

32nd PERMANENT HIGH LEVEL GROUP MEETING

Brussels
19 March 2014

1. The meeting was chaired by Mr Oleg Schevchenko on behalf of Ukraine as Presidency in office and Mr Fabrizio Barbato for the European Union as Vice-Presidency.
2. The PHLG approved the agenda.
3. The Secretariat presented results and participants of public consultation about the future of the Energy Community. Prof Buzek presented elements of draft final report of the High Level Reflection Group and invited Permanent High Level Group members to actively participate on the public hearing in the European Parliament.
1. The Secretariat as well as the Contracting Parties informed about the state of preparations for the transposition and implementation of the Third Package by 1 January 2015. The PHLG invited all Contracting Parties to continue the cooperation with the Secretariat and urged them to adopt compliant laws before the expiry of the deadline. Where drafts cannot be developed in house or with technical assistance on time, the Contracting Parties concerned are requested to ask the Secretariat to provide them with drafts.
2. The PHLG expressed its concerns in particular about the state of preparations in Bosnia and Herzegovina and Moldova. Bosnia and Herzegovina was reminded of the Decision by the Ministerial Council of October 2013 declaring the existence of a breach by the country with respect to its obligations in the gas sector. Bosnia and Herzegovina so far has not shown any activity to rectify the breach by June 2014 and thus faces sanctions in accordance with Article 92 of the Treaty.
3. The Secretariat presented the Commission Regulation (EU) No 543/2013 of 14 June 2013 amending Annex I to Regulation (EC) No 714/2009 of the European Parliament and of the Council on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003, as well as the Secretariat's views concerning submission and publication of data in electricity markets in the Energy Community.
4. The PHLG took note of the presentation of the Secretariat, the ECRB Recommendation on the adoption of Commission Regulation (EU) No 543/2013, and the commitment for cooperation expressed by the ENTSO-E.
5. The PHLG recognised the importance of transparency in electricity markets, especially the need for a harmonised minimum set of data relating to generation, transportation and consumption of electricity to be made available to market participants, including the central collection and publication of the data, for the integrity, functioning and development of the Internal Market for Electricity.
6. The Secretariat presented the Regulation (EU) No 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of gas supply in the Energy Community framework and its views on its implementation in the Energy Community.

7. The Member States and the Contracting Parties share the same risks of security of gas supply and could mitigate such risks under the common institutional and regulatory framework, based on the principles embedded in the Regulation.
8. Serbia supported early transposition of the Regulation No 994/2010 but properly adapted. It stressed that only a regulation which takes into account the reciprocity among EU member states and Contracting Parties is reasonable. Serbia emphasized that meaningful implementation of the Regulation 994/2010, complying with the principle of subsidiarity and proportionality, would be possible only by using existing mechanisms provided in Title IV of the Treaty Establishing the Energy Community. Serbia asked for derogation regarding infrastructure standard. Also Ukraine, Bosnia and Herzegovina and Kosovo*¹ supported the adoption of the regulation. All Contracting Parties supported further efforts to achieve better security of supply and recognised the Regulation 994/2010 as an important tool to achieve this. The European Commission thanked the Secretariat for the technical input provided, which will be duly considered, together with the Contracting Parties' views, when preparing a Commissions' proposal to the Ministerial Council. It warned about the risk of widening the implementation gap.
9. The PHLG took note of the developments regarding the implementation of PECIs, mainly in the area of investments preparation.
10. The PHLG welcomed the creation of a Task Force on the evolution of the WBIF, and the acknowledgement of the WBIF Steering Committee that the Energy Community Secretariat has an important role to play in such discussions including the deliberations on financial instruments to facilitate financing of agreed priority projects.
11. The PHLG thanked European Commission and WBIF for its continuing technical assistance for preparation of investment projects, and welcomed the approach to have additional financial support for implementation of infrastructure priorities.
12. The PHLG invited the Contracting Parties to support the implementation of PECIs through national and international funding, as well as by preparing the adequate regulatory framework (mainly in the area of cross – border projects).
13. The Secretariat presented the Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and its views on its adoption in the Energy Community. Serbia supported early adoption of the Regulation with needed adaptations since it is essential especially for the PECIs which are at the same time listed among PCIs, while Bosnia and Herzegovina referred to its problems with adoption of new acquis. The Commission stressed the importance of assessing which elements of the regulation are needed to facilitate proper investments without unnecessary burdens.
14. Ukraine presented its concerns about the South Stream project and its implications on the Ukrainian gas pipeline system. The Commission and the Secretariat clarified their position related to this project and its compatibility with the acquis. The Commission reported about the past activities related with the project and stressed its attachment to the principles of the acquis.
15. Ukraine informed the PHLG about its challenges related to investments into coal thermo power plants to fulfil the provisions of the Large Combustion Plants Directive and possibility to be in delay when respecting the obligations under the Treaty and suggested to discuss this problem in

¹ *This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and ICJ Advisory opinion on the Kosovo declaration of independence

the Environmental Task Force. The Commission urged Ukraine to prepare National Emissions Reduction Plan and to continue the discussion as it was envisaged under the conclusion of the Ministerial Council in 2013 (conclusion No 11).

16. The PHLG thanked the Secretariat for its assessment report, and took note of the progress in the implementation of the 1st EEAP, as well as the reporting on the 2nd EEAP; Bosnia and Herzegovina expressed its concerns and reserve with format of the report not addressing this Contracting Party like others. Having in mind that the report assesses EE Action Plans of the Contracting Parties, Bosnia and Herzegovina objects treatment of its entities (Federation of Bosnia and Herzegovina, Republika Srpska) as other Contracting Parties. Bosnia and Herzegovina expects Secretariat to have the same approach to all CPs, meaning analyzing national level in all cases, or regional levels in all cases. PHLG reminded the Contracting Parties to provide adequate resources for the implementation of energy efficiency measures from the EEAPs.
17. The PHLG urged the Contracting Parties (especially Albania, Bosnia and Herzegovina and Ukraine) to finalise the legal framework in energy efficiency, and especially by transposing the Energy Performance of Buildings Directive and its associated secondary legislation.
18. The Secretariat presented information on the cases opened against Albania, Bosnia and Herzegovina, former Yugoslav Republic of Macedonia, Montenegro and Ukraine for not adopting and submitting to the Secretariat a National Renewable Energy Action Plan. On account of the Plans' importance for achieving the national targets, the PHLG urged the Contracting Parties concerned to comply with their obligations within the deadlines set by the Secretariat. The PHLG urged the Contracting Parties to start preparing a report on the progress in the promotion and use of energy renewable sources which has to be sent to the Secretariat by the end of 2014.
19. The PHLG thanked the World Bank and ECA Consulting for the Inception Report on Gas to Power Consortium, and encouraged the Contracting Parties to continue engaging in the preparatory work for launching the Consortium. The PHLG will discuss the results of the study on June's meeting again.
20. The PHLG thanked Mr Charalampos Pippas, representing the Hellenic Presidency for his welcoming speech. He stressed high priority of Energy Community issues for the Hellenic Presidency and presented other priorities for the first half of 2014, including the EU/Western Balkans Ministerial Conference on May 8 in Thessaloniki.

Done in Brussels on 19 March 2014

For the Permanent High Level Group,

THE PRESIDENCY