

## **6<sup>th</sup> meeting of the Renewable Energy Coordination Group**

**Vienna, 6 November 2018**

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Director of the Energy Community Secretariat, Janez Kopac opened the meeting and welcome the participants. He highlighted the progress with the agreement on key files of the Clean Energy Package between EU institutions. The largest legislative package the European Commission has proposed so far is an enabler of clean energy transformation.

Once adopted in the EU, the package would need to be later on adapted and adopted in the Energy Community. The Energy Community already embarked on the process of calculating the 2030 energy and climate targets with a view to be adopted by the Ministerial Council in 2019.

RECG Chairman, Mr. Milos Banjac regretfully informed the Secretariat about his unavailability to attend this meeting. Instead, Ms. Vesna Simic, Serbia's alternate member is replacing him during this meeting. Ministry of Economy of former Yugoslav Republic of Macedonia informed the Secretariat about the absence of a delegated substitute due to illness. The absence of representatives of Georgia and Ukraine was noted.

The draft agenda of the 6<sup>th</sup> RECG meeting was adopted.

### **1. Implementation of renewable energy acquis - report 2018**

The Secretariat presented the status of the implementation of renewable energy Directive as included in the Implementation Report 2018. Albania is the only Contracting Party on track to 2020 that made genuine progress towards the target, based on investments in new renewable energy capacities, mainly hydro. Four Contracting Parties are probably not going to meet the 2020 renewable energy targets while the others have already surpassed the targets mostly due to revision of biomass consumption data. The former Yugoslav Republic of Macedonia has asked for downward revision of 2020 RES target following a biomass consumption survey that revealed lower values of biomass consumption compared with 2009 data used to calculate the RES target in 2012. The quality of energy data on biomass consumption is still an issue of concern and further steps are needed with a view of building sound 2030 targets.

TU Wien, the consultant commissioned by the Secretariat to calculate 2030 energy and climate targets, presented the draft calculation of the 2030 RES targets for the Contracting Parties. The process will continue with the review of energy forecast baseline scenario to 2030 with a view to finalize the calculations by June 2019. During 2019, Contracting Parties will have further opportunities to comment on the revised 2030 RES target calculation once the baseline scenario is agreed.

### **2. An enhanced renewables framework post-2020**

RECG thanked DG ENER for the presentation of the renewable energy framework post-2020 for the European Union. EU main objectives are to increase renewable energy effort across all three sectors – electricity, heating and cooling and transport - integrate a higher share of RES electricity leading to 55% in 2030, and to focus on decentralised energy from renewable sources and empower consumers. It was recalled that in June 2018, EU agreed to step-up their efforts and target a 32% share of energy from renewable sources in 2030. Besides the recast of RE 2030 Directive, the renewable energy framework to 2030 is complemented by the Governance Regulation of European Union, the new electricity market design and risk preparedness regulation.

The REDII Directive aims at providing investment certainty by allowing no retroactive changes to the support and increasing visibility for the investors with a three year cycle. It also includes requirements to reform the support scheme to become market-responsive and cost-effective. Gradual opening of

the support schemes to cross-border participation in compliance with competition and internal market principles supports the collective target achievement principle which is underpinned in the legislation. It also strengthens the communities and empowers the citizens to become active participants in the energy transition.

It was re-called that once the final agreement is reach in the EU institutions and the legislative package is published, the Energy Community will start the process of adaptation of the legal text for inclusion in the Energy Community acquis.

### **3. *Statistics on biomass – key issues in defining consistent and sound 2030 targets***

Representative of EUROSTAT presented the process of revision of solid biofuels data (including biomass) in selected EU Member States. The results was an observed trend of increase inland biomass consumption compared with the data as of 2005, the year was used for 2020 RES targets calculation in the EU. EUROSTAT recommended to the Contracting Parties to analyse the calculation methodology and to establish the data needs, assessing the magnitude of the flows and the effect on the national targets. To develop the national data collection system for all relevant energy data and regularly collect high quality data was also proposed.

The latest revisions of RES statistics in some Contracting Parties cast a shadow on the accuracy and reliability of the disseminated biomass data. The Contracting Parties are invited, with a view of having consistent and reliable data for setting 2030 energy and climate targets, to ensure that responsible institutions, primarily national Statistical Offices are provided with necessary resources, competences and powers to obtain required data from consumption surveys or other adequate methods. The dissemination of information on statistics of energy from renewable sources in accordance with the acquis on energy statistics shall be complemented with corresponding quality reports.

Moreover, in order to properly understand the relevance of reliable statistics information and to implement the obligations related to RES policy objectives, the Secretariat proposed the next meeting of the RECG to be organized back-to-back with the Energy Statistics Working Group in March 2019.

### **4. *Renewable energy global trends and implementation of IRENA's South East Europe Initiative***

RECG took note of IRENA's presentation on the progress of South East Europe Regional Initiative and further work on the Remap study commissioned by European Commission for the Energy Community within the CESEC framework. RE Market analysis that will be undertaken for South East Europe will include the assessment of renewable energy potential, consumption and costs in the region with a focus on biomass sector, the investment trends, evolution of the capital mix and key financing barriers. Socio-economic benefits including job growth and improved livelihoods will be also explored, finalization of the study is expected in early 2019.

All Contracting Parties are invited to cooperate with IRENA and contribute with updated energy data, reviews, suggestions and updated information on policies development to enable a reliable and accurate assessment.

Within CESEC context, the interim report on data collection of renewable energy consumption and potentials and 2030 reference energy scenarios for the WB6 was presented. The DNV GL consultant has built the database taking stock of all the available information from policy documents like NREAPs or 2030 Energy or Renewable Energy Strategies, if available. The Contracting Parties are invited to comment on the outcomes of the final version of study, intended to be finalized by the end of 2018.

## 5. RECG Work Programme 2019-2020

The Secretariat presented the status of implementation of the Work Programme highlighting the progress made so far with the four group of activities including 10 core topics: on reform of the support schemes, implementation of the RE Directive to 2020, the renewable energy framework to 2030 and horizontal and cross-cutting measures. Secretariat proposed the extension of the Work Programme to 2020 with adapted tasks, milestones and deadlines for relevant topics to correspond to a realistic schedule. The focus shall be on strengthening the legal framework to enable successful auctions that leads to bankable projects, implementation of self-consumption and empowering citizens and communities' participation in the energy transition. It was stressed the need to organize common discussions with the Working Group on Energy Statistics to ensure the accuracy and reliability of the energy consumption data is providing a sound basis for the calculation of 2030 energy and climate targets.

The Contracting Parties were invited to propose other topics of their interest in order to be included in the Work Programme 2019-2020, not later than 30 November 2018.

The Contracting Parties were also reminded about the requirement to submit the 3<sup>rd</sup> Progress Report on the promotion of energy from renewable sources by the end of 2018. The template was made available on the 6<sup>th</sup> RECG meeting webpage<sup>1</sup> at: <https://www.energy-community.org/events/2018/11/RES-CG.html>

The Contracting Parties presented the latest development in the implementation of renewable energy directive. The first renewable energy auctions in the Energy Community took place in Montenegro and Albania. In July 2018, Montenegro launched a concession tender for land to build 200 MW solar PV without support, the price for the concession and the value of the investment was the award criteria. Albania launched in late August, a renewable energy auction to get support to build 50 MW solar PV and the possibility to build additional 50 MW without support. Renewable energy auctions are planned to be conducted in the first semester of 2019 in Moldova, moreover the NREAP is currently reviewed. Bosnia and Herzegovina informed about the current status of the activities of the working groups established to review the legislation and the regulatory framework at entity level. Kosovo updated the RECG on the revision of energy statistics that is now bringing the Contracting Party on the trajectory.

Serbia challenged the endorsement of Guidelines on State Aid for environmental protection and energy by the Secretariat without consultation with the Contracting Parties and without assessing the current state of renewables and electricity market development in the region. The Secretariat moved forward with the recommendation to introduce auctions due to rapid decline of technology costs, mostly for solar PV and wind, which cannot be managed with administrative measures of setting feed-in tariffs. The new measure of granting the support to large projects on market-based procedures could bring cost-competitive development of renewable energy therefore, lowering the impact to end-users consumer prices<sup>2</sup>.

## 6. Stakeholders contribution

The presentation of insights from the SEE Electricity Roadmap and power system studies by Agora Energiewende was welcome by RECG. The results of the latest auctions around the globe revealed that renewables are the least cost investment options currently, overtaking coal, gas or nuclear. Energy Community could grasp these benefits and advancing the energy transition as about 50% of the generation capacities has to be replaced or rehabilitated by 2030. The Contracting Parties could

<sup>1</sup> <https://www.energy-community.org/events/2018/11/RES-CG.html>

<sup>2</sup> The results of first renewable energy auction of 50 MW solar PV in Albania were announced on 9 November. The winning bid will receive 59,9 Euro/MWh for 15 years compared with the ceiling price of 100 Euro/MWh which was the previously set feed-in tariff in Albania. The price of the winning bid was lower than electricity HUPX base price in September and October 2018.

boost the cost-competitive renewable energy potential by removing the regulatory barriers, employing a robust climate and energy planning to reduce costs and lower the risks leading to the reduction of the cost of capital for renewable energy projects. Regional cooperation in planning and operational processes to address the challenges of clean energy transition as well as implementation of best practices are to be considered.

RECG took note of the launching of second phase of AURES project, currently including also Contracting Parties of the Energy Community besides EU Member States. The representative of the consortium outlined the key objectives of the project financed within Horizon 2020 programme and invited the Contracting Parties to express the availability to get involved to benefit from the consortium's advice during the implementation of renewable energy auctions.

Due to cost reduction of distributed solar PV, electricity self-consumption is becoming cost competitive with retail electricity provided by incumbent utilities. Analysis of options and impact of electricity self-consumption as support scheme designed for distributed renewable electricity generation were presented as a policy tool for decision makers. The Contracting Parties were invited to work closely with the energy regulators, distribution system operators and fiscal authorities to remove the barriers for self-consumption uptake, enabling citizen's participation in the energy transition.

RECG welcome the presentation of Sustainable Bioenergy Market Development programme in Serbia, technical assistance carried on by GIZ, currently in the second phase. The implementation of the first phase of the programme provided valuable results, therefore the second phase will focus on four pillars – policy advice, biomass supply for district heating, project development and implementation - having the sustainable use of biomass as a cross-cutting theme. The Contracting Parties are invited to learn from the innovative concepts, cooperative models at local or municipal level to tap the sustainable bioenergy potential contributing to energy and climate, industrial and socio-economic policies objectives.

## ***7. Renewable energy in transport***

RECG took note of the Secretariat presentation on the current status of transposition and implementation of the legal obligations related to renewable energy in transport. The Contracting Parties are urged to break the deadlock in the implementation of the requirements on sustainable renewable energy fuels in transport sector while having a comprehensive approach in the energy strategies towards decarbonisation pathways in the long run.

The next meeting of the RECG will take place in March 2019. The exact date will be communicated in due time upon the agreement with the Working Group on Energy Statistics.