



# Annual Implementation Report

Energy Community Secretariat

1 November 2024

# **Annual Implementation Report 2024**

Energy Community Secretariat  
1 November 2024

# Table of Contents

|           |   |    |
|-----------|---|----|
| <b>01</b> | Foreword. . . . .   | 6  |
| <b>02</b> | About us . . . . .  | 7  |
| <b>03</b> | State of Implementation . . . . .                                   | 8  |
| <b>04</b> | Focus: The EU's support for energy<br>and climate reforms . . . . . | 11 |
| <b>05</b> | <b>Albania</b> . . . . .  | 14 |
|           | Markets and integration . . . . .                                   | 15 |
|           | Decarbonising the energy sector . . . . .                           | 18 |
|           | Ensuring energy security . . . . .                                  | 22 |
|           | Improving the environment. . . . .                                  | 23 |
|           | Performance of authorities . . . . .                                | 25 |
| <b>06</b> | <b>Bosnia and Herzegovina.</b> . . . . .                            | 28 |
|           | Markets and integration . . . . .                                   | 29 |
|           | Decarbonising the energy sector . . . . .                           | 32 |
|           | Ensuring energy security . . . . .                                  | 36 |
|           | Improving the environment. . . . .                                  | 37 |
|           | Performance of authorities . . . . .                                | 39 |
| <b>07</b> | <b>Georgia</b> . . . . .  | 42 |
|           | Markets and integration . . . . .                                   | 43 |
|           | Decarbonising the energy sector . . . . .                           | 46 |
|           | Ensuring energy security . . . . .                                  | 50 |
|           | Improving the environment. . . . .                                  | 51 |
|           | Performance of authorities . . . . .                                | 53 |

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Layout: Medium d.o.o.  
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|           |                                 |     |
|-----------|---------------------------------|-----|
| <b>08</b> | <b>Kosovo*</b>                  | 56  |
|           | Markets and integration         | 57  |
|           | Decarbonising the energy sector | 60  |
|           | Ensuring energy security        | 64  |
|           | Improving the environment.      | 65  |
|           | Performance of authorities      | 67  |
| <b>09</b> | <b>Moldova</b>                  | 70  |
|           | Markets and integration         | 71  |
|           | Decarbonising the energy sector | 74  |
|           | Ensuring energy security        | 78  |
|           | Improving the environment.      | 79  |
|           | Performance of authorities      | 81  |
| <b>10</b> | <b>Montenegro</b>               | 84  |
|           | Markets and integration         | 85  |
|           | Decarbonising the energy sector | 88  |
|           | Ensuring energy security        | 92  |
|           | Improving the environment.      | 93  |
|           | Performance of authorities      | 95  |
| <b>11</b> | <b>North Macedonia</b>          | 98  |
|           | Markets and integration         | 99  |
|           | Decarbonising the energy sector | 102 |
|           | Ensuring energy security        | 106 |
|           | Improving the environment.      | 107 |
|           | Performance of authorities      | 109 |
| <b>12</b> | <b>Serbia</b>                   | 112 |
|           | Markets and integration         | 113 |
|           | Decarbonising the energy sector | 116 |
|           | Ensuring energy security        | 120 |
|           | Improving the environment.      | 121 |
|           | Performance of authorities      | 123 |
| <b>13</b> | <b>Ukraine</b>                  | 126 |
|           | Markets and integration         | 127 |
|           | Decarbonising the energy sector | 130 |
|           | Ensuring energy security        | 134 |
|           | Improving the environment.      | 135 |
|           | Performance of authorities      | 137 |

|           |   |     |
|-----------|---|-----|
| <b>14</b> | Energy Community acquis in force . . . . .                                      | 141 |
| <b>15</b> | Secretariat's enforcement and<br>dispute resolution activities report . . . . . | 144 |
| <b>16</b> | Secretariat's infrastructure report . . . . .                                   | 147 |
| <b>17</b> | Secretariat's annual report . . . . .   | 149 |
| <b>18</b> | Methodology . . . . .   | 158 |
| <b>19</b> | Glossary . . . . .  | 160 |



# 01 Foreword

The Energy Community is navigating a critical moment of change. As the global push toward decarbonisation accelerates, our nine Contracting Parties are working to transform their energy sectors, tackling reforms, and striving to align with the Energy Community acquis. The 2024 Implementation Report captures the progress made, the challenges encountered, and the resilience demonstrated across the region as we move toward a sustainable and integrated energy future.

This year, we saw significant milestones in both ambition and action. The Electricity Integration Package (EIP), which offers an accelerated integration with the EU electricity markets, became a central focus of our assessments. Progress in establishing domestic markets, increasing competition, and providing consumer protection is evident, yet fully compliant transposition of the EIP that enables market coupling with the EU remains an ongoing effort. The alignment of EIP reforms with the Carbon Border Adjustment Mechanism (CBAM) further underscores the need for urgent action to keep pace with the evolving energy landscape.

To measure this ever-changing complex integration dynamics better, the Secretariat expanded its performance indicators from 38 to 41, introducing new metrics on carbon pricing and emissions monitoring. These additions reflect the increasing importance of a system in the Energy Community that internalises the costs of CO<sub>2</sub> emissions and highlight the need for reliable data to measure them and track decarbonisation efforts. This broader framework provides sharper insights into the actions being taken to meet both regional and EU-wide goal of 2050 climate neutrality.

The 2024 Implementation Report also reflects on Contracting Parties' commitments to reforms they will undertake with the financial support of the European Union to spur growth and convergence with the EU. By mapping cross-linkages between these reforms, with focus on energy and climate, and legal commitments already taken under the Energy Community Treaty, the 2024 Implementation Report underscores the comprehensiveness of the reform process promoted by the EU and its coherence among different cooperation frameworks in place. This is highlighted throughout the report through marking areas critical for both the implementation of the Energy Community Treaty and seamless fulfillment of conditionalities defined in "Reform Agendas" and "Ukraine Plan" by the Western Balkans and Ukraine respectively.

2024 also marks a year of renewed focus on energy infrastructure investments. The return of the PECL list selection process after four years reaffirms the importance of strategic energy infrastructure projects to the region's resilience through enhanced



integration between neighboring energy systems. At the same time, the Ukraine Energy Support Fund with financial contributions totaling up to EUR 1 billion by the end of 2024 continues to play an instrumental role, sustaining Ukraine's energy sector under extraordinary conditions caused by Russian war of aggression. These efforts reflect the collective determination of the Energy Community to address immediate needs while building a modern, integrated, and thus more resilient energy system.

Ultimately, our mission goes beyond policies and technical achievements - it is rooted in the dedication of countless individuals. As we approach the Energy Community's 20<sup>th</sup> anniversary, we reflect on the invaluable contributions of citizens, policy-makers, companies, NGOs, media, and others who have driven progress and shaped this remarkable journey. Their commitment and collaboration have been the cornerstone of transformation across the region. Marking this milestone in 2025, we honor their extraordinary efforts and look ahead with optimism to new opportunities for unity, progress, and shared ambition.

Here's to the year ahead and the continued pursuit of a sustainable and integrated energy future!

Artur Lorkowski  
Director

Vienna, November 2024

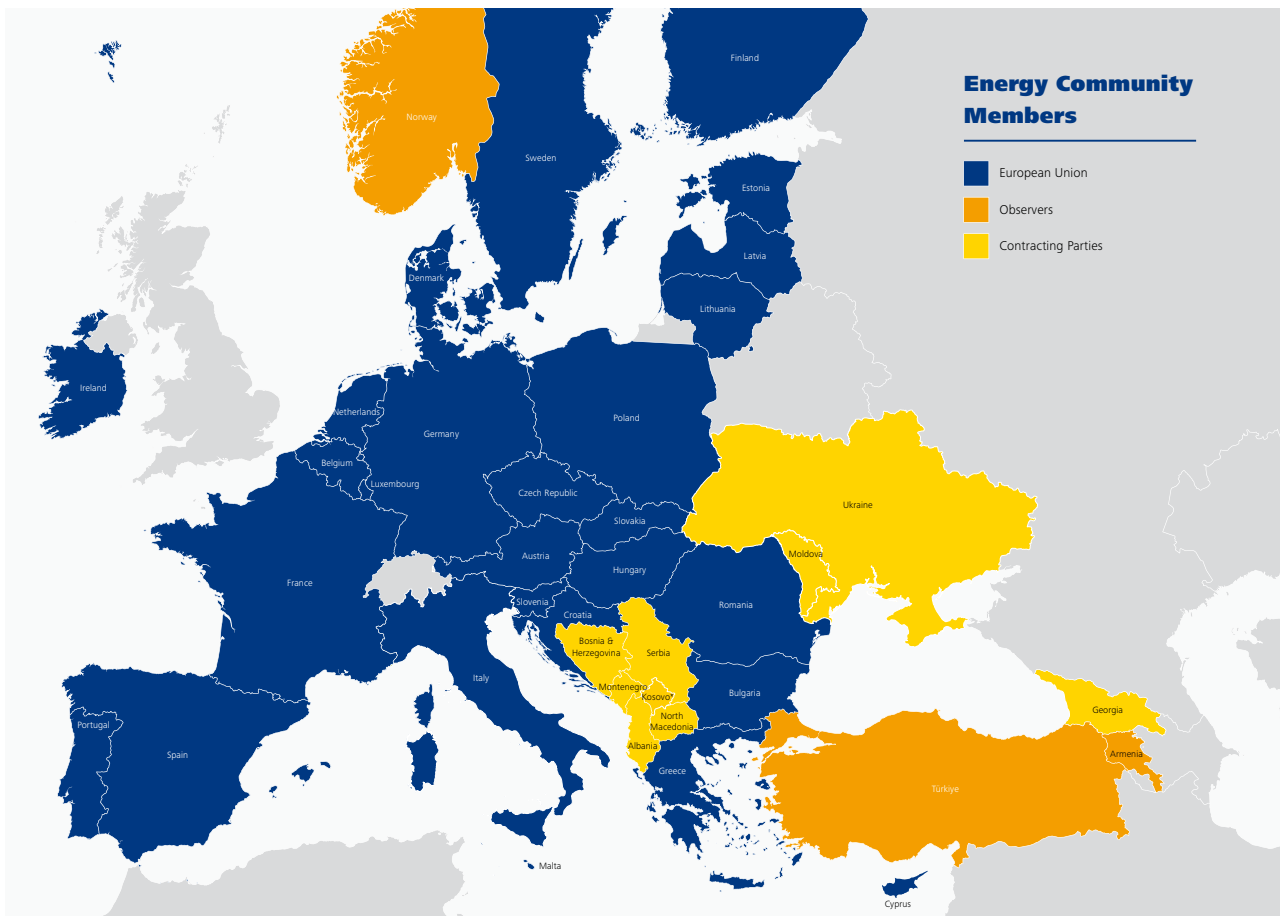


## 02 About us

### a. Presenting the Energy Community

The Energy Community extends the European Union (EU) internal energy market to its neighbouring countries. The principle objectives of the Energy Community are to create a regulatory

and market framework which is capable of attracting investments for a stable and continuous energy supply. By signing the Energy Community Treaty, the Contracting Parties committed to implementing key EU energy legislation within a fixed timeframe.



### b. Members

The Treaty establishing the Energy Community was signed in October 2005 in Athens. Following ratification by all Parties, the Treaty entered into force on 1 July 2006. As of 1 November 2024, the Parties to the Treaty are the European Union, and nine Contracting Parties, namely Albania, Bosnia and Herzegovina, Georgia, Kosovo\*,<sup>1</sup> North Macedonia, Moldova, Montenegro, Serbia and Ukraine. Armenia, Norway and Türkiye are Observers under Article 96 of the Treaty.

### c. Institutional setting

The Energy Community has its own institutional framework. The highest decision-making body is the Ministerial Council, which meets once a year to establish key priorities and adopt new legislation.

The Energy Community Secretariat, based in Vienna, is independent and performs the day-to-day work of the Community. The Secretariat is responsible for reviewing the progress made by the countries in transposing and implementing European energy law incorporated by the Energy Community Treaty.

<sup>1</sup> Throughout this Implementation Report, this designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.



## 03 State of Implementation

### **The Electricity Integration Package: a building block for the market coupling**

The most prominent feature of this year's Implementation Report is the implementation of the Electricity Integration Package (EIP). It is not only the most ambitious but also the most important set of European legislation the Energy Community has incorporated to date. In fact, the adoption of the EIP in 2022 meant nothing less than delivering on the Energy Community's original promise of integrating the Contracting Parties in the European Union's internal electricity markets and systems before the EU accession based on full reciprocity. And that is not a goal in itself. Except for Ukraine, a country that showed remarkable determination and resilience again in the third year of Russia's brutal war, all Contracting Parties' markets are too small to attract significant investment, including in renewable and flexible resources.

The EIP also replaced the Energy Community's previous modus operandi of aligning domestic market structure in a few key areas such as market opening and unbundling at a national level by a much more complex governance of regional cooperation and – what is fundamental – with the respective peers from the European Union. And it was clear from 2022 that without full transposition of the package in the Contracting Parties, the goal of market integration in a form of market coupling cannot be reached.

However, the efforts made by most Contracting Parties to complete the transposition process should be acknowledged. There is a significant discrepancy in the ratings for the electricity acquis compared to the previous year. As of 2024, all Contracting Parties were downgraded, as this was the year by which the compliant transposition of the EIP was expected to be confirmed. As of the finalisation of this report, none of the Contracting Parties had achieved full compliance.

However disappointing the lack of transposition reflected by this year's Report may be, it is clear that the journey on which all of Europe embarked on by the adoption of the EIP in 2022 would be of a long-term nature and cannot be assessed on the basis of last two years only. Therefore, what will matter even more than timely transposition is whether all stakeholders in Contracting Parties accelerate and streamline activities on its implementation.

In this respect, the picture is brighter than a mere comparison of the ratings might suggest. With the exception of Bosnia and Herzegovina and Moldova, organised short-term markets are operating in all the Energy Community Contracting Parties by now. Transmission system operators (TSOs), nominated electricity market operators (NEMOs) and national regulatory authorities

(NRAs) are engaged actively in the operationalisation of the capacity calculation regions (CCRs) and the local implementation projects for adherence to the European market coupling platforms, while waiting for the national governments and parliaments to pass the missing legislation.

### **The challenge: regional cooperation**

Remaining concern is the lack of agreement on the regional configuration of capacity calculation regions in South East Europe. After over a year of discussions initiated by the TSO of Serbia and moderated by ENTSO-E, there are still no formal confirmation of tangible results which would allow all stakeholders involved to adhere to a future ACER's decision on potential reconfiguration of SEE Shadow CCR and move forward by signing the necessary cooperation agreements.

In this respect, the European Union's carbon border adjustment mechanism (CBAM) requires market coupling to be in place in order for electricity imported and transited from the Energy Community into the European Union to be exempted from payments as of 2026. Waking up to these economic realities should motivate Contracting Parties to quickly catch up on the delays and allow the Secretariat to conclude in its next Implementation Report that the transposition is completed in all Contracting Parties and clear timelines for joining the EU market coupling project by all capacity calculation regions are established.

### **Steady forward steps on decarbonising the energy sector**

In 2024, the Energy Community Contracting Parties continued to consolidate their efforts to transpose and implement key legislation essential for progressing with decarbonisation. Contracting Parties have been finalising their National Energy and Climate Plans (NECPs), which are urgently needed to guide their progress toward 2030 targets and to establish a strong foundation for significant energy sector investments. These NECPs will serve as strategic blueprints, defining critical investment pathways that align with each country's decarbonisation goals as agreed in 2022.

This year also marked important progress in adopting the Renewable Energy Directive II (REDII), with several Contracting Parties advancing their transposition efforts and conducting their first renewable energy auctions. This continued wave of auctions demonstrates a strong commitment to market-based support systems that drive renewable investments and ensure that progress towards the targets can be achieved. Additionally,

comprehensive energy efficiency frameworks have been developed across the region, with a particular focus on the buildings sector, which remains a priority for Contracting Parties.

On the climate side, 2024 saw intensified efforts to implement the Monitoring, Reporting, Verification, and Accreditation (MRVA) package – a foundational step toward establishing carbon pricing mechanisms. Concurrently, discussions on designing an appropriate carbon pricing model within the Energy Community – led by the European Commission – have continued, along the progress with the impact assessment contracted by the Commission. The Informal Ministerial Council in July 2024 saw an expression of openness by Contracting Parties to update the Decarbonisation Roadmap reflecting their commitment to achieving climate neutrality by 2050 and to continue moving forward on carbon pricing with a view to joining the EU ETS upon accession at the latest. This update is expected to reinforce a shared commitment by Contracting Parties to pursue coordinated action on carbon pricing. To support CBAM readiness, progress on meeting criteria for potential temporary electricity exemptions is being closely monitored through a dedicated CBAM-Readiness Tracker, ensuring that each Contracting Party advances in coordination toward this essential readiness goal.

Finally, the Secretariat, together with the European Environment Agency, has enhanced support activities for Contracting Parties to assist with climate reporting, which is crucial for effective implementation of climate governance. However, further progress is still needed in this area.

## Improving the environment

The state of implementation in the environmental sector highlights both challenges and opportunities for growth. Key areas where progress can be enhanced are well-known challenges, in particular the reduction of emissions from thermal power plants and the streamlining of environmental assessments. With the major rollout of renewable energy on the horizon, there is significant potential to proactively address these issues and facilitate Contracting Parties to make a substantial leap towards accelerating their environmental improvement efforts.

2024 was also the year when the prominent link between emission reduction and CBAM became apparent and obvious. Ensuring compliance of large combustion plants requires either investments in emission reduction or closure of the plants. The situation is aggravated by the fact that the technologies necessary to curb emissions (SO<sub>2</sub> in particular) imply a reduction in plant efficiency due to an increase in self-consumption of the abatement units. This, in turn, increases the amount of greenhouse gas emissions relative to the electricity generated. The financial adjustment, to be paid under CBAM is expected to restrict business and export opportunities even further, which should incentivise Contracting Parties and operators alike to review their business models and call into question the economic rationale of maintaining the operation of those units in the mid- and long-term.

Overview of Implementation Performance by Contracting Parties



## Status of gas markets and security of supply

The Contracting Parties increased their efforts in complying with the Third Energy Package in gas. The unbundling of the TSOs and their certification was completed or is to be soon completed in Moldova, North Macedonia, Serbia, with the notable exception of lack of progress in Bosnia and Herzegovina.

The implementation of the network codes advanced at certain pace. The most challenging remains the implementation of the balancing code and proper transmission capacity allocation in the Western Balkan countries. The market opening is still pending, with Moldova setting a path towards complete phasing out of the regulated prices in the foreseeable future.

Enhancing the security of supply gas acquis transposition started as well, with the storage targets implemented. Moldova and Georgia here lead the progress, the former implemented all binding elements of the security of supply acquis. Ukraine advanced in preparing its risk assessment. Still, certification of the Serbian storage system operator, stalemate in Georgia's and Bosnia and Herzegovina market reforms raise concerns. Ukraine progressed in increasing firm capacities but is facing very challenging future with the post transit tariff development. Reintroducing market fundamentals is at the top of the agenda for Ukraine

## The impact of authorities

Continuing activities of the NRAs in the Energy Community were focused on adoption of regulatory acts that implement and detail the key aspects of the Energy Community acquis, such as gas transmission methodologies, network codes, licensing of market participants, REMIT, and consumer protection and empowerment. Intensive work has been done in consultation of draft legislative acts transposing the EIP in the national legislative frameworks with the aim to enhance institutional independence of NRAs and to equip them with necessary powers, tools, and resources to implement the EIP. Extensive cooperation under the Energy Community Regulatory Board (ECRB) frameworks resulted in adoption of a number of the key ECRB decisions and opinions, such as the ECRB opinion on PECEI evaluation methodologies, and in exchange of the best regulatory practices within the Energy Community as well as with the peer regulators at CEER and MEDREG.

Statistical authorities continued to collect and report the expanding set of the key energy statistics and, in some Contracting

Parties, improved their data collection and analytical processes. Cooperation with Eurostat continued to be the key stepping-stone in enhancing transparency of energy markets in the energy Community.

Competition and State aid frameworks in Contracting Parties deserve further development to enable relevant authorities a larger scope of monitoring and investigatory powers.

The effective impact of authorities in 2024 were hampered by the lack of transposition of the EIP and other relevant Energy Community acquis at the national level. This issue will be addressed in detail in the 2025 Implementation Report, as the authorities are expected to take a more active role in ensuring the effective functioning of energy markets within the Energy Community.

## EIP factor and mixing the 2024 performance cards anew

At first glance, the overall implementation performance appears stable, with a slight decline (53% in 2023 to 51% in 2024), indicating a tendency toward steady implementation growth not faster and not slower than the annual increase of the applicable acquis.

However, the Secretariat's 2024 assessment reshuffles the deck, introducing new leaders and previous front-runners now falling behind. Long-term leaders Serbia and Montenegro experience the largest declines in scores (8% and 11% respectively), with Moldova and Georgia both improving by 13%, and Moldova emerging as the new top performer in 2024.

Moldova's significant improvement in performance was driven by advancements in decarbonisation, gas market integration and security of supply. Georgia improved its performance through decarbonisation and security of supply reforms. Despite the challenges of war, Ukraine remains a leading performer, holding the third place, just one percentage point behind Serbia.

It is concerning to see that the gap between the top performers and those lagging behind continues to widen, reaching 36% in 2024, as the challenges set by the new acquis further amplify performance disparities. Overcoming the implementation gap between Contracting Parties requires decisive action in years to come as benefits of an accelerated integration with the EU can only be fully exploited if shared together with the regional neighbours.



## 04 Focus: The EU's support for energy and climate reforms

### Key support for reforms in 2024–2027

The New Growth Plan for the Western Balkans<sup>2</sup> and the Ukraine Facility<sup>3</sup> support the region's energy transitions until 2027, by providing EU financial support for the implementation of reforms, including those guided by the Energy Community. Both facilities are built on specific conditionalities, which link the disbursement of macro-financial aid to implementation of targeted reforms. These reforms among others focus on energy market, decarbonization, renewables deployment and energy efficiency, and are aligned with the legal commitments by the Contracting Parties under the Energy Community Treaty.

From a broader perspective, these frameworks<sup>4</sup> reflect two distinct but interconnected goals:

- 1. For the Western Balkans (WB6)<sup>5</sup>:** The overarching goal is to drive the green and economic transition of the region, with clear conditionalities tied to energy market reforms and decarbonization. In energy and climate, the reform agendas for WB6<sup>6</sup> align closely with the Energy Community process and the EU accession objectives, helping the region with the accelerated integration into the EU's energy market while advancing sustainability efforts.
- 1. For Ukraine:** The Ukraine Facility addresses the exceptional challenges posed by the war. In the energy and climate, beyond Ukraine's immediate need for reconstruction, there is a sustained focus on reforms defined under the Energy Community Treaty and required for country's EU accession. This involves helping Ukraine transform its energy system to be greener, more resilient, and better integrated with the European market.

To highlight a cross-linkage between the assessment of progress in implementing reforms under the Treaty and conditionalities agreed by the Contracting Parties with the EU under the WB6 Reform Agendas and the Ukraine Plan, the Secretariat tags these reforms in the 2024 Implementation Report with a special stamp.



2 The New Growth Plan for the Western Balkans includes a EUR 6 billion financial instrument, known as the Reform and Growth Facility, for the period 2024–2027. This fund is composed of EUR 2 billion in grants and EUR 4 billion in concessional loans. These funds are tied to the fulfillment of socio-economic and fundamental reforms across the region, with a strong focus on energy market integration and decarbonization. In parallel, the Ukraine Facility offers up to EUR 50 billion in financial support for the years 2024–2027. This package is aimed at addressing Ukraine's recovery, reconstruction, and modernization needs while helping Ukraine implement key reforms to facilitate EU accession.

3 For further details, refer to [The Ukraine Plan 2024–2027](#).

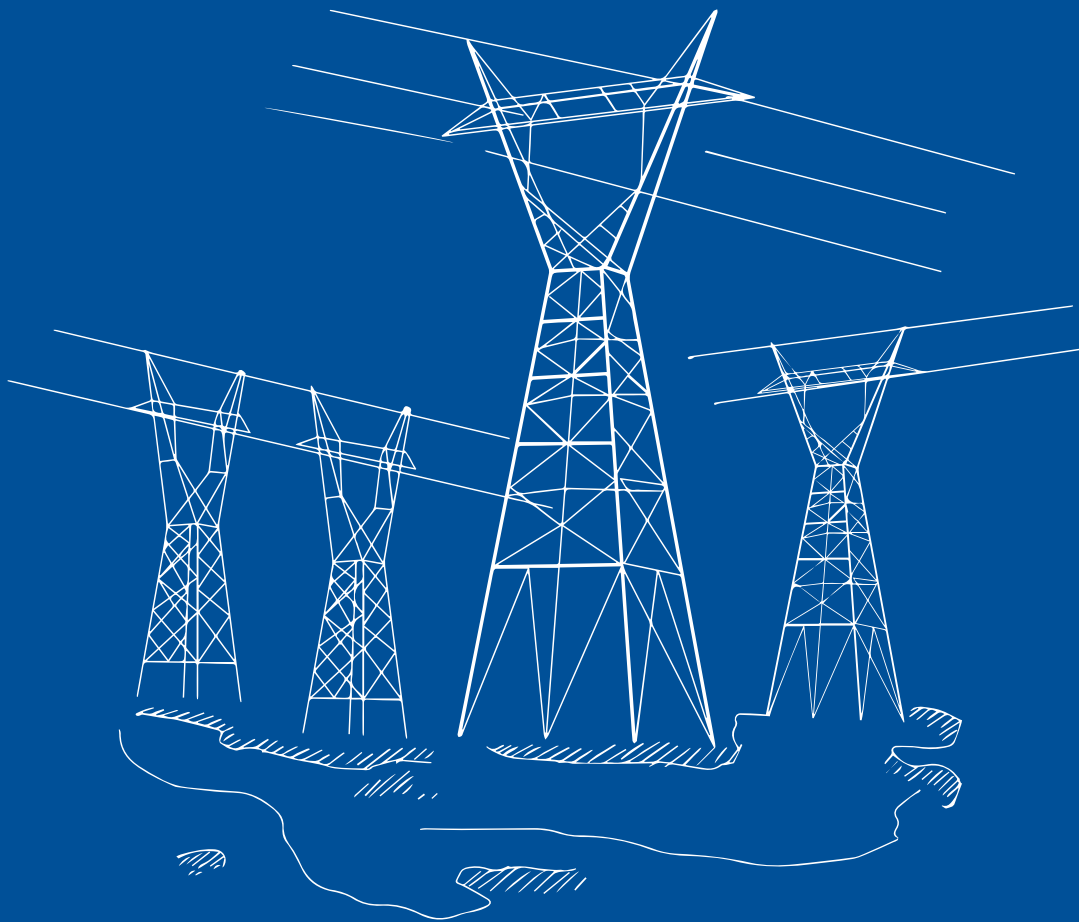
4 The European Commission adopted a draft Regulation proposal on Moldova Reform and Growth Facility on 10 October. As the Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on establishing the Reform and Growth Facility for the Republic of Moldova Brussels, 9.10.2024 COM(2024) 469 final, falls short of listing concrete reform agenda topics, Moldova was excluded.

5 There presently is no reform agenda plan for Bosnia and Herzegovina.

6 For further details, refer to [Growth Plan for the Western Balkans](#).






# 05

## Albania



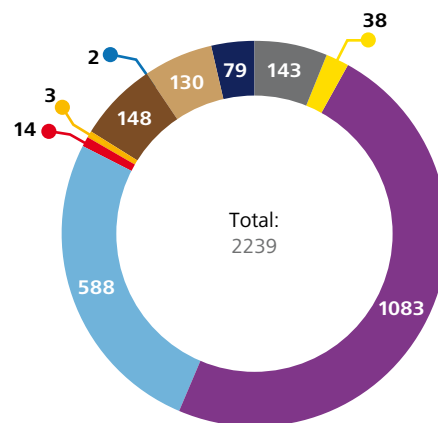
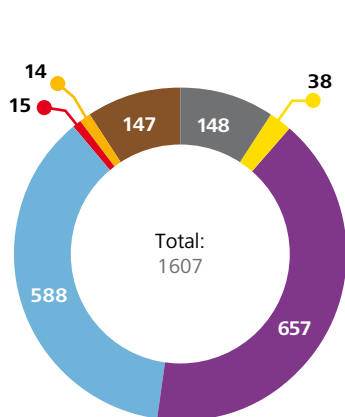


## IMPLEMENTATION OVERVIEW

| CLUSTER   | IMPLEMENTATION STATUS  | RECOMMENDATIONS  |
|---|--|--|
|  Markets and integration         | <div style="width: 42%;"><div style="background-color: #0070C0; color: white; padding: 2px;">42%</div></div> | Transposition of the EIP should be completed without further delay along with the opening of the intraday electricity market as preconditions to market coupling.  |
|  Decarbonising the energy sector | <div style="width: 57%;"><div style="background-color: #0070C0; color: white; padding: 2px;">57%</div></div> | Albania should transpose and implement the Monitoring and Reporting Regulation and the Accreditation and Verification Regulation. It should also draft and adopt a long-term strategy with a 2050 climate neutrality objective. Additionally, the country must urgently transpose the sustainability and GHG emissions saving criteria for biofuels, bioliquids, and biomass fuels as outlined in REDII. Further efforts are needed to adopt implementing legislation under the Energy Efficiency Law, finalise labelling regulations, submit the renovation strategy, and assess the potential for efficient heating and cooling. |
|  Ensuring energy security        | <div style="width: 38%;"><div style="background-color: #0070C0; color: white; padding: 2px;">38%</div></div> | Transposition of Regulation (EU) 2019/941 and Commission Regulation (EU) 2017/2196 should be accelerated. Preparation of a risk-preparedness plan for the electricity sector should be initiated.  |
|  Improving the environment       | <div style="width: 47%;"><div style="background-color: #0070C0; color: white; padding: 2px;">47%</div></div> | Albania shall align its national legislation with Articles 8 and 8a of the Environmental Impact Assessment Directive. The NECP revision should run in parallel with the Strategic Environment Assessment update.   |
|  Performance of authorities     | <div style="width: 70%;"><div style="background-color: #0070C0; color: white; padding: 2px;">70%</div></div> | Albania shall focus on institutional strengthening and capacity building of its authorities and engage in more active enforcement of energy markets surveillance and competition rules.  |

2022 Fuel mix in primary production of energy (in ktoe)

2022 Gross available energy per product (in ktoe)



- Solid fossil fuels
- Natural gas
- Oil and petroleum products
- Hydro
- Solar thermal
- Solar photovoltaic
- Primary solid biofuels
- Charcoal
- Pure biodiesels
- Electricity

Source: EUROSTAT database

Overall number of cases: **3**

ECS-3/19 - environment

Procedures under Article **91** EnCT

ECS-5/24 - electricity

ECS-23/24 - renewable energy



# Albania

## Markets and integration

### ELECTRICITY

42%



#### WHOLESALE MARKET



40%

The wholesale market in Albania continues to operate under the framework of the Third Energy Package, as the Electricity Integration Package (EIP) has yet to be transposed into national law, despite the deadline of 31 December 2023. An infringement procedure for non-transposition has been initiated by the Secretariat. The first draft of the new Albanian Power Sector Law was planned by the Ministry to be submitted to the Secretariat for review in October 2024, however that has not happened for the time being.

The day-ahead market in Albania is operated by the power exchange ALPEX as of 12 April 2023 and as of 31 January 2024 market coupling with Kosovo\* became operational. The launch of the intraday market and its coupling with the intraday market in Kosovo\* are announced for November 2024, but the go-live date is still pending.

The wholesale market continues to be highly regulated. The state-owned production company KESH still has a public service supply obligation to provide electricity for universal service. KESH continues to sell all required amount of electricity to the supplier of last resort, FSHU, at the price below market price determined by the Ministry as a shareholder, utilising contract for difference. As of 2024, the transmission system operator (TSO), OST, procures network losses in the day-ahead market through a free purchase. The distribution system operator (DSO), OSHEE, continues to procure the majority of the distribution network losses through a regulated contract with FTL.

The balancing market is operational and organised in a competitive manner with three balancing service providers. The balancing market rules which entered into full force and effect 1 April 2021 still apply, as the transmission system operator has not yet submitted the national terms and conditions for balancing to the regulator despite the deadline of 15 June 2023.

According to Albanian balancing market rules, OST was obliged to move to 15-min resolution of the balancing market processes and nominations by 1 July 2024, but this has not yet been implemented. The TSO is reporting every month to ERE and will carry out relevant preparatory activities over a trial period expected to start from January 2025 for the internal market (cross-border at later stage).

The REMIT Regulation was transposed and implemented.

#### RETAIL MARKET



33%

Directive (EU) 2019/944 has not yet been transposed. However, Energy Regulatory Entity (ERE), has taken certain actions towards implementing customer protection and empowerment measures.

Consumers in Albania are free to choose their suppliers, according to the approved rules for switching suppliers. Consumers connected to 35 kV and high voltage, and as of 1 of January 2024, consumers connected to the 20 kV, are supplied on the free market (with the exception of the water-sewage companies). If consumers are not able to secure a supply agreement, they have the right to use the electricity supply service from the supplier of last resort for a period of no more than two months. However, consumers connected to the 6 kV and 10 kV continue to be supplied by the supplier of last resort. The price for supply of last resort is based on incurred costs, approved monthly by the regulator. The universal supplier FSHU acts as supplier of last resort until a tendering procedure takes place and supplies all households and small consumers under regulated prices.

Vulnerable customers are defined by primary legislation. ERE established an action plan for implementing customer protection policy, taking into consideration the promotion of policies targeting specific groups and respective measures to support them. To facilitate customer empowerment, ERE has developed an action plan for promotion of customers active participation in the electricity market including through the energy communities.

#### UNBUNDLING

80%

The transmission system operator OST is unbundled and certified.

Although Commission Regulation (EU) 2017/1485 has not yet been transposed, OST signed the Synchronous Area Framework Agreement (SAFA) for Regional Group Continental Europe as a member of the European Network of Transmission System Operators for Electricity (ENTSO-E). OST operates with the TSO of Kosovo\* (KOSTT) in the load-frequency control block. OST does not regularly publish its Ten-Year Network Development Plan (TYNDPs); however, the previous plan is valid till 2025.

The distribution system operator is legally and functionally unbundled, however, its compliance report is yet to be approved by the regulator.

The distribution system operator is still operating in line with the distribution grid code as of 2008 which is currently being updated.

## ACCESS TO THE SYSTEM

73%

Third-party access is ensured. Tariffs for the use of the transmission network are reviewed every three years. ERE approved the electricity transmission service tariff for period 1 May 2022–31 December 2024. OST has applied for the transmission tariff for the 2025–2027 regulation period on which ERE has initiated the approval procedure and the process out for public consultation.

The distribution network tariff approved by ERE in 2022 remains in force.

The connection codes are transposed, but their implementation still needs to be completed. The transmission grid code was updated in 2022, and the ongoing amendment of the distribution grid code is aiming at implementing the connection codes. Progress has been made on the implementation of the Transparency Regulation; however, data on availability of production and generation units is still pending.

## REGIONAL INTEGRATION



18%

Implementation of regional integration hinges on the completed transposition of the EIP, including Regulation (EU) 2019/943. OST was obliged by the end of 2023 to make 70% of cross-zonal

transmission capacities available for trade; however, no actions have been taken towards implementation of this obligation.

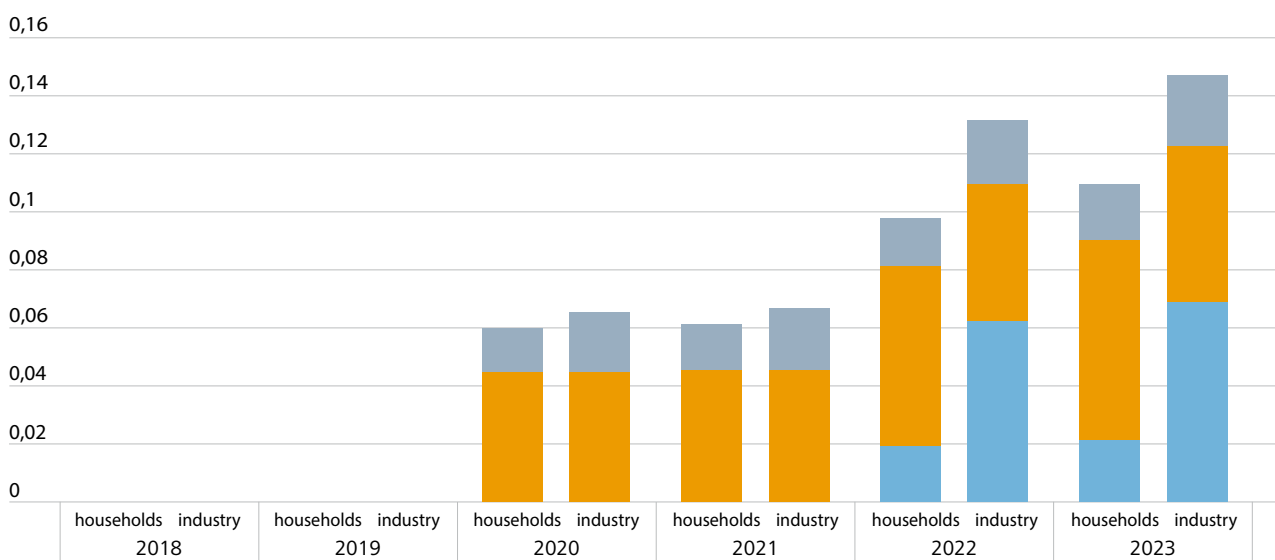
The regional auction platform Coordinated Auction Office in South East Europe (SEE CAO) is used for the allocation of all cross-zonal capacities.

The drafting of a regulatory act transposing Commission Regulation (EU) 2015/1222 is ongoing. OST and ALPEx are participating in the so-called South-East Europe market coupling (SEE MC) together with transmission system operators and nominated electricity market operators of Greece, Kosovo\* and North Macedonia. The application for adherence to the Italian Border Working Table (IBWT) project aims at establishing a local implementation project. Feedback from IBWT is pending in the moment of preparation of this report.

Commission Regulation (EU) 2017/2195 has not been transposed and the cross-border balancing cooperation is limited to sharing of secondary reserves based on yearly contracts within the load-frequency control block.

Albania has not progressed with the implementation of Regulation (EU) 347/2013 and a deadline for adoption of the revised Regulation (EU) 2022/869 is end of 2024. The previous PECE 2018 project Elbasan – Bitola line 400 kV still has not been constructed due to financial difficulties on both sides. For the new PECE selection process in 2024, Albania nominated three infrastructure projects (two overhead lines and one energy storage), and two projects have been included in the draft preliminary PECE list (closing the 400 kV Albanian internal ring and reconfiguration of 400 kV grid and new 400 kV interconnection Albania-Kosovo\*).

Average annual prices of electricity for end users per component [EUR/kWh]



● Energy and supply ● Network costs ● Taxes, fees, levies and charges

Source: EUROSTAT database



## WHOLESALE MARKET

23%

Albania lacks a national natural gas market, but ERE has transposed the REMIT Regulation, including all required acts except for the market rules.

## RETAIL MARKET

25%

Although there is no national gas market, secondary legislation regulating customer supply has been adopted.

## UNBUNDLING

78%

The Trans Adriatic Pipeline (TAP) is certified and unbundled by the exemption decision under the independent transmission operator model. Albgaz, the national transmission system operator, is certified according to the ownership unbundling model. However, not all conditions, including the transfer of investment decision competences, have been met.

## ACCESS TO THE SYSTEM

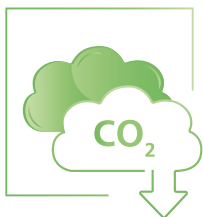
50%

TAP and Albgaz transpose gas network codes separately for their respective networks. In practice, Albgaz's sole gas-related activity is overseeing TAP maintenance through a separate contract. The tariffs established for Albgaz services are not in accordance with the tariff network code. TAP implements third-party access in accordance with the exemption conditions. The framework for potential future LNG and storage system operators is in place.

## REGIONAL INTEGRATION

6%

Albania did not progress with the implementation of the old Regulation (EU) 347/2013 in the last reporting period, nor has the Secretariat been informed about a timeline for adopting the revised Regulation (EU) 2022/869.



# Albania

## Decarbonising the energy sector

### GOVERNANCE/CLIMATE IMPLEMENTATION

66%



#### NATIONAL ENERGY AND CLIMATE PLANS

62%

The National Energy and Climate Plan (NECP) of Albania was adopted in December 2021. The work on updating the plan continued in 2024 but has not been finalised. Albania should complete the update process without delay.

#### GREENHOUSE GAS 2030 TARGET

80%

Albania has not defined a 2030 climate target in national legislation, but it is included in the NECP. Albania should consider amending its Climate Change Law, to align it with the 2030 target set by the Energy Community.

#### NATIONAL SYSTEMS FOR CLIMATE REPORTING

92%

There is a legal basis for a national greenhouse gas (GHG) inventory system. However, Albania still needs to further implement a national system for estimating GHG emissions. This entails collecting GHG emissions data for all Intergovernmental Panel on Climate Change (IPCC) categories, establishing and implementing quality control measures, as well as uncertainty estimates at a national level.

Albania has submitted a report on a national system for policies and measures and projections, as required by the adapted Governance Regulation.

#### NATIONAL GREENHOUSE GAS EMISSIONS POLICIES AND MEASURES

71%

Reporting obligations have been transposed in the legislation. Albania has nominated lead reporters for the Governance Regulation reporting activities. Reporting has been finalised on policies and measures (PaMs), as well as on revenues from carbon pricing mechanisms. However, the report on adaptation strategies is still to be submitted in the Reportnet system.<sup>7</sup>

#### LONG-TERM STRATEGY AND CLIMATE NEUTRALITY

25%

The legal basis for a long-term strategy has been adopted. However, Albania has not yet adopted a long-term strategy with a 2050 climate neutrality objective. It remains unclear if and how such an objective will be reached.

<sup>7</sup> Reportnet 3.0 (<https://reportnet.europa.eu/>) is the next generation platform for reporting environmental data to the European Environment Agency (EEA) and also host several reporting tasks for the European Commission. Reportnet 3.0 is a centralised e-Reporting platform, aiming at simplifying and streamlining the data flow steps across all environmental domains. The system acts as a one-stop-shop for all involved stakeholders. It is managed by the EEA and Contracting Parties report through it.

## RENEWABLE ENERGY IMPLEMENTATION

61%



### 2030 RENEWABLE ENERGY TARGETS



88%

The target of achieving a 54,4% share of renewable energy in gross final energy consumption in the adopted National Energy and Climate Plan (NECP) is in line with the 2030 target set by the Energy Community and incorporated in the amended Renewable Energy Law. The overall 2030 renewable energy target is subdivided into sectorial targets for electricity (178,1%), transportation (34,6%), and heating and cooling (16,6%). The 2030 target for renewable energy in the heating and cooling sector is not as ambitious as required by Article 23 of Renewable Energy Directive (REDII).

### SELF-CONSUMPTION AND ENERGY COMMUNITIES



75%

There is a net metering in place, enabling consumers to operate renewable energy installations with a maximum capacity of 500 kW. Albania has incorporated changes into the Renewables Law, which outlines a transition to net billing for self-consumed renewables, scheduled to commence on 1 January 2024. These amendments guarantee the involvement of citizens in renewable energy communities while preserving their privileges and responsibilities as end consumers. Nevertheless, no renewable energy communities have been established so far.

### QUALITY OF SUPPORT SCHEME



90%

The amendments to the Renewables Law from 2023 abandon administratively-determined feed-in tariffs. Support for renewable energy electricity generation is now provided (or will be converted to) through a competitive process in the form of contract for difference (CfD) or contract for premium (CfP). Auctions for a fixed purchase price were held, with the intention of transitioning to CfD arrangements once a day-ahead market is declared liquid by the regulator. None of the cooperation mechanisms (statistical transfer, joint projects, joint support schemes) have been implemented.

### GUARANTEES OF ORIGIN

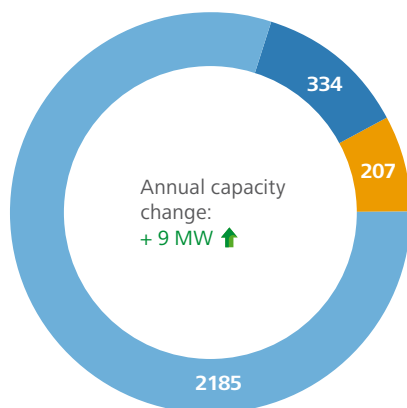


70%

Within the framework of the regional project implemented by the Energy Community Secretariat, an electronic registry for guarantees of origin (GOs) was established for Albania. It became operational by regulator ERE in May 2023. The next critical milestone for achieving a fully operational GO system includes the adoption of disclosure rules and the calculation of the residual energy mix.

The amendments made to the Renewables Law incorporated the necessary legal provisions for issuing GOs for all types of energy carriers, including renewable gas, and heating and cooling.

### Total Capacities of Renewable Energy 2023 (MW)



- Large hydropower
- Small hydropower <10 MW
- Solar

Total capacities of renewable energy (MW): **2726**

Source: Ministry of Infrastructure and Energy

### SUSTAINABILITY CRITERIA FOR BIOFUELS, BIOLIQUIDS AND BIOMASS FUELS



0%

The current legal framework in Albania does not transpose the sustainability and greenhouse gas emissions saving criteria for biofuels, bioliqids, and biomass fuels stipulated in REDII. The full transposition of these criteria, including the establishment of a system for verification of compliance, is vital for achieving Albania's 2030 RES target.

### RENEWABLE ENERGY IN HEATING AND COOLING

25%

There has been no notable progress concerning the integration of renewable energy in the heating and cooling sector of Albania. To meet the annual 1,1 percentage points increase in renewable energy share as set in Article 23 of REDII, priority should be given to establishing a comprehensive legal framework and defining measures for integrating renewable energy sources, including heat pumps in individual heating systems.

## ENERGY EFFICIENCY IMPLEMENTATION

55%

A

B

C

### 2030 ENERGY EFFICIENCY TARGETS AND POLICY MEASURES



68%

Albania has taken steps towards energy efficiency and climate action with the introduction of its 2030 energy efficiency targets and associated policies and measures, outlined in the NECP. These measures, however, are under revision to reflect the latest developments in the Energy Community.

During the reporting period, the Ministry of Infrastructure and Energy drafted missing by-laws to implement the Energy Efficiency Law, a number being already adopted. This covered aspects such as energy audits and monitoring and verification of energy savings, local energy efficiency action plans and building requirements. The other by-laws which have been drafted or finalised address key areas like energy efficiency obligations and criteria for public procurement and is ongoing. Their adoption remains pending.

### ENERGY EFFICIENCY IN BUILDINGS



86%

A long-term building renovation strategy is currently being developed with the support of the Regional Energy Efficiency Programme. The draft is still pending submission to the Secretariat.

Following the adoption of relevant by-laws to implement the 2016 Law on Energy Performance of Buildings, Albania has established an operational energy performance certification system. The training of experts and issuance of energy performance certificates for buildings is ongoing, supported and coordinated by the Energy Efficiency Agency. However, implementation of provisions related to the independent control system for certification, inspection of heating and air-conditioning systems, technical building systems, and electromobility is missing.

Work on the amendments to the Law is ongoing, aimed at aligning it with the 2018 amendments and some elements of the 2024 recast Energy Performance of Buildings Directive.

### ENERGY EFFICIENCY SCHEME AND FINANCING



43%

The energy efficiency obligation scheme, as mandated by the Energy Efficiency Law, is being established in Albania, but its implementation requires adoption of by-law. The Ministry of

Infrastructure and Energy drafted an order for the approval of the Energy Efficiency Obligation Scheme, which has not been adopted.

In terms of funding mechanisms for energy efficiency, no dedicated fund has been established. Investments in energy efficiency are currently being channelled through the State budget and foreign financial aid, with a particular focus on the construction sector. Furthermore, local banks are actively involved in promoting energy efficiency by offering credit lines for various initiatives, with a primary focus on enhancing the thermal insulation of building envelopes in private buildings. The development of the energy service (ESCO) market model is ongoing.

### ENERGY EFFICIENT PRODUCTS – LABELLING



40%

Albania achieved progress with the adoption of the Law on Labelling of Energy-Related Products in May 2024, to align the national framework with the framework Regulation (EU) 2017/1369.

Efforts are continuing updating the existing (outdated) regulations or adopting new implementing regulations for specific product groups, as mandated by the Ministerial Council Decisions from September 2014, November 2018, and lastly, December 2022.

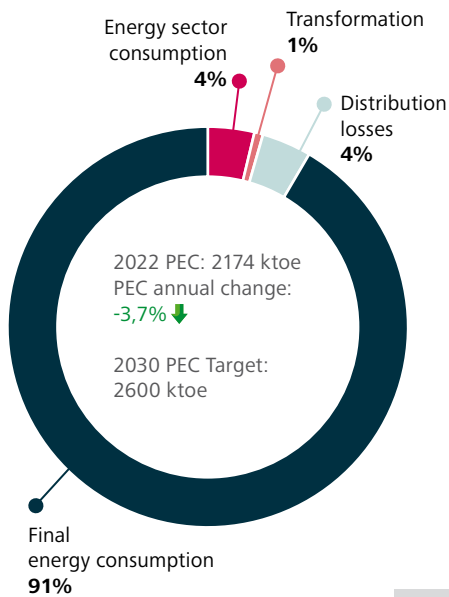
### EFFICIENCY IN HEATING AND COOLING

38%

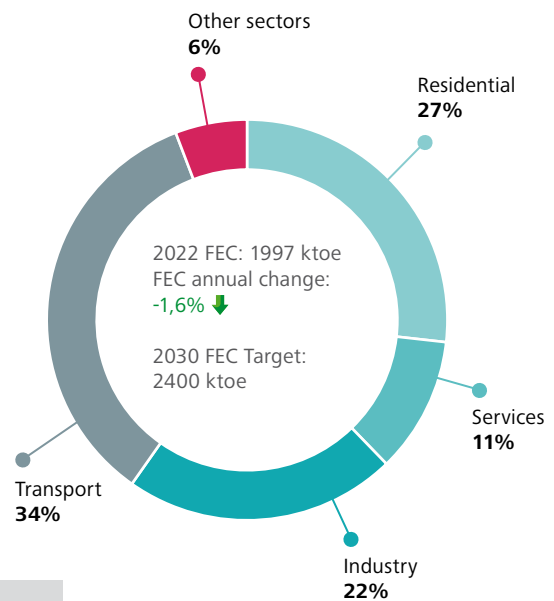
In Albania, no significant progress has been recorded in implementing new measures to enhance efficiency in the heating and cooling sector. Despite the legal provisions for developing a comprehensive assessment of the potential for efficient heating and cooling being in place for several years, no specific steps have been taken towards carrying out such an assessment. Moreover, the current legal framework remains not aligned with Energy Efficiency Directive regarding the requirements for the inspection of heating and air-conditioning systems.

## 2022 Energy Efficiency Indicators and Trends

### Primary Energy Consumption (PEC)



### Final Energy Consumption (FEC)



Energy intensity, 2022 value and trends:  
0,18 ktoe/mil EUR, -8,2% ↓

Source: EUROSTAT 2024 data, NECP and 2022 Ministerial Council Decision

## EMISSION TRADING SCHEME (MONITORING, REPORTING, VERIFICATION AND ACCREDITATION) 24%



### FOUNDATIONS, INSTITUTIONS, PERMITS 53%



The basic definitions and concepts from the EU ETS Directive have been transposed into national law in the Climate Change Law. An environmental permit with a greenhouse gas emissions component, together with a list of activities covered, has been introduced into national law. The National Environment Agency (AKM) has been designated as the competent authority to approve permits and emission monitoring plans and to receive annual emission reports. A system of financial penalties has also been introduced for operating without the appropriate permit and for failing to monitor and report greenhouse gas (GHG) emissions. However, the actual implementation and enforcement of the above-mentioned requirements, i.e. the identification of the entities covered by the obligation to monitor and report GHG emissions, the construction of structures, processes and procedures in the competent authority, application of fines, is under development.

### MONITORING AND REPORTING 8%

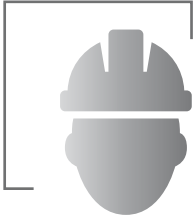


Albania has not transposed the Monitoring and Reporting Regulation into national legislation. As a result, a deadline for submitting applications for the approval of monitoring plans has also not been introduced, and no electronic templates or forms have been made available to support the process so in practice monitoring and reporting of GHG emissions at the installation level is not implemented. Elements of corrective action for non-reporting of emissions by entities subject to this obligation, including financial penalties, have been introduced in the Climate Change Law.

### VERIFICATION AND ACCREDITATION 10%



Albania has not transposed the Accreditation and Verification Regulation into national legislation and Climate Change Law has not designated a national accreditation body for the accreditation of greenhouse gas verifiers so actual accreditation and verification processes are not in place. However, the Climate Change Law has introduced a general obligation for GHG emission reports to be verified by accredited verifiers.



# Albania

## Ensuring energy security



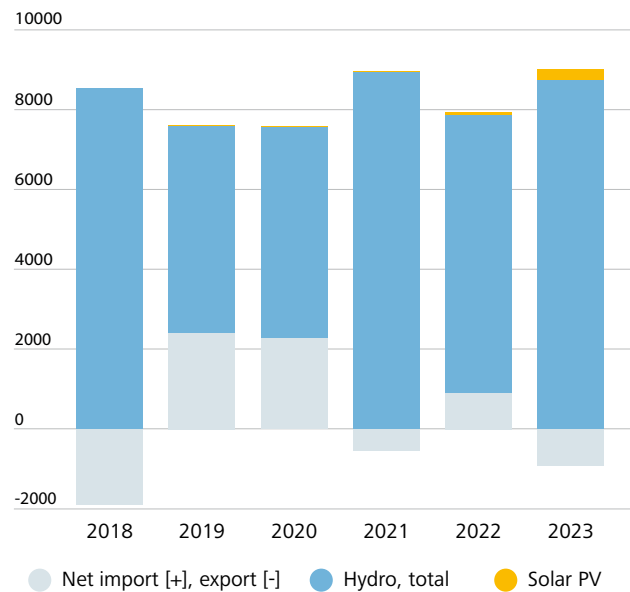
### ELECTRICITY SECURITY OF SUPPLY

8%

Albania has not transposed Regulation (EU) 2019/941 and designated the competent authority for risk-preparedness even though deadlines expired on 31 December 2023 and 5 January 2023, respectively. Development of the risk-preparedness plan has not been initiated. Albania has not been submitting the Security of Electricity Supply Statements to the Secretariat, although obliged by Article 29 of the Treaty. The state of emergency for the supply of electricity was phased out as of 2024. Regulation (EU) 2017/2196 has also not been transposed until now.

The National Cybersecurity Strategy 2020–2025 was approved by Decision No. 1034 dated 24 December 2020 of the Council of Ministers as a key instrument for increasing the security of networks and information systems at the national level. Based on this strategy, the action plan has been defined and its implementation has been periodically monitored. The National Authority on Electronic Certification and Cyber Security (NAECCS) has completed the draft law "On cyber security", transposing the NIS Directive and including some elements from the NIS2 Directive, approved by the Albanian Parliament (Law No. 25/2024). The law aims to establish a high level of security for networks and information systems in Albania, by defining the security measures, the reporting of incidents, the certification schemes, and the institutional framework for cybersecurity.

Fuel mix and primary supply of electricity (in GWh)



Source: Ministry of Infrastructure and Energy, compiled by the Energy Community Secretariat



### GAS SECURITY OF SUPPLY

73%

Gas emergency regulations are established following amendments to the Gas Law in 2021, which incorporates specific as-

pects of the Security of Gas Supply Regulation (EU) 2017/1938. Albania formally complies with the SoS Regulation.



### OIL SECURITY OF SUPPLY

28%

Albania's current emergency oil stockholding system is governed by legislation dating back to 1999 (amended in 2004) and government decrees from 2004 and 2007, placing the entire stockholding obligation on the oil industry. In 2018, a new law was drafted, the Law on the Establishment, Maintenance, and Management of Minimum-Security Stocks of Crude Oil and Petroleum Products. However, it was not adopted during the reporting period. Instead, in 2022, three draft regulations and a governmental decision were prepared to establish a system that aligns with the Directive's requirements while retaining the

industry-based model. However, the current emergency procedures remain insufficient to meet the Directive's standards. Additionally, the reporting system and calculation methodology do not comply with Directive 2009/119/EC, with only partial data being reported. The MOS Oil data submission is limited to tables 1 to 4, excluding tables 5 and 5b\_5c. Furthermore, Albania has not submitted the monthly Crude Oil Import and Supply (COIR) questionnaire that started in January 2023. No progress was made during the reporting period, and Albania's legal framework remains non-compliant.



# Albania

## Improving the environment

### ENVIRONMENTAL ASSESSMENTS



50%

The Council of Ministers has amended the Environmental Impact Assessment (EIA) legislation to refine the rules, responsibilities, and timelines associated with the EIA procedure and the transfer of environmental statement decisions. These amendments specifically address the procedural deadlines and evaluation steps for processing EIA applications for proposed projects, aiming to enhance the efficiency and clarity of the assessment process. Albania did not take sufficient action to address the deficiencies highlighted by the Secretariat in last year's report, leading to ongoing non-compliance with Articles 8 and 8a of the EIA Directive. Furthermore, the EIA Law remains inadequate, as it does not require that development consent decisions include the EIA reasoned conclusion, any attached environmental conditions, and the relevant measures and monitoring protocols. The screening criteria remain unaligned with Annex III to the EIA Directive and the establishment of a certification scheme for EIA experts is both overdue and delayed. The institutional capacity is not sufficient to facilitate a streamlined process for EIA and other environmental assessments (e.g. biodiversity assessment). Albania reported that over 100 EIA processes related to energy projects were conducted in the reporting period. Concerns persist regarding the hydropower projects on the Vjosa River, Valbona River, and the Skavica project.

Albania amended the Law on Strategic Environmental Assessment (SEA), to enhance SEA implementation by empowering the proposing authority of a plan/programme to provide additional documentation if deemed insufficient by the competent authority and establishing clear deadlines for this process. Furthermore, to align with the Code of Administrative Procedures, the revised SEA Law affirms that stakeholders, including the public, have the right to appeal against the minister's declaration and the ministry's position within 30 days of notification regarding the statement or decision. The forthcoming revision of the National Energy and Climate Plan (NECP), which includes updating the SEA report to ensure its full integration and reflection within the plan, was delayed.

### LARGE COMBUSTION PLANTS

100%

Albania has no operational large combustion plants. TPP Vlora, the only relevant installation in the Contracting Party, is still not in operation and with related gas infrastructure not being available yet, fuel switch to natural gas cannot take place. If realised, this would be a substantial change making the plant subject to an environmental impact assessment. The plant must comply with the emission limit values of the Industrial Emissions Directive for new plants, once put into operation.

### SULPHUR IN FUELS

53%

Albania transposed the provisions of the Directive, including those on marine fuels. Secondary-level decisions to implement and enforce the obligations of the decision of the Council of Ministers are, however, still missing, making overall implementation of its provisions questionable. In the wake of the energy crisis in 2022, Albania imported two mobile, sea-based combustion units run on heavy fuel oil in case of need. There is no information, however, regarding whether these units have ever been used.

### NATURE PROTECTION

47%

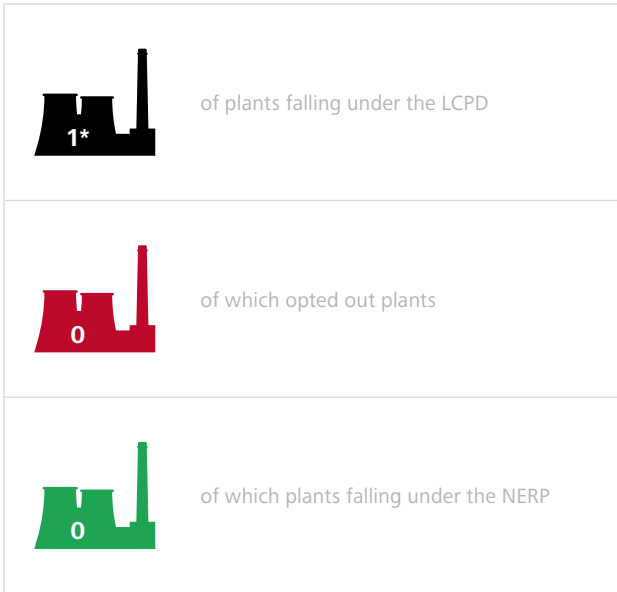
In February 2024, the Albanian Parliament amended legislation on nature protection, permitting large-scale infrastructure projects within national parks and nature reserves to proceed without approval from the nature conservation authority, thereby shifting oversight to a committee chaired by the Prime Minister. Furthermore, no new developments have been reported regarding the Vjosa River National Park and the ongoing disputes related to the Kalivaç and Poçem hydropower projects. The management and protection of the Vjosa-Narta Protected Area, a Ramsar wetland of international significance, remains unresolved, as ongoing infrastructure projects within the site pose risk to the wetland's preservation. In 2024, the allocation of five three-year grants totalling EUR 1,8 million was approved to enhance the management of key protected areas under the oversight of the National Agency of Protected Areas (NAPA), including the Pogradec Terrestrial and Aquatic Protected Landscape, Prespa National Park, Shebenik National Park, Korab-Koritnik Nature Park, and the Albanian Alps National Park.

### ENVIRONMENTAL LIABILITY

20%

Albania has transposed some provisions of the Environmental Liability Directive via the Law on Environmental Protection. There was no progress on the adoption of secondary legislation in the last reporting year.

## Installations under the Large Combustion Plants Directive



\* not in operation

Source: compiled by the Energy Community Secretariat



# Albania

## Performance of authorities



### REGULATORY AUTHORITY



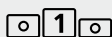
81%

ERE, the regulator, is established in line with the applicable Energy Community legislation. However, ERE is not equipped with necessary competences to implement the EIP due to the lack of transposition on national level.

In December 2023, ERE appointed ALPEX in the role of Shipping Agent for market coupling with Kosovo\*. In the context of market coupling with Kosovo\*, in 2024, ERE approved the methodology for congestion income distribution, as well as the shadow auctions and back-up procedures. In cooperation with neighbouring regulators, ERE is closely engaged in market inte-

gration project Greece - Albania-Kosovo\* - North Macedonia. It is also working on regulatory framework for intraday market.

As of May 2024, ERE became member of Association of Issuing Bodies (AIB). It has initiated market assessment, which is required for conversion of renewables auctioned power purchase agreements (PPAs) into the contracts for difference (CfDs). Secondary legislation implementing REMIT is in place, as well as the relevant register of market participants; however, no investigation has been undertaken so far.



### COMPETITION AUTHORITY

40%

As in previous reporting periods, the activities of the Albanian Competition Authority (ACA) in the energy sector were again limited to opinions and recommendations regarding compliance of decisions by ERE with the Law on Protection of Competition.

In the absence of any action regarding the enforcement of the competition acquis in the energy sectors in terms of investigating and sanctioning anti-competitive conduct, Albania does not live up to its obligations under the Treaty.



### STATE AID AUTHORITY



35%

The institutional structure and human resources of the State Aid Control Unit (SACU), which provides technical and administrative support to the decision-making body (the State Aid Council, SAC) continue to be of concern. Full compliance with the Treaty's obligations in the area of State aid would require

an independent State aid authority with sufficient human and technical resources. In the reporting period, the SAC reviewed in line with the State aid acquis the state support for the offshore solar plant in HEC Vau of Deja through a power purchase agreement.



### STATISTICAL AUTHORITY

69%

The Agency for Natural Resources (AKBN) compiles annual energy balances and submits questionnaires to EUROSTAT, including preliminary mini questionnaires for the supply side of energy balances. While the SHARES questionnaire for 2022 and preliminary mini questionnaire data for 2023 have been submitted, the data for the annual biomass questionnaire was not provided. In accordance with Regulation (EU) 2022/132, EUROSTAT has received and published detailed breakdowns of energy consumption by households, industry, and transport sector data, while the breakdown of services energy consumption was not provided at all. The first quality report on energy statistics is still pending submission and is envisaged to be prepared and submitted by the end of 2024.

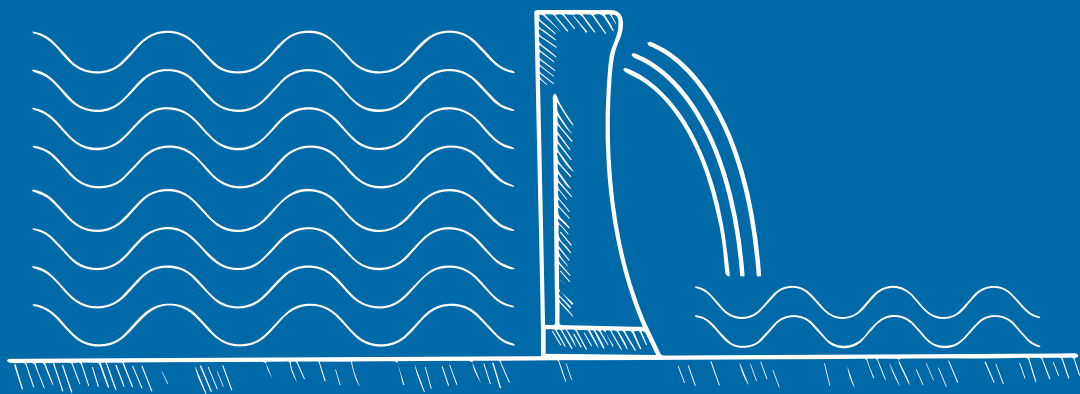
Monthly data on electricity, natural gas, and coal were available and transmitted to EUROSTAT. However, the monthly oil statistics required by Annex C of Regulation (EC) 1099/2008, which

are essential for monitoring stock obligations, along with the crude oil import registry, were not provided. Electricity prices for households and industry, segmented by consumption bands, were submitted for both semesters of 2023 but the quality report on price statistics is still to be delivered.

To enhance the quality of its energy statistics, the AKBN must strengthen its internal data collection processes, improve coordination with relevant sectors, and ensure full compliance with EUROSTAT regulations. A critical challenge is insufficient staffing, which hampers the agency's ability to meet reporting obligations in a timely manner. Addressing this issue through targeted capacity-building initiatives, including staff recruitment and training in data management and reporting, is essential for improving the accuracy and reliability of future submissions, particularly for oil statistics and pending quality reports.



# 06

## Bosnia and Herzegovina



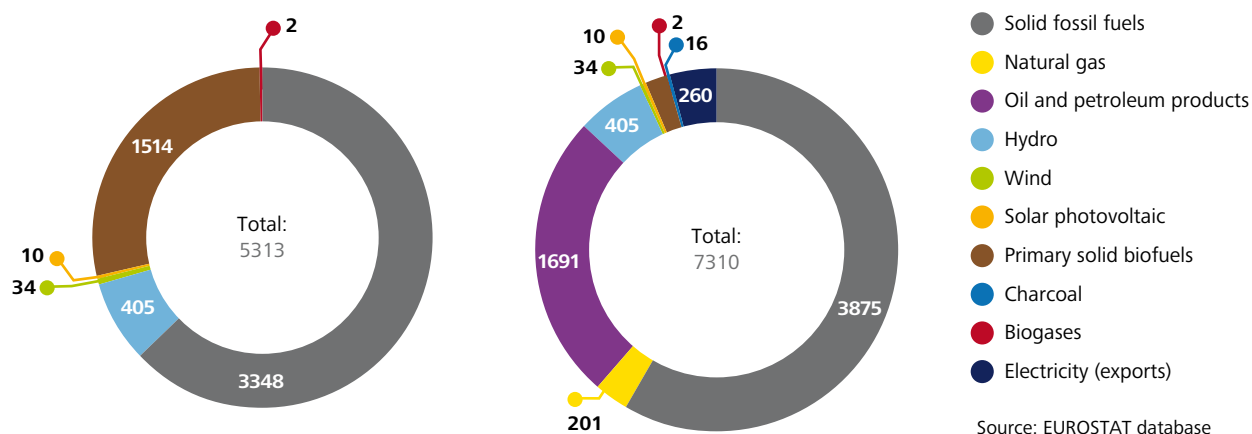


## IMPLEMENTATION OVERVIEW

| CLUSTER   | IMPLEMENTATION STATUS | RECOMMENDATIONS  |
|---|-----------------------|--|
|  Markets and integration         | 25%                   | Transposition of the EIP should be urgently completed and followed by certification of the transmission system operator and designation of a nominated electricity market operator. Bosnia and Herzegovina should transpose the natural gas acquis in the entire territory and implement the network codes. It should open its market.   |
|  Decarbonising the energy sector | 39%                   | Bosnia and Herzegovina should transpose and implement the required elements of the EU ETS Directive, including the Monitoring and Reporting Regulation and the Accreditation and Verification Regulation. The country should adopt its NECP without delay. It should also follow up on climate reporting obligations and establish a national inventory system to estimate anthropogenic emissions by sources and removals by sinks. The urgent transposition of sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids, and biomass fuels as stipulated in REDII is needed. Bosnia and Herzegovina should adopt a long-term building renovation strategy, establish an energy efficiency obligation scheme, and complete heating and cooling assessments. |
|  Ensuring energy security        | 6%                    | Regulation (EU) 2019/941 should be transposed and the risk-preparedness plan developed. Commission Regulation (EU) 2017/2196 should be fully transposed. Bosnia and Herzegovina should transpose the The NECP revision should run in parallel with the Strategic Environment Assessment update.  |
|  Improving the environment      | 34%                   | Accurate transposition of Article 8a of the Environmental Impact Assessment (EIA) Directive when renewing development consent for approved projects must be must ensured. The Strategic Environment Assessment for the draft NECP is to be accelerated. Long-standing non-compliance with industrial emissions legislation must be addressed without further delay.  |
|  Performance of authorities    | 53%                   | Further institutional strengthening of authorities is recommended, along with enhancing capacities and capabilities of professional staff. This concerns specifically State aid and statistical authorities. More active enforcement of REMIT rules would promote market transparency.   |

2022 Fuel mix in primary production of energy (in ktoe)

2022 Gross available energy per product (in ktoe)



|                               |                                  |                                   |
|-------------------------------|----------------------------------|-----------------------------------|
| ECS-5/17 - electricity        | Overall number of cases: 13      | ECS-8/11 S - gas                  |
| ECS-1/14 - energy efficiency  |                                  |                                   |
| ECS-3/18 - infrastructure     | Procedures under Article 91 EnCT | ECS-2/13 S - environment          |
| ECS-9/21 - environment        |                                  |                                   |
| ECS-1/22 - environment        | Procedures under Article 92 EnCT | ECS-6/16 S - third energy package |
| ECS-10/23 - environment       |                                  |                                   |
| ECS-6/24 - electricity        |                                  |                                   |
| ECS-14/24 - oil               |                                  |                                   |
| ECS-19/24 - gas               |                                  |                                   |
| ECS- 24/24 - renewable energy |                                  |                                   |



# Bosnia and Herzegovina

## Markets and integration

### ELECTRICITY

36%



#### WHOLESALE MARKET

30%

Bosnia and Herzegovina has not yet transposed the Electricity Integration Package (EIP), deadline due on 31 December 2023, and an infringement procedure for non-transposition has been initiated by the Secretariat.

Since the Third Energy Package has neither been transposed nor implemented, the electricity market remains governed by a legal framework which is not compliant and conducive for day-ahead and intraday market development. As a result, no progress has been made towards setting-up an organised day-ahead and intraday market and designating at least one nominated electricity market operator (NEMO), for which the deadline expired on 15 June 2023.

The wholesale market continues to be based on the bilateral trade dominated by the three state-owned incumbent utilities Elektroprivreda Hrvatske zajednice Herceg-Bosna (EPHZHB), Elektroprivreda Bosne i Hercegovine (EPBIH), and Elektroprivreda Republike Srpske (ERS). Among the incumbent utilities, only ERS trades directly on foreign spot markets, while EPBIH and EPHZHB rely on electricity traders.

If NOS BiH is unable to secure electricity for transmission losses through public auctions, the supply is provided by entities designated by the transmission system operator (TSO) in a non-market-based process, with prices regulated by the State Energy Regulatory Commission (SERC). Distribution losses are not procured through market procedures due to the lack of unbundling; instead, they are supplied by the generation units within the vertically integrated undertakings.

A competitive balancing energy and ancillary services market has been operational since 2016, with price caps set by SERC. Auctions are conducted via annual and monthly bids, while prices of the balancing energy are formed day-ahead through suppliers' offers on an hourly basis. All required balancing capacities for 2023, apart from frequency containment reserves (FCR) and automatic frequency restoration reserve (aFRR) capacity in off peak load periods, were procured in public procurement procedures, mostly in the annual tender.

The REMIT Regulation has been fully transposed and implemented.

#### RETAIL MARKET

40%

Directive (EU) 2019/944 has not yet been transposed and implemented. Households and small consumers continue to have access to universal service supply at regulated prices, despite the fact that since 1 January 2024 price setting shall be applied only to households and microenterprises. In the Federation, prices are regulated by the entity regulator FERC, with two power utilities serving as universal service suppliers. In Republika Srpska and Brčko District, prices are regulated by RERS and SERC, respectively. In the Federation, a price increase for eligible customers is limited to 20% per annum. This provision was first introduced in December 2021 and has continued to be in place for 2024.

In practice, the retail customers are still primarily supplied by the three incumbent utilities with limited competition. In 2023, nearly all consumers remained with their incumbent suppliers, with only 0,2% of final consumption supplied by alternative suppliers.

A legal framework for protection and empowerment of customers needs significant improvements to be in line with the relevant acquis. In Republika Srpska and Brčko District, the concept of vulnerable customers is explicitly defined in primary legislation. While the legislation in Federation of Bosnia and Herzegovina does not provide a specific definition for vulnerable customers, EPBIH and EPHZHB offer a subsidisation programme for below-average consumption for pensioners with low-income, and permanent financial assistance for consumers with below-average consumption. Besides the regulator, in Bosnia and Herzegovina, the ombudsman for customer protection and a local/regional court may also be appointed as Alternative Dispute Resolution body.

The market rules allow non-discriminatory access to the electricity market for distribution-connected power plants, including virtual power plants, i.e. aggregators. By December 2023, seven virtual power plants had a combined capacity of 214,02 MW. Although the concepts of active consumers and citizen energy communities, as defined in Directive (EU) 2019/944, have not been incorporated into the legal framework, SERC estimates that active consumers/prosumers fed approximately 30 GWh of electricity into the grid in 2023.

## UNBUNDLING

20%

A legal framework for unbundling and certification of the transmission system operator is still missing. Commission Regulation (EU) 2017/1485 has not been fully transposed into the national legislation. The independent transmission system operator of Bosnia and Herzegovina, NOS BiH, signed the Synchronous Area Framework Agreement (SAFA) for Regional Group Continental Europe as a member of the ENTSO-E. NOS BiH operates with the TSOs of Slovenia and Croatia in the SHB load-frequency control block based on an operational agreement signed in 2019. NOS BiH and a transmission company of Bosnia and Herzegovina, Elektroprijenos BiH, jointly prepare and publish TYNDPs on a regular basis.

The unbundling of three power utilities - EPBIH, EPHZHB, and ERS - remains incomplete. Detailed dynamic action plans for unbundling the distribution system operators have been established to ensure completion within the two-year implementation deadline. These plans are in line with the Electricity Law, approved by the Federation of Bosnia and Herzegovina's entity government in August 2023. While legal and accounting unbundling has been completed for five distribution companies owned by ERS, no progress has been made towards functional unbundling. The tasks of distribution system operators are not aligned with the requirements of Directive (EU) 2019/944.

## ACCESS TO THE SYSTEM

85%

In March 2024, the entity regulator of Republika Srpska approved new distribution tariffs. SERC's most recent decision on tariff adjustments for the operation of the independent system operator was approved in December 2023, while distribution tariffs in Brčko District remain unchanged since early 2023. The transmission network tariff has not been updated since 2017. In line with the electricity transmission tariff methodology, congestion income is considered a deductible item in the calculation of the transmission tariff, leading to a reduction in the tariff by the corresponding amount.

The connection codes were transposed at the national level through SERC Decision No. 42/18, issued on 22 June 2018. The

transmission grid code, updated in 2021, largely incorporates these connection codes, whereas the distribution grid codes are not yet fully aligned with them.

The Transparency Regulation has been transposed and is largely implemented, although balancing data still requires additional efforts for full publication.

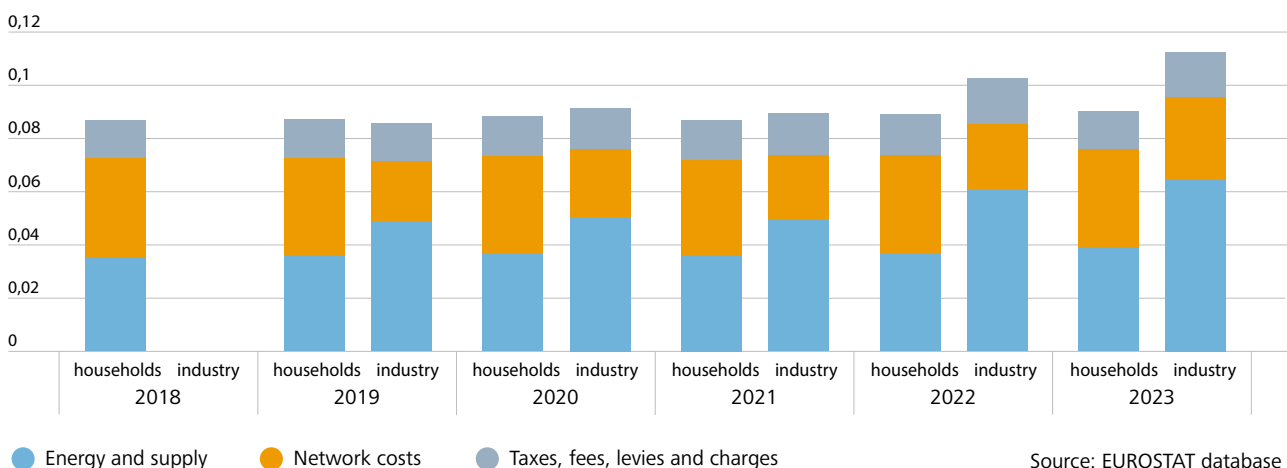
## REGIONAL INTEGRATION

12%

Regulation (EU) 2019/943 has not been transposed and implemented. By the end of 2023, NOS BiH was obliged to make 70% of cross-zonal transmission capacities available for trade; however, no actions were taken towards implementing this obligation. Commission Regulation (EU) 2016/1222 is not transposed, whereas Commission Regulation (EU) 2016/1719 and Commission Regulation (EU) 2017/2195 are partially transposed through the market rules. The regional auction platform SEE CAO is used for annual, monthly, and daily capacity allocation with Croatia and Montenegro. All intraday auctions and auctions on the interconnection with Serbia are still organised bilaterally between the respective transmission system operators. In the load-frequency control block with the transmission system operators of Croatia and Slovenia, the independent system operator NOS BiH cooperates in cross-border balancing. Bilateral balancing energy exchanges with the transmission system operators of Montenegro and Serbia are organised.

Regulation (EU) 347/2013 has not been transposed in Bosnia and Herzegovina and a deadline for the transposition of the new Regulation (EU) 2022/869 expires on 31 December 2024. Bosnia and Herzegovina nominated its 400 kV section from Visegrad to Bajina Basta at the PEI selection process in 2024, together with four other electricity-related infrastructure projects. Two projects were included in the draft preliminary PEI list to be adopted by the Ministerial Council in December 2024 (increasing the capacity of existing 220 kV interconnection between Bosnia and Herzegovina and Montenegro, 220 kV OHL Trebinje – Perućica and Trans Balkan Corridor: Double OHL 400 kV Bajina Basta – Visegrad /Pljevlja, BA and ME sections).

Average annual prices of electricity for end users per component [EUR/kWh]



Source: EUROSTAT database



**WHOLESALE MARKET**

**10%**

Bosnia and Herzegovina has a foreclosed gas market, organised in two parallel entity gas markets, with two dominant wholesale suppliers, one for each entity. Republika Srpska's wholesale market prices are not regulated, while in Federation of Bosnia and Herzegovina wholesale prices are determined by the entity government. All transactions are based on bilateral contracts. A virtual trading point for Republika Srpska has been established but is not functional and it does not even exist in the Federation. The REMIT Regulation covering the gas markets has not been transposed.

performs transport, distribution, system operation, and supply, with no follow-up on the unbundling plan provided some years ago. The entity government of Republika Srpska decided that Gaspromet Pale has to be a single operator in the entity. The decision has not been executed. Distribution of gas in both entities is bundled with the supply and trade of natural gas as allowed by the directive's de minimis clause. There are no storage and LNG facilities in the country.

**RETAIL MARKET**

**13%**

In Republika Srpska, all retail market customers are supplied at non-regulated prices, and switching rules are in place. The public supplier for households has not been appointed yet. The dominant supplier, the public company GAS RES, serves approximately 85% of the retail market in Republika Srpska. Customers in the Federation of Bosnia and Herzegovina are still captive and supplied under regulated prices by a few retail suppliers as well as distribution system operators for given areas.

**ACCESS TO THE SYSTEM**

**11%**

Third-party access is not established under the network codes provisions of either entity. Third-party access is granted for a part of the network operated by Gaspromet Pale, under regulated tariffs determined by the entity regulator for the gas network in Republika Srpska, but not compliant with the tariff network code. Sarajevogas Istocno Sarajevo established tariffs without following the procedure determined by the entity legislation. In the Federation, the access is negotiated, and the entity government determines network tariffs as part of the gas price at the distribution level.

**UNBUNDLING**

**14%**

Three companies in Bosnia Herzegovina operate the gas transmission system. In the Federation of Bosnia and Herzegovina, one company operates the transmission network as an exclusive and sole task in line with the Decree on Organisation and Regulation of the Gas Sector, but there is no legal basis for unbundling under the Third Energy Package. In Republika Srpska, one of two operators, Gas Promet Pale, is certified under the ownership unbundling model by the entity's regulator. The second one, Sarajevogas Istocno Sarajevo, is still bundled, and

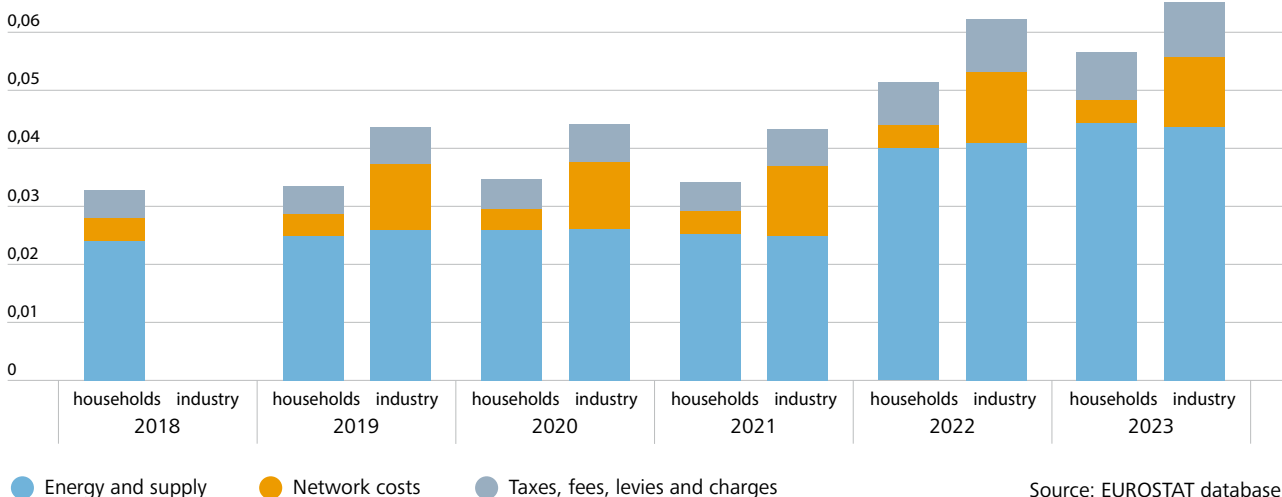
**REGIONAL INTEGRATION**

**35%**

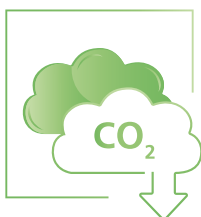
An interconnection agreement was signed between the adjacent operators for the single interconnection point between Serbia and Bosnia and Herzegovina. The virtual interconnection point was established in May 2023 which provides more flexibility to traders and potentially opens preconditions for balancing.

The old Regulation (EU) 347/2013 has not been transposed in Bosnia and Herzegovina. A timeline for transposing the revised Regulation (EU) 2022/869 remains unknown. There is no PECE project in the territory of Bosnia and Herzegovina, chosen under the procedure launched in 2024 for the Energy Community which relates to gas or hydrogen.

Average annual prices of gas for end users per component [EUR/kWh]



Source: EUROSTAT database



# Bosnia and Herzegovina

## Decarbonising the energy sector



### GOVERNANCE/CLIMATE IMPLEMENTATION

36%

#### NATIONAL ENERGY AND CLIMATE PLANS

36%

Bosnia and Herzegovina submitted an updated descriptive part of its National Energy and Climate Plan (NECP) on 28 June 2024, as well as a summary of how the Secretariat's recommendations had been taken into account. For a complete assessment Bosnia and Herzegovina would need to adopt and submit the full NECP (including the analytical section) to the Secretariat.

#### GREENHOUSE GAS 2030 TARGET

80%

Bosnia and Herzegovina has not defined the 2030 climate target in its national legislation, but it is included in the draft NECP. The target is in line with the 2030 target set by the Energy Community.

#### NATIONAL SYSTEMS FOR CLIMATE REPORTING

14%

There is no legal basis for a national greenhouse gas inventory system. Bosnia and Herzegovina has not yet established a national greenhouse gas inventory system, nor a national system on policies, measures and projections. Bosnia and Herzegovina still needs to initiate reporting on the national system for policies, measures and projections.

#### NATIONAL GREENHOUSE GAS EMISSIONS POLICIES AND MEASURES

15%

Reporting obligations have not been transposed in the legislation. Bosnia and Herzegovina nominated lead reporters for the Governance Regulation reporting activities and has initiated reporting on policies and measures (PaMS). However, it has not officially submitted a report to Reportnet.<sup>8</sup> Bosnia and Herzegovina has not reported or initiated a process for reporting on adaptation strategies and carbon pricing revenue in the context of Reportnet system.

#### LONG-TERM STRATEGY AND CLIMATE NEUTRALITY

34%

The legal basis for a long-term strategy has not been adopted. Nonetheless, Bosnia and Herzegovina adopted and submitted a long-term strategy to UNFCCC in July 2023. The strategy, however, does not have a 2050 climate neutrality objective, but only a net reduction of greenhouse gas emissions by 80% compared to 1990.

<sup>8</sup> Reportnet 3.0 (<https://reportnet.europa.eu/>) is the next generation platform for reporting environmental data to the European Environment Agency (EEA) and also host several reporting tasks for the European Commission. Reportnet 3.0 is a centralised e-Reporting platform, aiming at simplifying and streamlining the data flow steps across all environmental domains. The system acts as a one-stop-shop for all involved stakeholders. It is managed by the EEA and Contracting Parties report through it.

## RENEWABLE ENERGY IMPLEMENTATION

46%



### 2030 RENEWABLE ENERGY TARGETS **73%**

The target of achieving a 43,6% share of renewable energy in the gross final energy consumption as outlined in the draft NECP is in line with the 2030 target set by the Energy Community. The overall 2030 renewable energy target is subdivided into sectorial targets for electricity (70,1%), transportation (8,4%), and heating and cooling (60,8%). In line with Article 26 of the Renewable Energy Directive (REDII), Bosnia and Herzegovina has adjusted its minimum target for renewable energy in transport to 7% by 2030. The 2030 target for renewable energy in the heating and cooling sector does not comply with the requirements of Article 23 of REDII.

### QUALITY OF SUPPORT SCHEME **40%**

In February 2022, August 2022 and September 2023, respectively, Republika Srpska, Brčko District and the Federation of Bosnia and Herzegovina passed renewable energy laws, which introduced market-based support schemes in compliance with the REDII requirements. Unlike the Federation, Republika Srpska has adopted rulebook on auctions and programme on the use of renewable energy sources. However, the implementation of auctions is still lacking in both entities. None of the cooperation mechanisms (statistical transfer, joint projects, joint support schemes) have been implemented.

### SELF-CONSUMPTION AND ENERGY COMMUNITIES **75%**

Republika Srpska, Brčko District and Federation of Bosnia and Herzegovina have incorporated provisions for self-consumption and energy communities in their renewable energy laws. In April 2024, Federation of Bosnia and Herzegovina also adopted a rulebook allowing the implementation of a self-consumption scheme. The next step is to adopt the necessary secondary legislation and establish the first renewable energy communities.

### GUARANTEES OF ORIGIN **35%**

Both entities in Bosnia and Herzegovina joined the Energy Community initiative to establish a regional system for guarantees of origin. Electronic registries for guarantees of origin in Bosnia and Herzegovina have been created and can be utilised as soon as the entity regulator from Republika Srpska and the operator for renewables in the Federation, as the designated issuing bodies, sign direct agreements with the service provider. On 1 June 2023, the entity regulator of Republika Srpska entered into such an agreement and started issuing guarantees of origin. The Federation of Bosnia and Herzegovina is in the final stage of public procurement procedure. The existing legal framework governs the issuance of guarantees of origin solely for renewable electricity, without encompassing other energy carriers as specified in REDII.

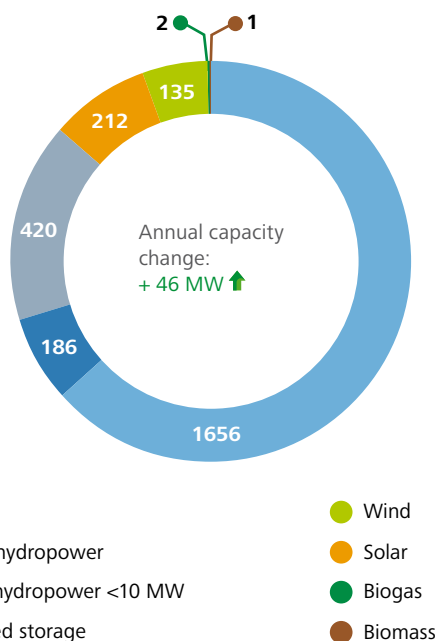
### SUSTAINABILITY CRITERIA FOR BIOFUELS, BIOLIQUIDS AND BIOMASS FUELS **0%**

Provisions related to sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids and biomass fuels are still not transposed into the national legislation. Thus, the legal framework in this area remains non-compliant with REDII.

### RENEWABLE ENERGY IN HEATING AND COOLING **45%**

The renewable energy laws in both entities and the Brčko District create a legal basis for establishing measures to streamline renewable energy in heating and cooling. On the other hand, the legal framework for district heating needs to be improved in both entities by transposing Article 24 of REDII, with a focus on integrating renewables and waste heat into district heating, as well as ensuring consumer rights and information obligations. Although slight progress has been observed in defining policies and measures in the draft NECP, it is crucial to clarify the missing details, including investment needs, quantitative effects, and progress indicators, to ensure effective implementation.

Total Capacities of Renewable Energy 2023 (MW)



Total capacities of renewable energy (MW): **2612**

Source: Ministry of Foreign Trade and Economic Relations

## ENERGY EFFICIENCY IMPLEMENTATION

49%



### 2030 ENERGY EFFICIENCY TARGETS AND POLICY MEASURES

56%

The draft NECP partially aligns with the 2030 targets set by the Energy Community, but it requires greater ambition, particularly in its primary energy consumption target.

Although the draft NECP introduces specific targets from Articles 5 and 7 of the 2012 Energy Efficiency Directive (EED), further alignment with the updated ambitions of 3% and 0,8% is necessary.

Energy efficiency policy and measures introduced in the draft NECP should be more specific and their progress more measurable to realistically contribute to the 2030 targets, including explanations of how the “energy efficiency first” principle has been taken into consideration.

### ENERGY EFFICIENCY IN BUILDINGS

66%

Progress in the implementation of necessary legislative adjustments and comprehensive building renovation strategies in line with the energy efficiency requirements specified within the Governance Regulation has been limited. The entity government of the Federation of Bosnia and Herzegovina adopted the Long-Term Building Renovation Strategy, and in September 2024, the decision on the maximum cost for energy audit services was published in the Official Gazette.

Bosnia and Herzegovina should prioritise the accelerated finalisation, adoption, and rigorous implementation of a comprehensive long-term building renovation strategy at all levels (Republika Srpska, administrative bodies at the state level, and Brčko District) in parallel with the process of adoption of NECP.

Some progress has been made in training experts for energy audits and building certification, while there was no progress in drafting or adoption of new legislation or rulebooks to implement 2018 EPBD amendments.

### ENERGY EFFICIENCY SCHEME AND FINANCING

49%

Bosnia and Herzegovina drafted provisions for the implementation of Article 7 of the EED. However, no energy-saving measures have been put in place. Both the legal framework and the NECP measures should be upgraded to reflect new ambitions from the 2018 amendments of the Energy Efficiency Directive, and Annex III of the Governance Regulation.

As regards the financing framework, each entity has an energy efficiency and environmental fund dedicated to monitoring the implementation progress and reporting on the achieved energy savings. The energy efficiency laws in both entities and the Brčko District acknowledge the significance of energy service companies (ESCOs) and energy performance contracting. However, the lack of supplementary secondary legislation and model ESCO contract are limiting implementation.

### ENERGY EFFICIENT PRODUCTS – LABELLING

42%

Bosnia and Herzegovina achieved certain progress by the adoption of rulebooks transposing the energy labelling and eco-design delegated regulations which were developed during the previous reporting period. Federation of Bosnia and Herzegovina adopted a rulebook on energy-efficient products labelling in August 2023, while the update of existing regulations in Republika Srpska is still not adopted.

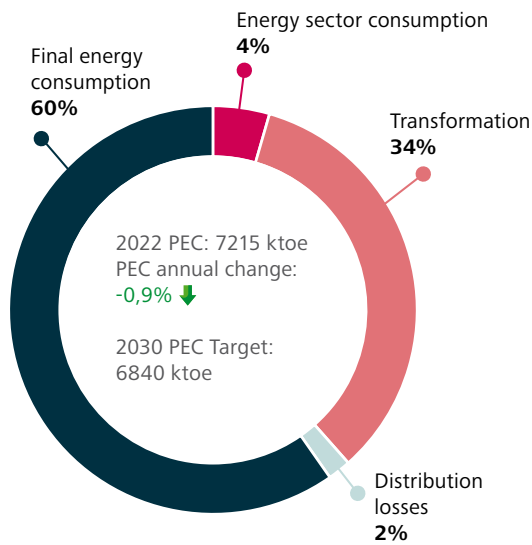
### EFFICIENCY IN HEATING AND COOLING

32%

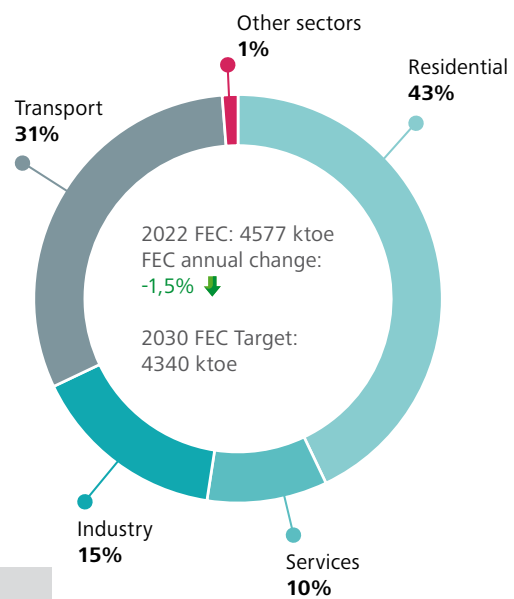
While there has been no progress in further aligning national legislation with the EED obligations, the approval of a district heating system modernisation project in the Pale municipality of Republika Srpska represents an important step forward. The implementation of consumption-based billing continues to face challenges, as its adoption is at the discretion of local authorities. Furthermore, in the absence of an institutional monitoring system, there is a lack of data regarding the progress of consumption-based billing implementation. Additionally, the process of conducting a comprehensive assessment of the national potential for efficient heating and cooling remains pending.

## 2022 Energy Efficiency Indicators and Trends

### Primary Energy Consumption (PEC)



### Final Energy Consumption (FEC)



Energy intensity,  
2022 value and trends:  
0,42 ktoe/mil EUR, -4,6%

Source: EUROSTAT 2024 data, draft NECP and 2022 Ministerial Council Decision

## EMISSION TRADING SCHEME (MONITORING, REPORTING, VERIFICATION AND ACCREDITATION)

0%



### FOUNDATIONS, INSTITUTIONS, PERMITS

0%

Bosnia and Herzegovina has not transposed elements of the EU ETS Directive into national law and therefore has not established the foundations and institutional framework for the MRVA of greenhouse gas (GHG) emissions at the installation level.

### VERIFICATION AND ACCREDITATION

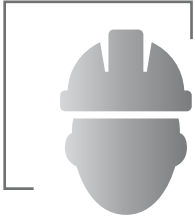
0%

Bosnia and Herzegovina has not transposed the Verification and Accreditation Regulation into national law, and a national accreditation body for GHG related processes has not been appointed so accreditation framework has not been set up to enable accreditation for GHG verifiers.

### MONITORING AND REPORTING

0%

Bosnia and Herzegovina has not transposed the Monitoring and Reporting Regulation into national law. The mechanisms related to the approval of permits containing monitoring plans and the submission of annual emission reports have not been implemented.



# Bosnia and Herzegovina

## Ensuring energy security



### ELECTRICITY SECURITY OF SUPPLY

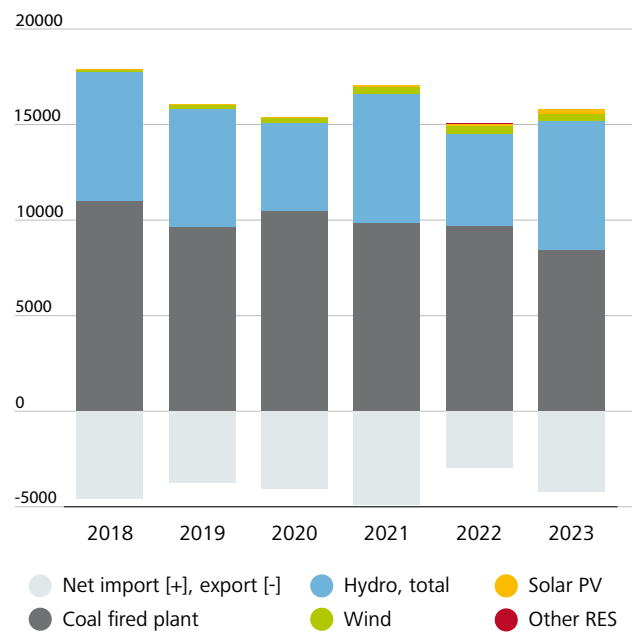
15%

The transposition of Regulation (EU) 2019/941 has not yet been completed, despite the deadline having passed on 31 December 2023. The implementation is also yet to be initiated by the designation of the competent authority, for which the deadline was 5 January 2023 and the development of the risk-preparedness plan with a deadline due on 5 January 2025. Bosnia and Herzegovina is not providing the Security of Electricity Supply Statements to the Secretariat despite its obligation under Article 29 of the Treaty. Regulation (EU) 2017/2196 has been partially transposed through several acts by DERK and NOS BiH, but the Secretariat has not been notified according to Article 55 of Regulation (EU) 2017/2196. Pursuant to Articles 4 and 36 of Regulation (EU) 2017/2196, DERK approved the rules for the suspension and restoration of market activities on 9 April 2024. The power system defence plan as of 2013 has not yet been updated in accordance with Regulation (EU) 2017/2196.

There is no legal framework at the state level for cyber-security and the current cybersecurity infrastructure lacks advanced monitoring and threat detection capabilities. At the state level, guidelines for a strategic cybersecurity framework were adopted in 2019. However, no comprehensive national strategy has been implemented to date. This delay persists despite the ENTSO-E cybersecurity report from 2022, which identified Bosnia and Herzegovina's energy sector as one of the most vulnerable in the region due to outdated infrastructure and insufficient cybersecu-

rity investments. Draft NECP recognised these vulnerabilities and suggested several actions for protection against cyber attacks.

Fuel mix and primary supply of electricity (in GWh)



Source: SERC Annual Report for 2023, compiled by the Energy Community Secretariat



### GAS SECURITY OF SUPPLY

0%

A few rudimentary provisions related to the security of gas supply in place in Republika Srpska have not rectified the country's complete non-compliance with the mandatory acquis, i.e. Regulation (EU) 2017/1938 and Regulation (EU) 2022/1032. There is an open case against Bosnia and Herzegovina for the lack of transposition of these two acts.

Besides, determining transmission tariffs outside the regulatory procedure for the part of the transmission network in the middle of the supply route increases the threat of supply interruption, which has been avoided in the last two winters.



### OIL SECURITY OF SUPPLY

0%

Bosnia and Herzegovina lacks state-level legislation on compulsory oil and petroleum product stocks, and no national policy is in place to meet the requirements of Directive 2009/119/EC. Although both entities have adopted laws, these are not compliant with the Directive. Bosnia and Herzegovina still needs to establish a state-level emergency stockholding model that aligns with Directive 2009/119/EC and is adaptable to its specific conditions. Despite significant efforts to finalise an emergency oil stockholding model that would be workable for both entities

and the Brčko District, Bosnia and Herzegovina's legal framework remains non-compliant with the oil acquis.

No monthly oil data collection is carried out, but the monthly COIR questionnaire is submitted.

In July 2024, the Secretariat sent a Reasoned Request for non-transposition of the Oil Stocks Directive to the Ministerial Council.



# Bosnia and Herzegovina

## Improving the environment

### ENVIRONMENTAL ASSESSMENTS

36%

The incorrect transposition of Article 8a of the Environmental Impact Assessment (EIA) Directive, concerning the extension of development consent for approved projects, remains an issue in both entities. The 2023 Federation of Bosnia and Herzegovina (FBiH) EIA criteria, setting a 10 MW threshold for energy projects and a four-unit limit for wind power projects, remain unchanged and misaligned with the EIA Directive, failing to consider the need to assess environmental impacts based on the nature and location of the projects. During the reporting period, Bosnia and Herzegovina subjected nearly 700 MW of solar power projects and over 350 MW of wind power projects to EIA procedures, indicating a significant increase in applications for renewable energy projects. However, this growth in demand has not been matched by improvements in the capacity of national authorities responsible for EIAs, which has remained stagnant; no advancements have been made in enhancing the assessment of project impacts or in engaging with the public.

During the reporting period, the Supreme Court of Republika Srpska annulled the EIA procedure and environmental permit for 700 MW Ugljevik 3 coal power plant. Additionally, the developer reinitiated the Gacko mine EIA, which had been the subject of a complaint submitted to the Secretariat in 2020, following a 2023 court ruling that annulled the project's environmental permit.

The cross-border dialogue between Montenegro and Bosnia and Herzegovina concerning transboundary impacts of the Buk Bijela hydropower project, facilitated by the Energy Community Secretariat, resulted in an agreed roadmap and the requirement for a new transboundary EIA, with a particular emphasis on biodiversity impacts.

The effective implementation of Strategic Environmental Assessment (SEA) procedures continues to be a challenge for plans and programmes adopted at the national level. The SEA procedure for the National Energy and Climate Plan (NECP) has encountered significant delays, jeopardising the adoption of the plan in accordance with the SEA Directive. Additionally, public consultations, including transboundary consultations, have not been initiated, raising concerns about the effectiveness and efficiency of the overall consultation process.

### LARGE COMBUSTION PLANTS

37%

Bosnia and Herzegovina complied with its emission reporting obligations for the 2023 reporting year in March 2024. The absolute amounts of emissions of all three pollutants remained approximately at the same level as in 2023. The significant breach of the NERP ceilings for all three pollutants (sulphur

dioxide, nitrogen oxides and dust), that was also established by the decision of the Ministerial Council in 2023, persists. With the opt-out mechanism having ended on 31 December 2023, all combustion plants previously benefiting from this flexibility instrument must be upgraded to comply with the standards of the Industrial Emissions Directive or be closed down.

### SULPHUR IN FUELS

27%

The draft legislation to address the infringement established by the Ministerial Council was adopted, but it does not take into account concerns expressed by the Secretariat. As a result, the breach identified in the corresponding dispute settlement case remains unresolved, preventing the Secretariat from closing the case.

### NATURE PROTECTION

40%

Republika Srpska has adopted a new Law on Nature Protection that further aligns national legislation with the Birds Directive and introduces an appropriate assessment mechanism for projects and plans that may significantly impact biodiversity. Work is underway on developing secondary legislation and establishing an institutional framework to support the implementation. Meanwhile, the Federation of Bosnia and Herzegovina has prepared amendments to the Law on Nature Protection, which are expected to be adopted by the end of the year. These amendments should streamline the process for local and cantonal authorities to designate protected areas, significantly enhancing the country's ability to work more efficiently and effectively on nature conservation.

Two new protected wetland areas encompassing 900 hectares have been designated: "Starača" in the Odžak municipality and "Tišina" in the Domaljevac-Šamac municipality. The establishment of management plans and management bodies is pending. Challenges related to the development of hydropower projects and their potential impacts on candidate Emerald sites and Ramsar wetlands of international importance persist, especially concerning unresolved projects on the upper Neretva and upper Drina Rivers. While the renewal of the environmental permit for the Neretva hydropower cascade is on hold, construction and operation of the HPP Ulog continue.

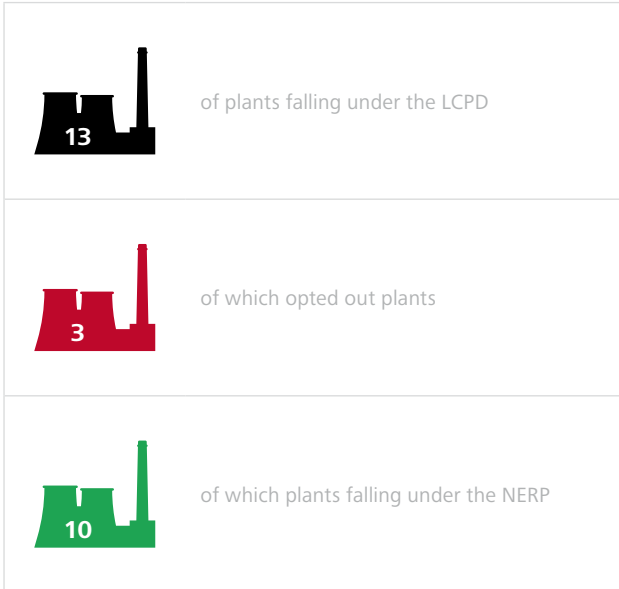
### ENVIRONMENTAL LIABILITY

20%

In Federation of Bosnia and Herzegovina, the Law on Environmental Protection transposes certain provisions on the prevention and elimination of environmental damage. At the same time, there are no financial mechanisms established to ensure the implementation of those provisions. In Republika Srpska,

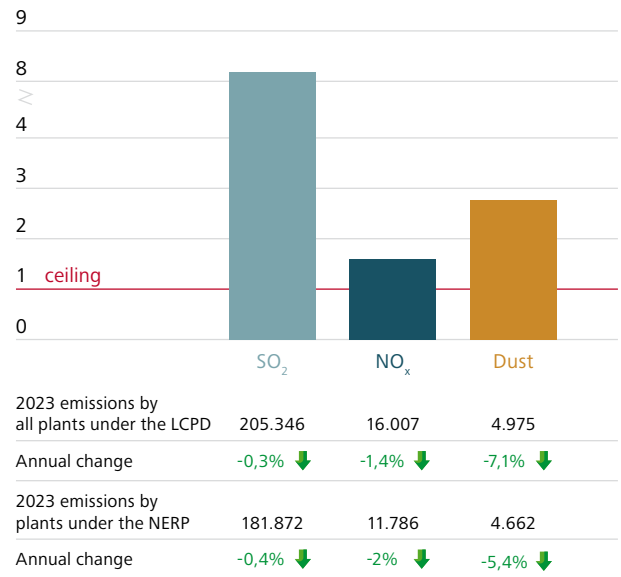
the Directive has not been transposed. The Ministerial Council adopted a decision establishing this breach in 2023, but no further development occurred in the reporting period.

### Installations under the Large Combustion Plants Directive



Source: compiled by the Energy Community Secretariat

### 2023 emissions versus NERP ceilings





# Bosnia and Herzegovina

## Performance of authorities

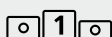


### REGULATORY AUTHORITY

42%

The SERC remains the only regulator in the Energy Community whose set-up does not comply with the Third Energy Package requirement for a single regulatory authority for electricity and gas. The duties and powers of SERC are limited to regulating electricity transmission and monitoring the wholesale electricity market. Nevertheless, the legal set up of SERC's independence framework is aligned with the Energy Community acquis. However, SERC is not equipped with necessary competences to implement the EIP due to the lack of transposition on national level.

In the reporting period, SERC continued with the efforts to implement the acquis within the limits of the powers granted by state-level legislation. This included issuing licenses for international electricity trading, adopting tariff decisions for the independent system operator, system and ancillary services, adopting indicative generation development plans for 2025–2034, as well as approving the investment plan for the electricity TSO Elektroprivreda BiH. Secondary legislation implementing REMIT is in place, as well as the relevant register of market participants, however no investigation has been carried out so far.



### COMPETITION AUTHORITY

70%

In the reporting period, the Competition Council has been very active and concluded four proceedings related to competition in the energy sector; one merger case and three cases concerning anti-competitive agreements. In one of these cases, the Competition Council annulled an anti-competitive agreement and

found a company active in quality control of coal for infringing competition law. In another case, the Ministry of Infrastructure was found to have restricted the market for the communal service of supply of heat.



### STATE AID AUTHORITY

75%

The State Aid Council (SAC) and its secretariat have been very active in the last reporting periods. However, in the current reporting period, no measures in the energy sector have been subject to State aid assessment in Bosnia and Herzegovina. Ad-

ditional human resources would significantly enhance the capabilities of the SAC, allowing for more proactive investigations into State aid measures.



### STATISTICAL AUTHORITY

66%

The Agency for Statistics of Bosnia and Herzegovina (BHAS) is the central authority for compiling energy statistics, distributing statistical data and performing international reporting.

The 2022 annual energy statistics, including SHARES data, were submitted late to EUROSTAT and published, but the yearly biomass questionnaire was not provided. Preliminary 2023 mini questionnaires for energy supply were also delayed but sent to EUROSTAT. Household energy consumption data is reported per acquis requirements, while data for industry, transport, and services is still pending. The energy statistics quality report was last submitted to EUROSTAT in 2019.

BHAS submits monthly reports on electricity and coal to EUROSTAT, but despite plans to begin reporting monthly oil statistics in January 2023, such activity is still pending. Monthly data on natural gas and oil are still missing while the crude oil import registry is being submitted.

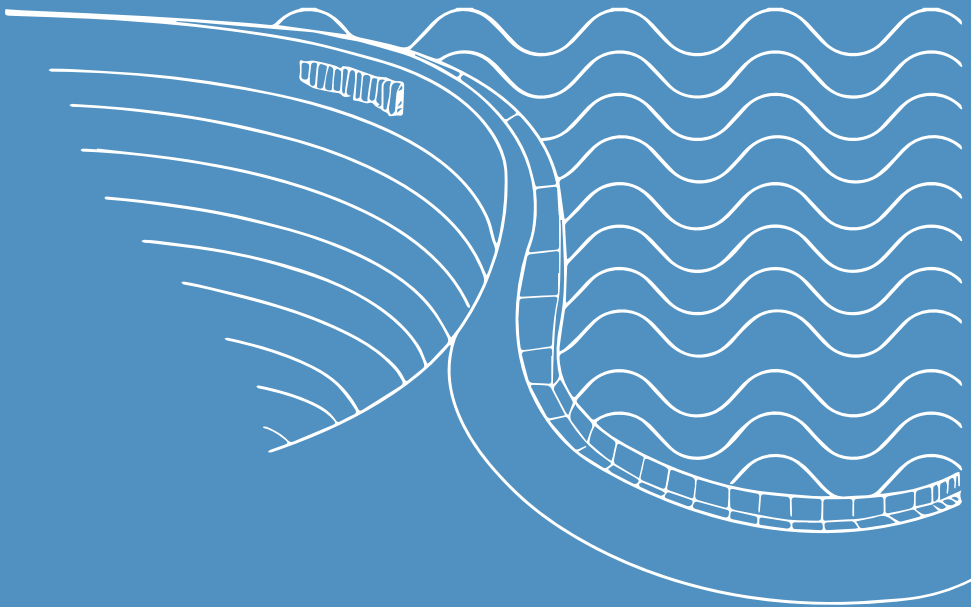
During the reporting period, the focus was on preparing and implementing the APED2024 survey on household energy consumption. Conducted in June 2024 across Bosnia and Herzegovina, this survey marked the first update in nine years, following its initial and only administration in 2015 with technical and financial assistance from the Energy Community. Activities on data processing of the APED2024 survey are underway.

Electricity and natural gas prices for industrial and household end-users, detailed by consumption band, tax level, and price components, including transmission and distribution costs, are compiled and submitted to EUROSTAT.

Enhancing cooperation across Bosnia and Herzegovina's institutions at all levels, while boosting data collection capacity in industry, transport, and services, and ensuring timely monthly oil and gas reports, will aid in meeting EUROSTAT standards. Expanding data management training can further improve submissions.











# 07

## Georgia



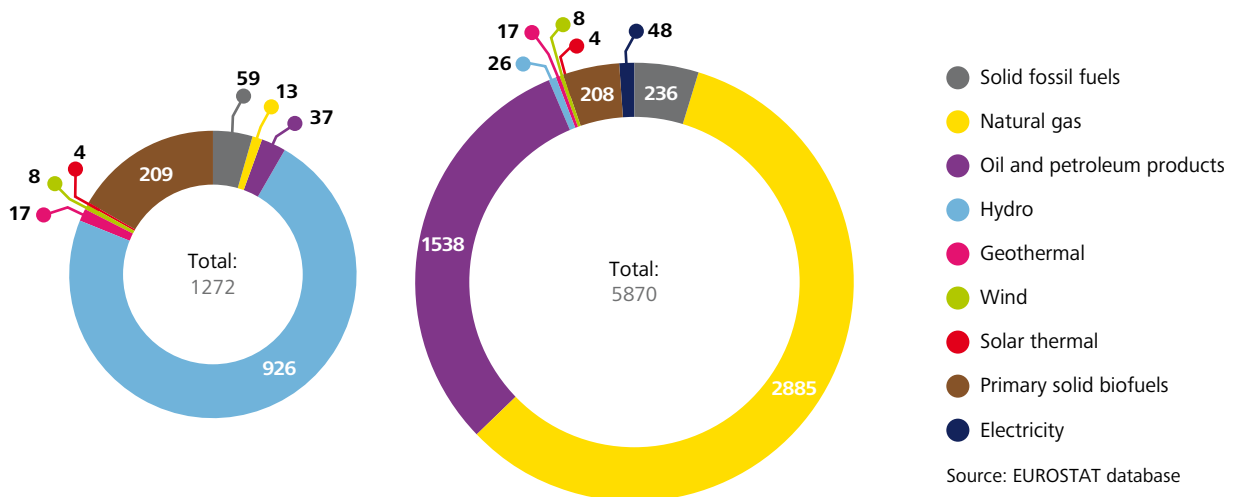


## IMPLEMENTATION OVERVIEW

| CLUSTER   | IMPLEMENTATION STATUS   | RECOMMENDATIONS  |
|---|---|--|
|  Markets and integration         |  31%   | Completion of the certification of the transmission system operator and the opening of the balancing market should not be delayed further. Transposition of the EIP should be completed.<br>Georgia should unbundle its network companies, transpose the tariff and balancing network codes, implement its gas market concept design and retail market rules.  |
|  Decarbonising the energy sector |  47%   | Georgia should finalise the transposition and implementation of the required elements EU ETS Directive, including full transposition of the Monitoring and Reporting Regulation, as well as the Accreditation and Verification Regulation. The country should continue climate reporting under the Governance Regulation and establish a national inventory system for estimating anthropogenic emissions by sources and removals by sinks. Amendments to the Renewable Energy Law are needed to align with REDII. Remaining by-laws for the amended energy efficiency laws should be adopted, and the long-term building renovation strategy should be completed. |
|  Ensuring energy security        |  69%   | Georgia should adopt the draft gas Preventive Action Plan, taking into account the Opinion of the Secretariat and accelerate with the drafting and adoption of the Emergency Plan.   |
|  Improving the environment     |  60% | The competent authority's capacity must be improved to identify permitting challenges and propose comprehensive solutions for full integration and digitalisation. The Government must incorporate the Strategic Environment Assessment measures into the NECP revision. Compliance with the emission limit values for large combustion plants should be re-established.   |
|  Performance of authorities    |  70% | Georgia shall pursue active enforcement of competition and State aid policies. Capacity building of GEOSTAT shall be pursued in parallel with improvements in energy data collection, processing, and analysis.  |

2022 Fuel mix in primary production of energy (in ktoe)

2022 Gross available energy per product (in ktoe)



Procedures under Article **91** EnCT

Overall number of cases: **5**

ECS-1/23 - electricity & gas

ECS-7/24 - electricity

ECS-15/24 - oil

ECS-20/24 - gas

ECS-25/24 - renewable energy



# Georgia

## Markets and integration

### ELECTRICITY

40%



#### WHOLESALE MARKET

26%

Georgia has not yet transposed the Electricity Integration Package (EIP), a deadline for which was 31 December 2023. An infringement procedure for non-transposition has been initiated by the Secretariat. Draft amendments to the Law of Georgia on Energy and Water Supply needed for the transposition of Directive (EU) 2019/944 and Regulation (EU) 2019/943 have been developed with support from the EU4Energy Governance Project and were submitted to the Ministry of Economy and Sustainable Development which is currently finalising the draft. Other acts from the EIP do not apply to Georgia due to the lack of interconnection with other Energy Community Contracting Parties or the EU Member States.

Currently, two legal documents exist in Georgia which jointly regulate the electricity market: the Electricity (Capacity) Market Rules approved by the Minister of Energy in 2006 (which govern bilateral contracts and the so-called balancing market operated by ESCO), and the Electricity Market Rules approved by the regulator in 2020 (which govern the day-ahead and the intraday markets). Additionally, the Electricity Market Concept Design approved by the Government of Georgia in 2020 establishes the guiding principles for organising and functioning of electricity markets in Georgia.

Georgia officially launched a day-ahead market and intraday market on 1 July 2024. Participation in these markets is voluntary while the restricted access limits the scope of entities eligible to trade. Authorised buyers include direct consumers, universal service suppliers, suppliers of electricity as a public service, competitive suppliers, suppliers of last resort, transmission system operators (TSOs) and distribution system operators (DSOs). Regarding market participants authorised to sell electricity on the day-ahead and the intraday markets, these include deregulated power plants, power plants with public service obligations (PSOs) applicable only to a portion of their generation (selling electricity not subject to PSO), power plants that have entered into guaranteed power purchase agreements with ESCO during periods when it is not mandatory to sell to ESCO, and power plants benefiting from the support scheme, but only for electricity generated outside the support period. No trade has been recorded on the intraday market since its opening.

Georgia's transitional electricity market design, while making progress with the launch of the day-ahead and intraday markets, remains non-compliant with key aspects of the Energy

Community acquis. The restrictive participation in organised markets, the use of monthly settlement periods instead of real-time settlement, and the absence of balance responsibility for all market participants violate the principles of non-discrimination, efficient pricing, and system stability as required by Directive (EU) 2019/944 and Regulation (EU) 2019/943.

According to the Electricity Market Concept Design, the balancing and ancillary services market shall become operational from 1 July 2025. At this stage, balancing electricity price and quantity are calculated monthly, meaning hourly trades made through the exchange or bilateral agreements are aggregated into a total traded quantity for the month. Market participants do not carry balance responsibility until the balancing and ancillary services market is operational on 1 July 2025.

Electricity production has been partially deregulated. On 1 May 2024, a subsequent step in this process was implemented, deregulating hydropower plants with capacities of 75 MW and less. The next phase, scheduled for 1 May 2026, will extend deregulation to hydropower plants with capacities below 90 MW.

National Energy and Water Supply Regulatory Commission (GN-ERC) has transposed the REMIT Regulation. However, certain aspects of the national registry require full alignment with REMIT obligations.

#### RETAIL MARKET

28%

Legal framework governing retail market is yet to be aligned with requirements of Directive (EU) 2019/944. According to the schedule established by the Electricity Market Concept Design, the deadline for deregulation of all final customers connected to the 35-110 kV voltage levels and final customers connected to 6-10 kV voltage levels, who consume at least 1 million kWh of electricity per month, is until 1 July 2025. All other customers, except small enterprises and households, are envisaged to be deregulated by 1 July 2026.

The supply of electricity to household consumers and small enterprises is carried out by a universal service supplier, while for other categories of consumers, it is provided by public service suppliers. In both cases, supply tariff thresholds are set by the regulator. In 2024, the first independent supplier started its activities in the retail electricity market. All customers are eligible to freely choose a supplier.

The concept of vulnerable customers is foreseen in the primary legislation. One of the acts adopted in 2021 includes provisions to define vulnerable electricity customers in case the tariff for universal supplier increases. The protection of certain consumer groups is based on social vulnerability, as well as criteria in other governmental resolutions and secondary legal acts. Yet, a permanent definition of vulnerable customers still remains to be developed.

There are single points of contact that provide customers with all the necessary information about their rights and dispute resolution mechanisms. Final customers have access to an out-of-court procedure for the settlement of disputes through an independent mechanism such as ombudsman and regulatory authority. The participation of electricity undertakings in out-of-court dispute settlement mechanisms for household customers is mandatory.

**UNBUNDLING** **66%**

Despite a general legal framework for unbundling and certification of the transmission system operator being in place since 2019, the transmission system operator, GSE, has not yet been certified. However, significant progress was made in 2024 towards fulfilling the main preconditions for certification. In collaboration with the Energy Community Secretariat, draft legislative amendments were developed and submitted to Parliament, aiming to establish the legal framework required for the proper unbundling of the TSO. Non-compliance with provisions on unbundling and certification is subject to an ongoing infringement case.

GSE regularly prepares and publishes TYNDPs.

On the distribution side, DSOs are legally and functionally unbundled, with compliance officers overseeing their operations and reporting to the national regulatory authority.

**ACCESS TO THE SYSTEM** **67%**

The tasks of DSOs are outlined in the Law on Energy and Water Supply, as well as in the by-laws approved by GNERC, which

are still to be aligned with the requirements of Directive (EU) 2019/944.

Third-party access is defined by the Law on Energy and Water Supply, as well as the applicable network codes. It is based on published transmission and distribution network tariffs which are set by GNERC through transparent procedures.

Rights related to network access and congestion management are also established under the Law on Energy and Water Supply and the network codes. A new transmission network code was prepared by the TSO, but its adoption was delayed due to the postponement of the balancing and ancillary services market opening.

The connection codes are implemented through the amendments to the transmission grid code approved by GNERC in 2019.

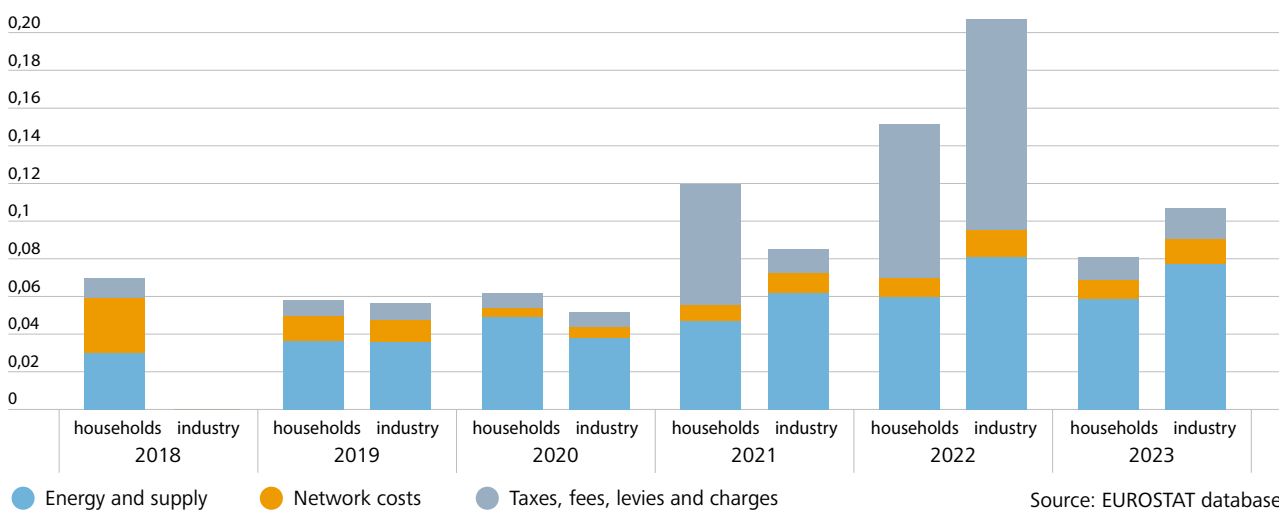
Transparency Regulation was transposed, and a limited set of data is published on the ENTSO-E Transparency Platform. By an agreement signed with ENTSO-E in October 2023, the TSO committed to ensure that the information published on the Transparency Platform is reliable and of the required quality. Following the signing of the agreement, the transmission system operator continued to publish data and implemented IT solutions aimed at improving its reliability.

**REGIONAL INTEGRATION** **n.a.**

Since Georgia is not interconnected with other Contracting Parties or EU Member States, it qualifies for a derogation from cross-border cooperation obligations, including the requirement to transpose related parts of the EIP.

Regulation (EU) 2022/869, as adopted in the Energy Community, is currently not applicable to Georgia. However, since its transposition, which is due on 31 December 2024, may support the potential PMI (Project of Mutual Interest) project at the EU level, which Georgia promotes (Black Sea Cable Project), Georgia works on its transposition.

Average annual prices of electricity for end users per component [EUR/kWh]





**WHOLESALE MARKET**

**26%**

Wholesale trade operates exclusively through bilateral contracts. While the Natural Gas Market Concept Design (GMCD) outlines provisions for an organised market with daily balancing, its implementation is yet to take place as intended. Currently, the gas exchange functions have been transferred to the Georgian Energy Exchange, which is developing an in-house trading platform in collaboration with the gas transmission system operator (TSO), GGTC. SOCAR-affiliated companies continue to hold dominant positions in this highly concentrated wholesale market.

Georgia has transposed the balancing network code, but has not yet implemented it. GNERC postponed its implementation once more, by a year, until 1 January 2026. This is non-compliant as the postponement can only last two years until December 2022.

**RETAIL MARKET**

**28%**

Gas supply prices for households are regulated by GNERC and remain subsidised by the state-owned company GOGC. Thermal power plants are supplied at preferential rates, as established by the memorandum of understanding between the Government of Georgia and SOCAR. However, in 2024, gas was provided to most thermal power plants at rates closer to commercial prices as re-defined by the memorandum of understanding between the Government of Georgia and SOCAR and respective contracts.

Prices are deregulated for the commercial sector, including industry and small enterprises. The supply companies must publish gas quantities and prices on their official websites for deregulated consumers.

GNERC approved natural gas retail market rules in 2021; however, their implementation has been postponed to a deadline of 1 January 2026.

Although several governmental resolutions address the protection of a certain group of customers, a more precise definition of vulnerable customers remains to be established.

**UNBUNDLING**

**8%**

The TSO, GGTC, has not yet been certified. In collaboration with the Energy Community Secretariat, draft legislative amendments have been developed and submitted to Parliament, aiming to establish the legal framework required for the proper unbundling of the TSO. The case is open against Georgia for its lack of compliance.

The unbundling plans of distribution system operators need to be approved by GNERC. Georgia does not comply with the rules on distribution unbundling.

**ACCESS TO THE SYSTEM**

**21%**

The natural gas network rules adopted in 2018 ensure transparent and non-discriminatory third-party access. Georgia is exempt from performing capacity allocation on the interconnection points, interoperability, and data exchange rules.

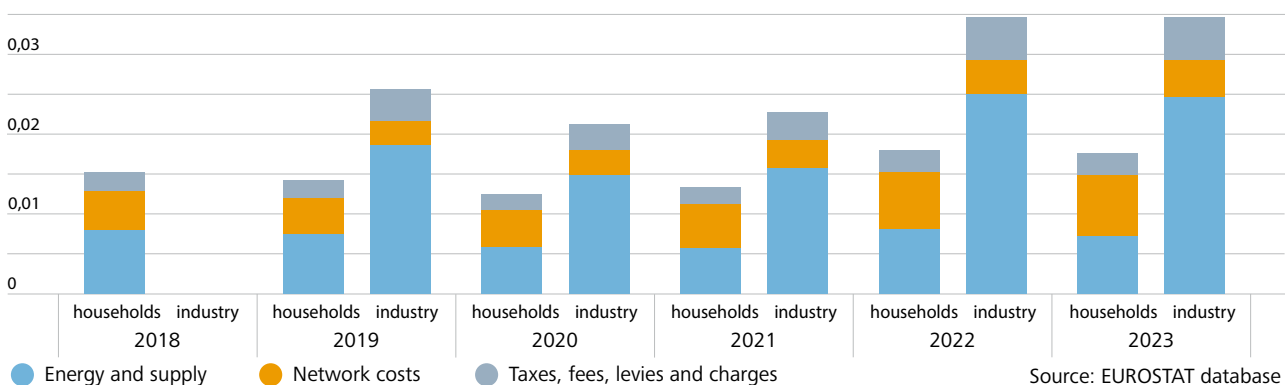
Natural gas retail market rules are in place, although the deadline for their implementation is also expected to be postponed for another year until the same deadline of the 1 January 2026. The related public administrative procedure is currently ongoing. An entry/exit tariff methodology is not yet in place. Consequently, the tariff network code is not implemented.

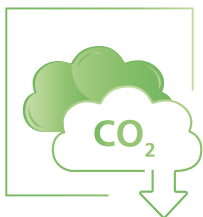
**REGIONAL INTEGRATION**

**35%**

As Georgia is only connected with third countries, it is exempt from the application of the Energy Community gas acquis at interconnection points. The revised Regulation (EU) 2022/869, as adopted in the Energy Community, is currently not applicable to Georgia. The NECP contains some plans/measures to diversify gas supply sources and progress towards integration with European countries.

Average annual prices of gas for end users per component [EUR/kWh]





# Georgia

## Decarbonising the energy sector



### GOVERNANCE/CLIMATE IMPLEMENTATION

50%

#### NATIONAL ENERGY AND CLIMATE PLANS

72%

The Parliament of Georgia adopted its National Energy and Climate Plan (NECP) as part of the National Energy Policy on 27 June 2024 and notified this fact to the Secretariat.

#### GREENHOUSE GAS 2030 TARGET

80%

Georgia has not defined the 2030 climate target in its national legislation, but it is included in the NECP.

The target is in line with the 2030 target set by the Energy Community.

#### NATIONAL SYSTEMS FOR CLIMATE REPORTING

32%

There is no legal basis for a national greenhouse gas inventory system and Georgia still needs to implement a national system for estimating greenhouse gas emissions. This entails collecting greenhouse gas emissions data for all IPCC categories, establishing and implementing quality control measures as well as uncertainty estimates at a national level.

Georgia has reported on national systems for policies and measures and projections and has a partially transposed legal framework for a national system for policies and measures.

#### NATIONAL GREENHOUSE GAS EMISSIONS POLICIES AND MEASURES

24%

Reporting obligations have not been transposed into legislation. Georgia has nominated lead reporters for the Governance Regulation reporting activities and initiated a reporting process on policies and measures (PaMs) and adaptation strategies, without submitting an official report. In the context of the Reportnet system,<sup>9</sup> a report was submitted on carbon pricing revenues.

#### LONG-TERM STRATEGY AND CLIMATE NEUTRALITY

41%

The legal basis for a long-term strategy has not been adopted. Nonetheless, Georgia submitted its long-term strategy to the UNFCCC Secretariat in July 2023 with a 2050 climate neutrality objective.

<sup>9</sup> Reportnet 3.0 (<https://reportnet.europa.eu/>) is the next generation platform for reporting environmental data to the European Environment Agency (EEA) and also host several reporting tasks for the European Commission. Reportnet 3.0 is a centralised e-Reporting platform, aiming at simplifying and streamlining the data flow steps across all environmental domains. The system acts as a one-stop-shop for all involved stakeholders. It is managed by the EEA and Contracting Parties report through it.



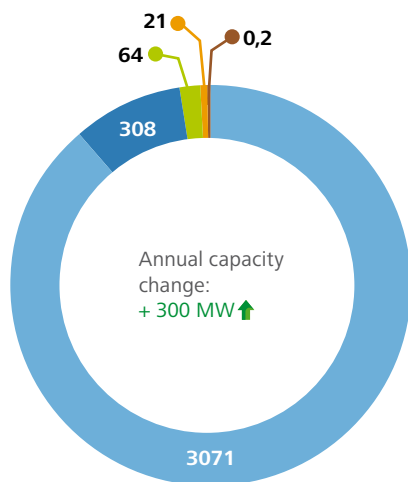
**2030 RENEWABLE ENERGY TARGETS 73%**

The overall target of achieving a 27,4% share of renewable energy in the gross final energy consumption, as outlined in the NECP, is in line with the 2030 target set by the Energy Community. The 2030 RES target is subdivided into sectorial targets for electricity (85%), transport (10,45%), and heating and cooling (7%). Following Article 26 of the Renewable Energy Directive (REDII), Georgia has adjusted its minimum target for renewable energy in transport to 7% by 2030. The 2030 target for renewable energy in the heating and cooling sector of 7% does not align with Article 23 of REDII.

**QUALITY OF SUPPORT SCHEME 45%**

In December 2022, Georgia passed legislation enabling a market-based support scheme in the form of contracts for difference. The first auction was carried out in 2023. Nevertheless, to make the scheme fully operational, it is crucial to adopt amendments to the Renewable Energy Law to create a comprehensive regulatory framework. Moreover, intraday and day-ahead electricity markets need to be established. None of the cooperation mechanisms (statistical transfer, joint projects, joint support schemes) have been implemented.

Total Capacities of Renewable Energy 2023 (MW)



- Large hydropower
- Small hydropower <10 MW
- Wind
- Solar
- Biomass

Total capacities of renewable energy (MW): **3464**

Source: Ministry of Economy and Sustainable Development

**SELF-CONSUMPTION AND ENERGY COMMUNITIES 50%**

Currently, Georgia has implemented a self-consumption scheme in the form of net metering for micro-power plants with up to 500 kW capacity. Amendments to the Renewable Energy Law are necessary to facilitate the establishment of renewable energy communities in accordance with REDII requirements.

**GUARANTEES OF ORIGIN 45%**

In February 2023, Georgia became the first Contracting Party to launch an electronic registry for guarantees of origin (GOs) under the umbrella of the regional project implemented by the Energy Community Secretariat. Presently, GOs are exclusively issued for renewable electricity. To establish a fully operational GOs system, it is essential to implement disclosure rules and formulate a methodology for calculating the residual energy mix. Additionally, amendments to the Renewable Energy Law must be adopted to expand GO to other energy carriers, as outlined in REDII.

**SUSTAINABILITY CRITERIA FOR BIOFUELS, BIOLIQUIDS AND BIOMASS FUELS 25%**

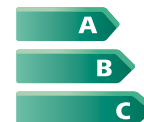
The Renewable Energy Law provides a legal basis for implementation of sustainability criteria for biofuels and bioliquids, but not biomass fuels. It is therefore not fully aligned with the respective provisions of REDII. To fully align national legal framework with the REDII, sustainability standards for biomass fuels need to be incorporated into the Law. Furthermore, as prescribed by the Law, the Government must adopt the secondary legislation for biofuels, bioliquids and biomass fuels, to enable implementation.

**RENEWABLE ENERGY IN HEATING AND COOLING 25%**

Georgia has made no significant progress in integrating renewable energy into the heating and cooling sector. To meet the objective of increasing the share of renewable energy by 1,1 percentage points as set in Article 23 of REDII, it is essential to create an appropriate legal basis within the Renewable Energy Law. This should be followed by defining measures to facilitate the integration of renewable energy, including the application of heat pumps in individual heating systems.

## ENERGY EFFICIENCY IMPLEMENTATION

60%



### 2030 ENERGY EFFICIENCY TARGETS AND POLICY MEASURES

68%

The 2030 energy efficiency targets in the adopted NECP are aligned with the 2030 targets set by the Energy Community. This includes specific targets related to the implementation of Article 5 and Article 7 of the 2012 Energy Efficiency Directive (EED).

The adoption of amendments to the Energy Efficiency Law and the Law on the Energy Performance of Buildings in June 2024 ensured transposing the key energy efficiency elements of the Clean Energy Package into national legislation. The drafting of by-laws necessary for implementation is currently underway.

### ENERGY EFFICIENCY IN BUILDINGS

78%

Recent amendments of the Law on the Energy Performance of Buildings transpose the Energy Performance of Buildings Directive 2018/844/EC. The minimum energy performance requirements for buildings or building units and building elements, and the national calculation methodology were adopted. Georgia adopted rules on certificate registration, inspection reports registry and independent experts in May 2023, and rules on energy performance calculating tools in July 2023.

The remaining by-laws (transposing also new requirements of Energy Performance of Buildings Directive, certification rules and inspection of heating and air-conditioning systems) need to be adopted.

The long-term renovation strategy for stimulating investment in the renovation of buildings has progressed and is now in the final stages of drafting, with expected adoption by the end of 2024.

### ENERGY EFFICIENCY SCHEME AND FINANCING

51%

The energy efficiency obligation target is being developed in accordance with the 2030 framework and with new alternative measures in order to be fully operational, based on the 2024 Energy Efficiency Law amendments. In 2023, Georgia adopted a package of by-laws and model contracts for energy performance contracting as a new model of financing energy efficiency improvement measures.

### ENERGY EFFICIENT PRODUCTS – LABELLING

70%

The Law on Energy Labelling adopted in 2019 transposed the Framework Labelling Regulation (EU) 2017/1369. In April 2023, three new technical regulations were adopted, regulating energy labelling of domestic ovens and range hoods, space heaters, water heaters and storage tanks. The additional ten implementing product regulations required by the Law were adopted in October 2024. To enhance the implementation, it is crucial to further strengthen capacities of market surveillance authorities in Georgia and increase public awareness on the energy labelling scheme.

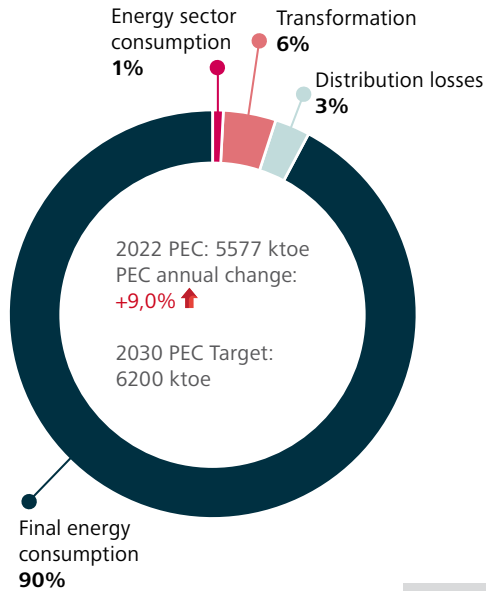
### EFFICIENCY IN HEATING AND COOLING

35%

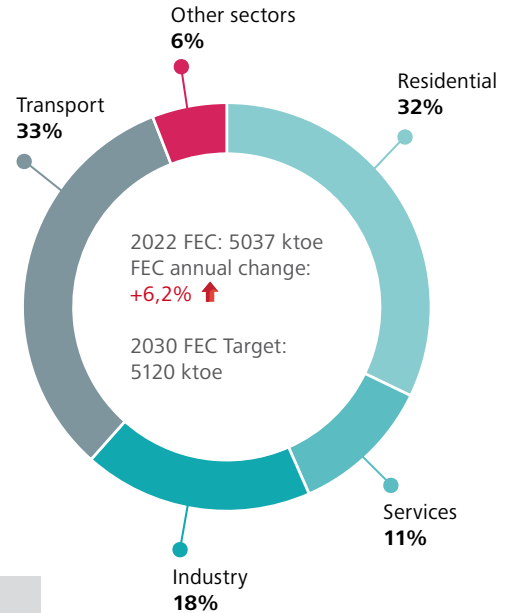
Georgia has made no further progress in either transposing or implementing the EED requirements related to heating and cooling. Although the legal basis for a comprehensive assessment of the potential for efficient heating and cooling has been established in national legislation, the actual assessment process has yet to begin. Additionally, the secondary legislation concerning the inspection of heating and air conditioning systems is still under development. Meanwhile, the support programme for the production and purchase of energy-efficient biomass stoves continued throughout 2024.

## 2022 Energy Efficiency Indicators and Trends

### Primary Energy Consumption (PEC)



### Final Energy Consumption (FEC)



Energy intensity,  
2022 value and trends:  
0,35 ktoe/mil EUR, -1,8% ↓

Source: EUROSTAT 2024 data, NECP and 2022 Ministerial Council Decision

## EMISSION TRADING SCHEME (MONITORING, REPORTING, VERIFICATION AND ACCREDITATION)

5%



### FOUNDATIONS, INSTITUTIONS, PERMITS

14%

Georgia has made progress in drafting legislation implementing the basics of the ETS Directive and MRVA system, including the approval mechanism for permits, but the process of finalising the legislation is not yet complete. The scope of activities and the list of greenhouse gases covered by the MRVA system will be transposed in the secondary legislation. The competent authorities that will be involved in the permitting process for stationary installations and aircraft operators have already identified the potential entities that will be subject to MRVA requirements and have already started preparing internal procedures and processes.

### MONITORING AND REPORTING

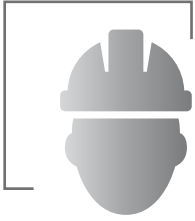
0%

Georgia has not transposed Monitoring and Reporting Regulation into national law. The draft law "Amendments to the Law on Environmental Protection" envisages adoption of governmental decree "On Monitoring and Reporting of Greenhouse Gases".

### VERIFICATION AND ACCREDITATION

0%

Georgia has not transposed Accreditation and Verification Regulation into national law. The draft law "Amendments to the Law on Environmental Protection" envisages adoption of governmental decree "On Approval of the Rules for Verification of Greenhouse Gases Data" which will transpose requirements for verification process.



# Georgia

## Ensuring energy security



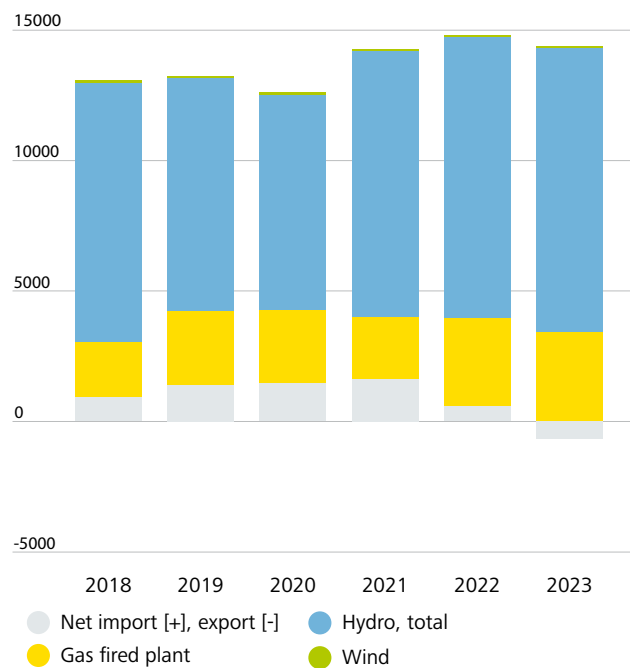
### ELECTRICITY SECURITY OF SUPPLY

94%

Regulation (EU) 2019/941 was largely transposed through the security of supply rules adopted in December 2020. The Ministry of Economy and Sustainable Development has been appointed as the competent authority. Georgia prepared and published its first Risk-Preparedness Plan in June 2024. Georgia regularly submits Security of Supply Statements to the Secretariat, the last one delivered in 2024. Georgia is exempted from transposing Regulation (EU) 2017/2196. Currently, five thermal power plants (TPPs) carry public service obligations (PSOs) as guaranteed sources capacity, which is essentially a capacity mechanism and has been applicable since at least 2010.

As of 2020 the Georgian Law on Information Security promotes the efficient and effective maintenance of information security, defines rights and responsibilities for public and private sectors in the field of information security maintenance, and identifies the mechanisms for exercising state control over the implementation of information security policy. It also divides different entities and institutions, including energy companies, into three categories of critical information infrastructures with different cybersecurity importance.

Fuel mix and primary supply of electricity (in GWh)



Source: Ministry of Economy and Sustainable Development of Georgia, compiled by the Energy Community Secretariat



### GAS SECURITY OF SUPPLY

73%

Georgia has largely transposed Regulation (EU) 2017/1938 concerning measures to safeguard the security of gas supply by the adoption of Resolution N373 of the Government of Georgia dated 28 October 2024. Georgia submitted the Security of Supply Statement for natural gas, the Natural Gas Risk Assess-

ment and the Preventive Action Plan but needs to submit the Emergency Plan, required by Regulation (EU) 2017/1938 due for submission in May 2024. Georgia is exempt from meeting storage obligations under this regulation due to its absence and isolated location.



### OIL SECURITY OF SUPPLY

10%

In Georgia, a new draft Law on the Obligation to Maintain Minimum Stocks of Crude Oil and/or Petroleum Products was recently finalised and reviewed by the Secretariat, which provided suggestions and comments. Under this law, the economic operator will maintain emergency stocks while the agency will oversee compliance. The draft law has undergone significant revisions compared to the previous version. Notably, the timeline for fulfilling obligations has been extended due to delays, and the Government is authorised to set the required amount of emergency stocks by 2030, which is far beyond the Ministerial Council Decision of full implementation by 1 January 2023.

The draft law is currently part of the Ministry of Economy and Sustainable Development's short-term legislative agenda.

However, the monthly oil stocks questionnaire remains partially reported. Tables 5b and 5c are not reported. The same goes for the COIR questionnaire. No additional progress was made during the reporting period.

In July 2024, the Secretariat sent a Reasoned Request for non-transposition of the Oil Stocks Directive to the Ministerial Council.



# Georgia

## Improving the environment

### ENVIRONMENTAL ASSESSMENTS

53%

Georgia has strived to advance its environmental assessment governance by adopting the Guidelines on Strategic Environmental Assessment for the Spatial Planning Sector (2024) and the Guidelines on Environmental Impact Assessment of Hydro-power Projects (2023). The transitional provisions in the Environmental Assessment Code for unauthorised projects remain a significant concern, as it allows certain projects to bypass the EIA requirements set in Article 8a of the EIA Directive. The Ministry of Environmental Protection and Agriculture (MEPA) has tasked Centre for Environmental Information and Education to ensure public participation in decision-making processes and to organise public hearings for SEA and EIA procedures, as mandated by the Code. The capacities of the competent authority for conducting streamlined joint assessments have not changed. MEPA, through the National Environment Agency (NEA), is preparing a technical assessment aimed at integrating environmental permit procedures into a single window system to identify key challenges in the permitting process and to propose a comprehensive solution for full integration and digitalisation.

The National Energy Policy (NEP) and the National Energy and Climate Plan (NECP) were subjected to a joint SEA process. However, the Government adopted the documents before a SEA process was fully completed and verified by MEPA. This premature approval raises concerns about whether the potential environmental impacts were adequately evaluated before finalising these strategic policies.

### LARGE COMBUSTION PLANTS

64%

Georgia complied with its reporting obligations under the Large Combustion Plants Directive in March 2024. The average emissions of the four gas-fired installations falling within the scope of the Large Combustion Plants Directive were mainly compliant to the emission limit values of the Directive, with a minor non-compliance in the case of TPP Mtkvary. The average emissions of TPP Gardabani 2, subject to the stricter standards of the Industrial Emissions Directive, failed to meet the relevant emission limit values. In accordance with the new Law on Industrial Emissions, the Government shall adopt a decree with specific rules for large combustion plants by 1 September 2025.

### SULPHUR IN FUELS

67%

The Government Order on the Establishment of Sulphur Content Limit Values transposes the provisions of the Sulphur in Fuels Directive, including those on marine fuels. The pending amendments for establishing a sampling system and appropriate analytical methods, which are crucial for implementing the legislation, are subject to governmental approval. To ensure efficient enforcement, amendments to the Code of Administrative Offences are being developed. This would introduce sanctions for exceeding sulphur content in heavy fuel oil, gas oil and marine fuel.

### NATURE PROTECTION

40%

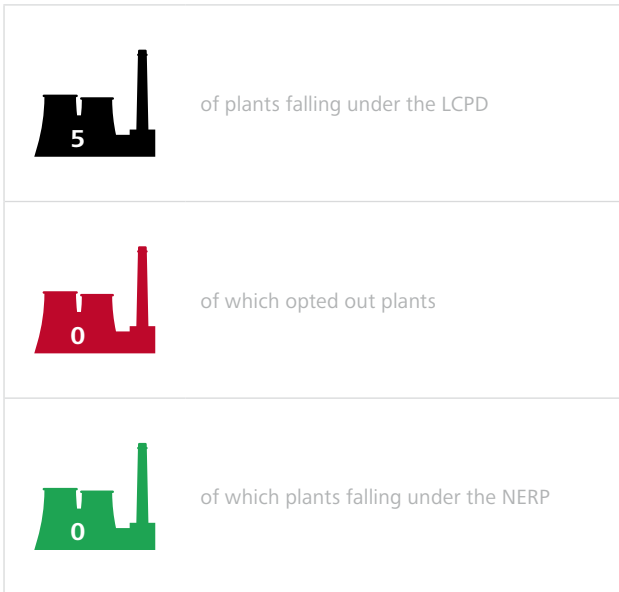
The draft law on biodiversity was submitted to the Parliament of Georgia in December 2023 for further legislative procedures but has yet to be adopted, which continues to jeopardise biodiversity protection efforts. The draft incorporates an appropriate assessment mechanism and further aligns the national legislation with the Birds Directive. The revision and update of species lists and categories, led by MEPA and based on recent scientific studies, is also facing delays. Furthermore, the list of species' conservation statuses remains unapproved, as the legal procedures required for its adoption are still ongoing. The Government of Georgia has reviewed and approved an initiative by MEPA to expand Tusheti's protected landscape. Furthermore, the draft law on the creation and management of Guria National Park has been submitted to the Parliament of Georgia, and studies are underway to establish new protected areas in the Samegrelo and Zemo Svaneti regions, as well as to expand the existing protected area in the Racha region.

### ENVIRONMENTAL LIABILITY

90%

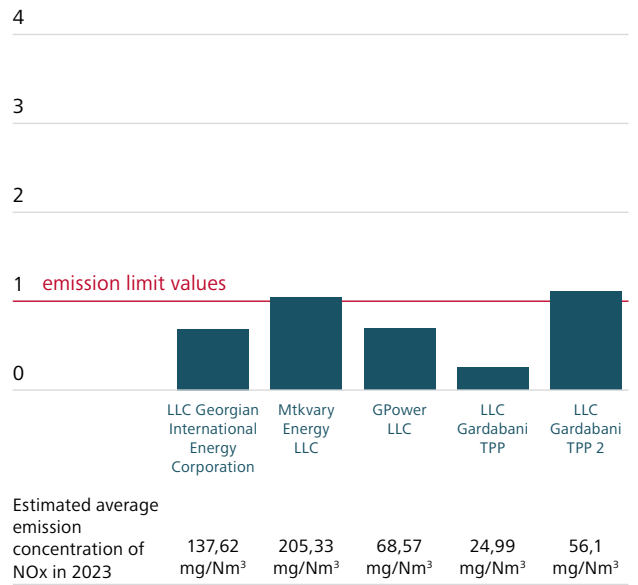
Georgia has transposed the provisions of the directive. Financial security instruments for the risks of environmental damage are established in the form of insurances and bank guarantees, with the provisions entering into force on 1 September 2026. The amount of financial security shall be determined based on the assessment of the risks of environmental damage, consisting of a risk assessment, a processing of the risks and an identification of expenses and a cost estimation for the worst-case scenario.

### Installations under the Large Combustion Plants Directive



Source: compiled by the Energy Community Secretariat

### 2023 emissions of NO<sub>x</sub> versus applicable emission limit values (ELV)





# Georgia

## Performance of authorities



### REGULATORY AUTHORITY

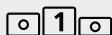
84%

The legal framework governing independent functioning of the GNERC is fully aligned with the Energy Community legislation.

In 2024, GNERC finalised the regulatory basis for opening of the wholesale electricity market. This includes decision on transitional measures in the market rules, application for registration on the electricity exchange, technical thresholds for electricity price, volumes and bids. GNERC initiated amendments to standard terms and conditions of the agreement on sale and purchase of balancing electricity and guaranteed capacity as part of transitional market model. GNERC also approved the rules for issuing the certificates of origin for RES produced electrici-

ty, energy market monitoring and reporting rules. Unbundling of electricity transmission system operator is pending due to missing legislative basis.

GNERC suspended net-metering scheme for micro power plants owners who exceeded permitted capacity. GNERC reacted to customers' complaints by carrying out a technical inspection of distribution grids. Regulation of household prices below costs continues. With the launch of day-ahead and intraday market segments, GNERC activated monitoring of potential market abuse under REMIT, but no cases have been reported so far.



### COMPETITION AUTHORITY

15%

According to the Accession Protocol and in line with the Treaty, the competition acquis only applies insofar as trade between Contracting Parties is affected. However, GNERC responsible

for the enforcement of the competition acquis in the electricity and natural gas sectors has never investigated nor decided on any anti-competitive conduct in the energy sectors.



### STATE AID AUTHORITY

10%

The current Law on Competition is not fully aligned with the State aid acquis. In particular, it does not require authorities to notify aid before it is granted and does not grant the power to render negative decisions and order recovery. Although the State aid acquis only applies insofar as trade between Contract-

ing Parties may be affected, Georgia does not comply with its obligations under Treaty in terms of effective enforcement of the State aid acquis since neither the Competition Agency nor GNERC consider themselves to be competent.



### STATISTICAL AUTHORITY

83%

The National Statistics Institute, GEOSTAT, is responsible for compiling energy statistics. The full set of annual energy statistics for 2022, along with the SHARES questionnaire and preliminary mini questionnaires for the supply side of the 2023 energy balances, was submitted to EUROSTAT in accordance with the acquis. This did not include the annual biomass data. While disaggregated household energy consumption data was reported in compliance with regulations, the transport sector data was incomplete, and the breakdown data of energy consumption in industry and services was missing. GEOSTAT examines the possibility of providing breakdown data on energy consumption in the industry, starting with the 2023 data. The first quality report and the required metadata for the submitted energy statistics were provided to EUROSTAT in 2022, as stipulated by the acquis.

Georgia has consistently submitted all monthly data collections under Annex C of Regulation (EC) 1099/2008 on time, except

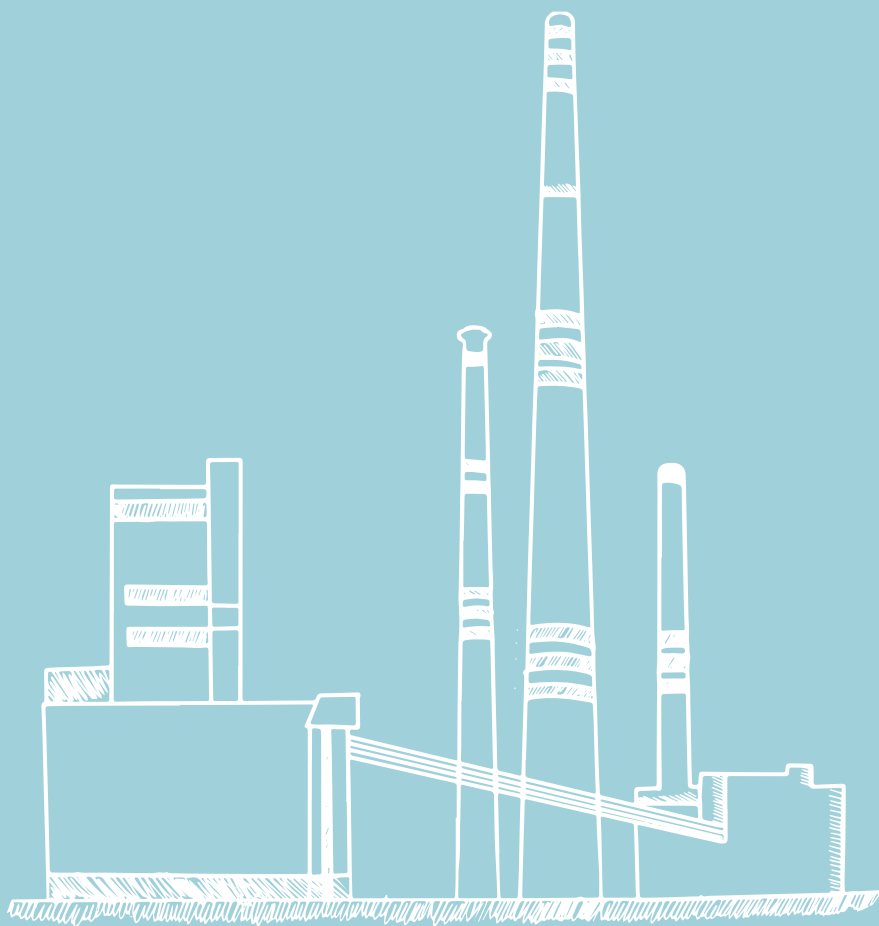
for the crude oil import registry, which must be submitted even when there are no crude oil imports.

Since 2018, in full compliance with the acquis, Georgia has reported natural gas and electricity prices charged to end-users, broken down by consumption band, taxation level, and price components. Quality reports on electricity and natural gas prices are also submitted and published.

GEOSTAT should enhance the comprehensiveness and timeliness of its data, addressing gaps in disaggregated energy consumption (transport, industry, services) and annual biomass statistics. Improving data quality across all energy sectors will boost reliability. Technical assistance could strengthen GEOSTAT's capacity for data collection, processing, and analysis, supporting timely, high-quality submissions, EU compliance, and informed energy policy decisions.






# 08

## Kosovo\*



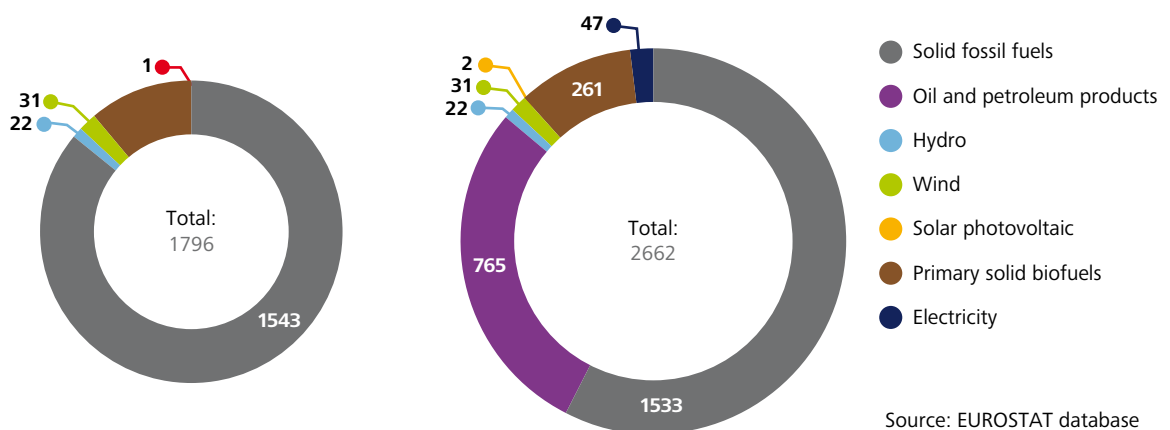


## IMPLEMENTATION OVERVIEW

| CLUSTER   | IMPLEMENTATION STATUS   | RECOMMENDATIONS  |
|---|---|--|
|  Markets and integration         | <div style="width: 45%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 45% | Transposition and implementation of the EIP should be completed along with the opening of the intraday electricity market as preconditions for market coupling. The transmission system operator should continue improving system balancing and strengthening of the regional cooperation.   |
|  Decarbonising the energy sector | <div style="width: 59%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 59% | Kosovo* should transpose and implement the missing elements of the EU ETS Directive, including full transposition of the Monitoring and Reporting Regulation and the Accreditation and Verification Regulation. The country should adopt its NECP without delay and draft a long-term strategy with a 2050 climate neutrality objective. It also needs to adopt secondary legislation to fully transpose the sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids, and biomass fuels as stipulated in REDII. Pending amendments to the energy efficiency law should be adopted, with updates to by-laws and labelling regulations, and strengthened institutional capacity to ensure compliance with EU energy efficiency standards. |
|  Ensuring energy security        | <div style="width: 40%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 40% | Transposition of Regulation (EU) 2019/941 should be completed and a preparation of a risk-preparedness plan initiated. Commission Regulation (EU) 2017/2196 should also be transposed.   |
|  Improving the environment      | <div style="width: 43%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 43% | Kosovo* must fully transpose the provisions of the Environmental Impact Assessment Directive regarding public participation and report examination as well as the provisions of the Environmental Liability Directive. The Strategic Environmental Assessment for the draft NECP must undergo a transboundary consultation process and adequately consider its outcomes. Kosovo* has to address the long-standing non-compliance with the National Emission Reduction Plan ceilings, as confirmed by the decision of the last Ministerial Council.   |
|  Performance of authorities    | <div style="width: 66%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 66% | Kosovo* is recommended to implement full cost recovery in energy regulated prices, pursue active enforcement of competition rules, and institute a functioning State aid authority. Capacity building and internal process improvements are recommended for the energy statistics personnel.   |

2022 Fuel mix in primary production of energy (in ktoe)

2022 Gross available energy per product (in ktoe)



Source: EUROSTAT database

Overall number of cases: **6**

ECS-8/21 - environment

ECS-5/22 - environment

ECS-11/23 - environment

ECS-8/24 - electricity

ECS-16/24 - oil

ECS-26/24 - renewable energy

Procedures under Article **91** EnCT



# Kosovo\*

## Markets and integration

### ELECTRICITY

45%



#### WHOLESALE MARKET



40%

Kosovo\* has not yet transposed the Electricity Integration Package (EIP) but the process of drafting amendments to the Law on Energy, Law on Electricity and the Law on Energy Regulator is advancing. As the legal deadline for the transposition expired on 31 December 2023, an infringement procedure has been initiated by the Secretariat.

The wholesale market in Kosovo\* is still characterised by the bulk supply agreement between the incumbent producer Kosovo Energy Corporation (KEK) and the universal supplier KESCO which is an obstacle to the development of competition. Furthermore, KEK is providing electricity to network operators to cover losses.

On 31 January 2024 the day-ahead market was launched in Kosovo\* simultaneously with the market coupling of Albania and Kosovo\*, operated by the Albanian power exchange ALPEX. A local intraday market and its coupling with Albanian intraday market are announced to be launched at the end of 2024, however, the go-live date is still expected.

ALPEX was designated as a nominated electricity market operator in Kosovo\* in July 2023, yet under the legal framework that does not entirely transpose the EIP. A compliant designation is pending completion of the transposition.

A balancing market is established and operates under long-term contracts for frequency restoration reserve and intraday balancing energy auctions. Rules shall be aligned with the EIP according to which the national terms and conditions related to balancing were to be submitted by the transmission system operator by 15 June 2023 for regulatory approval.

The REMIT Regulation has been transposed and implemented.

#### RETAIL MARKET



30%

Despite being free to choose their supplier, customers connected to the voltage levels 35 kV, 10 kV and 0,4 kV continue to be supplied by the universal service supplier, KESCO, at regulated tariffs while only customers connected to the voltage level 220 kV and 110 kV are supplied at market prices. The block tariff structure is still in place. KEK is operating as a supplier of last resort for a period of three years starting from 31 July 2022.

The distribution and supply of electricity in the north part of Kosovo\* is normalised in 2024 following completion of all necessary contracts between the electricity supply company Elektroever, licensed for supply of customers in four municipalities in the Northern Kosovo\*, KEDS and KOSTT.

The regulators of Kosovo\* and North Macedonia signed memorandum of understanding on the mutual recognition of electricity trading and supply licenses in 2023 and are currently working on removing unnecessary barriers and simplifying administrative processes.

The primary legislation acknowledges the concept of vulnerable consumers. An improvement of the framework for the consumer empowerment and protection is pending the transposition of Directive (EU) 2019/944.

#### UNBUNDLING

80%

The transmission system operator (TSO), KOSTT, is certified and unbundled. Kosovo\* has not transposed Commission Regulation (EU) 2017/1485 and KOSTT is not a member of ENTSO-E. In September 2024, the Connection Agreement between KOSTT and the transmission system operators of Continental Europe was signed for the additional two years. The signed Connection Agreement introduces penalties for unintended deviations above certain threshold aimed at the improvement of KOSTT's performance in that area. KOSTT operates in the load-frequency control block with the transmission system operator of Albania. It publishes regularly its TYNDPs, the last one being published in November 2023 for the period 2024–2033.

The distribution system operator KEDS is unbundled and a compliance programme has been established. The compliance report for 2023 was published in April 2024 by the compliance officer. The regulator has monitored the implementation of this programme and so far, has not found violations that would require taking measures.

#### ACCESS TO THE SYSTEM

81%

Grid codes, approved by the regulator, and tariffs calculated based on applicable methodologies for the use of the network define the access to the transmission and distribution system. As of April 2024, new distribution and transmission tariffs are applicable.

The connection codes have been transposed and have been implemented through the grid codes.

Regulation (EU) 543/2013 is partially implemented. KOSTT publishes information on generation, and now also data on consumption and transmission on ENTSO-E Transparency Platform.

**REGIONAL INTEGRATION**  **24%**

Advancing regional cooperation is pending the transposition of the EIP through the ongoing amendments of the legal framework.

The regional auction platform SEE CAO is used on all interconnectors and timeframes except for intraday timeframe where the allocation is done bilaterally between the respective system operators. On the bidding-zone border with Serbia, no allocation of capacities has taken place, and common rules have not been agreed.

The transmission system operator and the power exchange are participating the so-called SEE Market Coupling Project together with the transmission system operators and power exchanges of Albania, Greece and North Macedonia. An application for adherence was submitted to the Italian Border Working Table

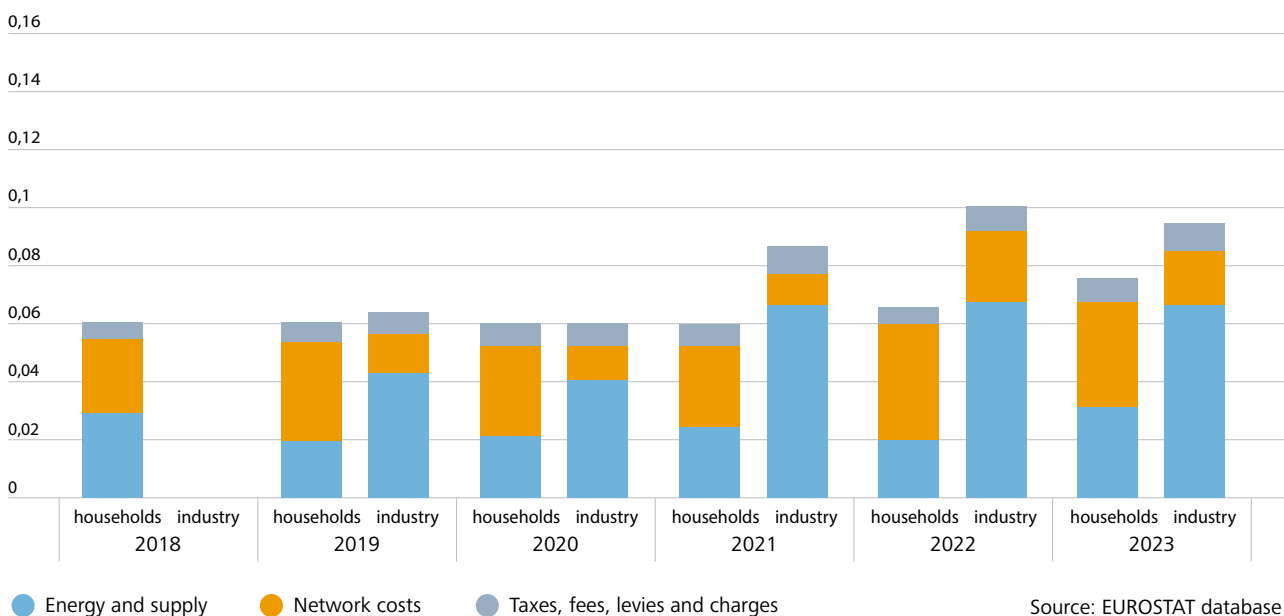
(IBWT) project with a goal of establishing a local implementation project for market coupling. Feedback from IBWT is pending at the moment of a preparation of this report.

The bidding-zone borders of Kosovo\* are included into the so-called Shadow South-East Europe capacity calculation region (Shadow SEE CCR), as defined by Commission Regulation (EU) 2015/1222. However, signing of a cooperation agreement between transmission system operators, as an initial step, is stalled due to a political dispute between Serbia and Kosovo\*. To unblock the process, negotiations on the possible reconfiguration of the Shadow SEE CCR are ongoing.

The Albania-Kosovo\* control block cooperates on cross-border balancing, in particular by sharing considerable amount of frequency restoration reserve based on a common agreement between KOSTT and the transmission system operator of Albania OST.

Kosovo\* has transposed and implemented Regulation (EU) 347/2013. Regulation (EU) 2022/869 has to be transposed by the end of 2024. Kosovo\* participated in the PECEI selection process in 2024 with one electricity-related project that is included in the final preliminary PECEI list (reconfiguration of 400 kV grid and new 400 kV interconnection Albania-Kosovo\*).

Average annual prices of electricity for end users per component [EUR/kWh]



## GAS

n.a.



### WHOLESALE MARKET

n.a.

Kosovo\* does not have a gas market, though it has a basic regulatory framework in place.

### ACCESS TO THE SYSTEM

n.a.

The rudimentary gas acquis requirements for unhindered access have been transposed by the Law on Natural Gas.

### RETAIL MARKET

n.a.

Kosovo\* has transposed basic elements for the protection of customers.

### REGIONAL INTEGRATION

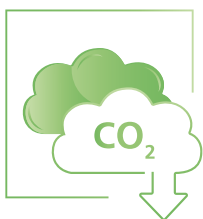
n.a.

A timeline for transposing the revised Regulation (EU) 2022/869 is still unknown. Kosovo\* is the only Energy Community Contracting Party that fully transposed and implemented the old Regulation (EU) 347/2013.

### UNBUNDLING

n.a.

Should Kosovo\* establish an access to the European gas networks, any future transmission system operator must apply the ownership unbundling model.



# Kosovo\*

## Decarbonising the energy sector



### GOVERNANCE/CLIMATE IMPLEMENTATION

56%

#### NATIONAL ENERGY AND CLIMATE PLANS

53%

Kosovo\* has not notified to the Secretariat an adopted National Energy and Climate Plan (NECP) and thus missed the legal deadline.

#### GREENHOUSE GAS 2030 TARGET

80%

Kosovo\* has not defined the 2030 climate target in its national legislation, but it is included in the draft NECP. The target is in line with the 2030 targets set by the Energy Community.

#### NATIONAL SYSTEMS FOR CLIMATE REPORTING

75%

There is a legal basis for a national greenhouse gas inventory system, nonetheless, by-laws related to national greenhouse gas inventories still require transposition. Kosovo\* has made progress through the adoption of the Law on Climate Change by the Government, which provides the institutional framework for estimating greenhouse gas emissions. However, Kosovo\* still needs to further implement a national system for estimating greenhouse gas emissions. This entails collecting greenhouse gas emissions data for all IPCC categories, establishing and implementing quality control measures as well as uncertainty estimates at the national level.

Kosovo\* initiated reporting on national systems for policies and measures and projections but submitted no report in Reportnet.<sup>10</sup>

#### NATIONAL GREENHOUSE GAS EMISSIONS POLICIES AND MEASURES

47%

Reporting obligations have been transposed in the legislation as Kosovo\* has adopted a law on climate change. Kosovo\* has nominated lead reporters for the Governance Regulation reporting activities. In the context of Reportnet system, reporting on policies and measures (PaMs) has been initiated, but not officially submitted. Reporting on adaptation strategies still needs to be initiated. A report on carbon pricing revenues has been officially submitted.

#### LONG-TERM STRATEGY AND CLIMATE NEUTRALITY

25%

The legal basis for a long-term strategy has been adopted in the new climate law. Kosovo\* has not yet adopted a long-term strategy with a 2050 climate neutrality objective. It remains unclear if and how such an objective will be reached.

<sup>10</sup> Reportnet 3.0 (<https://reportnet.europa.eu/>) is the next generation platform for reporting environmental data to the European Environment Agency (EEA) and also host several reporting tasks for the European Commission. Reportnet 3.0 is a centralised e-Reporting platform, aiming at simplifying and streamlining the data flow steps across all environmental domains. The system acts as a one-stop-shop for all involved stakeholders. It is managed by the EEA and Contracting Parties report through it.

# RENEWABLE ENERGY IMPLEMENTATION

68%



## 2030 RENEWABLE ENERGY TARGETS



60%

The overall target of achieving a 32% share of renewable energy in the gross final energy consumption, as outlined in the draft NECP, is in line with the 2030 target set by the Energy Community. The overall 2030 renewable energy target is subdivided into sectorial targets for electricity (45%), transport (3,6%), and heating and cooling (49,6%). The 3,6% target for transport does not align with the minimum requirement of 7% mandated by the Renewable Energy Directive (REDII), nor is the target for renewable energy in heating and cooling of 49,6% aligned with Article 23 of REDII.

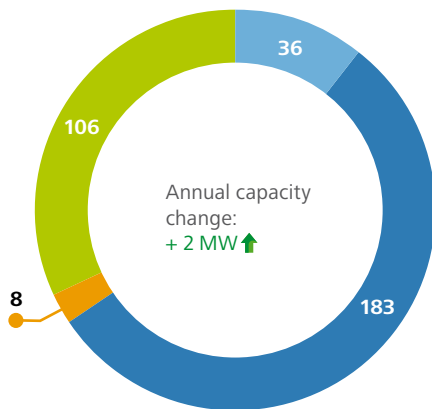
## QUALITY OF SUPPORT SCHEME



80%

In April 2024, Kosovo\* adopted its first standalone Renewable Energy Law, laying the foundation for a market-based support scheme in alignment with REDII requirements. Simultaneously, Kosovo\* completed its first solar PV auction. With the successful completion of this initial test auction, it is now crucial to adopt detailed auction rules and a three-year auction plan.

## Total Capacities of Renewable Energy 2023 (MW)



- Large hydropower
- Small hydropower <10 MW
- Wind
- Solar

Total capacities of renewable energy (MW): **333**

Source: Ministry of Economy

## SELF-CONSUMPTION AND ENERGY COMMUNITIES

75%

Self-consumption is operating effectively in Kosovo\* through a net billing scheme. The adoption of the new Renewable Energy Law enabled establishment of renewable energy communities in accordance with REDII requirements. The next step is to adopt the necessary secondary legislation and establish the first renewable energy communities.

## GUARANTEES OF ORIGIN

70%

Within the framework of the regional project implemented by the Energy Community Secretariat, an electronic registry for guarantees of origin (GOs) was established for Kosovo\*. It became operational by regulator in July 2024. The next critical milestone for achieving a fully operational GO system includes the adoption of disclosure rules and the calculation of the residual energy mix. The Renewable Energy Law incorporated the necessary legal provisions for issuing GOs for all types of energy carriers, including renewable gas, and heating and cooling.

## SUSTAINABILITY CRITERIA FOR BIOFUELS, BIOLIQUIDS AND BIOMASS FUELS

40%

The Renewable Energy Law introduces the sustainability and greenhouse gas emissions saving criteria for biofuels, bioliqids, and biomass fuels and establishes rules for their verification. This provides a legal basis for adopting the secondary legislation by the ministries responsible for energy, environment and fuel sector, which will ensure legal framework compliance by Kosovo\* with REDII, allowing for full implementation of the sustainability criteria provisions.

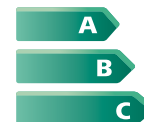
## RENEWABLE ENERGY IN HEATING AND COOLING

83%

Kosovo\* achieved a significant milestone in streamlining renewable energy within its heating and cooling sector. The adoption of the Renewable Energy Law enabled the effective transposition of Articles 23 and 24 of REDII, thereby creating a robust legal framework to promote the integration of renewable energy sources into both individual and district heating systems. While this framework, coupled with ongoing measures and those outlined in the draft NECP provides a solid basis to drive change particularly in district heating, the measures in the draft NECP are not sufficient to achieve broader progress across the entire heating and cooling sector.

## ENERGY EFFICIENCY IMPLEMENTATION

71%



### 2030 ENERGY EFFICIENCY TARGETS AND POLICY MEASURES



72%

The 2030 energy efficiency targets as outlined in the draft NECP are aligned with the 2030 targets set by the Energy Community. This is also true for specific targets related to the implementation of Article 5 and Article 7 of the 2012 Energy Efficiency Directive (EED). While NECP outlines various energy efficiency measures stretching across all sectors, more detailed elaboration of these measures in NECP is recommended.

The amendments to the Energy Efficiency Law, which would transpose the 2018 EED under the Clean Energy Package, have been drafted and are currently in the consultation phase before adoption.

### ENERGY EFFICIENCY IN BUILDINGS



89%

Amendments to the Law on the Energy Performance of Buildings were adopted in May 2024, transposing Directive 2018/844/EC under Clean Energy Package. Kosovo\* adopted the necessary by-laws to implement the previous Law on the Energy Performance of Buildings and started issuing first pilot certificates for government buildings, in parallel with the process of finalisation of the new calculation software.

The Government is working on updating by-laws and the energy performance calculation software, the draft plan to boost nearly-zero energy buildings and a building renovation strategy. They have not been adopted.

### ENERGY EFFICIENCY SCHEME AND FINANCING



73%

The 2018 Law on Energy Efficiency establishes energy efficiency obligations and target. However, amendments to this Law, which aim to incorporate the 2018 updates to the Energy Efficiency Directive (EED) and reflect the more ambitious targets set by the amended Directive, are still pending adoption.

The Energy Efficiency Fund has actively promoted public initiatives to enhance energy efficiency in various sectors. Supported by the EU-financed Energy Support Package, notable progress

during 2024 has been achieved in offering subsidies for new energy efficiency measures within the residential sector. At the same time, investments in implementing energy efficiency measures in public buildings owned by municipalities continued, while investment in social multi-apartment buildings starts by the end of 2024. Additionally, regulations concerning energy-efficient public procurement, ESCOs, and energy performance and supply contracts have been aligned with the EU acquis.

### ENERGY EFFICIENT PRODUCTS – LABELLING

53%

There was no progress in this area. With the support of the Regional Energy Efficiency Programme, the ministry drafted the first energy labelling and eco-design rulebooks covering lighting products, followed by the trainings for inspectorate staff and suppliers. However, Kosovo\* has still failed to adopt and implement the Labelling Directive and other delegated regulations, as updated by the Ministerial Council in 2022.

### EFFICIENCY IN HEATING AND COOLING

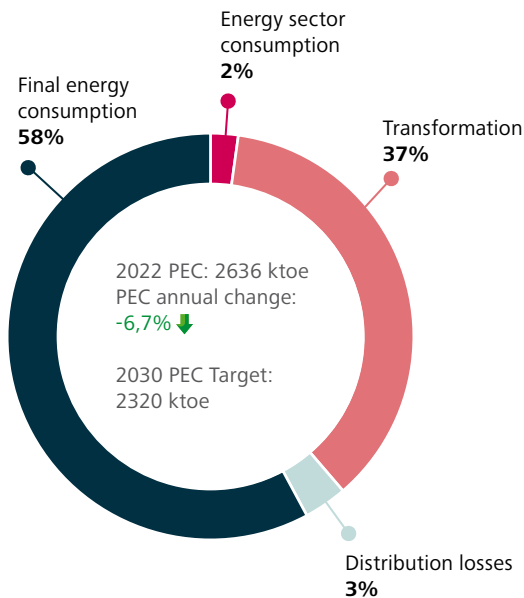


70%

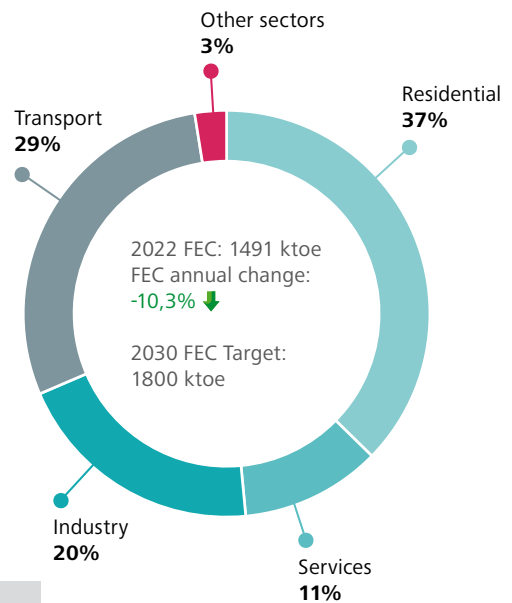
Kosovo\* has made progress in implementing measures aimed at enhancing district heating efficiency. Following the adoption of secondary legislation essential for consumption-based billing and the installation of measuring devices, DH Termokos in Pristina introduced consumption-based billing for over 17,000 consumers for the 2024–2025 heating season. Additionally, a feasibility study for developing district heating systems in eight cities was finalised.

## 2022 Energy Efficiency Indicators and Trends

### Primary Energy Consumption (PEC)



### Final Energy Consumption (FEC)



Energy intensity, 2022 value and trends:  
 0,40 ktoe/mil EUR, -11,3% ↓

Source: EUROSTAT 2024 data, draft NECP and 2022 Ministerial Council Decision

## EMISSION TRADING SCHEME (MONITORING, REPORTING, VERIFICATION AND ACCREDITATION)

6%



### FOUNDATIONS, INSTITUTIONS, PERMITS



17%

### VERIFICATION AND ACCREDITATION



0%

Kosovo\* transposed some of the basic definitions from the EU ETS Directive and the list of greenhouse gases as part of the Law on Climate Change adopted in 2024. Other elements including the concept of a greenhouse gas (GHG) permit, corrective actions in case of non-compliance and the list of activities covered by the monitoring and reporting requirements were not transposed.

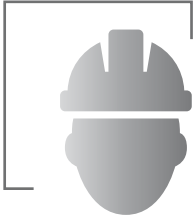
Kosovo\* has not transposed Accreditation and Verification Regulation into national law and has not appointed any institution as national accreditation body for GHG accreditation purposes.

### MONITORING AND REPORTING



0%

Kosovo\* has not transposed the Monitoring and Reporting Regulation into national law. The processes related to monitoring and reporting of GHG emissions at the level of entities have not been implemented.



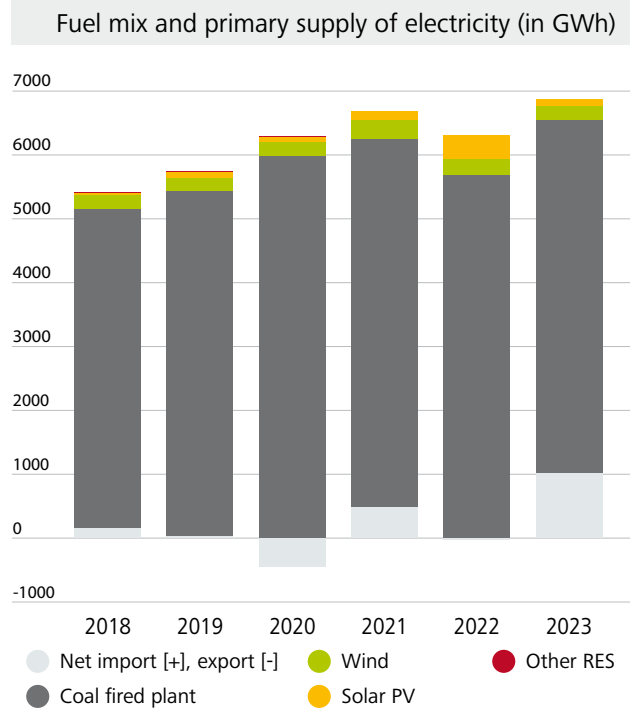
# Kosovo\*

## Ensuring energy security

### ELECTRICITY SECURITY OF SUPPLY 57%

Regulation (EU) 2019/941 has not yet been transposed. The draft Law on Energy and draft Law on Electricity, reviewed by the Secretariat in October 2024, aims to transpose Regulation (EU) 2019/941 and define the State Emergency Committee as the competent authority for risk-preparedness in the electricity sector. The last Security of Supply Statement covering 2021–2022 was published in March 2024. The transposition of Regulation (EU) 2017/2196, which was due on 31 December 2023, has not yet been completed.

The Agency for Cyber Security, established under Law No. 08/L-173 on Cyber Security in 2023, is expected to be fully operational in the near future. This agency serves as the central executive institution for cyber security at the national level, ensuring coordinated and robust defence against cyber threats. The National Cyber Security Strategy 2023–2027 exists, and the Cyber Security State Training Centre was inaugurated in 2024. NECP foresees the establishment of an energy sectorial computer emergency response team (eCERT).



### GAS SECURITY OF SUPPLY n.a.

Kosovo\* is subject to a derogation from applying the Gas Security of Supply and Storage Regulations. Security of supply rules are in place.

### OIL SECURITY OF SUPPLY 0%

In Kosovo\*, the draft Law on Compulsory Oil Stockholding, which was anticipated to be adopted in 2023 or the first half of 2024, remains pending.

No procedures are in place for the release of emergency oil stocks, and no data have been reported on MOS Oil and the monthly COIR questionnaire. No progress was made during this

reporting period, and Kosovo\* remains non-compliant with the oil acquis.

In July 2024, the Secretariat sent a Reasoned Request for non-transposition of the Oil Stocks Directive to the Ministerial Council.



# Kosovo\*

## Improving the environment

### ENVIRONMENTAL ASSESSMENTS



40%

Full compliance with the Environmental Impact Assessment (EIA) Directive remains pending due to the delayed adoption of the Administrative Instruction aimed at enhancing access to environmental information and fostering greater public participation in decision-making. Challenges persist for Kosovo\* in effectively fulfilling its obligations under the EIA legislation, primarily due to the incomplete integration of the EIA Directive's provisions on expert review of EIA reports into secondary legislation and ongoing deficiencies in institutional capacity, which hinder the timely and efficient examination of EIAs. Kosovo\* reported that it has screened over 20 photovoltaic power plant projects, all of which were subsequently subjected to an EIA.

Challenges and disputes related to approved hydropower developments that bypassed a proper EIA process remain unaddressed. After years of disputes with hydropower projects in regions such as Deçan and Shtërpçë/Strpçe, the 2023 National Energy Strategy of Kosovo\* states that due to environmental considerations, it does not support the construction of new hydropower plants.

### LARGE COMBUSTION PLANTS



43%

Kosovo\* complied with its emissions reporting obligations for the reporting year 2023 in February 2024. With the emissions of all three pollutants decreasing in the reporting year, compliance with the NERP ceilings for sulphur dioxide was reported for the first time, however, ambiguity regarding the reported data remains to be clarified. The significant breaches of the ceilings for nitrogen oxides and dust remain unaddressed and the related decision by the Ministerial Council was thus not complied with.

### SULPHUR IN FUELS

92%

Kosovo\* has transposed the Sulphur in Fuels Directive's provisions via the Administrative Instruction on the Technical Requirements for Import, Storage, Wholesale and Retail Sale of Petroleum Fuels. Quality control of the fuels falling under the scope of the directive as well as their sampling and analysis is carried out by the customs authorities at border crossing points. The directive's provisions on marine fuels do not apply in the case of Kosovo\*.

### NATURE PROTECTION

27%

The drafting of the new Law on Nature Protection is currently underway, with the involvement of a working group and two international experts. The indicative date for approval by the Kosovo\* Assembly is December 2024, but the draft has not yet been prepared or shared for consultations.

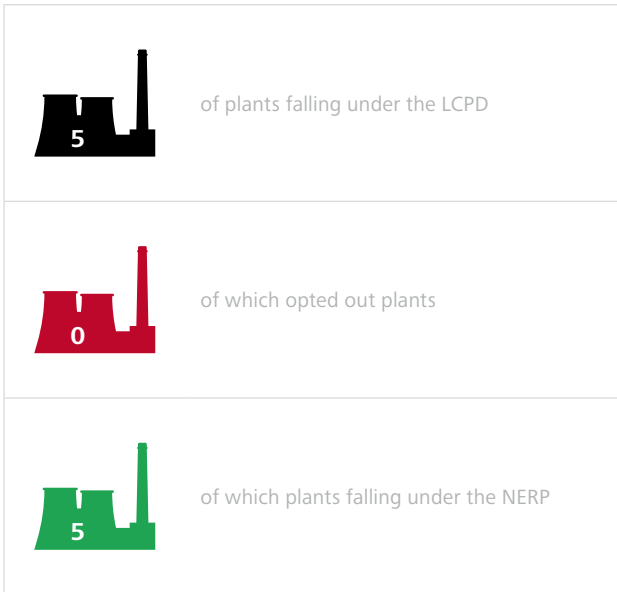
Kosovo\* still lacks a comprehensive inventory of wetlands, which is essential for establishing legal protection for Ramsar sites. Additionally, no efforts have been made to develop a management plan for the artificial special protection area for birds, known as "Henc". Managing the monuments of nature remains a challenge due to insufficient financial support.

### ENVIRONMENTAL LIABILITY

0%

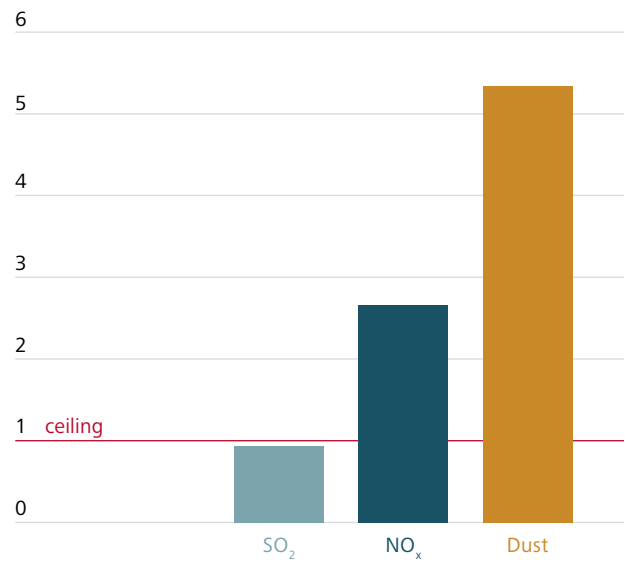
Kosovo\* has not transposed the Environmental Liability Directive yet. The Ministerial Council established this breach at its 2023 meeting, the issue however remains unaddressed.

## Installations under the Large Combustion Plants Directive



Source: compiled by the Energy Community Secretariat

## 2023 emissions versus NERP ceilings



|   |          |          |        |
|---|----------|----------|--------|
| 2023 emissions by all plants under the LCPs | 10.495   | 14.851   | 4.743  |
| 2023 emissions by plants under the NERP     | 10.495   | 14.851   | 4.743  |
| Annual change                               | -22,5% ↓ | -11,6% ↓ | -13% ↓ |



# Kosovo\*

## Performance of authorities



### REGULATORY AUTHORITY



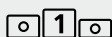
83%

The legal set-up of the ERO independence framework is in line with the Energy Community acquis to a great extent. Currently, the competencies of ERO are defined by existing energy sector laws. The Government recently decided to reform the ERO's institutional set-up, which will undergo further analysis. Additional ERO competences necessary for implementing the EIP will be defined in the legislation currently under revision.

After market coupling with Albania, ERO approved ALPEX's tariffs and the request to start trading in Kosovo\* bidding zone from 1 February 2024. ERO also amended the reserve procedure for the market coupling Albania-Kosovo\*. Furthermore, ERO revised the TSO licence to remove obligations to provide electricity for Northern municipalities after the request from KOSTT. The transmission and distribution network tariffs and block tariffs for consumers of the universal supplier were also approved. For the DSO, ERO approved the plan for losses reduction for 2024, five-year development, and one-year investment plans. In support of upcoming

major RES project in Kosovo\*, ERO approved for a wind project the application of tendering procedures for 150 MW and initiated the consultations on the maximum price for 75 MW.

ERO continued to actively promote self-consumption by prosumers via systematic approval of requests for solar panels construction. On the other hand, the presence of the bulk supply agreement prevents further market development. Retail market opening is delayed by ERO since 2018 for customers connected to 35 and 10 kV networks. In 2024, ERO analysed potential impact of retail market opening on certain customer categories continues to be delayed. For certain categories, the regulated prices do not fully reflect costs. Secondary legislation implementing REMIT is in place, as well as the relevant register of market participants; however, no investigation has been undertaken so far. ERO has undertaken monitoring of some of the licensees and is in the process of drafting the reports with findings.



### COMPETITION AUTHORITY

45%

In the reporting period, the Kosovo Competition Authority did not investigate any anti-competitive conduct in the energy sec-

tor. Active enforcement of the competition acquis is required in order for Kosovo\* to comply with its obligations under the Treaty.



### STATE AID AUTHORITY



25%

Due to the delay in recruiting new members, the State Aid Commission remains non-operational since the expiration of the mandate of the previous members at the beginning of 2022 already. The State aid authority has not been operational for almost two

years now and, thus, the establishment of a functioning State aid authority is paramount to compliance with its obligations under the Treaty by Kosovo\*.



### STATISTICAL AUTHORITY

46%

The Kosovo Agency for Statistics (KAS) submitted five annual questionnaires to EUROSTAT in 2022. However, several errors in the oil and electricity submissions raised concerns about data quality. Due to data quality issues and lack of clarification, EUROSTAT did not publish the mini questionnaire on electricity for 2023. While the breakdown of household energy consumption and SHARES data was provided in compliance with the acquis, disaggregated data on energy consumption for the industry, services, and transport sectors were missing. Additionally, the quality report on energy statistics is still pending submission.

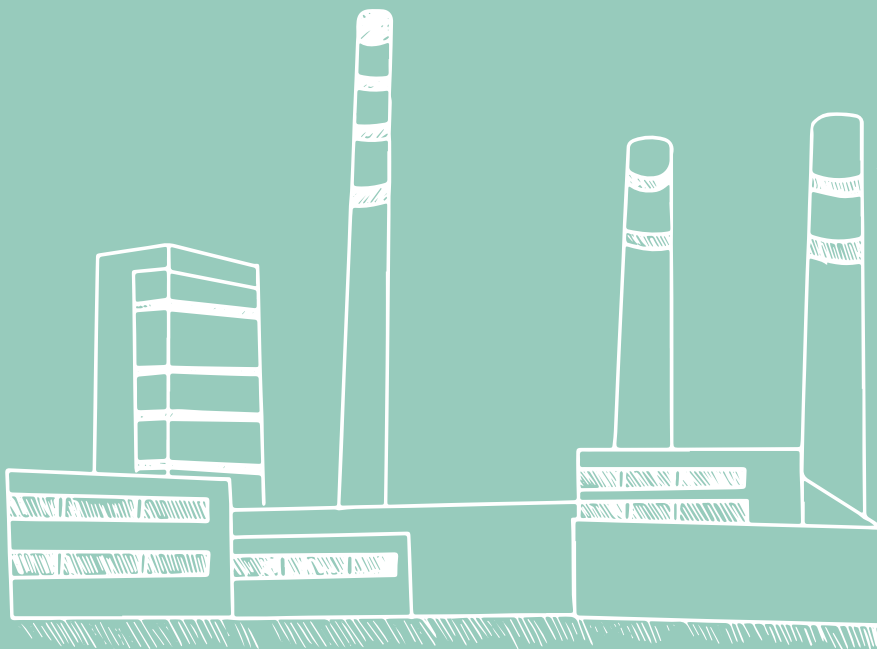
Monthly oil statistics, including the new dataset on oil stocks and crude oil imports, still have not been submitted. As of November

2023, monthly electricity statistics were not submitted in the regular format, while the submission of natural gas and coal reports was delayed and included remarks. On a positive note, electricity prices for households and industry, broken down by consumption band, taxation level, and price components, have been submitted and published by EUROSTAT. However, the quality report on electricity price statistics, due in 2022, has yet to be submitted.

To improve the reliability and completeness of its energy data, KAS should prioritise addressing gaps through targeted capacity building and enhancing internal processes to reduce submission errors and delays.











# 09

## Moldova

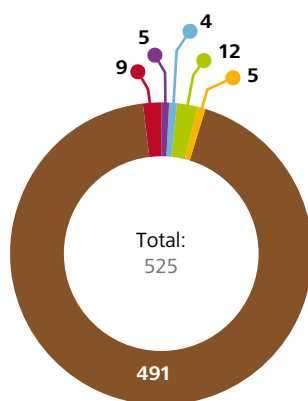




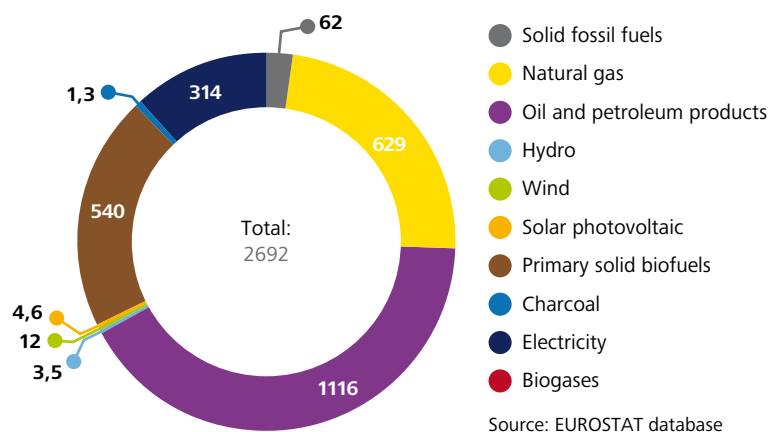
## IMPLEMENTATION OVERVIEW

| CLUSTER   | IMPLEMENTATION STATUS   | RECOMMENDATIONS   |
|---|---|---|
|  Markets and integration         |  62%   | The law transposing the EIP should be adopted. The opening of short-term electricity markets and a designation of a nominated electricity market operator should be expedited as preconditions for market coupling. Moldelectrica should prioritize achieving full membership in ENTSO-E and joining the ITC mechanism. Moldova should implement the certification conditions for Vestmodltransgaz, kick off with the implementation of the balancing network code, and accelerate the market opening without delay. It should reform the PSO and supply of last resort arrangements.   |
|  Decarbonising the energy sector |  68%   | Moldova should finalise the transposition and implementation of the Monitoring and Reporting Regulation and the Accreditation and Verification Regulation. The country should adopt its NECP without delay, draft and adopt a long-term strategy with a 2050 climate neutrality objective, and adopt secondary legislation to fully transpose sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids, and biomass fuels as outlined in REDII. Further progress on energy efficiency is needed, including the comprehensive implementation of updated energy efficiency laws and the adoption of a long-term building renovation strategy. |
|  Ensuring energy security        |  68%   | Transposition and implementation of Regulation 2019/941 and Commission Regulation 2017/2196 should be completed. Moldova should continue to apply the measures from its adopted preventive plans.   |
|  Improving the environment     |  52% | Moldova shall strengthen the capacities of the National Agency for the Environment to effectively implement environmental assessment legislation. Strategic Environmental Assessment shall include a transboundary consultation process, and environmental measures should be integrated into the draft NECP. Compliance with the emission limit values for combustion plants has not been restored and is to be addressed urgently. The draft law addressing non-compliance with the Environmental Liability Directive shall be adopted.   |
|  Performance of authorities    |  81% | Further capacity building of Moldova's authorities is recommended, in parallel with more active enforcement of State aid policies and improvement of statistics reporting processes.  |

2022 Fuel mix in primary production of energy (in ktoe)



2022 Gross available energy per product (in ktoe)



Source: EUROSTAT database

Overall number of cases: **6**

**Procedures under Article 91 EnCT**

ECS-7/18 - environment

ECS-24/21 - environment

ECS-12/23 - environment

ECS-9/24 - electricity

ECS-17/24 - oil

ECS-27/24 - renewable energy



# Moldova

## Markets and integration

### ELECTRICITY

40%



#### WHOLESALE MARKET

25%

The Moldovan wholesale market operates under the Law on Electricity and Electricity Market Rules, which are not yet aligned with the Electricity Integration Package (EIP), despite the deadline expiring on 31 December 2023. An infringement case was initiated by the Secretariat for non-transposition of the EIP.

At the end of 2023, Moldova's Commission for Exceptional Situations passed a decision according to which all universal service and last resort suppliers and system operators were obliged to sign bilateral contracts for 2024 with JSC Energoecom, an offtaker of electricity produced by MGRES (covers approximately 75% of the Right Bank consumption). The country's supply is diversified by local generation and electricity imports from Romania's wholesale market, with Energoecom covering 7-8% of consumption through spot market purchases, mainly during peak hours. For the year 2025, suppliers have to return to competitive procurement in line with the Electricity Market Rules. Nevertheless, the Government assigned to JSC Energoecom the "fiscal monopoly" status in 2025, granting it exclusive rights to buy MGRES electricity and resell it through auctions organised by the regulated market participants. In the event of there being a surplus, JSC Energoecom may conduct independent auctions to offer the excess electricity to other electricity market participants.

In February 2024, the Government appointed OPEM, a company set up in Moldova by OPCOM (Romania), as the electricity market operator responsible for the operation of the day-ahead electricity market, the intra-day electricity market, and the organised contract market under a monopolistic framework. In October 2024 National Agency for Energy Regulation (ANRE) licensed OPEM and approved amendments to the Electricity Market Rules enabling OPEM to approve the operational procedures for day-ahead and intraday markets. The Secretariat was notified of a legal monopoly for day-ahead and intraday trading services in-line with Commission Regulation (EU) 2015/1222, but after the expiry of the deadline of 15 February 2023.

Moldova still lacks a functional balancing market and Commission Regulation (EU) 2017/2195 is yet to be transposed. SE Moldelectrica launched an hourly balancing mechanism and imbalance payments in June 2022 and registered over 313 balancing responsible parties by October 2024, but there is not any balancing service provider yet. SE Moldelectrica has begun testing domestic electricity producers' capability to provide balancing services in order to certify them. Moldova's unintended system deviations are settled financially through the

FSkar mechanism, managed by Ukrenergo under an inter-TSO agreement.

In order to implement REMIT, ANRE approved the legal framework for establishing a registry of wholesale market participants. However, ANRE shall complement its REMIT related toolkit by establishing criteria for compliance with inside information obligations, defining methods for publishing such information, and adopting the regulation on complaint handling and market monitoring.

#### RETAIL MARKET

38%

The legal framework for retail market functioning is still to be aligned with Directive (EU) 2019/944.

In practice, the retail market has seen a little progress as a result of the lack of competition in the wholesale market and a limited import opportunities due to the war in neighbouring Ukraine. Two universal service suppliers, through their contracts with JSC Energoecom, continued serving nearly the entire market. The public service obligation for universal service suppliers is valid until 2026.

Besides universal service suppliers, only two alternative suppliers of electricity, mainly from local non-FiT renewable producers, operated under negotiated prices, with a combined market share of 0,4%.

Energy vulnerability is defined in both the Energy Efficiency Law and the Law on the Energy Vulnerability Reduction Fund. The Government provides assistance through i) on-bill compensation for energy carriers based on vulnerability categories, ii) monetary payments for solid fuel heating, and iii) vouchers for replacing inefficient appliances. Local public administration, if financially capable, may also provide monetary compensation for energy bills. However, compared to the previous year, the responsible ministry has not yet disclosed details on budgetary and external financial aid used for compensations during the 2023–2024 heating season.

A basic legal framework for aggregators is provided, but still to be developed in-line with the EIP requirements.

#### UNBUNDLING

80%

SE Moldelectrica was certified as an ISO in July 2023. By April 2024 - the deadline set by ANRE, SE Moldelectrica and its founder had fulfilled all the conditions outlined in the Secretariat's

Opinion. The two distribution system operators (DSOs) in Moldova underwent unbundling in 2015. One operates within a vertically integrated company, maintaining functional, operational, and legal separation from the supplier within the same group. In line with the Law on Electricity, both DSOs have published their 2023 implementation reports and the 2024 compliance programmes, prepared by their compliance officers.

SE Moldelectrica drafted the network code transposing Commission Regulation (EU) 2017/1485. ANRE held a public consultation in May 2024, but approval is still pending. SE Moldelectrica is not a signatory to the SAFA for Regional Group Continental Europe, but it became an observer member of the ENTSO-E in 2023. Moldovan power system operates in the load-frequency control block with Ukraine. SE Moldelectrica is in the process of drafting its second TYNDP.

The two DSOs are unbundled, ensuring non-discriminatory access to distribution networks and supporting market competition. Amid high demand for renewable energy connections, they regularly publish updates on issued approvals and provide reasons for rejected applications. In collaboration with the Ministry of Energy, both DSOs are piloting the installation of 35,000 smart meters (covering 3% of users) to test time-of-use tariff models. The two have approved publicly available three-year development plans.

## ACCESS TO THE SYSTEM

71%

Third-party access to distribution and transmission networks is guaranteed by law, with ANRE responsible for approving tariffs for system operators, based on voltage level. At the end of 2023, ANRE introduced a new methodology for calculating tariffs for electricity transmission service, and in 2024, approved a new tariff. Current distribution tariffs are based on a 2018 methodology, extended until a new regulation comes into force.

Connection codes were transposed through the 2019 network code, updated in 2021. In March 2024, ANRE approved the requirements of general applicability for generating units (non-exhaustive clauses), which establish the technical requirements to be met by potential electricity producers, including producers from renewable sources.

Progress on Regulation (EU) 543/2013 remains limited, with SE Moldelectrica providing minimal data to the ENTSO-E Transparency Platform, given the underdeveloped electricity market.

## REGIONAL INTEGRATION

17%

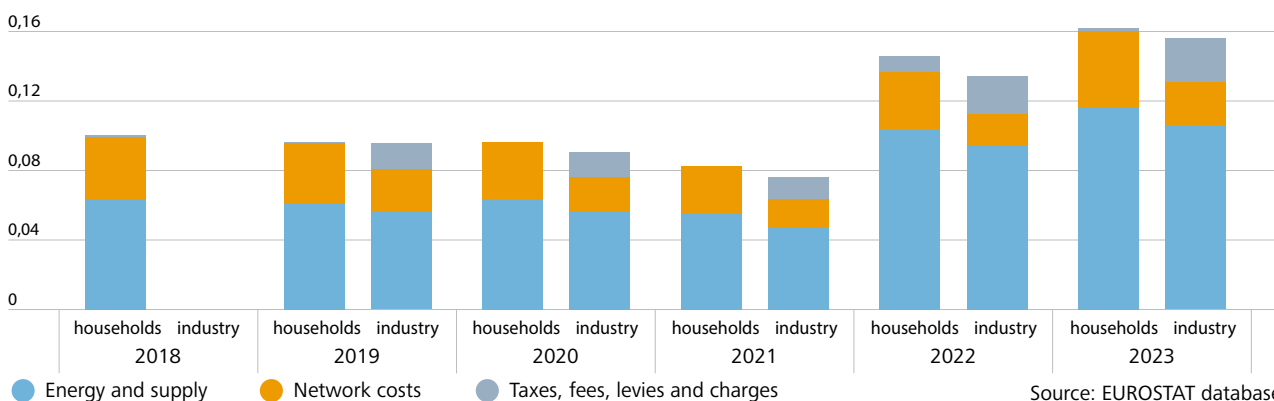
Development of regional integration is hinging the transposition of the EIP. Implementation has commenced with the establishment of governance structure within Eastern Europe (EE) capacity calculation region (CCR), including Moldova, Ukraine and neighbouring EU TSOs, as defined by Commission Regulation (EU) 2015/1222. A signature of the EE CCR cooperation agreement has been initiated and is expected to be completed in November 2024. EE local implementation project has been established for the market coupling and the memorandum of understanding is also in the signature procedure.

Regional cooperation proved to be crucial for Moldova in the last years. SE Moldelectrica is relying on neighbouring TSOs to organise cross-border capacity auctions. On the Romanian border, Transelectrica conducts daily, intraday and monthly auctions, starting with September 2024. On the Ukrainian border, Ukrenergo handles monthly and daily auctions. SE Moldelectrica also has two emergency supply contracts signed in 2022 with neighbouring TSOs, allowing activation when needed. Given the war and disruptions to the Ukrainian electricity market, the contract with Transelectrica has typically been used, with the latest request submitted in December 2023.

Amendments to the Energy Law, partially transposing Regulation (EU) 2022/869, were adopted in December 2023. Of the two nominated electricity infrastructure projects, 330 kV OHL Bălți – Dnestrovsk HPP-2 was included in the preliminary 2024 PEI list.

Moldovan Energy Projects Implementation Unit continues to work on the 400 kV OHL Vulcănești – Chișinău project, expected to be completed by late 2025. The Government is also advancing two major power interconnection projects with Romania, backed by significant technical and financial support from development partners. Procurement documentation is being prepared for the 400 kV OHL Bălți (MD) – Suceava (RO), while the feasibility study for the 400 kV OHL Strășeni (MD) – Gutinaș (RO) is in advanced development.

Average annual prices of electricity for end users per component [EUR/kWh]





### WHOLESALE MARKET

82%

Moldova's natural gas supplies were diversified from Russia and imported from the EU and Ukraine. The REMIT Regulation (EU) 1227/2011 was transposed.

The wholesale market has seen some development in 2024. Despite the nationwide state of emergency expiring at the end of 2023, the Commission for Exceptional Situations obliged JSC Moldovagaz to purchase natural gas from JSC Energoecom by the end of April 2024. The volumes of natural gas delivered by Gazprom, amounting to 5,7 mcm/day, have been supplied to the Left Bank, JSC Moldovagaz has been organising monthly auctions on the BRM East Energy platform (a branch of the Romanian Commodities Exchange, BRM) to procure the natural gas for the upcoming calendar month for its customers on the Right Bank.

JSC Energoecom thus became the dominant importer to the Moldovan market. In order to implement REMIT in the gas sector, ANRE has established the registry of wholesale energy market participants, listing 25 participants who have met their obligation to register before executing their first market transaction. Furthermore, regulations governing handling complaints and market monitoring are yet to be established. The provisional measures on the balancing market are in force until the end of 2025, ANRE has approved the methodologies for the calculation of daily imbalance charges and neutrality charges to prepare for the complete implementation of the balancing code.

### RETAIL MARKET

68%

The market share of Moldovagaz decreased by about 7%, from 97,69% in 2022 to 90,5% in Q1 2024. Although, the retail natural gas market in Moldova remains heavily regulated and dominated by JSC Moldovagaz, which covered more than 90% of the market. JSC Moldovagaz's public service obligation (PSO) for natural gas supply to final consumers is valid until the end of 2026. At the same time, the last-resort supply obligation has been extended until 12 October 2025, during which ANRE is expected to impose a PSO based on clear and adequate eligibility criteria according to the regulation on imposing PSO for gas suppliers, adopted in 2024.

Other large enterprises can switch suppliers, purchasing gas at negotiated prices or using the BRM platform to identify natural gas suppliers on the free market. Amendments to the Gas Law as of December 2023 provide a clear calendar for gas market opening: starting with 1 January 2025 the large gas consumers cannot sign any longer regulated gas purchase contracts and from 1 January 2027 this provision applies also to medium-sized enterprises.

The gas market opening reached 9,2%. The switching fee has been abolished.

### UNBUNDLING

87%

LLC Vestmoldtransgaz, a company owned by the Romanian TSO Transgaz and the European Bank for Reconstruction and Development (EBRD), started operating the entire Moldovan gas transmission system on 19 September 2023. In 2021, it was certified under the ownership unbundling model for the operation of the Iasi-Ungheni-Chisinau pipeline. This year, LLC Vestmoldtransgaz was certified under the ISO model for the operation of the entire natural gas transmission network in Moldova, most of it owned by LLC Moldovatransgaz (MTG) and JSC Moldovagaz.

The final ANRE decision, of 23 August 2024, established Vestmoldtransgaz as the sole TSO on the Right Bank. When certifying it, ANRE took into account the Secretariat's Opinion 2/24. It conditions the certification on the fulfilment of several conditions, most notably regarding the issue of the validity of the lease agreement with MTG, the procurement of maintenance services (currently performed by MTG), and the deadline for the transfer of the ownership of the transmission assets to a company which does not conduct activities in transmission, distribution, supply, storage, and which is unbundled from the vertically integrated utility. For the latter, ANRE established 30 September 2026 as a deadline. Should JSC Moldovagaz fail to comply with this deadline, ANRE should withdraw JSC Moldovagaz' supply license within a month. The Secretariat will follow up on the implementation of the certification conditions.

### ACCESS TO THE SYSTEM

94%

Third-party access to natural gas distribution and transmission networks is guaranteed under Law 108/2016 on Natural Gas, with ANRE approving the tariffs for transmission and distribution services based on its methodologies from 2019, 2020 and 2023, respectively. In 2024, ANRE approved a new set of entry/exit tariffs for transmission services, increasing them by an average of 50%. One of the main reasons for the adjustments is the reduction in gas transit through Moldova. Access to the natural gas distribution networks is provided by 19 distribution system operators, 12 of which are part of JSC Moldovagaz. The Energy Community gas network codes are transposed. The capacity allocation takes place at the RBP platform. However, the capacity is not bundled with the adjacent operators.

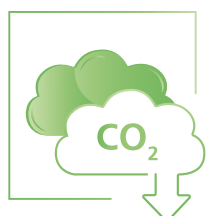
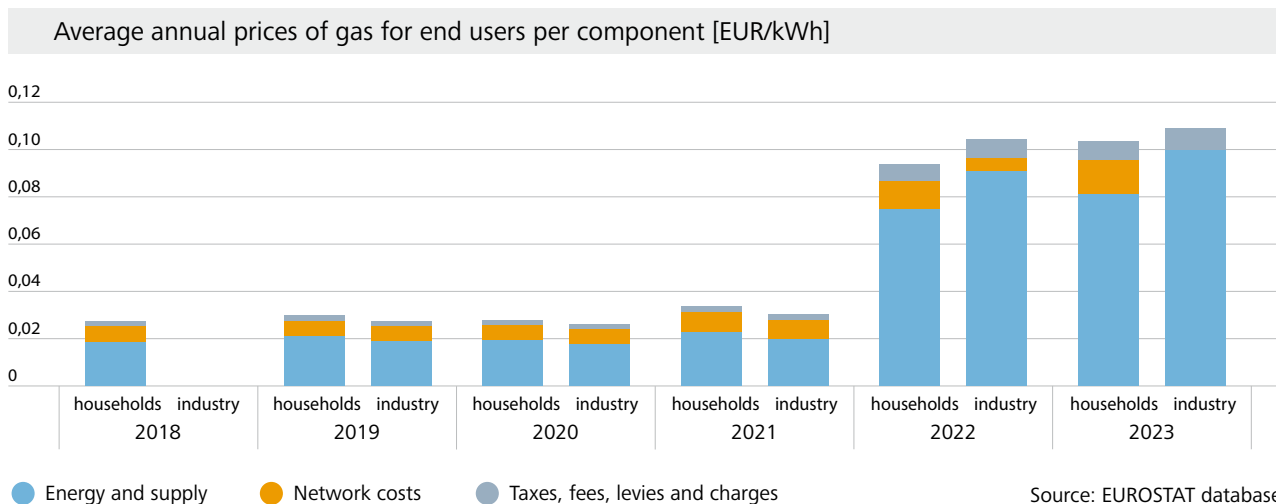
### REGIONAL INTEGRATION

91%

Amendments to the Law on Energy, which partially transposes the revised Regulation (EU) 2022/869 were adopted in December 2023. No further progress has been observed in 2024. Moldova has increased its security of natural gas supply with the operationalisation of the Ungheni - Chisinau pipeline, commissioned in October 2021. An interconnection agreement between Moldovatransgaz and Ukraine's gas transmission system operator was concluded in line with the acquis. LLC Moldovatransgaz was replaced by LLC Vestmoldtransgaz in

the interconnection agreement on 18 September 2023. This enables backhaul on the corridor. Along with the virtual trading point this contributes to the development of the market in

Moldova. Moldova and Ukraine are in a dialogue on how to promote regional security of gas supply.



## Moldova Decarbonising the energy sector



### GOVERNANCE/CLIMATE IMPLEMENTATION

64%

#### NATIONAL ENERGY AND CLIMATE PLANS

83%

Moldova submitted its draft National Energy and Climate Plan (NECP) to the Secretariat on 13 December 2023. The Secretariat provided its Recommendations on 3 April 2024. The NECP has not yet been adopted.

for policies and measures (PaMs) and projections, which is also implemented. Moldova has nominated a lead reporter, but has not yet submitted a report on the national system on policies and measures and projections in Reportnet.<sup>11</sup>

#### GREENHOUSE GAS 2030 TARGET

10%

Moldova has not defined the 2030 climate target in its national legislation; however, the target is outlined in the draft NECP. Nonetheless, due to various inconsistencies, including geographic, it is not clear to what the targets refer.

#### NATIONAL GREENHOUSE GAS EMISSIONS POLICIES AND MEASURES

72%

Reporting obligations have been transposed in national legislation. Moldova has nominated lead reporters for the Governance Regulation reporting activities. Reporting activity was initiated on policies and measures (PaMs) and a report submitted on carbon pricing revenues in the context of Reportnet system. No reporting was initiated on adaptation strategies.

#### NATIONAL SYSTEMS FOR CLIMATE REPORTING

94%

Moldova has recently adopted a climate law, along with by-laws, which transpose the climate related elements of the adapted Governance Regulation. Thus, there is a legal basis for a national greenhouse gas inventory system and a national system

#### LONG-TERM STRATEGY AND CLIMATE NEUTRALITY

63%

The legal basis for a long-term strategy has been adopted in the new climate legislation. The climate law sets out the 2050 climate neutrality target. However, Moldova has not yet adopted a long-term strategy with 2050 climate neutrality objective.

<sup>11</sup> The legal basis for a long-term strategy has been adopted in the new climate legislation. The climate law sets out the 2050 climate neutrality target. However, Moldova has not yet adopted a long-term strategy with 2050 climate neutrality objective.

## RENEWABLE ENERGY IMPLEMENTATION

62%



### 2030 RENEWABLE ENERGY TARGETS **73%**

The overall target of achieving a 27% share of renewable energy in the gross final energy consumption, as outlined in the draft NECP, is in line with the 2030 target set by the Energy Community. The overall 2030 renewable energy target is subdivided into sectorial targets for electricity (34,1%), transport (7,6% without multipliers or 8,6% with multipliers), and heating and cooling (42,8%). Following Article 26 of the Renewable Energy Directive (REDII), Moldova has adjusted its minimum target for renewable energy in transport, indicating that the share of energy from biofuels produced from food and feed crops will be limited to less than 1 percent. The 2030 target for renewable energy in the heating and cooling sector of 42,8% does not align with Article 23 of REDII.

### QUALITY OF SUPPORT SCHEME **70%**

In November 2023, Moldova adopted amendments to Renewable Energy Law, laying the foundation for a market-based support scheme in alignment with REDII requirements.

In August 2024, Moldova launched its first solar PV and wind auction. Alongside the finalisation of the auction, it is crucial to adopt detailed auction rules and a three-year auction plan.

### SELF-CONSUMPTION AND ENERGY COMMUNITIES **75%**

The amendments to the Renewable Energy Law introduced a net billing scheme for self-consumption starting 1 January 2024. Consumers currently using the net metering scheme will continue to benefit from it until 31 December 2027, after which they will be converted to net billing. The amendments to the Renewable Energy Law enabled establishment of renewable energy communities.

The next step is to adopt the necessary secondary legislation and establish the first renewable energy communities.

### GUARANTEES OF ORIGIN **50%**

Moldova joined the Energy Community initiative to establish a regional system for guarantees of origin (GO). The national electronic registry for GO in Moldova was created and can be utilised as soon as energy regulator, the designated issuing body, signs an agreement with the service provider. The amendments to Renewable Energy Law incorporated the necessary legal provisions for issuing GOs for all types of energy carriers, including renewable gas, and heating and cooling.

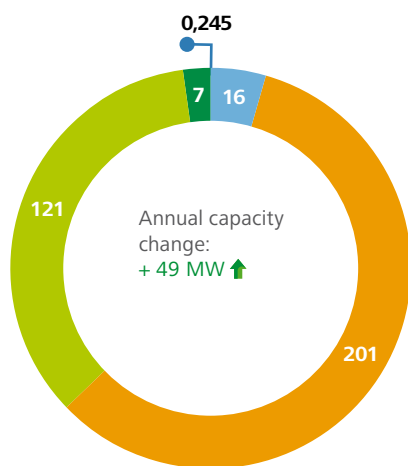
### SUSTAINABILITY CRITERIA FOR BIOFUELS, BIOLIQUIDS AND BIOMASS FUELS **40%**

The amendments to the Renewable Energy Law provide the legal basis for adopting the sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids, and biomass fuels. The Law defines the terms, provides some elements related to the obligations and manner of verification and requires the Government and relevant governmental bodies to establish specific criteria and detailed verification methods in the secondary legislation. Therefore, secondary legislation needs to be adopted to ensure implementation and compliance with REDII.

### RENEWABLE ENERGY IN HEATING AND COOLING **58%**

Moldova marked a key turning point in advancing the integration of renewable energy within the heating and cooling sector. The adoption of the amendments to Renewable Energy Law ensured the seamless transposition of Articles 23 and 24 of REDII, laying down a comprehensive legal framework to support the increase of renewable energy share in heating and cooling, including in district heating. While the legal foundation is already in place, it should be complemented by concrete measures to ensure effective implementation.

### Total Capacities of Renewable Energy 2023 (MW)



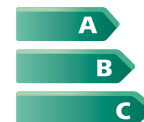
- Large hydropower
- Small hydropower <10 MW
- Solar
- Wind
- Biogas

Total capacities of renewable energy (MW): **345**

Source: Ministry of Energy

## ENERGY EFFICIENCY IMPLEMENTATION

84%



### 2030 ENERGY EFFICIENCY TARGETS AND POLICY MEASURES

65%

The 2030 energy efficiency targets already exist in the National Development Strategy. However, they need to be aligned with the 2030 targets set by the Energy Community. The draft NECP lists the energy efficiency targets in line with the Ministerial Council decision. NECP also recognises the energy-efficiency-first principle, putting for instance energy efficiency as an integral part of energy security dimension.

Amendments to the Law on Energy Efficiency in May 2023 marked a significant step forward, providing a legal basis for integrated planning through the NECP, updating specific annual targets, energy metering, billing, and end-user access to information.

Establishment of the National Centre for Sustainable Energy marked progress in institutional development, enabling extensive work on broader scope of activities, including successful management of energy efficiency projects. The ministry drafted the update of the targets and a programme for the renovation of central government buildings, in line with the amended Energy Efficiency Directive (EED).

### ENERGY EFFICIENCY IN BUILDINGS

90%

The transposition of the Energy Performance of Buildings Directive (EPBD) has been completed. In October 2023, Parliament adopted a new law intended to transpose Directive 2018/844/EC, which entered into force in April 2024. In September 2024, Moldova adopted new regulations on energy performance certification of building and building units, as well as qualifications and registering of experts for certification and inspection of heating systems, ventilation and air conditioning.

The programme for the implementation of the obligation to renovate central government buildings 2024–2026 was adopted in March 2024, followed by the adoption of Financing Programme for Energy Efficiency in Residential Sector in April 2024. However, a long-term building renovation strategy and a plan for nearly-zero energy buildings were not yet adopted.

### ENERGY EFFICIENCY SCHEME AND FINANCING

92%

Moldova established an energy efficiency obligation scheme and the specific energy savings target required by Article 7 of EED has been under implementation since 2018. The 2023 amendments to the Law on Energy Efficiency updated this framework in line with the amended EED. In December 2023, the Government approved the programme for the implementation of the Energy Efficiency Obligation Scheme for 2024–2026, aimed at funding energy efficiency projects in residential buildings.

The National Centre for Sustainable Energy is managing a Moldovan Residential Energy Efficiency Fund, including regular calls for projects and utilisation of resources mobilised through the energy efficiency obligation scheme and alternative measures.

### ENERGY EFFICIENT PRODUCTS – LABELLING

94%

Moldova adopted a law to transpose the Framework Labelling Regulation (EU) 2017/1369 in October 2023. In March 2024, Moldova adopted a regulation to introduce updated requirements and rescaled energy labels for five product groups.

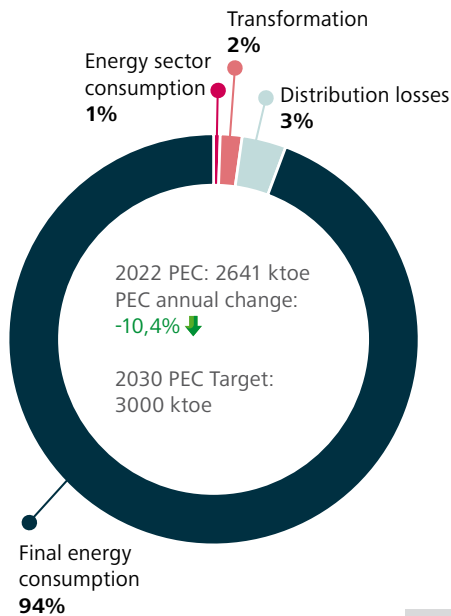
### EFFICIENCY IN HEATING AND COOLING

78%

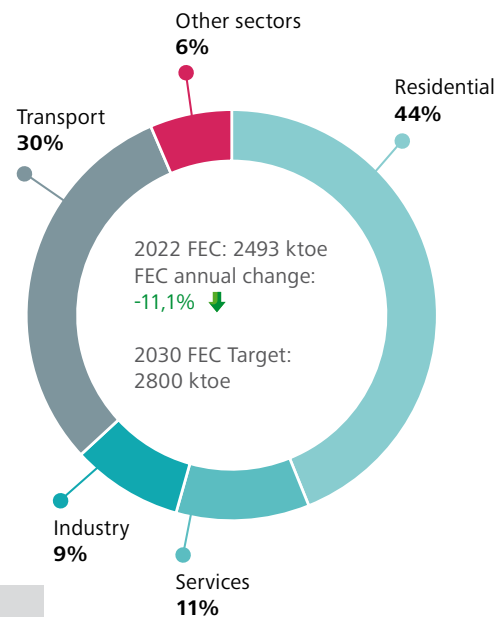
Moldova's national legislation is largely aligned with the provisions of the EED regarding the heating and cooling sector, though implementation is still ongoing. A comprehensive assessment of the potential for efficient heating and cooling, as required by Article 14 of the EED, is still under development. In Bălți and Chişinău, outdated vertical distribution systems are being replaced with modern horizontal systems, enabling individual apartment metering. This transition facilitates the implementation of consumption-based billing and relevant amendments in the secondary legislation are also being prepared to ensure a seamless transition.

## 2022 Energy Efficiency Indicators and Trends

### Primary Energy Consumption (PEC)



### Final Energy Consumption (FEC)



Energy intensity,  
 2022 value and trends:  
 0,36 ktoe/mil EUR, -5,8% ↓

Source: EUROSTAT 2024 data, draft NECP and 2022 Ministerial Council Decision

## EMISSION TRADING SCHEME (MONITORING, REPORTING, VERIFICATION AND ACCREDITATION) 51%



### FOUNDATIONS, INSTITUTIONS, PERMITS 77%

Moldova, through the adoption of the Law on Climate Action in 2024, transposed some of the definitions and concepts from the EU ETS Directive including the obligation for stationary installations to have a dedicated greenhouse gas (GHG) emissions permit, and the list of activities covered by the emissions monitoring and reporting requirements. The Environmental Agency has been appointed as the competent authority to issue permits and to coordinate emission monitoring plans. Stationary installations and aircraft operators covered by the scheme have already been identified and the Environmental Agency has introduced internal procedures and processes for the permitting purposes.

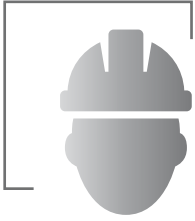
### MONITORING AND REPORTING 30%

Moldova transposed monitoring and reporting principles from the EU ETS Directive and introduced a general deadline for sub-

mitting applications for permit approval. General corrective actions were introduced in national legislation in the event of no submission of annual emission report by stationary installation or aircraft operator. The draft of national legislation containing transposition of Monitoring and Reporting Regulation is in final stage of adoption.

### VERIFICATION AND ACCREDITATION 45%

Moldova transposed verification criteria from the EU ETS Directive and introduced obligation to submit annual emission report verified by accredited verifier and general administrative measures in Law on Climate Change. National Accreditation Centre has been appointed as national accreditation body responsible for accreditation of GHG verifiers. Draft of national legislation containing transposition of Accreditation and Verification Regulation is in final stage of adoption.



# Moldova

## Ensuring energy security

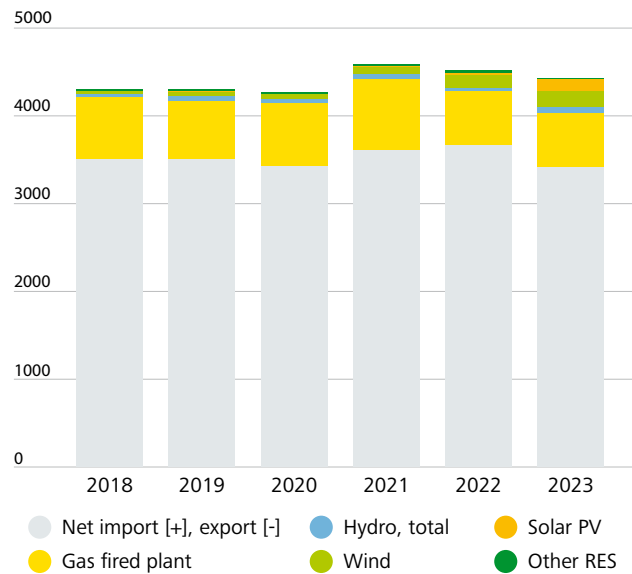
### ELECTRICITY SECURITY OF SUPPLY 59%

Regulation on Emergency Situations in the Electricity Sector, which transposes Regulation (EU) 2019/941, alongside the Action Plan for emergency situations in the electricity sector have been drafted and publicly consulted, requiring formal adoption by the Government. This Action Plan serves as Moldova's risk-preparedness plan. The Electricity Security of Supply Statement for 2022–2023 was submitted to the Secretariat in October 2024. SE Moldelectrica drafted a network code aimed at transposing Commission Regulation (EU) 2017/2196. Following the public consultation organised in May 2024, a decision of ANRE is still pending.

Moldova is vulnerable in terms of security of supply mainly due to its reliance on a contract with the Transnistria-based gas-fired power plant MGRES. Possible exchanges with Romania are limited by the available cross-border capacity for Ukraine/Moldova which remains insufficient to cover a potential electricity deficit despite the latest increase to 2100 MW (315 MW guaranteed for Moldova) in October 2024.

Moldova has a cybersecurity law and a agency in place since 2023, but the energy sector is not explicitly covered by the legislation or the agency's operating regulations. However, the Ministry of Energy is the central public authority that promotes cybersecurity policy in the energy sector. Efforts in 2024 focused on launching a deep cybersecurity audit of all energy companies.

Fuel mix and primary supply of electricity (in GWh)



Source: Ministry of Energy, compiled by the Energy Community Secretariat

### GAS SECURITY OF SUPPLY 100%

Moldova transposed the Security of Supply and Storage Regulation.

It continues to hold natural gas security stocks, amounting to approximately 47 million mcm in 2024, which were established in 2022. In addition to these stocks, JSC Energocom, as mandated by the Government, will store another 50 million mcm. With the volumes purchased and stored by JSC Moldovagaz as part of its legal obligation to ensure fuel supply for Moldovan consumers, the mandatory level is expected to be exceeded.

The Government has approved a winter plan for the 2024–2025 heating season, which outlines how the electricity and natural gas supply would be affected if Gazprom, in the worst-case scenario, stopped gas deliveries to the Left Bank (i.e., Transnistrian Region) starting from 1 January 2025. Although the supply of gas to the Right Bank is not an issue, the readiness of

customers from the Left Bank to procure gas at market prices and in market conditions is under question.

During the reporting period, Moldova transposed Regulation (EU) 2017/1938 into its national Regulation on Natural Gas Sector Emergencies. The Action Plan for Emergencies in the Natural Gas Sector was approved by the Government at the end of October 2024. Consequently, risk assessment and preventive and emergency plans have been submitted to the Secretariat, which issued its Opinion. The Government updated the plans to be in line with the said opinion. The Gas Security of Supply Statement was delivered to the Secretariat at the end of October 2024.

With the Secretariat's support, Moldova and Ukraine are engaged in a dialogue on promoting regional gas supply security, particularly by leveraging the transit potential and contributing to the implementation of the Vertical Corridor concept through the Trans-Balkan pipeline.



## OIL SECURITY OF SUPPLY

23%

Moldova does not maintain emergency oil stocks at the level that the Oil Stocks Directive requires. Data is partially reported. In Q2 2024, the Ministry of Energy drafted a law on creating and maintaining a minimum level of oil product stocks. It is currently in the public hearing, the aim is to adopt it by Q3 2025 and immediately start on the secondary legislation. Apart from this, no progress has been achieved during this reporting period, and Moldova's legal framework remains non-compliant with the oil acquis.

Tables 1 to 5 of the MOS Oil are reported but not tables 5b and 5c. The monthly COIR questionnaire is submitted.

In July 2024, the Secretariat sent a Reasoned Request for non-transposition of the Oil Stocks Directive to the Ministerial Council.



## Moldova Improving the environment

### ENVIRONMENTAL ASSESSMENTS



60%

Moldova has adopted the necessary primary and secondary legislation to fully transpose the Environmental Impact Assessment (EIA) Directive, thereby rectifying the breach related to the non-transposition of Directive 2014/52/EU established by Ministerial Council Decision 2021/10/MC-EnC. Furthermore, it adopted several key regulations and guidelines, including the Regulation on the Organisation and Operation of the Technical Commission for the Analysis of the EIA Report and the Guideline for Assessing the Quality of the EIA Reports, and the Guideline on Biodiversity Evaluation to be streamlined with the EIA report.

However, the adoption of the legislation was not accompanied by an increase in the capacities of the Environment Agency, the competent authority, which remains insufficient to ensure effective implementation of the new responsibilities introduced by the legislation. Since November 2023, the number of screening processes in Moldova have increased, with a total of 52 energy-related projects. This highlights the need for increased institutional capacity regarding the screening of renewable energy projects. This has involved wind and solar plants with a total capacity over 450 MW, yet only one project was subjected to an EIA.

Legislation was adopted to fully transpose the Strategic Environmental Assessment (SEA) Directive. The regulation for the commission of experts responsible for analysing the quality of reports on strategic environmental assessments has been approved, along with an updated SEA guideline. Moldova has subjected the draft National Energy and Climate Plan (NECP) to a SEA and conducted public consultations on the draft documents, but final adoption is still pending.

### LARGE COMBUSTION PLANTS

45%

Moldova submitted the emissions data of its large combustion plants for the 2023 reporting year in May 2024. The use of liquid fuel use in the CET-1 plant continued in 2023, causing a breach of the relevant emission limit values of the Large Combustion Plants Directive for the second year in a row. The CET-2 plant, operating on gaseous fuel only, remained in compliance also in 2023. Despite the entry into force of the Law on Industrial Emissions in October 2024, several other pieces of transposing legislation still need to be aligned to that law to ensure that its implementation can be carried out. This process is still ongoing.

### SULPHUR IN FUELS

67%

The Government Decision on the Reduction of the Sulphur Content of Certain Liquid Fuels transposes the requirements of the Sulphur in Fuels Directive into national law and the limits for heavy fuel oil and gas oil are compliant with the required ones. The Environmental Protection Inspectorate is mandated to verify compliance of the fuels covered by the decision's scope in cooperation with the Government and the border police. No information was however provided on the sampling and analysis of those fuels. The provisions on marine fuels are not applicable for the Contracting Party.

### NATURE PROTECTION



67%

Moldova has enacted a new Law on Hunting and the Protection of the Hunting Fund, introducing prohibitions to ensure sustainable management. These include preventing damage to wild

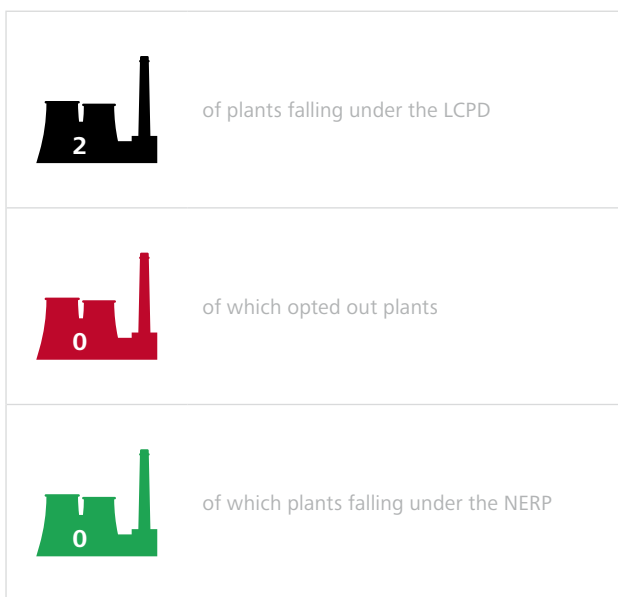
birds' nests, collecting their eggs, hunting with unregistered dogs and birds of prey, and hunting migratory waterfowl in protected areas. Moldova has made significant steps by designating 61 protection sites with a total of 277.900 hectares — 8,21 % of its territory — into the Emerald Network, along with identifying 32 habitats and 167 Emerald species that could raise the protection level to 10,8%. The Government, in collaboration with international organisations, is implementing a joint project to manage biodiversity conservation both within and outside protected areas by leveraging spatial data and earth observation, while also aiming to expand the Emerald Network and strengthen the protected area system.

## ENVIRONMENTAL LIABILITY

0%

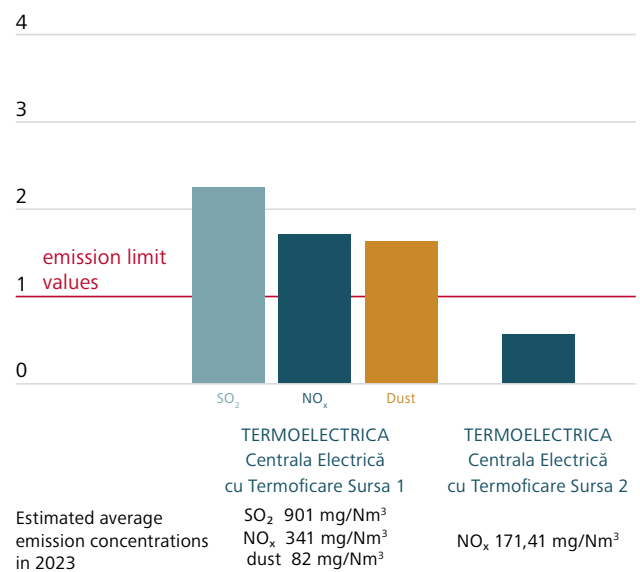
Moldova has not yet transposed the Environmental Liability Directive. The Ministerial Council established this breach by a decision adopted at its 2023 meeting. To address this situation, a draft law was prepared and consulted with the Secretariat in June 2024. On 21 October 2024, the draft law was submitted to the Government for approval. According to the draft law, financial instruments will be approved by a Government decision upon the proposal of the Ministry of the Environment and the Ministry of Finance, within 24 months after its entry into force. Adoption is expected by the end of 2024.

### Installations under the Large Combustion Plants Directive



Source: compiled by the Energy Community Secretariat

### 2023 emissions of NO<sub>x</sub> versus applicable emission limit values (ELV)





# Moldova

## Performance of authorities



### REGULATORY AUTHORITY

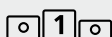
81%

ANRE functions under the legally-defined independence framework mostly in-line with Energy Community legislation. ANRE's decisions are legally binding, however any licence withdrawal requires court validation. At the same time, ANRE is not equipped with necessary competences to implement the EIP due to the lack of transposition on national level.

In 2024, ANRE certified the natural gas TSO LLC Vestmoldtransgaz and engaged in discussions with Ukrainian stakeholders on how to increase physical capacity and economic attractiveness of the Trans-Balkan route in reverse flow. Following the change in the TSO due to certification, ANRE adopted substantially higher transmission tariffs and currently considers the possibilities to lower these tariffs in 2025. In the natural gas sector, ANRE also

approved the incremental capacity process for interconnection point (IP) Căușeni and IP Grebeniki, based on a joint project proposal of GTSOU and LLC Vestmoldtransgaz, however no incremental capacity was booked as a result of the auctions.

Furthermore, ANRE adopted amendments to Electricity Market Rules, new electricity transmission tariff methodology, regulation on imposing the public service obligations in gas and issued a licence for the electricity market operator. Finally, following the amendments in the primary legislation, ANRE acquired competences for implementing REMIT also in the electricity sector and consequently updated the regulation regarding the registration of wholesale energy market participants. ANRE still regulates end-user electricity and gas prices.



### COMPETITION AUTHORITY

80%

In the reporting period, the Competition Council finalised an investigation into anti-competitive agreements or concerted practices

concerning the pricing on the petroleum market and imposed fines on six petroleum companies amounting to EUR 24,7 million.



### STATE AID AUTHORITY

50%

In the reporting period, the Competition Council approved the fix tariff and fix price promotion mechanisms for renewable

energy sources as compatible State aid. The relevant decision was issued on 30 September 2024 and is valid until 2040.



### STATISTICAL AUTHORITY

95%

In accordance with the Law on Official Statistics, the National Bureau of Statistics (NBS) successfully submitted the 2022 annual questionnaires to EUROSTAT on time, including the SHARES data and the annual biomass questionnaire. Additionally, the disaggregated data on energy consumption in households and industry for 2022 were compiled and transmitted within the established deadlines. There was a slight delay in the submission of disaggregated data on final energy consumption in the services and transport sectors for 2022. This was due to minor methodological challenges stemming from a shortage of dedicated staff and necessary expertise. However, the preliminary mini questionnaires for 2023 were submitted punctually. Furthermore, the quality report on electricity price statistics was submitted in July 2022 and subsequently published in line with the acquis.

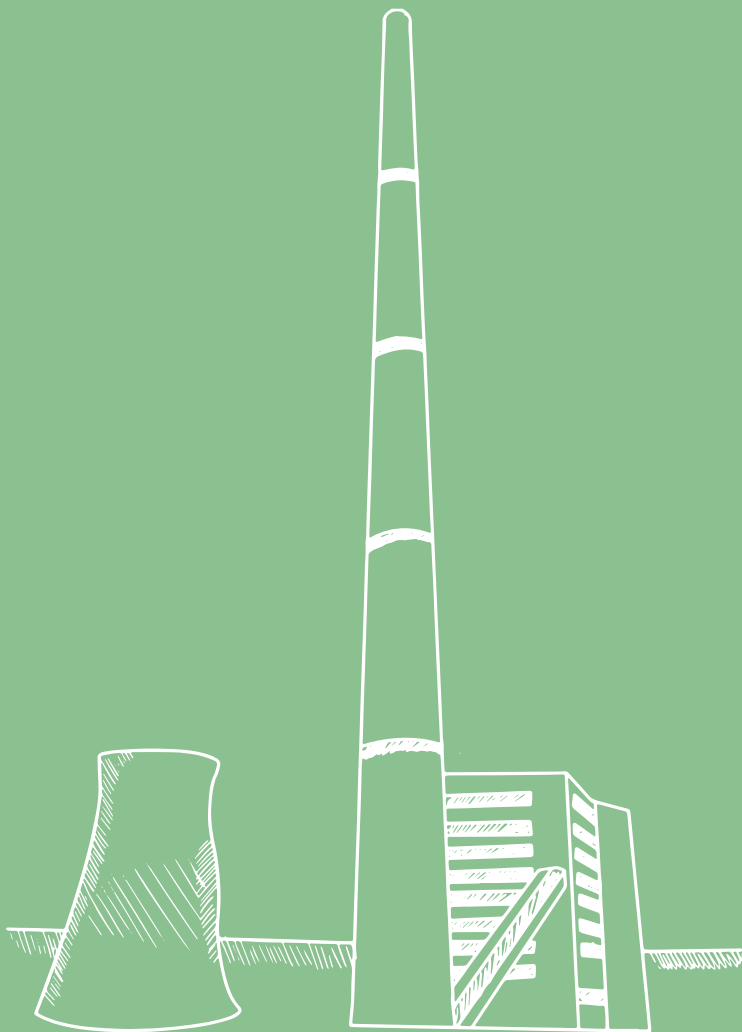
NBS consistently publishes monthly datasets covering coal, oil, petroleum products, oil stocks, natural gas, and electricity, which are transmitted to EUROSTAT promptly following the

acquis. Since January 2022, NBS also submits the COIR questionnaire on crude oil imports and production. NBS has implemented a methodology and reporting system for collecting electricity and natural gas prices, disaggregated by consumption bands and price components. This price data has been fully transmitted to EUROSTAT on time. Lastly, NBS submitted the quality report on electricity and natural gas price statistics in compliance with the Energy Statistics Regulation.

The NBS effectively complies with EU energy statistics reporting standards by timely submitting energy-related data to EUROSTAT. Although there was a slight delay in the submission of data on energy consumption in the services and transport sectors for 2022, along with minor methodological issues, these deviations were minimal. Addressing these challenges through strengthening human resources will ensure further improvements in reporting accuracy in future cycles. Overall, the NBS provides a strong example of maintaining compliance and transparency in energy statistics reporting.






# 10

## Montenegro



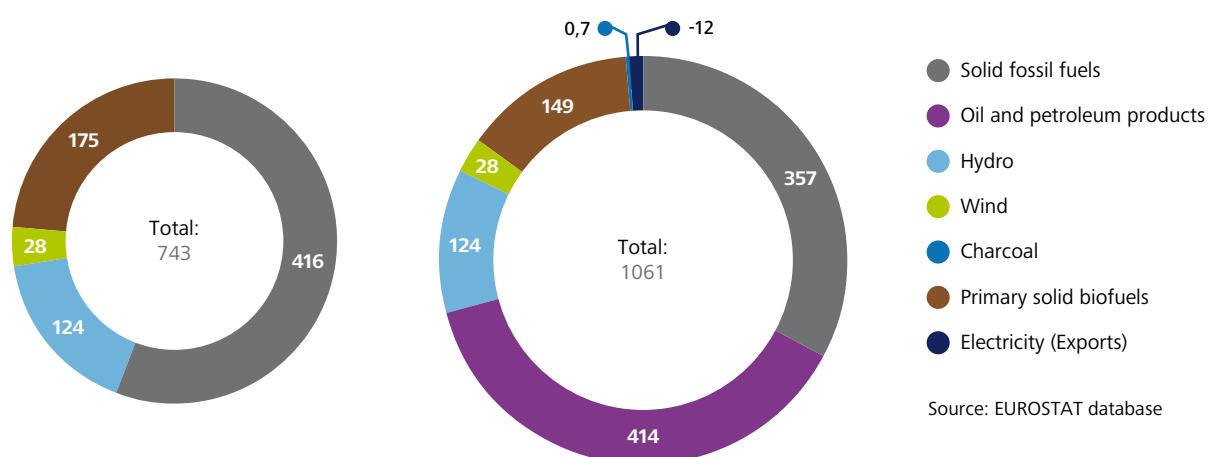


## IMPLEMENTATION OVERVIEW

| CLUSTER   | IMPLEMENTATION STATUS  | RECOMMENDATIONS   |
|---|--|---|
|  Markets and integration         | <div style="width: 46%;"><div style="background-color: #0072bc; color: white; padding: 2px;">46%</div></div> | Transposition of the EIP should be completed in order to proceed with the implementation of market coupling and joining balancing platforms.  |
|  Decarbonising the energy sector | <div style="width: 53%;"><div style="background-color: #0072bc; color: white; padding: 2px;">53%</div></div> | Montenegro should align its national ETS with the EU ETS Directive, Monitoring and Reporting Regulation, and Accreditation and Verification Regulation. The draft NECP should be urgently finalised and submitted to the Secretariat, followed by its adoption without delay, incorporating the Secretariat's recommendations. A long-term strategy with a 2050 climate neutrality objective should be drafted and adopted. Secondary legislation is needed to fully transpose the sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids, and biomass fuels as outlined in REDII. New 2030 energy efficiency targets and policy measures should be adopted, the long-term building renovation strategy finalised, and the Energy Performance of Buildings Directive fully implemented. |
|  Ensuring energy security        | <div style="width: 27%;"><div style="background-color: #0072bc; color: white; padding: 2px;">27%</div></div> | The draft Law transposing Regulation (EU) 2019/941 should be adopted and a preparation of the risk-preparedness plan should be initiated. Commission Regulation (EU) 2017/2196 should also be transposed.   |
|  Improving the environment      | <div style="width: 65%;"><div style="background-color: #0072bc; color: white; padding: 2px;">65%</div></div> | Montenegro needs to enhance electronic tools for accessing environmental information and streamline public participation mechanisms, including transboundary consultations. Montenegro must initiate the delayed strategic environmental assessment for the draft NECP. Montenegro shall expedite the amendments to the Nature Protection Law and the Biodiversity Strategy and address the long-standing non-compliance of TPP Pljevlja.   |
|  Performance of authorities    | <div style="width: 77%;"><div style="background-color: #0072bc; color: white; padding: 2px;">77%</div></div> | Montenegro shall adopt legislative changes that eliminate constraints on remuneration of REGAGEN's staff and enhance its institutional independence. MONSTAT could explore implementing automated data collection and reporting tools to further enhance the timeliness and accuracy of its data submissions, Regular training and capacity-building initiatives will further strengthen authorities in Montenegro.   |

2022 Fuel mix in primary production of energy (in ktoe)

2022 Gross available energy per product (in ktoe)



Procedures under Article **91** EnCT

Overall number of cases: **4**

ECS-15/21 - environment

ECS-10/24 - electricity

ECS-18/24 - oil

ECS-28/24 - renewable energy



# Montenegro

## Markets and integration

### ELECTRICITY

46%



#### WHOLESALE MARKET



43%

The deadline for the transposition of the Electricity Integration Package (EIP) in Montenegro has not been met; however, tangible progress has been made. It is aimed to be transposed by the amendments to the Energy Law and to the Law on Cross-Border Exchanges in Electricity and Natural Gas, prepared with the consultancy support provided by the Secretariat. The amendments to the Energy Law are currently being finalised following the public consultation, whereas the amendments to the Law on Cross-Border Exchanges in Electricity and Natural Gas are out to public consultation until 13 November 2024.

Electricity trade is conducted based on bilateral agreements or at the organised day-ahead market, administrated by the Montenegrin electricity power exchange, MEPX. The intraday market opening is still pending.

The lower minimum price limit is 0,00 EUR/MWh and the maximum price limit is 2.000 EUR/MWh on the day-ahead market. They are still to be aligned with the lower and upper limits defined by ACER's decision on harmonised maximum and minimum clearing prices for SDAC and SDIC dated 2023.

MEPX was designated as a nominated electricity market operator in line with requirements of Commission Regulation (EU) 2015/1222 in May 2023 however under the legal framework which is not yet fully transposing the Electricity Integration Package. Montenegro notified the Secretariat of the legal monopoly for day-ahead and intraday trading services in line with Commission Regulation (EU) 2015/1222, yet after the expiry date of the deadline of 15 February 2023.

Transmission and distribution system operators are procuring electricity for covering network losses in a transparent market-based procedure through the auction platform operated by MEPX.

The operation of the balancing market is not compliant with the requirements of the EIP and the national terms and conditions related to balancing are yet to be submitted by the transmission system operator, CGES in line with Article 18 of Commission Regulation (EU) 2018/2195. For the time being balancing market is operational with prices of balancing reserve determined by the regulatory decision until end of 2025.

The REMIT Regulation is transposed and implemented.

#### RETAIL MARKET



43%

The retail market is fully liberalised, and price setting is not applied to any of the categories of customers. EPCG is selected in the tendering procedure as a supplier of last resort and a supplier of vulnerable customers. However, the competition has not yet taken off and EPCG continues to supply the whole retail market.

The concept of vulnerable customers is defined by primary legislation. The law also envisages measures for the protection of vulnerable customers, as a special category of customers who are medically and/or socially vulnerable. Methodology for establishing electricity prices applied by the supplier of last resort and vulnerable customers.

Further development of framework for the empowerment and protection of customers is hinging the full transposition of Directive (EU) 2019/944. The draft Energy Law, which was on the public consultation, addressed missing elements.

#### UNBUNDLING

84%

The transmission system operator (TSO), CGES, is unbundled and certified. It is a member of ENTSO-E and signed the Synchronous Area Framework Agreement (SAFA) for Regional Group Continental Europe. CGES operates with the TSOs of Serbia and North Macedonia in the load-frequency control block. CGES publishes TYNDPs upon regulatory approval, the latest one for a period 2023–2032.

The distribution system operator is unbundled. A new compliance officer was selected in 2024, and a compliance report was published for period 31 March 2023–31 March 2024. CEDIS also publishes TYNDPs, the latest one for period 2023–2032. The tasks of the distribution system operator are to be aligned with the requirements of the EIP.

#### ACCESS TO THE SYSTEM

86%

Third-party access is implemented in a compliant manner. The latest transmission and distribution tariffs were approved for the period of 2023 to 2025 by the regulatory authority (REGAGEN), based on the published methodologies for determining the regulatory allowed income and prices for the use of the electricity transmission and distribution systems. The distribution tariffs are published and has a daily and night component.

The Government of Montenegro adopted connection codes in 2019 and the implementation was done by the amendments to the transmission and distribution grid codes as of 2022.

Regulation (EU) 543/2013 is transposed and largely implemented, although balancing data still requires additional efforts for full publication.

**REGIONAL INTEGRATION**  **11%**

Amendments to the Law on Cross-Border Exchanges in Electricity and Natural Gas, which are currently being drafted, will establish a legal foundation for regional integration in line with the EIP.

Capacity allocation is conducted through annual, monthly and daily explicit allocation performed by SEE CAO on all interconnectors except with Serbia where annual and monthly auctions are performed by EMS and daily and intraday by CGES.

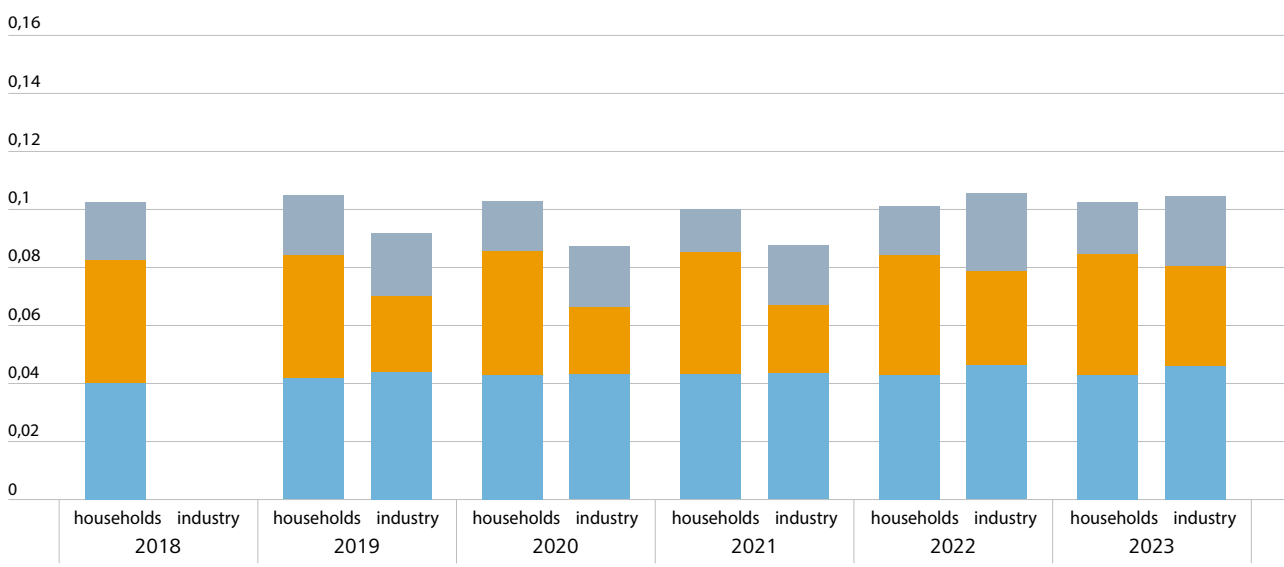
A progress was made in the implementation of Commission Regulation (EU) 2015/1222. The transmission system operators of Montenegro and Italy agreed on the coordinated capacity calculation methodology for the Italy-Montenegro capacity calculation region (ITME CCR) and informally submitted it for the regulatory opinion. ITME local implementation project for

market coupling was also established and applied for the participation in the Italian Border Working Table (IBWT). The transmission system operator is also part of the so-called Shadow SEE CCR where the cooperation is stalled due to the ongoing negotiations on its reconfiguration.

Transposition of Commission Regulation (EU) 2018/2195 is needed to advance cross-border balancing cooperation and accession to the European balancing platforms. For now, CGES cooperates bilaterally exchanges balancing energy with neighbouring transmission system operators and implements imbalance netting with Serbia.

Montenegro has not transposed Regulation (EU) 347/2013 and a deadline for the transposition of the new Regulation (EU) 2022/869 expires on 31 December 2024. Montenegro participates in the Trans-Balkan corridor project but faces obstacles in completing its 400 kV section from Lastva to Pljevlja due to environmental and land property issues. At the PECEI selection process in 2024, CGES participated with four projects of new 400 kV and 220 kV overhead lines, among which two projects have been included in the draft preliminary PECEI list which should be adopted in December 2024 (increasing the capacity of existing 220 kV interconnection between Bosnia and Herzegovina and Montenegro, 220 kV OHL Trebinje – Perućica and Trans-Balkan Corridor: Double OHL 400 kV Bajina Basta – Visegrad /Pljevlja, BA and ME sections).

Average annual prices of electricity for end users per component [EUR/kWh]



● Energy and supply    ● Network costs    ● Taxes, fees, levies and charges    Source: EUROSTAT database

**WHOLESALE MARKET****n.a.**

Montenegro does not have a gas market. REMIT Regulation (EU) 1227/2011 is in place.

**RETAIL MARKET****n.a.**

Despite the non-existing gas market, Montenegro has adopted the supply rules for natural gas.

**UNBUNDLING****n.a.**

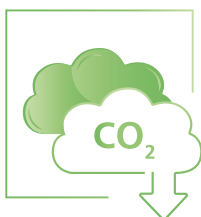
Montenegro's only applicable unbundling model for future gas transmission system operators is the ownership unbundling model. Montenegrobonus has been designated by the Government as a future transmission system operator, with no actions in this regard being taken for some years.

**ACCESS TO THE SYSTEM****n.a.**

No gas network exists in Montenegro. The Energy Law and the Law on Cross Border Exchange of Electricity and Natural Gas transposed the relevant articles to ensure third-party access, but the network codes transposition is still pending. The adopted tariff methodology for the transmission system is not compliant with the network code on tariffs.

**REGIONAL INTEGRATION****n.a.**

Montenegro has not transposed the old Regulation (EU) 347/2013. Authorities have not announced a timeline for transposing the revised Regulation (EU) 2022/869.



# Montenegro

## Decarbonising the energy sector



### GOVERNANCE/CLIMATE IMPLEMENTATION

32%

#### NATIONAL ENERGY AND CLIMATE PLANS

30%

Montenegro is still finalising its draft National Energy and Climate Plan (NECP).

#### GREENHOUSE GAS 2030 TARGET

0%

Montenegro has not defined the 2030 climate target in its national legislation, or in the draft NECP. It should align with the 2030 target set by the Energy Community.

#### NATIONAL SYSTEMS FOR CLIMATE REPORTING

65%

There is a legal basis for a national greenhouse gas inventory system; nonetheless, by-laws related to national greenhouse gas inventories still require transposition. Montenegro still needs to further implement a national system for estimating greenhouse gas emissions. This entails collecting greenhouse gas emissions data for all IPCC categories, establishing and implementing quality control measures as well as uncertainty estimates at the national level.

Montenegro has nominated a lead reporter for reporting on national systems for policies and measures and projections.

#### NATIONAL GREENHOUSE GAS EMISSIONS POLICIES AND MEASURES

40%

Montenegro has nominated lead reporters for the Governance Regulation reporting activities. In the context of the Reportnet system,<sup>12</sup> it has not reported or initiated reporting on adaptation strategies nor carbon pricing revenues. Reporting has initiated on policies and measures (PaMs), but not officially submitted.

#### LONG-TERM STRATEGY AND CLIMATE NEUTRALITY



25%

The legal basis for a long-term strategy has been adopted. However, Montenegro has neither adopted a long-term strategy with a 2050 climate neutrality objective nor a climate law. It remains unclear if and how such an objective will be met.

<sup>12</sup> Reportnet 3.0 (<https://reportnet.europa.eu/>) is the next generation platform for reporting environmental data to the European Environment Agency (EEA) and also host several reporting tasks for the European Commission. Reportnet 3.0 is a centralised e-Reporting platform, aiming at simplifying and streamlining the data flow steps across all environmental domains. The system acts as a one-stop-shop for all involved stakeholders. It is managed by the EEA and Contracting Parties report through it.

## RENEWABLE ENERGY IMPLEMENTATION

50%



### 2030 RENEWABLE ENERGY TARGETS



13%

The overall target of achieving a 50% share of renewable energy in the gross final energy consumption, in-line with the 2030 target set by the Energy Community, has not yet been incorporated in the national legislation of Montenegro. The draft NECP is also pending. The target of a 1,3 percentage points annual increase in the share of renewable energy in heating and cooling, as defined in the recently adopted Renewable Energy Law, is aligned with Article 23 of REDII.

### QUALITY OF SUPPORT SCHEME



50%

In August 2024, Montenegro adopted its first standalone Renewable Energy Law, laying the foundation for a market-based support scheme in alignment with REDII requirements. It is now crucial to adopt detailed auction rules, a three-year auction plan and launch the first auction.

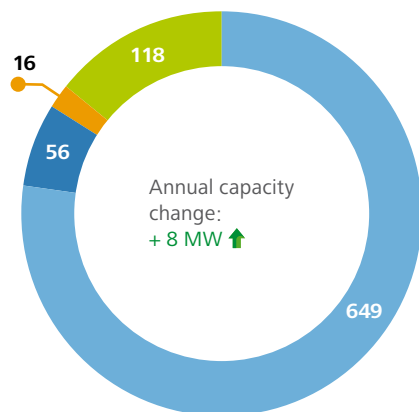
### SELF-CONSUMPTION AND ENERGY COMMUNITIES



75%

The Renewable Energy Law expanded the existing self-consumption scheme by introducing net metering for consumers with an installed capacity of up to 16 kW, net billing for those

### Total Capacities of Renewable Energy 2023 (MW)



- Large hydropower
- Small hydropower <10 MW
- Wind
- Solar

Total capacities of renewable energy (MW): **839**

Source: Ministry of Energy and Mining

with an installed capacity of up to 50 kW, and a commercial scheme for consumers with capacities exceeding 50 kW. The adoption of the new Renewable Energy Law also enabled establishment of renewable energy communities in accordance with REDII requirements. The next step is to adopt the necessary secondary legislation and establish the first renewable energy communities.

### GUARANTEES OF ORIGIN



70%

Within the framework of the regional project implemented by the Energy Community Secretariat, an electronic registry for guarantees of origin (GOs) was established for Montenegro. It became operational by market operator in July 2024. The next critical milestone for achieving a fully operational GO system includes the adoption of disclosure rules and the calculation of the residual energy mix. The Renewable Energy Law incorporated the necessary legal provisions for issuing GOs for all types of energy carriers, including renewable gas, and heating and cooling.

### SUSTAINABILITY CRITERIA FOR BIOFUELS, BIOLIQUIDS AND BIOMASS FUELS

34%

The Renewable Energy Law sets out the legal basis for applying the sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids, and biomass fuel. It defines the terms and requires relevant ministries and the Government to establish specific criteria and detailed verification methods in the secondary legislation. Therefore, it is crucial to adopt the secondary legislation and start with implementation to comply with REDII requirements.

### RENEWABLE ENERGY IN HEATING AND COOLING

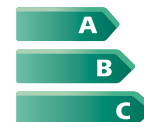


70%

The adoption of the Renewable Energy Law represents a significant advancement in promoting the use of renewable energy within Montenegro's heating and cooling sector. The full transposition of Articles 23 and 24 of REDII has provided the essential legal foundation to increase the share of renewable energy sources in heating and cooling systems and align with established target. While the initiated allocation of subsidies by the Montenegrin Eco Fund (Eko Fond) for local authorities to install solar panels, heat pumps, and wood pellet or briquette boilers is important tangible action complementing the legal framework, further measures will be crucial to ensure full implementation.

## ENERGY EFFICIENCY IMPLEMENTATION

79%



### 2030 ENERGY EFFICIENCY TARGETS AND POLICY MEASURES



64%

Montenegro is still finalising its draft NECP, which must harmonise the 2030 energy efficiency targets with the 2030 targets set by the Energy Community. The December 2022 amendments to the Law on Efficient Use of Energy transposed the amendments to the Energy Efficiency Directive (EED), including the provisions on 2030 target setting and integrated planning.

### ENERGY EFFICIENCY IN BUILDINGS



90%

Montenegro has improved cost-optimality calculations and introduced a new national software for energy performance calculations and certification of buildings, in order to update rulebooks from 2015.

After adoption of the new rulebooks in May 2024 (on minimum requirements for energy efficiency of buildings and on certification of energy performances of buildings), their application started in summer 2024, including previous work on trainings of experts involved in implementation. This addressed the long-standing delays in the implementation.

The Law on Efficient Use of Energy foresees the development of a long-term building renovation strategy, but it was still under development and pending submission to the Secretariat.

### ENERGY EFFICIENCY SCHEME AND FINANCING



69%

In the previous reporting period, Montenegro opted for alternative measures to achieve energy saving target under Article 7 of the EED. The package of alternative measures was integrated

into the National Energy Efficiency Action Plan. These should now be incorporated into the 2030 framework and adequate policy measures should be set as part of the NECP. The national Eco Fund finances energy efficiency and environmental projects. The rollout of the 2023 EU Energy Support package for Montenegro, which allocated EUR 13 million for energy efficiency, began with a series of calls in 2024 focused on focusing on residential and service sector, carried out through the Eco Fund. Several projects related to the public and residential sector are ongoing, supported either by state subsidies or international loans. ESCO contracts and an enabling framework are incorporated in the Law on Efficient Use of Energy.

### ENERGY EFFICIENT PRODUCTS – LABELLING

98%

Montenegro has completed the adoption of a comprehensive package of updated energy labelling rulebooks, which were incorporated into the Energy Community's legal framework by the 2022 Ministerial Council.

### EFFICIENCY IN HEATING AND COOLING

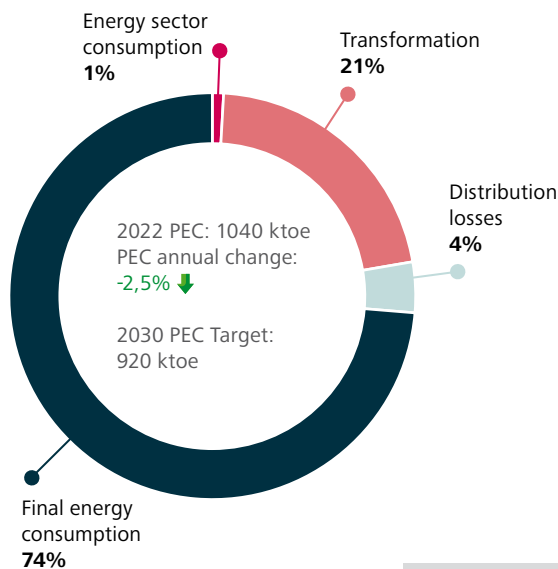


76%

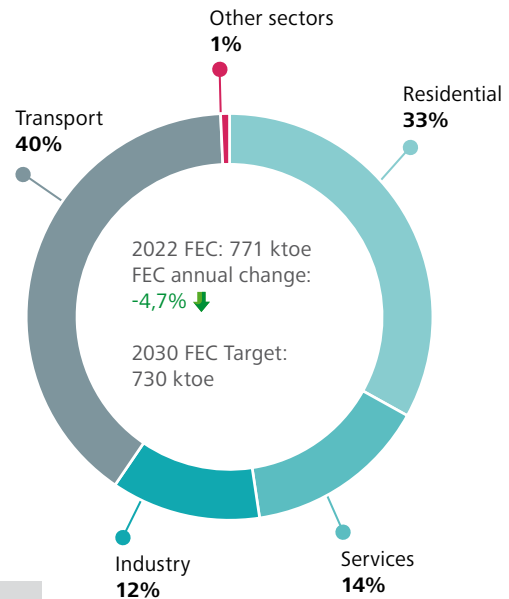
Žabljak municipality is exploring options for establishing a renewable-based district heating system. A draft of a comprehensive assessment for heating and cooling potential was completed in 2023, and is expected to be incorporated into NECP. While a targeted support on heating improvement was active in the Pljevlja coal region, provisions on heat metering or billing are still to be implemented.

## 2022 Energy Efficiency Indicators and Trends

### Primary Energy Consumption (PEC)



### Final Energy Consumption (FEC)



Energy intensity,  
2022 value and trends:  
0,26 ktoe/mil EUR, -8,8% ↓

Source: EUROSTAT 2024 data and 2022 Ministerial Council Decision

## EMISSION TRADING SCHEME (MONITORING, REPORTING, VERIFICATION AND ACCREDITATION) 48%



### FOUNDATIONS, INSTITUTIONS, PERMITS 51%



Montenegro started implementing a national emissions trading scheme based on the EU ETS Directive already in 2019. Some of the required definitions and the obligation to have a permit with a monitoring plan have been introduced into the national legal system. Also, a basic compliance regime based on financial fines for non-compliance was introduced. However, the scope of the national emissions trading scheme is limited to selected activities and only to CO<sub>2</sub> emissions.

for biomass, transfer of CO<sub>2</sub> and N<sub>2</sub>O, monitoring methodologies for the aviation sector were omitted and others were simplified, e.g. calculation of unreasonable costs, data management and control activities by operators, or determination of emissions by competent authorities. The deadline for submission of permit application have been set out in the legislation and corrective actions for not submitting the annual emissions report have been implemented.

### MONITORING AND REPORTING 66%

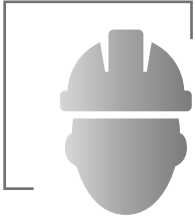


Montenegro has transposed a large part of the Monitoring and Reporting Regulation for the purposes of the operation of the national emissions trading scheme, including definitions, monitoring plan provisions and specific monitoring methodologies. However, in the transposition process, some conceptual elements such as reporting of improvements, sustainability criteria

### VERIFICATION AND ACCREDITATION 28%



The obligation to submit annual emission reports verified by accredited verifiers is included in the national legislation. Elements of the Accreditation and Verification Regulation, such as definitions and the principles, steps and processes associated with the verification of greenhouse gas emissions have been transposed into national legislation. However, the detailed requirements for verifiers and the requirements for the accreditation process including assessment, surveillance, scope of accreditation and administrative measures have not been implemented.



# Montenegro

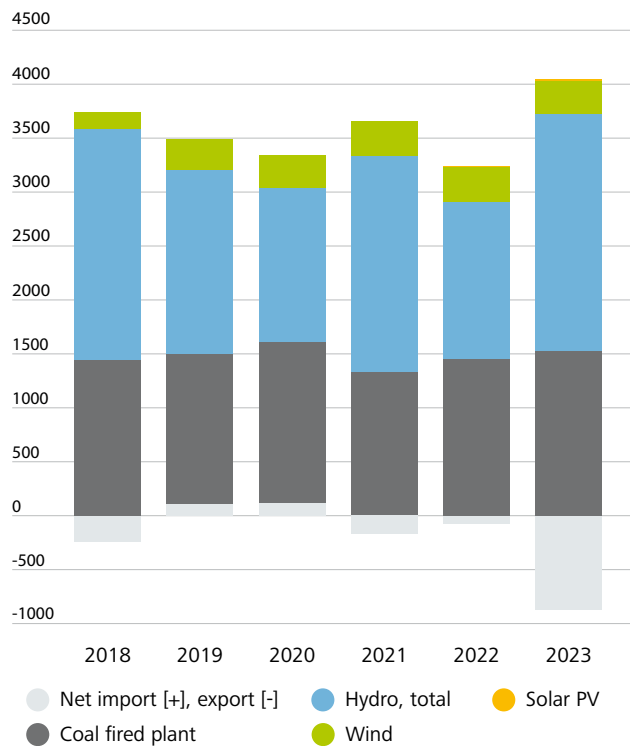
## Ensuring energy security

### ELECTRICITY SECURITY OF SUPPLY 30%

The transposition of Regulation (EU) 2019/941 has not yet been completed, despite the deadline having passed on 31 December 2023. Under the technical assistance provided by the Secretariat, Montenegro has drafted a Law on Cross-Border Exchanges in Electricity and Natural Gas, which aims to transpose the main provisions of Regulation (EU) 2019/941 and defines the Ministry of Energy as the competent authority. Montenegro does not provide the Security of Electricity Supply Statements to the Secretariat, thus not complying with Article 29 of the Treaty. Regulation (EU) 2017/2196 has not yet been transposed. However, the transmission system operator uses its internal acts to deal with emergency situations.<sup>13</sup>

The Government proposed a new Law on Information Security, transposing the NIS2 Directive (EU) 2022/2555, in May 2024. The new law envisages the establishment of a cybersecurity agency, that will be the main institution together with CIRT. ME safeguarding the cyberspace in Montenegro. Computer Incident Response Team (CIRT) is responsible for computer security incidents in Montenegro, acting in line with the Law on Data Confidentiality and the Law on Information Security. A Cybersecurity Strategy for 2022–2026 is in place.

Fuel mix and primary supply of electricity (in GWh)



Source: Ministry of Energy and Mining, compiled by the Energy Community Secretariat

### GAS SECURITY OF SUPPLY n.a.

Montenegro is exempted from the transposition of the Security of Gas Supply and Storage Regulations.

### OIL SECURITY OF SUPPLY 23%

In Montenegro, the Government approved the draft Law on the Supply of Petroleum Products in the Event of Supply Disruption on 13 June 2024. This law establishes a 50:50 obligation between the hydrocarbon administration and importers. The Ministry of Mining, Oil, and Gas is currently awaiting parliamentary adoption, while work has commenced on essential pieces of secondary legislation.

MOS Oil data is only partially reported, though the monthly COIR questionnaire is also being submitted.

In July 2024, the Secretariat submitted a Reasoned Request to the Ministerial Council concerning the non-transposition of the Oil Stocks Directive.

13 The defence plan for the electric power system of Montenegro and the Restoration Plan for establishing the operation of the electric power system of Montenegro after the blackout



# Montenegro

## Improving the environment

### ENVIRONMENTAL ASSESSMENTS



73%

Montenegro's national legal framework aligns with the Environmental Impact Assessment (EIA) and the Strategic Environmental Assessment (SEA) Directives. The EIA for the Komarnica hydropower project – situated within a candidate Emerald Site and the Dragišnica and Komarnica Nature Park, – remains incomplete, with the process stalled. The cross-border dialogue between Montenegro and Bosnia and Herzegovina on the transboundary impacts of the Buk Bijela hydropower project, facilitated by the Energy Community Secretariat, resulted in an agreed roadmap, and a new transboundary EIA with a special focus on biodiversity. In 2023, a project was launched to redesign the Aarhus Centres' website, aimed at providing environmental information to civil society and enhancing the anonymous reporting system for environmental concerns. Public participation was notably present in the decision-making process of the proposed LNG terminal at the Port of Bar. Despite the inclusion of the LNG terminal in the draft Spatial Plan of Montenegro and the signing of a memorandum of understanding by the Government, the local parliament and municipality of Bar, lacking prior consultation and information, opposed the project due to its perceived negative environmental, economic, and social impacts. The ongoing drafting of the National Energy and Climate Plan (NECP) without simultaneous progress in the SEA process could undermine the quality and effectiveness of the consultation process.

### LARGE COMBUSTION PLANTS

43%

Montenegro complied with its reporting obligations for the reporting year 2023 in February 2024 and carried out a resubmission in July 2024. Despite plans to finalise the reconstruction of TPP Pljevlja by October 2024, the process is still underway and thus the breach of the Large Combustions Plants Directive extended even further, with the plant being in operation well over 40.000 hours since 1 January 2018, i.e. more than double the allowed amount. The Secretariat referred the corresponding dispute settlement case to the Ministerial Council in July 2023, with the opinion of the Advisory Committee still pending. The reconstruction is expected to bring the plant into compliance with the Industrial Emissions Directive's emission limit values for new plants.

### SULPHUR IN FUELS

93%

Montenegro transposed the Directive's provisions, including the provisions on marine fuels, into national law. The annual fuel quality monitoring programme regulates sampling and analysis of the fuels concerned. There was no change as regards on-the-spot sampling for marine fuels and hence the implementation burden for the authorities related to seagoing ships remains.

### NATURE PROTECTION

53%




Montenegro's amendments to the Nature Protection Law and the Biodiversity Strategy are delayed, with some progress in hunting and forest legislation. While management plans for five national parks have been adopted, many recently protected areas remain without proper management. The Environmental Protection Agency has prepared draft revision studies for 20 areas and studies for the national parks Durmitor and Skadar Lake, while the study for NP Lovćen is underway. Local initiatives to protect areas like Đalovića Gorge and Čehotina River have begun, though effective management for other areas, such as the Cijevna and Zeta rivers, is still lacking.

### ENVIRONMENTAL LIABILITY




80%

Montenegro has transposed the provisions of the Directive via the Law on Environmental Liability. The implementation has faced setbacks, prompting the Environmental Protection Agency to develop a handbook. Despite a request from civil society and a report confirming soil contamination at Mislov do, no action has been taken to hold those responsible accountable under the Law on Environmental Liability. In 2023, the Environmental Protection Agency initiated a total of 40 administrative proceedings. These resulted in two decisions approving operators' remediation proposals, two decisions confirming environmental damage, three decisions stating that actions did not constitute environmental damage, and four decisions returned for reconsideration by a higher authority. Between September 2022 and May 2023, 27 procedures for environmental damage have been initiated.

## Installations under the Large Combustion Plants Directive

|   |  |
|---|--|
|  | of plants falling under the LCPD       |
|  | of which opted out plants              |
|  | of which plants falling under the NERP |

## Total emissions from Large Combustion Plants in 2023

|   |   |
|---|---|
|  | Total SO <sub>2</sub> emissions from LCPs in 2023<br><b>44.017</b><br>-5,4% ↓ |
|  | Total NO <sub>x</sub> emissions from LCPs in 2023<br><b>3.982</b><br>+0,7% ↑  |
|  | Total dust emissions from LCPs in 2023<br><b>1.130</b><br>+101,8% ↑           |

Source: compiled by the Energy Community Secretariat



# Montenegro

## Performance of authorities



### REGULATORY AUTHORITY



81%

The legal set-up of the REGAGEN is in line with the majority of requirements of the Energy Community acquis. Regulator independence is challenged by the implementation of the Law on the Wages of Public Sector Employees, which substantially lowered the salaries in REGAGEN compared to those in regulated companies. Consequently, REGAGEN faces difficulties in ensuring sufficient human resources to carry out its tasks. The Energy Community Secretariat assessed the independence and governance framework of REGAGEN and recommended changes to enhance REGAGEN independence. The subsequent legislation amendment did not qualitatively improve the regulator status quo in this regard. At the same time, REGAGEN is not equipped with necessary competences to implement the

EIP due to the lack of transposition on national level.

On cross-border level, REGAGEN continued to cooperate with Italian authorities in cross-border electricity transmission capacity allocation to further develop the Italy-Montenegro electricity markets integration. In May 2024 it signed a memorandum of understanding with the Italian regulator to cooperate on the IT-ME capacity calculation region. REGAGEN also provided opinion to the Government during the process of NEMO designation. Secondary legislation implementing REMIT is in place, as well as the relevant register of market participants, however no investigation has been undertaken so far.



### COMPETITION AUTHORITY

45%

In the reporting period, the Agency for Competition Protection (ACP) had finalised an investigation into anti-competitive conduct in the liquefied petroleum gas market by INA Montenegro and Jugopetrol. The companies were found to have infringed

competition law by agreeing on retail prices. The agreement was found to be null and void and behavioural measures were imposed on the companies; an appeal against this decision has been filed.



### STATE AID AUTHORITY



50%

In the reporting period, the ACP proceeded with its work in the energy sector started in the last reporting period and took

six decisions on the compatibility of support and support programmes in particular in the energy efficiency sector.



### STATISTICAL AUTHORITY

95%

The Statistical Office of Montenegro (MONSTAT) compiles and reports national energy statistics. In compliance with the acquis, MONSTAT submitted five annual questionnaires for 2022 to EUROSTAT, along with SHARES data and the annual biomass questionnaire. Additionally, disaggregated data on energy consumption in the industry and transport sectors were provided as required by the acquis. Although data for the services sector were delayed by one month, they still adhered to high-quality standards. Furthermore, despite a delay of 43 days, MONSTAT submitted to EUROSTAT disaggregated household energy consumption data, which was recently validated, assuming that the quality of these household data is consistent with that of other sectors.

For 2023, monthly energy statistics on oil, coal, and electricity and zero questionnaires for natural gas and crude oil imports were submitted to EUROSTAT on schedule. Data on electricity prices for industrial end-users and households, broken down by consumption bands and taxation levels, were also collected and reported in accordance with the acquis, accompanied by a quality report on price statistics.

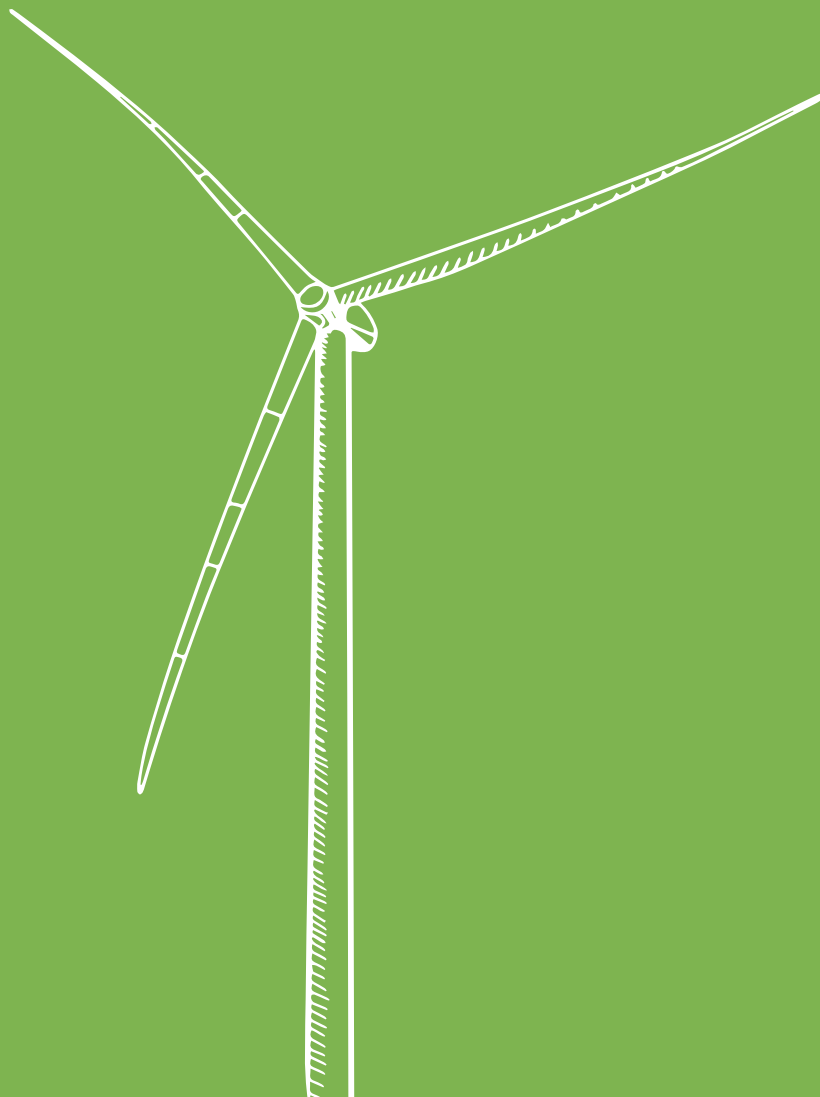
MONSTAT has consistently demonstrated its commitment to delivering detailed energy statistics to EUROSTAT while maintaining high-quality standards.

In addition, preliminary data for 2023 were submitted to EUROSTAT via mini questionnaires. MONSTAT also provided the quality report for transmitted data, complying with EUROSTAT's format, and submitted updated reports for 2022 and 2023.

To further enhance the timeliness and accuracy of its data submissions, MONSTAT could explore implementing automated data collection and reporting tools, as well as capacity building and staff training.






# 11

## North Macedonia

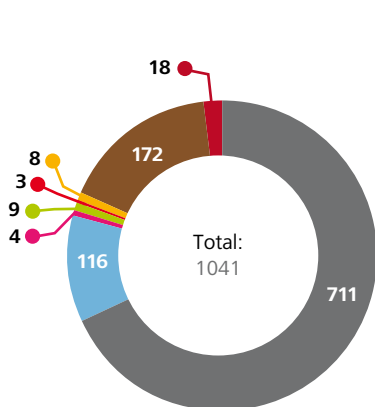




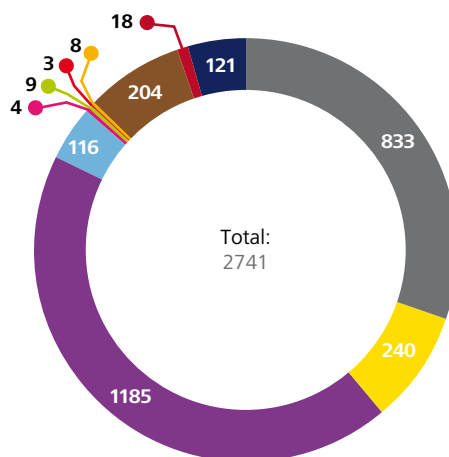
## IMPLEMENTATION OVERVIEW

| CLUSTER   | IMPLEMENTATION STATUS   | RECOMMENDATIONS  |
|---|---|--|
|  Markets and integration         | <div style="width: 54%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 54% | Transposition of the EIP should be completed in order to proceed with the implementation of market coupling and joining balancing platforms. In area of gas, the country should accelerate with the implementation of the gas tariff and balancing network codes.  |
|  Decarbonising the energy sector | <div style="width: 49%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 49% | North Macedonia should finalise the transposition of the required elements of the EU ETS Directive, including the Monitoring and Reporting Regulation and Accreditation and Verification Regulation. The country should follow up on climate reporting obligations and adopt a Renewable Energy Law to align its legal framework with REDII. Amendments to the Law on Energy Efficiency should be adopted, the long-term building renovation strategy finalised, and energy performance and labelling regulations fully implemented. |
|  Ensuring energy security        | <div style="width: 21%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 21% | Regulation (EU) 2019/941 should be transposed and a risk-preparedness plan developed. Transposition and implementation of Commission Regulation (EU) 2017/2196 should follow. The country should accelerate with the transposition of the Security of Gas Supply Regulation, including the Storage Regulation. It should speedily develop and submit a risk assessment and adopt preventive and emergency plans.   |
|  Improving the environment      | <div style="width: 47%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 47% | North Macedonia should prioritize the complete incorporation of the Environmental Impact Assessment Directive into its national legislation to address the breach established by the Ministerial Council. The Government should expedite the initiation of the Strategic Environmental Assessment for the revision of the NECP. The long-standing breach of the National Emission Reduction Plan ceilings must be addressed, also established by the Ministerial Council.  |
|  Performance of authorities    | <div style="width: 74%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 74% | More active enforcement of REMIT and competition rules is recommended to enhance effective functioning of energy markets in North Macedonia. Further strengthening of human resources and internal processes at SSO is essential to ensure more comprehensive and accurate reporting.  |

2022 Fuel mix in primary production of energy (in ktoe)



2022 Gross available energy per product (in ktoe)



- Solid fossil fuels
- Natural gas
- Oil and petroleum products
- Hydro
- Geothermal
- Wind
- Solar thermal
- Solar photovoltaic
- Primary solid biofuels
- Electricity
- Biogases

Source: EUROSTAT database

Overall number of cases: 5

Procedures under Article 91 EnCT

ECS-7/21 - environment

ECS-22/21 - environment

ECS-11/24 - electricity

ECS-21/24 - gas

ECS-29/24 - renewable energy



# North Macedonia

## Markets and integration

### ELECTRICITY

48%



#### WHOLESALE MARKET



46%

The wholesale market remains governed by the Third Energy Package after the country missed the deadline for transposing the Electricity Integration Package (EIP), the deadline for which was the end of 2023. An infringement procedure has been initiated for non-transposition of the EIP. The draft Energy Law aimed at transposing the EIP out for public consultation until 13 November 2024.

The wholesale market has been liberalised since 2019. The national electricity market operator, MEMO, is operating the day-ahead market since May 2023 with daily auctions closing at 10:35 and results published at 10:45. The market price ranges from 0,002 EUR/MWh to 813 EUR/MWh. In 2024, 15% of the total final consumption was traded in the day-ahead market. The opening of an intraday market is foreseen to coincide with the coupling of the national market with the single European electricity market.

Regarding balancing, MEPSO operates a competitive platform where it procures both capacity and energy according to the Balancing rules which were last amended in 2021. MEPSO is yet to submit to Energy Regulatory Commission (ERC) the national terms and conditions for balancing, for which the deadline was 15 June 2023. In December 2023, MEPSO held an annual auction for procurement of secondary reserves (aFRR) for each month, while auctions for tertiary reserves (mFRR) are conducted monthly. Additionally, MEPSO organises day-ahead auctions for tertiary balancing energy as needed. Transmission and distribution losses are procured through transparent and market-based tendering procedures.

The REMIT Regulation is transposed and implemented.

#### RETAIL MARKET



49%

The provisions of Directive (EU) 2019/944 are yet to be transposed and implemented, although some provisions related to energy storage and aggregation have been transposed in the Energy Law amendments from 2022.

All customers have been free to choose their supplier since 2019. In 2023, approximately 40% of consumption was supplied at non-regulated prices.

In the mid of 2024, the Government selected a universal service supplier through a transparent and competitive process for the

second consecutive term. This supplier is obliged to provide electricity to households and small consumers opting for universal service for the next five years and will also serve as the supplier of last resort. As of 1 January 2024, ERC no longer sets the price for universal supply following the amendments to the Energy Law adopted in 2022. The universal supplier applies the tariff system adopted by ERC in order to calculate the price for supply of electricity, while ERC checks the calculation and final price. The four-block tariff system for household customers under universal service, introduced in 2022 to encourage energy savings, remains in effect.

In 2023, aside from the universal supplier, 15 suppliers were active in the retail electricity market. During 2023, the distribution system operator successfully completed 16.583 supplier switching procedures.

Provisions regarding active customers and citizen energy communities are yet to be transposed. Under the current legal framework, virtual producers, namely aggregators, commercially integrate only electricity producers from renewable sources connected to the distribution grid. An aggregator can be either an electricity producer or a supplier. As of 2023, 15 aggregators were registered in the electricity market.

The Government has adopted 2024 programme to support vulnerable customers. Short-term measures include protection from utility disconnections, minimum energy supply, and assistance for purchasing new high efficiency single split air conditioners for heating. Long-term measures focus on incentivising low energy consumption, retrofitting buildings, upgrading household appliances, and installing photovoltaic panels or solar-thermal collectors.

#### UNBUNDLING

84%

The state-owned transmission system operator (TSO), MEPSO, is unbundled and certified in accordance with the acquis. ERC approved the compliance report published on MEPSO's website. Commission Regulation (EU) 2017/1485 has partially been transposed through the existing Energy Law and the transmission grid code. MEPSO has signed the Synchronous Area Framework Agreement (SAFA) for Regional Group Continental Europe and participates in the load-frequency control block with Serbia and Montenegro. MEPSO regularly publishes TYNDPs upon ERC's approval.

The distribution system operator (DSO), Elektrodistribucija, is legally and functionally unbundled from other branches. The

regulator approved the compliance report for 2022, which was published on the DSO website. Although the full transposition of Directive (EU) 2019/944 is still pending, DSO's tasks under the current legal frame largely comply with its provisions, acting as a neutral market facilitator, although provisions related to flexibility and smart metering needs to be further transposed and implemented.

**ACCESS TO THE SYSTEM** **86%**

Access to networks is implemented in compliance with the relevant acquis. The regulator's latest decisions from December 2023 establish the currently applicable transmission and distribution tariffs for 2024.

The connection codes have been transposed by the dedicated provisions in the Energy Law declaring them directly applicable. Transmission grid code and the distribution grid code, updated in 2024, are implementing the connection codes requirements. Regulation (EU) 543/2013 has been transposed and largely implemented. MEPSO regularly publishes data on market, consumption, generation, transmission, and outages. However, balancing information is still in progress, requiring further efforts for full implementation.

**REGIONAL INTEGRATION** **11%**



Regulation (EU) 2019/943 has not been transposed and implemented. By the end of 2023, MEPSO was obliged to make 70% of cross-zonal transmission capacities available for trade, however, no actions were taken towards implementation of this obligation. Commission Regulation (EU) 2015/1222 has been largely transposed by amendments to the Energy Law of 2022 and a governmental decree. Certain provisions of Commission Regulation (EU) 2016/1719 and Commission Regulation (EU) 2017/2195 are transposed through the Rules for Allocating Cross-Border Transmission Capacities and Rules for Balancing

of the Power System, respectively. However, full transposition and implementation is still to be completed.

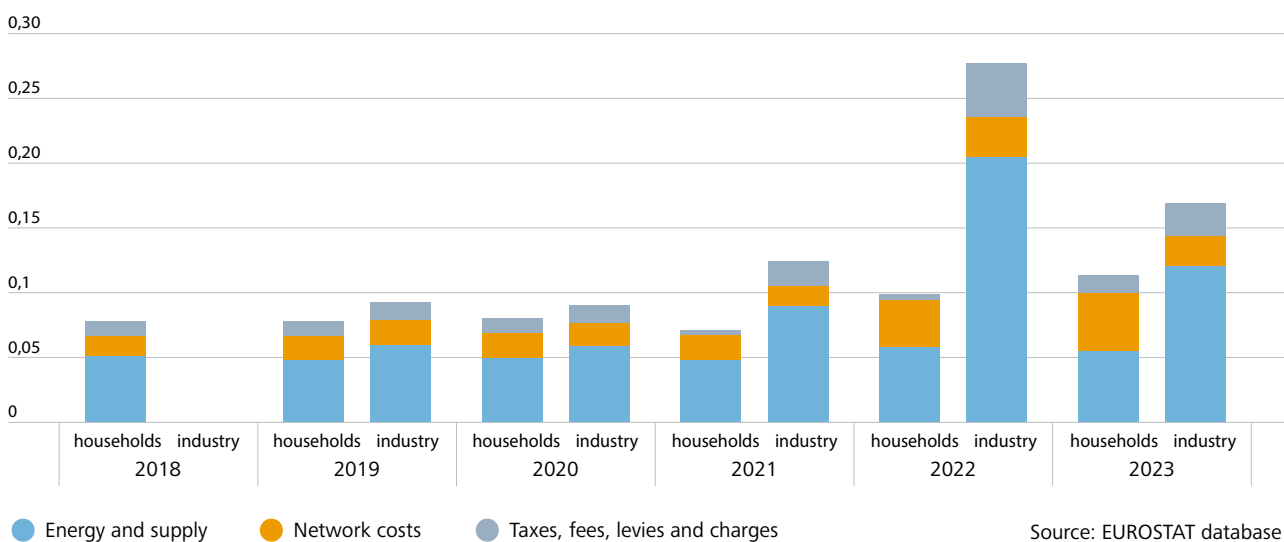
In effect, SEE CAO platform is used for capacity allocation with Greece and Kosovo\*. MEPSO allocates yearly and monthly capacities at the interconnection with Serbia, while the TSO of Serbia handles daily and intraday capacities. On the interconnection with Bulgaria, MEPSO manages annual and monthly allocations, and the transmission system operator of Bulgaria is responsible for daily allocations.

Balancing cooperation is limited to the balancing energy exchange with the TSOs of Montenegro and Serbia within a joint control block.

MEMO was designated as a nominated electricity market operator (NEMO) under the legal framework that transposes criteria and procedure defined by Commission Regulation (EU) 2015/1222, however its full compliance with the EIP is still missing. The Energy Community Secretariat was notified of the legal monopoly in June 2023, hence after the deadline of 15 February 2023. Bidding-zone borders are part of the SEE Shadow CCR for which the cooperation agreement between the involved transmission system operators is yet to be signed. The regional cooperation on market coupling has been established within the so-called SEE Market Coupling Initiative between the TSOs and NEMOs of North Macedonia, Greece, Kosovo\*, and Albania. In November 2023, all parties signed a memorandum of understanding to advance the project, which also applied for adherence to the Italian Borders Working Table (IBWT) for market coupling.

Regulation (EU) 347/2013 has been partially transposed into national law. A draft methodology for evaluating investments in PECL and PMI projects has been prepared. Regulation (EU) 2022/869, replacing Regulation (EU) 347/2013, is to be transposed by the end of 2024. North Macedonia had no proposals for new projects in the 2024 PECL selection process. The OHL 400 kV Bitola – Elbasan transmission line project is still under construction.

Average annual prices of electricity for end users per component [EUR/kWh]



Source: EUROSTAT database



**WHOLESALE MARKET**

**43%**

There are only two active traders in the wholesale market, both selling at market prices. All contracts are concluded bilaterally, monthly and yearly. However, the market remains illiquid without a virtual trading point. REMIT Regulation (EU) 1227/2011 is transposed into national law and the secondary legislation is adopted.

Some basic balancing elements were determined with by-laws adopted in December 2022, but full implementation of the Balancing Network Code is still pending.

**RETAIL MARKET**

**81%**

End-user gas prices are deregulated, and all customers are formally eligible. Customer protection measures are defined in line with Annex I of Directive 73/2009/EC.

**UNBUNDLING**

**100%**

North Macedonia has complied with the gas acquis unbundling requirements. The merger of two companies involved in operating and developing gas infrastructure (the then transmission gas system operator (GA-MA) and the infrastructure developer (NER)) was finalised by the end of 2022. The new company, NOMAGAS JSC Skopje, is fully state-owned and was certified in line with the Third Energy Package in 2024.

All existing distribution companies have less than 100.000 customers and are exempt from the unbundling provisions. There are no storage and LNG facilities in the country.

**ACCESS TO THE SYSTEM**

**10%**

The tariff methodology is in place but non-compliant with the tariff network code. The Energy Law stipulates the direct applicability of mandatory network codes. Transparency is still well below the level required by Annex I of Regulation (EC) 715/2009.

**REGIONAL INTEGRATION**

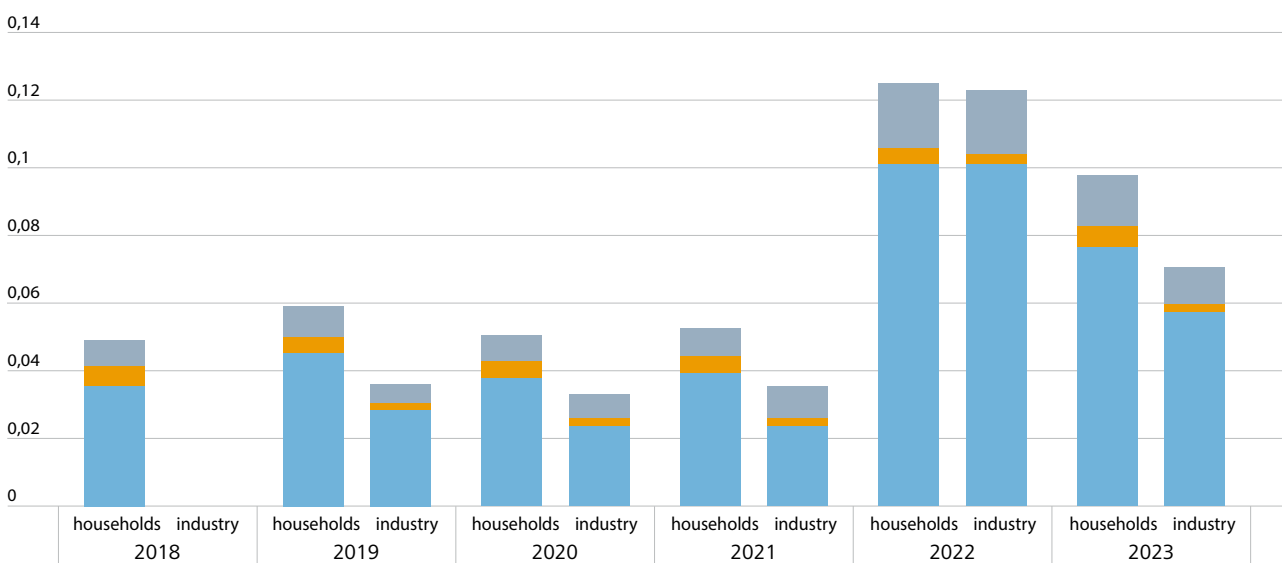
**79%**

The gas network of North Macedonia is connected only to the Bulgarian gas system. The interconnection agreement in line with the Network Code on Interoperability and Data Exchange between the two adjacent operators fully implemented as of 1 January 2023 was a game changer – finally enabling gas supply to North Macedonia from other sources than under a long-term contract with Gazprom. Additional release of booked and unused capacity at interconnection point Kyustendil-Zidilovo would enhance the liquidity of the gas market and regional integration.

Regulation (EU) 347/2013 has been partially transposed through the amendments to the Energy Law and ERC has prepared a draft “Methodology for the evaluation of investments and risks in PECE and PMI and for the publication of indicators of the corresponding reference values for investment comparison, based on the old TEN-E”. The Ministry plans to adopt the revised Regulation (EU) 2022/869 by end of the year.

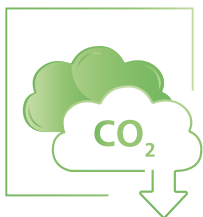
The tender for construction of the 123 km long North Macedonia–Greece interconnector, financed by EIB, has been re-launched.

Average annual prices of gas for end users per component [EUR/kWh]



● Energy and supply ● Network costs ● Taxes, fees, levies and charges

Source: EUROSTAT database



# North Macedonia

## Decarbonising the energy sector



### GOVERNANCE/CLIMATE IMPLEMENTATION

50%

#### NATIONAL ENERGY AND CLIMATE PLANS

71%

The National Energy and Climate Plan (NECP), which was adopted in May 2022, is being updated to ensure full compliance with the provisions of the Governance Regulation.

#### GREENHOUSE GAS 2030 TARGET

80%

North Macedonia has not defined the 2030 climate target in its national legislation, but it is included in the NECP. The target is in line with the 2030 targets set by the Energy Community.

#### NATIONAL SYSTEMS FOR CLIMATE REPORTING

40%

There is a partial legal basis for the national greenhouse gas inventory system. However, North Macedonia still needs to further implement a national system for estimating greenhouse gas emissions. This entails collecting greenhouse gas emissions data for all IPCC categories, establishing and implementing quality control measures as well as uncertainty estimates at the national level.

A national system for policies and measure (PaMs) and projections still needs to be established. North Macedonia has initiated reporting on national systems for policies and measures and projections but has yet to submit a report.

#### NATIONAL GREENHOUSE GAS EMISSIONS POLICIES AND MEASURES

18%

Reporting obligations have not been transposed into legislation. North Macedonia has nominated lead reporters for the Governance Regulation reporting activities. The reporting obligation was initiated, but not yet submitted on PaMs and adaptation strategies. In the context of Reportnet system,<sup>14</sup> no reporting has been initiated on carbon pricing revenues.

#### LONG-TERM STRATEGY AND CLIMATE NEUTRALITY

44%

The legal basis for a long-term strategy has not been adopted. Nonetheless, North Macedonia has submitted the long-term strategy to the UNFCCC Secretariat in 2021. However, it does not contain the 2050 climate neutrality objective.

<sup>14</sup> Reportnet 3.0 (<https://reportnet.europa.eu/>) is the next generation platform for reporting environmental data to the European Environment Agency (EEA) and also host several reporting tasks for the European Commission. Reportnet 3.0 is a centralised e-Reporting platform, aiming at simplifying and streamlining the data flow steps across all environmental domains. The system acts as a one-stop-shop for all involved stakeholders. It is managed by the EEA and Contracting Parties report through it.

## RENEWABLE ENERGY IMPLEMENTATION

48%



### 2030 RENEWABLE ENERGY TARGETS



85%

The overall target of achieving a 38% share of renewable energy in the gross final energy consumption, as outlined in the NECP, is in line with the 2030 target set by the Energy Community. The overall 2030 renewable energy target is subdivided into sectorial targets for electricity (66%), transportation (10%), and heating and cooling (45%). In line with Article 26 of the Renewable Energy Directive (REDII), North Macedonia has adjusted its minimum target for renewable energy in transport to 7% by 2030. The 2030 target for renewable energy in heating and cooling of 45% aligns with the requirements of Article 23 of REDII.

### QUALITY OF SUPPORT SCHEME

65%

Under the existing legal framework market-based support is granted in the form of a fixed premium. Administratively set feed-in tariffs are still applied for wind projects with an installed capacity of up to 50 MW and hydropower plants with installed capacity of up to 10 MW based on available quotas. This is not in line with Energy Community law.

### SELF-CONSUMPTION AND ENERGY COMMUNITIES

50%

North Macedonia has implemented a self-consumption scheme in the form of net metering for households with installed capacity up to 6 kW and business up to 40 kW. The adoption of a renewable energy law is crucial to facilitate the establishment of renewable energy communities in accordance with REDII requirements.

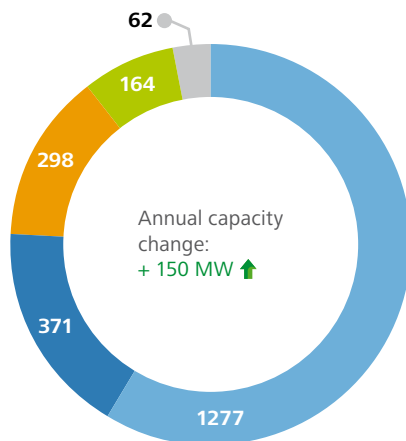
### GUARANTEES OF ORIGIN



40%

North Macedonia joined the Energy Community initiative to establish a regional system for guarantees of origin. The national electronic registry was created and can be utilised as soon as the market operator, as the designated issuing body, signs an agreement with the service provider. In October 2024, the regulation was adopted, enabling the establishment of the registry, which paved the way for launching the tender procedure to select the service provider. The existing legal framework governs the issuance of guarantees of origin solely for renewable electricity, without encompassing other energy carriers as specified by REDII.

### Total Capacities of Renewable Energy 2023 (MW)



- Large hydropower
- Small hydropower <10 MW
- Wind
- Solar
- Other RES

Total capacities of renewable energy (MW): **2172**

Source: Energy Regulatory Commission

### SUSTAINABILITY CRITERIA FOR BIOFUELS, BIOLIQUIDS AND BIOMASS FUELS

0%

The REDII provisions on the sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids, and biomass fuels have not yet been transposed into North Macedonia's legislation. To meet the national renewable energy targets by 2030, it is essential to incorporate these provisions into the relevant legislation and ensure their effective implementation.

### RENEWABLE ENERGY IN HEATING AND COOLING

33%

Subsidy programmes available to households to replace inefficient fossil fuel and biomass appliances with efficient heat pumps have been implemented. This underpins the NECP estimation of 24% of heat demand to be supplied by heat pumps in 2030. Adoption of a renewable energy law is essential to create a legal framework to promote the use of renewable energy and waste heat in district heating. This should be complemented by the concrete measures outlined in the update of the NECP to integrate renewable energy or waste heat into the Skopje district heating system.

## ENERGY EFFICIENCY IMPLEMENTATION

66%

A

B

C

### 2030 ENERGY EFFICIENCY TARGETS AND POLICY MEASURES



69%

The 2030 energy efficiency targets in the adopted NECP are aligned with the 2030 targets set by the Energy Community.

The 2020 Law on Energy Efficiency transposed the 2012 Energy Efficiency Directive and set the specific targets required under Articles 5 and 7. However, the proposed amendments to the Law, intended to align it with the Clean Energy Package requirements and the 2018 Energy Efficiency Directive, are still awaiting approval.

### ENERGY EFFICIENCY IN BUILDINGS



51%

The Law on Energy Efficiency transposed the 2010 Energy Performance of Buildings Directive, but it is not fully aligned with the 2018 amendments, i.e. Directive (EU) 2018/844. The adoption of drafted rulebooks on energy audits of buildings and on energy performance of buildings is still pending. The long-term buildings renovation strategy is still not finalised.

### ENERGY EFFICIENCY SCHEME AND FINANCING

61%

North Macedonia should adopt the amendments of the Law on Energy Efficiency and update the specific targets required in Article 7, introduced previously in 2020. It is in the process of setting up a National Energy Efficiency Fund. In October 2023 the amendments of the Law on the Development Bank of RS Macedonia were adopted establishing the legal framework for the Fund to be established in the Development Bank. The legal and regulatory framework for its operationalisation remains to be adopted.

### ENERGY EFFICIENT PRODUCTS – LABELLING

76%

Rulebooks implementing Directive 2010/30/EU were adopted. Rulebooks implementing the Framework Labelling Regulation (EU) 2017/1369 and implementing acts on labelling are under preparation.

### EFFICIENCY IN HEATING AND COOLING

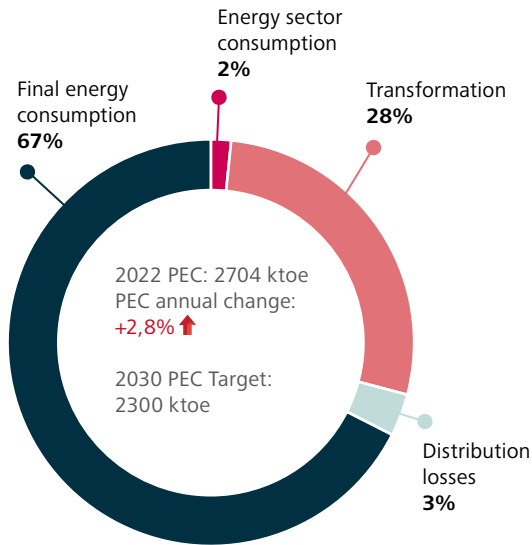


74%

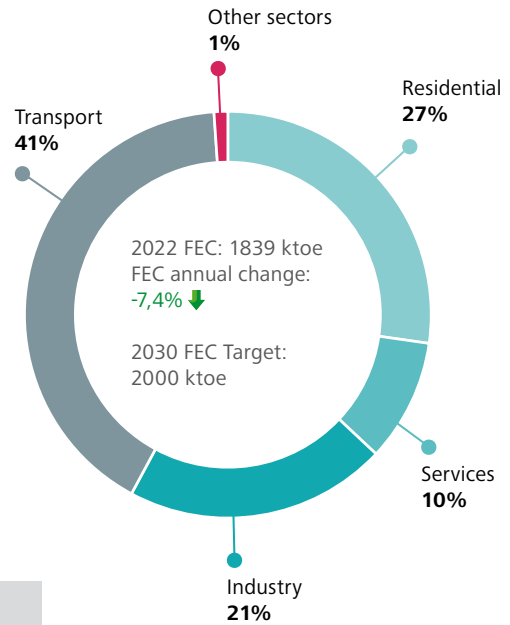
In December 2022, North Macedonia introduced provisions for inspecting heating and air conditioning systems in the Law on Energy Efficiency. While the transposition of district heat metering and billing provisions are in place, the full implementation of consumption-based billing in the Skopje district heating system is missing. North Macedonia has seen slight progress in implementing heating related energy efficiency measures. Studies evaluating the cost-effectiveness of implementing consumption-based billing were conducted, concluding that it is not cost-efficient under current conditions. However, the same study provided room for its implementation in newly constructed buildings in order to promote energy efficiency. In 2023, the Government introduced subsidies aimed at improving energy efficiency, promoting renewable energy usage and facilitating the transition to natural gas. These subsidies will benefit approximately 2.500 households.

## 2022 Energy Efficiency Indicators and Trends

### Primary Energy Consumption (PEC)



### Final Energy Consumption (FEC)



Energy intensity,  
2022 value and trends:  
0,302 ktoe/mil EUR, 0,3% ↑

Source: EUROSTAT 2024 data, NECP and 2022 Ministerial Council Decision

## EMISSION TRADING SCHEME (MONITORING, REPORTING, VERIFICATION AND ACCREDITATION)

0%



### FOUNDATIONS, INSTITUTIONS, PERMITS



0%

### VERIFICATION AND ACCREDITATION



0%

North Macedonia still needs to transpose the required elements of the EU ETS Directive into national law. In March 2024, the Ministry of the Environment and Physical Planning launched a long-term project to prepare and adopt national legislation implementing monitoring and reporting obligations for greenhouse gas emissions at installation level.

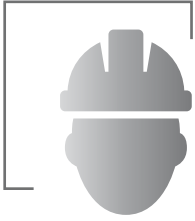
The Accreditation and Verification Regulation has not at present been transposed and implemented in North Macedonia. There are long-term plans to implement the necessary legislation.

### MONITORING AND REPORTING



0%

The Monitoring and Reporting Regulation is currently not transposed and implemented in North Macedonia. There are long-term plans to implement the necessary legislation.



# North Macedonia

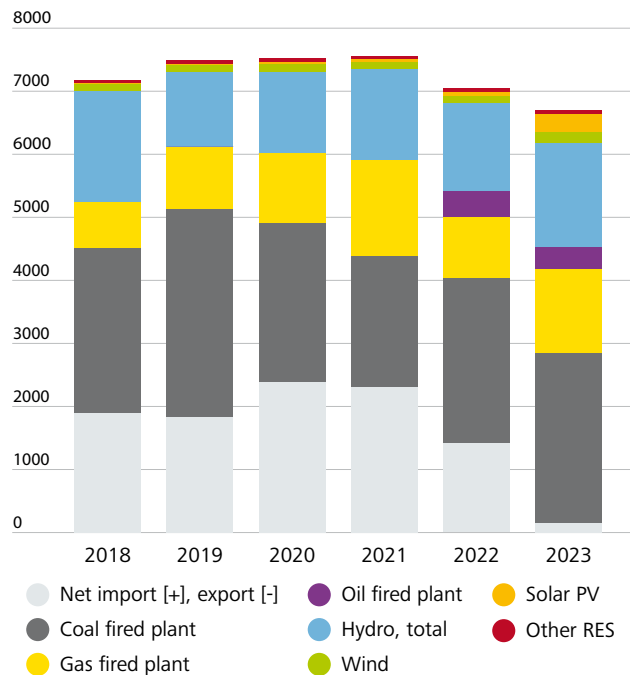
## Ensuring energy security

### ELECTRICITY SECURITY OF SUPPLY 29%

The transposition of Regulation (EU) 2019/941 has not yet been completed, despite the deadline having passed on 31 December 2023. Preparation of a risk-preparedness plan has not been initiated although the deadline of 5 January 2025 is approaching. Transposition is envisaged by the new draft Energy Law that is out to public consultation. North Macedonia delivered the last Security of Supply Statements to the Secretariat in 2019, with updates in 2020, without reporting on the electricity sector. According to Article 29 of the Treaty, the statement must be updated every two years. Regulation (EU) 2017/2196 has not been fully transposed, but the transmission grid code tasks the transmission system operator to prepare defence and restoration plans in consultation with distribution system operator, system users, and neighbouring transmission system operators.

The draft National Cybercrime Strategy and Action Plan was made available to the public in September 2024. Cybersecurity rules, adopted by the National Energy Regulatory Agency, have been in place since June 2023. A draft law on the security of network and information systems and digital transformation was submitted to the Parliament in early 2024 but is yet to be adopted.

Fuel mix and primary supply of electricity (in GWh)



Source: ERC Annual Report for 2023, compiled by the Energy Community Secretariat

### GAS SECURITY OF SUPPLY 0%

The existing national emergency rules are rudimentary, having not been changed for a decade. Gas security of supply provisions are not compliant with Regulation (EU) 2017/1938 or Regulation (EU) 2022/1032. Transposition is envisaged by the new draft Energy Law that is out to public consultation.

Consequently, the preventive and emergency plans were not submitted to the Secretariat in 2024. A dispute settlement case has been launched against North Macedonia for not having transposed the gas security of supply acquis.

### OIL SECURITY OF SUPPLY 48%

Primary and secondary legislation in North Macedonia is transposed and compliant with Directive 2009/119/EC. As of June 2024, the average occupancy level of the compulsory oil reserves, calculated according to the new methodology outlined in the Commission Implementing Directive (EU) 2018/1581, corresponds to 50,65 days of average daily net imports. However, North Macedonia still needs to fully meet the emergency oil stock obligation of maintaining reserves for 90 days of average net imports, as outlined in the 2023–2025 action plan for the establishment of mandatory reserves.

Reporting requirements have only partially been fulfilled. The annual report was not submitted by the 31 January deadline as specified in Directive 2009/119/EC. The same applies to the summary copy of the stock register, which should reflect the quantities and nature of emergency stocks on the last day of the preceding calendar year and due by 15 March. The monthly oil statistics questionnaire (MOS Oil) and crude oil import and supply (COIR) questionnaire have been submitted.

No progress was made during the reporting period.



# North Macedonia

## Improving the environment

### ENVIRONMENTAL ASSESSMENTS



33%

North Macedonia's failure to enact new legislation on environmental impact assessment (EIA) perpetuates the breach established by the Ministerial Council, putting the quality of the EIA process for strategic energy projects at risk, including the gas interconnector project with Greece. Amendments necessary for transposing Directive 2014/52/EU into the Law on Environmental Protection are still pending and secondary legislation for screening small hydropower projects under 2 MW has not improved, lacking integration of key criteria regarding project location and environmental impact. Furthermore, the Nature Protection Law and EIA processes are not coordinated, leading to concerns about insufficient public participation in the decision-making for the gas interconnector project. During the reporting period, 97 EIA screenings were carried out for solar power projects, yet none were ultimately subjected to a full EIA.

Legislation needed to ensure synchronised development between the draft plan or programme and the Strategic Environmental Assessment (SEA) report is still pending, allowing plans to be adopted or endorsed before the SEA process is completed. The 10 MW threshold for urban plans concerning solar and photovoltaic power plants is inadequate to fully consider the criteria outlined in Annex II to the SEA Directive. Furthermore, the national legislation lacks provisions to prevent the circumvention of SEA obligations through splitting. The revision of the National Energy and Climate Plan (NECP) lacks clear steps regarding its integration with the anticipated SEA process.

### LARGE COMBUSTION PLANTS



40%

North Macedonia complied with its emissions reporting obligations for the reporting year 2023 in March 2024. Emissions of all three pollutants decreased compared to 2022, however sulphur dioxide and dust emissions still exceed several times the NERP ceilings. The Ministerial Council adopted a decision in a dispute settlement case in December 2023, compliance with this decision however remains to be ensured. The Law on Industrial Emissions was prepared and submitted to the Government for approval.

### SULPHUR IN FUELS

92%

The Sulphur in Fuels Directive is transposed into national legislation and is being implemented via the annual fuel quality monitoring programme. The provisions on marine fuels do not apply.

### NATURE PROTECTION

60%

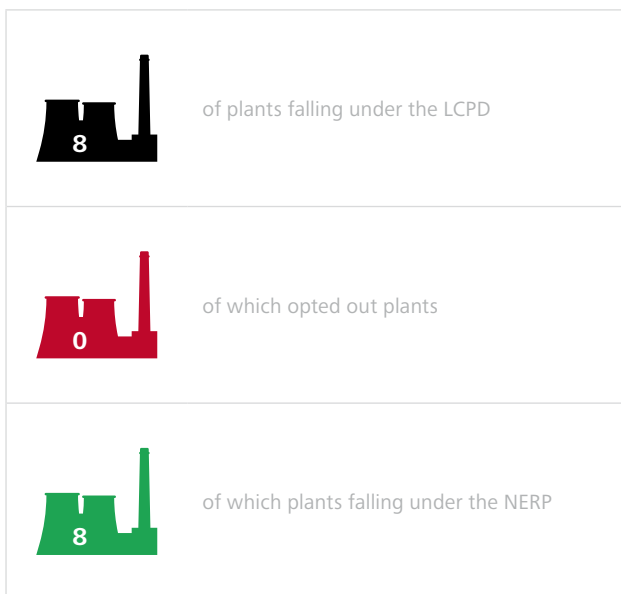
A draft law has been prepared but has not yet undergone consultation. The law will establish an appropriate assessment mechanism requiring any planning document or project that may significantly impact a proposed or designated European Area or European Bird Area –regardless of its direct relevance to management– to undergo an assessment concerning the area's conservation objectives, as stipulated by the EU Habitats and Birds Directives. The process of identifying Natura 2000 areas at the national level in North Macedonia remains ongoing and has not yet been completed. The development of management plans for all Ramsar wetlands of international importance, including Lake Ohrid, is still underway and has not yet been completed. Additionally, a national red list for birds has yet to be drawn up.

### ENVIRONMENTAL LIABILITY

20%

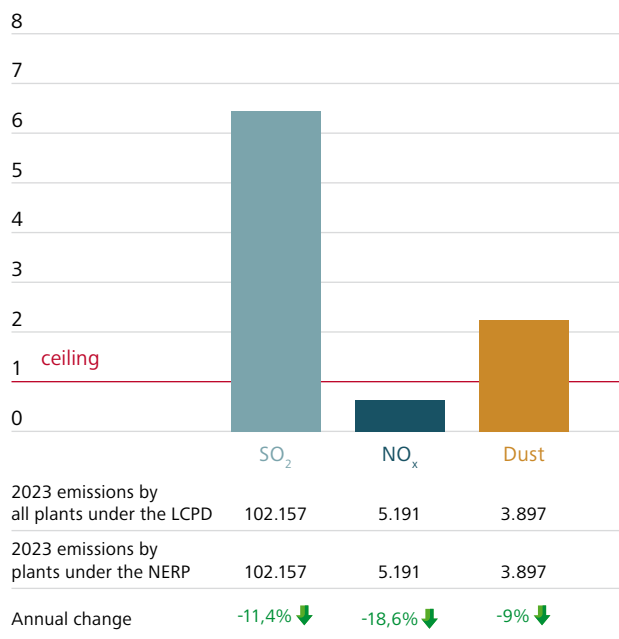
North Macedonia has transposed certain provisions of the Environmental Liability Directive via the Law on Environment. Secondary legislation remains to be adopted and the financial mechanisms to ensure implementation of the Directive's provisions are yet to be set up, in which there was no development in the last reporting period.

## Installations under the Large Combustion Plants Directive



Source: compiled by the Energy Community Secretariat

## 2023 emissions versus NERP ceilings





# North Macedonia

## Performance of authorities



### REGULATORY AUTHORITY



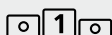
81%

The legal framework that governs the independent functioning of the ERC is largely aligned with Energy Community legislation. However, the management does not have full autonomy on internal organisation, including staff appointment, since Parliament approves the statute. At the same time, ERC is not equipped with necessary competences to implement the EIP due to the lack of transposition at national level.

In cooperation with neighbouring NRAs, ERC is closely engaged in the market integration project for Greece–Albania–Kosovo\*–North Macedonia. As of January 2024, ERC no longer sets the prices for electricity supply to household and small consumers.

Within the reporting period, ERC approved the new tariff systems and adopted relevant tariff decisions on tariffs for electricity and gas transmission and distribution networks, and other regulatory acts such as licenses and approvals of development plans. In July 2024, ERC adopted the decision on certifying and appointing the gas TSO in accordance with recommendation of the Energy Community Secretariat.

Secondary legislation implementing REMIT is in place, as well as the relevant register of market participants, however no investigation has been undertaken so far.



### COMPETITION AUTHORITY



20%

In the reporting period, the Commission for Protection of Competition (CPC) did not investigate any anti-competitive conduct in the energy sector. Effective enforcement of competition law,

in particular with regard to anticompetitive agreements and the abuse of dominance, is required for North Macedonia to comply with its obligations under the Treaty.



### STATE AID AUTHORITY



60%

In the reporting period, the CPC rendered a decision on the support granted by the Ministry of Finance to the NER JSC Skopje and a decision on the financing of the regional gasification project concluded between EBRD and NOMAGAS JSC Skopje.

In both cases, the support was considered compatible as it promotes a project of significant economic interest of North Macedonia.



### STATISTICAL AUTHORITY

84%

The State Statistical Office (SSO) manages national energy statistics. It successfully submitted five annual questionnaires and the SHARES questionnaire for 2022 to EUROSTAT in a timely manner. However, the data for the annual biomass questionnaire was not provided. SSO also supplied disaggregated data on residential energy consumption, which initially contained minor discrepancies that were adequately resolved. In contrast, disaggregated data for energy consumption in the industry, transport, and services sectors was not submitted.

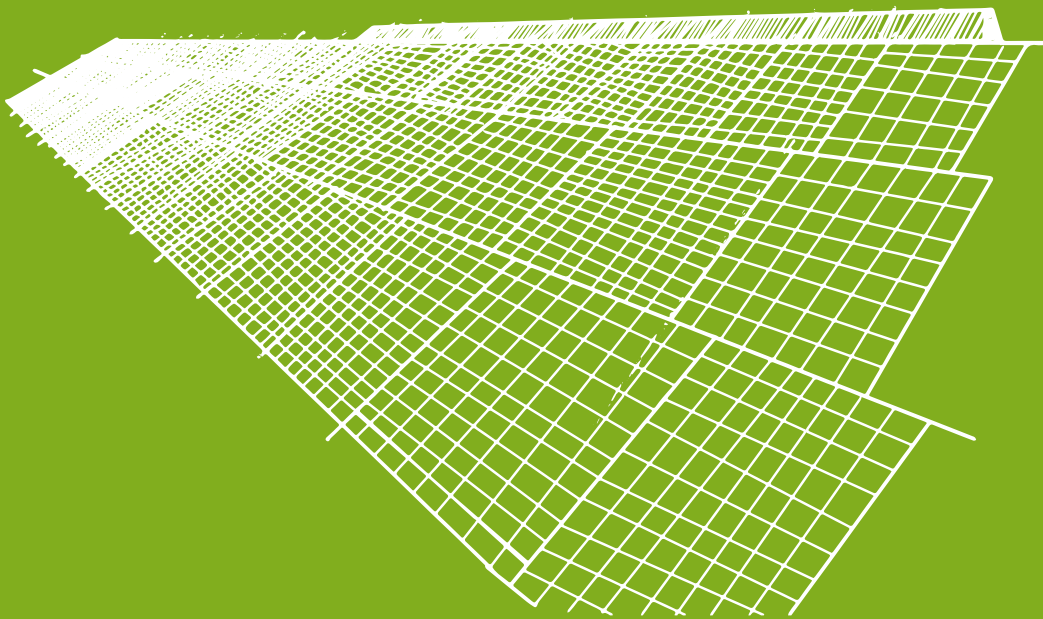
SSO also prepared and transmitted all five mini questionnaires with preliminary data for 2023 on time. The office has implemented a strong system for generating high-quality reports supported by the necessary quality documentation as required by the acquis. Monthly energy statistics covering solid fuels, electricity, natural gas, oil, petroleum products, and oil stocks are regularly compiled and released in line with Annex C of Regulation (EC) 1099/2008. These statistics are published by EUROSTAT in compliance with EU requirements, except for the

crude oil import questionnaire. Additionally, electricity and natural gas price data for industrial end-users and households, including a detailed breakdown of price components, are compiled and submitted to EUROSTAT in a timely manner and accordingly published. The SSO also prepared and submitted the quality report for electricity and natural gas price statistics in line with the acquis.

Overall, SSO demonstrates a strong capability in managing national energy statistics and providing timely submissions of annual, bi-annual, monthly, and preliminary data to EUROSTAT. However, areas for improvement include the need to provide missing data, particularly for the newly mandatory annual biomass questionnaire and disaggregated energy consumption in the industry, transport, and services sectors. Strengthening human resources is essential to address such gaps and ensure more comprehensive and accurate reporting. Additionally, enhancing internal systems for quality reporting will help the SSO maintain its positive trajectory in energy data management.











# 12

## Serbia



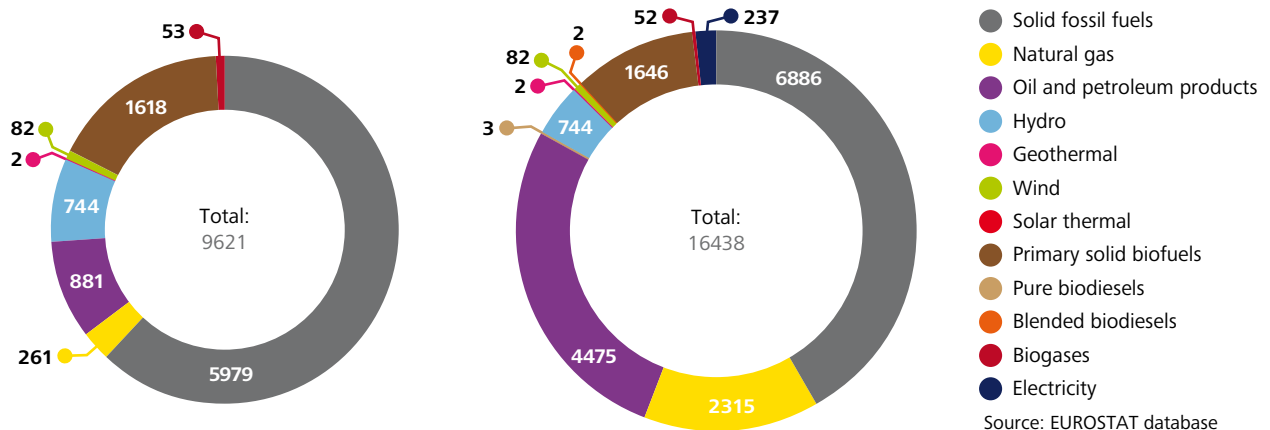


## IMPLEMENTATION OVERVIEW

| CLUSTER   | IMPLEMENTATION STATUS   | RECOMMENDATIONS   |
|---|---|---|
|  Markets and integration         |  41%   | The law transposing the EIP should be adopted without further delay and its implementation accelerated, including regional cooperation of the TSO as a precondition for adherence to market coupling. Serbia should finalise the certification of the natural gas transmission and storage system operators and unbundle the biggest gas DSO. It should adopt the tariffs for Transportgas Srbija, the national transmission rules and kick off with allocating capacity at the inter-connection points. It should open the market and implement anti-monopolistic measures towards the incumbent supplier. |
|  Decarbonising the energy sector |  79%   | The National Accreditation Body should finalise internal processes and procedures to enable the accreditation of GHG verifiers. Serbia should follow up on climate reporting obligations and expand its legal framework to allow for the issuance of guarantees of origin for energy carriers beyond electricity, in line with REDII requirements. Legislation aligned with the Energy Performance of Buildings Directive should be finalised, and consumption-based billing for district heating should be implemented.  |
|  Ensuring energy security        |  32%   | Regulation (EU) 2019/941 should be transposed and a risk-preparedness plan developed. Commission Regulation (EU) 2017/2196 should also be fully transposed and implemented. Serbia should transpose the Security of Gas Supply Regulation and the Storage Regulation. It should develop and submit a risk assessment, adopt preventive and emergency plans, and fulfil the intermediate storage targets in 2025.  |
|  Improving the environment     |  54% | Serbia must prioritize the adoption of the revised draft Environmental Impact Assessment Law to effectively address the breach identified by the Ministerial Council, along with the new Strategic Environmental Assessment Law to improve the assessment processes. Compliance with the National Emission Reduction Plan ceilings for nitrogen oxides must be restored, and opted-out plants are to be either upgraded or shut down.   |
|  Performance of authorities    |  78% | Serbia shall pursue more active enforcement in third-party gas access to gas interconnection points, REMIT rules, as well as competition and State aid rules. Strengthening the SORS staff is crucial to improving monitoring efforts, enhancing data collection, and ensuring SORS can meet future statistical needs in the evolving energy landscape.   |

2022 Fuel mix in primary production of energy (in ktoe)

2022 Gross available energy per product (in ktoe)



|                         |   |                   |
|-------------------------|---|-------------------|
| ECS-9/18 - environment  | Overall number of cases: <b>9</b><br>Procedures under Article <b>91</b> EnCT<br>Procedures under Article <b>92</b> EnCT | ECS-9/13 S - gas  |
| ECS-2/21 - electricity  |   | ECS-10/17 S - gas |
| ECS-10/21 - environment |   | ECS-13/17 S - gas |
| ECS-23/21 - environment |   |                   |
| ECS-12/24 - electricity |   |                   |
| ECS-22/24 - gas         |   |                   |



# Serbia

## Markets and integration

### ELECTRICITY

47%



#### WHOLESALE MARKET

49%

The Electricity Integration Package (EIP) has not been transposed in Serbia by the deadline of 31 December 2023, but the progress has been made in amending the Energy Law which is finalised following the public consultation and the Secretariat's review and submitted to the governmental procedure.

Serbia has a functional day-ahead market with increasing liquidity, by 15% in 2024 in comparison to the same period in 2023, and an incipient intraday market operated by SEEPEX. On the day-ahead, the upper limit is +4.000 EUR/MWh and on the intraday market +9.999 EUR/MWh which is compliant with ACER decisions on harmonised maximum and minimum clearing prices for SDAC and SDIC dated 2023. Negative prices are not allowed for the time being due to the barriers in the tax legislation.

SEEPEX was designated as a nominated electricity market operator however not under the legal framework which is fully transposing the EIP. The Secretariat was notified of a legal monopoly for day-ahead and intraday trading services in line with Commission Regulation (EU) 2015/1222, yet after the expiry of the deadline of 15 February 2023.

The transmission and distribution system operators continue to procure electricity for covering network losses based on an annual full supply contract with the incumbent supplier EPS.

The balancing market is operational with prices of balancing capacity still regulated on an annual basis which is not in line with Regulation (EU) 2019/943. Market code defines national terms and conditions related to balancing, but they need to be aligned with Commission Regulation (EU) 2017/2195 and the deadline of 15 June 2023 for the submission to the regulator was missed.

Regulation (EU) 1227/2011 is transposed and implemented.

#### RETAIL MARKET



43%

All final customers are entitled to purchase electricity in the open market. The access to the regulated prices is to be aligned with Directive (EU) 2019/944 as all household and small customers are entitled to guaranteed supply at regulated price. The guaranteed supplier is not selected in a market-based procedure. Phasing out of Government's recommendation on maximum retail prices of EPS had a positive impact on resuming retail market competition in 2024.

The existing Energy Law and secondary legislation define a concept of vulnerable customers as well as certain elements of customer empowerment such as aggregation. Full alignment with requirements for customer protection and empowerment of Directive (EU) 2019/944 is pending the adoption of amendments to the Energy Law.

#### UNBUNDLING

84%

The transmission system operator (TSO), EMS, is unbundled and certified. An independent Republic Commission for Energy Networks as an independent and autonomous body of Serbia, established by the Energy Law, is responsible for overseeing the electricity transmission system operator.

Commission Regulation (EU) 2017/1485 is to be fully transposed, but EMS signed the SAFA for Regional Group Continental Europe as a member of the ENTSO-E. It acts as the leader of the load-frequency control block established by Serbia, Montenegro and North Macedonia. EMS regularly publishes TYNDPs.

The distribution system operator is legally and functionally unbundled. A new compliance officer was appointed in 2023. In June 2024 the regulator issued its opinion on the compliance report for 2022, suggesting that contracts for procurement of electricity for network losses and self-consumption should be monitored and included into the report. Tasks of the distribution system operator are to be aligned with Directive (EU) 2019/944 through the ongoing amendments to the Energy Law.

#### ACCESS TO THE SYSTEM

83%

Third-party access is ensured in a compliant manner based on the methodologies adopted by the regulator. Transmission and distribution network tariffs as of 2021 still apply.

Connection codes are transposed by the ministry's decrees adopted in 2022. Within one year following entry into force, system operators were obliged to align their rules governing connection and obtain approval from the regulator. EMS adopted the transmission grid code in 2023 upon regulatory approval; however, the distribution system operator, Elektro distribucija Srbije, has not yet aligned the distribution grid code.

EMS is publishing data on the ENTSO-E transparency platform in line with Regulation (EU) 543/2013.

## REGIONAL INTEGRATION



14%

Commission Regulation (EU) 2016/1719 is still to be transposed. Progress has been made in capacity allocation. In addition to interconnection with Croatia and Bulgaria, as of 2024 the capacity on the interconnection with Hungary is also auctioned through the Joint Auction Office (JAO). On the other bidding-zone borders joint auctions still apply except with Kosovo\* where capacity is not yet available for commercial exchange. It is a subject to an open infringement case.

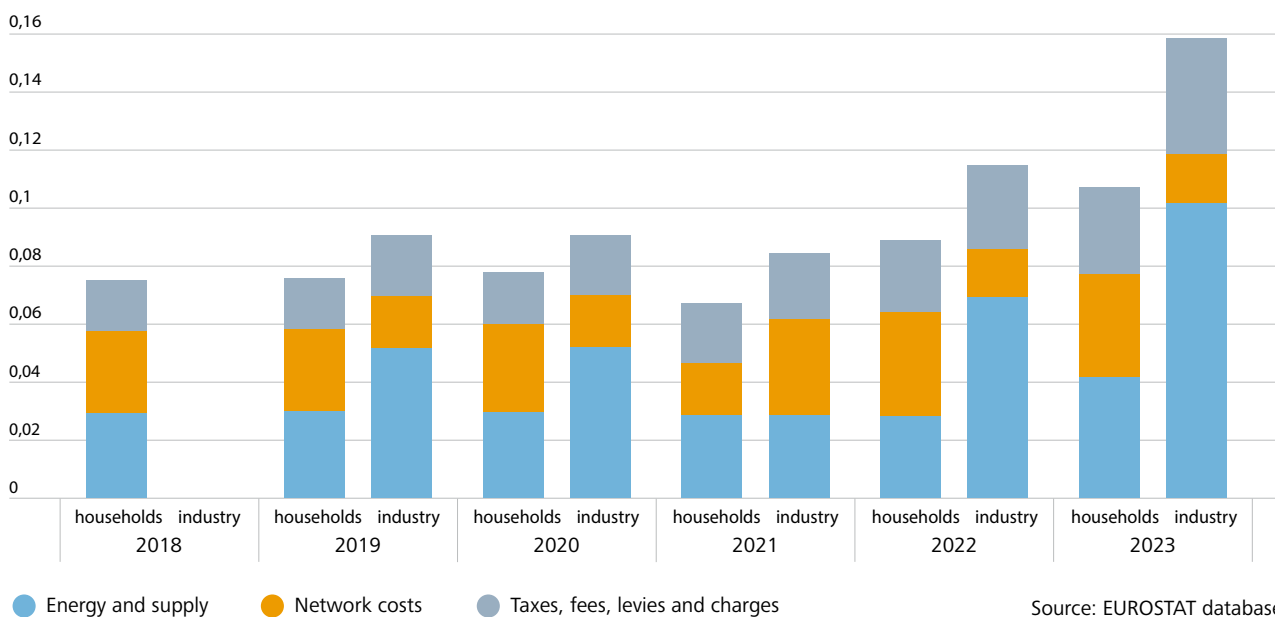
Governmental decree largely transposed Commission Regulation (EU) 2015/1222 and its amendment is ongoing with the aim to ensure full transposition. The transmission system operator, together with other involved transmission system operators, should have started the implementation of the so-called Shadow South-East Europe capacity calculation region (Shadow SEE CCR) defined by Commission Regulation (EU) 2015/1222. However, the signing of a cooperation agreement, as an initial step, is stalled due to a political dispute between Serbia and Kosovo\*. To unblock the process, negotiations on the possible

reconfiguration of the Shadow SEE CCR are ongoing. A local implementation project for market coupling between Serbia and Hungary was established and the memorandum of understanding was signed.

Commission Regulation (EU) 2018/2195 have not yet been transposed. EMS is an operational member of the Imbalance Netting Platform (IGCC) as of October 2022 and it has the status of observer in the implementation project Manually Activated Reserves Initiative (MARI) for the European mFRR platform. It exchanges balancing energy within the SMM control block and has an imbalance netting with the transmission system operator of Montenegro.

Serbia has partially transposed Regulation (EU) 347/2013 through the amendments to the Energy Law as of 2021 but failed to progress with its implementation. The revised Regulation (EU) 2022/869 is to be transposed by the end of 2024. Serbia has not participated with any electricity-related project in the PECEI selection process in 2024, but EMS declared its readiness to finalise the previous PECEI, Trans Balkan Corridor – sections 3 and 4, until 2027.

Average annual prices of electricity for end users per component [EUR/kWh]





**WHOLESALE MARKET**

**37%**

The wholesale market in Serbia is the most monopolised market in the Energy Community, with the monopolistic supplier, Srbijagas providing all imported quantities, mainly from Gazprom, through a long-term contract concluded until 2025, for approximately 75% of the country’s annual needs. The rest is procured by Srbijagas purchases from the Hungarian market, and small quantities are produced and consumed by NIS, the oil company in Gasprom ownership.

This results in the gas market’s illiquidity. A virtual trading point exists, albeit without exchange, as trade is performed via bilateral contracts.

The REMIT Regulation (EU) 1227/2011 was transposed by the regulator.

Gastrans, exempted and certified by the regulator disregarding the Secretariat’s Opinions, was licensed under the independent transmission operator model. Banatski Dvor storage system operator was not certified by the deadline established by the Gas Storage Regulation, 31 March 2024.

Srbijagas is the only DSO with more than 100.000 connected customers to its distribution system (more than 135.000). Its unbundling under the Gas Directive, is pending.

**RETAIL MARKET**

**50%**

Srbijagas is the dominant market player in retail gas supply. Customer protection is well established. Supplier switching is established. Serbia uses energy units.

**ACCESS TO THE SYSTEM**



**14%**

The Government transposed the network codes in October 2022. Transportgas Srbija drafted the transmission rules to make these codes operational. So far, no capacity allocation has been performed at the interconnection points, except for the short-term capacity of Gastrans (non-exempt part). For many years, the interconnection point Horgos with Hungary, is still hoarded by the incumbent shippers, preventing any new entrants to the Serbian market from more liquid central European hubs. The new draft entry/exit transmission tariff methodology is in place and aligned with the tariff network code, the adoption of which is pending. Third-party access to Banatski Dvor storage is not assured.

**UNBUNDLING**



**28%**

The Energy Law established an independent Republic Commission on Energy Network to exercise control over the electricity and gas transmission system operators (TSOs) and enabled Transportgas Srbija’s long-awaited unbundling and certification.

The national gas TSO was preliminarily certified under the ISO model by AERS, the national regulatory authority, and the Secretariat is obligated to issue its opinion thereto by 25 November 2024. Yugorosgaz Transport certification has not progressed since the unbundling plan was adopted by the Government in 2021.

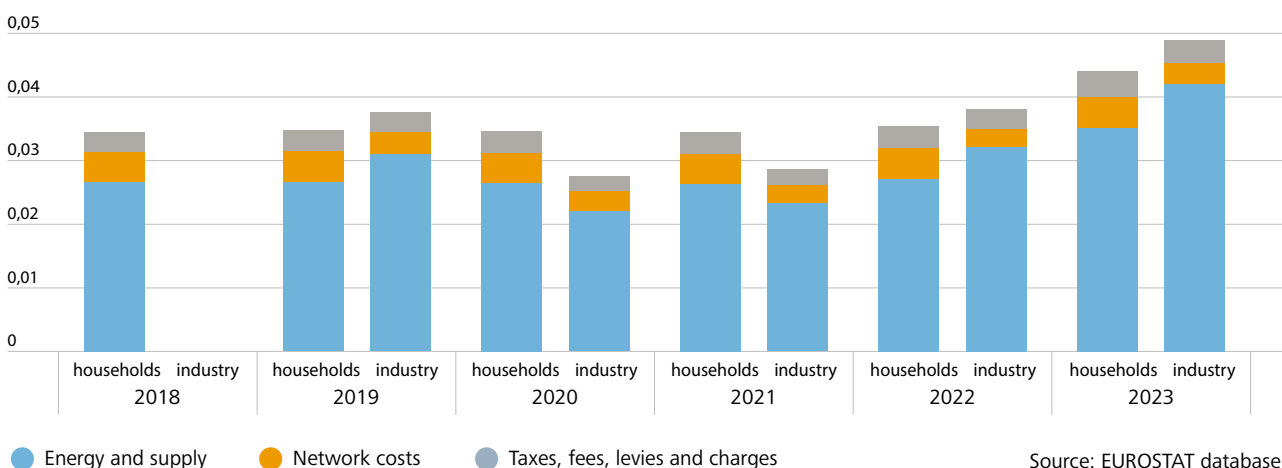
**REGIONAL INTEGRATION**

**62%**

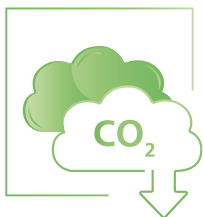
The interconnector Bulgaria-Serbia has been finalised. However, its commercial operation is pending. Its available capacity is still uncertain, with a technical capacity of 1,8 bcm per year. Transportgas Srbija will operate this interconnector.

Serbia partially transposed the old Regulation (EU) 347/2013 through the amendments to the Energy Law but failed to progress and transpose it entirely within a defined deadline of six months from the law’s entry into force. A timeline for transposing the revised (EU) Regulation 2022/869 is unknown.

Average annual prices of gas for end users per component [EUR/kWh]



Source: EUROSTAT database



# Serbia

## Decarbonising the energy sector



### GOVERNANCE/CLIMATE IMPLEMENTATION

73%

#### NATIONAL ENERGY AND CLIMATE PLANS

89%

Serbia adopted its National Energy and Climate Plan (NECP) on 25 July 2024 and informed the Secretariat accordingly.

#### GREENHOUSE GAS 2030 TARGET

80%

Serbia has not defined the 2030 climate target in its national legislation, but it is set in the NECP. The target is in line with the 2030 targets set by the Energy Community.

#### NATIONAL SYSTEMS FOR CLIMATE REPORTING

73%

There is a legal framework in place for establishing a national greenhouse gas inventory system, and Serbia has implemented a system for estimating greenhouse gas emissions. While a lead reporter has been appointed, the country has yet to commence reporting on the national system for policies, measures, and projections to the Reportnet platform.

#### NATIONAL GREENHOUSE GAS EMISSIONS POLICIES AND MEASURES

59%

Reporting obligations have been partially transposed in national legislation. Serbia has nominated lead reporters for the Governance Regulation and has initiated reporting on policies and measures (PaMs), without officially submitting a report to Reportnet.<sup>15</sup> An official report was submitted on carbon pricing revenues, yet reporting on adaptation strategies still needs to be initiated.

#### LONG-TERM STRATEGY AND CLIMATE NEUTRALITY

63%

The legal basis for a long-term strategy has been adopted. Serbia has adopted a long-term strategy until 2030 with projections until 2050. While the strategy foresees coal phaseout for 2050, it lacks a climate neutrality objective.

<sup>15</sup> Reportnet 3.0 (<https://reportnet.europa.eu/>) is the next generation platform for reporting environmental data to the European Environment Agency (EEA) and also host several reporting tasks for the European Commission. Reportnet 3.0 is a centralised e-Reporting platform, aiming at simplifying and streamlining the data flow steps across all environmental domains. The system acts as a one-stop-shop for all involved stakeholders. It is managed by the EEA and Contracting Parties report through it.

## RENEWABLE ENERGY IMPLEMENTATION

79%



### 2030 RENEWABLE ENERGY TARGETS



65%

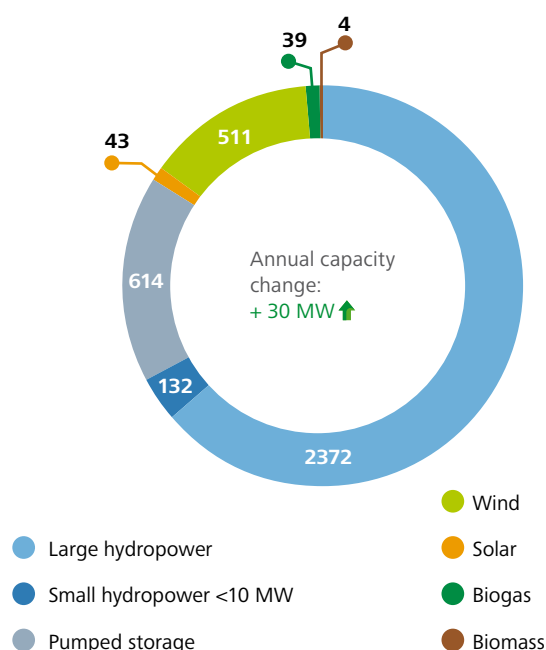
The overall target of achieving a 33,6% share of renewable energy in the gross final energy consumption, as stipulated in the adopted NECP, is not in line with the 40,7% 2030 target set by Ministerial Council Decision 2022/02/MC-EnC. However, in line with Article 6 of the Decision, NECP contains explanation regarding the differences between overall target adopted by NECP and target set by the Energy Community. The overall 2030 renewable energy target is subdivided into sectorial targets for electricity (45%), transport (7%), and heating and cooling (41,4%). In-line with Article 26 of Renewable Energy Directive (REDII), Serbia has adjusted its minimum target for renewable energy in transport to 7% by 2030. Serbia has not expressed sufficient ambitions for 2030 target for renewable energy in heating and cooling in accordance with Article 23.

### QUALITY OF SUPPORT SCHEME

90%

Amendments to the Renewable Energy Law adopted in April 2023, supported by secondary legislation, established the pre-conditions for auctioning in the form of market premiums. The first auction for awarding the market premium was successfully completed in 2023, and the preparation of next auctions is underway. None of the cooperation mechanisms (statistical transfer, joint projects, joint support schemes) have been implemented.

### Total Capacities of Renewable Energy 2023 (MW)



Total capacities of renewable energy (MW): **3715**

Source: Ministry of Mining and Energy

### SELF-CONSUMPTION AND ENERGY COMMUNITIES

88%

Serbia deploys a two-pronged strategy to promote self-consumption, with net metering mechanisms for households (up to 10,8 kW) and net billing for industries (up to 150 kW). Amendments to the Renewable Energy Law have paved the way for the introduction of renewable energy communities in accordance with REDII requirements. However, the actual implementation is still missing.

### GUARANTEES OF ORIGIN

65%

Currently, Serbia is the only Contracting Party to have successfully implemented a functional guarantees of origin (GOs) system for electricity, which includes the adoption of disclosure rules and the publication of a national residual mix. Its issuing body EMS became a member of the Association of Issuing Bodies (AIB). However, the existing legal framework envisages the issuance of GOs solely for renewable electricity without encompassing other energy carriers as required by the REDII.

### SUSTAINABILITY CRITERIA FOR BIOFUELS, BIOLIQUIDS AND BIOMASS FUELS

82%

Following the introduction of the sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids, and biomass fuels through amendments to the Renewable Energy Law, Serbia has adopted the corresponding secondary legislation. This has enabled full implementation and verification of the criteria, which is set to begin in 2025.

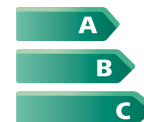
### RENEWABLE ENERGY IN HEATING AND COOLING

83%

Renovation programmes for residential buildings implemented in 2023 incentivise, for example, the purchase of heat pumps. The Ministry established a programme to support ten district heating systems with the installation of renewables-based, as well as urban and industrial waste-heat technologies that are estimated to produce 115 GWh of heat per year. Moreover, in 2024, the second phase of the programme aimed at developing the biomass market was launched, which will convert heating plants from fuel oil and coal to biomass in five municipalities. The potential for utilising renewable energy in district heating would require further support from local authorities in line with Article 71 of Renewable Energy Law.

## ENERGY EFFICIENCY IMPLEMENTATION

83%



### 2030 ENERGY EFFICIENCY TARGETS AND POLICY MEASURES



87%

The 2030 energy efficiency targets, as stipulated in the adopted NECP, are partly aligned with the 2030 targets set by the Energy Community. The 2030 primary energy consumption target (14,68 Mtoe) adopted by NECP is aligned with target set by the Energy Community (14,94 Mtoe), while the final energy consumption target (9,67 Mtoe) is less ambitious than the target agreed by the Energy Community (9,54 Mtoe).

Following the adoption of the Law on Energy Efficiency and Rational Use of Energy in April 2021, the remaining implementing acts were adopted during 2023 and 2024. The rules on minimum criteria for energy audits and training for energy managers enhance compliance with the amended Energy Efficiency Directive (EED). The information system for energy audits was updated in 2023, with further updates and training implementation under development. In 2023, rulebooks for inspecting heating and air-conditioning systems were adopted, supported by the package of manuals adopted during 2024 to support implementation.

### ENERGY EFFICIENCY IN BUILDINGS



64%

In February 2022, Serbia adopted a long-term building renovation strategy with targets to renovate the existing public building stock by 2050 and introduce nearly-zero energy buildings (NZEB) standards for all new public and commercial buildings. On the other hand, no progress has been achieved on finalising the draft regulation on minimum energy performance requirements and certification of buildings, which is necessary for full compliance with the Energy Performance of Buildings Directive.

### ENERGY EFFICIENCY SCHEME AND FINANCING

96%

Serbia implements Article 7 targets on obligation schemes through alternative measures. Previously part of National Energy Efficiency Action Plans, the reporting is now included in the adopted NECP.

The Administration for Financing and Promotion of Energy Efficiency established in 2021 within the Ministry of Mining and Energy, aims to finance activities and measures to improve energy efficiency. It adopted its annual programme for 2024, in line with the Law on Energy Efficiency and Rational Use of Energy. Financial support for energy efficiency projects in the public and residential sector is ongoing, with funds allocated from the national budget and international financial institutions.

### ENERGY EFFICIENT PRODUCTS – LABELLING

93%

Adopted in May 2023, the Governmental Decree on Energy Labelling transposed Framework Labelling Regulation (EU) 2017/1369.

In the previous reporting period, the Ministry updated the existing rulebooks to introduce new requirements and rescaled labels for fridges and freezers, washing machines and dishwashers, electronic displays and light sources, as required by the 2022 Ministerial Council Decision.

### EFFICIENCY IN HEATING AND COOLING



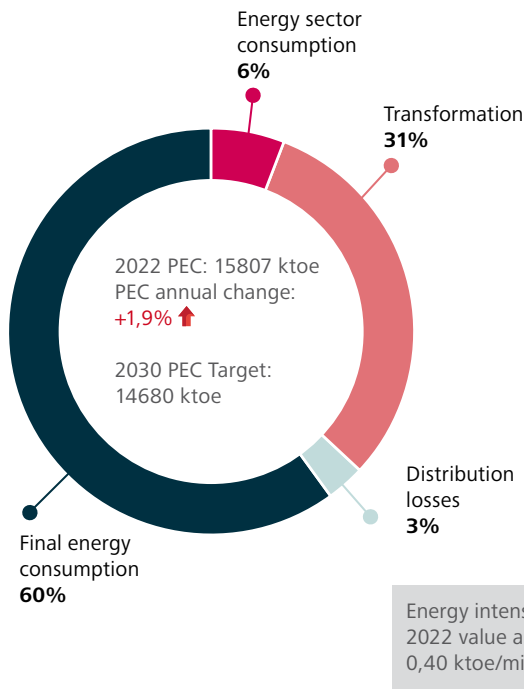
76%

While the transposition of the legal provisions regulating the heating and cooling sector under the EED have largely complied with, implementation remains pending, and significant progress has not been made. The adoption of an assessment of the potential for efficient heating and cooling has been delayed, despite being drafted for over a year already. Out of 58 district heating systems, only one quarter implements consumption-based billing, while the rest apply square-meter based billing.

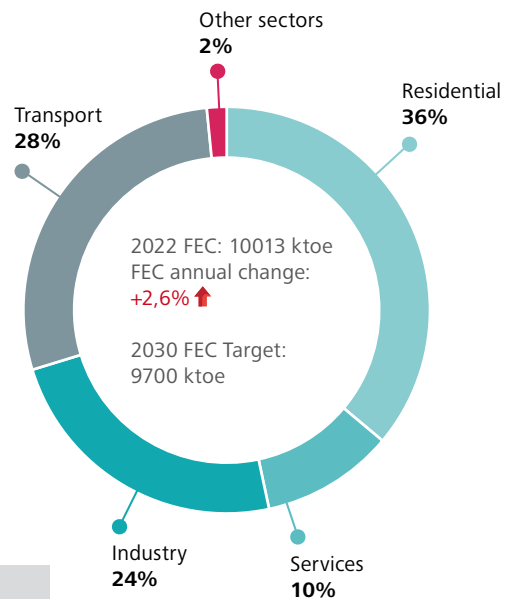
In 2024, Serbia continued the implementation of Public ESCO project to support households with subsidies for investing in external wall insulation and equipment for switching to consumption-based billing for district heating.

## 2022 Energy Efficiency Indicators and Trends

### Primary Energy Consumption (PEC)



### Final Energy Consumption (FEC)



Source: EUROSTAT 2024 data, NECP and 2022 Ministerial Council Decision

## EMISSION TRADING SCHEME (MONITORING, REPORTING, VERIFICATION AND ACCREDITATION)

85%



### FOUNDATIONS, INSTITUTIONS, PERMITS



93%

Through the adoption of the Climate Change Law, Serbia has transposed most of the definitions and concepts from the EU ETS Directive, including the key obligation for greenhouse gas (GHG) emitters to obtain a permit with a monitoring plan. The list of activities covered by the system and the list of greenhouse gases to be monitored and reported are defined in the legislation. The competent authority for approving GHG permits and reviewing the correctness of the monitoring methodologies contained in the monitoring plans has been appointed. The identification of the actual stationary installations covered by the monitoring and reporting obligations and the permit approval process itself has begun. The national legislation also introduced corrective mechanisms in the form of financial penalties for non-compliance with GHG permitting obligations.

plans. Templates for required forms have been prepared, and advanced IT tools have been implemented to streamline the approval process for GHG permits and the submission of annual emissions reports. Additionally, enforcement mechanisms for non-compliance with annual GHG emissions reporting obligations have been established in national law.

### VERIFICATION AND ACCREDITATION

79%

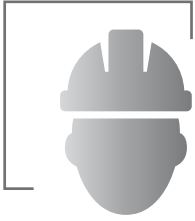
Most elements of the Accreditation and Verification Regulation have been transposed into national law through the Climate Change Law and dedicated secondary legislation. A requirement to submit annual GHG emissions reports verified by accredited verifiers was introduced in legislation. A national accreditation body has been appointed and internal preparations, including works on procedures, processes, and administrative measures, to enable the accreditation process for GHG verifiers have begun.

### MONITORING AND REPORTING



83%

The Monitoring and Reporting Regulation for stationary installations has been incorporated into national legislation, setting a deadline for submitting permit applications and monitoring



# Serbia

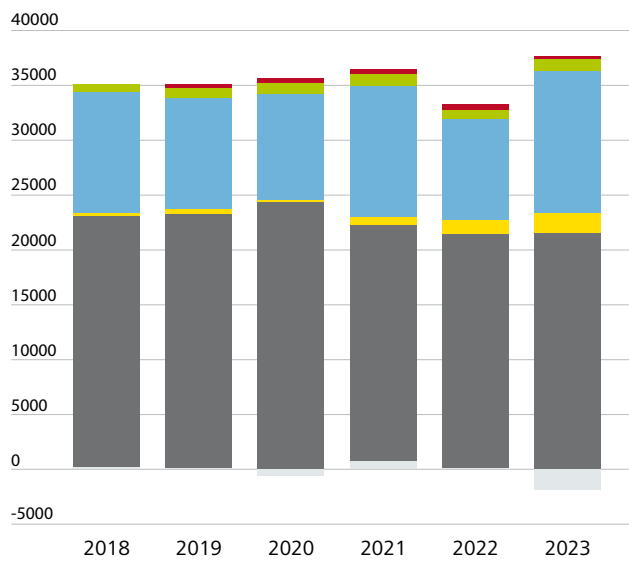
## Ensuring energy security

### ELECTRICITY SECURITY OF SUPPLY 47%

Regulation (EU) 2019/941 has not been transposed and the competent authority for risk-preparedness has not been designated despite the deadlines of 31 December 2023 and 5 January 2023, respectively. According to the draft Law on Amendments to the Energy Law reviewed by the Secretariat in September 2024, Regulation (EU) 2019/941 is planned to be transposed through amendments to the Energy Law and a related by-law. Development of the risk-preparedness plan has not been initiated although the deadline of 5 January 2025 is approaching. Serbia submitted the last Security of Supply Statements to the Secretariat in 2022 and is required to update them every two years, in accordance with Article 29 of the Treaty. Regulation (EU) 2017/2196 has been partially transposed by the law in force, mandating transmission system operator (EMS) to establish rules for suspension and re-establishment of market activities, subject to approval by the Energy Agency of the Republic of Serbia (AERS). EMS submitted the rules to AERS in December 2023, and AERS formally approved them on 18 January 2024. EMS also defined the system defence and restoration plans.

Cybersecurity has been addressed by the Law on Information Security and the Information Society and Information Security Development Strategy for the period from 2021 to 2026. The regulation identifying the list of activities of general interest that utilise information and communication systems of special importance also includes energy companies in its scope. Inspection and supervision of information and communications technologies for these companies take place on an annual basis.

Fuel mix and primary supply of electricity (in GWh)



- Net import [+], export [-]
- Coal fired plant
- Gas fired plant
- Hydro, total
- Wind
- Solar PV
- Other RES

Source: AERS Annual Report for 2023, compiled by the Energy Community Secretariat

### GAS SECURITY OF SUPPLY 5%

The Security of Gas Supply Regulation and the Storage Regulation have not been transposed. However, Serbia complied with the storage target requirements and has a security of supply

framework that pre-dates the new obligatory acquis. On these grounds, a dispute settlement case against Serbia was launched this year.

### OIL SECURITY OF SUPPLY 58%

Serbia has adopted both primary and secondary legislation on oil stocks to establish mandatory reserves. The country's crude oil equivalent currently corresponds to 41,7 days of average daily net imports, falling short of the 90-day requirement for emergency oil stocks. No increase in the number of days was observed during the reporting period.

vate partnership (PPP) model to secure the remaining required storage capacity is another top priority.

The Directorate for Energy Reserves is in the process of completing the construction of four tanks (with a total capacity of 80.000 m<sup>3</sup>) by the end of 2024. The finalisation of a public-private

Serbia is the only Contracting Party that has submitted all required reports under Directive 2009/119/EC. These include a summary of the 2023 stock register, monthly oil statistics from January to December 2023 and January to May 2024, the COIR questionnaire and the annual report analysing the measures taken by national authorities to ensure and verify the availability and physical accessibility of emergency stocks.



# Serbia

## Improving the environment

### ENVIRONMENTAL ASSESSMENTS



43%

The 2023 draft Law on Environmental Impact Assessment (EIA) was returned to the Government for revision and was incorporated into a new draft. The updated draft law is now with the Parliament and is expected to be adopted by the end of 2024. This revised draft enables Serbia to address the legal gap identified by the Secretariat by stipulating that projects must undergo an EIA decision before applying for development consent. The Ministry has reported progress on secondary legislation, which is expected to be ready for adoption immediately after the adoption of the primary law. However, until the draft law is adopted, the breach established by Ministerial Council Decision 2021/09/MC-EnC regarding the lack of transposition of Directive 2014/52/EU persists. Serbia has neither addressed nor implemented safeguard mechanisms in its legislation regarding illegally constructed projects completed without the necessary permits and EIAs; a regulatory gap that enables developers to circumvent EIA obligations. During the reporting period, all five screened transmission line projects were subjected to an EIA, along with the modernisation of Block A6 of the Nikola Tesla A thermal power plant and a new waste-to-energy plant.

The draft Law on Strategic Environmental Assessment (SEA), aiming to enhance the SEA process, is currently undergoing assembly procedures, with an anticipated adoption by the end of this year. Serbia has made the draft National Energy and Climate Plan (NECP) subject to a SEA, successfully completing the process, with consent granted by the Ministry of Environmental Protection on 8 July 2024. Ongoing SEA processes include the Energy Development Strategy until 2040, the Environmental Protection Strategy - Green Agenda, and the Spatial Plan of the Special Purpose Area of the Reversible Hydroelectric Power Plant "Bistrica" and "Potpeć", all with transboundary impacts.

### LARGE COMBUSTION PLANTS



53%

Serbia complied with its reporting obligations under the Large Combustion Plants Directive for the reporting year 2023 in March 2024. Compared to 2022, emissions of sulphur dioxide increased, nitrogen oxides remained approximately at the same level, while dust emissions have decreased. The positive track

record of compliance with the dust ceilings was maintained, however, the significant non-compliance in the case of sulphur dioxide is still present. The ceiling for nitrogen oxides was not complied with for the first time. A dispute settlement procedure for non-compliance with the NERP ceilings is open since March 2021. With the end of the opt-out regime at the end of 2023, the four large combustion plants operating under this regime cannot be operated after 1 January 2024 unless they meet the requirements of the Industrial Emissions Directive.

### SULPHUR IN FUELS

92%

Serbia has transposed the provisions of the Sulphur in Fuels Directive, and the annual fuel quality monitoring programme foresees the sampling and analysis of heavy fuel oil and gas oil, which takes place according to the provisions established in the programme.

### NATURE PROTECTION

67%

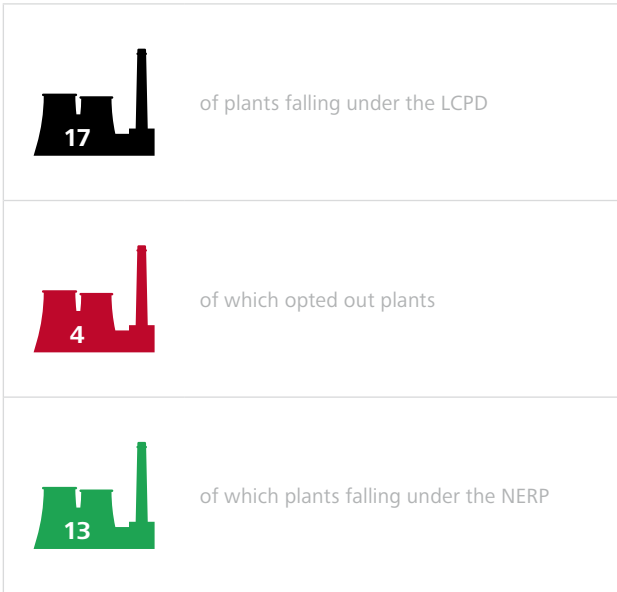
No progress has been made in establishing Natura 2000 sites. Five Pilot Management Plans developed with the support of EU projects are awaiting approval, while the national action plan for bird conservation and the national red list for bird species face delays. Challenges persist concerning institutional and human resource capacity at both national and local levels, even if Serbia adopted regulations on measures and criteria for allocating incentive funds for the conservation and protection of biological, landscape, and geological diversity in 2024. Serbia reported that the last pairs of imperial eagles are recovering, with their population tripling due to substantial financial and technical support from EU nature conservation funding.

### ENVIRONMENTAL LIABILITY

10%

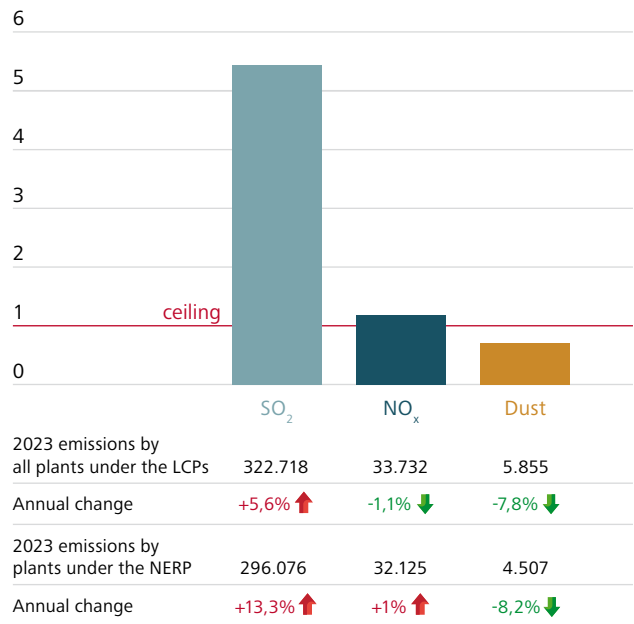
Serbia has transposed certain provisions of the Environmental Liability Directive via the Law on Environmental Protection. The adoption of the Law on Liability for Environmental Damage is still pending.

## Installations under the Large Combustion Plants Directive



Source: compiled by the Energy Community Secretariat

## 2023 emissions versus NERP ceilings





# Serbia

## Performance of authorities



### REGULATORY AUTHORITY



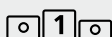
76%

The legal setup governing independent functioning of the Energy Agency of the Republic of Serbia (AERS) is largely in line with the Energy Community legislation. However, the autonomy of the management related to internal organisation and the use of the annual budget is limited by the requirement of the Parliament to adopt statutes and hire additional staff. Furthermore, the penalties imposed by AERS are limited in terms of scope and magnitude. At the same time, AERS is not equipped with necessary competences to implement the EIP due to the lack of transposition on national level.

In 2024, AERS adopted criteria for exemptions for connections of producers' and customers' facilities to electricity transmission network, rules for electricity market activities suspension and restoration, maximum capacity thresholds for production mod-

ules and a number of investment and development plans for electricity transmission and distribution. In the gas sector, AERS adopted the preliminary decision on certification of Transportgas Serbia and drafted a new transmission tariff methodology for which the ECRB confirmed compliance with the tariff network code. The adoption of this methodology is still pending. AERS approved the development plan for Transportgas Serbia for 2022–2031, including a three-year investment plan. No progress was made regarding AERS's enforcement of third-party gas access to gas interconnection points. AERS also continues to set electricity and gas prices for households and small customers.

Secondary legislation implementing REMIT is in place, as well as the relevant register of market participants, however no investigation has been undertaken so far.



### COMPETITION AUTHORITY

65%

In the reporting period, the Commission for Protection of Competition has reviewed and cleared a high number of mergers in the energy sector. At the same time, full compliance with its

obligations under the Treaty would require effective enforcement in the energy sectors also in other aspects of the competition acquis.



### STATE AID AUTHORITY



75%

In the reporting period, the Commission for State Aid Control did not render any decision on State aid in the energy sector.

Effective enforcement of State aid acquis is required for Serbia to comply with its obligations under the Treaty.



### STATISTICAL AUTHORITY

92%

The Statistical Office of the Republic of Serbia (SORS) is responsible for national energy statistics. The agency has built a robust system for generating high-quality reports on energy statistics, providing EUROSTAT with the required quality reports in line with the acquis. SORS successfully submitted five annual questionnaires for 2022, along with the biomass data, disaggregated household and industrial energy consumption data. Ministry of Mining and Energy prepared and submitted to the EUROSTAT, SHARES questionnaire and preliminary energy data for 2023 via mini questionnaires.

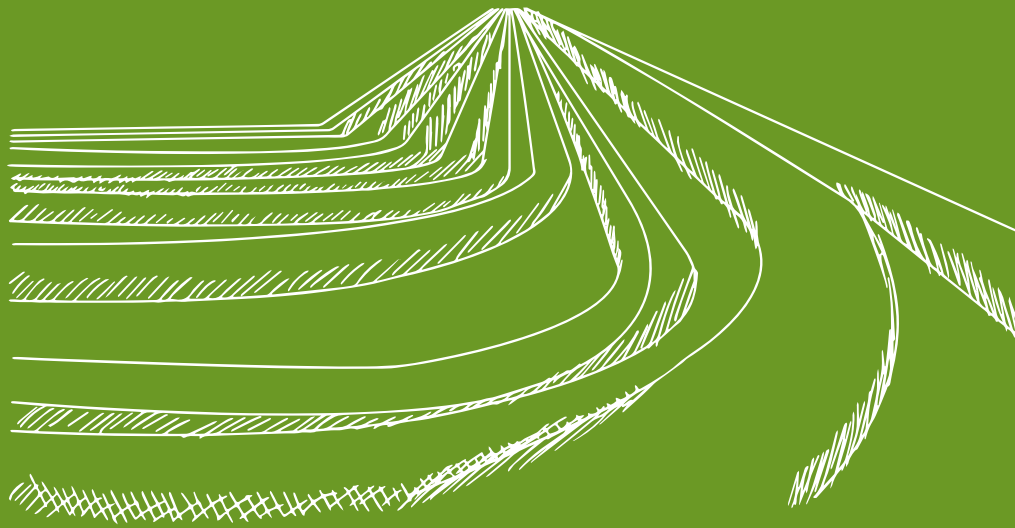
However, disaggregated data on energy consumption in the transport and services sectors was not provided due to lack of knowledge and insufficient human resources. Especially in the transport sector, there is a lack of an institutional monitoring level based on which elements for data calculation can be provided. SORS expects to address this gap through the ongoing MB

IPA 2022 project, aiming to deliver the first results on detailed energy consumption in these sectors. In collaboration with the Ministry of Mining and Energy, SORS compiles monthly statistics on electricity, coal, natural gas, and oil, including oil stock levels, and submits them to EUROSTAT. Additionally, bi-annual reports on electricity and natural gas prices for industrial and household users, broken down by consumption bands and pricing components, are regularly submitted, with accompanying quality assessments.

While SORS has shown a strong commitment to timely and accurate reporting, its capacity to meet growing demands for more detailed sectoral data is constrained by limited human resources and lack of knowledge. Strengthening the organisation's workforce is crucial to improving monitoring efforts, enhancing data collection, and ensuring SORS can meet future statistical needs in the evolving energy landscape.











# 1B

## Ukraine





## IMPLEMENTATION OVERVIEW

| CLUSTER  | IMPLEMENTATION STATUS   | RECOMMENDATIONS  |
|--|---|--|
|  <b>Markets and integration</b>         |  56%   | <p>Transposition of the EIP and ensuring full compliance with TSO unbundling requirements should be prioritise. Alongside, nominated electricity market operator(s) should be designated as a precondition for market coupling. Ukraine should re-establish the gas market fundamentals, draft a phase out plan for the PSO model, and abandon gas export ban. It should implement the certification conditions of the GTSOU and comply with the unbundling requirements for the DSOs.</p>   |
|  <b>Decarbonising the energy sector</b> |  61%   | <p>Ukraine should align its national ETS with all requirements of the EU ETS Directive, Monitoring and Reporting Regulation, and Accreditation and Verification Regulation. The country should nominate climate reporters and follow up on climate reporting obligations. Remaining legislation should be adopted to fully align the national legal framework with REDII. Ukraine should finalise the comprehensive assessment for heating and cooling, prepare regulations to enhance the efficiency of the district heating sector, and strengthen the implementation of minimum energy performance requirements for buildings</p> |
|  <b>Ensuring energy security</b>        |  20%   | <p>Ukraine should adopt the law transposing Regulation (EU) 2019/941 and prepare a risk-preparedness plan. Commission Regulation (EU) 2017/2196 should also be fully transposed. Ukraine should transpose the Security of Gas Supply Regulation. It should submit a drafted risk assessment, adopt preventive and emergency plans, and fulfil the intermediate storage targets in 2025.</p>  |
|  <b>Improving the environment</b>     |  52% | <p>Ukraine should ensure that restoration projects, including those for power plants, comply with environmental impact assessment obligations as outlined in Article 1(3) of the Directive, and the restoration of the Kakhovka Dam should undergo a thorough assessment.</p>  |
|  <b>Performance of authorities</b>    |  77% | <p>Obligations of the martial law constrained activities of Ukraine's authorities. Nevertheless, both NEURC and AMCU pursue active regulatory and competition rules implementation. It is recommended that NEURC institutional independence is further strengthened by legislative amendments and ACUMU's investigations adequately address any potential abusive behaviour in order to guarantee a level playing field in Ukraine's markets.</p>  |





# Ukraine

## Markets and integration

### ELECTRICITY

46%



#### WHOLESALE MARKET



46%

The Electricity Integration Package (EIP) has not yet been transposed, but two draft laws were registered by two parliamentary groups in October 2024. On the basis of these two drafts, the Parliament's Energy Committee is currently finalising a proposal of the law to be submitted to the Parliament.

All market segments continue to operate despite the significant damage to the Ukrainian power system caused by the continuation of Russian military aggression. Price caps are defined based on the methodology approved by the regulator NEURC; the level of price caps for the organised market segments was increased in May 2024, are differentiated by hours and has been applied as of 1 June 2024. Bilateral contracts had the largest share - 82,5%, the DAM share was 12,5%, and the IDM share amounted to 1% in 2023.

In April 2024, a so-called "export public service obligation", obliging exporters to transfer 80% of their profit to the guaranteed buyer to cover the deficit of universal service suppliers, was cancelled. Losses in the transmission system and distribution systems are procured on the market.

The price caps for ancillary services, including balancing capacity, remain at the levels for 2022 or are based on the actual costs (depending on the type of service). In August 2024, Ukrenergo conducted two auctions, and procured long-term (5 years) reserves of the FCR and aFRR (by 30 September 2030).

The lower limit of the mandatory monthly sales volume of electricity by producers (except for producers producing electricity from alternative energy sources) and importers on the day-ahead market cannot be less than 10% of their monthly sales volume of electricity in accordance with market rules.

Regulation (EU) 1227/2011 is transposed by the Law on REMIT, adopted in June 2023, and the implementation is in progress – NEURC has adopted all necessary secondary legislation and has started the registration of participants in the wholesale energy market as of mid-October 2023.

A designation of the nominated electricity market operator (NEMO) is pending the transposition of Commission Regulation (EU) 2015/1222. The Ministry of Energy notified the national legal monopoly for day-ahead and intraday trading services on 8 March 2023, yet after the deadline of 15 February 2023.

The balancing market of Ukraine is governed by market rules, but the national terms and conditions related to balancing are still to be aligned with Commission Regulation (EU) 2017/2195.

#### RETAIL MARKET



44%

Electricity Directive (EU) 2019/944 still needs to be fully transposed. Provisions related to active customers and aggregation were transposed in June 2023, and NEURC subsequently adopted necessary secondary legislation. However, further clarifications are needed to ensure complete alignment with the Directive.

All customers in the retail market are free to choose their supplier. Universal service suppliers are obliged to supply electricity to households, small customers and several other categories of customers entitled to regulated prices. The CMU extended the Household PSO Act until 30 April 2025 and increased fixed household prices (as of 1 June 2024) to 4,32 UAH/kWh, incl. VAT (~0,1 EUR/kWh) for all categories benefiting from the Household PSO Act by 31 May 2024, except for consumers who have electric heating, and consume up to 2.000 kWh/month in the period October–April - for those consumers the fixed price remains at the level of 2,64 UAH/kWh, incl. VAT (~0,06 EUR/kWh).

The Government reappointed Ukrinterenergo as a supplier of last resort until 31 December 2024. Based on the amendments to the Household PSO Act, Ukrenergo currently covers the operating costs of the supplier of last resort (by the end of 2024).

Special rules for load shedding apply only to emergency situations, limiting the disconnection of consumers using imported or self-produced electricity (not less than 80% of the needs). Universal service suppliers and the supplier of last resort are not selected via competitive procedures. Clear criteria for identifying and supporting vulnerable and energy-poor consumers are still missing.

#### UNBUNDLING

70%

The state-owned transmission system operator (TSO), Ukrenergo, was conditionally certified in 2021. In 2022 the national regulatory authority extended the implementation of conditions until the lifting of martial law. Ukrenergo obtained full membership in ENTSO-E on 1 January 2024.

The supervisory board remains incomplete; the competitive process for one independent member has been ongoing since spring 2024. In September, the Ministry of Energy initiated a

competitive process to appoint three independent members to the supervisory board following the resignations of two independent members who cited political pressure. The appointment of the supervisory board is planned to be finalised by 9 December 2024.

Commission Regulation (EU) 2017/1485 is partially transposed through the transmission system code, Ukrenergo signed the SAFA as a member of the ENTSO-E, and acts as the Ukraine-Moldova (UAMD) load-frequency control block leader, including Moldova. Ukrenergo prepares TYNDPs, but they are not publicly available.

Most distribution system operators (DSOs) (privately owned) are unbundled. However, due to changes in the ownership structure of the state-owned distribution system operators, the unbundling of the TSO needs to be reconfirmed.

Tasks of the distribution system operators still need to be aligned with Directive (EU) 2019/944.

## ACCESS TO THE SYSTEM

86%

Access to the transmission and distribution systems is ensured through publicly available tariffs. A separate procedure for temporarily connecting certain categories of customers to the distribution networks during the period of martial law (which suspended some provisions of the distribution grid code) is still in force. In May 2024, NEURC adopted a simplified procedure for connecting generating facilities to the electricity distribution system grids to reduce the shortage of generating capacities caused by the Russian shelling of electricity facilities.

As of January 2024, the transmission tariff for exporters and the dispatch tariff for importers and exporters have not been applied. The costs will be covered under the inter-TSO compensation (ITC) mechanism, which Ukrenergo joined on 1 July 2024.

TSO revenues resulting from the cross-border capacity allocation were used to cover costs not foreseen by Regulation (EU) 2019/943, such as debts on the balancing market and RES public service obligation.

Connection codes have been implemented through the transmission and distribution system codes.

Regulation (EU) 543/2013 is transposed and implemented. Publication of data was put on hold due to martial law, but partially renewed for information not related to the state of the critical infrastructure.

## REGIONAL INTEGRATION



14%

Since 2023 Ukrenergo made progress towards the implementation of joint capacity allocation. Joint monthly and daily capacity allocation on the interconnection with Moldova is performed by Ukrenergo, as well as daily allocation on the interconnector with Romania. The daily allocation of the interconnectors with Hungary, Slovakia, and Poland is conducted via JAO. The rules for long-term and daily allocation with Romanian transmission system operator Transelectrica were approved by both regulators for 1 year (2024) and have now been negotiated for 2025 for long-term allocation (monthly) via JAO.

The cross-border capacity between neighbouring EU Member States and UAMD was increased by 2.100 MW in direction from the EU to UAMD (starting from 1 December 2024), and by 550 MW in direction from UAMD to the EU (starting from March 2024).

Ukraine prepared a draft law transposing main provisions of Regulation (EU) 347/2013, but upon the Secretariat's advice did not adopt it. It was instead rearranged to transpose the revised Regulation (EU) 2022/869 with adoption expected by end of 2024. In the PECEI 2024 selection process Ukraine participated with six projects, out of which two were included in the final preliminary PECEI list (330 kV OHL Balti - Dnestrovsk HPP-2 and DTEK Storage 225 MW). New interconnection projects with Slovakia and Romania should be nominated for the Projects of Mutual Interest (PMI), at the EU PCI/PMI selection process that has been initiated in Autumn 2024.

The transmission system operators of the Eastern Europe capacity calculation region (EE CCR) finalised the drafting of the cooperation agreement based on the recommendations of the national regulatory authorities on the cost-sharing key and voting principles. The capacity calculation methods will be agreed upon between transmission system operators of EE CCR after the cooperation agreement enters into force, the signing of which is ongoing. Alongside this, the EE local implementation project (EE LIP) for market coupling is also in the process of establishing the memorandum of understanding agreed upon and the signature procedure initiated.



## WHOLESALE MARKET

50%

The remarkable progress in wholesale gas market reform achieved in the past has been reversed since the start of the Russian aggression. REMIT Regulation was transposed and implemented by the law in July 2023 and subsequently by NEURC regulations. The ban on gas exports continued.

Access to a trading platform was provided to allow the buying/selling of short-term standardised products, enabling imbalance trading through trading alerts and defining the value of imbalances at prices set on the trading platform. The neutrality principle is due to be introduced on 1 April 2025. In September 2024, the regulator specified the methodology for calculating the neutrality charge to create the necessary prerequisites for the effective introduction of the balancing neutrality charge in the natural gas market.

## RETAIL MARKET



45%

The PSO scheme affects a broad range of gas consumers. It allocates natural gas produced by Ukrgasvydobuvannya (a subsidiary of Naftogaz) to Naftogaz Group before it is supplied to consumers, resulting in Naftogaz becoming the dominant player. The gas price under PSO is fixed and does not necessarily reflect the market price, leading to the accumulation of customers' debts.

The procedure for changing suppliers was amended to allow a smooth supplier change (without the previous supplier's consent) for household and non-household consumers. At the same time, the supplier of last resort mechanism was introduced to ensure uninterrupted natural gas supply to consumers.

## UNBUNDLING

62%

The gas transmission system operator (TSO), GTSOU, was unbundled and certified. Legislative amendments have been introduced granting the supervisory board the authority to approve the strategic development plan, annual financial plan, annual investment plan and medium-term investment plan. The relevant amendments to GTSOU's constituent act (Charter) are pending.

The Government transferred rights to operate several particular gas distribution system operators (DSOs) to JSC "Chornomor-naftogaz", the sole shareholder and the founder of which is NJSC "Naftogaz of Ukraine" (Naftogaz). Such gas DSOs were consolidated under Naftogaz subsidiary LLC "Gas Distribution Networks of Ukraine", which was licensed by the NEURC to conduct activities of gas distribution. It has yet to be established whether the current legal unbundling of LLC "Gas Distribution Networks of Ukraine" complies with functional, information, and accounting terms according to Directive 2009/73/EC.

## ACCESS TO THE SYSTEM

88%

Third-party access to transmission, storage, and distribution systems is in place based on regulated tariffs determined by the regulatory authority. A new transmission tariff methodology has been adopted for the next regulatory period, starting in 2025. The tariffs are to be determined in accordance with the capacity-weighted distance methodology defined by the tariff network code; however, the implementation of consultation and publication requirements for this code is still pending.

Some pending transparency requirements have been further delayed due to the application of martial law, but the information needed to access the network is available. GTSO of Ukraine offers capacity for interconnection with Poland at the GSA Platform and for all other interconnectors at the RBP Capacity Platform, which aligns with the ENTSOG auction calendar. Actual full implementation of the network code on capacity allocation mechanisms, such as offering bundled interconnection point (IP) capacity, depends on the adjacent TSOs, mainly from the EU Member States. There are no bundling products yet with Moldovan TSO.

Virtual interconnection points have been established with Poland and Hungary.

NEURC made amendments to the gas storage code, enabling more trading-friendly third-party access for storage in particular, in the following areas: flexible usage of storage capacity, harmonisation of capacity allocation of the gas storage capacity with the capacity allocation of GTS entry/exit points, increased portions of guaranteed and conditionally guaranteed capacity automation of the capacity allocation procedure using the information platform of the gas storage operator.

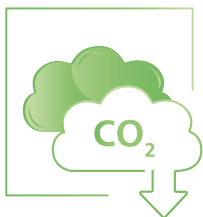
## REGIONAL INTEGRATION

88%

The transmission system is well interconnected, with vast capacity on all country borders. Most interconnection points are covered by agreements, in most cases aligned with the network code on interoperability and data exchange and the principles of capacity allocation code. GTSOU increased firm capacity at relevant interconnection points with Poland and Moldova in 2024.

On 1 July 2024, auctions were held to allocate the bundled new (incremental) capacity at the specified interconnection points (IPs) between Poland and Ukraine (from Poland to Ukraine), as well as unbundled new (incremental) capacity at the Orlivka/Isaccea IP (from Romania to Ukraine), at the Căușeni IP (from Ukraine to Moldova), and at the Grebenyky IP (from Moldova to Ukraine).

Implementation of the energy units across the whole gas chain is pending.



# Ukraine

## Decarbonising the energy sector



### GOVERNANCE/CLIMATE IMPLEMENTATION

59%

#### NATIONAL ENERGY AND CLIMATE PLANS



71%

The draft National Energy and Climate Plan (NECP) of Ukraine was submitted to the Secretariat on 2 May 2024 and the Secretariat's Recommendations were provided to Ukrainian authorities on 5 June 2024. The Cabinet of Ministers adopted the NECP of Ukraine on 25 June 2024.

#### NATIONAL GREENHOUSE GAS EMISSIONS POLICIES AND MEASURES



0%

Reporting obligations have not been transposed in legislation. Ukraine has not nominated lead reporters for the Governance Regulation reporting activities, and no reporting activity was initiated.

#### GREENHOUSE GAS 2030 TARGET



100%

Ukraine has defined the 2030 climate target in its national legislation, and it is aligned with the 2030 target set by the Energy Community.

#### LONG-TERM STRATEGY AND CLIMATE NEUTRALITY



50%

The legal basis for a long-term strategy has been adopted and a 2050 climate neutrality target established in legislation. Ukraine should revise and update the strategy after five years as outlined in the adapted Governance Regulation. An update has not yet been made.

#### NATIONAL SYSTEMS FOR CLIMATE REPORTING



72%

There is a legal basis for a national greenhouse gas (GHG) inventory system and Ukraine has implemented a national system for estimating GHG. Ukraine has not nominated a lead reporter, and no report was submitted on the national system on policies and measures and projections.

## RENEWABLE ENERGY IMPLEMENTATION

61%



### 2030 RENEWABLE ENERGY TARGETS



85%

The overall target of achieving a 27% share of renewable energy in the gross final energy consumption, as outlined in the adopted NECP, is in line with the 2030 target set by the Energy Community. The overall 2030 renewable energy target is subdivided into sectorial targets for electricity (25,4%), transport (17,2%), and heating and cooling (35%). The targets for both transport and heating and cooling are in line with the requirements of Renewable Energy Directive (REDII).

### SELF-CONSUMPTION AND ENERGY COMMUNITIES

75%

Ukraine continues to provide self-consumers with feed-in tariffs that are determined administratively. The Green Transformation Law provides the legal basis for a shift to net-billing mechanism, while the feed-in tariff will apply only for households until the end of 2029.

The Law provides the legal basis for establishing renewable energy communities in accordance with REDII while secondary legislation and the implementation is still pending.

### QUALITY OF SUPPORT SCHEME



62%

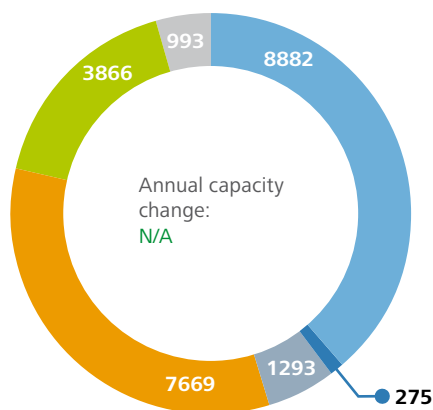
Support to renewable schemes continues to operate under an administratively determined feed-in tariff. The adoption of the so-called Green Transformation Law in July 2023 paved the way for market-based support through a feed-in premium model. In September 2024, Ukraine launched its first solar PV auction, but it concluded in October without any expressed interest from stakeholders. Addressing longstanding payment issues with the guaranteed buyer, adopting detailed auction rules and a three-year auction plan are essential steps forward.

### GUARANTEES OF ORIGIN

70%

Within the framework of the regional project implemented by the Energy Community Secretariat, an electronic registry for guarantees of origin (GOs) was established for Ukraine. It became operational by regulator in August 2024. The next critical milestone for achieving a fully operational GO system includes the adoption of disclosure rules and the calculation of the residual energy mix. The Green Transformation Law incorporated the necessary legal provisions for issuing GOs for all types of energy carriers, including renewable gas, and heating and cooling.

### Total Capacities of Renewable Energy 2021\* (MW)



- Large hydropower
- Small hydropower <10 MW
- Pumped storage
- Wind
- Solar
- Other RES
- Biomass

Total capacities of renewable energy (MW): **22978**

Source: Ministry of Infrastructure and Energy

\*Due to marshall law, latest available data for Ukraine are from 2021

### SUSTAINABILITY CRITERIA FOR BIOFUELS, BIOLIQUIDS AND BIOMASS FUELS

15%

The Law on Alternative Fuels lays the basis for transposing sustainability requirements for biofuels and bioliqids in transport. However, the necessary secondary legislation has yet to be adopted by the relevant authorities. To comply fully with the REDII, all aspects of the sustainability and greenhouse gas emissions saving criteria for biofuels, bioliqids, and biomass fuels, including verification provisions, must be transposed into Ukrainian legislation.

### RENEWABLE ENERGY IN HEATING AND COOLING

50%

Ukraine is working on the development of the solid biofuel market, by establishing an electronic platform for biofuel trading. A programme to support households and condominiums to install solar panels and heat pumps was developed and initiated in the summer 2024. The Cabinet of Ministers approved a concept for modernising state- and community-owned thermal energy producers by improving their energy performance, which includes establishing centralised supply systems utilising waste heat. However, the transposition of Article 24 of REDII, which promotes the use of renewable energy and waste heat into district heating and cooling systems remains necessary.

## ENERGY EFFICIENCY IMPLEMENTATION

81%

A

B

C

### 2030 ENERGY EFFICIENCY TARGETS AND POLICY MEASURES



79%

Ukraine's energy efficiency legislation is largely aligned with the amended Energy Efficiency Directive. In line with the Energy Efficiency Law, Ukraine's 2030 energy efficiency targets and National Energy Efficiency Action Plan (NEEAP) up to 2030 were adopted in December 2021. The adopted energy 2030 efficiency targets are aligned with the 2030 energy efficiency targets, also in the NECP adopted in June 2024.

Despite the Russian aggression, during 2024 Ukraine continued to align legislation with the amended Energy Efficiency Directive under Clean Energy Package, including improvement of energy management system and local planning methodology, introduction of highly-efficient cogeneration mechanism, as well as adoption of the draft Law of Ukraine "On Amendments to Certain Laws of Ukraine on Ensuring the Implementation of a Unified State Policy on Energy Efficiency and Decarbonisation", amending Energy Efficiency Law in line with the amending Energy Efficiency Directive (EU) 2018/2002.

### ENERGY EFFICIENCY IN BUILDINGS



94%

Ukraine adopted the majority of by-laws to implement the Energy Performance of Buildings Law, including a national plan to increase the number of nearly-zero energy buildings. Furthermore, the Parliament passed a law fostering a conducive environment to comprehensive thermal modernisation of buildings in 2023.

The long-term building renovation strategy was adopted in December 2023, together with the operational plan and the state targeted economic programme to support implementation. Revisions are planned to factor in the building stock damaged by the Russian war against Ukraine and the increased climate ambitions.

Further strengthening of implementation of minimum energy performance requirements is partially important to support huge building reconstruction needs in Ukraine.

### ENERGY EFFICIENCY SCHEME AND FINANCING

70%

Adopted in 2021, the energy efficiency obligation scheme was never fully implemented and suffered from the lack of adoption of adequate procedures and creation of an adequate monitoring, control, and verification system. It also lacks detailed information and planning in NECP.

The Energy Efficiency Fund provides grants for renovations of multi-apartment buildings, and since recently for the integration of renewables in residential buildings. The Decarbonisation and Energy Efficient Transformation Fund was established in 2023. It will play a crucial role in financing a spectrum of energy efficiency programs and initiatives, with operations set to commence in 2024. In January 2024, the Decarbonisation Fund in the budget was created, to support energy efficiency and renewable energy programmes.

There was no progress regarding the incorporation of energy efficiency criteria in public procurement procedures.

### ENERGY EFFICIENT PRODUCTS – LABELLING



97%

All energy labelling regulations related to the Labelling Directive were adopted. Five new regulations completing the implementation of the Framework Labelling Regulation (EU) 2017/1369 were also adopted. Ukraine transposed the Eco-design Directive 2009/125/EC, as well as 36 product regulations on a voluntary basis.

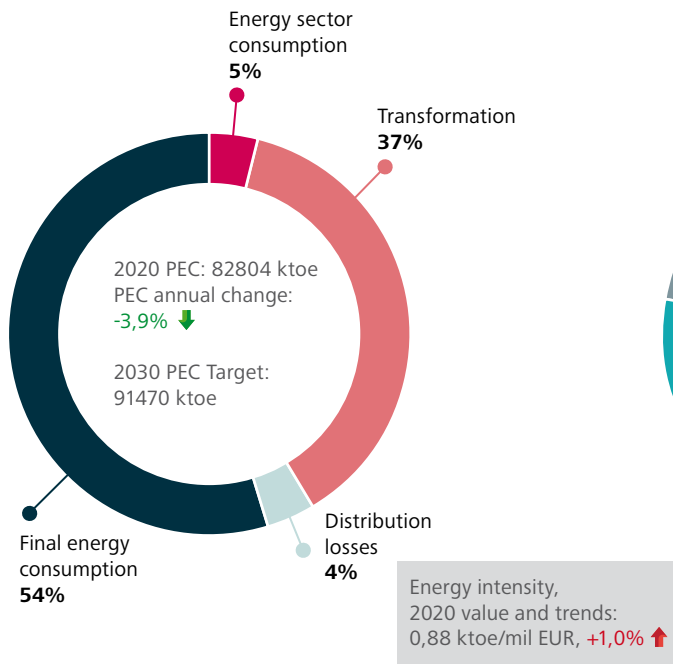
### EFFICIENCY IN HEATING AND COOLING

64%

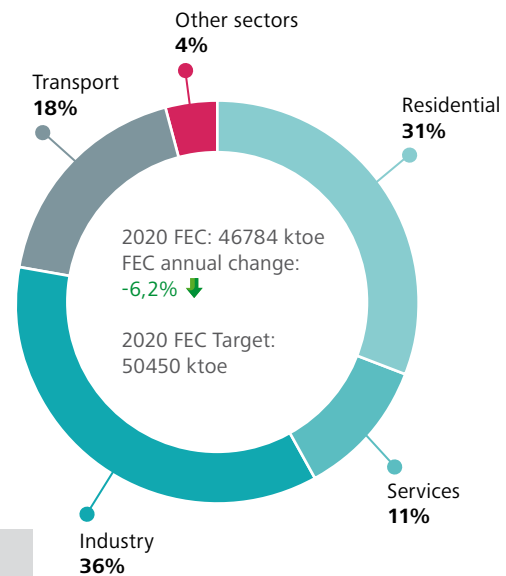
In Ukraine efforts remain focused on repairing damaged district heating infrastructure and deploying decentralised heating alternatives. The comprehensive assessment is still under development. Secondary legislation defining procedures for developing the national report on the comprehensive assessment has been drafted but is yet to be adopted. Approximately 40 municipalities have updated their local heat supply schemes, prioritising sustainable and cost-effective heating solutions. In 2024, secondary legislation related to the Law on Cogeneration and Waste Energy Potential was approved, further regulating the issuance and registry maintenance issues for the guarantees of origin for electricity produced by high-efficiency cogeneration plants.

## 2020 Energy Efficiency Indicators and Trends\*

### Primary Energy Consumption (PEC)



### Final Energy Consumption (FEC)



\* Note: 2021–2022 energy balance data were not available for Ukraine  
Source: EUROSTAT 2024 data and 2022 Ministerial Council Decision

## EMISSION TRADING SCHEME (MONITORING, REPORTING, VERIFICATION AND ACCREDITATION) 63%



### FOUNDATIONS, INSTITUTIONS, PERMITS 47%



Ukraine launched its emissions trading scheme in 2021 with the introduction of the Law on Principles of Monitoring, Reporting and Verification of Greenhouse Gas Emissions partly based on the EU ETS Directive.

Part of the definitions were introduced, but the concept of a permit was replaced by an obligation to register, and the activities covered by the scheme were significantly reduced in relation to the EU ETS. The basic elements of an enforcement regime for failure to register or submit a monitoring plan have been introduced in the legislation. The competent authority designated to check the validity of the monitoring plans has started the process of identifying operators but the circulation of documents within the national ETS has been suspended due to the introduction of martial law. Ukraine is currently working on a long-term strategy to amend the national ETS to be fully in line with the requirements of the EU ETS Directive.

for sustainable criteria for biomass or CO<sub>2</sub> transfers. Although there is no specific deadline for submitting applications for the approval of the monitoring plan, templates and examples of the application for registration and the monitoring plan itself have been made available. The national legislation introduces basic provisions on the estimation of emissions by the competent authority in the event of failure to submit a report by the operator of the installation.

### VERIFICATION AND ACCREDITATION 72%

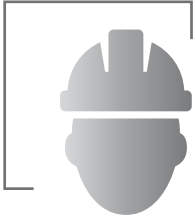


Ukraine has partially transposed the provisions of the Accreditation and Verification Regulation, particularly regarding the verification process, into the national legal system through the adoption of the Principles of GHG MRV Law and other secondary legal acts but some elements of accreditation requirements are missing like the activity related to scope of accreditation for GHG verifiers. The obligation to submit annual emissions reports verified by an accredited verifier has been introduced into the national law and National Accreditation Agency of Ukraine was appointed as a national accreditation body. Accreditation processes have been implemented and some verifiers have already been accredited and can provide verification services to installations operators.

### MONITORING AND REPORTING 70%



Ukraine partially transposed the Monitoring and Reporting Regulation, but omitted elements related to the monitoring of emissions from aviation operations and specific requirements



# Ukraine

## Ensuring energy security



### ELECTRICITY SECURITY OF SUPPLY

32%

Regulation (EU) 2019/941 has not been transposed yet. The transposition is intended to be achieved through the draft Law on Amendments to the Laws of Ukraine on the Unification of the Electricity Markets of Ukraine and the European Union, registered by the members of the Parliament in October 2024. The security of supply rules in place are adopted based on Directive 2005/89/EC. Ukraine does not provide the Security of Electricity Supply Statements to the Secretariat as required under Article 29 of the Treaty. Although Commission Regulation (EU) 2017/2196 has not yet been fully transposed into Ukrainian

legislation, the transmission system code requires the transmission system operator Ukrenergo to develop both a defence plan and a restoration plan. These plans have to be reviewed regularly and updated at least every three years.

A comprehensive legislative framework related to cybersecurity has been defined and implemented in Ukraine. Additional information security requirements are defined in the transmission system code.



### GAS SECURITY OF SUPPLY

8%

Transposition of Regulation (EU) 2017/1938 is pending. Ukraine possesses risk assessment and preventive and emergency action plans, which still need to be aligned to a full extent with the gas acquis. Ukraine transposed Regulation (EU) 2022/1032, fulfilling the obligations regarding the storage system operator and the

trajectory levels of gas in the storage. Another stress test for the transmission and storage system, reflecting the halt of the gas transit, to ensure that gas stored by foreign traders, under a warehouse custom regime, could be evacuated to the owners in a crisis, was performed. Ukraine fulfilled the storage targets.



### OIL SECURITY OF SUPPLY

13%

In November 2023, the Verkhovna Rada of Ukraine adopted the Law on Minimum Reserves of Oil and Petroleum Products. The chosen model for emergency oil stocks in Ukraine is industry-related, involving stakeholders such as oil companies, refineries, storage operators, and relevant government agencies. This model is designed to ensure the availability of strategic oil reserves to address supply disruptions, safeguard energy security, and mitigate the impact of crises on the oil industry and the broader economy.

Meanwhile, the Ministry of Energy began drafting secondary legislation, with the first draft prepared in September 2024. This draft outlines the procedures for creating, managing, and operating Ukraine's minimum oil reserves system. The implementation of this legislation will enable the effective management and sustainable functioning of these reserves, helping to identify potential market crises and facilitating the execution of action plans to mitigate such crises.

While the legislator incorporated most of the Secretariat's recommendations, the Law's implementation will only begin on 24 December 2024. The full achievement of the targeted volume of minimum oil reserves is expected over the course of eight years. This represents a significant delay in meeting the commitments under the Energy Community acquis.

Due to martial law being in force, Ukraine has not reported data to the Secretariat during the reporting period.



# Ukraine

## Improving the environment

### ENVIRONMENTAL ASSESSMENTS



33%

The implementation of the resolution exempting restoration projects of power plants from Environmental Impact Assessment (EIA) obligations under martial law remains unchanged, still lacking the necessary case-by-case exemptions mandated by Article 1(3) of the EIA Directive and does not incorporate any exemptions under Article 2(4) for projects of mixed purposes. Ukraine has initiated the development of a concept for the restoration of the destroyed Kakhovka Dam. The restored Kakhovka reservoir is anticipated to primarily support environmental goals by redistributing water to sustain unique ecosystems along the Lower Dnipro and delta estuary while ensuring a minimum environmental flow, reflecting Ukrhydroenergo's commitment to environmental sustainability in its hydropower operations. The restoration project should be subject to an EIA to ensure that all environmental aspects are adequately considered in the restoration process.

Currently, the issue of restoring the Kakhovka Dam is subject to scientific consideration. Based on the results of a detailed scientific research and of the potential risk assessments of this project, the decision concerning the restoration of the Kakhovka Dam may be revised.

The Aarhus Convention Compliance Committee (ACCC) has reiterated to Ukraine the importance of maintaining access to environmental open data. However, the Government's focus on security under martial law necessitates caution in disclosing such information, as the potential risks of sensitive data falling into the wrong hands are significant. To address these concerns, the Government is implementing legal measures to involve the public in security protocols, recognising that adversaries could exploit knowledge of enterprises' locations and capacities, thereby threatening critical infrastructure.

Ukraine has subjected its National Energy and Climate Plan (NECP) to a Strategic Environmental Assessment (SEA). The process was completed in June 2024, with the plan being adopted by the Cabinet of Ministers of Ukraine.

### LARGE COMBUSTION PLANTS

57%

With the military aggression and the targeted destruction of the Ukrainian energy infrastructure still ongoing, implementation of the Large Combustion Plants Directive cannot be safeguarded.

Despite these circumstances, Ukraine ensured the timely submission of its emissions data also for the 2023 reporting year and implementation of the NERP is being kept as a priority. Despite a slight increase in the reported emissions of all three pollutants, compliance with the NERP ceilings was comfortably met in 2023. This fact is however related to the unavailability of several plants that have suffered, in part serious, damage or uncertainties regarding the data of plants located in occupied territories.

Certain units have reached the end of their lifetime available under the opt-out rules. Considering the current situation and the utmost importance of every unit of the generation fleet in Ukraine, the Ministerial Council adopted a decision in early 2024, whereby it suspended the calculation of the operational hours for the Ukrainian plants subject to the opt-out regime.

### SULPHUR IN FUELS

87%

The legislative framework in Ukraine is compliant with the Directive's requirements, its implementation however remains impossible under the conditions of the military aggression.

### NATURE PROTECTION



67%

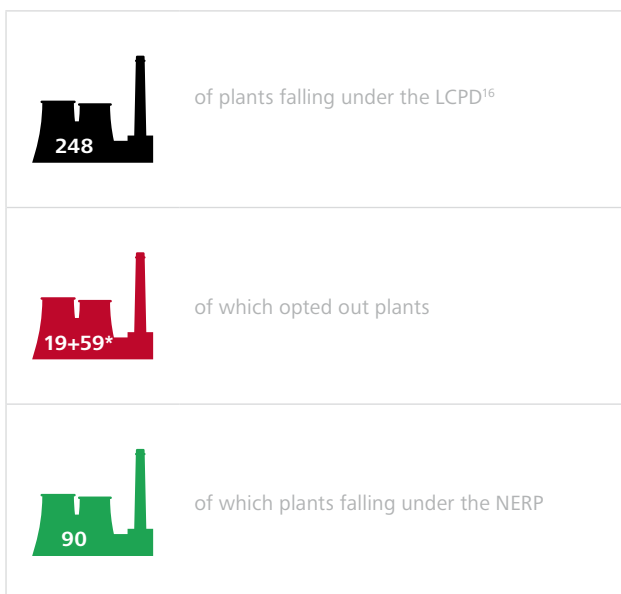
Ukraine is prioritising biodiversity conservation by implementing its National Biodiversity Conservation Strategy and Action Plan, which focuses on the protection of vulnerable species and habitats. The draft Law on the Territories of the Emerald Network, tabled already in 2020 and aiming to establish the legal and organisational framework for identifying and managing Emerald Network sites in Ukraine to protect natural habitats, flora and fauna, is yet to be adopted. Management plans are being developed for Emerald Network sites to enhance conservation efforts and promote community engagement in natural resource management.

### ENVIRONMENTAL LIABILITY

20%

Administrative liability is regulated by the Code of Ukraine on Administrative Offenses, which partially transposes the Directive's provisions. The current situation, however, does not make implementation possible in practice.

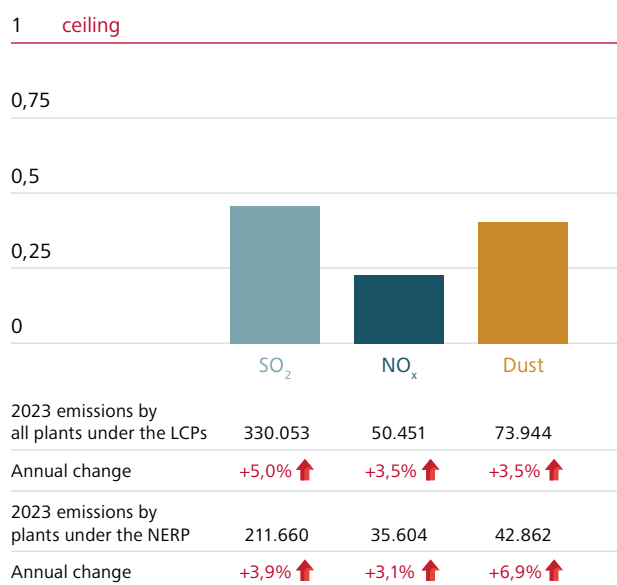
## Installations under the Large Combustion Plants Directive



\*Under Decision 2015/07/MC-EnC, certain plants in Ukraine are entitled to use 40.000 hours for opted out plants. 59 plants fall into that category.

Source: compiled by the Energy Community Secretariat

## 2023 emissions versus NERP ceilings



16 Ukraine revised its NERP and plant inventory in 2019, updated the number of plants based on the common stack approach and included all district heating installations, which modified the total number of plants. The NERP ceilings were not changed. For 80 plants, no derogations apply.



# Ukraine

## Performance of authorities



### REGULATORY AUTHORITY



81%

Following the Secretariat's assessment, the Parliament initiated legislative proposals to eliminate any lack of compliance related to governance, financial autonomy and staffing of NEURC. NEURC's regulatory legal acts were excluded from the State registration procedures done by the Ministry of Justice of Ukraine. Other NEURC-related amendments are being finalised within the ongoing legislative process. One NEURC member position remains vacant as the appointment process has not been completed since summer 2023.

Due to the lack of the EIP transposition in Ukraine, NEURC is not equipped with the necessary implementation powers.

Under the conditions of martial law, NEURC continued to regulate network activities in electricity and gas by approving the transmission and distribution tariffs and the TYNDPs, NEURC improved the gas transportation tariff methodology and amended the gas storage code, aligning it with the Gas Regulation to promote Ukraine's gas storage capacities. Under scarcity of available capacity in the energy system, NEURC increased the price-caps in the Ukrainian electricity market to improve market liquidity and improve conditions for imported electricity into Ukraine. In addition, NEURC simplified the connection conditions for generators and introduced other market incentives, such as long-term auctioning for ancillary services. Cogeneration plants producers with a capacity of up to 20 MW were allowed to directly supply elec-

tricity to electrical installations of critical infrastructure facilities.

In September 2024, NEURC specified the methodology for calculating the gas balancing neutrality charge. NEURC also coordinated decisions on the approval of incremental capacity projects at gas transmission interconnection points with Moldova, Romania and Poland.

Following the adoption of the Green Transformation Law, NEURC approved secondary legislation enabling the operation of active customers, aggregators, and storages on the electricity market. A regulatory framework for a net billing scheme and implementation of feed-in premium mechanism was adopted. As an issuing body, NEURC launched the electronic register of guarantees of origin for electricity from RES, and acquired the official status of a member of the AIB.

NEURC progressed with the implementation of the REMIT Law and adopted or amended a set of regulations related to the registration of market participants, transaction data reporting, requirements for Registered Reporting Mechanisms (RRM) and Inside Information Platforms (IIP), and the requirements for ensuring transparency and integrity on the wholesale energy market. NEURC has started the registration of market participants and authorisation of IIPs and RRM. Due to martial law, NEURC limited the publication of insider information.



### COMPETITION AUTHORITY

95%

In the reporting period, Ukraine adopted amendments to the Law on Protection of Competition and the Law on the Antimonopoly Committee of Ukraine (AMCU) to enable AMCU to more effectively investigate infringements. As in previous reporting periods,

the AMCU is actively enforcing the competition acquis, however with a strong focus is on merger control. The AMCU should ensure that its investigations adequately address any potential abusive behaviour in order to guarantee a level playing field.



### STATE AID AUTHORITY

45%

Following the Russian invasion of Ukraine, the Law on State Aid for Business Entities was amended, providing that during the application of martial law, State aid is compatible and the obligation to notify State aid is suspended. The Ministry of Econ-

omy of Ukraine is working on a reform of the State aid control system, including amendments to the Law on State Aid to Undertakings aimed to take effect by Q3 of 2025.



### STATISTICAL AUTHORITY

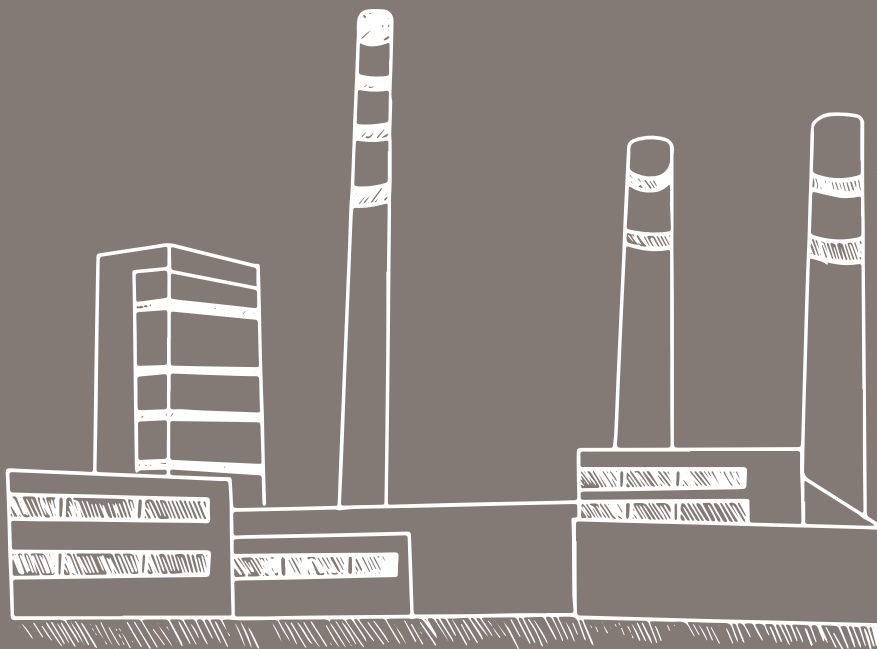
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Due to martial law, individuals, businesses, institutions, and public bodies are exempt from reporting to the State Statistical Service of Ukraine (SSSU) from March 2022 until three months

after martial law is lifted. As a result, the SSSU is currently unable to produce official statistics.

# 14-19

## Annexes









# 14 Energy Community acquis in force

Since 2006, the Energy Community acquis has significantly evolved to incorporate new directives and regulations. Presently, the acquis covers legislation on electricity, gas, oil, infrastructure, renewable energy, energy efficiency, competition and State aid, environment, statistics, climate and cybersecurity.

After the adoption of Clean Energy Package (2021 and 2022), the Energy Community body of law now amounts to 135 Decisions and 78 Procedural Acts adopted by the Ministerial Council the Permanent High-Level Group, the Energy Community Regulatory Board and the Secretariat, facilitating the transposition and implementation of 14 Directives and 49 Regulations. The

incorporation of Clean Energy Package underscores the Energy Community's dedication to harmonising energy legislation and advancing towards a cleaner and more integrated energy market.

The tables below display the core Energy Community acquis communautaire presently in force<sup>17</sup>. The implementation deadlines have been set by the respective Ministerial Council decisions. Due to their later accession, some of the implementation deadlines differ for Moldova (2010), Ukraine (2011) and Georgia (2017).



## Acquis on Electricity

Directive (EU) 2019/944 on common rules for the internal market for electricity

Regulation (EU) 2019/943 on the internal market for electricity

Regulation (EU) 2019/942 of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators

Commission Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation

Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management

Commission Regulation (EU) 2017/2195 establishing a guideline on electricity balancing

Commission Regulation (EU) 2017/1485 establishing a guideline on electricity transmission system operation

Commission Regulation (EU) 2017/2196 establishing a network code on electricity emergency and restoration

Regulation (EU) 2016/631 establishing a network code on requirements for grid connection of generators

Regulation (EU) 2016/1388 establishing a network code on demand connection

Regulation (EU) 2016/1447 establishing a network code on requirements for grid connection of high voltage direct current systems and direct current-connected power park modules

Regulation (EU) 543/2013 on submission and publication of data in electricity markets

Regulation (EU) 838/2010 on laying down guidelines relating to the inter-transmission system operator compensation mechanism and a common regulatory approach to transmission charging

Regulation (EU) 1227/2011 on wholesale energy market integrity and transparency

<sup>17</sup> Available on the Energy Community website: <https://www.energy-community.org/legal/acquis.html>.



## Acquis on Gas

Directive 2009/73/EC concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC

Regulation (EC) 715/2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) 1775/2005

Regulation (EU) 2015/703 establishing a network code on interoperability and data exchange rules

Commission Regulation (EU) 2017/459 establishing a network code on capacity allocation mechanisms in gas transmission systems

Commission Regulation (EU) 2017/460 establishing a network code on harmonised transmission tariff structures for gas

Regulation (EU) 312/2014 establishing a network code on gas balancing of transmission networks

Regulation (EU) 1227/2011 on wholesale energy market integrity and transparency



## Acquis on Security of Supply

Regulation (EU) 2017/1938 concerning measures to safeguard the security of gas supply

Regulation (EU) 2019/941 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC



## Acquis on Governance and Climate Action

Regulation (EU) 2018/1999 on the governance of the energy union and climate action

Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union

Commission Regulation (EU) 2020/1044 supplementing Regulation (EU) 2018/1999 with regard to values for global warming potentials and the inventory guidelines and with regard to the Union inventory system

Commission Implementing Regulation (EU) 2018/2066 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC

Commission Implementing Regulation (EU) 2018/2067 on the verification of data and on the accreditation of verifiers pursuant to Directive 2003/87/EC

Commission Implementing Regulation (EU) 2020/1208 on structure, format, submission processes and review of information reported by Member States pursuant to Regulation (EU) 2018/1999



## Acquis on Environment

Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, as amended by Directive 2014/52/EU

Directive (EU) 2016/802 relating to a reduction in the sulphur content of certain liquid fuels

Commission Implementing Decision (EU) 2015/253 laying down the rules concerning the sampling and reporting under Council Directive 1999/32/EC as regards the sulphur content of marine fuels

Directive 2001/80/EC on the limitation of emissions of certain pollutants into the air from large combustion plants

Chapter III, Annex V and Articles 72(3)-(4) of Directive 2010/75/EU on industrial emissions (integrated pollution prevention and control)

Article 4(2) of Directive 79/409/EEC on the conservation of wild birds

Directive 2004/35/EC on environmental liability with regard to the prevention and remedying of environmental damage, as amended by Directive 2006/21/EC, Directive 2003/31/EC and Directive 2013/30/EU

Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment



## Acquis on Renewable Energy

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



## Acquis on Energy Efficiency

Directive 2012/27/EU on energy efficiency as amended by Directive (EU) 2018/2002

Directive 2010/31/EU on the energy performance of buildings as amended by Governance Regulation (EU) 2018/1999

Regulation (EU) 2017/1369 setting a framework for energy labelling<sup>18</sup>



## Acquis on Infrastructure

Regulation (EU) 2022/869 on guidelines for trans-European energy infrastructure

Regulation (EU) 347/2013 on guidelines for trans-European energy infrastructure



## Acquis on Oil

Council Directive 2009/119/EC imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products



## Acquis on Statistics

Regulation (EC) 1099/2008 on energy statistics

Regulation (EU) 2016/1952 on European statistics on natural gas and electricity prices and repealing Directive 2008/92/EC

Implementing Regulation (EU) 2019/803 concerning the technical requirements regarding the content of quality reports on European statistics on natural gas and electricity prices pursuant to Regulation (EU) 2016/1952



## Acquis on Competition

The acquis on competition (Articles 18 and 19 of the Energy Community Treaty) rests on three pillars:

1. The prohibition of anticompetitive agreements established by Article 101 of the Treaty on the Functioning of the European Union (TFEU);
2. The prohibition of abuse of a dominant position provided for in Article 102 of the TFEU; and
3. The prohibition of State aid granted in violation of Article 107 of the TFEU.



## Cybersecurity

Procedural Act 2018/02/MC-EnC on the establishment of an Energy Community Coordination Group for Cybersecurity and Critical Infrastructure

<sup>18</sup> For the delegated labelling regulations, resort to: Secretariat, Energy Community Legal Framework, fifth edition, volume [https://www.energy-community.org/dam/jcr:dcaaf830-5df8-438d-b4d4-9d3de5bdfa4e/EnC\\_LF5.0\\_VOLUME5.pdf](https://www.energy-community.org/dam/jcr:dcaaf830-5df8-438d-b4d4-9d3de5bdfa4e/EnC_LF5.0_VOLUME5.pdf).



# 15 Community Secretariat on Enforcement and Dispute Resolution Activities

OCTOBER 2023 – OCTOBER 2024

On the basis of Article 67(b) of the Treaty establishing the Energy Community, the Secretariat reviews the proper implementation by the Parties of their obligations under the Treaty and submits yearly progress reports to the Ministry; in case of failure by a Party to comply with a Treaty obligation, the Secretariat may initiate dispute settlement procedures (Article 90 of the Treaty). Furthermore, in accordance with Article 2(5) of the Energy Community Dispute Settlement Rules as amended in 2015 (Dispute Settlement Rules), the Secretariat submits to the Ministerial Council an annual report on the application and interpretation of Energy Community law by national authorities of the Contracting Parties within the framework of cooperation between the Secretariat and the national authorities of the Contracting Parties. Finally, the Secretariat's Procedural Act on the Establishment of a Dispute Resolution and Negotiation Centre (the "Centre"), together with Article 19(2) of the Dispute Settlement Rules, require the Centre to draft a report on the results of the negotiations and the closure of the cases for submission to the Ministerial Council.

The present report covers these three sets of dispute resolution activities involving the Secretariat and is divided in three parts: activities based on Articles 90 et seq. of the Treaty related to dispute settlement cases (Part I), activities based on Article 2 of the Dispute Settlement Rules related to cooperation with national authorities (Part II) and activities of the Dispute Resolution and Negotiation Centre (Part III).

## PART I: Dispute settlement cases

The Energy Community Treaty provides for a dispute settlement procedure, which is meant to ensure the enforcement of the obligations under the Treaty. A preliminary procedure precedes the submission of a case of non-compliance to the Ministerial Council under Article 91 of the Treaty. It may be initiated by the Secretariat by way of an Opening Letter to be followed by a Reasoned Opinion and Reasoned Request to the Ministerial Council. The procedure is closed upon compliance by the Party concerned with its obligations under the Treaty at any time of the preliminary procedure or with a decision of the Ministerial Council. If a breach identified by the Ministerial Council has not been rectified, a procedure for a decision under Article 92 of the Treaty may be initiated. If a Party to the Treaty persistently fails to comply with its obligations, the Ministerial Council may suspend certain rights derived from the application of the Treaty, including voting rights and the right to participate in meetings or mechanisms provided for in the Treaty.

### Visualisation of dispute settlement cases

At the beginning of each Contracting Party chapter (Implementation Overview), the report features open cases under both Article 91 and Article 92 of the Treaty, as well as cases where the procedure under Article 91 of the Treaty has been closed with adoption of a Ministerial Council decision, but the breach has not been rectified yet. Cases in which the Ministerial Council has adopted a decision under Article 91 and have been followed up by opening a procedure under Article 92 of the Treaty, are reflected only in the boxes related to Article 92.

It also includes cases where the breaches are not rectified despite adoption of Ministerial Council decisions establishing serious and persistent breach or imposing measures under Article 92 of the Treaty.

### Cases under preliminary procedure

During the reporting period, in addition to five already existing cases subject to a preliminary procedure, one case was opened under Article 91 of the Treaty. **Case ECS-9/23** against **Serbia** was opened during the reporting period for alleged non-compliance with Directive 2001/80/EC on the limitation of emissions of certain pollutants into the air from large combustion plants.

During the reporting period, compliance was achieved in five cases that had been subject to a preliminary procedure: Moldova ensured compliance in three cases, **Case ECS-14/16** (concerning the transposition of Directive 2010/31/EU on the energy performance in buildings), **ECS-9/17** (concerning the independence of the national regulatory agency) and **ECS-31/21** (concerning the unbundling and certification of the gas transmission system operator). Kosovo\* and Bosnia and Herzegovina ensured compliance with State aid provisions which led to the closure of Cases **ECS-4/19** and **ECS-33/21**, respectively.

### Reasoned Requests submitted to the Ministerial Council for a Decision under Article 91 of the Treaty

On 29 May 2024, the Secretariat submitted nine Reasoned Requests to the Ministerial Council under Article 91 of the Treaty based on Article 11(3) of the Dispute Settlement Rules for non-transposition of *acquis communautaire* (Cases **ECS-5/24 Albania**, **ECS-6/24 Bosnia and Herzegovina**, **ECS-7/24 Georgia**, **ECS-8/24 Kosovo\***, **ECS-9/24 Moldova**, **ECS-10/24 Montenegro**, **ECS-11/24 North Macedonia**, **ECS-12/24**

**Serbia and ECS-13/24 Ukraine**). These cases address the lack of transposition of the Electricity Integration Package.

On 12 July 2024, the Secretariat submitted 16 Reasoned Requests to the Ministerial Council under Article 91 of the Treaty based on Article 11(3) of the Dispute Settlement Rules for non-transposition of *acquis communautaire*. Five of these cases (Cases **ECS-14/24 Bosnia and Herzegovina**, **ECS-15/24 Georgia**, **ECS-16/24 Kosovo\***, **ECS-17/24 Moldova** and **ECS-18/24 Montenegro**) address the lack of transposition of Directive 2009/119/EC of 14 September 2009 imposing an obligation to maintain minimum stocks of crude oil and/or petroleum products (Oil Stocks Directive). Four of these cases (Cases **ECS-19/24 Bosnia and Herzegovina**, **ECS-20/24 Georgia**, **ECS-21/24 North Macedonia** and **ECS-22/24 Serbia**) address the lack of transposition of Regulation (EU) 2017/1938 concerning measures to safeguard the security of gas supply as amended by Regulation (EU) 2022/1032 with regard to gas storage (SoS Regulation). Seven of these cases (Cases **ECS-23/24 Albania**, **ECS-24/24 Bosnia and Herzegovina**, **ECS-25/24 Georgia**, **ECS-26/24 Kosovo\***, **ECS-27/24 Moldova**, **ECS-28/24 Montenegro**, and **ECS-29/24 North Macedonia**) address the lack of transposition of Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources (RED II).

Also on 12 July 2024, the Secretariat submitted a Reasoned Request to the Ministerial Council under Article 91 of the Treaty and Article 29 of the Dispute Settlement Rules in Case **ECS-2/21** against **Serbia** for failure by the electricity transmission operator JSC Elektromreža Srbije and the national energy regulatory authority AERS to make available commercial electricity capacity at the interconnection lines between Niš and Kosova B and between Kruševac and Podujeva, which is in breach of Regulation (EU) 2019/943 of 5 June 2019 on the internal market for electricity and of Directive (EU) 2019/944 of 5 June 2019 on common rules for the internal market for electricity.

Case **ECS-15/21** against **Montenegro** for non-compliance with the rules of the Large Combustion Plants Directive on limited lifetime derogation of TPP Pljevlja had been submitted to the attention of the Ministerial Council already in the last reporting period.

### **Ministerial Council Decisions under Article 91 of the Treaty**

In 2023, the Ministerial Council adopted decisions establishing breaches under Article 91 of the Treaty in six cases. Three of these cases (Cases **ECS-10/23** against **Bosnia and Herzegovina**, **ECS-11/23** against **Kosovo\*** and **ECS-13/23** against **Moldova**) address the lack of transposition of Directive 2004/35/EC on environmental liability regarding the prevention and remedying of environmental damage (Environmental Liability Directive). Cases **ECS-7/21** against **North Macedonia**, **ECS-8/21** against **Kosovo\*** and **ECS-9/21** against **Bosnia and Herzegovina** relate to the non-compliance with the emission ceilings established under the National Emission Reduction Plans (NERPs).

### **Reasoned Requests submitted to the Ministerial Council for a Decision under Article 92 of the Treaty**

The Ministerial Council in its meeting in the reporting period did not render a decision on the following requests under Article 92 of the Treaty. Those are Cases **ECS-9/13 S** and **ECS-10/17 S** against **Serbia** for unbundling of natural gas transmission systems operators, as well as Case **ECS-13/17 S** for the failure to ensure third-party access to the Horgoš interconnection point between Serbia and Hungary. **Bosnia and Herzegovina** have not ensured compliance in Case **ECS-8/11 S** concerning the lack of implementing the Second Energy Package in gas, the lack of transposition of the Third Energy Package in Case **ECS-6/16 S** and the lack of transposition implementation of Directive 1999/32/EC on Sulphur in Fuels in Case **ECS-2/13 S**.

The Secretariat has not continued the procedure under Article 92 of the Treaty by submitting Requests to the Ministerial Council this year.

In the reporting period, no case has been referred to the Ministerial Council under Article 92 of the Treaty.

### **Cases where breaches have been established by the Ministerial Council Decision (Article 91 of the Treaty) which have been subsequently rectified by the Party in question**

No decision of the Ministerial Council under Article 91 of the Treaty has been complied with during the reporting period.

### **Cases where breaches have been established by the Ministerial Council Decision (Article 91 of the Treaty) which have not been subsequently rectified by the Party in question**

The six cases in which the Ministerial Council adopted decisions establishing breaches under Article 91 of the Treaty in 2023 have not been complied with by the Contracting Parties concerned. In addition to those cases, the Contracting Parties concerned have not complied with 16 decisions by the Ministerial Council establishing breaches under Article 91 of the Treaty adopted at earlier meetings.

## **Part II: Report on cooperation with national authorities under Article 2**

Article 2 of the Dispute Settlement Rules provides for a cooperation mechanism between national authorities and the Secretariat by which national authorities can ask the Secretariat for assistance regarding questions of interpretation or application of Energy Community law.

In the past reporting period, this mechanism has not been used.

### **Part III: Activities of the Energy Community Secretariat's Dispute Resolution and Negotiation Centre**

The Energy Community Secretariat's Dispute Resolution and Negotiation Centre has continued to be involved in the settlement of disputes in the Contracting Parties, thus increasing regulatory stability for the benefit of consumers, governments, and investors alike. Considering the general instability on the energy markets throughout the region, most of the instances in which the Dispute Resolution and Negotiation Centre provided support remained at an informal level.

Throughout 2024, the focus of the Secretariat's Dispute Resolution and Negotiation Centre was to support Ukrainian energy companies for the preparation of legal claims against the Russian Federation for its intentional destruction of Ukraine's energy infrastructure and generation facilities. During the reporting period, NPC "Ukrenergo", the electricity transmission system operator, and PJSC "Ukrhydroenergo", the state-owned hydropower generating company, concluded the selection of legal counsel for five projects, among others for developing litigation strategies as well as for initiating international ar-

bitration proceedings against the Russian Federation by PJSC "Ukrhydroenergo" for the destruction of the Kakhovka dam. With the assistance of pro bono legal representation secured via the Ukraine Legal Support Platform, "Ukrhydroenergo" has initiated investment arbitration proceedings against the Russian Federation and has sent a notice of dispute to the President, the Government and other relevant bodies of the Russian Federation. Under the Agreement on the Promotion and Reciprocal Protection of Investments between the governments of Ukraine and Russia, the notice of a dispute is the first formal step in an arbitration proceeding. The request for arbitration can be sent once the mandatory 6-month cooling-off period expires.

The Secretariat's Fifth Dispute Resolution Forum on 7 June 2023 concentrated on Ukraine's pursuit of justice - from holding Russia accountable to securing reparations. The forum also featured discussions on vital topics such as the creation of an international tribunal for Russia's crime of aggression, the Ukrainian damage registry, environmental harm, and actions against Russian assets. Representatives from Ukrainian state-owned enterprises highlighted the significance of the Ukraine Legal Support Platform in their efforts to gain compensation for the devastation of infrastructure.



# 16 Secretariat's Infrastructure Report

## Regulation (EU) 2022/869 on guidelines for trans-European energy infrastructure

The revised Regulation (EU) 2022/869 on guidelines for trans-European energy infrastructure was adopted in the Energy Community by the Ministerial Council Decisions 2023/02/MC-EnC and 2023/03/MC-EnC in December 2023. The act will repeal the old Regulation (EU) 347/2013 on 31 December 2024, marking the deadline for transposing the regulation into Contracting Parties' national legislation.

Adoption of the revised Regulation (EU) 2022/869 in the Energy Community should contribute to faster and more timely development of the energy infrastructure, supporting more extensive integration of renewables, enabling energy systems transformation and their decarbonisation and electricity market development. This will directly create a more stable investment climate and attract investments in the energy systems of the Contracting Parties. The introduction of new technologies like energy storage, electricity and gas smart grids, hydrogen and electrolysers should also be accelerated.

The revised Regulation states that the Ministerial Council shall adopt the first list of Projects of Energy Community Interest (PECI) by 31 December 2024.

## PECI categories and eligibility

Eligible energy infrastructure categories include

- electricity-related (overhead lines, energy storages, smart electricity grids, offshore grids), and,
- gas-related projects (smart gas grids, hydrogen, electrolysers, CO<sub>2</sub> networks).

Potential eligible projects must involve

- at least two Contracting Parties by directly or indirectly crossing the border thereof, or,
- be located on the territory of one Contracting Party having a significant cross-border impact on at least another Contracting Party.

The potential overall benefits of the PECI projects have to outweigh their costs, including in the longer term. The PECI projects must furthermore fulfil other specific and technical criteria defined in the revised Regulation.

## PECI selection process

The PECI selection process started in February 2024 with the creation of the two groups (responsible for electricity-related and gases-related) projects, consisting of the representatives from the ministries, regulatory authorities, transmission system operators for electricity and gas, European Commission, ENTSO-E, ENTSO-G, ECRB, the Secretariat and Distribution System Operators in Electricity (ECDSO-E). The groups had the task to decide on the preliminary list of the PECI projects, to be reviewed by the ECRB. Based on the preliminary PECI list, the EU Commission prepared a decision under Title II of the Treaty on the establishment of the list of projects of Energy Community interest ('Energy Community list') to be adopted at the Ministerial Council meeting in December 2024.

Among seventeen nominated infrastructure projects, nine electricity-related projects were preliminarily estimated as eligible according to criteria defined in the revised Regulation and analysed through the cost-benefit analysis, according to the ENTSO-E CBA 4.0 methodology and "Harmonised system-wide cost-benefit analysis for candidate energy storage projects" methodology developed by the European Commission. Six projects, five power transmission lines and one energy storage project were finally evaluated as economically viable, ranked according to the multi-criteria analysis methodology, and included in the proposed preliminary PECI list.

Although not a requirement in the revised Regulation, the PECI groups decided to conduct a public consultation on the eligible energy infrastructure project candidates in April 2024, inviting all interested stakeholders to submit their comments. The public consultation resulted in two contributions. The Secretariat and the PECI electricity group compiled and published a summary of the public consultation on the Energy Community's web page.

Following the adoption of the PECI list, the Secretariat will monitor progress and report on the PECI projects implementation, including updating the Infrastructure Transparency Platform (PLIMA) platform. The PECI selection process is set to happen again in 2026, based on the Ministerial Council's obligation to ensure that the list of projects of Energy Community interest is established every two years.

### Proposed power transmission lines projects for the PECL list

| PROJECT NAME   | PROJECT PROMOTERS                            | CAPEX (MEUR) | COMMISSIONING YEAR | MAP INDEX |
|--|--|--------------|--------------------|-----------|
| Increasing the capacity of the existing 220 kV interconnection between Bosnia and Herzegovina and Montenegro, 220 kV OHL Trebinje–Perućica | CGES (ME), NOS BiH, Elektroprijenos BiH (BA) | 12           | 2028               | 1         |
| 330 kV OHL Balti (MD)–Dnestrovsk HPP-2 (UA)  | SE Moldelectrica (MD), NPC Ukrenergo (UA)    | 54           | 2032               | 2         |
| Closing the 400 kV Albanian internal ring  | OST (AL)                                     | 31           | 2030               | 3         |
| Trans Balkan Corridor: Double OHL 400 kV Bajina Basta (RS)–Visegrad (BA)/Pljevlja (ME) (BA and ME sections)                                | CGES (ME), NOS BiH, Elektroprijenos BiH (BA) | 20,5         | 2027               | 4         |
| Reconfiguration of 400 kV grid and new 400 kV interconnection Albania–Kosovo*  | OST (AL), KOSTT (XK)                         | 83           | 2030               | 5         |

### Proposed energy storage projects for the PECL list

| PROJECT NAME        | PROJECT PROMOTERS | CAPEX (MEUR) | COMMISSIONING YEAR | MAP INDEX |
|---------------------|-------------------|--------------|--------------------|-----------|
| DTEK STORAGE 225 MW | DTEK (UA)         | 248          | 2028               | 6 a,b,c   |

### Map of proposed projects for the PECL list



\* Blue: transmission lines; yellow: energy storage



# 17 Secretariat's Annual Report 2023–2024\*

## Introduction

This Annual Report provides key updates on the Energy Community's work completed in 2024.

As we approach our 20<sup>th</sup> anniversary next year, we are dedicated to enhancing collaboration and facilitating energy market integration for our Contracting Parties aspiring for EU membership. Our expert team engages with decision-makers, policymakers, and other stakeholders in the region and beyond to promote a more interconnected, resilient, and sustainable energy future that aligns with EU standards.

## Ensuring legal compliance

The Energy Community Secretariat plays a crucial role in ensuring the implementation of the Energy Community Treaty through dispute resolution procedures. Under Article 67(b), the Secretariat monitors the compliance of Contracting Parties with their obligations and, when necessary, initiates dispute settlement processes. These include preliminary procedures, Reasoned Opinions and Reasoned Requests to the Ministerial Council. If a breach is not resolved, the Secretariat can escalate the matter under Article 92, which may lead to the suspension of certain rights of the Contracting Party. The Secretariat's involvement ensures the enforcement of Treaty obligations, contributing to legal certainty and regulatory stability in the region.



Director Artur Lorkowski at the Informal Ministerial Council Meeting 2024, 3 July 2024, Banja Luka. Photo by Aleksa Trkulja

In addition to direct dispute settlement, the Secretariat fosters cooperation between national authorities and the Secretariat under Article 2 of the Dispute Settlement Rules. This mechanism allows for assistance in interpreting and applying Energy Community law. Although this cooperation has not been widely

used during the reporting period, it remains a vital part of the Secretariat's role in ensuring compliance and enhancing legal frameworks in the Contracting Parties. Through these efforts, the Secretariat helps maintain the integrity of Energy Community law, supporting the regulatory environment necessary for investment and energy market development in the region.

## Electricity Integration Package report

### Progress in market coupling and cross-border cooperation

The adoption of the Energy Community's *Electricity Integration Package (EIP)* by the Ministerial Council in 2022 established a solid framework for ongoing developments, enabling day-ahead and intraday market coupling between Contracting Parties and the EU.

This alignment with European standards enhances energy trading efficiency, allowing market participants to buy and sell electricity for the following day (single day-ahead coupling/ SDAC) and within the same day (single intraday coupling/SIDC).

Since the EIP's adoption, significant progress has been made in integrating the electricity markets of the Contracting Parties with the European Union (EU). Active day-ahead markets have emerged in Albania, Montenegro, North Macedonia and Kosovo\*; while Serbia has introduced an intraday market to complement its established day-ahead market.



However, progress on the EIP has been uneven. Delays in implementation could postpone the Energy Community's market coupling to 2026 or later, raising concerns about exemptions from the

\* According to Article 52 of the Energy Community Treaty, the Ministerial Council shall submit an annual report on the activities of the Energy Community to the European Parliament and to the Parliaments of the Adhering Parties and of the Participants.

Carbon Border Adjustment Mechanism (CBAM), a key safeguard mechanism for both revenue and competitiveness for Contracting Parties that rely on carbon-intensive electricity exports.

In response to these challenges, the Secretariat has prioritised assisting Contracting Parties in drafting and reviewing legislative proposals to accelerate the transposition and implementation of the EIP.

To showcase progress in energy and climate action among the Contracting Parties, the Secretariat released a new edition of its CBAM-Readiness Tracker in the last quarter of the year (for more information go to the *Tracking CBAM readiness* chapter).

To enhance transparency, all relevant information about the implementation of the EIP is readily available on a dedicated webpage: <https://www.energy-community.org/implementation/package/EL.html>.

### Supporting our Contracting Parties

From November 2023 to April 2024, the Secretariat assisted Montenegro in transposing the EIP, leading to the creation of two draft laws to implement it.

In Ukraine, the Secretariat supported the Ministry of Energy by drafting a law to transpose the EIP and reviewing five draft laws proposed by the National Energy and Utilities Regulatory Commission.

The Secretariat has also reviewed draft laws and plans from various Contracting Parties, including Georgia, Kosovo\*, Moldova, North Macedonia, and Serbia, and organised consultative meetings with external advisors involved in the EIP transposition.

### Facilitating role

Collaboration and coordination are crucial for establishing a more interconnected and efficient electricity market in Europe. The Energy Community plays an integral role in promoting these efforts among stakeholders in the Contracting Parties, EU Member States, and other key partners.

At the start of 2024, the Secretariat facilitated essential strategic initiatives to strengthen cross-border electricity exchange between Ukraine, Moldova, and neighbouring EU Member States through joint capacity allocations.

The memorandum of understanding signed in 2023 established the South-East European Market Coupling Initiative involving Albania, Greece, Kosovo\* and North Macedonia, with the Secretariat actively participating in related meetings.

In June 2024, the Secretariat organised the 29<sup>th</sup> Annual Energy Community Electricity Forum, known as the Athens Forum, significant for driving energy policy, enhancing regional cooperation, and facilitating a more sustainable energy future. The event saw a record number of attendees, including policy-makers, regulators, industry professionals, and experts. There were also discussions focused on strategies for developing an

integrated electricity market, with the transposition and implementation of the EIP highlighted as essential for accelerating integration into the SDAC and SIDC.

In order to enhance cross-border trading, it is essential to collaborate with various EU institutions, including the European Commission, the Agency for the Cooperation of Energy Regulators (ACER), the European Network of Transmission System Operators for Electricity (ENTSO-E), and the Nominated Electricity Market Operator (NEMO) Committee. These joint efforts have been crucial in developing the market coupling operator (MCO) integration plan and operationalising designated capacity calculation regions (CCRs) within the European electricity grid.

Streamlining the prerequisites for integrating Energy Community Contracting Parties into the EU's SDAC and SIDC has consisted of the Secretariat maintaining close contact with stakeholders while co-chairing the Energy Community Joint Expert Team (JET).

### Further Collaborations

The Electricity Market Integration Forum held in Brussels in April 2024 emphasised the need for political and regulatory support in advancing the integration of Contracting Parties into the EU single market while underlining the significance of the carbon border adjustment mechanism (CBAM).

Focused on promoting the integration of Contracting Parties into the EU single market, the Secretariat actively participated in key EU coordination groups, such as the Capacity Allocation and Congestion Management (CACM), Pentilateral Coordination Group and the Market European Stakeholder Committee.

To promote integration and accelerate the transition to sustainable energy solutions across the region, the Secretariat maintains regular communication with stakeholders involved in the USEA Just and Secure Energy Transition (JSET) program. This initiative is a key component of the U.S.–Europe Energy Bridge project, supported by USAID, which aims to enhance electricity market connectivity between Energy Community Contracting Parties and EU Member States.

### Projects of Energy Community Interest (PECI)



*The 4<sup>th</sup> PECI electricity group meeting: Davor Bajcs, Electricity Infrastructure Expert and PECI project coordinator, 19 June 2024, Vienna. Photo by Andreea-Corina Anca/Energy Community Secretariat*

PECI-labelled projects are essential for upgrading energy infrastructure and enhancing regional integration within the Energy Community. Following the ECRB's positive opinion on the draft preliminary list of PECE projects, confirming alignment with the Regulation (EU) 2022/869 and EU practices, the Secretariat submitted this list to the European Commission in September 2024. This advances the process to its final stage, with a decision expected at the Ministerial Council meeting on 12 December 2024.

## Background

In December 2023, Regulation (EU) 2022/869 on Trans-European Energy Infrastructure prompted the Secretariat to initiate the PECE selection process. The selection process began in February 2024 with a call for project nominations, closing in April. The Secretariat also gathered technical data for market analysis. Nominated projects were thoroughly evaluated against Regulation criteria, with public consultation held to gather input.

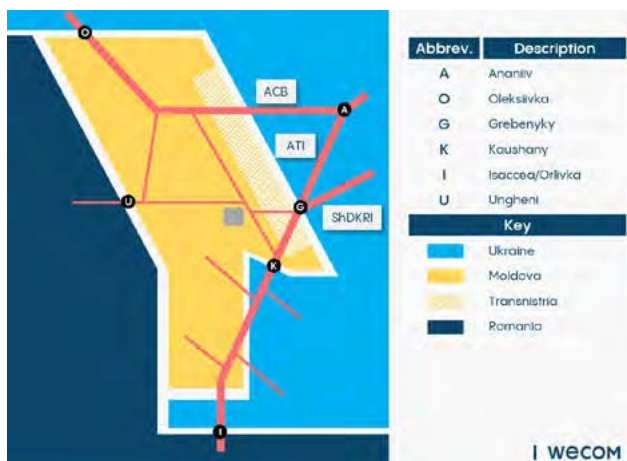
The Electricity Group, consisting of 56 members, continued its work after initial joint meetings with the Gas Group, holding further meetings through September. Only projects with a positive cost-benefit analysis were included in the draft preliminary PECE list by the end of June 2024.

In July, the Secretariat shared the draft list with the ECRB for feedback. After a positive ECRB opinion in August, the final list was submitted to the European Commission for consideration ahead of the Ministerial Council meeting.

## Building gas sector resilience in the Energy Community

### Strengthening North-South Gas Transit Routes

As Europe transitions away from Russian gas and progresses with its decarbonisation goals, the Energy Community has capitalised on opportunities to strengthen North-South gas transit routes. The Trans-Balkan Pipeline (TBP) plays a pivotal role in securing alternative gas supply routes for Ukraine, Moldova, and wider Europe, especially in the context of disrupted Russian gas flows.



Schematic map

The Energy Community Secretariat has been at the forefront of efforts to enhance the TBP's commercial attractiveness, publishing the *Improvement of the Commercial Attractiveness of the Trans-Balkan Pipeline System – Analytical and Recommendations Report*. This study outlines the pipeline's potential and offers solutions to fully unlock its capabilities. The TBP is crucial to regional energy security, contributing significantly to the Southern Gas Corridor and strengthening Europe's resilience against supply disruptions.

Complementary projects like the Greece-Bulgaria Interconnector (IGB) and the Gas Interconnector Bulgaria-Serbia (IBS) further enhance the diversification of energy sources and the integration of regional gas markets. These efforts are key to:

- Reducing reliance on single suppliers;
- Strengthening the region's energy security.

### Gas Storage Targets for Ukraine and Serbia

The Secretariat has also been instrumental in setting gas storage targets for Ukraine and Serbia. For 2025, Serbia must reach 23% storage capacity by 1 February and 80% by 1 September, while Ukraine's targets are tailored to its specific market needs and storage capacity. These targets are part of the Secretariat's strategy to:

- Ensure adequate gas reserves during high-demand winter period;
- Reduce the risk of supply disruptions.

### 19<sup>th</sup> Energy Community Gas Forum: Fostering Regional Cooperation

The 19<sup>th</sup> Energy Community Gas Forum, held in September 2024, brought together over 140 participants to discuss the evolving role of gas in the region. Key discussions highlighted the importance of:

- Fostering regional cooperation;
- Enhancing regulatory alignment. These efforts are essential to strengthening the gas sector's resilience and reducing dependency on Russian supplies.



Gas Forum 2024, 18 September 2024, Vienna. Photo by Andreea-Corina Anca/Energy Community Secretariat

In summary, the Energy Community Secretariat has been instrumental in strengthening regional energy security, driving initiatives such as the Trans-Balkan Pipeline, gas storage targets and infrastructure projects that enhance regional resilience. Through its coordination, regulatory alignment efforts, and strategic partnerships, the Secretariat continues to ensure a stable, diversified energy supply, reducing reliance on single suppliers and supporting the region's energy transition.

## Energy security and green transition

### The Berlin Process

The Secretariat has continued to support the green transition through the Berlin Process, a diplomatic initiative launched in 2014 to strengthen cooperation between the Western Balkans and the European Union.

The Energy Community facilitates partnerships that allow Western Balkan countries to implement effective green initiatives and assist the region in integrating sustainability into their development strategies while advancing towards EU accession.

Director Lorkowski participated in both the Green Agenda Ministerial in Hamburg on 8 October and the Berlin Summit on 14 October, reinforcing the Secretariat's commitment aligning regional initiatives with EU environmental standards and advance the Western Balkan Green Agenda. These events provided key platforms for discussing regional cooperation, investment opportunities, and policy alignment to foster sustainable development across the Western Balkans.

With the Energy Community framework at its core, the Secretariat is committed to advancing the Western Balkan Green Agenda and ensure that environmental goals support broader economic and social objectives for the region.

### Moving forward with Carbon Pricing

While we aspire to build an Energy Community on a clear path toward climate neutrality by 2050, and we are making significant progress in aligning Contracting Parties' energy legislation with the EU framework, we also acknowledge that progress in the region varies and, in places, is relatively slow.

One key issue includes the absence of a carbon pricing mechanism and alignment with the EU Emissions Trading System (EU ETS).

The Secretariat prioritises advancing work on carbon pricing in line with the 2021 Decarbonisation Roadmap and subsequent Ministerial Council Conclusions, holding bilateral meetings with Contracting Parties to discuss carbon pricing processes, opportunities, and challenges, with a strong emphasis on EU ETS monitoring, reporting, verification, and accreditation (MRVA).

In collaboration with the European Commission, the Secretariat facilitated outreach to Contracting Parties regarding the impact assessment, managed by the European Commission and pre-

pared by external consultants. Additionally, the Secretariat led discussions on carbon pricing at the Informal Ministerial Council in July, as well as two stakeholder meetings in September and October. Further milestones are anticipated at the December Ministerial Council, with continued work planned for 2025 to update the Decarbonisation Roadmap and outline the path forward for carbon pricing.

### Tracking CBAM Readiness



*CBAM-Readiness Tracker*

The Secretariat closely monitored CBAM developments by participating as an observer in the related Commission Expert Group and engaging stakeholders through various events. The October 2024 CBAM-Readiness Tracker provides an overview of Contracting Parties' progress toward CBAM exemption criteria for electricity, supporting policymakers and businesses to navigate the potential exemption for electricity exports to the EU. Key findings from the CBAM-Readiness Tracker indicate that delays in market coupling among the Contracting Parties may decrease their chances of obtaining a time-limited exemption from the CBAM for electricity exports by 31 December 2025.

### Monitoring, Reporting, Verification and Accreditation (MRVA)

In 2024, Contracting Parties made significant progress in adopting legal acts related to the monitoring, reporting, verification, and accreditation (MRVA) of greenhouse gas (GHG) emissions at the installation level, which is vital for aligning with the European Union's Carbon Border Adjustment Mechanism (CBAM). As CBAM imposes tariffs on imported goods based on their carbon footprint, robust MRVA frameworks will enable accurate quantification and reporting of emissions. However, due to the subject's technical complexity, national legislation is at varying stages of development, leaving some Contracting Parties better positioned to meet compliance requirements than others.

To facilitate this process, the Secretariat provided bilateral assistance, conducted legislative reviews, and performed in-country missions, reinforcing its commitment to strengthening the capacities of Contracting Parties. A dedicated technical working

group was also established to address key institutional and methodological issues, promoting a collaborative approach to developing best practices for MRVA implementation across jurisdictions. This collective effort highlights the importance of preparing Contracting Parties to comply with CBAM requirements while advancing their environmental policies.

### **Strengthening National Energy and Climate Plans (NECPs) as drivers of investment**

The Secretariat continued its review of draft NECPs, issuing recommendations on Moldova's and Ukraine's drafts. This completes assessments for all Contracting Parties, except Montenegro, which had not submitted a draft NECP to the Secretariat as of November 2024.

Coordination meetings with donors have followed, using the recommendations and draft NECPs as reference documents to effectively align donor policies.

The Secretariat provided oversight of Ukraine's NECP preparation through a High-Level Advisory Group, engaging the international community and addressing policy questions related to the twin challenge of short-term restoration of energy supplies and the mid-long-term objective of decarbonisation.

Preparations for integrated progress reports due in March 2025 have begun, with ongoing coordination to integrate Contracting Parties into the ReportENER and ReportNET systems, which track and report on energy policy implementation and progress.

### **Building Energy and Climate Governance**

In implementing the memorandum of understanding with the European Environment Agency in 2024, the Secretariat, in partnership with the Agency, enhanced capacity-building activities to support Contracting Parties in meeting climate reporting obligations under the adapted Governance Regulation. This included hosting the Annual Energy Community Climate and Energy Reporting meeting, alongside additional capacity-building initiatives and country missions.

Furthermore, the Secretariat supported Contracting Parties in their engagement with the United Nations Framework Convention on Climate Change (UNFCCC) process by organising Technical Working Groups on UNFCCC, co-organising the Energy and Climate Committee at COP29, and holding various side events on just transition, carbon pricing, and renewable energy at COP29.

Additionally, the Just Transition Forum held in Pristina this year brought stakeholders together, providing a platform for a deeper exchange of views on creating sustainable changes in energy systems.



*Just Transition 2024: Monika Figaj, Climate and Just transition Expert delivering the closing remarks, 9 October 2024, Pristina. Photo by Andreea-Corina Anca/Energy Community Secretariat*

### **Advancing investments in renewables**

The Secretariat supported Contracting Parties in adopting Directive (EU) 2018/2001 on renewable energy. This included legislative development and renewable energy auctions in several regions, along with operational guarantees of origin registries in Kosovo\*, Montenegro and Ukraine.

To unlock the true potential of renewables our region will increasingly rely on key instruments such as the guarantees of origins (GOs) and power purchase agreements (PPAs) to facilitate cross-border energy trading and drive growth in the renewable sector.

The Contracting Parties are actively involved in developing GOs systems tailored to their national contexts and aligned with EU standards.



*The Energy Community region is set to become a renewable energy market hub*

As the sources of renewable energy grow, the PPAs play a crucial role in establishing stable renewable energy markets. In the region, the Secretariat launched the renewable power purchase agreement project, with workshops held for corporations, developers, and utilities to enhance market readiness for PPAs.

As the Energy Community region establishes itself as a key area for renewable energy investments and growth, the Secretariat

is hosting an annual conference in Ljubljana, Slovenia, aimed at governments and private investors. This year, the 2<sup>nd</sup> Conference on Advancing Renewable Investments is scheduled to take place on 27–28 November, focusing on how the region is influencing the future of renewable energy.

## ‘Energy Efficiency First’ and energy poverty

In 2024, the Secretariat reinforced efforts to address energy poverty by integrating energy efficiency in National Energy and Climate Action Plans and hosting joint meetings for Energy Efficiency and Energy Poverty Coordination Groups.

The *Energy Efficiency First* (EE1<sup>st</sup>) principle is now integrated into policy discussions, with a recommendation to the Energy Community Ministerial Council for 2024 to establish stronger legal and institutional foundations, aligning with the updated Energy Efficiency Directive.

In October, the Secretariat published a report titled *Addressing Energy Poverty in the Energy Community Contracting Parties*, providing a snapshot analysis of energy poverty in the region and identifying urgent issues. It reveals that many households across Contracting Parties struggle to afford adequate heating.



*Energy Poverty Report cover, published 10 October 2024*

The report emphasises the need for a shared understanding of energy poverty to inform clear policies and encourages policy-makers in the region to translate data into action, establishing meaningful targets and implementing effective measures for the short- and long-term.

## Powering Ukraine’s resilience: supporting energy access and recovery

### Part I: Emergency actions related to the war in Ukraine

#### Ukraine Energy Support Fund (UESF)

In 2024, Ukraine has lost over 9 GW of installed generation capacity due to Russian attacks, leading to millions of Ukrainians facing frequent rolling blackouts and unplanned power outages.

Established in 2022 by the European Commission, the Ukraine Energy Support Fund (UESF) has emerged as the most effective financial mechanism to date to mitigate the impact of these attacks on Ukraine’s critical energy infrastructure. It enables governments, international financial institutions, and corporate donors to provide crucial support for urgent restoration efforts. Administered by the Energy Community Secretariat, the Fund coordinates resources in collaboration with the Ukrainian Ministry of Energy to swiftly address pressing needs.



*UESF EU donation visualisation*

So far, approximately EUR 900 million has been raised from over 20 donors, with ongoing discussions for additional contributions expected to be implemented soon. The UESF has made significant strides in winterisation efforts, facilitating the installation of 220 MW of distributed gas generation capacity, repairing 1,8 GW of damaged thermal power plants, and restoring essential renewable energy infrastructure.

#### Ukraine Support Task Force (USTF)

In 2024, the Ukraine Support Task Force (USTF) was merged with the Ukraine Energy Support Fund (UESF) to better align human resources with the expanding tasks and increased pledged funds under the UESF.

The USTF is currently prioritising the promotion of available donation processes and finalising ongoing donations, offering support until their completion.

As of 1 November 2024, the USTF has successfully coordinated 157 in-kind donations of energy-related equipment to Ukraine. This humanitarian aid, weighing a total of 5.900 tonnes, has

been provided by over 100 companies and government institutions from 24 countries. The donated equipment has been allocated to 75 companies across 18 regions of Ukraine.

Countries, companies, and industry associations wishing to donate energy equipment can now directly contact the Emergency Response Coordination Centre of DG ECHO for seamless, cost-free assistance with the transportation of their in-kind donations.

## **Part II: Measures for the post-war rebuilding process**

### **Ukraine Energy Market Observatory**

Since November 2023 the Ukraine Energy Market Observatory has published 18 reports on developments in the gas and electricity markets, the Renewable Energy Sources (RES) and Climate acquis.

The Observatory followed the secondary legislation on REMIT implementation, like registration and penalties regime; decisions related to the review of price caps on DAM/IDM and electricity balancing markets; development of regulatory framework for auctioning the new capacity of RES and issuance of guarantees of origin of electricity from RES; progress in biomethane in Ukraine.

The Observatory put in focus the topical issues on needed reforms on the gas market, conditions for storing gas in Ukraine, and removing barriers to support import of electricity from EU to Ukraine as a part of winterisation efforts.

Also, the publication assessed the number of legal initiatives and decisions transposing the relevant Energy Community acquis, like the Climate Law, the draft Law transposing the Regulation (EU) 2022/869, Green Transformation Law, and provided relevant recommendations for each to reach compliance.

For more information visit the Ukraine Energy Market Observatory page on the Energy Community website.

### **The Energy Community Regulatory Board (ECRB)**

The ECRB is the independent body of energy regulators within the Energy Community and a key player in regional energy regulation, promoting knowledge exchange and best practices in electricity and gas markets.

Its work focuses on three main areas: aligning regulatory positions on energy policy, harmonising cross-border rules, and sharing expertise.

ECRB's activities are structured into four working groups:

- **Customers and Retail Markets:** Retail market regulation and consumer protection.
- **Electricity and Gas Working Groups:** Focus on wholesale market regulations for electricity and gas respectively.
- **REMIT Working Group:** Handles regulatory duties under the REMIT Regulation for market integrity.

As established by the Energy Community Treaty, the ECRB advises the Ministerial Council and Permanent High-Level Group on regulatory matters, resolves cross-border disputes, and gives opinions on network code regulations and on key issues, such as certification decisions and Projects of Energy Community Interest (PECI), through dedicated task forces.

In 2024, the ECRB focused on monitoring wholesale and retail energy markets, exchanging best practices in consumer protection and empowerment, and evaluating the regulatory treatment of active customers, flexibility, renewables, and biogas.

It provided key opinions and supported capacity building for REMIT implementation, working to enhance the Energy Community's REMIT framework in alignment with the EU. The Board also adopted an opinion on PECI evaluation methodologies, offered consultations on reference gas price methodologies, and assessed congestion at gas system interconnectors.

The Board is made up of representatives from national energy regulatory agencies across the Energy Community's Contracting Parties, Observers, and Participants. It elects a President every two years. In June 2024, Mr. Ymer Fejzullahu from Kosovo's Energy Regulatory Office was elected as the new ECRB President, with the European Commission acting as Vice-President, supported by ACER.

For more information visit ECRB page on the Energy Community Secretariat website.

### **EU4Energy Governance (Phase II)**

#### **Advancing clean energy and energy security in Eastern Partnership countries through reforms and knowledge sharing**

The Energy Community Secretariat is one of the implementing partners of the EU4Energy (Phase II) technical assistance project, co-funded by the European Union. The objective of the EU4Energy Governance Project Phase II running from 2020 to 2026, is to achieve the clean energy transition, increase energy security in three Eastern partner countries (Georgia, Moldova and Ukraine) and facilitate access to energy to the distressed population in Ukraine to mitigate the impact of the war. The project also advances critical energy reforms, such as the Clean Energy for All Europeans Package, in the targeted countries.



*Regional Workshop on DSOs' New Roles under the Clean Energy Package: Svitlana Karpys'hyna (in blue), Head of the Energy Community Secretariat's Project Management Unit and EU4Energy Governance Programme coordinator, with the Ukrainian delegation 25–26 July 2024, Berlin. Photo by Jadranko Marjanovic.*

As part of its implementation, the Secretariat works closely with stakeholders in Georgia, Moldova, and Ukraine to support the transposition of the acquis and implement energy reforms. The project targets key sectors like electricity, gas, energy efficiency, and renewable energy. In 2024, the project significantly expanded its knowledge transfer and capacity-building efforts, training 670 officials and organising 24 workshops, conferences, and events across the three countries to strengthen their energy policies.

The EU4Energy project is vital for fostering energy diversification, promoting clean energy transitions, and supporting decarbonisation efforts in the region.

With the EU's recent decision to open accession negotiations with Ukraine and Moldova, the project will continue to assist these countries in aligning their legal frameworks with EU energy regulations as outlined in their Association Agreements and the Energy Community Treaty. The Energy Community Secretariat will remain a key partner, providing expertise in energy efficiency, renewable energy, and gas and electricity markets, helping to strengthen institutional capacities and ensure effective implementation of energy legislation.

## Communications and outreach efforts

### Leveraging Communications to drive regional energy market integration

With nearly two decades of close ties to Contracting Parties, we leverage deep expertise and an understanding of the region's energy and cultural dynamics to drive meaningful progress as a trusted facilitator and technical authority.

In 2024, we focused on enhancing media relations and delivering cohesive messaging to highlight the Energy Community Secretariat's key role in the region and the tangible impact of our work. Enhanced collaboration between our communications and policy teams enabled sharper, more nuanced messages

reflecting these advancements, supported by targeted media pitches and rapid interview responses.



*Informal Ministerial Council Meeting 2024: Artur Lorkowski during the Press Conference, 3 July 2024, Banja Luka. Photo by Aleksa Trkulja*

We showcased our insights through engaging event communications, tailored graphics, and high-quality visuals, enhancing our visibility and drawing audiences closer.

We profiled expert opinions through web stories and social media, delivered high-level insights from the head of the Secretariat, Director Artur Lorkowski, and aligned messaging around key regional developments.

Our expanded toolkit - featuring accessible language, vibrant infographics, video explainers, and dynamic visuals - strengthened audience engagement. This strategy rekindled our Facebook presence, contributed to a revitalised outreach, and yielded measurable growth on LinkedIn, where we now engage over 15,000 followers. Although we maintain a presence on X (formerly Twitter), LinkedIn and Facebook remain central to connecting with stakeholders.

This year also marked the start of our rebranding journey, introducing a new visual identity - a spiral of stars shifting from blue to green - to symbolise our commitment to energy transition and sustainable growth. This refreshed identity will launch at our 20<sup>th</sup> anniversary celebration in 2025, a milestone underscoring our enduring role in advancing regional energy goals.



### Engaging stakeholders: A year of impactful events and strategic dialogues

In 2024, event planning was our focus, with over 130 events held throughout the year, including flagship gatherings like the Gas, Oil, and Just Transition Forum and the Conference on Advancing Renewable Investments.

Our events engaged stakeholders across a broad range of topics, facilitating knowledge-sharing, building connections, and reinforcing our position as a central force in regional energy market integration.



16<sup>th</sup> Oil Forum event, 15-16 October 2024, Belgrade. Photo by Dejan Subotic

## Achieving sustainability: EMAS

After the Secretariat's environmental management system re-certification in October 2023, focus shifted to implementing the 2024 environmental programme, which includes over 40 actions aligned with the Secretariat's environmental policy. Measures like sustainable procurement, green office practices, and event management were enhanced, including an office clean-up day in April that collected nearly one tonne of recyclable waste.



Performance,  
Credibility,  
Transparency

The programme also provides opportunities for communication on sustainability. In June, the Secretariat hosted an EMAS webinar during the EU Sustainable Energy Days, attracting 50+ participants from 16 countries. The team held a session at the staff retreat and continues to provide newcomer training. To add a personal touch to encouraging green practices, the EMAS team produced an in-house video for the Energy Community Secretariat staff, detailing the office recycling routine, which was shared during staff training and EMAS briefings. Plans for sustainability reporting and joint energy-saving actions are in progress.

## Staffing updates

Throughout the reporting period, the Energy Community Secretariat benefitted from the contributions of a total of 51 professionals, who brought diverse expertise spanning the programmatic and support areas covered by the Energy Community. In addition to its permanent staff members, the Secretariat engaged 25 temporary staff, each serving for durations ranging from 1 to 12 months. Temporary personnel categories, including interns, secondees, research fellows, and locally recruited personnel contributed valuable and meaningful support to the Secretariat's mission and work. Their collective efforts have been instrumental in advancing the goals and functions of the Energy Community.

## Budget

In 2024, the ordinary budget of the Energy Community Secretariat, which is formed through contributions from nine Contracting Parties and the European Union, all participants of the Energy Community Treaty, amounted to EUR 6.602.731 or 29,97%, more than in 2023. This ordinary budget was further supplemented by an extraordinary budget totalling EUR 1.873.316, provided by six different donors. In total, the annual budget for 2024 amounted to EUR 8.476.047. These financial resources are essential for supporting the Secretariat's operations and activities aimed at promoting energy cooperation and integration within the Energy Community.



# 18 Methodology

## Background

For its assessment underpinning the findings of this report, the Secretariat used specific indicators for the assessment of implementation, and a methodology to calculate the summary indicators and the overall implementation score.

The implementation indicator tables are based on a methodology quantifying the Contracting Parties' success in transposing and implementing the acquis and having in place effective institutions. It is based on standardised assumptions and evaluations, cases under the Energy Community's dispute settlement mechanism, country missions, review of legislation, market analysis, expert interviews and desk research. The quantification of all figures used to measure implementation was performed by experts of the Energy Community Secretariat.

The final dataset entailed more than 2.000 individual values that were used to produce 41 key implementation indicators across the areas of work assessed by this Implementation report. To underscore the Energy Community's dedication to advancing towards a cleaner and more integrated energy market, the Report for the first time groups the 41 indicators in five clusters:

1. Markets and integration,
2. Ensuring energy security,
3. Decarbonising the energy sector,
4. Improving the environment, and
5. Performance of authorities.

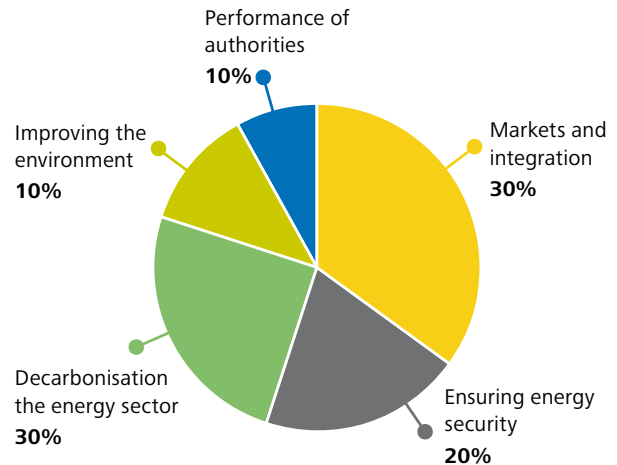
## Implementation assessment

The implementation assessment is based on a system of performance indicators aggregated at several levels.

**1. A total of 41 implementation indicators** aggregated per each Contracting Party across the areas of work: electricity, gas, oil, governance and climate, renewable energy, energy efficiency, emission trading scheme, environment, climate, including national regulatory, competition, State aid and statistics authorities. Aggregation is based on the weighting explained in the table below, and results presented for each Contracting Party (chapters 5-13);

**2. Five cluster implementation indicators** aggregating the values at cluster level: Markets and integration (10 indicators), Decarbonising the energy sector (19 indicators), Ensuring energy security (3 indicators), Improving the environment (5 indicators), Performance of authorities (4 indicators).

## Weighting per cluster



**3. Summary indicators** – the overall implementation score for each Contracting Party and overall (average) implementation score for the Energy Community calculated based on the weighting explained in the table below, and presented on page 9.

All of the values are normalised to percentages between 0% and 100%, where 100% implies full implementation.

For the Contracting Parties where certain indicators are not applicable (for example due to the lack of a gas market in Kosovo\* and Montenegro), these indicators were not taken into account in the overall score, but the remaining indicators were increased in weight, where justifiable.

In 2024, the weighting per cluster was slightly adjusted to reflect the expanded scope of decarbonisation activities. This adjustment includes the addition of a new indicator, the 'emission trading scheme.' The weighting for the cluster related to the performance of the authorities was also slightly increased compared to 2023 assessment.

## Implementation indicator structure and weighting

| Indicator name   | Indicator weight |
|--|------------------|
| <b>Overall Implementation Indicator</b>  | <b>1,00</b>      |
| <b>1 Markets and integration</b>   | <b>0,30</b>      |
| <b>1.1 Electricity</b>   | <b>0,50</b>      |
| Wholesale market   | 0,20             |
| Retail market  | 0,20             |
| Unbundling   | 0,10             |
| Access to the system   | 0,20             |
| Regional integration   | 0,30             |
| <b>1.2 Gas</b>   | <b>0,50</b>      |
| Wholesale market   | 0,20             |
| Retail market  | 0,20             |
| Unbundling   | 0,25             |
| Access to the system   | 0,25             |
| Regional integration   | 0,10             |
| <b>2 Ensuring energy security</b>  | <b>0,20</b>      |
| Electricity  | 0,04             |
| Gas  | 0,04             |
| Oil  | 0,02             |
| <b>3 Decarbonising the energy sector</b>   | <b>0,30</b>      |
| <b>3.1 Governance and climate</b>  | <b>0,30</b>      |
| National Energy and Climate Plans (NECPs)  | 0,20             |
| Greenhouse gas 2030 target   | 0,20             |
| National systems for climate reporting   | 0,20             |
| National greenhouse gas emissions policies and measures and adaptation planning and strategies | 0,20             |
| Long-term strategy and climate neutrality  | 0,20             |
| <b>3.2 Renewable Energy</b>  | <b>0,30</b>      |
| 2030 renewable energy targets  | 0,20             |
| Quality of support schemes   | 0,20             |
| Self-consumption and energy communities  | 0,15             |
| Guarantees of origin   | 0,15             |
| Sustainability criteria for biofuels, bioliquids and biomass fuels                             | 0,15             |
| Renewable energy in the heating and cooling sector   | 0,15             |
| <b>3.3 Energy Efficiency</b>   | <b>0,30</b>      |
| 2030 energy efficiency targets and policy measures   | 0,20             |
| Energy efficiency in buildings   | 0,20             |
| Energy efficiency scheme and financing   | 0,20             |
| Energy efficient products - labelling  | 0,20             |
| Efficiency in heating and cooling  | 0,20             |
| <b>3.4 Emission Trading Scheme (Monitoring, Reporting, Verification and Accreditation)</b>     | <b>0,10</b>      |
| Foundations, institutions, permits   | 0,33             |
| Monitoring and reporting   | 0,33             |
| Verification and accreditation   | 0,33             |
| <b>4 Improving the environment</b>   | <b>0,10</b>      |
| Environmental impact assessment (EIA) and strategic environmental assessment (SEA)             | 0,30             |
| Sulphur in fuels   | 0,15             |
| Large combustions plants and industrial emissions*   | 0,30             |
| Nature protection  | 0,15             |
| Environmental liability  | 0,10             |
| <b>5 Performance of authorities</b>  | <b>0,10</b>      |
| Regulatory authority   | 0,60             |
| Competition authority  | 0,10             |
| State aid authority  | 0,10             |
| Statistical authority  | 0,20             |

\* in the case of Albania, the "Large combustions plants and industrial emissions" indicator is omitted from the final result as the Contracting Party does not have any plants in operation



# 19 Glossary

The selection below lists the most central stakeholders and key terms used in this 2024 Energy Community Implementation Report.

|         |  |
|---------|--|
| AIB     | Association of Issuing Bodies  |
| AERS    | Energy Agency of the Republic of Serbia  |
| AIB     | Association of Issuing Bodies  |
| ANRE    | National Agency for Energy Regulation (Moldova)  |
| aFRR    | automatic frequency restoration reserve  |
| CCRs    | capacity calculation regions   |
| CACM    | CACM Regulation (Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management)  |
| CBAM    | CBAM Regulation (Regulation (EU) 2023/956 establishing a carbon border adjustment mechanism)   |
| CfD     | contract for difference  |
| CfP     | CfP contract for premium COIR Crude Oil Imports and Supply questionnaire, to be used for reporting data to EUROSTAT and the IEA  |
| DSO     | distribution system operator   |
| EBRD    | European Bank for Reconstruction and Development   |
| EED     | Energy Efficiency Directive (Directive 2012/27/EU on energy efficiency as amended by Directive (EU) 2018/2002)   |
| EIA     | Environmental Impact Assessment (Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, as amended by Directive 2014/52/EU)  |
| EnCT    | Energy Community Treaty  |
| ENTSO-E | European Network of Transmission System Operators for Electricity  |
| ENTSO-G | European Network of Transmission System Operators for Gas  |
| ERC     | Energy Regulatory Commission (North Macedonia)   |
| ERE     | Energy Regulatory Entity (Albania)   |
| ERO     | Energy Regulatory Office (Kosovo*)   |
| ESCOs   | Energy Service Companies   |
| ETS     | Emissions Trading System Directive (Directive (EU) 2023/959 of the European Parliament and of the Council of 10 May 2023 amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading system) |

|          |   |
|----------|---|
| EUROSTAT | Statistical Office of the European Union  |
| FCR      | frequency containment reserves  |
| FEC      | final energy consumption  |
| GNERC    | National Energy and Water Supply Regulatory Commission (Georgia)  |
| GOs      | guarantees of origin  |
| HPP      | hydro power plant   |
| IP       | interconnection point   |
| IPCC     | IPCC Intergovernmental Panel on Climate Change, a United Nations body for assessing the science related to climate change                               |
| ISO      | independent system operator   |
| ITC      | inter-TSO compensation mechanism  |
| MARI     | manually activated reserves initiative  |
| MCO      | market coupling operator  |
| mFRR     | manual frequency restoration reserve  |
| NECP     | National Energy and Climate Plan  |
| NEEAP    | National Energy Efficiency Action Plan  |
| NERP     | National Emission Reduction Plan  |
| NEMO     | nominated electricity market operators  |
| NEURC    | National Energy and Utilities Regulatory Commission (Ukraine)   |
| NIS2     | Directive (EU) 2022/2555 on measures for a high common level of cybersecurity across the Union  |
| LCPD     | Large Combustion Plants Directive (Directive 2001/80/EC on the limitation of emissions of certain pollutants into the air from large combustion plants) |
| LNG      | liquefied natural gas   |
| PaMs     | policies and measures   |
| PEC      | primary energy consumption  |
| PECI     | Project of Energy Community Interest  |
| PHLG     | Energy Community Permanent High Level Group   |
| PMI      | Project of Mutual Interest  |
| PSO      | public service obligation   |
| REMIT    | REMIT Regulation (Regulation (EU) 1227/2011 on wholesale energy market integrity and transparency)  |
| REDII    | Renewable Energy Directive (Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources)                                      |

|                   |  |
|-------------------|--|
| REGAGEN           | Energy and Water Regulatory Authority (Montenegro)   |
| SAFA              | synchronous area framework agreement   |
| SDAC              | single day-ahead   |
| SEE CAO           | Coordinated Auction Office in South East Europe  |
| SEA               | Strategic Environmental Assessment<br>(Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment) |
| SERC              | State Electricity Regulatory Commission (Bosnia and Herzegovina)   |
| SHARES            | survey of health, ageing and retirement in Europe  |
| Shadow<br>SEE CCR | Shadow South-East Europe capacity calculation region, as defined by<br>Commission Regulation (EU) 2015/1222                                      |
| SIDC              | intraday coupling  |
| SPA               | special protection area  |
| TEN-E             | TEN-E Regulation (Regulation (EU) 347/2013 on guidelines for trans-European energy infrastructure)   |
| TAP               | Trans Adriatic Pipeline project  |
| TPP               | thermal power plant  |
| TSO               | transmission system operator   |
| TYNDP             | Ten-Year Network Development Plan of ENTSO-E   |
| UNFCCC            | United Nations Framework Convention on Climate   |

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