

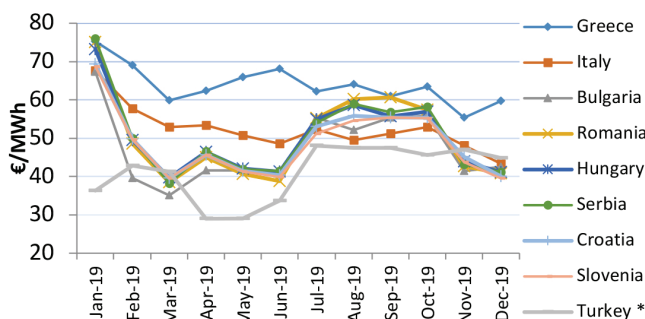
# ELECTRICITY Markets in SE Europe

All electricity markets in SEE have for some time now been in a path towards liberalization. However, slower steps have been taken by WB6 countries, as among them only Serbia has an organized spot electricity market. Legislation, either pending or not enforced, affects the establishment and development of organized day-ahead electricity markets and the deregulation of electricity prices in Albania, Bosnia and Herzegovina (BiH), Kosovo and North Macedonia. Wholesale electricity prices are fully deregulated in Montenegro while the establishment of organized DAM is pending.

The following is a resume of the electricity market status in SEE with respect to its liberalization and competition:

- The opening of the retail market in Albania and Kosovo has been delayed.
- Full deregulation of retail electricity prices exists in BiH, Montenegro and Serbia but competition has yet to be developed.
- In North Macedonia, retail electricity prices for universal supply are determined through a competitive bidding procedure.
- Eight countries in the region (Bulgaria, Greece, Romania, Hungary, Serbia, Croatia, Slovenia and Turkey) have liberalized wholesale electricity markets, operating established internal spot electricity markets.

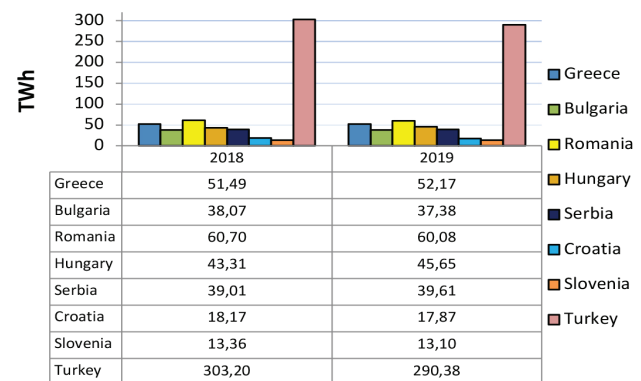
### Average Monthly Electricity Prices at Spot Markets (DAM) of SE Europe (2019)



\*€ - TRY Equivalence is based on daily average rates by ECB  
Sources: IBEX, CROPEX, HENEX, HUPX, OPCOM, SEEPEX, BSP South Pool, EXIST

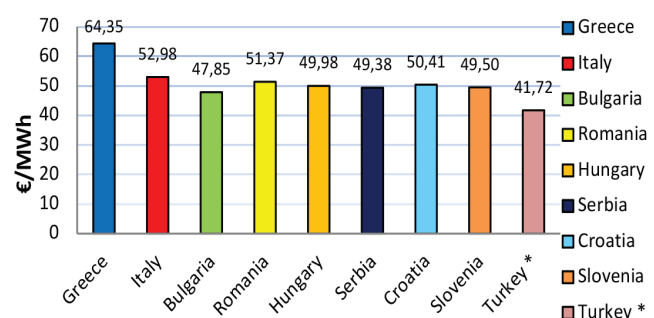
Overall electricity demand in 2019 receded marginally in most countries of SEE due to the warm winter, with the exceptions of Greece, Serbia and Hungary, where the effect of economic growth on electricity demand overcame the downward trends of weather driven consumption. Moreover, Turkey's electricity demand moved downwards, also affected by economic recession.

### Electricity Demand in SEE Markets (2018 – 2019)



\* Greece's Electricity Demand does not include demand in the non-interconnected islands  
Sources: ENTSOE, YTBS

### Weighted Average Annual Electricity Prices at Spot Markets (DAM) of SE Europe (2019)



\*€ - TRY Equivalence is based on daily average rates by ECB  
Sources: IBEX, CROPEX, HENEX, HUPX, OPCOM, SEEPEX, BSP South Pool, EXIST

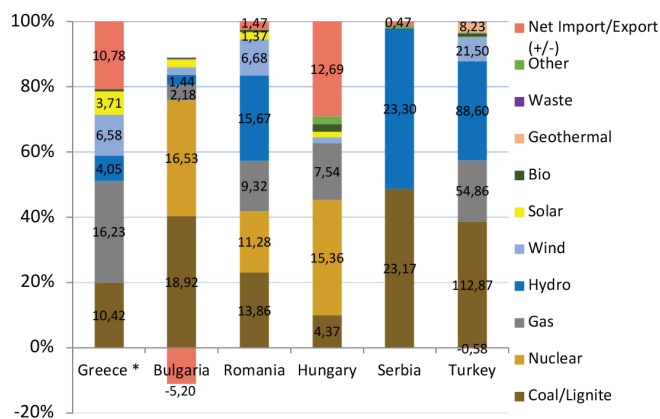
Wholesale electricity prices in 2019 rose in Greece, Bulgaria, Romania, Serbia and Turkey, as a result of reduced indigenous lignite-fired baseload generation in Greece and reduced hydropower in the autumn period, as drought affected mostly the regional wholesale markets, namely in Romania, Serbia and Turkey.

On the other hand, lower demand mitigated the incremental effect of drought to electricity prices in the coupled wholesale markets of Slovenia and Croatia, where wholesale prices receded. Turkey, even though exhibiting drought in the autumn-winter period, has increased significantly the share of hydraulic and wind energy in its electricity mix, as a result of deploying many new hydro and wind projects in the period 2018 - 2019.

Furthermore, during 2019, Bulgaria passed significant legislation for the rationalization of its electricity market, abolishing the electricity export tariff, and vesting authority to the regulator (EWRC) to regulate the electricity volumes provided in the regulated market on a monthly basis. Romania is also expected to further liberalize its electricity market in 2020 introducing a new framework for the CFD mechanism and a new trading system for long-term PPAs.

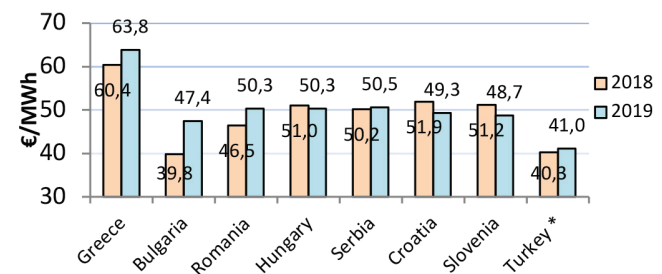
Montenegro is in the process of establishing an organized DAM through its prospective power exchange MEPX, expected to be deployed during 2020. North Macedonia is in the process of drafting the secondary legislation to nominate an electricity market operator that will enable the country to establish an organized electricity market. Finally, Serbia and Greece have introduced electricity futures market in 6/2019 and 3/2020 respectively.

### Electricity Mix in SEE Markets (TWh) (2019)



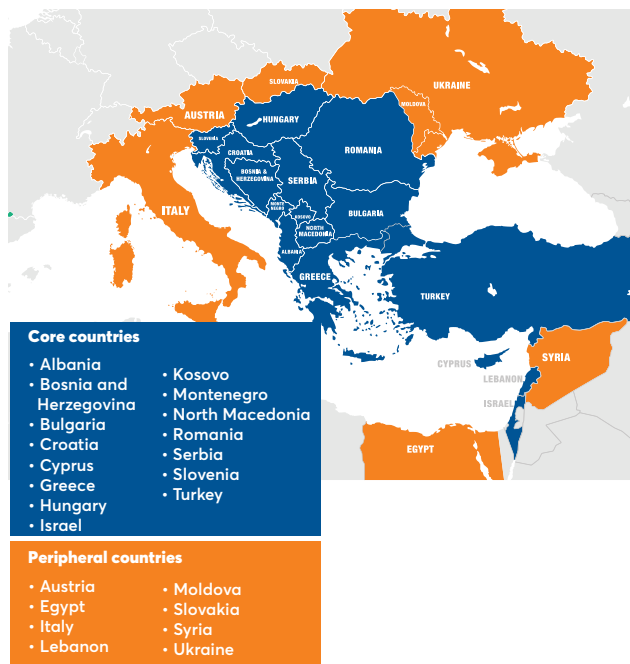
\* Electricity mix of Greece does not include power generation in non-interconnected islands  
Sources: ENTSOE, IPTO, YTBS

### Average Annual Electricity Prices at Spot Markets (DAM) of SE Europe (2018 - 2019)



\*€ - TRY Equivalence is based on daily average rates by ECB  
Sources: IBEX, CROPEX, HENEX, HUPX, OPCOM, SEEPEx, BSP South Pool, EXIST

## The SE European Region as defined by IENE



## Who are we?

The Institute of Energy for SE Europe (IENE) is a nonprofit 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)

