



**Energy Agency of the Republic of Macedonia**

**Forth International Forum: Energy for Sustainable Development**

**Panel Discussion 1: Energy efficiency financing  
Situation in the Republic of Macedonia**

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# POLICIES AND REGULATIONS ON ENERGY EFFICIENCY IN MACEDONIA ARE BASED ON:

## ➤ **National Energy Strategy 2010 until 2030**

The objective of the Strategy is restructuring of the energy sector based on market economy principles and developing a modern energy policy.

## ➤ **EE Strategy 2010-2020**

Implementation of energy efficiency measures in the public, commercial, industrial and residential sector.

## ➤ **National Energy Action Plan 2010-2018**

The main goal of EE Action plan is achieving 9% savings in the final energy consumption until 2018.

## ➤ **Adopted Energy Law 2011**

## ➤ **Adopted Rulebooks on Energy Audit and Energy Performance of Buildings**

# **Main institutions in EE policy field**

- **Government of the Republic of Macedonia**
- **Ministry of Economy, Energy department**
- **Energy Agency of the Republic of Macedonia**
- **Regulatory Commission for energy of the Republic of Macedonia**

# THE ENERGY AGENCY, IN THE FIELD OF ENERGY EFFICIENCY, IS AN INSTITUTION RESPONSIBLE FOR:

- Preparing of the Annual National Energy Balance.
- Organizing trainings and certification for energy auditors.
- Approval of the 3-year Energy Efficiency Programs and Annual Action Plans, for all 81 Municipalities in the Republic of Macedonia.
- Running registers and monitoring of energy efficiency statistics.
- Preparing annual report for implementation of EE measures, using the bottom-up and top-down methodologies.

# CURRENT FINANCIAL STATUS

- Energy Efficiency fund does not exist yet.
- The ESCO concept is not a reality yet.
- Undeveloped EE services and financing mechanisms under the energy saving performance contracting (ESPC).
- Only construction companies, design institutes and energy consultants are providing the basic lines of EE services.
- Lack of wide range of EE service providers as well as lack of financial resources.
- The public sector and municipalities are not creditworthy to undertake multiple projects using the ESCO model of repayments from the energy savings.

## BARRIERS FOR FINANCING-1

- Public institutions still receive recourses for covering their operating costs, including energy bills from the central budget. If energy costs were reduced due to implementation of energy efficiency measures, the next year the budget would be automatically reduced, by the amount of savings.
- Accounting systems for budget users does not allow separate energy savings from other expenditure items. Under the current system the municipalities may only borrow in general obligations, to be repaid from general municipal revenues.
- The provisions in the Law on Public Procurement made it impractical for the ESCO Model to operate. Law on Concessions and Public-Private Partnership-2012 would apply to contracts between public sector entities and ESCOs, but its novel tendering and contracting provisions and approval mechanisms are still untested.
- Under these conditions EE Fund, ESCO or ESPC will be difficult to be implemented in Macedonia's building sector (public, commercial and residential).

## BARRIERS FOR FINANCING (2)

- The lack of legislative incentives require adoption of specific EE Law with definition of financing instruments and procedures including ESCO model.
- Lack of experience in EE Fund, ESCO and ESPC projects by local banks.
- Low electricity prices, high loan interest rates and insufficient budget planning for more than one calendar year.
- Non liberalized energy market.
- Lack of contract and tender templates, and expertise for preparing bankable projects.
- Lack of good approach by the commercial banks for giving general information on financial instruments.

# Success Factors

**The Government of the Republic of Macedonia is committed to implement:**

- National Action Plan for EE 2010-2018.
- National Action Plan for EE in the Public Buildings.
- Municipal EE Programs and Action Plans.

## **Mandatory activities:**

- Introduction of Energy Audits and EE certification of buildings in 2014.
- Creation of the specific financial instruments:
  - *Credit Line by the commercial local banks,*
  - *EE Fund,*
  - *ESCO companies.*





THANK YOU FOR YOUR ATTENTION

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