

**Third Report of the Secretariat to the Ministerial
Council on the
Progress in the Promotion of Renewable Energy
in the Energy Community**

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1. Introduction

The Renewable Energy Directive 2009/28/EC ("Renewable Energy Directive") was adapted and adopted for the Energy Community by Ministerial Council in 2012¹. The Contracting Parties of the Energy Community committed to implement the Renewable Energy Directive by 1 January 2014, thus converging with the European climate and energy objectives. Due to late accession to the Energy Community, deadline for implementation of the Renewable Energy Directive for Georgia was 31 December 2018.

The Renewable Energy Directive established a framework for the promotion of renewable energy, setting national renewable energy targets for achieving binding shares of renewable energy in the final energy consumption by 2020. The Contracting Parties have committed to individual national targets calculated based on the same methodology as for EU Member States, including a 10% share of energy from renewable sources in transport and taking into account revised biomass data based on consumption surveys². However, an overall renewable energy target by 2020 at the Energy Community level is not in place.

The Renewable Energy Directive requires the submission of National Renewable Energy Action Plans (NREAP) outlining the measures to achieve the binding 2020 renewable energy targets. It also calls for the simplification of the administrative regimes faced by renewable energy, together with improvements for the connections and access to the electricity grids. It introduces a comprehensive sustainability scheme for biofuels and bioliquids with compulsory monitoring and reporting requirements. All biofuels used for compliance with the 10% target that benefit from national support are required to comply with the scheme, otherwise they cannot be counted toward fulfilling the renewable energy targets.

The Directive requires the Contracting Parties to submit Progress Reports to the Secretariat for the first time by 31 December 2014 and every two years afterwards. The Secretariat shall monitor and review the application of Directive 2009/28/EC in the Contracting Parties and submit an overall progress report to the Ministerial Council on biennial basis.

The commitments taken by the Energy Community Contracting Parties in the area of renewable energy require the implementation of sound, reliable, comparable and consistent energy statistics. This is a basic tool for monitoring the effectiveness of the energy policies and ensuring comparability of energy data among Contracting Parties and with the Member States. Therefore, with decision 2012/02/MC-EnC of the Ministerial Council, the Contracting Parties committed to the implementation of rules of energy statistics in the Energy Community³ by 31 December 2013.

Based on the conclusions of the first progress report endorsed by the Ministerial Council in 2015, the Secretariat established the Renewable Energy Coordination Group (RECG) at the end of 2015 and started addressing the delays in implementation as well as providing knowledge sharing on best practices at European level. The meetings of the RECG were held on biannual basis, sometimes accompanied by the workshops on particular topics. The Work Programmes have been adopted on biannual basis, and the latest one, Work Programme⁴ for 2021/2022 was adopted at the 11th RECG meeting in June 2021.

¹ https://www.energy-community.org/dam/jcr:717cc830-bbfb-4cd9-a420-9d15ae2ff92f/Directive_2009_28_RE.pdf

² Study on the Biomass Consumption for energy purposes in the Energy Community and Study on the calculation of revised 2020 renewable energy targets for the Energy Community, https://www.energy-community.org/dam/jcr:140c0ed6-be75-439a-8271-ad353c2e3464/CRES_2012_RE_Biomass_Consumption.PDF

³ https://www.energy-community.org/portal/page/portal/ENC_HOME/INST_AND_MEETINGS?event_reg.category=E12820

⁴ https://www.energy-community.org/dam/jcr:6cbfa1e4-b011-4dec-9a29-0ad1524ed928/RESCG_WP_2021_2022.pdf

2. Purpose

The purpose of this Report is to, in compliance with the reporting requirements of Decision 2012/04/MC-EnC of the Ministerial Council⁵, to assess the Contracting Parties' progress in the promotion and use of renewable energy against the trajectory towards the 2020 targets set in the NREAPs and reports on the sustainability of biofuels and bioliquids consumed in the Energy Community and the impacts of their consumption.

This document is the third progress report to be submitted to the Ministerial Council monitoring the implementation during 2018-2019.

The assessment is based on national developments, the NREAPs adopted and submitted to the Secretariat, the latest energy statistical data on renewable energy compiled in accordance with EUROSTAT methodology and Contracting Parties' renewable energy progress reports⁶ submitted to the Secretariat in 2020 and 2021.

3. Implementation Status

The overall deadline for the implementation of Directive 2009/28/EC as adapted for the Contracting Parties expired on 1 January 2014.⁷ The progress in the implementation of Renewable Energy Directive is not uniform across Energy Community Contracting Parties.

Overall progress in the transposition and, to some extent, in the implementation of several articles of the Renewable Energy Directive through Energy and Renewables Laws, Governmental Decision, rules and regulations has been achieved in all Contracting Parties. However, transposition of provisions related to renewables in transport sector is lagging behind in several Contracting Parties.

Following the updated guidelines applicable to the Member States, the Secretariat confirmed the applicability of the EEAG in the Contracting Parties of the Energy Community and issued the Policy Guidelines on Reform of the Support Schemes for Promotion of Energy from Renewable Sources at the end of 2015⁸. The Secretariat teamed up with EBRD and IRENA in 2018 to deliver Policy Guidelines on Competitive Selection and Support for Renewable Energy.⁹ This becomes even more important due to the need to reform the support schemes and to introduce auctions to grant the support to renewable energy producers and to integrate renewable energy into the electricity market.

Article 4 of the Directive, as adapted, requires the adoption of NREAPs by 30 June 2013 to ensure that the mandatory national targets are achieved. On the basis of the NREAPs, the Contracting Parties are to work towards an indicative trajectory for the achievement of their final mandatory targets. The NREAP requires information on sectoral targets (electricity, heating and cooling and transport), measures to support their achievement and the overall implementation of the Renewable Energy Directive. The NREAP must be presented in the form of a template adopted

⁵ Article 15, Decision 2012/04/MC-EnC of 18 October 2012, https://www.energy-community.org/dam/jcr:f2d4b3b8-de85-41b2-aa28-142854b65903/Decision_2012_04_MC_RE.pdf

⁶ Contracting Parties biennial Progress Reports (2014): https://www.energy-community.org/portal/page/portal/ENC_HOME/AREAS_OF_WORK/Instruments/Renewable_Energy/Progress_Reports

⁷ Article 3(1)(i) of Decision 2012/04/EnC of Ministerial Council of 18 October 2012.

⁸ https://www.energy-community.org/dam/jcr:da2996d4-188f-478d-8773-3e593589effd/PG_04_2015_ECS_State_aid.pdf

⁹ https://www.energy-community.org/dam/jcr:4ab03f8c-de3d-4783-931d-4766f643fe7b/EBRD_EnCS_PC_RE_Auction_032018%20.PDF

by the European Commission¹⁰ and submitted to the Secretariat. On this basis, the Secretariat evaluates the NREAPs and issues recommendations.

By the date of submission of this report all Contracting Parties have adopted and submitted the NREAP to the Secretariat. Due to late accession to the Energy Community, Georgia adopted NREAP only in the end of 2019. Georgian NREAP contains sets of measures to promote renewable energy; however, there is no obligatory 2020 target and no obligation to submit progress reports.

Following the finalisation of the biomass consumption surveys and incorporation of data into the energy statistics, North Macedonia submitted a revised NREAP. In November 2018, the Ministerial Council amended the mandatory national overall target for North Macedonia to 23% from previously adopted 28% target.

In 2018, Albania submitted Revised National Renewable Energy Action Plan 2018-2020.

Article 15 of the Decision 2012/04/MC-EnC requires the Contracting Parties to submit reports on the progress in the promotion and use of energy from renewable sources by 31 December 2014 and every two years thereafter. The forth progress report of the Contracting Parties covers years 2018 and 2019. Deadline for the submission was 31 December 2020.

	NREAP adopted	Forth Progress Report 2018-2019
Albania	✓	✓
Bosnia and Herzegovina	✓	✓
Georgia	✓	N/A
Kosovo* ¹¹	✓	✓
North Macedonia	✓	✓
Moldova	✓	✓
Montenegro	✓	✓
Serbia	✓	✓
Ukraine	✓	✓

Table 1: Status of the adoption of NREAPs and the submission of the Forth Progress Reports

¹⁰ OJ L 182, 15.7.2009, p. 33–62.

¹¹ 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.

4. Progress in Renewable Energy Development

In 2019 only three Contracting Parties (Kosovo*, Moldova and Montenegro) surpassed their planned trajectories as well as 2020 targets. However, this is mainly due to revision of biomass consumption data.

While in 2018, Albania surpassed its planned trajectory, share of renewable energy in gross final energy consumption in 2019 significantly decreased. High dependence on the hydropower, results in a significant influence of hydrology on the achievement of the target. Again, due to revision of biomass data, Bosnia and Herzegovina is only slightly behind its planned trajectory, however sufficient efforts are needed. Despite the efforts to boost renewables in North Macedonia, the lag behind the planned trajectory is significant. As the capacity of renewables increases in Serbia, so does energy consumption leading to discrepancies between achieved and planned share. Ukraine is as well behind its planned trajectory for 2018 and 2019. All Contracting Parties are far beyond planned trajectories in the transport sector for both reported years.

Accuracy and reliability of energy statistics reported to EUROSTAT significantly improved, now all the Contracting Parties have submitted energy balances compiled in accordance with EUROSTAT methodology, following the implementation of acquis on energy statistics adopted in the Energy Community.

However, there are small deviations between EUROSTAT data and Progress reports in three Contracting Parties.

Albania in its Progress report presented significant share of renewables in transport sector, but since provisions related to sustainability of biofuels are still not transposed and legal framework remains completely non-compliant with the Directive 2009/28/EC, presented biofuels cannot be calculated towards the target. Also, in Albanian Progress report stated 100% share of renewable electricity in gross final energy consumption, not taking into consideration imports.

Ministry of Economy of Montenegro submitted the Progress report with diverging share of renewable energy in heating compared with data provided by the statistical office MONSTAT to EUROSTAT. The deviation comes from using different calorific values of biomass in dispute by the two institutions.

Small deviations are noted as well in North Macedonia.

In its NREAP, Albania did not provide planned trajectories (%) for electricity, heating and cooling and transport.

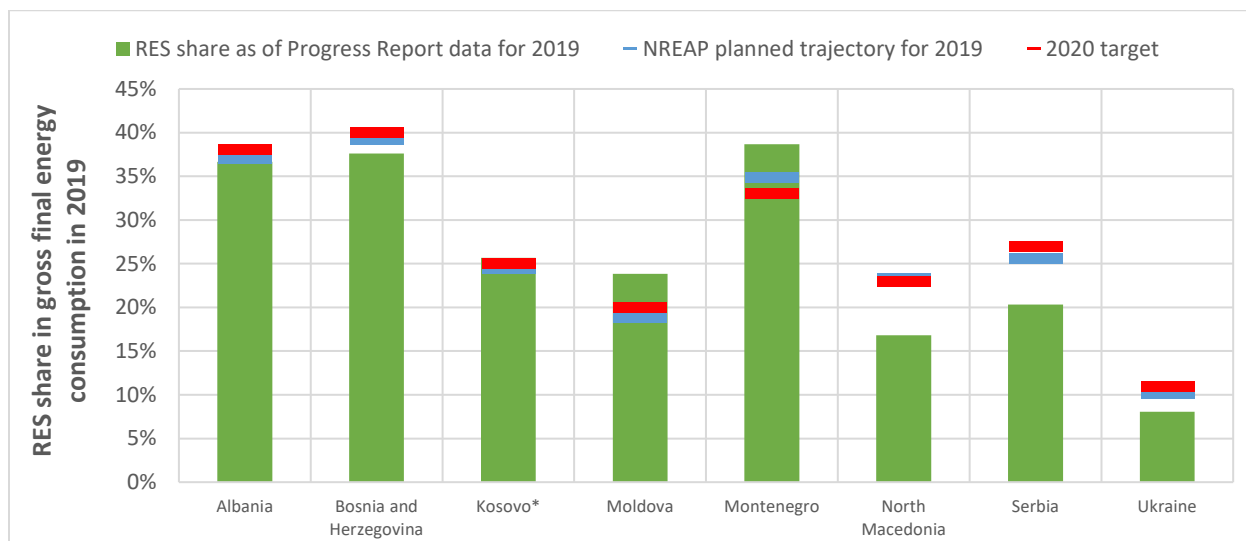


Chart 1. RES share in gross final energy consumption in 2019 vs. planned trajectory and 2020 target

RES share in gross final energy consumption in 2018 and 2019	RES share as of EUROSTAT data		RES share as of Progress Report data		NREAP planned trajectory		Percentage point deviation from NREAP planned trajectory		2020 target
	2018	2019	2018	2019	2018	2019	2018	2019	
<i>Contracting Party</i>									
	[%]	[%]	[%]	[%]	[%]	[%]	[%]	[%]	[%]
Albania	36,84%	36,67%	38,96%	36,67%	35,6%	37%	3,36%	-0,33%	38%
Bosnia and Herzegovina	35,97%	37,58%	36%	37,6%	38,4%	39,2%	-2,40%	-1,60%	40%
Kosovo*	24,62%	25,69%	24,62%	25,69%	24,20%	24,42%	0,42%	1,27%	25%
Moldova	27,48%	23,84%	27,48%	23,84%	17,7%	18,8%	9,78%	5,04%	20%
Montenegro	38,80%	37,37%	39,75%	38,69%	35,4%	34,9%	4,35%	3,79%	33%
North Macedonia	18,18%	16,81%	18,4%	17,1%	22,3%	23,3%	-4,12%	-6,49%	23%
Serbia	20,32%	21,44%	20,32%	21,44%	24,3%	25,6%	-3,98%	-4,16%	27%
Ukraine	N/A	N/A	7,01%	8,06%	9,1%	10,1%	-2,09%	-2,04%	11%

Table 2: RES share in gross final energy consumption in 2018 and 2019

4.1. Electricity from renewable sources

As regards to deployment of electricity from renewable sources (RES-E), all Contracting Parties fall short of their planned trajectory in 2019, besides Montenegro. The deficits in 2019 are in the range of 0,04% for Ukraine to 9,02% in the case of Bosnia Herzegovina. In all Contracting Parties, hydro remains the main contributor to the production of electricity from renewable sources.

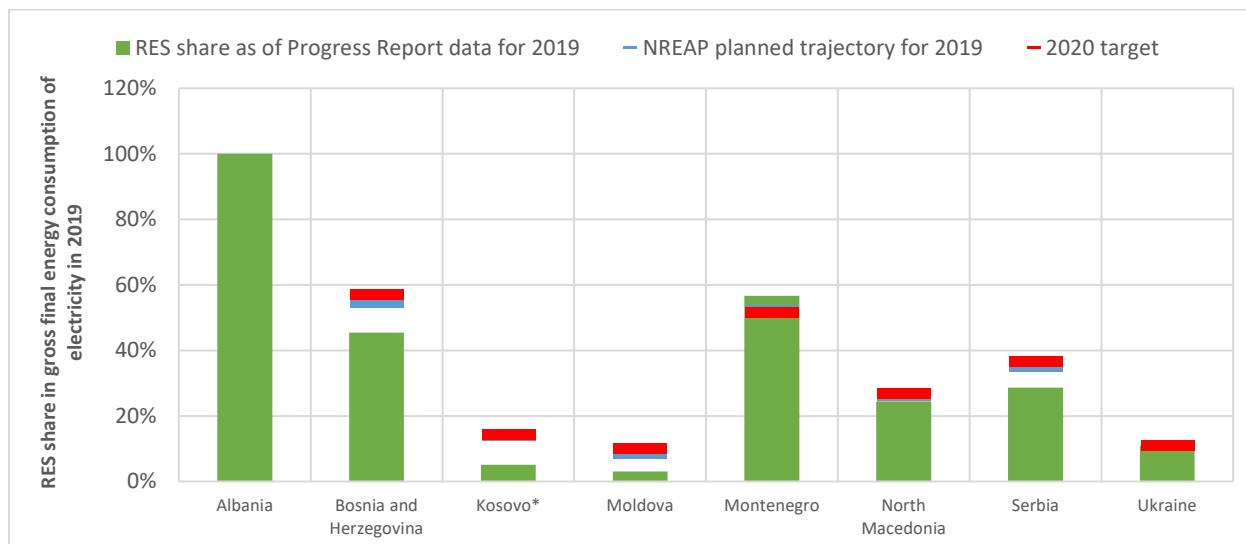


Chart 2. RES share in gross final energy consumption of electricity in 2019 vs. planned trajectory and 2020 target

RES share in gross final energy consumption of electricity in 2018 and 2019	RES share as of EUROSTAT data		RES share as of Progress Report data		NREAP planned trajectory		Percentage point deviation from NREAP planned trajectory		2020 target
	2018	2019	2018	2019	2018	2019	2018	2019	
Contracting Party	2018	2019	2018	2019	2018	2019	2018	2019	
	[%]	[%]	[%]	[%]	[%]	[%]	[%]	[%]	[%]
Albania	92,45%	88,45%	100%	100%	N/A	N/A	N/A	N/A	N/A
Bosnia and Herzegovina	41,50%	45,48%	41,5%	45,48%	54,6%	54,5%	-13,10%	-9,02%	56,9%
Kosovo*	4,23%	5,15%	4,23%	5,15%	14,42%	14,10%	-10,19%	-8,95%	14,33%
Moldova	2,60%	3,04%	2,60%	3,04%	6,49%	8,31%	-3,89%	-5,27%	10%
Montenegro	52,42%	52,66%	57,58%	56,66%	52,9%	52,1%	4,68%	4,56%	51,4%
North Macedonia	24,84%	23,78%	25,2%	24,4%	24,8%	26,3%	0,04%	-1,9%	26,8%
Serbia	28,66%	30,11%	28,66%	30,11%	33,4%	35,1%	-4,74%	-4,99%	36,6%
Ukraine	N/A	N/A	8,92%	10,86%	10,4%	10,9%	-1,48%	-0,04%	11%

Table 3: RES share in gross final energy consumption of electricity in 2018 and 2019

4.2. Energy from renewable sources in heating and cooling

Five of the Contracting Parties managed to meet their heating and cooling (RES-H) target shares in both 2018 and 2019. Serbia decreased deficit to less than 2%, while Ukraine presents deficits of about 2% in both years. For Montenegro, the significant differences between the statistical data and the data from the progress report is due to different calorific values used in calculation by two State institutions.

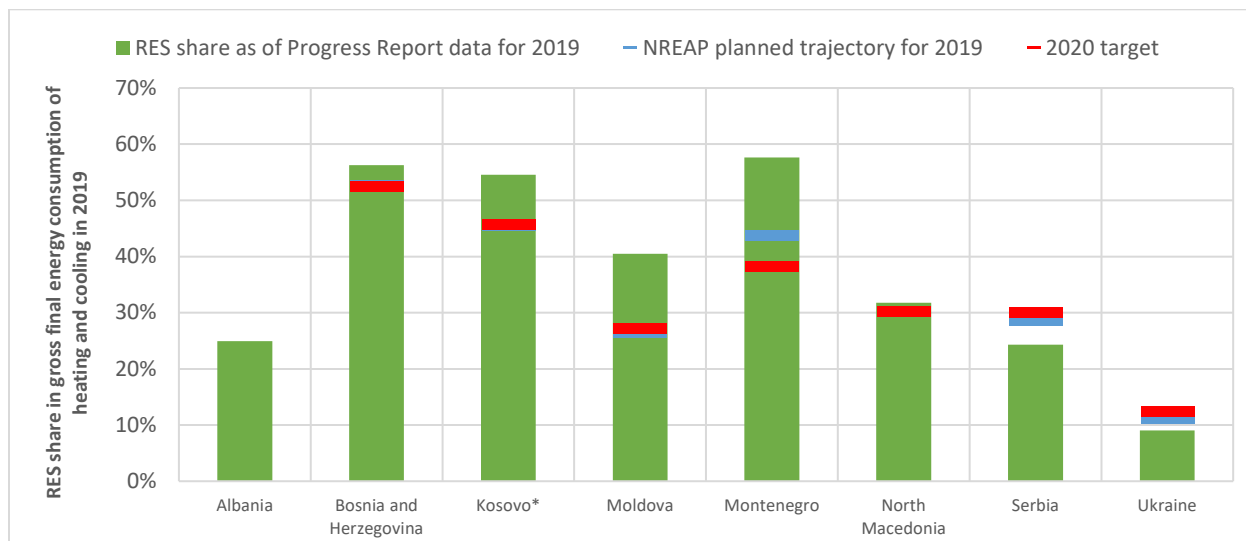


Chart 3. RES share in gross final energy consumption of heating and cooling in 2019 vs. planned trajectory and 2020 target

RES share in gross final energy consumption of heating and cooling in 2018 and 2019	RES share as of EUROSTAT data		RES share as of Progress Report data		NREAP planned trajectory		Percentage point deviation from NREAP planned trajectory		2020 target
	2018	2019	2018	2019	2018	2019	2018	2019	
Contracting Party	2018	2019	2018	2019	2018	2019	2018	2019	2020 target
	[%]	[%]	[%]	[%]	[%]	[%]	[%]	[%]	[%]
Albania	22,44%	24,91%	23,02%	24,91%	N/A	N/A	N/A	N/A	N/A
Bosnia and Herzegovina	52,68%	56,27%	52,68%	56,27%	51,2%	52,7%	1,48%	3,57%	52,4%
Kosovo*	56,74%	54,55%	56,74%	54,55%	45,37%	45,53%	11,37%	9,02%	45,65%
Moldova	45,06%	40,47%	45,06%	40,47%	25,83%	26,38%	19,23%	14,09%	27,19%
Montenegro	64,48%	62,79%	59,45%	57,61%	44,5%	43,8%	14,95%	13,81%	38,2%
North Macedonia	32,45%	30,15%	31,0%	31,8%	29,7%	30,1%	1,3%	1,7%	30,1%
Serbia	24,29%	26,65%	24,29%	26,65%	27,4%	28,6%	-3,11%	-1,95%	30%
Ukraine	N/A	N/A	7,97%	9,02%	10,0%	11,2%	-2,03%	-2,18%	12,4%

Table 4: RES share in gross final energy consumption of heating and cooling in 2018 and 2019

4.3. Energy from renewable sources in transport

There was no significant progress in increasing the share of energy from renewable energy sources in transport in the past two years. Renewable shares in transport, reported by Montenegro, Serbia and Ukraine, are product of relatively high share of electrified public transport. Only Albania has reported significant presence of biofuels in the transport sector, however since provisions related to sustainability of biofuels are not transposed, presented biofuels cannot be calculated towards the target.

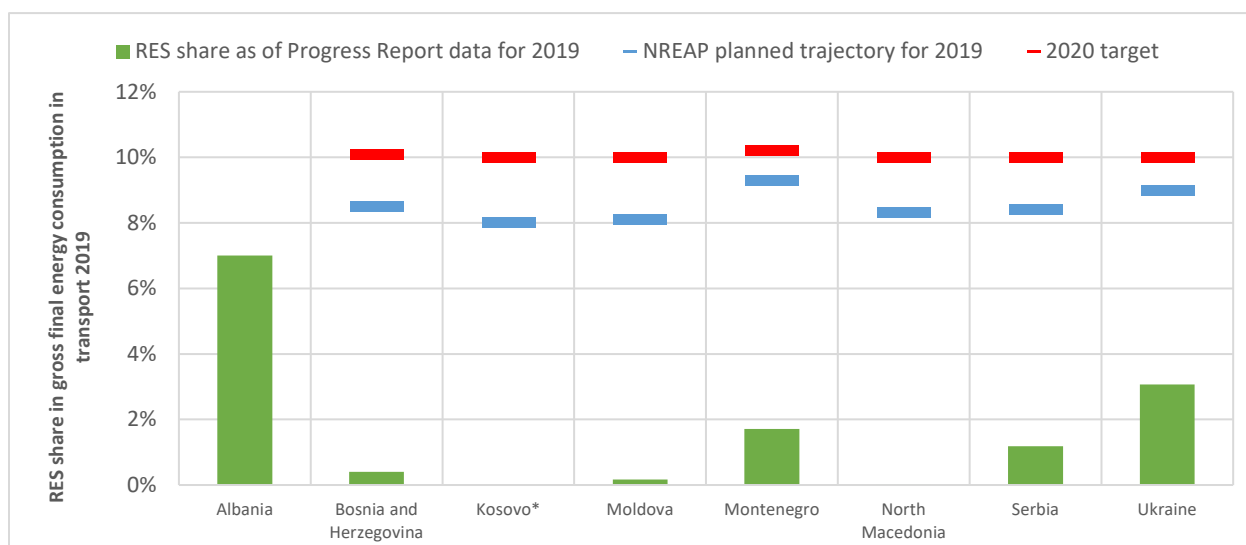


Chart 4. RES share in gross final energy consumption of transport in 2019 vs. planned trajectory and 2020 target

RES share in gross final energy consumption of transport in 2018 and 2019	RES share as of EUROSTAT data		RES share as of Progress Report data		NREAP planned trajectory		Percentage point deviation from NREAP planned trajectory		2020 target
	2018	2019	2018	2019	2018	2019	2018	2019	
<i>Contracting Party</i>									
	[%]	[%]	[%]	[%]	[%]	[%]	[%]	[%]	[%]
Albania	0,00%	0,20%	6,2%	7,0%	N/A	N/A	N/A	N/A	N/A
Bosnia and Herzegovina	0,44%	0,40%	0,44%	0,4%	7,4%	8,5%	-6,96%	-8,10%	10,1%
Kosovo*	0,00%	0,00%	0%	0%	6%	8%	-6,00%	-8,00%	10%
Moldova	0,28%	0,17%	0,28%	0,17%	6,27%	8,10%	-5,99%	-7,93%	10%
Montenegro	0,86%	0,87%	1,66%	1,71%	8,3%	9,3%	-6,64%	-7,59%	10,2%
North Macedonia	0,12%	0,14%	0,01%	0,01%	6,4%	8,3%	-6,39%	-8,29%	10%
Serbia	1,18%	1,14%	1,18%	1,14%	6,7%	8,4%	-5,52%	-7,26%	10%
Ukraine	N/A	N/A	2,20%	3,07%	8,2%	9,0%	-6,00%	-5,93%	10%

Table 5: RES share in gross final energy consumption of transport in 2018 and 2019

5. Policies and Measures

Legal, regulatory, administrative and financial measures are needed to support renewable energy uptake in all Contracting Parties to ensure that the 2020 renewable energy targets are met, except for transport sector. This is due to the fact that almost no renewable electricity technology is currently competitive in the region in a market mostly dominated by fossil fuel power plants and large hydro. Moreover, the environmental costs are not appropriately reflected in the electricity price and are not envisaged to be internalised yet in order to become a key driver for investments in renewable energy.

In the past years, main progress made by the Contracting Parties in adopting legislative measures in compliance with the Renewable Energy Directive and State Aid Guidelines has been made in the electricity sector. Albania has adopted a Law on promotion of renewable energy sources in 2017 transposing the requirements of the State Aid Guidelines for the introduction of competitive process to grant the aid and to integrate the renewable energy into the market. The Law provides for the aid in the form of contract for differences (CfD) mechanism. In practice, auctions with fixed purchased price were conducted, envisaging conversion into CfD once a day-ahead market is operational. In 2019 Georgia adopted first Law on renewable energy, while secondary acts are being prepared to assure full implementation. Montenegro and Moldova are the other two Contracting Parties that have transposed competitive based process in granting the support to renewable energy producers in the Energy Law and the Law for the promotion of energy from renewable sources, respectively. However both parties still have to adopt implementing legislation to enforce market based support scheme. North Macedonia introduced fixed market premiums in the Energy Law in 2018 and already held several solar PV auctions. In April 2021, Serbia adopted a package of four laws on energy including the first law on the use of renewable energy sources. The Law prescribes auctions for market premiums in line with the State Aid Guidelines. Secondary acts are being prepared. The same goes for Ukraine which adopted Law on auctions in 2019, but additional legislation to enable implementation is still not in place. Bosnia and Herzegovina and Kosovo are working intensively on the legal framework to enable auctions for renewable energy projects to ensure a cost-effective renewable energy development.

Electricity market liberalisation is instrumental in the integration of electricity from renewable energy sources and the progress is severely delayed in the Contracting Parties with the exception of Serbia. Despite commitments taken by the Contracting Parties to open their energy markets by 1 January 2015, the energy markets are currently neither fully open nor competitive. Until now, only Serbia has established a power exchange and setting the day-ahead trading platform however the liquidity remains low and prices not always accurately reflecting market conditions. Other Contracting Parties intend to open their own power exchanges rather than joining already established platform despite higher administrative costs and even more acute lack of liquidity envisaged.

The wholesale electricity market price is not entirely transferred to all end-users requiring significant cross-subsidies between non-household and household customers. Therefore, to compensate for market failures, renewable energy needs a set of support measures and regulatory and administrative rules to ensure their proper development in order to reach the 2020 policy objectives and beyond.

Limited efforts to improve the legislative framework for renewable energy deployment have been made in the heating and cooling sector, while the transport sector seems to have been neglected

in all Contracting Parties besides Montenegro and Serbia where relevant provisions, including sustainability criteria, have been transposed, but real implementation is still pending.

Contracting Party	Legal framework	FiT	Market based mechanism	Implemented auctions	Recommendations
Albania	RES Law, 2017	Up to 3 MW wind and up to 2 MW for other technologies	Contract for Difference (CfD)	Solar PV auctions with fixed purchased price were conducted, envisaging conversion into CfD once a day-ahead market is operational	Updating legal framework to assure clarity and predictability of the support scheme
Bosnia and Herzegovina	RES Laws (FBiH 2014, RS 2013/2015)	Granted until 2020	Not in place	No	Adoption and implementation of the reform of support scheme and transition towards market-based mechanisms
Georgia	RES Law, 2019	No	Feed-in premium (FiP) for the capacity higher than 5 MW	No	Adoption of secondary legislation and implementation in line with the Law and State Aid Guidelines
Kosovo*	Energy Law, 2016	Granted until 2020	Not in place	No	Introduction of market based support scheme in line with the State Aid Guidelines
Moldova	RES Law, 2017	Up to 4 MW wind and up to 1 MW for other technologies	Auctions enabled in the Law, mechanism under discussion	No	Preparation of a market based support mechanism and adoption of the enabling secondary legislation
Montenegro	Energy Law, 2017/2020	Up to 1 MW	Competitive process enabled in the Law, mechanism not defined	No	Adoption of secondary legislation to provide clarity on the auctions
North Macedonia	Energy Law, 2018	Hydro up to 10 MW, wind up to 50 MW, biomass and biogas up to 1 MW	Fixed Feed-in premium (FiP)	Several solar PV auctions were held	Align support in form of FiT with the State Aid Guidelines
Serbia	RES Law, 2021	Up to 3 MW wind and up to 500 kW for other technologies	Feed-in premium (FiP)	No	Adoption of necessary secondary legislation
Ukraine	Law on Alternative sources, 2019 Law on auctions, 2019	Up to 5 MW wind and up to 1 MW for other technologies	Auctions enabled in the Law, mechanism under discussion	No	Implementation of functional market based support scheme

Table 6: Overview of the support scheme for RES

5.1. Cooperation mechanisms

Directive 2009/28/EC introduces the possibility for optional use of cooperation mechanisms between Contracting Parties to facilitate cross-border support for renewable energy and to reach their 2020 renewable energy targets in the most cost-effective way.

Cross-border cooperation can reduce the costs of renewables deployment by tapping into the greater natural resource potential of a cooperating partner, which in turn benefits from Foreign Direct Investment for its renewables projects that can help modernize and decarbonize its electricity system. This is of particular value for the Contracting Parties of the Energy Community with their ageing power systems.

Since none of the Contracting Parties utilized these mechanism, Secretariat joined forces with AURES II project and prepared Policy Brief on Renewables cross-border cooperation in the Energy Community¹². This policy brief seeks to provide an analysis on how the CPs may benefit from cross-border cooperation under the current legal framework applied in the Energy Community, and how the new possibilities given by the Clean Energy Package and associated financial instruments available at EU level can best contribute to the cross-border cooperation between the CPs and the EU Member States.

5.2. Administrative procedures

The administrative procedures remain the greatest barriers in development of renewable energy in the Energy Community. In the last years, some Contracting Parties have taken steps to improve the administrative procedures. However, for most of them the measures taken have yet to be translated in a significant increase in installed generation capacities, which so far remain minimal. Lengthy and not clearly defined or coordinated procedures remain a key barrier for renewable energy development in all three sectors. A lack of coordination between different administrative levels, agencies and institutions is a major problem in most Contracting Parties. Often numerous State and local level authorities are involved in the licensing and administrative procedures for renewable energy projects.

The provision of information is not coordinated and in some cases it is neither transparent nor comprehensive. Some attempts to simplify administrative procedures can be observed the Contracting Parties. Nevertheless additional simplification of administrative measures for smaller, distributed generation is required.

Very little progress can be seen in the Contracting Parties on the establishment of a one-stop shop. Only Kosovo* adopted the regulation on establishment of one-stop shop but it has not yet being implemented.

For the renewables in transport sector, there is little to report as nearly no efforts have been made to improve the licensing or authorisation procedures. This is largely linked to the fact that there is almost no biofuels production or consumption in most Contracting Parties.

5.3. Information on renewable energy support measures, benefits and use

Information on support schemes, benefits, cost of renewable energy or optimal use of renewable energy technologies has been improved in the last years however is not always adequately made available by the institutions in charge in most of the Contracting Parties. In general, dissemination of information to applicants is often not clearly regulated in the legislation as a legal obligation of a certain body. Some relevant institutions involved in renewable energy have published information on their websites but even this information is mostly in local language and an English

¹² https://www.energy-community.org/dam/jcr:ecdb1a4d-6045-45d4-a850-f03ded124343/ECS_AURESII_co-op_report_112020.pdf

translation is not always available. Awareness raising campaigns and trainings for various stakeholders are usually not organised. In most Contracting Parties, the local and regional administrative bodies involved in authorisation or permitting procedures lack official guidance or training from national authorities.

5.4. Electricity grid – connection, access to and operation of the systems with renewable energy

Along with the administrative procedures for permitting, authorisation and licensing, the procedures related to connection to the grids are the greatest barriers for a higher up-take of renewable energy. Overall, slow progress has been made by the Contracting Parties in facilitating and improving the integration of electricity from renewable sources into the grids. While the NREAPs provide a fairly positive picture of measures that will be undertaken, in many cases the implementation of these measures is still pending. The adopted or drafted primary legislation of the Contracting Parties requires the transmission and distribution system operators to prepare development plans that include renewable energy integration. Ten-year network development plans of the transmission networks are required to take into account the uptake of renewable energy.

Priority or guaranteed access to the grid for renewable energy is included in the adopted or draft primary legislation of all Contracting Parties with the exception of Bosnia and Herzegovina in the case of access to the transmission network. Priority dispatch of renewable energy is implemented in all Contracting Parties. However, requirements for minimizing curtailment of energy from renewable sources are not properly addressed in most Contracting Parties.

In relation to connection to the grids, the picture is quite mixed among the Contracting Parties. There are good examples where connection of renewable energy producers to the transmission and distribution grids has been facilitated in the last years. In North Macedonia, the connection rules have been simplified through amendments to both network codes resulting in several renewable energy projects to be connected to the grids in the last years. In Bosnia and Herzegovina and Serbia, transmission and distribution system operators have published rules and methodologies for calculation of the cost for connection to the networks. The rules also include costs estimates and the timetable for processing the applications after the preliminary approval from the system operator. In Kosovo*, at the proposal of the transmission system operator, procedures for connection to the transmission network have been adopted by the regulator at the end of 2014.

In Albania, the Law on Renewable Energy lays down extensive obligations on grid operators. The law requires a specific regulation regarding connection of renewable energy producers, which is currently not in place. Currently, the connection procedures are stipulated in the network codes. In Moldova, the Electricity Law assigns the regulator the task to set up conditions for grid connection in an objective and transparent way. The technical conditions for connection to the grids have been issued only by the transmission system operator. In Montenegro, calculation of costs of connection to the distribution grids for small renewable energy installations of up to 10 MW are provided in the Distribution Grid Code, while for the power plants exceeding this capacity the conditions are determined based on project specific analyses and calculations. In Ukraine, connection to the grids is decided on a case-by-case basis using methodology approved by the regulator. The technical specifications for grid connections are expected to be clarified with the adoption or update of the grid codes in most of the Contracting Parties.

In general, connection costs are paid by the renewable energy producers. Only in Bosnia and Herzegovina, Kosovo* and North Macedonia (only for connection to the distribution grid), there are rules for bearing and sharing the connection costs between initially and subsequently connected renewable energy producers.

Albania's renewable energy law prescribes that existing priority producers should be balance responsible as soon as the balance market is established but not later than 31 December 2022, while new producers should be balance responsible from the start. However, this is not functioning in practice. The 2013 law on renewable energy in Federation of Bosnia and Herzegovina envisages the adoption of a methodology for allocating balancing costs. However, it was never finalized and renewable energy producers under feed-in tariffs remain fully released from balancing responsibility. In Republika Srpska, renewables producers under the support scheme bear 25% of the balancing costs. The same goes for renewable energy producers under the support scheme in Kosovo, which are liable for 25% of their total imbalance costs. Current hydro producers, supported through the guaranteed power purchase agreements (PPAs) in Georgia, are exempted from balance responsibilities. This should be changed from January 2022, once Electricity Market Rules enter into force. Renewable energy producers are liable for the imbalances in Moldova. Standard balance responsibility, which will be applied for renewables producers as well, is detailed in the new Electricity Market Rules that shall enter into force on 2 October 2021. In Montenegro, renewable energy producers receiving support are exempt from payment of system balancing services regardless if the support is granted administratively, applied to projects below 1 MW only, or in a competitive procedure. While in North Macedonia, only producers under administratively set feed-in tariffs are exempt from balancing responsibility and those applying for support via tenders are considered electricity market participants and have balance responsibility.

5.5. Guarantees of origin

As required by Article 15 of the RES Directive, all the Contracting Parties have the legal base in place for governing GOs, while in some cases secondary act needs to be adopted (Georgia) or existing act needs to be updated (Kosovo*, Ukraine). At the same time, CPs have designated the competent bodies to manage the schemes. However, implementation of the system has not taken place yet, with the exception of Serbia.

The appointed body for issue, transfer and cancelation of guarantees of origin varies among the Contracting Parties. In Albania and Kosovo*, the energy regulator is the authority responsible for issuing and supervising the guarantees of origin. In Bosnia and Herzegovina, in Republika Srpska the energy regulator is the issuing body while in Federation of Bosnia and Herzegovina the renewable energy operator issues guarantees of origin. In Georgia, transmission system operator is appointed to be an issuing body. In North Macedonia, the energy agency is the issuing body. In Montenegro, guarantees of origin are issued by the electricity market operator. In Moldova the central electricity buyer shall issue guarantees of origin, while the supervision is assigned to the energy regulatory agency. In Serbia, the guarantees of origin are issued by the transmission system operator and supervised by the Ministry of Energy. In Ukraine, the issuing body is State Agency on Energy Efficiency and Energy Saving.

On the Ministerial Council of 17 December 2020, the Secretariat was invited to assist the Contracting Parties in the implementation of the RES Directive, notably by tapping their renewables potential in the most cost-efficient manner, including through developing a regional system of guarantees of origin.

Following up on this conclusion, the Secretariat issued a Discussion Paper on Implementation of the Guarantees of Origin System in the Energy Community¹³.

The ultimate purpose of the Discussion Paper is to show options for the establishment of an efficient regional renewable energy certification system, allowing guarantees of origin to be issued and then traded among the Contracting Parties. Participation in the regional system will allow for

¹³ https://www.energy-community.org/dam/jcr:0f809f7f-d2da-4592-b171-ca44545edda7/DP-02-2021_GoO_16032021.pdf

the effective issuance of national guarantees of origin by default, and may constitute the first step towards integration with the European market.

This Paper and regional approach were presented on the meeting held on 16 March 2021. On the meeting, Secretariat invited the issuing bodies to confirm their interest in writing no later than 11 April 2021. Following Contracting Parties expressed their interest: Albania, Bosnia and Herzegovina, Georgia, Kosovo*, North Macedonia, Moldova, and Ukraine. In September 2021, the Secretariat launched a public tender¹⁴, seeking for consultants to regional electronic system.

5.6. Sustainability of biofuels

The deadline for implementation of sustainability criteria and establishment of the relevant verification systems expired on 1 January 2014. However, only two of the Contracting Parties made any progress in the reporting period related to the transposition of Articles 17 to 21 of Directive 2009/28/EC into their national legislation. This is in spite of extensive preparatory activities including technical support in legislative drafting to some Contracting Parties. Most of the Contracting Parties started to develop necessary legislative framework some years ago, but delays happen due to different reasons – from political, insufficient resources to the impacts by other sectors. Besides this, drafted solutions are mainly partial, not targeting complete set of measures – from proper development strategy, promotion, incentives for sustainability – and not involving in the discussions at State level all relevant sectors, such as agriculture, transport, rural development, financial.

The Contracting Parties are thus lagging behind in achieving their indicative targets, despite having defined them in their respective NREAPs. Few Contracting Parties registered some biofuels consumption that anyhow cannot contribute to the mandatory targets achievements due to the lack of transposition of sustainability criteria and the lack of an adequate certification system.

Route	Number of plants	Total capacity	Unit	Comment
Albania				
Esterification to FAME	1	100	kt/yr	
Bosnia and Herzegovina				
Fermentation to ethanol				One planned facility producing lignocellulosic ethanol
Esterification to FAME	1	155	kt/yr	Currently under investigation
Georgia				
Esterification to FAME	1	1	kt/yr	
North Macedonia				

¹⁴ <https://www.energy-community.org/news/Energy-Community-News/2021/09/07.html>

Esterification to FAME	4	31	kt/yr	Two additional FAME plants planned by Blagoj-Gorev with a combined 13 kt/yr capacity
Moldova				
Fermentation to ethanol	1	12	kt/yr	A FAME plant has closed (capacity 50 t/day)
Ukraine				
Fermentation to ethanol	8	110	kt/yr	Four additional planned ethanol plants, with total planned capacity 280 kt/yr. Eight closed plants (total capacity 154 kt/yr) could start again if economical.
Esterification to FAME	4	25	kt/yr	One closed plant with 180 kt/yr capacity

Table 7: Biofuel capacities

ANNEX – Installed renewable energy capacities and generation in the Contracting Parties

	2018							2019						
	Large hydropower [MW]	Small hydropower <10 MW [MW]	Pumped storage [MW]	Solar [MW]	Wind [MW]	Biomass [MW]	Biogas [MW]	Large hydropower [MW]	Small hydropower <10 MW [MW]	Pumped storage [MW]	Solar [MW]	Wind [MW]	Biomass [MW]	Biogas [MW]
Albania	1821,00	285,00						1925,00	347,00					
Bosnia and Herzegovina	1643,90	144,22	440,00	18,775	50,90	0,25	1,00	1643,90	156,38	440,00	25,351	87,00	1,07	1,00
Georgia¹⁵	3166	193		1	21			3313	206		3	21		
Kosovo*	35,00	43,09		10,04	33,75			35,00	57,08		14,29	33,75		
Moldova	16,00	0,254		4,02	27,69		5,70	16,00	0,254		5,02	37,39		6,35
Montenegro	649,00	26,607			72,00			649,00	27,243		1,979	118,00		
North Macedonia														
Serbia	2203,00	97,00	614,00	11,00	227,00		17,00	2227,00	104,00	614,00	11,00	398,00	2,40	21,20
Ukraine	4620,00	99,00	1510,00	1388,00	533,00	51,00	46,00	4716,00	114,00	1510,00	4925,00	1170,00	84,00	86,00

Table 8: Installed renewable energy capacities in the Contracting Parties in 2018 and 2019 based on data from Progress report

¹⁵ Source of data: Ministry of economy and sustainable development

	2018							2019						
	Large hydropower [GWh]	Small hydropower <10 MW [GWh]	Pumped storage [GWh]	Solar [GWh]	Wind [GWh]	Biomass [GWh]	Biogas [GWh]	Large hydropower [GWh]	Small hydropower <10 MW [GWh]	Pumped storage [GWh]	Solar [GWh]	Wind [GWh]	Biomass [GWh]	Biogas [GWh]
Albania	7371,88	1180,60						4468,00	715,00					
Bosnia and Herzegovina	5822,30	369,28	437,50	21,46	103,54	1,25	6,97	4912,07	460,84	944,62	28,01	199,64	2,05	6,56
Georgia¹⁶	9833				81			8819				85		
Kosovo*	98,20	173,27		2,03	29,75			82,89	130,04		10,48	90,65		
Moldova	44,00	0,027		2,00	23,00		20,00	65,00	0,032		2,00	43,00		21,00
Montenegro	1467,02	379,00		2,30	157,33			1528,65	304,00		2,30	247,75		
North Macedonia														
Serbia	10132,80		1147,80	13,00	150,40		101,70	10161,00		931,40	13,50	898,20	11,40	126,70
Ukraine	10184,00	242,00	1579,00	1107,50	1188,00	124,50	176,00	6266,00	242,00	1346,80	2932,80	2020,00	194,90	212,00

Table 9: Renewable energy generation in the Contracting Parties in 2018 and 2019 based on data from Progress report

¹⁶ Source of data: Ministry of economy and sustainable development