



## **EU STRATEGY FOR THE DANUBE REGION**

# **IMPLEMENTATION REPORT OF EUSDR PRIORITY AREA 2 “To Encourage More Sustainable Energy”**

**Reported period: from 07/2016 to 12/2016**

**(FINAL VERSION)**

## TABLE OF CONTENTS

|       |  |                                     |
|-------|--|-------------------------------------|
| 1     | EXECUTIVE SUMMARY .....  | 5                                   |
| 2     | PROGRESS OF THE PA .....   | 6                                   |
| 2.1   | Progress on policy level .....                                     | 6                                   |
| 2.1.1 | Policy areas at focus.....   | 6                                   |
| 2.1.2 | Main policy achievements.....                                      | 7                                   |
| 2.1.3 | Policy lessons learned .....                                       | 8                                   |
| 2.1.4 | Future policy development.....                                     | 8                                   |
| 2.2   | Progress on PA's targets .....                                     | 10                                  |
| 2.3   | Progress on PA's actions.....                                      | 11                                  |
| 2.4   | Progress on milestones.....  | 12                                  |
| 2.5   | Progress on activities .....                                       | <b>Error! Bookmark not defined.</b> |
| 2.6   | EUSDR Strategic Projects .....                                     | 15                                  |
| 3     | FUNDING.....   | 16                                  |
| 3.1   | Main achievements in terms of funding.....                         | 16                                  |
| 3.2   | Lessons learned .....  | 16                                  |
| 3.3   | The future .....   | 17                                  |
| 4     | GOVERNANCE .....   | 18                                  |
| 4.1   | Organisation and functioning of PA .....                           | 18                                  |
| 4.2   | Coordination and cooperation activities .....                      | 18                                  |
| 4.3   | Activities for involvement of stakeholders and civil society ..... | 19                                  |
| 4.4   | Publicity and communication activities .....                       | 20                                  |
| 4.5   | Lessons learned .....  | 20                                  |
| 4.6   | The future .....   | 20                                  |
|       | ANNEX I: ROADMAPS TO IMPLEMENT EACH PA ACTION                      | <b>ERROR! BOOKMARK NOT DEFINED.</b> |
|       | ANNEX II: PA'S WORKPLAN FOR 1 YEAR                                 | <b>ERROR! BOOKMARK NOT DEFINED.</b> |

## TABLES

|  |                                     |
|--|-------------------------------------|
| <i>Table 1: Progress on targets during the reporting period.....</i>                     | 10                                  |
| <i>Table 2: Progress on actions during the reporting period .....</i>                    | 11                                  |
| <i>Table 3: Progress on milestones during the reporting period.....</i>                  | 12                                  |
| <i>Table 4 Activities undertaken to progress on PA implementation.....</i>               | <b>Error! Bookmark not defined.</b> |
| <i>Table 5: Projects identified and proposed by PA as EUSDR strategic project.....</i>   | 15                                  |
| <i>Table 6: Proposed EUSDR strategic projects, which were approved for funding .....</i> | 15                                  |
| <i>Table 7: Attendance of SG meetings .....</i>  | 18                                  |
| <i>Table 8: Roadmap to implement an action .....</i>                                     | <b>Error! Bookmark not defined.</b> |
| <i>Table 9: PA's workplan for 1 year.....</i>  | <b>Error! Bookmark not defined.</b> |



# 1 EXECUTIVE SUMMARY

## *Question 1: Summary of progress achieved during the reporting period.*

The period from July 2016 to December 2016 have been in line with a spirit of a newly revised targets of Priority Area 2 “To Encourage More Sustainable Energy” of the EU Strategy for the Danube Region, and preparation of new Roadmaps with defining milestones for the following three years.

### **In reporting period the PA2 focused on the following areas:**

- development of the strong cooperation between Hungarian and Czech coordination
- strong interlinks with relevant partners and exchange of information
- exchange of information and best practices to improve cooperation and initiate joint projects

### **Development of the strong cooperation between HU-CZ coordination**

Well governed PA2 is the key precondition for the successful implementation of defined targets.

In order to ensure the joint development of Roadmaps and future course of the PA2, on the **2<sup>nd</sup> of September videoconference** was organized between HU-CZ coordination. Building on the outcomes of the videoconference, a **Strategic meeting** was planned on **23<sup>rd</sup> of September** in Prague where Priority Area 2 discussed draft Roadmaps, developed milestones and agreed on the main topics for the following years.

### **Strong interlinks with relevant partners and exchange of information**

During the study tour of **European Commission** in Czech republic (September 2016), PA2 has an opportunity to present EUSDR in general and the activities of Priority Area 2.

PA2 supported contacts between the members of EUSDR and sharing information through SG Meeting. On the 7<sup>th</sup> of October, The Steering Group of the Priority Area 2 of the EU Strategy for the Danube Region has met in Prague to discuss the future strategic direction of the Priority Area’s work. Priority Area Coordinators have presented the **newly drafted Roadmaps** and milestones for fulfilling the actions and targets and the Steering Group has discussed the proposals. It is important to have a feedback from the SG members on the planned activities of PA2, therefore the finalized version of PA2 Roadmaps was accepted on **10<sup>th</sup> of October 2016**, after the incorporation of inputs from SG members on **13<sup>th</sup> Steering Group** meeting in Prague. During the SG Meeting, PA2 introduced **Position paper on LNG** in the Danube region.

In line with our newly defined Roadmaps (Target III, Action 9 and 10), we continued on establishing cooperation with the **Carpathian Convention**. During 5<sup>th</sup> EUSDR Annual Forum, the **Memorandum of Cooperation** was signed and sets the framework for future joint activities and cooperation.

PA 2 was asked to present the **Danube Region Biomass Action plan** that was commissioned by the Sustainable Energy Priority Area of the Danube Region Strategy and finalized in February 2014 on the workshop Biomass for growth during the conference Energy Networking4Innovation in Bratislava.

PA2 also contributed to the publicity and visibility of the PA2 and EUSDR in general through **publishing article** in Parliamentary review called **Danube Region Energy: Opportunity for Closer Cooperation**.

### **Exchange of information and best practices to improve cooperation and initiate joint projects**

Priority Area 2 has carried out an **Energy Innovations and RES Projects seminar** in Prague from 15 – 16 of September, where participants met to gain information on financing possibilities for energy projects, to find potential project partners and discuss possible project cooperation in the Danube Region. Despite the fact that the newly designed Roadmaps covers the period from 2017 – 2019, this event contributed to the discussion on the topic renewable energy sources use in the region that is included in the Target I (Action 1, 2 and 3).

On the side event of 5<sup>th</sup> Annual Forum of the EUSDR in Bratislava – meeting of **Working Group “Sustainability, Energy, Environment”**, Priority Area 2 provided update on PA2 activities, presented possibilities for future cooperation and engagement in planned activities for following year 2017.

|                    |    |  |   |  |
|--------------------|----|--|---|--|
| No. of PA2 targets | 3  | No. of already fully achieved targets    | 0 |  |
| No. of PA2 actions | 10 | No. of already fully implemented actions | 0 |  |
| No. of milestones  | 28 | No. of already fully achieved milestones | 2 | Action 7 (M. no.1)<br>Action 9 (M. no.1) |

PA2 coordination has organized 3 events (SG Meeting, SZ-HU Meeting, RES projects seminar) and participated during the reporting period on 4 different events (PACs seminar, Study Tour EC, Annual Forum and Networking4Innovation).

## 2 PROGRESS OF THE PA

### 2.1 PROGRESS ON POLICY LEVEL

#### 2.1.1 POLICY AREAS AT FOCUS

*Question 2: What are the policy areas (important policy topics/thematic issues) that the PA selected as main focus (i.e. priority) for work during the reporting period?*

##### Energy Innovations and RES

Energy Innovations and RES Projects seminar's participants discussed possible project cooperation in the Danube Region in Prague 15-16 September, 2016.

On the 15th and 16th September about 70 participants from ngos, private but also state sector met to gain information on financing possibilities for energy projects and to find potential project partners. The aim of the seminar was to inform about funding opportunities for energy related projects within the Danube region and to provide platform for partner search and initialisation of energy related projects by assisting in the alignment of funding procedure. Funding opportunities presented at the seminar included Interreg Danube Transnational Programme (DTP), URBACT, Interreg CENTRAL EUROPE, as well as Horizon 2020 and EIB.

##### Definition of the policy focus for the following 3-year period

As a necessary follow-up to the process on the revision of the targets and actions during the previous reporting period, the Priority Area has prepared and adopted a new Roadmap with defining milestones for the following three years. The aim of the Roadmap was to treat as many relevant policy areas as possible (including the Energy Union, RES, gas, electricity as well as cooperation with other regional and international initiatives) as well as to keep up with current EU policy trends.

As a first step to the joint development of the updated PA2 Roadmap, a **videoconference** was organized by the CZ-HU coordination **on the 2nd of September 2016**. The aim of the videoconference was to identify upcoming tasks and set their timeline. In conclusion to the operative discussion, a **3rd Strategic Meeting was scheduled to 23rd of September in Prague** where Priority Area 2 discussed draft Roadmaps, developed milestones and agreed on the main topics for the following years. HU coordination introduced some of the main policy areas (energy, water security and transport) to be treated under the HUPRES EUSDR 2017. Concrete topics identified by the PACs for the coming years included gas, smart cities/technologies/clean fuel, energy poverty and RES. After the 13th SG Meeting, PA2 decided to focus its activities on themes such as gas, smart technologies, clean fuel, energy poverty, energy efficiency and RES in the coming years.

##### LNG in the Danube Region

Based on the issued study on LNG, following by discussion on the related seminar and debate during the SG Meeting, the Position paper of PA2 on LNG in the Danube region was introduced. This paper draws attention to the fact that LNG access is significantly limited from reaching secondary and tertiary markets within Europe. Despite the fact that the LNG oversupply would bring price relief to Europe, the Danube region will experience limited benefits. The paper was endorsed by the Steering Group after the meeting and will be presented to DG Regio and DG ENER as well as relevant contacts in the European Parliament.

##### Links with the Carpathian Convention and other relevant initiatives

Possible room for cooperation between the Carpathian Convention and PA2 of the EUSDR under the policy areas of **industry energy and sustainable forest management** the **Memorandum of Understanding between the Carpathian Convention and EUSDR**. The Memorandum sets several mechanisms that can enhance the cooperation and synergies in the area of exchange of best practices, information, networks in the respective policy areas. As a follow-up to the discussion at the Steering Group Meeting in Prague, the MoU with the Carpathian Convention was adopted at the 5th Annual Forum in Bratislava on the 3rd of November 2016.

*Question 3: What are the main arguments for selecting those policy areas as priority ones?*

Policy areas covered by the Roadmap of PA2

Energy Innovations and RES

With the aim to continue “to encourage sustainable energy” by 1) strengthening the network of possible project partners, 2) providing regular platform for new project ideas, 3) establishing links between project partner and the funding opportunities, as well as by 4) presenting best practices, PA2 decided to organize a financing seminar with a special focus on some of the very topical energy areas, the energy innovations and RES. The aim of the seminar on Energy Innovations and RES projects was to inform about funding opportunities for energy related projects within the Danube region and to provide platform for partner search and initialisation of energy related projects by assisting in the alignment of funding procedure.

LNG

Recently, the gas market is experiencing dynamic developments. With LNG being a hot topic lately, and with its immense potential to influence the prices on the European market, the PA2 has decided to map the impact of the growing influx of LNG into the Europe and the Danube region.

The EU's strategy for liquefied natural gas (LNG) and gas storage forms an important element of the Energy Union project (COM/2015/80) due to its contribution to the security of supply of energy, the competitiveness of energy markets, and the climate and environmental objectives pursued in the context of the Energy Union and beyond. In terms of security of gas supply, LNG offers the diversification of suppliers and transport routes, as well as increased supply flexibility. LNG is also increasing competitiveness on markets due to the entry of international suppliers to markets. The key challenges to overcome for LNG to assume an important role on the EU's gas markets is the inadequate infrastructure, the completion of the internal gas market to ensure that the price signal directs investments most efficiently, and the establishment of close partnerships with international suppliers and customers to ensure a free, liquid and transparent global LNG market.

Carpathian Convention and the EUSDR

The cooperation with other initiatives within and outside of the Danube region is one of the targets of the PA2. Thus in order to avoid duplication, to share experiences and explore synergies, the PA2 focused on cooperation with Carpathian Convention due to the geographical and thematic overlaps.

As a follow-up to the workshop on the mountainous dimension of the EUSDR in November 2015 in Brussels organized by the CZ PRES of the Carpathian Convention and the Commission, a Memorandum of Understanding between the CC and the EUSDR has been drafted. The draft of the MoU has been commented by the NCs as well as the PACs at the end of 2015 and the beginning of 2016. At the NCs meetings in December 2015 and January 2016 the MoU was further discussed. Finally the NCs and PACs have decided on the 23rd May 2016 in Bratislava that each concerned PA is to decide whether to endorse the MoU. The document was then fine-tuned by PA2 and adopted on the 4<sup>th</sup> of November 2016 at the Annual Forum. The aim of the document is to set mechanisms that can enhance the cooperation and synergies in the area of exchange of best practices, information, networks in the respective policy areas.

## **2.1.2 MAIN POLICY ACHIEVEMENTS**

*Question 4: Based on what has been reported under section 2.1.1: what are the PAs' main policy achievements and developments during the reporting period?*

**The conference on Energy Innovations and RES projects attracted about 70 participants** from ngo, private but also state sector in order to gain information on financing possibilities for energy projects and to find potential project partners.

**On the 7th of October, the Steering Group of PA2 has successfully discussed its plans** (all policy areas to be treated, activities to be carried out) **for the upcoming years 2017-2020**. Moreover, each member of the Steering Group had the opportunity to contribute to the first draft of the updated Roadmap. As an

*Question 4: Based on what has been reported under section 2.1.1: what are the PAs' main policy achievements and developments during the reporting period?*

outcome to debate at the Steering Group Meeting as well as the discussions that followed, the Steering Group of PA2 successfully identified the focus its activities in the years to come. The agreed focus will cover a large variety of energy topics, such as gas, smart technologies, clean fuel, energy poverty, energy efficiency or RES. Also, the updated Roadmap of PA2 was endorsed by the Steering Group in written procedure on the 14th of October 2016.

**The Position paper of PA2 on LNG in the Danube Region was elaborated as a follow-up to the 3rd Stakeholder seminar of the PA2.** The 3rd Stakeholder Seminar on “LNG – Dream or reality for the Danube Region?” was organized by PA2 in the previous reporting period at the premises of the Permanent Representation of Hungary to the EU with the participation of nearly 100 experts mostly from Danube countries. Based on the conclusions of the seminar, the position paper was endorsed by the Steering Group after the 13th Steering Group Meeting in Prague. As a next step of this successful process, the document will be presented to DG Regio and DG ENER as well as relevant contacts in the European Parliament.

**A Memorandum of Understanding between the Carpathian Convention and the PA2 of the EUSDR was adopted on the 4<sup>th</sup> of November 2016 at the Annual Forum.** As a follow-up to the workshop on the mountainous dimension of the EUSDR in November 2015 organized by the CZ PRES of the Carpathian Convention and the Commission, a Memorandum of Understanding between the CC and the EUSDR has been drafted. The draft of the MoU has been commented by the NCs as well as the PACs at the end of 2015 and the beginning of 2016. At the NCs meetings in December 2015 and January 2016 the MoU was further discussed. Finally the NCs and PACs have decided on the 23rd May 2016 in Bratislava that each concerned PA is to decide whether to endorse the MoU. The document was then fine-tuned and adopted by PA2. As a final step the document was signed by the parties on the 4<sup>th</sup> of November 2016 at the 5<sup>th</sup> Annual Forum in Bratislava.

### **2.1.3 POLICY LESSONS LEARNED**

*Question 5: Based on what has been reported in sections 2.1.1 and 2.1.2: what are the policy related lessons learned (positive or negative) from the PAs implementation during the reporting period (with focus on those that are important for the future EUSDR policy development)?*

In the reporting period, the operation of PA2 was fruitful. With its routine and joint willingness, PA2 succeeded to adopt three important documents relevant from the point of view of energy policy. All of these documents are good examples of the improved cooperation between the coordinating countries of PA2, the governing body of PA2, other institutions (such as DSP, DTP, Commission...) as well as other regional initiatives such as the Carpathian Convention.

Also, the events organized by the priority area show constant interest in macro-regional strategies as a tool for cooperation and networking in the Danube Region.

The revision of the Roadmap of PA2 was on one hand challenging, because given an energy landscape that is so closely linked to a rapidly changing technological environment it is very hard to foresee in detail the policy trends and most topical energy issues to be addressed in the following years. On the other hand, a coherent and well-planned Roadmap may serve as a good basis for fruitful work and cooperation to encourage more sustainable energy.

### **2.1.4 FUTURE POLICY DEVELOPMENT**

*Question 6: Based on what has been reported in section 2.1.3: what next steps and challenges for future policy development the PA finds important to share for further consideration discussion or development (incl. possible solutions to overcome the challenges)?*

As a necessary follow-up to the process on the revision of the targets and actions during the previous



reporting period, the Priority Area has prepared and adopted a new Roadmap with defining milestones for the following three years. The aim of the Roadmap was to cover as many relevant policy areas as possible (including the Energy Union, RES, gas, electricity as well as cooperation with other regional and international initiatives) as well as to keep up with current EU policy trends. One of biggest challenges of PA2 will be the successful implementation of newly designed Roadmap and to fulfill our goals.

Challenges of the period to come include especially operational ones.

- Changes in the personnel on both sides of the CZ-HU coordination will be on one hand a new boost to cooperation, yet it may slow down the pace of work in the very beginning of 2017.
- Change in the monitoring body of EUSDR will represent new expectations towards PACs and their PAs.

## 2.2 PROGRESS ON PA'S TARGETS

Table 1: Progress on targets during the reporting period

| PA Targets<br>(number and wording of the target)   | Progress during the reporting period |                                     |                          |                                     | Clarifications   |
|--|--------------------------------------|-------------------------------------|--------------------------|-------------------------------------|--|
|  | Completed                            | Satisfactory progress               | Delayed progress         | Other                               |  |
| (a)  | (b)                                  | (c)                                 | (d)                      | (e)                                 | (f)  |
| 1) To help to achieve the national targets based on the Europe 2030 climate and energy targets               | <input type="checkbox"/>             | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Within the Target 1, the implementation of the activities has not started yet. Activities under the target 1 are planned for year 2017 and 2018.   |
| 2) To remove existing bottlenecks in energy to fulfil the goals of the Energy Union within the Danube Region | <input type="checkbox"/>             | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | Informal discussions regarding the activities planned for 2017 have already started (gas market and security supply, LNG, post-2020 outlook).  |
| 3) Better interconnect region by joint activities with relevant initiatives and institutions                 | <input type="checkbox"/>             | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | The Priority Area 2 has already established cooperation with the secretariat of the Carpathian Convention, which also participated in several of the Priority Area 2 projects and activities. During the reporting period PA2 was working with the Carpathian Convention on the Bioenergy in mountain areas seminar. |

*Question 7: Based on the information provided in Table 1, what is the PAs overall self-evaluation with regards to reaching the applicable targets? Any other positive experience or other important information to that respect that the PA considers necessary (or good) to be shared should be included here as well.*

*As we are almost at the beginning of the implementation of newly settled milestones within actions (targets) and in regard to the short implementing period (July – December 2016), we can identify satisfactory progress so far, but it is too early for us to make an overall evaluation. Proving the progress on targets during the reporting period is limited due to the fact, that the milestones were approved in October 2016. In general, we are very satisfied with the activities that are planned to fulfil our new targets.*

*Due to the fact that the Roadmaps were approved close to the end of the reporting period and include the period from January 2017, targets with actions (and milestones) were designed from this starting point. Therefore it is very problematic for PA2 report on this transitional period.*

*Question 8: What, if anything, was/is missing in order to achieve the progress in reaching the targets as previously planned?*

- Question 9: Are there any plans (or needs) for revising/updating the list of targets, applicable for the PA? If so, please provide details.

There are no needs for revising/updating the list of targets. PA2 has already gone through revision process.

### 2.3 PROGRESS ON PA'S ACTIONS

Table 2: Progress on actions during the reporting period

| PA Targets<br>(number) | Progress on action for reaching the targets during the reporting period |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
|------------------------|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|                        | A1  | A2  | A3  | A4  | A5  | A6  | A7  | A8  | A9  | A10 | A11 | A12 | A13 | A14 | A15 | A16 | A17 |
| (a)                    | (b)   | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) | (o) | (p) | (q) | (r) |
| 1.                     | ANS   | ANS | ANS |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 2.                     |   |     |     | ANS | ANS | ANS | ASP |     |     |     |     |     |     |     |     |     |     |
| 3.                     |   |     |     |     |     |     |     | ANS | ASP | ASP |     |     |     |     |     |     |     |

Legend:

|      |   |
|------|---|
| ASP  | actions, whose implementation is satisfactory progressing (according to what was initially planned in the Roadmap); |
| APD  | actions, whose implementation is progressing with delays (comparing to what was initially planned in the Roadmap);  |
| ACcp | actions completed in current reporting period;  |
| ACpp | actions completed in previous reporting period(s);  |
| ANS  | actions, whose implementation has not started yet;  |

Question 10: Based on the information provided in Table 2, what is the PA's overall self - evaluation regarding the progress in implementing the actions? A positive experience or other important information to that respect that the PA considers necessary (or good) to be shared should be included here as well.

There is satisfactory progress in the implementation of Action 7, 9 and 10, but as we mentioned in the previous section, we are at the beginning of the implementation of newly settled milestones within actions (and targets) and in regard to the short implementing period (July – December 2016), we can identify satisfactory progress so far, but it is too early for us to make an overall evaluation.

Question 11: What, if anything, was/is missing in order to achieve the progress in implementing the actions as previously planned?

Based on its experience gained (both challenges and results) over the first years of implementation of the EUSDR, PA2 was aiming at setting clear new targets and actions that are realistic (accomplishable in the following years) and that may serve for the benefit of the Danube Region.

Question 12: Are there any plans (or needs) for revising/updating the actions, applicable for the PA? If so, please provide details.

There are no needs for revising/updating the list of targets. PA2 has already gone through revision process.

## 2.4 PROGRESS ON MILESTONES

Table 3: Progress on milestones during the reporting period

| PA Actions<br>(numbers) | Progress on milestones during the reporting period |     |     |     |     |     |     |     |     |     |
|-------------------------|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|                         | M1   | M2  | M3  | M4  | M5  | M6  | M7  | M8  | M9  | M10 |
| (a)                     | (b)  | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) |
| A1                      | MNS  | MNS | MNS | MNS | MNS | MNS | MNS | MNS | MNS |     |
| A2                      | MNS  | MNS | MNS | MNS |     |     |     |     |     |     |
| A3                      | MNS  | MNS | MNS |     |     |     |     |     |     |     |
| A4                      | MNS  | MNS | MNS | MNS | MNS | MNS | MNS | MNS | MNS |     |
| A5                      | MNS  | MNS | MNS | MNS | MNS | MNS | MNS | MNS |     |     |
| A6                      | MNS  | MNS | MNS | MNS | MNS | MNS |     |     |     |     |
| A7                      | MSP  | MNS | MNS | MNS |     |     |     |     |     |     |
| A8                      | MNS  | MNS | MNS |     |     |     |     |     |     |     |
| A9                      | MCcp   | MSP | MNS | MNS | MNS | MNS |     |     |     |     |
| A10                     | MSP  | MSP | MNS |     |     |     |     |     |     |     |
| A11                     |  |     |     |     |     |     |     |     |     |     |
| A12                     |  |     |     |     |     |     |     |     |     |     |
| A13                     |  |     |     |     |     |     |     |     |     |     |
| A14                     |  |     |     |     |     |     |     |     |     |     |

Legend:

|     |  |
|-----|--|
| MSP | milestones that are satisfactory progressing (according to what was initially planned in the Roadmap); |
| MPD | milestones that are progressing with delays (comparing to what was initially planned in the Roadmap);  |

|      |   |
|------|---|
| MCcp | milestones completed in current reporting period;     |
| MCpp | milestones completed in previous reporting period(s); |
| MNS  | milestones, whose implementation has not started yet; |

*Question 13: Based on the information provided in Table 3, what is the PAs overall self - evaluation regarding the progress in reaching the milestones? A positive experience or other important information to that the PA considers necessary (or as good) to be shared should be included here as well*

*As we are almost at the beginning of the implementation of newly settled milestones within actions (and targets) and in regard to the short implementing period (July – December 2016), we can identify satisfactory progress so far, but it is too early for us to make an overall evaluation. Proving the progress on targets during the reporting period is limited due to the fact, that the milestones were approved in October 2016. In general, we are very satisfied with the activities that are planned to fulfil our new targets. We have already reached the first milestone (Action 9, Milestone 1) – to sign Memorandum of Cooperation with the Carpathian Convention.*

*Question 14: What, if anything, was/is missing in order to achieve the progress in reaching the milestones as previously planned?*

*As we reported in previous report, PA2 went through the process of revision if its Roadmaps. Due to the fact that the revision was a long-term process (few months)and affected last two reporting periods (from May – October), there was a missing join approach to the way how to report these changes and how to reflect the progress on milestones. So the difficulties were not connected with reaching the milestones but the way of reporting “old milestones” and “new milestones”.*

## 2.5 PROGRESS ON ACTIVITIES

Table 4 Activities undertaken to progress on PA implementation

| PA Actions (numbers) | Activities undertaken during the reporting period to progress on PA implementation   |
|----------------------|--|
| (a)                  | (b)  |
| A1                   | The implementation of the activities has not started yet.  |
| A2                   | The implementation of the activities has not started yet.  |
| A3                   | The implementation of the activities has not started yet.  |
| A4                   | The implementation of the activities has not started yet.  |
| A5                   | The implementation of the activities has not started yet.  |
| A6                   | The implementation of the activities has not started yet.  |
| A7                   | <p><b><u>To promote diversification of supply (e.g. through access to multiple sources, including LNG)</u></b></p> <p>- LNG Policy paper was introduced during the 13<sup>th</sup> Steering Group meeting in Prague and discussed with its members. It will be presented to DG Regio and DG ENER as well as relevant contacts in the European Parliament.</p>  |
| A8                   | The implementation of the activities has not started yet.  |
| A9                   | <p><b><u>To reinforce the Carpathian Convention and share best practices and to develop joint projects</u></b></p> <p>- Memorandum of Cooperation between PA2 and Carpathian Convention was signed during the Annual Forum in October 2016 (Bratislava).<br/>         - Eliška Rolfova from Czech Ministry of Environment (CZ PRES of the Carpathian Convention) has introduced the work and focus of the Carpathian Convention on the 13<sup>th</sup> Steering Group Meeting in Prague. PA2 has already organized informal meeting with Ms. Rolfova and her colleagues to discuss the concept of planned activity – Seminar on RES in mountain areas (Action 9, Milestone 3).</p>                       |
| A10                  | <p><b><u>To encourage exchange of information and best practices to improve cooperation, create synergies and to initiate joint projects with other macro-regional initiatives and relevant stakeholders from national, European and global level</u></b></p> <p>- PA2 is in the process of mapping of the potential synergies and cooperation in this area.<br/>         - Czech coordination improved its own PA2 (EUSDR) websites to have better informed stakeholders and provide possibilities for cooperation and engagement.<br/>         - PA2 contacted EUSALP to discuss overlaps and possibilities for cooperation in regards to the planned activity – Seminar on RES in mountain areas.</p> |

## 2.6 EUSDR STRATEGIC PROJECTS

Table 5: Projects identified and proposed by PA (PACs + SG) as EUSDR strategic project (SP)

| <i>Title of project proposed by PA as ESDR SP during the reporting period</i> | <i>Date of PA meeting when the project was approved as potential ESDR SP</i> | <i>To which PA target the project is relevant?</i> | <i>Main project activities of the EUSDR SP</i> | <i>Targeted funding source(s) for the SP</i> |
|---|--|--|--|--|
| <i>(a)</i>  | <i>(b)</i>   | <i>(c)</i>   | <i>(d)</i>                                     | <i>(e)</i>                                   |
|   |  |  |  |  |
|   |  |  |  |  |

*Question 15: Were any of the projects included in Table 5 already approved for funding during the reporting period? If so, please complete Table 6 below with the information only for those projects.*

Table 6: Proposed EUSDR strategic projects, which were approved for funding

| <i>Title of project proposed by PA as ESDR SP, approved for funding</i> | <i>Total amount of approved funding</i> | <i>Approved funding source(s) for the EUSDR SP</i> |
|---|---|--|
| <i>(a)</i>  | <i>(b)</i>                              | <i>(c)</i>   |
|   |   |  |
|   |   |  |

### 3 FUNDING

#### 3.1 MAIN ACHIEVEMENTS IN TERMS OF FUNDING

*Question 16: What is considered as PAs main achievement/s with regards to funding sources and opportunities for EUSDR projects? Short analysis relevant only to the duration of the reporting period needs to be provided.*

##### **Technical Assistance Grant**

The current Technical Assistance fund granted to the Priority Area has been a substantial (but non-exclusive) source for implementation, including crucial support for governance and administration of the Priority Area. Between July 2016 and December 2016, the Technical Assistance Grant has been utilized to cover the cost of travel and accommodation to the meetings of the EUSDR such as the meetings of Priority Area Coordinators, Annual Forum, etc. at both Czech and Hungarian coordination sides. The financial assistance in the form of the Technical Assistance has been crucial in relation to the expenditure related to the organisation of the Steering Group meetings. Not only does the grant allow the Priority Area Coordinators to ensure that the Steering Group meets twice a year, but more importantly, it enables the coordinators to support the non-EU members of the Steering Group in participating personally.

Apart from supporting the governance/administration-related costs the current Technical Assistance Grant has been used to cover the costs related to the achievements of the Priority Area's targets and fulfilment of the Action Plan. In the reporting period, a very successful seminar on Energy Innovations and RES projects was organized in Prague on the 15-16<sup>th</sup> of September.

##### **DTP**

Projects, such as the Danube Region Geothermal Concept, were already supported from the first call of START seed money facility in 2014. Since then, the project was further improved. In the Danube region there are about 3 000 cities which are using district heating system. At the 11th Steering Group of PA2 the lead partner of the project (Geological and Geophysical Institute of Hungary) presented the project partnership consisting of 17 partners and 6 associated partners from HU, SLO, HR, SRB, BiH, RO and the main objective (enhance the sustainable and energy-efficient use of deep geothermal energy resources in the central and SE-ern part of the Danube Region) of the project DARLINGe (Danube Region Leader in Geothermal Energy). DARLINGe was later on submitted to Danube Transnational Programme in November 2015 where it was chosen for funding in the beginning of October 2016.

PA2 is one of the partners of the consortium.

#### 3.2 LESSONS LEARNED

*Question 17: What are the lessons learned (positive or negative) during the reporting period, with regards to funding sources and opportunities for EUSDR projects and what responses to those the PA considers as relevant?*

Energy projects very often require great amount of various financial resources (European Union's financial instruments, state or private resources). This poses certain limitation to the scope of projects, which could be potentially carried out within the framework of the Strategy. However, focusing on projects with concrete results, the Priority Area has made effective use of the past funding opportunities (technical assistance and also the Seed money facility) available for the initial stages of project development. It should take further steps to become more competitive in obtaining other sources for project implementation, not only from the Danube Transnational Programme, but also from other EU financial instruments such as CEF and other various transnational programmes.



### 3.3 THE FUTURE

*Question 18: Based on what has been reported so far in Sections 3.1 and 3.2, what next steps and challenges in terms of funding sources and opportunities for EUSDR projects that are important to be shared for further consideration, discussion or development (incl. possible solutions to overcome the challenges)?*

*Please answer also the same question with respect to better alignment of funding to support the PA and the EUSDR in general.*

Similarly to the previous reporting period, the Priority Area still faces the challenges of decreased financial resources allocated to its implementation, concerning administration/governance costs in particular. The Technical Assistance Grant has been the most important source of financial resources for the Priority Area coordination and the Strategy implementation in the terms of ensuring the high level of participative governance within the Priority Area as well as related to the Strategy itself.

Consequently, to keep such a high level of involvement and quality of results in the context of decreased financial resources might pose a challenge for the coordinating countries in the following period. Also increased administrative burden, namely in relation to the technical assistance reporting linked to the future source of financing, the Interreg Danube, will pose significant challenge for ensuring the quality of the results with respect to limited personal capacities.

Additionally, Priority Area has to actively gather information on the funding opportunities available while sharing that information with all stakeholders to support project development contributing to the Action Plan. The Priority Area should not only gather the information on available financial instruments, but should also increase its efforts in exploring the possibilities of various financial instruments apart from the Danube Transnational Programme, such as the CEF, HORIZONT 2020 or other regional financial programmes. To be able to succeed with projects within the high competitiveness, the Priority Area needs to support the development of projects of high quality and which are of added value across borders. That can be achieved also by exploring the synergies with other relevant international or regional organisations or agreements such as the Energy Community, Carpathian Convention, or even other EU macro-regional strategies as well as other Priority Areas. Horizontal cooperation will pose big challenges but also opportunities for the Priority Area 2 to find space for joint projects in the energy field.

## 4 GOVERNANCE

### 4.1 ORGANISATION AND FUNCTIONING OF PA

*Question 19: Describe shortly any significant changes that have occurred during the reporting period on PA's governance in terms of organisation and functioning of PACs and SGs?*

Priority area 2 continues in the practice of Strategic meetings that was established by the CZ-HU coordination. Following the Strategic Meeting in August 2015 and February 2016, another Strategic meeting was organized in Prague in September 2016 to discuss new Roadmaps and future steps in PA2 coordination.

The PA2 has also undergone personal changes, when the Czech Priority Area Coordinator, Markéta Ročejdlová, has left and Veronika Šiková became new Czech Priority Area Coordinator.

CZ-HU coordination decided to endorse regular newsletters in the following implementing period to improve communication outside and have better informed and engaged stakeholders.

*Question 20: Please provide in Table 7 the requested information on attendance (+/-) of Danube countries at SG meetings held during the reporting period.*

Table 7: Attendance of SG meetings

| SG meeting   | AT | BA | BG | CZ | DE | HR | HU | MD | ME | RO | RS | SI | SK | UA |
|--------------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| October 2016 |    | X  |    | X  |    | X  | X  |    | X  | X  |    | X  | X  |    |

### 4.2 COORDINATION AND COOPERATION ACTIVITIES

*Question 21: Based on what has been reported in Section **Error! Reference source not found.**, please provide short description on what has been achieved with the undertaken activities for coordination, cooperation and establishing links with other PAs? Please describe also any methods/tools that are put in place as a result (if applicable).*

The PA2 is continuing in strengthening cooperation with the PA6 EUSDR in order to gain expertise from their side and inputs for our planned activity. To be more specific, we are cooperating in terms of consultations for preparation our first planned activity in 2017 – Seminar on bioenergy in mountain areas.

On the PA2 seminar Energy innovations and RES projects, the PA8 representative was present and introduced the inner workings of working groups to the participants. The PA2 has also been present at the P10 START Final Event in Vienna on 13<sup>th</sup> of December (concerning the Seed Money Facility START Danube Region Project fund).

*Question 22: Based on what has been reported in Section **Error! Reference source not found.**, please provide short description on what has been achieved with the undertaken activities for coordination, cooperation and establishing links with EU institutions (EC, EP, CoR, EESC, etc.) and/or other institutions (national, regional, international, as appropriate). Same applies also for activities for using the funding opportunities of the EC centrally managed programmes. Please describe also any methods/tools that are put in place as a result (if applicable).*

As we have already mentioned in a previous report, we decided to reinforce links with the Carpathian Convention. Representative of Carpathian Convention was present on the 13<sup>th</sup> Steering Group Meeting

in Prague and presented developments in their scope of work. Furthermore we've already had informal meeting during November with Carpathian Convention to discuss planned Seminar on bioenergy in mountain areas (as mentioned above). Apart from this, during the EUSDR Annual Forum in Bratislava, PA2 and the Carpathian Convention signed a Memorandum of Cooperation.

The PA2 coordination has also already asked representatives of EUSALP for some inputs on the planned Seminar on bioenergy in mountain areas.

Within the reporting period the PA2 has deepen links with the EIB, whose representative was participating on the seminar Energy innovations and RES projects in Prague.

During the study tour of European Commission in Czech republic (September 2016), PA2 has an opportunity to present EUSDR in general and the activities of Priority Area 2. Informal meeting provided place for the exchange of information and discussing several topics related to the scope of PA2 work.

13<sup>th</sup> Steering group meeting was another opportunity to strengthen established links with the other actors. Besides the presence of representatives from DTP (via videoconference) and Carpathian Convention, Violeta Popova from DSP provided update on activities within the Danube Strategy Point and Marco Onida (EC, DG REGIO) was asked to provide information on progress of the Danube region strategy implementation.

*Question 23: Based on what has been reported in Section **Error! Reference source not found.**, please provide short description on what has been achieved with the undertaken activities for cooperation between the PA (PACs and SG) and the authorities dealing with ESIF funding and more specifically with the Managing Authorities and the Monitoring Committees of programs of interest to the PA. Please describe also any methods/tools that are put in place as a result (if applicable).*

The PA2 has deepened links with the Joint Secretariat of the DANUBE Transnational Programme. Ms. Ana Leganel from Joint Secretariat was presenting opportunities for cooperation in the energy sector on the seminar Energy innovations and RES projects in Prague. Ms. Alessandra Pala (via videoconference) provided information on the first call of the DTP during the 13<sup>th</sup> Steering Group Meeting in Prague.

Representative from the Technical Secretariat of Interreg Central Europe, Viera Slavikova, was also invited to participate on the above mention seminar in Prague and asked to evaluate an involvement of the energy focused projects in last calls. The PA2 is in contact in with the DTP Monitoring Committee via Czech and Hungarian National coordinators who are (observer/full) members of the DTP MC.

### **4.3 ACTIVITIES FOR INVOLVEMENT OF STAKEHOLDERS AND CIVIL SOCIETY**

*Question 24: Based on what has been reported in Section 2.5, please provide short description on what has been achieved with the undertaken activities for involvement of stakeholders, incl. civil society (e.g. stakeholder conferences, activities with national/regional parliaments, other events, networks, platforms, etc.). Please describe also any methods/tools that are put in place as a result (if applicable).*

The PA2 tries to engage the stakeholders from the very early stage of identifying the needs of the DR in energy field (identifying topics which are of need of PA2 attentions through consultations of the major and minor topics for the 2017-2020 period), up to shaping the concrete actions (via request for co-organisation and expert inputs for the activities) and also during the implementation phase of the activities (taking part in the activities, dissemination of the invitations as well as the outputs from the activities).

Within the reporting period the PA2 organized seminar Energy innovation and RES projects in Prague where participants from NGOs, private and state sector met to gain information on financing possibilities for energy projects and find potential partners. During informal meetings the PA2 also asked for inputs for the planning period 2017 – 2020.

The PA2 made a decision to set up a framework of cooperation (within Action 10) and planned to send newsletters on regular basis to the relevant stakeholders. Nevertheless this has not been put into practice yet.

#### **4.4 PUBLICITY AND COMMUNICATION ACTIVITIES**

*Question 25: Based on what has been reported in Section 2.5, please provide short description on what has been achieved with the undertaken activities for better publicity and communication (e.g. publications, website developments, etc.). Same applies also for activities for better communication of PA's results and work as well as those related to public debate(s) on the macro - regional approach. Please describe also any methods/tools that are put in place as a result (if applicable).*

The PA2 has traditionally used its websites to inform about activities and results of its events. CZ coordination is working on the improvement of its websites on the Czech governmental web to overcome relative inactivity in the recent period of time and to ensure that servers as a platform with up-to date information. The PA2 has also published an article “Danube Region Energy: Opportunity for Closer Cooperation” in a Parliamentary review.

As we have already mentioned above, the PA2 has an opportunity to represents itself and EUSDR in general during the Study tour of the European Commission in September in Prague. The PA2 also presented its Danube Region Biomass Action Plan on the workshop Biomass for growth.

#### **4.5 LESSONS LEARNED**

*Question 26: Based on what has been reported so far in Section 4: what are the lessons learned (positive or negative), in terms of PA governance during the reporting period and what responses to those the PA considers as relevant?*

Sufficient participation of the members of the SG in meeting is a long-term issue of PA2 and the PA2 coordination is trying to focus on this problem. The PA2 will work harder on a form and timing of the meetings in order to engage more SG members. Furthermore, we would like to attract SG members to participate on our meetings through sending newsletters to inform about topics that we are focusing on and planned activities.

We need to continue in an effort to engage stakeholders and bringing concrete results of PA2 and EUSDR in general towards citizens and interested actors and ensure that our planned activities reflects their needs.

The PA2 coordination is satisfied with the way how we started to explore synergies with other relevant actors (EUSALP, Carpathian Convention, other EUSDR PACs activities). We will pay greater attention to not duplicate efforts but to create join initiatives and cooperate.

#### **4.6 THE FUTURE**

*Question 27: Based on what has been reported so far in Section 4: what next steps and challenges for better PA governance in the future that the PA finds important to be shared for further consideration (incl. possible solutions to overcome the challenges)?*

There are three main challenges that is the PA2 coordination facing:

**Well-governed PA2:** regular communication, exchange of information and mutual support is the key for well- functioning coordination between CZ and HU and for smooth coordination of planned

activities.

**Engagement of stakeholders and cooperation with other relevant actors (PACs, EUSALP...):** setting up the framework of cooperation, exploring synergies through consultations and exchange of information, joint initiatives, active approach will contribute to a greater engagement of interested actors.

**Visibility and Communication:** visibility and communication (inside and outside the region) is the key for the implementation of the targets of PA2. The PA2 (and its activities) has to be visible in order to provide sufficient and relevant content to the macro-regional developments and to increase the impact.