

## 7<sup>th</sup> Meeting - Energy and Climate Committee

*Glasgow, 08 November 2021*

### DRAFT MINUTES

This was the seventh meeting of the Energy Community Energy and Climate Committee (ECC). The meeting was held physically at COP26 in Glasgow, in the offices of the EU Pavilion. The Chair, Olha Stefanishyna, Ukraine Deputy Prime Minister for European and Euro-Atlantic Integration and Energy Community Secretariat's Director, Janez Kopac, welcomed participants. They referred to the ongoing climate negotiations at COP26 and to the key legislation and agenda points to be discussed at the upcoming Ministerial Council of the Energy Community (November 30, 2021).

**The European Commission**, represented by Elina Bardram, DG CLIMA Acting Director, International and Mainstreaming and Policy Coordination, underlined the strong nexus between energy and climate for the success of the Glasgow agenda, the importance of combining NDC and net-zero pledges and take concrete action and deliver, without waiting for the next COP. The EU is also keen to look at the adaptation strategies, since reducing vulnerabilities is the key. Completing the Rulebook is a priority, especially when it comes to Art. 6 and accounting rules. We should be able to agree on common reporting formats and move forward. The pledges cannot be realized without underpinning PAMs and accountability. Also, certification of high standards for environmental credits need to be enforced and we should avoid by all means double counting. For example, full use of old credits from redundant projects or carry over from Kyoto cannot be considered. On finance, some financial mechanisms can be discussed from the EU side, such as de-risking investments in the green sector, but it is not an option to fully sponsor partners. On the common timeframes for NDC duration, while everybody has agreed on the 5 year ambition cycle in the context of Paris Agreement, not everybody agrees on having a 5-years domestic policy cycle; according to China and India, for example, such a timeframe is too short and considered counterproductive for investments in terms of predictability.

**Deputy PM Stefanishyna** highlighted the importance to use this venue to make sure that the national and EnC policies are aligned, also on adaptation. For Ukraine it is also key to participate in designing policies. It's good that the Energy Community has been vocal to support countries being serious about introducing carbon pricing. The European Commission should support bilateral discussions with countries on this and take their specificities into account. When it comes to Ukraine, focus is on access to finance and predictability of policies for implementing NDCs. The country plans to introduce ETS based on the newly developed EU policies and legislation, but needs a clear timeline.

**Bosnia and Herzegovina** referred to its NDC2 and Adaptation Plan and asked for a bilateral meeting with the European Commission to discuss the methodology used to calculate the baseline scenario for the 2030 study that differs from that used for the NECP. This clarification would be important to complete the draft NECP.

The **European Commission** referred to the importance of translating the Energy Community Decarbonisation Roadmap into national roadmaps and targets. Replying to Ukraine on the ETS: this is precisely what the Decarbonisation Roadmap is there for, providing an agreed schedule and a basis for

activities and predictability. The speed at which we are moving requires everybody to move forward, but we cannot have an ETS without Governance – there are pre-conditions for the Commission to consider. Replying to BiH, the Commission regretted that its study accumulated some delay and a bilateral meeting for clarifications can be organized. However, as for previous discussions, there is no concrete reason not to pursue the NECP development even in the absence of proposed EU targets and binding legislation.

**Montenegro** referred to the GHG emission reduction target put forward in the NDC2 (35% by 2030 compared to 1990) and mentioned that they could go further down to 40-45% in the next revision cycle by including also the AFOLU sector. The country mentioned that the biggest challenges expected when it comes to implementation are the need for finance, the lack of technical experts, and the dependence on one TPP for energy needs (Pljevlja). Nonetheless, Montenegro launched a number of RES projects on wind and solar and it is intentioned to expand on renewables, build on new technology and make the country carbon neutral. A change in the climate bylaws from 2019 allows to reinvest carbon revenues collected in the so called „Ekofund” towards energy efficiency and renewable energy interventions, also for individual houses.

**Ukraine** concluded by highlighting that Contracting Parties are looking forward to the adoption of the Decarbonization Roadmap. Ukraine is supportive if the document is adapted to its national situation. The country is committed to phase-out coal by pursuing a Just Transition and will dedicate resources for this and join the EU process. The integration of Ukrainian market for electricity and gas in the EU one remains a priority.