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Deutsche Energie-Agentur



6-7 July 2021

Uptake, Integration & Harmonisation of Renewables in Albania



HARDTALK

CONCLUSIONS

Within the context of the UNECE RE-Uptake 2021 project, a Renewable Energy Hard Talk dedicated to Albania was held remotely on the 6th and 7th of July 2021. The Hard Talk focused on the **uptake, integration and harmonisation of renewable energy (RE) with the electricity network in Albania.**

With more than 130 participants over two days, the Hard Talk featured presentations, interventions and discussion from a wide variety of Albanian and international energy sector stakeholders, including: the Ministry of Infrastructure and Energy (MIE) Albania, National Agency of Natural Resources (AKBN - Agjencia Kombëtare e Burimeve Natyrore), Albanian Power Corporation (KESH - Korporata Elektroenergjitike Shqiptare), Energy Regulatory Authority Albania (ERE), Transmission System Operator (OST), Electricity Distribution System Operator (OSHEE), United States Agency for International Development (USAID), International Renewable Energy Agency (IRENA), European Bank for Reconstruction and Development (EBRD), German Federal Ministry for Economic Affairs and Energy (BMWi), Deutsche Industrie- und Handelsvereinigung (DIHA) Albania, Statkraft, Uniper, Voltalia, and others.

Key issues, challenges, solutions and recommendations regarding **network integration, renewable policy support and bankability of renewable projects** were discussed and refined. The Hard Talk is intended to speed up existing processes to further progress renewable energy deployment, diversification and security of supply and the development of an attractive market for renewable energy in Albania.

Day 1 of 2, Tuesday, 6 July 2021, 09:30-12:40 CET

Network Integration: *What needs to be done to integrate and harmonise renewables within the network?*

Challenges and Possible Solutions

1. Renewable energy zoning

Planning and economic resource analysis for solar and wind is lacking, thus hindering policy development and the setting of realistic targets, appropriate sizing of solar and wind auctions, and least-cost power system planning.

Recommendation/s

- RE zones should be developed in accordance with analysis of resource potential, grid access and ability to receive renewable inflows, geographic and environmental aspects, proximity to demand, etc.



- RE zoning could also consider an integrated approach to renewable energy development together with land use for Agriculture, especially when considering large-scale photovoltaic (PV) plants.

2. Comprehensive energy master plan

The current National Energy Sector Strategy 2030, National Renewable Energy Action Plan 2018-2020, and the Gas Master Plan serve to guide Albania's energy sector. A holistic, least-cost plan that aggregates sub-sectoral plans is lacking.

Recommendation/s:

- A comprehensive plan that aggregates energy sector data such as renewable energy zoning, energy resource potentials and historical statistical trends, together with qualitative and quantitative information, into a clearly formulated and evidence-based development pathway will allow for sound decision-making and sector development.

3. Strengthening of the distribution Network

Power generation from renewable energy sources fluctuates and is naturally variable. This requires more advanced and modern network infrastructure and operation that can handle bidirectional energy flows and changing supply profiles. Particularly in high-demand urban areas, the Albanian distribution grid lacks sufficient capacity and dynamic operation to handle variable electricity injection. This severely hampers the successful integration of renewable energy sources in the country.

Recommendation/s:

- Refurbishment of the distribution grid around main load centres of Tirana and Durrës
- Further expansion of the HV and MV grid, including interconnection capacities
- Planning and upgrading for an active grid that can handle bidirectional flows is required and should include equipment for safety of data
- Flexibility studies could be carried out to support the planning
- Monitoring of RE generation and input is required
- Improving energy parameters, technical losses and voltage levels
- Implementation of new technologies such as GIS, SCADA, HPPS monitoring should be considered

4. RE requirements and balance responsibilities

The current law regarding Balance Responsibility is not clear and thus requires refinement.

Recommendation/s:

- Improved forecasting
- Limits or threshold capacity may be required to avoid too severe a reduction of gross income for balancing parties



Day 2 of 2, Wednesday, 7 July 2021, 09:30-12:40 CET (Focus Topic 1/2)

RE Support: *How can current support mechanisms for renewable energy deployment be strengthened and improved?*

Challenges and Possible Solutions

1. Strengthening Support Mechanisms for Renewable Energy

Fiscal incentives and policies such as feed-in-tariffs (FiT) or premiums (FiP) and tax reductions comprise the main supporting mechanisms to attract investments in renewables. The current support mechanisms and associated processes in Albania could be revised and improved:

Recommendation/s:

- Value-added tax (VAT) reduction on all equipment and machinery required for renewable energy technologies.
- FiT methodology improvement to adhere to the Albanian market, not based on the Hungarian power exchange (HUPEX).
- Large consumers are currently exempt from paying levies. Renewable energy obligation should be extended to all consumers, not just those connected to the distribution grid.
- The current methodology for the Net-Metering scheme is unclear and therefore requires revision:
 - o Adapt the net-metering scheme to enable all prosumers to benefit
 - o Create a breakdown of different obligations for different types of network users such as IPP or autoproducers / prosumers in the National Renewable Energy Action Plan (NREAP).
- Simplification and streamlining of permitting and approval processes for generation of renewables and grid connection:
 - o Shortening of period for giving permissions
 - o Limit number of third parties
 - o Current maintenance requirements are too onerous and should be revised
- The model for the Contract for Difference (CfD) system is not yet approved and should be finalized
- There is a lack of legislation addressing heating and cooling in buildings, e.g. no minimum requirements for renewables. As a first step, clear targets should be set together with sufficient planning.
- Intensifying of use of renewable in end use sectors – Transport Sector:
 - o Incentivise electro mobility use (through rebates, tax incentives, etc.)
 - o Increase number of charging points
 - o Development of demand side management

2. Establishing a dedicated renewable energy agency

A dedicated renewable energy agency could inform the co-ordinated development of renewables in line with national and international targets and obligations, including the timely development of new infrastructure, human resources and legislation with a view to meeting future energy demands in a sustainable and least-cost development pathway.



- A dedicated renewable energy agency not considered by all as a priority as current efforts and initiatives should focus on implementation.

Day 2 of 2, Wednesday, 7 July 2021, 09:30-12:40 CET (Focus Topic 2/2)

Project Development: *How can bankability of project ideas and proposals be improved?*

Challenges and Possible Solutions

1. Facilitating financing of bankable project proposals

Many renewable project proposals for FiT or during auction bidding rounds are not approved and labelled as “unbankable”. Sufficient documentation on technical and pre-feasibility assessments is often lacking of the necessary information independently from the quality of the project proposal.

Recommendation/s

- Available resources and best practices should be observed, utilised and maintained by the private sector and public institutions.
- Standardisation of documentation based on best practices
- Development of financial instruments, decarbonisation policies
- Strict monitoring, project compliance and standards and safeguards will help reduce perceived project risk.
- Policy commitment, including RE targets, auction schedules, clear and creditable institutional arrangements and a robust legislative and contractual framework is required.
- Auction design could be improved and should include: details on location, volume, technology, eligibility and selection criteria; promotion of project delivery; support provision; fair risk allocation; and off-taker arrangements

2. Raising public awareness on the benefits of renewable energy

There is a current lack of knowledge of incentives and support. Awareness raising and the provision of information on the available renewable energy options, incentives and support programs can advance the perspectives of energy consumers and consequently renewable energy uptake.

Recommendation/s

- In addition to private promotional efforts, government supported and initiated awareness-raising efforts and strategies can provide necessary information and confidence for greater adoption.

3. Enhancing institutional capacities and local human resources

Dedicated renewable energy training and education at vocational, tertiary and technical levels is lacking. Such investment and nurturing of human resources and expertise is required to maximise and ensure the development of local economies.



Recommendation/s

- Educational programmes, including education in schools for RE is required and should be pursued
 - The introduction of renewable energy training programmes and a focus on specific areas such as PV should be prioritised in order to realise benefits as soon as possible.
 - There should be a focus on the development of skills required for PV installation and energy auditors.
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For further information, please contact:

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In cooperation with

UNECE: The United Nations Economic Commission for Europe is one of the five regional commissions under the jurisdiction of the United Nations Economic and Social Council. All activities relating to the Hard Talks are implemented in close cooperation with the UNECE Secretariat.



REN21: REN21 is the global community of renewable energy stakeholders from Science, academia, governments, NGOs and industry. They provide up-to-date facts, figures and peer-reviewed analysis on global developments in technology, policy and markets, to inform decision makers.



AKBN: The National Agency of Natural Resources (*Agjencia Kombëtare e Burimeve Natyrore*) is an Albanian government agency that supervises and monitors the use of natural resource Albania and is a close country partner for the UNECE RE-Uptake Hard Talk with Albania.

