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**"Energy strategy, security and gasification of the country
and the region"**

(Organised by: US Embassy and think-tank Analytica)

EU InfoCentre

**Speech by
Ambassador Aivo Orav
Head of EU Delegation**

Your Excellency Ambassador Wohlers,

Dear Mr. Demiri,

Ladies and Gentleman,

The EU Delegation warmly welcomes the initiative of the US Embassy and thank-thank Analitika to organise this Forum on energy.

The well-being of people, industry and economy depends on safe, secure, sustainable and affordable energy. Energy is a daily need in a modern world and what makes the world tick. That is why, it is essential to address the major energy challenges facing us today.

The common EU energy policy has evolved around the joint goal: to ensure uninterrupted physical ability of energy products and services on the market, at a price which is affordable for all consumers, while contributing to the EU wider social climate goals.

Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth, developed on previous energy policy documents, once more confirmed the ambitious energy and climate change objectives to be achieved on EU level by 2020, such as:

- Reduction of greenhouse emissions by 20%;
- Increase of share of renewables to 20%;
- 20% improvement of energy efficiency;
- Building Pan-European integrated energy market;
- Empowering consumers and achieving highest levels of safety and security; etc.

Recently, the EU has gone beyond the year 2020. The Commission developed "Energy Roadmap to 2050" which sets even more ambitious goal, almost a full decarbonisation of the energy sector while at the same time improving the competitiveness and security of supply.

Having regard to the evolution of the EU's Internal Energy Market and noting the need to make regional markets on the borders of the Union compatible with its legislation, in 2005 the EU founded Energy Community with several countries from South East Europe.

The country joined this Energy Community in 2006. By joining the Treaty, the country committed itself to an ambitious project that demands a huge effort in terms not only of legislative work, administrative capacity and resources, but also of political and

social perception. This commitment is being renewed at every meeting of the Energy Community institutions.

EU welcomes the progress made here in accomplishment of the objectives set in the Treaty. However, allow me to briefly raise several issues which should be addressed in close future:

1. We expect further transposition of the *Energy Community acquis*, especially in the area of electric and gas networks. Let me stress that the formal transposition of the *acquis* cannot be an end in itself, but must be a means to achieve the objectives of the rules. The goal is to create a true energy market, starting by reforming of the existing system of regulated prices and blanket subsidies.

2. Adopting national laws that merely "translate" the EU rules into national acts does not suffice if they are not accompanied with the necessary secondary rules, administrative capacity and supervision and enforcement mechanisms. Thus, we look forward to the adoption of the Rulebook on energy efficiency of buildings, Secondary legislation of renewable energy in transport sector and use of biofuels, and set up of corresponding institutional environment.

3. One big challenge the country is facing is to restructure regulated end-user prices of electricity and the associated implicit and explicit subsidies on all energy markets. These subsidies, keep, in particular, the wholesale electricity price below the capital replacement level and discourage energy savings and investments in energy efficiency.

4. The Energy Regulatory Commission must be given sufficient powers, resources and, especially independence to perform its duties. It should develop a capacity to ensure non-discriminatory, effective competition and efficient operation of the energy market.

5. We strongly support the Government's plans to join the gas ring of South-Eastern Europe and further development of the gas network within the country. In this line, we encourage the national authorities to propose infrastructure projects of regional interest to the Energy Community, to be able to benefit from EU funding mechanisms specially dedicated for this purpose.

Let me conclude by underlining that EU remains to be a committed partner to the country in its path towards the EU membership. Under the Instrument for Pre-Accession, EU provided almost 3 million EUR to energy sector and shall

continue to further support the energy sector in the future through various EU financing instruments.

I hope that today's Forum will bring a productive discussion and new ideas on how to provide affordable, secure energy to citizens and industry in the country and in the region.

Thank you.