

28TH PERMANENT HIGH LEVEL GROUP MEETING**DRAFT CONCLUSIONS****Vienna, 14 March 2013**

1. The meeting was chaired by Ms. Biljana Ramic for the Presidency in office (Serbia) and Mr Fabrizio Barbaso for the Vice-presidency (European Union).
2. In his opening speech, Mr Barbaso welcomed especially the participation of representatives of Georgia and Turkey. He referred to Georgia's application to join the Energy Community and announced that, as mandated by the Ministerial Council at its meeting in Sarajevo, in June 2009, the Commission intends to start technical talks in the coming weeks prior to the official opening of negotiations.
3. It was recalled that presence of high level and duly mandated representatives of the Contracting Parties at the Permanent High Level Group (PHLG) meetings is crucial for their effectiveness and productivity. The Director of the Secretariat will address the ministries of the Contracting Parties on this issue.

I. Implementation of the Treaty – Third Energy Package

4. The Secretariat presented its background paper on the key elements of the Third Package to be transposed by Contracting Parties by the end of 2014, in particular unbundling of transmission system operators, definition and treatment of vulnerable customers and the future role and functions of regulatory authorities. The PHLG reviewed and endorsed the agenda for the Third Package Workshop in June. All Contracting Parties are expected to attend this workshop with at least one representative of the Ministry and one of the national regulatory authority, and to thoroughly prepare the discussions on the basis of their existing legislation and practice.
5. Recalling that the PHLG, at its meeting in December 2012, "*agreed that all Contracting Parties will initiate the necessary amendments to primary laws during 2013 with the goal to adopt them in early 2014*" and that "*each Contracting Party will send to the Secretariat a timeline for the law amendment process by the end of February 2013*", the Secretariat deplored that only Kosovo* submitted an appropriate and sufficiently detailed timeline as a basis for future joint transposition work with the Secretariat. Those Contracting Parties which have not submitted or sufficiently detailed their transposition timelines yet were urged to do so by the end of March 2013.
6. The Secretariat reiterated that it will put special emphasis on each Contracting Party's progress in preparing Third Package transposition in this year's Implementation Report.
7. The PHLG discussed the need for technical assistance/consultancy to draft amendments to the existing primary legislations and the availability of support by the European Union (EU) and donors. Only Bosnia and Herzegovina notified the PHLG of (additional) need for sponsored technical assistance for this task (in the area of gas). All other Contracting Parties are invited to notify the Secretariat of specific need for drafting assistance by the

end of March 2013; otherwise it will be assumed that work on drafting amendments to the primary legislation has already started or will start in the first half of 2013.

8. The European Commission (the Commission) presented the assistance available under the TAIEX programme. This instrument could help the Contracting Parties in the transposition and implementation of the various pieces legislation being discussed during the meeting.

II. Network Codes and Guidelines

9. The Commission presented the state of play with regard to the adoption of Network Codes and Guidelines in the EU, which concern not only technical and operational rules, but also advanced market rules (e.g. rules for the so-called "electricity target model" that is being implemented in the EU). Internal discussions are ongoing on the right approach for proposing their adoption by the Energy Community, in accordance with Procedural Act No 1/2012 PHLG-EnC of 21 June 2012. In particular, the Commission recommended to start a reflection within the bodies in the Energy Community on the timeframe and the priorities for the implementation, taking into account that some of the network codes may be easier and more appropriate to implement in the short term by the Contracting Parties while for others the implementation might be less urgent or adequate..
10. The PHLG invited the ECRB, in its advisory role, to make an assessment on a possible prioritisation among the network codes and guidelines that are being drafted and to present it at the PHLG meeting in June. In support of this, the Secretariat is invited to consult with ENTSO-E and ENTSO-G for their view on whether the transposition of network codes or guidelines by the Contracting Parties is required/urgent for the synchronous and seamless operation of networks and markets.
11. The Secretariat informed about the upcoming ENTSOG Workshop on Network Code on Interoperability and Data Exchange Rules which will take place on 16 April 2013 in Vienna at the Secretariat. The Workshop is a part of consultation process on Network Codes in which the TSOs from the Contracting Parties were invited to participate intensively. It also announced that a similar workshop will be organised in the first half of 2013 together with ENTSO-E, on the Network Codes on electricity.
12. As regards the transposition of Network Codes by the Contracting Parties, the Secretariat recommended to introduce a clause in all primary laws in Contracting Parties, if this legal system allows, making the Network Codes as adopted by the PHLG applicable, binding and enforceable.

III. Energy Efficiency

13. The PHLG agreed to set up an Energy Efficiency Coordination Group and adopted its mandate as presented by the Secretariat.
14. The PHLG took note of the initial views of the Secretariat on the impact of a potential incorporation of Directive 2012/27/EU on energy efficiency into the Energy Community *acquis communautaire*. The PHLG agreed that to tap into the high potential for energy savings in the Contracting Parties, and to ensure homogeneity with the development in this sector, a timely adoption by the Ministerial Council should be envisaged.

15. The PHLG invited the Secretariat to initiate and present at the next meeting preparatory work to identify those elements of Directive 2012/27/EU which could be adopted by the Contracting Parties, including the necessary adaptations taking into account both the institutional framework of the Treaty and the specific situations of the Contracting Parties, as well as the *acquis* already adopted. The Energy Efficiency Coordination Group will give its view on the Secretariat's assessment. At the next meeting the PHLG will agree on the course of action which could be a Recommendation to be issued by the Ministerial Council in October 2013 and a Decision to be adopted by the Ministerial Council in October 2014.

IV. Environment

16. Upon presentation by the Secretariat of the need for and the scope of possible adaptations to the Large Combustion Plants Directive, the PHLG invited the Commission to submit a proposal under Article 25 of the Treaty on time for discussions at the next meeting and adoption by the Ministerial Council in October 2013.

V. Generally Applicable Standards

17. Since the List of Generally Applicable Standards for electricity and gas was last updated in 2007, and considering that the need for future updates could lead to delays in comparison with the evolution of standards in the relevant European institutions, the Secretariat was invited to prepare a proposal for the next PHLG meeting enabling automatic implementation of updated "generally applicable standards of the European Community in the Network Energy sectors in the Contracting Parties".

VI. Security of Supply

18. The Secretariat reported on the assessment of the Security of Supply Statements submitted in 2011. It was reiterated that the Security of Supply Statement constitutes an important tool within the security of supply *acquis* and represent the backbone on Contracting Parties' preparedness. Updated Statements are expected to be communicated to the Secretariat by 1 September 2013 and published on the Energy Community website.
19. In this context, the Secretariat presented an updated Guideline for the Security of Supply Statements in the gas sector, including the elements and structure agreed at the meeting if the Gas Subgroup of the Security of Supply Group in February 2013. The PHLG was invited to pursue and foster stronger cooperation among Contracting Parties in this field, and assist the members of the Security of Supply Coordination Group in the preparation of the 2013 Statements.

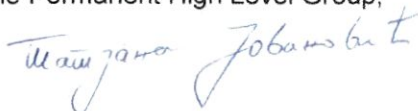
VII. Miscellaneous

20. The PHLG took note of the briefings by the Secretariat related to the projects of Energy Community Interest, the progress in transposition of the Emergency Oil Stocks Directive, of the Renewable Energy Directive, and of the *acquis* on statistics.
21. On oil stocks, the Secretariat presented its proposals on financing coordinated technical assistance for preparing national legislation on emergency oil stocks and emergency response system. The Secretariat, with the support of the European Commission, is invited to present concrete steps to the PHLG at its next meeting in June 2013. The

PHLG agreed that the initial consultation on a pragmatic oil stockholding policy should start by the second half of 2013 with the assistance of the selected experts.

22. The Secretariat and the Commission encouraged all Contracting Parties to review the Study on Emergency Oil Stocks in the Energy Community and inform the Secretariat if updates are needed.
23. As regards the *acquis* on renewable energy, the Contracting Parties were encouraged to start transposition of the Renewable Energy Directive and to create the framework for conducive investment environment for renewable projects in order to meet the binding 2020 renewable energy targets. The PHLG took note of the delays in submission of the renewable energy forecast documents and reminded the Contracting Parties that the National Renewable Action Plans are due to be submitted to the Secretariat by 30 June 2013. To support the process, the Secretariat will organise a renewable energy Workshop on 23-24 April 2013.
24. With regard to statistics, the Secretariat briefed the Group about its work with the national coordinators for energy statistics. Currently, demand for technical assistance is being identified. Based upon this process, the scope of service for technical assistance will be defined.
25. The Secretariat also informed the Group about the latest amendments to Regulation (EC) 1099/2008 on energy statistics and the need to incorporate the new Regulation (EU) No 147/2013 of 13 February 2013 into the Energy Community *acquis*.
26. Following the briefing on the planned Athens Forum in June 2013, the PHLG expressed its full commitment to revive this forum as an essential platform for the exchange of experience and the discussion of new concepts for reform and regional integration of the electricity markets. The PHLG requested to be informed about the conclusions of the Forum at the meeting in June 2013.
27. The Secretariat informed about the state of play with regard to its two most advanced dispute settlement cases, ECS-3/08 and ECS-8/11, in which the Secretariat has issued Reasoned Opinions. It announced that both cases will be referred to the Ministerial Council if no significant progress is being made by the Contracting Parties concerned, Serbia and Bosnia and Herzegovina respectively.
28. The Secretariat recalled its proposal for organisation of meetings using new technologies (in particular Skype). Following the positive feedback received, the Secretariat was invited to propose meetings as appropriate for testing e-conferencing. This shall be announced well in advance to the participants to allow required technical preparations.
29. The present draft conclusions should be formally adopted at the next PHLG meeting. They shall be published on the website of the Energy Community after five working days within which the participants at the meeting may submit comments to the Secretariat. The Secretariat was invited to propose amendments to the Rules of Procedure for the next meeting on the issue of adoption of conclusions.

For the Permanent High Level Group,



THE PRESIDENCY