



**MEMORANDUM**

**MINISTERIAL COUNCIL DECISIONS**

Prepared for the 10<sup>th</sup> MC meeting on October 18, 2012

As Energy Policy Technical Assistance and in line with the REAP Work Plan to monitor decisions made by Energy Community and advise and assist MOFTER to undertake actions to implement new obligatory decisions, REAP analyzed the Agenda and related documents for the 10<sup>th</sup> Ministerial Council meeting that will take place on October 18, 2012, and propose actions to be taken by MOFTER as follows:

1. Statistics – Item 3 in the Agenda: Decision on Implementation of Regulation 2008/1099/EC and Directive 2008/92/EC

**Decision:** Each Contracting Party shall implement Regulation (EC) No 1099/2008 of 22 October 2008 on energy statistics and Directive 2008/92/EC of 22 October 2008 concerning a Community procedure to improve the transparency of gas and electricity prices charged to industrial end-users not later than 31 December 2013.

**Proposed MOFTER action:** Since the Decision prescribes that the Contracting parties implement the Regulation and the Directive by the end of the year 2013, it is crucial to determine if the parties involved in reform implementation in BiH can accomplish these actions in the available period of time (14 months). The Regulation and the Directive prescribe that the entity and the state statistics agency collect and process information prepared and sent by different stakeholders in the energy sector. The following questions appear in regard to this:

- a) Can all stakeholders prepare their reporting systems in line with the regulation's and the Decision's requirements?
- b) Do the laws on statistics and other relevant documents (the State and the Entities) enable the statistics agencies to comply with the Regulations and the Decision?

Having in mind these two issues, REAP recommends that MOFTER check with the statistics agencies and, if necessary, with the relevant ministries and companies in the energy sector as to whether the deadline to implement the Regulation and the Directive is realistic for BiH.

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If not, then a decision needs to be made as to when this action can be accomplished; if it is longer than provided in the Decision, then a request for extension of time should be sent to the Energy Community Secretariat. In any event, realistic action plan(s) to implement these documents should be prepared.

2. Maintenance of minimum stocks of crude oil and/or petroleum products - Item 4 in the Agenda: Decision on Implementation of Council Directive 2009/119/EC of 14 September 2009.

**Decision:** Each Contracting Party shall implement Council Directive 2009/119/EC of 14 September 2009, which imposes an obligation on Member States to start maintaining minimum stocks of crude oil and/or petroleum products not later than 01.01.2020.

**Proposed MOFTER action:** REAP recommends that MOFTER support the implementation of this Decision. Once a decision is made that BiH will support the Ministerial Council's Decision, MOFTER should immediately thereafter initiate development of the document(s) that contain the recommended measures that must be undertaken to meet the Directive's requirements from the Decision. This is important since the Decision imposes significant technical and financial obligations on the Contracting parties.

3. Renewable Energy Sources - Item 5 in the Agenda: Decision on Implementation of Directive 2009/28/EC

**Decision:** Each Contracting Party shall implement Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009, on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC.

**Proposed MOFTER action:** MOFTER should discuss the 2020 targets for BiH on energy produced from renewables, set up in the Decision with both entity ministries. The entity ministries have expressed serious reservations on the targets, due to what they think is an incorrect calculation of mainly the present use of biomass in Bosnia and Herzegovina. Based on this discussion, MOFTER should take a position regarding the targets included in the Draft Decision and present its position at the Ministerial Council meeting that will be held on October 18, 2012. Further, MOFTER should initiate whatever procedures are necessary to amend the target determined for BiH, as discussed below.

At the meeting "Energy Community Day in Bosnia and Herzegovina" held at Jahorina on June 14, 2012, the RS Energy Regulatory Commission (RSERC) and the Federation Ministry of Energy, Mining and Industry (FMERI) expressed serious

reservations on the calculations made by the consultant CRES on the use of biomass in Bosnia and Herzegovina that were presented in CRES' Study in March 2012. These reservations expressed by RSERC and FMERI are important since the calculation serves as the basis for a determination of the total targets of energy produced from renewables in 2020, which are included in the Ministerial Decision on Implementation of Directive 2009/28/EC. Both RS and FBiH consider the target of 41 % articulated in the Ministerial Decision to be extremely high, in particular for energy produced from biomass. If the target is not changed Bosnia and Herzegovina will face financial and technical difficulties in meeting the set targets.

4. Energy Strategy of the Energy Community - Item 6 in the Agenda: Decision on adoption of the Draft Energy Strategy document (Document).

**Decision:** The Contracting Parties will adopt the Energy Strategy of the Energy Community

**Proposed MOFTER action:** The Document gives an overview of the current situation and the possible future of the energy sector in the Energy Community, providing a framework for facilitating investments in the energy systems and promoting energy security for the entire region (as well as for each Contracting Party). The Document does not oblige parties to implement specific issues. It is suggested that MOFTER should adopt the document on behalf of BiH at the next Ministerial Council Meeting. After the Document is adopted, it is suggested that MOFTER prepare a short explanatory paper on it, along with a draft action plan to discuss and implement actions required to meet its objectives. MOFTER should organize a discussion with two entity ministries and other stakeholders on this explanatory document, focusing on BiH integration in the regional Day Ahead Market, attracting investment in the energy sector, price reform, implementation of the Third Liberalization Package and participation in development of the infrastructure investment list of regional interest.