STUDY

CLIMATE CHANGE, ENERGY AND ENVIRONMENT

IETO

Inclusive Energy Transition in Southeast Europe as an Opportunity

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Just transition planning must be carried out from the bottom up, led by the affected communities themselves and supported by the central government, not the other way round.

The EU needs to create a Just Transition Fund for the Western Balkans under which funds would be subject to strict conditions on public participation and fossil fuel phase-out.

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PREFACE

Every period has words and concepts mentioned in nearly all spheres of life. They are popping out from casual chats to news, business board rooms, and high-level official debates so often that they risk being overused but not truly applied. They seem to get internalized as social and political aspirations with at least some groups. Lately, one such theme is inclusivity, a practice that allows access opportunities to those who otherwise would not have it or, theoretically can, but would not consider participating. It is all-encompassing and perfectly suitable for the energy transition as well. The term *inclusive energy transition* is understood as an energy system based on energy democracy and the involvement of the citizens. It includes its more famous sister, *just energy transition*, and goes beyond it. It embraces an overall process as energy transition, even though not so evident or imminent, has implications exceeding employment consequences for particular groups. While Friedrich-Ebert-Stiftung never appropriated the concept as ours, we have been among the first to probe how it is understood and received in Southeast Europe (SEE). Starting with several assumptions and hypotheses that inclusive energy transition offers multiple opportunities for the SEE, we took on a comprehensive analysis of the region, including desktop research and semi-structured interviews.

After a year and numerous exchanges and changes, we are happy to present you with the results. General impressions that the transition has been more led by the EU legislation than the SEE governments' or citizens' involvement is confirmed. What came out as somewhat surprising is that even among the most active advocates and professionals in the energy transition, the notion is still indistinctive from the just transition concept, or it is used as its synonym. Being as practical as possible, the Study sets four different ways for citizens to be included in the process. It also reminds the governments of seizing the momentum and opportunities that come to the early adopters. This would ensure that the transition is inclusive and ultimately accepted by a wider public.

Energy is essential to our daily lives, and the transition is a chance to improve the quality of lifestyles, close the social gaps, strengthen economies and change governance models. Despite all these and other benefits, inclusive energy transition is far more challenging than the purely technical side of the shift. Mainly because it strikes directly at how decisions are made. But, for far too long, energy systems and the transition have been confined to centralized decision-making and silos thinking. Changing these patterns through the advanced involvement of citizen and citizen communities reflects cooperation for a much-needed broader socio-ecological transformation. We hope that with this Study, ongoing digital campaign, and already established partnerships with locals, we brought closer some of the inclusivity qualities.

Our most sincere thanks go to our Study partners, all the participants who continue to shape the energy transition landscape despite obstacles, and Study contributors for their selfless commitment to the vision of SEE's future.

Sarajevo, December 2021

Selma Šehović, Project Manager / Dr Ralf Melzer, Director Friedrich-Ebert-Stiftung Regional Dialogue Southeast Europe

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EXECUTIVE SUMMARY

An energy transition is gradually taking place in southeast Europe, but so far it has not been very planned, inclusive, or economically and environmentally sustainable. It has been driven more by EU legislation than intentional government decisions, leading to a lack of ownership and engagement.

Despite the potential benefits of cleaner air, affordable energy and a decentralised and thus resilient energy system, some governments see the energy transition as detrimental to their countries. And under the guise of 'green energy', all the governments have taken harmful decisions, such as encouraging the construction of damaging small hydropower plants, often in pristine areas, paid for by electricity customers via renewables incentive systems. Such moves can completely derail public acceptance of the energy transition.

Southeast Europe is facing serious challenges with the rule of law, frequent changes of government, insufficient public consultation and in some cases pressure on civil society groups and independent media, state capture, non-transparent decision-making and corruption, and lack of national funding. So relying on EU legislation to steer the transition in an inclusive direction will bring – and is bringing – some results, but will not be sufficient on its own.

This analysis seeks to determine how to move from this situation to an inclusive energy transition in southeast Europe. It looks at four different aspects of public involvement:

- Just transition
- Households as energy consumers and taxpayers
- Prosumers
- Public participation in decision-making on energy policy and infrastructure

It explains these and outlines the EU policy context driving the transition. It then takes a country-by-country look at nine southeast European countries and shows the potential for involving the broader public in the transition, giving recommendations both per country and overall.

The overall recommendations are below. They are mostly aimed at governments, but some also require action from the European Commission and international donors, who can greatly assist with funds and expertise but need to send the countries clearer messages when they are or are not on the right track. They also need to lead by example on public participation in decision-making.

The involvement of civil society is also crucial, and many groups are already active watchdogs of the energy transition, albeit with too little capacity. Proactive work by civil society to advance the transition also needs more development as it can help to develop citizen energy projects and help governments understand how to aid such projects.

PUBLIC PARTICIPATION IN DECISION-MAKING

Governments need to:

- Identify potential advantages and opportunities for the country for an inclusive and sustainable energy transition. Involve experts and the wider public in discussions, in order to ensure the vision is widely shared.
- Share balanced and updated information with the public on the costs and benefits of energy transition, e.g. on energy savings, the real cost of coal and the price drops of wind and solar.
- For those countries which have not yet completed National Energy and Climate Plans (NECPs), carry out strategic environmental assessments and public consultations with genuine intent to gather public opinion. Take the input into account in the final document.
- For EU Member States, seize the opportunity of the forthcoming NECP updates under the Fit for 55 package to increase ambition and genuinely include the public in decision-making.
- Hold all consultations at an early stage when all options are open. Regularly review decades-old infrastructure project plans and do not allow their existence to dictate the outcome of planning processes. Strategic planning must lead to appropriate projects, not the existing project plans defining the strategy.

HOUSEHOLDS AS CONSUMERS AND TAXPAYERS

Governments need to:

- Make plans to gradually raise household prices of electricity while shielding vulnerable consumers from the impacts, in order to allow utilities sufficient income to invest in new renewable capacity and decreasing distribution losses.
- Step up concrete actions to quantify, monitor and tackle energy poverty, including short-term measures but also medium-term ones to increase energy efficiency.
- Step up support for deep household renovations, together with additional workforce training.
- Plan and incentivise a rapid switch to heat pumps and where suitable also solar thermal, particularly in locations where electricity is often used for heating, but also elsewhere.

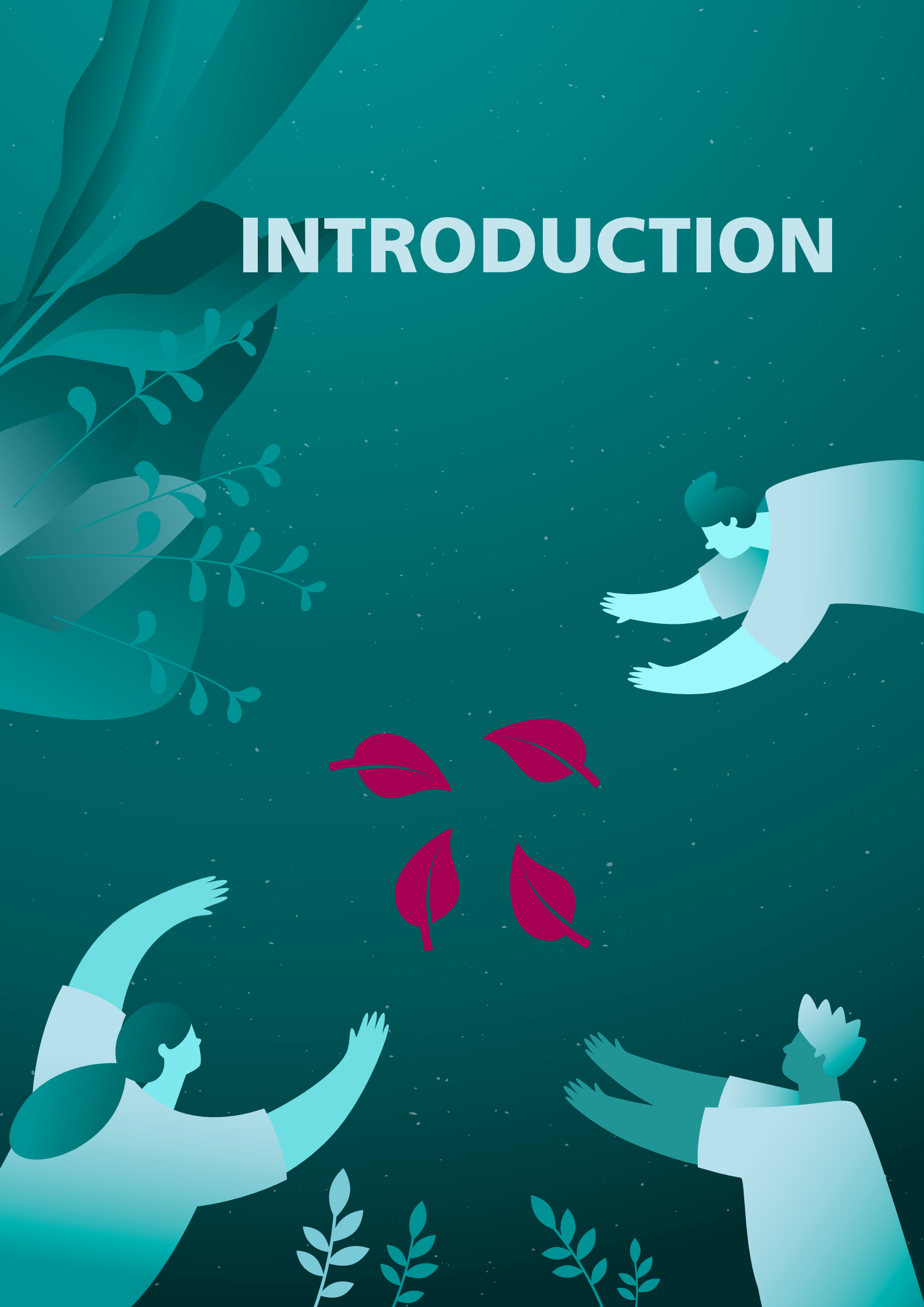
PROSUMERS

- Where not done already, governments must complete the legislation on prosumers, increase support schemes and simplify administrative procedures for rooftop installations.
- People with facilitation and project management skills need to become more engaged to help develop energy cooperatives.
- Consider focusing energy cooperatives on energy efficiency investments and not only on investments in electricity generation. This approach has proven useful in the EU, but would arguably be even more relevant in the Western Balkans due to the high energy wastage.
- Collective buying of photovoltaics, thermal solar installations or heat pumps may help households and small businesses to obtain a better price, depending on technical needs.
- Bearing in mind the potential for small and medium enterprises to stimulate the transition, governments need to reduce administrative barriers for them to invest in becoming prosumers.

JUST TRANSITION

- Just transition planning must be carried out from the bottom up, led by the affected communities themselves and supported by the central government, not the other way round.
- The EU needs to create a Just Transition Fund for the Western Balkans under which funds would be subject to strict conditions on public participation and fossil fuel phase-out.
- Governments need to invest more into education and research for green jobs.

INTRODUCTION



The purpose of this analysis is to determine the potential for and opportunities connected to an inclusive energy transition in southeast Europe. This report gives an introductory overview of energy transition in the six Western Balkan countries and three EU Member States – Romania, Bulgaria and Croatia – with a strong emphasis on the inclusiveness of the process. It begins by explaining different aspects of the concept of inclusive energy transition and outlining the EU policy context. It then takes a country-by-country look at the situation and shows the potential for involvement of the broader public in the process, giving conclusions and recommendations both per country and overall.

The report is based on the authors' practical experience and research, but also on interviews with expert stakeholders carried out by DOOR in late 2020 and early 2021, which are described in the accompanying document *Inclusive energy transition in Southeast Europe: Report on semi-structured interviews*.

While this report identifies certain groups of people as particularly in need of being included in the energy transition, including those living and working in coal regions and those suffering from energy poverty, it does not look into issues such as gender and youth inclusion in the energy transition, mainly due to a lack of information available. In any case, the transition is at such an early stage in most of the countries that even very basic steps would be useful at this stage, though it would be useful to consider how to build in under-represented groups' participation from the very beginning.

INCLUSIVE ENERGY TRANSITION

Energy transition should be understood as both the phasing-out of fossil fuels and the phasing-in of renewable energies. Such a process is not necessarily inclusive per se, as renewable energies can be large-scale, centralised and/or imposed on communities just as fossil fuel technologies are. Inclusive energy transition should be understood as the development of an energy-efficient, renewables-based energy system based on energy democracy and the involvement of the public. This report will try to show as much as possible the potential for involvement of different stakeholders in the process of energy transition, as well as briefly presenting the current state of the transition in these countries.

Inclusive energy transition includes the concept of just transition but also goes beyond it, as it does not focus solely on the process of transition of workers and communities from fossil intensive industries toward sustainable ones, but encompasses the overall transition process towards renewable and sustainable energy.

Ensuring that the ongoing energy transition is inclusive is essential for its acceptance by the public and ultimately for its success. Households and businesses are not only the end customers for the services provided, but they can also produce, store and consume energy, directly contributing to the success of the policy as well as feeling its benefits. Ensuring inclusiveness is a much greater challenge than the technical aspects of energy transition, as it strikes at the core of governance and how decisions are made. Broadly speaking, we have identified four different ways in which the wider public can and must be included in the process, and in the country sections we will briefly assess their progress in these areas:

JUST TRANSITION

Just transition, according to the International Labour Organization, means '*greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind.*'[1]

> *It 'involves maximizing the social and economic opportunities of climate action, while minimizing and carefully managing any challenges – including through effective social dialogue among all groups impacted, and respect for fundamental labour principles and rights.'*[2]

The concept is still relatively new in southeast Europe and has so far mainly been used to refer to the process of planning the redevelopment of coal-producing regions, as they employ large numbers of people in the coal mines. But in the coming decades it is not only those in the coal industry who will be affected, but also those in the oil and gas sectors, and all sectors dependent on these fuels, including the heating, transport and industrial sectors.

Here we will concentrate on coal regions because this is the most pressing issue at the moment. Planning for a just transition is already late in locations like Kichevo, North Macedonia, where the Oslomej coal plant rarely operates and the mine has already stopped production, or Pljevlja in Montenegro, where the coal power plant is currently operating illegally.[3]

A just transition process in coal mining regions needs to take into account four factors, all of which present a major challenge in southeast Europe, for reasons that are explained in the country profiles.

- They need to be based on **comprehensive redevelopment plans**, not just piecemeal projects or training. Many locations do not have these, often due to denial about the end of coal use in the region.

- Most jobs created should be of **comparable quality** to those lost in terms of pay and qualification levels. With some state-owned coal utilities offering comparatively high wages, this is not always simple.

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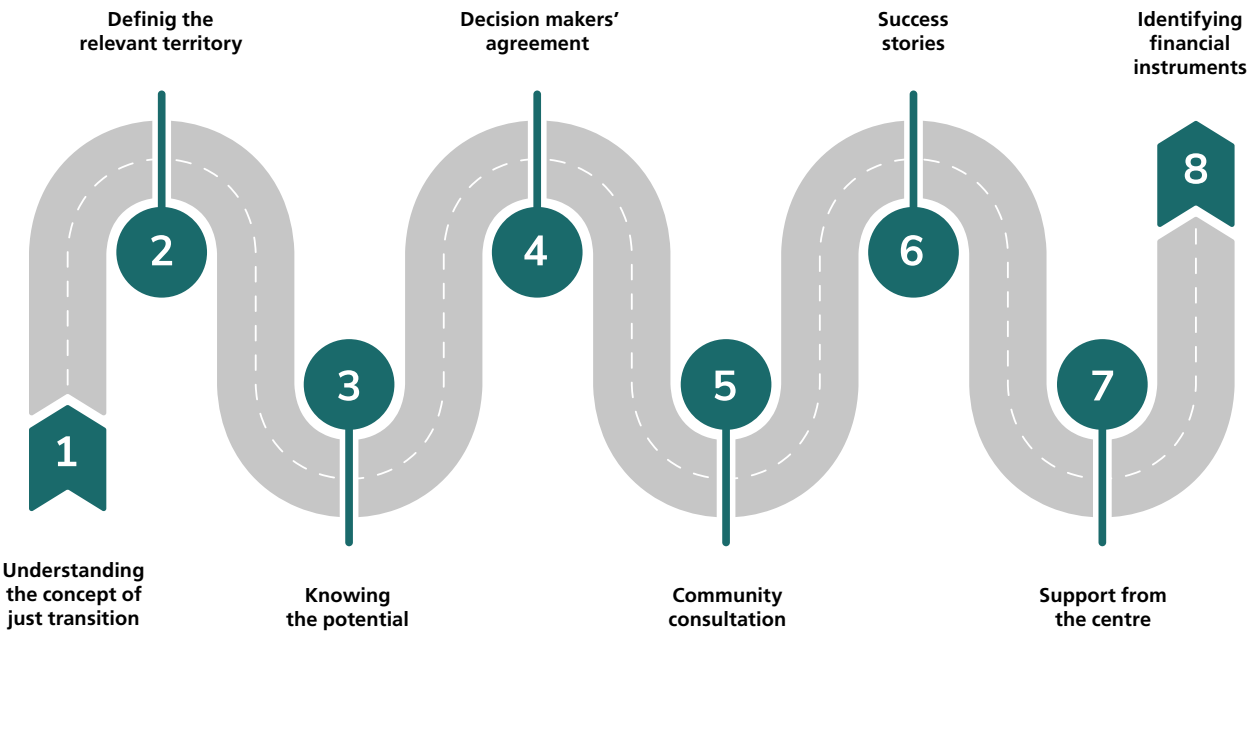
1 International Labour Organization, Frequently asked questions about just transition, last accessed 7 November 2021.

2 International Labour Organization, Frequently asked questions about just transition.

3 CEE Bankwatch Network, *Comply or Close*, 7 September 2021.

Figure 1
Eight Steps for a Just Transition



Source: CEE Bankwatch Network

– They must be **locally led**. Expertise and support from the central government is needed and welcome, but local people know their region and needs best. This is quite opposite from general trends in decision-making in the region, which are often highly centralised.

– The process must go hand in hand with **decarbonisation**. This means clear coal phase-out and plant closure dates, and redevelopment activities which do not replace coal with other highly polluting or fossil fuel industries.[4] But governments in the region have been reluctant to seize the bull by the horns and name dates, or have named dates which are unrealistically late.

Based on the experience in coal regions of central and eastern Europe so far, eight steps for a just transition have been proposed.[5]

It should be underlined that all these steps need to include the public, and that the decision makers' agreement does not only include governments, but in fact all relevant stakeholders who should play a part in deciding on the future of the regions.

HOUSEHOLDS AS ENERGY CONSUMERS AND TAXPAYERS.

Households are included in the energy transition whether they like it or not, as they are paying for it, e.g. by contributing to renewable energy incentives through their bills. And where governments and state utilities are delaying transition, they are also paying for that via their taxes, as subsidies are often given to failing fossil fuel companies.[6]

Yet many people are struggling. Across the EU, it is estimated that in 2018, almost 40 million people had trouble paying to keep their house adequately warm[7] – and this is not counting the Western Balkans, where little reliable information is available.

For some in southeast Europe this is due to using traditional electric resistance heaters for heating poorly insulated dwellings – especially common in Montenegro and Albania, but also widespread elsewhere, while others struggle due to their overall poverty.

4 CEE Bankwatch Network, *Eight steps for a just transition in the Western Balkans*, April 2021.

5 CEE Bankwatch Network, *Eight steps for a just transition in the Western Balkans*.

6 Energy Community Secretariat, 'Two billion euros burnt in coal subsidies by Energy Community Contracting Parties in 2015-2019', 2 December 2020.

7 European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, An EU-wide assessment of National Energy and Climate Plans, 17 September 2020.

For these reasons, energy prices, particularly electricity prices, are an extremely sensitive topic in many countries in southeast Europe. The per-unit cost of electricity is kept artificially low for households as a social measure in most countries in the region, meaning that state-owned utilities have very little ability to earn a surplus and make investments. Despite this, many people have difficulty paying their bills.

Instead of gradually increasing prices while protecting vulnerable consumers, successive governments have postponed inevitable electricity price rises which are needed for investments, as they are scared of public outcry.

This was also one of the reasons – along with fears about their impact on the grid and a feeling that mainly foreign companies would benefit – why financial incentives for solar and wind development have been limited in many countries in southeast Europe. Feed-in tariffs, a system in which all electricity produced by a plant is purchased by an appointed body at a fixed price, have been used in many countries across Europe to encourage renewable energy development. However, they need to be carefully limited otherwise they can become enormously expensive.

In southeast Europe, many countries strictly limited the amount of solar and wind that could receive feed-in tariffs, but small hydropower plants were in most cases not subject to the same restrictions, as there were more well-connected domestic businesses who could benefit from the available feed-in tariffs.[8]

Given the controversy caused by small hydropower plants across the region, it is unsurprising that this situation marred the reputation of incentives schemes and in some countries support for renewable energy is now seen as nothing but a scam.

Yet the need to incentivise sustainable forms of renewable energy remains, at least for small-scale installations, as does the need to increase electricity tariffs in order to ensure utilities can make investments. Rather than avoiding it, an inclusive approach is needed in which households are not simply the passive recipients of pricing policy, but instead are included in decision-making so as to help minimise negative impacts of price rises.

Vulnerable consumers need to be protected, but this needs to be done in a way which has the greatest long-term benefits. For example, for people who use electricity for heating, carrying out energy efficiency retrofits of housing and installing heat pumps would go much further than just paying their bills. Such policies need to be designed together with users, in order to make sure they are usable in real life.

Similarly with renewable energy incentives schemes or other policies that are paid for by consumers. If people are to be motivated to pay, they need to be consulted about the policies in the first place and to understand the need for and logic behind them.

PROSUMERS

The most pro-active way for people to become involved in the energy transition and to benefit from it is by supplying their own energy. It has already been possible for some time to do so independently, for example by fitting solar water heating or solar photovoltaics on houses or businesses for their own consumption, without feeding electricity into the grid. In some countries, feed-in tariff incentives have also made it possible to produce solar electricity solely for the grid and to receive payment for it.

But the idea of a 'true' prosumer is that households or businesses can both produce for themselves and feed the surplus into the grid. They can also participate in storing electricity if they have batteries available, for example in electric vehicles.

The concept of prosumer can take many forms, whether a home or commercial building, generating or storing electricity or both, while energy cooperatives involve households or individuals buying shares in a legal entity that then invests in electricity or heat generation, storage, or building retrofits. The number of energy cooperatives and prosumers in the EU is unclear, but the REScoop Federation of European citizen energy cooperatives represents 1,900 European energy cooperatives including 1,250,000 people.[9]

Little if any information is available about the potential for independent energy initiatives in the Western Balkans, but for the EU, a study by CE Delft estimates that by 2050, 83 per cent of EU households could become energy citizens by contributing to renewable energy production, management or storage.[10] About half of the households, around 113 million, may be able to produce energy and even more could provide demand flexibility with electric vehicles, smart e-boilers or stationary batteries.[11]

But the idea of including individual households in the energy transition is in its infancy in the countries covered by this study. Governments have been very slow to take advantage of opportunities like incentivising solar water heating or deep building retrofits of households.

Change is beginning to take place, but very slowly, and in different ways. For example, Bulgaria has very few true prosumers because the relevant legislation is not yet fully developed and the process is cumbersome, but as of the end of 2020 it had 1,777 solar PV systems smaller than 30 kW

8 CEE Bankwatch Network, *Who pays, who profits?*, September 2019.

9 RESCoop website, accessed 13 November 2021.

10 Bettina Kampman, Jaco Blommerde, Maarten Afman, *The potential of energy citizens in the European Union*, *CE Delft*, September 2016.

11 Ibid.

installed, which had been incentivised by feed-in tariffs.[12] Numerous systems for self-consumption are also being installed, though the true number is not known.[13]

On the other hand, although the Western Balkan countries have all started adopting EU legislation on prosumers, as of June 2021, Serbia and Albania still had no registered prosumers, Bosnia and Herzegovina had only one, and Montenegro six. Kosovo has the most – 56 – and North Macedonia has 42.[14] These differences largely reflect a lack of secondary legislation in some of the countries.

It is not only the new legislation which will influence public bottom-up initiatives in the energy sector, as it is already possible to install solar photovoltaics on houses without selling surplus electricity to the grid. Some homes, public buildings and businesses have already done so, e.g. the Pecka Visitor's Centre near Mrkonjić Grad in Bosnia and Herzegovina.[15]

Some of the countries have been offering feed-in tariffs to incentivise such investments, but these were mainly geared up to meeting 2020 targets. The legislation in this field is still changing in some of the countries, so it is unclear to what extent such incentives will exist in the future.

Independent energy projects will continue to be developed, but only if governments and local authorities offer clear financial incentives and a favourable permitting framework will they make up a serious component of the region's just green transition.

In theory the ability to sell surplus electricity into the grid and save more money on buying electricity should incentivise a greater number of investments into small-scale renewable generation. A December 2020 overview of EU prosumers found that the dominant motivation for becoming a prosumer is to reduce electricity expenses: '*Prosumers in Denmark and Germany for example, even without feed-in tariffs, are still motivated to adopt generation technologies to avoid paying high electricity prices, and to avoid taxes and tariffs.*'[16]

However, in most of southeast Europe household electricity prices are still regulated at a very low level – often well below the real costs of generation. So without feed-in tariffs or investment grants there is little incentive to invest in e.g. rooftop solar.

Costs of investments in electricity generation or deep energy efficiency retrofits are prohibitive for many people, but this can be overcome. It is easier if there is some level of political support for the idea at the national or local level though, as it makes it easier to access international donor funds, particularly for residential energy efficiency, which donors are keen to support but cannot implement at scale without willing local partners. Small and medium companies are also likely to be important actors in the transition as they have higher energy costs and more money to invest than households.

Another issue is that permitting processes for electricity generation are long and complicated, and are often not much simpler for a small installation than a large one. This can be changed, but depends on political will, which is often lacking.

PUBLIC PARTICIPATION IN DECISION-MAKING ON ENERGY POLICY AND INFRASTRUCTURE

The most pragmatic reason to include the public in decision-making on energy policy and infrastructure is to avoid a backlash, but even this lowest level of consultation has often not been implemented in reality.

EU legislation and the Aarhus Convention[17] both contain provisions requiring public participation, access to information and access to justice in decision-making on environmental matters, which includes almost all decisions related to energy transition, given the high environmental impact of the energy sector and of major energy consumers.

For decision-making on plans and programmes, the Strategic Environmental Assessment (SEA)[18] is supposed to guarantee public participation, and the Water Framework Directive[19] requires public participation in the development of River Basin Management Plans. For individual infrastructure, Environmental Impact Assessments (EIA)[20] and Appropriate Assessments under the Habitats Directive[21] are among the tools that should guarantee public participation in decision-making.

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12 Toby D. Couture, Toma Pavlov and Teodora Stoyanova, *Scaling-up Distributed Solar PV in Bulgaria*, *E3 Analytics*, 2021.

13 Toby D. Couture, Toma Pavlov and Teodora Stoyanova, *Scaling-up Distributed Solar PV in Bulgaria*.

14 Energy Community Secretariat, WB6 Energy Transition Tracker, Third Edition, June 2021.

15 Balkan Green Energy News, 'First PV system in rural BiH installed thanks to crowdfunding campaign', 29 June 2021.

16 Smart Energy Europe, *The SmartEn Map: Prosumers 2020*, December 2020.

17 United Nations Economic Commission for Europe, Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters, 25 June 1998.

18 Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment, *EUR-Lex,* Official Journal L 197, 21 July 2001, 30-37.

19 Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for the Community action in the field of water policy, *EUR-Lex*, Official Journal L 327, 22 December 2000, 1-93 (amended).

20 Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (codification), as amended by: Directive 2014/52/EU of the European Parliament and of the Council of 16 April 2014, *EUR-Lex,* Official Journal L 124/, 16 April 2014, 1-18.

21 Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora, *EUR-Lex,* Official Journal L 206, 22 July 1992, 7-50 (amended).

Most of the Western Balkans countries have not transposed the Habitats Directive yet and some have also not transposed the Water Framework Directive. All have transposed the EIA Directive to some extent but in 2021 the Energy Community opened dispute settlement cases against Serbia and North Macedonia for failing to adopt the 2014 amendments which clarified and improved the public participation provisions, among others.[22]

Across the region, EIA and SEA provisions are often misinterpreted in order to circumvent public participation provisions, or where public consultations are formally carried out, they have no impact on the final decisions taken. One of the most widespread examples is small hydropower development. Many countries in the region set capacity thresholds above which hydropower plants require environmental assessments, and this tends to be interpreted to mean that those under the threshold are automatically exempt from EIAs. However, just because a plant is small, it does not mean it cannot have a serious impact, particularly cumulatively with other plants or other activities on the river. And under the EIA Directive, no matter what size a hydropower plant is, it still needs to be screened.[23]

Access to justice is a problem in all the countries covered by this study, due to lack of independence of the courts, lack of knowledge of environmental issues by the judiciary, or high fees for the complainant if a case is lost.

Although none of the countries are excelling in public participation in decision-making, there are still differences between them. The following sections on specific countries give a brief overview of the energy transition overall in the countries, together with observations related to inclusion of the wider public in the process and recommendations on how they could make the transition more inclusive and ultimately more successful.

EU POLICY FRAMEWORK FOR AN INCLUSIVE TRANSITION

Gradual steps towards an EU energy transition – though not necessarily an inclusive one – have already been ongoing for over two decades, but have accelerated in recent years. In February 2015 the European Commission issued the so-called Energy Union Strategy, which claimed to put the public at its centre.

> *'Most importantly, our vision is of an Energy Union with citizens at its core, where citizens take ownership of the energy transition, benefit from new technologies to reduce their bills, participate actively in the market, and where vulnerable consumers are protected'.*[24]

A closer look, however, shows that the public is still mainly seen as an energy customer rather than as producers. Nevertheless, significant steps forward were made in the following years with the adoption of the Clean Energy for all Europeans package.[25] The package intended to create a comprehensive policy framework to facilitate the transition from fossil fuels toward clean energy as well as to stimulate Member States to fulfil their Nationally Determined Contributions (NDCs) for reducing greenhouse gas emissions under the 2015 Paris Agreement.

One of its pillars was to provide *'[m]ore rights for consumers: the new rules make it easier for individuals to produce, store or sell their own energy, and strengthen consumer rights with more transparency on bills, and greater choice flexibility'.*[26]

Through the Clean Energy for All Europeans package, the EU also introduced the concept of energy communities in its legislation. The new Directives enable active consumer participation as individual prosumers or through energy communities, and the latter can take any form of legal entity, e.g. a cooperative, partnership, non-profit organisation or small/medium-sized enterprise.

Such legislative support should help to fill the legal gaps for such initiatives in southeast Europe and make becoming a prosumer or cooperative easier, even taking into account the delays and mis-transposition that are to be expected.

The Clean Energy Package introduced targets for 2030, stipulating at least a 40 per cent domestic reduction in economy-wide greenhouse gas emissions as compared to 1990; a Union-level binding target of at least 32 per cent for the share of renewable energy consumed; and a Union-level headline target of at least 32.5 per cent for improving energy efficiency, among others.

Based on the Package's Governance Regulation,[27] Member States had to develop and submit to the European Commission integrated National Energy and Climate Plans (NECPs)

22 Energy Community, Energy Community, Secretariat initiates dispute settlement procedures against Moldova, North Macedonia and Serbia for lack of transposition of the Environmental Impact Assessment (EIA) Directive 2014/52/EU, 24 June 2021.

23 Energy Community, Policy Guidelines on small hydropower projects in the Energy Community PG 02/2020, 17 September 2020, 23.

24 European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy, *EUR-Lex*, 25 February 2015.

25 European Commission, 'Clean energy for all Europeans package completed: good for consumers, good for growth and jobs, and good for the planet', May 2019.

26 European Commission, 'Clean energy for all Europeans package completed: good for consumers, good for growth and jobs, and good for the planet'.

27 Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, *EUR-Lex*, Official Journal L 328, 1-86 (amended).

and biannual energy and climate reports as well as develop long-term strategies for greenhouse gas emissions reductions for the following thirty years. The measures set out in these documents would then contribute to the achievement of the collective EU targets for ten-year periods.

THE EUROPEAN GREEN DEAL AND THE FIT FOR 55 PACKAGE

The European Commission which took office in 2019 continued to work toward a more ambitious 2030 target, thus complementing and continuing the work set by the Clean Energy for all Europeans package. In December 2019 the Commission presented the European Green Deal,[28] a strategy that aims to:

> *transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use. It also aims to protect, conserve and enhance the EU's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts.*[29]

The EU aims to be climate neutral in 2050, which means that the Clean Energy for All Europeans targets are not sufficient. Therefore, the Commission proposed the European Climate Law, to turn political commitment into a legal obligation – and to increase the EU's greenhouse gas emissions reduction target to 55 per cent by 2030. This Law entered force on 29 July 2021 and replaced the Governance Regulation.

In order to achieve these additional greenhouse gas savings, more ambition on renewable energy and energy efficiency targets is also needed, and therefore in July 2021 the Commission published the Fit for 55 Package, a set of proposals to revise and update EU legislation such as the Renewable Energy Directive and Energy Efficiency Directive. These proposals are still under discussion at the time of writing, but are likely to require updates to the NECPs and national 2030 targets for greenhouse gas emissions reductions, renewable energy and energy efficiency.

The European Green Deal is very clear about the need for the transition to be inclusive in various ways, not only for workers, and with the public playing a much wider role than simply paying the bills:

> *…this transition must be just and inclusive. It must put people first, and pay attention to the regions, industries and workers who will face the greatest challenges. Since it will bring substantial change, active public participation and confidence in the transition is paramount if policies are to work and be accepted. A new pact is needed to bring together citizens in all their diversity, with national, regional, local authorities, civil society and industry working closely with the EU's institutions and consultative bodies.*

However, with the dizzying speed of EU policy changes in recent years, this will be increasingly challenging. Such changes are much-needed to increase the EU's ambition and the likelihood of preventing catastrophic climate change, but make it harder and harder for the public to follow and participate.

This makes it especially important for countries to maximise their ambitions to avoid being forced to make frequent policy changes; however, the southeast European EU Member States have generally taken the opposite approach, doing the minimum possible to comply with EU requirements – and sometimes not even that.

THE ENERGY COMMUNITY TREATY TRANSITION FRAMEWORK

The Western Balkan countries, as parties to the Energy Community Treaty and as prospective EU members, are also having to run ever-harder to catch up with the EU. Yet they are currently in a state of limbo. The year 2020 has passed and their renewable energy and energy efficiency targets are no longer valid. And until now, apart from their Nationally Determined Contributions under the Paris Agreement, they have not yet been obliged to set greenhouse gas emissions reductions targets. New targets are planned, but have been delayed while waiting for a study commissioned by the European Commission.

A recommendation to start preparing NECPs was made by the Energy Community Ministerial Council in November 2018,[30] and an adapted version of the Governance Regulation – assumed to contain binding deadlines – was adopted at the Ministerial Council meeting on 30 November 2021.[31] As of early December it is not yet available to the public.

The countries have responded differently to such delays. Some, like North Macedonia and Kosovo, moved fast to start on their NECPs, while Serbia was the last country to start work.

NECP development is one of the variables monitored by the Energy Community Secretariat in its WB6 (Western Balkans Six) Energy Transition Tracker, which is published every six months.[32] The June 2021 edition shows a certain amount of stagnation, though Serbia has finally set up a working group and started working on the modelling.

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28 European Commission, Communication from the Commission – The European Green Deal, 11 December 2019.

29 Ibid.

30 Energy Community Ministerial Council, 'Recommendation 2018/01/EnC-MC', November 2018.

31 Energy Community, 19th Ministerial Council, 30 November 2021.

32 Energy Community Secretariat, WB6 Energy Transition Tracker.

With this long gestation period, the Western Balkans countries have few excuses compared to the EU for not adequately involving civil society in the process. Indeed some countries such as Montenegro and Kosovo have included civil society representatives in their NECP working groups, while North Macedonia is the only country to have publicly consulted its draft document so far.

The Energy Community Secretariat is also one of the most active players in the new Initiative to support the clean energy transition in coal regions in the Western Balkans and Ukraine, launched in December 2020, with a Secretariat operating since February this year.[33] The Platform is, among others, supported by the European Commission and it aims to support the development of national plans which will be directed toward reforms of the energy system and decrease of coal use as well as assisting with knowledge exchange, technical assistance, and financial assistance.

One of the main contributors to CO_2 emissions in the Western Balkans are coal power plants. Emissions from electricity and heat production amount to nearly 65 per cent of total emissions from fossil fuels in the WB6 and in 2020, the carbon intensity of electricity production in the region was more than three times the average in the EU-27.[34]

These two processes – NECP development and the Coal Regions Initiative – present an opportunity for the Western Balkans to decrease these emissions and plan orderly and fair transitions away from coal and other fossil fuels. But for some countries it is already very late.

Since 1 January 2018 the Large Combustion Plants (LCP) Directive has been in force. The Directive regulates the levels of sulphur dioxide (SO2), nitrogen oxides (NOx) and dust emissions from existing power plants, requiring significant investments into pollution control or closure of plants. Around 1,000 MW of thermal capacities need to be shut down by the end of 2023 under the Directive.[35] Although all of the Western Balkan countries with coal plants are flagrantly breaching the LCP Directive at the moment,[36] it will eventually – together with the sheer age of most of the plants – bring about the end of the coal era in the region.

Renewables and energy savings can cover the gap that will be left by coal, but as of July 2020 solar and wind made up less than three per cent of the generation mix in Western Balkan countries.[37] Renewable energy in heating also mainly consists of inefficient wood burning and little progress has been made in transport. The situation is slowly beginning to change in the power sector, partly due to the falling prices of solar and wind, and partly due to the gradual introduction of market-based support schemes in some countries.

THE EUROPEAN GREEN DEAL AND THE WESTERN BALKANS

The European Green Deal also lays the ground for the Green Agenda for the Western Balkans, on the basis that '*[t]he ecological transition for Europe can only be fully effective if the EU's immediate neighbourhood also takes effective action*'.[38] In October 2020 the European Commission therefore published Guidelines for the implementation of the Green Agenda for the Western Balkans[39] as well as an Economic and Investment Plan for the Western Balkans[40] worth EUR 9 billion in Instrument for Pre-Accession (IPA III) funding for the period from 2021 to 2027.

The core areas for investments are sustainable transportation, clean energy, the environment and climate, a digital future, human capital, and the private sector. Also, a new Western Balkans Guarantee facility aims to raise additional private sector funds for investments of up to EUR 20 billion.

In November 2020, Western Balkan leaders committed to implement the Green Agenda via the Sofia Declaration,[41] including a pledge to implement the EU Climate Law, i.e. to phase out fossil fuels by 2050.

Unfortunately, so far the Green Agenda process has been far from inclusive. Environmental civil society groups did not have access to any draft of either the Guidelines or the Economic and Investment Plan before they were published. After this, the European Commission and the Regional Cooperation Council (RCC), who have been engaged to help implement the process, pledged to do better and invited non-governmental organisation (NGO) representatives to speak at several online events, as well as setting up an NGO Forum. However, as 2021 wore on, it was less and less clear why it was taking so long for the RCC to draft an Action Plan for the implementation of the Green Agenda.

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33 European Commission, Initiative for coal regions in transition in the Western Balkans and Ukraine, February 2021.

34 Energy Community Secretariat, Secretariat, WB6 Energy Transition Tracker.

35 Directive 2001/80/EC of the European Parliament and of the Council of 23 October 2001 on the limitation of emissions of certain pollutants into the air from large combustion plants, Official Journal L 309, 27 November 2001, 1-30 (amended).

36 CEE Bankwatch Network, *Comply or Close*.

37 Energy Community Secretariat, Powering the Energy Transition: Secretariat launches Western Balkan 6 Energy Transition Tracker, 16 July 2020.

38 European Commission, Communication from the Commission – The European Green Deal.

39 European Commission, Guidelines for the Implementation of the Green Agenda for the Western Balkans Accompanying the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions An Economic and Investment Plan for the Western Balkans, 6 October 2020.

40 European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – An Economic and Investment Plan for the Western Balkans, 6 October 2020.

41 Sofia Declaration on the Green Agenda for the Western Balkans, *Berlin Process,* 10 November 2020.

Finally, in late September, just two weeks before the Brdo Summit in Slovenia at which the Action Plan was adopted, civil society groups were given merely one week to comment on it. Eighteen civil society groups sent a joint letter to the Commission and RCC calling for major improvements in the Plan, including clear deadlines, as well as calling on them to lead by example with regard to public participation.[42]

Even now, there seems to be no clear plan on how to ensure that civil society groups are truly involved in the Green Agenda process, especially at the national level. Within the EU, the Commission's own Partnership Principle[43] has been a successful tool for monitoring EU funds, but calls to apply it to the IPA funds have so far not resulted in concrete responses or action.[44] With increased funds available for the Western Balkans, it is imperative that civil society groups are able to monitor them to ensure that they are used as effectively as possible.

42 Pippa Gallop, 'The Western Balkans Green Agenda Action Plan: Quantity over quality', *CEE Bankwatch Network*, 8 October 2021.

43 European Commission, Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds, *EUR-Lex,* Official Journal L 74, 7 January 2014, 1-7.

44 See e.g. TACSO, IPA III Civil Society Consultation Feedback Report, April 2020, which states that suggestions on this issue were received but does not respond as to whether they could or should be implemented.

COUNTRY SPECIFICS

For each of nine countries – the Western Balkans Six plus Croatia, Romania and Bulgaria – we first provide general information on the country and a snapshot of its energy transition so far. We then touch upon the four aspects of inclusive energy transition described above:

- Just transition
- Households as energy consumers and taxpayers
- Prosumers
- Public participation in decision-making on energy policy and infrastructure

Recommendations on moving an inclusive energy transformation forward and key messages are then provided for each country.

ALBANIA

GENERAL INFORMATION

The population of Albania in 2020 was 2.85 million, with a median age of 37.2 years.[45] The country has the lowest rate (24 per cent) of tertiary-educated 30 to 34 year-olds in the Western Balkans, partly due to emigration.[46] In 2020, 60.6 per cent of the working-age population (age 15 to 64) was employed, the official unemployment rate was 12 per cent and youth unemployment was 20.9 per cent.[47] The gross domestic product per capita in purchasing power standards in Albania in 2020 was 31 per cent of the EU average,[48] and in 2019 no fewer than 46.2 per cent of people were at risk of poverty or social exclusion.[49]

The political environment in Albania is highly polarised, and the opposition has several times boycotted the parliament, most recently in 2018 and 2019. A 2019 study concluded that *'Albania has by now established a rich tradition of use and abuse of parliamentary boycotting. This clearly points to the fragile nature of its democracy and to the inability of its political elites to solve their disagreements inside institutions.'*[50] This is a vicious circle resulting from individual personalities dominating politics, which also reinforces this tendency, as parliament fails to develop as an institution. This is the tip of a much deeper iceberg in which real public debate hardly takes place.

ENERGY TRANSITION SNAPSHOT

For decades, Albania has been almost entirely dependent on hydropower. This is an advantage in the decarbonisation process, but it is highly vulnerable to the changing climate. Moreover, Albania's hydropower plants are often built in sensitive locations, harming biodiversity and generating public opposition. The Albanian government has recognised the importance of diversification of renewable energy sources, but real progress is slow. Alongside dependence on hydropower and consequent imports of electricity, the largest drawback of Albania's energy system is its inefficiency, especially its high distribution losses.[51]

Albania has adopted framework legislation for electricity and gas in line with the Third Energy Package, and in 2020 the ALPEX power exchange company was established – a major step in the liberalisation of Albanian electricity market and 'the first step of a future broader integration of Albania with organised regional electricity markets.'[52]

However, progress on energy efficiency is slow. A new Law on Energy Efficiency has been adopted in 2021, so it remains to be seen whether this will be followed up by the necessary implementing legislation.

Under the Energy Community Treaty, Albania committed to increase the share of renewable energy to 38 per cent of gross final energy consumption by 2020. The final results are not yet available, but by 2019 it had reached 36.67 per cent.[53] This was mainly due to hydropower and the use of biomass in households. Biomass use consists mainly of stem wood, not of residues,[54] and therefore cannot be considered sustainable. Albania has great potential for other renewable energy sources, for example solar power potential has been assessed at 1,500-1,700 kWh/m2 per year.[55] However, these have barely been touched so far, with only 21 MW of solar installed by the end of 2020 – though plenty of plans exist.[56]

In 2017, Albania changed its legislation to allow incentives for solar and wind developments and to switch to an auction system for awarding them. A solar auction for a 100 MW plant near Vlora was held in 2018. In May 2020 Albania completed another solar auction, for 140 MW, in Karavasta, near Fier.[57] However, the country needs to be more careful not to plan such projects in sensitive locations, as the first solar auction was held for a location in the ecologically valuable Akërni salt flats and the second is in the vicinity of the Divjakë-Karavasta National Park, though the potential impacts have not yet been fully assessed. In June 2021 a floating solar plant was opened on one of Statkraft's hydropower reservoirs,[58] a model which state-owned utility KESH plans to replicate.[59]

The Trans-Adriatic Pipeline (TAP), part of the Southern Gas Corridor, has been built on Albanian territory, and Albania plans to make use of it, as well as participating in the construction of the Ionian-Adriatic Pipeline that would take gas from TAP through Montenegro to Croatia. Albania's Gas

45 Instat, Population of Albania, 1 January 2020.

46 European Commission, Commission staff working document – Albania 2021 Report, 19 October 2021.

47 Instat, Employment and Unemployment from LFS, accessed 14 November, 2021.

48 Eurostat, GDP per capita in PPS (PRC_PPP_IND), accessed 8 December 2021.

49 Eurostat, People at risk of poverty or social exclusion (ILC_PEPS01), accessed 8 December 2021.

50 Westminster Foundation for Democracy, *Parliamentary boycotts in the Western Balkans*, 2019.

51 CEE Bankwatch Network, *Two-speed energy transition in the Western Balkans*, June 2020.

52 Energy Community Secretariat, Albania Annual Implementation Report 2020, November 2020.

53 National Agency of Natural Resources, Albania Fourth Progress Report on promotion and use of energy from renewable sources, July 2021.

54 National Agency of Natural Resources, Albania Fourth Progress Report on promotion and use of energy from renewable sources.

55 Republic of Albania Ministry of Industry and Energy, National Action Plan for Renewable Energy Resources in Albania 2015-2020, September 2015, approved in January 2016.

56 Energy Community Secretariat, Implementation Report 2021, November 2021.

57 CEE Bankwatch Network, *Two-speed energy transition in the Western Balkans*.

58 Statkraft, 'Statkraft starts commercial operations at first floating solar plant in Albania', June 2021.

59 European Bank for Reconstruction and Development, 'EBRD supports KESH's first floating solar photovoltaic plant in Albania', April 2021.

Master Plan also lays out plans to use gas in the power sector, thus undermining its decarbonised electricity supply.

INCLUSIVE ENERGY TRANSITION

JUST TRANSITION

Albania may not be the first country that comes to mind regarding just transition, since it does not use coal in the power sector. However, it is an oil producer, and to a much smaller extent also produces gas. This means that in the coming years it will need to develop a plan for the social, economic and environmental transition of its oil producing regions, in cooperation with the affected people.

HOUSEHOLDS AS ENERGY CONSUMERS AND TAXPAYERS

Before it was overtaken by Serbia in 2019,[60] Albania was for some time paying the highest price in the Western Balkans for its renewable energy incentives scheme. So far this has not even supported diversification, as for many years it was only open to hydropower operators. In 2020, the overall cost of the feed-in tariffs amounted to around EUR 74 million, which was less than in 2018 and 2019[61] due to low rainfall, but still extremely high considering its ineffectiveness in increasing the diversity of the country's renewable energy and ensuring security of supply.

Although the country has generally switched to auctions, existing contracts will still be valid for some years so the public will keep paying. In addition, new plants under 2 MW are still eligible for feed-in tariffs under the 2017 Renewable Energy Law,[62] which is not in line with EU State aid rules, as the threshold should be 500 kW (except for wind plants).

As noted above, energy poverty is not monitored in Albania, so we can only guess its scale. It is clear that efforts to address it are nowhere near what is needed. However, since 2020, the country has 26 newly-certified experts in energy auditing of buildings,[63] which could be a first step towards practical implementation and targeting energy poverty.

However, Albania has no energy efficiency fund,[64] which could hinder progress. So far, only loans can be taken, via the Green Economy Financing Programme.[65] As of 2020 the Albanian Government was working on secondary legislation to define energy poor groups and establish a financial mechanism to assist them.[66]

PROSUMERS

So far Albania has no 'true' prosumers, who both produce electricity for themselves and feed it into the grid. Albania's legislation enables a net metering scheme for consumers with installed capacity up to 500kW. Surplus electricity can be sold to the universal service supplier, but, the methodology for defining the price is not yet adopted.[67] Use of solar water heaters is more common, with an estimated 176,000 m^2 installed by 2015, according to the latest figures available.[68]

PUBLIC PARTICIPATION IN DECISION-MAKING ON ENERGY POLICY AND INFRASTRUCTURE

Albania is one of the least transparent of the southeast European countries in terms of decision-making and public participation on environmental matters. Nowhere is this more obvious than in the energy sector. As the European Commission notes in this year's Enlargement Report,

> *Plans for hydroelectric power plants have generated much debate, protests and court action, casting doubts on the concession processes legality and on the quality and validity of environmental impact assessments (EIAs). Moreover, no strategic environmental assessments (SEAs) have been conducted despite the cumulative impacts generated in the river basins.*[69]

Even access to basic information is a problem, with no list of approvals for hydropower plants under 2 MW having been published and the concessions register not being regularly updated.[70] Access to justice can be blocked at every turn, with officials often responsible for applying the law in specific cases where they have clear conflicts of interest, such as the construction of hydropower projects in the Valbona National Park.[71]

Civil society organisations are becoming more and more active, but progress is slow. It is often hard to trace how and

60 See Energy Agency of the Republic of Serbia, Annual Reports.

61 Energy Regulatory Authority, Annual Report 2020, 2021, 124.

62 The Assembly of the Republic of Albania, Law No 7/2017 on the Promotion of the Use of Energy from Renewable Sources, 15 November 2017.

63 Albania Agency and Energy Efficiency, Fourth Annual Report under the Energy Efficiency Directive, *Energy Community*, June 2020

64 Energy Community, Albania – Energy Efficiency, accessed 14 November 2021.

65 Katharina Habersbrunner and Eva-Carina Martschew, Report on gender aspects of existing financial schemes for energy poverty measures, *EmpowerMed*, September 2020.

66 Katharina Habersbrunner and Eva-Carina Martschew, Report on gender aspects of existing financial schemes for energy poverty measures.

67 Energy Community Secretariat, WB6 Energy Transition Tracker.

68 IRENA, Renewables Readiness Assessment: Albania, International Renewable Energy Agency, 2021.

69 European Commission, Albania Enlargement Report, 2021, 19 October 2021.

70 Artan Rama, 'Albania: Concerns over Increased Number of HPP Concessions', *Exit.al*, September 2019.

71 See for example Alice Taylor, 'Albanian Bailiff Refuses to Execute High Court Ruling Against Hydropower Company Genr2', *Exit.al*, 8 October 2021 and TOKA, 'The Battle for Valbona Continues', *TOKA*, 10 September 2018.

whether decisions have really been made by the government, and whether they are being implemented.

For example, several public announcements by the Prime Minister suggest that steps are being taken to start rectifying uncontrolled hydropower development – for example, that no more plants under 2 MW will be built,[72] the Vjosa will be declared a National Park,[73] and that a number of hydropower concessions are being cancelled[74] – but it is often difficult to understand whether these statements are really being acted upon, and publicly available information often suggests that they are not.

The European Commission has also commented that:

> *Parliamentary documentation, such as minutes of plenary sessions and committee meetings, leaves room for greater transparency. In addition, Parliament established a platform for the consultation of draft laws. Nevertheless, public consultation with civil society and interest groups remained formal and limited in its impact. The administration's performance is still poor when it comes to implementing recommendations from the Ombudsman, showing a decreasing trend in the reporting period.*[75]

None of this bodes well for the inclusiveness of Albania's energy transition planning. The draft NECP was submitted for formal recommendations to the Secretariat in July 2021, but civil society groups do not appear to have been involved in the planning prior to this. A strategic environmental assessment process was started in late summer 2021,[76] so it is to be hoped that at least some public participation will take place, but it should have been done earlier when changes were easier to incorporate.

RECOMMENDATIONS AND NEXT STEPS

Albania should continue to work on the diversification of renewable energy sources, increasing energy efficiency, and especially cutting distribution losses. Further efforts should be made to develop secondary legislation, certify more energy auditors and to take action to address energy poverty and increase energy efficiency in households, and to provide financing for this.

The government also needs to examine what can be done to reduce the cost of existing contracts for feed-in tariffs and to halt new feed-in tariffs for all renewable energy plants over 500 kW, in order to bring down the burden on the public. Given the country's over-dependence, no further financial support should be offered for hydropower at all.

Secondary legislation on prosumers needs to be completed, as well as ensuring access to finance for those interested. A public information campaign could also help to increase uptake, but only if backed by financing and effective legislation.

The country needs to drastically improve the transparency of its decision-making on infrastructure projects, from the spatial planning and concession issuance stage right through to implementation.

Draft planning and implementation documents need to be systematically published, with SEAs and EIAs carried out in a timely manner for all relevant plans, programmes and projects respectively, and the results of public consultations genuinely taken into account. Albania also needs to take action to prevent conflicts of interest for officials involved in decision-making, implementation or enforcement bodies.

The development of its NECP must be made more inclusive and meaningful public consultations need to be held while ensuring that all options are still open. This process should also open a debate about how to start a just transition of Albania's oil producing regions, which needs to be led from the ground up.

72 WWF Adria, 'Prime-minister Edi Rama stated that the government will never again allow projects affecting people and important natural sites', *WWF Adria*, 2 August 2019.

73 Igor Todorović, 'Rama: No chance hydropower plants would be built on Vjosa river', *Balkan Green Energy News*, 5 April 2021.

74 Vladimir Spasić, 'Albania to terminate 17 concession contracts for hydropower projects', *Balkan Green Energy News*, 16 April 2019.

75 European Commission, Albania Enlargement Report, 2021.

76 Energy Community Secretariat, Implementation Report 2021.

BOSNIA AND HERZEGOVINA

GENERAL INFORMATION

Bosnia and Herzegovina (BiH) has a population of 3.5 million.[77] The population trend in the country has been negative for years. According to Labour Force Survey-based data, the unemployment rate in the 15 to 74 age group increased to 19.1 per cent in the first quarter of 2021, compared to 16.7 per cent in the first quarter of 2020. Youth unemployment (15 to 24 years) stood at 40.4 per cent in the first quarter of 2021, compared to 36 per cent the year before.[78] The gross domestic product per capita in purchasing power standards in BiH in 2020 was 33 per cent of the EU average.[79]

Polarised nationalist politics and dysfunctional institutions are a daily feature of political life. The Republika Srpska entity leadership frequently calls into question the functioning of the State-level institutions and the Federation entity still has a caretaker government, three years after the October 2018 elections. All of this means that an inclusive energy transition appears to be the last thing on many decision makers' minds and the public has very little appetite to engage with decision-making processes.

ENERGY TRANSITION SNAPSHOT

Bosnia and Herzegovina is one of only two countries in southeast Europe still planning new coal power plants. Although several are planned, Tuzla 7 in the Federation of Bosnia and Herzegovina is the one closest to being built, though changes in the technology being offered by the main contractor may yet prove to be the end of the project.[80] The loan guarantee for the project also breaches EU state aid rules.[81]

Around two thirds of BiH's electricity is generated by lignite and brown coal, with the rest mainly from hydropower. Solar photovoltaic development is in its infancy (35 MW by the end of 2020),[82] but three wind farms are operating (total 87 MW)[83] and up to 2.2 GW of projects are in the pipeline.[84]

BIH's 2020 target for renewable energy was 40 per cent, and in 2019 it achieved 37.6 per cent,[85] making it unlikely that the 2020 target was met. Like other countries in the region, Bosnia and Herzegovina over-relied on hydropower to meet its targets and has seen massive controversies, particularly related to the construction of small hydropower plants, largely driven by feed-in tariffs. Although the entities' support schemes expired at the end of 2020 in line with their renewable energy targets, only Republika Srpska appears to be making significant steps towards passing new legislation on renewable energy.

Little progress has been made in energy market liberalisation and aligning the legislative framework for gas and electricity with the third energy package,[86] which limits BiH's ability to freely trade electricity and integrate a high percentage of variable renewables into its mix.

BiH stands out as the most energy-intensive Western Balkan country, using more than four times as much energy to produce a unit of GDP as the EU average in 2019.[87]

Both Entities have Laws on Energy Efficiency,[88],[89] but they are not fully aligned with EU Directive 2012/27/EU, and only the Federation has adopted an Energy Efficiency Action Plan for 2019-2021,[90] despite 2021 nearly being over.

In 2018 Bosnia and Herzegovina adopted a Framework Energy Strategy until 2035 at the state level, which combines the Federation and Republika Srpska's strategies in one document. This gives increased prominence to energy efficiency as one of the main pillars of the energy sector, but none of the scenarios it explores are compatible with a path to decarbonisation by 2050 as they include building new coal power plants. Since BiH's Framework Energy Strategy is not binding, and does not pick any one scenario to be implemented, it is of limited use,[91] and the country's NECP will need to be more ambitious.

Like other Western Balkan countries, Bosnia and Herzegovina lacks a definition of energy poverty. The Federation's Law on Electrical Energy states that energy policy needs to provide a programme for the protection of vulnerable energy consumers (Article 5), and that this programme needs to protect vulnerable consumers from disconnections and provide protection in remote areas (Article 13).[92] To this day energy poverty is still mostly seen as an issue related to the energy sector and no statistical data collection, criteria or monitoring system on energy poverty has been put in place.

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77 Bosnia and Herzegovina Agency for Statistics, Bosnia and Herzegovina in Figures 2020, 2021.

78 European Commission, Commission staff working document – Bosnia and Herzegovina 2021 Report, 19 October 2021.

79 Eurostat, GDP per capita in PPS (PRC_PPP_IND), accessed 8 December 2021.

80 Vladimir Spasić, 'EPBIH ready to continue construction of Tuzla 7 coal project', *Balkan Green Energy News*, 13 September 2021.

81 Energy Community Secretariat, Ministerial Council decides in the Tuzla 7 case, 1 December 2021,

82 Energy Community Secretariat, Implementation Report 2021.

83 Energy Community Secretariat, Implementation Report 2021.

84 Vladimir Spasić, 'Tušnica wind farm, Zvizdan solar power plant in BiH to be online by end-2023', *Balkan Green Energy News*, 24 September 2021.

85 Bosnia and Herzegovina: Fourth *(sic)* Progress Report on promotion and use of energy from renewable sources, *Energy Community*, 14 June 2021.

86 European Commission, Commission staff working document – Bosnia and Herzegovina 2021 Report.

87 IEA, Bosnia and Herzegovina, accessed 8 December 2021; IEA, Europe, accessed 8 December 2021.

88 Official Gazette of FBiH no. 22/17.

89 Official Gazette of RS, no. 59/13.

90 European Commission, Commission staff working document – Bosnia and Herzegovina 2021 Report.

91 Svjetlana Jovanović, 'Kopač warns BiH Framework Energy Strategy until 2035 is useless without related law', *Balkan Green Energy News*, 12 September 2018.

92 Zakon o električnoj energiji u Federaciji Bosne i Hercegovine, Sl. novine FBiH, br. 66/2013, 94/2015 and 54/2019, accessed 8 December 2021.

INCLUSIVE ENERGY TRANSITION

JUST TRANSITION

Until recently, the BiH authorities' approach to the end of the coal era has been largely based on denial. With a raft of plans for new coal plants on the table, they have tried to fool workers and their wider communities that the industry still has many years left and that their jobs will be protected. This latter claim is particularly untenable given the extreme inefficiency of the mines in the Federation of BIH, which means the number of workers will anyway have to be reduced in the coming years, irrespective of coal plant closures.[93]

Yet discussions about the EU's initiative for coal regions in transition has raised the level of interest in this issue and raised hopes that funds may eventually be forthcoming to help with the process. Individual mayors, at least in the Federation of BIH, have started to show initiative, with the Mayor of Lukavac (Tuzla) signing onto a 2019 joint European mayor's declaration on just transition,[94] and Lukavac, Živinice, Banovići, Kakanj and Breza all signing up for an exchange programme organised by the initiative.[95] Banovići may have gone the furthest, by designing its own Green Agenda setting out a vision for the next ten years.[96]

On the other hand, however, the experience from other parts of Europe shows that mayors and local people need to be assertive, as power utilities and central governments usually want to lead the just transition process. Not surprisingly, they usually have different ideas and visions than local people about how the process should be carried out, what the local economy's future will be, and what any available funds should be used for. Until recently utilities in BiH had not even mentioned just transition, but Elektroprivreda BiH held a roundtable on the topic in October 2021,[97] aimed mainly at showcasing its project on planting fast-growing willow to use for co-firing in its coal plants.

HOUSEHOLDS AS ENERGY CONSUMERS AND TAXPAYERS

Similarly to others in the region, BiH's renewable energy incentives scheme based on feed-in tariffs lost its credibility by supporting environmentally-damaging small hydropower plants. In the Federation this was compounded by the opacity of the *Operator za OIEiEK* body which approved new applications for feed-in tariffs and made the payments.[98] At the same time, the incentives schemes so far have not offered subsidies for households to install photovoltaics, so households have to pay but could not benefit.[99]

As a result, renewables support schemes are largely tainted, as far as the public is concerned. Although the previous schemes cannot be applied to new plants any more since the end of 2020, decision makers will have to be very careful with the design of their new schemes that are currently under development, in order to avoid a further public backlash.

Transition does offer opportunities as well though, as the Federation of BiH's mines are clearly costing the public purse dearly. EUR 20.2 million were issued in direct subsidies in 2018 in BiH and EUR 22.71 million in 2019, most of which were for the Federation's mines.[100] If decision makers were more decisive about moving away from coal, they could underline the senselessness of coal subsidies to the general public and gain support to use this money for other purposes.

As mentioned above, BiH collects no data on energy poverty, but a survey carried out by the Centre for Ecology and Energy in 2018 in Zenica-Doboj Canton illustrates the problems: some 38 per cent of households surveyed reported problems with damp walls; 28 per cent reported problems with draughts and with conserving energy; and 42 per cent of households do not heat the entire house or flat, but only one or two rooms. 18 per cent of households also reported struggling with electricity and heating bills.[101] Action is clearly needed to address all poverty, including energy poverty, but the country's leaders are too busy with pursuing their own personal[102] and political interests to develop policies that could help the most vulnerable.

PROSUMERS

Republika Srpska enables net metering for installations up to 50kW, but the issue of taxing self-generated electricity that is fed into the grid remains unsolved. The Federation of

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93 CEE Bankwatch Network, *The Great Coal Jobs Fraud, 2018 update*, June 2018.

94 Declaration of Mayors on just transition, September 2019.

95 Erna Jusufagić Begić, 'Lukavac Banovići i Živinice uključeni u proces Pravedne tranzicije za regije uglja', *Radio-televizija Tuzlanskog kantona*, 9 October 2021.

96 CEE Bankwatch Network, *Eight steps for a just transition in the Western Balkans*.

97 Elektroprivreda BiH, 'Sačuvati radna mjesta uposlenih u rudnicima imperativ energetske tranzicije JP EPBiH', 29 October 2021.

98 Pippa Gallop, 'Federation of Bosnia and Herzegovina: Renewables incentives chaos finally confirmed by auditors', *CEE Bankwatch Network*, 5 October 2021.

99 Klix.ba, Kakvi su uslovi za postavljanje solarnih panela u bh. domaćinstvima: Nužne velike promjene, *Klix.ba*, 14 November 2021.

100 Damir Miljević, Investments into the past: An analysis of Direct Subsidies to Coal and Lignite Electricity Production in the Energy Community Contracting Parties 2018–2019, *Energy Community*, December 2020.

101 Vanja Rizvić and Džemila Agić, Pregled situacije u pogledu energetskog siromaštva u Zeničko-Dobojskom Kantonu – Analiza stanja urađena na bazi 1000 domaćinstava na području Grada Zenice i Općine Zavidovići, *Centar za ekologiju i energiju*, March 2018.

102 Sometimes very literally – In December 2020 the Federal Prime Minister, Fadil Novalić, was arrested for conspiring to abuse office, accept rewards for trading influence, money laundering and document fraud in connection with the purchase of overpriced ventilators from China. Balkan Insight, 'Bosnia Federation PM Novalic Indicted in 'Respirators' Case', 4 December, 2020.

Bosnia and Herzegovina is yet to establish a prosumers' scheme. As a result, as of June 2021, only one self-consumer was registered in Bosnia and Herzegovina.[103]

In addition, it is possible to generate electricity without feeding it into the grid, and some homes, public buildings and businesses have already done so, e.g. the Pecka Visitor's Centre near Mrkonjić Grad.[104] However the lack of subsidies for households to install photovoltaics means such investments are still out of reach for most households.[105]

PUBLIC PARTICIPATION IN DECISION-MAKING ON ENERGY POLICY AND INFRASTRUCTURE

Public participation in decision-making is seriously hindered by the undue influence of the utilities on decision-making, widespread corruption and the country's dysfunctional political system. As a result, strategic documents such as the country's energy strategy mainly perpetuate plans for coal and hydropower projects which have already been on the table for decades, crowding out more innovative ideas. There is little examination of whether these projects are at all relevant or feasible in today's conditions – successive governments just keep pushing them.

In this situation, strategic environmental assessments and environmental impact assessments – where they are carried out at all – cannot fulfil their potential as tools for public participation. They take place when investment decisions have already been made long ago, and thus become a formality.

Moreover, in the cases of the Buk Bijela hydropower plant and Ulog hydropower plant, the EIAs were carried out at least a decade ago and were of very poor quality.[106],[107] The legal conditions have greatly changed in the meantime, and in the Buk Bijela case, rafting tourism has developed at the site where the dam should be built. Yet the projects are being pushed forward with no more avenues available for public consultation.

For small hydropower plants, EIAs are often not carried out at all and communities find out about them at the moment the diggers turn up to start works. This has led to dramatic confrontations in several cases, notably at Kruščice, but also near Fojnica and on the Neretvica near Konjic.

Updates to environmental legislation have taken place in both entities in recent years and it is to be hoped that this will help to reduce these issues somewhat, but the issue of pushing outdated but politically-supported projects remains.

Access to justice is also a problem. Although some environmental challenges have been successful, many are not, and the reasons provided by the courts are far from convincing. Challenges to the environmental permits for the Tuzla 7 and Banovići coal power plants were dismissed by a Sarajevo court because the NGO which submitted them, Ekotim, is based in Sarajevo and not Tuzla[108] – as if no one who lives more than a few kilometres away could possibly be interested in the impacts of huge projects costing hundreds of millions of euros.

On the strategic level, it remains to be seen whether BiH's NECP will bring any change compared to the Framework Energy Strategy and its updated Nationally Determined Contribution,[109] submitted in April 2021, which included a plan to build 1,050 MW of new coal plants but was not subject to an SEA.[110] So far, the NECP process has not been open towards the public. A draft text of the Plan has existed since at least November 2020[111] but as of mid-November 2021 has not been published yet.

RECOMMENDATIONS AND NEXT STEPS

Many of the issues of Bosnia and Herzegovina's energy transition go far beyond the energy sector and need to be addressed as part of the wider governance of the country and rule of law.

In terms of energy, however, being one of the biggest air polluters in Europe, coal phase-out plans should be developed as a first step towards an inclusive energy transition.

The country needs to consider future investments in energy infrastructure, including power plants, in the light of its obligations under the Energy Community Treaty and Green Agenda.

The Entity authorities must draw up a convincing plan to stop subsidising coal and start running the public utilities on market terms, and start engaging more honestly with those affected by job losses in the coal mines and those affected by air pollution.

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103 Energy Community Secretariat, WB6 Energy Transition Tracker.

104 Balkan Green Energy News, 'First PV system in rural BiH installed thanks to crowdfunding campaign', *Balkan Green Energy News*, 29 June 2021.

105 Klix.ba, 'Kakvi su uslovi za postavljanje solarnih panela u bh. domaćinstvima: Nužne velike promjene'.

106 Aarhus Center, Sarajevo, et al., Information for the attention of Implementation Committee, Convention on Environmental Impact Assessment in a Transboundary Context (Espoo, 1991), 15 May 2020.

107 CEE Bankwatch Network, 'Complaint on Bosnia-Herzegovina dams on Neretva river submitted to the Bern Convention', *CEE Bankwatch Network*, 22 October 2020.

108 Association 'Aarhus Center in BiH', Center for Ecology and Energy – Aarhus Center Tuzla, Communication to the Aarhus Convention Compliance Committee, 2020.

109 United Nations Framework Convention on Climate Change, Nationally Determined Contribution of Bosnia and Herzegovina for the Period 2020-2030, April 2021.

110 Center for Environment, Continuation of the farse *(sic)* and a new spin around the Nationally Determined Contribution of BiH (NDC) to achieving the goals of the Paris Agreement, 15 June 2021.

111 Energy Community, Implementation Indicators, National Energy and Climate Plans (NECPs), accessed 14 November 2021.

Local redevelopment plans for a just transition need to be drawn up together with those affected and must be led by local communities and mayors, not by the Entity authorities or utilities.

Increasing energy efficiency and tackling energy poverty needs to be given much more attention by the authorities. Stronger social protection mechanisms need to be developed and implemented to increase well-being and alleviate energy poverty.

Both entities also need to review how to reduce the cost of existing contracts for feed-in tariffs and to minimise the costs of any new support scheme, in order to bring down the burden on the public. Given the imbalance in support so far, no further financial support should be offered for hydropower at all. The Federation also needs to take decisive corrective action regarding the transparency and governance of its Operator for renewable energy incentives.

Legislation on prosumers needs to be completed in the Federation, as well as ensuring access to finance for those interested in both entities.

BiH needs to declutter its infrastructure project planning by taking a long hard look at all the decades-old projects it is planning and finally cancelling those that no longer make sense. It needs to drastically improve the transparency of its decision-making on infrastructure projects, from the spatial planning and concession issuance stage right through to implementation. SEAs and EIAs need to be carried out in a timely manner for all relevant plans, programmes and projects respectively, and the results of public consultations genuinely taken into account.

The development of BiH's National Energy and Climate Plan must be made more inclusive and an SEA must be carried out on it. Meaningful public consultations need to be held at a stage when all options are still open.

BULGARIA

GENERAL INFORMATION

Bulgaria is the poorest EU Member State, with a population of 6.9 million.[112] In 2020, around 32 per cent of the population was considered at risk of poverty or social exclusion.[113] The overall unemployment rate in 2020 was 5.3 per cent,[114] and the employment rate was 73.1 per cent.[115] The gross domestic product per capita in purchasing power standards in Bulgaria in 2020 was 55 per cent of the EU average.[116]

Bulgaria, despite widespread discontent and frequent corruption scandals, had been relatively politically stable for several years compared to some of its neighbours. But in 2021 it has held no fewer than three general elections, due to the inability of any party to form a parliamentary majority. It remains to be seen how long this turmoil will continue and what impacts it will have on the country's inevitable energy transition.

ENERGY TRANSITION SNAPSHOT

As an EU member, Bulgaria has had to align its energy policy with the Energy Union strategy on energy security, the internal energy market; energy efficiency contributing to limiting consumption; decarbonisation of the economy; and research, innovation and competitiveness. Yet it has often done so reluctantly.

For example, it was only in 2020 that the Energy Act was amended to stipulate that non-residential customers connected to the low voltage electricity distribution network must enter the free market rather than buying electricity at regulated prices.[117]

And Bulgaria has been one of the most reluctant EU members to pin down a phase-out date for coal, presumably because of the dominance of the state-owned Bulgarian Energy Holding (BEH) and its influence on policy making.

The bulk of Bulgaria's electricity mix is made up of nuclear and coal, and although the share of coal is decreasing, it was only in October 2021 that the government finally announced a coal phase-out date of 2038-2040 – unrealistically late considering the poor financial state of the sector.[118]

Bulgaria's relatively early promotion of solar and wind has largely stagnated in recent years, and together they made up only 6.2 per cent of generation in 2019.[119] This is high compared to the Western Balkan countries, but very low compared to Romania, where they made up 13.9 per cent.[120]

Its 2020 target for the share of renewable energy in total final energy consumption was 16 per cent but it managed to achieve 21.6 per cent by 2019.[121]

Bulgaria's target for the share of renewables in 2030 is at least 27.09,[122] but as the EU has since raised its overall target, the Member States will have to do so as well.

Bulgaria was almost 3.5 times as energy intensive as the EU average in 2019, and by far the most energy-intensive EU Member State.[123] The national target energy efficiency for 2030 is that primary energy consumption will drop to 17.5 Mtoe and final energy consumption to 10.3 Mtoe.[124] The European Commission assessed these targets as showing low and very low levels of ambition respectively.[125]

The target for greenhouse gas emissions reduction in sectors not covered by the EU Emissions Trading Scheme by 2030 in relation to 2005 amounts to zero, and there are no clear targets for greenhouse gas reductions in the ETS sectors. In recent years Bulgaria has made significant investments in gas which are likely to hinder its decarbonisation process. Its persistent but so far unsuccessful plans to build new nuclear capacity also appear to be a distraction from saving energy and increasing the share of renewables.

INCLUSIVE ENERGY TRANSITION

JUST TRANSITION

Bulgaria has been extremely slow to start planning a just transition, and the government's main tactic has been denial. Its NECP implies that coal will be around for a long time yet: '*Bulgaria makes maximum use of the existing potential of indigenous coal in compliance with applicable environmental regulation… [C]oal* (sic) *has the potential to provide*

112 Eurostat, Population on 1 January (DEMO_GIND), accessed 8 December 2021.

113 Eurostat, People at risk of poverty or social exclusion (ILC_PEPS01), accessed 8 December 2021.

114 Eurostat, Total unemployment rate (UNE_RT_A), accessed 8 December 2021.

115 Eurostat, Employment rate by sex, age group 20-64 (LFSI_EMP_A), accessed 8 December 2021.

116 Eurostat, GDP per capita in PPS (PRC_PPP_IND), accessed 8 December 2021.

117 Dimitar Zwiatkov, Maria Harizanova and CMS Bulgaria, 'Bulgaria: all companies set to enter the free electricity market from 1 October 2020', *Balkan Green Energy News*, 24 August 2020.

118 Europe Beyond Coal, Bulgaria announces climate-failing coal exit, 15 October 2021.

119 IEA, Data and Statistics: Electricity, Bulgaria, 2019, accessed 8 December 2021.

120 IEA, Data and Statistics: Electricity, Romania, 2019, accessed 8 December 2021.

121 European Commission, Europe 2020 targets: statistics and indicators for Bulgaria, accessed 19 November 2021.

122 Ministry of Energy and Ministry of the Environment and Water, Integrated energy and climate plan of the Republic of Bulgaria 2021–2030, accessed, 4 November 2020.

123 Eurostat, Energy intensity [nrg_ind_ei], accessed 8 December 2021.

124 Ministry of Energy and Ministry of the Environment and Water, Integrated energy and climate plan of the Republic of Bulgaria 2021–2030.

125 European Commission, Commission Staff Working Document, Assessment of the final national energy and climate plan of Bulgaria, 14 October 2020.

resources for electricity generation in the next 60 years.'[126] But an annex to the NECP[127] shows the expected level of coal use in 2030 – and in reality, coal use has already decreased to this level.[128] So, the transition is coming faster than the government expects.

Some actors have started to think about a just transition, however.[129] In 2020 the Stara Zagora Regional Economic Development Agency,[130] consisting of local authorities, industry and academia, organised a public discussion[131] on the future of the region. It has also initiated a regional council on the European Green Deal to help facilitate the preparation of the region's Territorial Just Transition Plan and unlock vital funding from the EU's Just Transition Mechanism. A new industrial zone has also been initiated to attract investments that could potentially offset some of the future job losses.[132]

The role of trade unions in the process is ambiguous. There is some understandable resistance to change in a situation where the government does not have a clear plan. However some have also started suggesting ways to create alternative employment opportunities for coal workers, for example the construction of a utility-scale solar plant on the former open-cast mines with possible participation and share ownership by the workers.[133]

Overall, with the increasing availability of funding from the EU for just transition, it is expected that this process will dramatically speed up in Bulgaria.

HOUSEHOLDS AS ENERGY CONSUMERS AND TAXPAYERS

Bulgaria has already had costly experiences with a renewable energy incentive scheme and as a result has been reluctant to provide incentives for renewables in recent years. This has also damaged the reputation of renewable energy and the transition in general. Now, only projects below 30 kW can get feed-in tariffs.

However, as prices of solar photovoltaic installations have decreased, it is now economic for commercial and industrial customers in Bulgaria to invest without financial incentives.[134] This should help to reduce the cost burden of the energy transition on electricity consumers, as the support scheme for the plants installed before 2012 has already been changed[135] in order to cost less and will gradually fade away in the coming years as the already-signed contracts expire.

Though the transition will of course cost consumers in other ways, it can also be a chance to stop propping up the failing coal industry with State aid, so such opportunities need to be underlined to the public.

Like many of its regional peers, Bulgaria is not doing well in tackling energy poverty. There is no estimate of the number of energy-poor households, nor is there a target to reduce this number, even though Bulgaria appears to have one of the highest rates of energy poverty in the EU. In 2018, 33.7 per cent of people reported that they were unable to keep their homes adequately warm, while the corresponding EU average was 7.3 per cent.[136] Relatively low coverage of social assistance benefits and low energy inefficiency exacerbate the problem. Policies on energy poverty have focused on financial assistance or renovation and retrofitting of residential buildings, though this is not always carried out to a high standard.

Positively, energy poverty will be tackled at the national level for the first time thanks to a measure aimed at improving efficiency in buildings under the Recovery and Resilience Facility. The government is planning to allocate at least EUR 10 million of EU funds to co-finance energy efficiency and renewable energy projects in private buildings, both multi-family and single-family. In total, the programme is expected to benefit more than 10,000 households.[137]

PROSUMERS

Due to drops in the price of solar technology, the market for distributed solar in Bulgaria is starting to grow, in spite of remaining administrative barriers and an incomplete policy and regulatory framework. This is mainly driven by industrial customers – for households, however, there are still cost issues involved, even for projects receiving feed-in tariffs, as small projects are not proportionally easier or cheaper to prepare than large ones.[138]

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126 Ministry of Energy and Ministry of the Environment and Water, Integrated energy and climate plan of the Republic of Bulgaria 2021–2030.

127 Republic of Bulgaria, Ministry of Energy and Ministry of the Environment and Water, Reporting of used parameters and variables included in Annex 1, part 2, of the Energy Union Governance as agreed in trilogue, Annex to the NECP, accessed 8 December 2021.

128 Pippa Gallop, Emily Gray, Elena Nikolovska, Alexandru Mustață, and Raluca Petcu, PEET The Political Economy of Energy Transition in Southeast Europe – Barriers and Obstacles, *Friedrich Ebert Stiftung*, September 2021, 56.

129 Toma Pavlov, Bulgaria's Post-Coal Future: How Political Shortsightedness Dooms the Just Transition, *just-transition.info*, 28 January 2021.

130 Stara Zagora Regional Economic Development Agency, accessed 8 December 2021.

131 Interreg Europe, Dialogue on low-carbon economy in Stara Zagora, 28 September 2020.

132 Zagore Industrial Zone, accessed 19 November 2021.

133 КНСБ, Нуждаем се от плавен преход, енергийна и социална сигурност при реализирането на Зелената сделка, 22 July 2020,

134 Toby D. Couture, Toma Pavlov and Teodora Stoyanova, Scaling-up Distributed Solar PV in Bulgaria.

135 Ivana Naydenova, Promotion in Bulgaria, *RES Legal*, 23 January 2019.

136 European Commission, Energy Poverty Advisory Hub, Indicators, 2018.

137 Christophe Jost, Energy efficiency and renewables in buildings in national recovery and resilience plans, *CEE Bankwatch Network*, 14 July 2021.

138 Toby D. Couture, Toma Pavlov and Teodora Stoyanova, Scaling-up Distributed Solar PV in Bulgaria.

Most of the distributed solar projects are not true prosumer projects, however, as Bulgaria's legal framework is not fully developed in this field yet. The bulk of the distributed solar photovoltaic market in Bulgaria is made up of installations smaller than 30 kW which receive feed-in tariffs. A total of 1,777 such installations were connected to the grid between 2008 and 2020, amounting to 43 MW.[139]

No data is available on how many solar photovoltaic systems are installed purely for self-consumption, not connected to the distribution system. However, anecdotal evidence suggests a growing number of companies have shown interest in such systems since 2018 – which would make sense as such customers have had to move to market-based prices instead of regulated ones. Interviews with commercial customers who have installed such systems suggest that they expect a payback time of five to seven years under the 2019-2020 market conditions.[140]

Nevertheless, additional financing for households is still needed in order to make rooftop solar systems affordable.

PUBLIC PARTICIPATION IN DECISION-MAKING ON ENERGY POLICY AND INFRASTRUCTURE

As an EU country, Bulgaria has to apply the full range of legislation which enables public participation in environmental decision-making, including the EIA, SEA, Water Framework and Habitats Directives. It also has an active environmental civil society. However, as decision-making is highly influenced by corruption and state capture, as well as geopolitics,[141] public participation has a limited impact on the actual decisions made.

As a result, Bulgaria is home to some very long-running public environmental campaigns such as the battle to keep the Kresna motorway out of a valuable natural gorge south of Sofia and the campaign to prevent the Belene nuclear power plant being built in a seismically active area in northern Bulgaria, both of which have lasted on and off for decades.

Bulgaria's membership in the EU at least means that the European Commission can open infringement procedures which can result in fines for the country. This provides some incentive to comply with EU law, but often after the fact, meaning that public participation is frequently still on the level of firefighting rather than creating policy.

RECOMMENDATIONS AND NEXT STEPS

Heavily energy intensive and fossil-fuel-dependent, Bulgaria needs to focus on energy efficiency measures, particularly good quality building renovations. This must include a plan on what to do about buildings built without permits, as these usually fall outside of renovation schemes but house the most vulnerable people. Energy poverty needs to be addressed much more actively, with concrete measures and a data collection and monitoring system put in place.

Bulgaria needs to actively plan a fossil fuel phase-out and revitalise a phase-in of sustainable forms of renewable energy. Instead of presenting energy transition as a burden, its opportunities need to be emphasised to the public.

One important element to enable the inclusion of households is to systematically reduce administrative barriers, fees such as excise tax, and surcharges on small and medium-sized solar photovoltaic systems, make it easier to connect to the grid and export the surplus electricity. This requires a comprehensive policy and regulatory environment to catalyse investments in line with the EU Renewable Energy Directive's provisions on prosumers.[142]

The EU funds available for just transition need to be used to build a just and climate-resilient society, based on a more realistic and time-bound plan for a coal phase-out. This will need more initiative by local actors and the state to deliver an inclusive energy transition through a strong political commitment involving different stakeholders, including trade unions and local communities. Such plans need to be built from the bottom up.

Such efforts must go hand in hand with continued improvement of public participation in decision-making, tackling corruption and applying EU law, which go far beyond the energy sector. Only this way can the energy transition succeed.

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139 Toby D. Couture, Toma Pavlov and Teodora Stoyanova, Scaling-up Distributed Solar PV in Bulgaria.

140 Toby D. Couture, Toma Pavlov and Teodora Stoyanova, Scaling-up Distributed Solar PV in Bulgaria.

141 Pippa Gallop, Emily Gray, Elena Nikolovska, Alexandru Mustață, and Raluca Petcu, PEET The Political Economy of Energy Transition in Southeast Europe – Barriers and Obstacles.

142 Based on recommendations from Toby D. Couture, Toma Pavlov and Teodora Stoyanova, Scaling-up Distributed Solar PV in Bulgaria.

CROATIA

GENERAL INFORMATION

The newest member of the European Union, Croatia has a population of 4.04 million.[143] Its 2020 purchasing power of 64 per cent of the EU average GDP per capita in purchasing power standard makes it the second poorest EU member.[144] Depopulation resulting from negative birth rates and net emigration in recent years affect both the labour market and the sustainability of the health and pension systems. The official unemployment rate was 7.5 per cent in 2020,[145] but although rising, the overall employment rate of 66.9 per cent is one of the lowest in the European Union.[146] In 2020, 23.2 per cent of people were considered at risk of poverty or social exclusion – close to the EU average of 22 per cent.[147]

Croatia's political scene is relatively stable by regional standards, but in common with Bulgaria, several new political parties have made a strong entrance on the scene in recent years, while some of the more established opposition parties such as the Social Democrats have weakened. It remains to be seen whether these new parties will be able to establish themselves long-term.

ENERGY TRANSITION SNAPSHOT

Croatia started with a high level of renewable energy due to its hydropower plants and widespread use of wood for heating, which has allowed it to underperform while still meeting its EU 2020 targets on renewables (except in transport), energy efficiency and greenhouse gas emissions.[148] Its 2020 renewable energy target was 20 per cent, but by 2019 it had reached 28.5 per cent,[149] which suggests the goal was not ambitious enough.

In 2020, 65 per cent of Croatia's domestic electricity production was from renewable sources, including 43 per cent from hydropower plants.[150] However, the Croatian state also owns fifty per cent of the Krško nuclear plant in Slovenia and imported a further eight per cent of overall electricity consumed, so overall the renewable electricity share was around 48 per cent.[151]

Croatia has made progress in using its wind potential, but solar and solar thermal are underused considering the vast potential in this sunny country with strong Adriatic winds. In particular, it is still difficult for people in apartment buildings to install solar equipment, though as of November 2021, updates to the country's Law on Renewable Energy are in the process of being adopted, which may help with this.

Croatia has made some steps forward in energy efficiency in recent years, though its energy intensity is still 1.5 times the EU average.[152] The Energy Efficiency Act[153] and the Building Act[154] form the basis for Croatia's policy, along with the Ordinance on the energy efficiency obligation system[155] which prescribes obligations and timelines in more detail. The Croatian Government has also adopted a Long-Term Strategy for Encouraging Investments in the Renovation of the National Building Fund, with a 2050 perspective.[156]

Repeated delays in adoption of strategic documents have caused unnecessary delays in Croatia's energy transition. In February 2020 the Croatian parliament finally adopted a Strategy for the Energy development of Croatia in the period until 2030 with an outlook until 2050[157] – the first since 2009. Then in May 2020, a long-delayed Draft Low-Carbon Development Strategy for 2030 with an outlook to 2050[158] (Long-term strategy) was published for public discussion. It was finally adopted in June 2021.[159]

Croatia's NECP had to be prepared more quickly though, due to EU deadlines. In December 2019 the NECP for the period from 2021 to 2030[160] was adopted and submitted to the European Commission. It sets targets for greenhouse gas emissions reductions in ETS sectors of at least 43 per cent compared to 2005, reduction in greenhouse gas emissions for non-ETS sectors of at least 7 per cent, an increase in the share of renewables in gross final energy consumption to 36.4 per cent and an increase in the share of renewables in final energy consumption in transport to 13.2 per cent. Considering Croatia's 2019 renewables

143 Eurostat, Population on 1 January (DEMO_GIND), accessed 8 December 2021.

144 Eurostat, GDP per capita in PPS (PRC_PPP_IND), accessed 8 December 2021.

145 Eurostat, Total unemployment rate (UNE_RT_A), accessed 8 December 2021.

146 Eurostat, Employment rate by sex, age group 20-64 (LFSI_EMP_A), accessed 8 December 2021.

147 Eurostat, People at risk of poverty or social exclusion (ILC_PEPS01), accessed 8 December 2021.

148 European Commission, Commission Staff Working Document, Country Report Croatia 2020, 26 February 2020.

149 European Commission, Europe 2020 targets: statistics and indicators for Croatia, accessed 19 November 2021.

150 IEA, Data and Statistics: Electricity, Croatia, 2020.

151 IEA, Data and Statistics: Electricity, Croatia.

152 Eurostat, Energy intensity [nrg_ind_ei], accessed 8 December 2021.

153 Zakon o izmjenama i dopunama Zakona o energetskoj učinkovitosti, Official Gazette 127/14, 116/18, 25/20, 21 December 2018.

154 Official Gazette 153/13, 20/17, 39/19, 125/19

155 Pravilnik o sustavu obveze energetske učinkovitosti, Official Gazette 116/2018, 24 April 2019.

156 Odluka o donošenju Dugoročne strategije za poticanje ulaganja u obnovu nacionalnog fonda zgrada Republike Hrvatske, Official Gazette 28/2019, 22 March 2019.

157 Strategija energetskog razvoja Republike Hrvatske do 2030. s pogledom na 2050. godinu, Official Gazette 25/2020, 28 February 2020.

158 Republic of Croatia, Ministry of Environmental Protection and Energy, Prijedlog Strategije niskougljičnog razvoja Republike Hrvatske do 2030. sa pogledom na 2050., April 2020.

159 Republic of Croatia, Ministry of Environment and Energy, Prijedlog Strategije niskougljičnog razvoja Republike Hrvatske do 2030. sa pogledom na 2050.

160 Republic of Croatia Ministry of Environment and Energy, Integrated National Energy and Climate Plan for the Republic of Croatia for the period 2021-2030, December 2019.

share of 28.5 per cent,[161] the 2030 target is not very ambitious. It will anyway need to be strengthened to align with the Fit for 55 package.

None of Croatia's strategic documents defined a coal phase-out date, despite the fact that Croatia has only one coal power plant and that it uses imported coal. Nevertheless, Prime Minister Andrej Plenković announced at the November 2021 UN Climate Change Conference (COP 26) that the plant would close by 2033 at the latest[162] – a deadline which looks certain to be brought forward considering coal's increasingly poor economics.

Considering coal accounted for only 9 per cent of Croatia's domestic electricity generation in 2020 while gas accounted for more than 25 per cent, the latter will be more of a challenge to phase out, and Croatia's strategies show it is planning to delay most action on this to beyond 2040.

INCLUSIVE ENERGY TRANSITION

JUST TRANSITION

As Croatia's only coal mines closed decades ago, only modest efforts to ensure a just transition for the community affected by the closure of the Plomin coal plant are needed, compared to other countries in the region. However Croatia also produces oil and gas and more efforts will need to be put in there. So far it seems that little thought has been put into ensuring a bottom-up and participatory process for deciding on the future of the affected regions.

HOUSEHOLDS AS ENERGY CONSUMERS AND TAXPAYERS

Croatia has suffered from the regional trend of building poorly-planned small hydropower plants incentivised by energy consumers' money, but to a lesser extent than some of its neighbours. However, public acceptance of its renewables incentives schemes – and thus energy transition as a whole – is threatened by environmental and corruption scandals such as those around the Krš-Pađene wind farm.[163]

As an EU Member State, Croatia has had to switch to an auctions-based incentives system for larger installations, which should help keep costs down for consumers once the current feed-in tariff contracts come to an end, but the potential for a backlash still exists if renewable energy plants continue to be subject to such scandals.

Energy poverty is a significant problem that will hold back any transition if not addressed. There is still no clear definition of energy poverty, nor indicators to clearly measure it. However, in 2018, 7.7 per cent of the Croatian population was unable to keep their home adequately warm – slightly above the EU average of 7.3 per cent – while 17.5 per cent of the population was unable to pay utility bills on time due to financial difficulties, far above the EU's 6.6 per cent average.[164] A draft of a long-awaited Programme for the Elimination of Energy Poverty was recently reported to have been completed,[165] but at the time of writing it has not yet been adopted.

In 2020 the city of Zagreb and the area of Petrinja, Glina and Sisak were hit by earthquakes which necessitated considerable reconstruction efforts. These are progressing slowly and there is a considerable need to speed up action for the affected people. Nevertheless, attention needs to be given to 'building back better' in order to ensure the energy efficiency of the reconstructed buildings.

PROSUMERS

By the end of 2020, 851 households were participating in net metering, compared to only 146 in 2019, showing the importance of legislative changes. Six hundred and forty-four commercial producers were also producing for self-consumption, compared to 427 in 2019.[166]

Some collective initiatives are underway – for example, the town of Križevci hosts a first small communal solar power plant of 30 kWh, financed by a group of citizens and assisted by the Green Energy Cooperative (ZEZ).[167] The town's Development Centre uses the electricity produced while the state electricity utility buys off the surplus.[168] Nevertheless, Croatia is still very early in its prosumer development compared to its massive potential.

PUBLIC PARTICIPATION IN DECISION-MAKING ON ENERGY POLICY AND INFRASTRUCTURE

Croatia made significant improvements in legally-stipulated public participation in the years leading up to its EU membership but still suffers from a number deficiencies in common with its regional neighbours, for example the persistence of decades-old projects which have not been properly reviewed for their suitability for today's circum-

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161 European Commission, Europe 2020 targets: statistics and indicators for Croatia, accessed 19 November 2021.

162 Government of the Republic of Croatia, 'Croatia will reduce CO_2 emissions by 45% by 2030, our coal phase-out year is 2033', 2 November 2021.

163 Igor Todorović, 'High-profile arrests in Croatia highlight claims of corruption in renewables in region', *Balkan Green Energy News*, 5 June, 2020.

164 European Commission, Energy Poverty Advisory Hub, Indicators, accessed 8 December 2021.

165 Government of the Republic of Croatia, 'Plenković u Saboru: U ova burna vremena Vlada predano i angažirano radi u interesu hrvatskih građana', 27 October 2021.

166 Minea Skok, Incentives and challenges in promoting self-consumption Case of Croatia, *Hrvoje Požar Energy Institute*, 2 June 2021.

167 Zelena Energetska Zadruga, accessed 8 December 2021.

168 Balkan Green Energy News, 'Democratization of energy on rise in Croatia and Bosnia and Herzegovina', 31 August 2021.

stances, such as the Kosinj hydropower plant,[169] and the formal nature of most public consultations.

The NECP development process was particularly problematic, with just four working days' public consultation on the first draft,[170] and the final Plan does not include a summary of the public's views, how they have been taken into account, or whether the draft plan was subject to a strategic environmental assessment.[171]

As a result of failure to truly consult the public, public participation is often reactive. Grassroots and NGO campaigns have prevented a number of ill-advised energy projects in recent years,[172] so it is very much in the authorities' interest to avoid such situations by better consulting in the first place.

RECOMMENDATIONS AND NEXT STEPS

To achieve a more inclusive energy transition Croatia should accelerate the adoption of measures for prosumers and renewable energy communities. It should also adopt and implement the Energy Poverty Elimination Programme and monitoring system. This would further contribute to the inclusiveness of the energy transition.

More efforts are needed for enabling citizen access to renewable energy and energy efficiency measures and for enabling community actions aimed at inclusive energy transition – primarily for citizens at risk of energy poverty and citizens affected by the 2020 earthquakes.

A plan for the implementation of its long-term decarbonisation strategy would be useful for planning its fossil fuel phase-out in an orderly way, together with a just transition for the affected regions.

The update to its NECP needed under the Fit for 55 package should provide an opportunity to make up for the deficiencies in public participation observed in the first process, but improvements are needed across the board, for all policies and infrastructure projects.

169 Zelena akcija, 'Podrška stanovnicima Kosinjske doline', *Zelena akcija*, 2 September 2021.

170 Zelena akcija, 'The Croatian Government is not interested in the public opinion on national climate policy', *Zelena akcija*, 15 December 2020.

171 European Commission, Commission Staff Working Document, Assessment of the final national energy and climate plan of Croatia, 14 October 2020.

172 These include the Plomin C coal power plant, the Vis Viva Peruća gas power plant and the Ombla hydropower plant.

KOSOVO

GENERAL INFORMATION

The Republic of Kosovo has a population of 1.8 million[173] and is characterised by a very young population. In 2020, according to Labour Force Survey results, the rate of employment among 15 to 64 year-olds was 28.4 per cent, with an unemployment rate of over 25 per cent.[174] In 2018, the latest year for which data is available, 56.7 per cent of people were considered at risk of poverty or social exclusion.[175]

Like in other new democracies in the Western Balkans, the political situation in Kosovo is polarised. National elections were held in 2019 but the elected coalition government lasted only for two months, leaving Kosovo with political crisis for the better part of 2020. In early 2021 the same party that was ejected in 2020, Lëvizja Vetëvendosje, regained power. It remains to be seen whether it can succeed in bringing the significant changes in the country which they have pledged, but on energy issues so far the new government seems progressive.

ENERGY TRANSITION SNAPSHOT

Kosovo has very large lignite resources and is almost entirely dependent on two ageing lignite plants: Kosova A and Kosova B, with a total current capacity of around 915 MW. Kosova B is the highest emitter of dust out of all the coal plants in the Western Balkans.[176]

Until 2020, a new 500 MW lignite power plant (around 450 MW net) – Kosova e Re – was planned, which dominated Kosovo's power sector policies for more than a decade. Successive energy strategies were built almost entirely around it, and the closure of the decrepit Kosova A was conditioned on it;[177] thus a transition to renewable energy took second place for many years.

This was not helped by Kosovo's over-ambitious small hydropower plans, which also served as a distraction from developing solar and wind. Kosovo does not have plentiful water resources, but in 2013 it still planned an additional 240 MW of small hydropower plants by 2020, later revised down to a still-ambitious 120 MW, of which around half has been built.[178]

By the end of 2020 only 10 MW of solar photovoltaics had been installed,[179] though more plans exist and the country has a solar manufacturer capable of manufacturing 200 MW per year.[180] In 2018 Kosovo commissioned its first major wind farm, the 32 MW Kitka plant, and in September 2021 part of the 105 MW Bajgora plant started test operations.[181]

Despite the slow progress, Kosovo reached a 25.69 per cent share of energy from renewable sources in gross final energy consumption in 2019, exceeding its target of 25 per cent for 2020. However, this was mainly due to the revision of biomass consumption data rather than a real increase in investments.[182]

Like other Energy Community countries, Kosovo has serious challenges with energy efficiency. It has massive distribution losses – around 25 per cent in 2020 through technical losses and non-payment.[183] Combined with high demand through poorly insulated buildings, there is high potential for the country to save energy. Poor insulation, old and energy inefficient building stock as well as inability to cover energy costs are all issues related to energy poverty.

Transposition of EU energy efficiency legislation, including on buildings performance, is reasonably advanced,[184] though energy efficiency labelling is lagging behind. In 2020 Kosovo adopted implementing legislation on the energy performance of buildings and it is strengthening its expertise and tools for certification of buildings. A plan to boost nearly zero-energy buildings and a building renovation strategy have also been drafted, but not yet adopted, as of late November 2021.[185]

In December 2019, Kosovo and Albania agreed to set up a joint electricity market. A new 400 kV interconnection with Albania was built several years ago, but due to political issues between Kosovo and Serbia, it was not operational until April 2020, when an agreement was signed, which allowed Kosovo to achieve its electricity independence from the Serbia, Montenegro and Northern Macedonia Regulatory Block and join the Kosovo Albania Energy Regulatory Block. This agreement strengthens Kosovo's electricity interconnections and thus enables a more flexible electricity system and the easier integration of renewables.

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173 Eurostat, Population on 1 January (DEMO_GIND), accessed 8 December 2021.

174 Agency for Statistics In Kosovo, Labor Force Survey in Kosovo, 2020, July 2021.

175 Eurostat, People at risk of poverty or social exclusion (ILC_PEPS01), accessed 8 December 2021.

176 CEE Bankwatch Network, *Comply or Close*.

177 CEE Bankwatch Network, *Two-speed energy transition in the Western Balkans*.

178 As of the end of 2020, 54.87 MW of hydropower in the incentives scheme had been built, with another 55 MW pre-existing outside of the incentives scheme. Energy Regulatory Authority, Annual Report 2020.

179 Energy Regulatory Authority, Annual Report 2020.

180 Jaha Solar, accessed 8 December 2021.

181 Igor Todorović, 'First part of Bajgora wind power plant starts trial operation', *Balkan Green Energy News*, 3 September 2021.

182 Energy Community Secretariat, Implementation Report 2021.

183 Energy Regulatory Authority, Annual Report 2020.

184 Late in 2016 the Law on Energy Performance of Buildings which transposes Directive 2010/31/EU (No. 05/L-101) was adopted and in 2018 an Energy Efficiency Law (No. 06/L–079) was adopted, thus transposing Directive 2012/27/EU.

185 Energy Community Secretariat, Implementation Report 2021.

INCLUSIVE ENERGY TRANSITION

JUST TRANSITION

The cancellation of the Kosova e Re coal project in 2020 has finally opened the space for Kosovo to talk more realistically about the end of coal; however, the recent series of changes of government has delayed this much-needed discussion.

So far the concept of just transition appears to be mainly mentioned by NGOs and has not really taken off.[186] This cannot wait for much longer, however. While the Kosova B plant looks set to stay online for several more years, Kosova A3 and A4 are more than fifty years old and it is unclear how long they will be able to run for.

HOUSEHOLDS AS ENERGY CONSUMERS AND TAXPAYERS

As with most countries in the region, the reputation of renewable energy in Kosovo has suffered due to the uncontrolled development of small hydropower plants driven by feed-in tariffs. As a result, people tend to see renewable energy as unaffordable,[187] despite the price drops of solar and wind in recent years.

In 2019 an Energy Efficiency Fund was established, with around EUR 20 million and secured financing until 2022. So far it has only financed energy efficiency in public buildings but there are plans to extend it to the residential sector in 2022,[188] which is essential to spread the benefits.

There is very little information available about energy poverty in Kosovo, though given the low employment rate and the fact that more than half the population was considered at risk of poverty or social exclusion in 2018 (see above), it is likely to be a serious problem.

PROSUMERS

Any electricity customer connected to the low voltage distribution network with an installed capacity not higher than 100kW can apply to its supplier to use a net billing scheme. As of June 2021, 56 prosumers were connected in Kosovo, with many new applications in the pipeline.[189]

Kosovo has thus achieved the highest number of prosumers in the Western Balkans so far.

PUBLIC PARTICIPATION IN DECISION-MAKING ON ENERGY POLICY AND INFRASTRUCTURE

Like other countries in the region, Kosovo does not have a good record of public participation in decision-making on infrastructure projects. But its secrecy has at times gone beyond the pale, such as in December 2018 when the then government issued an approval for the environmental impact assessment of the 500 MW Kosova e Re coal power plant, without any public consultation having taken place and without the EIA study having been publicly disclosed.[190]

Similar issues have arisen with small hydropower projects, many of which appear to have been built without proper environmental assessments or public consultations. A government review was reported in July 2021 to have found numerous legal violations relating to the projects.[191]

Pressure has also been put on environmental activists by companies seeking to silence them. In 2020, through two different lawsuits, Kelkos Energy, a subsidiary of Austria's Kelag International, sought EUR 100 000 from Shpresa Loshaj and EUR 10 000 from Adriatik Gacaferi after they campaigned against the hydropower plants. After widespread public outcry, the cases were finally dropped in October 2021.[192]

On the policy level there is hope that the situation is improving, as NGOs have been included in the NECP working group. However, the Law on Strategic Environmental Assessment is deficient as it does not yet ensure that SEAs are carried out in parallel with the preparation of the plan or programme in question, before their submission to the legislative procedure,[193] and thus the SEA for the NECP has not yet been done. This raises questions about whether public participation will be early and effective.

RECOMMENDATIONS AND NEXT STEPS

Kosovo's change of government and abandonment of the Kosova a Re project could be an opportunity to build a more sustainable society which will not depend on fossil fuels.

Like other Western Balkan countries, Kosovo too should ramp up its support for energy efficiency measures for households – not only for public buildings. It also needs to step up its efforts to decrease distribution network losses.

The European Network of Transmission System Operators' (ENTSO-E) decision to join the Kosovo-Albania Energy Regulatory Block opens the door for Kosovo to move away from

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186 Rosa Hergan, Will Kosovo's new government start phasing out coal?, *just-transition.info*, 18 March 2021.

187 Rosa Hergan, Will Kosovo's new government start phasing out coal?

188 Energy Community Secretariat, Implementation Report 2021.

189 Energy Community Secretariat, WB6 Energy Transition Tracker.

190 Viktor Berishaj, 'Doomed to failure: Yet more irregularities over Kosova e Re', *Prishtina Insight*, 22 February 2019.

191 Exit.al, 'Kosovo Government Finds Numerous Violations in Hydropower Plant Permits and Operations', *Exit.al*, 12 July 2021.

192 Perparim Isufi, 'Energy Company Drops Lawsuits Against Kosovo Environment Activists', *Balkan Insight*, October 2021.

193 Energy Community Secretariat, Implementation Report 2021.

its dependence on coal and to integrate variable renewables more easily. Kosovo needs to avoid investment in gas and leapfrog to electrification, rather than investing millions of euros that will lock the country into gas pipelines and power plants that will have to be phased out in the coming decades.

The country should orient its efforts to maximise its solar and wind potential instead of further developing damaging small hydropower plants. To do so, Kosovo should amend and modernise its energy strategy and adopt an inclusive and ambitious National Energy and Climate Plan. These must be subject to timely strategic environmental impact assessments and public consultations, and need to pay special attention to planning a just transition for Kosovo's coal communities and reducing energy poverty by increased energy efficiency measures.

Together with incentives and measures for the installation of photovoltaics and heat pumps aimed at citizens, small and medium enterprises, and other stakeholders, this would greatly contribute to the inclusiveness of energy transition and to the decarbonisation of Kosovo.

In addition, Kosovo needs to align its EIA and SEA laws with the relevant EU directives and ensure better implementation, monitoring and enforcement.

MONTENEGRO

GENERAL INFORMATION

The population of Montenegro on 1 January 2021 was 620,739.[194] Its gross domestic product per capita in purchasing power standards in 2020 was only 46 per cent of the EU average.[195] In 2019, the proportion of the population at risk of poverty or social exclusion was 30.5 – approximately 50 per cent above the EU average for the same year.[196] In 2020, 55.2 per cent of the working-age population was employed.[197]

After decades of rule by the Democratic Party of Socialists (DPS), in 2020 Montenegro held parliamentary elections and a new government was elected. This further polarised the political situation between the ruling party and the opposition. It also complicated the energy transition as the new coalition government took several months to get to grips with key issues and replaced several key directors in public companies. As of late 2021, the ruling coalition appears quite unstable.

ENERGY TRANSITION SNAPSHOT

Montenegro's electricity needs are mainly met by the 225 MW lignite power plant at Pljevlja and the 307 MW Perućica and 342 MW Piva hydropower plants. It also has two operating wind farms but has barely touched its solar potential yet. A huge solar farm is planned but has been delayed.[198]

In late 2020 the new government got a surprise, as the Pljevlja coal power plant was already operating illegally after exceeding the number of operating hours allowed under the so-called 'opt-out' regime set by the Large Combustion Plants Directive.[199]

Montenegro has been considered a 'frontrunner in implementing energy sector reforms in the Energy Community for years',[200] but this ongoing non-compliance by the Pljevlja coal plant is impairing this record,[201] as is the government's indecision on what to do about it.

Besides its dependency on coal for 40 to 50 percent of its electricity, Montenegro's hydropower plants depend on fluctuating rainfall levels, causing serious annual fluctuations in electricity generation.

In 2019, 37.37 per cent of gross final energy consumption came from renewable sources, exceeding the 33 per cent target to be achieved by 2020 under the Energy Community Treaty. This overshoot was mostly connected to a revision of biomass data rather than because of significant investments.[202] However, Montenegro's share of renewables has been falling since a 2014 peak of 44 per cent, apparently due to a declining share in the heating sector.[203]

Montenegro is relatively advanced in transposing EU energy efficiency legislation. A long-term building renovation strategy is still missing but several renovation programmes are ongoing. An Eco Fund has been set up to finance energy efficiency and environmental measures, including residential energy efficiency. However, Montenegro's final and primary energy consumption both went up in 2019.[204]

Even though Montenegro has no access to international gas infrastructure, the government adopted a Master Plan for the Development of the Gas Transport System of Montenegro in 2017, which explores the possibility of building the Ionian-Adriatic Pipeline (IAP) to connect to the Trans Adriatic Pipeline (TAP). In addition, in 2020 the amended Energy Law created a regulatory framework for a liquefied natural gas (LNG) terminal, which is not connected to any gas network.[205] Both of these risk distracting Montenegro from more far-sighted, inclusive and sustainable energy transition measures.

The country's NECP is currently under development but has not been published yet. Its contents will largely depend on the future of the Pljevlja coal plant, which has to be either closed or modernised, as well as on discussions about gas development. In 2021 Montenegro joined the Powering Past Coal Alliance and committed to stop using coal by 2035 at the latest,[206] but it seems highly unlikely that the Pljevlja plant will be economic to operate by then anyway, and the question is more whether it is worth investing in its modernisation at all.

INCLUSIVE ENERGY TRANSITION

JUST TRANSITION

Since the previous government planned to go ahead with a modernisation project at the Pljevlja power plant, which they hoped would enable the plant to run for at least 15 more years, discussions about a just transition have been very much delayed in Montenegro. It is only thanks to

194 Eurostat, Population on 1 January (DEMO_GIND), accessed 8 December 2021.

195 Eurostat, GDP per capita in PPS (PRC_PPP_IND), accessed 8 December 2021.

196 Eurostat, People at risk of poverty or social exclusion (ILC_PEPS01), accessed 8 December 2021.

197 Eurostat, Employment rate by sex, age group 20-64 (LFSI_EMP_A), accessed 8 December 2021.

198 Portalanalitika, Kasniće Briska gora, EPCG gradi novu mini hidroelektranu, 18 November 2021.

199 CEE Bankwatch Network, *Comply or Close*.

200 Energy Community Secretariat, Montenegro Annual Implementation Report for 2020, November 2020.

201 Energy Community Secretariat, Implementation Report 2021.

202 Energy Community Secretariat, Implementation Report 2021.

203 Energy Community Secretariat, Implementation Report 2021, November 2021.

204 Energy Community Secretariat, Implementation Report 2021.

205 Energy Community Secretariat, Montenegro Annual Implementation Report for 2020.

206 Balkan Green Energy News, 'Montenegro announces coal phaseout by 2035', *Balkan Green Energy News*, 1 July 2021.

NGOs that they have started at all, with the setting up of a Platform for Just Transition in Pljevlja.[207]

In 2019 the Mayor of Pljevlja signed a European mayors' declaration on just transition,[208] thus showing interest in the topic, and in August 2021 a delegation from Velenje in Slovenia visited to agree on steps for cooperation in the transition process.[209] Yet even now, with the power plant operating illegally since autumn 2020, the sense of urgency to make a bottom-up plan for Pljevlja's future does not seem to have set in yet.

State-owned electricity company Elektroprivreda Crne Gore (EPCG) is determined to go ahead with the modernisation project signed by the previous management[210] while the government is concerned that the power plant's economics are shaky and that it would be better to invest the money into renewable energy than into modernisation.[211] It remains to be seen whether it is the government that makes the decisions, however, or whether EPCG is in fact able to overrule the government.

HOUSEHOLDS AS ENERGY CONSUMERS AND TAXPAYERS

Montenegro's distribution and transmission losses amounted to around 14 per cent in 2020,[212] representing a high and unnecessary cost for consumers. Its support scheme for renewable energy has also caused unwanted attention by being used largely for damaging small hydropower plants built by businesses close to the former government.[213] This scheme has now been discontinued but will continue to be paid for by consumers until the contracts with existing producers expire.

As in other countries in the Western Balkans, energy poverty is not defined in national legislation, but a government decree from 2018 defined the status of vulnerable customers and set up a protection mechanism for customers entitled to assistance, including a 50 per cent subsidisation of monthly bills for consumption up to 600 kWh per month.[214]

PROSUMERS

In its Energy Law, Montenegro has defined a scheme for self-consumption, obliging suppliers to purchase the surplus of electricity produced after the annual settlement at the price of energy indicated in the supply contract. This resulted in nine self-consumers by September 2021.[215] EPCG and the Eco Fund also announced in November 2021 that households and small businesses could apply for subsidies to install small photovoltaic systems. These would cover 20 per cent of installation costs, so it remains to be seen how high the uptake will be.[216]

PUBLIC PARTICIPATION IN DECISION-MAKING ON ENERGY POLICY AND INFRASTRUCTURE

Montenegro has done more than its peers to transpose EU legislation connected to public participation such as the EIA and SEA Directives, but in practice public participation is very formal and has little impact on the outcomes of plans and projects, as these have usually been decided on in advance. As in other countries in the region, this often results in public participation being reactive and trying to stop particular projects that part of the public deem unfeasible and damaging.

Considering that the projects being pushed are often outdated and of questionable economic feasibility, this has been quite successful in recent years, with both the Pljevlja II coal power plant and the Morača dams being shelved.[217],[218]

The NECP development process has so far been more inclusive, with NGOs included in the working group. However, the SEA process was not launched at the same time as the NECP preparation process and it is not clear when public consultations will take place on the NECP and SEA. It also remains to be seen how much influence the NGOs in the working group will be able to have on the final document.

RECOMMENDATIONS AND NEXT STEPS

Montenegro needs to decide once and for all whether to close or modernise the Pljevlja coal plant and, in a bottom-up manner, plan a just transition accordingly. To cover the electricity shortfall, it should increase its investments in renewable energy sources other than hydropower – primarily in solar photovoltaics and wind.

To achieve a truly inclusive energy transition, the country needs to do more to promote small-scale renewable energy use by households and small businesses to enable the pub-

207 PVPortal.me, 'Platforma za pravednu tranziciju podnijela Inicijativu za diversifikaciju privrednog razvoja opštine Pljevlja', *PVPortal.me*, 10 July 2020.

208 Goran Malidžan, 'Golubović potpisao Deklaraciju o pravednoj tranziciji', *Vijesti*, 16 October 2019.

209 Pljevlja municipal website, 'Pljevlja i Velenje: zelena tranzicija i pravci saradnje', 23 August 2021.

210 Elektroprivreda Crne Gore, 'Rovčanin: Odricanje od termoelektrane bez spremnog zamjenskog izvora je pucanje u glavu energetskom sektoru', 21 September 2021.

211 Ministry for Capital Investments, 'Saopštenje MKI povodom najava o ekološkoj rekonstrukciji TE Pljevlja', 20 September 2021.

212 Government of Montenegro, Predlog odluke o energetskom bilansu Crne Gore za 2021. Godinu, 4 December 2020.

213 Vanja Ćalović Marković, Dejan Milovac and Ines Mrdović, State capture in the energy sector in Montenegro, Small hydropower plants bring large profits, *MANS*, 30 January 2018.

214 Energy Community Secretariat, Implementation Report 2021.

215 Energy Community Secretariat, Implementation Report 2021.

216 Elektroprivreda Crne Gore, 'U okviru projekta Solari 3000+ i Solari 500+ građani sami proizvode električnu energiju', 3 November 2021.

217 Bankar.me, 'Potemkinov drugi blok termoelektrane i kockanje sa energetskom stabilnošću', 11 January 2018

218 Investitor, 'Hidroelektrane na Morači više nijesu opcija?', 31 May 2019.

lic to directly benefit from it. The Solari 3000+ and 500+ projects are good news but it remains to be seen whether the 20 per cent subsidy is attractive enough to make solar photovoltaics affordable for households.

Efforts to decrease electricity distribution losses need to be stepped up. The government also needs to put more effort into monitoring the implementation of the energy efficiency action plan as well as creating a functional system for calculating energy efficiency indicators and savings. Montenegro should also put more effort into creating real measures to tackle energy poverty.

Montenegro should reconsider its plans for investments either in LNG terminals or in gas infrastructure connected to the Ionian-Adriatic Pipeline (IAP) and/or the Trans Adriatic Pipeline (TAP), as such infrastructure would be used for a maximum of 15 years before having to be replaced by renewable energy, thus representing a high and unnecessary burden on consumers.

The development of the NECP is an opportunity to plan for an inclusive energy transition – not only in terms of including civil society organisations and the wider public but in terms of creating measures which would make Montenegro a frontrunner in the region again.

NORTH MACEDONIA

GENERAL INFORMATION

According to official estimates, North Macedonia's population was 2.07 million as of 1 January 2021,[219] though preliminary results from this year's census suggest the number is nearer 1.9 million.[220] The official unemployment rate in 2020 was 16.4 per cent,[221] with an employment rate of 59.1 per cent.[222] The gross domestic product per capita in purchasing power standards in North Macedonia in 2020 was only 38 per cent of the EU average.[223] Almost forty per cent of people were at risk of poverty or social exclusion in 2019,[224] the latest year for which data is available.

As of November 2021, North Macedonia is undergoing a political crisis after the ruling Social Democratic Union of Macedonia fared poorly in local elections in October 2021. The Social Democrats won elections in 2017 after long-standing protests against the then VMRO-DPMNE government, which was at the centre of a wiretapping scandal,[225] and was widely regarded as highly corrupt. Despite North Macedonia's intensive efforts to unblock its path to EU membership by making an agreement with Greece on the country's name, EU accession negotiations have not been opened, mainly due to new objections by Bulgaria.[226]

ENERGY TRANSITION SNAPSHOT

North Macedonia relies predominantly on coal (one-third of generation in 2020), hydropower and gas (together totalling almost a third), and imports (almost a third) for electricity.[227] Despite its import dependence, it has committed to phase out coal by 2027,[228] a decision largely driven by decreasing lignite reserves.

The country was initially a frontrunner in wind and solar power in the Western Balkans. In 2015, it was the first country to put a wind farm into operation – the 36.8 MW Bogdanci plant. However, its progress stagnated for several years, with its project pipeline only picking up again in 2018.[229]

Under its Energy Community commitments to increase its share of renewable energy, North Macedonia originally had a target of 28 per cent of gross final energy consumption in 2020, which was later reduced to 23 per cent after a revision of its biomass data in 2018.[230] In 2019, renewable energy sources accounted for only 16.8 per cent of gross final energy consumption;[231] thus, the country does not even seem to have met this lower target.

Gas is imported from Russia via Bulgaria and is mainly consumed by industrial customers and three combined heat and power plants, while households consume a negligible share due to the very limited distribution networks. However, the government is continuing with the gasification programme started several years ago and is planning a new gas interconnection to Greece, as well as the construction of a gas power plant to replace one unit at the coal Bitola power plant.[232]

As with other countries in the region, the main pitfalls in North Macedonia's otherwise promising orientation towards renewables are a lack of energy efficiency measures, and being distracted by gas and hydropower investments. Neither gas nor additional hydropower are likely to prove future-proof due to the need to phase out all fossil fuels and the vulnerability of hydropower to changing weather conditions.

North Macedonia adopted a new Energy Efficiency Law in 2020, thus transposing the Energy Efficiency Directive, the Energy Performance of Buildings Directive and the Regulation on Labelling of Energy-related Products. The new legal framework is just the beginning: Implementing legislation is still under development and an Energy Efficiency Fund is being set up with support from the World Bank. The Ministry of Economy has only one energy efficiency expert, leading to strong reliance on donors.[233]

In late 2019 North Macedonia adopted an Energy Development Strategy laying out three different scenarios, all of which make clear the need to step up efforts to invest in solar and energy efficiency. A follow-up implementation plan is currently under development as of November 2021.

North Macedonia is the only Western Balkan country with a publicly available draft NECP as of November 2021.[234] The draft aims at an 82 per cent greenhouse gas net emissions

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219 Eurostat, Population on 1 January (DEMO_GIND), accessed 8 December 2021.

220 Republika, 'Census 2021: Macedonia is down to 1.9 million citizens', *Republika English*, 30 September 2021.

221 Eurostat, Total unemployment rate (UNE_RT_A), accessed 8 December 2021.

222 Eurostat, Employment rate by sex, age group 20-64 (LFSI_EMP_A), accessed 8 December 2021.

223 Eurostat, GDP per capita in PPS (PRC_PPP_IND), accessed 8 December 2021.

224 Eurostat, People at risk of poverty or social exclusion (ILC_PEPS01), accessed 8 December 2021.

225 Sinisa-Jakov Marusic, North Macedonia Journalists Tell Wiretapping Trial about Surveillance, *Balkan Insight*, 22 September 2020.

226 Halime Pehlivan, 'How North Macedonia's EU accession process was derailed', *TRT World*, 17 November 2021.

227 IEA, Data and Statistics: Electricity, North Macedonia, 2020.

228 Europe Beyond Coal, 'Spain and North Macedonia commit to exit coal by 2030', 30 June 2021.

229 CEE Bankwatch Network, Two-speed energy transition in the Western Balkans.

230 Energy Community, Decision of the Ministerial Council of the Energy Community, D/2012/04/MC-EnC: Decision on the implementation of Directive 2009/28/EC and amending Article 20 of the Energy Community Treaty, 9 July 2012; Energy Community, Decision of the Ministerial Council of the Energy Community, D/2018/2/MC-EnC: amending Decision 2012/04/MC-EnC of 18 October 2012 on the implementation of Directive 2009/28/EC and amending Article 20 of the Energy Community Treaty, 2018.

231 Eurostat, Share of energy from renewable sources [nrg_ind_ren], accessed 8 December 2021.

232 Igor Todorović, 'North Macedonia to shut REK Bitola coal plant unit, turn to gas', *Balkan Green Energy News*, 20 October 2020.

233 Energy Community Secretariat, Implementation Report 2021.

234 Energy Community, 'Energy Community and National Energy and Climate Plans', accessed 21 November 2021.

reduction relative to 1990 levels by 2030; 20.8 per cent savings in final energy consumption relative to the business as usual scenario; and 34.5 per cent savings in primary energy consumption. It also aims for a 38 per cent share of renewable sources in gross final energy consumption by 2030 as well as energy efficiency measures in all sectors.[235]

INCLUSIVE ENERGY TRANSITION

JUST TRANSITION

North Macedonia has been largely caught unaware of the need to plan a just transition at its Oslomej plant near Kichevo, where the nearby lignite mines have already been exhausted and the plant only works for a few weeks per year.

Some practical plans have been made: former mining areas have been cleared to make space for a solar photovoltaic installation of more than 120 MW, with the first phase of 10 MW already underway, supported by the European Bank for Reconstruction and Development.[236]

While the Oslomej solar project is a pioneering and practical example, it does not involve the wider public, and Kichevo is so far lacking a broader redevelopment plan that would point the way for the whole community rather than just those employed by the state-owned electricity company.[237]

Most efforts so far have been made by NGOs: for example, Eko-svest commissioned a study on development alternatives for the region and consulted it with local people, and undertook supporting efforts to develop solar energy in households.[238]

North Macedonia's coal phase-out date of 2027 is just around the corner and its Bitola plant and captive mines are much larger, employing more people than the Oslomej ones, so efforts to plan a just transition in a participatory manner clearly need to be stepped up.

HOUSEHOLDS AS ENERGY CONSUMERS AND TAXPAYERS

In 2019, an astonishing 33 per cent of people in North Macedonia reported not being able to keep their homes adequately warm – the highest percentage in any of the countries surveyed.[239] Since then, vulnerable customers have been defined in the Energy Law, and a government Programme for the Protection of Vulnerable Customers was adopted in January 2020. The programme defines the users, how to classify categories of vulnerable customers, support measures and the funding for support measures.

However, the funding provided for vulnerable customers so far has been very modest and the qualification criteria are likely to severely limit the number of people deemed eligible.[240] It therefore remains to be seen whether the government's programme will bring the desired results.

Against this background, North Macedonia has to be extremely careful about the costs of its energy transition. In 2018 the fee added to electricity bills to support renewable energy already amounted to about 6.2 per cent of the bill for an average household in Skopje.[241]

Perhaps motivated to keep the costs from rising too much further, North Macedonia has already changed from a feed-in-tariff-based system for renewable energy incentives to an auctions- and premiums-based one for most types of projects. For some reason, it has not done so for small hydropower, giving it an unfair advantage[242] and threatening to unnecessarily increase costs for consumers.

PROSUMERS

North Macedonia has introduced legislation on net billing, with a threshold of 4 kW for households and 20 kW for small commercial consumers. As of June 2021, 42 self-consumers were registered under the currently applicable net billing scheme.[243]

The government has also adopted a programme to promote renewable energy sources and energy efficiency in households for 2021, with a budget of some EUR 840 000, including about EUR 130 000 in subsidies for prosumers. The state is reimbursing up to 30 per cent of the costs for the purchase and installation of photovoltaic systems with a capacity of up to 4 kW, for the production of electricity for self-consumption. Individual subsidies are capped at about EUR 1 000 per household.[244]

This programme is also subsidising the purchase and installation of solar thermal collectors, covering up to 30 per cent of the costs, and up to 70 per cent for low-income households, also with a total budget of EUR 130 000.[245]

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235 North Macedonia, Draft National Energy and Climate Plan, *Energy Community*, July 2020.

236 Just-Transition.info, North Macedonia pioneering energy transition in the Western Balkans, *Just-Transition.info*, 19 January 2021,

237 Just-Transition.info, North Macedonia pioneering energy transition in the Western Balkans.

238 Eko-Svest, Promoting solar cooperatives and Just Transition in Kichevo region, *CAN Europe*, 14 April 2021.

239 Eurostat, Inability to keep home adequately warm – EU-SILC survey [ilc_mdes01], accessed 8 December 2021.

240 JD Farrugia, North Macedonia's Losing Battle With Energy Poverty, *Climate Herald*, 11 July 2020.

241 CEE Bankwatch Network, *Who pays, who profits?*.

242 CEE Bankwatch Network, 'North Macedonia: Complaint challenges unfair subsidy advantages for hydropower', *CEE Bankwatch Network*, 1 July 2019.

243 Energy Community Secretariat, WB6 Energy Transition Tracker.

244 Balkan Green Energy News, 'North Macedonia to subsidize prosumers with EUR 130 000 in 2021', 22 January 2021.

245 Balkan Green Energy News, 'North Macedonia to subsidize prosumers with EUR 130 000 in 2021'.

Such programmes will need to be greatly expanded if North Macedonia is to achieve its renewable energy plans, but at least show some steps in the right direction.

PUBLIC PARTICIPATION IN DECISION-MAKING ON ENERGY POLICY AND INFRASTRUCTURE

On decisions about individual infrastructure projects, North Macedonia is doing little better than its neighbours and is one of three Energy Community countries that are currently subject to infringement procedures due to failure to transpose the latest amended version of the Environmental Impact Assessment Directive.[246]

In 2020, 14 hydropower projects were subject to screening to decide whether they needed EIAs and in every single case it was concluded that they did not,[247] meaning that no public consultations had to be held. Such moves risk further stoking public protests against such projects.

At the strategic level, North Macedonia has shown more advanced practices than some of its peers. For example, the development of the 2019 Energy Strategy was accompanied by the formation of an NGO consultation group at the outset, which led to the exclusion of the two most controversial hydropower projects from all of the scenarios. However, comments provided later in the process were generally not taken into account, perhaps partly because of the short timeframes for each stage.

The NECP was developed in a relatively participatory manner, with different stakeholders included in the process such as public institutions, local and international experts, the private sector, academia and civil society.[248] However, the SEA accompanying the plan was developed somewhat later and does not sufficiently examine the impacts of its ambitious hydropower plans. It remains to be seen whether public inputs will have a significant impact on the overall outcomes.

RECOMMENDATIONS AND NEXT STEPS

North Macedonia has made its policy directions clear and needs to work on a concrete plan for a comprehensive just transition of its coal regions, as well as implementation of further investments in wind farms and solar photovoltaics. Its programme to support small solar photovoltaic and solar thermal installation should be continued and expanded. Investments in new hydropower plants should be stopped due to their harmful influence on biodiversity and vulnerability to water shortages and the gasification policy needs to be reviewed in light of the country's decarbonisation commitments.

The country has plenty of room for energy efficiency improvements, partly on the legislative level by adopting implementing legislation, but also especially on the practical level by increasing the capacity of institutions – national and local – and increasing funding for good quality building renovations. The effectiveness of the Programme for the Protection of Vulnerable Customers needs to be evaluated, including by asking beneficiaries (and those who did not qualify for benefits) about their experience, and adjustments made where necessary.

Utilising participatory processes for drafting strategic documents is a welcome step toward inclusive energy transition – but only if the final documents reflect the inputs provided. North Macedonia should speed up the adoption and implementation of the latest version of the EIA Directive to ensure that all projects with potentially significant environmental impacts are subject to proper assessments and public consultations, as well as adopting the new draft Law on Nature Protection.

246 Energy Community Secretariat, Implementation Report 2021.

247 Energy Community Secretariat, Implementation Report 2021.

248 Energy Community, Recommendations by the Energy Community Secretariat on the Draft National Energy and Climate Plan of North Macedonia, *Energy Community*, 20 November 2020.

ROMANIA

GENERAL INFORMATION

Romania has a population of 19.2 million inhabitants.[249] It is one of the poorer EU Member States, with a high level of inequality, exclusion of vulnerable groups and low level of social and economic mobility. In 2020 the official unemployment rate was 5 per cent[250] and 70.8 per cent of the working-age population was employed.[251] The gross domestic product per capita in purchasing power standards in Romania in 2020 was 72 per cent of the EU average.[252]

Poverty and social exclusion are the second highest in the EU after Bulgaria, with 30.4 per cent of people being considered at risk in 2020.[253] A 2020 European Commission report found that the equity, inclusiveness and quality of education is one of the important challenges in the country.[254]

Romania has suffered from frequent changes in its governments in recent years, which damage its progress and capacity to carry out an inclusive transition. Most recently, at the end of November 2021, a three-party coalition made up of the National Liberal Party (PNL), Social Democratic Party (PSD), and ethnic Hungarian UDMR ended a two-month political stalemate by forming a government after a vote of no-confidence ousted the previous prime minister.

ENERGY TRANSITION SNAPSHOT

Romania has a diverse electricity supply, with hydropower supplying around a quarter of electricity in 2020; nuclear around one fifth, and coal and gas around one sixth each in 2020. Wind supplied around 12 per cent and solar around three per cent, with around five per cent from imports.[255]

The country is an interesting example of what happens when energy transition is delayed. Although it has built considerable wind and solar capacity, it has hesitated to phase out coal, a sector dominated by the state-owned Oltenia Energy Complex. Yet between 2019 and 2020 Romania's coal electricity generation plummeted by no less than a third, presumably because it could no longer compete with electricity from other sources not subject to a carbon price.[256]

The country had a renewable energy target of 24 per cent by 2020, which it managed to meet by 2019, reaching 24.29 per cent.[257] However its large-scale renewables development has largely stagnated in recent years due to its support scheme being curtailed.

Almost 90 per cent of dwellings in rural areas and 45 per cent at the national level mainly use firewood for heating. They are often only partially heated, by burning wood in traditional stoves.[258] Thirty-five per cent of Romania's heat comes from gas, and 13.6 per cent from coal and gas-fired district heating.[259]

In April 2020, Romania submitted its final National Energy and Climate Plan[260] to the European Commission, with a renewable energy target of 30.7 per cent of gross final energy consumption in 2030. It plans to increase its energy savings to 45.1 per cent in relation to the baseline scenario in 2030 for primary consumption and 40.4 per cent for final consumption.[261] It also plans to reduce emissions in the sectors covered by the EU-ETS scheme by approximately 44 per cent by 2030 compared to 2005.[262]

The Commission's assessment of the final NECP highlighted the lack of ambition on renewable energy, as the formula used by the Commission to propose a fair share had suggested 34 per cent for Romania.[263] Similarly, Romania's energy efficiency ambition was considered to be low.[264]

While its NECP did not set a coal phase-out date, its 2021 recovery and resilience plan did: 2032.[265] This gives Romania a clear direction, but it will need to avoid wasting time and money on outdated distractions like gas, which does not contribute to decarbonisation but is a main feature of the NECP.

INCLUSIVE ENERGY TRANSITION

JUST TRANSITION

Romania already suffered the unplanned decline of much of its hard coal industry during the 1990s and has good reason

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249 Eurostat, Population on 1 January (DEMO_GIND), accessed 8 December 2021.

250 Eurostat, Total unemployment rate (UNE_RT_A), accessed 8 December 2021.

251 Eurostat, Employment rate by sex, age group 20-64 (LFSI_EMP_A), accessed 8 December 2021.

252 Eurostat, GDP per capita in PPS (PRC_PPP_IND), accessed 8 December 2021.

253 Eurostat, People at risk of poverty or social exclusion (ILC_PEPS01), accessed 8 December 2021.

254 European Commission, Commission Staff Working Document, Country Report Romania 2020, 26 February 2020,

255 IEA, Data and Statistics: Electricity, 2020.

256 IEA, Data and Statistics: Electricity.

257 European Commission, Europe 2020 targets: statistics and indicators for Romania, accessed 19 November 2021.

258 Romania, Ministry of Energy, Romanian Energy Strategy 2016-2030 with an outlook to 2050 – Executive Summary, accessed 8 December 2021.

259 Romanian Ministry for European Funds, Draft Recovery and Resilience Plan, 2020.

260 Government of Romania, The 2021-2030 Integrated National Energy and Climate Plan, April 2020,

261 Government of Romania, The 2021-2030 Integrated National Energy and Climate Plan.

262 Government of Romania, The 2021-2030 Integrated National Energy and Climate Plan.

263 European Commission, Commission Staff Working Document, Assessment of the final national energy and climate plan of Romania, 14 October 2020.

264 European Commission, Commission Staff Working Document, Assessment of the final national energy and climate plan of Romania.

265 Europe Beyond Coal, 'Romania commits to exiting coal by 2032 at the latest', 28 September 2021.

to avoid repeating the experience. But because of the Oltenia Energy Complex's influence on decision-making, it was NGOs who started talking to local mayors about planning a just transition long before the government even admitted a coal phase-out was coming.

In the meantime, some progress has been made. Despite the difficulties and widespread denial, at least some local decision makers in Romania's coal regions decided to engage in the EU's Initiative for Coal Regions in Transition, leading to the Jiu Valley being chosen as one of the pilot regions for EU technical assistance.[266]

All of this has been complicated by the government's refusal to set a coal phase-out date until 2021. Nevertheless, Romanian coal regions submitted their Territorial Just Transition Plans to the Ministry of European Investment and Projects earlier this year, which will allow them to tap into the Just Transition Fund provided by the EU.

In Hunedoara County, the remainder of the hard coal phase-out will lead to the dismissal of around 4,000 employees in power plants and mines. Social protection measures have been proposed such as compensatory wages and reducing the retirement age, but younger staff who can reintegrate more easily into the labour market need retraining programmes. An interesting example has been set up by the Romanian Wind Energy Association, which is starting a programme for the professional retraining of personnel areas undergoing energy transition.[267]

In Gorj County, the lignite region, the plan is less clear. The Territorial Just Transition Plan identifies potential for solar energy, tourism, industry, recycling, carpentry and agriculture, but it is still largely unclear what will happen to a large part of Oltenia's 12,000 employees and those who depend more broadly on the coal sector.[268]

Despite the uncertainties ahead, there is a clear contrast between the progress made in Romania and the time lost in Bulgaria due to its failure to start planning and take advantage of the Initiative for Coal Regions in Transition.

HOUSEHOLDS AS ENERGY CONSUMERS AND TAXPAYERS

Romania is one of the countries which heavily supports coal with subsidies and should be able to use this fact to win support for the energy transition. In 2020, the Oltenia Energy Complex received EUR 251 million in State aid to pay for its carbon emission allowances[269] and is expected to receive another EUR 1.3 billion in order to implement a decarbonisation plan over the next few years.[270]

However Romania's renewables incentives scheme, based on green certificates, was also controversial, due to its impact on consumer electricity prices. In an attempt to keep prices under control, the government in 2013 made a series of changes which had serious impacts on producers and led to arbitration cases.[271] With the decrease in renewable energy prices it is to be hoped that such an issue will not arise so dramatically again but this also depends on the way the government frames the costs and benefits of different options.

As an EU Member State, like Bulgaria and Croatia, Romania has had to put more effort into energy efficiency than the Western Balkan countries. While the NECP is not particularly ambitious in terms of overall energy savings, Romania's recovery and resilience plan proposes a significant allocation, EUR 2.2 billion, for building renovation, which may help. However, observers have warned that legislative and institutional coordination problems exist and that there is an urgent need for workforce training to meet high standards such as nearly zero-energy buildings. A detailed action plan to implement the national renovation strategy also needs to be drawn up.[272]

Romania's plans to tackle energy poverty in its NECP show that it has not gone far beyond the idea of financial support for vulnerable consumers so far. Its planned measures do not make any explicit link with energy efficiency renovation, for example.[273]

PROSUMERS

Romania seems to have been advancing rapidly in this area in the last year. According to the Romanian Energy Regulator's report for 2020, by December 2020 the number of prosumers reached 1,625.[274] But by April 2021, this number had risen to 4,800.[275]

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266 European Commission, Secretariat Technical Assistance to Regions in Transition (START), accessed 23 November 2021.

267 Dan Dobre and Raluca Petcu, 'Romanian government's coal phaseout blabber', *just-transition.info*, 16 June 2021.

268 Dan Dobre and Raluca Petcu, 'Romanian government's coal phaseout blabber'.

269 Vladimir Spasić, 'EU conditions EUR 251 million state aid to coal, power utility CE Oltenia', *Balkan Green Energy News*, 26 February 2020.

270 Adi Mosoianu, 'Pressed by the European Green Deal, the Oltenia Energy Complex launches the decarbonisation', *Profit.ro*, 9 March 2020.

271 Nicolae Marinescu, 'Changes in Renewable Energy Policy and Their Implications: The Case of Romanian Producers', *Energies*, 9 December 2020.

272 Christophe Jost, Energy efficiency and renewables in buildings in national recovery and resilience plans.

273 Government of Romania, The 2021-2030 Integrated National Energy and Climate Plan.

274 ANRE, Raport Anual 2020, accessed 8 December 2021.

275 Roxana Petrescu, România a ajuns la 4.800 de prosumatori, mici consumatori de energie care şi-au obținut independența față de sistem: piața este în creștere, dar există nevoia de aliniere a legislației, *Ziarul Financiar*, 30 June 2021.

This summer it was also announced that Romania's Environment Fund Administration had allocated the equivalent of EUR 50.9 million by approving 12,718 applications for the Casa Verde Fotovoltaice (Green PV home) scheme to support rebates for residential solar installations under the country's net metering regime. The programme was introduced in 2018 and covers up to 90 per cent of the costs of purchasing and deploying a rooftop array.[276]

PUBLIC PARTICIPATION IN DECISION-MAKING ON ENERGY POLICY AND INFRASTRUCTURE

Like its peers, Romania's energy sector planning relies on mostly centralised large-scale projects, sometimes decades old. For example, its NECP still plans the Cernavoda 3 and 4 nuclear reactors,[277] which have been planned since the 1970s. It also plans significant new gas capacity, both in the power sector and for household heating.[278] Such antiquated energy sector plans leave little real space for public participation in decision-making as major decisions are taken behind closed doors, with formal consultations such as EIA processes unable to make a real impact.

On its NECP Romania was more consultative than some others such as Croatia, and three rounds of public consultation were held – albeit that the first one was very short. However, details of how the public's views have been taken into account remain elusive.[279]

RECOMMENDATIONS AND NEXT STEPS

Romania needs to work further on consistent promotion of sustainable forms of renewable energy in electricity production, transport and heating and cooling, and the reduction of energy consumption in the energy, industry, residential, transport and tertiary sectors. Now that Romania has finally named its coal phase-out date, it must put in place a clear plan for a just transition as well as a wider fossil fuels phase-out.

To achieve inclusive energy transition Romania needs not only focus its effort on fossil intensive regions covered under the Just Transition Fund, but also on stronger inclusion of citizens in the energy transition process by implementing consumer protection measures and increasing incentives for renewable energy and energy efficiency for different beneficiaries.

Romania should continue with its efforts to increase energy efficiency and energy poverty but needs to better link the two. Its energy poverty measures need to concentrate not only on mitigation of electricity prices but also longer-term measures to tackle energy efficiency. To this end, it should invest in increasing its workforce skills for near-zero renovations.

Romania should also use the revision of its NECP under the Fit for 55 Package to increase its renewable energy and energy efficiency ambitions and reduce its plans for higher dependence on gas.

276 Emiliano Bellini, 'Romania allocates $59 million for solar rebates', *PV Magazine*, 16 JUNE, 2020,

277 Government of Romania, The 2021-2030 Integrated National Energy and Climate Plan.

278 Government of Romania, The 2021-2030 Integrated National Energy and Climate Plan.

279 European Commission, Commission Staff Working Document, Assessment of the final national energy and climate plan of Romania.

SERBIA

GENERAL INFORMATION

Serbia had a population of around 6.9 million as of 1 January 2021.[280] In 2020 the official unemployment rate was 9.1 per cent[281] and 65.9 per cent of the working-age population was employed.[282] The gross domestic product per capita in purchasing power standards in Serbia in 2020 was only 43 per cent of the EU average,[283] and 31.7 per cent of people were at risk of poverty or social exclusion in 2019,[284] the latest year for which data is available.

Serbia's political scene is dominated by the Serbian Progressive Party, which has been in power since 2012. The last parliamentary, provincial and municipal elections took place in 2020 and the next parliamentary, presidential and Belgrade city assembly elections will be held in 2022. Deep polarisation is visible between the ruling party and opposition.[285] In 2020 the European Commission remarked in its annual report on Serbia that: '*The newly constituted Serbian parliament is marked by the overwhelming majority of the ruling coalition and the absence of a viable opposition, a situation which is not conducive to political pluralism in the country.*'[286]

Even though the Serbian government continues to declare EU membership as a strategic goal, this is often not visible in public statements or actions by government representatives. In principle Serbia strives to balance relations with the EU, USA, China and Russia, but Serbia's 'steel friendship' with China has been particularly strong during the last two years.[287] This has been mirrored by weak progress on EU accession for many years now, though 2021 has seen some progress in the energy sector[288] after many years of stagnation.

ENERGY TRANSITION SNAPSHOT

Serbia satisfies most of its electricity demand from domestic generation, relying around 70 per cent on lignite, while the remaining 30 per cent is mostly generated by hydropower plants, making Serbia second only to Kosovo in terms of coal dependence in the Western Balkans. Most electricity is supplied by Elektroprivreda Srbije (EPS), a giant state-owned company that employed around 28,500 people in 2020.[289]

Despite strong growth in wind power as Serbia's 2020 renewable energy target deadline approved, in 2020 it still made up only 2.7 per cent of electricity generated.

Serbia did not meet its 2020 renewable energy target of 27 per cent of gross final energy consumption – in 2019 its share was 21.4 per cent.[290] By the end of 2020, Serbia had 398 MW of wind power installed but only 11 MW of solar.[291] In 2021 a new Law on Renewable Energy was approved, which moves Serbia to a market-based support scheme and should speed up solar installation in particular.

Serbia is currently still building a new lignite power plant, Kostolac B. A second planned plant, Kolubara B, was cancelled earlier this year, though it still has not been removed from the national spatial plan that is under development. In fact, the draft spatial plan contains six new fossil-fuelled power plants.[292]

For heating, around a third of households use wood, around a fifth use electricity (traditional heaters, not heat pumps), ten per cent use coal and just under ten per cent use natural gas.[293]

Like Bosnia and Herzegovina, Serbia is highly energy-intensive – more than three times the EU average in 2019.[294] To address this, Serbia has adopted a new Law on Energy Efficiency and Rational Use of Energy in 2021 and has improved its energy efficiency financing framework, adopted the fourth Energy Efficiency Action Plan and new labelling regulations.

The Law on Planning and Construction was also amended in 2020,[295] prescribing the obligation to issue certificates on the energy performance of buildings and establishing the legal basis for a long-term strategy for mobilising investment in the renovation of the national stock of residential and commercial buildings, both public and private.[296]

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280 Eurostat, Population on 1 January (ILC_PEPS01), accessed 8 December 2021.

281 Eurostat, Total unemployment rate (UNE_RT_A), accessed 8 December 2021.

282 Eurostat, Employment rate by sex, age group 20-64 (LFSI_EMP_A), accessed 8 December 2021.

283 Eurostat, GDP per capita in PPS (PRC_PPP_IND), accessed 8 December 2021.

284 Eurostat, People at risk of poverty or social exclusion (ILC_PEPS01), accessed 8 December 2021.

285 European Commission, Commission staff working document, Serbia 2021 Report, 19 October 2021.

286 European Commission, Commission staff working document, Serbia 2020 Report, 6 October 2020.

287 Stefan Vladisavljev, *"Steel Friendship" — Forging of the Perception of China by the Serbian Political Elite*, Prague Security Studies Institute, January 2021.

288 European Commission, Commission staff working document, Serbia 2021 Report.

289 Elektroprivreda Srbije, Electric Power Industry of Serbia 2020 Environmental Report, April 2021.

290 Energy Community Secretariat, Implementation Report 2021.

291 Energy Community Secretariat, Implementation Report 2021.

292 Ioana Ciută, 'Serbia: key national plan risks cementing coal dependence', *CEE Bankwatch Network*, 29 June 2021.

293 Klaus Englemann et al., Improving the performance of District Heating Systems in Central and Eastern Europe, *Keep Warm Project*, 29 December 2020.

294 Eurostat, Energy intensity [nrg_ind_ei], accessed 8 December 2021.

295 Zakon o planiranju i izgradnji, Official Gazette of the Republic of Serbia, No. 72/2009, 81/2009, 64/2010, 24/2011, 121/2012, 42/2013, 50/2013, 98/2013, 132/2014, 145/2014, 83/2018, 31/2019, 37/2019, 9/2020 and 52/2021.

296 Republic of Serbia, Ministry of Mining and Energy, Fourth Annual Report under the Energy Efficiency Directive Republic of Serbia, 2020.

Serbia's 2015 Energy Sector Development Strategy[297] and Implementation Programme for the period 2017 to 2023[298] are both extremely outdated now, so the National Energy and Climate Plan is much-needed. Preparation only started in 2021, yet the document is expected to be adopted in early 2022.

INCLUSIVE ENERGY TRANSITION

JUST TRANSITION

Serbia has not yet set any coal phase-out date, although the Prime Minister signed onto the Green Agenda for the Western Balkans on Serbia's behalf in November 2020,[299] and thus committed to decarbonisation by 2050. In reality, the end of coal will almost certainly come much sooner, as it is becoming less and less economic to operate in the EU, due to carbon pricing, competition from cheaper renewables and increasing cost due to pollution control standards.

Even in Serbia, which does not yet apply carbon pricing and is breaching pollution control rules,[300] older plants will gradually have to close, while the Resavica mines have been struggling for years despite large public subsidies.[301]

As a result of Serbia's leadership refusing to name a coal phase-out date, the topic of just transition has barely started to be raised, except by NGOs. A survey carried out in 2020 and 2021 in the town of Lazarevac near the Kolubara coal mining basin revealed that only 45 per cent of respondents claim to know what 'energy transition' is, whereas 55 per cent do not.[302]

Regarding 'just transition', as many as 79 per cent of respondents admitted they did not know what it means, with only 21 per cent saying they knew.[303] This is symptomatic of the coal-phase out debate hardly having started yet.

In the same survey, when asked whether the closure of the Kolubara coal power plant and phasing out coal is inevitable in the years or decades ahead, 57 per cent of the respondents said that it is impossible to avoid the plant's closure and the elimination of coal mining in the coming years or decades. 23 per cent of respondents replied 'no', while 20 per cent did not know.[304]

Fifty-seven per cent may seem like a solid majority, but this still leaves over 40 per cent of people who either think the plant's closure is not inevitable or do not know – a very high percentage considering the high level of political consensus on a coal phase-out at the EU and even global level.

Also interesting were the answers to the question of who should be the main agent of just transition in the local community: 62.5 per cent of respondents cited the state-owned Electric Power Industry (EPS), 59.8 per cent named the Lazarevac local authorities, and 47.3 per cent the Serbian government. Educational institutions (27.7 per cent), trade unions (26.8 per cent), renewable energy investors (24.1 per cent) and the media (22.3 per cent) were also expected to fulfil this role.[305]

Although the role of EPS is crucial, the just transition planning process must be led by the local authorities, not the company, as the company has its own goals and role – it is not a community development organisation. It is therefore reassuring to see that the Lazarevac local authorities were also seen as a key player. Nevertheless, overall the survey is sobering as it portrays a community which has difficulty in trusting anyone and where many people (65 per cent) would move to another part of Serbia or abroad if they could.[306]

In July 2021, it was reported that Serbia had set up a Decarbonisation Council,[307] chaired by the Minister of Mining and Energy, with the Minister of Environmental Protection as vice chair. The members of the council are the Minister of Finance, representatives of the Ministry of Economy, the Serbian Academy of Sciences and Arts, the Ministry of Labour, as well as members of the EPS trade union and trade unions of the Kostolac and Kolubara mine basins. It was also reported[308] that two civil society representatives would be selected but it is not clear if this has happened yet and if so, which sectors they represent.

HOUSEHOLDS AS ENERGY CONSUMERS AND TAXPAYERS

Like other countries in the region, Serbia's feed-in tariff scheme attracted criticism for subsidising a large amount of

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297 Strategija razvoja energetike Republike Srbije do 2025. godine sa projekcijama do 2030. godine, Official Gazette of the Republic of Serbia, no. 101/2015, 8 December 2015.

298 Uredba o utvrđivanju Programa ostvarivanja Strategije razvoja energetike Republike Srbije do 2025. godine sa projekcijama do 2030. godine za period od 2017. do 2023. godine, Official Gazette of the Republic of Serbia, no. 104/2017, 22 November 2017.

299 Government of the Republic of Serbia, EU integration important for prosperity, stability of Western Balkans, 10 November 2020.

300 CEE Bankwatch Network, *Comply or Close*.

301 Vladimir Spasić, 'Resavica coal mines never break even despite massive subsidies', *Balkan Green Energy News*, 11 February 2021.

302 Maja Pupovac, A wake-up call for us all, Just Transition attitudes and perceptions in the coal-impacted Community of Lazarevac, Serbia, *Climate Action Network Europe*, June 2021.

303 Maja Pupovac, A wake-up call for us all, Just Transition attitudes and perceptions in the coal-impacted Community of Lazarevac, Serbia.

304 Maja Pupovac, A wake-up call for us all, Just Transition attitudes and perceptions in the coal-impacted Community of Lazarevac, Serbia.

305 Maja Pupovac, A wake-up call for us all, Just Transition attitudes and perceptions in the coal-impacted Community of Lazarevac, Serbia.

306 Maja Pupovac, A wake-up call for us all, Just Transition attitudes and perceptions in the coal-impacted Community of Lazarevac, Serbia.

307 Vladimir Spasić, 'Serbian government sets up council for energy sector decarbonization', *Balkan Green Energy News*, 14 July 2021,

308 Vladimir Spasić, 'Serbian government sets up council for energy sector decarbonization'.

damaging small hydropower which has contributed very little to the electricity supply – 0.7 per cent in 2019.[309] The scheme expired in early 2020[310] and has in 2021 been replaced by an auctions and premiums-based scheme which should help to keep costs for consumers down for new renewable installations.

As with other coal-dependent countries in the region, however, the energy transition not only costs money but also offers opportunities for savings. For example, the Resavica coal mines receive about EUR 40 million in subsidies annually – money which could be used for more sustainable purposes while ensuring a decent life for those affected by the mine closures.[311]

Approximately 9.5 per cent of the population cannot afford to keep their homes adequately warm as of 2020.[312] Until recently, not much had been done about this, but earlier in 2021 a new Energy Efficiency Law was adopted, and a Directorate for Financing and Promotion of Energy Efficiency was formed within the Ministry of Mining and Energy. Public calls for subsidies to change doors and windows were issued, and in November,[313] a definition of energy poverty was adopted by a working group on the topic, in preparation for inclusion of the concept in the NECP.[314] It will take some time until significant progress is visible for people on the ground, but the topic is moving at last.

PROSUMERS

Serbia's feed-in tariff scheme limited rooftop solar incentives to a total of 2 MW for plants under 30 kW. Thus between 2011 and 2019, only 88 such installations were able to receive feed-in tariffs and were installed.[315]

The country has no true prosumers so far,[316] but the Law on Renewable Energy approved this year should enable self-consumption as well as energy communities. On 31 August 2021, Serbia adopted a Decree on self-consumption, enabling a net-metering scheme for households or housing communities and a net billing scheme for all other self-consumers.[317]

In September 2021, the Ministry of Mining and Energy published a call for a programme to subsidise households to install solar panels and become self-consumers, together with local authorities. The total incentives amount to EUR 852 000, with the Ministry and local municipalities securing half of the investment costs, while households need to cover the remainder.[318]

The Minister for Mining and Energy also announced in November 2021 that as much as EUR 230 million will be available for energy efficiency measures and the installation of solar photovoltaics on rooftops in 2022.[319]

PUBLIC PARTICIPATION IN DECISION-MAKING ON ENERGY POLICY AND INFRASTRUCTURE

Serbia has made impressive progress in the last year in changing its legislation on renewable energy and energy efficiency, but there is a stark contrast between this more EU-compliant approach in the energy sector and the wider governance situation in the country.

Whether it is small hydropower plants, lithium mines, air pollution from existing power plants, mines and steel mills, tyre factories, or urban redevelopment projects, protests on environmental issues are becoming more and more widespread[320] because the law is not being applied.[321]

In some cases, the law itself is the problem – for example, small hydropower plants under 2 MW are generally not required to undergo an environmental impact assessment, or even to be screened to check if they need to, thus denying the public the right to be consulted.

And the current Law on Environmental Impact Assessment and Law on Planning and Construction even allow building permits to be issued before environmental impact assessments are finished,[322] thus rendering the procedure largely meaningless. As of late November 2021, public consultations regarding a new Law on Environmental Impact Assessment are ongoing after a delay of at least two years.[323]

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309 Serbia Energy Regulatory Agency, Annual Report 2019, AERS, May 2020.

310 Pippa Gallop, 'Serbia finally moves to halt unfair advantage for small hydropower plants', *CEE Bankwatch Network*, 22 January 2020.

311 Vladimir Spasić, 'Resavica coal mines never break even despite massive subsidies'.

312 Eurostat, Inability to keep home adequately warm – EU-SILC survey [ilc_mdes01].

313 Energy Community Secretariat, Implementation Report 2021.

314 Republic of Serbia, Ministry of Mining and Energy, 'Mihajlovićeva: Srbija definisala pojam energetskog siromaštva', 9 November 2021.

315 Toby D. Couture, Maja Turković, Scaling-up Distributed Solar PV in Serbia: Market Analysis and Policy Recommendations, *E3 Analytics*, November 2020.

316 Energy Community Secretariat, WB6 Energy Transition Tracker.

317 Vladimir Spasić, 'Serbia adopts decree to ease procedure for prosumers', *Balkan Green Energy News*, 31 August 2021,

318 Vladimir Spasić, 'Serbia launches program to subsidize households to install solar panels', *Balkan Green Energy News*, 6 September 2021.

319 Republic of Serbia, Ministry of Mining and Energy, 'Mihajlovic for Euronews: More than 200 million euros a year to increase energy efficiency', 17 November 2021.

320 See for example Igor Todorović, Građani masovno blokirali saobraćaj u Srbiji u znak protesta zbog spornih zakona i Rio Tinta, *Balkan Green Energy News*, 4 December 2021.

321 For more information on a range of environmental breaches, see the Renewables and Environmental Regulatory Institute website.

322 As the European Commission's 2020 Serbia report put it: '*The non-compliance of environment impact assessment (EIA) legislation with other laws, especially with the law on planning and construction according to which the impact assessment is carried out after the issuance of the construction permit, needs to be urgently addressed.*' European Commission, Commission Staff Working Document, Serbia Report 2020.

323 Republic of Serbia, Ministry for Environmental Protection, Javni poziv za učešće javnosti u procesu konsultacija u vezi sa Nacrtom zakona o proceni uticaja na životnu sredinu, accessed 8 December 2021.

The use of emergency parliamentary procedures has been significantly reduced,[324] but the use of such procedures for the recent controversial amendments to the Law on Expropriation and Law on Referendum and People's Initiative[325] has again brought the issue to light.

But many critics of the regime are under increasing pressure. As the European Commission's latest enlargement report puts it:

> *Verbal attacks and smear campaigns against several [civil society organisations (CSOs)] and their financing continued in tabloid newspapers, as well as in Parliament[326] even after a code of conduct was adopted there in December 2020. Organisations and individuals that criticise the authorities in developments related to the rule of law, and increasingly to environmental protection, are under particular pressure.*[327]

In July 2020, the pressure on NGOs and independent media increased as Serbia's financial intelligence unit sent a letter to local banks requesting private client data on some 50 NGOs and media outlets known for criticising the government, misusing legislation that was supposed to help stop money laundering.[328] Overall, the situation is bleak for civil society and independent media in Serbia.

RECOMMENDATIONS AND NEXT STEPS

Many of the changes needed for an inclusive energy transition in Serbia go much wider than the energy sector and require a different style of governance in the country – one which listens to and responds to critical voices instead of targeting the messenger.

Specifically on the energy transition, Serbia needs to take ownership of its energy transition and find ways to benefit from it, instead of seeing it as something imposed from abroad. It should use its ongoing NECP and national spatial plan processes to declare a halt to new coal power plant projects.

Its NECP also needs to develop concrete plans for a coal phase-out – and a phase-out of other fossil fuels – and to further develop energy efficiency and sustainable renewable energy sources. This must include carrying out a thorough strategic environmental assessment and meaningful public consultations.

The work started this year on developing solar, energy efficiency and energy poverty is promising, but needs to be part of a comprehensive sustainable decarbonisation strategy, and more assistance needs to be given to those in energy poverty.

Plans for just transition of coal regions need to be drawn up in a bottom-up manner, led by local people and local authorities, with the central government supporting but not driving the process.

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324 European Commission, Commission Staff Working Document, Serbia Report 2021.

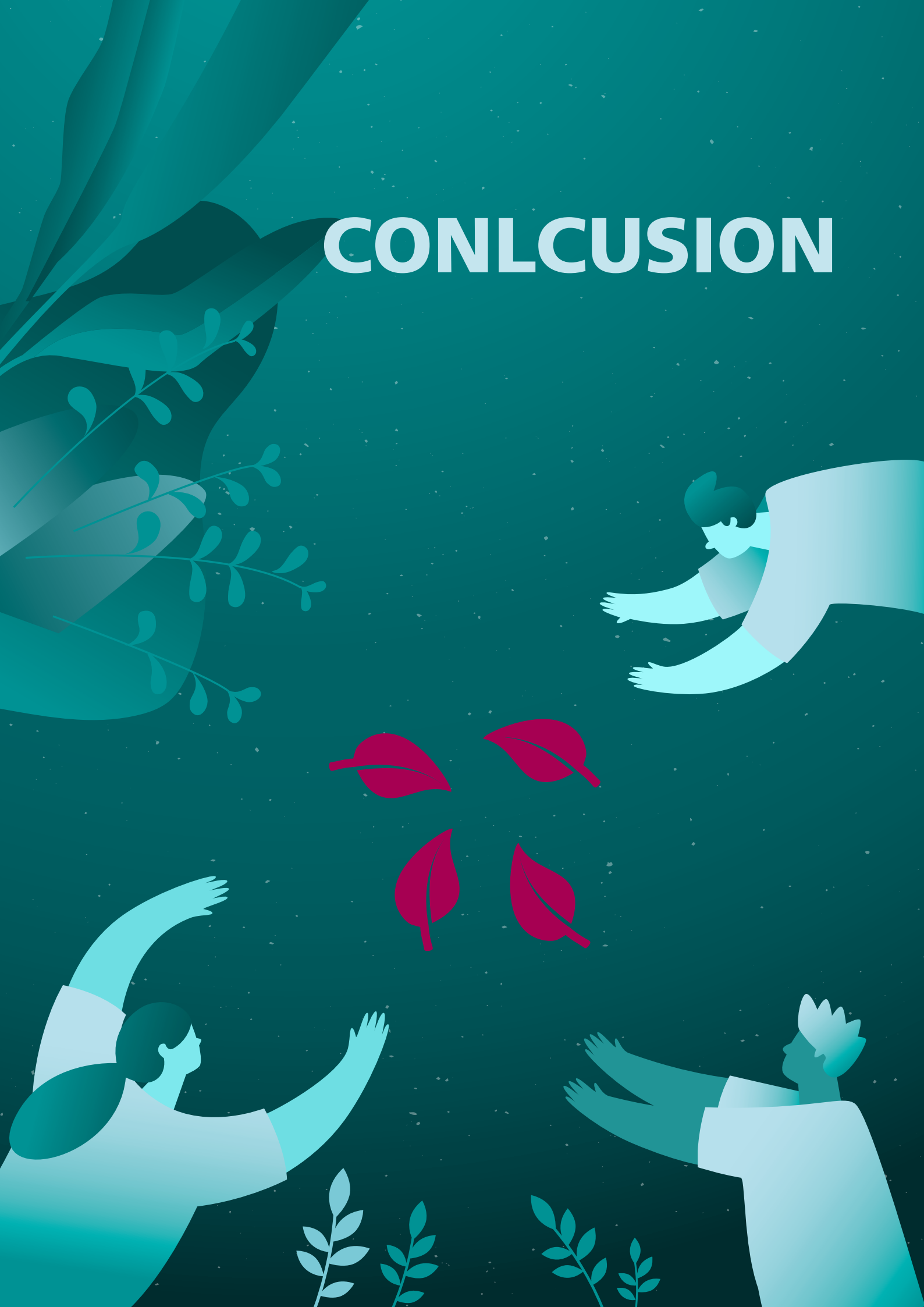
325 Balkan Green Energy News, Massive protests in Serbia against Rio Tinto's lithium mining ambition, pollution, *Balkan Green Energy News*, 29 November 2021.

326 See for example Civil Rights Defenders, 'Members of Serbia's Ruling Party to Stop Threatening CSOs', 18 March 2021.

327 European Commission, Commission Staff Working Document, Serbia Report 2021.

328 United Nations Office of the High Commissioner, 'Serbia's anti-terrorism laws being misused to target and curb work of NGOs, UN human rights experts warn', 11 November 2020.

CONLCUSION



CONCLUSIONS AND OVERALL RECOMMENDATIONS: OPPORTUNITIES FOR AN INCLUSIVE ENERGY TRANSITION

Energy transition is gradually taking place in southeast Europe, largely driven by EU legislation, but so far it has not always been very planned or very inclusive.

Southeast European countries are facing serious challenges with democratic procedures – lack of rule of law, frequent changes of government, insufficient public consultation and in some cases pressure on civil society groups and independent media, state capture, non-transparent decision-making and corruption, and lack of national funding.

Relying on EU legislation to steer the transition in an inclusive direction will bring – and is already bringing – some results, but will not be sufficient on its own.

Legislation like the Strategic Environmental Assessment Directive and Environmental Impact Assessment Directive sets minimum standards on including the public in decision-making on the transition, although even these are often not met. But genuine public participation has to take place throughout the decision-making process, not just at the end when detailed proposals are already on the table and there is reluctance to change them.

Some of the Western Balkan countries have shown willingness to do so by including NGO representatives in their NECP working groups or forming NGO consultation groups for other policies, but in most cases it remains to be seen how much influence those representatives are able to have on the final outcomes.

Our analysis shows – and interviewees in the accompanying report confirmed – that most, if not all, of the countries have limited human and technical resources at the ministries and agencies in charge of energy transition, and especially in the local authorities. A skilled workforce, trained for high-quality energy efficiency renovations is also lacking.

In most of the countries support for residential energy efficiency and small-scale renewable energy installations is only just beginning, though the number of prosumers is rising rapidly in Romania. Energy poverty has been given very little attention, and where support exists, it is usually in the form of support for paying bills rather than longer-term solutions to increase the energy efficiency of dwellings.

So far it has rather been the costs of energy transition which have been visible to household consumers, rather than the benefits. In particular, the use of incentive systems to drive small hydropower development has given renewable energy support schemes a bad name in several countries, while concerns about the overall cost of the schemes in Romania and Bulgaria led to abrupt changes in the systems that virtually halted renewables development for several years.

A just transition of coal mining regions is developing faster in Romania than in Bulgaria due to Romania more actively seizing the opportunity to participate in the EU's Initiative for Coal Regions in Transition. Yet some initiatives are also starting in Bulgaria's Stara Zagora region and elsewhere. In the Western Balkans, the idea of just transition is in its infancy but the 2020 founding of an *Initiative for coal regions in transition in the Western Balkans and Ukraine*[329] has further concentrated governments' minds on tapping funds for long overdue projects.

The fact that Romania, Croatia, North Macedonia, Montenegro and even Bulgaria have finally named coal phase-out dates – albeit unrealistically late ones, except for North Macedonia's – provides a clear milestone for planning further action, while the European gas crisis in late 2021 underlines the need to urgently increase energy efficiency and avoid developing further dependence on gas, which also needs to be phased out in the coming decades.

There is also high potential for bottom-up initiatives in the region, and this is likely to increase in the coming years as the legislation develops. Such actions can take many forms, but some can be more independent than others. Feeding electricity into the grid as a prosumer or cooperative is currently more legally complicated in some of the countries than some other forms of action such as installing solar water heating, heat pumps or retrofitting houses, though this should change in the coming years.

Likewise, since the goal of most donors is to create change at scale, rather than to endlessly fund pilot projects, the greater the degree of involvement by local or national authorities,

329 European Commission, Initiative for coal regions in transition in the Western Balkans and Ukraine, 15 February 2021, updated 22 October 2021.

the higher the likelihood of attracting donor funds to reduce the costs of such initiatives. Independent action is much needed, particularly when national authorities are dragging their feet, but the more it is embedded in a wider framework supported by at least the local – and preferably the national – authorities, the more systematic the change can be.

We therefore recommend the following for the countries to make the most of the opportunities for an inclusive energy transition. Some of the recommendations also relate to other actors, such as the European Commission and international donors, who can greatly assist with funds and expertise but need to send the countries clear messages when they are or are not on the right track, as well as leading by example with regard to public participation in decision-making.

The involvement of civil society is also crucial, and we assess that many groups are already working hard to act as watchdogs for the energy transition, albeit with too little capacity. Another area which needs more development is the proactive side of civil society, which can help to develop citizen energy projects and energy cooperatives and help governments understand how to aid such projects.

PUBLIC PARTICIPATION IN DECISION-MAKING

- Those governments which have not done so already need to identify the potential advantages for their country from such a transition, instead of just seeing it as an obligation. Experts and the wider public need to be involved in such a discussion, in order to ensure the vision is widely shared.

- More balanced and updated information about the costs and opportunities of energy transition needs to be shared with the public, particularly on the need to save energy, the costs of coal and the price drops of wind and solar.

- For those countries which have not yet completed their NECPs, SEAs and public consultations must be carried out with a genuine intent to gather public opinion and take the input into account in the final document.

- For the EU Member States, the forthcoming updates under the Fit for 55 package are an opportunity that must be seized to increase the countries' ambition levels and genuinely include the public in decision-making.

- All consultations need to be held at an early stage when all options are open. Old infrastructure projects planned for decades need to be regularly reviewed to see whether they are still relevant and their existence must in no way dictate the outcome of planning processes. The plan must lead to appropriate projects, not the existing projects defining the plan.

HOUSEHOLDS AS CONSUMERS AND TAXPAYERS

- Plans need to be made on how to gradually raise household prices of electricity while shielding vulnerable consumers from the impacts, in order to allow utilities sufficient income to invest in new renewable capacity and decreasing distribution losses.

- Concrete actions to quantify, monitor and tackle energy poverty need to be stepped up in all countries, including protection from disconnection and support for bill payment in the short term but also going beyond this to increase energy efficiency and tackle the heart of the issue.

- Support for deep household renovations needs to be stepped up in all countries, accompanied by additional training of the workforce.

- Particularly in locations where electricity is often used for heating, but also elsewhere, a rapid switch to heat pumps, and where suitable also solar thermal, needs to be planned and incentivised so that they are affordable for households and help to increase energy efficiency.

PROSUMERS

- Those countries which have not completed the legislation on prosumers yet need to do so, as well as increase support schemes for prosumers and, where applicable, simplify administrative procedures for rooftop installations. One factor in favour of prosumers developing in the region is that many people, particularly in rural areas, have skills related to construction which can increase their engagement in installation and maintenance activities.

- Facilitation and project management skills are needed to help develop energy cooperatives in order to overcome a lack of grassroots organising experience among much of the population, coupled with a frequent lack of trust.

- One possibility is to focus energy cooperatives on energy efficiency investments and not only on investments in electricity generation. This approach has proven useful in the EU,[330] but would arguably be even more relevant in the Western Balkans due to the high energy wastage.

- Even if not forming formal cooperatives, collective buying of photovoltaics, thermal solar installations or heat pumps may help households and small businesses to obtain a better price, depending on technical needs.

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330 REScoop, Citizen-led renovation, accessed 25 August 2021.

– Bearing in mind the potential for the development of small and medium enterprises which have the power to stimulate the transition, more effort should be put into creating a favourable climate for them to invest in becoming prosumers.

JUST TRANSITION

– Just transition planning must be carried out from the bottom up, led by the affected communities themselves and supported by the central government, not the other way round.

– The *Initiative for coal regions in transition in the Western Balkans and Ukraine*[331] needs to be expanded to include the creation of a Just Transition Fund for the region under which funds would be subject to strict conditions on the public participation and fossil fuel phase-out.
– More effort should also be put into the creation of green jobs and availability of suitably skilled professionals, including investments in the education and research system.

331 European Commission, Initiative for coal regions in transition in the Western Balkans and Ukraine.

REPORT ON SEMI-STRUCTURED INTERVIEWS

INTRODUCTION

Our desk research showed that the process of energy transformation in southeast Europe (SEE) is slow, and that additional effort and investment is needed to expedite it. Expert interviews were used to further explore the hypotheses that inclusive energy transition in southeast Europe will contribute to positive change, and that this change will be reflected in democratic and economic development. In particular, this hypothesis expects that the change will appear in citizens' participation in decision-making and economic development in rural areas, increasing local value and decreasing unemployment as well as positively affecting rural-urban migration and increasing decentralisation. It also seeks to measure the extent to which inclusive energy transition can contribute to peacebuilding and intergovernmental cooperation.

METHODOLOGY

We mapped the stakeholders relevant to the energy transition process. More than 170 decision makers; energy experts from agencies, institutes and non-governmental or civil society organisations; politicians; academics; and grassroots activists in nine countries, as well as a few experts working in European organisations, were identified and contacted with a request to participate in a semi-structured interview on the inclusive energy transition in their country/region. In total, 59 stakeholders expressed interest in participating in the interview (37 per cent of the contacted stakeholders). Sixty-three per cent of the stakeholders did not respond to multiple requests. The stakeholders in Romania and Bulgaria were the most reluctant to participate, and these countries had the lowest response rate. The average duration of the interview was one hour.

Despite the effort made to reach all relevant sectors and have a balanced overview, the majority of the participants (42 per cent) came from non-governmental organisations (NGOs). Nineteen per cent of the interviewees were from academia, 12 per cent from the public sector, and the rest, with shares below 1 per cent, from international institutions, government, local authorities, trade unions, national parliaments, an opposition political party and grassroots activists.

The interviews were semi-structured, and participants were encouraged to give additional input in accordance with their experience and role in the transition processes. The interviewers took the liberty of skipping some of the questions if the answers were already given in some other context or the interviewee expressed reluctance to answer the question.

The questions were grouped in categories around the main indicators as follows: the inclusiveness of the energy transition and citizens' participation in innovative policy making; the potential for renewable energy sources (RES); the role of regional political and economic initiatives in the inclusive energy transition process and how this process effects regional political and economic systems; the effects of the pandemic on inclusive energy transition; the political context, especially the potential for transnational cooperation; the financial framework and investments; and energy poverty and employment in the energy sector, as well as potential for green jobs and better alignment of the labour market and education system.

Participants were asked the following questions:

- What is in your opinion an inclusive energy transition, and what does it entail? What would be the main indicators of an inclusive energy transition? Could you maybe identify the main obstacles and potentials for inclusive energy transition?

- In your opinion, what are the main obstacles and what are the main potentials for the use of renewable energy sources in your country? Do you think that the climate and energy targets for your country are ambitious enough and will they be reached?

- How is the possibility of an inclusive energy transition in SEE connected to initiatives by the Regional Cooperation Council or in the Energy Community? How is it related to the EU's Green Deal as well as to other regional initiatives and political developments in reaction to the COVID-19 pandemic? What are the obstacles?

- Do you maybe know which laws in the field of energy are harmonised with the European framework? What is the status of development of the National Energy and Climate Plan (NECP)?

- To what extent, in your opinion, is the inclusive energy transition present in the political discourse? In your opinion, what should be done to speed up the inclusive energy transition process in your country regarding the political framework?

- To what extent are civil society organisations involved in shaping public energy and climate policies?

- What opportunities are connected to an inclusive energy transition in terms of the economy? What are best practices for economic alternatives, different collaboration models that could inspire an inclusive energy transition?

- Is there a favourable environment for investments? Are the benefits of investing and participating in the energy transition presented?

- Is energy poverty recognised by the authorities, treated in legislation and monitored properly? Is it elaborated in the NECP?

- What are the opportunities associated with an inclusive energy transition in terms of employment? To what extent is economic migration present in your country? Do certain unions influence the energy transition and in what way?

– What would be promising approaches and platforms for target groups to further benefit from an inclusive energy transition?

The answers were analysed for each of the nine countries separately, identifying points of commonality as well as differences in opinion between stakeholders. The sector a respondent came from was also considered when interpreting the results.

SUMMARY OF FINDINGS FROM EXPERT INTERVIEWS

The six Western Balkan Energy Community Contracting Parties – Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia – face several main obstacles: insufficient and at times inadequate legal frameworks, lack of human and technical capacities at the ministries and agencies in charge of the transition, heavy dependence on coal and lignite (except Albania), lack of energy efficiency measures, energy poverty which is not appropriately addressed, dependence on a single energy supplier and slow progress on diversification of the supply chain and on widening interconnectivity, lack of a skilled labour force, and the security of the energy market.

When asked about inclusive energy transition, interviewees in some countries, especially in the Western Balkans, had difficulties in understanding the term and differentiating it from the just transition process. Overall, the stakeholders in the Western Balkans agree that the first step toward an inclusive energy transition would be to receive more information on the process. One of the ways this could be achieved would be to include citizens in the policy-making process and to open the channel for citizens to gain knowledge about inclusive energy transition and what that process entails.

Not only do citizens lack information, but many stakeholders from the Western Balkans concluded that decision makers also lack awareness about the process. According to our interviewees, in some countries such as in Serbia, the government has not shown interest in meeting climate targets. Stakeholders also recognised the potential for local communities in the inclusive energy transition process and almost universally agreed that local communities should be more included and informed – this would contribute to a higher level of inclusiveness and decentralisation. Almost all the interviewees agree that renewable energy is underused in their countries and that their government should put more effort into using renewables as a permanent solution to cover their countries' energy needs. Interviewees in some countries feel that the core problem is that authorities still do not recognise renewable energy as a development priority.

For some countries, such as Kosovo, the challenge of inclusive energy transition is greater than for others – interviewees from Kosovo point out that almost 60 per cent of citizens cannot cover their utility costs, indicating that urgent measures promoting the renovation of family homes and energy efficiency in general are needed. As Kosovo is not a signatory to the United Nations Framework Convention on Climate Change (UNFCCC), it has no legal basis for Nationally Determined Contributions. In this respect, the Green Agenda for the Western Balkans is seen as an opportunity for political commitment.

Despite the fact that it faces similar challenges to other Western Balkan countries, North Macedonia has made some progress on coal phase-out and on citizens' inclusion in policy-making processes. Interviewees from North Macedonia emphasise that the country faces challenges such as poor alignment of the educational system with labour market needs, and the inability of both the labour market and education system to assimilate all the workers who would need retraining or reskilling in the inclusive energy transition process. Therefore, some interviewees conclude, the government should invest more in the reform of the vocational and higher education system to train highly skilled workers who would be qualified to work with new technologies. These issues and conclusions are more similar to those for the southeast European EU Member States than to those of the other Western Balkan countries.

All participants consider the Energy Community an important factor in the inclusive energy transition processes in the region, but most of them think that it would be more productive if a stricter sanction mechanism – i.e. financial penalties – is put in place.

The main challenge faced by the three EU Member States, Bulgaria, Croatia and Romania, is very unambitious national energy and climate plans. At the time of the interviews, all three Member States lacked clear coal phase-out dates, had relatively unambitious greenhouse gas targets, and did not provide clear action plans or cost estimates for measures envisaged in their National Energy and Climate Plans (NECPs).

Conclusions for the three EU Member States differ from the conclusions for the Western Balkan countries in that more interviewees from the Member States recognise the term inclusive energy transition. Even though they still associate it with the just transition process in some cases, in more cases they readily state that inclusive energy transition means ensuring positive social impacts and creating chances for vulnerable groups to have enough energy for a good quality life. These stakeholders are also more familiar with policy work being done at the national and local levels. Even though some of their issues are similar to those in Western Balkan countries, EU Member State stakeholders recognise different opportunities for their countries – for example, further investments in energy efficiency measures with a higher share of RES in the energy mix or more measures to help the labour market transition from jobs in traditional industries towards green jobs. Interviewees emphasise that labour markets lack a qualified workforce and point out the lack of systematic education for green occupations as the main problem. They view the reskilling of the

workers and the opening of the labour market for more green jobs as one of the main opportunities in the process of inclusive energy transition. They believe that the quality of educational programmes, especially education, should be raised.

RESULTS BY COUNTRY

1. ALBANIA

Awareness of inclusive energy transition

The interviewees from Albania do not think that the term inclusive energy transition is recognised in Albania. One of the participants thinks that the government leads the process and private companies follow. Another says that the necessary first step is raising public awareness about the benefits of renewable energy sources. He believes that energy experts should be the voice of inclusive energy transition in the media: 'If we wait for the government or public companies to do that, things are not going to move', he concludes.

However, one of the biggest barriers to an inclusive energy transition is the lack of political discourse on the topic, one of the stakeholders says. In the last couple of years, civil society organisations (CSOs) have been a bit louder than before, and things have moved. One of the interviewees says that photovoltaics has been mentioned in public as part of an election campaign. Another recalls an example that had a somewhat bigger public response: a clash between the prime minister and the president about the country's problem with small hydropower plants. Another thinks that the media should deal with energy issues more.

Formal barriers to and opportunities for inclusion

The stakeholders agree that the first step toward Albania's inclusive energy transition would be the diversification of renewable energy sources and the full liberalisation of the energy market. When asked about renewable energy sources, interviewees identify technological stagnation as the main obstacle for the exploration of renewable energy sources besides hydropower. However, Albania is moving towards diversification of sources, especially solar. One of the participants stresses that two solar farms are under construction, but it will take a few years for the electricity to come to the consumers and that it should have started earlier. Environmental protection is often an obstacle in the selection process for the solar farm locations. They are often built in the vicinity of protected areas or agricultural land. Feasibility studies have been done for wind farms, but there have been no investments so far. Most of the interviewees state that Albania should primarily invest in the development of the grid infrastructure. One of the stakeholders points out that a lot more should be invested in the development of energy storage technologies. The monopoly on energy supply and low electricity prices are viewed as a tool to keep low-income voters satisfied.

A year ago, the net metering scheme for small and medium enterprises and households became legally regulated, and now the system is opening for the citizens to store and receive the electricity they produced. 'The intention is very good, but the implementation is very slow. It is easier to import', says one interviewee.

Regarding legislation, all the interviewees stress that the laws are relatively well transposed, but that secondary legislation is missing. In the process of preparing the laws, the specialists do not consider the cost of the investment, which then becomes too expensive and the government cannot provide the budget. Decision makers lack knowledge, and administration is not efficient enough.

The drafting procedures for strategic documents and laws are transparent; there are public consultations, but the comments from civil society are not considered, says one respondent. More organisations are included in the processes of writing laws and fewer in strategies. More civil society organisations are dealing with environmental issues, and fewer with energy, state two of the interviewees, and yet, the involvement of environmental NGOs in decision-making is less welcome. The grassroots organisations are the most active, mentions one interviewee.

Four of our interviewees consider a lack of expertise and political will the reason that the country's high energy and climate goals are not reachable. Another challenge is corruption in the energy sector – for example, one participant says that despite a ban on the cutting of firewood, there have been cases in which government officials allow some small companies to continue to do so.

Albania is currently in debt, and its main source of funding for such efforts is foreign. According to an NGO participant, apart from financial problems, investments have been blocked due to the lack of a good legal framework in the extensive, six-year process of judicial reform, which aims to free the courts from political influence and corruption.

Energy poverty

The interviewees from Albania are not familiar with specific energy poverty policies, pointing out that as far as they know, all of the measures are constructed simply to help vulnerable citizens with paying their electricity bills.

Employment

As a consequence of the catastrophic earthquake in 2019, intensive construction in Albania is underway. The renovation plans for buildings include energy efficiency measures, and these types of activities employ a new workforce. Stakeholders from the civil sector think that this is one of the things that the government should point out as the benefit of an inclusive energy transition. This would certainly contribute to the popularisation of the concept of green jobs

and the circular economy, for which there are no real employment models yet. One of the interviewees states that new jobs should be created during gas pipeline construction and development, but these cannot be considered green jobs. Most participants stress that there is a lack of knowledge in the country about how to implement inclusive energy transition measures, especially training programmes, and that foreign experience and leadership are a necessary prerequisite. Young people prefer to go to the EU, and the government has to find some policy to keep them in Albania, an industry interviewee concludes.

2. BOSNIA AND HERZEGOVINA

Awareness of inclusive energy transition

In Bosnia and Herzegovina (BiH), the inclusive energy transition is recognised as a concept by almost all interviewees. Most equate it with just transition and listed socially vulnerable categories and employees in companies that will be directly affected by the transition processes, primarily in the mining industry.

Most interviewees believe that the problem of the inclusive energy transition in Bosnia and Herzegovina should be addressed from top to bottom. At the same time, several interviewees believe that the government and the power companies must start following European trends and change transition-related policy, while others believe that this should be done by removing the staff that creates a legislative and information barrier. Green recovery should be presented to the authorities as to the chance for their own profit, as this is the only way they will be drawn to the concept.

Contrary to the opinion of the majority, one of the experts mentions the example of a project in which four municipalities are jointly entering a network that will work on the inclusive energy transition. He believes that the bottom-up approach should be supported, because it is the citizens and the free market who should guide the decision makers. Another NGO interviewee mentioned a negative example of projects being prepared under the Initiative for coal regions in transition in the Western Balkans and Ukraine. The project established cooperation between the respective Ministry and the publicly-owned electricity utility in November 2020; the interviewee believes that instead of this, cooperation must be established with the local community and other relevant stakeholders, who are the most familiar with the economic needs of their communities.

'Energy is present in the public discourse as much as is required at a given moment to meet the needs of the Energy Community', states one respondent. Two interviewees expressed pleasant surprise at a public statement by the director of the power company that the coal mines will be closed by 2050 and expressed the view that this, not the official signing of the Sofia Declaration, is the real beginning of the inclusive energy transition in Bosnia and Herzegovina. While some participants think that most decision makers are not aware of what the inclusive energy transition process will bring, an interviewee from the government sector says that everyone is well acquainted with the concept, but that they only mention it less in coal-dependent regions.

Most participants believe that civil society organisations fulfil a knowledge-sharing role. One respondent states that the NGO sector is strong and well connected. Another interviewee, an economist and energy expert, says that in the last four to five years they have been very loud and clear in communicating the inclusive energy transition, but that the government has not yet started to treat them as partners. The majority of interviewees agree that the participation of the civil sector is still only formal. A member of the expert group for drafting the national energy and climate plan points out that from his experience from the working group for drafting the NECP, NGOs are still not sufficiently involved in public consultations and do not invite government representatives to their events and actions. He states that 'several meetings were organised with experts from various institutions, and only one of them was a representative of an NGO'. He believes that NGO representatives need to impose themselves to become noticed as serious stakeholders.

Formal barriers to and opportunities for inclusion

Almost all the interviewees agree that renewable energy as a source of energy production/consumption is underused. As the main obstacle, they identify the social and political environment – the fact that coal is considered a national treasure, the investment climate is not stimulating, the bureaucratic procedures are overly complex and corruption in the energy system is more than visible. According to one respondent, nepotism in the electricity sector is a serious challenge as well, and two interviewees state that licenses are granted only to the privileged and/or friends and family. Another respondent adds that the best locations for RES production are given to foreigners, and 'in 99 per cent of cases we have given them the freedom to sell it wherever they want, and not in our market. We will produce, and we will not benefit from it'.

'The cheapest is the energy you don't spend. We are champions in wasting energy!' says one NGO participant, and points out that energy inefficiency is the biggest problem in the country. And this is closely related to the subsidised price of electricity: as long as it is cheap, it will not be possible to convince citizens to start saving. Thermal energy is charged per square metre of the household, and not according to real consumption. With such a system, consumers do not have a realistic sense of how much they are spending.

The majority of interviewees confirmed that the legislation in Bosnia and Herzegovina is one of the biggest challenges. Some directives have been transposed into national legislation, but they are not being implemented. One of the interviewees points out: 'There is still no official document saying that we are going into transition and that it will last un-

til a certain date.' The slowness of the transition process is exacerbated by a complex decision-making system, and it takes five to six years to pass a law. A government respondent thinks that this should be resolved by changing the Constitution or at least passing a law that will prescribe a time limit for making decisions, even if they are negative. An academic respondent states that one of the problems is that the European Union 'will not negotiate with the entities, but [only] with the state' commenting that the energy sector is under the legislation of the entity level.

The Energy Community is considered an important factor in the inclusive energy transition processes in the region by all participants, but most of them think that it would be more productive for Bosnia and Herzegovina if a stricter sanction mechanism is put in place.

According to almost all interviewees, the electricity market in Bosnia and Herzegovina exists only on paper, because in reality there are only three entity suppliers fully owned by the state. Only our interviewee from the government sector believes that the electricity market 'functions as in the rest of Europe' and names one major private supplier. Another interviewee explains that the inclusion of other business entities in the supply chain is not in the interest of the state because 'the three existing large power companies are financing political parties'.

One of the members of the working group for the development of the NECP states that in 2016, 'something serious started happening, foreign suppliers started coming because cheaper electricity from Western Europe was competitive. With the EU emissions trading system (ETS) and rising prices in Europe, it quickly died down'. He explained that the subsidies received by national power companies are huge and consist of benefits to mines and thermal power plants, non-payment of certain concessions, and non-payment of full contributions for salaries. He states that, according to a study done by the Energy Community, the abolition of subsidies would raise prices by 30 to 50 per cent. With such prices, the market would be more open, because European electricity would be more competitive. 'Without the establishment of an organised market, it is difficult to integrate RES due to their variability'. A government respondent also announces the establishment of a power exchange, which three other interviewees point out should have already been established.

Most of the stakeholders think that the pandemic did not influence the transition processes. One of the interviewees states that some activities did slow down, but mostly because of the European lockdown. One NGO interviewee mentions the fact that the construction of Unit 7 of the Tuzla power plant was postponed due to the fact that the company in charge is from Wuhan but stresses that this is just a delay and not a cancellation.

When it comes to financing, most experts believe that resources from pre-accession funds are underused, and most often blocked due to slow absorption. An NGO respondent declared that funds are available and that international grants are a significant source, but the funded projects focus, for example, on the energy efficiency of public buildings, from which in his opinion citizens do not benefit. He believes that the 'polluter pays principle' should be introduced.

One of the participants from the government sector states that a tax on CO_2 should be introduced. He also believes that thermal power plants and mines should be closed down gradually, and the process should be transparent and inclusive. A member of the expert group for drafting the National Energy and Climate Plan believes that the ETS mechanism is the only right way to finance the energy transition. He states that 'roughly calculating based on the example of a scheme from Montenegro, 150 million EUR could be collected per year'.

Energy poverty

All interviewees are well acquainted with the topic of energy poverty, but consider it poorly known to the public. They agree that there is no systematic approach to the problem, and one respondent from the government says that there have been several attempts to create an energy poverty plan on the entity level and even one on the state level, but that there is no definition of energy poverty and effort should be put in the discussion of the topic itself. Four interviewees who participated in the drafting or had an insight into the working version of the NECP said that energy poverty is mentioned, but not elaborated in the NECP.

Employment

According to experts who participated in the interviews, there is no organised approach to the problem of job losses in thermal power plants and the mining industry, although one respondent points out, 'the people living off of the mines are aware that mines are a thing of the past'. All interviewees agree that the state is just buying social peace. One interviewee points out that from the current number of workers in thermal power plants and mines, 'maybe 10 per cent will be needed for new technologies', 'and taking care of surplus workers is not yet in focus'. Some of the interviewees think that the number of workers working in the mines is smaller than the publicly available data shows, because a significant number of workers are administrative staff or drivers and machine operators in surface mines.

One respondent points out that work is being done on retraining programmes for the application of new technologies in high schools, and that the same is planned for faculties. One interviewee believes that by adapting to the market and changing the curricula, professors would be deprived of their subjects and consequently their salaries, and that this would lead to further problems. Another interviewee mentions that in some high schools, student quotas are not aligned to the real labour market needs, but are formed

because of political pressure. One of the interviewees points out that decision makers in Bosnia and Herzegovina are not familiar enough with foreign financial mechanisms for retraining workers. He thinks that the areas where surface mines were could be turned into agricultural land and that it is a pity that there are no plans for such a type of conversion and retraining of the workforce.

3. BULGARIA

Awareness of inclusive energy transition

Experts in Bulgaria agree that the principle '*no one should be left behind*' describes the process of the inclusiveness of the energy transition the best for Bulgaria. But the participants from the non-governmental sector also point out that the term is not well known among the public and that it still sounds like a political or strategic concept, which in this case does not mean that it does not apply.

When asked about the presence of the term energy transition in the public and political discourse, some of the interviewees said that the government exercises its obligation to hold public debates and they include different stakeholders in working groups.

Formal barriers to and opportunities for inclusion

Opinions about renewables differ. One interviewee states that Bulgaria has a high share of renewables in the energy mix due to traditionally strong hydropower generation and long experience with feed-in tariffs to push investments in solar facilities. On the other hand, renewables are in the opinion of some of the interviewees a good indicator of political corruption – most of the solar power plants are owned by politicians. As a good example, an interviewee cites investments in geothermal and in heat pumps, but also mentions that biomass is still considered renewable even though it raises sustainability concerns. Another participant points out that there is still too much solid biofuel in the energy mix and that Bulgaria lacks more ambitious technologies.

The problem of energy consumption should be handled through measures for energy efficiency. According to one of our interviewees, existing energy efficiency measures tend to be limited to the replacement of windows and door frames. One of the interviewees mentioned that an European Bank for Reconstruction and Development-financed project which was initially inefficient in its first phase was made more efficient in its second phase with the help of civil society experts. They included photovoltaics and solar water heaters and applied the programme to a larger group of homeowners. Another interviewee thinks that the schemes for performance certificates were not ambitious and that policymakers have to be braver in the implementation of soft measures. Our participants remarked that the COVID-19 pandemic slowed down the implementation of the 2015 nearly zero-energy building plan. Talking about the pandemic, interviewees from NGOs have been active in advocating for a redesign of the recovery plan to include high employment potential and green jobs.

Interviewees stated that the liberalisation of the market is ongoing. The energy exchange was set up, but there is a lot of manipulation with the prices of nuclear energy, prearranged deals and, most importantly, a limited number of market participants. The prices are still heavily regulated by the state. The gas distribution network should evolve, and the share of retail energy should grow. Two interviewees think that the transposition of the Renewable Energy Directive should give more power to prosumers.

Our stakeholders say that the inclusive energy transition was not present in the discourse around the elections. 'I can recall only one recent comment from our prime minister after a meeting in Brussels saying that we should be helped more than the other countries to transition from coal', says an NGO interviewee. Another points out the same problem and adds that he does not expect a healthy change because the (now former) opposition is a former communist party and they are going along with Russian interests.

Some of the interviewees think that 2030 should be made the year for the phase-out and that funds available through the EU budget should be used to create concrete plans for this.

The participants stressed that there are some possibilities for the economy to benefit from an inclusive energy transition. Making up 45 per cent of the GDP, Bulgaria's industrial sector has a huge potential. The companies that are producing car components for Western Europe should evolve towards producing the parts for plants that generate electricity from RES. One stakeholder points out that Bulgaria has a developed industry for biomass furnaces. According to him, the Bulgarian government is subsidising this industry and it is also promoting biomass as one of the renewable energy sources. At the same time, according to him, the government is not doing much on subsidising investments in solar or wind – since they would need to import components for building solar or wind farms. One of the stakeholders states that the possibilities for funding are diverse and that there is already a plan for the new financial period. And yet, the authorities are still focused on coal and nuclear energy.

Energy poverty

'Our advocacy work includes the development of the legal definition of energy poverty', says an NGO participant. Bulgaria has a high share of people who cannot keep their homes warm and even more of those who cannot cool them. Almost half of the population is at risk of energy poverty in Bulgaria. Civil sector participants think that the problem is not handled properly and that the government only proclaims that this issue is of high importance. The Ministry of Labour and Social Policies is tackling this problem with social measures – financial support for food and coal – and

thus exacerbating the problem of air pollution. Instead, the energy efficiency regulation should be improved, says one of our stakeholders. The government was running a 100 per cent support programme for energy efficiency, which resulted in market distortion, corruption and low-quality work. The opinion of our interviewee is that it should be done following a different model which makes it affordable for Bulgarians and prioritises different types of buildings. Furthermore, the main focus of the recovery and resilience plan is on buildings and, while announcing that Bulgaria will follow the Green Deal, the government may be planning to proceed in the same non-sustainable way.

Employment

The government is very clear that they will keep coal mining for as long as they can, and the trade unions are playing along, emphasise two of the interviewees. Both mentioned the rough experience that their organisation had when trying to talk to the government about the Just Transition Fund and the options that the EU is offering, because the government is aware of the fact that in this process, they will lose potential votes. While there is an obvious need for the specialists in renewable energy there is no national plan for this type of education, said two participants. Just one or two high schools are preparing young people for the production of electric cars. With the lack of systematic education, companies need to train their employees.

Some respondents think that the government should begin an open dialogue with the trade union, stating that coal mines are a thing of the past and that the future lies in renewable energy sources. They should jointly create plans for reskilling workers and opening the labour market for more green jobs. These plans should also include vocational education institutions as well as higher education, having in mind that Bulgarian labour market lacks a qualified workforce.

4. CROATIA

Awareness of inclusive energy transition

The notion of the energy transition is very familiar to the interviewees from Croatia. According to them, the transition should include all the stakeholders in the process, from citizens, industry and the business sector to the government.

Formal barriers to and opportunities for inclusion

The participants think that inclusiveness is the only way for a just transition. The creation of measures, strategies and other documents should be transparent from the start and inclusive for different stakeholder groups. They believe that the adoption of a legislative framework should be a precondition, but that a stronger emphasis should be placed on the implementation of measures that will ultimately contribute to an inclusive energy transition. At the same time, the stakeholders believe that authorities should work on the further alignment of the strategies and plans, but also better coordination with the financial possibilities of the national budget and the potentials of the European structural and investment funds. They believe that the emphasis should be put on the National Energy and Climate Plan as the main transition document. One interviewee, a member of the European Commission expert group, believes that financial resources should be dedicated to cover the expenses of the most exposed groups.

Respondents believe that authorities should work on the diversification of renewables towards geothermal and biomass, at the same time progressing with both utility-scale power plants and solar rooftops. Experts from the regional energy agency and the local authority agree that geothermal sources, both deep and shallow, are extremely underused and that this is a great potential on which production in continental Croatia should be based. One participant mentions that Croatia also has unexplored wave power potential.

The interviewees mention that there is space for further investment and development in the field of energy storage. Most of them also believe that investments should be focused on smaller and more local projects, especially production for one's own needs. Exceptionally, one of the members of the working group for the development of the NECP believes that we will not achieve our goals by building solar systems on residential roofs and that large solar power plants are necessary. Two participants point out the problem of industry lobbies, and one of them specifies that this is especially pronounced in geothermal and wind energy projects. There is an additional obstacle: special attention needs to be paid during the construction of the facilities due to their adverse impact on the environment. According to one participant, a major problem in the site selection process for hydropower and wind farms is bird protection.

The market itself is liberalised to a large extent, but the attitude towards prosumers has shortcomings and energy communities and cooperatives are not legally regulated. The administrative procedure is too complicated and certain simplifications should be introduced, but the distribution system is not yet fully ready for them. One interviewee believes that the largest energy companies should be restructured and returned to full state ownership and that oil transport company Jadranski Naftovod (JANAF) should provide services on the market under the same conditions as others.

As the main obstacle to achieving climate and energy goals, the participants point out inadequate legislation, primarily bylaws and implementing regulations, but also the basis for creating quality documentation that does not exist or is incomplete.

Looking back at the pandemic, unlike the participants from most countries in the region, some of the participants from Croatia point out its positive aspects. This includes getting

used to new ways of working that use less fuel, and which could be applied even after the pandemic ends. On the other hand, the course of recovery from the crisis is extremely important, and the EU has directed a significant amount of the recovery funds to climate goals. In addition to the pandemic, the participants also referred to the recent earthquakes in central Croatia, which they believe should be used as an opportunity for the systematic renovation of the housing stock, but also for changing trends, at least in buildings.

Asked to single out a key step that would encourage the inclusive transition, the stakeholders from Croatia agree that a necessary step is to improve the public administration capacity, and above all, to build up the competencies of the Ministry of Economy and Sustainable Development. They see the lack of competent individuals at all government levels as one of the bigger problems.

According to the interviewees, Croatia should also improve citizen participation in policy-making and decision-making processes. Four of our stakeholders agree that the energy transition should be of the highest state interest in which all political actors, regardless of party affiliation, should be involved. The staff capacity problem extends to the financial aspects of the inclusive energy transition. There are not enough experts in Croatia who can lead complex combined financed projects. The basis of financing should be private capital combined with money from EU funds. One interviewee stresses that environmentally and socially unacceptable practices should be taxed. These resources should make up the funds to co-finance transition processes. Some of the interviewees believe that, apart from citizens, local authority units are not sufficiently involved in policy-making processes, especially for those documents that have far-reaching consequences for local authorities, such as the NECP, for which they agree that the adoption process could and should have been more inclusive.

Some participants believe that civil society organisations should play a greater role in inclusive energy transition and that they are the ones who should be the leaders of trends, given that their strength comes from grassroots organising. This is seen in the example of the Možemo! platform, a parliamentary party grown from such an initiative.

Some stakeholders point out that the government and certain institutions still do not recognise the expertise of civil society organisations. Ideally, one expert participant suggests, CSOs should be one step ahead of the governance structures monitoring developments in the EU, warning of deadlines and offering cooperation before the work on a document starts. In any case, civil associations should constructively seek involvement in policy-making and decision-making processes, and the government should respond positively. For the time being, this is limited to formal involvement in these processes, either by commenting on documents when they have already reached public consultation or through involvement in working groups that are too large to be constructive.

According to most interviewees, Croatia is overly bureaucratic and it is not easy to invest there. There have been several scandals, such as those with JANAF or the Krš-Pađene wind farm. Investment criteria are not transparent, and according to one of the participants, it is shameful that there is no map of renewable energy sources that clearly shows which projects are to be implemented and at what pace. Another thinks that it is necessary to define 'no-go' zones. It is not known what capital projects are worth investing in. The state should also create de-risking mechanisms, because investments in new plants are otherwise unattractive.

Energy poverty

According to most of our interviewees, energy poverty is an important and very sensitive topic. They believe that it is not generally recognised and that it is still not dealt with by anyone but NGOs. First of all, the right definition is needed, and then a systematic approach to solving energy poverty. The interviewees believe that the existing measures for co-financing energy bills for the category of vulnerable customers are not adequate and that it is necessary to invest in energy efficiency measures for housing. They emphasise that even the NECP does not provide analysis or clear measures to tackle energy poverty.

Employment

One interviewee states that the NECP envisages 40,000 new green jobs by 2030 and 80,000 by 2050, including secondary employment. Most interviewees point out the lack of systematic education for green occupations as the main problem. They believe that educational reform is necessary and the quality of educational programmes, especially vocational schools, should be raised. A trade union representative says that economic migration is by no means related to transition. It worries her that workers are willing to emigrate for low-skilled jobs and do not want to invest in themselves in Croatia. In her opinion, investment opportunities certainly exist, and the Oil Industry Union is currently trying to establish cooperation with the Croatian Employers' Association to jointly apply for EU projects. One interviewee states that in the Croatian electricity utility, Hrvatska Elektroprivreda (HEP), the retraining of engineering staff has been continuously ongoing for several years and workers from the other departments are taking on jobs in renewable energy sources.

5. KOSOVO

Awareness of inclusive energy transition

The interviewees see the inclusive energy transition in Kosovo as an opportunity to bring together different people from the parliament (especially the committee dealing with energy issues), civil society, academia and the private sector

to follow a joint vision and a clearer transition path. Some of the main barriers are the lack of goodwill between these different actors, an outdated Energy Strategy based on coal and the lack of an auction system for renewable energy incentives.

Formal barriers to and opportunities for inclusion

Interviewees agree that the main obstacle to a more significant use of RES is the old infrastructure and that the main challenge will be to upgrade the existing system. The old grid is state-owned and Kosovo needs to have a clear strategy as well as definition of the type of investments they want to accept, point out some of the interviewees. According to two of the participants, the government needs to work with distribution companies and prosumers. One participant from an international agency stresses that there are some bureaucratic and legal problems in the process for obtaining licences because there was a lot of illegal construction in the past.

One of the interviewees says that Kosovo needs to move towards an auction system to improve the options for renewables. The country should explore the possibilities for storage, emphasises one think tank participant, and points out that since hydropower plants have proven to be bad for the environment, planning for solar and wind must be done properly. Decentralisation of production is also very important. Even though Kosovo is transposing the EU acquis, the problem of implementation remains. The institutions are slow, two of the interviewees say. 'We need more politicians who dare to take action'.

The old Energy Strategy is still based on coal and the new one is still in the drafting process. The NECP is also in the drafting process and still has not been publicly presented or made available.

Apart from the lack of political clarity about decarbonisation, Kosovo, which is not a UN member, has a particular problem of not knowing what will happen in respect to the Paris Agreement. One interviewee thinks that signing the Green Agenda for the Western Balkans was a good sign that there will be a political commitment.

According to the interviewees, the Energy Community plays an important role, because they are guiding and monitoring the process as well as advising on clear policies. Nevertheless, an interviewee from an NGO says that their influence could be even bigger: they should point out good examples from other countries in the region and be louder on the results that Kosovo delivers or does not deliver.

With guidance from the Energy Community and in pursuit of the vision to become a recognised part of Europe, the government should take bolder steps towards an inclusive energy transition. The first step should definitely be finalising the NECP, which should be aligned with the new Energy Strategy.

The concept of green recovery is well known in Kosovo and there is a lot of acknowledgement of it from policymakers. On the other hand, one participant stresses that the green agenda is overshadowed by the lingering political problems and the dialogue with Serbia. Due to frequent political changes in the country, which require ministries to be reorganised and stakeholder relations to be continually rebuilt, one respondent believes that the liberalisation of the energy market will not be achieved soon.

'The pandemic might have had a good influence on the transition issues because it made people think differently', says one NGO interviewee. She also thinks that it made the government understand that health is an important aspect in creating policies. According to her it is a well-known fact that people living near the coal mines already have poor health, and now they know that they have to keep this in mind when thinking about the development in those specific regions.

Regarding finances, one of the interviewees thinks that the land exhausted by the coal mines should be transformed into solar fields and that state-owned companies should invest there. They welcome private investments in solar systems and think the state should create legal and technical grounds for people to produce their own energy.

Energy poverty

According to the interviewed stakeholders, energy poverty is not highly prioritised in Kosovo, the energy system is quite dispersed and the majority of people are connected to the grid. The problem rises with the winter energy cuts: many people use electricity for heating, and it is causing blackouts. Energy bills take up a large share of households' income.

Considering that many people cannot cover their utility costs, more effort needs to be put into energy efficiency measures, especially household renovations. This kind of measure could also prove to be beneficial for energy consumption reduction as well as emissions reduction.

Employment

Our participants say that the main problem is that most of the people working in the generation sector, especially in coal mining, are very old and close to retiring. But according to the interviewees, Kosovo's power company used to employ the sons of their former workers, essentially creating hereditary positions in coal mines. With the realistic possibility of closing of the mines in the near future, new employment of young workers does not make much sense. This in turn could create a problem of rising unemployment among young men as well as other social disturbances. The challenge lies in the fact that these young men are not skilled or trained for high skill jobs which would come as a result of new technologies and energy transition.

As a country where nearly 70 per cent of the population is younger than 30, Kosovo should prioritise investments in the development of an education system that is aligned with the needs of the labour market. Kosovo should invest more in the reskilling of current younger workers and creating pension schemes for older workers. All interviewees agree that university programmes should be restructured and modernised. The government has regulated by law that new technologies and systems are included in the curriculum, but there is a lack of lecturers in the relevant fields.

One participant gives an example of a bachelor's programme at the department of energy at the Polytechnic University of Tirana which tackled RES and energy efficiency that lasted only for two generations of students and died out due to the lack of lecturers. She gives an example of good practice, the Women in Energy initiative from the Millennium Challenge Corporation Kosovo Threshold programme, which includes scholarships for women to study abroad and afterwards work in Kosovo for some period. This programme helps bring valuable knowledge and experience in new technologies to Kosovo but also helps create a gender-inclusive energy transition.

6. MONTENEGRO

Awareness of inclusive energy transition

According to the interviews, most of the stakeholders from Montenegro have been regularly using the term 'inclusive energy transition' for some time. One respondent states that the inclusive energy transition is a European process spilling over to southeast Europe and that it implies 'some discontinuity compared to traditional approaches that have been valid so far'. The participants state that the involvement of the state-owned electricity company Elektroprivreda Crne Gore (EPCG), certain ministries, the Agency for Nature and Environmental Protection and several relevant directorates is needed in this process. Citizen involvement is the best indicator that something is happening on this issue. An interviewee cites the example of 1,200 workers in the Pljevlja coal-fired power complex who are aware that the transition will affect them but do not know exactly how. Citizen participation in the policy-making process is necessary, according to most of the interviewees, and unfortunately, it is still carried out only formally.

Formal barriers to and opportunities for inclusion

According to the interviewees, the government of Montenegro must take a clear stance and commit to working on inclusive energy transition. One interviewee from the government sector states that the potential for RES utilisation is underused and the core problem is that the authorities still do not recognise it as a priority. Another interviewee states that Montenegro has extraordinary potential and adds that 'the problem is not reaching the targeted quotas, but the way they are doing it. Every project is accompanied by a scandal!' Small hydropower plant projects that destroy nature despite the availability of high-quality and well-developed technologies to ensure a sufficient residual flow in the river provoke the anger of the local population. The respondent says, 'We turned something good into something bad'.

According to the majority of interviewees, there are known cases of nepotism and corruption at the highest levels of government, so citizens no longer see the benefits. This creates an unfavourable climate for the implementation of RES. Two stakeholders identified corruption as the biggest obstacle for the inclusive energy transition. The prices of projects and how investors obtain permits and concessions are also questionable. This problem would be partially solved by an auction approach. These two stakeholders state that it is because of these problems that citizens are unhappy. Investing in small hydropower plants was very profitable due to feed-in tariffs but they could only be built by those who had connections to the authorities. With a general atmosphere of corruption in the system, the payment of the fee for RES visible in citizens' electricity bills creates even greater resistance towards investing in transition. The representative of the local authority states that now that the targets have been reached, financing should be left to the free market.

Stakeholders state that national legislation is largely in line with the EU acquis, but processes get stuck in implementation. According to an economic development consultant from the public sector, the previous government planned the transition processes following the EU policies, but carried out procedures that contradict sustainable development. He hopes that the new government will keep its promise to stick to the constitutional principle of Montenegro being an ecological state. A participant from an NGO also thinks that the biggest problem is the authorities without vision who advocate for the right policies and procedures in public speeches but 'during the coffee break you hear that their attitudes are still 40 years behind'. He believes that people who implement strategies must take responsibility for them. However, at the time of the interview, interviewees in general viewed the change in government as an opportunity.

Another interviewee points out that the previous law on energy gives the possibility for any household or company to become a prosumer. In the new law, adopted in June 2020, these activities are better defined.

All stakeholders interviewed believe that the Energy Community has a significant role, and a participant from the government sector states that although EPCG has the technical knowledge, it is 'valuable to see the experiences and challenges that other countries have had, both bilaterally and multilaterally'. Most respondents think that the Energy Community should introduce more serious penalty mechanisms and use the 'carrot and stick' principle. The biggest flaw is that litigation for states in violation lasts too long, and their ultimate reach is soft diplomacy measures.

The stakeholders also mention problems of financing and other policies such as spatial planning and environmental impact assessment, but also technical challenges with the inclusion of new facilities in the electricity transmission system.

The energy consultants among our interviewees point out that from their perspective, COVID-19 has slowed down the inclusive transition process just as it has slowed down all social and economic activities. One of the interviewees says that from time to time the authorities mention the green recovery declaratively in their speech, but have not taken any action. He concludes that the civil sector should push this issue more actively.

Regarding the electricity market, the interviewees are unanimous in the opinion that liberalisation exists only on paper, since Crnogorski elektrodistributivni sistem (CEDIS) is the only distributor. Given that Montenegro is a small market, one interviewee states that it should be developed at the regional and even European levels.

Reflections on the presence of the word 'energy' in the political discourse are divided, and while most of the participants believe that in the last few years 'energy' has more or less attracted the attention of most politicians, only one of the interviewees emphasises that the term 'transition' has begun to gain importance as well. And yet, according to the majority of the interviewees, inclusion is still only formal. One participant stated that representatives of the informal sector often resign from working groups after realising that they were not being heard at all. An NGO interviewee states that few but significant NGOs were recognised as good partners and involved in policy-making processes and that they were members of the working group for the preparation of the NECP.

Energy poverty

Half of the participants in the interviews are not familiar with the concept of energy poverty, and those who know what it is about point out that it is not recognised in any strategic document, and that there is no monitoring or data on it. According to one participant, 'only the term 'vulnerable customers' is introduced in the NECP', which refers to the underprivileged citizens who receive a discount on electricity. However, poverty is certainly a barrier to inclusive energy transition in the country: one respondent mentions that it is particularly severe in the country's north and adds that 'someone who doesn't have basic living conditions has a hard time thinking about an insulated façade or pellets'.

Employment

The perception of employment in Montenegro is still very conventional, and workers think that nothing can be changed in a state or semi-state owned company, say two participants. Another adds that it is still believed that such changes will only happen in 40 or 50 years and that there is no need to worry about that yet. Two stakeholders state that a study has been carried out which elaborates on what to do with the workers of the municipality of Pljevlja, but that there is no political will to implement it. The interviewees do not see trade unions recognising the process or being involved in it.

One interviewee from the government sector believes that RES still does not generate many new jobs and that for the current needs, training is being done on specific projects while acquiring the experience from foreign partners. Furthermore, none of the stakeholders mentioned systematic education programmes for new green jobs.

7. NORTH MACEDONIA

Awareness of inclusive energy transition

For stakeholders from North Macedonia, the inclusiveness of the energy transition implies the inclusion of all key actors, but also the inclusion of all methods in energy production and consumption. They point out that the process is not just about decision-making, but about the entire policy-making process. One respondent adds that in the process it should also consider that women, national minorities, and those most affected are involved. She adds that it is not enough for citizens to have the opportunity to produce energy themselves, but also to 'decide what to do with it, whether to pay taxes or not and the like'.

Another interviewee states that the non-governmental sector is only involved in the final stages of document preparation, debates, and public appearances, which is by no means enough. He cites the example of the Association of Energy Consumers in Macedonia, and that besides this group, various producers should be involved. A different interviewee, on the other hand, believes that the Macedonian government is open for dialogue with different stakeholders and pointed out the inclusiveness of the NECP process, which he took part in.

As in other fossil intensive regions, one of the challenges in the inclusive energy transition process is lack of information and presence of the topic in the public space, which further leads to fear and suspicion among those who would be the most affected – workers. Yet energy transition is increasingly present in political discourse. The Social Democratic Party, leader of the ruling coalition, is more active in its approach, mentioning climate in their political programme. Among the main political messages are the terms green agenda, green recovery and pollution. One interviewee stated that in the 2020 pre-election campaign, 'pollution and energy sources were an important topic and decided the elections'.

Formal barriers to and opportunities for inclusion

One interviewee from the public sector says he expects an increase in the installed capacity of RES in the next few years. As an excellent example, he points out the transfor-

mation of the old coal mine Oslomej in Kičevo into the first large solar power plant. The biggest obstacles are administrative capacities. There are not enough professional people in agencies and ministries, says one expert.

Some progress has been made and the fact that North Macedonia is including different stakeholders in the process of drafting legal and strategic documents is a step in the right direction. According to some interviewees, Northern Macedonia has good reviews from the Energy Community regarding its legal framework and is praised as a leader in the region. Most of the laws have been transposed, but three interviewees point out that the fact that they have been adopted does not mean that they are being enforced. One interviewee from an NGO believes that the Energy Community should have mechanisms to force countries to implement legislation. One participant from the state-owned electricity company states that the inclusion of citizens in the production system is a big problem and that he does not see the possibility for developing energy cooperatives in the current legislative framework. Households can only become prosumers if they buy electricity on the open market and not on the regulated market, but this is unattractive because it is more expensive. The NECP, which North Macedonia is the only one of all Western Balkan countries to officially submit for comments so far, will need to be revised due to the pandemic.

According to the interviewees, the energy market is liberalised, including at the individual level. One interviewee considers the recent settlement of the regulations for the gas pipeline to Bulgaria to be an important step, as well as the construction of a new connection from Azerbaijan to Italy. He emphasises that the connection with Kosovo is also important. His opinion coincides with the opinion of two other interlocutors who emphasise that North Macedonia is a small market and that connection is necessary.

Participants' opinions are divided on the involvement of civil society in the processes of creating documents and shaping transition policies. One interviewee states that the Ministry of Environment and Spatial Planning, according to her experience, encourages cooperation with various stakeholders, while a participant from the state-owned electricity company states that the cooperation was mostly initiated by NGOs. One NGO participant testified that they participated in the writing of some laws and that the situation has changed significantly in the last two years. Another NGO participant cites their successful initiative to change public opinion about small hydropower plants but believes that 'there is still a strong push-back from the elites', for which she cites the example of flagship 5 (Transition from Coal) in the Economic and Investment Plan for the Western Balkans, which focuses on gas investments, and other such investments in gas infrastructure. Three interviewees point out that the process of creating the Strategy for Energy Development of the Republic of North Macedonia until 2040 was very inclusive and that all stakeholders participated in it.

Most of the interviewees said that large investments have not started yet and that the reason for that is complicated legal and administrative procedures. A participant from the state-owned electricity adds that corruption is also present. The fossil industry is trying to satisfy its short-term interests and hold out if possible because they know the end is near.

Most of the participants think that in order to finance an inclusive energy transition, they should rely primarily on foreign funds, and that progress in the pre-accession negotiations, primarily in Chapter 27, will accelerate this. They believe that charging for CO_2 emissions should be introduced. The two interviewees point out that the price of new technologies is already more competitive than fossil-based technologies and that all preconditions for investments have been met. Another interviewee from the state-owned electricity company adds that 'there are funds for the transition' in the 2021 state budget. One respondent states that North Macedonia is a very centralised country and that it is very important to create and implement policies in Skopje, because other parts of the country will quickly follow that example.

Energy poverty

Participants in interviews state that energy poverty in North Macedonia is not mentioned by anyone but NGOs. This needs to be talked about and the issues resolved, and now is the right time to do so, according to two interlocutors. One interviewee notes that the problem of energy poverty cannot be approached by social measures, but the government wants 'programmes that citizens would see immediately. Such measures give publicity, but they do nothing in the long run and do not solve anything'. Macedonian experts on this issue are working at foreign universities, and nothing is changing in the country, he concludes.

Employment

The main obstacle to investments are unions, says one interviewee, adding: 'The more involved they become, the fewer barriers there will be'. North Macedonia has about 5,000 workers employed in dirty industries, and our interlocutors agree that unions must be involved in transition processes. Examples of restructuring should be taken from neighbouring countries, such as Greece. The Oslomej solar power plant is an example to the workers that their jobs are not endangered, says one interviewee. 'The transition process there will take several years, and more and more employees will be involved in the production process. In the meantime, some workers will retire, some new jobs will open in production, and new ones are being opened in installing photovoltaics'.

Some interviewees identified that the education system is not aligned with the labour market needs, nor it is ready to assimilate all the current workers who would need retraining or reskilling. Therefore, some interviewees conclude,

North Macedonia should invest more in the reform of the vocational and higher education system or in specific training and education for RES to train highly skilled workers who would be qualified to work with new technologies.

8. ROMANIA

Awareness of inclusive energy transition

One of the stakeholders from Romania stresses that the inclusive energy transition has a twofold meaning. Primarily, it entails replacing fossil sources with renewable ones and an overall transformation of the entire economy to a carbon-free system. On the other hand, it means to care about social impact and ensure chances for vulnerable groups to have enough energy for a good quality life. One of the interviewees says that he is not familiar with the term 'inclusive' but that the concept of NGOs, the government and private companies working together to make change is very well known. Another says that transition is about energy communities and cooperatives. Romania should as soon as possible give people the power to manage themselves by using renewables. All of the participants say that it entails commitment, from both politicians and the population; education; and a lot of money for investments.

All of the stakeholders think that the inclusive transition is not mentioned often enough in public. The climate science and benefits of the transition are not communicated.

Formal barriers to and opportunities for inclusion

All the stakeholders shared the opinion that Romania needs a clearer commitment to coal phase-out – an issue which has to some extent been addressed since the interviews as Romania has committed to 2032. There are also not enough renewable energy sources utilised. One of the interviewees thinks that the main barrier to better implementation of RES is the government's inability to do it. Two of the stakeholders explain that the problem originates from the fact that the country has not developed its education system. The Universities have not evolved, and 'the professors are even now using books from the 1960s, Russian ones'.

The other category of politicians are corrupt ones, deeply involved in the business, and they do not want to even read the Green Deal. One of the participants emphasises that more Romanian members of the European Parliament voted against the Green Deal than for it.

One respondent comments that in order to resolve these issues, local authorities have to be more involved in the transition. The authorities should train and/or retrain people, as well as improving the regulatory framework, support schemes and instruments such as bilateral power purchase agreements which are not applied to existing projects, and a contract-for-difference scheme which would make the environment more favourable for investments in RES.

Another participant thinks that the main obstacle to the transition is the price. The liberalisation of the market showed that people are reluctant to pay twice the price for RES.

The pandemic has exposed problems with the energy efficiency of residential buildings. Working from home in winter made a lot of people understand that there's a big difference between the new green business areas and the blocks of flats where 60 per cent of the population lives. One interviewee expresses his fear of the unwise way of spending the Next Generation EU money and points out that an analysis done by Energy Policy Group (EPG) shows that the money will go into projects that are incompatible with climate goals.

Another interviewee stresses that the Romanian Energy Regulatory Authority employs politically eligible people instead of energy experts. The supply contracts are long and complicated, and they should be written for citizens to be able to understand the processes. An interviewee mentions that the mechanism for the monetisation of the energy put into the grid is a good step forward, but that support for the rooftop installations is blocked in bureaucracy.

Inclusion, when done, is often suspect: 'We had a few programmes offered by the 'first come, first served' system, for example, [photovoltaics] for hotels. The website would crash, the process was interrupted, and it was explained as a technical error in the IT system', one respondent remembers and points out that this is an obvious example of corruption in the system and the reluctance of the government to make the energy transition inclusive and transparent. Other respondents stress that the presence of active international NGOs is very visible, but that public consultations are not substantial and timely but simply a formality.

In the field of finance and investment, the stakeholders say that there is money available and the biggest obstacle is the administrative capacity. Romania's administration is ill-equipped to think of the right projects to absorb the money, and the country's strategic incoherence is demotivating for investors. The Government needs more consistency in long-term planning, and smart young people who 'believe in transition' should be trained to write good projects and properly use the funding. One of the interviewees says that the launch of Cooperativa de Energie (an energy cooperative) with more than 300 members is a great step forward and it is very important that they exist to be able to pass knowledge and experience to residents in rural areas.

Energy poverty

In Romania, there is still a lot of energy poverty that is not recognised at the national level. A lot of people are using wood for heating, and the loopholes in the system allow them to cut it. Furthermore, there has been no progress on creating special measures for the social inclusion of vulnerable groups, including with regards to handling the problems

of pollution. However, our stakeholders say that there is no systematic approach to solving the problem. The authorities should educate people to understand the connection between energy poverty and energy management and should implement energy efficiency measures in the residential buildings where the citizens in need live.

Employment

'Keeping people uneducated offers the possibility to exploit them easily, but then they cannot change', says an NGO interviewee. They describe the problem of employment in the energy sector: 'It is difficult for people who are working in mining to change jobs because they are poorly educated, they just know how to use a pick axe. We already closed some coal mines; people got fired and got a big amount of money, accompanied by the reconversion program offering the possibility for other employment. Few of them were successful in this transformation'.

Some of the trade unions are involved in trying to influence people to accept changes, but they are still a minority. One of the stakeholders mentions that there were some scandals with trade unions taking the funding intended for training and not performing any kind of training activity. Another participant thinks that these people should be requalified to work in construction, building renovation and the railways where a large workforce is needed. The government should also invest in retraining people, especially because administrative offices have widespread nepotism and corruption. 'You cannot say to a guy from the city council who came there without a recruitment process, 'From tomorrow you are an expert in smart cities!' We speak about digitalisation and people there do not know how to write an e-mail', emphasises one interviewee.

9. SERBIA

Awareness of inclusive energy transition

Interviewees from Serbia describe the inclusiveness of the energy transition as the process of joining all the levels of society, and three of the stakeholders emphasise the role of the local authorities. One interviewee points out that the local authorities will be most affected by the transition and that they need to know what will happen to the citizens in both economic and financial terms. All the stakeholders stress that the planning process must also be inclusive. The best indicators for inclusiveness are the figures related to the use of RES at the national and local level on one hand and the number of citizens or associations present at the consultations, as well as comments during the planning of legal and strategic documents and also on adopted documents, on the other. However, interviewees seem to agree that inclusive energy transition in Serbia is just an empty phrase and that the government is not showing very high interest in meeting climate targets.

Formal barriers to and opportunities for inclusion

All experts point out that the transition in Serbia is hampered by the insufficient awareness of decision makers. One of the interviewees points out that decision makers say one thing and do the exact opposite, and it confuses the citizens. There is no political will because cheap electricity is a great tool for manipulating voters. 'In order to be able to invest, we have to increase the price of electricity, but that is not in the interest of the electorate, especially amidst the pandemic and with the current economic situation', says one interviewee. One of the participants states that Serbia still lives on its inheritance from Yugoslavia, developed as an area for energy and agriculture. It is difficult to explain to people that this energy is bad.

According to all our interviewees, the legislation is being transposed quickly and successfully, but the problem is that secondary legislation has not been adopted yet. When passing the law, it is not considered what is needed for implementation, and the process falls apart at the local level where the capacity is limited. COVID-19 is an excuse to further exclude the public from decision-making. Purchasing power is also reduced and citizens do not have enough money to buy better quality fuel.

One interviewee states that according to Energy Community reports, one of the main problems and key preconditions for the opening of Chapter 15 in the pre-accession negotiations is market liberalisation and deregulation of the gas network.

The reorganisation of the public administration is necessary, since this is currently the main barrier for reforms and economic progress, and especially for a sustainable energy sector. A representative of a local authority states that not enough attention is paid to the capacities at the local level, including financial and technical ones, and people are overworked. 'One person covers energy, climate and the environment', witnessed one NGO respondent. He shared that his organisation advocates for inter-municipal cooperation in areas where there is a lack of capacity as a good practice, which consists of forming joint bodies or entrusting the work of one municipality to another. This instrument is legally promoted and underused. Although not in focus, experts on social issues are also needed to create transition policies.

Corruption in the energy sector was highlighted by a few respondents. Elektroprivreda Srbije (EPS), the state-owned electricity generation company, is a hotbed of corruption and extraction of resources in various ways. The main resistance against transition comes from that, and they operate with huge losses, says one interviewee. Corruption is present and recognised in public in processes for the allocation of incentives as well.

According to several interviewees, high pollution is the best way to encourage citizens to participate in transition processes. 'People only react when their health is mentioned',

says one interviewee from an NGO, based on four years of working with citizens. He believes that civil society organisations should connect with local authorities and act based on a bottom-up principle. All other approaches, such as pointing out that transition means taking steps towards EU accession, can be counterproductive in Serbia.

Interviewees from the civil sector state that they are not involved in discussions and the creation of documents. There is a constant delay with the NECP and other documents which are therefore often adopted via emergency procedures. An academic respondent says that professors occasionally do get involved in working on documents but that they are not given enough time to comment. Having in mind the effects the mining industry has on human health, one respondent believes that health professionals should be more actively involved in policy-making processes, especially at the local level.

On regional initiatives in Southeast Europe, the interviewees emphasised the importance of the Energy Community and agreed that its involvement in a country where initiatives do not come from the authorities is necessary. 'The Energy Community is a regulatory body, but there is no mechanism to force Serbia to meet its targets', said an interviewee, adding that she participated in a roundtable where a representative of the energy agency said that the Energy Community Treaty is not binding – which is not true. All interviewees think that it is necessary to introduce a system that would oblige countries to respect deadlines and targets. One participant points out that Serbia behaves as if it does not understand the concept of a common goal and common work in such initiatives. One of the participants also states that the Regional Cooperation Council should deal more with the topic of transition, which has been in focus only since November last year. Besides regional initiatives, one of our stakeholders states that the International Monetary Fund (IMF) could also play a significant role in this matter. If Serbia concludes a new agreement with the IMF, they could set binding conditions, primarily a reduction in public administration.

When it comes to funding, for most of the interviewees the biggest problem is transparency. When doing research, one NGO respondent says that 'the biggest problem is to trace the finances. There are no exact figures in the documents'. A similar example is given by an academic interviewee who noted several inconsistencies in the presentation of information in the country's energy strategy. Another mentions that data on air pollution is often concealed, and citizens have a growing distrust in experts and institutions.

One interviewee states that inclusive energy transition, as a long-term sustainable process, should be self-financing. Initial funding for the local authorities and the citizens themselves should be provided from the state level or international financial institutions. He adds that collective decision-making is a problem because a large number of households in buildings are still jointly owned. In addition, incentives are targeted towards gas, due to the influence of the gas lobby.

Energy poverty

Participants believe that the political fight against energy poverty is almost non-existent and that only civil society organisations are actively advocating for this issue. One of the interlocutors' states that air pollution is the best incentive for this segment as well. It is recognised that households are among the major sources of pollution, and that as much as 56 per cent of them use solid fuels for heating, have inefficient stoves and handle energy. Energy efficiency measures for the residential sector have started to be discussed, but care should be taken to concentrate on the vulnerable and not to repeat the mistake made by the Ministry of Environmental Protection when they wanted to address air pollution by subsidies for hybrid cars. 'These are not measures for the poor, but the rich!', says an interviewee.

Employment

Regarding the creation of new jobs, our interviewees point out that the arrival of new dirty industries is more present in public talk than creation of green jobs and that only the Serbian Chamber of Commerce is active in promoting green jobs. However, there is significant room for change in this area. Reports on employment, wages, and efficiency of the energy sector should be confronted with the views of management and unions involved in the processes.

One respondent states that these unions are too conservative and too strong, so there is still no initiative on their part. He believes that this will not develop until the installation of wind and solar power plants begins. Another participant states that a big problem is that the staff who are trained for RES topics find jobs outside of Serbia; although there are employment opportunities in the country, reorganisation is needed.

ANNEX

MAPPING OF RELEVANT STAKEHOLDERS AT THE NATIONAL LEVEL IN NINE COUNTRIES

INTRODUCTION

Based on the results of the desktop research, DOOR mapped the relevant stakeholders in the six Western Balkan countries and three EU Member States (Bulgaria, Romania and Croatia). The main goal was to reach as many relevant stakeholders as possible who would provide information and opinions on the inclusive energy transition in their countries and the Western Balkans. The overall objective of the study was to determine the potential for and opportunities connected to an inclusive energy transition in Southeast Europe. The purpose of the mapping was to identify potential stakeholders, platforms and movements that would likely receive popular and/or political support for an inclusive energy transition in Southeast Europe

Since the desktop analysis showed that candidate countries had different levels of alignment with EU legislation, the mapping sought to compare the responses from the governmental level with those from stakeholders in academia, civil society, opposition political leaders, international organisations acting in the region and trade unions, where possible. The main questions for candidate countries were focused on their governments' ability and willingness to reach their 2030 climate goals and the main obstacles in the process of creation of a more favourable and EU-aligned legal framework.

In most cases, we reached out to organisations we had previously collaborated or had a connection with and asked them for recommendations for other relevant stakeholders. NGOs and international organisations were much more responsive than government organisations or in some cases academia. We were the least successful with trade unions (not relevant in all countries) and political leaders, including members of the European Parliament (MEPs).

All the stakeholders were informed that some of their information will be made available as part of the report. They also signed a consent form for their information being shared in the report.

ALBANIA

The stakeholders we contacted include different organisations aiming to contribute to sustainable development and socio-environmental responsibility within the energy sector as well as empowering citizens and offering technical assistance to national and local authorities to support public participation and increase transparency in environmental decision-making.

In summary: a total of 16 stakeholders/institutions were contacted:

- 7 stakeholders from the non-governmental sector – 6 of them participated in interviews
- 1 stakeholder from academia – 1 participated in an interview
- 5 stakeholders from the governmental sector and international institutions – 1 participated in an interview, the rest of them did not respond
- 2 stakeholders from the public sector (regulator, public utility) – 1 participated in the interviews.
- 1 consultant was contacted but did not participate.
- Overall, 9 stakeholders participated in the interviews.

No.	Sector	Organisation	Function in the Organisation	Participated in the interviews
1.	NGO	Milieukontakt International	Executive Director	Yes
2.	NGO	EDEN	Program Officer, Public Information and Participation	Yes
3.	NGO (international)	REC	Executive director	Yes
4.	NGO	ASP	Director	Yes
5.	Governmental sector	Ministry of energy	Director	No
6.	NGO	WWF Adria	Policy Officer, Freshwater Programme	Yes
7.	Governmental sector	OSCE	National Programme Officer for Local Governance and Environment	Yes
8.	NGO	ACERC	Co-Founder, Member of Board as Legal Energy Market Advisor	Yes
9.	NGO	AULEDA	Executive Director	No
10.	Public sector	KESH	Director of Dam Safety Department	Yes
11.	Governmental sector	Ministry of Infrastructure and Energy National Agency of Natural Resources	Director of RES	Yes
12.	International institution	Energy Community Secretariat		No response
13.	International institution	Energy Community Secretariat		No response
14.	Governmental sector	Ministry of Infrastructure and Energy	Head of Energy & Industry Policy and Strategy Sector	No response
15.	Consultant	Partner of Institute of Energy for SE Europe (IENE)		No response
16.	Public sector	Albanian Electricity Regulatory		No response

BOSNIA AND HERZEGOVINA

The relevant stakeholders/institutions contacted in BiH are government departments whose work is directly affecting the energy sector and the process of transition (for example, Ministries of Energy); international organisations active in BiH; non-governmental organisations; and educational institutions (for example, the Faculty of Electrical Engineering at the University of Tuzla.)

In summary: a total of 20 stakeholders/institutions were contacted. In particular:

- 6 stakeholders from the non-governmental sector – 5 of them participated in interviews
- 1 stakeholder from an international organisation – no response received
- 3 stakeholders from academia – 2 participated in an interview
- 5 stakeholders from the governmental sector – 2 participated in interviews, the rest of them did not respond
- 4 stakeholders from the public sector (power utility and regulator) – 1 participated in an interview
- 1 stakeholder from a trade union – no response received
- Overall, 9 stakeholders participated in the interviews.

No.	Sector	Organisation	Function in the Organisation	Participated in the interviews
1.	Governmental sector	Ministry of Foreign Trade and Economic Relations (MVTEO)	Assistant Minister of Energy Sector	Yes
2.	NGO (international)	GIZ office Bosnia and Herzegovina		Yes
3.	Public (international)	RCC	Expert on Connectivity in Regional Cooperation Council	No
4.	Trade union	Mine Workers' Union of the FBiH	Chairman of the board of directors	No response
5.	NGO	Center for Ecology and Energy – CEE	Programme Coordinator	Yes
6.	NGO	SeechangeNet	Director	Yes
7.	NGO (international)	REC		No response
8.	Academic		Professor	No
9.	Academic	Faculty of electrical engineering Tuzla	Professor	Yes
10.	Academic	Department of Power Networks and Systems, Faculty of Electrical Engineering, University of Tuzla	Professor	Yes
11.	NGO	Association for Promotion of Controlling ICV BiH	Project Coordinator	Yes
12.	Governmental sector	Member of the expert group for drafting the National Energy and Climate Plan		Yes
13.	Public sector	JP Elektroprivreda BiH d.d. Sarajevo EPBiH, Department for Development		No response
14.	NGO	INTERA technology park		No response
15.	Governmental sector	Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina		No response
16.	Governmental sector	Federal Ministry of Energy, Mining and Industry		No response
17.	Governmental sector	Ministry of Industry, Energy and Mining of the Republic Srpska		No response
18.	Public sector	State Electricity Regulatory Commission		No response
19.	Public sector	Regulatory commission for energy Federation of BiH	Head of Sector for technical issues and licences	Yes
20.	Public sector	Regulatory Commission for Energy of the Republic Srpska		No response

BULGARIA

Relevant stakeholders in Bulgaria include representatives of the relevant ministries (Ministry of Energy and Ministry of Environment and Water) and experts, and members of relevant European Parliament committees (Committee on Industry, Research and Energy, and Committee on the Environment, Public Health and Food Safety). Other stakeholders are representatives of NGOs active in energy efficiency and climate policies.

In summary: a total of 19 stakeholders/institutions were contacted. In particular:

- 7 stakeholders from the non-governmental sector – 4 of them participated in interviews
- 2 stakeholders from academia – 1 participated in an interview
- 3 stakeholders from the governmental sector – no response received
- 2 stakeholders from the public sector (sustainable development agency and regulatory body) – no response received
- 3 stakeholders from trade unions – no response received
- 3 Members of EU parliament – nobody participated in the interviews
- Overall, only 5 stakeholders participated in the interviews. It was a challenge to motivate stakeholders to participate, as they either did not respond or if they responded said that they did not feel confident in providing responses to the questions asked.

No.	Sector	Organisation	Function in the Organisation	Participated in the interviews
1.	NGO	EAP	Project Manager	No response
2.	NGO	Habitat for Humanity, Bulgaria		Yes
3.	Governmental sector	Ministry of Energy	Minister	No response
4.	Governmental sector	Ministry of Environment and Water	Minister	No response
5.	Trade union	Confederation of Independent Trade Unions of Bulgaria or CITUB	Consultant, industrial policy	No response
6.	Public sector	Energy and Water regulatory commission		No response
7.	MEP	Committee on Industry, Research and Energy	Member	No
8.	MEP	Committee on Industry, Research and Energy		She responded that she does not cover the topic
9.	MEP	Committee on the Environment, Public Health and Food Safety	Member	No
10.	Academia	Advisory Council at Climate-KIC	Advisor	Yes
11.	NGO	Greenpeace	Representative in Bulgaria	She responded that she does not cover the topic
12.	NGO	Greenpeace	'Energy solutions' campaign coordinator	Yes
13.	Academia	Bulgarian Academy of Sciences	Scientist who worked in a solar laboratory	No response
14.	Trade union		Trade union representative	No response
15.	NGO	WWF Bulgaria	Climate and Energy lead	Yes
16.	Trade union	Union of Bulgarian Black Sea Local Authorities		No response
17.	NGO	Friends of the Earth Bulgaria		Yes
18.	Public sector	Sustainable Energy Development Agency (SEDA)		No response
19.	NGO	Center for the Study of Democracy	Senior Analyst	No response
20.	Governmental sector	Ministry of Energy		No response

CROATIA

Relevant stakeholders on this issue in Croatia are members of the government, in particular the Ministry of Economy and Sustainable Development and members of the European Parliament as well as some opposition leaders originating from green grassroots movements. Regarding the NECP, the Energy Institute Hrvoje Požar (EIHP) was identified as a relevant stakeholder with broad knowledge and experience in the field of energy planning. Trade unions are also a relevant stakeholder in Croatia, as they might advocate against transition because of a fear of losing jobs in the oil and gas sectors.

In summary: a total of 15 stakeholders/institutions were contacted. In particular:

- 1 stakeholder from the non-governmental sector – 1 participated in an interview
- 2 stakeholders from the governmental sector – 1 participated in an interview
- 4 stakeholders from the public sector (energy institutes, energy efficiency fund) – 2 participated in interviews
- 2 stakeholders from trade unions – 2 participated in interviews
- 3 Members of EU parliament – nobody participated in the interviews
- 3 stakeholders from the political opposition – 2 participated in interviews
- No stakeholders from academia were contacted.
- Overall, 8 stakeholders participated in the interviews.

No.	Sector	Organisation	Function in the Organisation	Participated in the interviews
1.	MEP	ITRE Committee	Member	No
2.	MEP	ITRE Committee	Member	No, she got ill and the interview was postponed indefinitely
3.	MEP	ENVI Committee	Member	No, she declined – it is not an area she feels she has something to contribute to
4.	Governmental sector	Ministry of Economy and Sustainable Development	Head of Service for Renewable Energy Sources	Yes
5.	Governmental sector	Ministry of Economy and Sustainable Development		No
6.	Public sector	EIHP	Expert	Yes
7.	Public sector	EIHP	Expert	No
8.	Public sector	Regional energy agency	Vice director	Yes
9.	NGO	IPE	Director	Yes
10.	Political leaders	Možemo! – political party, opposition	Member of Parliament	Yes
11.	Political leaders	SDP – political party, opposition	Secretary of the SDP Green Development Council	No
12.	Political leader	SDP – political party, opposition		Yes
13.	Trade union	Petroleum Industry Trade Union	President	Yes
14.	Trade union	Croatian energy union	President	Yes
15.	Public sector	Fund for energy efficiency and EU funds	Head of Sector for Energy efficiency	No

KOSOVO

Relevant stakeholders in Kosovo include representatives from the Ministry of the Economy and Environment, the Department of Energy and the Institute for Policy Development. A representative of the public sector from the Agency on Energy Efficiency was identified as an important stakeholder. Other stakeholders include mainly representatives of NGOs which promote inclusive and sustainable development and encourage civic activism in local communities that will lead the way in terms of sustaining economic growth, achieving social justice, and enhancing the environment for Kosovo's citizens and communities.

In summary: a total of 14 stakeholders/institutions were contacted. In particular:

- 9 stakeholders from the non-governmental sector, including international NGOs working in Kosovo – 3 participated in interviews
- 2 stakeholders from the governmental sector – 1 participated in an interview
- 2 stakeholders from the public sector (energy efficiency agency and regulatory office) – no responses received
- 1 stakeholder from academia – no responses received
- It was a challenge to get stakeholders from Kosovo to respond. In some cases where they did respond, they did not want to participate in the interview. Some of them stated that they did not feel comfortable responding to the questions on inclusive energy transition for various reasons, from not wanting to state their own opinion to not having appropriate language competence to participate.
- Overall, 4 stakeholders participated in the interviews.

No.	Sector	Organisation	Function in the Organisation	Participated in the interviews
1.	NGO	ATRC	Director	No
2.	NGO	FIQ	Director	No
3.	NGO (international)	GIZ	Open Regional Fund for South-East Europe – Energy efficiency	No
4.	NGO (international)	GIZ	Energy efficiency	Yes
5.	NGO (international)	NALAS	Energy efficiency	No response
6.	NGO	Institute for Policy Development (INDEP)		Yes
7.	Governmental sector	Ministry of Economy and Environment	Head of the department of energy	No response
8.	NGO	Balkan Green Foundation		Yes
9.	NGO	Institute for Policy Development	Director	No
10.	Public sector	Kosovo Agency on Energy Efficiency	Chief Executive Officer	No response
11.	NGO	Balkan Green Foundation	Executive Director	No
12.	Academy	Prishtina Institute for Political Studies	Executive Director	No response
13.	Governmental sector	Ministry of Economic Development		No response
14.	Public sector	Energy Regulatory Office		No response

MONTENEGRO

Relevant stakeholders in Montenegro who can address the possibilities and threats regarding the energy transition, are the government sector, with a focus on the Ministry of Economy, and people who are working in the field of energy efficiency, international institutions with working experience in promoting renewables in southeast Europe and the Engineering Chamber of Montenegro.

In summary: a total of 25 stakeholders/institutions were contacted. In particular:

- 5 stakeholders from the non-governmental sector – 2 participated in interviews
- 15 stakeholders from the governmental sector – nobody participated in the interviews
- 4 stakeholders from the public sector (EPCG, League of municipalities, Monstat, GIZ) – 3 participated in interviews
- 1 energy sector consultant was contacted and took part in an interview.
- No stakeholders from academia, trade unions or the political opposition were contacted.
- Overall, 6 stakeholders participated in the interviews. The challenge with responses from Montenegro was mainly the fact that there was a change of government in December 2020 and that some stakeholders declined to participate in the interview because of the ongoing changes.

No.	Sector	Organisation	Function in the Organisation	Participated in the interviews
1.	NGO	Green Home	Director	No response
2.	Public sector (international)	GIZ	Project Manager for South East Europe	Yes
3.	NGO	Civic Alliance	President	No
4.	Governmental sector	Ministry of Economy	Contact person for energy	No response
5.	Governmental sector	Ministry of Economy	Contact person for energy efficiency	No response
6.	NGO	Expeditio		No
7.	NGO	Eco Team	Project Manager	Yes
8.	Governmental sector	Engineers Chamber of Montenegro	Board member	No
9.	Governmental sector		Adviser on Energy to Prime Minister	No
10.	NGO	Think – tank LEAN	Founder	Yes
11.	Consultant		Economic development consultant	Yes
12.	Governmental sector	Ministry of sustainable development and tourism		No
13.	Governmental sector	Ministry of sustainable development and tourism		No response
14.	Governmental sector	Ministry of sustainable development and tourism		No response
15.	Governmental sector	Ministry of traffic		No response
16.	Governmental sector	Ministry of agriculture and rural development		No response
17.	Public sector	MONSTAT		No response
18.	Governmental sector	Agency for nature and life environment protection		No response
19.	Governmental sector	Agency for nature and life environment protection		No response
20.	Public sector	Montenegro power Company	Head of department for development	Yes
21.	Public sector	League of municipalities in Montenegro		Yes
22.	Governmental sector	Energy Regulatory Agency		No
23.	Governmental sector	Energy Regulatory Agency		No
24.	Governmental sector	Ministry of Economy		No response
25.	Governmental sector	Energy Regulatory Agency		No response

NORTH MACEDONIA

National experts and representatives of the national energy company and the Macedonian Solar Energy Association, as well as the Ministry of Economy, and an energy modelling expert were identified as relevant stakeholders. As energy efficiency is of major concern in North Macedonia, relevant stakeholders include energy efficiency experts from academia and NGOs. As in other countries, relevant stakeholders include NGOs, whose main areas of activity are the promotion of renewable energy sources, environmental protection, and assistance to individuals and institutions to foster lasting improvement in the country's democracy and governance.

In summary: a total of 16 stakeholders/institutions were contacted. In particular:

- 7 stakeholders from the non-governmental sector – 3 participated in interviews
- 3 stakeholders from the governmental sector – nobody participated in the interviews
- 3 stakeholders from the public sector (state-owned company and association of municipalities)) – 2 participated in interviews
- 3 stakeholders from academia – 2 participated in interviews
- Stakeholders from trade unions and the political opposition were not contacted.
- Overall, 8 stakeholders participated in the interviews.

No.	Sector	Organisation	Function in the Organisation	Participated in the interviews
1.	Academia	Macedonian Academy of Sciences and Arts	Senior Researcher, Research Center for Energy and Sustainable Development	Yes
2.	NGO	MACEF	Mechanical engineer	No response
3.	NGO (International)	REC		No response
4.	Public sector	NALAS	Head of Task Force on Association Development	No response
5.	NGO	Eko-svest	Public relations	Yes
6.	Academia	Macedonian Academy of Sciences and Arts	energy modelling expert, part of team working on the energy strategy	Yes
7.	Public sector	State-owned electricity company	Former CEO	Yes
8.	Public sector	State-owned electricity company	Director of development	Yes
9.	NGO	Macedonian Solar Energy Association	Project Manager for South East Europe	No
10.	NGO	Macedonian Solar Energy Association	President	No
11.	Governmental sector	Ministry of Economy	Oil Advisor	No response
12.	NGO	Agora Energiewende	Project Manager Southeast Europe	Yes
13.	Academia		Researcher on the UNESCO Chair in Life Cycle and Climate Change	Yes
14.	NGO	Youth Eco-Activism | Education for Climate Change | Social Inclusion for Green Economy	President	Yes
15.	Governmental sector	Ministry of Economy		No response
16.	Governmental sector	Energy Regulatory Commission		No response

ROMANIA

Stakeholders relevant to energy-related policies in Romania and their compliance with the EU legislative framework are members of the relevant European Parliament committees (Committee on Industry, Research and Energy, and Committee on the Environment, Public Health and Food Safety) and a representative of the Romanian Energy Regulatory Authority (ANRE). The Ministry of Economy, Energy and Business Environment and a local energy agency (ALEA) are also recognised as relevant stakeholders for energy transition matters in Romania.

In summary: a total of 17 stakeholders/institutions were contacted. In particular:

- 9 stakeholders from the non-governmental sector – 5 participated in interviews
- 2 stakeholders from the governmental sector – nobody participated in the interviews
- 2 stakeholders from the public sector (local energy agency and regulator) – nobody participated in the interviews
- 3 members of the European Parliament – nobody participated in the interviews.
- 1 stakeholder from a trade union– nobody participated in the interviews.
- No stakeholders from academia or the political opposition were contacted.
- Overall, 5 stakeholders participated in the interview; all of them were from the NGO sector.

No.	Sector	Organisation	Function in the Organisation	Participated in the interviews
1.	Public sector	ALEA local energy agency	Director	No
2.	NGO	Bankwatch Romania	Energy coordinator	No
3.	MEP	Committee on the Environment, Public Health and Food Safety	Deputy	No response
4.	MEP	Committee on Industry, Research and Energy	President	No response
5.	MEP	Committee on the Environment, Public Health and Food Safety	Member	No response
6.	NGO	Energy Policy Group	Director	Yes
7.	NGO	Asociatia ARIN		Yes
8.	NGO	New Strategy Center		No
9.	NGO	Romania Green Building Council Transilvania Chapter	CEO	Yes
10.	NGO	Orase Energie Romania	Director of development	No response
11.	NGO	Energy NGO		No response
12.	Governmental sector	Development Ministry		No response
13.	NGO	Prietenii Pamantului (Earth Friends)		Yes
14.	NGO	CIVITAS		No response
15.	Governmental sector	Ministry for Economy, Energy and Business Environment		No response
16.	Public sector	ANRE – Romanian Energy Regulatory Authority		No response
17.	Trade union	CNSLR-Fratia National Confederation of Free Trade Unions of Romania		No response

SERBIA

Relevant stakeholders in Serbia include NGOs with experience promoting energy transition, sustainable development and environmental protection, with shared values and a commitment to affect current policy making. Also relevant are organisations and educational institutions that are raising awareness and educating in the areas of environmental protection, renewable energy, and climate change.

In summary: a total of 18 stakeholders/institutions were contacted. In particular:

- 9 stakeholders from the non-governmental sector – 3 participated in interviews
- 7 stakeholders from the governmental sector – nobody participated in interviews
- 2 stakeholders from academia – 2 participated in interviews
- Stakeholders from trade unions, the political opposition and the public sector were not contacted.
- Overall, 5 stakeholders participated in the interviews. The most cited reason by the contacted stakeholders on why they could not participate was that they did not have any new insight they could offer on the topic that has not already been mentioned in existing reports.

No.	Sector	Organisation	Function in the Organisation	Participated in the interviews
1.	NGO	Fraktal	Programme Manager	No response
2.	NGO	BFPE	Director in Serbia	Yes
3.	NGO	WWF	Policy Officer	No
4.	NGO	RERI	Programme Director	No
5.	NGO	RES Foundation	Programme Director for Energy	No
6.	NGO	CEKOR	Coordinator for energy and climate change	No
7.	NGO	Belgrade Open School	Project Manager	No
8.	NGO	Belgrade Open School	Project Manager	Yes
9.	Academia	Serbian Academy of Sciences and Arts	Research associate, Institute of Technical Sciences	Yes
10.	Governmental sector	Ministry of Mining and Energy	State secretary	No
11.	Governmental sector	Ministry of Mining and Energy		No
12.	Academia	University of Belgrade		Yes
13.	Governmental sector	Ministry of Mining and Energy	Head of the office for energy efficiency	No response
14.	NGO	Permanent conference of cities and municipalities	Program director for urban development life environment and utilities	Yes
15.	Governmental sector	Ministry of Mining and Energy	Sector for sustainable development and climate change in the energy sector	No response
16.	Governmental sector	Ministry of Mining and Energy	Sector for strategic planning in energy	No response
17.	Governmental sector	Ministry of Mining and Energy		No response
18.	Governmental sector	Energy Agency of the Republic of Serbia		No response

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Miljenka Kuhar holds a degree in sociology. Throughout her career in public sector, she worked on many projects with European Commission. During her time as a Head of Service for Science and Innovation Policy, she was a national member of EC Policy Support Facility Group for ESIF EU Programme synergies for the new programming period. She has extensive knowledge in public policy, mainly related to climate and energy policies. Having in mind her background, recently she focuses more on social and gender issues in the process of just and inclusive energy transition, among which especially on topics of climate justice and energy poverty. She has extensive experience in programming and planning project funding from EU funds, both including European Structural and Investment Funds and Framework programme for the period 2014–2020; preparation of the project documentation and evaluation of projects funded under European Structural and Investment Funds and drafting and implementing different programs.

Anja Vulinec has a master's degree in sociology. She graduated in sociology (scientific direction) at the Faculty of Philosophy in Zagreb. She is currently employed by DOOR as a junior expert. Working in a research agency and in DOOR she participated in the implementation of projects through conducting desk analyzes, creating questionnaires for conducting research and writing analyzes based on the conducted research. While working in DOOR she participated in the preparation and activities of projects in the field of energy poverty. She has excellent written communication skills and thus is in charge of maintaining a professional profile through digital marketing.

Marija Horvat is a junior expert. She was employed in 2021 after more than a year working at DOOR as a student. She graduated in 2021 from the Faculty of Electrical Engineering and Computing, University of Zagreb, majoring in Electrical Engineering and Information Technology, profile Electrical Power Engineering. Marija participated in the preparation and activities of projects in the field of renewable energy sources, energy efficiency and energy poverty. She is currently working in HOPS d.o.o. the only electricity transmission system operator in the Republic of Croatia.

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IMPRINT

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