

# Piloting Subsidies for Residential Energy Efficiency in Kosovo

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# BACKGROUND

Millennium Foundation Kosovo is the implementing entity of the Threshold Program agreed between the Government of the Republic of Kosovo and the Millennium Challenge Corporation.

Kosovo Threshold Program addresses two key constraints to Kosovo's economic growth: an unreliable supply of electricity; and real and perceived weakness in the rule of law, government accountability, and transparency

- **Reliable Energy Landscape Project**
  - Pilot Incentives on Energy Efficiency
  - District Heating Metering
  - Independent Power Producer Finance facilitation
- **Transparent and Accountable Governance Project**



# PILOT SUBSIDIES ON ENERGY EFFICIENCY



## Household Efficiency Retrofits

**1200** houses and apartments – several modalities tested; Different subsidy levels for different income groups



## Apartment Building Efficiency Retrofits

**26** Multi-Apartment Buildings; **6** selected municipalities



## Women in Energy Economic Empowerment

USD **3.5** million > **400** Women owned businesses supported, 28 energy scholarships, 200 energy internships

Budget

USD **20.7 million**



# PILOT SUBSIDIES ON ENERGY EFFICIENCY

## Pre-implementation phase:



Baseline Studies, Market Study, Design Frameworks, Operation Manuals and Plans



Beneficiary Identification/Selection for HH retrofits (1<sup>st</sup> round)



Preparation of Tender documents for contractors, preparing training materials for construction companies



Signing MoUs and Co-funding Agreements with Municipalities



# PILOT SUBSIDIES ON ENERGY EFFICIENCY

## Baseline Studies

Electricity Consumption in Kosovo:



Households  
**57.17%**

**80%** of which is used for space and water heating



Implementation of EE measures will:

- increase property value by **30%**
- save energy **40% - 60%**



Out of 2000 surveyed HHs:

- **50%** are predominately not able/willing to invest in EE measures
- **33%** are willing to invest at least **1,000 EUR**, while **19%** haven't considered investing

# HOUSEHOLD EFFICIENCY RETROFITS

## HER Objectives:



Reduce household electricity consumption for heating



Ensure participation and support special target groups



Determining combinations of intervention elements that are most cost effective for motivating investments in energy efficiency

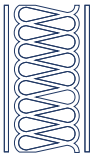


Lessons learned to be transferred to GoK for further extension and upscaling



# HOUSEHOLD EFFICIENCY RETROFITS

## Energy Efficiency Measures



Improving thermal insulation in walls and roof/floor



Energy-efficient windows



Weather sealing



Heating systems (Biomass, Heat Pumps, Solar Collectors)



# HOUSEHOLD EFFICIENCY RETROFITS

## 1<sup>st</sup> iteration (500 pre-selected households)

- started: mid April 2021
- 6 procured Qualified Installers
- out of 441 offers: more than 1/3 were accepted
- 14 Co-founding agreements signed with Municipalities for Social Assistance Scheme Beneficiaries

## 2<sup>nd</sup> iteration (1000 pre-selected households)

- started: August 2021
- 250 signed grant agreements; 60 completed houses – ongoing retrofit works
- currently 52 Qualified Installers, will increase up to 80

## 3<sup>rd</sup> iteration (500 selected households)

- possible call for application expected in mid January 2022
- start of retrofit works: mid March





# HOUSEHOLD EFFICIENCY RETROFITS

## Grant levels per Category

### 1<sup>st</sup> iteration

- Social Assistance Scheme Beneficiaries and Pensioners: **80 %** Grant
- Female-headed HH, Minorities HH (RAE), People with Disabilities HH: **60%** Grant
- All other HHs: **50%** Grant

### 2<sup>nd</sup> iteration

- Social Assistance Scheme Beneficiaries: 90 % Grant
- Pensioners who choose Complex Heating Systems: 70% Grant
- Female-headed HH, Minorities HH (RAE), People with Disabilities HH: 60% Grant
- All other HHs: 50% Grant

Note for both: Grant level will be increased by **10%** if HH takes combined EE measures (improving envelope of the building + heating system)



# APARTMENT BUILDING EFFICIENCY RETROFITS

## AER Objectives:



Reduce household electricity consumption for heating



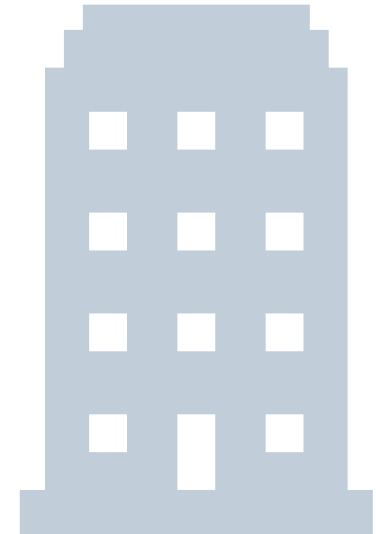
Increase the awareness on EE measures in the multi-apartment buildings for common investments through creation of home-owners associations



Increase the competitiveness of the Kosovan energy service market

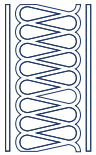


Supporting the EE benchmarks and incentive programs for further development in Multi-Apartment Building (MAB)



# APARTMENT EFFICIENCY RETROFITS

## Energy Efficiency Measures



Improving thermal insulation of common areas in walls, roofs and floor



Energy-efficient windows/doors



Weather sealing



# APARTMENT BUILDING EFFICIENCY RETROFITS

## Approach:

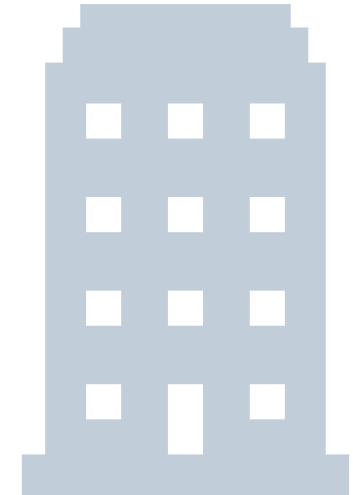
26 Multi – Apartment Buildings in 6 selected Municipalities:

- Prishtina (5 MABs), South Mitrovica (5 MABs), Gjakova (5 MABs), Lipjan (8 MABs), Viti (3 MABs), Novo Brdo (1)

Co-funding for each Multi-Apartment Building is divided as follows:

- MFK: **60% - 70%** of the total investment cost
- Municipalities: **30%**
- Apartment Owners: **10%**

Apartment owners are represented by Home-Owners' Association or Residents' Council which were created through our project and in cooperation with WB's KEEREP project.



# APARTMENT BUILDING EFFICIENCY RETROFITS

Selection of MABs has been done through multiple criteria analysis:



Age of the building (built before 1999)



Gender and Social Inclusion Component



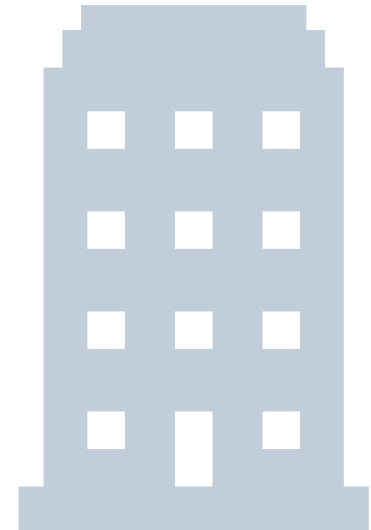
Electricity consumption for MABs



Energy Saving Potential



Municipalities and Residents willingness to co-fund



# PIEE Activity

2019-2020

2021

2022

HER, AER, WEE Frameworks and Studies												
Development of Operations Manual and Plans for HER, AER, WEE												
Procurement of HER Retrofits Works and Supply												
Procurement of AER Retrofits Works and Supply												
Behavior Change Campaigns												
Energy Efficiency Retrofits Subsidies												
Monitoring and Evaluation												
Project Closure – Handover to GoK (technology, lessons learned report)												

■ Procurement   
 ■ Works   
 ■ Other



# Key findings/Results

## - HER

385 Approved Grant Applications

1<sup>st</sup> iteration:

- Average grant per HH in HER project: **9,200 USD**
- Average grant for pensioners HH **16,500 USD**
- **55 %** of pensioner HH have selected heat pumps
- **28 %** of selected beneficiaries have refused the grant because of the expensive prices

2<sup>nd</sup> iteration:

- Average grant per HH in HER project: **13,430 USD**
- Average grant for pensioners HH: **14,200 USD**

## - AER

5 contracts signed with construction companies

9 multi-apartment building to be completed in December 2021

17 multi-apartment buildings will start the renovation works in March 2022

- MFK committed  
USD **4.4 million** through  
Grant Approval Application



-MFK committed  
USD **1.58 million**  
through Signed Contracts



# THANK YOU!

