Energy in the Western Balkans

Main policy challenges on the path to reform and reconstruction

Office of Global Energy Dialogue
Meeting of the Energy Community
Permanent High-Level Group
Zagreb, 24 September 2008
**International Energy Agency**
**Shared Goals**

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<th>Energy Security</th>
<th>Environmental Protection</th>
<th>Economic Growth</th>
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<td>• Promote diversity, efficiency and flexibility within the energy sectors of the IEA member countries. Remain prepared collectively to respond to energy emergencies. Expand international cooperation with all global players in the energy markets.</td>
<td>• Enhance awareness of options for addressing the climate change challenge. Promote greenhouse gas emission abatement, through enhanced energy efficiency and the use of cleaner fossil fuels. Develop more environmentally acceptable energy options.</td>
<td>• Ensure the stable supply of energy to IEA member countries and promote free markets in order to foster economic growth.</td>
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**INDIVIDUAL POLICY SURVEYS:**
- Albania
- Bosnia and Herzegovina
- Croatia
- the Former Yugoslav Republic of Macedonia
- Montenegro
- Serbia
- Kosovo under UN administration

**REGIONAL CHAPTERS:**
- Energy co-operation and trade
- Energy and poverty
- Pan-European oil and gas transportation
## Some Key Messages

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<th>Category</th>
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<td>Building institutional capacity and improving policy formulation:</td>
<td>• Effective public energy administrations and policies, backed up by adequate resources and statistical data</td>
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<td>Implementing energy market reform and regulation:</td>
<td>• Robust, market-based frameworks with independent regulators and a co-ordinated process of energy market reform to attract new investment</td>
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<td>Enhancing energy security:</td>
<td>• Diversified energy mix within the region as well as sources of external supply, energy efficiency and commercial development of renewable energy</td>
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<td>Improving energy efficiency:</td>
<td>• Policies and programmes for energy efficiency, with public authorities taking the lead in procuring energy-efficient products and technologies</td>
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<td>Prioritising environmental and climate change policies:</td>
<td>• Efficiency and a cleaner energy mix (gas, new technologies for lignite power plants, renewables) to reduce the region’s carbon and pollutant intensities</td>
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<td>Tackling energy poverty:</td>
<td>• Targeted support for vulnerable segments of the population plus programmes to improve insulation and efficiency to help estimated 1 in 6 that are exposed to energy poverty</td>
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<td>Developing regional co-operation and trade:</td>
<td>• Energy Community Treaty key to realising regional gains for energy trade, investment and security, need full commitment to Treaty implementation</td>
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<td>Facilitating trans-European transportation of oil and gas:</td>
<td>• Important role in trans-European oil and gas networks, including access to new gas supply sources in Caspian basin and Middle East that can stimulate growth of competitive regional market</td>
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Demand Side – A Missing Link?

Energy Intensity of GDP
In terms of purchasing power parity,
Tonnes of oil equivalent (toe) per thousand USD of GDP (year 2000 USD)

- **OECD Europe (average)**: 0.15
- **Western Balkans (average)**: 0.25
- **Albania**: 0.16
- **Bosnia and Herzegovina**: 0.19
- **Croatia**: 0.17
- **FYR Macedonia**: 0.21
- **Montenegro**: 0.26
- **Serbia**: 0.41
- **Kosovo under UN administration**: 0.42

Relatively high energy intensities linked to electricity mix, high losses in generation and transmission, and end-use inefficiency.
Developing Gas Supply and Markets
Capacity and Institutions

Twin goals of reform and integration offer the best opportunity to build sustainable, reliable and efficient energy sectors in the Western Balkans:

- Need broad and robust strategies for each market, based on effective consultation and co-ordination, and to ensure sustained commitment to their practical implementation.

- Adequate funding and training for the staff of ministries, regulators and other government agencies with responsibilities in the energy sector.

- Complete the separation of various government roles in the energy sector (i.e. as policy maker, regulator, and owner of state companies and other assets).

- Statistical bodies of the region need the capacity to collect, process and publish comprehensive sets of energy statistics in accordance with Eurostat/IEA/UNECE methodology.
Sequencing of Reforms

Source: WEC
Thank you for your attention!

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