

ENERGY COMMUNITY SECRETARIAT ON THE PERMIT-GRANTING AND PLANNING OF ENERGY PROJECTS IN THE ENERGY COMMUNITY



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Introduction

The Institute for Development Policy (INDEP), has conducted a thorough analysis of the Energy Community's Policy Guidelines - Draft, as prepared by the Energy Community Secretariat concerning the Permit-Granting and Planning of Energy Projects within the Energy Community.

Generally, INDEP finds the document to be extremely useful and inclusive, offering a solid foundation for the streamlining of energy project developments across member states. The guidelines are commended for their comprehensive approach towards facilitating a more efficient, transparent, and participatory process in the energy sector, which is crucial for the sustainable development and integration of the regional energy markets.

In pursuit of enhancing the clarity and efficacy of these guidelines, INDEP has compiled a series of recommendations and remarks. These insights aim to further refine the guidelines, addressing potential areas for improvement to ensure the objectives of the Energy Community are met with greater effectiveness. The proposed recommendations are intended to support the document's success, facilitating a smoother implementation process across the Energy Community's territories.

This analytical work is published under the support of the Rockefeller Brothers Fund (RBF). It is imperative to note that the opinions and viewpoints expressed by the authors of this analysis do not necessarily mirror or reflect the perspectives of the Rockefeller Brothers Fund. INDEP's primary objective through this publication is to contribute constructively to the discourse on energy policy within the Energy Community, offering evidence-based recommendations to advance the goals of the policy guidelines.

Specific Comments

Environmental Impact Assessment

The analysis of the draft part concerning Environmental Impact Assessment (EIA) in the Energy Community Policy Guidelines reveals a comprehensive approach towards enhancing the efficiency, transparency, and inclusivity of the EIA processes. However, based on the experiences in Kosovo with the non-disclosure of EIAs and the partial listing of licensed subjects/people by the Ministry of Environment, several areas for improvement and recommendations can be identified to ensure that the guidelines more effectively serve their purpose and address these transparency and accountability concerns.

We believe it is imperative to explicitly require that all EIAs, along with the list of licensed EIA experts and subjects, be publicly accessible. This should be facilitated through a centralized, user-friendly online platform, ensuring that documents and data are easily available to all stakeholders, including the general public, researchers, and civil society organizations. The guidelines should recommend the regular update and publication of this information to prevent any lapse in accessibility.

Acknowledging the deficiencies in institutional capacity and inter-institutional cooperation as significant barriers to effective EIA implementation, the guidelines should propose specific measures for capacity building and the fostering of cooperation among relevant institutions. This includes the recommendations for targeted training programs, the establishment of inter-

institutional working groups, and the development of joint oversight mechanisms to ensure the comprehensive and effective implementation of the EIA Directive.

To ensure the scoping process is as inclusive and comprehensive as possible, the guidelines should mandate that all stakeholders, including local communities, environmental NGOs, and other interested parties, are actively involved in the scoping phase. This will help identify all relevant environmental and social impacts from the outset, ensuring they are adequately addressed in the EIA report.

In light of the challenges associated with project changes or extensions, the guidelines should provide clearer criteria for assessing such modifications, especially for renewable energy projects. This includes detailed guidance on evaluating cumulative impacts, ensuring that any project alterations remain within the scope of the original EIA and do not circumvent its objectives.

To address the issue of project splitting, particularly prevalent in renewable energy projects, the guidelines should include recommendations that prevent this practice. This could involve more rigorous screening processes and the requirement for a holistic assessment of projects that may be artificially divided but are intrinsically linked in purpose and impact.

These recommendations aim to fortify the guidelines' objectives of safeguarding environmental protection and quality of life while addressing specific challenges encountered in the Kosovo context that we believe is also the case in Western Balkan. By integrating these suggestions, the Energy Community can enhance the clarity, transparency, and effectiveness of its EIA processes, ensuring they contribute more effectively to sustainable and inclusive energy project development across its member states.

Permit-granting

INDEP proposes the following recommendations to enhance the Permit-Granting section of the Energy Community Policy Guidelines:

The guidelines should emphasize the necessity for Contracting Parties (CPs) to streamline the permit-granting process, specifically by reducing bureaucratic obstacles and clarifying procedural steps for RES projects. To enhance the functionality and effectiveness of Renewable Energy Source (RES) shops beyond merely serving as informative entities, it is imperative to revise the current phrasing to reflect a more action-oriented and comprehensive role. Instead of “RES shop can be developed having different functions according to CP needs” we propose a revision that could be drafted as:

"RES shops must be established as comprehensive service centers capable of not only providing information but also actively processing and issuing necessary permits and documents for renewable energy projects in a unified manner. These centers should operate as central points where developers can complete the entire application and documentation process, thereby streamlining the permit-granting and connection procedures according to the specific needs and regulatory frameworks of Contracting Parties (CPs)."

It is necessary RES shops to possess the authority and capabilities to facilitate the efficient realization of renewable energy projects through direct action, ensuring a more streamlined, efficient, and developer-friendly approach.

The guidelines should encourage CPs to adopt digital platforms for the submission and monitoring of permit applications. This recommendation is informed by the document's critique of the current procedural inefficiencies and the lack of a streamlined mechanism for tracking application progress in Kosovo.

INDEP also suggests that the guidelines should recommend measures for strengthening institutional capacity and facilitating better coordination among various authorities involved in the permit-granting process. This includes the provision of targeted training programs and the establishment of clear communication channels between different institutions.

Consistent with our findings on the ground, we believe the guidelines should advise CPs to integrate environmental and social considerations into the early stages of project planning and permit granting. This involves broadening the scope of environmental impact assessments to ensure that all potential impacts on the environment and local communities are thoroughly evaluated and addressed.

Considering the document's concerns regarding the application of the principle of "overriding public interest" in contexts like Kosovo, where comprehensive assessments for biodiversity values or other environmental priorities are sometimes lacking, we believe the guidelines should recommend CPs to apply this principle with caution and ensure that it does not undermine environmental protection objectives.

Electricity Grid Connection

For, INDEP one key aspect that seems to be missing in this part, and is highlighted by our experience, is the explicit recommendation for the publication of a capacity map.

INDEP recommends to include a provision/guideline that recommends Contracting Parties (CPs) to develop and make publicly available a detailed, regularly updated grid capacity map. This map should provide granular information about the existing available network capacity at different points in the distribution and transmission grid, facilitating renewable energy (RE) developers and consumers to assess the feasibility of their connection requests based on the real-time status of the grid's hosting capacity.

Such a capacity map would serve multiple crucial functions:

- ✓ **Enhanced Transparency:** Providing clear visibility into available network capacity at different grid points promotes transparency. This is essential for fostering a more open, competitive, and efficient market for grid connections, where developers can make informed decisions based on the actual availability of grid capacity.
- ✓ **Efficient Planning:** For RE project developers and consumers looking to invest in or utilize renewable energy, having access to detailed grid capacity information allows for better planning and project siting decisions. This leads to more strategically located RE projects that align with areas of available grid capacity, reducing the need for extensive grid upgrades or expansions.

- ✓ **Incentivizing Strategic Investments:** By making capacity constraints public, CPs can incentivize investments in areas where the grid can support additional capacity, or highlight regions where grid reinforcement or expansion is urgently needed. This drives innovation and investment in energy storage solutions or demand response technologies that can alleviate grid congestion.

To implement this recommendation effectively, CPs should be advised to collaborate closely with Transmission System Operators (TSOs) and Distribution System Operators (DSOs) in developing these capacity maps, ensuring that they are based on accurate, up-to-date data and are easily accessible to all stakeholders. The development of such maps should be supported by regulatory reforms that underscore the importance of data sharing and transparency in the energy sector.

Conclusions:

INDEP believes these Policy Guidelines are an important step for the Western Balkan and Kosovo in particular to have a clearer path towards reforms in promoting RES investments. There is a clear and pressing need for increased transparency and efficiency within the Environmental Impact Assessment (EIA) process, permit-granting procedures, and electricity grid connection protocols. By adopting measures such as public accessibility of EIAs, streamlined permit-granting processes, and the publication of a detailed grid capacity map, stakeholders at all levels can make more informed decisions, contributing to the smoother development and implementation of renewable energy projects.

Effective implementation of the guidelines requires bolstering institutional capacity and fostering enhanced cooperation among relevant entities. This includes the establishment of comprehensive service centers (or RES shops) that not only provide information but also actively process and issue the necessary documents, ensuring a unified approach to handling renewable energy projects. INDEP has been vocal for this since 2017.

The adoption of digital platforms for the submission and monitoring of applications across the EIA, permit-granting, and grid connection stages is essential. Digitalization facilitates a more transparent, accessible, and efficient process, allowing for real-time tracking of applications and streamlining the documentation process, ultimately expediting the development of renewable energy projects.

We believe that institutions should ensure that all stakeholders, including local communities, environmental NGOs, and developers, are actively involved in the early stages of planning and assessment processes is vital. This inclusiveness helps identify potential environmental and social impacts more effectively and fosters broader acceptance and support for renewable energy projects.

INDEP believes that the establishment of publicly accessible, detailed, and regularly updated grid capacity maps is critical for planning and strategic investment in renewable energy. Although we have proposed that these provisions be placed in the laws of the contracting parties (in our case in the Law of Kosovo on RES) we suggest this document to include it as a recommendation. By providing clear visibility of network capacities and potential constraints, developers can plan projects more effectively, and policymakers can identify areas where grid enhancement or expansion is needed, promoting a more resilient and flexible energy grid capable of integrating a higher share of renewable energy sources.

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