

Kosovo*



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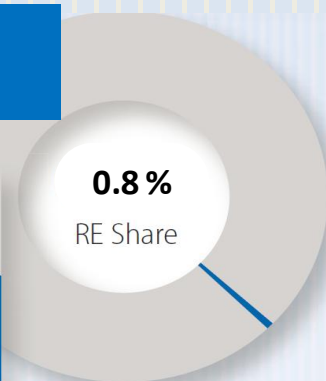
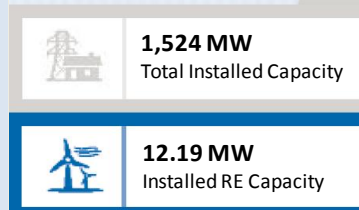
General Information

Population	1,807,106
Surface Area	10,887km ²
Capital City	Pristina
GDP (2012)	\$ 6.4 billion
GDP Per Capita (2012)	\$ 3,567
WB Ease of Doing Business	86

Installed Renewable Electricity Capacity in 2012

Technical Potential for Installed Renewable Electricity Capacity in MW

Electricity Generating Capacity 2012



	Biomass	Solar PV	Wind	Small Hydro
Installed Capacity (MW)	0	0	1.35	10.84
Technical Potential (MW)	900	10,300	N/A	N/A

Sources: Kammen et al. (2012), GIZ (2012), IFC & World Bank (2014), World Bank (2014) and own calculations.

Key Information about renewable energy sources in Kosovo

Lignite coal is by far the most important energy source in Kosovo. Around 98 percent of the total energy generation is generated by coal-fired thermal power plants (Kammen et al., 2012). Yet and despite large lignite coal reserves, in 2011 Kosovo imported 29.47 percent of its energy consumption (World Bank, 2011). To increase energy security and to meet EU integration requirements, the Energy Regulator Office of Kosovo (ERO) implemented feed-in tariffs for selected renewable energy technologies. Privileged power producers enter into power purchase agreements with public suppliers over a period of 10 years. Additionally the feed-in tariff calculation methodology for small solar PV power plants is currently under development and the tariffs will be implemented in 2014 (INDEP, 2014).

In the World Bank's Ease of Doing Business indicator, Kosovo is ranked 86 (IFC & World Bank, 2014). Although Starting a Business (100) or Dealing with Construction Permits (136) indicates remaining problems, there is a clear trend of an improved business environment. Between 2013 and 2014 Kosovo increased its ranking in Starting a Business by 26 ranks and in dealing with Construction Permits by 16 ranks respectively. EU integration process is likely to support this trend in the future.

* Hereafter referred to in the context of UN Security Council Resolution 1244 (1999).

Feed-in tariff in Kosovo

Eligible Technology	Installed Capacity in MW	Typical rate of annual production rate (MW-h/MW)	Tariff granted in €/MW-h
Hydro	< 10 MW	4758	63.3
Wind		2190	85.0
Biomass		4980	71.3

Source: ERO (2011)

Legislation and Policy

Kosovo signed the Energy Community Treaty and adopted EU Directive 2009/28/EC on the promotion of renewable energy. In accordance with this directive, Kosovo developed a National Renewable Energy Action Plan defining a mandatory target of 25% share of renewable energy sources in gross final energy consumption by 2020. Voluntarily the Republic of Kosovo aims to reach 29.47 percent by 2020 (Republic of Kosovo, 2013). In 2009 the share of energy from renewable sources in the final gross energy consumption was 18.9% (IRENA, 2013).

The Energy Law, the Energy Strategy from 2009 until 2018 and the National Renewable Energy Action Plan represent the main legislative and strategic documents regulating renewable energy deployment. According to the Energy law, ERO grants licenses in the energy sector and determines energy tariffs. Besides the feed-in tariffs there are other incentives for renewable energy investors in Kosovo. Land is easy and unbureaucratic to lease and state aid can be obtained for renewable energy investment (IFC & World Bank, 2013). The outlook for renewable energy investment in Kosovo is positive. By 2020 the Republic of Kosovo plans to deploy between 107 MW and 240 MW in small hydro power plants, between 5 and 10 MW in solar PV power plants, between 62 MW and 150 MW in onshore wind power plants, and between 5 MW and 14 MW in solid biomass power plants, depending on whether the mandatory (25%) or the voluntarily target (29.47%) will be met (Republic of Kosovo, 2013). Besides the already electricity generating wind capacity (1.35 MW), ERO issued construction authorization for 0.9 MW wind power and 33.537 MW small hydro power capacity (ERO, 2014). Additionally 113.5 MW of wind power plants and 159.05 MW of small hydropower plants got preliminary authorizations from ERO (Republic of Kosovo, 2014). Three large scale wind power plants, with a combined capacity of 157 MW, have applied for grid connection to the Transmission System Operator KOSTT (INDEP, 2014). From 2014 it is planned that also small solar PV systems are eligible to receive feed-in tariff promotion and renewable energy procedures shall be simplified by ERO (Republic of Kosovo, 2013).

Institutions		
Organization	Responsibility	Website
Ministry of Economic Development	- Drafts and implements policies in the field of energy and economy	http://mzhe.rks-gov.net/?page=2,240
ERO	- Energy Regulatory Office responsible for setting energy tariffs - Authority in charge to issue licenses in the energy sector	http://www.ero-ks.org/
KOSTT	- State owned Transmission System Operator and Electricity Market Operator - Provision of non-discriminatory access for transmission system	http://www.kostt.com/
Korporata Energjetike e Kosoves (KEK)	- Kosovo's vertically integrated power utility - Responsible for the mining of coal as well as electricity generation,	http://www.kek-energy.com/e
Kosovo Energy for Distribution and Supply (KEDS)	- Private Company responsible for public energy distribution and supply.	www.keds-energy.com/
Investment Promotion Agency of Kosovo	- Investment agency, established to attract, consult and facilitate potential investors	http://www.invest-ks.org/

Possibilities to finance renewable energy projects in Kosovo

Financing organization	Details	Website
Western Balkans Sustainable Energy Direct Financing Facility (WeBSEDFF)	Locally SMEs 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 WeBSEDFF of between €2 million and €6 million.	www.websedff.com
Green Growth Fund	Provides direct and indirect (through financial intermediaries) financing for small scale renewable energy projects usually not larger than EUR 50 million.	www.ggf.lu/
International Finance Corporation (IFC)	With investment (equity, loans and other financial instruments) and advisory services, IFC supports investment with focus on Climate change, including investments in infrastructure and the energy sector.	www.ifc.org/
Kosovo Sustainable Energy Projects Framework (KoSEP)	Legal entities operating in Kosovo and which are at least 51 percent privately owned can apply for a loan of up to €2.5 million if the pay-back period is below 15 years and project capacity below 50 MW. Following technologies are eligible: Small hydropower, wind, geothermal, biomass, biogas, solar PV, solar thermal and geothermal power. Grants of up to 15 per cent of the loan amount can be obtained after the loan has been disbursed and the project has been successfully implemented.	http://www.kosep.org/e

Recent Projects

Company	Project	Status
Wind Power Sh.a (Kosovo-Germany)	GOLESH wind power plant with an installed capacity of 1.35 MW.	Commissioned
Shtime 1 & 2 (German company, anonymous)	Transmission operator KOSTT reported that application to the transmission grid has been submitted in 2010 already and the anticipated power capacity of the wind power plant capacity is 127 MW.	Under Development

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