



ANNUAL IMPLEMENTATION REPORT 2025

Energy Community
Secretariat

1 November 2025



2025 ENERGY COMMUNITY
PRESIDENCY-IN-OFFICE
GEORGIA

[🔗 Ministry of Economy and Sustainable Development](#)

[🔗 Georgian National Energy and Water Supply Regulatory Commission \(GNERC\)](#)

Population: 3,7 M

Population density: 53 per km²

Area: 69700 km²

GDP per capita (PPS): \$ 25072

Total installed capacity: 4632,2 MW

2030 RES target: 27,4%

2030 EE target: 5,00 Mtoe

2025 PERFORMANCE SCORE: 54%

ANNUAL IMPLEMENTATION REPORT

Energy Community
Secretariat

Table of contents

01 Foreword	4
02 About us	5
03 State of Implementation.....	6
04 Focus: the EU’s targeted financial support	11
05 Energy Community acquis in force	13



Markets and integration	18
Decarbonising the energy sector.....	23
Ensuring energy security.....	28
Improving the environment	29
Performance of authorities.....	31

Markets and integration	36
Decarbonising the energy sector.....	41
Ensuring energy security.....	46
Improving the environment	47
Performance of authorities.....	49



Markets and integration	54
Decarbonising the energy sector.....	59
Ensuring energy security.....	63
Improving the environment	65
Performance of authorities.....	67

Markets and integration	72
Decarbonising the energy sector.....	77
Ensuring energy security.....	82
Improving the environment	83
Performance of authorities.....	85



Markets and integration	90
Decarbonising the energy sector.....	96
Ensuring energy security.....	101
Improving the environment	103
Performance of authorities.....	105



Markets and integration	110
Decarbonising the energy sector.....	114
Ensuring energy security.....	119
Improving the environment	121
Performance of authorities.....	123

Markets and integration	128
Decarbonising the energy sector.....	133
Ensuring energy security.....	138
Improving the environment	139
Performance of authorities.....	141



Markets and integration	146
Decarbonising the energy sector.....	152
Ensuring energy security.....	157
Improving the environment	159
Performance of authorities.....	161

Markets and integration	166
Decarbonising the energy sector.....	171
Ensuring energy security.....	176
Improving the environment	178
Performance of authorities.....	180



Annex I Report of the Energy Community Secretariat on Enforcement and Dispute Resolution Activities	184
Annex II Annual Report on the Activities of the Energy Community 2024–2025.....	186
Annex III Methodology	204
Annex IV Glossary.....	206

Artur Lorkowski

Director

Vienna, November 2025



2025 marks twenty years of the Energy Community—two decades in which cooperation and demanding reforms created a shared energy space connecting the EU and its neighbours through common rules and common purpose.

The anniversary was marked in Athens, at the Zappeion where the Treaty was signed. Ministers, partners and stakeholders reflected on the path from the commitments made in that very place to today's broad reform agenda. The message from Athens was clear: integration with the European Union is advancing in practice, and the decade ahead must sustain this momentum with focus and determination.

The 2025 Implementation Report reflects this direction. It shows a region taking decisive steps toward alignment with the EU acquis and strengthening the foundations required for accelerated integration. It also highlights where further effort is needed for gradual integration with the EU energy markets—completing the electricity market coupling, boosting the cross-border trade in renewables, eliminating bottlenecks for gas flows, synchronising energy infrastructure development and gradual alignment of carbon pricing mechanisms.

2025 Implementation Report highlights where further effort is needed for gradual integration with the EU energy markets – completing the electricity market coupling, boosting the cross-border trade in renewables, eliminating bottlenecks for gas flows, synchronising energy infrastructure development and gradual alignment of carbon pricing mechanisms

Implementation has become a strategic requirement for competitiveness, investment and readiness for Europe's evolving climate and energy policies. Electricity integration remains central. Several Contracting Parties completed the required transposition of the Electricity Integration Package, while others advanced significantly. Transparent markets, accessible networks, independent operators and regional coordination are

strengthening, bringing gradual integration with the EU internal electricity market before accession within reach.

Decarbonisation is supporting this trajectory. Contracting Parties continued scaling renewables, strengthening energy-efficiency measures and embedding climate policies in national laws. The near-completion of the first NECP cycle provides clearer long-term planning, while progress on emissions monitoring lays the groundwork for credible carbon pricing and alignment with EU climate frameworks—essential for full electricity market integration and CBAM preparedness.

Institutional reforms remain critical. Strong REMIT implementation and fully independent regulators are indispensable for trust, transparency and consumer protection, and will shape the credibility of reforms in the years ahead.

Solidarity with Ukraine remained a defining element of our work in 2025. The Ukraine Energy Support Fund mobilised over EUR 1,61 billion to repair damaged infrastructure, maintain essential energy services and support resilience through another difficult year. Managed by the Secretariat, the Fund has become a reliable channel for assistance with strong procurement and oversight standards, and a concrete expression of our continued support for Ukraine's energy sector.

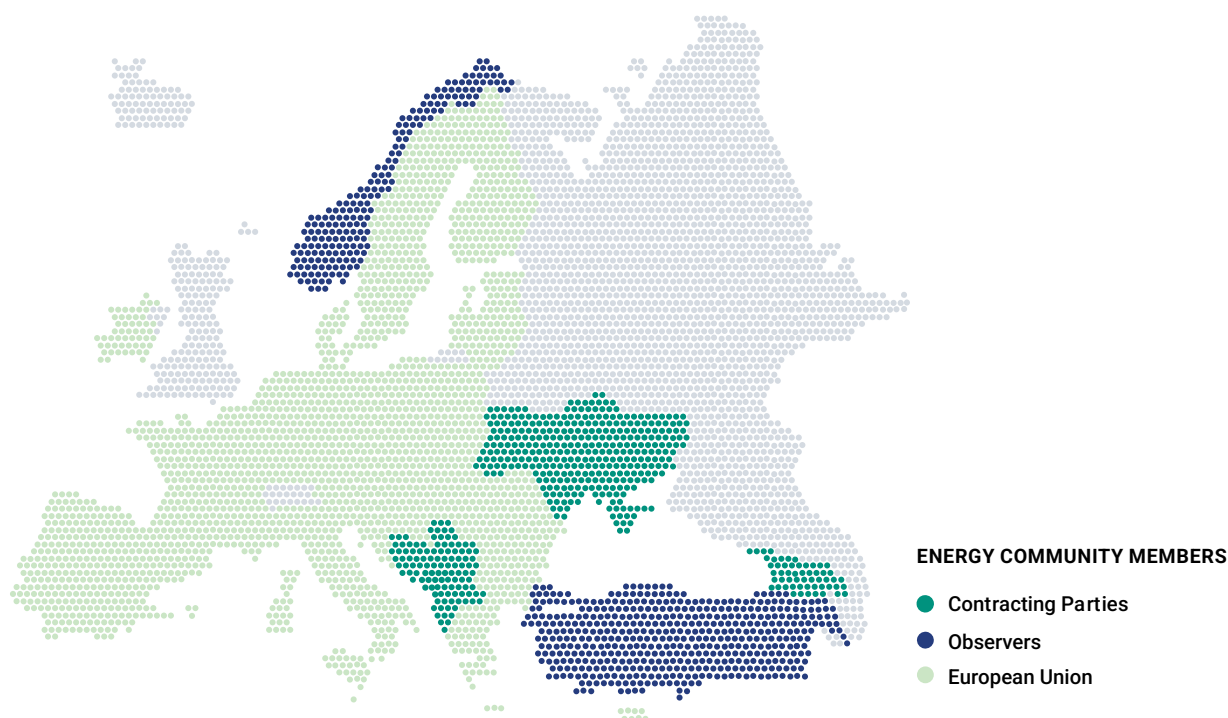
As the Energy Community enters its third decade, we stand at a defining point. This anniversary year also introduced our renewed visual identity and our shared commitment expressed in the slogan "Uniting Europe's Energy, Today". Together, they reflect a Community that has matured and entered a new phase. Gradual integration in energy with the EU is progressing, institutions are stronger and the region has the capacity to deliver reforms with lasting impact. The foundations laid over the past twenty years provide a solid basis for accelerated integration and a more secure, competitive and sustainable energy future. The task ahead is to complete what we have started—with determination, partnership and a clear sense of direction.

Here's to carrying forward the ambition set in Athens and to the progress we will achieve together.

Artur Lorkowski

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 time-frame.

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 2025, the Parties to the Treaty are the European Union, and nine Contracting Parties, namely Albania, Bosnia and Herzegovina, Georgia, Kosovo*,¹ 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.

¹ 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.

State of Implementation

The Electricity Integration Package transposition: a mission possible

Three years after the adoption of the Electricity Integration Package (EIP), the Contracting Parties' sustained efforts to complete its transposition have delivered tangible progress, showcased in this year's Implementation Report. Although the transposition into the national legislation of nine legal acts that are part of the EIP, proved too complex to be finalised by the legal deadline of 31 December 2023, Serbia and Moldova have demonstrated that it is achievable. Others should be reminded that there is more to gain than just complying with a formal obligation: complete integration in the EU's internal electricity market.

Following adoption of the Energy Law in November 2024, Serbia continued with transposition of network codes and guidelines, completing the process in August 2025. Most recently, Moldova adopted acts transposing all five network codes and guidelines, which, together with the Law adopted in June, completed the EIP transposition. Montenegro and North Macedonia have also advanced towards full transposition with the adoption of their new energy laws in 2025. The laws drafted in Bosnia and Herzegovina and in Ukraine with the aim of transposing parts of the EIP are currently undergoing parliamentary procedure. Concrete steps beyond drafting the law are yet to be made by Albania, Georgia and Kosovo*. Given that transposition was the focal activity during the reporting period, the progress recorded largely reflects the degree to which this process has been completed, highlighting as frontrunners the Contracting Parties with the advanced transposition.

Using five indicators to gauge market readiness, the assessment stresses the need for national markets to accelerate integration into the EU internal electricity market—key to the Energy Community's ultimate goal.

What matters even more than completing the transposition is the effective implementation of market reforms. National mar-

kets must be ready for accelerated integration into the EU internal electricity market ahead of EU accession—the ultimate goal of the Energy Community. Market readiness is assessed across five indicators: the wholesale market, the retail market, unbundling of system operators, access to the system, and regional integration. Across all segments, and in various forms, barriers to fair competition, excessive price regulation, and discriminatory access to national markets and cross-border trade persist in all Contracting Parties. Even where progress on EIP transposition has advanced, concrete progress in implementation remains to be demonstrated. This goes in particular for restrictions in wholesale and retail markets, where remedial actions, if any, were modest, with the exception of Kosovo* where decisive steps towards retail market opening were made. Moreover, the limited progress in regional integration further underscores the importance of immediate market integration in the internal market.

Contracting Parties' coupling into the EU market: gate opening through verified compliance

Beyond political commitment and legislative obligations, the Contracting Parties' ambition, and related activities on integrating with the EU single day-ahead and single intraday markets (SDAC/SIDC) have intensified, under the shadow of the upcoming application of the Carbon Border Adjustment Mechanism (CBAM) as of 1 January 2026. Completion of market coupling was a key precondition for Contracting Parties to secure an exemption from CBAM for electricity imports into the EU. Unfortunately, none of the Contracting Parties will achieve this milestone before the new year, leaving many concerned about the potential adverse impact of CBAM on market functioning and the integration progress achieved so far.

However, 1 January 2026 does not affect Contracting Parties market coupling aspiration with in mid-term. Intensive market coupling efforts throughout 2025 by Contracting Parties and EU stakeholders have laid the groundwork for a compliant and sustainable integration process. A clear and predictable path towards SDAC and SIDC accession is expected to emerge soon. The Market Coupling Operator Integration Plan, the key guiding document for the market coupling process, is expected to be finalised by EU NEMOs by the end of this year. Its adoption will

formalise the procedure and timeline for Contracting Parties' adherence, which, according to the draft, could be as soon as 18 months after compliant EIP transposition is verified.

The role and process of verifying the EIP transposition for market coupling purposes was also clarified in 2025. Once a Contracting Party notifies that transposition is complete, the Energy Community Secretariat and the European Commission will conduct a detailed assessment within eight months, resulting in the Commission's opinion. If full compliance is confirmed, the gate will open for the Contracting Party's NEMO(s) and TSO to formally request accession to SDAC/SIDC. Based on current timelines, the window for Contracting Parties aiming to go live in 2028 to submit this formal request will close in July 2026.

These timelines make one point clear: the pace of reforms highlighted in this report must accelerate if Contracting Parties are to couple their markets with the EU in 2028. The coming months will be decisive in turning ambitions into tangible results.

Decarbonisation pillars of market integration

As noted earlier this year in the CBAM Tracker², decarbonisation progress is tangible: the carbon intensity of power and GDP is falling, renewables are scaling through auctions and all but one Contracting Party plans to implement domestic carbon pricing.

Progress on alignment with EU energy and climate governance and legislation on renewables, energy efficiency, emissions trading system (ETS), monitoring, reporting, verification and accreditation (MRVA) has entered a decisive phase, positioning the Contracting Parties to take full advantage of the opportunities of accelerated integration into the EU electricity market through market coupling.

The first National Energy and Climate Plan (NECP) cycle for 2025–2030 is nearing completion. Six of the nine Contracting Parties have formally notified the Secretariat of their final NECPs. Integrated Progress Reports (IPRs) continue to be submitted; however, additional institutional capacity and data systems are required to ensure timely, complete and consistent reporting. The Contracting Parties must step up efforts to ensure consistent climate reporting and finalise comprehensive long-term strategies that place them firmly on the pathway to climate neutrality.

Alignment with the Renewable Energy Directive (REDII) advanced across the region, with the Contracting Parties continuing to conduct market-based renewable auctions and progressing in self-consumption. Implementation gaps persist regarding sustainability and criteria for greenhouse gas emission savings; closing these gaps is essential for environmental integrity and continued access to EU markets. With the regional guarantees

of origin (GO) project completed, attention now turns to coordinated steps towards a decision enabling mutual recognition of GOs between the EU and the Energy Community.

The Contracting Parties also continued alignment with the energy efficiency acquis. Putting the energy efficiency first principle into practice across power, buildings, industry and public services remains the fastest lever for progress. Key next steps include scaling building renovations with robust metering and billing provisions and enhancing efficiency gains in heating and cooling.

Finally, swift action is still required to transpose and implement the ETS Monitoring, Reporting, Verification and Accreditation (MRVA) framework. Launching mandatory emissions data collection from installations is critical to build a credible baseline and enable the effective start of the national carbon-pricing approaches that many Contracting Parties intend to pursue. Based on the impact assessment presented in December 2024, the Contracting Parties have opted to develop national carbon-pricing models and have expressed openness to exploring coordination mechanisms. Such coordination should help prevent distortions in electricity market integration as carbon pricing takes effect.

Improving the environment

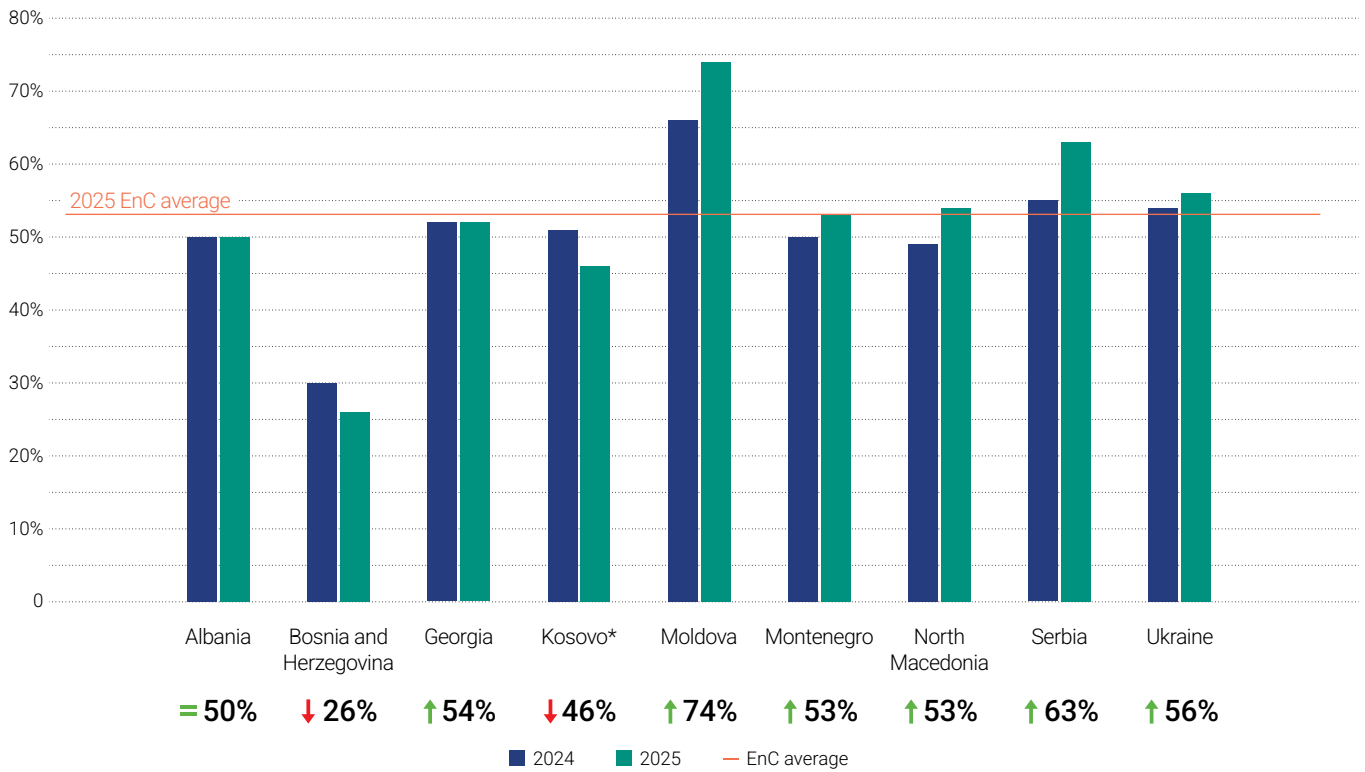
2025 marked another ambiguous year in terms of implementation in the environmental sector. In a number of Contracting Parties, transposition of the environmental acquis advanced, allowing the Secretariat to discontinue certain ongoing dispute settlement cases.

Implementation of environmental assessments continued to advance unevenly across the Contracting Parties, with some making tangible progress while others remained stalled. Overall, the Contracting Parties are moving slowly towards more streamlined procedures, with robust environmental impact assessments and strategic environmental assessments increasingly forming the cornerstone of future energy and renewable-energy planning and project permitting.

Regarding air emissions, certain positive trends could be observed, albeit with limited impact on compliance. In a number of cases, emissions from large combustion plants have decreased—in some cases significantly—and no significant increases were recorded. However, due to the high baseline, major non-compliance with the National Emission Reduction Plan (NERP) ceilings persists. The opt-out rules were also largely ignored, with plants for which this implementation alternative had been chosen continuing operations in 2024, triggering dispute settlement procedures. With the imminent implementation of the Carbon Border Adjustment Mechanism (CBAM), this calls into question both the legal and economic viability of the plants concerned.

² Secretariat, 2025 CBAM Readiness Tracker, published on 20 October 2025.

Overall implementation performance



	Albania	Bosnia and Herzegovina	Georgia	Kosovo*	Moldova	Montenegro	North Macedonia	Serbia	Ukraine	Average cluster score
Markets and Integration	41%	26%	31%	46%	69%	58%	61%	58%	56%	49%
Decarbonising the Energy Sector	60%	27%	51%	46%	77%	52%	50%	83%	72%	58%
Ensuring energy security	40%	9%	77%	40%	78%	30%	41%	35%	26%	42%
Improving the environment	46%	31%	63%	40%	63%	60%	44%	58%	53%	51%
Performance of authorities	74%	51%	75%	69%	84%	78%	76%	82%	75%	72%
2025 EnC score										53%



2025 PERFORMANCE

At first glance, the overall implementation performance in 2025 shows only marginal improvement compared to the previous year, with progress remaining uneven across the Contracting Parties and highlighting persistent divergences in their scores. Serbia, Moldova, and North Macedonia recorded the most notable reform momentum, advancing respectively over the reporting period. The gap between the strongest and weakest performers widened further, reaching 48 percentage points.

Moldova retained its frontrunner position for the second consecutive year with an impressive 74% implementation score, driven by strong progress in electricity market reforms, security of supply, governance, and ETS implementation – and without any setbacks in any cluster. Albania and Georgia held broadly steady, with limited gains in some areas offset by stagnation in others, while Bosnia and Herzegovina and Kosovo faced marked declines due to the absence of progress in decarbonisation and market reforms. North Macedonia and Serbia demonstrated that effective EIP implementation is achievable, underpinned by their tangible advances in electricity market reforms, with Serbia also continuing to lead the way in decarbonisation. Montenegro, although still short of fully transposing the EIP, made an important step forward with the adoption of a new energy law. No Contracting Party except Moldova and Serbia made measurable progress on the environmental acquis. Authorities' performance slightly improved in most countries, Bosnia and Herzegovina and Ukraine experiencing minor declines.

Reforming the gas market rules

Efforts across the Contracting Parties have concentrated on solidifying key institutional and regulatory reforms, particularly in unbundling, regulatory implementation and enhancing the security of gas supply framework. Significant progress was made in finalising the legal steps required for unbundling and transmission system operator (TSO) certification. Serbia's energy regulator fully incorporated the Secretariat's Opinion regarding the certification of Transportgas Srbija. In Georgia, Parliament adopted legislative amendments detailing the specific measures required for the proper unbundling of the transmission system operator (GGTC). Moldova advanced its compliance timeline by adopting an amendment that moved forward the deadline for separating natural gas transmission network ownership to 31 July 2025.

Several Contracting Parties took concrete steps to implement network codes, update tariffs and advance market liberalisation. Serbia adopted a new Transmission Code in January 2025, alongside a new entry/exit transmission tariff methodology designed to align with the Tariff Network Code requirements. Ukraine adopted a new transmission tariff methodology for the 2025–2029 regulatory pe-

riod. Moldova advanced implementation of the balancing code, still under interim measures. Crucially, a calendar for the gradual restriction and phasing out of regulated prices for large and medium non-household consumers was approved in September 2025. Following a competitive, transparent procedure, JSC Energo.com was appointed as the new supplier of last resort and the supplier with public service obligations (PSOs).

Decarbonisation progress on alignment with EU has entered a decisive phase.

However, the implementation of network codes remains uneven across the region, with challenges persisting in the practical application of capacity allocation and balancing rules in multiple Contracting Parties. For instance, despite the mandatory requirement to offer bundled capacity products between adjacent TSOs in Contracting Parties, this is currently not achieved at the Ukraine–Moldova border or between Serbia and Bosnia and Herzegovina. Meanwhile, the Trans-Balkan Pipeline corridor has been a major focus for regional integration and diversification efforts, with the Secretariat publishing a study in July 2025 outlining the technical, regulatory and commercial measures necessary to enable compliant and financially viable reverse-flow operations along this key route.

Enhanced security of supply (SoS) framework

The most notable achievements in gas security have been driven by the implementation of Regulation (EU) 2017/1938 and storage targets. North Macedonia adopted a new Energy Law that successfully transposed Regulations (EU) 2017/1938 and 2022/1032, establishing the legal basis for implementation. Preparatory work for the risk assessment subsequently began in June 2025. Serbia and Ukraine, the only Contracting Parties possessing gas storage facilities, successfully met their gas storage filling targets for 2025 in July, September and November, with the Secretariat monitoring compliance. This was achieved despite Ukraine facing significant hardships in winter and spring. Moldova's security of supply framework contributed to its resilience during the past winter.

The Secretariat published a report in February 2025 on the application of Regulation (EU) 2017/1938, calling for greater integration of the security of supply framework with the EU, and organised a regional workshop in June 2025 to enhance technical and regulatory capacity among the Western Balkan Contracting Parties. These developments demonstrate continued commitment, with significant regulatory foundations established—including new tariff methodologies and SoS legal bases—and strategic institutional changes, notably in Moldova, aimed at increasing market competitiveness and resilience in the face of ongoing geopolitical shifts.

Key unresolved issues at the borders between Energy Community Contracting Parties and EU Member States include the practical application of network codes, transparent capacity allocation, and the transposition of the new regulatory frameworks. These regulatory gaps are observed just as the EU prepares for new requirements. Under the EU's 4th Gas Package, EU Member States will be required to apply network codes along all borders, including with Contracting Parties, by August 2026. This is expected to create a strong impetus for regional market integration.

Despite seriously deteriorated security of supply in Ukraine, due to massive Russian attacks on electricity infrastructure, fragile security of supply situation in Moldova, driven by the strategic shift away from Russian energy sources, limited interconnections with Romania, and insufficient generation capacity on the Right Bank, and two recent blackouts in Western Balkans, efforts on establishing a robust legal framework for security of electricity supply remain limited among Contracting Parties with few exceptions. This framework should align with the Risk Preparedness Regulation and the Emergency and Restoration Network Code, both part of the EIP.

Significant progress in the transposition of these acts in the reporting period has been recorded in Moldova, North Macedonia and Serbia only, in addition to Georgia, which has already transposed and implemented the Risk Preparedness Regulation. Serbia and Moldova have completed transposition of both legal acts, while North Macedonia has adopted the Risk Preparedness Regulation, but the Emergency and Restoration Network Code is still pending. The deadlines for designating competent authorities and adopting Risk Preparedness Plans passed on 5 January 2023 and 5 January 2025, respectively, yet only Georgia and Moldova have fulfilled these obligations.

Under the Treaty establishing the Energy Community, the Contracting Parties are also required to prepare Security of Supply Statements every two years, submit them to the Secretariat, and make them available to all Parties to the Treaty. These statements must describe the diversity of energy supply, the technological security of supply, and the geographic origin of imported fuels. Currently, only Georgia and Moldova submit their statements regularly. Other Contracting Parties have either recently stopped doing so (Kosovo*, Serbia) or have not submitted statements for an extended period (Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Ukraine).

All Contracting Parties should urgently finalise the transposition and implementation of the Risk Preparedness Regulation and the Emergency and Restoration Network Code. This will contribute to strengthening the region's electricity system resilience. Equally important is the regular submission of Security of Supply Statements, which provide the transparency and oversight necessary for coordinated regional action. Without these basic obligations in place, the Energy Community cannot effectively respond to growing security of supply risks.

The impact of authorities

The ongoing activities of the national regulatory authorities in the Energy Community focused on adoption of regulatory acts that implement and detail the key aspects of the Energy Community acquis, such as gas and electricity grid tariffs and tariff methodologies, network codes, licensing of market participants, REMIT, and consumer protection and empowerment. Significant efforts were dedicated to consultation on draft legislative acts transposing the EIP into national legislative frameworks, aiming to equip them with the necessary powers, tools and resources to implement the EIP. Extensive cooperation under the Energy Community Regulatory Board (ECRB) framework resulted in the preparation and adoption of a number of ECRB monitoring and assessment reports, such as the gas and electricity wholesale and retail market monitoring reports, assessment of REMIT implementation, and evaluation of the status of consumer protection and empowerment rights. The national regulatory authorities continued to exchange best regulatory practices, both within the Energy Community and with peer regulators at the Council of European Energy Regulators (CEER) and Mediterranean Energy Regulators (MEDREG).

Compliance with the competition and State aid acquis is fundamental for creating a level playing field for the proper functioning of the market. While national laws on competition and State aid are largely in line with Energy Community law (Articles 18 and 19 and Annex III of the Treaty), slight discrepancies may have a significant impact in practice and therefore need to be resolved. Most importantly, however, effective enforcement of competition and, in particular, State aid rules in the energy sector remains insufficient in most Contracting Parties. Some national authorities cannot be considered independent and lack the necessary powers to actively enforce the acquis. As enforcement in the energy sector requires sector-specific expertise and analysis, operational capacity should be strengthened. A more proactive enforcement approach by national authorities is necessary to ensure compliance with the obligations under the Treaty.

The fulfilment of energy statistics obligations across the Energy Community Contracting Parties continued to improve, with most statistical authorities maintaining regular submissions to Eurostat and expanding the scope and quality of their reporting. Progress was evident in the timeliness, completeness and methodological consistency of data, reflecting improved institutional coordination and growing adherence to Eurostat standards. Remaining challenges include gaps in certain disaggregated and monthly datasets, as well as the need for more systematic verification and quality assurance. Further investment in institutional capacity, digital data management and continued cooperation with Eurostat will be essential to achieve full compliance and enhance the transparency and reliability of energy statistics.

Focus: the EU's targeted financial support

Financial support for reforms in 2024–2027

The Growth Plans for the Western Balkans and Moldova, together with the Ukraine Facility, financially support the region's energy transitions until 2027, facilitating the implementation of reforms, including those guided by the Energy Community. The EU has provided financial facilities to eight Energy Community countries, linking the disbursement of macro-financial aid to the implementation of targeted reforms. These reforms focus on

areas including energy markets, decarbonisation, renewable energy deployment and energy efficiency, and are aligned with the legal commitments of the Contracting Parties under the Energy Community Treaty.

From a broader perspective, these frameworks reflect distinct yet interconnected goals:

1. FOR THE WESTERN BALKANS (WB6) COUNTRIES:

The overarching goal of the **New Growth Plan**³ is to drive the green and economic transition. In the energy and climate sectors, the reform agendas for the WB6 countries align closely with the Energy Community process and the EU accession objectives, supporting the region's accelerated integration into the EU's energy market while advancing sustainability efforts.

Building on the reform process, the Commission approved the reform agendas of Albania, Kosovo*, Montenegro, North Macedonia and Serbia in October 2024,⁴ followed by the first regular release of funds from the Reform and Growth Facility for the Western Balkans in July 2025.

2. FOR UKRAINE:

The **Ukraine Plan**⁵ addresses the exceptional challenges posed by the Russian war of aggression, focusing not only on immediate reconstruction but also on medium-term energy and climate reforms under the Energy Community Treaty, as required for EU accession. The Ukraine Facility supports Ukraine in making its energy system greener, more resilient and better integrated with the European market. This is backed by EU funding that mobilises investments in Ukraine's energy sector, in line with the country's National Energy and Climate Plan, which aims for climate neutrality by 2050.

3. FOR MOLDOVA:

The **Growth Plan for Moldova (2025–2027)**⁶ provides targeted support for the country's energy transition and resilience. EU funding, delivered through the Reform and Growth Facility, is conditional on reforms in the electricity and gas markets, renewable energy deployment, energy efficiency and measures to strengthen energy security. A two-year strategy agreed with the EU aims to reduce dependence on Russian supplies and fully integrate Moldova into the EU energy market and with Ukraine, in line with Moldova's Energy Community obligations and EU accession objectives.

³ For further details, see the [Growth Plan for the Western Balkans](#)

⁴ The Council of Ministers of Bosnia and Herzegovina approved the Reform Agenda and submitted it to the European Commission on 3 October 2025. The Commission's formal approval is still pending.

⁵ For further details, see [EU Enlargement—Ukraine Facility](#).

⁶ [Regulation \(EU\) 2025/535 of 18 March 2025 establishing the Reform and Growth Facility for the Republic of Moldova](#) entered into force on 22 March 2025.

To highlight cross-linkages between the reforms under the Treaty and conditionalities agreed by the Contracting Parties with the EU under the WB6 New Growth Plan, Moldova's Growth Plan and the Ukraine Plan, the Secretariat marks these reforms with a special stamp in the 2025 Implementation Report.



WB6



Ukraine



Moldova



05

Energy Community acquis in force

By acceding to the Energy Community Treaty, the Contracting Parties assumed legally binding obligations to implement the core EU energy legislation (the *acquis communautaire*). Compliance with these obligations forms the basis on which the Secretariat evaluates each Party's performance during the reporting period.

Since 2006, the Energy Community acquis has significantly evolved to incorporate new directives and regulations. Presently, the acquis covers legislation on electricity, gas, oil, infrastruc-

ture, renewable energy, energy efficiency, competition and State aid, environment, statistics, climate and cybersecurity.

The tables below display the core Energy Community *acquis communautaire* presently in force⁷. 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

⁷ Available on Energy Community website: [Energy Community acquis](#) and/or [EnC-LEX](#)

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

Commission Implementing Regulation (EU) 2022/2299 laying down rules for the application of Regulation (EU) 2018/1999 as regards the structure, format, technical details and process for the integrated national energy and climate progress reports

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 plant

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 labelling⁸

ACQUIS ON ENERGY INFRASTRUCTURE

Regulation (EU) 2022/869 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.




⁸ For the delegated labelling regulations, resort to: [Secretariat, Energy Community Legal Framework, Volume V: Energy Efficiency](#)

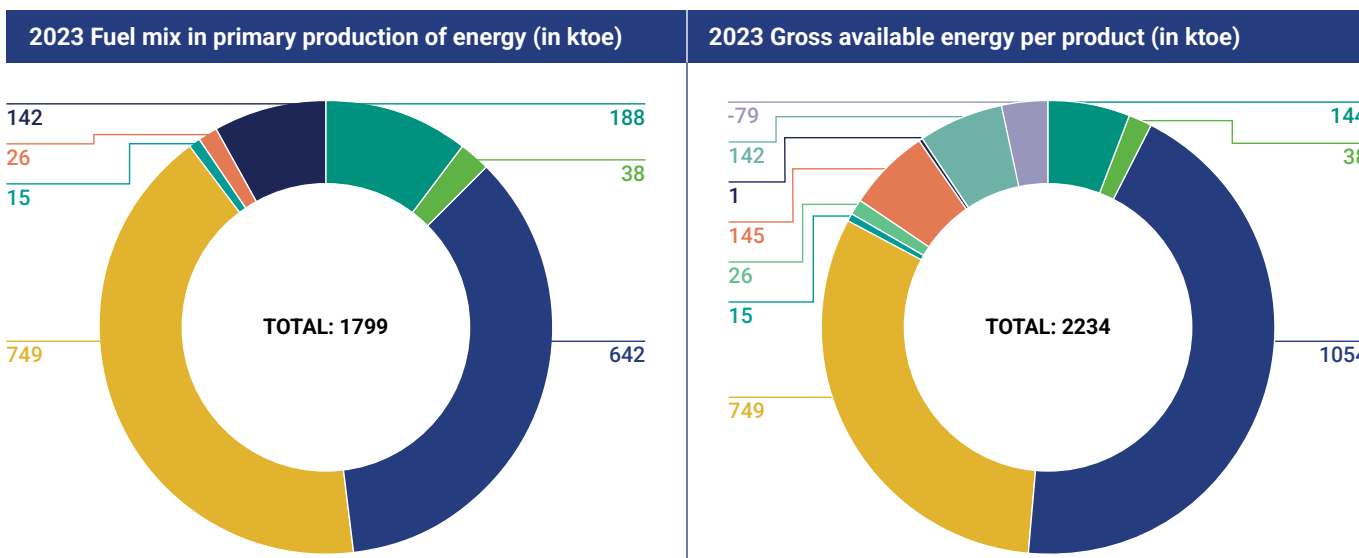
06

ALBANIA



Implementation overview

CLUSTER		IMPLEMENTATION STATUS	RECOMMENDATIONS
	Markets and integration	41%	Albania should swiftly incorporate the Electricity Integration Package (EIP) into the national legal framework to enable market coupling and participation in European balancing platforms. It should also prioritise full liberalisation of the wholesale and retail electricity market in line with the EIP.
	Decarbonising the energy sector	60%	Albania should adopt a long-term strategy with a 2050 climate-neutrality objective, complete MRVA transposition and implementation, urgently transpose REDII sustainability and GHG criteria for biofuels, bioliquids and biomass fuels, establish a legal framework for renewables in heating and cooling, intensify efforts to implement the energy efficiency obligation scheme, finalise labelling regulations and complete the efficient heating and cooling potential assessment.
	Ensuring energy security	40%	Albania should promptly transpose Regulations (EU) 2019/941 and 2017/2196, designate a competent risk-preparedness authority and develop a risk-preparedness plan. It should regularly submit Security of Supply Statements to the Secretariat.
	Improving the environment	46%	Albania should urgently amend its EIA legislation to establish a clear requirement to incorporate a reasoned conclusion, measures and monitoring protocols into development consent. It should also overcome challenges in the effective implementation of SEA.
	Performance of authorities	74%	Albania should complete transposition of the EIP and Article 18 of the Treaty and strengthen the independence and capacities of all authorities. Further, it should grant ERE regulatory mandates for market integration. ACA and SAC should pursue active enforcement in energy and AKBN should enhance services, COIR and transport statistics.




Source: Eurostat database


-  Solid fossil fuels
-  Natural gas
-  Oil and petroleum products
-  Hydro
-  Solar thermal
-  Solar photovoltaic
-  Primary solid biofuels
-  Charcoal
-  Wind
-  Pure biodiesels
-  Electricity
-  Biogases
-  Geothermal
-  Industrial waste
- Non-renewable waste
- Renewable municipal waste
- Non-renew. mun. waste

OVERALL NUMBER OF CASES 3


Procedures under Article 91 EnCT



ECS-3/19
environment



ECS-5/24
electricity



ECS-23/24
renewable energy



Markets and integration

Albania



ELECTRICITY

44%



Wholesale market

45%

The incorporation of the Electricity Integration Package (EIP) into the national legal framework remains pending; nonetheless, certain progress was made during the reporting period. The draft Law on the Amendments of the Power Sector Law, aimed at transposing several acts of the EIP, was subject to public consultation in 2025, as well as consultation with the Secretariat, which provided its comments in July 2025. A new draft law is still awaited.

In the meantime, the Regulation on Capacity Allocation and Congestion Management, aimed at transposing Commission Regulation (EU) 2015/1222, was approved by the Albanian Energy Regulatory Authority (ERE) in April 2025, on the proposal of the transmission system operator (TSO). Additionally, procedures for approving three regulations aimed at transposing Commission Regulations (EU) 2016/1719, (EU) 2017/2195 and 2017/1485 have been formally initiated by ERE.

The day-ahead market, operational since April 2023, has been coupled with the day-ahead market in Kosovo* from January 2024, marking the first market coupling in the Energy Community. Following the successful market coupling of day-ahead markets, the complementary regional intraday auctions (CRIDAs) went live between Albania and Kosovo* in December 2024. The launch of the continuous intraday market is still pending.

Both the day-ahead market and CRIDAs are operated by the Albanian Power Exchange (ALPEX). ALPEX has 26 market participants registered in the day-ahead market in Albania, of which 16 participate in the intraday auction market. In 2024, the electricity traded on the day-ahead market in Albania corresponded to approximately 12% of final electricity consumption. The gate opening time of the day-ahead market is three days prior to the delivery day, while the gate closure time is at 12:00 day-ahead market time. Regarding CRIDAs, three auctions are conducted with gate closure times at 15:00 and 22:00 day-ahead market time and 10:00 on the delivery day. The maximum and minimum clearing prices on the ALPEX day-ahead market are 4000 EUR/MWh and -500 EUR/MWh, while the maximum and minimum clearing prices on the intraday auction market are 9999 EUR/MWh and -9999 EUR/MWh. These values are fully aligned with the reference harmonised maximum and minimum clearing prices set by the Agency for the Cooperation of Energy Regulators (ACER).

Although the day-ahead market and intraday auction market have been launched, the wholesale market in Albania remains highly regulated. The public service obligation (PSO) remains in place for the state-owned generation company, KESH, to provide electricity for universal service supply to FSHU, at a price determined by the Ministry of Infrastructure and Energy as a shareholder. Although the PSO was established as a temporary measure during the electricity crisis, it remains in force, threatening to impede the efficient development of competition and liquidity of the wholesale electricity market. For last-resort supply, KESH and FSHU have also concluded a contract of difference at the price determined by the ministry and are obliged to bid on the ALPEX day-ahead market.

The Power Sector Law prescribes that the TSO and the distribution system operator (DSO) should procure electricity for covering network losses based on the principles of transparency, non-discrimination, competitiveness and minimisation of costs. The transmission system operator, OST, purchases electricity for covering network losses on the ALPEX day-ahead market. In contrast, OSSH, the DSO, procures electricity for covering network losses through a bilateral contract with FTL, a free-market supplier. Under the public service obligation, FTL purchases electricity from privileged renewable energy source (RES) producers and sells it further, at the same price, to OSSH. When the production of privileged producers exceeds the immediate need, the surplus is transferred to KESH and later used to offset distribution losses. If these sources are still insufficient to fully cover losses, the remaining volume is procured on the market. Overall, this manner of procuring electricity for covering distribution losses does not meet the requirements prescribed by Directive (EU) 2019/944.

Balancing services are procured in a market-based manner, on a balancing market operated by OST. Balancing service providers are required to pass a prequalification process to be eligible to participate in the balancing market. Activation of balancing energy bids is based on the merit order list. Three balancing service providers are currently registered on the balancing market. Although Regulation (EU) 2019/943 and Commission Regulation (EU) 2017/2195 have not yet been transposed into the national legal framework, some elements have already been put in place, while others are yet to be introduced and harmonised (such as the contracting period for balancing capacity and procurement of balancing energy through European balancing platforms). Re-

garding imbalance settlement, the Balancing Market Rules are based on the 15-minute imbalance settlement period; however, their introduction has been postponed several times. Most recently, ERE adopted a decision postponing the implementation of a 15-minute imbalance settlement period until the end of 2025.

Regulation (EU) 1227/2011, as adapted and adopted by the Ministerial Council of the Energy Community, was transposed

into the national legal system in 2021 through ERE's decision on approval of the Regulation on the Integrity and Transparency of the Wholesale Energy Market, and has been implemented since then. A total of 84 market participants are registered in the ERE-operated register. No investigation cases have been initiated by ERE to date.



Retail market

35%

Although the Public Sector Law establishes that customers are supplied at prices set in the free market as a general rule, the retail prices for certain categories of customers remain regulated. Following the retail market opening for 110 kV, 35 kV and 20 kV customers, from the beginning of 2025, 10 kV customers are also supplied at unregulated prices, with the exception of water service companies. According to the action plan for deregulation of retail prices, 6 kV customers will enter the free market from January 2026. However, customers connected to a low-voltage network are envisaged to remain under the regulated regime. FSHU is appointed to provide universal supply service to low-voltage customers under the public service obligation and at the prices set by the regulatory authority, ERE. Despite progress, the currently introduced price interventions in retail price setting do not comply with the criteria and scope set forth in Directive (EU) 2019/944.

Currently, there are 40 licensed suppliers in Albania. To ensure continuity of supply to customers of insolvent suppliers or customers unable to find a supplier in the market, the concept of a supplier of last resort (SoLR) is established in Albania, with FSHU acting in this capacity. Customers can be supplied by the supplier of last resort for no more than 60 days; however, an exemption is introduced for customers entering the free market for the first time. Under this exemption, 6 kV customers are currently supplied by the SoLR at regulated prices set by ERE.

The novelties introduced by Directive (EU) 2019/944—including active customers, aggregation, energy storage and citizen energy communities—have not yet been incorporated into national legislation. While a certain level of customer protection is already ensured through the existing Power Sector Law, the respective provisions of the Directive should be transposed and subsequently implemented.



ENERGY POVERTY

In 2025, Albania introduced a legal definition of energy-poor households into the Law on the Energy Performance of Buildings. The term “vulnerable customer” is also nationally defined. Currently, there is no national target to reduce the number of energy-poor households.

The Ministry of Health and Social Protection maintains a registry of energy customers in need who receive financial support from the state budget, around 213.000 households are eligible, with at least 11.200 active beneficiaries. Energy-vulnerable customers are supported through subsidies for electricity bills. Monthly compensation is provided for electricity price increases for below-average consumption (up to 300 kWh/month), with a total state budget of approximately EUR 14,22 million per year. Vulnerable customers are protected from disconnection, and in 2025, ERE approved new rules to protect vulnerable electricity consumers from supply interruptions. Since 2022, Albania has implemented a long-term energy poverty programme subsidising up to 70% of the cost of solar thermal collectors for 2000 low-to-middle-income households, with a second window in 2025 for another 2000 families. Albania's National Energy and Climate Plan (NECP) includes a policy and measures on energy poverty, and an Action Plan on Energy Poverty is planned for approval by third quarter 2026. The Long-Term Renovation Strategy, approved in March 2025, commits to prioritising deep renovations for vulnerable consumers.

Albania's statistics authority publishes annual data on indicators relevant to energy poverty. In 2023, 34,8% of households reported being in arrears on utility bills or unable to keep their home adequately warm, down from 37,0% in 2022. The at-risk-of-poverty rate stood at 19,7% in 2023.

Unbundling

80%

OST, the national TSO, was certified under ownership unbundling by ERE in 2017. OST is a member of the European Network of Transmission System Operators for Electricity (ENTSO-E) and a signatory of the Synchronous Area Framework Agreement for the Regional Group Continental Europe. Although Commission

Regulation (EU) 2017/1485 has not yet been incorporated into the national legal framework, OST implements certain provisions of this Regulation as a member of ENTSO-E. OST also acts as a monitor of the AK load-frequency control block, which consists of control areas of Albania and Kosovo*. OST's latest

Ten-Year Network Development Plan (TYNDP) covering the period from 2015 to 2025 has been published on the OST website. However, TYNDPs are not prepared regularly by OST.

OSSH, the DSO, is legally and functionally unbundled from generation and supply activities. The compliance officer, appointed in

2023, submits compliance reports regularly to ERE for approval in line with the compliance programme of 2020. ERE approved the compliance report for 2024; however, ERE highlighted the importance of strengthening monitoring mechanisms for critical processes and detailed reporting on self-producers. The distribution grid code approved in 2008 is still in force.

Access to the system

73%

Third-party access to transmission and distribution systems is ensured in a non-discriminatory and transparent manner, based on tariffs approved and published by ERE. Transmission tariffs for 2025 were approved by ERE's decision from 2024, while the application of the distribution tariffs determined in 2022 was extended for 2025, pending OSSH's submission of a request for tariff determination in line with the legislation in force. Tariff methodologies are to be amended to reflect the requirements of Directive (EU) 2019/944 and Regulation (EU) 2019/943 (primarily concerning tariffs for energy storage and active customers).

The connection codes have been transposed, but their implementation still needs to be completed. The transmission grid code was updated in 2022, and the ongoing amendments to the distribution grid code aim to implement the connection codes.

Regulation (EU) 543/2013 has been transposed through the Rules for the Publication of Basic Data on the Electricity Market and partially implemented in Albania. Certain sets of data are still not published on the ENTSO-E Transparency Platform (such as actual generation per production type and day-ahead prices).



Regional integration

19%

Progress towards integration into the single European market is dependent on the full transposition of the EIP. Albania has not yet transposed Regulation (EU) 2019/943 into the national legal framework. Consequently, the requirement to offer at least 70% of available capacity for cross-zonal trade (70% target) is still not in place.

Commission Regulation (EU) 2016/1719 has still not been fully incorporated into Albania's legal system, but is implemented to a certain extent. Albania uses the services of the Coordinated Auction Office in South East Europe (SEE CAO) for forward capacity allocation of the cross-zonal capacity on all its borders, based on Harmonised Allocation Rules with the specific annex.

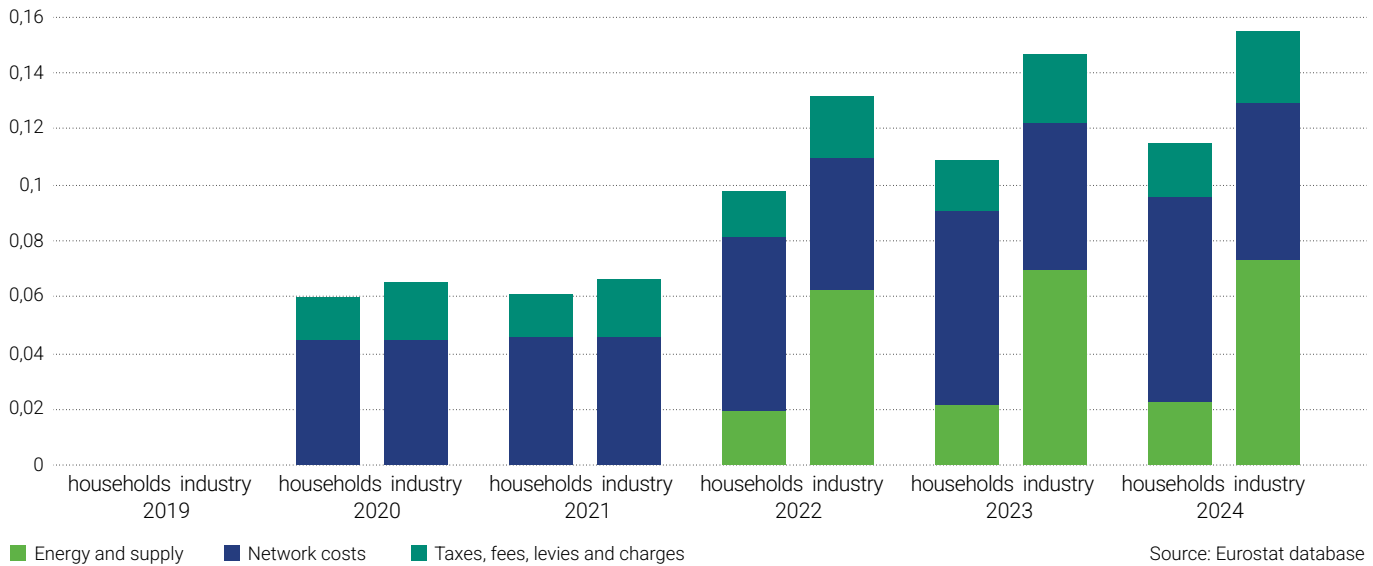
Day-ahead explicit auctions are also organised by SEE CAO on all borders except for the border with Kosovo*, where implicit auctions are in place due to market coupling. Intraday capacity allocation is continuous based on the first-come-first-served principle on the border with Montenegro, while implicit CRIDAs are organised for the border with Kosovo*. After CRIDAs, the remaining cross-zonal capacity on the border with Kosovo* is allocated explicitly.

ALPEX was designated as the nominated electricity market operator (NEMO) in July 2023, under the legislative framework preceding the adoption of the EIP. Consequently, compliance of the designation will need to be confirmed after transposition of this package and subsequent verification. Under the so-called South-East Europe market coupling (SEE MC) initiative, ALPEX and OST have begun cooperating with NEMOs and TSOs from Greece, North Macedonia and Kosovo* to implement market coupling. The involved parties decided to establish a local implementation project under the Italian Borders Working Table

(IBWT) framework. ALPEX and OST have recently become project parties in the IBWT, following the signing of the Third Amendment to the IBWT Operational Agreement. On the other hand, no activities for operationalisation of the Shadow South-East Europe Capacity Calculation Region (CCR) were undertaken during the reporting period. The proposal for the reconfiguration of this region has been submitted to ACER for approval as part of the All TSOs' proposal for amendment of the CCR determination.

Commission Regulation (EU) 2017/2195 has not yet been transposed. In line with the Power Sector Law, the TSO is required to exchange or share balancing services with TSOs of neighbouring countries in accordance with the operational agreements. So far, cross-border balancing cooperation is limited to the sharing of frequency restoration reserves within the AK load-frequency control block.

Albania has not yet transposed the revised TEN-E Regulation (EU) 2022/869 into its national legislation and has not communicated any timeline or plans for its transposition to the Secretariat. The implementation of the 2018 Project of Energy Community Interest (PECI), the Elbasan–Bitola 400 kV transmission line, remains pending, with significant delays observed. Currently, two PECIs are under development in Albania: 1) Closing the 400 kV Albanian internal ring; and 2) Reconfiguration of the 400 kV grid and construction of a new 400 kV Albania–Kosovo* interconnection. Both projects receive financial support from the Western Balkans Investment Framework (WBIF) for the preparation of feasibility and pre-feasibility studies, as well as environmental and social scoping assessments.



38%

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.

The Fier–Vlora pipeline and the Fier South Exit Point project are in the planning phase, including feasibility studies and an environmental and social impact assessment. The Trans Adriatic Pipeline (TAP AG) is responsible for designing and building the Fier exit point, including a pressure reduction station and metering equipment. A key agreement was signed in 2021 between TAP AG, the Ministry of Infrastructure and Energy and Albgaz. Construction is planned to begin in May 2026, with completion scheduled for October 2027, enabling gas transmission from the TAP pipeline to Albania’s domestic network.

The Korça gasification project, led by Azerbaijan’s state-owned Socar, aims to expand gas distribution in Albania beyond the main transmission lines. A memorandum of understanding was signed in November 2024 between Socar, Albgaz and Albania’s Ministry of Energy to explore cooperation on this initiative. Albgaz is to construct, own and operate the exit point and transmission pipeline linking TAP to Socar’s distribution network. A non-binding capacity allocation has been nominated in the TAP market test, and Albgaz has completed a technical feasibility study. Key agreements—including a tie-in agreement, term sheet and host government agreement—are under negotiation, with a final investment decision pending their conclusion.

Retail market

25%

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

Unbundling

60%

TAP is certified and unbundled by the exemption decision under the independent transmission operator model. Albgaz, the national TSO, is conditionally certified under the ownership unbundling model. Albgaz has not yet submitted documentation to ERE demonstrating compliance with amendments to Article 11 and Article 46(10) of Law on the Natural Gas Sector. This includes evidence of transferring certain competencies to the

Ministry of Finance. ERE has granted extensions for Albgaz to meet outstanding conditions every year, thereby postponing resolution of the issue. The most recent extension, approved by Decision No. 272 on 10 December 2024, sets the new deadline for submission as 31 December 2025.

State ownership-related competences in Albgaz—including exercising shareholder rights, approving corporate acts and supervising financial performance—are being transferred to the Ministry of Finance, while sectoral policy and regulatory

functions remain under the ministry responsible for energy and ERE. Currently operating as the sole licensed combined operator under the Ministry of Infrastructure and Energy, Albgaz remains closely engaged with ongoing developments in the energy sector.

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 involves assisting in 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 make progress in implementation of the old Regulation (EU) 347/2013 and the Secretariat has not been informed about a timeline for adopting the revised Regulation (EU) 2022/869.



Decarbonising the energy sector

Albania



ENERGY AND CLIMATE GOVERNANCE

62%

National Energy and Climate Plan (NECP) and Integrated Progress Report (IPR)

60%

The Government of Albania adopted the National Energy and Climate Plan (NECP) in December 2021. Work on updating the plan continued in 2025 but has not been finalised.

Within the framework of biennial integrated progress reports, the Albanian authorities submitted information for 10 of the 17 reporting streams in 2025.

2030 Greenhouse Gas Reduction Target

80%

Albania has not defined a 2030 climate target in national legislation, but it is included in the NECP adopted in 2021. However, Albania is in the process of updating its climate law, which represents a good opportunity to include the 2030 climate target set by the Energy Community (12,00 MtCO₂eq). The 2030 climate target should also be reflected in all key national planning

documents such as long-term strategies and Nationally Determined Contributions.



2030 GHG Target*
53,2%

National Systems for Greenhouse Gas Emissions and Climate Reporting

84%

The legal basis for a national greenhouse gas (GHG) inventory system and a national system for policies and measures (PaMs) and projections is outlined in the Law on Climate Change and the associated by-law No. 889. Key reporting obligations have been transposed into legislation, with the exception of approximated GHG inventories.

and measures and projections, as well as GHG inventories and revenues from carbon pricing mechanisms, as required by the adapted Governance Regulation. The report on PaMs was also submitted, albeit after the deadline. However, the reports on adaptation strategies and approximate GHG inventories still need to be submitted via the Reportnet system. Since 2025, a new requirement to submit national GHG emission projections has been in place, and this obligation still remains unfulfilled.

Albania has made progress in climate reporting, submitting information in a timely manner on the national system for policies

Long-term Strategy (LTS) and Climate Neutrality

25%

The legal basis for a long-term strategy has been established through the Law on Climate Change and Albania is currently working on further refining the related transposition requirements. However, Albania has not yet adopted a long-term strategy that sets out a 2050 climate neutrality objective. It re-

mains unclear if and how such an objective will be reached. The long-term strategy should include the elements set out in the adapted Governance Regulation and represents an opportunity to align with the Energy Community's 2050 climate-neutrality objective.

*All targets presented in this Decarbonisation chapter are aligned with the Ministerial Council Decision 2022/02/MC-EnC of the Energy Community



2030 Renewable energy targets

88%

The target of 54,4% of gross final energy consumption set out in the adopted NECP is more ambitious than the 2030 target established by the Energy Community and incorporated into the amended Renewable Energy Law. The overall 2030 renewable energy target is subdivided into sectoral targets for electricity (178,1%), transport (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).



2030 RES Target
52,0%

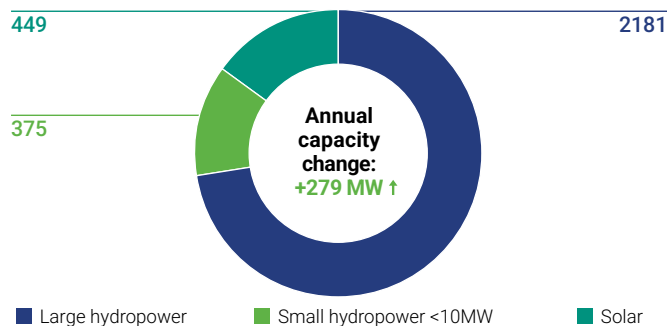


Quality of support scheme

90%

The amendments to the Renewable Energy 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 contracts for difference (CfD) or contracts for premium (CfP). Auctions for a fixed purchase price have been 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 and joint support schemes) have been implemented.

Total Capacities of Renewable Energy 2024 (MW)



Total capacities of renewable energy (MW): **3005**

Source: Ministry of Infrastructure and Energy



Self-consumption and energy communities

75%

Net metering is in place, enabling consumers to operate renewable energy installations with a maximum capacity of 500 kW. Albania has amended the Renewable Energy Law to outline a transition to net billing for self-consumed renewables, scheduled to commence on 1 January 2024. These amend-

ments guarantee the involvement of citizens in renewable energy communities while maintaining their privileges and responsibilities as end-consumers. Nevertheless, no renewable energy communities have been established so far.



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 under the authority of the regulator ERE in May 2023. The next critical milestone for achieving a fully op-

erational GO system includes the adoption of disclosure rules and calculation of the residual energy mix. The amendments made to the Renewable Energy Law incorporated the necessary legal provisions for issuing GOs for all types of energy carriers, including renewable gas, as well as heating and cooling.



Sustainability criteria for biofuels, bioliquids and biomass fuels

25%

The current legal framework in Albania provides the basis for establishing sustainability and GHG emission savings criteria, as well as a verification system for renewable fuels used in the transport sector. Extending these sustainability requirements to biomass fuels and bioliquids used for electricity generation,

heating and cooling, together with the adoption of secondary legislation to verify compliance of biofuels, bioliquids and biomass fuels, will ensure the full transposition and implementation of the REDII.

Renewable energy in heating and cooling

32%

Albania has made progress in the adoption and implementation of a support scheme for renewable-based heating and cooling technologies, including solar water heaters, heat pumps, biomass and biofuel boilers. The scheme places particular emphasis on solar thermal collectors, which are reimbursed at 70% of

investment costs compared to 20–30% for other technologies. The adoption of a comprehensive legal framework, together with additional policy measures, remains crucial to ensure the average annual increase of renewable energy in heating and cooling.



ENERGY EFFICIENCY IMPLEMENTATION

65%



2030 Energy efficiency targets and policy measures

73%

Albania's 2030 energy efficiency and decarbonisation targets and policy measures are broadly outlined in the NECP adopted in 2021. However, the NECP is currently under update to align with the Energy Community's 2030 targets and increased ambition under the energy efficiency dimension, including specific targets related to the implementation of Articles 5 and 7 of 2012 Energy Efficiency Directive (EED).

To support the monitoring and verification of energy efficiency measures and savings achieved, the national monitoring and verification platform (MVP) was made available online, while the Energy Efficiency Agency conducted training courses for reporters, starting with municipalities.

During the reporting period, the Ministry of Infrastructure and Energy prepared several by-laws to implement the Energy Efficiency Law, with a number already adopted. In parallel, a new Law on Energy Efficiency was drafted to ensure alignment with the revised 2023 EED. The new law is expected to be adopted in 2025.



2030 EE PEC Target
2,60 Mtoe



2030 EE FEC Target
2,40 Mtoe



Energy efficiency in buildings

94%

Buildings remain Albania's largest energy-consuming sector, accounting for 38% of final energy consumption in 2023. Notable progress was made during the reporting period, including adoption of the Law on Energy Performance of Buildings in June 2025, aligning national legislation with the 2018 amendments and selected provisions of the 2024 revised Energy Performance of Buildings Directive.

working on a new EPC database, cost-optimal methodology and minimum energy performance requirements. Development of by-laws to implement provisions on independent control, inspections of heating and cooling systems, technical building systems and electromobility are underway.

Following the adoption of key by-laws, Albania operationalised its energy performance certification (EPC) system. Expert training and certificate issuance are ongoing under the coordination of the Energy Efficiency Agency. Development of new EPC software aligned with the latest law is also in progress, and the ministry is

A long-term building renovation strategy was approved by the Council of Ministers on 28 February 2025, supported by the Regional Energy Efficiency Programme and the Energy Community Secretariat. Work continues on the Building Renovation Plan, which will define a roadmap for reducing emissions, improving efficiency, addressing energy poverty and modernising the building stock across all sectors.



Energy efficiency scheme and financing

46%

Albania is still in the process of introducing its energy efficiency obligation scheme, as mandated by the Law on Energy Efficiency. While the Ministry of Infrastructure and Energy has drafted an order for its approval, implementation remains pending due to the absence of the necessary by-laws.

No dedicated energy efficiency fund has been established to date. Investments are currently supported through the state budget and international financial assistance, with emphasis on the construction sector. Local banks contribute by offering credit lines, primarily aimed at improving thermal insulation in

private buildings. Development of the energy service company (ESCO) market is ongoing.

To meet 2030 renovation targets, additional financing incentives are needed. Albania has announced plans to introduce financial support for energy efficiency measures targeting energy-poor households. It is recommended that a multi-criteria framework be developed to identify eligible households and that higher co-financing rates be provided to support their participation in renovation programmes.



Energy efficient products - labeling

55%

In May 2024, Albania adopted the Law on Labelling of Energy-Related Products, aligning its national framework with Regulation (EU) 2017/1369.

To implement the law and update outdated regulations for specific product groups, all implementing acts have been drafted

in line with Ministerial Council Decisions from September 2014, November 2018 and December 2022. However, adoption by the Council of Ministers remains pending.

Efficiency in heating and cooling

55%

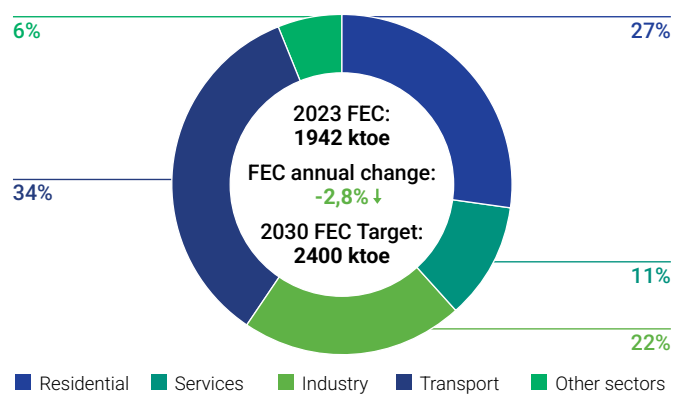
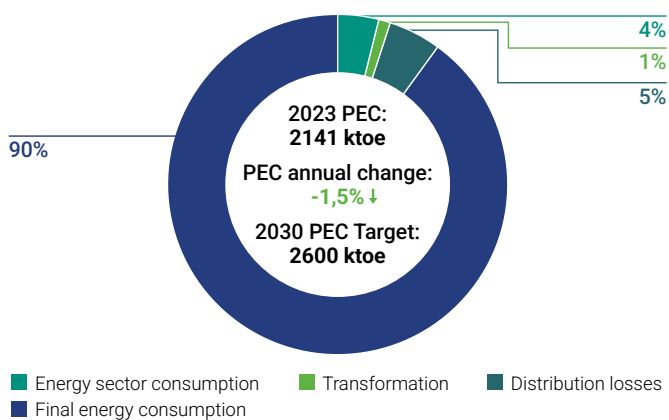
Albania achieved important progress in accelerating reforms in the heating and cooling sector. The provisions on the inspection of heating and air-conditioning systems were transposed into the recently adopted Law on Energy Performance of Buildings. The law establishes the legal framework for regular inspections

of such systems, although their implementation is mandated only from 2027. Moreover, work has been initiated to prepare a comprehensive assessment of the potential for efficient heating and cooling in compliance with Article 14. The process is ongoing and is expected to be finalised by the end of the year.

2023 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)

Final Energy Consumption (FEC)



Energy intensity, 2023 value and trends: 0,17 ktoe/mil EUR, - 4,0% ↓

Source: Eurostat database, NECP and 2022 Ministerial Council Decision



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

28%



Foundations, institutions, permits

61%

The basic definitions and concepts of the EU Emissions Trading System (ETS) Directive have been transposed into national law through the Law on Climate Change. An environmental permit with a GHG 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, as well as 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 GHG emissions. A draft update to climate law introducing new definitions and clarifying the obligations of companies covered by monitoring, reporting, verification and accreditation (MRVA) is currently at an advanced stage of legislative proceedings. Progress has been made in implementing and enforcing the above requirements, including identifying entities subject to GHG emission monitoring and reporting obligations and establishing structures, processes and procedures within the competent authority.



Monitoring and reporting

10%

Albania has begun the process of transposing the Monitoring and Reporting Regulation into national law, and work on the draft legislation is ongoing. The process of training entities subject to the new monitoring and reporting obligations has also begun. No deadline has yet been set for the submission of applications for the approval of monitoring plans, and electron-

ic templates or forms to facilitate this process have not been made available. Provisions for corrective action in cases of failure to report emissions by entities subject to this obligation, including financial penalties, have been introduced in the Law on Climate Change.



Verification and accreditation

12%

Albania has not yet transposed the Accreditation and Verification Regulation, but draft amendments to the climate law are intended to regulate the basic principles of the verifier market, including the admission of foreign verifiers already accredited within the EU. The current climate law introduced the obligation for GHG emission reports to be verified exclusively by accredited verifiers. Despite the lack of legislation, a series of training

courses for the staff of the National Accreditation Body has also been launched. Full implementation will require building up the necessary human resources at the National Accreditation Body, creating the necessary internal procedures and processes for accreditation, and developing the necessary national electronic forms, such as the annual emissions report and verification report.



Ensuring energy security Albania



ELECTRICITY SECURITY OF SUPPLY

16%

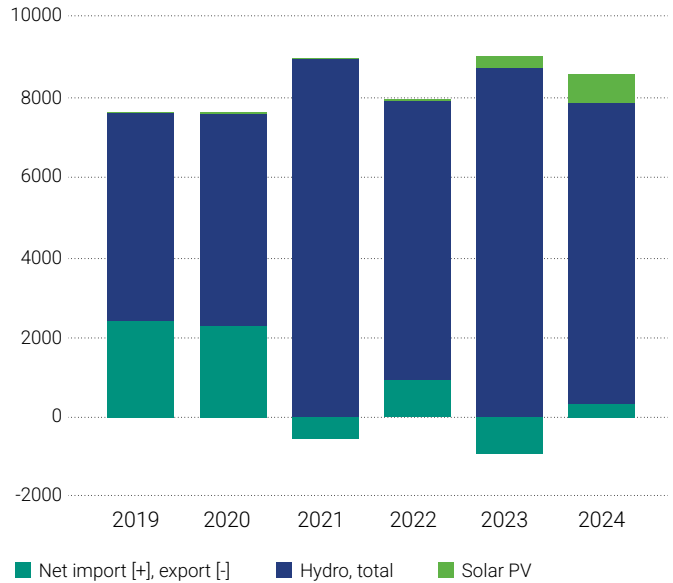
Albania has neither transposed Regulation (EU) 2019/941 nor designated a competent authority for risk preparedness, despite the respective deadlines having expired on 31 December 2023 and 5 January 2023. A working version of the draft Law on the Power Sector, reviewed by the Secretariat in July 2025, is intended to transpose certain provisions of Regulation (EU) 2019/941. It provides for the ministry responsible for the power sector to be the competent authority and establishes an obligation for this authority to adopt a risk-preparedness plan. However, full transposition and implementation of the Regulation will require further efforts to draft and adopt primary and related secondary legislation.

Regulation (EU) 2017/2196 has also not yet been transposed.

Albania has not been submitted Security of Electricity Supply Statements to the Secretariat, despite its obligation under Article 29 of the Treaty.

Key developments in cybersecurity in Albania include the enactment of a comprehensive new Law No. 25/2024 in 2024, which is partially aligned with the EU's Directive on Security of Network and Information Systems (NIS2) and reflects broader European standards. Additionally, the National Authority for Electronic Certification and Cyber Security (AKCESK) has been established to oversee and coordinate the country's cybersecurity efforts.

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 in place following amendments to the Gas Law in 2021, which incorporates specific aspects of

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



OIL SECURITY OF SUPPLY

23%

Albania's legal framework for emergency oil stockholding remains non-compliant with Directive 2009/119/EC. The system is still governed by outdated legislation from 1999, amended in 2004, alongside Government decrees issued in 2004 and 2007, all of which place the responsibility for stockholding entirely on the oil industry. Although a new draft Law on the Establishment,

Maintenance and Management of Minimum-Security Stocks of Crude Oil and Petroleum Products was prepared in 2018, it has not been adopted.

In 2022, three draft regulations and a governmental decision were developed in an attempt to align the national framework

with the Directive's requirements while preserving the industry-based model. Nevertheless, Albania's emergency procedures remain insufficient to meet the Directive's standards.

Compliance gaps are especially evident in reporting and calculation. The current reporting system provides only partial data: MOS Oil submissions cover tables 1 to 4, which include information on the supply of crude oil and petroleum products, as well as imports by origin and exports by destination, but omit

tables 5 and 5b_5c, which contain data on stock levels (emergency and commercial). Additionally, Albania has not submitted the monthly Crude Oil Import and Supply (COIR) questionnaire, introduced in January 2023.

As a result, no tangible progress was achieved during the reporting period, leaving the country's emergency stockholding system and legal basis unchanged and continuing to fall short of the Directive's requirements.



Improving the environment Albania



Environmental assessments

47%

Albania has initiated the drafting of rules and procedures for Environmental Impact Assessment (EIA) in a transboundary context, as required under Article 7 of EIA Directive. Progress was also reported on the establishment of a certification scheme for EIA experts. However, such a scheme remains overdue and delayed, and the criteria for certification of EIA experts, environmental expertise and environmental auditing are still not fully in place, weakening the institutional framework necessary for effective implementation of the EIA Directive. No further steps were taken to address the deficiencies highlighted in the Secretariat's previous Implementation Reports. As a result, Albania continues to remain non-compliant with Articles 8 and 8a of EIA Directive. The current EIA Law remains inadequate, as it does not require development consent decisions to include the reasoned conclusion of the EIA, environmental conditions, mitigation measures and monitoring obligations. In addition, the screening criteria are not aligned with Annex III of EIA Directive. Albania reported that the EIA is integrated into the one-stop-shop system for issuing building permits. Institutional capacity for carrying out EIAs remains limited and insufficient to ensure a streamlined process for EIA and other related assessments (biodiversity/appropriate assessment and water impact assessment). Albania reported over 50 EIAs for energy projects during the reporting period, mainly for pho-

PERMIT STATUS:



Streamlined assessments
initiated

tovoltaic and hydropower projects, as well as one large 120-MW wind farm. The Secretariat received a complaint regarding the EIA procedure for the 170-MW Roskovec thermal power plant. Concerns persist with regard to hydropower projects on the Vjosa and Valbona Rivers, as well as the Skavica project. In Albania, no exemptions under Article 2(4) or Article 2(5) of EIA Directive were granted during the reporting period, and the Secretariat was not informed of any EIA procedure being implemented for Projects of Energy Community Interest under Article 4 of Decision 2016/12/MC-EnC.

The Strategic Environmental Assessment (SEA) Directive has largely been transposed into national legislation, but its implementation remains insufficient. The planned revision of the National Energy and Climate Plan (NECP), which should include an updated SEA report to ensure full integration of environmental considerations, was scheduled for this reporting period but has again been delayed, with no clear roadmap for when the revision will take place.

Large combustion plants

n.a.

Albania has no operational large combustion plants. TPP Vlora, the only relevant installation in Albania, is still not in operation, and with the related gas infrastructure not yet available, the fuel switch to natural gas cannot take place. Once put into operation, the plant must comply with the emission limit values of the Industrial Emissions Directive for new plants.

During the reporting period, the Secretariat received a complaint alleging the incorrect application of an environmental impact assessment for a newly planned gas-fired power plant, the assessment of which is currently underway.

Installations under the Large Combustion Plants Directive



1*
of plants falling
under the LCPD



0
of which opted
out plants



0
of which plants falling
under the NERP

* not in operation

Source: compiled by the Energy Community Secretariat

Sulphur in fuels

60%

Albania transposed the provisions of the Sulphur in Fuels Directive, including those on marine fuels, by a decision of the Council of Ministers in 2019. Secondary-level decisions to implement and enforce the obligations of the decision are still missing, rendering overall implementation of its provisions questiona-

ble. The State Technical and Industrial Inspectorate (ISHTI) is responsible for the control of compliance with quality standards for oil and oil by-products. Checks are carried out at customs points, refineries, oil by-product processing plants, deposits of trading entities and their retail trading stations.

Nature protection

47%

The 2024 amendments to Albania's nature protection legislation, which permit large-scale infrastructure projects within national parks and nature reserves to proceed without the approval of the nature conservation authority and transfer oversight to a committee chaired by the Prime Minister, remain in force. This is despite international recommendations, including by

the International Union for Conservation of Nature (IUCN). 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 a risk to the wetland's preservation.

Environmental liability

20%

Albania has transposed some provisions of the Environmental Liability Directive through the Law on Environmental Protection. No progress was made on the adoption of secondary legisla-

tion during the reporting period, however, Albania reported that full transposition of the Directive is expected by 2026.



Performance of authorities

Albania



REGULATORY AUTHORITY

82%

Legal setup and independence

The Energy Regulatory Entity (ERE) is Albania's independent regulator for electricity, natural gas and selected renewable energy issues. ERE is free from political or commercial influence. It is accountable to Parliament, which exercises oversight, but does not control ERE's budget. ERE's board consists of five members appointed by Parliament. All members are currently within their five-year mandates.

ERE is empowered to take autonomous decisions within its mandate; these decisions are binding and may only be challenged through judicial review.

ERE is financed independently of the state budget, through annual regulatory fees charged to all licensed market participants. The board approves the budget based on these fees, while Parliament is only informed, ensuring independence. Execution of the budget is subject to an audit by the State Supreme Audit Institution.

The penalty regime is set out in the primary legislation and further detailed in ERE's regulations and procedures. During the reporting period, enforcement actions were undertaken in the form of warnings and licence removals; however, no financial penalties were applied, including under the framework of the REMIT Regulation.

Staffing remained stable in 2024–2025. While the number of staff is sufficient to perform licensing, monitoring and tariff-setting tasks, additional expertise is required for market integration, implementation of the Energy Integration Package (EIP), market surveillance and enforcement of REMIT. Recruitment, promotion and dismissal of staff is carried out by ERE itself under its internal regulations.

Incomplete transposition of the EIP limits ERE's competences. ERE has nevertheless taken steps to incorporate certain EIP provisions into its regulatory acts.

Activities in the reporting period

In 2024, ERE launched procedures for approval of the investment plan of the TSO, OST, for 2025–2027 and for market coupling between Albania and Kosovo*—all of which were approved in 2025. Further, ERE adopted key decisions in 2025, including the approval of universal service supply (USS) and transmission and distribution tariffs, as well as amendments to the market rules, introducing a 15-minute imbalance settlement period in line with EU practice. In the absence of transposition of the EIP, ERE integrated certain provisions from the network codes related to market integration into its regulatory framework.

Complete liberalisation of the retail electricity market continues to lag behind. Households and small businesses connected to the 0,4 kV network continue to be supplied under regulated tariffs by the universal service supplier (USS). Consumers connected to the 6 kV network are supplied by the supplier of last resort (SLR), with this regime extended until 31 December 2025.

ERE continues to issue guarantees of origin and has approved purchase tariffs for priority producers and performed the market readiness assessment for the conversion of renewable power purchase agreements.

Regarding REMIT, secondary legislation is in place, but no cases were initiated during the reporting period.



COMPETITION AUTHORITY

49%

Legislative framework

Albania's Law on Protection of Competition establishes a prohibition of anti-competitive agreements and also sets out a prohibition of abuse of dominance, largely in line with the Energy Community acquis. However, it does not contain a prohibition of anti-competitive decisions by associations of undertakings and concerted

practices. This severely narrows the scope of application of the law, which needs to be amended to align with Energy Community law. A range of secondary legislation and guidelines exist, such as a leniency programme, as well as provisions on fines, commitment procedures and certain categories of agreements. Draft amendments to the law were initiated in November 2023.

Institutional framework

The Law on Protection of Competition establishes the Albanian Competition Authority (ACA) as an independent authority responsible for the protection of competition. It consists of the Competition Commission, composed of five commissioners, acting as a decision-making body, supported by 44 staff members.

ACA has the investigative powers to conduct unannounced inspections at companies and private premises, as well as to issue requests for information and conduct interviews to gather evidence; furthermore, a leniency programme to report illegal behaviour is in place. Moreover, it has the authority to order the cessation of illegal practices and to impose remedies, including interim measures, commitments and fines.

Implementation

While ACA holds all necessary powers, it did not perform any enforcement activities in the energy sector during the reporting period, limiting its activities in this sector to the assessment of draft legislative acts by the national regulatory authority.

ACA is encouraged to use its powers to actively investigate anti-competitive behaviour in the energy sector to ensure full implementation of Albania's obligations under the Treaty.



STATE AID AUTHORITY

40%

Legislative framework

Albania's system for State aid control is governed by the Law on State Aid, which establishes a general prohibition of State aid and sets out grounds for compatibility, largely in line with the Energy Community acquis. Additionally, an extensive set of secondary acts provides guidance on specific processes and types of aid.

Institutional framework

The State Aid Commission (SAC) is the national authority responsible for enforcement of the State aid prohibition. It is composed of the Minister of Economy, Culture and Innovation and four civil servants (proposed by the Minister responsible for European Integration, the Minister of Justice, the Minister of Finance and civil society). Consequently, urgent reform of SAC is required to ensure its operational independence and adequate resources. The SAC has the authority to investigate potential State aid measures, including requesting information, and to authorise aid or order recovery of unlawful aid.

Implementation

Despite its powers, SAC's activities during the reporting period were limited to the authorisation of a single State aid measure. The decision concerned a guarantee issued by the Republika Srpska through bonds to MH Elektroprivreda Republika Srpska Matično MP a.d. Trebinje–ZP Elektrokrajina a.d. Banja Luka for long-term indebtedness. SAC determined that it did not constitute State aid.

Activity in the reporting period	In the energy sector
Requests for information	0
Opening of investigation	0
Decisions on the authorisation of State aid	1
Decisions on illegal and incompatible aid	0
Decisions on ordering aid recovery	0

SAC is called upon to take an active role in enforcement of the State aid acquis.



STATISTICAL AUTHORITY

79%

The Agency for Natural Resources (AKBN) compiles annual energy balances and submits the relevant questionnaires to Eurostat. In 2025, a key improvement was the first submission of energy consumption data for the services sector, although further clarification and consistency checks are still needed. Disaggregated data for households and industry continue to be available. The transport questionnaire was submitted with

a slight delay. While mandatory rail data were missing, aviation and domestic navigation—which are voluntary—were included, marking progress. Preliminary 2024 data were also submitted on time through the mini questionnaires.

The monthly reporting performance is mixed. Electricity, gas and coal data are transmitted without issues, while monthly oil

statistics continue to experience delays. The Crude Oil Imports Register (COIR) has not yet been reported and follow-up actions were initiated in August 2025.






Electricity price data for households and industry, disaggregated by consumption band, were submitted for both semesters of 2024. In contrast, gas price submissions were considered to be of low quality and were not published, while the consolidated annual electricity and gas price questionnaires were not provided. On a positive note, AKBN submitted both the Energy Statistics Regulation and price quality reports.

Overall, AKBN's reporting performance has improved compared to 2024, yet key gaps remain. These include unverified services sector data, missing rail statistics in the transport sector, delays in monthly oil reporting and the absence of COIR and consolidated price questionnaires. Persistent staffing shortages further limit capacity. Strengthening resources, training and data management would support more complete and timely reporting.

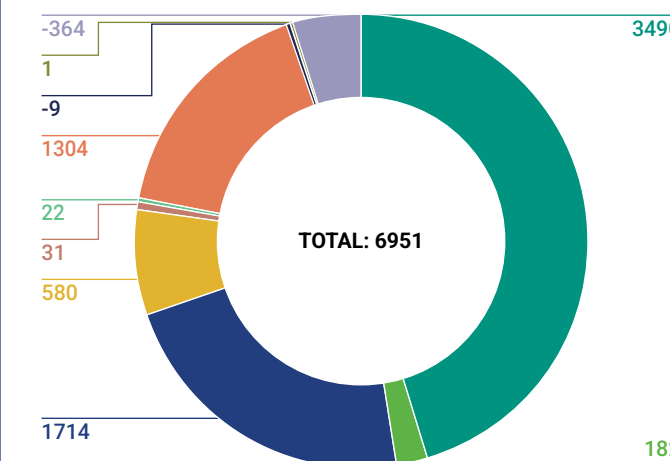
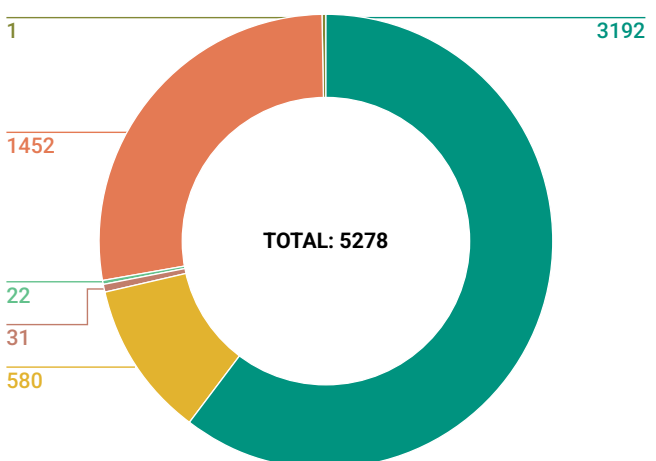
BOSNIA AND HERZEGOVINA



Implementation overview

CLUSTER		IMPLEMENTATION STATUS	RECOMMENDATIONS
	Markets and integration	26%	Bosnia and Herzegovina (BiH) should urgently adopt the Law on Regulator, Transmission and Electricity Market, implement TSO certification and establish day-ahead and intraday markets for market coupling. It should also fully align its legislation with the EU natural gas acquis across its entire territory, ensure the implementation of network codes and advance market liberalisation.
	Decarbonising the energy sector	27%	BiH should urgently finalise its NECP and notify the Secretariat, finalise transposition of the adapted Governance Regulation and fulfil reporting obligations. It should urgently transpose REDII sustainability and GHG criteria for biofuels, bioliquids and biomass fuels, urgently accelerate MRVA transposition and establish an adequate national institutional structure for issuing and approving GHG permits and monitoring plans. Further, it should adopt a long-term building renovation strategy, establish an energy efficiency obligation scheme and complete heating and cooling assessments.
	Ensuring energy security	9%	BiH should adopt the Law on Regulator, Transmission and Electricity Market, develop secondary legislation fully transposing Regulations (EU) 2019/941 and 2017/2196, and transpose and implement Regulations (EU) 2017/1938 and 1032/2022 on gas security and storage. The entities should develop respective Emergency and Preventive Plans, and BiH should regularly submit Security of Supply Statements to the Secretariat.
	Improving the environment	31%	Persistent deficiencies in the EIA process regarding extension of the validity of development consent for approved projects must be resolved. The SEA of the NECP must be concluded promptly. Compliance with the NERP ceilings and opt-out rules must be ensured.
	Performance of authorities	51%	BiH is urged to transpose the Energy Community acquis, including the EIP and state aid and competition rules. SERC should be empowered to adopt regulatory rules for market integration, including in natural gas. The CC should investigate anti-competitive behaviour. SERC, SAC and BHAS need additional resources to fulfil their functions.














2023 Fuel mix in primary production of energy (in ktoe) | 2023 Gross available energy per product (in ktoe)



Source: Eurostat database

-  Solid fossil fuels
-  Natural gas
-  Oil and petroleum products
-  Hydro
-  Solar thermal
-  Solar photovoltaic
-  Primary solid biofuels
-  Charcoal
-  Wind
-  Pure biodiesels
-  Electricity
-  Biogases
-  Geothermal
-  Industrial waste
-  Non-renewable waste
- Renewable municipal waste
- Non-renew. mun. waste

OVERALL NUMBER OF CASES 13

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



Markets and integration

Bosnia and Herzegovina

ELECTRICITY

37%

Wholesale market

33%

Bosnia and Herzegovina, in consultation with the Energy Community Secretariat, prepared a draft Law on the Regulator, Transmission and Electricity Market. The draft law aims to transpose the Electricity Integration Package (EIP) and establish the necessary preconditions for its implementation—most notably certification of the transmission system operator (TSO), Elektroprivreda BiH, and the delegated operator Independent System Operator in Bosnia and Herzegovina (NOS BiH) and their participation in regional cooperation. The draft law also provides for the creation of a national power exchange and the coupling of its day-ahead and intraday markets with the single European electricity market. Pending its adoption—and given that the Third Energy Package has neither been transposed nor implemented—the electricity market continues to operate under a non-compliant legal framework. This has prevented progress in establishing organised day-ahead and intraday markets and in designating a nominated electricity market operator (NEMO), despite the deadline for this obligation having expired on 15 June 2023. Following approval by the Council of Ministers in July 2025, the draft law is now proceeding under the regular parliamentary procedure, after failing to be adopted under the urgent procedure during its initial consideration in Parliament.

The wholesale market remains largely based on bilateral trading. It is still primarily dominated by the three state-owned incumbent utilities—Elektroprivreda Hrvatske zajednice Herceg-Bosne (EPHZHB), Elektroprivreda Bosne i Hercegovine (EPBiH) and Elektroprivreda Republike Srpske (ERS)—although the share of private electricity traders steadily expanded in 2024 compared to the previous year.

Transmission and distribution losses are procured in a non-compliant manner. When NOS BiH is unable to procure electricity for transmission losses through public auctions, all suppliers withdrawing electricity from the transmission system are required to cover losses in proportion to their offtake, at a regulated price set by the State Energy Regulatory Commission (SERC). The regulated price is the weighted average of accepted bids from the previous year. This mechanism was applied in 2025, when no offers were submitted for the first five months, prompting the use of the regulated procurement procedure. Distribution losses are not procured through market mechanisms. Due to the lack of unbundling, they are covered directly by generation units within vertically integrated undertakings.

A competitive balancing energy and ancillary services market operates in Bosnia and Herzegovina, with price caps for both capacity and energy, regulated by SERC. Balancing capacity is procured through annual and monthly auctions, while balancing energy prices are determined day-ahead based on hourly offers. For 2025, the required balancing capacities were contracted mainly through the annual tender, with residual volumes of off-peak aFRR capacity and mFRR downward to be procured via monthly auctions. A reform of the balancing market is required to bring it into compliance with the EIP requirements.

The REMIT Regulation applicable to the Energy Community Contracting Parties has been fully transposed and implemented. The register of wholesale market participants, established by SERC, is regularly maintained and updated. By the end of 2024, it included 29 registered participants. To date, no investigations have been launched concerning potential breaches of REMIT provisions.

Retail market

40%

All consumers in Bosnia and Herzegovina have the right to choose their electricity supplier. Directive (EU) 2019/944 has not yet been transposed or implemented. Therefore, households and small consumers (connected at the 0,4 kV level) continue to be supplied under universal service at regulated prices, although, under the Directive, price regulation after 1 January 2024 should apply to households and microenterprises only. In the Federation of Bosnia and Herzegovina (FBiH), tariffs are set by the Regulatory Commission for Energy in FBiH (FERC), which has designated two utilities as universal service suppliers. In

Republika Srpska and the Brčko District, the Regulatory Commission for Energy of the Republic of Srpska (RERS) and SERC perform the same role, respectively.

For 2025, the FBiH government did not renew the 20% annual cap on price increases for commercial customers in the liberalised market, a measure that had been in place since December 2021.

In practice, retail supply remains dominated by the three incumbent utilities, with virtually no competition. In 2024, consumer

switching accounted for just 0,15% of final consumption. During the same year, 60% of consumption was supplied at regulated prices and 40% was supplied at market-based prices.

Market rules provide for non-discriminatory access for distribution-connected power plants, including virtual power plants (aggregators). By October 2025, six such entities were operating with a combined capacity of 396,7 MW. While the concepts of active consumers and citizen energy communities under Directive (EU) 2019/944 have not yet been fully transposed, SERC estimates that prosumers supplied around 40 GWh of electricity to the grid in 2024.



ENERGY POVERTY

Bosnia and Herzegovina has not yet defined energy poverty in its legislation. The concept of a vulnerable customer is defined in all the entities. In Republika Srpska, the status of an energy-protected consumer is

established by law, but the specific criteria still need to be established through secondary legislation. In Brčko District, these criteria have already been defined. Bosnia and Herzegovina does not have a state-level target for reducing energy poverty.

The reach, design and financing of support programmes differ across the entities. Currently two short-term measures are in place to provide direct financial support to the most vulnerable households. In the FBiH electricity costs are reduced for vulnerable households, including pensioners and beneficiaries of permanent financial assistance consuming a limited amount of electricity each month. At the local level, residents of Sarajevo Canton who meet certain income and social vulnerability criteria can apply for subsidies for electricity, natural gas and district heating costs.

The national statistics authority does not currently collect data on energy poverty and the country does not participate in the relevant Eurostat surveys (SILC and HBS).

Unbundling

20%

A legal framework for unbundling and certification of the TSO is still lacking. The draft Law on the Regulator, Transmission and Electricity Market establishes the legal basis for unbundling and certifying the TSO and the delegated operator. Commission Regulation (EU) 2017/1485 has not been fully transposed into national legislation. NOS BiH is a member of ENTSO-E and a signatory of the Synchronous Area Framework Agreement for the Regional Group Continental Europe. Elektroprijenos BiH and NOS BiH are obliged to prepare and publish a Ten-Year Network Development Plan (TYNDP) on an annual basis. However, the latest TYNDP for the period 2021–2030 was approved by SERC on 18 May 2021, and no subsequent TYNDP has been submitted for approval.

The process of unbundling the three incumbent power utilities—EPBiH, EPHZHB and ERS—remains incomplete. In the FBiH, dynamic action plans were adopted in August 2023 to guide the unbundling of distribution system operators (DSOs) within a two-year period, as required by the Electricity Law. However, no progress was made during the reporting period. The working group has identified the need for additional legal changes to provide a proper basis for completing the unbundling process and is currently drafting the necessary amendments. Legal and accounting unbundling was completed for the five distribution companies owned by ERS in 2021, but functional unbundling has not yet advanced. Moreover, the current responsibilities of DSOs remain misaligned with the requirements of Directive (EU) 2019/944.

Access to the system

85%

SERC's latest tariff decision for the independent system operator was adopted in December 2024, while new distribution tariffs for Brčko District entered into force on 1 March 2025. The transmission network tariff has remained unchanged since 2017. Under the tariff methodology, congestion income is deducted from the tariff calculation. As revenues from cross-border capacity auctions surged, the additional income has covered a significant share of transmission costs, effectively eliminating the need to revise the tariff.

SERC Decision No. 42/18, issued in June 2018, transposed connection codes at the national level. The transmission grid code, updated in April 2025, largely incorporates these connection codes, whereas the distribution grid codes are not yet fully aligned with them.

The Transparency Regulation has been transposed and largely implemented, although the publication of balancing data still requires further improvement.

The draft Law on the Regulator, Transmission and Electricity Market aims to largely transpose Regulation (EU) 2019/943 and establish the legal basis for the transposition of the network codes and guidelines under the EIP. Commission Regulations (EU) 2016/1719 and 2017/2195 are only partially reflected in the current market rules. By the end of 2024, NOS BiH was required to make 70% of cross-zonal transmission capacity available for trade, yet no steps have been taken to comply with this obligation. Capacity allocation is organised through the regional auction office, SEE CAO, for annual, monthly and daily products with Croatia and Montenegro, whereas intraday allocation and capacity allocation on the Serbian border continue to be managed bilaterally between the respective TSOs. Within the load-frequency control block with Croatia and Slovenia, NOS BiH participates in cross-border balancing, while bilateral exchanges of balancing energy are conducted with the TSOs of Montenegro and Serbia.

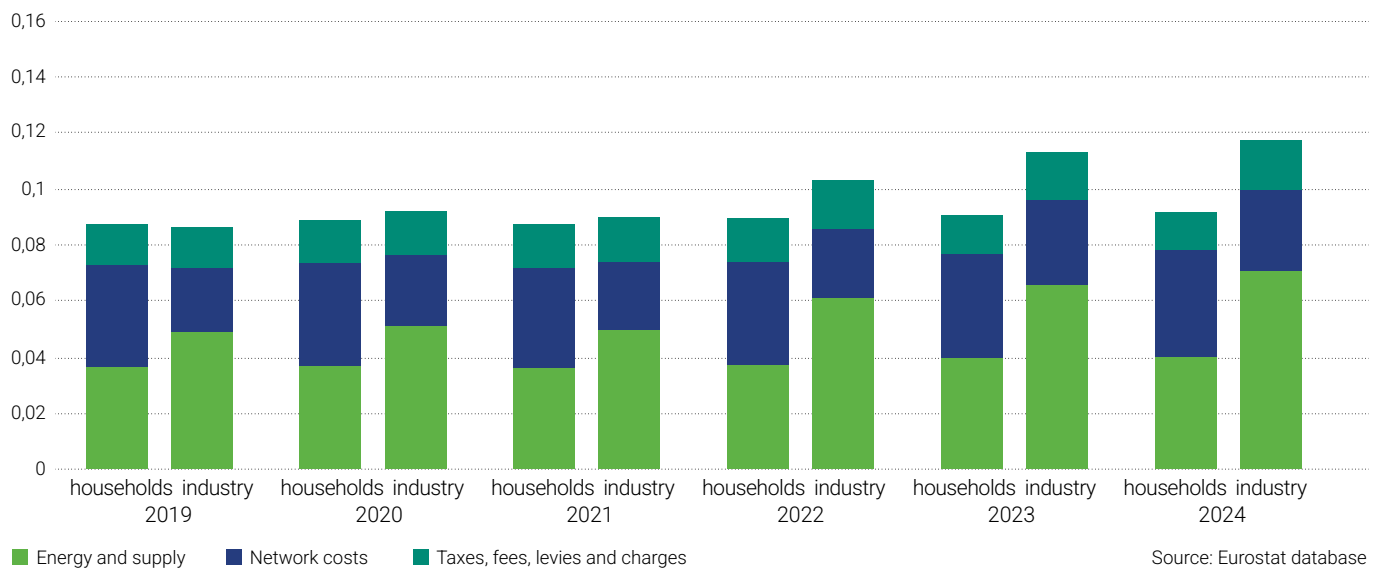
The timeline for transposing the revised TEN-E Regulation (EU) 2022/869 into the national legislation of Bosnia and Herzego-

vina remains unclear, although the draft Law on the Regulator, Transmission and Electricity Market recognises the basic terms of the TEN-E Regulation (PECI, PMI). Bosnia and Herzegovina is currently involved in two Projects of Energy Community Interest (PECI):

- 1) increasing the capacity of the existing 220 kV interconnection between Bosnia and Herzegovina and Montenegro, 220 kV OHL Trebinje–Perućica, and,
- 2) the Trans-Balkan Electricity Corridor: Double OHL 400 kV Bajina Basta–Visegrad /Pljevlja, (BA and ME sections).

Preparatory activities for the first project are ongoing with support from the European Bank for Reconstruction and Development (EBRD), while Bosnia and Herzegovina has not yet applied for financial support for the second project, although this option remains under consideration.

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



Wholesale market

10%

Bosnia and Herzegovina has a foreclosed gas market, organised as two parallel entity-level gas markets, with two dominant wholesale suppliers, Energoinvest and Gas-RES, in the respective entities.

The Federation of Bosnia and Herzegovina (FBiH) consumes 80% of the total gas demand in the state (primarily for household consumption), while Republika Srpska accounts for 20% (of which 90% is consumed by industry).

In Republika Srpska, wholesale market prices are not regulated, while in the FBiH, wholesale prices are set by the entity government. All transactions are based on bilateral contracts. A virtual trading point for Republika Srpska was established in 2023, which could provide traders with greater flexibility and potentially create the conditions for balancing, though this has not yet materialised. By contrast, no such trading point exists in the FBiH. The REMIT Regulation, which has been well transposed for electricity by SERC, has not been transposed for the gas markets.

Retail market

13%

In Republika Srpska, all retail customers are supplied at non-regulated prices and switching rules are in place. A public supplier for households has not been appointed. The dominant supplier, the public company GAS RES, serves approximately 85% of the retail market in Republika Srpska. Customers in the FBiH

remain captive and are supplied at regulated prices by a number of retail suppliers. At the same time, DSOs for given areas—most notably Sarajevogas, which supplies the capital—cover the majority of the retail market.

Unbundling

16%

Of the three companies involved in gas transmission, only Gaspromet Pale in Republika Srpska is compliant with the EU's Third Energy Package, having been certified under the ownership unbundling model by the entity's regulator. Bosnia and Herzegovina lacks a state-level legal framework and regulatory authority for the gas sector. In 2023, the Republika Srpska government mandated Gaspromet Pale to become the sole TSO in the entity, taking over operations from Sarajevogas Istocno Sarajevo, which currently manages transmission, distribution and supply. However, this decision has still not been implemented after more than two years.

In the FBiH, one company, BH Gas, operates the transmission system exclusively, in accordance with the Decree on Gas Sector Organisation and Regulation, but it is not certified due to the lack of a legal framework for unbundling, as required by the Third Energy Package. Gas distribution remains bundled with supply and trade in both entities under the de minimis clause of the Gas Directive. The country has no gas storage or LNG infrastructure.

Access to the system

8%

System access across the entire territory of Bosnia and Herzegovina remains unaligned with the Third Energy Package requirements in both entities. Only the network segment operated by Gaspromet Pale offers regulated third-party access, with tariffs set by the Republika Srpska entity regulator, though these are not compliant with the tariff network code. Sarajevogas Istocno Sarajevo sets its transmission and distribution tariffs independently, without adhering to the entity's prescribed proce-

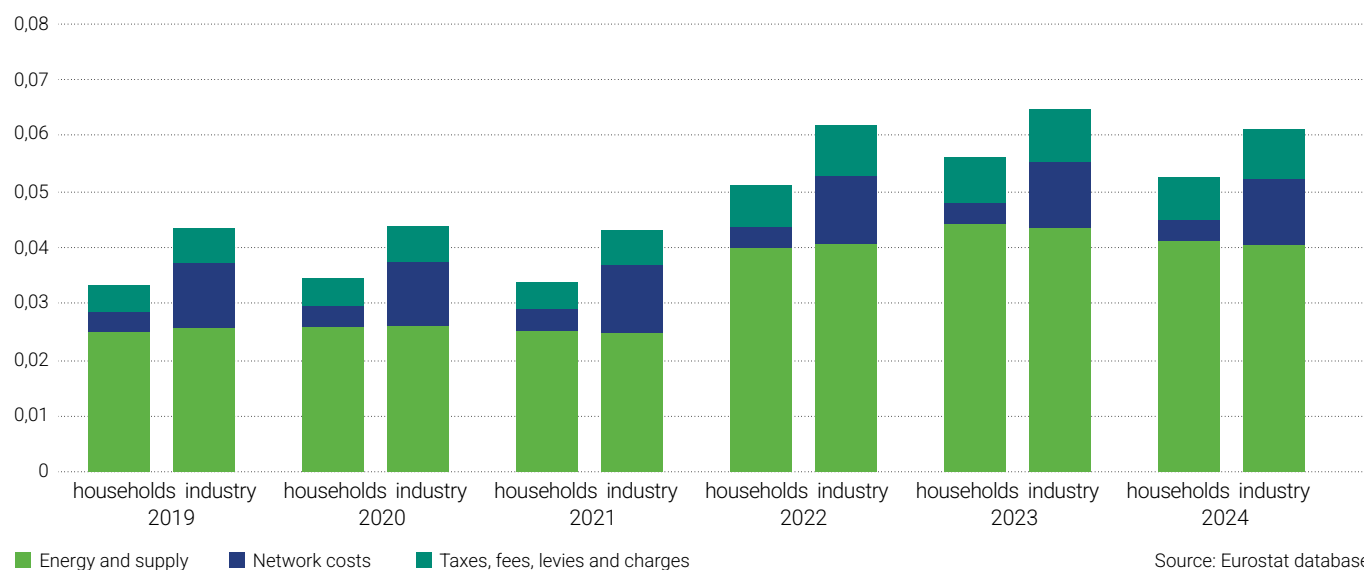
dures. In the FBiH, access is based on negotiated agreements, while the government sets transmission and distribution tariffs as components of the final retail gas price. Capacity booking and allocation, congestion management and balancing, and TSO transparency remain at a basic technical level, well below the standards required for compliance with the mandatory network codes.

An interconnection agreement was signed between the adjacent operators for the single interconnection point between Serbia and Bosnia and Herzegovina, in compliance with the network code on interoperability and data exchange.

The deadline for transposing the revised TEN-E Regulation (EU) 2022/869 expired on 31 December 2024 and there is no clear plan for its integration into national legislation. Bosnia and

Herzegovina has developed proposals for gas interconnectors with Croatia. A plan for an interconnector with Croatia, called the "Southern interconnection", running exclusively through the territory of one entity, the FBiH, has been renewed. The project enjoys support from the United States, and the legal framework enabling construction of the pipeline has been established through a special law approved by the entity institutions.

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





Decarbonising the energy sector

Bosnia and Herzegovina



ENERGY AND CLIMATE GOVERNANCE

14%

National Energy and Climate Plan (NECP) and Integrated Progress Report (IPR)

3%

Bosnia and Herzegovina failed to notify the Secretariat of its final National Energy and Climate Plan (NECP), despite its obligation under Article 3 of Governance Regulation.

Within the framework of biennial integrated progress reports, the authorities of Bosnia and Herzegovina did not submit information for any of the 17 reporting streams in 2025.

2030 Greenhouse Gas Reduction Target

0%

Bosnia and Herzegovina has not defined the 2030 climate target (15,65 MtCO₂eq) in its national legislation and the NECP remains to be finalised. The 2030 climate target should also be reflected in all key national planning documents such as long-term strategies and Nationally Determined Contributions.



2030 GHG Target*
-41,2%

National Systems for Greenhouse Gas Emissions and Climate Reporting

12%

There is no legal basis for a national greenhouse gas (GHG) inventory system or for a national system for policies and measures (PaMs) and projections. Bosnia and Herzegovina still needs to initiate reporting on the national system for PaMs and projections.

Climate reporting obligations have not been transposed into legislation. Bosnia and Herzegovina has nominated lead reporters for reporting activities under the Governance Regulation, but it has not submitted a report via Reportnet on any of the dataflows. Consequently, progress is still needed in the transposition and implementation of climate-related obligations.

Long-term Strategy (LTS) and Climate Neutrality

41%

The legal basis for a long-term strategy has not been adopted. Nonetheless, Bosnia and Herzegovina adopted and submitted a long-term strategy to the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat in July 2023. The

strategy, however, does not include a 2050 climate neutrality objective. Instead, it only sets the target of a net reduction in GHG emissions of 80% compared to 1990.

*All targets presented in this Decarbonisation chapter are aligned with the Ministerial Council Decision 2022/02/MC-EnC of the Energy Community



2030 Renewable energy targets

0%

The overall and sectoral targets have not been established in the relevant laws and the final NECP has not been adopted. The draft NECP sets a 2030 target of 43,6% share of renewable energy in gross final energy consumption, aligned with the 2030 target set by the Energy Community. It includes sectoral targets of 70,1% for electricity, 8,4% for transport and 60,8% for heating and cooling. While the transport target (7% by 2030)

complies with Article 26 of Renewable Energy Directive (REDII), the heating and cooling target does not meet the requirements under Article 23.



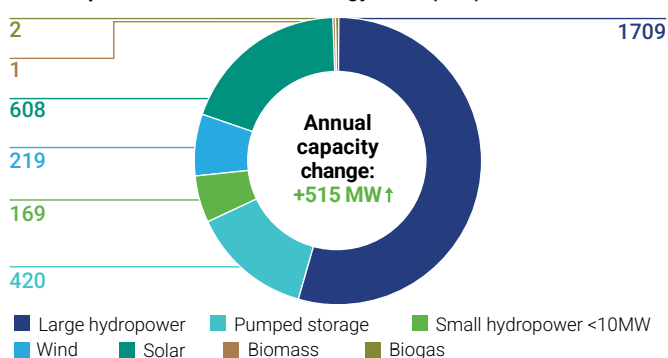
2030 RES Target
43,6%

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 (FBiH) passed renewable energy laws, introducing market-based support schemes in compliance with the REDII requirements. Both entities, have adopted rulebooks on auctions; however, the implementation of auctions is still lacking in both. None of the cooperation mechanisms (statistical transfer, joint projects and joint support schemes) have been implemented.

Total Capacities of Renewable Energy 2024 (MW)



Total capacities of renewable energy (MW): 3127

Source: Ministry of Foreign Trade and Economic Relations

Self-consumption and energy communities

75%

Republika Srpska, Brčko District and the FBiH have incorporated provisions for self-consumption and energy communities in their renewable energy laws and rulebooks, enabling the

implementation of a self-consumption scheme and renewable energy communities. The next step is to 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 (GO). Electronic registries for GO 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 FBiH, 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 operator for renewables in the FBiH has still not operationalised its registry. The existing legal framework governs the issuance of guarantees of origin solely for renewable electricity and does not encompass other energy carriers as specified in REDII.

Sustainability criteria for biofuels, bioliquids and biomass fuels

0%

Provisions on sustainability and GHG emission savings criteria for biofuels, bioliquids and biomass fuels have not yet been transposed into national or entity-level legislation. Consequently, the legal framework remains non-compliant with REDII. Time-

ly action is essential to ensure alignment with EU requirements and to achieve Bosnia and Herzegovina's 2030 renewable energy source targets for the transport sector.

Renewable energy in heating and cooling

45%

The renewable energy laws in both entities and Brčko District create a legal basis for establishing measures to streamline renewable energy in heating and cooling. However, 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. Implementation of complementary policy measures remains necessary to support renewable heating technologies and ensure the recommended annual increase in the share of renewables in the sector.



ENERGY EFFICIENCY IMPLEMENTATION

45%

2030 Energy efficiency targets and policy measures

36%

The targets have not been established in the relevant laws and the final NECP has not been notified. The draft NECP remains in partial alignment with the 2030 targets set by the Energy Community, but it lacks sufficient ambition, particularly regarding the primary energy consumption target.

Energy efficiency policies and measures remain insufficiently detailed and their progress is not adequately measurable. Clearer articulation of how the energy efficiency first principle has been considered is also needed to ensure a meaningful contribution towards the 2030 targets.

While the draft NECP includes references to Articles 5 and 7 of 2012 Energy Efficiency Directive (EED), further alignment with the updated targets—namely the 3% annual renovation rate and the 0,8% annual energy savings obligation—is still required.



2030 EE PEC Target
6,50 Mtoe



2030 EE FEC Target
4,34 Mtoe

Energy efficiency in buildings

67%

In 2023, the buildings sector accounted for the largest share of final energy consumption in Bosnia and Herzegovina, representing 52%. Within this sector, residential buildings alone contributed 43%.

levels (Republika Srpska, state-level administrative bodies and Brčko District) has yet to be adopted. This process should be carried out in parallel with finalisation and adoption of the NECP.

Progress in implementing the necessary legislative adjustments and comprehensive building renovation strategies remained limited during the reporting period. Although the FBiH parliament adopted its Long-Term Building Renovation Strategy in February 2025, an integrated strategy covering all governance

Training programmes for energy auditors and building certification experts are well established and regularly conducted. However, no progress has been made in adopting new legislation or rulebooks required to implement the 2018 amendments to the Energy Performance of Buildings Directive.

Energy efficiency scheme and financing

49%

Bosnia and Herzegovina has drafted provisions to implement Article 7 of EED. However, no related measures have been implemented to date. The existing legal framework and NECP measures require further enhancement to reflect the increased ambition introduced by the 2018 EED amendments and Annex III of the Governance Regulation. In parallel with establishing criteria for identifying households affected by energy poverty, the adoption of an energy efficiency obligation scheme should be used to finance targeted measures for these vulnerable groups.

Regarding the financing framework, each entity has an energy efficiency and environmental fund responsible for financing of energy efficiency measures and monitoring implementation progress and reporting achieved energy savings. The energy efficiency laws in both entities and Brčko District recognise the role of energy service companies (ESCOs) and energy performance contracting. However, implementation remains constrained by the absence of supporting secondary legislation and a standardised ESCO contract model.

Energy efficiency products - labeling

42%

Bosnia and Herzegovina made limited progress in the area of energy labelling and ecodesign. Rulebooks transposing the relevant delegated regulations, drafted during the previous reporting period, were only partly adopted at the entity level. While the

FBiH adopted a rulebook on energy-efficient product labelling in August 2023, the update of existing regulations in Republika Srpska remains pending and has not yet been adopted.

Efficiency in heating and cooling

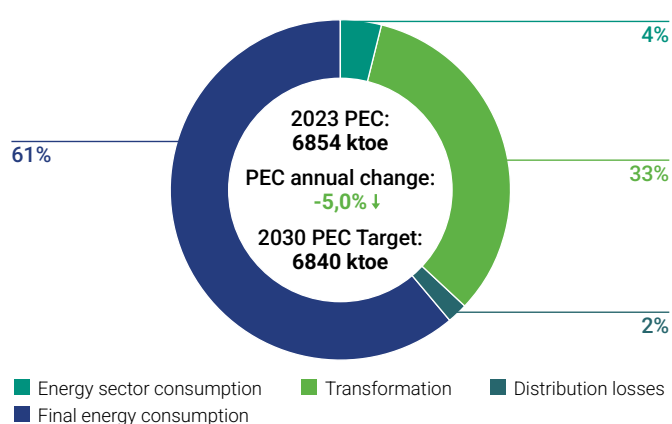
32%

There has been no progress in further aligning national legislation with obligations under the EED or in adopting measures to improve efficiency in the heating and cooling sector. The roll-out of consumption-based billing continues to face challenges, as its implementation remains at the discretion of local authori-

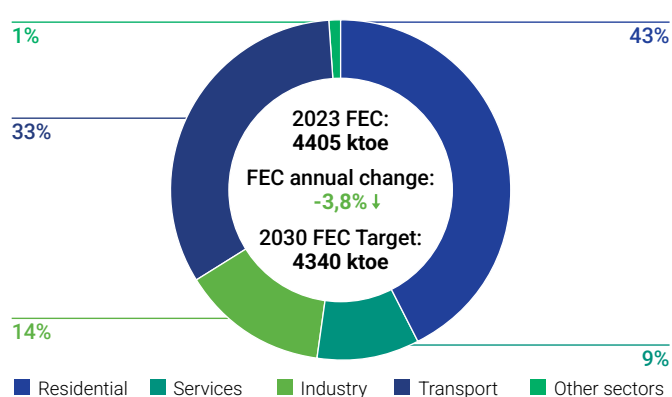
ties. In the absence of an institutional monitoring system, data on the progress of consumption-based billing are lacking. Moreover, a comprehensive assessment of the national potential for efficient heating and cooling and high-efficiency cogeneration is still pending.

2023 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity, 2023 value and trends: 0,39 ktoe/mil EUR, - 6,8% ↓

Source: Eurostat database, 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. Consequently, it has not established the foundations and institutional framework for the monitoring, reporting, verification and accreditation (MRVA) of GHG emissions at the installation level. A draft roadmap containing basic concepts and processes related to the functioning

of the MRVA system has been prepared, but has not yet been approved. The implementation of the monitoring, reporting, verification, and accreditation system will require the creation of appropriate national institutional structures, the development of adequate expert resources within them, and the establishment of procedures and electronic templates.

Monitoring and reporting

0%

Bosnia and Herzegovina has not transposed the Monitoring and Reporting Regulation into national law. Mechanisms for the approval of permits containing monitoring plans and the submission of annual emission reports have not yet been implemented. The implementation of the monitoring and reporting mechanism, in addition to the transposition of the necessary

legislation, will require the creation of the necessary processes, e.g., setting the deadline for submitting applications for GHG permits, forms and templates related to the emission monitoring plan, and the creation of appropriate enforcement measures to ensure the fulfillment of obligations by the regulated entities.

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. Consequently, the accreditation framework has not been established to enable accreditation for GHG verifiers. Full

implementation will require building up the necessary human resources at the National Accreditation Body, creating the necessary internal procedures and processes for accreditation, and developing the necessary national electronic forms, such as the annual emissions report and verification report.



Ensuring energy security Bosnia and Herzegovina



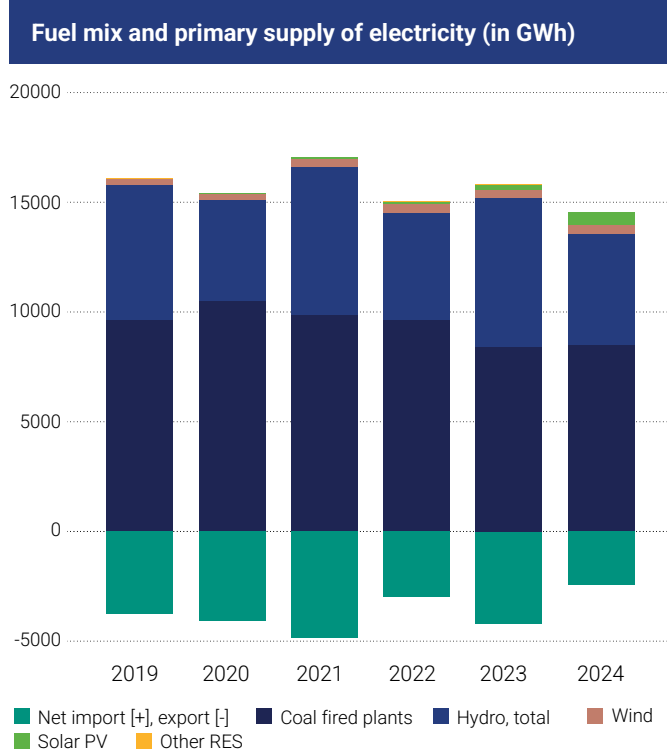
ELECTRICITY SECURITY OF SUPPLY

22%

Regulation (EU) 2019/941 has not yet been transposed into Bosnia and Herzegovina's legal framework. A new draft Law on the Regulator, Transmission and Electricity Market, which entered the parliamentary procedure in September 2025, addresses key aspects of the Risk Preparedness Regulation. The draft law designates SERC as the competent authority for matters concerning risk preparedness. The law provides that SERC must develop secondary legislation on risk preparedness within three months of its adoption, while NOS BiH is required to prepare a risk-preparedness plan.

Several regulatory acts adopted by SERC and NOS BiH have partially transposed Regulation (EU) 2017/2196, but full transposition is still pending. Additionally, SERC has approved rules governing the suspension and restoration of market activities. However, the Power System Defence Plan, initially adopted in 2013, has yet to be updated to align with the requirements under Regulation (EU) 2017/2196.

Despite its obligations under Article 29 of the Energy Community Treaty, Bosnia and Herzegovina has not submitted Security of Electricity Supply Statements to the Energy Community Secretariat since 2013. The country is also lagging behind in cybersecurity due to the absence of a national cybersecurity strategy and the lack of a computer emergency response team (CERT). Nevertheless, there is a strong push to establish a robust cybersecurity legal framework and to align existing legislation with



Source: Ministry of Foreign Trade and Economic Relations, compiled by the Energy Community Secretariat

EU standards. The preparation of a national Law on the Protection of Critical Infrastructure has recently been initiated.



GAS SECURITY OF SUPPLY

0%

An infringement case has been opened against Bosnia and Herzegovina for failing to transpose Regulation (EU) 2017/1938 and Regulation (EU) 2022/1032.

The current legislation at the entity level includes only a few rudimentary provisions related to security of gas supply.



OIL SECURITY OF SUPPLY

0%

Bosnia and Herzegovina lacks state-level legislation on compulsory oil and petroleum product stocks, including national policy to comply with Directive 2009/119/EC. Although both entities have adopted laws, they remain non-compliant with the Directive. A state-level emergency stockholding model that aligns with Directive 2009/119/EC and is tailored to the country's specific circumstances still needs to be established.

Despite substantial efforts to develop a workable emergency oil stockholding system for both entities and the Brčko District, the legal framework remains inconsistent with the oil acquis. While the monthly COIR questionnaire is submitted, no national-level monthly oil data collection is carried out. In 2024, the Secretariat issued a Reasoned Request to the Ministerial Council concerning Bosnia and Herzegovina's failure to transpose the Oil Stocks Directive.



Improving the environment Bosnia and Herzegovina

Environmental assessments

33%

The incorrect transposition of Article 8a of Environmental Impact Assessment (EIA) Directive, concerning the extension of development consent for approved projects, remains an issue in Bosnia and Herzegovina. During the reporting period, the Federation of Bosnia and Herzegovina (FBiH) initiated a procedure to amend the Law on Environment, providing an opportunity to revise and align the legislation with EIA requirements. Nevertheless, the EIA criteria adopted by the FBiH in 2023—which establish a 10 MW threshold for energy projects and a four-unit limit for wind power projects—remain unchanged and non-compliant with the EIA Directive, as they do not ensure that environmental impacts are assessed according to the specific nature and location of each project. The EIA is not streamlined or integrated with other related assessments, including biodiversity or appropriate assessments and water impact assessments. While the EIA forms part of the development consent process, it remains fragmented, limiting effective coordination and the proper incorporation of the reasoned conclusions and environmental conditions into final decisions. In Bosnia and Herzegovina, no exemptions under Article 2(4) or Article 2(5) of EIA Directive were granted during the reporting period. As no procedure for Projects of Energy Community Interest was implemented, Bosnia and Herzegovina did not engage with or provide information to the Secretariat under Article 4 of Decision 2016/12/MC-EnC.

PERMIT STATUS:



Streamlined assessments
pending

During the reporting period, Bosnia and Herzegovina granted development consent for coal exploitation on deposits covering nearly 200 hectares, as well as for the 350 MW thermal power plant "Gacko II". In addition, EIA procedures were completed for 45 MW of new hydropower capacity and 180 MW of wind power capacity, while wind projects amounting to a further 60 MW are still under approval. With regard to cross-border impacts, the Secretariat facilitated dialogue between Montenegro and Bosnia and Herzegovina on the transboundary effects of the Buk Bijela hydropower project, leading to the initiation of a new cross-border EIA in accordance with the agreed roadmap.

The implementation of Strategic Environmental Assessment (SEA) procedures for national-level plans and programs remains deficient. The SEA for the National Energy and Climate Plan (NECP) has faced significant delays, putting its adoption in conflict with the requirements of the SEA Directive. Public consultations, including transboundary consultations, have not been carried out, demonstrating the persistent failure to coordinate an effective and compliant SEA process.

Large combustion plants

33%

Bosnia and Herzegovina complied with its emission reporting obligations for the 2024 reporting year. Absolute emissions of nitrogen oxides remained at the same level as in the previous year, while dust emissions decreased by approximately 10%. However, emissions of sulphur dioxide increased significantly (by 17% compared to 2023), approaching the all-time high re-

corded in 2020. The significant breach of the NERP ceilings for all three pollutants, addressed in a Ministerial Council decision in 2023, persists and is intensifying. Two of the three plants that were subject to the opt-out mechanism before 2024 are still in operation and are non-compliant with the standards of the Industrial Emissions Directive.

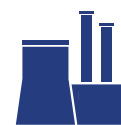
Installations under the Large Combustion Plants Directive



13
of plants falling
under the LCPD



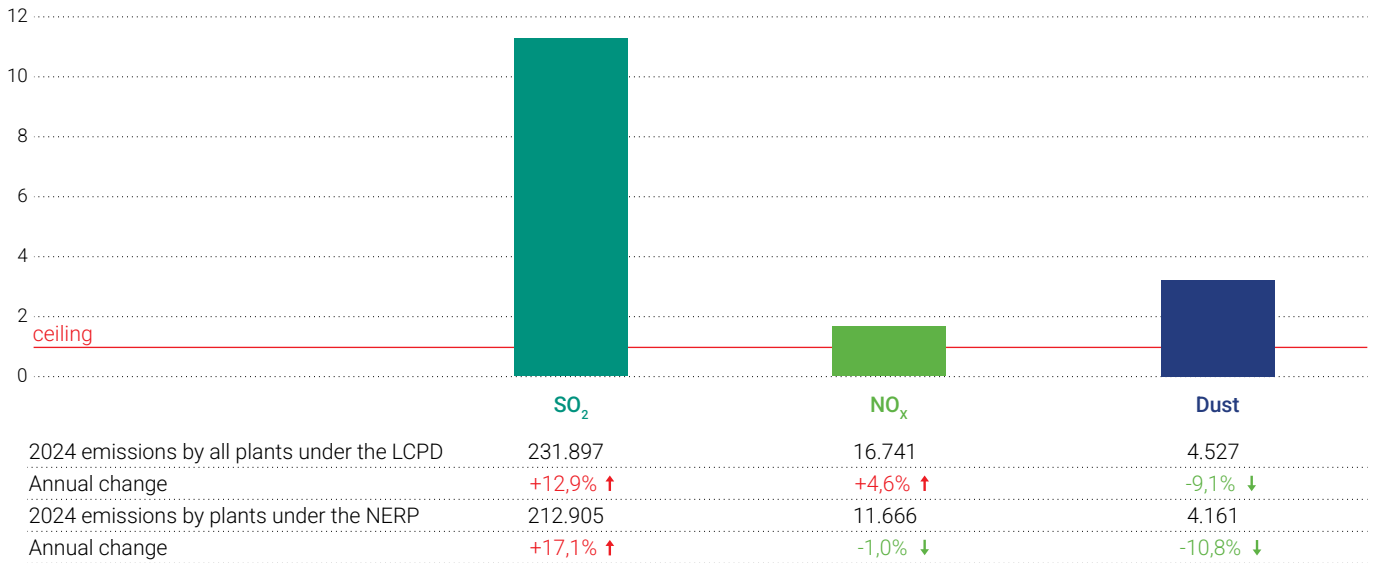
3
of which opted
out plants



10
of which plants falling
under the NERP

Source: compiled by the Energy Community Secretariat

2024 emissions versus NERP ceilings



Source: compiled by the Energy Community Secretariat

Sulphur in fuels

20%

There were no changes in reporting. With the concerns of the Secretariat not being addressed, the breach identified in the corresponding dispute settlement case remains unresolved.

Nature protection

40%

The FBiH adopted amendments to the Law on Nature Protection, streamlining the procedures for local and cantonal authorities to designate protected areas and paving the way for more effective implementation of nature conservation measures. These amendments achieve partial transposition of the key EU nature protection acquis, including the Wild Birds Directive and the Habitats Directive. In Republika Srpska, activities related to the inventory of bird species are currently underway, which will support further transposition of the annexes of the Birds Directive and the adoption of related by-laws in the coming period. However, delays in adopting management plans and establishing competent management bodies for protected areas persist, creating significant gaps in conservation gov-

ernance. Challenges related to the development of hydropower projects and their potential impacts on candidate Emerald sites and Ramsar wetlands of international importance remain unresolved, particularly for projects along the upper Neretva and upper Drina rivers. While the renewal of the environmental permit for the Neretva hydropower cascade has been suspended, construction and operation of the Ulog HPP have been completed. The issue of hydropower development in protected areas is escalating, with no clear resolution in sight. The Secretariat has offered to facilitate discussions in cooperation with the Bern Convention, aiming to identify solutions that ensure the protection of these internationally important sites.

Environmental liability

20%

In the FBiH, certain provisions of the Environmental Liability Directive on the prevention and elimination of environmental damage have been transposed by the Law on Environmental Protection. However, no financial mechanisms have been established to ensure the implementation of these provisions. In

Republika Srpska, the Directive has not been transposed, liability schemes are not in place and no further steps were taken during the reporting period. The Ministerial Council adopted a decision establishing this breach at its 2023 meeting.



Performance of authorities

Bosnia and Herzegovina



REGULATORY AUTHORITY

43%

Legal setup and independence

The State Electricity Regulatory Commission (SERC) is designated as an independent institution in Bosnia and Herzegovina in the Law on Electricity Transmission, Regulator and System Operator adopted in 2002. The draft law transposing the EIP and assigning the SERC the necessary roles is currently under consideration by the Parliamentary Assembly.

SERC is not subordinated to any other institution and is accountable to the Parliamentary Assembly and the Ministry of Foreign Trade and Economic Relations, to which it submits its annual reports. All decisions rendered by SERC are final. SERC decisions require the unanimous vote of all commissioners; if unanimity is not reached, the dispute must proceed to a mandatory, binding international arbitration process.

SERC is composed of three commissioners; two from the Federation of Bosnia and Herzegovina (FBiH) and one from Republika Srpska. Commissioners are nominated by the respective entity parliaments and appointed by the Parliamentary Assembly for a five-year mandate. The position of chair rotates annually on an equal basis between the three commissioners.

SERC's duties and powers are limited to regulating transmission of electricity, transmission system operation, international trade in electricity and monitoring the wholesale market. SERC also has jurisdiction over and responsibility for generation, distribution and supply of electricity for customers in Brčko District. Due to the lack of transposition of the *acquis* into the laws, SERC currently lacks the necessary competencies to implement the EIP.

SERC operates as a non-profit institution and is funded by a regulatory fee paid by licence holders, which are entitled to recover these fees in the tariffs approved by SERC. SERC is mandated

to develop budget for the following year by 1 December every year, which must be submitted to the Parliamentary Assembly for information purposes and published. SERC has the authority to decide on its budget and adopted its financial plan for 2026 on 10 September 2025. SERC possesses substantial enforcement powers, including the authority to enforce compliance with licences, ensure adherence to quality standards and resolve disputes. SERC can modify, suspend or revoke licences. SERC has autonomy over its internal organisational structure, staffing levels and remuneration.

Activities in the reporting period

During the reporting period, SERC finalised and implemented several key tariff decisions: tariffs for ISO services and ancillary services, tariffs for distribution and universal supply in Brčko District and the updated tariff pricing methodology for electricity transmission, independent system operator and ancillary services.

Between May and October 2025, SERC updated the connection rule and approved several documents, including the new grid code, the new market rules and the new procedures for ancillary services of ISO BIH. SERC also approved the investment plan of Elektroprenos BIH for 2025 in March and the indicative generation development plan for the period 2026–2035 in June 2025.

Throughout 2025, SERC issued new and temporary licences for international trade in electricity and processed several applications for preliminary permits for the construction of PV power facilities exceeding 1 MW in Brčko District, required for the expansion of renewables capacity.

Regarding REMIT, secondary legislation is in place, but no cases were initiated during the reporting period.



COMPETITION AUTHORITY

82%

Legislative framework

Bosnia and Herzegovina's Law on Competition contains a prohibition of anti-competitive agreements and concerted practices, as well as a prohibition of abuse of dominance, largely in line with the Energy Community *acquis*. However, the prohibition

of anti-competitive agreements is limited to agreements which have the prevention, restriction or distortion of competition as their object and effect, whereas Article 18 of the Treaty prohibits any agreements which have such object or effect. This discrepancy severely narrows the scope of the prohibition. Consequently, the law needs to be amended to align with Energy

Community law. A range of secondary legislation and guidelines exists, including a leniency policy and horizontal and vertical block exemptions (including category-specific exemptions), as well as rules on market definition and categories of dominance.

Institutional framework

The Law on Competition establishes the Competition Council (CC) as an independent authority responsible for the protection of competition. The CC consists of six commissioners (three appointed by the Council of Ministers of Bosnia and Herzegovina, two by the FBiH and one by Republika Srpska governments, supported by 19 staff members. In July 2025, a new president of the CC was appointed for a one-year term, replacing a predecessor, whose membership and presidency were invalidated by a court ruling due to non-compliances regarding his qualifications and the appointment.

The CC has investigative powers to conduct unannounced inspections at companies and related private premises, as well as to issue requests for information, but not to conduct interviews to gather evidence; furthermore, a leniency programme to report illegal behaviour is in place. Moreover, the CC has the power to order cessation of illegal practices and to impose remedies (except commitments) and fines.

Implementation

While the CC possesses all necessary powers, it does not fully use them, as indicated by the activities below during the reporting period. Its powers to gather evidence through dawn raids, requests for information and market studies are not used.

Activity in the reporting period	In the energy sector
On-site inspections (at companies or private premises)	0
Requests for information	0
Leniency application	0
Opening of investigation	4
Decisions on anti-competitive agreements and concerted practices	1
Decisions on abuse of dominance	4
Sector inquiries and market studies	0

During the reporting period, the five decisions adopted by the CC in the energy sector primarily concerned district heating services. It also opened an antitrust investigation into alleged abuse of dominance by a gas distributor (“Sarajevo-gas” Istočno Sarajevo).

While the CC was very active during the reporting period, it is encouraged to further use its investigative powers to detect and deter anti-competitive behaviour.



STATE AID AUTHORITY

41%

Legislative framework

Bosnia and Herzegovina’s system for State aid control is governed by the Law on the State Aid System, which establishes a general prohibition of State aid and sets out grounds for compatibility, largely in line with the Energy Community acquis. However, the law is not applicable to certain sectors, including specific infrastructure, limiting its scope of application significantly. Furthermore, the compatibility grounds are not fully aligned with the relevant provisions in Annex III of the Treaty. Consequently, the law needs to be amended to align with Energy Community law. Additionally, a list of secondary acts is in place, but these are largely at the entity rather than the state level.

Institutional framework

The State Aid Council (SAC) is the national authority responsible for the enforcement of the State aid prohibition. It is composed of eight members (three appointed by the Council of Ministers

of Bosnia and Herzegovina, two by Republika Srpska, two by the FBiH and one by the Brčko District governments), supported by a seven-member secretariat. SAC and its secretariat urgently require further resources to discharge functions as the enforcement authority and to strengthen its capacity. It engages a significant number of external consultants to perform its functions, underscoring the lack of sufficient human resources. SAC has the power to investigate (including requesting information) and assess potential State aid measures, as well as to authorise aid or order recovery of unlawful aid.

Implementation

Despite its powers, SAC’s activities during the reporting period were limited to the authorisation of a single State aid measure. The decision concerned a guarantee issued by the Republika Srpska through bonds to MH Elektroprivreda Republika Srpska Matično MP a.d. Trebinje—ZP Elektrokrajina a.d. Banja Luka for long-term indebtedness. SAC determined that it did not constitute State aid.

Activity in the reporting period	In the energy sector
Requests for information	0
Opening of investigation	0
Decisions on the authorisation of State aid	1
Decisions on illegal and incompatible aid	0
Decisions on ordering aid recovery	1



The Agency for Statistics of Bosnia and Herzegovina (BHAS) is the central authority for compiling and disseminating national energy statistics and coordinating international reporting. Annual data for 2023 on gas, electricity, coal, oil and renewables were submitted to Eurostat with a shorter delay than in previous years, despite unchanged internal deadlines. The SHARES questionnaire was submitted late, while the biomass questionnaire remains pending. A household energy consumption breakdown was compiled and reported in line with the acquis. Industry data were delivered with a delay, while transport and services data are still missing. A quality report on energy statistics was also submitted. Although submitted too late for publication, mini questionnaires with preliminary 2024 data were prepared and sent to Eurostat.

Monthly electricity and coal data are reported without issues, along with the Crude Oil Imports Register (COIR). Natural gas and oil statistics remain unreported, but work on monthly oil reporting is ongoing through direct communication with Eurostat. Once finalised, oil data will become available.

Electricity and natural gas price data for households and industry, disaggregated by consumption band and taxation level, continue to be reported, along with detailed network cost components and price-quality reports.






During the reporting period, the focus remained on processing the results of the Survey on Energy Consumption in Households (APED2024). Overall, BHAS demonstrates partial compliance with Eurostat requirements. Strengthening institutional coordination and enhancing staff capacity through training and data management improvements would help ensure more timely, complete and consistent reporting.

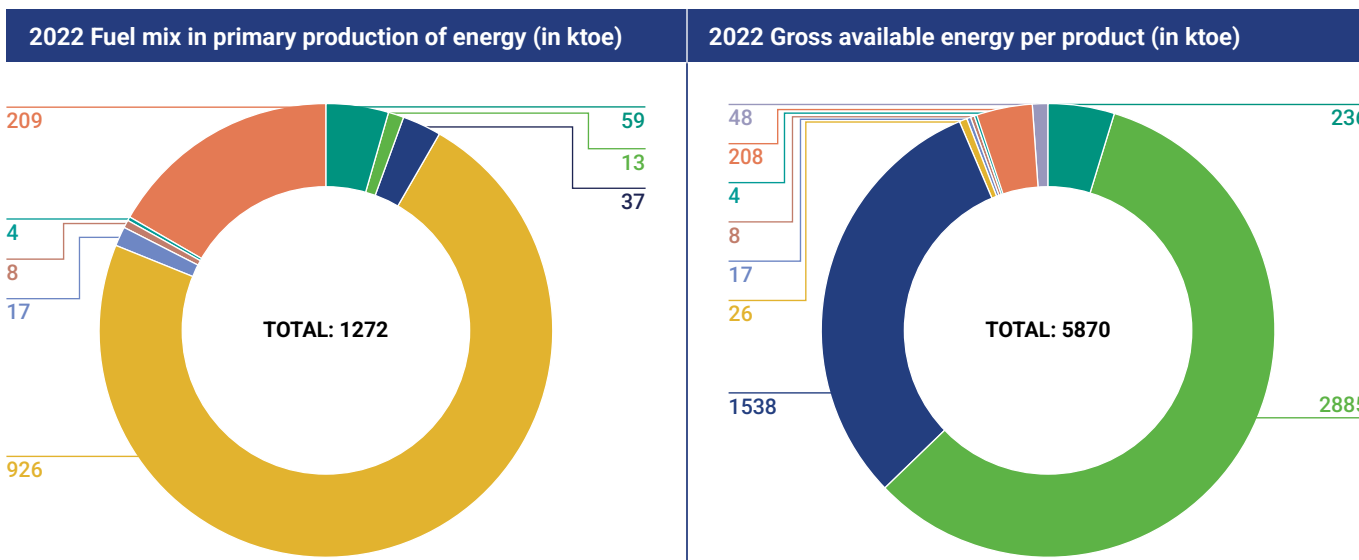
08

GEORGIA



Implementation overview

CLUSTER		IMPLEMENTATION STATUS	RECOMMENDATIONS
	Markets and integration	31%	Georgia should urgently complete EIP transposition. Implementation should prioritise TSO unbundling completion, balancing market opening and retail market liberalisation. Georgia should fully unbundle the gas TSO and DSOs, adopt the tariff network code and entry/exit system, implement balancing rules and apply its gas market concept design and retail market rules.
	Decarbonising the energy sector	51%	Georgia should finalise climate legislation transposing the adapted Governance Regulation, complete MRVA transposition and implementation. It should urgently amend the Renewable Energy Law and adopt the remaining by-laws, finalise its long-term building renovation strategy and initiate a comprehensive assessment of efficient heating and cooling potential.
	Ensuring energy security	77%	Georgia should adopt the Preventive Action Plan and Emergency Plan, drafted in accordance with Regulation (EU) 2017/1938 and subsequently amended in accordance with the Secretariat's Opinions.
	Improving the environment	63%	EIA and SEA procedures must be applied systematically at a stage when all options remain open and outcomes can meaningfully influence decision-making. Given the setback in adoption of the draft law on biodiversity, it is crucial to expedite subsequent actions and initiate adoption.
	Performance of authorities	75%	GNERC should be mandated to perform all EIP regulatory tasks. Georgia is encouraged to review the institutional setup for competition acquis enforcement and to urgently reform the State aid framework and GCCA powers. Further, it should ensure that GEOSTAT fully aligns with Eurostat requirements.




Source: Eurostat database


-  Solid fossil fuels
-  Natural gas
-  Oil and petroleum products
-  Hydro
-  Solar thermal
-  Solar photovoltaic
-  Primary solid biofuels
-  Charcoal
-  Wind
-  Pure biodiesels
-  Electricity
-  Biogases
-  Geothermal
-  Industrial waste
-  Non-renewable waste
- Renewable municipal waste
- Non-renew. mun. waste


OVERALL NUMBER OF CASES 4

Procedures under Article 91 EnCT

 ECS-1/23
electricity and gas

 ECS-7/24
electricity

 ECS-15/24
oil

 ECS-25/24
renewable energy



Markets and integration

Georgia

ELECTRICITY

41%

Wholesale market

26%

Georgia has not yet transposed the Electricity Integration Package (EIP), the deadline for which was 31 December 2023. Accordingly, the Secretariat has initiated an infringement procedure for non-transposition. Draft amendments to Georgia's Law on Energy and Water Supply required for the transposition of Directive (EU) 2019/944 and Regulation (EU) 2019/943 have been developed with support from the EU4Energy Governance Project. The Ministry of Economy and Sustainable Development is currently finalising a comprehensive legislative package, expected to be submitted to Parliament during the autumn 2025 session. Other acts under the EIP—except for Regulation (EU) 2019/941, which has already been transposed—do not yet apply to Georgia due to the absence of interconnection with other Energy Community Contracting Parties or EU Member States.

At present, Georgia's wholesale electricity market operates under two complementary legal instruments: the Electricity (Capacity) Market Rules approved by the Minister of Energy in 2006, which govern bilateral contracts and the "balancing market" operated by ESCO, and the Electricity Market Rules approved by the Georgian National Energy and Water Supply Regulatory Commission (GNERC) in 2020, which regulate the day-ahead and intraday markets. The Electricity Market Concept Design, approved by the Government in 2020, defines the guiding principles for market organisation and transition to the target model.

The day-ahead and intraday markets were officially launched in 2024. Participation in these markets remains voluntary, while access is restricted to a defined group of entities. Eligible buyers include direct consumers, universal service suppliers, suppliers of electricity as a public service, competitive suppliers, suppliers of last resort, the transmission system operator (TSO) and distribution system operators (DSOs). On the selling side, participation is open to deregulated power plants, those with partial public service obligations (for the share of generation not covered by public service obligations), power plants under guaranteed power purchase agreements with ESCO outside mandatory delivery periods, and power plants benefiting from support schemes, but only for electricity generated beyond the support period. On the day-ahead market, traded volumes remain low, although they increased in 2025 compared to the previous year.

To date, the only trading activity recorded on the intraday market occurred on 6 May 2025. Outside the organised markets, electricity continues to be traded on a bilateral basis.

Under the target model, the electricity market model concept requires TSOs and DSOs to procure electricity to cover losses exclusively through the electricity exchange. However, its transitional provisions only entitle them to do so optionally. The Electricity (Capacity) Market Rules allow TSOs and DSOs to purchase balancing energy for losses from ESCO under standard conditions.

In addition, the Retail Electricity Market Rules adopted by GN-ERC oblige DSOs to reimburse suppliers for electricity fed into the grid by prosumers at the average weighted purchase price defined in the universal supplier's tariff, with settlements carried out monthly and, in the case of universal and public service suppliers, through an additional annual settlement. This mechanism is based on the premise that prosumers' surplus electricity reduces network losses, and reflects the current design of the transitional wholesale market setup. However, this assumption lacks a sound technical and economic justification. Such arrangements result in non-market-based financial transfers, distort cost-reflectivity and are contrary to Article 31(5) of Directive (EU) 2019/944, leaving Georgia only partially compliant with the acquis on the transparent and market-based procurement of losses.

By GNERC Decision, technical price limits apply to organised markets, setting the minimum at 0 and the maximum at 1,000 GEL/MWh. These limits, although established to ensure initial market stability, constitute a form of price cap, which should be reviewed as liquidity and competition increase to ensure compliance with Article 10 of Regulation (EU) 2019/943 on free price formation.

Georgia's transitional market design, while marking progress through the launch of the day-ahead and intraday markets, remains non-compliant with key provisions of the Energy Community acquis. Restricted participation, continued use of price caps, monthly settlement instead of near-real-time balancing, and the absence of balance responsibility for all market participants contravene the principles of efficient, transparent, and non-discriminatory market operation required by Directive (EU) 2019/944 and Regulation (EU) 2019/943. According to the amended Electricity Market Concept Design, the balancing and ancillary services market are planned to become operational by 1 July 2027. Until then, balancing electricity prices and quantities are calculated monthly, and market participants do not bear balance responsibility.

Electricity generation is being gradually deregulated. Following the liberalisation of HPPs up to 75 MW in 2024, the next phase, scheduled for 1 May 2026, will extend deregulation to HPPs with capacities below 90 MW.

GNERC has transposed the REMIT Regulation. However, certain aspects of the national register require full alignment with REMIT obligations.

Retail market

30%

The legal framework governing the retail electricity market has not yet been aligned with the requirements of Directive (EU) 2019/944. Under the Electricity Market Concept Design, deregulation of final customers connected to 35–110 kV voltage levels, as well as those connected to 6–10 kV voltage levels with monthly consumption exceeding 1 million kWh, is foreseen by 1 July 2026. All other non-household customers, except small enterprises and households, are to be deregulated by 1 July 2027. The current framework, therefore, remains transitional and partially compliant with Article 4 of Directive on market opening and customer eligibility.

Electricity supply to households and small enterprises is provided under regulated conditions through universal and public service suppliers, while public service suppliers are designated for other retail customers. A supplier of last resort is also available. In all cases, supply tariffs remain subject to regulatory approval by GNERC. This continued regulation of retail prices is contrary to the requirements of Article 5 of Directive (EU) 2019/944.

Universal service and supplier-of-last-resort functions are in place and generally in line with Article 27 of Directive, although practical implementation remains limited by the lack of competitive supply offers and the continuing dominance of regulated tariffs. Consumer protection measures are set out in the Law on Energy and Water Supply and secondary acts, which provide for a definition of vulnerable customers. However, the existing provisions provide only temporary protection linked to tariff increases and lack a comprehensive and permanent definition of vulnerability as required by Article 28. As such, Georgia remains partially compliant with the acquis on consumer protection.

Single points of contact have been established to inform customers of their rights and available dispute resolution mechanisms. Final customers have access to out-of-court dispute settlement procedures through independent mechanisms, including the regulatory authority and ombudsman, in line with Article 26 of

Directive. Participation of electricity undertakings in such procedures is mandatory. These arrangements are largely compliant with the acquis on consumer information and redress.



ENERGY POVERTY

Energy poverty is not defined in national legislation. However, vulnerable customers are defined by the Law on Energy and Water Supply. The National Energy and Climate Plan (NECP) sets a national energy poverty reduction target: to reduce the share of the population living in energy poverty from 43% in 2017 to 15% by 2030. Households in need of social assistance are identified using a rating system, which forms the basis for a national database and registry of socially vulnerable households.

Policies and measures to protect vulnerable energy households are in place. While all households pay prices below market level for electricity and gas, targeted subsidies are granted to socially vulnerable households through the social registry. Additional subsidies are provided to socially vulnerable families, residents of high-mountainous areas, large families and people living in conflict zones. Furthermore, rules are in place to protect vulnerable consumers from disconnection during critical periods. With regard to energy efficiency, programmes exist, but large-scale initiatives specifically targeting energy-poor households remain limited. Support for small-scale renewable energy and prosumers is under development, with some incentives and net-metering/self-consumption rules already in place.

The national statistical office collects indicators relevant to energy poverty, but there is no nationwide energy poverty dataset and Georgia does not participate in the relevant Eurostat surveys (SILC and HBS).

Unbundling

73%

The legal framework for unbundling and certification of the TSO has been in place since 2019 through the Law on Energy and Water Supply. However, the TSO, Georgian State Electrosystem (GSE), has not yet been certified. Legislative amendments prepared in cooperation with the Energy Community Secretariat were adopted by Parliament in December 2024, establishing specific measures required for full compliance with the

ownership unbundling model under Articles 43 of Directive (EU) 2019/944. While progress has been achieved in separating control over state-owned energy companies, several measures remain pending to enable certification in accordance with the acquis. Non-compliance with the unbundling and certification provisions remains subject to an ongoing infringement case.

GSE continues to prepare and publish its Ten-Year Network Development Plans (TYNDPs) in accordance with Article 51 of Directive (EU) 2019/944.

At the distribution level, DSOs are legally and functionally unbundled, with compliance officers appointed to ensure adherence

to neutrality obligations and report to GNERC. A provisional exemption from full unbundling requirements related to sharing certain common services has been granted to one DSO under the transitional framework, which is set to expire by the end of 2025. DSOs prepare five-year network development plans on an annual basis.

Access to the system

67%

Third-party access to the transmission and distribution networks is granted on a regulated basis and ensured through published tariffs approved by GNERC under transparent and non-discriminatory procedures, in line with Article 6 of Electricity Directive (EU) 2019/944.

Provisions on network access and congestion management are established under the Law on Energy and Water Supply and the applicable network codes. A new transmission network code has been drafted by the TSO, but its adoption has been delayed due to postponement of the balancing and ancillary services market opening. The connection network codes were implemented through amendments to the transmission grid code adopted by GNERC in 2019.

The tasks and responsibilities of distribution system operators are defined in the Law on Energy and Water Supply and further detailed in secondary legislation adopted by GNERC. However, this secondary legislation still needs to be fully aligned with the provisions of Articles 31–33 of Directive (EU) 2019/944.

The Transparency Regulation has been transposed, and GSE publishes a limited dataset on the ENTSO-E Transparency Platform. Following an agreement signed with ENTSO-E in October 2023, the TSO committed to ensuring the accuracy and completeness of published data. While IT improvements have been implemented to enhance data reliability, the delayed launch of the balancing and ancillary services market continues to limit full implementation of transparency obligations. Georgia is therefore partially compliant with the acquis on network access and transparency.

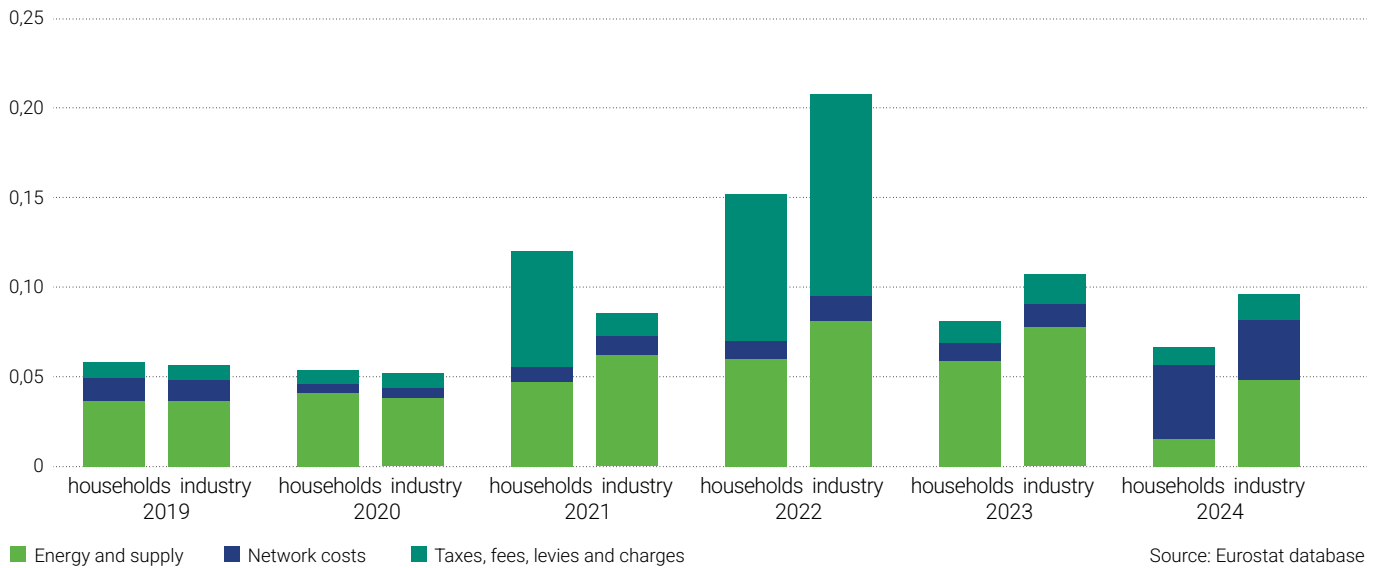
Regional integration

n.a.

As Georgia is not physically interconnected with other Energy Community Contracting Parties or EU Member States, it benefits from a derogation from cross-border cooperation obligations, including those related to market coupling and regional coordination under the EIP. Georgia has been working on the transposition of the revised TEN-E Regulation (EU) 2022/869, the draft version is yet to be submitted to the Secretariat for

review. The revised TEN-E Regulation, as adopted within the Energy Community framework, is currently not applicable to Georgia, as it lacks a direct electricity interconnection with other Contracting Parties. Nevertheless, its transposition may be necessary to support the potential Project of Mutual Interest (PMI) at the EU level that Georgia is currently promoting, namely, the Black Sea Cable Project.

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



20%

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 occur as intended. Currently, gas exchange functions are exercised by the Georgian Energy Exchange (GENEX). The gas TSO, GGTC, is developing an in-house gas trading platform which, once completed, is expected to be transferred to GENEX for use in organised gas trading.

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 implementation until 1 January 2026, a deadline that is expected to be further extended. This is non-compliant, as such a postponement is permitted for only 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, since 2024, gas has been provided to most thermal power plants at rates closer to commercial prices as re-defined by the memorandum and respective contracts. Prices are deregulated for the commercial sector, including industry and small enterprises. 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 was postponed in 2024 until 1 January 2026, with a further extension expected.

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

Unbundling

8%

The TSO, GGTC, has not yet been certified. Legislative amendments, prepared in collaboration with the Energy Community Secretariat, were adopted by Parliament in December 2024, setting out a concrete set of measures required for proper unbundling. Despite progress in separating control over state-owned energy companies, some measures are still pending to estab-

lish the necessary basis for TSO certification. The case against Georgia for non-compliance remains open. The unbundling plans of distribution system operators need to be approved by GNERC. Georgia does not yet 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.

An entry/exit tariff methodology is not yet in place. Consequently, the tariff network code is not implemented.

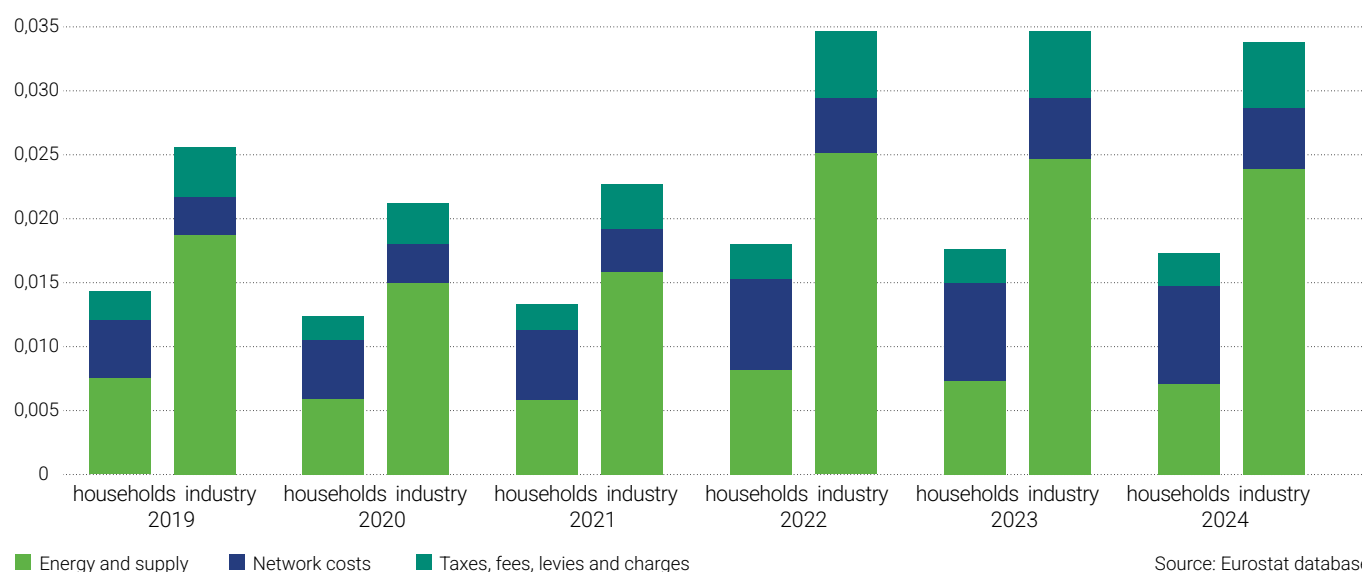
Regional integration

n.a.

As Georgia is only connected with third countries, it is exempt from 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 includes some planned 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]





Decarbonising the energy sector

Georgia



ENERGY AND CLIMATE GOVERNANCE

55%

National Energy and Climate Plan (NECP) and Integrated Progress Report (IPR)

57%

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

Within the framework of biennial integrated progress reports, the authorities of Georgia submitted information for 16 of the 17 reporting streams in 2025.

2030 Greenhouse Gas Reduction Target

80%

Georgia has not defined the 2030 climate target in its national legislation, although it is included in the NECP adopted in 2024. The target is in line with the 2030 target set by the Energy Community (20,50 MtCO₂eq). The 2030 climate target should also be reflected in all key national planning documents such as long-term strategies and Nationally Determined Contributions.



2030 GHG Target*
-47,0%

National Systems for Greenhouse Gas Emissions and Climate Reporting

35%

There is no legal basis for a national greenhouse gas (GHG) inventory system and Georgia still needs to implement a national system for estimating GHG emissions. However, Georgia is working on a draft climate law. Georgia has a partially transposed legal framework for a national system for policies and measures as part of a general legal institutional framework that is not climate specific.

Georgia has made progress in climate reporting, submitting information in a timely manner on the national system of policies and measures and projections, GHG inventories and approximate GHG inventories, as well as on revenues from carbon pricing mechanisms, as required by the adapted Governance Regulation. Reports on policies and measures (PaMs) and adaptation actions were also submitted. However, information on national emission projections still needs to be submitted via the Reportnet system.

Long-term Strategy (LTS) and Climate Neutrality

47%

The legal basis for a long-term strategy has not been adopted. Accordingly, ongoing work on the draft climate law should consider inclusion of the long-term strategy. However, Georgia submitted its long-term strategy (Long-term Low Emission Developments Strategy-Lt LEDS) to the UNFCCC Secretariat in

July 2023, including a 2050 climate neutrality objective. Thus, the long-term strategy is aligned with the Energy Community's 2050 climate-neutrality objective, and Georgia is currently the only Contracting Party that has adopted a long-term strategy targeting climate neutrality by 2050.

*All targets presented in this Decarbonisation chapter are aligned with the Ministerial Council Decision 2022/02/MC-EnC of the Energy Community



2030 Renewable energy targets

73%

The overall renewable energy target of 27,4% of gross final energy consumption, as outlined in the NECP, is in line with the 2030 target set by the Energy Community. The 2030 renewable energy target is subdivided into sectoral targets for electricity (85%), transport (10,45%), and heating and cooling (7%). In line with Article 26 of Renewable Energy Directive (REDII), Georgia has adjusted its minimum target for renewable ener-

gy in transport to 7% by 2030. The 2030 target for renewable energy in the heating and cooling sector of 7% is not in line with Article 23 of REDII.



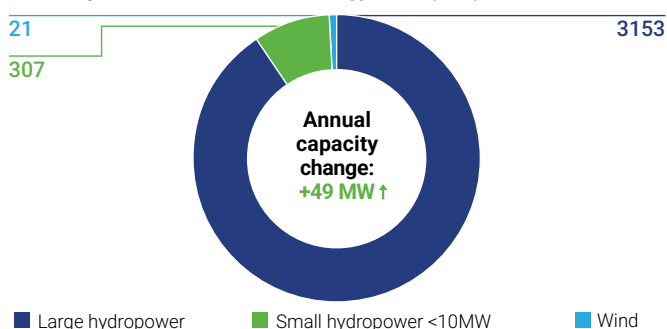
2030 RES Target
27,4%

Quality of support scheme

45%

In December 2022, Georgia passed legislation enabling a market-based support scheme in the form of contracts for difference. Two auctions have been carried out. 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 and joint support schemes) have been implemented.

Total Capacities of Renewable Energy 2024 (MW)



Total capacities of renewable energy (MW): **3481**

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

55%

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 only issued

for renewable electricity. Amendments to the Renewable Energy Law must be adopted to extend GOs to other energy carriers, as outlined in REDII.

Sustainability criteria for biofuels, bioliquids and biomass fuels

25%

The Renewable Energy Law establishes the legal foundation for the introduction of sustainability and GHG emission savings criteria applicable to biofuels, bioliquids and biomass fuels. For

these provisions to become operational, the adoption of secondary legislation fully transposing the corresponding REDII requirements remains necessary.

Renewable energy in heating and cooling

25%

Georgia continues to show 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 out in Article 23 of REDII, it remains

essential to create an appropriate legal basis in 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

66%

2030 Energy efficiency targets and policy measures

81%

Georgia's 2030 energy efficiency targets, as outlined in the adopted NECP, are aligned with the Energy Community's 2030 framework, including specific commitments under Articles 5 and 7 of Directive 2012/27/EU (EED).

Key legislative progress was made in June 2024, with the adoption of amendments to the Energy Efficiency Law and the Law on the Energy Performance of Buildings, effectively transposing core elements of the Energy Community's Clean Energy Package into national law. The drafting of implementing by-laws is ongoing, with some adopted during 2025, such as the rules and procedures for conducting energy audits and inspection of systems, training programmes and certification of experts.

To support monitoring and verification of energy savings, the law defines obligated reporting parties and mandates the use of the national Monitoring and Verification Platform (MVP), developed under the EU4Energy programme. A series of training sessions has been conducted to build capacity among stakeholders and ensure effective use of the platform.



2030 EE PEC Target
5,45 Mtoe



2030 EE FEC Target
5,00 Mtoe

Energy efficiency in buildings

80%

Buildings remained Georgia's largest energy-consuming sector, accounting for 44% of final energy use in 2023, with the residential segment alone responsible for 33%.

The 2024 Law on the Energy Performance of Buildings transposed Directive (EU) 2018/844. Together with the adopted by-laws, it established minimum energy performance requirements for buildings, building units and elements. It also introduced the national calculation methodology and, through additional by-laws, regulated the development and use of energy performance calculation software, the accreditation of independent experts, and the registry of certificates and inspection reports.

Remaining by-laws, which also transpose new requirements of the Energy Performance of Buildings Directive, have been drafted but await formal adoption.

The register of public buildings is posted on the Ministry's website. According to the law, the annual renovation target for central-government buildings will increase from 1% to 3%, effective from 31 December 2025.

A long-term renovation strategy aimed at mobilising investment in building upgrades is being drafted, with its adoption not envisaged until the end of 2026.

Energy efficiency scheme and financing

64%

Georgia is still working on development of its energy efficiency obligation scheme in line with the 2030 framework and complementary alternative measures, based on amendments to the Energy Efficiency Law adopted in 2024.

In 2023, a package of by-laws and model contracts for energy performance contracting was adopted, introducing a new financ-

ing model for energy efficiency improvements. To support energy-efficient public procurement, rules and procedures were established, and the State Procurement Agency published updated guidelines on green and energy-efficient procurement practices.

International funding and financing for energy efficiency continues to play a key role, with initiatives targeting energy efficiency

upgrades in schools, hospitals and other public buildings and businesses. While the NECP sets a target to reduce energy poverty by

2030, Georgia currently lacks dedicated financial support schemes for energy efficiency measures targeting energy-poor households.

Energy efficiency products - labeling

72%

Georgia's 2019 Law on Energy Labelling transposed Regulation (EU) 2017/1369. Fourteen implementing regulations covering various product groups were adopted by the end of 2024, with entry into force scheduled for late 2025.

To enhance implementation, GIZ technical assistance supports the strengthening capacity of the Georgian Market Surveillance Agency to enforce energy labelling and ecodesign rules. It is crucial to further strengthen capacities of the market surveillance authority in Georgia and increase public awareness of the energy labelling scheme.

Efficiency in heating and cooling

35%

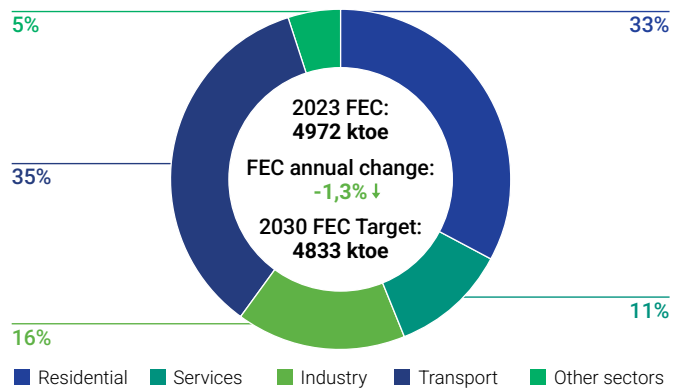
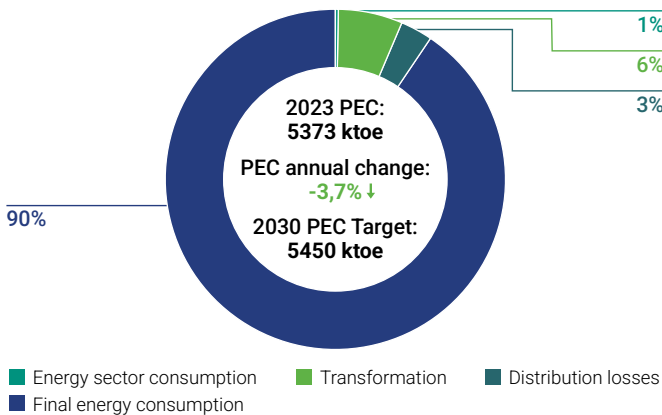
Georgia has made no further progress in either transposing or implementing the EED requirements related to heating and cooling. Although national legislation has, for several years, foreseen the preparation of a comprehensive assessment of the potential for efficient heating and cooling, the process has not yet been initiated. In addition, secondary legislation concerning the inspection of heating and air-conditioning systems is still

under development. The support programme for the production and purchase of energy-efficient biomass stoves continued throughout 2025, but it remains the only policy measure implemented in the heating and cooling sector to date. It is crucial to move forward with the comprehensive assessment, as its absence leaves the sector without a strategic policy framework.

2023 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)

Final Energy Consumption (FEC)



Energy intensity, 2023 value and trends: 0,31 ktoe/mil EUR, - 10,3% ↓

Source: Eurostat database, 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 Emissions Trading System (ETS) Directive and a

monitoring, reporting, verification and accreditation (MRVA) system, including an approval mechanism for permits, but the pro-

cess of finalising the legislation is not yet complete. The scope of activities and the list of GHG covered by the MRVA system will be transposed into 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 subject to MRVA requirements and have started preparing internal procedures and processes.

Monitoring and reporting

0%

The draft law titled “Amendments to the Law on Environmental Protection” envisages the adoption of a governmental decree titled “On Monitoring and Reporting of Greenhouse Gases” and the first draft of this legislation has been developed. The implementation of the monitoring and reporting mechanism, in addition to the transposition of the necessary legislation, will

require the creation of the necessary processes, e.g., setting the deadline for submitting applications for GHG permits, forms and templates related to the emission monitoring plan, and the creation of appropriate enforcement measures to ensure the fulfillment of obligations by the regulated entities.

Verification and accreditation

0%

Georgia has not transposed the Accreditation and Verification Regulation into national law. The draft law amending the Law on Environmental Protection envisages adoption of a governmental decree titled “On Approval of the Rules for Verification of Greenhouse Gases Data”, which will transpose requirements for the verification process. The first draft of this legislation has

been developed. Full implementation will require building up the necessary human resources at the National Accreditation Body, creating the necessary internal procedures and processes for accreditation, and developing the necessary national electronic forms, such as the annual emissions report and verification report.



Ensuring energy security Georgia



ELECTRICITY SECURITY OF SUPPLY

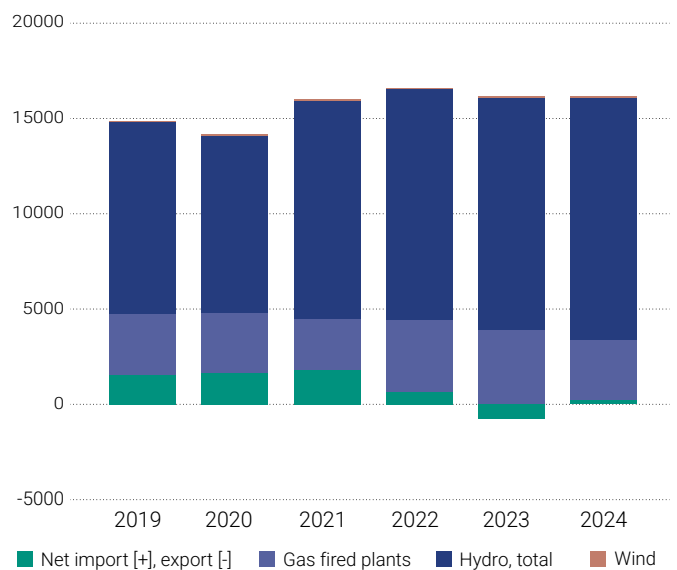
91%

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 designated as the competent authority. In June 2024, Georgia prepared and published its first risk-preparedness plan. Georgia is exempted from the transposition of Regulation (EU) 2017/2196.

Georgia regularly submits Security of Supply Statements to the Secretariat, with the most recent submission delivered at the end of 2024.

The 2020 Law of Georgia on Information Security promotes effective information security management, defines the roles of the public and private sectors and outlines state oversight mechanisms. It also classifies entities, including energy companies, into three categories of critical information infrastructure based on their cybersecurity importance. The Georgian National Cybersecurity Strategy (2021–2024) identifies the energy sector as critical infrastructure, highlighting the need to secure its systems against cyber threats as a component of national security.

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

96%

Georgia has largely transposed Regulation (EU) 2017/1938 by adopting Government Resolution N373 of 28 October 2024, titled “On Approval of the Procedure for Declaring Crisis Levels in the Natural Gas Sector”, including Ministry of Economy and Sustainable Development Decree N 1-1/402, titled “On Approval of the Rules of Security of Natural Gas Supply”.

Georgia submitted the Security of Supply Statement for Natural Gas, the Natural Gas Risk Assessment, the Preventive Ac-

tion Plan and the Emergency Plan required by Regulation (EU) 2017/1938. The plans were subsequently amended in line with the Secretariat’s Opinions. However, they still need to be formally adopted at the national level to become effective mechanisms for addressing risks and responding to crises when necessary.

Georgia is exempt from meeting storage obligations under the aforementioned Regulation due to its absence of gas storage and isolated location.



OIL SECURITY OF SUPPLY

10%

In Georgia, the Secretariat has reviewed a new draft Law on the Obligation to Maintain Minimum Stocks of Crude Oil and/or Petroleum Products, providing comments and recommendations. The revised draft introduces a system whereby economic operators are responsible for maintaining emergency stocks, while a designated agency oversees compliance.

The draft law reflects significant revisions compared to the earlier version, most notably an extension of the implementation timeline. The Government is now authorised to determine the required level of emergency stocks by 2030—well beyond the deadline of 1 January 2023 set by the Ministerial Council Decision.

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

However, reporting of the monthly oil stocks questionnaire remains incomplete. Tables 5b and 5c have not been reported, and the same applies to the Crude Oil Import and Supply (COIR) questionnaire. No additional progress was made during the reporting period.

In 2024, the Secretariat sent the Ministerial Council a Reasoned Request regarding Georgia’s failure to transpose the Oil Stocks Directive.



Improving the environment Georgia

Environmental assessments

63%

Georgia has further strengthened its environmental impact assessment (EIA) framework through the adoption of amendments to the Law on the Environmental Assessment Code, introducing a clear procedure for modifying operational conditions of activities covered by an environmental decision, including changes to production technology, operational conditions, capacity and project site expansion. Planned changes to projects listed in Annexes I and II of EIA Directive are subject to a screening assessment under criteria in the Code, aligned with Annex III of EIA Directive, to determine whether a full EIA is required. The procedure provides for a simplified regime, shorter administrative timeframes and exemptions from the scoping process. In addition, the amendments revise administrative timeframes, with standard environmental decisions to be issued within 85–90 days, while an expedited, fast-track procedure allows for decisions within 51–55 days. Institutional reforms transferred licensing and permitting functions from the Ministry of Environmental Protection and Agriculture to the National Environmental Agency, which established new units to ensure coordinated assessments under a single-window approach. While appropriate and water impact assessments are now streamlined with the EIA, the process is not yet fully integrated into a one-stop shop for development consent. No exemptions under Articles 2(4) or 2(5) of EIA Directive were granted during the reporting period and no procedures for Projects of Energy Community Interest were initiated or communicated to the Secretariat. During the reporting period, Georgia

PERMIT STATUS:



Streamlined approval process in place

issued 131 screening decisions and 47 environmental decisions, with 35 EIA procedures ongoing. The reported projects include modifications to carbohydrate storage and transmission lines, as well as HPP and wind energy facilities. All HPP projects, with a combined installed capacity of approximately 400 MW, were subject to the EIA procedure, along with nearly 800 MW of wind power projects, ensuring that new energy developments were assessed for environmental impacts.

As part of recent legislative changes, Georgia has clarified the scope of documents subject to strategic environmental assessment (SEA), explicitly requiring that spatial planning plans at the national, autonomous republic and multi-municipal or municipal levels, as well as urban planning documents such as master plans and development plans, undergo SEA. No further steps have been taken to fully align the NECP with the SEA report, as the plan was adopted in late 2024, before the SEA was completed. The lack of follow-up measures continues to raise concerns that the environmental implications of the NECP, including impacts relating to HPP projects, may not have been fully evaluated or reflected in the finalised plan.

Large combustion plants

59%

Georgia complied with its reporting obligations under the Large Combustion Plants Directive for the 2024 reporting year. The average emissions of the four gas-fired installations falling under the scope of the Directive were mainly compliant with the emission limit values of the Directive, with minor non-compliance observed at TPP Mtkvany persisting in the 2024 reporting year. The average emissions of TPP Gardabani 2 (subject to the stricter standards of the Industrial Emissions Directive) exceeded the relevant emission limit values by around 10%.

The new Law on Industrial Emissions, adopted by Parliament in June 2023, will enter into force in September 2026. In accordance with the new law, work is currently underway on the development of by-laws, including the preparation of a draft decree with specific rules for large combustion plants. The adoption of this decree, originally foreseen for September 2025, has experienced some delays but is currently being finalised.

Installations under the Large Combustion Plants Directive



5

of plants falling under the LCPD



0

of which opted out plants

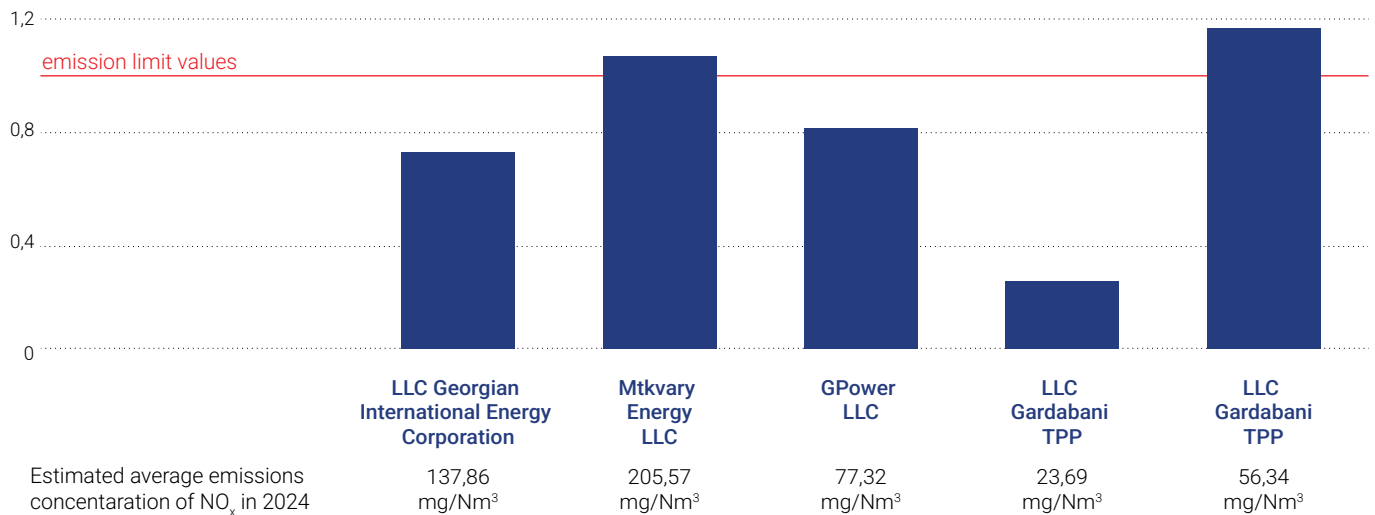


0

of which plants falling under the NERP

Source: compiled by the Energy Community Secretariat

2024 emissions of NO_x versus applicable emission limit values (ELV)*



*Note: SO₂ and dust emissions N/A

Source: compiled by the Energy Community Secretariat

Sulphur in fuels

60%

Georgia transposed the provisions of the Sulphur in Fuels Directive, including those on marine fuels, by the Government Order on the Establishment of Sulphur Content Limit Values. Amendments establishing a sampling system and appropriate analytical methods,

which are important for implementation of the legislation, were not adopted during the reporting period. Currently, the draft is being finalised with the involvement of stakeholder state agencies and will be submitted to the Government of Georgia for approval.

Nature protection

53%

The draft Law on Biodiversity, prepared in 2023, has not yet been adopted, continuing to hinder comprehensive biodiversity protection in Georgia. The draft incorporates an appropriate assessment mechanism and aims to further align national legislation with the Habitats Directive and the Wild Birds Directive. Georgia reported that the revision of the National Biodiversity Strategy and Action Plan (NBSAP) is ongoing. The updated NBSAP includes specific targets for the management and pro-

tection of wild bird habitats and is expected to be officially approved in 2026. During the reporting period, Georgia designated the new "Guria" National Park. Studies are ongoing to establish new protected areas in the Samegrelo and Zemo Svaneti regions. Management plans have been reported for several protected areas, including Kolkheti National Park, Lagodekhi Strict Nature Reserve, Chachuna Managed Reserve and Vashlovani National Park.

Environmental liability

90%

Georgia has transposed the provisions of the Environmental Liability Directive, and the Government has adopted four resolutions based on this law. The provisions on financial security instruments for environmental damage risks will enter into force on 1 September 2026, and a resolution on financial security is currently being drafted, with adoption expected in 2026. During the reporting period, a new sanction was introduced to the Law on Environmental Liability. In parallel with this, an amendment was made to the Criminal Code of Georgia, under which a person subject to an administrative penalty under the Law on Environmental Liability who causes significant environmental

damage shall also be liable to a criminal sanction in the form of a fine or imprisonment for one to three years. For repeat offenders, the sanction shall be a fine or imprisonment for three to five years. Furthermore, the annex defining the scope of the Law on Environmental Liability was amended to harmonise activities subject to that law and the Law on Industrial Emissions. This provision will enter into force on 1 September 2026.

During the reporting period, three cases of significant soil damage, two cases of biodiversity damage and one case of water damage were identified under the Law on Environmental Liability.



Performance of authorities

Georgia



REGULATORY AUTHORITY

84%

Legal setup and independence

The designation and independence of the Georgian National Energy and Water Supply Regulation Commission (GNERC) are governed by the Law on Energy and Water Supply, adopted in 2019 and last amended in 2025. GNERC is a legal entity under public law, vested with independent regulatory authority over defined sectors, operating independently of state bodies. GNERC submits its annual report to the president, Parliament and Government, though no approval is required. This legal framework aligns with the Energy Community acquis.

GNERC has five board members, appointed by Parliament through a transparent and competitive process, with staggered terms. Members serve for a six-year term, renewable once. Outgoing members are subject to a one-year cooling-off period. The chairman is elected by GNERC members for a three-year term. Early dismissal of board members is strictly limited to specific grounds and requires a decision by Parliament. In October 2025, the Parliament of Georgia appointed one board member to a second term.

GNERC is empowered to make autonomous decisions that cannot be overruled by other government institutions. No major issues with GNERC decision-making were observed during the reporting period. GNERC is financially independent and adopts an annual budget funded primarily by regulatory fees. By 15 September annually, undertakings submit load or turnover forecasts, which GNERC uses to set fees sufficient to cover its budget. Fees are paid into GNERC's dedicated bank account for its exclusive use. Unused funds carry over to the following year and any in-year deficits are covered by fee adjustments in the next budget cycle. No financing issues were observed during the reporting period.

GNERC has the right to apply penalties under Georgian law, through written warnings or financial penalties. For TSOs or vertically integrated undertakings, non-compliance with unbundling or independence obligations can result in fines up to 10% of the previous year's turnover. For other regulated undertakings, GNERC may impose fixed fines of EUR 1500–25.000 per violation.

GNERC's staff structure, functions and competences are established by the regulatory legislative acts governing internal

organisational matters. Staff remuneration levels are generally lower than industry standards. No staffing changes are currently planned to address new regulatory tasks arising from expanded powers following the upcoming transposition of the Electricity Integration Package (EIP).

In the energy sector, GNERC regulates electricity, natural gas, water supply and wastewater services. Its electricity sector responsibilities also include tasks related to guarantees of origin. GNERC has authority with respect to REMIT. The Energy Community's EIP has limited application to Georgia due to the absence of interconnections with EU Member States or Energy Community Contracting Parties. The package has still not been transposed in Georgia.

Activities in the reporting period

During the reporting period, GNERC advanced the market design by amending the retail market rules to introduce net billing and phase out net metering. Regarding pricing and tariffs, it continued to set the regulated end-user price under the public service obligation (PSO) and the commodity price for electricity producers under the PSO. While PSO principles are partly aligned with the Electricity Directive (e.g. time-limited), the overall scope of retail price intervention exceeds what the Directive permits and is therefore not compliant. GNERC also approved tariffs for the TSO, distribution system operator (DSO), supplier of last resort and universal service supplier. Regarding networks and quality, GNERC penalised DSOs for deterioration in system average interruption duration index (SAIDI)/system average interruption frequency index (SAIFI) indicators and approved DSO investment agreements. Separately from market design, GNERC launched a registry of derogations under the connection network codes. On licensing and compliance, it issued a generation licence to the Mtkvari HPP and approved the annual compliance officer reports of JSC Telasi and JSC Energo-Pro Georgia, confirming due fulfilment of statutory requirements. GNERC also adopted rules on sanctioning, amended energy market monitoring, reporting and guarantees of origin rules, approved a regulation on installing central heating systems in multi-apartment buildings, and enhanced transparency by launching a data portal and publishing electricity market reports. No REMIT cases were initiated during the reporting period.



COMPETITION AUTHORITY

35%

Legislative framework

Georgia's Law on Competition contains a prohibition of anti-competitive agreements and concerted practices, as well as a prohibition of abuse of dominance, largely in line with the Energy Community acquis. A range of secondary legislation and guidelines exists, most recently including provisions on block exemptions and on interim measures.

Institutional framework

The Law on Competition establishes the Georgian Competition and Consumer Agency (GCCA) as an independent authority responsible for the protection of competition. However, the law specifies that the competent enforcement authority in the energy sector is the national regulatory authority (GNERC). Currently seven GNERC employees work on the enforcement of competition rules.

GNERC has the investigative powers to conduct unannounced inspections at companies (but not at private premises), as well as to issue requests for information and conduct interviews to gather evidence. In addition, it has the power to order cessation of illegal practices and impose remedies and fines. The institutional setup and/or capacities of the enforcement authority should be reviewed to ensure effective implementation of the competition acquis in line with its obligations under the Treaty.

In September 2024, GCCA and GNERC signed a memorandum of cooperation.

Implementation

While GNERC has investigative powers at its disposal, it did not use them to enforce competition rules in the energy sector.



STATE AID AUTHORITY

17%

Legislative framework

Georgia's system for State aid control is governed by the Law on Competition, which establishes a general prohibition of State aid and sets out grounds for compatibility. However, these provisions are not in line with the Energy Community acquis and do not ensure full implementation of Article 18 and Annex III of the Treaty. Furthermore, secondary acts are limited to de minimis aid. Amendments to the law are under consultation. Alignment of the legal framework with Energy Community requirements should be a priority for the upcoming period.

Institutional framework

The Georgian Competition and Consumer Agency (GCCA) is the national authority responsible for enforcement of the State aid

prohibition. The powers of the GCCA with regard to State aid are very limited: it cannot decide on the illegality or incompatibility of State aid measures or on the recovery of unlawful aid. A reform of the setup and powers of the enforcement authority is urgently required to ensure full implementation of the State aid prohibition enshrined in the Treaty.

Implementation

The GCCA did not engage in any enforcement activities during the reporting period.



STATISTICAL AUTHORITY

95%

The National Statistics Institute (GEOSTAT) is responsible for compiling energy statistics. Annual questionnaires, including SHARES, biomass and breakdowns of household and industry consumption, are submitted to Eurostat on time and without significant issues. Transport consumption data were also reported, though some key elements, such as road data, remain incomplete. Services-sector consumption data remain unre-

ported. A quality report on energy statistics, together with the required metadata, has also been submitted. Preliminary 2024 data were transmitted on time through the mini questionnaires.

Monthly reporting is fully compliant, with all Annex C collections under Regulation (EC) 1099/2008 submitted on time.

Since 2018, GEOSTAT has reported natural gas and electricity prices for households and industry in full compliance with the acquis, including disaggregation by consumption band, taxation level and price components. Quality reports on price statistics are also submitted and published.

Overall, Georgia has made significant progress compared to 2024, with nearly all questionnaires now submitted on time and without significant issues. The remaining gaps primarily






concern incomplete disaggregated data for transport, as well as the absence of disaggregated data on energy consumption in the services sector. These shortcomings are expected to be addressed in upcoming reporting cycles. Continuing efforts to close these gaps, alongside further improvements in data quality, coverage and consistency, will help consolidate GEOSTAT's strong performance and ensure full alignment with Eurostat requirements.

09

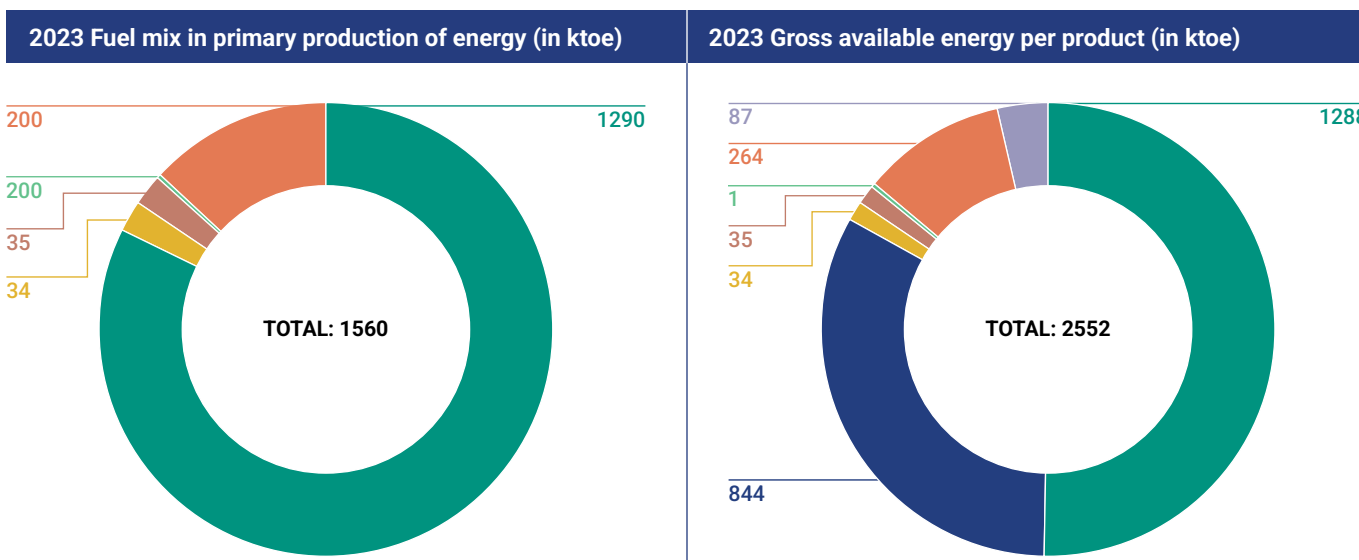
KOSOVO*



Implementation overview

CLUSTER		IMPLEMENTATION STATUS	RECOMMENDATIONS
	Markets and integration	46%	Kosovo* should promptly complete EIP transposition to advance electricity market liberalisation and enable integration into day-ahead and intraday market coupling and European balancing platforms, improving system balancing and minimising unintended deviations.
	Decarbonising the energy sector	46%	Kosovo* should urgently finalise its NECP and notify the Secretariat, adopt a long-term strategy with a 2050 climate-neutrality objective, adopt secondary legislation to fully transpose REDII sustainability and GHG criteria for biofuels, bioliquids and biomass fuels, adopt the new Energy Efficiency Law, related by-laws and labelling rules, finalise the building renovation strategy, and continue improving heating and cooling efficiency. It should urgently accelerate MRVA transposition and establish an adequate national institutional structure for issuing and approving GHG permits and monitoring plans.
	Ensuring energy security	40%	Kosovo* should promptly transpose Regulations (EU) 2019/941 and 2017/2196, designate a competent risk-preparedness authority and develop a risk-preparedness plan.
	Improving the environment	40%	Kosovo* should adopt EIA public participation provisions to ensure full transposition, urgently address the prolonged breach of the NERP ceilings without further delay and promptly harmonise its nature legislation with the new EIA and SEA legislation.
	Performance of authorities	69%	Kosovo* should transpose the EIP to empower ERO with essential regulatory tasks, and align rules on anti-competitive agreements and KCA appointment with the Energy Community acquis. SAC should be urgently established to enforce State aid rules. KAS should focus on improving data gaps and monthly reporting and strengthening staff capacities.

Kosovo*



Source: Eurostat database

- Solid fossil fuels
- Natural gas
- Oil and petroleum products
- Hydro
- Solar thermal
- Solar photovoltaic
- Primary solid biofuels
- Charcoal
- Wind
- Pure biodiesels
- Electricity
- Biogases
- Geothermal
- Industrial waste
- Non-renewable waste
- Renewable municipal waste
- Non-renew. mun. waste

OVERALL NUMBER OF CASES 6

Procedures under Article 91 EnCT

 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



Markets and integration

Kosovo*



ELECTRICITY

46%



Wholesale market

46%

The Electricity Integration Package (EIP) has not yet been transposed in Kosovo*; as a result, the current legal framework is primarily based on the Third Energy Package. Kosovo* plans to transpose the main elements of the EIP through three sets of primary legislation, namely the Energy Law, the Electricity Law and the Law on the Energy Regulator. The drafts of the Energy Law and Electricity Law were submitted to the Secretariat for comment in 2024. No new drafts were shared with the Secretariat in 2025.

Electricity trades on the wholesale market are carried out on a bilateral basis, and through day-ahead and intraday auction markets. The day-ahead market was launched in Kosovo* on 31 January 2024, marking the beginning of day-ahead market coupling with Albania, the first market coupling in the Energy Community. The complementary regional intraday auctions (CRIDAs) between Kosovo* and Albania went live in December 2024, while the launch of the intraday continuous market is still pending. The Albanian Power Exchange (ALPEX) operates both day-ahead and intraday auction markets. In 2024, total trades on the day-ahead market accounted for approximately 11,75% of final electricity consumption. Trading on the day-ahead market is possible until 12:00 day-ahead market time, while three CRIDAs are conducted with gate closure times at 15:00 and 22:00 day-ahead market time and 10:00 on the delivery day. The maximum and minimum clearing prices on the ALPEX day-ahead market and intraday auction market are aligned with the reference harmonised maximum and minimum clearing prices set by the Agency for the Cooperation of Energy Regulators (ACER) (4000 EUR/MWh and -500 EUR/MWh for day-ahead and 9999 EUR/MWh and -9999 EUR/MWh for intraday).

Electricity for universal supply is still fully provided by the incumbent producer, Kosovo Energy Corporation (KEK), based on the bulk supply agreement concluded between KEK and Kosovo Electricity Supply Company (KESCO), which is an obstacle to the development of competition and market liquidity. In addition,

any surplus electricity generated by KEK is then sold to the TSO and DSO to cover network losses at prices agreed between KEK and the relevant system operator. This manner of procuring electricity for covering network losses does not meet the requirements set forth in Directive (EU) 2019/944 in terms of transparency and non-discrimination. However, since the electricity provided by KEK is not sufficient to meet the needs of the operators fully, the majority of electricity for covering network losses is eventually procured through the market.

Balancing capacity from manual frequency restoration reserve is procured through tenders, which are open to participation by service providers from Kosovo* and Albania. Currently, it is provided by the Albanian state-owned generation company, KESH. The price of balancing energy is predetermined in the contract for balancing capacity and refers to the HUPX day-ahead market price. If additional balancing energy is needed, KOSTT procures it through short-term auctions. Due to a lack of balancing service providers in Kosovo*, automatic frequency restoration reserve is provided by the Albanian TSO through a reserve-sharing agreement. The price of balancing energy from the automatic frequency restoration reserve is linked to the prices achieved on the Albanian balancing market. No prequalification process has been carried out so far; however, the rules for the prequalification of balancing service providers were approved by the Energy Regulatory Office (ERO), in 2025. Despite the introduction of certain market-based elements, procurement remains non-compliant with Regulation (EU) 2019/943 and Commission Regulation (EU) 2017/2195.

Regulation (EU) 1227/2011, as adapted and adopted by the Ministerial Council of the Energy Community, was transposed through a ERO's bylaw or regulatory authority in 2020 and has been implemented since then. A total of 27 market participants are registered in ERO's register. No investigations have been formally launched yet, but ERO is currently examining several cases of potential REMIT breaches.



Retail market

35%

In general, the Electricity Law stipulates that customers are to be supplied at market-based prices, while price regulation may be introduced for universal supply under certain conditions. Nevertheless, until recently, only customers connected at 110 kV and 220 kV were supplied through an open market. However, from

June 2025, a significant step forward was made in this respect, with all non-household customers, except for small enterprises, required to enter the free market and choose one or more suppliers licensed by ERO. There are currently 27 licensed suppliers in Kosovo*. Household customers and small enterprises are still

entitled to be supplied by the universal service supplier, KESCO, at prices approved by the regulatory authority. Consequently, the current scope and conditions for introducing public interventions in price setting are still not compliant with Directive (EU) 2019/944.

To ensure continuity of supply for customers who have lost their supplier or did not conclude a supply contract, the concept of the supplier of last resort (SoLR) has been introduced. In line with the rules adopted by ERO, SoLR prices are determined based on the wholesale market price, with an added retail margin. Customers entering the free market can be supplied by the SoLR, but for a period of no longer than 60 days. KEK is currently operating as a supplier of last resort, while the tender for selection of the new supplier of last resort is opened till mid-December 2025.

Four municipalities in Northern Kosovo* have been supplied by the electricity supply company Elektrosever since the beginning of 2024.

The previously signed memorandum of understanding on the mutual recognition of licences between Kosovo* and North Macedonia is now fully operational. Several cases of mutual licence recognition have already taken place in line with this memorandum.

As Directive (EU) 2019/944 has not yet been transposed into the national legal framework, new concepts including aggregation, active customers and citizen energy communities have not yet been introduced. Provisions related to customer protection are mainly aligned with the Third Energy Package.



ENERGY POVERTY

Energy poverty is not defined in Kosovo*. While vulnerable consumers are recognised in the Law on Electricity and the Law on the Energy Regulator, there is still no standardised definition or clear identification criteria. No national target has been set for reducing energy poverty.

The Ministry of Finance, Labour and Transfers identifies vulnerable households through social assistance schemes, which also serve as the data source for providing electricity subsidies to vulnerable households during periods of crisis and high energy costs.

The national subsidy for low-income households and social assistance beneficiaries ended in 2023. The Ministry of Finance, Labour and Transfers, in cooperation with the Ministry of Economy, the Energy Regulatory Office and KEDS, is responsible for developing an annual programme to support vulnerable consumers. Currently, support is available for low-income families, including discounted electricity bills and firewood assistance during the winter season. Since 2022, several public calls for the “Support of Household Consumers to Invest in Efficient Heating Equipment” have offered higher subsidies to citizens receiving social assistance. These initiatives represent a long-term energy poverty alleviation measure. Vulnerable consumers are protected by various legal measures, including safeguards against disconnection and access to facilitated payment options. In addition, ERO prohibits disconnection of social assistance beneficiaries without prior notice or provision of an offer of deferred payment. Since June 2025, the Green and Just Transition for Kosovo project, implemented by the Kosovo* Energy Efficiency Fund with EU and Government support, has implemented energy efficiency measures for 70 vulnerable families. By 2027, the project aims to include up to 200 homes from the social assistance list.

The Kosovo* Agency of Statistics collects relevant data on energy poverty, which are not published on the Eurostat website. The most recent data available in the database of the Energy Poverty Advisory Hub date back to 2018 and indicate that 40,2% of households were unable to keep their homes adequately warm, 49,4% had arrears on utility bills and 21,4% lived in dwellings with leaks, dampness or rot.

Unbundling

81%

KOSTT, the TSO, was certified by ERO in 2019, confirming compliance with the criteria for ownership unbundling. Commission Regulation (EU) 2017/1485 has not yet been transposed in Kosovo*. KOSTT is still not a member of ENTSO-E; however, its Connection Agreement with the Continental Europe TSOs was extended in 2024 for a further two years, with penalties introduced for unintended deviations. These deviations persisted in the following period, escalating further in February 2025 and surpassing the threshold limits. In 2025, ERO approved the KOSTT's latest Ten-Year Network Development Plan (TYNDP),

covering the period from 2025 to 2034. The plan, including the decision, is published on the websites of ERO and KOSTT.

KEDS, the DSO, is legally and functionally unbundled from generation and supply activities, with a compliance programme in place. The compliance officer, appointed in 2020, regularly assesses the compliance of the DSO in its reports; the latest report, for 2024, was published on KEDS's website. The TYNDP for the period 2025–2034 has been approved by ERO and published on ERO's website.

Third-party access to the transmission and distribution systems is based on published network tariffs approved by the regulatory authority and applied in an objective and non-discriminatory manner, as prescribed by the Law on Electricity, which is compliant with Directive (EU) 2019/944. ERO approved the latest transmission and distribution tariffs in April 2025. To take into account the specific nature of producers, prosumers and energy storage, ERO approved rules defining the principles of determining distribution tariffs and connection charges in 2024. However, the tariff methodology is still to be amended in line with these principles and in order to reflect all the requirements set out in Directive (EU) 2019/944 and Regulation (EU) 2019/943.

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

Regulation (EU) 543/2013 has been transposed through the Rules on the Publication of Electricity Market Data, approved by ERO and partially implemented. KOSTT mainly publishes information on generation, consumption and transmission on the ENTSO-E Transparency Platform; however, data on balancing and day-ahead prices are not published on this platform.



Regional integration

17%

Integration into the single European market can only advance following transposition of the EIP. The requirements introduced by Regulation (EU) 2019/943, aimed at facilitating cross-border trades—primarily the minimum 70% target—still need to be implemented.

Although Commission Regulation (EU) 2016/1719 has not yet been transposed in Kosovo*, some elements have already been implemented due to application of the Harmonised Allocation Rules (with the specific annex) for long-term capacity allocation on all bidding zone borders except the bidding zone border with Serbia. Long-term capacity allocation is performed by the Coordinated Auction Office in South East Europe (SEE CAO). Cross-zonal capacity on the interconnection with Serbia is not yet available for commercial exchanges.

SEE CAO also conducts explicit day-ahead capacity allocation on bidding zone borders with Montenegro and North Macedonia, while the cross-zonal capacity on the border with Albania is allocated implicitly due to market coupling. Intraday capacity allocation is continuous on the bidding zone border with Montenegro and North Macedonia, based on the first-come-first-served principle. Since the go-live of CRIDAs, intraday cross-zonal capacity has been implicitly allocated on the border with Albania, while the remaining capacity is explicitly allocated after CRIDAs.

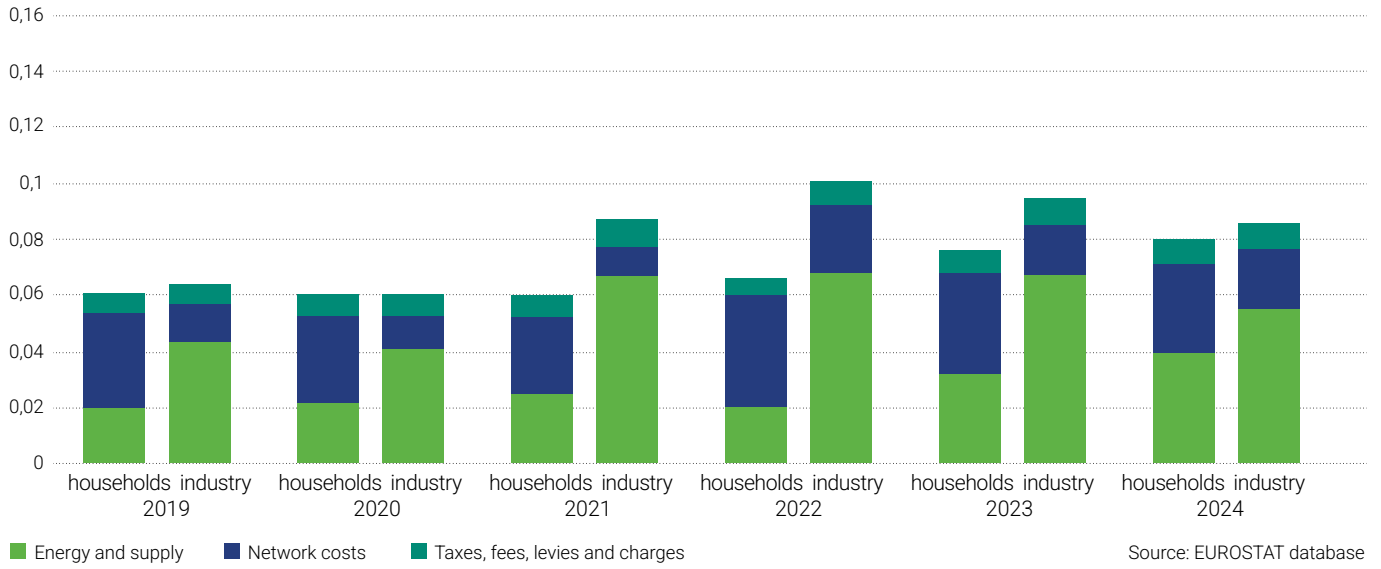
Commission Regulation (EU) 2015/1222, as adapted and adopted by the Ministerial Council, has still not been incorporated into the national legal framework of Kosovo*. However, due to the early transposition and implementation of certain parts of this Regulation, ALPEX was designated as the nominated electricity market operator (NEMO) by ERO in 2023; however, compliant designation is pending completion of the transposition and subsequent verification. ALPEX and KOSTT, together with the

NEMOs and TSOs of Greece, North Macedonia and Albania, have established cooperation aimed at implementing market coupling, under the South-East Europe Market Coupling (SEE MC) initiative. Recently, ALPEX and KOSTT became project parties in the Italian Border Working Table (IBWT); accordingly the formal establishment of the local implementation project is expected under the IBWT framework. Regarding the setup of the TSOs' cooperation within capacity calculation regions (CCRs), no activities were undertaken during the reporting period for operationalisation of the Shadow South-East Europe CCR. The proposal for the reconfiguration of this region has been submitted to ACER for approval as part of the All TSOs' proposal for amendment of the CCR determination.

An obligation to participate in the European balancing platforms has not yet been introduced for KOSTT, as Commission Regulation (EU) 2017/2195 has not been transposed. However, under the AK control block, KOSTT is already implementing the reserve sharing and balancing energy exchange processes with the Albanian TSO.

The timeline for transposing the revised TEN-E Regulation (EU) 2022/869 in Kosovo* remains undetermined. The deadline of 31 December 2024, established by Ministerial Council Decision 2023/02/MC-EnC concerning the adoption of the revised TEN-E Regulation within the Energy Community, was not met. Kosovo* is currently involved in one Project of Energy Community Interest (PECI) in the electricity sector: reconfiguration of the 400 kV grid and construction of the new 400 kV Albania–Kosovo* interconnection. This project is receiving financial support from the WBIF for the preparation of a prefeasibility study and a preliminary environmental and social scoping assessment.

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





n.a.

Wholesale market

n.a.

Kosovo* does not have a gas market, although a basic regulatory framework is in place.

Retail market

n.a.

Kosovo* has transposed basic elements for customer protection.

Unbundling

n.a.

If Kosovo* establishes access to the European gas networks, any future transmission system operator must apply the ownership unbundling model.

Access to the system

n.a.

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

Regional integration

n.a.

The timeline for transposing the revised Regulation (EU) 2022/869 remains unknown. Kosovo* is the only Energy Com-

munity Contracting Party that fully transposed and implemented the old Regulation (EU) 347/2013.



Decarbonising the energy sector

Kosovo*



ENERGY AND CLIMATE GOVERNANCE

30%

National Energy and Climate Plan (NECP) and Integrated Progress Report (IPR)

27%

Kosovo* failed to notify the Secretariat of its final National Energy and Climate Plan (NECP), despite its obligation under Article 3 of Governance Regulation.

Within the framework of biennial integrated progress reports, the authorities of Kosovo* submitted information for 10 of the 17 reporting streams in 2025.

2030 Greenhouse Gas Reduction Target

0%

Kosovo* has not defined the 2030 climate target (8,95 MtCO₂eq) in its national legislation and its NECP remains to be finalised. The 2030 climate target should also be reflected in all key national planning documents such as long-term strategies.



2030 GHG Target*
-16,3%

National Systems for Greenhouse Gas Emissions and Climate Reporting

66%

The legal basis for a national greenhouse gas (GHG) inventory system is provided in the Law on Climate Change. However, by-laws related to national GHG inventories still need to be transposed.

Kosovo* has a partially transposed legal framework for a national system for policies and measures in the Law on Climate Change, and still requires by-laws for full transposition.

Climate reporting obligations have been transposed into legislation, and Kosovo* has nominated lead reporters for reporting under the Governance Regulation, but it has not submitted reports via Reportnet on any of the dataflows. Since 2025, a new requirement to submit national GHG emission projections has been in place, and this obligation still remains unfulfilled. Further progress in implementation of climate reporting obligations is still required.

Long-term Strategy (LTS) and Climate Neutrality

25%

The legal basis for a long-term strategy has been established through the Law on Climate Change. However, Kosovo* has not yet adopted a long-term strategy that sets out a 2050 climate neutrality objective. It remains unclear if and how this objective

will be achieved. The long-term strategy should include the elements set out in the adapted Governance Regulation and represents an opportunity to align with the Energy Community's 2050 climate-neutrality objective.

*All targets presented in this Decarbonisation chapter are aligned with the Ministerial Council Decision 2022/02/MC-EnC of the Energy Community



RENEWABLE ENERGY IMPLEMENTATION

58%



2030 Renewable energy targets

0%

The overall and sectoral targets have not been established in the relevant laws and the final NECP has not been notified. The draft NECP sets a 2030 renewable energy target of 32% of gross final consumption, in line with the 2030 target set by the Energy Community. The sectoral targets are 45% for electricity, 3,6% for transport and 49,6% for heating and cooling. The transport target falls short of the 7% minimum under the Re-

newable Energy Directive (REDII) and the heating and cooling target does not comply with Article 23 of REDII.



2030 RES Target
32,0%

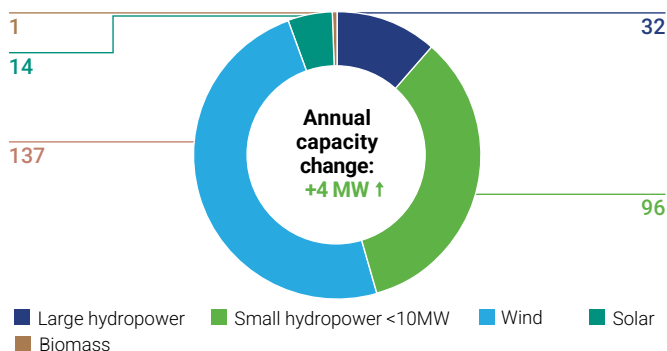


Quality of support scheme

90%

In April 2024, Kosovo* adopted its first standalone Renewable Energy Law, establishing the foundation for a market-based support scheme in line with REDII requirements. At the same time, Kosovo* completed its first solar PV auction and launched its first wind auction. However, none of the cooperation mechanisms (statistical transfer, joint projects and joint support schemes) have been implemented.

Total Capacities of Renewable Energy 2024 (MW)



Total capacities of renewable energy (MW): **281**

Source: Ministry of Economy

Self-consumption and energy communities

75%

Self-consumption operates effectively in Kosovo* through a net billing scheme. The adoption of the Renewable Energy Law enabled establishment of renewable energy communities

in accordance with requirements under REDII. 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* and became operational under the regulator in July 2024. The next critical milestone for achieving a fully operational GO system

includes the adoption of disclosure rules and 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, as well as heating and cooling.

Sustainability criteria for biofuels, bioliquids and biomass fuels

40%

The Renewable Energy Law introduces sustainability and GHG emission savings criteria for biofuels, bioliquids and biomass fuels, and sets out rules for their verification. However, the secondary legislation to be adopted by the competent minis-

tries responsible for energy, environment and the fuel sector is still pending. Its adoption is essential to bring Kosovo*'s legal framework into compliance with REDII and to enable full implementation of the sustainability criteria provisions.

Renewable energy in heating and cooling

83%

Kosovo* has a well-established legal framework for the integration of renewable energy in the heating and cooling sector through the Renewable Energy Law. While infrastructure projects are being implemented to integrate renewable energy into district heating, there has been no comparable progress for individual heating technologies. Continued reliance on electricity-based heating, largely supplied from lignite, hinders decar-

bonisation of the sector while also placing additional pressure on the grid.

It remains necessary, therefore, to implement dedicated measures for the roll-out of efficient renewable-based individual heating solutions, particularly heat pumps.

ENERGY EFFICIENCY IMPLEMENTATION

64%



2030 Energy efficiency targets and policy measures

38%

The targets have not been established in the relevant laws and the final NECP has not been notified. The 2030 energy efficiency targets outlined in the draft NECP are aligned with the 2030 targets established by the Energy Community. This alignment also applies to specific targets related to the implementation of Articles 5 and 7 of 2012 Energy Efficiency Directive (EED).

While Kosovo* has achieved important progress in financing and implementation of energy efficiency projects in the residential and service sectors, the legislative reforms are lagging

behind. The drafted amendments to the Energy Efficiency Law and implementing legislation need to be adopted to transpose and implement the 2018 EED under the Clean Energy Package.



2030 EE PEC Target
2,70 Mtoe



2030 EE FEC Target
1,80 Mtoe



Energy efficiency in buildings

89%

In 2023, the buildings sector remained the largest contributor to final energy consumption in Kosovo*, accounting for 47%, with households alone representing 35%.

In May 2024, amendments to the Law on the Energy Performance of Buildings were adopted, transposing Directive (EU) 2018/844 under the Clean Energy Package. The Government is currently updating relevant by-laws and finalising the energy performance calculation software to support implementation.

The national registry for energy efficiency in buildings has recently undergone initial testing through the issuance of pilot energy performance certificates.

The implementing regulation and the long-term building renovation strategy remain to be adopted.



Energy efficiency scheme and financing

73%

The 2018 Law on Energy Efficiency established national obligations and targets, but full implementation remains pending. Amendments to align the law with the updated 2018 EED—reflecting more ambitious targets and addressing key implementation challenges—have yet to be adopted.

In 2025, the Kosovo Energy Efficiency Fund (KEEF), with continued support from the EU and international partners, remained central to advancing energy efficiency financing across both

residential and public sectors. Notable progress was achieved through targeted subsidies for individual households.

A second public call for residential buildings, launched in August 2024, resulted in over 1570 signed agreements and more than EUR 5,7 million disbursed by September 2025. Investments in public sector buildings also progressed, with KEEF further supporting municipalities by signing additional Energy Service Agreements.

In January 2025, Kosovo* secured a EBRD loan to strengthen KEEF's capacity to implement energy efficiency measures in public buildings at both local and central government levels. This project includes a feasibility study for 400 buildings across all municipalities in Kosovo*.

In cooperation with the United Nations Development Programme (UNDP), KEEF also developed a new financing mech-

anism aimed at supporting energy-poor households, helping to reduce energy poverty through tailored efficiency interventions.

Although regulations on energy-efficient public procurement, energy service companies (ESCOs) and energy performance and supply contracts are in place, they need to be updated to reflect the revised EED and forthcoming amendments to national law.

Energy efficiency products - labeling

53%

No progress was recorded in this area. Kosovo* has yet to adopt and implement the revised Framework Labelling Directive and its delegated regulations, including the rescaled energy

labels, as required under the Ministerial Council Decision of December 2022.



Efficiency in heating and cooling

70%

Kosovo* has made no further progress in implementing measures to enhance efficiency in the heating and cooling sector. While legislation enabling consumption-based billing is in place and Termokos in Pristina has applied it to around 17.000 of its 25.000 consumers, in Gjakova the system has not yet been rolled out in practice, despite preparations undertaken through awareness campaigns and the issuance of test invoices over the past year. The feasibility study for district heating develop-

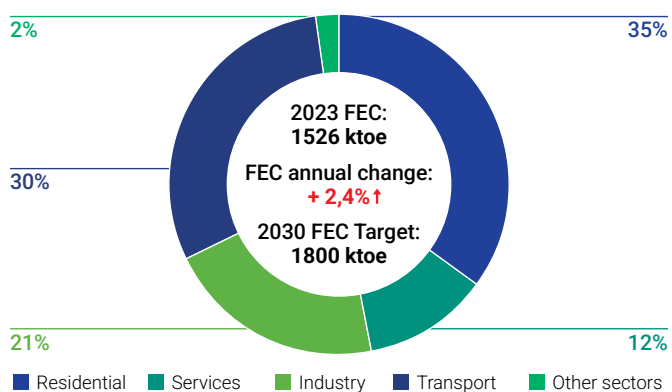
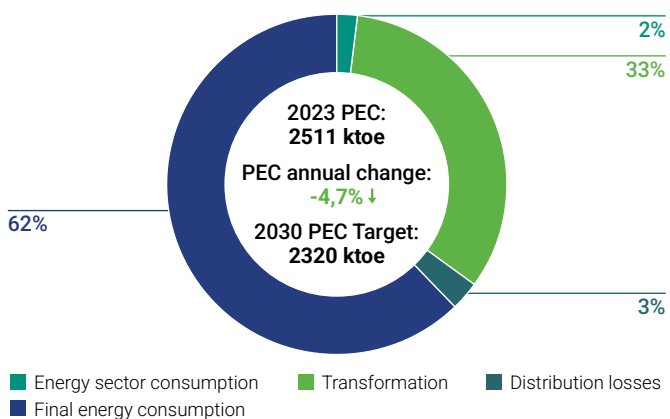
ment in eight cities, finalised in 2024 and prepared with regard to Article 14 requirements, provides an important basis for implementing new infrastructure projects.

It remains crucial that the Government acts on the positive outcomes of this analysis and moves forward with the implementation of projects to support the expansion of efficient district heating infrastructure.

2023 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)

Final Energy Consumption (FEC)



Energy intensity, 2023 value and trends: 0,37 ktoe/mil EUR, -7,9% ↓

Source: Eurostat database, draft NECP and 2022 Ministerial Council Decision



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

6%



Foundations, institutions, permits

17%

Kosovo* transposed some of the basic definitions from the EU Emissions Trading System Directive and the list of GHG as part of the Law on Climate Change, adopted in 2024. Other elements, including the concept of a GHG permit, corrective actions in the event of non-compliance and the list of activities covered by the monitoring and reporting requirements, were not transposed.

The first draft of the climate law update, containing the basic principles and structures of the monitoring, reporting, verification and accreditation (MRVA) system, has been prepared, as

has a draft regulation containing a list of activities covered by the new obligations; however, these have not yet been adopted.

The implementation of the monitoring, reporting, verification, and accreditation system will require the creation of appropriate national institutional structures, the development of adequate expert resources within them, the establishment of procedures and electronic templates and identification of all entities subject to new GHG monitoring and reporting obligations.



Monitoring and reporting

0%

Kosovo* has not transposed the Monitoring and Reporting Regulation into national law. As a result, processes related to monitoring and reporting of GHG emissions at the level of entities have not been implemented. The implementation of the monitoring and reporting mechanism, in addition to the transposition of the necessary legislation, will require the creation of the

necessary processes, e.g., setting the deadline for submitting applications for GHG permits, forms and templates related to the emission monitoring plan, and the creation of appropriate measures to ensure the fulfillment of obligations by the regulated entities.



Verification and accreditation

0%

Kosovo* has not transposed the Accreditation and Verification Regulation into national law and has not appointed any institution as national accreditation body for GHG accreditation purposes. Internal discussions with the Kosovo Accreditation Directorate have been initiated to define the institutional setup for future GHG accreditation, in line with EU best practices. Full

implementation will require building up the necessary human resources at the National Accreditation Body, creating the necessary internal procedures and processes for accreditation, and developing the necessary national electronic forms, such as the annual emissions report and verification report.



Ensuring energy security Kosovo*



ELECTRICITY SECURITY OF SUPPLY

60%

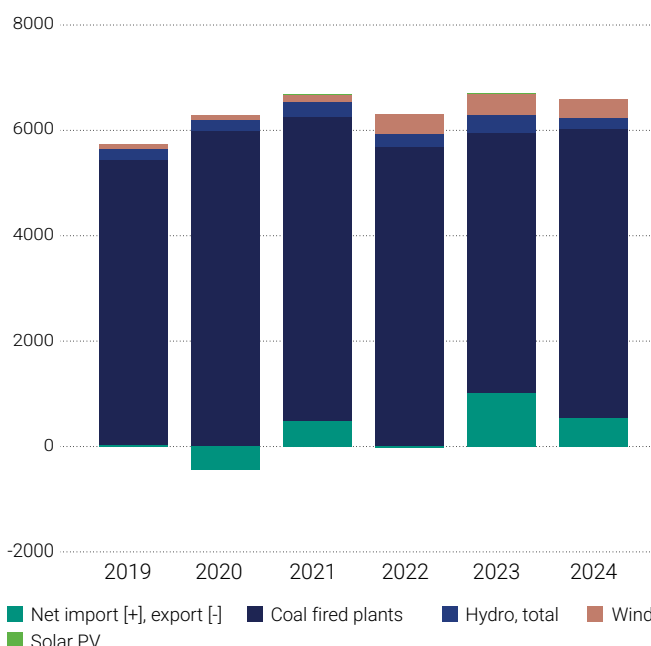
Regulation (EU) 2019/941 has not yet been transposed. The draft Law on Energy and the draft Law on Electricity, reviewed by the Secretariat in October 2024, are intended to transpose Regulation (EU) 2019/941 and designate the State Emergency Committee as the competent authority for risk preparedness in the electricity sector. However, no further progress has been reported on the adoption of these laws.

The transposition of Regulation (EU) 2017/2196 also remains pending.

The most recent Security of Supply Statement, covering the period 2021–2022, was published in March 2024, but has not been submitted to the Secretariat.

Kosovo* adopted the Law on Cybersecurity in February 2023, which is partially aligned with the Directive on Security of Network and Information Systems (NIS2). This law establishes basic principles, roles and responsibilities for public bodies, promotes inter-institutional cooperation and foresees the creation of a cybersecurity agency within the Ministry of Internal Affairs. Kosovo* has defined the National Cyber Security Strategy 2023–2027 and continues to improve its cybersecurity capacities. A national Computer Emergency Response Team (CERT) for energy is planned, based on the Energy Strategy, the Digital Agenda for Kosovo and the Cybersecurity Strategy.

Fuel mix and primary supply of electricity (in GWh)



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



GAS SECURITY OF SUPPLY

n.a.

Kosovo* is exempted from application of the Gas Security of Supply and Storage Regulations under a derogation. Security of supply rules are in place.



OIL SECURITY OF SUPPLY

0%

In Kosovo*, the draft Law on Compulsory Oil Stockholding, initially expected to be adopted in 2024 or before the general elections in February 2025, is still pending. Currently, no procedures exist to release emergency oil stocks, and no data have been submitted for MOS Oil or the monthly COIR questionnaire.

No progress was made during this reporting period, leaving Kosovo* non-compliant with the oil acquis. In 2024, the Secretariat issued a Reasoned Request to the Ministerial Council regarding the country's failure to transpose the Oil Stocks Directive.



Improving the environment Kosovo*



Environmental assessments

37%

Kosovo* has yet to achieve full compliance with the Environmental Impact Assessment (EIA) Directive, as the adoption of the Administrative Instruction, intended to enhance access to environmental information and strengthen public participation, remains delayed, creating significant gaps in implementation and enforcement. Authorities continue to struggle with fulfilment of obligations under the EIA Directive. The partial transposition into secondary legislation of requirements for expert review of EIA reports, together with persistent institutional weaknesses, continue to hinder the timely and effective assessment of EIA submissions, raising serious concerns regarding compliance, transparency and the overall effectiveness of environmental governance. During the reporting period, all 400 MW photovoltaic power plant projects in Kosovo* underwent an EIA. However, two HPP projects, Bistrica River and Lepencë River, were not subjected to an EIA. Challenges and disputes related to approved hydropower developments that bypassed a proper EIA process remain unresolved, including in areas such as Deçan and Shtërpçë/Strpçe. Kosovo* reported that the EIA process, along with related assessments such as biodiversity/appropriate assessment and water impact assessment, is coordinated by the Ministry of Environment, Spatial Planning and Infrastructure. While Kosovo* indicated that the EIA is integrated into the development consent procedure, in practice it remains

PERMIT STATUS:



Streamlined assessments initiated

fragmented, limiting effective coordination and the proper incorporation of reasoned conclusions and environmental conditions into final decisions. In Kosovo*, no exemptions under Article 2(4) or Article 2(5) of EIA Directive were granted during the reporting period. In addition, as no procedures for Projects of Energy Community Interest were implemented, no information was required under Article 4 of Decision 2016/12/MC-EnC.

The development of secondary legislation required to ensure the full and effective implementation of the consultation process in the Strategic Environmental Assessment (SEA) remains incomplete. The SEA procedure for the draft National Energy and Climate Plan (NECP) was initiated late and lacked a structured consultation framework. While the Secretariat has supported national authorities in launching transboundary consultations on the draft NECP, the continued absence of an adopted plan and SEA has exacerbated delays and undermines the effectiveness and compliance of the overall SEA process.



Large combustion plants

37%

Kosovo* complied with its emissions reporting obligations for the 2024 reporting year. Absolute emissions of all three pollutants increased in the reporting year, meaning that compliance with the NERP ceilings remains unattainable. The temporary compliance with the ceilings for sulphur dioxide recorded in the 2023 reporting year could not be repeated. The significant

breaches of the ceilings for nitrogen oxides and dust remain unaddressed; in particular, for dust, the level is non-compliance is at record high due to the decreasing ceiling. Consequently, the related decision by the Ministerial Council remains unaddressed. Despite the existing refurbishment plans of the thermal power plants, compliance in the near future remains unrealistic.

Installations under the Large Combustion Plants Directive



5 of plants falling under the LCPD



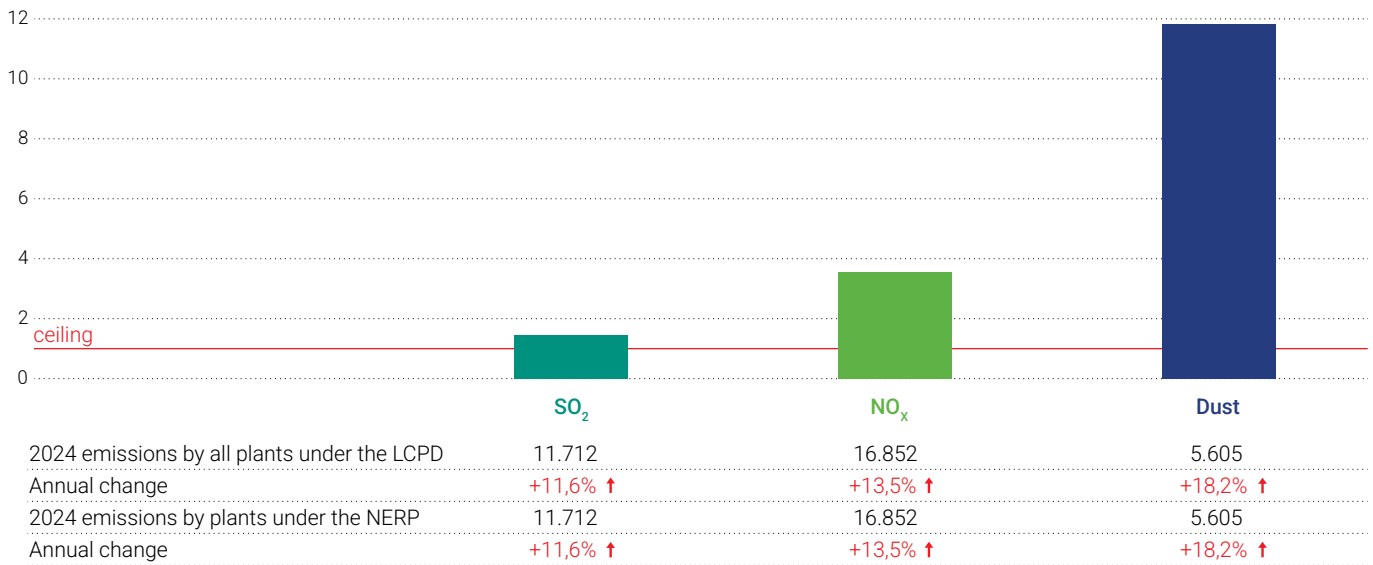
0 of which opted out plants



5 of which plants falling under the NERP

Source: compiled by the Energy Community Secretariat

2024 emissions versus NERP ceilings



Source: compiled by the Energy Community Secretariat

Sulphur in fuels

92%

No changes were made to the transposing legislation in the last reporting year. Quality control of the fuels falling under the scope of the Sulphur in Fuels Directive, as well as their sampling and analysis, is carried out by the customs authorities at

border crossing points. However, no information on the nature and frequency of sampling was provided. The Directive's provisions on marine fuels do not apply to Kosovo*.

Nature protection

27%

The new Law on Nature Protection is being drafted by a working group supported by EU4GREEN project experts, who are incorporating feedback from public consultations and ensuring alignment with the EU acquis and relevant Kosovo* legislation. However, no clear timeline for adoption has been established due to ongoing political crises. Under the current Law No. 03/L-233 on Nature Protection, procedures for appropriate assessment are only partially aligned with the Wild Birds Directive and the Habitats Directive. In practice, these assessments are carried

out through the EIA process, rather than following the specific mechanisms set out under the appropriate assessment framework. Kosovo* continues to lack a comprehensive inventory of wetlands, which is a prerequisite for establishing legal protection for Ramsar sites. In addition, no progress has been made in developing a management plan for the artificial special protection area for birds, referred to as "Henc". The management of monuments of nature also remains a challenge due to insufficient financial resources.

Environmental liability

0%

Kosovo* has not yet transposed the Environmental Liability Directive and no changes were reported during the reporting

periods. The Ministerial Council established this breach at its 2023 meeting, but the issue remains unaddressed.



Performance of authorities

Kosovo*



REGULATORY AUTHORITY

81%

Legal setup and independence

The designation and independence of Kosovo's Energy Regulatory Office (ERO) are governed by sectoral laws and the Law on the Energy Regulator, adopted in 2016. ERO is established as an independent agency, legally and functionally separate from any other public or private entity. It operates independently within its statutory tasks and competencies. ERO submits its annual report to the Assembly, but no approval is required. The current legal setup underpinning ERO's independence is largely in line with the Energy Community acquis.

The ERO board consists of five members, including chairman, appointed by the Assembly. Clear, published and objective criteria for appointment of board members are set out in the legislation. The member serves a five-year term, renewable once. The end date of the term of office of the board members cannot be same for all members. Early dismissal is narrowly circumscribed by law, with the Assembly empowered to make a decision upon proposal by the Government. During the reporting period, the board functioned with its full composition of five members.

ERO is empowered to make independent decisions; these take effect immediately and cannot be overruled by any administrative or political body. Following ERO's decision on retail market liberalisation in early 2025, ERO faced multiple attempts to overturn it via courts of various instances. During the reporting period, around 170 court cases were filed; all were rejected, with the court upholding ERO's decision as fully lawful, with some cases remaining under consideration by the Constitutional Court.

ERO is financially independent, with its budget funded primarily through regulatory fees. However, in practice, ERO's full autonomy in budget utilisation is limited. ERO's accounts are held in the Treasury and the Ministry of Finance plays a significant role in approval of ERO's budget, which is provided in the form of a Government grant. The Ministry of Finance may require audits of ERO's accounts and financial activities. Annual fees are set to ensure ERO's financial self-sustainability and are capped at 2% of the gross turnover of liable energy enterprises.

ERO has the authority to impose penalties under the Law on the Energy Regulator and the secondary legislation on fines and sanctions, including under REMIT. Penalties may include written warnings or financial fines for violations. For energy enterprises, fines may reach up to 10% of the previous fiscal year's revenues, while for individuals, penalties may be up to 300% of the month-

ly salary. In cases of repeated violations, fines may be tripled. All revenues from fines are transferred to the state budget.

ERO's staff structure, functions and competences are defined by internal regulations adopted by its board in accordance with the Law on the Energy Regulator. The board is responsible for organising recruitment procedures, approving remuneration policies, setting salaries and supervising the work of staff. In practice, however, the application of the Law on Public Sector limits ERO's autonomy in setting salary levels for its employees, resulting in remuneration that is generally lower than industry standards. No staffing changes are currently planned to address new regulatory tasks arising from transposition of the Electricity Integration Package (EIP).

ERO regulates electricity, natural gas and thermal energy. ERO also has authority over generation of renewable energy sources (RES), in particular guarantees of origin (GO), authorisations for construction of new generation capacities and self-consumption facilities. In November 2024 Association of Issuing Bodies granted the Electricity Scheme Observership to ERO as the designated issuing body for GOs in Kosovo*.

The Energy Community's EIP has not yet been transposed in Kosovo*. Accordingly, ERO is not yet fully empowered to perform all regulatory tasks under EIP provisions.

Activities in the electricity sector

During the reporting period, ERO advanced retail market liberalisation, effective from 1 June 2025, by requiring customers not eligible for universal supply services to procure electricity competitively, fulfilling long-standing legal obligations under the Energy Community acquis. Regarding market design and RES development, ERO approved the maximum fixed price for wind auctions, set maximum and minimum clearing prices and bidding orders for day-ahead and intraday markets, issued reserve procedures for Albania–Kosovo* day-ahead and intraday market coupling, and adopted a methodology for distributing congestion revenues between Albania and Kosovo*.

Regarding tariffs and methodologies, ERO amended the Rule on Principles for Determining Tariffs for Use and Connection to the Distribution System, approved the methodology for the designated electricity market operator, set regulatory parameters for the universal service supplier, approved ALPEX tariffs and endorsed reports on maximum allowed revenue and tariffs for

the TSO, DSO and universal service supplier. In system planning and security of supply, it approved the TSO's and DSO's ten-year and five-year development plans and conducted the tender for the supplier of last resort, designating KEK for a period of six months. To foster competition and flexibility, the regulator approved the market rules procedure for pre-qualification of balancing service providers and issued new licences for electricity supply and trading.

Finally, to support deployment of renewables, ERO granted multiple authorisations for new solar generation and approved around 400 prosumer self-consumption solar requests totalling 11,3 MW, of which 100 applications for 4,7 MW followed retail market liberalisation in the last three months. One REMIT case is under investigation by ERO, marking the first investigatory process under REMIT.

COMPETITION AUTHORITY

48%

Legislative framework

Kosovo's Law on Protection of Competition contains a prohibition of anti-competitive agreements and concerted practices as well as a prohibition of abuse of dominance, largely in line with the Energy Community acquis. However, the prohibition of anti-competitive agreements is limited to agreements aimed at preventing, restricting or distorting competition, while Article 18 of the Treaty also prohibits any agreements which have such effect. This discrepancy severely narrows the scope of the prohibition. Secondary legislation remains fragmented. Hence, the law needs to be amended in order to align with Energy Community law.

Institutional framework

The Law on Protection of Competition establishes the Competition Authority of Kosovo* (KCA) as an independent authority responsible for the protection of competition. The KCA consists of five commissioners, supported by 28 staff members. KCA has not been fully operational, as two positions were vacant and appointments were severely delayed; in addition, one commissioner has been affected by a conflict of interest, preventing consideration of some cases filed by KEK (the largest electricity producer in Kosovo*) due to a lack of quorum. In order to ensure the proper functioning of KCA, timely and competitive selection and appointment procedures must be implemented.

KCA has the investigative powers to conduct unannounced inspections at companies and private premises, as well as to issue requests for information and conduct interviews to gather evidence; furthermore, a leniency programme to report illegal

behaviour is in place. Moreover, it has the power to order cessation of illegal practices and to impose remedies (including interim measures and commitments) and fines.

Implementation

While KCA holds all necessary powers, it does not fully use them, as indicated by the activities below during the reporting period:

Activity in the reporting period	In the energy sector
On-site inspections (at companies or private premises)	0
Requests for information	1
Leniency applications	0
Opening of investigation	0
Decisions on anti-competitive agreements and concerted practices	0
Decisions on abuse of dominance	1
Sector inquiries and market studies	0

KCA's single decision in the energy sector during the reporting period concerned an exclusionary abuse of dominance by Hydro-Economic Enterprise "Ibër Lepenc" SH.A. The undertaking was found to have imposed unfavourable conditions (auction criteria: high turnover thresholds, technical requirements, balancing responsibility) on other undertakings in the relevant market, while favouring one particular undertaking, thereby precluding other undertakings from entering the market. KCA imposed an administrative fine in the amount of approximately EUR 40.000.



STATE AID AUTHORITY

35%

Legislative framework

Kosovo's system for State aid control is governed by the Law on State Aid, which establishes a general prohibition of State aid and sets out grounds for compatibility, largely in line with

the Energy Community acquis. Additionally, an extensive list of secondary acts is in place, providing guidance on specific processes and types of aid. Amendments to the law are prepared for further alignment of the provisions with EU rules.

Institutional framework

The law establishes the State Aid Commission (SAC) as the decision-making body for State aid, with the State Aid Department (SAD) within the Ministry of Finance, Labour and Transfers performing supporting functions (including assessing aid measures and schemes, monitoring unlawful aid, preparing proposals for recovery of aid, managing data and maintaining the aid register). SAD is currently composed of six official employees. Urgent reform of SAD is required to ensure its operational independence and adequate resources. After the expiration of the mandate of the SAC members in March 2022, no new members were appointed, resulting in the State aid authority being non-operational. A functional SAC must be set up as a priority

in order for Kosovo* to discharge its obligation to enforce the State aid prohibition.

SAC and SAD have the power to investigate (including requesting information) and assess potential State aid measures, as well as to authorise aid or order recovery of unlawful aid.

Implementation

Since SAC remains non-operational, Kosovo*'s activities in the reporting period were limited to one request for information, which was dealt with by SAD.



STATISTICAL AUTHORITY

62%

The Kosovo Agency for Statistics (KAS) is the main institution responsible for producing and reporting energy statistics. Annual questionnaires continue to be submitted to Eurostat; however, many technical issues have been flagged since 2024, raising concerns about data quality. Biomass data are not reported and disaggregated consumption data for industry, transport and services are still absent. Household consumption and SHARES data are available, but the quality report on energy statistics has not been submitted. Preliminary data for 2024 were transmitted through the mini questionnaires.

Monthly reporting remains incomplete. Technical issues with electricity submissions have been resolved, but monthly oil statistics, including oil stocks and crude oil imports, are still missing and coal data continue to face delays.

Electricity price data for households and industry are submitted in line with acquis requirements, including disaggregation by consumption band, taxation level and price components.

However, the quality report on electricity prices has not been submitted.






Overall, Kosovo* has made some progress compared to 2024, but significant gaps remain. Priorities include ensuring the timely submission of all annual questionnaires, closing gaps in disaggregated industry, transport and services data and submitting overdue quality reports on both energy statistics and electricity prices. Monthly reporting also requires improvement, particularly through the introduction of regular oil statistics, reducing delays in coal data and maintaining consistent electricity submissions. Capacity constraints remain a key obstacle; strengthening staffing and providing targeted training would be essential to improve the accuracy, completeness and timeliness of future reporting.

MOLDOVA

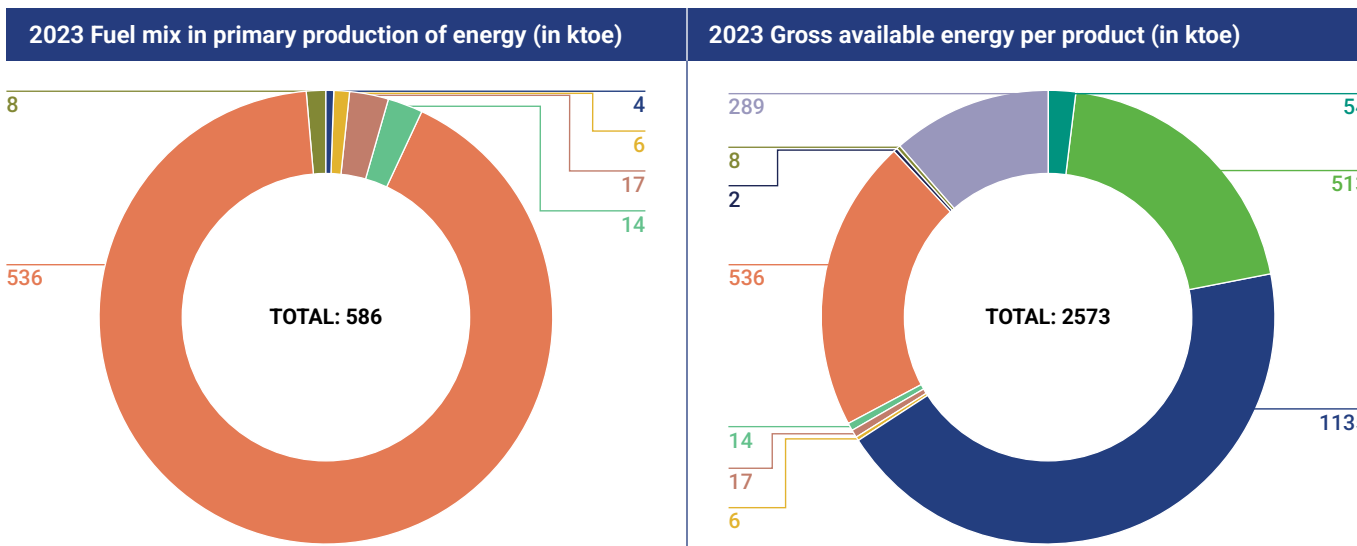
10



Implementation overview

CLUSTER		IMPLEMENTATION STATUS	RECOMMENDATIONS
	Markets and integration	69%	Following completion of EIP transposition, Moldova should prioritise implementation of day-ahead and intraday markets for market coupling, and develop the balancing market, starting by finalising a transparent and competitive tender for new capacity. Moldova should advance gas market liberalisation, launch balancing network code implementation, bundle interconnector capacities and fulfil remaining TSO certification conditions.
	Decarbonising the energy sector	77%	Moldova should adopt a long-term strategy with a climate-neutrality objective, adopt secondary legislation to fully transpose REDII sustainability and GHG criteria for biofuels, bioliqids and biomass fuels, and fully implement energy efficiency legislation, including certification, energy performance contracting and labelling enforcement. Moldova should complete MRVA transposition and implementation, ensure adequate institutional MRVA staffing and establish processes and tools for issuing and approving GHG permits and monitoring plans.
	Ensuring energy security	78%	Moldova should start implementing the transposed Commission Regulation (EU) 2017/2196. and continue applying the electricity sector emergency action plan. It should also organise a test of the measures, actions and procedures outlined in the plan.
	Improving the environment	63%	Moldova should promptly adopt secondary legislation and bolster the capacities of the National Agency for Environment to ensure proper implementation of the new EIA and SEA legislation. It should also accelerate the designation of Emerald Network sites.
	Performance of authorities	84%	Moldova is encouraged to further strengthen the resources of ANRE and the CC to ensure their effective functioning, and to align State aid legislation with the Energy Community acquis. NBS should address gaps in data completeness and reliability, particularly in transport and specific regions.

Moldova





Source: Eurostat database


-  Solid fossil fuels
-  Natural gas
-  Oil and petroleum products
-  Hydro
-  Solar thermal
-  Solar photovoltaic
-  Primary solid biofuels
-  Charcoal
-  Wind
-  Pure biodiesels
-  Electricity
-  Biogases
-  Geothermal
-  Industrial waste
-  Non-renewable waste
-  Renewable municipal waste
-  Non-renew. mun. waste


OVERALL NUMBER OF CASES 5


Procedures under Article 91 EnCT

 ECS-24/21
environment

 ECS-12/23
environment

 ECS-9/24
electricity

 ECS-17/24
oil

 ECS-27/24
renewable energy



Markets and integration

Moldova



ELECTRICITY

50%



Wholesale market

38%

The wholesale electricity market of Moldova operates under the new Law on Electricity No. 164/2025, which transposes the key acts of the Electricity Integration Package (EIP), Directive (EU) 2019/944, Regulation (EU) 2019/943, partially Regulation (EU) 2015/1222 and amended electricity market rules. Transposition of the EIP was finalised by the regulator's approval of regulations transposing five network codes and guidelines that form part of the EIP in November 2025.

Due to insufficient domestic production and a lack of competition in the market, the wholesale market is largely dependent on the import of electricity from the EU and the Ukrainian electricity market. In June, Parliament adopted amendments to the fiscal legislation, introducing the VAT reverse charge mechanism, which will further facilitate cross-border electricity trading from 1 January 2026.

JSC Energocom, acting as the central electricity supplier responsible for managing the renewable energy support scheme and fulfilling the public service obligation (PSO) to ensure security of supply, currently procures electricity for the Right Bank through bilateral contracts, trading on the Romanian power exchange and purchases from domestic renewable producers and producers operating urban combined heat and power plants. Procurement of electricity for the supply of the Right Bank from MGRES has been discontinued since 1 January 2025.

The Government's extension of the PSO for JSC Energocom until 31 December 2025 required all system operators and electricity suppliers with a PSO to provide universal service and supply of last resort to sign bilateral contracts with Energocom for 2025. As of 2026, suppliers and system operators are required to return to procuring electricity using market-based mechanisms, including for network losses. Consequently, regulated participants in the electricity market have launched procedures for the procurement of electricity for the period beginning on 1 January 2026.

According to the reform agenda under the Growth Plan for Moldova, approved by Government Decision No. 260/2025, the balancing, day-ahead (DAM) and intraday (ID) electricity markets are to become fully operational by the end of 2025.

To operationalise the DAM and ID electricity markets, the regulatory authority designated LLC OPEM—the Moldovan compa-

ny created by OPCOM (Romania)—as the nominated electricity market operator under a monopoly model on 29 June 2025, in accordance with the Law on Electricity. The new Law on Electricity foresees that this monopoly model may be phased out after four years, subject to an assessment carried out by the national energy regulator, ANRE, on the feasibility of removing the legal monopoly.

Launch of the day-ahead and intraday market segments is expected by the end of 2025, in line with the Government's reform agenda. The contractual and procedural frameworks for both markets have been finalised. Preparatory actions, including ANRE's approval of operational procedures and amendments to the market rules, have already been completed, establishing the necessary regulatory and institutional foundation for market operation.

As of September 2025, balancing capacity and the balancing energy market in Moldova operate on a daily basis for standard balancing products, including Frequency Containment Reserve (FCR), manual Frequency Restoration Reserve (mFRR) and Replacement Reserve (RR). The automatic Frequency Restoration Reserve (aFRR) has not yet been implemented due to the current technical limitations of the frequency control regulator. According to the Electricity Market Rules, the transmission system operator (TSO) may set a maximum price limit when procuring balancing services through competitive auctions, and the imbalance price is capped based on a coefficient determined by ANRE. The terms and conditions for balancing service providers and balancing responsible parties are envisaged to be approved by ANRE by the end of 2025. However, no balancing capacity or balancing energy has been procured so far due to the lack of balancing service providers.

To address this balancing market shortcoming, ANRE assigned SE Moldelectrica a PSO to procure balancing capacity services, ensuring system reliability and compliance with the UA–MD control block requirements. In line with this mandate, SE Moldelectrica launched a tender on 30 September 2025 for new balancing capacities, with the aim of creating a more liquid and transparent balancing market.

The REMIT Regulation has been transposed into Law No. 164/2025. The implementation of REMIT-related provisions is in progress. ANRE intends to complement its REMIT toolkit by

establishing criteria for compliance with inside information obligations, defining methods for publishing such information and

adopting a regulation on complaint handling.

Retail market

56%

Under the Law on Electricity, the legal framework for retail market functioning was aligned with Directive (EU) 2019/944. However, the law includes some transitional provisions regarding a gradual transition to market-based supply prices and application of public interventions in price setting for supply of electricity, in accordance with Article 5 of Directive.

During the second quarter of 2025, five suppliers were active in this market, three of which supplied electricity at negotiated prices and two at regulated prices.

The retail market has seen limited progress due to weak competition in the wholesale market and restricted import opportunities due to the PSO imposed on JSC Energocom. Two universal service suppliers, under contracts with JSC Energocom, continue to serve nearly the entire market, holding a dominant share of more than 97,8% of total electricity supplied to consumers for the second quarter of 2025. Beyond the universal service suppliers, only three alternative suppliers of electricity, mainly from local non-FIT renewable producers, operated under negotiated prices, with a combined market share of less than 3%.

In accordance with the Law on Electricity, by 1 January 2026, following an analysis of the electricity markets and after public consultation with market participants, ANRE is to establish and approve the calendar for restricting access to regulated prices for final customers other than households and micro enterprises that benefit from public interventions in price setting for the supply of electricity. Since January 2025, customers with smart meters who benefit from universal and last-resort services have the option to choose time-differentiated pricing based on the time interval.

The current PSOs imposed on certain suppliers for the provision of universal service and last-resort supply are scheduled to end on 8 July 2026. Before that date, ANRE is to organise a competitive procedure to designate the suppliers of last resort and universal service suppliers.



ENERGY POVERTY

Energy poverty is defined in the Law on Energy Efficiency and a vulnerable customer is defined in the Law on the Energy Vulnerability Reduction Fund. The country does not have a national target to reduce energy poverty.

The system for determining energy vulnerability has been revised. As of the 2024–2025 heating season, the degree of vulnerability is assessed individually for each household, replacing the previous approach based on seven vulnerability categories. All processes are administered through an electronic system, ensuring centralised management and data verification. The Government has also discontinued the on-bill financing mechanism in favour of direct monetary payments (via bank card or in cash) for electricity, natural gas, district heating and solid fuel heating, citing the need to reduce the administrative complexity of all related procedures.

Moldova's new Electricity Law requires the Government to regularly assess the number of energy-poor households, using criteria such as low income, high energy costs and poor energy efficiency. Based on this assessment, targeted policies and measures must be included in the National Energy and Climate Plan (NECP) and other relevant policy documents.

Moldova has a range of support schemes for energy-vulnerable households. These include social assistance for low-income families, a heating social programme during the cold season and winter compensation measures under the "Help at the Meter" programme of the Energy Vulnerability Reduction Fund. In addition, the Government offers eco-vouchers to help replace old, inefficient household appliances. Initially piloted in 2022 with EU funding, the programme has since been scaled up. It supports the purchase of refrigerators and washing machines that meet EU conformity and energy efficiency standards. As of September 2025, around 37.000 families have benefited, with over 25.000 vouchers redeemed in 2025 alone. Each voucher is worth on average EUR 300, covering up to 70% of the cost of a new energy-efficient appliance. Moldova does not collect relevant data for Eurostat surveys.

Unbundling

87%

Moldelectrica was certified as an independent system operator in July 2023. By April 2024 – the deadline set by ANRE, Moldelectrica and its founder had fulfilled all the conditions outlined in the Secretariat's Opinion 02/23. In September 2025, Moldelec-

trica published its second Ten-Year Network Development Plan (TYNDP), covering the period between 2025–2034. Moldelectrica is not yet a member of the ENTSO-E.

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, Moldelectrica and both DSOs have published their 2024 compliance programmes and the corresponding implementation reports, prepared by their compliance officers. The DSOs have also published their compliance programmes for 2025.

In collaboration with the Ministry of Energy, with the financial support of the Italian Government and technical support from

the UNDP, both DSOs are piloting the installation of 100,000 smart meters by 2027—covering 7% of users—to test time-of-use tariff models.

Both operators have approved three-year development plans for 2026–2028, which are publicly available on their websites. In October 2025, ANRE evaluated and approved the reports on implementation of the development and investment plans of both DSOs for 2024.

Access to the system

70%

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. In 2025, ANRE approved an overall tariff increase of approximately 41% for electricity transmission services, based on the methodology updated in 2023, compared to the 2024 tariff levels.

In May 2025, ANRE approved a new methodology for the calculation, approval and application of regulated tariffs for electricity

distribution services. The distribution tariffs may be revised after the regulator approves the baseline costs for the DSO.

Connection codes were transposed through the 2019 network code and updated in 2021. ANRE approved the non-exhaustive parameters in March 2024.

Progress on the Transparency Regulation remains limited, with SE Moldelectrica providing minimal data to the ENTSO-E Transparency Platform due to the still underdeveloped electricity market.



Regional integration

29%

Regulation (EU) 2019/943 has been fully transposed into the Law on Electricity, but has not yet been implemented. This represents an important step towards harmonisation of the national framework governing organisation and functioning of the electricity markets and network access with the requirements established at the EU level.

The establishment of the governance structure within the Eastern Europe (EE) Capacity Calculation Region (CCR), including Moldova, Ukraine and neighbouring EU Member States TSOs, as defined by Commission Regulation (EU) 2015/1222, was completed in 2025, marking the start of operationalisation of the EE CCR. The EE CCR steering committee has established a roadmap of tasks for all TSOs concerned. A service agreement has been signed with TSCNET on the implementation of an interim capacity calculation methodology. At the same time, regional cooperation on market coupling is being strengthened through the local electricity market implementation project, supported by a memorandum of understanding already signed by all Nominated Electricity Market Operators (NEMOs)/Market Operators (MOs) and TSOs from Hungary, Poland, Romania, Slovakia, Ukraine and Moldova. Dedicated working groups are being formed to prepare legal, financial and technical impact assessments.

On the Romanian border, Transelectrica conducts only daily (D-1) and intraday cross-border capacity allocation auctions (in six four-hour sessions). As of January 2025, monthly auctions have been discontinued. On the Ukrainian border, Ukrenergo is responsible for

organising and managing both monthly and daily (D-2) cross-border capacity allocation auctions. A mechanism for redistributing non-allocated capacity from the UA–EU borders in the day-ahead timeframe is in place, allowing the remaining unused capacity to be reallocated in the intraday timeframe on the RO–MD border.

Moldelectrica also has two emergency supply contracts, signed in 2022 with Ukrenergo and Transelectrica, which can be activated when needed, provided electricity is available.

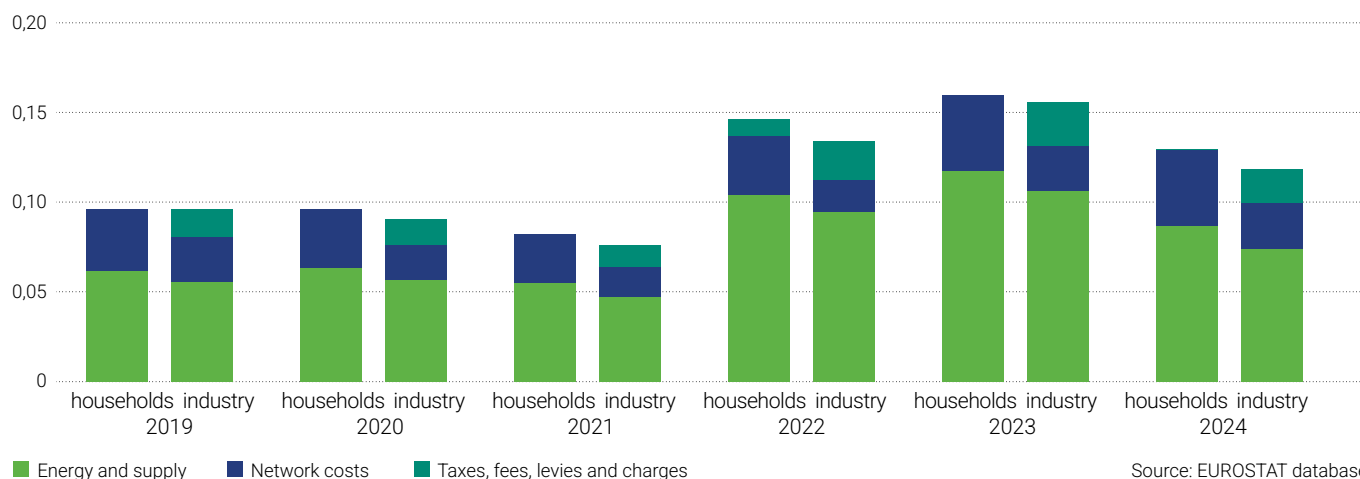
Moldova's unintended system deviations are settled financially through the FSkar mechanism, managed by Ukrenergo for the entire MD–UA control block, under an inter-TSO agreement.

Moldova has partially transposed Regulation (EU) 2022/869 on Guidelines for Trans-European Energy Infrastructure (TEN-E Regulation) into its national legislation through the 2023 amendments to Law No. 174/2017 on Energy. The country intends to further enhance alignment with the Regulation by promoting additional amendments to the aforementioned law by the end of 2025. While Moldova has made progress in transposing the TEN-E Regulation, further alignment is necessary. Moldova currently participates in the Energy Community list of regionally significant infrastructure projects, with one Project of Energy Community Interest (PECI) project: 330 kV OHL Balti–Dnestrovsk HPP-2. However, the development of this project has not progressed since its inclusion on the PECI list, aside from its mention in the recent TYNDP prepared by SE Moldelectrica.

Through the Moldovan Energy Projects Implementation Unit, work continues on the 400 kV OHL Vulcănești–Chișinău project, expected to be completed by the end of 2025. The Government is also advancing two major power interconnection projects with Romania, backed by significant technical and financial support from Development Partners.

The tender for the construction of the 400 kV OHL Bălți (MD)–Suceava (RO) has been launched, while the feasibility study for the 400 kV OHL Strășeni (MD)–Gutinas (RO) is to be funded by the United States Government.

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



GAS

88%

Wholesale market

82%

Moldova's natural gas supplies have been diversified: previously dependent on Russia, the country now imports gas from the EU and Ukraine. The wholesale market saw some development in 2025. Until the end of 2022, the main source of natural gas imports for Moldova was PJSC Gazprom, supplied through JSC Moldovagaz. From the end of 2022, natural gas procurement sources have been diversified. Since 2023, the supply of natural gas to consumers in Moldova from the Right Bank of the Dniester has been primarily achieved through imports from EU countries. In June, Parliament adopted amendments to the national fiscal legislation to introduce the VAT reverse charge mechanism, which is expected to further facilitate the diversification of gas supply sources starting from 1 January 1 2026, by eliminating unnecessary cash-flow constraints for market participants, reducing administrative burdens and fostering a more competitive market environment.

Since 2023, JSC Energocom has become the dominant importer in the Moldovan market. In the first half of 2025, sales and purchase transactions on the wholesale gas market were carried out by nine gas suppliers. In 2025, five traders obtained licences for natural gas trading.

In 2022, ANRE authorised the natural gas trading platform operated by BRM EST, a branch of the Romanian Commodities Exchange (BRM). The trading platform is used for the procurement of short-term standardised products. The operation of the gas trading platform contributes to the opening and development of the domestic gas market.

The REMIT Regulation (EU) 1227/2011 has been transposed. In order to implement REMIT in the gas and electricity sector, ANRE has established a registry of wholesale energy market participants, listing 93 participants, of which 45 in the gas sector have fulfilled their obligation to register before executing their first market transaction.

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 full implementation of the balancing code. In December 2024, ANRE approved the terms and conditions for the provision of flexibility services through pipeline storage by the gas TSO with the aim of reducing daily imbalances in the gas transmission networks of the balancing responsible parties and the proper functioning of the system.



Retail market

96%

The retail market share of JSC Moldovagaz decreased by around 8%, from 97,69% in 2022 to 88,95% in 2024. In 2025, the retail natural gas market in Moldova remains heavily regulated and dominated by the supplier with a PSO (by JSC Moldovagaz from January to August 2025 and by JSC Energocom from September 2025), covering over 90% of the market. This indicates that, although the holders of the PSO changed, the retail market structure remained stable. Of the 33 licence holders for natural gas supply issued by ANRE, sales and purchase transactions on the retail gas market were provided by 15 gas suppliers in 2024 and 12 gas suppliers in the first half of 2025.

In May 2025, JSC Energocom was appointed by ANRE for a period of three years as the supplier of last resort and the gas supplier with PSOs, following a competitive, transparent and non-discriminative procedure. The ANRE decision in this mat-

ter entered into force in September 2025. Accordingly, from 1 September 2025, the licence for gas supply activities of JSC Moldovagaz including its imposed PSOs was withdrawn, and JSC Energocom took over its consumers.

All final gas consumers are eligible and have the right to choose or to change suppliers.

On 30 September 2025, ANRE approved a calendar for the gradual restriction of access for large and medium non-household consumers to natural gas supplies at regulated prices. For large non-household consumers, the regulated prices will be phased out by April 2026 and for medium non-household consumers by April 2027. As a result, the role of suppliers in the free market is expected to increase.



Unbundling

87%

LLC Vestmoldtransgaz, a company owned by the Romanian TSO Transgaz and the 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. In 2024, LLC Vestmoldtransgaz was certified under the ISO model for operating the entire natural gas transmission network in Moldova, most of it owned by LLC Moldovatrangaz (MTG) and JSC Moldovagaz.

The final ANRE decision of 23 August 2024 established LLC Vestmoldtransgaz as the sole TSO on the Right Bank. When certifying the company, ANRE took into account the Secretariat's Opinion 2/24. The certification is conditional on the fulfilment of several conditions, in particular: the elaboration of an analysis under Article 11 of Gas Directive, validity of the lease agreement with MTG, clarification of the status of the transmission assets owned by various authorities and entities, the signing of lease agreements between the TSO and all owners of the transmission assets, the procurement of maintenance services (currently performed by MTG), the proper fulfilment by the TSO of monitoring and control over maintenance works performed by third parties, and meeting the deadline for transfer of the ownership of the transmission assets to a company that does not conduct activities in transmission, distribution, supply, storage and that is unbundled from the vertically integrated utility.

Regarding the last of those conditions, following receipt of the revised opinion of the Ministry of Energy on security of supply issues, developed in accordance with Article 11 of Gas Directive and the provisions of Law No. 108/2016 on Natural Gas, ANRE adopted an amendment to its decision on certification of the gas TSO LLC Vestmoldtransgaz, shortening the deadline from 30 September 2026 to 31 July 2025. Following LLC Moldovagaz's failure to complete the separation of natural gas transmission network owners within the established deadline as per the conditions stipulated by the Gas Law, ANRE withdrew Moldovagaz's license for gas supply and its imposed PSOs.

To the best of the Secretariat's knowledge, the pending conditions are the lack of a transparent and competitive procurement procedure for maintenance services, the absence of signed lease agreements between the TSO and all owners of the transmission assets and the unclear status of the transmission assets owned by various authorities and entities.

ANRE is satisfied with the unbundling compliance of the DSOs with the Gas Directive. The Secretariat will follow up on this assessment.

Access to the system

85%

Third-party access to distribution and transmission networks is guaranteed by Law 108/2016 on Natural Gas, with ANRE approving the tariffs for transmission and distribution services, based on its 2019 and 2020 methodologies. The Energy Com-

munity gas network codes have been transposed but are not yet fully implemented. Capacity allocation takes place via the RBP platform. However, no allocation of bundled capacity products between the Moldovan TSO and adjacent TSOs is offered.

Accordingly, compliance with the capacity allocation mechanism network code has not been achieved.

Access to the natural gas distribution networks is provided by 18 distribution system operators, 12 of which form part of JSC Moldovagaz. Application of the uniform distribution tariff throughout the country was foreseen in the latest amendments to the Gas Law. In 2024, ANRE approved a new set of entry/exit tariffs for transmission services, increasing them by 50% on average. One of the main reasons for the adjustments is the

reduction in gas transit through Moldova. In May 2025, ANRE approved the multiplication coefficients used by the gas TSO for non-annual standard capacity products, as well as the transmission tariff for the gas year 2025–2026, reducing it by about 15% for annual standard capacity products. The approved tariffs and multiplication coefficients are applicable from 1 October 2025. Upon approval of the gas transmission tariffs, the recommendations of ECRB to improve the cost reflectivity and transparency of the transmission tariffs were not implemented.

Regional integration

91%

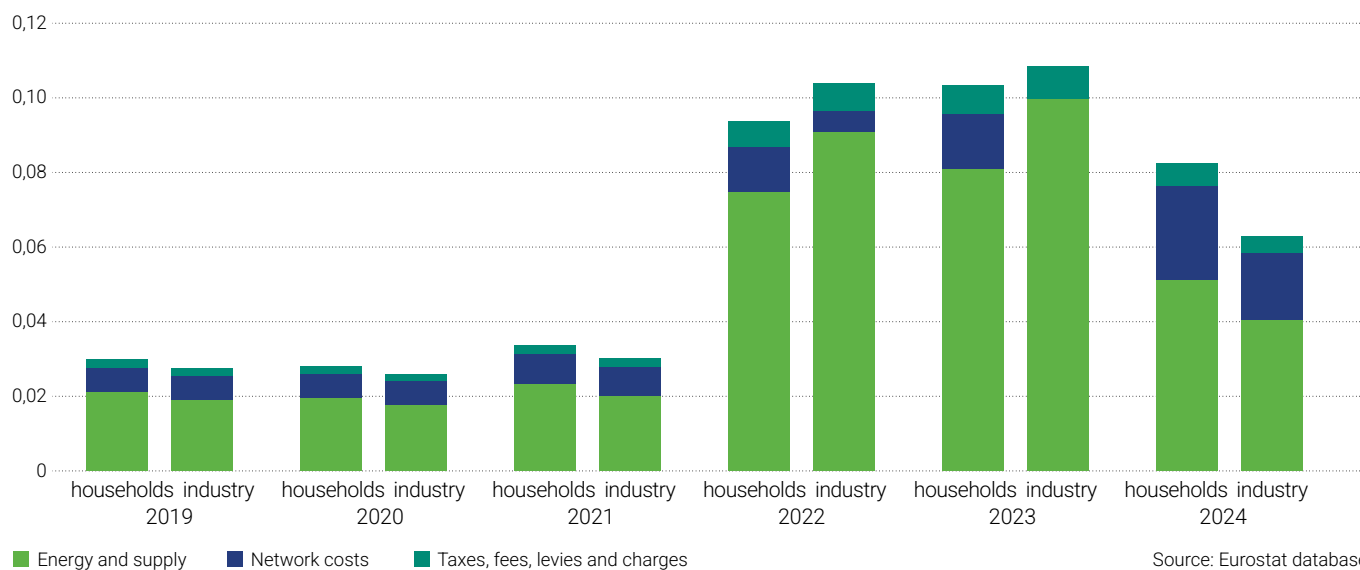
Amendments to the Law on Energy, which partially transposes the revised Regulation (EU) 2022/869, were adopted in December 2023. No further progress was observed in 2025. Moldova has increased its security of natural gas supply with the operationalisation of the Ungheni–Chisinau pipeline, commissioned in October 2021. An interconnection agreement between MTG and Ukraine’s gas TSO was concluded in line with the acquis. LLC Vestmoldtransgaz replaced MTG in the interconnection agreement on 18 September 2023, enabling backhaul on the corridor. The TSO increased firm capacity at the relevant interconnection point (IP) with Ukraine, following the Secretariat’s support to engage Moldova and Ukraine in a dialogue on promoting the regional security of gas supply. The increase in transmission capacities at the IPs between Moldova and Ukraine involved several amendments to the interconnection agreement between LLC Vestmoldtransgaz and the Ukrainian TSO.

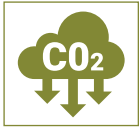
The follow-up to the 2024 Trans-Balkan Pipeline (TBP) study focused on Moldova and Ukraine, addressing key issues at their interconnection.

The Energy Community 2025 study builds on these findings by responding to stakeholder calls for a wider regional perspective—assessing barriers and opportunities along the broader TBP corridor and providing targeted support to enhance cross-border gas flows.

LLC Vestmoldtransgaz, the TSO, offers aggregated interruptible capacity with a 50% tariff reduction, as part of the Vertical Gas Corridor, for access to the Ukrainian market exclusively. This product, approved by the national regulatory authorities along the route, diverges from the capacity allocation mechanism network code and tariff network code) requirements.

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





Decarbonising the energy sector

Moldova



ENERGY AND CLIMATE GOVERNANCE

78%

National Energy and Climate Plan (NECP) and Integrated Progress Report (IPR)

89%

The Government of Moldova adopted the National Energy and Climate Plan (NECP) on 26 February 2025 and submitted the adopted plan to the Secretariat.

Within the framework of biennial integrated progress reports, the authorities of Moldova submitted information for 14 of the 17 reporting streams in 2025.

2030 Greenhouse Gas Reduction Target

80%

Moldova has not defined the 2030 climate target (9,10 MtCO₂eq) in its national legislation; however, the target is outlined in the NECP adopted in 2025. The 2030 climate target should also be reflected in all key national planning documents such as long-term strategies and Nationally Determined Contributions.



2030 GHG Target*
-68,6%

National Systems for Greenhouse Gas Emissions and Climate Reporting

82%

The legal basis for a national greenhouse gas (GHG) inventory system and a national system for policies and measures and projections is provided in the Law on Climate Action, supported by by-laws No. 1277/2018 and No. 10/2024. Climate reporting obligations have been transposed into national legislation. Moldova has shown some progress in climate reporting, as information was submitted in the form of GHG inventories and

information on adaptation actions, as required by the adapted Governance Regulation. However, the information on policies and measures (PaMs), approximate GHG inventories, the national system for PaMs, carbon pricing revenues and national emission projections still needs to be submitted via the Report-net system.

Long-term Strategy (LTS) and Climate Neutrality

63%

The legal basis for a long-term strategy has been adopted in the Law on Climate Action and by-law No. 10/2024. Moreover, the Climate Law, adopted in 2024, sets out the 2050 climate neutrality target. However, Moldova has not yet adopted a long-

term strategy with a 2050 climate neutrality objective and work on a draft is ongoing. The long-term strategy should contain the elements as laid out in the adapted Governance Regulation.

*All targets presented in this Decarbonisation chapter are aligned with the Ministerial Council Decision 2022/02/MC-EnC of the Energy Community



2030 Renewable energy targets

73%

The overall renewable energy target of 27% of 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 sectoral targets for electricity (31,2%), transport (6,9% without multipliers or 8,6% with multipliers) and heating and cooling (42,5%). In line with Article 26 of 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 up to 2 percent. The 2030 target for renewable energy in the heating and cooling sector of 42,5% is not in line with Article 23 of REDII.



2030 RES Target
27,0%

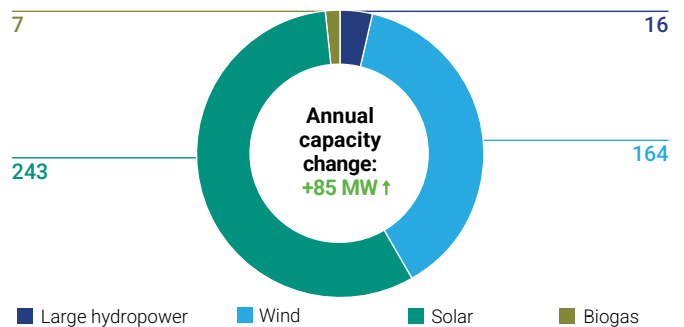


Quality of support scheme

90%

In November 2023, Moldova adopted amendments to the Renewable Energy Law, establishing the foundation for a market-based support scheme in alignment with REDII requirements. In 2025, Moldova finalised its first solar PV and wind auction and is now preparing for the second one. None of the cooperation mechanisms (statistical transfer, joint projects and joint support schemes) have been implemented.

Total Capacities of Renewable Energy 2024 (MW)



Total capacities of renewable energy (MW): 430

Source: Ministry of Energy



Self-consumption and energy communities

75%

The amendments to the Renewable Energy Law introduced a net billing scheme for self-consumption from 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 the establishment of renewable energy communities. The next step is to 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 (GOs). In September 2025, the regulator, as the designated issuing body, signed an agreement with the service provider and is expected to make

the registry operational shortly. The amendments to the Renewable Energy Law incorporated the necessary legal provisions for issuing GOs for all types of energy carriers, including renewable gas, as well as heating and cooling.



Sustainability criteria for biofuels, bioliquids and biomass fuels

45%

The Renewable Energy Law establishes the legal basis for adopting sustainability and GHG emission savings criteria for biofuels, bioliquids and biomass fuels. The law defines key terms, sets out certain obligations and outlines the general framework for verification, while requiring the Government and relevant authorities

to specify detailed criteria and verification methods through secondary legislation. Although part of the secondary legislation has already been adopted, the remaining acts have yet to be enacted. Their adoption is necessary to ensure full alignment of the legal framework with REDII and to enable implementation of the criteria.

Renewable energy in heating and cooling

63%

Moldova continues to make steady progress in advancing renewable energy in the heating and cooling sector. Third-party access for renewable and waste heat producers was ensured through amendments to the Law on Thermal Energy and Cogeneration. In July 2025, the Government launched the 2,5-year financial support scheme, providing grants covering up to 50%

of eligible costs per household. Among a broad range of eligible measures, the programme supports renewable heating solutions, including biomass boilers, heat pumps and solar thermal collectors. The adoption of additional policy measures remains crucial to ensure the average annual increase of renewable energy in heating and cooling.



ENERGY EFFICIENCY IMPLEMENTATION

90%



2030 Energy efficiency targets and policy measures

92%

Moldova continued to make substantial progress in implementing its energy efficiency commitments during the reporting period. The 2030 targets are included in the National Development Strategy and the NECP, adopted in February 2025. The NECP is aligned with the Energy Community's 2030 targets, in accordance with the Ministerial Council decision. The NECP recognises the energy efficiency first (EE1st) principle, making energy efficiency an integral part of energy security. Support for implementation of the EE1st principle under the Energy Efficiency Law is provided by the Energy Community Secretariat under the Moldova Energy Independence and Resilience (MEIR) project.

Amendments to the Energy Efficiency Law in May 2023 strengthened the legal framework for integrated planning under the NECP, and introduced updates to annual targets, energy metering, billing

and consumer access to information. In December 2024, Moldova adopted a regulation mandating energy audits for large enterprises.

Institutional capacity was enhanced through the establishment of the National Centre for Sustainable Energy (CNED), which now oversees a broader portfolio of activities, including the successful implementation of energy efficiency projects in the public and residential sectors, with targeted support for energy-poor households.



2030 EE PEC Target
3,00 Mtoe



2030 EE FEC Target
2,80 Mtoe



Energy efficiency in buildings

88%

Buildings are Moldova's largest energy-consuming sector, accounting for 53% of final energy consumption in 2023, with the residential segment alone responsible for 43%.

Moldova adopted regulations on energy performance certification of buildings and building units in September 2024, along with rules for the qualification and registration of experts responsible for certification and inspection of HVAC systems. Updated targets and a programme for renovating central-government buildings (2024–2026) were adopted in March 2024, followed by the launch of a financing programme in 2024. In 2025, new construction norms and a methodology for calculating the energy performance of buildings were approved.

In July 2025, the Government adopted the National Plan for Increasing the Number of Nearly Zero-Energy Buildings by 2030, followed by adoption of the Strategy for the Long-Term Renovation of the National Building Stock (2025–2050) in September 2025.

While the transposition of Energy Performance of Buildings Directive (EU) 2018/844 was completed in October 2023, implementation challenges remain, including operationalisation of the energy performance certification. Although the concept of a National Energy Efficiency Information System was adopted in March 2025, it is not yet operational. Its implementation is essential to enable monitoring, verification and full functionality of the energy performance certification system.



Energy efficiency scheme and financing

94%

Moldova has implemented an energy efficiency obligation scheme since 2018, in line with Article 7 of Energy Efficiency Directive (EED).

Amendments to the Energy Efficiency Law in 2023 updated the framework to reflect the revised EED. A Government programme

for implementation of the Energy Efficiency Obligation Scheme for 2024–2026 was approved in December 2023 to support the funding of energy efficiency projects in the residential sector.

The National Centre for Sustainable Energy (CNED) manages a broad range of financing instruments, including financing schemes for individual housing and multi-apartment buildings, including a voucher programme for energy-poor households. CNED manages 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.

Moldova has also launched three flagship national projects for the energy-efficient renovation of public buildings.

Support for establishing energy performance contracting and exploring a super energy service company (ESCO) model is ongoing, with assistance provided by the Secretariat under the MEIR project.

Energy efficiency products - labeling

94%

Moldova has transposed the EU Framework Labelling Regulation (EU) 2017/1369 through a law adopted in October 2023. In March 2024, updated requirements and rescaled energy labels were introduced for five product groups. To date, Moldova has successfully transposed 30 product-specific ecodesign regulations and 15 on energy labelling.

Market Surveillance Regulation (EU) 2019/1020 has also been transposed, including the responsibilities of market surveillance authorities. However, increased administrative capacity is needed to ensure full implementation of the legal framework.



Efficiency in heating and cooling

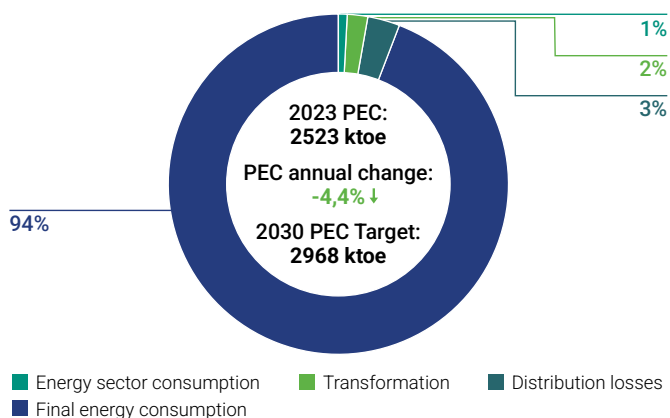
80%

Moldova's national legislation is largely aligned with the provisions of the EED regarding the heating and cooling sector, though implementation is still ongoing. In Bălți and Chișinău, district heating modernisation programmes are underway, enabling individual apartment metering and paving the way for consumption-based billing. Although these projects, scheduled for completion in 2027 and 2031, will provide essential infrastruc-

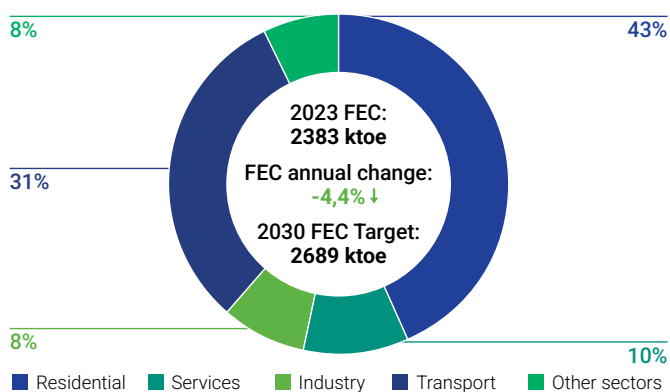
ture for large-scale metering, they will only partially cover the district heating customer base, highlighting the need to initiate additional measures. In August 2025, Moldova also presented the Roadmap for Sustainable Heating, which partially reflects the requirements of Article 14 and sets out a long-term strategic framework for the sector.

2023 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity, 2023 value and trends: 0,34 ktoe/mil EUR, - 5,6% ↓

Source: Eurostat database, NECP and 2022 Ministerial Council Decision



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

66%



Foundations, institutions, permits

77%

Moldova, through adoption of the Law on Climate Action in 2024, has transposed most crucial definitions and concepts from the EU Emissions Trading Scheme (ETS) Directive, including the obligation for stationary installations to have a dedicated GHG emissions permit, along with 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. The Environmental Agency has started to prepare internal procedures and processes for permitting, as well as expanding the human resources that will be involved in these activities.



Monitoring and reporting

73%

Moldova has transposed monitoring and reporting principles from the EU ETS Directive and introduced a general deadline for submitting applications for permit approval. General corrective actions have been introduced into national legislation to address cases where stationary installations or aircraft operators fail to

submit an annual emissions report. National legislation transposing the Monitoring and Reporting Regulation has also been adopted and the competent authority is in the process of preparing the necessary procedures to enable operators to submit applications for the approval of GHG permits and monitoring plans.



Verification and accreditation

47%

Moldova has transposed verification criteria from the EU ETS Directive and established the obligation to submit annual emission reports verified by an accredited verifier and general administrative measures in the Law on Climate Change. The National Accreditation Centre has been appointed as the national accreditation body responsible for accreditation of GHG verifiers. National legislation transposing the elements of “verification” component of the Accreditation and Verification Regu-

lation has been adopted and work to transpose the “accreditation” component is underway. Full implementation will require building up the necessary human resources at the National Accreditation Body, creating the necessary internal procedures and processes for accreditation, and developing the necessary national electronic forms, such as the annual emissions report and verification report.



Ensuring energy security Moldova



ELECTRICITY SECURITY OF SUPPLY

84%

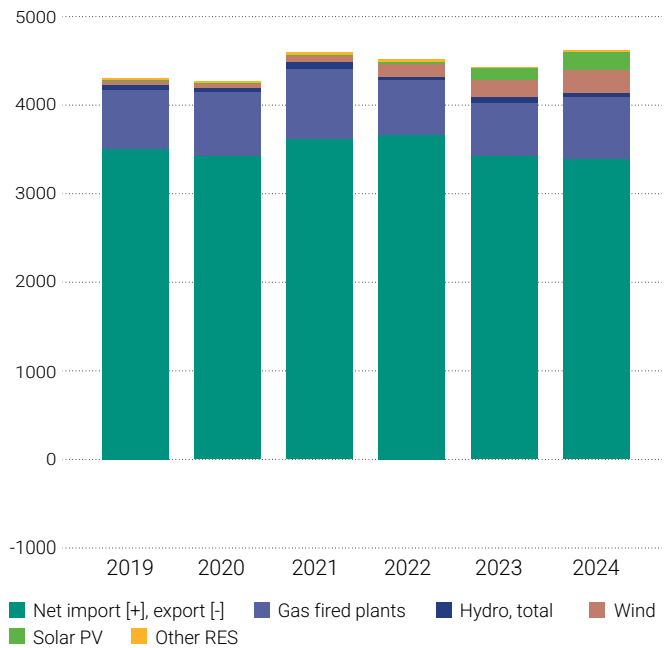
Moldova's Regulation on Emergency Situations in the Electricity Sector (GD No. 820/2024), transposing Regulation (EU) 2019/941, was adopted in December 2024, together with the Action Plan on Emergency Situations in the Electricity Sector, serving as Moldova's risk-preparedness plan.

The preparation of the network codes and guidelines, including those covering Regulation (EU) 2017/2196 on Emergency and Restoration, is in its final stage, with adoption expected by the end of November 2025.

Moldova regularly prepares Security of Supply Statements, as required under Article 29 of the Treaty. The last Security of Supply Statement was delivered to the Secretariat in early 2025.

Since 2023, Moldova has undertaken a comprehensive effort to strengthen cybersecurity in the energy sector. Key actions include the adoption of Law No. 48/2023 (partially transposing the EU NIS 2 Directive), creation of the Cybersecurity Agency (ASC) and establishment of a Coordinating Council for Cybersecurity. The Government also introduced detailed procedures for identifying essential service providers and expanded the Ministry of Energy's responsibilities to include cybersecurity. Several initiatives were launched to enhance technical capacity, including cybersecurity audits of energy companies, training programmes and international cooperation exercises. In October 2025, the Government adopted Decision No. 652/2025 on Approval of the Digital Transformation Programme for the Energy Sector for the Years 2026–2030, aimed at modernising systems, improving resilience and aligning with EU standards and policies by specifying the next steps in this area.

Fuel mix and primary supply of electricity (in GWh)



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

By Government Decision No. 119/2025, the Plan of Measures for Consolidating the Energy Independence of the Republic of Moldova, which provides for the elimination of energy resources of Russian origin, was approved.



GAS SECURITY OF SUPPLY

100%

Moldova has transposed the Security of Supply and Storage Regulation and, in line with its provisions, has implemented storage obligations to maintain a minimum of 15% of national annual demand in neighbouring countries.

Moldova has two types of natural gas storage obligations; security stocks (which can be used only in emergency situations) and commercial stocks (established in accordance with the Storage Regulation). Moldova has held natural gas security stocks since 2022, amounting to 50 mcm in 2025 (equivalent to 10 days of average daily gas consumption during the previous

winter period). In addition to these stocks, natural gas suppliers on the retail market, as mandated by the ANRE according to their market share, will store another 145 mcm. Accordingly, by 1 November 2025, Moldova will have stored a volume of about 195 mcm of natural gas stocks, or at least 20% of the average annual gas consumption of final consumers, exceeding the mandatory level required under the Storage Regulation. According to the amendments made to the Gas Law in June 2025, Moldova extended the natural gas storage obligation, established in line with the Storage Regulation provisions, for an indefinite period.

For the first time, JSC Moldovagaz, designated by ANRE as the entity responsible for supplying natural gas to the Transnistrian region for the period 1 September 2025 – 31 March 2026, will ensure the storage of 57 mcm of natural gas stocks by 1 November 2025. This stock is intended to cover at least 15% of the average annual natural gas consumption of households, as well as enterprises and institutions providing essential social services in the Transnistrian region.

By Government Decision No. 119/2025, the Plan of Measures for Consolidating the Energy Independence of the Republic of Moldova, which provides for the elimination of energy resources of Russian origin, was approved.

The Government has approved a winter plan for the 2025–2026 heating season, which aims to identify and implement preparatory measures for the heating season. While the existing natural gas transmission infrastructure allows for the transport of the natural gas needed to cover the consumption of Moldova and the supply of gas to the Right Bank of the Dniester River, the readiness of customers in the Transnistrian region to procure natural gas at market prices and under market conditions is still

uncertain. For both Moldova and Ukraine, the reverse flow of the Trans-Balkan Pipeline has increased supply security.

As of 1 January 2025, the Left Bank of the Dniester River (Transnistria region) was still dependent on Gazprom supplies, facing uncertainty after the halt of the Ukrainian transit. Moldova was the only Contracting Party to formally declare a supply crisis in recent times. Thanks to Moldova's intervention and support from the EU and the Secretariat, the risks of a humanitarian crisis in this region have been mitigated.

In 2024, Moldova transposed Regulation (EU) 2017/1938 into its national legislative framework, and adopted Action Plan for Emergencies in the Natural Gas Sector. The Risk Assessment and Emergency Plans were submitted to the Secretariat, which issued its Opinion 03/24, and the Government updated the plans accordingly. The Ministry of Energy, designated as the competent authority, prepared two reports in September and October 2025 on implementation of the preventive measures outlined in the Preventive Action Plan and Winter Plan. The Gas Security of Supply Statement was delivered to the Secretariat at the end of October 2025.



OIL SECURITY OF SUPPLY

23%

Moldova does not hold emergency oil stocks at the level mandated by the Oil Stocks Directive, and reporting remains incomplete. Tables 1 to 5 of the MOS Oil are submitted, but tables 5b and 5c, which contain data on stock levels (emergency and commercial), are not reported. The monthly COIR questionnaire, however, is submitted.

In 2024, the Ministry of Energy drafted a law on the security of supply of petroleum products based on a hybrid emergency oil stockholding model (establishing a 50:50 obligation between

the Central Stockholding Entity and importers). The draft is to be submitted for public consultation by the end of the fourth quarter of 2025.

Aside from this initiative, no further progress was made during the reporting period, leaving Moldova's legal framework non-compliant with the oil acquis. In 2024, the Secretariat issued a Reasoned Request to the Ministerial Council regarding the country's failure to transpose the Oil Stocks Directive.



Improving the environment Moldova



Environmental assessments

67%

The legal framework on Environmental Impact Assessment (EIA) in Moldova is compliant with the EIA Directive. The planned amendments to Law No. 86/2014 on Environmental Impact Assessment, scheduled for 2026, aim to further strengthen this framework by introducing procedures for notifying the Secretariat in cases where project exemptions are granted and by incorporating practical experience gained from implementation of the Directive. These amendments will ensure the full and effective implementation of Articles 2(5) and 12 of EIA Directive. In 2025, Moldova adopted the following key regulatory instruments to strengthen the EIA implementation framework: Government Decision No. 132 on the Methodology for Calculating the Cost of the Environmental Agreement and Order of the Minister of the Environment No. 53 on the Guideline for Execution of the Environmental Impact Assessment Procedure. The Guideline on the Integration of Climate Change Requirements into the EIA Procedure has been drafted and is expected to be approved by the end of 2025 through an ministry order. During the reporting period, approximately 100 EIA procedures were initiated for energy-related projects, all concerning solar and wind power installations. However, none of these projects underwent a full EIA procedure, despite several wind power projects having capacities of 50–60 MW—thresholds that typically trigger mandatory EIAs due to their significant environmental impacts. This highlights serious deficiencies in the screening process and underscores the need to strengthen implementation practices to ensure that all projects with potential significant environmental

PERMIT STATUS:



Streamlined approval
process in place

effects are appropriately assessed in line with the requirements of the EIA Directive. Moldova reported that the EIA process is coordinated with the biodiversity assessment procedure. Furthermore, no exemptions were granted under Articles 2(4) or 2(5) of EIA Directive. As no procedures for Projects of Energy Community Interest were initiated, Moldova did not engage with or submit information to the Secretariat, as required under Article 4 of Ministerial Council Decision 2016/12/MC-EnC.

Moldova's national legislation is compliant with the SEA Directive. During the reporting period, Moldova worked on updating its Guideline on the Strategic Environmental Assessment Procedure (Order No. 219/2018) to align it with the amendments to Law No. 11/2017 on Strategic Environmental Assessment. Additionally, the Guideline on the Integration of Climate Change Requirements into the SEA Procedure was drafted and is planned for adoption by the end of 2025. Moldova reported that its approved National Energy and Climate Plan (NECP) was accompanied by an SEA report designed to ensure that environmental considerations are fully integrated into development and implementation of the plan.

Large combustion plants

55%

Moldova submitted the emissions data of its large combustion plants for the 2024 reporting year. The use of liquid fuel in the CET-1 plant decreased significantly in the last reporting year, resulting in a notable reduction in emissions of sulphur dioxide and dust. The CET-2 plant, which operates solely on gaseous fuel, remained compliant in 2024. The Law on Industrial Emis-

sions entered into force in October 2024; however, development of the secondary legal framework required for its implementation is still underway. Moldova's Regulation on the Incineration and Co-Incineration of Waste also entered into force during the reporting period.

Installations under the Large Combustion Plants Directive



2
of plants falling
under the LCPD



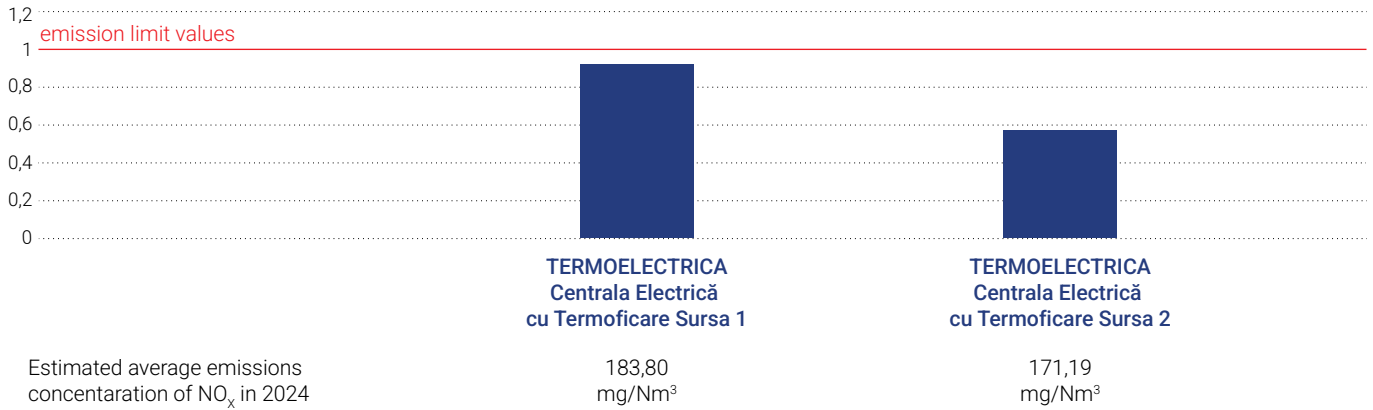
0
of which opted
out plants



0
of which plants falling
under the NERP

Source: compiled by the Energy Community Secretariat

2024 emissions of NO_x versus applicable emission limit values (ELV)*



*Note: SO₂ and dust emissions N/A

Source: compiled by the Energy Community Secretariat

Sulphur in fuels

75%

Amendments to the current legal framework are planned for 2026. The existing Government Decision on the Reduction of the Sulphur Content of Certain Liquid Fuels limits the sulphur content of heavy fuel oil and gas oil, in line with the thresholds under the Sulphur in Fuels Directive. Several competent authorities (the Environmental Protection Inspectorate, the State Inspectorate for the Supervision of Non-Food Products and Consumer Protection; the Ministry of Infrastructure and Regional

Development and its subordinate authorities responsible for transportation and road infrastructure, the Ministry of Energy and the Customs Service) are involved in verifying compliance of the fuels covered by the Directive. The National Agency for Energy Regulation maintains a database of cases of non-compliance identified during petroleum product inspections. The provisions on marine fuels are not applicable in Moldova.

Nature protection

73%

Moldova continued to strengthen its nature protection framework through the adoption of new legislation and regulatory acts aligned with the Habitats Directive and Wild Birds Directive, with its new Law on Nature Protection laying the foundation for improved biodiversity conservation and more effective management of protected areas. In parallel, several implementing regulations were adopted to support the sustainable management of wildlife and hunting resources within state-protected natural areas. These include the Regulation on the Management of Herds of Animals of Hunting Interest in State-Protected Natural Areas and the Regulation on the Organisation and Practice of Hunting, both adopted under Government Decision

No. 793/2024. In addition, the Methodology for Evaluating Populations and Calculating Harvest Quotas and the Standard Model of the Hunting Licence were approved. The planned 2025 update of Moldova's Red Book, which lists nationally protected bird species, has been delayed, and no new protected areas were designated during the reporting period. Moldova has confirmed its targets to expand the protected area network, including under the Emerald Network, with a 2030 roadmap aiming to cover around 10% of the national territory. However, no new management plans have been adopted, leaving implementation and operational management as key challenges.

Environmental liability

40%

Moldova's new Law on Environmental Liability was adopted in May 2025, representing an important step in addressing the corresponding decision of the Ministerial Council. Currently, the Ministry of Environment is developing the secondary regulatory

framework for implementation of the law, including methodologies for calculating environmental damage, financial guarantees and adjustment of the national regulatory framework.



Performance of authorities

Moldova



REGULATORY AUTHORITY

84%

Legal setup and independence

The National Agency for Energy Regulation of the Republic of Moldova (ANRE), established by Government decision in 1997, functions under the Energy Law, adopted in 2017 and last updated in 2024. Furthermore, ANRE's tasks are stipulated in the relevant sectoral laws, including the Law on Natural Gas and the Law on Electricity. The new Law on Electricity, adopted in June 2025, introduced a number of new regulatory tasks aiming at aligning the duties and obligations of the regulator with the Electricity Integration Package (EIP). The amendments to the Law on Natural Gas, which entered into force in July 2025, introduced the obligation for ANRE to gradually reduce and then cease implementation of the end-user price regulation and to introduce harmonised distribution tariffs.

ANRE has the status of a legal entity, independent from other authorities and public bodies, as well as from any other public or private entity. The regulator is accountable to Parliament, to which it submits annual reports for information purposes. The legal framework governing ANRE's independence is in line with the Energy Community law. Members of the ANRE board are appointed by Parliament for a period of six years. If needed, mandates of different length may be introduced to ensure rotation. During the reporting period, Parliament appointed one new director. The regulator's functioning is financed from regulatory fees, calculated as a percentage of the revenues of regulated companies. ANRE informs Parliament of the adopted budget for the following year, but parliamentary approval is not required. ANRE also has the autonomy to allocate its budget to best fulfil its tasks. During the reporting period, no issues were observed with respect to financing.

ANRE regulates activities in the following sectors: electricity, natural gas, district heating, water supply and sewerage systems, and petroleum products. In the electricity sector, ANRE's activities include tasks related to the support schemes for renewable energy and guarantees of origin. ANRE also imposes public service obligations (PSOs) on suppliers of last resort and supply at regulated prices for certain categories of customers. Duties and obligations of the regulator are aligned with the requirements of the Electricity and Gas Directives.

The regulator has full autonomy in staff recruitment. However, ANRE has not increased the number of staff over the previous years. Given the substantial expansion of its competences in 2025, the regulator is expected to strengthen its human

resources through adequate new recruitments and capacity-building initiatives.

Activities in the reporting period

In the electricity sector, ANRE adopted fixed tariffs for electricity produced from renewable sources by eligible producers. A new methodology for calculation, approval and application of electricity distribution tariffs was also adopted. In April 2025, ANRE approved the general qualification procedure for providing ancillary services. The tariffs for auxiliary services provided by S.A. "North Electric Distribution Networks" have also been approved. In May, ANRE approved Decision on Launch of the Balancing Capacity and Balancing Energy Markets.

In June 2025, ANRE adopted a decision, designating LLC OPEM as NEMO for a period of 4 years. In the same month, a decision on approving the regulation on guarantees of origin was adopted. Following adoption of the new Law on Electricity in August 2025, ANRE started preparing the required secondary legislation. In September 2025, the regulator adopted a decision, introducing amendments to the wholesale electricity market rules to align them with the previously adopted decision on launch of the balancing capacity and balancing energy markets. In September 2025, ANRE approved a decision, imposing a temporary PSO on electricity TSO SE Moldelectrica to purchase balancing capacities through mechanisms other than the market mechanism.

ANRE still regulates end-user electricity prices for all consumer categories. In January 2025, ANRE introduced regulated prices with time differentiation for consumers with smart meters. Subsequently, in July, ANRE approved the corresponding time intervals and tariff coefficients through a decision, facilitating the pilot project on smart metering. In October 2025, decisions on the regulated prices for the universal service supplier and supplier of last resort were adopted. The Law on Electricity obliges ANRE to adopt, by 1 January 2026, a calendar on the phase-out of regulated prices for categories of final consumers other than households and microenterprises.

In the gas sector, ANRE approved the investment plans of the TSO and distribution system operators (DSOs), distribution tariffs for twelve system operators and regulated prices for the supply of natural gas under the PSO for three companies. Following developments in the gas wholesale market and the complete cessation of Russian gas imports, ANRE issued several trading licences.

The consultation process for the gas transmission tariffs, in line with Regulation (EC) 2017/460, was launched in March 2025. The ECRB provided its analysis in June 2025,⁹ recommending a number of improvements to enhance the cost-reflectivity and transparency of the transmission tariffs. ANRE approved the natural gas transmission tariffs for Vestmoldtransgaz for the gas year 2025–2026. To enable a conditional capacity product on certain IPs with the Ukrainian transmission system, ANRE amended the transmission tariff methodology and calculated discounted tariffs to incentivise use of the Trans-Balkan Pipeline.

In May 2025, ANRE approved the joint route bundled capacity product of Bulgartransgaz, DESFA, TRANSGAZ, VestMoldTransgaz and the gas TSO of Ukraine for natural gas transmission from Greece to Ukraine. This product, offering a 25% tariff discount, was temporary (from June to October 2025) and diverged from the requirements Regulations (EC) 2017/459 and 2017/460.

Following adoption of the amendments to the Natural Gas Law in June 2025, ANRE adopted a decision approving gas storage

obligations for the winter season 2025–2026. Given that the law provided for introduction of harmonised distribution tariffs, ANRE approved a decision on designation of the reconciliation entity responsible for making and receiving equalisation payments from the DSOs.

In August 2025, ANRE withdrew the supply licence and PSOs of JSC Moldovagaz. In September, its decision designating state-owned company SA Energocom as PSO supplier for a period of three years entered into force. The entity responsible for supplying natural gas to the Transnistrian region was also assigned.

In September 2025, ANRE adopted a calendar for gas retail market opening, establishing timelines for large consumers (annual consumption exceeding 100.000 m³/year) and medium-sized consumers (annual consumption between 10.000 and 100.000 m³/year), who will be obliged to purchase gas exclusively from the free market from April 2026 and April 2027, respectively. Regarding REMIT, secondary legislation is in place, but no cases were initiated during the reporting period.

COMPETITION AUTHORITY

84%

Legislative framework

Moldova's Law on Competition contains a prohibition of anti-competitive agreements and concerted practices, as well as a prohibition of abuse of dominance, largely in line with the Energy Community acquis. A range of secondary legislation and guidelines exists, such as a vertical block exemption regulation, horizontal block exemption regulation, technology transfer block exemption and leniency policy, as well as rules on dominant position and assessment of abuse of dominant position. Amendments to the law are being prepared to further align the provisions with EU rules.

Institutional framework

The Law on Competition establishes the Competition Council (CC) as an independent authority responsible for the protection of competition. The CC consists of five commissioners, supported by 57 staff members, with further recruitment efforts being undertaken. The CC has the investigative powers to conduct unannounced inspections at companies and private premises, as well as to issue requests for information and conduct interviews to gather evidence. In addition, a leniency programme to report illegal behaviour is in place. It also has the power to order cessation of illegal practices and impose remedies (including interim measures and commitments) and fines.

Implementation

During the reporting period, the CC expanded its enforcement activities significantly, including in the energy sector:

Activity in the reporting period	In the energy sector
On-site inspections (at companies or private premises)	1
Requests for information	5
Leniency applications	1
Opening of investigation	1
Decisions on anti-competitive agreements and concerted practices	0
Decisions on abuse of dominance	0
Sector inquiries and market studies	0

Recently, the CC initiated an investigation concerning a possible refusal to supply sealing/unsealing services for natural gas metering equipment owned by non-household consumers connected to the gas distribution network of the largest distributor in Chişinău, with the purpose of restricting effective competition on the markets for the dismantling/installation, metrological verification and repair of natural gas metering equipment.

While the CC is very actively engaged in enforcement activities and has achieved significant progress, further strengthening of its resources and capacities will ensure effective implementation of the competition acquis in line with its obligations under the Treaty.

⁹ Aura Sabadus, [Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Moldova](#), published on 2 September 2025.



Legislative framework

Moldova's system for State aid control is governed by the Law on State Aid, which contains a general prohibition of State aid and grounds for State aid compatibility, largely in line with the Energy Community acquis. However, the compatibility grounds are not fully aligned with the relevant provision in Annex III of the Treaty. Consequently, the Competition Council is currently working on a new draft law to ensure alignment with the Energy Community acquis. Additionally, an extensive list of secondary acts is in place, providing guidance on specific processes and types of aid.

Institutional framework

The Competition Council (CC) is the national authority responsible for the enforcement of the State aid prohibition. Currently ten employees of the CC are working on State aid matters with further recruitment efforts being undertaken to fill vacant positions. The CC urgently requires further resources to discharge its functions and strengthen its capacity.

Implementation

The CC holds the power to investigate (including requesting information) and assess potential State aid measures and to au-

thorise aid or order recovery of unlawful aid. The CC undertook the following enforcement activities during the reporting period:

Activity in the reporting period	In the energy sector
Requests for information	0
Opening of investigation	2
Decisions on the authorisation of State aid	1
Decisions on illegal and incompatible aid	0
Decisions on ordering aid recovery	0

During the reporting period, the CC launched two investigations: one regarding the free transfer and use of public land for a photovoltaic plant in Criuleni district, and one regarding financial support to JSC Energoatom and JSC Termoelectrica by the Public Property Agency. Furthermore, the CC authorised a State aid scheme consisting of fixed prices and premiums for renewables.



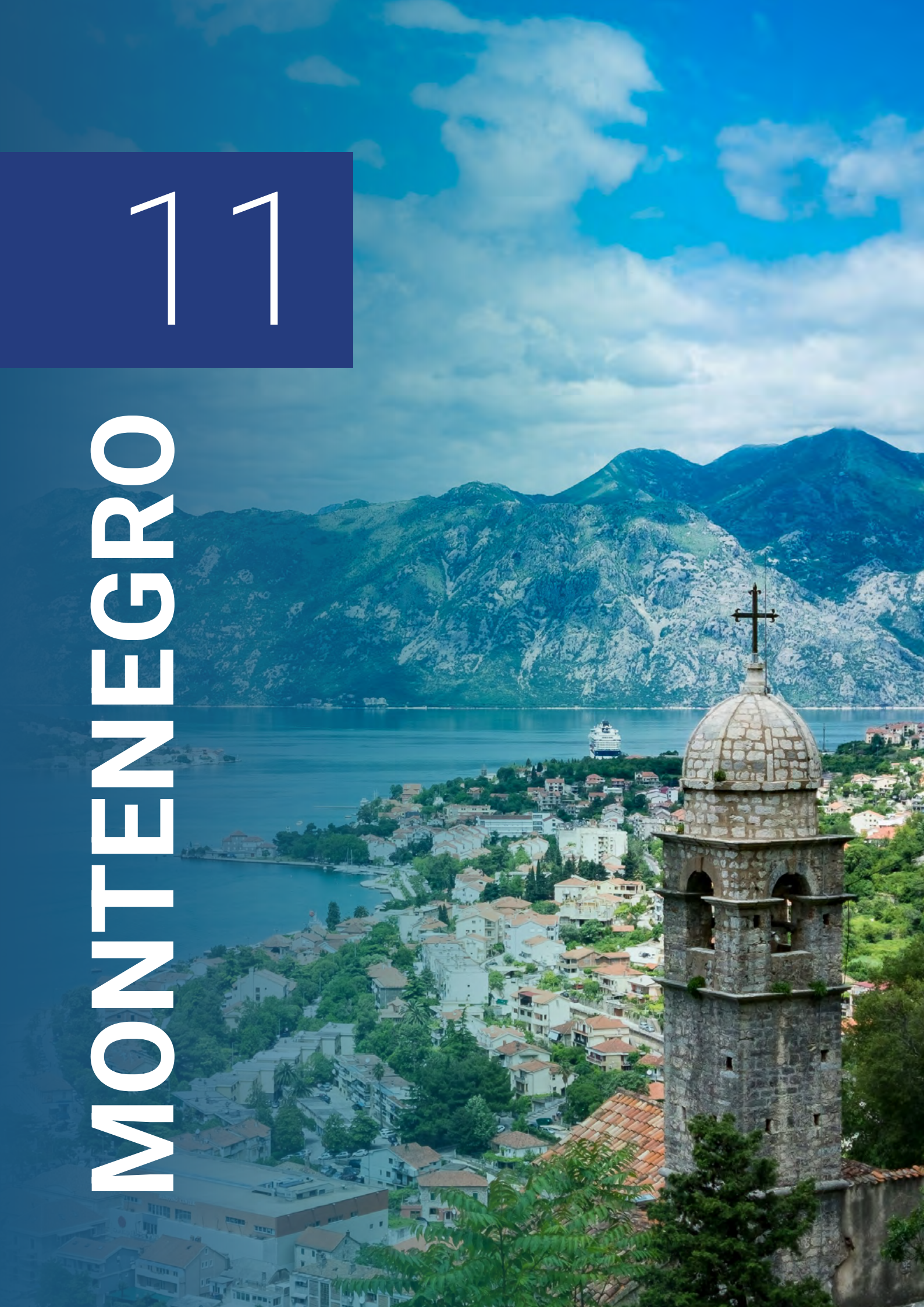
The National Bureau of Statistics (NBS) of the Republic of Moldova continues to report energy statistics to Eurostat regularly. Annual questionnaires, including SHARES, biomass and disaggregated household, industry and services consumption data, were submitted on time. Disaggregated transport data were also provided, albeit with some gaps. Preliminary 2024 data were transmitted on time through the mini questionnaires.

Monthly reporting remains consistent, with NBS submitting data on coal, oil and petroleum products, oil stocks, natural gas and electricity in line with acquis requirements. The COIR questionnaire on crude oil imports and production has been reported since 2022. Price statistics are fully covered. NBS collects and






reports electricity and natural gas prices, disaggregated by consumption band, taxation level and price components, with data and quality reports submitted on time.

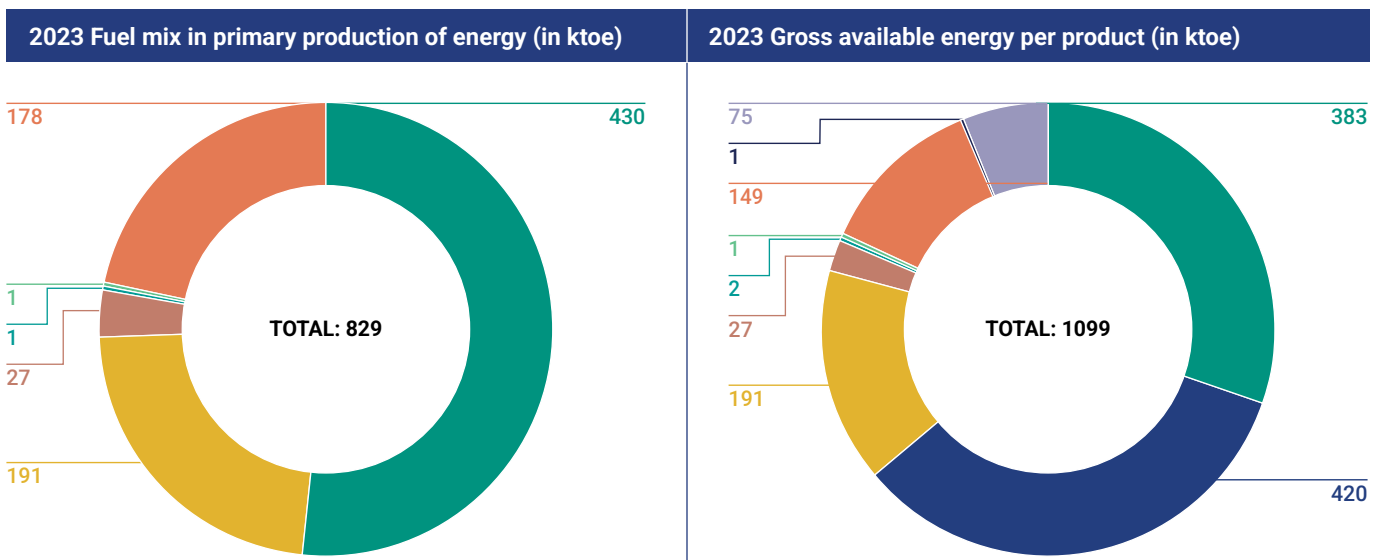
Overall, Moldova demonstrates a high level of compliance with energy statistics acquis obligations. The main challenges are disaggregated transport data, which are reported with some gaps and exclusion of the territory on the Left Bank of the Dniester River and the municipality of Bender (Transnistria) from official coverage. Addressing these gaps and ensuring timely submissions would further strengthen the completeness and reliability of reporting.

MONTENEGRO



Implementation overview

CLUSTER	IMPLEMENTATION STATUS	RECOMMENDATIONS
 Markets and integration	58%	To advance integration into day-ahead and intraday market coupling and European balancing platforms, Montenegro should promptly complete the remaining EIP transposition, followed by adoption of the by-laws necessary for implementation.
 Decarbonising the energy sector	52%	Montenegro should urgently finalise its NECP and notify the Secretariat, adopt a long-term strategy with a 2050 climate-neutrality objective, adopt secondary legislation to fully transpose REDII sustainability and GHG criteria for biofuels, bioliquids and biomass fuels, adopt 2030 energy efficiency targets and policy measures and finalise the quality control mechanism for issued energy certificates. It should complete revision of national MRVA regulations to ensure full compliance with Energy Community legislation, ensure adequate staffing in implementing institutions, and establish processes and tools for GHG monitoring and reporting.
 Ensuring energy security	30%	Montenegro should complete the transposition of Regulation (EU) 2019/941, initiate preparation of a risk-preparedness plan and transpose Commission Regulation (EU) 2017/2196. It should regularly submit Security of Supply Statements to the Secretariat.
 Improving the environment	60%	Montenegro should establish a clear EIA registry, improve access to environmental information and streamline other assessments with EIA. TPP Pljevlja should comply with the emission limit values of the IED for new plants. On-the-spot sampling and analysis of marine fuels at ports should be ensured.
 Performance of authorities	78%	Montenegro should strengthen REGAGEN's financial independence, especially in staff remuneration. APC should be empowered to enforce competition and State aid rules. MONSTAT should continue enhancing efficiency through digitalisation and training.



Source: Eurostat database

- Solid fossil fuels
- Natural gas
- Oil and petroleum products
- Hydro
- Solar thermal
- Solar photovoltaic
- Primary solid biofuels
- Charcoal
- Wind
- Pure biodiesels
- Electricity
- Biogases
- Geothermal
- Industrial waste
- Non-renewable waste
- Renewable municipal waste
- Non-renew. mun. waste

OVERALL NUMBER OF CASES 2

Procedures under Article 91 EnCT



ECS-15/21
environment



ECS-10/24
electricity



Markets and integration

Montenegro



ELECTRICITY

58%



Wholesale market

48%

While Montenegro has not yet fully transposed the Electricity Integration Package (EIP), significant progress has been made. In March 2025, Parliament adopted the new Energy Law with the aim of transposing Directive (EU) 2019/944. The remaining legislative acts of the EIP are to be incorporated into the Montenegrin legal system through the Law on Cross-Border Exchanges in Electricity and Natural Gas and two governmental decrees. The draft is in the final stage of preparation, following the Secretariat's review, and is expected to be adopted by Parliament soon, followed by the adoption of the relevant governmental decrees.

Electricity is traded either bilaterally or on the organised market operated by the Montenegrin Power Exchange Ltd. (MEPX), which manages the long-term and day-ahead markets, while the launch of the intraday market is still pending. Since the go-live of the day-ahead market, the number of market participants has steadily increased, reaching 29 in 2025. In 2024, electricity traded on the day-ahead market accounted for approximately 12% of Montenegro's total electricity consumption, while the hourly price ranged from 0,00 to 950,40 EUR/MWh. The minimum and maximum price limits are set at 0,00 and 2.000 EUR/MWh, respectively; the minimum price limit has therefore been reached several times in 2024. In order to ensure that these limits do not impose barriers on free price formation, they are to be aligned with harmonised maximum and minimum clearing prices established by ACER. The minimum bid size on the day-ahead market is 100 kW, which is compliant with Regulation (EU) 2019/943. Trading on the day-ahead market can commence 45 days prior to the delivery day, with the gate closure time set at 10:15 market time day-ahead.

The long-term market operated by MEPX allows for electricity trades to be conducted for a period of at least seven days. The transmission system operator (TSO) and the distribution system

operator (DSO) use this market to procure electricity for covering losses in accordance with transparent, non-discriminatory and market-based procedures, aligned with the requirements of Directive (EU) 2019/944.

In line with the applicable legal framework, balancing services in Montenegro are to be procured through an open and transparent public call, based on regulated balancing capacity prices and capped balancing energy prices. The annual balancing capacity price for 2025 is set by the regulatory authority's decision, while the caps for balancing energy refer to HUPX day-ahead prices rather than being fixed. No prequalification process is in place for balancing service providers—only a former vertically integrated company is currently providing balancing services. The calculation of the imbalance settlement price is not fully consistent with the principles established by the ACER Decision on the Imbalance Settlement Harmonisation Methodology. Accordingly, certain aspects related to balancing market and imbalance settlement are not compliant with Regulation (EU) 2019/943 and Commission Regulation (EU) 2017/2195. Following adoption of the draft Law on Cross-Border Exchanges in Electricity and Natural Gas, the TSO and/or the delegated operator will be required to submit national terms and conditions or methodologies aligned with the provisions of these two regulations to the regulatory authority, the Energy and Water Regulatory Agency of Montenegro (REGAGEN), for approval.

Regulation (EU) 1227/2011, as adapted and adopted by the Ministerial Council of the Energy Community, was transposed into the Law on the Surveillance of the Wholesale Electricity and Gas Market in 2022 and has been implemented since then. Market participants in Montenegro are required to register in the central register operated by REGAGEN and report on their transactions monthly. To date, 84 market participants have registered. No investigation cases have been initiated by REGAGEN to date.



Retail market

78%

The retail market in Montenegro is fully liberalised and electricity prices are set freely by suppliers, in compliance with Directive (EU) 2019/944. Although there are seven licensed suppliers, EPCG, the former vertically integrated company, continues to supply the entire retail market. For several years, retail prices set by EPCG have remained unchanged for distribution system

users. Despite a deregulated retail market, prices are currently not at a level that fosters competition. Despite a deregulated retail market, prices are currently not at a level that fosters competition. EPCG has also been appointed as the supplier of last resort and for vulnerable consumers until the end of 2025 by the Government, following the tendering process.

Aimed at alignment with Directive (EU) 2019/944, the new Energy Law sets out legal grounds to enable consumer empowerment and strengthen customer protection. Several new concepts were introduced to allow for active participation of customers in electricity markets, including active consumers, aggregation and citizen energy communities. Alongside that, the new Energy Law focuses on enhancing the transparency and comprehensiveness of information related to electricity supply, such as enabling households and microenterprises to easily compare offers from different suppliers and facilitating customer participation in demand response. However, adoption of the respective secondary legislation is necessary to enable the full implementation of these concepts and requirements.



ENERGY POVERTY

For the first time, the Energy Law defines energy poverty with a set of criteria for identifying energy-poor households. To implement this, the Government adopted a

decree on detailed criteria for defining the status of energy-poor households, as well as the Decree on Electricity Supply for Vulnerable Customers in June 2025. A definition of vulnerable consumers also exists. However, there is no national target for reducing energy poverty.

Montenegro provides an electricity bill subsidy for vulnerable customers, including those who are socially vulnerable or have certain health problems, to help reduce their energy expenses. Vulnerable customers receive a 50% discount on their electricity bills, for 600 kWh of monthly consumption. Such households are also protected from electricity disconnection, especially during the winter period.

According to 2022 Eurostat data, 30,3% of the population had arrears on utility bills, 13,9% were unable to keep their homes adequately warm and 20,3% were at risk of poverty. Data from 2020 further show that 22,4% of the population lived in dwellings with leaks, damp or rot.

Unbundling

90%

CGES, the Montenegrin TSO, was certified under the ownership unbundling by the regulatory authority back in 2017. CGES is a member of the European Network of Transmission System Operators for Electricity. Although the Commission Regulation (EU) 2017/1485 has not yet been transposed in Montenegro, CGES, as a signatory to the Synchronous Area Framework Agreement for the Regional Group Continental Europe, already implements certain aspects of this regulation. CGES cooperates with the TSOs of Serbia and North Macedonia within the SMM load-frequency control block. The latest approved Ten-Year Network Development Plan (TYNDP) for the period 2023–2032 has been

published on CGES's website, while its update for the period 2026–2032 is currently under review by the regulatory authority.

The DSO, CEDIS, has been unbundled from the vertically integrated company in terms of its legal form, organisation and decision-making. The compliance officer was appointed in 2024, and the compliance report for 2024 was published on CEDIS's website. The latest TYNDP, covering the years 2023–2032, was approved by the regulatory authority in 2022 and subsequently published. Currently, the updated TYNDP for the period 2026–2032 is under review by REGAGEN.

Access to the system

79%

Montenegro has ensured non-discriminatory and transparent third-party access to the transmission and distribution systems based on published tariffs, as required by Directive (EU) 2019/944. REGAGEN determines the network tariffs based on its tariff methodologies. The currently applicable transmission and distribution tariffs, set in 2022 and 2023, respectively, are adjusted in line with REGAGEN's decision of 2024. However, under the new Energy Law, REGAGEN will need to adopt new tariff methodologies to take new system users into account (such as energy storage and active consumers).

Three connection network codes were transposed into the Montenegrin legal system in 2019 by governmental decrees. However, their full implementation is pending.

Regulation (EU) 543/2015 is transposed by the Law on Cross-Border Exchanges in Electricity and Natural Gas and the Ministry's rulebook. The regulation is largely implemented; but the transparency and publication of balancing data should be improved.

Further integration into the single European market is contingent upon full transposition of the EIP. The adoption of the new Law on Cross-Border Exchanges in Electricity and Natural Gas is expected to facilitate further progress towards market integration. For now, the new requirements introduced by Regulation (EU) 2019/943—primarily the minimum 70% target and its monitoring—have still not been implemented.

Commission Regulation (EU) 2016/1719 has not yet been transposed in Montenegro, but some of its provisions have already been implemented. Forward capacity allocation is carried out explicitly through yearly and monthly auctions. SEE CAO performs cross-zonal capacity allocation on all borders except for the border with Serbia, based on Harmonised Allocation Rules, along with the specific annex. For the border with Serbia, yearly and monthly auctions are conducted by the Serbian TSO based on the common rules. CGES, together with the respective TSOs, intends to start using the Joint Allocation Office (JAO) services for cross-zonal capacity allocation on the borders with Italy and Serbia.

For the time being, day-ahead and intraday cross-zonal capacity is also allocated explicitly. Similar to forward capacity allocation, CGES uses SEE CAO's services for day-ahead capacity allocation on all borders, except for the border with Serbia, for which CGES conducts day-ahead auctions. Intraday capacity allocation is performed on all borders except the border with Italy, based on the first-come-first-served principle.

Although Montenegro has previously transposed certain parts of Commission Regulation (EU) 2015/1222, a solid legal basis for market integration will be established only after adoption of the Law on Cross-Border Exchanges in Electricity and Natural Gas. However, tangible progress has been made in terms of establishing regional cooperation. Activities within the Italy-Montenegro Capacity Calculation Region (ITME CCR) gained momentum, with the draft Common Capacity Calculation Methodology publicly consulted in June 2025 and expected to be finalised soon. Additionally, other TCMs for ITME CCR are being prepared. Recently, the draft Methodology for Coordinated Redispatching and Countertrading was sent informally to regulatory authorities for review. On the other hand, no progress was made regarding the operationalisation of the

Shadow South-East Europe CCR. The proposal for the reconfiguration of this region has been submitted to ACER for approval as part of the All TSOs' proposal for the amendment of the CCR determination. The configuration of ITME CCR remained unchanged in the proposal.

MEPX was designated as a nominated electricity market operator (NEMO) by the Government in May 2024; however, its designation is yet to be confirmed after the transposition of the EIP and the verification of its compliance. The national legal monopoly model applies in Montenegro, as reported to the Secretariat in June 2023. CGES and MEPX have recently signed the third amendment to the Italian Borders Working Table (IBWT) operational agreement, thereby becoming project parties in the IBWT.

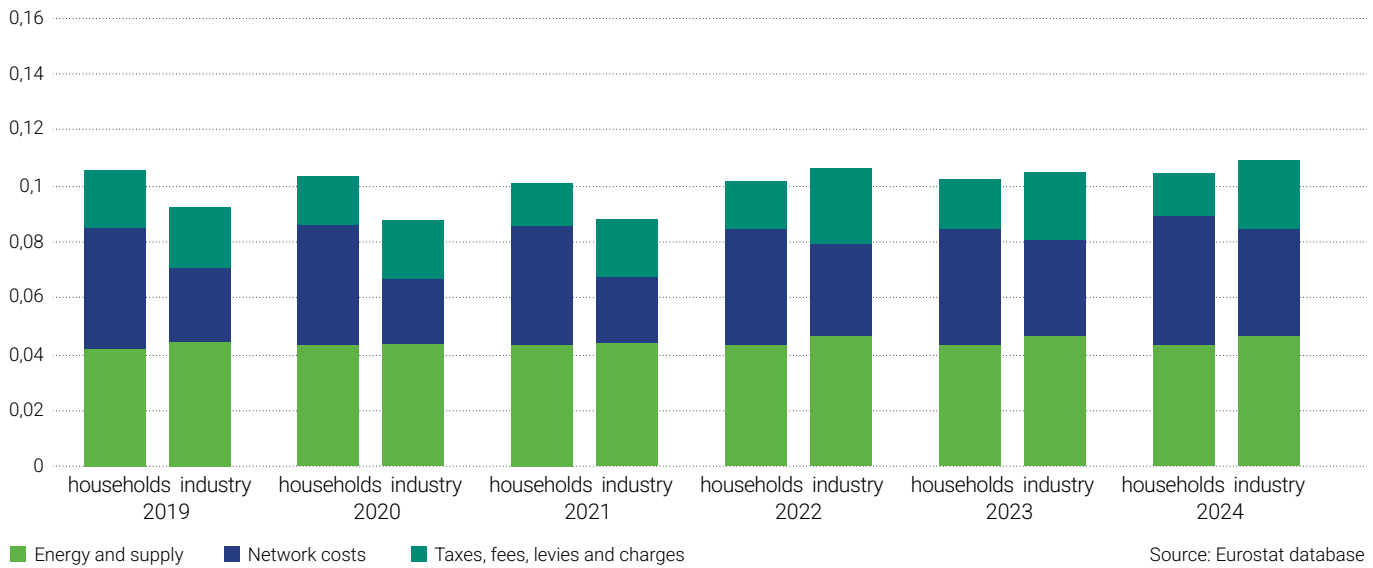
The transposition of Commission Regulation (EU) 2017/2195, which will establish a legal basis for joining the European balancing platforms, is still pending. CGES performs the imbalance settlement process with the Serbian TSO and exchanges balancing energy with neighbouring TSOs.

Montenegro is currently preparing the Law on Cross-Border Energy Infrastructure Projects to incorporate Regulation (EU) 2022/896 into the national legal framework. However, the deadline set by Ministerial Council Decision 2023/02/MC-EnC was not met. During the 2024 PECE selection process, two projects proposed by CGES were included in the final list adopted by the Ministerial Council in December 2024:

- 1) Increasing the capacity of the existing 220 kV interconnection between Bosnia and Herzegovina and Montenegro, 220 kV OHL Trebinje–Perucica and
- 2) Trans-Balkan Electricity Corridor: Double OHL 400 kV Bajina Basta (RS)–Visegrad (BA)/Pljevlja (ME) (BA and ME sections).

Preparation for both projects is underway, with support from the EBRD and the WBIF. The construction of the Trans-Balkan Electricity Corridor section from Čevo to Pljevlja is expected to be completed by the end of this year.

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



GAS

n.a.

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-existent 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. Montenegro Bonus has been designated by the Govern-

ment as a future transmission system operator, with no steps taken in this regard for some years.

Access to the system

n.a.

No gas network exists in Montenegro. The Energy Law and the draft Law on Cross Border Exchange of Electricity and Natural Gas transpose the relevant articles to ensure third-party access,

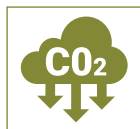
but transposition of the network codes is pending. The adopted tariff methodology for the transmission system is not compliant with the network code on tariffs.

Regional integration

n.a.

Montenegro has not transposed the old Regulation (EU) 347/2013. The revised Regulation (EU) 2022/869 is intended to

be transposed through the Law on Cross-Border Energy Infrastructure Projects, which is currently under preparation.



Decarbonising the energy sector

Montenegro



ENERGY AND CLIMATE GOVERNANCE

24%

National Energy and Climate Plan (NECP) and Integrated Progress Report (IPR)

15%

Montenegro failed to adopt and notify the Secretariat of its National Energy and Climate Plan (NECP), representing a breach of its obligation under Article 3 of Energy Community Governance Regulation.

Within the framework of biennial integrated progress reports, the authorities of Montenegro did not submit information for any of the 17 reporting streams in 2025.

2030 Greenhouse Gas Reduction Target

0%

Montenegro has not defined the 2030 climate target (2,42 MtCO₂eq) in its national legislation and its NECP remains to be finalised. The binding 2030 climate target should also be reflected in all key national planning documents such as long-term strategies and Nationally Determined Contributions.



2030 GHG Target*
-55,0%

National Systems for Greenhouse Gas Emissions and Climate Reporting

55%

The legal basis for a national greenhouse gas (GHG) inventory system, along with a partial legal basis for a national system for policies and measures and projections, is provided in the Climate Law adopted in 2019, which is currently being updated.

Climate reporting obligations have only partially been transposed into legislation and the ongoing update of the Climate Law provides a good opportunity to address transposition gaps.

Montenegro has shown some progress in climate reporting, as the GHG inventory was submitted—albeit after the deadline—in line with the adapted Governance Regulation. However, information on policies and measures (PaMs), approximate GHG inventories, carbon pricing revenues, the national system for PaMs and national emission projections still need to be submitted via the Reportnet system.



Long-term Strategy (LTS) and Climate Neutrality

25%

The legal basis for a long-term strategy has been partially established through the Climate Law of 2019, and the ongoing update of the Climate Law provides an opportunity to address transposition gaps, including the 2050 climate neutrality objective. In addition, Montenegro is currently working on a draft

long-term strategy, providing another opportunity to incorporate the 2050 climate neutrality target, in line with the Energy Community 2050 climate neutrality objective. The long-term strategy should also contain the elements as laid out in the adapted Governance Regulation.

*All targets presented in this Decarbonisation chapter are aligned with the Ministerial Council Decision 2022/02/MC-EnC of the Energy Community



RENEWABLE ENERGY IMPLEMENTATION

55%



2030 Renewable energy targets

0%

The overall target has not been established in the relevant laws and the final NECP has not been notified. The draft NECP sets a 2030 renewable energy target of 53% of gross final consumption, in line with the 2030 target set by the Energy Community. The sectoral targets are 79,4% for electricity, 24,4% for transport and 48,8% for heating and cooling. The target of a 1,3 percentage-point annual increase in the share of renewa-

ble energy in heating and cooling, as defined in the Renewable Energy Law is aligned with Article 23 of Renewable Energy Directive (REDII).



2030 RES Target
50,0%

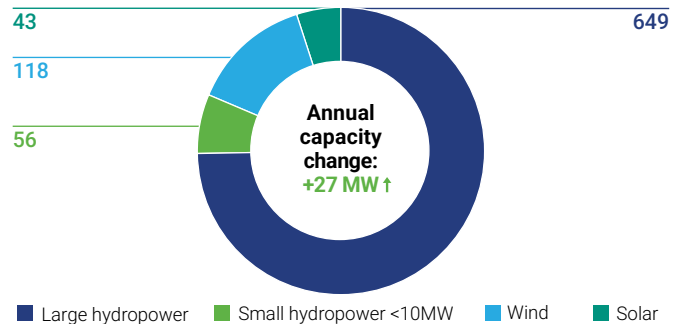


Quality of support scheme

70%

In August 2024, Montenegro adopted its first standalone Renewable Energy Law, establishing the foundation for a market-based support scheme in alignment with REDII requirements. Montenegro has adopted auction rules, and launched the first renewable energy auction for 250 MW of solar capacity in July 2025. None of the cooperation mechanisms (statistical transfer, joint projects, and joint rules and schemes) have been implemented.

Total Capacities of Renewable Energy 2024 (MW)



Total capacities of renewable energy (MW): **866**

Source: Ministry of Energy and Mining



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 with an installed capacity of up to 50 kW, and a commercial scheme for consumers with capacities exceeding 50 kW. The

adoption of the 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

80%

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 and became operational under the market operator in July

2024. The Renewable Energy Law incorporated the necessary legal provisions for issuing GOs for all types of energy carriers, including renewable gas, as well as for heating and cooling.

Sustainability criteria for biofuels, bioliquids and biomass fuels

49%

The Renewable Energy Law establishes the legal basis for obliging fuel suppliers to place renewable energy fuels on the domestic market and to comply with sustainability and GHG

emission savings criteria for biofuels, bioliquids and biomass fuels. It defines key terms and requires that the relevant ministries and the Government specify detailed criteria and veri-

fication procedures through secondary legislation. Once the remaining secondary legislation has been adopted and imple-

mented, the national framework will be fully aligned with REDII requirements.



Renewable energy in heating and cooling

70%

Montenegro has established a solid legal framework for promoting renewable energy in the heating and cooling sector through adoption of the Renewable Energy Law, which fully transposed Articles 23 and 24 of REDII. The draft NECP indicates that sectoral policies and measures mainly aim to reduce overall heat de-

mand, in turn lowering the use of biomass. While this supports sustainability objectives, it also leads to a declining share of renewables in the sector. The adoption of additional supply-side measures remains crucial to offset the reduction in biomass and ensure the necessary growth in renewable heat generation.



ENERGY EFFICIENCY IMPLEMENTATION

78%



2030 Energy efficiency targets and policy measures

47%

The targets have not been established in the relevant laws and the final NECP has not yet been notified. The 2022 amendments to the Law on Efficient Use of Energy transposed the provisions of the 2018 Energy Efficiency Directive (EED) and established an important legal basis for setting 2030 energy efficiency targets and for integrated planning. During the reporting period, Montenegro made good progress in implementing sectoral energy efficiency policies and measures, particularly in the buildings sector.



2030 EE PEC Target
0,92 Mtoe



2030 EE FEC Target
0,73 Mtoe



Energy efficiency in buildings

98%

Buildings are the largest energy-consuming sector in Montenegro, accounting for 48% of final energy use in 2023, with residential buildings contributing 33%.

Following the adoption of a new regulation and the launch of a functional Energy Performance Certification system in 2024—also marking Montenegro's first achievement in the "Energy and Green Transition" policy area under the Reform and Growth Facility for the Western Balkans—the focus shifted to implementation in 2025. By December 2024, the Ministry of Energy had established a national registry of issued energy certificates and

reinforced capacities through completed training programmes. A new training call was opened in January 2025. Montenegro is currently developing an independent quality control system for Energy Performance Certificates, supported by the Regional Energy Efficiency Programme.

Another key achievement was the finalisation of the Long-term Building Renovation Strategy, prepared as a technical study in line with the Law on Efficient Use of Energy and published by the Government in June 2025. The strategy is expected to be integrated into the forthcoming NECP.



Energy efficiency scheme and financing

69%

In the previous period, Montenegro opted for alternative measures to achieve the energy saving target under Article 7 of 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 appropriate policy measures should be defined as part of the NECP.

In 2025, Montenegro advanced its energy efficiency financing through targeted programmes and public calls coordinated by

the Environmental Protection Fund (Eko-fond). In February 2025, EUR 2,5 million in subsidies was awarded to 15 hotels under the national programme for energy efficiency in the tourism sector. In May, households were invited to apply for grants supporting thermal insulation, efficient heating systems and renewable energy installations; and in October, retail companies were engaged to support appliance replacement schemes, offering subsidies to citizens exchanging old household appliances for high-efficiency models.

Implementation of the Government’s 2024–2026 plan for renovating central-government buildings continued, supported by funding from KfW, EU/Regional Energy Efficiency Programme (REEP) grants, the World Bank and the national budget.

Energy service company (ESCO) contracts remain established in the legal framework, and in June 2025, a new decree was adopted defining criteria for identification of energy-poor households—laying the groundwork for targeted energy efficiency support programmes.

Energy efficiency products - labeling

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 Decision.

books for air-conditioners (February), smartphones and slate tablets (April) and household tumble dryers (June).

In 2025, further alignment with new EU regulations continued through the adoption of rescaled energy labels and new rule-

To ensure full implementation and enforcement, sustained engagement from market surveillance authorities remains essential—particularly in applying the newly adopted labelling rules.



Efficiency in heating and cooling

80%

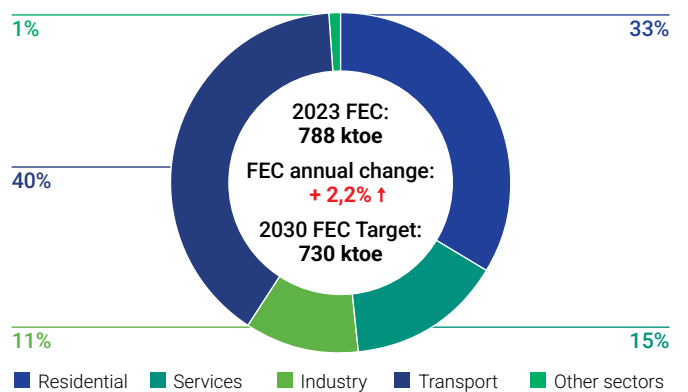
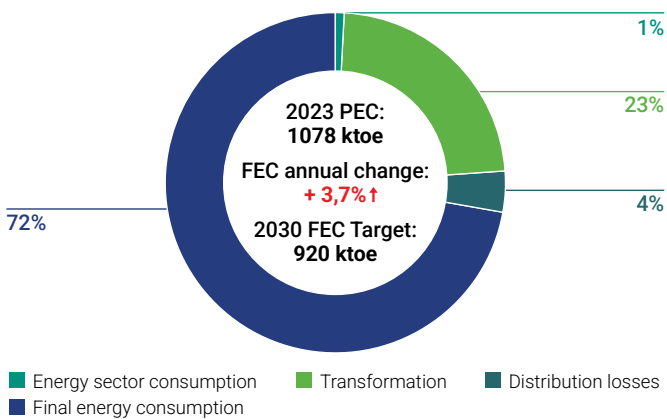
Montenegro has marked a significant milestone by finalising its comprehensive assessment of the potential for efficient heating and cooling and notifying the Secretariat. The legislative framework for heat metering and consumption-based billing has been transposed and is in place. Measures for improving heating systems, alongside other interventions, were

introduced under the large-scale public buildings renovation programme and are planned for implementation in the coming years. With the comprehensive assessment in place, the focus now shifts to implementation and mobilising investment to realise the identified opportunities.

2023 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)

Final Energy Consumption (FEC)



Energy intensity, 2023 value and trends: 0,25 ktoe/mil EUR, -2,7% ↓

Source: Eurostat database, draft NECP and 2022 Ministerial Council Decision



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

49%



Foundations, institutions, permits

53%

Montenegro started implementing a national emissions trading scheme based on the EU ETS Directive in 2019. Some of the required definitions and the obligation to obtain a permit with a monitoring plan have been introduced into the national legal system. In addition, 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 covers CO₂ emissions. A draft update to climate legislation has been prepared and is being processed to align the national system with the requirements of the Energy Community acquis, but this has not yet been completed.



Monitoring and reporting

66%

Montenegro has transposed a large part of the Monitoring and Reporting Regulation for the purpose of operating 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 for biomass, transfer of CO₂ and N₂O, and monitoring methodologies for the aviation sector were omitted. Others elements were simplified,

such as calculation of unreasonable costs, data management and control activities by operators, and determination of emissions by competent authorities. Deadlines for submitting permit applications have been set out in the legislation and corrective actions for not submitting the annual emissions report have been implemented. An update to national monitoring and reporting regulations is planned following completion of the work on updating the general climate legislation.



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 principles, along with steps and processes associated with the verification of GHG 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. Full implementation will require building up the necessary human resources at the National Accreditation Body, creating the necessary internal procedures and processes for accreditation.



Ensuring energy security Montenegro



ELECTRICITY SECURITY OF SUPPLY

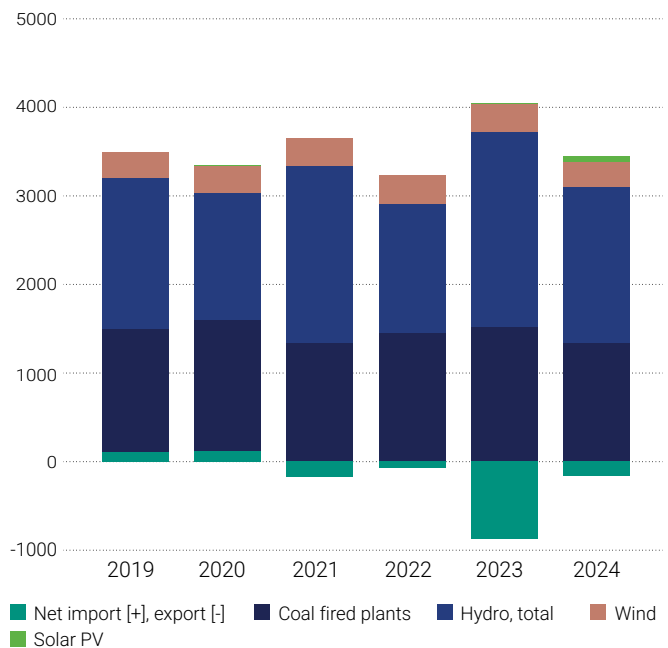
33%

Montenegro aims to transpose Regulation (EU) 2019/941 through its Law on Cross-Border Exchanges in Electricity and Natural Gas, according to the draft reviewed by the Secretariat in August 2025. The draft designates the Ministry of Energy and Mining as the competent authority for risk preparedness. The same draft law also transposes certain articles of Regulation (EU) 2017/2196, while full transposition is to be completed through a secondary act.

Montenegro does not provide the Security of Electricity Supply Statements to the Secretariat, and is therefore not in compliance with Article 29 of the Treaty.

A new Law on Information Security, transposing the NIS2 Directive (EU) 2022/2555, was adopted in November 2024. This law prescribes information security measures to ensure the highest level of security of the network and information systems, including cybersecurity, designation of key and important entities, cybersecurity management and other issues of importance for information security. The law envisages the establishment of a cybersecurity agency, which—together with CIRT—will be the leading organisation for safeguarding cyberspace in Montenegro. 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 transposition of the Security of Gas Supply and Storage Regulations.



OIL SECURITY OF SUPPLY

23%

The Government of Montenegro approved the draft Law on Supply of Petroleum Products in June 2024, which was adopted by Parliament in December of that year. To fully implement the Directive, two by-laws were adopted in 2025: the Rulebook on the Method of Calculation and Payment of the Fee for Emergency Stocks of Petroleum Products and the Rulebook on the Form and Methodology for Calculating Emergency Stocks of Petroleum Products, including an amendment to the regulation on how to determine maximum petroleum product prices.

In December 2024, the Government adopted the Action Plan for Establishing Emergency Oil Stocks in Montenegro, fully aligned

with the law. It is intended to serve as the baseline for establishing emergency stocks within the proposed deadlines (2029: base case; 2027: alternative case). According to the 2025 plan adopted in July, the first quantities of reserves are expected by the fourth quarter. Montenegro also intends to implement its crisis plan this year to address potential disruptions in the supply of oil derivatives. By 2029, the country aims to build up 112.340 tonnes of mandatory oil reserves, half of which will be managed by the Hydrocarbons Administration, with the remainder held by major importers. The process is expected to begin in late 2025, once storage facilities in Bar and other locations have been upgraded, although delays are possible. In the mean-

time, reserves will be leased abroad and, if planned purchases go ahead, Montenegro could meet two-thirds of its obligations by the end of the year.

In February 2025, the Government introduced a fuel charge of 0,03 EUR/litre to fund the reserves. This fee will remain in place until 2029, after which it is expected to be reduced to 0,02 EUR/litre to cover maintenance costs.

Reporting of MOS Oil data remains only partially complete, although the monthly Crude Oil Import and Supply (COIR) questionnaire continues to be submitted.



Improving the environment Montenegro



Environmental assessments

67%

Montenegro's national legal framework is aligned with the Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) Directives. However, Montenegro has repeatedly failed to provide information on energy projects that were screened and subsequently underwent an EIA. This persistent gap suggests the absence of a registry or other practical mechanisms for transparent reporting and tracking of EIA procedures. Montenegro reported that the EIA is embedded across sectoral legislation, including the Law on Nature Protection (covering appropriate assessment, EIA and SEA), the Law on Water (SEA) and the Law on Construction of Structures (building permits and EIA). The EIA process is integrated within an institutional one-stop shop framework for development consent, under which obtaining an EIA approval (consent) is a mandatory precondition for the issue of a building permit. No updates were provided regarding the EIA for the Komarnica HPP project, located within a candidate Emerald Site, and the Dragišnica and Komarnica Nature Park. The EIA process remains incomplete and has effectively stalled. As a result of the cross-border dialogue between Montenegro and Bosnia and Herzegovina, facilitated by the Secretariat, a new transboundary EIA procedure was initiated for the Buk Bijela HPP project, in accordance with the agreed roadmap.

PERMIT STATUS:



Streamlined assessments initiated

Montenegro has been informed of the process through its designated transboundary focal points. During the reporting period, concerns were raised regarding the adoption of Montenegro's National Spatial Plan without an accompanying SEA report. The plan designates specific areas for renewable energy development without establishing adequate measures to mitigate potential environmental impacts. Furthermore, the plan underwent substantial revisions following the SEA consultation process, requiring corresponding updates and improvements to the SEA documentation that were not carried out. The drafting of Montenegro's NECP continues to face delays, with slow progress on the SEA process. The NECP is planned to be adopted by the end of 2025. This lack of coordination undermines the credibility, transparency and overall quality of the plan's development.

Large combustion plants

33%

Montenegro complied with its reporting obligations for the 2024 reporting year. The reconstruction of TPP Pljevlja was still not completed in the 2024 reporting year, and the plant remained in operation despite the expiry of the opt-out period and the clear breach of the Large Combustions Plants Directive. The Secretariat referred the issue to the Ministerial Council in July 2023; however, the opinion of the Advisory Committee was not deliv-

ered until November 2024, hindering the adoption of a Ministerial Council Decision at its 2024 meeting. The reconstruction is expected to bring the plant into compliance with the emission limit values for new plants under the Industrial Emissions Directive. Despite a reduction of all pollutant emissions in the 2024 reporting year, compliance is still not within reach.

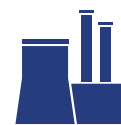
Installations under the Large Combustion Plants Directive



1 of plants falling under the LCPD



1 of which opted out plants



0 of which plants falling under the NERP

Source: compiled by the Energy Community Secretariat

Total emissions from Large Combustion Plants in 2024*



Total SO₂ emissions
from LCPs in 2024

39.140

-11,1% ↓



Total NO_x emissions
from LCPs in 2024

3.682

-7,5% ↓



Dust

Total dust emissions
from LCPs in 2024

793

-29,8% ↓

* expressed in tonnes

Source: compiled by the Energy Community Secretariat

Sulphur in fuels

93%

Montenegro transposed the provisions of the Sulphur in Fuels Directive, including those on marine fuels, into national law. The annual fuel quality monitoring programme regulates sampling and analysis of the fuels concerned and is implemented according to the frequencies set out in the programme, adopted

in June 2025. Regarding sampling for marine fuels, controls are carried out at the suppliers of these fuels. Therefore, on-the-spot analysis for seagoing ships is still not foreseen and the burden of implementation remains with the competent authorities for this category of fuel users.

Nature protection

53%

During the reporting period, Montenegro adopted a regulation on the list of habitat types, priority habitat types and lists of plant and animal species, including bird species and species for which protected areas are designated, in line with the Law on Nature Protection. This represents an important step towards strengthening the country's biodiversity protection framework and ensuring alignment with the Wild Birds Directive and the Habitats Directive. The Government's work programme also foresees the adoption of a national action plan to combat the illegal killing, taking and trade of migratory birds, expected by the end of the third quarter of 2025. Montenegro has continued to update its red lists of nationally protected species. The Red List of Birds was adopted in January 2022, followed by the Red

List of Butterflies in July 2023 and the Red List of Amphibians and Reptiles in August 2023. These lists provide key data for assessing species' conservation status and guiding national biodiversity protection measures.

No progress was reported on the draft revision studies for 20 protected areas and for the Durmitor, Skadar Lake and Lovćen national parks. While local initiatives to protect areas such as the Đalovića Gorge and the Ćehotina River have been launched, effective management and protection measures for other ecologically valuable sites, including the Cijevna and Zeta Rivers, remain absent.

Environmental liability

80%

The Environmental Liability Directive has been transposed into national law, and mandatory insurance is required for the activities listed in the Law on Environmental Liability. Operators of activities covered by the law must have financial security—such as

insurance or another appropriate financial instrument—to cover liability for environmental damage and the imminent threat of such damage.



Performance of authorities Montenegro



REGULATORY AUTHORITY

80%

Legal set-up and independence

The designation and independence of the Energy and Water Regulatory Agency of Montenegro (REGAGEN) are governed by the new Energy Law, effective from 27 March 2025. The law is aimed at transposition of the Directive (EU) 2019/944 and introduced a number of new regulatory tasks for the purpose of aligning the duties and obligations of the regulator with the Electricity Integration Package (EIP).

REGAGEN operates as a standalone, non-profit organisation, legally and functionally independent of state authorities and energy entities. The REGAGEN board consists of a president and two members, appointed by the Parliament of Montenegro for a five-year mandate, with a maximum of two terms allowed. The selection process is carried out through a public competition and must include the conditions and criteria for candidate selection. However, the Secretariat questioned the criteria under which Parliament conducted the selection process of new board members in 2025. Dismissal of board members before expiration of their mandate is permissible only in limited cases specified by the Energy Law. The new president and board members of REGAGEN were appointed by the Parliament in 2025.

REGAGEN is empowered to make autonomous decisions, which are subject to administrative dispute in a form of judicial review. Any dissatisfied party has the right to appeal to the Administrative Court within 20 days, as prescribed by the Law on Administrative Procedure. REGAGEN regulates electricity, natural gas, oil and derivatives. REGAGEN also regulates public water supply and municipal wastewater management services, including approving prices and licences.

REGAGEN is financed through fees from regulated companies. Although the agency manages its funds independently once approved, the overall framework for spending, including planned personnel costs, is subject to parliamentary approval. The agency's financial plan must be approved by the Parliament. No delays were experienced in adoption of the 2025 Financial Plan. For 2026, REGAGEN board adopted the financial plan together with the work plan on 26 September 2025.

REGAGEN supervises energy entities for licence compliance, issuing warnings, orders and penalties. Key actions include issuing penalties for non-compliance, adjustments to regulatory allowed revenues and prices based on compliance reviews and revoking licenses temporarily or permanently for non-compliance.

REGAGEN has significant control over defining its internal structure in its statute, which is adopted by the REGAGEN board. However, REGAGEN and other regulators have been included in the Public Sector Salaries Law since 2016, which requires that the salaries of REGAGEN employees and members of the board be in line with the general salary rules applicable to public service in Montenegro. This has led to a significant reduction in employee salaries, below those in the energy industry, and has limited REGAGEN's ability to attract and retain qualified regulatory staff.

REMIT secondary legislation is in place. However, no investigations, decisions or sanctions related to REMIT breaches were initiated during the reporting period.

Activities in the reporting period

In the electricity sector, between February and July 2025, REGAGEN adopted rules for transmission and distribution investment plans, amended the tariff methodology for TSO, DSO and CO-TEE fees, reviewed utility price proposals, and approved a management improvement plan focusing on strategic development and data protection.

The new Energy Law and Law on the Use of Renewable Energy initiated comprehensive rulemaking, aimed at modernising Montenegro's energy market and aligning it with EU directives. REGAGEN adopted the rules on guarantees of origin and the direct line charges, both on 8 July 2025.

REGAGEN also cooperated intensively with Italian regulator (ARERA), Terna and CGES on setting up the regulatory framework for the ITME CCR. In the gas sector, REGAGEN issued 18 licences for natural gas and oil derivatives and adopted direct line rules in July and the Regulatory Chart of Accounts in September 2025.



Legislative framework

Montenegro's Law on Protection of Competition contains a prohibition of anti-competitive agreements and concerted practices as well as a prohibition of abuse of dominance, largely in line with the Energy Community acquis. A number of pieces of secondary legislation and guidelines exist, such as on vertical block exemption and horizontal block exemption (and category-specific exemptions). Amendments to the law are under preparation to strengthen the authority's enforcement powers and independence. The adoption of these amendments should be a priority for the upcoming period.

Institutional framework

The Law on Protection of Competition establishes the Agency for Protection of Competition (APC) as the authority responsible for the protection of competition. The APC consists of three commissioners, supported by 25 staff members.

The APC has very limited powers (to be rectified by the proposed amendments): it lacks investigative powers to conduct unannounced inspections at companies and private premises

and to conduct interviews, and it does not have the power to impose fines. However, it can order cessation of illegal practices and impose remedies.

Implementation

Due to the limited powers of the APC, its activities in the energy sector in the reporting period were limited:

Activity in the reporting period	In the energy sector
On-site inspections (at companies or private premises)	0
Requests for information	0
Leniency applications	0
Opening of investigation	0
Decisions on anti-competitive agreements and concerted practices	1
Decisions on abuse of dominance	0
Sector inquiries and market studies	0

The APC's single decision in the reporting period was related to concerted pricing behaviour of two oil companies for LPG fuel.



Legislative framework

Montenegro's system for State aid control is governed by the Law on State Aid Control, which was adopted in July 2025. The law contains a general prohibition of State aid and establishes grounds for compatibility, largely in line with the Energy Community acquis. Additionally, secondary acts are in place, providing guidance on specific processes and types of aid.

Institutional framework

The Agency for Protection of Competition (APC) is the national authority responsible for enforcement of the State aid prohibition. Currently four experts are working on State aid matters. The APC has the power to investigate (including requesting information) and assess potential State aid measures and to authorise aid or order recovery of unlawful aid.

Implementation

Despite these powers, the APC's activities in the energy sector during the reporting period were limited to the authorisation of

one State aid measure. The APC's decision concerned support for solar power plants in the form of a market premium, which was not considered to constitute State aid due to the competitive procedure used to select the beneficiaries.

Activity in the reporting period	In the energy sector
Requests for information	0
Opening of investigation	0
Decisions on the authorisation of State aid	1
Decisions on illegal and incompatible aid	0
Decisions on ordering aid recovery	0

The APC's single decision in the reporting period was related to concerted pricing behaviour of two oil companies for LPG fuel.



The Statistical Office of Montenegro (MONSTAT) is responsible for compiling, processing and reporting national energy statistics. Annual questionnaires—including SHARES, biomass and disaggregated data on energy consumption in households, industry, transport and services—are submitted to Eurostat on time and without significant issues. Eurostat has not raised any major queries, confirming the overall reliability and completeness of the reported data. Preliminary 2024 data were also transmitted on schedule through mini questionnaires, maintaining the continuity of reporting.

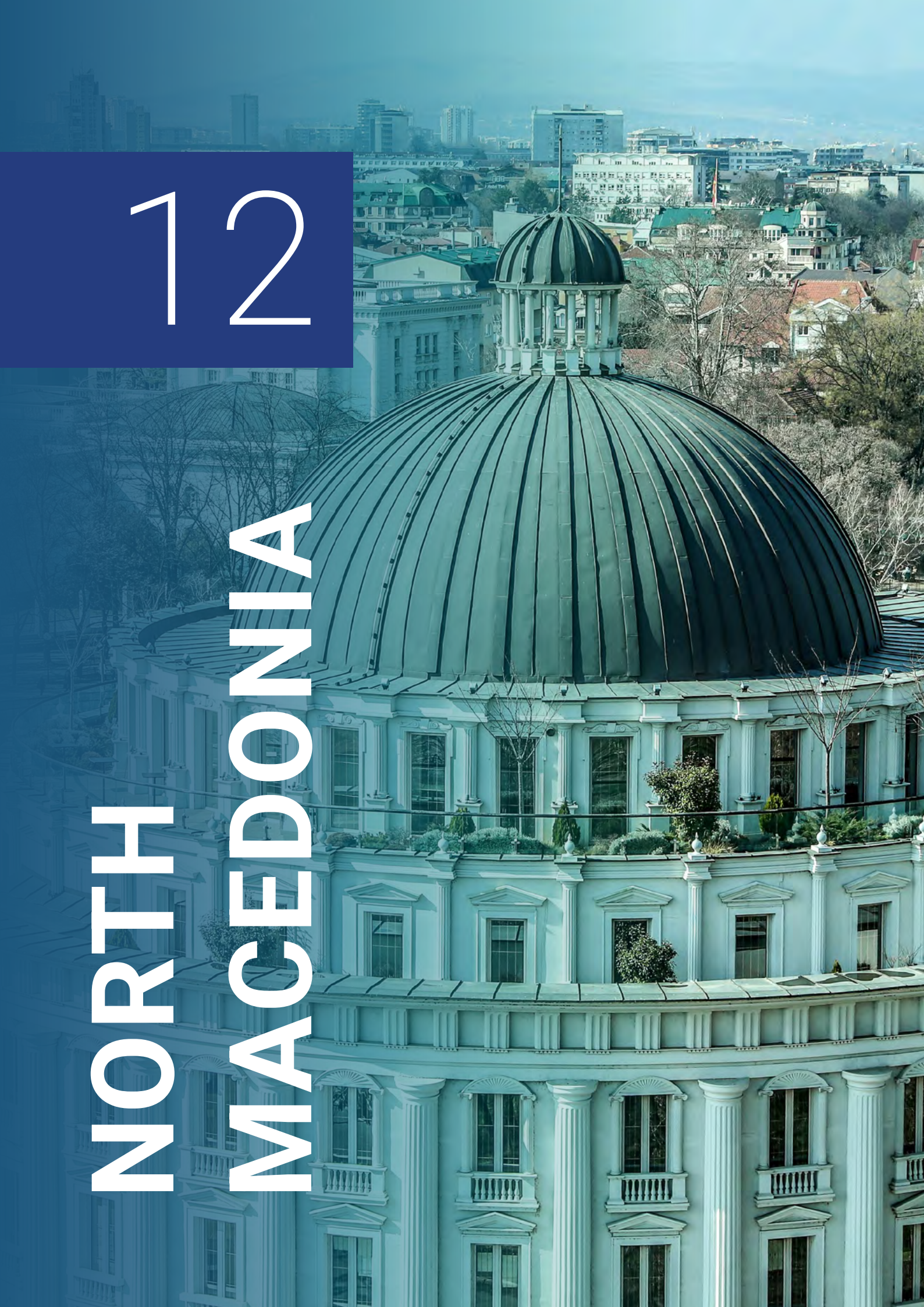
Monthly reporting remains consistent and in line with Eurostat requirements. Data on oil, coal and electricity are regularly transmitted, while gas-related questionnaires are not applicable, as Montenegro does not have an operational gas market.

Electricity price statistics for both households and industry, disaggregated by consumption band and taxation level, are reported regularly and accompanied by the required quality reports, ensuring full methodological alignment with the energy statistics acquis.






Overall, MONSTAT demonstrates a high level of compliance with the Energy Community energy statistics acquis. Reporting is timely, comprehensive and of consistently high quality. Looking ahead, further progress could be achieved through greater digitalisation and automation of data collection and validation processes, along with regular staff training to sustain data quality, improve efficiency and ensure continuous alignment with evolving Eurostat standards and methodologies.

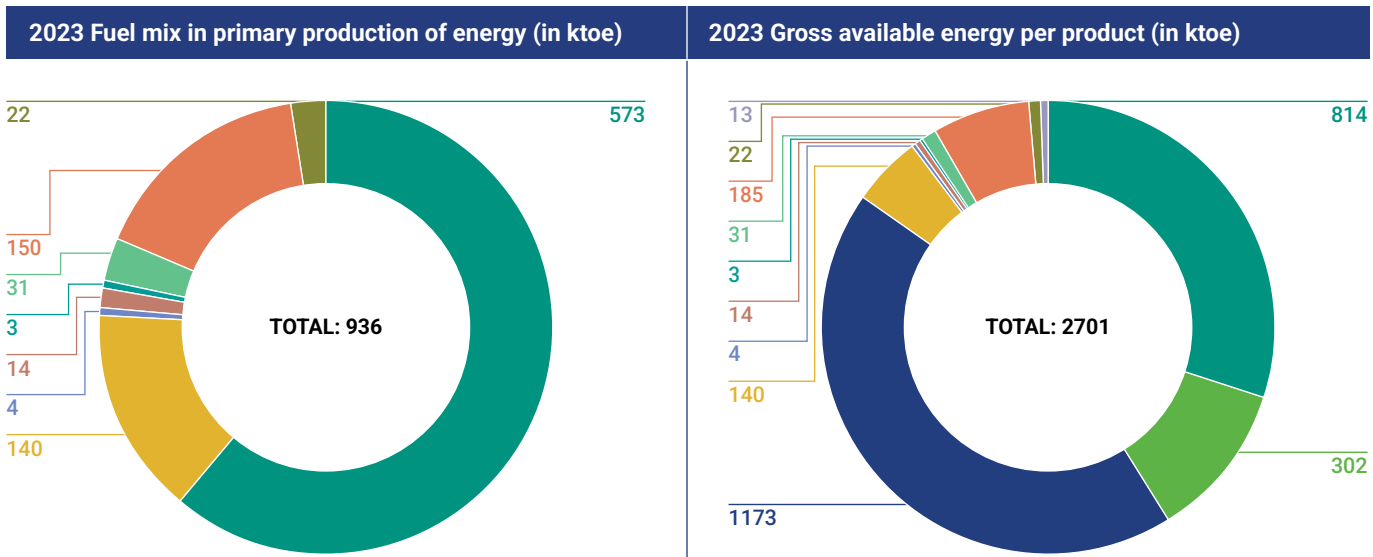
NORTH MACEDONIA

12



Implementation overview

CLUSTER		IMPLEMENTATION STATUS	RECOMMENDATIONS
	Markets and integration	61%	North Macedonia should accelerate transposition of the remaining network codes and guidelines through secondary legislation, and initiate their effective implementation to advance adherence to market coupling and European balancing platforms. North Macedonia should apply all relevant gas network codes and address its gas market illiquidity.
	Decarbonising the energy sector	50%	North Macedonia should finalise climate legislation transposing the adapted Governance Regulation, adopt a REDII-aligned renewable energy law, fully implement the new Energy Efficiency Law, including the adoption of key by-laws, finalisation of the long-term building renovation strategy, updating of energy performance and labelling regulations, and operationalisation of the Energy Efficiency Fund. Further, it should urgently accelerate MRVA transposition, with the appropriate institutional framework, staffing and processes for issuing and approving GHG permits and monitoring plans.
	Ensuring energy security	41%	North Macedonia should advance preparation of its risk-preparedness plan, promptly transpose and implement Commission Regulation (EU) 2017/2196 and regularly submit Security of Supply Statements to the Secretariat. Actions under the gas security legal framework—risk assessment, preventive action and emergency plans—should be fully developed and aligned with Regulation (EU) 2017/1938.
	Improving the environment	44%	North Macedonia should complete incorporation of the EIA Directive into national legislation and integrate SEA environmental considerations into its revised NECP. Prompt compliance with the NERP ceilings must be ensured.
	Performance of authorities	76%	ERC should continue executing its mandate under the new Energy Law. CPC should reinforce competition enforcement and align the State aid framework with the Energy Community acquis. SSO should improve data completeness, timeliness and staff capacity.



Source: Eurostat database

-  Solid fossil fuels
-  Natural gas
-  Oil and petroleum products
-  Hydro
-  Solar thermal
-  Solar photovoltaic
-  Primary solid biofuels
-  Charcoal
-  Wind
-  Pure bioesels
-  Electricity
-  Biogases
-  Geothermal
-  Industrial waste
- Non-renewable waste
- Renewable municipal waste
- Non-renew. mun. waste

OVERALL NUMBER OF CASES 4

Procedures under Article 91 EnCT

 ECS-7/21
environment

 ECS-22/21
environment

 ECS-11/24
electricity

 ECS-29/24
renewable energy



Markets and integration

North Macedonia



ELECTRICITY

62%



Wholesale market

64%

In May 2025, North Macedonia adopted a new Energy Law, aimed at transposing key elements of the Electricity Integration Package (EIP), including Directive (EU) 2019/944, Regulations (EU) 2019/943, 2019/942, 2019/941 and most of Regulation (EU) 2015/1222, complemented by a Governmental Decree on the Designation of the Operator of the Organised Electricity Market as the Nominated Electricity Market Operator (NEMO) from 5 June 2025. The network codes and guidelines are expected to be fully transposed through secondary legislation by first quarter 2026.

The wholesale electricity market has been liberalised since 2019. Since May 2023, the national electricity market operator, MEMO, has been operating the day-ahead market, with daily auctions closing at 10:35 and results published at 10:45 every day of the year. In February 2025, the rules for operation of the organised electricity market were amended. The trading currency was switched from MKD to EUR for order submission, while the clearing scheme remained unchanged in line with national legislation. There were also changes to the minimum and maximum prices of the market, establishing a new price range of between 0,1 and 1,000 EUR/MWh. By 2025, day-ahead market traded volumes were expected to account for around 20% of total final consumption. The launch of an intraday market is planned for second quarter 2026.

MEPSO, the transmission system operator (TSO), operates a competitive platform for procuring balancing capacity and energy, in line with rules that are still to be aligned with the requirements of the EIP. The balancing rules, amended in April 2025, introduced a new scope of price caps for automatic Frequency Restoration Reserve (aFRR) and manual Frequency Restoration Reserve (mFRR) balancing energy, revised the imbalance pricing methodology and increased collateral requirements for Balance

Responsible Parties (BRPs). Under the revised methodology, upward imbalance prices are capped by replacing the HUPX DAM price with the higher price from the universal service supplier's electricity purchase tender in the hours when the HUPX price is lower, while downward deviations allow for negative prices within the HUPX-linked adjustments, subject to an absolute floor of -50 EUR/MWh. These measures were designed to deliver an immediate and significant reduction in imbalances. The amended rules also introduced the possibility for Balancing Service Providers (BSPs) to submit single-direction offers for balancing energy, allowing bids either for upward or for downward regulation only. Previously, BSPs were required to offer balancing energy in both directions. MEPSO procures aFRR balancing capacity and energy through monthly auctions for the following month, while mFRR capacity is procured monthly and mFRR energy is procured daily for the next day. However, MEPSO has not yet submitted the national terms and conditions for balancing to the Energy Regulatory Commission (ERC), despite the 15 June 2023 deadline.

Since 2012, transmission and distribution losses have been procured through transparent tenders. In 2023, the distribution system operator (DSO), Elektrodistribucija, introduced the procurement of part of its distribution losses on the MEMO day-ahead market. In 2025, MEPSO applied a similar mixed model for transmission losses, combining tender-based and day-ahead procurement to optimise planning and reduce costs.

The REMIT Regulation applicable to the Energy Community Contracting Parties was transposed in 2022 and implemented the following year. As of October 2025, the national register maintained by ERC includes 81 market participants. To date, no investigations have been initiated for potential REMIT breaches.



Retail market

83%

The provisions of Directive (EU) 2019/944 were transposed into the new Energy Law and the adoption of secondary legislation to ensure full implementation is planned for first quarter 2026.

All customers have been free to choose their supplier since 2019. By 2024, around 41% of final consumption was supplied at non-regulated prices. The universal service supplier, which also serves as the supplier of last resort, is selected through a trans-

parent, competitive procedure, and is obliged to supply electricity to households and small customers opting for universal service until mid-2029. In December 2024, ERC did not approve the universal supplier's proposed prices for 2025. Instead, it required the correction factor value, accumulated from the previous years, to be split over the next period to prevent sharp price increases. This decision was reflected in the newly adopted tariffs by the universal supplier. The four-block tariff for households under universal

service, introduced in 2022 to encourage energy savings, remains in place. Since 2022, universal service customer bills have also included the price breakdown required by Annex I of Directive. The corresponding secondary legislation is planned for adoption by the end of first quarter 2026. Furthermore, the new Energy Law obliges the Government to submit, by no later than 1 January 2028, a report to the Energy Community Secretariat assessing the necessity and proportionality of any public interventions, as well as the progress made towards achieving effective competition among suppliers and transitioning to market-based pricing.

In 2024, 21 suppliers were active in the retail market in addition to the universal supplier, while the distribution system operator (DSO) successfully processed 10.553 supplier switches. In February 2025, ERC launched an upgraded version of the price comparison tool Switch.mk, which now includes dynamic price offers, as required by Directive (EU) 2019/944.

Provisions on active customers, citizen energy communities, aggregators and other consumer-empowerment measures were also included in the new Energy Law. As of 2025, 17 aggregators, as virtual producers, were registered in the electricity market.



ENERGY POVERTY

North Macedonia has not yet adopted a legal definition of energy poverty. However, under the Energy Law, the Ministry of Economy has developed a methodology for identifying energy-poor households. This methodology outlines a set of criteria for measuring energy poverty. The concept of a vulnerable consumer is defined in several legal acts and programmes, including the Energy Law, the Annual Programme for the Protection of Vulnerable Energy Consumers and the Law on Consumer Protection. The country does not have a national target to reduce energy poverty.

To address energy poverty, North Macedonia has introduced two comprehensive programmes that combine immediate support with longer-term measures. The Annual Programme for the Protection of Vulnerable Energy Consumers provides subsidies for energy consumption during the winter months. The programme also imposes obligations on the universal supplier, including the prohibition of disconnection of vulnerable electricity consumers during the winter months and the requirement to give at least 40 days' notice before planned disconnection. Further protection measures exist for vulnerable gas consumers. In March and July this year, the ministry published public calls for financial support to vulnerable households for electricity bills. Under the first call, 420 households received support, while around 800 households applied under the second call (evaluation ongoing). The second Annual Programme for the Promotion of Renewable Energy Sources and Encouraging Energy Efficiency in Vulnerable Households supports longer-term solutions. The programme offers increased reimbursement rates for low-income and vulnerable households investing in energy efficiency and renewable energy. Eligible measures include the installation of solar thermal collectors, pellet stoves, photovoltaic panels and energy-efficient windows. Currently, the ministry is implementing a public call for the allocation of inverter air conditioners to low-income households, pension beneficiaries and people living in energy poverty. It is estimated that 6.000 units will be distributed, with EUR 3 million allocated for this measure.

The State Statistical Office collects data on relevant Eurostat indicators. For 2023, the data show that 26,3% of households had arrears on utility bills, 30,7% were unable to keep their home adequately warm, 10,9% lived in dwellings with leaks, damp or rot and 22,2% were at risk of poverty. North Macedonia's National Energy and Climate Plan (NECP) identifies the number of energy-poor households, estimating that 25% of the population is affected by energy poverty.

Unbundling

91%

The state-owned TSO, MEPSO, is unbundled and certified in line with the acquis, with ERC approving the compliance annual report published on MEPSO's website. On 22 August 2025, MEPSO launched a new certification procedure, as required by the new Energy Law. Commission Regulation (EU) 2017/1485 has been partially transposed through the new Energy Law and the transmission grid code. MEPSO has signed the Synchronous Area Framework Agreement for the Regional Group Continental Europe and participates in the load-frequency control block with Serbia and Montenegro. It also regularly publishes Ten-Year Network Development Plans (TYNDPs), subject to ERC approval.

The DSO, Elektro distribucija, has been legally and functionally unbundled from other activities since 2017. The regulator approved its 2023 compliance report, which was published on the DSO's website, as well as its 2024 compliance report. With the transposition of Directive (EU) 2019/944 through the new Energy Law, the DSO's responsibilities are designed to align with the Directive, reinforcing its role as a neutral market facilitator and introducing provisions on flexibility, electromobility and smart metering.

Access to the networks is ensured in accordance with the relevant acquis. In December 2024, the regulator adopted the transmission and distribution tariffs applicable for 2025.

The dedicated provisions in the previous Energy Law have transposed the connection codes, declaring them directly applicable. Distribution grid code, updated in 2024, implements the connection code requirements. Amendments to the distribution grid code in May 2025 introduced specific provisions for connecting energy storage facilities. In late 2024, DSO Elektrodistri-

bucija launched a web-based interactive map showing available high-voltage substation capacity for photovoltaic connections, serving both current and prospective producers.

Regulation (EU) 543/2013 has been transposed and is largely implemented. MEPSO regularly publishes data on markets, consumption, generation, transmission and outages. However, reporting on balancing and generation outages remains incomplete and requires further improvement to achieve full compliance.



Regional integration

The Electricity Regulation is yet to be implemented. By the end of 2023, MEPSO was required to make minimum 70% of its cross-zonal transmission capacity available for trade. This requirement has been incorporated into the new Energy Law and its implementation will be subject to monitoring by ERC.

The new Energy Law, adopted in 2025, together with a governmental decree, largely transposed Commission Regulation (EU) 2015/1222. Specific provisions of Commission Regulations (EU) 2016/1719 and (EU) 2017/2195 were also transposed through the rules for allocating cross-border transmission capacities and for balancing of the power system, respectively. However, complete transposition and implementation remain outstanding.

Currently, the SEE CAO platform is used for capacity allocation with Greece and Kosovo*. On the Serbian border, MEPSO allocates yearly and monthly capacities, while EMS, the Serbian TSO, allocates daily and intraday capacities. On the Bulgarian border, MEPSO manages annual and monthly allocations, while ESO, the Bulgarian TSO, allocates daily capacities. In 2025, MEPSO began the process of joining the Joint Allocation Office (JAO) to coordinate capacity allocation with Serbia and Bulgaria. From 2026 onwards, yearly, monthly and daily transmission capacities on these borders are expected to be allocated via JAO.

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

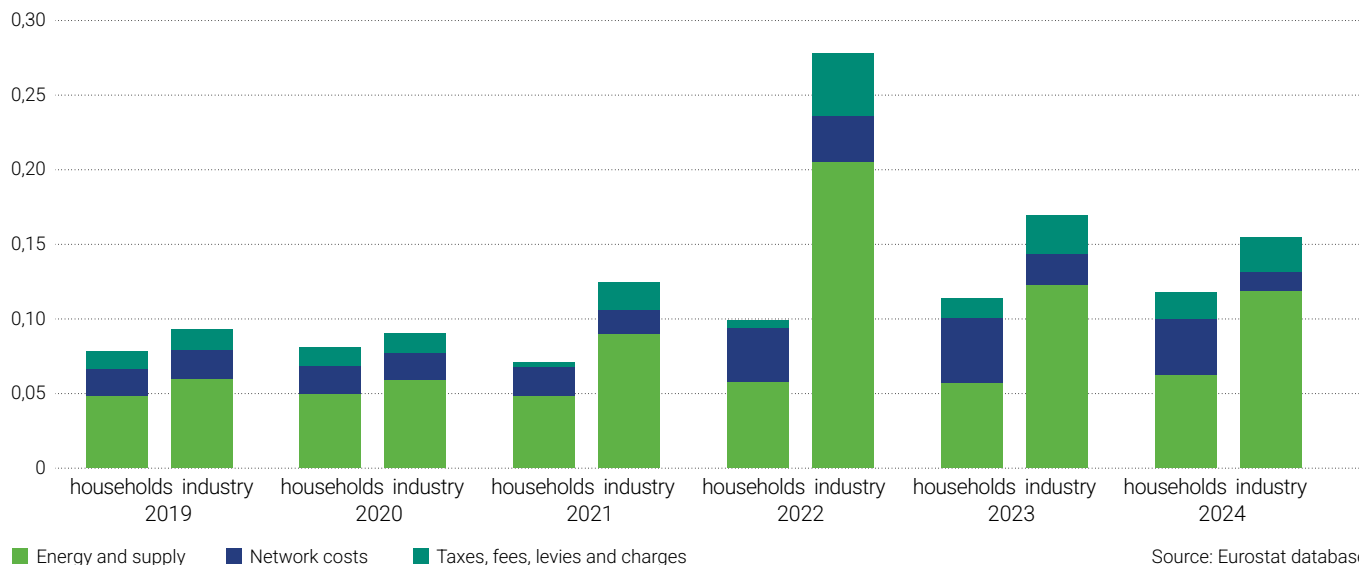
Regarding market operation, MEMO was initially appointed as the NEMO for the MK bidding zone under the former Energy

Law, by governmental decree from 11 September 2020. The Energy Community Secretariat was informed of the resulting legal monopoly in June 2023. Following the adoption of the new Energy Law in May 2025 and based on ERC's proposal, MEMO was re-designated as NEMO for a four-year term by governmental decision on 5 June 2025.

Regional cooperation on market coupling is advancing under the SEE Market Coupling Initiative, involving the TSOs and NEMOs of North Macedonia, Greece, Kosovo* and Albania. In November 2023, all parties signed a memorandum of understanding, establishing a project environment, joint steering committee and dedicated working groups. The initiative is to be implemented as a local implementation project under the Italian Borders Working Table (IBWT) umbrella. MEMO has already submitted a declaration of acceptance for the IBWT operational agreement (third amendment and adherence agreement) to the IBWT steering committee. MEMO and MEPSO signed the third amendment to the IBWT operational agreement in September 2025, thereby becoming project parties in the IBWT.

The revised TEN-E Regulation (EU) 2022/869, which replaced Regulation (EU) 347/2013, is now scheduled for transposition by first quarter 2026, after the original deadline set by Ministerial Council Decision 2023/02/MC-EnC was not met. Furthermore, North Macedonia did not submit any electricity-related projects for consideration in the 2024 Projects of Energy Community Interest (PECI) selection process. The implementation of the 2018 PECI project, the Elbasan–Bitola 400 kV transmission line, remains pending, with significant delays still observed.

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



GAS

59%

Wholesale market

43%

The legal preconditions for wholesale market liberalisation were established a decade ago, but the market was relatively inactive until 2023, when some booked—but not used—capacity at the interconnector with Bulgaria, the sole supply route, was released. Seven traders were active in 2024 in the wholesale market, with one dominant player, TE-TO JSC Skopje, importing gas from the Bulgarian market for its own heat and electricity production needs, covering 72% of total gas consumption. The second-largest trader, by share, is JSC Makpetrol, covering 16% of the market and importing Russian gas based on a long-term contract.

The market remains illiquid without a virtual trading point. All contracts are concluded bilaterally, monthly and yearly. REMIT Regulation (EU) 1227/2011 has been transposed into national law and secondary legislation has been adopted. Some basic balancing elements were established by laws adopted in December 2022, but implementation of the balancing network code is still pending.

Retail market

81%

Only 2% of the total gas supply passes through the distribution network, but eight suppliers were active in the retail market in 2024. End-user gas prices are deregulated. Customer pro-

tection measures are defined in line with Annex I of Directive 73/2009/EC.

Unbundling

100%

North Macedonia complies with the gas acquis unbundling requirements. NOMAGAS JSC Skopje is fully state-owned and was certified in line with the Third Energy Package in 2024. All three existing distribution companies have fewer than 100.000

customers and are exempt from the unbundling provisions by law, as allowed by Directive 2009/73/EC. There are no storage or LNG facilities in the country.

Access to the system

9%

Tariff methodologies are in place, amended for distribution and transmission in November 2024, but are non-compliant with the tariff network code. The Energy Law stipulates the direct applicability of mandatory network codes, similar to EU practice. However, this approach has offered no additional benefits as various secondary acts are still required to transpose the codes'

articles fully. This has resulted in a lack of practical implementation of capacity booking, congestion management, balancing and TSO transparency, which is still very rudimentary and well below the level required by the network codes, which are mandatory under the Energy Community framework.

Regional integration

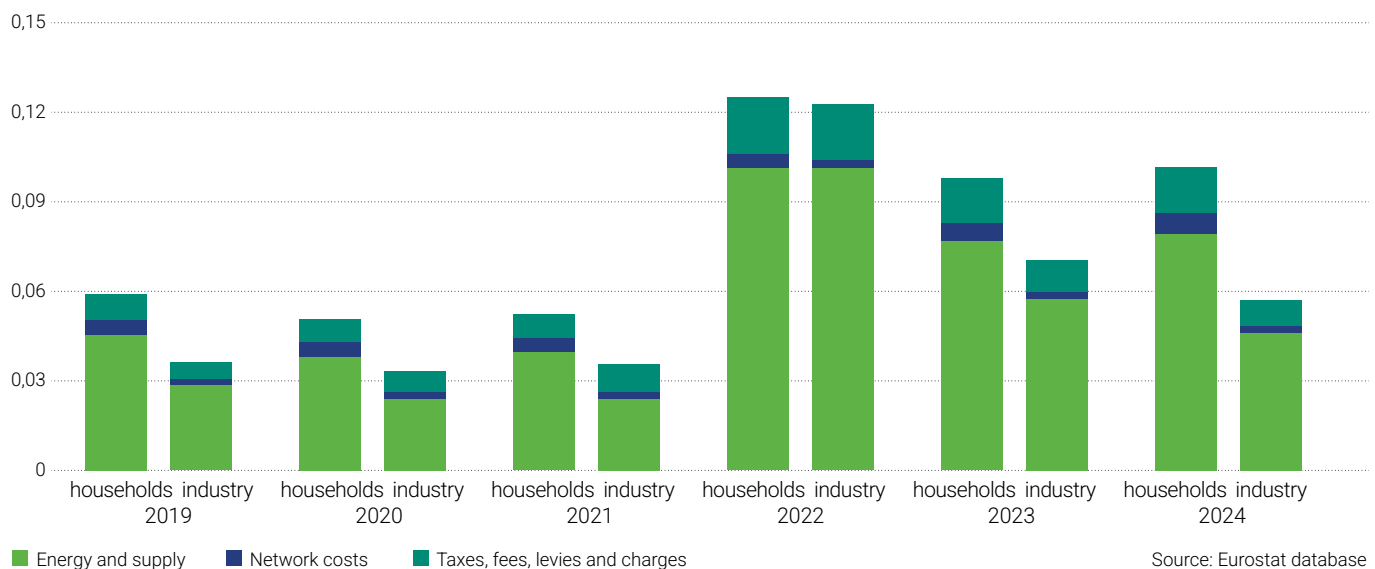
73%

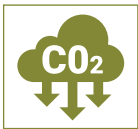
The gas network of North Macedonia is connected only to the Bulgarian gas system. The interconnection agreement between the two adjacent operators, in line with the network code on interoperability and data exchange, has been fully implemented as of 1 January 2023.

Despite the progress previously achieved in transposition of the TEN-E Regulation (EU) 347/2013, North Macedonia failed to meet the transposition deadline for the revised TEN-E Regula-

tion (EU) 2022/869. The 123 km long North Macedonia–Greece interconnector is currently in the initial phase of construction on the Macedonian side. All necessary permits have been issued and an agreement for oversight of the construction has been executed. Tender documents for an inspection body are under development and the tender is expected to be launched by the end of 2025.

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





Decarbonising the energy sector

North Macedonia



ENERGY AND CLIMATE GOVERNANCE

47%

National Energy and Climate Plan (NECP) and Integrated Progress Report (IPR)

40%

The Government of North Macedonia adopted the National Energy and Climate Plan (NECP) on 31 May 2022 and submitted the adopted plan to the Secretariat. Work on updating the plan continued in 2025 but has not yet been finalised.

Within the framework of biennial integrated progress reports, the authorities of North Macedonia submitted information for 14 of the 17 reporting streams in 2025.

2030 Greenhouse Gas Reduction Target

80%

North Macedonia has not defined the 2030 climate target in its national legislation, but it is included in the NECP adopted in 2022. The target is in line with the 2030 targets set by the Energy Community (2,20 MtCO₂eq). The 2030 climate target should also be reflected in all key national planning documents such as long-term strategies and Nationally Determined Contributions.



2030 GHG Target*
-82,0%

National Systems for Greenhouse Gas Emissions and Climate Reporting

23%

A partial legal basis for the national greenhouse gas (GHG) inventory system is provided in the Law on Environment of 2005. However, a national system for policies and measure (PaMs) and projections still needs to be established and North Macedonia is currently working on a draft climate law.

reporters for climate reporting activities under the Governance Regulation, it has not submitted a report via Reportnet on any of dataflows. Since 2025, a new requirement to submit national GHG emission projections has been in place, and this obligation still remains unfulfilled. Further progress in implementation of climate reporting obligations is still required.

Climate reporting obligations have not been transposed into legislation. Despite North Macedonia having nominated lead

Long-term Strategy (LTS) and Climate Neutrality

44%

The legal basis for a long-term strategy has not been adopted and the ongoing work on the draft climate law represents a good opportunity to address transposition gaps. North Macedonia submitted a long-term strategy to the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat in 2021; however, it does not contain the 2050 climate

neutrality objective. Currently North Macedonia is working on updating the long-term strategy, which represents a good opportunity to align it with the Energy Community 2050 climate neutrality objective. The long-term strategy should include the elements set out in the adapted Governance Regulation.

*All targets presented in this Decarbonisation chapter are aligned with the Ministerial Council Decision 2022/02/MC-EnC of the Energy Community



RENEWABLE ENERGY IMPLEMENTATION

51%



2030 Renewable energy targets

85%

The overall renewable energy target of 38% of 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 sectoral targets for electricity (66%), transport (10%), and heating and cooling (45%). In line with Article 26 of 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% is in line with the requirements under Article 23 of REDII.



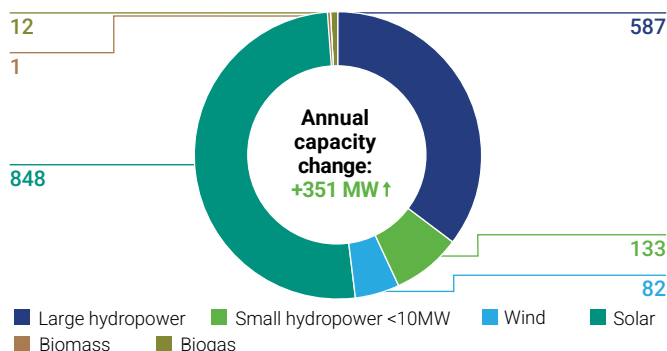
2030 RES Target
38%

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 to wind projects with an installed capacity of up to 50 MW and HPP with installed capacity of up to 10 MW based on available quotas. This is not in line with Energy Community law.

Total Capacities of Renewable Energy 2024 (MW)



Total capacities of renewable energy (MW): **1663**

Source: Ministry of Energy, Mining and Minerals

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 of up to 6 kW and businesses with 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

60%

Within the framework of the regional project implemented by the Energy Community Secretariat, an electronic registry for guarantees of origin (GOs) was established for North Macedonia. It became operational by market operator in April 2025.

The existing legal framework governs the issuance of GOs solely for renewable electricity and does not encompass other energy carriers, as specified by REDII.

Sustainability criteria for biofuels, bioliquids and biomass fuels

0%

The REDII provisions on sustainability and GHG emission savings criteria for biofuels, bioliquids, and biomass fuels have not yet been transposed into North Macedonia's legislation. It is anticipated that these provisions, including those regulating the use

of renewable energy in the transport sector, will be transposed through adoption of the new Renewable Energy Law and the associated secondary legislation. Until such adoption occurs, the national legal framework remains non-compliant with REDII.

Renewable energy in heating and cooling

33%

North Macedonia has prepared a draft renewable energy law, which is expected to transpose Articles 23 and 24 of REDII and provide the legal framework for integrating renewable energy in the heating and cooling sector, as well as for the use of renewables and waste heat in district heating systems. The adoption of the law, together with the adoption of sec-

ondary legislation and its enactment, will be crucial next steps to ensure effective implementation. Complementary policy measures remain necessary to support renewable heating technologies and ensure the required annual increase of the renewables share in the sector.



ENERGY EFFICIENCY IMPLEMENTATION

68%



2030 Energy efficiency targets and policy measures

74%

The draft updated NECP of North Macedonia remains only partially aligned with the 2030 energy efficiency targets set by the Energy Community and continues to lack sufficient ambition to ensure their achievement.

In September 2025, the Parliament of North Macedonia adopted amendments and additions to the Law on Energy Efficiency. These changes aim to harmonise national legislation with the Clean Energy Package and introduce an integrated energy and climate framework. The revised law reinforces the energy effi-

ciency first principle, in line with Energy Efficiency Directive (EU) 2018/2002 (EED), and includes more detailed and strengthened requirements for energy audits.



2030 EE PEC Target
2,30 Mtoe



2030 EE FEC Target
2,00 Mtoe



Energy efficiency in buildings

56%

In 2023, the buildings sector accounted for 36% of final energy consumption in North Macedonia, ranking second after transport (45%).

The new Law on Energy Efficiency is aligned with Energy Performance of Buildings Directive (EU) 2018/844. The law sets an annual renovation target of 3% for central-government buildings, and a three-year plan for their renovation was adopted in October 2025. Additionally, the construction and reconstruction of schools, kindergartens and other public institutions now foresee the integration of rooftop solar technologies.

The adoption of implementing by-laws under the new law is pending. In October 2025, the Rulebook on the Preparation of Municipal Energy Efficiency Programmes was adopted. Several key by-laws have been drafted and are currently in the process of adoption.

Additionally, while the provisions for the long-term buildings renovation strategy have been strengthened by the law, it has yet to be finalised and adopted. As a foundation for the strategy, an inventory of public buildings is underway, covering their characteristics, energy performance and renovation potential.

Energy efficiency scheme and financing

63%

The new Law on Energy Efficiency has introduced updated provisions and requirements related to the energy efficiency obligation scheme, aligned with the 2018 EED. However, full implementation will require adoption of the NECP and implementing by-laws.

The legal and regulatory framework for operationalisation of the Energy Efficiency Fund (based on the Law on the Development Bank of North Macedonia already adopted in October 2023) is

delayed. The establishment of an energy efficiency committee is planned by the end of 2025 to approve key documents. The relevant investment plans and operating procedures are expected by 2026.

A World Bank loan has provided financing for energy efficiency investments in public buildings.

North Macedonia provides subsidies for solar thermal collec-

tors, heat pumps and windows for energy-poor households. In August 2025, the Ministry of Energy, Mining and Mineral Resources issued two separate public calls and invited ener-

gy-poor households to apply for free inverter air conditioners and financial aid to help cover electricity bills.

Energy efficient products - labeling

76%

North Macedonia is not compliant with the EU acquis on energy labelling. The rulebook implementing the Framework Labelling Regulation (EU) 2017/1369 and implementing acts on labelling are under preparation.

Only rulebooks implementing the repealed Directive 2010/30/EU have been adopted.



Efficiency in heating and cooling

74%

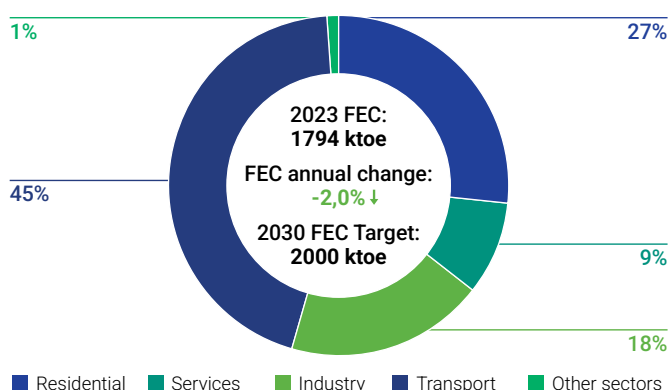
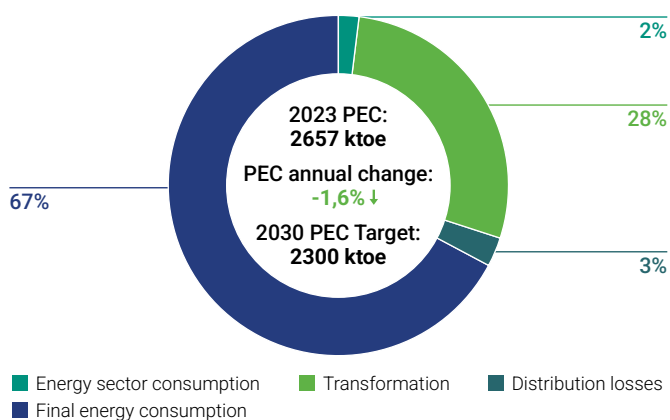
In North Macedonia, the legal basis for inspecting heating and air-conditioning systems is established in the Law on Energy Efficiency in Buildings. Provisions for district heat metering and billing are also in place, but full implementation of consumption-based billing in the Skopje district heating system is still absent. Studies conducted to date on the cost-effectiveness

of consumption-based billing have concluded that it is not cost-beneficial under current conditions. However, the same analysis pointed to potential for its application in newly constructed buildings as a means of further promoting energy efficiency.

2023 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)

Final Energy Consumption (FEC)



Energy intensity, 2023 value and trends: 0,29 ktoe/mil EUR, - 3,8% ↓

Source: Eurostat database, NECP and 2022 Ministerial Council Decision



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

0%



Foundations, institutions, permits

0%

North Macedonia still needs to transpose the required elements of the EU Emissions Trading System (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 GHG emissions at installation level. Draft national climate legislation implementing key components and processes related to the functioning of monitoring, reporting, verification and accreditation (MRVA) has been prepared, as well as a separate draft identifying the types of activities cov-

ered by MRVA obligations. However, their adoption has not yet been completed. Conceptual and technical work has also begun on establishing a unit within the ministry that will serve as the competent authority for the MRVA system. The implementation of the monitoring, reporting, verification, and accreditation system will require the creation of appropriate national institutional structures, the development of adequate expert resources within them, and the establishment of procedures and electronic templates and identification of all entities covered by new GHG monitoring and reporting obligation.



Monitoring and reporting

0%

The Monitoring and Reporting Regulation has not yet been transposed and implemented in North Macedonia. Long-term plans exist to implement the necessary regulations, and the first draft of the relevant act has already been prepared, but it will only be possible to proceed with its implementation once the climate law has been adopted. The implementation of the monitoring

and reporting mechanism, in addition to the transposition of the necessary legislation, will require the creation of the necessary processes, e.g., setting the deadline for submitting applications for GHG permits, forms and templates related to the emission monitoring plan, and the creation of appropriate measures to ensure the fulfillment of obligations by the regulated entities.



Verification and accreditation

0%

The Accreditation and Verification Regulation has not been transposed or implemented in North Macedonia. There are long-term plans to implement the necessary legislation following adoption of the main climate law. Full implementation will require building up the necessary human resources at the National

Accreditation Body, creating the necessary internal procedures and processes for accreditation, and developing the necessary national electronic forms, such as the annual emissions report and verification report.



Ensuring energy security North Macedonia



ELECTRICITY SECURITY OF SUPPLY

36%

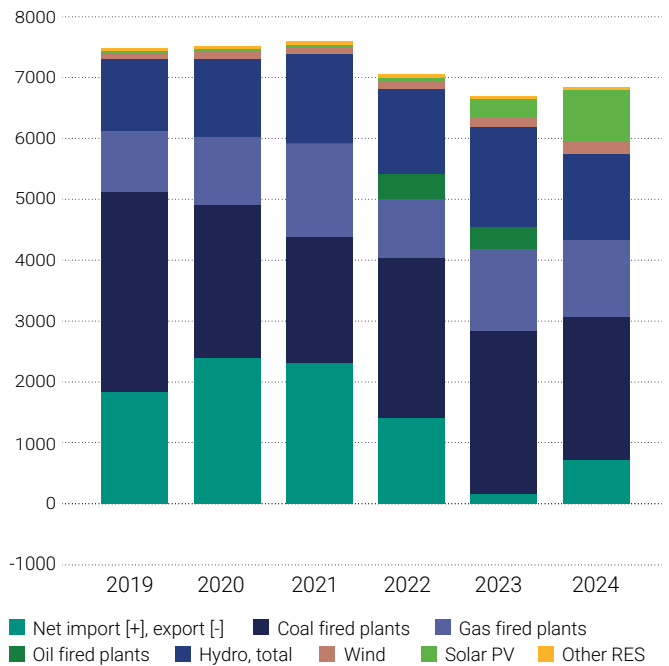
Regulation (EU) 2019/941 has been transposed through the Energy Law, adopted in May 2025, which defines the Ministry of Energy, Mining and Mineral Resources as the competent authority for risk preparedness. However, the Energy Community Secretariat and the Security of Supply Coordination Group have not been informed of the data and contact details of the competent authority. The deadline for adopting the first risk-preparedness plan is set at one year after adoption of the Energy Law.

Regulation (EU) 2017/2196 has been partially transposed. The Energy Law requires electricity transmission network rules to regulate the rights and duties of the TSO during emergency situations and system restoration. The operator is also obliged to prepare a system defence and restoration plan, which must be approved by the Energy Regulatory Commission and aligned with the plans of other continental Europe operators. However, a specific deadline for this obligation is not defined.

North Macedonia does not regularly submit Security of Electricity Supply Statements to the Secretariat, despite being required to do so under Article 29 of the Treaty.

Cybersecurity rules, adopted by the National Energy Regulatory Agency (ERC), have been in place since June 2023. ERC has also approved investments for utilities to commence implementation of the ISO 27001 standard. The Government adopted a decision to establish the National Council for Digital Transformation and Cybersecurity on 6 May 2025. This council aims to plan, coordinate and implement necessary activities for digitalisation and cybersecurity, and to address related challenges. In

Fuel mix and primary supply of electricity (in GWh)



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

June 2025, the Ministry of Digital Transformation and the Assembly adopted the Law on Security of Network and Information Systems. This law establishes a framework for managing cyber risks and enhancing national cybersecurity, in line with the NIS2 Directive.



GAS SECURITY OF SUPPLY

47%

The new Energy Law adopted in May 2025 transposed Regulations (EU) 2017/1938 and (EU) 2022/1032. The competent authority for security of gas supply started preparatory work for risk assessment in June, with support from the Joint Research Centre (JRC) and the Secretariat. In line with the Regulation, the

draft risk assessment is expected to be finalised in November 2025 and adopted in January 2026. This is to be followed by the drafting of preventive and emergency plans, within four months pursuant to the Energy Law.



OIL SECURITY OF SUPPLY

41%

In North Macedonia, primary and secondary legislation has been fully transposed and is compliant with Directive

2009/119/EC. As of June 2025, the average occupancy of compulsory oil reserves, calculated according to the methodology

set out in Commission Implementing Directive (EU) 2018/1581, corresponds to 51,4 days of average daily net imports. Despite this, the country has yet 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 establishing mandatory reserves.

Reporting obligations have only been partially fulfilled. The annual report was not submitted by the 31 January deadline, as

required under Directive 2009/119/EC. Similarly, the summary copy of the stock register, which should indicate the quantities and types of emergency stocks as of the last day of the preceding calendar year, was not submitted by the 15 March deadline. In addition, the monthly MOS Oil and COIR questionnaires for 2025 have not been submitted. No progress was recorded during the reporting period.

Improving the environment North Macedonia



Environmental assessments

33%

North Macedonia continues to fail to transpose and implement the amendments to the Environmental Impact Assessment (EIA) Directive, a breach identified by the Ministerial Council in 2021. A draft law amending the Law on Environment to align with Directive 2011/92/EU, as amended by Directive 2014/52/EU, has been prepared, but the governmental procedure remains incomplete and no timeline for adoption has been provided. Secondary legislation for the screening of small HPP projects under 2 MW remains inadequate, as it does not incorporate key criteria related to project location and environmental impacts, further undermining the effectiveness and reliability of the EIA. The EIA process is not streamlined or coordinated with the nature protection assessments provided for under the existing Nature Protection Law, resulting in inadequate consideration of environmental impacts and decision-making based on insufficient information. During the reporting period, 84 solar power projects and one HPP project underwent EIA screening. However, none of these were subjected to a full EIA. North Macedonia did not report any use of exemptions under Articles 2(4) or 2(5) of EIA Directive and the Secretariat was not informed of any EIA procedures being implemented for Projects of Energy Community Interest under Article 4 of Decision 2016/12/MC-EnC. Regarding the EIA process for the Project of Mutual Interest—the Gas Interconnector with Greece—North Macedonia did not provide the information required under Article 4 of Decision

PERMIT STATUS:



Streamlined assessments
pending

2016/12/MC-EnC in a timely manner, preventing the Secretariat from ensuring that the EIA meets the requirements and raising concerns about whether the implementation of this strategic energy project can proceed effectively.

No new legislation has been adopted to fully align the Strategic Environmental Assessment (SEA) framework with the SEA Directive, leaving significant gaps in the current legal framework. These gaps allow plans to be adopted or endorsed before the SEA process is completed. The 10 MW threshold for urban plans related to solar and photovoltaic projects remains insufficient to capture all projects with potentially significant environmental impacts, as outlined in Annex II of SEA Directive. National legislation also lacks provisions to prevent circumvention of SEA obligations through project or plan splitting. While revision of the NECP has been initiated, the SEA process lacks clearly defined steps to ensure that its findings are fully integrated into development of the plan. Despite the NECP including projects with potential significant transboundary impacts, such as the HPP Chebren, no transboundary SEA has been initiated.



Large combustion plants

37%

North Macedonia complied with its emissions reporting obligations for the 2024 reporting year. Emissions of all three pollutants further decreased compared to 2023, reflecting a positive trend that should be maintained. However, due to the combined effect of the high absolute numbers and the progressive reduction of the National Emission Reduction Plan (NERP) ceilings between 2024 and 2027, sulphur dioxide and dust emissions

remain several times higher than the NERP ceilings, with similar levels of non-compliance as in 2023. The corresponding case was decided by the Ministerial Council in December 2023. Accordingly, compliance with this decision has not been achieved.

The Law on Industrial Emissions has been prepared and is currently under parliamentary procedure.

Installations under the Large Combustion Plants Directive



8
of plants falling
under the LCPD



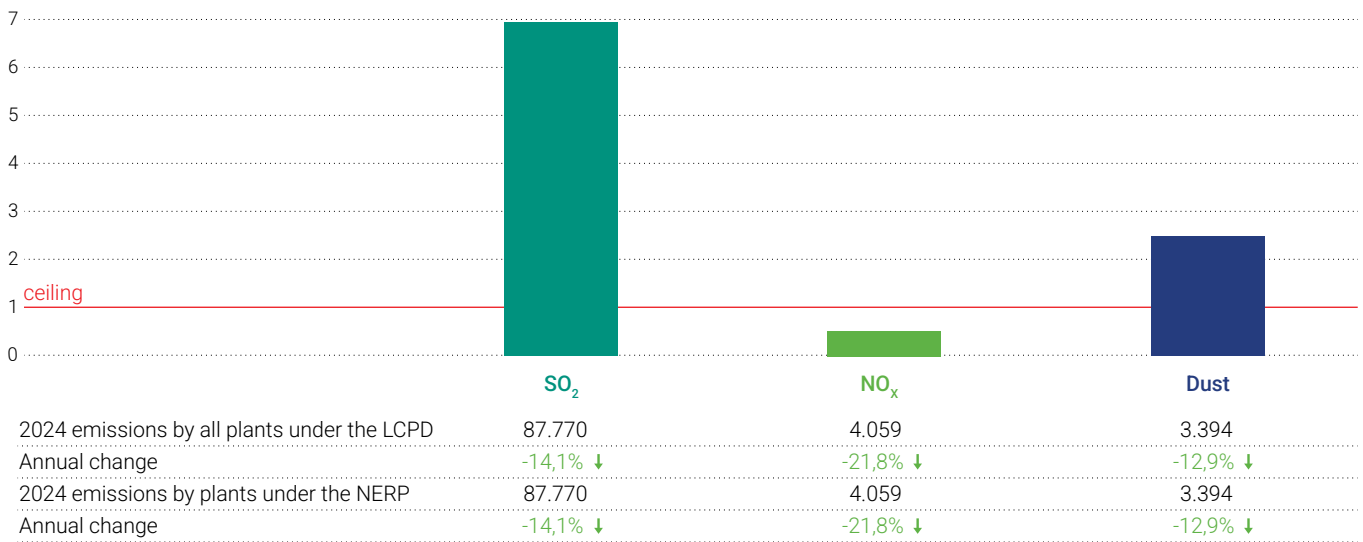
0
of which opted
out plants



8
of which plants falling
under the NERP

Source: compiled by the Energy Community Secretariat

2024 emissions versus NERP ceilings



Source: compiled by the Energy Community Secretariat

Sulphur in fuels

92%

The Sulphur in Fuels Directive has been transposed into national legislation and is implemented through the annual fuel quality

monitoring programme. The provisions on marine fuels are not applicable to North Macedonia

Nature protection

47%

North Macedonia has not reported any updates to nature protection legislation since the last reporting period. The draft Law on Nature Protection remains pending. It is intended to establish an appropriate assessment mechanism, requiring that any planning document or project with the potential to significantly affect an area undergo evaluation against its conservation objectives,

as stipulated by the Habitats Directive and Wild Birds Directive. The process of identifying Natura 2000 areas at the national level remains stalled. No progress was reported on the development of management plans for Ramsar wetlands of international importance, including Lake Ohrid. Additionally, a national red list for birds has yet to be established.

Environmental liability

20%

While North Macedonia has transposed certain provisions of the Environmental Liability Directive through the Law on Environment, no progress has been made in the adoption of secondary legislation and the development of financial mecha-

nisms to ensure implementation of the Directive's provisions. However, the Interreg Europe ENLIA project, launched in May 2025, includes the development of financial instruments as one of its components.



Performance of authorities

North Macedonia



REGULATORY AUTHORITY

80%

Legal setup and independence

The Energy Regulatory Commission (ERC) is North Macedonia's independent authority regulating electricity, natural gas, district heating and oil derivatives, as well as the water, waste and sewerage sectors. Its establishment and mandate in the energy sector are reinforced by the recently adopted Energy Law (2025), in accordance with the Energy Community acquis.

ERC is defined as an independent legal entity with public authority and is functionally and financially independent of political or commercial influence. The ERC board consists of seven commissioners, including the president. Appointments are made by Parliament for a fixed five-year term, renewable once. Upon expiry of their mandate, members continue in office until new members are appointed, but for no longer than one year. The Secretariat questioned the grounds under which certain board members were dismissed in December 2024.

ERC is empowered to take autonomous decisions under its mandate, and such decisions are binding.

ERC is financed through regulatory fees charged to licensed market participants and service providers. Its financial plan is submitted to the Assembly for approval by the end of October each year. If not approved by the end of the year, ERC adopts decisions for temporary financing.

ERC may initiate proceedings before the Administrative Court to impose penalties, revoke or suspend licences and may take measure to address non-compliance. In February 2025, ERC imposed measures on the distribution system operator (DSO) to

ensure compliance with unbundling requirements. No financial penalties were applied, including under the REMIT framework.

ERC's staff increased in 2025; however, delays in the recruitment process have been noted. Additional resources are needed for tasks related to the Electricity Integration Package (EIP) and REMIT enforcement. While salary levels are independently defined by ERC, certain limitations apply. From January 2026, ERC salaries will be limited by the Ministry of Finance, which may undermine its independence.

Activities in the reporting period

ERC approved the transmission and distribution tariffs and annual maintenance plans of MEPSO, the TSO, and the distribution companies, as well as five-year development plan of the distribution system operator. As of January 2025, ERC published new prices for the universal electricity service following a monitoring process, and in April 2025, it amended the balancing rules.

ERC approved tariffs for natural gas transmission; however, these were set outside the procedure stipulated by Regulation (EU) 2017/460. In addition, network rules for gas distribution were adopted.

ERC made extraordinary tariff amendments for district heating in early 2025. ERC also oversaw the issuance of guarantees of origin for renewable energy.

Regarding REMIT, secondary legislation is in place, but no cases were initiated during the reporting period.



COMPETITION AUTHORITY

46%

Legislative framework

North Macedonia's Law on Protection of Competition contains a prohibition of anti-competitive agreements and concerted practices, as well as a prohibition of abuse of dominance, largely in line with the Energy Community acquis. A range of secondary legislation and guidelines also exists, such as vertical and horizontal block exemption regulations (including category-based exemptions), de minimis regulation and a leniency programme.

Institutional framework

The Law on Protection of Competition establishes the Commission for Protection of Competition (CPC) as an independent authority responsible for the protection of competition. CPC consists of five commissioners, supported by 21 staff members. Recent amendments to the law have clarified the qualification criteria for commissioners.

CPC has investigative powers to conduct unannounced inspections at companies (but not at private premises), as well as to issue requests for information, but not to conduct interviews; furthermore, a leniency programme to report illegal behaviour is in place. CPC has the power to order the cessation of illegal practices and impose remedies (including interim measures and commitments) and fines.

Implementation

While CPC holds all necessary powers, it did not engage in any enforcement activities in the energy sector during the reporting period. CPC considered investigating an alleged abuse of dominance regarding refusal of access to the distribution system; however, it was considered unfounded.

Activity in the reporting period	In the energy sector
On-site inspections (at companies or private premises)	0
Requests for information	1
Leniency applications	0
Opening of investigation	0
Decisions on anti-competitive agreements and concerted practices	0
Decisions on abuse of dominance	0
Sector inquiries and market studies	0

CPC is encouraged to use its powers to actively investigate anti-competitive behaviour in the energy sector to ensure full implementation of North Macedonia's obligations under the Treaty.



STATE AID AUTHORITY

51%

Legislative framework

North Macedonia's system for State aid control is governed by the Law on State Aid, which establishes a general prohibition of State aid and sets out grounds for compatibility. However, these provisions are not fully in line with the Energy Community acquis and do not ensure full implementation of Article 18 and Annex III of the Treaty. Hence, the law needs to be amended to align with Energy Community law. Furthermore, a limited number of secondary acts are available to provide detailed guidance on application of the State aid prohibition.

Institutional framework

The Commission for Protection of Competition (CPC) is the national authority responsible for enforcement of the State aid prohibition. Currently four CPC employees are working on State aid matters. CPC urgently requires further resources to discharge its functions and strengthen its capacity.

Implementation

CPC has the power to investigate (including requesting information) and assess potential State aid measures and to authorise aid or order recovery of unlawful aid.

Despite its powers, CPC's activities in the energy sector during the reporting period were limited to the authorisation of two State aid measures:

Activity in the reporting period	In the energy sector
Requests for information	0
Opening of investigation	0
Decisions on the authorisation of State aid	2
Decisions on illegal and incompatible aid	0
Decisions on ordering aid recovery	0

The first case concerned a guarantee by North Macedonia for a loan from the European Investment Bank to NER JSC Skopje, as amended due to the succession of NER JSC Skopje by NOMA-GAS JSC Skopje, for the construction of two gas sections and a gas interconnector with Greece. The second case relates to the State guarantee under the loan agreement for the renewable energy programme of ESM for the Bitola and Bogdanci Wind Farm between the Credit Bank for Reconstruction and the state-owned electricity generation company ESM (Skopje). CPC concluded that both measures constituted compatible State aid.



STATISTICAL AUTHORITY

92%

The State Statistical Office (SSO) is responsible for managing national energy statistics. Annual questionnaires, including SHARES and biomass, were submitted to Eurostat on time, rep-

resenting an improvement compared to previous years, when biomass data were missing. Disaggregated household and industry consumption data were also provided, although indus-

try data were submitted with a delay. For the services sector, a dedicated Energy Consumption Survey was conducted, and data for 2023 have been collected. These will be reported for the first time in the next cycle, covering both 2023 and 2024. While transport consumption data remain unavailable, options for future collection and cooperation with relevant institutions are being explored.

Mini questionnaires with preliminary 2024 data were prepared and transmitted on schedule. Monthly statistics on coal, electricity, natural gas, oil, and crude oil imports are compiled and submitted to Eurostat regularly. Oil data are frequently revised in subsequent submissions to update stock information, ensuring accuracy despite repeated resubmissions. Gas data generally remain stable, with rare revisions promptly addressed.

Electricity and natural gas price data for households and industry, disaggregated by consumption band, taxation level, and price components, are also reported, accompanied by the required quality reports.






Overall, SSO demonstrates solid institutional capacity and improved compliance compared to 2024, notably through the inclusion of biomass and detailed industry data. Remaining priorities include providing transport and services data, strengthening timeliness and enhancing reliability. Continued investment in staffing and digital validation tools would further improve efficiency and ensure consistent, high-quality reporting.

SERBIA

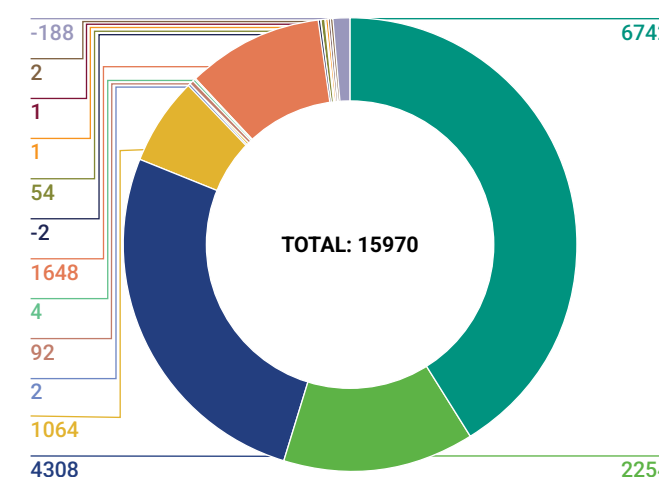
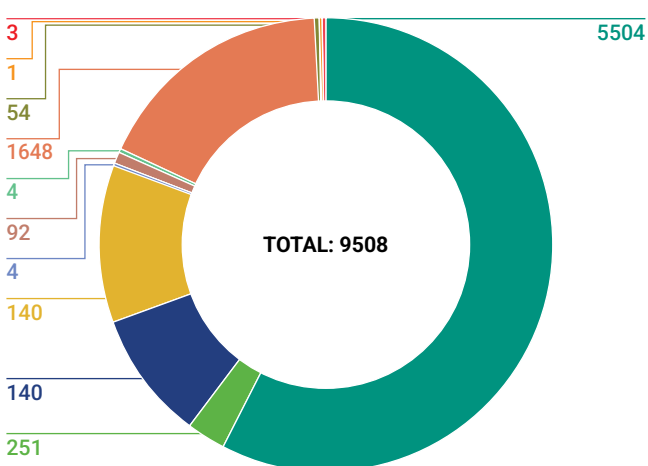
13



Implementation overview

CLUSTER		IMPLEMENTATION STATUS	RECOMMENDATIONS
	Markets and integration	58%	Following the finalisation of EIP transposition, Serbia should proceed with implementation, prioritising measures that facilitate cross-border trades and market integration, and promptly enable cross-zonal capacity allocation on the EMS–KOSTT interconnector for commercial exchanges. Serbia should implement certification conditions for its national gas TSO, certify the other TSO and storage system operator, ensure unbundling of the largest gas DSO and ensure capacity allocation at interconnection points. Further, Serbia should open its gas market, enforce anti-monopoly measures and diversify its supply sources.
	Decarbonising the energy sector	83%	Serbia should extend its legal framework to allow the issuance of guarantees of origin for energy carriers beyond electricity in line with REDII. It should finalise legislation aligned with the Energy Performance of Buildings Directive, including building certification and minimum energy performance requirements, and should continue heating and cooling reforms and expand consumption-based billing. Serbia should also strive to define climate neutrality in its legal framework.
	Ensuring energy security	35%	Following the transposition of Regulations (EU) 2019/941 and 2017/2196, Serbia should advance implementation, starting with preparation of risk-preparedness, defence and restoration plans. Serbia should resume submitting Security of Supply Statements to the Secretariat. Serbia should also transpose and implement Regulation (EU) 2017/1938 as adopted for the Energy Community.
	Improving the environment	58%	Serbia should adopt the foreseen secondary legislation and bolster the capacities of the national environmental authorities to implement the new EIA and SEA legislation, as well as ensure compliance with the NERP sulphur dioxide ceiling and continue efforts to establish Natura 2000 sites.
	Performance of authorities	82%	AERS, CPC and CSAC are encouraged to use their powers to further boost enforcement activities in the energy sector. SORS should strengthen human resources and expertise to meet growing data and methodological requirements.

2023 Fuel mix in primary production of energy (in ktoe) | 2023 Gross available energy per product (in ktoe)









Source: Eurostat database




- Solid fossil fuels
- Natural gas
- Oil and petroleum products
- Hydro
- Solar thermal
- Solar photovoltaic
- Primary solid biofuels
- Charcoal
- Wind
- Pure biodiesels
- Electricity
- Biogases
- Geothermal
- Industrial waste
- Non-renewable waste
- Renewable municipal waste
- Non-renew. mun. waste

OVERALL NUMBER OF CASES 9

Procedures under Article 91 EnCT

-  ECS-9/18 environment
-  ECS-10/21 environment
-  ECS-6/24 electricity
-  ECS-23/21 environment
-  ECS-2/21 electricity
-  ECS-19/24 gas

Procedures under Article 92 EnCT

-  ECS-9/13 S gas
-  ECS-10/17 S gas
-  ECS-13/17 S gas



Markets and integration

Serbia

ELECTRICITY

61%

Wholesale market

78%

Serbia was the first Contracting Party to adopt a comprehensive set of primary and secondary legislation aimed at fully transposing the Electricity Integration Package (EIP). The Law on the Amendments to the Energy Law was adopted by Parliament at the end of November 2024, followed by the adoption of six governmental decrees. The process of verifying the transposition compliance for the specific purpose of market coupling, which is to be performed by the Secretariat and the European Commission, was initiated on 22 October 2025.

A day-ahead market has been operational since 2016, while the intraday market was launched in mid-2023. Both markets are operated by SEEPEX, which forms part of the Alpine-Adriatic Danube Power Exchange (ADEX) Group. In 2024, the volume of electricity traded on the day-ahead market amounted to 17,41% of Serbia's total electricity consumption, while a small share was traded on the intraday market (approximately 0,34%).

Maximum and minimum price limits have been introduced for both the day-ahead and intraday markets. The maximum clearing prices correspond to the reference harmonised maximum clearing prices defined by the Agency for the Cooperation of Energy Regulators (ACER). The minimum clearing prices for both markets are set at 0,00 EUR/MWh; however, SEEPEX plans to introduce negative prices in 2026. The day-ahead market gate opening time is 45 days before the delivery date, while the gate closure time is at 11:00 market time day-ahead. For the intraday market, trading is possible from 18:00 market time day-ahead until one hour before the start of delivery. The minimum bid size on the day-ahead market is 0,1 MW, which is compliant with Regulation (EU) 2019/943.

Apart from the day-ahead and intraday markets, electricity is traded on a bilateral basis. Power futures with financial settlement for the Serbian market area have been available since 2019.

The Energy Law stipulates that electricity for covering network losses in the transmission and distribution system should be

procured through a transparent, non-discriminatory and market-based procedure. However, as opposed to Directive (EU) 2019/944, it allows the Government to set the price in specific cases. In 2025, electricity for covering transmission and distribution network losses continued to be procured through a full supply contract with a formerly vertically integrated company, EPS, concluded in a non-transparent procedure.

Although the main requirements of the adapted Regulation (EU) 2019/943 and Commission Regulation (EU) 2017/2195 have been incorporated into the national legal framework, the adoption of the secondary legislation necessary for their full implementation is still pending. EMS, the Serbian transmission system operator (TSO), has recently carried out a public consultation on the draft market code, aimed at aligning the procurement of balancing services with the new legal framework. However, the currently implemented balancing market framework is not fully compliant with these regulations. Specifically, while the procurement of balancing energy is market-based, the price of balancing capacity for 2025 was set in advance by the regulatory authority, the Energy Agency of the Republic of Serbia (AERS). Price caps are defined for explicit balancing energy bids, including additional price caps for the dominant balancing service provider. Regarding the imbalance settlement, since 2025, significant progress has been made by introducing a 15-minute imbalance settlement period, effective from 1 January 2025, thereby ensuring compliance with Regulation (EU) 2019/943. However, the calculation of the imbalance price is not fully aligned with Commission Regulation (EU) 2017/2195 and the ACER Decision on the Imbalance Settlement Harmonisation Methodology.

Regulation (EU) 1227/2011, as adapted and adopted by the Ministerial Council of the Energy Community, was transposed in Serbia in 2021 through AERS rules and implemented from 1 April 2022. Since then, 92 market participants have been registered in the central register operated by AERS. So far, no investigation cases due to REMIT breaches have been initiated by AERS.



Retail market

59%

In line with the Energy Law, all final customers are free to purchase electricity from the supplier of their choice. At the end of 2024, there were 79 licensed suppliers on the retail market, 11 of which were active, representing a significant increase com-

pared to the previous period. To ensure universal service for specific categories of customers, a guaranteed supply concept is in place. Currently, the price of guaranteed supply is regulated—AERS approved the latest prices at the end of August 2025.

Although Directive (EU) 2019/944 permits the introduction of temporary price interventions for households and microenterprises under specific conditions, the scope of customers entitled to guaranteed supply is broader and, therefore, not compliant with Directive (EU) 2019/944. Furthermore, the guaranteed supplier is appointed directly by the Energy Law, rather than through a market-based process. The concept of last-resort supply applies to other consumers who are not entitled to guaranteed supply. Following a market-based procedure, EPS was selected as supplier of last resort for the period from 1 May to 31 October 2025 by a Government decision. New tender for the selection of the supplier of last resort for period from 1 November 2025 to 30 April 2026 was published in October 2025.

Consumer empowerment and protection were placed at the forefront by the Law on Amendments to the Energy Law. This law introduced the concepts of active customers, citizen energy communities and aggregation, strengthened customer rights in relation to supply contracts and granted various possibilities to final customers, including entitlement to smart meters and dynamic price contracts. Additionally, end-customers who do not have access to remote meter reading have the right to act as self-readers by submitting their consumption data to the system operator. In 2025, the Decree on Electricity Delivery and Supply was amended to reflect certain novelties introduced by Directive (EU) 2019/944. However, the adoption of the other relevant by-laws is necessary to unlock the full potential of the new concepts included in the above-mentioned law.



ENERGY POVERTY

In Serbia, both energy poverty and the concept of a vulnerable customer are legally defined in the Energy Law.

The country has set a national target to reduce energy poverty by 75% by 2030 compared to 2020, as outlined in the National Energy and Climate Plan (NECP).

To support vulnerable and energy-poor households, Serbia provides subsidies for electricity and gas bills. In 2024, 173,773 vulnerable consumers received electricity subsidies, with a budget of over EUR 17 million, while an average of 215 gas consumers per month benefited from gas bill subsidies. Households officially recognised as energy-vulnerable customers by law are protected from disconnection of electricity supply due to unpaid bills. The NECP includes six targeted measures addressing energy poverty, combining immediate financial aid with long-term strategies. One such initiative is the SURCE project, launched in 2023 and running until 2027, which finances energy efficiency, sustainable heating and rooftop solar investments for low-income households. Serbia's long-term renovation strategy does not include a dedicated action plan for energy poverty. Instead, it references relevant legislation such as the Law on Energy Efficiency and Rational Use of Energy. This law mandates that a portion of energy efficiency measures must prioritise vulnerable and energy-poor households.

Energy poverty levels are monitored by the Statistical Office of the Republic of Serbia through relevant Eurostat surveys. Serbia provided data for the years 2023 and 2024 on the main EU energy poverty indicators: in 2024, 9,3% of the population could not keep their home warm enough and 16,3% faced arrears on utility bills; in 2023, 10,4% lived in dwellings with structural issues such as leaking roofs and damp walls and 19,7% of the population was at risk of poverty.

Unbundling

93%

EMS, the TSO in Serbia, was certified under ownership unbundling in 2017. To ensure full independence of the TSO, the Republic Commission for Energy Networks was established as an independent and autonomous body to oversee it.

The Regulation on Establishing Guidelines on Interconnected Electricity Transmission Systems Operation, which aims to transpose Commission Regulation (EU) 2017/1485, was recently adopted by the Government of Serbia. The adoption of the respective terms and conditions or methodologies is still pending. EMS is a ENTSO-E member and a signatory of the Synchronous Area Framework Agreement for the Regional Group Continental Europe. EMS acts as a monitor of the SMM load-frequency control block, which includes the control areas of Serbia, North Macedonia and Montenegro. The latest Ten-

Year Network Development Plan (TYNDP), covering the period from 2023 to 2032, was approved by AERS in 2024 and published on the websites of EMS and AERS. More recently, AERS carried out a public consultation on the draft new ten-year network development plan for the period for 2025 to 2034.

EDS, the distribution system operator (DSO) in Serbia, is legally and functionally unbundled from generation and supply activities. Its compliance programme was approved by AERS in 2022 and published on the DSO's webpage, including the relevant information on compliance monitoring. A new compliance officer was appointed in 2023. However, the annual compliance report for 2024 has not yet been published. AERS approved the DSO's TYNDP for the period 2023 to 2032, which is published on the AERS website.

Both the transmission and distribution system operators are responsible for ensuring transparent and non-discriminatory third-party access to their systems based on network tariffs determined in line with AERS's tariff methodologies and approved by AERS. The Energy Law stipulates conditions under which transmission and distribution system operators can refuse access to the system. AERS approved the latest transmission and distribution tariffs in August 2025. However, the tariff methodologies still need to be amended to reflect the requirements defined in Directive (EU) 2019/944 and Regulation (EU) 2019/943 (including on designing tariffs for energy storage and active customers).

Connection codes have been transposed by ministerial decrees adopted in 2022. Within one year of their entry into force, the system operators were obliged to align their rules governing connection and obtain approval from the regulator. EMS adopted the transmission grid code in 2023, but the DSO, Elektro distribucija Srbije, continues to use its distribution grid code from 2017. The plan is to update the DSO code by February 2026.

Regulation (EU) 543/2013 was transposed into the national legal framework through the EMS rules. EMS regularly publishes the relevant data on the ENTSO-E Transparency Platform.



Although the Law on Amendments to the Energy Law incorporated the provisions of Regulation (EU) 2019/943, the implementation of its requirements for facilitating cross-border trades—primarily the minimum 70% target and its monitoring—remains pending.

The Government of Serbia has recently adopted the Regulation on Cross-Zonal Capacity Allocation in Forward Markets, which aims to transpose Commission Regulation (EU) 2016/1719. However, its full implementation is still pending. EMS uses the Joint Auction Office (JAO) services for long-term cross-zonal capacity allocation on its borders with Croatia, Hungary, Romania and Bulgaria. JAO also performs day-ahead capacity allocation on the borders with Croatia, Hungary and Bulgaria, while EMS performs intraday allocation on these borders. Day-ahead and intraday capacity allocation on the border with Romania is conducted by the Romanian TSO. For other borders, coordinated cross-zonal capacity allocation is performed by either EMS or the TSO of the neighbouring country. EMS, together with the TSOs concerned, intends to start using JAO services for cross-zonal capacity allocation for the borders with Montenegro and North Macedonia. Allocation of cross-zonal capacity with Kosovo* is not available for commercial exchanges. The infringement case against Serbia, due to its non-compliance with the Energy Community legal acquis in this regard, remains open.

In December 2024, the Government of Serbia adopted the Regulation on Transmission Capacity Allocation and Congestion Management. This regulation aims to transpose Commission Regulation (EU) 2015/1222 and establish a legal basis for implementing market coupling. No activities were undertaken for operationalisation of the Shadow South-East Europe Capacity Calculation Region (CCR) during the previous period. Instead, in December 2024, all TSOs of Contracting Parties in the Western Balkans agreed to reconfigure this region by signing the Joint Declaration on Regional Coordination in South-East Europe. The proposal for the reconfiguration of this region has been submitted to ACER for approval as part of the All TSOs' proposal for amendment of the CCR determination.

Although SEEPEX was designated as a nominated electricity market operator (NEMO) by the Government of Serbia in June 2022, the compliance of its designation is still to be confirmed, along with the verification process. Serbia notified the Secretariat of the existence of a national legal monopoly for day-ahead and intraday trading services pursuant to Article 5(1) of Commission Regulation (EU) 2015/1222 in June 2023. However, in line with the Law on Amendments to the Energy Law, a switch to the competitive NEMO model is to be made; however, the law is not clear on when the national legal monopoly will cease to exist.

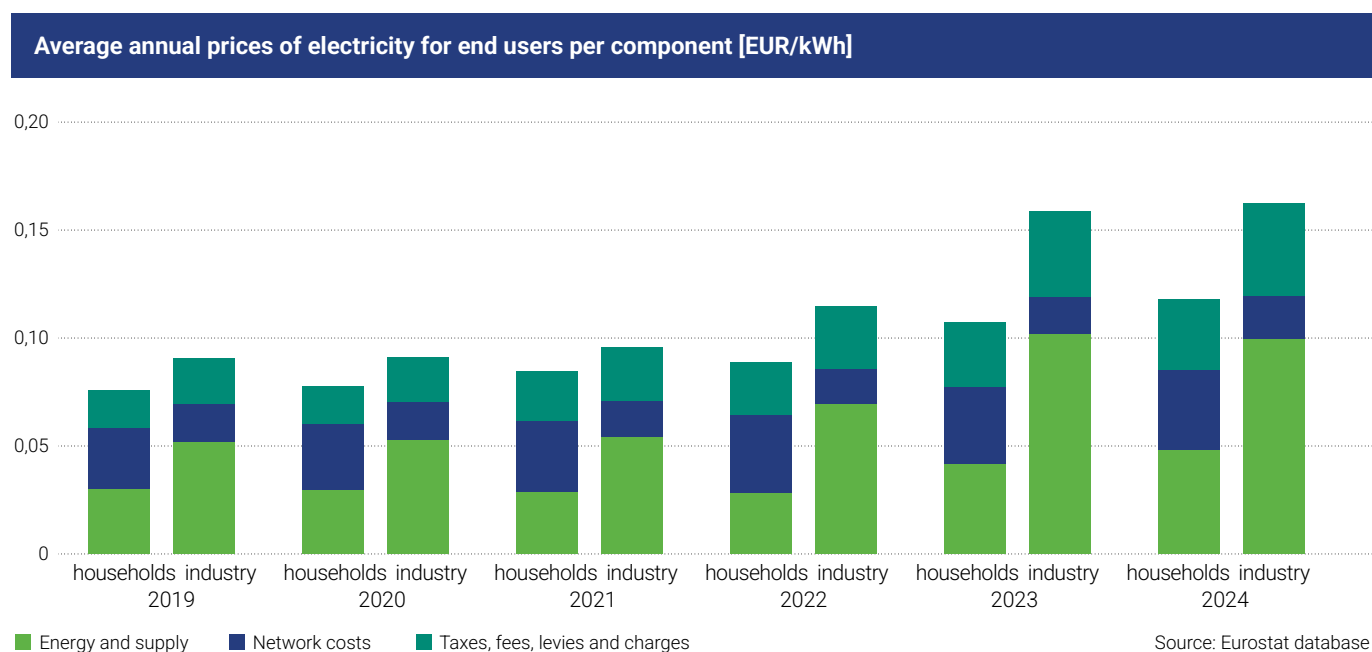
The Serbian TSO and NEMO, together with their Hungarian counterparts, have jointly established a local implementation project for market coupling, signed the memorandum of understanding and agreed on the high-level market design. Recently, they started drafting the technical procedures related to market coupling.

In addition, activities to establish a local implementation project between Serbia and Bulgaria have also begun. A request for the inclusion of this border in the Italian Borders Working Table has been submitted.

The requirement to participate in the European balancing platforms was transposed into the national legal framework by the Regulation on Establishing Guidelines for Balanced Electricity, which was adopted in August 2025. EMS is already an operational member of the International Grid Control Cooperation and has gained observer status in the Manually Activated Reserves Initiative (MARI)—a European implementation project for the European mFRR platform. EMS exchanges the balancing energy from mFRR with TSOs from Bosnia and Herzegovina, Montenegro and North Macedonia. Serbia performs an imbalance netting process with Montenegro.

The revised TEN-E Regulation (EU) 2022/869 is to be transposed by a government decree, which is in the final stages of preparation. Serbia did not submit any electricity-related projects for consideration in the 2024 Projects of Energy Com-

munity Interest (PECI) selection process. EMS, the TSO, continues to advance the development of sections 3 and 4 of the Trans-Balkan Electricity Corridor.



Wholesale market

The public gas supplier, Srbijagas, secures approximately 75% of Serbia's annual natural gas consumption through a long-term import contract with Gazprom, originally valid until May and extended until the end of December 2025. The remaining supply is sourced from the Hungarian market and, in smaller quantities, from Azerbaijan via the Bulgaria interconnector, exclusively booked by Srbijagas. Moreover, NIS delivers a small part of its inland production gas to the Serbian market. This concentrated supply structure results in a lack of liquidity in the domestic gas market.

Although a virtual trading point has been established, there is currently no formal gas exchange and market activity remains limited to bilateral contracts. An interim balancing framework has been introduced, aligned with the transitional provisions of the EU Balancing Network Code (BAL NC) and the regulatory authority, with AERS limiting these interim measures to 2027.

Furthermore, Serbia has transposed the REMIT Regulation (EU) 1227/2011 into national legislation, establishing a legal foundation for improved market monitoring and transparency.

Retail market

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


Unbundling

Serbia has made partial progress in aligning its gas sector with the Energy Community acquis. Transportgas Srbija, the state-owned gas TSO, was certified under the ISO model. The November 2024 Energy Community Secretariat Opinion 03/2024, identifying compliance gaps and recommending corrective actions, was incorporated fully by AERS, Serbia's energy regulator. AERS approved the certification, setting a 12-month deadline to resolve remaining issues under the Gas Directive, such as the legal and functional unbundling of Srbijagas network asset ownership. The law is under review to allow the company to comply with the deadline.

control of the State Commission for Energy Networks, which oversees both electricity and natural gas TSOs. Yugorosgas, acting as both supplier and distribution system operator (DSO), owns the transmission system operated by YGT, while PE Srbijagas owns the system on which TGS operates.

Certification of Yugorosgaz Transport has not progressed since the Government adopted its unbundling plan in 2021. Gastrans was certified under the ITO model and licensed by the national regulator despite the Secretariat's objections.

In Serbia, there are currently three transmission system operators (TSOs): Gastrans, Yugorosgas – transport and Transportgas Srbija. GTS is jointly owned by Gazprom (51%) and Srbijagas (49%), while YGT is owned entirely by Yugorosgas, which itself is owned by Gazprom (50%), Centrex (25%) and Srbijagas (25%). Transportgas Srbija is a 100% public enterprise under the

The Banatski Dvor storage system operator did not meet the 31 March 2024 certification deadline set by the Gas Storage Regulation.

Srbijagas remains the only DSO with over 100.000 connected customers (currently over 135.000). Its unbundling in line with the Gas Directive is still pending.


Access to the system

Serbia transposed the Energy Community network codes in October 2022 and the national TSO, Transportgas Srbija, subsequently adopted a transmission code in compliance with the governmental decree and with AERS approval in January 2025. A new entry/exit transmission tariff methodology, aligned with the tariff network code, was also adopted. Despite these regulatory advancements, transparent third-party access and, con-

sequently, capacity allocation have not yet been conducted at the interconnection points (IPs) managed by Transportgas. The capacity booking system on the TSO's website was inaccessible and essential information—such as clear user guidance and instructions for participating in the capacity allocation process—was lacking.

As a result, incumbent suppliers were allocated capacity in a non-transparent manner this year, failing to guarantee fair and non-discriminatory third-party access to the gas transmission infrastructure. Transportgas's approach, which consisted merely of publishing technical capacities and referencing the applicable rules, cannot be considered user-friendly or conducive to

market development. Currently, only short-term capacities of the non-exempted section of Gastrans are booked via the Regional Booking Platform. Furthermore, access to the Banatski Dvor storage facility remains restricted, with third-party access still not ensured.

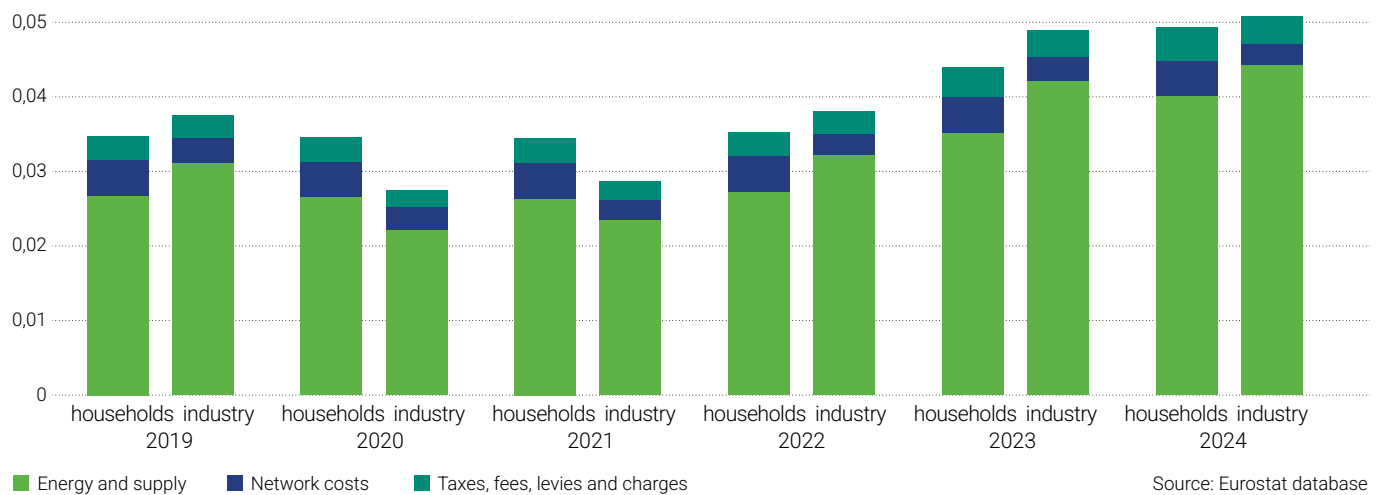
Regional integration

79%

Interconnection agreements are in place on all Transportgas IPs. Serbia is considering other projects with neighbouring countries, the most advanced one being with North Macedonia. Contrary to the unbundling rules, Srbijagas is promoting such projects.

Serbia partially transposed the old Regulation (EU) 347/2013 and a decree to be adopted by the Government has been prepared to transpose the revised Regulation (EU) 2022/869.

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





Decarbonising the energy sector Serbia



ENERGY AND CLIMATE GOVERNANCE

80%

National Energy and Climate Plan (NECP) and Integrated Progress Report (IPR)

97%

The Government of Serbia adopted the National Energy and Climate Plan (NECP) on 25 July 2024 and submitted the adopted plan to the Secretariat.

Within the framework of biennial integrated progress reports, the authorities of Serbia submitted information for 16 of the 17 reporting streams in 2025.

2030 Greenhouse Gas Reduction Target

80%

Serbia has defined the 2030 climate target in the NECP adopted in 2024. The target is in line with the 2030 target set by the Energy Community (47,82 MtCO₂eq).



2030 GHG Target*
-40,3%

National Systems for Greenhouse Gas Emissions and Climate Reporting

75%

There is a legal basis for a national greenhouse gas (GHG) inventory system and Serbia has partially transposed the legal framework for a national system for policies and measures (PaMs) and projections under the Law on Climate Change, adopted in 2021. Furthermore, by-laws transposing relevant provisions of the Governance Regulation regarding the GHG inventory have been adopted.

GHG inventories, adaptation actions and revenues from carbon pricing mechanisms, as required by the adapted Governance Regulation. Reports on policies and measures and the national system for PaMs were also submitted, albeit after the deadline. Since 2025, a new requirement to submit national GHG emission projections has been in place, and this obligation still remains unfulfilled.

Serbia has made progress in climate reporting, submitting information in a timely manner on GHG inventories, approximate

Long-term Strategy (LTS) and Climate Neutrality

69%

The legal basis for a long-term strategy has been established through the Law on Climate Change. Serbia has adopted a long-term strategy until 2030, with projections until 2050. While the

strategy foresees a coal phaseout by 2050, it lacks a climate neutrality objective.

*All targets presented in this Decarbonisation chapter are aligned with the Ministerial Council Decision 2022/02/MC-EnC of the Energy Community



RENEWABLE ENERGY IMPLEMENTATION

80%



2030 Renewable energy targets

65%

The overall renewable energy target of 33,6% share of gross final energy consumption, as stated in the adopted NECP, differs from the 40,7% 2030 target set by Ministerial Council Decision 2022/02/MC-EnC, but has been justified in line with Article 6 of that decision. The overall 2030 renewable energy target is subdivided into sectoral targets for electricity (45%), transport (7%) and heating and cooling (41,4%). In line with Article 26 of the Renewable Energy Directive (REDII), Serbia has

adjusted its minimum target for renewable energy in transport to 7% by 2030. Serbia has not expressed sufficient ambition for the 2030 target for renewable energy in heating and cooling under Article 23 of REDII.



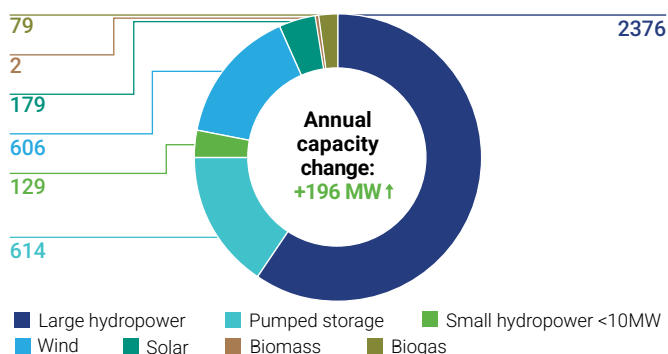
2030 RES Target
40,7%

Quality of support scheme

90%

Amendments to the Renewable Energy Law adopted in April 2023, supported by secondary legislation, established the preconditions for auctioning in the form of market premiums. Two successful auctions under the contract for difference mechanism were held in 2023 and 2025. None of the cooperation mechanisms (statistical transfer, joint projects and joint support schemes) have been implemented.

Total Capacities of Renewable Energy 2024 (MW)



Total capacities of renewable energy (MW): **3985**

Source: Ministry of Mining and Energy

Self-consumption and energy communities

100%

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, with a few already established.

Guarantees of origin

65%

Currently, Serbia is the only Contracting Party to have successfully implemented a functional guarantee of origin (GOs) system for electricity, including the adoption of disclosure rules and the publication of a national residual mix. Its issuing

body, EMS, has become a member of the Association of Issuing Bodies. However, the existing legal framework envisages the issuance of GOs solely for renewable electricity and does not encompass other energy carriers as required by REDII.

Sustainability criteria for biofuels, bioliquids and biomass fuels

82%

The REDII provisions on sustainability and GHG emission savings have been transposed into Serbian national legislation, and a system for verifying biofuels, bioliquids and biomass fuels

has been established. The obligation for fuel suppliers to place renewable fuels on the domestic market, initially planned for 2025, was postponed, as it primarily concerned first-generation

biofuels. While the legal framework for promoting renewable energy use in the transport sector is in place, its full implemen-

tation will only be achieved once the fuel supplier obligation takes effect.

Renewable energy in heating and cooling

83%

Serbia has a well-established legal framework for the heating and cooling sector, ensured by the transposition of Articles 23 and 24 of REDII through the Renewable Energy Law. Effective implementation of these provisions depends largely on local self-government units, which are responsible for introducing incentive policy measures to support the integration of renewables in the sector and for setting the conditions and

procedures under which renewable and waste heat producers can obtain third-party access to district heating networks. At the same time, the right of consumers to disconnect from inefficient district heating systems has not been guaranteed in national legislation, limiting incentives to improve system performance.

ENERGY EFFICIENCY IMPLEMENTATION

86%



2030 Energy efficiency targets and policy measures

94%

Serbia's 2030 energy efficiency targets, as outlined in its adopted NECP, are partially aligned with those of the Energy Community. The primary energy consumption target (14,68 Mtoe) matches the Energy Community's benchmark (14,94 Mtoe), while the final energy consumption target (9,67 Mtoe) remains less ambitious than the agreed target of 9,54 Mtoe.

In 2025, Serbia issued updated instructions for the certification and licensing of energy managers, and continued training efforts. The national energy audit information system, upgraded in 2023, is undergoing further refinement. Rulebooks for inspecting heating and air-conditioning systems, adopted in 2023, are supported by instructions and a register of authorised inspection providers, published in 2024 and 2025, to guide implementation and help clients find qualified professionals.

Implementation of the Law on Energy Efficiency and Rational Use of Energy, adopted in April 2021, continued in 2025. Key implementing acts were finalised during 2023–2024, including rules on minimum criteria for energy audits and training for energy managers. These measures support alignment with the amended Energy Efficiency Directive (EU) 2018/2002 (EED).



2030 EE PEC Target
14,94 Mtoe



2030 EE FEC Target
9,54 Mtoe



Energy efficiency in buildings

64%

Buildings are Serbia's largest energy-consuming sector, accounting for 46% of final energy use in 2023, with residential buildings alone responsible for 36%.

by 2050 and introduce nearly-zero energy building standards for new public and commercial structures—no further progress was made in alignment with the Energy Performance of Buildings Directive. The draft regulation on minimum energy performance requirements and building certification has not yet been finalised, hindering full compliance with EU standards.

Despite the adoption of a long-term building renovation strategy in February 2022—setting targets to renovate public buildings

Energy efficiency scheme and financing

96%

Serbia continues to implement Article 7 targets through alternative measures, now reported under the adopted NECP, replacing the previous National Energy Efficiency Action Plan.

Financial support for energy efficiency projects in both public and residential sectors remains active, with funding provided through the national budget and international financial institutions. In June 2025, the Government adopted a dedicated pro-

gramme for financing energy efficiency measures, in line with the Law on Energy Efficiency and Rational Use of Energy. This programme is managed by the Administration for Financing and Promotion of Energy Efficiency, established within the Min-

istry of Mining and Energy. In 2025, the Administration realised a public call for subsidies targeting buildings of public importance, implemented in cooperation with local governments.

Energy efficient products - labeling

95%

Serbia continued the process of alignment with EU energy labelling regulations during the 2025 reporting period. Following adoption of the Governmental Decree on Energy Labelling in May 2023, which transposed the Framework Regulation (EU) 2017/1369, further steps were taken to expand implementation.

In March 2025, the Ministry of Mining and Energy adopted updated rules introducing rescaled energy labels for household tumble dryers and certain amendments to the rulebook on labelling of electronic displays, supporting gradual harmonisation with EU standards.



Efficiency in heating and cooling

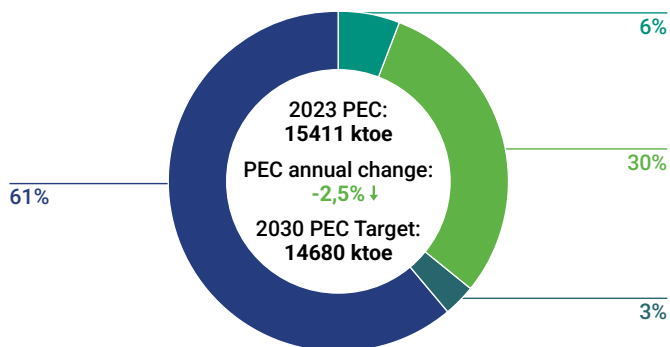
82%

Serbia has made notable progress in implementing the legal provisions on energy efficiency in the heating and cooling sector under the EED. In particular, a comprehensive assessment of the potential for efficient heating and cooling has been prepared and officially notified to the Secretariat. With regard to the remaining provisions, gaps in the legal framework are rel-

atively limited, the most significant being the absence of heat cost allocation rules, which remains a priority for adoption. In contrast, implementation gaps are more substantial: consumption-based billing is applied in only around one quarter of the 58 district heating networks, indicating considerable room for improvement.

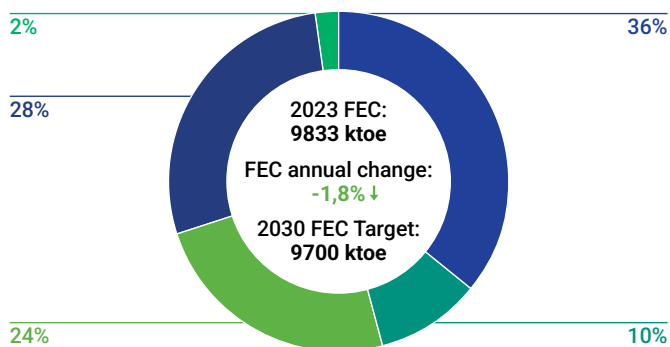
2023 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



■ Energy sector consumption ■ Transformation ■ Distribution losses ■ Final energy consumption

Final Energy Consumption (FEC)



■ Residential ■ Services ■ Industry ■ Transport ■ Other sectors



Energy intensity, 2023 value and trends: 0,37 ktoe/mil EUR, - 6,4% ↓

Source: Eurostat database, NECP and 2022 Ministerial Council Decision



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

88%



Foundations, institutions, permits

93%

Through adoption of the Climate Change Law, Serbia has transposed most of the definitions and concepts from the EU Emissions Trading System (ETS) Directive, including the key obligation for GHG emitters to obtain a permit with a monitoring plan. The list of activities covered by the system and the list of GHG to be monitored and reported are defined in the legislation. The competent authority for issuing GHG permits and reviewing correctness of the monitoring methodologies contained in the monitoring plans has been appointed. The identification of

stationary installations covered by the monitoring and reporting obligations and the permit approval process have commenced. A significant number of GHG permits and monitoring plans have already been approved

The national legislation also introduced corrective mechanisms in the form of financial penalties for non-compliance with GHG permitting obligations.



Monitoring and reporting

83%

The Rulebook on the Monitoring and Reporting of Greenhouse Gas Emissions transposes the provisions of Implementing Regulation (EU) 2018/2066 for stationary installations and is applied in accordance with the Law on Climate Change. The entire GHG permitting process has been digitalised through the eGHG platform, developed by the Ministry of Environmental Protection (MoEP) and hosted on its website. The platform enables electronic submission of applications and supporting documentation, provides access to adapted European Commission guidance and templates, and facilitates real-time communication between the MoEP, the Serbian Environmental Protection

Agency and operators. It also hosts a public registry of issued GHG permits, which is regularly updated by the MoEP, ensuring transparency and accessibility of information.

In addition, enforcement mechanisms for non-compliance with annual GHG emission reporting obligations have been established in national law. Entities that have already been issued GHG permits and had their monitoring plans approved have started systematically monitoring their emissions in line with the new regulatory framework.

Verification and accreditation

88%

Most elements of the Accreditation and Verification Regulation EU 2018/2067 have been successfully transposed into national law through the Law on Climate Change and the Rulebook on the Verification and Accreditation of Verifiers of Reports on Greenhouse Gas Emissions. A clear legal requirement for annual GHG emission reports, verified by accredited verifiers, has been established. The Accreditation Body of Serbia (ATS) has been officially designated as the national accreditation body.

administrative measures to enable the accreditation of GHG verification bodies. Several training programmes have been organised for ATS staff and for entities intending to provide verification services.

The first verifiers have already been accredited under standards SRPS EN ISO 14065:2022 and SRPS EN ISO/IEC 17029:2020, in accordance with the Verifiers' Accreditation Regulation and Monitoring and Reporting Rulebooks.

Internal preparations within ATS have progressed steadily, including the development of detailed procedures, processes and



Ensuring energy security Serbia



ELECTRICITY SECURITY OF SUPPLY

54%

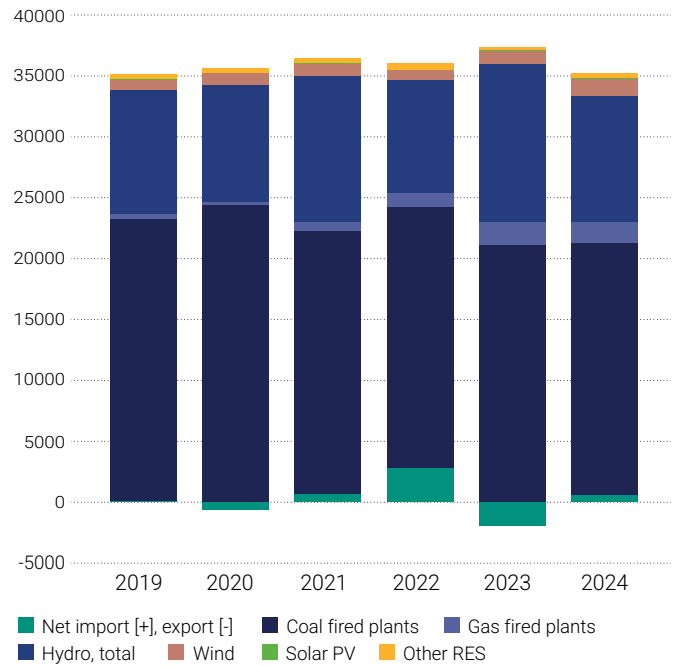
Regulation (EU) 2019/941 was transposed through the Energy Law in 2024, followed by governmental Decree on Risk Preparedness in the Electricity Sector, adopted in May 2025. The competent authority for risk preparedness is the ministry responsible for energy affairs. The Energy Community Secretariat and the Security of Supply Coordination Group have not been informed of the data and contact details of the competent authority for risk preparedness.

On 22 May 2025, the Government adopted the Regulation on the Procedure in the Event of Electricity Emergency and Restoration, which transposes Regulation (EU) 2017/2196. The TSO is obliged to operationalise the provisions of this Regulation within six months to one year of adoption, including the preparation of defence and restoration plans.

Serbia submitted its most recent Security of Supply Statements to the Secretariat in 2022 and is expected to update these every two years in line with Article 29 of the Treaty.

Serbia has introduced a new Cybersecurity Law, aligned with EU standards and the NIS2 Directive. The Government approved the law in June 2025, and it is currently under parliamentary review. The law sets out measures to protect against security risks in information and communication systems. It defines the responsibilities of entities in managing and using these systems and

Fuel mix and primary supply of electricity (in GWh)



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

authorities responsible for implementing protection measures, coordinating relevant actors and monitoring compliance.



GAS SECURITY OF SUPPLY

5%

The Security of Gas Supply Regulation and the Storage Regulation have not been transposed. However, Serbia has complied with the storage target requirements and has a security of supply framework that predates the new mandatory acquis. This framework consists of a risk assessment, along with preventive and emergency action plans, adopted based on the previous Regulation (EU) 994/2010.

A dispute settlement case has been initiated against Serbia to address this matter.

Meanwhile, Serbia is advancing the drafting of a legal framework to align with the Gas Security of Supply acquis.



Serbia has adopted primary and secondary legislation on oil stocks to establish mandatory reserves.

The country's crude oil equivalent as of June 2025 corresponds to 43,96 days of average daily net imports, falling short of the 90-day requirement for emergency oil stocks but showing a slight increase of two days during the reporting period.

The Directorate for Energy Reserves completed the construction of four storage tanks, with a total capacity of 80.000 m³. Technical inspections and the issuance of usage permits are currently underway. By the end of the year, Serbia plans to procure 42.000 tonnes of Euro diesel and 4.300 tonnes of jet fuel, which will increase the number of days of mandatory reserves. Another key priority that has not yet been finalised is the public-private partnership model to secure the required storage capacity.

Serbia is the only Contracting Party to have submitted all required reports under Directive 2009/119/EC. These include the summary of the 2024 stock register, monthly oil statistics for January – December 2024 and January – July 2025, the COIR questionnaire and the annual report analysing measures taken by national authorities to ensure and verify the availability and physical accessibility of emergency stocks.



Improving the environment Serbia



Environmental assessments

53%

Serbia adopted the Environmental Impact Assessment (EIA) Law, establishing the legal framework for transposing the EIA Directive, including amendments introduced by Directive 2014/52/EU, and addressing a breach identified by the Ministerial Council. Serbia is in the process of operationalising the new EIA Law through a series of secondary acts, structured according to their expected timelines. Currently, the decree determining the list of projects for which an EIA is mandatory, as well as those for which an EIA may be requested, is under adoption. In parallel, a rulebook on the content of applications requesting an EIA and on determining the scope and content of an EIA study is in preparation. Within two years of the law's adoption, Serbia plans to issue several additional rulebooks, covering the content of EIA studies, the public consultation procedure (including public insight, presentation and debate on EIA studies), the work of the technical commission for EIA study assessment, and the content, format and maintenance of the electronic database on EIA procedures and decisions. The new EIA Law provides for coordination with the appropriate assessment once the secondary legislation is adopted. It also addresses a key legal gap previously identified by the Secretariat by explicitly requiring that projects obtain an EIA decision before applying for development consent. However, the legislation does not yet introduce safeguard mechanisms to prevent unauthorised energy projects from proceeding without the necessary permits and EIA approvals. During the reporting period, a total of

PERMIT STATUS:



Streamlined approval
process pending

28 EIAs were conducted in Serbia, including ongoing procedures for the modernisation of Block A6 at the Nikola Tesla A thermal power plant, oil and dissolved gas exploitation activities, a new waste-to-energy facility, several transmission line projects and an updated EIA for the construction of a wind farm at the Kostolac site. No exemptions under Articles 2(4) or 2(5) of EIA Directive were granted in Serbia during the reporting period and the Secretariat was not notified of any EIA procedures being carried out for Projects of Energy Community Interest under Article 4 of Decision 2016/12/MC-EnC.

Serbia adopted the Strategic Environmental Assessment (SEA) Law, strengthening the SEA framework and ensuring further alignment with the SEA Directive. However, the secondary legislation establishing a technical SEA commission for reviewing SEA and governing public participation in the SEA procedures has not yet been adopted. The law provides for a three-year transitional period for establishment of a central database and web portal. Serbia did not report any network energy plans as having undergone a SEA.



Large combustion plants

50%

Serbia complied with its reporting obligations under the Large Combustion Plants Directive for the 2024 reporting year. Emissions of all three pollutants decreased further compared to the 2023 reporting year, a positive trend that should be maintained. At the same time, due to the combined effect of the high baseline and the progressive reduction of National Emission Reduction Plan (NERP) ceilings between 2024 and 2027, sulphur dioxide emissions still exceed the NERP ceilings by several times despite a significant reduction in absolute emissions of almost 30%. The positive track record of compliance with dust ceilings was maintained at the level of the lower 2024 ceiling,

a positive trend that should be sustained in the coming years. The breach of the ceiling for nitrogen oxides, first observed in the 2023 reporting year, remains in place. The dispute settlement procedure for non-compliance with the NERP ceilings has been open since March 2021. Due to the lack of progress, the Secretariat advanced the case by issuing a Reasoned Opinion. The four large combustion plants not included in NERP and operating under the opt-out regime were still in operation in the 2024 reporting year, albeit with reduced operational hours. Those plants can only remain in operation if they meet the requirements of the Industrial Emissions Directive for new plants.

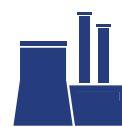
Installations under the Large Combustion Plants Directive



17
of plants falling
under the LCPD



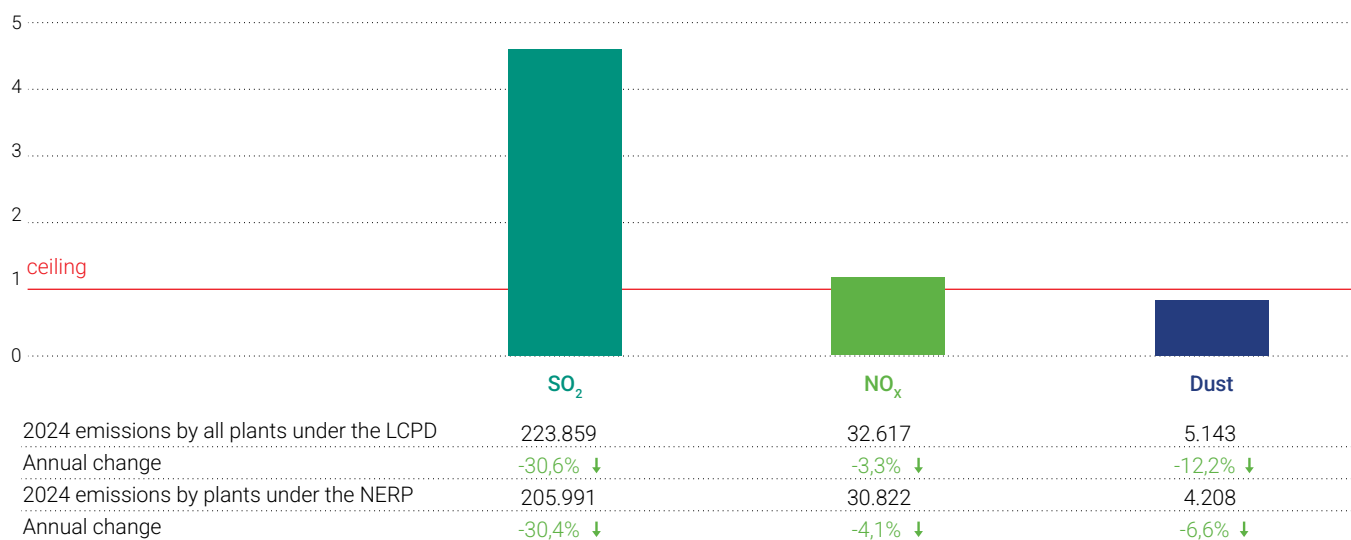
4
of which opted
out plants



13
of which plants falling
under the NERP

Source: compiled by the Energy Community Secretariat

2024 emissions versus NERP ceilings



Source: compiled by the Energy Community Secretariat

Sulphur in fuels

92%

Serbia has transposed the provisions of the Sulphur in Fuels Directive. Sampling and analysis of heavy fuel oil and gas oil are

carried out in accordance with the annual fuel quality monitoring programme.

Nature protection

80%

No changes to legislation related to nature protection have been reported since the last reporting period. While the legal framework provides for appropriate assessment in line with EU requirements, its practical implementation remains pending until the adoption of the relevant secondary legislation. During the reporting period, Serbia adopted several management plans for protected areas. Plans commencing in 2024 cover the area with exceptional features Planina Cer and the nature monuments Krupajsko Vrelo, Homoljska Potajnica, Vrelo Mlave, Resavska Pećina, Lisine, Đavolja Varoš and Dubočka Pećina Gaura Mare. Those starting in 2025 include the strict nature reserves Kukav-

ica, Mustafa and Felješana; the special nature reserves Klisura Reke Mileševke, Jerma and Mala Jasenova Glava; the Nature Park Mali Bosut; the areas with exceptional features Kamena Gora; and the nature monuments Promuklica and Prerasti u kanjonu Vratne. In terms of species protection, Serbia continued updating the Red Book of Fauna, publishing volumes on Fish Fauna and Aquatic Invertebrates in 2024. The Red Book of Birds, published in 2019, documents 352 taxa, identifying 14 species that have disappeared as nesting birds and 49 species with vulnerable non-nesting populations.

Environmental liability

10%

Serbia has transposed certain provisions of the Environmental Liability Directive through the Law on Environmental Protection. No progress was made during the reporting year regarding further transposition of the Directive, meaning transposition re-

mains at an initial stage. Information on financial instruments to secure administrative liability covered by the scope of the Directive is not yet available; these instruments are to be developed following adoption of the Law on Environmental Liability.



Performance of authorities

Serbia



REGULATORY AUTHORITY

87%

Legal setup and independence

Designation and independence of the Energy Agency of the Republic of Serbia (AERS) are governed by the Energy Law, adopted in 2004 and last amended in November 2024. These amendments introduced a number of new regulatory tasks aiming at aligning the duties and obligations of the regulator with the Electricity Integration Package (EIP).

AERS is not subordinated to any other institution and is accountable to the National Assembly, to which it submits annual reports. The legal framework governing the independence of AERS is largely in line with the Energy Community acquis.

The members of the AERS council, including its president, are elected by the National Assembly. The president and council members are elected for terms of five to seven years ensuring a rotation mechanism. During the reporting period, the National Assembly appointed four council members. These processes have experienced some delay. The council president's first seven-year mandate expired during the reporting period and an election procedure is to be launched. However, these delays do not jeopardise the regular functioning of AERS, as the council members remain in their positions until new members are elected. AERS is empowered to make autonomous decisions; no other Government institution can overrule its decisions. The only exception concerns approval of licences, in which the relevant ministry acts as the second instance.

The functioning of the regulator is financed primarily through regulatory fees, calculated as a percentage of the revenues of the regulated network companies, as well as through licensing and other fees. The financial plan of AERS is subject to the approval of the National Assembly, but AERS has the autonomy to allocate its budget as best corresponds to its tasks. If the National Assembly does not approve the financial plan for the upcoming year on time, the regulator may continue to operate under the budget adopted for the previous year. During the reporting period, no issues were observed with respect to financing.

AERS regulates activities in the electricity and natural gas sector, with additional competences in the oil sector. Its activities in the electricity sector also include tasks related to support schemes for renewable energy and guarantees of origin. The duties and obligations of the regulator are aligned with the requirements of the Electricity and Gas Directive.

The 2024 amendments to the Energy Law introduced substantial changes to the enforcement powers of AERS. Specifically, AERS is now entitled to issue not only warnings, but also financial penalties to electricity and gas suppliers and network operators. The financial penalties can reach up to 15% of the given company's annual turnover and are payable to the national budget. The methodology for calculating penalties was adopted by AERS in June 2025. No cases of penalties were recorded during the reporting period. The regulator can also impose temporary bans or, for repeated and serious breaches, a permanent ban on exercising managerial functions for a member of the management body or another responsible natural person in an energy entity. The regulator is also entitled to initiate proceedings before the competent court. By empowering AERS to enforce its decisions in a more effective manner, Serbia improved the legal framework governing its energy sector.

The autonomy of the regulator with respect to its internal organisation is limited by the requirement to have its statutes approved by the National Assembly. Additionally, before commencing the staff recruitment procedure, AERS is obliged to obtain the consent of the relevant National Assembly body. The requirements for candidates for staff members are determined solely by the regulator, whose representatives serve as the sole members of the staff selection committee. Considering that AERS acquired numerous new competences in November 2024, a staff expansion process has been launched to reflect its extended responsibilities.

Activities in the reporting period

In the electricity sector, AERS approved the investment plans of the transmission and distribution network operators for the period 2024–2026, as well as amendments to the market rules and to the distribution network code. AERS also approved the operational limitations for generation and storage facilities connecting to the transmission system.

In March 2025, AERS adopted amendments to the methodology for setting the electricity price for guaranteed supply, introducing different prices for different levels of consumption i.e. "block tariffs". This methodology was then amended in August 2025 to lower the threshold for the "red" consumption band (with the highest price per unit) from 1600 to 1200 kWh. At the same time, AERS adopted new electricity transmission and distribution tariffs, increasing them by 10% and 16%, respectively. The prices for guaranteed supply also increased for households

and small customers by 6,6% on average, reflecting the rises in network tariffs. The price and tariff increases are effective as of October 2025.

In April 2025, AERS adopted three reports on the need for further regulation of prices for guaranteed supply of electricity, procurement of ancillary services and supply of last resort. While the activities of the regulator are in line with the Energy Law in terms of price regulation, it should be noted that this law does not adequately transpose the requirements of the Electricity Directive with respect to price interventions. Specifically, price interventions are permitted only for households and microenterprises under certain preconditions. Not all the preconditions stipulated in the directive are reflected in the law, and price regulation is no longer allowed for all small customers.

In the gas sector, AERS certified the gas TSO, Transportgas Srbija, in line with the recommendations provided by the Secretariat in November 2024. The regulator also approved the transmission network code of Transportgas Srbija, as well as

the company's report on the establishment and implementation of interim measures for balancing transmission networks. Both documents are largely compliant with Regulations (EU) 2017/459 and 312/2014.

Regarding the implementation of Regulation (EU) 2017/460, AERS adopted a methodology for setting natural gas transmission tariffs. The draft of this methodology was subject to analysis by the Energy Community Regulatory Board (ECRB) in 2024 and was assessed as compliant with Regulation (EU) 2017/460. In July 2025, AERS adopted the transmission network tariffs for two TSOs, Transportgas Srbija and Yugorosgaz-Transport, established for the period 1 October 2025 to 30 September 2028. It also approved development and investment plans for the TSO Yugorosgaz Transport and two gas distribution system operators.

Regarding REMIT, secondary legislation is in place; however, no cases were initiated during the reporting period.

COMPETITION AUTHORITY

50%

Legislative framework

Serbia's Law on Protection of Competition contains a prohibition of anti-competitive agreements and concerted practices, as well as a prohibition of abuse of dominance, largely in line with the Energy Community acquis. A range of secondary legislation and guidelines exists, such as on market definition and category-based exemptions.

The Law on Protection of Competition establishes the Commission for Protection of Competition (CPC) as an independent authority responsible for the protection of competition. CPC consists of two ruling bodies; the president and council, which has five commissioners, as well as the office of the president and the professional service numbering 53 staff members, including 32 case-handlers.

Institutional framework

CPC has the investigative powers to conduct unannounced inspections at companies and private premises, as well as to

issue requests for information and conduct interviews to gather evidence; furthermore, a leniency programme to report illegal behaviour is in place. In addition, CPC has the power to order the cessation of illegal practices and to impose remedies (including interim measures and commitments) and fines.

Implementation

While CPC holds all necessary powers, it did not engage in any enforcement activities in the energy sector during the reporting period. Although classical law-enforcement action was practically absent in the energy sector, CPC was active in developing secondary legislation and conducting sectoral market studies in previous reporting periods; however, no enforcement activities followed these initiatives.

CPC is encouraged to use its powers to actively investigate anti-competitive behaviour in the energy sector to ensure full implementation of Serbia's obligations under the Treaty.



Legislative framework

Serbia's system for State aid control is governed by the Law on State aid Control, which establishes a general prohibition of State aid and sets out grounds for compatibility, largely in line with the Energy Community acquis. Additionally, an extensive list of secondary acts is in place, providing guidance on specific processes and types of aid. A regulation on the compliance of State aid in the energy sector is currently under preparation.

Institutional framework

The Commission for State Aid Control (CSAC) is the national authority responsible for enforcement of the State aid prohibition. It is composed of a council of five members, acting as decision-making body, supported by 21 staff members, with further recruitment efforts being undertaken.

CSAC possesses the power to investigate (including requesting information) and assess potential State aid measures, as well as to authorise aid or order recovery of unlawful aid.

Implementation

CSAC undertook the following enforcement activities during the reporting period:

Activity in the reporting period	In the energy sector
Requests for information	0
Opening of investigation	0
Decisions on the authorisation of State aid	1
Decisions on illegal and incompatible aid	0
Decisions on ordering aid recovery	0

The decision adopted by CSAC during the reporting period concerned State aid in the form of a market premium to producers of electricity from renewable sources, awarded through public, transparent and competitive auctions.

While Serbia has a robust legal framework in place, as well as extensive expertise within CSAC, it is now in a position to further boost its enforcement activities in the energy sector.



The Statistical Office of the Republic of Serbia (SORS) is responsible for national energy statistics. Annual questionnaires, including biomass, household, industry and transport disaggregated consumption data, as well as the SHARES questionnaire, are submitted to Eurostat without issues. Preliminary data for 2024 were also submitted via mini questionnaires.

Disaggregated services consumption data are still missing, with SORS confirming that the first submissions are expected in the next reporting cycle. The inclusion of these data will complete the full sectoral coverage of disaggregated energy consumption, further strengthening Serbia's compliance with Eurostat requirements.

In cooperation with the Ministry of Mining and Energy, SORS submits monthly data on electricity, coal, natural gas, oil and oil

stocks in line with Eurostat requirements. Bi-annual electricity and natural gas price data for households and industry, broken down by consumption bands and price components, are also reported on time, accompanied by the required quality reports.






SORS consistently demonstrates a strong capacity for timely and accurate reporting. The key challenge remains the absence of disaggregated consumption data for services, which is expected to be addressed through the MB IPA 2022 project. It is necessary to expand and further strengthen human resources and expertise to meet the need for more detailed data and respond to new requirements and technologies.

UKRAINE

14





Implementation overview


CLUSTER		IMPLEMENTATION STATUS	RECOMMENDATIONS
	Markets and integration	56%	Ukraine should adopt the law and secondary legislation necessary for EIP transposition and implement these, prioritising removal of market barriers, and adopt amendments to tax legislation relevant for the ITC mechanism and the market integration. Ukraine should restore core gas market principles, develop a PSO model phase-out plan, lift the gas export ban, meet the GTSOU certification requirements, ensure DSO unbundling compliance and bundle capacities with Moldova.
	Decarbonising the energy sector	72%	Ukraine should finalise its updated long-term strategy in line with the adapted Governance Regulation, adopt remaining legislation to ensure alignment with REDII, finalise the comprehensive heating and cooling assessment, update the energy performance regulation, strengthen administrative capacities and integrate energy efficiency criteria into public procurement. Further, it should accelerate the revision of national MRVA regulations for full compliance with Energy Community legislation and ensure adequate staffing in the implementing institutions.
	Ensuring energy security	26%	Ukraine should promptly transpose and begin implementing Regulations (EU) 2019/941 and 2017/2196. It should align its national security of gas supply framework with Regulation (EU) 2017/1938 as adopted for the Energy Community.
	Improving the environment	53%	Ukraine should review EIA exemptions for specific projects while ensuring EIA and SEA remain distinct, fully operational and rigorously implemented to support sustainable recovery from the Russian invasion. Ukraine should continue emissions data reporting for large combustion plants.
	Performance of authorities	75%	Ukraine should amend the NEURC Law and related acts to ensure compliance with the Energy Community acquis and strengthen NEURC's independence, align the prohibition of anti-competitive agreements with Energy Community law and adopt the draft amendments restoring a State aid control system compatible with martial law. SSSU still cannot produce official statistics, as reporting obligations are suspended until three months after martial law ends.

OVERALL NUMBER OF CASES 3

Procedures under Article 91 EnCT

 ECS-1/18
energy efficiency

 ECS-1/14
energy efficiency

 ECS-13/24
electricity





Markets and integration

Ukraine



ELECTRICITY

53%



Wholesale market

52%

The Electricity Integration Package (EIP) has not yet been transposed. Based on two draft laws registered in October 2024, the Parliament's Energy Committee finalised a proposal of the law and submitted it to Parliament. On 22 July 2025, the draft law was adopted in the first reading and is now under finalisation by the working group established by the Parliament's Energy Committee.

Wholesale trade was mainly conducted through bilateral contracts, accounting for 82% of volumes, while 15% were traded on the day-ahead and 1% on the intraday market. Although all market segments continue to operate, significant regulatory restrictions remain in effect.

The day-ahead, intraday and balancing market segments are functioning under the price caps determined according to the methodology approved by the national regulatory authority NEURC. The caps vary by hour and were increased by NEURC for peak evening hours from 1 August 2025. The price caps for ancillary services, including balancing capacity, remain unchanged for 2025 and 2026 and are defined at the levels for 2022 or are based on the actual costs (depending on the type of service).

The Electricity Market Law grants NEURC the authority to impose obligations for sales and purchases in the day-ahead market to maintain liquidity. This includes obligations on minimum sales for producers (excluding those producing electricity from alternative energy) and importers (up to 30% of their monthly volume), minimum purchases for transmission system operator (TSO) and distribution system operators (DSOs) to cover losses and for pumped-storage hydroelectric plants for their operational needs. Obligations imposed by NEURC require that at least 10% of the monthly electricity volume of producers and importers be sold on the day-ahead market.

In general, market participants have the right to freely choose their counterparties for bilateral contracts and to conclude such contracts in any form and under terms agreed between the parties. However, with restrictions. Producers (except for producers producing electricity from alternative energy sources) are obliged to sell electricity via bilateral contracts exclusively at electronic auctions under the procedure defined by the Cabinet of Ministers of Ukraine (CMU). Additionally, the state-owned generating company Energoatom is obliged to sell electricity to universal service suppliers for the supply to household consumers in the predefined amount at the day-ahead price (BASE index). NEURC has the authority to define the maximum duration of bilateral contracts (not less than six months), although this is not applied in practice.

From August 2024 – May 2025, Ukrenergo conducted four auctions and procured long-term (five-year) reserves of the Frequency Containment Reserve (FCR) and automatic Frequency Restoration Reserve (aFRR). Additionally, a tender for new generating capacity (based on the repealed Directive 2009/72/EC) was initiated by the Government on 13 August 2024; however, the process has not yet been finalised.

Ukraine's balancing market is governed by market rules. Regulation (EU) 2019/943 and Commission Regulation (EU) 2017/2195 are yet to be transposed.

Losses in the transmission system and distribution systems are procured freely on the market.

Regulation (EU) 1227/2011 was transposed by the Law on REMIT in June 2023 and NEURC has adopted all necessary secondary legislation.



Retail market

43%

The substantial part of Electricity Directive (EU) 2019/944 is still to be transposed. Some provisions have been included in the national legislation (on storage, active customers and aggregation), but this still need to be completed.

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 at regulated prices in a manner that is not compliant with Directive (EU) 2019/944. Household price is kept at the level of 0.088 EUR/kWh (approx. 3.3 times lower than average EU-27) which is not cost-reflective. State-owned generating companies Energoatom and Ukrhydroenergo are obliged to compensate the remaining costs of the universal service suppliers for supply of households. In 2024, the household consumption reached 36,2% of the final electricity consumption.

The Cabinet of Ministers extended the Household Public Service Obligation (PSO) Act until 30 April 2026, without the required consultation with the Secretariat under the Electricity Market Law.

The Government reappointed Ukrinterenergo as a supplier of last resort until 31 December 2025 and, under the Household PSO Act, obliged Ukrenerg to cover the operating costs of the supplier of last resort until the end of 2025.

Twenty-five (25) universal service suppliers and one (1) supplier of last resort have not been selected through competitive procedures.

Clear criteria for identifying and supporting vulnerable and energy-poor consumers are still absent.

The PSO concerning price setting for the supply of electricity is not fully compliant with the requirements set out in Article 5(4–7) of Directive (EU) 2019/944 (it is broader in scope and not all conditions are stipulated). Universal supply and supply of last resort are subject to the price regulation.

Special rules on load shedding apply only to emergency situations, limiting the disconnection of consumers using imported or self-produced electricity (covering at least 60% of their needs).



ENERGY POVERTY

There is no national definition of energy poverty in Ukraine. However, both vulnerable electricity and gas consumers are defined in national law. The procedures to define the categories of vulnerable electricity consumers and the criteria for classifying vulnerable gas consumers have not yet been adopted, so there are no measures specifically targeting these groups.

For 2025, the provisions of the Electricity Market Law regarding vulnerable customers and their definition were suspended.

However, support is provided through state social assistance in the form of housing subsidies for all households unable to cover housing and utility costs. These subsidies are granted when a household's utility and housing costs (including electricity, natural gas, water, heating and communal services) exceed 20% of the average monthly household income (15% during martial law). Additional support is also provided for defined vulnerable persons during the heating season in the form of targeted financial payments for the procurement of solid fuel and other alternative fuels. Furthermore, there are subsidies for payments of housing and utility costs for some categories of households, such as war veterans or victims of the Chernobyl disaster. Protection measures against disconnection are in place. For both electricity and natural gas, households in areas affected by hostilities or temporarily occupied territories or with property damaged by conflict are safeguarded from service suspension due to non-payment until the end of martial law or cessation of hostilities.

Ukraine's National Energy and Climate Plan (NECP) foresees policies and measures to monitor and address energy poverty, referencing, inter alia, the long-term strategy for thermal modernisation of buildings. Its Operational Action Plan for 2024–2026 includes strong measures to address energy poverty, covering definition of the concept, a national reduction target, building energy efficiency and enhancement of monitoring progress in cooperation with the EU Energy Poverty Observatory.

Ukraine currently does not participate in relevant Eurostat surveys (SILC and HBS) and there are no reliable data on the level of energy poverty in the country.

Unbundling

81%

Ukrenerg, a state-owned TSO, was certified conditionally in 2021, and has been a full ENTSO-E member since 1 January 2024. In 2022 NEURC extended the implementation of conditions until martial law is lifted, and the remaining conditions have not been fully implemented.

After a corporate governance crisis in autumn 2024, a new supervisory board for Ukrenerg was established in December 2024. A competitive selection process in summer 2025 resulted in five new management board members. During this process, the Ministry of Energy amended Ukrenerg's Charter to require a qualified majority (by at least five votes) of the supervisory board for appointment of members of the management board. Those amendments were subsequently cancelled. In September 2025, one state representative on the supervisory board

was dismissed. On 26 September 2025, the supervisory board announced the dismissal of all existing management board members. This was then retracted on 2 October 2025, when it was announced that the chairman and members of the company's management board continue to carry out their responsibilities. In October 2025, the sixth member of the management board was appointed.

In May 2025, NEURC updated Ukraine's transmission system code to incorporate provisions of Commission Regulations (EU) 2017/1485 and (EU) 2017/2196. These amendments specifically clarify criteria for power system emergency situations, conditions for forced consumption reduction, the procedure for declaring emergencies, requirements for the transmission system during emergencies and restoration and

requirements for development of the power system protection plan.

Ukrenergo is a signatory of the Synchronous Area Framework Agreement for the Regional Group Continental Europe and acts as the Ukraine–Moldova (UAMD) load-frequency control block leader. The latest Ten-Year Network Development Plan (TYNDP), covering the period from 2025 to 2034, was approved by NEURC in January 2025, but has not been published due to martial law.

Distribution system operators (DSOs) are unbundled. The unbundling of DSOs complies with the requirements of Directive (EU) 2019/944; some state-owned DSOs are in the process of complying with the national legislation requirements regarding the unbundling of ownership of electricity supply assets. Tasks of the DSOs still require alignment with Directive (EU) 2019/944.

Access to the system

85%

Access to the transmission and distribution systems is ensured through publicly available tariffs.

Ukrenergo joined the inter-TSO compensation (ITC) mechanism on 1 July 2024, but national tax legislation should be aligned with the ITC Regulation (EU) 838/2010 (by excluding VAT from payments to Ukrenergo).

The connection network codes have not yet been transposed by a formal governmental or regulatory act; however, the requirements are implemented through the transmission and distribution system codes. Regulation (EU) 543/2013 has been transposed and implemented. Publication of data was suspended due to martial law, but was partially renewed for information not related to the state of the critical infrastructure.



Regional integration

29%

Ukrenergo further progressed with the implementation of joint capacity allocation. Joint daily capacity allocation is performed on all interconnections (via Ukrenergo's allocation platform for the borders with Moldova and Romania and via JAO for the other borders).

The long-term capacity allocation (monthly allocation for January 2026) on the borders with Hungary, Romania and Slovakia is scheduled for December 2025. The intraday capacity allocation on the border with Moldova (via Ukrenergo's allocation platform) is expected to be introduced by the end of 2025. The intraday allocation on the border with Romania (via Transelectrica's allocation platform) is preliminarily planned for Q1 2026, and on the borders with Hungary and Slovakia (via JAO) for Q2 2026. Long-term and intraday allocations on the border with Poland are not yet foreseen.

Designation of the nominated electricity market operator (NEMO) awaits transposition and implementation of Commission Regulation (EU) 2015/1222. Notification was given of the national legal monopoly for day-ahead and intraday trading services by the Ministry of Energy on 8 March 2023.

Reinforcement of regional cooperation on market coupling is being advanced through the EE local Implementation Project (EE LIP). The memorandum of understanding (MoU) was signed

in December 2024 by all relevant NEMOs/MOs and TSOs from Hungary, Moldova, Poland, Romania, Slovakia and Ukraine. Dedicated working groups have been formed to prepare legal, financial and technical impact assessments.

The cooperation agreement within the Eastern Europe (EE) Capacity Calculation Region (CCR), between TSOs from Moldova, Ukraine and the neighbouring EU Member States was signed in December 2024. Operationalisation of the EE CCR is in progress. A roadmap of priority tasks to be implemented by the EE CCR TSOs was established by the EE CCR Steering Committee. A service agreement has been signed with the Regional Coordination Centre TSCNET on the implementation of an interim capacity calculation procedure based on the coordinated Net Transfer Capacity (NTC) method.

On the interconnector with Moldova a non-compliant capacity calculation has been applied, resulting in restriction in certain days and hours, depending on the energy balance of Ukrainian system.

Ukraine is in the process of transposing Regulation (EU) 2022/869 on Guidelines for Trans-European Energy Infrastructure (TEN-E Regulation) into national legislation. To this end, Ukraine plans to adopt the draft law "On Infrastructure Projects of Public Interest in the Energy Sector" by the end of 2025 and a set of secondary legislation in the first half of 2026. However, based on the draft law, Ukraine's national legislation and decentralised permit-granting process remain misaligned with the TEN-E Regulation, particularly regarding compliance with the time limits for priority energy projects. Tailored and efficient schemes that consider national specifics are required. This adjustment would significantly support the implementation of two Ukrainian PEI projects: 1) 330 kV OHL Balti–Dniester HPP-2 and 2) DTEK Storage 225 MW. New interconnection projects with Slovakia and Romania were nominated for PMIs (Projects of Mutual Interest) in the EU PCI/PMI selection process in 2024/2025.

Wholesale market
49%

The progress in wholesale gas market reform achieved in the past has been reversed and has remained so since the start of the Russian aggression. The ban on gas exports has continued. Under legislation, access to a trading platform allows 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 necessary prerequisites for the balancing neutrality charge in the natural gas market are in place, namely the methodology for calculating the neutrality charge approved by the regulator and compliant neu-

trality arrangements. The methodology for the daily forecast of non-metered offtakes is in place, but was not publicly discussed, and information disclosures by transmission system operators are limited due to martial law. However, the majority of the gas trade is covered under PSO regime, and such transactions are exempt from imbalance charges.

The REMIT Regulation (EU) 1227/2011 was transposed and implemented in July 2023 and subsequently by NEURC regulations.


Retail market
45%

The PSO scheme has been extended, covering a broad range of gas consumers. It allocates natural gas produced by Ukrgasvydobuvannya, Chornomornaftogaz and Ukrnafta (all of which are subsidiaries of Naftogaz) to the Naftogaz Group before it is supplied to consumers. As a result, Gas Supply Naftogaz Trading (another subsidiary of Naftogaz) has become the dominant player. The gas price under PSO is fixed and does not reflect market-price accumulation.

A procedure for changing suppliers is in place and enables a smooth supplier change (without the previous supplier's consent) for household and non-household consumers. At the same time, a supplier of last resort mechanism was introduced to ensure uninterrupted natural gas supply to consumers. This role is also assigned to Naftogaz. The implementation of energy units across the whole gas chain is pending.

Unbundling
52%

GTSOU, the gas transmission system operator (TSO), was unbundled and certified in 2019. Legislative amendments have been introduced to empower the supervisory board to approve the strategic development plan, annual financial plan, annual investment plan and medium-term investment plan.

However, since the Ministry of Energy adopted a new Charter for GTSOU in 2025, procedures for appointing and dismissing the management board and its director appear to conflict with Articles 9(1)(b) and 9(1)(c) of Gas Directive.

In addition to these concerns, GTSOU continues to be involved in the production and trade of electricity. While gas-to-power production was bundled with the TSO as an emergency and as a strictly temporary measure, the deadline to unbundle these activities is set for 2027, and the activities are still ongoing. The

regulator obliged GTSOU to develop and submit, by 31 December 2025, a plan for phasing out its electricity production activities by 1 January 2027. The Government transferred rights to operate several gas distribution system operators to JSC Chornomornaftogaz, whose sole shareholder and founder is NJSC Naftogaz of Ukraine (Naftogaz). These gas distribution operators were consolidated under the Naftogaz subsidiary LLC Gas Distribution Networks of Ukraine, which was licensed by the energy regulator (NEURC) to conduct gas distribution activities. The current legal unbundling of LLC "Gas Distribution Networks of Ukraine" does not comply with the unbundling requirements set out in Directive 2009/73/EC. Ukrtransgaz, a storage system operator, is legally unbundled from its founder, Naftogaz of Ukraine.

Third-party access to all parts of the existing gas infrastructure—transmission, storage and distribution—is in place based on regulated tariffs determined by the regulatory authority. New tariffs for natural gas transmission services were set in December 2024 for the regulatory period 2025–2029. Tariffs are determined in accordance with the capacity-weighted distance calculation methodology specified in the gas transmission tariff code (TAR NC), but the requirements for consultation and publication are not complied with due to martial law.

Certain information—such as capacity volumes and utilisation rates—is not published in accordance with Article 3.3 of Annex I to Regulation (EC) 715/2009 by Ukraine’s gas TSO, but the information needed to access the network is available. Ukraine’s gas TSO offers capacity for interconnection with Poland via the Gas System Auctions Platform and for all other interconnectors via the Regional Booking Platform, which aligns with the European Network of Transmission System Operators for Gas (ENTSOG) auction calendar.

Further market integration could be supported by implementing bundled capacity products at interconnection points (IPs) with EU Member States. Under Regulation (EU) 2017/459 the offering of bundled capacity products at IPs between adjacent TSOs of the Contracting Parties is mandatory at present. However, at the Ukraine–Moldova border, no bundled capacity products are currently offered with the Moldovan TSO, although such bundling is required under the Energy Community’s mandatory acquis.

Virtual IPs exist at the borders with Hungary and Poland.

The storage code enables flexible use of storage capacity, harmonises capacity allocation of the gas storage capacity with the capacity allocation of gas transmission system entry/exit points, and increases the share of guaranteed and conditionally guaranteed capacity, and automates the capacity allocation procedure using the information platform of the gas storage operator.

Regional integration

76%

The transmission system is well interconnected, with substantial capacity on all country borders. Most IPs are covered by agreements that are aligned with the network code on interoperability and data exchange and the principles of the capacity allocation code. The TSO increased firm capacity at relevant IPs, enabling significant flows during the winter season.

Ukraine failed to meet the implementation deadline of the TEN-E Regulation (EU) 2022/869, as was the case with the previous Regulation (EU) 347/2013. New projects aim to increase capacity or open hydrogen corridors with EU Member States.

As a result, they do not follow the Project of Energy Community Interest (PECI) process with the Energy Community, monitored by the Secretariat.

The gas TSO GTSOU offers aggregated interruptible capacity with a 50% tariff reduction, as part of the Trans Balkan Pipeline route, for access to the Ukrainian market exclusively. This product, approved by the national regulatory authorities along the route, diverges from the capacity allocation mechanism and tariff network code requirements.



Decarbonising the energy sector Ukraine



ENERGY AND CLIMATE GOVERNANCE

67%



National Energy and Climate Plan (NECP) and Integrated Progress Report (IPR)

59%

The Cabinet of Ministers of Ukraine adopted the National Energy and Climate Plan (NECP) on 25 June 2024 and submitted the adopted plan to the Secretariat.

Within the framework of biennial integrated progress reports, the authorities of Ukraine submitted information for all of the 17 reporting streams in 2025.



2030 Greenhouse Gas Reduction Target

100%

Ukraine has defined the 2030 climate target in its Law on Climate Change, adopted in 2024. Ukraine is currently the only Contracting Party which has enshrined the 2030 climate target in its climate law. The target is in line with the 2030 target set by the Energy Community (309,00 MtCO₂eq). The 2030 climate target should also be reflected in all key national planning documents such as long-term strategies and Nationally Determined Contributions.

ments such as long-term strategies and Nationally Determined Contributions.



2030 GHG Target*
-65,0%



National Systems for Greenhouse Gas Emissions and Climate Reporting

60%

Ukraine has transposed and implemented a national greenhouse gas (GHG) inventory system in the bylaw from 2006 and Ukraine has implemented a national system for estimating GHG emissions. Ukraine has a partially transposed legal framework for a national system for policies (PaMs) and measures and projections in the Law on Climate Change.

Ukraine has made progress in climate reporting, submitting information in a timely manner on policies and measures and GHG inventories, as required by the adapted Governance Regulation. Reports on adaptation actions and approximate GHG inventories were also submitted. However, the information on national emission projections, the national system for PaMs and revenues from carbon pricing still need to be submitted via the Reportnet system.



Long-term Strategy (LTS) and Climate Neutrality

50%

The legal basis for a long-term strategy has been established, and a 2050 climate neutrality target was set out in the Climate Law, adopted in 2024. Ukraine is currently updating its long-term strategy in line with the requirements of the adapted Governance Regulation.

The long-term strategy should include the elements set out in the adapted Governance Regulation and represents an opportunity to align with the Energy Community's 2050 climate-neutrality objective.

*All targets presented in this Decarbonisation chapter are aligned with the Ministerial Council Decision 2022/02/MC-EnC of the Energy Community



RENEWABLE ENERGY IMPLEMENTATION

67%



2030 Renewable energy targets

85%

The overall renewable energy target of 27% share of 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 sectoral targets for electricity (25,4%), transport (17,2%) and heating and cooling (32,5%). The targets for both transport

and heating and cooling are in line with the requirements of the Renewable Energy Directive (REDII).



2030 RES Target
27,0%

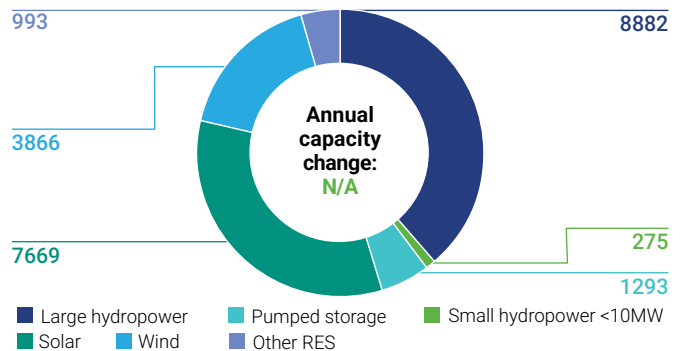


Quality of support scheme

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 2024–2025, Ukraine conducted a couple of renewable energy auctions, which revealed low investor interest. Addressing longstanding payment issues with the guaranteed buyer, adopting detailed auction rules and a three-year auction plan are essential steps forward.

Total Capacities of Renewable Energy 2021* (MW)



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

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 a net-billing mechanism, while the feed-in tariff will apply only to house-

holds until the end of 2029. The law provides the legal basis for establishing renewable energy communities in accordance with REDII, although secondary legislation and its implementation are still pending.

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 and became operational under the regulator in August 2024. The next critical milestone for achieving a fully operational GO sys-

tem includes the adoption of disclosure rules and 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, as well as heating and cooling.

Sustainability criteria for biofuels, bioliquids and biomass fuels

55%

The latest amendments to the Law on Alternative Fuels introduced an obligation for fuel suppliers to place gasoline blended

with bioethanol on the domestic market, which took effect in 2025. The law also provides the legal basis for implementing

sustainability and GHG emission savings criteria, as well as their verification.

However, the secondary legislation required to enable full operation of the verification system has yet to be adopted. Once

adopted and effectively implemented, Ukraine will achieve full compliance with the relevant provisions of REDII.

Renewable energy in heating and cooling

50%

Ukraine has prepared a draft Renewable Energy Law to transpose the remaining provisions of Articles 23 and 24 of REDII that are not yet reflected in existing primary and secondary legislation. Once adopted, the law will consolidate the existing legal basis into a more comprehensive framework for integrating renewable energy into the heating and cooling sector, including the use

of renewables and waste heat in district heating systems. The adoption and implementation of complementary policy measures remain crucial to support renewable heating technologies and to meet the ambitious target set for increasing the renewables share in the sector.

ENERGY EFFICIENCY IMPLEMENTATION

83%



2030 Energy efficiency targets and policy measures

85%

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 up to 2030 were adopted in December 2021. The adopted targets are aligned with the 2030 Energy Community energy efficiency targets, as also reflected in the NECP adopted in June 2024.

Decarbonisation. In 2025, further progress was made through proposed amendments expanding the scope of energy services and energy efficiency funding, alongside draft legislation supporting efficient district heating and high-efficiency cogeneration. However, efforts to implement the previously updated energy management system and local planning methodologies faced challenges.

Despite the ongoing Russian aggression, Ukraine continued aligning its legislation with the amended Energy Efficiency Directive (EU) 2018/2002 under the Clean Energy Package throughout 2024. A key achievement was the adoption of the draft Law on Amendments to Certain Laws of Ukraine on Ensuring the Implementation of a Unified State Policy on Energy Efficiency and

 **2030 EE PEC Target**
91,47 Mtoe

 **2030 EE FEC Target**
50,45 Mtoe



Energy efficiency in buildings

94%

Ukraine has adopted most of the by-laws required to implement the Energy Performance of Buildings Law, including a national plan to increase the number of nearly zero-energy buildings. Parliament passed legislation to support comprehensive thermal modernisation, creating a more enabling framework for building upgrades.

reflect the impact of war-related damage to the building stock and to accommodate Ukraine's rising climate ambitions.

The Long-Term Building Renovation Strategy, together with its operational plan and a state-targeted economic programme, was adopted in December 2023. Revisions are planned to re-

Further efforts are needed to strengthen the enforcement of minimum energy performance requirements and to fully operationalise energy performance certification, to support Ukraine's large-scale building reconstruction and energy efficiency goals.

Effective monitoring and the application of penalties remain partially implemented.

Energy efficiency scheme and financing

74%

Ukraine's energy efficiency obligation scheme, adopted in 2021, has not yet been implemented due to the absence of adequate procedures and a functioning monitoring, control and verification system. It also lacks detailed information and planning within the NECP.

The Energy Efficiency Fund operates three key programmes with a grant component—Vidnovy DIM for restoration of war-damaged buildings, Energo DIM for thermal modernisation of multi-apartment buildings, and Green DIM for climate-resilient green reconstruction. In 2024, the fund received EUR 18 million from

the EU and Germany to sustain its operations. Due to limited state funding, the fund is actively seeking additional financial support.

The State Fund for Decarbonisation and Energy Efficient Transformation, established in 2023, became operational in 2024. It issued its first energy efficiency loan and continues to finance a broad spectrum of energy efficiency programmes and initiatives.

No progress was recorded in incorporating energy efficiency criteria into public procurement procedures.



Energy efficient products - labeling

97%

Ukraine has adopted all energy labelling regulations related to the Labelling Directive, including five additional regulations with rescaled energy labels, thereby completing implementation of the Framework Labelling Regulation (EU) 2017/1369. The country has also transposed the Ecodesign Directive 2009/125/EC and a number of product-specific implementing regulations.

To support implementation, Ukraine resumed inspections of energy-related products in 2025 and prepared a draft law aligned with Market Surveillance and Compliance of Products Regulation (EU) 2019/1020.

Efficiency in heating and cooling

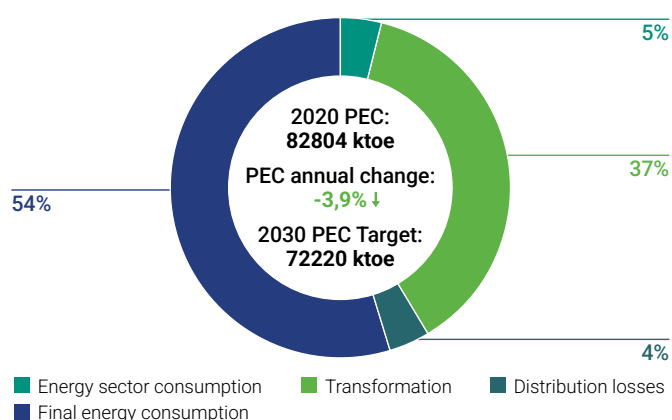
67%

Ukraine remains focused on repairing damaged district heating infrastructure and deploying decentralised heating alternatives. At the same time, reforms are progressing. Although a comprehensive assessment at national level has not yet been prepared, the Energy Efficiency Law requires all communities to develop local energy plans by the end of the year, thereby establishing

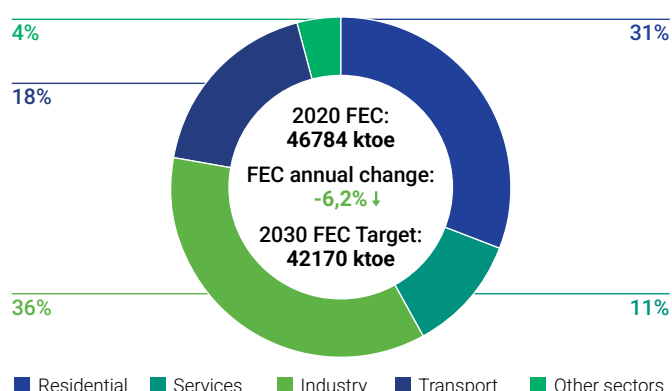
strategic planning documents for the heat supply sector at the community level. In parallel, the Government has approved the State Target Programme for Energy Modernisation of Heat Supply Enterprises until 2030, which includes a number of measures to support the roll-out of consumption-based metering and billing and improve the efficiency of district heating networks.

2020 Energy Efficiency Indicators and Trends*

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity, 2020 value and trends: 0,88 ktoe/mil EUR, +1,0% ↑

Source: Eurostat database, NECP and 2022 Ministerial Council Decision

* Note: 2022–2023 energy balance data were not available for Ukraine



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

70%



Foundations, institutions, permits

57%

Ukraine launched its monitoring, reporting and verification 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 MRV Law introduced fines for violations of MRV legislation, in particular for failure to register an installation, failure to

submit a monitoring plan, operator report, etc. Reporting under the MRV, which had been suspended due to the introduction of martial law, was relaunched at the beginning of 2025. The competent authority responsible for managing the system began the process of re-identifying entities and resumed the system of registration and approval of monitoring plans. Ukraine is currently working on improving the MRV system and bringing it into line with the requirements of the EU ETS Directive and its regulations, as well as on launching of ETS in Ukraine.



Monitoring and reporting

77%

Ukraine partially transposed the Monitoring and Reporting Regulation, but omitted elements related to the monitoring of emissions from aviation operations and specific requirements for sustainable criteria for biomass and CO₂ transfers. Although no specific deadline has been set for submitting applications for approval of the monitoring plan, templates and examples of the

application for registration and the monitoring plan have been made available. The national legislation introduces basic provisions on the estimation of emissions by the competent authority in the event that the operator of an installation fails to submit a report. In 2025, the obligation for installations to monitor and report emissions was reinstated.



Verification and accreditation

76%

Ukraine has partially transposed the provisions of the Accreditation and Verification Regulation, particularly regarding the verification process, into the national legal system through adoption of the Principles of Greenhouse Gas Monitoring, Reporting and Verification Law and other secondary legal acts: however, some elements of the accreditation requirements remain absent, such as activities related to the scope of accreditation for GHG verifi-

ers. The obligation to submit annual emissions reports verified by an accredited verifier has been introduced into national law and the 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 installation operators.



Ensuring energy security Ukraine



ELECTRICITY SECURITY OF SUPPLY

34%

The draft law titled “On Amendments to Certain Laws of Ukraine on the Implementation of European Law on the Integration of Energy Markets, Increased Security of Supply and Competitiveness in the Energy Sector” aims to partially transpose Regulation (EU) 2019/941. The remaining provisions of the Regulation are to be transposed by secondary legislation. The draft law defines the Ministry of Energy as the competent authority for risk preparedness.

Regulation (EU) 2017/2196 is yet to be transposed but the transmission network code integrates some technical aspects of it. The transmission system code obliges Ukrenergo, the TSO, to prepare a defence plan and a restoration plan, which are

subject to regular revision and must be updated at least once every three years. In line with the provisions of the transmission system code, Ukrenergo has prepared both plans and has duly informed NEURC.

Ukraine did not provide Security of Electricity Supply Statements to the Secretariat before the war, thereby failing to comply with Article 29 of the Treaty.

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

10%

The transposition of Regulation (EU) 2017/1938, as adapted for the Energy Community in 2021, is pending. However, Ukraine started developing risk assessment and preventive and emergency action plans in 2016, in line with Regulation (EU) 994/2010, which has since been replaced. Since then, it has renewed these plans annually in accordance with the national Gas Law. Following the provisions of the plans, tabletop exercises with all gas stakeholders have been organised regularly and stress tests focusing on gas storage have been performed twice. The combination of a solid legal basis and implementation of practical secondary acts has increased the overall preparedness of system operators for crisis situations.

Ukraine has transposed and implemented Regulation (EU) 2022/1032, fulfilling its obligations regarding storage system operator certification in early 2023 and achieving the gas storage trajectory levels for four subsequent years.

Nevertheless, the security of supply situation deteriorated significantly following intensified attacks on gas infrastructure, including production sites. Ukraine is expected to meet the storage target for this year by increasing EU gas imports. GTSOU, the TSO, has increased the firm nominal capacity at all IPs for this year to allow suppliers to increase gas imports.



OIL SECURITY OF SUPPLY

40%

The legal and regulatory framework governing minimum reserves of oil and petroleum products in Ukraine is based on the Law No. 3484 of 21 November 2023 on Minimum Reserves of Oil and Petroleum Products. The country has adopted an industry-based emergency oil stocks model involving oil companies, refineries, storage operators and relevant government agencies. This model aims to ensure the availability of strategic oil reserves, safeguard energy security and reduce the impact of crises on the oil industry and the broader economy.

Several implementing regulations were approved in December 2024 by the Cabinet of Ministers, including the Procedure for Monitoring the Quality and Safety of Petroleum Products, the Procedure for Monitoring Volumes in the Oil and Petroleum Products Market, the Procedure for the Operation and Maintenance of the Electronic Reporting System, and the Procedure for the Establishment, Management and Operation of the System of Minimum Reserves of Oil and Petroleum Products. Additionally, in May 2025, the Government adopted the Action Plan to Address the Crisis Situation in Ukraine’s Oil and Petroleum Products Market.

The Ministry of Energy also issued orders in January and March 2025, respectively titled “On Determination of the Administrator of the Electronic Reporting System” and “On Approval of the Standard Form of the Ticket Agreement for the Reservation of Oil and Petroleum Products Included in the Minimum Reserves”.

A key regulation remains pending adoption: the Order of the Ministry of Energy On Approval of the Methodology for Calculating

the Level of Emergency Stocks, which, according to the Ministry's regulatory plan, is scheduled for the fourth quarter of 2025.

Due to martial law, Ukraine did not report any data to the Secretariat during the reporting period.



Improving the environment Ukraine



Environmental assessments

33%

Ukraine did not provide any updates or information for the current reporting period. The Ministry of Environmental Protection and Natural Resources has developed a Concept Note outlining potential deviations from the procedures for standard environmental impact assessment (EIA) and strategic environmental assessment (SEA) during wartime and reconstruction efforts. The Concept Note was developed at the request of the European Commission as part of Reform 6 (Chapter 27 "Environment and Climate Change") of the Ukraine Facility Plan, a EUR 50 billion financial support programme for Ukraine from the European Union for the period 2024–2027. Civil society organisations have criticised the Concept Note for lacking specificity. Concerns have been raised that it may allow the approval of projects with potentially significant environmental impacts without adequate assessment, thereby exceeding the flexibility and discretion envisaged under the EIA and SEA Directives. Based on the available information, implementation of the resolution exempting power plant restoration projects from EIA obligations under martial law remains unchanged. The exemptions still do not provide a case-by-case assessment as mandated by Article 1(3) of EIA Directive and do not incorporate any exemption under Article 2(4) for projects of mixed purposes. Similar concerns apply to SEA, as the Directive requires that, even in cases of derogations, the public must be informed and an alternative form of environmental assessment must be carried out. Ukraine has not provided the Secretariat with a list of network energy projects, plans and programmes exempted under the relevant EIA and SEA provisions.

PERMIT STATUS:



Streamlined approval
process pending/martial law

Furthermore, in its Resolution of 9 September 2025, the European Parliament emphasised that combining EIA and SEA is unacceptable. It noted that both mechanisms must be reinforced and fully implemented to ensure Ukraine's sustainable recovery from the consequences of the Russian invasion.

Wind power development in Ukraine continues to face significant obstacles in environmental permitting. In 2024, the Government reported that the Supreme Court had upheld earlier rulings and annulled the 2019 construction permit for the 120 MW Volovets project due to inadequate environmental assessment, effectively halting the project. More recently, the Polonyna Runa case has raised further concerns, with civil society groups asserting that plans for a large wind power plant on the Runa Meadow in the Zakarpattia region are moving forward without the required EIA and sufficient environmental safeguards. The Secretariat was informed that Ukraine is currently in the process of updating its National Energy and Climate Plan (NECP). Information regarding the SEA process is expected to follow.

Large combustion plants

60%

As the targeted destruction of Ukrainian energy infrastructure remains a sad reality and military aggression is still ongoing, implementation of the Large Combustion Plants Directive cannot be ensured. Despite these challenges, Ukraine ensured timely submission of its emissions data for the 2024 reporting year too, and implementation of the National Emission Reduction Plan (NERP) is still an important ambition for the Contracting Party. The emissions of all three pollutants decreased significantly compared to the 2023 reporting year, with the sulphur dioxide and dust emissions of plants under the NERP decreasing by over 20%. Considering all plants, the difference compared to 2023 was even higher, with a decrease of above 30%. Consequently, compliance with the NERP ceilings was comfortably met in 2024 too. How-

ever, this fact is attributable in part to the unavailability of several plants due to sustained and severe damage, as well as uncertainties regarding the data of plants located in occupied territories.

Given the force majeure situation and the critical importance of every unit of the generation fleet in Ukraine, calculation of operational hours for the Ukrainian plants was suspended by a Ministerial Council decision in 2024. While this decision is about to expire, with the situation on the ground remaining unchanged, its extension will be considered at the next meeting of the Ministerial Council.

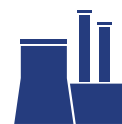
Installations under the Large Combustion Plants Directive



248
of plants falling
under the LCPD



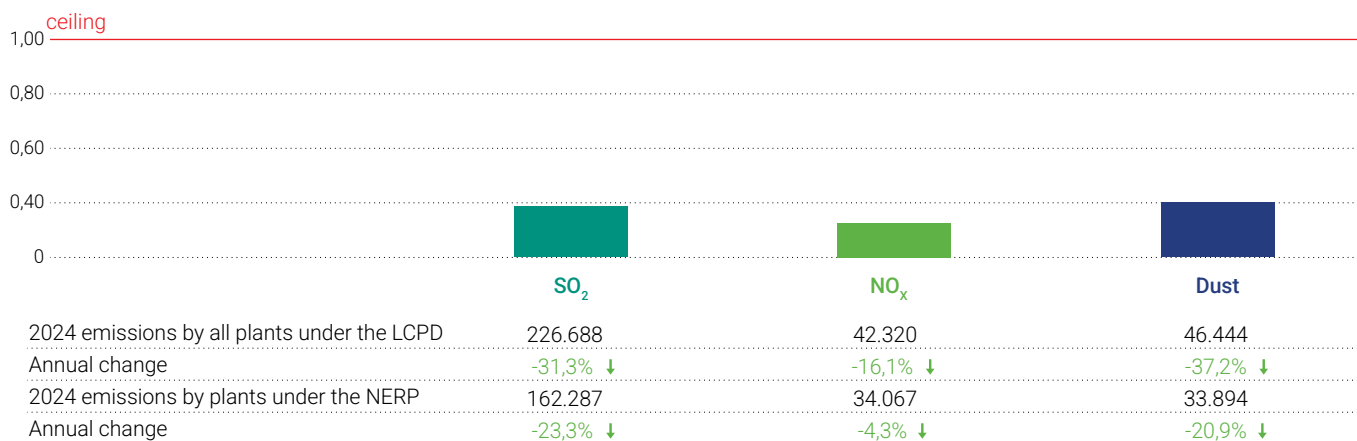
19+59*
of which opted
out plants



90
of which plants falling
under the NERP

*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

2024 emissions versus NERP ceilings



Source: compiled by the Energy Community Secretariat

Sulphur in fuels

87%

The legislative framework in Ukraine is compliant with the requirements of the Sulphur in Fuels Directive; implementation,

however, remains impossible under the ongoing conditions of military aggression.



Nature protection

67%

In 2025, Ukraine continued its efforts to expand and manage its protected areas, despite the substantial challenges posed by the ongoing war. By early 2025, approximately 19% of the country's terrestrial land was designated as protected. However, a significant share of these areas remains under occupation or is located in active combat zones, facing direct environmental damage. According to the Ukrainian Nature Conservation Group, forests within war-affected zones—either temporarily controlled by Russian forces or inaccessible to Ukraine—cover more than 3 million hectares, representing roughly 22% of all forested areas in the country. Virgin steppes in these

zones amount to 1.654.736 hectares, or approximately 59% of Ukraine's total steppes, while shrublands account for 4.514 hectares, representing over 10% of the national total. Among the highest protection categories of the nature reserve fund—including national parks, natural and biosphere reserves—44% of the total 1.236.366 hectares are located in war-affected zones, under temporary occupation or otherwise inaccessible. These figures highlight the extensive pressures on Ukraine's most valuable natural areas and the significant risks to biodiversity and ecosystem integrity posed by the conflict.

Environmental liability

20%

Administrative liability is regulated by the Code of Ukraine on Administrative Offences, which partially transposes the provi-

sions of the Environmental Liability Directive. The current situation, however, renders implementation impossible in practice.



Performance of authorities

Ukraine



REGULATORY AUTHORITY

78%

Legal setup and independence

The institutional setup of the National Energy and Utilities Regulatory Commission of Ukraine (NEURC) is based on the NEURC Law. Sector-specific tasks are defined by the Electricity Market Law, Gas Market Law, Law on Natural Monopolies, Law on Heat Supply and Law on Housing and Communal Services. NEURC still operates under the non-compliant form of a central executive body with special status under the governmental architecture. Once the martial law ends, amendments to the Constitution of Ukraine will be needed to set up NEURC as a fully independent entity.

A draft law strengthening NEURC's independence was developed and discussed during the reporting year, but has not yet been adopted. Once adopted, it is intended to eliminate current non-compliances regarding NEURC's interaction with other state authorities, selection procedures, rotation, budgeting and human resources.

NEURC regulates the electricity, gas and oil sectors in the energy domain, as well as wastewater and, partially, heat supply and water in other utility sectors.

The NEURC board is composed of seven commissioners with a mandate of six years. The rotation scheme is not explicitly defined under the NEURC Law. In the event of early dismissal of a board member, a new appointment is made, based on the results of a competition, for a period determined by the Cabinet of Ministers of Ukraine (CMU), but for no less than two years. The chair of NEURC is selected from among board members by anonymous voting for a term of two years. In September 2025, the CMU appointed three new NEURC board members based on the submission of the Competition Commission, which selected candidates through open competition. Accordingly, NEURC now operates with its full board composition.

NEURC is financed from regulatory fees paid by licensed entities to the special fund of the state budget. The budget proposal is prepared by NEURC and submitted to the Ministry of Finance. NEURC must follow state budget legislation in the use of its budget. This limits its financial independence, as any budget reallocations must be approved by other state authorities. In May, upon submission by the Ministry of Energy of Ukraine and NEURC, the Government allocated savings from funds that had been contributed to the regulatory activities in NEURC's budget to the needs of the defence forces.

The structure and the maximum number of NEURC staff (600) are defined by the CMU. Due to the war, NEURC has experienced some staff attrition. The recruitment procedure for NEURC staff is defined by the Civil Service Law and involves the participation of other state bodies (including the National Agency of Ukraine on Civil Service). Under martial law, a simplified recruitment procedure has been allowed for state authorities; consequently, NEURC is currently hiring personnel independently.

NEURC's decisions are not subject to approval by state authorities. However, market rules, system codes and other regulatory acts that may affect competition are subject to approval by the Antimonopoly Committee of Ukraine. This impedes the regulator's independence in decision-making. NEURC's decisions are binding and may only be appealed in court. While NEURC is responsible for approving the network tariff methodologies for electricity and gas, some regulatory measures require the approval or participation of other authorities. In particular, Introduction of incentive-based regulation for network operators must be approved by the Ministry of Economy and the Ministry of Energy.

Due to martial law, some provisions of NEURC's regulatory acts may be overruled by the decisions of other state bodies. In December 2024, the Minister of Energy issued an order restricting public access to core electricity market data (including day-ahead and intraday electricity prices and volumes). The Secretariat assessed¹⁰ this event as an intervention in areas under NEURC's authority, which should be governed solely by NEURC decisions to avoid uncertainty about the liability of decision-making institutions.

NEURC has the authority to apply penalties, both in connection with its licence control activities and under the REMIT framework. The minimum and maximum penalty levels are defined in the sector-specific laws, while the actual penalty amount is calculated by NEURC based on the relevant methodology. In 2024, NEURC conducted 453 controls of licensees and applied 192 penalties, amounting to UAH 36 million UAH (around EUR 800.000).

NEURC is vested with key tasks and duties under the Gas Directive and the repealed Electricity Directive. Transposition of the Electricity Integration Package (EIP), including the associated new responsibilities of NEURC, is pending.

¹⁰ Secretariat, Ukraine Energy Market Observatory 2/2025, published 30 April 2025.

Activities in the reporting period

In the electricity sector, NEURC adopted amendments to the transmission system code under its current authority, aimed at transposing provisions of Regulations (EU) 2017/1485 and 2017/2196. NEURC defined the connection rules for generators under “cable pooling”, which allows several producers to share a single connection point, thus increasing the possibility of accommodating connection requests from decentralised generation, including renewable energy sources. Additionally, NEURC implemented an electronic system to monitor the connection services provided by the network operators.

NEURC approved the network tariffs for the TSO and DSOs for 2025. The first regulatory period for DSOs under incentive-based regulation was prolonged until 2026, for a total of six years. NEURC approved the TSO’s TYNDP and the network development plans of the DSOs, as well as the Generation Adequacy Report for 2024. NEURC approves the methodology for the supply service tariff for universal service suppliers and the methodology for universal end-user prices for household and small non-household consumers. NEURC set relevant 2025 tariffs for USSs and approved the budget of the supplier of last resort for 2025, to be recovered through the TSO tariff under the PSO.

On the electricity wholesale market, NEURC sets price caps for the day-ahead market (DAM), intraday market (IDM) and the balancing market. This limits market prices in a manner not fully compliant with the EIP. Since August 2025, NEURC has increased the price caps in the DAM/IDM and balancing markets for evening peak hours, resulting in overall average maximum price cap growth of approximately 22% for DAM/IDM and around 18% for the balancing market.

NEURC granted consent to new cross-border allocation rules proposed by the TSO to introduce intraday allocation on the UA-MD and UA-RO borders and long-term auctions on borders with Hungary, Slovakia and Romania.

In the gas sector, the new gas transportation tariffs for entry/exit points were set by NEURC for the period 2025–2029. These tariffs were calculated based on a scenario assuming no transit of Russian gas via Ukraine and new regulatory parameters under incentive-based regulation. Due to the application of martial

law, these tariffs were set outside the procedure established by Regulation (EU) 2017/460. In addition, NEURC approved the gas TSO, GTSOU, Development Plan for 2025–2034. As of 1 April 2025, a neutrality fee was implemented, contributing to compliance with Regulation (EU) 312/2014.

NEURC approved the joint proposal of GTSOU with the relevant gas TSOs to introduce a joint monthly product for firm capacity allocation through the Trans-Balkan Pipeline (within the IPs on the borders with Romania and Moldova) for the period from June to October 2025. Despite its temporary nature, this product diverged from the requirements of Regulations (EU) 2017/459 and 2017/460. The amendments to the compliance programme of GTSO were approved by NEURC to define the conditions for temporary GTSO activities (until 2027) related to the production of electricity from natural gas.

In 2025, NEURC amended REMIT-related secondary legislation to accommodate changes in the primary law and adapt to the practice of REMIT implementation so far. NEURC started to publish aggregated insider information on its website during the period of martial law due to existing restrictions preventing insider information platforms from publishing relevant information. NEURC opened several preliminary studies on possible abuse in the wholesale energy market and launched the first investigation for market manipulation under REMIT.

NEURC is an issuing body for RES guarantees of origin (GOs) and sets feed-in tariffs and rules for RES support schemes under the feed-in tariff and market premium support mechanisms. In July 2025, NEURC launched a register of electrical installations, which forms part of the RES GOs registry.

Ukraine Plan

In line with the Ukraine Plan (Reform 2, step 10.4), NEURC developed a roadmap for the process of separation of the RES surcharge from the transmission tariff, which was adopted by CMU decree on 26 June 2025. NEURC has begun implementing the roadmap, approving amendments to the transmission tariff methodology and transmission system code, and preparing the draft law aimed at separating the RES surcharge from the transmission tariff for 2025–2026.

Legislative framework

Ukraine’s Law on the Protection of Economic Competition contains a prohibition of anti-competitive agreements and concerted practices, as well as a prohibition of abuse of dominance, largely in line with the Energy Community acquis. However, the prohibition of anti-competitive agreements is limited to

agreements “which have resulted or may result in prevention, restriction or distortion of competition”, whereas Article 18 of the Treaty prohibits any agreements which have such object or effect. Consequently, the law needs to be amended to fully align with Energy Community law. This discrepancy may reduce the scope of the prohibition. Extensive secondary legislation and guidelines exist, covering areas such as leniency policy, horizon-

tal and vertical block exemptions (including category-specific exemptions), market definition, methodology for determining the monopoly (dominant) position of undertakings and procedures for settlement.

Institutional framework

The Law on Antimonopoly Committee of Ukraine and the Law on the Protection of Economic Competition establish the Antimonopoly Committee of Ukraine (AMCU) as the authority responsible for the protection of competition. AMCU consists of a chairperson and eight commissioners, supported by 211 staff members. AMCU holds the investigative powers to conduct unannounced inspections at companies (not at private premises), as well as to issue requests for information and conduct interviews to gather evidence; furthermore, a leniency programme to report illegal behaviour is in place. Moreover, it has the power to order cessation of illegal practices and impose remedies (including interim measures and commitments) and fines.

In its 2024 report, AMCU indicated markets of refined fuels and electricity as its top two law enforcement priorities for 2025.

Implementation

Despite the ongoing challenges of wartime, the AMCU remained fully operational and was increasingly active in law enforcement during the reporting period:

Activity in the reporting period	In the energy sector
On-site inspections (at companies or private premises)	0
Requests for information	79
Leniency application	0
Opening of investigation	24
Decisions on anti-competitive agreements and concerted practices	3
Decisions on abuse of dominance	9
Sector inquiries and market studies	2

During the reporting period, the AMCU adopted three decisions on anti-competitive agreements and concerted practices and nine decisions on abuse of dominance. It also opened 24 antitrust investigations related to the energy sector. Furthermore, it is currently conducting two sectoral enquiries on the electricity market: one on the ancillary services and balancing market and one on the bilateral contracts market, day-ahead market and intraday market.



STATE AID AUTHORITY

41%

Legislative framework

Ukraine's system for State aid control is governed by the Law on State Aid to Undertakings, which contains a prohibition of State aid and grounds for compatibility, largely in line with the Energy Community acquis. Additionally, an extensive list of secondary acts is in place, providing guidance on specific processes and type of aid. Draft amendments to the law were prepared and are currently under adoption, aimed at restoring the State aid control system under martial law and further alignment with EU law. The adoption of these amendments should be a priority for the upcoming period.

Institutional framework

The Antimonopoly Committee of Ukraine (AMCU) is the national authority responsible for the enforcement of the State aid

prohibition. Currently, 27 staff members of AMCU are working on State aid matters. AMCU has the power to investigate (including requesting information) and assess potential State aid measures and to authorise aid or order recovery of unlawful aid.

Implementation

During the period of martial law, the system of State aid notification and control has been suspended. Accordingly, AMCU did not implement any enforcement activities during the reporting period. Instead, it focused on the development of draft amendments to the Law and secondary acts.



STATISTICAL AUTHORITY

n.a.

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 the end of martial law. As a result, SSSU is currently unable to produce official statistics.

ANNEXES

15

Annex I

Report of the Energy Community Secretariat on Enforcement and Dispute Resolution Activities

OCTOBER 2024 – OCTOBER 2025

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.

Cases under preliminary procedure

During the reporting period, no cases were opened under Article 91 of the Treaty.

Compliance was achieved in two cases that had been subject to a preliminary procedure: **Case ECS-18/24 Montenegro** on the transposition of the Oil Stocks Directive and **Case ECS-20/24 Georgia** on the transposition of the Security of Supply Regulation.

Reasoned Requests submitted to the Ministerial Council for a decision under Article 91 of the Treaty

During the reporting period, the Secretariat did not submit any new Reasoned Requests to the Ministerial Council under Article 91 of the Treaty.

Ministerial Council Decisions under Article 91 of the Treaty

In 2024, the Ministerial Council did not adopt decisions on any of the Reasoned Requests brought to its attention in the preceding reporting period and postponed decision-making.

On 25 January 2025, the Presidency instructed the Secretariat to initiate decision-making by correspondence in accordance with point VI.5 of the Ministerial Council Rules of Procedure for the following Energy Community Ministerial Council Decisions: **Case ECS-15/21 Montenegro** on compliance with the Large Combustion Plants Directive; **Case ECS-14/24 Bosnia and Herzegovina** on transposition of the Oil Stocks Directive; **Cases ECS-19/24**

Bosnia and Herzegovina, ECS-21/24 North Macedonia and ECS-22/24 Serbia on transposition of the Security of Supply Regulation; and **Cases ECS-23/24 Albania and ECS-24/24 Bosnia and Herzegovina** on transposition of the RED II sustainability criteria. No decisions were adopted by the Ministerial Council.

Reasoned Requests submitted to the Ministerial Council for a decision under Article 92 of the Treaty

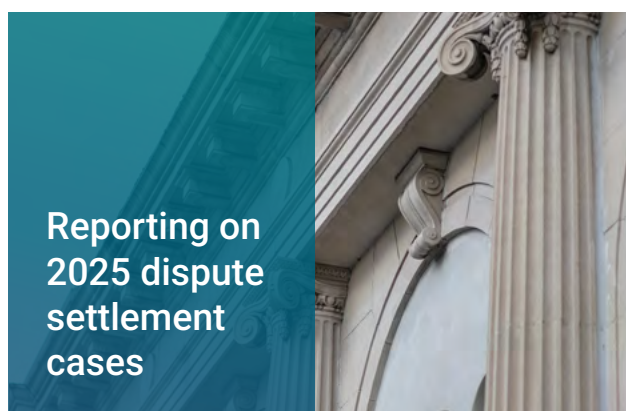
During the reporting period, no cases were referred to the Ministerial Council under Article 92 of the Treaty.

Cases where breaches have been established by Ministerial Council Decision (Article 91 of the Treaty) and subsequently rectified by the Party in question

During the reporting period, compliance with a decision of the Ministerial Council under Article 91 of the Treaty was achieved in **Case ECS-7/18 Moldova**, where the adoption of new legal acts brought national legislation into compliance with Directive 2001/80/EC of 23 October 2001 on the Limitation of Emissions of Certain Pollutants into the Air from Large Combustion Plants and Directive 2010/75/EU of 24 November 2010 on Industrial Emissions.

Cases where breaches have been established Ministerial Council Decision (Article 91 of the Treaty) and not subsequently rectified by the Party in question

The Contracting Parties concerned have not complied with 21 decisions by the Ministerial Council establishing breaches under Article 91 of the Treaty, adopted at earlier meetings.



Reporting on 2025 dispute settlement cases

The report covers open cases under both Articles 91 and 92 of the Treaty, as well as cases where a procedure under Article 91 of the Treaty has been closed following the adoption of a Ministerial Council decision, but the breach has not yet been rectified. Cases in which the Ministerial Council adopted a decision under Article 91 and a subsequent procedure was opened under Article 92 of the Treaty are reflected only in the boxes pertaining to Article 92.

The report also includes cases in which breaches remain unrectified despite the adoption of Ministerial Council decisions establishing serious and persistent breaches or imposing measures under Article 92 of the Treaty.

Part II: Report on cooperation with national authorities under Article 2 of the Dispute Settlement Rules

Article 2 of the Dispute Settlement Rules provides for a cooperation mechanism between national authorities and the Secretariat, whereby national authorities can request assistance from the Secretariat regarding questions of interpretation or application of Energy Community law. During the reporting period, this mechanism was not 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 continued to facilitate the settlement of disputes in the Contracting Parties, thereby increasing regulatory stability for the benefit of consumers, governments and investors alike. Given the general instability on the energy markets across the region, most instances in which the Dispute Reso-

lution and Negotiation Centre provided support remained at an informal level.

Throughout 2025, the Secretariat's Dispute Resolution and Negotiation Centre focused on supporting Ukrainian energy companies in 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, the Secretariat continued its cooperation with Ukrhydroenergo, assisting in the preparation of arbitration claims against the Russian Federation concerning targeted attacks on Ukraine's hydropower infrastructure. With the assistance of pro bono legal representation secured through the Ukraine Legal Support Platform, Ukrhydroenergo had already initiated investment arbitration proceedings and issued a notice of dispute to the President, Government and other relevant institutions of the Russian Federation. As part of this effort, the Secretariat provided strategic legal coordination and facilitated access to international legal expertise via its Pro Bono Platform, which brings together leading law firms offering their services on a pro bono basis. The cooperation forms part of the Secretariat's broader, ongoing commitment to supporting Ukraine in ensuring accountability for war crimes against its energy sector.

Annex II

Annual Report on the Activities of the Energy Community 2024–2025



The Energy Community's Informal Ministerial Council, Athens Greece, July 2025

The Annual Report on the activities of the Energy Community outlines key actions and achievements in the period from 1 November 2024 to 31 October 2025 following the requirements of Article 52 of the Energy Community Treaty.

This report marks the 20th anniversary of the Energy Community Treaty and the establishment of the Energy Community Secretariat. Over two decades, the Secretariat has evolved into a central platform for advancing accelerated energy market integration between the European Union and the Energy Community Contracting Parties – fostering competitive markets, enhancing security of supply, and driving the energy transition across the region. The following pages highlight the Secretariat's most significant work in 2025, reflecting its close cooperation with decision-makers, policymakers, and regional partners through legal and policy support, technical assistance, capacity-building, and compliance monitoring – all aimed at providing Contracting Parties with support to implement reforms, strengthen institutions, and accelerate integration with the European Union's energy and climate framework.

Tasks

Under Article 67 of the Energy Community Treaty, the Secretariat performs five core functions essential to the effective governance and operation of the Energy Community. These are: providing administrative support to the Ministerial Council, the Permanent High Level Group, the Regulatory Board and the Fora; reviewing the proper implementation by the Parties of their obligations under this Treaty and submitting yearly progress reports to the Ministerial Council; reviewing and assisting in the coordination by the European Commission of the donors' activity in the territories of the Contracting Parties and providing administrative support to the donors; carrying out other tasks conferred on it under this Treaty or by a Procedural Act of the Ministerial Council, excluding the power to take Measures; and adopting Procedural Acts. Together, these duties form the backbone of the Secretariat's mandate to promote compliance, cooperation, and integration across the region.

Administrative support to institutions

To ensure the smooth functioning of the Energy Community's institutional framework, the Secretariat provided comprehensive administrative, logistical, and legal support to the Energy Community's governing institutions – including at the Informal Ministerial Council in July, the Ministerial Council in December; four Permanent High-Level Group (PHLG) meetings in April, June September and December; four fora (The Electricity Forum in June, and the Gas and Oils Forums in September, and the Just Transition Forum in November); four Energy Community Regulatory Board (ECRB) plenaries in April, June, September, and December, and two Budget Committee meetings in June and November. Across 140 meetings and events and through coordinating decisions, and following up on adopted measures, these efforts strengthened inter-institutional collaboration, improving the efficiency of regional energy governance.

To improve transparency and efficiency in institutional operations, this year the Secretariat advanced digital and procedural improvements, including upgraded document management systems, streamlined workflows, and enhanced online collaboration tools.

Assistance to Contracting Parties

During the reporting period, the Secretariat supported Contracting Parties in the timely and effective transposition, implementation, and enforcement of the Electricity Integration Package (EIP), the Third Energy Package for gas, security of supply provisions, and the emerging climate-related acquis. It also advanced reforms in renewable energy, energy efficiency, competition, and environmental protection. Through legislative drafting support, expert analyses, and targeted capacity-building for ministries, regulators, and transmission system operators, the Secretariat strengthened the institutional capacity of the Contracting Parties to implement and enforce the acquis.

Specific duties conferred by the Treaty

The EIP, the revised TEN-E Regulation, and the Security of Gas Supply and Storage Regulations introduced expanded operational, monitoring, and decision-making tasks for the Secretariat, reinforcing its role in bridging regional and EU market processes.

Regarding the EIP, the Secretariat reviewed and assisted in drafting Contracting Parties' laws and regulations that aimed to transpose the EIP or certain parts of it, providing continuous monitoring and reporting on the progress made. In tandem, it advanced work to establish frameworks for the integration of Contracting Parties into the EU single day-ahead and intraday coupling (SDAC/SIDC) and balancing market platforms with the European Commission, ACER, ENTSO-E and its dedicated Energy Community Task Force, as well as the market coupling and balancing platforms' steering committees.

To strengthen cross-border infrastructure, in line with the revised TEN-E Regulation, the Secretariat worked with the European Commission and regional stakeholders to initiate the process for adopting the second list of Projects of Energy Community Interest (PECI). It maintained and updated the Energy Infrastructure Transparency Platform (PLIMA) and cooperated with the Energy Community Regulatory Board in developing comparative indicators for infrastructure investment costs and reviewing national methodologies for project evaluation.

The Secretariat also remained actively engaged in strengthening security of electricity supply across the Energy Community. It reviewed draft national laws transposing the Risk-Preparedness Regulation and the Emergency and Restoration Network Code, as well as the Security of Supply Statements submitted by the Contracting Parties. Finally, in response to its critical electricity supply situation following the cessation of deliveries from the Russian-owned MGRES power plant, the Secretariat provided targeted assistance to Moldova, detailed in the pages to come.

Regarding the Security of Gas Supply and Storage Regulations, the Secretariat applied the best EU practices in fulfilling its Treaty-based responsibilities – including issuing binding opinions on the certification of storage system operators, setting gas storage targets, and assessing preventive and emergency plans to strengthen supply security.

Monitoring and Reporting

Monitoring and reporting constitute one of the Secretariat's core functions under Article 67(a) of the Energy Community Treaty, consolidating the Secretariat's role as the analytical backbone of the Energy Community. As in previous years, the Annual Implementation Report served as the principal tool for assessing compliance and progress toward Contracting Parties' implementation of the Energy Community acquis across all sectors. Throughout the year, the Secretariat deepened cooperation with the European Commission, ACER, Eurostat, and the International Energy Agency (IEA) to improve data quality, transparency, and comparability across Contracting Parties.

Preparatory work began to expand future market monitoring activities under the EIP. This includes tracking the impact of the EU Carbon Border Adjustment Mechanism (CBAM) Regulation on cross-border electricity trading in the region as of 1 January 2026, and monitoring the forthcoming climate-related acquis, particularly the development of monitoring, reporting, verification, and accreditation (MRVA) systems.

Monitoring results informed both institutional decision-making and donor coordination – further detailed in a dedicated section of this report – ensuring that reforms and investments remained consistent with the Energy Community's objectives and the broader EU energy and climate framework.

Enforcement of the acquis and dispute resolution

In 2025, the Secretariat's dispute settlement process ensured the consistent and effective application of the Energy Community acquis across all Contracting Parties, thereby strengthening legal certainty, and reinforcing the stable regulatory environment needed to advance the Energy Community's energy market integration with the European Union.

In accordance with its mandate under Article 67(b) of the Treaty, the Secretariat monitored Contracting Parties' compliance with the acquis, working proactively with governments, regulators, and stakeholders to prevent non-compliance, clarify legislative obligations, and support the implementation of national reforms. Where breaches of the acquis occurred, the Secretariat initiated dispute settlement procedures, advancing several existing procedures toward resolution. This included preliminary procedures (10 cases), and the issuance of Reasoned Opinions (1 case) and Reasoned Requests to the Ministerial Council.

If a breach remained unresolved, the Secretariat maintained the option to escalate proceedings under Article 92 of the Treaty, which may lead to the suspension of certain rights of a Contracting Party. Enforcement actions were pursued both based on formal complaints and the Secretariat's own monitoring, ensuring that cases of non-compliance were promptly identified and rectified.

Delivering on an accelerated integration with the EU

Accelerating integration with the European Union's internal energy markets lies at the heart of the Energy Community's mission. By helping Contracting Parties align their laws, institutional, and technical frameworks with the EU energy and climate acquis, the Secretariat helped lay the groundwork for genuine market interoperability – enabling their progressive participation in the EU's internal electricity and gas markets.

In 2025, the Secretariat advanced this process by: helping governments, regulators, and system operators transpose and implement the EIP and the Third Energy Package for gas; supporting the rollout of network codes in both sectors; assisting in the deployment of market rules that enable day-ahead and intraday coupling; and strengthening institutional capacity to apply EU standards on transparency, competition, and consumer protection. Through parallel work on renewables, energy efficiency, and climate governance – including National Energy and Climate Plans (NECPs), MRVA systems, and carbon pricing – the Secretariat continues to turn policy alignment into progress toward a fully integrated and sustainable European energy market.

Electricity Sector

This reporting period, to advance the implementation of the electricity acquis, the Secretariat's efforts included supporting

transposition of the EIP, facilitating market coupling and balancing integration, and strengthening system flexibility and security of supply through close cooperation with Contracting Parties, EU institutions, and regional stakeholders. These priorities were reinforced at the 30th Athens Electricity Forum, held on 4–5 June 2025, which brought together governments, regulators, system operators, industry, and partners to assess the state of market integration and chart next steps for accelerating the Energy Community's clean energy transition.

Transposition and implementation of the acquis

The Secretariat primarily focused on supporting the Contracting Parties in transposing the EIP, as a prerequisite for further integrating their markets into the EU's single electricity market.

This work included reviewing and amending draft laws and by-laws submitted by Contracting Parties, as well as assisting in drafting provisions to ensure compliance with Electricity Directive (EU) 2019/944, Electricity Regulation (EU) 2019/943, ACER Regulation (EU) 2019/942, and with the network codes and guidelines related to electricity market and system operation – namely Regulation (EU) 2015/1222, Regulation (EU) 2016/1719, Regulation (EU) 2017/2195, Regulation (EU) 2017/2196, and Regulation (EU) 2017/1485. To do so, the Secretariat actively cooperated with the governments, ministries, parliamentary committees, regulators, system and market operators, including through the organisation of dedicated meetings and active participation in working groups established to draft Contracting Parties' laws.

In facilitating the implementation of the EIP, the Secretariat also actively cooperated with relevant European institutions such as ENTSO-E and its dedicated EnC TF, ACER, the All NEMO Committee, the Market Coupling Steering Committee, the Pentalateral Coordination Group – including through co-chairing of its dedicated Energy Community Joint Expert Team – along with relevant associations including but not limited to Energy Traders for Europe and EUROPEX. In tandem, the Secretariat cooperated with various projects, initiatives, and donors focused on enhancing electricity market integration and strengthening regional cooperation, helping to streamline and coordinate the delivery of assistance.

Finally, the Secretariat continually monitored the transposition of the new acquis, reporting on progress across relevant meetings, conferences, and stakeholder forums to enhance transparency and understanding of the process.

Accelerated integration of electricity markets

As previously indicated, in 2025, the Secretariat focused on accelerating the integration of the Contracting Parties' electricity markets into the EU internal market – in advance of their eventual EU accession. In addition to supporting the transposition and implementation of the acquis, this work included facilitating techni-

cal and regulatory alignment for market coupling and balancing integration, coordinating verification of compliance with the EIP, and strengthening cooperation among TSOs, NEMOs, and EU institutions to enable participation in EU market platforms.

The Secretariat facilitated discussions between relevant EU and Energy Community stakeholders on the practical steps for integrating the Contracting Parties' TSOs and NEMOs into the EU SDAC/SIDC. This included co-chairing the PCG JET Energy Community meetings and working closely with the European Commission to ensure a common understanding of the underlying framework and the necessary preconditions for SDAC/SIDC adherence. Discussions outlined a need for establishing a robust process of verifying compliant transposition of the EIP as a necessary precondition for enabling adherence of Contracting Parties into the SDAC and SIDC. In response, the Secretariat worked with the European Commission to establish a comprehensive verification process and organize a webinar explaining the scope and steps of the verification. Following Serbia's notification of the full transposition of the EIP, the Secretariat officially launched the compliance verification process for the submitted legal acts.

The Secretariat also followed and supported discussions among relevant stakeholders on two key initiatives. First, it contributed to the development of the Market Coupling Operator Integration Plan (MCO IP), prepared by all NEMOs. Second, it monitored the drafting of the Energy Community Capacity Calculation Region (CCR) reconfiguration proposal, developed by all TSOs and facilitated by ENTSO-E. Both are essential for the implementation of market coupling and the operationalisation of CCRs.

While the coupling of day-ahead and intraday markets was the core of the Secretariat's activities, it also responded to requests from several TSOs to clarify the minimum requirements for obtaining observer status in the integration of Contracting Parties into EU balancing platforms (IGCC, TERRE, MARI, PICASSO). This work aimed to accelerate balancing market integration in line with the requirements of the Electricity Balancing Guideline. The Secretariat also followed up on initiatives from several TSOs to ensure that a regional allocation platform is established and made operational in line with the Forward Capacity Allocation Regulation. The latter remains to be implemented.

The Secretariat regularly monitored progress in meeting the requirements for adherence to the EU SDAC/SIDC. It reported these developments in various formats, including PHLG meetings, PCG EnC JET, PCG CACM, MESC, and other dedicated meetings, workshops, and conferences. These reports helped improve understanding of the Contracting Parties' progress in transposing and implementing the EIP and supported the planning of their adherence to the EU platforms—contributing to a more predictable and efficient integration process.

The 30th Athens Electricity Forum in June 2025 further reinforced these messages, serving as a platform to review inte-

gration progress and set milestones for coupling the Energy Community Contracting Parties with the EU's single day-ahead and intraday markets. Stakeholders—including TSOs, NEMOs, regulators, and the European Commission—discussed the need for coordinated action on capacity calculation regions, VAT alignment, and cross-border coordination to ensure a smooth operational transition.

Lastly, as part of ongoing efforts to align regulatory conditions for electricity market integration, the Secretariat coordinated discussions with market participants to address emerging carbon-related requirements and ensure a level playing field in cross-border electricity trade. This included holding coordination meetings with electricity generation companies and traders from the Energy Community Contracting Parties, joined by representatives of Energy Traders Europe and other regional market participants. Discussions focused on the implications of the EU CBAM, including its impact and enforcement challenges within the context of electricity market integration. Participants also exchanged views on developing MRVA systems and exploring options for future carbon pricing mechanisms in the Energy Community.

Competitive, consumer-centered and flexible electricity markets

The Secretariat stepped up efforts this reporting period to strengthen the technical, institutional, and market foundations needed for a more integrated, flexible, and consumer-oriented regional electricity market across the Energy Community. Following the publication of the Study on Flexibility Options to Support Decarbonisation in the Energy Community, the Secretariat continued monitoring Contracting Parties' progress in enhancing system flexibility—a key requirement for competitive and consumer-centered electricity markets. Efforts focused on promoting the more efficient use of interconnectors, in line with the minimum 70% target under Regulation (EU) 2019/943, the development of energy storage projects, and the inclusion of demand response in market operations.

The Secretariat emphasised the importance of increasing cross-border capacities available to market participants—initially through coordinated capacity calculations, progressing to flow-based methods, and finally, through reinforcing internal transmission grids and interconnections, and adjusting transmission and distribution tariffs to support these investments in line with TYNDPs approved by regulatory authorities.

To further strengthen system flexibility, the Secretariat actively monitored and promoted energy storage development across several Contracting Parties, including Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, Serbia, and Ukraine. It supported access to EU and international financial institution (IFI) funding, including through positive assessments of storage-related applications under the WBIF and the promotion of Ukraine's 225 MW PECl energy storage project. In antic-

ipation of the second PEI selection process, the Secretariat expects several new energy storage projects to be nominated.

While no progress was recorded in 2025 on demand response mechanisms, the Secretariat plans to intensify engagement on this topic following the adoption of the network code on demand response in the Energy Community, mirroring its forthcoming implementation in the EU.

The ECDSO-E Coordination Group also played a key role in supporting the transition toward more flexible and consumer-focused electricity markets. Meeting twice in 2025, the group advanced discussions on market liberalisation, renewable and storage integration, and the deployment of smart grid and metering solutions to enhance consumer participation and system efficiency. It also supported regional initiatives such as the GIZ DSO Roadmap for the Western Balkans and maintained ongoing exchanges on tariff design, loss treatment, and ancillary services. Participation in the DSO Compliance Officers Network remained limited, with engagement mainly from Republic of Srpska's DSO.

Security of electricity supply

Through consistent technical coordination and monitoring, coupled with active engagement with ENTSO-E, ACER, and European TSOs, and participation in the EU-level Electricity Coordination Group, the Secretariat helped strengthen regional electricity security of supply while ensuring close alignment between Energy Community and EU actions. In 2025, the Secretariat stepped up this effort in response to major regional incidents, including blackouts in the Western Balkans in June 2024 and May 2025, as well as continued supply risks in Ukraine and Moldova.

In its capacity as a technical coordination, analytical, and monitoring body supporting regional preparedness and response to electricity supply incidents, the Secretariat liaised with an expert panel composed of ENTSO-E, ACER, and European TSOs analysing the June 2024 blackout, sharing feedback and recommendations for its final report. After the report's publication in early 2025, the Secretariat analysed and shared its main conclusions with the Security of Supply Coordination Group – Electricity Subgroup (SoS CG-SG-E). The SoS CG-SG-E also addressed the May 2025 blackout in North Macedonia, high-voltage issues across the WB6, and the outlook for electricity security of supply during summer months. ENTSO-E invited the Secretariat to join a dedicated working group tasked with monitoring the implementation of recommendations from expert panel reports related to incidents involving Energy Community Contracting Parties – including the 8 January 2021 system splitting and the 21 June 2024 and 18 May 2025 blackouts.

To monitor the legal aspects of the security of electricity supply issues, the Secretariat reviewed draft laws aimed to transpose Risk-preparedness Regulation (EU) 2019/941 and Commission Regulation (EU) 2017/2196 on Establishing a Network Code on

Electricity Emergency and Restoration. These activities involved the draft laws or governmental decisions of Albania, Bosnia and Herzegovina, Moldova, Montenegro, North Macedonia, Serbia and Ukraine. The Secretariat also reviewed and commented on the draft Security of Supply Statements submitted by Georgia and Moldova.

A major focus of the Secretariat's 2025 work on security of supply was Moldova, which lost access to its primary electricity supplier (MGRES) on 1 January 2025 following the cessation of Russian gas transit through Ukraine. To evaluate the implications, the Secretariat prepared analytical reports based on in-house assessments, including analyses of additional electricity and gas costs, emergency preparedness, and short- and medium-term measures to stabilise supply. These reports outlined crisis response options, summer preparedness actions, and investment priorities aimed at safeguarding Moldova's electricity security and resilience through 2026.

Finally, the Secretariat provided continuous support to DG ENEST on Moldova's energy reform agenda and contributed to related European Commission initiatives. This included expert missions to Moldova in June and July 2025, during which the Secretariat met with the Ministry of Energy, Energocom, Mold-electrica, ENTSO-E, the EU Delegation in Moldova, DG ENEST, and representatives of the Transnistrian authorities.

Gas Sector

This reporting period, the Secretariat reinforced its crucial role in advancing gas market integration across the Energy Community, supporting Contracting Parties in aligning with EU market regulations and adapting to the evolving energy security landscape shaped by the phase-out of Russian gas. Acting as a bridge between national systems and the EU internal market, the Secretariat helped lay the groundwork for a more interconnected, resilient regional gas system by promoting the transposition of network codes, strengthening cross-border coordination among regulators and TSOs, and advancing diversification through transparent, competitive market mechanisms and infrastructure development. These priorities were reaffirmed at the 20th Energy Community Gas Forum – the Secretariat's yearly platform for bringing together regional stakeholders, EU institutions, and industry representatives to advance gas market integration and energy security.

Transposition and implementation of the acquis

The Secretariat's assistance in advancing the transposition and implementation of the gas acquis was targeted to help Contracting Parties translate legal obligations and enable sound and compliant operational practices, strengthening regional gas market integration and long-term energy security in line with EU standards. Efforts focused on completing alignment with the EU's Third Energy Package with a view of the forthcoming incorporation of the EU Hydrogen and Gas Decarbonisation Package.

Particular attention was given to the implementation of gas network codes – including those on capacity allocation, balancing, and interoperability. Under the EU's fourth Gas Package, Member States will be required to apply them along all borders, including with non-EU countries, by August 2026, creating strong impetus for regional market integration. In parallel, the Secretariat provided targeted technical and legal guidance to national regulatory authorities and transmission and storage system operators on unbundling, certification, third-party access, and tariff methodologies, while facilitating regional coordination to ensure transparent and efficient cross-border operations. These efforts set the regulatory foundation for a more integrated and resilient regional gas market aligned with evolving EU standards.

Market integration

Through sustained cooperation with the European Commission and regional partners, the Secretariat reinforced the integration of Contracting Parties into the evolving European gas market, helping to establish the regulatory and institutional foundations for transparent, competitive, and interconnected regional gas systems.

Because progress on the transposition and implementation of network codes across the region remained uneven, the Secretariat prioritised technical and regulatory assistance to national regulatory authorities and TSOs, promoting consistent application of EU rules on regulatory coordination, capacity allocation, and tariff methodologies. Dedicated workshops and expert exchanges under the Gas Forum framework addressed gaps in regulatory harmonisation and practical implementation, particularly in tariff-setting and congestion management.

In terms of infrastructure to facilitate market integration, one of major focuses this year was the continued coordination of regional efforts around the Trans-Balkan Pipeline – a key route for enhancing energy security and diversification. In July 2025, the Secretariat published the study *Unlocking Commercial Attractiveness of the Trans-Balkan Pipeline System*, which outlines a series of technical, regulatory, and commercial measures to enable compliant and financially viable reverse-flow operations.

Security of Supply: Gas

By actively monitoring and supporting the Contracting Parties in implementing the *acquis* related to the security of gas supply, the Secretariat ensures consistent, secure, and rule-based gas market and crisis preparedness across the Energy Community, including gas storage availability— directly reinforcing regional energy security and resilience in line with EU standards. Through regular reporting, targeted technical assistance, and close coordination with national authorities, the Secretariat helps translate legal obligations into concrete measures that safeguard supply stability and strengthen preparedness against potential disruptions.

The Decision 2024/01/ECS-EnC on filling storage trajectories for 2025 was adopted in accordance with Regulation (EU) 1032/2022, as incorporated into the Energy Community framework. The Secretariat closely monitored compliance with these trajectories and intervened when deviations were observed – notably in Ukraine in early 2025. In May, July, September, and November 2025, both Serbia and Ukraine, the only Contracting Parties with gas storage facilities, had successfully met their filling targets.

To strengthen a coordinated and proactive approach to gas security, the Secretariat advanced the implementation of Safeguarding the Security of Gas Supply Regulation (EU) 2017/1938. In February 2025, it published a report on the Regulation's application, which requires Contracting Parties to prepare risk assessments, preventive action plans, and emergency plans to ensure a harmonised response to potential supply disruptions. The report highlights the need for closer regional cooperation and solidarity mechanisms to enhance Contracting Parties' capacity to prevent and manage gas crises in coordination with EU Member States. It also underscores the importance of continued diversification of supply routes, strengthened interconnections, and the strategic use of gas storage—particularly Ukraine's. In June, together with the Joint Research Centre, the Secretariat organised a regional workshop to enhance technical and regulatory capacity among Western Balkan Contracting Parties.

Throughout the year, the Secretariat reviewed and issued opinions with recommendations on the plans submitted by Moldova and Georgia, ensuring consistency with the regulation and EU best practices. With the Secretariat's support, Moldova is preparing a tabletop emergency exercise for early 2026 to test crisis response procedures and update its plans. In Ukraine, the Secretariat assisted authorities in drafting amendments to the Gas Law to transpose the regulation, while in North Macedonia, the new Energy Law adopted in May 2025 established the legal basis for implementation and the preparation of the first risk assessment with JRC support.

Finally, the Secretariat played a central role in aligning the Energy Community's gas security framework with evolving EU legislation and ensuring active regional coordination and representation in EU-level energy security discussions. Following the mid-2025 amendment of the EU Storage Regulation, the Secretariat supported the European Commission in preparing the corresponding proposal for adoption by the Energy Community Ministerial Council in December 2025. The proposal was discussed and endorsed at an expert level within the Security of Supply Coordination Group – Gas Subgroup, which convened three regular and one ad-hoc meetings during the year. The Secretariat also regularly represented the Energy Community in meetings of the EU Gas Coordination Group, including high-level consultations on the evolving EU energy security architecture.

Hydrogen and other renewable gasses

The Secretariat advanced preparatory work to support the future integration of hydrogen and renewable gases into the Energy Community framework, in line with the EU Hydrogen and Gas Decarbonisation Package. Hydrogen developments across the region remain at an early stage, with most Contracting Parties yet to incorporate hydrogen into their energy strategies or legal frameworks. Nevertheless, the Secretariat kicked off cooperation with the European Hydrogen Operators' newly established organisation, ENNOH. The ongoing preparation of NECPs – supported by the Secretariat – provides an important opportunity to introduce hydrogen-related objectives, identify investment needs, and strengthen the policy basis for future market and infrastructure development.

In terms of renewable gases, significant attention was devoted to the development of the biomethane sector in Ukraine through bilateral discussions with stakeholders, participation in the work of the biomethane industrial partnership task force 6 (dedicated to Ukraine), and the implementation of a project launched at the end of 2024 with financial support from the United Kingdom. The project's scope includes the preparation of three analytical notes assessing the potential of new feedstocks for biomethane production – namely intermediate crops, lignocellulosic materials, and algae – a comprehensive two-month online training programme for small farmers, and a national conference for the domestic industry held in Kyiv.

Ukraine's full export potential depends on recognition and acceptance mechanisms at the EU and Member State levels, while the national market must be aligned with the requirements of the REDII. Beyond Ukraine, no other Contracting Party has articulated plans to develop renewable gases or inject them into national gas grids. The Secretariat continues to promote renewable gas development through dedicated sessions at the Gas Forum and joint workshops with partner institutions.

Methane leakage

While the EU Regulation on methane emissions in the energy sector has not yet been adopted within the Energy Community framework, preparatory work continued to facilitate future alignment. Several companies in the region voluntarily joined the OGMP 2.0 framework, reporting on their methane emissions, while all Contracting Parties have endorsed the Global Methane Pledge, underscoring a shared commitment to reducing emissions beyond the formal scope of the Energy Community acquis.

To build the technical and institutional capacity to implement the forthcoming EU Methane Regulation, The Secretariat actively promoted awareness and knowledge exchange on methane monitoring and mitigation technologies, organising a well-attended Monthly Methane Mondays webinar series for the fourth year. The principles of methane mitigation were further promot-

ed among the gas and oil industries through bilateral engagement and dedicated sessions at the Oil and Gas Forums.

Governance of the Energy Union & Climate Action

In 2025, the Secretariat advanced the transposition and implementation of the climate and governance acquis, supporting Contracting Parties in meeting the requirements of the adapted Governance Regulation (EU) 2018/1999. Efforts focused on strengthening institutional capacity for climate reporting, national planning, and just transition integration through targeted assistance and close coordination with the European Environment Agency (EEA), the European Commission, and other partners. These efforts ensured continued alignment with EU decarbonisation and governance objectives and prepared Contracting Parties for deeper integration into the EU's energy and climate governance framework.

Transposition and implementation of the acquis

To address the limited administrative capacity that hinders effective implementation of the adapted Governance Regulation, the Secretariat prioritised coordinating and streamlining technical assistance to strengthen capacity and ensure high-quality reporting.

In 2025, the Secretariat assisted in establishing Contracting Parties' institutional frameworks and data-reporting systems required to meet the climate reporting obligations set out in the adapted Governance Regulation. Through strengthened collaboration with the EEA, targeted technical trainings, and bilateral engagements, the Secretariat supported the preparation of integrated progress reports (IPRs) and strengthened national capacities for timely and accurate reporting through the EEA's Reportnet platform and the EUs ReportENER system.

The Secretariat's enhanced partnership with the EEA included a joint regional training on reporting obligations, held in February. Experts from Contracting Parties attended the event to deepen their understanding of new requirements on greenhouse gas (GHG) projections, integrated policies and measures (PaMs), and renewable energy and energy efficiency obligations outlined in the adapted Governance Regulation. Participants also received hands-on guidance on submission of workflows in the reporting systems. Further regional trainings are planned for 2026.

Enhancing just transition in the context of governance and planning

In parallel to strengthening reporting obligations, the Secretariat supported its Contracting Parties in integrating the social dimension of decarbonisation into national planning frameworks. It did so through both direct engagement via the Just Transition Forum and through written guidance, including the publication of Policy Guidelines 01/2025-ECS on Just Transition as a Part of Integrated Energy and Climate Planning. The latter is aimed

at addressing identified gaps and promoting a more consistent, EU-aligned planning framework across the Contracting Parties.

Recognising the many dimensions of a just transition, the Secretariat continues to engage a wide range of stakeholders—including NGOs, trade unions, coal mine management, and electricity generators—to strengthen dialogue and shared understanding of the challenges and opportunities of the energy transition. To further facilitate the exchange of best practices, the Secretariat launched a dedicated webinar series on the just transition during the reporting period. Finally, the Just Transition Young Voices Awards highlighted youth visions for a just energy transition, with winning stories from Kosovo*, Georgia, and Ukraine featured in regional media and accompanied by professional development opportunities.

National Energy and Climate Plans

During the reporting period, the Secretariat issued formal Recommendations on draft NECPs to strengthen their credibility, analytical basis, and alignment with the Energy Community acquis and EU governance standards. On 31 March 2025, the Secretariat published Recommendations 1/2025 on Montenegro's draft NECP. In parallel, Moldova adopted its NECP on 26 February 2025, a plan informed by the Secretariat's earlier Recommendations 1/2024 (issued 2 April 2024).

To consolidate implementation of insights, the Secretariat maintained an internal workstream assessing data and policies across all five dimensions of the Energy Union. This workstream cross-checked NECP targets and trajectories against Energy Community acquis requirements, reviewed PaMs for completeness and credibility, and benchmarked financing needs and delivery mechanisms. It also integrated data from the first IPRs—due on 15 March 2025 under the adapted Governance Regulation—along with submissions through Reportnet and ReportENER, to build a harmonised evidence base. A first synthesis report on adopted NECPs and IPRs will be published in the first half of 2026, drawing on these assessments and verified reporting.

MRVA and Carbon pricing

A large part of the Secretariat's assistance in advancing the implementation of the climate acquis focused on strengthening the systems required for credible emissions monitoring and carbon pricing across the Energy Community. With the Secretariat's support, Contracting Parties continued building the frameworks essential for transparent GHG reporting, effective decarbonisation policies, and future participation in EU carbon market mechanisms.



The Energy Community 20th Anniversary Gala, Athens, Greece, July 2025

Transposition and implementation of the acquis

MRVA

As Contracting Parties continued the transposition and implementation of legal acts on the MRVA of GHG emissions at the installation level, the Secretariat provided targeted guidance to ensure the accuracy and comparability of emissions data—forming the foundation for effective climate policy, carbon pricing mechanisms, and alignment with EU monitoring standards. Due to the complexity of these legal acts and the limited capacity of national institutions, progress varied across the region.

To support the Contracting Parties, the Secretariat identified gaps and barriers in the transposition and implementation of MRVA legislation and compiled an internal MRVA Gap Report. It subsequently held targeted consultations with national authorities, EU-funded projects, and European Commission experts to address challenges. In parallel, the Secretariat provided bilateral technical assistance, legislative drafting support, and capacity-building through workshops, trainings, webinars, and country missions to strengthen the institutional capacity of Contracting Parties and other MRVA stakeholders.

Carbon Pricing

Although carbon pricing is not yet part of the Energy Community acquis, it remains a key area of preparatory work toward future alignment with EU climate policy. To this end, work on carbon pricing advanced, following the presentation of the impact assessment to the Ministerial Council in December 2024. Most Contracting Parties expressed a preference for developing national carbon pricing systems adapted to their specific contexts. The Secretariat and the European Commission, however, reiterated the advantages of a coordinated approach to avoid asymmetric obligations, market distortions—particularly within established electricity market zones—and carbon leakage. Both institutions will explore options to strengthen regional coordination, drawing on the political and legal instruments available under the Energy Community Treaty.

CBAM Readiness

Facilitating dialogue and information exchange on the implications of CBAM for the Energy Community region and its markets was a priority for the Secretariat this year, as CBAM will enter its definitive stage in 2026 and directly affect electricity exports to the EU.

In line with its mandate to monitor the implementation of the energy and climate acquis, the Secretariat conducted targeted outreach to power companies, traders, and other stakeholders exporting electricity to the EU and therefore subject to CBAM requirements. The workstream's flagship output, the CBAM Readiness Tracker 2025 assessed Contracting Parties' progress against exemption criteria under Article 2(7), including market

coupling and broader indicators such as electricity trade, 2030 target trajectories, coal phase-out, long-term strategies, and steps toward carbon pricing and MRVA.

Renewables

In 2025, the Secretariat advanced implementation of the renewable energy acquis, strengthening transparent and investable frameworks for clean energy across the Energy Community. Key efforts focused on expanding power purchase agreements (PPAs), guarantees of origin (GOs), and renewable fuels in transport—essential for Contracting Parties' deeper integration with the EU energy market and achievement of 2030 renewable targets.

Transposition and implementation of the acquis

Work continued on strengthening the investable framework under the renewables acquis, including reporting under the Governance Regulation and advancing PPAs and GOs. The Secretariat provided targeted assessments of renewable energy laws and secondary legislation—such as auction rulebooks and related by-laws—offering model provisions and drafting guidance to align with the acquis and ensure transparent, bankable, and competition-compliant implementation.

Building a sound framework for investments

As renewables expanded across the region, The Secretariat's efforts laid the foundation for a more predictable and investor-ready framework—crucial for accelerating the Energy Community's integration with the EU electricity market and supporting its transition toward clean, interconnected energy systems.

The Secretariat's annual Conference on Advancing Renewable Investments has become a flagship platform for driving the region's clean energy transition. Bringing together governments, regulators, system operators, investors, and private sector leaders from the Energy Community and the EU, the conference fosters dialogue, partnerships, and knowledge exchange on accelerating renewable investment and integration across the region. This year's conference, due in November, will advance discussions on strengthening market-based integration with the EU and enhancing investor confidence through PPAs and the rollout of electronic registries for GOs. It also addresses potential CBAM impacts.

Guarantees of Origin (GOs)

The Energy Community's regional project on GOs reached a key milestone in 2025, with nine of ten issuing bodies operationalising electronic registries aligned with Energy Community requirements and the EU acquis. With this first phase completed, efforts now focus on achieving mutual recognition of GOs between Contracting Parties and EU Member States. The Secretariat is supporting this process through technical discussions on recognition criteria and capacity-building webinars to facil-

itate the first regional GO transfers—an essential step toward cross-border renewable electricity trade with EU Member States.

Power Purchase Agreements (PPAs)

In 2024, the Energy Community completed its regional project on PPAs with the publication of the study *Renewable Power Purchase Agreements in the Energy Community*, outlining key barriers and proposing measures to attract private investment and strengthen market integration. This year, recognising the role of PPAs in ensuring long-term financial stability for renewable projects and attracting private investment, the Secretariat continued its dialogue with Contracting Parties and stakeholders to advance the implementation of the study's recommendations and promote broader PPA uptake across the region.

Mainstreaming renewable energy use in the transport sector and sustainability criteria for biofuels, bioliquids and biomass fuels

In 2025, the Secretariat launched technical assistance to support five Contracting Parties in fully transposing REDII into their national legal frameworks and in strengthening institutional and regulatory mechanisms for renewable fuels in the transport sector. Under this assistance, concepts will be developed for the implementation and monitoring of obligations for fuel suppliers, as well as for the application and verification of sustainability and GHG emissions saving criteria for biofuels, bioliquids, and biomass fuels. These concepts will build on EU and Energy Community best practices and serve as a foundation for drafting secondary legislation to ensure full transposition of REDII provisions and consistency with existing national frameworks.

Activities for Montenegro and Bosnia and Herzegovina will be implemented from June 2025 to January 2026, while those for Ukraine, Moldova, and Georgia, conducted under the umbrella of the EU4Energy Project, will run from September 2025 to March 2026. The technical assistance will conclude with a regional workshop to exchange best practices and promote regional coherence in implementing renewable transport fuel policies.

Energy Efficiency

The Secretariat supported Contracting Parties in building robust legal, institutional, and planning frameworks to reduce energy demand and promote citizen-centred decarbonisation. Key efforts focused on applying the energy efficiency first (EE1st) principle, addressing energy poverty, and ensuring effective transposition of the Energy Efficiency Directive 2023/1791 (EED)—core elements for achieving the Energy Community's 2030 efficiency targets and aligning with the EU framework.

Transposition and implementation of the acquis

As part of supporting the transposition and implementation of the EED and related acquis, the Secretariat (at the request of Con-

tracting Parties and the European Commission) carried out ad hoc conformity checks of draft transposition acts and implementing rulebooks, including provisions on public sector renovation obligations and the design of energy efficiency obligation schemes. The Secretariat provided structured drafting comments, model provisions, and implementation guidance to address identified gaps and strengthen legal clarity and enforceability.

Buildings and social aspects

In 2025, the Energy Community deepened its work on the social and building dimensions of the clean energy transition, promoting energy efficiency as a driver of affordability, resilience, and inclusion.

EE1st and Institutional Coordination

Following the Ministerial Council's Recommendation 2024/1/MC-EnC, Contracting Parties were encouraged to establish legal and institutional frameworks, in line with Article 3 of EDD, to ensure energy efficiency is systematically integrated into planning and investment decisions across all sectors.

To support this, the Secretariat organised a series of Energy Efficiency Coordination Group (EECG) meetings to exchange best practices and advancing the practical application of the EE1st principle, particularly in the buildings sector. The Secretariat will additionally assess the integration of EE1st within NECPs and provide targeted support to Contracting Parties—such as Moldova, through the MIER Project—to embed the principle into national legal frameworks.

Collaboration with the ODYSSEE-MURE Project also continued, with a joint meeting in November 2025 to strengthen Contracting Parties' capacity to monitor and evaluate the multiple benefits of energy efficiency.

Study on Energy Efficiency and Energy Poverty

A major milestone in 2025 was the completion of the Energy Community's first study on implementing the EE1st principle in buildings, with a focus on reducing energy poverty. Developed with input from the Secretariat and the Energy Efficiency and Energy Poverty Coordination Groups, the study demonstrates how targeted renovations and innovative financing models can cut household energy demand by up to 60%, improve health outcomes, and create local jobs—yielding societal benefits up to three times greater than direct energy savings.

To support its implementation, the Secretariat is preparing Policy Guidelines, including defining energy poverty in legislation, establishing national energy efficiency funds, and integrating EE1st into energy efficiency obligation schemes.

Energy Infrastructure

Following the adoption of Regulation (EU) 2022/869 on Guidelines for Trans-European Energy Infrastructure (revised TEN-E Regulation), incorporated and adapted by Ministerial Council Decision 2023/02/MC-EnC of 14 December 2023 and further amended by Decision 2023/03/MC-EnC, the Energy Community adopted its first PEI list of strategically important infrastructure projects with a regional dimension in December 2024. This year, the Secretariat continued its activities related to the implementation of the regulation and the PEI framework, supporting the development and monitoring of priority infrastructure projects across the region.

In January 2025, PLIMA was updated with data on six electricity-related PEI projects, offering potential investors and stakeholders an overview and essential data on the projects featured in the latest PEI list.

The transposition of the TEN-E Regulation in the Contracting Parties was actively monitored, with the Secretariat providing clarifications and legal support in response to specific requests and draft legislation submitted for review. In this context, the Secretariat examined Montenegro's draft Law on Cross-Border Energy Infrastructure Projects and Ukraine's draft Law on Infrastructure Projects of Public Interest in the Energy Sector, delivering comments to the respective ministries to ensure accurate and consistent transposition of the regulation.

In February 2025, the Secretariat organised a PEI investment meeting following intensive discussions with the European Commission and international financial institutions (IFIs) on potential sources of investment for PEI projects. The meeting brought together representatives from the European Commission (DG ENER and DG ENEST), IFIs (EBRD, KfW, AfD, EIB, JASPERS, WB), ministries, TSOs, and PEI project promoters to discuss possible financial support for each project and the conditions to be met under the respective funding instruments.

The Secretariat also supported two PEI projects—the 400 kV internal ring in Albania and the new 400 kV interconnection between Albania and Kosovo*—in their applications for WBIF technical assistance grants. By promoting the PEI label as a key eligibility criterion for WBIF support and providing positive reviews of the applications prepared by the project promoters (OST and KOSTT), the Secretariat helped both projects secure technical assistance (TA) grants to prepare pre-feasibility and feasibility studies, as well as environmental and social impact assessments.

The Secretariat initiated preparations for the second PEI selection process, scheduled to launch at the end of 2025. A clear timeline for the process was defined, incorporating lessons learned, and terms of reference and procurement documents were prepared for the consultancy supporting its implementation. Following the publication of the procurement note in September 2025, the Energy Institute Hrvoje Požar (EIHP) was contracted to carry out market and network simulations.

After the kick-off meeting with the consultants in early November and the review of their inception report later that month, the project nomination and country-specific data collection process will begin on 1 December 2025, followed by intensive analytical and evaluation activities throughout 2026. In parallel, the Secretariat presented its ongoing PEI-related activities to the European Commission, CESEC, EUSAIR, and other regional and international initiatives, and maintained close coordination with ENTSO-E on cooperation for the upcoming process.

Finally, the Secretariat is also planning to organise an educational workshop on cost-benefit analysis for potential project promoters participating in the second PEI selection process. The workshop will provide practical guidance on maximising the net present value and benefit-cost ratio of proposed investment projects. It is scheduled to take place immediately before or after the opening of the new project nomination call.

Environment

Considering expected developments in renewables-based generation capacities, it is highly important the environmental acquis keeps up with the energy sector. To that end, the Secretariat actively engaged in monitoring and reporting, as well as assisting Contracting Parties in implementing the environmental acquis, including the directives on environmental impact assessment (EIA), strategic environmental assessment, wild birds' protection, sulphur content of liquid fuels, large combustion plants, and environmental liability.

Efforts this year focused on strengthening environmental governance, improving air quality and industrial emissions management, and integrating environmental considerations into energy and climate policymaking. Furthermore, the Secretariat, through the work of the Environmental Task Force, facilitated the development and negotiation of proposals related to nature protection and water management.

Cyber Security

In 2025, the Secretariat advanced work on strengthening cybersecurity in the Energy Community electricity sector, with a particular focus on preparing for the adaptation of the Commission Delegated Regulation (EU) 2024/1366 establishing the network code on cybersecurity (NCCS) for cross-border electricity flows. Following the Ministerial Council's 2024 request for the Secretariat and the European Commission to prepare the NCCS's adoption in the Energy Community by the end of 2026, the Secretariat prepared a legal and technical assessment report in February 2025 to inform discussions with the European Commission on the appropriate Treaty basis for adoption.

Because a final agreement with the European Commission on the appropriate legal basis for adoption had not yet been reached, the Secretariat prepared a draft adapted version of the NCCS during the summer, working under the assumption that

either Title III or Title IV of the Energy Community Treaty would serve as the basis for its adoption. In September, the Secretariat organised a meeting of the Coordination Group for Cybersecurity and Critical Infrastructure (CySCG) to review the draft. Participants circulated the document nationally among experts and provided consolidated feedback. Following the receipt of comments, the Secretariat's Electricity Unit revised the draft and transmitted it to the Legal Unit for final adjustments. Once this process is completed, the document will be submitted to the European Commission for final input before being presented to the Ministerial Council for adoption in December.

At the CySCG meeting, participants also discussed legal and practical cybersecurity challenges faced by the Contracting Parties. Based on these exchanges, the Secretariat prepared concise country-specific summaries of cybersecurity issues, included in the Energy Community's 2025 Implementation Report.

Cooperation with National Authorities

This reporting period, by working closely with regulators, competition and State aid authorities, and national statistical offices, the Secretariat helped reinforce the foundations of transparent, rules-based, and data-driven energy governance.

ECRB and Energy Regulators

The Energy Community Regulatory Board (ECRB), the independent body of energy regulators established under the Energy Community Treaty, advances regional energy regulation, advising the Ministerial Council and PHLG on statutory, technical, and regulatory matters, and making recommendations in the case of cross-border disputes between regulators. The Secretariat provides the institutional backbone and expert capacity that allows the ECRB to function as a cohesive network – ensuring regulatory consistency, cross-border cooperation, and effective application of the EU-aligned energy acquis.

In 2025, the Secretariat's support to the ECRB encompassed institutional coordination, technical and analytical assistance, capacity-building, and oversight, strengthening the technical foundation needed to advance electricity and gas market integration within the Energy Community. This included continued support for the ECRB's working groups – Electricity, Natural Gas, Customer and Retail Markets, and REMIT – and its task forces (including PECl) in delivering tasks arising from the acquis and the ECRB's annual work programme. Through organising ECRB meetings and coordinating the work of national regulatory authority experts, the Secretariat ensured consistent cooperation among regulators region-wide. It also supported the preparation of analytical reports, drafted decisions and opinions, and delivered capacity-building activities in close cooperation with EU and international partners.

Much of the Secretariat's support focused on the ECRB's expanded mandate under the EIP, which empowered the Board to issue decisions and opinions on key rules governing market integration. The Secretariat also monitored Contracting Parties' implementation of REMIT Regulation (EU) 1227/2011, as adapted and adopted for the Energy Community. It worked closely with national regulatory authorities (NRAs) in assessing potential cases of market abuse and strengthening their enforcement capacities, while engaging with the European Commission and ACER on the full adaptation of REMIT within the Energy Community acquis.

Complementing this work, the Secretariat provided regulatory and institutional oversight to NRAs and periodically assessed NRA institutional governance, independence, and conduct. The findings of these NRA assessments are reflected in the 2025 Implementation Report, contributing to stronger, more transparent, and independent regulatory institutions across the Energy Community.

Competition and State Aid Authorities

Ensuring fair competition and transparent markets is essential for the Energy Community's deeper integration with the European Union's internal market – and therefore remains a key priority of the Secretariat's support to and cooperation with national authorities. Throughout 2025, the Secretariat monitored and assisted the work of national competition and State aid authorities in enforcing the prohibition of anti-competitive agreements, abuse of dominance, and State aid. To strengthen cooperation and promote a consistent approach to enforcement, the Secretariat convened the Competition Forum, serving as a platform for dialogue, knowledge exchange, and the sharing of best practices among competition and State aid authorities across the Contracting Parties.

Statistics Authorities

Aligning the Energy Community's statistical frameworks with EU standards ensures transparent and comparable energy data, strengthening governance and supporting the region's gradual integration with the European Union. Harmonised statistics serve as a key tool for monitoring implementation and compliance with Ministerial Council policy objectives and targets, based on comparable indicators and methodologies aligned with EU rules.

In 2025, the Secretariat further enhanced cooperation with national statistical authorities to improve the quality, consistency, and comparability of energy data across the Energy Community. Collaboration with Eurostat, the IEA, and other partners continued to advance methodological alignment, capacity building, and compliance with Regulation (EC) 1099/2008 on Energy Statistics. Early this year, the process to amend this regulation, reflecting changes introduced by Commission Regulation (EU) 2024/264 of 17 January 2024, was launched. It should be finalised by the end of 2025.

As part of its ongoing cooperation with Eurostat, the Secretariat organised an exchange meeting covering the Implementation Report assessment process; electricity, oil (under Directive 2009/119/EC), gas, and hydrogen statistics; energy poverty and efficiency (SILC data); and NECP reporting and data validation using Eurostat datasets. Follow-up webinars on selected topics will be held.

Coordination of Donors' Activities

This reporting period, the Secretariat strengthened its role as a coordination hub for donors, international financial institutions, and development partners, ensuring that external assistance was strategically aligned with the Energy Community's reform and investment priorities. Through regular coordination meetings and continuous dialogue, the Secretariat promoted complementarity among programmes, avoiding duplication, and maximising the impact of donor-funded initiatives.

Implementation of NECPs

NECPs are a central strategic tool for coordinating investment and donor support across the Energy Community—anchoring financing, policy alignment, and risk reduction for the energy transition. In 2025, the Secretariat advanced this agenda by issuing formal recommendations to strengthen the quality and credibility of draft NECPs, ensuring full alignment with the Energy Community acquis and EU governance standards, the details of which are presented in earlier sections of this report.

The Secretariat's upcoming Synthesis Report on NECPs and Integrated Progress Reports, to be published in early 2026, will provide the first consolidated overview of implementation progress and investment priorities across Contracting Parties—enabling donors and partners to better align and target their support for maximum impact.

Providing support to Donors in Ukraine

In 2025, the Secretariat strengthened its central role in coordinating and implementing donor assistance for Ukraine's energy sector amid ongoing wartime challenges. Through mechanisms such as the Ukraine Energy Support Fund (Fund), the Ukraine Energy Market Observatory, and targeted initiatives promoting renewable energy and biomethane development, the Secretariat provided the analytical, operational, and technical foundation for effective donor engagement in the sector. Taken together, these mechanisms created the transparency, coherence, and technical clarity needed to guide donor investments, accelerate reconstruction, and align Ukraine's energy transition with EU standards.

Ukraine Energy Support Fund

Established in April 2022 at the request of the European Commission and the Ministry of Energy of Ukraine, the Fund is managed by

the Energy Community Secretariat under Article 67 of the Energy Community Treaty. In 2025, as in previous years, it continued to play a central role in countering the impact of attacks on Ukraine's critical energy infrastructure amid Russia's war of aggression.

The Fund's framework is built on three core agreements which ensure efficient coordination, transparent governance and accountability: Grant Agreements between the Secretariat and individual donors, defining earmarking and reporting modalities; a Fiduciary Agreement between the Secretariat and the Ministry of Energy of Ukraine, establishing oversight and coordination responsibilities; and a Framework Agreement between the Ministry and eligible Ukrainian energy companies, regulating the procedures for obtaining requested support. Starting in 2026, its operating costs will be covered through a management fee drawn from donor contributions.

As of 1 October 2025, international donors had pledged EUR 1,28 billion to the Fund. Its flexible design enabled resources to be allocated swiftly in response to evolving conditions and Ukraine's urgent energy needs. Upon approval by the Ministry of Energy of Ukraine, the funds were and continue to be directed toward procuring critical equipment needed to maintain and restore the resilient operation of the national energy system.

To date, the Fund has received support requests amounting to approximately EUR 1,6 billion, allocated EUR 1,08 billion, concluded contracts worth EUR 750 million, and delivered equipment and services valued at more than EUR 500 million. Beyond delivering immediate emergency assistance, this year it also consolidated its role as a long-term mechanism for enhancing Ukraine's energy resilience and advancing alignment with European energy and climate objectives.

Ukraine Market Observatory

The Ukraine Energy Market Observatory is a central platform for monitoring and assessing developments in Ukraine's electricity, gas, renewable energy sectors and environment amid ongoing wartime challenges. In doing so it, provides the evidence-based analysis to inform donor coordination and strategic decisions, shaping Ukraine's post-war reconstruction and integration, supporting the country energy market resilience and its integration with the EU's internal energy market.

Throughout the year, the Observatory issued four Assessment Notes evaluating the compliance of draft legislation and policy measures with Energy Community law, including reviews of draft laws on renewable energy, renewable gases and electricity market regulation (Notes 01/25–03/25) and, most recently, Assessment Note 04/25 (October 2025) on the separation of the renewable energy surcharge from the electricity transmission tariff for 2025–2026 — a key reform to improve RES support scheme transparency and financial sustainability.

The Observatory also published quarterly reports tracking the evolution of Ukraine's energy markets, regulatory reforms, and institutional developments, including progress under the EIP, independence of the regulator, and corporate governance of transmission system operators. The reports also cover governmental and regulatory decisions implementing the energy reforms under the Ukraine Plan providing up to date information to interested stakeholders.

Cross-Border Sustainable Renewable Energy Acceleration

The Secretariat is dedicated to preparing the groundwork for the cross-border deployment of sustainable renewable energy, drawing on its regional mandate, technical expertise, and partnerships to support the alignment of policy, planning, and investment across borders.

To this end, in partnership with the European Climate Foundation, the Secretariat implemented the Cross-Border Sustainable Renewable Energy Acceleration in Ukraine project to advance the country's green recovery and integration into the EU energy market. As part of this, the Secretariat supported Ukrainian authorities in defining criteria and GIS input layers for mapping Renewables Acceleration Areas (RAAs) across five oblasts – Lviv, Zakarpattia, Ivano-Frankivsk, Chernivtsi, and Vinnytsia. Drawing on expert research and extensive stakeholder consultations, the project produced tailored RAA identification criteria, GIS-based mapping of renewable energy potential accompanied by a technical report and analysis, and stakeholder briefs designed to strengthen engagement with EU financing instruments.

Biomethane Sector Development

With a technical potential to produce over 20 billion m³ of biomethane annually, biomethane can help drive energy independence, strengthen energy security, and contribute to alleviating the impact of Russia's war on the Ukrainian population, while also supplying Europe's growing renewable gas market.

Launched in February 2025 and financed by the Government of the United Kingdom of Great Britain and Northern Ireland through the Foreign, Commonwealth & Development Office, the Ukrainian Biomethane Sector Development Project responds to this opportunity. It focuses on advancing practical solutions for renewable gas production while enhancing energy efficiency, promoting green investments, and diversifying renewable energy sources – particularly bioenergy – to help stabilise Ukraine's energy system in the aftermath of the conflict.

To unlock biomethane's potential, in 2025 the project developed three analytical studies on innovative raw materials for biomethane production, including cover crops grown between harvests, lignocellulosic residues such as straw and stalks, and microalgae cultivated on the digestate of biogas plants.

Providing support to donors in Ukraine, Moldova, and Georgia

The Secretariat reinforced its position as a trusted implementation partner to donors supporting the energy and climate transitions of Eastern Partnership countries – Ukraine, Moldova, and Georgia. By bridging policy, finance, and implementation through its analytical, fiduciary, and technical expertise, the Secretariat ensured that donor investments across the region delivered lasting institutional impact and advanced integration with the European energy and climate framework.

EU4Energy Governance (Phase II+)

The EU4Energy Governance Project (Phase II+) – co-funded by the European Union and implemented by the Energy Community Secretariat – took on renewed strategic importance this year as Ukraine and Moldova advanced toward EU accession negotiations. Running from 2022 to 2026, the project supports the clean energy transition and energy security of the Eastern Partnership countries – Georgia, Moldova, and Ukraine – by advancing the transposition and implementation of the Clean Energy Package and other reforms essential to aligning national energy markets with the European Union. It also helped to ensure access to energy for vulnerable populations in Ukraine amid wartime challenges.

As a cornerstone initiative for the region's future integration with the EU, the Secretariat provided targeted expertise in renewable energy, energy efficiency, and gas and electricity market reform, strengthening institutional capacities and supporting both the alignment and effective implementation of national legal frameworks with the EU acquis, as outlined in the Association Agreements and the Energy Community Treaty.

Moldova Energy Resilience and Independence Project

The Moldova Energy Resilience and Independence Project – implemented by the Energy Community Secretariat with support from international partners – emerged as a cornerstone initiative in advancing Moldova's energy sector transformation and EU integration efforts. The project enhances Moldova's legislative and regulatory framework in line with its obligations under the Association Agreement with the European Union and the Energy Community Treaty, driving reforms across the gas and electricity markets, renewable energy, energy efficiency, and energy poverty.

Through close cooperation with national institutions – including the Ministry of Energy, the national energy regulator, the statistical office, and the agencies for energy efficiency and decarbonisation – the Secretariat supports efforts to strengthen institutional capacity, improve energy security, and ensure effective implementation of the EU energy acquis. In parallel,

it plays an important role in supporting donor coordination, ensuring that externally funded assistance aligns with Moldova's EU and Energy Community obligations, complements national reform priorities, and delivers measurable outcomes in energy security and decarbonisation.

EU4Climate Resilience

Following the signing of a grant agreement with GIZ in May 2025, the Secretariat began implementing the EU4Climate Resilience Project, an EU-funded initiative that advances the integration of Eastern Partnership countries into the European climate and energy framework by strengthening climate resilience, accelerating the green transition, and advancing decarbonisation.

The project supports authorities in Armenia, Moldova, and Ukraine in strengthening alignment with and implementation of the Paris Agreement or climate related EU acquis and bilateral agreements with EU. It also contributes to improving MRVA systems.

Through this initiative, the Secretariat provides technical assistance to ensure that donor-funded activities translate into practical policy outcomes and measurable progress toward compliance with EU standards. Expected deliverables for the three participating countries include: capacity-building to strengthen technical, institutional, and administrative expertise within key energy and environment bodies; a comprehensive gap analysis assessing the transposition of MRVA legislation and identifying implementation gaps; and draft legislation and technical documentation to support Ukraine's alignment with the EU MRVA and ETS acquis.

Providing support to donors in Western Balkans

By coordinating regional initiatives and providing analytical, technical, and institutional support, the Secretariat helped ensure that donor assistance in the Western Balkans was channelled effectively toward decarbonisation, air quality improvement, and sustainable energy reforms. These efforts strengthened regional cooperation, advanced alignment with the EU energy and climate acquis, and contributed to a more resilient and sustainable, and integrated energy future for the Western Balkans.

Berlin Process and Green Agenda

To advance a just and sustainable energy transition in the Western Balkans, the Secretariat actively contributed to the implementation of the Green Agenda for the Western Balkans within the Berlin Process framework. Working closely with the Regional Cooperation Council, regional partners, and the WB6 economies, the Secretariat focused on the revision of the Green Agenda Action Plan, ensuring that updated priorities were fully aligned with the decarbonisation pathways of the WB6 economies and that the Energy Community framework continued to serve as a key vehicle for implementing the

Green Agenda's objectives and directing donor support toward shared regional goals.

The Secretariat's Director represented the institution at the Western Balkans Green Agenda Ministerial held in Dubrovnik in October, where the revised Green Agenda, the Adaptation Roadmap, and the Dubrovnik Declaration were presented as major deliverables. Later that month, at the Berlin Process Summit in London, the Director reaffirmed the Secretariat's commitment to ensuring that WB6 Green Agenda process effectively contributes to the energy transition, decarbonisation, and integration of the Western Balkans into the wider European energy and climate framework.

Clean Air Regions Initiative

The Secretariat placed particular emphasis on local air pollution in Western Balkan regions through the implementation of the Clean Air Regions Initiative (CARI), to strengthen the Energy Community's alignment of regional environmental governance with EU standards. The initiative has established a solid foundation for air quality monitoring across the region, with 30 smart monitoring devices installed in five participating municipalities, providing the data and evidence base needed for more informed local policymaking.

Through CARI, the Secretariat supported participating municipalities by providing smart sensors for the monitoring of particulate matter and promoting the exchange of good practices among local authorities. These efforts directly contribute to better preparation for the implementation of legislation on air pollution and help identify opportunities for further progress in reducing local air pollution and improving public health outcomes across the region. The initiative's successful implementation will continue and is expected to expand in close cooperation with relevant stakeholders.

Cross-Cutting Activities

In 2025, the Secretariat consolidated the systems and practices that underpin its growing mandate, marking two decades of institutional development and regional cooperation. Efforts across gender equality, communications, environmental management, internal audit, and administration focused on enhancing transparency, efficiency, and credibility. By strengthening internal governance, deepening stakeholder engagement, and advancing environmental and social responsibility, the Secretariat reinforced its position as a trusted, forward-looking institution driving the Energy Community's integration into Europe's evolving energy and climate framework.

Gender and Equality

The Secretariat continues to advance its four gender equality commitments, embedding equity across its internal operations and regional energy policy dialogue. This ongoing effort includes the implementation of gender-responsive procurement, a commitment to gender-balanced panels, the enhancement of gender-disaggregated data collection, and active engagement in the EU Equality Platform for the Energy Sector and the International Gender Champions network. Recent highlights include the “2025 Gender Newsflash & Stocktake of Gender Data” webinar and data insights from the EU4Energy project. Between 2021 and 2025, a total of 121 workshops were held in Georgia, Moldova, and Ukraine, with 684 women trained, accounting for 38% of all participants.

Communication and Stakeholder Engagement

2025 was a pivotal year for the Energy Community Secretariat’s communication and outreach efforts, marked by a strategic shift toward stronger institutional identity, broader visibility, and deeper public engagement.

Building on the rebranding process initiated in 2024, the Secretariat launched a new logo and website, introduced updated corporate templates, and refreshed its suite of visual materials. These efforts, accompanied by improved digital tools and institutional templates, ensured a consistent and recognisable Energy Community identity across all communication platforms.

The highlight of the year was the marking of the Energy Community’s 20th Anniversary — a milestone that reaffirmed the Treaty’s enduring legacy and evolving role in Europe’s energy transition. A year-long campaign culminated in a high-level celebration in Athens, co-organised with the Ministry of Energy of Greece. The event brought together Contracting Parties, European partners, diplomats, and friends to reflect on two decades of progress toward EU integration and regional cooperation.

The Secretariat’s social media presence grew steadily, with stronger engagement across platforms driven by more dynamic visuals, data-driven storytelling, and live event coverage. Media relations were also reinforced through increased visibility in regional and European outlets. Regular media briefings, targeted press releases, and closer coordination with national communications teams further positioned the Secretariat as a trusted regional voice in energy transition and EU integration discourse.

Closer collaboration with communications teams in Contracting Parties strengthened message alignment and improved coordination at the national level. In Moldova, the Secretariat implemented a successful behavioural-change campaign to raise public awareness of the country’s alignment with EU energy and climate goals ahead of national elections. The campaign reached over 6,8 million people generating more than 105.000 engagements through influencer storytelling, factual explainers, visual content, and targeted digital promotion. Focus-group results

confirmed a marked improvement in public understanding of EU-supported energy reforms and a growing perception of Moldova’s energy independence as a tangible national achievement.

Throughout the year, the Secretariat continued to invest in high-quality content — including documentaries, video animations, and visually enhanced report templates — further broadening the accessibility and impact of its communication outputs.

Environmental and Social Responsibility

Environmental and social responsibility remain integral to the Secretariat’s operations, reflecting its commitment to sustainability both within its institutional practices and across its mandate. As part in of this, The Energy Community Secretariat successfully passed its Eco-Management and Audit Scheme (EMAS) re-certification following an external audit at its premises in May 2025. The auditor praised the Secretariat’s environmental management system (EMS) as “highly effective,” citing the dedicated EMAS team and strong support from Director Artur Lorkowski.

In September, The Secretariat published its 2025 Environmental Statement, a key milestone in the audit process and a mandatory requirement for verification. The statement sets out the scope and objectives of the EMS, details of the programme, input and output data, and performance indicators.

EMAS Performance Highlights 2024–2025

Since mid-2023, the Secretariat’s Content Management System (CMS) has been integrated to track travelled versus avoided kilometres and related CO₂ emissions for virtual and on-site event participants. Thanks to the hybrid event model, more kilometres were saved than travelled, and overall travel in 2024 decreased compared to 2023, partly due to fewer events.

Electricity consumption per person has steadily decreased since 2019; despite a temporary 2024 increase linked to drainage repairs and office renovations, kWh-per-person performance still improved by 9%.

Waste separation and recycling have continued to strengthen under the 2023 cleaning service contract, which requires systematic sorting of paper, glass, and plastic and maintains recycling records. Between 2021 and 2024, over 5,4 tonnes of these materials were recycled. In 2024, staff training was expanded through a new guidance video, supporting ongoing progress toward waste reduction.

Paper use also declined: printed report pages per person dropped by 45%, reflecting the ongoing shift toward digital-first publication. All printed copies now use 100% recycled paper, and shorter reports are produced on demand in-house.

During the 2nd Clean-Up Day in October 2025, staff collected and properly processed over 1,2 tonnes of materials, including 580 kg

of paper, 220 kg of sensitive documents, 380 kg of plastics, 80 kg of reusable items, and 5 kg of batteries. Most collected waste was recycled or converted into alternative fuels through certified partners.

Internal Audit

The Internal Audit function continued to operate in full conformity with international auditing standards, providing independent and objective assurance on the effectiveness of the Secretariat's internal control, governance, and risk management systems.

Audit activities focused on assessing compliance across key administrative areas, including financial management, procurement, and human resources, as well as selected extra-budgetary projects financed by donors. Furthermore, performance and compliance audits were carried out in several core operational units, notably the Gas Unit, the ECRB Unit, and the Legal Unit, to evaluate the adequacy and efficiency of their processes and their alignment with the Secretariat's strategic objectives.

The resulting findings and recommendations contributed to further enhancing administrative efficiency, transparency, and accountability across the organisation. Close coordination with external auditors ensured a coherent and complementary audit framework, thereby reinforcing donor and stakeholder confidence in the Secretariat's sound financial and operational management.

Administration, Finance, Human Resources and general Services

In 2025, the Secretariat strengthened the efficiency, transparency, and sustainability of its internal operations to ensure that administrative and financial systems effectively supported its growing mandate. Across event management, human resources, finance, IT, procurement, and general services, continued process optimisation and digitalisation enhanced organisational resilience and accountability.

Event management

The Secretariat successfully organized approximately 140 meetings and events, strengthening regional cooperation, advancing regulatory alignment, and deepening stakeholder engagement. Events included statutory gatherings such as the Ministerial Council and flagship fora – the Electricity, Gas, Oil, and Just Transition Forums, as well as the Conference on Renewable Investments and the Energy Community Summer School. A key highlight of the year was the 20th Anniversary of the Energy Community, celebrated in Athens, where the Treaty was originally signed in 2005. The continued use of hybrid formats ensured broad accessibility, inclusivity, and cost-efficient implementation of the Secretariat's mandate.

Travel reimbursement

Travel expenditure reflected the expanded scope of activities and the higher number of missions organised throughout the year, marking a 7,6% increase compared to 2024. Overall costs rose by 2,6%, consistent with the general rise in air travel and accommodation prices across Europe. The Secretariat continued to enhance administrative efficiency by expanding digital tools for submitting and verifying travel claims and by promoting environmentally responsible travel practices. In line with its EMAS certification, efforts also focused on reducing the carbon footprint of business travel through greater use of rail and other low-emission transport options. These measures ensured that the Secretariat's expanded regional engagement was implemented efficiently and sustainably, maintaining fiscal discipline while advancing its commitment to environmentally responsible operations.

Human Resources

Throughout the reporting period, the Energy Community Secretariat benefited from the contributions of 51 professionals who brought diverse expertise spanning all programmatic and support areas of the Energy Community. In addition to its permanent staff, the Secretariat engaged 20 temporary personnel for periods ranging from one to twelve months. Temporary categories – including interns, secondees, research fellows, and locally recruited staff – provided valuable and meaningful contributions that strengthened the Secretariat's operational capacity and delivery.

Staff performance continued to be assessed through a comprehensive evaluation framework, with those meeting established criteria eligible for career advancement, salary progression, and professional development opportunities.

Financial management

The Secretariat's financial management further reinforced donor confidence and safeguarded its reputation for prudent and effective financial stewardship. It successfully passed the annual external audit of its consolidated financial statements, confirming the accuracy, reliability, and integrity of its financial reporting and management practices. In parallel, the Secretariat effectively administered eight extra-budgetary projects financed by international donors (up from five in 2024), ensuring sound financial control and full consistency with the regular budget framework.

The volume of payments processed increased by 18,4%, with budget utilisation reaching 99%, while upgraded online banking protocols enhanced security and ensured smooth processing of transactions. Adherence to International Public Sector Accounting Standards (IPSAS) and continuous improvement of internal controls ensured that all funds – both core and extra-budgetary – were managed with the highest standards of efficiency, accountability, and transparency.

IT

The Secretariat's IT infrastructure ensured stable and secure operations across headquarters and field offices, with uninterrupted accessibility of key systems and full protection of institutional data. Particular attention was given to upgrading and standardising end-user equipment, strengthening connectivity, meeting established KPIs, and delivering cybersecurity training focused on behavioural change and awareness enhancement. Investments in hardware and software upgrades continued, alongside assessments of artificial intelligence applications and emerging corporate tools to further enhance efficiency, resilience, and digital innovation.

Procurement

Transparent, efficient, and well-managed procurement processes are essential to the Secretariat's ability to deliver its mandate effectively and uphold the highest standards of accountability. In 2025, procurement activities reflected the Secretariat's continued commitment to transparency, efficiency, and value for money. All procedures were conducted in full compliance with the principles of public procurement set out in Article 20(1) of the Austrian Public Procurement Law (Bundesvergabegesetz 2018) – including equal treatment, non-discrimination, proportionality, transparency, fair competition, and economic efficiency. These principles ensured equal access for all suppliers and the responsible use of resources in line with European best practices.

Procurement operations maintained a balanced portfolio across consultancy, studies, and administrative services. During the reporting period, the Secretariat managed 117 active contracts and launched 62 new procurement procedures, ensuring both operational continuity and effective service delivery. Particular attention was given to strengthening the role and accountability of internal clients in contract management and supplier performance evaluation, fostering end-user ownership throughout the contract lifecycle – from planning and delivery oversight to performance assessment. This ensured that procurement outcomes remained closely aligned with operational needs and strategic objectives.

Environmental and social responsibility considerations remained central to procurement decisions, with preference given to suppliers demonstrating environmentally responsible practices, providing low-impact products and services, and promoting gender balance within project teams.

General Services

This reporting period, the administration continued to apply more efficient service delivery models across facilities management – including space allocation guidance, investments in office security infrastructure, staff travel, furniture standardisation, and records management. These measures improved operational efficiency and contributed to a more comfortable, secure, and enabling work environment for personnel, visitors, and event participants.

Annex III

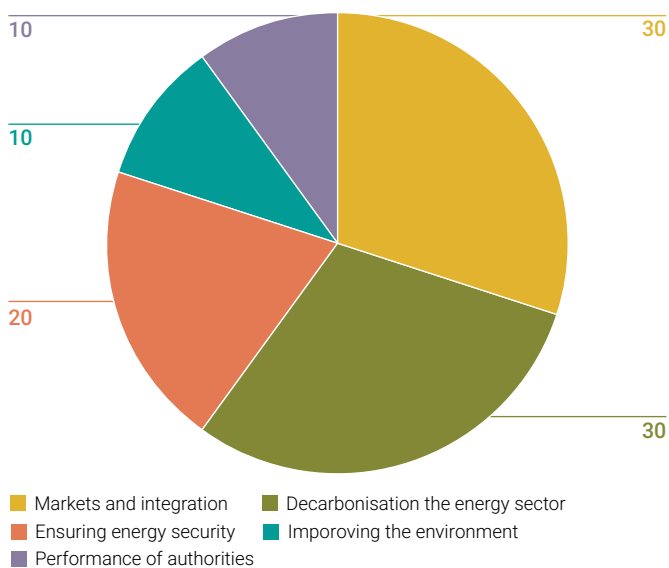
Methodology

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 40 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 groups the 40 indicators in five clusters.



In 2025 the weighting of the five clusters remains unchanged, allowing for clearer identification of improvements and trends over time.

Implementation assessment

The implementation assessment is based on a system of performance indicators aggregated at several levels.

A total of **40 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 6-14);

Five cluster implementation indicators aggregating the values at cluster level: Markets and integration (10 indicators), Decarbonising the energy sector (18 indicators), Ensuring energy security (3 indicators), Improving the environment (5 indicators), Performance of authorities (4 indicators).

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 8.

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.

To sharpen the reporting and evaluation focus, one decarbonisation indicator (governance and climate) was removed from the 2025 assessment.



DISCLAIMER

The present assessment is not designed to be a comprehensive study of the legislative and institutional framework or law-enforcement in the Contracting Parties, but rather serve as a succinct overview. In no way it should be relied upon for the purposes of adoption of any investment/business decisions or policy-making.

Implementation indicator structure and weighting

Indicator name	Indicator weight
Overall Implementation Indicator	1,00
1 Markets and integration	0,30
1.1 Electricity	0,50
Wholesale market	0,20
Retail market	0,20
Unbundling	0,10
Access to the system	0,20
Regional integration	0,30
1.2 Gas	0,50
Wholesale market	0,20
Retail market	0,20
Unbundling	0,25
Access to the system	0,25
Regional integration	0,10
2 Ensuring energy security	0,20
Electricity	0,04
Gas	0,04
Oil	0,02
3 Decarbonising the energy sector	0,30
3.1 Governance and climate	0,30
National Energy and Climate Plans (NECPs)	0,25
Greenhouse gas 2030 target	0,25
National systems for climate reporting	0,25
Long-term strategy and climate neutrality	0,25
3.2 Renewable Energy	0,30
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
3.3 Energy Efficiency	0,30
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
3.4 Emission Trading Scheme (Monitoring, Reporting, Verification and Accreditation)	0,10
Foundations, institutions, permits	0,33
Monitoring and reporting	0,33
Verification and accreditation	0,33
4 Improving the environment	0,10
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
5 Performance of authorities	0,10
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

Annex IV

Glossary

ACER	Agency for the Cooperation of Energy Regulators
AERS	Energy Agency of the Republic of Serbia
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)
EIP	Electricity Integration Package: A set of four acts from the Clean Energy for All Europeans Package and five network codes and guidelines, adopted through Decision 2022/03/MC-EnC and Procedural Act 2022/01/MC-EnC.
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)
ACER	Agency for the Cooperation of Energy Regulators
AERS	Energy Agency of the Republic of Serbia
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)
EIP	Electricity Integration Package: A set of four acts from the Clean Energy for All Europeans Package and five network codes and guidelines, adopted through Decision 2022/03/MC-EnC and Procedural Act 2022/01/MC-EnC.
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 10 May 2023 amending Directive 2003/87/EC establishing a system for GHG emission allowance trading within the Union and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union GHG emission trading system)
Eurostat	Statistical Office of the European Union
FCR	frequency containment reserves
FEC	final energy consumption
GHG	greenhouse gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GNERC	National Energy and Water Supply Regulatory Commission (Georgia)
GOs	guarantees of origin
HPP	hydro power plant
IEA	International Energy Agency
IFIs	international financial institution
IP	interconnection point
IPRs	Integrated Progress Reports
ISO	independent system operator
ITC	inter-TSO compensation mechanism
KfW	Kreditanstalt für Wiederaufbau
MARI	manually activated reserves initiative
mFRR	manual frequency restoration reserve
MO	market operator
MRVA	monitoring, reporting, verification, and accreditation systems





NECP	National Energy and Climate 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
RAAs	Renewables Acceleration Areas, mapping part of Cross-Border Sustainable Renewable Energy Acceleration in Ukraine project
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)
Reportnet	Eionet's infrastructure for supporting and improving data and information flows, initially used for reporting environmental data to EEA, but is now also hosting some of EC DG Environment's reporting tasks.
SAFA	synchronous area framework agreement
SDAC	single day-ahead
SEE CAO	Coordinated Auction Office in South East Europe
SEA	Strategic Environmental Assessment (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 SEE CCR	Shadow South-East Europe capacity calculation region, as defined by Commission Regulation (EU) 2015/1222
SIDC	intraday coupling
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
WBIF	Western Balkans Investment Framework

Energy Community Secretariat

Am Hof 4
1010 Vienna
AUSTRIA

Tel:+ 43 1 535 2222

Fax:+ 43 1 535 2222 11

-  www.energy-community.org
-  info@energy-community.org
-  [https://www.linkedin.com/
company/energy-community/](https://www.linkedin.com/company/energy-community/)
-  [company/energy-community/](https://www.instagram.com/ener_community)
-  twitter.com/ener_community

Layout: Medium d.o.o.

Pictures: www.shutterstock.com,
www.istock.com

