

Energy Efficiency in Albania

Status of transposition
Implementation
The way forward

By Rajmonda Zajmi, MBA
Law, Economy,
Management and
Administration of Enterprises

Tiranë, July 2013

Introduction

The process of European integration aims to bring peace and economic prosperity to Europe through the integration of markets and the presence of a safety net for citizens. Within the EU and its member-states, energy and environment are two of the most pressing issues of today.

The prospect of sharply rising energy prices and increasing dependence on imports makes the EU energy supply less reliable, and jeopardizes the whole economy. Reducing emissions and curbing climate change are key objectives of the EU energy policy.

Environmental policy is one of the most relevant examples of the progressive institutionalization of a system of government built around the original aim of economic integration. Today, indeed, many of the regulations in a Member State's environmental legal framework are a direct or indirect emanation of the *Acquis Communautaire*.

Candidate and potential candidate countries, when adapting national norms to EU standards, are faced with quite challenging institutional, financial and technical issues. A committed and long-term political agenda can transform these issues into a greater opportunity for development.

The present report aims at describing the sub-sector of Energy Efficiency in Albania, as Potential Candidate country, its recent developments and its challenges. It presents the results of a desk study undertaken by the Consultant between May and July 2013 in Albania.

The report is organized in line with the Terms of Reference into two main sections:

1. A descriptive/comparative analysis vis-a-vis the actual status of the transposition towards the EU *acquis* of the legal framework on energy efficiency at national level, and comparison to the situation of the candidate states to that of potential candidates.
2. An analysis on the status of the implementation status of the legal framework on energy efficiency on a national level, and identification of the flaws leading to lack of implementation.

The study is based on information collected with the national authorities, international institutions, civil society organizations, and more generally from all reliable sources available on line.

Table of Contents

Directive 2012/27/EU on Energy Efficiency	5
Albanian Energy sector/Energy Efficiency	5
Actual status of the transposition of the legal framework on Energy at national level	6
Actual Power Sector Law (2003 and amendments).....	9
Actual Law on Energy efficiency	10
What says the EU Annual Progress Report 2012 for Albania	11
Some recent progress.....	12
Comparison to the situation of the candidate states to that of potential candidates	12
Analysis on the status of the implementation status of the legal framework on Energy Efficiency in Albania, and identification of the flaws leading to lack of implementation.....	13
Recommendations	15
Annex I: Bibliography on Energy Sector.....	16
Annex II: The EU climate and energy package.....	26

List of Acronyms

ANSE	Albanian National Strategy of Energy
AL	Albania
BiH	Bosnia and Hercegovina
CEZ	Electricity provider
EBRD	European Bank
EC	European Commission
EEF	Energy Efficiency Fund
EU	European Union
EEC	Energy Efficiency Center
EE	Energy Efficiency
EPBD	Energy Performance of Buildings Directive with EEA relevance
ERE	Agency of Electricity Regulatory
FYRoM	The Former Yugoslav Republic of Macedonia
GIZ	German Society for International Cooperation
IFC	The International Finance Corporation
IFI	International Financial Institutions
KESH	Korporata Elektroenergjitike Shqiptare (Albanian Power Corporation)
Kwh	KiloWatt.Hour
NATO	North Atlantic Treaty Organization
MW	megawatt
NEEAP	National Energy Efficiency Action Plan
MNE	Republic of Montenegro
REEP	Policy Database (contributed by SERN for REEEP)
SER	Republic of Serbia
ToC	Table of Concordance
TAP	Trans-Adriatic Pipeline
UNDP	United Nations Development Program
VAT	Value Added Tax

Directive 2012/27/EU on Energy Efficiency

The Directive 2012/27/EU¹ on Energy Efficiency establishes a common framework of measures for the promotion of Energy Efficiency within the Union in order to ensure the achievement of the Union's 2020 20% headline target on energy efficiency and to pave the way for further energy efficiency improvements beyond that date.

It lays down rules designed to remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy, and provides for the establishment of indicative national energy efficiency targets for 2020.

Previously, on 8 March 2011, the EC adopted the Communication "Energy Efficiency Plan 2011" for saving more energy through concrete measures. The set of measures proposed aims at creating substantial benefits for households, businesses and public authorities: it should transform our daily lives and generate financial savings of up to €1000 per household every year. It should improve the EU's industrial competitiveness with a potential for the creation of up to 2 million jobs.

Albanian Energy sector/Energy Efficiency

The Albanian Energy sector is mainly characterized by the dependance of the country to its water resources² -as 95% of domestic's generation relies on hydropower-, by the actual limitation on oil and coal production, and by legal barriers such as incomplete market structures.

Facing production issues and growing demand, the government has recently recognized that promoting greater energy efficiency and use of renewable energies should decrease the dependence on energy imports and brings more balance into the energy system. Consequently, in the frame of the Albanian National Strategy of Energy (ANSE), the government adopted the National Energy Efficiency Action Plan (NEEAP) for the period 2010-2018.

The NEEAP 2010-2018³ primarily aims to align the Albanian legal system to the EU Acquis, and in particular with "the Directive 2006/32/EC of April, 5, 2006 on "energy efficiency end use and energy services", the Directive 2002/91/EC on "Energy performance building", and with the Directive 92/75/EC also named the "Energy Labeling Directive". The NEEAP contains a description of measures to improve the energy efficiency in the country."

¹ DIRECTIVE 2012/27/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:315:FULL:EN:PDF>

² World Bank Report on Albania's Energy Sector: Vulnerable to Climate Change <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/0,,contentMDK:22717197~pagePK:146736~piPK:146830~theSitePK:258599,00.html>

³ NEEAP 2010-2018 - <http://www.energy-community.org/pls/portal/docs/1138177.PDF>

The Directive 2006/32/EC has since been repealed by Directive 2012/27/EU. Therefore, the NEEAP 2010-2018, based on Directive 2006/32/EC, should be revised to take into account the new requirements of the Directive 2012/27/EU, so as to be fully aligned.

Actual status of the transposition of the legal framework on Energy at national level

The actual status of the adaptation of the legal framework on energy efficiency towards the EU Acquis is usually summarized within a Table of Concordance (ToC), an instrument widely used to check the compliance article by article of legal transposition of a country towards the EU legal corpus. A comparison Table is presented below for the Energy Efficiency sub-sector in Albania:

Albanian Laws	EU Acquis	Compliance and Remarks
New Law on Renewable Energy Sources No. 138/2013 from 2 May 2013.	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 and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC (Text with EEA relevance).	Requires builders to adhere to a minimum share of solar thermal heat for certain building types. Exempts solar thermal systems and components from custom tariffs and Value Added Tax (VAT) altogether. Starting 20 May 2013, the government has 6 to 12 months to create the bylaws which should state precisely how the new law will be implemented. Compliance to be checked.
New draft law on Energy Efficiency - adoption pending. Secondary legislation not available yet, no drafts in circulation.	Directive 2012/27/EU on energy efficiency , amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC	Important update of the EU Energy Efficiency Directive. Compliance to be checked.
Legal Gap Analysis needed with actual AL legislation	Energy Performance of Buildings Directive 2010/31/EU (EPBD) and Delegated Regulation (EU) No 244/2012	Repeals the Directive 2002/91 with effect from 1 February 2012. Establishes the legislative framework for improving the energy performance of buildings. Taking into account the relevant energy consumption of buildings, this Directive aims at realizing their energy savings potential with the overall purpose, being part of the EU Energy Efficiency Package, to achieve the EU Energy Efficiency, Climate Change and Renewable Energy targets.
Legal Gap Analysis needed with actual AL legislation	Directive 2010/30/EU of the European Parliament and of the Council of 19 May 2010 on the indication by labeling and standard product information of the consumption of energy and other resources by energy-related products	Amended by Directive 2012/27/EU

Albanian Laws	EU Acquis	Compliance and Remarks
Law 10,196/2009 on some additions and amendments to the Power Sector Law regarding renewable energy and incentives for the construction of power plants using renewable energy. Came into force in January 2010.	To be checked against relevant EU Regulations/Directives	Compliance with relevant EU Directive to be checked
Legal Gap Analysis needed with actual AL legislation	Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products	Amended by Directive 2012/27/EU
Legal Gap Analysis needed with actual AL legislation	Directive 2008/28/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2005/32/EC establishing a framework for the setting of ecodesign requirements for energy-using products, as well as Council Directive 92/42/EEC and Directives 96/57/EC and 2000/55/EC, as regards the implementing powers conferred on the Commission	Compliance with relevant EU Directive to be checked
Decision no.27, dated 10 01.2007 "On the adoption of the rules for the evaluation and granting of concessions"	To be checked against relevant EU Regulations/Directives	Compliance with relevant EU Directive to be checked
Legal Gap Analysis needed with actual AL legislation	Directive 2006/32/EC on "energy efficiency end use and energy services"	Directive Repealed by Directive 2012/27/EU
Law no 9663 / 2006 on concessions	To be checked against relevant EU Regulations/Directives	The purpose of this law is to create a favorable framework for promoting and facilitating the implementation of privately financed Concession Projects enhancing transparency, fairness, efficiency and long-term sustainability, in development of infrastructure and public service projects. Compliance with relevant EU Directive to be checked
Energy Efficiency Law No.9379, date 28.04.2005	To be checked against relevant EU Regulations/Directives	The purpose of this law was to create the legal framework required for the elaboration and enforcement of a national policy for the efficient use of energy and reduction of energy losses in whole energy cycle. A new draft is in-progress.
Legal Gap Analysis needed with actual AL legislation	Directive 2005/32/EC of the European Parliament and of the Council with regard to ecodesign requirements for household refrigerating appliances	Amended by Directive 2008/28/EC

Albanian Laws	EU Acquis	Compliance and Remarks
Legal Gap Analysis needed with actual AL legislation	Directive 2004/8/EC on the promotion of cogeneration based on a useful heat demand in the internal energy market	Directive Repealed by Directive 2012/27/EU
The Power Sector Law (9072/2003)	To be checked against relevant EU Regulations/Directives	The purpose of the law is and to ensure the conditions for an electricity supply to the customers according to the standard parameters. Compliance with relevant EU Directive to be checked
Law no 9972 / 2003 on Natural Gas Sector	To be checked against relevant EU Regulations/Directives	Compliance with relevant EU Directive to be checked
Law No.8937, dated 12.09.2002 "On Heat Conservation in Buildings".	A full revision of the existing Energy efficiency Law and its integration with the existing Heat Conservation Law is necessary.	The aim of this law is to establish the necessary legal basis for setting up the rules and making mandatory actions for conservation of heat in all buildings, including public and private ones. Based on this law, in January 2003, the Council of Ministers approved the Energy Building Code establishing the minimum technical norms of heat conservation in buildings mandatory for all new constructions of what- ever functions.
Legal Gap Analysis needed with actual AL legislation	Directive 2002/91/EC "On energy performance building"	Recast by Energy Performance of Buildings Directive 2010/31/EU (EPBD)
Council of Ministers' Decision "For the approval of Technical Regulation "On requirements of energy efficiency for ballasts for fluorescent lighting" published.	Directive 2000/55/EC of the European Parliament and of the Council of 18 September 2000 on energy efficiency requirements for ballasts for fluorescent lighting;	Compliance with relevant EU Directive to be checked if necessary
Council of Ministers' Decision "For the approval of technical regulation "On essential requirements and conformity assessment of energy efficiency requirements for household electric refrigerators, freezers and combinations thereof"	Directive 96/57/EC of the European Parliament and of the Council of 3 September 1996 on energy efficiency requirements for household electric refrigerators, freezers and combinations thereof	Directive Repealed by Commission Regulation (EC) No 643/2009 of 22 July 2009 implementing Directive 2005/32/EC of the European Parliament and of the Council with regard to ecodesign requirements for household refrigerating appliances
Law No.10113, dated 09.04.2009 "On the indication by labeling and standard product information of the consumption of energy and other resources by household appliances"	Directive 92/75/EC - "Energy Labeling Directive"	Directive Repealed by Commission Regulation (EC) No 643/2009

Albanian Laws	EU Acquis	Compliance and Remarks
Council of Ministers' Decision "For the approval of technical regulation "On essential Requirements and conformity assessment on Hot-water boilers fired with liquid or gaseous fluids"	Council Directive 92/42/EEC of 21 May 1992 on efficiency requirements for new hot-water boilers fired with liquid or gaseous fuels,	Directive Amended by Directive 2008/28/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2005/32/EC establishing a framework for the setting of ecodesign requirements for energy-using products, as well as Council Directive 92/42/EEC and Directives 96/57/EC and 2000/55/EC, as regards the implementing powers conferred on the Commission

Actual Power Sector Law (2003 and amendments)

The Power Sector Law (9072/2003)⁴ establishes the main legal framework for the electricity sector in Albania. In December 2009 Parliament introduced, by Law 10,196/2009⁵, some additions and amendments to the Power Sector Law regarding renewable energy and incentives for the construction of power plants using renewable energy. The additions and amendments came into force in January 2010⁶.

Certificates.

Law 10,196/2009 introduced the definitions of 'green certificate' and 'origin certificate'. According to Article 39/1 of the Power Sector Law, a 'green certificate' is an official document which is valid for a limited period and which is separately transferable from the electricity to which it attests. The certificate provides that certain electricity is generated using renewable energy sources or from a combined method of production, and also indicates the date and place of production, the power plant and the owner. According to the same article, an 'origin certificate' is an official document which is transferable and which attests to: the producer; the quantity of electricity produced from renewable sources; and the power plant and its capacity.

Powers of Energy Regulatory Entity.

Among other amendments, Law 10,196/2009 introduced some additional powers of the Energy Regulatory Entity regarding renewable energy. The Energy Regulatory Entity now has, among others, the following powers: It qualifies the power plants that are supplied by renewable sources. It certifies the energy produced by power plants through origin certificates and green certificates. It drafts and approves special rules and procedures for the qualification of power plants which use

⁴ Law 9072 on the Power Sector (May 22 2003), as amended.

⁵ Law 10,196 on Some Additions and Amendments to Law 9072 on the Power Sector (May 22 2003), as amended (December 10 2009).

⁶ Law 10,196 (December 10 2009) was published in Official Gazette 184 (December 30 2009) and entered in force 15 days after publication.

renewable sources, and provides for certification of the energy produced by such stations through origin certificates and green certificates, which specify: the category of power station and the term of operation for obtaining the origin certificate and the green certificate; the formula and coefficient for calculating the quantity of electricity produced for which the origin certificate and the green certificate, as per the installed capacity and used technology, shall be issued; the nominal value of the certificates, expressed in megawatt (MW) hours; and other necessary elements which may be useful in order to adapt the process of qualification and certification for renewable energy with the procedures adopted by other countries with which Albania has entered into agreements for mutual recognition of such procedures. It drafts and approves the form of the green certificate and the origin certificate.

Renewable energy sources.

Law 10,196/2009 amended Article 39 of the Power Sector Law. Under this article, independent producers of electricity from non-renewable sources, with a capacity exceeding 50MW, must produce at least 3% of the previous year's production⁷ from power plants using renewable sources of energy. Such plants must be certified by the Energy Regulatory Entity through green certificates and have commenced operation after November 2 2000.

This obligation is deemed to be fulfilled where producers buy the same amount of electricity from other producers of renewable sources. When electricity is imported into Albania from another country, this obligation is deemed to be fulfilled if the corresponding foreign institution adopts similar procedures for certification of the production of energy from renewable sources.

Other incentives.

The Power Sector Law provides various economic incentives for renewable energy plants. Article 39/4 of the law allows the Council of Ministers to establish incentives and initiatives for the construction of power plants that use renewable energy to produce electricity. The mechanism and the incentives for the construction of power plants using renewable energy are due to be approved by the Council of Ministers within six months of the effective date of Law 10,196/2009⁸.

In addition, a system of feed-in tariffs is due to be approved by the Council of Ministers, in cooperation with the Energy Regulatory Entity, regarding power plants that use renewable sources and that are connected to the distribution network, where the energy produced is intended for tariff customers and where the plants do not hold green certificates.

Source Marco Monaco Sorge or Sajmir Dautaj at Tonucci & Partners

Actual Law on Energy efficiency

“On April 27, 2005 the Albanian Parliament passed an Energy Efficiency Law that established the legal framework for the promotion and improvement of the efficient use of energy. Although the law required a certain amount of secondary legislation to be adopted for its enforcement, no such legislation was developed and adopted.

⁷ Between 2010 and 2012 the quantity will be increased by 0.75% annually.

⁸ Check if these DCM have been passed

Law no. 8937, September 12, 2002: On Heat Conservation in Buildings established the legal basis for rules and regulations for heat conservation in all buildings. All buildings constructed after the law was enforced had to conform to a volumetric coefficient of thermal losses and had to make provisions for central or district heating. In January 2003 an Energy Building Code, establishing the minimum mandatory heat conservation norms for all new constructions, was adopted. Law and building code enforcement has remained poor.

A new law is under development with the support of Italian consultants. By the time the review team visited Tirana in September 2011, it was expected that the law might be finalized by the end of 2011 and submitted to the Council of Ministers for approval in 2012⁹.

The draft law transposes the EU energy efficiency legislation set by EC directives 2006/32; 2009/125; 2010/30 and 2010/31. It sets the objectives and principles of the national energy efficiency policy and introduces requirements with regard to minimum energy performance and certificates for buildings, energy efficiency audits of buildings and industry; and standards and labels for energy using household appliances. The draft law contains provisions for the establishment of a government agency to develop, implement and monitor the energy efficiency policies and programmes, including the NEEAP. A national Energy Efficiency Fund should be established according to the draft law to provide drafts, loans or financial guarantees for the implementation of energy efficiency projects.

Law no. 10113, April 9, 2009: Indication by Labelling and Standard Product Information of the Consumption of Energy and Other Resources by Household Appliances (Official Journal No. 53, page 2493, publication date April 9, 2009) transposes the requirements of directive 92/75/EEC. In accordance with the provisions of this law, the details regarding the labelling of the household electric appliances shall be stipulated by a regulation approved by the Minister responsible for energy, but no secondary legislation has been developed.”

Source: In-Depth Review of Energy Efficiency Policies of Albania. 2013. Energy Charter Secretariat. 2013.

What says the EU Annual Progress Report 2012 for Albania

The extracts from the resourceful Annual Progress Report 2012¹⁰ delivered by the European Commission (EC) shows below the status of legal transposition in October 2012 related to Energy and Energy Efficiency:

“No progress was made on aligning the Power Sector Law¹¹ with the acquis. Albania’s legal framework still substantially fails to comply with the Energy Community obligations.

There was no progress on energy efficiency. The new Law on Energy Efficiency remains to be

⁹ July 2013: the new EE Law is still a draft

¹⁰ EU Annual Progress Report 2012 for Albania http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/al_rapport_2012_en.pdf

¹¹ Law No. 9072, dated 22.05.2003 on Power sector, amended by Law 10,196/2009, entered into force in January 2010.

adopted. Substantial efforts are needed to prepare the implementing legislation and to implement the national energy efficiency action plan for 2011-2018.”¹²

Source: EU Annual Progress Report 2012 for Albania

Some recent progress

Some recent progress have been made to implement the National Energy Efficiency Action Plan for 2010-2018. In the framework of the "Human Capacity Development" project, funded by GIZ - German Society for International Cooperation, 14 auditors have been trained in November - December 2012 in the area of Buildings Energy Efficiency.

The objective of this training, which should be followed by other training during 2013 on various topics energy efficiency, was to increase human capacity of engineers and architects of the private sector and the public sector to carry out energy audits of buildings based on European Community standards, which will become mandatory with the future approval of the Law on Energy Efficiency.

Comparison to the situation of the candidate states to that of potential candidates

Croatia being just admitted as a Member country on 1st July 2013, the Candidate countries remain: FYRoM, Iceland, Montenegro, Serbia and Turkey.

Potential Candidate countries are: Albania, BiH and Kosovo*.

Legislation	Albania	BiH	FYRoM	MNE	SER	Turkey
EE Law	Draft	Draft	Energy Law	EE Law	Draft	EE Law
BEP Regulation	-	Yes	Yes	No separate Regulation	Yes	BEP TR
EE Strategy	ANSE 2003-2010	FBH (2009) and RS (2012)	Yes	Yes	Yes	EE Strategy 2012-2023
EE Action Plan	NEEAP 2010-2018	NEEAP	-	Yes	NEEAP 2010-2012	EE Strategy 2012-2023

Source: Financing Energy efficiency in Buildings. ISBN 978-605-63492-0-1

Analysis

Turkey and Montenegro have both integrated the EE Law, whereas Albania, BiH and Serbia have not adopted yet their draft document.

For all these Countries, it is important that the implementation pace of the strategies and plans of these Countries is monitored and evaluated regularly as per their initial objectives.

¹² In October 2013, the EC will deliver its Progress Report for year 2013.

Analysis on the status of the implementation status of the legal framework on Energy Efficiency in Albania, and identification of the flaws leading to lack of implementation

It may be useful to quote and highlight some interesting parts of the Chapter 15-Energy of the EU Progress Report 2012, as per the status of EU-related legal provisions' implementation in Albania:

Chapter 15: Energy

“There was little progress on security of supply. Albania improved its interconnection capacity through the inauguration of a new substation in Tirana but further efforts are required to complete interconnections with neighboring countries.

Electricity generation capacity has improved through the construction and the operation of several small hydropower plants but the country remains over-dependent on hydrological conditions.

No progress was made with implementing the acquis on security of electricity supply in line with the Energy Community Treaty. Albania, which is not connected to any international oil or gas pipeline, signed in September a Memorandum of Understanding with Greece and Italy on the Trans-Adriatic Pipeline (TAP), in the framework of the Southern Gas Corridor.

There was some progress towards enforcement of the legal obligation to hold a 90-day emergency oil stock reserve. Administrative measures were imposed on companies that failed to fulfill their obligations. Further efforts are still required to strengthen the technical and enforcement capacity in order to ensure that the legislation is fully implemented.

There has been little progress with the internal energy market. The restrictions on allocation of interconnection capacity were formally removed. Auctions open to third parties have been being held since February 2012. The government continued to issue concession permits for the construction of small hydropower plants. However, the number in operation remains limited due to legislative gaps hindering enforcement of contracts (See also Chapter 5 — Public procurement). The establishment of more than one hundred small hydro-powers plants is foreseen yet, no Strategic Environmental Assessment or socio-economic study have been carried out so far to assess their overall impact.

No progress was made on aligning the Power Sector Law with the acquis. Albania's legal framework still substantially fails to comply with the Energy Community obligations. Albania has not yet started aligning its legislation with the EU's third internal energy market package. The generation and wholesale supply operations of the state-owned company KESH have not yet been unbundled. Distribution and network losses increased and bill collection rates further deteriorated. Domestic production of electricity decreased by 47% in 2011, mainly due to bad hydrological conditions. Despite some improvements in power generation during the first half of 2012, this has resulted in financial difficulties for KESH, which had to request subsidies and a state guarantee on loans. In addition, a dispute between KESH and the distribution company CEZ over outstanding mutual debt remains unsolved and may endanger the stability of the electricity sector. The Energy Regulatory Entity (ERE) approved a decision on electricity tariffs for 2012 and developed a new balancing model for the electricity market. While the electricity wholesale price has increased significantly due to higher imports, the regulated electricity prices have only increased slightly.

ERE has repeatedly reduced the regulated generation price to offset the impact of higher imports. The monitoring and enforcement powers of the ERE remain weak, as does its independence. No substantial progress was made in preparing the implementing legislation in the field of gas, including the tariff methodology.

There was no progress in the field of renewable energy¹³. The Law on Renewable Energy remains to be adopted. Substantial efforts are required to increase use of Albania's significant potential for renewable energy, to adopt the national renewable energy action plan and to achieve the target in 2020. Administrative barriers remain as regards licensing and authorization of renewable energy investments and connection of renewable energy producers to the grid.

There was no progress on energy efficiency. The new Law on Energy Efficiency remains to be adopted. Substantial efforts are needed to prepare the implementing legislation and to implement the National Energy Efficiency Action Plan for 2011-2018.

Very little progress was made with nuclear energy, nuclear safety and radiation protection. Albania still lacks an adequate legal framework and administrative capacity in this field. Albania adopted the basic legislation on protection from non-ionising radiation. A regulation was adopted in May 2012 on the protection of the general public against ionising radiation. However, further efforts are still needed to align the legislation with the *acquis* and to ensure nuclear safety and safe radioactive waste management, security, non-proliferation and radiation protection.

Conclusion

There has been little progress in the energy sector. Lack of diversification hinders security of electricity supply. Energy market reforms require significant efforts to ensure the viability of the sector. The administrative capacity and independence of the energy regulatory Entity require further strengthening. Overall, preparations are not very advanced.”

.....

Analysis

Overall, the situation on this Chapter end of 2013 will likely to be identical as of 2012, with the exception that the Law on Renewable Energy was passed.

It is expected that the energy sector, including Energy Efficiency, will be assessed as not very well advanced towards the *Acquis*.

¹³ Note from the Consultant: the Law on Renewable Energy has since been adopted (on 2nd of May 2013)

Recommendations

Obviously, the adoption of the current draft Energy Efficiency Law and the relevant secondary legislation should be the main priority.

The draft Law not being adopted yet, it may be wise to revise the actual draft, as to ensure its alignment with the latest EU Directives (being in constant evolution), and reflect any new changes in institutional structures that may appear with the forming of new government following the general elections in June 2013.

The implementation of the future Law provisions should be guaranteed by a clear strategy and work plan, in particular building standards should be enforced, energy audits should be promoted and findings implemented.

Developing gas sector should be set as priority thus trying to decrease hydropower dependence. Hydropower investments should be subject of a Strategic Environmental Assessment and concessions carefully assessed towards environmental liability.

Innovative financing should be promoted as well financial incentives, since the main question will remain “how to finance the concrete activities of EE, such as thermic building insulation”.

Pilot projects, trainings, coaching and enhanced coordination should serve to implement concrete measures and demonstrate the benefits of Energy Efficiency.

Law enforcement and monitoring of implementation will remain also an important key.

Communication and transparency should be enhanced.

A platform gathering all stakeholders interested in upgrading the Energy Sector should be proposed, and Energy Efficiency concrete implementation measures set as priorities.

Rajmonda Zajmi
July 2013

Annex I: Bibliography on Energy Sector

Institution	Web
Ministry of Economy, Trade and Energy	mete.gov.al
KESH - National Company for Energy	kesh.com.al
OST - National Company for Energy Transmission	ost.al
Albanian Energy Regulator, ERE	ere.gov.al
National Agency of Natural Resources	akbn.gov.al

No	Title and Link	Key Words	Short Description
National Strategies			
1	Draft National Strategy for Development and Integration (NSDI) 2013-2020 http://www.dsdc.gov.al/?crd=0,26,0,0,0,484&ln=LNG	Albania, Strategy, EU Integration	In December 2011, the Strategic Planning Committee chaired by Prime Minister, as the highest decision-making structure for the Integrated Planning System, approved the drafting process and methodology for the National Strategy for Development and Integration 2007-2013. In addition, this process was formalized with the Prime Minister's Order No. 12 dated 02.02.2012 "For the preparation of NSDI 2013-2020".
2	National Strategy for Development and Integration (NSDI) 2007-2013 http://www.dsdc.gov.al/?crd=0,3,0,0,0,7&ln=Lng2	Albania, Strategy, EU Integration	The NSDI is a fundamental strategic document, finalized in December 2007 and approved by Council of Ministers Decision no. 342 date on 12 March 2008.

No	Title and Link	Key Words	Short Description
3	Albanian National Strategy of Energy (ANSE) http://www.akbn.gov.al/index.php/en/renewable-energies/national-energy-strategy	Albania, Strategy, Energy	A document that analyses and recommends the future changes that must be undertaken. This document includes the necessary changes that should occur in order to increase the security of the energy supply and the optimization of the energy resources in order to meet the demands and achieve a sustainable economic development in the future. As the changes in the energy sector are not spontaneous, the restructuring process of the energy sector needs essential steps.
Energy Efficiency			
4	Energy Efficiency Action Plan for Albania (NEEAP) 2010-2018 http://www.energy-community.org/pls/portal/docs/1138177.PDF	Albania, Energy Efficiency, Action Plan	The NEEAP for the period 2010-2018 has been adopted but the legal framework for its implementation remains to be established. The NEEAP sets an energy savings target of 9% of the average final consumption over 2004-2008, i.e. 168 Ktoe by 2018, 31% of which should be achieved in the transport sector, 25% in industry, 22% in households, 19% in the services sector and 3% in the agricultural sector.
5	In-Depth Review of Energy Efficiency Policies of Albania. 2013. http://www.encharter.org/index.php?id=379	Albania, Energy Efficiency	The first In-depth energy efficiency review of Albania was completed in 2012 by a team of experts led by a representative of Switzerland and including representatives of Bulgaria and Italy, supported by the Energy Charter Secretariat.
6	Western Balkan Investment Framework (WBIF), Financing Energy Efficiency Investments in the Western Balkans. May 2013. http://www.energy-community.org/pls/portal/docs/2144178.PDF	Balkans, WBIF, Energy Efficiency	This summary guide to financing facilities for energy efficiency in the Western Balkans is intended to provide an overview of the range of financing facilities and technical assistance currently available in the region funded by International Financial Institutions (IFIs) and the European Commission (EC). It also highlights some key issues arising for the future development of such valuable sources of investment funds for this increasingly important policy area.

No	Title and Link	Key Words	Short Description
7	<p>REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL- Financial support for energy efficiency in buildings. April 2013.</p> <p>http://ec.europa.eu/energy/efficiency/buildings/doc/report_financing_ee_buildings_com_2013_225_en.pdf</p>	<p>EU, Financing Energy Efficiency</p>	<p>The objectives of this Report are twofold.</p> <p>To present an analysis on the effectiveness of EU funding, funds from the EIB and other public finance institutions, and the coordination of Union and national funding.</p> <p>To indicate how financial support for energy efficiency in buildings can be improved.</p>
8	<p>United Nations, Economic and Social Council- Financing Energy Efficiency and Renewable Energy Investments for Climate Change Mitigation. January 2013.</p> <p>http://www.unece.org/fileadmin/DAM/energy/sc/pdfs/eneff/eneff_sc_24/ECE.Energy.WP4.2013.4_e.pdf</p>	<p>UN, Energy Efficiency, Renewable Energy</p>	<p>Development of Energy Service Companies (ESCO) Market and Policies in Selected Countries of South-Eastern Europe, Eastern Europe and Central Asia - Background paper</p>
9	<p>Resource Efficiency Gains and Green Growth Perspectives in Albania, Edmond Hido. October 2012.</p> <p>http://library.fes.de/pdf-files/id-moe/09455.pdf</p>	<p>Albania, Energy Efficiency</p>	<p>Study</p>
10	<p>Energy Efficiency Center (EEC). Newsletter registry.</p> <p>http://www.eec.org.al/Newsletter.html</p>	<p>Albania, Energy Efficiency</p>	<p>The Energy in Albania is a quarterly Newsletter published by EEC. It contains informations on EEC's activities in the fields of energy efficiency and renewables, informations on developments in energy sector in Albania and Region, energy and environmental issues, etc.</p>

No	Title and Link	Key Words	Short Description
11	Energy Community, Documents http://www.energy-community.org/portal/page/portal/ENC_HOME/DOCUMENTS?library.category=165	Energy Community, Energy Efficiency	Library of the Energy Community on Energy Efficiency
12	A short video on Energy Efficiency in Albania. 2010. http://climatechange-tv.rtcc.org/energy-efficiency-in-albania/	Albania, Energy Efficiency	Droughts and floods have a great impact on Albania's energy sector. Changes in weather have caused electrical power cuts, crop shortages and other problems at the main source of energy production – the River Drin. Currently, efforts are underway to address these challenges and improve resource use efficiency. The Government of Albania has made energy supply a main priority.
13	National Action Plans for Energy Efficiency for Albania, Croatia, Hungary, Latvia, FyROM, Moldova, Montenegro, Serbia, Slovak Rep., Slovenia and Turkey http://www.enercee.net/energy-policy-and-eu/action-plan-for-energy-efficiency.html	Balkans, Energy Efficiency	The Ministerial Council adopted on 18 Dec 2009 Decision D/2009/05/MC-EnC on the implementation of certain Directives on Energy Efficiency, that includes Directive 2006/32/EC on energy end-use efficiency and energy services (ESD). According to the above Decision and Article 14(2) of the Directive, Contracting Parties shall submit their first NEEAPs to the Secretariat by Jun 30, 2010 .
14	Bankable Energy Efficiency Projects (BEEP). http://www.cres.gr/kape/pdf/download/BEEP_Project_Brochure.pdf	Central and Eastern European Countries	Experiences in Central and Eastern European Countries

No	Title and Link	Key Words	Short Description
Renewable Energy			
15	Renewable Energy Law (AL) http://solarthermalworld.org/sites/gstec/files/news/file/2013-06-25/albanian_res_law_138_2013.pdf	Albania, Law, Renewable Energy	The new Albanian law on Renewable Energy Sources No. 138/2013 from 2 May 2013, which was published in the Official Gazette No. 83 on 20 May 2013, requires builders to adhere to a minimum share of solar thermal heat for certain building types. Furthermore, the so-called RES Law exempts solar thermal systems and components from custom tariffs and Value Added Tax (VAT) altogether. Starting from the day the law was enacted on 20 May 2013, the government has 6 to 12 months to create the bylaws which should state precisely how the new law will be implemented.
16	National Renewable Energy Action Plan (draft)	Albania, Action Plan, Renewable Energy	Defines RE targets, proposes an Action Plan for achieving these targets, and specific measures to align with Directive 2009/28/EC
17	Renewable Energy Resources and Energy Efficiency in Albania http://aea-al.org/wp-content/uploads/2012/04/RENEWABLE-ENERGY-ALBANIA.pdf	Albania, Renewable Resources, Energy Efficiency	The Albania Energy Association presents a synthesis of the sector of RE and EE
18	Albanian Investment Development Agency - Brief on Renewable Energy http://aida.gov.al/wp-content/uploads/2012/12/Renewable-energy-Albania-1.pdf	Albania, Renewable Resources	Short Brief on Renewable Energy in Albania

No	Title and Link	Key Words	Short Description
19	Round Table on Solar Water Heating and National Renewable Energy Action Plan. May 2012. http://www.ccalb.org/index.php?pg=details&id=19&nid=1&lng=en	Albania, Climate Change, UNDP, Renewable Energy	A roundtable discussion was organized in Tirana to launch the draft national renewable energy action plan for Albania and to discuss the legal framework for the promotion of solar water heating.
20	Renewable Development Initiative, Country Profile Energy - EBRD http://ws2-23.myloadspring.com/sites/renew/countries/Albania/profile.aspx	Albania, Energy	Albania has historically experienced an abnormally high growth rate of electrical consumption. A large part of that growth has been artificially stimulated by extraordinarily high rates of electricity theft, nonpayment of electric bills and tariff rates well below cost. Consumers have failed to conserve electricity or to make adequate use of alternative fuels for the past decade. The artificially high electricity consumption, particularly for electric space heating, has diverted a valuable resource away from commercial and industrial uses that would otherwise create jobs and contribute to economic growth.
21	Short presentation Albania Energy Situation, 2009 http://www.unece.org/fileadmin/DAM/energy/se/pp/eneff/IEEForumDushanbeSept2011/d2/2.1.6_Sherifi.pdf	Albania, Energy	Short Presentation on Energy Sector from National Agency of Natural Resources (AKBN)
22	Ekolevizja article on Photovoltaic Panels http://ekolevizja.wordpress.com/2013/05/03/panelet-fotovoltaike-injorohen-nga-projekt-ligji-per-energjite-e-rinovueshme/	Albania, Renewable Resources, Energy Efficiency, Civil Society	Ekolevizja article on Photovoltaic Panels

No	Title and Link	Key Words	Short Description
23	Ekolevizja article on Energy Komuniteti i Energjisë këshillohet me publikun mbi projektet energjitike	Albania, Civil Society, Energy	The Energy Community is working out the list of the projects in the field of energy for which the community has interest and will have priority for funding from the EU and international banks.
24	World Bank, Albania's Energy Sector: Vulnerable to Climate Change. September 2010. http:// siteresources.worldbank.org/ INTECALEA/Resources/ ECA_KB_29_Albania_Energy. pdf	Albania, World Bank, Energy, Climate Change	Water resources are a national asset for Albania: the river Drin generates about 90% of the electricity used by Albania's local industry and households. High dependence on hydropower brings challenges: electricity production can vary from almost 6,000 GWh to less than half that amount in very dry years. Climate change will likely have an adverse effect on hydropower production: by 2050, annual average electricity output from Albania's large hydropower plants could reduce by about 15% and from small hydropower plants by around 20%. Critical actions taken by Albania now to support optimal use of energy, water resources and operation of hydropower plants will help the country better manage climate variability and build resilience to climate change.
EU Policies in Energy Sector			
25	Directive 2012/27/EU on Energy Efficiency http://ec.europa.eu/energy/ efficiency/index_en.htm	EU, Directive, Energy Efficiency	The Directive 2012/27/EU ¹ on energy efficiency establishes a common framework of measures for the promotion of energy efficiency within the Union in order to ensure the achievement of the Union's 2020 20% headline target on energy efficiency and to pave the way for further energy efficiency improvements beyond that date.

No	Title and Link	Key Words	Short Description
26	EU Energy Efficiency Plan 2011 http://ec.europa.eu/energy/efficiency/action_plan/action_plan_en.htm	EU, Plan, Energy Efficiency	On 8 March 2011, the EC adopted the Communication "Energy Efficiency Plan 2011" for saving more energy through concrete measures. The set of measures proposed aims at creating substantial benefits for households, businesses and public authorities: it should transform our daily lives and generate financial savings of up to €1000 per household every year. It should improve the EU's industrial competitiveness with a potential for the creation of up to 2 million jobs.
27	Brief on the Commission's new Energy Efficiency Plan http://europa.eu/rapid/press-release_MEMO-11-149_en.htm?locale=en	EU, Energy Efficiency	Reference: MEMO/11/149 Event Date: 08/03/2011
28	Energy Community Work Programme 2014-2015. June 2013. http://www.energy-community.org/pls/portal/docs/2090187.PDF	Energy Community	The present Work Programme of the Energy Community for years 2014-2015 is prepared taking note of: <ul style="list-style-type: none"> - The Energy Community objectives, as laid down in Article 2 of the Treaty. - The Energy Community developments since the entry into force of the Treaty (2006); - The necessity to provide a clear framework for further steps towards achieving the Energy Community objectives; - The ongoing developments of political, legal and economic nature in the Contracting Parties and Observers; - The energy developments in the European Union

No	Title and Link	Key Words	Short Description
Other relevant documents			
29	EBRD Strategy for Albania. December 2012. http://www.ebrd.com/downloads/country/strategy/albania.pdf	Albania, EBRD, Strategy	The Bank's priorities for the next three years will focus on sustainable development of the private sector, building on the strong entrepreneurial spirit in the economy. The Bank will also invest in high-priority public sector projects in infrastructure where such investments can address important transition gaps.
30	REEEP Policy Database (contributed by SERN for REEEP) www.reegle.info/policy-and-regulatory-overviews/AL	Albania, Policy Data Base	reegle acts as a unique clean energy information portal, targeting specific stakeholders including governments, project developers, businesses, financiers, NGOs, academia, international organizations and civil society. Alongside comprehensive country energy profiles , energy statistics and a directory of relevant stakeholders it also offers the clean energy search and an extensive glossary . There is also an insightful clean energy blog with interesting and up-to-date background information.
31	Transadriatic pipeline (TAP) http://www.trans-adriatic-pipeline.com/uploads/media/AAL00-ERM-641-Y-TAE-1005_02--ESIA_Albania_SECTION_3_-_Legal_Framework.PDF	Gas, Legal framework	This section discusses the legal framework within which the Project will be conducted and the environmental regulatory requirements that will apply to Project activities. The applicable international requirements and Albanian legal framework are addressed below, as are various international agreements to which Albania is a party.
32	Enerdata, Yearbook 2013: Global Energy Market Review enerdata.net	Energy	Enerdata provides energy data , forecasts , market reports , research , news , consulting and training on the global energy industry.
33	The World Law Guide http://www.lexadin.nl/wlg/legis/nofr/eur/lxwealb.htm	Law	

No	Title and Link	Key Words	Short Description
34	<p>Environmental Security in South-Eastern Europe: International Agreements and Their Implementation (NATO Science for Peace and Security Series C: Environmental Security)</p> <p>http://books.google.al/books?id=18LXuCat-HUC&printsec=frontcover&source=gbg_summary_r&cad=0#v=onepage&q&f=false</p>	NATO	<p>Authored by international experts from academia, international organizations, governments and NGOs, this book highlights the main environmental security issues in the South-East European (SEE) countries, with a particular focus on climate change and water management. The common goal of the authors was to provide a reliable evaluation of whether existing legal regimes and correct implementation of applicable international treaties may contribute to reducing environmental security risks in the region. In-depth analyses and assessment of major challenges in compliance, serve as a firm ground which such evaluation is based on.</p>
35	<p>IFC to provide 10 mln euro to Albania's Credins Bank to back renewable energy, energy efficiency projects</p> <p>http://wire.seenews.com/news/ifc-to-provide-10-mln-euro-to-albania-s-credins-bank-to-back-renewable-energy-energy-efficiency-projects-340208</p>	Albania, Financing Energy	<p>TIRANA (Albania), March 12 (SeeNews) – The International Finance Corporation (IFC) will provide 10 million euro (\$13 million) in financing to Albania's Credins Bank in support of renewable energy and energy efficiency projects, IFC and Credins said on March 2013.</p>

Annex II: The EU climate and energy package

The climate and energy package is a set of binding legislation which aims to ensure the European Union meets its ambitious climate and energy targets for 2020.

The Climate and Energy Package – Involving the people of Europe

These targets, known as the "20-20-20" targets, set three key objectives for 2020:

- A 20% reduction in EU greenhouse gas emissions from 1990 levels;
- Raising the share of EU energy consumption produced from renewable resources to 20%;
- A 20% improvement in the EU's energy efficiency.

Commitment to low-carbon economy

The targets were set by EU leaders in March 2007, when they committed Europe to become a highly energy-efficient, low carbon economy, and were enacted through the climate and energy package in 2009.

The EU is also offering to increase its emissions reduction to 30% by 2020 if other major economies in the developed and developing worlds commit to undertake their fair share of a global emissions reduction effort. The European Commission has published a [Communication](#) [290 KB] [bg](#) [cs](#) [da](#) [de](#) [el](#) [en](#) [es](#) [et](#) [fi](#) [fr](#) [hu](#) [it](#) [lt](#) [lv](#) [mt](#) [nl](#) [pl](#) [pt](#) [ro](#) [sk](#) [sl](#) [sv](#) analysing the options for moving beyond a 20% reduction by 2020 and assessing the risk of "[carbon leakage](#)".

Promoting "green" growth and jobs

The 20-20-20 targets represent an integrated approach to climate and energy policy that aims to combat climate change, increase the EU's energy security and strengthen its competitiveness.

They are also headline targets of the [Europe 2020 strategy](#) for smart, sustainable and inclusive growth. This reflects the recognition that tackling the climate and energy challenge contributes to the creation of jobs, the generation of "green" growth and a strengthening of Europe's competitiveness.

It is estimated that meeting the 20% renewable energy target could have a net effect of creating around 417 000 additional jobs, while getting on track to achieve the 20% energy efficiency improvement in 2020 is forecast to boost net employment by some 400 000 jobs.

Four measures

The climate and energy package comprises four pieces of complementary legislation which are intended to deliver on the 20-20-20 targets:

Reform of the EU Emissions Trading System (EU ETS)

The [EU ETS](#) is the key tool for cutting industrial greenhouse gas emissions most cost-effectively. The climate and energy package includes a comprehensive revision and strengthening of the legislation which underpins the EU ETS, [the Emissions Trading Directive](#).

The revision applies from 2013, the start of the third trading period of the EU ETS. Major changes include the introduction of a single EU-wide cap on emission allowances in place of the existing system of national caps. The cap will be cut each year so that by 2020 emissions will be 21% below the 2005 level.

The free allocation of allowances will be progressively replaced by auctioning, starting with the power sector. The sectors and gases covered by the system will be slightly widened.

National targets for non-EU ETS emissions

Under the so-called Effort Sharing Decision, Member States have taken on binding annual targets for reducing their greenhouse gas emissions from the sectors not covered by the EU ETS, such as housing, agriculture, waste and transport (excluding aviation). Around 60% of the EU's total emissions come from sectors outside the EU ETS.

The national targets, covering the period 2013-2020, are differentiated according to Member States' relative wealth. They range from a 20% emissions reduction (compared to 2005) by the richest Member States to a 20% increase by the least wealthy (though this will still requires a limitation effort by all countries). Member States must report on their emissions annually under the EU monitoring mechanism.

National renewable energy targets

Under the Renewable Energy Directive, Member States have taken on binding national targets for raising the share of renewable energy in their energy consumption by 2020. These targets, which reflect Member States' different starting points and potential for increasing renewables production, range from 10% in Malta to 49% in Sweden.

The national targets will enable the EU as a whole to reach its 20% renewable energy target for 2020 - more than double the 2010 level of 9.8% - as well as a 10% share of renewable energy in the transport sector. The targets will also help to cut greenhouse gas emissions and reduce the EU's dependence on imported energy.

Carbon capture and storage

The fourth element of the climate and energy package is a directive creating a legal framework for the environmentally safe use of carbon capture and storage technologies. Carbon capture and storage involves capturing the carbon dioxide emitted by industrial processes and storing it in underground geological formations where it does not contribute to global warming.

The directive covers all CO₂ storage in geological formations in the EU and lays down requirements which apply to the entire lifetime of storage sites.

Energy efficiency

The climate and energy package does not address the energy efficiency target directly. This is being done through the 2011 Energy Efficiency Plan and the Energy Efficiency Directive.