

2016/MAY

COMMENTARY



Nothing is changing – how Macedonia's
energy future is still unclear

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On a recent meeting organized by one CSO (Macedonian Center for Energy Efficiency) and the Ministry of Economy of Macedonia on the possibilities of de-carbonising the energy system in the country, the sentiment was that there are alternatives to the current big thermal power plant (REK Bitola) and dominant electricity producer in the country, but nothing has been finalized. The country does not have a consensus on where it wants to see itself energy-wise in the next 20-30-40 years and that is a serious issue which due to the current political and societal crisis is left aside. However, without safe and affordable energy the modern life is unthinkable and these issues cannot wait.

One major document is waiting for several months if not a year to be adopted: the revised Energy Strategy up to 2035 which unlike its unfortunate predecessor the Energy Strategy of Macedonia from 2010 should offer clearer and more real path of development of the energy system of Macedonia. All this of course should be in line with EU's 2050 goals of reducing the emissions for up to 80% by that year, as well as the Paris Agreement for fight against climate change. Not only is the new Strat-

egy not adopted but the process of consultations has been below the standards of public consultations where all interested parties take part in the creation of such an important document. However, due to the political crisis in Macedonia¹ this process has stopped and there have been no new developments regarding the timeline, so the country is left without an updated energy strategy.

Instead of seriously looking into dealing with the country's energy future the biggest production company ELEM in the past five years has built only two new power plants - wind parks "Bogdanci" and hydro-electric power plant "Matka 2". The insignificant number of newly built electricity production objects did not prevent the company from announcing a tender for the construction of a so-called "Paradise Park" in the Skopje municipality of Aerodrom, a project unrelated to energy. The published tender has an esti-

¹ It refers to the failure to implement the Prizno agreement and the pardoning given to 56 people, including ex-ministers and other politicians by the President Gorge Ivanov in time where there were cases prepared by the Special Prosecution Office which triggered protests across the country.

mated value of 900 million denars (around 14-15 million Euros), not including the Value Added Tax (VAT)². It is unfortunate that the biggest electricity production company continues to work un-transparently without taking into consideration its primary goal and purpose and that is production of energy for the citizens of Macedonia. Analytica already investigated the transparency issues of ELEM in its report *The road to financial transparency and accountability of the institutions and companies in the energy sector in the Republic of Macedonia* and gave the following recommendations: ELEM to publish audit reports on its website, as well as annual programs and reports, both narrative and financial, in that they should be readily available, can be downloaded and shared and to have a consistent form prescribed by a Manual. To begin with practices of publishing reports on what has been improved and how problems have been resolved reflected in the audit reports, both external and internal. To begin with practic-

² Info, Build.mk <http://www.build.mk/?p=49987>

es of publishing all concluded tenders and public procurements for each fiscal year. The data in the annual reports to be comparable with the previous year, with a narrative explanation of what has accomplished from the annual work plan. The financial plans and reports to start portraying the so-called projects of public interest, or even to be separated into separate reports, but available on the company's website.

Of all the recommendations, ELEM has added a list with the tenders only, which is a good practice but it needs to be complemented by the other measures for full transparency and accountability ([more info here http://www.elem.com.mk/index.php?option=com_content&view=article&id=152&Itemid=216&lang=mk](http://www.elem.com.mk/index.php?option=com_content&view=article&id=152&Itemid=216&lang=mk)). This is especially important, having in mind the built and planned projects that are outside the energy sector such as the proposed expensive park. Citizens must know and be able to participate in the decision making process of such expensive and big projects which directly impact their pockets and their lives.

Another issue that showed up was the new project that the now ex-Prime Minister Nikola Gruevski promoted on 10th of May in front of the public. He promoted a project

for subsidies on pellets and energy efficient stoves in order to protect the environment and the health of citizens. This new proposed measure will have three segments including support for procurement of heating stoves for the households, where the state will provide subsidies for 70% of the price of the stove but no more than 30.000 denars per household. The second segment Gruevski said was subsidies for the purchase of the pellets. The third segment includes subsidized installation of heating systems that use pellets with radiators in large residential buildings and other larger consumers of energy such as kindergartens, schools, health centers, public enterprises etc that are located in buildings and in urban areas that are not connected to the central district heating and currently mostly use heating based on firewood or fossil fuels. This measure would cost at least one million Euros per year and in period of over four years and the heating with pellets should cover about 40 thousand square meters of space in these objects, said Gruevski (Source Biznis vesti – link on Macedonian).

There are several issues arising from this promotion and the first question is was this measure promoted as part of the pre-election program of the party of VM-

RO-DPMNE? As the vice Prime Minister Vladimir Peshevski can be seen at the promotion, is his Office for Energy responsible for this and where is the Ministry of Economy which is responsible for these types of measures (few years back it provided subsidies for solar collectors) in all this? Another issue is where will this money come from, again the budget of the Ministry of Economy, or some other institution? Who will implement it? It says it will start from 2017 but there is no info who adopted, signed this decision and why 2017? The advice here is if there is such promotion it should be done as part of a party program for elections. In this case, as it was promoted, without the other responsible institutions there such as the Ministry of Economy, it creates confusion without giving any answers to the above mentioned issues, therefore making it look just like a publicity stunt.

All initiatives that support sustainable usage of energy, renewables, energy efficiency, protection of the environment, and cleaner air should be applauded. However, the policy and institutional set up

that provides the basis for the functioning of the energy system should be respected, and all the reforms should be done through it. State owned companies should not be used for the promotion of private ideas and projects and if they want to work on projects outside their main job description those activities should be regulated with law or by-law. If not, we risk losing money, time and energy on unproductive projects while risking leaving an unsafe energy future to the next generations. ●



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