

RENEWABLE ENERGY COORDINATION GROUP

WORK PROGRAMME 2023 – 2024



Podveležje Wind farm, Bosnia and Herzegovina

Table of Contents:

IMPLEMENTATION OF 2030 RES TARGETS.....	5
❖ Activity 1: Proposal for RE Policies and Measures	5
❖ Activity 2: Preparation for Progress reports	5
IMPLEMENTATION OF THE DIRECTIVE (EU) 2018/2001.....	6
1. COST-EFFECTIVE SUPPORT SCHEMES.....	6
❖ Activity 1: Designing support schemes	6
❖ Activity 2: Investment forums (national and regional)	6
2. STREAMLINING PERMITTING PROCEDURES.....	7
❖ Activity 1: Identifying gaps, barriers, bottlenecks.....	7
❖ Activity 2: Guidelines and recommendations on simplifying permitting procedures	7
3. GUARANTEES OF ORIGIN AND POWER PURCHASE AGREEMENTS (PPAs).....	8
❖ Activity 1: Supporting full implementation of the system for guarantees of origin for electricity.....	8
❖ Activity 2: Introducing guarantees of origin for renewable gasses (incl. hydrogen), heating & cooling.....	8
❖ Activity 3: Facilitating uptake of (corporate) PPAs	8
4. EMPOWERING CONSUMERS	9
❖ Activity 1: Supporting further implementation of self-consumption schemes	9
❖ Activity 2: Policy Guidelines on Energy Communities.....	9
5. ADDRESSING THE UNTAPED POTENTIAL FOR HEATING & COOLING.....	10
❖ Activity 1: Support inclusion of RES and waste heat in spatial plans and planning of district heating infrastructure	10
❖ Activity 2: Discussing measures for the deployment of RE heating: support schemes for RES in H&C	10
❖ Activity 3: Providing information on energy efficiency of district heating companies.....	11
6. BIOFUELS, BIOLIQUIDS AND BIOMASS FUELS AND GHG EMISSIONS SAVINGS	11
❖ Activity 1: Introducing sustainability criteria for bioenergy (biofuels, bioliquids and biomass).	11
HORIZONTAL AND CROSS-CUTTING ISSUES	12
❖ Activity 2: Strengthening the national institutions to promote renewable energy.....	12
❖ Activity 3: Exchange of best implementation practices in CPs and EU Member States (RECG meetings, Workshops)	12
❖ Activity 4: Coordination of donors support on renewable energy	12

BACKGROUND

The Renewable Energy Coordination Group (RECG) was established by the Ministerial Council in 2015 as a broad platform for cooperation between representatives of ministries and agencies in charge of renewable energy from Contracting Parties (CPs), Observer Countries and Participants. The key objective of the group is to facilitate the transposition of the Renewable Energy Directives in the Energy Community and to support effective implementation. The Renewable Energy Directive (EU) 2018/2001 (REDII) was incorporated and adopted for implementation in the Energy Community with the Decision 2021/14/MC-EnC of the Ministerial Council in November 2021 as part of the Clean Energy Package. The group's predecessor, the Renewable Energy Task Force, was operational from 2009 to 2012, in the preparatory period for RED adoption in the Energy Community.

Main goal of the group is to support the identification of the appropriate measures that need to be implemented to ensure the creation of conducive investment frameworks for renewable energy projects in the Contracting Parties. The ultimate aim of the group is to streamline policies and measures in line with the RES targets agreed at the December 2022 Ministerial Council. In this context strong support offered by the representatives of the Donors Community is very important and valuable for a successful implementation of the RECG Work Programme.

At the December 2022 Ministerial Council, 2030 targets were adopted on the national and Energy Community level for renewable energy, energy efficiency and greenhouse gas emissions reduction. Draft National Energy and Climate Plans (NECPs), which will include policies and measures to achieve targets, should be submitted by the Contracting Parties to the Energy Community Secretariat by mid-2023, while final NECPs shall be submitted by mid-2024.

The RECG Work Programme 2023-2024 includes 6 Chapters and focuses on implementation of key requirements of the REDII as well as other activities from the extension of the acquis under the Energy Community Treaty. 2023 will be dedicated to finalizing the transposition and implementation of the REDII. The formal deadline for the transposition and implementation of the REDII expired at the end of 2022. So far, most of the Contracting Parties are making slow but steady progress. A special attention will be given to streamlining permitting procedures as well as to the citizen's participation in the development of renewable energy projects, including enabling and implementation of self-consumption mechanisms and energy communities. Reform of support scheme and introduction of market-based auctions for renewable energy projects in the Contracting Parties, as well as cross-border cooperation mechanisms between Contracting Parties and with the EU Member States will require major efforts and will remain key activities within the WP. Renewable power purchase agreements (PPAs) are expected to become a major driver for more market-based renewables deployment and for that to happen guarantees of origin are essential. Therefore, Contracting Parties are expected to follow up on the regional project on guarantees of origin and sign the contracts with the selected service provider. Following the setting of 2030 RES targets, further monitoring of implementation of adopted policies and measures to achieve 2030 renewable energy targets will be conducted in the framework of the Renewable Energy Coordination Group.

The RECG will elect a chair among the participating CPs who will, with a support of the Energy Community Secretariat (the Secretariat), coordinate implementation of respective WP Chapters, organise discussions and summarise key findings and recommendations during the RECG meetings.

RECG will have two meetings per year combined with training workshops. One meeting will be held in the Energy Community Secretariat in Vienna and one meeting will be hosted by Contracting Parties. The summary table below provides the overview of chapters and activities for the implementation of WP, as well as the implementation of horizontal and cross-cutting activities.

IMPLEMENTATION OF 2030 RES TARGETS

At the December 2022 Ministerial Council, 2030 targets were adopted on the national and Energy Community level for renewable energy, energy efficiency and greenhouse gas emissions reduction. Renewable energy targets and policies and measures will be addressed under the 'Decarbonisation of the economy' dimension of the integrated National Energy and Climate Plan (NECP) in an integrated way, which recognises the interactions between the different dimensions.

General framework for NECPs is described in the Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action, as incorporated and adapted by the Ministerial Council Decision 2021/14/MC-EnC.

❖ Activity 1: Proposal for RE Policies and Measures

Jointly with the Energy and Climate Technical WG, the RECG will work on mapping key aspects which need to be addressed in order to contribute to further deployment of renewable energy. To assure that RE 2030 targets are met, relevant policies and measures need to be proposed in the NECP, including, but not limited to, specific measures such as to:

- regional cooperation;
- financial support, where applicable for the promotion of the production and use of energy from renewable sources in electricity, heating and cooling, and transport;
- assessment of the support for electricity from renewable sources;
- introduce one or more contact points, streamline administrative procedures, provide information and training, and facilitate the uptake of power purchase agreements;
- assessment of the necessity to build new infrastructure for district heating and cooling produced from renewable sources
- promotion of the use of energy from biomass, especially for new biomass mobilisation taking into account:
 - biomass availability, including sustainable biomass: both domestic potential and imports from third countries
 - other biomass uses by other sectors (agriculture and forest-based sectors); as well as measures for the sustainability of biomass production and use.

❖ Activity 2: Preparation for Progress reports

Article 17 of the Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action requires the Contracting Parties to submit by 15 March 2025, and every two years thereafter, a progress report on the status of implementation of its integrated national energy and climate plan by means of an integrated national energy and climate progress report covering all five dimensions of the Energy Union. Article 20 requires Contracting Parties to integrate reporting on renewable energy.

Furthermore, the Secretariat will assess and report on progress made by Contracting Parties by 31 October 2025 and every two years thereafter, as part of the annual implementation report.

IMPLEMENTATION OF THE DIRECTIVE (EU) 2018/2001

The RECG members will regularly report to the Secretariat on implementation and transposition of the Directive 2018/2011 (REDII) via emails, questioners, during RECG meetings etc.

1. COST-EFFECTIVE SUPPORT SCHEMES

To ensure that ambitious renewable energy targets are met in the most cost-effective way, access to the support schemes has to be granted in an auction process where the market is deciding the most competitive bid for the specified source of energy limiting thus the support levels to the minimum. Article 4 of the REDII provides guidelines for the competitive procurement of renewables to increase their share in the energy mix.

The RECG will focus its activities on fostering the implementation of market-based support schemes for the promotion of renewable energy, in line with the State Aid Guidelines, best practice and the policy guidelines for renewable energy auctions published jointly by EBRD, IRENA and the Energy Community Secretariat.

❖ Activity 1: Designing support schemes

The reform process to switch from administratively set feed-in tariffs (FiTs) to market-based support schemes is ongoing in all Contracting Parties, with Albania and North Macedonia being the only two Contracting Parties to have held auctions so far.

Design of auctions is a complex process, which requires an elaboration on several aspects including institution in charge to execute auction (counterparty), financial support mechanism (for example sliding or fixed premium), models for contracts, balancing responsibility, bid volumes etc. There is no "one-size-fits-all" solution, therefore analysis need to be conducted on a country level; however, since Contracting Parties are facing similar challenges exchange of experiences is crucial.

The RECG will continue working with assistance of Donors, IFIs and other international organizations to support establishment of an appropriate auction design to facilitate the cost-effective deployment of renewable energy in line with the REDII and State Aid Guidelines. The RECG members will coordinate organization of workshops/discussions with relevant stakeholders to assure transparent and inclusive process.

❖ Activity 2: Investment forums (national and regional)

Decrease of capital costs for renewable energy projects is increasing interest of investors, so does of the project developers. However, preparing a bankable project and finding the right funds still remains a challenge in a complex legal and regulatory environment of the Contracting Parties.

RECG, with assistance of the Secretariat and other international organizations, will support matchmaking between project developers and financial institutions by organizing Investment forums.

2. STREAMLINING PERMITTING PROCEDURES

In January 2022, the European Commission launched an initiative with the aim to facilitate implementation of renewable energy projects. In the justification of the initiative, the European Commission notes that the permit-related and other administrative barriers have been identified as a common bottleneck for the deployment of renewable energy projects. Regulatory complexity, lengthy procedures and their uncertain outcomes discourage investors, cause delays and make projects more expensive. The REDII in its Article 15 requires from Contracting Parties to ensure that administrative procedures are streamlined and expedited at the appropriate administrative level and predictable timeframes.

❖ Activity 1: Identifying gaps, barriers, bottlenecks

Jointly with the Environmental Task Force, RECG will work on identifying gaps, barriers, bottlenecks in permit-granting procedures for renewable energy projects. In order to gather input information on the practical implementation of the permit-granting procedures for renewable energy projects, questionnaire for each relevant stakeholder group (government, business, civil society) will be developed.

Questionnaire will focus on:

- legal framework in each Contracting Party and identification of legislative, regulatory and other obstacles in all permit-granting processes for renewable energy projects including repowering projects:
 - the average duration of issuance of each permit and the factors that cause the most significant delays including assessment of the complexity of administrative authorizations
 - information on the legislative gaps that delay or halt the permit-related procedures (e.g. lack of secondary legislation);
 - average direct costs of issuance of certain permit;
 - information on the competent authorities (staffing and skilling of permitting authorities and financial support).

RECG will support selection of relevant stakeholders and dissemination of questionnaires. RECG members will promote initiative in its respective Contracting Parties and will support data collection.

❖ Activity 2: Guidelines and recommendations on simplifying permitting procedures

Based on the outcome and the input of the previous tasks, guidelines and recommendations on planning and permit – granting procedures for energy projects in the Contracting Parties will be drafted. The guidelines will make proposals on how to improve integrated planning, and address the identified gaps, barriers, bottlenecks, and options forward in streamlining the permit - granting procedures for renewable energy projects. The guidelines will include options and best practices for introducing the One-stop-shop to permitting in the Contracting Parties and a specific methodology for planning and programming of energy projects zoning on a national and regional level.

3. GUARANTEES OF ORIGIN AND POWER PURCHASE AGREEMENTS (PPAs)

The creation of the electricity market design with an enabling framework for renewables is essential for an effective energy transition to take place. Renewable power purchase agreements (PPAs) are expected to become a major driver for more market-based renewables deployment and for that to happen guarantees of origin are essential. Tradable guarantees of origin can also provide great value by helping to decrease the cost of support schemes over time. Moreover, establishment of appropriate system for guarantees of origin is a legal obligation of the Contracting Parties under the REDII, in particular Article 19.

Recognizing that guarantees of origin help encourage investments in renewable energy generation, the Energy Community Secretariat in cooperation with RECG members, conducted a regional project which resulted in electronic registries for guarantees of origin in line with EU requirements and standards being created for Albania, two entities in Bosnia and Herzegovina, Georgia, Kosovo, North Macedonia, Moldova, Montenegro and Ukraine. All nine registries are ready to go-live following the signing of direct agreements between the Contracting Parties' issuing bodies and the service provider Grexel. In December 2022, the Georgian State Electrosystem became the first issuing body to sign such an agreement. After two or more Contracting Parties sign the agreement, they will be able to trade guarantees of origin through the regional system established by the service provider.

To further support Contracting Parties in implementing systems for guarantees of origin in line with EU standards and requirements, the Secretariat signed Memorandum of Understanding (MoU) with the Association of Issuing Bodies (AIB).

❖ Activity 1: Supporting full implementation of the system for guarantees of origin for electricity

RECG members will support issuing bodies in their respective Contracting Parties in overcoming potential barriers and signing agreement with the service provider Grexel. This might be by providing support letters or any other needed assistance.

❖ Activity 2: Introducing guarantees of origin for renewable gasses (incl. hydrogen), heating & cooling

With the introduction of the REDII, the scope of GOs is expanded from electricity to renewable energy sources in general. Because of this, GOs for renewable gases, such as biogas and hydrogen, are currently already being issued in several EU Member States (MS). Once GOs system for renewable electricity fully implemented, the scope of GOs in the Contracting Parties could also be further widened to renewable and low-carbon gases.

The RECG will follow developments on introduction of GOs for gases by inviting relevant stakeholders to present on meetings.

❖ Activity 3: Facilitating uptake of (corporate) PPAs

In line with the REDII, Article 15 (8), RECG will explore potential to promote and make recommendations for implementation of (corporate) PPAs in the Energy Community. RECG will work on identification and development of a project pipeline and will support matchmaking between project developers and electricity buyers/corporates.

4. EMPOWERING CONSUMERS

The Clean Energy Package puts consumers at the center of the energy transition. In creating new energy landscape, the Contracting Parties should recognize and embrace the role end-consumers play in the energy transition. Speeding up implementation of renewable self-consumption schemes and energy communities should be a priority for Contracting Parties. Decentralised production of energy from renewables brings many benefits to the energy sector: the increase of renewable energy in the overall energy mix, local acceptance of renewable energy projects, local security of supply, exploitation of private capital for local investments and raising awareness of citizens on the importance of clean energy.

All Contracting Parties have already put in place, at least partially, an enabling legal framework for renewables self-consumption and interest from households and businesses is rising thanks to declining costs of renewable energy technologies, especially solar photovoltaic. Nevertheless, many obstacles, such as the permit granting process, modernization of network tariffs and provisions on tax revenue, remain.

Energy communities are legal entities that should be established on specific participation and governance conditions, aimed to operate on democratic principles and provide environmental, social and economic benefits to members and community, other than mere profit.

The REDII provides legal frameworks for self-consumption and energy communities in Article 21 and Article 22, respectively.

❖ Activity 1: Supporting further implementation of self-consumption schemes

RECG, with the support of the Secretariat and other international organizations, will conduct conceptual analysis for self-consumption scheme focusing on financial aspects, price of technology in Contracting Parties, electricity prices forecast and cost-effectiveness of the scheme. Analysis should provide information on how self-consumption scheme can protect consumers (in particular vulnerable) from growth of electricity prices in future (due to carbon pricing and deregulation of prices) as well as what kind of support from Governments would be needed to boost this self-consumption scheme.

❖ Activity 2: Policy Guidelines on Energy Communities

RECG, with the support of the Secretariat, will prepare Policy Guidelines on energy communities. These guidelines will serve national authorities in drafting the compliant concepts in the national legislation by interpreting definitions of energy communities and the legal framework set in the Directive. Moreover, the guidelines will provide instructions for creating an enabling framework for the effective implementation of concepts to enable the full potential of the usage of electricity by the communities.

5. ADDRESSING THE UNTAPED POTENTIAL FOR HEATING & COOLING

Even though most of the Contracting Parties were close to achieve or have exceeded their 2020 indicative target for heating and cooling (H&C) due to the use of solid biomass in the residential sector, there is still untapped potential of integrating renewables other than biomass and waste heat in this sector. This especially apply for district heating systems in the Energy Community where around 98% of heat is produced from fossil fuels. Six of nine Contracting Parties (Bosnia and Herzegovina, Kosovo*, Moldova, North Macedonia, Serbia and Ukraine) have developed district heating systems, while in three remaining Contracting Parties (Albania, Georgia, Montenegro) there are ongoing studies assessing the establishment of pilot projects. There is a great potential for these systems to integrate renewable sources, such as geothermal, solar thermal, as well as waste heat and ambient energy via heat pumps. The REDII for the first time introduces an obligation for the H&C sector to increase the share of renewable energy in this sector by 1,3 percentage points each year from 2020 to 2030. District heating will have to contribute to this goal with 1 ppt. Moreover, Energy Efficiency Directive 2012/27/EU sets the definition of energy efficient district heating and cooling system as a system that use at least 50 % renewable energy, 50 % waste heat, 75 % cogenerated heat or 50 % of a combination of such energy and heat.

Having in mind that half of the total energy consumption is used for space heating and that the uptake of renewables and waste heat is still not utilized, the H&C sector is a key sector that needs to be tackled for decarbonizing the energy sector. To enable this, proper planning is needed, as well as support schemes and policy measures.

❖ Activity 1: Support inclusion of RES and waste heat in spatial plans and planning of district heating infrastructure

It is of the foremost importance to assess the potential of energy from renewable sources and of the use of waste heat and cold in the H&C sector, and to include this potential in national plans and strategies, as well as spatial plans. Jointly with Energy Efficiency Coordination Group, RECG will analyse the current state of play in Contracting Parties concerning the assessment of their potential of energy from renewable sources and of the use of waste heat and cold in the H&C sector, which needs to be part of the comprehensive assessment required pursuant to Article 14(1) of Directive 2012/27/EU. RECG will discuss on how the development of district heating infrastructure is addressed in spatial plans, and best practice from Member States will be provided.

❖ Activity 2: Discussing measures for the deployment of RE heating: support schemes for RES in H&C

Article 23 of the REDII requires increase of share of renewable energy in H&C by 1,3 percentage points each year from 2020 to 2030, while district heating will have to contribute to this goal with 1 ppt.

As in the electricity sector, the integration of renewables and waste heat in the H&C sector would not be possible without adequate policy measures and support schemes. Within this activity, RECG will assess via questionnaires the current and planned support for renewables and waste heat in the sector, including for individual households and district heating systems. RECG will discuss the gaps and barriers detected and showcase the best practice and the schemes from Member States created in line with the new Guidelines on State aid for climate, environmental protection and energy.

❖ Activity 3: Providing information on energy efficiency of district heating companies

Under Article 24 of the REDII, one of the consequences of not achieving the standards from energy efficient district heating and cooling definition is the right of consumers to disconnect from district heating systems, in line with national housing rules. In such situation, district heating consumers are empowered to develop their own more efficient heating solutions. To exercise this right, consumers need to be informed about the energy mix of the district heating systems. RECG will analyse how this obligation of district heating companies to inform consumers is currently implemented and how the disconnection from district heating systems is regulated.

6. BIOFUELS, BIOLIQUIDS AND BIOMASS FUELS AND GHG EMISSIONS SAVINGS

Sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids and biomass fuels are among key new aspects of the REDII. This is in particular relevant as increased use of solid biomass in the residential sector is largely responsible for most of the Energy Community Contracting Parties being close to or having exceeded their indicative target for heating and cooling in 2021. However, replacing fossil fuels with biomass for heating has a negative impact on forestry when the use of biomass for energy production is not conducted in a sustainable manner.

Ensuring the sustainability of bioenergy deployment is the most fundamental element of bioenergy policymaking. If the supply chain is not managed properly, bioenergy can have sustainability risks linked to greenhouse gas emissions and impacts on environmental and socio-economic aspects, such as indirect land use change, competition with food supply, air pollution, reduced water and soil quality, biodiversity loss etc.

❖ Activity 1: Introducing sustainability criteria for bioenergy (biofuels, bioliquids and biomass)

Policy measures are needed to address barriers to the development and deployment of bioenergy. Major barriers include lack of policy certainty, low level of technology readiness (for example, advanced biofuels for aviation or biomass for the chemical industry), higher cost compared to fossil fuels, as well as weak supply chains. Policy options and best practices widely exist but need to be tailored to local contexts. Meanwhile, bioenergy policymaking needs to closely interact with other sectoral policies such as agriculture, forest and waste management to achieve a coordinated development of the overall bioeconomy framework.

RECG will support bioenergy policymaking by organizing workshops on the topic, with the support of the Secretariat and other international organizations.

HORIZONTAL AND CROSS-CUTTING ISSUES

The following horizontal and cross-cutting activities will be implemented continuously during the entire mandate of the RECG.

❖ Activity 2: Strengthening the national institutions to promote renewable energy

Various public institutions such as ministries, regulators, agencies, operators etc. in Contracting Parties involved in renewable energy should be strengthened to facilitate successful implementation of all administrative measures and regulatory frameworks to enable investments in renewable energy projects and monitoring the progress towards the 2030 renewable energy targets. RECG will support and discuss the improvement and strengthening of the status and cooperation of all public institutions from various sectors dealing with renewable energy and invite donors to contribute to designing and structuring the procedures and processes in the most effective way.

❖ Activity 3: Exchange of best implementation practices in CPs and EU Member States (RECG meetings, Workshops)

RECG will exchange best practices in the implementation of measures to ensure the creation of regulatory frameworks conducive to investments in renewable energy, promote the existing financing options (project preparation, loans and grants) and monitor the implementation of renewable energy projects to contribute to targets achievements.

This will be implemented in cooperation with European Commission and EU funded projects like CA-RES, donors and IFIs invited to contribute in the RECG meetings.

❖ Activity 4: Coordination of donors support on renewable energy

RECG shall play an important role as coordinator and implementation partner of diverse regional technical assistance and investment programmes. The strong support offered by European Commission, EBRD, GIZ, IRENA, UNDP, USAID, World Bank is very important and valuable for a successful implementation of the RECG Work Programme.

Beside this, the RECG will assess the existing assistance available from donors and IFIs and it will propose priority areas for technical assistance to promote and de-risking investments in renewable energy. RECG will discuss the extension of donor support and coordination of such activities for candidate and potential candidate countries of the Energy Community.