



Infrastructure investment challenges and opportunities in SE Europe

03/03/2016 by Anamaria Olaru

On 22 February, EURELECTRIC co-organised with Hellenic Electricity Distribution Network Operator (HEDNO) a workshop on infrastructure investment and smart grids in South East Europe (SE Europe). This region is an important geo-strategic energy corridor and transit energy region, which is in need of new energy projects that can ensure energy security and energy transit towards and across Europe. While countries in the region face deep economic and financial crisis, smart investments are even more important, as they affect the rest of the necessary energy infrastructure. Workshop discussions focused on finding solutions to these challenges and ways in which the SE region can attract more investment. Professor Nikos Chatziargyriou, Chairman of the Board and CEO of HEDNO presents in this [recap video](#) the main conclusions of this event.

Distribution system operators (DSOs) in SE Europe need to integrate in their systems a high share of renewable generation in a cost effective way in order to meet the EU emissions reduction target. One of the most important challenges in developing infrastructures in SE Europe is making distribution grids smarter. Smart grids technologies are key in providing more customer participation through demand side management and in allowing more efficient integration of renewables.

In order to achieve this, major investments are needed in distribution systems in most of SE European countries. The economic crisis has tightened the availability of investment financing, even in cases of long-term reduction of costs. Uncertainties about the European zone recovery, the ineptness of the corporate sector and the reduction of the electricity consumption hamper investments in SE Europe.

However, the SE Europe region also offers plenty of opportunities for investment. The high potential of renewables in many SE European countries and the developments in the ICT sector offer major opportunities to investors. Meanwhile, in countries like Greece, smart grids and energy investments are at the core of their strategy to return to growth.

Workshop discussions brought to the table solutions to attract investment in the SE Europe region. First, an effective energy policy is the key to economic development. However, energy policies need to have a more Eurocentric approach, rather than a national one. Stability is a key issue for attracting investment and in SE Europe, there is a great need for a stable regulatory framework that rewards investments in a fair way. National governments and the EU must clarify and stabilise the regulatory and institutional environment. Transparency, corruption tackling and strong governments separate from the regulator are all mandatory to attracting investment. Regulators should create a long-term stand of what is required and incentivise investment in grids. It is also vital to empower the customer and to develop a business case for both customers and DSOs.

SE Europe needs to move towards a DSO, which is more ITC-oriented. Smart grids are an area where investments should be prioritised, not only because of the lower electricity costs and more efficient network cooperation, but also because of their capability of providing jobs and opportunities that lead to new investments. Smart grids will manage effectively the sources of the future and provide flexibility that will facilitate a cost-effective evolution to a lower carbon future. They will also allow users to make better use of the assets.

Concluding remarks referred to the end-user benefits of innovative solutions such as electricity smart grids and meters, which must be better explained and clarified to final consumers. Also, SE Europe countries must further enhance and exploit the value of their natural resources in the field of renewable energy production. Finally, these countries must also make sure that the issue of credit risk is well managed, so that energy utilities remain financially viable.

