Energy Community

Boosting the deployment of renewables

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CLEAN ENERGY PACKAGE II (CEPII)

Adopted: on the 19th Ministerial Council held on 30 November 2021 in Belgrade (Decision number 2021/14/MC-EnC)

Includes:

- ✓ Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources (REDII);
- ✓ Revised Directive (EU) 2012/27 as amended by Directive (EU) 2018/2002 on energy efficiency;
- ✓ Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action (Governance Regulation);
  - ✓ Delegated Regulation (EU) 2020/1044 with regard to values for global warming potentials and the inventory guidelines ;
  - ✓ Implementing Regulation (EU) 2020/1208 on structure, format, submission processes and review of information reported.

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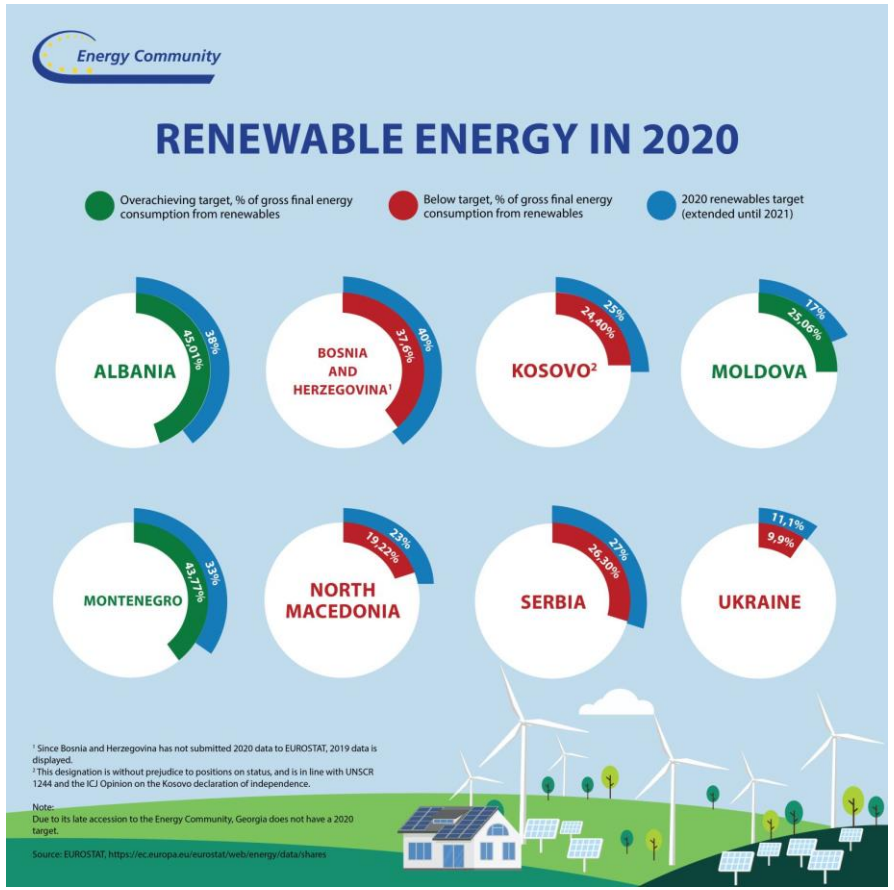
DIRECTIVE (EU) 2018/2001 on the promotion of the use of energy from renewable sources (REDII)

- ✓ Transposition and implementation deadline in the Energy Community: **31 December 2022**
- ✓ 2030 RES targets added in December 2022
  - (overall) Energy Community 2030 target for RES: 31%
  - 2030 RES targets
    - Georgia: 27,4%
    - Moldova: 27%
    - Ukraine: 27%

- ✓ New provisions include, among others:
  - ✓ Market based support scheme
  - ✓ Active role of consumers
  - ✓ Wider approach to guarantees of origin



Link for the adapted and adopted REDII in the Energy Community

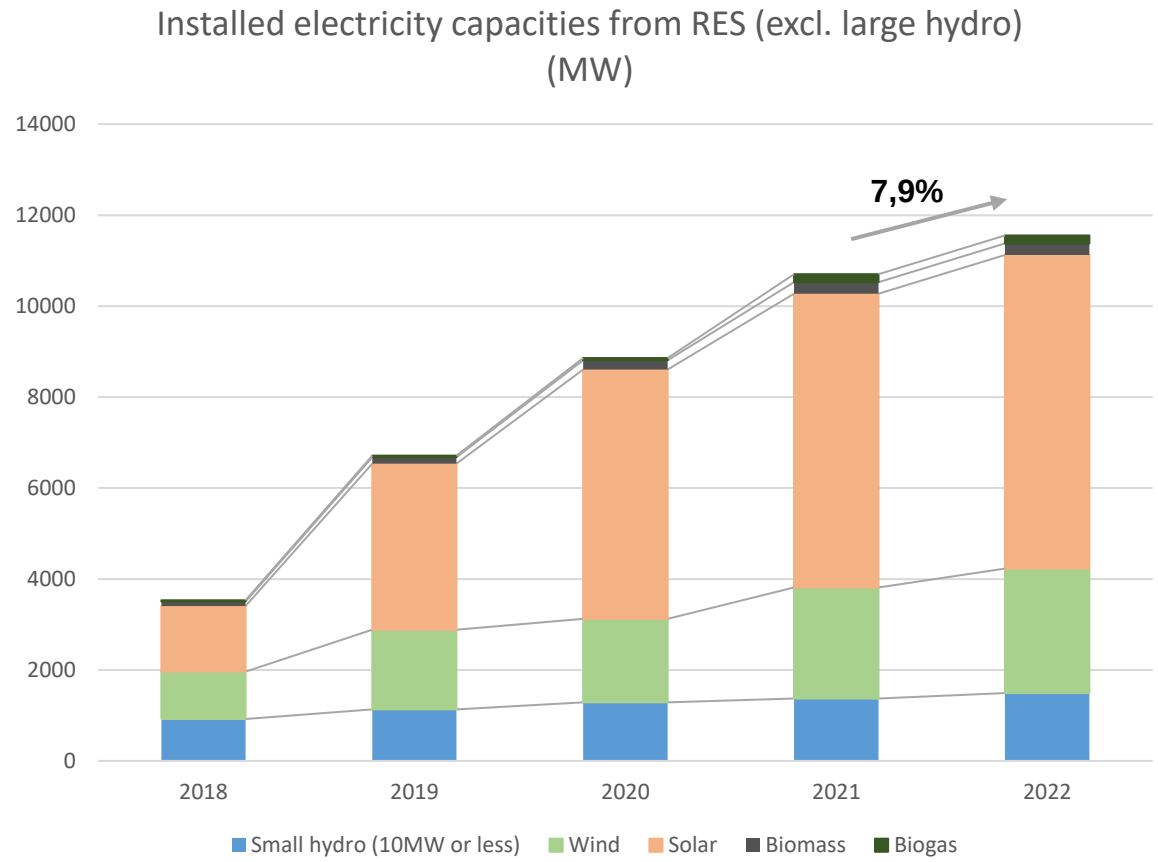
Renewables potential vs. installed capacities

- Installed capacity of solar PV in 2022: 6,894 GW
- Cost-effective potential until 2030: 12,86 GW

→Solar PV can be increased almost **100%**

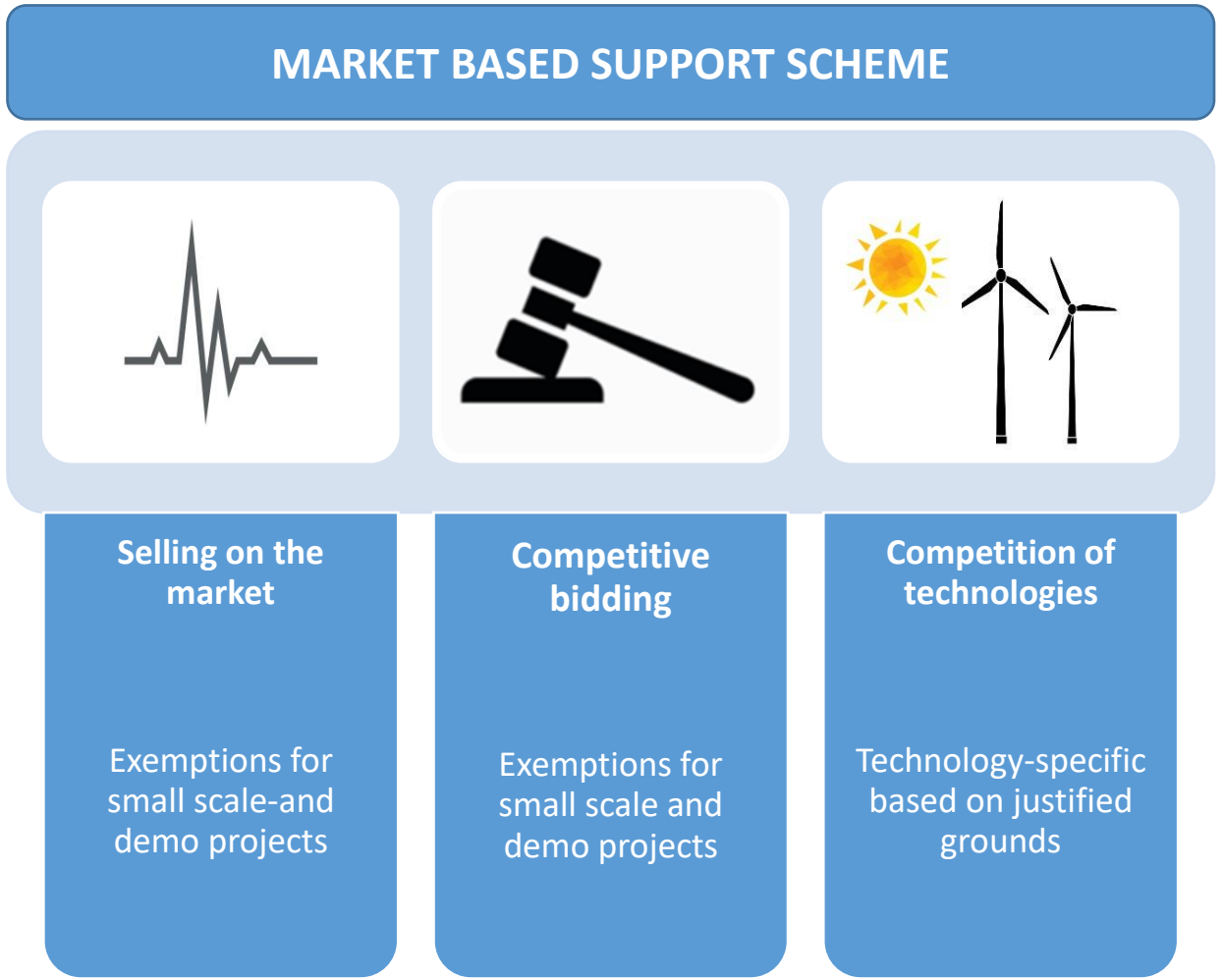
- Installed capacity of wind in 2022: 2,742 GW
- Cost-effective potential until 2030: 24,69 GW

→ Wind potential is **10** times higher than installed capacities



Renewable Support Schemes

Renewable Support Schemes



➢Some of the key challenges in the Energy Community Contracting Parties:

- nonexistence of **day ahead** and **intraday market**
- no stable **regulatory framework** and **long-term plan**
- complex **permitting** procedures
- **grid** flexibility

Source: European Commission

Assuring security and stability of the scheme

Don’t turn back time!

- Specific provision to **avoid "retroactive" changes** to support
- Revisions **may not compromise the economic viability** of supported projects
- Need to **publish long-term schedules** for support schemes
- **Market based premium** and competitive bidding as the main form of support

Source: European Commission

Embracing auctions in the Energy Community

Albania

Fixed Purchase Price/ Contract for Difference

- Two solar PV auctions and one, ongoing, wind auction
- Best price: 24.89 €/MWh
- 15 years contract

Kosovo*

Fixed Purchase Price/ Contract for Difference

- Announced in May 2023
- 95-105 MW total capacity
- Ceiling price : 65 €/MWh
- 15 years contract

North Macedonia

Fixed premium

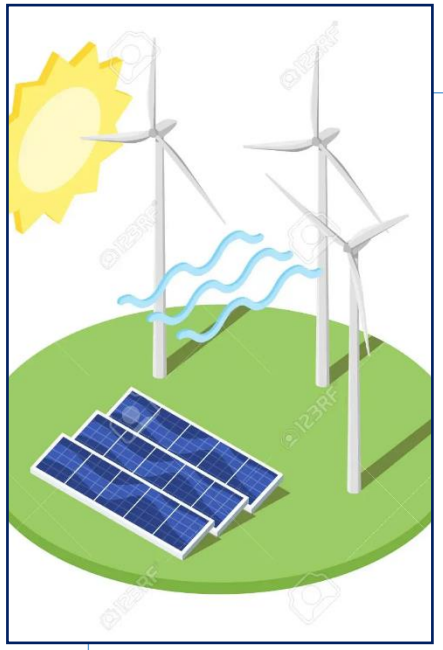
- Several solar PV auctions from 2019-2022
- 0,01 €/MWh on top of the price realized by the sale of each kWh on the wholesale electricity market

Serbia

Contract for Difference

- Announced in June 2023
- 50 MW solar PV and 400 MW wind
- Ceiling price : 90 €/MWh for solar PV and 105 €/MWh for wind

RES auction in Georgia



Contract for Difference

- 10 solar PV wining project (70,78 MW)
- 12 run-of-river hydropower projects (149,27)
-2 wind projects (77MW)

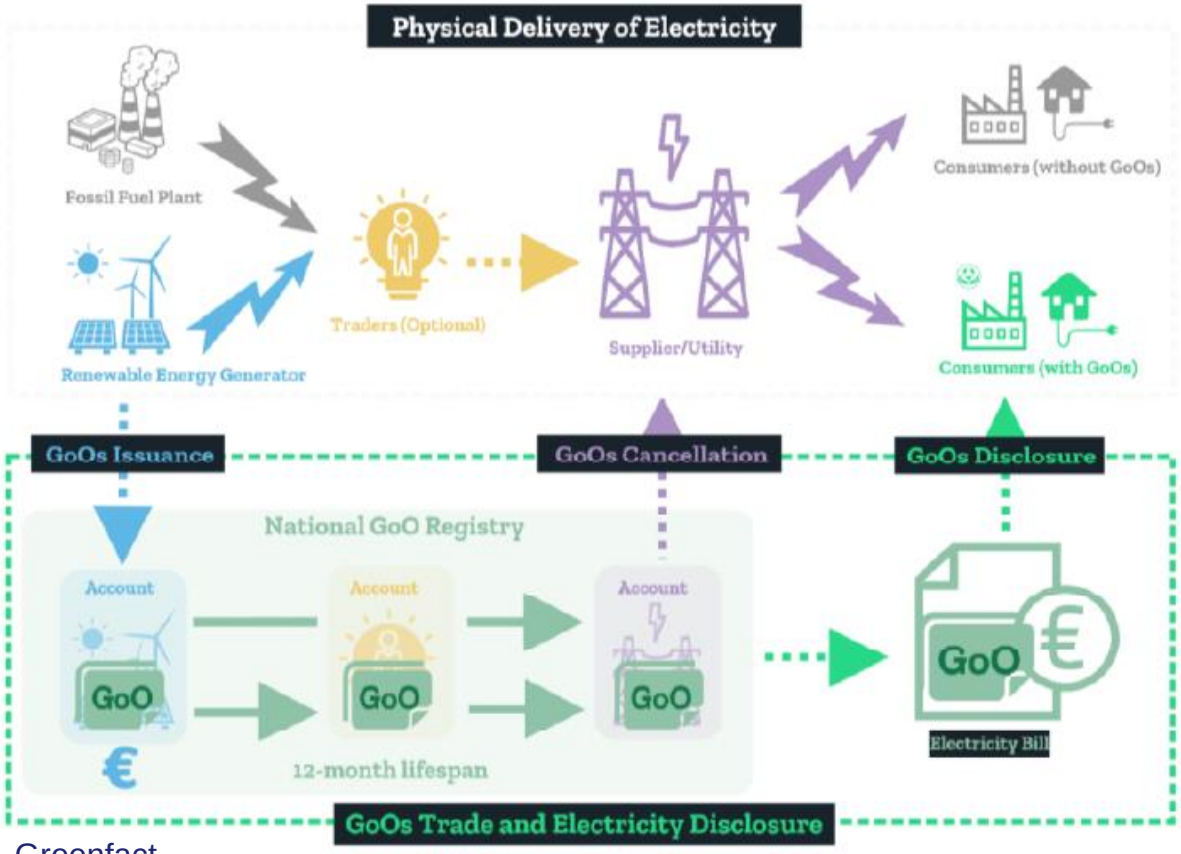
-> achieved prices for these projects ranged between 53- 68,5 USD/MWh (approximately 49-63,4 €/MWh)

Guarantees of Origin

What is Guarantees of origin Certificate

1 GO = 1MWh

- The primary goal of renewable energy certification is to enable disclosure, revealing the origin of energy sold to final consumers
- The GO, an electronic certificate, contains factual information, known as attributes, about that specific unit of electricity. This includes data on the technology used to generate the electricity, where it is located, where it is produced, by whom, etc.



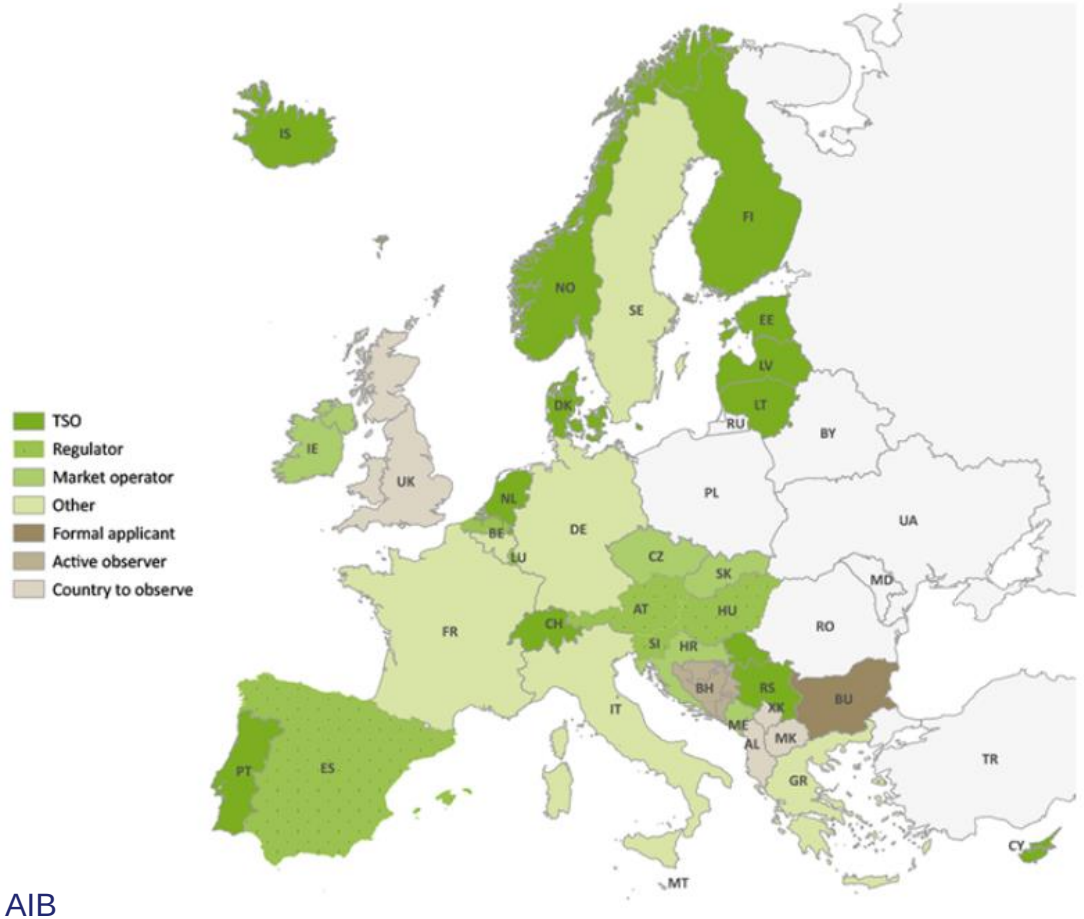
Greenfact

The European Energy Certification System (EECS)

- AIB Hub is the central point that enables member registries to inter-communicate and transfer traded certificates (GOs) under a standardised system, EECS
- The EECS certificate market is a hub designed to facilitate the exchange of certificates EU-wide, where GOs are traded on a voluntary basis

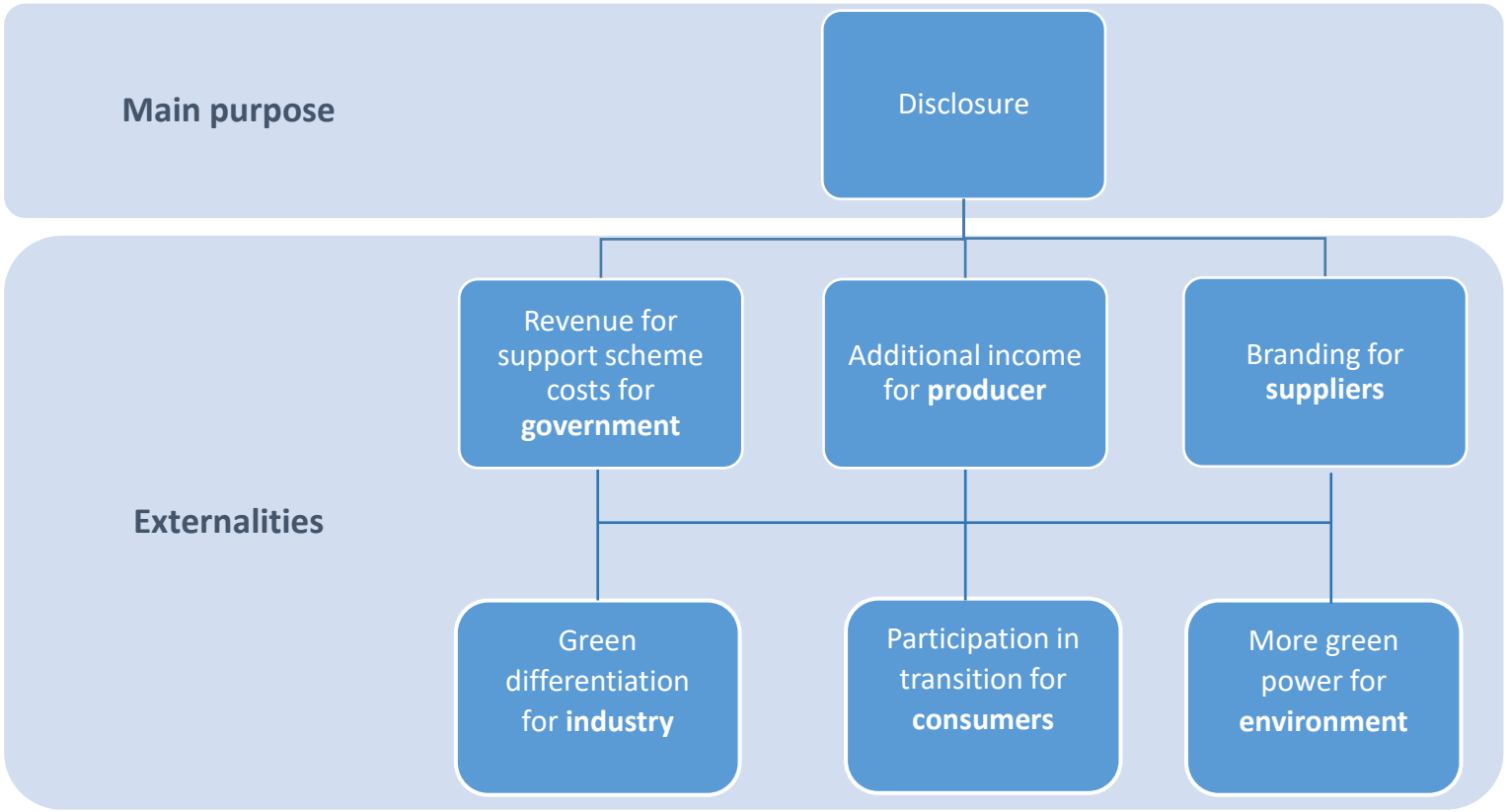
28 European states are members of the AIB

(24 EU as well as Norway, Serbia, Switzerland and Iceland)



AIB

Benefits of renewable energy certification



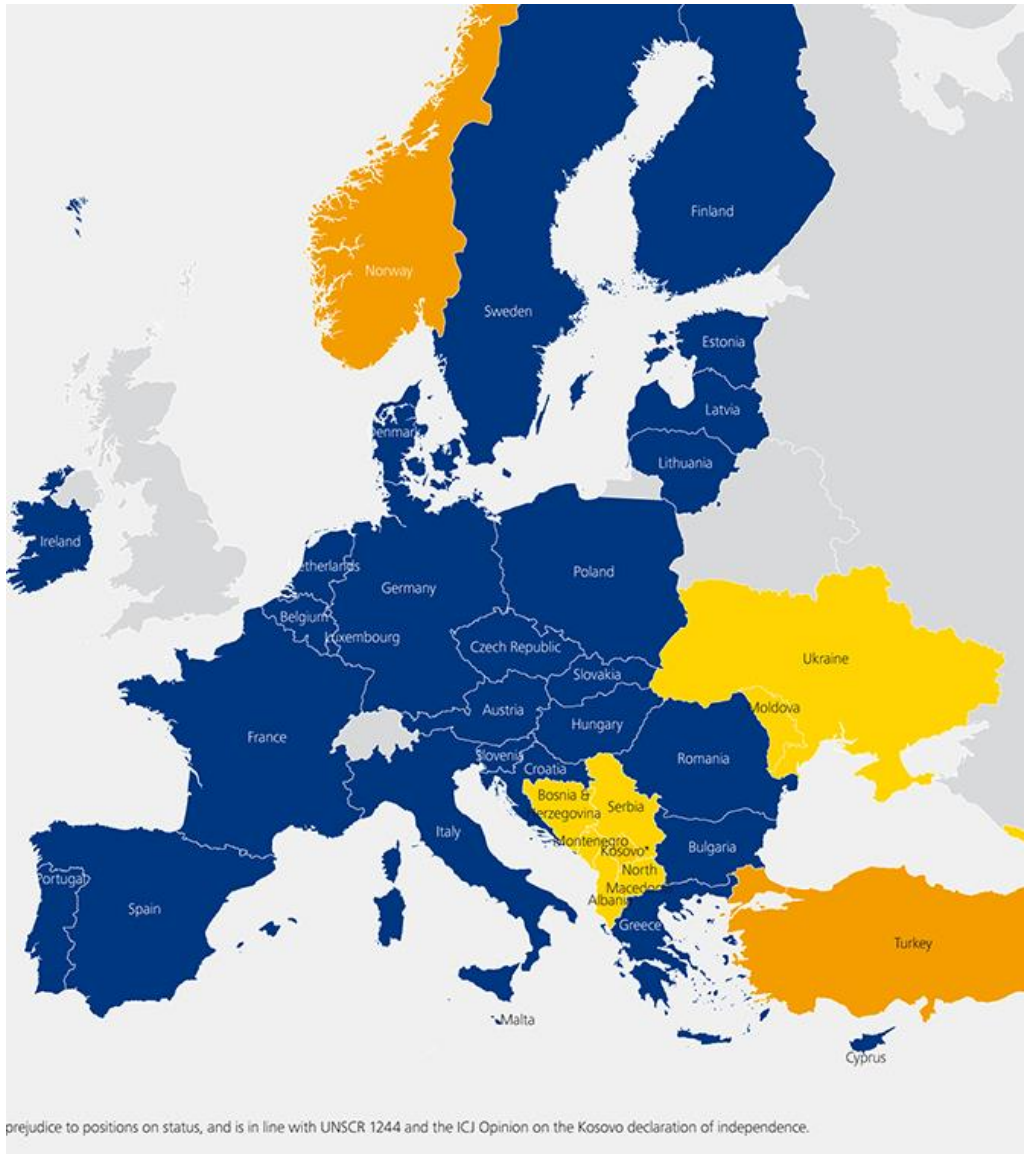
Informing consumers about origin of their energy

1. **Establish a national electricity GO registry in each domain:**
   - GOs internationally transferrable among the Energy Community domains
   - Fulfills EECS, RED I&II, CEN requirements now and in the future.
   - System extendable to all energy sources and energy carriers (RED II).

2. **Training and knowledge transfer:**
   - Train all competent bodies as proficient registry users before go-live
   - Familiarize other users of the system (future Account Holders)
   - Knowledge transfer beyond what is strictly in the scope of the project
     - GOs, residual mix, disclosure, markets, EECS DP

3. **Continuation framework after project:**
   - Developed national registries will be kept ready until June 2023
   - Direct agreement made available for competent bodies and ready for signing

4. **Prepare for AIB Membership:**
   - Compatibility and hub connection maintenance guarantee
   - Enables a stepwise approach for international transfers



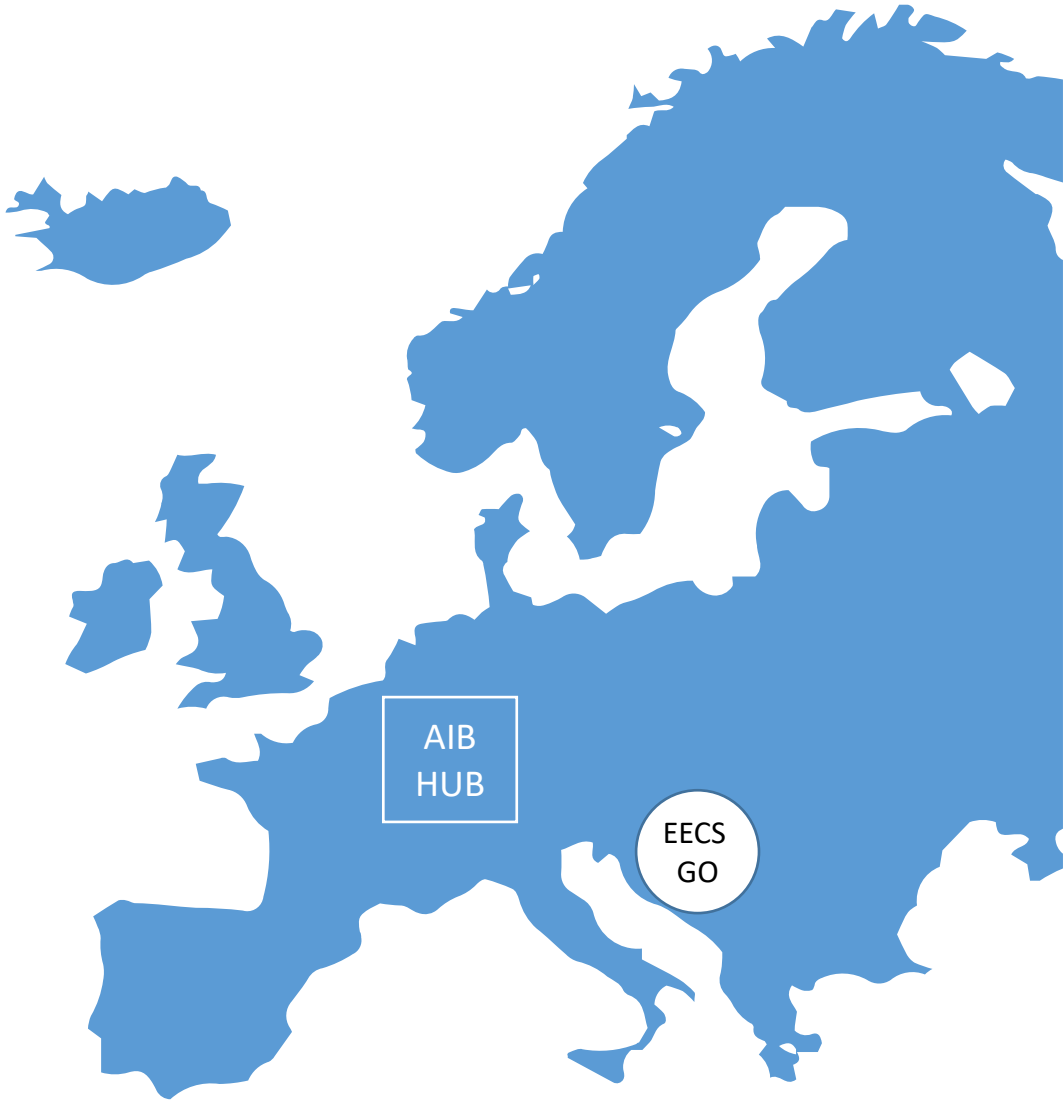
prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.

Approach to regional GOs

- Stage 1: Purely regional system
  - Establish a new Trading Scheme (Energy Community GO) in G-REX, which will prevent transfers to the AIB Hub but enable international transfer within the Energy Community

- Stage 2: EECS and regional hybrid
  - If / when domain becomes and AIB member, EECS trading scheme is added to GOs issued in that country.
  - Such GOs may be exported to AIB domains or Energy Community domains. Once exported to a non-AIB domain, the EECS trading scheme is stripped off.

- Stage 3: All Energy Community domains members of the AIB
  - Ultimately when all EC domains are members of AIB, the Energy Community trading scheme may be removed if not needed.



Renewable Power Purchase Agreements (PPA)

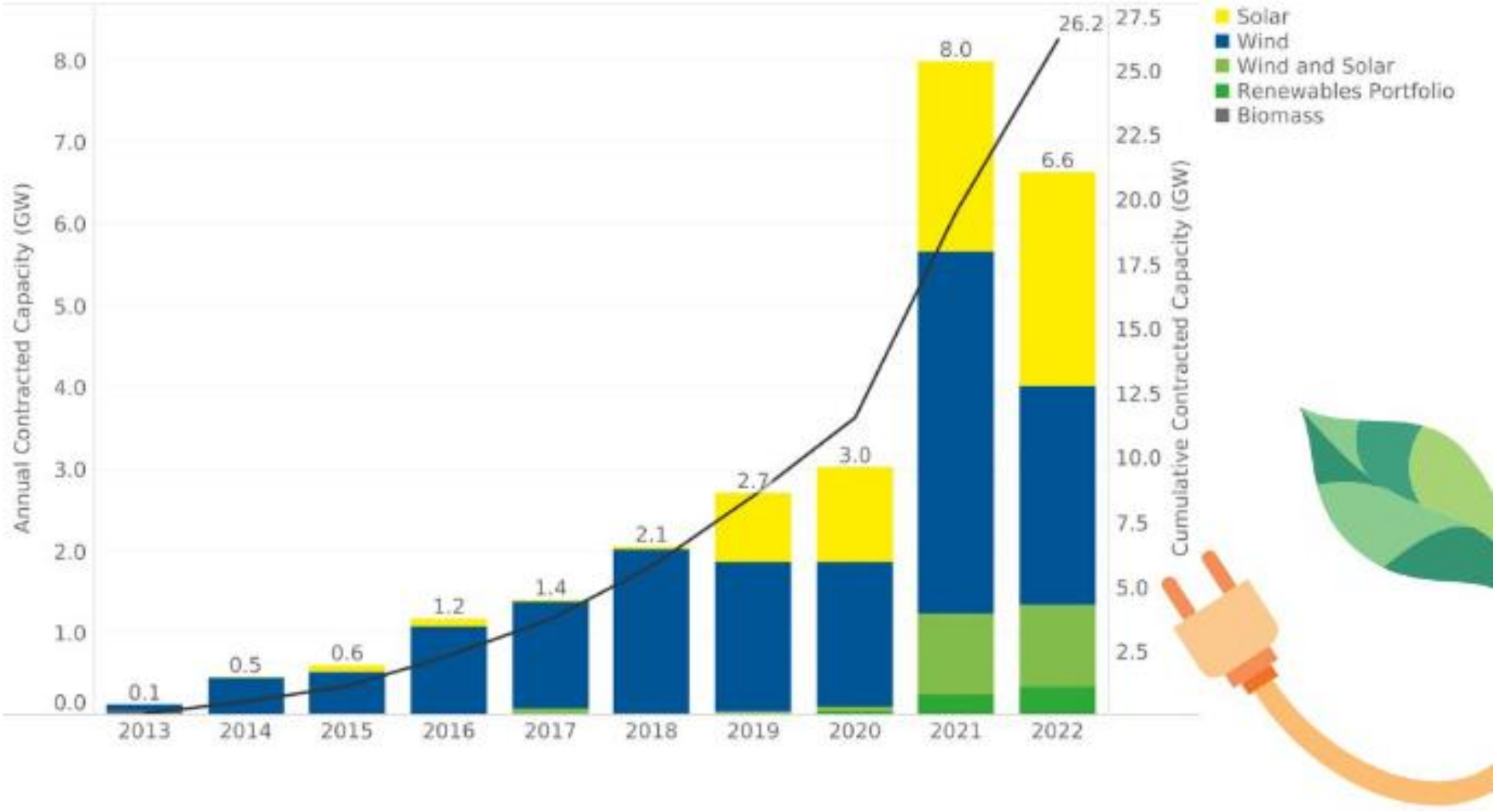
Corporate Power Purchase Agreements (cPPAs)

- Corporate PPAs are essential to double RES deployment and lower energy prices
- For all PPA structures, the generator's GOs are bundled with the renewable electricity supply to verify renewable consumption by the corporate buyer, and their financial value is accounted for in the PPA price the counterparties agree to in the negotiation
- Already 5% of RES capacity in the EU is covered by a PPA

Over 300 companies committed to a 100% renewable electricity supply globally (through the RE100 initiative)

PEXPARK

Corporate Power Purchase Agreements in the EU



Source: RE-Source

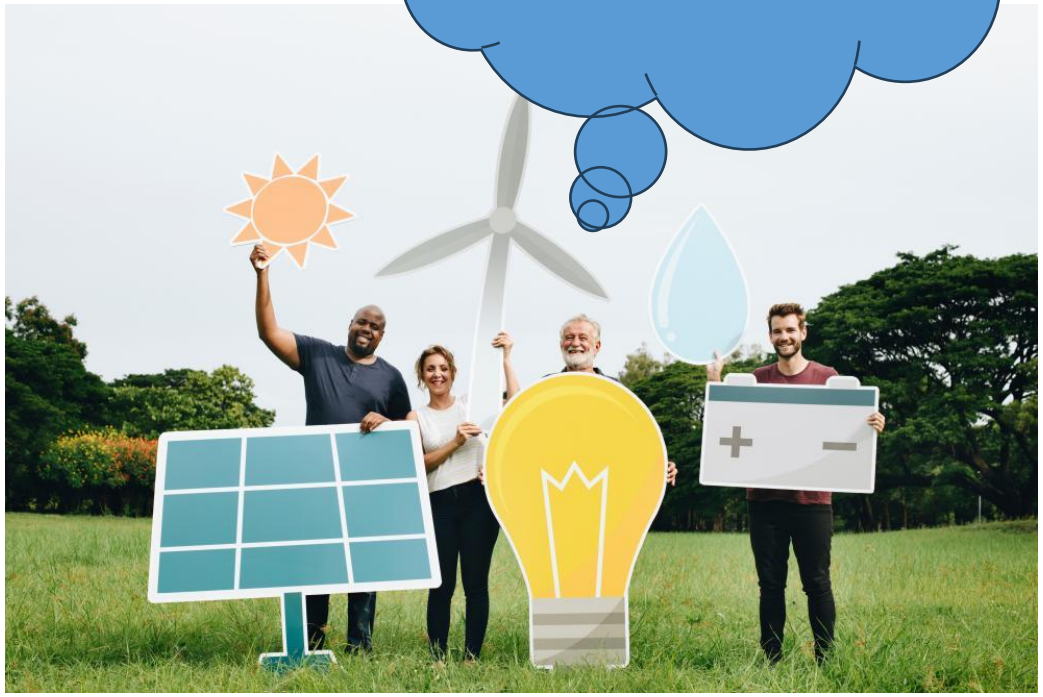
Renewable Self-Consumption

Self-consumers in the center of energy transition

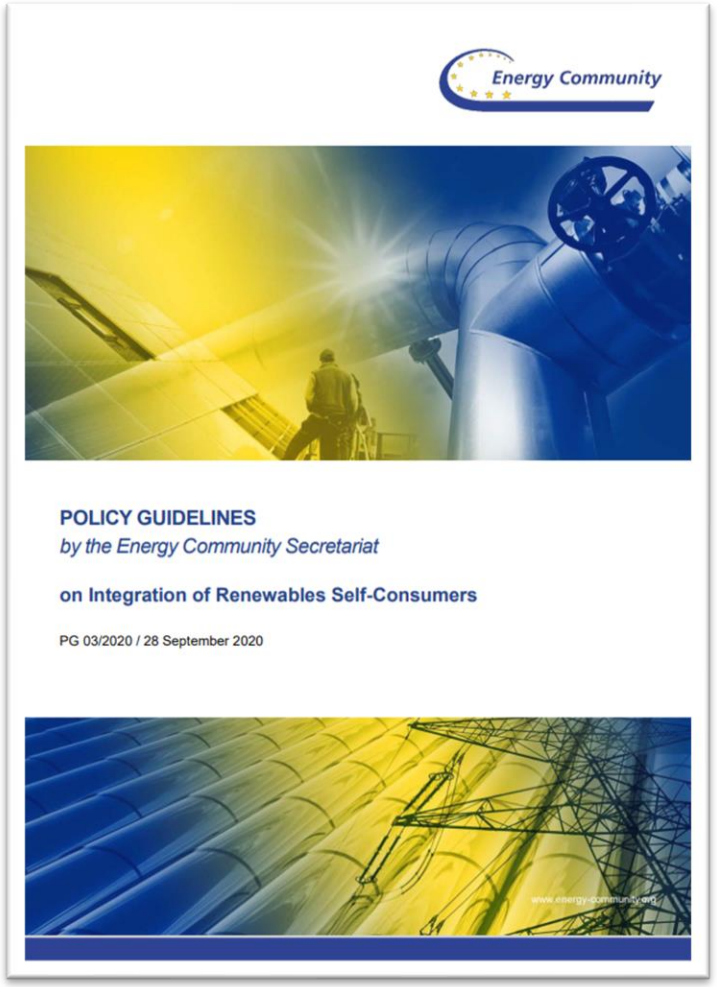
REDII obligations

- maintaining rights as consumers;
- remuneration for the electricity fed to the grid;
- not subject to discriminatory or disproportionate charges and procedures;
- guarantee benefits for individual & jointly acting self-consumers;
- adequate contribution to the overall cost-sharing system.

*Driven by motivations to increase **energy security**, be protected from **rising energy prices** and play an **active role** in the fight against climate change, citizens and businesses are starting to turn to renewables self-consumption*



Policy Guidelines on Integration of Renewables Self-Consumers by Energy Community Secretariat

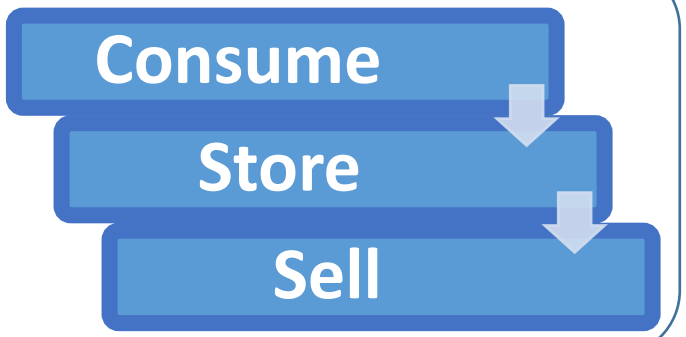


- **NECPs** – **Policy Framework** – summary of the policies and measures to be included in NECPs
- **Legal & Regulatory Framework** – adequate definition of procedures, terms and conditions
- **Technical Requirements** – characteristics applicable to small-scale self-consumption
- **Access to the Market** – rules for participation in electricity market; options for remuneration schemes
- **Access to the Network** – principles for developing network tariffs
- **Charges, Taxes and Levies** – options for the application of charges, taxes and levies

Link for the Policy Guidelines by Energy Community Secretariat

Regulation and Policy

Enabling legal framework



Self-consumption targets

- Contribution national 2030 RES target
- NECP

Easily accessible information

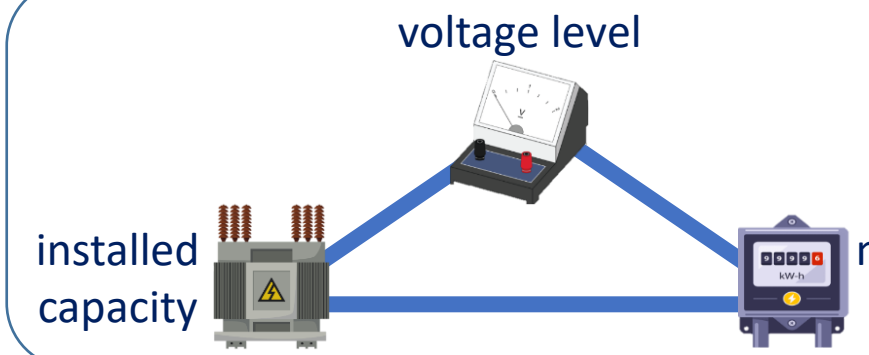
single points of contact

display benefits, rights and obligations online

Simplified administrative procedures

- Clear
- Simple
- Transparent
- Proportionate
- Comprehensive

Clearly defined technical requirements



Support Scheme Options

facilitating penetration and integration of self-consumption

Netting Schemes

- net metering or net billing scheme
- terms and conditions to be defined in the contract between a renewable self-consumer and the energy supplier

Feed-in Tariff

- self-consumer to be paid a fixed price for the produced electricity
- should be used to promote and facilitate the deployment of small-scale renewable self- consumption

/

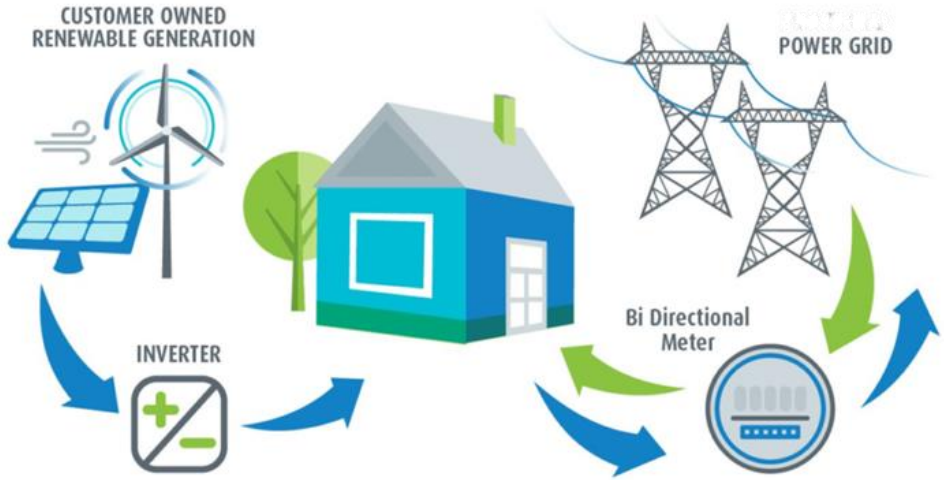
Reduction/ Exemption from Taxes & Levies

- charges may not be applied to electricity produced and consumed within the same premises by renewables self-consumers

Financial support to the investment

- direct financial support including for the energy storage equipment

Netting Schemes



Kilowatt-hour credit

Retail price

Net Metering

Netting Schemes

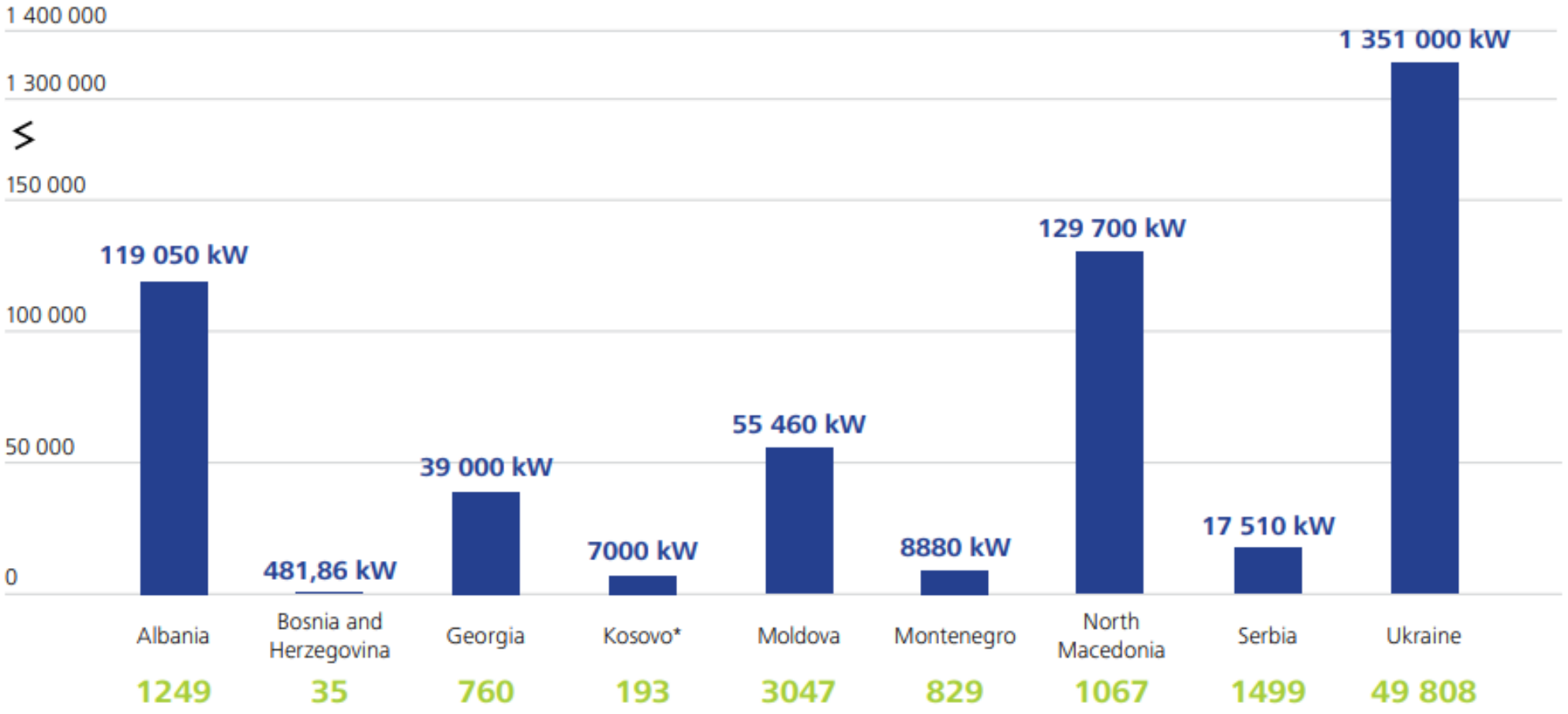
Net Billing

Monetary Credit

Wholesale price

Self-Consumption data in Contracting Parties

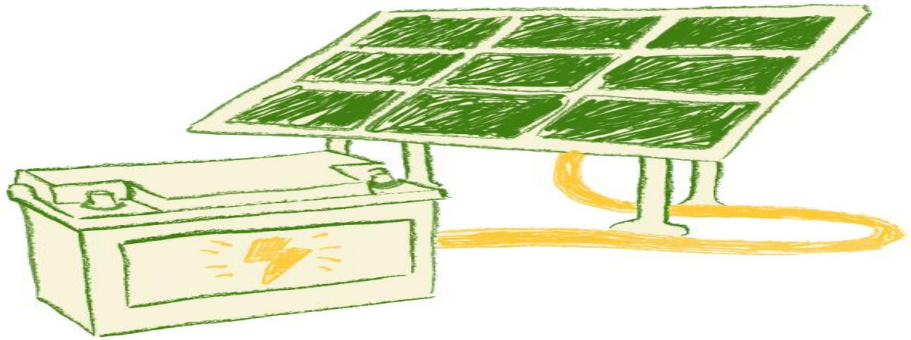
Installed capacity of self-consumers [kW]



Number of self-consumption installations

Source: compiled by the Energy Community Secretariat

Installation capacity limits in Contracting Parties



	Installation capacity limit	
	Households	Legal entities
Albania	500 kW	
Bosnia and Herzegovina	10,8 kW	50 kW
Georgia	500 kW	
Kosovo*	100kW	
Moldova	200kW	
Montenegro	No limit	
North Macedonia	6 kW	40 kW
Serbia	10,8 kW	150 kW
Ukraine	50 KW	

Examples of good practice in the Energy Community

Montenegro: Solari 3000+ project

- State-owned power utility Elektroprivreda Crne
- Installation of solar panels on 3,000 households
- Monthly repayment for the loan lower than the average household's electricity bill

Serbia: online solar calculator

- Costs calculation
- Implementation and financing options
- Legal framework

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FOR YOUR ATTENTION

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