



WB6 Sustainability Charter Monitoring Report

**Energy Community Secretariat
June 2017**



Introduction

Under the Energy Community Treaty, the Western Balkan Six (WB6 - Albania, Bosnia and Herzegovina, former Yugoslav Republic of Macedonia, Montenegro, Kosovo* and Serbia) are applying the Energy Efficiency Directives (2012/27/EU, 2010/30/EU, 2010/31/EU) as well as the Renewable Energy Directive (2009/28/EC) with a similar level of ambition and the same binding effect as Member States of the EU. The WB6 are also working on the best way for improving their systems for monitoring, reporting and planning their energy and climate policies and aligning them with the Emissions Monitoring Regulation (Regulation (EU) No 525/2013).

At the last Western Balkan 6 Summit held in Paris on 4 July 2016, the WB6 signed a Sustainability Charter to serve as guidance and support for their transition towards low-carbon and climate-resilient energy sectors. With its adoption, the countries also reiterated their commitment to tap into their high potential for energy efficiency and renewable energy generation by a set of measures to increase the sustainability of national and regional energy markets as well as generation and consumption patterns. At the same time, they agreed to step-up the ongoing efforts to reform and integrate electricity markets and to become a part of the global response to climate change.

The Energy Community Secretariat was tasked to support the WB6 in coordinating the process and monitoring the implementation of their commitments. For this purpose, the Secretariat will publish every three months a progress report outlining achievements and challenges ahead for the main priority areas:

1. Improving the governance for energy efficiency;
2. Implementing smart support measures that improve the sustainability of energy systems;
3. Fostering climate action;
4. Fostering transparency of sustainable energy markets.

The present report takes stock of progress in the areas covered by the Charter. Assessments are based upon the Secretariat's experts' own experience and exchange, desk research as well as information collected during interviews and country missions. The analysis and indications included in the report give a sense of the scale of the reform needed.

Progress made by countries under the Sustainability Charter will be discussed during the next WB6 Summit in Italy (Trieste, 12 July 2017).

* This designation is without prejudice to positions on status, and it is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.



EXECUTIVE SUMMARY

This monitoring report takes stock of the progress achieved in implementing the Sustainability Charter and the priorities ahead to be further discussed at the upcoming Western Balkan 6 Summit on 12 July 2017 in Trieste. In general, it finds that progress in a number of measures has been achieved by the Western Balkan 6 countries, although higher quality of legislation and continued investment in the energy sector, in particular in renewable energy deployment, low-carbon technologies and energy efficiency, remain critically important for ensuring sustainable economic development in the region.

As regards measures to improve governance for energy efficiency, the WB6 focus on the priority measures relevant for implementation of Directive 2010/31/EU on the Energy Performance of Buildings (EPBD) and Directive 2012/27/EU on Energy Efficiency (EED). The market for energy services is advancing in Serbia, with the adoption of secondary legislation and project tendering in public buildings and street lighting. Progress in transposing the EPBD was achieved by all WB6, including the recent adoption of EPBD laws in Albania and Kosovo. The EU grant signature of 50 million EUR for the Regional Energy Efficiency Programme II (REEP Plus) and the Green for Growth Fund (GGF) in February 2017 support building rehabilitation in accordance with minimum energy performance standards and implementation of other Sustainability Charter measures. In addition, several WB6 are working on the establishment of national energy efficiency revolving funds. Yet more country ownership and political support is clearly needed to make full use of the existing programmes and develop national instruments for market segments like public sector, residential buildings, transport, etc.

On next-generation support measures for renewable energy deployment, Albania has progressed with adopting the Law on Promotion of the Use of Energy from Renewable Sources, which introduces for the first time a competition-oriented auction procedure for the allocation of future renewable energy capacities. Steps forward were also made by Kosovo, with the adoption of a set of administration instructions for renewable generation facilities, raising the quota for PV from 10 to 30 MW and biomass from 14 to 20 MW. Also, the realization of community energy projects on biomass and solar PV in Montenegro (Energy Wood, Solarni Katuni) as well as the launch of new energy cooperatives for the production of biogas from farm manure in Bosnia and Herzegovina (Enza II in Prijedor) are positive examples of increasing the engagement of citizens in the energy system and contributing towards energy independence and greater acceptance of renewables. Decisive progress during this monitoring period was achieved on waste-to-energy in Albania, where the first waste-to-energy 2.85 MW power plant of Elbasan was inaugurated in May 2017. The rehabilitation of Elbasan's landfill sets an example for countries in the region.

With respect to climate action, WB6 are generally supporting the draft decision to incorporate the Monitoring Mechanism Regulation (MMR) into the Energy Community acquis and activities in this direction are progressing well, also thanks to assistance of the European Commission. In Albania, a public consultation on the final draft law on climate change was completed and its adoption is foreseen by December 2017. Serbia and Montenegro also produced draft Laws on Climate Change, while former Yugoslav Republic of Macedonia has prepared an assessment, which takes into account the upcoming adoption of the MMR in the Energy Community and the requirement for Contracting Parties to establish the legal and institutional preconditions for the implementation of its core elements. Countries are generally fulfilling their reporting obligations to the UNFCCC. Albania and Bosnia and Herzegovina were recently joined by Serbia in the ratification of the Paris Agreement, while Montenegro is expected to ratify soon. A key remaining barrier to further progress is the limited capacity in terms of human resources assigned to this area of work in the relevant ministries as well as the lack of mainstreaming of climate policy across sectors.

The activity of the various national authorities dealing with the promotion of investments is not yet satisfactory, as they provide little support for investors confronted with the highly bureaucratic administrative systems of the WB6. So far, the only country moving forward is Montenegro, while Serbia worked on an investors' guide for projects relating to renewable energy sources. More investments in the renewable energy sector in the future will gradually increase the complexity of the business relations in the region and bring a new, challenging perspective on the role of the state authorities. An important step towards enhanced confidence in the WB6 markets was taken by the Energy Community Secretariat in October 2016, with the establishment of the Dispute Resolution and Negotiation Centre, focusing on mediation of both commercial and investor-state disputes. The Centre – which aims at preserving the relations between parties to a dispute

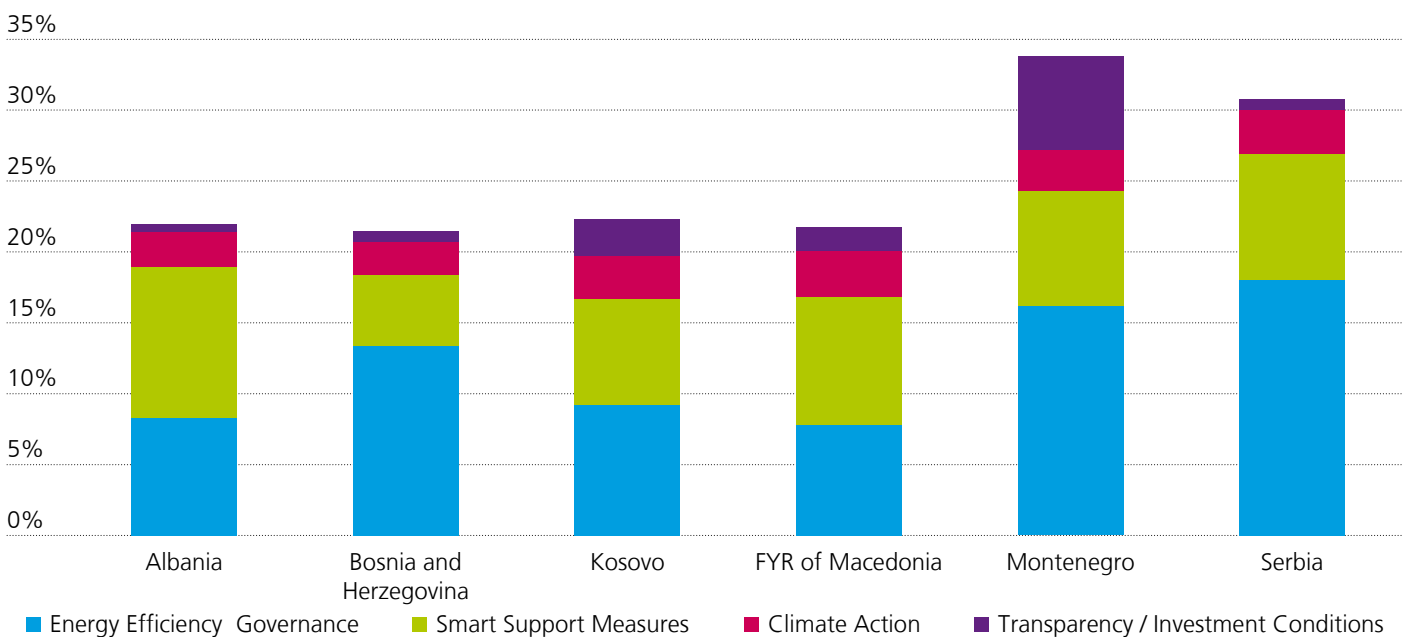


by working together for a mutually acceptable solution - recently mediated a dispute between the Albanian Government and renewable energy producers.

Progress was also made on multi-stakeholder cooperation through the first edition of the Sustainability Forum, organised by the Energy Community Secretariat with the Balkan Green Foundation, which took place on 9 June 2017 in Vienna. Gathering over 120 stakeholders from ministries, civil society, academia and private sector, the forum provided a unique platform to discuss how the region can transition towards a sustainable energy pathway. The participants underlined the importance of mainstreaming climate policy across sectors and welcomed the Energy Community's stepped-up role in the climate field. The Energy Community Sustainability Charter was considered a key instrument for driving reforms in the region. Also, the forum was the occasion for the European Bank of Reconstruction and Development (EBRD) and the Energy Community Secretariat to sign a Memorandum of Understanding strengthening the organisations' cooperation in the field of sustainable energy policy development and climate change in the Western Balkans, Moldova, Ukraine and Georgia.

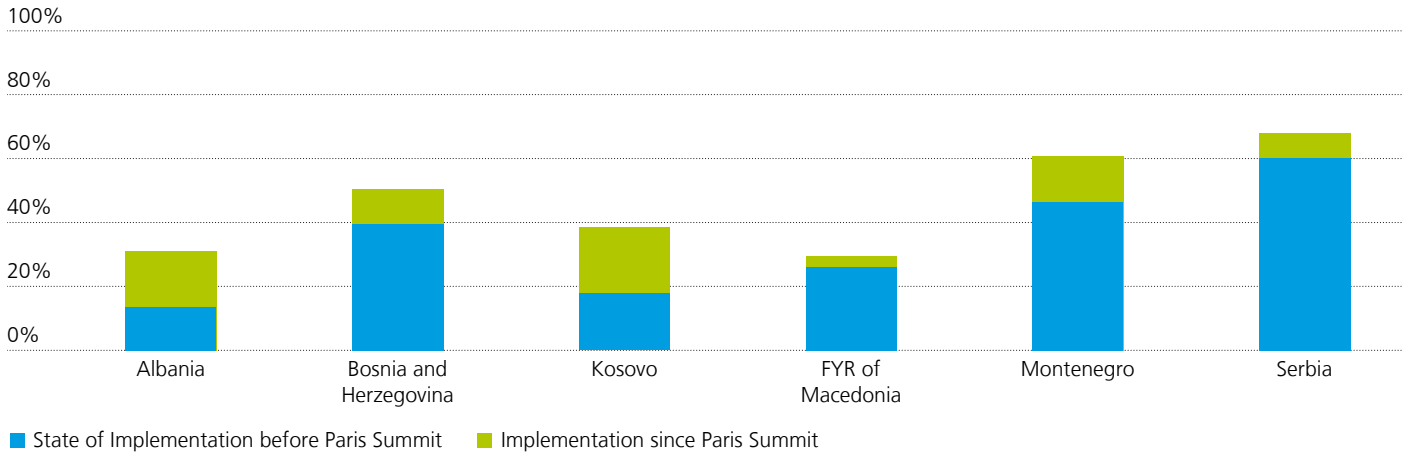
The event was followed by the first joint meeting of Ministers responsible for energy, environment and climate change. Ministers discussed the best ways to contribute towards a low-carbon transition in the region and established an Energy Community Climate Action Group. The group will convene twice per year and focus on integrated energy and climate planning in the Contracting Parties, to be coordinated also at the regional level. The ministers also reaffirmed their countries' commitment to the Paris Agreement and agreed to use the Climate Action Group as a common platform to discuss international climate policy issues in the run up to the next meeting of the Conference of Parties of the UNFCCC. Johannes Hahn, Commissioner for European Neighbourhood Policy and Enlargement Negotiations, addressed the participants and encouraged them to integrate energy and climate policies as in the EU.

Overall Implementation





I. Improve the Governance for Energy Efficiency



Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO (“energy service companies”) contracts, thus developing energy services markets (June 2017)

The participation of private capital through ESCOs provides a vehicle for realizing energy efficiency investments without increasing public debt. The Regional Energy Efficiency Programme in the Western Balkans - Phase II (REEP Plus) is extending support to all WB6 for preparation of contract templates for energy performance contracting (EPC) and energy supply contracting (ESC), including a country specific analysis on the legal framework for provision of energy services in the public sector. Serbia is the most advanced, having adopted secondary legislation and initiated project tendering. Nevertheless, the market for energy services in all WB6 is in the early stages and needs strong support, both politically and technically. The technical support is available to remove the significant barriers still in place; the political will needs reinforcement.

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

Directive 2010/31/EU on Energy Performance of Buildings (EPBD) focuses on the utilization of energy efficiency potential in the building sector. The WB6 committed to apply a methodology for calculating the energy performance of buildings and ensure that minimum requirements are set with a view to achieving cost-optimal levels, when building new buildings and performing major renovations. This, together with a correctly established system of energy performance certification, serves as a vital information tool and instrument for the transition towards a more energy efficient real estate sector.

The work on EPBD transposition is still ongoing in all WB6 countries; it is supported either by regional programmes (e.g. REEP Plus) or bilateral donors (e.g. KfW in Montenegro). Recent progress was achieved by Albania and Kosovo with their adoption of EPBD laws. Nevertheless, the EPBD’s implementation through secondary legislation is still lagging behind in the large majority of the Western Balkans. The Energy Community Energy Efficiency Coordination Group (EECG) coordinates the implementation of the key EPBD requirements.

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

The potential for saving energy in the WB6 building sector is as high as 40%, provided that buildings are renovated to meet the minimum energy performance requirements set in the EPBD. WB6 need to design and implement large investment programmes in building rehabilitation envisaging a more “commercial” type of financing, either through ESCOs and/or through national energy efficiency revolving funds. At present, the majority of programmes in the WB6 target public buildings and are developed in cooperation with International Financial Institutions (IFIs) through lending to governments. No WB6 country has submitted a Building Renovation Strategy by the deadline of 31 March 2017, as required under Directive 2012/27/EU. The 3rd Energy Efficiency Action Plans (EEAPs) include energy efficiency measures and plans in the buildings sector. They were adopted in Montenegro and Serbia, while in the other WB6 they should be adopted without further delay.

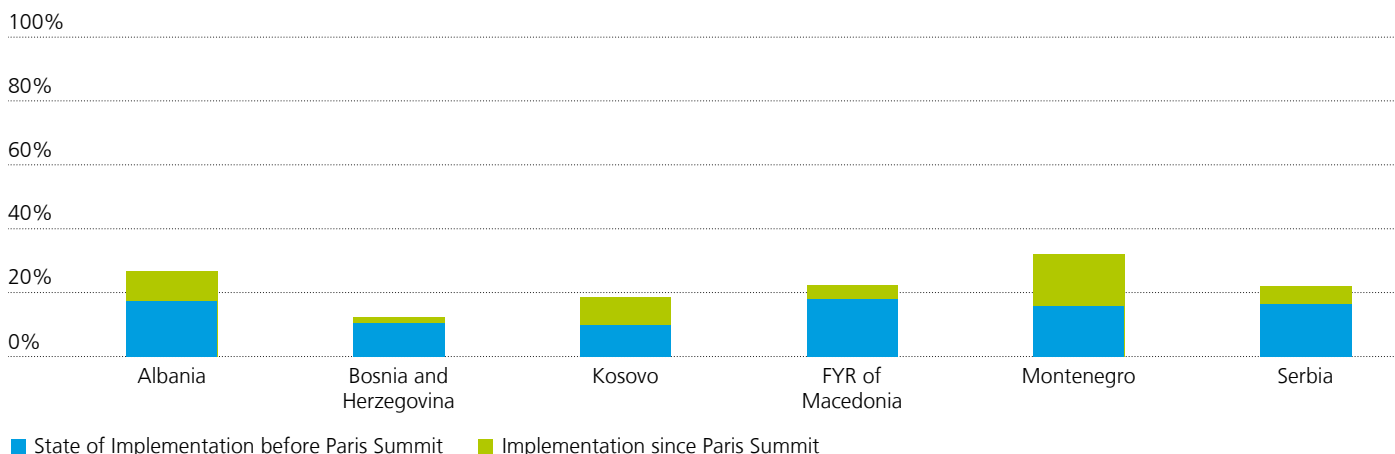
Assessing in details the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal (November 2018)

District or central heating and cooling can integrate renewable electricity, biomass, geothermal and solar thermal energy, waste heat and municipal waste, and thus contribute to air quality and climate objectives. District heating systems are present in about 80 cities and towns in the WB6, with an installed capacity of 7.600 MW. The introduction of efficient biomass-based heating could reduce the heating costs by at least 50% across the WB6. Countries are implementing local projects for improving DH systems, but they still need to adopt the methodology and conduct a comprehensive assessment of the potential for the application of efficient DH and cooling systems, according to Directive 2012/27/EU. The 3rd EEAPs include relevant policy measures, but they still need to be adopted in Albania, Bosnia and Herzegovina, former Yugoslav Republic of Macedonia and Kosovo. The WB6 should also adopt specific legislation and policy measures (e.g. fiscal incentives) to stimulate the uptake of these new technologies.

Analysing options for the establishment of appropriate financing mechanisms, including a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially for the public sector (June 2018)

An analysis or process of establishment of national energy efficiency funds and other innovative financing mechanisms for energy efficiency improvement measures is ongoing in all WB6. At the same time, options to better utilize existing financing options are being assessed. The EU and IFIs have increased their focus on support for energy efficiency in the WB6, as confirmed by the EU grant agreement on an additional 50 million EUR for the two main regional facilities - REEP Plus and the Green for Growth Fund (GGF). In addition, REEP Plus extended its policy and investment support to the residential sector and the establishment of new financing mechanisms. Establishment of national energy efficiency revolving funds is recognized as complementary to regional programmes and is advancing in all WB6, especially in Bosnia and Herzegovina, Kosovo and Albania. Nevertheless, more country ownership and political support is needed to make full use of the existing regional facilities and develop national instruments for market segments like public sector, residential buildings, transport, etc.

II. Implement Smart Support Measures Improving Sustainability of Energy Systems



Designing and implementing market based support schemes for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community rules (June 2017)

To ensure cost-effectiveness of renewable energy deployment, the State Aid Guidelines for Environmental Protection and Energy 2014-2020, applicable also in the Energy Community, call for more exposure of renewable energy produc-

ers to market signals. Access to support schemes has to be granted by a competitive auction process where the demand reveals the real cost of individual projects. Since last Western Balkan Summit, Albania has substantially progressed under this measure, with the adoption of the Law on Promotion of the Use of Energy from Renewable Sources and drafting secondary regulation, which introduces for the first time a competition-oriented auction procedure for the allocation of future renewable energy capacities. Other WB6, such as



former Yugoslav Republic of Macedonia and Montenegro, are also starting to analyse their markets and assess possibilities to move towards market-based support in the future. An administrative instruction on the renewables target, which raised the quota for PV from 10 to 30 MW and biomass from 14 to 20 MW, was approved by Kosovo in June 2017.

Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects (June 2018)

Until now, energy law and policy across Europe has been built to support a centralized energy system where citizens were regarded as passive consumers. To move away from this model and focus on individuals and communities as the driving force behind the low carbon transition, citizens should be able to exercise their rights in the political, economic and social dimension of energy policy. The legal possibility to introduce net-metering schemes in Albania and Kosovo represents a major step forward since the WB6 Paris Summit, since it will allow renewable self-consumers to generate, store, sell and consume their own electricity. Also, the realization of community energy projects on biomass and solar PV in Montenegro (Energy Wood, Solarni Katuni) as well as the launch of new energy cooperatives for the production of biogas from farm manure in Bosnia and Herzegovina (Enza II in Prijedor) demonstrate progress in the engagement of citizens in the energy system and contributing towards energy independence and increased acceptance of renewables.

Developing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources (June 2018)

Citizens need to be at the centre of the energy system; they have to be informed, engaged and activated. To this end, as stated in Article 14 of Directive 2009/28/EC, information and guidance and training programmes are crucial to make the legal frameworks on renewables easier to comprehend, to build local capacity as well as to promote the uptake of renewable energy technology. The WB6 should ensure that information, guidance and support measures for renewable energy deployment is made available to all relevant actors, including individual citizens. Concrete community action on renewables is still hampered by a number of non-technological barriers (administrative, financial and regulatory), preventing consumers from taking full advantage of a liberalized energy market. Nevertheless, some progress has been achieved in the past year with regard to information sharing, for example in former Yugoslav Republic of Macedonia, where the City of Skopje and the Energy Agency established two information centres for dissemination of benefits from improved energy efficiency and utilization of renewables in the country. The establishment of a one-stop shop is still pending in most of the

WB6, although the ministries' websites are relatively informative. Through the creation of the Sustainability Forum, the Energy Community has established a single multi-stakeholder platform dedicated to increasing awareness-raising on the key energy and climate issues facing the Energy Community Region.

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

An urgent demand exists for more post-graduate trained staff, specialized in renewable energy technologies and energy efficiency. The establishment of dedicated university and professional programmes in these sectors will provide students with appropriate expertise and higher employability, filling the gap between the high demand for specialists on energy efficiency and renewables and the skills currently available on the job market. Energy efficiency and renewable energy is highly important for the future economic development of the Western Balkan region. Most of the WB6 are progressing well under this measure, offering a number of first or second-degree study programmes on the topics of sustainable energy, energy efficiency and renewables. Many WB6 are currently collaborating with leading EU universities – for example within the framework of the EU Tempus programme – to develop Master's and PhD programmes, professional training and laboratories with the aim to prepare a new generation of skilled experts in these sectors. An important progress under this measure is the establishment of the Energy Community Summer School, organized by the Energy Community Secretariat, in partnership with leading universities (also) in the WB6, promoting the development of participants' competences in all topics related to energy through a dedicated multi-disciplinary programme. Former Yugoslav Republic of Macedonia will host the 2017 edition in the city of Ohrid (26 August – 2 September). The 2016 edition took place in Tirana, Polis University.

Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sectors (November 2018)

Using waste as an energy source maximizes the energy output and contributes to achieving environmental and climate change objectives, while also improving the security of energy supply. The WB6 face the common challenge to manage their waste with an appropriate strategy, segregation and recycling system, through which a significant quantity can be diverted from landfills for material recovery and for conversion into a resource for electricity and heat generation, as in waste-to-energy. Beyond electricity and heat production, there are a number of advantages to considering waste-to-energy in the Western Balkans, e.g. the significant reduction of waste volumes and landfill space, especially important for

urban areas. There has been positive progress during this monitoring period, in particular in Albania, where the first waste-to-energy 2.85 MW power plant of Elbasan was inaugurated in May 2017. The rehabilitation of Elbasan's landfill represents one of the most important engineering projects of its kind in the country, setting an example for countries in the region. Some progress was also achieved in Belgrade with respect to the selection procedure for candidates for the rehabilitation of Vinca landfill site into a waste-to-energy installation under a public-private partnership.

Setting up qualification / accreditation / or certification schemes to develop the necessary skills and competences of small and medium enterprises / individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.) (June 2018)

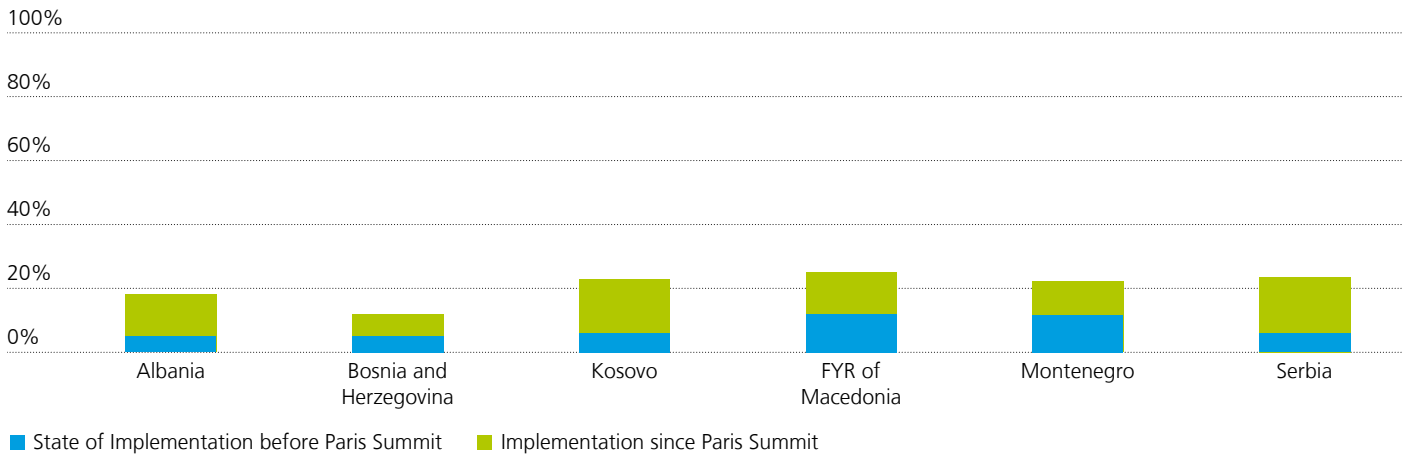
The WB6 shall ensure that certification, accreditation or equivalent qualification schemes are available for providers of energy services, energy auditors, energy managers and installers of energy-related building elements or small-scale renewable installations. Despite some ongoing activities in the region (especially related to developing national skills for energy audit and certification of buildings), the WB6 are still lacking qualified experts. It is recommended to take a coordinated approach to the requirements established in different directives (energy efficiency and renewable energy). The Energy Community Secretariat – through the Energy Efficiency and Renewable Energy Coordination Groups – is facilitating regional cooperation in this respect, also by participating to the creation of an online database of certification and qualifications schemes for small-scale renewables technologies operating across Europe.



First Energy Community Sustainability Forum, held on 9 June 2017 in Vienna



III. Foster Climate Action



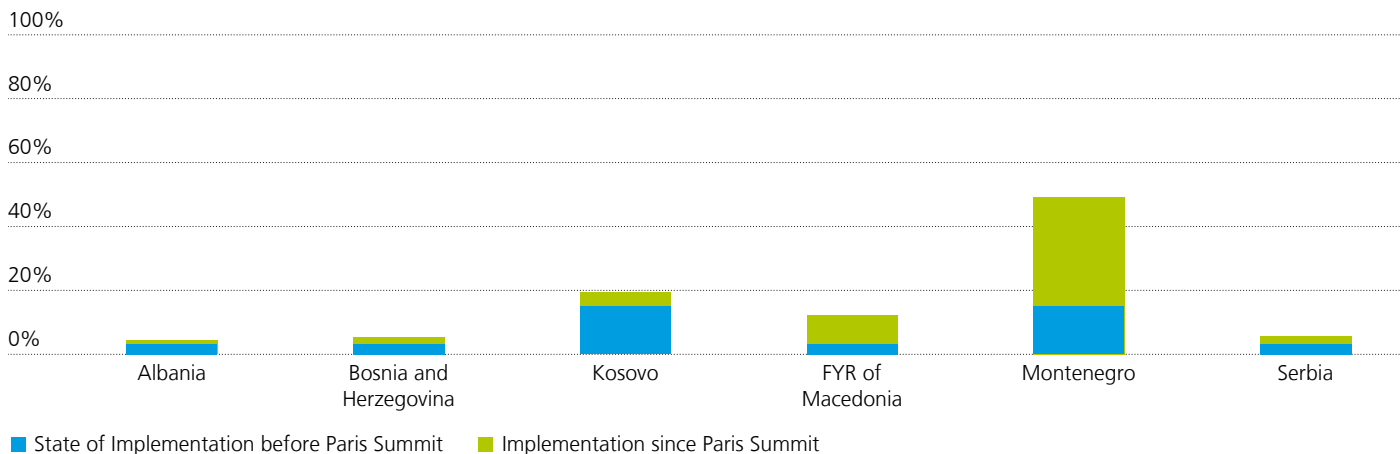
Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with Regulation (EU) No 525/2013

Regulation (EU) No 525/2013 (the MMR) includes a number of important provisions for monitoring and reporting greenhouse gas emissions, including, but not limited to: establishing GHG emission inventories, developing low-carbon development strategies, improving national systems for reporting on policies and measures and for reporting on projections of anthropogenic greenhouse gas emissions. WB6 are generally supporting the draft decision to incorporate the MMR into the Energy Community acquis and activities in this direction are progressing. In Albania, a public consultation on the final draft law on climate change was completed and its adoption is foreseen by December 2017. Serbia and Montenegro also produced draft Laws on Climate Change, currently under revision, while former Yugoslav Republic of Macedonia has prepared an assessment, which takes into account the upcoming adoption of the MMR in the Energy Community and the requirement for Contracting Parties to establish the legal and institutional preconditions for the implementation of the core elements of the MMR. Kosovo also adopted two administrative instructions including elements of Regulation (EU) No 525/2013. In general, GHG emission inventories and the MMR are being implemented on an informal basis in most of the WB6, due to the lack of a proper legal basis defining competences and responsibilities in this area. A key barrier to further progress remains the limited capacity of human resources assigned to this area of work in the relevant ministries as well as the lack of mainstreaming of climate policy across sectors.

Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations

National reporting on implementation under the UNFCCC has been instrumental in tracking progress towards the convention's objectives. Reporting obligations of the WB6 (non-Annex I) include the submission of National Communications on climate change (NCs), Biennial Update Reports (BURs), National Adaptation Programmes of Actions (NAPAs), etc. With few exceptions, countries are generally fulfilling their reporting obligations to the UNFCCC. The Third National Communication and Second Biennial Update Report on Greenhouse Gas Emissions was adopted by Bosnia and Herzegovina and submitted to the UNFCCC on 13 June 2017. Albania and Bosnia and Herzegovina have ratified the Paris Agreement, Serbia adopted the Law on the Paris Agreement ratification on May 29 May 2017 while Montenegro is expected to ratify soon. In addition, there is a number of ongoing cooperation initiatives that strive to assist the countries towards the development of climate-resilient strategies, including by helping them to revise their National Determined Contributions and to improve national systems for monitoring, reporting and verification (MRV). A process of closer collaboration between the Contracting Parties and the Energy Community would contribute to a higher quality of monitoring and reporting.

IV. Foster Transparency of Sustainable Energy Markets



Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

There is very little progress to report from the WB6 under this section. So far, the only country which has complied with all implementation deadlines is Montenegro. In February 2017, Serbia adopted an investors' guide for projects relating to renewable energy sources, drafted in cooperation with UNDP. The Energy Community Dispute Resolution Centre is currently involved in mediating a disputes in Albania.

Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner

None of the WB6 recorded progress in this area. The performance of the various authorities dealing with investment protection is far from satisfactory, as they provide little support for investors navigating their cumbersome and bureaucratic administrative systems. All the WB6 should establish single administrative contact points for investors as soon as possible.



I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO ("energy service companies") contracts, thus developing energy services markets (June 2017)

Model contracts and the market for energy services are still to be designed and developed. The Energy Efficiency Law introduced the ESCO concept and energy performance contracting, but there is delay in adoption of the ESCO by-law and establishment of the energy efficiency fund to support ESCO projects in the public sector. Multi-annual budgeting should be allowed, and the Public Procurement Law should be amended to facilitate ESCO service contracting in the public sector.

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

Directive 2010/31/EU was transposed via the Law on Energy Performance of Buildings adopted in November 2016. However, successful implementation requires adoption of secondary legislation. The Ministry of Energy and Industry and the Ministry of Urban Development should finalize and adopt the methodology for calculating the energy performance of buildings, setting minimum energy performance requirements and certification procedures.

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

The typologies of public and residential buildings were developed in 2016, but targeted rehabilitation programmes are

still missing. Only a limited number of small projects are being implemented. The recently established Energy Efficiency Agency and (planned) Energy Efficiency Fund should contribute to implementation of this measure. The country's draft Energy Efficiency Action Plan includes building rehabilitation measures, but its adoption is delayed by more than one year.

Assessing in detail 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)

Albania has no district heating or cooling systems. There was no progress with respect to the transposition and implementation of the specific provisions of Directive 2012/27/EU on Energy Efficiency, i.e. adoption of a methodology and carrying out of a comprehensive national assessment of the potential for the application of high-efficiency cogeneration and efficient district heating and cooling.

Analysing options for the establishment of appropriate financing mechanisms, including a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially for the public sector (June 2018)

The establishment of the national energy efficiency fund is required by the 2015 Energy Efficiency Law with the aim to finance energy efficiency measures in the entire energy chain and support the implementation of the Energy Efficiency Action Plan. A working group established by the Ministry of Energy and Industry drafted a regulation for the operation of the fund. Albania should establish additional financing mechanisms to support energy efficiency investments (including energy efficiency criteria in public procurement and private sector investments/ESCOs) and better utilise the available financing provided by regional assistance programmes.



I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO contracts, thus developing energy services markets	
Fully implementing the Energy Performance of Buildings Directive, especially in the area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes	
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 sources	
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	
Analysing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially in the public sector	
Total	

II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market based support schemes for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community rules (June 2017)

With the adoption of the Law on Promotion of the Use of Energy from Renewable Sources, Albania introduced in its legislation market-based support schemes in the form of Contracts for Difference (CfD) for renewable generation capacities greater than 2 MW, and a net metering scheme for PV-panels on rooftops with a capacity of up to 500 kW. Although the implementation of the CfD scheme was postponed until after 2020, the government is currently drafting secondary legislation for the implementation of the law on renewables. Albania is also reviewing its National Renewable Energy Action Plan, in particular with respect to generation from other forms of renewables than hydropower, in order to further

diversify its electricity production. The Albanian Government should appoint the institution that will manage the support granted to producers of renewable energy sources.

Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects (June 2018)

The role of citizens as prosumers is reflected in the Law on Promotion of the Use of Energy from Renewable Sources. The legislation allows SMEs or family consumers to install up to 500 kW of wind or solar capacity to cover a part or all of their energy needs. Net-metering is foreseen, although the bidirectional meter should be installed at the consumers' expense and the detailed design of the new net-metering scheme is still under development. The transmission and distribution system operators should facilitate procedures for authorization of grid connection of small renewables projects.



Developing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources (June 2018)

The Law on Promotion of the Use of Energy from Renewable Sources includes provisions on information-sharing to all interested parties on benefits, costs and support measures for developing and using energy from renewables. Also, the National Centre for Energy Applications was designated as a one-stop shop for projects on renewable energy. However, it is not functioning yet and the procedure is still conducted by the Ministry of Energy and Industry.

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

Albanian universities offer a great number of programmes on energy efficiency and renewables. For example, the Faculty of Agriculture and Environment at the Agricultural University of Tirana and the Faculty of Mechanical Engineering at the Polytechnic University developed their first joint master programme on renewable energy. Also, a PhD programme on Environmental Engineering, Energy Efficiency and Renewables and one on Energy Efficiency in Buildings are ongoing at the Polytechnic University. The Polis University developed a post-secondary study programme on energy efficiency while the University Aleksander Moisiu Durres strengthened the energy efficiency dimension of its programme on Construction Management. Finally, Albania hosted the first edition of the Energy Community Summer School in September 2016, which placed emphasis on the topics of sustainability, efficiency and renewables deployment.

Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sectors (November 2018)

Albania adopted a National Strategy and Action Plan on Waste Management, which targets 15% energy recovery from municipal waste. In practice, the first waste-to-energy 2.85 MW power plant of Elbasan was inaugurated in May 2017. The project, which rehabilitated Elbasan's landfill, represents one of the most important engineering projects of its kind in the country. The construction of another waste-to-energy plant is planned in Fier.

Setting up qualification / accreditation / or certification schemes to develop the necessary skills and competences of small and medium enterprises / individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.) (June 2018)

Requirements for the training of experts for energy performance certification of buildings are set by the 2016 Law on the Energy Performance of Buildings. The 2015 Energy Efficiency Law defines categories, conditions and qualification requirements for energy auditors and energy managers. Also, the Law on Promotion of the Use of Energy from Renewable Sources refers to certification schemes and criteria for installers of small-scale biomass furnaces and stoves, solar PV and solar thermal systems, shallow geothermal systems and heat pumps. However, implementation of these schemes still requires finalisation and adoption of a package of secondary legislation, which is currently being drafted.





II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market-based support scheme for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community Rules	
Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects	
Providing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources	
Including energy efficiency and use of renewable resources in the curriculum in education and offering professional training	
Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sector	
Setting up qualification/accreditation/certification schemes to develop the necessary skills and competences of small and medium enterprises/ individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.)	
Total	



III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013 (March 2018)

The draft Law on Climate Change and the draft decision on a mechanism for monitoring and reporting of greenhouse gas emissions and other information relevant to climate change prepared by the Ministry of Environment went through public consultation and were recently shared with the relevant ministries for final comments. Their adoption is foreseen by December 2017.

Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations (March 2018)

Albania ratified the Paris Agreement on November 2016 and is currently revising its Nationally Determined Contributions to include also data on land use, land-use change and forestry. The Government of Albania is also finalizing its National Climate Change Strategy, the National Action Plan on Mitigation and the National Adaptation Plan, which went for public consultation in April 2017. They are foreseen to be adopted during the third quarter of 2017.

III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013



Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations



Total





IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

Albania has not nominated a focal point for cooperation on transparency, even though this should have been done by March 2017. The delay will affect the work on the upcoming measures to be implemented, which should lead to the adoption of a national roadmap to be adopted by the government. On a positive note, a dispute between the Albanian Government and renewable energy producers was mediated by the Secretariat's Dispute Resolution Centre. Thanks to the Centre's intervention, the Law on Promotion of the Use of Energy from Renewable Sources, including a clause on the compensation of existing renewables producers, was adopted on 2 February 2017.

Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner

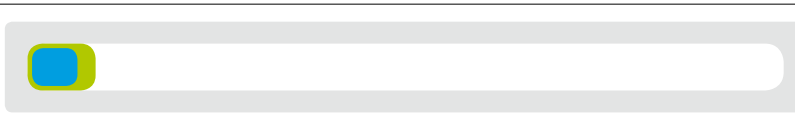
A number of public bodies deal with foreign investment (i.e. National Agency of Natural Resources, Albanian Investment Development Agency, Concession Treatment Agency and Investment Council). However, there is no clarity as to which body is responsible for which area of investment promotion and protection. For more clarity, a list of national administrative authorities exercising functions in the investment promotion sector should be compiled. This should be followed by the establishment of a single administrative contact point for investors and the development of guidelines for investors in the renewable energy field.

IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets



Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner



Total





I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO (“energy service companies”) contracts, thus developing energy services markets (June 2017)

The ESCO-enabling Energy Efficiency Law was adopted in February 2017 in Federation of Bosnia and Herzegovina, and work on secondary legislation is ongoing. Republika Srpska has adopted an Energy Efficiency Law and an ESCO-enabling regulation. However, the procedures for ESCO services stipulated in the public private partnership laws of both entities require further simplification. The state level public procurement legislation should enable the use of energy efficiency criteria and the technology life-cycle cost method in the tender evaluation, suitable for ESCO projects.

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

Directive 2010/31/EU was transposed in Federation of Bosnia and Herzegovina by the 2017 Energy Efficiency Law, the 2013 Law on Physical Planning and Land Utilization and several by-laws. In Republika Srpska, the key requirements of Directive 2010/31/EU were implemented by the 2013 Law on Physical Planning and Construction, including the setting of minimum energy performance requirements of new and existing buildings, certification of buildings and energy audits of buildings. There are no activities related to transposition and implementation of Directive 2010/31/EU in the Brcko District.

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

Bosnia and Herzegovina is currently implementing several projects for rehabilitation of public buildings, supported by the establishment of an energy management system in the public sector. In December 2016, a typology for residential buildings was published, with the classification of existing

building stock as well as initial modelling and an analysis of future retrofitting options. Work on establishing energy efficiency obligation schemes in Bosnia and Herzegovina with a focus on energy efficiency improvements in the residential sector is ongoing. The country has to develop long-term renovation strategies for residential buildings. The draft Energy Efficiency Action Plan (EEAP) of March 2017 includes measures in this area. It should be adopted without further delay.

Assessing in detail 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)

Bosnia and Herzegovina has 22 district heating systems, with around 12% of households connected. Several projects for improvement of district and central heating systems on local level are ongoing. Analysis show that 64 MW of coal based systems may be replaced by wood chips and an additional 380 MW could be installed based on agricultural (60 MW) and woody waste. The draft EEAP of March 2017 includes planned activities on state and entity levels to adopt a methodology or conduct a comprehensive assessment of the potential for the application of high-efficiency cogeneration and efficient district heating and cooling, based on a country-wide cost-benefit analysis.

Analysing options for the establishment of appropriate financing mechanisms, including a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially for the public sector (November 2018)

An Energy Efficiency Revolving Fund (EERF) was set up in 2016 within the existing Environmental Protection Fund in Federation of Bosnia and Herzegovina to finance projects in public and residential sectors, industrial processes, energy production and distribution and renewable energy use. The EERF offers soft loans and regularly publishes calls for proposals. In Republika Srpska, the Environmental Protection and Energy Efficiency Fund can in principle finance energy efficiency projects, mostly in the form of grants. The setting up of an EERF is also envisaged in Republika Srpska.



I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO contracts, thus developing energy services markets	
Fully implementing the Energy Performance of Buildings Directive, especially in the area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes	
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 sources	
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	
Analysing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially in the public sector	
Total	

II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market based support schemes for the promotion of renewable energy, where needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community rules (June 2017)

For the time being, only feed-in tariffs for various technologies according to quotas are available in both entities, although financial incentives are not uniform and quotas have been filled already until 2020, except for hydropower. Unfortunately, the State Regulatory Commission was not able to reach a consensus on increasing renewables capacity. A higher quota may be included in the new Energy Strategy, currently in the draft phase. Republika Srpska has introduced optional feed-in premiums in its legislation, which are, however, not operational yet. A competitive procedure at national level based on a feed-in-premium scheme should be introduced.

Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects (June 2018)

At national level, no strategy or legislation is in place for citizens' participation in renewable energy projects. However, the Regional Education and Information Centre for Sustainable Development in South-East Europe launched in June 2017 a project on energy co-operatives called ENZA II. Its goal is to gather local farmers who will supply manure to be used in biogas power plants for the production of biogas in the area of Prijedor. A second energy co-operative is planned for the area of Zenica, where the main goal is to gather citizens who will provide residual wood for the production of wood chips to be then used in the local power plant (with a power capacity of 3 MW) to generate energy for residential and public buildings. The right to net metering in Bosnia and Herzegovina features in law and secondary legislation (rule-book on incentives) in Republika Srpska only.



Developing suitable information, awareness-raising, guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources (June 2018)

A one-stop shop does not exist yet and burdensome administrative procedures remain a major barrier for all investors, including citizens. Foreign companies and donors have published some guides in order to provide information to investors willing to develop energy projects.

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

The University of Zenica and the University of Mostar participate in Renewable Energy Studies in Western Balkan Countries (RESi), within the Tempus programme. The masters programme “Renewable Energy Sources” launched by the Faculty of Mechanical Engineering of the University of Mostar is ongoing. Three new laboratories (solar, geothermal and wind energy) were also established within the frame of RESi (Faculty of Engineering, University of Mostar).

Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sectors (November 2018)

Implementation of the Law on Waste Management remains poor. Recycling is still not implemented in a systematic manner and not managed at city level.

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

There are ongoing training programmes for experts for energy audit and energy performance certification of buildings in both entities, as well as activities to improve energy management skills in the public buildings sector, including trainings on energy management and use of software tools. Further development of a system for training and accreditation of installers and energy managers is planned under the draft Energy Efficiency Action Plan.

II. Implement Smart Support Measures Improving Sustainability of Energy Systems

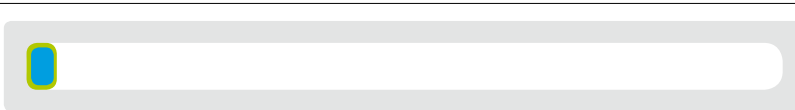
Designing and implementing market-based support scheme for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community Rules



Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects



Providing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources



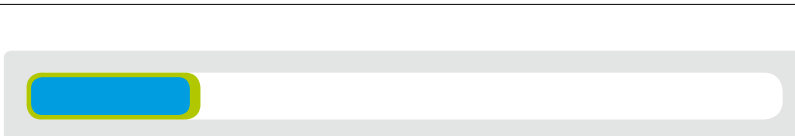
Including energy efficiency and use of renewable resources in the curriculum in education and offering professional training



Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sector



Setting up qualification/accreditation/certification schemes to develop the necessary skills and competences of small and medium enterprises/ individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.)



Total





III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with Regulation (EU) No 525/2013 (March 2018)

For the time being, Bosnia and Herzegovina does not have a clearly defined system for data collection and processing, quality assurance and control of input data, or a reporting and monitoring system. In order to align with the Monitoring Mechanism Regulation (MMR), the country should immediately put in place institutional arrangements and proper regulations needed to define competences and responsibilities in this area at national level.

Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international re-

porting obligations (March 2018)

Bosnia and Herzegovina is reporting regularly to the UNFCCC and ratified the Paris Agreement in March 2017. The Third National Communication and Second Biennial Update Report on Greenhouse Gas Emissions was adopted by the government and submitted to the UNFCCC on 13 June 2017. Nevertheless, action on climate change is widely missing. Most of the work so far has been coordinated by UNDP due to limited national capacities. Bosnia and Herzegovina should set up its own system, thus strengthening institutional capacity, and focus on the development of technical models assessing climate change scenarios and impacts on all sectors of the economy. Moreover, the country should include a concrete timeframe, a list of priority actions and financial commitments to its strategy on climate change.

III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013



Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations



Total





IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

So far, a focal point for the Secretariat has not been established, even though this should have been done by March 2017. The authorities in Bosnia and Herzegovina have been slow in providing information to the Secretariat, which causes delay regarding the upcoming measures. The work on national roadmap to be adopted by the government should commence as soon as possible.

Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner

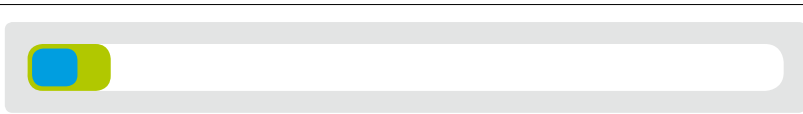
The country has a very cumbersome and challenging administrative system, and the Foreign Investment Promotion Agency (FIBA) does not provide sufficient support. A list of national administrative authorities exercising functions in the investment promotion sector should be compiled as soon as possible. The next measures to be implemented are the establishment of a single administrative contact point for investors and development of guidelines for investors in the renewable energy field.

IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets



Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner



Total





I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO ("energy service companies") contracts, thus developing energy services markets (June 2017)

The 2011 Energy Efficiency Law does not include ESCO provisions nor support market development. Work on amending the Energy Efficiency Law is ongoing. The latest version submitted to the Secretariat includes provisions on ESCOs and energy services in line with Directive 2012/27/EU. Secondary legislation and model contracts still need to be developed, and the scheme further implemented in order to allow ESCO projects in public procurement, multi-annual budgeting and proper treatment of ESCO investments (which are currently considered public debt).

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

Directive 2010/31/EU was transposed in December 2016 by the adoption of the Law on Energy Performance of Buildings. However, no progress was achieved with adoption of the already drafted secondary legislation on the methodology and software for calculating the energy performance of buildings, certification of buildings, and inspection of heating systems and air conditioning systems.

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

Kosovo is currently implementing an energy efficiency pro-

gramme for rehabilitation of public buildings. Development of long-term renovation strategies and implementation of targeted programmes for residential building renovation is pending. The more than one-year delay in the adoption of the draft 3rd EEAP will negatively influence implementation of the envisaged measures for residential buildings.

Assessing in detail 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)

District heating represents approximately 5% of the heat supply. The largest part of district heating in Pristina is based on the supply of excess heat from lignite-fuelled thermal power plant "Kosovo B". The remaining district heating plants (Gjakova, Mitrovica) are based on heavy fuel oil, but only Gjakova is in operation. Projects on improving district heating systems in Pristina and building a new cogeneration project based on biomass in Gjakova are ongoing. Activities to develop a methodology or conduct a comprehensive assessment of the potential for the application of high-efficiency cogeneration and efficient district heating and cooling are envisaged by the draft 3rd EEAP. The revision of the Energy Efficiency Law is expected to include these requirements as well.

Analysing options for the establishment of appropriate financing mechanisms, including a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially for the public sector (June 2018)

Work on establishing an energy efficiency revolving fund and the creation of a supporting legal framework, namely via the revised Energy Efficiency Law, is ongoing. The fund's operation manual and governance will be developed and adopted as part of a regulation under the new Energy Efficiency Law.



I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO contracts, thus developing energy services markets	
Fully implementing the Energy Performance of Buildings Directive, especially in the area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes	
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 sources	
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Analysing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially in the public sector	
Total	

II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market based support schemes for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community rules (June 2017)

A competitive procedure to grant support to renewable energy deployment is still to be introduced in Kosovo. For the time being, small hydro, wind, solar PV, and biomass are still supported by feed-in tariffs established by the Energy Regulatory Office. On biomass, there are concerns linked with illegal logging. Solar heating is currently not supported. An administrative instruction on the renewables target was approved by the Ministry of Economic Development in June 2017 which has raised the quota for PV from 10 to 30 MW and biomass from 14 to 20 MW.

Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects (June 2018)

Although a comprehensive strategy for citizen participation in the energy system is still missing, Kosovo has achieved some progress with respect to this measure. In April 2017, the Board of Energy Regulatory Office adopted an administrative instruction on the construction and authorization of renewable energy projects (Rule on Authorization Procedure for Construction of New Generation Capacities) and a second one on the possibilities for micro generators, net-metering, and their eventual compensation (Rule on Support Scheme for Renewables Generating Facilities).



Developing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources (June 2018)

The lack of information at local level, limited access to capital and complex authorization procedures for water, forests and land use continue to prevent the development of renewable energy projects. The possibility of developing renewables projects in refurbished, old mining sites (e.g. solar parks) is prevented by uncertainties about ownership of these sites. The creation of a one-stop shop is foreseen by an administrative instruction, which is yet to be approved; apparently its role will be limited to information dissemination and coordination, with no executive mandate.

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

A number of university programmes on sustainability are available in Kosovo. Yet they are not sufficient to ensure their continuation and to fill the gap between the high demand for specialists on energy efficiency and renewables and the skills currently available on the job market. The Faculty of Construction and Architecture (University of Pristina) developed a masters programme on energy efficiency. Discussions on the possible creation of a centre on energy efficiency and renewables at the University of Pristina are still ongoing. The Faculty of Mechanical Engineering (University of Pristina) had a certified bachelors programme on "Renewable Energy Systems" which is unfortunately not enrolling new students for the time being.

Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sectors (November 2018)

Kosovo's Strategy on Waste Management for 2012-2021 does not focus on waste-to-energy. The new strategy post-2021 should include this important aspect.

Setting up qualification / accreditation / or certification schemes to develop the necessary skills and competences of small and medium enterprises /individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.) (June 2018)

Training and certification systems for energy auditing and energy management in Kosovo are required by the Energy Efficiency Law and further regulated by secondary legislation and measures under the EEAP. A commission for certification of energy auditors and managers was established by the Ministry of Economic Development to manage the system. The "Kosovo Energy Efficiency Project" (KEEP) will provide training for municipal energy managers starting in autumn 2017. The project will also support the Ministry of Economic Development to establish an accredited scheme for training and certification of energy auditors. The 2016 Law on Energy Performance of Buildings includes requirements for the licensing of experts dealing with energy certification of buildings and the inspection of heating and air conditioning systems, as well as the establishment of an independent control system. The Ministry of Economic Development will be responsible for the certification and the specification of training requirements for independent experts.



II. Implement Smart Support Measures Improving Sustainability of Energy Systems

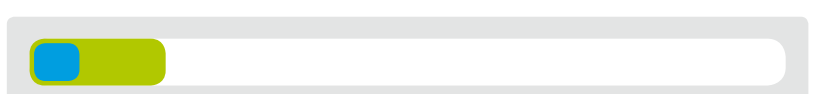
Designing and implementing market-based support scheme for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community Rules



Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects



Providing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources



Including energy efficiency and use of renewable resources in the curriculum in education and offering professional training



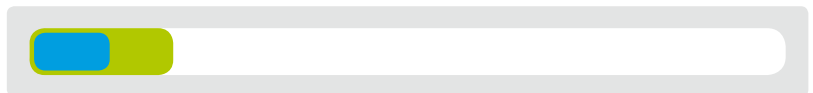
Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sector



Setting up qualification/accreditation/certification schemes to develop the necessary skills and competences of small and medium enterprises/ individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.)



Total





III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013 (March 2018)

Efforts have been made to align Kosovo legislation and policy framework with the EU climate acquis. A reference to climate change was introduced in the Environment Protection Law, followed by the adoption of two administrative instructions in 2015 and 2016 partially transposing Regulation (EU) No 525/2013. The possibility to draft a separate climate change law is still being assessed. Kosovo developed its first GHG inventory covering the periods 2008-2009, 2008-2013 and 2012-2014. The new 2015 GHG inventory, using 2006 IPCC guidelines, is expected to be finalized by the end of 2017. A National Council on Climate Change has been established,

which includes a working group responsible for data collection and the preparation of an inventory report.

Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations (March 2018)

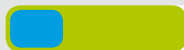
Despite Kosovo not being a party to the UNFCCC and therefore not having official reporting obligations, the country developed a new National Strategy (2017 – 2026) and Action Plan (2017 – 2019) for Climate Change, consisting of three components: Climate Strategy, Low Emission Development Strategy and National Adaptation Strategy. The strategy is in the process of adoption.

III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013



Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations



Total





IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

So far, a focal point for transparency has not been established, even though this action should have been completed by March 2017. The delay will affect the work on the upcoming measures to be implemented, which must lead to the adoption of a national roadmap to be adopted by the government.

Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner

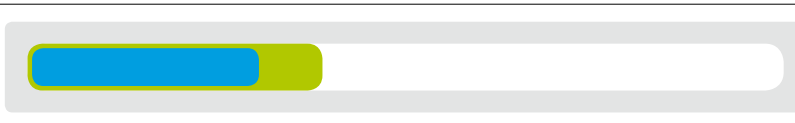
The Secretariat has not yet been provided with a list of national administrative authorities exercising functions in the investment promotion sector. It is thus difficult to assess the investment support that is available to investors, especially foreign investors in the renewable energy sector. To facilitate market entrance, a single administrative contact point for investors should be established as soon as possible. Once this is achieved, the authorities, together with the Secretariat, will develop guidelines for investors in the renewable energy field.

IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets



Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner



Total





I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO ("energy service companies") contracts, thus developing energy services markets (June 2017)

The energy services market is not developed, and existing legislation (the Energy Law) covers the ESCO concept only superficially. In particular, it does not address all aspects needed to enable ESCO contracting. Certain legal provisions feature in the 2015 Law on Concessions and Public Private Partnership. The Energy Agency is currently managing a technical assistance project aimed at improving the legal framework (on public budgeting, financing of municipalities and public procurement). During 2017, the project is to develop ESCO model contracts and initiate the implementation of the concept of energy services in the public sector.

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

Directive 2010/31/EU has been partially transposed by the Energy Law and the 2013 Rulebook on Energy Performance of Buildings. Regulations on minimum energy performance requirements for buildings, national calculation methodology, energy performance certification of buildings and inspection of heating and air-conditioning systems have been drafted but not yet adopted. The Secretariat supports the Ministry of Economy in drafting a new Energy Efficiency Law to transpose Directives 2010/31/EU and 2012/27/EU.

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

The comprehensive National Programme for Energy Efficiency in Public Buildings (NPEEPB) was developed in 2011 to en-

sure large-scale refurbishment of public buildings, but was implemented only partially. The latest draft for a 3rd EEAP envisages the update and implementation of the NPEEPB in 2017, after the establishment of a national energy efficiency fund. It also envisages the preparation of a strategy for mobilising long-term investments in buildings in the residential and service sectors during 2017. The Ministry of Economy is implementing state subsidy programmes for households and published calls in 2017 for installation of energy efficient windows and solar thermal systems.

Assessing in detail 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)

The existing district heating system in Skopje has an installed capacity of 660 MW, supplied by natural gas, representing approx. 7% of the total heating demand. An additional 240 MW could be supplied with wood chips to multi-storey apartment buildings, replacing approx. 19% of the electric heating. A district heating system based on waste heat from the thermal power plant in Bitola is under construction.

The Ministry of Economy initiated a technical assistance project to prepare a methodology and conduct a comprehensive assessment of the potential for the application of high-efficiency cogeneration and efficient district heating and cooling.

Analysing options for the establishment of appropriate financing mechanisms, including a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially for the public sector (November 2018)

Establishment of an energy efficiency fund is envisaged by the Energy Law. Once in place, the fund will disburse financial support to the public and private sectors when implementing obligations under the law and help foster the development of an ESCO market. However, the government has not taken a decision on the structure of the energy efficiency revolving fund yet.



I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO contracts, thus developing energy services markets	
Fully implementing the Energy Performance of Buildings Directive, especially in the area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes	
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 sources	
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	
Analysing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially in the public sector	
Total	

II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market based support schemes for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community rules (June 2017)

Former Yugoslav Republic of Macedonia has set up a technical working group to analyse possibilities to move towards a feed-in premium, to be introduced once there is a competitive day-ahead trading platform. Draft legislation has been prepared, but not yet approved by the working group.

Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects (June 2018)

There is still no strategy or legislation in place that would support citizen participation in renewable energy projects. However, citizens continue to be incentivized to use solar heating through a "lottery system" (public drawing). Selected citizens can be reimbursed for up to 30% of their investment, up to a maximum of 300 EUR. In addition, the procedures for

getting spatial and building permits were simplified. Moreover, in order to support the use of pellets at household level, the government, in January 2017, reduced the VAT rate from 18% to 5%.

Developing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources (June 2018)

The City of Skopje and the Energy Agency established two information centres for the dissemination of benefits from improved energy efficiency and utilization of renewables in the country. Information on feed-in tariffs and support measures for using renewables is published on the Ministry of Economy's website. Promotional brochures, booklets and guidelines are also published online. An Innovation Lab, a space where citizens and public servants will design, prototype and test public services and products to help Skopje improve its sustainability and urban resilience, is under development.



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

Former Yugoslav Republic of Macedonia has a rich educational offer on sustainability. The South East European University of Skopje runs a master degree in energy management and sustainable development, with a focus on energy efficiency and renewable energy technology. The Faculty of Electrical Engineering and Information Technologies of SS. Cyril and Methodius University of Skopje offers specialized first-degree studies on power systems, automatization and renewables as well as a master of science course in renewable energy sources and one on energy efficiency, environment and sustainable development. Goce Delcev University in Stip offers first-degree studies on renewable energy sources, while certified courses for energy audit in buildings are offered by the Macedonian Centre for Energy Efficiency (MACEF), the Centre for Promotion of Sustainable Agricultural Practices and Rural Development (CEPROSARD) and the German Energy Centre for Renewable Energy and Energy Efficiency. Also, former Yugoslav Republic of Macedonia will host the 2017 edition of the Energy Community Summer School, in the city of Ohrid (26 August – 2 September).

Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sectors (November 2018)

The country has started to implement an integrated waste management system, based on the Law on Waste Manage-

ment (revised in 2016) and the National Waste Management Strategy (up to 2020). Although municipal waste is still mainly disposed of in landfills and there are no major ongoing projects on waste-to-energy, some examples of biogas plants using farm waste to produce electricity do exist at rural level (e.g. Bitola, Veze Sharri).

Setting up qualification / accreditation / or certification schemes to develop the necessary skills and competences of small and medium enterprises / individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.) (June 2018)

A national scheme for training and qualification of energy auditors is in place since 2013, following the requirements of the Law on Energy, the rulebook on energy audit and the programme for training and examination of energy auditors. Former Yugoslav Republic of Macedonia is also participating in the project "Build Up Skills", dedicated to the professional training of craftsmen and other on-site construction workers and system installers in the building sector and small renewable installations. Furthermore, the Ministry of Economy launched a programme, which since 2016 provides a possibility for businesses to apply for a subsidy for training and/or for the implementation of the ISO 50001 standard for energy management. Harmonization of legislation and implementation of certification schemes or equivalent qualification schemes for installers of small-scale renewable systems, in accordance with Directive 2009/28/EC, is still missing.

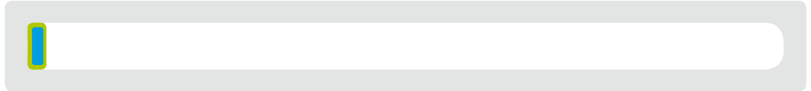


II. Implement Smart Support Measures Improving Sustainability of Energy Systems

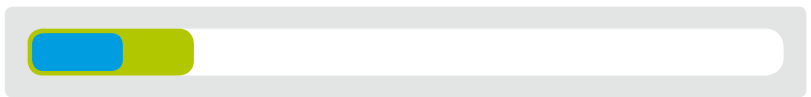
Designing and implementing market-based support scheme for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community Rules



Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects



Providing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources



Including energy efficiency and use of renewable resources in the curriculum in education and offering professional training



Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sector



Setting up qualification/accreditation/certification schemes to develop the necessary skills and competences of small and medium enterprises/ individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.)



Total





III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013 (March 2018)

The country has prepared an assessment, which takes into account the upcoming adoption of the Monitoring Mechanism Regulation (MMR) in the Energy Community. The assessment includes recommendations on the GHG inventory, mitigation policies and projections and adaptation policies and measures under the MMR regulation. The preparation of greenhouse gas inventories has been downscaled to city level, encompassing 10 large municipalities (including Skopje). The inventories serve as a baseline for assessing the mitigation potential and enabling cities to fulfil their obligations towards the Covenant of Mayors and other international initiatives. In general, the country has the technical capacity required to prepare good quality greenhouse gas inventory reports, but it would be important to legally define the competences and responsibilities of the relevant institutions. Currently the Macedonian Environmental Information Centre, an organizational unit within the Ministry of Environment and Physical Planning, is in charge of collecting, processing and presenting official data.

Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations (March 2018)

Ratification of the Paris Agreement is still pending. In order to enable the implementation of the Nationally Determined Contributions, the Second Biannual Update Report envisages a mapping of which measures, policies, actions, projects leading to GHG emission reductions are already being monitored (mainly in the area of energy efficiency and renewables). A recommendation on how to use or modify the existing measuring and monitoring systems to report the associated emission reductions is supposed to follow. This effort should be harmonized with the monitoring of the Energy Community Energy Efficiency and Renewable Energy Action Plans. The government has included climate commitments in its Open Government Partnership and Open Government National Action Plan 2016- 2018, which aims at integrating low-carbon considerations into national planning in a transparent and participatory manner.

III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013



Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations



Total





IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

There has been little progress in the Former Yugoslav Republic of Macedonia since the previous report. To date, a focal point for the Secretariat has not been established, even though this should have been done by March 2017. The lack of cooperation of the national authorities may lead to further delays in implementing the next measures; for example, since a focal point is missing, work on the adoption of the national roadmap to be adopted by the government has not yet started.

Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner

Invest Macedonia, the agency in charge of foreign investments, does not provide sufficient support to investors. A list of national administrative authorities exercising functions in the investment promotion sector should be compiled as soon as possible. Once this is done, the authorities, together with the Secretariat, should focus on the establishment of a single administrative contact point for investors and the development of guidelines for investors in the renewable energy field.

IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

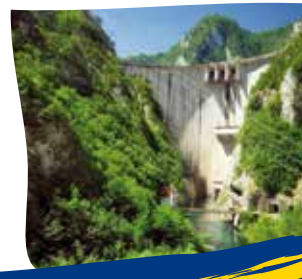


Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner



Total





I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO (“energy service companies”) contracts, thus developing energy services markets (June 2017)

The energy services market is in the process of development. Montenegro has adopted an enabling legal framework (provisions in the Law on Efficient Use of Energy) and drafted model contracts for energy performance contracting in public buildings, water supply systems and public lighting. The 3rd National Energy Efficiency Action Plan of 2016 envisages the further promotion of participation of ESCOs in public sector energy efficiency projects, with implementation of pilot projects, completion of an enabling legal framework and supporting financial mechanisms. In order to facilitate ESCO contracting, a governmental working group proposed amendments to the Public Private Partnership Law, the key legislation for ESCO investments in the public sector.

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

Directive 2010/31/EU has been transposed through the 2014 Law on Efficient Use of Energy, and the adopted rulebooks cover the calculation methodology, minimal energy performance requirements and energy performance certification of buildings. The process of improving the building inventory, calculation software and analysis of cost-optimality of current performance requirements is ongoing.

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

Montenegro is implementing several successful projects for public and residential building rehabilitation in cooperation with international and local partners. The Ministry of Economy (Directorate for Energy Efficiency) coordinates the im-

plementation of these programmes. The 2016 decree on reconstruction of official buildings set a 1% reconstruction target for central government buildings, prioritizing buildings with the lowest energy performance. A three-year plan for reconstruction of central government administrative buildings (2017-2019) was adopted by the government in December 2016. An annual operational plan for energy efficiency improvement of state administration bodies for 2017 is under preparation and should soon be adopted. A comprehensive building renovation programme (and strategy) should be developed, especially for the residential sector.

Assessing in detail 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)

There are no district heating systems in Montenegro, and the main heating sources are biomass and electricity. High efficient cogeneration and district heating and cooling measures have been incorporated in the 2016 Action Plan of the Energy Development Strategy of Montenegro. Recent progress in this area was achieved with the finalization of a study evaluating the potential for application of high-efficient cogeneration and introduction of district systems for heating and cooling. This should be followed-up by the preparation of an action plan and the adoption of supporting by-laws under the Energy Law.

Analysing options for the establishment of appropriate financing mechanisms, including a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially for the public sector (November 2018)

Since 2006, a budget line called “Energy Efficiency Fund” is allocated each year from the state budget. The fund supports measures under the Energy Efficiency Action Plan. Given the small yearly allocations, the impact is limited and much smaller than the overall budget needed for implementation of the 3rd NEEAP (2016-2018). The Ministry of Economy is analysing options for financing of energy efficiency projects, including the possible establishment of a national energy efficiency fund.





I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO contracts, thus developing energy services markets	
Fully implementing the Energy Performance of Buildings Directive, especially in the area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes	
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 sources	
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	
Analysing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially in the public sector	
Total	

II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market based support schemes for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community rules (June 2017)

Activities to implement market-based support for renewables remain without tangible results in Montenegro. Despite the fact that the 2015 Energy Law requires the awarding of support for renewables and high-efficiency cogeneration based on auctions, Montenegro keeps on supporting renewable electricity producers through guaranteed purchase of electricity at feed-in tariffs for a period of 12 years. No timeline has been defined for introducing auctions and no secondary legislation is in preparation. The transport sector is moving faster: An Action Plan for Introduction of Renewable Energy Sources and Energy Efficiency Measures in the Transport Sector was finalized in April 2017. Moreover, three studies on sustainable use of energy in transport were carried out and two by-laws prepared, namely the regulation on mandatory share of biofuels on the transport market and the regulation on sustainability criteria for biofuels and bioliquids.

Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects (June 2018)

Montenegro still does not have an overall strategy for enabling the voluntary participation of citizens in renewable energy projects. Nevertheless, the country is currently working on the development of a national framework to support the greater use of energy efficiency technologies and renewables. The Ministry of Economy continued to provide financial support to projects such as ENERGY WOOD II, giving interest-free loans for the procurement and installation of modern biomass heating systems (pellet, briquette) for households. Moreover, in the framework of the project SOLARNI KATUNI, 54 photovoltaic solar systems will be installed in remote summer farmhouses on pasturelands in July 2017.



Developing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources (June 2018)

The establishment of a one-stop shop is still pending. The Ministry of Economy provides assistance to individuals through dedicated websites (www.energetska-efikasnost.me, www.oie-res.me). The official websites of the Ministry of Sustainable Development and Tourism and the Montenegro Investment Promotion Agency (MIPA) also provide information on permitting, construction and licensing.

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

Under the ENERESE project (energy efficiency, renewable energy sources and environmental impacts), the Faculty of Civil Engineering of the University of Montenegro launched in 2014 a postgraduate masters programme on energy efficiency and renewables. The Faculty of Mechanical Engineering of the University of Montenegro has also launched a similar masters programme on energy efficiency. The Ministry of Economy has conducted training of professionals for performing regular energy audits of heating and air conditioning systems.

Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sectors (November 2018)

Montenegro adopted the Law on Waste Management and a set secondary legislation, including the rulebook on waste classification (Official Gazette of Montenegro, 35/12). Also,

the country does have a National Strategy on Waste Management until 2030 and the State Action Plan on Waste Management for the period 2015-2020. Although there are still many illegal landfills throughout the country, rehabilitation of unregulated disposal sites is progressing. Some recycling installations are operational (e.g. Podgorica, Nikšić). In the period June 2016-May 2017, the fifth recycling yard has been developed in the capital and a third sanitary bath has been constructed on the landfill Livade in Podgorica. An educational project on waste separation and compost launched by the Ministry of Sustainable Development and Tourism is ongoing. However, waste (co-)incineration plants still do not exist.

Setting up qualification / accreditation / or certification schemes to develop the necessary skills and competences of small and medium enterprises /individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.) (June 2018)

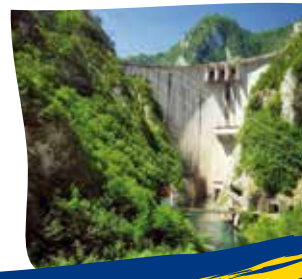
Training of energy auditors and building assessors is ongoing since 2009, regulated by a rulebook updated in 2015. Registers of experts, as well as eligible dealers and installers, are being regularly updated and published online. The Ministry of Economy has stipulated that trainings for performing energy audits may be conducted by professional organizations meeting a set of criteria stipulated by the rulebook. In addition, the development of a system for training and accreditation of installers and energy managers is planned under the 3rd Energy Efficiency Action Plan, expected to be implemented by 2018.





II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market-based support scheme for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community Rules	
Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects	
Providing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources	
Including energy efficiency and use of renewable resources in the curriculum in education and offering professional training	
Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sector	
Setting up qualification/accreditation/certification schemes to develop the necessary skills and competences of small and medium enterprises/ individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.)	
Total	



III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013 (March 2018)

A draft Law on Climate Change is currently under preparation in accordance with the National Strategy and the Action Plan for Transposition, Implementation and Enforcement of the EU Acquis on Environment and Climate Change for the period 2016-2020. A rulebook on the development of GHG inventories (OG MNE No. 39/14) has been adopted by Montenegro which partially transposes the Monitoring Mechanism Regulation (MMR). The rulebook is currently under revision; the new version will tackle also projections and provide for further alignment with Regulation (EU) No 525/2013. The Ministry of Sustainable Development and Tourism worked also on a proposal for the Annual Plan of collecting data to create an inventory of air pollutants and an emission inventory of greenhouse gases meant to further harmonize with Regulation (EU) No 525/2013. The inventory system still needs to be established along with concrete obligations to report.

Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations (March 2018)

Montenegro is reporting regularly to the UNFCCC and currently working on the preparation of the Third National Communication on Climate Change (NC3) and the Second Biennial Update Report on Climate Change (BUR2) to the UNFCCC. The Ministry of Sustainable Development and Tourism has conducted an expert financial analysis of the ways and costs of the implementation of the Nationally Determined Contribution (NDCs) for the purpose of ratification of the Paris Agreement. The analysis provides the projected value of the required capital and operating costs for the implementation of mitigation activities and the amount of resources which have to be provided by the state budget and by the private sector, taking into account current and projected socio-economic trends (GDP, GDP growth, the projected population growth, etc.). In addition, a legal-expert comparative analysis of the EU climate regulations and current national legislation is ongoing. The analysis will provide clear instructions for full transposition of the regulations. A project proposal for the preparation of the National Climate Change Adaptation Plan until 2020 is being elaborated by the Ministry of Sustainable Development and Tourism and UNDP. The project also aims to strengthen national capacities for fulfilment of international obligations and raise public awareness of climate change.

III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013



Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations



Total





IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

The Department for Investment within the Directorate for Transformation and Investments in the Ministry of Economy was designated as a focal point. From July 2017, the Secretariat, together with the Department for Investment, will draft the investment promotion roadmap starting. One of the issues to be tackled in the near future is the absence of clear guidelines for investors in the energy field in general, and in the renewable energy field in particular. Despite the lack of publicly available guidelines, however, investment in the re-

newable energy sector of Montenegro seem to be increasing.

Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner

The Department for Investment mentioned above should be designated as the single administrative contact point for investors. Until then, however, information in English is available on the website <http://www.bizniszona.me/en/>. A list of national administrative authorities exercising functions in the investment promotion sector should be compiled.

IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets



Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner



Total





I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO ("energy service companies") contracts, thus developing energy services markets (June 2017)

Serbia has developed an enabling legal framework for energy performance contracting in public lighting and public buildings (incl. ESCO rulebook with model contracts). The Law on Efficient Use of Energy defines the ESCO concept, sets rules for ESCO projects and provides the overall legal framework for energy performance contracting. Another step forward was achieved with the adoption of the Law on Housing and Building Maintenance in December 2016, which introduced the ESCOs model of financing in the residential sector. The first ESCO lighting project, in Vrbas municipality, was tendered. The ESCO market will be further improved as a result of recent analysis and further improvement of other relevant laws, strengthening of institutional capacities and coordination, improved tendering procedures and parallel promotional and informational activities (incl. dedicated web section).

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

The Law on Planning and Construction, the Law on Efficient Use of Energy, the Rulebook on Energy Efficiency of Buildings and the Rulebook on Conditions, Content and Manner of Issuance of Certificates of Energy Performance of Buildings transpose key requirements of Directive 2010/31/EU. Minimum energy performance requirements have been set and, until now, more than 1.500 certificates have been issued. The Ministry of Construction, Transport and Infrastructure is planning to update the current legislation in order to fully transpose and implement Directive 2010/31/EU, including cost-optimal level calculations and revision of minimum energy performance requirements.

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

Programmes for rehabilitation of public buildings (schools and hospitals) are ongoing. The state Budgetary Fund for Energy Efficiency is financing energy efficiency measures in public buildings in 11 municipalities. Preparation of the in-

ventory and programme for renovation of central government buildings is planned to be supported from the state Budgetary Fund for Energy Efficiency. The priority should be the creation of long-term renovation strategies and new rehabilitation programmes for residential buildings, as well as increased use of locally available renewable energy sources. Serbia already prepared a typology of residential buildings and is currently working on a supporting energy efficiency investment software.

Assessing in detail 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)

In Serbia, 65% of heat is produced by central and district heating (DH) systems. Fifty-three municipalities have DH systems, the majority of which use fossil fuels (natural gas, coal, and heavy fuel oil). Serbia has the greatest potential in the Western Balkans in terms of biomass, with the possibility to replace 50% of the fossil fuel in DH with biomass. Three stages of the Programme for Rehabilitation of District Heating Systems in Serbia (with rehabilitation of 12 DH systems) have been implemented, while the fourth phase, which focusses on the promotion of biomass and geothermal energy use (and rehabilitation of 21 DH systems) will be finalized in 2018. The 3rd Energy Efficiency Action Plan was adopted in December 2016 and includes new measures for reduction of primary energy consumption, including reconstruction of several DH systems. Serbia should adopt the methodology and conduct a comprehensive assessment of the potential for the application of efficient DH and cooling systems according to Directive 2012/27/EU.

Analysing options for the establishment of appropriate financing mechanisms, including a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially for the public sector (June 2018)

The state Budgetary Fund for Energy Efficiency is operating since 2014. It can finance energy efficiency measures in different sectors, but it is currently open mainly to municipalities. Given the large scale of energy efficiency investments needed, the fund has a small impact and should be expanded. The decision on the amount allocated is made by the Ministry of Finance on a yearly basis and implemented in calls for projects by the Ministry of Energy and Mining. This system does not allow for effective monitoring and timeline guarantee.



I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO contracts, thus developing energy services markets	
Fully implementing the Energy Performance of Buildings Directive, especially in the area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes	
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 sources	
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	
Analysing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially in the public sector	
Total	

II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market based support schemes for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community rules (June 2017)

The introduction of market-based support schemes is not foreseen until 2019. The new draft decree on the implementation of the energy strategy – still under development – may include an analysis of possible market-based schemes, their effects and eventually the need for them to be introduced in the legal framework of Serbia.

Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects (June 2018)

No effective strategies or legislation have been developed so far on citizen participation in renewable energy projects. However, the available legislation on cooperatives is sufficiently wide to possibly include community power initiatives. Strategies on citizen participation should be addressed in the draft decree on the implementation of the energy strategy, currently under development.

Developing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources (June 2018)

The only available tool for information and guidance to citizens remains the website of the Ministry of Energy and Mining. When it comes to administrative procedures (e.g. authorization, licensing, connection) there is still no one-stop shop as required by the Law on Construction and Planning.

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

The University of Belgrade (Faculty of Architecture) is offering a Programme on Energy-Efficient and Green Architecture, the State University of Novi Pazar is offering a Master's Programme on Energy Efficiency in Building Construction as well as a Master's Programme on Energy Efficiency, Renewable Energy Sources and Environment Protection. A new project "Creating the Network of Knowledge Labs for Sustainable and Resilient Environments" (KLABS) focuses on capacity building in the area of sustainability and climate change in



Western Balkan higher education (<http://www.klabs.pr.ac.rs/>). The project, supported by the EU Erasmus Plus Programme, is managed by a Consortium of five higher education institutions from the European Union (University of Ljubljana, University of Strathclyde, Università Iuav di Venezia, Technische Universiteit Delft, Rheinisch-Westfälisch Technische Hochschule Aachen) and six higher education institutions from the Western Balkans (University of Belgrade, University of Banja Luka, Džemal Bijedic University of Mostar, State University of Novi Pazar, Higher Technical School of Professional Studies in Zvečan, University in Kosovska Mitrovica).

Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sectors (November 2018)

The Waste Management Strategy of Serbia (2010-2019) envisages incineration of waste, its energy use and integrated approaches to waste management (reduction, re-use and recycling). The decree on incentive measures for renewable energy sources refers to financial support for power plants using municipal waste as fuel. Streamlined procedures and a strategy focused solely on waste-to-energy are still to be introduced. The selection procedure of one company to cooperate with the City of Belgrade for the rehabilitation of Vinča landfill site into a waste-to-energy installation is still ongoing. The City of Belgrade has issued an invitation for submission of final offers to PPP candidates on May 26 and the bids should be opened on July 13. The value of the project is estimated

at 300 million euros. The project includes the treatment of municipal waste and the construction of a cogeneration plant for the production of heat and electricity (CHP).

Setting up qualification / accreditation / or certification schemes to develop the necessary skills and competences of small and medium enterprises / individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.) (June 2018)

Training, qualification, accreditation and certification schemes for energy auditors and energy managers are defined by the Law on Efficient Use of Energy and a set of rulebooks adopted in 2015. Until June 2017, two trainings were conducted for energy managers in municipalities, three trainings for energy managers in industry, and one for the building sector. First professional exams were conducted and certifications issued to 30 energy managers. The energy performance certification of buildings is regulated by the 2012 Rulebook on the Conditions, Content and Manner of Issuance of Certificates of Energy Performance of Buildings. About 1.600 experts have been trained and accredited so far, and an online database of experts, organisations and certificates is available (<http://www.crep.gov.rs>). The legislation in force does not prescribe similar schemes for small and medium enterprises (e.g. energy service providers) and installers of energy-related building elements.



II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market-based support scheme for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community Rules	
Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects	
Providing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources	
Including energy efficiency and use of renewable resources in the curriculum in education and offering professional training	
Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sector	
Setting up qualification/accreditation/certification schemes to develop the necessary skills and competences of small and medium enterprises/ individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.)	
Total	

III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013 (March 2018)

A preliminary draft of the Law on Climate Change was elaborated last March 2017 by the Ministry of Agriculture and Environmental Protection (MAEP) and discussed in the framework of its climate change working group, which includes governmental officials, experts and members of civil society. The draft law is currently under revision. Furthermore, the EU-Serbia project on the "Establishment of a mechanism for implementation of Monitoring Mechanism Regulation (EU)No 525/2013" is expected to establish institutional and procedural arrangements for the implementation of the Monitoring Mechanism Regulation (MMR) and to strengthen the administrative capacities of the relevant institutions in the field of climate change. The competent authority for data collection on greenhouse gas emissions in Serbia is the Environmental Protection Agency (EPA). EPA started to prepare the inven-

tories in early 2013, covering the period 1990 – 2013, and updates the inventory on a regular basis. The country is using the methodology of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations (March 2018)

Serbia adopted the Law on the Paris Agreement ratification on May 29 May 2017. Only one National Communication on Climate Change (NC1, 2010) and one Biennial Update Report (BUR1, 2016) were submitted to the UNFCCC. Preparation of the National Climate Change Strategy and Action Plan is still in its early phases. It started in July 2016 and its first deliverable (identification of policy gaps) is expected by the end of June 2017. The Climate Change Strategy and Action Plan will identify priority emissions reduction measures and define



the responsible institutions for specific options together with timelines for implementation and overall financial resource requirements. The cost-effective greenhouse gases mitigation potential for Serbia will be assessed through the preparation of transparent scenarios. These will cover key economic sec-

tors for the years 2020, 2025, 2030 and 2050, being mindful of the trajectory required to meet global targets out to 2070. The Strategy will also provide a framework for adaptation policy addressing the priority areas of agriculture, forestry and water management.

III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013



Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations



Total



IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

So far, a focal point for transparency issues has not been established. The delay will affect the work on the adoption of a national roadmap to be adopted by the government. On a positive note, the Serbian authorities (especially the Ministry of Mining and Energy) are strongly promoting investments in the renewable energy sector. Investors' guides for projects relating to renewable energy sources were adopted by the Ministry of Mining and Energy in February 2017. The construction of the Kosava wind farm, which commenced in June 2017, is the largest investment in the renewable sector

on the territory of Serbia so far.

Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner

The Development Agency of Serbia does not operate in the renewable energy field, and has not responded to the Secretariat's calls for cooperation. Serbia has not designated a single administrative contact point for investors. A list of national administrative authorities exercising functions in the investment promotion sector should be compiled as soon as possible.

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Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner



Total



