

RENEWABLE ENERGY SNAPSHOT:



Empowered lives.  
Resilient nations.

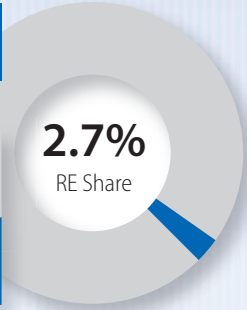
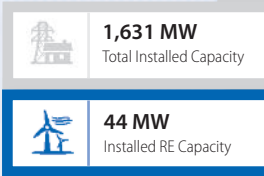
# Albania



## General Country Information

Population: 3,162,083  
 Surface Area: 28,745 km<sup>2</sup>  
 Capital City: Tirana  
 GDP (2012): \$ 13.119 billion  
 GDP Per Capita (2012): \$ 4,149  
 WB Ease of Doing Business: 90

## Electricity Generating Capacity 2012



-   
**Biomass**
-   
**Solar PV**
-   
**Wind**
-   
**Small Hydro**

## Installed Renewable Electricity Capacity 2012 in MW

## Technical Potential for Installed Renewable Electricity Capacity in MW

<b>0</b>	<b>0</b>	<b>0</b>	<b>44</b>
<b>400</b>	<b>26,000</b>	<b>2,000</b>	<b>4,500</b>

Source: Karaj et al. (2010); AEA (2012); WBC-INFO (2012); AEA (2013); Republic of Albania, GEF and UNDP (2012); World Bank (2014); EIA (2010); Renewable Facts (2013); EIA (2013); SRS NET & EEE (2008); Hoogwijk and Graus (2008); Hoogwijk (2004); JRC (2011); and UNDP calculations.

## Key information about renewable energy in Albania

Albania has substantial potential to developed its renewable energy sources, particularly in small hydropower and solar power. Almost 90 percent of installed electricity capacity is based on hydropower, while one-third of its potential is utilized (ECS, 2013). The development of power plants from wind and biomass also has substantial potential (Lalic et al., 2011). Currently, only small hydropower plants are eligible to receive feed-in tariffs in combination with power purchase obligations over 15 years by the grid operator, ERE (NANR, 2013). In May 2013, the Albanian parliament adopted a new Law on Renewable Energy Sources, making electricity produced from wind, solar, geothermal and biomass eligible for a feed-in tariff. The new tariff is currently being developed by the country's energy regulator in line with the law's requirements and methodology. It will allow a reasonable internal rate of return as well as investor security by power purchase obligations up

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Eligible Technology	Feed-in tariff in €/MW-h
Existing hydropower plants up to 10 MW	54
New hydropower plants up to 15 MW	49

Source: ERE (2013). ALL/€ as on 28 February 2014.

to 15 years (Law on Renewable Energy Sources, Article 15). The previous support scheme, which was applicable only to small hydropower plants and used a concession-based competitive tender process, affected the investment climate in recent years. 90 MW of installed capacity was commissioned in 2010 and 2011 (Republic of Albania et al., 2012). IFC (2012) estimates that by the end of 2012, \$256 million has been invested in small hydropower plants. The absence of a tender system and the expansion from eligible renewable energy sources in the new law will make investment in those technologies even more attractive. In recent years, Albania has become more investor friendly (World Bank, 2011).

### Legislation and policy

Albania's energy policy is defined in the National Strategy of Energy and Plan of Action. The country's energy market will be integrated into the EU energy market by meeting the requirements of the Energy Charter Treaty and the EU's Directive 96/92/EC on Electricity. Together with UNDP and the Global Environment Facility, the country developed a Draft Albanian Renewable Energy Plan. This draft estimates the maximum final target share of renewable energy sources in gross final energy consumption until 2020 at 38 percent (Republic of Albania et al., 2012). With the EC Ministerial Council's decision to adopt Directive 96/92/EC, Albania accepted this target share as a national binding target (EC, 2012). The National Strategy of Energy and Plan of Action aims to maximize renewable energy sources and to increase investment in the energy market by international financial institutions. The Power Sector Law requires energy producers with an installed capacity higher than 50 MW to produce a quota of at least 3 percent of their annual electricity output from renewable sources. But since the law was adopted, no thermal power plant has yet been commissioned and the law is yet to be practically implemented. As well as the feed-in tariffs, the new Law on Renewable Energy Sources defines the national target for energy consumption from renewable sources, and aims to attract potential investors in renewable energy through priority grid access. Other incentives schemes exist for all technologies and all capacity sizes. Electricity from renewable sources is exempt from excise tax. Machinery and equipment used for the construction of renewable energy power plants are exempt from customs duties.

## Institutions

Organization	Responsibility	Website
<b>Ministry of Energy and Industry</b>	<ul style="list-style-type: none"> <li>- Prepares and revises the National Energy Strategy</li> <li>- Promotes energy efficiency and renewable energy, including small hydropower plants</li> <li>- Approves the National Energy Efficiency Action Plan and National Renewable Energy Action Plan</li> <li>- Promotes domestic and foreign private investment</li> </ul>	<a href="http://www.mete.gov.al/">www.mete.gov.al/</a>
<b>National Agency of Natural Resources</b>	<ul style="list-style-type: none"> <li>- Advisory body on energy issues for the government</li> <li>- Develops the National Energy Strategy and policy for renewable energy</li> </ul>	<a href="http://www.akbn.gov.al/">www.akbn.gov.al/</a>
<b>Electricity Regulatory Commission (ERE)</b>	<ul style="list-style-type: none"> <li>- Approves tariffs and develops as well as implements feed-in tariffs for small hydropower plants</li> <li>- Is responsible for establishing the feed-in tariffs under the new law on renewable energy sources for all other eligible renewable sources</li> <li>- Grants licencing for companies in the electrical energy sector including guarantees of origin for producers of renewable energy</li> </ul>	<a href="http://www.erc.go.ke/erc/index.php">www.erc.go.ke/erc/index.php</a>
<b>Transmission System and Market Operator</b>	<ul style="list-style-type: none"> <li>- Operates, maintains and develops the transmission system</li> <li>- Provides grid access</li> </ul>	<a href="http://www.ost.al/english/taxonomy/term/19">www.ost.al/english/taxonomy/term/19</a>

## Opportunities to finance renewable energy projects in Albania

Financing organization	Details	Website
<b>Green Growth Fund</b>	Provides direct and indirect (through financial intermediaries) financing for small scale renewable energy projects, usually not larger than €50 million.	<a href="http://www.ggf.lu/">www.ggf.lu/</a>
<b>Western Balkans Sustainable Energy Direct Financing Facility</b>	Local small and medium enterprises with a sound financial and economic structure and sufficient means of equity capital can apply for direct loans from the European Bank for Reconstruction and Development's Western Balkan Sustainable Energy Direct Financing Facility of between €2 million and €6 million.	<a href="http://www.websedff.com">www.websedff.com</a>
<b>International Finance Corporation (IFC)</b>	Banks' capitalization and providing specialized products for renewable energy projects and small and medium enterprises.	<a href="http://www.ifc.org/">www.ifc.org/</a>
<b>European Bank for Reconstruction and Development (EBRD)</b>	Provides renewable energy developers with equity, loans and loan guarantees for projects with good commercial prospects of up to 15 years' duration.	<a href="http://www.ebrd.com/pages/workingwithus/projects.shtml">www.ebrd.com/pages/workingwithus/projects.shtml</a>

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## Recent projects in Albania

Company	Project	Status
<b>Marseglia Group (Italy)</b>	Construction of a biomass power plant (palm oil) with 140 MW installed capacity.	<b>Under Development</b>
<b>Moncada Energy Group (Italy)</b>	Developing the 500 MW Vlore wind farm.	<b>Under Development</b>

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