

ENERGY AND CLIMATE COMMITTEE

WORK PROGRAMME 2021 – 2022

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INTRODUCTION

The Energy and Climate Committee (ECC, formerly Climate Action Group)¹ was established at the First Informal Ministerial Council of Energy and Environmental Ministers (9-10 June 2017, Wachau). It represents a platform for cooperation between representatives of ministries and agencies in charge of energy, climate change and environment from the Energy Community Contracting Parties (CPs) (Albania, Bosnia and Herzegovina, Kosovo*², North Macedonia, Georgia, Moldova, Montenegro, Serbia, Ukraine), and Observer Countries (Armenia, Turkey, Norway). Its key objective is to facilitate the development of climate policy, the integration of energy and climate planning and the transposition of related legislation into national legislation and to support its effective implementation. The ECC is assisted in the implementation of its tasks by the Energy and Climate Technical Working Group.

The ECC is supporting Contracting Parties of the Energy Community in their progress on climate, sustainability and low-carbon development. Recommendation 2016/02/MC-EnC on preparing for the implementation of Regulation (EU) No. 525/2013 on a mechanism for monitoring and reporting (MMR) greenhouse gas emissions was adopted on 14 October 2016 by the Ministerial Council of the Energy Community. Recommendation 2018/1/MC-EnC on preparing for the development of integrated National Energy and Climate plans (NECPs) was also adopted in January 2018 by the Ministerial Council³. Furthermore, all Contracting Parties⁴ ratified the Paris Agreement and thus committed to undertake ambitious efforts to combat climate change and adapt to its effects.

Much more remains to be done in the region to address the wide gap with the ambitious decarbonisation policy at EU level. The most visible differences are the absence of carbon price - although legislation in this respect has been adopted by a number of CPs - and the low ambition level of past Nationally Determined Contributions (NDCs), to be addressed by the current, ongoing revision process (NDC2). Following the emergence of a Just Energy Transition movement, concrete steps are needed in the Energy Community Contracting Parties to ensure a rapid move away from fossil fuels, which instead of replicating inequalities, should be socially just and in the interest of workers and entire communities. The framework for regional cooperation established by the Energy Community and the assistance offered by its institutions, bodies and partners is essential to prepare the successful development of climate policies and legislation, a just transition and the integration of energy and climate planning.

The ECC (and its Technical Working Group) key objectives for the 2021-2022 timeframe are to:

- i) **Facilitate the transposition** of climate legislation and support its **effective implementation**;
- ii) Agree on **2030 energy and climate targets** for the Energy Community;
- iii) Support a **Just Energy Transition** in CPs while addressing **energy poverty, coal phase-out, clean air** and mainstreaming **gender equality**;
- iv) Assist CPs in developing and assessing integrated **NECPs**;
- v) **Institutionalize and strengthen the energy and climate modelling capacities** of CPs;
- vi) Provide **impetus** for building a **Research, Innovation and Climate Technology hub**;

Finally, the ECC will be the platform to reaffirm the countries' commitment to the Paris Agreement; discuss international climate policy issues and reporting requirements (especially revised NDCs); and agree on a solid, high ambition commitment in the run-up to the upcoming and future meetings of the Conference of the Parties (COP) of the UNFCCC.

¹ Pursuant to the adoption of Recommendation 2018/01/MC-EnC, the Climate Action Group was changed to Energy and Climate Committee, incorporating also the energy dimension.

*This designation is without prejudice to positions on status, and it is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

³ Policy Guidelines were also prepared by the Secretariat, in cooperation with the European Commission, (June 2018) to offer guidance to Contracting Parties on the process of developing their integrated NECPs as well as their main elements and indicative timeline.

⁴ With the exception of Kosovo*, that is not a Party to the UNFCCC and to the Paris agreement.

WORK PROGRAMME

The Work Programme includes 5 Core Areas and related sub-topics; it may also include other activities rising from the extension of the EnC Treaty in the future. The ECC will elect a Chair and a Co-Chair every two years. The Chairs will be assisted by the Secretariat and the European Commission (DG Clima, DG Ener). The ECC will convene twice per year, also in combination with its related Technical Working Group; ad hoc trainings; COP meetings and/or conferences. The section below provides an overview of topics for implementation as well as cross-cutting activities.

1. IMPLEMENTATION OF CLIMATE LEGISLATION AND STRATEGIES

1.1 Transposition and implementation of climate legislation

Regulation (EU) No 525/2013 (the Monitoring Mechanism Regulation, MMR) includes a number of important provisions for monitoring and reporting greenhouse gas emissions, including, but not limited to: establishing GHG emission inventories, developing low-carbon development strategies, improving national systems for reporting on policies and measures and for reporting on projections of anthropogenic greenhouse gas emissions. A recommendation on the implementation of the MMR was adopted by the Ministerial Council of the Energy Community on 14 October 2016. To date, the MMR provisions have been implemented in most of the CPs. Although the annual procedure of monitoring, reporting and verification (MRV), together with all the associated processes, known as the ETS compliance cycle, are set out in legislation not yet part of the Energy Community climate acquis, a number of CPs are already going beyond the MMR by adopting framework climate change laws, establishing a MRV, including legislation on F-Gases and ODSs, and setting the basis for the operation of an ETS. Moreover, CPs should fulfil their reporting obligations towards the UNFCCC and the Paris Agreement, come closer to the same standards, design better and more ambitious NDCs and understand clearly where most of the emissions are coming from. The ECC will discuss a harmonized transposition of the MMR provisions as well as provide support to the extent possible to the incorporation of additional climate legislation and policies.

1.2 Integrated National Energy and Climate Plans (NECPs)

In 2018, the Ministerial Council of the Energy Community adopted Recommendation 2018/01/MC-EnC on preparing for the development of integrated NECPs by the CPs of the Energy Community. Policy Guidelines 03/20185 offers additional guidance on the process and indicative timeline. Following this, CPs have started developing and submitting their draft and final NECPs to the Secretariat, that is providing support in assessing their contents. By integrating a number of existing planning through the National Energy and Climate Plans, reporting and monitoring obligations on renewables, energy efficiency and greenhouse gas emissions, the administrative burden will be significantly reduced, taking into account at the same time specific national circumstances and preferences. As foreseen in Recommendation 2018/01/MC-EnC, once the Governance Regulation will be adopted by the Ministerial Council of the Energy Community, the Energy and Climate Committee and its Technical Working Group will support its transposition and implementation into the national legislation of the CPs as well.

2. SETTING 2030 ENERGY AND CLIMATE TARGETS FOR THE ENERGY COMMUNITY

Stable NECPs up to 2030 should necessarily be accompanied by targets for the increase of renewable energy in overall energy consumption, increased energy efficiency and reduction of GHG emissions. As

⁵ <https://www.energy-community.org/news/Energy-Community-News/2018/06/19.html>

a first, fundamental step within the target setting process, a study commissioned by the Secretariat on an EU-convergent approach for the calculation of the 2030 targets was carried out between 2018 and 2019 by TU Wien, REKK and Joanneum Research, in close cooperation with the European Commission and all CPs. Its findings were examined and discussed by the Energy Community Energy and Climate Committee and its Technical Working Group.

The European Commission in January 2021 launched the study “*Extension of the EU energy and climate modelling capacity to include the Energy Community and its nine Contracting Parties*”, which is expected to provide robust data allowing to propose ambitious targets. In addition to this, setting ambitious 2030 targets, along with clear policies and measures, should pave the way towards achieving climate neutrality to 2050, as for the 2020 Sofia Declaration. The ECC and its Technical Working Group will support the European Commission and CPs in the implementation of this study and coordinate with the Energy Efficiency Coordination Group and the Renewable Energy Coordination Group to analyze and discuss its results. It will also focus on how the new targets proposed by the European Commission can be transposed into the NECPs.

3. JUST ENERGY TRANSITION

In order to be considered “just” and “inclusive”, energy transition processes need to ensure fairness via equal distribution, full recognition of rights and labour contributions, equal participation in decision-making procedures, and equal capabilities in renewable energy outcomes. Engaging communities, bottom-up, is also critical to realizing the full potential of renewable energy sources and prioritize the feedback from local people on the suitability of certain project developments. Against this backdrop, also in the Energy Community concrete steps are needed to ensure that a move away from fossil fuels in CPs, instead of replicating inequalities, is socially just, in the interest of women, workers and entire communities. The main objectives for the ECC would be to i) enhance institutional arrangements in the energy sector to deliver more equitable outcomes; ii) support an inclusive, bottom-up engagement, where policy-makers prioritize the feedback from local communities on the suitability of energy project developments; iii) promote cross-sectoral projects (coal regions in transitions, energy poverty, gender equality, clean air) between the energy sector (industry, coal mines, utilities) and other departments (such as the public sector, academia, innovation hubs, IFIs) to develop inclusive energy policies, programs, or financing schemes.

4. REGIONAL COORDINATION FOR THE UNFCCC COP

4.1 Harmonization of Contracting Parties’ revised Nationally Determined Contributions (NDC2) with NECPs

National reporting on implementation under the UNFCCC has been instrumental in tracking progress towards the convention’s objectives. More importantly, each Contracting Parties in the run-up to and since COP21 in Paris submitted its Nationally Determined Contributions, or NDCs⁶, which define the actions countries intend to take to address climate change, in terms of GHG emissions reduction as well as adaptation and mitigation. The Paris Agreement requires each Party also “to prepare, communicate and maintain successive nationally determined contributions that it intends to achieve” (UNFCCC, 2016; Article 4, Paragraph 2). NDCs should be built on the back of more comprehensive strategy documents and action plans, such as NECPs and Long-Term Strategies (LTSs). The ECC will support Contracting Parties to ensure that i) NECPs and NDCs are fully harmonized in terms of objectives, targets and Policies and Measures, especially for the decarbonisation dimension; ii) from a planning and timing perspective, NDCs, NECPs and LTSs revision cycle is aligned.

⁶ Originally submitted as Intended Nationally Determined Contributions, or INDCs, these become Nationally Determined Contributions when a country ratifies the Paris Agreement

4.2 Support high level ambition of Energy Community Contracting Parties for COP26 and beyond

The 26th session of the Conference of the Parties (COP 26) to the UN Convention on Climate Change (UNFCCC) will be organized by the UK (in partnership with Italy) at the Scottish Event Campus (SEC) in Glasgow on 1 – 12 November 2021. During COPs, UNFCCC Parties organize themselves in 'like-minded' groups, such as the Alliance of Small Island States or the Umbrella Group, a loose coalition of non-EU developed countries. In the lead up to COP26, the ECC will be supporting Contracting Parties to join The High Ambition Coalition (HAC), an informal group of approximately 35 countries within the UN Framework Convention on Climate Change (UNFCCC) committed to advancing progressive proposals on climate ambition (North Macedonia joined HAC in 2018). As CPs are particularly vulnerable to climate impacts, it is in their best interest to aim at meaningful, quantified targets.

5. CROSS-CUTTING ISSUES

5.1 Research, Innovation and Climate Technology

The energy transition the world is currently undertaking will be catalyzed by innovative, breakthrough technology solutions, but also by a complete redesign of the energy system within the next thirty years. Mobilizing the innovation capacity of the private sector is of paramount importance for any change to happen, also in the EnC CPs. Interdisciplinary and cross-sectoral research and innovation in many different fields is required to meet climate challenges. However, a flexible, enabling policy and regulatory frameworks should also be in place to scale up the deployment of innovative low-carbon technologies that would need to change as technology evolves, new business models emerge and higher shares of renewables are integrated into the power sector. Within this framework, the ECC will facilitate regional cooperation among CPs to i) accelerate sustainable energy research, innovation and technology uptake by sharing scientific and technical knowledge and competence required; ii) propose credible, long-term policy and funding objectives in R&D necessary to pave the way for a low-carbon transition; iii) support the creation of an Innovation Hub, at regional level, knitting together organizations of different sectors (government, academia, business), countries and disciplines.

5.2 Institutionalize and strengthen the technical capacity of EnC CPs to apply quantitative (scenario-based) models for energy and climate planning⁷

There are various sectoral/ integrated planning and climate reporting efforts ongoing or required in the future, which need thorough modelling expertise including national energy planning, NECPs, NDCs and LTSs. CPs apply different approaches to fulfill the mentioned modelling capacity requirements including outsourcing modelling tasks to experts on a project-base. Especially this approach might lead to results, which are less transparent, irrelevant for policymakers or inconsistent across time and reporting processes. For most CPs it is unknown whether the current approach to modelling capacity is planned to be changed in the future. In addition, there is little regional harmonization of parameters, assumptions and models. Hence, the Secretariat sets out to support CPs in: i) institutionalizing modelling work to ensure that results are transparent, reliable and consistent – both over time and across planning and reporting processes. By doing so, upcoming capacity development efforts can be well-targeted and achieve an increased modelling capacity also in the medium-long term; ii) strengthening modelling capacity to achieve sufficient expertise inside national public administration to develop and oversee the required modelling work and understanding results; iii) increasing regional coordination and harmonization of assumptions and principles among CPs to help generate results that are comparable across the region, facilitate learning and thus improve the quality of national as well as of regional modelling efforts.

⁷ In cooperation with GIZ.

