

20th Ministerial Council

Vienna, 15 December 2022

1. The Ministerial Council meeting was welcomed and chaired by Deputy Minister of Ukraine Yaroslav Demchenkov and the European Commissioner for Energy Kadri Simson.
2. The Ministerial Council approved the agenda of the meeting and adopted the A-points listed in Appendix 1.

Russian war of aggression against Ukraine, Energy Crisis and Security of Supply

3. The Ministerial Council, with the exception of Bosnia and Herzegovina, strongly condemns the Russian war of aggression against Ukraine, and the use of resources and energy for blackmailing European economies and societies including the Contracting Parties of the Energy Community. The Energy Community stands in unwavering solidarity with Ukraine and other countries directly affected by this war. The Ministerial Council expresses its gratitude for the support shown by public and private donors to maintain the resilience of the Ukraine energy system and to help the Ukrainian population to overcome hardship during the winter. The Ministerial Council thanks the Secretariat and the European Commission for facilitating the transport of in-kind donations to Ukraine, for setting up and managing the Ukraine Energy Support Fund and the Moldova Energy Rescue Scheme, and for the Western Balkans energy support package. The Ministerial Council calls upon governments across Europe and international partners to contribute with in-kind financial donations to these mechanisms within their capacities.
4. The Ministerial Council recalls the European Union's systematic invitation to all Contracting Parties to align without further delay with the EU restrictive measures imposed on the Russian Federation and Belarus, and to adopt corresponding measures pertaining to energy in their domestic legislation. This includes, in particular, restrictive measures in the field of energy sector. The Ministerial Council invites the Secretariat to assist Contracting Parties, upon their request, in developing and adopting the measures required to that effect. The Secretariat is invited to report to the Permanent High Level Group on the progress in the first half of 2023, and to the Ministerial Council at its next meeting. Bosnia and Herzegovina, Georgia and Serbia underlined that this does not create any legal obligations.
5. In view of the benefits of Ukraine's importance for Europe's energy security, as well as its gas markets and systems further integration with Europe, including for decarbonized gases and hydrogen, the Ministerial Council invites the Secretariat and the European Commission to make the necessary arrangements for holding the Energy Community Gas Forum in Ukraine as from 2023, or as soon as conditions will allow. The host will ensure that representatives of all Contracting Parties can attend the meetings.
6. Given the Russian war of aggression against Ukraine and the extraordinary financial constraints the country is under by consequence, the Ministerial Council agrees to waive the country's budget contribution for the budgetary year 2022 on account force majeure. The Secretariat is requested to write the contribution off from its accounts.
7. The Ministerial Council reiterates its serious concerns about the unprecedented surge in commodity and electricity prices in Europe, exacerbated by the impact of the Russian war of aggression against

Ukraine and its impact on the security of energy supply as well as the welfare of its citizens, in particular the most vulnerable ones. The Parties to the Energy Community, commit to address these challenges jointly with increased cooperation and coordination within the framework of the Treaty. The Contracting Parties thanked the European Union as well as other international donors for their financial support, and the Presidency of the Council of the European Union for its invitation to join the meeting in Prague in October 2022. The Contracting Parties reconfirmed their commitment to respond to the high level of energy prices by modernizing and transforming their energy sectors on the basis of renewable energy generation, and to adjust the level of low regulated price for the purpose of incentivizing energy efficiency and investment new generation and upgrading networks.

8. The Ministerial Council invites the Contracting Parties to align with the measures taken by the European Union to mitigate the exposure to high energy prices to the extent applicable to their economies. The Ministerial Council invites the Secretariat to assist Contracting Parties in that endeavour by developing tailored measures for demand reduction, to continue monitoring compliance of national measures with the *acquis communautaire* and to bring concerns to the attention of the Ministerial Council. The Secretariat is also invited to assist Contracting Parties wishing to negotiate with Member States bilateral agreements on the sharing of surplus revenues in the spirit of solidarity and Article 11 of Council Regulation (EU) 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices.
9. The Ministerial Council welcomes the progress made by the European Union's Council of Ministers on a Regulation organising the demand aggregation and joint purchases of gas and openness of it to the companies from Contracting Parties. Such a common approach to purchasing of gas is a token of further integration and a possibility of a more cost-efficient procurement of gas from non-Russian sources. The Contracting Parties welcome the possibility to participate in the meetings of the ad hoc Steering Board upon an invitation of the Commission and welcome that the Secretariat may participate as an observer. The Contracting Parties with established or nascent gas markets expressed their willingness to facilitate the participation of gas companies, established in their respective jurisdictions, in the demand aggregation and joint purchasing and to support the future service provider in the assessment of fulfilling the necessary conditions for such a participation.
10. The Ministerial Council recalls the importance of quick and full implementation of the Gas Storage Regulation recently incorporated in the Energy Community, in particular the filling of the storage levels and certification of storage operators. The Secretariat is invited to develop solutions applicable to operators in difficulty of complying with the criteria for discussion at the first meeting of the Permanent High Level Group in 2023.

New acquis 2022

11. The Ministerial Council adopts the Decision amending Decision 2021/14/MC-EnC, including a set of ambitious 2030 targets for greenhouse gas emissions reduction, energy efficiency and renewable energy. The targets will constitute the benchmark for the transformation of Contracting Parties economies in line with the national energy and climate plans to be drafted by mid 2023 and their commitments to achieve climate neutrality by 2050. In the framework of their cooperation on these plans with the Secretariat, as established by the Governance Regulation, Contracting Parties are invited to identify and further substantiate a number of flagship transition projects to be earmarked by donors and international financial institutions for possible financial support. The Secretariat is invited to develop procedural guidelines to that effect for discussion at the second meeting of the Permanent High Level Group in 2023.

12. The Ministerial Council adopts the Decision completing the Clean Energy Package for electricity amending Decisions No 2021/13/MC-EnC and No 2011/02/MC-EnC and incorporating Regulation (EU) 2019/942 establishing a European Union Agency for the Cooperation of Energy Regulators, Regulation (EU) 2019/943 on the internal market for electricity as well as a set of system and market network codes and guidelines in the Energy Community. The Ministerial Council underlines the importance of this package for the full integration of Contracting Parties' electricity markets in the European and regional systems established in the European Union, the implementation of which will create significant welfare gains for the Contracting Parties and facilitate the deployment of electricity generation from renewable sources. The Ministerial Council also adopts a Procedural Act on regional energy market integration creating a true level playing field between Contracting Parties and Member States, including all relevant stakeholders such as transmission system operators, market operators and regulatory authorities. That Procedural Act does not encroach upon the independence of national competition and State aid authorities.¹
13. The Ministerial Council adopts the Decision incorporating a set of delegated regulations for energy efficiency labelling.
14. The Ministerial Council adopts the Decision incorporating the system for monitoring, reporting and verification (MRV) of greenhouse gas emissions comprising Regulation (EU) 2018/2066 on monitoring and reporting, Regulation (EU) 2018/2067 on accreditation and verification as well as certain basic elements of Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading. The Ministerial Council invites its Energy and Climate Committee to establish an MRV working group dedicated to providing support to Contracting Parties in implementing the system and exchanging experience with the European Union.
15. The Contracting Parties pointed to the challenges in implementing the acquis adopted today and call upon international partners, including the European Union, to complement their own efforts in implementation.

Implementation of the Treaty

16. The Secretariat presented the 2022 edition of the Implementation Report. The Ministerial Council takes note of the progress made and called upon all Contracting Parties to continue the full and swift implementation of the *acquis communautaire*, the backbone and foundation of the Energy Community. The Ministerial Council urges Contracting Parties to finalize during the first half of 2023 the unbundling of their transmission and distribution system operators, to grant unconditional third-party access to all interconnectors not exempted in line with the Third Energy Package, and to open all electricity interconnectors to capacity allocation and trade.
17. The Ministerial Council reiterates that non-compliance with the Large Combustion Plants and the Industrial Emissions Directive is the root cause for significant levels of air pollution in the Energy Community and endangers citizens' health and lives also in times of high energy prices. The Ministerial Council requests the Secretariat to elaborate on possibilities for enhanced cooperation for phasing out non-compliant large combustion plants which takes into account security of supply, and to report to the Ministerial Council at its next meeting.
18. The Ministerial Council did not extend the measures in response to various serious and persistent breaches of the Treaty by Bosnia and Herzegovina, and did not agree to a qualification of pre-

¹ A Statement by Serbia is attached to these Conclusions.

established breaches by Serbia as serious and persistent. The Ministerial Council calls upon both Contracting Parties in cooperation with the Secretariat to step up their efforts leading to full implementation during 2023.

19. The Ministerial Council recalls that the deadline for implementing the Emergency Oil Stocks Directive is about to expire and requests the Secretariat to follow-up individually with Contracting Parties facing difficulties in that respect, and to report to the Ministerial Council at its next meeting.

Decarbonisation Roadmap

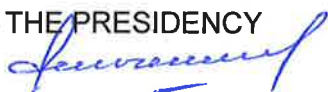
20. The Ministerial Council welcomes the progress made in working towards the objectives of the Decarbonisation Roadmap, in particular by adopting the Clean Energy Package, the MRV package and the 2030 targets, and urges the Contracting Parties to adopt the national measures required for their implementation within the deadlines set by the Ministerial Council.
21. To fully tap into the potential of promoting renewable energy in the Contracting Parties, the Ministerial Council reiterates its invitation for the Contracting Parties designated registries for guarantees of origin to participate in the regional initiative set up by the Secretariat and to sign the contracts with the selected provider of IT solutions for this purpose. The Ministerial Council also recalls the need to ensure, as early as possible, that guarantees of origin issued by Contracting Parties are recognised by EU Member States, either through the Energy Community Treaty or a separate agreement. Contracting Parties invite the European Commission to present a proposal to the next meeting of the Ministerial Council.
22. The Ministerial Council reiterates the overriding importance of regional cooperation for the dual purpose of energy security and the energy transition, as recently expressed by the leaders of the Western Balkans Contracting Parties in the Berlin Declaration on Energy Security and Green Transition, as well as the conclusions of the Tirana Summit.
23. In this spirit and to further implement the Decarbonisation Roadmap, the Ministerial Council invites its Energy and Climate Committee to establish a dedicated working group on the conceptualization of a carbon pricing system, and to develop proposals for discussion at the next Ministerial Council meeting. Besides provisional and conditional suspension of the European Union's carbon border adjustment (CBAM) in case of electricity market coupling, as foreseen in the draft CBAM Regulation, an effective carbon pricing system may allow, under strict conditions, to deduct such a carbon price from the carbon border adjustment, as provisionally agreed by the EU co-legislators.
24. The Ministerial Council recalls the practical relevance of the national energy and climate plans as reference documents for programming financial support to the green transition by and for Contracting Parties. In this context, Contracting Parties recognise the value of referring to national energy and climate plans when mobilising support, including by the European Union and other partners. To leverage the individual capabilities and resources of Contracting Parties for the overall reduction of greenhouse gas emissions, reducing the costs of the transition and improving the resilience of their energy systems, the Ministerial Council requests the Energy and Climate Committee to work towards enhanced cooperation and coordination of the energy transition and energy and climate plans. This could include the identification of joint renewable projects as well as coordinated mechanisms for measures reducing electricity and gas demand.
25. The Ministerial Council recalls the importance of the energy and climate transition to be just and socially acceptable. It requests its Energy and Climate Committee to establish a dedicated working

group to further explore and develop common approaches to just transition, to identify pilot projects in Contracting Parties and support their implementation.

Done in Vienna on 15 December 2022

For the Ministerial Council,

THE PRESIDENCY

A handwritten signature in blue ink, appearing to be 'Laurance', written over the text 'THE PRESIDENCY'.

Statement of the Republic of Serbia

(in relation to the New acquis 2022 „New electricity acquis (Procedural Act, ACER Regulation, Electricity regulation, Network codes & Guidelines) (EC) - Annex 5a and Annex 5b)

„Application of the Procedural act needs to respect full independence of State institutions that are in charge of State Aid and Competition.

The adoption of the New electricity acquis and its implementation would not assume or oblige the Republic of Serbia to sign any document or accept any decision that would prejudice Serbia's position vis-à-vis its sovereignty and territorial integrity.“