

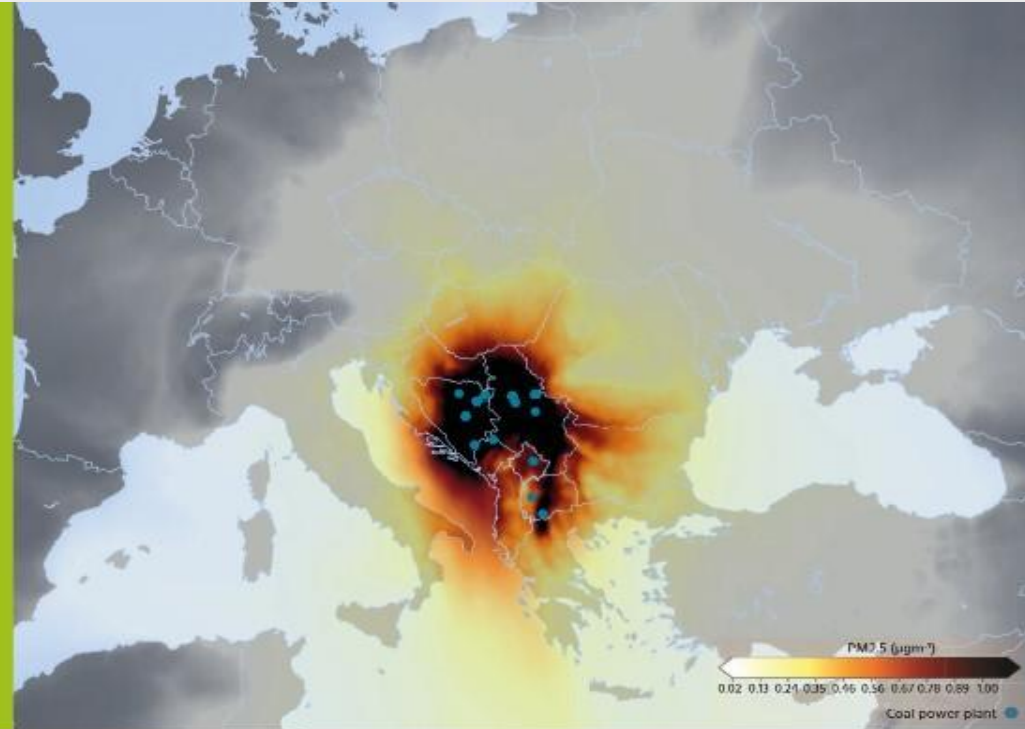


Energy Community at the Crossroads

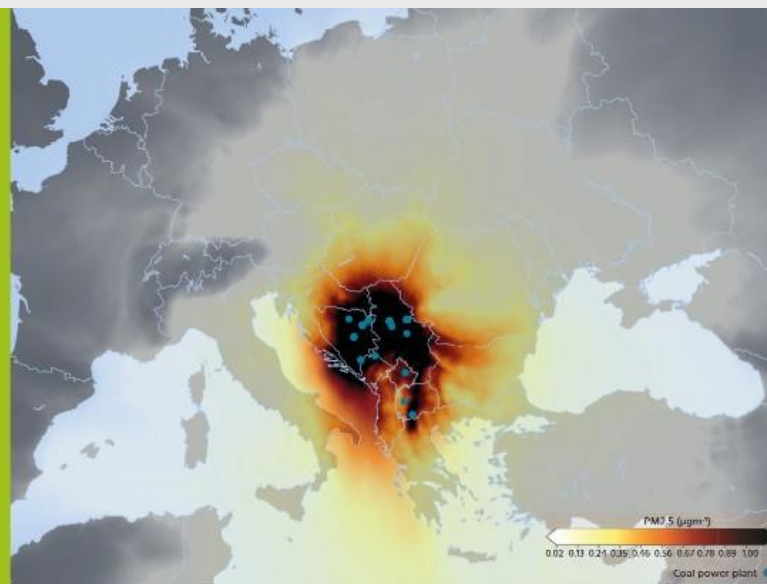
Janez Kopač, Director

27 June 2019

- Transboundary pollution problem!
- EU member states already fail to keep air quality standards
- Additional harmful pollution travelling into the EU from five neighbouring Western Balkan countries
- Most impacted EU neighbouring countries, but far away too

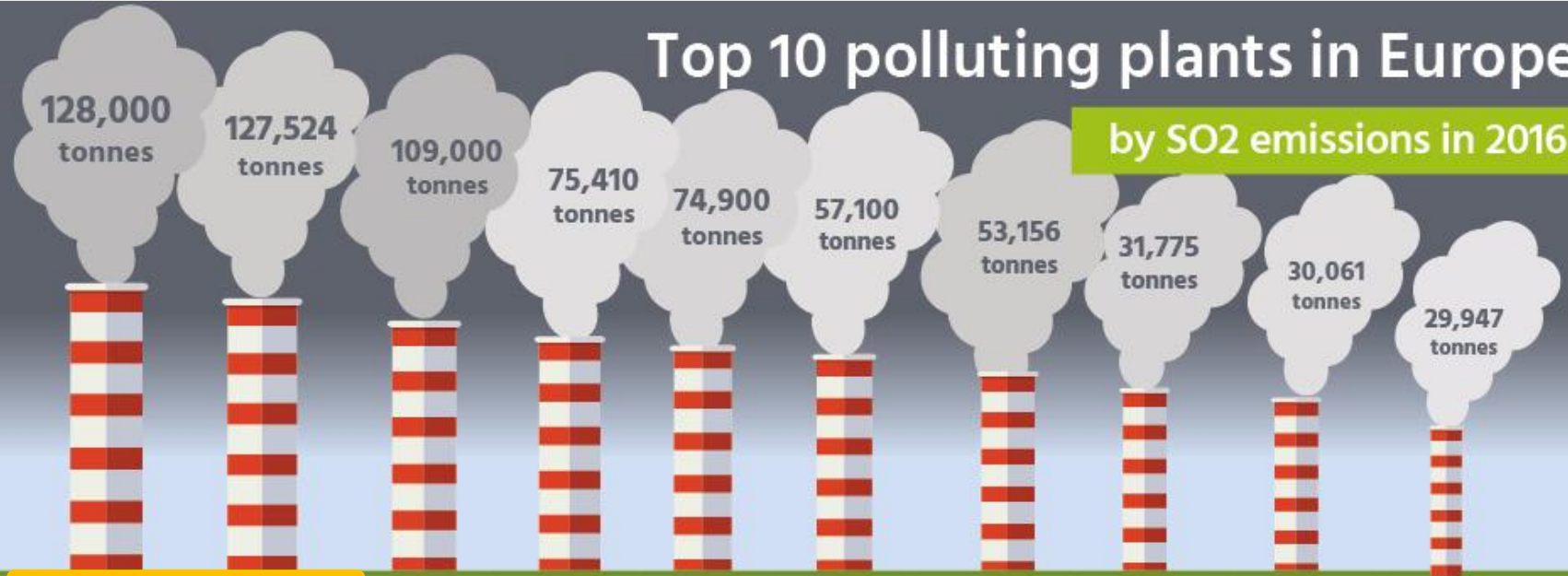


Modelled pollutant exposure to particulate matter (PM2.5) caused by the 16 coal power plants in the Western Balkans in 2016, annual mean



Top 10 polluting plants in Europe

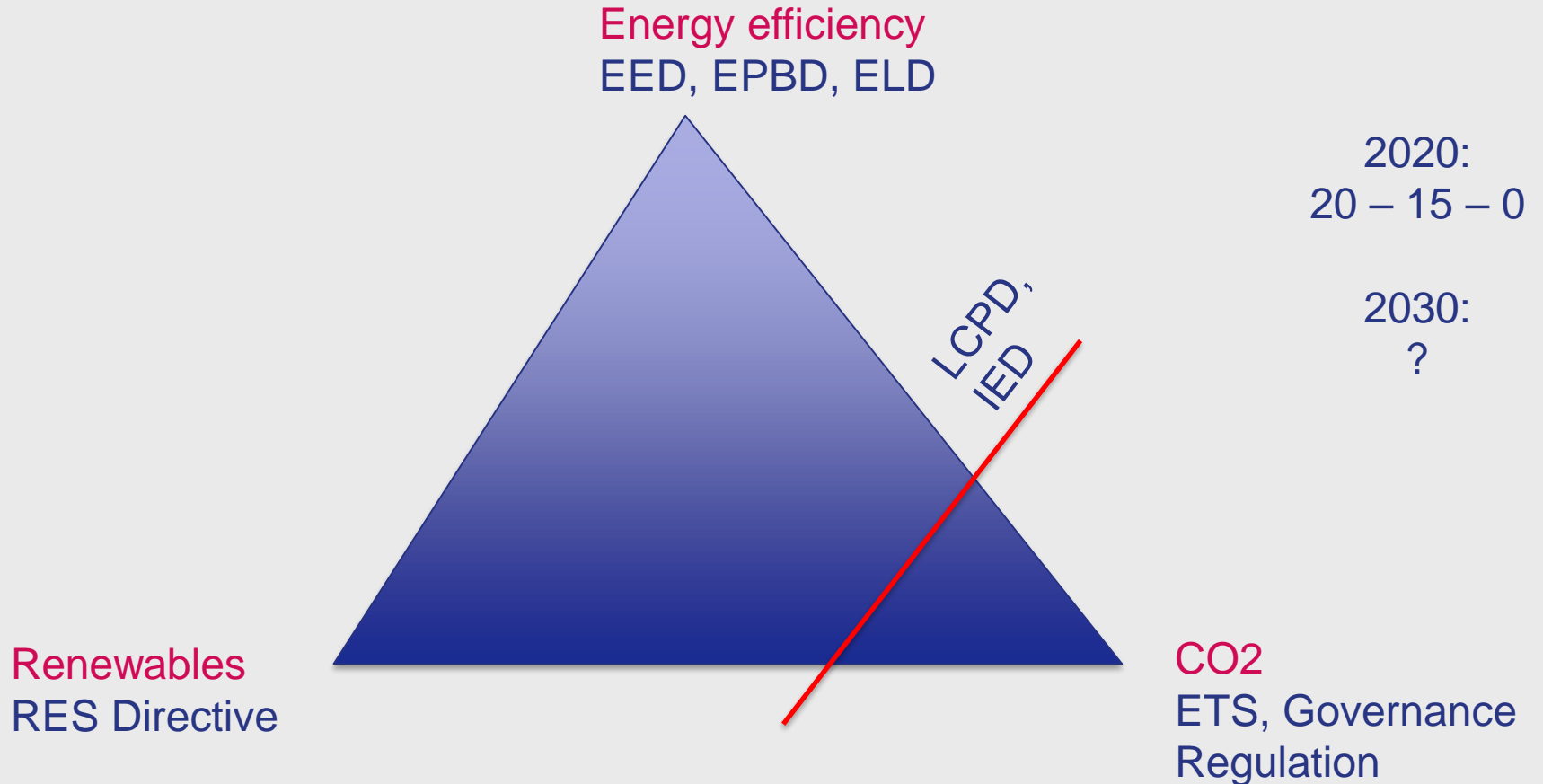
by SO₂ emissions in 2016



Kostolac B Serbia	Ugljevik Bosnia and Herzegovina	Nikola Tesla A Serbia	Kakanj Bosnia and Herzegovina	Kostolac A Serbia	Nikola Tesla B Serbia	Tuzla Bosnia and Herzegovina	Bitola Macedonia	Belchatow Poland	Maritsa East 2 Bulgaria
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Challenges of policy integration – second transition



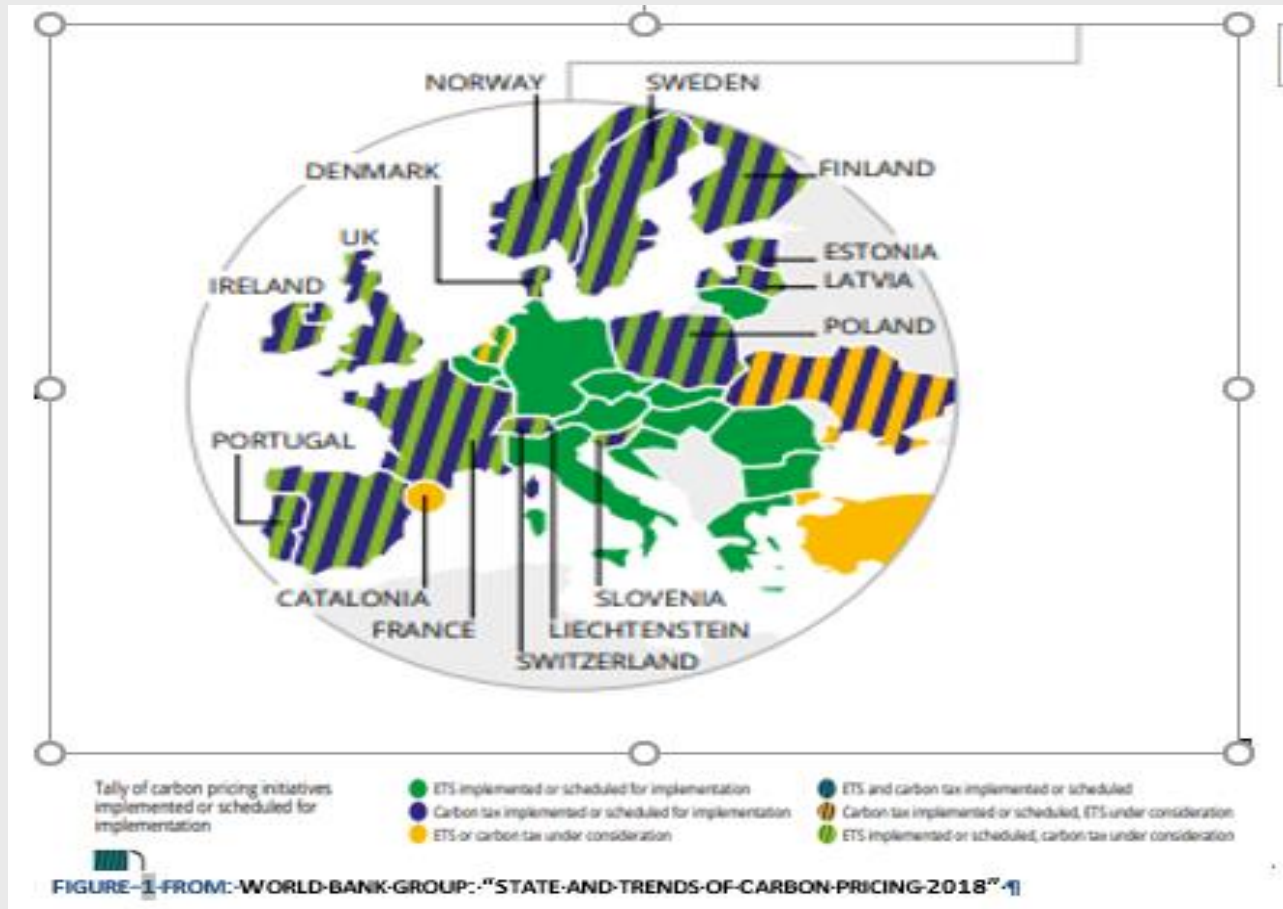
CARBON PRICE DEVELOPMENTS IN THE EU ETS



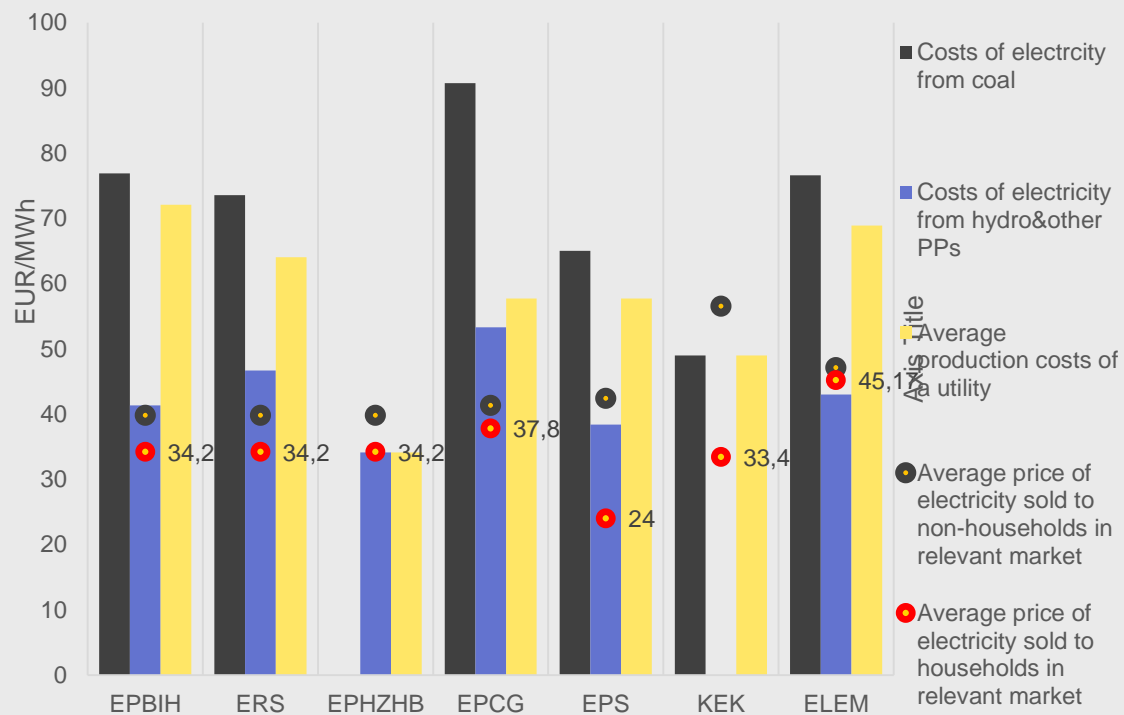
Source: M. Voogt, Using carbon pricing to support coal transition in the WB, 2018

In the past years, prices on the European carbon market did not have a significant impact on new investments in the energy sector. This is changing → **new ETS regime** with improved stability measures leading to **higher prices level**

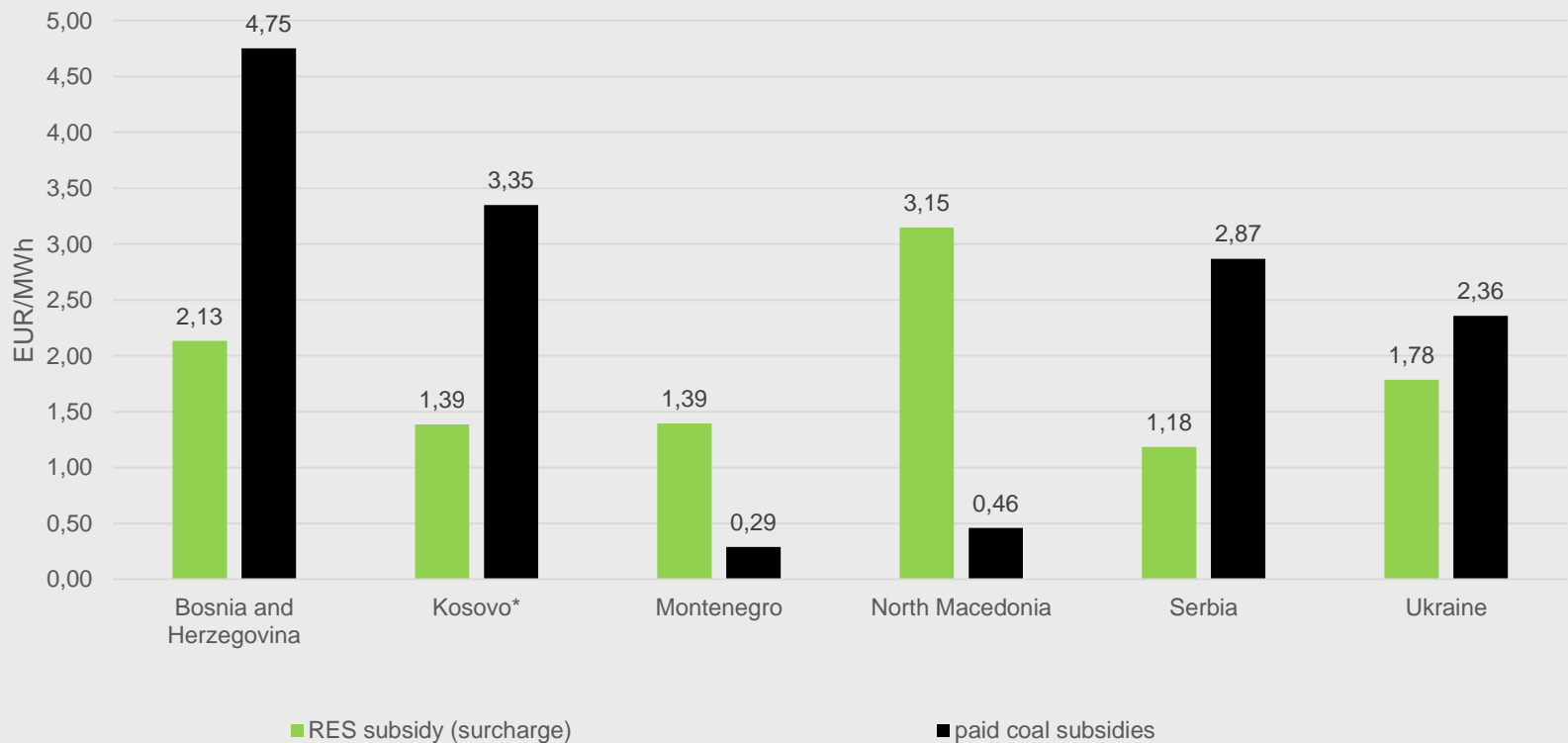
Carbon price need to be incorporated also **in the power sector of WBs** (e.g. carbon tax or ETS) → global climate shift is already making it difficult to attract financing or insurance for TPP with high carbon footprint. Power companies in the WBs are currently faced with this challenge (e.g. Kosovo, BiH, Serbia)



Estimated full costs of production of electricity and selling prices

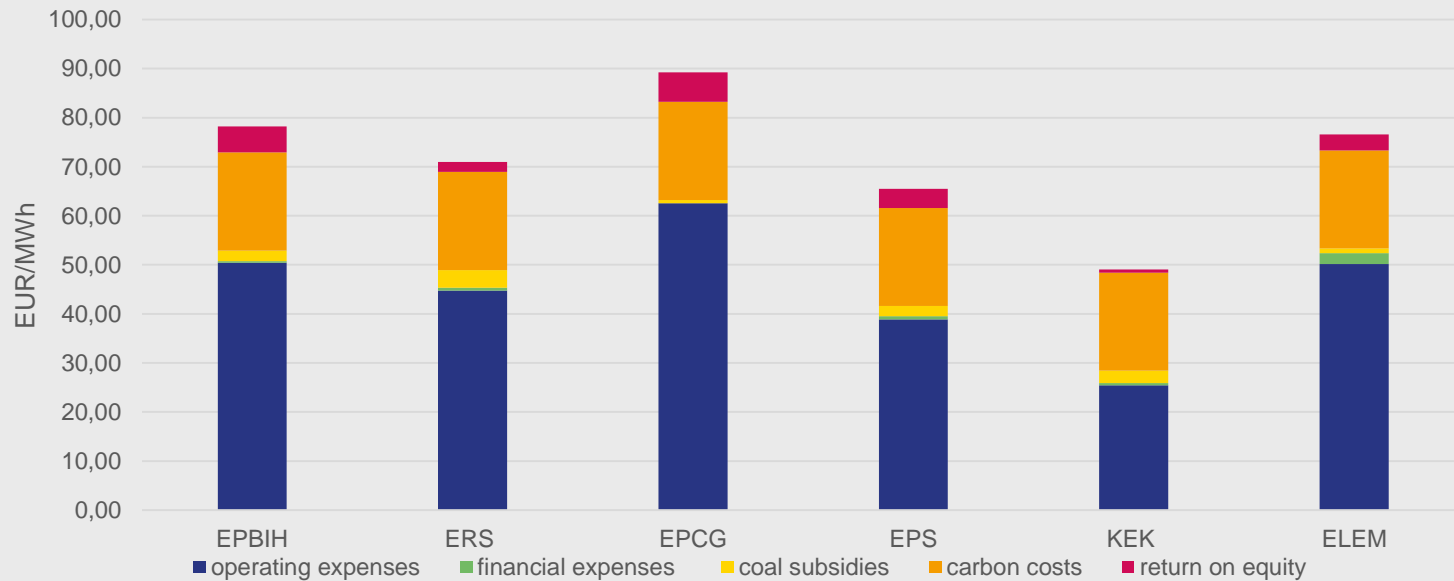


Paid subsidies for RES and coal in the end users prices in 2017



Estimated full costs of production of electricity from coal

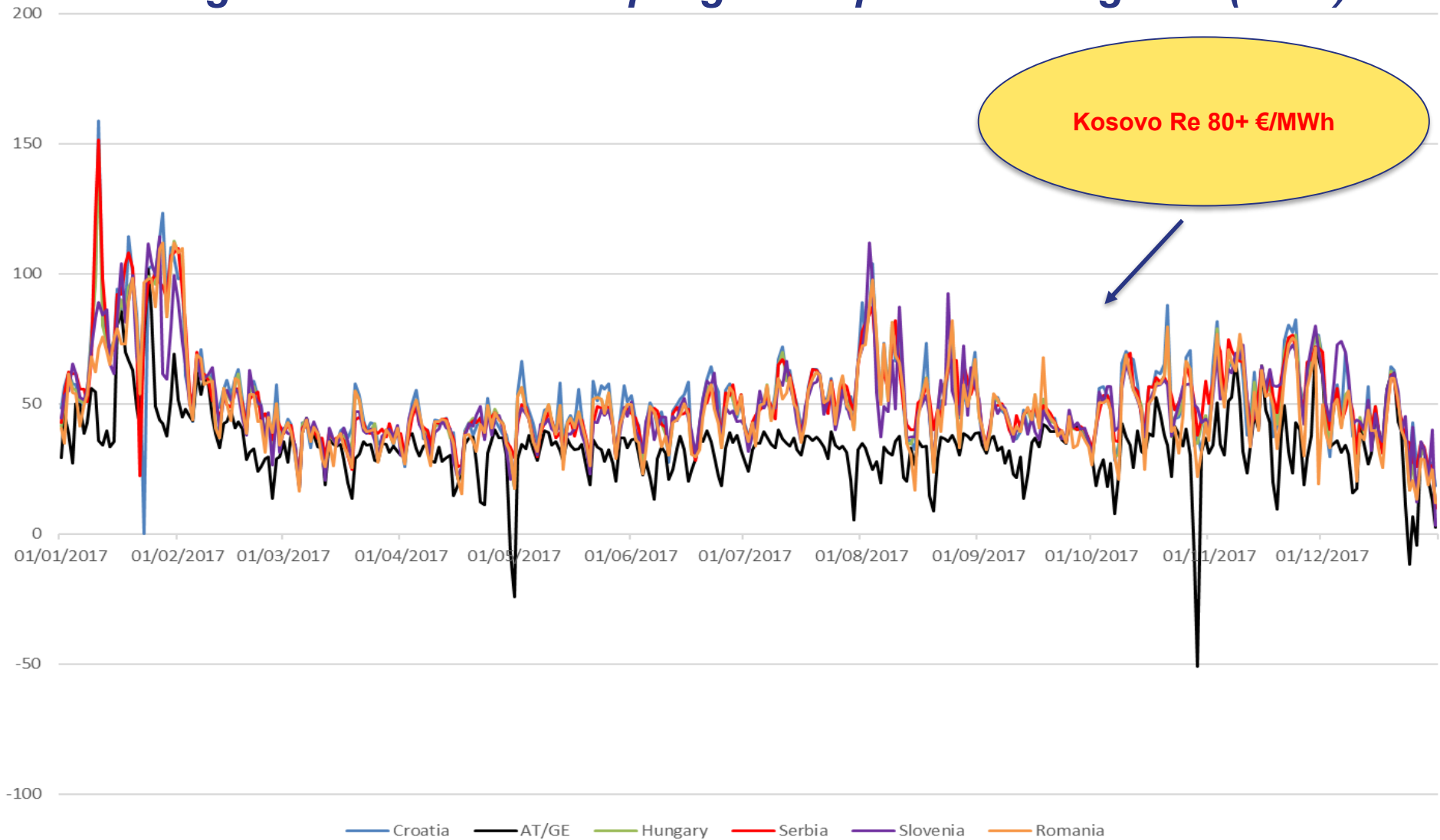
Estimated full costs of production of electricity from coal



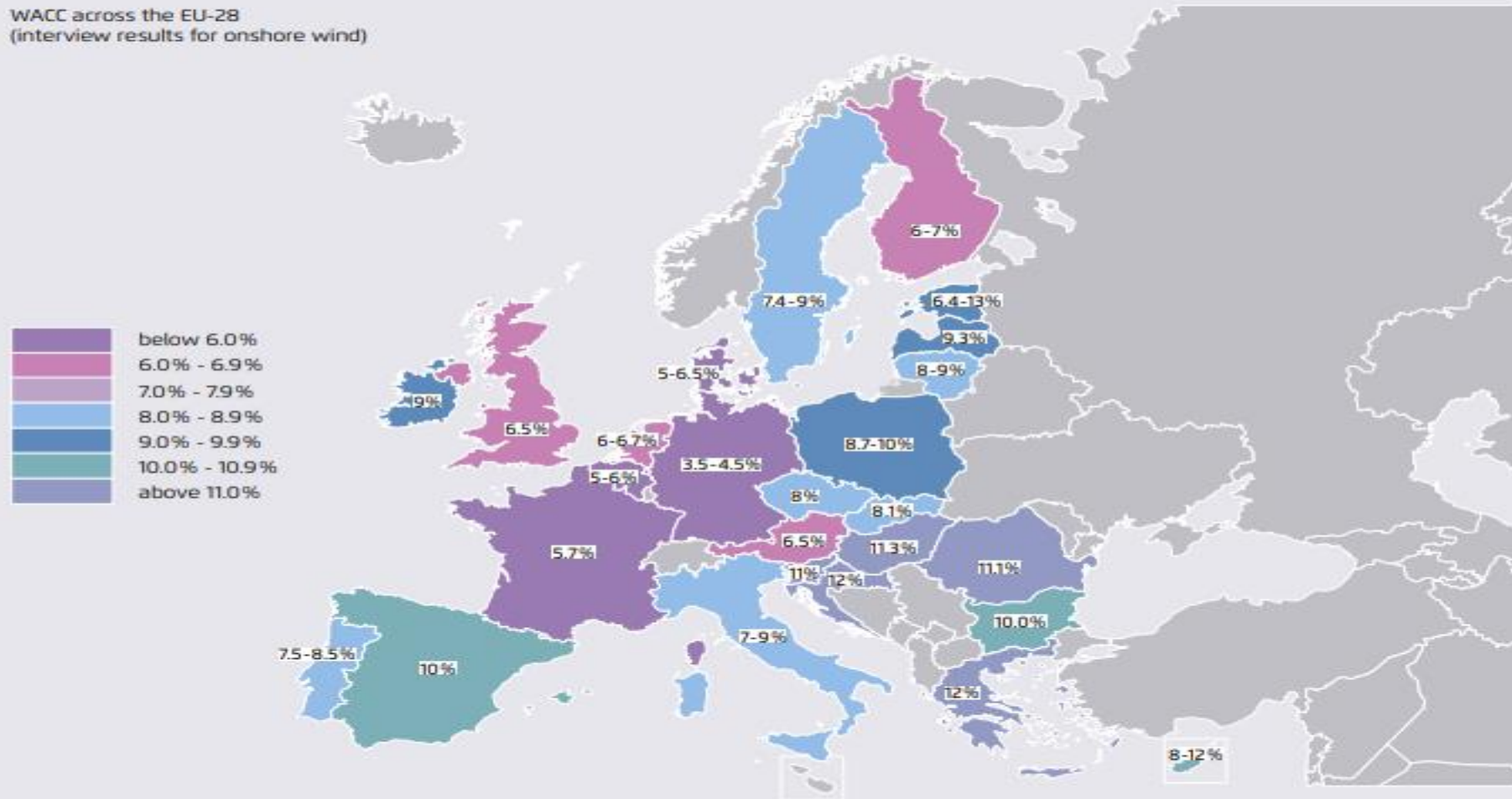
Needed price increase to cover all costs and avoiding cross subsidization

Contracting Party	Final price charged to household 2017	Production costs not covered	Adjusted final price for household	Expected price increase
	EUR/MWh	EUR/MWh	EUR/MWh	%
Bosnia and Herzegovina	86,3	26,69	112,99	31%
Montenegro	99,4	36,63	136,03	37%
North Macedonia	81,5	23,73	105,23	29%
Kosovo*	68,6	15,60	84,20	23%
Serbia	69,1	33,71	102,81	49%

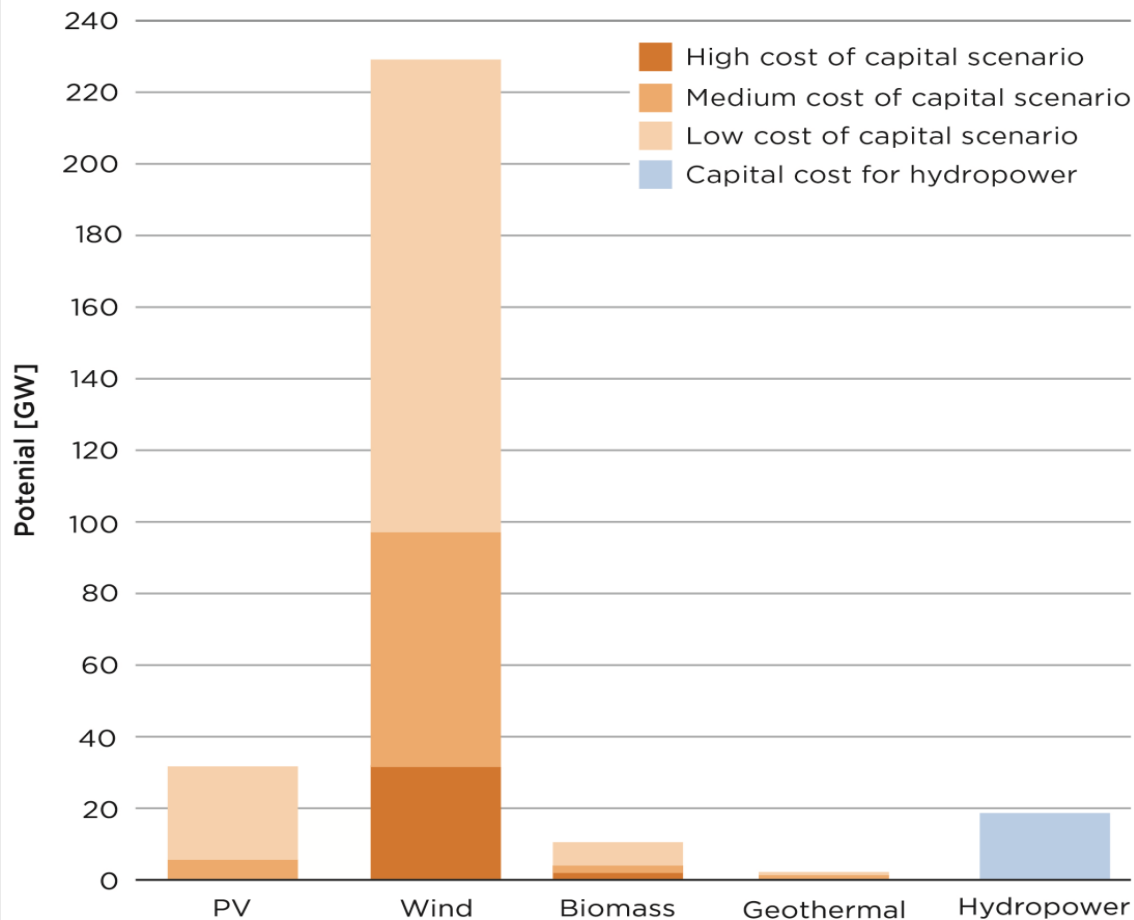
Moving towards market coupling - SEE price convergence (2017)



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



Impact of cost of capital in CESEC region



Support for Renewable Energy in the WB6

Contracting Party		PV	Wind	Biomass	Hydro	Biogas	Waste	Geothermal	PPA	Links
Albania		10	7,6	-	5,63	-	-	-	15 yrs.	http://www.ere.gov.al/doc/Tarifate_e_mirat_uara_nga_ERE_Prill_-_Dhjetor2017.pdf ; http://www.ere.gov.al/doc/VENDIM_NR.12_0_2017.pdf
BiH- FBiH		27,2 - 15,78	17,86 - 7,1	16,1 - 11,61	14,84 - 6,33	36,37 - 14,26	-	-	12 yrs.	http://www.ferk.ba/ba/images/stories/2017/prilog_1_odluka_gc_bs.pdf
BiH- RS	FiT	15,06 - 10,3	8,45	21,53 - 11,55	7,87 - 6,36	12,28	-	-	15 yrs.	http://www.reers.ba/sites/default/files/FeedInPrices_RES_290616.pdf
	FiP	11,07 - 6,32	4,21	8,1 - 7,32	3,63 - 2,12	-	-	-		
Kosovo*		13,64	8,5	7,13	6,747	-	-	-	12 yrs. except hydro 10 yrs.	http://ero-ks.org/2016/Vendimet/V_810_2016_eng.pdf
FYR of Macedonia		16 - 12	8,9	15	12 - 4,5	18	-	-	15 yrs. - PV, biomass, biogas; 20 yrs. – wind, hydro	http://shpp.moepp.gov.mk/Upload/Document/EN/uredba-za-povlasteni-tarifi.pdf
Montenegro		12	9,61	13,71 - 12,31	10,44 - 6,8	15	9	-	12 yrs.	http://www.oie-res.me/index.php?page=uredbe-i-pravilnici
Serbia		14,6 - 9	9,2	13,26 - 8,22	12,6 - 7,5	18,33 - 15	8,57	8,2	12 yrs.	http://www.mre.gov.rs/doc/efikasnost-izvori/Uredba%20o%20podsticajnim%20merama%20ENG20092016.PDF

How Earth Would Look If All The Ice Melted



How Earth Would Look If All The Ice Melted



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

*Thank you
for your attention!*

www.energy-community.org