INSTITUTE OF ENERGY
FOR SOUTH-EAST EUROPE

New IENE Programme

Regional Energy Security

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Introduction

As the world is experiencing unprecedented geopolitical turmoil following a long period of peace in the post WW2 period, energy security is fast becoming an area of immense importance. For the current conflict zones may easily and suddenly implode and may indeed spill over to a wider geographical area which could seriously impact SE Europe, the Black Sea and the East Mediterranean. Areas of immediate concern to the Institute. This is the reason why IENE has decided to upgrade and expand its activities in this area of work by introducing a special **Energy Security Programme** and through that provide a range of useful services including analysis, advice and informed discussions.

With the ongoing hostilities in the Ukraine-Russia axis and likely continuation for some time in spite of the latest peace initiative between Russia and USA, and persistent turmoil in the wider Middle East, following the Israel-Gaza conflict, there are rising concerns over the region's security of its oil and gas supply as well as its electricity infrastructure. If we also take into consideration the pivotal role that the East Mediterranean together with the Arab Gulf countries play in global energy supply and the sea routes involved, there is rising speculation over the mid to long term prospects of the region as a reliable global energy supplier.

In this respect, maritime energy security is attracting renewed interest. These challenges are further compounded by the region's proximity to several conflict zones, making it a potential flashpoint for further instability. Energy security in the East Mediterranean is not just a regional concern but a global one, as disruptions here could have far-reaching consequences on energy markets and geopolitical stability at large. In addition, cybersecurity is a critical concern for energy security because modern energy infrastructure relies heavily on digital systems, making it vulnerable to cyber threats.

In response to these growing challenges, the Institute of Energy for SE Europe (IENE) is launching a new programme focused on safeguarding the region's energy assets and ensuring continuous, reliable access to all of its energy resources.

Background

As it has already been pointed out in IENE's seminal publication, the "SEE Energy Outlook 2022", the energy sector and pursued policies and strategies may be analysed through different angles - economic, environmental and geopolitical. The geopolitical approach to energy emphasises energy security, which in most cases appears to dominate energy policy. This stands in contrast to the economic or environmental approaches, which prioritise sustainability and competitiveness. Energy security priorities are perceived both in terms of supply routes and origin of resources. The geopolitical approach primarily considers the geographical position of a particular country or region from the perspective of the

location of the energy resources and how this affects the other parameters. These normally include access, the actors that control resources, their price, existing and alternative transport routes, relations with the regional and global markets, market mechanisms and the regulatory framework that may influence suppliers and marketeers, the availability and management of these energy resources, as well as political decisions and the manner and framework within which they are made.

Countries typically strive to reduce energy dependence and maximise the use of their indigenous resources, whether mineral or renewable. However, this is not always feasible due to limitations in mineral resources or financial constraints. In some cases, long-term import deals are more economically viable than developing local resources. Yet, when national sovereignty is at risk, such as in scenarios where energy transport is vulnerable to enemy actions, countries may prioritize the exploitation of domestic energy sources, even at higher costs, as seen historically in Nazi Germany's production of synthetic oil.

In Europe, particularly Southeast Europe, energy security was a secondary issue for many years due to the region's extended period of peace since World War II. The primary focus was on market development and ensuring affordable energy access for the population. However, after the Yugoslav wars in the 1990s and the increasing assertiveness of post-Soviet Union energy-rich Russia, energy security became a strategic priority. Despite efforts to diversify energy sources, including the development of the South Corridor and new LNG terminals, the region remains vulnerable due to its limited indigenous hydrocarbon resources and its reliance on a limited number of suppliers and to even fewer supply routes.

In addition, the fast development of Renewable Energy Sources (RES) sources over the last 15 years or so is impacting energy policy directions in most countries in the region. The relatively high penetration of RES into the electricity mix of the various countries (notably in Greece and Turkiye) is providing a false sense of assurance that they could be a decisive factor in energy security, despite their shortcomings due their intermittent nature. The introduction of large-scale storage systems, both pumped water storage and batteries, is considered as a viable solution yet its application is restricted due to geological and morphological factors. In this context, the role of RES and storage in enhancing energy security together with alternative technological options, such as greater electricity interconnectivity and hydrogen, is one of the areas that the current IENE programme will examine.

Southeast Europe faces growing cybersecurity threats in the energy sector, as the region transitions to digitalized energy systems, smart grids, and RES. Given its geopolitical significance, the region is also vulnerable to state-sponsored cyberattacks targeting energy infrastructure. Strengthening cybersecurity in energy systems is essential for national security, economic stability, and energy

independence. Hence, the overall question on how to combine decarbonisation policies with affordability and security is emerging as a key policy challenge.

Planned Activities

The Energy Security Programme of the IENE is structured around three core pillars. **First**, the institute will seek to establish a robust monitoring framework to keep track of energy security issues across the region. By continuously analysing geopolitical developments and energy trends, IENE will provide timely and accurate insights to stakeholders. These insights could take the form of regular monthly reports and ad hoc news and analysis. **Second**, an advanced warning system will be developed to inform stake holders of impeding danger signals. This system will serve as a crucial tool for the early detection of emerging threats, enabling proactive responses. **Third**, IENE on behalf of interested companies and organizations will conduct comprehensive risk analyses related to energy security, anticipating potential threats and proposing effective mitigation strategies. These analyses will focus primarily on the anticipated impact on energy supply (oil, gas, electricity) and the economic consequences.

To ensure the success of this initiative, IENE will assemble a specialized in-house task force, augmented by external experts. This team will organise the provision of a steady flow of vital information and also produce specialized alert reports.

Deliverables from the programme will include Research Notes, Studies, Analysis, Podcasts, Online Dialogues, Webinars, and other types of events in order to communicate, engage and inform interested parties. Building on its successful track record of organizing similar events, IENE is well-positioned to lead this initiative, offering a platform for collaboration and knowledge-sharing among stakeholders in the broader SE Europe and the East Mediterranean.