PROGRESS REPORT

JETIP

Just Energy Transition Investment Platform

October 2026



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ANNEX 1: JETIP INVESTMENT PIPELINE - SUMMARY (September 2026) *23*

ABBREVIATIONS AND ACRONYMS

ACT IP	Accelerated Coal Transition Investment Plan
AFD	Agence Française de Développement
BESS	Battery Energy Storage System
CEB	Council of Europe Development Bank
CDP	Cassa Depositi e Prestiti
CfD	Contract for Difference
CIF	Climate Investment Funds
EIB	European Investment Bank
EPC	Engineering, Procurement and Construction
ERC	Energy Regulatory Commission
ESM	Elektrani na Severna Makedonija AD Skopje
EU	European Union
IFC	International Finance Corporation
JETIP	Just Energy Transition Investment Platform
JT	Just Transition
JTC	Just Transition Council
JTR	Just Transition Roadmap
KfW	Kreditanstalt für Wiederaufbau
MEPSO	Macedonian Electricity Transmission System Operator
MoEMMR	Ministry of Energy, Mining and Mineral Resources
NECP	National Energy and Climate Plan
NOMAGAS	National gas company of North Macedonia
PROSPECT	Providing Renewable Opportunities through Solar and Education in Coal Territories
PVPP	Photovoltaic Power Plant
RES	Renewable Energy Sources
SME	Small and Medium Enterprises
SOE	State-Owned Enterprise
TA	Technical Assistance
TPP	Thermal Power Plant
TSU	Technical Support Unit
WBIF	Western Balkans Investment Framework
WPP	Wind Power Plant

PARTNERS



MDBs such as EBRD, World Bank, EIB, KfW, AFD, as well as CIF, Cassa Depositi e Prestiti (CDP), Council of Europe development bank (CEB) and United Nations Development Programme (UNDP) have committed to supporting JETIP through direct finance and technical assistance, and to contributing co-financing or parallel financing to ACT pipeline projects. While the EU is not a formal signatory to JETIP - actively supports the Just Transition process in North Macedonia, including through technical assistance, grant funding, and alignment with broader EU accession and decarbonization objectives. The Platform's project pipeline reflects an estimated total mobilisation of approximately EUR 3 billion from these creditors.

1. EXECUTIVE SUMMARY

The Just Energy Transition Investment Platform (JETIP) is North Macedonia's central coordination mechanism for implementing a fair, inclusive and investment-driven transition away from coal. Launched at COP28 in December 2023, JETIP brings together Government institutions, state-owned energy companies and international partners around renewable-energy deployment, grid and storage investment, coal phase-out and support to workers and coal-affected regions. This third Progress Report provides a consolidated view of implementation through September 2026, while highlighting the developments since the second report published in May 2026.

Key platform indicators - consolidated position, September 2026:

Metric	Progress Report 2 position	Change / update and September 2026 interpretation	Status as of September 2026
TOTAL VALUE OF PIPELINE (EUR million)	1,770	No change; pipeline consolidated and composition updated	1,770
Number of projects tracked	40 core projects*	41 core projects. MEPSO project has been split into two components, which are now monitored as two separate projects. More details are available in the JETIP pipeline file.	41 total
Core capital / infrastructure and TA projects	26 capital investments	Composition updated; core portfolio now reported by category across investment and TA	No change
Value of core projects (EUR million)	1,054	Composition updated; current core portfolio includes RES, grid, storage, hydro and TA	~1,105
Core RES capacity signed / to be installed	252 MW	Consolidated dashboard updated; no change in capacity	252 MW
Total RES capacity in pipeline	~1,200 MW	Methodology / composition updated; September dashboard reports approximately 1.18 GW	~1,200 MW
Financing signed / advanced close	~EUR 460m	-	~EUR 460m
Broader consolidated portfolio	-	Approx. EUR 280m core; EUR 460m total tracked	~EUR 460m
JETIP partners	8 + UNDP upcoming	UNDP joined in May 2026; partner coordination expanded and discussions with additional partners continue	Expanded partner participation
Private-sector financing	>EUR 210m (2024-26)	Ongoing; continues through local financial institutions and partner programmes	>EUR 210m
New direct private sector financing closed	-	Financial close reached on 10 September 2026: Shtip wind farm, Phase 1 (131 MW), Alcazar Energy Partners II. EBRD and IFC are senior lenders alongside Erste Group, with a local VAT facility from Sparkasse Bank Skopje.	Closed: EUR 180m investment; > EUR 115m senior debt

**Core projects: investments/TA that address: i) RES development across the country; ii) grid infrastructure to integrate additional RES; iii) coal phase-out, iv) JT actions in coal regions.*

Since May, the most important policy milestone has been the adoption of the Law on the Use of Energy from Renewable Sources on 30 June 2026. The law is in force and provides the legal basis for two-way Contracts for Difference (CfDs). The focus has therefore shifted from primary legislation to finalising the implementing bylaws, auction design and operational arrangements required for the first CfD tender, currently targeted for end-2026 / early-2027.

At investment level, the JETIP pipeline has been consolidated with ESM, MEPSO, line ministries and municipalities. The September 2026 tracker covers 81 projects - 41 core and 40 non-core - with an estimated total value of EUR 1.77 billion. Approximately EUR 460 million of financing has been signed, of which around EUR 280 million relates to core projects. Public renewable projects and priority transmission investments continue to move from preparation into procurement, construction and implementation.

The transition is also becoming more integrated. ESM's draft Decarbonisation Strategy has been finalised and is under management review, while MEPSO's Grid Master Plan has advanced through adequacy, flexibility and cost-benefit analysis. At the same time, the 2026 Annual Implementation Plan tracks measures on workforce skills, local economic development, mobility, energy communities, waste management and municipal capacity. The main challenge for the next period is execution: converting the pipeline into operating assets while sequencing coal retirement with replacement generation, grid capacity, storage, flexibility and tangible opportunities for workers and regions.

A concrete illustration of the scale of what is at stake: JETIP’s core renewable pipeline translated into 1,079 MW of hydro, wind and solar projects, has the potential, once fully built, to generate more clean electricity over a comparable six-month period than North Macedonia’s coal plants produced across the whole of the first half of 2026. Converting that potential into operating capacity, on schedule and in step with grid and storage investment, is now the Platform’s central delivery task

2. CONTEXT: GLOBAL AND LOCAL CLIMATE AMBITION

2.1 Global Context

The international energy transition has moved decisively from target-setting toward implementation. For North Macedonia, this means that access to climate and development finance is increasingly linked to credible investment pipelines, regulatory implementation and the capacity to deliver projects. Regional electricity-market integration, EU accession requirements and the full implementation of the EU Carbon Border Adjustment Mechanism (CBAM) reinforce the importance of faster decarbonisation, particularly for electricity generation and energy-intensive industry.

JETIP therefore remains relevant not only as a financing platform, but as a coordination mechanism connecting policy reform, public and private investment, grid readiness, coal-transition planning and socio-economic measures.

2.2 Local Context - North Macedonia

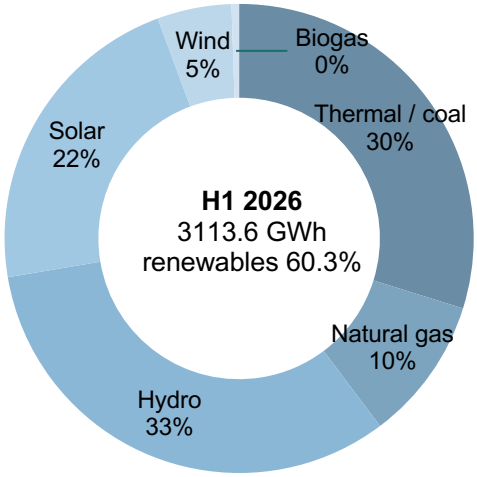
North Macedonia's energy system continues to change rapidly. The 2025 Energy Regulatory Commission data show that renewable energy accounted for 58.22% of installed generation capacity and 46.37% of electricity production. The 2026 Annual Energy Development Plan records 67 generation projects totalling 4,417 MW, illustrating strong investor interest but also placing increasing pressure on grid hosting capacity and connection planning.

In first half of 2026, the policy framework has strengthened further. The revised NECP was adopted on 31 March 2026 and the Law on the Use of Energy from Renewable Sources was adopted on 30 June 2026 and entered into force in early July. Together with the Energy Law (2025) and the Energy Efficiency Law (2020, amended in September 2025), these instruments provide a stronger basis for renewable deployment, storage, efficiency and competitive support mechanisms. The immediate implementation priority is now the secondary legislation and operational framework for the first CfD auction.

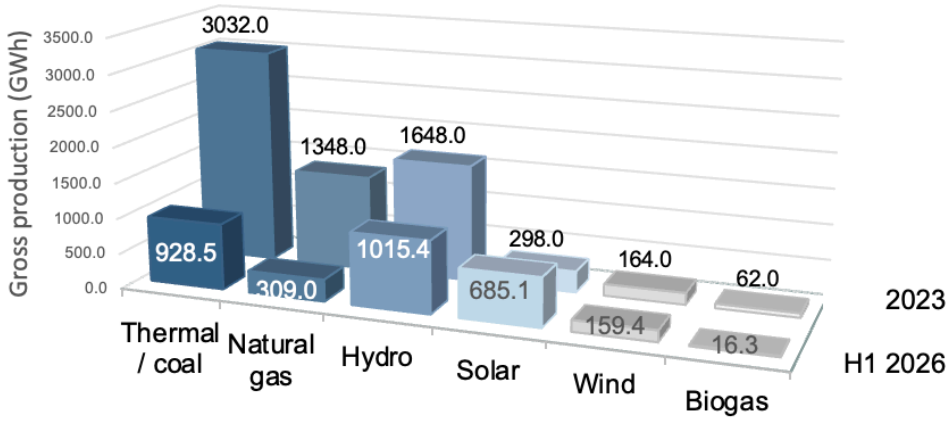
Key Strategic Documents	Commitment / Status
NDC (2021, enhanced)	82% net GHG emissions reduction by 2030 vs 1990
NECP (revised; adopted 31 March 2026)	31.6% RES share in gross final energy consumption by 2030; coal phase-out trajectory reflected in national planning
Just Transition Roadmap / Annual Implementation Plan	Roadmap adopted; Annual Implementation Plan 2026 under implementation and monitored through thematic Working Groups
Energy Law (May 2025)	Operational framework in force; implementing bylaws continue to be completed
Energy Efficiency Law (2020; amended September 2025)	Adopted; implementation of long-term renovation and energy-efficiency measures continues
Law on the Use of Energy from Renewable Sources	Adopted 30 June 2026; in force from early July; provides legal basis for two-way CfDs and competitive auctions
ACT Investment Plan	USD 85m CIF allocation; implementation/preparation ongoing across eight components
Annual Energy Development Plan (2026; amended July 2026)	67 projects; 4,417 MW proposed capacity; highlights scale of investor interest and grid constraints Amended in July 2026, clarifying investor interest and the project pipeline.

The full 2025 annual position, renewable sources reaching 58.2% of installed generation capacity and 46.37% of electricity production, according to the Energy Regulatory Commission's 2025 Annual Report1, was set out in full in Progress Report 2. This report instead looks at the most recent operating data available: actual generation during the first half of 2026, which shows how much of the country's electricity still comes from coal and how much of that the JETIP pipeline could realistically displace.

According to State Statistical Office data for the first half of 2026, renewable energy sources accounted for approximately 67% of domestic electricity generation. Hydropower represented the largest share of generation (36%), followed by coal (33%), solar PV (25%) and wind (6%). This generation mix illustrates the significant role that renewable energy already plays in the domestic power system, even before the majority of the JETIP-supported pipeline becomes operational. Gross electricity production for the first half of 2026 is set out in the chart below: 3,113,583 MWh in total, of which renewable sources supplied 60.3%.



Gross electricity production by source, first half of 2026 vs.2023 (at JETIP establishment)



Source: State Statistical Office of the Republic of North Macedonia, gross electricity production, January-June 2026. Renewable sources (hydro, solar, wind and biogas) accounted for 1,876,119 MWh, or 60.3% of gross production, against 1,237,466 MWh (39.7%) from thermal and combined-cycle / industrial plants. *Part of PV generation was curtailed, so the renewable share shown is a lower bound.*

[1] https://www.erc.org.mk/odluki/2026.04.28%20-%20RKE%20GI%202025.pdf

Since JETIP was established in 2023, North Macedonia's electricity mix has moved clearly towards renewables. In H1 2026, renewable sources supplied 60.3% of gross production, up from 33.2% in 2023. Solar grew the most: it produced 685 GWh in the first six months of 2026, more than double its full-year output for 2023, and its share rose from 4.5% to 22%. Wind's share doubled to 5.1%. Coal fell from 46% to 30% of generation and natural gas from 21% to 10%. Many factors drive these changes, including seasonal hydrology in the first half of the year. Still, the trend suggests that the investments and enabling measures JETIP supports are starting to show results in the power sector.

3. JETIP: OVERVIEW AND GOVERNANCE UPDATE

3.1 Platform Objectives and Targets

JETIP remains the country's central coordination platform for a transition that combines energy-system transformation with social and regional measures. The consolidated framework continues to focus on four interlinked priorities:

- **RES Deployment: Deploy 1.7 GW of renewable energy by 2030, including procured competitively via CfD-supported auctions**
- **Coal Phase-Out: Phase out 764 MW of remaining coal capacity by 2030**
- **Grid and Storage: Strengthen grid and storage infrastructure for renewable integration and energy security**
- **Just Transition: Support workers and communities in coal-affected regions (Bitola/Pelagonia; Kichevo/Southwest)**

By September 2026, the consolidated JETIP tracker covered 81 projects, 41 core and 40 non-core - with an estimated value of EUR 1.77 billion. The core portfolio includes public renewable generation, hydropower, storage, grid and transmission investments and technical assistance. Approximately EUR 460 million of financing has been signed across the wider tracked portfolio, including around EUR 280 million for core projects.

3.2 Governance Update

The JETIP governance structure, the Just Transition Council, three Thematic Working Groups, Regional Forums and the Technical Support Unit, continued to provide the coordination framework for implementation. During the reporting period, emphasis shifted toward regular monitoring of the consolidated pipeline, the Annual Implementation Plan and cross-institutional bottlenecks.

Partner coordination also broadened. UNDP joined JETIP in May 2026, complementing the existing group of international financing and development partners. The September Partners Coordination Meeting focused on delivery of the investment pipeline, technical-assistance mobilisation, the CfD framework, ESM decarbonisation and MEPSO grid planning.

The 2026 Annual Implementation Plan provides the operational framework for just-transition measures across energy, regional development, skills, mobility, environment and local capacity. The three thematic Working Groups meet monthly to review implementation and update responsible institutions and partners. Key governance developments include:

- Regular Working Group monitoring: the three thematic groups continue monthly review of the JETIP pipeline and Annual Implementation Plan, with stronger emphasis on implementation status, responsible institutions and next actions.
- Partner coordination: the September 2026 Partners Meeting reviewed the consolidated 81-project pipeline, policy and regulatory progress, ESM's Decarbonisation Strategy and MEPSO's Grid Master Plan, and identified priorities requiring coordinated financing or technical assistance.
- Just Transition Council: the next Council meeting is expected in October 2026, providing the forum to review overall progress, cross-ministerial issues and priorities for the next implementation period.
- The TSU held regular meetings to monitor pipeline progress and coordinate the delivery of technical assistance with partners, relevant ministries, SOEs, and key institutions.
- Working Group sessions are regularly held on CfD design, grid master planning, and workforce transition.

4. RECENT PROGRESS: MAY - SEPTEMBER 2026

This section highlights developments since Progress Report 2. It should be read together with the consolidated context, pipeline and results sections of this report; it does not repeat milestones already described in detail in the previous edition unless their status has materially changed.

4.1 Renewable Energy: Infrastructure Projects

PVPP Bitola 3 Solar Power Plant (134 MW) - FLAGSHIP PROJECT: The Engineering, Procurement and Construction (EPC) contractor for the project was selected on 12 August 2026.

Following the EUR 87 million EBRD-KfW financing signed in December 2025, Bitola 3 remains the largest recent public renewable-energy commitment under JETIP. The project is part of ESM's wider replacement-generation programme and will repurpose former coal-mine land. During the current reporting period, attention remained on implementation preparation and coordination with ESM's broader decarbonisation and investment sequencing.

Project	PVPP Bitola 3 - 134 MWdc
Location	Exhausted Bitola coal mine, Pelagonia Region
Financing	EUR 37m EBRD (sovereign-guaranteed) + EUR 50m KfW (sovereign-guaranteed)
Borrower	Elektrani na Severna Makedonija (ESM)
Expected output	180.9 GWh/year of renewable electricity
CO_2 avoided	~134,000 tones per year
Construction	EPC tender completed Dec 2025; commissioning 2026-27
Special features	Bifacial modules on single-axis trackers; battery-ready infrastructure; supports ESM governance and gender inclusion

PVPP Oslomej 2 (10 MW) and PVPP Bitola 1 (20 MW):

Both projects advanced from the procurement stage reported in May. EPC contractor has been selected and the projects are moving into implementation, strengthening the programme of solar investments on or around former coal assets. Their progress is important not only for additional renewable capacity, but also for demonstrating practical land repurposing in the two coal regions.

Bogdanci Wind Farm Phase 2:

Construction is ongoing. Together with the solar portfolio, the project contributes to the diversification of ESM's generation mix and provides near-term renewable capacity ahead of the larger pipeline planned for the second half of the decade.

Grid and transmission investments:

Implementation progressed across several MEPSO investments. The power transformer at SS Dubrovo has been completed; rehabilitation of SS Bitola 1 - SS Prilep 1 is in trial operation; the Ohrid substation is at an advanced stage; and works continue on the 400 kV transmission infrastructure in the Bitola corridor. The September Annual Implementation Plan also records completion of the 2x110 kV Vapila - SS Ohrid 1 reconstruction and continued work on the Bitola 2 - Albania interconnection infrastructure.

Renewable project pipeline and system impact:

The consolidated September pipeline includes approximately 1.18 GW of renewable capacity. The core hydro, wind and solar infrastructure portfolio represents 854 MW across 18 projects. Once fully operational, this portfolio could provide a material share of the generation required to replace coal output; however, these figures represent full build-out potential rather than current production and depend on timely project, grid and storage delivery.

Private-sector renewable investment:

Private investment remains an important complement to the public JETIP pipeline. The scale of applications in the Annual Energy Development Plan for the year 2026 - 4,417 MW across 67 projects - demonstrates continued market interest. The priority for JETIP is increasingly to ensure that grid planning, transparent connection arrangements and the CfD framework allow viable projects to progress in an orderly manner.
The September Partners Meeting therefore focused less on individual private projects and more on the enabling conditions for the market as a whole: grid hosting capacity, auction readiness, predictable regulation and coordination of investment timing.

Flagship private-sector projects

The September 2026 pipeline update also tracks named private developments moving through advanced stages of preparation and construction - a useful complement to the aggregate figures above. Five projects alone represent approximately 1,350 MW of private renewable capacity in active development:

- **Alcazar Energy[2] - Shtip Wind Farm (up to 396 MW, Shtip/Radovish/Karbinci):** The ~131 MW first phase, comprising 21 wind turbines, **reached financial close in September 2026**, securing approximately EUR 115 million in senior debt financing from EBRD, IFC and Erste Group. The project represents an investment of around EUR 180 million and is the first of three planned phases forming a wind-energy cluster of up to 396 MW across Shtip, Radovish and Karbinci. Once fully developed, the cluster is expected to supply clean electricity equivalent to the annual consumption of more than 148,000 households and avoid approximately 573,000 tonnes of CO_2-equivalent emissions annually.
- WPD[3] - Virovi Wind Farm (up to 414 MW, Kumanovo/Staro Nagorichane/Rankovce/Kriva Palanka): in pre-construction pending MoEMMR approval, with up to 69 turbines planned across three phases; estimated project value around EUR 500 million.
- Akuo Energy - Stipion Solar PV Park (400 MW, near Shtip): an agrisolar design allowing farming to continue beneath elevated panels; construction targeted to start in 2026, with expected output of 650 GWh/year - enough for roughly 110,000 households.
- Energy Financing Team - Erdzelija Solar PV Plant (80 MW, Sveti Nikole): in early construction, connecting directly to the high-voltage grid without state subsidy; financing secured with a government guarantee submitted.
- Mey Energy - Novaci Solar + Storage (Bitola area): adding a 60 MWh battery system to the 55 MW solar park already operating since 2023 - an early example of storage being retrofitted onto existing private solar assets.

Together with the wider 4,417 MW of applications recorded in the Annual Energy Development Plan, these projects illustrate that private capital is moving in parallel with the public JETIP pipeline - reinforcing why grid capacity and auction readiness are the priority enabling conditions for the period ahead.

4.2 Coal Phase-Out and Energy Security

Coal-transition sequencing:

The 2030 coal phase-out remains the central transition objective, but implementation is increasingly being treated as a sequencing challenge rather than a stand-alone closure target. TPP Bitola continues to play an important role in security of supply, so retirement of coal capacity must be coordinated with replacement generation, grid reinforcement, storage, flexibility and other firm-capacity options.

ESM Decarbonisation Strategy:

The ESM Decarbonisation Strategy, prepared with EBRD support, has been finalised and is expected to be adopted by ESM Management Board. The Strategy sets out a six-pillar action plan:

(I) **Renewable deployment** of 365 MW solar and 113.8 MW wind, raising ESM's own RES share from 65% today to 97% by 2050;

[2] Link to official announcement
[3] Link to official announcement

(II) **Storage and flexibility**, anchored by a 100 MW / 400 MWh battery system by 2028 alongside the Kozjak II (63 MW) and Chebren (333 MW, subject to feasibility) pumped-storage projects;
(III) **Coal transition**, including a repurposing and replacement study for Bitola, Oslomej and the coal mines (EUR 0.7-1.4 million, Q3 2026-Q4 2027) and a candidate 250 MW gas-fired plant at Bitola as bridging capacity;
(IV) **Governance**, including a Sustainability Manager in post by Q1 2027 and an independent Climate Advisory Board;
(V) **Metrics and targets**, including an internal carbon price rising from EUR 30-50/tCO2 in 2027 to EUR 80-120/tCO2 by 2030, a target of more than 85% emissions reduction by 2030 against a 2019 baseline of approximately 4,000 kt CO2, and net-zero by 2050; and
(VI) **Capacity building and just transition**, covering more than 3,000 coal-sector workers, of whom over 70% are targeted to have transitioned to new roles by 2031.

The strategy estimates cumulative investment of approximately EUR 4.6 billion for full decarbonisation to 2050, delivered in three waves: to 2030, 2030-2040 and post-2040. Adoption of the strategy is an important basis for sequencing ESM investments and linking asset retirement with workforce and regional-transition measures.

Generation Impact: measuring the pipeline against coal output

A simulation based on JETIP's current core renewable infrastructure pipeline, around 1,079 MW across 18 hydro, wind and solar projects, indicates a potential annual generation of approximately 2,374 GWh if all projects are fully implemented. On a very simplified six-month equivalent basis (annual production potential is split evenly across the year), this would correspond to around 1,187 GWh, compared with 929 GWh of coal-fired generation in H1 2026. The comparison is a useful reminder of the scale of what the pipeline could achieve once implementation, rather than preparation, becomes the norm.

4.3 Grid, Storage and Infrastructure Technical Assistance

Grid Master Plan (MEPSO):

MEPSO's Grid Master Plan has progressed from the modelling stage reported in May. The adequacy and flexibility assessment has been completed and validated, preliminary dispatch modelling has been delivered, and cost-benefit analysis of candidate investments is under way. Within the Plan, apart of construction new lines and strengthening of existing, four new RE hubs are foreseen. Final CBA simulations are expected to feed into the draft master plan, with adoption targeted in 2026. The plan is increasingly important because the volume of renewable applications materially exceeds current and near-term hosting capacity.

In parallel, implementation and preparation continue across priority transmission investments:

- Dubrovo / central grid: power-transformer works completed.
- Bitola-Prilep and Ohrid / Southwest: rehabilitation and substation works advanced; the 2x110 kV Vapila-Ohrid 1 reconstruction is reported completed in the September Annual Implementation Plan.
- Bitola-Albania corridor: construction activities continue on the 400 kV interconnection infrastructure, strengthening regional connectivity.
- Training and digitalisation: MEPSO is preparing training programmes for dispatchers and high-voltage substation staff for Q4 2026, while feasibility work continues for greening and digitalisation of the transmission network in the Southwest and Pelagonia regions.

Storage and system flexibility:

Feasibility work on the ESM SCADA/BESS package is progressing. The package combines central SCADA, generation planning and trading software, IT/cybersecurity elements and battery-storage preparation. In parallel, the regulatory framework for storage continues to be operationalised through secondary legislation. Storage is therefore moving from a policy concept toward a concrete system-planning and investment priority.

4.4 Just Transition Initiatives

Workforce transition and skills:

The ESM training programme has now reached more than 600 employees across technical, managerial and soft-skills modules (with four new accredited courses now available in the country). With the initial training cycle substantially completed, the next phase needs to connect training more directly to the timing of coal-asset transition, redeployment opportunities and the skills required by ESM's new renewable, storage and system-operation investments.

The September Annual Implementation Plan for Just Transition 2026 also records continued activity in work-based learning and vocational education: a new secondary-school enrolment cycle, split roughly 70% vocational and 30% general education, is now supporting around 3,500 students through partnerships with about 700 companies in Bitola and Kichevo.

- Career-guidance activities continued, including three-day trainings for career advisers delivered in Struga and Ohrid and a new cooperation memorandum with Euroguidance for a 40-hour career-adviser curriculum over three years. More than 1,000 students are currently supported by just two career advisers across the two regions, pointing to a clear need to expand local advisory capacity so that skills measures translate into concrete employment pathways.
- STEM and environmental education measures are being incorporated into education activities, including work on curricula and waste-separation topics.

MEPSO Training Centre and sector skills:

Training programmes for dispatchers and high-voltage substation personnel are being prepared, with delivery planned from mid-October to mid-December 2026, subject to MEPSO availability and completion of the necessary operational arrangements.

Regional economic development and SMEs:

Implementation under the Green and Growth SME window continues, while regional-regeneration measures remain at different stages of preparation. A new industrial-park partnership was signed on 30 September 2026, linking six North Macedonian industrial parks - including Bitola - with six EU counterparts under a two-year Western Balkans-EU programme for exchanging experience on industrial-zone management and investment promotion. At the same time, several measures under the Annual Implementation Plan still require clearer financing, project preparation and implementation ownership.

Annual Implementation Plan 2026:

The 2026 Plan is now being used as a live monitoring instrument across the thematic Working Groups. September reporting shows progress across energy communities, sustainable mobility, waste management, skills and municipal initiatives, but also significant differences in implementation capacity. Bitola has completed a full urban-mobility analysis and programme, mapped new bus routes and used European Mobility Week (16-22 September, including accessibility-focused events) to engage residents, though the municipality has so far received only part of the additional buses it requested from central government. Kichevo continues to report capacity and financing constraints across several local measures: several funding applications have not succeeded, and electric-vehicle charging infrastructure remains at the concept stage without a design, project or financing yet secured - underlining the need for targeted technical support to convert plans into bankable local projects. Waste-management awareness has also progressed, with a January collection campaign and the distribution of trucks, bins and containers across municipalities in the Pelagonia and Southwest regions, delivered under the RU READY (EUR 851,754) and SALAR (SEK 29.7 million) financing frameworks.

PROSPECT and coal-region support:

Preparation of the PROSPECT component continues, with the Terms of Reference expected to be launched by the end of 2026. The component is intended to link renewable investment with education, skills and community opportunities in the coal territories and remains an important bridge between infrastructure investment and the social dimension of the transition.

Energy communities and public awareness:

The September monitoring records continued awareness work in Bitola and Kichevo on prosumers and energy communities, including a study visit by the Bitola mayor to Zagreb to inform a public forum planned for October/November 2026 modelled on Croatia's experience. An AI-supported information tool is being developed to help citizens navigate energy-community questions, alongside promotional materials being finalised by year-end. Progress is more advanced in Bitola, while implementation in Kichevo remains at an earlier stage.

4.5 Policy and Regulatory Developments

The Law on the Use of Energy from Renewable Sources

The Law on the Use of Energy from Renewable Sources was adopted on 30 June 2026 and entered into force in early July. This closes the principal legislative gap identified in Progress Report 2 and establishes the legal basis for two-way CfDs and competitive allocation of renewable support.

CfD bylaws and first auction

The critical path has now shifted to implementation. Draft CfD bylaws have been prepared and are under review by the Ministry, while detailed work continues on reference-price methodology, tenor, indexation, settlement frequency, eligibility, bid evaluation, quotas, ceiling-price methodology, security instruments and the institutional framework. MEMO is envisaged in the law as the settlement counterparty.

The first auction is being prepared for end-2026 / early-2027. The timing will depend on completion of the bylaws, auction documentation, platform readiness and settlement arrangements. This is now one of the most time-critical JETIP policy actions because the CfD programme is intended to unlock a substantial share of competitively procured private renewable capacity.

Energy Law implementation and storage framework

Secondary legislation under the Energy Law continues to be finalised, including provisions relevant to licensing, storage and co-location. This work needs to remain coordinated with the CfD framework and grid-connection rules so that developers receive a coherent implementation signal.

Regulatory focus for the next period

With the main strategic and primary legislative instruments now in place, the priority is implementation quality: completing secondary legislation, clarifying institutional responsibilities, ensuring auction and settlement readiness, and maintaining consistency between renewable support, storage requirements and grid-development planning.

5. CIF ACT INVESTMENT PLAN - IMPLEMENTATION STATUS

The Climate Investment Funds Accelerated Coal Transition Investment Plan remains a central financing framework for JETIP. Approved in 2024 with USD 85 million of CIF resources, the programme is structured around three projects and eight components spanning coal retirement and repurposing, renewable and grid investments, regional economic regeneration, SME finance, energy efficiency and community energy. Progress since May has been uneven across components. Some activities are operational or in active implementation, while others remain in project preparation, feasibility or institutional-design stages. Of the USD 85 million in CIF ACT IP resources, comprising USD 76.5 million in concessional finance and USD 8.5 million in grants, approximately USD 2.7 million of concessional finance and USD 5.3 million of grants have so far been reported as approved and/or disbursed. The tables below retain the component structure and provide the latest consolidated direction of travel based on information available through September 2026.

PROJECT 1: RETIRING COAL ASSETS AND RE-POWERING WITH RENEWABLES

ACT IP Component	Lead MDB	CIF Grant (USD)	Fund disbursed as of September 2026	Status / update through September 2026
1A: Power Plant Retirement, Mine Remediation and Repurposing	WB, EBRD	(c) $25m + (g) $0.5m	-	Preparation continues. ESM draft Decarbonisation Strategy finalised and under management review; decommissioning/repurposing work needs to align with the adopted strategy and replacement-capacity sequence.
1B: PROSPECT - Solar and Education in Coal Territories	EBRD, IFC	(g) $1.8m	(g) $1.8m	Preparation / TA stage. CfD design substantially advanced; RES Law adopted; bylaws and first-auction operational arrangements under preparation. PROSPECT project expected to start by end-2026.
1C: PowerHub - Grid Strengthening, Batteries, Training	EBRD, IFC, WB	(c) $27m + (g) $2.5m	(g) $1.3m	Active preparation / implementation. MEPSO Grid Master Plan advanced; training programmes in preparation; ESM SCADA/BESS feasibility work progressing; priority transmission investments continue.

PROJECT 2: SOCIO-ECONOMIC REGENERATION OF PELAGONIA AND SOUTHWEST REGIONS

ACT IP Component	Lead MDB	CIF Grant (USD)	Fund approved as of September 2026	Status / update through September 2026
2A: Green and Growth Program for SMEs	EBRD	(c) $2.7m + (g) $1.95m	(c) $2.7m + (g) $1.95m	Operational. SME green/growth financing remains active through participating financial institutions; uptake and regional reach continue to be monitored.
2B: Revitalise - Industrial Zones for Economic Regeneration	EBRD, WB	(c) $5.5m + (g) $0.5m	(g) $ 0.25m	Preparation. Regional/industrial-zone regeneration requires continued feasibility, project-development and implementation arrangements. Bitola joined a new industrial-park partnership in September.
2C: Climate-Smart Economic Regeneration Program	EBRD, IFC	(c) $2.7m + (g) $0.65m	-	Preparation. Climate-smart regeneration concept requires conversion into concrete investable projects and clearer delivery arrangements. The first skills and training technical support is coming online in the next few months with local well established company in Bitola.

PROJECT 3: ENERGY EFFICIENCY, CLEAN HEATING, AND DISTRIBUTED GENERATION				
ACT IP Component	**Lead MDB**	**CIF Grant (USD)**	**Fund disbursed as of September 2026**	**Status / update through September 2026**
3A: ECOBOOST - EE and RES Lending for Coal Communities	EBRD	(c) $5.6m		Preparation. Coal-community targeting, product design and coordination with wider EE/RES financing instruments remain to be operationalised.
3B: EcoCommune - Community-Centric Clean Energy Initiative	WB	(c) $8m + (g) $0.6m		Preparation. Municipal/community-energy concepts continue, alongside local awareness and energy-community activities; implementation capacity varies by municipality.

Notes: (c) = concessional loan; (g) = grant. The USD 85 million CIF allocation remains the approved ACT envelope. Component-level financial figures should continue to be reconciled with MDB reporting before publication of any new disbursement totals.

Overall ACT IP assessment: implementation is advancing across all three projects, but at different speeds. The strongest near-term focus is on turning preparation into delivery - launching PROSPECT, advancing coal-asset repurposing and decommissioning preparation, completing grid/storage technical work, and moving regional-regeneration and community-energy components toward implementable projects.

6. CONSOLIDATED RESULTS AND MEASURABLE PROGRESS

JETIP's results are increasingly visible in financing, project implementation, regulatory reform and institutional coordination. At the same time, several indicators have been recalibrated as the pipeline has been consolidated. The table below therefore presents the current September 2026 position and, where relevant, notes changes in methodology rather than implying a simple linear comparison with earlier reports.

Impact Area	Consolidated position through Progress Report 2	September 2026 update
Renewable Energy Capacity	Public RES projects in implementation / financing included Bitola 3, Bitola 1, Oslomej 2 and Bogdanci Phase 2.	252 MW signed / to be installed under the September consolidated dashboard; total RES pipeline approx. 1.18 GW. Core hydro + wind + solar portfolio: 1,079 MW.
Investment Mobilized	EUR 274m signed / advanced close reported in May 2026.	Approx. EUR 460m financing signed across the tracked portfolio, of which around EUR 280m relates to core projects.
tCO2 reduction	~220k tCO2/year reported from RES installations.	~220k tCO2/year annual run-rate from RES installations to date; methodology should remain consistent in future dashboards.
Workers / skills	More than 560 ESM workers reported trained by Q1 2026.	More than 600 employees reached across completed ESM training programmes; next phase to focus on redeployment and transition-linked skills.
Grid readiness	Grid Master Plan and priority transmission investments under preparation / implementation.	Adequacy and flexibility assessment completed; CBA under way; ~1.2 GW of RES integration enabled through planned transmission strengthening.

Pipeline maturity: from planning to delivery

Looking across all 81 tracked core and non-core projects, the September 2026 pipeline update shows a portfolio that is maturing: 38 projects (47%) are now under implementation and 7 are already completed, while 7 are in tendering, 9 in feasibility and 15 still at concept stage. This distribution is a useful complement to the financial KPIs above - it shows not just how much the pipeline is worth, but how close it is to becoming operating infrastructure.

7. KEY CHALLENGES AND IMPLEMENTATION LESSONS

Grid expansion is now the binding system constraint:

The 2026 Annual Energy Development Plan records 4,417 MW of proposed generation projects, far above current and near-term grid hosting capacity. The issue is no longer whether renewable investor interest exists, but whether transmission and distribution reinforcement can keep pace. Completion of the Grid Master Plan, transparent connection planning and financing of priority MEPSO investments are therefore central to maintaining project momentum.

Renewable deployment must accelerate from pipeline to operation:

The consolidated pipeline is sizeable, but a significant share remains in preparation. JETIP's next phase must focus on conversion: completing studies, financing, procurement and construction so that projects become operational capacity. The 252 MW currently signed / to be installed is meaningful progress, but remains well below the Platform's wider renewable ambition.

ESM delivery capacity and investment sequencing:

ESM is simultaneously managing renewable projects, storage and digitalisation preparation, decarbonisation planning and the future retirement/repurposing of coal assets. The Decarbonisation Strategy provides the framework, but delivery will require strong project management, financing coordination and a realistic sequence of investments that protects security of supply.

Coal phase-out and energy security must be managed together:

The 2030 trajectory depends on replacement generation, grid capacity, storage, flexibility and other firm-capacity solutions being available when coal units retire. Delays in any of these elements can affect the overall sequence. This makes integrated system planning - rather than isolated project delivery - a core implementation lesson for the next period.

Workforce transition needs to move from training volumes to transition outcomes:

The first training programmes demonstrated that ESM employees are willing to participate when training is practical and relevant. The next challenge is to connect skills development with specific redeployment opportunities, future ESM functions, local employment demand and the timing of coal-asset transition.

The Annual Implementation Plan also shows that local capacity differs significantly between municipalities. Measures in Bitola are generally moving faster, while Kichevo reports constraints in project preparation, staffing and access to financing. Targeted technical support will be needed if regional measures are to progress at a comparable pace.

- Energy-community and public-awareness activities show that information tools can help build participation, but they need to be linked to practical financing, regulatory guidance and implementation support.
- Regional economic-development initiatives need stronger project pipelines. Partnerships and concepts are emerging, but several measures still require feasibility work, responsible implementing entities and financing before they can generate measurable outcomes.
- A consolidated monitoring framework is becoming increasingly important as the number of tracked projects and institutions grows.

Coordination and absorption capacity:

The Platform now tracks 81 projects and multiple financing/technical-assistance streams. This increases the importance of one consolidated tracker, common status definitions and clear ownership of next actions. Monthly Working Groups are useful, but implementation bottlenecks need timely escalation to the Just Transition Council and Partners level when they cannot be resolved technically.

Private capital mobilisation:

The adoption of the RES Law removes an important legal uncertainty, but private utility-scale investment will depend on the operational credibility of the CfD framework, grid access and predictable permitting. The first auction will therefore be an important test of whether policy reform can translate into bankable projects at scale.

PROGRESS AGAINST PRIORITIES SET IN MAY 2026

Progress Report 2 identified six priorities for the following implementation period. Their status by September 2026 provides a useful bridge between the previous report and the priorities for Q4 2026 and 2027.

Reporting period: H1 2026 → Sep 2026	**Source:** State Statistical Office, ESM, MEPSO, line ministries, JETIP pipeline	**Next checkpoint:** Q4 2026 priorities and 2027 outlook

01 Law on the use of Renewable Energy Sources / CfD Framework

PRIMARY LEGISLATION DELIVERED

The **Law on the Use of Energy from Renewable Sources** was adopted on **30 June 2026** and entered into force in early July. The legal basis for two-way CfDs is therefore in place. Remaining work is operational: **bylaws, auction design, tender documentation, platform readiness and settlement arrangements**. The first auction is currently expected at **end-2026 / early-2027**.

02 ESM Infrastructure Programme

IMPLEMENTATION ADVANCING

Bitola 1 and Oslomej 2 have moved beyond the bid-opening stage reported in May and are progressing into implementation, while **Bogdanci Wind Phase 2** remains under construction. **Bitola 3 financing is in place** and implementation preparation continues. The draft ESM Decarbonisation Strategy has been finalised and is under management review, with adoption targeted in **Q4 2026**.

03 MEPSO Grid Master Plan and Priority Investments

ADVANCED, NOT YET COMPLETE

The **adequacy and flexibility assessment has been completed and validated** and the cost-benefit analysis is under way. The draft master plan and adoption remain targeted for **2026**. In parallel, priority transmission investments have advanced at **Dubrovo, Bitola-Prilep, Ohrid and the Bitola interconnection corridor**.

04 PROSPECT Consultant Selection

TIMETABLE SHIFTED

The PROSPECT Terms of Reference were **not launched in May** as initially envisaged. The current target is to **launch them by the end of 2026**. This remains an important ACT IP component for connecting renewable investment with **education, workforce and community opportunities** in the coal territories.

05 ACT IP Regional Regeneration Components

PREPARATION CONTINUES

Progress differs across components. The **Green and Growth SME window is operational**, while **Revitalise, Climate-Smart Regeneration, ECOBOOST and EcoCommune** remain largely in preparation or early implementation. September monitoring confirms the need for further feasibility work, clearer implementation arrangements, stronger municipal capacity and better linkage to financing.

06 Unified JETIP Monitoring

SUBSTANTIALLY STRENGTHENED

The pipeline has been consolidated across **ESM, MEPSO, line ministries and municipalities** and now tracks **81 projects**. The three thematic Working Groups meet monthly and the **Annual Implementation Plan** is used as a live monitoring instrument. Next step: further standardise KPI definitions and clearly distinguish projects that are **planned, financed, contracted, under construction and operational**.

8. NEXT STEPS AND PRIORITIES (Q4 2026 - 2027)

The next implementation period should focus on a limited number of actions that unlock delivery across the wider portfolio:

01 - CFD AUCTION

Operationalise first auction

- Finalise bylaws and auction design
- Settlement, documentation and platform
- Confirm scope and launch timetable

02 - PUBLIC RES DELIVERY

Convert pipeline into capacity

- Bitola 1 • Oslomej 2 • Bogdanci II
- Prepare Bitola 3 implementation
- Advance mature ESM projects

03 - GRID and FINANCING

Enable grid investment

- Complete Grid Master Plan and CBA
- Prioritise investment programme
- Align CIF • WBIF • IFI financing

04 - ESM DECARBONISATION

Move strategy into implementation

- Adopt and sequence implementation
- Align coal retirement and repurposing
- Link RES • storage • workforce • finance

05 - ACT IP and REGIONS

Accelerate regional transition

- Launch PROSPECT ToR
- Prepare coal repurposing projects
- Advance regional and SME instruments

06 - WORKFORCE and MUNICIPALITIES

Strengthen local delivery

- Shift training → employment pathways
- Support municipal project preparation
- Link local measures to finance and owners

2027 DELIVERY FOCUS					
Auction launched	RES capacity progressing	Grid investments financed	Coal transition sequenced	Regional projects prepared	Workforce pathways activated

Each priority is set out in more detail below.

1. Operationalise the first CfD auction:

Finalise the RES bylaws, tender design, reference-price and settlement arrangements, auction documentation and platform readiness. Confirm the first-tender scope, technology/volume parameters and realistic launch timetable for end-2026 / early-2027.

2. Convert priority public RES projects into operating capacity:

Maintain implementation momentum on Bitola 1, Oslomej 2 and Bogdanci Phase 2; advance Bitola 3 implementation preparation; and prioritise mature projects in the wider ESM pipeline for financing and procurement.

3. Complete grid planning and secure financing for priority investments:

Complete the MEPSO Grid Master Plan and CBA, translate the results into a prioritised investment programme and align CIF, WBIF and IFI financing tracks. Continue implementation of the Ohrid, Bitola-Prilep, Dubrovo and cross-border transmission investments.

4. Adopt and operationalise the ESM Decarbonisation Strategy:

Confirm the adoption timetable, translate the strategy into a sequenced investment and transition programme, and align coal-asset retirement/repurposing with replacement generation, storage, flexibility, financing and workforce measures.

5. Accelerate ACT IP and regional-regeneration components:

Launch the PROSPECT Terms of Reference, advance coal-retirement/repurposing preparation, move regional-regeneration components from concept to project preparation, and connect SME/community-energy instruments more clearly to the two coal regions.

6. Strengthen workforce and municipal delivery:

Move from training outputs toward redeployment and employment pathways; provide targeted project-preparation support to municipalities with weaker capacity; and connect mobility, energy-community, waste and local-development measures to financing and responsible implementers.

9. STAKEHOLDER ROLES AND PARTNERSHIPS

JETIP's delivery depends on coordinated action by Government, ESM, MEPSO, municipalities, financing partners, development institutions, the private sector and social partners. The table below summarises the consolidated roles and the main implementation focus as of September 2026.

Stakeholder	Main Role in JETIP / Update
Government of N. Macedonia / MoEMMR	National coordinator; leads JETIP governance and policy implementation; oversees RES/CfD regulatory framework and cross-ministerial coordination.
ESM (State Utility)	Implements public RES and storage/digitalisation investments; finalising Decarbonisation Strategy; responsible for coal-transition sequencing, asset repurposing and workforce measures.
MEPSO (TSO)	Implements priority transmission investments; prepares Grid Master Plan; advances training, digitalisation and system-readiness measures.
EBRD	Lead JETIP/ACT financing and technical-assistance partner across RES, CfD design, ESM/MEPSO support in developing decarbonisation strategy and grid master plan, co-financing of infrastructure projects as presented in the JETIP pipeline, as well as SME/regional-transition instruments.
KfW	Co-financed Bitola 3 (EUR 50m, Dec 2025) - first EBRD-KfW joint financing. EUR 10m for HPP revitalization. Active partner in Western Balkans green transition.
EIB	The EUR 100m EIB Global facility with the Development Bank of North Macedonia for SME green transition, plus the Greening Financial Systems technical assistance programme with the National Bank.
World Bank / IFC	ACT IP co-financier. IFC supporting Alcazar Energy (Shtip Wind Farm development) and DTIDZ (industrial zones). WB preparing municipal climate investment project for Bitola/Kichevo.
AFD	Joined JETIP formally in October 2025. Expected to provide additional financing capacity, including social and economic regeneration components.
CIF	USD 85m ACT Investment Plan approved March 2024. CIF provides concessional and grant financing through MDB channels across all 8 ACT IP components.
CDP (Cassa Depositi e Prestiti)	Project-level detail on CDP's current North Macedonia activities is not yet available
CEB (Council of Europe Development Bank)	Signatory JETIP partner, named among the Platform's committed MDBs and contributing to the estimated EUR 3 billion of total creditor mobilisation. Project-level detail on CEB's current North Macedonia activities is not yet available in
UNDP (NEW partner)	Joined JETIP formally in May 2026, complementing the existing group of international financing and development partners. Leads the Green Transition Center of Excellence (GTCE) in the Pelagonija region, a public-private initiative to build local institutional capacity for green-transition investment across public bodies, academia, civil society and the private sector.
EU (via WBIF, Growth Plan)	Major grant and reform-linked funding source. WBIF grants supporting Oslomej 2/Bitola 1 and Bogdanci Phase 2. EUR ~750m Growth Plan allocation (2024-27) linked to energy and climate reform conditionalities.
Private Sector	Alcazar Energy (400 MW Shtip Wind Farm) leading private investment. Broad pipeline of private solar PV developers (~7,100 MW proposed). On SME finance, EBRD delivers blended credit through the Green and Growth Program (CIF funds) (NLB Bank, Sparkasse) only for the transition regions and the Joint Green Finance Facility (through local commercial banks) on a country level. EIB and AFD channel additional funds via the National Development Bank. Together these instruments are embedding green finance into the commercial banking offer.
Civil Society / Unions	Engaged through Regional Forums in Bitola and Kichevo. Worker consultations ongoing as part of Just Transition Roadmap implementation.

ANNEX 1: JETIP INVESTMENT PIPELINE - SUMMARY (September 2026)

The September 2026 consolidated JETIP tracker covers 81 projects - 41 core and 40 non-core - with an estimated total value of EUR 1.77 billion. Core projects directly support renewable generation, grid and transmission infrastructure, storage, hydropower, coal-transition preparation and related technical assistance. The summary below presents the public-facing core categories; the detailed tracker remains the working monitoring instrument.

Key pipeline statistics - September 2026:

Category	# Projects	Est. Value	Status - September 2026
Hydropower (public)	9	EUR ~306m	1 active; 8 in preparation
Storage / BESS	3	EUR ~236m	2 in preparation; 1 in inception
Solar PV (public)	5	EUR ~189m	2 in construction; 3 in preparation
Wind (public)	2	EUR ~185m	1 in construction; 1 in preparation
Grid and transmission	13	EUR ~185m	1 completed; 5 active; 7 in preparation
Technical assistance	9	EUR ~4.4m	4 completed; 5 active
TOTAL CORE	**41**	**Approx. EUR 1.1bn**	**Investment and TA portfolio; status varies by project**

Note: Pipeline figures are periodically consolidated and reclassified as project scope, financing and implementation status are updated. Comparisons with earlier reports should therefore distinguish genuine progress from changes in the monitoring perimeter or KPI methodology.