Renewables in South East Europe

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South East Europe including EU Member States and
Energy Community Treaty signatories
The region's power capacity is old and consists mainly of large hydro and coal power.
Coal and hydro power plants make up the main shares of installed power capacity in the region.
Electricity in South East Europe is a social good
South East European countries have the lowest household electricity prices in Europe (2016)

Note: annual consumption: 2 500 kWh < consumption < 5 000 kWh.
(*) This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.
Source: Eurostat (online data code: nrg_pc_204)
The countries strive to import the Energiewende
Feed in Tariffs are the main policy instrument in the region, however they did not work in Energy Community countries.

Based on Energy Community, Eurostat and IRENA.
But can they pay for renewables?
The Croatian support system is in deficit because it cannot keep up with the upcoming FIT based projects – mainly wind, biomass and biogas (quotas 744 MW, 120 MW, 70 MW).
Until 2020 about 1 billion EUR is required to finance the FIT based projects and an increase of the levy to 1.8 EURc/kWh. The latest increase falls short of this.
An additional 2.3 billion EUR is required to service the FIT projects until 2030 so further levy increases can be expected.

Support system for renewables (mil. EUR)
(2021 to 2030)

- New projects in the FIP system - from 2018
- Old projects in the FIT system - until 2016

Very high costs of capital increase support costs
WACC in EU (2014): Very large differences in financing conditions

Germany: 3.5 to 4.5%
Croatia and Greece: 12%

Source: Dia Core, 2016; Mapchart.net
In 2016 WACC for onshore wind energy projects was highest in Greece (10.5% - 13.7%) – a decrease compared to 2014 but mainly due to EU monetary policy.

Source: Pricetag, 2017; Mapchart.net  *based on model
The regions energy transition needs to be fair and inclusive
Protest against small HPP on river Sana in Republika Srpska (BiH): “We will not subsidise the crime and robbery valued more than 15 million KM” (cca 7.5 mil EUR)

Citizens protest because they perceive that a small HPP on a local river will cause great environmental damage. However they also see the money they pay in form of levies go out of their country to foreign investors. In addition renewables in general leave a small value added in Western Balkans (jobs, GDP growth etc.). A fair energy transition requires participation, transparency and inclusion.

Source: Centar za zivotnu sredinu, 2015
Thank you for your attention!

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