

Opening Speech
by John Chadjivassiliades, Chairman, IENE

Dear Colleagues, Ladies and Gentlemen, Good Morning!

On behalf of IENE I welcome you to the conference here in Brussels on **“Energy Market Integration and Transition in SE Europe”**, hosted by Eurelectric.

The European and Global Strategy in Energy and Environment is dealing with sustainable energy systems of zero or low CO₂ emissions. Therefore, the energy sector is in a dynamic situation due to the transformation to sustainable energy systems and markets and has a long way to go during the 21st century.

New ideas and innovative technologies combined with skilled human resources may pave the way to a clean and affordable energy for the next generations. Actions in Renewable energies and energy efficiency may lead to clean energy and economic development.

Electricity, is becoming the main energy carrier in Europe with new areas of applications, almost everything becomes electrified such as the transport and heating.

Renewable energies and decentralized power generation combined with storage facilities are rapidly changing the electric grid with transformation of the networks and the market, where the grid operators must respond to the new challenges.

New ideas and concepts are introducing in the electricity, such as smart grids, microgrids, virtual power plants, smart cities and new services are provided to the consumers.

A huge amount of investment is needed during the next decades for the development of the future electricity networks for clean energy and more efficient European network and market operation.

Last year Europe generated more electricity from renewables than from coal, reaching the 30%. This is a clear sign that a transformation in Europe is underway with positive influence on other countries, but we need to go further and faster for clean and affordable electricity.

The region of SE Europe defined and covered by IENE, includes 13 countries from Slovenia in the North-West to Cyprus in the South-East, 11 countries of the Balkan Peninsula, plus Turkey and Cyprus. From these countries, 6 are member-states of the European Union, 7 members of NATO, 3 members of the OECD and only 2 are members of the IEA.

Although politically, culturally and economically diverse these countries are related and bound in different degrees each to EU energy strategies, policies and objectives.

Their economies appear widely divergent in terms of structure and level of development, but they share several challenges, which appear to be common to all. Among them is the priority they all give to the development of the energy sector, both in terms of infrastructure, energy mix and market operation.

Six countries in the Western Balkans are contracting parties of the Energy Community and hence fully adapting their energy legislation to the EU directives, while Turkey has a significant progress in adapting its legislation and market operation to EU requirements.

Large amounts of indigenous coal and lignite deposits, which provide relatively cheap and easily accessible energy supplies for most countries in the region, are preventing a determined move towards decarbonization.

The high dependence of oil and gas imports in the region should be emphasized, which is driving many countries exploration efforts leading to new finds.

Natural gas is becoming increasingly important in the countries of the region for energy mix including power generation. However, the poor infrastructure and the lack of adequate cross border interconnections, especially in the west Balkan countries, are the obstacles for further penetration in the energy mix and market development. Moreover, in SE Europe the gas supply is characterized mostly by lack of local production with one dominant supplier in the region.

The liberalization of the electricity market has made impressive progress in most countries in the region, especially the EU member-states and Turkey, with unbundling and competition.

However, in terms of security of energy supply the region appears more vulnerable than the rest of Europe and it can be strengthened by improving the interconnectivity for both gas and electricity across the region.

There is a high potential of all renewable energy sources in the region, but the exploitation for power generation and non-electrical uses is in different levels among the countries, while good records in hydropower should be mentioned.

Most of the EU member-states and Turkey have good progress with increasing penetration of RES, while other countries, as in the West Balkan, are at the beginning in solar and wind applications.

Regarding energy efficiency in the region, it should be underlined that there is not given enough priority in the past. Its role has been recognized in recent years and more work is required at state and local authority level for energy efficiency schemes.

The energy landscape is changing and there are exciting opportunities for clean energy and digitalization of energy in the region, well-informed people, awareness and motivation.

Moreover, SE Europe's geopolitical position is unique as it is close to eastern energy producers' countries and acting as energy corridor for the EU, both for gas and electricity, towards a more interconnected and secure Europe.

The expanded south corridor, the vertical corridor, the EuroAsia Interconnector, the East-Med pipeline and others as main energy routes should be mentioned.

The energy sector offers a great challenge for closer cooperation between the SEE countries and therefore, such cooperation will facilitate the European integration process. To this subject, we have established the South East Europe Energy Dialogue, a regional annual conference organized by IENE during June in Thessaloniki, which attracts a number of experts and executives from the public and private energy companies and agencies of all the countries in the region. This year the 11th SEEED is scheduled for 26 and 27 of June in Thessaloniki, where you are welcome.

Our efforts at IENE is to analyze and give a comprehensive perspective on the future energy system and how the energy transition should be implemented in the region, which are the most exciting challenges.

Thank you for your attention!!