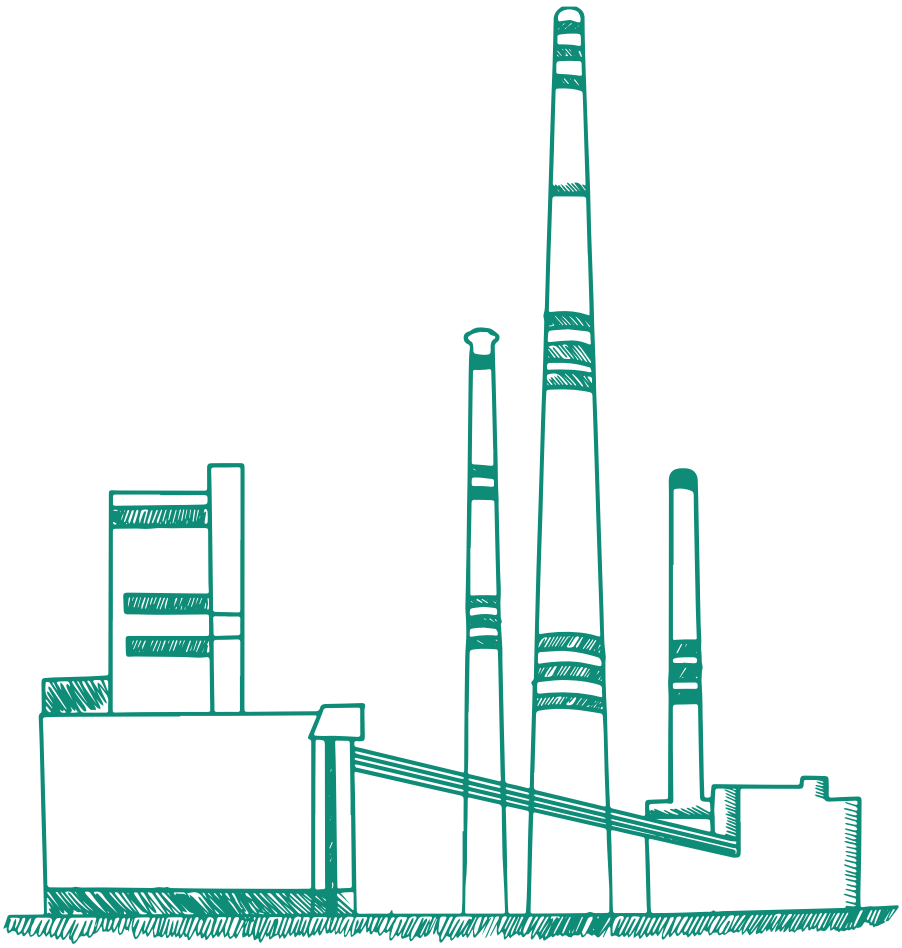
Energy Community

KOSOVO*

Annual Implementation Report



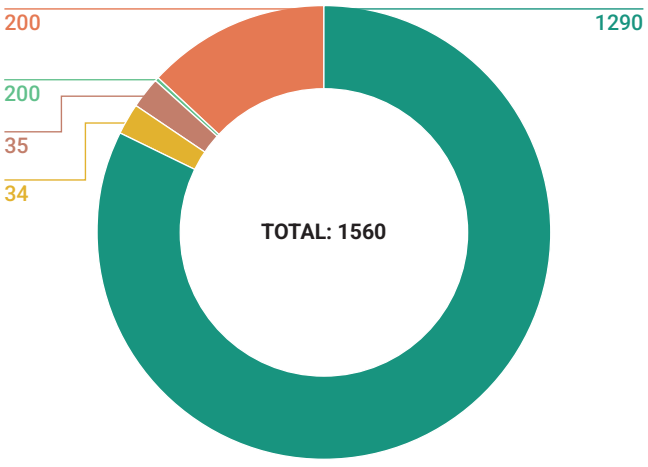
1 November 2025

Energy Community Secretariat

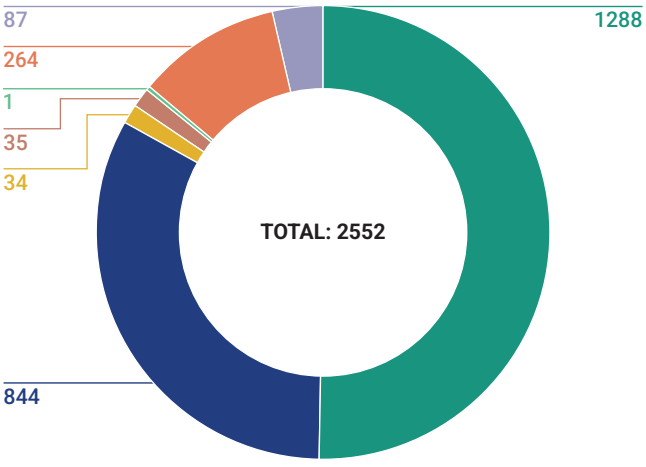
Implementation overview

CLUSTER	IMPLEMENTATION STATUS	RECOMMENDATIONS
Markets and integration	46%	Kosovo* should promptly complete EIP transposition to advance electricity market liberalisation and enable integration into day-ahead and intraday market coupling and European balancing platforms, improving system balancing and minimising unintended deviations.
Decarbonising the energy sector	46%	Kosovo* should urgently finalise its NECP and notify the Secretariat, adopt a long-term strategy with a 2050 climate-neutrality objective, adopt secondary legislation to fully transpose REDII sustainability and GHG criteria for biofuels, bioliquids and biomass fuels, adopt the new Energy Efficiency Law, related by-laws and labelling rules, finalise the building renovation strategy, and continue improving heating and cooling efficiency. It should urgently accelerate MRVA transposition and establish an adequate national institutional structure for issuing and approving GHG permits and monitoring plans.
Ensuring energy security	40%	Kosovo* should promptly transpose Regulations (EU) 2019/941 and 2017/2196, designate a competent risk-preparedness authority and develop a risk-preparedness plan.
Improving the environment	40%	Kosovo* should adopt EIA public participation provisions to ensure full transposition, urgently address the prolonged breach of the NERP ceilings without further delay and promptly harmonise its nature legislation with the new EIA and SEA legislation.
Performance of authorities	69%	Kosovo* should transpose the EIP to empower ERO with essential regulatory tasks, and align rules on anti-competitive agreements and KCA appointment with the Energy Community acquis. SAC should be urgently established to enforce State aid rules. KAS should focus on improving data gaps and monthly reporting and strengthening staff capacities.

2023 Fuel mix in primary production of energy (in ktoe)



2023 Gross available energy per product (in ktoe)



Source: Eurostat database

Solid fossil fuels · Natural gas · Oil and petroleum products · Hydro · Solar thermal · Solar photovoltaic · Primary solid biofuels · Charcoal · Wind · Pure biodiesels · Electricity · Biogases · Geothermal · Industrial waste · Non-renewable waste · Renewable municipal waste · Non-renew. mun. waste

OVERALL NUMBER OF CASES 6

Procedures under Article 91 EnCT

- ECS-8/21 **environment**
- ECS-5/22 **environment**
- ECS-11/23 **environment**
- ECS-8/24 **electricity**
- ECS-16/24 **oil**
- ECS- 26/24 **renewable energy**

Markets and integration
Kosovo*

ELECTRICITY 46%

Wholesale market 46%

The Electricity Integration Package (EIP) has not yet been transposed in Kosovo*; as a result, the current legal framework is primarily based on the Third Energy Package. Kosovo* plans to transpose the main elements of the EIP through three sets of primary legislation, namely the Energy Law, the Electricity Law and the Law on the Energy Regulator. The drafts of the Energy Law and Electricity Law were submitted to the Secretariat for comment in 2024. No new drafts were shared with the Secretariat in 2025.

Electricity trades on the wholesale market are carried out on a bilateral basis, and through day-ahead and intraday auction markets. The day-ahead market was launched in Kosovo* on 31 January 2024, marking the beginning of day-ahead market coupling with Albania, the first market coupling in the Energy Community. The complementary regional intraday auctions (CRIDAs) between Kosovo* and Albania went live in December 2024, while the launch of the intraday continuous market is still pending. The Albanian Power Exchange (ALPEX) operates both day-ahead and intraday auction markets. In 2024, total trades on the day-ahead market accounted for approximately 11,75% of final electricity consumption. Trading on the day-ahead market is possible until 12:00 day-ahead market time, while three CRIDAs are conducted with gate closure times at 15:00 and 22:00 day-ahead market time and 10:00 on the delivery day. The maximum and minimum clearing prices on the ALPEX day-ahead market and intraday auction market are aligned with the reference harmonised maximum and minimum clearing prices set by the Agency for the Cooperation of Energy Regulators (ACER) (4000 EUR/MWh and -500 EUR/MWh for day-ahead and 9999 EUR/MWh and -9999 EUR/MWh for intraday).

Electricity for universal supply is still fully provided by the incumbent producer, Kosovo Energy Corporation (KEK), based on the bulk supply agreement concluded between KEK and Kosovo Electricity Supply Company (KESCO), which is an obstacle to the development of competition and market liquidity. In addition, any surplus electricity generated by KEK is then sold to the TSO and DSO to cover network losses at prices agreed between KEK and the relevant system operator. This manner of procuring electricity for covering network losses does not meet the requirements set forth in Directive (EU) 2019/944 in terms of transparency and non-discrimination. However, since the electricity provided by KEK is not sufficient to meet the needs of the operators fully, the majority of electricity for covering network losses is eventually procured through the market.

Balancing capacity from manual frequency restoration reserve is procured through tenders, which are open to participation by service providers from Kosovo* and Albania. Currently, it is provided by the Albanian state-owned generation company, KESH. The price of balancing energy is predetermined in the contract for balancing capacity and refers to the HUPX day-ahead market price. If additional balancing energy is needed, KOSTT procures it through short-term auctions. Due to a lack of balancing service providers in Kosovo*, automatic frequency restoration reserve is provided by the Albanian TSO through a reserve-sharing agreement. The price of balancing energy from the automatic frequency restoration reserve is linked to the prices achieved on the Albanian balancing market. No prequalification process has been carried out so far; however, the rules for the prequalification of balancing service providers were approved by the Energy Regulatory Office (ERO), in 2025. Despite the introduction of certain market-based elements, procurement remains non-compliant with Regulation (EU) 2019/943 and Commission Regulation (EU) 2017/2195.

Regulation (EU) 1227/2011, as adapted and adopted by the Ministerial Council of the Energy Community, was transposed through a ERO's bylaw or regulatory authority in 2020 and has been implemented since then. A total of 27 market participants are registered in ERO's register. No investigations have been formally launched yet, but ERO is currently examining several cases of potential REMIT breaches.

Retail market 35%

In general, the Electricity Law stipulates that customers are to be supplied at market-based prices, while price regulation may be introduced for universal supply under certain conditions. Nevertheless, until recently, only customers connected at 110 kV and 220 kV were supplied through an open market. However, from June 2025, a significant step forward was made in this respect, with all non-household customers, except for small enterprises, required to enter the free market and choose one or more suppliers licensed by ERO. There are currently 27 licensed suppliers in Kosovo*. Household customers and small enterprises are still

entitled to be supplied by the universal service supplier, KESCO, at prices approved by the regulatory authority. Consequently, the current scope and conditions for introducing public interventions in price setting are still not compliant with Directive (EU) 2019/944.

To ensure continuity of supply for customers who have lost their supplier or did not conclude a supply contract, the concept of the supplier of last resort (SoLR) has been introduced. In line with the rules adopted by ERO, SoLR prices are determined based on the wholesale market price, with an added retail margin. Customers entering the free market can be supplied by the SoLR, but for a period of no longer than 60 days. KEK is currently operating as a supplier of last resort, while the tender for selection of the new supplier of last resort is opened till mid-December 2025.

Four municipalities in Northern Kosovo* have been supplied by the electricity supply company Elektrosever since the beginning of 2024.

The previously signed memorandum of understanding on the mutual recognition of licences between Kosovo* and North Macedonia is now fully operational. Several cases of mutual licence recognition have already taken place in line with this memorandum.

As Directive (EU) 2019/944 has not yet been transposed into the national legal framework, new concepts including aggregation, active customers and citizen energy communities have not yet been introduced. Provisions related to customer protection are mainly aligned with the Third Energy Package.



ENERGY POVERTY

Energy poverty is not defined in Kosovo*. While vulnerable consumers are recognised in the Law on Electricity and the Law on the Energy Regulator, there is still no standardised definition or clear identification criteria. No national target has been set for reducing energy poverty.

The Ministry of Finance, Labour and Transfers identifies vulnerable households through social assistance schemes, which also serve as the data source for providing electricity subsidies to vulnerable households during periods of crisis and high energy costs.

The national subsidy for low-income households and social assistance beneficiaries ended in 2023. The Ministry of Finance, Labour and Transfers, in cooperation with the Ministry of Economy, the Energy Regulatory Office and KEDS, is responsible for developing an annual programme to support vulnerable consumers. Currently, support is available for low-income families, including discounted electricity bills and firewood assistance during the winter season. Since 2022, several public calls for the "Support of Household Consumers to Invest in Efficient Heating Equipment" have offered higher subsidies to citizens receiving social assistance. These initiatives represent a long-term energy poverty alleviation measure. Vulnerable consumers are protected by various legal measures, including safeguards against disconnection and access to facilitated payment options. In addition, ERO prohibits disconnection of social assistance beneficiaries without prior notice or provision of an offer of deferred payment. Since June 2025, the Green and Just Transition for Kosovo project, implemented by the Kosovo* Energy Efficiency Fund with EU and Government support, has implemented energy efficiency measures for 70 vulnerable families. By 2027, the project aims to include up to 200 homes from the social assistance list.

The Kosovo* Agency of Statistics collects relevant data on energy poverty, which are not published on the Eurostat website. The most recent data available in the database of the Energy Poverty Advisory Hub date back to 2018 and indicate that 40,2% of households were unable to keep their homes adequately warm, 49,4% had arrears on utility bills and 21,4% lived in dwellings with leaks, dampness or rot.

Unbundling

81%

KOSTT, the TSO, was certified by ERO in 2019, confirming compliance with the criteria for ownership unbundling. Commission Regulation (EU) 2017/1485 has not yet been transposed in Kosovo*. KOSTT is still not a member of ENTSO-E; however, its Connection Agreement with the Continental Europe TSOs was extended in 2024 for a further two years, with penalties introduced for unintended deviations. These deviations persisted in the following period, escalating further in February 2025 and surpassing the threshold limits. In 2025, ERO approved the KOSTT's latest Ten-Year Network Development Plan (TYNDP), covering the period from 2025 to 2034. The plan, including the decision, is published on the websites of ERO and KOSTT.

KEDS, the DSO, is legally and functionally unbundled from generation and supply activities, with a compliance programme in place. The compliance officer, appointed in 2020, regularly assesses the compliance of the DSO in its reports; the latest report, for 2024, was published on KEDS's website. The TYNDP for the period 2025–2034 has been approved by ERO and published on ERO's website.

Access to the system

81%

Third-party access to the transmission and distribution systems is based on published network tariffs approved by the regulatory authority and applied in an objective and non-discriminatory manner, as prescribed by the Law on Electricity, which is compliant with Directive (EU) 2019/944. ERO approved the latest transmission and distribution tariffs in April 2025. To take into account the specific nature of producers, prosumers and energy storage, ERO approved rules defining the principles of determining distribution tariffs and connection charges in 2024. However, the tariff methodology is still to be amended in line with these principles and in order to reflect all the requirements set out in Directive (EU) 2019/944 and Regulation (EU) 2019/943.

The connection codes have been transposed and implemented through the grid codes.

Regulation (EU) 543/2013 has been transposed through the Rules on the Publication of Electricity Market Data, approved by ERO and partially implemented. KOSTT mainly publishes information on generation, consumption and transmission on the ENTSO-E Transparency Platform; however, data on balancing and day-ahead prices are not published on this platform.



Regional integration

17%

Integration into the single European market can only advance following transposition of the EIP. The requirements introduced by Regulation (EU) 2019/943, aimed at facilitating cross-border trades–primarily the minimum 70% target–still need to be implemented.

Although Commission Regulation (EU) 2016/1719 has not yet been transposed in Kosovo*, some elements have already been implemented due to application of the Harmonised Allocation Rules (with the specific annex) for long-term capacity allocation on all bidding zone borders except the bidding zone border with Serbia. Long-term capacity allocation is performed by the Coordinated Auction Office in South East Europe (SEE CAO). Cross-zonal capacity on the interconnection with Serbia is not yet available for commercial exchanges.

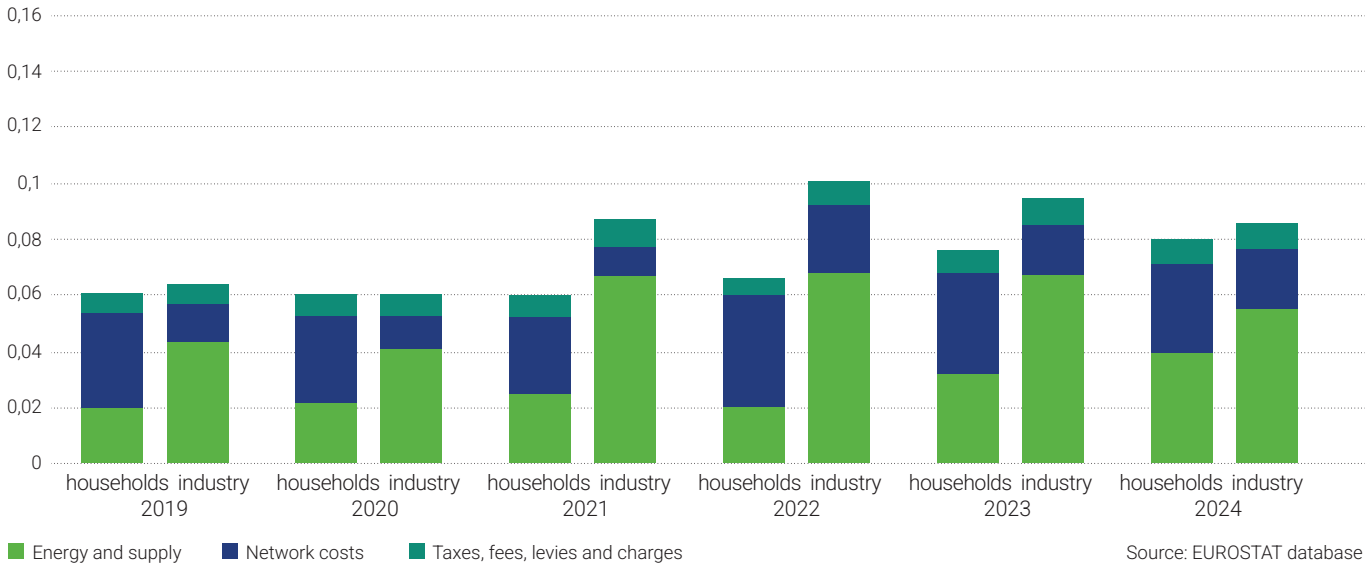
SEE CAO also conducts explicit day-ahead capacity allocation on bidding zone borders with Montenegro and North Macedonia, while the cross-zonal capacity on the border with Albania is allocated implicitly due to market coupling. Intraday capacity allocation is continuous on the bidding zone border with Montenegro and North Macedonia, based on the first-come-first-served principle. Since the go-live of CRIDAs, intraday cross-zonal capacity has been implicitly allocated on the border with Albania, while the remaining capacity is explicitly allocated after CRIDAs.

Commission Regulation (EU) 2015/1222, as adapted and adopted by the Ministerial Council, has still not been incorporated into the national legal framework of Kosovo*. However, due to the early transposition and implementation of certain parts of this Regulation, ALPEX was designated as the nominated electricity market operator (NEMO) by ERO in 2023; however, compliant designation is pending completion of the transposition and subsequent verification. ALPEX and KOSTT, together with the NEMOs and TSOs of Greece, North Macedonia and Albania, have established cooperation aimed at implementing market coupling, under the South-East Europe Market Coupling (SEE MC) initiative. Recently, ALPEX and KOSTT became project parties in the Italian Border Working Table (IBWT); accordingly the formal establishment of the local implementation project is expected under the IBWT framework. Regarding the setup of the TSOs' cooperation within capacity calculation regions (CCRs), no activities were undertaken during the reporting period for operationalisation of the Shadow South-East Europe CCR. The proposal for the reconfiguration of this region has been submitted to ACER for approval as part of the All TSOs' proposal for amendment of the CCR determination.

An obligation to participate in the European balancing platforms has not yet been introduced for KOSTT, as Commission Regulation (EU) 2017/2195 has not been transposed. However, under the AK control block, KOSTT is already implementing the reserve sharing and balancing energy exchange processes with the Albanian TSO.

The timeline for transposing the revised TEN-E Regulation (EU) 2022/869 in Kosovo* remains undetermined. The deadline of 31 December 2024, established by Ministerial Council Decision 2023/02/MC-EnC concerning the adoption of the revised TEN-E Regulation within the Energy Community, was not met. Kosovo* is currently involved in one Project of Energy Community Interest (PECI) in the electricity sector: reconfiguration of the 400 kV grid and construction of the new 400 kV Albania–Kosovo* interconnection. This project is receiving financial support from the WBIF for the preparation of a prefeasibility study and a preliminary environmental and social scoping assessment.

Average annual prices of electricity for end users per component [EUR/kWh]



Source: EUROSTAT database

GAS

n.a.

Wholesale market

n.a.

Kosovo* does not have a gas market, although a basic regulatory framework is in place.

Retail market

n.a.

Kosovo* has transposed basic elements for customer protection.

Unbundling

n.a.

If Kosovo* establishes access to the European gas networks, any future transmission system operator must apply the ownership unbundling model.

Access to the system

n.a.

The rudimentary gas acquis requirements for unhindered access have been transposed through the Law on Natural Gas.

Regional integration

n.a.

The timeline for transposing the revised Regulation (EU) 2022/869 remains unknown. Kosovo* is the only Energy Community Contracting Party that fully transposed and implemented the old Regulation (EU) 347/2013.

Decarbonising the energy sector
Kosovo*

ENERGY AND CLIMATE GOVERNANCE

30%

National Energy and Climate Plan (NECP) and Integrated Progress Report (IPR)

27%

Kosovo* failed to notify the Secretariat of its final National Energy and Climate Plan (NECP), despite its obligation under Article 3 of Governance Regulation.

Within the framework of biennial integrated progress reports, the authorities of Kosovo* submitted information for 10 of the 17 reporting streams in 2025.

2030 Greenhouse Gas Reduction Target

0%

Kosovo* has not defined the 2030 climate target (8,95 $MtCO_2eq$) in its national legislation and its NECP remains to be finalised. The 2030 climate target should also be reflected in all key national planning documents such as long-term strategies.

2030 GHG Target*
-16,3%

National Systems for Greenhouse Gas Emissions and Climate Reporting

66%

The legal basis for a national greenhouse gas (GHG) inventory system is provided in the Law on Climate Change. However, by-laws related to national GHG inventories still need to be transposed.

Kosovo* has a partially transposed legal framework for a national system for policies and measures in the Law on Climate Change, and still requires by-laws for full transposition.

Climate reporting obligations have been transposed into legislation, and Kosovo* has nominated lead reporters for reporting under the Governance Regulation, but it has not submitted reports via Reportnet on any of the dataflows. Since 2025, a new requirement to submit national GHG emission projections has been in place, and this obligation still remains unfulfilled. Further progress in implementation of climate reporting obligations is still required.

Long-term Strategy (LTS) and Climate Neutrality

25%

The legal basis for a long-term strategy has been established through the Law on Climate Change. However, Kosovo* has not yet adopted a long-term strategy that sets out a 2050 climate neutrality objective. It remains unclear if and how this objective will be achieved. The long-term strategy should include the elements set out in the adapted Governance Regulation and represents an opportunity to align with the Energy Community's 2050 climate-neutrality objective.

*All targets presented in this Decarbonisation chapter are aligned with the Ministerial Council Decision 2022/02/MC-EnC of the Energy Community

RENEWABLE ENERGY IMPLEMENTATION 58%

2030 Renewable energy targets 0%

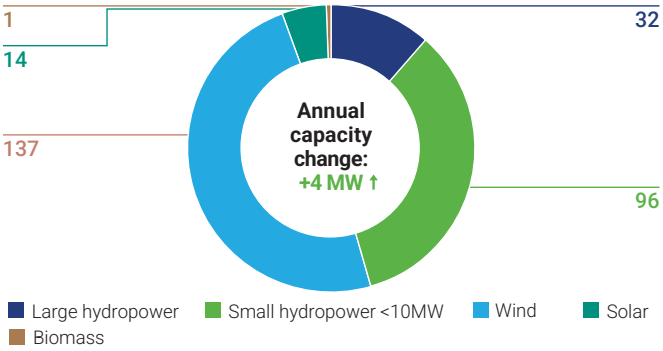
The overall and sectoral targets have not been established in the relevant laws and the final NECP has not been notified. The draft NECP sets a 2030 renewable energy target of 32% of gross final consumption, in line with the 2030 target set by the Energy Community. The sectoral targets are 45% for electricity, 3,6% for transport and 49,6% for heating and cooling. The transport target falls short of the 7% minimum under the Renewable Energy Directive (REDII) and the heating and cooling target does not comply with Article 23 of REDII.

2030 RES Target
32,0%

Quality of support scheme 90%

In April 2024, Kosovo* adopted its first standalone Renewable Energy Law, establishing the foundation for a market-based support scheme in line with REDII requirements. At the same time, Kosovo* completed its first solar PV auction and launched its first wind auction. However, none of the cooperation mechanisms (statistical transfer, joint projects and joint support schemes) have been implemented.

Total Capacities of Renewable Energy 2024 (MW)



Total capacities of renewable energy (MW): 281

Source: Ministry of Economy

Self-consumption and energy communities 75%

Self-consumption operates effectively in Kosovo* through a net billing scheme. The adoption of the Renewable Energy Law enabled establishment of renewable energy communities in accordance with requirements under REDII. The next step is to adopt the necessary secondary legislation and establish the first renewable energy communities.

Guarantees of origin 70%

Within the framework of the regional project implemented by the Energy Community Secretariat, an electronic registry for guarantees of origin (GOs) was established for Kosovo* and became operational under the regulator in July 2024. The next critical milestone for achieving a fully operational GO system includes the adoption of disclosure rules and calculation of the residual energy mix. The Renewable Energy Law incorporated the necessary legal provisions for issuing GOs for all types of energy carriers, including renewable gas, as well as heating and cooling.

Sustainability criteria for biofuels, bioliquids and biomass fuels 40%

The Renewable Energy Law introduces sustainability and GHG emission savings criteria for biofuels, bioliquids and biomass fuels, and sets out rules for their verification. However, the secondary legislation to be adopted by the competent ministries responsible for energy, environment and the fuel sector is still pending. Its adoption is essential to bring Kosovo*'s legal framework into compliance with REDII and to enable full implementation of the sustainability criteria provisions.

Renewable energy in heating and cooling

83%

Kosovo* has a well-established legal framework for the integration of renewable energy in the heating and cooling sector through the Renewable Energy Law. While infrastructure projects are being implemented to integrate renewable energy into district heating, there has been no comparable progress for individual heating technologies. Continued reliance on electricity-based heating, largely supplied from lignite, hinders decarbonisation of the sector while also placing additional pressure on the grid.

It remains necessary, therefore, to implement dedicated measures for the roll-out of efficient renewable-based individual heating solutions, particularly heat pumps.

ENERGY EFFICIENCY IMPLEMENTATION

64%

2030 Energy efficiency targets and policy measures

38%

The targets have not been established in the relevant laws and the final NECP has not been notified. The 2030 energy efficiency targets outlined in the draft NECP are aligned with the 2030 targets established by the Energy Community. This alignment also applies to specific targets related to the implementation of Articles 5 and 7 of 2012 Energy Efficiency Directive (EED).

While Kosovo* has achieved important progress in financing and implementation of energy efficiency projects in the residential and service sectors, the legislative reforms are lagging behind. The drafted amendments to the Energy Efficiency Law and implementing legislation need to be adopted to transpose and implement the 2018 EED under the Clean Energy Package.

2030 EE PEC Target
2,70 Mtoe

2030 EE FEC Target
1,80 Mtoe

Energy efficiency in buildings

89%

In 2023, the buildings sector remained the largest contributor to final energy consumption in Kosovo*, accounting for 47%, with households alone representing 35%.

In May 2024, amendments to the Law on the Energy Performance of Buildings were adopted, transposing Directive (EU) 2018/844 under the Clean Energy Package. The Government is currently updating relevant by-laws and finalising the energy performance calculation software to support implementation.

The national registry for energy efficiency in buildings has recently undergone initial testing through the issuance of pilot energy performance certificates.

The implementing regulation and the long-term building renovation strategy remain to be adopted.

Energy efficiency scheme and financing

73%

The 2018 Law on Energy Efficiency established national obligations and targets, but full implementation remains pending. Amendments to align the law with the updated 2018 EED–reflecting more ambitious targets and addressing key implementation challenges–have yet to be adopted.

In 2025, the Kosovo Energy Efficiency Fund (KEEF), with continued support from the EU and international partners, remained central to advancing energy efficiency financing across both residential and public sectors. Notable progress was achieved through targeted subsidies for individual households.

A second public call for residential buildings, launched in August 2024, resulted in over 1570 signed agreements and more than EUR 5,7 million disbursed by September 2025. Investments in public sector buildings also progressed, with KEEF further supporting municipalities by signing additional Energy Service Agreements.

In January 2025, Kosovo* secured a EBRD loan to strengthen KEEF's capacity to implement energy efficiency measures in public buildings at both local and central government levels. This project includes a feasibility study for 400 buildings across all municipalities in Kosovo*.

In cooperation with the United Nations Development Programme (UNDP), KEEF also developed a new financing mechanism aimed at supporting energy-poor households, helping to reduce energy poverty through tailored efficiency interventions.

Although regulations on energy-efficient public procurement, energy service companies (ESCOs) and energy performance and supply contracts are in place, they need to be updated to reflect the revised EED and forthcoming amendments to national law.

Energy efficiency products - labeling

53%

No progress was recorded in this area. Kosovo* has yet to adopt and implement the revised Framework Labelling Directive and its delegated regulations, including the rescaled energy labels, as required under the Ministerial Council Decision of December 2022.

Efficiency in heating and cooling

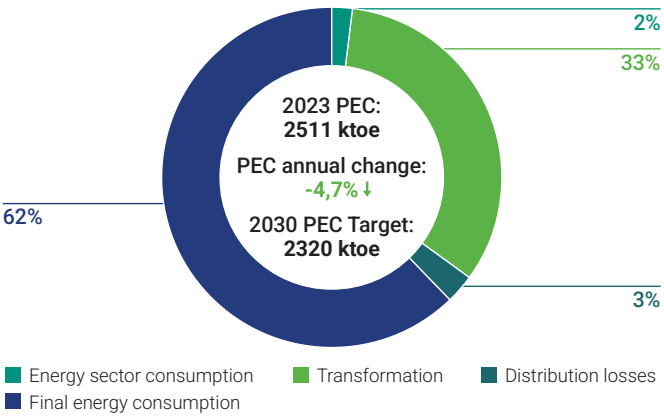
70%

Kosovo* has made no further progress in implementing measures to enhance efficiency in the heating and cooling sector. While legislation enabling consumption-based billing is in place and Termokos in Pristina has applied it to around 17.000 of its 25.000 consumers, in Gjakova the system has not yet been rolled out in practice, despite preparations undertaken through awareness campaigns and the issuance of test invoices over the past year. The feasibility study for district heating development in eight cities, finalised in 2024 and prepared with regard to Article 14 requirements, provides an important basis for implementing new infrastructure projects.

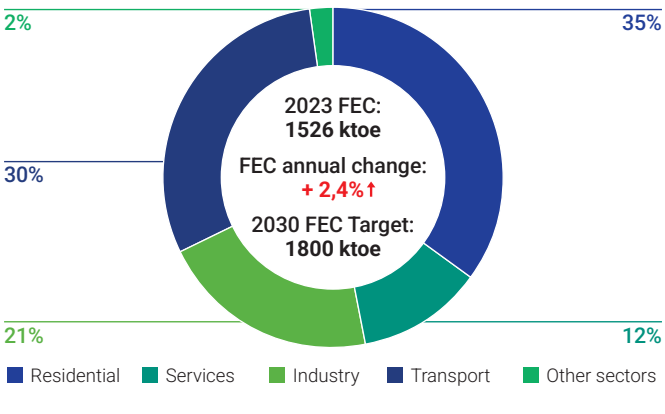
It remains crucial that the Government acts on the positive outcomes of this analysis and moves forward with the implementation of projects to support the expansion of efficient district heating infrastructure.

2023 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity, 2023 value and trends: 0,37 ktoe/mil EUR, - 7,9% ↓

Source: Eurostat database, draft NECP and 2022 Ministerial Council Decision

EMISSION TRADING SCHEME
(MONITORING, REPORTING, VERIFICATION AND ACCREDITATION)

6%

Foundations, institutions, permits

17%

Kosovo* transposed some of the basic definitions from the EU Emissions Trading System Directive and the list of GHG as part of the Law on Climate Change, adopted in 2024. Other elements, including the concept of a GHG permit, corrective actions in the event of non-compliance and the list of activities covered by the monitoring and reporting requirements, were not transposed.

The first draft of the climate law update, containing the basic principles and structures of the monitoring, reporting, verification and accreditation (MRVA) system, has been prepared, as has a draft regulation containing a list of activities covered by the new obligations; however, these have not yet been adopted.

The implementation of the monitoring, reporting, verification, and accreditation system will require the creation of appropriate national institutional structures, the development of adequate expert resources within them, the establishment of procedures and electronic templates and identification of all entities subject to new GHG monitoring and reporting obligations.

Monitoring and reporting

0%

Kosovo* has not transposed the Monitoring and Reporting Regulation into national law. As a result, processes related to monitoring and reporting of GHG emissions at the level of entities have not been implemented. The implementation of the monitoring and reporting mechanism, in addition to the transposition of the necessary legislation, will require the creation of the necessary processes, e.g., setting the deadline for submitting applications for GHG permits, forms and templates related to the emission monitoring plan, and the creation of appropriate measures to ensure the fulfillment of obligations by the regulated entities.

Verification and accreditation

0%

Kosovo* has not transposed the Accreditation and Verification Regulation into national law and has not appointed any institution as national accreditation body for GHG accreditation purposes. Internal discussions with the Kosovo Accreditation Directorate have been initiated to define the institutional setup for future GHG accreditation, in line with EU best practices. Full implementation will require building up the necessary human resources at the National Accreditation Body, creating the necessary internal procedures and processes for accreditation, and developing the necessary national electronic forms, such as the annual emissions report and verification report.

Ensuring energy security
Kosovo*

ELECTRICITY SECURITY OF SUPPLY

60%

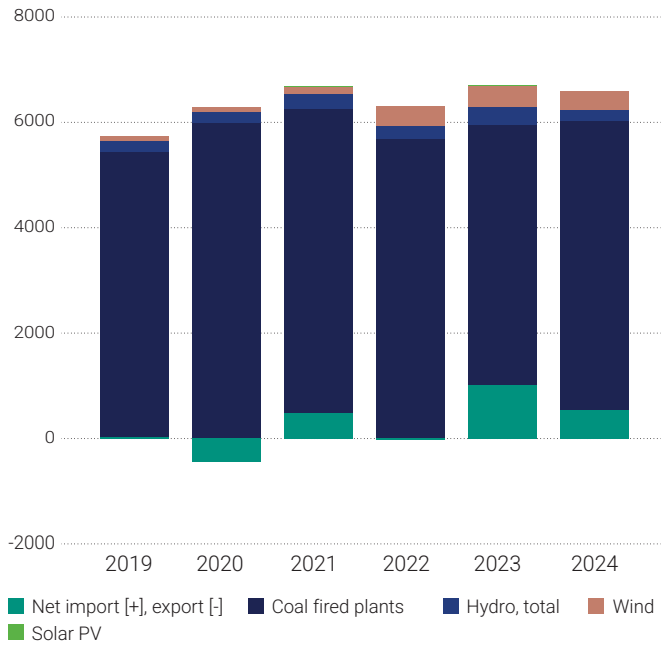
Regulation (EU) 2019/941 has not yet been transposed. The draft Law on Energy and the draft Law on Electricity, reviewed by the Secretariat in October 2024, are intended to transpose Regulation (EU) 2019/941 and designate the State Emergency Committee as the competent authority for risk preparedness in the electricity sector. However, no further progress has been reported on the adoption of these laws.

The transposition of Regulation (EU) 2017/2196 also remains pending.

The most recent Security of Supply Statement, covering the period 2021–2022, was published in March 2024, but has not been submitted to the Secretariat.

Kosovo* adopted the Law on Cybersecurity in February 2023, which is partially aligned with the Directive on Security of Network and Information Systems (NIS2). This law establishes basic principles, roles and responsibilities for public bodies, promotes inter-institutional cooperation and foresees the creation of a cybersecurity agency within the Ministry of Internal Affairs. Kosovo* has defined the National Cyber Security Strategy 2023–2027 and continues to improve its cybersecurity capacities. A national Computer Emergency Response Team (CERT) for energy is planned, based on the Energy Strategy, the Digital Agenda for Kosovo and the Cybersecurity Strategy.

Fuel mix and primary supply of electricity (in GWh)



Source: Ministry of Economy, compiled by the Energy Community Secretariat

GAS SECURITY OF SUPPLY

n.a.

Kosovo* is exempted from application of the Gas Security of Supply and Storage Regulations under a derogation. Security of supply rules are in place.

OIL SECURITY OF SUPPLY

0%

In Kosovo*, the draft Law on Compulsory Oil Stockholding, initially expected to be adopted in 2024 or before the general elections in February 2025, is still pending. Currently, no procedures exist to release emergency oil stocks, and no data have been submitted for MOS Oil or the monthly COIR questionnaire.

No progress was made during this reporting period, leaving Kosovo* non-compliant with the oil acquis. In 2024, the Secretariat issued a Reasoned Request to the Ministerial Council regarding the country's failure to transpose the Oil Stocks Directive.

Improving the environment
Kosovo*

Environmental assessments

37%

Kosovo* has yet to achieve full compliance with the Environmental Impact Assessment (EIA) Directive, as the adoption of the Administrative Instruction, intended to enhance access to environmental information and strengthen public participation, remains delayed, creating significant gaps in implementation and enforcement. Authorities continue to struggle with fulfilment of obligations under the EIA Directive. The partial transposition into secondary legislation of requirements for expert review of EIA reports, together with persistent institutional weaknesses, continue to hinder the timely and effective assessment of EIA submissions, raising serious concerns regarding compliance, transparency and the overall effectiveness of environmental governance. During the reporting period, all 400 MW photovoltaic power plant projects in Kosovo* underwent an EIA. However, two HPP projects, Bistrica River and Lepencë River, were not subjected to an EIA. Challenges and disputes related to approved hydropower developments that bypassed a proper EIA process remain unresolved, including in areas such as Deçan and Shtërpcë/Strpče. Kosovo* reported that the EIA process, along with related assessments such as biodiversity/appropriate assessment and water impact assessment, is coordinated by the Ministry of Environment, Spatial Planning and Infrastructure. While Kosovo* indicated that the EIA is integrated into the development consent procedure, in practice it remains fragmented, limiting effective coordination and the proper incorporation of reasoned conclusions and environmental conditions into final decisions. In Kosovo*, no exemptions under Article 2(4) or Article 2(5) of EIA Directive were granted during the reporting period. In addition, as no procedures for Projects of Energy Community Interest were implemented, no information was required under Article 4 of Decision 2016/12/MC-EnC.

PERMIT STATUS:

Streamlined assesments initiated

The development of secondary legislation required to ensure the full and effective implementation of the consultation process in the Strategic Environmental Assessment (SEA) remains incomplete. The SEA procedure for the draft National Energy and Climate Plan (NECP) was initiated late and lacked a structured consultation framework. While the Secretariat has supported national authorities in launching transboundary consultations on the draft NECP, the continued absence of an adopted plan and SEA has exacerbated delays and undermines the effectiveness and compliance of the overall SEA process.

Large combustion plants

37%

Kosovo* complied with its emissions reporting obligations for the 2024 reporting year. Absolute emissions of all three pollutants increased in the reporting year, meaning that compliance with the NERP ceilings remains unattainable. The temporary compliance with the ceilings for sulphur dioxide recorded in the 2023 reporting year could not be repeated. The significant breaches of the ceilings for nitrogen oxides and dust remain unaddressed; in particular, for dust, the level is non-compliance is at record high due to the decreasing ceiling. Consequently, the related decision by the Ministerial Council remains unaddressed. Despite the existing refurbishment plans of the thermal power plants, compliance in the near future remains unrealistic.

Installations under the Large Combustion Plants Directive

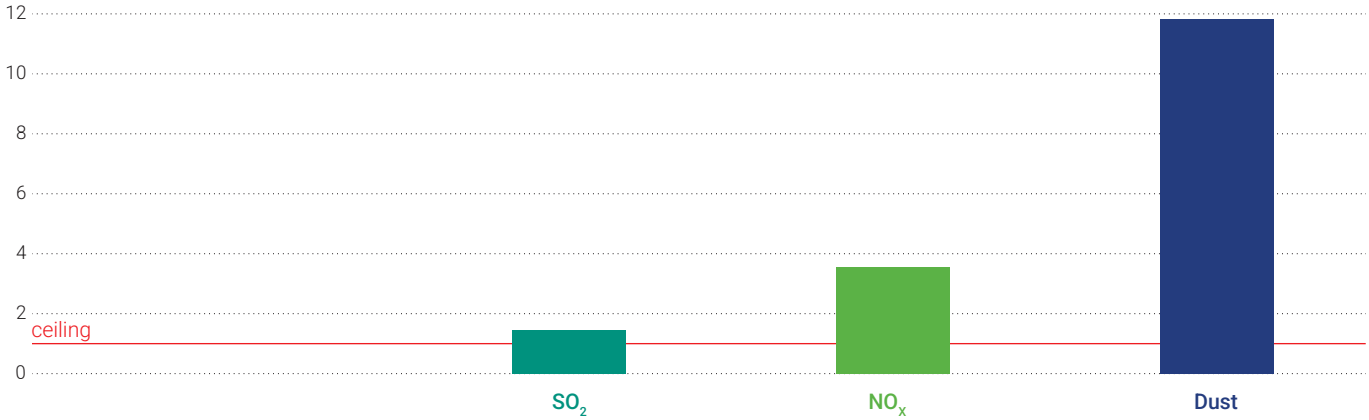
5 of plants falling under the LCPD

0 of which opted out plants

5 of which plants falling under the NERP

Source: compiled by the Energy Community Secretariat

2024 emissions versus NERP ceilings



	SO_2	NO_x	Dust
2024 emissions by all plants under the LCPD	11.712	16.852	5.605
Annual change	+11,6% ↑	+13,5% ↑	+18,2% ↑
2024 emissions by plants under the NERP	11.712	16.852	5.605
Annual change	+11,6% ↑	+13,5% ↑	+18,2% ↑

Source: compiled by the Energy Community Secretariat

Sulphur in fuels

92%

No changes were made to the transposing legislation in the last reporting year. Quality control of the fuels falling under the scope of the Sulphur in Fuels Directive, as well as their sampling and analysis, is carried out by the customs authorities at border crossing points. However, no information on the nature and frequency of sampling was provided. The Directive's provisions on marine fuels do not apply to Kosovo*.

Nature protection

27%

The new Law on Nature Protection is being drafted by a working group supported by EU4GREEN project experts, who are incorporating feedback from public consultations and ensuring alignment with the EU acquis and relevant Kosovo* legislation. However, no clear timeline for adoption has been established due to ongoing political crises. Under the current Law No. 03/L-233 on Nature Protection, procedures for appropriate assessment are only partially aligned with the Wild Birds Directive and the Habitats Directive. In practice, these assessments are carried out through the EIA process, rather than following the specific mechanisms set out under the appropriate assessment framework. Kosovo* continues to lack a comprehensive inventory of wetlands, which is a prerequisite for establishing legal protection for Ramsar sites. In addition, no progress has been made in developing a management plan for the artificial special protection area for birds, referred to as "Henc". The management of monuments of nature also remains a challenge due to insufficient financial resources.

Environmental liability

0%

Kosovo* has not yet transposed the Environmental Liability Directive and no changes were reported during the reporting periods. The Ministerial Council established this breach at its 2023 meeting, but the issue remains unaddressed.

Performance of authorities
Kosovo*

REGULATORY AUTHORITY 81%

Legal setup and independence

The designation and independence of Kosovo*'s Energy Regulatory Office (ERO) are governed by sectoral laws and the Law on the Energy Regulator, adopted in 2016. ERO is established as an independent agency, legally and functionally separate from any other public or private entity. It operates independently within its statutory tasks and competencies. ERO submits its annual report to the Assembly, but no approval is required. The current legal setup underpinning ERO's independence is largely in line with the Energy Community acquis.

The ERO board consists of five members, including chairman, appointed by the Assembly. Clear, published and objective criteria for appointment of board members are set out in the legislation. The member serves a five-year term, renewable once. The end date of the term of office of the board members cannot be same for all members. Early dismissal is narrowly circumscribed by law, with the Assembly empowered to make a decision upon proposal by the Government. During the reporting period, the board functioned with its full composition of five members.

ERO is empowered to make independent decisions; these take effect immediately and cannot be overruled by any administrative or political body. Following ERO's decision on retail market liberalisation in early 2025, ERO faced multiple attempts to overturn it via courts of various instances. During the reporting period, around 170 court cases were filed; all were rejected, with the court upholding ERO's decision as fully lawful, with some cases remaining under consideration by the Constitutional Court.

ERO is financially independent, with its budget funded primarily through regulatory fees. However, in practice, ERO's full autonomy in budget utilisation is limited. ERO's accounts are held in the Treasury and the Ministry of Finance plays a significant role in approval of ERO's budget, which is provided in the form of a Government grant. The Ministry of Finance may require audits of ERO's accounts and financial activities. Annual fees are set to ensure ERO's financial self-sustainability and are capped at 2% of the gross turnover of liable energy enterprises.

ERO has the authority to impose penalties under the Law on the Energy Regulator and the secondary legislation on fines and sanctions, including under REMIT. Penalties may include written warnings or financial fines for violations. For energy enterprises, fines may reach up to 10% of the previous fiscal year's revenues, while for individuals, penalties may be up to 300% of the monthly salary. In cases of repeated violations, fines may be tripled. All revenues from fines are transferred to the state budget.

ERO's staff structure, functions and competences are defined by internal regulations adopted by its board in accordance with the Law on the Energy Regulator. The board is responsible for organising recruitment procedures, approving remuneration policies, setting salaries and supervising the work of staff. In practice, however, the application of the Law on Public Sector limits ERO's autonomy in setting salary levels for its employees, resulting in remuneration that is generally lower than industry standards. No staffing changes are currently planned to address new regulatory tasks arising from transposition of the Electricity Integration Package (EIP).

ERO regulates electricity, natural gas and thermal energy. ERO also has authority over generation of renewable energy sources (RES), in particular guarantees of origin (GO), authorisations for construction of new generation capacities and self-consumption facilities. In November 2024 Association of Issuing Bodies granted the Electricity Scheme Observership to ERO as the designated issuing body for GOs in Kosovo*.

The Energy Community's EIP has not yet been transposed in Kosovo*. Accordingly, ERO is not yet fully empowered to perform all regulatory tasks under EIP provisions.

Activities in the electricity sector

During the reporting period, ERO advanced retail market liberalisation, effective from 1 June 2025, by requiring customers not eligible for universal supply services to procure electricity competitively, fulfilling long-standing legal obligations under the Energy Community acquis. Regarding market design and RES development, ERO approved the maximum fixed price for wind auctions, set maximum and minimum clearing prices and bidding orders for day-ahead and intraday markets, issued reserve procedures for Albania–Kosovo* day-ahead and intraday market coupling, and adopted a methodology for distributing congestion revenues between Albania and Kosovo*.

Regarding tariffs and methodologies, ERO amended the Rule on Principles for Determining Tariffs for Use and Connection to the Distribution System, approved the methodology for the designated electricity market operator, set regulatory parameters for the universal service supplier, approved ALPEX tariffs and endorsed reports on maximum allowed revenue and tariffs for

the TSO, DSO and universal service supplier. In system planning and security of supply, it approved the TSO's and DSO's ten-year and five-year development plans and conducted the tender for the supplier of last resort, designating KEK for a period of six months. To foster competition and flexibility, the regulator approved the market rules procedure for pre-qualification of balancing service providers and issued new licences for electricity supply and trading.

Finally, to support deployment of renewables, ERO granted multiple authorisations for new solar generation and approved around 400 prosumer self-consumption solar requests totalling 11,3 MW, of which 100 applications for 4,7 MW followed retail market liberalisation in the last three months. One REMIT case is under investigation by ERO, marking the first investigatory process under REMIT.

COMPETITION AUTHORITY

48%

Legislative framework

Kosovo*'s Law on Protection of Competition contains a prohibition of anti-competitive agreements and concerted practices as well as a prohibition of abuse of dominance, largely in line with the Energy Community acquis. However, the prohibition of anti-competitive agreements is limited to agreements aimed at preventing, restricting or distorting competition, while Article 18 of the Treaty also prohibits any agreements which have such effect. This discrepancy severely narrows the scope of the prohibition. Secondary legislation remains fragmented. Hence, the law needs to be amended in order to align with Energy Community law.

Institutional framework

The Law on Protection of Competition establishes the Competition Authority of Kosovo* (KCA) as an independent authority responsible for the protection of competition. The KCA consists of five commissioners, supported by 28 staff members. KCA has not been fully operational, as two positions were vacant and appointments were severely delayed; in addition, one commissioner has been affected by a conflict of interest, preventing consideration of some cases filed by KEK (the largest electricity producer in Kosovo*) due to a lack of quorum. In order to ensure the proper functioning of KCA, timely and competitive selection and appointment procedures must be implemented.

KCA has the investigative powers to conduct unannounced inspections at companies and private premises, as well as to issue requests for information and conduct interviews to gather evidence; furthermore, a leniency programme to report illegal behaviour is in place. Moreover, it has the power to order cessation of illegal practices and to impose remedies (including interim measures and commitments) and fines.

Implementation

While KCA holds all necessary powers, it does not fully use them, as indicated by the activities below during the reporting period:

Activity in the reporting period	In the energy sector
On-site inspections (at companies or private premises)	0
Requests for information	1
Leniency applications	0
Opening of investigation	0
Decisions on anti-competitive agreements and concerted practices	0
Decisions on abuse of dominance	1
Sector inquiries and market studies	0

KCA's single decision in the energy sector during the reporting period concerned an exclusionary abuse of dominance by Hydro-Economic Enterprise "Ibër Lepenc" SH.A. The undertaking was found to have imposed unfavourable conditions (auction criteria: high turnover thresholds, technical requirements, balancing responsibility) on other undertakings in the relevant market, while favouring one particular undertaking, thereby precluding other undertakings from entering the market. KCA imposed an administrative fine in the amount of approximately EUR 40.000.

STATE AID AUTHORITY

35%

Legislative framework

Kosovo*'s system for State aid control is governed by the Law on State Aid, which establishes a general prohibition of State aid and sets out grounds for compatibility, largely in line with the Energy Community acquis. Additionally, an extensive list of secondary acts is in place, providing guidance on specific processes and types of aid. Amendments to the law are prepared for further alignment of the provisions with EU rules.

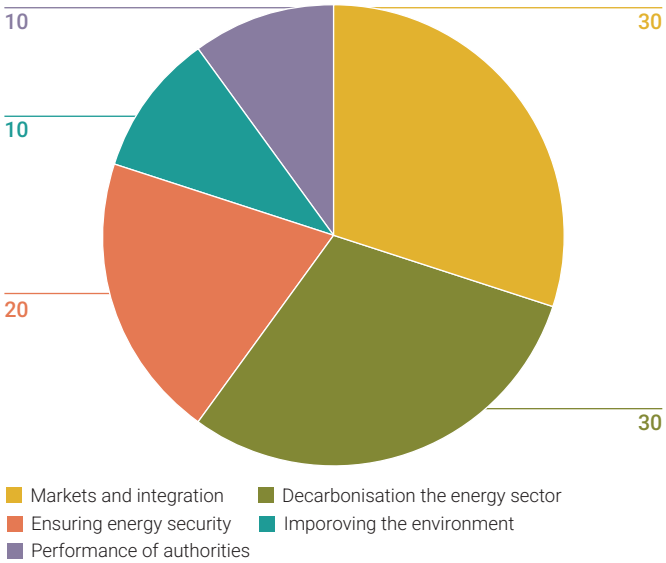
Methodology

Background

For its assessment underpinning the findings of this report, the Secretariat used specific indicators for the assessment of implementation, and a methodology to calculate the summary indicators and the overall implementation score.

The implementation indicator tables are based on a methodology quantifying the Contracting Parties' success in transposing and implementing the acquis and having in place effective institutions. It is based on standardised assumptions and evaluations, cases under the Energy Community's dispute settlement mechanism, country missions, review of legislation, market analysis, expert interviews and desk research. The quantification of all figures used to measure implementation was performed by experts of the Energy Community Secretariat.

The final dataset entailed more than 2.000 individual values that were used to produce 40 key implementation indicators across the areas of work assessed by this Implementation report. To underscores the Energy Community's dedication to advancing towards a cleaner and more integrated energy market, the Report groups the 40 indicators in five clusters.



In 2025 the weighting of the five clusters remains unchanged, allowing for clearer identification of improvements and trends over time.

Implementation assessment

The implementation assessment is based on a system of performance indicators aggregated at several levels.

A total of **40 implementation indicators** agregated per each Contracting Party across the areas of work: electricity, gas, oil, governance and climate, renewable energy, energy efficiency, emission trading scheme, environment, climate, including national regulatory, competition, State aid and statistics authorities. Aggregation is based on the weighting explained in the table below, and results presented for each Contracting Party (chapters 6-14);

Five cluster implementation indicators aggregating the values at cluster level: Markets and integration (10 indicators), Decarbonising the energy sector (18 indicators), Ensuring energy security (3 indicators), Improving the environment (5 indicators), Performance of authorities (4 indicators).

Summary indicators – the overall implementation score for each Contracting Party and overall (average) implementation score for the Energy Community calculated based on the weighting explained in the table below, and presented on page 8.

All of the values are normalised to percentages between 0% and 100%, where 100% implies full implementation.

For the Contracting Parties where certain indicators are not applicable (for example due to the lack of a gas market in Kosovo* and Montenegro), these indicators were not taken into account in the overall score, but the remaining indicators were increased in weight, where justifiable.

To sharpen the reporting and evaluation focus, one decarbonisation indicator (governance and climate) was removed from the 2025 assessment.

DISCLAIMER

The present assessment is not designed to be a comprehensive study of the legislative and institutional framework or law-enforcement in the Contracting Parties, but rather serve as a succint overview. In no way it should be relied upon for the purposes of adoption of any investment/business decisions or policy-making.

Implementation indicator structure and weighting

Indicator name	Indicator weight
Overall Implementation Indicator	**1,00**
1 Markets and integration	**0,30**
1.1 Electricity	**0,50**
Wholesale market	0,20
Retail market	0,20
Unbundling	0,10
Access to the system	0,20
Regional integration	0,30
1.2 Gas	**0,50**
Wholesale market	0,20
Retail market	0,20
Unbundling	0,25
Access to the system	0,25
Regional integration	0,10
2 Ensuring energy security	**0,20**
Electricity	0,04
Gas	0,04
Oil	0,02
3 Decarbonising the energy sector	**0,30**
3.1 Governance and climate	**0,30**
National Energy and Climate Plans (NECPs)	0,25
Greenhouse gas 2030 target	0,25
National systems for climate reporting	0,25
Long-term strategy and climate neutrality	0,25
3.2 Renewable Energy	**0,30**
2030 renewable energy targets	0,20
Quality of support schemes	0,20
Self-consumption and energy communities	0,15
Guarantees of origin	0,15
Sustainability criteria for biofuels, bioliquids and biomass fuels	0,15
Renewable energy in the heating and cooling sector	0,15
3.3 Energy Efficiency	**0,30**
2030 energy efficiency targets and policy measures	0,20
Energy efficiency in buildings	0,20
Energy efficiency scheme and financing	0,20
Energy efficient products - labelling	0,20
Efficiency in heating and cooling	0,20
3.4 Emission Trading Scheme (Monitoring, Reporting, Verification and Accreditation)	**0,10**
Foundations, institutions, permits	0,33
Monitoring and reporting	0,33
Verification and accreditation	0,33
4 Improving the environment	**0,10**
Environmental impact assessment (EIA) and strategic environmental assessment (SEA)	0,30
Sulphur in fuels	0,15
Large combustions plants and industrial emissions*	0,30
Nature protection	0,15
Environmental liability	0,10
5 Performance of authorities	**0,10**
Regulatory authority	0,60
Competition authority	0,10
State aid authority	0,10

* in the case of Albania, the "Large combustions plants and industrial emissions" indicator is omitted from the final result as the Contracting Party does not have any plants in operation