

Submission of input to DG Energy B1 Secretariat:

For the Stakeholder session on the Central and South-Eastern Energy Connectivity (CESEC) initiative - 20 November 2017

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The Central and South-Eastern Energy Connectivity (CESEC) has moved to a new phase, one which sees the extension of its mandate to electricity markets, renewables and energy efficiency. The CESEC High-Level meeting in Bucharest on 27-28 September 2017 enabled ministers from the region to sign the “Memorandum of Understanding complementing the CESEC initiative with a Joint approach on electricity market, energy efficiency and renewable development”, which contains the new Action Plan on these concrete areas and terms of reference for collaboration.

After having taken the first step in the new mandate, which entailed working closely with the governments from the region to reach consensus, focus is now moving to involving relevant stakeholders to participate in the regional cooperation of the new CESEC mandate.

This contribution by CEPS Energy Climate House is based on stakeholder discussions in two workshops held in November and December 2016, comments received from stakeholders and two policy insights publications in 2017: [Channelling Progress in Central and South East European Energy Market Integration. Proposals for the Terms of Reference for the new CESEC Working Groups](#) and [CESEC 2.0: Opening the door to a new level of regional cooperation](#) (available on the www.ceps-ech.eu and www.ceps.eu websites).

This contribution makes the following main points:

Stakeholder engagement

Stakeholder typology and engagement could be improved by having mechanisms to allow interested parties to engage in discussions in a transparent, timely and inclusive way.

Stakeholder involvement in CESEC to date has focused on a specific and well-defined approach, where stakeholders can easily be identified, e.g. Transmission Systems Operators (TSOs) or national regulators. On a case-by-case basis, research and academia have been invited, such as the Regional Centre for Energy Policy Research (REKK), the International Renewable Energy Agency (IRENA) or the Buildings Performance Institute Europe (BPIE). Such an approach can be justified on the grounds of ‘keeping things simple and manageable’. Nevertheless, as CESEC has expanded, the mechanisms for stakeholders’ involvement need to be considered.

Given the sheer size and variety of existing stakeholders, it is unrealistic to assume that the CESEC process will be able to institute formal stakeholder involvement, other than regular large-scale meetings. It might be worth reflecting on ‘mechanisms’ to allow interested

stakeholders to engage in discussions, as well as making the consultative process more transparent, timely and inclusive. Further consideration could be given to the role of civil society and non-governmental actors. National focal points (see next section) could organise regular stakeholder consultations. However, there will be also a need to consult international stakeholders that might not be adequately represented at national level.

National focal points

National focal points could be appointed to enhance regional coordination and enable CESEC countries to streamline the functioning of the working groups along the various thematic areas. The link between the CESEC regional cooperation and the Energy Community and its initiatives should be strengthened.

A means of enhanced simplification for regional coordination could be the appointment of a national focal point playing the role of a national co-ordinator. Such an arrangement would enable CESEC countries to streamline the functioning of the working groups along the various thematic areas. A single national focal point for each country would also overcome the problems that might arise from different government institutions possibly being responsible for the CESEC themes in different countries.

A national focal point would also act as the main interlocutor for stakeholder interface. It would seem important that all four areas – gas, electricity markets, renewables and energy efficiency – have dedicated contact points in each country.

To enhance visibility and stakeholder engagement, the host country of the CESEC High Level Group could hold a major public event associated with the formal meeting

Repository of studies

A ‘repository of studies’ could be set up to simplify the reference to the vast available regional data and analysis, thus allowing for stocktaking, identification of gaps and avoidance of work duplication. The repository could be structured around the CESEC working groups or alternatively, the four CESEC themes: gas connectivity, electricity markets, energy efficiency and renewables.

These discussions could benefit from the significant body of analytical work on the energy developments in the region that have been completed or commissioned recently and are in the process of being drafted. In order to simplify the reference to available data and analysis, the setting up of a ‘repository of studies’ has been strongly recommended by stakeholders. To date, there is a huge number of studies in the area, and the establishment of a simple ‘repository of studies’ would allow us to take stock, summarise them, avoid duplication and to identify the gaps. The repository could be structured around the CESEC working groups or alternatively, the four CESEC themes: gas connectivity, electricity markets, energy efficiency and renewables.

Capacity development and Fund management

CESEC can help to improve and develop the necessary administrative capacity and good fund management to efficiently raise and manage funds, especially the combination of EU grants, EIB financial instruments and other funding sources. Holding a key role as a facilitating platform, CESEC is well placed to invite and encourage international financial institutions to invest in the region and tap into its potential.

CESEC region is faced with low leveraging of public finance in energy efficiency in buildings. There is a need for a platform to identify barriers, find matching instruments, provide advisory services and develop best practices (E.g. a buildings renovation platform).

Tapping into the local skills

CESEC can build upon the Central and South East European (C&SEE) region's large technical and digital competences in the new areas of the CESEC 2.0 mandate (electricity, renewables and energy efficiency). All countries from the region have a strong engineering culture with a wealth of technical talent due to the area's solid engineering, math and sciences universities. C&SEE is the cradle of the European fossil fuel industry with proven engineering expertise. Several countries in C&SEE have extensive knowledge of and experience with renewable energy, such as hydro but also solar and wind, as well as energy-efficiency projects. In the context of implementing the new CESEC mandate, the region's technical and digital competences, along with the potential for research and development, provide a strong advantage, but one that will need a facilitating framework to yield their full potential.