

**ENERGY CHARTER
SECRETARIAT**

CCDEC 2007

10 EEF

Brussels, 7 December 2007

Related documents: CC 340, CC 347

DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Recommendations on the In-depth Energy Efficiency Review of the former Yugoslav Republic of Macedonia

[The Energy Charter Conference at its 18th Meeting held on 7 December 2007 endorsed the recommendations on the In-Depth Review of Energy Efficiency Policy of the former Yugoslav Republic of Macedonia as contained in document CC 340 (*Annex*).]

Keywords: In-depth Review of Energy Efficiency Policies and Programmes, PEEREA, Recommendations, FYROM, Macedonia

Recommendations on the In-Depth Review of the Energy Efficiency Policy of the former Yugoslav Republic of Macedonia, 2007

as adopted by the Energy Charter Conference
at its 18th Meeting held on 7 December 2007

General Recommendations

- The Government should base its energy policy on solid quantified energy scenarios. These energy scenarios should take into account general economic development scenarios, particularly as regards industrial development.
- Given the limited financial resources of the country, the new energy strategy should identify a few priority actions, which have the highest impact for achieving the objectives.
- The new energy strategy should acknowledge the achievable energy efficiency potential and include it in its analyses of supply and demand scenarios. The role of energy efficiency in achieving the overall objective of energy security should be taken into account.
- The Government should ensure that strategy, policies and programmes have continuity, are amendable and scalable. The many positive elements of the 2004 Energy Efficiency Strategy should persist under the new energy strategy.

Energy Efficiency Policies, Legislation and Programmes

- The Government should prioritise its energy efficiency efforts in a limited number of activities where biggest results can be achieved. Action Plans with clear deadlines and quantitative goals for these priority areas should be adopted.
- The Government should undertake efforts to bridge the gap between the energy efficiency policy development and its implementation, and streamline adoption of secondary legislation and technical regulation.

Institutional Framework

- The Government should strengthen the mandate and capacity of the Ministry of Economy as a designated governmental body who is responsible for energy efficiency. The Government should ensure systematic cooperation between the Ministry of Economy and all other governmental bodies in matters relating to energy efficiency.
- The establishment of the Energy Agency is a positive step. However, its mandate as an energy policy implementation body needs to be refined. The government should also ensure that the Energy Agency is provided with adequate and sufficient resources to implement national policies in good coordination with the other actors in this area.

Energy Pricing

- The Government should send a clear message that current energy prices are not sustainable so as to allow the consumers to prepare for future adjustments.
- The energy prices should be cost-reflective.

- Pricing structures should eliminate cross-subsidies and should integrate formulae that promote energy efficiency and take care of vulnerable customers.
- Energy utilities should receive incentives and operate under conditions so as to develop and implement demand-side management (DSM) programmes.

Financing Energy Efficiency

- The inception of energy service companies (ESCOs) in Macedonia is a positive first step. The Government should follow the development and take further steps as required.
- The Government should further explore the opportunities for financing energy efficiency projects through the Clean Development Mechanism (CDM) under the Kyoto Protocol, including through programmatic and unilateral CDM projects.

Specific Energy Efficiency Programmes and Measures:

Electricity Use for Heating

- Electricity use for heating is one, if not the highest, priority in the field of energy efficiency. The Government should consider launching a highly publicised Action Plan to alleviate this problem. The Plan should include: thermal retrofit of buildings, with public sector playing an exemplary role; assessment of heating alternatives; developing incentives for switching to alternative heat sources.
- The Government should consider appropriate ways to support low-income and vulnerable groups of the population to switch from electricity to other types of heating and to implement retrofit measures.

Buildings Energy Efficiency

- Energy performance of buildings is another priority area for the Government's energy efficiency efforts.
- Coordination between different governmental bodies (central and local), responsible for different aspects and levels of construction regulations and buildings management, should be improved.
- The building codes, approval and inspection procedures need to be reviewed, revised, and strengthened.
- Government bodies should provide a leading example by building and retrofitting according to high standards.

Local Authorities

- In the wake of ongoing decentralisation, it is essential that the Government assures that municipalities are enabled to take on energy responsibilities, particularly those related to energy efficiency.
- The devolution of financial prerogatives to local authorities (particularly as concerns payment of energy bills) should become an opportunity to raise their energy efficiency awareness.
- The Government should ensure training of local energy managers (building on existing network initiatives). The Government should investigate if energy training for local managers could not be included as a component in national and donor programmes for supporting the decentralisation process and local authorities.

Other Programmes

- The Government should see that the existing DH systems, with the necessary efficiency improvements, are maintained. Incentives for switching to more sustainable fuels should be considered.
- The Government should secure that policy makers in the area of transport at national and local level incorporate energy efficiency considerations in their plans.

Information and Awareness

- The Government should launch targeted public awareness raising programmes that can play an important role in the implementation of energy efficiency activities, particularly as elements of those in the priority areas mentioned.
- The Government should make sure that energy efficiency training is properly accredited and should see that trained energy experts can practice in governmental programmes.

Renewables and CHP

- The Ministry should make an evaluation of the programme for solar water heaters, and if it is successful, to assure its continuation, and transfer further implementation to the Energy Agency
- The Government should pay increased attention to biomass, combustible renewable waste and methane recovery as renewable energy sources.