

RENEWABLES AND ENVIRONMENTAL POLICY WITHIN THE ENERGY COMMUNITY

by

Energy Community Secretariat

www.energy-community.org

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INTRODUCTORY WORDS

THE TREATY AS A FRAMEWORK

THE TREATY AND RENEWABLE ENERGY

THE TREATY AND ENVIRONMENT

ENERGY

Quick changes in the recent years (world wide, EU and SEE)

THE ENERGY POLICY IN EUROPE

Generally, approach towards common principles (security of supply, competition, environment);

But, big EU vs. SEE differences;

Currently in SEE: mostly bilateral relations;

The basis aimed: the relations with the EU as a backbone;

A necessity for a common framework: THE TREATY
ESTABLISHING THE ENERGY COMMUNITY

➤ The European
Community



- The Republic of [Albania](#)
- The Republic of [Bulgaria](#)
- [Bosnia and Herzegovina](#)
- The Republic of [Croatia](#)
- The former Yugoslav Republic of [Macedonia](#)
- The Republic of [Montenegro](#)
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- The United Nations Interim Administration Mission in [Kosovo](#)

SIGNATURE

Signed recently; entry into force – 1 July 2006. The Treaty is new as it is based on a new approach.

FRAMEWORK

It does not establish principles; it establishes a concrete framework, which is part of the Acquis Communautaire; minimum soft law obligations.

FAMILIARITY

Familiar framework (investors; the donors; the EU member states; Parties to the Treaty) i.e. It is a framework much easier to implement.

OBJECTIVES

Clear and easy to explain objectives and appropriate institution building on a Treaty level.

THE MAIN OBJECTIVES

- Create a single and stable regulatory space and stable market framework
- Enhance the security of supply of the single regulatory space
- Develop network energy market competition on a broader geographic scale
- Via application of the EU Acquis Communautaire :
 - Acquis on Energy
 - Acquis on Competition
 - Acquis on Renewables
 - Acquis on Environment

THE ACQUIS ON RENEWABLES

- Article 20 of the Treaty establishing the Energy Community

Each Contracting Party shall provide to the European Commission within one year of the date of entry into force of the Treaty:

- *a plan to implement **Directive 2001/77/EC** on the promotion of electricity produced from renewable energy sources in the internal electricity market and*
- *a plan to implement **Directive 2003/30/EC** on the promotion of the use of biofuels or other renewable fuels for transport*

The European Commission shall present the plan of each Contracting Party to the Ministerial Council for adoption

THE ACQUIS ON ENVIRONMENT

- Articles 12-17 of the Treaty bring out related provisions
- For the purpose of the Treaty, the acquis on environment shall mean:
 - (i) Council Directive **85/337/EEC** of 27 June 1985 on *the assessment of the effects of certain public and private projects on the environment*, as amended by Council Directive **97/11/EC** of 3 March 1997 and Directive **2003/35/EC** of the European Parliament and of the Council of 26 May 2003, *on the entry into force of the Treaty*
 - (ii) Council Directive **1999/32/EC** of 26 April 1999 relating to a *reduction in the sulphur content of certain liquid fuels* and amending Directive 93/12/EEC, *by 31 Dec 2011*
 - (iii) Directive **2001/80/EC** of the European Parliament and of the Council of 23 October 2001 on *the limitation of emissions of certain pollutants into the air from large combustion plants*, *by 31 Dec 2017*
 - (iv) Article 4(2) of Directive **79/409/EEC** of the Council of 2 April 1979 on *the conservation of wild birds*, *on the entry into force of the Treaty*

THE ACQUIS ON ENVIRONMENT

- The Parties recognise the importance of the **Kyoto Protocol**.
 - Each Contracting Party committed to endeavour to accede to it.

- The Parties recognise the importance of the rules set out in Council Directive **96/61/EC** of 24 September 1996 concerning **integrated pollution prevention and control**.
 - Each Contracting Party committed to endeavour to implement that Directive.

- After the entry into force of the Treaty, the construction and operation of new generating plants shall comply with the *acquis communautaire* on environment.

RENEWABLE ENERGY SOURCES AND ENERGY EFFICIENCY

- Article 35 of the Treaty establishing the Energy Community

The Energy Community may adopt Measures to foster development in the areas of renewable energy sources and energy efficiency, taking account of their advantages for security of supply, environment protection, social cohesion and regional development.

ELECTRICITY TRANSITION STRATEGY - RENEWABLES

▪ OBJECTIVE

- Balance domestic security, employment concerns and fuel diversification

▪ ISSUES

- Consider coal depending on supply security and environmental viability
- Further work to be done on use of hydropower sources
- Renewables to contribute to supply diversification, emission reductions, security of supplies and sustainability, over a long-term perspective
- Financial constraints, energy pricing policies and lack of supportive schemes
- Increase of market share of renewables, promotion of policy instruments, regulatory incentives and market mechanisms

▪ ACTIONS

- Energy strategy (SEE governments)
 - National programs and indicative targets of renewables (SEE governments)
 - Working plan for renewable energy (SEE governments, Regional Leader)
-

ELECTRICITY TRANSITION STRATEGY - ENVIRONMENT

▪ OBJECTIVE

- Align with the Acquis in accordance with the timetables from the Treaty
- Endeavour to accede to the Kyoto Protocol
- Improve energy efficiency on a change of consumer attitudes and strong institutional framework

▪ ISSUES

- Harmonization of the legislative framework with the Acquis
- Clear timetables for compliance
- Rational energy use and under-pricing

▪ ACTIONS (EC, SEE governments, Regional Centre)

- Align the legislation and negotiate timetables for harmonization
- Apply the EU norms and standards for construction of new plants
- Make national policies on energy efficiency, conservation and renewables

INITIATIVES IN THE PERMANENT HIGH LEVEL GROUP

- Proposal to host the Centre for energy management, energy efficiency, demand side management and renewables

Croatia tabled the proposal for discussion at the PHLG meeting in March 2006

- Proposal of a Protocol on distributed energy supply and renewables, applicable to mountainous regions

Serbia tabled the first draft of the sustainable energy development agreement for comments at the PHLG meeting in October 2006

- Proposal for a template to make plans for implementation of the acquis on renewables on the same platform – next PHLG meeting

2001/77/EC

- **AIM:** Promotion of electricity from RES in the internal electricity market
- **TASKS:** From the Treaty and from the Directive
- **PARTIES:** Plan the implementation of the directive – up to 1 July 2007, which shall be adopted by the Ministerial Council
- **DIRECTIVE:** Details
 - National indicative targets (the Directive – 21% of gross electricity consumption by 2010 and measures to achieve it);
 - Support schemes;
 - GoO of electricity, produced from renewable energy sources;
 - Reduce administrative barriers;
 - Transparent, objective and non-discriminatory grid conditions;

CURRENT SITUATION IN EU

- **2001/77/EC** requires the MS to implement legislation, administrative provisions and measures to enhance the use of renewable electricity
- **MEASURES:** Fair grid access and guarantee of origin
- **TARGET:** 21% for the share of electricity from RES in total European electricity consumption by 2010
- **CURRENT:** 14% share
- **ACTION:** MS are required to set national targets and to put in place appropriate measures to achieve the European target
- **December 2006**, 8 EU Member States on track, 11 taken insufficient measures to enable an adequate promotion.

2003/30/EC

- **AIM:** Promotion of use of biofuels or other renewable fuels for transport
- **TASKS:** From the Treaty and from the Directive
- **PARTIES:** Plan the implementation of the directive – up to 1 July 2007, which shall be adopted by the Ministerial Council
- **DIRECTIVE:** Details
 - Set national indicative target and ensure that a minimum proportion of biofuels and other renewable fuels is placed on the market;
 - References: 2% by end 2005 and 5.75% by end of 2010;
 - Monitor the effect of the use of biofuels in diesel blends above 5%;
 - Ensure that information is given to the public on the availability;
 - Report

EXPERTS' WORK – COUNTRY MISSIONS

- **INTENTION:**
 - to set up initial structure for periodic monitoring, including target assessment
 - to provide an analysis of assessed or estimated deviations
 - to offer suggestions on countermeasures
- **FINAL AIM:**
 - to create a reliable and complete reporting and monitoring procedures required from the iECS
 - to issue periodical reports on the findings
- **INITIAL STEP:** towards a creation of a set of benchmarks of utmost importance to opening and design of the regional market
- **SO FAR:** the analysis conducted has been focused solely on the provisions adopted, rather than on the effective implementation
- **IMPLEMENTATION:** shall be tackled in combination with the Road Maps and Action Plans

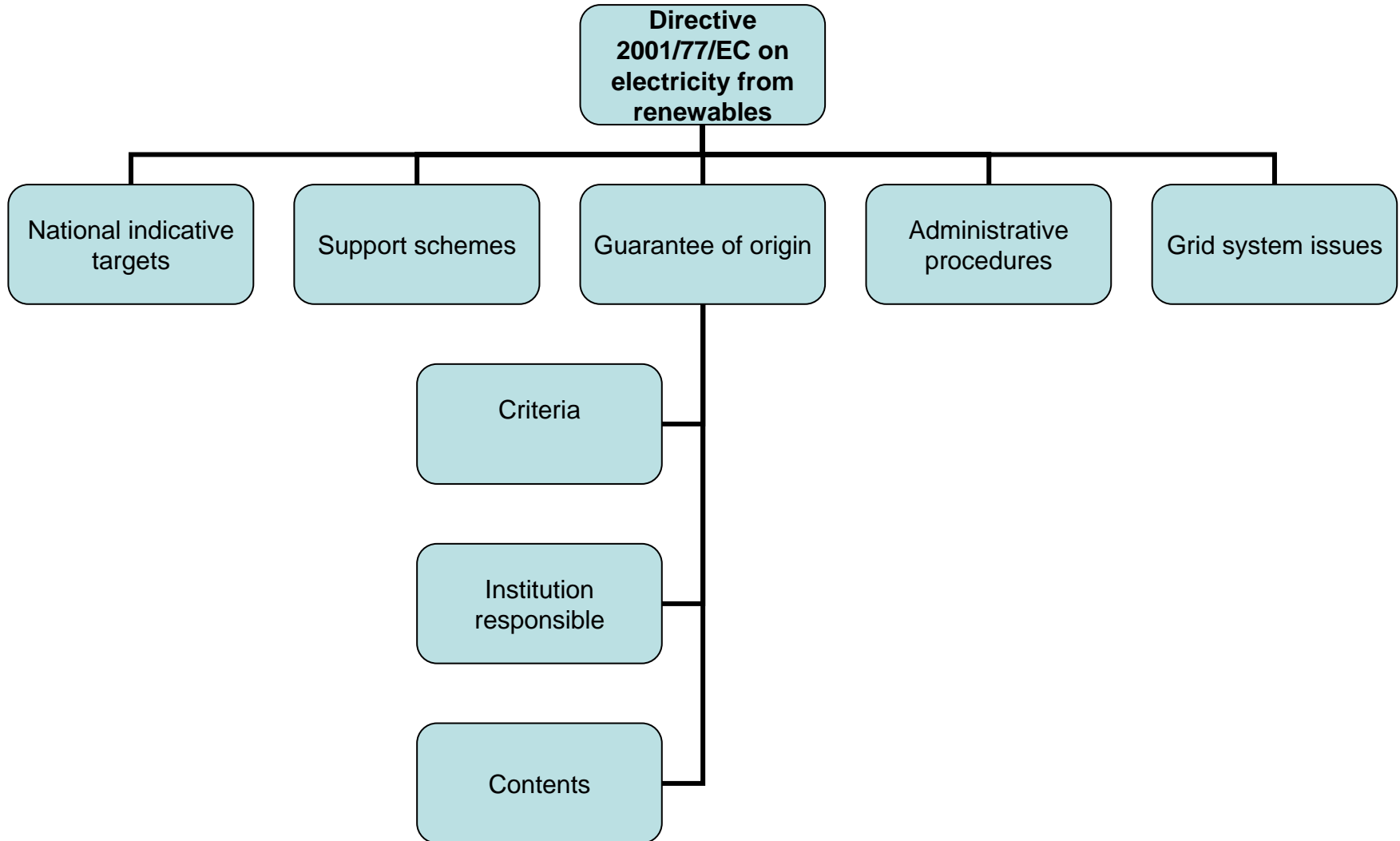
EXPERTS' WORK – COUNTRY MISSIONS

- The findings from the Country Missions are summarised in the table format
- Party-by-Party comparison is enabled as to present findings in more explicit way (solid ground basis for colour benchmarking)
- Party-by-Party colour benchmarking is introduced to differentiate levels of compliance (benchmarking indicators)
- The point of departure is identified for each Contracting Party as relating to further development of the Road Maps
- It refers to the Template of the Road Maps, Part 2 – ACTION PLAN, Chapter 1 – Acquis Communautaire

EXPERTS' WORK – COUNTRY MISSIONS

- Chapter 1 – Institutional Building
- Chapter 2 – Electricity
- Chapter 3 – Gas
- Chapter 4 – Competition
- Chapter 5 – Environment
- Chapter 6 – Renewable Energy
- Chapter 7 – Energy Infrastructure Projects
- Chapter 8 – Conclusions

EXPERTS' WORK – COUNTRY MISSIONS












































































EXPERTS' WORK – COUNTRY MISSIONS

Annex 3 - Table 1: Benchmarking – Institutional Building

	Institutional Building										
	Main EU political framework	Energy policy tasks	Environ. policy task	RES policy tasks	Competition policy tasks	Regulatory authority		Primary legislation		Jurisdictions over tariffs	
						Elec.	Gas	Elec.	Gas	Method.	Fees
Albania	SAP (SAA signed)	Ministry (METE)	Ministry (MOE)	Ministry (METE)	Competition Authority	Yes	No	Yes	No	Regulator	Regulator
Bosnia and Herzegovina	SAP (neg. started)	Ministry (MVTEO)	Ministry (MVTEO)	/	Council of Competition	Yes	No	Yes	No	Regulator	Regulator
Bulgaria	EU ACC (neg. ended)	Ministry (MEE)	Ministry (MOEW)	Shared with MEE	Competition Authority	Yes	Yes	Yes	Yes	Regulator	Regulator
Croatia	EU CC (neg. started)	Ministry (MINGORP)	Ministry (MZOPU)	Ministry (MINGORP)	Competition Agency	Yes	Yes	Yes	Yes	Regulator	Ministry
The former Yugoslav Republic of Macedonia	EU CC (neg. not started)	Ministry (MECON)	Ministry (MOEPP)	Ministry (MECON)	Monopoly Authority	Yes	Yes	Yes	Yes	Regulator	Regulator
Montenegro	SAP (neg. stopped)	Ministry (MEKON)	Ministry (MINZS)	Ministry (MEKON)	/	Yes	No	Yes	No	Regulator	Regulator
Romania	EU ACC (neg. ended)	Ministry (MININD)	Ministry (MMEDIU)	Shared with MININD	Competition Council	Yes	Yes	Yes	Yes	Regulator	Regulator
Serbia	SAP (neg. suspended)	Ministry (MEM)	Ministry (MNTR)	Shared with MEM	Competition Authority	Yes	Yes	Yes	Yes	Regulator	Ministry
UN Interim Admin. Mission in Kosovo	SAP (UNMIK Pillar IV)	Ministry (MEM)	Ministry (MMPH)	Ministry (MEM)	Competition Commission	Yes	Yes	Yes	No	Regulator	Regulator
Turkey	EU CC (neg. started)	Ministry (ENERJI)	Ministry (CEV)	Shared with MENR	Competition Authority	Yes	Yes	Yes	Yes	Regulator	Regulator
Regional perspective	Existence of ministries of energy and environment are at satisfactory levels. However, this is not the case for RES and/or EnEff. Regulatory Authorities have been established. However, some of them are active only in the electricity sector. Establishment of Competition Authorities lags behind the other ones. Overall institutional capacity strengthening, new staffing and training programs are urgently needed. Usage of the EU pre-accession instruments should be intensified. From 2007 to 2013, IPA will be the main tool of EU assistance with concentration on institution building and alignment to the Acquis. It will facilitate the entry into the EU of candidate countries and potential candidate countries.										

EXPERTS' WORK – COUNTRY MISSIONS

















































Table B.6: Benchmarking – Renewable Energy

	Renewable Energy						Implementation plan for 2003/30/EC
	Transposition of 2001/77/EC	Implementation Plan for 2001/77/EC				Grid Code provisions	
		Indicative targets	Support scheme	Certificate of origin	Authorisation procedure		
Albania							
Bosnia and Herzegovina							
Bulgaria							
Croatia							
The former Yugoslav Republic of Macedonia							
Montenegro							
Romania							
Serbia							
UN Interim Admin. Mission in Kosovo							
Turkey							
Regional perspective							



EXPERTS' WORK – COUNTRY MISSIONS

Annex 8 – Table 1: Benchmarking – Environment

	Environment								
	Existence of respective framework in environment				Ratification of Kyoto Protocol	Submission of Nat. Comm. to UNFCCC	Adoption of Directives		
	Strategy	Action Plan	Agency	Fund			85/337/EEC	1999/32	79/409/EEC
Albania	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A
Bosnia and Herzegovina							N/A	N/A	N/A
Bulgaria	N/A	N/A	N/A	N/A					
Croatia							N/A	N/A	N/A
The former Yugoslav Republic of Macedonia								N/A	N/A
Montenegro	N/A	N/A					N/A	N/A	N/A
Romania									
Serbia				N/A				N/A	N/A
UN Interim Admin. Mission in Kosovo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Turkey	N/A	N/A	N/A	N/A			N/A	N/A	N/A
Regional perspective	N/A						N/A		



EXPERTS' WORK – COUNTRY MISSIONS

	Conclusions					
	Political/Policy Background	Electricity	Gas	Environment	Renewables	Competition
Regional perspective	All Contracting Parties are anchored in the EU framework although with different political vehicles and moving with different speeds. Ratification of the Treaty is underway;	Monitoring of security of supply, unbundling, market opening and cross border issues (ITC mechanism, capacity allocation, congestion management, balancing) ask for immediate attention;	Some countries are more or less in line with the Directive 2003/55/EC. The others are in the phase of elaborating the primary legislation although it has to be taken into account that they are moving with different speeds; Unbundling of TSOs and DSOs and SoS issues like monitoring could ask for immediate action;	Further alignment to the Environmental Acquis from the EnC Treaty is needed, as well as institutional strengthening especially in implementation;	Legislation in the field of renewables needs further development. Action plans for implementation of EU Directive 2001/77/EC shall be adopted and implemented;	Competition Authorities need further strengthening and improvement of relations with the Regulatory Authorities in order to tackle competition issues in energy sector;

CONCLUSION

- So far, the focus is primarily on the Road Maps – Electricity and Gas
- But, the issue of RES+ENV is not forgotten and not underestimated
- The Secretariat has been for less than a year in effective operation
- Decisions of the Ministerial Council and the PHLG are followed

CONCLUSION

- Intensification of activities to come along with a package of EC reports and measures tabled together with the Strategic EU Energy Review
- Including:
 - a road map on renewable energy,
 - a report for a proposal on heating and cooling from renewable sources,
 - a report on the implementation of the directive 2001/77/EC,
 - a report on the implementation of the directive 2003/30/EC and a proposal for an amended Directive;
- The EC's "energy package" is preceded by the EC's presentation of an Action Plan on Energy Efficiency at the end of October 2006