

The Energy Community Secretariat has launched the Energy Transition Tracker to monitor the process in the Western Balkans. After details on the development of the power exchanges in the region, and reduction of the pollutant emissions, Balkan Green Energy News brings the latest developments in the sector of renewable energy.

Western Balkans contracting parties failed to utilize the decline in the price of renewable energy technologies and increase the use of green energy, but auctions held in Albania, Montenegro, and North Macedonia are sending some encouraging signals, according to the Energy Transition Tracker.

The missed opportunity could be illustrated by the fact that the cost of electricity from utility-scale solar PV has declined about 80% in the last ten years, while solar PV power plants hold only a 0.34% share of the installed capacity in the region.

According to the tracker, the first step required in the energy transition is changing the fuel mix for electricity production. Coal-fired power plants hold a 45.35% share in installed capacities and renewables, primarily based on large hydropower plants, around 50%. After the introduction of attractive support schemes and FiTs, other renewables (small hydropower plants but also wind and solar) have started to gain ground. However, their overall share is still only at around 6% of installed capacity, the report reads.

In 2018 Montenegro has exceeded its 2020 renewables electricity target and North Macedonia has come close. Albania, BiH, Kosovo*, and Serbia are well below the indicative target for 2018. The results are poor also in the transport and heating and cooling sectors.

Auctions are needed

In order to secure transparency in the allocation of incentives and to achieve lower prices, WB6 parties need to introduce market-based support schemes in line with the new Renewables Directive and Guidelines on State aid for environmental protection and energy. Energy Community Secretariat advises FiTs to be kept for projects below 500 kW, while aid for larger projects should be granted only under a competitive bidding process. However, all parties still have FiTs in place for hydropower, and most of them use FiTs for other technologies, the tracker underlines.

The auction and tender design depends on many factors and can vary from country to country.

For example, auctions in Albania were designed to convert the fixed purchase price awarded to producers into contracts for difference (CfD) once a day-ahead market is operational. In May 2020, Albania announced results of a second solar PV auction for 70 MW where a remarkably low price of 24,89 EUR/MWh was achieved.

Renewable energy plants are still only at around 6% of installed electricity at Western Balkans

On the other hand, Montenegro held auctions for locations of solar PV and onshore wind where investors were offering a land lease price to gain the right to build plants on state-owned land and sell electricity at the market price.

In North Macedonia, auctions were based on the bids for an additional fixed feed-in-premium (FiP), on top of the price realized by the sale of each kWh produced on the wholesale electricity market. The average achieved FiP for offers on state-owned land was 4 EUR/MWh, while the average FiP for offers on private land was 11 EUR/MWh.

Slow introduction of guarantees of origin

Guarantees of origin (GoO) are yet another tool to increase the uptake of renewables on the market and among the consumers.

A necessary precondition for mutual recognition and cross-border trading of guarantees of origin among the WB6 and with EU member states is the establishment of a standardized and reliable electronic system for the issuing, transfer and cancellation of GoO for renewable energy, the report underlines.

All parties have introduced relevant regulation framework, but implementation doesn't happen with the exception of Serbia and Montenegro.

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