



PRIORITY PRODUCERS IN ALBANIA

OPORTUNITIES AND CHALLENGES

AREA: Albanian Renewable Energy Association

- Albanian Renewable Energy Association - AREA is a non-profit professional association, created to represent and be an advocate for the renewable energy sector in Albania.
- Founded on February 6, 2013 in Tirana, AREA unites producers of energy from renewable sources in Albania, mainly small hydropower plants built under concession contracts with Albanian government.
- So far there are 75 member companies, with an installed capacity of about 440 MW.

International perspective on RES as a sustainable development

- Energy production from renewable sources is expected to double by 2030. This will reduce carbon emissions by 9 gigatons, thus contributing significantly to climate change mitigation, resulting in a 2°C decrease in air temperature (IRENA).
- In 2030, 72% of energy produced and 42.5% of energy consumed will be green.
- Renewable electrical sources (REs) provide the economic benefits derived from a clean and efficient energy system, developing the industry. Meets today's energy needs without compromising future capacity.
- Improves energy security.
- Increases energy supply independence.
- It creates the right basis for sustainable and affordable energy prices.
- It enables the improvement of public health.
- More jobs than fossil fuel power plants.

Albanian perspective within the region

- High potential of renewable energy sources.
- Significant private investment (double the already installed capacity).
- Efforts to increase RES capacities and approach the EU directive for RE according to Recommendation 2018/01/MC-EnC of the Council of Ministers of the Energy Community.
- The role of the Energy Community in the creation of a common energy regulatory framework in the region.
- Diversification of investments with all ER sources, but especially in solar and wind (only in 2023, there was an increase in photovoltaic licenses by 104MW)

Albanian perspective within the region

► **The National Energy and Climate Plan (NECP) for 2021-2030 sets out the goals in five points:**

- -Energy security, through the increase of production capacities as well as, the diversification of the way of energy production.
- -Creation of a liquid internal energy market and integration with neighboring markets. Creating a smart grid.
- -Energy efficiency, to reduce energy consumption.
- - Decarbonisation of the economy, particularly in transport, to reduce greenhouse gas emissions to meet NDC targets under the Paris Agreement.
- - Investments in the field of research, innovations as an effective measure to accelerate the transformation of the energy sector.

Private RES Investments

➤ Projects realized through B.O.T. Concessions

- The issued concessions amount to a total of 2107 MW, which would enable 6321 GWh/year
- Of the above, built and functional plants are 1083 MW, which enable 3600 GWh/year
- Only approximately 50% of the projects approved in principle have been implemented

➤ Necessary conditions from the point of view of the investor in ER:

- A stable regulatory framework, EU regulation, rule of law without discrimination between investors
- Improving grid quality, smart grid
- Support price based on investment costs
- Development of a regional market

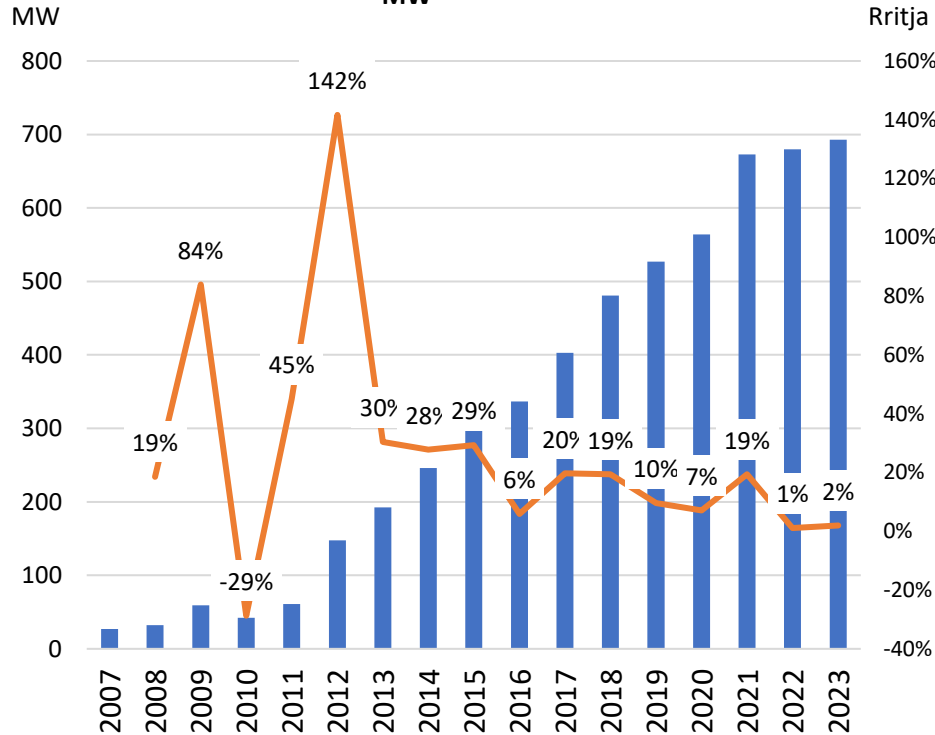
Contracts
2107MW Total



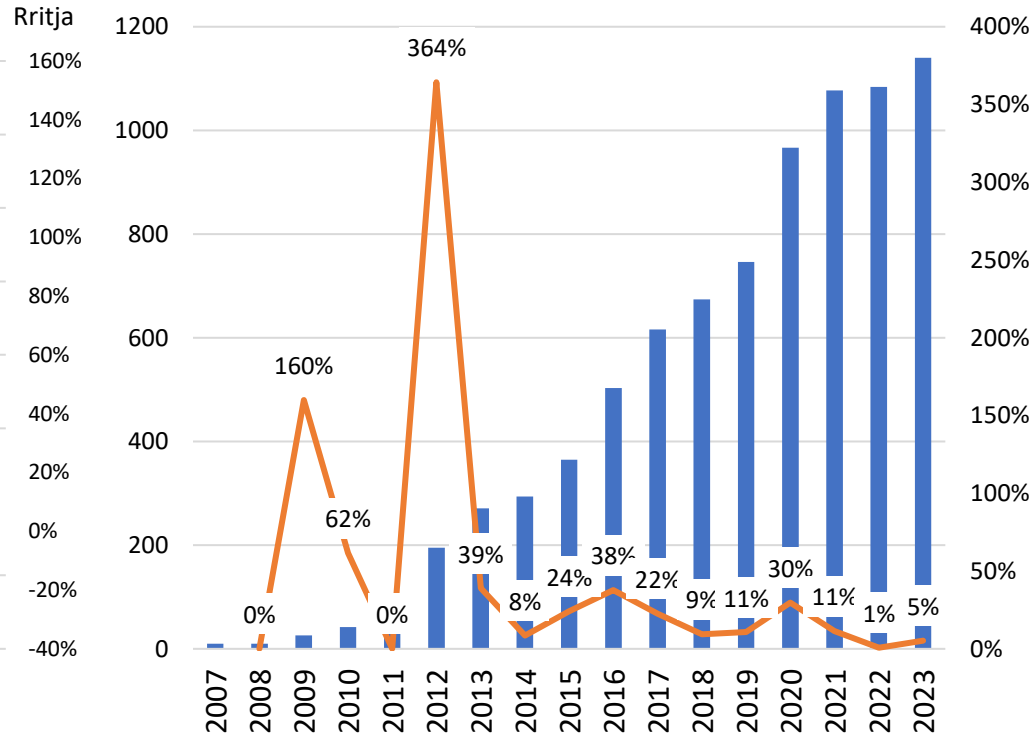
■ Plants built & operating

New power installation

Installed capacity of small HPP MW



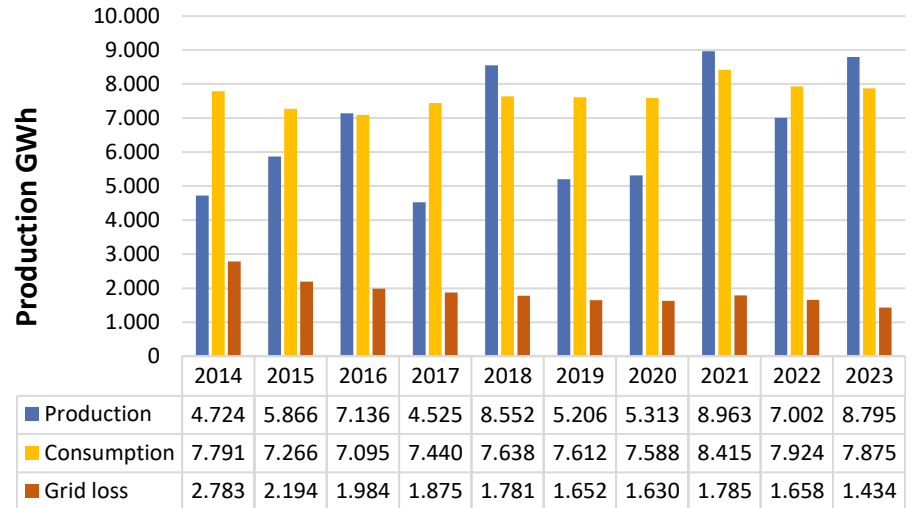
Installed capacity of all HPP



Power supply sector – main data

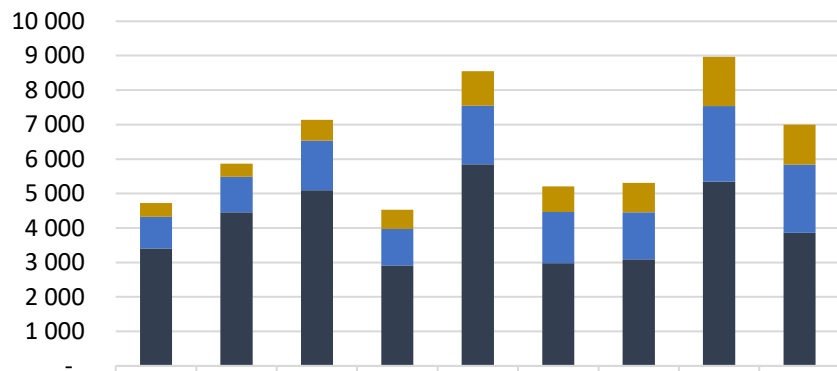
- Average consumption approximately 7,800 GWh/year.
- Distribution losses at a high but steady rate of 20%.
- There is no organized liquid market.
- Albania remains mainly a net importer of energy due to low predictability.

Power supply performance



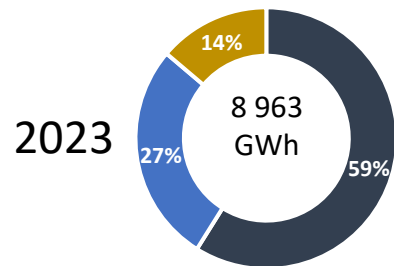
Production share

Annual power production

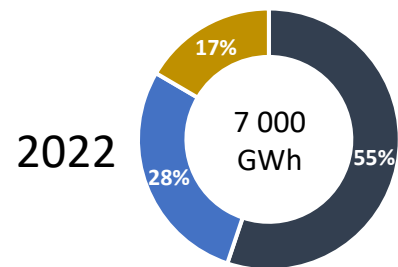


Other	397	383	606	555	1 006	742	854	1 428	1 159
PVE&PPE	919	1 032	1 439	1 054	1 697	1 485	1 369	2 192	1 981
Prodhim KESH	3 408	4 451	5 091	2 916	5 849	2 979	3 090	5 343	3 860

■ Prodhim KESH ■ PVE&PPE ■ Other

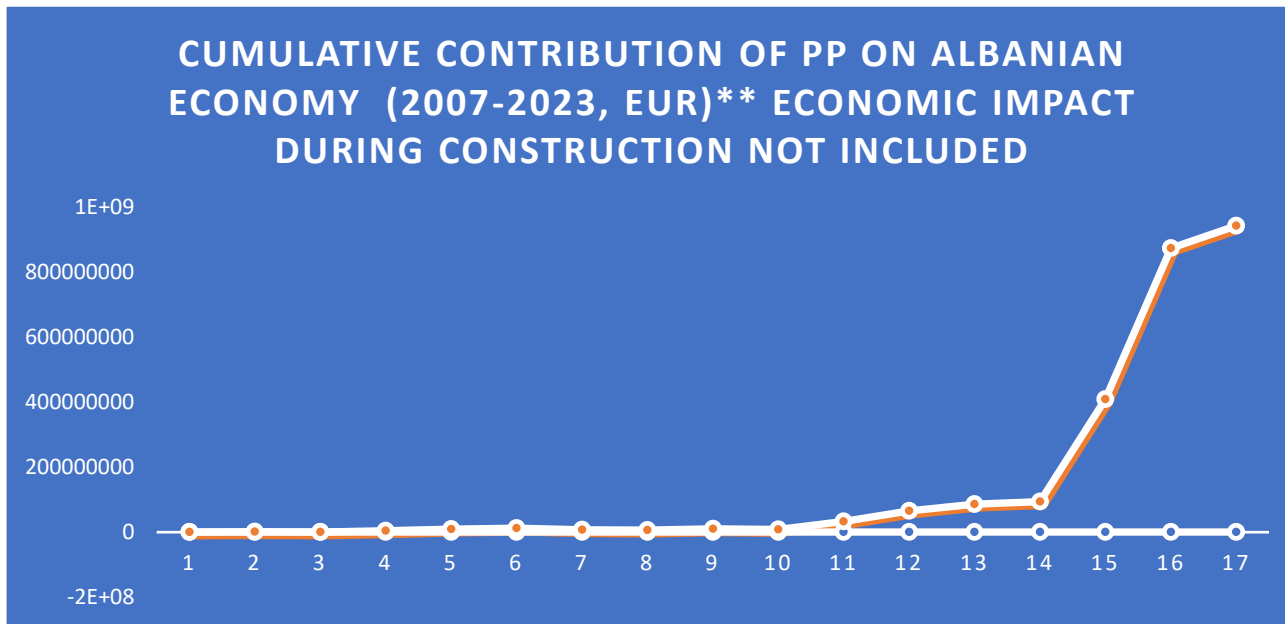


■ KESH ■ PP ■ BIG P



■ KESH ■ SMALL P ■ BIG P

Contribution to the economy of small producers (Producers with Priority ,PP)



Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Cumulative contribution of PP on Albanian economy (2007-2023, EUR)**	(20 125)	781 697	(4 647)	4 555 602	9 169 112	11 600 771	7 293 297	5 549 298	10 229 521	7 743 127	32 698 773	65 632 506	86 019 608	93 673 620	409 133 245	874 093 640	943 864 919

The challenges of RES investments

- Regulatory and policy uncertainties with impact on the sustainability and benefits of renewable energy projects.
- Violation of the legal security of the projects according by the increase of the government and local taxes and tariffs unforeseen during the project study and contract signature. Investors and producers should be informed and their effect analyzed.
- Grid access , about 15% of the production capacity cannot be accessed on the network. High level of interruptions in the network.
- Creation of the Balancing Market in the conditions of non-existence of the liquid organized market and dry-run for PP.
- Equal liability for disbalances for all market participants regardless of their position inside and outside the regulated market.
- Lack of RD projects for market functioning.
- There is no analysis of the benefit of liberalization for market participants and the economy.

Strategies for a sustainable development of RES

- Diversification of investments in different renewable energy technologies to reduce risk
- Investments in renewable energy should be considered as long-term investments and in continuous discussions with all stakeholders.
- Cooperation with the community to carry out projects as useful as possible for the community and the environment.
- Creating the most stable legal and regulatory conditions.
- Prior grid investments before the projects start.
- Investments in R&D projects towards innovative technical findings to optimize production.
- Microgrids developments as an opportunity to step by step improve the efficiency of the energy produced and the possibility to connect to border countries.

RES in a liberalized market – ALPEX

- An efficient and transparent platform for the best market price.
- The best price estimate.
- Transparency of local production as an opportunity for a better management of production.
- Joining regional markets such as Greece, Italy, North Macedonia, etc.

Thank you for your attention!

Anita Shushku

AREA

Director of Executive Board

ashushku@areasso.org