



REPUBLIC OF SERBIA
Ministry of mining and energy

**Report on latest developments in the
implementation of renewable energy acquis**

*(legislation adoption, reform of support schemes, grid
integration, sustainability criteria)*

Renewable Energy Coordination Group 6th Meeting
Vesna M. Simic, Head of RES Department

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Content

➤ **Renewable energy acquis**

What are the official RE acquis under Energy Community ?

➤ **Legislation adoption**

➤ **Sustainability biofuel criteria**

➤ **Challenges with achieving existing RES target 2020**

➤ *reform of support schemes, grid integration*



RES policy of Energy Community

The renewable acquis under Title II of the Treaty establishing the Energy Community encompasses the **Renewable Energy Directive 2009/28/EC** (“RE Directive”) as **adopted and adapted** by the Ministerial Council in October 2012

- RE Directive was not automatically put in force within Energy Community but **amending Article 20** of the Energy Community Treaty

- Why?

Because EU legislation need to be adapted to both the institutional framework of the Energy Community and the specific situation of each of the Contracting Parties (Article 3 of Treaty)

- The Ministerial Council is in charge to provide general policy guidelines and take Measures not Secretariat (Article 47 of Treaty)



Serbian obligation under EnC RES policy

▪ **There is no other Decision** than D/2012/04/MC-EnC: Decision on the implementation of Directive 2009/28/EC and amending Article 20 of the Energy Community Treaty

Adapted Directive 2009/28/EC is **the only obliged RE acquis of EnC**. Deadline for **transposition 1st January 2014** (for EU 5 December 2010!)

Serbia is committed to:

- Increase the share of RES in gross final consumption from 21.2% in 2009 to 27% in 2020
- Increase the share of RES consumption in the transport sector from 0% in 2009 to 10% in 2020



Serbian RES policy – transposition and implementation of Directive 2009/28/EC

- In 2016 new Regulations on incentives for privileged power producers were adopted. The first effects have just started
- In September 2017 Regulation on Guarantee of origin was adopted.
- EMS (TOS) is responsible to issue guarantee of origin
In 2018 issued 8 status for producer from RES with overall installed capacity of 1.5 GW mostly HPP of EPS
It is expected EMS become member of Association of Issuing Bodies (AIB) in 2019
This means guarantee of origin from Serbia will be accepted within Members of AIB and opposite
This could develop guarantee of origin market in Serbia



Serbian RES policy – transposition of Directive 2009/28/EC

- With adoption of legislation for biofuels RE Directive will be completely transposed
- Legislation for biofuels is drafted but we are struggling with 2 open issues?

The 1st one is lack of data for monitoring obligations for public transport so we cannot put obligation for this category until we do not solve the reliable reporting

the 2nd one is an acceptance of foreign document by which is verified the imported biofuels from other countries are produced in accordance with sustainable criteria

- Besides, we are not sure if it is wise to adopt legislation which should be changed very soon because of revised RE Directive demands



RES Share %

Year	2009	2012	2013	2014	2015	2016	2017
Share							
National overall RES share target* (%)	21.2	17.8	19.3	19.7	20.9	21.8	23.1
Achieved RES Share** (%)		20.27	19.10	22.73	21.00	20.9	-

* Source: National Renewable Action plan

** Source: First and Second Progress report

For 2016 the source data is EUROSTAT RES Share tool

<https://ec.europa.eu/eurostat/documents/38154/4956088/SHARES-2016-detailed-results.zip/e9ce61f4-579c-4774-8a19-ecf74315adab>

The Third Progress report has been prepared, energy balance questionnaires, necessary for calculation in RES Share tool, are waiting from Statistic Office



Structure of electricity production under Feed-in tariffs subsidies in 2017

Type of energy source	MWh	%
Solar	11,084.01	2.60
Wind	48,457.07	11.37
SHPP	183,062.66	42.94
Geothermal	-	-
Biomass /biogas	71,254.87	16.71
Natural gas (EE measure)	101,203.92	23.74
Fossil fuel	11,242.47	2.64
Overall:	426,305.00	100

Source: Annual report on national residual mix for Serbia in 2017



RES Plants developed under Feed-in Tariffs, 2017/2018, Where we failed?

Status Type of power plant	Planned and built plants under feed-in subsidies			
	NREAP Planned new Capacity (MW) 2020	Instaled Capacity (MW) 2018	Expected NREAP energy (GWh) 2020	Produced energy (GWh) 2017
SHPP (up to 10 MW)	188	63	592	183
Biomass CHP	100	0	640	0
biogas	30	14	225	71
wind	500	25	1,000	48
solar	10	9	13	11
geothermal	1	0	7	0
waste	3	0	18	0
Landfill gas	10	0	50	0
Sum	842	111	2,545	313



Overview of RES potential in Serbia should be revised

Estimated potential of RES

- The total technical potential of RES is about 5,65 Mtoe
- We already use 33% of the available technical potential (0.9 Mtoe we used hydropower and 1.06 Mtoe of biomass potential)

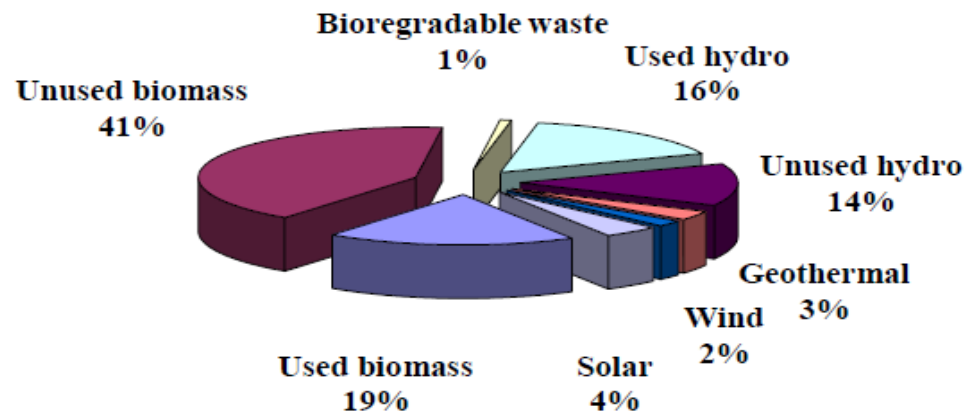


Figure 1: Structure of RES in the Republic of Serbia



Obstacles to RES investments

- **Lack of reliable data** on where are and how big are economically viable RES potential. Important for decision makers!

- **Economical barriers** due to the price of electricity from RES are still more expensive than from classical sources; Small GDP and GDP per capita, Political challenges (price of electricity for final user is small

National investment uncertainty There is no enough high credit rating, macroeconomic performances, political stability, banking sector stability . Lack of confidence of investor in the national legal system is encouraged by the adoption of very investment attractive PPA.

EU RES Policy uncertainty changes in law and shifting too quickly at new incentives or abolished the ones for big projects.



What we do in order to achieve target

Review of the RES most realistic potentials

- GIZ will examine most realistic potential of woody biomass
- GIZ has already prepared very good study of realistic agricultural biomass potential
- EMS will prepared study on wind and solar technical potential taking into account the existing 500 MW wind
- USAID has prepared and plan to follow up study on Net metering in Serbia and involving new prosumer category in Serbian legislation
- IPA Updating of cadaster of SHPPs
- For realistic biogas potential which will consider the future obligation to use biomass with sustainability criteria we need technical support?
- For the realistic waste potential we need technical support?



Reform of support schemes

- *reform of support schemes still not obliged under EnC but should be considered with all pros and cons*

▪ In April 2014, the European Commission issued the "Guidelines on State aid for environmental protection and energy 2014-2020 (EEAG)"

The feed-in tariffs for larger projects are not in accordance with the rules of State Aid.

RE should be put at electricity market, it is aloud to determinate just feed-in premium by auctions or tenders... The privileged position is forbidden

▪ On 24 November 2015, the **Secretariat published** the Policy Guidelines on the Applicability of the Guidelines on State Aid for Environmental Protection and Energy 2014-2020 to the Contracting Parties of the Energy Community **(No consultations with CPs!!!)**

The Contracting Parties should comply with the EEAG and a new approach for the design of the support schemes for renewable energy is required to be implemented and scrutinized ?!?!?



Reform of support schemes

▪ March 2018 Policy Guidelines on Competitive Selection and Support for Renewable Energy, prepared jointly by the European Bank for Reconstruction and Development and the Energy Community Secretariat in collaboration with the International Renewable Energy Agency (No consultations with CPs!!!) but these Guidelines are intended primarily for the countries which are both parties to the Energy Community Treaty and EBRD countries of operation. Non bidding – explicitly said!

Completely new approach which is not in accordance with EEAG at all, even though with the Secretariat's published Policy guidelines from November 2015, but it is worth to be considered

Feed in tariffs are allowed for larger projects, there is no need to sell energy at the market, but before that it is necessary to examine if the electricity market is not mature for applying EEAG



Reform of support schemes- voice(s) of Secretariat

- “In order to ensure compliance with the Guidelines on State aid for environmental protection and energy 2014-2020, Serbia has to introduce auctions for renewable energy and remove the capacity cap per type of renewable energy technology. **This will enable the cost-effective achievement of the 2020 renewable energy target considering the decrease of costs of renewable energy technologies in the past years.”**

Implementation Report prepared by Secretariat

Questions for Secretariat?

- Which Guidelines of 3 ones? Auctions for what (feed-in tariffs or feed-in premium)? Shall the RES producers paid balancing costs?
- Is there any analyses which could support this advise?
- How Secretariat is sure this will enable the cost effective achievement
- We revised feed-in tariffs every two years
- We understand we are encouraged by Secretariat to subsidize lager projects by feed-in tariffs?



Reform of support schemes

- EBRD will provide analysis-what is best possible way and bankable at the same time to introduce auctions for the determination of feed-in tariffs for larger projects
- This would not be in accordance with EEAG but for the 3rd Guidelines it will be
- The study will be finished until **April of 2019**
- For small projects we would keep on with feed-in tariffs in accordance with EEAG (Serbia is EU candidate and has to transpose EU legislation anyway)
- The more attention should be paid at heat sector, but not for higher usage of biomass in households



Conclusions

- Legislation of EU *need to be adapted to both the institutional framework of the Energy Community and the specific situation of each of the Contracting Parties (Article 3 of Treaty)*

This is necessary in order not to corrupt positive idea of higher use of RES

- Haste with adoption the obligation of 10% of RES in transport was obviously unadvisedly
- Determination of national targets until 2030 under EnC is very premature (EU countries are still no have the targets)
- The new RES policy should be based on professional Impact Assessment analysis which should be prepared



Thank you for your attention!

<http://www.mre.gov.rs/energetska-efikasnost-obnovljivi-izvori.php>

vesna.simic@mre.gov.rs