



Kick-off of Regional Consultations of Contracting Parties on their National Energy Climate Plans

Vienna, 8th October 2020

MINUTES

OPENING

The Energy Community (EnC) Secretariat welcomed participants and emphasized the necessity for regional consultations also laid out in the *Regulation on the Governance of the Energy Union and Climate Action and the Recommendations of the Ministerial Council of the Energy Community* with its accompanying *Policy Guidelines on the National Energy and Climate Plans (NECP) process*. Regional consultations are key to avoid inconsistencies between NECPs and potential negative impacts on other EnC Contracting Parties (CPs) and EU Member States (MS). Cooperation in elaborating and subsequent implementation of NECPs is essential to improving the effectiveness and efficiency of measures and fostering market integration and energy security. EnC CPs and possibly the neighbouring EU MSs should get the chance to comment on other EnC CPs' integrated NECP before they are finalised.

Furthermore, the EnC Secretariat invited CPs to participate in the monthly *Regional Exchanges of Modelling Experts involved in the Development of Integrated National Energy and Climate Plans*. In April 2020, the German Agency for International Cooperation (GIZ) in cooperation with the EnC Secretariat started this initiative, which was initially focused on South-Eastern European Countries. Exchanges under this series aim to facilitate a discussion among experts in the region on the development of the analytical basis of NECPs. Discussions touched upon modelling approaches relevant for NECP development, data and assumptions and cross-sectoral issues.

With regards to regional consultations on draft NECPs, the EnC Secretariat referred to the *Background Paper* that was distributed in preparation of this kick-off meeting, listing key topics that might be of interest for EnC CPs to discuss with other EnC CPs / EU MS (https://www.energy-community.org/dam/jcr:85e9163d-ce3a-443f-bdf5-18576a59b26b/202010_BackgroundPaper_PC_5TWG.pdf).

Participating CPs were invited to communicate and share their views among others on:

- ongoing exchanges with neighbours on topics of interest including on current regional or bilateral cooperation,
- topics where further consultation or cooperation would be foreseen,
- schedule for when these topics are envisaged to be discussed,
- preferred format of related exchanges e.g. sharing NECP draft, written exchanges, bilateral or regional consultations, and
- potential areas where the EnC Secretariat could facilitate regional cooperation.

CONTRACTING PARTIES' INTERVENTIONS

Kosovo* informed about (ongoing) studies that will feed into the NECP development and target setting process: role of gas (prefeasibility study completed by the Millennium Challenge Corporation), feasibility of new storage technologies (KfW), potential for penetration of renewables (Worldbank, including also support on auction design by EBRD) and energy poverty (Worldbank). For NECP targets

to be realistic, the results of these studies as well as the evaluation of budgets will be important. Challenges in the NECP development process remain. Kosovo* has not yet set a base year for calculating greenhouse gas (GHG) emissions. Current policy documents, which the NECP will be built on, are up to 2026, instead of 2030. Furthermore, policy orientation is needed regarding security of supply issues and the future of coal and gas in particular. Kosovo* emphasized the importance of research and innovation in the energy and climate field. Implementation of the agreement of KOSTT with the TSOs from Continental Europe expected in few months will allow better integration of Kosovo* in the regional electricity market.

Kosovo* deems the following aspects important for future discussions on regional level: deployment of renewables in the region, electricity market coupling with Albania and later with other countries and transport sector plans e.g. railways. Kosovo* supports the idea of sharing different planning documents and draft NECPs among CPs. Kosovo* also envisages to share the results of the mentioned studies, where possible. Kosovo has two options for connecting to the gas network, via interconnection with Albania and North Macedonia. Discussions on regional level in relation to feasibility of such infrastructure projects will be important.

The EnC Secretariat added that a study of the International Renewable Energy Agency (IRENA) on „Renewable Energy Prospects for Central and South-Eastern Europe Energy Connectivity (CESEC)“ provides some indication on the potential for RES targets (<https://www.irena.org/publications/2020/Oct/Renewable-Energy-Prospects-for-Central-and-South-Eastern-Europe-Energy-Connectivity-CESEC>).

Montenegro pointed out that work on NECP chapters 1-2 is ongoing and will be finalized until the end of October 2020. **Montenegro would find regular exchanges on the plans and regulations valuable, especially with CPs that are at a more advanced stage of preparation and finalization like North Macedonia.** CPs should find a way to exchange on topics, while from the country's perspective, regional cooperation is covered under EnC fora. As Montenegro just started the preparation of the NECP, the Government envisages to discuss the draft within the Ministry, the TWG established in the country and the region by the end of the year 2020.

Montenegro deems the following aspects important for future discussions on regional level: deployment of renewables in the region and transport sector plans. Current plans also foresee additional transmission capacity, namely an undersea cable to Italy with transmission lines to Serbia and Bosnia and Herzegovina bearing the potential to make the country an energy hub in the region. **Montenegro emphasized that the planned transmission lines should be properly integrated not only in its own NECP, but also in those of Serbia and Bosnia and Herzegovina.** Kosovo* raised the question, whether – considering the mentioned plan – another transmission line Kosovo* – Montenegro would be needed. While Montenegro was only aware of two planned transmission lines, both CPs agreed to share information and keep each other updated. Participants from Montenegro also pointed out that the country has not been very active in terms of **electricity market integration (coupling) with Albania, Italy and Serbia.** As a precondition for market integration, the Power Exchange is being established and for its operationalisation an appropriate service provider still needs to be contacted. With the Energy Law the legal basis for market integration are established through partial transposition of the Capacity Allocation and Congestion Management (CACM) Regulation.

Serbia summarized recent climate related developments. While the Law on Climate Change was already drafted, Government elections and the COVID situation delayed its adoption. The Law will transpose previous Acquis on MMR and ETS. With the climate framework now being upgraded, Serbia will need to analyse certain provisions and propose amendments to the Law in the future. Furthermore, the country finished the project on the Long-term Strategy with support from the Instrument for Pre-Accession Assistance (IPA). The Long-term Strategy 2050 and Action Plan 2030

cover key economic sectors, propose an economy-wide GHG emission reduction target and 27 measures to reach it. The Strategy and Action Plan show increased ambition as compared to the Intended Nationally Determined Contribution (NDC) and will be used as a basis for revising the NDC. Their analytical basis leveraged on the use of the PRIMES model for energy, the CAPRI model for agriculture and other models for waste and forestry. From the six different scenarios developed, the M2 scenario was chosen - based on a strategic assessment - as most appropriate for a 2030 GHG emission reduction target. Taking into account the experience certainly be gained until 2030, an option for increasing the target for the period 2030-2050 is foreseen. Once the Law on Climate Change and the Long-term Strategy are adopted, an MRV platform will be established as a one-stop-shop for all climate related data and planning.

Albania informed that the country joined the NDC partnership in 2019. It builds up political ownership to update INDC targets. Main tasks will be the revision of sectors such as agriculture, forestry and land use (AFOLU), transport and industrial processes and product use (IPPU), investment and the adaptation plan. The revision is envisaged to be approved in 2020.

Though not specifically noted, but deemed important in this respect, the potential gas and electricity cross-border infrastructure projects with Kosovo and the ongoing development of the electricity interconnection capacity with North Macedonia will require regional coordination. The same goes in relation to electricity market coupling projects.

CAN Europe praised the Contracting Parties for their work undertaken on the development of NECPs and underlined the aspects of regional cooperation. Furthermore, CAN Europe pointed to the lack of cross-border consultations in the course of environmental assessments and proposed to complement CPs' NECP consultations with civil society organisation.

Further participants of this kick-off meeting were from the Ministry of Economy of the Slovak Republic and Ministry of Foreign Affairs and Trade of Hungary.

CLOSING REMARKS

The EnC Secretariat reminded CPs that the Transport Community might also provide a platform for further discussion of transport sector related aspects. Next steps in terms of regional consultations on CPs' NECPs include the launch of the EnC website which will also facilitates sharing NECPs among CPs and the distribution of the minutes of this kick-off meeting. The EnC Secretariat also encouraged Contracting Parties to discuss potential topics on cross-border relevance among themselves, while offering the support of the Secretariat in these exchanges, if needed.