

*Welcome Address by Mr. **Henning Häder**,
Manager Energy Policy, Climate & Sustainability, eurelectric*

It is my pleasure to welcome you to the IENE & eurelectric workshop Energy Market Integration and Transition in South-East Europe. Won't say many words – leave the time to the experts.

I'd like to extend our thanks to

- Costis **STAMBOLIS**, Executive Director IENE
- John **Chadjivassiliades**, Chairman IENE
- Our good **colleagues from PPC**, who are sponsoring today's workshop

I am happy that **in just under six months** we again become a focal point for discussions on energy market integration and transition in South East Europe. In **September 2017** IENE & eurelectric debated this topic in Greece - a successful event on which we build today. It is also an opportunity to check the progress made in these months.

And Timing is important. Eurelectric has **recently launched its new vision** on how to decarbonise & integrate the European electricity sector. One of the key elements which make this vision relevant is the **acknowledgement** that European countries are tackling their challenges from very different starting points and situations. We must address them accordingly. It's important to keep this in mind, as we must **avoid** creating a European energy sector which is **moving at 2** – or even 3 speeds, with all focus, investment and energy in Brussels spent on north and west Europe.

And the interest – as you can see – is big. We have a full house today. Eurelectric is therefore proud to have **developed our focus** on this region. We **kicked off an important institutional dialogue** with the European Commission and the Energy Community on the opportunities and challenges of regional cooperation in South East Europe. And there is plenty of both. A region of more than a dozen countries, for which a **reliable market surveillance and analysis is hard to come by**. One of the results of this is what you all know very well - key investment decisions, especially for cross-border projects are delayed.

That is precisely why IENE's work is so important. As we will hear later, the **region is richly endowed** with competitive renewable potential. The successful development of this potential however relies on the difficult task of market integration - and liberalisation. While we have seen gradual steps to market coupling and national energy systems liberalisation, **South East European industry and governments have to embark on a more cooperative** and coordinated energy policy – and as a result - project development. We hope that today's conference will **lay the grounds for a fruitful** and practice-oriented debate. Eurelectric's WG Group on South-East Europe is also eager to take today's takeaways forward.

That's why we are delighted that key representatives from DG ENER are joining us for this important workshop today – I look forward to hear your views. When the right mix of think tanks, industry and policy makers discuss openly I am sure we can learn a lot from each other - to the benefit of the region its citizens and competitiveness.

As a final point I want to invite you all to join us for lunch after the workshop to network and continue our discussions informally. Thank you very much

FOR INFORMATION:

IENE's Mission and Vision

IENE's Mission is to promote a broader understanding of the key energy issues in the region and provide a suitable platform for the exchange of views and information, open to professionals, companies, stakeholders and others who are actively involved in the energy sector.

IENE's Vision is to establish itself as one of the leading energy think tanks in the region and at the same time develop a highly credible and worthwhile range of services covering research, assessment studies, sectorial surveys, educational activities, event organisation and networking. These services to be offered primarily to its members, but also to government and industry and other important stakeholders. As part of its vision IENE is committed to developing high level research and analysis capabilities, with the involvement and in cooperation with leading energy experts from all different countries of the region. The timely dissemination of information and analysis is an integral aspect of IENE's work with the aim of facilitating the understanding of central policy and complex technical issues thus helping to promote public debate. The establishment of serious and dispassionate dialogue on SE Europe's key energy and environmental issues is seen as part of a democratic policy making process to which IENE is fully committed.

Goals and Objectives

The Institute's prime purpose is to constitute a permanent forum where energy issues can be discussed, analyzed, reformulated and presented to the scientific and technological communities, social, productive and financial entities, as well as to institutional bodies, in unbiased, objective and credible terms, something which is guaranteed by its scientific standing, its managerial rectitude and the transparency of its operations. One of IENE's key objectives is to participate in the formulation of energy policies, both on a national and international level, within the broader region of South-East Europe. These policies need to focus on rationalizing the production and utilization of both conventional and renewable sources of energy. Thus IENE aims to contribute towards the implementation of European Union's sustainable development strategy that combines social and economic development with environmental protection. The Institute aspires to play a significant role in providing public opinion with factual and unbiased information on subjects concerning energy, the environment and sustainable development. It is fair to say that, IENE after ten years of uninterrupted operation already provides a suitable platform for the discussion and analysis of the crucial energy and environmental issues which confront the broader S. E. European region.

For sometime now, European energy market integration has become a priority issue for EU energy policy. Energy market integration offers the prospect of a more cost-effective and competitive power and gas system, enhanced security and cross-border solidarity, and the potential for integrating a greater share of renewable energy (RES) and improved energy efficiency systems. These are necessary prerequisites for European energy transition into a more efficient and cleaner energy environment. Achieving this new state requires both the development of the necessary infrastructure and alignment to market rules and policies – a

process that remains far from complete. While market integration and transition to cleaner fuels is progressing well at European level, this is not the case for SE Europe.

In most SE European countries, regional energy cooperation has been perceived as a necessary part of the European integration process. At the beginning of the present decade, the main targets of EU energy policy were incorporated in the long-term strategies of SEE countries. Lately, the focus has been redirected towards modernisation of energy infrastructure, the construction of new facilities, including electricity and gas interconnections, improvement of energy efficiency and increased use of RES

A major finding of IENE's recently published "[SE Europe Energy Outlook 2016/2017](#)" study is that SE Europe, in contrast to the rest of Europe, remains committed to continuing coal use. Based on Institute's estimates, the share of solid fuels for power generation is anticipated to increase steadily in several countries of the region (most notably in Serbia, Kosovo, Croatia, Bosnia and Herzegovina, Montenegro, Greece and Turkey) over the next 10-15 years, as they will struggle to meet increased energy demand.

Hence, the road towards decarbonization and the transition to a "greener" future in SE Europe, with higher use of natural gas and renewables, appears difficult, if not uncertain, in comparison with the rest of Europe.

Join us in Brussels for a high-level discussion to explore the opportunities and challenges that lie ahead in SEE's energy sector (gas, electricity and RES) and which are associated to the ongoing process of market transformation. The industry structure, in terms of ownership and regulation framework is currently changing in several SEE countries. The role of the state is reconsidered and the level of privatization and liberalization of electricity and gas markets can help shape the new business environment, creating exciting opportunities for market players, especially in power generation and gas supply and their corresponding retail sectors.

The SEE Energy Outlook 2016/2017 covers all 13 countries of the region.

EU's Energy Union is also discussed and analysed in relation to its anticipated catalytic role in accelerating energy market integration in SE Europe but also in terms of the vital energy security issues. The study comprises seven main parts:

key cross border projects, such as main oil and gas pipelines, have suffered serious setbacks over a number of years, with final investment decisions being constantly postponed

a better understanding of energy market operation at national and regional level

need for a much better organized and continuous market surveillance and analysis