26th Energy Community Electricity Forum

Virtual Forum – WebEx connection
10-11 June 2021

Conclusions

1. The Forum acknowledged that energy sectors in the Energy Community and beyond are going through unprecedented changes associated with decarbonization. While renewable generation now belongs to the cheapest forms of new generation, the change to a renewables dominated system also requires changes to the existing energy system. To maintain autonomy in the long term, energy companies and governments need to engage in and plan ahead for the transition, in line with the upcoming Energy Community targets and the Clean Energy Package.

2. Energy system integration can contribute to the cost-effective decarbonisation. The direct and indirect electrification of the economy and in particular of the energy-intensive sectors such as transport, buildings, (heating and cooling) and industry, is crucial for decarbonisation and delivering on the goals for carbon-neutral continent by 2050.

3. Recalling that electrification of the economy only makes sense if the electricity sector is decarbonized and sustainable, the Forum called upon Contracting Parties to enhance efforts on integrated energy, climate and sector planning.

4. The recognition of the costs of GHG emissions as externalities in the power sector is a precondition for a Europe-wide level playing field and market integration. The Forum encouraged the efforts of the Contracting Parties and undertakings willing to put a price on carbon and the usage of carbon funds for socially acceptable transition and diversification of generation portfolio. The Forum invited the EU and the lenders community to support this course of action together.

5. The Forum took note of the lenders' views that there is significant appetite of financial investors to invest in renewable generation. Such investments in the power sector do not necessarily require support schemes but may also be viable on the basis of reliable power purchase agreements. Several speakers emphasized that investments are not driven by expected returns only but also by long-term climate and social sustainability considerations and reliance on digital and efficient solutions. The Forum invited Contracting Parties to promote the further uptake of renewable power by means of auctions for market-based support schemes, as well as corporate power purchase agreements and procurement of green electricity based on guarantees of origins.

6. The Forum acknowledged that further integration of additional RES installations and transition to the carbon-neutral energy sector will increase the need for power system flexibility. The Forum welcomed the launch of the Energy Community Secretariat's study on the assessment of flexibility needs and potentials in the Energy Community Contracting Parties.

7. The Forum underlined the importance of enhancing the short-term markets, namely day-ahead, intraday and balancing market for scaling up renewables and their better integration into the electricity market. The Forum recognised the tangible improvement of the situation of energy markets in Greece, which

represents an important case study showing that a shift to more integrated energy markets is for the benefit of consumers. The Forum invited Albania, Georgia, Kosovo*, Montenegro and North Macedonia to complete, and Bosnia and Herzegovina as well as Moldova to start the process of day-ahead market establishment, as a necessary precondition for market coupling and further development of intraday and balancing markets.

8. As emphasized by several speakers, the acceleration of the energy transition with the Green Deal, as well as legal changes in the EU will not allow continuing with the status quo in electricity trade. A decision will therefore become necessary in due course on the future direction of the energy policy in the Contracting Parties. The decision is essentially about whether to continue with the project of the Energy Community Treaty to establish cross-border electricity markets, coupled with the EU. This would necessarily require the Contracting Parties to apply the joint trading rules and to support the adoption of reforms to the Energy Community Treaty, the Clean Energy Package as well as related electricity guidelines. With a view to the increasing gap in CO_2 prices between the EU and the Contracting Parties, it will also become necessary to establish a decarbonisation roadmap for the Contracting Parties, with the perspective of an alignment with the EU carbon-pricing/ETS system. The Forum stressed in this context that cross-border electricity trade is also an important enabler of the energy transition. It allows dealing with the variable character of renewable energy much more efficiently than small fragmented markets. Opting against market integration with the EU could therefore make decarbonisation efforts more complex and more costly for consumers.

9. The Forum emphasized a need for stronger political and regulatory cooperation and for support at national, regional and European level and encouraged stakeholders to support early implementation of coordinated capacity calculation, NEMO designation and, where possible, on-going pilot projects including Energy Community Contracting Parties and EU Member States.

10. The Forum invited distribution system operators to undertake measures on enabling integration of new market players, including aggregators, demand response, storages, self-consumers and energy communities in order to promote competition and increase system flexibility.

11. The Forum invited the TSOs from the Contracting Parties and Member States to implement an efficient capacity allocation process on the interconnections between Contracting Parties and Contracting Parties and Member States on forward, day-ahead and in particular intraday, including also for the exchange of balancing services. It further encouraged the TSOs to improve coordination on capacity calculation with the aim to increase the level of capacity made available to the market and ensure efficient usage of cross-zonal capacity.