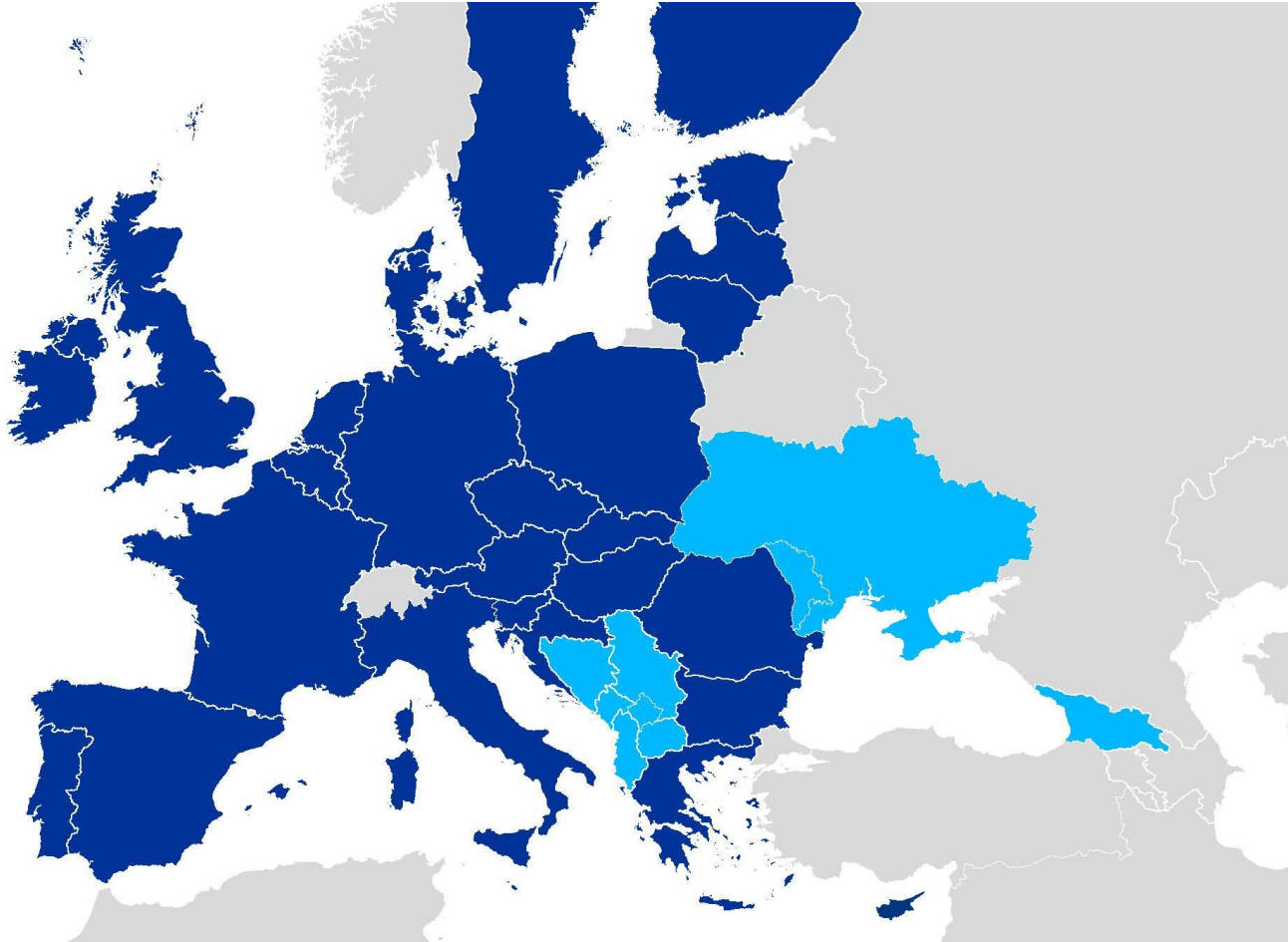




*CLEAN ENERGY FOR ALL  
EUROPEANS - THE WAY AHEAD  
THE BALKAN PERSPECTIVE FOR  
EUROPE'S LOW-CARBON FUTURE*



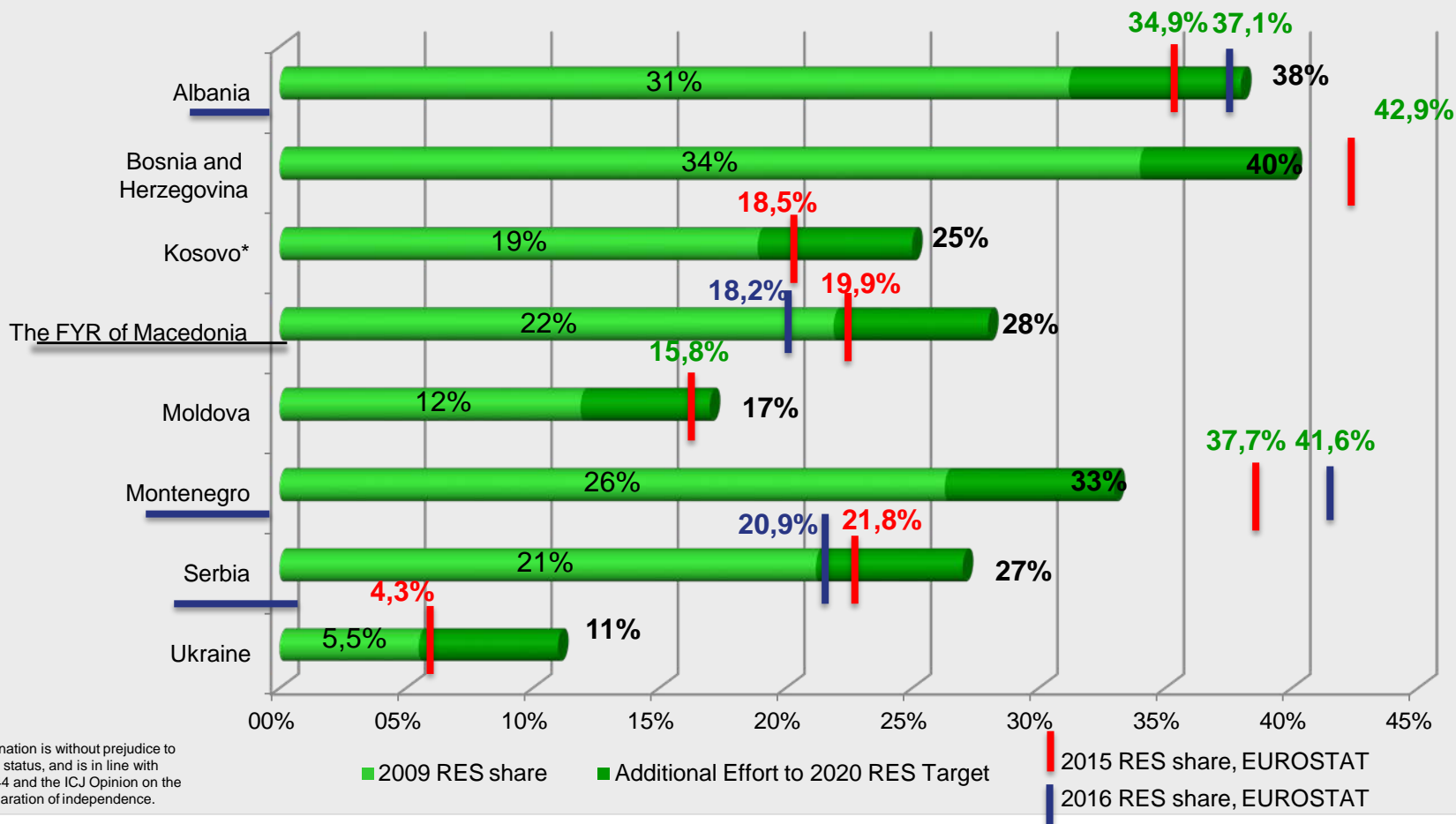
A treaty-based instrument to reform the EU neighbouring countries' energy sectors in line with EU energy law and principles towards a Pan-European Energy Market

RES Directive  
EED, EPBD,  
Governance Reg.  
NO CO<sub>2</sub> target apart  
from UNFCCC NDCs



- As of 1 January 2018, Contracting Parties are implementing the Large Combustion Plants Directive for existing plants and stricter emission limit values for new plants (or completely retrofitted plants) under the Industrial Emissions Directive
- Emission reporting will be conducted in cooperation with the European Environment Agency
- Countries beginning to take concrete actions:
  - Serbia to shut down eight coal-fired power plant units by 2024
  - Montenegro announced retrofitting of thermal power plant
  - Steps to build a new coal-fired power plant in Kosovo\*, but Secretariat has state aid and competition concerns
- **Biggest question: what comes after coal?**

# RES Target Progress I



\* 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.

- ***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 fossiles***
- ***Resistance to introduce electricity regional market***

# *Name them, don't fame them (subsidies)*



## *Fossil fuel subsidies*

- *Direct financial transfers – grants to producers; grants to consumers; low-interest or preferential loans to producers.*
- *Preferential tax treatments – rebates or exemption on royalties, duties, producer levies and tariffs; tax credit; accelerated depreciation allowances on energy supply equipment.*
- *Trade restrictions – quota, technical restrictions*
- *Energy-related services provided by government at less than full cost – direct investment in energy infrastructure; public research and development.*
- *Regulation of the energy sector – demand guarantees and mandated deployment rates; price controls; market-access restrictions; preferential planning consent and controls over access to resources.*
- *Etc.*

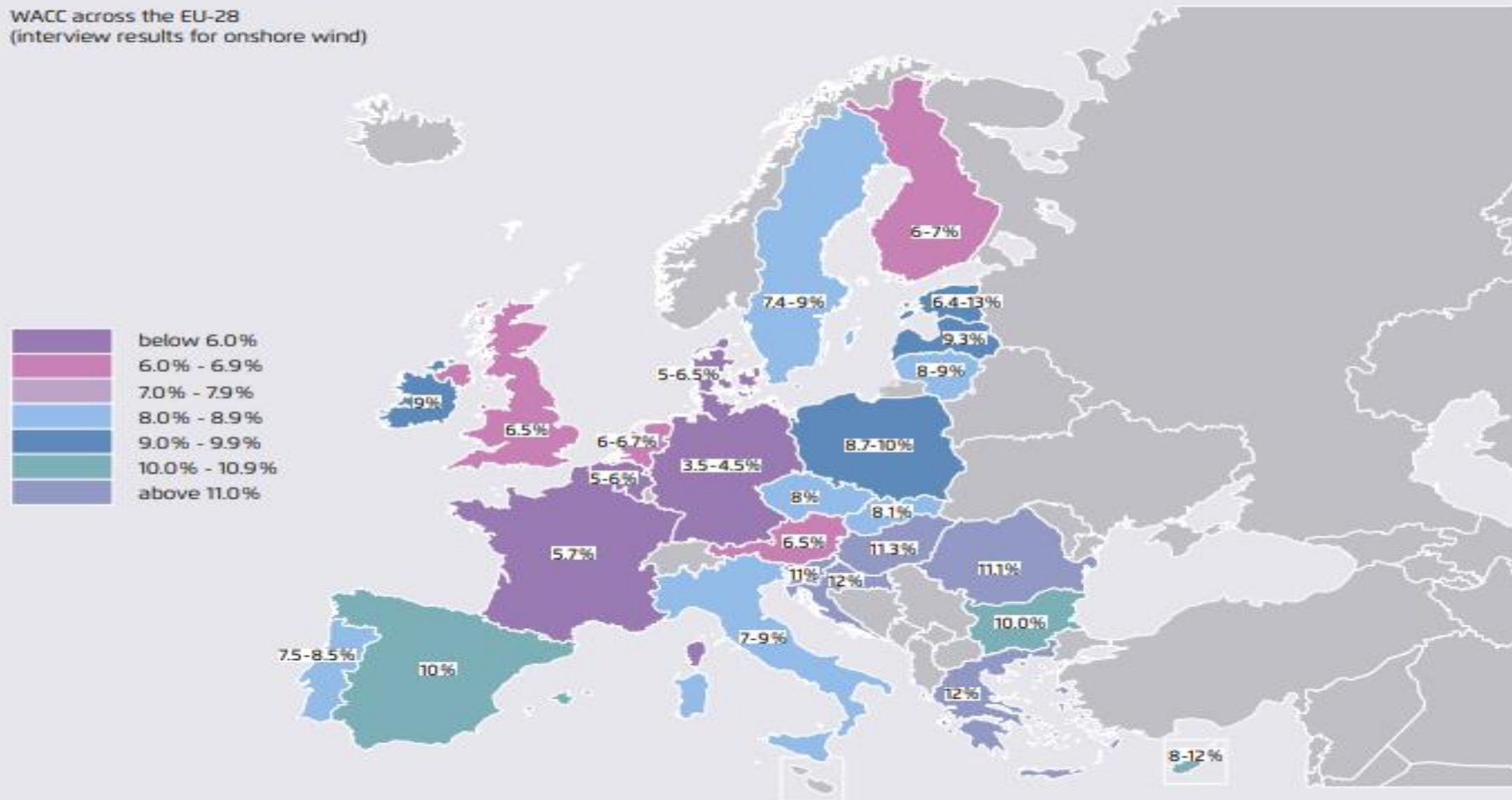
# Energy subsidies in the WB6

Contracting Party	Estimated fossil fuel subsidies (% of GDP) 2005-2009	Energy subsidies (% of GDP) 2015
Albania	7-8%	1.9%
BiH	9-10%	37%
FYR of Macedonia	8-9%	18.7%
Kosovo*	35-36%	N/A
Montenegro	10-11%	16.7%
Serbia	7-9%	34.7%

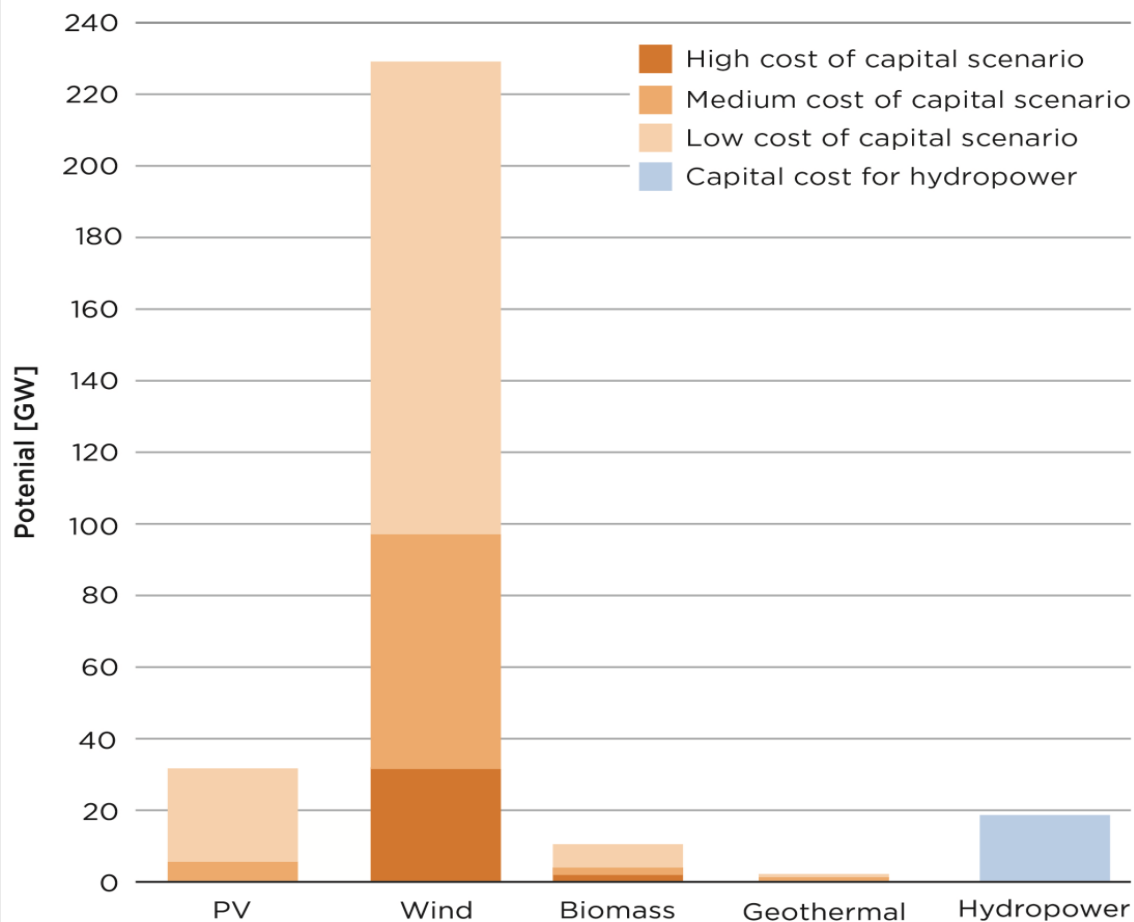
Source: adapted from 'Fossil Fuel Subsidies in the Western Balkans', UNDP, 2011 and REN 21 "Renewable Energy Status Report", UNECE, 2017



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



# Impact of cost of capital in CESEC region



# Support for Renewable Energy in the WB6

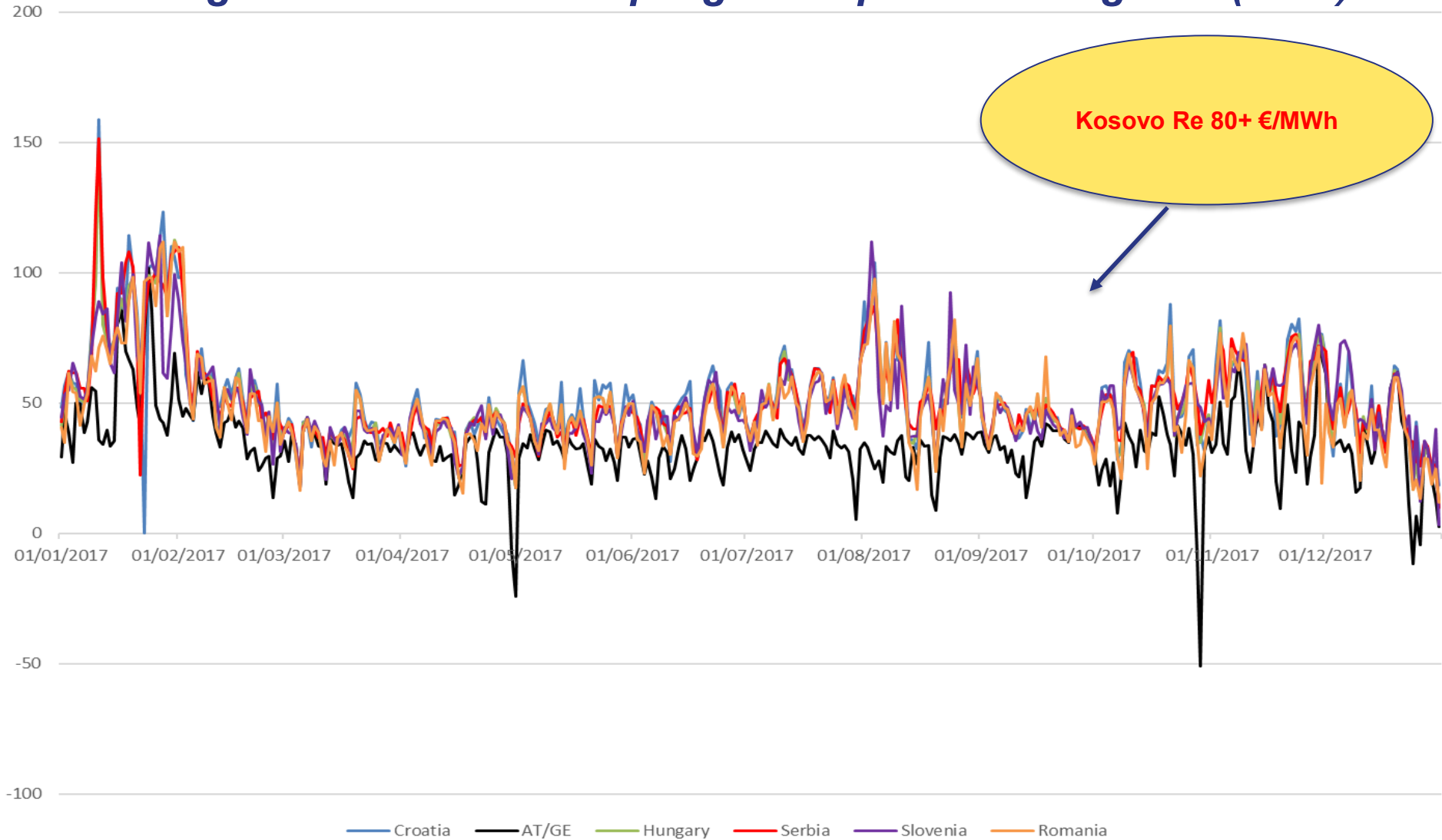
Contracting Party		PV	Wind	Biomass	Hydro	Biogas	Waste	Geothermal	PPA	Links
Albania		10	7,6	-	5,63	-	-	-	15 yrs.	<a href="http://www.ere.gov.al/doc/Tarifate_e_mirat_uara_nga_ERE_Prill_-_Dhjetor2017.pdf">http://www.ere.gov.al/doc/Tarifate_e_mirat_uara_nga_ERE_Prill_-_Dhjetor2017.pdf</a> ; <a href="http://www.ere.gov.al/doc/VENDIM_NR.12_0_2017.pdf">http://www.ere.gov.al/doc/VENDIM_NR.12_0_2017.pdf</a>
BiH- FBiH		27,2 - 15,78	17,86 - 7,1	16,1 - 11,61	14,84 - 6,33	36,37 - 14,26	-	-	12 yrs.	<a href="http://www.ferk.ba/ba/images/stories/2017/prilog_1_odluka_gc_bs.pdf">http://www.ferk.ba/ba/images/stories/2017/prilog_1_odluka_gc_bs.pdf</a>
BiH- RS	FiT	15,06 - 10,3	8,45	21,53 - 11,55	7,87 - 6,36	12,28	-	-	15 yrs.	<a href="http://www.reers.ba/sites/default/files/FeedInPrices_RES_290616.pdf">http://www.reers.ba/sites/default/files/FeedInPrices_RES_290616.pdf</a>
	FiP	11,07 - 6,32	4,21	8,1 - 7,32	3,63 - 2,12	-	-	-		
Kosovo*		13,64	8,5	7,13	6,747	-	-	-	12 yrs. except hydro 10 yrs.	<a href="http://ero-ks.org/2016/Vendimet/V_810_2016_eng.pdf">http://ero-ks.org/2016/Vendimet/V_810_2016_eng.pdf</a>
FYR of Macedonia		16 - 12	8,9	15	12 - 4,5	18	-	-	15 yrs. - PV, biomass, biogas; 20 yrs. – wind, hydro	<a href="http://shpp.moepp.gov.mk/Upload/Document/EN/uredba-za-povlasteni-tarifi.pdf">http://shpp.moepp.gov.mk/Upload/Document/EN/uredba-za-povlasteni-tarifi.pdf</a>
Montenegro		12	9,61	13,71 - 12,31	10,44 - 6,8	15	9	-	12 yrs.	<a href="http://www.oie-res.me/index.php?page=uredbe-i-pravilnici">http://www.oie-res.me/index.php?page=uredbe-i-pravilnici</a>
Serbia		14,6 - 9	9,2	13,26 - 8,22	12,6 - 7,5	18,33 - 15	8,57	8,2	12 yrs.	<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>



# Policy Guidelines on Competitive Selection and Support for Renewable Energy

December 2017

# Moving towards market coupling - SEE price convergence (2017)



## Benefits of cross border trading

(integrated Vs isolated markets)

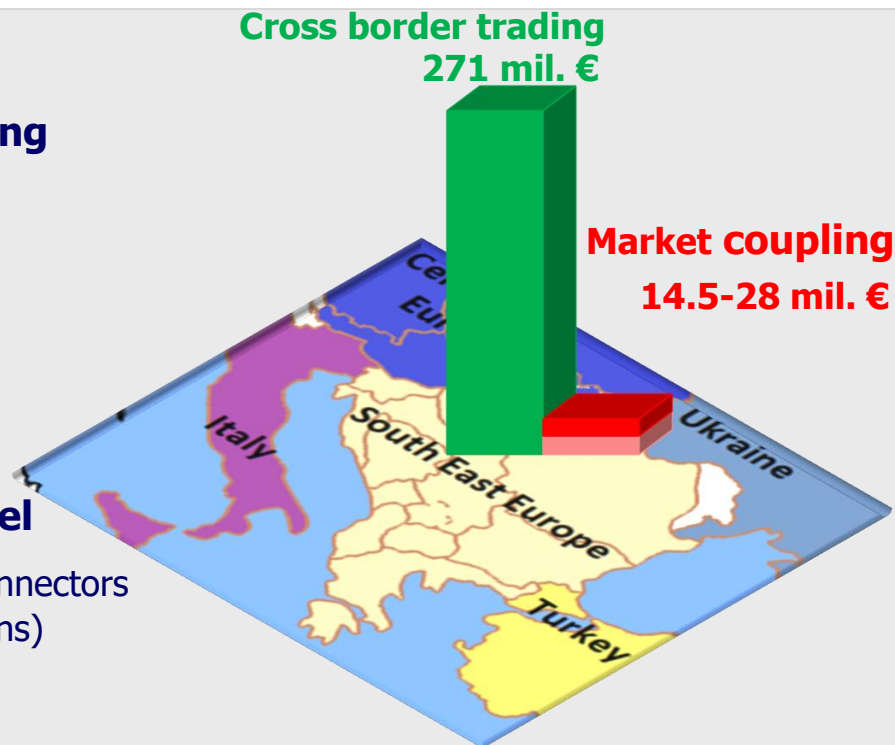
**271 mil. € on annual level**

## Benefits of market coupling

In range of:

**14.5 - 28 mil. € on annual level**

(for 10%-20% more efficient interconnectors utilization compared to explicit auctions)



*The main finding is that the gains from market coupling implementation are considerable in absolute terms, and at least an order of magnitude larger than the costs; still, it should be recognized that they are rather modest compared to the total value of wholesale turnover*

- 1. Name them, don't fame them! – fossil fuel subsidies**
- 2. Make RES also financially sustainable – lower cost of capital**
- 3. Save taxpayers' money 1 - replace feed-in tariffs with auctions**
- 4. Save taxpayers' money 2 – fight against state aid**
- 5. Make RES local (technological non-neutral) – jobs creation**
- 6. Make electricity regional – liberalize national markets**

## **7. RULE OF LAW**

The background is a satellite-style image of the Earth at night, showing city lights. Overlaid on this are numerous glowing blue lines that represent energy transmission paths, connecting various points across the globe.

*Thank you  
for your attention!*

[www.energy-community.org](http://www.energy-community.org)