



ANNUAL REPORT 2025  
Balkan Energy School



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### Introduction

In 2025, the Balkan Energy School (BES) continued to strengthen its position as a regional hub for energy regulation, policy dialogue and capacity building in Southeast Europe.

BES brings together national energy regulatory authorities from Albania, Bosnia and Herzegovina, Greece, Italy, Montenegro and North Macedonia, with Serbia participating as an observer. Its mission is to enhance regulatory competencies, foster market integration, and support the alignment of Balkan energy sectors with European Union legislation and decarbonisation objectives.

BES implemented several capacity building projects in the Balkan region, co-financed by the **Central European Initiative** (CEI) fund at **EBRD** (European Bank for Reconstruction and Development) contributed by the Italian Government. These projects have been developed within the structure of the **Know-How Exchange Programme** (KEP).



The year 2025 marked a phase of consolidation and expansion: the School delivered four major international seminars, launched a new multi-year project on natural gas markets, and deepened its collaboration with international institutions and energy stakeholders.

## Strengthening regulatory capacity and EU integration

In 2025, BES maintained its strategic focus on enhancing regulatory capacity and supporting the progressive harmonization of Balkan energy frameworks with EU law - in particular the Electricity and Gas Packages, the Fit for 55 legislative framework and the EU Green Deal.



Through the **Knowledge Exchange Programme (KEP)**, BES promoted knowledge transfer, shared regulatory best practices and established a stable forum for dialogue among regulators and system operators, which was made available as an ongoing resource.

The School's activities combined technical depth with policy relevance, addressing both the operational and institutional dimensions of market reform. The seminars served as laboratories for regulatory innovation, exploring complex topics such as forward market design, network code implementation, resilience to blackouts, and gas market decarbonization.

### **The 10th BES Seminar, titled “Electricity forward markets:**

criticalities, best practices and ways of improvement” was hosted in Podgorica under the KEP project “CEI support to the implementation of the new Electricity Package adopted by the Energy Community”. The Seminar examined the role of forward markets in stabilizing electricity prices and supporting the energy transition.



Experts from **Compass Lexecon, ENTSO-E, DFC Economics, and Terna** provided insight into how long-term electricity markets can hedge the volatility caused by the growing share of renewable energy sources and geopolitical uncertainty. Discussions focused on: The function of forward markets in managing risk and financing renewable investments; the Italian market experience with congestion management, multi-zonal bidding, and capacity allocation; the forthcoming revision of the Forward Capacity Allocation (FCA) Guidelines at EU level; Innovative mechanisms such as Virtual Hubs, **Financial Transmission Rights (FTRs)** and **Contracts for Difference (CfDs)**.

Speakers agreed that a more integrated and liquid European forward market is crucial for both investor confidence and consumer protection. At the same time, participants emphasized the importance of prudent regulatory design to prevent excessive financialization and ensure equitable access for smaller market actors.

**The 11th BES seminar on regulation of natural gas markets**, held in Tirana was the first one focused on gas issues as a consequence of the launch of a new KEP Project, on “EU Natural Gas Markets: Fundamentals, Regulatory Frameworks and Challenges for Market Integration and Decarbonization” with the aim to equip energy regulators.

The seminar aimed to equip across the Balkans with the knowledge and analytical tools to regulate gas markets effectively in the context of the energy transition.



The initiatives, still co-financed by CEI cover: **market functioning** – supply–demand, dynamics, trading hubs, and price drivers; **infrastructure regulation** – network codes, transmission tariffs, and investment frameworks; **decarbonization strategies** – hydrogen integration and renewable gases; **security of supply** – LNG, storage, and emergency response mechanisms.

The seminar brought together high-level representatives from the International Energy Agency (IEA), ACER, Energy Traders Europe, Shell, and ICIS.

Discussions focused on the interdependence between gas and electricity markets, the need for flexible LNG and storage solutions, and the evolving role of natural gas as both a transitional fuel and an industrial backbone during decarbonization. Participants emphasized that aligning national regulatory frameworks with EU standards is critical for market integration and for supporting the accession process of non-EU Balkan countries.

**The 12th BES Seminar, about “What recent incidents are teaching us on the Verge of the Ecological Transition”**, held in Skopje and co-financed by the CEI, gathered regulators, TSOs and experts brought together to analyze major blackouts and system incidents in Europe and the Balkans.

Case studies included: The 8 January 2021 Continental Europe system split, presented by Terna; the 21 June 2024 Western Balkans blackout, analysed by OST (Albania); the 28 April 2025 Iberian blackout, discussed by ERSE (Portugal); the 18 May 2025 North Macedonian incident, introduced by MEPSO.



The seminar explored how technical, operational and regulatory factors intersect in system disturbances. Common lessons emerged: the importance of vegetation management and observability tools, the need for faster contingency detection, and the strategic role of flexibility resources.

ARERA and Terna also presented the **EU Action Plan for Grids (2023)** and the forthcoming EU Grid Package, both of which promote investment in modern, digital and resilient networks. Participants discussed approaches to managing renewable energy curtailment, maintain system inertia, and reform ancillary services to ensure grid stability. The event concluded with an open discussion among Balkan regulators, reaffirming BES's role as a bridge between national experiences and the European policy context.

**The 13th BES Seminar, “EU Gas Networks and the Decarbonization Challenge”,** held in La Spezia,

addressed gas infrastructure regulation in the light of the EU's Gas & Hydrogen Package and the TEN-E Regulation. Regulators from across the Euro-Balkan region, together with experts from ARERA and Snam, explored topics such as: Access rules and third-party non-discriminatory access; Network codes (CAM NC, TAR NC) and the Gas Target Model; tariff transparency and cost-reflectivity;



regulatory methodologies: cost-plus, incentive-based and hybrid models; **the Italian TOTEX (ROSS)** approach to balancing CAPEX and OPEX incentives; infrastructure ageing, investment efficiency and hydrogen readiness.

A technical visit to **Snam's Panigaglia LNG terminal** provided practical insight into security-of-supply mechanisms. The seminar concluded that transparent regulation, efficient investment planning and a just transition framework are key to maintaining energy, affordability and competitiveness.

From May to June, BES organised a **5-session online course on soft skills**. The course served as a first step in a long-term training process designed to enhance the performance of working groups in implementing market integration projects within the Euro-Balkan electricity sector. The specific goal was to enable participants to make the meetings they are involved in more effective by improving communication skills (e.g., listening actively, asking effectively, providing feedback...). The training combined lectures with interactive role-play exercises.

## Cross-cutting achievements and impact

Across all 2025 activities, BES achieved significant results:

- **Regional cooperation:** closer coordination between national regulators and TSOs, shared approaches to network planning and market oversight.
- **Institutional Cooperation:** The first joint meeting between the Balkan Energy School (BES) and the Council of European Energy Regulators (CEER) took place in Brussels on 19 November 2025 - marking an important step toward stronger cooperation and regulatory dialogue between euro-balkan countries.
- **Knowledge transfer:** BES members benefited from high-level training and peer learning across the electricity and gas sectors.
- **Regulatory innovation:** dissemination of advanced regulatory models (TOTEX, revenue-cap, incentive schemes) promoting efficiency and service quality.
- **Energy security and resilience:** lessons from system incidents translated into actionable policy recommendations.
- **EU integration:** active alignment of Balkan regulatory practices with the European acquis and the Energy Community framework. Through these actions, BES consolidated its reputation as a trusted regional partner in the EU's broader energy transition and integration process.



## Focus on Balkan energy school's members

In 2025, BES also strengthened its analytical work through a set of country-specific focus reports developed in close cooperation with national regulatory authorities, producing dedicated national focus reports that examined the evolving energy landscapes. This work was made possible by the direct and substantial contributions of the national regulatory authorities as **ARERA** (Italy), **ERE** (Albania), **SERC** (Bosnia and Herzegovina), **RAAEY** (Greece), **REGAGEN** (Montenegro) and **ERC** (North Macedonia).

Their collaboration provided critical data, regulatory insights, and strategic perspectives on energy transition challenges, decarbonization trajectories, and market reforms at the domestic level. The reports highlight major regulatory milestones, such as the integration of energy storage in North Macedonia, the launch of virtual power plants in Bosnia and Herzegovina, Greece's ambitious auction schemes for battery systems, Albania's path toward EU-aligned carbon pricing mechanisms and Italy and Montenegro collaboration in implementing market coupling mechanisms. By grounding BES activities in concrete national realities, this collective work reinforced the School's role as a platform for regulatory alignment and regional knowledge exchange.

## Outlook for 2026

The coming year will see the completion of the EU Natural Gas Markets project, including two further seminars on **Decarbonization of the gas sector and security of supply**.

BES also plans to publish policy briefs summarizing best practices and regulatory recommendations emerging from its 2025 seminars.



New cooperation avenues are being explored with **other regional organizations focused on energy activities**, and European research networks broaden BES's impact beyond the Balkans. As well as the future themes will include: Hydrogen market design and regulatory readiness; digitalization and data governance in energy networks; artificial intelligence and enforcement powers. BES will continue to act as a platform for dialogue, technical learning and regional solidarity, empowering regulators to manage the dual challenges of **market integration and decarbonization**.



