

13 Energy policy

The competitiveness of any economy is heavily influenced by its energy policies. This chapter investigates the energy policies in place to ensure that energy markets are well-regulated, sustainable and competitive. The first sub-dimension, governance and regulation, focuses on how the energy markets are governed and whether policy is conducive for establishing efficient and competitive energy markets. The second, energy security, explores measures taken to make the energy sector more resilient, including through the diversification of energy supply. The third sub-dimension, sustainability, focuses on the energy sector decarbonisation, including through the promotion of renewable energy and energy efficiency policies. The fourth sub-dimension, energy markets, analyses how energy markets are operated, whether competition is used to promote efficient allocation of energy resources, and the degree of regional integration.

Key findings

Since the previous *Competitiveness Outlook (CO) 2021*, Kosovo has further enhanced its energy policy performance (Table 13.1). Progress was made in advancing energy market reforms, mostly as a result of the go-live of the Albanian Power Exchange (ALPEX) branch in Kosovo and the market coupling with Albania and the creation of the underlying legal frameworks. Kosovo advanced both in the area of renewable energy policy and energy efficiency but has to strengthen its efforts in the areas of decarbonisation and energy poverty.

Table 13.1. Kosovo's scores for energy policy

Dimension	Sub-dimension	2018 score	2021 score	2024 score	2024 WB6 average
Energy	12.1: Governance and regulation			3.5	3.3
	12.2: Energy security			3.0	2.5
	12.3: Sustainability			3.0	2.8
	12.4: Energy markets			3.7	3.3
Kosovo's overall score		2.3	3.0	3.3	3.0

The **key findings** are:

- Kosovo has reinforced its policy framework for energy by adopting the Energy Strategy 2022-31, as well as its accompanying Implementation Programme for the period covering 2022-25. These documents contain ambitious targets for deployment of renewable energy capacity, aiming to generate 35% of electricity consumption from renewable sources by 2031, as well as to use renewables as the main source for diversification. Kosovo also developed its National Energy and Climate Plan (NECP), paving the way for a roadmap for the energy sector's decarbonisation and improved governance.
- The market coupling between Kosovo and Albania's electricity markets through ALPEX has been completed in 2024. This market coupling has the potential to provide significant liquidity and price benefits for both economies and is the first such coupling in the region.
- The Energy Regulatory Office (ERO) remains understaffed and lacks the financial resources to conduct its duties effectively. Despite this challenge, ERO has taken important steps in launching *ex-officio* investigations and imposing fines on key energy market stakeholders, showcasing its proactivity and independence.
- Progress has been made in deploying renewable capacity through competitive auctions, as the first auction for 100 megawatts (MW) of capacity for solar powered generation was launched in May 2023. Kosovo is also planning to develop battery storage capacity; this is considered one of the most important storage projects in the Western Balkans, making Kosovo a pioneer in this area.

State of play and key developments

Sub-dimension 12.1: Governance and regulation

Within Kosovo's **energy policy, legal and institutional framework**, the adopted Energy Strategy for 2022-31 reflects a significant step forward in the development of Kosovo's energy policy, further articulated by the already adopted Energy Strategy Implementation Programme (ESIP) for 2022-25. The legislation that is currently being finalised to align with the Clean Energy Package further underlines Kosovo's continuous striving to reform its energy sector in line with EU and Energy Community good practices. However, it is important to note that none of the laws required for transposing the Clean Energy Package has yet been adopted. Moreover, a significant issue that remains problematic is the lack of a well-established retail market in the electricity sector of Kosovo.

The institutional framework for energy policy in Kosovo appears to be stable and characterised by effective horizontal governance tools designed to enhance co-ordination across various government bodies. This stability is further evidenced by the capacity of government officials to effectively fulfil their roles, as well as their regular participation in international bodies.

In terms of policy evaluation and performance assessment, there are plans to monitor activities assessing programme inputs - such as budget and assets - and outputs, such as the number of companies complying with the energy framework. Information systems and databases containing key energy indicators are regularly updated, ensuring that energy policy needs are communicated to the public effectively. There also appear to be adequate co-ordination and evaluation processes in place to oversee these developments.

The existing salaries of the **energy regulator** remain inadequate and staffing remains a challenge given that salaries at the Energy Regulatory Office (ERO) are below industry level. With the originally envisaged changes in the Law on the Regulator, ERO's independence and ability to execute its tasks would have been further undermined as it would have led to significant additional salary reductions. Those amendments, however, did not form part of the final draft law; nevertheless, the area remains one of particular importance and constant oversight on this matter will be needed.

ERO has proactively initiated a number of investigations, resulting in severe fines being imposed. These investigations, targeting all four main sector stakeholders - namely the Kosovo Energy Corporation (KEK), the Transmission System Operator (KOSTT), the Distribution System Operator (KEDS) and the Kosovo Electricity Supply Company (KESCO) - demonstrate ERO's advanced investigative powers and their adequate application. The initiation of these investigations *ex-officio* and the consequential imposition of fines underscore ERO's commitment to regulating the energy sector effectively. However, ERO still needs to place additional emphasis on enforcing further opening of the retail electricity market.

Sub-dimension 12.2: Energy security

In the area of **crisis response and resilience**, Kosovo is working on transposing the Risk Preparedness Regulation as part of the ongoing general overhaul of the main pieces of legislation in the energy sector. The respective provisions have already been drafted and underwent a consultation process. Also, the newly adopted Distribution System Operator's Network Development Plan has been drafted with an eye towards increasing resilience to external factors, including the effects of climate change. These developments overall reflect an increased focus on crisis response and resilience within the energy sector.

As a response to the recent energy crisis, the government of Kosovo adopted Decision 01/91 in July 2022 announcing a number of emergency measures. Concretely speaking, between September 2022 and March 2023, the government has provided financial support in the amount of EUR 90 million to subsidise electricity bills. Additionally, households that reduced their electricity usage compared to the same period

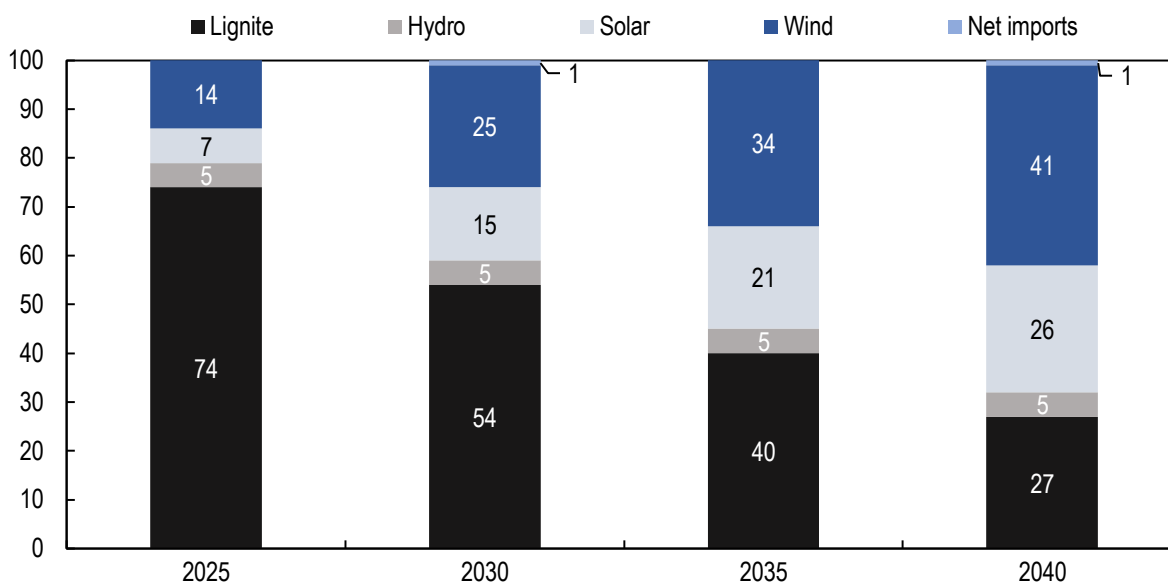
in the previous year received subsidies amounting to EUR 22.8 million. The Ministry of Economy has further supported households with EUR 6 million for the purchase of efficient heating equipment. Two-tier tariffs were also introduced to further reduce electricity consumption, as households consuming more than 800 kilowatt hours (kWh) had to pay a higher tariff than those customers consuming less than 800 kWh. These measures promote energy efficiency while also enhancing consumer awareness about energy savings. Such support measures were also continued throughout 2023 and 2024.

At an institutional level, Kosovo has established fast crisis reaction mechanisms and decision-making bodies to improve crisis response and enhance resilience. In August 2022, the Ministry of Economy established the Emergency Technical Committee (KTE), composed of members from different institutions to serve as a central platform for policy discussion and co-ordination. In this regard it also needs to be highlighted that while information systems and databases for key energy infrastructure indicators have been created, they are not regularly updated, which potentially limits the impact of exchanges in such dedicated committees.

In its striving to enhance energy security, Kosovo has also shown additional advancement towards the **diversification of energy supply** (Figure 13.1). Kosovo's energy strategy for the period 2022-30 was officially adopted in March 2023 and sets ambitious renewable energy sources (RES) targets. It is also noteworthy that Kosovo explicitly highlights the importance of additional renewable generation in its diversification stride, together with a gradual coal phase out (Ministry of Economy, 2022^[1]). In this regard, another notable advancement is the adoption of the Administrative Instruction no. 01/2023, which facilitates energy generation from renewable sources through the initiation of competitive RES auctions. The ongoing transposition efforts of the Clean Energy Package can also have a positive impact on the uptake of additional RES generation and thus support Kosovo's diversification efforts.

Figure 13.1. Electricity mix in gross final consumption trends with additional measures (WAM) in Kosovo (2025-40)

Percentage of gross final consumption



Source: Government of Kosovo (2023^[2]).

A Battery Storage project is also underway. Implemented under the Millennium Challenge Compact, the project can be seen as an illustration of Kosovo's commitment to diversifying and strengthening its energy infrastructure. However, its positive and actual impacts will ultimately depend on the actual implementation of the new already adopted and upcoming policies and legal acts.

Concerning other sources of energy, it must be noted that Kosovo currently lacks gas infrastructure and a natural gas market and is thus currently exempted from transposing the Gas Security of Supply Regulation. The 2023 Implementation Report of the Energy Community Secretariat highlights that the proposed Law on Compulsory Oil Stockholding was anticipated to be approved by early 2023 but has not been finalised yet (Energy Community Secretariat, 2023^[3]).

Looking towards future projects with an impact on Kosovo's energy supply diversification, the pre-feasibility study for the Albania – Kosovo Gas Interconnector has been completed. Additionally, the Gas Master Plan and the feasibility study for the North Macedonia-Kosovo gas interconnection pipeline are in the process of finalisation. While those projects can enhance Kosovo's access to gas sources and increase diversification, their exact status remains unclear and the development of gas infrastructure is not specifically outlined in Kosovo's new energy strategy, leaving the future development of the gas market without a policy to guide its strategic direction.

Sub-dimension 12.3: Sustainability

Recent legal developments in Kosovo's energy sector reflect a commitment to transposing European Union standards and enhancing climate action to strengthen **energy sector decarbonisation**. The Regulation on the Governance of the Energy Union and Climate Action is set to be transposed through the Law on Climate Change and the new Law on Renewables. While the Law on Climate Change has been adopted by the parliament in January 2024, the Law on Renewables is scheduled for adoption by the end of Q1 2024. The final draft of the National Energy and Climate Plan (NECP) was submitted to the Energy Community for comments in July 2023, with completion of the document expected by June 2024. At the end of December 2023, the Energy Community Secretariat submitted its comments, highlighting remaining gaps in the transposition of the relevant EU and Energy Community *acquis*. The comments also highlighted the need to reinforce and streamline efforts towards decarbonisation and align the NECP with the Energy Strategy in this regard.

In terms of institutional changes, the government of Kosovo has established the National Council for Climate Change (NCCC), represented at the ministerial level, including various ministries and the office of the presidency. The creation of a new climate division within the Ministry of Environment, Spatial Planning, and Infrastructure underscores a strengthened focus on climate and decarbonisation issues. The extent to which the creation of this dedicated division will also enhance Kosovo's policy framework and initiatives in these areas will, however, ultimately depend on whether adequate staffing and capacity building can ensure effective implementation of the climate and decarbonisation agenda.

The NECP includes specific targets and measures for reducing greenhouse gas (GHG) emissions from the energy sector. A national GHG inventory, including the energy sector, has been established and is regularly updated. However, a GHG pricing mechanism is not yet in place. The policy framework includes plans for the refurbishment of two units of the Kosova A TPP, with the refurbishment of unit A3 planned to be completed in 2027, and that of unit A4 in 2028. The refurbished units are then planned to be kept as a strategic reserve from 2031 onwards. As outlined in the Energy Strategy, this would mean that these units would be available in the crucial higher-demand heating season, or during extraordinary occasions such as severe energy crises.

The new law on climate change also foresees the development of a long-term decarbonisation strategy. As part of the Transition towards the low emissions and climate-resilient economy in the Western Balkans and Türkiye project, financed by the EU and implemented by a Consortium of Umweltbundesamt GmbH

and NIRAS, Kosovo is receiving some support for the drafting of the Strategy; however, the budget for this support is rather limited.

Kosovo's overall policy framework for energy is marked by a strong emphasis on **renewable energy policy** and the promotion of RES. Kosovo's energy strategy 2022-31 has set an ambitious strategic objective, namely to ensure that RES accounts for at least 35% of electricity consumption by 2031. The Energy Strategy does not contain targets concerning the share of renewables in overall energy consumption, but the draft NECP that was submitted to the Energy Community for comments in July 2023 does entail a target of 32% share of renewable energy in the gross final energy consumption which is in line with the Energy Community's 2030 targets (Energy Community Secretariat, 2023^[3]). The Energy Strategy also foresees the development of new RES capacities, aiming for 600 MW from wind, 600 MW from solar photovoltaic (PV), 20 MW from biomass, and at least 100 MW from prosumer capacity. The goal is to achieve a total installed RES capacity of 1,600 MW by 2031.

The RES law is currently in its final stages of completion and has already been approved by the government. The law is aligned with the Clean Energy Package and will mark the shift to a comprehensive market-based support scheme for additional RES capacity. This is a continuation of the spirit of Administrative Instruction no. 01/2023 from April 2023, which already provided the basis for competitive auctions in the RES sector and paved the way for Kosovo's first-ever solar auction for a 100 MW solar PV plant which was launched in May 2023 and completed in March 2024. Plans are underway to launch Kosovo's first-ever wind auction in 2024. Additionally, ERO adopted the Rule for Prosumers in 2023, facilitating the deployment of small-scale PV installations. It is anticipated that this advanced legal framework will positively impact RES projects and enhance energy security. However, engaging the private sector remains a challenge. The Ministry of Economy, with support from USAID, has developed a white paper exploring various measures to encourage households to install small-scale solar generation. This white paper could serve as a foundation to boost RES generation and activate the private sector further, potentially catalysing investments in additional small-scale RES generation.

In the area of **energy efficiency** the Ministry of Economy, together with the Kosovo Energy Efficiency Agency, has prepared a draft of the National Energy Efficiency Action Plan 2022-25, which is currently in the preliminary consultation phase. Concurrently, the drafting of a new law for energy efficiency is underway (Box 13.1). The Ministry of Environment, Spatial Planning, and Infrastructure has also drafted the new Law to transpose on Energy Performance of Buildings, which is in the approval phase in the government. These legal changes can be the basis to transpose the Energy Efficiency Directive and the Energy Performance of Buildings Directive, and further align the energy efficiency legislation with the relevant EU and Energy Community *acquis*. In this regard it also should be noted that a complete transposition of the Labelling Regulation remains outstanding (Energy Community Secretariat, 2023^[3]).

With regard to the financing of energy efficiency projects, the Kosovo Energy Efficiency Fund plays a crucial role in Kosovo. After its creation, based on Law No. 06/L-079 on Energy Efficiency from 2018, its focus was originally on promoting, supporting and implementing energy efficiency measures in the public sector. Recently, however, a shift towards the residential sector is taking place, which is a much needed development given that in 2020, households accounted for 40% of the total final energy consumption, which is an increase since 2008 of 148 tons of oil equivalent (ktoe), up to 609 ktoe. This was the highest increase in all sectors, as also highlighted in the Kosovo Energy Strategy.

The policy framework in Kosovo regarding **energy poverty** and support for vulnerable customers is currently in a state of development. Direct financial assistance is provided to low-income households, particularly those benefiting from various Social Assistance Schemes. In 2022, 35,641 families benefited from social and pension schemes. The approximate annual expenditure for this support amounts to EUR 4.5 million. Energy poverty as such, however, is not defined in Kosovo and while some programmes exist to address the root causes of energy poverty, they are more incidental than systematic. A more structural approach to tackling energy poverty is necessary for long-term sustainability and effectiveness.

Box 13.1. Advantages of robust energy efficiency legislation

The applicable energy efficiency legislation in the Energy Community aims to create a more sustainable, competitive, and secure energy systems across the Contracting Parties. These laws are designed to meet ambitious energy and climate targets and to enhance energy efficiency at all stages of the energy chain, from production to final consumption.

The advantages of such legislation are multifaceted, ranging from environmental and financial benefits accompanying less energy consumption to more general aspects of increased competitiveness and innovation due to the need to respond to stricter technical requirements.

Energy efficiency legislation, such as the Energy Efficiency Directive, the Energy Performance of Buildings Directive and the Labelling Regulation provides a comprehensive approach to harnessing these advantages.

Source: European Parliament (2024^[4]).

Sub-dimension 12.4: Energy markets

In the area of **market operation**, Kosovo is undergoing significant changes and developments. The Market Rules for the organised electricity market through the ALPEX have been adopted and ERO has nominated ALPEX as the Nominated Electricity Market Operator (NEMO) for Kosovo. This process aligns with the Capacity Allocation and Congestion Management (CACM) Regulation, which is currently also being transposed in full as the first Network Code of the Electricity Integration package in Kosovo. This demonstrates a commitment to aligning Kosovo's energy market operations with broader regional standards and is a crucial step towards integrating Kosovo more fully into the regional and European energy markets.

Furthermore, the go-live of the branch of ALPEX in Kosovo has taken place in early 2024, which also marked the go-live of market coupling with Albania. This development positions the project as the first successful coupling initiative in the region, enhancing regional energy co-operation and market efficiency.

In terms of publication requirements, Kosovo has implemented the Transparency Regulation, aiming to ensure the openness and accessibility of market information. It is not, however, implemented fully and not all required data are regularly being published. Furthermore, the market environment faces certain challenges. ERO's licensing regime hampers mutual recognition of trade licenses which can be seen as an additional burden that significantly limits the participation of new market entrants, potentially stifling competition. Moreover, market participants from Energy Community Contracting Parties are not allowed to participate in procedures organised by companies under public service obligations in Kosovo. The continued existence of the bulk supply agreement between KESCO and KEK limits competition and liquidity of the energy market in Kosovo, as also highlighted by the EU (European Commission, 2023^[5]) and the Energy Community Secretariat (Energy Community Secretariat, 2023^[3]).

The implementation of the framework regarding **unbundling** is progressing effectively. KOSTT and KED have been unbundled and compliance officers have been established in all the necessary sectors. Despite Kosovo being at the forefront of unbundling its system operators, ERO has had to enforce compliance through financial penalties. In a decision in 2022, ERO imposed substantial fines on KESCO and KEDS. These penalties were primarily due to the companies' activities concerning the procurement of energy for covering distribution losses directly from KESCO, which raises some concerns about regulatory compliance and the effectiveness of the unbundling process.

When it comes to **third-party access rules** in the energy market, the situation presents a mix of progress and challenges. The implementation of third-party access plans is advancing positively, which is encouraging for the market's openness and competitiveness. In terms of tariff structuring, separate access and usage tariffs have been instituted for each voltage level. However, a significant hurdle remains in the form of trading license recognition. Currently, trading licenses are not mutually recognised, which can limit the scope of energy trading and market integration. The only exception to this is the mutual recognition of trading licenses with Albania and a similar set up is currently being developed with North Macedonia. Furthermore, the grid codes have successfully transposed the Connection Codes. This transposition is a crucial step in aligning Kosovo's energy sector with European standards, facilitating better integration and co-operation within the regional energy market.

As already indicated above, the go-live of market coupling between Albania and Kosovo is a significant achievement in terms of **regional market integration**. It represents a concrete step towards a more interconnected and robust energy market in the region, which is expected to benefit consumers through improved security of supply and potentially lower prices due to increased competition. Moreover, ERO has adopted the Shadow Allocation Rules for the markets of Albania and Kosovo. These rules are set to be applicable in scenarios where the day-ahead market coupling is unable to produce results. The adoption of these Shadow Allocation Rules is a prudent measure, ensuring market stability and continuity even in the face of technical challenges or unforeseen circumstances.

Furthermore, Kosovo has also signed the Memorandum of Understanding concerning market coupling with Greece, Albania, and North Macedonia. This commitment is a clear indication of Kosovo's dedication to regional energy collaboration.

As pointed out by the Energy Community Secretariat in its 2023 Implementation Report, the majority of cross-border capacities are allocated through the regional auction platform SEE CAO (Energy Community Secretariat, 2023^[3]). Allocation for the intraday timeframe occurs bilaterally between the respective system operators. Regarding the interconnection with Serbia, there is no capacity allocation and agreed common rules are absent.

Overview of implementation of Competitiveness Outlook 2021 recommendations

Kosovo has made progress in development of a legal framework for organised markets and working towards further regional integration (Table 13.2). Deficiencies remain in the area of decarbonisation. Furthermore, legislative procedures are taking a very long time. While the pending primary legal acts are aimed at transposing the Clean Energy Package, their final adoption is still outstanding and additional secondary legislation will also need to be drafted and swiftly adopted to ensure proper transposition and implementation.

Table 13.2. Kosovo's progress on past recommendations for energy policy

Competitiveness Outlook 2021 recommendations	Progress status	Level of progress
Ensure additional human resources	In the final draft law for the Energy Regulator, the provisions related to the remuneration of the ERO Board and staff are amended with the aim of establishing an independent regulator. References to the Law no. 08/I-196 on Salaries in the Public Sector and Law No. 08/I-128 on Amending and Supplementing Law no. 06/I-114 on Public Officials are not incorporated in the final draft. Despite the changes not taking place, ERO remains seriously understaffed.	Moderate
Draft and implement policies to promote competition and liquidity within energy markets	Kosovo has launched its day ahead market at the end of January 2024. There is still no progress on the promotion of competition within the wholesale segment, since the bulk agreement between KEK and KESCO is still in place. There is still no progress on the promotion of competition within the retail segment, since	Limited

	all customers connected to the low and medium voltage, are supplied by KESCO. On the high-voltage segment, the first customer is supplied from alternative suppliers.	
Improve market monitoring and transparency	The Transparency Regulation (Regulation 543/2013) is fully transposed and implemented. The data published from the regulator are not regularly updated. The regulator has published an electricity app with detailed data about the electricity sector. Capacity constraints within ERO can undermine monitoring functions.	Moderate
Design and implement a decarbonisation strategy and phase out coal	The Energy Strategy foresees at least one of the Kosovo A units to be refurbished by the end of 2024. A decision on whether to refurbish or phase out a second unit will be made in 2024 at the latest, while the third unit will be permanently closed upon completion of the refurbishment of the other units. The refurbished unit(s) is (are) then planned to be kept as a strategic reserve from 2028 onwards. As is outlined in the Energy Strategy, this would mean that these unit(s) would be available in the crucial higher demand heating season, or during extraordinary occasions such as severe energy crises KEK plans construction of a 100 MW PV plant and is considering an additional PV project, which is being studied. KEK is also planning a coal transition strategy to align with the energy strategy. Drafting and adoption of the Long-Term Decarbonisation Strategy is one of the activities set in the Economic Reform Programme 2023-25. As part of the TRATOLOW (Transition towards the low emissions and climate-resilient economy in the Western Balkans and Türkiye) project, financed by the EU and implemented by a Consortium of Umweltbundesamt GmbH and NIRAS, Kosovo is receiving some support for the drafting of the Strategy, however; the budget for this support is rather limited.	Moderate
Improve the approach to the renewable energy project assignment and support to encourage renewable growth, and improve the deployment of energy efficiency	Renewable energy generation is considered in the policy framework for diversification, including but not limited to the Energy Strategy 2022-31, ESIP 2022-25 and draft NECP. Kosovo's target is to cover at least 35% of electricity consumption by 2031, and develop new RES capacities (600 MW wind, 600 MW solar PV, 20 MW biomass & at least 100 MW of prosumer capacity), to reach a total installed RES capacity of 1600 MW by 2031. The RES law is under the finalisation process. Kosovo has already initiated the first competitive auction for 100 MW of solar power and plans to initiate its first wind auction for 150 MW of capacity. The Energy Regulatory Office has adopted the Rules on Prosumers in 2023. Overall, it is expected that the more advanced legal framework will have a positive effect on RES projects and thus energy security.	Moderate
Improve regional integration	There is a regulatory commitment for participation in market coupling with Greece, Albania and North Macedonia. Active participation in SEE CAO. Kosovo is part of the SEE Electricity Day-Ahead Market Coupling initiative. Framework Agreement on Market Coupling between Albania and Kosovo electricity markets is already in place. ALPEX went live on the Kosovo market at the end of January 2024, also marking the coupling of the day-ahead markets of Albania and Kosovo.	Moderate
Finalise the transposition and implementation of the EU's Third Energy Package	Kosovo is reviewing the most important acts of the primary legislation (law on energy, law on electricity, law on the energy regulator, law on energy efficiency and RES law) to comply with the EU's Clean Energy Package. The process for the transposition of EU Network Codes and Guidelines has started.	Moderate

The way forward for energy policy

Although Kosovo has shown improvement in various fields since the previous CO, more work is required to bridge current disparities and to better conform to the standards set by the EU and the Energy Community. The following suggestions offer a perspective on key issues which, if addressed effectively, could greatly enhance Kosovo's energy sector and its efforts to align with the relevant *acquis*.

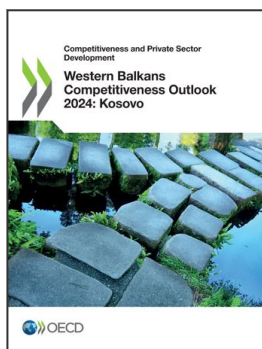
- **Increase salaries of the regulator and tackle ERO's inadequate staffing.** ERO's salary structure does not allow ERO to attract the most highly skilled professionals, which hampers adequate staffing within ERO and further aggravates already existing brain drain away from the regulator. High-quality staff is crucial for effective oversight, as ERO's staff must navigate complex

regulatory landscapes and make informed decisions. Well-compensated regulators furthermore are more likely to remain impartial and dedicated to their public service roles, fostering trust in regulatory institutions and promoting a fair, transparent, and accountable regulatory environment.

- **Adopt the outstanding primary legislation.** Several draft laws are currently pending adoption which would align Kosovo's legal framework further with the Clean Energy Package and the Electricity Integration Package, such as the Law on Energy, Law on Electricity and the Law on the Regulator. Nevertheless, full, adoption is still pending and should take place as soon as possible.
- **Initiate competitive auctions as well for RES technologies other than solar.** In order to diversify its RES portfolio, Kosovo should not only focus on solar auctions but should also initiate auctions focusing on other technologies, such as for example wind. In order to support this development the government should conduct an analysis of currently existing obstacles that hamper the uptake of wind technology, which would include assessing the financing needs, identifying wind potential and providing an overview of suitable locations.
- **Strengthen the Energy Efficiency Fund.** The Fund can play a crucial role in strengthening energy efficiency in Kosovo, but needs to receive additional support in terms of budget, legal structure and corporate governance in order to be able to implement energy efficiency projects in the residential sector in a sustainable way.
- **Strengthen work on the decarbonisation strategy until 2050.** To accommodate the related socio-economic effects, work on the decarbonisation strategy should be complemented by a just transition strategy. Such a strategy should focus on the economic, social, and environmental challenges associated with a coal phaseout to mitigate its negative impacts on workers, communities, and the environment. It can ensure fairness, equity, and resilience in the face of the envisaged transition, ultimately leading to a more sustainable and prosperous future for all.

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