

## **EU 2011 Progress Report for Albania (Energy Sector)**

There was some progress on **security of supply**. A new 400 kV interconnection line with Montenegro became operational in April 2011. However, the electricity supply remains fragile and vulnerable to hydrological conditions, due to the country's almost exclusive dependence on hydro power plants for domestic generation. Further efforts are required in order to implement the acquis on the security of the electricity supply in line with Albania's obligations under the Energy Community Treaty.

As from 1 January 2011, the law provides for the **oil stocks reserve obligation** to be increased to 90 days, in line with the EU oil stocks directive. The government has taken measures to impose sanctions and suspend the license or activities of operators failing to fulfill their obligations. Actual compliance with the legal requirements has yet to be demonstrated.

Progress has been limited as regards the **internal energy market**. Preparations are ongoing to restructure the state-owned generation and wholesale company KESH. The Albanian Competition Authority considers that the lack of an effective functional and financial separation of the public wholesale supplier and the generation elements of KESH is hindering competition. The Power Sector Law, which regulates the electricity sector, and its implementing legislation are not yet in line with the acquis. A significant part of the transmission and distribution capacity is still reserved for the wholesale supplier. Distribution losses have been slightly reduced overall. Bill collection rates levels remain around 77%. Vigorous efforts are still required in these areas. The market model has yet to be adapted in order to ensure the economic viability of the electricity sector. Albania has no gas market and secondary legislation for the June 2008 Natural Gas Sector has not yet been approved. Further efforts are needed in order to strengthen the monitoring and enforcement powers of the Albanian energy regulator ERE, as well as its independence.

There has been no progress in the field of **renewable energy**. The legislative and regulatory framework is not in line with the acquis. Existing administrative burdens and the absence of rules for the cost of connection to the grid or for grid reinforcements are hampering the integration of new renewable energy producers. There was no progress regarding the implementation of Albania's biofuels target. A National Renewable Energy Action Plan providing for reaching the target for the share of renewable energy in the final energy consumption in 2020 has not yet been prepared. Albania needs to make further efforts to improve the use of renewable energies.

There was no progress in the area of **energy efficiency** as regards bringing the Energy Efficiency Law into line with the acquis. The government approved a National Energy Efficiency Action Plan for the period 2011-2018 but the legal framework and inter-institutional distribution of responsibilities for its implementation has yet to be established.

There was some progress on **nuclear safety and radiation protection**. Albania ratified the Convention on Nuclear Safety and the Joint Convention on the safety of spent fuel management and the safety of radioactive waste management, which became effective in September. Decisions were approved on protection of the professionally exposed to ionizing radiation and on radon concentration and radionuclide levels. The Radiation Protection Commission (RPC) issued two decisions relating to the Code of Practice for users in Nuclear Medicine and to dosimetry levels for medical exposure. As regards enforcement, the RPC approved regulations on inspection reporting and on the procedure for the approval of trading, transfer and transport of radioactive sources. However, further efforts are still required to transpose and implement the Euratom acquis. Compliance of recent regulatory developments with the acquis remains to be verified. The capacity of the regulatory authority is still not sufficient to implement and enforce legislation in line with international standards. Preparations for drafting the national strategy and policies for radioactive waste management are at an early stage. Albania's conditioned waste store has not yet been properly licensed according to international standards, and its placement close to populated areas is a concern.

## **Conclusion**

Progress has been very limited in the energy sector. The Power Sector Law is not in line with the acquis. Market reform in the electricity sector has not yet been effectively achieved and further efforts are required in order to ensure its economic viability. Further efforts are required in the field of renewable energy, as well as on strengthening the capacities and institutional independence of the regulatory authorities for electricity, gas and radiation protection. Overall, preparations in the area of energy are advancing slowly.

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