

31st ENERGY EFFICIENCY COORDINATION GROUP MEETING MINUTES AND CONCLUSIONS

Tuesday, 28 March 2022, 9:30 - 15:45 (hybrid)

The 31st Energy Efficiency Coordination Group (EECG) meeting was organised as a hybrid event (in Vienna and online) and attended by the representatives of all Energy Community Contracting Parties (CPs), the European Commission (EC - DG ENER and DG NEAR), donors, IFIs and invited experts from EBRD/KfW/REEP Plus, ECA, Fraunhofer ISI and Gopa Intec. The meeting was chaired by the Ministry of Economy and Sustainable Development of Georgia (Mr. Omar Tsereteli) and the Energy Community Secretariat.

ECS (Mr. Adam Cwetsch) opened the meeting by welcoming the participants and presenting the meeting's agenda, emphasizing the importance of applying energy efficiency first principle in the decision-making process and the need to coordinate efforts in Contracting Parties to deliver first drafts of NECPs by 30 June 2023, along with long-term building renovation strategies. Mr. Cwetsch addressed that the deadline for the transposition of the amending Energy Efficiency Directive has passed on 31 December 2022, and that the upcoming activities will be focused on monitoring and supporting the progress of implementation of the EED, within a new EECG Work Programme for 2023 and 2024. ECS emphasized that the deadline for the adoption of long-term building renovation strategies was on 10 March, and invited CPs to finalise these documents.

ECS (Mr. Borko Raičević and Ms. Biljana Grbić) presented expert areas and activities in [the final proposal of the EECG Work Programme for 2023 - 2024¹](#). The proposal envisages activities and deliverables categorised in 10 expert areas and 4 chapters covering provisions of EED, EPBD, labelling and eco-design, as well as horizontal and cross-cutting activities. The Work Programme envisages continuous assessment and reporting on the existing and planned energy efficiency measures in the Contracting Parties, aimed at reducing energy demand and combating the current energy crisis. Moreover, EECG will work on implementing new requirements stemming from the amending Energy Efficiency Directive of 2018, including updated provisions on energy efficiency obligations, consumption-based metering and billing, long-term building renovation strategies, etc. For this purpose, the EECG will assess the progress (based on the questionnaire prepared by ECS) in implementing new elements of EE Directive, the gaps in the transposition and implementation, and needs for additional TA in aligning with Energy Community acquis. Moreover, the new policy guidelines for the effective implementation of building renovation strategies will be developed with REEP support and in cooperation with EECG. EECG members have time to give comments on the EECG Work Programme by the end of April, and after this date it will be finalised and published on the website of the Energy Community.

European Commission, DG Energy (Ms. Edyta Nowak) updated EECG members on the outline of the political agreement on EED recast under the "Fit for 55" package. On the 10th of March, the provisional political agreement between the European Commission, the European Parliament and the Council has

¹ The final version of the EECG Work Programme 2023-2024 is available here: https://www.energy-community.org/dam/jcr:3ac56ca1-666f-4d05-b9f7-5b23d8350f55/EE%20Coordination%20Group_WP%202023-2024_final.pdf

been reached. It is a key milestone for reaching decarbonisation goals, and it is the first energy file that has been completed under the “Fit for 55” package. The European Commission started preparing the guidelines on the most relevant articles to help MSs to transpose. Ms. Nowak presented some of the main elements of the EED recast: binding 2030 EE target at the level of EU of 11,7 %, while Member States will contribute with indicative targets. The recast requires the strong application of energy efficiency first principle by taking energy efficiency into consideration in energy policy, planning and major investment decisions. Energy savings targets almost doubled, requiring 1.49 % as of 2024 with the step-wised increase approach; the additionality principle is maintained – crisis measures taken under REPowerEU and measures in the sectors covered by ETS can be counted towards EE savings with some exceptions; Annex V is amended aiming at phasing out new policy measures subsidizing fossil fuels from the counting of energy savings as of 2026. The revised rules also give a greater responsibility to the public sector to lead by example. Requirements under the definition of energy-efficient district heating and cooling will be gradually increased seeking to have fully decarbonised DH systems by 2050; new article 11 sets an obligation for enterprises to have energy management system and energy audit in place if the energy consumption is above certain threshold. New provisions dealing with energy-efficient and sustainable data centres are being also incorporated.

Concerning the Energy Community acquis, *ECS (Mr. Adam Cwetsch)* informed EECG that the incorporation of EPBD recast in the Energy Community legal framework is postponed until the recast of EPBD is adopted in the EU.

In the next session, all *Contracting Parties* presented the progress of transposition and implementation of amending EE Directive and adoption of long-term renovation strategies, as well as the short-term measures adopted in the previous period to combat the energy crisis.

Albania (Ms. Kamelia Tafaj) reported that the amendments of the EE Law are being drafted, and that the secondary legislation setting templates of action plans and reports of large consumers and municipalities are adopted. To combat the energy crisis, Albania imposed an obligation on public institutions to reduce electricity consumption by 15%, tasking also nominated energy managers to report to the Ministry on the progress and introducing penalties for not reaching this goal. Moreover, information campaigns on the importance of energy savings are conducted and subsidies for solar panels for water heating are provided to more than 2000 households, covering 70% of investment costs and installations. Continuation with the additional package of subsidies for 2000 households is expected.

Bosnia and Herzegovina (Ms. Sanja Kapetina and Ms. Jasmina Katica) updated EECG that both entities shall amend EE laws this year, while the building renovation strategies of both entities will be also integrated. Concerning energy crisis measures, voluntary recommendations were prepared, while a roadmap for Energy Support Package is created, in which funds will be utilised for energy-poor consumers and energy efficiency measures for SMEs and residential buildings, covering measures for the renovation of the building envelope, efficient-heat boilers, solar panels etc.

Georgia (Mr. Omar Tsereteli) in his presentation reported on legislative acts transposing EED and EPBD that are or will be adopted by the end of 2023. In cooperation with the Secretariat, a system for monitoring and verification of energy savings is created, and the work on NECP is ongoing. The building renovation strategy is under preparation. Concerning EE and demand reduction measures as a response to the energy crisis, the focus was put on the public sector, as well as information and awareness-raising campaign.

Kosovo (Ms. Aurora Popova)* provided an update on the EE-related strategic and legislative framework in Kosovo; drafting of EE Law is supposed to start soon and be finalised in October 2023, while the EPBD law was drafted (partially transposing EU Directive 844/2018) and is supposed to be adopted by the end of July. The new training for energy auditors is being organised, and registry for EPCs and EE in buildings established. The draft Building Renovation Strategy exists, and will be adopted after certain

updates. The energy labelling and eco-design regulations for light sources is under preparation, while the inspectorates will be trained on the new regulatory framework. Also, extensive measures have been adopted as response to energy crisis, including under the EU Support Energy Package; subsidies for households and energy-saving consumers, including subsidies for heat pumps, biomass boilers, and individual biomass stoves. Over 9 thousand families have benefited from the two calls.

Moldova (Mr. Nicolae Maqđil) reported that the draft Law transposing EED of 2018 will be adopted in the upcoming period. The focus will be on the implementation of EM system in all public institutions. Concerning measures for combating the energy crisis, Government measures were the following: recommendations for reductions of 15% in gas and electricity consumption in government buildings (17% reduction was achieved); information campaign for public authorities; mandatory fuel switching from gas to alternative fuels, energy efficiency measures and reconnecting public institutions from DH; mandatory use of biomass boilers (with instructions), monitoring of energy consumption in public buildings, voucher programme for vulnerable consumers + green home programme (to be launched), covering subsidies for the installation of solar panels or renewable-based boilers to switch from gas. Concerning DH projects, DH systems in Chisinau and Balti are modernising, with the installation of individual heating and switching from vertical to horizontal technical systems in MABs.

Montenegro (Mr. Nikola Vujošević) provided update on ongoing and planned legislative activities. The EE Law amendments were adopted in December 2022, with new updates planned to commence soon. The adoption of eco-design and energy labelling regulation is largely transposed. Concerning the implementation, the University of Montenegro is conducting new round of trainings for energy auditors. The cost-optimal study for EE requirements in buildings was finalised, to be followed with adoption of a new methodology for building certification. Comprehensive Assessment under Article 14 supported by REEP is supposed to be finalized in the upcoming months, while work on building renovation strategy expected to continue with KfW support. Concerning energy crisis, short-term measures such as reduction of excise taxes or limit of prices for pellets were introduced, together with the promotion of the exemplary role of the public sector. Under the Energy Support Package, EU will support the following measures: support of energy efficiency innovation in the industry and households, addressing buildings retrofitting and heating and cooling installations, as well as for SMEs sector, tourism, and vulnerable groups of citizens. Finally, EPCG and Eco fund the 3000 Plus rooftop PV solar project is now extended to 5000 Plus.

North Macedonia (Ms. Katerina Bilbiloska): the amendments of EE Law fully transposing EED 2018 will be adopted by the end of the year. Concerning the secondary legislation several acts are in the finalisation phase, including the rulebook on energy performance and energy audit of buildings and the rulebook on energy labelling of products. Trainings and licencing of experts for energy audit of buildings and large enterprises should be undertaken. Concerning energy crisis measures, North Macedonia established a commission for monitoring the energy system and Ministry prepared list of measures for different sectors. All obliged public institutions have to achieve mandatory 15% energy reduction target; the reimbursement of costs for investments in energy efficiency measures in households is in place, as well as support to vulnerable consumers. The preparatory work for the establishment of the Energy Efficiency Fund is also on-going.

Serbia (Ms. Antonela Solujić) reported that Serbia transposed EED by adapting the Law on Energy Efficiency and Rational Use of Energy, and now working on by-laws (with around 30 being adopted until now). The recently established Directorate for Financing and Promotion of Energy Efficiency (within the Ministry) launched several calls for EE and RES measures in residential sector. Serbia also reported on a number of projects in public buildings and district heating sector, introducing renewable-based sources, with the support of EBRD and KfW. Public ESCO project is in the initial phase, which will enable retrofitting of multi-apartment buildings connected to district heating, with the support of EBRD. Serbia adopted a set of measures for combating the energy crisis, including launch of large national

campaign and recommendations for the public sector, as well as linking it with obligations under the energy management system. Electricity incumbent EPS offered discounts to citizens for energy savings. In October 11% of electricity savings is achieved, and 1.5 million households benefited from these measures; USAID Better Energy project promoted energy savings measures in households.

Ukraine (Ms. Anna Zamazeeva) welcomed EECG participants as the new Head of State Agency on Energy Efficiency and Energy Saving of Ukraine (SAEE). Despite the current challenges, Ukraine managed in 2022 to transpose EE Directive, and establish energy management system. SAEE developed procedures on energy management (EM) for business entities; certification schemes for EM, with the plan to establish two registries, one for state and local bodies, and second for businesses that implement EM. Energy audit qualifications are ongoing, together with ESCO mechanism for public buildings, and registry of energy service providers. The new Law on HE CHP was adopted and introduced requirements of EED for HE CHP.

All Contracting Parties reported on **the progress on the adoption of long-term building renovation strategies**, which are supposed to be adopted by 10 March 2023 under the Governance Regulation. Serbia is the only Contracting Party that adopted the strategy in 2022, and now is in the process of finalisation of the action plan. Some CPs are in the advanced stage expecting the near finalisation and adoption (Bosnia and Herzegovina, Kosovo*, Moldova, Ukraine) while other CPs are in the process of development of the strategy (Albania, Georgia, Montenegro, North Macedonia).

Conclusions:

- 1.1. EECG supported EECG Work Programme 2023- 2024, as presented by ECS, which envisages activities and deliverables in ten expert areas covering implementation of the Energy Efficiency Directive, energy efficiency in buildings, energy labelling and eco-design, as well as a number of horizontal and cross-cutting issues.
- 1.2. EECG Work Programme 2023-2024 is available [online](#) and the EECG members and donors' community are invited to send any additional suggestions, related to the Work Programme implementation and relevant support programmes, by the end of April 2023.
- 1.3. EECG thanked European Commission DG ENER for the presentation of the outcomes of the negotiations on the recast of EED under the Fit for 55 package.
- 1.4. EECG members reported on the key energy efficiency policies and measures in CPs, including the transposition of the new EE Directive under the Clean Energy Package. Moldova, Montenegro Serbia and Ukraine have fully or partially transposed 2018 amendments of EED, while other Contracting Parties are lagging behind the transposition and expecting to transpose the amending EED during this year.
- 1.5. ECS reminded CPs of the obligation to adopt long-term renovation strategies by 10 March 2023, and the majority of them are expecting to have strategies adopted this year. EECG welcomed the work on the new policy guidelines for the effective implementation of building renovation strategies that will be developed in the upcoming period by the REEP and ECS in cooperation with EECG.
- 1.6. ECS informed EECG that the incorporation of EPBD recast in the Energy Community legal framework is postponed to next year, until the recast of EPBD is finalised in the EU and adaptations prepared for the Energy Community.
- 1.7. EECG members from CPs presented measures to reduce energy demand and combating the current energy crisis, representing mix of legislative, financial and promotional measures. As a follow-up to the Ministerial Council Decision of December 2022, ECS and EECG will continue to monitor and assess the demand-side measures, aiming to issue a document presenting the good practices and guidance on energy demand reduction measures.

2. Regional Programmes and CP's Initiatives

The European Commission, DG NEAR (Ms. Judit Gyori) [presented EU support for Energy projects in the Western Balkans](#), including the 2022 Energy Support Package, EU support through the WBIF and regional programmes. The Energy Support Package announced under Berlin Process, provides support of EUR 500 million for immediate measures to address high energy prices and EUR 500 million for short to medium measures which will be utilised through WBIF for REEP replenishment, new public and private sector blending investments, and guarantees to support investments in energy transition. It was clarified that the WBIF governance structure is supposed to be revised under IPA III, upon which a new call will be published. EU support through the WBIF Public sector blending is active since 2009, and in December 2022 six renewable energy flagship investments in Western Balkan were supported. Ms. Gyori also presented the timeline for ongoing private and public blending calls, pointing out that the approval of projects is expected by the end of June. REEP blends policy support with loans, technical assistance and incentives to support energy efficiency and renewable energy investments in the public and private sectors in the Western Balkan. EU support through other regional programmes that address Contracting Parties are also presented: Covenant of Mayors, Climate Neutral and Smart Cities Missions and Coal regions in Transition in the Western Balkans and Ukraine.

EBRD and KfW (Ms. Milena Popović Martinelli, Ms. Stefania Racolta-Cruceru and Mr. Matija Tadić) [presented the updates on REEP program](#) which contributes to the sustainable energy transition in the Western Balkans and achievement of EE, RES and GHG targets, with more than EUR 297m in credit lines and EUR 143m direct lending, in combination with the policy support. Until now more than 75 policy deliverables were provided, including primary and secondary legislation, strategies, and capacity buildings. The most recent activities include work in Albania (BRS), Kosovo (EE fiscal scheme and new labelling and eco-design regulation for lighting), Montenegro (H&C assessment) and North Macedonia (EPBD Rulebooks). REEP will also support the development of regional Policy Guidelines on Building Renovation Strategies. It was emphasized that the ongoing policy support is closing soon, and the upcoming REEP replenishment phase will also tackle multi-apartment buildings, including the policy side. KfW provided updates on the direct finance window, i.e. renovation of public buildings in MNE, NMK and AL, as well as the second phase of the district heating biomass projects in SRB, and preparation of pre-feasibility studies for solar DH. Future applications are supposed to be prepared for the WBIF process and potentially new applications might be submitted in September.

ECS (Mr. Petar Vajda) presented a [Clean Air Region Initiative](#) that gathered ambitious municipalities from CPs and announced the upcoming Phase 2 that will address the energy efficiency measures as well.

Fraunhofer Institut for Systems and Innovation Research ISI (Mr. Wolfgang Eichhammer) presented [update on the Odyssee-MURE CET LIFE Project 2022-2025 "Monitoring the Energy Efficiency Pillar for Climate Neutrality"](#). It relies on two complementary internet databases - one on energy efficiency indicators and one on energy efficiency policies. The program of the project for the period from 2022 to 2025 is presented, as well as activities conducted so far, and current administrative status with all CPs.

By joining the project, the Energy Community region (9 Contracting Parties) will gain further capacity for energy and climate planning and reporting. Data update for EnC CPs will start in May 2023 for data of 2021. After series of kick-off and bilateral meetings, the first regional ODYSSEE-Mure workshop with all 40 national teams (EU and EnC) will take place in Zagreb (Croatia).

GOPA Consulting (Mr. Morco Caponigro) provided brief information on the technical assistance provided to the Georgian Government, including the creation of NECAP, transposition of EED and EPBD, establishment of EEO schemes, minimum efficiency requirements in building, and long-term

buildings renovation strategy; fourteen bylaws on energy efficiency are adopted, and four are in the process of adoption.

Conclusions:

- 2.1. EECG thanked European Commission DG NEAR on the update on ongoing EU support, including the EU Energy Support Package for the Western Balkans and WBIF, as well as on other EU funds and regional programmes available for the Contracting Parties.
- 2.2. EECG thanked EBRD and KfW for providing an update on recent progress under REEP Plus Programme, and planned activities under the replenishment phase. The funding and resources under the current REEP phase (policy dialogue) are utilised by successfully supporting a number of policy deliverables. ECS reminded some beneficiaries to finalise adoption of policy deliverables.
- 2.3. EECG thanked the representative of the Fraunhofer Institute for cooperation and presentation of the latest updates on the new ODYSEE-MURE CET LIFE project. The project will continue to interact with EECG/ECS by providing regularly project updates and coordination for successful project implementation. Additional nominations or confirmations of partners will be required by some countries, in interaction with the Energy Community Secretariat.

The next EECG meeting and EE capacity building event are planned to take place on 22 and 23 June 2023 in Tbilisi (or alternative virtual participation via Webex).