

Renewable Energy Policy and Market Developments in Kosovo

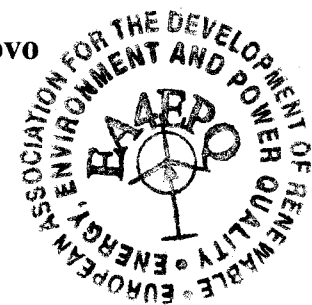
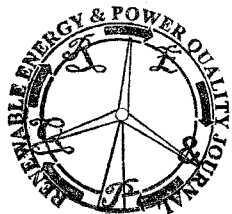
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Abstract. The paper highlights and analyzes the renewable energy policy instruments and market developments in Kosovo, with the aim of highlighting policy design and implementation lessons relevant to the wider and faster replication of RES (renewable energy sources) in Kosovo. The promotion of electricity from renewable energy sources is a high priority for several reasons. First of all the obligation rise from Kosovo's membership in the Energy Community Treaty of South East Europe, the security and diversification of energy supply, environmental protection and social and economic cohesion. RES-E (renewable energy sources - Electricity) penetration, support schemes and certificate of origin will be presented in the context of Kosovo energy market. Successful policies also take into account real market factors and barriers, the need for simplicity and accountability, minimum costs and profitability levels.

Key words - Renewable energy policy, support scheme, certificate of origin.

1. Introduction

During the 1990s, a deep transformation and restructuring in the electricity industry took place in many countries. The restructuring included privatization of state-owned enterprises, the separation of potentially competitive activities from natural monopoly activities, the creation of competitive wholesale and retail markets, and the application of performance-based regulatory mechanisms to the remaining regulated segments.



Fig. 1 Signatory parties of Energy Community Treaty of South East Europe: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Former Yugoslav Republic of Macedonia, Montenegro, Serbia, Romania, and Kosovo (as UNMIK).

The current electricity market in Kosovo is organizationally, technically and commercially recovering from the conflict of 1999. The Kosovo electric power system is in transition from vertical monopoly system to a market-driven commercial environment with well defined development goals agreed in the Energy Community Treaty of South East Europe (ECTSEE), [2]. The Kosovo today is an independent state located in South East Europe and is land-locked, a territory of 10,887 km² and with a population estimated up to 2.1 million [8]. Since NATO (North Atlantic Treaty Organization) intervention in 1999, Kosovo was administrated by the United Nations under Security Council Resolution 1244 (United Nation Interim Administration Mission in Kosovo - UNMIK) up to 2008, when following the conclusions of the political process Kosovo has declared independence. Membership in the European Union (EU) is the goal of Kosovo's Government thus, the harmonization of its legislation with the European Union (EU).

2. Electric Power Sector Development in Kosovo

The structure of the Kosovo electricity sector is an important background variable for understanding the current stage of developments of RES-E. The Kosovo Parliament has adopted the Energy Strategy of Kosovo up to 2018, [10]. The primary legal and institutional framework for the restructuring and development of the Kosovo electricity market has been put into force [9]. The laws define who is responsible for various functions, which activities will be monopolies and which ones competitive as well as its regulation, etc. According to the primary legislation, secondary legislation has been developed. The **Ministry of Energy and Mine of Kosovo (MEM)** was established in the beginning of 2005 and is responsible for the strategy and policy making for the energy sector. **Energy Regulatory Office (ERO)** is completely autonomous from any governmental department and exercises economic regulation in the energy sector with a key objective to "Set the Regulatory Framework for a transparent and non discriminatory energy market based on free market principles and promote competition". **Stakeholders** include: policy makers-parliament, government, sector regulator - ERO; electricity providers - KEK (Korporata Energjetike e Kosovës) suppliers,