State of Play of Renewables in the Energy Community – Where are we and where are we going?

Energy Community Parliamentary Plenum
European Parliament, 24 April 2018
EU Renewable Energy Directive 2009/28/EC was adopted in Energy Community in 2012 with 2014 as the implementation deadline.

The Directive determines the Contracting Parties’ binding national targets to be achieved through the use of renewable energy in the electricity, heating and cooling, and transport sectors by 2020.

A similar methodology as for the EU Member States was applied for determining the targets.

Where do we stand today?
RES Target Progress I

- **Albania**: 31% (05% 11% 20% 30% 35% 40% 45%)
- **Bosnia and Herzegovina**: 34% (05% 11% 20% 30% 35% 40% 45%)
- **Kosovo***: 19% (05% 11% 20% 30% 35% 40% 45%)
- **The FYR of Macedonia**: 22% (05% 11% 20% 30% 35% 40% 45%)
- **Moldova**: 12% (05% 11% 20% 30% 35% 40% 45%)
- **Montenegro**: 26% (05% 11% 20% 30% 35% 40% 45%)
- **Serbia**: 21% (05% 11% 20% 30% 35% 40% 45%)
- **Ukraine**: 5.5% (05% 11% 20% 30% 35% 40% 45%)

**Notes:**
- 34.9% 37.1% (Moldova 37.7% 41.6%)
- 42.9% (Montenegro 33% 37.7% 41.6%)

*This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.*

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Energy Community Parliamentary Plenum, 24 April 2018
## RES Target Progress II

<table>
<thead>
<tr>
<th>Contracting Party</th>
<th>Status</th>
<th>Action</th>
</tr>
</thead>
</table>
| Albania                                   | On the trajectory       | - Review RES technology objectives in National Renewable Energy Action Plan  
|                                           |                         | - Introduce RES auctions for large RES                                 |
| Bosnia and Herzegovina                    | Above the target        | - Introduce RES auctions for large RES                                  |
| Georgia                                   | -                       | - Adopt RES legislation and introduce auctions for large RES           |
| Kosovo*                                   | Below the trajectory    | - Review the RES technologies in National Renewable Energy Action Plan  
|                                           |                         | - Amend the legislation and introduce RES auctions                     |
| Former Yugoslav Republic of Macedonia     | Below the trajectory    | - Amend the legislation and introduce RES auctions                     |
| Moldova                                   | On the trajectory       | - Introduce RES auctions                                               |
| Montenegro                                | Above the target        | - Amend the legislation and introduce RES auctions                     |
| Serbia                                    | Below the trajectory    | - Review RES technology objectives in National Renewable Energy Action Plan  
|                                           |                         | - Amend the legislation and introduce RES auctions                     |
| Ukraine                                   | Below the trajectory    | - Amend the legislation and introduce RES auctions                     
|                                           |                         | - Revision of biomass data                                            |

Energy Community Parliamentary Plenum, 24 April 2018
Critical issues in Western Balkans – needed action

- Fossil fuel subsidies vs. RES subsidies
- High country risks – high capital costs
- Expensive feed-in tariffs, resistance to auctions
- Underestimated state aid
- No job transformation policy, no hope for fossils
- Resistance to introduce electricity regional market
## Energy subsidies in the WB6

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Albania</td>
<td>7-8%</td>
<td>1.9%</td>
</tr>
<tr>
<td>BiH</td>
<td>9-10%</td>
<td>37%</td>
</tr>
<tr>
<td>FYR of Macedonia</td>
<td>8-9%</td>
<td>18.7%</td>
</tr>
<tr>
<td>Kosovo*</td>
<td>35-36%</td>
<td>N/A</td>
</tr>
<tr>
<td>Montenegro</td>
<td>10-11%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Serbia</td>
<td>7-9%</td>
<td>34.7%</td>
</tr>
</tbody>
</table>

Cost of capital estimations for onshore wind projects in Europe in 2014

WACC across the EU-28
(interview results for onshore wind)

DIA-CORE (2016) "The impact of risks in renewable energy investments and the role of smart policies"
Impact of cost of capital in CESEC region

- High cost of capital scenario
- Medium cost of capital scenario
- Low cost of capital scenario
- Capital cost for hydropower

Potential [GW]

- PV
- Wind
- Biomass
- Geothermal
- Hydropower
## Support for Renewable Energy in the WB6

<table>
<thead>
<tr>
<th>Contracting Party</th>
<th>PV</th>
<th>Wind</th>
<th>Biomass</th>
<th>Hydro</th>
<th>Biogas</th>
<th>Waste</th>
<th>Geothermal</th>
<th>PPA</th>
<th>Links</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FiP</td>
<td>11,07 - 6,32</td>
<td>4,21</td>
<td>8,1 - 7,32</td>
<td>3,63 - 2,12</td>
<td>-</td>
<td>-</td>
<td>12 yrs.</td>
<td></td>
</tr>
<tr>
<td>Serbia</td>
<td>14,6 - 9</td>
<td>9,2</td>
<td>13,26 - 8,22</td>
<td>12,6 - 7,5</td>
<td>18,33 - 15</td>
<td>8,57</td>
<td>8,2</td>
<td>12 yrs.</td>
<td><a href="http://www.mre.gov.rs/doc/efikasnost-izvori/Uredba%20o%20podsticajnim%20merama%20ENG20092016.PDF">http://www.mre.gov.rs/doc/efikasnost-izvori/Uredba%20o%20podsticajnim%20merama%20ENG20092016.PDF</a></td>
</tr>
</tbody>
</table>

*Energy Community Parliamentary Plenum, 24 April 2018*
Secretariat prepared 9 draft laws + Policy Guidelines

Policy Guidelines on Competitive Selection and Support for Renewable Energy

December 2017
Challenges

• Achieve 2020 RES targets and ensure the transition to clean energy in the most cost-effective way

• After the adoption of RES Laws, secondary legislation has to follow

• Support level is not the only critical aspect in the investment decisions – RES framework is highly important – transparent-predictable-credible

• Amending legislation to make RES financially sustainable by introducing a competitive bidding process on RES support for large projects in line with State Aid Guidelines 2014-2020
  – Energy Community Guidelines on competitive selection and support for renewable energy

• Make RES local (technology non-neutral)

• Create a regional electricity market – liberalize national markets

• Fight against state aid and fossil fuel subsidies

• Sound, reliable energy statistical data is needed to build credible forecasts to 2030 as well as NECP to 2030

• Uncertainties on meeting the 2020 RES targets is affecting the 2030 RES target settings
Towards an Integrated Climate and Energy 2030 Vision for the Energy Community

Sustainability Pillars of the Energy Community Treaty

- Acquis on Energy Efficiency
- Acquis on Renewable Energy
- Acquis on Environment
- Acquis on Climate

Preparation of integrated National Climate and Energy Plans from 2018 onwards
**Task 1** – Propose an **EU-convergent methodology** to establish overall 2030 targets in the Energy Community Contracting Parties.

**Task 2** – Based on the methodology, **calculate** 2030 energy efficiency, RES and GHG emissions reduction targets to be proposed under aligned framework conditions in the Energy Community.

**Task 3** – Provide a **general evaluation of the impact** (costs and benefits) associated with the fulfilment of the targets.
Thank you for your attention!

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