Piloting Subsidies for Residential Energy Efficiency in Kosovo

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BACKGROUND

Millennium Foundation Kosovo is the implementing entity of the Threshold Program agreed between the Government of the Republic of Kosovo and the Millennium Challenge Corporation.

Kosovo Threshold Program addresses two key constraints to Kosovo’s economic growth: an unreliable supply of electricity; and real and perceived weakness in the rule of law, government accountability, and transparency

• Reliable Energy Landscape Project
  - Pilot Incentives on Energy Efficiency
  - District Heating Metering
  - Independent Power Producer Finance facilitation

• Transparent and Accountable Governance Project
PILOT SUBSIDIES ON ENERGY EFFICIENCY

Household Efficiency Retrofits
1200 houses and apartments – several modalities tested; Different subsidy levels for different income groups

Apartment Building Efficiency Retrofits
26 Multi-Apartment Buildings; 6 selected municipalities

Women in Energy Economic Empowerment
USD 3.5 million > 400 Women owned businesses supported, 28 energy scholarships, 200 energy internships

Budget
USD 20.7 million
Pre-implementation phase:

- Baseline Studies, Market Study, Design Frameworks, Operation Manuals and Plans
- Beneficiary Identification/Selection for HH retrofits (1\textsuperscript{st} round)
- Preparation of Tender documents for contractors, preparing training materials for construction companies
- Signing MoUs and Co-funding Agreements with Municipalities
PILOT SUBSIDIES ON ENERGY EFFICIENCY

Baseline Studies

Electricity Consumption in Kosovo:

Households 57.17% — 80% of which is used for space and water heating

Implementation of EE measures will:
- increase property value by 30%
- save energy 40% - 60%

Out of 2000 surveyed HHs:
- 50% are predominately not able/willing to invest in EE measures
- 33% are willing to invest at least 1,000 EUR, while 19% haven’t considered investing
HOUSEHOLD EFFICIENCY RETROFITS

HER Objectives:

- Reduce household electricity consumption for heating
- Ensure participation and support special target groups
- Determining combinations of intervention elements that are most cost effective for motivating investments in energy efficiency
- Lessons learned to be transferred to GoK for further extension and upscaling
HOUSEHOLD EFFICIENCY RETROFITS

Energy Efficiency Measures

- Improving thermal insulation in walls and roof/floor
- Energy-efficient windows
- Weather sealing
- Heating systems (Biomass, Heat Pumps, Solar Collectors)
HOUSEHOLD EFFICIENCY RETROFITS

1st iteration (500 pre-selected households)
- started: mid April 2021
- 6 procured Qualified Installers
- out of 441 offers: more than 1/3 were accepted
- 14 Co-founding agreements signed with Municipalities for Social Assistance Scheme Beneficiaries

2nd iteration (1000 pre-selected households)
- started: August 2021
- 250 signed grant agreements; 60 completed houses – ongoing retrofit works
- currently 52 Qualified Installers, will increase up to 80

3rd iteration (500 selected households)
- possible call for application expected in mid January 2022
- start of retrofit works: mid March
HOUSEHOLD EFFICIENCY RETROFITS

Grant levels per Category

1st iteration
- Social Assistance Scheme Beneficiaries and Pensioners: 80% Grant
- Female-headed HH, Minorities HH (RAE), People with Disabilities HH: 60% Grant
- All other HHs: 50% Grant

2nd iteration
- Social Assistance Scheme Beneficiaries: 90% Grant
- Pensioners who choose Complex Heating Systems: 70% Grant
- Female-headed HH, Minorities HH (RAE), People with Disabilities HH: 60% Grant
- All other HHs: 50% Grant

Note for both: Grant level will be increased by 10% if HH takes combined EE measures (improving envelope of the building + heating system)
APARTMENT BUILDING EFFICIENCY RETROFITS

AER Objectives:

- Reduce household electricity consumption for heating
- Increase the awareness on EE measures in the multi-apartment buildings for common investments through creation of home-owners associations
- Increase the competitiveness of the Kosovan energy service market
- Supporting the EE benchmarks and incentive programs for further development in Multi-Apartment Building (MAB)
APARTMENT EFFICIENCY RETROFFITS

Energy Efficiency Measures

- Improving thermal insulation of common areas in walls, roofs and floor
- Energy-efficient windows/doors
- Weather sealing
APARTMENT BUILDING EFFICIENCY RETROFITS

Approach:

26 Multi – Apartment Buildings in 6 selected Municipalities:
- Prishtina (5 MABs), South Mitrovica (5 MABs), Gjakova (5 MABs), Lipjan (8 MABs), Viti (3 MABs), Novo Brdo (1)

Co-funding for each Multi-Apartment Building is divided as follows:
- MFK: 60% - 70% of the total investment cost
- Municipalities: 30%
- Apartment Owners: 10%

Apartment owners are represented by Home-Owners’ Association or Residents’ Council which were created through our project and in cooperation with WB’s KEEREP project.
APARTMENT BUILDING EFFICIENCY RETROFITS

Selection of MABs has been done through multiple criteria analysis:

- Age of the building (built before 1999)
- Gender and Social Inclusion Component
- Electricity consumption for MABs
- Energy Saving Potential
- Municipalities and Residents willingness to co-fund
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- **Procurement**
- **Works**
- **Other**
Key findings/Results

- HER

385 Approved Grant Applications

1st iteration:
- Average grant per HH in HER project: **9,200 USD**
- Average grant for pensioners HH **16,500 USD**
- 55% of pensioner HH have selected heat pumps
- 28% of selected beneficiaries have refused the grant because of the expensive prices

2nd iteration:
- Average grant per HH in HER project: **13,430 USD**
- Average grant for pensioners HH: **14,200 USD**

- MFK committed USD **4.4 million** through Grant Approval Application

- AER

5 contracts signed with construction companies

9 multi-apartment building to be completed in December 2021

17 multi-apartment buildings will start the renovation works in March 2022

- MFK committed USD **1.58 million** through Signed Contracts
THANK YOU!