



New ITS Project Sustainable Energy Activity in EaP Countries

BUILDING PARTNERSHIPS FOR ENERGY SECURITY



INOGATE New ITS Project

Implementation of RES Legislation in Bosnia and Herzegovina and some other EnC countries

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EnC Adoption of the 2009 RES Directive – Issue of Reliability of Data



- Impact assessment study conducted for Energy Community possible integration of 2009 RES Directive revealed problems with regard to:
 - reliability of data,
 - inconsistencies in energy data collection and
 - measurement methods across the region mainly relating to biomass consumption
- Consequently, mandatory RES targets could not be established so the Directive was not adopted as part of the EnC acquis.

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Final Adoption of the Directive



Contracting Parties were recommended to undertake a voluntary implementation of the Directive.

To overcome the problems with statistical data on biomass consumption, EnC Secretariat launched a study on biomass consumption – finalized in March 2012.

October 2012 – adoption of the RES Directive as part of the EnC acquis. --- delay!

Adoption of the National Legislation



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- Consequently, legal obligation for transposition as of October 2012; deadline January 2014.
 - Countries at different levels with regard to adoption of the proper national RES legislation so legal and regulatory framework is still fragmented
- Case of Bosnia and Herzegovina:
 - Legal framework - fragmented and incomplete “maze”.
- Case of Kosovo:
 - Almost completed legal framework.

National Legislation – Bosnia and Herzegovina



Fragmented administrative structure creates difficulties for legal and regulatory framework development (state - entities - other administrative levels).

Some entity level legislation / provisions but not completed framework.

➤ Should adopt appropriate legal framework for the promotion of RES at State level and then to complete the framework at the all other relevant levels.

❖ Difficulties for potential investors

❖ HPP on Drina river, tenders for wind farms, small HPP projects

❖ Local communities – legislation, projects issues

National Legislation – Kosovo*



- Timely start of creation of legal framework and good use of available technical assistance.
- Link with implementation of the National Energy Strategy adopted in 2010 by the Parliament which recognizes importance of using renewable energy for electricity generation and heating and the necessity to adopt a legal and regulatory framework to stimulate investments in RES and facilitate overall economic development of Kosovo.
- Now, focus shifting to implementation!

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Involvement of Regulatory Authorities



Important role of Regulatory Authorities

- Bosnia and Herzegovina: the regulatory authorities at entity level are responsible for defining the **secondary legislation** for RES.
 - Responsible for setting the rules on: authorization/permitting process for new generating capacities; support mechanisms, setting feed-in tariffs for all types of technologies, Certificates of Origin.
- Kosovo: powers given to the Energy Regulator (ERO) in the Law on Energy Regulator (2010) and the provisions relating to RES stipulated in the Energy and Electricity Laws (2010).
 - ERO recently updated feed-in tariffs for small HPPs, also wind, biomass, biogas. ERO is also mandated to issue Guarantees of Origin for electricity or heat

National Action Plans



- For CPs, requirement to complete Action Plans for RES (as required by the Directive) – by June 2013.
- Prior, the Secretariat provided a template for a so-called Simplified Renewable Energy Action Plan (SREAP) for streamlining of activities for the Contracting Parties in anticipation for adoption of the Directive 2009/28/EC.
- Some Contracting Parties submitted Simplified Action Plans: Albania, Macedonia, Moldova (partially filled in) and Kosovo*. Croatia submitted a complete Renewable Energy Action Plan.
- Simplified plans revealed a number of problems:



Revealed Barriers



- Simplified Action Plans revealed barriers for development of RES relating to:
 - existing authorization, planning, permitting, certification and licensing procedures
mainly designed for large investment projects in conventional generation capacities, and not appropriate for RES projects.
- Too many authorities are involved in administrative and permitting procedures.

How to Resolve?



Kosovo's approach:

- Analysis of barriers in the administrative procedures for authorization and permitting of RES projects.

Based on identified barriers, the Ministry of Economic Development has created a **Working Group** to identify and propose solutions for the elimination of the legal barriers and for improvement of the legal and regulatory framework to attract investments in renewable energy.

Albania:

- Efforts towards a **one-stop-shop institution** capable of dealing with all the administrative applications for RES projects.



National Support Schemes



Some Contracting Parties took steps to implement proper support schemes (Croatia, Macedonia, Montenegro, Serbia and Kosovo*).

Croatia: Energy Market Operator (HROTE) is obliged to buy the electricity produced from eligible producers.

HROTE collects the incentive fees applied to final customers for the promotion of RES and distributes the support to RES producers.

- A revised tariff system for the promotion of RES:
 - The feed-in tariff for wind projects rose .
 - The tariffs paid to solar projects have been cut with about 30% for projects below and over 30 kV to reflect the market trends

Feed – in Tariffs



Kosovo:

Feed in tariffs for small HPPs and also wind, biomass and biogas power plants.

- No support scheme for solar despite the existing potential and the accelerating decrease in investment costs for this technology.

Montenegro: The Ministry of Economy is responsible for the setting of the methodology for feed-in tariffs. The methodology is submitted to the regulatory authority for its opinion.

Ukraine: Set an excessive support for solar energy.



Why Use of Support Schemes?



- Countries use a range of different types of support schemes to encourage the development of (different) renewable energy resources.
- The key factor is the stability and certainty that these instrument provide in terms of offering reasonably secure flow of revenues.
- Establishing price (revenue) security through support schemes reduces uncertainty, making investment in new renewable energy production more likely.
- Changes to subsidy regimes directly affect the revenues of RES producers and consequently their market risk.

Which Support Mechanisms?



Long debate about the relative effectiveness and efficiency of the main support instruments.

- The Commission analysis explored the matters and established that the performance of the support schemes differs with:
 - Renewable energy technology;
 - Renewable energy cost;
 - Support scheme structure;
- A message from both the Commission and IEA: **stability of revenue flows** and **predictability of the policy framework** are the key drivers of the effectiveness of support schemes.

Policy Effectiveness?



- In EnC Countries – still too early to be established . But experiences from EU 27 can provide some guidelines for EnC countries.
- For example, in EU countries, the highest effectiveness of policies promoting **wind energy, biogas electricity** and **photovoltaic** technologies in countries using **feed-in tariffs** as their main support scheme.
 - However, not all feed-in schemes implemented have been equally successful.



RES and GRID ISSUES



- Important role of TSOs and DSOs.
- Bosnia and Herzegovina, Croatia and Serbia - grid operators calculated the maximum capacity of intermittent generation that can be connected.
- Bosnia and Herzegovina: current application for wind farms connection exceeds the existing grid capacity.

INVESTMENTS!

- Croatia: limitations on the total capacity of wind farms to be connected to the grid due to environmental concerns and operation of the electricity system.
- Macedonia: Completed a Study for the integration of wind power into the transmission system; currently mapping of wind potential and a database based on the measurement of wind intensity.

RES and GRID ISSUES



TSOs required to submit long-term investment plans for developing the transmission and distribution infrastructure to allow the secure operation of the electricity systems and accommodate the further RES.

Bosnia and Herzegovina: Grid access (mainly at the distribution level) and procedures have to be ensured in a coordinated and harmonized manner at State level, in order to create a favorable investment climate for RES.

Macedonia: The Grid Code provides no reference to renewable energy.

- The provisions relating to connection to the grid are applicable to all types of producers, stipulating that all are requested to bear the costs of connection.
- There is no priority dispatch required and the Grid Code makes no exceptions for covering frequency fluctuations.

RES in Transport



- Less attention from Contracting Parties.
- A proper framework for renewable energy in the transport sector, requires inter-governmental cooperation between different players:
 - authorities responsible for energy, economy, environment, agriculture, transport, and fiscal policies.
- Lack of cooperation is one of reasons for why developments regarding the use of renewable energy in the transport sector are lagging behind.

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Guarantees of Origin



Procedures still in development but most parties designated issuing authority:

Bosnia and Herzegovina - responsibility of entity regulators

- A harmonized national level certification system based on guarantees of origin have yet to be defined

Montenegro: The regulatory authority, issues guarantees of origin for electricity generated from renewable energy sources or from high-efficiency cogeneration and maintains a register of issued guarantees.

Macedonia:

The Energy Agency appointed as the institution in charge of the implementation of the certification system for energy from renewable sources

A green, rectangular stamp with a distressed, ink-like texture. The word "CERTIFIED" is written in bold, white, uppercase letters across the center of the stamp. The stamp is tilted slightly to the right.

CERTIFIED

Enabling Environment –Capacity Building



Croatia:

Steps taken to enhance the administrative and institutional capacity in renewable energy, in particular in the Ministry of Economy and the other public institutions in charge with the authorization of RES projects in various areas.

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Facilitating Development of RES Projects



Country's or region's attractiveness is dependent on many factors - not only on the available RES potential and beneficial support schemes but also

- Harmonized and streamlined means of dealing with administrative procedures such as authorizations, permissions or licensing.
 - ➔ minimizing the non-cost barriers to the development of renewable energy projects.
- Grid capacity, technical rules, cost of connection;
- Instructional capacity of institutions dealing with RES projects in various areas.
- Availability of information.





Thank you for your attention!



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