

## Diversify, Supply and Secure: Towards energy stability in Macedonia?

At present the interest of the institutions and stake-holders in Macedonia is focused on the stabilization of the domestic market of energy, which is caught in the web of domestic turmoil, like the dispute between ELEM and EVN, the changes of the Law on Energy, etc. At the same time the Ministry of Economy, together with MANU, has drafted new Energy strategy for the development of the energy sector in Macedonia until 2020. However, neither the draft strategy, nor the energy community in Macedonia have brought up the issue of the Macedonian role in ongoing regional energy projects and alliances that would trace the energy (and political) future of the Balkans in the upcoming years.

*What are the priorities of Macedonia for the development of the energy sector in the next 10 years? Does the new energy strategy secure the Macedonian energy stability in the regional environment? Is there an energy policy that encompasses the energy supply and the energy security, as feature of a foreign policy? - these are few questions that should be priorities in the new Energy Strategy.*

In the region of Southeast Europe (SEE) the new energy paradigm is being built around two major transit routes for natural gas – the Nabucco pipeline and the South Stream. The Nabucco pipeline is the EU answer to the increased energy dependence on Russia's gas sources, diversification of transit routes, and the new geopolitical chessboard in the Middle East, the Caspian Sea and Russia. It has received an important boost with the signing of an inter-governmental transit agreement between Turkey, Bulgaria, Romania, Hungary and Austria at the beginning of this July. On the other side South Stream, the Russian answer to the EU energy expansion, has already secured its support from the Balkan countries Serbia, Bulgaria and Greece, as transit countries. The outcome of these respective projects, therefore, will have far-reaching implications both for Europe's long-term energy security and for the strategic balance of power and influence in the Balkans.

Having a central place at "the heart" of the Balkan Peninsula and the geopolitically important region of SEE, Macedonia has not managed to secure its place on the EU map of diversified energy sources, as a transit route for the natural gas flows from the East. In the past six months Macedonia has been shaping its energy future on the basis of the new Strategy for the development of the energy sector until 2020. When it comes to the market of natural gas, the *Draft Energy Strategy* sees an increase of the consumption of natural gas up to 75% by 2020 in the industry and 61% in households. However, at the same time the *Draft Energy Strategy* understates the potential to develop the gas distribution and supply system. If all of its recommended gas projects become operational - New CHP thermal power stations, Gas pipeline: Klecovce–Veles–Stip–Negotino and Negotino TPP, Gas pipeline and gas distribution in Tetovo, Gas ring around Skopje - it is clear that the current capacity of the transmission pipeline of 800mcm will not be able to satisfy the increased demand for natural gas in the country. Therefore, it is the right time for the government to start considering other options to diversify country's gas sources. Besides considering the Energy Community Gas Ring as the best option for gas supply from diverse gas sources, the Draft Energy Strategy should offer supplementary long term perspective for development of new connections to the planned gas pipelines of the SEE region.

*In the energy supply three types of states are important: energy producers, energy consumers and energy transit states. When it comes to the security of energy supply, as a small, land-locked country Macedonia needs a transit relationship with its wider neighbourhood much more than countries that have access to sea waters.*

Incorporating EU energy policy objectives of competitiveness, sustainable development and security of supply, the creators of the energy strategy failed to frame Macedonian energy policy in the regional and international energy environment. Thus, the country once again is missing the opportunity to be a factor for the transit routes of the natural gas and to gain geopolitical importance in the new constellation of energy powers in the Eurasian region.

However, the momentum is still not lost and the government can secure the gas supply by: prioritizing the natural gas as energy source in the country and encouraging the development of the gas market, and by more vigorous energy diplomacy for advantageous gas supply agreements both with Russia and with the export countries of the Caspian region.