

THE STATE OF ENERGY POLICY IMPLEMENTATION IN MACEDONIA SINCE 2011: PROGRESS IN RENEWABLES, STATUS QUO IN ENERGY EFFICIENCY?

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By ratifying the Energy Community Treaty in 2006, Macedonia obliged itself to adopt and implement the EU acquis on energy and related areas, therefore started reforming its energy sector - improving energy efficiency and increasing the share of renewable energy were set to play a key part of the process. It was not until 2010 when the strategic trio was adopted – the Energy strategy, the Renewable energy strate-

gy and the Energy efficiency strategy and until 2011 when the new comprehensive Energy law was adopted. The state of implementation of energy efficiency and renewable energy policy in Macedonia in 2011 right after the adoption of these main legislative and strategic documents showed that both policies are challenged by set of barriers from missing secondary legislation, over lack of sufficient financial and human capacities in the implementing institutions

to lack of political will and missing strong supporting schemes and programs for concrete implementation. Although efforts were invested in both areas as introducing feed-in tariffs to increase the investors' interest in renewables and allocating more authority to the local authorities for local energy efficiency development, they did not give the expected results, showcasing slow implementation of the energy efficiency and renewable energy policy.

Two years later, it seems that for the renewable energy area things have moved from point zero, while the area of energy efficiency is still in status quo. Namely, the feed-in tariff policy which was previous changing over-night for photovoltaics, resulting in dissatisfaction on the side of the investors was finally stabilized. In addition, the missing secondary legislation on feed-in tariffs and preferential producers was adopted, paving the way for legal certainty and subsequently more investments in the area. In addition, projects of capital importance as a solar thermo power plant and a wind farm, both capital projects of their kind in the county are being developed by the electricity generation company ELEM which gives sign of willingness on the side of the major stakeholders to

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increase the share of renewables. Concrete results of improving the state of the renewable energy investment climate are also indicated by the small but steady increase of utilities written in the register of utilities for electricity generation from renewables as presented in the last annual report of the Energy agency. Positive policies are also developed by the Ministry of economy which continues to give subsidies for solar collectors. However, despite the developments in the area in the right direction, the challenges as the failed attempts to secure investors for the large hydropower plants as Chebren and Galishte continue to be the dark spot on the country's renewable energy file.

The other side of the story, the area of energy efficiency, however does not have such good developments to underline. In fact, the new energy actors, the municipalities, continue to be challenged in drafting and implementing their local energy efficiency programs. This is clearly showed by the data gathered by the Energy agency stating that out of 80 municipalities (before 2013 - 84) only 32 have submitted their three-year energy efficiency programs to the Energy agency, of which only 12 got positive opinion from the Agency. In this line, even the adopted energy efficiency programs of the municipalities show limited number of renewable

energy projects and they are generally reluctant to undertake bigger energy efficiency investments as building small cogeneration utilities or gasification projects. Regarding establishing the necessary preconditions for implementation of the Energy law in the part of energy efficiency, some of the key bylaws as the Rulebook on energy characteristics of buildings and Rulebook on energy control have still not been adopted. Also, one of the main financial instruments envisaged to contribute to implementation of the energy efficiency projects, the Energy efficiency fund, planned since 2004, has not been established. The decentralization of the energy efficiency policy has also contributed to increasing the gap between the performances of the municipalities in the area, making space for examples of good policies also. The latter is illustrated by the case of the municipality of Karposh which among other policies has began undertaking a gasification project and had adopted a local rulebook on energy efficiency measures in the building sector which are measures to be addressed in order the municipality to give approval for construction. This rulebook was adopted by this municipality as an answer to the delay in adopting the mentioned bylaws by the respective institutions on state level in

the area that would prepare the basis for future energy efficient buildings.

As illustrated in the examples of energy efficiency and renewable energy policy implementation, the state of progress in the two areas differs. Although both of them still have challenges to undertake and have shown fewer or better positive developments, the state of renewable energy implementation gives a picture of more promising results and outcomes. Energy efficiency on the other hand is the area to which more attention should be given especially in strengthening the municipalities' capacities, establishing the Energy efficiency fund and adopting the missing secondary legislation. Overall, more political will and implementation mechanisms are to be applied to both areas, energy efficiency being the main priority! Only with such approach may Macedonia overcome its current status quo in the energy efficiency area and show good results of reduced energy wasting, better environmental and local economic development.

***This commentary was prepared before the feed-in tariffs were changed on 17 April 2013.**

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