

# Macedonia: Analysis of the use of progressive feed-in tariffs in small hydroelectric power plants

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**Date :** June 6, 2016

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In the Republic of Macedonia hydrological data estimate that some 1,100 GWh of electricity can be generated in small hydroelectric power plants, which represents a significant share of hydropower potential. In the future, this can improve the balance of renewable energy sources at the expense of non-renewable ones. Bearing in mind the increase in electricity imports in Macedonia in the last decade, every potential energy source is essential to maintain an energy balance, but also for the state budget.

In order to stimulate the development of these hydroelectric power plants, eight years ago, the Macedonian Government introduced a series of incentives for RES-based energy generation including small hydro. The Government has during six consecutive years made public calls and over 70 contracts have been approved. Unfortunately, only a small number of these hydropower plants is under construction, and few have been completed. The major power system stability imperative is to reduce energy imports and to exploit the domestic renewable energy sources as much as possible.

Experts analysed to what extent the average production costs affect the total generation and the feasibility of the selected small hydroelectric power plants package, depending on the level of feed-in tariffs. Accordingly, for example, an average level of 12 euro cents/kWh was selected, enabling cost-effective generation of about 18 GWh from the selected package. By comparing the values obtained under the generation prices of individual small hydroelectric power plants inside the selected range, a considerable difference may be observed from two to ten euro cents/kWh at the entire level, meaning that the generation price is higher than the feed-in tariffs, excluding large plants with an annual generation of more than 4, 0 GWh.

A well-organized system of feed-in tariffs covers economic policies actively promoting investments into renewable energy both in new or revitalised facilities. However, the specific case of Macedonia has shown that the existing feed-in tariffs are not quite an adequate solution for the majority of the selected small hydroelectric power plants, as they do not adequately cover the energy generation costs, transmits [Serbia-energy.eu](https://serbia-energy.eu)