

27th PERMANENT HIGH LEVEL GROUP MEETING

CONCLUSIONS

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1. The meeting was chaired by Ms Ivana Djukanovic for the Presidency in office and Mr. Fabrizio Barbato for the European Union as Vice-Presidency.

I. IMPLEMENTATION OF THE TREATY – FOLLOWING UP THE REPORT

2. The Secretariat summarized its proposed implementation priorities for the Contracting Parties from the Implementation Report 2012. The Contracting Parties agreed to follow the priorities in their work plans for 2013 and to inform the Secretariat by the end of 2012 on how and when to implement each priority. It was further agreed that the revision of primary legislation for the purpose of implementing the Third Package would be used to make the amendments necessary to implement all non-implemented elements of the Second Package.

II. THIRD ENERGY PACKAGE – STATE OF PLAY AND NEXT STEPS

3. Upon presentation by the Secretariat, the Permanent High Level Group (PHLG) reviewed its Implementation Plan for the Third Energy Package and deplored the significant delay in preparatory works.
4. The Secretariat announced to put the main focus of its work in 2013 on preparing the implementation of the Third Energy Package (including follow-up on the open issues from the Second Energy Package) through reporting, enforcement and assistance to Contracting Parties (both bilateral and through a dedicated workshop in June 2013). The Contracting Parties were invited to report to the Secretariat about all existing technical assistance related to the implementation of the *acquis communautaire*. The Commission was invited to make a presentation on available EU support and coordination at the next PHLG meeting.
5. Upon discussion, it was agreed that all Contracting Parties will initiate the necessary amendments to primary laws during 2013 with the goal to adopt them in early 2014. It was also agreed that the Secretariat is comprehensively involved in the drafting process at the earliest possible stage, but in any event before initiation of the parliamentary procedure. The comments from the Secretariat will be taken into account by the Contracting Parties unless justified otherwise.
6. Each Contracting Party will send to the Secretariat a timeline for the law amendment process by the end of February 2013. The Secretariat will present an initial report on elements to be transposed in order to achieve compliance with the Third Package as well as the Contracting Parties' schedules at the next meeting of the PHLG.

7. Upon information by the European Commission and the Secretariat on the state of development and adoption of Network Codes, the PHLG underlined the importance of their swift transposition (once adopted) in one single piece of legislation.

III. RENEWABLE ENERGY DIRECTIVE

8. The Secretariat presented Directive 2009/28/EC as adopted and adapted by the Ministerial Council, and recalled the necessary steps to be taken by both the Contracting Parties and the institutions of the Energy Community. To facilitate timely implementation, it was agreed to devote one workshop to the topic during 2013. The PHLG welcomed the Secretariat's announcement to tender for a study in 2013 with the aim to assess the most appropriate system of support mechanisms to reach the targets by 2020.

IV. OIL STOCKS DIRECTIVE

9. The Secretariat presented Directive 2009/119/EC as adopted by the Ministerial Council as well as the outcome of the 4th Oil Forum. The PHLG underlined the importance of preparing an updated roadmap by each Contracting Party, to provide concrete steps for the timely implementation of the Directive. It was agreed that the roadmaps are developed in close cooperation with the Secretariat in the following months. Contracting Parties were also invited to start with the transposition of Directive 2009/119/EC into national law within 2013.
10. The PHLG expressed a need for coordinated assistance by experienced oil stockholding experts in preparing Contracting Parties' national legislation on emergency oil stocks and emergency response systems. The Secretariat was invited to consider how to organize such assistance, including – together with the European Commission – financing, and to report back to the PHLG at its next meeting.

V. ACQUIS ON STATISTICS – IMPLEMENTATION OF ACQUIS

11. The Secretariat presented the *acquis* on statistics as incorporated into the Energy Community by the Ministerial Council. The PHLG welcomed the announcement of the next steps ahead and took note of the Secretariat's proposal to commission technical assistance to improve working procedures, develop methodologies and to support conducting surveys together with domestic institutions where necessary. The PHLG invited the Secretariat to explore potential sources of financing of this initiative.

VI. ENVIRONMENT

12. Upon presentation by the Secretariat, the PHLG expressed its support for an adaptation by the Ministerial Council of the adjusted reference dates and deadlines (in particular regarding the use of the flexibility instruments) set by the Large Combustion Plants Directive for the specific needs of the Contracting Parties. It was recalled that adaptations are to be proposed by the European Commission, which was invited to present such proposal as soon as possible with a view to an early discussion at the PHLG.
13. The PHLG welcomed the Secretariat's briefing on the tendered Study on the need for modernization of large combustion plants in the Contracting Parties. It was agreed that the members of the PHLG will contribute to the work of consultants to ensure good quality and relevance of the final product.

VII. SOCIAL STRATEGY

14. The Secretariat's presented its proposal for an outline for a Social Strategy in the Energy Community. Given the wide scope of the Memorandum of Understanding for Social Issues, the subject-matter of that outline should be delineated and defined. The PHLG agreed that the Secretariat puts the agreed delineation of the subjects online for public consultation with all stakeholders. This consultation period will run during January 2013. Received contributions will be published on the Energy Community website followed by a suitable consultation format with interested stakeholders, preferably within the Social Forum in the first half of 2013. Such an approach will give the possibility for debate on the draft document by PHLG in June 2013 and eventual endorsement by the Ministerial Council in 2013.

VIII. DEVELOPMENTS IN REGIONAL GAS MARKETS

15. The PHLG took note of the Secretariat's progress report on the Energy Community Gas Ring. The PHLG was informed on the Gas to Power Study, which is currently being contracted by the World Bank. The Study is expected to deliver, inter alia, answers on public-private partnerships models and on how to mitigate the risk perception. The first report is expected in the first half of 2013. The PHLG regretted that only half of the planned workshops in the Contracting Parties have been realised this year and invited the Contracting Parties to present proposal for dates to the Secretariat to organise the missing workshops.

16. The PHLG invited the Contracting Parties to accelerate the development of market and grid codes and to more actively cooperate with ENTSOG in the process of network codes development.

IX. ENERGY EFFICIENCY

17. The PHLG thanked the Energy Efficiency Task Force for its work and expressed its high support for the continuation with a coordinated and concerted approach to the implementation of the energy efficiency *acquis*, as well as to investments in energy efficiency.

18. For this purpose, the PHLG agreed to put on the agenda of its next meeting the setting up of an Energy Efficiency Coordination Group..

X. ANY OTHER BUSINESS

19. The PHLG took note of the state of play of the second phase of the Energy Strategy and the ongoing call for submission of projects to be listed as Projects of Energy Community Interest (PECI). The PHLG also asked the Secretariat and the Commission to look for options to develop financing mechanisms as well as ECRB to propose regulatory measures to support investments. The PHLG took note of the of the proposal of the Secretariat to extend the deadline of submitting projects in the PECI process until 31 December 2012.

20. The PHLG welcomed the signature of a Joint Declaration between the competition authorities of the Contracting Parties and the Secretariat establishing an Energy Community Competition Network among themselves. The PHLG encouraged the Network to cooperate as close as possible among themselves, as well as with regulatory authorities, to start tapping the potential of competition law enforcement for the pending market reforms and thus contributing to better compliance by the Contracting Parties.

21. The Secretariat informed about the current status of the ongoing study on the possible implementation of Regulation (EU) Nr. 994/2010 concerning measures to safeguard security of gas supply. The Contracting Parties, represented by the Security of Supply Coordination Group members, are expected to submit comments on the draft final report by the end of January 2013. A workshop will be organized in February to discuss the findings from that report. The final report will be the basis for further consideration of the incorporation of the Regulation in the Energy Community.
22. The Secretariat presented the draft event calendar for 2013.
23. On behalf of the Chairman of the Budget Committee, the European Commission reported on the outcome of the last meeting of the Budget Committee.
24. The Secretariat recalled the principles of reimbursement foreseen in the budget of the Energy Community for the next year. Information was provided about an initiative by Ukraine related to potential changes to reimbursement principles, and the follow-up by the Secretariat.
25. The meeting was closed at 16.00 hrs.

The Presidency

