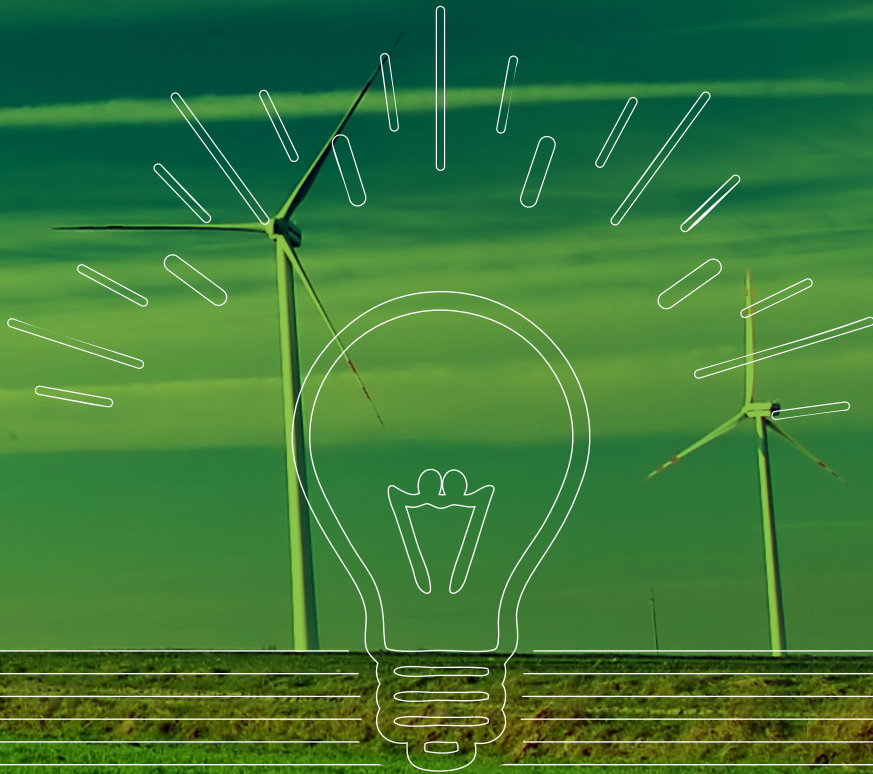




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KOSOVO'S OBLIGATIONS IN THE FIELD OF ENERGY EFFICIENCY AND HARMONIZATION WITH THE STABILIZATION AND ASSOCIATION AGREEMENT



PRISHTINA 2018

KOSOVO'S OBLIGATIONS IN THE FIELD OF ENERGY EFFICIENCY AND HARMONIZATION WITH THE STABILIZATION AND ASSOCIATION AGREEMENT

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List of Abbreviations

KAEE – Kosovo Agency for Energy Efficiency

MED – Ministry of Economic Development

MESP – Ministry of Environment and Spatial Planning

MEI – Ministry of European Integration

MF – Ministry of Finance

SAA – Stabilization and Association Agreement

EPBD – Energy Performance of Buildings Directive

EE – Energy Efficiency

EU – European Union

NPISAA – National Programme for the Implementation of the Stabilization and Association Agreement

ECT – Energy Community Treaty

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Introduction

This report presents a summary of the analyses and findings on the reform process in the field of energy efficiency and its relation to the European Agenda implementation process. This assessment is based on relevant documents from international agreements, the Berlin Process, obligations derived from the Energy Community Treaty, the process of transposition of EU Directives concerning energy efficiency, the Energy Strategy of the Republic of Kosovo, Kosovo Energy Efficiency Action Plan, the Action Plan for the Implementation of Key Priorities from the European Reform

Agenda, and commitments as part of the Stabilization and Association Agreement.

This analysis introduces information regarding policy development trend in the field of EE, the level of harmonization with the obligations, internal planning for the implementation of these obligations, and recommendations on the necessary steps to reach the energy savings target at country level.

Given the fact that energy efficiency is a broad field containing intersectoral implications, there is space to treat/interpret specific fields related to a particular sector in a manner that accords to that particular sector, herewith exists the possibility of giving recommendations for the specific fields.

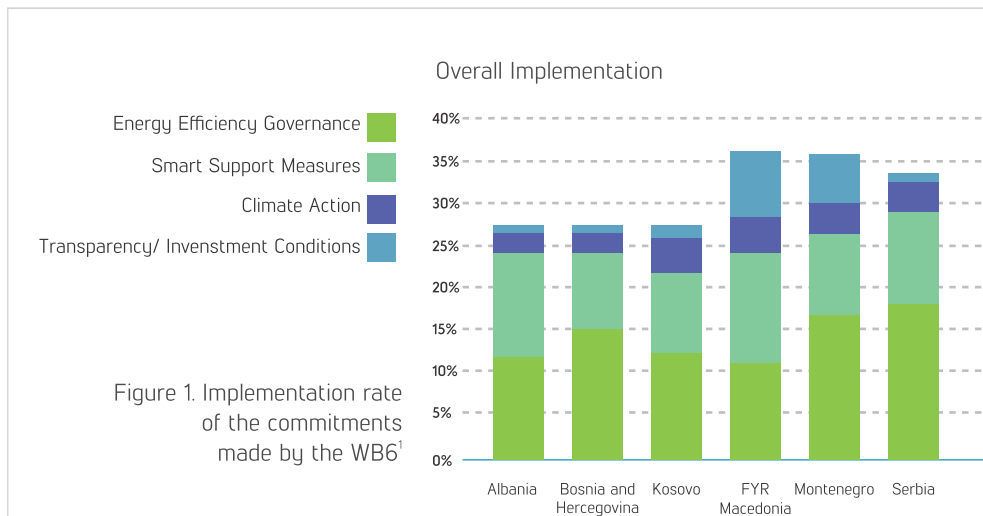


Executive Summary

One of the main tasks of the Government of Kosovo in the development of national policies in the field of EE and RES closely related to the SAA is: Harmonization and transposition of the EU acquis on energy efficiency, renewable energy sources and environmental impact from the energy sector, as well as implementation. Within the framework of this agreement, regarding the energy sector and in compliance with the relevant EU acquis, Kosovo has pledged to strengthen cooperation in accordance with the principles of market economy and the Energy Community Treaty, signed in Athens on 25 October 2005. This cooperation should result in the approximation of EU legislation deriving

from Article 74 and Article 114 of the Stabilization and Association Agreement (SAA). The provisions oblige Kosovo to bring its national legislation in line with that of the EU, and to ensure implementation. In recent years in the EE field, Kosovo has pledged to fully transpose and implement the Energy Performance of Buildings Directive 2010/31/EU (EPBD) and the Energy Efficiency Directive 2012/27/EU. These obligations are broken down into specific tasks which were presented in the Energy Chapter at the Western Balkans Summit, held in Paris in 2016. During this summit the member countries have clearly voiced their initiative to increase investments in energy efficiency and sustainable development. They have asked the Energy Community Secretariat to support the coordination and implementation of commitments according to this declaration and monitor the implementation progress. Each year the ECS monitors the level of progress and prepares the implementation report for all the countries, as well as for each country separately.

Figure 1. exhibits the implementation rate of these commitments, from the report published on March 2018.



Given that Kosovo is at an early stage of developing policies that contribute to the implementation of these commitments, there is yet to establish methods for planning national policies in a sustainable manner, and building mechanisms for implementation, monitoring and verification. Commitment to

performing the necessary legal, regulatory and administrative reforms has been shown, however the processes are slow and greater political will is required to support these reforms.

In a broader context, these reforms will bring political, economic, environmental, social benefits etc. whereas recognizing these possible benefits is either little, or it is missing.

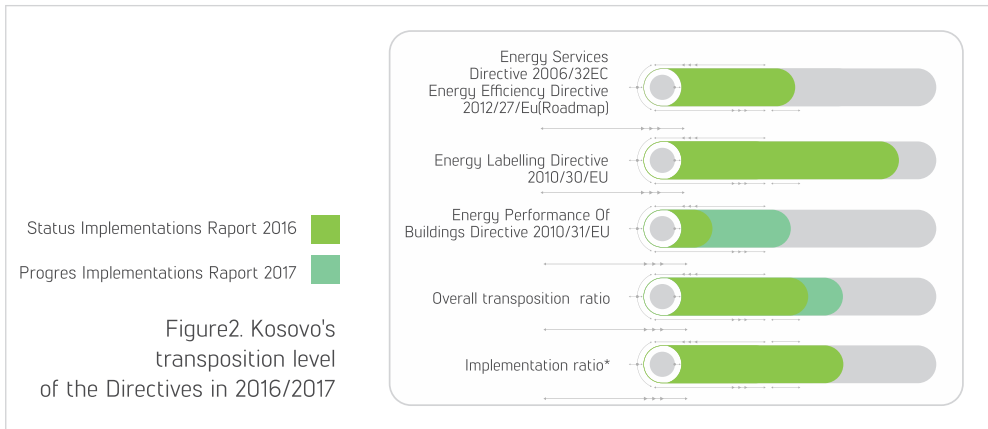
¹ National Programme for the Implementation of the Stabilization and Association Agreement (NPISAA) 2017-2021 - Available at: http://mei-ks.net/repository/docs/3_pkzmsa_miratuar_nga_kuveni_final_eng_pdf



It also doesn't come to light that these commitments are tied to possibilities for financial support from EU funds or other financial institutions.

The transposition of the EE Directive and the EPBD is a complex process, and it will take time to create a sustainable mechanism which builds local capacities for planning, implementation and monitoring.

In 2017, the ECS published the report regarding transposition levels, as well as implementation of the given directives. For Kosovo, estimates on the transposition and implementation of obligations deriving from these directives is as shown below.



In a political context, there is a noticeable gap between the obligations that have been assumed and the commitment that has been shown towards their implementation. The Energy Efficiency Directive establishes a new legal framework for the EE objectives adopted as part of the ECT. To date, the

implementation of existing EE legislation is partial, and the implementation rate of the commitments that have been transposed up to now, does not reach 50%; without adding the implementation rate of the Law on Energy Performance of Buildings



and the new Law on EE, which is expected to be implemented soon. By applying the measures for EE and RES – which imply changes in the use of fuels as well as given the efforts to achieve the EE target in relation to the referential year (average 2004/2007) in cumulative terms, the potential to reduce energy consumption by 2021 ranges from 200–250 Ktoe, and by 2031 between 570–690 Ktoe. For this, better coordination between MED, MEI, MF and MESP is needed, so that fulfilling the criteria for the European Reform Agenda would not be viewed solely as an obligation of Kosovo towards the EU, but as an opportunity for sustainable economic and environmental development. The potential savings of 200–250 million euros (€) per year are an indicator of its contribution to local economy, and consequently to the reduction of gases as a result of the application of new technologies and standards.

Kosovo's Obligations in the Field of Energy Efficiency under the Stabilization and Association Agreement

The Stabilization and Association Agreement was signed in Strasbourg, on 27 October 2015, with the aim of advancing Kosovo's cooperation with the European Union. The agreement was approved by the Government of Kosovo on 30 October 2015 and ratified by the Assembly of the Republic of Kosovo on 2 November 2015.

This agreement was ratified by Law no. 05/L-069 on the ratification of the Stabilization and



Association Agreement between the Republic of Kosovo of the one part and the European Union and the European Atomic Energy Community, of the other part.

For the implementation of this agreement regular high-level plenary and sectoral meetings are organized in order to create compatibility with EU rules, and structures have been set up to monitor, review and implement the agreement. These structures are: The Stabilization and Association Council; The Stabilization and Association Committee, and seven SAA Sub-Committees.

The Stabilization and Association Council supervises the SAA implementation process and its duties are to review annually the implementation of the SAA and the adoption/implementation of legal, administrative, institutional and economic reforms. One of the sub-committees is the Sub-committee on Transport, Energy, Environment and Regional Development.

In compliance with the relevant EU acquis, the signatories have pledged to strengthen their cooperation in accordance with the principles of market economy and the Energy Community Treaty, signed in Athens, on 25 October 2005.

The aim of this cooperation is to help Kosovo's gradual integration into the European energy market. The energy sector in this agreement is included in Article 114 of the SAA and contains these bilateral commitments³:

a

Improvement and diversification of supply and improvement of access to the energy market, in accordance with the EU acquis on security of supply and the regional energy strategy of the Energy Community, and applying EU and European rules on transit, transmission, distribution and restoration of electricity interconnections of regional importance with its neighbors.

b

Helping Kosovo implement the EU acquis on energy efficiency, renewable energy sources, and the environmental impacts of the energy sector, therefore promoting energy saving, energy efficiency, renewable

2 Ministry of European Integration - <http://www.mei-ks.net/en/background>

3 The Stabilization and Association Agreement - Available at:
http://www.mei-ks.net/repository/docs/20171027102511_kosovo-eu_saa_final_en.pdf



energy, and studying and mitigation the environmental impact of energy production and consumption.

C

Formulating of framework conditions for restructuring of energy companies and cooperation between undertakings in this sector, in line with the EU internal energy market rules on unbundling.

Regional Strategy interconnected to the SAA

One of the main tasks of the Government of Kosovo regarding national policy development in the field of EE and RES closely related to the SAA is: The harmonization and transposition of the EU acquis on energy efficiency, renewable energy sources and environmental impact from the energy sector, as well as its implementation⁴ The obligation to align Kosovo's legislation with Chapter 15 of EU legislation is derived from Article 74 and Article

4 National Programme for the Implementation of the Stabilization and Association Agreement (NPISAA) 2017–2021



114 of the Stabilization and Association Agreement (SAA). The provisions oblige Kosovo to technically bring its national legislation in line with that of the EU, and to ensure implementation.

In recent years in the EE field, Kosovo has pledged to fully transpose and implement the Energy Performance of Buildings Directive 2010/31/EU and the Energy Efficiency Directive 2012/27/EU. Their implementation requires, inter alia, the harmonization of local standards related to: construction criteria and issuance of construction permits, centralized energy generation, application of new technologies, co-generation, renewable energy sources, new standards for EE in buildings, standards for companies whose work deals with the implementation of EE measures in buildings, sustainable capacity-building schemes for people involved in energy services, choice of energy-consuming equipment etc. These obligations are defined in Article 114 of the SAA in the energy chapter. The agreement states the commitment to:

“ Help Kosovo to implement the EU acquis on energy efficiency, renewable energy sources and the environmental impacts of the energy sector, therefore promoting energy saving, energy efficiency, renewable energy, and studying and mitigation the environmental impact of energy production and consumption.

”

Apart from the complete transposition of EE Directive 2012/27/EU and EPB Directive 2010/31/EU, Kosovo's commitments to the Energy Community related to EE, are broken down to specific tasks and presented in the Energy Chapter at the Western Balkans Summit series. These tasks are mandatory for all Western Balkans countries which are members of the ECT, including Kosovo, otherwise known as the Berlin Process (Kosovo,



Macedonia, Albania, Montenegro, Serbia and Bosnia and Herzegovina also known as WB6), which was organized for the first time in Berlin (August 2014), then in Vienna (August 2015), in Paris (July 2016) and the latest meeting of the Western Balkans leaders was held in Trieste (July 2017).

At the Paris Summit in 2016 some commitments were made in the field of energy efficiency, one of the conclusions of which was: The parties welcomed the launch of an initiative to ramp up investment in energy efficiency in residential buildings and sustainable development through additional EU funding of €50 million⁵. In accordance with The Paris Agreement on Climate Change adopted in 2015, these commitments have laid the foundation for implementing an expanded energy agenda which leads to improved energy efficiency and greater use of renewable energy. This is really important, not only for fulfilling the commitments made by most Western Balkans countries, but since it simultaneously contributes to climate change action.

Western Balkans countries have pleaded the Energy Community Secretariat to support the coordination and

implementation of commitments under this declaration and monitor implementation progress. Each year the ECS monitors the level of progress and prepares the implementation report for all countries, as well as for each country separately.

⁵ Final Declaration by the Chair of the Paris Western Balkans Summit (4 July 2016)
- <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/policy-highlights/regional-cooperation/20160713-01.final-declaration-by-the-chair-of-the-paris-western-balkans-summit.pdf>



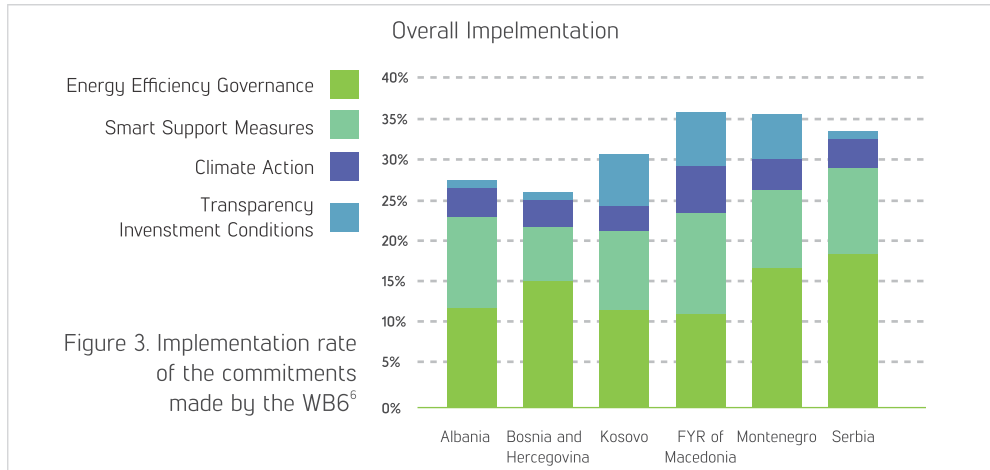
Improving Governance in the Field of Energy Efficiency

For all members of the Energy Community Treaty, the EE Directive 2012/27/EU, the Energy Performance of Buildings Directive 2010/31/EU and the Renewable Energy Directive have a binding effect and should be applied as in the EU member states.

Given that Kosovo is at an early stage of developing policies that contribute to the implementation of these commitments, there is yet to establish methods for planning national policies sustainably, and building mechanisms for implementation, monitoring and

verification. Commitment to performing the necessary legal, regulatory and administrative reforms has been shown, however the processes are slow and greater political will is required to support these reforms.

The Energy Community Secretariat monitors the progress that has been made in implementing these commitments, on an annual basis. Figure 3 shows the implementation rate of these commitments.



The Monitoring Report shows that greater political support is needed to utilize existing programs and to accelerate the process of transition to clean energy. Primarily, this report refers to the implementation of the 3rd National Energy Efficiency Action Plan (NEEAP) and the progress that has been made. When it comes to support schemes for the use of renewable sources, the focus is on applying stimulating tariffs for the competitive market. In a broader context, these reforms will bring political, economic, environmental, social benefits etc. whereas recognizing these possible benefits is either little, or it is missing. It also doesn't come to light that these

commitments are tied to possibilities for financial support from EU funds or other financial institutions. Clearly, priority for investments will be given to the countries which perform best in implementing these obligations. From the Stabilization and Association Agreement, this commitment means assisting Kosovo to implement EU acquis on energy efficiency, renewable energy sources and environmental impact from the energy sector. Some of the tasks from EU Acquis on EE and the



commitment to improve governance in energy efficiency are listed below, along with the expected implementation deadlines⁷:

a Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO "Energy Service Companies" contracts, and with this, developing energy services markets (by June 2017);

b Fully implementing the Energy Performance in Buildings Directive, especially in area of setting minimum energy performance standards as a prerequisite for large scale buildings rehabilitation programmes (by June 2017);

c Establishing well targeted programmes for public and residential buildings rehabilitation to the minimum energy performance and beyond, with particular focus on increasing the use of locally available renewable energy

d Assessing in details the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal (November 2018);

e Analysing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures resulting from the Energy Efficiency Directive 2012/27/EU especially in the public sector (by June 2018);

f Developing national skills and qualifications for small and medium enterprises / individuals to do business in the areas of energy efficiency and renewable (building assessors, energy auditors,

sources (decentralized solar-thermal heating, efficient biomass heating, high efficient heat pumps etc.) (March 2018);

⁷ Western Balkan Sustainable Charter -

www.diplomatie.gouv.fr/en/country-files/balkans/events/article/balkans-paris-balkans-2016-summit-paris-04-07-16



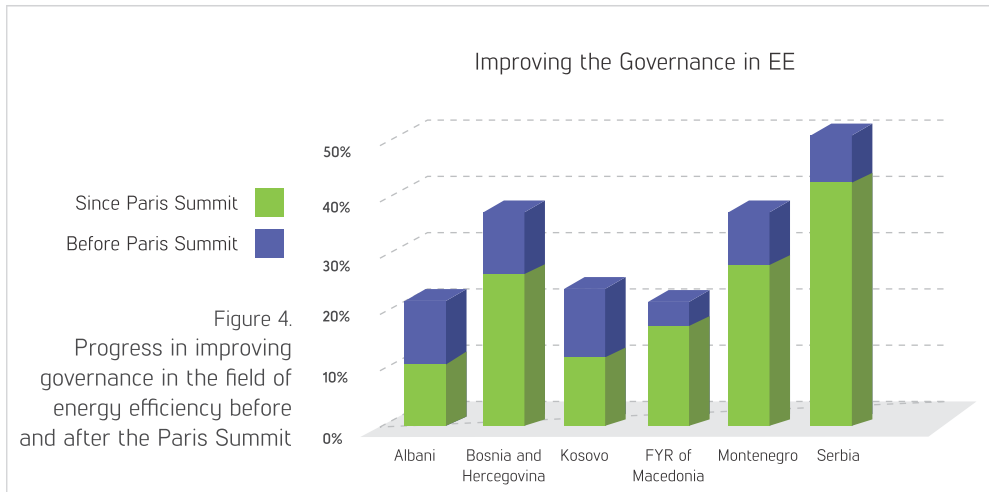
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installers etc.), by setting up qualification/ accreditation/ or certification schemes (June 2018);

Including energy efficiency and use of renewable resources in the curriculum in education and offering professional training (June 2019).

Within the National Programme for the Implementation of the Stabilization and Association Agreement (NPISAA) 2017–2021, some of the aforementioned obligations, mainly related to point (b), have been taken on for implementation: Full implementation of the Law on Energy Performance of Buildings (b), compiling relevant standards regarding buildings with nearly zero-energy buildings, and the following steps in this regard: certification for energy performance of buildings, procedures related to energy certification of buildings, issuance of certificates, inspection of heating, cooling and air conditioning systems etc. Requirements for the implementation of

these commitments are: capacity-building mechanisms, training and certification of independent assessors and experts responsible for certification, respectively inspection of heating, cooling and air conditioning systems. The residential sector in Kosovo remains the sector with the most energy-saving potential in relation to other sectors. The following chart shows the implementation level of the obligations deriving from the transposition of EE directives as well as the commitments made at the Paris Summit:



Challenges

Some challenges identified in the field of energy efficiency and renewable energy sources by the Stabilization and Association Dialogue meeting on 'Infrastructure' 2016 include approval of the third National Energy Efficiency Action Plan and adopting the Law on Energy Performance of Buildings, as well

as secondary legislation for the transposition of the Directive 2010/31/EU⁸

The Law on Energy Performance of Buildings was approved in November 2016, while the process of drafting subordinate, regulatory acts is still ongoing. Given the approval of sub-legal acts expected to come into force this year, implementing the Law on Energy Performance of Buildings is a challenge in itself, because of some of the reasons as listed below;

⁸ National Programme for the Implementation of the Stabilization and Association Agreement (NPISAA) 2017-2021

- Mechanisms should be built for training and certification of independent evaluators for issuing energy performance certificates to publicly owned, for sale or leased facilities, and facilities at the design stage when applying for a construction permit, with the purpose of setting the energy performance standards for new buildings, as well as when issuing use permits for completed buildings.
- Based on climate conditions in Kosovo, standards setting out the minimum energy performance criteria for buildings should be defined.
- The optimal cost should be determined for when buildings undergo partial or major renovations.
- The method for assessing the energy performance of buildings should be standardized.
- A national register should be established to monitor the implementation process of

energy audit, certification, energy inspection and monitor the progress that has been achieved.

The implementation of the Law on Energy Performance of Buildings is a complex process, and it will take time to create a sustainable mechanism which builds local capacities for implementation and monitoring.

The challenges regarding the energy efficiency sector in Kosovo identified by the EnC Report of the same year, include: drafting and adopting the Law on Energy Efficiency which represents the transposition of Directive 2012/27/EU . This law is being drafted, while some obligations deriving from this directive have already become binding for the member states and must be implemented. Some of the obligations which are derived from this process and are harder to implement in the case of Kosovo are:



- Establishing The Energy Efficiency Fund – highly important for creating a sustainable platform for investment in energy efficiency projects, containing the possibility of combined environmental measures both in the public and the residential sector.
- Reviewing the National Energy Efficiency Action Plan (2010–2018) – The plan should be in line with the requirements of Directive 2012/27/EU, which states the expectation of raising the energy saving target for the next 10 years, which can be about 27% energy savings in relation to the referential year, the final decision about this target is expected to be taken within the ETC.
- Compiling the National Strategy for Renovation of Public Facilities – The strategy should foresee yearly renovation of 1% of the surface of buildings used at the central level.

- Establishing financial mechanisms/ instruments to promote investments in the EE area, be it financial support mechanisms or fiscal measures.
- Creating mandatory schemes/ alternative measures for achieving the energy saving target for the given period – this model targets energy supply companies which should invest 0.7% of annual revenues from energy sales on energy efficiency projects. In this case, suppliers are free to choose whether they want to make investments in EE or to donate the amount to the EE fund.

Alternative measures means that the Government drafts policies that promote energy saving, and defines the methodology for measuring the savings as a result of the implementation of these measures.



- Drafting regulatory acts for low-energy buildings or zero-energy buildings – starting from 2018 in EU countries all newly built public facilities should be zero-energy buildings, for Kosovo such a standard is expected to become mandatory in a near term, within 2-3 years.
- Creating Energy Audit schemes for the construction sector as well as for the industry sector.
- Applying EE Standards during public procurement.
- Building capacities of energy service providers, etc.

The entry into force of the Law on EE creates the preconditions for expanding the market to energy services in the EE sector, therefore its implementation requires dedication at all levels: local, central, within the business community, the construction sector, as well as that of experts in the field.

Readiness for Change

As of legal, institutional and regulatory reforms in the EE sector, first steps regarding the Ecodesign Directive, and the EE Directive haven't been undertaken. The Ecodesign Directive sets eco-design requirements for energy-related products, regarding labeling and standard information for energy-consuming products and other sources of energy-consuming products (that requires the approval of 35 legal acts/sub-legal acts) with regard to the new Law on Energy Efficiency.

There is a small number of manufacturers of energy-consuming products in Kosovo,



which are affected by the Ecodesign Directive and the Directive on Labeling of Energy-related Products, however the obligations of economic operators should be applied mainly by importers and distributors within the country in order to adhere consumer protection.

One of the mid-term priorities of the Government is the commitment to reduce energy consumption through energy efficiency measures, specifically; through institutional and professional capacity building, as well as implementing projects for energy efficiency and environmental protection. Given the low level of investments in energy efficiency, and based on the obligations arising from the European Integration Agenda, the budget for these respective fields should be increased, thereby contributing to the fulfillment of EU obligations, and to reducing energy consumption and improving environmental/ health conditions⁹

If we weigh in the aforementioned obligations with the Medium-term Expenditures Framework 2017-2019,

when referring to energy efficiency and RES, there are plans to conduct activities related to promotional campaigns, energy audit, implementation of energy efficiency measures in public facilities, mainly in schools, as well as installation of heating systems. However, an integrated and more comprehensive approach is missing.

An integrated approach means combining political, regulatory, financial/ fiscal, programmatic measures through an institutional mechanism with a clear implementation program. The Kosovo Agency for EE operates with limited capacity, both in terms of human resources and professional capacity. As such it's difficult to have an integrated approach without support from the expert community and institutions abroad.

The transposition process of the directive on EE is yet another challenge.

Some of the requirements of this

9 National Programme for the Implementation of the Stabilization and Association Agreement (NPISAA) 2017-2021



directive are quite complex, with special regard to the implementation process. Their implementation requires careful treatment as of cross-sectoral implications, and changing some regulatory or sub-legal acts in the energy sector, which demands broader approval. For example: Article 7 of Directive 2012/27/EU may be applied if any or both of these two measures have been approved or entered into force:

- Application of an energy efficiency obligation scheme, or
- Application of alternative

To meet this criteria, the following tasks should be completed;

- Determining the energy savings total aimed at during the implementation of mandatory schemes (which, in the case of Kosovo, hasn't been set yet).
- Determining which measures will be applied, alternative measures,

an obligation scheme, or a combination of both.

- Determining the sectors and individual measures which will serve to achieve the targets.
- Determining the methodology for calculating the energy savings generated as a result of the measures which have been applied.
- Ensuring the mechanism for oversight, the verification procedure, also continuous and transparent monitoring of the scheme or implementation of measures.
- Reporting and publishing results in regular intervals.

Based on the recommendations of the ECS, member states should establish an energy efficiency obligation scheme. This scheme requires energy supply companies to achieve annual energy savings



of approximately 0.7% of annual sales to end-consumers.

In order to achieve this goal companies need to take measures to help end-consumers improve energy efficiency. These improvements can include: improving the heating system, installing triple-glazed windows, or double-glazed windows with low rates of heat transfer, insulated roofs to reduce energy loss, thermal-insulation of buildings, efficient lighting with LED bulbs, applying RES combined with EE measures etc. This model requires an increase in energy prices so that companies can make the necessary investments, and such a process needs to be handled with caution. If the member states deem it difficult to establish an obligation scheme, then they may implement alternative measures in order to reduce end use energy consumption. Some of these measures may be:

- Tax on energy or CO₂ emissions;
- Financial schemes to promote greater use of efficient technologies;

- Adopting regulations or agreements voluntarily with the aim of increasing the use of efficient technology;
- Setting up schemes for energy labeling besides meeting mandatory criteria, as required by the ESC;
- Establishing a sustainable scheme for education and training, including energy advisory programs;
- Handing support for the preparation of documents on the design of objects to be renovated with focus on applying EE measures;
- Program or support schemes for improving residential buildings' enclosure;
- Program or support schemes for changing the heating system;
- Program or support schemes for applying systems using renewable energy technologies;

- Schemes for the energy audit/energy certification of buildings;
- Schemes for increasing the number of zero-energy buildings;
- Renovation program for public facilities;
- Financial support for efficient vehicles etc.

In the 2014 Impact Assessment Report on the implementation of the EE Directive in member states of the ECT, the potential for reducing energy consumption (%) was analyzed for each sector – an analysis which assessed this potential referring to latest technologies and the possibility of switching to cost-effective fuel;

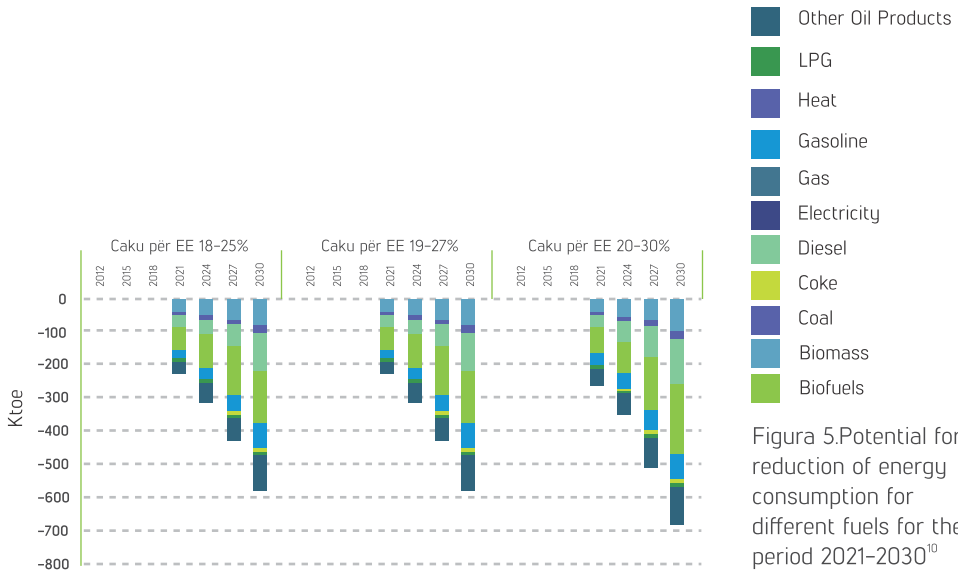
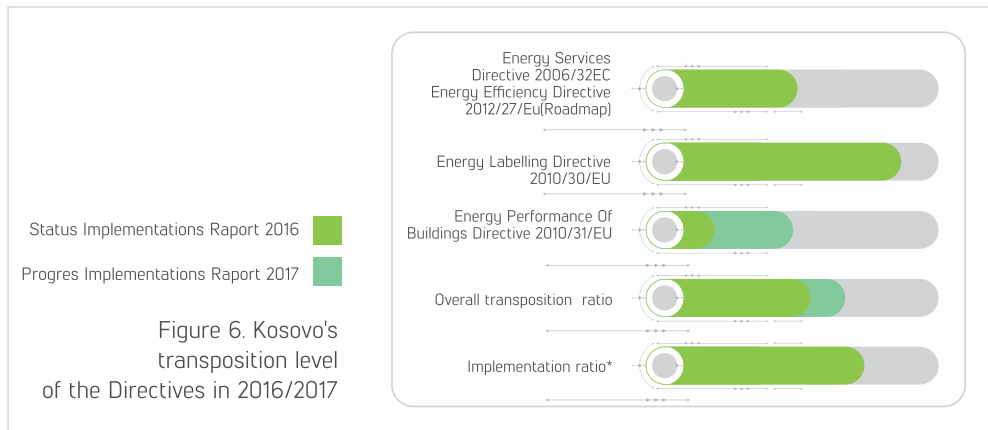


Figura 5. Potential for reduction of energy consumption for different fuels for the period 2021-2030¹⁰



This model has foreseen the potential in Kosovo for reducing energy consumption in different time periods. This model estimates that given the switch to cost-effective fuel, for different fuel types, as well as action to achieve the EE target in relation to the referential year in cumulative terms, the potential for reducing energy consumption by 2021 ranges from 200–250 ktoe, and by 2031 between 570–690 ktoe. Figure 5 presents

the energy saving estimates according to fuel type for the period 2020–2030. In 2017, the ECS published the Implementation Report on the levels of transposition and implementation of obligations deriving from EE Directives. The levels of transposition and implementation in Kosovo is presented in Figure 6.



Progress

The Stabilization and Association Agreement announces providing assistance to Kosovo to implement the EU acquis on energy efficiency, thus promoting energy saving. The Energy Community Secretariat has published the level of transposition of the EE acquis, i.e. the

level of implementation of the acts that have already been transposed. This report presents the level of transposition of the directives, excluding the new EE directive. Therefore, if the new directive is taken into account, the levels of transposition and implementation would be even lower. The levels of transposition and implementation of the acts that have already been transposed during the period 2016/2017 is shown in Figure 7.

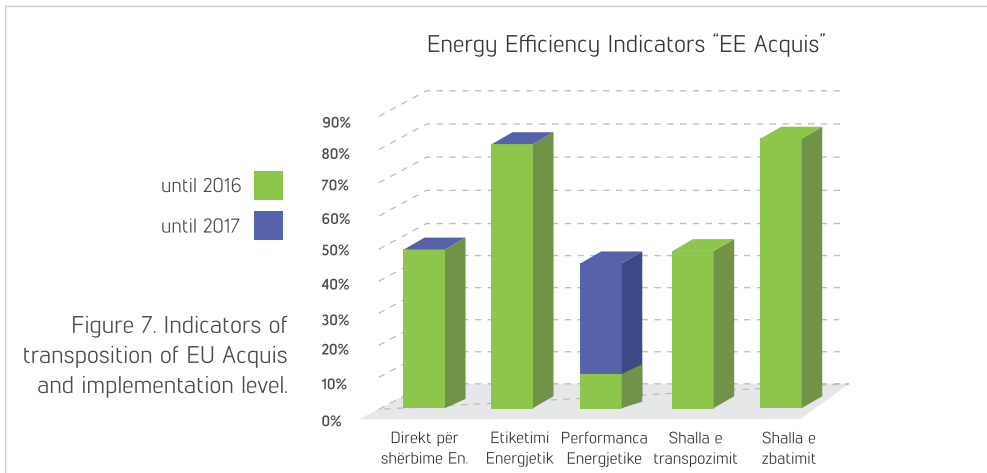


Figure 7. Indicators of transposition of EU Acquis and implementation level.



As seen in Figure 7, the progress that has been achieved as opposed to the obligations which have been taken over is very low. The adoption of the Law on Energy Performance of Buildings has led to slight progress, meanwhile there is little progress in the other fields. If we include the Law on Energy Efficiency that is expected to be approved soon, then the level of implementation would look even

more complex. The Government of Kosovo should understand that the implementation of the SAA in the field of EE does not merely imply completing the reforms for European integration but would contribute to possible energy savings up to €200 million per year, and would assist in reducing negative environmental impacts.





Recommendations

Energy efficiency is a complex field that requires cross-sectoral involvement from local and central authorities. In a political context, there is a noticeable gap between the obligations that have been assumed and the commitment that has been shown towards their implementation. The Energy Efficiency Directive establishes a new legal framework for the EE objectives adopted as part of the ECT. To date, the implementation of existing EE legislation is partial, and the implementation rate of the commitments that have been transposed into primary and secondary legislation up to now, does not reach 50%, even if new requirements are ruled out. The EE Directive creates new obligations, even though it replaces two

Energy Efficiency Directives (2004/8/EC on Co-generation and 2006/32/EC on Energy End-use Efficiency and Energy Services), and also adds obligations regarding the energy performance of buildings and ecodesign. Tangible measures and concrete action that promotes energy efficiency at a large scale are required, hence our recommendations and conclusions are as follows:

So far, no platform for the development of the EE sector has been established. Such a platform would be able to break down and analyze the tasks undertaken through the SAA and to offer alternatives for their implementation. Better coordination between MED, MEI, MF, MESP is needed, since the implementation of the SAA regarding the EE field consists of a complex process and requires the engagement of all sectors (local and central).



- KAEE should coordinate and advise other sectors, in order to enable them to develop implementation programs – to implement EE measures, which would result in greater energy savings. This would consist of mainly giving support to municipalities.
- One of the key points in implementing the Law on EE is to determine which of the measures will be applied, an obligation scheme that will increase energy price, or alternative measures that require drafting secondary policies and monitoring, or a combination of both.
- In case of applying an energy efficiency obligation scheme, energy supply companies should be consulted in order for its implementation process to be sustainable, and to determine the total energy savings expected for the duration of the scheme.
- Determine the sectors, which are implicated, and individual measures for achieving the

targets.

- Determine the methodology for calculating the energy savings generated as a result of the measures that have been applied.
- Ensure the mechanism for oversight, the verification procedure, also continuous and transparent monitoring of the obligation scheme or implementation of measures.
- Publish and report on the results in regular intervals.
- Kosovo seems to be at the stage of finding sustainable ways for planning national policies, building mechanisms for implementation, monitoring and verification. Thus, capacity-building to develop and implement these policies is imperative.
- Capacity building of KAEE is a prerequisite for the implementation of the obligations, otherwise progress

in this area will be very slow, hence the SAA implementation will be delayed.

- Implementation of the Law on Energy Performance of Buildings simultaneously supports the construction sector in accelerating modernization, boosting growth and creating jobs, helping to digitize the sector, training workers, expanding the domestic market and developing circular economy.
- Compiling standards/ criteria for the minimum energy performance requirements of buildings is indispensable.
- The eco-design requirements for energy-related products (ERPs) and energy labeling of products are not yet applicable in Kosovo. Directive 2009/125/EC on Eco-design and no related sub-legal acts have been transposed. In Kosovo, there is a small number of manufacturers of energy-consuming products affected by the Directive 2009/125/EC and related legal acts. The same

applies to the Directive 2010/30/EU on Labeling Energy-Related Products and related sub-legal acts for implementation. Obligations of economic operators should be applied mainly by importers and distributors within the country in order to adhere consumer protection.

- Given the application of EE and RES measures - which means switching to cost-effective fuel, for different fuel types, as well as action to achieve the EE target in relation to the referential year in cumulative terms, the potential for reducing energy consumption by 2021 ranges from 200 to 250 ktoe, and by 2031 between 570-690 ktoe.

KOSOVO'S OBLIGATIONS
IN THE FIELD OF ENERGY EFFICIENCY
AND HARMONIZATION WITH THE
STABILIZATION AND ASSOCIATION AGREEMENT

