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# **THE ROLE OF RENEWABLE ENERGY IN ACHIEVING THE 2030 TARGET**

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**Policy Brief**

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8/2021





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## Introduction

Renewable energy is at the forefront of efforts to ensure sustainable development and the transformation of life and energy on Earth from fossil fuel-based form to green, affordable and circular energy. Renewable energy, thus, is the only alternative form to energy based on polluting sources which are not only sustainable but also cause environmental and health damage. Renewable energy is ultimately transformed from an ideal and vision for the future, in a pressing request to the desks of policymakers.

The Green Agenda for the Western Balkans, a European Union initiative that culminated in the signing of the Sofia Summit Declaration in November 2020, is an excellent basis for progress in the field of renewable energy. The main objective of the Green Agenda is to assist Western Balkans in the design and implementation of policies designed to develop modern, resource-efficient and competitive economies, where growth is decoupled from greenhouse gas emissions, resource use and waste generation and where climate resilience is pursued.<sup>1</sup> This commitment of the Green Agenda for the Western Balkans is also part of the European Union's long-term efforts to include the region in the common energy policy framework.

The main elements of the Green Agenda for the Western Balkans are:

- Decarbonization
- Circular Economy
- Depollution of air, water and soil
- Sustainable food systems and rural areas
- Natural capital<sup>2</sup>

Kosovo is a signatory to the Treaty establishing the Energy Community, a mechanism in the form of an international organization whose key objective is “to extend the EU internal energy market rules and principles to countries in South East Europe, the Black Sea region and beyond. basis of a legally binding framework”<sup>3</sup>. At the core of the work of the Energy Community is the creation of conditions for, in addition to the integration of energy markets in the region, the transformation of systems to take place, following as a guide the policies and developments within the European Union.

Renewable energy is at the core of the Treaty Establishing the Energy Community. Article 2 of the Treaty states the aim to "improve the environmental situation in relation to the Energy Network and related energy efficiency, foster the use of renewable energy, and set out the conditions for energy trade in the single regulatory space." As part of this Treaty, Kosovo will

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<sup>1</sup> European Commission, (2020), Communication from The Commission to The European Parliament, The Council, The European Economic and Social Committee and The Committee of The Regions, An Economic and Investment Plan for the Western Balkans, available at [https://eur-lex.europa.eu/resource.html?uri=cellar:d32825b0-08ad-11eb-a511-01aa75ed71a1.0002.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:d32825b0-08ad-11eb-a511-01aa75ed71a1.0002.02/DOC_1&format=PDF) (accessed in May, 2021).

<sup>2</sup> Ibid.

<sup>3</sup> Energy Community Secretariat, (2021), Main Web-Page of the Energy Community, About Us, available at <https://www.energy-community.org/aboutus/howweare.html> (accessed in May, 2021).

commit to implementing European legislation including targets in the field of renewable energy, energy efficiency and reducing greenhouse gas emissions.

Kosovo is on the verge of getting new targets for 2030 which are expected to be much more ambitious than the previous targets. The target of 25% by 2020 is expected to be replaced by a target of 30-34% for renewables by 2030 depending on the study that the European Commission is conducting. All this will require an immediate policy intervention, in order to ensure that all necessary measures have been taken for the reforms to take place successfully and for the intended target to be achieved.

This paper aims, by scanning the situation with the main public policies in the country, to provide concrete recommendations which will serve the institutions to pave the way towards greater inclusion of renewable resources. It is significantly focused on the current legal and policy framework and recommendations on what the policy framework should be for the future. Energy from renewable sources is one of the areas where the Government's cooperation with civil society and businesses will be necessary to successfully pass the energy transition.

## **Methodology**

A combination of quantitative and qualitative methods was used to carry out this work. Although the qualitative method is more dominant because we wanted to analyze not only numbers but also other findings and to delve deeper into the causes, numerical data were also used to construct a model of analysis. These data mainly came from the reports of the Energy Regulatory Office, international reports and other sector data.

Also, the analysis of the content of legislation and policies in the country in the field of renewable energy has been done. Special attention has been paid to the analysis of the purpose, the areas it covers, etc. After the analysis, conclusions were drawn where the team of analysts elaborated them to make recommendations.

## 2. Legal and Institutional Basis

The legal, institutional and strategic basis concerning the renewable sector in Kosovo consists of the Energy Strategy and energy horizontal legislation. Although these deal with renewable energy sources, they are currently not enough to achieve the objectives for the coming years. The current energy strategy is not adequate and is not in step with the European energy packages that have already been approved. Looking at the achievements of other countries in the energy resources sector, our country lags behind in terms of renewable resources and the legal basis behind them. But, this does not mean that Kosovo can't achieve its goals regarding the energy sector, especially renewable energy sources.

The main institutions responsible for regulating the sector are the Ministry, Energy Regulatory Office and municipalities. The Ministry is the government body that has in its field of activity the drafting of policies in the field of energy. The Ministry drafts the Energy Strategy as the main strategic document, sponsors laws and makes key strategic decisions regarding the energy field. On the other hand, the Energy Regulatory Office is an independent body, which has the task of regulating the activities in the Energy Sector in Kosovo. Municipalities in cooperation with both of these bodies, assist the energy sector by implementing new projects and enabling the integration of renewable resources in the energy market. The cooperation of these actors would lead to the creation of a sustainable energy future, and at the same time would meet the set objectives.

### 2.1. Strategic documents

#### 2.1.1. Energy Strategy – lessons learnt from the existing one and a vision for the new one with special regards to renewable energy

The Energy Strategy 2017-2026 of the Republic of Kosovo<sup>4</sup> clearly defines in objective 5 the fulfillment of targets and obligations in energy efficiency and renewable energy sources. Kosovo, as a participant in the Energy Community, has the obligation to meet these objectives, as they are in the best interest of the environment and sustainable development. The existing strategy is not detailed and does not clearly guide how these objectives will be achieved, and the appropriate solution would be to review it and write a new strategy. The new energy strategy should have a special focus on renewable energy sources, as they are the future of the energy sector anywhere in the world, and such a trend is necessary to continue to be applied in our country. The potentials that our country has for the production of energy from inexhaustible sources should not be exploited, and the need for further integration is already evident.

Current energy strategy aims to ensure the optimal use of energy from renewable sources in accordance with the targets set. This strategy also aims to promote the use of renewable energy sources, in line with European countries, which have already pushed the use of these resources far ahead. Coal is still supported in this strategy, and looking at the recent events, where the fourth Energy Package has recently been approved, the strategy should contain many more objectives which utilize renewable resources, and promote their use by private persons. Given this, and the failure to meet renewable resource targets, the need for a new energy strategy has emerged.

The current energy strategy does not have the right vision for renewable energy sources. Objective 5 of the strategy states that:

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<sup>4</sup> Strategjia e Energjisë 2017-2026 e Republikës së Kosovës, [www.shorturl.at/dfwH9](http://www.shorturl.at/dfwH9), (May, 2021)

“In the sector of renewable energy sources, the aim is to develop and improve the necessary mechanisms regulatory and operational for achieving the target of 25% of the share of energy from renewable energy sources in gross final energy consumption in 2020.”

But so far, according to reports from the energy regulator's office, this target has not been met. This is also a consequence of the inadequate strategy, which does not clearly define how this objective will be achieved. This and other problems need to be anticipated, analyzed and addressed in a new energy strategy.

The new energy strategy, which is being drafted by the Government of Kosovo, has the opportunity to open a new page in the energy sector. Updates are needed, as from the drafting of the old strategy until today, the energy sector has undergone changes and advances in technology and opportunities. A new strategy could present more vision and more development opportunities for other sectors, and would enable Kosovo to move away from coal. Renewable resources should contain the main position of the energy sector in this strategy, and in this case it will help Kosovo in terms of European integration.

The new energy strategy must be reasonable, measurable and monitorable. Reasonable in terms of matching the economic conditions of the country, and helping to develop other sectors. Measurable in terms of looking at the achievement of the objectives contained in the new strategy. It should be monitorable at all times due to modifications that can be made or tracking of strategy points, and as a process, monitoring is of particular importance in achieving the objectives of the new energy strategy. The mistakes of the past should not be repeated in the future in the new strategy.

The new energy strategy should gather around itself the best experts in the field of energy. The working group of this strategy should contain experts from the generation, transmission, distribution, supply and energy regulator. All of these actors in the energy sector complement it and help make it work better. So their need and their experience is seen as necessary in drafting the new strategy. Experts must have in front of them clear goals that can be achieved without harming other sectors and having in the first place the protection of the environment and the living things that live in it. It is imperative that these working groups, which will work together to draft the new strategy, thoroughly analyze the mistakes of the past, and not repeat them.

### **2.1.2. National Energy and Climate Plan**

The National Energy and Climate Plan (NECP) is an important document for long-term energy policy planning. Kosovo has established working groups to draft the National Energy and Climate Plan and a draft of this plan exists. The adoption of the NECP is expected after the approval of new targets for renewable energy, energy efficiency and emission reduction. NECP aims to be a consolidating document of all energy, environment and climate strategies and aims to cover the strategic framework with projections going up to 2050.

## **2.2. Energy legislation**

### **2.2.1. Law on Energy**

Law on Energy defines the general principles and rules through which activities are conducted in the energy sector in the Republic of Kosovo.<sup>5</sup> This law includes and deals with electricity, thermal energy, natural gas and energy from renewable sources. Also, the energy strategy is based very much on this law, as one of the main laws of drafting an energy strategy, and normally that part of the scope of Law no.05 / L-081 is also this strategy. Among others, it deals with the regulation of the activities of the energy sector, the increase of competition, the rules for the protection of consumers, etc. This law and other laws are the basis of the functioning of the energy market.

### **2.2.2. Law on Energy Regulatory Office**

Law on Energy Regulatory Office defines the competencies, duties and functions of the Energy Regulatory Office.<sup>6</sup> The lawful provisions are enforced by the Regulator and which exercises the powers of the agency independently as part of the institution of the Republic of Kosovo. The Energy Regulatory Office is one of the main addresses regarding the energy sector in Kosovo, and the special law that belongs to this office helps a lot in regulating the market and defining the duties and responsibilities. Law no. 05 / L-084, together with the law on energy and the law on electricity are the supporting pillars of the energy sector of Kosovo.

### **2.2.3. Law on Electricity**

The Law on Electricity aims to define rules and measures for the functioning of the energy sector to ensure a safe, reliable, regular and quality power supply.<sup>7</sup> This law defines the rules for production, transmission, distribution and supply of electricity in the territory of Kosovo. Such a law helps the energy sector a lot, in terms of defining responsibilities and tasks. But for Kosovo to make progress in the use of renewable resources, another law is needed which is specifically for these resources.

### **2.2.4. A case for a new Law on Renewable Energy**

Kosovo should have a special Law on Renewable Energy. This law has to increase the utilization of renewable energy in Kosovo and to regulate the generation and the supply of renewable energy. Such a law would support and regulate the way energy is generated from renewable energy sources, such as solar energy, wind energy, hydro power, geothermal energy and biomass energy. It is of particular importance that such a law be adopted as soon as possible, as it would, among other things, better organize the energy market. Such a special law would encourage the use of renewable energy sources, which would ensure sustainable development for Kosovo.

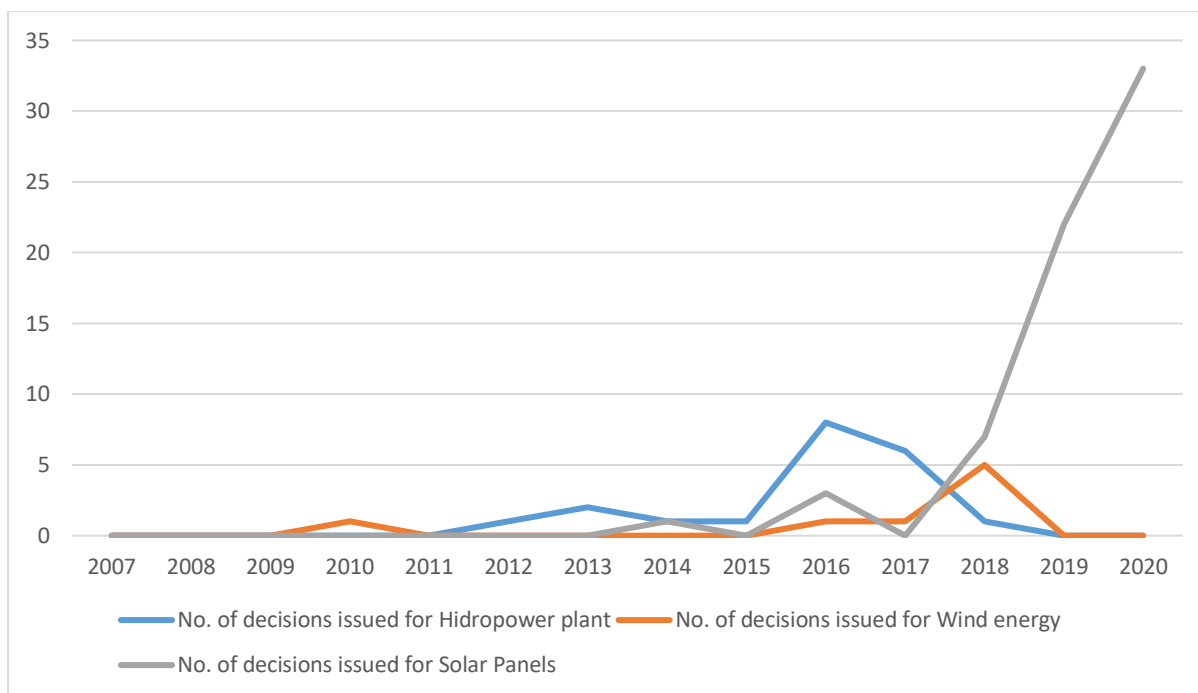
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<sup>5</sup> OFFICIAL GAZZETTE OF THE REPUBLIC OF KOSOVO/ Nr. 24 / 13 korrik 2016, PRISTINA, LIGJI Nr. 05/L-081 PËR ENERGJINË, <https://gzk.rks-gov.net/ActDetail.aspx?ActID=12689> , (May, 2021)

<sup>6</sup> OFFICIAL GAZZETTE OF THE REPUBLIC OF KOSOVO/ Nr. 25 / 14 korrik 2016, PRISTINA, LIGJI Nr. 05/L-084 PËR RREGULLATORIN E ENERGJISË, <https://gzk.rks-gov.net/ActDetail.aspx?ActID=12694> , (May, 2021)

<sup>7</sup> OFFICIAL GAZZETTE OF THE REPUBLIC OF KOSOVO/ Nr. 26 / 21 korrik 2016, PRISTINA, LIGJI Nr. 05/L - 085 PËR ENERGJINË ELEKTRIKE, <https://gzk.rks-gov.net/ActDetail.aspx?ActID=12744>, (May, 2021)





The special law on Renewable Energy would bring more security to the energy sector. Such a law would provide the use, operation, licensing and promotion in the market of renewable energy sources. By facilitating measures for the use of renewable resources, which would be enabled by a special law for them, it would increase competition which would be to the benefit of consumers, and to the benefit of energy security, where in this case it will cover some vacancies that this sector currently has in Kosovo. Kosovo has great prospects in terms of the use of renewable resources, and a special law on them would be welcome and should be adopted as soon as possible.

### 2.2.5 Administrative instruction (MED) No. 05/2017 Renewable Energy Source Targets

The purpose of this administrative instruction is to adopt long-term and annual renewable energy source targets.<sup>8</sup> This Administrative Instruction is partially compliant with the provisions of the Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources.<sup>9</sup> This administrative instruction enables the achievement of the mandatory target of renewable resources of 25% by 2020. At the same time, this document is of particular importance in the energy sector, namely for renewable energy sources, as it helps the inclusion and greater use of these sources for energy generation.

### 2.2.6. Rule on support scheme for renewable energy sources generators

The Rule on Support Scheme for RES generating facilities defines the regulated mechanisms for supporting electricity generated from renewable energy sources.<sup>10</sup> This support scheme is designed by the Energy Regulatory Office, and aims to help renewables be incorporated and encouraged to become part of Kosovo's energy market. The aid or the main point of this scheme is the feed-in tariff, which based on the type of energy source from which the energy is generated

<sup>8</sup> Republic of Kosovo, Ministry of Economic Development, ADMINISTRATIVE INSTRUCTION (MED) No. 05/2017 RENEWABLE ENERGY SOURCE TARGETS, <https://gzk.rks-gov.net/ActDetail.aspx?ActID=14893>, (May, 2021)

<sup>9</sup> Ibid.

<sup>10</sup> Energy Regulatory Office, RULE ON SUPPORT SCHEME FOR RENEWABLE ENERGY SOURCES GENERATORS, ERO/Rule No. 10/2017, [http://ero-ks.org/2017/Rregullat/Rule%20on%20Support%20Scheme\\_2017.pdf](http://ero-ks.org/2017/Rregullat/Rule%20on%20Support%20Scheme_2017.pdf), (May, 2021)

should be paid for each MW to the producer. The feed-in tariff was very high compared to the market price and thus was abolished by ERO.<sup>11</sup> The support scheme is seen as necessary in

Vendime për vetë-konsum	Nr. i vendimeve të lëshuara
Solare	20
Gjithsej	20

terms of achieving targets for renewable resources.

*Tab 1. Authorizations for self-consumption for 2019*

This scheme has also supported private individuals who have generated energy from renewable sources. Any electricity customer connected to the low voltage distribution network can apply to its Supplier to obtain the status of a Prosumer.<sup>12</sup> Prosumers are connected to the public power grid, and depending on the output, they can supply power or receive power from the grid. Such encouragement has pushed that year after year, the number of self-generators to increase, and thus the awareness of the rest of the citizens, who see this kind of energy as the future of this sector.

### **2.2.7. Rule on Authorization Procedure for Construction of New Generation Capacities**

To build new power generation capacities, licensing must first be done by the energy regulator office. This is because everything must be done according to the rules and laws of Kosovo, and at the same time under the monitoring of ERO. This rule is seen as necessary because the technical conditions of each device which will be used to generate energy from renewable sources must be monitored and met. And if it is licensed, it will mean that these conditions are met and the project is ready to be implemented. All this is with the main reason not to have problems in the future and to increase the security of investment and generation.

### **Prosumers**

Consumers who are equipped with their own technology for energy production are called prosumers. These consumers who decide to build a generator, for whom they must obtain a license from the office of the energy regulator of Kosovo, can also be called as generator consumers. Equipping with this technology and licensing its use, are very positive for the consumer in question and for the community, because these users increase their energy security, using clean energy and not polluting the environment where they live. In Kosovo there is also a support scheme for prosumer generators which is called Support Scheme for self-consumption generators.

The self-consumption support scheme helps and provides a lot to the own energy producers. This scheme envisages receiving all the electricity produced and sending all the electricity consumed by the generating consumers. Also, this scheme envisages that if the output by the prosumer is greater than the consumption he has, he is credited with energy (kWh), in the next billing period. Also a good thing for prosumers, which this support scheme provides, is that all the quantity it produces, the supplier must buy and place on the market. Seeing the energy trend

<sup>11</sup> Energy Regulatory Office, V\_1204\_2019, Determination of Feed-in Tariff, [http://ero-ks.org/2019/Vendimet/V\\_1204\\_2019\\_eng.pdf](http://ero-ks.org/2019/Vendimet/V_1204_2019_eng.pdf), (May, 2021)

<sup>12</sup> Ibid.

and the support that is being given to renewables sources, in recent years in our country has increased the use of renewable energy technologies, which

are supported by the support scheme of ZRRE.

In recent years in Kosovo, prosumers have increased. Below are presented the tables with data for 2019 and 2020, for which ZRRE has issued a license for use by prosumers.

Vendime për vetë-konsum	Nr. i vendimeve të lëshuara
Solare	33
<b>Totali</b>	<b>33</b>

Tab 2. Authorizations for self-consumption for 2020

These statistics show that licensing decisions from 2019 to 2020 have increased by more than 50%. This is a good sign since the greater the use of renewable resources by private individuals themselves, the faster the predetermined objectives will be achieved.

### 3.1. Supporting scheme

The support scheme aims to define the mechanisms that support the generation of electricity from renewable sources. This support scheme has been functional for 3 and a half years, and within it there have been tariffs which have been in an imbalance with real market prices. The price paid for each MW produced from renewable sources has been very high, and there is no scheme which brought enough results. The scheme was approved by the energy regulator's office, and its purpose was to promote the use of clean energy, as opposed to energy produced from fossil fuels.

This support scheme promotes power generators that use renewable energy sources for production. These generators must operate within the territory of the Republic of Kosovo, and the equipment must be new, therefore not used before.<sup>13</sup> The support scheme applied the Feed

Level of Feed-in Tariffs applicable for RES	
Primary Renewable Energy Source	(€/MWh)
Photovoltaic Energy	136.4
Wind	85.0
New small hydro power plants	67.47
Biomass	71.30

Table 1: Feed-in Tariffs applicable for electricity generated from Renewable Energy Sources and admitted in the Support Scheme

In tariff method, where depending on the source of energy production, payment was made for each MW produced.<sup>14</sup> The Feed-in Tariffs set for Renewable Energy Sources are as follows:

These tariffs have been incorporated from May 19 2016, until November 27 2019, when ERO made the decision to discontinue the Feed-In Tariff.

<sup>13</sup> ERO, Rregulla për Skemën Mbështetëse për gjeneratorët e Burimeve të Ripërtrishme të Energjisë, <http://ero-ks.org/2017/Rregullat/Rregulla%20per%20Skemen%20Mbeshtetese%20per%20Gjeneratoret%20e%20Burimeve%20te%20Ripertitshme%20te%20Energjise.pdf>, (May, 2021)

<sup>14</sup> ERO, Incentive tariffs for renewable resources, [http://ero-ks.org/2016/Vendimet/V\\_810\\_2016\\_eng.pdf](http://ero-ks.org/2016/Vendimet/V_810_2016_eng.pdf), (May, 2021)

### 3.1.1. Auctions and incentivizing competition

Auctions refer to competitive bidding procurement processes for electricity from renewable energy or where renewable energy technologies are eligible.<sup>15</sup> In an auction, energy project developers bid against each other to supply energy through long-term contracts at the lowest possible price.<sup>16</sup> Auctions represent one of the most effective methods for reducing the cost of renewable resource technologies, and often times are preferred over other support schemes. That is because auctions intensify competition and allow the price to be as low as possible. Many developed and under-development countries make use of this method and it has proven itself to be a very effective technique.

Energy auctions have become quite popular in the energy market, because they offer security, cheaper price, transparency and sufficient energy. All these features create a better and more suitable market for the electricity provider and user. Meanwhile, seeing the potential it has in terms of reducing energy prices, auctions are continuing to be integrated in many countries, including Kosovo. It is foreseen that this year, Kosovo will organize its first auction of energy from renewable sources, which aims to achieve more affordable energy prices and reduce the level of air pollution. Auctions are seen as one of the best alternatives for further integration of renewable resources, therefore they are being used more and more every day in every country of the world.

Auctions have spread quickly as a means of eliciting supplies of energy from renewable sources.<sup>17</sup> As the tendency of using renewable resources for the production of electricity increased, year after year the price of energy production from these sources has fallen due to the development of new technologies and competition. In 2010, solar energy was contracted at a global average price of almost USD 250/MWh, compared with the average price of USD 50/MWh in 2016.<sup>18</sup> This shows that the auctions have given the desired effect and have enabled the receipt of services at the lowest possible prices.

Auctions are expected to be held in Kosovo as well, and the first auction is expected to take place this year. Auctions will result in affordable energy prices from renewable sources, and will have the effect of developing investment in growing 'green businesses' as well as reducing air pollution. By holding auctions, it is possible to develop competition, which eventually reduces the energy prices and further integrates renewable resources in the energy market. Auctions are better than other support schemes because they reflect the reduction in the price of generating technologies from renewable sources, faster than other methods.

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<sup>15</sup> International Renewable Energy Agency, Renewable Energy Auctions: Analysing 2016, [https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2017/Jun/IRENA\\_Renewable\\_Energy\\_Auctions\\_2017.pdf](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2017/Jun/IRENA_Renewable_Energy_Auctions_2017.pdf), (May, 2021)

<sup>16</sup> USAID, Renewable Energy Auctions Toolkit, <https://www.usaid.gov/energy/auctions#:~:text=An%20auction%20is%20a%20competitive,at%20the%20lowest%20possible%20price.>, (May, 2021)

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

Support schemes, including auctions, have managed to reduce the price of energy produced from renewable sources. The following figure shows the average price of energy produced by the sun and wind, from 2010 to 2016.

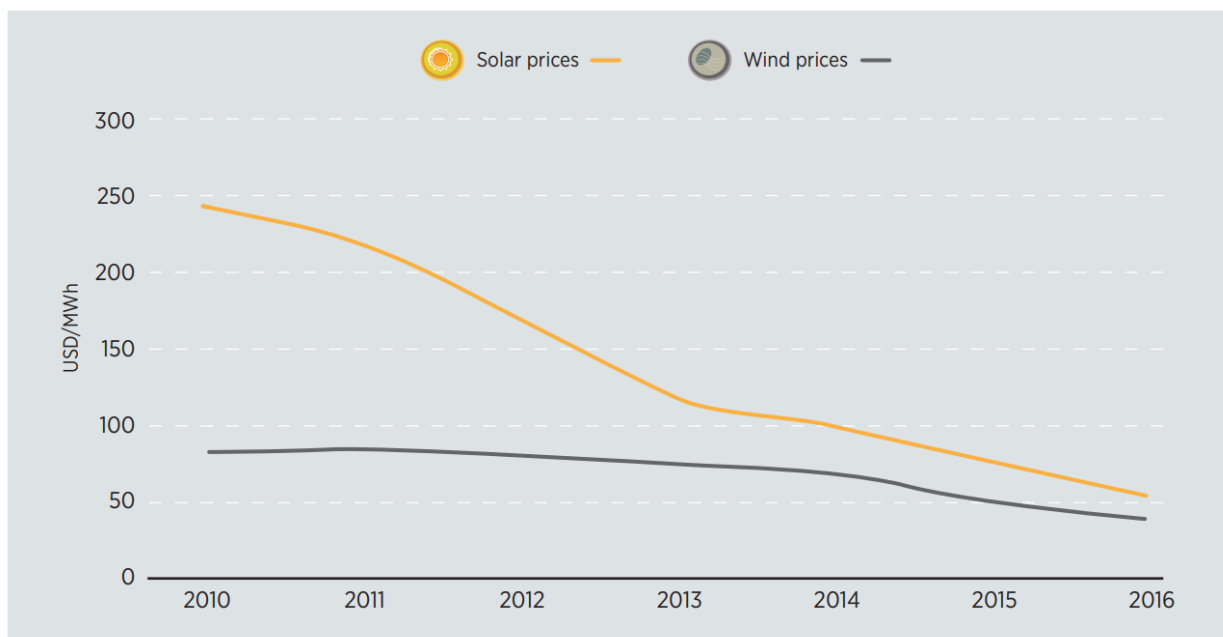


Figure 1. Average price of energy from Solar and Wind, Source: IRENA, *Renewable Energy Auctions: Analysing 2016*

This figure shows how the auctions have affected the price reduction, and normally the biggest beneficiary in this case is the consumer, who at the same time pays a cheaper price, but also pays clean energy that does not pollute the environment.

### 3.1.2. Prosumers and decentralization of production

Kosovo is currently a country with coal-based energy production, and 86.49% of total energy generation is based on this resource.<sup>19</sup> This fact clearly shows that Kosovo needs to change course, and focus more on renewable energy sources. This should be done with a long-term plan as well as with the help that can be provided to prosumers. By helping this category, the amount of electricity production from renewable energy sources can be increased, and a decentralization of production can be achieved.

Decentralization of energy is the generation of energy by small producers who produce energy from their technology, which are connected to the grid. In Kosovo year after year, the number of prosumers is increasing, which is a good sign as awareness has been raised for the use of clean energy, and environmental protection. Decentralization in one form creates the possibility of choice of supply by each person, and helps the distribution network to have less pressure. In addition, decentralization has other benefits, which confirm it as a favorable option for each country.

Decentralization enables increased security of supply, reduction of losses and achievement of objectives more easily than the centralized network. Security of supply will increase as the generation of energy from small sources, and then the use of that energy by the producer himself facilitates the network and the general demand. At the same time, when the demand for energy from the centralized grid decreases, then the losses will be proportionally reduced. The

<sup>19</sup> Annual Report 2020, ERO

decentralized network is based mainly on renewable resources, and prosumers use production technologies for renewable resources, and all this pushes towards the easier achievement of the objectives for renewable resources. All these factors show that the decentralization of the grid is quite favorable and should be pushed forward as a scheme which would support all actors in the energy market.

### 3.1.3. Renewable energy and market integration

Market integration is needed to replace fossil energy sources by renewables. The future of the energy sector is destined to have at its core the generation of energy from sources that are environmentally friendly. Electricity is the basis of the functioning of life, but knowing its importance, does not mean that the damage it can cause to nature and living things living in it should be avoided. With this in mind, the solution to the many problems caused by the generation of energy from fossil fuels can be achieved by using renewable sources as generators. Therefore the importance of these resources is considered as fundamental in the future.

Market integration will be to the benefit of all consumers. This as the production potential increases, security with supply, competition will increase and at the same time more options to choose from the consumer. Renewables offer great flexibility and can be used much more easily than fossil fuels, which require more time and more work to generate energy, all of which affect consumers as well as the environment. By integrating these resources we would have many benefits, but we would also be able to develop and push forward processes started earlier and meet the objectives set earlier.

The larger the energy market, the greater the energy security and the more affordable the price. This means that energy security in a market with multiple sources of production will increase, because competition enables to have an adequate supply for consumers. This represents one of the biggest advantages of renewable resources, as they present great maneuvering opportunities and numerous production options. In an integrated market, with a variety of products from different sources, the market functions better and easier, because there are many actors who help and ensure the safe functioning of the market, and meeting the demands of the consumer. But to achieve an integrated market, investments are required in equipment or technology that enable the production of energy through them.

### 3.2. Investments and simplification of procedures

Investment is to allocate money in a field with the expectation of a positive benefit in the future. It is normal that if you want to achieve something, you have to invest and commit to a direction that you believe will be in the best interest of you and your community. The same ideology is applied in the field of electricity, where its future is undoubtedly composed of renewable sources. The technology of this branch of energy, day by day is becoming cheaper and safer to invest in it. Our country has also started to invest in this direction, but the intensity of investments for these resources should increase, and more budget should be allocated to projects that will bring energy generation from renewable sources.

Investments are needed to ensure a secure future. The projects are costly but cost-effective in economic terms, as after the initial investment, their maintenance is not very costly. In terms of the future, investments in this field are inevitable as they are the future of the energy sector, and a very strong foundation on which our state can rely to create energy stability. By investing in renewable energy projects, we will reduce our dependence on coal. And this is one of the conditions that the Energy Community Treaty requires from each signatory state. It is therefore

necessary for the state to assist investors and facilitate procedures to advance the implementation of such projects.

Simplification of procedures means the study or analysis of a particular process, and the elimination of complications and troubles that may occur. One of the procedures is the limitation of production capacities, where this should be removed and there should be no such limitations. For such important issues that affect the good of the community, and the achievement of energy goals, the procedures should be as easy as possible and as affordable for everyone. Facilitation of procedures would encourage more investment which would be to the benefit of all.

With simplified procedures, investors would have less hesitation to push projects forward. In addition to simplifying procedures, it would be good to encourage and assist investors, because in addition to energy benefits, the country would also benefit in terms of reducing unemployment. All this is done in order to have as many investments as possible which would push forward the projects that include renewable energy sources, which are normally in the best interest of the country. Facilitation of procedures is a process that must be taken into account very quickly and which would bring good in all areas affected by the energy sector.

### 3.2.1. One stop-shop and sustainable management of resources

The objective of the One Stop Shop is to speed up the process of energy retrofit, by facilitating the launch of projects and by acting as an intermediary between the different components and actors of such a project.<sup>20</sup> The purpose of the One Stop Shop is to reduce the number of administrative procedures faced by investors and to reduce costs during the investment project development process. The term as such is well known in practice in Kosovo as it is applied at the municipal and central level, as in the case of the Business Registration Agency.

Based on the practices of some developed countries, we have two main models for One Stop Shop:

- OSSH that provides information services
- OSSH as an intermediary institution (occasionally with an executive role)

The differences between the first and the second are large, however, in both cases they can play a key role in advancing developments with investment projects in the field of renewable sources.

There are 3 models of One Stop Shop, which have been applied in different countries and which can be applied in our country too. These models are:

- Model A: An informative and advisory OSSH
- Model B: OSSH as a single address with a coordinating role
- Model C: Applying the ‘open procedure method’ to investments from renewable sources

The integration of any of these models in Kosovo would help and simplify many processes.

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<sup>20</sup> CITYNVEST, A guide for the launch of a One Stop Shop on energy retrofiting, The objective of the One Stop Shop, [https://www.ccre.org/img/uploads/piecesjointe/filename/CITYnvest\\_A\\_guide\\_for\\_the\\_launch\\_of\\_a\\_One\\_Stop\\_Shop\\_on\\_energy\\_retrofitting\\_EN.pdf](https://www.ccre.org/img/uploads/piecesjointe/filename/CITYnvest_A_guide_for_the_launch_of_a_One_Stop_Shop_on_energy_retrofitting_EN.pdf), (May, 2021)



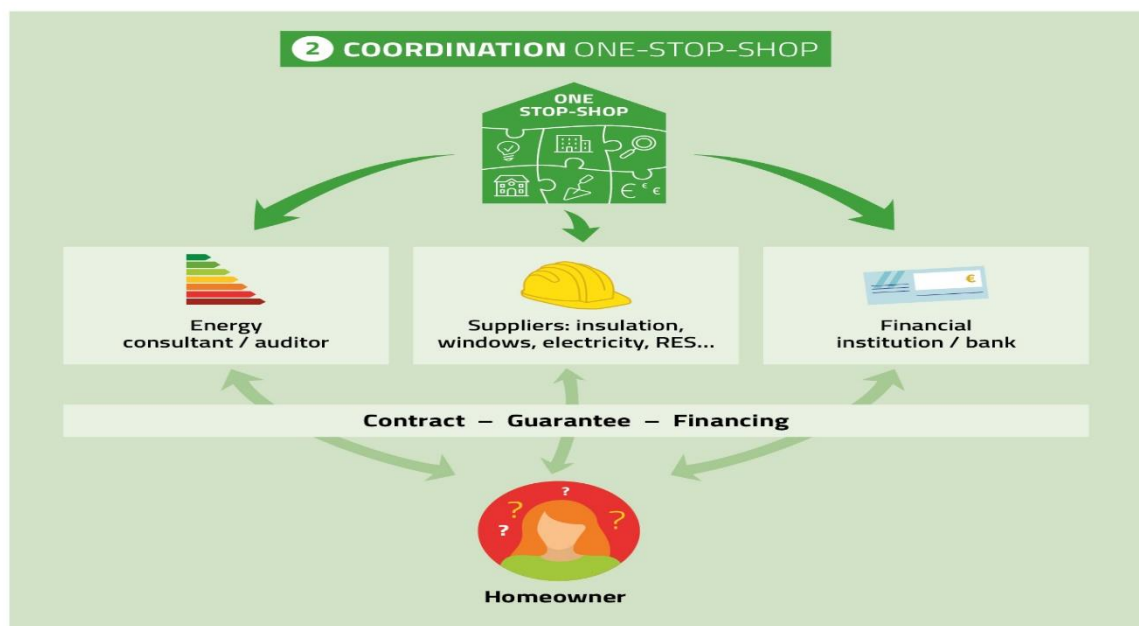


Figure 2. One Stop Shop, Source: Energy Cities

Sustainable management of resources means using natural resources in a way and at a rate that maintains and enhances the resilience of ecosystems and the benefits they provide.<sup>21</sup> The resources we have today do not mean that we will always have them, so we have to meet current requirements without affecting future generations requires. Sustainable energy includes all renewable energy sources, such as hydroelectricity, biomass, geothermal, wind and solar energies. Therefore, the use of these resources would help many areas of life, not only the energy sector, and among other things would create energy stability.

Sustainable management is crucial, since it is an important part of the ability to successfully maintain the quality of life. Sustainable management, as in every aspect of life is very important in the energy sector, where to stay and achieve success in the market, safe and non-harmful sources must be used, which meet the demands of consumers and do not harm the environment. The development of new technologies has enabled us to make better use of energy sources, which are inexhaustible such as renewable sources. With sustainable management and a well-structured strategy, the energy sector in Kosovo would be further advanced and the targets for renewable energy sources would be met much more easily.

<sup>21</sup>Cyfoeth Naturiol Cymru Natural Resources Wales, Introducing Sustainable Management of Natural Resources, <https://cdn.naturalresources.wales/media/678317/introducing-smnr-booklet-english.pdf> , (May, 2021)



## Conclusions

The current legal basis in the field of renewable resources is outdated and insufficient. There is uncertainty especially regarding support schemes for renewable energy sources and the responsibility and competencies of institutions. This, especially of the Ministry responsible for the field of energy and the Energy Regulatory Office. Failure to clarify such competencies has caused delays in reforming the support scheme and enriching it with new measures under European guidelines.

The current support scheme is still based on the Feed-in Tariff. This system, which had its value for introducing renewables in such a coal-based system, is now regarded as outdated and runs counter to the principles of competition in the market. The system is based on one-term contracts with investors that guarantees high prices for each unit produced for periods of 10 or 12 years. The level of these tariffs is not reviewed and is not liquid depending on market developments.

New energy targets from renewable sources have not yet been set. Although this is a process that is heavily influenced by the European Union, more specifically by the study of the European Commission, more work can be done in coordination and in placing the actors in a synergy. The Board of the Energy Regulatory Office is currently non-functional. The functioning of the ERO board is often endangered by damaging investments in renewable energy.

Monitoring the implementation of targets so far has been quite formal and focused on a dialogue that has been largely inter-institutional. There is a lack of an electronic mechanism in which all parties could be involved to contribute to the implementation of the targets and to track progress.

The current renewable resource support scheme does not adequately include small-scale renewable resources. Great focus has been given to investments within the support scheme with feed-in tariffs and recently also to consumers. Small scale generators do not yet enjoy any additional incentives despite the priority of dispatch.

Prosumers still face restrictions and permitting procedures take a long time. On the other hand, the constraint on the installation capacity and the fact that it is not consumption-based is also seen as a barrier. A net compensation metering system is still in force but not a net billing one.

To date, municipalities have not had a proactive role in promoting renewable resources. The targets of 2030 will be much more ambitious and the placement of renewable resources in the priorities of the municipalities, especially in the part of raising awareness is very important for the realization of the targets for 2030.

## Recommendations

The Ministry of Economy, responsible for the energy sector, should start drafting the Law on Renewable Energy Sources as soon as possible. This Law would clarify the competencies of institutions such as the Ministry and the Energy Regulatory Office, would reform the supporting scheme, would provide additional instruments such as One-Stop-Shop to encourage investors and would define the new gross renewable energy consumption target. The importance of the law also lies in the fact that it could prepare the auction system, which is extremely important for the reform of the support scheme for renewable resources.

The drafting and entry into force of the Law during 2021 is also important to ensure that the system of auctions for capacities in the support scheme is established quickly and without further delays. Kosovo needs to set new renewable energy targets based on a higher ambition and with a commitment to a greater collaboration with key actors. The auction system should be organized by the responsible Ministry in cooperation with the Energy Regulatory Office and other funding institutions.

The government should set new targets for renewable sources based on the European Commission study, our ultimate goal of decarbonization and a vision for energy transition and coal-phase out. A policy planning model based on increasing the penetration of renewable resources alongside coal removal needs to be put in place. The new targets must interact with each other in such a way that investments in efficiency precede those in renewables and emission reductions.

Kosovo should establish an electronic tracking mechanism for the implementation of new targets. This mechanism would serve as a platform for tracking progress, increasing communication between stakeholders, and policy planning based on the level of implementation of targets.

The Government of Kosovo should promote the decentralization of generation resources through small-scale resource promotion. These sources, or small generators, in addition to the dispatch advantage, can also enjoy other advantages such as tax exemption, fiscal and customs easements on equipment, etc. Renewable energy sources, thus, can be utilized without harming the environment as is the case with small-scale sources through river streams.

Energy Regulatory Office should reform the supporting scheme for consumers with self-consumption (prosumers). This scheme should remove the capacity constraint and it should be based on the average consumer consumption. Also, the net-metering scheme should be gradually replaced with a net-billing scheme. Of particular importance should be the work with municipalities in order to accelerate the issuance of municipal consents and to make sure that the renewable energy sources are included in municipal development plans and urban plans.

The government should establish a one-stop-shop for investments in renewable energy. This one-stop-shop that can be created within the Agency for the Promotion of Foreign Investments, and should aim not only to inform investors, but also to provide documentation and should include institutional units of various institutions in order to investors to be provided with data on capacities, to be assisted in obtaining documents for participation in the auction or to be provided with licenses for exercising the generation activity.

Renewable energy should be supported with fiscal measures and other additional policy measures. The Ministry of Finance, in cooperation with the Ministry of Economy, should establish a fiscal policy package for equipment used for the production of renewable energy. In addition, in the Law on Construction, promotional provisions should be placed for facilities that plan investments in solar panels and investments in energy efficiency.

Municipalities should have an increased role in implementing the targets for 2030. To a large extent, they can contribute to the promotion of investments through the implementation of projects in public buildings as well as through promotional work with primary and secondary education. Municipalities should develop an energy management plan that should include existing capacities and investment potentials in RES.

