

**Second Annual Report
under the Energy Efficiency Directive**

ALBANIA

Prepared by: Agency for Energy Efficiency

March 2019

A. Key statistics and indicators

The annual reports referred to in EED Article 24(1) provide a basis for the monitoring of the progress towards national 2020 targets. Contracting Parties shall ensure that the reports include the following minimum information:

Estimation of key statistics and indicators in 2018	Value	Unit
Total primary energy consumption (*)	2,389.9	ktoe
Total final energy consumption (*)	2,090.4	ktoe
Final energy consumption – Transport (*)	836.4	ktoe
Final Energy consumption – Industry (*)	417.5	ktoe
Final energy consumption – Households (*)	489.7	ktoe
Final energy consumption – Services (*)	206.6	ktoe
Gross value added by sector – Industry (**)	NA	mil. EUR
Gross value added by sector – Services (**)	NA	mil. EUR
Disposable income of households (**)	NA	mil. EUR
Gross domestic product (GDP) (**)	11.75	milliard. EUR
Electricity generation from thermal power plants (***)	0	Ktoe
Electricity generation from combined heat and power (***)	0	Ktoe
Heat generation from thermal power generation (***)	0	Ktoe
Heat generation from combined heat and power plants, incl. industrial waste heat (***)	0	Ktoe
Fuel input for thermal power generation (***)	0	Ktoe
Passenger kilometres (pkm), if available (**)	NA	thous. Pkm
Tonne kilometres (tkm), if available (**)	NA	thous. Tkm
Combined transport kilometres (pkm + tkm), in case that separate values for pkm and tkm are not available (**)	NA	

Estimation of key statistics and indicators in 2018	Value	Unit
Population (**)	2.9	Millions

Table 1: Key energy statistics data.

(*) *Energy statistics*

(**) *State Statistical office (INSTAT)*

(***) *Independent System Operator (ISO), electricity generation companies, National Agency for Natural Resources, Ministry of Infrastructure and Energy*

B. Overview of energy consumption trends

In sectors where energy consumption remains stable or is growing, Contracting Parties shall analyze the reasons for it and attach their appraisal to the estimates.

The overview of primary and final energy consumption trends is shown in Figure 1 (source: National Agency for Natural Resources).

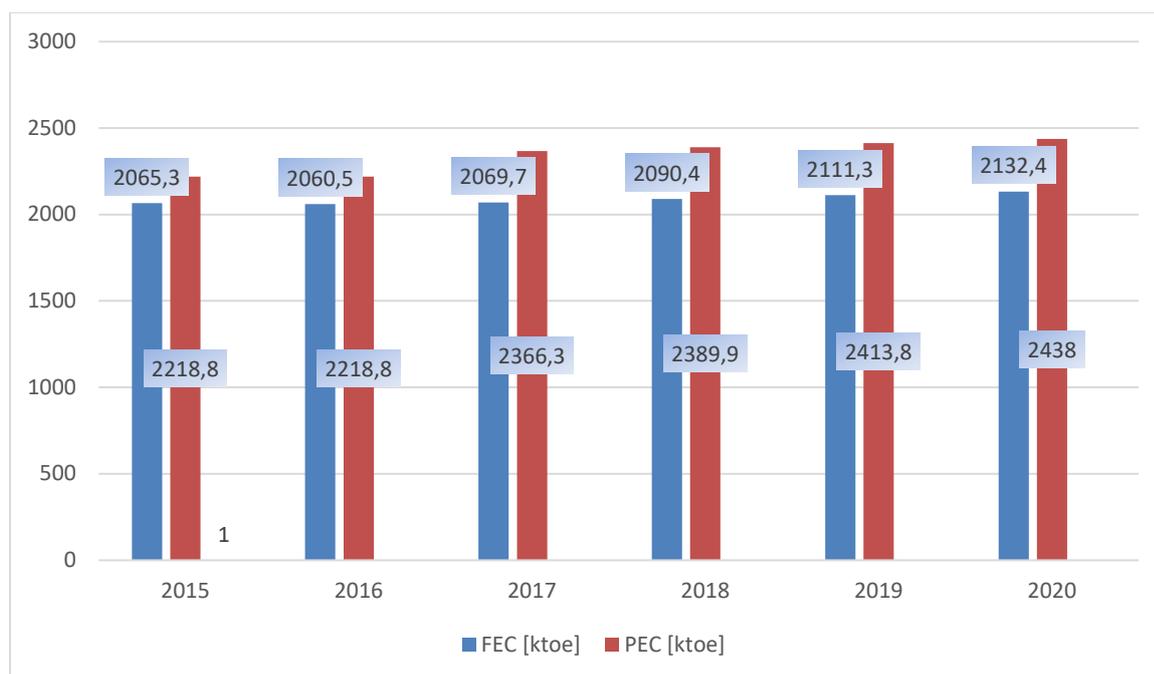


Figure 1 Final and primary energy consumption 2015 – 2020

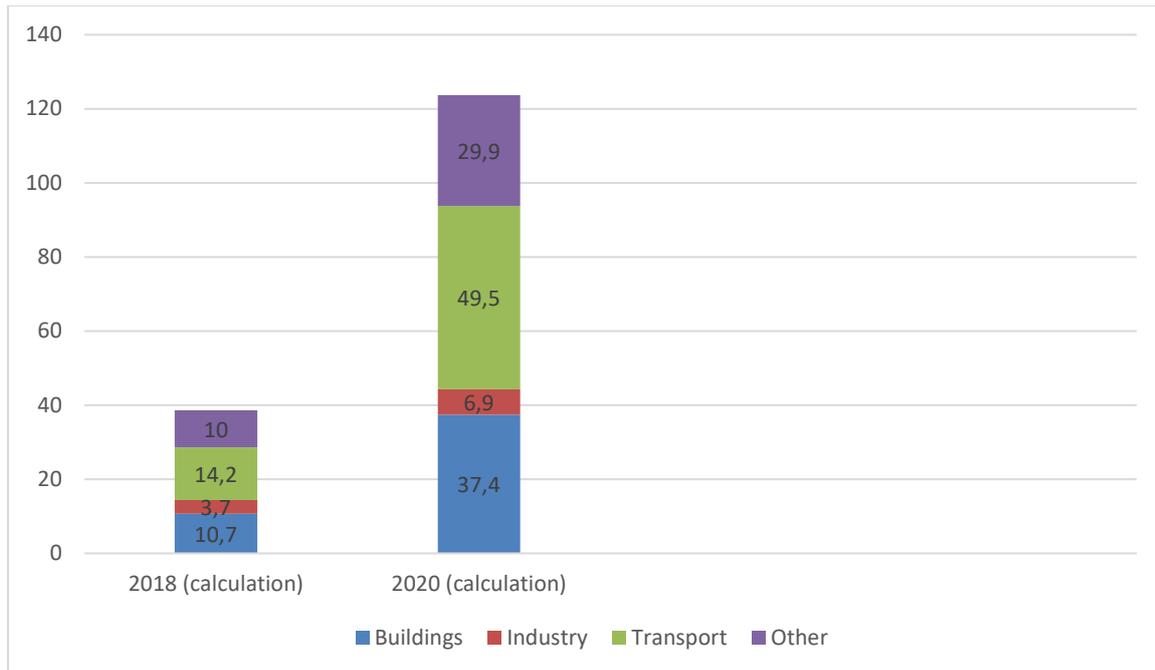


Figure 2 Overview of EE targets in 2018 and 2020 [ktoe]

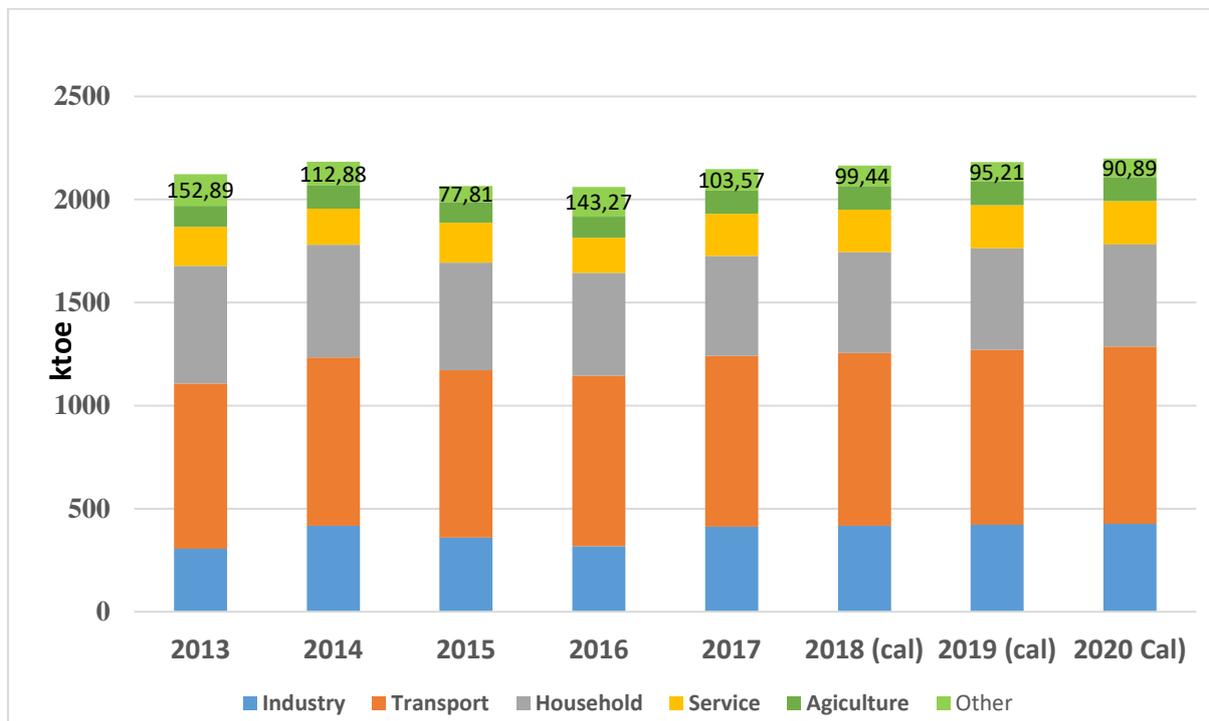


Figure 3: Final and primary energy consumption 2013 – 2020 [ktoe]

C. National energy efficiency targets

ALBANIA TARGETS	2016	2017	2018	2019	2020
EED ARTICLE 3 [ktoe or other unit]			38.5		123.7
EED ARTICLE 5 [ktoe or other unit]			13.32	NA	40.83
EED ARTICLE 7 [ktoe or other unit]		NA	2.25	NA	3.7
PEC [ktoe]	2,218.8	2,366.3	2,389.9	2,413.8	2,438.0
FEC [ktoe]	2,060.5	2,069.7	2,090.4	2,111.3	2,132.4
FEC - BUILDINGS [ktoe]			10.7		37.4
FEC - INDUSTRY [ktoe]			3.7		6.9
FEC - TRANSPORT [ktoe]			14.2		49.5
FEC – OTHERS [ktoe]			6.27		16
PRIMARY ENERGY INTENSITY [ktoe/mil.EUR]					
FINAL ENERGY INTENSITY [ktoe/mil.EUR]					

Figure 4 Division of targets per sectors and per different articles of EED

Detailed explanations concerning the EE targets and monitoring and verification of savings:

- Since the approval of the new Law on Energy Efficiency, the responsible Agency for the Monitoring and Verification of energy savings achieved under the National Action Plan for Energy Efficiency (NEEAP) was appointed to be the new institution - National Agency for Energy Efficiency which has started functioning since October 2018, but isn't yet equipped with the full staff.
- In order to have a functioning MVP the ministry has collaborated with GIZ, that have supported the Ministry with donating:
 - 1- Server Unit
 - 2- Software "MVP Web tool"
 - 3- Trainings and capacity building.
- Concerning the training and capacity building, the Agency for Energy Efficiency staff, participated in a workshop on MVP tool, held on 26-27 February in Podgorica and developed a plan on next steps.
- The objective is to make the MVP tool functional in 2020.
- In this context, we deal with data that are not 100% reliable on energy savings.

D. Update of measures implemented in last year

• Legislative measures

The Ministry of Infrastructure and Energy with the assistance of the European Bank for Reconstruction and Development (EBRD) is reviewing the existing Law No 124/2015 of 12.11.2015 “On energy efficiency” aiming its full approximation with the provisions of the Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC. The amendments to Law No 124/2015 of 12.11.2015 are expected to be adopted by the Albanian Parliament by mid-2020.

Law “On energy efficiency” implementing legislation

Concerning the implementing legislation, the following acts are prepared:

- Draft Decision of Council of Ministers “On the approval of the regulation on the categories, conditions, qualification and experience requirements for certifying of energy auditors”, which is scheduled to be approved in the second quarter of 2019. The draft Decision aims to partially approximate Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC;
- Draft Decision of Council of Ministers “On the approval of the categories, conditions and qualification requirements for the energy managers at the large energy consumers”, which is scheduled to be approved in the second quarter of 2019. The draft Decision aims to partially approximate the Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC.

Law on Energy Performance in Buildings – secondary legislation

Based on the Law No 116/2016 of 10.11.2016 “On the energy performance in buildings”, with the Order of the Minister of Infrastructure and Energy No 92 of 13.10.2017, a technical working group was set up to prepare the implementing legislation for the energy performance in buildings. The working group is assisted by the European Bank for Reconstruction and Development (EBRD) in preparation of the implementing acts.

With the assistance of the EBRD, until end of September 2018, the following deliverables were finalized:

- The first draft of the Activity Database;
- The first draft review and amendment of the National Calculation Methodology;
- The first draft of the Energy Performance Calculation regulation;
- The first draft of the MEPS regulation;
- Regulation on Energy Performance Certification (EPC).

Energy Efficiency Fund setup

Regarding the setup of the **Energy Efficiency Fund**, the following draft documents are developed:

- Draft Decision of Council of Ministers “On the set up of the energy efficiency fund and criteria for appointing the members of steering board and executive director of fund;
- Proposal for fund operational manual;
- Proposal for fund statutes;
- Explanatory (legal) memorandum of the draft Decision of Council of Ministers (abovementioned).

- **Non-legislative measures**

Some energy efficiency projects are under development.

- a) The Project “On Energy Auditing of Public Buildings” was contracted from the Ministry of Infrastructure and Energy. The project is financed under the state budget as foreseen in the Mid-Term Budgetary Programme 2018 – 2020, and aims:
- to create the inventory of public building stock and to place data on a server of the Energy Efficiency Agency by naming and codifying them in the national electronic register, capable of integrating and allowing its own data to be integrated into the servers and databases of the Albanian Agency for Information Society (NAIS);
 - to audit the entire stock of buildings for three years and to register it on the server with the data related to the costs effective analysis of their renewal, according to the requirements of Law No 116/2016 of 10.11.2016 “On the energy performance in buildings”.

During 2018, the project selected 60 buildings representing all the identified typologies, providing the necessary information to draft energy efficiency policies.

- b) The Project “Development of a Financing Mechanism for Energy Efficient Public Buildings in Albania” was financed by the World Bank. The objective of this activity is to inform and facilitate decision-making for sustainable financing mechanisms for energy efficiency (EE) in the public buildings sector. This will also serve as a possible vehicle for expanding to residential buildings in the future.
- c) Smart Energy Municipalities is a project financed by the Switzerland Embassy. The objective of this bilateral Project is to support selected Albanian municipalities to manage energy in a sustainable manner and to implement the national energy policy at local level. To this end, it will pilot and institutionalize an energy management system that is based on the European Energy Award (EEA) and incorporates the requirements of the national energy legislation. The Project contributes to improve energy management, reduce energy consumption, to mitigate climate change and to promote sustainable economic development. The expected results at outcome and output level are as follows:
- *Outcome 1:* The implementation of the national energy policy is supported at the local level.
 - *Outcome 2:* Pilot municipalities benefit from an energy management system that allows to be scaled up to further municipalities.

These objectives will be achieved through the following outputs:

- Output 1: Suitable energy management units are established and strengthened. Local Energy Strategies are developed for pilot municipalities.
 - Output 2: Quick-win investments are realized. An incentive scheme for the mid- and long term implementation of an Albanian EEA Programme is prepared.
 - Output 3: Key institutions related to energy management are strengthened and the awareness of the population and decision makers is increased.
 - Output 4: An Albanian EEA Programme at national level is designed and introduced.
- d) Study and Expert Fund measure on “Energy Management in Municipalities” by Germany/GIZ, strengthen partner capacities in energy efficiency and to plan, prioritize and implement selective energy efficiency measures at the municipal level in 12 municipalities.
- e) Regional Program: “ORF Energy Efficiency” by GIZ. The relevant political and civil society actors in South Eastern Europe increasingly take advantage of regional networks for the implementation of EU standards in the field of climate protection.

E. Central Government buildings (Article 5)

According to the Law no. 116/201“FOR ENERGY BUILDING PERFORMANCE“, Article 10 C, all buildings that are in use by a public authority or by institutions providing a service to the public and frequented frequently by the public, which have a usable area of over 500 m². Starting from **9 July 2018**, the demand for the above boundary of the usable area will be reduced to 250 m². In this case, energy performance certificates should be placed in places clearly visible to the public.

Until now, the most important intervention is the project financed by KfW Development Bank, “Promotion of Renewable Energies and Energy Efficiency” that aimed the rehabilitation of the dormitories of Students City No. 1 and Student City No. 2 according to the Energy Efficient principle, including interior restructuring and kitchen equipment. The target of this project was to reduce the energy performance of the dormitories to 75 kWh/m² per year. From this project benefited 1000 students.

F. Energy efficiency obligations (Article 7)

In Albania, the Second and Third Action Plan on Energy Efficiency from 2017 to 2020 describes a combination of energy efficiency obligation schemes and alternative measures. The Albanian Law on Energy Efficiency no.124/2015 states that energy audits are mandatory for:

- a) The big energy consumers, is a final consumer, which, based on the data of an audit process, results in annual energy consumption greater than the equivalent of 3 million kWh per year. The big consumers must nominate an Energy Manager, who will be responsible for the maintenance of the equipment that consume every kind of energy, for improving and supervising the methods of energy use and the exercise of other tasks for the rational use of energy in industry and buildings. These audits are executed every three years or whenever an industrial object or building is handled over or is renovated. The results from the audits must be executed within the period of two years from the acceptance of the results of the audits.

- b) All physical and / or juridical persons applying for a program funded by the Energy Efficiency Fund to promote and improve energy efficiency.
- c) Each time before a building, industrial object and other objects being evaluated, put into operation and / or constructed first, or are subject to substantial renewal.

According the law No. 116/2016 “For Energy Building Performance”, it is also mandatory to provide a Certification of energy performance of buildings for all buildings or units of buildings that will be sold or leased.