



**20<sup>TH</sup> ERRA**  
**ANNUAL CONFERENCE**

*EN ROUTE TO SUSTAINABLE REGULATION  
UNDER NEW MARKET PARADIGMS*

09-10 October, 2023 |  
BUDAPEST, HUNGARY



# Regulatory Mandates For Energy Transition Under New Market Conditions

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#ERRAConference2023

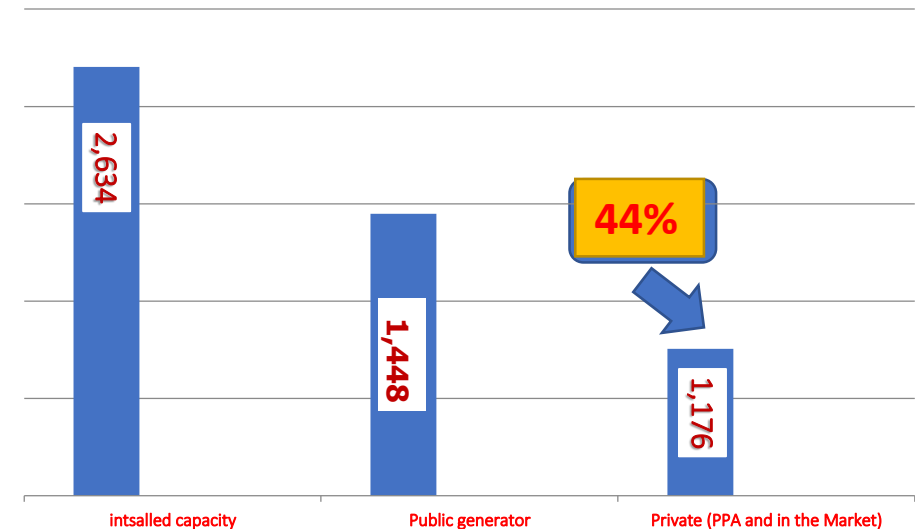
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# Country Context



- On March 2023, Albania has adopted the new law on RES, transposing the Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources.
- Albania is almost entirely depending on hydro power as over than 98% of the electricity is generated by hydropower plants. The total installed capacity in country is 2634 MW, where 2594 MW are HPP and 40 MW are PV power plants.
- On 2018, Albania has adopted the National Energy Strategy 2018 – 2030 and the National Action Plan for Renewable Energy Sources.
- RES target against the final gross consumption of the country for 2030 is determined 42%.
- According to IRENA, Albania's cost-effective solar and wind potential is estimated at more than 7 GW.
- ERE has already licensed 36 companies in the activity of electricity generation from PV power plants, with a total capacity of 352 MW.
- Since April 2023, the Albanian Power Exchange ALPEX is functional and operates the Day-Ahead Market in Albania.



# Energy balance in Albania



- The total net domestic production of electricity realized for 2022 is 7,002 GWh, where:
  - Public generation company covers ca. 55.11 % (3,859 GWh);
  - Private energy producers cover ca. 44.89 % (3,142 GWh).
- The installed capacity of power plants connected to the transmission grid is about 2,266 MW with a net production of 6,149 GWh, and for those connected to the distribution grid is about 348 MW with a net production of 853 GWh.
- Total electricity consumption for the year 2022 amounted to 7,923 GWh.
- The level of losses in the distribution system is 1,457,841 MWh 19.07 % of the distributed electricity.

# Policies Targeting Energy Generation

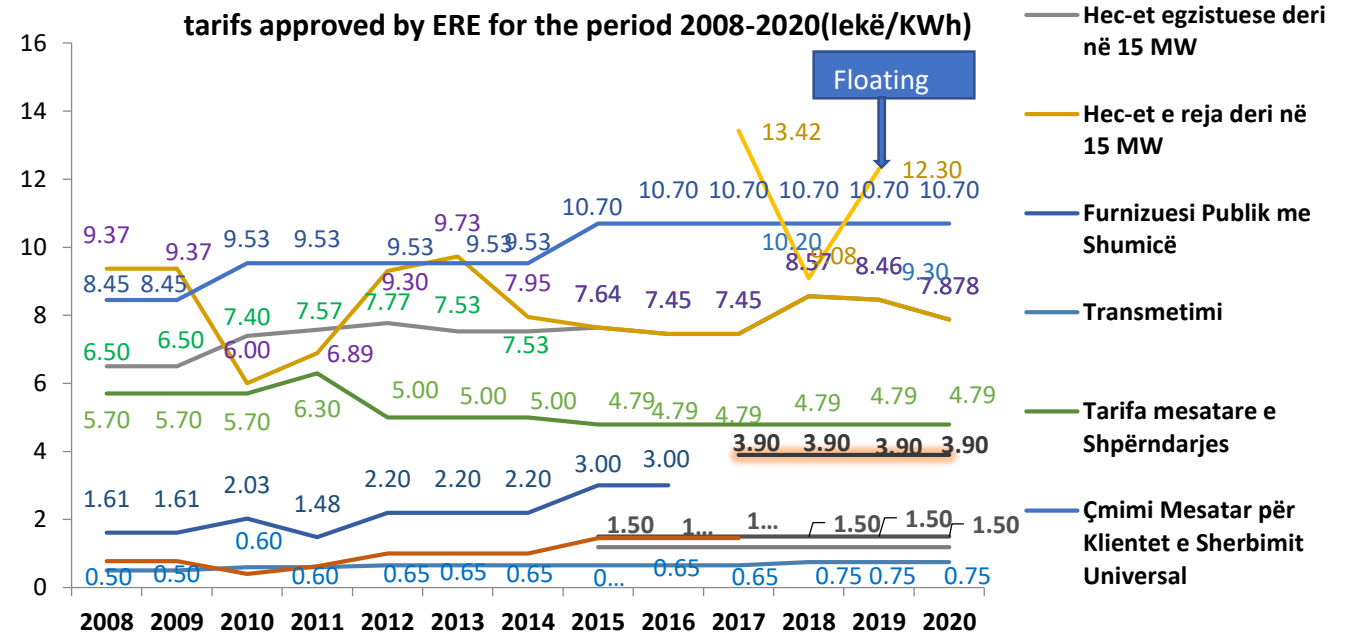


- First energy related project through schemes of BOT and BOOT, especially HPP started in 2005 due to lack of public founding.
- Up to 468 MW (more than 30%) of installed capacity already build with ans estimation of around 500 million Euro of investments from private.
- The support schemes already in place provide:
- Renewable power plants not exceeding a certain capacity, are supported by a feed-in tariff up to 15 MW for HPP, 2 MW for PV and 3 MW for Eolic.
- The equipment used for construction of new power plants are exempted from the custom duties.
- Priority access to the transmission and distribution grids.
- Producers receiving a guarantee of origin for their produced electricity from renewable sources.
- Private households as well as small and medium-sized companies with an installed capacity within 500 kW are entitled to a net-metering scheme in place.

# Policies Targeting Energy Generation



- Pros and cons of the schemes
- Private investors injecting in the market
- PPA established with the Producers for a period of 15 years
- Incentive pricing i.e. percentage above the market price 10-20%
- Non balance responsibilities for the producers until 2021
- CAP prices up to 95 Euro MW/h



# Policies Targeting Energy Generation



By adopting the new law on RES, some amendments have been made for the support given to power producers.

The support given for electricity generation from RES shall be through a public bidding procedure and in one of the following modes:

Power purchase agreement (PPA), Contract for difference (CfD), Premium contract  
Transformation of the current Feed-in tariff support scheme into "Contract for Difference".

Establishment of a regional GOs market within the Energy Community, with the electronic registry of GO's, already in place.

Net-metering on yearly basis starting from April 2024 net billing for prosumers.

# Contract for Differences in Albania



- CfD support scheme has been introduced already in 2 auctions for solar plants, which have resulted successful.
- The first auction was held in 2020, for a total installed capacity of 140 MW for, where 70 MW shall be under the CfD support scheme for 15 years with an auction price of 24,89 Euro/MWh and the remaining 70 MW shall be traded in the liberalized market. The Karavasta Park concession agreement is for 30 years.
- The second auction was held in 2021, for a total installed capacity of 100 MW under the CfD support scheme for 15 years with a price of 29.89 Euro/MWh.
- The ceiling price for both these auctions was set at 55 Euro/MWh.

# Contract for Differences in Albania



- CfD support scheme has been also successful in another auction held in July 2023 for electricity produced from wind power plants.
- Three projects were selected as winners of the auction.

At 44.48 EUR/MWh, 74 EUR/MWh at for an installed capacity of 75MW and 74.95 EUR/MWh for an installed capacity of 72.6 MW.

- The ceiling price for this auction was set at 75.64 Euro/MWh.

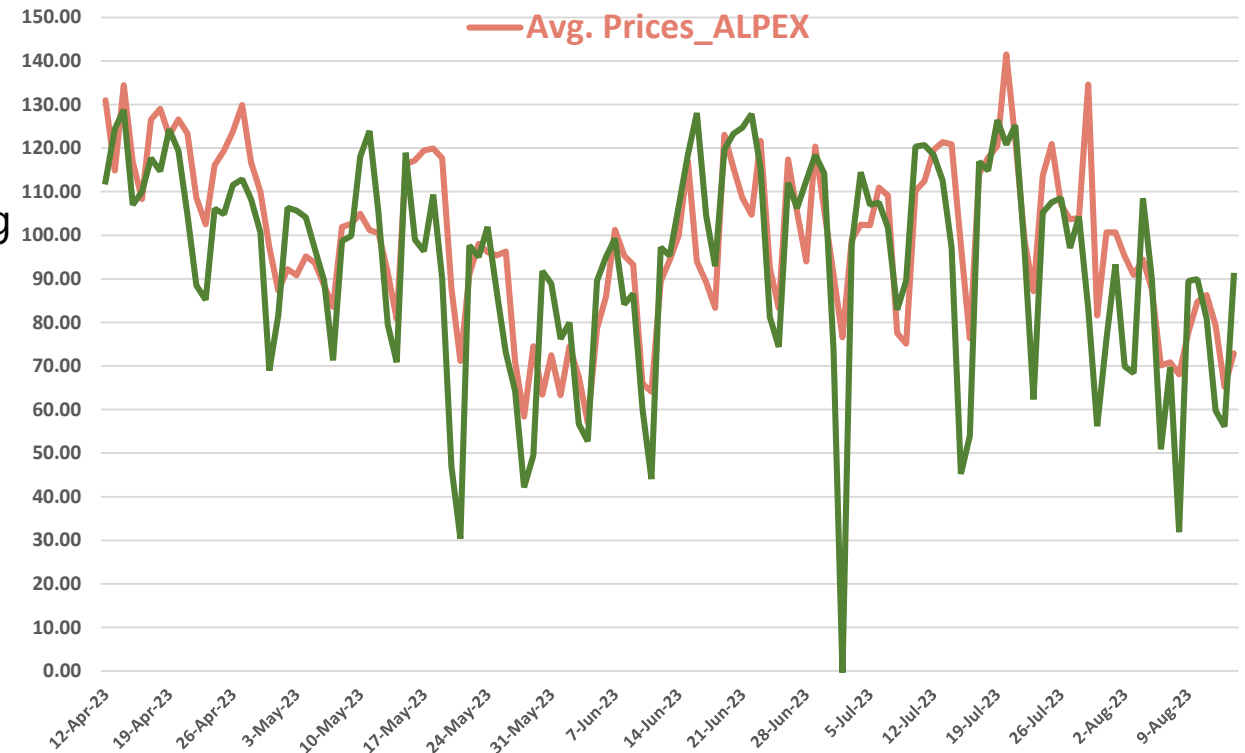
Based on our revised NDC, Albania committed to a GHG emissions reduction target of 20.9% by 2030, compared to business as usual (baseline scenario).



# Next Steps towards Energy Transition



- Since April 2023, the Albanian Power Exchange ALPEX is operational and operates the Day-Ahead Market in Albania. Increase of daily traded volumes and introduction of Intra-Day Market is foreseen for next year.
- Full market opening for MV and LV consumers, aiming a competitive retail market.
- Establishment of a liquid and competitive DA and ID markets as well as market for guarantees of origin.
- New prioritized investments aiming the accommodation of new RES capacities.
- Need for introduction of flexibility options for high RES penetration in power systems, such as energy storage or demand-side flexibility.
- Alignment with the acquis related to decarbonization of the energy sector in the framework of the Energy Community.
- Implementation of programs addressing energy poverty.



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# THANK YOU FOR YOUR ATTENTION!

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