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The problems of power systems in the Balkans

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Since the beginning of February, there have been serious difficulties in the western Balkan countries (except Croatia), Romania and Bulgaria in meeting the demand for electricity. The root of this problem is the persistence of very low temperatures, which has led to a significant increase in energy demand. In Bulgaria and Serbia, there was also severe congestion of the transmission network, which threatened to destabilise the power system and cause blackouts. The countries of the region have introduced energy savings programs, and Bosnia & Herzegovina and Serbia have also imposed restrictions on power supplies to industrial customers. In the second week of February, Bosnia & Herzegovina, Macedonia, Serbia and Bulgaria banned the export of electricity. Romania is currently considering introducing restrictions on both exports and the domestic market.

Commentary

- There is a serious crisis of electricity supply in the western Balkans, and also difficulties on the Romanian market; the restrictions introduced by Bulgaria are primarily intended to stabilise the transmission system, and continued supply to its domestic market is not under threat. The halt to power exports has isolated individual energy markets. The countries hit hardest by this are Albania, Montenegro, Kosovo and Macedonia, which are dependent on electricity supplies from Serbia, and do not have large production capacity of their own. Serbia, despite its serious difficulties, is in a better position, since it can import electricity from Hungary.

- The harsh winter has exposed the low level of the western Balkans' electricity security. All the countries of the region are net importers of electricity and do not have sufficient capacity to meet domestic demand. Another problem is the poor structure of electricity production, especially in Albania, Serbia, Bosnia & Herzegovina and Macedonia. The high share of hydroelectric power in these countries' energy balance makes the stability of energy supply highly dependent on weather conditions. Another risk factor is the weak transmission infrastructure, which generates significant energy losses and weakens the transmission systems' stability.

- The credibility of Romania and Bulgaria as suppliers of electricity in the region, and of Serbia as a transit country, has been exposed. Sofia has introduced a temporary ban on exports for the second time in a month. While Bucharest has not yet introduced export bans, the Romanian power companies (including Hidroelectrica) are unable to fully meet

their energy contracts, which is also a result of the drought in the autumn of 2011.

- The current problems with the power shortages should be an impetus to intensify efforts to expand the productive potential of the western Balkan countries, Romania and Bulgaria. However, their room for manoeuvre in this area is severely limited. Western companies are reluctant to invest in the local infrastructure because of the lack of legal transparency and the continued low energy prices. The situation could be improved by the creation of a single energy market for the region, and especially the development of power connections between the countries' grids. These solutions have been supported by the Energy Community, whose members include the western Balkan states. The Community's Secretariat has put forward a project to create a common market in this area by 2015, but this date seems to be too optimistic.

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