

BALKAN REGION ENERGY INFRASTRUCTURE INTEGRATION WITH EU

- paving the roads for green electricity -

Petar Maksimović, Secretary General

**THE ENERGY AGENCY
OF THE REPUBLIC OF SERBIA**



**4th annual conference and exhibition:
“BALKAN ENERGY LEADERS 2016”**

Belgrade, 17/18 March 2016

The Energy Community (EnC)

-  Contracting Parties
-  Candidate
-  Observers
-  European Union

THE TREATY ESTABLISHING THE ENERGY COMMUNITY

Legally binding contract
Entered into force: July 2006
Designed as an EU pre-accession instrument for SEE countries
Opened to European Neighborhood Policy area in 2010

Main EnC objectives

- Energy market integration
- Single regulatory space (approximation with EU legislation related to IEM, RES, EnEff, environment, competition)
- **Attracting investments**

Source: Energy Community web-site

Infrastructure investments in the EnC

Boosting investments- top EnC priority

- *“Creating stable regulatory and market framework capable of **attracting investment**”*
- *“Providing a **stable investment climate** in which connections to Caspian, North African and Middle East gas reserves can be developed”*

Currently in focus- network infrastructure investments

- Regional approach to infrastructure adequacy – PECI
- The Western Balkans 6 initiative

**Energy 2020,
Energy Security
Strategy, Energy
Roadmap 2050...**

**EnC Regional
Energy Strategy**

Policy

**TEN-E
Regulation, CEF
Regulation, the
3rd Package**

**EnC Treaty, 3rd
Package, TEN-
E Regulation**

Legislation

**TYNDP
(including
CBA)**

TYNDP, CBA

Planning

**Work in
progress**

**Advanced
implementation**

Implementation

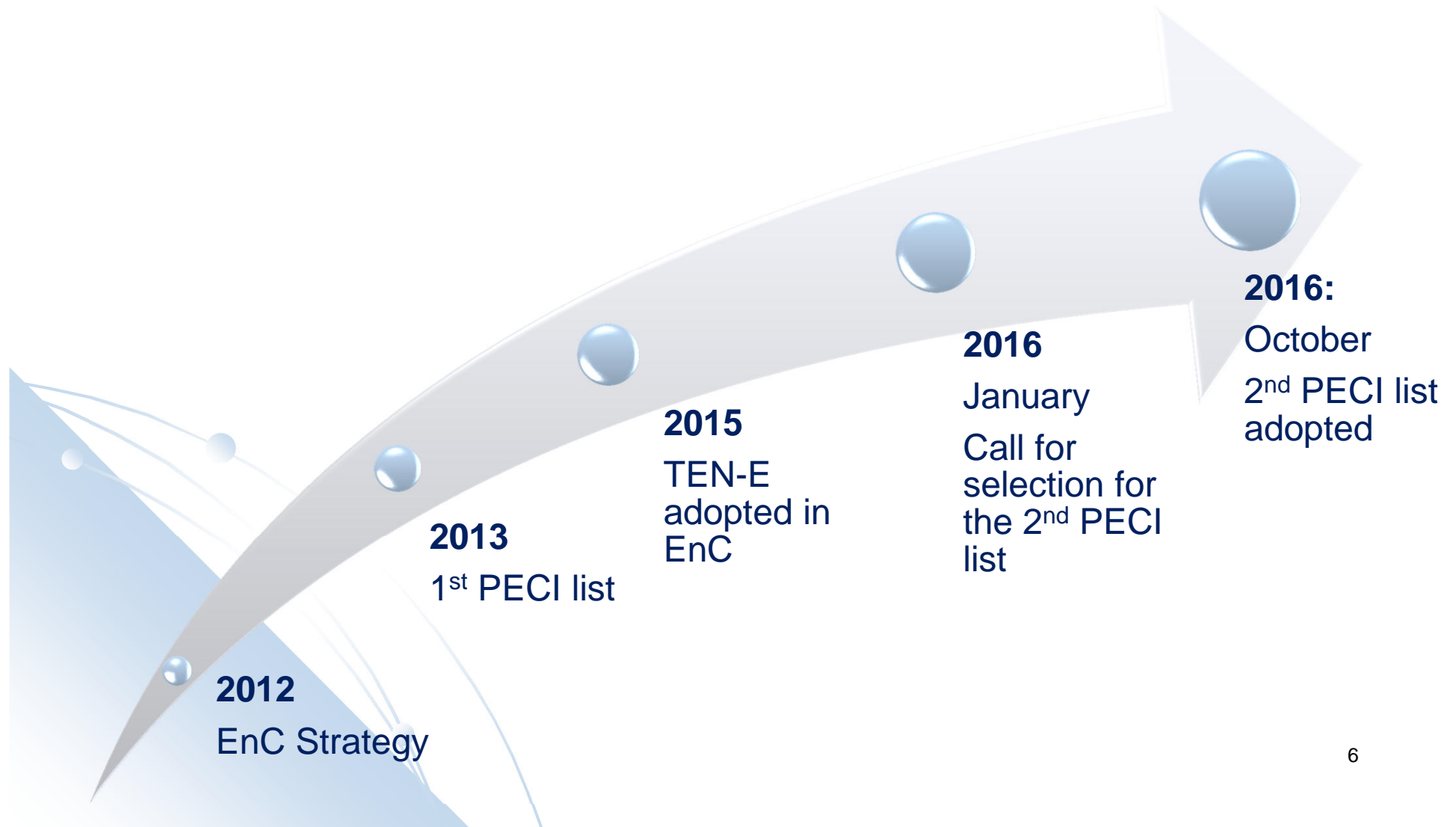
**(PCI list, cost sharing, incentives,
grants...)**



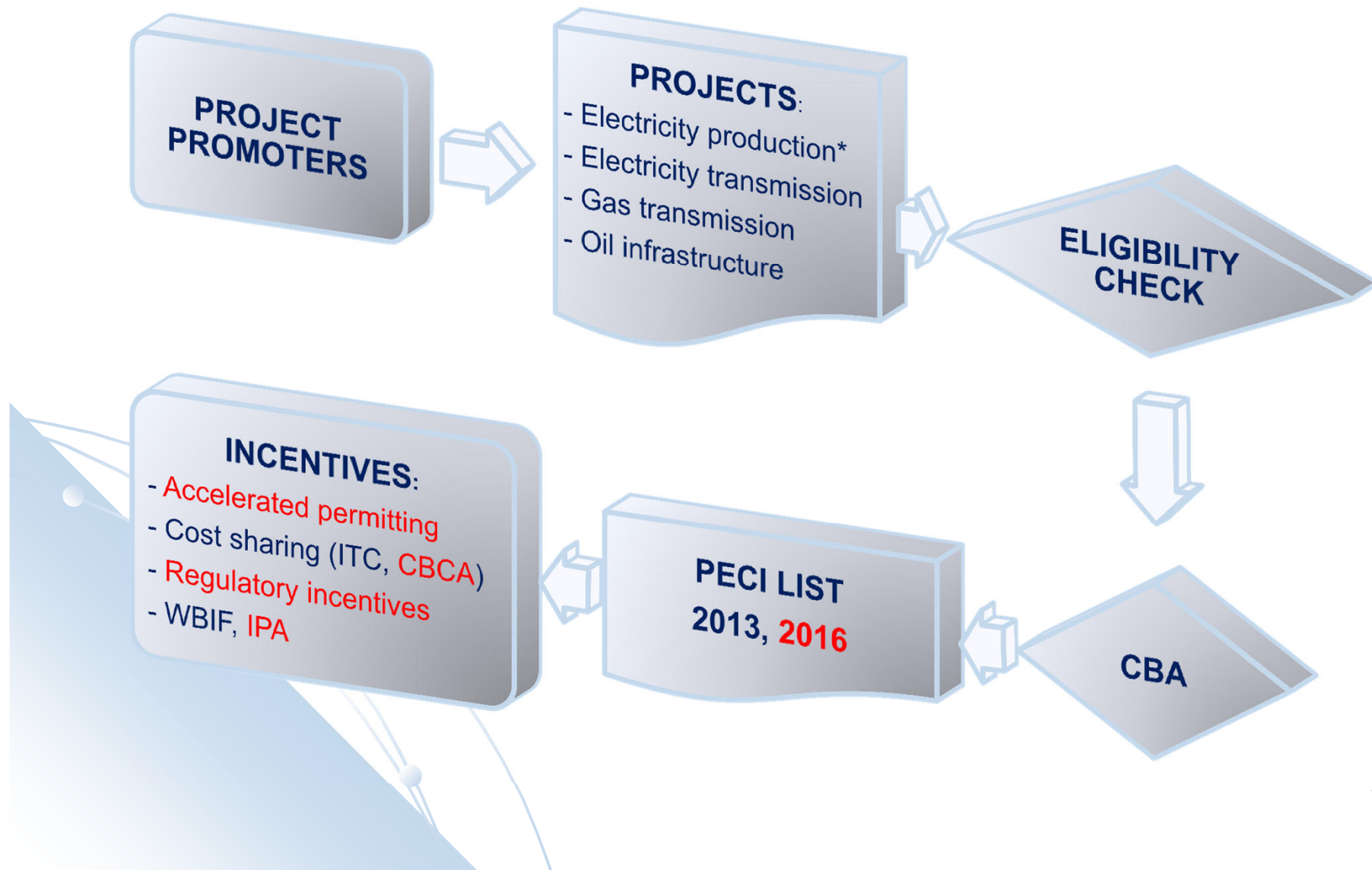
Regulatory framework supporting network infrastructure investments

- **The 3rd Package of IEM legislation**
 - Establishes the planning process (TYNDP)
- **Regulation 347/2013 (the TEN-E Regulation)**
 - Supports achievement of energy and climate policy goals
 - Establishes principles for P(E)CI identification
 - Defines measures supporting network infrastructure investments

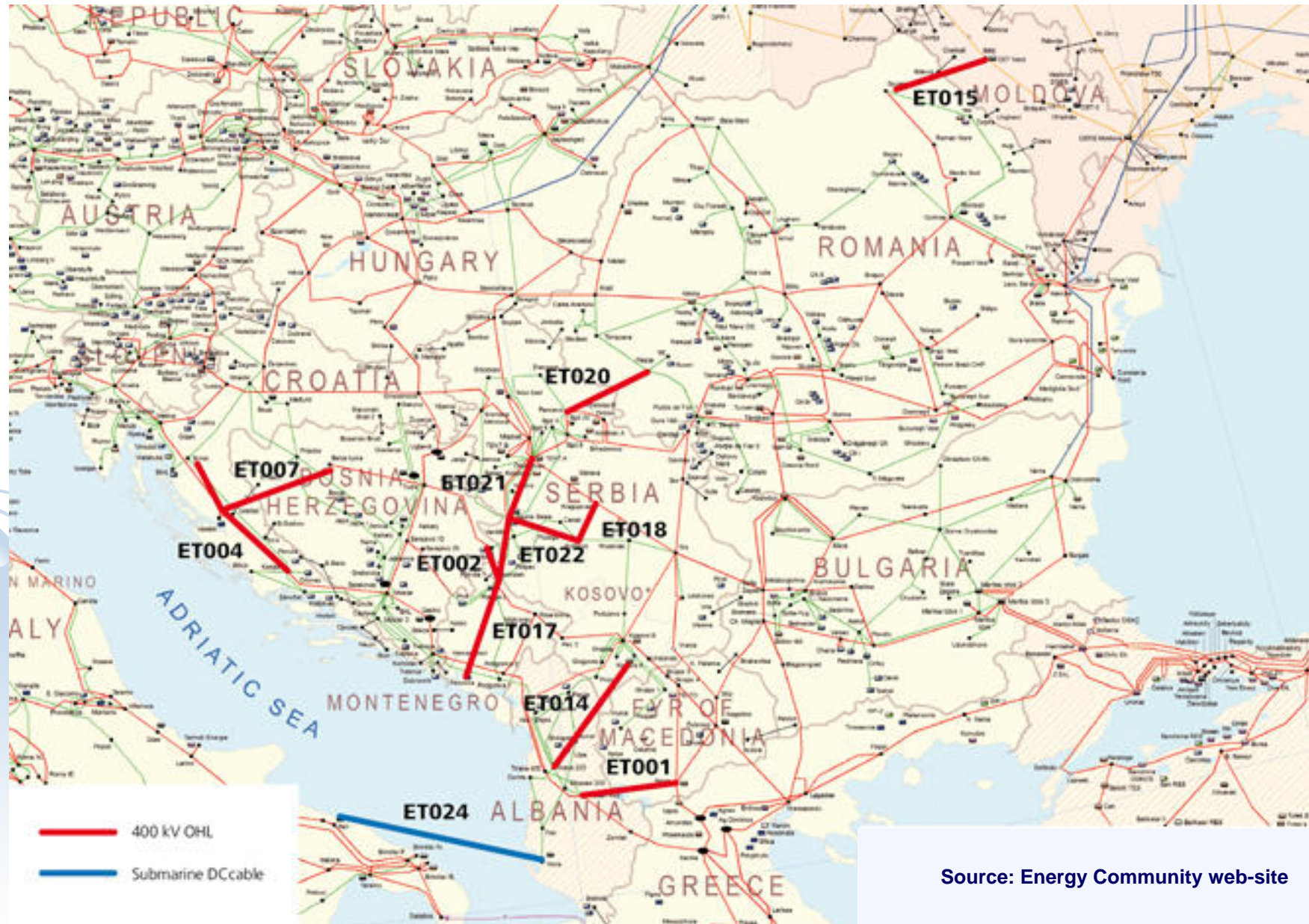
Regional approach to infrastructure development in Energy Community



Establishing the PECL list



PECI 2013- electricity infrastructure

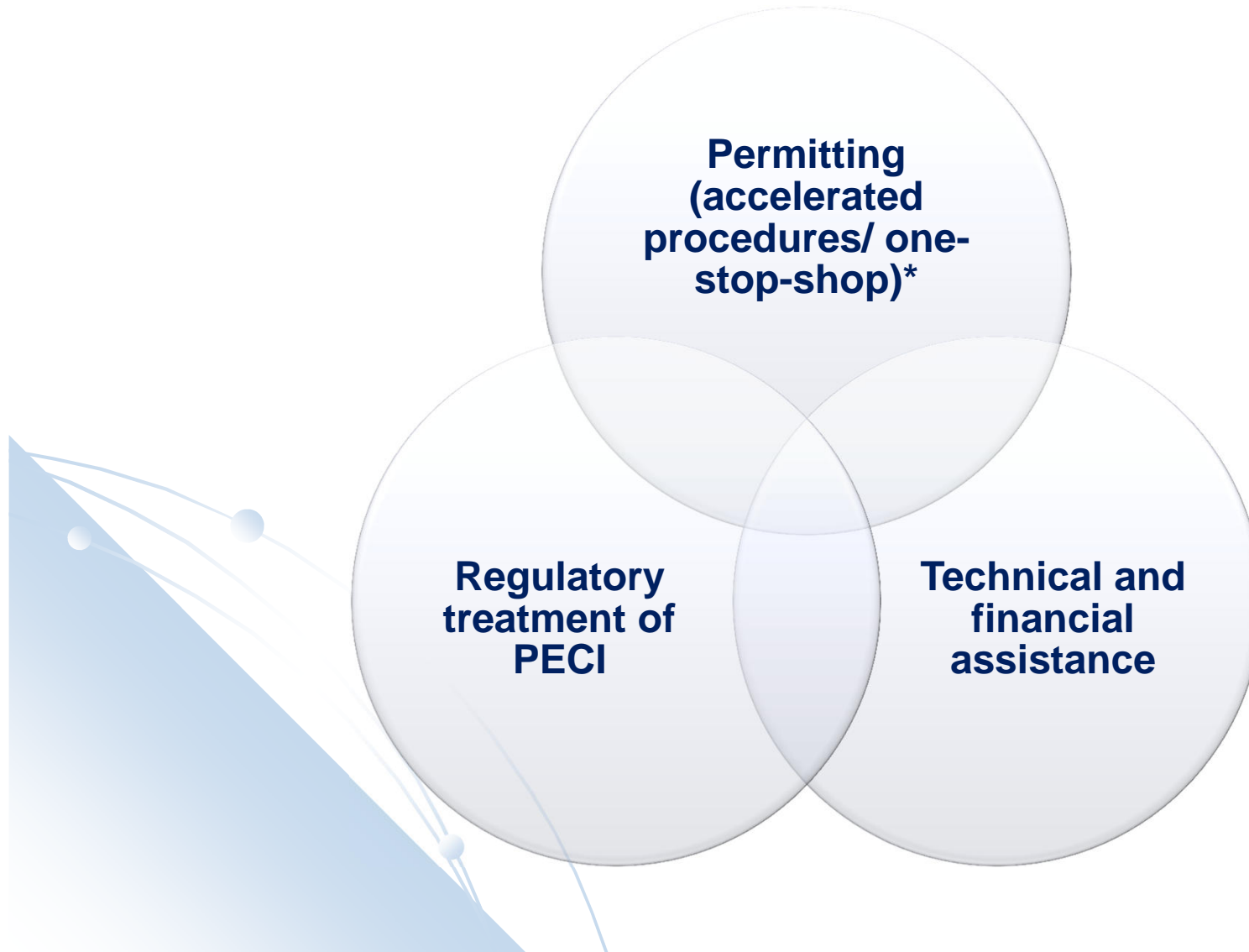


Source: Energy Community web-site

PECI 2013- electricity generation



Measures supporting network infrastructure investments

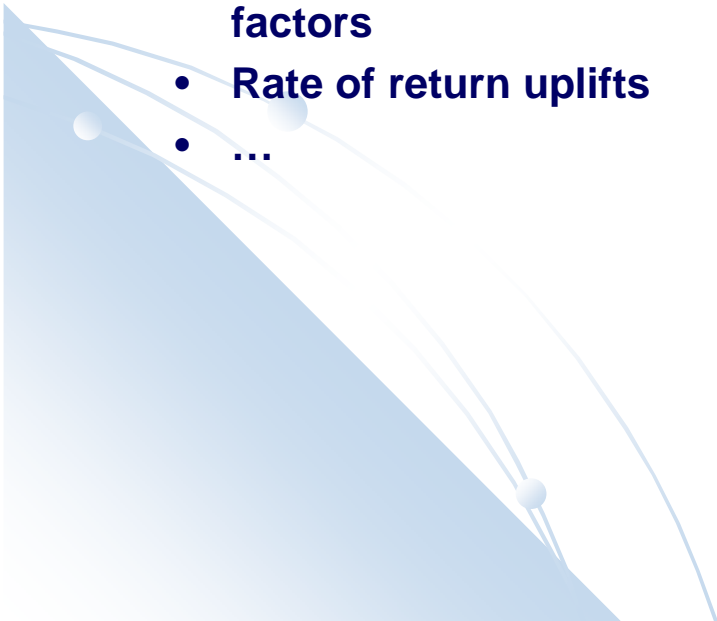


Regulatory Treatment

- **Regulatory incentives**

- The rules for anticipatory investment
- Recognition of efficiently incurred costs before project start- up
- Regulatory accounts/ correction factors
- Rate of return uplifts
- ...

- **Cross- border cost allocation**



Financing PECI

Preconditions for financial support

- The project is not financially viable
- Significant positive externalities

Instrument

- The Western Balkans 6 (WB 6) initiative

Financing sources

- EU Instrument for Pre-Accession Assistance (IPA)
- The Neighbourhood Investment Facility
- Western Balkans Investment Framework

WB 6- how it works

- **Western Balkans Conference (Berlin 2014)**
- **Stakeholders:**
 - DG NEAR
 - Albania, Bosnia and Herzegovina, former Yugoslav Republic of Macedonia, Montenegro, Kosovo* and Serbia
- **Content:**
 - Financing transport & energy infrastructure projects
 - Complementing “soft measures”

“Soft measures”



Western Balkans 6 initiative – the Connectivity Agenda

Projects selected for co-financing

Beneficiary	Description	Investment (€ million)	Grant (€ million)
IPA / WBIF 2015 co-financing		538.8	144.9
Albania	Albania- Macedonia interconnection: grid section in Albania	70	14
Macedonia	Albania- Macedonia interconnection: grid section in Macedonia	49	12
Montenegro	Trans-Balkan energy corridor: grid section in Montenegro	127	25
Serbia	Trans-Balkan energy corridor: grid section in Serbia	28	6.6

Wrap-up

- **Transmission network infrastructure investments supporting common energy and climate policy goals - priority topic in the EnC**
- **Regional approach towards infrastructure planning, as a bases for incentives related to:**
 - **Permitting procedures**
 - **Regulatory treatment**
 - **Financing**
- **WB 6 initiative**
 - **Enabling financial support to prioritized PECl**
 - **Supporting regional electricity market development via “soft measures”**



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