

Ms Ursula von der Leyen
President of the European Commission

Cc. Ms Kadri Simson,
Commissioner for Energy

Mr Olivér Várhelyi,
Commissioner for Neighbourhood and Enlargement

5 April 2022

The EU must promote sustainable energy - not gas dependence - in the Western Balkans

Open letter from civil society organisations working in the Western Balkans

Dear President von der Leyen,

With the signing of the Sofia Declaration on the Green Agenda in November 2020,¹ Western Balkan leaders committed to decarbonisation by 2050, meaning a halt to the use of all fossil fuels.

Crucially for this transition, the Western Balkans are not yet highly gas-dependent.² However, all the governments plan to greatly expand gas use. In this, they have been actively encouraged by the European Commission. In February 2022 alone:

- The EU Ambassador to Serbia helped launch works on the new Serbia-Bulgaria gas pipeline, partly funded by a European Investment Bank loan and an EU grant.³
- EU representatives issued statements promoting gas at a Southern Gas Corridor Advisory Council meeting in Baku. For example:
 - *'(...) Azeri gas can help diversify energy resources and reduce emission levels by at least 55%, by phasing out coal completely from the energy mix of the Western Balkans'*⁴ and
 - *'We are ready to cooperate in energy transition in [#WesternBalkans](#): gas has a key role in phasing out coal+transition to decarbonised economies (...).'*⁵
- EC Delegation representatives and the EBRD met with Nermin Džindić, Energy Minister of the Federation of Bosnia and Herzegovina. The EC Delegation reportedly said that: *'The direction of transition for the EU (...) comprises a medium term solution of building the Southern Interconnection gas pipeline and in the long term implementing renewable energy projects'*.⁶

¹ [Sofia Declaration on the Green Agenda for the Western Balkans](#), 10 November 2020.

² Serbia uses gas for district heating, but use for power and individual households is relatively low. North Macedonia has increased its gas consumption for power and heat in recent years. In Bosnia and Herzegovina, only four towns and cities are connected to the gas network, while Kosovo, Montenegro and Albania hardly use gas at all and do not have functional distribution networks.

³ Source: https://twitter.com/eu_near/status/1488912277323624453

⁴ Source: <https://twitter.com/OliverVarhelyi/status/1489679876042989572>

⁵ Source: <https://twitter.com/OliverVarhelyi/status/1489535757660340224>

⁶ Radio Sarajevo, [Razgovori / Ministar Džindić s delegacijom EU o izgradnji Bloka 7](#), 16 February 2022.

- Commissioner Várhelyi singled out gas at the EBRD's Western Balkans Investment Summit: *'(...) we hope to receive applications for more strategic and mature projects, including gas projects providing alternative to gas supply from Russia.'*⁷

The European Commission's 2020 Western Balkans Economic and Investment Plan also overtly promotes gas. It claims that new gas pipelines could later be used for renewable gas, without analysing the availability of such gas or its feasibility.⁸

We understand that current EU legislation does not directly prohibit the construction or financing of gas infrastructure. But the Commission's statements on gas in the region go far beyond merely 'allowing' it: it is actively encouraged, often accompanied by unsupported claims about its benefits.

Much-needed investments such as tackling electricity distribution losses, increasing the use of heat pumps and deep renovation of residential buildings do not receive half as much public attention as gas does. Yet these are key to a sustainable energy transition.

Gas, in contrast, will lead us down a blind alley, to a new fossil fuel lock-in. Gas infrastructure would in many cases have to be built from scratch, which would be costly and take years. This diverts resources from investing in energy efficiency and sustainable renewables. The region's slow solar and wind development so far shows that it is not realistic to expect - if gas investments are realised - that the countries will make another transition from gas towards renewables by 2050.

Right now, due to the gas price crisis and Russia's invasion of Ukraine, the EU is struggling to wean itself off of gas, especially Russian gas, at an accelerated pace. The rapid gas price rises in the last few months have exposed the hazards of gas dependence, irrespective of the source.

In light of this, as well as the global climate emergency, the relatively low level of gas infrastructure in the Western Balkans should no longer be seen as a 'lack' but as a plus. The Director of the Energy Community Secretariat recently underlined that *'as the Western Balkans does not rely heavily on gas, there is no significant risk that the Ukrainian crisis will derail its energy transition'*.⁹ The region is struggling with its own electricity generation problems with antiquated coal plants¹⁰ and over-reliance on climate-vulnerable hydropower,¹¹ but increased import dependence is the last thing it needs.

Given the extent of energy poverty and political sensitivity of high utility bills in the region, consumers will not be willing or able to absorb high costs and volatile prices for gas. This may well lead to stranded assets.

But even if the gas is used, it is likely that governments will have to subsidise it during periods of high prices, putting additional strain on the countries' limited public budgets.

⁷ [Opening remarks by Commissioner Várhelyi at the EBRD Western Balkans Investment Summit](#), 28 February 2022.

⁸ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, [An Economic and Investment Plan for the Western Balkans](#), 6 October 2020, 2-3, 8-9.

⁹ Energetika.net, [Ukraine crisis will not derail decarbonisation - official](#), 4 March 2022.

¹⁰ Zeljko Trkanjec, [North Macedonia could extend state of energy crisis for six more months](#), Euractiv, 2 December 2021; Valentina Dimitrievska, [Kosovo faces worst energy crisis in a decade](#), Intellinews, 3 January 2022; Igor Todorović, [Serbia's electricity crisis: EPS struggling to get coal plants back online](#), Balkan Green Energy News, 15 December 2021.

¹¹ On 20 March, Albania's state power utility KESH on Sunday halted 11 of 13 electricity turbines at hydropower plants as the scarcity of water forced Albania to import most of its electricity. Reuters, [Albania dims lights as drought, price spike spark energy crisis](#), 21 March 2022.

For years, the European Commission has promoted the Southern Gas Corridor as an alternative to Russian gas. Yet the Russian oil company Lukoil has a 20 per cent stake in the Shah Deniz gas project.¹² Even if this changes, it makes no sense to increase dependence on imported energy, especially from autocratic and repressive regimes such as that in Azerbaijan.¹³

The Commission must see both the trees and the forest. Geopolitical concerns are real and immediate - for the countries using gas - but so are climate change and economic realities.

The alternative to Russian gas for most of the Western Balkans is not Azeri gas, nor LNG or any other gas. It is an energy efficient economy based on sustainable forms of renewable energy.

We therefore request that the European Commission refrain from promoting new gas infrastructure in the Western Balkans, whether in public statements or in its investments such as those under the Economic and Investment Plan.

Instead, we ask the Commission to redouble its efforts to encourage genuinely transformative investments which are receiving insufficient attention in the Western Balkans, such as:

- Deep renovation of buildings
- Increased use of heat pumps
- Development of rooftop solar photovoltaics and solar thermal
- Tackling electricity distribution losses, particularly in Albania, Kosovo and Montenegro
- Increased support for innovative heating technologies such as heat storage

We thank you for your attention and remain at your disposal should you wish to discuss these issues further.

Yours sincerely,

Mark Martin

Executive Director, CEE Bankwatch Network,

on behalf of:

Aarhus center in BiH

Bosnia and
Herzegovina



Action for Social Justice

Montenegro



Association of Young Ecologists of Niksic

Montenegro



¹² Lukoil, [Lukoil completes the deal on acquiring interest in Shah-Deniz project](#), 18 February 2022.

¹³ See for example Freedom House, [Azerbaijan](#), and Human Rights Watch, [Azerbaijan](#).

Balkan Green Foundation (BGF)	Kosovo	
Belgrade Open School	Serbia	
CEE Bankwatch Network	Central and eastern Europe	
Centar za ekologiju i energiju	Bosnia and Herzegovina	
Center for Climate Change	North Macedonia	
Center for Environment	Bosnia and Herzegovina	
Center for environmental research and information Eko-svest	North Macedonia	
Center for protection and research of birds	Montenegro	
Centre for Multimedia Production (CEZAM)	Montenegro	
Civic Alliance	Montenegro	
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