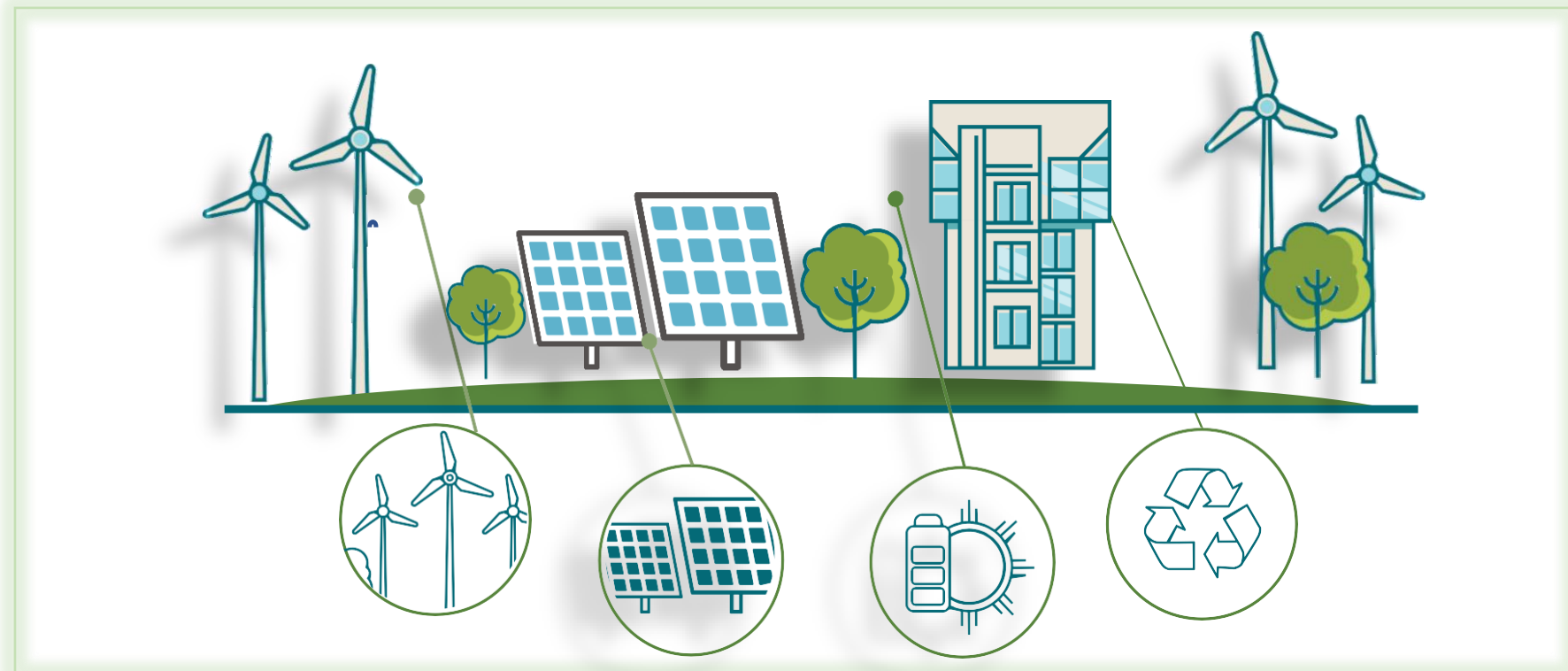


# Actors and Policy Mapping for Effective Implementation of Kosovo's NECP

## Policy Study



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## Institute for Development Policy - INDEP

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Note:

This paper was originally written in English.

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# 1. Introduction

## 1.1. Kosovo Energy Profile

The European Union is facing a clean energy revolution with ambitious goals set by 2020, 2030 and towards de-carbonization of the energy sector by 2050<sup>1</sup>. The growing share of energy from renewable sources has brought a paradigm on the policies, regulations and the energy systems in the electricity market of EU but also beyond. This shift has affected prospective members of the EU, but also countries with close ties to the EU market. Being a member of Energy Community and also a prospective member towards full EU accession, Kosovo has to comply and adhere to the EU regulations and objectives, including the energy targets for renewable energy sources based on the Decision of the Council of Ministers of the Energy Community D/2012/04/MC-EnC for the implementation of Directive 2009/28/EC<sup>2</sup>. Furthermore, a target accounting (29.47%) is established by the National Action Plan.

Currently, more than 91.43% of electrical energy produced in Kosovo comes from the burning of fossil fuels, i.e., respectively coal, with a low caloric value of 7200 kJ/kg in existing power plants Kosovo A and Kosovo B. However, as the Energy Regulatory Office states, Kosovo has had an installed hydropower capacity of 96 MW since the '90s, and there are 20 more hydropower projects approved for the future. Jointly, these new and old hydropower plants will account for approximately 175 MW. Some examples of the latter include the “Ujmani hydropower plant which produces 35 MW, Lumbardhi 1 and 2 HPP (8 MW + 7MW), Deçani (9.5 MW), Belaja (7.5 MW), Brodi 1 and 2 (4.7 MW + 1MW), Albaniku 2 (4 MW), Restelica 1 and 2 (2.4 MW), Dikanci (3 MW), etc.”<sup>3</sup>. While the energy strategy states that all hydro capacities will be utilized in 2020 to reach the Energy Community targets, hydro energy accounts for only three percent of the total electricity generation. Although the solar energy potential in Kosovo is relatively high because of its geographical location, there has not been significant project developed.

Furthermore, taking into the example of other EU members, to achieve the 2020 targets but also to support the niche, Kosovo has implemented the Feed-in Tariffs (FiT). This scheme has achieved to attract new investors on the Energy Market, and currently, there is an installed capacity of 10 MW for Solar energy and 33.75 Wind Energy<sup>3</sup>. However, due to financial constraints and the lack of a rapid response to falling prices for RES technology, the effectiveness of current support schemes has been called into question. There

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<sup>1</sup> Lang M., Holtermann a., and Büscher T., (2019), ‘Clean energy for all Europeans - An overview’, *Bird&Bird LLP*, <https://www.twobirds.com/en/news/articles/2019/global/clean-energy-for-all-europeans---an-overview> (accessed on 02/08/2020)

<sup>2</sup> Lajqi Sh., Đurin B., Berisha Xh., and Plantak L., (2020), ‘Analysis of the Potential for Renewable Utilization in Kosovo Power Sector’, *Environments*, <https://www.mdpi.com/2076-3298/7/6/49/html> (accessed on 03/08/2020)

<sup>3</sup> Energy Regulatory Office, (2020), Applicants Register for Authorization, *ERO Website*, <https://www.ero-ks.org/zrre/en/pjesemarresit-ne-treg/bre> (on 32/08/2020)

is a need to consider returning to market-based support schemes, mainly incentive premiums and competitive bidding procedures (auctions).

Furthermore, there have been investments in the RES sector, namely solar from small household and industrial consumers taking into the role of prosumers. Those who are registered at the ERO account for around 1.4 MW, however, there is no data for those who have been using such technologies for heating of sanitary water.<sup>4</sup>

The Energy sector in Kosovo so far has been mainly regulated through the three energy sector laws; Law on Energy no.05 / L-081, Law on Electricity No.05 / L-085, Law on Energy Regulator no. 05 / L-84 and bylaws deriving from these laws. These three documents, together with the strategic documents such as Energy Strategy 2017-2026, highlight the importance of the diversification of energy sources. Furthermore, they also pave the way for the National Energy and Climate Plan (NECP) as the primary strategic document that will support the energy transition of all the EU member countries but also the prospective members.

Therefore, this paper aims to create a holistic mapping of relevant actors and policies necessary to be introduced for the NECP to be successfully implemented. The paper will aim to identify the current mechanisms in place, the share of responsibility for each sector and the fields in which cooperation is most necessary.

## **1.2. Developing the National Energy and Climate Plan (NECP)**

National Energy and Climate Plan (NECP) is being developed at a time when climate change is being risen as a global problem. The interest of policymakers and scientist on the economic models that represent “sustainable development rather than the traditional economies of “grow now and clean-up later” has gained much support on the agenda of developed economies but also academia especially on the field of low-carbon energy transitions.

European Union has set a clear agenda and drive towards climate neutrality and carbon footprint reduction by 2050. EU Commission acknowledged that the EU is on the right track to meet the 2030 emission reduction targets and the goals set by the Paris Agreement. However, the commission also acknowledges that to reach the 2050 climate neutrality goal more ambitious goals need to

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<sup>4</sup> Energy Regulatory Office, (2020), ‘Applicants Register for Authorization for Self-Consumption’, *ERO Website*, [http://ero-ks.org/2017/Rregullat/Rule%20on%20Support%20Scheme\\_2017.pdf](http://ero-ks.org/2017/Rregullat/Rule%20on%20Support%20Scheme_2017.pdf) (accessed on 05/08/2020)

be set, as defined by the European Green deal. To make this transition more just, fair and doable for the member states, a clear, integrated plan has been set.

### 1.3. Developing NECP on EU member states

All EU Member States have prepared their integrated National Energy and Climate Plans (NECPs). Therefore, a bottom-up approach is adopted, whereby the Member States present their fair and ambitious efforts and contributions towards a decarbonized energy system and towards mitigating climate change. Whilst the Governance Regulation sets the basis for the development of this plan; this is complemented by a package of new EU legislation targeting energy efficiency, renewable energy, energy security and market design, appropriately referred to as the “Clean Energy for all Europeans Package”<sup>5</sup>. This plan has been developed across policies and sectors, governmental departments, stakeholders and the general public, and has an outlook for cross-border – to define a pathway to 2030 goals. Energy and Climate Plan follows the scope that covers five dimensions: decarbonization (with sub-sectors: Green Gas Emissions and Renewable Energy Systems), energy efficiency, energy security, internal energy market, and research, innovation and competitiveness<sup>6</sup>. The five dimensions are considered as being closely related and mutually reinforcing and are correspondingly treated as such within the plan. This plan sets out the goals of all member states for the years 2021-2030, and it is supplemented by an analytical basis consisting of a description of the current situation in the five dimensions as well as projections until 2040 which are based on robust and consistent data, assumptions and modelling exercises.

Most of the EU states have developed two different scenarios ‘With Existing Measures’ scenario’ and ‘with planned Measures’ scenario. This is done to measure the impact of the policies that are adopted after the base year, which has been 2015-2017 for most of the EU member states. The plan aims to support the economic, environmental and social development and sustainability, while also focusing on providing clear benefits for citizens, businesses and investors in the affected regions. Furthermore, Ministries responsible for finance and budget have been actively involved in the development process, so the financial estimates are included on the yearly budget plan. NECP provides a clear path for the member states to attain the overarching objectives of a sustainable, affordable and secure energy system which needs to follow a decarbonization trajectory. Whilst recognizing the inherent challenges and opportunities

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<sup>5</sup> Lang M., Holtermann A., and Büscher T., (2019), ‘Clean energy for all Europeans - An overview’, *Bird&Bird LLP*, <https://www.twobirds.com/en/news/articles/2019/global/clean-energy-for-all-europeans---an-overview> (accessed on 04/08/2020)

<sup>6</sup> European Commission, (2020), ‘In focus: National energy and climate plans’, *European Union*, [https://ec.europa.eu/info/news/focus-national-energy-and-climate-plans-2020-jun-16\\_en](https://ec.europa.eu/info/news/focus-national-energy-and-climate-plans-2020-jun-16_en) (on 05/08/2020)

brought about by national specificities such as spatial constraints, high population density, natural resources, economic resources and climate.

#### **1.4. Developing NECP on Kosovo and the international obligations**

Kosovo is in the process of preparing the National Energy and Climate Plan (NECP). NECPs should cover the period from 2021 to 2030, including a perspective for every ten years until 2050, in order to ensure consistency with long-term relevant policy objectives as per EU, UNFCCC and Energy Community criteria.

Being part of the Energy Community Treaty and a committed prospective member towards full EU membership, Kosovo should adhere and comply with EU energy legislation. Therefore, Kosovo has started to develop and adapt its National Energy and Climate Plan. Moreover, the first meeting of the Working Group (WG) was held on 6 December 2018. At this meeting, the WG members for the NECP were briefed on the recommendation of the Council of Ministers on the drafting of the NECP. And with the authorization of the Ministry of Economic Development, the thematic groups were created as an inter-ministerial group, using as a model the five dimensions of EU member states. Namely, Decarbonization (with sub-sectors: Green Gas Emissions and Renewable Energy Systems), Energy Efficiency, Energy Security, Internal Energy Market, and Research, Innovation and Competitiveness<sup>7</sup>. Furthermore, taking into consideration the decision of the Minister for Economic Development and the Minister of Environment and Spatial Planning No.1878 of September 2019, Kosovo commits itself on fully fulfilling its obligations toward EU and the Energy Community Treaty.

In all working groups, barriers and potentials have already been identified. Most of the barriers include lack of studies, lack of financial capacity, insufficient implementation of the current legal basis and lack of long-term forecasts.

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<sup>7</sup> INDEP interviewed Sabit Gashi on September 28, 2020.



## 2. Mapping of policies

### 2.1. Current energy and climate policies and measures relating to the five Energy Union dimensions

#### 2.1.1 Energy Efficiency

In addressing the challenges faced in the energy sector as well as the obligations deriving from Energy Community Treaty as well and as a signatory of the Stabilization and Association Agreement, in term of Energy Efficiency Kosovo has made considerable progress in adapting the Directives set by the EU and EC. Furthermore, there have also been advancements on the development of independent bodies for further supporting the increase of Energy Efficiency, i.e. Kosovo Energy Efficiency Fund<sup>8</sup>. While the targets for EE has yet to be set for 2030 if Kosovo aims to fulfil the targets and carbon neutrality defined by the green deal, the role of such independent bodies is crucial on this process. While bellow is a few policies and measures that target the obligations that come from EE dimension, there have been a number of projects carried by different institutions, namely MCC led Efficiency Project, The Auditing of Public institutions carried by the MED, Investments and projects carried by KfW etc<sup>8</sup>. While the explained policies on the table below do create a solid ground for NECP implementations and contribute to some degree to the Sustainable Development Goals, the EU Green Deal it is not fully supported mainly to its aggressive take on the transition to green agenda.

<b>Name and reference of the measure</b>	<b>Short description and expected result</b>	<b>Targeted group and or activity</b>	<b>Start and end dates of the measure</b>
<b>Law on Energy No.05/L-081</b>	<p>The main aim of the law for the EE sector is the utilization of energy saving potentials and the further implementation of EE measures firstly by starting on public owned buildings. Furthermore, the law gives recommendations on developing secondary legislations and regulations to further promote and stimulate the co-generation through highly efficient technologies and the promotion of EE appliances.</p> <p>The law creates a foundation on the implementation of NECP mainly to its take on the adoption of EU directives and its aim on enhancing the green transition.</p>	Investors, end users, public administration,	13 July 2016-continue

<sup>8</sup> INDEP interviewed Sabit Gashi on September 28, 2020.

<b>Law on Electricity No.05/L-085</b>	This law defines the public service obligation, which can be imposed to energy companies by the Regulatory or the Government, and should be pursuant to public interest and general economic interest, which may be related to environmental protection, protection of competition, including energy efficiency,	Investors, end users, public administration,	21 July 2016-continue
<b>Law on Energy Efficiency No. 06/L-079</b>	The law No.06/L –079 on Energy Efficiency transposes the Directive 2012/27/EU and is applied by all public authorities and private sector, including providers of energy services and covers the whole energy chain including primary resources, production, storage, transport, distribution, supply and final energy consumption. Kosovo’s indicative national energy efficiency target is set in the Law on EE stipulating that the final energy consumption should not exceed 1556 ktoe in the year 2020.	Investors, end users, public administration,	14 December 2015
<b>Law on Energy Performance of Buildings No. 05/L-101</b>	The purpose of this Law is to promote improvements of the energy performance of buildings, taking into account outdoor climatic and local conditions, as well as indoor climate requirements and cost-effectiveness. The Law was adopted on 15.12.2016 and is partly in accordance with the Directive 2010/31/EU on the Energy Performance of Buildings and the Directive 2012/27/EU on Energy Efficiency.	Investors, end users, public administration,	01 December 2016
<b>Law on Thermal Energy No. 05/L -052</b>	The purpose of this Law is to define the conditions for the development of a sustainable and competitive market of thermal energy for district heating/cooling, in line with a free market economy, fulfilling customer demand and protecting the environment.	Investors, end users, public administration,	14 December 2015
<b>Kosovo Energy Efficiency Action Plan (KEEAP) 2010 - 2018</b>	Pursuant the obligations deriving from the Energy Community Treaty, Kosovo has adopted the Long-Term National Energy Efficiency Action Plan (NEEAP) 2010-2018, and three short-term plans covering periods 2010-2012, 2013-2015, and 2016-2018. NEEAP 2010-2018 represents the basic document implementation of energy efficiency policies in Kosovo.	Investors, end users, public administration,	July 2018

## 2.1.2 Decarbonization Dimension

### 2.1.2.1 Renewable Energy Sources

Renewable Energy Sources (RES) represent an important energy source available in Kosovo, with a potential that is still untapped sufficiently. Moreover, the development of RES also contributes to the long-term objectives of the country, namely, overall economic development; the increase of the security of energy supply and protection of the environment.

The energy sector laws, especially the Law on Energy, constantly treated Renewable Energy Sources with respect to its promotion, optimization and use, including determination of annual and long-term goals of energy generation from such resources. With the view in supporting and promoting the use of Renewable Energy Sources, the Ministry of Economic Development drafted a ten-year action plan for RES, as a policy document for this important energy sector. In line with the legal obligations, and those deriving from the Energy Community Treaty (ECT), the MED has determined the RES goals for the period covering 2011-2020, by taking into consideration the opportunities and potentials of Renewable Energy Sources available in Kosovo<sup>9</sup>.

Name and reference of the measure	Short description and expected result		Targeted group and or activity	Start and end dates of the measure
<b>Law on Energy nr.05/L-081</b>	The main stipulations of the law that are of relevance for renewable energy comprise the following: Article 13 sets mandatory requirements to MED / Government of Kosovo to issue secondary legislation on promotion of the use of renewable energy and to MESP to issue a secondary legislation on the use of RE in buildings.	Promotion, optimization and use, including determination of annual and long-term goals of energy generation from such resources	Investors, end users, public administration,	13 July 2016-continue
<b>Law on Electricity nr.05/L-085,</b>	The Law on Electricity No. 05/L-085 adopted recently by the Parliament is dealing with	Creating Certificate of Origin for RE and cogeneration. Power certified to originate	Investors, end users, public administration,	21 July 2016-continue

<sup>9</sup> INDEP interviewed Besiana Berisha on September 28, 2020.

	Certificate of Origin for RE and cogeneration <sup>23</sup> . Power certified to originate from RE is entitled to priority dispatch under the terms stated in the Grid Code and Market Rules.	from RE is entitled to priority dispatch under the terms stated in the Grid Code and Market Rules. TSO and DSO are obliged to provide priority to electricity generated from RE power plants and co-generation		
<b>Law on Energy Regulatory nr.05/L-084, article 43</b>	The law defines the powers, duties and functions of the Energy Regulatory Office, including the conditions for issuing licenses to carry out energy activities, certification of transmission system operators, procedures for granting authorizations for the construction of new generating capacity.	Establish specific procedures “for the authorization of construction of small decentralized and/or distributed generation”. It is important for small size generators to have a specific regulation applicable to them, since such procedure will reduce the administrative burden for investment in small scale RE projects and make their procedures faster and easier. Therefore, the absence of such procedures is a barrier for small RE generators, which can be considered to be of high importance to them.	Investors, end users, public administration,	14 July 2016-continue
<b>Rule on Authorization Procedure for Construction of New Generation Capacities (The rule of Authorization)</b>	Describes the procedure for authorization of power generation Projects. The authorization is a right issued by ERO that enables applicants “to commence with construction of generation capacities (...) within specified period of time.		Investors, planners,	November 2014 ,it has been revised latest 31 March 2017

<p><b>The Energy Strategy of Kosovo 2017-2026</b></p>	<p>The Energy Strategy of Kosovo 2017-2026 sets out the basic objectives of the Government of Kosovo in energy sector development, taking into account sustainable economic development, environmental protection, sustainable and reliable energy supply to final customers, efficient use of energy, development of new conventional and renewable generation capacities</p>	<p>Sets the national targets and strategic objectives. The strategy aims to improve the security of energy supply, increase economic growth, diversify sources of usable energy, and reduce CO2 emissions, thus protecting the environment. The strategy is due to reevaluation and revision. Therefore, it is of utmost importance to set the goals towards EU green deal and the collective targets that derive from NECP.</p>	<p>Investors, end users, public administration</p>	<p>2017-2026, needs to be revised by the end of the year or early 2021.</p>
<p><b>Self-consumption scheme</b></p>	<p>The regulator is creating the Rule on Self-Generating Consumers. While there is an increased interest by the consumers to transition to prosumers, the regulations set need to be reviewed to support such transition. Currently there is over 1 MW of generation using solar energy by consumers.</p>		<p>Investors, planners</p>	<p>End of 2020</p>
<p><b>Rule on support scheme (On Support of Generation of Electricity from Renewable Energy Sources</b></p>	<p>The rule on support scheme defines the process of support and the tariffs.</p>	<p>The Rule on Support Scheme aims at supporting the generation of electricity from renewable energy sources, in order to meet the set out Indicative Targets of Renewable Energy Sources.</p>	<p>Investors, planners</p>	<p>November 2014 it has been revised and restructured by March 2017</p>
<p><b>Decision on the Feed-in Tariffs for generation of electricity from Renewable Energy Sources,</b></p>	<p>Feed-in tariffs (FIT) are fixed electricity prices that are paid to renewable energy (RE) producers for each unit of energy produced and injected into the electricity grid. The payment of the FIT is</p>	<p>Increased generation of electricity from RES, Increase of public interest in investment in RES</p>	<p>Investors, planners</p>	<p>19 May 2016-continue</p>

	guaranteed for a certain period of time that is related to the economic lifetime of the respective RE project. However, it needs to be revised to support more competitive processes and also to comply with the EU goals set by the Green deal and NECP.			
<b>Development of Renewable Energy FiT Scheme and Financial Model for Biomass</b>	Increased generation of electricity from biomass, Increase of public interest in investment in biomass sector		Investors, planners	March 2019
<b>Procedure for the authorization of construction of small decentralized and/or distributed generation.</b>	It sets the process for licensing of small generators.	Increased generation of electricity from small decentralized PV system and the possibility to connect to the grid	Investors, planners	March 2017-continue
<b>Establishment and functioning of One Stop Shop for RES</b>	Facilitate of the RES projects between information and coordination activities		The state central and local institutions; Private investors	April 2018-Continue
<b>Law on energy performance</b>	Increase of RES use in new buildings and building undergoing major renovation		Increase of RES use in new buildings and building undergoing major renovation	December 2016-continue
<b>Formation of clusters for increased use of biomass (pellets)</b>	Formation of clusters dealing with all aspects of producing pellets and deployment of project with solar energy		Producers of pellets, wood equipment producers, installers of systems.	2014 –continue

<b>and solar</b>			
<b>RES promotional campaign</b>	Stimulation of public interest on RES utilization	Consumers, generators, public	2012-continue

## 2.1.2.2 Greenhouse gasses

Being a prospective member of the EU, Kosovo has taken upon itself to implement the Paris Agreement further but also has taken into obligations given by the Energy Community and European Commission. Therefore, by developing NECP, Kosovo reaffirmed its commitment to address climate issues to their fullest potential and to contribute towards the European Union's collective target of 40% reduction of its GHG emissions by 2030 compared to 1990 levels.

While a few policies are in place to promote this agenda, as explained below. There are a few areas that Kosovo has yet to take responsibilities such as Carbon tax.

<b>Name and reference of the measure</b>	<b>Short description and expected result</b>	<b>Targeted group and or activity</b>	<b>Start and end dates of the measure</b>
<b>Law No. 03/L-160 On Air Protection from Pollution.</b>	The purpose of this Law is to regulate and guarantee the rights of citizens to live in a healthy and clean air environment, whilst protecting human health, fauna, flora and natural and cultural values of the environment, stimulate usage of clean technologies and usage of RES and Increasing EE.	Investors, end users, public administration	25 February 2010
<b>Law No. 03/L-025 On Environmental Protection</b>	This law shall harmonize economic development and social welfare with basic principles for environmental protection according to the concept of sustainable development. This law aims rational utilization of natural recourses, un-renewable and their replacement with renewable	Investors, end users, public administration	26 February 2009
<b>Action Plan for the Climate Change Strategy</b>	Determined vision of CCS aims to reduce the risk and damage from current and future impacts of climate change in a cost-effective manner and to exploit potential benefits stemming from climate change. It proposes a few steps to	Investors, end users, public administration	August 2016

	strengthen the administrative implementation of projects/ problem uneven distribution of information therefore		
<b>Administrative instruction GRK- No.16/2013 For Substances that Deplete the Ozone Layer and Fluorinated Greenhouse Gases.</b>	This Administrative Instruction provides the gradual reduction and phasing out the use of controlled and new substances, as well as the reduction of fluorinated greenhouse emissions. The aim of this administrative instruction is to decrease waste but also increase EE.	Investors, end users, public administration	29 March 2010
<b>Administrative instruction (GRK) NO. 09/2015 For Monitoring Greenhouse Gas Emissions</b>		Investors, end users, public administration	14 December 2015
<b>Administrative instruction GRK- No.14/2018 For Capture and storage of Carbon Dioxide in Suitable Geological Formations.</b>	This Administrative Instruction establishes a legal framework for the environmentally safe geological storage of carbon dioxide (CO <sub>2</sub> ) to contribute to the fight against climate change. The purpose of environmentally safe geological storage of CO <sub>2</sub> is permanent containment of CO <sub>2</sub> in such a way as to prevent and, where this is not possible, eliminate as far as possible negative effects and any risk to the environment and human health.	Investors, end users, public administration	19 December 2018
<b>Kosovo National Water Strategy 2017 – 2036</b>	The National Water Strategy is one of the main documents of water resource planning in the Republic of Kosovo. This document represents a legal obligation pursuant to the Law No.04/L-147, Article 31. Through this document, the Government aims to address and guide the policy, operational and investment developments in the water sector for a 20-year timeframe. The purpose of the strategy is to offer an integrated and sustainable development of the water sector by fulfilling the following needs: • Drinking water supply, • Water for food production, • Irrigation of agricultural land, • Industry, • Sports and recreation, and • Generation of electricity.	Investors, end users, public administration	5 May 2017



<b>Forestry Development Strategy 2010 – 2020</b>		Investors, end users, public administration	November 2009
<b>Law on amendment and Supplementation of Law NO. 2004/5 On Trade of Petroleum and Petroleum Products in Kosovo</b>	The purpose of the law is to regulate the Petroleum Sector in Kosovo which has to deal with trading and security of supply of Petroleum and Petroleum Products through competition encouragement and elimination of unlawful trade practices	Investors, end users, public administration	17 July 2009
<b>National Emission Reduction 2018-207</b>	This document provides the outline of a National Emission Reduction Plan (NERP) to reduce emissions of major pollutants from large combustion plants and concerns emission reduction targets for existing combustion plants with a rated thermal input of 50MW or more, which were granted permission for emissions before 31 December 1992	Investors, end users, public administration	Still draft!

### 2.1.3 Research, Innovation and Competitiveness

The dimension of research, innovation and competitiveness, is also one of the main pillars of the NECP and therefore also functions as the interconnectivity between the others. Unfortunately, Kosovo stands as one of the countries with the lowest research, innovation and competitiveness system in the region and beyond. The Law No. 04/l-135 on scientific research activities states that Kosovo should allocate at least 0.7 percent of the annual budget for science and innovation. Although Kosovo implemented this law in 2013, only €1.6 million has been allocated for this purpose in 2019 or around 1/10 of the required amount. There are no data about spending on research and innovation activities from businesses. Research and development into innovative energy technologies and the demonstration of these technologies rely not only on the involvement of the private sector but also on public research funding<sup>10</sup>. The aim of the latter should be to support and promote collaboration on technological developments and innovations by industrial players, research institutions and universities; topics may range from fundamental research or applied research through to the transfer of technologies or innovations to the market. While this dimension, makes up the most important part of the European Green Deal, as of bringing social justice, just transition and innovative solutions to the transition, it lacks the proper support mechanism in Kosovo.

<sup>10</sup> Sphere (2017), Harnessing the potential: Research Capacity in the Western Balkans, *Sphere*, <http://supporthere.org/page/harnessing-potential-research-capacity> (on 06/08/2020)

Name and reference of the measure	Short description and expected result	Targeted group and or activity	Start and end dates of the measure
<b>National Strategy For Innovation and Entrepreneurship (2019-2023)</b>	In times of increasing technological convergence and digital transformation, innovation and entrepreneurship are becoming even more important than ever. Investments in innovation, research and development have proven to be key factors in overcoming the global economic and social challenges. Investments in these areas enable increased competitiveness in the private sector, improving public services and citizens' well-being. The Government and MIE, consider innovation as an important area for entrepreneurship development and at the same time direct impact on Kosovo's economic and social development. Consequently, The National Innovation and Entrepreneurship Strategy aims to further stimulate innovation and entrepreneurship for the Republic of Kosovo for the period 2019-2023	Investors, end users, public administration	19 March 2019
<b>Administrative instruction (MIE) NO.01/2018 On Allocation of Financial Means from the economic category of subsidies and transfers.</b>	This Instruction is applicable for all local and international Trade Associations registered in the Republic of Kosovo, for all natural persons and start-ups (henceforth the Applicants), with which the Ministry enters into an agreement to implement projects considered of special significance for the accomplishment of its strategic objectives.	Investors, end users, public administration	29 June 2018
<b>Law No. 06/L-019 On Standardization</b>	The Law sets characteristics required of a product including levels of quality, performance, interoperability, environmental protection, health, safety or dimensions, and including the requirements applicable to the product as regards the name under which the product is sold, terminology, symbols, testing and test methods, packaging, marking or labelling and conformity assessment procedures;	Investors, end users, public administration	26 January 2018
<b>Law No. 03/L-069 On Accreditation</b>	By this law is established the Accreditation Directorate and are determined rules for functionality of the system for accreditation of the competent body for conformity assessment. Including accreditation of certification bodies for environment protection;	Investors, end users, public administration	20 November 2008
<b>Law No. 04/L-135 On Scientific- Research Activities.</b>	This law aims to regulate the research activities and the obligations that GoK has towards supporting those activities.	Investors, end users, public administration	2004

<b>Kosovo National Research Programme 2010-2015</b>	Still appears to be the main document facilitating policy-making in the area of R&D. There are 18 policy measures identified, with the aim of encouraging scientific research activities in both public and private sectors	Investors, end users, public administration	2010
<b>Kosovo Education Strategic Plan 2017-2021</b>	Promotes science and technology development for a modern society and emphasizes ICT development as one of the priority topics in the education sector	Investors, end users, public administration	July 2016

## 2.1.4 Security of Supply

The Security of Supply as one of the main pillars and concerns of the policies in the Energy Sector in Kosovo is addressed in most of the legal and strategic documents. However, the main document that treats this dimension is the Energy Strategy of the Republic of Kosovo 2017-2026. This strategic document has foreseen the following five (5) objectives:

- Ensuring a sustainable and quality supply with electricity and the necessary capacities for a stable electricity system;
- Integration into the Regional Energy Market;
- Increasing the existing capacities of thermal systems and development of new capacities;
- Development of natural gas infrastructure;
- Implementation of energy efficiency, renewable energy sources and environmental protection targets and obligations.

*Therefore, due to the high interconnectivity of this dimension with the RES and Energy Market Dimensions, we will go into details on the sections 2.1.2.1. and 2.1.5.*

<b>Name and reference of the measure</b>	<b>Short description and expected result</b>	<b>Targeted group and or activity</b>	<b>Start and end dates of the measure</b>
<b>Energy Strategy of the Republic of Kosovo 2017-2026</b>	<p>This strategic document has foreseen the following five (5) objectives:</p> <ul style="list-style-type: none"> <li>▪ Ensuring a sustainable and quality supply with electricity and the necessary capacities for a stable electricity system;</li> <li>▪ Integration into the Regional Energy Market;</li> <li>▪ Increasing the existing capacities of thermal systems and development of new capacities;</li> <li>▪ Development of natural gas infrastructure;</li> </ul>	Investors, end users, public administration	2017-2026, needs to be revised by the end of the year or early 2021.

	<ul style="list-style-type: none"> <li>Implementation of energy efficiency, renewable energy sources and environmental protection targets and obligations.</li> </ul>		
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## 2.1.5 Energy Market

Kosovo, as a signatory party of Energy Community Treaty, has developed the policies, legal and regulatory framework to ensure the implementation of obligations under the Energy Community Treaty. Primary legislation and regulatory framework are in compliance with the EC third package; however, there is a need for the completion of by-laws and rules. Furthermore, there is a need for starting the development of primary legislation and regulatory framework towards EC forth package. Additionally, Kosovo power system is well connected with the neighboring countries of Albania, Montenegro, Serbia and North Macedonia.

<b>Name and reference of the measure</b>	<b>Short description and expected result</b>	<b>Targeted group and or activity</b>	<b>Start and end dates of the measure</b>
National Development Strategy (NDS) 2016-2021	The NDS under Pillar 4: (infrastructure) provides measures for the development of the energy sector, under which is foresaw the development of an open and competitive energy market.	Investors, end users, public administration	2016
The Energy Strategy of Kosovo 2017 – 2026	The Energy Strategy of Kosovo 2017 – 2026 sets out the objectives of the Government of Kosovo (GoK) in development of gas infrastructure, as well development of related legal and regulatory framework. Furthermore, sets out the basic objectives of the Government of Kosovo (GoK) in energy sector development. Under Objective 2 of this Strategy, the GoK is committed to implement all obligations from the Energy Community Treaty (ECT) and the Stabilization and Association Agreement (SAA) related to the: a) Establishing a free and competitive energy market and b) Establishing a common energy trading zone between Kosovo and Albania, as a first step towards integration in a regional energy market.	Investors, end users, public administration	2017-2026, needs to be revised by the end of the year or early 2021.
The Energy Strategy Implementation Program 2018-2020,	The Energy Strategy Implementation Program 2018-2020, includes a list of 27 specific objectives and 97 activities envisaged to be undertaken for the development of the energy sector by 2020.	Investors, end users,	2018

		public administration	
Law on Energy No. 05/L-081	This law establishes the general principles and rules that will govern activities in energy sector in Kosovo, including conditions for functioning of open energy market.	Investors, end users, public administration	13 July 2016-continue
Law on Electricity No. 05/L-085	This Law sets common rules for electricity generation, transmission, distribution, supply, trade and organized market, as a part of regional and European electricity market.	Investors, end users, public administration	21 July 2016-continue
Law on Energy Regulatory Office No. 05/L-084	This law defines the power, duties and functioning of the Energy Regulatory Office (ERO) on the creation and efficient functioning of competitive energy market, as well on setting the conditions on issuing licenses to market participants.	Investors, end users, public administration	14 July 2016-continue

## 2.2 Energy and climate policies and measures that need to be adopted/updated related to the five Energy Union dimensions

While Kosovo is not an official signatory of the Paris Agreement and Kyoto protocol; being a member of the Energy Community Treaty and a prospective member towards EU, it has reaffirmed its commitment to address climate issues to their fullest potential and to contribute towards the European Union's collective target of 40% reduction of its GHG emissions by 2030 compared to 1990 levels<sup>11</sup>. Therefore, the adoption of the National Energy and Climate Plan is a tool towards bringing the EU and Kosovo's energy market closer together. In comparison, referring to the member states where a top-down approach has been applied, and each member state has decided its contribution towards the 40% target<sup>12</sup>. On the case of Kosovo and the other Energy Community members, Energy Community negotiates the target for 2030 individually. Therefore, the targets for the years 2030 have not yet been decided and defining the exact policy recommendations it is not possible.

<sup>11</sup> Lajqi Sh., Đurin B., Berisha Xh., and Plantak L., (2020), 'Analysis of the Potential for Renewable Utilization in Kosovo Power Sector', *Environments*, <https://www.mdpi.com/2076-3298/7/6/49/html> (accessed on 05/08/2020)

<sup>12</sup> Climate Action Network Europe, (2018), 'The Western Balkans pledge allegiance to EU's energy and climate plan', *CaneEurope*, <http://www.caneurope.org/publications/press-releases/1705-the-western-balkans-pledge-allegiance-to-eu-s-energy-and-climate-plan> (accessed on 05/08/2020)

## 2.2.1 Dimension of Decarbonization

### 2.2.1.1 GHG emissions and removals

Kosovo's limited mitigation potential, arising from our service-based economy, specifically in the transport and agricultural sectors as well as the legacy effect in solid waste disposal, have resultant high mitigation costs coupled with significant socio-economic considerations.

Kosovo with this plan remains committed to continuing working towards mitigation action to meet its obligations and comply with the Energy Community treaty provisions. Sectorial challenges are various, from economies of scale and low mitigation potential (as in the case of the agricultural sector) to more challenging technology and innovation issues (e.g. refrigeration and cooling) to land use conflicts due to the geophysical reality (e.g. transport/renewables)<sup>13</sup>.

Having said this, Kosovo's climate and energy policy should feature prominently in the political agenda as reflected through the recent significant infrastructural investments in the energy sector. While electricity generation has always been a significant emitter, few other sectors should be considered, namely agriculture, forestry, transport etc.

<b>Measures to be taken into consideration</b>	<b>Contributes towards SDGs</b>
Reevaluating the Climate change strategy and forestry conservation	13
Spatial planning for Green spaces	15, 11
Reevaluating the strategy for district heating and intensifying the efforts on network expansion	1, 3, 11
Afforestation program, setting a plan for afforestation	15, 13
Carbon tax for polluters	12
Advancing the circular economy agenda	9, 12
Smart cities, mobility and public transport	11
Improvement of road infrastructure	9

<sup>13</sup> Tetra Tech Agriculture and Economic Growth, (2020), 'Innovation and Climate Risk Mitigation Protect Kosovo's Agricultural Sector Competitiveness', *AgriLinks*, <https://www.agrilinks.org/post/innovation-and-climate-risk-mitigation-protect-kosovos-agricultural-sector-competitiveness> (accessed on 08/08/2020)

Incentives to reduce the number of older vehicles - Increasing the number of vehicles belonging to the category EURO 4	9
Promoting Electric vehicles- developing electric charging stations	9
Industry strategy	9
Recovering Energy from Waste	6, 11

### 2.2.1.2 Renewable Energy Systems

Kosovo's potential for renewable energy deployment is mainly affected by physical and spatial limitations, technological advancement and resource potential, with resource availability and cost of grid update being the predominant barriers for further deployment<sup>14</sup>.

The scarce water resources do not lend itself to the production of hydro as the predominant resource, and wave energy production is not an option due to the geographical location<sup>15</sup>. However, solar, wind and biomass potential are still at the research stage. These relevant circumstances are expanded below and need to be taken into consideration whilst analyzing Kosovo's national contribution in terms of its share of energy from renewable energy sources.

Solar energy is by far, the predominant viable renewable energy source in Kosovo, and this led to efforts aimed at increasing the local RES-share to focus on the deployment of photovoltaic systems<sup>16</sup>. In contrast, there has not been done an official assessment by the government of Kosovo on the real potential of solar PV. The new shift on the policies of Kosovo and the increased interest by the investors give a glimpse on the potential that it may have.

When it comes to wind energy projects (onshore), they can successfully be implemented in Kosovo using mature technologies. However, due to significant restrictions in the local context, including technical, social and environmental constraints such as high population density on few regions, the limited land area that support the development of onshore wind power<sup>17</sup>. However, the same as in the case

<sup>14</sup> Lajqi Sh., Đurin B., Berisha Xh., and Plantak L., (2020), 'Analysis of the Potential for Renewable Utilization in Kosovo Power Sector', *Environments*, <https://www.mdpi.com/2076-3298/7/6/49/html> (accessed on 10/08/2020)

<sup>15</sup> Igor Todorović, (2020), 'Kosovo\* suspending works on small hydropower plants', *Balkan Green Energy News*, <https://balkangreenenergynews.com/kosovo-suspending-works-on-small-hydropower-plants/> (accessed on 12/08/2020)

<sup>16</sup> Energy Regulatory Office, (2019), Annual Report for 2019, Prishtina: ERO, <https://www.eroks.org/zrre/en/publikimet/raportet-vjetore> (accessed on 11/08/2020)

<sup>17</sup> Lajqi Sh., Đurin B., Berisha Xh., and Plantak L., (2020), 'Analysis of the Potential for Renewable Utilization in Kosovo Power Sector', *Environments*, <https://www.mdpi.com/2076-3298/7/6/49/html> (accessed on 14/08/2020)

of solar energy, there is no inclusive study made that shows the real potential of Kosovo. Therefore, while there is a huge interest to invest in the sector, there are a few steps that the National Energy and climate plan should take into account, namely:

<b>Measures to be taken into consideration</b>	<b>Contributes towards SDGs</b>
Harmonization between legislations for RES construction and environmental	8
Public procurement (green procurement)	11
Revision of forest strategy	15
Obligation for the use of renewable energy sources in transport	7
Regional cooperation on research and capacity building for RES sector	4
Study of biomass for energy production	7
Study of potentials for geothermal energy	7
Study of the potentials of solar and wind energy	7
Study on the concept of energy conservation (energy storage)	7
Assessment of the need for development of centralized heating / cooling projects (city heating)	7, 13
Curriculum for alternative energy in vocational schools	4
Training, information and raising awareness about usage of RES	4
Planning and strengthening the DSO network for RES connections	7
Fiscal measures for RES technologies	7, 8
Increased application of RES in the transport sector by promoting fiscal incentives	7
Support for domestic use of solar panels and PV	7
Energy cooperatives	7, 11



### 2.2.1.3 Grid Stability Considerations

Since the establishment of KOSTT in 2006, €270 mil. of capital investments were realized. Those investments have been made in the transmission network, mainly in the development and reinforcement of the transmission network capacities, revitalization and advancement of support systems<sup>18</sup>. All those and ongoing investments have contributed to an ongoing increase of security, reliability and performance of the transmission system operation resulted with stabilization of the Kosovo electricity sector.

Under Law on Electricity, the Transmission System Operator is obliged to prepare the 10-year Transmission Development Plan. This plan was developed by KOSTT for period 2018 – 2027 and has been approved from Energy Regulatory Office. Furthermore, it is of utmost importance to consider the capacity of the transmission network when defining the new policies, especially on the RES sector. Therefore, taking into consideration the paradigm that this plan aims to bring on the energy sector. The plan should include information about the grid capacity, the potential of Kosovo in integrating RES sources without endangering stability but also foresee any investments on the transmission network that would be translated to the final consumers.

### 2.2.2 Dimension of Energy Efficiency

Article 6 of the Governance Regulation sets out the contribution-setting process for the Member States in the area of energy efficiency. In their contribution, Member States may take into account national circumstances affecting their primary and final energy consumption, including the remaining cost-effective energy-saving potential, the evolution of GDP, as well as changes in energy imports and the energy mix. Furthermore, it also proposes a few policy/ initiative recommendations to fulfil the obligations that come from NECP but also that contribute towards the overall SDG goal achievements.

Measures to be taken into consideration	Contributes towards SDGs
National strategy for renovation of buildings	1, 7
Minimum standards for energy performance in buildings and their certification	7, 11

<sup>18</sup>Energy Regulatory Office, (2019), Annual Report for 2019, Prishtina: ERO, <https://www.eroks.org/zrre/en/publikimet/raportet-vjetore> (accessed on 11/08/2020)

Inspection of heating, cooling and ventilation system	11, 12
Certification scheme for training and licensing of energy auditors	11
Defining mandatory and alternative measures for EE	12
ECO design and labeling	9
EE awareness campaigns	7
Fiscal measures to promote EE products	7, 10
Industry energy audit mandatory programs	11, 16
Building local capacity for energy management	4
Law on Procurement - Purchase of EE products from the public sector	8
Promoting EE in Heating and Cooling	16
Central heating on the other municipalities of Kosovo	7
EE measures in transport- Public transport	11
Enforcement of fines for non-implementation of EE measures in buildings	12, 16

### 2.2.3 Dimension of Energy Security

The Energy Security dimension needs to be looked at within the unique context of geopolitical and technical circumstances. Kosovo is a newly independent country while being a prospective member of the EU and a member of the Energy Community treaty. Its energy market is relatively isolated. Furthermore, the lack of energy supply and the outdated energy infrastructure, as discussed in the previous chapter, has negatively impacted the economic development of Kosovo. Therefore, the combination of the outdated generating capacities and the lack of energy diversification has left the government of Kosovo in dire need on increasing their energy capacities through developing new infrastructure<sup>19</sup>. Therefore, the government of Kosovo has put all its policy efforts to build new energy-producing capacities to fill the energy gap that may arise. While depending on the policy orientation, this decision threatens the zero-carbon future as projected by this plan; there are also few other policy/initiatives that we propose to further help on the implementation of the plan.

<sup>19</sup> The World Bank, (2018), Energy in Kosovo, World Bank Website, <https://www.worldbank.org/en/country/kosovo/brief/energy-in-kosovo> (accessed on 16/08/2020)

<b>Measures to be taken into consideration</b>	<b>Contributes towards SDGs</b>
Developing RES capacities	7, 13
Promoting prosumers	11, 12
Harmonizing the interconnectivity with the region including the transmission code	9, 17
Digitalization of the grid – Energy Smart Systems- Smart Grid- Smart Meters- Smart Homes	9, 11, 12
Action plan for national emergency cases	16
Development of central heating (decreasing electricity used for heating)	7, 10
Grid and interconnection update	9
Addressing energy poverty	1, 7
Developing gas infrastructure	9

## 2.2.4 Dimension of Internal Energy Market

Kosovo's energy internal network is linked with all the neighboring countries, namely, Albania, Serbia, Northern Macedonia and Montenegro. Furthermore, as mentioned earlier, with the establishment of KOSTT and the investment done on the transmission network, have contributed to an ongoing increase of security, reliability and performance of the transmission system operation resulted with stabilization of the Kosovo electricity sector. However, apart from the electricity sector, the district heating systems are still minimal, and there have not been any significant network expansions platforms or development of capacities on other regions<sup>20</sup>. Furthermore, as stated in the Energy Strategy, there need to need to be an intensified policy attention to the development of gas infrastructure.

<b>Measures to be taken into consideration</b>	<b>Contributes towards SDGs</b>
Electricity Grid Action Plan	9

<sup>20</sup> Skender Kabashi, (2016), 'Improvement of heating system in Kosovo with energy efficiency, toward GHG reduction', *Research Gate*, [https://www.researchgate.net/publication/297514455\\_Improvement\\_of\\_heating\\_system\\_in\\_Kosovo\\_with\\_energy\\_efficiency\\_toward\\_GHG\\_reduction](https://www.researchgate.net/publication/297514455_Improvement_of_heating_system_in_Kosovo_with_energy_efficiency_toward_GHG_reduction) (accessed on 16/08/2020)

Monitoring of grid expansion projects for electricity	7, 9
Optimization and modernization of the existing grids	9, 13
Measures for the gradual reduction and phase-out of coal-fired power generation (Kosovo A and B)	13
Built Gas Network	7, 9
Cross-Border Action Plan for Reducing Grid Congestion (especially with Albania and North Macedonia)	7
Expand the district heating network on Gjakova and Prishtina	7, 11
Conduct studies for other regions with potential for district heating.	4, 11
Increase efficiency on the system by making the energy market smart.	9

## 2.2.4 Dimension of Research, Innovation and Competitiveness

In common with many other European and regional countries, Kosovo faces significant challenges in the field of research and innovation in connection with its move towards greater use of clean and renewable energies within the framework of the energy transition. Areas where technical innovations are needed and where countries must work together include in particular the integration of increasing but fluctuating quantities of electricity fed in from wind and PV systems, digitalization of the energy supply and sectoral coupling (including heat energy). Regional cooperation makes it possible to tackle these issues together successfully, to make effective use of cross-border infrastructures, and to deploy financial resources efficiently<sup>21</sup>.

Measures to be taken into consideration	Contributes towards SDGs
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<sup>21</sup> Sphere, (2017), Harnessing the potential: Research Capacity in the Western Balkans, *Sphere*, <http://supporthere.org/page/harnessing-potential-research-capacity> (accessed on 18/08/2020)

Support Research on the energy transition in various consumption sectors: buildings and districts, industry, trade, commerce and services, and mobility and transport.	4
Support Research on the EE sector	4, 12
Support the Public and private institutions conducting research and/ or innovation in the Energy generation: wind and solar energy are the stand-out examples in this area	4, 12
Develop a research fund for Energy and Environment	4

## 2.3 Key issues of cross-border relevance

One of the critical objectives Kosovo aim to reach shortly is the energy market coupling with Albania and the use of a common power exchange (APEX) headquartered in Tirana with a possibility of extension to Prishtina as a pre-measure to the market integration with other countries on the region. With APEX in full operation and both markets, it is expected that most of the time there will be no congestions meaning no price difference between Kosovo and Albania<sup>22</sup>. Furthermore, as stated in the Energy Strategy and the most regulative documents of the sector, energy security is posed as one of the critical dimensions. However, joining the markets with Albania further helps on increasing security, especially during peak hours.

Furthermore, another project and policy objective with significant results is the planned gas pipeline interconnection between Kosovo and Northern Macedonia or Albania. This project has reached the stage of the pre-feasibility study and now through the MCC project, it aims to finish the feasibility study<sup>23</sup>.

Besides, other areas have the potential of cross-border cooperation such as joint projects in renewables, cooperation and sharing of best-practices on measures targets, energy efficiency projects and possible joint projects in the area of research & innovation in low-carbon technologies.

<sup>22</sup> Vladimir Spasic, (2020), 'Albania selects shareholders of company for setting up power exchange', *Balkan Green News*, <https://balkangreenenergynews.com/albania-selects-shareholders-of-company-for-setting-up-power-exchange/> (accessed on 19/08/2020)

<sup>23</sup> INDEP interviewed Sabit Gashi on September 28, 2020.

## 3.0 Technical assistance on the NECP

### 3.1 Technical assistance received

During the development of the NECP Draft, Kosovo is benefitting from the use of technical support programs provided by European Commission services, GIZ, Energy Community Treaty but also the shared experiences of other regional countries. The scope of this assistance was to support Kosovo on covering climate and energy-related data gaps and development of human capacities on drafting the plan<sup>23</sup>. Technical assistance is being provided concerning expert peer-review of the models, assistance on finding the new energy efficiency, renewable energy and carbon emission reduction targets. In parallel, there is support from The GIZ Open Regional Fund is providing assistance to Bosnia and Herzegovina, Kosovo and North Macedonia in the framework of their regional cooperation programme to assist in drafting the national Energy and Climate Plan for 2021-2030. A key objective of this assignment is to provide technical support to National Group for Developing the NECP and in particular to respective Thematic Groups/Dimensions of NECP. The assignment will include work-group coordination, development of the work plan, providing expert/technical inputs and development of respective parts of the NECP document based on requirements of Regulation (EU) 2018/1999.

Furthermore, so far, GoK has managed to successfully coordinate all the donors and the project that will help on implementing NECP. Namely, a few of the projects that are underway are:

- Ministry of Economic Development in cooperation with all the relevant actors in early 2019 has applied for support through the WBIF to carry the feasibility study and the ESIA (Environmental and Social Impact Assessment) for the Improvement of District Heating in Kosovo through Implementation of District Heating Systems in the regions with potential, namely in the Ferizaj, Gjilan, Peja, Prizren, Mitrovica regions, and the municipalities of Drenas and Obiliq /Kastriot<sup>24</sup>.
- The Government of Kosovo is implementing \$31million energy efficiency project with the World Bank to finance energy efficiency improvement in the public buildings' sector<sup>25</sup>.
- The German development bank KfW is also involved in the energy sector with a focus on energy efficiency in the local/municipal building stock and in district heating project in Pristina.

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<sup>24</sup> Ministry of European Integration (MIE), (2014), 'Western Balkans Investment Framework (WBIF)', MIE, <https://www.mei-ks.net/en/lajmet-mej/west-balkans-investment-framework-steering-committee> (accessed on 18/08/2020)

<sup>25</sup> World Bank, (2019), Energy Efficiency in Kosovo, The World Bank, <https://www.worldbank.org/en/country/kosovo/brief/ee-in-kosovo> (accessed on 18/08/2020)

- Millennium Foundation Kosovo is the implementing entity of the Threshold Program agreed between the Government of the Republic of Kosovo and Millennium Challenge Corporation. Kosovo Threshold Program addresses an unreliable supply of electricity. Therefore, through this project, MCC is supporting the increase in the energy efficiency projects, support for young female professionals in the energy sector, and district heating projects such as heating meters.
- European Bank for Reconstruction and Development (REEP Plus) is supporting Kosovo Agency for Energy Efficiency and the relevant actors (including Ministry of Economic Development/ Energy Department) for the strategy for the renovation of public buildings. Moreover, support a study on EE obligatory schemes.

These projects will contribute to the achievement of the national energy efficiency targets, giving, a clear pathway towards the integration of RES on the existing Energy infrastructure and paving the way to implement NECP further.

### **3.2 Technical assistance/ research gaps for the full implementation of NECP**

However, there is still a gap in the studies and support that could be filled for the full implementation of NECP. Namely, the targets have yet to be defined by the European Commission and through these targets the exact policy recommendations to be developed. However, few key areas that still assistance is needed support on researching the Gas infrastructure and the possibilities of developing gas-fired TPP, research on EE, research on RES and capacities, further support of the local staff on the implementation and drafting of NECP etc.

## 4.0 Mapping the actors

### 4.1 Consultations and involvement of national and EU entities and their outcome

An Inter-Ministerial Steering Committee (IMSC) was established through the decision of the Ministry of Economic Development in close consultation with Energy Community and European Commission to deliver Kosovo's first long term National Energy and Climate Plan. The IMSC was established to ensure that all national stakeholders contribute effectively towards the National Plan, as the development of the Plan required the coordination and contribution from several entities. Each Ministry forming part of the IMSC designated a high-level civil servant representative to sit on the committee. Under the IMSC, a Technical Working Group was established, and from it, six other thematic groups were created to address the five dimensions. The prominent role of the IMSC is that of aligning diverse Ministerial priorities to develop a holistic and integrated NECP. Given that the legal basis of the Governance Regulation falls primarily within the remit of the Ministry of Economic Development and Ministry of Environment and Spatial Planning, this committee is led by to high-level civil servants representing the two.

**The governmental institutions and the stakeholders that were involved on the process are<sup>26</sup>:**

- Ministry of Economic Development
- Ministry of Environment and Spatial planning
- Office of the Prime Minister
- Ministry of Finance
- Ministry of European Integration
- Ministry of Infrastructure
- Ministry of Agriculture, Forestry and Rural Planning
- Ministry of Innovation and Entrepreneurship
- Association of Municipalities of Kosovo
- Kosovo Agency of Statistics
- Energy Efficiency Agency
- Energy Regulatory Office
- KEK, KESCO, KOST, KEDS

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<sup>26</sup> INDEP interviewed Sabit Gashi on September 28, 2020.



- Civil Society
- University of Prishtina etc.

This approach of the Government of Kosovo has enabled the working groups to have a diverse perspective from the representatives of the institutions, on the one hand, and civil society organizations and academia, on the other. Representatives of most of the institutions have been appointed to the thematic working groups.

## **4.2 Actors that are not included on the process and the implications that this brings**

### **4.2.1 Lack of involvement of elected officials on the process**

Firstly, the lack of a stable government and the change of long-term agendas has had a significant impact on the energy sector of Kosovo. While the VV-led government was more prominent to voice its concern regarding the coal-fired TPP, the LDK-led government has yet to share its policy agenda. Therefore, the lack of support by the elected officials on the process of drafting this plan may lead to the failure of developing the mechanism for implementation.

Furthermore, while drafting this plan, Kosovo is set to take upon international obligations and set a critical agenda for the next ten years, and the lack of involvement of the elected officials makes it impossible the accountability and does not bring insurance of implementation. Moreover, while this plan is one of the largest that Kosovo has drafted and it tackles sectors such as agriculture, energy, finance, economic development etc., the lack of involvement of the elected officials and Ministers of respective branches fails to bring political coordination.

Lastly, it has been an EU and Regional practice that the development of this plan has been led by political figures, giving their full expertise and backing to the process.

## **4.2.2 Lack of involvement of Parliament**

While Kosovo's national law does not require the formal endorsement of Kosovo's National Energy and Climate Plan by the Parliament at this earlier stage, NECP is established to ensure a coordinated approach of all Ministries relevant to the development of the Plan. The Cabinet of Ministers, therefore needs to be regularly updated on the status of the Plan, as well as options for policy scenarios establishing the direction of national energy and climate policies post-2020. Therefore, due to the importance of this Plan and the precedency set by other EU member states, the Parliament needs also to be informed by the respective ministers responsible for the Plan. Hence, the Plan should reflect the agenda that they have been elected to support.

## **4.2.3 Lack of involvement of local authorities**

Local Councils form the most basic form of local government; moreover, their role is primarily administrative, and their involvement in energy and climate policy design is essential. While on the process has also been involved senior officers from the Association of Municipalities of Kosovo, the local governments of the regions that will be heavily affected by this plan need to be included during the preliminary consultation period. Furthermore, the coordination of the projects will further enhance the positive impact that they may have. Therefore, the leading actors on this plan need to further coordinate with municipalities such as Gjakova, Prishtina, Skenderaj, Mitrovica, Drenas etc. that are undergoing on some form project either in renewables or heating.

## **4.2.4 Lack of involvement of industry/unions**

The involvement of local authorities, social partners, civil society organizations, the business community, industry and other stakeholders, as well as the general public, is considered vital under the Regulation on the Governance of the Energy Union. Article 10 of the Regulation also requires that the Member States ensure that the general public is given early and influential opportunities to participate in the preparation of the plans. However, the process of stakeholder engagement has not kicked-off yet. The initial public consultation process has not been carried even though a few representatives from the NGO's have been part of the process. Therefore,

taking up into the international and regional practices the involvement of the industry during the initial consultation stages is of utmost importance, reducing the negative drawbacks that this plan may have on few industries.

## **5.0 Budget overview**

The NECP serves as a strategic planning framework and policy document that will guide Kosovo's contribution to achieving the Energy Union's 2030 objectives and targets, whilst identifying those measures necessary for their achievement during the period until 2030, with an outlook until 2040. The Plan aims to support Kosovo's economic, environmental and social development and sustainability, while also focusing on providing clear benefits for citizens, businesses and investors in Kosovo. Whilst the Ministry responsible for finance and budget has been poorly involved in the development of this Plan, all financial estimates included in Kosovo's National Energy and Climate Plan need to be shown on the yearly budget plan.

Implementation of policies and measures which will lead to emissions reductions invariably require a financing plan, particularly those which involve massive capital investment. Such financing plans need to be drawn up and be aligned with the EU and international funding mechanisms for specific infrastructural solutions particularly in the waste management, development of RES, central heating systems, gas infrastructure, transport, EE etc.

Ministry of Finance in cooperation with the leading ministries of this Plan (MED, MPMH) need to coordinate the projects and them to be reflected in the yearly budget plan of the government. While at this moment, it is impossible to define the cost of NECP and the cost of the recommendations due to the lack of the targets. It is vital that this Plan defined what these costs will be and who will bear the costs.

## 6.0 Conclusion

Being part of the Energy Community Treaty and a committed prospective member towards full EU membership, Kosovo should adhere and comply with EU energy legislation. Therefore, Kosovo has started to develop and adapt to the National Energy and Climate Plan. While this plan brings further obligations and regulations on the market, it is the only way that Kosovo can move forward to a more integrated energy market. By implementing NECP and aiming towards the implementation of the EU green deal, Kosovo will channel into the possibility of reforming not only the energy market but also the market as a whole. This plan aims to tackle the dimensions of Decarbonization, Energy Efficiency, Energy Security, Energy Internal Market and lastly the Research, Innovation and Competitiveness. By having a broad scope of action, this plan aims to tackle the problems justly and fairly without bringing extra burdens to weak markets. The GoK, namely the civil service has intensified their efforts in cooperation with the international donors and actors to develop this plan, while, so far, much development has been done, few points need to be tackled for this plan to fully developed.

## 6.1. Recommendations

To meet the EU's ten yearlong targets, Kosovo should further enhance the coordination between the actors involved. Thus, after looking into the actors involved, policies at the place and the work that has been done towards green transition in Kosovo, the involvement of Elected officials to co-chair the development of the plan is of utmost importance. By doing so, we would have better policy stability during the development of the plan, but also harmonization of the agenda of the elected officials with those of national importance and to further increase accountability. Moreover, the initial consultation process with industry representatives, municipalities undoubtedly impacted, and donors it is highly recommended.

The drafting of the National Energy and Climate Plan should be supported by a preliminary political commitment that would ultimately clarify Kosovo's path to energy transition. This commitment in the form of political support should position Kosovo on a clear track to achieve measurable objectives in terms of energy transition, climate, environmental protection and transformation of processes and sectors in the country.

It is highly noted that the dimension that Kosovo falls behind the most is Research and Development. Therefore, as stated earlier, an urgent increase in efforts to further invest in this dimension is required. The Research and Development sector also has high

economies of scale if invested in cooperation with other regional countries. The shared experiences between the region would help in further developing the capacities and mechanism to oversee the implementation of the plan.

In the next steps, Kosovo institutions should consider consolidating existing strategic documents with the National Energy and Climate Plan. Existing strategic documents should be in line with the NECP and integrated within this framework. This approach would help in better policy planning at the government level and also in better monitoring of public policies. The process of consolidating the NECP with other strategic documents should have an inter-ministerial consensus followed by establishing a sustainable government mechanism to monitor the implementation and alignment of these policies.

Lastly, but most importantly, a taskforce for the coordination of Energy investments needs to be developed. This is mainly done to coordinate the foreign donors, local investments and also monitor the implementation of the plan closely, especially for the EE and RES dimensions.





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