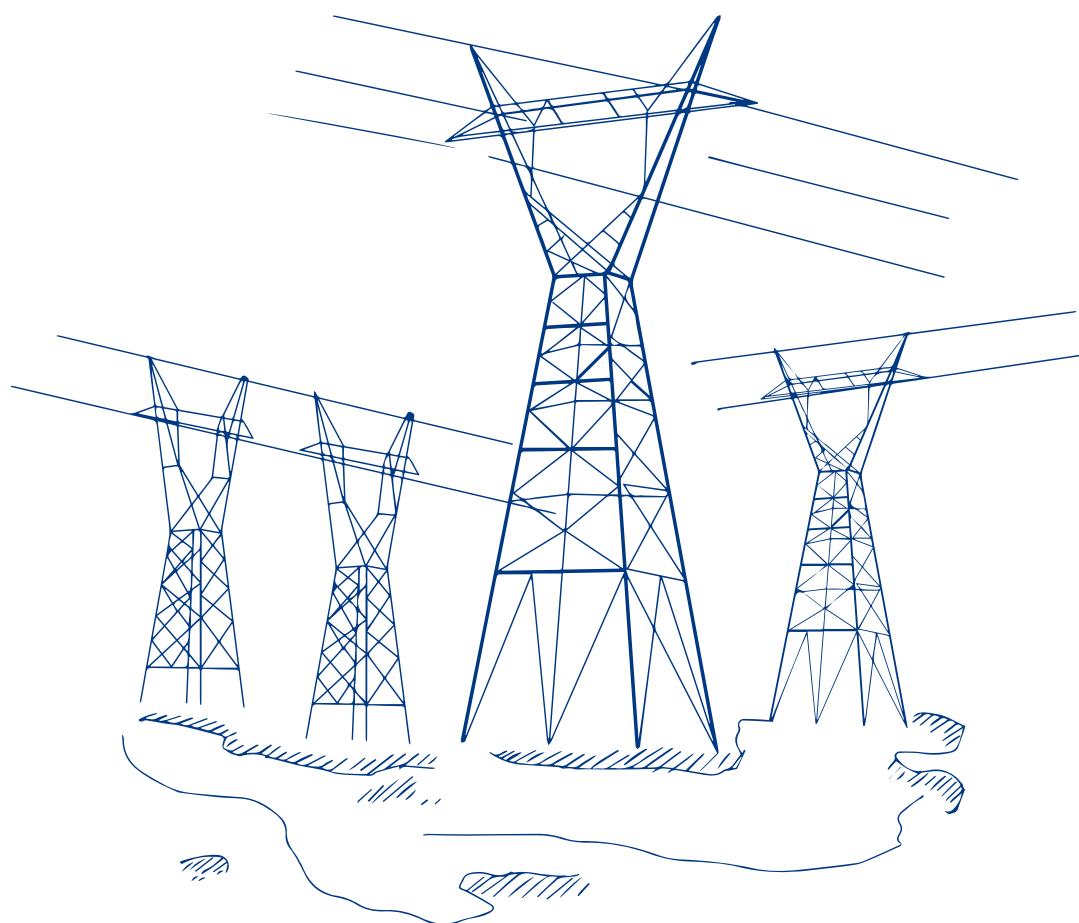


Albania

Annual Implementation Report






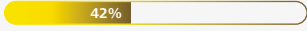








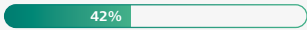





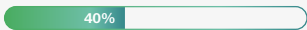


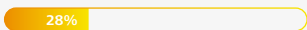






1 November 2020





Albania

Summary Implementation

Summary Indicators	Transposition Assessment	Implementation Status	Descriptions
 Electricity		 58%	Implementation in the electricity sector of Albania is moderately advanced.
 Gas		 42%	Implementation in the gas sector of Albania is moderately advanced.
 Oil		 60%	Implementation in the oil sector of Albania is moderately advanced.
 Renewable Energy		 59%	Implementation in the renewable energy sector of Albania is moderately advanced.
 Energy Efficiency		 42%	Implementation in the energy efficiency sector of Albania is moderately advanced.
 Environment		 74%	Implementation in the environment sector of Albania is well advanced.
 Climate		 40%	Implementation in the climate sector of Albania is still at an early stage.
 Infrastructure		 28%	Implementation in the infrastructure sector of Albania is still at an early stage.
 Statistics		 77%	Implementation in the statistics sector of Albania is well advanced.
 Cybersecurity		 57%	Implementation in the cybersecurity sector of Albania is moderately advanced.

Overall number of cases: **3**

Procedure by Article **91**

ECS-10/13 Energy efficiency

ECS-4/17 Electricity

ECS-03/19 Environment



Albania

State of Energy Sector Reforms

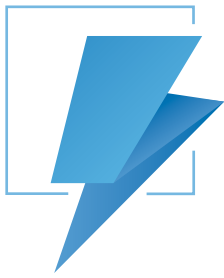
Albania has adopted framework legislation for electricity and gas in line with the Third Energy Package but implementation is lagging behind in some crucial aspects. Together with the Secretariat, the regulatory authority ERE certified both electricity and gas transmission system operators as unbundled. The electricity transmission system operator was immediately accepted as a full member of ENTSO-E in 2017. The distribution system operator OSHEE is legally unbundled, while functional unbundling is still ongoing. The electricity wholesale market is still determined by bilateral transactions between the state-owned generator KESH and utilities on the basis of excessive regulation under a public service obligation scheme.

However, during the reporting period, the long-awaited national power exchange came a decisive step closer. The transmission system operators of Albania and Kosovo*, as founding shareholders, established the company ALPEX, which will work to realize day-ahead market coupling planned for the second half of 2021. The retail market is being opened at a slow pace. A clause in the Power Sector Law unduly conditions the eligibility of customers below 35 kV to choose the supplier to technical requirements. Based on ERE's decision, standardized load profiles should be effective as of 1 January 2021 however.

Regulation of the nascent gas sector is developing well but still needs to stand the test of practice. The Trans Adriatic Pipeline (TAP) will bring gas by the end of this year to Europe. Albania must enhance its efforts to use this opportunity to develop a gas market. Otherwise, it will be reduced to the role of a transit country. Albania failed to adopt the draft Law on the establishment, maintenance and management of minimum security stocks of crude oil and petroleum products for the third year in a row.

In the area of climate and environment, adoption of the draft Law and Decision on a mechanism for monitoring and reporting of greenhouse gas emissions, transposing Monitoring Mechanism Regulation (EU) 525/2013, and the draft Climate Change Law are still pending. As regards intermittent renewables, a law of 2017 marked a shift from feed-in tariffs to contracts for difference, which still depends on the establishment of a day-ahead market. While the first auctions for solar feed-in tariffs in 2018 yielded favourable support rates, the contract with the winning consortium has not been signed. A second round of solar auctions ended with a record low price of 24,89 EUR/MWh. Both the Energy Efficiency Directive and the Energy Performance of Buildings Directive have not been fully implemented. Finally, the quality of environmental impact assessments, in particular for hydropower projects, is regularly giving rise to complaints. During the reporting period, projects on the rivers Vjosa and Valbona were in focus of the Secretariat's scrutiny.

Albania is in an excellent starting position for the Green Deal, with a power sector fully based on carbon-free hydropower. With the exception of traders and a number independent hydropower producers, the players on the electricity market are all state-owned. Albania will be a transit country for the TAP once operational, and hopes to increase the role of gas in its domestic energy mix as well. Discussions on making the Vlora power plant operational and connecting it to TAP have not yielded concrete results. The production of electricity from solar plants is yet to begin. Like all Western Balkan Contracting Parties, it is well interconnected with its neighbours.



Albania Electricity

Electricity Implementation

Electricity Indicators	Transposition Assessment	Implementation Status	Descriptions
Unbundling			The transmission system operator is unbundled and certified. The functional unbundling of the distribution system operator is ongoing, but not yet completed.
Access to the system			Network access tariffs are approved and published. Third party access to the new interconnection line with Kosovo* is still not ensured. The Transparency Regulation and Connection Network Codes are transposed, implementation is still to be completed.
Wholesale market			The excessive public service obligation in the wholesale market impedes the development of competition. The power exchange company was established by the transmission system operators of Albania and Kosovo* as shareholders. The procedure for designation of the operator for market coupling is in place. REMIT has not been transposed.
Retail market			The retail market remains regulated for all customers below 35 kV. Eligibility is unduly made conditional on the fulfilment of technical requirements.
Regional integration			Market coupling project with Kosovo* depends on the operationalisation of ALPEX. A market coupling project with Italy, Montenegro and Serbia is in an early phase. The transmission system operator signed a Load Frequency Control (LFC) agreement with the transmission system operator of Kosovo*. Cross-border capacities are allocated through SEE CAO, except split auctions with EMS of Serbia.

The reform of the electricity market is on track but progress this year has been slow with limited achievements in terms of implementation of the acquis.

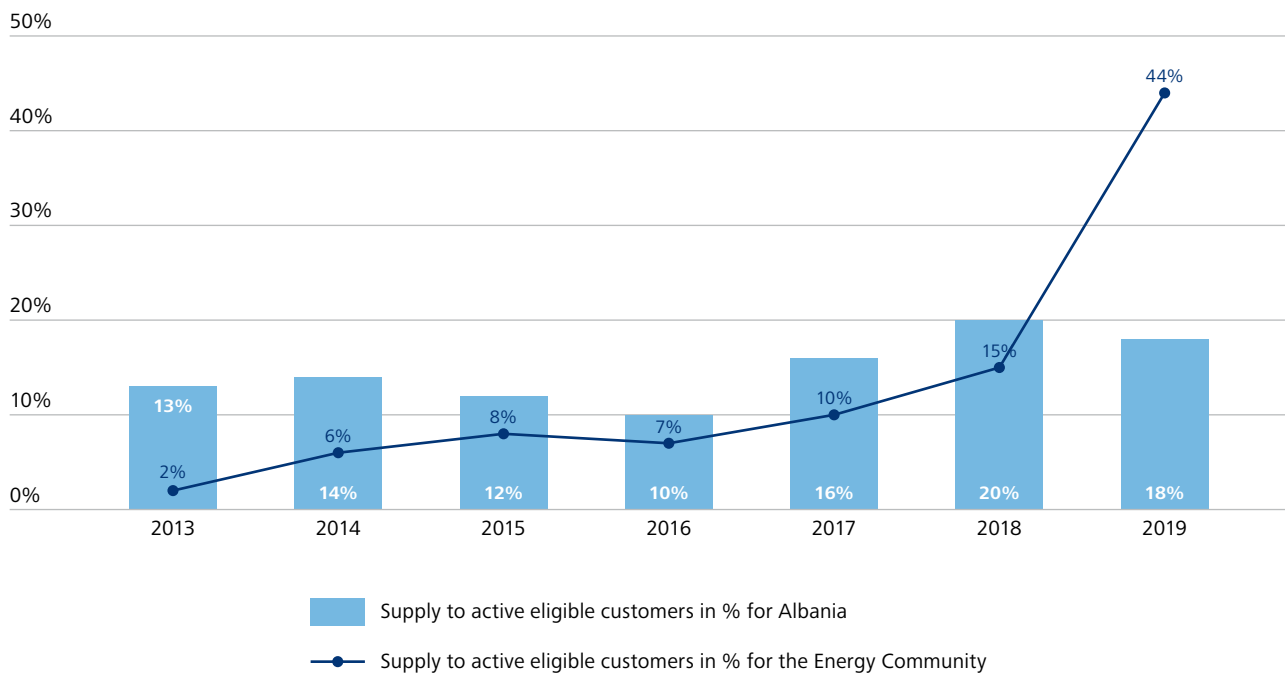
The transmission system operator OST was certified and finally fulfils the independence conditions requested in the Secretariat's Opinion, following the adoption of amendments to the Power Sector Law in May 2020. The distribution utility OSHEE was transformed into a holding company with three subsidiaries, respectively licensed as the distribution system operator OSSH, the universal service supplier FSHU and the electricity market supplier FTL. Functional unbundling is currently being implemented and will be verified by the Secretariat.

The most notable progress was made in the process of establishment of the organized electricity market. Following the

Government's 2019 decision on the establishment of a power exchange, to be established by the transmission system operator OST, an open tender for the selection of other shareholders was completed in 2020. It resulted in the selection of the transmission system operator of Kosovo*, KOSTT. The establishment and registration of the power exchange company ALPEX was completed in October 2020. According to the plan, the operation of ALPEX and market coupling of Kosovo* and Albania should be launched simultaneously in the first half of 2021.

An early implementation of the Capacity Allocation and Congestion Management (CACM) Guideline started by the transposition of the procedure to designate the nominated electricity market operator, adopted by the regulatory authority ERE in line with the recommendation of the Energy Community Regulatory Board. This is a precondition for market coupling.

Retail Market Opening



Source: Ministry of Infrastructure and Energy

Until the establishment of the power exchange, excessive public service obligations remain in place on the wholesale market. The universal service supplier FSHU and the distribution system operator OSSH are obliged to buy all the electricity required to supply customers under universal service and cover losses in the distribution system from the generation company KESH under regulated conditions. If electricity is purchased at market conditions, KESH is obliged to compensate the costs incurred from the price difference.

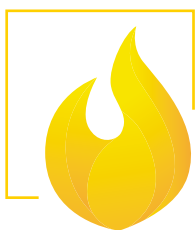
After an ongoing dry run, the balancing market is expected to start operating in 2021 according to the balancing rules approved by the regulatory authority in 2020, which allow for cross-border trading of balancing services.

All three Network Codes on network connections were transposed by ERE in 2018. The transmission system operator OST started publishing data on the ENTSO-E Transparency Platform. The REMIT Regulation is yet to be transposed and implemented. According to the amendments to the Power Sector Law of February 2018, all customers, except those connected to high voltage and 35 kV, continue to be supplied by the universal service

supplier, FSHU, at regulated prices, until the distribution system operator OSSH informs the customer that technical preconditions related to the installation of interval meters are in place. For a period of two years after OSSH's decision the customers can be supplied by FSHU under the supply of last resort. This undermines the eligibility right of customers and the interest of new suppliers to enter the retail market.

Cross-border capacities are allocated through SEE CAO, except split auctions applied with EMS of Serbia. Allocation of capacities on the 400 kV interconnection line with Kosovo* is pending implementation of the recently signed connection agreement between the transmission system operator of Kosovo* KOSTT and the ENTSO-E.

In 2019, OST and KOSTT signed an agreement on establishing a new load frequency control (LFC) block Albania – Kosovo* (AK). The implementation will commence upon the establishment of the KOSTT system as a separate control area. It is expected that this is the first step of a future broader integration of Albania with organized regional electricity markets.



Albania

Gas

Gas Implementation

Gas Indicators	Transposition Assessment	Implementation Status	Descriptions
Unbundling			Two transmission system operators were unbundled and certified in Albania. The Trans Adriatic Pipeline (TAP) has to fulfil the certification conditions before its commercial operation date. Albgaz has not yet fulfilled the conditions in the certification decision.
Access to the system			Albgaz and TAP adopted network codes, which were approved by ERE. ERE transposed the Gas Network Codes in Albania. Third party access to the transmission system is regulated by tariffs adopted in line with an entry/exit methodology.
Wholesale market			Albania does not have a natural gas wholesale market. REMIT is not in place.
Retail market			All customers are eligible. Supply and customer protection legislation is developed.
Interconnectivity			Albania may be connected to international gas networks once the TAP becomes operational by the end of 2020. The gas emergency rules are in place.

Albania has been developing natural gas by-laws since the adoption of the Gas Law in 2015. The regulatory framework established so far in Albania is at a much higher level than its infrastructure development progress.

Albgaz, a state-owned company, has been unbundled and certified under the ownership model. However, the certification decision conditions requiring the complete transfer of competences over investment decisions to the ministry exercising control over Albgaz have not been fulfilled for the second year in a row, which seriously affects its independence of the ministry controlling the energy sector. Albgaz acts as a combined operator for both transmission and distribution activities. The compliance officer's report is regularly forwarded to ERE and the Secretariat. The other certified transmission system operator, TAP, has to fulfil the certification conditions before the commercial operational date, in November 2020.

The major progress during this reporting period was the adoption of the Albgaz network code for its future transmission system and the adoption of the TAP network code, the latter in line with the exemption decision of ERE and Italian and Greek national authorities. The regulatory authority ERE transposed the Network Codes for gas in Albania.

The gas market rules in Albania have still not been adopted. As envisaged in the market model, these should provide for bilateral trading on the natural gas retail and wholesale markets and day-ahead and balancing markets. Albania has also not accelerated the implementation of the Gas Master Plan during this reporting period. In this situation, TAP could be limited to transit through Albania, without the possibility to supply Albania. By contrast, supply rules and customer protection by-laws are in place. A gas emergency plan was adopted by the Government with the Secretariat's assistance.

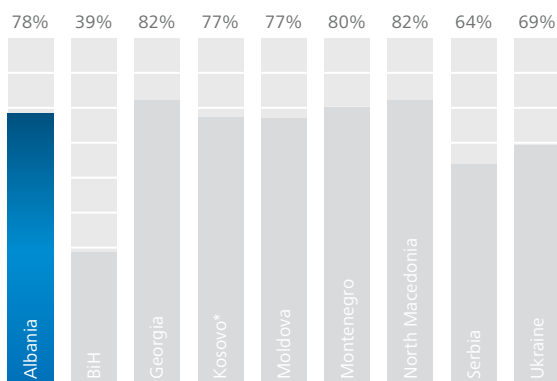


Albania

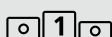
National Authorities



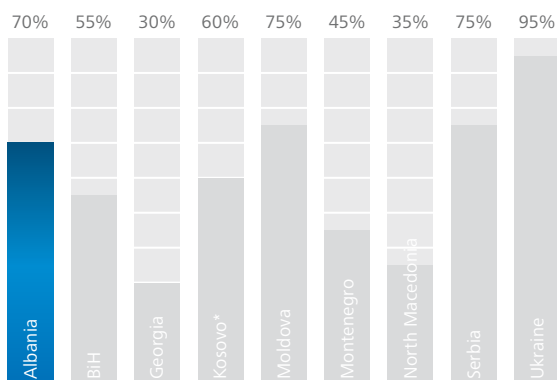
Regulatory Authority



In the reporting period, the Energy Regulatory Entity (ERE) was one of the four Contracting Party regulators which transposed the electricity and gas Network Codes. However, only regulatory derogation criteria for electricity generators have been developed so far. Measures for implementation of the REMIT Regulation depend on legal reforms. Since 2015, ERE has not done enough to enforce functional unbundling of the electricity distributor. On the positive side, ERE was one of only two regulators that adopted rules for designation of a Nominated Market Operator as an instrument for early implementation of the Regulation on Electricity Capacity Allocation and Congestion Management.



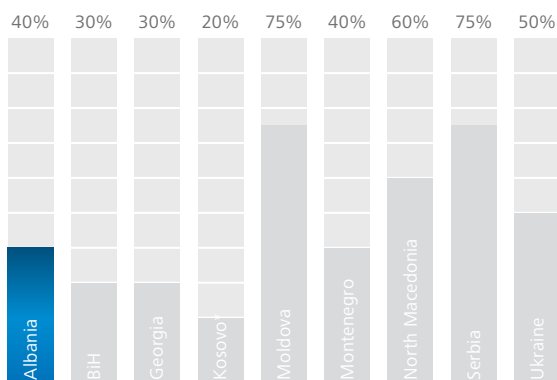
Competition Authority



The activities of the Albanian Competition Authority (ACA) in the energy sector mainly focus on opinions and recommendations regarding compliance of decisions by ERE with the Law on Protection of Competition. Based on a complaint transmitted by the Secretariat, the ACA found that the national generation incumbent KESH abused its dominant position through the implementation of two contracts with the traders GSA and EFT; the decision has been implemented by terminating the respective contracts by KESH.



State Aid Authority



Due to the merger of the Ministry of Economy and the Ministry of Finance, staff originally assigned to the State Aid Control Unit (SACU), which provides technical and administrative support to the decision-making body (the State Aid Council, SAC), was transferred to other departments. Therefore, the SACU is effectively not operational, with staff being appointed to complete tasks on an ad hoc basis. Furthermore, the independence of the members of the SAC from the Ministry of Economy and Finance is questionable. In the reporting period, the SAC approved State support to the TAP project in the form of a limitation of applicability of future increases of profit tax. The SAC has assessed the Albanian renewables support scheme.



Albania Oil

Oil Implementation

Oil Indicators	Transposition Assessment	Implementation Status	Descriptions
Stockholding obligation		<div style="width: 40%;"><div style="width: 40%;"></div></div> 40%	The oil industry is required by law to hold stocks equal to at least 90 days of average sales. The precise quantity of these stocks is determined based on the previous year's operations. However, the reporting system and calculation methodology do not comply with Directive 2009/119/EC.
Emergency procedures		<div style="width: 40%;"><div style="width: 40%;"></div></div> 40%	The measures to be taken in the event of a petroleum emergency have been laid down in the new draft Law. The Government is tasked to draft the National Response Plan, which should include among other measures the determination of the market price and detail the use of security stocks. Current emergency procedures are not sufficient to meet the Directive's requirements.
Fuel specifications of petrol, diesel and gas oil for non-road mobile machinery (NRMM)		<div style="width: 80%;"><div style="width: 80%;"></div></div> 80%	Starting from 1 January 2009, only petrol and diesel fuels that meet the requirements of European standards are permitted to be placed into the market and used in road vehicles. The sulphur content limit in gas oil for NRMM is not defined by law.
Monitoring compliance and reporting including the lay down the rules on penalties		<div style="width: 80%;"><div style="width: 80%;"></div></div> 80%	A system for fuel quality control is in place and specified in legislation. Fuel quality monitoring is ensured through Annual Monitoring Programmes.

For the third year in a row, Albania failed to adopt the draft Law on the establishment, maintenance and management of security minimum stocks of crude oil and petroleum products. The draft Law continued to be discussed by stakeholders, but no progress was achieved during this reporting period. The current oil stockholding system is not compliant with Directive 2009/119/EC.

The main provisions of Directive 98/70/EC were transposed into Albanian legislation through the Government's Decision on the quality of fuel, petrol and diesel. However, the legislation should be amended to ensure that sulphur content in gas oil for non-road mobile machinery (NRMM) is less than 10 mg/kg. Despite many efforts by the Government, some challenges are still to be tackled, including contamination that may occur during distribution, which is difficult to identify unless rigorous monitoring and analysis systems are in place.



Albania

Renewable Energy

Renewable Energy Implementation

Renewable Energy Indicators	Transposition Assessment	Implementation Status	Descriptions
National Renewable Energy Action Plan			Albania submitted its NREAP, amendments as well as all three Progress Reports on implementation of the Directive to the Secretariat. With a share of 34,86% of renewable energy in its energy mix in 2018, Albania is in a slight delay compared to the planned trajectory of 35,6% for 2017 - 2018.
Quality of support schemes			The support scheme for renewable energy in Albania is, as prescribed by law, based on administratively set feed-in tariffs and contracts for difference, which are still to be introduced upon the establishment of a day-ahead market. So far, two solar PV auctions were conducted for which power purchase agreements are yet to be signed.
Grid integration			Renewable energy producers have priority access to the grid. They are balance responsible, with the exemption of existing producers, which are exempted from balancing responsibility until the balancing market is established, but no later than the end of 2022.
Administrative procedures and guarantees of origin			The administrative procedures for authorization, permitting and licensing are not streamlined and require simplification, including the designation of a one-stop shop. An electronic system for issuing, transfer and cancellation of guarantees of origin is not yet in place.
Renewable energy in transport			Provisions related to the sustainability of biofuels are still not transposed and the legal framework remains completely non-compliant with Directive 2009/28/EC.

In the reporting period, Albania held a second and very successful auction for solar PV. Otherwise, there were no improvements in the implementation of the renewable energy acquis. Although the electricity sector is almost completely renewable in Albania, additional efforts are needed in heating and cooling as well as in the transport sector to reach the overall target for renewables in 2020.

In May 2020, amendments to the Decision on approving the methodology for determining the annual purchase price of electricity to be paid to existing renewable power generators were adopted. The amendments envisage a decrease of the coefficient for the calculation of the feed-in tariff for existing hydro power plants based on a financial analysis by the Ministry of Infrastructure and Energy. It is contested by investors.

The energy regulatory authority has still not adopted the methodology for the calculation of the renewable energy surcharge

to be paid by the final consumers of electricity. Currently, the surcharge is included in a non-transparent way in the distribution tariff and paid only by the final electricity customers connected to the distribution grid, which discriminates against the final customers connected to the transmission network exempted from the charge, and could amount to State aid.

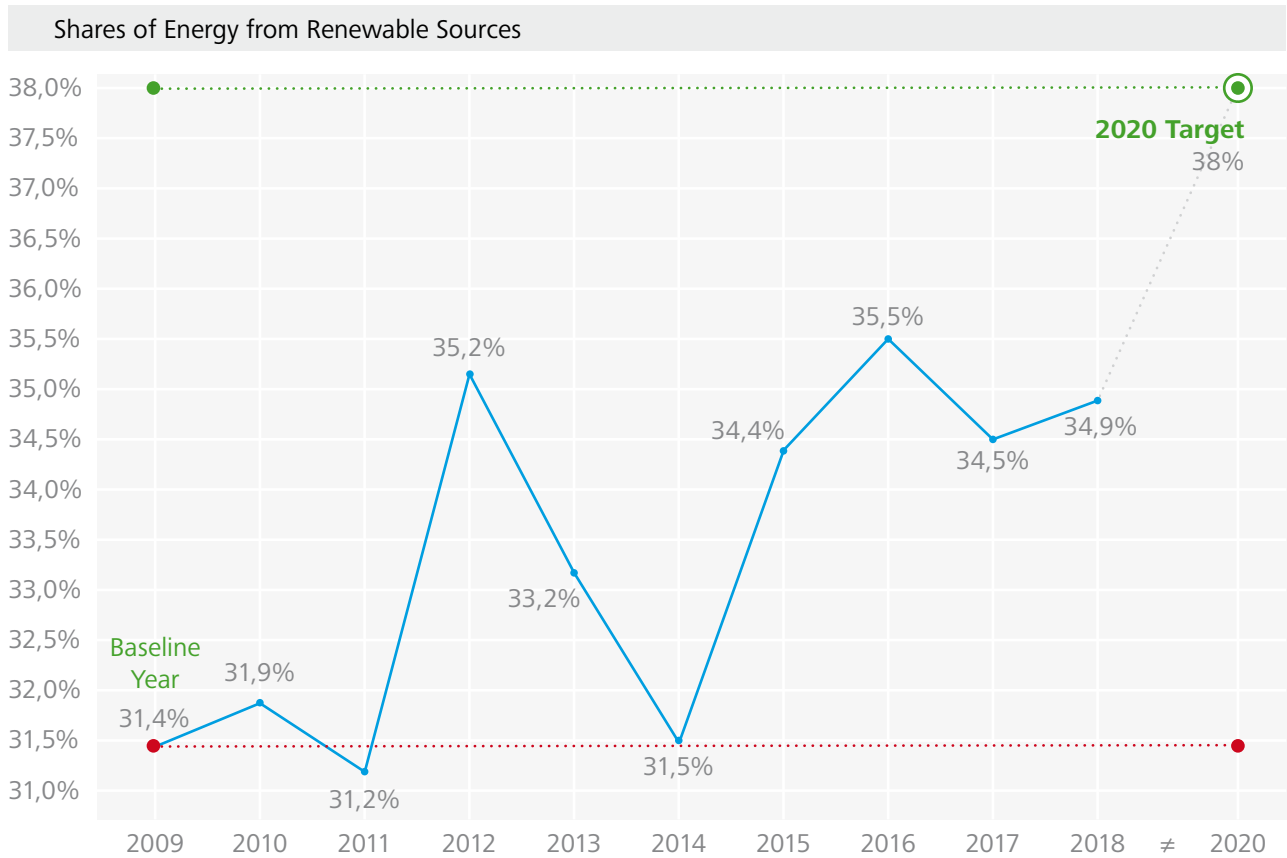
Although the Renewables Law envisages the appointment or creation of an agency responsible for renewable energy, which, among others, will be in charge of keeping a register of producers and their energy balances, it has not been established yet.

In December 2019, the regulator adopted a secondary act to enact guarantees of origin as required by the Renewables Law. However, an electronic system for the issue, transfer and cancellation of guarantees of origin compatible with the standardized European Energy Certificate System has not been implemented yet.

Increased production and consumption of biofuels in Albania, as indicated in the latest Progress Reports, cannot be counted towards the transport target due to non-transposition of provisions related to the sustainability criteria.

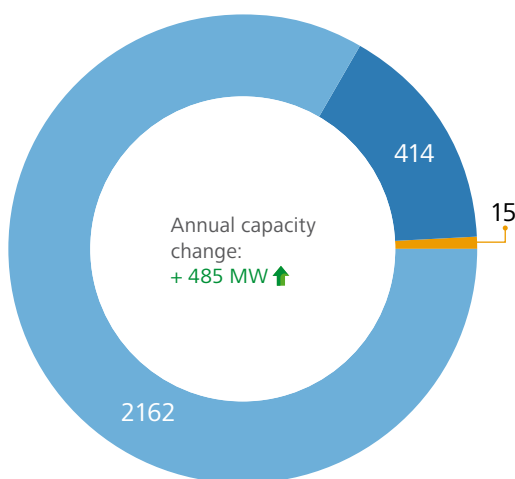
Albania should focus on adopting the necessary secondary legislation to assure clarity and predictability of the contract for difference scheme introduced by the Renewables Law. Other priorities are the transposition of provisions related to the sustainability of biofuels and establishment of a functional, electronic system for guarantees of origin.

Despite the progress made in conducting the first auctions, Al-



Source: EUROSTAT

Total Capacities of Renewable Energy 2019 (MW)



- Large hydropower
- Small hydropower <10 MW
- Solar

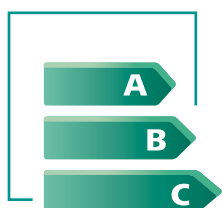
Source: Ministry of Infrastructure and Energy

Albania's high dependence on hydropower means that its achievement of the 2020 target is significantly impacted by hydrology. According to the amendments to the National Renewable Energy Action Plan, additional efforts are envisaged for the diversification of the electricity sector by adding 490 MW of solar PV and 150 MW of wind by the end of 2020. However, this timing is evidently unrealistic.

In 2020, Albania held its second solar PV auction, which resulted in a price of 24,89 EUR/MWh. 70 MW are envisaged to be supported via an offtake agreement for 15 years while an additional 70 MW will be sold on the market. The auction was designed to convert the fixed purchase price awarded to the producer into a contract for difference once a day-ahead market is operational. The power purchase agreement with the auction winner is under negotiation at the moment. The contract from the solar PV auction held already in 2018 has never been signed.

Total capacities of renewable energy (MW):

2290



Albania

Energy Efficiency

Energy Efficiency Implementation

Energy Efficiency Indicators	Transposition Assessment	Implementation Status	Descriptions
Energy efficiency targets and policy measures			The NEEAP set the general 2020 target but not the specific targets required by the Energy Efficiency Directive. The revised Energy Efficiency Law (finalised in cooperation with the Secretariat) is in governmental procedure and awaits adoption. The fourth Annual Progress Report was submitted in June 2020.
Energy efficiency in buildings			The 2016 Law on Energy Performance of Buildings remains not implementable as two key drafted by-laws (on setting minimal energy performance requirements and certification of buildings) remain to be adopted. The calculation methodology for cost optimal levels of energy performance of buildings was adopted in July 2020.
Energy efficiency financing			No financing framework (fund) for energy efficiency exists. Draft amendments to the Energy Efficiency Law envisage support for the development of the ESCO market. Several international technical assistance and investment programmes (EU, EBRD/GEFF, GGF, KfW) support energy efficiency improvements, especially in the building sector.
Energy efficient products - labelling			There was no progress with respect to updating the existing or adopting new regulations as required by the Ministerial Council Decisions adopted in September 2014 and November 2018.
Efficiency in heating and cooling			Albania has no district heating or cooling systems in place. Draft amendments of the Energy Efficiency Law envisage obligations to assess the country's high-efficiency cogeneration and efficient district heating and cooling potential.

Albania's progress in the energy efficiency sector hinges upon the adoption of drafted legislative amendments transposing Directive 2012/27/EU and the adoption of missing by-laws implementing the Energy Performance of Buildings Directive and new labelling regulations. To rectify these non-compliance issues remains a priority for Albania, especially the adoption of the new Energy Efficiency Law.

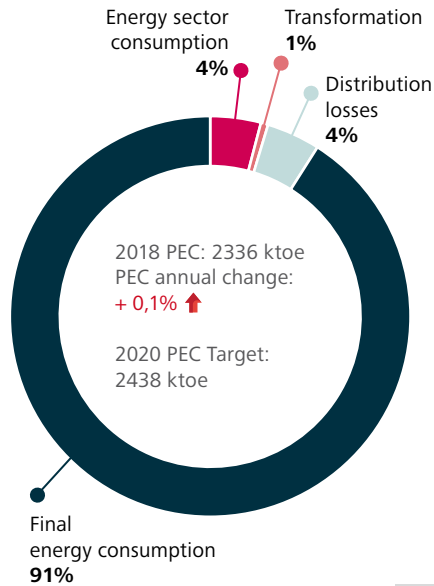
As Albania failed to update its National Energy Efficiency Action Plan (NEEAP) in 2019 as required under the reporting obligations

of Directive 2012/27/EU, the country should now focus on the timely finalization and adoption of its integrated National Energy and Climate Plan. The Plan should include an extensive energy efficiency chapter.

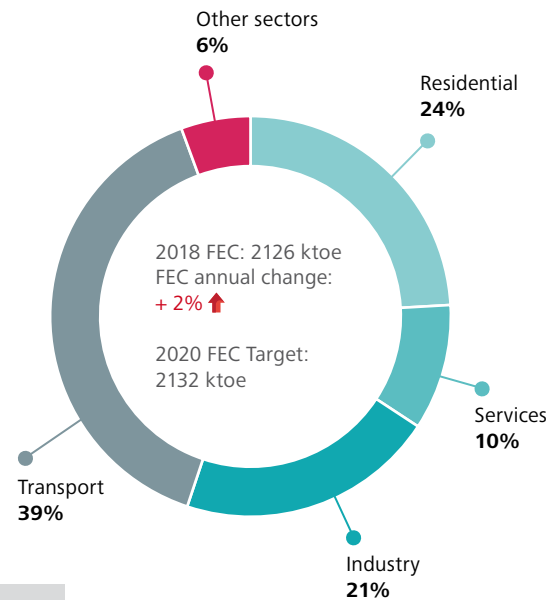
With the Energy Efficiency Agency's strengthened implementation role, the national energy efficiency fund, once in place, will provide additional financing opportunities and support the development of greater professional expertise in this sector.

2018 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity,
2018 value and trends:
0,22 ktOE/mil EUR, -4,8% ↓

Source: EUROSTAT 2020 data and the Contracting Party's Annual Reports under Directive 2012/27/EU

Energy Efficient Products – Overview of Implementation of Labelling Regulation

FRAMEWORK REGULATION*	Household dishwashers	Fridges and freezers*	Household washing machines	Televisions	Air conditioners and fans*	Household tumble driers	Electrical lamps and luminaires	Solid fuel boilers*	Space heaters*	Water heaters & storage tanks	Domestic ovens and range hoods
	●	●	●	●	●	●	●	●	●	●	●

● Adopted and implemented ● Compliance or implementation issues detected ● No progress with adoption/implementation

* The new labelling package adopted by the Ministerial Council in November 2018 was assessed, as the transposition deadline expired in January 2020.

Source: multiple sources of data (EECG reports, NEEAPs etc.), compiled by the Energy Community Secretariat



Albania

Environment

Environment Implementation

Environment Indicators	Transposition Assessment	Implementation Status	Descriptions
Environmental impact assessment (EIA) and strategic environmental assessment (SEA)			The quality of environmental reports (in particular the assessment of effects on nature and biodiversity and the assessment of the cumulative impacts of projects) must be improved. The competent authorities have to ensure early and effective opportunities for the public concerned to take part in the assessment procedures and foster dialogue when conflicts in relation to energy projects emerge.
Sulphur in fuels			Secondary legislation for the quality control of sampling and analysis of the fuels is not yet completed. Further efforts for proper implementation and enforcement must be taken in order to reduce the sulphur content of the fuels falling under the scope of the Directive.
Large combustions plants and industrial emissions			The thermal power plant Vlora is still not in operation. The 2019 tender for awarding concession for the plant was cancelled. As any new plant, it must comply with the emission limit values of the Industrial Emissions Directive.
Nature protection			Nature protection studies for the protected areas network, as well as for specific protected areas, that should secure effective protection are being prepared but not adopted yet. The lack of sufficient capacities and adequate financial instruments limits the administration's power to enforce nature protection legislation. Energy projects, in particular the numerous planned hydropower projects, must comply with national and international nature protection rules and obligations.

Serious efforts are needed for proper implementation and enforcement of the Environmental Impact Assessment Directive. A lack of early and effective opportunities for the public concerned to participate in the assessment procedures prevails in a large number of cases. During the reporting period, the Secretariat initiated dispute settlement procedures against Albania concerning the non-compliant environmental impact assessment of the HPP Poçem project. Following the initiation of the dispute settlement procedures, the Ministry of Environment rejected the environmental impact assessment report of HPP Kalivac, another project planned on the Vjosa river. Concerns are also being raised related to the environmental impact assessments of projects on the Valbona river. The cumulative impact of small hydropower projects and possible transboundary impacts are not assessed in a systematic manner. The competent authorities should ensure the implementation of the Directive with the support of the recently published Policy Guidelines on the

development of small hydropower projects.

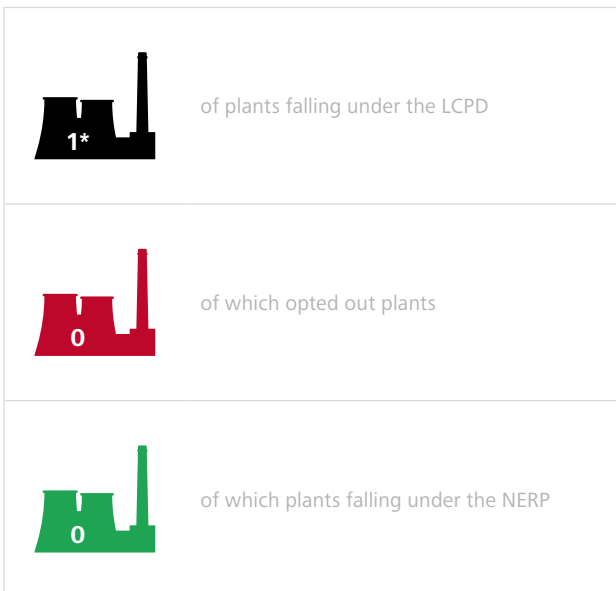
As regards the Strategic Environmental Assessment Directive, the Government should ensure that a strategic environmental report for the foreseen National Energy and Climate Plan is prepared as early as possible and that the public has early and effective opportunities to participate in the process.

No steps towards the implementation of the Government's Decision on the quality of certain liquid fuels used for thermal, civil, industrial use and sea transport of June 2019 took place. The Decision transposes the provisions of the Directive on marine fuels, which applies to Albania as a coastal state. The Government must complete the legal framework (with adoption of the relevant by-laws) in order to implement and enforce the obligations for reduction of the sulphur content of certain liquid fuels.

The only large combustion plant in Albania, thermal power plant Vlora, is not in operation. The tender for awarding a concession for the plant was cancelled in early 2020 due to the fact that none of the received offers met the required conditions. A WBIF project for the Fier-Vlora gas pipeline was launched in June 2020. One of the expected results of this project is to enable the plant to switch its fuel to natural gas. Such a modification is considered as a substantial change and shall be made subject to an environmental impact assessment procedure. Furthermore, the new plant must comply with the emission limit values of the Industrial Emissions Directive.

A detailed study on the revision of the protected areas network in Albania was completed in December 2019, but not yet approved by the Government. The study provides proposals for new revised boundaries and reliable coverage of the existing protected areas network. In February 2020, a study on the protected area Vjosë-Nartë, an area where a number of hydropower projects are planned (including the Poçem project, which is subject to dispute settlement procedures), has been prepared, but not adopted yet. A dialogue with civil society to address the concerns about the risk of reduction of the proposed Vjosë-Nartë protected area due to the planned hydropower projects has to be conducted. Finally, nature protection considerations have to be properly taken into account in environmental assessment procedures.

Installations under the Large Combustion Plants Directive



* not in operation

Source: compiled by the Energy Community Secretariat



Albania Climate

Climate Indicators	Transposition Assessment	Implementation Status	Descriptions
National greenhouse gas emissions monitoring and reporting systems			The preparatory work on the development of a national greenhouse gas emissions monitoring and reporting system has started with the Law and Decision on a mechanism for monitoring and reporting of greenhouse gas emissions. Since it has not yet been adopted, the Monitoring Mechanism Regulation (EU) 525/2013 has not been transposed.
National Energy and Climate Plans (NECPs)			As one of the first Contracting Parties, Albania submitted draft chapters of the NECP to the Secretariat for informal review in early June 2020. However, the process is slow. Submission of the final draft is expected in Q1 2021.

Under the Paris Agreement, Albania committed to reduce its CO₂ emissions by 11,5% compared to the baseline scenario for the period 2016 to 2030 in its first Nationally Determined Contribution (NDC). In 2019, the country joined the NDC Partnership - a global initiative to help countries achieve their national climate commitments and ensure financial and technical assistance is delivered as efficiently as possible. It plans to revise its NDC by the end of 2020. The Government prepares for the fourth National Communication due in 2020 and the first Biennial Update Report expected since 2014.

In 2019, the Government endorsed the National Climate Change Strategy, representing the country's low carbon-development strategy towards the implementation of the Paris Agreement. However, the country is yet to adopt an overarching legal framework for climate. A draft Climate Change Law exists. Adoption of the Law and a Decision on a mechanism for monitoring and reporting of greenhouse gas emissions, transposing Monitoring Mechanism Regulation (EU) 525/2013 are still pending.

The Law and the Decision will establish the institutional framework and arrange the rules for monitoring, reporting and verification of GHG emissions at the level of sectors/resources in line with the Monitoring Mechanism Regulation. While the

draft Law includes provisions on establishing a national climate change policy, it lacks specific reference to setting up a system on projections which would be required to be fully compliant with the Monitoring Mechanism Regulation. The establishment of a national inventory system for greenhouse gas emissions monitoring and reporting in line with the Monitoring Mechanism Regulation (EU) 525/2013 is still missing.

The Prime Minister's Order of 7 March 2019 indicates the governance structure and timeframe for elaboration of the National Energy and Climate Plan (NECP), including the setting up of a dedicated national working group supported by five technical working groups and the appointment of focal points in line ministries. For the preparation of the analytical basis of the Albanian NECP, the Government relies on external expertise supported by international donors and experts. At the time of publication of this report, data collection and modelling were ongoing.

The first two chapters of the NECP were drafted and submitted to the Secretariat for informal review in June 2020. Affected by the Covid-19 outbreak, the process is aimed to be finalised only in Q1 2021. It is strongly recommended that the different policy planning processes under the NDC update and the NECP are harmonized and streamlined.



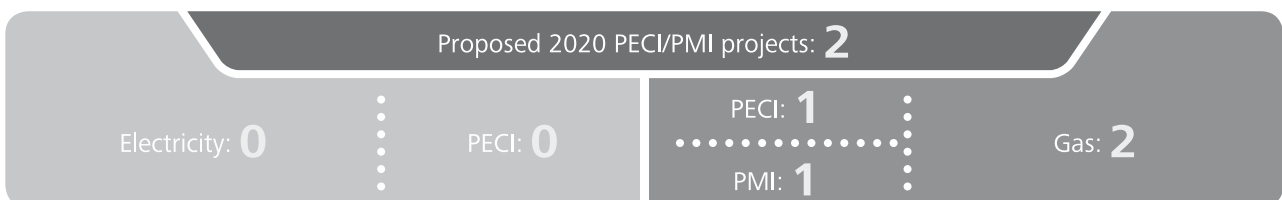
Albania Infrastructure

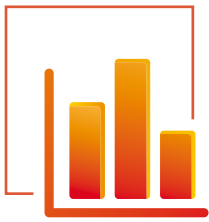
Infrastructure Implementation

Infrastructure Indicators	Transposition Assessment	Implementation Status	Descriptions
National competent authority			The Ministry of Infrastructure and Energy, designated as the national competent authority, does not report progress of its PEI and PMIs to the relevant Energy Community working groups and the Secretariat.
Manual of procedures			The manual of procedures has not been published to date.
National regulatory authority involvement			The regulator has not published the methodology and evaluation criteria to be used to evaluate infrastructure investments.

There was no progress in the transposition of Regulation (EU) 347/2013. In November 2018, the Government of Albania approved a decision on the adoption of practices for promoting joint regional investments in energy sector infrastructure, which transposed Regulation (EU) 347/2013. Further actions are necessary to implement all provisions of the Regulation. The national competent authority should publish a manual of procedures for the permit granting process, applicable to Projects of Energy Community Interest, and start reporting on project developments to the corresponding PEI Groups and the Secretariat as soon as possible. Another pending task is the publication by the regulatory authority of the methodology and criteria to be used to evaluate investment in electricity and gas projects and the higher risks incurred by them.

Full implementation of the Regulation in Albania is particularly urgent due to its potential to facilitate the realization of ongoing strategic infrastructure projects, particularly the 400 kV OHL interconnection between Albania and North Macedonia (PEI 2018, under construction). The project is expected to improve security of supply and overall operation of the energy system of Albania, as well as positively influence the regional market and its coupling. The same goes for the ongoing preparations for gasification and gas infrastructure projects, especially the ALKOGAP project (proposed PEI 2020) and the Ionian Adriatic Pipeline (proposed PMI 2020).





Albania Statistics

Statistics Implementation

Statistics Indicators	Transposition Assessment	Implementation Status	Descriptions
Annual statistics			The five annual questionnaires and the questionnaire on final energy consumption of households for 2018 were transmitted to EUROSTAT.
Monthly statistics			Monthly data on coal, on petroleum products and all short-term data are missing and thus are not reported to EUROSTAT.
Price statistics			Prices charged to industrial end-users and the breakdown of price components for 2019 are not transmitted to EUROSTAT.

Compliance with the statistics acquis in Albania has improved remarkably. The main achievement is the start of publication and reporting of half-yearly prices charged to industrial end-users.

Official statistics in Albania are in the competence of the national institute for statistics (INSTAT). However, by means of a Government decision, the National Agency for Natural Resources (AKBN), established in 2006 under the Ministry of Economy, Trade and Energy, is tasked to collect, compile and disseminate energy statistics in accordance with best international practice.

As regards annual energy statistics, including quality reporting, Albania has implemented the requirements of the acquis. AKBN has been compiling annual energy balances and annual questionnaires and submitting them to EUROSTAT in accordance with the acquis. AKBN has also reported to EUROSTAT and IEA preliminary data for 2019.

The breakdown of energy consumption of households has also been prepared, transmitted to EUROSTAT and published. The quality report is prepared and published in accordance with the acquis.

Concerning monthly statistics, oil, electricity and natural gas data are available and transmitted to EUROSTAT, although the timeliness of transmission is not duly observed. Monthly oil data, except for secondary products and oil stocks, are submitted to EUROSTAT and to the JODI database through the UN Statistical Division. Monthly oil statistics defined in Annex C of Regulation (EU) 1099/2008, with the view to monitor stock building obligations under the oil acquis, remain unsatisfactory. Monthly coal data are not available yet.

In 2020, AKBN started to collect data on prices charged to industrial end-users, as well as the breakdown of electricity prices per component pursuant to Annex II to Regulation (EU) 2016/1952. The breakdown of price components for 2019 has not been transmitted to EUROSTAT for publication on time.




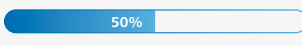
Priority should be given to meeting the acquis obligations on price statistics and the completion of monthly data reporting. The responsible institution should be equipped with the necessary human and financial resources to fulfil the remaining tasks in a timely manner.



Albania

Cybersecurity

Cybersecurity Implementation

Cybersecurity indicators	Transposition Assessment	Implementation Status	Descriptions
Institutions and legislation			A Law on Cybersecurity is in place but incomplete. A new Strategy is being drafted. Rules on critical information infrastructure apply only to public utilities in the power sector. Private infrastructures and services and the gas sector need to be included. A CIRT for electricity is planned, one for gas is also needed.
Requirements for operators and energy regulatory authority			Self-assessment of risks by the energy operators and reporting was requested by ERE; however, a compliant methodology for the energy sector is needed. Security requirements and obligations for operators are in place. Improvements are needed in the domain of public-private cooperation, regional measures and energy-specific criteria. The powers of the energy regulator in cybersecurity need to be reinforced.

The crosscutting Digital Agenda of Albania 2015 - 2020 and a corresponding Action Plan aim to achieve compliance with EU policies on preventing cybercrime and supporting security of information networks and systems, including the energy sector. A new national Cybersecurity Strategy 2020 - 2025, involving all relevant institutions and sectors is in drafting stage. The Law on Cybersecurity adopted in 2017 partially transposes Directive 2016/1148/EC (NIS Directive) but cross-border aspects and the regional dimension are missing. No energy-specific cybersecurity provisions are included in the Law.

The National Authority for Electronic Certification and Cyber Security (NAECCS) is tasked to implement the Cybersecurity Law and acts as a focal point, cybersecurity regulator, incident-reporting centre and a national Computer Security Incident Response Team (CSIRT). The Cybersecurity Law requests sectoral CSIRTs, including an energy CSIRT, to be established by the operators of critical infrastructures and coordinated by the responsible ministry. The energy regulatory authority ERE adopted in 2020 rules on cybersecurity of critical infrastructures in the power sector.

The Law on Cybersecurity creates a category of "critical" infrastructure or service, followed by another category of less stringent, "important" one. In July 2020, the Government approved

a list of critical information infrastructure and services in the public domain, including the main information and operation (SCADA) systems and services of the state-owned power companies OST, OSSH and KESH.

NAECCS is responsible for risk assessment but a common, national methodology has not been established yet. In its roadmap published in 2018, NAECCS announced to make an analysis and, supported by ERE, define a compliant methodology for risk assessment in energy. Self-assessment of risk is also required in the rules adopted by ERE. Each operator must define, apply and submit its own risk methodology, action plan and financial impact. The operators' cybersecurity requirements and reporting obligations cover the following aspect: information protection, risk and incident management, organizational structure, asset and human resources, assessment of new projects and technologies, continuous monitoring, reporting and cybersecurity audit. Notification obligations for cybersecurity incidents are included in the Law on Cybersecurity and enforced by penalties.

Cybersecurity competences and powers of the energy regulatory entity ERE are not explicitly enforced by the law. Current activities of ERE are based on its basic competences and security requirements defined in the Power Sector Law of 2015.