

# ELECTRICITY MARKETS in SE Europe

Currently, the electricity sector in SE Europe faces significant challenges that are mainly associated with the ongoing energy transition and demand uncertainties due to economic activity limitations caused by the Covid-19 pandemic crisis and lately of geopolitical concerns following the Russian invasion of Ukraine, the Hamas-Israel war and the regulatory gaps emerging by such abrupt developments.

The privatization of the energy sector as a political choice in the region is still ongoing, while unbundling of electricity generation, supply, transmission and distribution has been progressing steadily. As power generation moves towards renewables and wholesale and retail electricity markets are liberalized more and more, private entities emerge as active electricity market participants enhancing competition in the regional electricity markets.

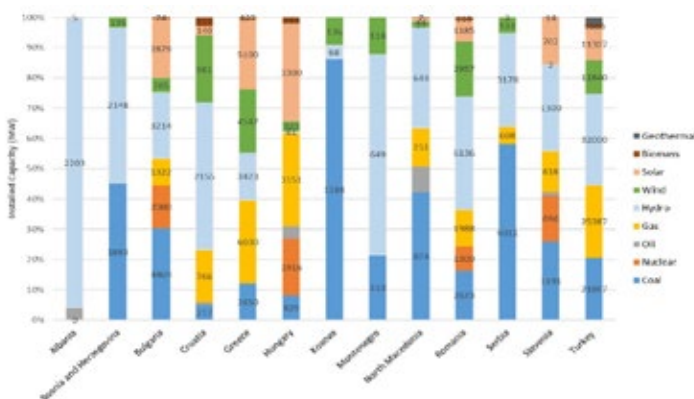
Moreover, in the last five years significant steps have been made towards electricity market integration at wholesale level, aiming at increased competition, liquidity and enabling a more efficient utilization of the generation resources across SE Europe. Even though energy transition is progressing steadily, there is a lack of diversification of power generation sources in the emerging markets of Serbia and Kosovo.

SE Europe has seen notable installed capacity changes over the last 5 years, with the share of installed capacity from coal and gas units falling as installed capacity in renewables rose to approximately 35 GW in the region, with most of which corresponding to wind farms and solar PV.

Moreover, the chosen decarbonization policies for the power sector in WB6 countries are not ambitious enough to fall in line with the European goals with the danger lurking of them breaching emission limits set by EU's Industrial Emissions Directive (IED).

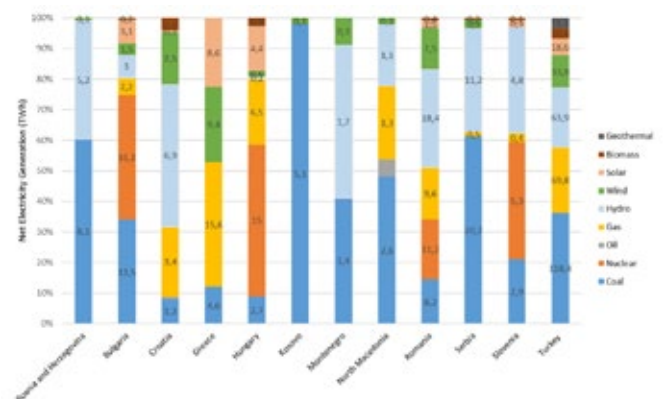
Regarding new nuclear power projects in the region scheduled by 2030, these include reactors 5 and 6 at Paks NPP (2 x 1,200 MWe) in Hungary (construction of which started in August 2023) and the much-anticipated Unit 3 at NPP Cernavodă (720 MWe) in Romania (it will be operational in 2030). Moreover, Turkey's nuclear programme is progressing fast. The first unit of the country's first nuclear power plant, known as Akkuyu nuclear power plant in the southern Mersin province, which comprises four VVER reactors with a combined capacity of 4800 MW, is ready to enter commercial operation following its licensing last December. Other nuclear power projects announced in Sinop and the Thrace region remain in the planning stage.

## 1. Installed Capacity per Country and Production Type in SE Europe (MW) (2023)



Sources: IENE, ENTSOE

## 2. Net Electricity Generation per Country and Production Type in SE Europe (TWh) (2023)



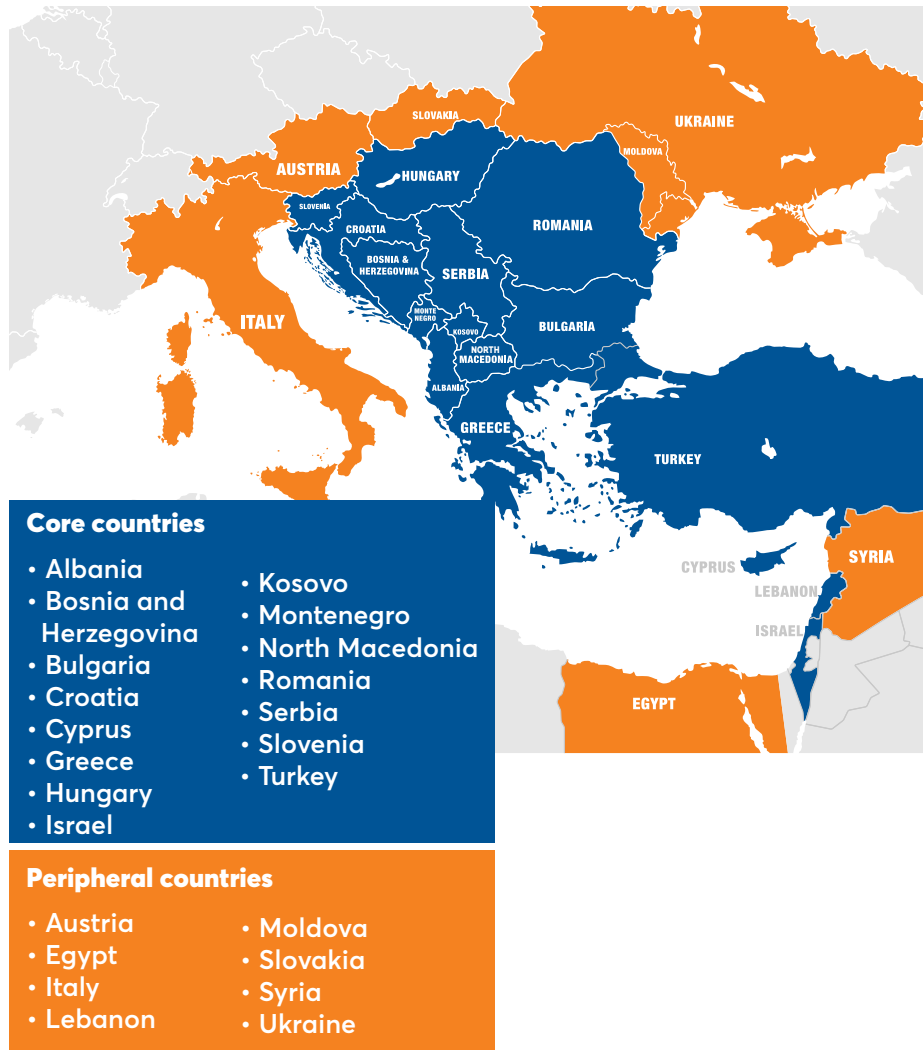
Sources: IENE, ENTSOE

## 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](http://www.iene.eu)

### The SE European region as defined by IENE



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