IMPLEMENTATION OF
THE ENERGY COMMUNITY TREATY

ACQUIS FOR RENEWABLES
– STATE OF PLAY –

10th December 2008, Tirana

11th PHLG Meeting
CPS shall provide to EC within 1 year of entry into force of Treaty (until 1st July 2007):

- plan to implement Directive 2001/77/EC on the promotion of electricity produced from renewable energy sources in the internal electricity market

- plan to implement Directive 2003/30/EC on the promotion of the use of biofuels or other renewable fuels for transport

CPs national plans have been adopted at the 2nd MC on June 29, 2007

FORMAL REQUIREMENTS HAVE BEEN FULFILLED

The further obligations/deadlines were set in the approved Plans
THE IMPLEMENTATION PLANS

• To set the Policy and Regulatory framework

• To adopt institutional and technical solutions

• Deadlines in the Implementation Plan for Directive 2001/77/EC
  - Setting the indicative targets – first Report on 1st of July 2008
  - Support schemes
  - Guarantee of origin
  - Administrative procedures
  - Grid system issues

  1st of July 2009

• Deadlines in the Implementation Plan for Directive 2003/30/EC
  - Setting of indicative targets
  - Monitoring of effects
  - Ensuring public information
  - Setting of support measures
  - Reporting requirements

  1st of July 2008
## KEY FINDINGS

### Implementation status of Directive 2001/77/EC

<table>
<thead>
<tr>
<th>Contracting Party</th>
<th>National indicative targets</th>
<th>Support schemes</th>
<th>Guarantee of origin</th>
<th>Administrative procedures</th>
<th>Grid system issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Albania</strong></td>
<td>To be set</td>
<td>Preferential tariffs for new SHPP (&lt;15 MW) adopted; Feed-in tariffs to be introduced; New RES equipment exempted from custom duties</td>
<td>Regulation on GO for power producers adopted in February 2007, further implementation needed</td>
<td>Authorisation procedure for new capacities that are not subject to concession is in process of approval</td>
<td>Public Supplier buys electricity from privileged producers (RES); TSO gives dispatching priority to privileged producers (RES); Grid costs covered by producers</td>
</tr>
<tr>
<td><strong>Bosnia and Herzegovina</strong></td>
<td>To be set</td>
<td>Relevant by-laws to be put in place</td>
<td>No guarantee of origin mechanisms for RES electricity</td>
<td>Authorisation procedures for new generation facilities to be defined</td>
<td>Development of relevant legislation planned</td>
</tr>
<tr>
<td><strong>Croatia</strong></td>
<td>Targets set at 1.8% of the total electricity consumption for 2007 and 5.8% for 2010 (only for incentivised RES)</td>
<td>Feed-in tariffs for various RES defined</td>
<td>Regulation partly in place, full implementation expected in future</td>
<td>Authorisation procedures for new RES plants defined in accordance with overall legislation. Need to be simplified and expedited</td>
<td>Market operator obliged to ensure purchasing of renewable electricity. Rules on connection costs defined</td>
</tr>
</tbody>
</table>
## KEY FINDINGS

Implementation status of Directive 2001/77/EC

<table>
<thead>
<tr>
<th>Contracting Party</th>
<th>National indicative targets</th>
<th>Support schemes</th>
<th>Guarantee of origin</th>
<th>Administrative procedures</th>
<th>Grid system issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Former Yugoslav Republic of Macedonia</td>
<td>To be set</td>
<td>Feed-in tariffs are introduced for wind, biomass, small hydro and photovoltaic installations</td>
<td>Rulebook for issuing guarantees of origin adopted</td>
<td>Measures for RES utilisation are adopted in October 2008. Authorisation procedure for RES projects needs to be streamlined</td>
<td>MO obliged to purchase total electricity from eligible producers. Only access to TSO grid guaranteed</td>
</tr>
<tr>
<td>Montenegro</td>
<td>Proposed 2.52% by 2010, 7.62% by 2020To be adopted</td>
<td>Feed-in tariff to be introduced</td>
<td>Guarantee of origin mechanism for RES energy proposed</td>
<td>Authorisation procedures for RES plants to be simplified</td>
<td>RES plants have guaranteed access to the T&amp;D networks; exemption from transmission charges</td>
</tr>
<tr>
<td>Serbia</td>
<td>To be set</td>
<td>Support mechanisms to be introduced</td>
<td>No guarantee of origin mechanisms for RES electricity</td>
<td>Activities to simplify regulatory framework for RES to be performed</td>
<td>Preferential access to TSO and DSO grids to be guaranteed, grid costs covered by producers</td>
</tr>
<tr>
<td>UNMIK</td>
<td>Indicative targets for years 2007-2016 defined</td>
<td>Feed-in tariffs to be defined</td>
<td>The system for issuing guarantee of origin to be introduced</td>
<td>Authorisation procedure adopted</td>
<td>Measures to guarantee the transmission and distribution of RES electricity to be introduced</td>
</tr>
</tbody>
</table>
**KEY FINDINGS**

**Implementation status of Directive 2003/30/EC**

<table>
<thead>
<tr>
<th>Contracting Party</th>
<th>National indicative targets</th>
<th>Monitor the effect of the use of biofuels in diesel blends above 5% by non-adapted vehicles</th>
<th>Public information</th>
<th>Support measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>Set at 3% by 2010 10% by 2015</td>
<td>Regulation is in place</td>
<td>Measures have been defined</td>
<td>Incentives / Support schemes (including tax advantages) have been defined</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>Not set</td>
<td>Regulation will be defined</td>
<td>Measures will be defined</td>
<td>Not defined</td>
</tr>
<tr>
<td>Croatia</td>
<td>Set at 5.75% by 2010</td>
<td>Regulation partly in place, needs to be completed</td>
<td>Measures will be defined</td>
<td>Not defined</td>
</tr>
<tr>
<td>Former Yugoslav Republic of Macedonia</td>
<td>Set at 5.7% by 2010 (as a non-obligatory)</td>
<td>Regulation partly in place, needs to be completed</td>
<td>Measures will be defined</td>
<td>Not defined</td>
</tr>
<tr>
<td>Montenegro</td>
<td>Not set</td>
<td>Regulation partly in place, needs to be completed</td>
<td>Measures will be defined</td>
<td>Not defined</td>
</tr>
<tr>
<td>Serbia</td>
<td>Not set</td>
<td>Regulation partly in place, needs to be completed</td>
<td>Measures will be defined</td>
<td>Not defined</td>
</tr>
<tr>
<td>UNMIK</td>
<td>Draft: 2% of biofuels by December 2009; 5.75% by December 2015</td>
<td>Regulation will be defined</td>
<td>Measures will be defined</td>
<td>Not defined</td>
</tr>
</tbody>
</table>
INVESTMENT IN RES

• Albania – LHPP, sHPP, onshore wind (500 MW), biomass, solar
  – Ashta – Verbund - EVN, Devoll River (3 HPP- up to 370MW) – EVN, Skavica (350MW), Vjosa River

• Bosnia and Herzegovina – LHPP, sHPP, biomass, wind
  – HPP Glavaticevo (3x9.5 MW /172 MW) - DBOT, HPP Buk Bijela (≤450 MW)

• Croatia – 244 applications – wind, sHPP, cogen, solar PV, biomass, biogas

• Former Yugoslav Republic of Macedonia – hydro, biomass, solar, wind, geothermal
  – Cebren (3x110 MW), Galishte (3X64 MW), Vardar River Valley – 12 sHPP (325MW)

• Montenegro – LHPP, sHPP, biomass, wind
  – Moraca river – 4 HPP (238 MW), Komarnica river (168 MW), HPP – Piva modernisation
  – 8 small hydro DBOT concession contracts (out of 43 sites projected)

• Serbia – large potential for biomass, hydro, solar, wind, geothermal, biofuels (one producer), currently under investigation

• UNMIK – LHPP – Zhur (292 MW)
NEXT STEPS – Directive 2001/77/EC

• Adopt National Indicative Targets based on the assessment of renewable sources potential

• Adopt support measures for all renewable energy sources

• Set a system for the guarantee of origin while considering an efficient system of relationships among the institutions in the electricity market

• Adopt simplified administrative and fast-track planning procedures to encourage investments

• Consider options for sharing the cost of connection to the grid to support the proper integration of new RES producers

• Evaluate regularly the legislative and regulatory framework and propose appropriate actions to overcome the barriers
NEXT STEPS – Directive 2003/30/EC

- Targets are first step towards implementation of Directive 2003/30/EC
- Several CPs to define targets; one CP needs to make targets obligatory
- According to adopted Plans, next steps should be:
  - Development of the framework for monitoring
  - Defining the measures on public information
  - Setting the supporting measures
  - Fulfilment of the reporting requirements
- It is possible to overcome the noticed delay in the realization of the Plans
- **Sufficient administrative capacity** in ministries is crucial precondition
CONCLUSIONS

• HIGH POTENTIAL of RES – but not completely assessed

• Significant impact in ensuring security of supply

• Strategic approach needed when shaping the Energy Policies

• Adequate administrative capacity in Ministries, Energy Agencies and Regulatory Authorities

• Coherent legislative and regulatory framework

• ECS will continue to provide technical assistance to the CPs and is prepared to facilitate access to assistance from Donors’ - if needed by CPs

• ECS will continue to monitor and report on regular basis