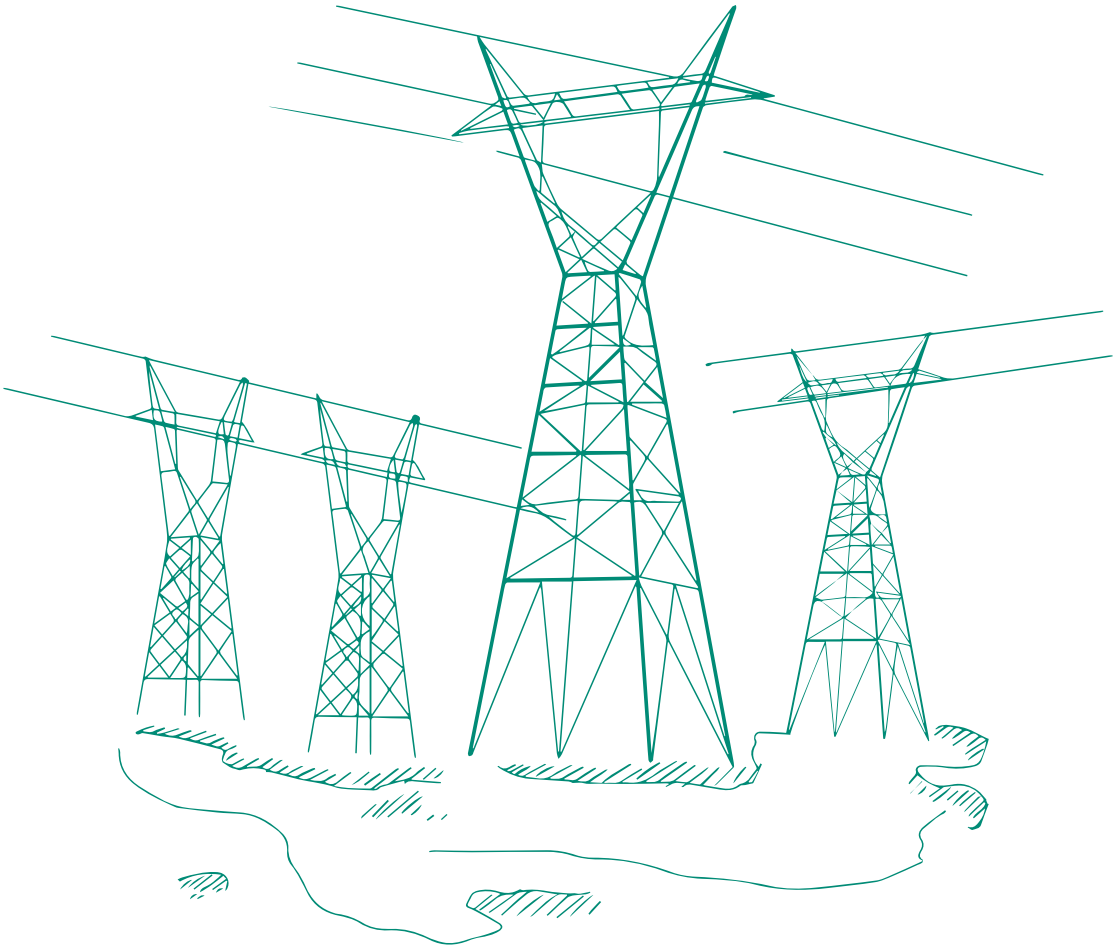
ALBANIA

Annual Implementation Report



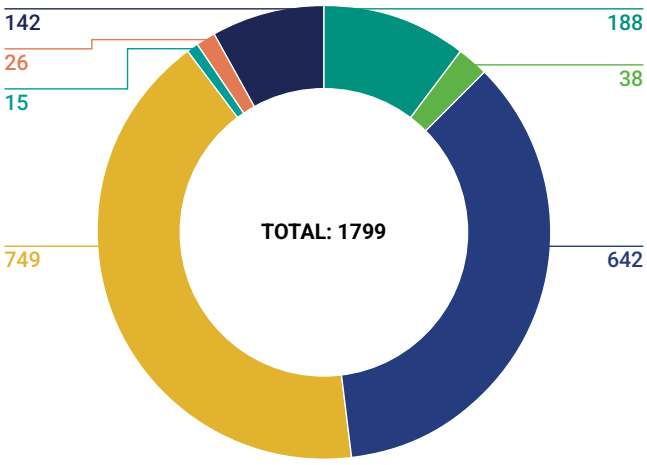
1 November 2025

Energy Community Secretariat

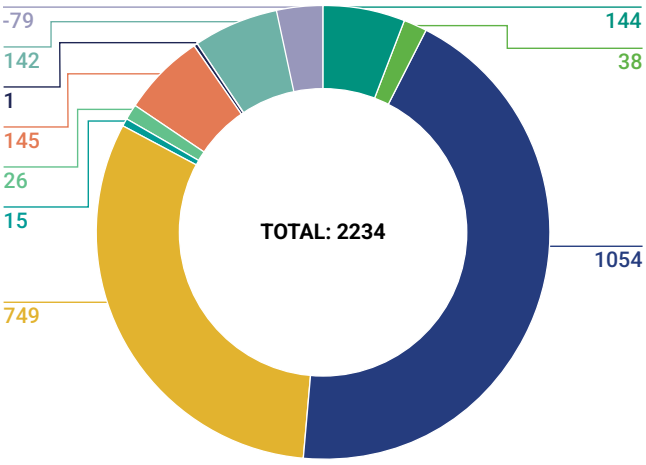
Implementation overview

CLUSTER	IMPLEMENTATION STATUS	RECOMMENDATIONS
Markets and integration	41%	Albania should swiftly incorporate the Electricity Integration Package (EIP) into the national legal framework to enable market coupling and participation in European balancing platforms. It should also prioritise full liberalisation of the wholesale and retail electricity market in line with the EIP.
Decarbonising the energy sector	60%	Albania should adopt a long-term strategy with a 2050 climate-neutrality objective, complete MRVA transposition and implementation, urgently transpose REDII sustainability and GHG criteria for biofuels, bioliquids and biomass fuels, establish a legal framework for renewables in heating and cooling, intensify efforts to implement the energy efficiency obligation scheme, finalise labelling regulations and complete the efficient heating and cooling potential assessment.
Ensuring energy security	40%	Albania should promptly transpose Regulations (EU) 2019/941 and 2017/2196, designate a competent risk-preparedness authority and develop a risk-preparedness plan. It should regularly submit Security of Supply Statements to the Secretariat.
Improving the environment	46%	Albania should urgently amend its EIA legislation to establish a clear requirement to incorporate a reasoned conclusion, measures and monitoring protocols into development consent. It should also overcome challenges in the effective implementation of SEA.
Performance of authorities	74%	Albania should complete transposition of the EIP and Article 18 of the Treaty and strengthen the independence and capacities of all authorities. Further, it should grant ERE regulatory mandates for market integration. ACA and SAC should pursue active enforcement in energy and AKBN should enhance services, COIR and transport statistics.

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 3

Procedures under Article 91 EnCT

ECS-3/19 **environment**

ECS-5/24 **electricity**

ECS-23/24 **renewable energy**

Markets and integration
Albania

ELECTRICITY 44%

Wholesale market 45%

The incorporation of the Electricity Integration Package (EIP) into the national legal framework remains pending; nonetheless, certain progress was made during the reporting period. The draft Law on the Amendments of the Power Sector Law, aimed at transposing several acts of the EIP, was subject to public consultation in 2025, as well as consultation with the Secretariat, which provided its comments in July 2025. A new draft law is still awaited.

In the meantime, the Regulation on Capacity Allocation and Congestion Management, aimed at transposing Commission Regulation (EU) 2015/1222, was approved by the Albanian Energy Regulatory Authority (ERE) in April 2025, on the proposal of the transmission system operator (TSO). Additionally, procedures for approving three regulations aimed at transposing Commission Regulations (EU) 2016/1719, (EU) 2017/2195 and 2017/1485 have been formally initiated by ERE.

The day-ahead market, operational since April 2023, has been coupled with the day-ahead market in Kosovo* from January 2024, marking the first market coupling in the Energy Community. Following the successful market coupling of day-ahead markets, the complementary regional intraday auctions (CRIDAs) went live between Albania and Kosovo* in December 2024. The launch of the continuous intraday market is still pending.

Both the day-ahead market and CRIDAs are operated by the Albanian Power Exchange (ALPEX). ALPEX has 26 market participants registered in the day-ahead market in Albania, of which 16 participate in the intraday auction market. In 2024, the electricity traded on the day-ahead market in Albania corresponded to approximately 12% of final electricity consumption. The gate opening time of the day-ahead market is three days prior to the delivery day, while the gate closure time is at 12:00 day-ahead market time. Regarding CRIDAs, three auctions 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 are 4000 EUR/MWh and -500 EUR/MWh, while the maximum and minimum clearing prices on the intraday auction market are 9999 EUR/MWh and -9999 EUR/MWh. These values are fully aligned with the reference harmonised maximum and minimum clearing prices set by the Agency for the Cooperation of Energy Regulators (ACER).

Although the day-ahead market and intraday auction market have been launched, the wholesale market in Albania remains highly regulated. The public service obligation (PSO) remains in place for the state-owned generation company, KESH, to provide electricity for universal service supply to FSHU, at a price determined by the Ministry of Infrastructure and Energy as a shareholder. Although the PSO was established as a temporary measure during the electricity crisis, it remains in force, threatening to impede the efficient development of competition and liquidity of the wholesale electricity market. For last-resort supply, KESH and FSHU have also concluded a contract of difference at the price determined by the ministry and are obliged to bid on the ALPEX day-ahead market.

The Power Sector Law prescribes that the TSO and the distribution system operator (DSO) should procure electricity for covering network losses based on the principles of transparency, non-discrimination, competitiveness and minimisation of costs. The transmission system operator, OST, purchases electricity for covering network losses on the ALPEX day-ahead market. In contrast, OSSH, the DSO, procures electricity for covering network losses through a bilateral contract with FTL, a free-market supplier. Under the public service obligation, FTL purchases electricity from privileged renewable energy source (RES) producers and sells it further, at the same price, to OSSH. When the production of privileged producers exceeds the immediate need, the surplus is transferred to KESH and later used to offset distribution losses. If these sources are still insufficient to fully cover losses, the remaining volume is procured on the market. Overall, this manner of procuring electricity for covering distribution losses does not meet the requirements prescribed by Directive (EU) 2019/944.

Balancing services are procured in a market-based manner, on a balancing market operated by OST. Balancing service providers are required to pass a prequalification process to be eligible to participate in the balancing market. Activation of balancing energy bids is based on the merit order list. Three balancing service providers are currently registered on the balancing market. Although Regulation (EU) 2019/943 and Commission Regulation (EU) 2017/2195 have not yet been transposed into the national legal framework, some elements have already been put in place, while others are yet to be introduced and harmonised (such as the contracting period for balancing capacity and procurement of balancing energy through European balancing platforms). Re-

garding imbalance settlement, the Balancing Market Rules are based on the 15-minute imbalance settlement period; however, their introduction has been postponed several times. Most recently, ERE adopted a decision postponing the implementation of a 15-minute imbalance settlement period until the end of 2025.

Regulation (EU) 1227/2011, as adapted and adopted by the Ministerial Council of the Energy Community, was transposed into the national legal system in 2021 through ERE's decision on approval of the Regulation on the Integrity and Transparency of the Wholesale Energy Market, and has been implemented since then. A total of 84 market participants are registered in the ERE-operated register. No investigation cases have been initiated by ERE to date.

Retail market

35%

Although the Public Sector Law establishes that customers are supplied at prices set in the free market as a general rule, the retail prices for certain categories of customers remain regulated. Following the retail market opening for 110 kV, 35 kV and 20 kV customers, from the beginning of 2025, 10 kV customers are also supplied at unregulated prices, with the exception of water service companies. According to the action plan for deregulation of retail prices, 6 kV customers will enter the free market from January 2026. However, customers connected to a low-voltage network are envisaged to remain under the regulated regime. FSHU is appointed to provide universal supply service to low-voltage customers under the public service obligation and at the prices set by the regulatory authority, ERE. Despite progress, the currently introduced price interventions in retail price setting do not comply with the criteria and scope set forth in Directive (EU) 2019/944.

Currently, there are 40 licensed suppliers in Albania. To ensure continuity of supply to customers of insolvent suppliers or customers unable to find a supplier in the market, the concept of a supplier of last resort (SoLR) is established in Albania, with FSHU acting in this capacity. Customers can be supplied by the supplier of last resort for no more than 60 days; however, an exemption is introduced for customers entering the free market for the first time. Under this exemption, 6 kV customers are currently supplied by the SoLR at regulated prices set by ERE.

The novelties introduced by Directive (EU) 2019/944–including active customers, aggregation, energy storage and citizen energy communities–have not yet been incorporated into national legislation. While a certain level of customer protection is already ensured through the existing Power Sector Law, the respective provisions of the Directive should be transposed and subsequently implemented.

ENERGY POVERTY

In 2025, Albania introduced a legal definition of energy-poor households into the Law on the Energy Performance of Buildings. The term "vulnerable customer" is also nationally defined. Currently, there is no national target to reduce the number of energy-poor households.

The Ministry of Health and Social Protection maintains a registry of energy customers in need who receive financial support from the state budget, around 213.000 households are eligible, with at least 11.200 active beneficiaries. Energy-vulnerable customers are supported through subsidies for electricity bills. Monthly compensation is provided for electricity price increases for below-average consumption (up to 300 kWh/month), with a total state budget of approximately EUR 14,22 million per year. Vulnerable customers are protected from disconnection, and in 2025, ERE approved new rules to protect vulnerable electricity consumers from supply interruptions. Since 2022, Albania has implemented a long-term energy poverty programme subsidising up to 70% of the cost of solar thermal collectors for 2000 low-to-middle-income households, with a second window in 2025 for another 2000 families. Albania's National Energy and Climate Plan (NECP) includes a policy and measures on energy poverty, and an Action Plan on Energy Poverty is planned for approval by third quarter 2026. The Long-Term Renovation Strategy, approved in March 2025, commits to prioritising deep renovations for vulnerable consumers.

Albania's statistics authority publishes annual data on indicators relevant to energy poverty. In 2023, 34,8% of households reported being in arrears on utility bills or unable to keep their home adequately warm, down from 37,0% in 2022. The at-risk-of-poverty rate stood at 19,7% in 2023.

Unbundling

80%

OST, the national TSO, was certified under ownership unbundling by ERE in 2017. OST is a member of the European Network of Transmission System Operators for Electricity (ENTSO-E) and a signatory of the Synchronous Area Framework Agreement for the Regional Group Continental Europe. Although Commission Regulation (EU) 2017/1485 has not yet been incorporated into the national legal framework, OST implements certain provisions of this Regulation as a member of ENTSO-E. OST also acts as a monitor of the AK load-frequency control block, which consists of control areas of Albania and Kosovo*. OST's latest

Ten-Year Network Development Plan (TYNDP) covering the period from 2015 to 2025 has been published on the OST website. However, TYNDPs are not prepared regularly by OST.

OSSH, the DSO, is legally and functionally unbundled from generation and supply activities. The compliance officer, appointed in 2023, submits compliance reports regularly to ERE for approval in line with the compliance programme of 2020. ERE approved the compliance report for 2024; however, ERE highlighted the importance of strengthening monitoring mechanisms for critical processes and detailed reporting on self-producers. The distribution grid code approved in 2008 is still in force.

Access to the system

73%

Third-party access to transmission and distribution systems is ensured in a non-discriminatory and transparent manner, based on tariffs approved and published by ERE. Transmission tariffs for 2025 were approved by ERE's decision from 2024, while the application of the distribution tariffs determined in 2022 was extended for 2025, pending OSSH's submission of a request for tariff determination in line with the legislation in force. Tariff methodologies are to be amended to reflect the requirements of Directive (EU) 2019/944 and Regulation (EU) 2019/943 (primarily concerning tariffs for energy storage and active customers).

The connection codes have been transposed, but their implementation still needs to be completed. The transmission grid code was updated in 2022, and the ongoing amendments to the distribution grid code aim to implement the connection codes.

Regulation (EU) 543/2013 has been transposed through the Rules for the Publication of Basic Data on the Electricity Market and partially implemented in Albania. Certain sets of data are still not published on the ENTSO-E Transparency Platform (such as actual generation per production type and day-ahead prices).

Regional integration

19%

Progress towards integration into the single European market is dependent on the full transposition of the EIP. Albania has not yet transposed Regulation (EU) 2019/943 into the national legal framework. Consequently, the requirement to offer at least 70% of available capacity for cross-zonal trade (70% target) is still not in place.

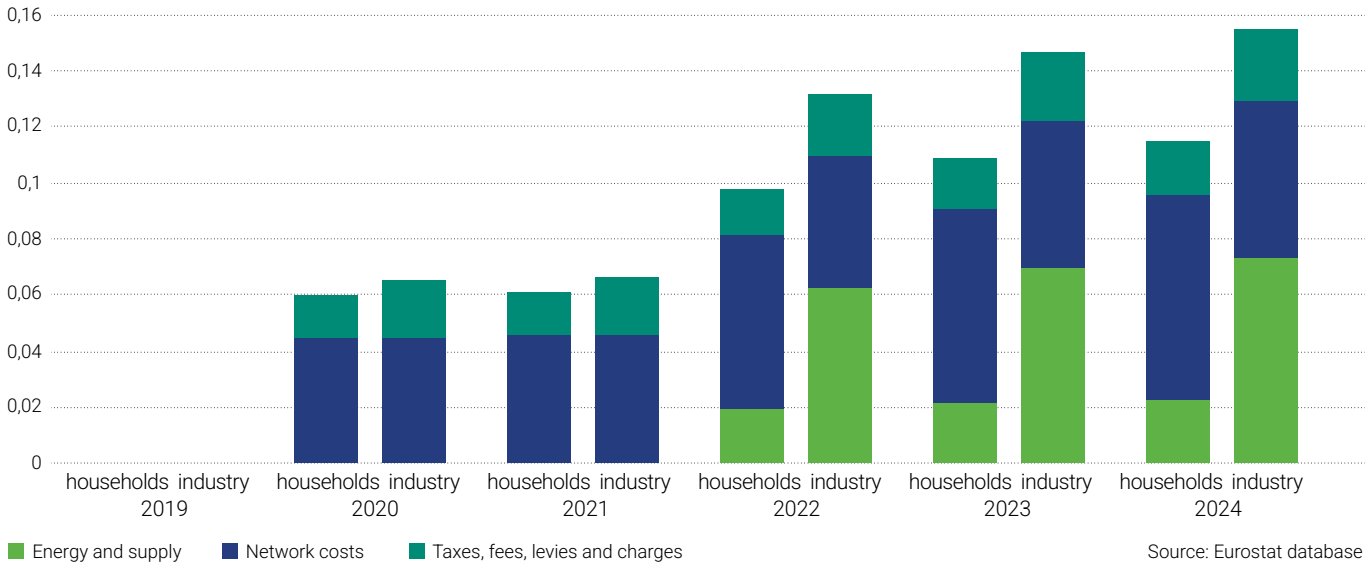
Commission Regulation (EU) 2016/1719 has still not been fully incorporated into Albania's legal system, but is implemented to a certain extent. Albania uses the services of the Coordinated Auction Office in South East Europe (SEE CAO) for forward capacity allocation of the cross-zonal capacity on all its borders, based on Harmonised Allocation Rules with the specific annex.

Day-ahead explicit auctions are also organised by SEE CAO on all borders except for the border with Kosovo*, where implicit auctions are in place due to market coupling. Intraday capacity allocation is continuous based on the first-come-first-served principle on the border with Montenegro, while implicit CRIDAs are organised for the border with Kosovo*. After CRIDAs, the remaining cross-zonal capacity on the border with Kosovo* is allocated explicitly.

ALPEX was designated as the nominated electricity market operator (NEMO) in July 2023, under the legislative framework preceding the adoption of the EIP. Consequently, compliance of the designation will need to be confirmed after transposition of this package and subsequent verification. Under the so-called South-East Europe market coupling (SEE MC) initiative, ALPEX and OST have begun cooperating with NEMOs and TSOs from Greece, North Macedonia and Kosovo* to implement market coupling. The involved parties decided to establish a local implementation project under the Italian Borders Working Table (IBWT) framework. ALPEX and OST have recently become project parties in the IBWT, following the signing of the Third Amendment to the IBWT Operational Agreement. On the other hand, no activities for operationalisation of the Shadow South-East Europe Capacity Calculation Region (CCR) were undertaken during the reporting period. 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.

Commission Regulation (EU) 2017/2195 has not yet been transposed. In line with the Power Sector Law, the TSO is required to exchange or share balancing services with TSOs of neighbouring countries in accordance with the operational agreements. So far, cross-border balancing cooperation is limited to the sharing of frequency restoration reserves within the AK load-frequency control block.

Albania has not yet transposed the revised TEN-E Regulation (EU) 2022/869 into its national legislation and has not communicated any timeline or plans for its transposition to the Secretariat. The implementation of the 2018 Project of Energy Community Interest (PECI), the Elbasan–Bitola 400 kV transmission line, remains pending, with significant delays observed. Currently, two PECIs are under development in Albania: 1) Closing the 400 kV Albanian internal ring; and 2) Reconfiguration of the 400 kV grid and construction of a new 400 kV Albania–Kosovo* interconnection. Both projects receive financial support from the Western Balkans Investment Framework (WBIF) for the preparation of feasibility and pre-feasibility studies, as well as environmental and social scoping assessments.



Source: Eurostat database

GAS

38%

Wholesale market

23%

Albania lacks a national natural gas market, but ERE has transposed the REMIT Regulation, including all required acts except for the market rules.

The Fier–Vlora pipeline and the Fier South Exit Point project are in the planning phase, including feasibility studies and an environmental and social impact assessment. The Trans Adriatic Pipeline (TAP AG) is responsible for designing and building the Fier exit point, including a pressure reduction station and metering equipment. A key agreement was signed in 2021 between TAP AG, the Ministry of Infrastructure and Energy and Albgaz. Construction is planned to begin in May 2026, with completion scheduled for October 2027, enabling gas transmission from the TAP pipeline to Albania's domestic network.

The Korça gasification project, led by Azerbaijan's state-owned Socar, aims to expand gas distribution in Albania beyond the main transmission lines. A memorandum of understanding was signed in November 2024 between Socar, Albgaz and Albania's Ministry of Energy to explore cooperation on this initiative. Albgaz is to construct, own and operate the exit point and transmission pipeline linking TAP to Socar's distribution network. A non-binding capacity allocation has been nominated in the TAP market test, and Albgaz has completed a technical feasibility study. Key agreements—including a tie-in agreement, term sheet and host government agreement—are under negotiation, with a final investment decision pending their conclusion.

Retail market

25%

Although there is no national gas market, secondary legislation regulating customer supply has been adopted.

Unbundling

60%

TAP is certified and unbundled by the exemption decision under the independent transmission operator model. Albgaz, the national TSO, is conditionally certified under the ownership unbundling model. Albgaz has not yet submitted documentation to ERE demonstrating compliance with amendments to Article 11 and Article 46(10) of Law on the Natural Gas Sector. This includes evidence of transferring certain competencies to the Ministry of Finance. ERE has granted extensions for Albgaz to meet outstanding conditions every year, thereby postponing resolution of the issue. The most recent extension, approved by Decision No. 272 on 10 December 2024, sets the new deadline for submission as 31 December 2025.

State ownership-related competences in Albgaz—including exercising shareholder rights, approving corporate acts and supervising financial performance—are being transferred to the Ministry of Finance, while sectoral policy and regulatory functions remain under the ministry responsible for energy and ERE. Currently operating as the sole licensed combined operator under the Ministry of Infrastructure and Energy, Albgaz remains closely engaged with ongoing developments in the energy sector.

Access to the system

50%

TAP and Albgaz transpose gas network codes separately for their respective networks. In practice, Albgaz's sole gas-related activity involves assisting in TAP maintenance through a separate contract. The tariffs established for Albgaz services are not in accordance with the tariff network code. TAP implements third-party access in accordance with the exemption conditions. The framework for potential future LNG and storage system operators is in place.

Regional integration

6%

Albania did not make progress in implementation of the old Regulation (EU) 347/2013 and the Secretariat has not been informed about a timeline for adopting the revised Regulation (EU) 2022/869.

Decarbonising the energy sector
Albania

ENERGY AND CLIMATE GOVERNANCE

62%

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

60%

The Government of Albania adopted the National Energy and Climate Plan (NECP) in December 2021. Work on updating the plan continued in 2025 but has not been finalised.

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

2030 Greenhouse Gas Reduction Target

80%

Albania has not defined a 2030 climate target in national legislation, but it is included in the NECP adopted in 2021. However, Albania is in the process of updating its climate law, which represents a good opportunity to include the 2030 climate target set by the Energy Community (12,00 $MtCO_2eq$). The 2030 climate target should also be reflected in all key national planning documents such as long-term strategies and Nationally Determined Contributions.

2030 GHG Target*
53,2%

National Systems for Greenhouse Gas Emissions and Climate Reporting

84%

The legal basis for a national greenhouse gas (GHG) inventory system and a national system for policies and measures (PaMs) and projections is outlined in the Law on Climate Change and the associated by-law No. 889. Key reporting obligations have been transposed into legislation, with the exception of approximated GHG inventories.

Albania has made progress in climate reporting, submitting information in a timely manner on the national system for policies and measures and projections, as well as GHG inventories and revenues from carbon pricing mechanisms, as required by the adapted Governance Regulation. The report on PaMs was also submitted, albeit after the deadline. However, the reports on adaptation strategies and approximate GHG inventories still need to be submitted via the Reportnet system. Since 2025, a new requirement to submit national GHG emission projections has been in place, and this obligation still remains unfulfilled.

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 and Albania is currently working on further refining the related transposition requirements. However, Albania has not yet adopted a long-term strategy that sets out a 2050 climate neutrality objective. It remains unclear if and how such an objective will be reached. 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 66%

2030 Renewable energy targets 88%

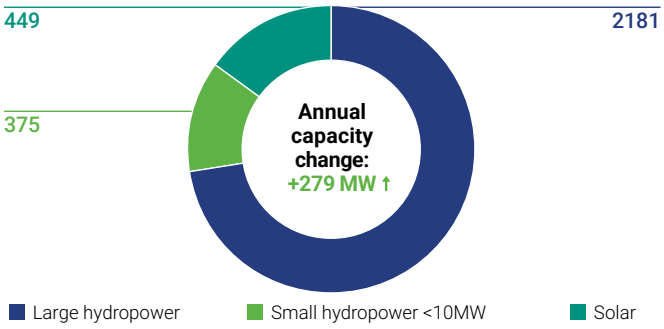
The target of 54,4% of gross final energy consumption set out in the adopted NECP is more ambitious than the 2030 target established by the Energy Community and incorporated into the amended Renewable Energy Law. The overall 2030 renewable energy target is subdivided into sectoral targets for electricity (178,1%), transport (34,6%) and heating and cooling (16,6%). The 2030 target for renewable energy in the heating and cooling sector is not as ambitious as required by Article 23 of Renewable Energy Directive (REDII).

2030 RES Target
52,0%

Quality of support scheme 90%

The amendments to the Renewable Energy Law from 2023 abandon administratively-determined feed-in tariffs. Support for renewable energy electricity generation is now provided (or will be converted to) through a competitive process in the form of contracts for difference (CfD) or contracts for premium (CfP). Auctions for a fixed purchase price have been held, with the intention of transitioning to CfD arrangements once a day-ahead market is declared liquid by the regulator. 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): 3005

Source: Ministry of Infrastructure and Energy

Self-consumption and energy communities 75%

Net metering is in place, enabling consumers to operate renewable energy installations with a maximum capacity of 500 kW. Albania has amended the Renewable Energy Law to outline a transition to net billing for self-consumed renewables, scheduled to commence on 1 January 2024. These amendments guarantee the involvement of citizens in renewable energy communities while maintaining their privileges and responsibilities as end-consumers. Nevertheless, no renewable energy communities have been established so far.

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 Albania. It became operational under the authority of the regulator ERE in May 2023. 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 amendments made to 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

25%

The current legal framework in Albania provides the basis for establishing sustainability and GHG emission savings criteria, as well as a verification system for renewable fuels used in the transport sector. Extending these sustainability requirements to biomass fuels and bioliquids used for electricity generation, heating and cooling, together with the adoption of secondary legislation to verify compliance of biofuels, bioliquids and biomass fuels, will ensure the full transposition and implementation of the REDII.

Renewable energy in heating and cooling

32%

Albania has made progress in the adoption and implementation of a support scheme for renewable-based heating and cooling technologies, including solar water heaters, heat pumps, biomass and biofuel boilers. The scheme places particular emphasis on solar thermal collectors, which are reimbursed at 70% of investment costs compared to 20–30% for other technologies. The adoption of a comprehensive legal framework, together with additional policy measures, remains crucial to ensure the average annual increase of renewable energy in heating and cooling.

ENERGY EFFICIENCY IMPLEMENTATION

65%

2030 Energy efficiency targets and policy measures

73%

Albania's 2030 energy efficiency and decarbonisation targets and policy measures are broadly outlined in the NECP adopted in 2021. However, the NECP is currently under update to align with the Energy Community's 2030 targets and increased ambition under the energy efficiency dimension, including specific targets related to the implementation of Articles 5 and 7 of 2012 Energy Efficiency Directive (EED).

During the reporting period, the Ministry of Infrastructure and Energy prepared several by-laws to implement the Energy Efficiency Law, with a number already adopted. In parallel, a new Law on Energy Efficiency was drafted to ensure alignment with the revised 2023 EED. The new law is expected to be adopted in 2025.

To support the monitoring and verification of energy efficiency measures and savings achieved, the national monitoring and verification platform (MVP) was made available online, while the Energy Efficiency Agency conducted training courses for reporters, starting with municipalities.

2030 EE PEC Target
2,60 Mtoe

2030 EE FEC Target
2,40 Mtoe

Energy efficiency in buildings

94%

Buildings remain Albania's largest energy-consuming sector, accounting for 38% of final energy consumption in 2023. Notable progress was made during the reporting period, including adoption of the Law on Energy Performance of Buildings in June 2025, aligning national legislation with the 2018 amendments and selected provisions of the 2024 revised Energy Performance of Buildings Directive.

Following the adoption of key by-laws, Albania operationalised its energy performance certification (EPC) system. Expert training and certificate issuance are ongoing under the coordination of the Energy Efficiency Agency. Development of new EPC software aligned with the latest law is also in progress, and the ministry is working on a new EPC database, cost-optimal methodology and minimum energy performance requirements. Development of by-laws to implement provisions on independent control, inspections of heating and cooling systems, technical building systems and electromobility are underway.

A long-term building renovation strategy was approved by the Council of Ministers on 28 February 2025, supported by the Regional Energy Efficiency Programme and the Energy Community Secretariat. Work continues on the Building Renovation Plan, which will define a roadmap for reducing emissions, improving efficiency, addressing energy poverty and modernising the building stock across all sectors.

Energy efficiency scheme and financing

46%

Albania is still in the process of introducing its energy efficiency obligation scheme, as mandated by the Law on Energy Efficiency. While the Ministry of Infrastructure and Energy has drafted an order for its approval, implementation remains pending due to the absence of the necessary by-laws.

No dedicated energy efficiency fund has been established to date. Investments are currently supported through the state budget and international financial assistance, with emphasis on the construction sector. Local banks contribute by offering credit lines, primarily aimed at improving thermal insulation in private buildings. Development of the energy service company (ESCO) market is ongoing.

To meet 2030 renovation targets, additional financing incentives are needed. Albania has announced plans to introduce financial support for energy efficiency measures targeting energy-poor households. It is recommended that a multi-criteria framework be developed to identify eligible households and that higher co-financing rates be provided to support their participation in renovation programmes.

Energy efficient products - labeling

55%

In May 2024, Albania adopted the Law on Labelling of Energy-Related Products, aligning its national framework with Regulation (EU) 2017/1369.

To implement the law and update outdated regulations for specific product groups, all implementing acts have been drafted in line with Ministerial Council Decisions from September 2014, November 2018 and December 2022. However, adoption by the Council of Ministers remains pending.

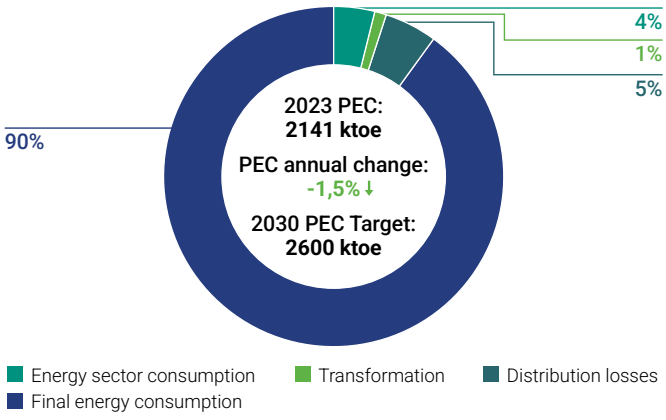
Efficiency in heating and cooling

55%

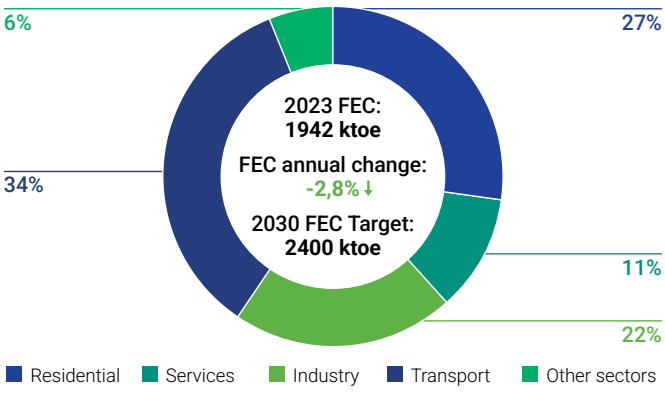
Albania achieved important progress in accelerating reforms in the heating and cooling sector. The provisions on the inspection of heating and air-conditioning systems were transposed into the recently adopted Law on Energy Performance of Buildings. The law establishes the legal framework for regular inspections of such systems, although their implementation is mandated only from 2027. Moreover, work has been initiated to prepare a comprehensive assessment of the potential for efficient heating and cooling in compliance with Article 14. The process is ongoing and is expected to be finalised by the end of the year.

2023 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity, 2023 value and trends: 0,17 ktoe/mil EUR, - 4,0% ↓

Source: Eurostat database, NECP and 2022 Ministerial Council Decision

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

28%

Foundations, institutions, permits

61%

The basic definitions and concepts of the EU Emissions Trading System (ETS) Directive have been transposed into national law through the Law on Climate Change. An environmental permit with a GHG emissions component, together with a list of activities covered, has been introduced into national law. The National Environment Agency (AKM) has been designated as the competent authority to approve permits and emission monitoring plans, as well as to receive annual emission reports. A system of financial penalties has also been introduced for operating without the appropriate permit and for failing to monitor and report GHG emissions. A draft update to climate law introducing new definitions and clarifying the obligations of companies covered by monitoring, reporting, verification and accreditation (MRVA) is currently at an advanced stage of legislative proceedings. Progress has been made in implementing and enforcing the above requirements, including identifying entities subject to GHG emission monitoring and reporting obligations and establishing structures, processes and procedures within the competent authority.

Monitoring and reporting

10%

Albania has begun the process of transposing the Monitoring and Reporting Regulation into national law, and work on the draft legislation is ongoing. The process of training entities subject to the new monitoring and reporting obligations has also begun. No deadline has yet been set for the submission of applications for the approval of monitoring plans, and electronic templates or forms to facilitate this process have not been made available. Provisions for corrective action in cases of failure to report emissions by entities subject to this obligation, including financial penalties, have been introduced in the Law on Climate Change.

Verification and accreditation

12%

Albania has not yet transposed the Accreditation and Verification Regulation, but draft amendments to the climate law are intended to regulate the basic principles of the verifier market, including the admission of foreign verifiers already accredited within the EU. The current climate law introduced the obligation for GHG emission reports to be verified exclusively by accredited verifiers. Despite the lack of legislation, a series of training courses for the staff of the National Accreditation Body has also been launched. 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
Albania

ELECTRICITY SECURITY OF SUPPLY

16%

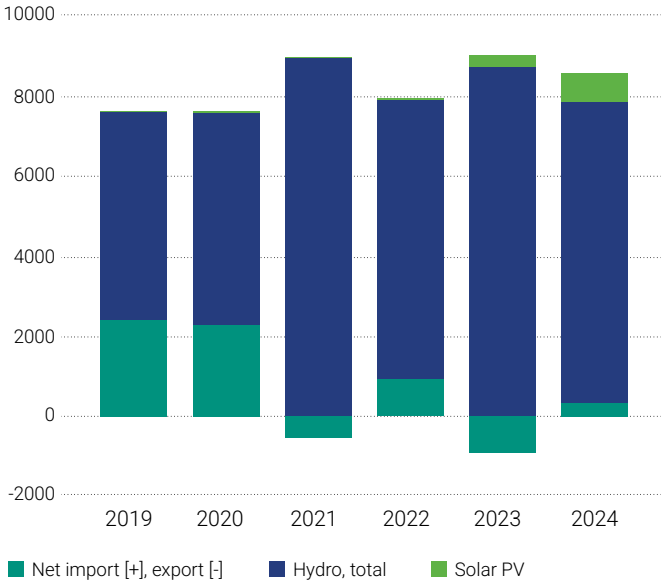
Albania has neither transposed Regulation (EU) 2019/941 nor designated a competent authority for risk preparedness, despite the respective deadlines having expired on 31 December 2023 and 5 January 2023. A working version of the draft Law on the Power Sector, reviewed by the Secretariat in July 2025, is intended to transpose certain provisions of Regulation (EU) 2019/941. It provides for the ministry responsible for the power sector to be the competent authority and establishes an obligation for this authority to adopt a risk-preparedness plan. However, full transposition and implementation of the Regulation will require further efforts to draft and adopt primary and related secondary legislation.

Regulation (EU) 2017/2196 has also not yet been transposed.

Albania has not been submitted Security of Electricity Supply Statements to the Secretariat, despite its obligation under Article 29 of the Treaty.

Key developments in cybersecurity in Albania include the enactment of a comprehensive new Law No. 25/2024 in 2024, which is partially aligned with the EU's Directive on Security of Network and Information Systems (NIS2) and reflects broader European standards. Additionally, the National Authority for Electronic Certification and Cyber Security (AKCESK) has been established to oversee and coordinate the country's cybersecurity efforts.

Fuel mix and primary supply of electricity (in GWh)



Source: Ministry of Infrastructure and Energy, compiled by the Energy Community Secretariat

GAS SECURITY OF SUPPLY

73%

Gas emergency regulations are in place following amendments to the Gas Law in 2021, which incorporates specific aspects of the Security of Gas Supply Regulation (EU) 2017/1938. Albania formally complies with the Regulation.

OIL SECURITY OF SUPPLY

23%

Albania's legal framework for emergency oil stockholding remains non-compliant with Directive 2009/119/EC. The system is still governed by outdated legislation from 1999, amended in 2004, alongside Government decrees issued in 2004 and 2007, all of which place the responsibility for stockholding entirely on the oil industry. Although a new draft Law on the Establishment, Maintenance and Management of Minimum-Security Stocks of Crude Oil and Petroleum Products was prepared in 2018, it has not been adopted.

In 2022, three draft regulations and a governmental decision were developed in an attempt to align the national framework

with the Directive's requirements while preserving the industry-based model. Nevertheless, Albania's emergency procedures remain insufficient to meet the Directive's standards.

Compliance gaps are especially evident in reporting and calculation. The current reporting system provides only partial data: MOS Oil submissions cover tables 1 to 4, which include information on the supply of crude oil and petroleum products, as well as imports by origin and exports by destination, but omit tables 5 and 5b_5c, which contain data on stock levels (emergency and commercial). Additionally, Albania has not submitted the monthly Crude Oil Import and Supply (COIR) questionnaire, introduced in January 2023.

As a result, no tangible progress was achieved during the reporting period, leaving the country's emergency stockholding system and legal basis unchanged and continuing to fall short of the Directive's requirements.

Improving the environment
Albania

Environmental assessments — 47%

Albania has initiated the drafting of rules and procedures for Environmental Impact Assessment (EIA) in a transboundary context, as required under Article 7 of EIA Directive. Progress was also reported on the establishment of a certification scheme for EIA experts. However, such a scheme remains overdue and delayed, and the criteria for certification of EIA experts, environmental expertise and environmental auditing are still not fully in place, weakening the institutional framework necessary for effective implementation of the EIA Directive. No further steps were taken to address the deficiencies highlighted in the Secretariat's previous Implementation Reports. As a result, Albania continues to remain non-compliant with Articles 8 and 8a of EIA Directive. The current EIA Law remains inadequate, as it does not require development consent decisions to include the reasoned conclusion of the EIA, environmental conditions, mitigation measures and monitoring obligations. In addition, the screening criteria are not aligned with Annex III of EIA Directive. Albania reported that the EIA is integrated into the one-stop-shop system for issuing building permits. Institutional capacity for carrying out EIAs remains limited and insufficient to ensure a streamlined process for EIA and other related assessments (biodiversity/appropriate assessment and water impact assessment). Albania reported over 50 EIAs for energy projects during the reporting period, mainly for photovoltaic and hydropower projects, as well as one large 120-MW wind farm. The Secretariat received a complaint regarding the EIA procedure for the 170-MW Roskovec thermal power plant. Concerns persist with regard to hydropower projects on the Vjosa and Valbona Rivers, as well as the Skavica project. In Albania, no exemptions under Article 2(4) or Article 2(5) of EIA Directive were granted during the reporting period, and the Secretariat was not informed of any EIA procedure being implemented for Projects of Energy Community Interest under Article 4 of Decision 2016/12/MC-EnC.

PERMIT STATUS:
Streamlined assessments initiated

The Strategic Environmental Assessment (SEA) Directive has largely been transposed into national legislation, but its implementation remains insufficient. The planned revision of the National Energy and Climate Plan (NECP), which should include an updated SEA report to ensure full integration of environmental considerations, was scheduled for this reporting period but has again been delayed, with no clear roadmap for when the revision will take place.

Large combustion plants — n.a.

Albania has no operational large combustion plants. TPP Vlora, the only relevant installation in Albania, is still not in operation, and with the related gas infrastructure not yet available, the fuel switch to natural gas cannot take place. Once put into operation, the plant must comply with the emission limit values of the Industrial Emissions Directive for new plants.

During the reporting period, the Secretariat received a complaint alleging the incorrect application of an environmental impact assessment for a newly planned gas-fired power plant, the assessment of which is currently underway.

Installations under the Large Combustion Plants Directive



1*
of plants falling
under the LCPD



0
of which opted
out plants



0
of which plants falling
under the NERP

* not in operation
Source: compiled by the Energy Community Secretariat

Sulphur in fuels

60%

Albania transposed the provisions of the Sulphur in Fuels Directive, including those on marine fuels, by a decision of the Council of Ministers in 2019. Secondary-level decisions to implement and enforce the obligations of the decision are still missing, rendering overall implementation of its provisions questionable. The State Technical and Industrial Inspectorate (ISHTI) is responsible for the control of compliance with quality standards for oil and oil by-products. Checks are carried out at customs points, refineries, oil by-product processing plants, deposits of trading entities and their retail trading stations.

Nature protection

47%

The 2024 amendments to Albania's nature protection legislation, which permit large-scale infrastructure projects within national parks and nature reserves to proceed without the approval of the nature conservation authority and transfer oversight to a committee chaired by the Prime Minister, remain in force. This is despite international recommendations, including by the International Union for Conservation of Nature (IUCN). The management and protection of the Vjosa-Narta Protected Area, a Ramsar wetland of international significance, remains unresolved, as ongoing infrastructure projects within the site pose a risk to the wetland's preservation.

Environmental liability

20%

Albania has transposed some provisions of the Environmental Liability Directive through the Law on Environmental Protection. No progress was made on the adoption of secondary legislation during the reporting period, however, Albania reported that full transposition of the Directive is expected by 2026.

Performance of authorities
Albania

REGULATORY AUTHORITY

82%

Legal setup and independence

The Energy Regulatory Entity (ERE) is Albania's independent regulator for electricity, natural gas and selected renewable energy issues. ERE is free from political or commercial influence. It is accountable to Parliament, which exercises oversight, but does not control ERE's budget. ERE's board consists of five members appointed by Parliament. All members are currently within their five-year mandates.

ERE is empowered to take autonomous decisions within its mandate; these decisions are binding and may only be challenged through judicial review.

ERE is financed independently of the state budget, through annual regulatory fees charged to all licensed market participants. The board approves the budget based on these fees, while Parliament is only informed, ensuring independence. Execution of the budget is subject to an audit by the State Supreme Audit Institution.

The penalty regime is set out in the primary legislation and further detailed in ERE's regulations and procedures. During the reporting period, enforcement actions were undertaken in the form of warnings and licence removals; however, no financial penalties were applied, including under the framework of the REMIT Regulation.

Staffing remained stable in 2024–2025. While the number of staff is sufficient to perform licensing, monitoring and tariff-setting tasks, additional expertise is required for market integration, implementation of the Energy Integration Package (EIP), market surveillance and enforcement of REMIT. Recruitment, promotion and dismissal of staff is carried out by ERE itself under its internal regulations.

Incomplete transposition of the EIP limits ERE's competences. ERE has nevertheless taken steps to incorporate certain EIP provisions into its regulatory acts.

Activities in the reporting period

In 2024, ERE launched procedures for approval of the investment plan of the TSO, OST, for 2025–2027 and for market coupling between Albania and Kosovo*–all of which were approved in 2025. Further, ERE adopted key decisions in 2025, including the approval of universal service supply (USS) and transmission and distribution tariffs, as well as amendments to the market rules, introducing a 15-minute imbalance settlement period in line with EU practice. In the absence of transposition of the EIP, ERE integrated certain provisions from the network codes related to market integration into its regulatory framework.

Complete liberalisation of the retail electricity market continues to lag behind. Households and small businesses connected to the 0,4 kV network continue to be supplied under regulated tariffs by the universal service supplier (USS). Consumers connected to the 6 kV network are supplied by the supplier of last resort (SLR), with this regime extended until 31 December 2025.

ERE continues to issue guarantees of origin and has approved purchase tariffs for priority producers and performed the market readiness assessment for the conversion of renewable power purchase agreements.

Regarding REMIT, secondary legislation is in place, but no cases were initiated during the reporting period.

COMPETITION AUTHORITY

49%

Legislative framework

Albania's Law on Protection of Competition establishes a prohibition of anti-competitive agreements and also sets out a prohibition of abuse of dominance, largely in line with the Energy Community acquis. However, it does not contain a prohibition of anti-competitive decisions by associations of undertakings and concerted practices. This severely narrows the scope of application of the law, which needs to be amended to align with Energy Community law. A range of secondary legislation and guidelines exist, such as a leniency programme, as well as provisions on fines, commitment procedures and certain categories of agreements. Draft amendments to the law were initiated in November 2023.

Institutional framework

The Law on Protection of Competition establishes the Albanian Competition Authority (ACA) as an independent authority responsible for the protection of competition. It consists of the Competition Commission, composed of five commissioners, acting as a decision-making body, supported by 44 staff members.

ACA 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 authority to order the cessation of illegal practices and to impose remedies, including interim measures, commitments and fines.

Implementation

While ACA holds all necessary powers, it did not perform any enforcement activities in the energy sector during the reporting period, limiting its activities in this sector to the assessment of draft legislative acts by the national regulatory authority.

ACA is encouraged to use its powers to actively investigate anti-competitive behaviour in the energy sector to ensure full implementation of Albania's obligations under the Treaty.

STATE AID AUTHORITY

40%

Legislative framework

Albania'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 set of secondary acts provides guidance on specific processes and types of aid.

Institutional framework

The State Aid Commission (SAC) is the national authority responsible for enforcement of the State aid prohibition. It is composed of the Minister of Economy, Culture and Innovation and four civil servants (proposed by the Minister responsible for European Integration, the Minister of Justice, the Minister of Finance and civil society). Consequently, urgent reform of SAC is required to ensure its operational independence and adequate resources. The SAC has the authority to investigate potential State aid measures, including requesting information, and to authorise aid or order recovery of unlawful aid.

Implementation

Despite its powers, SAC's activities during the reporting period were limited to the authorisation of a single State aid measure. The decision concerned a guarantee issued by the Republika Srpska through bonds to MH Elektroprivreda Republika Srpska Matično MP a.d. Trebinje–ZP Elektrokrajina a.d. Banja Luka for long-term indebtedness. SAC determined that it did not constitute State aid.

Activity in the reporting period	In the energy sector
Requests for information	0
Opening of investigation	0
Decisions on the authorisation of State aid	1
Decisions on illegal and incompatible aid	0
Decisions on ordering aid recovery	0

SAC is called upon to take an active role in enforcement of the State aid acquis.

STATISTICAL AUTHORITY

79%

The Agency for Natural Resources (AKBN) compiles annual energy balances and submits the relevant questionnaires to Eurostat. In 2025, a key improvement was the first submission of energy consumption data for the services sector, although further clarification and consistency checks are still needed. Disaggregated data for households and industry continue to be available. The transport questionnaire was submitted with a slight delay. While mandatory rail data were missing, aviation and domestic navigation–which are voluntary–were included, marking progress. Preliminary 2024 data were also submitted on time through the mini questionnaires.

The monthly reporting performance is mixed. Electricity, gas and coal data are transmitted without issues, while monthly oil

statistics continue to experience delays. The Crude Oil Imports Register (COIR) has not yet been reported and follow-up actions were initiated in August 2025.

Electricity price data for households and industry, disaggregated by consumption band, were submitted for both semesters of 2024. In contrast, gas price submissions were considered to be of low quality and were not published, while the consolidated annual electricity and gas price questionnaires were not provided. On a positive note, AKBN submitted both the Energy Statistics Regulation and price quality reports.

Overall, AKBN's reporting performance has improved compared to 2024, yet key gaps remain. These include unverified services sector data, missing rail statistics in the transport sector, delays in monthly oil reporting and the absence of COIR and consolidated price questionnaires. Persistent staffing shortages further limit capacity. Strengthening resources, training and data management would support more complete and timely reporting.

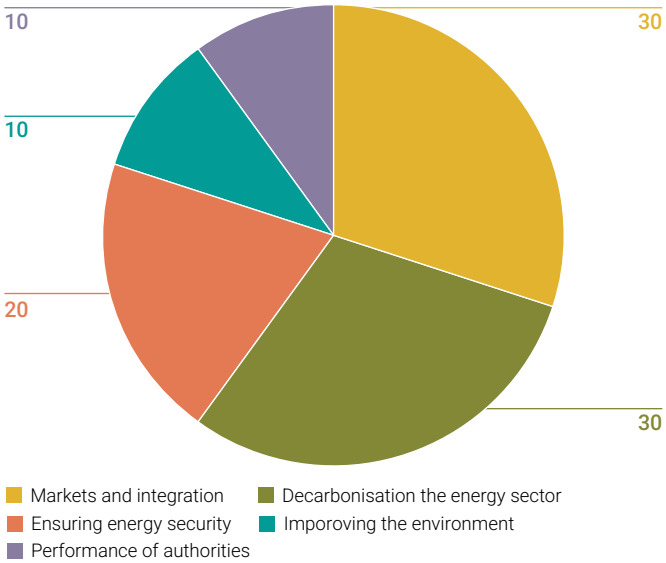
Methodology

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
Statistical authority	0,20

* 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