



DECLARATION ON ENERGY SECURITY AND GREEN TRANSITION IN THE WESTERN BALKANS

We, the Leaders from the Western Balkans Six¹, gathered in Berlin on 3rd November 2022, at the WB Summit and supported by the participants of the Berlin process:

RECALLING the commitment made in 2020 under the Sofia Declaration on the Green Agenda for the Western Balkans and its Action Plan to work towards carbon-neutrality in 2050 in line with the Paris Agreement and the European Green Deal, as well as the commitments made under the Energy Community Treaty, including the Decarbonisation Roadmap for the Contracting Parties of the Energy Community adopted in 2021;

DETERMINED TO ACT UPON the urgent need to transform our economies and societies, including the energy sectors, in line with these commitments, by promoting reforms that take the region forward on our common European path;

RECALLING the Glasgow Climate Pact's request to revisit and strengthen the 2030 targets in the Nationally Determined Contributions as necessary to align with the goal to limit the global temperature increase at 1.5°C in line with the Paris Agreement, and through the accelerated implementation of domestic mitigation measures;

STRESSING that the European Green Deal cannot be achieved without the Western Balkans;

STRIVING to expand the development of renewable energies as they are the fastest, cheapest and cleanest energy available, and can be generated locally, thereby reducing the need for energy imports and increasing security;

ACCELERATING the clean energy transition by increasing efforts of energy efficiency in all sectors, as well as saving energy among households, transport, industries and the public sector;

SERIOUSLY CONCERNED about the impact of the Russian aggression against Ukraine and its impact on the security of energy supply in the coming winter and beyond, as well as the unprecedented surge in commodity and electricity prices affecting our political, economic and social cohesion, in particular on our most vulnerable citizens;

CONSIDERING that our societies are still in the recovery process after the Covid-19 pandemic and our commitment to rebuild them greener, healthier, more resilient and fair;

INCREASINGLY AFFECTED by the changing climate manifesting itself in extreme weather conditions including droughts and declining capacity and flexibility of hydropower generation;

¹ Bosnia and Herzegovina has not approved this declaration until adoption at the summit and is invited to do so at a later stage.

WORRIED ABOUT the health impacts of air pollution from the use of fossil fuels in the electricity, transport and heating sectors throughout the Western Balkans, and recognizing the important co-benefits for health and well-being from policies that accelerate the green transition by mitigating climate change and air pollution;

RECOGNIZING the Western Balkans region as a globally significant repository of biodiversity, ecological processes and associated values and that the energy transition and climate action must go hand in hand with the protection of our nature and biodiversity;

STRIVING to cope with managing an electricity system relying increasingly on intermittent renewable energy sources;

DETERMINED to prevent long-term carbon lock-in and stranded assets associated with the construction of new coal-fired power plants, new or expanded lignite mines, and other fossil fuel infrastructure while aware of the need to ensure short-term energy security in the current geopolitical context and the role of existing and transitional power generation systems in this process;

CONVINCED that enhanced regional cooperation is a major asset in tackling the closely related security and transition challenges and in minimizing the costs of the necessary actions, as opposed to acting in isolation;

REQUESTING to engage with the European Union on the debate about the just energy transition in the spirit of solidarity;

RECALLING that significant financial resources are needed in the modernization, decarbonization and resilience of our economies and energy sectors, and inviting international financial institutions (IFIs), individual European countries and the European Union, in particular through the Western Balkan Investment Framework and the guarantee facility implementing the Economic and Investment Plan for the Western Balkans, to focus their instruments on projects pursuing these goals in close cooperation with the Western Balkan Six;

CALLING on our partners to direct dedicated resources in particular to the purpose of addressing the social effects of ending the reliance on coal, and addressing the social and economic impacts of such a transition;

RECOGNIZING that in addition to the efforts of the European Union itself, its individual Member States and other countries, donors and IFIs that provide significant financial and technical support;

HAVE TODAY AGREED TO TAKE MULTIPLE ACTIONS TO ENHANCE OUR ENERGY SECURITY AND THE GREEN TRANSITION:

- We will accelerate the implementation of the Green Agenda for the Western Balkans at both national and regional level, including through regional cooperation for the implementation of its Action Plan.
- We stand behind the European Union's REPowerEU initiative and the European Green Deal, and take them into account when finalizing our national energy and climate plans. We welcome that the EU platform for common purchases is open to the Western Balkans as a clear signal of support.

- We reiterate our determination to adopt the 2030 energy and climate targets preliminarily agreed in July 2022, and the legislative packages for the integration of the electricity markets and for monitoring, reporting and verification of greenhouse gas emissions, as proposed by the European Commission, at the Energy Community Ministerial Council meeting in December 2022.
- We will accelerate the reform of our economies and their energy sectors in line with the national energy and climate plans already adopted or under adoption, in support of the Green Agenda for the Western Balkans and in particular its decarbonisation pillar. We call upon all donors and international financial institutions to streamline their financial support to the policies, measures and actions set out in these plans, as endorsed by the Energy Community Secretariat.
- In our plans and strategies, we will introduce ambitious targets and actions to diversify our energy supply sources and reduce the dependence on fossil fuels especially of Russian origin. We will join the discussion on joint purchasing arrangements developed under the European Union Energy Platform for gas from alternative sources.
- We will harmonize our crisis and emergency measures, including with EU Member States in the spirit of solidarity. We will grant unconditional third-party access to all pipelines and storage facilities and fully unbundle transmission system operators for gas, including those dominated by companies outside the Energy Community in line with the Energy Community Treaty, and any legitimate exemption thereunder. We will not tolerate capacity hoarding on interconnector pipelines.
- To improve security of energy supply and in response to high energy prices, we will prepare and implement national and regionally coordinated targets and mechanisms for dedicated measures reducing electricity and gas demand.
- We will use windfall profits made by producers of electricity and fuel in our jurisdictions to finance support to poor and vulnerable customers, and to enhance the green and just transition.
- We will couple our day-ahead and intra-day markets for electricity and integrate the balancing and forward markets with the rest of Europe as an instrument to boost investments in green energy and ensure affordable energy prices, while maintaining security of supply.
- To improve the flexibility of our electricity systems, we will tap into the full potential of all available interconnection capacities by optimizing calculation and allocation of capacity in line with the targets applicable under the European rules. We will gradually open and increase available cross-zonal capacities, thus raising the volumes of energy exchanges and the liquidity of our energy markets.
- We will continue to prioritize and incentivize effective energy efficiency measures, including through introducing appropriate energy price signals reflecting scarcity, externalities and costs, and the roll-out of a deep renovation wave.

- In this context, we will revise and improve the requirements for the construction of energy-efficient new buildings and develop frameworks for the renovation of existing buildings, including long-term building renovation strategies and investment programs. We will accelerate the work on decarbonization of the heating and cooling sector through modernization of district heating and cooling networks, use of renewable sources and high-efficient technologies.
- We will implement and use the regional system established in the Energy Community for the issuance and trade of guarantees of origin and call upon the European Union to eliminate barriers in the Renewable Energy Directive preventing cross-border recognition of such guarantees.
- We ask the Energy Community, together with other relevant regional organisations and initiatives, to conceptualize and propose regionally co-ordinated approaches to phasing out coal-fired power generation, as well as energy security mechanisms and carbon pricing schemes with the ultimate objective to join the European emission trading scheme and avoid the application of the planned carbon border adjustment mechanism (CBAM) by the European Union.
- We reiterate our commitment to the implementation of the mechanisms under the Large Combustion Plants Directive (national emission reduction plan, opt-out) and to comply with the deadlines included therein.
- We will ask our municipalities and regions to actively engage with the Covenant of Mayors for Climate and Energy and the Energy Community Secretariat's Clean Air Regions Initiative, with a view of prioritizing and implementing the most efficient climate and energy measures, also aimed at a noticeable reduction of pollution on local level.
- We commit to comprehensive social and environmental impact assessment procedures for the energy installations in our jurisdictions. Adverse impacts on the climate, biodiversity, pollution (including of air and soils) and health, will be adequately addressed, and so will the vulnerability to climate change impacts. This includes hydropower installations, where we will focus on rehabilitation of large installations and phase out financial incentives for small hydropower projects detrimental for biodiversity, with an immediate priority for protected areas.
- We will ensure that in the process of green and just transformation of our economies we provide adequate support to the regions, industries and communities dependent on the intensive use of fossil fuels or on energy-intensive industries who face the greatest challenges.
- We will work towards regionalization of the energy transition and a regional energy and climate plan for the Western Balkans complementing the national ones. This will leverage our individual capabilities and resources for the overall reduction of greenhouse gas emissions, reducing the costs and improving the resilience of our energy systems.
- We will step up the allocation of resources to support the clean and just energy transition, and we call on all partners, and in particular the EU as well as its Member States to continue and intensify their financial and technical support to measures mentioned in this declaration.

- We will continue to enhance regional cooperation instruments under the Action Plan for the Implementation of the Sofia Declaration on the Green Agenda for the Western Balkans.
- We declare our strong interest in a close dialogue on the establishment of the Climate Club.
- We invite the Energy Community and regional organisations involved in the implementation of the Green Agenda Action Plan to report about the implementation of these actions at the next meeting under the Berlin Process.

Annex to this Declaration: Commitments by participants of the Berlin process to support energy security and green transition in the Western Balkans