

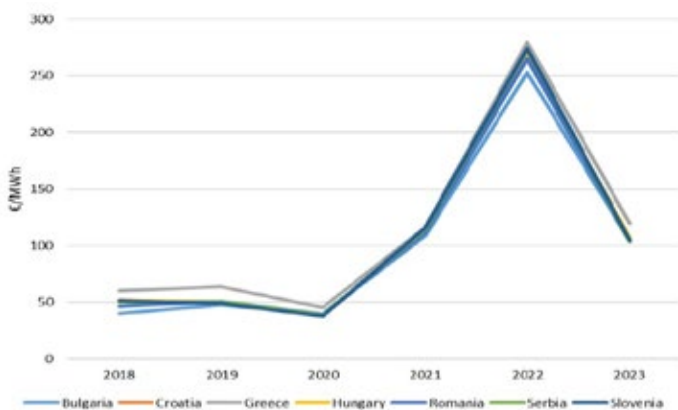
ELECTRICITY & GAS MARKET DYNAMICS

in SE Europe

The transition of Europe's electricity and gas sectors made substantial progress in 2023 as the energy system emerged from a period characterised by high prices, geographical upheaval and political intervention. While prices were lower in 2023 than the unprecedented highs of 2022, they remained higher than pre-energy crisis levels, threatening Europe's competitiveness and social cohesion in all European countries, including SE Europe. After the Russian invasion of Ukraine in February 2022, the gas and electricity prices in Europe increased manyfold, fueling also an inflationary crisis. In general, the prices of gas and electricity depend on a number of factors: market conditions, geopolitical situation, national energy mix, import diversification, environmental protection costs, taxation, etc.

Over 2018-2023, the wholesale day-ahead electricity prices in SE Europe recorded a peak in 2022, as shown in Figure 1, before falling sharply in 2023. Greece had the highest price during this period, while Bulgaria and Croatia the lowest ones. Figure 2 shows the evolution of the TTF price, the European gas price benchmark, over 2021-Q1 2024, standing at about €22.5/MWh on February 23, 2024, its lowest price since May 2021 (see Figure 2).

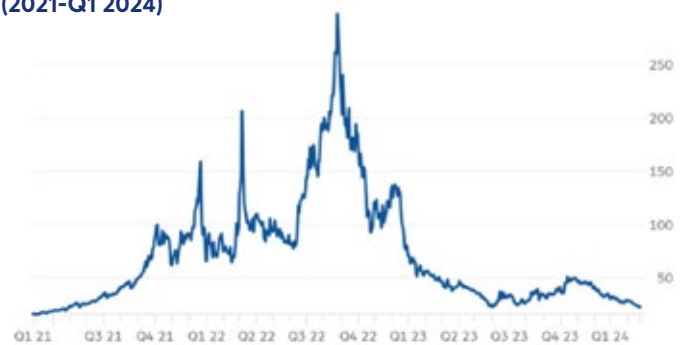
1. Wholesale Day-Ahead Electricity Prices* in SE Europe (€/MWh) (2018-2023)



* The official launch of the Albanian Power Exchange (ALPEX) Day-ahead market started in April 11, 2023. A day-ahead bidding by Kosovo power market operators on the ALPEX started in February 2024. The successful launch of Montenegro's day-ahead electricity market (MEPX) held its first day-ahead auction for electricity delivery on April 27, 2023. A day-ahead electricity market in North Macedonia was launched in May 2023 by the market operator MEMO. Sources: IENE, ENTSOE

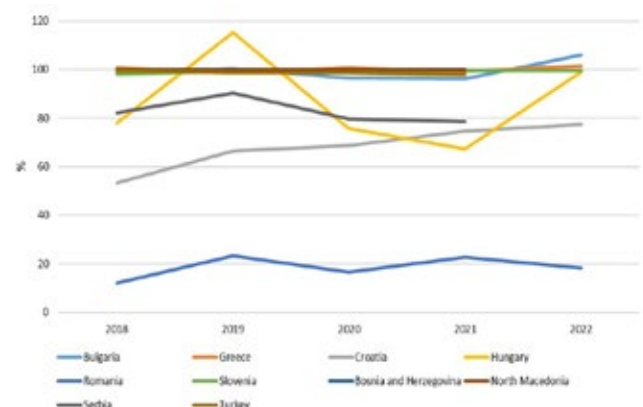
In addition, Table 1 shows that 7 of the SE European countries are net electricity exporters and 6 of them are net electricity importers. In terms of natural gas, Albania, Cyprus, Montenegro and Kosovo do not produce, import or consume natural gas. Based on Eurostat's latest available data (2022), Bulgaria and Greece recorded the highest gas import dependency, while Romania the lowest one, as shown in Figure 3.

2. Significant Fall of European Gas Prices (€/MWh) (2021-Q1 2024)



Sources: ICE, Financial Times

3. Gas Import Dependency** (%) in SE Europe (2018-2022)



**Albania, Cyprus, Montenegro and Kosovo do not produce, import or consume natural gas. A dependency rate in excess of 100% indicates that natural gas has been stocked. There are no available data for Bosnia and Herzegovina, North Macedonia, Serbia and Turkey for 2022. Sources: IENE, Eurostat

Table 1. Net Electricity Importers/Exporters in SE Europe (TWh) (2023)

	Imports	Exports	Net Imports	Net Importer/Exporter
Albania	3.6	4.4	-0.8	Net Exporter
Bosnia and Herzegovina	4.2	8.4	-4.2	Net Exporter
Bulgaria	9.6	13.1	-3.5	Net Exporter
Croatia	10.8	8.6	2.2	Net Importer
Greece	9.9	4.1	5.8	Net Importer
Hungary	25.6	14.1	11.5	Net Importer
Kosovo	3.7	2.8	0.9	Net Importer
Montenegro	7.6	7.7	-0.1	Net Exporter
North Macedonia	7.2	7.1	0.1	Net Importer
Romania	9.9	13	-3.1	Net Exporter
Serbia	17.6	19.7	-2.1	Net Exporter
Slovenia	9.6	11.1	-1.5	Net Exporter
Turkey	5.6	0.6	5	Net Importer

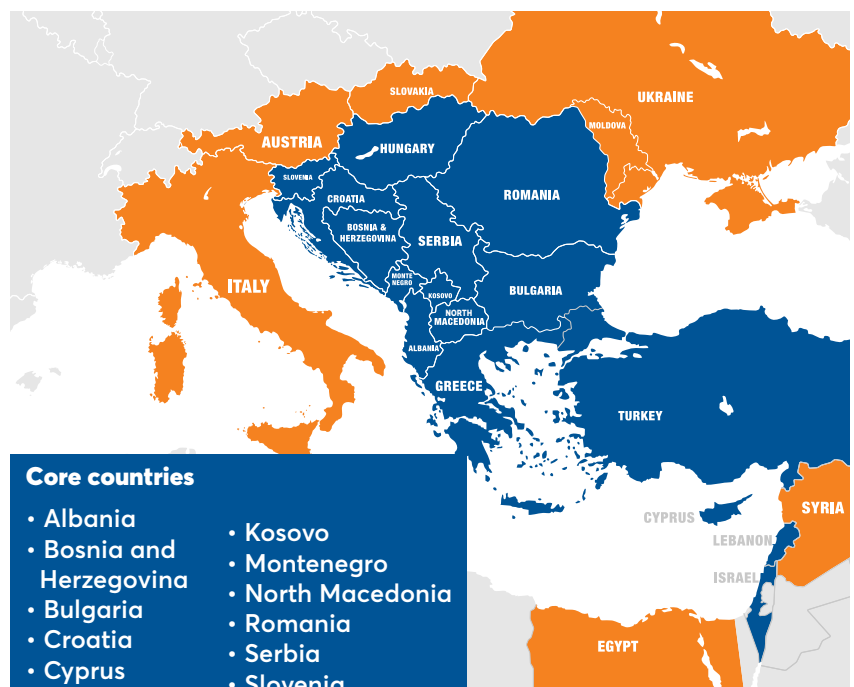
Sources: IENE, ENTSOE

Who are we?

The Institute of Energy for SE Europe (IENE) is a non-profit organization active throughout South East Europe, focusing on energy policy and analysis but also on information dissemination. IENE aims to promote a broader understanding of the major energy and environmental issues in the region. A key objective of the Institute is to contribute towards the implementation of the European Union's sustainable strategy which combines economic and social development, security of supply, environmental protection and climate change mitigation.

Further information on the Institute, its mission and vision and its various activities can be found in www.iene.eu

The SE European region as defined by IENE



Core countries

- Albania
- Bosnia and Herzegovina
- Bulgaria
- Croatia
- Cyprus
- Greece
- Hungary
- Israel
- Kosovo
- Montenegro
- North Macedonia
- Romania
- Serbia
- Slovenia
- Turkey

Peripheral countries

- Austria
- Egypt
- Italy
- Lebanon
- Moldova
- Slovakia
- Syria
- Ukraine



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