

# 25<sup>th</sup> Energy Community Electricity Forum

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Virtual Forum – WebEx connection  
16 – 17 June 2020

## Conclusions

1. The Forum took stock of the impact of the COVID-19 crisis on the energy sectors on a global, European and regional level from different perspective. While the operators and utilities in the Contracting Parties did an outstanding job in maintaining secure supply, the crisis tested the financial viability of many state-owned companies and market designs. These risk-factors should be assessed and remedies discussed and implemented. The Forum noted that the production from renewable energy sources has proven to be resilient during the COVID19 pandemic.
2. The Forum also agreed that the post-pandemic recovery, together with the decrease in costs for renewables and the general orientation of European and international energy policies provide an opportunity for an accelerated energy transition in the Contracting Parties which should not be missed. Essential elements supporting the transition include appropriate pricing of carbon emissions, increased deployment of renewables as the cheapest form of power generation, introduction of new services and technologies such as hydrogen, storages, electrification of the transport sector and increased energy efficiency, as well as planning and monitoring progress on national and regional level.
3. Subsidies for coal fired production that are detrimental for market integration and decarbonisation should be removed. Support schemes for energy produced from renewable energy sources should be market based. Experience made in, e.g., North Macedonia and Albania, shows that deployment of renewable capacities through market based mechanisms instead through subsidies reduces electricity prices. Capital for well-designed renewable projects is available.
4. Efforts on greening the energy sector need to be taken at *regional* level. The focus of today's energy policy on decarbonisation should be better reflected in the Energy Community Treaty. Greening the energy sector will also contribute to sustainable economic growth and create new job opportunities. Political decisions translated into clear targets for National Energy and Climate Plans (NECP) are needed. The Forum welcomes the ambitious draft NECPs of North Macedonia and Albania. Energy Community 2030 targets provide important guidance for other Contracting Parties and they are expected to be tabled by the European Commission in the first half of 2021 latest, together with a draft Clean Energy legislative package.
5. Reform of the Energy Community Treaty to introduce a reciprocity mechanism is essential to ensure cross border electricity trade and market integration between Contracting Parties and EU Members States. Practical examples show that accompanying market integration by appropriate carbon pricing does not only support the transition, but also gives the right investment signals, to avoid price shocks later on, and to integrate the energy markets in the Energy Community also in this respect. Measures undertaken in Montenegro have proven to be a good experience and could be a model for the whole Energy Community.

6. The Forum acknowledges the work in the European Commission towards a carbon price adjustment mechanism. The Forum also debated the risks such measures may pose for the single energy market as established by the Energy Community in case the difference in carbon pricing between European Union and the Contracting Parties will remain. Against this background, the Forum underlines the importance of raising the level of ambition of climate policies based on market signals related to carbon emission costs in the Contracting Parties.
7. Designing an adequate carbon pricing mechanism for the Energy Community Contracting Parties should be continued as key instrument for ensuring a level playing field for market participants in Contracting Parties and the EU, to prevent carbon leakage and to send the appropriate investment signals for future energy projects.
8. The Forum encourages the Contracting Parties to ensure proper certification of national guarantees of origins and to study the possibility of joining the Association of Issuing Bodies (AIB). The Secretariat will support these efforts.
9. The Forum invites Contracting Parties to use the most cost-effective measures for deployment of renewables compatible with open and organized markets, including cross-border auctions.
10. Progress should be made on the implementation of pilot projects for market coupling, including between Contracting Parties and Member States. Until reciprocal application of the CACM Regulation (and other electricity market guidelines) is provided via a reform of the Energy Community Treaty, Contracting Parties are encouraged to join Single Day Ahead Coupling on contractual basis.
11. The Forum welcomes the renewed commitment of transmission system operators via a dedicated SEE TSOs' task force with the support of ENTSO-E to revisit market coupling pilot projects between Contracting Parties and Member States.
12. The Forum invites the Energy Community Secretariat and European Commission to develop a legal framework for a staged implementation of the CACM Regulation in the Energy Community, from early implementation such as e.g. coordinated capacity calculation or NEMO designation, to adoption of the Regulation in the Contracting Parties and, finally, reciprocal application via a reform of the Energy Community Treaty.
13. The Forum invites the Contracting Parties, in cooperation with the Secretariat, to review existing (and when imposing new) public service obligations in the electricity sectors in order to replace the physical obligatory sales and purchases of electricity with financial or service contracts, in compliance with the obligations from Energy Community law.