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JANUARY 2019 EDITION

Security of Supply #1

Electricity is the most imported product from Serbia
The 100 percent tax on import products from Serbia and Bosnia & Herzegovina has raised many eye brows. This has come due to the fact that Serbia is Kosovo’s main trade partner, with imports amounting to 450 Million Euros, with the most imported product being electricity. Currently, energy generation in Kosovo covers only 50% of demand for citizens and businesses, while the rest of the required demand is covered by imports. Moreover, with the new power plant and additional capacities from renewable sources, Kosovo seeks to provide enough energy for itself and thus meet the demand for electricity. The construction of “Kosova e Re” is seen as the solution to this problem.
[Click here to read full article in Albanian.]

300 million Euro losses from unstable supply with electricity
The annual losses of businesses caused by the unstable supply with electricity exceed 300 million euros, according to a report of UBO Consulting for USAID. A local manufacturing company from Kosovo explains that recently they have spent additional 100 thousand euros on an equipment that stabilizes current. According to the study of USAID, a local business spends an average of 6,086 euros annually, due to the unstable supply with electricity and the amount represents approximately 5% of the country’s GDP.
[Click here to read full article in Albanian.]

Kosovo risks to depend on Serbia for its domestic energy supply
The Energy Secretariat, EBRD and World Bank have all announced to have stopped supporting coal energy generation projects. Despite of their efforts, many member states of European Union and especially – the Balkans, have announced and/or have started constructing new powerplants based on coal and lignite. Serbia is planning to construct generation capacities of 2500 MW, followed by Bosnia with 2480 megawatts. Considering that electricity is one of the most imported products from Serbia, Kosovo risks to be dependent to the latter for its domestic energy supply. Kosovo citizens consume only 2000 KW/h of energy per capita, while the average consumption as per OECD statistics is 8000 KW/h. The local demand for energy increases every year. Kosovo Assembly has announced a new powerplant of 500 MW/h, the guarantees for which still need to be voted by the two thirds of the Kosovo Assembly. Serb List (Serb political party) may be a determining factor on the failure of the project, considering that such an action could hinder the increase of Serbia’s influence in Kosovo through electricity supply.
[Click here to read full article in Albanian.]

The main power line that supplies 2000 households with electricity damaged by a firearm
KEDS has informed citizens that the situation with energy supply is steady, however they have reported issues in the municipality of Vushtrri. On the 29th of December, unknown suspects have opened fire to a high voltage metal pillar, consequently damaging it. Over 2000 families in the area use this high voltage pillar, and it is essential for their supply with energy. Because of the firing, these families were left without electricity, normally the families would have suffered

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with around 5 days of no electricity; however KEDS made it possible to connect the grid to a nearby pillar. KEDS teams have prevailed over the challenge by replacing the cables and some parts of the pillar.

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Discussion regarding energy sector in Kosovo
Prime Minister of Kosovo, Ramush Haradinaj, has met with the Chief Executive of the System Operator, Transmission and Electricity Market (KOSTT), Ilir Shala. During this meeting, the pair discussed issues regarding the energy sector in Kosovo, and further steps in maintaining the energy stability in Kosovo. Prime Minister Haradinaj has assured Mr. Shala that the Kosovo government will support the actions of this mechanism and its independence, in order to strengthen the transmission network in the country.

Click here to read full article in Albanian.

Why did the Zhur Hydro Power plant fail?
Almost a decade ago, Kosovo announced the preliminary phase for the construction of the Zhur Hydro Power Plant, however this project has stagnated and was never implemented. The Zhur power plant would have been built in Zhur, a village very close to the border with Albania, and was set to produce energy worth up to 305 MW with an average annual output of 398 GWh. Under the PATEL (2008), the World Bank has funded the feasibility study for the Zhur Hydropower Plant. The results of these studies showed that the HC Zhur project is feasible and sustainable. Nevertheless, with the very frequent change in Governance, the project has been removed from the Kosovo Energy Strategy.

Click here to read full article in Albanian.

Domestic production is not enough, Kosovo needs new generating capacities
Representatives of the American Chamber of Commerce in Kosovo have organized a round table, where they discussed issues regarding energy production and supply. During the round table, the business community had the chance to express their issues with energy supply and distribution, in terms of operations. Minister of Economic Development, Valdrin Lluka, addressed the issue of improper energy supply, saying that his Ministry is working towards fixing this issue. Moreover, he said that the non-implementation of the interconnection agreement by Serbia is making things difficult in terms of energy supply. On the other hand, Petrit Pepaj, managing director of the Energy Regulatory Office, has said the absence of new generating capacities is the main reason for outages. The same was claimed by the American Chamber of Commerce in Kosovo.

Click here to read full article in Albanian.

Click here to read full press statement in English.

How will Kosovo meet its future demand for energy?
The recent power outages have caused disappointment to citizens and businesses, the latter is being hurt most due to the millions of dollar in terms of economic losses. Kosovo now faces another issues, which is meeting the future demand for energy. According to reports, a Kosovar consumes just over 2,000 kWh of electricity while the OECD average consumption per person should be around 8,000 kWh. This means that Kosovars use much less electricity, thus in the future the demand will be even larger. The article claims that Kosovo is in the verge of failing to meet future demand. “Kosova e Re” is expected to meet this demand, with other means of production.

Click here to read full article in Albanian.

The law on strategic investments brings first positive results, Haradinaj meets with representatives of a wind generation project
The office of the Prime Minister has informed that the latter has had a meeting with representatives of SOWI Kosovo, the company that is in the final phase of starting construction of projects of generating 105 megawatts of electricity from wind in the region of Bajgora in Mitrovica, Kosovo. According to Haradinaj, this further proves that the law on strategic investment and the further incentives provided by the Republic of Kosovo to potential foreign investors, are showing their first results. Prime minister also added that on the basis of the Law on Strategic Investment, ten different companies have committed an investment value of 1.8 billion euros. According to the statements, with three projects of 35 megawatts, SOWI Kosovo intends to invest 169 million euros in Kosovo.

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Haradinaj congratulates KOSTT on its recent international certification, ‘Kosovo is in its right path to becoming energy independent’
Prime Minister Haradinaj has informed that all KOSTT assets are now internationally recognized, as a result of the recent certification by the Energy Community Regulatory Board. ‘Kosovo is heading towards sustainable energy independence.
The economic development percentage would be higher. Kosovo is that if the construction of “Kosova e Re” power plant begins this year, than needs and employment growth. This increase is dependent on public growth continues to be positive but not enough to address developmental economic development. Regarding the report, Rukiqi said that; “Economic The President of the Kosovo Chamber of Commerce, Berat Rukiqi, has and increases in employment without “Kosova e Re” project, stating that the project is of immense importance for the country’s economic development and its construction will start during the first half of 2019. The director of the Energy Supply Financing Unit, Ryuta Suzuk. The purpose of the meeting was to discuss further developments regarding the “Kosova e Re” project. Minister Lluka has informed the delegation with the current struggles in the Kosovo energy sector, emphasizing that Kosovo still faces irregular supply of energy due to its outdated generating capacities (Kosovo A and Kosovo B). Moreover, Lluka discussed the “Kosova e Re” project, stating that the project is of immense importance for the country’s economic development and its construction will start during the first half of 2019. The director of the Energy Supply Financing Unit, Ryuta Suzuk, confirmed the importance of “Kosova e Re” for Kosovo’s economic development, and he expressed his institutions’ support for the financing part of the project. Kosovo Prime Minister Ramush Haradinaj informs that the U.S. power company Contour Global will proceed with plans to build a 500-megawatt (MW) coal-fired plant in Kosovo. In October 2018 the World Bank confirmed that they will not support a coal power plant in Kosovo because it would use coal rather than renewable fuels. Haradinaj said the 1.3-billion-euro project, considered as the most important investment since the end of the war in Kosovo twenty years ago, will finally be implemented. “Today, a representative of ContourGlobal informed us that they have provided loans. In February we will be select the financial and technical project to proceed in March with the field works. The construction of the power plant ‘New Kosova’ will start within months,” Haradinaj said. The Prime Minister said this investment will spark economic growth of the country, expected to go as high as 7 per cent annually. Rukiqi on WB report: There are no economic development and increases in employment without “Kosova e Re” The President of the Kosovo Chamber of Commerce, Berat Rukiqi, has discussed the recent report from World Bank regarding forecasts in economic development. Regarding the report, Rukiqi said that; “Economic growth continues to be positive but not enough to address developmental needs and employment growth. This increase is dependent on public investments and remittances from the Diaspora”. Moreover, Rukiqi claimed that if the construction of “Kosova e Re” power plant begins this year, than the economic development percentage would be higher. Kosovo is Japan supports the construction of “Kosova e Re” Minister of Economic Development, Valdrin Lluka, has met with the delegation from the Japanese Bank for International Cooperation (JBIC), headed by the director of the Energy Supply Financing Unit, Ryuta Suzuk. The purpose of the meeting was to discuss further developments regarding the “Kosova e Re” project. The content of the bulletin mainly focuses in investing in infrastructure projects at developing countries. Most of the projects, which Global Infrastructure Partners conducts, are coal-based projects, going in the contrary with the statements made by Kim. On the other hand, Reuters have reported that the Trump administration will have a say on the appointment of the next President, one which is expected to be more supportive of coal projects. Japan supports the construction of “Kosova e Re” Kosovo, considering that it is an essential part of the whole project. Lastly, the bulletin also contains a study, which was conducted in order to show the current and future trends of lignite use in Kosovo, considering that it is an essential part to the whole project. The hypocrisy of the resigned President of World Bank, he joins the company that supports coal projects The President of World Bank, Jim Yong Kim announced that he will be stepping down as the President of World Bank, a position which will be filled by the current CEO of World Bank, Kristalina Georgieva. In September last year Kim had declared that World Bank has taken a decision to not support coal projects in the Balkans, including the Kosova e Re power plant in Kosovo. Nevertheless, the president has been involved in a large hypocrisy, this mainly due to his immediate engagement with Global Infrastructure Partners, a private firm that focuses in investing in infrastructure projects at developing countries. The Ministry of Economic Development, mainly Minister Valdrin Lluka, have come out with the third edition of their bulletin regarding “Kosova e Re” and topics related to the project. The Ministry of Economic Development releases third informational bulletin for “Kosova e Re” The Ministry of Economic Development releases third informational bulletin for “Kosova e Re” The Ministry of Economic Development, Kristalina Georgieva. In September last year Kim had declared that World Bank has taken a decision to not support coal projects in the Balkans, including the Kosova e Re power plant in Kosovo. 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expected to have the largest increase in economic development with 4.5%, a figure which is expected to increase if “Kosova e Re” starts construction. Click here to read full article in Albanian.

Salihu MP: The project ‘Kosova e Re’ brings fiscal risks

The IMF has come out with a new report regarding Kosovo and their economic development path. In this report, “Kosova e Re” is mentioned due to its potentially hurtful effect on the Kosovo economy. IMF have said that the public debt of Kosovo may rise to up to 40 percent of the country’s GDP, after the loan that Contour Global intends to take for the construction of Kosova e Re’. This claim was supported by Vetevendosje MP, Salih Salihu, who said that the report is rightful and very concrete. He believes that the loan for “Kosova e Re” will pose threats to the fiscal stability of Kosovo and its state budget. Click here to read full article in Albanian.

The government establishes the enterprise that will buy the energy produced by Kosova e Re

Even though “Kosova e Re” is not close to its construction, the government has already appointed the enterprise that will buy the energy produced by the latter. The enterprise will deal with the purchase of energy that the power plant will produce and sell it to the distribution operators. In May of 2018, the government appointed the board and chair of the board. Accordingly, GAP Institute for Development Policy- INDEP, the Ministry of economic development has spent from May to December, 27 thousand euros, for the wages of this board only. The office of the prime minister and the ministry of economic development had no comments regarding the reasoning behind it. Click here to read full article in Albanian.

Sejdiu: Establishment of the enterprise for the purchase of energy, an economic “Monster”

Social Democratic Party Parliamentary Group leader, Dardan Sejdiu, and a critic of the “Kosova e Re” project, has recently criticized the minister of economic development, Valdrin Lluka with regards to the formation of a new energy enterprise, which will purchase energy from “Kosova e Re”. Sejdiu has said that this enterprise will damage the economy and the citizens, considering that Kosovo is obliged to purchase 100% of energy produced, regardless of the demand. Moreover, he believes that this practice is an economical burden, and will remain so for an addition of 20 years. Click here to read full article in Albanian.

The faith of the power plant in the hands of MPs

Minister of Finance, Bedri Hamza, has required information by the Ministry of Economic Development on the actual rate of the loan that the country needs to acquire for the construction of ‘Kosova e Re’. Hamza said that the legal framework treats the guarantee issued by the state of Kosovo as public debt. Moreover, in order to issue any guarantees for the financing of Kosova e Re, such need to be approved in the Assembly with the two thirds of votes. Minister of Economic Development, Valdrin Lluka, has informed that an expert is engaged to make a study on the level of guarantee that
state needs to provide for Kosova e Re. Lluka said that according to prior calculations, the total guarantee amount is expected to be around 350 million euros.

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Kosovo with biggest economic growth in the region, Kosova e Re shall further boost growth

Prime Minister Haradinaj has informed that Kosovo has reached the biggest economic growth in the Western Balkans region, summing 4.5 percent. According to him, the growth shall be further boosted in the coming year, due to the construction of the Kosova e Re power plant. ‘With the construction of Kosova e Re power plant by Contour Global, we will witness growth of around 7 percent’, said Haradinaj in his Twitter account. ‘The contract of 1.3 million euros will secure energy independence for Kosovo’, he stated.

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Vetevendosje on the contract with ContourGlobal

Vetevendosje, biggest political party in the opposition, have issued a press statement with regard to Kosova e Re. Vetevendosje calls the contract as very damaging, highly expensive and non-transparent and it has listed eight different reasons on why its implementation should stop. According to Vetevendosje, the contract for the construction of Kosova e Re is highly expensive (1.3 billion dollars compared to 210 million dollars for a possible reconstruction of Kosovo A). Vetevendosje lists the high guarantees provided by Kosova, the ceiling power purchase price per megawatt of 80 – 96 euros (compared to the current one of 30 euros per megawatt with KEK), the high level of return rate and the guarantees of Kosovo in this regard, the impact on the energy tariffs, the total cost imposed to end-consumers of 5-7 billion euros over a twenty year period, the establishment of the phantom company NKEC and the disruption of the energy market as main reasons why the project shouldn’t be implemented. Vetevendosje claims that the global average cost of a new coal-based production of 1 megawatt is around 1.4 million, while ContourGlobal offers it to the citizens of Kosovo on a price of 2.6 million euros per megawatt. ‘None of the units in the region have been decommissioned, they have either been reconstructed or repaired. The rebuilt units of Kosovo A would have a yield increase of over 20%, a standby of 7300 hours of full power and they would represent a new and a safe unit in relation to the environment.

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Rukiqi discusses “Kosova e Re” with Telegrafi

Berat Rukiqi, President of the Kosovo Chamber of Commerce, has held an interview with Telegrafi, where he discussed different challenges and ongoing events in the economy of Kosovo. One of the most important points covered in the interview was the construction of Kosova e Re. Rukiqi has said that the project is of immense importance, due to its efforts in increasing the energy security of Kosovo. Rukiqi has also said that Kosovo will risk to be dependent on import of energy in the future, the reason behind that is the outdated and obsolete technology which the current power plants use.

Click here to watch full interview in Albanian.

Women empowerment and education in the energy sector

Millennium Foundation of Kosovo, a foundation dealing with electricity supply and governmental issues in Kosovo, has awarded 20 scholarships towards women interested in the energy sector. Sara Olmstead, director of the Millennium Challenge Corporation (MCC) has said that this program was introduced with the purpose of empowering women who are interested in working in the energy sector.

Dardan Abazi, researcher at the Institute for Development Policy, INDEP, has praised this initiatives stating that women are very important to the energy sector and its development.

Click here to read full article in Albanian.

Kosovo launches Energy Efficiency Fund, an incentive for cleaner energy

Ministry of Economic Development has launched the Kosovo Energy Efficiency Fund. The Executive Board of the fund has been assigned as is consisted of Ruzhdi Sefa, Lum Mita, Sazan Ibrahim, Artan Berisha and two representatives of the European Commission and World Bank. The fund was donated a grant of 10 million euros by the European Commission, 5 million euros by World Bank and 1 million euros by the Government of Kosovo. The fund will target public buildings to later continue with private ones, media’s report. The fund was created on the basis of the Law on Energy Efficiency, that was approved by the Kosovo Assembly during November 2018.

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Lluka: Kosovo paid 650 million euros on energy imports

Lluka has informed that due to lack of proper investments on current existing power plants since 1984, Kosovo citizens are subject to cheapest energy tariffs. Lluka has also informed that by depending on the (very) old facilities of Kosovo B and (especially) Kosovo A, the country risks its national energy security. Since the war-end, Kosovo has spent 650 million euros on energy imports. Lluka has made these comments on an early TV show at the national public broadcaster. According to Lluka, the project of Kosova e Re is currently undergoing the phase of financial closing, due to be completed in between March and June.

‘There is an interest to invest by the side of USA, Japan and Poland.’, Lluka claimed during the show.

Click here to read full article in Albanian.
A transformer explodes in Trepca industrial compound, half of Mitrovica left without electricity
On Tuesday, 22 January 2010, a transformer had exploded inside the Trepca industrial compound in Mitrovica. KEDS informed that the transformer is owned by Trepca industries itself. As a consequence, the explosion has caused damage to the 110 kV line of KOSTT in Mitrovica, causing electricity blackouts in most of the city of Mitrovica. Around 100 miners were trapped inside a mine in the Kosovo’s town of Mitrovica after an alleged elevator malfunction, caused by the explosion. But authorities announced that an alternative solution has been found and miners have been rescued and are in good health.
Click here to read full article in Albanian.

KEDS finds a quick solution to the problem of supply in Mitrovica caused by explosion, Haradinaj praises KEDS and KOSTT for their efforts
On Tuesday around 12:00, a transformer had exploded inside the Trepca industrial compound in Mitrovica. As a consequence, the explosion has caused damage to the 110 kV line of KOSTT in Mitrovica, causing electricity blackouts in most of the city of Mitrovica. KEDS has informed that an immediate solution to electricity supply was found, by rehabilitating the line of Vallaq, located in the northern part of the country. KEDS informs that this was done in close cooperation with the Kosovo Police and KOSTT. Haradinaj had praised KEDS and KOSTT for their efforts in finding an immediate solution.
Click here to read full article in Albanian.

KEDS offers uninterrupted supply of energy
KEDS has come out with a statement regarding energy supply during the end-of-the-year holidays. KEDS has said that it is adamant to supply the citizens of Kosovo with energy during all times, especially during winter holiday season. KEDS claims that apart from the local generation, energy is also being imported to cover the demand. At the end of their press release, KEDS has asked all the consumers to save as much energy as possible so that the network is not overloaded from excess use of it.
Click here to read full article in Albanian.

KEDS has installed alternative cables in the Municipality of Decan
The municipality of Decan has been facing problems with power outages for quite a long time. These outages, which last for several hours, were a result of grid breakdown. Nevertheless, KEDS has taken measures in order to prevent these outages, which are quite frequent in Decan. They have installed the new 2400m long alternative cable that will connect to main power line. This cable will serve as an alternative route for conducting electricity whenever there are problems or breakdowns in the grid. KEDS employees have been heavily engaged in this installment, and have worked under low temperatures, in order to mitigate the outages.
Click here to read full article in Albanian.

Further electricity cuts by KEDS
As KEDS has undergone the action of cutting electricity to all those citizens who fail to pay their bills within a 15 days period after their receival, hundreds of citizens have been gathered at the KEDS billing centers to finish their payments. However, citizens were seen to lose patience as the billing process was very slow, as from a total of 11 payment desks, only 2 of them were active.
Click here to read full article in Albanian.

Regional picks
Government of Macedonia announces tendering for solar power plants, wind farm
The Government of Macedonia has announced tendering for the construction of solar power plants with a combined capacity of 200 MW in February, and for premiums for a 50 MW wind farm by the end of the year, while state power utility ELEM has secured financing for the construction of a 10 MW Osliomej solar power plant on the site of former coal mines. At the signing ceremony for the Osliomej solar power plant loan between ELEM and the European Bank for Reconstruction and Development (EBRD), Macedonian Prime Minister Zoran Zaev said that this is the beginning of investment in solar power plants with an installed capacity that exceeds 200 MW. The government is preparing several locations for public-private partnerships and concessions to invest in the construction of 200 MW solar power plants, Zaev said. He noted that the EUR 5.9 million loan secured by ELEM for a project worth EUR 7 million is the first that the company has signed without state guarantees. ELEM will secure EUR 1.1 million for the project from its own revenues.
Massive hike in electricity prices prompts state measures in Bulgaria
Three subsidiaries of state-owned power utility Bulgarian Energy Holding EAD (BEH) will provide an additional amount of electricity on the day-ahead market (DAM) of the Independent Bulgarian Energy Exchange (IBEX) in order to stabilize the market. According to local media, the DAM prices increased 50% in December 2018 compared to December 2017, skyrocketing 200% year-on-year in January 2019. The Maritsa East 2 thermal power plant (TPP), the Kozloduy nuclear power plant and National Electricity Company (NEK) now supply 690 MWh, and from January 19, the quantities will increase to over 700 MWh.

How is Balkan region progressing on energy and climate plans?
Bulgaria, Cyprus, and Greece are among 7 EU member states that failed to submit drafts of their National Energy and Climate Plans (NECPs) to the European Commission by the December 31, 2018 deadline. In the region, Romania, Slovenia, and Croatia have officially published their draft plans, while Albania, Macedonia, Montenegro, Kosovo*, Serbia, and Bosnia and Herzegovina (BiH), which do not face strict deadlines, have started preparatory work. According to Euractiv, apart from the countries from the region, the Czech Republic, Hungary, Luxembourg, and Spain have not fulfilled their obligations. In the meantime, Bulgaria has officially published its draft plan, and Greece promised to send it until the end of January.