



## POLICY BRIEFING

# Overcoming barriers for renewable energy deployment in the Western Balkans: The case of North Macedonia and Serbia

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Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With over 185 member organisations active in 38 European countries, representing over 1,700 NGOs and more than 40 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.

# Introduction

Europe has made uneven progress in decarbonising the electricity sector. Electricity generated from coal has fallen over a third since 2015, mostly replaced by wind and solar.<sup>1</sup> However, this transition is primarily led by Western Europe. While Central and Eastern Europe are moving toward renewable energy sources, the region is still expanding gas infrastructure over cross border transmission grids, undermining its vast renewable potential<sup>2</sup>. When it comes to the countries outside the European Union, such as the Western Balkans, despite some limited efforts, the outlook is even more challenging.

While Central and Eastern Europe are moving toward renewable energy sources, the region is still expanding gas infrastructure

The Western Balkans' political leaders have mainly navigated the climate and energy agenda within the Energy Community framework, resulting in the agreement on the national 2030 energy and climate targets at the 2022 Ministerial Council Meeting<sup>3</sup>. These headline targets aimed at putting the contracting parties on a path towards achieving climate neutrality of their economies by 2050 and decreasing dependence on fossil fuels in the shorter term<sup>4</sup>. The next key milestone that should present the national consensus on those pathways, including the policies and measures that would deliver the set renewable energy targets, is the adoption of the National Energy and Climate Plans (NECPs), scheduled for the end of June this year. With two countries having already adopted their first NECPs in the previous adoption cycle and needing to update them in line with the agreed targets, and three countries that recently submitted drafts to the Energy Community Secretariat, it is clear that there is a positive narrative and developments towards renewables and energy efficiency. However, the plans need to be further strengthened. There is a high risk of the region transitioning towards fossil gas, a fossil fuel that currently plays a limited role in the energy mix of the Western Balkan countries. It is crucial that these plans provide credible policies and measures that enable the region to transition away from chronic coal dependency directly toward efficient and renewable energy systems.

Apart from preparing their NECPs, countries are also making some progress in that direction, especially within the efforts to implement the "*acquis communautaire on environment and renewables*" adapted through the institutional framework of the Energy Community<sup>5</sup>. This includes the RES Directive (EU) 2018/2001 of the European Parliament and of the Council of December 2018 on the promotion of the use of energy from renewable sources (RED II)<sup>6</sup>, which had a deadline for transposition by the end of 2022.

Meanwhile, the exposure of the EU's overreliance on fossil fuels in the wake of Russia's invasion of Ukraine, initiated the EU's shift of focus toward the swift deployment of renewable energy sources.<sup>7</sup> Although simplifying permitting and administrative procedures had already been a central aspect of the previous revision of the Renewable Energy Directive (RED II), a subsequent assessment of the barriers to wind and solar energy projects across all 27 EU countries and the UK highlighted administrative hurdles such as planning and permitting as the most predominant and critical impediments to new renewable developments in Europe<sup>8</sup>. This was followed by another revision of the Renewable Energy Directive (RED III)<sup>9</sup>, aiming to support the faster deployment of renewable energy projects by coordinated mapping and designation of a subset of mapped areas as renewables acceleration areas. CAN Europe laid down the essential criteria and guiding principles for the success of a spatial planning and mapping exercise recently in a separate briefing focusing on Renewable Energy Planning and Mapping for Successful Acceleration with Nature and Communities at Its Heart<sup>10</sup>.

1 Ember, (2023, May), Europe - Uneven progress towards clean electricity <https://ember-climate.org/countries-and-regions/regions/europe/>

2 Paweł Czyżak, & Nolan Theisen (2024, April), *Empowering Central and Eastern Europe*. Ember.

<https://ember-climate.org/insights/in-brief/central-and-eastern-europe-from-coal-to-renewables/>

3 Decision 2022/02/MC-EnC

4 Energy Community, Clean Energy Package Target <https://www.energy-community.org/implementation/package/CEP.html>

5 Article 3 (a) of Energy Community Treaty

6 Ministerial Council Decision 2021/14/MC-EnC as amended by Decision 2022/04/MC-EnC

7 Read more at: <https://caneurope.org/renewable-permitting-europe/>

8 Eclareon, (2024, January), *Policy Monitoring Database final Report*

[https://www.eclareon.com/sites/default/files/res\\_policy\\_monitoring\\_database\\_final\\_report\\_01.pdf](https://www.eclareon.com/sites/default/files/res_policy_monitoring_database_final_report_01.pdf)

9 Directive (EU) 2023/2413

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023L2413&qid=1699364355105>

10 CAN Europe (2024, February), BRIEFING: *Renewable Energy Planning and Mapping for Successful Acceleration with Nature and Communities at Its Heart: Guiding Principles for Member States*.

<https://caneurope.org/briefing-renewable-energy-planning-and-mapping-for-successful-acceleration-with-nature-and-communities-at-its-heart/>

At a moment when Europe finds itself in this incredibly difficult situation as a result of historic energy policy mistakes, by ignoring the risks of over-reliance on imported gas and on fossil fuels in general, neglecting the need to rapidly replace them with domestic renewables<sup>11</sup>, it is important to promptly apply the lessons learned and drive an accelerated transition in the Western Balkans region. It is then crucial to identify and tackle barriers that may delay the transition to renewable energy, thereby prolonging the life of the already aged and emissions non-compliant lignite-based capacities or providing the space for other fossil fuels lock-in through investments in fossil gas facilities.

For this reason, CAN Europe conducted a **study aiming to identify the country-level barriers to the deployment of renewable energy capacities in the Western Balkans**<sup>12</sup>, with a focus on solar and wind. The evaluation provided an assessment of the national frameworks for planning and implementation of renewable energy investments in Serbia and North Macedonia, as well as the economic aspects that hinder the success of these projects. This policy briefing highlights the key findings of the analysis, focusing on the recommendations and opportunities for improvement, such as reducing the complexity and enhancing the transparency of administrative procedures, their duration, as well as the need for integration of RES in spatial and environmental planning<sup>13</sup>.

## State of play

As the rest of the Western Balkan Six, North Macedonia and Serbia are working to align their energy and climate goals with those of the EU, in accordance with their obligations to the Energy Community. These include achieving a carbon-neutral society and increasing the share of renewables in their energy mix. However, both countries face challenges due to a historical dependency on fossil fuels, predominantly coal, for their energy needs, as well as a legacy of lower electricity prices compared to those in the EU.

Despite North Macedonia's pledge to decarbonisation, the energy crisis has led it to stick to its domestic thermal power plant capacities. Hydro energy dominates RES projects in North Macedonia. Although there has been a promising recent increase in photovoltaic (PV) installations, there is insufficient support for prosumers, energy communities, and vulnerable citizens.

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In Serbia, hydro energy and wind power dominate RES projects, with a significant recent increase in installed prosumer PV capacities. The Serbian government has also begun implementing ambitious plans to install multiple gigawatts (GWs) of RES capacities in wind and solar (PV) energy. However, the country's overly complex and lengthy administrative procedures hinder energy communities, energy vulnerable citizens, and subsidies for RES prosumer capacities. Similarly, in North Macedonia, RES projects face complex and opaque administrative procedures, with the grid connection procedure being particularly time-consuming. The grid capacity in North Macedonia is insufficient to meet the needs and demands of the energy transition, and further research is needed in this area. Grid balancing is also a challenge in Serbia, prompting the government to incentivise utility-scale project developers to also invest into energy storage.

11 Sarah Brown (2022, July), *Coal is not making a comeback: Europe plans limited increase*. Ember. <https://ember-climate.org/insights/research/coal-is-not-making-a-comeback/>

12 Ana Stojlovska & Marko Kolovrat, (2024, January) *Overcoming barriers for renewable energy deployment in the Western Balkans: The case of North Macedonia and Serbia*. CAN Europe. <https://caneurope.org/overcoming-barriers-for-res-deployment-in-the-wb-north-macedonia-and-serbia/>

13 Although the RED III is yet to become part of the Energy Community clean energy package, and by that obligatory to be transposed by the Western Balkan countries, the Energy Community Secretariat conducted their analysis on the permit-granting and planning of energy projects in the Energy Community (presented at CAN Europe's Webinar on 14 March 2024), and guidelines that aim to support enhancing and streamlining the deployment of RES projects in the contracting parties are underway (as announced at the same event). More available at <https://www.energetika.net/eu/novice/trading/permitting-grids-know-how-hamper-renewables-in-w-balkans>.

## Identified barriers

Even though there is clear potential and a need for solar and wind investments in the region, it is of utmost importance that the enabling environment which unlocks full potential is in place. It remains important, therefore, to identify and highlight the barriers at the national level to ensure the regulatory framework is improved and the right incentives are available for a higher uptake of RES. This includes the policy framework, as well as the economic framework for the development of different types of projects by specific energy market players (utility-scale, individual and collective self-consumption and energy communities)<sup>14</sup>. The policy framework encompasses the specific RES regulatory framework, but also other relevant and applicable legislation, the level of their harmonisation (especially with regards to construction, planning and energy), the administrative processes on central and local level, their length, correlation, and complexity, as well as the ability to connect to the grid. On the other hand, the economic framework is analysed through the incentives and support schemes for such investments, offtake structures, as well as any unnecessary administrative burdens and additional costs deriving from the inefficient permitting procedures.

### The case of North Macedonia

#### 1.1. Political and economic framework

The overall lack of good governance in the energy sector transcends into every component of the political and economic framework, presenting itself as a key barrier to a more democratic, decentralised and socially just energy system. This also hinders the planning processes, resulting in a lack of long-term coherent policy and economic support for RES projects.

There is a need for greater policy cohesion in multiple sectors, such as national spatial planning and the impacts of RES projects. Although there is genuine interest by all stakeholders in speeding up RES projects, fast-tracking them can have adverse environmental implications. North Macedonia has not yet properly transposed the EU EIA Directive, despite its obligation under the Energy Community Treaty, resulting in the development of projects at a potential cost to biodiversity and ecosystems. Appropriate EIA procedures, better quality assessments, and meaningful public participation could result in early identification of environmental impacts, mitigation activities, and public acceptance of the projects.

Lastly, although the Law on Cooperatives<sup>15</sup> has just been published, to a certain extent, it still refers to the Energy Law<sup>16</sup>, which could mean that for a larger investment, additional procedures might apply, the time needed to set up an energy community.

#### 1.2. Market structure

The key issues found in the market structure include the lack of policy integration and synergies between the state and private sector efforts to increase the share of RES. This lack of synergy prevents further investment in infrastructure. If the country continues to rely on thermal power plants, it will miss out on the developments in the RES market driven by the private sector.

Citizens are not able to participate in a simplified and supported manner. The capacity limit of 6 kW for photovoltaics allowed for natural persons is considered too low to cover their energy needs. Additionally, vulnerable groups are unable to access loans to invest in RES, resulting in a lack of interest or opportunity to get involved. When policies are formulated, there is little awareness of the actual situation on the ground and

<sup>14</sup> The methods for the study included a questionnaire and semi-structured interviews aimed to collect information from relevant stakeholders on the barriers to renewable energy deployment. Additionally, the report was developed with secondary data such as policy reports, a review of legal documents, and statistics.

<sup>15</sup> Law on Cooperatives, Official Gazette of the Republic of North Macedonia No. 101/2023

<sup>16</sup> Law on Energy, Official Gazette of the Republic of Macedonia No. 96/18, 96/19 and 236/22

how the envisaged policy would affect it. The support for vulnerable citizens is not functional because they cannot fulfil the criteria for the intended energy poverty subsidy.

### **1.3. Administrative processes**

Other than the entire administrative process being complex, risky, and costly, the choice of which renewable energy sources are subject to support is unclear. There are still feed-in tariffs for small hydropower plants, crowding out the support for solar and wind plants. Small hydro projects are still being subsidised, at the expense of biodiversity, solar and wind projects. Thus, RES support policies are not in line with current energy and climate strategies and plans.

On the other hand, collective self-consumption is singled out as complicated. A collective building can only use the produced electricity for the joint use of the building (lighting of staircases, elevator, and similar uses), but the electricity cannot be divided among the households sharing the building, which poses a barrier to wider penetration of solar in collective buildings. Another identified barrier for private RES investors is the land property questions as it can take some time to be resolved.

### **1.4. Grid regulation and infrastructure**

Investment in renewables needs to occur in parallel with grid improvements, which, in the case of North Macedonia, are lagging behind. This lag is partly due to a lack of analysis and data, ownership arrangements, and availability of finance. It has happened that potential RES investors' requests for connection have been declined because the operator of the distribution grid has underdeveloped infrastructure in certain regions. Investments in the grid are necessary to ensure that it can absorb the increasing share of renewables and unlock decentralised production of electricity, stimulating energy communities and prosumers.

## **The case of Serbia**

### **2.1. Political and economic framework**

Prosumers are not able to sell excess electrical energy produced by PV panels, nor does there exist a model through which prosumers would be able to register and/or incorporate in order to sell excess electricity. There are subsidies for avoiding energy poverty which do not fully cover the investments, preventing their use by the target group – the most economically vulnerable citizens. There is no sliding scale or ranking applied in these funding calls between regions in terms of poverty.

The reference to strategic projects in the Law on the Use of RES<sup>17</sup> is too loose, and there is a general lack of communication and predictability in decision-making from the competent ministry or the government.

### **2.2. Market Structure**

There is no official state licence, or certificate for qualified technicians for installation of PV panels, and despite the increase of service providers, there is still a lack of companies and qualified technicians for installation of PV panels. In the case of utility-scale projects, this is applicable from the engineering phase to the implementation phase, including physical labour and qualified technical personnel to work at the power plant after it is built.

Importers of PV panels are less interested in working on smaller projects, so households or housing communities sometimes lack supply of PV panels. Funding investments of prosumer PV power plants remains challenging, which could result in greater interest for energy communities.

17 "Law on the Use of Renewable Energy Sources", Official Gazette of the RS No. 40/2021, 35/2023

Few energy service companies (ESCO) exist in Serbia, but the legal framework for their operation has not been fully defined.

### **2.3. Administrative processes**

There is a lack of personnel in competent institutions tasked with working on administrative processes and the legal framework of the RES investments process, both on the central and local levels.

A few units of local self-government have dedicated offices for such purposes, though the number of such municipalities is estimated to be less than ten. Legal obligations for units of local self-government or public institutions to implement energy renovations or install RES energy systems in public buildings do not exist.

There has been a yearly funding call from the ministry competent for energy for energy renovations of public buildings since 2016, sometimes even twice a year, though funds in this call are scarce and only about 15 municipalities manage to obtain subsidies for their projects per call. The procedure for awarding subsidies from funding calls for household prosumers is unnecessarily long, spread out in three phases.

Subsidies for prosumers are rarely published for housing communities. Even if a funding call is published for housing communities, it contains complicated and unrealistic procedures, so almost no one applies to these. The standard Full Supply contract for housing communities is also very unfavourable compared to Full Supply contracts for household prosumers. There is now a maximum installed capacity for prosumer PV power plants (10,8 kW, but not above the contracted power of the household). There is no clear legal framework for energy communities in Serbia, as defined by EU law.

The lack of a new spatial plan does not provide the needed clarity for land suitable for investments. Oftentimes, the local unit of self-government completes the land conversion for investors, but the justification of the land conversion is questionable. The community experiences a long-term loss of agricultural land or land with urban development potential, while better locations could be available nearby, which could result in bigger community resistance for RES projects in the future.

The EIA legislation is still not aligned with the EU and Energy Community requirements, so for instance now it is possible to issue a construction permit before the EIA has been finished.

### **2.4. Grid regulation and infrastructure**

Overall, there is a very large number of requests for grid connection in Serbia, which is often mentioned as a reason for lengthy grid connection procedures. The grid capacity is not large enough to accommodate all installed or planned capacities in all areas. If necessary, the building of a grid substation must be financed by the investor, while the owner of the substation is either the Distribution System Operator (DSO) or the Transmission System Operator (TSO), which presents an additional cost for the investor. Grid balancing could be a problem in the short-to-medium term, but the state has presented plans for the building of grid balancing capacities.

Household prosumers may experience long waits for grid connection approvals in some municipalities, while others do not face such issues. There is a serious lack of experience and training for DSO offices, as well as lack of clarity on the lengths of the procedure.

# Country focused recommendations

## North Macedonia

With regards to the **legislative framework** in North Macedonia, there is an overall need for an improved **cohesion** between renewable energy policies and related areas, such as climate, biodiversity, land use, agriculture, and social policy.

This also prerequisites **full transposition** of the 2018 Renewable Energy Directive<sup>18</sup>, as well as the EU Habitats, Birds, and Water Framework Directives. NATURA 2000 sites, as well as other sites of natural value need to be duly identified and protected. The EIA legislation needs to be fully aligned with the EU Acquis, ensuring that RES projects with potentially significant environmental impacts undergo an environmental impact assessment based on the criteria from Annex III of the EU EIA Directive. The legislation should be **clear**, and any changes to it should be **easily available** to potential investors and prosumers.

**Early and meaningful consultation** with the local communities needs to occur, especially for larger RES projects or projects in more sensitive locations.

The service providers of RES projects need to be obligated to go through a **certification process** and the information to become publicly available.

When it comes to the **support policies**, feed-in tariffs for private RES projects need to be phased out, and more support should be provided for energy communities and prosumers, including special lines to support vulnerable consumers. The support policies need to align with the legislation, relevant energy strategies, and EU state aid rules.

Greater support needs to be allocated for projects that involve a collaboration between municipalities and energy communities, which would jointly share the costs and benefits of investing in RES projects.

**Administrative transparency** would be improved by **mapping the suitable RES locations**, such as brownfield, and non-agricultural land, after a sensitivity analysis and in coordination with local authorities. These potential locations must not have any unresolved land ownership issues and related information need to become publicly available and accessible.

Authorities should introduce a **one-stop-shop system** for wind and solar projects. The entire procedure for different types of RES projects should be **publicly and easily available**. Basic information necessary for potential investors in RES to help them calculate the investment, such as land prices, grid connection, and other costs, should be published, as well as good practices for RES projects. It is recommended that energy offices that disseminate information about the possibilities of developing RES projects are established.

Authorities need to conduct a comprehensive study to assess the grid's capacity to absorb RES and identify necessary improvements for **grid development**. The grid should be returned to state ownership, and necessary **investments should be made to allow for the absorption of RES**. Information on the grid's capacity for RES should be made **publicly available**, and specific **slots for prosumers and energy communities** should be allocated.

The **procedure** for grid connection should be **simplified**, ensuring that it occurs within an allocated deadline, and the respective operator complies with their obligation to issue a grid access if conditions are fulfilled.

The TSO should be enabled to maximise cross-zonal transmission capacities by following Energy Community Secretariat's flow-based capacity calculation methodology to facilitate the implementation of a fully integrated, interconnected, and digitalised European electricity market.

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18 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L2001>

## Serbia

With regards to the **legislative framework**, Serbia needs to adopt the new national **spatial plan**, including designated or favourable locations, land plots or areas for RES projects, exploring brownfields, and non-agricultural land after performing a sensitivity analysis and in coordination with local authorities.

There must be **full transposition and proper implementation** of the EIA acquis, as well as the EU Habitats, Birds and Water Framework Directives. NATURA 2000 as well as other sites of national and international natural value, need to be duly identified and protected. **Appropriate assessments** for projects with significant impacts on protected areas, as well as for projects that may deteriorate the status of water bodies, need to be conducted.

The **Rulebook on Energy Efficiency** of Buildings needs updating, and **legislation for energy communities and ESCO firms** needs completion.

An obligation for **public buildings** to undergo energy renovations or install RES systems for electricity and/or heating (e.g. waterworks, hospitals, schools, administrative buildings, etc.) should be envisaged. The Nearly Zero Energy Building standard for new and renovated buildings should be prescribed.

**Support policies** need to implement a procedure for awarding subsidies for energy renovations and installation of rooftop PVs, where a state fund (e.g., an agency) **awards subsidies directly to prosumers** without separate calls for municipalities and private companies. Support schemes need to be **specifically designed to enable vulnerable citizens** to become part of the process. A sliding scale or ranking, based on regions (in terms of poverty) for subsidies for energy renovations and/or PV panels installation needs to be applied.

The conditions of **subsidies for PV panels installation for housing communities** prosumers should be improved, as well as the conditions of the standard Full supply contracts. An official online **calculation tool for prosumers** should be published, allowing anyone to access and calculate their potential electricity production and time for return on investment. A model for prosumers through which **prosumers would be able to sell the extra electricity** supplied to the grid needs to be introduced.

Authorities need to provide **state certifications** for RES installers and incentivise insurance companies to offer **insurance products** for RES installations.

With regards to **administrative transparency**, the ministry responsible for energy should improve **transparency and enable public and expert community participation** in the decision-making process, especially regarding investment process bottlenecks, such as subsidies process, missing legislation on ESCO and energy communities, obligations for energy renovations or rooftop PVs for public institutions, etc. The **spatial plan** needs to include designated or favourable locations, land plots or areas for RES projects.

Competent authorities need to enable employment of **additional and skilled personnel** in public institutions tasked with administration of RES projects. Additionally, there is a need to provide **training** to local DSO offices for the administration of prosumer applications.

Better defined, or better adhered to deadlines for administrative processes for **prosumers and rooftop PVs** for the DSO are needed.

The concept of strategic project in the Law on the Use of RES should be abandoned, and all larger projects seeking incentives should become subject to the auction process.

In addition to the needed investments in the overall **grid development**, the state must implement plans for building grid balancing capacities. **Information** on grid connection procedures and capacities should be publicly available, and operators should enable investors to **inspect grid quality** in a certain area using an online tool containing digital information available to the DSO or the TSO at any time, rather than having to request conditions for grid connection and wait for an official response, which can be a lengthy process for investors.



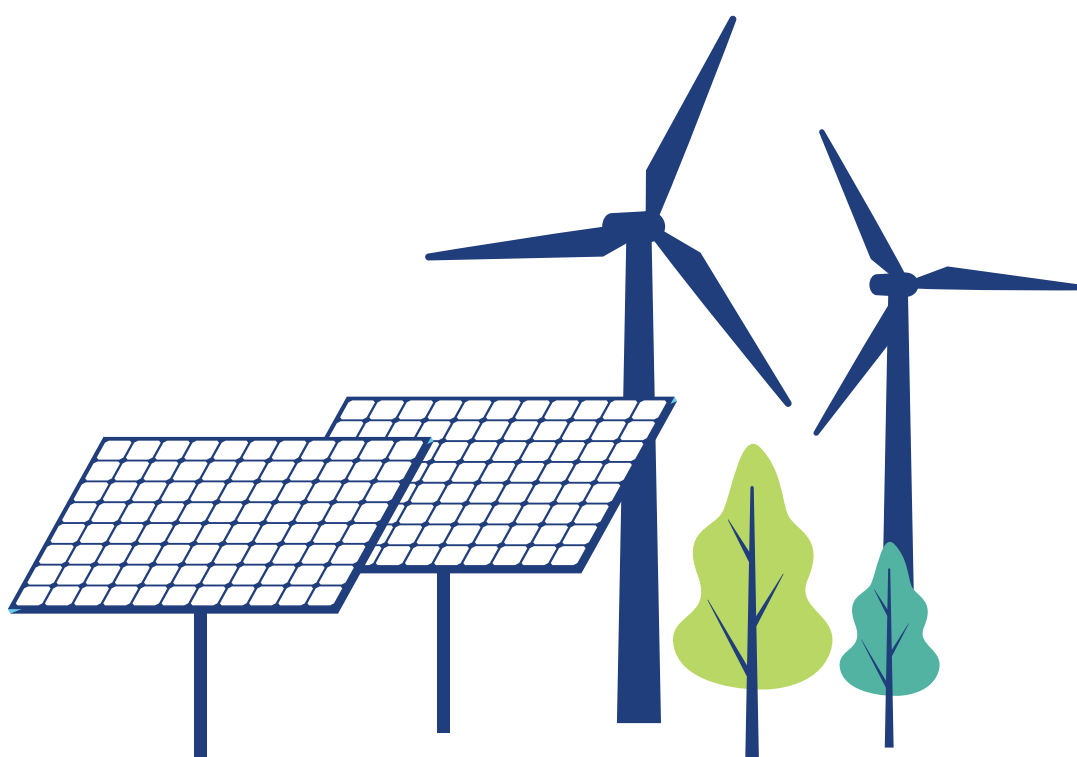
## Identified Good Practices

Although there are still many open questions surrounding its implementation, the launch of the Law on Cooperatives<sup>19</sup> and the opportunity to create an energy community can be considered a good example of more democratic and decentralised energy production in North Macedonia. Theoretically, registration should be completed within a day, which is a promising trend considering that other procedures for natural persons and private companies take a long time.

The opening of energy offices in Croatia to disseminate information about the possibilities of citizen's participation in the RES project is a good example. Croatian energy offices provide information for prosumers and energy communities while promoting new technologies. They can also calculate returns on investments for free. The energy offices are financed by the technology producers who benefit from having their technology promoted.

Some examples include energy agencies founded by cities and countries in Croatia, which offer a range of services for citizens as well as the public and private sectors. Services for citizens include how to use the free consultation regarding the co-financing of the renovation of family houses and how to install photovoltaics on roofs.<sup>20</sup>

The MAGDON Niš project is the second housing community prosumer project in Serbia. The project has been implemented through the ESCO model in collaboration with the Government of Japan, UNDP Serbia, the Ministry of Mining and Energy, and the Ministry of Environmental Protection. It comprises three residential buildings with 134 apartments and about 400 tenants in total, who have invested in rooftop PV panels with a capacity of 74,5 kW and a few electric vehicle chargers. The electricity is used for communal energy consumption, such as elevators, internal and external lighting, pumps for the pool and the fountains, electric vehicle charging, etc.



19 Law on Cooperatives, Official Gazette of the Republic of North Macedonia No. 101/2023

20 Dalmatian Energy Agency, 2023; Regional Energy Agency North, 2023

# Conclusion

The development of RES projects in North Macedonia looks good on paper, as key strategies envisage decarbonisation relying on the increase of renewables. However, in practice, the country has not significantly increased the share of electricity produced from wind and solar energy, although the recent promising interest in solar projects is a positive development.

Policies mainly support larger companies in North Macedonia, while support for households and energy communities is limited or non-existent. The key finding is that poor governance in the energy sector, such as vested interests of dominant transmission and distribution system operators, lack of transparency, and complex administrative processes for RES projects prevent an accelerated penetration of RES in North Macedonia.

Having an enabling environment is considered crucial to unlocking the penetration of RES projects, while targeted support policies are of secondary importance. Furthermore, there is a lack of measures to ensure that vulnerable citizens can partake in RES projects in North Macedonia.

In Serbia, the development of PV and wind projects has long been stagnant, but changes in the legislative framework have recently moved the process. Nonetheless, the overall installed capacities of PV and wind power plants in Serbia remain low in European terms.

Even though legislative changes enabled a recent boom of the prosumer model, several process bottlenecks hinder stronger growth of rooftop PV capacities. Implementation of the auction system has been a long-awaited novelty in Serbia, but only 3 applications were received for PV power plants and 8 applications were received for wind power plants. The search for strategic partners to develop solar and wind projects on a GW scale, together with incentives for investing in balancing capacities and adoption of the new regulatory framework for RES, show initiative from the Serbian Government to lead the country's energy transition.

Yet, it is still necessary to fully define the legal framework of some participants in the RES investment process, such as energy communities and ESCO firms. An obligation to implement energy renovations or install RES energy systems in public buildings should be implemented as an example of EU countries. Enabling prosumers to financially benefit from excess produced electricity would also be beneficial for the uptake of RES projects.

The pursuit of RES projects has to be seen integrally at the cross-section of land use, biodiversity, social, and climate policies to anticipate any adverse impacts from RES projects and include a greater distribution of the benefits in both countries. The role of grid operators is crucial to ensure fast and simplified access to the grid, while the government should steer the support policies towards the "new" participants in the RES market, such as households and energy communities. Investments in the grid are essential and overall transparency of the process is needed.

Currently, coal and thermal power plants remain the main sources of electricity for both countries. It is high time for Serbia and North Macedonia to harness the full potential of domestic renewable energy and secure a robust, resilient, affordable, and renewable energy future for their citizens.

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