



Proposal to set up a regional sub-sectoral network on renewable energy within the Eastern Partnership Energy Panel

The purpose of this note is to promote the idea of setting up a regional sub-sectoral network on renewable energy under the Eastern Partnership Energy Panel with the view to receiving endorsement at the 5th Energy Panel which will take place on 29 October 2020. Due to the continued Covid-19 crisis, the meeting will take place in a form of a videoconference. This may also affect the next steps to be taken as outlined in this concept paper.

1. Background and overall objective

Renewable energy sources play a global role in fighting climate change, decarbonizing economies and achieving the sustainable development goals as well as the national targets, which Eastern Partner countries and EU Member States have set under the Paris Agreement.

Today, a third of global power capacity is based on renewable energy. The total renewable energy generation capacity reached 2,351 GW at the end of 2018. *“Nearly two-thirds of all new power generation capacity added in 2018 was from renewables, led by emerging and developing economies.”*¹ Renewable energy proves its importance as a key driver towards the necessary global energy transition.

It is key to have a common understanding among politicians, industry, civil society and citizens that in the longer term those countries who take the full advantage of their renewable energy potential will boost their socio-economic benefits and provide job opportunities. At the same time, they will be moving towards low-emission or ideally even zero-emission economies, which in most cases also increases energy security.

The European Green Deal aims at making Europe the world’s first climate-neutral continent by 2050. In this context, the EU will revise its current energy and climate change related targets by 2021 and it will review and adapt relevant legislation in the next years. The Green Deal also clearly calls for increasing energy cooperation efforts with the European neighbours and continued efforts to promote and implement ambitious environment, climate and energy policies across the world. This includes engaging more intensely with all partners to increase the collective effort and help them to revise and

¹ IRENA statistics

implement their nationally determined contributions and devise ambitious long-term strategies. Future action in the Eastern Partnership will take into account Commission priorities.

An interim monitoring carried out by the European Commission and the European External Action Service in September 2018 to review the progress achieved under the “20 Deliverables for 2020”² revealed that the progress achieved in the field of energy efficiency, renewable energy sources and Greenhouse Gas emissions reduction is not yet sufficient. While since then it has slightly improved, the latest review confirms that indeed more efforts need to be undertaken³. This should include further work on developing renewable energy generation, notably with the creation of incentives and guidance towards increasing the use of renewable energy sources.

As a result of the review, after 2020, the cooperation under the Eastern Partnership will continue to focus on two main objectives in the energy field. On the one hand, the security of energy supply for the sake of social, economic and political stability in the region and on the other hand, the decarbonisation of our economies by drastically strengthening all mechanisms that increase sustainable and efficient use of energy and reduce our CO₂ emissions.

According to IRENA statistics, at the end of 2018 the six Eastern Partners and the then 28 EU Member States together had a total renewable energy capacity of 479.89 GW, which was 20,4% of the global share. The share of renewable energy sources keeps growing in all our countries and we should make use of this momentum to foster our joint endeavours in this area. The Covid-19 crisis will have an unprecedented impact on the social and economic systems in the entire Eastern Partnership. We should take this challenge as an incentive to resolutely continue our pathway towards more efficient sustainable and decarbonised energy systems. Clean energy investments can ensure sustainable recovery based on local jobs and resources and improved resilience.

At the Eastern Partnership Energy Panel in Vilnius on 17 October 2019, the European Commission suggested setting up a regional sub-sectoral network on renewable energy.

In order to increase ownership and to ensure that the work under this network is driven by the varying interests and needs of the Eastern Partner countries, the European Commission suggests that the network is co-steered jointly by an Eastern Partner country(ies) and an EU Member State(s).

Lithuania and Georgia have kindly accepted to jointly steer the works of this network for the period of 2020-2021 with a possibility to extend this steering in time or to replace it by other interested EU Member States and/or Eastern Partner countries. The cooperation among the European Commission, Lithuania and Georgia under the newly established regional sub-sectoral regional network on renewables will focus solely on the potential benefits provided by renewable energy technologies and will not aim to undermine national interest.

² For more information see the factsheet on the 20 Deliverables for 2020: https://eeas.europa.eu/sites/eeas/files/eap_generic_factsheet_eng_web.pdf.

³ Joint Communication of the European Commission and the European External Action Service on the Eastern Partnership policy beyond 2020 ([JOIN\(2020\) 7 final](#)) of 18 March 2020

2. Aim of the network

Considering on the one hand the crucial role that renewable energy sources play in the global clean energy transition, including their role in diversifying energy sources for the sake of increasing energy security, and on the other hand, the challenges Eastern Partner countries are facing in developing renewable energy sources, the aim of this network is:

Firstly, to explore and identify existing obstacles to achieve greater share of renewable energy sources in the energy mix of the Eastern Partner countries;

Secondly, to make recommendations, which will lead to a pathway and further shape EU assistance on how these obstacles could be best overcome in the medium to long term. Measures of legal, regulatory, strategic, physical nature and financial incentives could be identified and applied;

Thirdly, to implement a pilot project in one Eastern Partner country, which would be designed to demonstrate how the application of selected measures could work.

According to IRENA statistics⁴, the varying energy mixes of the individual Eastern Partner countries reveal different potential of specific renewable energy sources. Certain projects in renewable energy areas with the highest potential have already been developed by the Eastern Partner countries with the support of the EU and other international institutions, including IRENA. Experience shows that working in a more consistent way based on a clear long-term strategy would improve the efficiency, sustainability and the impact of such projects on the citizens.

To start with, this newly established regional sub-sectoral network on renewable energy could explore the interest and potential to organize auctions. Auctions can be an appropriate way to promote the development of renewable energy sources in the Eastern Partner countries as it:

- 1) encourages countries to start the sustainable strategic planning of renewable energy development;
- 2) provides an opportunity for developers of different kinds of renewable energy resources to participate;
- 3) creates the right conditions at both national and local levels to make use of the renewable energy sources which have the most potential in a specific country;
- 4) promotes openness, transparency and competitiveness with the view to integrate renewable energy into the energy systems.

This approach would not only facilitate the development of renewable energy sources in Eastern Partner countries but would also foster engagement of the EU Member States in Eastern Partnership activities.

Another interesting topic in this context could also be to discuss Power Purchase Agreements as long-term investment in renewable energy options.

⁴ Renewable Energy Statistics 2019: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2019/Jul/IRENA_Renewable_energy_statistics_2019.pdf.

Discussions and activities would also cover the different resources of renewables, additional EU supporting measures to stimulate further integration of renewables in the electricity, heating and cooling and transport sectors, and to increase flexibility in the market. These could be for instance:

- More demand response, so that demand can respond in a more flexible manner to low or high prices and thus facilitate the integration of variable renewable electricity;
- New actors, such as aggregators and energy storage providers, which can bring more flexibility products to the market.
- Specific sector targets for renewables in heating and cooling and transport;
- Support for renewable self-consumption and energy communities;
- Strengthening the cooperation mechanisms, such as joint projects and statistical transfer.

3. Work programme

Based on this concept note and a discussion at the next Eastern Partnership Energy Panel meeting, Lithuania and Georgia invite the energy panel members to agree that such sub-sectoral network on renewable energy under the Eastern Partnership Energy Panel is set-up and that Georgia and Lithuania will co-lead on the activities of the network. The suggested activities are in line with the Work Programme of Eastern Partnership Platform 3 and are foreseen for the period of 2020-2021. Activities will benefit from the financial support of the European Commission. Based on the results of the activities achieved within this period and on the interest of the Eastern Partner countries as well as EU Member States to keep engaged, the scope and the period of the activities as well as the co-leading countries will be updated.

Georgia and Lithuania as co—leaders of the network suggest carrying out the following three activities over the period of 2020 and 2021:

3.1 To organize three workshops, with the following proposed preliminary subjects:

1. *First workshop* – Obstacles and solutions for greater renewable energy sources development and integration into the energy systems of Eastern Partner countries; scope and methodology of a study (*explained in detail below under section 3.2*) to assess existing conditions and obstacles for the development and integration of renewable energy sources into the energy systems of the Eastern Partner countries / 2021 in Vilnius
2. *Second workshop* – State of play of a pilot project (*explained in detail below under section 3.3*) aimed at demonstrating the potential of the auctions, challenges and breakthroughs to be organized in Georgia / 2021 in Tbilisi
3. *Third workshop* – State of play of the study (*explained in detail below under section 3.2*) on the development and integration of renewable energy sources into the energy systems of Eastern Partner countries/ 2021 in Brussels

The terms of reference for the regional sub-sectoral network on renewable energy, as well as the exact topic and scope of each workshop will be proposed by Lithuania and Georgia in consultation with the European Commission in due time.

Lithuania and Georgia will co-chair the workshops. Co-chairs will systematically report on the progress to the Energy Panel.

In parallel to the workshops, the two following additional activities could be envisaged:

3.2 To conduct a study

External expert(s) will be requested to prepare a study, which assesses the existing conditions in all Eastern Partner countries for the development and integration of renewable energy sources into their energy systems.

Based on surveys and interviews with ministries, energy regulators and companies from respective Eastern Partner countries, legal framework analysis, statistics and other relevant sources of information, the study could explore and identify existing obstacles to achieve greater share of renewable energy sources in the energy mix of the Eastern Partner countries and make recommendations how these obstacles could be best overcome by developing different possible measures to be applied, including those of legal, regulatory, strategic and physical nature.

The exact scope of the assessment, as well as working methods of the external expert(s) shall be discussed and agreed by EU Member States and Eastern Partner countries during the first workshop. Close cooperation with IRENA and/or IEA, which have undertaken a number of works/studies in the region, should be envisaged.

Depending on the timing of its finalization, the results of the study could be presented and endorsed at the end of 2021.

3.3 To launch a pilot project with Georgia

The aim would be to review national legislation in Georgia and provide recommendations for its adjustment as the first steps to be taken. This would be designed in a way to demonstrate how the application of an auction scheme could work in Georgia. Georgia as the co-leader of this network has agreed to be volunteer country for this pilot project. Depending on its outcome, Georgian side may envisage to disseminate the project also to other interested Eastern Partner countries.

The review and sharing the best practice from EU Member States on the national regulatory and energy legislation including the review of plans for renewable energy development, the status of the market development, the integration of renewable energy into grids, as well as recommendations for improvement of its regulatory and energy legislation based on principles of transparency, independency and competitiveness. Based on the analysis carried out and assuming that the recommendations will be implemented, recommendations related to design of the auctions and to demand and design of the selection process could be provided.

The activities within this initiative should be conducted in accordance with EU and international experience when developing electricity sector legislation. Lithuania remains committed to share its knowledge and experience gained during the process of preparation for auctions. However, this initiative also gives other experienced EU Member States the possibility to get involved in the process.

4. Steering questions for discussion addressed to Eastern Partners and EU Member States:

- *Does your country agree to set up a regional sub-sectoral network on renewable energy?*
- *If yes, what would be the expectations of your country as regards the topics and the outcome of the works?*
- *Is your country available to contribute to the works be it by sharing expertise and experience or via in-kind contribution for workshops or other kind of activities?*
- *Is there any additional aspect on the content or the working arrangements your country would like to complement into this concept note?*