



# THE ENERGY IN ALBANIA



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



## THE ENERGY IN ALBANIA (NEWSLETTER)

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## NEWSLETTER

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### CLIMATE CHANGE NEGOTIATIONS ARE PAVING THE WAY TOWARDS CLIMATE FRIENDLY ECONOMIC GROWTH

In December 2007, in Bali, Indonesia, the Governments, Party to the UN Framework Convention on Climate Change recognised the urgency to act in order to strengthen the international response on climate change and started a two years negotiating mandate, called Bali Road Map which aims to conclude in an agreed outcome in Copenhagen in 2009. In addition, Parties have recognized the small room of opportunity to achieve such an outcome.

The expected outcome under the Bali Road Map must urgently open the door for viable, climate-friendly economic growth at a global scale. In global economy that has a huge demand for energy, greening such investments and directing them into climate friendly pathway is the only one solution to avoid a dramatic increase of greenhouse gas emissions associated with negative impacts as the IPCC latest report tells us. Three rounds of negotiations have been held so far under the Bali Road Map.

Negotiations involve work under both the Convention and the Kyoto Protocol. Under the Kyoto Protocol, new targets for developed countries, and ways to improve the market-based mechanisms are up for negotiation. Under the Convention, governments agreed to strengthen their actions around four building blocks: adaptation, mitigation, technology and finance.

With regard to enhanced action on mitigation, industrialised countries would do this through measurable, reportable and verifiable mitigation actions, including quantified emission limitation and reduction objectives. While developing countries are not required to take on binding emission reduction targets, they are making efforts to agreeing to enhance their mitigation actions based on nationally appropriate mitigation actions in the context of sustainable development, supported and enabled by technology, financing and capacity building, in a measurable, reportable and verifiable manner. The third round of the Climate Change Talks was held in Accra, Ghana during 21-27 August 2008.

Negotiations on the Kyoto Protocol aimed at clarifying the tools and rules available to industrialized countries to reach emission reduction targets beyond 2012, when the first phase of the Protocol expires, along with identifying options to enhance their effectiveness and contribution to sustainable development. This part of the negotiations must be concluded before the group can move on to the issue of determining emission reduction ranges for developed countries at the next round of negotiations to be held in Podznan in December 2008. The negotiation under the Convention were held in the form of workshops. A workshop was held on sectoral approach and sector-specific actions.

The Kyoto Protocol's clean development mechanism allows emission reductions from projects to be credited. This and other mechanisms could be expanded to engage important sectors of the economy, for example the steel, cement or power-generating sectors. Parties emphasized that such approaches should not lead to binding commitments for developing countries and that is up to a country to decide if it want to put sectoral policies in place or not and adapting to the impacts of climate change. A second workshop was held on policy approaches and positive incentives to reduce emissions from deforestation and forest degradation in developing countries. Emissions from deforestation accounts for about 20 % of global greenhouse gas emissions. Furthermore, for the first time in the negotiations leading up to Copenhagen, a joint discussion on both the finance and technology needed to limit emissions and adapt to climate change has been held. This helped to create an interlinked discussion on a number of elements of the Copenhagen agreement.

The Accra negotiations concluded with clear signals that the pace of negotiations to get to a deal on long-term strengthened international action on climate change is picking up but there is still a lot of challenges ahead for the deal, to be agreed at the Climate Change Conference in Copenhagen in December 2009.



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**Manager**  
**Climate Change Program**  
**Ministry of EFWA**

## **ESTABLISHMENT OF THE ALBANIAN TESTING AND CERTIFICATION FACILITY FOR SOLAR WATER HEATING SYSTEMS**

### **1. Background**

Since September 2005, the Austrian Development Cooperation (ADC) is financing the implementation in Albania of a project entitled "Solar Water Heaters - Albania". Among other objectives, this project has foreseen the implementation of a national labeling scheme for solar thermal collectors and systems. In order to achieve that, the project "Solar Water Heaters - Albania" aims to establish a national "Solar Test Centre" which will be responsible for the operation of the labeling scheme and also will carry out the product tests that are the basis for the labeling. Based on an analysis of the solar thermal market and the Albanian conditions, the above-mentioned project has aimed to define a labeling scheme for solar thermal collectors and systems. This labeling scheme has been defined in such a way to reflect that the quality of the tested equipment is appropriate for Albanian conditions, even if the key aspects of the labeling scheme are already based on existing European standards.

Under UNDP/UNEP project entitled "Global Solar Water Heating Market Transformation and Strengthening Initiative", Albania has been selected as one of the initial 6 countries to participate in this program with a national sub-project. The Output 4 of the Albanian sub-project is related to developing a certification and quality control scheme applicable for Albanian conditions and enhanced capacity of the supply chain to offer products and services promoting sustainable SWH market, under which it is foreseen the establishment of a Test Facility and application of methods to test both Albanian, and as applicable, imported systems according to the adopted standards. The applied quality control system for the testing will be tuned to the demands of the adopted certification system.

As described above, both, the Austrian Development Cooperation and UNDP Albania are exploring the huge potential of solar thermal applications in Albania. The discussions have led to the agreement for the purchase of a common "Solar Test Facility", which will be hosted and managed by the local "Harry Fultz" Institute in Tirana with technical support from the Albania-EU Energy Efficiency Centre (EEC).

### **2. Inauguration Ceremony of the Solar Test Facility**

The Inauguration Ceremony of the "Solar Test Facility" is organized on 11 September 2008 at the premises of "Harry Fultz" Institute in Tirana. The opening part has included speeches from representatives of the Austrian Development Cooperation and UNDP Offices in Tirana, as well as representative of the Ministry of Environment, Forestry and Water Administration and partners working in the area of energy and the environment.

The technical part has included presentations from representatives of "Harry Fultz" Institute in Tirana, AEE INTEC - Austria, UNDP-GEF Climate Change Program/Unit - Albania, SWT - Germany, and EEC - Albania. As mentioned during the technical part, the "Solar Test Facility" will be responsible for the operation of the Albanian labeling scheme and also will

carry out the product tests that are the basis for the labeling scheme. This status can be earned by playing a comprehensive role in standards, certification and technical advice. The “Solar Test Facility” will play an important role in the capacity building too. All of these activities generate knowledge that adds to the stature of such institution and will very much add to the work aimed at capacity building in the solar energy business chain. The “Solar Test Facility” might serve as well as Focal Point of the future “Albanian Solar Industry & Trade Association”, an association whose aim will be to organize the efforts and protect the interests of key players or main stakeholders of future Albanian Solar Industry and other R&D organizations.

The following photos illustrate the Inauguration Ceremony and some details of the “Solar Test Facility”.



Photo 1. Inauguration Ceremony of Solar Test Facility



Photo 2. Welcome by Mr. Christopher Opancar, Head of ADC Office in Albania



Photo 3. Presentation of Mr. Arian Kapedani, Director of “Harry Fultz” Institute



Photo 4. Rig and a Solar Collector during Testing Procedures



Photo 5. General View of Solar Test Facility



Photo 6. Temperature and Data Acquisition Unit

### 3. Final Remarks

The “Solar Test Facility” has started its operation and will function based on its business plan, prepared by the EEC. The “Solar Test Facility” will provide product quality and certification services for manufacturers of solar water heating systems, in accordance with recognized European standards. The “Solar Test Facility” will also provide valuable information to businesses, policy makers and local government on the environmental and cost benefits of solar thermal technology.

The successful operation the “Solar Test Facility” is very crucial to the further development and transformation of solar

thermal market in Albania. The “Solar Test Facility” is expected to gradually grow into a recognized centre of excellence for promoting solar water heating technology in Albania. It will also offer consultancy services, and practical information on available public support for manufacturers, suppliers, importers, installers as well as consumers.



**Dr. Eng. Edmond M. HIDO**  
**Director**  
**Energy Efficiency Centre**

## GLOBAL CRISIS AND ALBANIAN CONSULTANCY

The international economic environment is going through a deep financial crisis, which is gradually threatening to involve the capital markets all over the world. After the American economic stagnation that culminated with the downfall of several companies operating in the banking sector, after an over-extended European recession that is jeopardizing the broader economy, recently Russia revealed the first signs of the government’s involvement in preventing the economic unfolding crisis, demonstrating the global capital markets are paying the costs of the unprecedented and almost abusive growth due to a contemplation based on geopolitical premises other than on rational economic planning. Nevertheless these lines aim to address the probable economic local consequences and ways to overcome the crisis, rather than determining its causes. The global crisis, which is expected to affect by higher prices of main commodities in the market evocated by the slow pace scarce returns on investments will effect the growth of the small economies, especially in developing countries. Albeit the promising development and macroeconomics stability, Albania remains one of those feeble still developing countries, while being economically vulnerable.

Albania’s economic structure depends for quite 85 % in the private especially trade sector, adding credible reasons to this threat. If the USA or other developed countries were forced to get financially involved in this crisis to rescue national assets from bankruptcy, Albania and other small countries alike are less likely to do so. The financial crisis will heavily burden the private sector and especially the operators engaged in production. It is unlikely for this segment to transfer to the end consumers the production added costs caused by raise of prices in the international market of the raw materials. The Albanian national production of these materials is insignificant. The productive sector, somehow favored by the financial stability (which on the other hand affected by the commercial balance will press to generate inflation in the country) will face the impact of a raising competitiveness following the liberalization of the regional markets. Most of the investments already planned and designed to be implemented are currently challenged to re-assess their feasibility, since they have to realize their product in an international market.

The solution to this prognostic and critic situation is in developing the local consultancy capacity in the financial decision making process of the private businesses would be the only rational response to reclaim the necessary equilibrium to overcome this crisis, which even if neutralized in the main cities in short-term it will still have long-term effects in suburbs. By developing financial planning and management, regrouping company needs in conjunction with an organized consultancy cycle in order to decrease the operating costs and to have a flexible plan toward the crisis' effects would be the first step necessary that production companies would adopt in the actual circumstances. Starting to plan outsourcing of consultancy services by specialized companies or units, asking for accountability out of any common decision would represent an intelligent approach for a pro-active generation of ideas that fundamentally decrease the management costs and improve the effectiveness of every penny spent. The provisions that commercial companies have to consider are the relocation of resources especially at human resources level, effective marketing structuring, repositioning of many products and brands in conjunction with the real market size, mitigation of the liquidity crisis and preserving the chances for an eventual partial diversification of market presence. These interventions need to be accomplished by high level professionals and it can be guaranteed only by specialized consultants.

Companies are still on time to step up in order to reevaluate and register their assets on real bases, favored also by the fiscal reform, which will become effective by beginning of 2009. In this direction also the government has the premises that - under special circumstances - to build a real and stable partnership with the private sector, asking for more cooperation with the aim being the protection of the consumer and keeping up with the development of the Albanian national economy toward the planned constraints. As an Albanian proverb says "There is no harm by every bad thing". It is the right moment that all parties engage to finding effective solutions in calm and foresight approach, which can be achieved through the contribution and support of all the factors in the market. Local consultancy, which has been merging in maturity, is part of the solution. Business Advisory Services (BAS) Programme of EBRD remains a core supporter of this cooperation, which is measured by results, so far very satisfactory.



**Neritan MULLAJ**  
**Country Director**  
**BAS Program for Albania**  
**EBRD**

## **REGIONAL ENERGY DEMAND PLANNING PROJECT**

### **1. Background**

This paper summarizes the results of the USAID-supported Regional Energy Demand Planning (REDP) activities under the South East Europe Regional Energy Market Support (SEE

REMS) Project (10/1/2004 - 9/30/2008). This effort culminated in the signing of the Treaty to establish the Energy Community (signatories included the EU, Albania, Bulgaria, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Romania, Serbia, Montenegro and Republic of Kosovo (UNMIK)).

Under REDP, USAID extended the work begun under the Generation Investment Study (GIS) of the World Bank, by conducting more detailed demand analysis and forecasting. The goals of this undertaking were to forge a better understanding of the possible paths for the evolution of the individual countries' energy systems by building analytical capacity within the region to better inform decision-making.

### **2. Approach**

A Steering Committee (SC) of national policy makers was established by the Permanent High Level Group (PHLG) to guide and oversee the activities of the REDP. The Steering Committee, in turn, nominated representatives for the Technical Working Group (TWG) from 8 countries tasked to identify and collect the data necessary to depict the current energy system in each country. Under the direction of a team of international modeling experts (IRG Consultants), the TWG members have incorporated their national energy system information into a robust energy planning framework for each country built upon the MARKAL/TIMES modeling platform.

The Steering Committee, in consultation with USAID, identified a number of interesting energy policy issues for examination utilizing the national models.

- The potential role of energy efficiency and conservation in curbing growth in energy demand.
- Diversification and security of energy supply.
- The role of renewable in diversifying energy supply.
- Impacts of increased utilization of nuclear power.
- Optimal use of increased availability of natural gas.
- The pathway necessary to attain various EU energy and environmental targets.
- The effect of eliminating energy price subsidies.
- Evaluation of requirements to support more rapid economic growth, and
- The potential benefits of regional electricity and gas markets.

Once the national models were in place, the TWG conducted an initial analysis focusing on the potential role of energy efficiency in curbing growth in energy demand. This process has established the foundation for investigating other, issues of national and regional importance as they arise.

( .....continued on next issue.....)



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