

WEC CENTRAL & EASTERN EUROPE
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15th EDITION
WEC CENTRAL & EASTERN EUROPE
ENERGY FORUM
7-10 SEPTEMBER 2020

NEW FORMAT

FOREN

2020

ONLINE

7-10 SEPTEMBER

**ENERGY TRANSITION
IN SOUTH EAST EUROPE:
OPPORTUNITIES,
CHALLENGES,
PERSPECTIVES**

7th | **QUO VADIS ENERGY SECTOR?**

8th | **REGIONAL ENERGY DAY**

9th | **DISCUSSION SESSION I**
SCIENTIFIC PAPERS

10th | **DISCUSSION SESSION II**
SCIENTIFIC PAPERS

FOREN 2020 MESSAGE

THE SCIENTIFIC COMMITTEE OF WEC/RNC

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FOREN 2020 MESSAGE

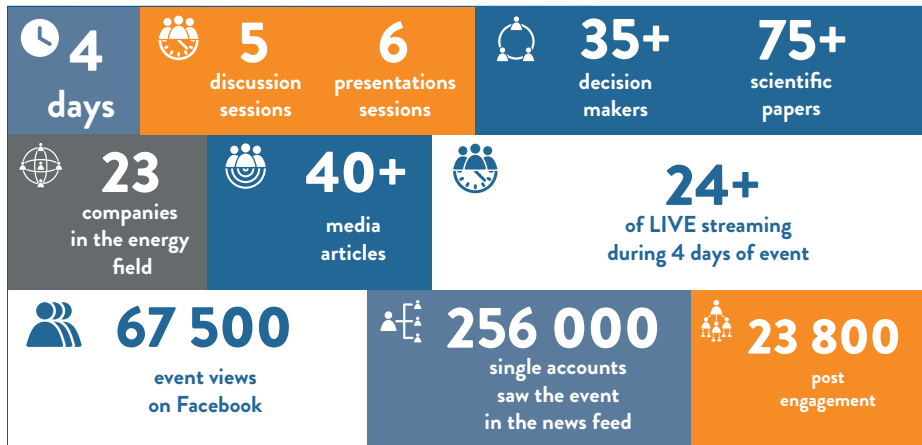
The 15th edition of the **Regional Energy Forum - FOREN 2020**, organized last year during 7-10 September 2020, is a traditional biennial event of the Romanian National Committee of the World Energy Council (WEC/RNC). The event was conducted online and fulfilled its objectives despite the situation imposed by the health crisis, responding to the need to debate the energy key issues with the hope of returning to a normal activity in the near future.

The inherent challenges generated by such a decision were not only administrative, but especially related to the expectations of the participants, given the inevitable comparison with the results of previous editions that benefited of normal frame. Despite all special conditions, much more restrictive, we consider - based on the reactions of the beneficiaries of this event - that the 2020 edition has achieved its goal, as evidenced by the figures in the statistics below that prove the magnitude of audience, topics' actuality, quality of speakers and discussions, but also hosting interesting scientific papers. This was reflected by

the number of participants interested in the proposed topics, which exceeded - even in a smaller time budget - all other similar events from previous years, taken individually.

The debates of the forum sessions were attended by representatives of the World Energy Council (through the Secretary General and the Regional Manager for Europe), the Minister of Economy and the Energy Secretary, the WEC/RNC management, directors of the French and German Member Committees, the Secretary of the Romanian Academy, member of the Board of Directors of the European Energy Regulatory Agency (ACER).

However, FOREN confirmed and strengthened its status as a synthesis event of major regional and national energy issues, and the conclusions of the debates allowed the crystallization of energy policy directions that can be topics of reflection and action for the decision makers, but also for other specialists in the field. That is why we consider it is useful to make this document available to energy community in this form of open message.



There are extraordinary challenges that energy sectors of the countries in the region - including Romania - are facing, , the complexity of the problems being amplified by the current pandemic. FOREN 2020 was a good opportunity to realize what happened, what we did well, but especially, what we did wrong in the development of the sector and - especially - what would be the right solutions to the new situation. The presentations and debates showed a balance between the diverse and complicated issues of the energy sector at the present time, with serious challenges and threats that require a total reconsideration of it, but also a state of optimism of the people who master this problems and have solutions to solve them.

Being at a turning point, we need to rethink what we will do to improve the energy sector's present situation in the perspective of a new beginning. From this point of view, two common basic ideas emerged both at national and regional level:

- It is a good opportunity for the revival towards the new normal - which we will build after the pandemic - to take place under a sustainable development perspective of the objective that Europe has: **to become the first climate-neutral continent**. The major challenge is simultaneous achievement of the two goals: integration and development of the single internal market and decarbonization based on increasing the role of zero greenhouse gas sources and changing the role and share of fossil fuels, while using new fuels (hydrogen and biofuels) and new "disruptive" technologies.

- Achieving these goals requires a transition with important economic and social implications. Therefore, there is a need to introduce a new concept, namely **humanizing the energy transition**, which involves considering "people first". That is because after this crisis, recovery will be difficult and will require the largest global reallocation of capital in history. In addition, the transition requires placing the consumer at the heart of the actions generated by this fundamental transformation, otherwise all those involved will not benefit from this effort.

“Green Deal”

“decentralization”

“decarbonisation”

“energy market”

“digitization”

“energy mix”

“deregulation”

“dynamic resilience”

The two basic ideas generated discussions on complex topics, most relevant for Romanian energy sector and on which the decision makers need to focus their actions on. According to the debates, they are:

- **The Green Deal** is Europe's biggest challenge for the next 30 years. The Central and Eastern Europe (CEE) countries face tasks that will generate political, technological, financial, and social problems. Countries in the region must be prepared to face these problems because, more than being an economic, financial and social pledge document for our continent, the Green Deal is an act of common vision for the European Union member states and a commitment to its unity;

- There is a need for new approaches of the 4Ds: **Decarbonization, Digitization, Deregulation and Decentralization** during all this transition;

- It is time to rethink the balance of energy sources mix: fossil, renewable and nuclear, as well as to address energy efficiency as a priority solution according to the principle defined by the European Directive: “**energy efficiency first**”. The role of the transition fuels and - in particular - natural gas, must be considered and also, the investments to expand the base of these resources must be promoted;

- A still undelt challenge is **integration of energy markets in CEE**, now and in the future. The benefits of the full liberalization of the natural gas and electricity markets are recognized, as well as the associated risks to final consumers in the event of an incorrect market design;

- Related to the above challenge, the increasingly important role of **achieving dynamic resilience** of energy systems in the region clearly appears, especially as recent events have demonstrated. In this respect, there is need for adaptive strategies for risk analysis, including climate extremes, cyber risks, geo-strategic analysis etc.

To all these challenges, the legitimate question arose:

> *Are the governmental and local authorities in the region, but especially in Romania, ready to face them?*

> *What about utility companies?*

> *What about consumers?*

The common answer is that the first step in solving this dilemma is to understand the trends and the methods to solve them, including by participating in events such as FOREN 2020. During the debates, there was a concern among several speakers, perhaps not so much for drafting a correct list of projects and their prioritization taking into account these trends, but especially for the achievement of a suitable legislative and regulatory framework for their implementation. In the Romanian energy system, there is an acute need to achieve new major investments that the new normal must promote. At the same time, the available concerns that remain is the ability to write projects, to demonstrate the feasibility and bankability of each investment that will be proposed for financing, an issue that was raised in all the previous funding programs and which has its explanation in the non-promoting, waste and - finally - loss of the internal consulting and pre-investment engineering capabilities.

This finding can be extended as a fifth "D" with an impact on global energy: **De-professionalization**. It is another alarm signal that reflects an obvious reduction in engineering capabilities, professional in general, with effects on the proper functioning of the system. The causes must be sought throughout the chain, from secondary and vocational education to university education, then the qualifications and professional accumulations that each participant in the system, involved in the field of energy, must take care of. It is worth mentioning here a subject treated less sharply, more allusively, but clearly as a warning message: qualification and competence of persons with management positions in state entities, central authorities or energy utility companies. Moreover, unfortunately, over the years, there have been many cases when energy strategy actions have been initiated by policy makers inadequate for the position they hold, who did not have the slightest training and competence to fill the position.

Flexibility is a new term often used in energy, defined as the ability of an energy system to manage itself adequately in terms of reliability, variability and uncertainty of energy demand and supply over a relevant time range. The need for flexibility, a concept currently ignored by the Romanian authorities, is amplified by the magnitude of one of the 4 Ds - Decentralization, (the expression "Romania is doomed to decentralization" was used) by installing renewable power plants, mainly PV and wind at the initiative of industrial and private consumers, stimulated by targets imposed mainly from abroad and by lucrative aid schemes. This is in parallel with the shortage of investments in "centralized" sources on conventional fuels, many that were recently announced, but probably few continued due to increasing rigors of financing and operation.

"humanizing the energy transition"
"flexibility"
"De-professionalization"
"energy efficiency first"

Related to this concept, there are two questions that arose: who invests in flexibility, or - and more precisely - whose responsibility is to invest in flexibility? It should be answered also by the energy authorities as during the debates, the view that a new way of thinking about the "division of responsibilities" between central entities, TSOs, DSOs, private investors and other energy operators is needed, and a framework to encourage this type of investment. Another concept used is **the dynamic resilience of energy systems**, which is becoming increasingly important at the same time with the greater complexity of the systems and the emergence of new risks generated by this along with external factors such as climate change. Solutions to solve these types of problems exist, but require additional investment in new innovative technologies, even considered "disruptive". We only talk about storage solutions, hydrogen, microgrids, etc., but their implementation is still timid and little encouraged.

Another very important matter is the general opinion that we must now invest in the energy sector, but carefully. We need to invest profitably and avoid investments that cannot be recovered in the time left until the transition is complete. It must not be forgotten that there are less than 30 years left to achieve the ambitious targets proposed at national and European Union level, and that the energy sector projects need long periods of time to become operational. Hence, as a unanimous conclusion, the need for correct and quick decisions arises.

Therefore, no available solution should be neglected in trying to address the challenges of the sector, in particular the climate problems posed by energy production, transport, distribution and use. It is therefore not surprising that more and more complex integrated solutions are being addressed, for example, decarbonization needs to be addressed not only in the electricity production and distribution (CO₂ capture solutions, use of renewable sources and nuclear, smart power lines), but also from the fuels perspective. The demand also remains important for several reasons: firstly, because it can help solve energy poverty and then through the possibility of changing its structure in the sense of enrolling in the Green Deal requirements. Secondly, a stronger link between industrial and energy policies is a necessity, and decision-makers, well advised by specialists, must play an active role in ensuring good policies for the next period of time. As good news, the opinion of some representatives of the big development banks confirmed - on this occasion - the availability of finance for any investment in the great energy transition, obviously in the mentioned conditions of sustainable and bankable projects.

Last, but not least, it is worth noting the still precarious situation of the **thermal energy domain**, a problem still unsolved in Romania. It has become clear that thermal energy - considered the responsibility of everyone, but ultimately of no one - is an old problem, which formally continues to be the responsibility of several ministries and local authorities. Maybe because of this – it has become the underdog of the energy system in Romania, although it could benefit from very favorable financing including European non-reimbursable funds and also advantageous loans, being a sensitive issue in the European Union, and once resolved, could contribute significantly to achieving Green Deal targets. All these are in the context of the need for a general transition from archaic sources (firewood, coal) to modern sources (cogeneration, even electric heating based on renewable sources). Apart from the Republic of Moldova and Albania, Romania has the lowest electricity consumption per capita in the region (about 3000 kWh / year. capita).

The above is just a brief summary of some of the central issues discussed at FOREN 2020 and that show the complexity of the presentations' and discussions topics hosted by this event. 'For more details, a series of articles presenting the sessions within the forum in which the topics are treated in detail can be found in the 211, 212, 213 issues of the monthly publication of WEC/RNC, Energy Messenger.

THE SCIENTIFIC COMMITTEE OF WEC/RNC

We consider that the ideas presented above can be the main topics in making important decisions for the Romanian energy sector and if certain issues should be clarified, WEC/RNC expresses its willingness to continue the discussions on any of the topics in the field.

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