

Regional Energy Policy Cooperation Initiatives to achieve EU energy policy objectives: Focus on South East Europe

Project Description

The implementation of Regional Energy Policy Initiatives is among European Commission's priorities in achieving EU energy and climate goals and establishing an Energy Union. The European Commission Communication on the 2030 climate and energy framework underlines the need for an enhanced coherence of national energy policies and national energy plans. The European Energy Security Strategy published in May 2014 also calls for mechanisms that allow member states to "to inform each other of important decisions related to their energy mix prior to their adoption" essentially envisioning collaboration on a European level in national energy plans setting. Finally, the importance of a "regional approach" has been reiterated by the 26/27 June 2024 European Council Conclusions where they mention "further implementing and integrating the European energy market based on a regional approach".

Several projects and studies have focused on establishing the costs and benefits of regional energy policies cooperation. A study by Ecofys, TE and PwC for the European Commission on the benefits of a meshed offshore grid in the Northern Seas Region has estimated that annual savings of 1.5 to 5.1 billion EUR can be realised through coordinated offshore grid development.

Possible achievements of regional cooperation initiatives

Different modes of regional cooperation can be seen implemented alone or in parallel in existing initiatives and regional energy arrangements such as the Danube Energy Forum, the Mediterranean Energy Forum, the Pentalateral Energy Forum, the North Seas Countries' Offshore Grid Initiative and the Nordic Co-operation partnership. They typically include both top-down and bottom-up elements. The Pentalateral Energy Forum – essentially bottom-up – is of particular interest because it links to the German Energiewende, therefore trying to find answers to make different energy transition models compatible with each other in the European context.

All of the above listed represent forms of regional approaches to EU energy policy that facilitate member states cooperation with a final goal of closing the gap between national energy policy realities and EU objectives: the internal electricity and gas markets and the upcoming Energy Union priorities, including notably the climate change priorities.

It is clear and acknowledged that regional energy policy cooperation risks establishing models of interaction not fully synchronised with EU energy objectives. This can – at least theoretically – be addressed by a guiding EU framework on design elements of regional cooperation structures.

Effective regional approaches to energy policies cooperation can be built on several bottom-up models that could serve as templates. They can be then adjusted and applied in EU regions and their respective situations. One of these regions is South East Europe. Like national solutions, models such as the Pentalateral Forum or MEDREG would not be a perfect fit for the challenges faced in South East Europe. However, they could offer practical solutions real and existing energy challenges on a regional scale and in line with EU energy objectives.

Towards an agenda for South East Europe

In light of the region-specific challenges faced by some member states and the different partnerships needed to coordinate a regional approach to energy policies formulation, the project will examine the political and economic justification to pursue cross-EU border approaches, specifically in terms of the cooperation potential in South East Europe between Bulgaria, Romania, Greece, Turkey and the Western Balkans' states, i.e. cooperation between EU member states and countries, which are member of the European Energy Community.

This takes into account that the growing interest in regional approaches to energy policies formulation can be observed also in other EU regions such as South East Europe (SEE) where energy efficiency cooperation is in its initial stages but member states show great determination to collaborate in order to better exploit the great potential in this region. SEE member states are particularly interested in designing policy frameworks for electricity infrastructure cooperation which would allow the region cope with an increase in deployment of renewables, achieve higher cost-effectiveness of member states' national power grids as well as facilitate cross-border electricity exchange. The specific geographical, political and economic context of this region requires persistent and structured institutional and multilateral dialogue in order to set up a mutually beneficial partnership between all stakeholders.

To date in South East Europe, there are some, although limited and somewhat patchy regional initiatives such as bilateral agreements for electricity trade or trade of Kyoto Protocol Assigned Amount Units (AAUs). It is hoped that more regional energy policy integration could ease the integration of South East Europe in the EU internal energy market and therefore be beneficial both for the region and the EU as a whole. Principal opportunities in South East European energy policy cooperation are for uplifting investments in key energy infrastructure in the region as well as the deployment of renewables.

Project Timeline:

As part of the project, series of activities funded by the European Climate Foundation were carried out by CEPS to explore the potential of regional approaches to European energy policies. Through them we asked whether regional approaches could improve the effectiveness of EU energy policy objectives through enhanced policy coordination at regional scale.

CEPS launched the "Regional Energy Policy Initiatives" project through a workshop held in Brussels on January 20, 2015 attracting a broad base of participants. Representatives of MEDREG and the Pentalateral Forum, forms of regional energy cooperation initiatives, presented their experiences along with the institutional view of the European Commission, MEP Claude Turmes, South East Europe stakeholders and representatives of relevant industries (electricity infrastructure). After the workshop, a summary of discussions was drafted and circulated.

On March 11, 2015 a breakfast meeting with Christian Egenhofer was hosted by MEP Claude Turmes in the European Parliament, Strasbourg to discuss the potential for regional energy policy cooperation in South East Europe with interested MEPs.

The project was discussed in series of bilateral meetings, held in the region (Greece, Bulgaria and Austria) in parallel to several conferences and fora. In particular, it was presented at the Balkan Forum in Thessaloniki, Greece by Anna Dimitrova and Julian Popov. Following this, a policy proposal on an EU framework on Regional Energy Policy Cooperation Initiatives is being drafted. The proposal will be presented at a regional event to be organised in June.