

The Western Balkans, energy efficiency and other short stories

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Unlocking the Potential for Renewable Energy and Energy Efficiency
in South-Eastern Europe, Brussels
29th March 2017



European Bank
for Reconstruction and Development

- Western Balkans “energy efficiency potential unrivalled”
- Significant ‘assistance’ to capture this potential
- But progress is too slow.



FOREWORD



Johannes Hahn
European Commissioner
for European Neighbourhood Policy and
Enlargement Negotiations

Energy Efficiency is often described as the EU's biggest energy resource, the "first fuel", as it is competitive, cost effective to achieve and widely available. These 'megawatts' will also enhance energy security at the same time as decreasing emissions. This is why the EU has energy savings targets for 2020 and 2030, and 'energy efficiency first' is one of the principles of the Energy Union project.

The energy intensity of the Western Balkan countries is very high compared to the average of the EU. These countries have an energy efficiency potential unrivalled in Europe. Tapping it will contribute towards much-needed economic growth and reduce reliance on imported hydrocarbons. Through their membership of the Energy Community, the Western Balkan countries have committed to adopting EU Energy Efficiency rules, norms and standards. Transposition is on its way.

However, a proper legal framework is only part of the story. The necessary energy efficiency investment must be financed for the potential to be harvested. The EU, international financial institutions, and donors have all made substantial contributions to making dedicated energy efficiency finance available and affordable. They have also worked to create the right framework to encourage energy efficiency investments, and to build up capacity to manage these investments.

Over the 2007-2015 period, the EU contributed more than €100 million to support energy efficiency investment worth more than €500 million in accession countries, with sizeable results already in terms of energy and emission

savings. They will also result in cost savings for users. Much more remains to be done if the countries of the Western Balkans are to reach EU energy efficiency standards. Progress is needed to improve the regulatory framework to facilitate investment, in particular regarding transposition of the Energy Efficiency Directive and developing a framework for public procurement of energy actors and impact markets such as the residential sector or develop waste-to-energy for instance. The region's politicians should understand the 'energy efficiency first' will improve their countries' energy security. Investing in energy efficiency also has a great potential for creating economic growth and jobs in a very labour-intensive sector.

At the Western Balkans summit in Paris in July 2016, the EU pledged an additional €50 million to the Green for Growth Fund and Regional Energy Efficiency Programme, two successful regional initiatives whose creation it previously helped. This funding will leverage around €240 million of new funding for on-lending to new energy efficiency and renewable energy projects in the region, taking it a step closer to its objectives and targets.

This is only the beginning of the EU's engagement in this sector.

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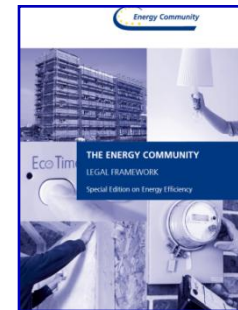
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Ivan Stojakovic
Manager, Woodmaster

(Ministerial Council Decisions: Dec. 2009 - Oct. 2015)

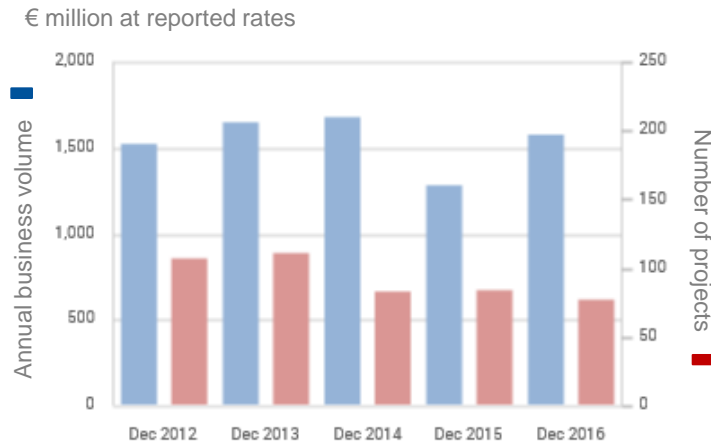
- ✓ **DIRECTIVE 2006/32/EC** ON ENERGY END USE EFFICIENCY AND ENERGY SERVICES (ESD)
- ✓ **DIRECTIVE 2010/31/EU** ON THE ENERGY PERFORMANCE OF BUILDINGS (EPBD)
- ✓ **DIRECTIVE 2010/30/EU** ON LABELING OF ENERGY-RELATED PRODUCTS AND IMPLEMENTING DIRECTIVES/DELEGATED ACTS (ELD)
- ✓ **DIRECTIVE 2012/27/EU** ON ENERGY EFFICIENCY (EED)



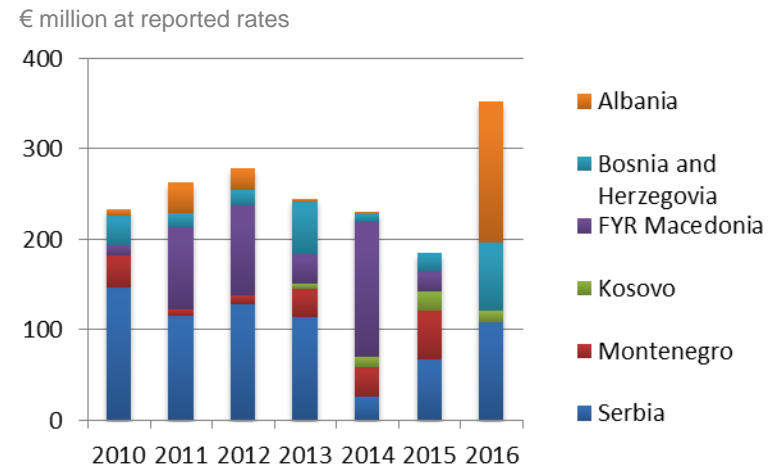
Source: Energy Community

- €7.47 billion total investment portfolio
- 1100 projects

Annual EBRD Investment and Operations

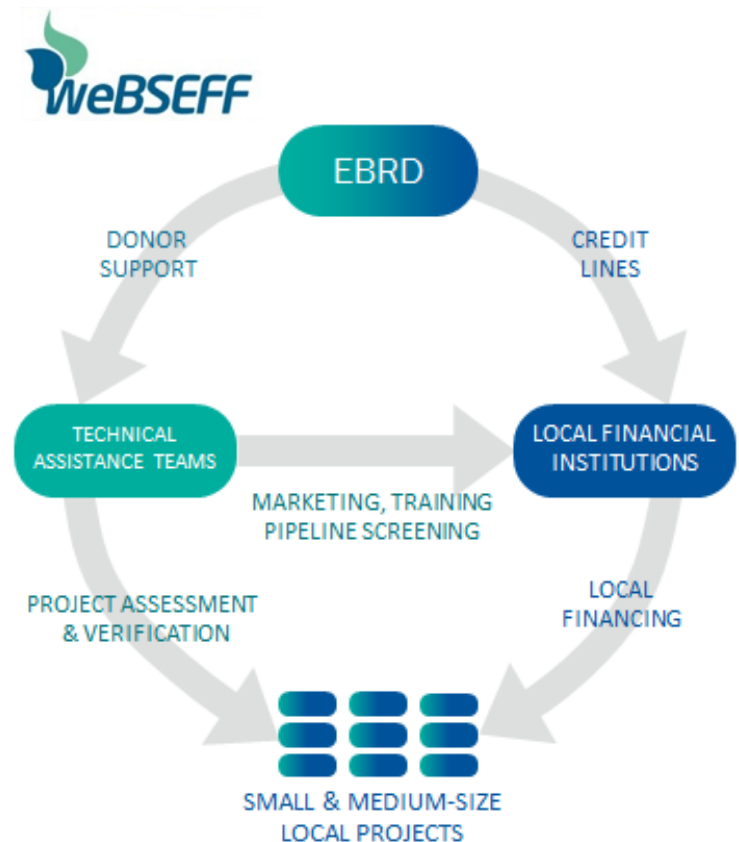


Green EBRD Business



Example: EBRD's Regional Energy Efficiency Programme (REEP) in the Western Balkans

REEP is an **integrated package** of **finance**, **technical assistance** and **policy dialogue**, implemented jointly with the **Energy Community Secretariat**, with an objective of a **sustainable market for energy efficiency in the Western Balkans**.



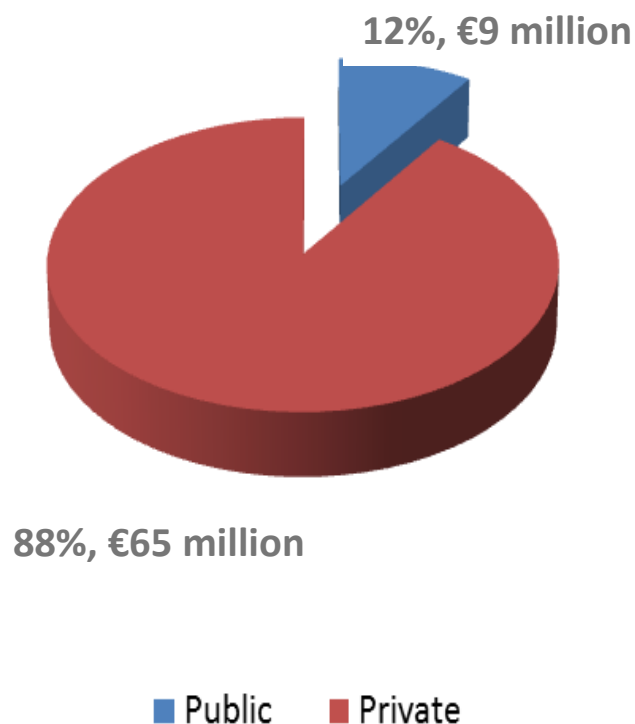
WeBSEFF: The West Balkans
Sustainable Energy Financing Facilities

REEP - WEBSEFF II Results

ACHIEVEMENTS

Countries	Bosnia & Herzegovina, Croatia, FYR Macedonia and Serbia.
PFI s	12 (1 BiH, 4 Croatia, 5 FYR Macedonia, 2 Serbia)
Total Financing available to PFI s	EUR 92 mln
Approved loan amount for sub-projects to date	EUR 74 mln
Approved No. of sub-projects to date	278
Total CO₂ savings	109,799 t/yr
Total equivalent primary energy savings (MWh/y): <i>- (which includes Renewable energy capacity added (MW):</i>	466,282 MWh/y 51 (MW)

WebSEFF II - Portfolio by Sector

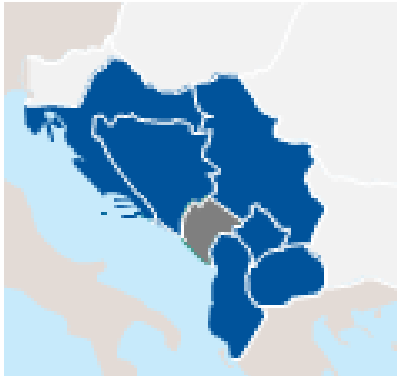


Assistance with policy: REEP support

Objective: to address barriers to EE investment by supporting relevant legislative development

Policy dialogue assistance to WB countries in 3 domains:

EPBD implementation



Procurement of EE goods



Utility schemes & tariff



Funded by:

- €1m EU Western Balkans Joint Fund
- €500k EBRD Shareholders Special Fund
- €500k SIDA
- EU to contribute further €3m over 2017-2019



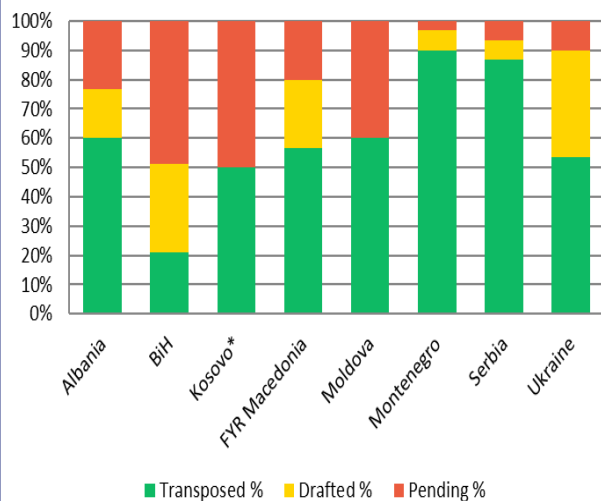
Assistance with policy: status under REEP

		AL	BiH-RS	BiH-Fed	HR	MK	KS	ME	RS	
EED	Article 5&8 ESCO Contract template			Feb '15	Feb '15	Jan '15			Nov '15	May '15
	Article 5&8 ESCO Enabling legal framework									
	Article 6 public procurement of ee equipment regulations								Dec '15	Feb '16
	Article 7 (EEO) Secondary legislation					Sep '15			Apr '16	
	Article 7 (EEO) policy notification									Sep '15
	Article 15 (ee in transmission)								Dec '15	
	Article 24 NEEAP		Apr '16							
EPBD	Primary legislation		Nov '16					Jan '16		
	Secondary legislation	Min. energy performance standrads					Jul '15	Jul '15		
		National calculation method			Jul '15		Jun '15	May '15		
		Energy performance certificate					Jul '15	Jul '15		
		Inspection	Mar '16			Date TBC	May '15	Apr '15		Jun & Oct 16
	IT software	Calculation software			Jul '15	May '15	Oct '15	Nov '15		
		EPC registry			May '15	Oct '14				

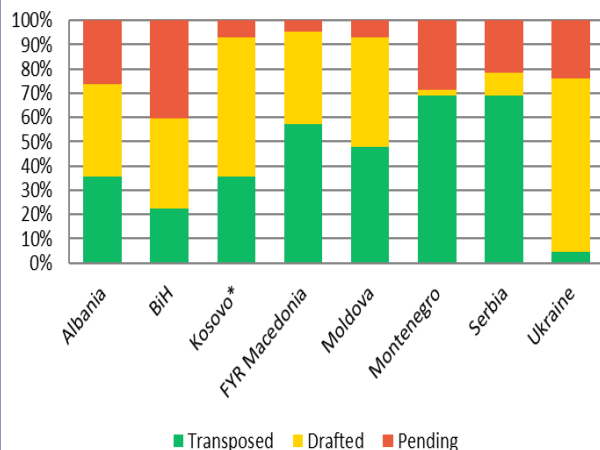
■ Delivered/not adopted
■ Delivered / in process of adoption
■ Delivered / accepted (for contract templates)/ formally adopted (for legislative changes)

Transposition Status

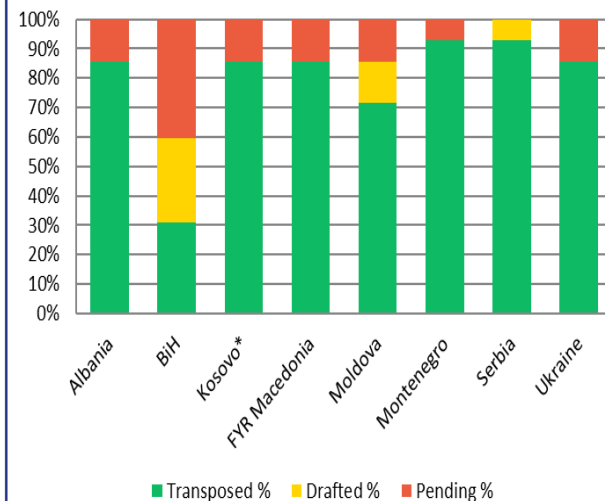
Transposition of ESD (2006/32/EC)



Transposition of EPBD (2010/31/EU)



Transposition of ELD (2010/30/EU)




Source: Energy Community

Why the slow progress?

- Low priority
- Failed advocacy
- Weakening lure of EU membership
- Active undermining of energy efficiency policies

Conclusion

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