

## Comparative analysis of energy sector reforms from Reform Agendas 2024-2027 and ERP 2025-2027

Tijana Stanković, CEF Expert  
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## **General objective**

To enhance understanding of structural reform development by incorporating and comparing the latest experiences from Reform Agendas and Economic Reform Programme (ERP) preparation.

# Structure of presentation

1. Documents used for analysis of reforms in energy sector of WBs and Turkiye
2. Development of structural reform
  1. What is structural reform?
  2. Steps in the reform development:
    1. General (strategic) objective
    2. Analysis of obstacles
    3. Prioritization
    4. Reform
  3. Recommendations on reform design based on analysis

# 1. Documents used for analysis of reforms in energy sector of WBs and Türkiye

The analysis is based on following documents:

- European Commission's (EC) assessment of the ERPs of each beneficiary for period 2023-2025 (April, 2023)
- Joint Conclusions of the Economic and Financial Dialogue between the EU and the Western Balkans and Türkiye (JC, May 2023) that have emerged from EC's Assessment of ERPs 2023-2025
- European Commission's (EC) assessment of the ERPs of each beneficiary for period 2024-2026 (April, 2024)
- Joint Conclusions of the Economic and Financial Dialogue between the EU and the Western Balkans and Türkiye (JC, May 2023) that have emerged from EC's Assessment of ERPs 2024-2026
- 5 Reform agendas 2024-2027 of Albania, Kosovo, Montenegro, North Macedonia, Serbia
- ERPs of Bosnia and Herzegovina for period 2024-2026 and Türkiye for period 2025-2027 that have been drafted based on JCs and EC assessments of ERPs

*Note: RA of Bosnia and Herzegovina is not available yet.*

## 2. What is structural reform?

- Structural reforms are systemic changes implemented by governments to enhance economic competitiveness, ensure sustainable growth, and improve the efficiency of markets and public finances.
- Structural reforms are always financed from the public funds.
- Structural reforms influence the supply side at the market, but in some cases demand too.
- They impact in the mid and long run, but some reforms have short-term results.
- Prioritization, design and implementation are under political economy in the most cases.

## Steps in the reform development

1. General (strategic) objective
2. Analysis of obstacles
3. Prioritization
4. Reform

## General objective

General objective for all candidate and potential candidate countries (WBs and Turkiye) is European Union membership, which implies full implementation of Copenhagen criteria and alignment to European Economic Governance.

## Copenhagen criteria (1993)

- Stability of institutions guaranteeing democracy, and the rule of law
- The existence of the functioning market economy
- Capacity to cope with competitive pressures
- Ability to take on obligations of membership

## **European Economic Governance: Economic and financial dialogue of EU with candidate countries**

- Summer: ERP Guidance made available
- January: ERPs submitted by candidates
- February: Annual reports on RAs submitted
- February/March: Assessment of ERPs and Annual Reports by EC and ECB
- April: Discussion on a new set of policy guidance at working level (EFC)
- May: Policy guidance (Joint Conclusions) adopted at EU Council

## Analysis of obstacles

## Analysis of obstacles

- Reforms are implemented to reduce or eliminate obstacles to sustainable growth and competitiveness.
- Thorough and realistic identification of obstacles is essential for high-quality reforms.
- ERPs, RAs, and any reform program must include a comprehensive analysis of obstacles.
- EC provides its own analysis within which is base for EU policy guidance for RA and ERP which means that:
  - Reform in the RAs are based on analysis of obstacles in EC's assessment of ERPs 2023-2025 for WBs
  - Reforms in Turkish ERP 2025-2027 is based on EC's assessment of ERPs 2024-2026 for WBs

## Comparative review of obstacles in the energy sector based on EC's assessment 2023-2025 (\*2024-2026)

Reform categories	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia	Türkiye*
Energy security and supply challenges	Hydropower dependency, climate vulnerability	Fragmented regulatory framework, supply issues	Unreliable supply, frequent outages	Overreliance on Pljevlja coal plant	30% import dependency, no domestic gas/oil	Outdated infrastructure, 60% coal dependence	Heavy Russian gas & nuclear dependency
Dependence on fossil fuels	100% renewable but over-reliant on hydro	Heavy lignite dependence, slow decarbonization	Outdated lignite plants, Kosovo A still active	Pljevlja TPP beyond legal EU limits	57% electricity from lignite, coal investments	Investing in new coal plants (Kostolac B3)	High coal reliance
Renewable energy expansion barriers	Slow solar/wind diversification, missing laws	Slow renewable investments despite high potential	Only 5% renewable share, legal reforms delayed	Delays in solar projects (land issues)	Renewables at 17.3%, administrative barriers	Only 3% from wind/solar, auction system slow	Stagnant renewable growth (53% capacity)
Market liberalization and investment issues	Electricity prices not liberalized, ALPEX delayed	No single energy market, private investment low	90% controlled by KEK & KESCO	Weak investment strategies, unclear transition	Highly regulated, subsidies distort competition	EPS dominates 97% of the market	State-owned dominance limits competition (gas)
Energy efficiency and green transition	Non-functional agency, unmet savings targets	No building renovation strategy, EU directive ignored	High efficiency potential, slow fund rollout	Funding cuts weaken household programs	Efficiency fund delayed, weak renovation plan	Large-scale efficiency measures missing	Weak incentives for energy efficiency and green investments
Environmental risks and pollution	Hydropower harms biodiversity	Coal plants cause extreme emissions	Severe lignite & fuelwood pollution	Pljevlja plant breaches EU pollution limits	High coal-related air pollution	14,400 coal-related deaths (2020)	High fossil fuel emissions, Continued fossil fuel subsidies
Regulatory and institutional weaknesses	Incomplete NECP, outdated oil stock laws	Political disputes delaying energy laws	Delayed renewable law, no carbon pricing	Slow EU alignment, NECP delayed	Institutional complexity delays policies	No gas unbundling, restricted third-party access	No climate law or ETS, neither decarbonization roadmap, weak adaptation strategy
Other obstacles	No low-carbon transport systems	Slow EU support implementation	Slow permitting for renewables	Unclear energy restructuring plans	Outdated efficiency legal framework	Low electricity pricing blocks investment	Workforce skills gap for green transition

## What can we conclude from obstacles identified by EC?

Urgent need for stronger regulatory reforms, diversified energy sources, market liberalization, and enhanced energy efficiency policies to align with EU standards:

- High dependence on fossil fuels and energy import risks
- Slow progress in renewable energy expansion
- Regulatory and market barriers block liberalization
- Weak energy efficiency and green transition efforts
- Thermal power plants cause environmental and health problems

## Worsening trends in ERP 2024-2026 compared to 2023-2025

- The EC assessment of the ERP 2024–2026 was released after work on the RA had already begun.
- Many obstacles identified in ERP 2023-2025 have either remained unchanged or worsened in ERP 2024-2026, highlighting a slow pace of reforms.
  - Increased delays in renewable energy legislation, investment, and efficiency policies.
  - Rising coal dependence (Kosovo, Serbia, North Macedonia, Türkiye) with no clear phase-out strategies.
  - Growing investor uncertainty in B&H and Montenegro.
  - Higher geopolitical risks for Türkiye and Serbia due to Russian energy dependencies.
- Few significant improvements in energy security, market liberalization, or green transition.

## Prioritization

## Consider when prioritizing structural reforms:

- Reflect core economic and fiscal policy goals of the government.
- Include only meaningful and impactful reforms in the ERP.
- For each reform area take a wider policy framework (strategy, directives, long-term plans)
- Consider implementation timeline and duration for each reform.
- Take a macroeconomic perspective – reforms are most effective in favorable economic conditions.
- Focus on quality over quantity – sometimes, "less is more."
- Ensure reforms are significant, well-designed, and aligned with the current economic environment.
- Acknowledge political economy factors in setting reform priorities.

## How were reforms in RA for WBs prioritized?

- ERP 2023–2025 submission (Jan 2023)- No significant progress in reform implementation.
- EC Assessment of ERP 2023–2025 (Apr 2023)- Similar findings to previous assessments for WBs and Türkiye.
- Joint Conclusions of the Economic and Financial Dialogue (May 2023)- Largely unchanged from previous years.
- EC announcement of the “Growth Plan for WBs” (Nov 2023)- Introduced the Reform and Growth Facility for the Western Balkans (RGF).
- **WBs reform prioritization (Dec 2023)- Based on policy guidance from the Joint Conclusions 2023**

## How were reforms in ERP 2025-2027 for Türkiye prioritized?

- ERP 2024-2026 was submitted (Jan 2023)
- EC's Assessment of ERP 2024-2026 for each country of WBs and Türkiye (Apr 2023)
- Policy guidance in Joint Conclusions of the Economic and Financial Dialogue between the EU and the WBs and Türkiye (May 2024)
- **Türkiye prioritized reforms in the ERP 2025-2027 based on Policy guidance from Joint Conclusions from May 2024.**

# What is the policy framework for energy sector reforms' prioritization?

- Policy Guidance from Joint Conclusions (2023) for WBs
- Policy Guidance from Joint Conclusions (2024) for Turkiye
- EU energy policy and climate change framework including:
  1. Green Agenda for the WBs aligned with the European Green Deal
  2. Energy Community Treaty, complied with EU energy acquis
  3. Economic and Investment Plan for the WBs
  4. National Energy and Climate Plans (NECPs) aligned with the EU's 2030 and 2050 climate and energy goals and strategies.
  5. Electricity and gas market integration
  6. Carbon Border Adjustment Mechanism (CBAM) and EU Climate Policy
  7. Renewable Energy and Energy Efficiency Reforms

## EU policy guidance to WBs countries in 2023 and Turkiye in 2024:

Country	Energy Market Reforms	Decarbonisation Policy	Renewables Deployment	Energy Efficiency	Preparation for Carbon Pricing Mechanism	Institutional Strengthening and Governance
Albania	Strengthen regulatory frameworks for renewable investment. Support smart grids & energy storage.	Implement Green Agenda by transitioning to renewables. Implement NECP climate targets.	Ensure full alignment with electricity, energy efficiency, and climate acquis.	Develop incentives for businesses and households to adopt energy-efficient practices.	Ensure Renewable Energy Operator is fully functional (2023).	
Bosnia & Herzegovina	Establish a day-ahead electricity market. Harmonize state-level electricity and gas market legislation.	Develop an integrated plan for carbon reduction through renewables and efficiency.	Increase renewable energy use. Encourage private sector and household participation.	Design and execute a comprehensive renovation strategy at all levels.	–	Prevent delays in market operations; regulatory harmonization
Kosovo	Develop wholesale and intra-day electricity price markets for market liberalization.	Strengthen energy resilience through efficiency measures.	Finalize energy legislation, initiate first renewables auction.	Promote sustainable energy investments & grid modernization. Improve grid reliability.	–	
Montenegro	Streamline procedures for SMEs in the energy sector.	Ensure smooth transition to green energy.	–	Enhance cybersecurity, data protection, business continuity for digital energy services.	–	Strengthen energy policy institutions; Develop a roadmap for SOE reform in the energy sector
North Macedonia	Strengthen Energy Department & Energy Agency capacity.	Develop a strategy for phasing out coal while ensuring socio-economic stability.	Establish a Renewable Energy Guarantee of Origin scheme to boost investor confidence.	Pass the biofuels law, secondary energy efficiency legislation, and long-term renovation strategy.	–	Establish operational inter-ministerial energy committee; Strengthen technical capacity in the Energy Ministry and Agency.
Serbia	Unbundle energy utilities in compliance with EU regulations. Improve SOE efficiency & financing.	Align with the Green Agenda and international commitments; Strengthen energy transition strategy for CBAM.	Launch auctions for renewable energy sources.	–	Ensure regulatory compliance in gas sector (Gatrans, market liberalization Action Plan).	
Turkiye*	–	Implement low-emission strategy, decarbonize heavy industries, and enhance climate resilience.	Expand renewable hydrogen and alternative fuels.	Implement stringent efficiency standards for buildings. Prioritize sustainable reconstruction.	Establish ETS aligned with EU ETS	Adopt & implement Climate Law; Strengthen climate governance; Ensure sustainable urban development

# What can we conclude from comparing policy guidance for WBs and Türkiye:

- All of policy guidance can be categorized in six groups:
  1. Energy Market Reform
  2. Decarbonisation Policy
  3. Renewables Deployment
  4. Energy Efficiency
  5. Preparation for Carbon Pricing Mechanism
  6. Institutional Strengthening & Governance
- Five of the sub-area titles in the RAs are based on EU policy guidance, which served as the foundation for structuring policy and sub-policy areas.
- The EU policy recommendations primarily aim to enhance the integration of each WB country into the regional common market and, eventually, the EU single market, while also aligning with the Green Agenda.
- WB countries need to implement deeper structural reforms in the energy market.
- Türkiye is focusing on aligning its decarbonization strategy with EU climate goals and carbon pricing mechanisms.

# Reforms

# Albania: Energy sector reforms in the RA 2024-2027

Albania	<p>4.1.1: Align with electricity integration package to enable electricity market coupling of the EU and Albania, establish the intraday electricity market, operationalise the package in line with the market coupling operator integration plan by 2025</p> <p>4.1.2: Gradual tariff adjustments to market prices accompanied with measures to address energy poverty</p> <p>4.2.1: Develop transparent and competitive quantity-based action plan for renewable energy: Planning for 3 years in place</p> <p>4.2.2: Implementation of the Renewable Energy Directive: adopt RES legislation, streamline permitting, establish the renewable energy communities, operationalise guarantees of origin</p> <p>4.3.1: Work on carbon pricing with the aim of having an ETS in place by 2030: focus on MRVA package</p> <p>4.4.1: Adoption and implementation of long-term building renovation strategy, and energy efficiency scheme</p>
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# Kosovo: Energy sector reforms in the RA 2024-2027

Kosovo

- 2.3.1: Transposition and implementation of the Clean Energy Package
- 2.4.1: Implementation of climate and energy actions as per the National Energy and Climate Plan (NECP)
- 2.5.1: Development of transparent and competitive procedures for deployment of renewable energy
- 2.6.1: Implementation of the Energy Efficiency Directive and the Energy Performance in Buildings Directive

# Montenegro: Energy sector reforms in the RA 2024-2027

Montenegro	2.1.1: Full implementation of the electricity integration package
	2.1.2: Gradual tariff adjustments to cost recovery levels accompanied by energy poverty measures
	2.2.1: Implementing priority policies and measures from the National Energy and Climate Plan
	2.2.2: Improvement of the National Emissions Trading System in accordance with the EU ETS system
	2.3.1: Developing transparent and competitive procedures for deployment of renewable energy and foreseeing the entry of new ones
	2.3.2: Implementation of the Renewable Energy Directive (permitting, guarantees of origin, prosumers)
	2.3.3: Increasing electricity production capacity through greater use of RES and more efficient use of existing power plants
	2.3.4: Implementation of energy efficiency and air pollution legislation

# North Macedonia: Energy sector reforms in the RA 2024-2027

North Macedonia	<p>2.1.1.1: Align with electricity integration package to enable electricity market coupling of the EU and North Macedonia: establish the day-ahead electricity market, operationalise the package in line with the market coupling operator integration plan by the end of 2025</p> <p>2.1.1.2: Gradual electricity price adjustments to market level accompanied with measures to address energy poverty</p> <p>2.1.2.1: Implementation of climate and energy policies and measures as foreseen in the National Energy and Climate Plan (NECP)</p> <p>2.1.3.1: Deployment of renewable energy: Implementation of the Renewable Energy Directive (permitting, guarantees of origin) and transparent and competitive procedures for the deployment of renewable energy</p> <p>2.1.4.1: Work on carbon pricing with the aim of having an ETS in place by 2030: development, adoption and full implementation of the Monitoring, Reporting, Verification and Accreditation (MRVA) package</p> <p>2.1.5.1: Implementation of the Energy Performance in Buildings and Energy Efficiency Directives</p>
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# Serbia: Energy sector reforms in the RA 2024-2027

Serbia	<p>7.1.1: Implementation of the Third Energy Package for gas and transposition and implementation of the electricity integration package</p> <p>7.1.2: Gradual tariff adjustments to cost recovery levels accompanied with measures to address energy poverty if and when needed</p> <p>7.1.3: Ensure transparent and competitive procedures for the deployment of renewable energy</p> <p>7.1.3: Implementation of the Just Transition Action Plan</p> <p>7.1.5: Implementation of the Renewable Energy Directive (permitting, guarantees of origin, prosumers)</p> <p>7.1.6: Implementation of MRVA22</p> <p>7.1.7: Implementation of the Energy Efficiency Directive, The Energy Performance of Building Directive, Ecodesign and energy labelling legislation</p>
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# Turkiye: Energy sector reforms in the ERP 2025-2027

Turkiye

- Energy market reforms and liberalization – Strengthening electricity and gas markets, integrating with the EU framework, expanding futures markets, and adjusting consumer eligibility thresholds.
- Renewable energy expansion and green transition – Increasing installed capacity from 63.5 GW (2023) to 91 GW (2028), expanding solar and wind, raising renewable electricity share to 50%, and continuing YEKA projects.
- Energy efficiency measures – Implementing the Energy Efficiency 2030 Strategy, targeting 16% energy savings and 100 million tons CO<sub>2</sub> reduction, investing \$20.2 billion, and expanding building renovations.
- Alternative fuels development – Advancing the Hydrogen Technologies Strategy, expanding green hydrogen production, developing carbon capture and storage (CCS), and increasing R&D funding.
- Carbon pricing and emissions control – Establishing a national ETS aligned with the EU, implementing stricter emission reduction strategies, and developing a CCUS framework.
- Natural gas and energy security – Expanding underground gas storage, increasing Northern Marmara and Tuz Gölü capacities, and enhancing Floating Storage and Regasification Units (FSRU). Institutional Strengthening & Governance –
- Adopting the Climate Law, aligning with the European Green Deal, and enhancing transparency through improved market surveillance.

# Turkiye: Energy sector reforms in the ERP 2025-2027

Bosnia and  
Herzegovina

**Reform measure 1: Energy transition, including the provision of energy security, implementation of market reform, increased efficiency, and a greater share of renewable energy sources**

## Alignment of the reforms with policy guidance for WBs from 2023 and Turkiye from 2024

- Most of the WB countries prioritized reforms that are strongly aligned with EU policy guidance for energy sector.
- There are some aspects that countries have not included in the RAs/ERP:
  - Some countries lack prioritization of carbon pricing mechanisms (ETS readiness) despite EU recommendations.
  - Energy efficiency investments remain underdeveloped, particularly in heavy industries and transport.
  - Air pollution mitigation is not a top priority, especially in coal-dependent economies.

# Policy guidance not considered in the prioritization for RAs and ERP

Policy guidance not considered in the prioritization for RAs and ERP	
<b>Albania</b>	<ul style="list-style-type: none"> <li>- Strengthening institutional governance for energy reforms</li> <li>- Implementing a carbon pricing mechanism (ETS readiness)</li> <li>- Enhancing air pollution mitigation policies</li> </ul>
<b>Kosovo</b>	<ul style="list-style-type: none"> <li>- Advancing carbon pricing mechanisms and emissions monitoring</li> <li>- Strengthening institutional capacity for energy governance</li> <li>- Addressing energy poverty and social protection measures in the energy transition</li> </ul>
<b>Montenegro</b>	<ul style="list-style-type: none"> <li>- Establishing clear investment incentives for renewable energy</li> <li>- Developing a comprehensive coal phase-out strategy</li> <li>- Implementing a structured roadmap for energy market liberalization</li> </ul>
<b>North Macedonia</b>	<ul style="list-style-type: none"> <li>- Introducing a carbon pricing mechanism and emissions trading system (ETS)</li> <li>- Strengthening market competition in the energy sector</li> <li>- Expanding energy efficiency measures in industries and transport</li> </ul>
<b>Serbia</b>	<ul style="list-style-type: none"> <li>- Strengthening air pollution mitigation measures in coal-intensive regions</li> <li>- Implementing carbon pricing mechanisms and preparing for ETS</li> <li>- Enhancing institutional transparency in energy market reforms</li> </ul>
<b>Turkiye</b>	fossil fuel subsidy reforms, climate resilience in reconstruction, and diversification of renewables beyond solar, wind, and hydrogen are not explicitly prioritized.
<b>Bosnia and Herzegovina</b>	<ul style="list-style-type: none"> <li>-Failure to adopt and implement an integrated energy and climate plan aligned with the Green Agenda for the WB</li> <li>-Lack of state-level legislation for electricity and gas and harmonization at the entity level, causing delays in energy market liberalization and the day-ahead electricity market</li> <li>-Absence of a comprehensive building renovation strategy</li> </ul>

## Elements of the reform for RA

### (based on EC's template and guidelines for preparation of RA)

- Policy area, 5 sub-policy areas for energy sector reforms
- Description:
  - Analysis of challenges to be addressed
  - Beneficiaries targeted
  - Stakeholders involved
  - Responsible authorities
  - Eventual investments needs and fund resources
- Qualitative and quantitative steps identified (implementation indicators)
- Activities for achievement of each step
- Implementation plan
- Achievement criteria
- Measurement of achievement (e.g., standards met, infrastructure completed, staff hired)

## Elements of the reform for ERP 2025-2027 (according to EC's Guidance Note 2024)

1. Obstacle analysis
2. 3 policy areas, 6 priority reforms
3. Description:
  - a) Key obstacle to address
  - b) Alignment with national and sector strategies
  - c) Compliance with EU economic accession criteria
  - d) Implementation of Joint Conclusions and wider policy goals (e.g., Green Deal, SDGs)
  - e) Progress on previous years' planned activities
  - f) Explanation for delays
4. Activities for achievement of each reform (expected output and costed)
5. Result indicators
6. Expected impact on competitiveness
7. Estimated cost of the activities and the source of financing
8. Expected impact on social outcomes
9. Expected impact on the environment and climate change
10. Potential risks

# Recommendations based on analysis (1)

## Clarity and structure of reform

- The way a reform is written is not a matter of aesthetics; it reflects how well you understand the reform.
- Follow the prescribed templates to ensure clarity, consistency, and easier monitoring of implementation.
- The EC's structured approach to reform design serves a clear purpose but has not been consistently applied across all RAs.
- Use straightforward, focused language to describe reform elements, prioritizing actionable content over historical overviews.

## Recommendations based on analysis (2)

### Narrative consistency and clarity

- Appoint a dedicated reviewer to ensure consistency across all reforms within the same RA.
- Avoid lengthy narratives that provide excessive background information while presenting some prioritized reforms in concise manner
- Ensure all required elements of structural reform are clearly addressed rather than leaving some only implied.
- Specify beneficiaries in a clear and consistent manner; avoid generic references in one reform and overly detailed lists in another.

## Recommendations based on analysis (3)

### Defining reform objectives

- The overarching objective of the RA is a mandatory element; however, it is not mandatory for reforms.
- ERP reforms' structure implies objective for each reform measure
- **If you find useful, as it was in some cases, show it: one and clear objective per reform.**
- Formulate objectives as clear, concise, and outcome-focused statements, ideally in one sentence.
- Avoid overly general or abstract objectives, as they dilute the reform's purpose and hinder effective monitoring.

# Recommendations based on analysis (4)

## Challenges vs. Obstacles

- Clearly distinguish between challenges and obstacles; many countries tend to analyze obstacles instead of defining forward-looking challenges. Think in the way:
  - Obstacle: The wall
  - Challenge: Overcome the wall
  - Objective: Plant the tree on the other side of the wall
- Writing about challenges: avoid unnecessary information and excessive historical context; focus on current challenges and potential solutions.
- Shift the focus from past achievements to future-oriented challenges—the EC is already aware of your accomplishments.

Example from RA:

**Obstacle:** Total electricity production reliance of 88% on outdated thermal power plants makes system inflexible to changes of demand.

**Challenge:** Ensuring system flexibility and securing critical technologies in the global supply chain constraints and increasing demand for renewable energy components.

**Objective:** Increase the share of renewable energy sources in electricity consumption to 35% in 2031.

# Recommendations based on analysis (5)

## Implementation planning

- Qualitative and quantitative steps should be presented in clear, structured tables rather than lengthy paragraphs.
- Ensure that each reform includes clearly defined activities, rather than presenting some with detailed actions and others without.
- Tables provide a more transparent and accessible view of activities, timelines, and responsibilities.
- Always include the responsible institutions for each activity—successful implementation depends on their engagement and accountability.

## Example from RA:

Table 48 - Overview of steps within reform measure 2.3.2

Title of the step	Responsible institution	Implementation deadline
Adoption legislation in line with the Renewable Energy Directive (RED II), including the regulatory framework for consumers and streamlining of permit-granting procedures (e.g., designation of a single contact point)	Ministry of Energy	December 2024
Operationalization of the guarantee of origin system	Delegated system operator - COTEE	June 2025
One of the energy communities established and operational	Ministry of Energy	June 2026

Table 49 - Overview of activities within the implementation of step 1 for reform measure 2.3.2

Activity title	Responsibility	Source of verification
Adopt legislation in line with the Renewable Energy Directive (RED II) including a regulatory framework for prosumers and streamlining of permit-granting procedures (e.g. designation of a single contact point)	Ministry of Energy	Adoption of the law by the Parliament of Montenegro
Adoption of by-laws	Ministry of Energy Energy and Water Regulatory Agency of Montenegro	Adoption by the Government of Montenegro
Study for the assessment of renewable energy potential	Ministry of Energy	Study / Annual report of the Ministry of Energy
Conducting an auction	Ministry of Energy	Call for auction publication

Table 50 - Overview of activities within the implementation of Step 2 - for reform measure 2.3.2

Activity title	Responsibility	Source of verification
Establishment of a system for issuing certified guarantees of origin	Delegated operator- COTEE	Membership in AIB

Table 51 - Overview of activities within the implementation of step 3 for reform measure 2.3.2

Activity title	Responsibility	Source of verification
Pilot project/study for the establishment of a citizen energy community	Ministry of Energy	Annual report of the Ministry of Energy

# Recommendations based on analysis (6)

## Costing and budgeting of reforms

- **Reform costs and financing are an integral part of every reform programme**—they provide essential evidence of the reform's implementation and ensure its credibility.
- Clearly define the estimated costs, funding sources, and financial planning to demonstrate tangible progress and accountability.
- Cooperation between reform designers and MoFs is crucial. Budgeted costs of reforms are mandatory part of the reform design process, being the integral part EC's guidance for RA Annual Report :

- 5.1.2 → **Fiscal developments and risks**

*The beneficiary should provide:*

- → *A summary of key fiscal trends from ERP n+1, 2 & 3 compared to projected a year ago in ERP n+1 & 2)*
- → *A summary of the fiscal impact of reforms as presented in ERP n+1, 2 & 3*
- → *An overview of the key fiscal challenges and risks in achievement of credible stability-oriented fiscal policy.*

## Recommendations based on analysis (7)

### Impact assessment of reforms

- **Actively participate in the impact assessment of energy sector reforms.**
- Collaborate with macroeconomists from the Ministry of Finance to generate robust, data-driven insights that contribute to the **Annual Report on RA implementation** and the **ERP**. This joint effort will enhance the quality, relevance, and credibility of reform outcomes.
- Cooperation between reform designers and MoFs is crucial here too. Impact assessment of reforms is mandatory part of the reform design process, being the integral part EC's guidance for RA Annual Report:

- **5.1.1 → Macroeconomic developments and risks¶**

*The beneficiary should provide:¶*

- → *A summary of key macroeconomic trends from ERP n+1, 2 & 3 compared to projected a year ago in ERP n+1 & 2)¶*
- → *A summary of the estimated economic impact of reforms as presented in ERP n+1, 2 & 3 and their implication for the macroeconomic outlook¶*
- → *An overview of the key macroeconomic challenges and risks for continued achievement of credible stability-oriented macroeconomic policy¶*

## Recommendations based on analysis (8)

### Ownership!

- The EU provides the policy framework, but the reforms are yours—along with the benefits they bring to the energy sector, the economy, society, and EU accession.
- People are the key. Strengthen your capacities—this is the best path to ownership of reforms and reform programs.
- Design does not end with preparation. Implementation has proven to be the greatest challenge. Build a system for coordination and develop institutional and human capacities to support timely execution.
- Cooperate with the Ministry of Finance (MoF) and other relevant ministries. The energy sector is an integral part of every economic and social process.