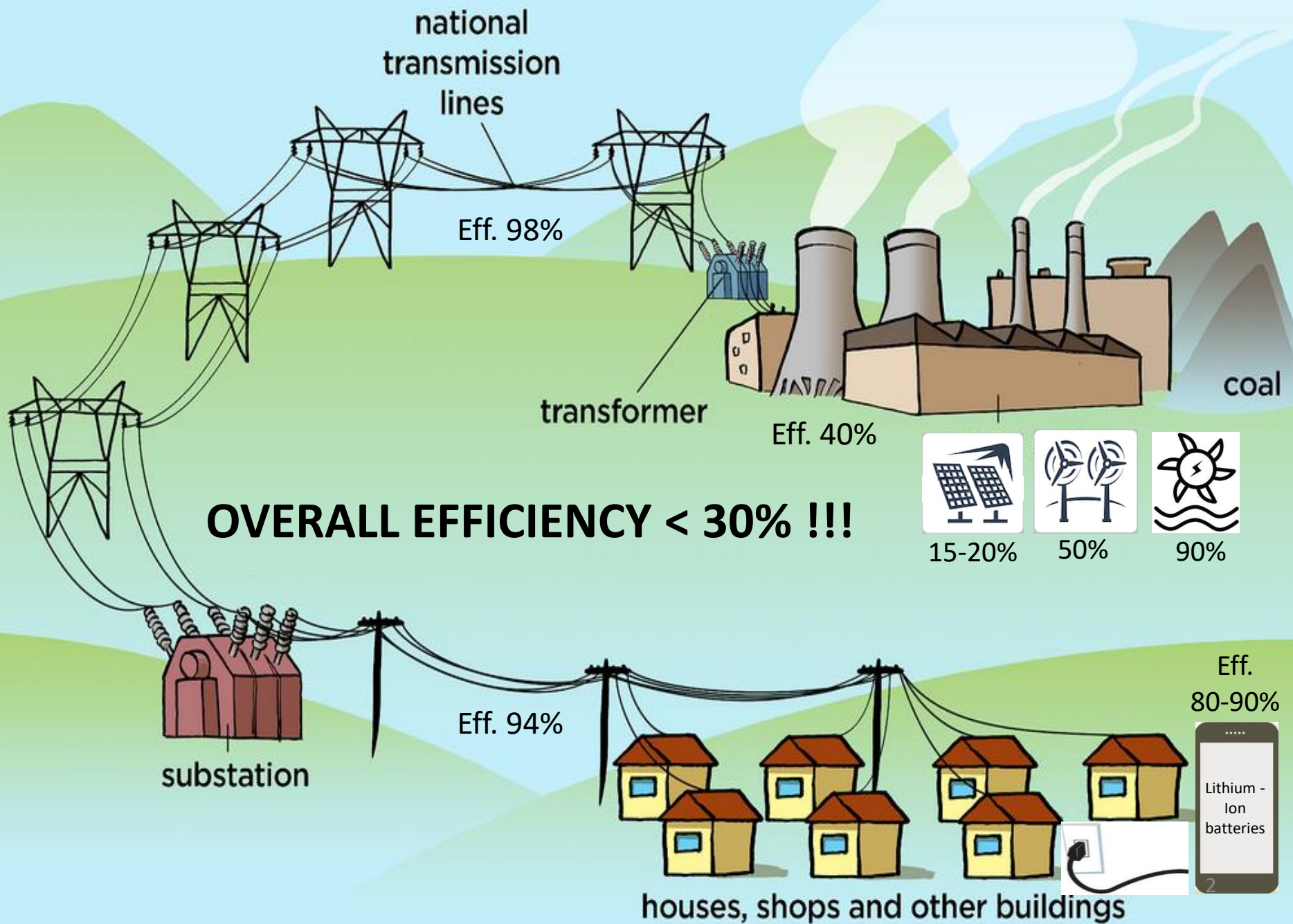
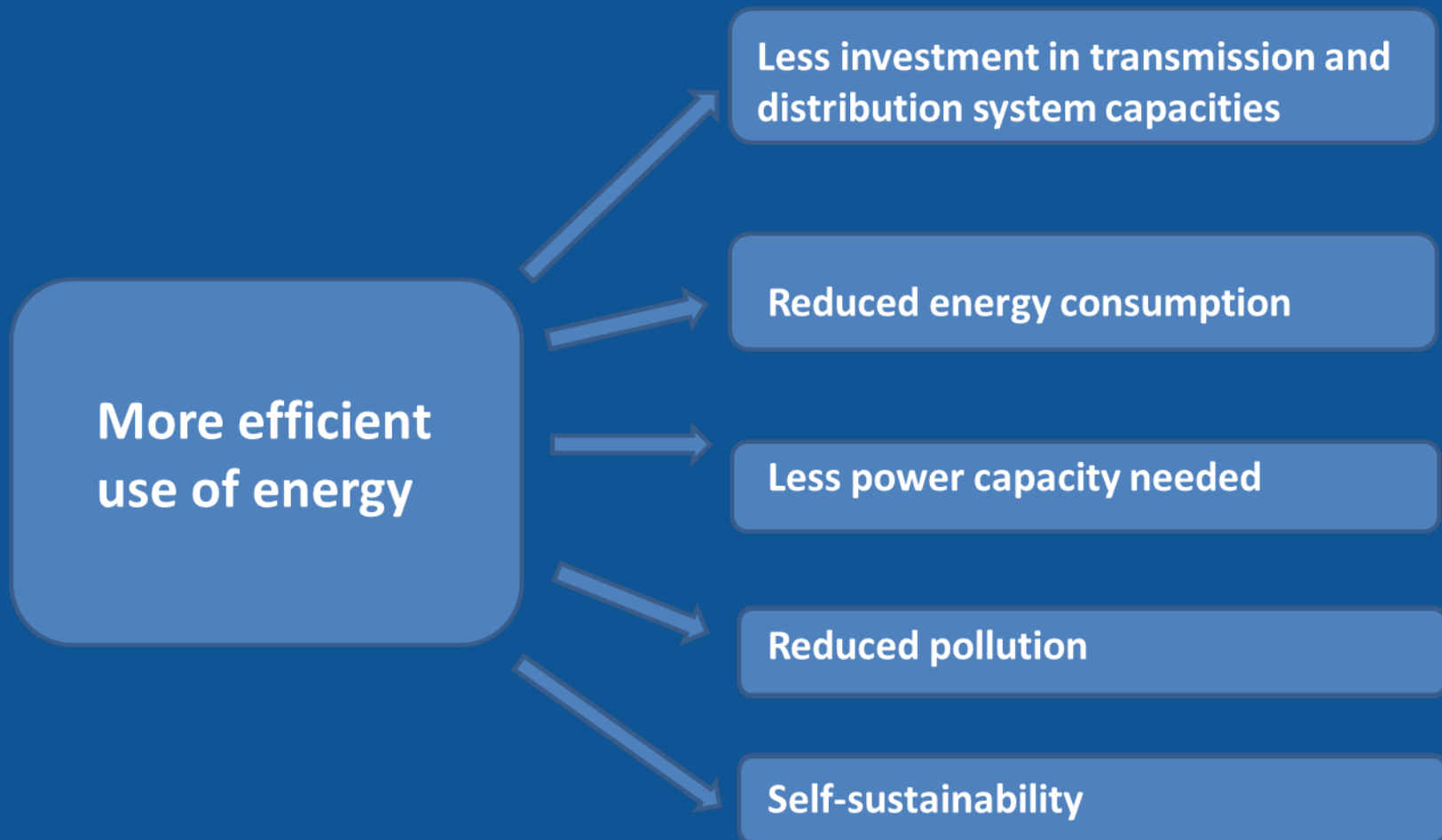


***EU ENERGY ACQUIS* - ENERGY EFFICIENCY**

Gligo Vuković

The EU Delegation to the Republic of Serbia





The agreement on the Energy Efficiency Directive

Clean Energy for All Europeans Package (30/11/2016)

THE RIGHT REGULATORY FRAMEWORK FOR POST – 2020



Energy Union Governance



Energy Efficiency

(Energy Efficiency Directive, European Performance of Buildings Directive)



Renewables

(Revised Renewable Energy Directive)



New Electricity Market Design

(including Risk Preparedness)



Energy prices and costs report



Energy Efficiency Directive

- Binding **32.5%** energy efficiency target for 2030;



Ecodesign Working Plan 2016-2019

- List of new product groups;
- Contribution to circular economy objectives;



Energy Performance of Buildings

- Supportive of renovation;
- Smarter – ICT, smart buildings;
- Simpler;

Governance process – How does it work ?

National Energy and Climate Plans (2021 to 2030)
(preparation well before 2020)

Integrated national progress reports
(from 2023, every two years)

European Commission monitoring
(State of the Energy Union)

Main outcomes of the EED revision

- A new energy efficiency target for the EU for 2030 of 32.5%, with an upwards revision clause by 2023.
- Extended energy savings obligations for the next period 2021-2030 and beyond; (the methodology for calculating energy savings is reviewed and amended; it obliges Member States to invest a share of energy savings in energy-poor households)
- Member States to have in place transparent national rules on the allocation of the cost of heating, cooling and hot water consumption in multi-apartment and multi-purpose buildings with systems for such services



National energy efficiency contributions

(Article 3 & Governance)

- **National contributions to the Union target** in their energy and climate plans.
- Assessment by the Commission if the contributions are sufficient to reach the 2030 target.
- Assumption of the level of national contributions if draft plans are not submitted on time.
- Recommendations in case of an **ambition gap**.
- Recommendations in case of **collective delivery gap**.
- **Member States' delivery gaps** shall be addressed by recommendations.

Energy performance of buildings

- Almost **50 %** of Union's final energy consumption is used for heating and cooling, of which **80 %** is used in buildings.
- Renovation would be needed at an average rate of **3 % annually** to accomplish the Union's energy efficiency ambitions in a cost-effective manner.
- Measures to improve the energy performance of buildings do not focus only on the building envelope, but include all relevant elements and technical systems in a building, such as passive elements aiming to reduce the energy needs for heating or cooling, the energy use for lighting and for ventilation and hence improve thermal and visual comfort.
- Financial mechanisms, incentives and the mobilisation of financial institutions for energy efficiency renovations in buildings should have a central role in national long-term renovation strategies and be actively promoted by Member States.
- Each Member State shall establish a long-term renovation strategy to support the renovation of the national stock of residential and non-residential buildings, both public and private, into a highly energy efficient and decarbonised building stock by 2050.

Metering and billing

CLEARER AND STRENGTHENED RULES –EMPOWERING AND INFORMING CONSUMERS

- Clarification of requirements for metering and billing of thermal energy
- Rights of consumers in multi-apartment or multi-purpose buildings
- Transparent, publicly available rules on cost allocation for multi-occupant buildings supplied from central sources.
- Right to bills based on actual consumption/heat cost allocator readings.
- Remote-reading to become standard.

Policy Guidelines on the 2030 Targets for the Contracting Parties of the Energy Community

- In November 2018 the Ministerial Council of the Energy Community adopted General Policy Guidelines on 2030 energy and climate targets, which recognize the need to establish targets on energy efficiency, renewable energy sources and greenhouse gas emission reduction.
- This is in line with Contracting Parties' respective obligations in the EU accession process.
- The targets should be in line with the EU targets for 2030, represent an equal ambition for the Contracting Parties and take into account relevant socio-economic differences, technological developments and commitments under the Paris Agreement on Climate Change.
- At the same time, the Council agreed to incorporate in 2019 the revised Energy Efficiency Directive and Renewable Energy Directive and new Governance Regulation with 2030 targets for Contracting Parties in the Energy Community.

Energy Efficiency

Energy Community Treaty – Key driver for EE policy

Directive 2006/32/EC on Energy
Efficiency in Final Energy
Consumption and Energy Services

Directive 2010/30/EU on the
Labelling of Energy and other
Resources for Products that Affect
Energy Consumption -
Related Delegated Regulations

Law on the efficient use of energy
("RS Official Gazette" 25/2013) -
Secondary legislation

Energy Efficiency

Energy Community Treaty – Key driver for EE policy

Directive 2010/31/EU on the Energy Performance of Buildings



- Law on Construction and Planning
- Law on the efficient use of energy
- Secondary legislation

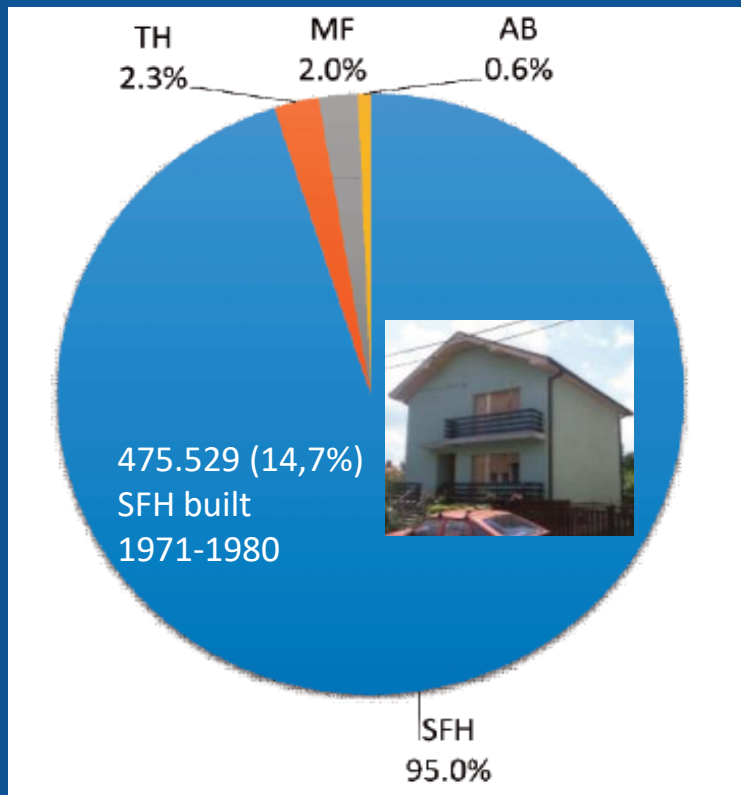
Directive 2012/27/EU on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC



- Secondary legislation (2017)
- An IPA project supports the drafting of amendments to the existing Law

Energy Efficiency in Residential Sector

Share of residential buildings by building type



SFH – Single family houses
TH – Teraced houses
MF – Multi-family houses
AB – Apartment blocks

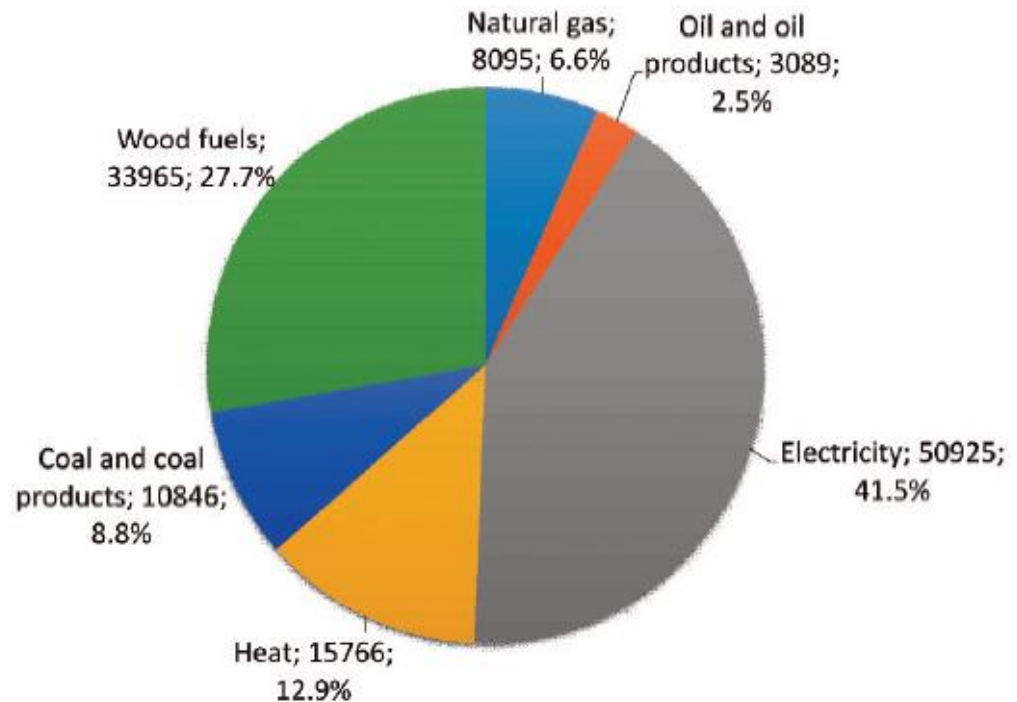
**Source: The typology of the residential building stock in Serbia and modelling its low-carbon transformation – Serbia, December, 2015*

Energy Efficiency in Residential Sector

Key drivers:

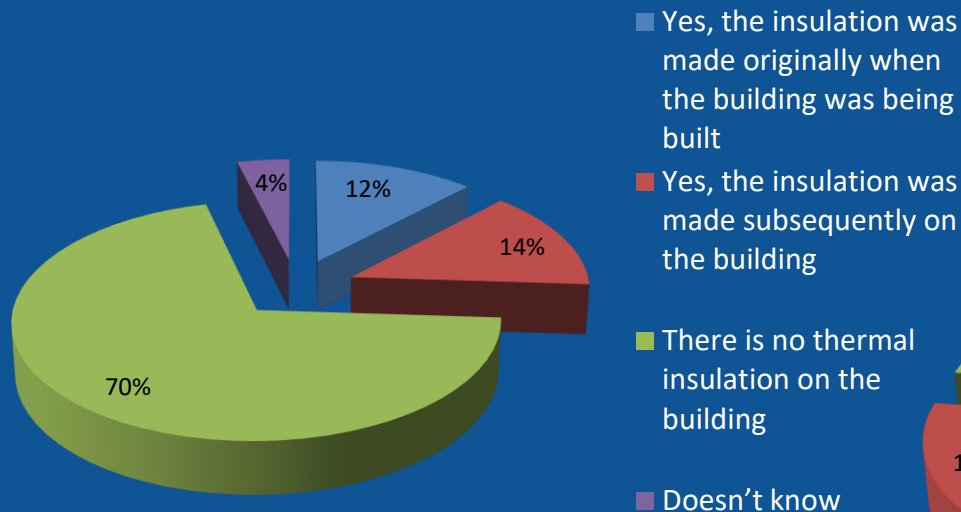
- **Overall household consumption :** the most common energy source is electricity (41.5%) although a large share does not relate to heating and hot water production, but to other household consumption (appliances, cooling).
- For **heating**, biomass is the most widely used option (27.7 %), followed by district heating (12.8 %). Coal, natural gas and LPG are also notable. Solar, geothermal and other energy sources are negligible.

Energy sources used by households (TJ/year) (SORS 2014a)

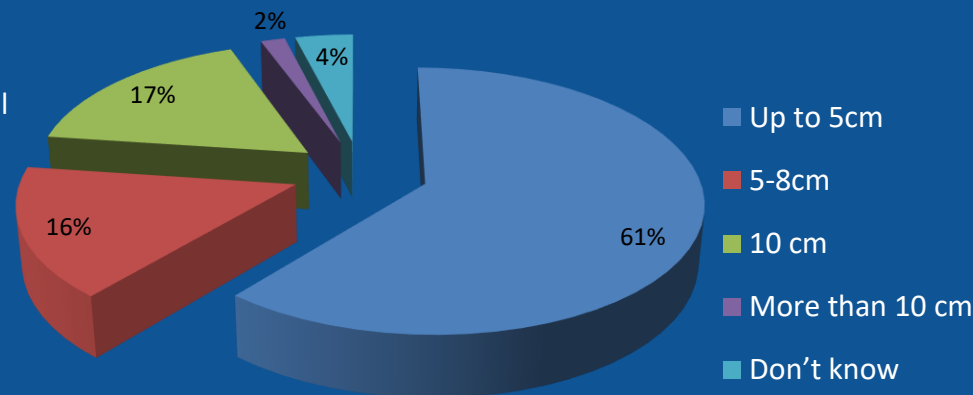


Energy Efficiency in Residential Sector

Thermal insulation of external walls in the building /house



The thickness of your wall insulation



6.15. Chapter 15: Energy

EU energy policy covers energy supply, infrastructure, the internal energy market, consumers, renewable energy, energy efficiency, nuclear energy, nuclear safety and radiation protection.

Serbia is **moderately prepared** in this field. **Limited progress** was made in a number of areas. However, as regards energy market reforms in particular, the shortcomings have not been properly addressed.

In the coming year, Serbia should

- fully unbundle and certify Srijag market as well as implement the Secretariat on the exemption of on the gas market and ensure the
- fully implement the connectivity Agenda;
- strengthen human resources capacity including through establishing a introduce cost-reflective electricity climate change commitments and price regulation accordingly.

Serbia has a high level of alignment with emergency oil stocks. In 2018, Serbia emergency oil stocks. Oil stocks in corresponding, at the beginning of 2019, the lack of gas market reforms could affect 2018, the Serbian parliament approved intergovernmental agreement on gas supply legislation. The clause stipulated that the gas use in the Serbian market only, thereby re could sell the gas. In December 2018, the emergency plan using elements of the new E continued with preparatory activities to u Preparations for building the gas interconnect accelerate in 2019 in order to achieve the com

In October 2018, the energy regulator AERS g 'Turk Stream 2' (Gastrans) project from rules of the Energy Community Secretariat set out c exemption with the third energy package, and capacity remain available for the market in Sert final exemption decision which only partly reflect compliance with the third energy package.

The energy agreement between Serbia and Kosovo delay in order to avoid this longstanding dispute from stability and security in Serbia, Kosovo and completion of the registration of Elektroserber, Serbia Kosovo as a matter of urgency. Serbia needs to set up Western Balkan neighbours.

As regards the **internal energy market**, Serbia's primary legislation is compliant with the third energy package. The wholesale electricity market and day-ahead markets are functional and trading volumes on the organised power exchange market increased in 2018. The electricity balancing market is also functional, although it has only one provider of balancing services. Functional unbundling of the electricity transmission system operator EMS needs to be completed in line with the Energy Community Treaty requirements.

European
Commission

EUROPEAN
COMMISSION

Brussels, 29.5.2019
SWD(2019) 219 final

COMMISSION STAFF WORKING DOCUMENT

Serbia 2019 Report

Accompanying the document

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions

2019 Communication on EU Enlargement Policy

{COM(2019) 260 final}

The unbundling of EPS*, Serbia's state owned electricity utility's, distribution system operator has been formally completed. However, concerns related to the effective implementation of the unbundling related to independent decision-making remain.

The unbundling of Srijag. There is no third-party access to the Srijag and Yugorosgaz. The unbundling and certification of with the requirements of the *acquis* as ruled by the Ministerial unity.

ectors, supply prices are deregulated for all customers, but s have the right to be supplied under regulated prices. The non- 44.4% of total end-user electricity consumption and 73% of in 2017. Some 3.57% of delivered electricity quantities and ect to supplier switching in 2017. There is no timeline for the between network and supply activities of Srijag. The regulator to adjust electricity tariffs should be implemented. level of investment and maintenance in the electricity sector and climate reforms.

ally and functionally independent from any other public record for enforcing compliance of regulated companies y law in all cases. Staff levels should increase from the 2020, as foreseen by the IPA technical assistance project, regulatory responsibilities under the third energy package

ign its law with the Hydrocarbon Licensing Directive, granting and using authorisations for prospection,

partially transposed into Serbia's law on energy. on bio-fuels is still pending, as well as actual use in ewables target for 2020 is set at 27% of gross final for 2017 show renewable sources accounted for a ch is well below the 23.1% trajectory of Serbia's nd power projects of 475 MW are currently in the y its efforts to switch from feed-in tariffs to feed-in ure transparent procedures for the connection of the framework of an auction-based programme. d be in line with EU environmental legislation.

ciency through adopting secondary legislation ents to the Law on efficient use of energy ment, and the implementation of eco-design enting this law. Further secondary legislation ular with the Directive on Energy Performance d the second annual report under the Energy ible implementation of consumption-based r new buildings. Human resource capacity in for energy efficiency slightly increased but eny was introduced in December 2018; it ergy efficiency projects. A more strategic n is required to fully implement the *acquis*

energy, nuclear safety and radiation protection. Serbia's legislation is partially in line with the *acquis*. A new Law on radiation protection and nuclear safety was adopted in 2019. The Convention on Nuclear Safety and the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management entered into force in 2018. Serbia adopted in 2018 a protocol with the International Atomic Energy Agency related to the Treaty on the Non-proliferation of Nuclear Weapons. Serbia's two nuclear research reactors and one abandoned uranium mine are not licensed. An action plan has yet to be drafted for decommissioning the research reactors. The licence for the waste storage facility H3 in Serbia's nuclear site in Vinča was renewed in 2018. Activities for improving the radiological and security situation at the Vinča site have started. The Radiation Protection and Nuclear Safety Agency is not sufficiently staffed to carry out its duties. By February 2019, the number of permanent staff had further decreased to 21. Budget and salary levels appear to be insufficient to ensure the Agency's proper functioning including inspectorate functions.

2018 Report

6.15. Chapter 15: Energy

EU energy policy covers security of supply, the internal energy market, energy efficiency, renewable energy sources, nuclear energy, nuclear safety and radiation protection.

Serbia is **moderately prepared** in the field of energy. **Some progress** was made on the recommendations set out in 2016, though it was limited to promoting investments in energy efficiency and in renewable energy, in addition to progress on nuclear safety.

In the coming year, therefore, Serbia should in particular:

- **fully unbundle Srbijagas and develop competition in the gas market;**
- **fully implement the connectivity reform measures;**
- **strengthen human capacity and promote investment in energy efficiency;**
- **initiate reforms to introduce cost-reflective electricity tariffs;**
- **take account investment needs for EU integration and social security implications;**

Serbia achieved a high level of alignment on **security of supply** and **stockholding** body: it still has, however, to implement the action plan.

2019 Report

6.15. Chapter 15: Energy

EU energy policy covers energy supply, infrastructure, the internal energy market, consumers, renewable energy, energy efficiency, nuclear energy, nuclear safety and radiation protection.

Serbia is **moderately prepared** in this field. **Limited progress** was made in a number of areas. However, as regards energy market reforms in particular, the shortcomings have not been properly addressed.

In the coming year, Serbia should in particular:

- **fully unbundle and certify Srbijagas and Yugorosgaz** and develop competition in the gas market as well as **implement the conditions requested by the Energy Community Secretariat on the exemption of Gastrans**, in particular the measures that increase liquidity on the gas market and ensure third-party access to parts of the new capacity;
- fully implement the **connectivity reform measures** as committed to under the Connectivity Agenda;
- strengthen **human resources capacity and promote investment in energy efficiency** including through establishing a sustainable financing system and initiate reforms to introduce **cost-reflective electricity tariffs** fully taking into account investment needs, climate change commitments and social security implications as well as reform electricity price regulation accordingly.

Energy Efficiency

Serbia achieved some progress in **energy efficiency** through adopting secondary legislation that implements rules on labelling, amendments to the Law on efficient use of energy improving energy audits and energy management, and the implementation of eco-design requirements and secondary legislation implementing this law. Further secondary legislation is necessary to achieve full alignment, in particular with the Directive on Energy Performance of Buildings. In October 2018, Serbia submitted the second annual report under the Energy Efficiency Directive. So far, there has been negligible implementation of consumption-based metering and billing in district heating, except for new buildings. **Human resource capacity** in the Ministry of Mining and Energy's department for energy efficiency slightly increased but remains insufficient. **A new fee on energy efficiency was introduced in December 2018**; it should provide urgently needed funding for energy efficiency projects. A more strategic approach and **better intergovernmental coordination** is required to fully implement the *acquis* and to establish a sustainable financing system.

Types of financing

IPA national budget (Contribution Agreements, direct implementation) and WBIF

IFIs (EIB, KfW, EBRD, WB, IFC ...) and local commercial banks

WeBSEFF (Western Balkans Sustainable Energy Financing Facility),
Regional Energy Efficiency Programme for Western Balkans (REEP)
Western Balkans Residential Green Economy Financing Facility

ESCO projects

Direct loans



THANK YOU

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