Energy transition in Europe:

How can we make it a reality beyond the EU?

In November 2017, the 197 Parties to the United Nations Framework Convention on Climate Change (UNFCCC) gathered in Bonn for the COP23. By now, an overwhelming majority of countries have realised that in order to avoid rising temperatures and to contribute to a sustainable future, a transition towards more efficient energy is needed. It is not necessarily only a question of energy type and source, but more about efficiency and which techniques and business conduct can help to amplify this. But now that the EU is discussing a package entitled Clean Energy for all Europeans, one could rightfully wonder how to make it effectively for "all" Europeans, including outside the EU.

The energy transition has to become a reality in the EU

A transition towards more efficient and cleaner energy is one of the goals of the Clean Energy Package that was officially proposed by the European Commission on 30 November 2016. It is acknowledging the differences between EU countries and trying to create a level playing field in this attempt to move toward a more sustainable future. In the European Union, differences between countries are sometimes consistent and the respective energy mixes can vary greatly. In France, the energy mix is dominated by nuclear and a small amount of renewables, whereas in Germany, nuclear has been predominantly phased out, the amount of energy gained from renewable sources increases and coal is still used to a large extent. Nordic countries rely on a lot of hydro and thermal energy while Poland is mainly dominated by energy from coal.

… Being equally important for countries in South Eastern Europe

South Eastern Europe is in the middle of a transformation process, which might have been slower than in most EU countries, for historical, political and economic reasons. Yet, the potential in countries, member states or just candidates, such as Serbia, Bulgaria or Montenegro is real and needs to be expanded and fostered by the right policies and by initiatives from the private sector.

In general, South Eastern European countries have made first steps towards an energy transition, already. Companies embrace more efficient and sustainable solutions, by changing their business conduct, by adhering to international standards and by improving their environmental footprint. In a longer term, these countries could manage to meet their own demands and foreseen targets and nevertheless export energy to EU countries as well (Source). For South East European countries, it might also be easier to develop new climate and energy technologies that enable energy efficiency. Indeed, unlike EU Member States, these countries have started to modernise their energy systems rather late, for the above-mentioned reasons.

… And an eventual, shared win-win situation

Cooperation between South Eastern countries and with the EU would be a positive way to establish a situation that is beneficial to everyone. Investing money into projects and good governance would ensure security of supply and the development of a region that awaits accession to the Union. This will take time as the use of oil and gas can prove strategic in a period of transition towards renewables, with switching to entirely green power not being possible from one day to the other. Even though South Eastern Europe can be seen as a "*Shangri-la for clean energy production*", EU officials reportedly underline that "*fossil fuels have to be supported in those regions as well for the sake of development and energy security*". Yet, the transition will have to take place in any case. South Eastern European countries, who are all part of the Energy Community (hence including Serbia) and aiming to form with the EU an energy single market, will have to pursue their convergence with the targets and policy set by the European Union. This shall apply to the Clean Energy Package as it is the case for the third Energy package. Beyond the legal aspects and the question of a legal extension to the whole Energy community, there is also the need to remain in line with a philosophy and the ultimate objective of EU accession, which requires to integrate the Acquis communautaire.

Serbia can act as a pioneering country

Serbia is a good example of how the transition to more efficient energy can be put into practice. The oil and gas sector is modernising its practices by strategic and ambitious investments into projects and refineries, such as the Pančevo Refinery, which is driving modern solutions like the installation of separators for treating oily atmospheric water, completing the modernization of the dock and working on new concepts of permanent waste disposal or improving accident technique responses. By innovating and re-thinking their business conduct, energy companies can embrace change and commitment to EU and national goals. Indeed, the role of the state should not be forgotten either, as it is instrumental to introduce corporate governance standards, incentives and targets meeting European standards. Serbia has worked on a National Emission Reduction Plan (NERP) that is directed at the power sector and aims to decrease emissions nationwide. In addition, Serbia is transposing EU legislation, either through its Energy Community membership or in the process of negotiating its accession: it is now working on the implementation of the *Industrial Emissions Directive,* which tackles pollution coming from the industrial sector. This is just two examples of steps Serbia is taking to amplify its commitments to sustainability and climate friendly business conduct.

… But nevertheless cooperation is key

Overall, it is recognisable that change does not take place only on state or industry level. It is an incremental process that has to happen in close coordination between the public and the private sector and during which everyone has to cooperate, in order to achieve a viable and sustainable outcome. Investment is key in this approach and industry has to show self-driven commitment beyond state guided regulation, being a driver of environmental, economic and societal well-being and change.