The cornerstone of a successful energy transition in southeastern Europe is the accelerated uptake of renewables and energy storage technologies, which should go hand in hand with the phase-out of coal and gas, write Toby D. Couture and Martin Vladimirov.

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Russia's war in Ukraine and the ensuing **global energy** market disruption has sent EU countries scrambling for alternatives to secure domestic energy supplies. With its REPowerEU Plan, the European Commission aims to accelerate the roll-out of renewable energy technologies (which now rank among the cheapest sources of electricity worldwide) to replace fossil fuels in power generation, industry and transportation.

The fastest way to achieve decarbonisation goals in Southeast Europe (SEE) is to accelerate the phase-out of coal and replace it with renewables. Every year putting off the **coal** exit crowds out investments in cleaner and cheaper alternatives, increase the human and health costs of air and water pollution and slows the economic transition to sustainable development.

A cornerstone of a successful energy transition in the region is the accelerated uptake of energy storage technologies. While integrating 10-20% shares of variable renewables like wind and solar into the mix of most countries is achievable without requiring major investments, reaching higher RES penetration of 40% to 50% or more requires a concerted effort to improve power system flexibility.

Renewable investments are growing rapidly in countries across the SEE, including Greece, Albania, Kosovo and Montenegro, which raises the need for faster integration of storage technologies.

One of the key findings of a new study published by Berlin-based E3 Analytics, in partnership with the European public policy institute, Center for the Study of Democracy, is that storage can not only help improve the security of power supply and smooth the path to decarbonisation but can provide utilities with greater confidence as they increase the share of wind and solar power in the system.

In addition, battery storage systems are starting to beat fossil gas on both price and

performance, undermining one of the main arguments for prolonging countries' reliance on an increasingly unreliable fuel.

EU member states in the SEE region have earmarked considerable public resources from the Recovery and Resilience Facility for power storage investments.

Although government support for storage investments is welcome (and is among the recommendations of our recent report), giving out substantial subsidies to large-scale storage projects, such as the 1,500 MW/6000 MWh RESTORE project in the Bulgarian National Recovery and Resilience Plan, may be wasteful.

A smarter approach to incentivise storage uptake would be to follow in the footsteps of Belgium and the UK and improve wholesale electricity market rules for the remuneration of storage services. In fact, investments in grid-scale batteries are already economically viable today in markets with a clear remuneration scheme for the market participation of storage plants. In turn, it may be more useful to focus public resources mainly on promoting battery recycling facilities and encouraging second-life applications.

Large projects are susceptible to corruption and mismanagement and may face implementation delays due to governance deficits. This means that rather than accelerating the transition process, focusing too much on large-scale storage projects may serve to bottleneck it.

The storage analysis lays out several key steps governments in the region can take:

National update of wholesale power market rules to allow fairer compensation for storage system owners.

A long-term strategy including clear targets to increase storage adoption in tandem with variable renewable energy deployment

Introduction of storage auctions and auctions for hybrid wind, solar and storage projects

Removal of unnecessary technical and licensing requirements for the integration of storage technologies

Avoiding putting all eggs in one basket by fostering a range of storage technologies

Acceleration of the shift toward a circular economy, including investing in local facilities for battery recycling and developing second-life application

By harnessing more of the region's abundant **renewable energy** potential and pursuing a balanced mix of grid-scale and behind-the-meter storage systems, countries in the South East Europe region can accelerate the phase-out of coal and gas while mitigating numerous energy and climate security risks.

With a mild winter and calmer energy markets, there has perhaps never been a better time to unlock investments in a more sustainable and secure **future** energy system.

The time to scale-up energy storage in southeastern Europe is now

Source: euroactiv