



THE ENERGY IN ALBANIA



Qendra e Eficiencës së Energjisë Shqiptari-DE
Albania-EU Energy Efficiency Centre



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PROJECT “THERMAL INSULATION OF BUILDINGS STOCK – A WAY TOWARDS ENERGY CONSERVATION IN ALBANIA”

1. Background

Reduction of electricity consumption in buildings through thermal insulation of buildings stock is one of the priorities of Albania included in its National Strategy of Energy. This priority is clearly included in the following documents:

- “National Strategy of Energy” approved by Albanian Government, June 26, 2003.
- “Action Plan for the Implementation of National Strategy of Energy for the Period 2003 - 2005” approved by Albanian Government, September 19, 2003.

On the demand-side management, the National Strategy of Energy includes a number of energy efficiency measures. Among them, thermal insulation of buildings stock is an important measure. With increasing energy prices and especially electricity prices, thermal insulation of buildings stock will become more viable economically. The residential and public buildings are between the biggest energy consumers in Albania. They consume large quantities of electricity, fuel wood and LPG, which has contributed to the country's current severe energy situation. Around 67 % of electricity and 30 % of all energy sources is consumed only by the residential sector, and most of it is used to provide the space heating. During last years, in Albania, more and more energy is consumed also for air-cooling. Buildings in Albania have been constructed with little concern for en-

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NEWSLETTER

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ergy efficiency, since before 1990 the main driven factor has been the construction of buildings with the lowest cost. The improvement of thermal insulation for the existing buildings and construction of new public buildings based on the new Albanian Energy Building Code (approved by Parliament in 2002) will make possible the reduction of the energy used for space heating and cooling in buildings. On one side, this will also help to smooth electricity supply difficulties, and on the other side, the energy savings will make possible to use less energy commodities in order to fulfil the heating and cooling needs and, consequently less polluters will be thrown to the environment.

While for the new constructions, the law foresees precise measures to achieve the necessary levels of thermal insulation, nothing is done to change the situation of the existing buildings stock. Only a project implemented by the Albania-EU Energy Efficiency Centre (EEC) in Korça, through the rehabilitation of four public building in Korça, has shown a way to change and improve the situation of the existing buildings stock. Thermal insulation of enveloped (external) surfaces in existing buildings stock is the biggest concern and should be addressed in order to change the situation in buildings' heating sector. The existing buildings do not fulfil the Albanian Energy Building Code conditions, they have walls with a high coefficient of thermal losses and bad insulated windows & doors, and consequently they result with great energy/heat losses.

In such situation, feeling the responsibility of the role to play, the EEC in collaboration with Alliance to Save Energy (ASE) in Washington, and financially supported by USAID/Albania, in the framework of the project "Thermal Insulation of Buildings Stock - A Way towards Energy Conservation in Albania", intends to carry out a set of activities to support the solution of the above issues.

2. Project Description

The overall objective is the promotion and introduction of thermal insulation of existing buildings stock as a way to reduce the energy consumption for space heating and cooling in existing buildings. Thermal insulation of the existing stock of buildings, as an energy efficiency measure, will contribute to the following aspects:

- Reduction of electricity and wood used for space heating and so, will contribute to the reduction of massive cutting of fuel woods in forests areas. In Albania, the firewood contributes to energy balance with more than 13.5 %.
- Reduction of noxious gases' emissions such as reduction of GHG, smog and acid rain gases that contribute in global warming of the planet. Based in the recommendations of the Albanian First National Communication Document to the UNFCCC, the thermal insulation of buildings has the biggest potential for GHG reductions.

3. Activities under the Project

The project will consist of the following main tasks:

Task I - Feasibility Studies on Energy Savings and GHG Emissions Savings through Thermal Insulation of Buildings. This activity will consist of conducting several feasibility studies in order to evaluate/measure the energy savings and GHG emissions reduction resulting from introduction of

thermal insulation in selected existing buildings. The project implementation team will select different types of typical buildings that will be the subject of the feasibility studies. The criteria used to make the selection will be the type of building, level of energy consumption, type of energy sources in use, impact on different social groups, zones, location, etc. To the extent possible, the ASE will work with the EEC to ensure that the selected buildings are also representative of residential buildings in other countries of South East Europe.

Task II - Research and Market Survey to Evaluate the Demand in the Country for Installation of Thermal Insulation in Buildings. This activity will support a research and market survey in order to evaluate/measure the potential for installation of thermal insulation in existing buildings. Using the findings from Task 1, regarding the likely energy savings and GHG reductions, Task 2 will survey the households, in the main 5 cities, to ask questions that will reveal market potential of thermal insulation. The project implementation team will define zones of the market survey and the sample, will design the questionnaire for the market survey, will conduct the interviews, will elaborate and analyse the data, as well as will evaluate the market potential for thermal insulation.

Task III - Organization of a Public Awareness Campaign on the Benefits from Thermal Insulation of Buildings. This activity will be the implementation of actions aiming to raise the awareness among policy makers, local government, business decision makers, general public and individual investors for the environmental and energy costs and benefits from thermal insulation of existing stock of buildings. The project implementation team will initiate an awareness campaign at the national level. The awareness campaign will consist of several components: leaflet, TV spot, series of newspaper articles, series of TV round tables, and public opinion survey.

4. Final Remarks

The project has started in April 2005 and it is expected to be implemented within 18 months. This project can be considered as an important step in introducing to the Albanian residential sector the issues such as efficient management of energy resources, thermal insulation of existing buildings stock and consequently bring steady improvements in the long term. The EEC will promote and advocate the efficient management of energy resources and the energy conservation in buildings through all the country. In accordance with the self-governance law and related obligations, the thermal insulation can also help Albanian municipalities to reduce their expenses for space heating and cooling in municipality buildings, and to allocate the money saved for other necessities. Also it could become a way how to cope with energy poverty and to improve the social welfare on the municipal level. The successful implementation of this project is very crucial to future development of municipal energy efficiency networks and the improvement of energy supply situation in Albania.



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WORKSHOP ON IMPLEMENTATION OF TRANSITIONAL ELECTRICITY MARKET MODEL

On July 14, 2005, USAID/Albania in cooperation with Ministry of Industry and Energy (MIE) and the Electricity Regulatory Authority (ERE) organized a workshop on implementation of the Transitional Electricity Market Model (TMM). Representatives from MIE, ME, ERE, NAE, KESH, OST, Eligible Customers and Qualified Suppliers were invited to participate in this workshop. Two experts, Mr. John Gulliver of Pierce Atwood, and Mr. James Schmidt of Hunton & Williams were invited to take some presentations on TMM, implementation process and possible inconsistencies which exist among the Power Sector Law, TMM and the Market Rules.

USAID Mission Director, Mr. Harry Birnholz, Vice-Minister of MIE, Mr. Gjergj Leqejza, and Chairman of ERE, Mr. Pjeter Dema, took their opening speeches on behalf of three respective organizations organizing the workshop. Mr. Birnholz expressed that the principal objective of the USAID Energy Restoration and Restructuring Program in Albania is to assist the GoA in the implementation of the Energy Action Plan, particularly in the areas of regulatory capacity building and transparency, the development of an open and transparent Albanian Energy Market, and Albania's participation in the Regional Energy Market (REM). However, he pointed out that one of the major bottlenecks for the future of the Albanian Power Sector is the difficulty and delay in implementation of the market model approved by the GoA Decree. In order to identify the problems and obstacles evidenced one year after the adoption of the TMM, Mr. Birnholz launched the idea of establishing a working group that will start the implementation of the market model.

Mr. Leqejza expressed the commitment of GoA for implementation of TMM. He highly appreciated the technical assistance provided by USAID through the consulting contractor Pierce Atwood for preparation and adoption of TMM, which is an encouraging step towards liberalization of and establishing of competition in the power sector. However, Mr. Leqejza recognized that the implementation of this model represents a great challenge not only for the government but for all energy stakeholders, including ERE, KESH, OST and other market participants. He concluded his speech with the commitment of MIE to support any conclusion or recommendation coming out from the workshop.

Mr. Dema presented a brief summary of what ERE has done since the TMM was approved by the GoA. He pointed out that the implementation of TMM requires a number of other secondary legislations and actions to be made by ERE, but not only. Market Rules, Transmission Code, Distribution Code, Metering Code, unbundled tariff methodologies which are some of the secondary legislations approved or under the process of approval by ERE were underlined as a huge work made by the regulator. However, Mr. Dema expressed his and ERE's concerns regarding other stakeholders' role for implementation of TMM. He admitted that the delay in implementing this model derive also from the fact of a number of inconsistencies encountered among various legal acts, and different interpre-

tations that different stakeholders make regarding specific provisions of the Power Sector Law, TMM, and Market Rules.

Mr. James Schmidt made a presentation on some essential elements of the framework for market design implementation based on the experiences of other countries in this area. He underlined that an implementation plan needs to be elaborated addressing various elements such as: legal, regulatory, technical, financial /accounting, commercial/management, corporate, enterprise management, and tariff customer relations. Mr. Schmidt emphasized that the experience of other countries has shown that establishment of a working group in charge of implementation process is vital. This working group must be of a high profile with participants having a mandate from their organizations or institutions. WG will be responsible for overall implementation coordination, and will meet regularly on monthly basis. WG will have responsibility for allocating tasks and resources, making additional decisions within mandate, and the duty to check progress against TMM. It will be responsibility of this WG the conduction of a comprehensive review of the Power Sector Law, TMM, Market Rules, and other relevant documentation to gain a common understanding and to identify and discuss potential inconsistencies and need for clarification and improvement.

Mr. John Gulliver made a short presentation on the contents of TMM highlighting the most critical and important points such as a functioning TSMO/OST, unbundling of KESH, strong independent regulator, prompt and transparent settlements, annual regulated bilateral contracts, domestic hydro capacity allocated for Albania tariff customers and regional electric market integration. Afterwards, Mr. Gulliver brought to the attention of participants some of inconsistencies evidenced among the Power Sector Law, TMM and Market Rules. Some of inconsistencies highlighted by him had to do with the role and name of TSO, the right to conduct energy swaps, concepts of qualified supplier and external supplier, the public service obligations especially as to the priority of access to the transmission and distribution networks, financial settlements and the obstacles regarding implementation of public procurement law provisions in case of contractual transactions made by public companies, etc.

In the workshop, short discussions from representatives of MIE, ME, KESH, OST, Eligible Customers and Qualified Supplier were made pointing out the problems encountered by them in the TMM implementation process. This workshop was a good opportunity to have an exchange of opinions among various market participants referring to TMM. Everybody agreed that a working group is fundamental for the whole implementation process. This WG should be led by MIE and be established as soon as possible.



Zija KAMBERI
Energy and Legal
Consultant

BALKAN POWER CONFERENCE PRESS RELEASE

Balkan Power Conference is again connecting academic, business and decision maker's world together - this time in Sofia, Bulgaria, with new themes and challenges. BPC is approaching fast. Early bird registration deadline for Balkan Power Conference is 1.8.2005. All those who want to get special price fee have one more week to register at our web page – www.balkanpower.org

The 5th Balkan Power Conference will be held between 14th and 16th September in Hotel Princess Sofia, featuring one of the largest casinos in the Balkans. Situated in the center of Sofia, the hotel is a modern and dynamic place for both business trips and leisure. This year's conference is divided to three events. On the first day of the BPC 2005, a pre-conference workshop will be organized entitled "Liberalization of the Power Supply Industry - Regional Impact", with main topic of impacts of liberalization of Power Supply Industry in the region. On the second day, the main BPC 2005 event will take place. Two panels focusing on regional electricity market and system aspects of electricity trading in the Balkan region will take place. For the last day, we have prepared the International RES Seminar, a special event on Renewable Energy Sources, organized under the auspices of European Commission, 6th Framework Program. International RES seminar will also feature two panel sessions - "Technology Impact on Economics and Regulatory Framework" and "Regional Aspects and Potentials of RES in Bulgaria". At the end of the conference, the winner of the Balkan Power Student Contest will be announced.

1. Marketing

There is still time to join us and be part of the best energy related event on the Balkan Peninsula. The Balkan Power Conference offers your company an outstanding opportunity for meeting existing and potential customers, whether you are already doing business in the Balkan region or taking your initial steps. It is an ideal opportunity to increase visibility and maximize the exposure of your company.

Facts about BPC 2005:

- Best energy related event on the Balkan Peninsula,
- Some 100 - 150 participants - businessmen, academics and decision makers,
- Up to date information and discussions on Power Market and Renewable Energy Sources,
- Official hotel - Princes Sofia Hotel, an excellent congress venue featuring one of the largest casinos on the Balkan Peninsula,
- Excellent possibility to increase your brand recognition and develop relationships through new networking opportunities.

2. Media partners

We are proud to present three media partners that will **cover Balkan Power Conference.**

1 - BalkanEnergy.com – www.balkanenergy.com

Balkan Energy Solution Team (BEST) is dedicated to popular-

ize power sector, research in renewable energy sources, free electricity markets and ecology. BEST is publishing free e-mail type info-letter in English and Serbian language related issues of interests of BEST and its web visitors and it offers possibility to present your product, company, research, programs, experience, etc.

2 - TLL media - www.tllmedia.bg

TLL media (founded in 1997) is a publishing house, for technical periodicals, specialized in the field of electronics, electric equipment, power engineering, HVAC, water supply, waste water treatment, automation, machine building and many other industrial sectors. Today, TLL Media issues four main publications - Engineering Review magazine, South-East European Industrial Market (SEEIM) magazine, Bulgarian Technical Catalogue and e-bulletin Engineering Review Auction, as well as special issues of Engineering Review devoted to particular product groups. SEEIM is a bimonthly industrial products & services magazine reaching to the whole Southeastern Europe: Bulgaria, Croatia, Greece, Macedonia, Romania, Slovenia, Turkey, Serbia and Montenegro.

3 - SeeNews - www.see-news.com

SeeNews is independent newswire carrying valuable news and information from the countries of southeastern Europe tailored for professionals in the corporate sector, media, financial services, state institutions and governments, and international organizations.

3. Student Contest

Students were invited to participate in the ongoing debate about the new issues concerning electricity market operation, especially in Balkan area. They had to answer the question: Renewable energy sources (RES) - the way to sustain environmentally friendly economic growth? With this contest, we wish to foster the interest and the future involvement of students in this particular field. Thirteen students from FYROM, Croatia, Serbia and Montenegro, Romania and Slovenia replied to our call and send us their seeing on Renewably Energy Sources. The winner of the Student Contest will be announced at the 5th Balkan Power Conference and 10 best student will awarded with free participation of BPC Summer School 2006.

4. Venue

Official hotel of this year's conference is Sofia Princess Hotel. Sofia Princess Hotel is one of the largest casinos on the Balkan Peninsula. Located close to the city center, the Central Railway station and being only 12 kilometers from the Sofia International Airport, Sofia Princess Hotel is a convenient place for both business trips and entertainment. It is of the year-round type of city hotels, offering both individual and organized, congress and business tourism.



Tomaz OSTIR
Organizing Committee Member
Balkan Power Conference 2005