

7th ENERGY EFFICIENCY COORDINATION GROUP MEETING

*Energy Community Secretariat, Vienna: Am Hof 4, 5th Floor
Tuesday, 17 March 2015, 09:00 – 18:00*

The Energy Efficiency Coordination Group (EECG) meeting was attended by representatives of all Energy Community Contracting Parties (EnC CPs), as well as EnC candidate (Georgia) and observer countries (Armenia, Turkey), the European Commission – DG ENER and DG NEAR, IFI Coordination Office, Donors' community (GIZ, EBRD, KfW, USAID, GGF/ Finance in Motion, the World Bank), consultants engaged in the "Regional Energy Efficiency Programme - REEP" (ECA, BRE, GFA), "Western Balkans Residential Study" (Eco Ltd), "Study on Biomass-Based Heating in the Western Balkans" (Tractebel Engineering), as well as the representative of the Concerted Action on the Energy Performance of Buildings Directive (CA EPBD), EU Delegation to the International Organisations in Vienna, Austrian Energy Agency, National Energy Efficiency Authority of Croatia (CEI), KOSID, and the Energy Community Secretariat (ECS).

The List of Participants is available online on the Energy Community website (["Events"](#) section).

1. Introductory Remarks and adoption of the Agenda; EECG Work Programme 2015-2016; EU Energy Efficiency Policy

The ECS opened the meeting and introduced the meeting programme. The meeting's draft Agenda was adopted.

ECS presented the EECG Work Programme 2015-2016, which continues the activities of the EECG Work Programme 2013-2014, follows example of EU Concerted Action, supports the effective implementation of energy efficiency directives and promotes the concept for a broader implementation network in the Energy Community.

EECG will have 3 meetings per year, combined with training workshops. It will be supported by the web- EE Forum, which will enable continuous discussion and functioning of broader implementation network of experts and institutions.

One of the recent initiatives on the EE Forum includes information on the draft Regional Programme "Scaling up Education of Public Sector and Raising Public Awareness on Energy Related Issues in the South East Europe Countries", which supports implementation of the SEE 2020 Strategy.

The proposed Work Programme includes 4 Areas and 10 Core Topics. To effectively implement the Work Programme, ECS proposed that all CPs and Observers are involved, and the following Core topic (CT) leaders were nominated:

<p>EED / CT 1: Energy Efficiency Directive - Adoption and Transposition >> Montenegro</p>	<p>Proposal for the PHLG/ MC / adoption EED national targets Models of legislation/regulation (best practices) Progress reporting template (ECS proposal) Progress reports</p>
<p>EED / CT 2: National Energy Efficiency Action Plans and Monitoring >> FYR Macedonia & Georgia</p>	<p>Regional exchange of best experiences Template for reporting on savings achieved in the 2nd EEAPs Preliminary Reporting by EECG Annual reports Adjusting of the EU template Training Workshop on new obligations and how to write NEEAP Preparation of the NEEAPs by EECG Review of the NEEAPs (by ECS) and finalization (EECG) Assessment by ECS</p>
<p>EED / CT 3: Promotion of the Exemplary Role of the Public Sector >> Serbia</p>	<p>New secondary legislation, procurement guidelines Exchange of best practices (meetings, EE web forum) Progress in implementation Inventory of central government buildings Renovation strategies for public buildings (Article 5 EED) Implementation of Art. 5 of EED (programmes and projects) EM system and integrated approaches to EE Exchange of implementation practices</p>
<p>EED / CT 4: Energy Services >> Bosnia and Herzegovina & Turkey</p>	<p>Primary and secondary legislation Model Contracts Guidelines for ESCO projects EnPC investment programmes and related financing Workshop and awareness raising</p>
<p>EED / CT 5: Efficiency in Energy Supply, CHP and Heating/Cooling >> Albania</p>	<p>Thematic workshop Model of legislation / regulation / guidelines Setting of EE obligation schemes and implementation in some CPs Progress reports</p>

<p>EPBD / CT 6: Energy Performance Requirements/ Cost-Optimal Level >> Kosovo*</p>	<p>Minimum EP Requirements/ cost-optimum level National calculation methodology Input database and calculation software</p>
<p>EPBD / CT 7: Nearly Zero Energy Buildings - Concept and Action Plans >> Serbia & Montenegro</p>	<p>Promotion of existing applications and concepts Development of the NZEB targets Development of the NZEB Action Plans</p>
<p>EPBD / CT 8: Certification of Buildings and Inspections of Systems >> Moldova</p>	<p>Regulation development Progress reports Training of experts and inspectors Independent control systems / registries</p>
<p>ELD / CT 9: Development of Regulation and Analysis of EU Policy on Labelling and Eco-Design</p> <p>ELD / CT 10: Implementation Practices >> Ukraine</p>	<p>Development of regulation Progress reports Analysis of EU policy assessment on labelling / eco design Recommendations Implementation of recommendations</p>
	<p>Market surveillance systems Exchange of best practices and recommendations Awareness raising and incentives Procurement practices Exchange of best practices and recommendations</p>
<p>Horizontal and Cross Cutting Issues >> Energy Community Secretariat in cooperation with the European Commission and Donor Community</p>	<p>Strengthening of national institutions for energy efficiency Exchange of best implementation practices in CPs and EU (EECG meetings, WEB Forum, EE brochure) Promotion of existing support initiatives and design of new ones (financial instruments and information actions). This may include new initiatives targeting residential sector, transport sector, tariff reforms etc. Coordination of donors support on energy efficiency: EU/ IPA/INOGATE, the World Bank, EBRD, USAID etc. Development of energy efficiency statistics and indicators</p>

The representative of the *European Commission, DG Energy (Ms. Claudia Canevari)* presented the recent developments in EU Energy Efficiency Policy, i.e. the Communication on the Energy Union, progress in the implementation of the Directive 2012/27/EU on energy efficiency (EED) in the EU, as well as proposals for the implementation of the EED in the Energy Community. The Energy Union Communication sets the long-term vision for energy in the European Union, based on 5 guiding dimensions (including EE), 15 concrete actions and 43 initiatives. EE is positioned at the heart of the EU energy policy and the concept “Energy Efficiency first” is promoted. Concrete actions on EE are: the review of the EED, the review of the EPBD, the review of the Energy Labelling and Ecodesign Directives, strengthening financial instruments to support investments in EE, and the adoption of the EU strategy for Heating and Cooling.

Discussions:

EC clarified that the timeframe for review of EPBD, Energy Labelling and Ecodesign directives is 2016, while for EED date is less clear as the EED does not include a review clause, except for Articles 6 and 7 review date is 2016. Adoption of the Heating and Cooling Strategy is planned for early December 2015.

ECS noted that planned reforms in EU should be carefully taken into consideration and reflected in the EnC, having in mind current level of economic development and still ongoing process of implementation of ESD/EED. EC explained that changes will not be substantial, will focus on improvement of existing provisions, e.g. by dealing with targets and validity of measures until 2030. Implementation of various EU EE legislation is vision perspective that is beneficial for CPs, including benefits for new business possibilities, job creation etc.

Conclusions:

- 1.1. Work Programme for 2015-2016 was adopted by EECG, and final version will be available on the Energy Community web page. Core Topic Leaders are invited to analyze activities under their respective Core Topics and submit any additional proposals by 27 March 2015. Donors are invited to check the Work Programme and send their proposal for (additional) support to the EECG related to the Work Programme, by the same date.
- 1.2. EECG agreed to the new Chair in the person of Ms. Antonela Solujić, Head of the Energy Efficiency Department in the Ministry of Mining and Energy of Serbia.
- 1.3. EECG welcomed the concept of establishing EECG as a broader implementation network. The main tool for cooperation and coordination of EE network will be the web-based EE forum, which will enable continuous discussion and functioning of broader implementation network of experts and institutions.
- 1.4. EECG will use EE Forum for the comments on the draft Regional Programme “Scaling up Education of Public Sector and Raising Public Awareness on Energy Related Issues in the South East Europe Countries”, with possibility for EECG to send comments by 25th March 2015.
- 1.5. EECG thanked the *European Commission, DG Energy* for the presentation of the recent developments in the EU energy efficiency policy.

2. EED Core Topic 1 – adoption and transposition of Directive 2012/27/EU in the Energy Community

Under EED Core Topic, *DG Energy (Ms. Claudia Canevari)* presented the Directive 2012/27/EU, and the implementation process in the EU, and focused on the improved methodology compared to ESD, as also described in the discussion document (Non-Paper) on the implementation of Energy Efficiency Directive in the Energy Community. This represents the draft Commission's position on the current draft adaptations of EED in the Energy Community (focusing on Article 3 and Article 24(7) of EED).

The European Commission proposes to use in the Energy Community the same approach used in the European Union for Article 3. This means that there will be (a) an overall 20% target for primary energy consumption for the Energy Community in 2020 made using 2007 as baseline year, and calculated with PRIMES model; (b) national indicative energy efficiency targets decided by each Contracting Party for itself; (c) the requirement (i) for each Contracting Party to inform the Energy Community Secretariat about its target for energy efficiency in 2020 and (ii) for the Energy Efficiency Secretariat to sum up the various national indicative energy efficiency targets so as to see if the Energy Community as a whole is on track to reach the overall target and to issue recommendations as appropriate.

The detailed proposal for adaptation of the EE Directive will be prepared by EC, to be discussed at the EECG meeting in June, and respectively at the following PHLG meeting on 24 June 2015, with the view to adopt a Decision on the EED in the Energy Community *acquis* at the Ministerial Council in October 2015.

Discussions:

EECG raised several concerns with regards to the Commission's position on the implementation of EED in the Energy Community:

- Montenegro pointed out that Secretariat's proposal was based on the results of the Impact Assessment Study, while in the current EC proposal, the methodology is not clear to the countries, especially with respect to the level of ambition for target setting, as well as, the next steps. The 2020 horizon for EnC seems unrealistic, having in mind the short time available for transposition of EED, the very ambitious level of savings and the very short implementation period. Early submission of a full proposal for the discussion at the EECG meeting in June would be important.
- Serbia emphasised the possible problems with the overall energy target setting as percentage of projected energy consumption in 2020 at the level of the Energy Community, and the future reporting requirements on the national target, as well as using 2007 as baseline year, having in mind the lack of available energy data for that year, short time for calculations, the impact of economic crisis and severe floods in the region on the final consumption etc. The benefits of the new methodology are not clear, especially how this will have an effect on concrete energy efficiency achievements. The methodology proposed by ECS/EECG was easier to quantify and present the savings as well as monitoring the progress.
- FYR Macedonia expressed concerns about the short deadlines for transposition of EED, having in mind previous experience in transposition and implementation of other EE directives in CPs, but also low level of full transposition in EU Member States. Serbia pointed that it is not reasonable to have any transposition deadline of less than 2 years.

- EBRD: IFIs are targeting investments, and underdeveloped policy and legal framework is still main obstacle. EC and Directives provide great guidance. However, given limited resources in CPs, it is not clear the rationale of taking away the attention from the important ongoing regulatory and legislative work, to target re-setting.
- Ukraine is currently working on the finalisation of the EE Law and is concerned about a new discussion on the 2020 target and the new framework that may influence adoption of the EE Law.
- Armenia pointed that discussion is about the starting point of the implementation of EED, namely end of 2017, and in this situation, CPs would need to have an extended time line to set and reach target, beyond 2020.
- Georgia also expressed concerns about its accession negotiations in regards to the energy efficiency *acquis*. Georgia has two years period to negotiate membership in the EnC, so it is important to timely proceed with EED.

EC explained in details the EED methodology and the importance of the implementation of the three-step process, equal to what is done in the EU. The baseline will be set for every CP for the same year, 2007, so as to use the same year chosen for the European Union, and EC will provide the calculations necessary for baseline consumption and overall target calculation, in order to put them into EED proposal for the next PHLG meeting on 24 June 2015.

Conclusions:

- 2.1. EEGC members took note of the EC non-paper on adaptations of EED in the Energy Community, and the next steps. EEGC nevertheless raised the concerns on the value added of the proposed EED methodology for the Energy Community, the implementation deadlines in relation to the ESD, short (2020) time horizon and targets, as well as short time-frame envisaged for adaptations and transposition in future.
- 2.2. EEGC would like to have all issues clarified and agreed before PHLG meeting, and recalled the importance to be fully involved in the preparation of a draft formal proposal by the Commission for the following PHLG meeting on 24 June 2015, and a formal proposal for adoption of the EED in the Energy Community *acquis* at the Ministerial Council in October 2015.
- 2.3. In this respect, EEGC proposed that the draft proposal should be sent and discussed with EEGC members beginning June, in order to be able to discuss it with the relevant authorities and get an endorsement for it for the PHLG meeting in June. The date for the next EEGC meeting will be shifted to 2nd June.
- 2.4. EEGC is ready to work towards a coordinated and harmonised transposition and implementation of EED in EnC, together with the donor community (this is already foreseen in the Work Programme). More financial instruments and funds should be available to effectively work on transposition and implementation of EED, similar as for EU Members States.

3. ESD / EED Core Topic 2 – EEAPs and monitoring

EEGC members provided a brief reporting on the progress in implementation of EEAPs and the use of the Monitoring and Verification platform (MVP).

Kosovo* reported on the progress with implementation of EEAP measures, including EU funded project for EE renovation of public buildings at municipal level and recently signed project with the World Bank to finance EE projects in central government buildings; first EE Day was held on 1st

March 2015 in Pristina; 18 Municipalities adopted energy action plans; legislative work on transposition of EPBD and drafting of EE Law is ongoing. New Minister of Economy is keen to establish EE Fund, and Kosovo* is searching for best model. Promotional campaign is being implemented with UNDP support. New credit line with KfW is expected to be signed soon. MVP will be translated in local language and further trainings provided to municipalities.

Montenegro adopted new Law on Efficient Use of Energy in December 2014, which transposes requirements of energy efficiency directives, and work on development of secondary legislation is ongoing. EEAP is being implemented, and new IPA 2011 project on EE and RES promotion in transport sector has been recently launched, with possibility to replicate results in EnC. Training on MVP was organised last May for different public institutions. MVP platform will be migrated to the Government server and further trainings provided.

Bosnia and Herzegovina has number of ongoing EE projects supported by different donors. In Federation of BiH elections are finished, and Government and Parliament will be established soon. EE Law, 1st EEAP and MVP methodology are drafted and waiting for adoption.

FYR Macedonia: training and authorisation of energy auditors was main activity during 2014. 250 auditors were authorised and licences issued to 54 companies for energy audits and issuance of the energy performance certificates. Ministry of Economy established new system of electronic examination for energy audits. Projects are ongoing in residential and services sector. In industry sector activities are focused on development of the energy management system. EU project will provide support for the establishment of the national EE fund. MVP software was created last year, followed with trainings. The Energy Agency will be implementing body. 2nd NEEAP adoption is still pending. ECS pointed out that the EEAP adoption procedure should start as soon as possible in CPs.

Albania faces many barriers for implementation of EE policy; decision to adopt several legislative acts (EE Law, EPBD Law, rulebooks on energy audits and ESCOs) is pending. Cooperation between responsible institutions should be improved. ECS recalled on open infringement procedure against Albania regarding delay in transposition of ESD and adoption of 2nd NEEAP; this followed with the letter to the Minister to push for political engagement and progress on EE.

Moldova is in the process of reporting on implementation of the 1st EEAP, and 2nd EEAP (2016-2018) will be developed by the end of 2015. EPBD Law was adopted, and Ministry is working on secondary legislation and EP database. The Parliament recently adopted laws and regulation on energy labelling and eco-design. The Ministry is working on reorganisation of EE Fund and EE Agency, to attract more external financing and remove certain administrative barriers. Agreement was signed with EBRD in October 2014 for E5P, while GIZ extended support to EE Agency on MVP.

Ukraine: NEEAP adoption was delayed due to constant changes of the Government, however new draft was prepared by the SAEE and submitted recently to ECS for comments; there is ongoing work on creation of national EE Fund, supported by the German Ministry of Environment and other donors; ESCO Law was drafted and passed 1st reading in the Parliament; the Ministry for Regional Development, Building and Housing and EIB are working on launching of the new programme for EE improvements in heat and water supply.

Serbia reported on implementation of EEAP: ratification of loan agreement and TA with KfW for rehabilitation of schools is pending; EE fund signed contract with 11 municipalities, new public call will be announced soon; GEF project (with UNDP) to remove barriers for introduction of the energy management system in municipalities is under preparation as well; two rulebooks on energy management were adopted, and approval of the ESCO by-law is in finalisation phase; project on eco-design is ongoing, with developed action plan for implementation; MVP rulebook is in the procedure for adoption; ongoing IPA project will support the development of 3rd EEAP.

Armenia: EE and RES Law was adopted in 2004, and amendments are now in the Parliament, with improved provisions on EE procurement, obligatory eco-labelling, implementation of RES in buildings etc.; 2nd NEEAP of Armenia is under preparation; EBRD is planning to support EPBD transposition; Armenia signed participation in E5P project, with committed EU 1 mil.; Covenant of Mayors is popular in Armenia and many Sustainable Energy Action Plans have been prepared or under development; several investment projects are ongoing, including World Bank project for public buildings, EBRD, IFC and KfW. EIB is also interested to work on EE projects in public buildings. Residential sector is tackled with credit lines, supported by the Habitat for Humanity.

Conclusions:

- 3.1. Reporting by CPs showed progress and good implementing practices currently ongoing or planned in the most of the Energy Community EEAPs.
- 3.2. EEAP should be seen as a key state strategic document on energy efficiency. The most urgent task for some CPs is to adopt the missing EEAPs (Albania, BIH/Federation of BiH, FYR of Macedonia and Ukraine) which is a requirement of the Energy Service Directive, and hence an issue of compliance. ECS reminded that for those countries lagging behind with the adoption of the second NEEAP, an infringement procedure will be started or continued.
- 3.3. ECS proposed a number of activities in EECG Work Programme 2015-2016 to tackle key barriers for EEAP implementation, as well as support the preparation of new EEAPs. The EE financing workshop (18 March) is also being organised to promote available funding opportunities, institutional models and successful practices for energy efficiency. A regional workshop on EEAP preparation will be organised in November 2015, with presentation of EEAP template to be used in EnC.

4. ESD/EED Core Topic 3 – Exemplary role of the public sector

EECG members reported briefly (besides above mentioned) on the best practices on the green public procurement, renovation of public buildings and energy management.

Montenegro: green public procurement is supported by REEP and rulebook and guidelines were prepared in cooperation with the national working group, and training of government officials is next activity; EE renovation of public buildings is supported by 2nd phase of the World Bank project (focused on health sector) and 2nd phase of KfW project (focused on the social welfare and central government buildings). REEP is also supporting development of ESCO enabling framework, and first pilot projects focused on public lighting in municipalities are planned. Energy management system is being developed in municipalities, including EE action plans. New IPA project assists certain municipalities in development of the energy management system, and this will be in focus during 2015.

Bosnia and Herzegovina: 48 public buildings were renovated in last 4 years in the entity of Federation of Bosnia and Herzegovina, as well as several projects implemented in public sector by the EE fund. REEP will support EE renovations in two hospitals with ESCO involvement, while UNDP is supporting establishment of the energy management system in Bosnia and Herzegovina.

Serbia is satisfied with REEP assistance on EE public procurement, similar like in Montenegro; bilateral GIZ project will support EE improvements in central government buildings, combined with KfW project focused on schools. Two rulebooks on energy management system will be implemented in public sector, with planned training sessions for public officials.

Conclusions:

4.1. Some good progress in promotion of the exemplary role of the public sector was registered in Montenegro, Serbia and Bosnia and Herzegovina. Implementation of the REEP project on public procurement in Montenegro and Serbia will be followed by EECG, with possibility to share experience and replicate results in other CPs.

5. EPBD Core Topics 6 and 8 - energy performance requirements/ cost-optimal level / certification

Ms. Susanne Geissler, CA EPBD Core Theme Leader on certification, highlighted key characteristics and critical aspects of implementation of the energy performance certification (EPC) schemes in Austria and the EU (addressed by Articles 11, 12 and 13 of EPBD), as well as recent EU project QUALICHECK.

In the CA EPBD one of the main issues is how to ensure quality of the EPC. There is a trade-off between the demand for low-cost EPCs on the one hand and the calculation of realistic energy savings on the other hand. The EPC database is the core-element of the certification procedure, which facilitate processing of the EPC and allows for quality control and helps in identifying training needs for energy experts (with Portuguese system as one of recommended). Approval procedures in design and construction phases were presented, with detailed example of Austria. There is submission of preliminary and final EPC, including changes in design. Salzburg use EPC database to automatically check whether the calculated values comply with the requirements. EPC database may be also used to check correctness in the advertisements. In Scotland EPC database is combined with other databases to identify areas for design of EE policy and energy saving programmes. EPCs should also empower potential buyers or renters to make an informed choice, taking energy efficiency into account; good example of improvements of EPC is presented in England and Wels, based on consumer survey.

QUALICHECK project aims to assess challenges regarding quality of input data in EPC calculation and quality of the works, present the best practice models and sensitise stakeholders and major players. Austrian study is close to be completed and results may be shared with EECG. ECS will share results via EE forum.

EECG members reported on status of implementation of: minimum EP Requirements and methodology, EPC database, national calculation methodology and software, and certification of buildings¹.

Albania: EPBD Law was drafted with support of REEP, but still not adopted. Work on secondary legislation is ongoing.

FYR Macedonia: The Energy Law contains provisions for minimum energy performance requirements and certification of energy performance of buildings. Further details are given in the Rulebook on energy performance of buildings. This Rulebook was already adopted in June 2013 and amended in January 2015. However, under EBRD REEP are undergoing activities for improvement of the minimum EP requirements and certification. Trainings and carrying out of exams for energy auditors started to be carried out in 2014 and it is continual activity. It also includes training for use of national calculation methodology and use of software tool. Under EBRD REEP there are undergoing

¹ Written reports on implementation of EPBD, based on ECS template, were submitted prior the meeting by Albania, Federation of BiH and FYR of Macedonia.

activities for providing of new software tool to be used for energy audits of buildings and issuing of energy performance certificates. Certification is just starting, after the trainings and authorizations of energy auditors and issuing of first licenses to legal entities for carrying out of energy audits. However, after the adoption of the last amendment to the Energy Law of March 2015, provisions related to issuing of energy performance certificates for the existing public buildings and buildings subject to selling and renting out, are delayed to be applied after country will become EU Member State.

Conclusions:

- 5.1. EEGC thanked Ms. Susanne Geissler and CA EPBD for presentation and exchange of experience of certification schemes in Austria and the EU. The energy performance certificate has a key role in achieving the goal of the EPBD, which is to support the transition of the real estate sector towards energy efficiency.
- 5.2. ECS thanked the CPs for reporting, as well as Albania, Federation of Bosnia and Herzegovina and FYR of Macedonia for submission of updated reports on implementation of EPBD. Other CPs are invited to submit reports after meeting, based on the template developed by ECS. ECS will publish these reports on EnC website.
- 5.3. Despite the certain progress in this area, many CPs reported on many existing barriers related to the still underdeveloped regulatory framework, lack of funding for renovation programmes, absence of the national tool for the EP calculation and certification of buildings, weak institutional capacities and lack of experienced experts in this area, as well as low awareness of investors and engineers regarding energy efficiency in buildings. Furthermore, recent decision of the FYR Macedonia to postpone implementation of certification scheme shows the lack of political will of the Government to implement the requirements of the EPBD, but also to enable investments in buildings renovation. This case is in the process of examination by the Secretariat.
- 5.4. Ongoing support provided by REEP is valuable both for setting proper legislative framework and creation of sustainable financing schemes in beneficiary countries, as well as for replication of good results in other CPs.

6. Update on Ongoing and Planned Support for Energy Efficiency

Regional Energy Efficiency Programme (REEP) – update on implementation

EBRD (Mr. Nigel Jollands) and ECA (Mr. Nick Haralambopoulos) provided updated information on the progress with REEP, Window 1 (Theme 1 - ESCO policy support and Theme 2 - policy dialogue), Window 2 (credit lines for financing small scale EE/RE projects - WeBSEFF II) and Window 3 (direct financing for medium-sized EE/RE companies – WeBSEDF).

REEP successfully combines technical assistance, credit lines and direct financing to create the logical framework for development of sustainable market for energy efficiency in the Western Balkans. The main added value is broadening the financing to the public sector (primarily municipalities) in order to promote the exemplary role of the public sector. EBRD emphasised that the whole purpose of REEP is to lead to increasing EE investments.

Window 1 (Theme 2 - policy dialogue) provides assistance in 3 domains: transposition of EPBD, development of the public procurement rules and guidelines for the purchase of EE equipment, and utility EE policies and reforms to energy tariffs, metering and billing.

EPBD support is the most extensive one in coverage, with six WB countries involved (except Montenegro) with primary legislation developed in Kosovo* and Albania, and work progressing well

on development of secondary legislation in Kosovo*, FYR Macedonia and Bosnia and Herzegovina. Support on inspections regulation covers Croatia, FYR Macedonia, Kosovo* and Serbia. Specification and design for calculation software was completed, ongoing software adaptation.

On procurement, Final versions of both the Rulebook and Guidelines were submitted in February 2015 to Montenegro, and to be finalised in Serbia. This will be followed by awareness raising & capacity building activities.

Montenegro and Croatia are beneficiaries of technical support with EE obligation schemes and tariff reform (in Montenegro only); Kick-Off Meeting was held in Montenegro in February 2015 and work already ongoing in Croatia.

As regards the next steps, it would be good that primary legislation is adopted. Work on secondary legislation will be completed by the end of second quarter of 2015. Software is planned to be delivered by the end of contracting period. For procurement support is pending formal approval of regulation. Utility EE obligation schemes are in the early phase, first results to be delivered in Croatia.

Window 1 (Theme 1) on ESCO policy support (legal policy dialogue and TA for project preparation) is active and progressing in Bosnia and Herzegovina, Croatia, Montenegro, and Serbia. 14 Letters of interest were signed, out of 21 interested municipalities, and 4 projects tendered so far.

BRE (Mr. Jose Ortiz) presented EPBD – NCM Calculation Software and adaptations for the Western Balkans. This included quick demonstration for the software. SBEM was far less sophisticated when first introduced in UK. Evolution of the system has run parallel to user's understanding of the regulatory framework and requirements. This has come directly to the WB. Perhaps some features should be switched off until users catch up with requirements. In WB countries there is strong trend for complexity, which may be barrier for work in future.

BRE (Mr. Bruce Young) explained characteristics of the five different audit, inspection and certification schemes applicable to buildings, and discussed the open issue of synergy (or not) between inspection and audit processes. Schemes arise from two different Directives (EPBD and EED). While there is a scope for sharing some arrangements for inspection and energy audit, it is essential to take a modular approach; otherwise compliance with both Directives cannot easily be demonstrated. If not properly separated, and distinguished legally, inspection and energy audit procedures lead to more work than necessary, at greater cost and doubtful benefit. Inspection and audit are advice-giving procedures, but there is a tendency to over-complicate the technical parts and overlook the need for reporting "simple messages" to the client (who is generally non-technical). The main message for inspection is to keep it simple unless there is good reason to believe that more complex methods produce worthwhile additional benefits. One option is to combine inspection with maintenance/servicing, as the additional cost of inspecting the system and reporting on its condition should then be far lower.

Eco Ltd (Mr. Grant Ballard-Tremeer) presented the updates of the on study "Assessment of the Residential Energy Efficiency Investment Potential in the Western Balkans". This included presentation of responses on comments received by EECG members on the draft (Market Overview and Market Overview) reports. CPs received first two reports, while last report (recommendations) will be distributed within next weeks.

Conclusions:

6.1. EECG thanked EBRD, ECA Consultants, BRE and Eco Ltd for their update on the implementation of REEP in Western Balkans (Windows 1, 2 and 3), as well as for the update on the Residential Study.

- 6.2. EECG acknowledged the good progress in REEP implementation, which will also contribute to the implementation of the EECG Work Programme and the overall compliance with the energy efficiency legal frame in Western Balkans, and the EnC at large. Adoption of finalised primary and secondary legislation by beneficiary countries is necessary for further progress (primary EPBD laws in Albania and Kosovo*, procurement regulation in Montenegro and Serbia etc).
- 6.3. EBRD/Consultant will share with EECG Task 3 report of the Residential Study (Recommendations), for comments. Thematic workshop focused on EE in residential sector will be organised back to back with the next EECG meeting.

GIZ ORF – Energy Efficiency

GIZ ORF - EE (Mr. Johannes Elle, Mr. Benjamin Struß, Mr. Armin Teskeredžić) reported on the upcoming evaluation mission on the results of the past cooperation and the planning process for further cooperation with CPs and the EECG. They stressed the importance of EECG for the continuation of the valuable partnership with GIZ ORF-EE. Planning of new sub-projects and initiatives supported by GIZ ORF –EE is ongoing, which ideally should start in autumn 2015.

This was followed with official presentation (*Mr. Armin Teskeredžić*) of the Booklet on EE projects in SEE region; best practice examples and MVP registration.

CEI - Croatian National Energy Efficiency Authority (Mr. Dean Smolar) shared experiences on MVP implementation process in Croatia. CEI may support responsible institutions/network in implementation of MVP.

GIZ ORF - EE will discuss how CEI can take a pilot-role for possible MVP upgrades in the region, possibly with sub-project which would connect the MVP-responsible national authorities. This should start ideally already in June 2015.

Conclusions:

- 6.4. EECG thanked *GIZ ORF-EE* and *CEI* for their presentations. EECG expressed its high appreciation of GIZ – ORF EE that undertook the necessary changes to make MVP tool fully functional in the Western Balkans, disseminated results in Moldova, and farther in the EU, through the recently approved Horizon 2020 project. Further activities and joint work will continue in 2015, with planning and implementation of new sub-projects and initiatives supported by GIZ ORF-EE.

Study on Biomass-Based Heating in the Western Balkans

The World Bank (Mr. Jari Vayrynen) and consultant (Mr. Dejan Stojadinović, Team Leader) presented Sector Study on Biomass-based Heating in the Western Balkans, with the objective to identify viable investment options and policy measures to increase the use of biomass for heating in the region in a sustainable manner. Activities will include: analysis of the biomass supply potential, assessment of heating systems, assessment of economically viable biomass options for heating, analysis of key barriers and measures, detailed assessment of using biomass for heating in selected cities/sub-regions, and stakeholders roundtables. Country kick-off meetings will be held in March-April 2015.

The Austrian Energy Agency (Ms. Ulrike Radosch) presented the web platform “Energy in Central and Eastern Europe – [enerCEE](#)” that provides information on the energy-related fact and figures in Central, Eastern and Southeastern Europe. The focus is on energy efficiency and renewable energy. The project will probably be continued from June for new 2 years. EECG is asked to visit and contribute to the platform.

UNDP BiH (Mr. Sanjin Avdić) presented current activities to promote energy efficiency in Bosnia and Herzegovina (Green Economic Development Programme), including short overview of UNDP activities in other CPs (available in the Power Point presentation). SIDA supported BiH project with

EUR 3.6 mil (2015 - 2017) for infrastructure, capacity building and public awareness; additional partners joined, including MOFTER. During 2015 EMIS was implemented in additional 500 public sector buildings, and training provided for 500 EMIS users on energy efficiency and energy management; 37 detailed energy audits for public sector buildings were finalised and association of energy professionals of BiH was established. Project supports implementation of EED with development of inventory of government buildings and contributes to implementation of Article 5 of EED.

KOSID (Mr. Visar Azemi) introduced briefly the activities of the Balkan Forum on energy efficiency. The Balkan Forum promotes a resource efficient, greener, and more competitive Balkan region that is based on collaboration and diversity. Conclusions of the regional meeting “Energy Efficiency Policies in the Balkans” held in September 2014 in Tirana ask for strong promotion in the energy efficiency field, regional cooperation, effective political dialogue and creation of the regional EE fund. Second Annual meeting will be held on 20-21 March 2015, with thematic session on advancing energy efficiency in the Balkans.

6.5. The EECG thanked the presenters (GIZ ORF – Energy Efficiency, World Bank, Tractebel Engineering, Austrian Energy Agency, UNDP, the Balkan Forum) for the very useful updates on ongoing and planned projects, sharing experiences and good practices. This confirms that EECG represents an excellent platform for exchange of experiences, promotion and coordination of regional programmes and activities in the area of energy efficiency, and the design of new ones.

The next EECG meeting is planned for 02 June 2015 in Podgorica (Montenegro) and will be combined with a half-day Workshop on EE in residential sector, planned for 03 June 2015.