

Today, in the **3rd Tirana Energy Forum** we are discussing the challenges, the opportunities and the risks of the energy transition which is now starting in our West Balkan countries.

I would like to share with you some thoughts on:

The electrical system and the role of the energy market in West Balkans

In our life, electricity is considered as a simple common facility: you plug in and get the energy for your appliance!

People had limited idea about the production and transmission of electricity. People had no idea about the changes in the energy management landscape that happened in the last years.

Consumers think of energy as a "public good" which must be offered free of charge.

In the coming years energy demand will increase 70% due to the electrification of the economies.

Those changes have not been understood deeply by the state officers, politicians and the public. i.e. in Greece, ten years after the privatization of PPC and the changes in its role, the people continue to believe that PPC is the sole supplier and distributor of electricity.

Time is the most critical factor.

For the politicians the effective time is the period before the next elections which is usually three (3) years. A simple investment in solar energy needs two (2) years for preparation and another two (2) for implementation and connection to the grid.

After the 2nd World War, in almost every country in WB region, irrelevant of the political system, is almost the same:

- The electrification of the economies in the national states was a priority. Big electrical companies, state owned, were created with large assets. There have been heavy investments in operations.
- The energy sector was incorporated in one state owned huge organization: power generation - transmission - distribution - exports / imports.

In West Balkans those energy organizations are still state owned.

This model, after the year 2000, reveals inefficiencies. Innovation was rare, because there were no incentives.

The alternative chosen in EU since 2005, is the so called "neoliberalistic" one. In the new model the private sector, the entrepreneurs and investors, take the lead for the energy transition.

The scientists had already warned the societies on the Earth about warming and climate change and asked for measures and modification of the energy sector. They argued to replace combustion of fossil fuels with renewables and nuclear.

These two trends led to the changes in the European electrical systems. There is not yet a unified European electrical system but electrical sectors in various speeds.

So far, we have lost several targets and I do not see any urgency on this issue.

The recent crisis during 2021-2022 in energy seems that brought to the surface the energy issue. The prices went up, the consumers were terrified but still, we have not understood the causes of this crisis because the energy sector remains unknown.

Unfortunately, this kind of price turbulence will come again because are parts of the market economy. We must protect the economy and life from the disastrous consequences of these crises. Later we shall exchange some ideas on this subject.

Still, we consider the "electrical system" with the past limited knowledge. No effort has been made by the Administrations to educate the people on the "energy issue" and the "climate change" one.

Energy penetrates every aspect of our societies. There are many stakeholders in every part of the energy network from production / generation till consumption.

Energy therefore is a political issue and not simply a technical one.

The political elites approached energy as a technical issue and ignored the political side. They are not eager to initiate changes and the societies uneducated and misinformant are not ready to support those changes.

Whichever is the solution, there are parameters to be taken into consideration:

1. The feasibility of the solution; within viable time any investment to be depreciated before another better idea come.
2. Technology is developed at a quicker pace and disrupts every segment in the sector.
3. The regulation legislative frame and the development of the legal framework is a slow-moving procedure
4. The reaction of society is critical either in approving the proposed changes and positively participating in the implementation.
5. The training of the stakeholders in the use of energy within the new rules is poor.
6. How will the cost be allocated? It is not clear.
7. Which are the priorities for the overall economy development? Which sectors will be encouraged to invest in?

Commercially the European countries moved from the central monitoring and administration of the electrical system to the "market" one, the "target model". There are Energy Exchanges in every country and the daily price is the main factor to be taken into consideration for investments.

Those Energy Exchanges are market islands in the middle of state-owned energy sector.

Energy markets must be transparent, resilient, international, quick and effective. In WB we achieved transparency only.

However, the market model needs big quantities and many participants in order to achieve the best performance. In our region the participants in the organized markets are limited.

The recent moves for energy markets coupling are welcomed but slow.

In 1920 in the revolutionary Russia, the slogan was: soviet power + electrification = communism as the ideal society

In 2030 the new slogan seems to be: democracy + electrification = prosperity

Energy transition has not started in West Balkan area although Albania is already a green country.

Every country needs its own path for the new Era, and all together must coordinate and cooperate.

In the West Balkan region, the Administrations show a lack in knowledge and in project management. After the political changes after 1990, the political system was unmaturing to move forward the changes in the energy sector. Besides, there were some negative movements also like in Albania with lasting prejudices.

Energy transition needs the coordination between administration authorities within the country and regionally.

The social organizations (municipalities, NGO,) and private investors must learn how to cooperate and not react negatively.

Time is again a critical factor. Each of these organizations has his own decision-making process and there are delays due to conflicts of interest, misunderstanding, micromanagement, etc. The local communities must understand and assimilate positively the new energy environment. Nothing is free. Nothing is easy.

So, the administration in every country must solve a multi-equation problem and they must do it now!