MEDREG – ECRB Workshop

Future of Net-Metering and Renewable Energy Support Auction Mechanism in the MEDREG and ECRB Regions

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Albania is a net importer of electricity (20-30% of its demand depending on imports) and will continue in the near future with such assumption. Exception is made for 2010 with 0.7 TWh, 2016 with small amount of exports as well as 2018 with 0.9 TWh.

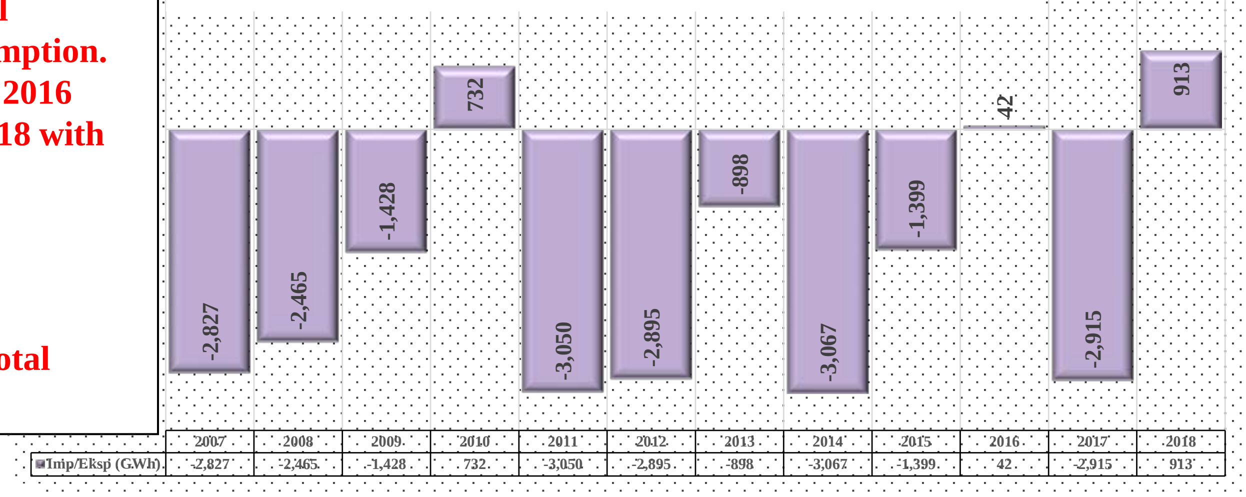
Last year key figures;

Demand ~ 7.6 TWh

Generation ~ 8.5 TWh

Last year export was roughly 11% of the total production

Import-export figures in GWh



Projection of demand
For the years 2019-2035

Year	Demand (GWh)
2019	7,450
2020	7,628
2021	7,812
2022	7,991
2023	8,175
2024	8,355
2025	8,539
2026	8,718
2027	8,901
2028	9,079
2029	9,261
2030	9,446
2031	9,625
2032	9,808
2033	9,995
2034	10,184
2035	10,378

Last year authorised and licensed PV plants with a total of 21.5 MW were granted and up to today 14 licenses have already been issued. 5 have already started production and up to march their generation was around 4.2 GWh. This will somehow help in the diversification of energy sources keeping in mind the need to increase production to cover demand increase.

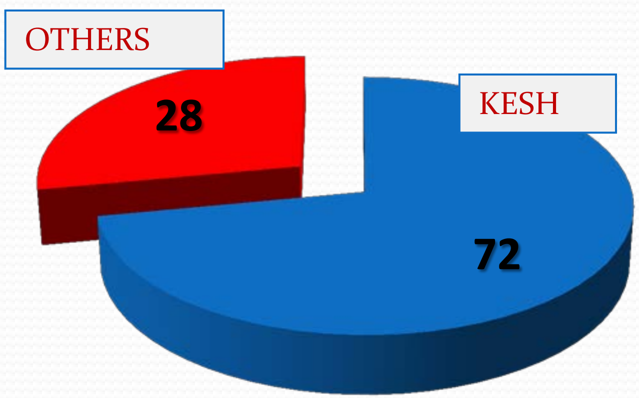
Some have already started production from last year with a total of 4'276 MWh for the first quarter of 2017. Up to 2 MW of capacity the PV and up to 3 MW for wind parks, are granted a FIT with an off-take contract up to 15 years with the Universal Supplier. Majority of the Authorisation given on the First Come First Served bases from the GoA are for Onshore plants. 15 MW are also authorised for floating PV plants using the reservoirs of the lakes of HPP.

A first auction for a 50 MW PV already took place last year anyhow the results are still under evaluation from the GoA. The first ranked bid had a price of 59.9 Euro/MWh.

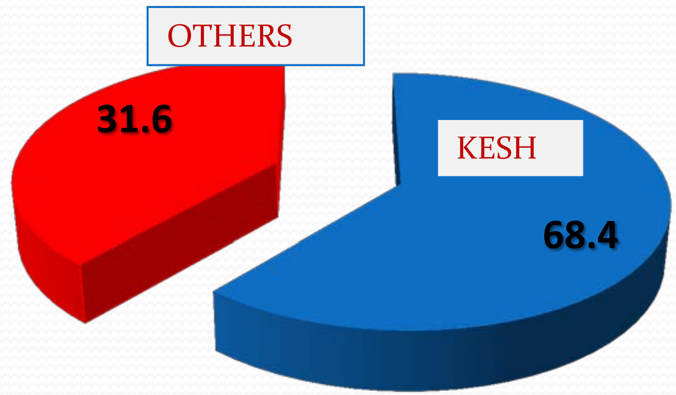
Generation key figures during last 2 years

Albania was in 2018, 100% Hydro generation which has the risk of exposure to the inflows.

Generation structure in 2017



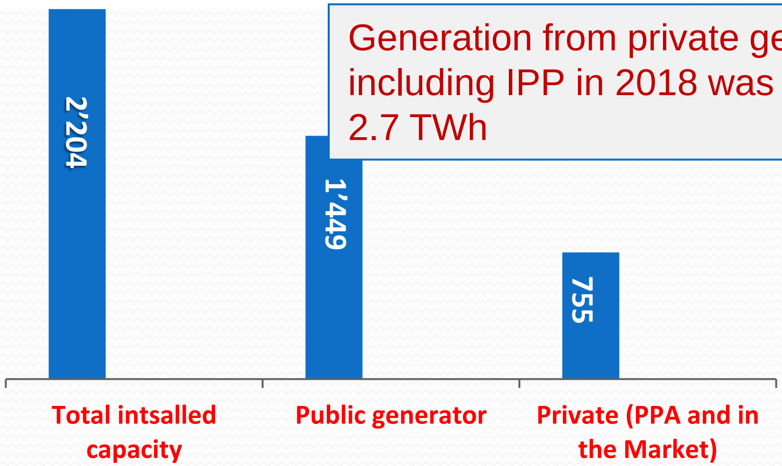
Generation structure in 2018



The share of the IPP in the generation structure is increasing year by year. Actually renewable sources cover around 32% of the Total Production. Last year 38.3 MW of new capacity has been installed mainly small and medium HPP and this number is trended to increase in the following years

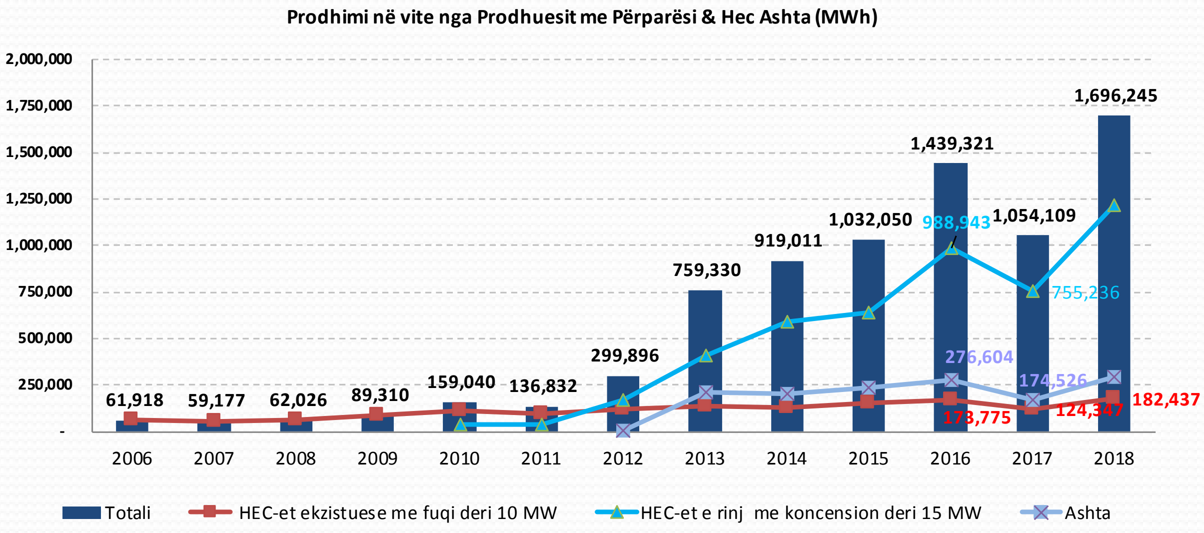
Installed capacity in MW in 2018

Generation from private generation including IPP in 2018 was around 2.7 TWh

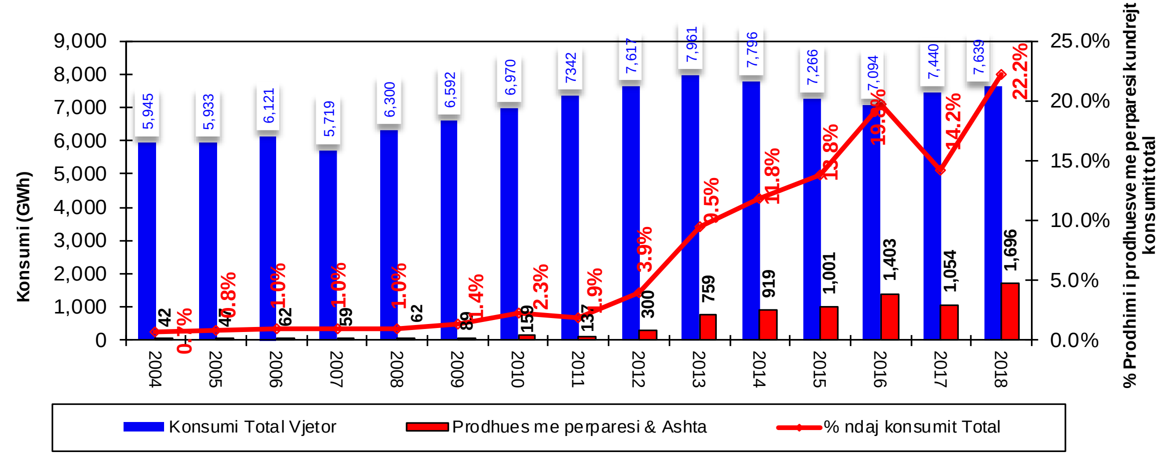


Generation key figures during last 2 years

Generation from Hydro IPP with off-taker during last years in MWh



Percentage of the IPP towards the total consumption

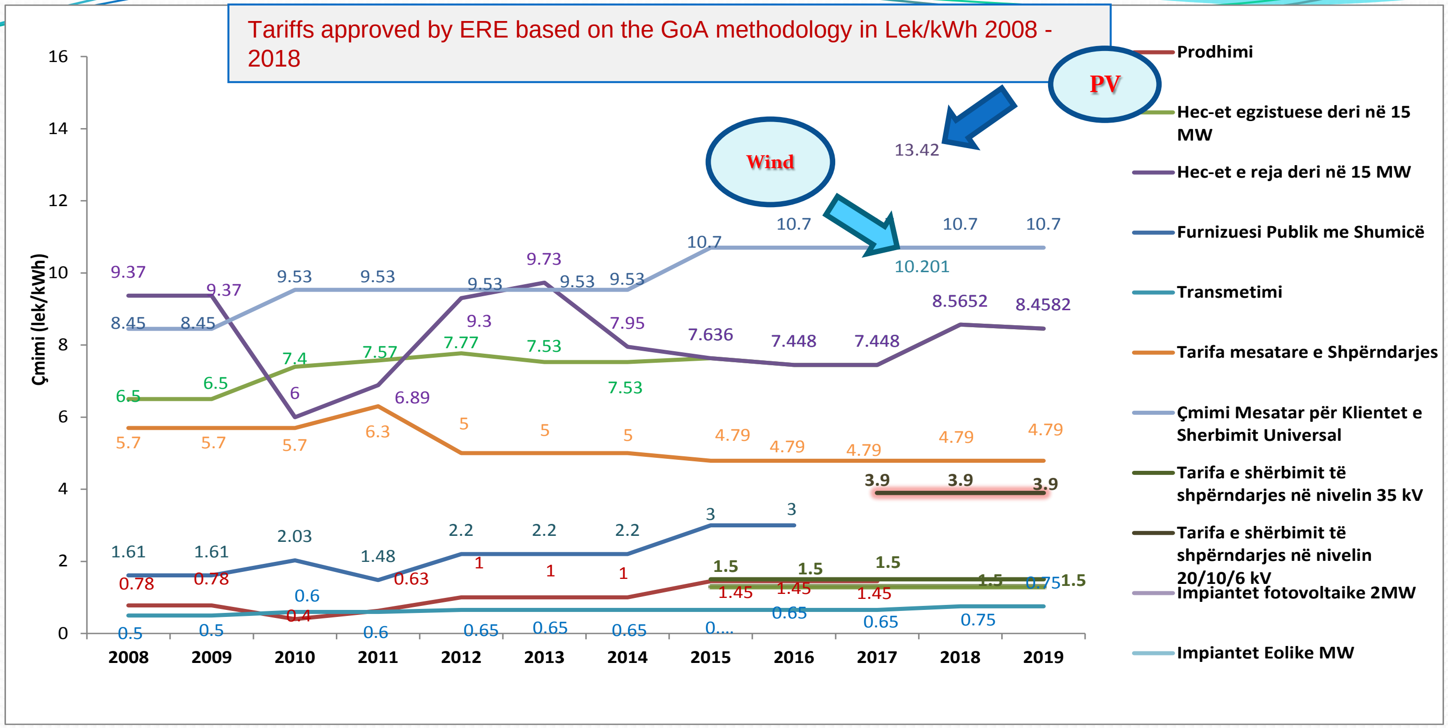


In Albania all the new generation plants from late 1986 are build under the concession scheme, BOT.

HPP under 15 MW have an off take contract with the Supplier of last resort with price which methodology is set by the Govt. and is based on the HUPX DAM price multiplied by an incentive coefficient.

Last year this figure was 1.3 which set the price to 66,37 Euro/MWh.

An increase with 61% of production from IPP under 15MW from 2017 was also noted.



PV plants which started production in 2018 have an off take price of 100 and Wind plants have an off take price of 76 Euro/MWh for the next 15 years.

The methodology is based on IRENA study for Western Balkans as well as Levelised Cost of Electricity.

Both are outside the CfD scheme where the DAM will be in place and are outside also the balancing scheme until a balancing market would be set by the TSO (tentatively HQ2 2020).

The premium is paid only by the customers served by the Universal Supplier, the customers in the open market are not affected and do not contribute in the scheme

- **Rational Integration of renewables**
- **Creation of the DAM market where the market would set the target price**
- **Creation of the Balancing market where all the Market Players are BRP**
- **Start of voluntary market of the renewable electricity certificates based on best European practices**
- **Creation of the RES Operator and equal distribution of the premium to all the clients in the Albanian Market**
- **Granting of all new permissions for new RES through auctions (figures show that the auction price is far lower that the FIP price set)**
- **Creation of set of rules and regulation for the Prosumers including but not limiting to the net metering**

Thank you for your attention!