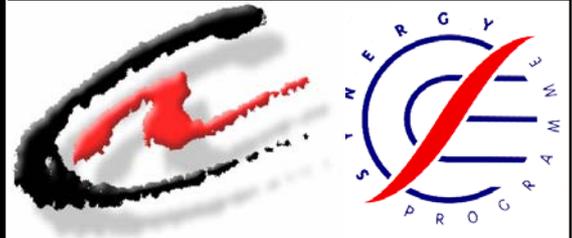


# THE ENERGY IN ALBANIA



## THE ENERGY IN ALBANIA (NEWSLETTER)

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### ALBANIAN ELECTRICITY MARKET DEVELOPMENTS

( .....Continued from previous issue..... )

#### 3. Amendment to Existing Power Sector Law and the New Power Sector Law

On November 26, 2011, the Albanian Parliament approved some amendments to the existing power sector law (law no.10485, date 26.11.2011), where the main amendment is that regarding Article 48 on the definition of Eligible Customer. Based on the new amended article, an Eligible Customer shall be considered automatically any electricity customer connected to the power network at the voltage level 110 kV or above, as well as any other customer despite the voltage level it is connected to, having an annual electricity consumption larger than 50 million kWh. Based on this amendment starting from January 1, 2012, all customers meeting one of the above conditions shall be obliged to leave the system and be supplied by a Qualified Supplier at non-regulated prices.

Although, this action was primarily motivated by the difficult hydrologic situation that KESH generation is facing during the entire 2011, it also will have effects on the opening of the retail electricity market. The electricity consumption from the customers that are expected to become eligible represents about 15% of total electricity consumption by final customers. Taking into account that all domestically produced electricity is going to be preserved for tariff customers, it is very likely that the supply of eligible customers will be provided from import market with

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## NEWSLETTER

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relatively higher prices than the actual prices they are supplied by the Retail Public Supplier.

Actually, METE is in the process of finalizing a new power sector law, which is fully based on the EU Directive 2003/54/EC and reflects a number of requirements of the Directive 2007/72/EC on electricity market. Initially, the draft law (Article 68) considered as Eligible Customers all customers except household customers and small enterprises (namely enterprises with fewer than 50 occupied persons and an annual turnover or balance sheet not exceeding the equivalent in Leke of EUR 10 million) reflecting the EU Directive definition. However, taking into account the possible effects that this action would have on the performance of the newly privatized distribution company, this provision would start to be effective after 2014. The new draft law also require full unbundling of distribution system operator and the unbundling of RPS accounts for supply of tariff customers and eligible customers should the latter be engaged in the supply of eligible customers as well.

With the new amendment to the existing power sector as described above, the draft law needs to be slightly revised in order to establish a gradual opening of retail market by January 1, 2015 when, according to the EC Treaty, all customers are expected to be eligible and the retail market be 100% competitive. At the same time, all secondary legislation governing the electricity market, including Albanian Market Model, Market Rules, etc. has to be revised in order to comply with the new law provisions. It is obvious that the running of a competitive retail market will not be an easy process for all involved market participants. Besides, a non very accurate secondary legislation regarding the balancing energy market, imbalance payment, settlements etc., lack of experience market operator, full unbundling of distribution from supply activity, and the lack of competitive and open market experience of our energy institutions may create some initial difficulties. Another challenge for a strong and competitive retail market remains the commercialization of KESH hydropower generation, in order to enable all domestic customers to benefit from such resources. Therefore, it is very important that a Working Group or a Market Commission with participants from all electricity stakeholders, including representatives of customers, be established as soon as possible with the goal to address all above-mentioned issues. Another important aspect of a successful electricity market will be its close monitoring in order to avoid any market distortion or manipulation. The role of the Energy Regulator in this aspect will be essential.

#### 4. Conclusions

- Despite various efforts made by Albania during last 7-8 years, not very much progress has been achieved with the opening of the retail electricity market.
- The latest amendment to the existing power sector law will oblige a number of large customers to become eligible starting from January 1, 2012.
- The new power sector law expected to be finalized within 2011 needs to establish a time schedule for full retail market opening within January 1, 2015.
- DSO needs to be fully unbundled from any supply activity, either for tariff or eligible customers, in order to guarantee to Eligible Customers, Qualified Suppliers and generators a fair and non-discriminatory treatment as to the network access

and fair distribution tariffs.

- All secondary legislation affecting the market development needs to be revised and completed.
- ERE should play a stronger role for market monitoring to make sure that all market participants enjoy the same fair and non-discriminatory treatment and no market distortion or manipulation will occur.



**Zija KAMBERI**  
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Consultant

### **MAIN ACTIVITIES UNDERTAKEN DURING 2011 IN THE FRAME OF THE GEF/UNDP PROJECT "ALBANIA - SOLAR WATER HEATING MARKET TRANSFORMATION AND STRENGTHENING INITIATIVE"**

The project activities during the year 2011 have been focused mainly on legal and institutional framework for the promotion of solar water heating systems at a national level but also locally; preparation of the draft National Plan on Renewable Energy by the year 2018 with base year 2009; capacity building of all representatives of the supply chain of Solar Systems for preparation of hot water (SWH), building capacity of Professional Training Centers to develop specific training courses for solar thermal systems; drafting of a scheme of quality control, testing and certification of solar thermal systems and their installation in Albania, as well as evaluating opportunities for improving the local testing center based on the inputs and consultations with national and international experts contracted by the project. Following are listed the up to now project's findings as per the expected outcomes.

#### **Outcome 1 - An Enabling Legal and Regulatory Framework to Promote Sustainable SWH Market (Policy)**

- The technical analysis are finalized in support to and the drafting of the solar chapter is submitted as part of the new Law on Renewable Energy, which is actually with Ministry of Economy, Trade and Energy (METE) undergoing the final stage of revision before its submission to the Parliament; draft legal acts related to solar energy are also prepared in support to the requirements of both, the Renewable Energy law and the Energy Efficiency law.
- Following the request of the METE, the first draft of the National Plan on Renewable Energies is prepared and submitted, which takes into account all sources of renewable energy including specific targets for solar energy: this draft involves technical and legislative measures for the country until 2018 which are in line with the relevant EU directives; the obligations that the country has as a party to the Energy Community Treaty; and the objectives of National Strategy of Energy.
- A study tour is organized in Spain with the involvement of the main key stakeholders from different public entities, to profit from the very positive Spanish experience with the promotion

of Solar Water Heating at national and/or local level.

### **Outcome 2 - Enhanced Awareness and Capacity of the Targeted End-users and Building Professionals to Consider and Integrate SWH Systems into Different Types of Buildings (Information)**

- A summer campaign is conceptualized and finalized alongside the whole coastal area of Albania, entitled "Mobile Solar Shower" to increase the general public awareness on the technology of SWH systems.
- Software is finalized for dimensioning and calculating the economic and financial feasibility of SWH systems: it is released to internet (www.ccalb.org), intended to be used by all the interested ones of the residential and service sectors.
- Procuring of equipment is realized for monitoring hot water consumption in up to 20 households/families placed as per the three climatic zones in Albania: Results of monitoring will be used for research purposes to better assessing of the financial indicators of SWH used in the country.
- Work is devoted to the identification of possible sites for solar thermal system monitoring (the related recommendations, technical specifications and supervision of the installation of the monitoring equipment are still expected from the international expert on certification).
- A technical working group is established under the lead of the National Employment Service: the group finalized a proposal on the development of the specific SWH courses' curricula for the training of SWH systems' installers from the Vocational Training Centers in Albania: The specific curricula is then approved by an order of the Minister of Labour, Social Affairs and Equal Opportunities. Didactic equipment to support the proper delivery of the SWH courses in three selected Vocational Training Centers, respectively in Tirana, Durres and Fier, are procured and installed: training of the VTCs instructors will follow in the first quarter of 2012 on the basis of the improved curricula.
- The first phase of the training is delivered targeting the needs of the architects and other building sector professionals (the second phase is planned to be delivered in March 2012) regarding the application of SWH technology.
- In collaboration with the Italian NGO - CeLIM, a training of Energy Engineers and other local government representatives is delivered regarding the application of the SWH in Public and Private Buildings.

### **Outcome 3 - Increased Demand for SWH Systems by the Availability of Attractive End-user Financing Mechanisms or other Delivery Models, such as Utility Driven Models (Finance)**

- Around table is organized with the local banks, representatives from the Tourism and Business Associations and other stakeholders to discuss the most feasible support mechanisms, based on the findings of the feasibility study of different financial support schemes.
- A survey is conducted with the members of the Albanian Tourist Association (the final results still pending) for the identification of their needs regarding the financing of the SWH systems in the Albanian Hotel Service.

### **Outcome 4 - 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 (Technology and Business Skills)**

- Through a cooperation with the Swiss Consortium led by INFRAS, it is organized the initial testing by the SPF testing centre in Rapperswil of the three types of Solar Collectors produced by the Albanian manufacturers: the testing is associated with the proper recommendations for technology improvements, aiming to get the final tests done by the end of 2012; in addition, the Albanian manufacturers participated in one week training in Switzerland and had also the chance to visit the most important Fair Trade on Solar Energy in Munich, Germany, in June 2011.
- The first set of trial tests (4 collectors) is accomplished in the premises of the testing facility by the Harry Fultz Institute in Tirana: the evaluation of the first results still expected by the international expert working on certification.
- The work has continued for the drafting and discussion of the certification scheme for the installers of SWH systems: a round table is organized with all the main stakeholders to present their comments on (i) the certification scheme of the solar products and (ii) the training and certification scheme of the installers of SWH systems; the project facilitated, in collaboration with the General Directorate of Standardization, for the adoption of 100% of all the EU/International Standards related to SWH: three of those standards are bought and translated into Albanian for the needs of the end-users. The Project has established close relationship with the General Directorate of Accreditation with the intention to jointly adopt the above mentioned certification schemes.

### **Outcome 5 - The Provided Support Institutionalized and the Results, Experiences and Lessons Learnt Documented and Disseminated (Including Monitoring, Learning, Evaluation and their Feedback for Adaptive Management)**

- A proposal is finalized and sent to AKBN for the SWH market monitoring in Albania; The Project has collaborated with INSTAT and managed to include one indicator related to the SWH systems in the template of the national population and buildings census carried out by INSTAT during fall 2011: the results of the census still expected.
- The estimations on the penetration of the SWH systems in Albania, till 2020 and for households, service and industry are finalized as a follow-up of the update of the relevant market analyses.
- A relevant charter for the establishment of a local solar thermal association is drafted and shared with the possible members for their comments/suggestions.

The project continues its implementation in line with the Annual Work plan for 2012, expected to close its activities by end of 2014.



**Mirela KAMBERI, M.Sc.**  
**Team Leader**  
**Project Coordinator**  
**UNDP Climate Change**  
**Programme**

# MUNICIPAL EE PLANNING IN ALBANIA - IMPLEMENTATION OF PHASE 1 (STAGE 3)

## 1. Background

The year 2011 is the fifth year that the Norwegian Government is supporting an Energy Efficiency Capacity Building Programme in Albania, and one component of this programme is dedicated to support awareness raising and capacity building in the Albanian Municipal Sector. The Norwegian Ministry of Foreign Affairs has commissioned ENSI - Energy Saving International AS to implement the programme on "Municipal Energy Efficiency Planning in Albania". Stage 1 and Stage 2 have been completed and funding has been provided for implementation of Stage 3 - continuation of Municipal Energy Efficiency Planning in Albania. The MEEP program implemented by ENSI is composed by two elements - Introduction of principles of municipal energy efficiency planning and capacity building to municipal staff members, and continuing support to the previously trained municipalities in implementation of the developed Municipal Energy Efficiency Plan. Under such circumstances, feeling the responsibility of the role to play, the Albania-EU Energy Efficiency Centre (EEC) in collaboration with ENSI and financially supported by the Norwegian Ministry of Foreign Affairs, in the framework of the project "Municipal Energy Efficiency Planning in Albania - Stage 3", intends to carry out a set of activities to support the solution of the above-mentioned issues.

## 2. Project Description

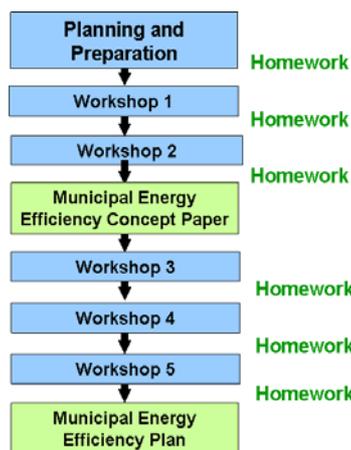
The Municipal Energy Efficiency Planning (MEEP) Program, implemented by ENSI in collaboration with the EEC, is designed to be implemented in three Stages. The MEEP Program is aiming to increase the awareness about energy efficiency possibilities in the municipal sector, as well as to increase the knowledge and skills on how to prepare Municipal Energy Efficiency Plans. The Stage 3 of MEEP Program, for the new 5-6 municipalities, is organized in two Phases and will include the following main activities:

### Phase 1

- Selection of 5-6 new municipalities. A team of 2-4 municipal specialists from each municipality (covering managerial, technical and economic responsibilities) will be established.

- Organising of five Training Sessions (1,5-2 days each) for the participating municipalities, presenting the following main topics:

- Opportunities and barriers for energy efficiency (EE) in Albanian municipalities (incl. legal framework);
  - EE measures in buildings, street lighting, water utilities, energy supply, etc.;
  - Utilisation of renewable energy sources;
  - Operation, maintenance and management of municipal facilities;
  - Project financing and business planning;
  - Municipal energy efficiency planning.
- Supporting the Municipal Specialists in preparing a MEEP Concept Paper for their respective municipality.



### Phase 2

- Developing an Energy Audit in three different municipalities. EEC will develop the energy audits according to the methodology for which training and tools were provided by ENSI.
- Supporting the Municipal Specialists in preparing MEEP as well as in presenting the MEEP to their City Councils.

## 3. Project Implementation during Phase 1

The Phase 1 (of Stage 3 of MEEP Program) has been fully implemented. During 2011, a set of four Training Sessions has been organized by EEC and ENSI, for the newly selected 5-6 Albanian municipalities included in this Energy Efficiency Capacity Building Programme. The main Outcomes from Phase 1 are:

- Consultants and Municipal Specialists have been trained;
- Energy Efficiency Teams have been created & started their work;
- Buildings Database has been established and updated;
- Financial Sources have been identified;
- Barriers have been identified;
- MEEP Concept Papers, for 5 municipalities, have been prepared and Municipality Administration has approved them.

The participants from Municipality of Shkodra, Fieri, Elbasani, Librazhdi, Pogradeci, and Erseka have received manuals and tools tailored for working with energy efficiency in the municipal sector. The Norwegian experts have provided guidance and support during the homework periods, aimed at ensuring good progress and concrete results. The EEC experts have provided technical support to the 5-6 new municipalities selected to participate in the Stage 3 of MEEP Program. Technical support between the Training Sessions has been focused to support the participants of the Stage 3 of MEEP Program during the process, mainly by assisting with their homework assignments as well as to prepare a Municipal Energy Efficiency Plan (to be presented to the City Council). Based on that, 5 municipalities have prepared their MEEP Concept Paper and the respective Municipality Administration has approved them.

## 4. Final Remarks

The project has started in November 2010 and it is expected to be implemented within June 2012. This project can be considered as an important step in introducing to the Albanian municipalities the issues such as efficient management of energy resources, thermal insulation of existing buildings stock and consequently bring steady improvements in the long term. At the end of the Stage 3 of MEEP Program, the officials from the selected municipalities will be able to conduct Energy Survey & Audit and prepare the technical report for financing the proposed energy efficiency measures. The above-mentioned municipalities will complete their Municipal Energy Efficiency Plan and continue the work for its implementation.



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