

EN

ANNEX

**Memorandum of Understanding
Implementing the Valletta Political Declaration
On
Clean Energy for European Union Islands
*Hereafter***

"The Memorandum of Split"

The Sides:

European Commission, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Malta, Portugal, The Kingdom of Spain, Sweden

intend to implement the Valetta Declaration and therefore create a more stable basis for co-operation for the benefit of Participants, namely EU island communities and people, and hence,

1. Having regard to:

- The 2015 Paris agreement, which sets a global and legally-binding target of keeping global warming well below 2°C and of pursuing efforts to limit it to 1.5°C;
- Conclusions of the European Council on 12 December 2019, regarding the objective of achieving a climate-neutral EU by 2050, in line with the Paris Agreement;
- The European Green Deal which has as objective to transform the EU to a fair and prosperous society with a modern, resource-efficient and competitive economy where there are no net-emissions of greenhouse gases in 2050, to protect, conserve and enhance the EU's natural capital, protect the health and well-being of citizens from environment-related risks and impacts, while ensuring a just transition for all;
- The Clean Energy for all Europeans legislative package, which provides the energy policy framework to facilitate clean and fair energy transition and which include specific provisions with the aim to increase the generation of energy from renewable sources notably in the outermost regions and small islands;
- The important role that the National Energy and Climate Plans have regarding the decarbonisation of islands;
- The Valletta Declaration of May 2017, which established an informal cooperation between relevant Member States for the promotion of the transition of islands and expressed the intention to establish "*a long term framework to accelerate the clean energy transition on all EU islands*";

- The 2015 European Parliament resolution on the special situation of islands stressing the European islands' potential to contribute to strengthening sustainable development of the Union; and
 - The relevant role of civil society and stakeholder organisations.
2. Taking into account
 - The current energy mix in island communities, still largely relying on fossil fuels;
 - The limited or lack of energy connection of some islands;
 - That tourism is a key sector for many islands economies, resulting in seasonal energy demand;
 - The challenges that many islands are facing which are related to energy transition and to fighting against climate change, such as the need for carbon reduction and increased resilience;
 - The potential for cooperation between islands and/or island states, without prejudice to the prominent role of their central governments; and
 - The energy costs on many islands and the need to phase-out subsidies of fossil fuels.
 3. Noting the important contribution that decarbonised local energy systems can make to improve the specific energy situation of islands (if they are interconnected or isolated from the mainland) through the potential to:
 - eliminate or reduce dependence on fossil fuels;
 - provide flexibility to address the impact of tourism in particular as regards demand peaks;
 - mitigate the impact of geographic isolation and remoteness;
 - develop local skills and jobs for the communities;
 - reduce the impact on environment and health;
 - contribute to the protection of unique island habitats and ecosystems; and
 - drive down energy cost and subsidies to fossil fuels;
 - increase security of supply.
 4. Stressing the necessity to fully respect the political and administrative organization of each Side, and the principles of conferral and sincere cooperation.

Set as their objective:

Establish a long-term framework for cooperation to advance the energy transition for islands, with full respect for the specificities of each island, and respecting the national distribution of legal competences in the field of energy and territorial development, which will:

- Support islands in their transition agendas;

- Promote the participation, the engagement and empowerment of citizens as key players in contributing to the energy transition of islands foreseen in the European Green Deal;
- Facilitate the creation of renewable energy communities and citizens energy communities on islands;
- Develop feasible approaches to achieve higher levels of penetration of renewables;
- Promote the implementation of pilot projects aimed at increasing the use of renewables using storage systems, innovative technologies, developing clean and sustainable transport, sector integration by integrating the electricity system with other sectors such as heating, cooling, the island water systems and with the scalable demand response on the islands;
- Facilitate an enabling regulatory framework to support fair energy transition which takes into account the specificities of islands;
- Promote and exchange best practices for example on technical and regulatory aspects;
- Support islands not connected to the national networks in their decarbonisation process through the increased use of renewables in final use of electricity and of transport, heating and cooling;
- Recognise the role of national actors such as agencies and public and private research centres in the development of innovative projects;
- Facilitate the access to and use of private and public financial resources for the development and implementation of transition agendas; and
- Facilitate the dissemination of the knowledge resulting from the implementation of Valletta Declaration and the present Memorandum of Split.

And express their intention to:

- Pursue cooperation within the working modalities in Annex 1;
- Support the work areas for cooperation in Annex 2, and periodically review them;
- Communicate and, where appropriate, share the results of the cooperation;
- Review the implementation of the Memorandum of Split after 3 years from its signature and consider the need for amendments; and
- Explore a possibility of a follow-up building on the Memorandum of Split.

Nature and scope of the Memorandum of Split

The Sides express their intention to cooperate on all relevant aspects of the European Union's policy in order to facilitate the energy transition of islands.

The Sides will endeavour to ensure the functioning of the working modalities in Annex 1, and to meet the objectives of the work areas for cooperation in Annex 2. Any Side may decide not to take part in any work area from Annex 2.

The Memorandum of Split records a political intent alone and it is not legally binding.

The Memorandum of Split does not establish any new legal commitments, and does not replace or modify any existing legal obligations.

The Memorandum of Split confers no new powers nor implies any financial commitments.

All cooperation under the Memorandum of Split will be undertaken within existing European Union legislation and obligations under international law including full respect of sovereignty, sovereign rights and jurisdiction of the Member States in their territorial waters, exclusive economic zone and continental shelf.

The Memorandum of Split recognises that certain islands are included under the jurisdiction of Member States but are not subject to European Union law.

Annex 1 and Annex 2 (and subsequent updates of Annex 2) are integral parts of the Memorandum of Split.

This Memorandum is open to adhesion by any Member State of the European Union by simple letter to the European Commission who will inform the High Level Group (HLG).

Annex 1: Working modalities

Structure for cooperation

The Sides intend to establish a structure for their cooperation, which consists of the High Level Group, Working Group and the Forum.

1. The High Level Group

The High Level Group (HLG) will provide guidance and strategic input for defining, periodic revision and the monitoring of the work areas set out in the Annex 2.

The high-level representatives will be designated Ministers or Senior Officials.

The HLG will meet, when appropriate, and will be chaired by the European Commission.

The HLG may delegate tasks to the Working Group in restricted format. If necessary, the HLG will resolve or agree by consensus on issues that cannot be resolved at the Working Group.

2. The Working Group

The Working Group, chaired and organized by the European Commission, will consist of experts from the Sides, Participants, and relevant Stakeholders, in particular national energy regulatory authorities (NRAs) and when necessary transmission and distribution entities. The Working Group will have a flexible composition, in function of the topics to be addressed. It will discuss the measures from the work areas for cooperation with the aim of identifying priorities and solutions to challenges.

The Working Group in restricted format, consisting of the designated representatives of the Sides, will meet as appropriate, to enable the full transparency on the working of the Memorandum of Split. The Working Group in restricted format will report to the HLG on the progress achieved on the work areas for cooperation and on the activities of the Secretariat.

3. The Forum

The Forum will be organised to bring together the Sides, the Participants and the Stakeholders.

The Forum will focus on sharing the outcome of the cooperation, dissemination of best practices, engagement of island communities, including solutions to challenges and exchange of experience on the setting of the priorities.

The Participants

Participants are relevant representatives¹ of islands, associations representing islands, and/or islands communities.

The Stakeholders

The Stakeholders are regulators, quasi-regulatory bodies, system operators, agencies and public and private research centres.

Depending on the subject, stakeholders may also be non-governmental organisations, the energy sector (and related industries as appropriate, such as water supply companies or other utilities), civil society, business representatives, financial institutions and investors.

Stakeholders will be involved in regular consultations and may be invited to be present in the meetings of the Working Group, where appropriate.

The Secretariat

The Secretariat will support the HLG, the Working Group and organise the Forum. Additionally, the Secretariat will support the Participants in the development and implementation of their transition agendas to decarbonise their energy and transport sectors, as well as buildings and facilitate island community engagement, through *inter alia* technical support, capacity and community building (implementation of work area 1 in Annex 2).

The Secretariat will work under the management of the European Commission, with strategic input from the HLG.

¹ *Relevant representatives are those competent to prepare or implement transition agendas taking into account the political and administrative organisation of each Side.*

Annex 2: Work areas for cooperation

The Sides intend to cooperate on the below mentioned work areas. Updates of these work areas, when necessary, will be proposed by the European Commission, endorsed by the Working Group in restricted format and validated by the HLG by consensus.

Based on the meetings of the Working group, the European Commission will prepare a report each year which will also outline the activities for the next steps. This report will be endorsed by the Working Group in restricted format and validated by the HLG by consensus. The first Report will be prepared one year after the signature of the Memorandum of Split.

Work area 1: Development of specific solutions for islands or groups of islands as regards:

- Enhanced technical assistance and capacity building for the decarbonisation of islands or groups of islands;
- Preparing and implementing transition agendas to decarbonise relevant sectors, such as energy, transport and building;
- Identification of pilot projects aiming at the decarbonisation of isolated energy systems and dissemination of best practice; and
- Developing studies and identifying the main challenges to guarantee the security of supply in islands in the decarbonisation process.

Work area 2: Enabling environment, legal and regulatory aspects, as regards:

- Exchange of best practices, evaluation of the effectiveness of existing national policies, instruments and programs for the development and implementation of the energy transition of islands;
- Identification of legal, regulatory and other barriers to the development and implementation of the energy transition of islands;
- Development of a road map for tackling these barriers and creating a conducive legal and regulatory environment in the context of the Clean Energy for all European's citizens legal package and, more widely, all relevant EU legislation; and
- Identification of horizontal aspects affecting island's ability to plan and implement their transition plans.

Work area 3: Support framework and finance, as regards:

- Identification of possible financing streams (private and public) for the implementation of island's transition agendas;
- Streamlining and optimising the access of islands to sources of financing;
- Facilitation of local participation models such as Citizen and Renewable Energy Communities and collective self-consumption; and
- Identification of 'missing' instruments, resources, and development of plans to fill the identified gaps.