



UNECE



8TH SESSION OF THE GROUP OF EXPERTS ON RENEWABLE ENERGY (GERE), 5-6 OCTOBER 2021, UNECE, GENEVA

Renewable Energy Update and Hard Talk on Albania

National Agency of Natural Resources

ALBANIA RENEWABLE ENERGY UPDATE

Albania plan for 2022

- ▶ 57 MW Small Hydro
- ▶ 490 MW Solar Energy
- ▶ 150 MW Wind Energy
- ▶ 41 MW Biomass Energy

Ongoing process

- 210 MW Skavica Hydro
- 457 MW Solar Energy
- 25 MW Wind Energy

RENEWABLE ENERGY HARD TALK

- ▶ 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 .
- ▶ 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.

RECOMMENDATION IN ALBANIA (1)

1. Renewable energy zoning

- ▶ 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. RE requirements and balance responsibilities

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

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

3. 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.

- ▶ 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.

NETWORK INTEGRATION (2)

4. 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.

- ▶ -Refurbishment of the distribution grid around main load centres of Tirana and Durres
- ▶ 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

RE SUPPORT

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:

- ▶ 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 to be enable all prosumers to benefit
- ▶ Simplification and streamlining of permitting and approval processes for generation of renewables and grid connection:
- ▶ 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.
- ▶ Intensifying of use of renewable in end use sectors – Transport Sector:

PROJECT DEVELOPMENT:

1. **Facilitating financing of bankable project proposals**
2. **Raising public awareness on the benefits of renewable energy**
3. **Enhancing institutional capacities and local human resources**

Project Development suggestion:

- ▶ 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.

THANK YOU



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