



RECOMMENDATIONS 3/2023

by the Energy Community Secretariat

**on the Draft integrated National Energy and Climate
Plan of Kosovo***



Energy Community Secretariat

Recommendations

on the draft integrated National Energy and Climate Plan of Kosovo* covering the period
2025-2030

Whereas:

- (1) Pursuant to Article 9(1) of the [Energy Community Governance Regulation](#)¹ (“Governance Regulation”) each Energy Community Contracting Party (“Contracting Party”) is obliged to prepare and submit to the Energy Community Secretariat (“Secretariat”) a draft integrated national energy and climate plan (“NECP”) covering the period from 2025 to 2030 in accordance with Article 9(1) and with Annex I.
- (2) The draft NECP was submitted by the authorities of Kosovo*² (“Kosovo*”) to the Secretariat on 10 July 2023.
- (3) Pursuant to Article 9 of the Governance Regulation the Secretariat is required to assess the draft NECPs and may issue recommendations until 31 December 2023. The Secretariat made a comprehensive assessment of the draft NECP of Kosovo*, taking into consideration the relevant elements of the Governance Regulation.
- (4) In particular, the Secretariat’s recommendations may address (i) the level of ambition of objectives and targets with a view to achieving the Energy Union objectives and, in particular, the Energy Community’s 2030 targets for renewable energy and energy efficiency that the Contracting Party aims for in 2030; (ii) policies and measures relating to Contracting Party – and Energy Community-level objectives and other policies and measures of potential cross-border relevance; (iii) any additional policies and measures that might be required in the integrated national energy and climate plans; (iv) interactions between and consistency of existing and planned policies and measures included in the

¹ Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action as adapted and adopted by Ministerial Council Decision 2021/14/MC-EnC

² Throughout this Recommendation, this designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on them Kosovo declaration of independence

integrated national energy and climate plan within one dimension and among different dimensions of the Energy Union.

- (5) The Governance Regulation also requires Contracting Parties to provide a general overview of the investment needed to achieve the objectives, targets and contributions set out in the integrated national energy and climate plan, as well as a general assessment on the sources of that investment. The national energy and climate plans should ensure the transparency and predictability of national policies and measures in order to provide investment certainty.
- (6) The Governance Regulation requires Contracting Parties to take due account of any recommendations from the Secretariat in their final NECP to be submitted until 30 June 2024. If the Contracting Party concerned does not address a recommendation or a substantial part thereof, it shall provide and make public its reasons.
- (7) Where applicable, Contracting Parties should report the same data in their NECPs and updates in later years as they report to Eurostat or the European Environment Agency. The use of the same source is also essential to calculate the baseline for modelling and projections and to allow for a better comparability of the data and the projections used in the NECPs.
- (8) All elements of Annex I of the Governance Regulation are to be included in the final NECP. In this context, the macroeconomic and, to the extent feasible, the health, environmental, employment and education, skills and social impacts of the planned policies and measures should be assessed. The public and other stakeholders are to be engaged in the preparation of the final plan.
- (9) The Secretariat's recommendations to Kosovo* are based on the assessment of Kosovo*'s draft NECP, which is published by the Secretariat together with the present Recommendation.

THE SECRETARIAT HEREBY PROVIDES THE FOLLOWING RECOMMENDATIONS ON THE DRAFT INTEGRATED NATIONAL ENERGY AND CLIMATE PLAN OF KOSOVO*:

On procedural aspects:

- (1) Carry out an inclusive public consultation on the NECP, ensuring that the participation process occurs simultaneously at all levels of governments and involves the public and the authorities concerned by the implementation of the plan.
- (2) Enable timely access to relevant information, comprehensive documents, reports, including the Strategic Environmental Assessment ("SEA") report, in the consultation process. Allocate sufficient time to ensure meaningful engagement, incorporating elements like public hearings and transboundary consultations.

- (3) Take due account of the outcome of the comments, opinions, information, and analyses provided in the consultation process, including the transboundary consultations, and to demonstrate this in a transparent and traceable way.
- (4) Integrate the draft SEA report following the completion of the consultation process and the incorporation of all relevant comments. Secure comprehensive, reliable, and high-quality information, distinctly outline measures to address potential significant impacts and include a robust monitoring plan. Engage in a dialogue with the Secretariat to discuss and implement further improvements of the SEA report as identified.
- (5) Provide a comprehensive description of actions integral to the regional cooperation.
- (6) Establish the legal form for adopting the final NECP in the absence of a legal basis describing the adoption process and explain its implementation on national and local level.

On substance:

- (7) **Regarding general methodology and approach**, formulate policies and measures (“PaMs”) in more concrete terms, with a detailed description with precise actions and clear milestones, in particular in the dimensions addressing renewable energy, energy efficiency and the internal energy market. Describe the quantitative contribution of each PaM to the achievement of the respective 2030 target, or other policy objectives, in a more explicit manner, such as adding the expected contribution to the reduction of greenhouse gas (“GHG”) emissions of each individual PaM. Clarify for each PaM where “WEM/WAM” is indicated, what it means to be part of both the scenario with existing measures (“WEM”) and part of the policy scenario with additional measures (“WAM”). Correct the numbering of PaMs, which restarts after PaM No. 16, at “PaM 11: Solar district heating”.
- (8) Consider extending the projections in the analytical section to 2050 preferably underpinned by a Long-term Strategy.
- (9) Related to **decarbonisation and GHG emission reduction**, incorporate the commitment to phase-out coal by 2050 and achieve climate neutrality by 2050 to ensure consistency with the Energy Strategy³.
- (10) Indicate which PaMs are envisaged to disincentivise the use of lignite in electricity generation leading to the projected decrease of its share in the electricity mix, as outlined in both scenarios, in light of the investments in the planned rehabilitation of the two units of TPP Kosovo B and a refurbishment of at least one unit in TPP Kosovo A with increased net capacity. Assess and reconsider any investments that might result in stranded assets locking in fossil fuel use for the decades to come.

³ <https://me.rks-gov.net/wp-content/uploads/2023/04/Energy-Strategy-of-the-Republic-of-Kosovo-2022-2031-1-1.pdf> - last accessed 19.12.2023.

- (11) Include in Chapter 5 of the final NECP an assessment of the impacts of implementing the Energy Community [Large Combustion Plants](#)⁴ and [Industrial Emissions Directives](#)⁵ as required by Annex I of the Governance Regulation. Analyse the NECP's interactions with air quality and present the impacts on air pollution for the various scenarios.
- (12) Consider implementing methane emission reductions, reflecting Kosovo's* commitment to the Global Methane Pledge.
- (13) Integrate fair and just transition aspects in the NECP both on the level of objectives and in PaMs, by providing more details regarding the social, employment and skills related impacts of planned objectives and PaMs. Consider linking the PaM related to the "Education and trainings for skilled workers in the area of sustainable energy technologies" with the PaMs aiming at coal regions in transition.
- (14) Envisage the introduction of a carbon price mechanism, including a regional dimension under the Energy Community Treaty, to internalise the costs of emissions and in view of the link between the European Union's [Carbon Border Adjustment Mechanism](#)⁶ ("CBAM Regulation") and electricity market coupling.
- (15) Fully integrate the PaMs for energy efficiency for the industry and transport sectors and their role in decarbonisation. Plan PaMs for improving the carbon efficiency in those two sectors towards the end of the decade.
- (16) In the area of **decarbonisation and renewable energy**, explicitly outline PaMs' quantitative contributions to achieving the target and provide more comprehensive details on the planned capacity, distinctly specifying greenfield and repowering projects.
- (17) Increase the 2030 sectoral target for the share of renewable energy sources in transport and heating and cooling with the requirements stipulated in [Energy Community Renewable Energy Directive](#)⁷ ("Renewables Directive"). Introduce PaMs facilitating the increase in the share of renewable energy in the transport sector.
- (18) Introduce a PaM promoting the uptake of renewable power purchase agreements ("PPAs") in line with Article 15 of the Renewables Directive.

⁴ Directive 2001/80/EC on the limitation of emissions of certain pollutants into the air from large combustion plants as adapted and adopted by Ministerial Council Decision 2013/05/MC-EnC, amended by Decision 2015/07/ MC-EnC

⁵ Directive 2010/75/EU on industrial emissions (integrated pollution prevention and control) as adapted and adopted by Ministerial Council Decision 2013/06/MC-EnC, amended by Decision 2015/06/MC-EnC

⁶ Regulation (EU) 2023/956 on establishing a carbon border adjustment mechanism

⁷ Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources as adapted and adopted by the Ministerial Council Decisions 2021/14/MC-EnC and 2022/02/MC-EnC.

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- (19) Establish an extensive, forward-looking schedule on the allocation of support to renewable energy – including estimated timing and anticipated capacities – over an upcoming period of at least five years in line with Article 6 of the Renewables Directive.
 - (20) Introduce a PaM creating an enabling framework to promote and facilitate the development of renewable energy communities in accordance with Article 22 of the Renewables Directive.
 - (21) Integrate spatial planning policy and measures to expedite the deployment of renewable energy projects by incorporating explicit criteria for designating suitable areas, while adhering to the "do no significant harm" principle. Consider institutionalising a digitalised one-stop-shop permitting process and establish an efficient dispute resolution mechanism.
 - (22) In **energy efficiency**, substantially improve PaMs by adding the concrete actions to be carried out, progress indicators and implementation deadlines.
 - (23) Ensure the legal applicability of the 2030 energy efficiency targets by adopting the already drafted amendments to the Law on energy efficiency.
 - (24) Revise the PaM concerning the energy efficiency obligation scheme, identifying clear steps and taking into account the updated annual energy savings target of 0.8% required by Article 7 of the [Energy Community Energy Efficiency Directive](#)⁸ ("Energy Efficiency Directive") and Annex III of the Governance Regulation.
 - (25) Regarding energy efficiency in buildings, prioritize accelerated adoption of the already drafted amendments to the Law and adopt the draft long-term building renovation strategy.
 - (26) Introduce a PaM envisaging the transposition and implementation of the acquis concerning energy labelling.
 - (27) Introduce a PaM regarding the implementation of the consumption-based billing in district heating systems, including the current project implemented by Termokos Prishtina and information on quantitative contributions to achieving the energy efficiency target.
 - (28) Concerning **energy security**, design PaMs with a stronger focus on the possible involvement of customers in the system balancing, and consider other flexibility resources, in addition to batteries, such as other types of energy storage (like thermal storages within the district heating systems), new flexible production facilities (for example pumped storage hydro power plant if feasible) etc. Consider including PaMs for increasing flexibility and demand response especially in electricity and heating sector since there is electricity production excess during off-peak hours.

⁸ Directive 2012/27/EU on energy efficiency as adapted and adopted by Ministerial Council Decisions 2015/08/MC-EnC, 2021/14/MC-EnC and 2022/02/MC-EnC

- (29) Consider possibilities to link more closely the installation of battery energy storage systems with new solar facilities in order to ensure the needed flexibility simultaneously with the deployment of renewable energy.
- (30) Present the results of the cost-benefit assessment for rehabilitating at least one unit in TPP Kosovo A, highlighting the projected investment costs versus the anticipated value of lost load for energy security. Include in the NECP the technical specifications regarding the refurbishment of TPPs Kosovo A and B, as prescribed in the Energy Strategy. Additionally, include a comparison of costs for alternative energy security solutions. Clarify whether any unit of TPP Kosovo A is planned to remain in operation after 2031.
- (31) Add a PaM with respect to the [Energy Community Regulation on risk-preparedness in the electricity sector](#)⁹ (“Risk preparedness Regulation”) and the [network code on emergency and restoration](#)¹⁰ to be transposed in the national legislation and implemented.
- (32) Regarding the **internal energy market**, include PaMs to address all the requirements under the [Electricity Integration Package](#)¹¹ adopted by the Energy Community in 2022, considering wider regional and European market integration rather than focusing on day-ahead market coupling between Kosovo* and Albania.
- (33) Substantially improve existing PaMs in the internal energy market dimension by adding information on investment needs and further detailing PaMs, such as the timeline for phasing out of bulk supply agreement – financial PSO.
- (34) Define and implement adequate PaMs to timely complete electricity market coupling, and thus to ensure alignment with the CBAM Regulation and prevent a possible roll-back of the integration of the regional electricity sector.
- (35) Add policies and measures related to the stock-taking, reporting, transparency obligations and an indicative phase down of energy subsidies, in particular fossil fuels subsidies.
- (36) Envisage the definition of energy poverty, the establishment of a comprehensive register of vulnerable customers and define a national objective to decrease the significant number of energy poor households.

⁹ Regulation (EU) 2019/941 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC as adapted and adopted by Ministerial Council Decisions 2021/13/MC-EnC and 2022/03/MC-EnC

¹⁰ Commission Regulation (EU) 2017/2196 establishing a network code on electricity emergency and restoration as adapted and adopted by Ministerial Council Decision 2022/03/MC-EnC

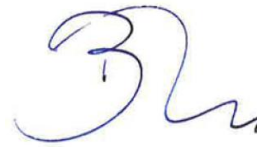
¹¹ Decision 2022/03/MC-EnC on the incorporation of Regulation (EU) 2019/942, Regulation (EU) 2019/943, Regulation (EU) 2015/1222, Regulation (EU) 2016/1719, Regulation (EU) 2017/2195, Regulation (EU) 2017/2196, Regulation (EU) 2017/1485 in the Energy Community acquis, amending Annex I of the Energy Community Treaty and on the amendments of the Ministerial Council Decisions No 2021/13/MC-EnC and No 2011/02/MC-EnC

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- (37) In the area of **research, innovation and competitiveness (“RIC”)**, define more specific objectives and targets. Adjust the format of the PaMs to the rest of the NECP and include more details such as the planned budget, entities responsible for implementation and monitoring, timeline for implementation, specific steps to be taken, and the expected outputs or outcomes.

Vienna, 27 December 2023

A handwritten signature in blue ink, appearing to read "Artur Lorkowski".

Artur Lorkowski
Director

A handwritten signature in blue ink, appearing to read "Dirk Buschle".




Dirk Buschle
Deputy Director/Legal Counsel

ANNEX
To the Energy Community Secretariat
Recommendations
on the draft integrated National Energy and Climate Plan of Kosovo*
covering the period 2025-2030

Detailed assessment of the draft integrated National Energy and Climate Plan of Kosovo*

1. Summary

1.1. Overview of the key objectives and targets

Target/objective		Energy Community 2030 target for Kosovo*	Value in the draft NECP of Kosovo*
	GHG emissions reduction of total emissions in the policy scenario compared to 1990 levels	- 16.3% (8.95 MtCO _{2eq} of total emissions) compared to 2016 levels	- 16.3% (8.95 MtCO _{2eq} of total emissions) compared to 2016 levels
	Share of renewable energy in gross final energy consumption	32%	32%
	Energy efficiency	Primary energy consumption: 2.7 Mtoe	Primary energy consumption: 2.7 Mtoe
		Final energy consumption: 1.8 Mtoe	Final energy consumption: 1.8 Mtoe

1.2. Main observations

- (1) The draft NECP includes partial **description of the development process**, providing information only on the technical working groups set up, the list of participating entities and external expertise, without any further elaboration of the outcome.
- (2) It also includes a description of the modelling tool used for the projections.
- (3) There was no **consultation** with the public and authorities concerned on the draft NECP before it was submitted to the Secretariat.
- (4) The draft **SEA Report** was prepared and submitted to the Secretariat on 30 November 2023, with a five-month delay following the draft NECP.
- (5) Issues of cross-border relevance are clearly identified, the platforms for **regional consultation and cooperation** are listed, referring to the Energy Community thematic coordination and working groups and task forces. The draft plan however falls short on providing details on concrete actions related to regional consultation and cooperation.
- (6) The **legal framework** that would define the adoption process and the implementation of the NECP is missing due to the lack of transposition of the Governance Regulation. The draft NECP outlines discussions by the relevant committees in the Parliament and a submission to the Members of the Parliament for adoption.
- (7) The draft NECP is **structured** in line with the requirements of the Governance Regulation, and provides an extensive overview of the legal framework, policy documents and the overall policy context of each dimension on national level.
- (8) The draft NECP sets **2030 targets** for greenhouse gas emissions reduction, renewable energy and for the maximum primary and final energy consumption in line with the targets set for Kosovo* by Ministerial Council Decision No 2022/02/MC-EnC.
- (9) **Policies and measures** are listed in a clear and structured manner, however the numbering of PaMs restarts after PaM No. 16 causing inconsistencies among the various references to PaMs throughout the document. In the dimensions of renewable energy, energy efficiency and internal energy market several PaMs include a general description of the issue but are missing clarity what exact action(s) the PaM aims to realise.
- (10) The contribution of PaMs to achieving the respective 2030 targets is missing. The absence of such information will make the assessment of the potential contribution of individual PaMs in the achievement of targets impossible and the compilation of integrated progress reports on the implementation of the NECP challenging.
- (11) Certain PaMs are indicated as part of both the scenario with existing measures (“WEM”) and the scenario with additional measures (“WAM”) indicated as “WEM/WAM”. While for some PaMs there are two versions corresponding to the different ambition levels of the two scenarios, in several PaMs it is not clear why they are part of both WEM and WAM.

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- (12) The **impacts of PaMs on the energy systems of neighbouring Contracting Parties** and/or EU Member States is considered mostly referring to the anticipated increase in renewable based electricity exports from Kosovo* taking into account the strong seasonality in the domestic electricity demand. The planned next steps are strongly focused on the day-ahead electricity market coupling with Albania through enhanced activities of ALPEX.
- (13) The analytical section includes both energy and non-energy sectors presented in a break down in line with the IPCC 2006 Guidelines. All **projections however are indicated only up to 2040**, preventing any outlook to 2050¹² which should be in line with the political commitment of climate neutrality by 2050, which Kosovo* made in 2020 by signing the Sofia Declaration on Green Agenda for the Western Balkans. Kosovo* has not developed a Long-term Strategy covering the period until 2050 as required by the Governance Regulation.
- (14) Even though projections exist and are displayed in Chapter 5, Chapter 2 does not include explicitly expressed **sectoral GHG emissions reduction targets**. In the absence of sectoral commitments, it will be challenging to assess during the integrated progress reporting, which sectors are on the planned trajectory, and which ones are falling behind.
- (15) The **share of lignite in installed electricity generation capacities** is expected to remain dominant in the WAM scenario in 2030 due to the rehabilitation of the units of TPP Kosovo A and B, and in 2040 it is expected to still retain 23% making it the third pillar of installed capacity after solar (33%) and wind (31%). The anticipated use of lignite in the electricity mix in the **gross final energy consumption** in the WAM scenario in 2030 constitutes approximately 50% of the total value, and in 2040 it represents 27%. **There is no target date indicated for the phase-out of coal** either for electricity generation or on the level of general economy. The draft NECP **does not include an objective to achieve climate neutrality by 2050**.
- (16) The draft NECP foresees the refurbishment of the two units of TPP Kosovo B and a rehabilitation of at least one unit in TPP Kosovo A with increased net capacity. The works for the rehabilitation of TPP Kosovo B units are expected to take place in two stages, at the end of 2025 and 2026, and the unit(s) in TPP Kosovo A would be placed in strategic reserve from 2028. In spite of the planned efforts for the rehabilitation, the share of lignite in the final electricity consumption is expected to decrease from 2028 both in relative and absolute terms. It is **not clear from the draft NECP what regulatory or other measures**

¹² The Governance Regulation requires an outlook to 2050 (going beyond 2040) in the following areas:

- where appropriate, national objectives, including long-term targets for 2050 for the deployment of technologies for decarbonising energy- and carbon-intensive industrial sectors and, where applicable, for related carbon transport, use, and storage infrastructure (Art. 25(c));
- The indicative milestones for 2030, 2040 and 2050, the domestically established measurable progress indicators, an evidence-based estimate of expected energy savings and wider benefits, and their contributions as included in the roadmaps set out in the long-term renovation strategies for the national stock of residential and non-residential buildings, both public and private (Annex I. 2.2)

- (such as a carbon pricing) would trigger a decreasing use of coal-fired electricity,** and at the same time make investment in renewable energy more economically feasible.
- (17) The draft NECP contains a few links, both in references and in PaMs, to the emission reduction obligations of Kosovo* from large combustion plants. In light of the planned modernisation of some of the units of thermal power plants it is important to demonstrate how Kosovo* is planning to comply with the obligations of the **Large Combustion Plants** and the **Industrial Emissions Directive**.
 - (18) Considering the prominent yet declining role of lignite in electricity generation at least until 2040 and the plans to maintain domestic lignite production, a detailed planning of the policies and measures to prepare the society and economy to manage the phase-down – i.e. **just and fair transition** – are largely absent.
 - (19) Integration with the Albanian electricity market is prominently referred to in the draft NECP without taking into account an impact of the **CBAM Regulation on the** market coupling process in the region and the possible need to roll back already operational coupling to prevent carbon leakage. The absence of any PaM on carbon pricing that would lead to an **ETS in electricity by 2030** could greatly reduce the chances for Kosovo* to secure an exemption from CBAM in the area of electricity.
 - (20) GHG emissions in both the **industry and transport sectors** are expected to steadily increase up until the end of the examined period, 2040, even in the WAM scenario. The absence of PaMs in the decarbonisation dimension leaves doubt to what extent mitigating the growing emissions in those two sectors is considered. PaMs related to both industry and transport are included in the energy efficiency dimension. However, based on projections, these efforts alone prove insufficient to halt the rising trend of greenhouse gas (GHG) emissions. This indicates a lack of decoupling between economic activity and GHG emissions.
 - (21) The share of renewable energy in the final electricity consumption is projected to reach 45% of a total of 6.8 TWh/annum in 2030¹³ and to 72% of a total of 7.8 TWh/annum in 2040¹⁴. This increase is expected as a gradual steady development starting from 2022.
 - (22) The sectoral targets for 2030 regarding the **share of renewable energy in the transport (3.6%) and heating and cooling sectors (49.6%)** are below the levels foreseen by the Renewables Directive, notably mandating 7% and 62.4% respectively. The low target in transport is also coupled with the absence of PaMs encouraging the increase of renewables in transport.
 - (23) There is no PaM promoting the uptake of **renewable power purchase agreements**, as requested by Article 15 of the Renewables Directive and Annex I of the Governance Regulation and there is no extensive, forward-looking schedule that foresees the allocation

¹³ With wind representing 25%, solar 15% and hydro 5%

¹⁴ With wind representing 41%, solar 26% and hydro 5%

of support over an upcoming period of at least five years, in line with Article 6 of the Renewables Directive.

- (24) The establishment of **renewable energy communities** is essential for involving society in the green transition, however there are no PaMs indicated how Kosovo* would facilitate the establishment and operation of such communities.
- (25) Even though the roll-out of renewables follows a gradual trend, there are no integrated measures in **spatial planning policy** facilitating the designation of suitable areas for renewables while pursuing the “do no significant harm” principle.
- (26) The draft plan aims to achieve the **2030 energy efficiency targets** in line with the Energy Community Ministerial Council Decision. To be legally binding, these targets require transposition of the Energy Efficiency Directive.
- (27) The projected **final energy consumption** shows a continuously increasing trend throughout the period covered by the draft NECP, driven by the transport and to a lesser extent industrial sectors. The increase is such that already in 2031, the anticipated level of final energy consumption surpasses the 2030 target and by 2040 reaches a level 10% higher than the 2030 target.
- (28) The energy efficiency dimension contains several PaMs that reflect good initiatives, however they lack what the concrete action behind the PaM is. For instance, the PaM related to the “renovation of residential buildings” does not clarify whether it involves a grant programme for homeowners, a programme facilitating communication between commercial banks, funds, and homeowners, or a programme (including regulatory measures) for issuing certificates for the energy performance of buildings.
- (29) The draft NECP is expected to take into account all existing legal obligations (including energy labelling), therefore it is important that the priority of adopting the **amendments to the Energy Efficiency Law** and adopting the draft **long-term renovation strategy** is reflected.
- (30) The draft NECP does not address projects that are already underway for the implementation of **consumption metering and billing in district heating**, which could also contribute to achieving energy savings.
- (31) In terms of **energy security**, the draft NECP acknowledges that Kosovo* currently possesses a sufficient level of interconnection capacity in electricity. Therefore, there is no immediate need for new physical infrastructure. Instead, the focus should be on regulatory improvements to ensure that all existing technical capacity is effectively made available to the market.
- (32) The draft NECP falls short of addressing key aspects of energy security. It outlines only five PaMs related to energy security, overlooking critical issues such as Kosovo**’s struggle to cover peak loads, the high unavailability rate of its thermal units, and the scarcity of flexibility resources. Furthermore, the document highlights affordability concerns, as compensating for system balancing through interconnections is tied to wholesale

electricity prices, posing financial challenges for Kosovo*. Therefore, a more comprehensive approach is needed to address these pressing issues and strengthen the overall energy security framework.

- (33) Reducing the share of coal and replacing it with intermittent renewable energy in the electricity mix is perceived to intensify current challenges, requiring the implementation of **flexibility resources**. While the installation of battery systems is identified as a solution, other potential approaches, such as engaging customers in system balancing through dynamic pricing and market coupling, or planning for new flexible production facilities, are not taken into consideration.
- (34) The rehabilitation of at least one unit of TPP Kosovo A aims to serve energy security objectives, with putting the said units into strategic reserve from 2028. When investing in fossil fuels, especially in coal-fired reserves, it would be important to indicate the results of a cost-benefit analysis that was carried out to underpin such a policy decision. The **costs of the chosen investment could be compared to the anticipated gains in energy security (assessing the value of lost load)** and to the costs of alternative solutions (for instance increased imports). From the combined reading of PaMs No. 2 and 38, it is not clear how many or whether any units of TPP Kosovo A would remain operational, as PaM 38 foresees the closure of the third unit after the rehabilitation of one or two other units i.e. in 2024, and PaM 2 outlines the decommissioning of one of the units of Kosovo A, with a net installed capacity of 116 MW by 2031.
- (35) To accurately model the potential advantages of energy security measures, such as the rehabilitation of units in TPP Kosovo A, and to formulate efficient crisis mitigation and prevention strategies, it is crucial to establish a Risk Preparedness Plan. This plan should delineate various risk scenarios. This action is not only advisable but also mandated by legal obligations through the Risk Preparedness Regulation and the network code on emergency and restoration.
- (36) Regarding the **internal energy market** dimension, the draft NECP falls short of fully reflecting the requirements under the **Electricity Integration Package**. Instead, it only briefly addresses a limited number of its elements. The presented policies and measures are inadequate for complete implementation and may even contradict the [Directive on common rules for the internal market for electricity](#)¹⁵ ("Electricity Directive"), to the [Regulation on the internal market for electricity](#)¹⁶ ("Electricity Regulation") and to the

¹⁵ Directive (EU) 2019/944 on common rules for the internal market for electricity as adapted and adopted by Ministerial Council Decisions 2021/13/MC-EnC and Decision 2022/03/MC-EnC

¹⁶ Regulation (EU) 2019/943 on the internal market for electricity as adapted and adopted by Ministerial Council Decision 2022/03/MC-EnC

Guidelines related to markets ([Regulation \(EU\) 2016/1719](#)¹⁷, [Regulation \(EU\) 2015/1222](#)¹⁸, [Regulation \(EU\) 2017/2195](#)¹⁹). Furthermore, the transposition of the [ACER Regulation](#)²⁰ is required for Contracting Parties to be included in the European internal electricity market.

- (37) PaMs in the internal energy market dimension often lack the consideration of quantitative effects, indicators and the investment needs, which makes the assessment of the impacts of these PaMs impossible.
- (38) Given the developments towards electricity market coupling, a more detailed list and timing of measures and actions leading up to completing the process would be necessary to be included in the NECP, also in light of the CBAM Regulation.
- (39) The PaM related to energy poverty lacks detailed information on the implementation timeline and the funding sources. Given the objective to decrease the significant number of energy poor households, it is important that a definition on energy poverty and a comprehensive register of vulnerable customers is established.
- (40) The draft NECP lacks quantified objectives and targets in the RIC dimension.

2. Preparation and submission of the draft plan

2.1. Process and structure

The draft plan was submitted to the Secretariat on 10 July 2023, after the legal deadline set in Article 9(1) of the Governance Regulation. The SEA Report of the NECP was submitted to the Secretariat on 30 November 2023.

The development of the draft NECP took place in two stages – one in 2021 and another in 2023. An Inter-Ministerial Steering Group was established by Decision of the Minister of Economy, chaired by the Ministry of Economy and co-chaired by the Ministry of Environment, Spatial Planning and Infrastructure. Participants of the group included representatives of sectoral ministries, the prime minister's office, the energy regulatory office, the statistical office, the energy efficiency agency, the association of municipalities, civil society, academia and economic

¹⁷ Commission Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation as adapted and adopted by Ministerial Council Decision 2022/03/MC-EnC

¹⁸ Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management as adapted and adopted by Ministerial Council Decision 2022/03/MC-EnC

¹⁹ Commission Regulation (EU) 2017/2195 establishing a guideline on electricity balancing as adapted and adopted by Ministerial Council Decision 2022/03/MC-EnC

²⁰ Regulation (EU) 2019/942 establishing a European Union Agency for the Cooperation of Energy Regulators as adapted and adopted by Ministerial Council Decision 2022/03/MC-EnC

stakeholders. In January 2023, the initial working groups organised along the five energy union dimensions were merged into a single group. There is no detailed description of the schedule, content and main outcomes of the meetings of the working group.

Parliament is expected to be involved in the process as soon as the draft NECP is presented for its review. Although the draft NECP outlines discussions by the relevant committees in Parliament and a submission to the Members of Parliament for adoption, it is not clear whether the NECP would eventually be adopted by Parliament or by a ministerial decree.

2.2. Public consultation

In March and April 2023, four workshops were organized with stakeholders presenting and discussing the WEM and WAM scenarios. Stakeholders were consulted about the input data used in the LEAP model. Another round of workshops with stakeholders as well as consultations on all regional and local levels are foreseen after the completion of the draft NECP. The final NECP will need to include a summary of those consultations on the preparation of the initial draft, the number of the feedback received, how the received feedback was considered and – if applicable – why it was not accommodated.

A statement summarising how the environmental considerations have been integrated into the plan, and how the SEA report, the opinions gathered during the consultations, including the result of any transboundary consultations, have been taken into account, must be incorporated in the final NECP. The SEA report must comprehensively identify, describe and evaluate the likely significant impacts on the environment resulting from the implementation of the plan and the reasonable alternatives taking into account the plan's objectives and the geographical scope. Additionally, it should outline the reasons for selecting the alternatives dealt with and monitoring measures.

It would be worthwhile to specify if and how marginalised groups, gender-responsive processes or the voice of youth was included in the (multilateral) preparation of the NECP or the public consultation.

2.3. Regional consultation

The draft plan contains no description of how **regional consultations** were carried out, which must be remedied in the final NECP. The submitted text outlines only a list of groups and fora where consultations may be conducted.

An assessment regarding the **impacts of the planned policies and measures** on other Contracting Parties and/or Member States of the European Union, and regional cooperation is included and considers mostly the anticipated expansion of renewable energy capacity in Kosovo* and thus increased electricity exports to neighbouring markets, in particular to Albania. Next steps

in the electricity market coupling via ALPEX, as well possible co-investments in gas-based power generation in the region, possibly in Albania, North Macedonia and Greece are planned to be explored. The draft NECP of Kosovo* however contains no reflections to the expectations of neighbouring markets such as Albania who indicated in its draft NECP that it was counting on the thermal generation capacities of Kosovo* for balancing its own system especially when hydro levels are low. There is thus room for improvement in sharing and commenting neighbouring draft NECPs. The contribution of Kosovo* to the consultations on neighbouring draft plans could also be described, indicating the potential links of other NECPs to the plan of Kosovo*.

If any **regional cooperation** took place in the development of the draft plan, it should be described in the final plan, and if not, then the opportunities for regional cooperation should be identified and listed.

3. Assessment of the ambition of targets, objectives and adequacy of supporting policies and measures

3.1. Decarbonisation – greenhouse gas emissions and removals

The 2030 **GHG emissions reduction targets** in the draft NECP are in line with the Ministerial Council Decision, with emissions reductions forecasted even to exceed the adopted 2030 target (16,3% vs. 24% and 39%) in the WEM and WAM scenarios respectively²¹.

The GHG emission reduction target however is not broken down to sectoral targets (for electricity, industry, heating and cooling and buildings sector, agriculture, LULUCF, transport and waste). Such a break-down is obligatory to be included in the Long-term Strategy pursuant to Article 15 of the Governance Regulation and thus should be referenced from there in the NECP. Kosovo* currently has not Long-term Strategy drafted.

Fossil fuels are to be phased out by 2050 in accordance with the Energy Strategy, however, all the projections are run only until 2040 and thus there is no information in the draft NECP how the fossil fuel phase-out (and climate neutrality in general) by 2050 is planned to be realised. GHG emissions from lignite are still projected to constitute over half of the emissions in 2030 and the installed electricity generation capacities from lignite – due to capacity expansion as a result of the refurbishment projects – slightly increases until 2028. Moreover, the share of lignite is foreseen to steadily increase in district heating until 2040 in both scenarios (presented in Figure 84), the only difference being the realisation of a solar project that would temporarily reduce the share of coal in the district heating energy mix. PaMs from other dimensions, such as energy efficiency do not appear to have an impact on the overall demand for heat in the WAM scenario.

²¹ In fact, the level of GHG emissions of the 2030 emission reduction target adopted by the Ministerial Council almost equals to the projected emissions in 2023.

There is an emission trajectory until 2040 with a **sectoral breakdown** in Chapter 5, but this is not translated into sectoral targets in Chapter 2.

The draft NECP does not refer to the Global methane pledge and does not include methane emissions.

Regarding **policies and measures**, a study on the **effects of CBAM** and/or a **domestic carbon price** is planned to be conducted, but no information on its timing and content is indicated.

The investments in the rehabilitation of TPP Kosovo B and the rehabilitation of one of the two units of TPP Kosovo A amount to EUR 290 mln. Nevertheless, the projections in both the WEM and WAM scenarios (Figures 54 and 83 respectively) show a gradual decrease in lignite in electricity generation until 2040 from 84% in 2021 to 32% and 27% in 2040 respectively. Considering Kosovo*'s plans for fossil fuel phase-out by 2050, it is unclear which additional regulatory or other measures would result in a decreased use of lignite.

Due to the projected reduction in the use of coal, domestic lignite production is expected to decrease by 38% in the WEM and by 48% in the WAM scenario by 2030. Until 2040, the same reduction would account for a 56% and 68% in the WEM and WAM scenarios respectively, compared to 2021. Those changes warrant a careful and detailed planning for how the affected regions will be supported and which PaMs will be implemented to manage the transition away from coal. There is **no PaM addressing the issue of a fair and just transition** and outlining how support activities for the impacted communities would be managed.

The draft plan does include reference to the **Industrial Emissions Directive** for the rehabilitation of TPP Kosovo B but there are no details of how the existing combustion plants – including the rehabilitated unit(s) of TPP Kosovo A in strategic reserve – will meet the Directive's emission limit values from 1 January 2028. There are also no plans of how to achieve significant reductions on pollution from these plants under the **Large Combustion Plants Directive**, where Kosovo* persistently fails to implement its National Emissions Reduction Plan (NERP).

In contrast to the projected generally decreasing trend in GHG emissions, two sectors – **transport and industry** – are expected to contribute to steadily increasing absolute and relative shares of emissions in both scenarios (illustrated on Figures 40 and 65 respectively). These two sectors which in 2021 contributed together to approximately 25% of all GHG emissions, are expected to represent almost 40% of all emissions in 2030 and more than 50% in 2040. The projected increase in those two sectors is linked to economic development, with the transport sector dominating (representing around two-third of the emissions) mostly via the anticipated increase of passenger cars. In spite of the increasing role of transport and industry, there are no PaMs related to either sectors in the decarbonisation dimension of the draft NECP. Those PaMs which are included in the energy efficiency dimension indicate effects in generating energy savings, but that is not translated to GHG emissions reduction.

3.2. Decarbonisation – renewable energy

The overall **2030 target** of 32% share of renewable energy in gross final energy consumption as outlined in the draft NECP is harmonized with the target endorsed by the Ministerial Council.

The overall 2030 renewable energy target is subdivided into **sectoral targets** for electricity (45%), transport (3.6%), and heating and cooling (49.6%). Yearly trajectories for each sectoral target are provided with clear annual breakdowns, which makes monitoring the progress straight-forward. Nonetheless, the 3.6% target for 2030 in transport does not align with the minimum requirement of 7% mandated by Article 26 of the Renewables Directive and such a low ambition will result in a steeper implementation needed to achieve the 9.4% target for 2040. The share of renewables in the heating and cooling sector is expected to actually decline from 55.89% in 2020 to 49.6% in 2030 and to 41% in 2040, which fails to achieve the target set out in the Renewables Directive, namely 62.39%. Waste heat is not counted in the target for heating and cooling.

Article 23 of the Renewables Directive requires the increase of renewables in heating and cooling for 1.3 or 1.1 ppt (if waste heat is not taken into account) calculated as annual averages for 2021-2025 and 2026-2030 and for 0.65/0.55 ppt if a share of renewables in 2020 is between 50% and 60%. Since the 2020 renewables share in the heating and cooling sector in Kosovo* was 55.89% according to Eurostat, and waste heat is not considered, the increase is supposed to be 1.1 ppt annually.

Therefore, the 2030 renewables share is supposed to be 62.39 %. The 2030 target set at 49.6% is not aligned with the requirements of the Renewables Directive. This decline in renewables share is due to the reduction of the use of biomass. Namely, currently, biomass is the only RES fuel used in the heating and cooling sector, with 100% in 2020. It is expected that the use of heat pumps will increase from 0% in 2020 to 11% in 2030 and solar thermal from 0% in 2020 to 4% in 2030, while the use of biomass will decrease by 14%. The reduction of biomass is a positive sign of recognizing that biomass is currently often used illegally and inefficiently for residential heating and the need to use biomass in a sustainable manner. However, since the share of renewable energy will decline as a consequence of this measure, more significant efforts are needed to achieve the renewable energy target in line with requirements from Article 23 of the Renewables Directive.

Considering that the total installed capacity of renewable energy sources in 2022 was 280 MW, aiming for 1400 MW by 2030²² appears to be an ambitious goal. Nevertheless, in order to achieve the overall 2030 target, such ambition is essential. The timely adoption of the Law on Renewable Energy will establish the necessary framework for this capacity increase. Given the ambitions set out in the NECP, it would also be beneficial to define spatially explicit areas for deployment of renewable energy projects (“Renewables Acceleration Areas”) designated to maximize the development potential by considering parameters such as resource potential, proximity to existing infrastructure and grid capacity, while minimizing conflicts with natural, social and cultural values,

²² This figure is derived from the projections of the draft NECP, which are in line with the target of the Energy Strategy 2022-2031, foreseeing the installation of 1600 MW of renewables capacity in the system by 2031.

by avoiding, for example, known areas of high biodiversity, ranges of endemic and endangered species, rare habitats, cultural monuments or important viewsheds.

Considering the outlined **policies and measures**, the feed-in premium scheme envisions at least 100 MW of new capacities by 2025 without specifying any additional timeline. By adding up the indicated expected new renewable capacities by 2030 in other PaMs, the feasibility of reaching the 1400 MW RES capacity target by 2030 will depend on merchant investments or private public partnerships.

Even though Article 15 of the Renewables Directive and Annex I of the Governance Regulation obliges Contracting Parties to describe policies and measures facilitating the uptake of renewables **PPAs** in their NECP, PaM No. 13 lacks any concrete information how it would address this legal requirement.

The proposal to achieve a target of 100 MW of **prosumers** by 2031 is positive development, however the draft NECP lack measures to promote and facilitate the development of **renewable energy communities** in line with Article 22 of the Renewables Directive.

The PaM (No. 12), concerning the **feed-in tariff**, (for renewable energy producers until a market-based support scheme is implemented) lacks a clear explanation in particular regarding the duration of its implementation and its potential impact. In its current form it has limited value added to the draft NECP.

The PaM related to solar district heating envisages implementing a project of solar collectors for thermal energy production combined with seasonal heat storage (**Solar4Kosovo II**). This measure is already under implementation, and thus is mature enough to have more details on the planned finalisation and effects included in the NECP.

In the research, innovation and competitiveness dimension, the PaM on education and training for skilled workers in sustainable energy technologies contributes to the implementation of the PAM related to energy service companies. This is important as the deployment of sustainable technologies, including heat pumps requires technical expertise and the establishment of the necessary workforce.

The draft NECP provides the breakdown of technologies in **district heating** for each year in the period up to 2030. In 2030, in the WAM scenario, the district heating energy mix will constitute of lignite 65%, solar thermal 26%, biomass approximately 4% and electricity/heat pumps approximately 4%. This energy mix aligns with the requirement that the renewables share in district heating increase should be 1 ppt annually. In 2020, the energy mix in district heating relies 100% on lignite, and in 2030, the share of lignite will be 65%.

There is no PaM planned to develop a framework to address sustainability and greenhouse gas emissions saving criteria for **biofuels, bioliquids and biomass fuels**.

The focus on enhancing and **protecting forest resources** across several PAMs is positive as the protection and sustainable use of forest resources is key for achieving the renewables target. It is important that the sustainability criteria prescribed in the Renewables Directive are fully

considered and accompanied by a complete transposition and implementation of the Renewables Directive.

3.3. Energy efficiency

The overall **2030 target** of a maximum level of primary energy consumption at 2.7 Mtoe and final energy consumption at 1.8 Mtoe as outlined in the draft NECP is harmonized with the target endorsed by the Ministerial Council and is expected to be achieved in the WAM scenario.

The target set by Article 7 of the Energy Efficiency Directive regarding **energy savings obligation** is clearly defined in draft NECP. However, an enabling legal framework needs to be amended to allow for its implementation. The 2018 Law on Energy Efficiency set an energy efficiency obligation and target based on the 2012 version of Directive, which was amended in 2022 by the Ministerial Council. The Law needs to be amended to reflect the more ambitious energy efficiency targets²³.

Even though the 2030 targets in line with the Ministerial Council decision are expected to be reached in the WAM scenario, the **final energy consumption is expected to steadily increase** between 2021 and 2040 in both the WEM and the WAM scenarios, albeit to a different extent. The increase is driven by two sectors (transport and industry), and it consistently outweighs the reduction in final energy consumption of the residential and service sectors. The additional efficiency measures implemented in the WAM scenario are only able to slow down the increase in final energy consumption but cannot change the trend.

Concerning **policies and measures**, the combination of actions to reduce energy consumption in the building sector and at the same time targeting the industrial and transport sectors reflects an attempt to tackle the projected increase in final energy consumption. The fact that additional PaMs cannot bring about changes in the projected trend shows that a more structural rethinking of the transport sector concept would need to be considered.

The PaMs in the energy efficiency dimension in general address relevant issues, however in the case of several of them²⁴, the draft NECP is **not clear what the actual planned action is**. The missing timeline from PaMs also makes it difficult to assess how their implementation contributes to the achievement of the 2030 targets.

The description of the PaM regarding **Municipal Energy and Climate Action Plans** must be updated, as there are references to 2019 as a point in the future.

The **energy efficiency first principle** is generally mentioned in the draft NECP and introduced as part of the energy efficiency dimension focusing on building renovation, industry and the

²³ New savings each year from 1 January 2024 to 31 December 2030 of 0,8 % of annual final energy consumption, averaged over the most recent three-year period prior to 1 January 2022

²⁴ PaMs No. 17, 18, 19, 20, 21, 23, 25, 26. 27, 30, 32 and 33

transport sector. Table 1 provides a good overview of proposed PaMs and the interaction with the five dimensions of the Energy Union. However, there is a weak link with the internal energy market dimension, particularly related to demand response, as well as further identification of how energy efficiency can contribute to tackling energy poverty.

Regarding the alignment of other strategies with the draft NECP, it is clear that the **National Energy Efficiency Action Plan** (“NEEAP”) 2022-2024 was prepared to bridge the gap until the NECP is adopted. The Building Renovation Strategy is drafted and used as input for the draft NECP, but its adoption is essential to support the implementation of PaMs related to building renovation.

Key PaMs in the **heating and cooling sector** concern the renovation of the buildings, the modernisation and renovation of district heating systems in Pristina and Gjakova, the installation of solar collectors, the rollout of heat pumps and more efficient biomass stoves.

The latter two PaMs implemented in the **residential sector** are supposed to deliver the majority, i.e. 84.8 ktoe out of a total 109.1 ktoe of cumulative energy savings. For a successful implementation of such savings, it is important that PaM No. 54 regarding the education and training for skilled workers in sustainable energy technologies is also realised.

District heating in Kosovo* exists in four cities; however, only two systems in Pristina and Gjakova are operational. The draft NECP properly reflects on the potential to expand the capacities of district heating, both in existing and new systems. It is envisaged that the district heat production will be doubled by 2030, namely that its shares in energy consumption will increase to 5% in 2040 up from 2% in 2021. PaM No. 12 envisages conducting feasibility studies to examine the extension of district heating in eight more cities. This feasibility study could be viewed in light of Article 14 of the Energy Efficiency Directive to conduct a **comprehensive assessment of the potential of high efficient cogeneration and district heating**. When conducting the feasibility study the requirements from Article 14 of the Energy Efficiency Directive, the respective EU guidelines on the content of the study, but also Article 15 (7) of the Renewable Directive requiring the assessment of the potential of integration of renewables in the whole heating and cooling sector would need to be taken into account.

3.4. Energy security

The draft NECP addresses all relevant objectives, and it defines realistic actions and measures to achieve them. The problems of the Kosovo* energy system have been well identified, and the defined policies and measures properly address them.

The actions in PaM No. 38 related to the **rehabilitation of one or two out of the three units of TPP Kosovo A** in 2023-2024 and placing the rehabilitated unit(s) in strategic reserve from 2028 is explained with energy security concerns. Placing generation capacity in strategic reserve can be justified and considered as last resort measure only²⁵ if adequacy concerns underpin such a

²⁵ Pursuant to the provisions of the Regulation on the internal market for electricity

decision. The PaM also states that “The third operating A unit will be permanently closed once the refurbishment of the other lignite unit(s) has been completed.”, which suggests that from 2025 only two units will be operational in TPP Kosovo A. At the same time PaM No. 2 expresses that “This measure considers that one of the units of Kosovo A, with a net installed capacity of 116 MW, will be decommissioned by 2031”, which – in conjunction with PaM 38 would mean that a refurbished unit is closed down – meaning that the anticipated EUR 120 mln investment cost of the rehabilitation is to be written off by 2031. In view of those investment costs, it would be important to clearly present the anticipated benefits (linked to the value of lost load, which the investment is meant to serve) and the costs of alternative energy security solutions, which could yield the same level of energy security.

More efficient use of the **interconnections** is the best short and mid-term option for how to improve system adequacy and reach acceptable security of supply level. This has been taken into account in the final NECP.

Considering that there are no procedures in place in Kosovo* to release **emergency oil stocks**, it is important that the development and adoption of a Response Plan with reserves to be released in the case of a supply disruption is considered in the NECP.

Cybersecurity is included among the PaMs and represents a good practice.

3.5. Internal energy market

The draft plan does not take account of the **objectives** of the **Electricity Integration Package** which aims at establishing well-functioning electricity markets and their full integration into the European internal market for electricity in different segments. Market development and integration into the EU's internal electricity market are essential to attract investments in renewable energy sources, storages and demand-side management necessary to achieve decarbonization goals in a cost-efficient manner while ensuring security of supply. The interlinkage and synergies between decarbonisation, internal energy market and energy security are not elaborated.

Concerning **policies and measures**, the draft plan only touches upon a very limited number of requirements under the **Electricity Integration Package**.

The planned PaMs are not sufficient to fully implement or are even contrary to the Electricity Directive, to the Electricity Regulation and the Guidelines related to markets. Furthermore, the transposition of the [ACER Regulation](#)²⁶ is required for Contracting Parties to be included in the EU's internal electricity market. In general, the goal of establishing competitive and well-functioning wholesale and retail electricity markets and to leverage synergies across Europe and

²⁶ Regulation (EU) 2019/942 establishing a European Union Agency for the Cooperation of Energy Regulators as adapted and adopted by Ministerial Council Decision 2022/03/MC-EnC

to enable decarbonization by further aligning and integrating national markets seems to be underrated.

PaMs related to the **electricity market** are formulated in a general way without any further details and descriptions and lack investment needs, which does not allow any assessment. Therefore, the PaMs related to the internal energy market dimension require substantial improvement, such as:

- The further development of short-term and balancing markets, necessary to cope with increased renewables, is not fully addressed. Furthermore, the liberalization and increased competition of wholesale and retail markets has to be achieved in a short-time frame, but the deadlines are too far in the future for instance for phasing out the bulk supply agreement between KEK and KESCO. Additionally, it is important to address the requirement of the Regulation on the internal market for electricity for free price formation on wholesale markets (no price caps) in the PaMs.
- The PaMs related to increasing competition on the retail market and addressing market concentration are not sufficiently elaborated, to address major barriers to establishing the well-functioning electricity market necessary to ensure cost-efficient energy transition.
- The PaMs would need to clarify that the increase of available cross-zonal capacity for already existing interconnectors up to the legally binding 70% target is included, as stipulated in the Regulation on the internal market for electricity. Investments in new interconnections (e.g. with Albania) must be based on a proven actual need in case of congestions.
- The need for increased regional cooperation of all involved entities, one of the main principles of the Electricity Integration Package, and its impact is not reflected for instance by envisaging coordinated capacity calculation, system operation regions, regional coordination centres and joint capacity allocation.
- The planned milestones and timeline for the TSO to join the EU Balancing Platforms is missing.
- The NECP does not establish a link between the CBAM and the internal electricity market. As the application of the CBAM Regulation is expected to have an impact on the electricity sector and a possible exemption from that Regulation would need specific tasks to be achieved (including electricity market coupling), this is important to be reflected in the NECP.

Energy poverty is addressed only by some PaMs not including investment needs and not including any quantitative assessment. Currently, there is neither a definition on energy poverty, nor a clear methodology or implemented indicators to measure energy poverty and there is no direct energy poverty financing tool, such as an Energy Poverty Fund.

Kosovo* foresees to establish a support scheme independent of consumption for **vulnerable consumers** based on improved data and a legal definition, which is a positive development as there is no register of vulnerable customers and no clear national target to reduce the significant

number of energy poor households. Moreover, in the absence of a register of vulnerable customers, any subsidy offered to decrease the impact of price increases without advanced data is expected to be provided to all and not targeted at only vulnerable energy consumers.

Kosovo* is encouraged to provide in the final NECP a detailed assessment of the **estimated number of energy poor households**, establish a comprehensive register of vulnerable customers and provide a national target to reduce the number of energy poor households, including a clear baseline and timeline.

Dedicated support is needed, focusing on renovation, energy efficiency improvements, heating system improvements and renewable energy installation for energy poor households and dedicated support could, for example, be included in other funds related to Energy Efficiency and Renewable Energy Sources. Women, children and minorities most vulnerable to energy poverty need to be protected by providing a timely and coordinated response. Currently, there is an inter-institutional Working Group dedicated to work on a Program for vulnerable energy consumers since 2019. However, there is no program yet and no detailed information on responsibilities, tasks or specific actions that have been taken over by the group. The draft NECP provides a link to other dimensions such as energy efficiency, renewables deployment including self-consumption, and residential renovation.

3.6. Research, innovation and competitiveness

Targets and objectives in the RIC dimension are defined in general terms for research and innovation. Objectives for competitiveness are not explicitly stated in the draft NECP. Instead, they are connected to the goals of the National Development Strategy 2030, which prioritizes the establishment of an innovative, circular, and competitive economy as its primary objective for sustainable economic development. The associated targets include increased GDP, exports, and a reduction in CO₂ emissions per unit of GDP.

Policies and measures are not in line with the format in the other dimensions, where they provide detailed information. In contrast, RIC measures are not tabulated and lack elaboration.

The draft NECP includes a wide range of measures, which seem reasonable. However, specific activities must be described in more detail, along with the provision of budget, participants responsible for implementation and monitoring. When the PaMs are updated, it will be possible to assess whether they are implementable.

The draft plan does not indicate the exact amount to be secured for R&I programmes. The Ministry's 2021-2025 Medium-Term Expenditure Framework of EUR 371,683,035 includes the "Improving the Research and Innovation Environment" scheme. This allocates EUR 16,500,000 to the Science Fund, EUR 5,000,000 to Kosovo*'s participation in Horizon Europe, and EUR 2,200,000 to a special fund for international research projects and scientific cooperation. However, it is unclear if this amount is allocated only for the energy sector.

There are no references to industrial policy and there are no PaMs to incentivise clean industry. In fact, the draft NECP states that: *"Kosovo having many problems of different natures with this plan is not pretending to become a leader in developing ground-breaking technologies that enable a revolutionary decarbonization of economic activity."*

4. Internal coherence, consistency, policy interactions and alignment with other strategic documents

The draft NECP describes the **current policy context** in detail, including obligations under the Energy Community Treaty, and it contains several references to other domestic strategic and policy documents (also considering their updates) and integrates the main elements of those documents.

The draft NECP strongly builds on the **Energy Strategy 2022-2031**, several PaMs are directly taken over from the Strategy. On the other hand, the Strategy prescribes that the NECP provides details for the technical specifications regarding the refurbishment of TPPs Kosovo A and B²⁷ and the decision related to high efficiency district heating systems based on renewables²⁸. While the latter concerning district heating is included in the draft NECP²⁹, no clarity is provided in the draft NECP regarding the refurbishment of the units in TPPs Kosovo A and B.

Regarding **climate change**, there is a reference to the Strategy on Climate Change (SCC) 2019-2028 and the Action Plan on Climate Change (APCC) 2019-2021, adopted in 2018, as the leading strategic documents related to the GHG emissions part of the decarbonisation dimension. It is indicated that the SCC largely capitalizes on previously developed documents (in 2016) – Action

²⁷ "In light of environmental and decarbonization goals, the technical specifications regarding the refurbishment of Kosovo A and B power plants will be detailed in the National Energy and Climate Plan" — <https://me.rks-gov.net/wp-content/uploads/2023/04/Energy-Strategy-of-the-Republic-of-Kosovo-2022-2031-1-1.pdf> - last accessed 19.12.2023.

²⁸ "The ongoing feasibility study for DH systems in eight municipalities (in addition to Gjakova and Prishtina which have DH) will consider RES (e.g. biomass, geothermal, solar heat pump) as the main alternatives. The magnitude and mix of these technologies by 2031 will be informed by the study and the decision to develop such technologies will be determined through the revision of the Energy Strategy's 3- Year Action Plan and its incorporation into the National Energy and Climate Plan." – <https://me.rks-gov.net/wp-content/uploads/2023/04/Energy-Strategy-of-the-Republic-of-Kosovo-2022-2031-1-1.pdf> - last accessed 19.12.2023.

²⁹ PaM 12 envisages the assessment of the potential to develop new district heating systems based on renewables, while PaM 11 elaborates on the solar district heating that is to be developed, and the last district heating system is Gjakova, which is already biomass-based. There are measures tackling the sustainable use of biomass.

Plan for Climate Change Strategy and Report of the Kosovo*'s Legal Framework in the Climate Sector vis-à-vis Requirements of the EU Climate Legislation.

It is positive that not only there is a reference to the **draft Building Renovation Strategy** (“BRS”) but also a notice that the BRS will need to be revised before its adoption to be in line with the NECP and the Energy Strategy 2022-2031.

In the area of **waste**, there is reference to the Kosovo* Integrated Waste Management Strategy (2021-2030) and associated Action Plan (2021-2023).

Kosovo* joined the **Powering Past Coal Alliance** in 2023.

Policies and measures are listed in a structured manner, however the numbering of PaMs which restarts after PaM No. 16 causes inconsistencies among the various references to PaMs throughout the document. In the dimensions of renewable energy, energy efficiency and internal energy market several PaMs include a general description of the issue but are missing clarity what exact action(s) the PaM aims to realise. The links between PaMs across the various dimensions are indicated in several cases, but do not always appear comprehensive (for instance the planned PaM on a study for the impacts of CBAM is not indicated to have a link to the internal energy market, even though electricity market coupling is a pre-condition for an exemption from CBAM in electricity). It is often not clear which scenario the PaM is considered to be part of, when it is indicated to be part of “WEM/WAM”.

5. Investment needs

The draft plan indicates investment needs for certain PaMs. The absence of more comprehensive information makes the assessment and prioritization of investments challenging.

6. Robustness of the analytical basis of the draft plan

The analytical part includes the elements prescribed by the Governance Regulation and it provides a comprehensive overview of the major trends expected both in the WEM and WAM scenarios including a presentation of the difference between the two. Projections are provided until 2040. In the **absence of a Long-term Strategy spanning until 2050** – which is a legal obligation for each Contracting Party to develop under the Governance Regulation – there is unfortunately no long-term perspective in which the NECP and its projections and PaMs would fit.

The assumptions seem reasonable and are sufficiently explained for most sectors. **Sectoral break-down** is in line with international reporting standards, however, a further break-down of the industrial gross value added (“GVA”) into sub-sectors of manufacturing industries would facilitate

understanding the structure of the industry sector and would represent a good base for any subsequent analyses on the impacts of CBAM on Kosovo*'s economy.

The model does not consider the implementation of **carbon pricing** in Kosovo*, but it includes a sensitivity analysis related to CBAM, which is projected to affect carbon-intensive electricity exports from the Western Balkans region. This is reflected in the model as a surcharge on electricity exports to the EU, calibrated to each country's average emission intensity and priced at projected EU-ETS allowance prices reduced by the CBAM factor. While this gives some signal of the possible impact on electricity prices, it is closer to reflect a scenario where no action is taken by Kosovo* to secure an exemption from CBAM than actual compliance with the exemption conditions. Even though it is not in the scope of the draft NECP's modelling to provide a detailed impact analysis of CBAM on Kosovo*, in order to fully reflect the impact of CBAM, the carbon costs of electricity should be added to the overall production costs of those products which are subject to CBAM, and which are exported from Kosovo* to the European Union. The absence of a carbon pricing mechanism in Kosovo* from the modelling assumptions represents a discrepancy between the policy expectations of the NECP and the main targets of Kosovo*'s Energy Strategy, which explicitly declares the following target: 'Complete all preparations for implementing a carbon pricing system by 2025, enabling the introduction of a carbon price which will gradually increase until Kosovo*'s integration into the pan-European market and the EU's Emissions Trading System (ETS),"³⁰.

An extensive elaboration of the AFOLU sector is outlined in a Technical Note referred to in a footnote of the draft NECP and accessible publicly. The note underpins the ambitious sink-related projections (sink potential from 51 Mt CO_{2eq} in 2021 to 1.045 Mt CO_{2eq} by 2030, Figure 65), which would not get as clear from the draft NECP itself.

The **lack of detailed investment costs** prevents decision makers from being able to compare the overall necessary investment costs under the WEM and the WAM scenarios, which would be a central parameter when deciding on the level of additional PaMs. It also fails to provide adequate information to stakeholders and citizens to assess the anticipated costs of the transition.

In order to properly assess the impacts of PaMs, it would be important to know for each PaM, when they are expected to take effect. The description of the quantitative effects is positive, but unfortunately not available for each PaM.

7. Best practices

The draft NECP is **structured in a clear way**, it **follows the headings of the Governance Regulation**, and it includes a detailed analytical part with comparisons of the WEM and WAM

³⁰ <https://me.rks-gov.net/wp-content/uploads/2023/04/Energy-Strategy-of-the-Republic-of-Kosovo-2022-2031-1-1.pdf> - last accessed 19.12.2023.

scenarios. The current situation and all relevant issues in the energy sector are correctly described. Reasonable and realistic PaMs address the identified issues, even though the focus and concrete measures could be better defined for a number of them.

The **2030 targets** related to GHG emission reductions, renewable energy and energy efficiency are planned to be achieved in line with the decision of the Ministerial Council.

The **granularity of trajectories** follows an annual breakdown in the presented graphs. In the dimension of renewable energy, a breakdown of technologies is also provided. The **explanations related to the figures** provide real background information, which greatly helps understanding the drivers and reasons for changes in the displayed projections.

There are defined individual targets for the percentage share of various types of environmentally friendly vehicles in 2030.

The proposed PaMs include various activities in sectors of **forest management and agriculture**.

Cybersecurity aspects are addressed reflecting a considerable level of attention by the authorities of Kosovo*, in particular through the envisaged establishment of specialized eCERT (energy Computer Emergency Response Teams) for energy.

The problems related to security of supply in the electricity sector of Kosovo* (such as the lack of generation capacities during the peak hours and lack of balancing reserves) are identified and measures to better use existing cross-border capacities instead of building new infrastructure are considered.