

The Energy Community Secretariat's Annual Implementation Report published shows that all Contracting Parties which have coal in their energy mix are not in compliance with the emission ceilings established under their National Emission Reduction Plans (NERPs) for at least one of the three pollutants (nitrogen oxides, sulphur dioxide and dust) of the Large Combustion Plants Directive. Kosovo* failed to comply with the ceilings for all three, while Bosnia and Herzegovina and North Macedonia both failed to reach the ceilings for sulphur dioxide and dust. Ukraine's 67 plants falling under the NERP narrowly met the emission ceilings this year, while Moldova failed to report its annual emissions of 2018. Given the lack of adoption of the NERP in Serbia, large combustion plants have to comply with the emission limit values of the Directive on an individual basis. For the majority of Serbia's plants, this is not yet the case with emissions of sulphur dioxide being particularly worrisome.

The Secretariat's assessment also revealed that a number of power plants subject to the Directive's opt-out mechanism, which have to cease operation after 31 December 2023 by reaching 20.000 operating hours after 1 January 2018, may be closing already starting next year. If operated at the same level as in 2018, Montenegro's Plevja will have to shut down already next year, unless measures are taken for a technical upgrade to meet the stricter emission limit values of the Industrial Emissions Directive. Bosnia and Herzegovina's Tuzla (Block 4) is next with a foreseeable cease of operation in May 2021, followed by three plants in Serbia, which would reach the end of their 20.000 hours before December 2023 if operation would continue in the same manner as in 2018.

Director of the Secretariat, Mr Janez Kopač, said: "The clock is ticking for coal-fired power plants in the Energy Community. The situation is especially critical in the Western Balkans as the deadline for some plants to go offline is literally around the corner if they continue to operate at high usage. The Energy Community Contracting Parties must take urgent action on emissions abatement, renewables and energy efficiency, areas where they need to up their game. The Energy Community does not have time to waste in terms of following in the EU's footsteps with the adoption of 2030 targets on energy efficiency, renewable energy and greenhouse gas emission reduction".

The Secretariat's Annual Implementation Report 2019 features dedicated chapters on electricity, gas, oil, infrastructure, national regulatory authorities, renewable energy, energy efficiency, environment, climate, competition and statistics. The implementation score has increased from 43% to 48% during this reporting period. While Montenegro remained the leader, for the first time, North Macedonia with its bold reform measures has surpassed Serbia to claim second place. Ukraine, now in fourth place, made a quantum leap

The clock is ticking: Coal-fired power plants struggle to meet emissions standards, reveals Annual Implementation Report

in moving from a non-transparent single-buyer electricity market to a governance corresponding broadly to the European target model and finally initiated serious steps towards unbundling Europe's largest transmission system.

This year's Implementation Report zooms in on the Energy Community's enforcement and dispute resolution activities. Since 2008, the Secretariat has investigated 103 cases, with environmental and State aid cases on the rise. Bosnia and Herzegovina remains the country with the largest number of open infringement cases (9), followed by Ukraine and Serbia (5). In a number of cases, the Ministerial Council has established a serious and persistent breach of the Energy Community Treaty, but the non-compliance has not been rectified. "This often includes issues which are of critical importance for the development of a country's energy market in line with European energy law, such as Bosnia and Herzegovina's persistent failure to comply with the Third and even the Second Energy Package, and Serbia's failure to unbundle its transmission system operators", explained Deputy Director Dirk Buschle.

"Issues of paramount importance for the entire region, such the resolution of a dispute between the transmission system operators of Kosovo* and Serbia or compliance of the Tuzla 7 coal-fired power plant project with State aid rules, can hardly be resolved with the current enforcement mechanism," the Deputy Director added. Reform of the Energy Community Treaty, including improving its enforcement mechanism, will be discussed at the Energy Community Ministerial Council on 13 December in Chisinau under the Moldovan Presidency.

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