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MEMO info

Balanced Markets.
Growing Trust.

Contents

Introduction

It is our great honour to present to you the second edition of “MEMO Info” – the informational electronic newsletter of the National Electricity Market Operator.

At a time when the energy sector is changing at an accelerated pace, MEMO continues to actively participate in transformation processes, taking on an important role in improving market transparency, system stability, and the integration of renewable energy sources.

The challenges of introducing the EU Carbon Border Adjustment Mechanism (CBAM), system balancing as a prerequisite for secure supply, the impact of solar energy on the day-ahead market, key data on trading on the domestic exchange, as well as current European trends.

At the same time, we present the most important activities of MEMO – participation in international forums, expert discussions, and ongoing processes for improving regulation and market rules.

We believe that this edition will offer you a clear, useful, and analytical overview of current developments, as well as our commitment to the development of a stable, modern, and reliable electricity market.

Sincerely,
Marija Mustrik
Communications,
Key Customers,
and Marketing Expert

National Electricity
Market Operator
MEMO DOOEL Skopje

CBAM Tests Market Integration and Green Investments

By: Zoran Gjorgjievski, CEO of MEMO

This text reflects a personal viewpoint and represents an attempt to present the Macedonian position in an argument-based manner — with respect for European objectives, but also with a clear message that the implementation of CBAM must be just, proportionate, and based on clearly defined implementation phases.

The Carbon Border Adjustment Mechanism (CBAM), which is scheduled **to enter into force on 1 January 2026**, represents one of the most ambitious instruments within the European climate package. Its objective – to create a level playing field between industries within the European Union and those outside the Union – is, at a theoretical level, justified and logical. However, the application of CBAM to electricity in regions such as ours, where market and regulatory conditions are still transforming, raises serious risks and challenges that deserve careful assessment. This is particularly relevant given the increased volume of investments in renewable energy sources (RES) recorded in recent years, accompanied by ambitious plans for their further expansion through active institutional support.

Risks for the Organized Electricity Market

For Macedonia, which has invested significant efforts in the development of an organized electricity market – currently operating at the day-ahead level and, as of next year, also at the intraday level – as well as in its gradual integration with the single European market, the application of CBAM may create structural imbalances.

Changes in the structure of electricity generation and price formation on European markets in recent years indicate high volatility, which is even more pronounced in markets of a similar size to ours, primarily due to limited liquidity and the specific characteristics of the generation mix. The introduction of an additional carbon component, based on indirect verification methodologies, may introduce further unpredictability and reduce the competitiveness of domestic RES producers.

At the same time, subjecting exports to CBAM could create pressure during hours of low consumption and increased RES production – periods in which the majority of electricity exports from our country are concentrated. This could lead to a paradoxical situation in which RES producers are forced to curtail or suspend production in order to avoid imbalance costs.

Although initial analyses suggest that an increase in trading volumes on the day-ahead market may be expected in the short term, the inability to place total production through the organized market will encourage market participants to seek alternative channels. This carries the potential to undermine the development of a transparent and competitive market and to reduce trading liquidity. For a young market like ours, which has recorded significant liquidity growth of over 40% and a record number of active participants in just the past year, this could represent a real slowdown of its development momentum.

The energy crisis of the 2021–2023 period clearly demonstrated that security of supply and price stability cannot be ensured without functional, liquid, and investment-attractive electricity markets. Under such conditions, the application of CBAM to electricity, without taking into account the specific characteristics of organized markets in non-EU countries, may produce the opposite effect: reduced liquidity, increased uncertainty, and delayed investments in renewable energy.

This is particularly important given that regional integration into the single European market has been slowed by a number of objective and subjective factors, both in the Energy Community Contracting Parties and within the EU itself, and cannot proceed at the same pace as the implementation of CBAM. These differing speeds of two interrelated mechanisms –market coupling and CBAM –call into question the very rationale of the Energy Community, namely the integration of electricity markets.

It thus becomes evident that introducing CBAM **without** adequate progress in market integration with the EU creates a structural imbalance, whereby Energy Community countries incur additional costs without fully benefiting from an integrated market. Therefore, **accelerating market coupling and aligning the start of CBAM implementation accordingly** is a key prerequisite for mitigating the economic and investment impacts of CBAM.

Potential Slowdown of Renewable Energy Investments

Although CBAM is theoretically intended to stimulate green investments, in practice, there is a risk that it could have the opposite effect on already implemented projects, primarily due to the seasonal and daily characteristics of RES generation and the limited capacities for electricity storage.

This situation may place serious pressure on the financing sources of RES projects, exposing them to increased credit risk, especially in cases where expected returns on investment (ROI) are brought into question due to CBAM-related effects. This analysis does not even address the distorted investment expectations created during the energy crisis, when extreme electricity price growth further skewed investment projections.

Furthermore, Macedonia's energy transition largely depends on private capital and strategic investors, who expect a stable, predictable, and competitive market environment. A premature and insufficiently calibrated introduction of CBAM

for electricity exports by the EU may create a perception of increased regulatory risk, which could result in the postponement or redirection of investments to other markets.

Need for a Transitional Period and Regional Coordination

Despite the challenges outlined above, it is important to emphasize that Macedonia supports the objectives of European decarbonization and is already making substantial efforts to align with EU policies. What is essential is the provision of an appropriate transitional period, aligned with the pace of integration into the single European market.

Such a transitional period would allow the domestic industry and the energy sector to adapt gradually, without compromising already established market instruments and ongoing investments.

The regional context is equally important. The electricity systems of the Western Balkans are highly interconnected, and the risk of destabilization in one country can easily spill over into others. Therefore, it is necessary for the European Commission to consider a model that rewards reforms, supports the gradual phase-out of coal, and enables the integration of electricity markets without creating new barriers.

Where is the Market Headed?

Although CBAM has a clear climate and economic rationale, the question remains whether its application at this point in time is aligned with the realities in the countries of the Energy Community. Macedonia demonstrates a clear commitment: market liquidity is increasing, renewable energy sources are developing dynamically, and concrete steps are being taken toward market coupling with the EU. Excessive rigidity in the application of CBAM could undermine this positive trajectory.

Balancing the Grid – Key to a Stable Electricity Supply

Written by: Aleksandar Ristovski,
Head of Electricity Market Management Department
National Electricity Market Operator-Memo DOOEL SKOPJE

The Need to Balance the Power Supply System

The balance between electricity generation and consumption is an essential prerequisite for the stable functioning of the power supply system (PSS). Any deviation in power causes a change in frequency and deviation from its nominal value. These disruptions negatively affect consumers and generators and can lead to outages, creating even greater imbalances and system-wide dysfunction.

- Deviations in the grid occur due to:
- Production unit, line or consumer outage,
- Deviations of consumption or generation from planned values (forecasting errors),
- Rapid fluctuations in consumption or generation.

Frequency Regulation Mechanisms

Different frequency regulation mechanisms are introduced along with the development of the PSS. They allow increasing or decreasing the power of generating units or consumers in order to reestablish system balance and stabilize the frequency at its nominal value.

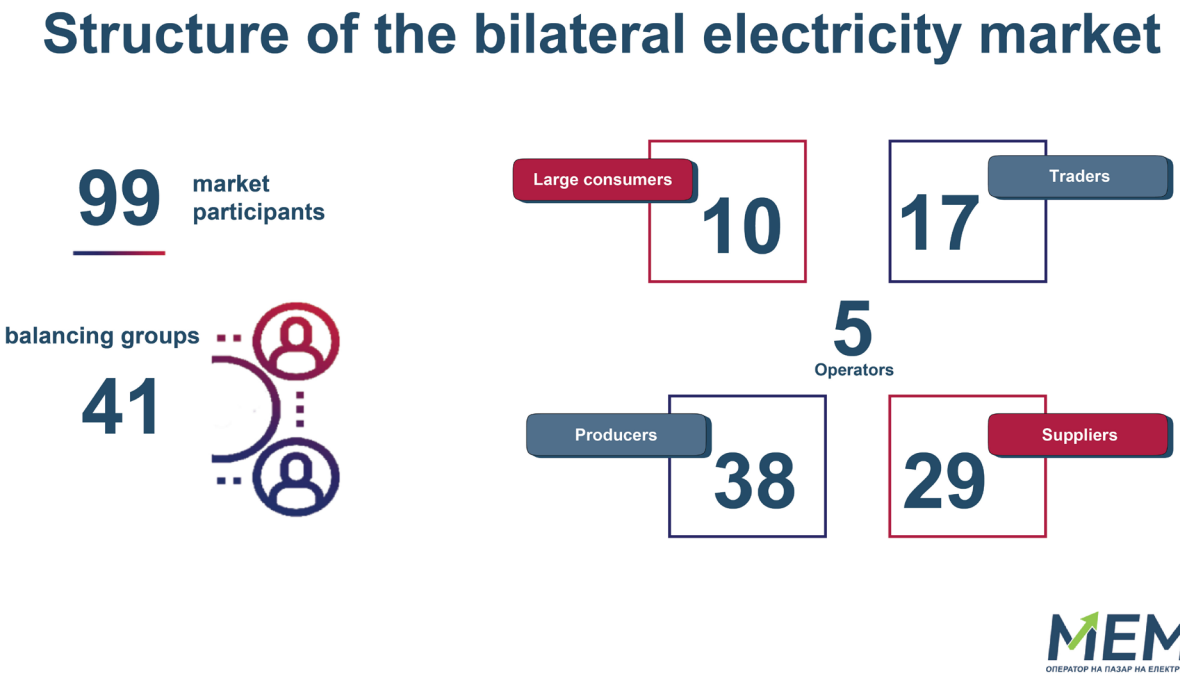
To this end, there are:

- **Generating capacities** that can respond by increasing or decreasing the power,
- **Consumers** who can adjust their consumption according to the needs of the system.

Electricity Balancing Market

In conditions of a liberalized electricity market, **MEPSO** holds the responsibility for maintaining the frequency as a transmission system operator (TSO). Since it does not have its own production facilities, MEPSO procures the regulation services from power generation units or consumers that meet the technical criteria.

In this way, markets of different types of reserves and balancing energy are formed, where the only buyer is TSO. Regional integration of these markets is a prerequisite for creating a single European market for frequency regulation services.



Market Balancing Resources

- **Generation management** – gas turbines and rapid response hydropower plants.
- **Consumption management** – automated systems and incentives for changing consumption.
- **Energy storage** – batteries and other systems that absorb or deliver energy as needed.

Challenges in Balancing

Several factors make it difficult to balance the system:

- **Integration of renewable energy sources** – volatility and unpredictability of wind and solar energy.
- **Consumption variability** – unpredictable load volume, which requires precise prognosis and quick reactions.
- **Network disruption** – limited transmission capacity that makes it difficult to transfer resources between regions.

The role of MEMO DOOEL Skopje

Since 2008, **MEMO DOOEL Skopje**, as the Electricity Market Operator, has been responsible for:

- Calculation of the differences between the planned and actual amount of electricity,
- Application of the balancing mechanism described in the Rules for balancing the electricity system (and in the future in the new Rules for registration on the market),
- Grouping of participants into balance groups represented by balance responsible parties,
- Calculation of deviations based on planned and measured quantities.

Financial Settlement

- For each hour, settlement prices obtained on the balancing energy market are applied.
- MEMO uses a specialized software package to run balance groups and calculate settlements.
- The financial settlement is carried out by **MEPSO AD Skopje**, which distributes the funds to the providers of balancing services.

Conclusion

In the country, balancing the grid is the basis for a reliable and stable electricity supply. The integration of renewable sources, the dynamics of electricity consumption and the limitations of the transmission network, all impose the need for modern mechanisms and efficient coordination among all market participants.

MEPSO and MEMO, through their competences, have a key role in maintaining balance and financial stability in the system, and regional integration will contribute to greater competitiveness, efficiency and security of electricity supply.

FACTS ABOUT THE MACEDONIAN POWER EXCHANGE (JANUARY-SEPTEMBER): TRUST WORTH €103.6 MILLION, ONE MILLION MEGAWATT-HOURS OF ELECTRICITY TRADED

Written by: Nikola Stojanov, Analyst

The average price per megawatt hour on our electricity exchange, in the first nine months of this year, is competitive with the prices achieved on the larger exchanges operating in Hungary and Greece. Even though those exchanges have been active for many more years, have higher liquidity, and operate within larger power systems, the price differences between them and our power exchange are minimal. In fact, in March of this year, we even recorded the lowest average monthly price compared to the two larger exchanges.

Better days lie ahead for MEMO, our power exchange operator. This is because, in the near or foreseeable future, our power exchange will be able to absorb at least part of the significant transit potential of the Macedonian electricity transmission system, which will happen once the first coupling with one of the neighbouring power exchanges is achieved.

In the first nine months of this year, 997,350 megawatt-hours of electricity were traded on the Macedonian power exchange, according to official and publicly available data. During this period, the power exchange recorded a turnover of more than 100 million euros, money received by the market participants who sold the electricity and paid by those who bought or consumed it.

The results achieved by the power exchange, from May 2023 until now, based on the day-ahead trading model, and by MEMO, the state-owned company operating the organized electricity market, are worthy of recognition for several reasons.

First, our power exchange is relevant. This can be concluded by comparing the amount of electricity traded on the exchange with the total electricity that, according to MEPSO data, was taken (i.e., consumed) by large (direct) consumers and by suppliers through the electricity distribution systems.

Namely, this comparison shows that in the first eight months of this year, the electricity traded on the exchange accounted for more than 26 percent of the total electricity taken from the distribution systems and by direct consumers.

This represents a significant share of domestic electricity consumption and is clear evidence that consumers and suppliers already recognize our power exchange as relevant and actively trade on it.

Month	Total traded volume of MEMO [MWh]
January	130.168,0
February	114.664,8
March	97.069,6
April	110.255,4
May	86.321,1
June	94.654,8
July	135.072,8
August	126.292,1
September	102.854,3
Total:	997.352,9

Second, from the fact that nearly one million megawatt-hours of electricity worth more than 100 million euros were traded through the exchange, it can be concluded that the participants in the organized electricity market trust MEMO and the power exchange. This can be seen by the fact that they entrusted almost one million megawatt-hours of electricity to this trading platform and paid or collected over 100 million euros through it in the period January–September of this year.

It is clear that during these slightly more than 2.5 years of operating the exchange, MEMO has proven to be a reliable partner for all 38 companies participating in the exchange. Participants built this business trust on the following bases: participants know that, as sellers, they will collect payment for the electricity sold within the agreed timeframe, or, as buyers, they will reliably receive the electricity during the period for which they paid.

Third, the key and strategically important newly created value is the transformation from a planned to a market-based electricity system! This is the newly created value of the reform, i.e. a relevant price based on objective supply and demand for electricity for each hour of the day.

Since May 2023, North Macedonia has its own market-based electricity price determined by real supply and demand. This price signal is important for all future investments in the energy sector, as well as in other areas where the electricity price serves as a critical input or indicator for creating business plans.

A comparison of electricity prices achieved on our power exchange with those on the Hungarian (HUPX) and Greek (ENEX) power exchanges does not show significant differences. The comparison indicates that the differences are only in nuances. However, the advantage is on our side because our exchange is the youngest, and although our market is the smallest compared to the other two national electricity systems, it has great growth potential.

HUPX and ENEX have been operating for a longer time, serve larger electricity markets, have higher liquidity than our exchange, and are connected (coupled) with the power exchanges of neighboring countries.

Regional Price Comparison for the Period 01.01.2025-30.09.2025

The price comparison was made between the Macedonian power exchange (MEMO), the Hungarian power exchange (HUPX), and the Greek power exchange (EnEx).

Month	Average MEMO price	Average HUPX price	Average EnEx price
January	143,3	140,19	135,13
February	157,94	158,88	154,09
March	104,25	109,02	105,91
April	88,21	85,46	89,05
May	84,22	80,89	81,94
June	84,42	84,1	85,42
July	103,i19	102,56	100,57
August	81,23	80,51	73,15
September	91,66	101,93	92,77
Average	103,86	104,40	101,57

The comparison of price data from January to September for the three exchanges shows that our exchange is competitive, and in March it even recorded the lowest average price compared to the other two exchanges. It is also worth pointing out that the average price of our exchange for the first nine months is lower than the price of HUPX.

When comparing the prices of these exchanges, it must be taken into account that purchasing electricity from a foreign market also involves the cost of cross-border transmission capacity, as well as other transaction costs, trading fees, and charges for trading on any of the compared exchanges.

The optimism for the future of the MEMO power exchange is objective because the Macedonian electricity transmission system has significant potential as a transit hub. And this should especially come to the fore and be valorised through couplings with the neighbouring transmission systems in the near future.

The Impact of Solar Energy on the Day-Ahead Market: A Data-Driven Analysis Approach

Written by: Ana Angelova, Market Operations Expert

National Electricity Market Operator – MEMO DOOEL Skopje

Introduction

In recent years, we have witnessed a significant expansion in the use of renewable energy sources.

Solar energy plays a particularly important role, as it represents a clean, accessible, and inexhaustible resource.

This decreases the dependence on fossil fuels, and at the same time, the negative impact on the environment.

But this also brings forth new challenges. Unlike traditional sources such as coal or gas, which can be controlled and planned, solar energy depends on weather conditions and daylight hours.

This creates additional difficulties in balancing the electricity system.

Objective of the paper

The analysis aims to illustrate seasonal trends and highlight the correlation between photovoltaic generation, consumption, traded volume on the day-ahead market, and the achieved price, taking into account that the day-ahead

market operates in an isolated mode, i.e., it is not connected to any other market. Official market data for the entire year of 2024 were used, specifically for hours in which the efficiency of photovoltaic plants exceeded 30%.

Analysis results

What stands out is a clearly defined seasonal dynamic:

Electricity consumption remains relatively stable throughout the year, with minor decreases during the spring and summer months. In contrast, photovoltaic generation follows a pronounced seasonal pattern, reaching its peak in the summer months due to increased solar radiation and longer daylight hours. The lowest levels of photovoltaic plants generation are observed in the winter months, especially in December and January.

As the electricity produced by photovoltaic plants increases, the traded volume on the day-ahead market also rises.

Prices are lowest in April, a period that can be associated with milder weather conditions, lower consumption, and increased generation of electricity produced by photovoltaic plants.

However, from the summer months onward, especially in winter, prices begin to rise, reaching a peak in November. The peak in day-ahead market prices in November coincides with a period of low generation of electricity produced by photovoltaic plants and higher consumption.

Increased electricity generation from photovoltaic plants is associated with lower prices, while low generation leads to higher market prices, emphasizing the impact of renewable energy availability on price formation.

The trend indicates that energy policies should focus on addressing weaknesses during the winter period and harnessing the potential of solar energy in summer.

Possible solutions

- With the increased share of renewable sources, particularly electricity generated from photovoltaic systems, there is a need for better integration of these sources into the electricity system.
- Several key mechanisms stand out as priorities:
- Flexible market mechanisms
- Short-term market integration (15-minute intervals): Enables faster market response to changes in generation and demand;
- Introduction of an Intraday market: Allows participants to better optimize their portfolios;
- Dynamic Tarrifs: Encourage consumers to use electricity during periods of highest photovoltaic generation.
- Guarantees of Origin: Ensure the proven origin of the electricity used by end consumers, reduce the carbon footprint, and create new business opportunities for producers

Energy Storage Technologies

- Battery systems: Store excess energy and use it during evening hours.
- Pumped storage hydropower systems: Use pumped energy as large-scale batteries;
- In addition, harmonization with the European energy framework is essential. North Macedonia, as a signatory country of the Energy Community, is legally obliged to align its market with EU rules. This includes:
- Adoption of network codes developed by ENTSO-E, which allow for technical harmonization, interconnection and flexibility;

- Implementation of market coupling (day-ahead market and intraday market) with the single European market, thus enabling greater liquidity and integration of renewable sources;
- Introduction of smart metering devices;
- Implementation of appropriate financial mechanisms such as Contract for Difference (CfD) and Power Purchase Agreement (PPA) agreements;

Presentation of the MEMO's 2025 Annual Report and Public Consultation on the new Rules for Participation in the Electricity Market

The National Electricity Market Operator – MEMO LLC, Skopje – held a presentation and public consultation on the "Rules for Registration of Participation in the Electricity Market and Regulation of the Bilateral Contracts Market." During the event, MEMO's Annual Report for the current year was also presented.

The consultation was attended by representatives from the Ministry of Energy, Mining and Industry, the Energy Regulatory Commission (RAE), MEPSO, ESM, as well as suppliers, traders, and electricity producers. MEMO's expert teams and management presented the topics and engaged in discussions with participants.

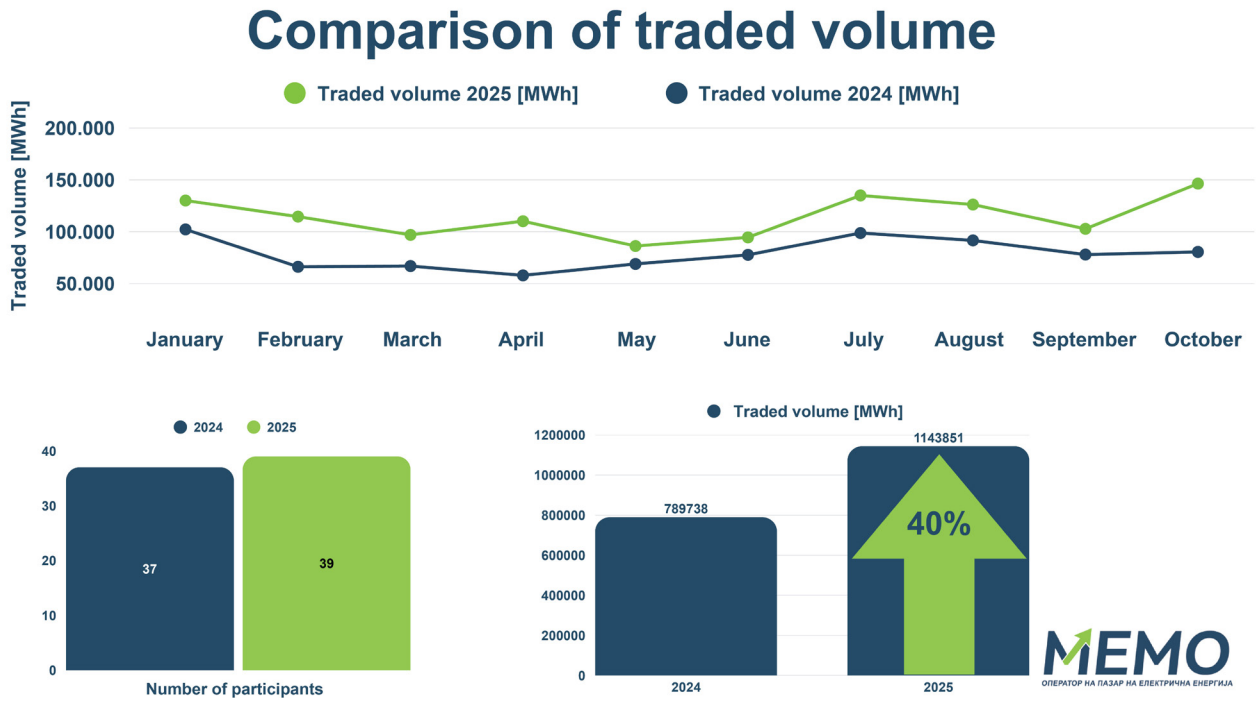
The CEO of MEMO, Zoran Gjorgjievski, highlighted that the Operator actively pursued its strategic goals this year, integrating functions related to management of the bilateral contracts market, integration of renewable energy sources into the electricity market, and the Macedonian Power Exchange.

"In addition to the growth in the number of companies trading on the domestic power exchange, the 40 percent increase in the amount exported compared to 2024, the production from renewable sources in the 178 preferential producers is also growing, which increases the share of green energy in the national energy structure. At the same time, the number of issued Guarantees of Origin is growing significantly – 127,907 guarantees were issued from April to November," Gjorgjievski emphasized.

Regarding future activities, work is being done on establishing an Intraday Market, which is expected to become operational by the end of the second quarter of 2026, as well as preparations for market coupling with the European market.

Concerning the new Rules for registration and participation in the electricity market and regulation of the bilateral contracts market, it was emphasized that their goal is to ensure an efficient, competitive, and financially sustainable market based on transparency and non-discrimination, in accordance with applicable energy and renewable energy legislation.

The Rules define the organization, operation, and regulation of the electricity market, including the conditions, procedures, rights, and obligations of all participants, methods of trading – domestic and cross-border – as well as the management of procurement, records, and relations with preferential and virtual producers.



A key novelty in the Rules is the introduction of a Storage Operator and Aggregator as new participants in the wholesale market, in accordance with the new Energy Law. Following the public consultation, the Rules will undergo the approval process by the Energy, Water Services, and Municipal Waste Management Services Regulatory Commission..

MEMO: Macedonian Electricity Market is Stable, Competitive and Actively Preparing for Integration with the European market

At the panel session "Energy Connectivity, Resilience and Safety: Regulatory and Legal Aspects", within the 14th International Forum on Energy for Sustainable Development (IFESD-14), moderated by Martin Martinovski - electricity and statistics expert at the Energy Community – the Managing Director of the National Electricity Market Operator, MEMO DOOEL Skopje, Zoran Gjorgjievski, spoke alongside colleagues from the region – including managers of power and energy exchanges from Hungary, Serbia and Montenegro, as well as representatives of regulatory bodies.

The focus of the session was the process of integrating the Western Balkans into the EU electricity market and the importance of harmonizing the legal and regulatory framework, as well as technical improvements to transmission networks, interconnections and system operations.

Gjorgjievski stressed that since May 2023, when MEMO launched the day-ahead market, considerable progress has been made in developing a transparent and liquid market.

"Today there are 40 active participants – almost all domestic producers and suppliers, as well as most regional traders. By September 2025, about 1 TWh of electricity has been traded, representing over 21% of national consumption and growth of over 40% compared to 2024 – a clear indicator of increased liquidity and market confidence. The achieved prices realistically reflect the supply and demand situation and are correlated with the regional markets, which provides Macedonia with its own reference market price for electricity – an important signal for future investments.

With the new Law on Energy, MEMO is reappointed as Nominated Electricity Market Operator (NEMO) for the next four years, thus ensuring continuity and institutional stability as a precondition for European integration. The transposition of the Electricity Integration Package regulation is in the final stage, and its adoption is followed by certification by the Energy Community Secretariat and the European Commission. At the same time, the adoption of the Market Coupling Implementation Plan by ACER is a key step for starting coupling projects. The Macedonian electricity market is stable, competitive and actively preparing for integration with the European market", said Gjeorgjievski.

The technical bases for a more resilient, interconnected and sustainable electricity system in Southeast Europe were also discussed at the session, identifying regional priorities and opportunities for deeper integration between the EU and the Western Balkans.

"In the context of regional integration, MEMO is consolidating its role in the regional market coupling initiative and is actively working on preparations for establishing a Market Coupling with the Hellenic Republic. In parallel, MEMO is finalizing preparations for the Intraday Market, which is expected to be operational by the end of the second quarter in 2026", said Gjorgjievski.

In addition to the organized market, MEMO is actively developing the system for Guarantees of Origin, established in April 2025, with the aim of traceability and confidence in the origin of green energy.

"The next goal is full membership of the Brussels-based Association of Issuing Bodies (AIB) and connection to the European hub. In parallel, work is underway to digitize and facilitate bilateral trading for greater transparency and efficiency. In terms of regional partnerships, MEMO cooperates with EPEX-SPOT (trading platform) and BSP (clearing and settlement) – partners with high professionalism and international reputation. Although we follow initiatives like ADEX, the focus remains on technical and regulatory compliance as the foundation for a successful market coupling. Regional integration is not just a technical process, but a matter of trust and common vision. MEMO remains committed to building a modern, connected and competitive market that will strengthen Macedonia's position in the European energy landscape", Gjorgjievski added.

The 14th International Forum on Energy for Sustainable Development (IFESD-14), organized by the Ministry of Energy, Mining and Mineral Resources, UNDP and the five regional commissions of the United Nations (UNECE, UNECA, ESCAP, ECLAC and ESCWA), was attended by government officials, experts, representatives of international organizations, financial institutions and industry leaders — key stakeholders shaping the energy future of the region and beyond. Over 500 participants from more than 70 countries discussed emerging directions in the energy transition, innovations and sustainable solutions that will define the energy policy of the future.

MEMO at the MAKO CIGRE 2025

Energy transition, renewable energy sources integration, the increased need for system flexibility and security, electricity markets and regulations are just some of the topics that were in focus at the 13th annual professional conference for engineers - MAKO CIGRE

This year, MEMO engineers presented on the following topics:

- "Guarantees of Origin are a Market-based Tool for Promoting Green Energy" and
- "Impact of Solar Energy on the Day-Ahead Market: a Data-driven Approach."

At this renowned biennial conference, the largest of its kind in our country, over 130 professional and scientific papers from all areas of electrical engineering were presented. The papers are classified into 16 sub-areas organized by subject of research, covering almost the entire electrical engineering industry, from electric rotating machinery, transformers and other high-voltage equipment, cables and overhead lines, to the development of the power system, its operation and management, as well as contemporary topics in the field of electricity markets, regulation, distributed generation, information systems, telecommunications and protection from the environmental impact of energy.

MEMO congratulates the organization of MAKO SIGRE for the successfully implemented event, which was significant for the exchange of experiences and knowledge in the field of electrical power, as well as for encouraging cooperation and networking within the engineering community.

European Trends

Energy Community releases 2025 CBAM Readiness Tracker amid countdown to EU's Carbon Border Adjustment Mechanism

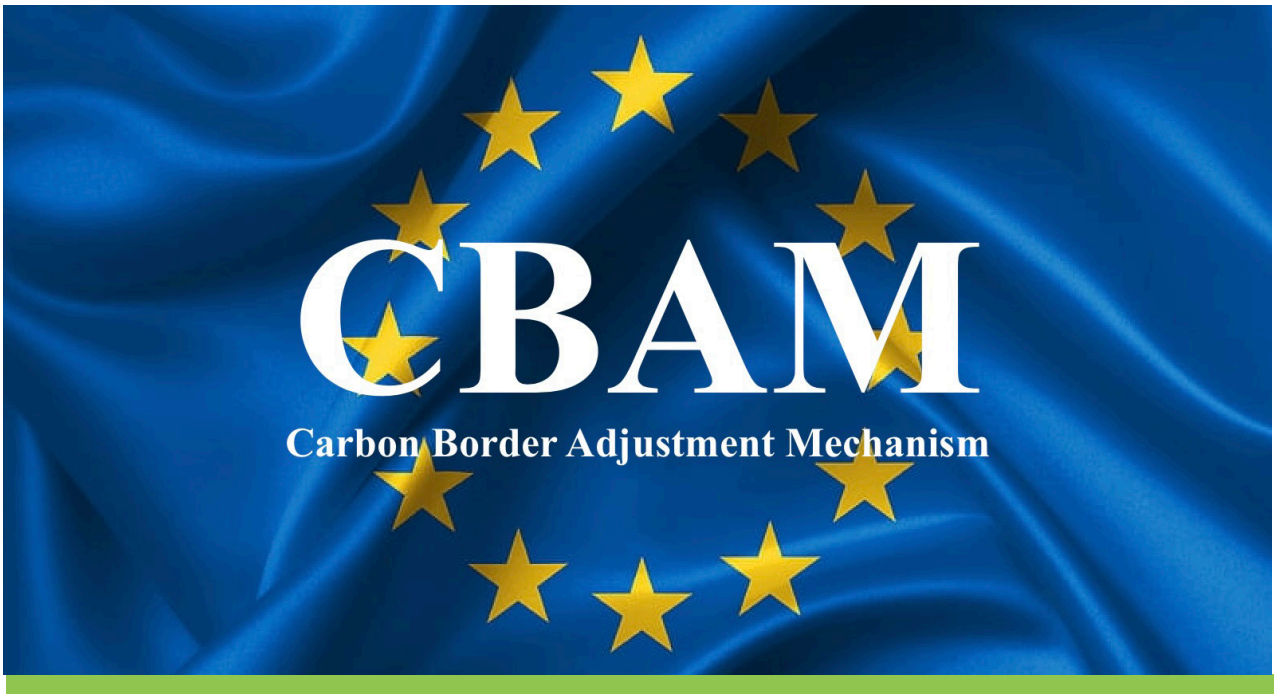
With the European Union's Carbon Border Adjustment Mechanism (CBAM) entering its definitive phase in January 2026, the Energy Community Secretariat's 2025 CBAM Readiness Tracker finds that Energy Community Contracting Parties (Albania, Bosnia and Herzegovina, Georgia, Kosovo*, Moldova, Montenegro, North Macedonia, Serbia, and Ukraine) are making steady progress on electricity market coupling with the EU and on the roll-out of clean energy — both vital to ensure that the Energy Community's markets remain part of the EU's low-carbon future.

This progress reflects the overarching objective of the Energy Community Treaty: to create a single regulatory space for energy trade and cooperation that extends the EU internal market to its neighbours, while ensuring stability, security of supply, and environmental sustainability.

"CBAM should serve as a bridge into the European Union, not a barrier," affirmed Artur Lorkowski, Director of the Energy Community Secretariat. "The progress reflected in this year's Tracker underlines that CBAM can drive—not deter—regional cooperation on the energy transition."

While no Contracting Party currently qualifies for an exemption to CBAM, the 2025 Tracker shows that reforms are accelerating. In 2024 alone, carbon intensity across the Contracting Parties' power sectors fell by an average of 11%, while renewable capacity (excluding large hydro) expanded by more than 50% between 2020 and 2024 — driven largely by competitive auctions — to reach 5.1 GW.

Meanwhile, on electricity market integration — itself a pre-condition for a CBAM exemption — Serbia, Moldova, North Macedonia, and Montenegro are



approaching a “point of no return,” on the path to coupling with the EU’s internal electricity market even before accession. In parallel, all but one of the Contracting Parties have expressed the intention to adopt a domestic carbon pricing instrument — whether an emissions trading scheme or a carbon tax — to internalise CO_2 costs and eventually align with EU climate policies.

Together, these efforts signal a growing readiness across the Energy Community to turn CBAM into a catalyst for deeper regional energy market integration and decarbonisation.

https://www.energy-community.org/news/Energy-Community-News/2025/10/20.html?utm_source=chatgpt.com

MEMO info

Publisher: National Electricity Market Operator
MEMO LLC Skopje

Address: Maksim Gorki St. No. 12, 1000 Skopje,
Republic of North Macedonia

Tel.: +389 2 3281 020
E-mail: info@memo.mk
Web: www.memo.mk

Editor: Marija Mustrik,
Communications, Key Customers, and Marketing Expert