to their draft law on climate change, in line with the EU acquis, and the national climate change strategy, which will set the path to low carbon development and projections up to 2030. The 2015 NDC will be revised, at the same time, it will be challenging to move forward without considering different level of economic development in CPs. **Ukraine** adopted the low emission development strategy up to 2050, on the basis of which the revised NDC will be prepared by 2019. Moreover, a law on Monitoring and Reporting GHG emissions is soon to be submitted to the Parliament. The Energy Strategy and Action Plan were adopted, while the national working group for the preparation of NECPs is still to be established. **Moldova** indicated that a plan and a low emissions strategy up to 2030 are prepared. A number of climate related laws are soon to be adopted, however international finance will be needed to reach the targets set in the NDCs and to operationalize the NAMAs.

SESSION 2 – WHERE DO WE WANT OT GO?

The **Chair** started by illustrating the new climate plans in Denmark, which will entail the ban of petrol and diesel car sales by 2030 and the widespread use of electric cars and public transportation – apparently not enough to live up to the ambition of the IPCC report. Things are progressing slowly at global level, but we all signed up to the Paris agreement and we have to take responsibility, reducing our reliance on fossil fuels and especially on coal.



The **European Commission** highlighted that integrated National Energy and Climate plans combine existing obligations on climate such as the Monitoring Mechanism Regulation with new dimensions related to energy security and innovation. The Commission stressed the importance of developing NECPs as an opportunity for Contracting Parties to shift from brown to green economy. There is a business case both compelling and imperative, entailing energy efficiency savings and RES deployment. The EU is embracing this shift and is on track to meet its renewable energy targets by 2030. A mid-century strategy, proposed by the Commission, will feed the global climate debate, focusing on how to accelerate actions. The **Austrian Federal Ministry for Sustainability and Tourism** provided an overview of the role of the Austrian Presidency in supporting the Governance Regulation and the importance of Austria and the EU as relevant donor for the Balkans. Energy and transport are two crucial sectors in the region, their future, green development needs to be addressed holistically. Austria also discussed the challenges the country is faced with for the preparation of NECPs in terms of coordination and fulfillment of 2030 targets for the ETS sector and the support to the long-term strategy ahead of COP24. The importance of regional cooperation with neighboring countries was highlighted.

The **European Commission** underlined how NECPs provide a clear long-term vision by helping countries identifying how to design concrete policies according to their circumstances and with the aim of shaping low carbon strategies. NECPs will reduce administrative burden, the main challenge being bringing together different ministries and institutions to work on common goals. Since the organizational phase of NECP is time consuming, it is strongly suggested to start the involvement of all entities and stakeholders as early as possible. The **Energy Community Secretariat** reinforced the Commission message, reminding the reporting obligations arising from energy legislation and the Paris Agreement, which further defines climate change reporting after 2020 by establishing an enhanced transparency framework. Reference was made to the recommendation adopted in January 2018 focusing on preparing necessary analytical, institutional and regulatory preconditions for the development of NECPs. Although not legally binding, it recommends starting preparations in 2018. Following the first step on this process – the institutional set-up – two Contracting Parties, Kosovo* and Bosnia and Herzegovina, have already officially set-up national inter-ministerial working group on NECPs.

IRENA focused on renewable energy potentials at global level and in the region, referring to their ongoing work on energy scenarios under Remap, which will be certainly of support to Contracting Parties. **CAN Europe** stressed the negative effect coal is having on health and environment of the Western Balkans and in particular in Bosnia and Herzegovina. **Ukraine** highlighted the importance of a long-term 2050 perspectives, reinforced by **Former Yugoslav Republic of Macedonia**, while **EBRD** emphasized that energy efficiency should always be considered first when formulating policies and strategies. Following-up on this, **Kosovo** referred to the new energy efficiency law that passed its first reading in the Parliament and will hopefully be adopted by the end of the year. **Bosnia and Herzegovina** reflected on the strong reliance on coal at domestic level - above 90% in the TPPs (Thermal Power Plants) and the need to shift to clean generation. At the same time, it raised concern on security of supply taking into account that

more than half of the electricity generation comes from TPPs. **Moldova** referred to lack of balancing capacity in the country, while the Secretariat underlined that opening markets means cost reflectivity and working more and more at regional level.

SESSION 3 – HOW DO WE GET THERE?

By showing the coal-based thermo-power plants active in the region, the **Chair** reflected on the important changes Contracting Parties will be faced with in order to keep temperature at 1.5 Celsius. **SQ Consult** elaborated further on the need of an adequate regulatory framework in place to unleash potentials for cost-effective GHG mitigation, where finance mobilization remains the critical issue. In the spirit of Talanoa, the intervention was shaped as story-telling, bringing to the attention of the audience positive examples of effective emissions reduction in California, China and Chile – the latest putting forward a 70% RES target by 2050. **ASOR** continued by explaining the potentials for interconnectivity and renewables deployment in the region, although currently RES represent only 4% of the overall generation capacity. Countries should decrease fossil fuels subsidies and move from FiT to market-based support schemes. More importantly, there is a huge behavioural change that needs to happen in order to decarbonize. **EBRD** financed more than 1250 green projects, 77% of them in the energy efficiency sector, helping substantially reducing operating costs and increasing revenues.

Intervention from **academia** looked into the importance of cooperation with neighbours for increasing cost efficiency (REKK) as well as the fact the unfortunately, climate change is still not high up on the agenda of most Western Balkan governments (University of Tuzla). The Chairs underlined that politicians are becoming more and more involved in the climate debate, although the involvement of all stakeholders is crucial in this process. **GIZ** provided an overview on the envisaged NECP support through ORF EE and CDCPIII and the **European Commission** recalled the long-term support provided to the countries in the region with projects such as RIPAP and the importance of receiving feedback. A new climate project will be launched soon.

FOLLOW-UP

- Next meeting of the Energy and Climate Committee indicatively to take place in March 2019, dates to be agreed between the co-Chairs and then proposed to the members of the group;
- An energy and climate side-event to take place at COP24 in Katowice (December 2018) during the second week of the COP, exact dates to be confirmed.