

# Electrifying the Three Seas: Accelerating renewables and connectivity across 3SI countries

*Three Seas Summit 2024 marks a regional shift towards renewables and connectivity.*

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On April 10-11 government and business leaders from Central and Eastern Europe and partner countries met in Vilnius at the [Three Seas Initiative Summit and Business Forum](#) which aims to strengthen connectivity among its members, serving as the largest annual cross-government collaboration platform in the region.

Within the energy domain the Initiative has traditionally focused on [gas diversification, but this is now shifting](#) towards home-grown [renewables and connectivity](#) in recognition of [energy security and climate needs and trends](#). Baltic Sea countries pledged closer collaboration to [secure critical offshore energy infrastructure](#), and Presidents and representatives of 13 3SI Member States reaffirmed the need to [enhance connectivity](#), in particular on the North-South axis.

## Boosting energy security by reducing import dependency

During the Business Forum, Lithuanian President Gitanas Nausėda highlighted the security importance of the Baltic State grid synchronisation with the wider EU and moving away from Russian energy imports, echoed by President Andrzej Duda from Poland. European Commissioner for Environment Virginijus Sinkevičius spoke of the need to diversify from Chinese supply chains, warning against shifting from Russian to Chinese energy dependency, and emphasised the importance of the grid backbone and cyber-security. Assistant Secretary of State for Energy Resources Geoffrey R. Pyatt pointed to a renewables based energy system as a solution to Russian energy dependence in Central and Eastern Europe, and OECD Deputy Secretary General Ulrik Vestergaard Knudsen highlighted solutions such as the Romania-Georgia electricity interconnector. Ben Butters, CEO of Eurochambres (the European association of Chambers of Commerce & Industry), in turn drew attention to the need for legal certainty (stability) in the EU and the need to also take business interests into account when adopting EU regulations in the field of energy and climate policy.

## Building economic and military resilience through renewable energy and connectivity

Ember, the [Slovak Foreign Policy Association](#), the think-tank [E3G](#) and the [European Council on Foreign Relations](#) hosted a [high-level roundtable](#), bringing together actors from 13 countries, representing a broad spectrum of stakeholders - financial institutions, governments, renewable energy investors and developers, supply chain companies, grid operators and utilities.

### 1. Renewables are a need, not a want

For many countries in Central and Eastern Europe, decentralised renewable energy is the only solution for sustainably reducing Russian energy imports while increasing security and power grid resilience, as shown by examples from Ukraine.

More renewable energy can also encourage re-industrialization, leading to lower price expectations for industry or tech sectors, and building an economic advantage through an energy surplus, especially in the face of Germany shifting to an energy importer. Finally, the role of big energy consumers needs to be recognized - despite being major energy off takers, they are often not part of the energy debate.

With every country racing towards 2030 targets, supply chains are becoming a major bottleneck for renewables components and services, which makes early planning and ordering even more critical. This also shows the importance of implementing a timely energy strategy (NECP) with aligned grid development.

## **2. The benefits of North-South connectivity and grid expansion investments are widely acknowledged but lack political will**

There are smart and quick fixes for grid bottlenecks, ranging from cable pooling for wind and solar (for example, in Lithuania) to batteries, which can be implemented quickly and are especially valuable in wider areas that share similar challenges and weather related intermittency patterns.

In the longer term interconnectors can be the most cost-efficient solution for providing flexibility in addition to better integrating markets. However, to incentivize TSOs to invest in them, governments need to agree to collective goals for both capacity and common market rules, and ensure that costs and benefits are allocated properly. This can provide an outlet for domestic grid congestion, such as in Northern Poland, where an offshore wind and nuclear energy surplus will need to be transmitted towards demand centres in the south.

## **3. Financing is available from a variety of sources, but isn't always accessible**

While there are multiple public funding programs for infrastructure investments such as grids, these aren't always accessible for national stakeholders, for example grid operators. This strengthens the need for establishing [one stop shops](#) that would provide easier access to various funding streams available for grid investment projects.

Public financing is not enough to fund the energy transition, yet private capital requires sufficient returns on investment and predictable cash flows which can only be ensured through stable policies and instruments such as Contracts for Difference (CfD) or Power Purchase Agreements (PPA), but also rely on competitive and fully coupled markets across the region.

Lessons can be learned from grid support programs introduced in the United States, such as focusing public subsidies on shovel-ready projects that can unlock grid capacity quickly, encouraging bottom-up interstate-collaboration and ensuring enough administrative capacity of government agencies to facilitate grantmaking, permitting and stakeholder engagement.

## **4. Supporting eastern neighbours: the challenges of Russia's war with Ukraine and the potential for cooperation with Kiev**

A challenge for the countries of the region is Russia's continuing war with Ukraine. On the one hand, it implies the need for support from neighbouring countries, especially in the context of successive waves of Russian attacks on Ukraine's energy infrastructure. On the other hand, Ukraine's energy and climate policy plans create a framework for potential cooperation. Despite the war, Kiev is making investments in RES projects, introducing regulatory changes, adopting a new (non-public) energy strategy and setting ambitious targets under the NECP.