

RENEWABLE ENERGY COORDINATION GROUP

WORK PROGRAMME 2016 – 2017



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BACKGROUND

Energy Community Contracting Parties have abundant potential in renewable energy and energy efficiency while the energy sector is aging and needs significant investments for renewal.

Taking into account the contribution towards reducing the energy dependence, improving environmental protection, ensuring sustainable development and economic opportunities, the Renewable Energy Directive 2009/28/EC ('RE Directive') was adopted and adapted for implementation in the Energy Community with the Decision 2012/04/MC-EnC of the Ministerial Council amending the Article 20 of the Energy Community Treaty which made reference to previous legislative acts dealing with renewable energy.

The Contracting Parties committed to binding renewable energy targets in 2020, including a 10% share of renewable energy in transport and started the transposition and implementation of the RE Directive with the deadline of 1 January 2014. As of today, all Contracting Parties, except Bosnia and Herzegovina submitted the National Renewable Energy Action Plans although the problem of reliability of statistical data for biomass consumption is still persistent in some Contracting Parties.

At the end of 2014, all Contracting Parties, except Bosnia and Herzegovina submitted the first National Progress Report for promotion of energy from renewable sources. Upon the assessment of the National Progress Reports, the Secretariat submitted the first Progress Report in promotion of energy from renewable sources in the Energy Community to the Ministerial Council in October 2015. The Progress Report identified the advances in transposition and implementation of RE Directive provisions mainly related to electricity produced from renewable sources, although several compliance gaps remain. The frameworks for promotion of renewable energy in heating, cooling and transport sectors are lagging behind. In terms of quantitative assessment, the investments remain minimal, several Contracting Parties are at risk of not meeting the targets in 2020 and a revision of the existing renewable energy policy is urgently needed.

Therefore, the establishment of a Renewable Energy Coordination Group (RE CG) by the Ministerial Council in 2015 as a cooperation platform between Contracting Parties and Observer Countries was required to foster the implementation of the RE Directive and to attract investments to reach the binding 2020 renewable energy targets (conclusion 18 of the 13th MC meeting).

The RE CG includes one representative from the Ministry dealing with renewable energy or similar institution with responsibilities related to renewable energy from every Contracting Party and Observer countries, plus the representatives of DG ENER and DG NEAR on behalf of European Commission. The work of the RE CG group will be assisted by the representatives of the Donors Community to share the best practices or support the identification of the appropriate measures that can be implemented to ensure the creation of conducive investment frameworks for renewable energy projects in the Contracting Parties to be on track towards the 2020 renewable energy targets in the most cost-effective way.

In 2015, the Secretariat issued two Policy Guidelines¹ that are impacting the existing renewable energy frameworks until 2020. Firstly, the Secretariat confirms the applicability of *State Aid Guidelines for Environmental Protection and Energy 2014-2020*. Secondly, the Secretariat published the *Guidelines on the Reform of the Support Schemes for Promotion of Energy from Renewable Sources* to comply with the requirements of State Aid Guidelines.

A new 2030 framework for climate and energy was agreed by the European Union Member States in 2014. It includes EU-wide targets and policy objectives for the period between 2020 and 2030, leading the global transition to a low-carbon society with a view to achieve cost-effectively the decarbonisation by 2050. For renewable energy, there is an EU target of at least 27% share of renewable energy consumption in 2030.

In 2016, the European Commission will present the new renewable energy package including a regulation on bioenergy sustainability, which will have to be subsequently adapted and adopted for implementation in the Energy Community, as well.

After the historic deal of the world leaders in Paris to address the climate change, the world is committed to work together to cap the global warming at 1.5°C above pre-industrial levels. According to preliminary assessments, the 185 countries' Intended Nationally Determined Contributions (INDCs) submitted are not yet enough to keep the world below 2°C. A regular five yearly reports on nations progress to meeting their agreed targets and reporting of new INDCs every five years, not less ambitious than their previous climate plan is however included in the agreement. Despite the limitations, the agreement constitutes a major breakthrough fostering investment in clean technologies over the next decades with the short and long-term potential of renewable energy orchestrated with energy efficiency to mitigate climate change as key contributors.

In terms of Donors' support, the Contracting Parties are benefitting from EC/ *Western Balkans Investment Framework* (WBIF), where European Commission, EBRD, KfW, EIB, the World Bank acting as Leading Financial Institutions or bilateral donors are pooling financial resources offering grants, loans and expertise for the preparation and finance of renewable energy projects among others infrastructure projects. EBRD has long supported the beneficiaries in the Energy Community through the *Sustainable Energy Initiative* (SEI) and *Sustainable Energy Financing Facilities* (SEFFs). The Bank has developed tailor-made solutions for financing renewable energy projects either through lending or equity, targeting the build up of critical mass of investments in renewable energy with a view towards the creation of a mature, mainstream industry. EIB is also playing an important role in supporting renewable energy projects in the Energy Community either through granting, lending or providing technical assistance to facilitate the bankability of the projects through the Western Balkan Investment Framework.

All Contracting Parties are receiving valuable technical assistance for the promotion of renewable energy from GIZ through the Open Regional Funds for South-East Europe (ORF). The International Finance Corporation with the Support of Ministry of Finance of Austria runs *Balkans Renewable Energy Project* to develop the small hydropower plants in the Western Balkans countries and offering advice on designing and implementing public-private partnership (PPP) transactions to national and municipal governments to improve access to basic services like energy and water.

¹ https://www.energy-community.org/portal/page/portal/ENC_HOME/DOCUMENTS?library.category=1257&back_page_url=&library.offset=10

Since 2010, USAID Program *Enhancing Capacity for Low Emission Development Strategies (EC-LEDS)* is helping the participant Contracting Parties to develop robust and coordinated low emission development strategies (LEDS). These LEDS support sustainable, long-term development while slowing the growth of greenhouse gas emissions.

The Energy Community Secretariat contracted in 2014 a consultancy support on sustainability criteria for biofuels in transport sector. The support consisted of workshops organised in each of the Contracting Party and in Georgia, with the aim to explain in details sustainability criteria and verification systems to the all relevant stakeholders. In the first quarter of 2015, the Consultant provided 9 tailor-made reports with included plan of actions how to establish a verification system of biofuels sustainability in line with Directive 2009/28/EC.

The RE CG shall play a significant role as coordinator and implementation partner of diverse regional technical assistance and investment programmes to significantly increase the renewable energy projects and facilitate the transition towards more secure, clean and affordable energy systems.

Among partner organizations, the cooperation of the RE CG with the International Renewable Energy Agency (IRENA), and the United Nations (Economic Commission for Europe - UNECE, UN Development Programme - UNDP, UN Industrial Development Organisation - UNIDO) will be strengthened through joint activities as mandated by the respective programmes of work and renewable energy-related Sustainable Development Goals.

IRENA' project to assess the technical potential for cost-effective renewable energy generation in South East Europe has the aim to identify priority actions that could contribute to the achievement of the region's RE targets by 2020 and ensure an adequate role for renewables in the energy development strategies to 2030 and 2050. The outcomes of the project could provide concrete input to the decision-making process for a prospective review of the Contracting Parties' National Renewable Action Plans.

The UNECE work will continue on tracking the progress on renewable energy deployment and on exchanging best practices and information on renewable energy and energy efficiency in the UNECE region. This is intended to help Contracting Parties to have a better understanding – inter-alia - on solutions for the creation of favourable market conditions and investment opportunities in the context of future energy systems based on renewable energy. Particular consideration will be given to the interaction between renewable energy and fossil fuels during the transition. The RE CG will benefit from the UNECE work on energy and water within the resource nexus water-food-energy-ecosystem, in particular through an assessment of the Drina Basin.

The RE CG Work Programme 2016-2017 includes 4 main Activities and 9 Core Topics. It will focus immediately on the reform of the support schemes to facilitate the integration of renewable energy into the markets. The monitoring of implementation of RE Directive in the Energy Community will continue and will provide valuable input on the path to 2020. The RE CG will initiate the discussions on the post 2020 renewable energy framework in the Energy Community consistent with the new Directive and Regulation envisaged to be adopted in the European Union. It may also include other activities rising from the extension of the EnC Treaty in future and will promote stronger involvement of new Contracting Parties and candidate Contracting Parties.

RE CG will have 2 meetings per year that will be combined with training workshops. The activities will be supported further by an interactive Energy Community RES Forum enabling continuous discussion and knowledge sharing through an implementation network of experts and institutions.

In the Annex, a summary table provides the overview of core topics and tasks for the implementation of RE Directive, as well as the implementation of horizontal and cross-cutting activities.

1 ACTIVITY: REFORM OF THE SUPPORT SCHEMES TO COMPLY WITH THE STATE AID GUIDELINES

❖ Core Topic 1: Introduction of market based support schemes

Core Topic Leaders: Moldova, Serbia

SCOPE OF ACTIVITY

The renewable energy continue to grow significantly in the last years due to policy support, the cost of technologies have fallen and the need to be integrated further into the market has arisen. The electricity market with large share of renewable energy penetration needs a new market design to be fit for integration of more renewable energy. The State Aid Guidelines for Environmental Protection and Energy 2014-2020 calls for more exposure of renewable energy producers to market signals that will ensure a cost-effective renewable energy deployment.

The RE CG will focus its activities in 2016 on the design and implementation of market based support schemes for the promotion of renewable energy to comply with the principles of internal market.

Task 1: Transition from feed-in tariffs to feed-in premiums support schemes

Initially, the feed-in tariffs was the preferred support option to ensure investors' confidence, to remedy the market failures for investments in renewable energy and to kick-start the market. Meanwhile, some renewable energy technologies mature and becomes more established requiring the integration into the market. The feed-in tariffs have to be replaced by feed-in premiums, where the renewable energy producers will sell the electricity into the market and get a premium on top of the electricity price.

The RE CG will work with the support and assistance of the Donors' Community to design new support mechanisms to promote renewable energy through feed-in premiums and facilitate the transition to market integration of renewable energy in the Energy Community.

Task 2: Introduction of tendering schemes for granting support

The falling cost of renewable energy technologies could not have been captured efficiently in most of the rigid support schemes to promote renewable energy leading to 'boom and bust' cycles eroding investors confidence and increasing unjustified the cost for electricity consumers. To ensure the cost-effectiveness of development of renewable energy, access to the support schemes (which could be in the form of either investment or operational aid) has to be granted on a competitive, auction process where the demand is revealing the real cost of individual projects. The market is deciding the most competitive bid for the specified source of energy limiting thus limiting the support levels to the minimum.

The RE CG will work with the support and assistance of the EU Member States to design the access to the support mechanisms to promote renewable energy based on auctions and to facilitate the cost-effective development of renewable energy in the Energy Community to meet the policy objectives.

DELIVERABLES

1. Model of the market integration of renewable energy based on feed-in premiums
2. Template design for auctions on granting the support

❖ Core Topic 2: Financing renewable energy development to 2020

Core Topic Leaders: Kosovo^{*2}, Albania

SCOPE OF ACTIVITY

The Contracting Parties have projected in their NREAP yearly contribution of energy from renewable sources to enable them to be more or less on the trajectories to 2020. Financing the renewable energy development requires the transfer of the costs for the support mechanisms either as an uplift charge imposed on end-users electricity consumer price or as a tax. These revenues will be used to finance the renewable energy producers through the chosen support mechanisms.

Task 3: Project annual budgets to finance renewable energy projects that would ensure meeting the policy objectives to 2020

In the Policy Guidelines on the reform of the support schemes for renewable energy, the Secretariat recommended the determination of annual budgets to support the renewable energy expansion and to limit the impact to end-users consumer price while being able to reach the renewable energy targets to 2020. These societal costs will be then transferred into an additionality to be paid by all end-users/tax payers either via the networks charges or directly applied to energy as commodity.

Based on the results of the RES Progress Study in 2015, RECG will update the calculation of the annual budgets needed to support the renewable energy development.

Task 4: Contractual agreement(s) on granting the support

The revenue collected from end customers or tax payers will be used to finance the renewable energy capacities expansion. A bankable agreement for granting the support was the key piece that was holding back in some countries the renewable energy development in the last years.

The RECG will cooperate with the Donors Community to identify the appropriate terms of the templates agreements considering the specific market arrangements in the CPs.

DELIVERABLES

1. Annual budgets to finance renewable energy expansion
2. Template design for a contractual agreement on granting the support

WORK APPROACH

The activities will be performed by the RES CG, with possible technical assistance and in cooperation with the Donor Community.

² * Throughout the entire document, this designation is without prejudice to positions on status, and is in line with UNSCR 1244 and ICJ Opinion on the Kosovo declaration of independence.

❖ Core Topic 3: Citizens participation in the development of renewable energy projects

Core Topic Leader: UNDP Croatia/Green Energy Cooperative Croatia

SCOPE OF ACTIVITY:

Article 14 of Directive 2009/28/EC requires that the Contracting Parties, with the participation of local and regional authorities, shall develop suitable information, awareness-raising, guidance or training programs in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources.

In order to achieve this objective, the Contracting Parties need to ensure that citizens and communities can effectively participate in the energy system – not just on the demand side but also in the production of energy and other areas which must be aligned with the de-carbonization agenda to allow new actors and new approaches including innovative business models, to compete on a level playing field with existing incumbents.

Task 1: Encouraging citizen participation through community energy

In energy communities' citizens are not only energy consumers but, as individuals or as a community, they can become energy producers and service providers (e.g. energy supply, demand response). The promotion of community and citizen energy projects is important as it develops the local economy, creates local jobs, increases acceptance for renewables (from NIMBY to PIMBY), contributes to energy independence, uses local resources and increases resilience to market conditions.

Topic leader will cooperate with the local authorities from the Contracting Parties on the promotion and usage of energy from renewable sources (Directive 2009/28/EC) and develop 'community-led' projects.

Task 2: Recommendations for legal frameworks that encourages community power

Current EU legal framework lacks explicit recognition of community power and its benefits. The adoption of National Renewable energy action plans should increase the participation of citizens in the ownership of RES projects (based on good practice in western EU Member States) and develop effective strategy for increasing the voluntary participation of individuals in the ownership of RES projects.

The topic leader will develop a model, that is not a 'one-size-fits-all' but the one that takes into account the diversity of legal and regulatory contexts (taking into account greatly differing national, social, economic and legal contexts, and specific electricity market design) across the Energy Community Contracting Parties.

Task 3: Developing effective business models for community financed energy projects

Community energy projects are introducing new business models on the market, more focused on market based uptake of renewables centered on citizens, as beneficiaries of the entire process. Investing in renewable energy and energy efficiency gives additional opportunities for strengthening and empowering local communities. There are a growing number of innovative finance models already in use, proving to have a steep learning curve, like the crowd investing (P2P lending and equity crowdfunding) that are making use of citizen savings to strengthen local development.

Given the importance of alternative financing models, this task will explore the usage and application of innovative (non-traditional) business models in the field of crowdfunding renewable energy with clearly defined and prototyped business models for various technologies and their mutual integration. Through that, integration of financing models with market based energy businesses (energy production, consumption and supply/trade) will be explored for Energy Community Contracting Parties offering possible solutions to be implemented in practice.

DELIVERABLES:

1. Recommendations for policy makers to encourage the development of community and citizen owned energy projects
2. Promotion of citizen-owned renewable energy projects
3. Alternative business models for financing community renewable energy projects

📁 TIMETABLE

ACTIVITY 1: Reform of the Support schemes to comply with State Aid Guidelines		2016			2017			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4
Core topic 1: Introduction of market based support schemes								
1. Transition from feed-in tariffs to feed-in premiums support schemes	Submission of a market model for integration of renewable energy based on feed-in premiums							
	Adaptation of the legal and regulatory frameworks in the CPs							
2. Introduction of tendering schemes for granting support	Submission of a template design for auctions on granting the support for RES producers							
	Implementation of the tendering schemes in the CPs							
Core topic 2: Financing renewable energy development								
3. Project annual budgets to ensure meeting the policy objectives to 2020	Determination of annual funds for the CPs to be on trajectories to 2020							
	Calculation of the uplift charge applied to end-consumers							
4. Contractual agreement for granting support	Submission of templates design for bankable agreements							
Core topic 3: Citizens participation in the development of renewable energy projects								
5. Encouraging citizen participation through community energy	Policy recommendations to encourage the development of community and citizen owned energy projects							
6. Recommendations for legal frameworks that encourages community power	Promotion of citizen-owned renewable energy projects							
7. Developing effective business models for community financed RES projects	Alternative business models for financing community renewable energy projects							

2 ACTIVITY: THE IMPLEMENTATION OF THE RENEWABLE ENERGY DIRECTIVE

❖ Core Topic 4: Monitoring the implementation of Renewable Energy Directive

Core Topic Leaders: Montenegro, Moldova, Georgia

📁 SCOPE OF ACTIVITY

Article 15 of Ministerial Council Decision 2012/04/MC-EnC requires the Contracting Parties to submit every two years a progress report on the promotion and use of energy from renewable sources. The second report is due by 31 December 2016. A template of the report was modelled on the existing progress report template for EU Member States and published by European Commission.

Furthermore, the Secretariat will monitor and review the application of RE Directive 2009/28/EC in the Contracting Parties and will submit an overall progress report to the Ministerial Council by 30 June 2017.

RE CG will work to address the appropriate reporting of all data and information in a harmonised way as required in the report template.

Task 1: Monitoring the implementation of legal and regulatory aspects

Monitoring the implementation of the RE Directive has two dimensions: qualitative and quantitative. The qualitative dimension is represented by the legal and regulatory framework created to promote the use of energy from renewable sources. This task will analyse the status of implementation of the support schemes (Article 3.3(a)), streamlined and coordinated administrative procedures for renewable energy (Article 13), information and training (Article 14), integration of renewable energy into the grid (Article 16), implementation of a system for issuing guarantees of origin (Article 15), implementation of the sustainability criteria for biofuels and bioliquids (Article 17) and verification of compliance with sustainability of criteria (Article 18).

RE CG will work to ensure a harmonised and comparable reporting on renewable energy within the progress reports on legislative and regulatory frameworks.

Task 2: Monitoring the quantitative contribution of energy from renewable sources against the National Renewable Energy Action Plans (NREAPs) projections and the trajectories to 2020

The quantitative dimension addresses the reporting of the progress towards the trajectories to 2020 based only on the energy balances compiled in accordance with EUROSTAT methodology and acquis on energy statistics (Directive 2008/92/EC and Regulations (EC) 1099/2008, 147/2013, 431/2014). Implementation of the energy statistics is key to ensure comparability and harmonisation of energy data across EU MS and EnC.

In the last years, several Contracting Parties have conducted energy consumption surveys that revealed significant differences in firewood used for heating in the latest energy consumption surveys. After the data will be integrated in the energy statistics, the NREAPs and energy projections to 2020 would need revisiting.

RE CG will work to ensure a harmonised and comparable reported data on renewable energy within the progress reports.

DELIVERABLES

1. CPs RES progress reports
2. EnC RES progress report 2017

WORK APPROACH

In order to assist the Contracting Parties, donors' technical assistance could be provided, based on Contracting Parties' request and donors' availability.

❖ Core Topic 5: Removing administrative barriers for renewable energy technologies

Core Topic Leaders: Bosnia and Herzegovina, Ukraine SCOPE OF ACTIVITY

Article 13 of Directive 2009/28/EC requires the Contracting Parties to ensure that the administrative procedures are clear defined, coordinated and streamlined, with transparent timetables for planning and building applications. Smaller and decentralised installation shall enjoy less burdensome authorisation procedures, if possible through simple notification and/or the concept of one-stop-shop shall be implemented where appropriate.

The first progress report identified that the administrative procedures are the greatest barriers that the renewable energy investors are facing in the Contracting Parties. Therefore, the RE CG group will work to identify and address these barriers, exchange best practices that are specific on different renewable energy technologies and could be replicated in the Contracting Parties.

Task 1: Hydropower development – a regional and integrated approach

Unused hydropower potential is significant in almost all Contracting Parties. Despite ambitious plans to develop large and small HPPs inked in the NREAPs, very few projects are advancing according to plans to contribute to meet the 2020 RES targets. Several barriers are hindering a higher uptake of hydropower and this is related to updated assessments on hydrological data, cadaster information or the lack of revision of what can be the economically and ecologically feasible to be developed considering the resource nexus, water-food-energy-ecosystems. The identification of exploitable hydropower potential shall be done in accordance with the integrated river management strategies in trans-boundary cooperation.

The RE CG group will work to foster the cooperation between Contracting Parties to address these issues in an integrated way to maximize the hydropower capacities considering the environmentally sustainable development and the impact on other sectors.

Task 2: Bioenergy for electricity and heat generation

Bioenergy is very resourceful in the Contracting Parties and firewood is mostly used for heating in inefficient stoves. Considering the potential for efficient use and the contribution is making to jobs creation, bioenergy is the most promising renewable energy resource to contribute to sustainable development of the economies and local communities alike.

RE CG will work to address the risks identified for biomass development, from ensuring long-term biomass supplies through a biomass market creation, to engaging public sector through public-private-partnerships into a long-term relationship for mutual benefits.

Task 3: Wind power

Wind is the renewable energy technology that is currently the most cost-effective to be deployed besides large hydropower plants. The technology has evolved and matured significantly in the last years with adequate policy support in the EU Member States. However, in the Energy Community the development has been below expectations due to barriers related to lack of experience with grid integration and adaptation of technical requirements needed for a safe and secure operation of electricity system with a higher uptake of volatile generation.

RE CG will work to address the barriers for a higher penetration of wind power and propose remedial actions that can be replicated in all Contracting Parties.

Task 4: Solar photovoltaic and solar thermal

Solar PV is the renewable energy technology that has experienced the most dramatic cost decline in the last years reaching almost grid parity at distribution level in some EU Member States. The solar potential in the Contracting Parties is significant and with the trend in cost reduction, solar PV is promising an important contribution to reach the targets in 2020 if the current capacity caps introduced in the NREAPs are revisited in the context of technology neutral tendering for granting support to renewable energy projects.

Solar thermal is already a technology that can be used for heating water without any major subsidies or technical adaptations. Further integration into buildings during the renovation or insulation process shall be pursued as a cost-effective contribution of this technology to the heating sector.

Task 5: Biofuels production potential

Following the fossil fuels path, import of biofuels has been foreseen by the NREAPs as the only method for fulfilment the RES targets in transport sector. Potential of domestic agriculture sector, and potential of waste for biofuels production have been non-estimated or under estimated and this is the first barrier for their efficient employment. Usage of these domestic renewable sources would be especially important due to huge areas of abandoned arable land and opportunity to foster agricultural sector and economy of a country. Further, having in mind that biofuels produced from waste can be calculated double towards the target (and all Contracting parties have negligible RES-T share), waste as a source could contribute significantly to achieve mandatory targets.

RE CG will work to address non-estimated potential sources – agriculture and waste – and their contribution to the RES targets.

DELIVERABLES

1. A regional approach for a hydropower development plan
2. Ensuring biomass contribution to meet the heating targets in a sustainable way
3. Removing barriers in wind power development
4. Facilitating uptake of solar PV and solar thermal
5. Facilitating estimation of domestic potential for biofuel production

WORK APPROACH

The activities will be performed by the RE CG with KfW, EBRD, the World Bank, IFC donor's support programmes.

❖ Core Topic 6: Access to and operation of the grids with renewable energy

Core Topic Leaders: FYR of Macedonia, Kosovo*

SCOPE OF ACTIVITY

Article 16 requires the Contracting Parties to develop the transmission and distribution grid infrastructure, intelligent networks and storage facilities to accommodate the further development of electricity production from renewable sources, and, where relevant, to assess the need to extend existing gas network to facilitate the integration of gas from renewable energy sources. The relevant institutions shall take appropriate steps to accelerate authorisation procedures for grid infrastructure and to coordinate approval of grid infrastructure with administrative and planning procedures. Electricity produced from renewable sources has to enjoy guaranteed or priority access to the grid as well as priority dispatch, whereas gas network operators should not create barriers to accept biogas, provided fulfilment of technical and chemical conditions.

After the permitting and authorisation procedures, the inconsistency of the rules for connection to the grids of renewable electricity producers have been identified as the second greatest barriers that hold back the development of renewable energy according to the adopted plans.

Task 1: Rules for connection to the grids for renewable energy producers

Article 16 requires transmission system operators and distribution system operators to provide any new producer of energy from renewable sources wishing to be connected to the system with the comprehensive and necessary information for the estimate of the costs associated with connection, a reasonable and precise timetable for receiving and processing the request for grid connection and a reasonable indicative timetable for any proposed grid connection.

The RE CG will coordinate the activities to identify the problems with the rules for connection to and operation of the transmission and distribution networks, address the deficiencies, propose common recommendation and, if necessary, new measures to ensure that there is a coordinated approach with other administrative procedures. When applicable, similar exercises will be performed for gas networks.

Task 2: Balance responsibility for large renewable energy producers

While balance responsibility is not explicitly treated in the RE Directive, exemption from balance responsibility was initially part of the support package granted to renewable energy producers in the initial phase of renewable energy development. Along with a higher penetration of electricity from renewable sources in the systems and maturity of the technology, further integration and participation of electricity from renewable sources in the market becomes a must. The State Aid Guidelines requires the Contracting Parties to gradually introduce balance responsibility for renewable energy producers in accordance with the market development status.

RE CG will work to gradually balance responsibility for renewable energy producers and will share the best practice from the EU Member States in terms of market rules and system operation.

DELIVERABLES

1. Report on rules on connection to the electricity and gas transmission and distribution networks
2. Report on balance responsibility best practice

WORK APPROACH

Activities will be performed by the RES CG sharing best practices from the EU MS and with possible technical assistance in cooperation with the donors' community.

❖ **Core Topic 7: Biofuels and bioliquids**

Core Topic Leader: FYR of Macedonia, Albania

SCOPE OF ACTIVITY

The sustainability criteria for biofuels and bioliquids, introduced by Articles 17 to 21 of Directive 2009/28/EC made a crucial change for the transport sector. Scope of the criteria spreads over different sectors – transport, agriculture, and environment – and this might be one of the main reasons why none of the Contracting Parties implemented relevant provisions into the national legislation so far. This delay has and could have negative impact to target achievements – even if there is or will be a certain share of biofuels at the market, it cannot be calculated towards the RES-T target without proven sustainability, i.e. implemented sustainability criteria and adequate verification system in place.

Task 1: Understanding of sustainability criteria

Based on above requirements, RE CG will work on deep understanding of sustainability criteria, especially those related to land and GHG emissions savings. When needed, experts in relevant areas from EU and from the Contracting Parties will be invited at the dedicated meetings. The final aim of this task is to make comprehensive analysis, Contracting Party by Contracting Party, about the need to update or/and develop relevant legislative acts, including responsible institutions.

Task 2: Verification system and body

As required by Article 18 of Directive 2009/28/EC, the Contracting Parties shall set up a system of verification of compliance with the sustainability criteria for biofuels and bioliquids. RE CG will compare different verification systems settled in EU and propose at least two possible solutions, applicable for the Contracting Parties.

Task 3: Support Schemes

Based on the European Union experiences, RE CG, with the support of the EU experts, will analysis existing support schemes and consider the most efficient as further applicable by the Contracting Parties.

DELIVERABLES

1. Analysis of legal acts to be amended or/and developed to transpose sustainability criteria
2. Proposals of verification system & body applicable for the Contracting Parties
3. Proposals of support biofuels schemes

WORK APPROACH

The activities will be performed by the RE CG, with the technical assistance provided by the donors' community.

❖ Core Topic 8: Cooperation mechanisms - existing agreements and possible other options

Core Topic Leaders: Serbia, Montenegro

In order to reach the 2020 renewable energy targets, the Contracting Parties can deploy domestically the renewable energy potential and use support schemes or can introduce measures of cooperation between themselves to reach the targets in the most cost-effective way. Moreover, if a Contracting Party is above the trajectory of the share of energy from renewable sources, it can enter into cooperation with an EU Member State to transfer part of the renewable energy to count towards the EU MS target. Cooperation between an CPs and an EU MS can be based on all three types of mechanisms described in the RE Directive, statistical transfer, joint support schemes or joint projects if the Contracting Party has properly implemented the directive, is above the trajectory and has build a reliable energy statistical data.

Serbia has included in the NREAP the cooperation with Italy on joint projects to be implemented through hydropower development. The electricity that will be physically transferred to Italy will count towards the Italian targets. The Maltese electricity company is developing wind projects in Montenegro.

The RE CG will investigate the potentials for renewable energy cooperation to ensure a cost-effective renewable energy development.

DELIVERABLES

1. Assessment of the cooperation mechanism
2. Identification of possible other options for cooperation in renewable energy

📁 TIMETABLE

ACTIVITY 2: Implementation of the Renewable Energy Directive		2016			2017			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4
Core topic 4: Monitoring the implementation of the RE Directive								
8. Monitoring the implementation of legal and regulatory aspects	Contracting Parties reporting							
	Secretariat assessment and reporting to MC							
9. Monitoring the quantitative developments towards the trajectories to 2020	Contracting Parties reporting based on energy statistics 2013-2014							
	Secretariat assessment and reporting to MC							
Core topic 5: Removing administrative barriers for renewable energy technologies								
10. Hydropower development in an regional and integrated approach	Assessment of ecologically hydropower power potential in the WB							
	Regional cooperation on hydropower development							
11. Bioenergy for electricity and heat generation	Bioenergy for electricity generation – mitigating the supply risk							
	Bioenergy for heating – improving efficiency while meeting the 2020 indicative targets							
12. Wind power	Identification of barriers for investments in wind							
	Recommendations and best practices in implementation							
13. Solar photovoltaic and solar thermal	Report on removing solar PV barriers							
	Report on fostering solar thermal installations							
14. Biofuels potential assessment	Facilitating estimation of domestic potential for biofuel production							
Core topic 6: Access to and operation of the grids with renewable energy								
15. Rules for connection to the grids for renewable energy producers	Assessment of the current bottlenecks in RES connection to TSO and DSO grids							
	Propose recommendations for coordination with administrative procedures							
16. Balance responsibility for large renewable energy producers	New market design for renewable energy integration – focus on balancing market							
	Best practices in operation of the grids with more RES penetration							
Core topic 7: Biofuels and bioliquids								
17. Understanding the sustainability criteria	Analysis of legal acts to be amended or/and developed to transpose sustainability criteria							
18. Verification system and body	Recommendations for best practices							
19. Support scheme	Recommendations for best practices							
Core topic 8: Cooperation mechanisms - existing agreements and possible other options								
20. Existing agreements	COOPMech -Serbia - Italy							
21. Possible new options	Options for COOP-Mech CP- CP							
	Options for COOP Mech CP-EU MS							

3 **ACTIVITY: RENEWABLE ENERGY – THE FRAMEWORK TO 2030**

Consistent with the EU objectives to 2030 for climate and energy agreed by the European Union Member States and the COP21 agreement, the Contracting Parties shall initiate the discussions on the possible renewable energy targets to 2030.

❖ **Core Topic 9: Identification of renewable energy policy objectives to 2030 for the Energy Community in the European Union context**

Core Topic Leader: Montenegro, FYR of Macedonia

SCOPE OF ACTIVITY

In 2016, the European Commission will present the new renewable energy package including a regulation on bioenergy sustainability, which will have to subsequently adapted and adopted for implementation in the Energy Community, as well.

Building on the European Commission's proposal, the RE CG with donor's assistance will start the investigation of the 2030 renewable energy objectives consistent with the EU Member States. The activities will include the forecast of energy demand projections to 2030 and the renewable energy potential assessment for every Contracting Parties and entire Energy Community.

DELIVERABLES

1. Draft proposal for 2030 renewable energy targets for the Energy Community

WORK APPROACH

The activities will be performed by the RE CG, with technical assistance provided by the donor community.

❖ **Core Topic 10: Proposal for a renewable energy framework to 2030**

Core Topic Leader: Serbia, Georgia

SCOPE OF ACTIVITY

The RE CG will work on a recommendation for legislative and regulatory framework for the adaptation of the new renewable energy directive post 2020 and it will assess the possible ways of cooperation or integration of the Contracting Parties in the European framework.

DELIVERABLES

1. Draft concept of the renewable energy framework to 2030 for the Energy Community

WORK APPROACH

The activities will be performed by the RE CG, with possible technical assistance provided by interested donors (to be determined).

📁 TIMETABLE

ACTIVITY 3: Renewable Energy Framework to 2030		2016			2017			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4
Core topic 9: Identification of renewable energy objectives to 2030								
22. Investigation on 2030 renewable policy objectives	Energy demand projections to 2030							
	Renewable energy potential to 2030							
Core topic 10: Proposal for a renewable energy framework to 2030								
23. Adaptation of the new RE Directive to 2030 to be adopted by the Energy Community	Draft amendments to the RE II Directive							
	Proposal of to the PHLG for consideration							

4 ACTIVITY: HORIZONTAL AND CROSS-CUTTING ISSUES

Activity Coordinator(s): Energy Community Secretariat in cooperation with the European Commission and Donor Community

The following horizontal and cross-cutting activities will be implemented continuously during the entire mandate of the RES CG until 2020:

- Strengthening the national institutions to promote renewable energy

Various public institutions in Contracting Parties and Observer countries involved in renewable energy should be strengthened to facilitate successful implementation of all administrative measures and regulatory frameworks to enable investments in renewable energy projects and monitoring the progress towards the 2020 renewable energy targets. RE CG will support and discuss the improvement and strengthening of the status and cooperation of all public institutions from various sectors dealing with renewable energy and invite donors to contribute to designing and structuring the procedures and processes in the most effective way.

- Exchange of best implementation practices in Contracting Parties and EU Member States

RE CG will exchange best practices in the implementation of measures to ensure the creation of regulatory frameworks conducive to investments in renewable energy, promote the existing financing options (project preparation, loans and grants) and monitor the implementation of renewable energy projects to contribute to targets achievements.

This will be implemented in cooperation with European Commission and EU funded projects like CARES, donors and IFIs invited to contribute in the RE CG meetings. The activities will be supported by an interactive Energy Community RES Forum, which will enable continuous discussions and establishment of a broader implementation network of experts and institutions.

- Promotion of available support initiatives and identification of new areas; coordination of donors/IFIs support on renewable energy

RE CG shall play an important role as coordinator and implementation partner of diverse regional technical assistance and investment programmes. The strong support offered by European Commission, EBRD SEI-SEFFs programs, BEI, GIZ ORF Renewable Energy, GGF, USAID, World Bank is very important and valuable for a successful implementation of the RE CG Work Programme.

Beside this, the RE CG will assess the existing assistance available from donors and IFIs and it will propose priority areas for technical assistance to promote and de-risking investments in renewable energy. RE CG will discuss the extension of donor support and coordination of such activities for candidate and potential candidate countries of the Energy Community.

ACTIVITY 4: Horizontal and cross-cutting issues	2016	2017
24. Strengthening the national institutions to promote renewable energy	<i>Continuous</i>	
25. Exchange of best implementation practices in CPs and EU Member States (RES CG meetings, RES Forum)		
26. Promotion of existing support initiatives and design of new ones (financial instruments and information actions).		
27. Coordination of donors support on renewable energy, EU, EBRD, EIB, GIZ, KfW, The World Bank, IFC, USAID, UN etc.		

Annex: TIMETABLE WORK PROGRAMME 2016-2017

ACTIVITY 1: Reform of the Support schemes to comply with State Aid Guidelines		2016			2017			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4
Core topic 1: Introduction of market based support schemes								
1. Transition from feed-in tariffs to feed-in premiums support schemes	Submission of a market model for integration of renewable energy based on feed-in premiums							
	Adaptation of the legal and regulatory frameworks in the CPs							
2. Introduction of tendering schemes for granting support	Submission of a template design for auctions on granting the support for RES producers							
	Implementation of the tendering schemes in the CPs							
Core topic 2: Financing renewable energy development								
3. Project annual budgets to ensure meeting the policy objectives to 2020	Determination of annual funds for the CPs to be on trajectories to 2020							
	Calculation of the uplift charge applied to end-consumers							
4. Contractual agreement for granting support	Submission of templates design for bankable agreements							
Core topic 3: Citizens participation in the development of renewable energy projects								
5. Encouraging citizen participation through community energy	Policy recommendations to encourage the development of community and citizen owned energy projects							
6. Recommendations for legal frameworks that encourages community power	Promotion of citizen-owned renewable energy projects							
7. Developing effective business models for community financed RES projects	Alternative business models for financing community renewable energy projects							
ACTIVITY 2: Implementation of the Renewable Energy Directive		2016			2017			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4
Core topic 4: Monitoring the implementation of the RE Directive								
8. Monitoring the implementation of legal and regulatory aspects	Contracting Parties reporting							
	Secretariat assessment and reporting to MC							
9. Monitoring the quantitative developments towards the trajectories to 2020	Contracting Parties reporting based on energy statistics 2013-2014							
	Secretariat assessment and reporting to MC							
Core topic 5: Removing administrative barriers for renewable energy technologies								
10. Hydropower development in an regional and integrated approach	Assessment of ecologically hydropower power potential in the WB							
	Regional cooperation on hydropower development							
11. Bioenergy for electricity and heat generation	Bioenergy for electricity generation – mitigating the supply risk							
	Bioenergy for heating – improving efficiency while meeting the 2020 indicative targets							
12. Wind power	Identification of barriers for investments in wind							
	Recommendations and best practices in implementation							

13. Solar photovoltaic and solar thermal	Report on removing solar PV barriers							
	Report on fostering solar thermal installations							
14. Biofuels potential assessment	Facilitating estimation of domestic potential for biofuel production							
Core topic 6: Access to and operation of the grids with renewable energy								
15. Rules for connection to the grids for renewable energy producers	Assessment of the current bottlenecks in RES connection to TSO and DSO grids							
	Propose recommendations for coordination with administrative procedures							
16. Balance responsibility for large renewable energy producers	New market design for renewable energy integration – focus on balancing market							
	Best practices in operation of the grids with more RES penetration							
Core topic 7: Biofuels and bioliquids								
17. Understanding the sustainability criteria	Analysis of legal acts to be amended or/and developed to transpose sustainability criteria							
18. Verification system and body	Recommendations for best practices							
19. Support scheme	Recommendations for best practices							
Core topic 8: Cooperation mechanisms - existing agreements and possible other options								
20. Existing agreements	COOPMech -Serbia - Italy							
21. Possible new options	Options for COOP-Mech CP- CP							
	Options for COOP Mech CP-EU MS							
ACTIVITY 3: Renewable Energy Framework to 2030		2016			2017			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4
Core topic 9: Identification of renewable energy objectives to 2030								
22. Investigation on 2030 renewable policy objectives	Energy demand projections to 2030							
	Renewable energy potential to 2030							
Core topic 10: Proposal for a renewable energy framework to 2030								
23. Adaptation of the new RE Directive to 2030 to be adopted by the Energy Community	Draft amendments to the RE II Directive							
	Proposal of to the PHLG for consideration							
ACTIVITY 4: Horizontal and cross-cutting issues		2016			2017			
24. Strengthening the national institutions to promote renewable energy		<i>Continuous</i>						
25. Exchange of best implementation practices in CPs and EU Member States (RES CG meetings, RES Forum)								
26. Promotion of existing support initiatives and design of new ones (financial instruments and information actions).								
27. Coordination of donors support on renewable energy, EU, EBRD, EIB, GIZ, KfW, The World Bank, IFC, USAID, UN etc.								