

CONCLUSIONS

25th PERMANENT HIGH LEVEL GROUP MEETING

21 JUNE 2012, VIENNA

1. The meeting was chaired by Mr. Danilo Barjaktarovic for the Presidency in office and Mr. Fabrizio Barbaso, Deputy Director General for Energy at the European Commission, for the European Union as Vice-Presidency.

AGENDA ITEM ONE –ENERGY COMMUNITY STRATEGY

2. On behalf of the Chair of the Energy Community Strategy Task Force (Strategy TF), Mr. Cristóbal Burgos, Mr. Péter Pózsgai, summarized the work of the Task Force so far.
3. The Secretariat presented the draft text of the Energy Community Strategy, referring also to the operational feedback, received from the stakeholders.
4. Ukraine recalled the importance of the Ukrainian gas transmission system and the gas storage facilities for the energy security in Europe and the need to guarantee the reverse flow with its neighbouring EU Member States.
5. Upon debates, the PHLG endorsed the document in principle, requesting the reflection on the fine tuning. The Contracting Parties are therefore invited to provide by 06.07. 2012 to the Secretariat their proposal for editorial changes. On this ground, the Secretariat is invited to prepare an update by 15.07.2012, which will be circulated to the PHLG members for endorsement via correspondence procedure and will be on the agenda the Ministerial Council for discussion and adoption.
6. Further, the PHLG agreed to propose to the Ministerial Council to extend the mandate of the Energy Strategy Task Force till June 2013, as to continue the analytical work, related to projects of Energy Community interest, and to considerate possible policy measures to create a favourable framework and foster the development of the future projects of Energy Community interest.
7. The Secretariat presented brief information on the work on the gas-to-power initiative so far as well as on the progress of the priority infrastructure projects related to the development of the Gas Ring. The cooperation with the ENTSOG and the work in the Contracting Parties' legal and regulatory framework in this context was briefly reported as well. In particular, a reference was made to the Study on Gas to Power and Gas Ring to be funded under the Western Balkans Investment Framework. The PHLG expressed its satisfaction with this fact and invited the Contracting Parties to contribute actively to the work of the Study.

AGENDA ITEM TWO – RENEWABLE ENERGY SOURCES – IMPLEMENTATION OF DIRECTIVE 2009/28/EC

8. The Secretariat recalled the discussions on the Commission's Proposal on the adoption of Directive 2009/28/EC during the technical meeting on 22 May 2012 and presented the draft decision of the Ministerial Council of the Energy Community on the implementation of Directive 2009/28/EC, which takes on board these discussions and comments received in writing from some Delegations, concerning the adaptation of reporting deadlines and the review clause.
9. Republic of Moldova stated that it is not in the position to transpose Directive 2009/28/EC until the deadlines envisaged in the European Commission's proposal to the Ministerial Council of the Energy Community. Although Moldova considers adequate development of RES as one of its priorities in the energy sector on the ground of realistic economic and potential assessment, the current efforts are concentrated on the implementation of Directive 2001/77/EC and Directive 2003/30/EC, and development of the secondary legislation. Therefore, Moldova reserves the right for further elaboration on the concrete deadline of the implementation of the above mentioned Directive, which shall be notified not earlier than 30.06.2013. The Vice-Presidency invites Moldova to specify ASAP the deadline in question.
10. Ukraine stated that it needs more time for careful study and additional discussions to make its final position related to inclusion the Directive 2009/28/EC in acquis of the Treaty. It also depends on the necessity to pass relevant Ukrainian internal procedures. The position of Ukraine will be submitted by mid July.
11. The PHLG endorsed the Secretariat's proposal on the text of the draft decision including the amendments on reporting deadlines and the review clause. A large majority of Contracting Parties also agreed to the approach as proposed by the Secretariat as regards the trajectory based approach to reducing the overall targets as in the attached Presentation by the Secretariat. A number of CPs repeated their earlier requests for a reduction of the transport targets; however, the Commission opposed any reduction in the transport target as not in line with the approach taken towards Member States. On this ground and upon open debates, the PHLG agreed on the text of the draft decision; the concrete target levels, including the share of renewables in transport sector, are expected to be agreed by the Ministerial Council. The PHLG invited the Secretariat to submit it to the Ministerial Council for adoption.

AGENDA ITEM THREE – WHOLESALE MARKET OPENING

12. The Secretariat presented an updated version of the *Regional Action Plan for Wholesale Market Opening in South East Europe* (SEE WMO RAP) referring to Moldova and Ukraine. The PHLG took note of the amendments for Moldova and Ukraine. Both Contracting Parties are invited to present their position on national level as soon as possible. Following the expressed invitation, the Secretariat confirmed its readiness to participate in the bilateral discussions between Moldova and Ukraine to reach rapid political approval of the RAP, as modified and proposed by the ECRB.

13. Mr Danilo Barjaktarovic, SEE WMO RAP PHLG coordinator, presented the progress made on the implementation of the SEE WMO RAP. The PHLG recalled the need for the Contracting Parties to abolish existing barriers for implementing the SEE WMO RAP in the Contracting Parties' legislations and regulations.
14. The Secretariat briefed on the development of the Local Action Plans. Concrete steps will be proposed at the next PHLG meeting, based upon the findings presented in the Implementation Report.
15. The Secretariat informed that further to the previous PHLG meeting, it submitted for public consultation the Report on Regulated Energy Prices and Tariffs in the Energy Community and proposed next steps.
16. Ukraine underlined that the Study on Ukraine and Moldova energy systems synchronizing conditions is still in progress and it could be finished not earlier than 2015. Thus Ukraine will be able to resume the approval of the Regional action plan on wholesale market opening after this Study had been completed.
17. Upon discussion, the PHLG welcomed the Secretariat's announcement to make a proposal for recommendation to be put on the agenda for the Ministerial Council in 2012. The proposal will be sent to the PHLG members by the end of June at the latest. On this ground, PHLG members are invited to comment by mid July 2012.

AGENDA ITEM FOUR – OIL (IMPLEMENTATION OF DIRECTIVE 2009/119/EC)

18. The Secretariat recalled its Explanatory Note on the work so far, concerning the preparation for adoption of the Oil Stocks 2009 Directive and briefed on the outcome of the recent oil stocks workshop (April 2012, Zagreb). On this ground, a reference was made to the proposed decision on implementation of the Oil Stocks Directive.
19. Ukraine noted its support on including Directive 2009/119/EC in the acquis of the Treaty; however, Ukraine also underlined that the terms of implementation of the Directive should be determined considering the necessity to pass relevant Ukrainian internal procedures.
20. PHLG, recalling the proposed implementation deadline (01.01.2020), noted that Bosnia and Herzegovina and Serbia expressed their position that this deadline should be 01.01.2024. Moldova will specify its position on the deadline not later than 01.09.2012. On this ground and upon debates, PHLG endorsed the proposal and invited the Secretariat to submit it to the Ministerial Council for consideration and adoption.

AGENDA ITEM FIVE – STATISTICS

21. The Secretariat presented the proposal for Draft Decision on implementation of Regulation (EC) No 1099/2008 of 22 October 2008 on energy statistics and Directive 2008/92/EC of 22 October 2008 concerning a Community procedure to improve the transparency of gas and electricity prices charged to industrial end-users.
22. Ukraine noted its support of the inclusion of Directive 2008/92/EC and Regulation (EC) 1099/2008 in acquis of the Treaty; in parallel, however, it noted that the terms of implementation of these acquis should be determined recalling the necessity to pass relevant Ukrainian internal procedures.

23. Upon debates, PHLG endorsed the proposal and invited the Secretariat to submit it to the Ministerial Council for adoption. In addition, PHLG took note of the need of Moldova and Serbia for some more time for concrete consideration on the proposal – these two Contracting Parties are invited to finalize their position by end of July 2012.

AGENDA ITEM SIX – 2012 MINISTERIAL COUNCIL MEETING

24. The Secretariat informed on the operational work, related to the preparation of the Ministerial Council meeting. The Parties were invited to consider timely booking for their accommodation in the venue of the event.
25. The following documents, on the Agenda of the Ministerial Council, were presented in brief to the PHLG for information: the draft agenda of the MC meeting, the report on Audit 2011, the draft Budget Committee report on the Audit 2011 and the Director's Report on budget execution for 2011.
26. Mrs. Blanca Andres-Ordax, member of the Budget Committee, presented the draft Budget Committee report on the Audit 2011 and the draft Budget Committee Annual Report, which are expected to be adopted by the Budget Committee at its meeting on 22nd June.
27. On the ground of the presented budget related information and documents, the PHLG endorsed the draft decision for discharge of the Director for 2011 (subject to the adoption of the Budget Committee Report on the Audit) and invited the Secretariat to present it to the Ministerial Council for adoption.
28. Mr. Barbaso updated the PHLG on the steps taken by the Commission for the selection of the next Director of the Secretariat.

AGENDA ITEM SEVEN – SECURITY OF SUPPLY

29. The PHLG took note of the Secretariat's analysis of the actual implementation of the Procedural Act on the Security of Supply Coordination Group and invited the Parties to follow the recommendations as specified in the presented Review. On this ground, it was concluded that the urgent task is to put the Group into operation. The Contracting Parties, Participants and Observers are urged to nominate the members of the Group and to communicate their contact details to the Energy Community Secretariat immediately.
30. The Secretariat informed the PHLG members on the recently launched tender for the selection of a consultant for the study on the implementation of the Regulation 994/2010 on security of gas supply. PHLG invited the Contracting Parties, Beneficiaries of this Study, to cooperate with the Consultant and the Secretariat throughout the period of the Study.

AGENDA ITEM EIGHT – THIRD PACKAGE

31. The Secretariat presented its proposal for a Procedural Act for adoption of Network Codes.

32. The Secretariat recalled the debates so far in relation to the adoption of ITC guidelines and presented the text of a Draft Decision on the incorporation of Regulation (EU) No 838/2010 in the Energy Community.
33. Ukraine stated that it refrains from commenting on the Procedural Act of the Permanent High Level Group laying down the rules governing the adoption of Guidelines and Network Codes in the Energy Community and voting on incorporation of Regulation (EC) № 838/2010 in the Energy Community since Ukraine has not joined the Decision of the Ministerial Council of the Energy Community on the implementation of the Third EU Energy Package for internal market.
34. Republic of Moldova recalled its official positions as expressed at the 23rd PHLG meeting and in the attached Non-paper, submitted officially on 01.06.2012 and circulated to the PHLG members. Therefore, based on the concrete situation in the country and on the ground of Article 24 of the ECT, Republic of Moldova informs that the implementation process of the 3rd Package for it shall be without transposing article 9 of the Directive.
35. Republic of Moldova considers that the adoption of Network Codes should be addressed jointly with TSO's approaching the contents of those, also taking into the account the realities of each Contracting Party. Republic of Moldova proposes to elaborate the template Codes which would serve as a guideline for redrafting the existing network codes and technical norms of the grid.
36. Upon debates, PHLG endorsed the proposal on ITC and invited the Secretariat to submit it to the Ministerial Council with a view for its adoption.
37. Upon debates, the PHLG adopted the Procedural Act laying down the rules governing the incorporation of Guidelines and Network Codes in the Energy Community.

AGENDA ITEM NINE – ENVIRONMENT

38. The Chairman of the Environment Task Force presented the work of the TF so far as well as the upcoming tasks, in particular regarding the preparation for the implementation of Directive 2001/80/EC on the limitation of emissions of certain pollutants into the air from large combustion plants.
39. Further, the Secretariat presented a Draft Decision on the implementation of Directive 2005/33/EC of the European Parliament and of the Council of 6 July 2005 amending Directive 1999/32/EC, as amended by Directive 2009/30/EC.
40. Upon debates, in view of the fact that the document had been circulated shortly before this meeting, the PHLG decided to postpone the assessment of this draft decision to a meeting in 2013.

AGENDA ITEM TEN – MISCELLANEOUS

41. The Secretariat briefed on the state of play of preparation of the annual 2011 Implementation Report. The PHLG was assured that the report shall be finalized in due time for the Ministerial Council meeting.

42. The Secretariat recalled the key events along the Event Calendar till the end of 2012, focusing explicitly on the Fora and the Investment Conference.
43. As a follow-up of the previous reports, the Secretariat informed in brief about the current status of procurement of external consulting services in the area of energy policy and relevant studies in 2012.
44. The Secretariat briefed the PHLG on the approval of energy project applications by the Steering Committee of the Western Balkans Investment Framework; the emphasis was put on the approval of the Regional Energy Efficiency Programme (20 Mil. Euro), as well as that of the Regional study for gas to power initiative and the gas ring (1 Mil. Euro).
45. The Secretariat, on behalf of the Chair of the Task Force for energy efficiency, briefed the PHLG on the latest progress in the implementation of the Task Force work programme; based on this progress, the Chair, supported by the Donors present at the meeting (European Commission, EBRD, USAID, GIZ) invited the PHLG members to propose the Ministerial Council to extend the Task Force's mandate, in order to be able to prepare the implementation of the Energy Efficiency Programme, as well as to prepare the adoption of the new Energy Efficiency Directive, and the 2nd National Energy Efficiency Action Plan.

Done in Vienna on 21 June 2012

For the Permanent High Level Group:



(Presidency)