









OBLIGATIONS AND COMMITMENTS UNDER THE ENERGY COMMUNITY TREATY

Climate

- > MC Policy Guidelines
- ➤ Decarbonisation Roadmap
- ➤ Sofia Declaration by WB6 CPs
- ➤ Implementing Governance Regulation



• Electricity markets

- ➤ Transpose and implement CEP in progress
- ➤ Complete incorporation and implementation of market network code in EnC enabling market coupling
- > Step up efforts in finalizing establishment of organized electricity markets
- > Finalise projects on market coupling



THE ROLE OF THE ENERGY COMMUNITY SECRETARIAT

Compliance assessment

- Article 67(b) EnC Treaty tasks the Secretariat to "review the proper implementation by the Parties of their obligations under the Treaty"
- Done by the Secretariat annually in Implementation Report and ad hoc reports (e.g. Energy Transition Tracker) that could be adapted to assess compliance with the CBAM Regulation.

Assisting CPs in preparing

- Roadmap for exemption from the CBAM Regulation
- reports to be submitted based on Article 2(8) of the CBAM Regulation
- Introduction of carbon pricing
- Designing national ETS, in particular in relation to the energy sector

To be empowered by the CBAM Regulation or delegated acts / to work jointly with the Commission on the delegated and implementing acts related to exemptions



EXEMPTIONS FROM CBAM'S APPLICATION (1/2)

General exemption

Article 2(5) of the draft CBAM Regulation

•CBAM will not apply to countries provided that the following <u>cumulative</u> conditions are fulfilled:

- oEU ETS applies to that country or ETS of that country is linked with the EU ETS
- oCarbon price is effectively applied

Specific exemptions

Article 2(7) et seq. of the draft CBAM Regulation

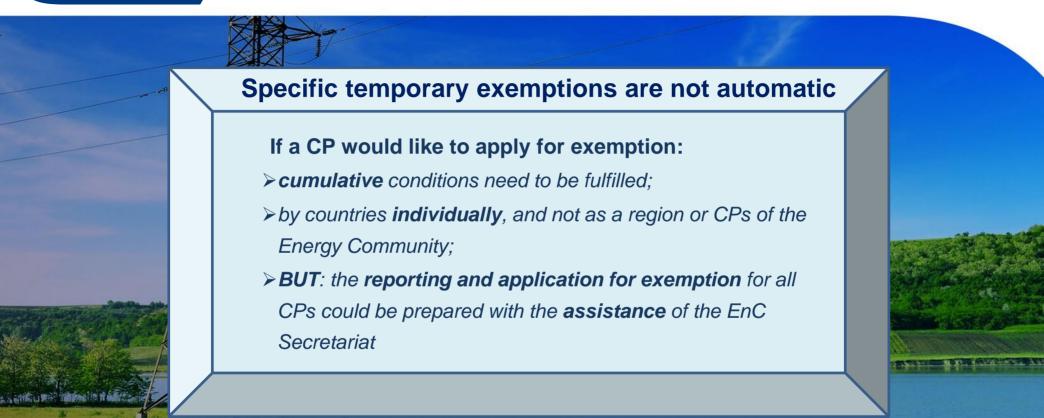
•Temporary exemption until 2030 provided that:

- omarket coupling is in place between a CP and the Union's electricity market and
- othere is no technical solution for the application of CBAM to the import of electricity into the Union.





EXEMPTIONS FROM CBAM'S APPLICATION (2/2)





CUMULATIVE CONDITIONS FOR EXEMPTION (1/2)

Agreement with the EU in place

obligation to apply the Union law in the field of electricity, including legislation on RES, energy, environment and competition

⇒This criterion is fulfilled – the EnC Treaty is aligned with this

Condition: fulfilled



Main provisions of EU electricity legislation

including RES and coupling of electricity markets are implemented at national level.

⇒Most CPs fulfil this criterion and have such legislation in place

BUT: CEP Electricity Regulation and Market Network planned for incorporation in EnC by MC / PHLG in 2022

Condition: in progress



Roadmap

containing a timetable for the adoption of measures to implement the conditions set out in points (d): climate neutrality by 2050; LTS; domestic legislation; and (e): substantial progress with the Union law on climate action.

⇒Substantial progress could be done with assistance of the Secretariat for all CPs

⇒The EnC **Decarbonisation Roadmap** would need to reflect commitments at **national** level

Condition: in progress





Energy Community CUMULATIVE CONDITIONS FOR EXEMPTION (2/2)

Slarification needed

- What is considered substantial progress?
- What is considered an equivalent level?
- How often such compatibility needs to be assessed?

Carbon pricing study

Gradual carbon pricing and market integration scenario as the best policy option for the Energy Community:

would that be acceptable?

General Policy Guidelines

Implement an ETS, with a price equivalent to the EU ETS, by 1 January 2030

- Decarbonisation
 Roadmap contains
 commitment for future
 adoption of ETS related
 legislation;
- Timeline not defined yet

Decision for exemption and removal from the list of exempted countries based on **two reports**:

- 1. Due before 1 July 2025 and
- 2. Due before 1 July 2029



CONDITIONS FOR REMOVAL FROM THE LIST OF EXEMPTED COUNTRIES

If the Commission has reasons to consider that the Contracting Party:

- has not shown sufficient progress to comply with one of the requirements or
- o has taken action incompatible with the objectives set out in the Union climate and environmental legislation

What would be considered:

- substantial progress?
- incompatible action?

If the Contracting Party has taken steps contrary to its decarbonisation objectives.

 (such as) providing public support for the establishment of new generation capacity that emits more than 550 grammes of CO2 of fossil fuel origin per kilowatt-hour of electricity. By way of example...but what else?



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