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In an interview with Adam Cortese, CEO of UGT Renewables (UGTR), we discuss how the company and its partners can help ESM to develop and construct new solar power capacities and improve its power system flexibility with battery energy storage systems

North Macedonia, Region/EU

The energy crisis in North Macedonia is reaching dramatic proportions. In August, the government decided to extend the state of energy crisis until April 2023 in an effort to increase electricity production, avert market disturbances, and protect vulnerable groups.

Even so, a recent survey by the country"s chamber of commerce showed that a large number of companies, forced to buy electricity on the market, sometimes at over EUR 200 per MWh, may have to reduce production or even close down their plants and lay off workers.

The situation is so grave that it is uncertain whether it is possible to find a short-term solution to help ESM generate enough electricity and shield the population and industry against astronomical power prices, which have created problems even in much stronger European economies.

The model developed by UGT Renewablas for the Western Balkans’s governments and power utilities has created strong interest since the power utilities can get utility-scale solar power plants and energy storage facilities quickly

UGT Renewables, in a consortium with South Korean technology giant Hyundai Engineering Co. (HEC), offers project development, financing, and construction services for utility-scale renewable power plants and energy storage systems.

At a recent conference in Budva, Montenegro, partner companies UGTR and HEC presented an innovative model for cooperation with governments and power utilities in the Western Balkan region. The model attracted strong interest as a solution for state power utilities to get utility-scale solar power plants and energy storage facilities quickly.

I"m the CEO of three sister companies within the same group: Sun Africa, which operates in Sub-Saharan Africa, Sun Arabia, which develops projects in the Middle East and North Africa, and UGT Renewables, whose mission is to implement projects in Europe and Central Asia, including the Western Balkan region.

After years of operations in the US market, we decided to expand to developing countries. During this

transition, we realized very quickly that the Independent Power Producer (IPP) model is not optimal for these markets for a myriad of reasons.

To protect the living standards and competitiveness of local economies in developing economies, the governments of many countries have resorted to electricity price regulation, and state power utilities are required to supply consumers at predetermined prices. However, weakening the position of these companies inevitably leads to serious social, economic, and political crises.

State power utilities in the Western Balkan region have for decades failed to invest in new production capacities, and the energy crisis has only made the matters worse. The significant share of fossil fuels, primarily coal, in their energy mix will lead to considerable additional costs once the European Union (EU) introduces a carbon border tax (Carbon Border Adjustment Mechanism) on imports of electricity and goods from non-EU members, including from countries of the Balkan region.