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18th VIENNA ECONOMIC FORUM VIENNA FUTURE DIALOGUE 2021

Economy meets Politics in a Digital World

During the Slovenian Presidency of the Council of the EU 2021

Energy Transition
Infrastructure and Financial Challenges
for the Countries of the VEF Region

Monday, 22 November 2021, 9:00 a.m. - 12:30 p.m. (CET)
House of Industry (Federation of Austrian Industries), Vienna



H.E. Mr. Kreshnik BEKTESHI

Minister of Economy of the Republic of North Macedonia



Representative Member of the Patrons
Committee of Vienna Economic Forum

Investments in renewable energy sources



Distinguished organizers, members of the Vienna Economic Forum

Ladies and Gentlemen,

I want to thank everyone involved in the Vienna Economic Forum this year, above all for the fact that the whole world is going through a difficult pandemic period.

It is a great honor and pleasure for me to address the Forum this year, primarily due to the fact that we are here to discuss important topics for the whole of Europe and especially for the countries of the Western Balkans, and that is the **energy transition**.

We are currently facing an energy crisis throughout Europe, and Northern Macedonia is not immune to these developments either.

Thanks to the **reforms in the energy sector** that we have made in the past three years, for which we were hailed by the **Energy Community as champions in the Western Balkans**, we expect the smallest consequences for the economy.

The **Ministry of Economy and the Government** are seriously committed to the **development of policies that will contribute to the energy transition**, through new investments in renewable energy sources and energy efficiency incentives.

Investments in renewable energy sources



The Government also has ambitious plan for **development of our national gasification system and its interconnection with the neighboring countries**. We are aware that only through the energy transition can we instigate environmental protection.

We expect our country in ten years to completely switch to generation of **electricity from renewable sources**, in essence, to stop the generation of electricity from coal, as stated in the Energy Development Strategy adopted by the Government in 2019, that gives the country flexibility to respond to relevant EU governance policies towards a modern, competitive and climate-neutral economy by 2040.

Additionally, taking into account the Strategy and in response to the Recommendation of the Ministerial Council of the Energy Community, the Ministry has prepared a **National Energy and Climate Plan (NPEC)**, which covers the period from 2021 to 2030 and prescribes the path to the 2030 goals.

The Integrated National Energy and Climate Plan of North Macedonia elaborates all five dimensions of the Energy Union, that is, **de-carbonization** (covering two segments: greenhouse gas emissions and renewable energy sources), **energy efficiency, security of energy supply, internal energy market and research, innovation and competitiveness**.

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The integrated results of the Green Scenario from the Energy Strategy in 2025 demonstrate significant progress towards the energy transition. According to this scenario, in 2025 savings are projected in the final energy consumption of 12.7%. However, we need to pay attention to the dependence on imports, which is projected to reach 72% in 2025, and is primarily due to the possible closure of TPP Bitola and the opening of new facilities for the generation of electricity from natural gas, which is imported fuel.

Investments in renewable energy sources will increase their share of gross final energy consumption to 30%, which will also contribute to a 55% reduction in greenhouse gas emissions compared to 1990. The total cost of the energy system in 2025 would cost EUR 3.4 billion and it is foreseen that we will be in full compliance with the laws and regulations of the Energy Community and the EU.

We have also prepared a draft **Program for implementation of the Strategy** until 2025 and the summarized results show that the dimension of de-carbonization and the dimension of energy efficiency have priority for meeting the goals by 2025.

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The initial findings and assumptions indicate that the coal transition will begin through the green scenario in the Strategy by predicting 66% reduction in emissions in the energy sector, without compromising the security of electricity supply, for It is envisaged that the construction of “Cebren”, as a pumping accumulation power plant and simultaneous revitalization of the large hydropower plants can significantly improve the flexibility of the system and enable greater inclusion of renewable energy sources in the system.

Sensitivity analysis has been performed, which shows that if “Cebren” and other hydropower plants are not built, the possibility of building gas power plant should be considered. This will increase the flexibility of the system, but compared to the option for building hydropower plants, it will not contribute to improvement of the overall share of RES and reduction of the import dependence.

The construction of a new gas power plant is conditioned by the construction of a new interconnection for natural gas. The last, most unfavorable option is to increase the electricity imports. Therefore, at this moment, it is crucial for the tender for “Cebren” to be successful.

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As conclusion, I would like to point out that the **gas interconnections with Greece, Kosovo and Serbia**, on which we are intensively working at the moment, and which enable diversification of energy sources, increase the capacity for import of natural gas, which in turn will enable increased use of this fuel in industry, as a step towards the transition to low carbon industry and later the transition to hydrogen.

Our plans are that our country in ten years will **completely transform the generation of electricity to renewable sources**, that is, it will stop the generation of electricity from coal.