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REPORTING PERIOD: 5 MARCH – 1 APRIL 2019
Private sector is Kosovo’s biggest employer, one of its biggest challenge is shortage of electricity

The biggest challenges of the private sector development remain fiscal policies, interest rates and electricity, in terms of its shortage and the tariffs. This was said by the Kosovo Business Alliance, also the initiator of the Business Community Office at Kosovo’s Assembly, during a presentation of a report of the entrepreneurial trend in Kosovo for the period 2000 – 2018. The conference was also attended by the Kosovo’s Assembly President Kadri Veseli, the Minister of Finance Bedri Hamza, the Minister of Justice Abelard Tahiri and representatives of other business chambers in Kosovo. According to the report, there is still a great gap between the number of employment opportunities offered annually, considered to be around 12 thousand, and the number of youth that enter employment market each year, considered to be around 25 thousand. Each year Kosovo receives around 620 million euros in remittances, even though during the last years the value has had an increase. Around 60% of the remittances are used to purchase property. Kosovo is the only country in the region with higher salaries in the public sector than the private sector.

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The beauty of Ujmani “does not speak Albanian”

The Ujmani Lake is one of the hottest talking points when it comes to the EU-led Kosovo-Serbia dialogue. Even though, 75% of the asset is located in the territory of Kosovo, Serbia is still trying to get a handle on this important asset. Ujmani is used for water consumption, and it is the main cooling mechanism used for the power plants in Kosovo. Even though, on paper this lake is managed by the Government of Kosovo, reports said that during their visit, they did not see any Kosovo symbols, and they have indicated that almost all cars which pass through it have to remove their car plates.

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Russia helps Serbia in expanding its influence in terms of energy

The article summarizes the increasing investment activities of China and Russia in energy projects in Serbia. After having announced that the construction of a new power plant will end in 2020, Serbia has again announced the start of two new coal projects of reconstructing two units of Nikola Tesla power plant, again with the help of Chinese driven state funds. Serbia has planned the construction of new coal capacities that reach the total of 2500 megawatts, followed by Bosnia with 2400 megawatts planned. Except for coal projects, according to the Deputy Prime-minister of Bulgaria Donchev, Serbia, together with North Macedonia, have expressed their interest to participate at the nuclear project in Bulgaria. Lately, also Gazprom from Rusia has confirmed the start of the construction of a gas fired power plant of 200 megawatts in Pancevo, Serbia. Otherwise, electricity is the most imported product from Serbia to Kosovo, and any new energy project in Serbia further empowers its influence in Kosovo and the Balkans. Electricity generated by all the new powerplants in Serbia is now targeting the European markets as well, via the new planned transmission line between Montenegro and Italy.

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Unstable energy supply and high costs are leading businesses towards closure

The Kosovo Chamber of Commerce have held a conference together with the American Chamber of Commerce and the Producers Club, where they tackled issues related to business development in Kosovo. Chairman of the Chamber of Commerce (KCC), Berat Rukiqi, has said that energy still remains a big problem, and he has warned that without the liberalization of the energy market, many businesses will be forced to shut down. Moreover, the head of the Producer Club, Astrit Panxha, has claimed that the inability for business to use the self-consumption mechanism has caused many losses to manufacturers all around Kosovo. On the other hand, The Director of the American Chamber of Commerce (AEC), Arian Zeka, said that electricity problems are having a negative impact on the arrival of foreign investors. He highlighted that the price that businesses pay for energy is not justifiable.

Haradinaj: We will look at solutions for energy supply towards domestic producers

Following recent news about energy issues that Kosovo businesses face, Kosovo Prime Minister, Ramush Haradinaj, has met several domestic producers, with whom he discussed the issue they face, and possible alternatives. The meeting was also attended by the President of the Kosovo Chamber of Commerce, Berat Rukiqi, President of the American Chamber of Commerce, Arian Zeka, and the representative of ERO. Haradinaj ensured the manufacturers that he will be working with all the relevant parties, in order to put forward policies which will help producers in this matter.

Renewable Energy: The future of Kosovo

20 years on, since the end of the war, Kosovo still faces issues regarding energy supply. Kosovo currently has 2 power plants which are very old and are not secure when it comes to long-term supply. Moreover, these power plants are the worst points of pollution in Kosovo, especially Kosovo...
A number of requirements by the European Bank for Reconstruction and Development (EBRD) and the first strategic investor of Kosovo have been opposed by the Energy Regulatory Office and as consequence, Kosovo risks losing an investment of 180 million euros. One of the requests was related to the date when the PPA becomes effective. In the last meeting of the Government, while reporting on the latest developments in the field of strategic investments in Kosovo, the Minister of Trade and Industry Shala claims that the first strategic investor of Kosovo risks to leave Kosovo, due to the negative answers by ERO towards their requests. SOWI Kosovo is given a final authorization by ERO to develop three wind parks of 35 megawatts in the region of Bajgora, Mitrovica in Kosovo. One of the requests was related to the date when the PPA becomes effective. In the last meeting of the Government, while reporting on the latest developments in the field of strategic investments in Kosovo, the Minister of Trade and Industry Shala claims that the first strategic investor of Kosovo risks to leave Kosovo, due to the negative answers by ERO towards their requests. SOWI Kosovo is given a final authorization by ERO to develop three wind parks of 35 megawatts in the region of Bajgora, Mitrovica in Kosovo.

AMCHAM and KCC welcome the postponement of the Energy Market Liberalization

The Kosovo Chamber of Commerce (KCC) and the American Chamber of Commerce (AMCHAM), have reacted positively towards ERO, and their decision to change Guidelines for Market Liberalization. The Chambers emphasized that they area happy that ERO has extended the deadline of connection for 35kV costumer, until 31 March 2020. They thanked ERO and the Prime Minister’s office for facilitating the agreement, while demanding that at the same time they review restrictions on the self-consumption of energy.

ERD decides to disconnect the “Lumbardhi 2” hydro power plant from the grid

The Board of the Energy Regulatory Office has decided that it will disconnect the “Lumbardhi 2” hydro power plant project from the grid. The project had been facing a lot of criticism lately, mainly

**KAS: Demand in the supply sector for electricity and gas has increased**

The Kosovo Agency of Statistics has come out with most recent data on different industries. According to KAS, in the fourth quarter of 2018 (Q4 2018), compared to the third quarter (Q3) 2018, there was an increase in: the supply sector for electricity, gas, and air conditioning (D) for 26.65%; water supply sector, waste management and treatment (E) activity for 3.68%; and the processing industry sector (C) by 1.67%. Compared to data collected during this time last year (2018), there was an increase in: power, gas, steam and air conditioning by 11.04%.

**KEK presents environmental investments in Kosovo B Power Plant today**

Minister of Environment, Fatmir Matoshi, will be paying a visit to the Kosovo Energy Corporation, mainly the Kosovo B power plant. The purpose of this visit is the presentation of the environmental investments which will be done in Kosovo B. Moreover, Matoshi also met with Pristina Mayor, Shpend Ahmeti, with whom he discussed issues such as zoning maps, green areas, vertical greenery, electric vehicles, environmental police and others.

**Prime Minister demands responsibility, Kosovo risks losing investments of 180 million euros**

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Kosovo Company is being damaged due to ERO’s decision

A local company from Kosovo is not being allowed to operate on self-produced energy, due to some regulations by KEDS. This company requested KEDS to grant them a self-consumption license of 1000kW, however KEDS declined it. KEDS issued an Electric Power Consent for self-consumption with a maximum power of 500kW to this company back in August, 2018, nevertheless, they were not allowed to use more renewable energy. The company also complained to ERO, who rejected their request stating that “According to the legal provisions of Rule No.10 / 2017 on the Renewable Resource Generator Support Scheme, any customer who is connected to the 0.4 kV voltage level can not apply to the supplier to acquire the status of the consumer for self-consumption”.

ERO reacts towards customer complaints

ERO has reacted towards the claims by the Kosovo Chamber of Commerce and the American Chamber of Commerce, regarding ERO’s refusal to listen to customer complaints. ERO has said that the claims made do not reflect reality, because, according to them, ERO has so far proved that it has not developed any regulatory process without the involvement of all parties. ERO have claimed the process of Market Liberalization was initiated years ago, and it is an ongoing process. However, they claim that based on the legislation in force, all consumers are free to choose their supplier. Regarding the self-consumption of energy, ERO said that this is regulated with the legislation in place, a legislation which they claim was put into public discussion with all the relevant stakeholders. In the end, ERO said that they would like to emphasize once again that it is always open to discuss any area, which is within its competencies.
“Kosova e Re” Power Plant

The new power plant in Kosovo, the best available technology

The Minister of Economic Development, Valdrin Lluka, has presented the newest edition of the “Kosova e Re” informational bulletin. The bulletin contains information regarding the environmental impact and the technological criteria of the project. According to the bulletin, Kosova e Re will reduce dust emissions for up to 93%, the ones of carbon dioxide for around 38%, the sulfur dioxide for around 85% and the NOx, for up to 93%. Lastly, the bulletin provided information regarding the ultra-super critical technology that it will implement. This type of technology is set to provide a very high level of energy efficiency, with which it will decrease the use of coal and water, whilst increasing the level of energy production.

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The EPC contractor of “Kosova e Re” will be chosen in April

During the Governmental meeting held today, Minister of Economic Development, Valdrin Lluka, has disclosed information regarding the construction process of the “Kosova e Re” power plant. Lluka said that they are in the evaluation phase of the bidding selection for the company which will handle construction, and that the first phase has already been concluded and, in late March, they will receive a detailed report. Moreover, Lluka has informed the public that the company responsible for construction will be known during the month of April.

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Ramush Haradinaj discusses energy and “Kosova e Re” during interview, Kosova e Re brings energy independence

Ramush Haradinaj, Prime Minister of Kosovo, has been present in an interview with prominent investigative journalist, Jeta Xharra, with whom he discussed various issues regarding energy and “Kosova e Re”. Xharra confronted Haradinaj regarding the muting of microphones when “Kosova e Re” was being discussed. Regarding this, Haradinaj said that this is normal because they were discussing potential financing options, thus information from OPIC and the Japanese State-Bank has to be protected. Xharra also asked Haradinaj regarding the issue of the energy price, and its expected increase with the construction of “Kosova e Re”. Nevertheless, Haradinaj said that the price will not go up more than 80 Euros per MW; he also stated that if you produce your own energy, it can never be more expensive than to import it. In addition, Haradinaj was confronted for the withdrawal of the World Bank, for which he said that it is not an issue, stating that World Bank looks at global interests, while the Prime Minister has to worry for national interests. Lastly, Haradinaj stated that Kosovo does have the luxury of become part of gas pipeline, while also mentioning that Kosovo does not have
KOSID sues the government challenging Kosovo's coal investment

The Kosovo Civil Society Consortium for Sustainable Development (KOSID) has organized a conference on "The World Bank's withdrawal from coal investments in Kosovo and the current state of the environment and energy sector,". The Minister of Environment and Spatial Planning, and representatives of KOSID, INDEP, and BIRN were present. BIRN representatives have stated that the Ministry has breached law in giving the Environmental Consent to Contour Global, thus they have filed a lawsuit against this Institution. They claim that the Ministry have not reached out to the public, and have kept the process a "secret", something which was denied by Minister Matoshi, who seemed very confident in a positive ruling for his Ministry. The article was originally written in media last week, however it was re-posted on Prishtina Insight. Click here to read full article in Albanian.

Lluka responds towards opposition criticism regarding “Kosova e Re”: Kosova e Re EPC contractor to be known during April

Minister of Economic Development, Valdrin Lluka, was present in an interview on the "Economy" show with Telegrafi.com. During the interview, Lluka discussed various issues regarding the energy sector, and especially the construction of “Kosova e Re”. Lluka used the time in the interview to respond to claims made by opposition parties against the construction of “Kosova e Re”. Lluka stated that the selection process for the construction company is going well, and that they will know the successful bidder during April. Moreover, Lluka also mentioned the fact that the World Bank withdrawal is not an issue because OPIC has expressed willingness to fund the project. Lastly, Lluka accepted the fact that prices will increase, however he claimed that the exact sum be known after the construction cost is known, adding that the price will be higher than that the current one, while emphasizing that KEK should not be taken as a model of comparison. Click here to ready full article in Albanian.

EU is financing the placement of filters in Kosovo B

Minister of Environment, Fatmir Matoshi, met with the Minister of European Integration, Dhurata Hoxha. The pair discussed various environmental projects aimed towards improving air pollution, with the help of EU and IPA funds. The two ministers have announced a project in Fushe Kosove, mainly a dumpsite for hazardous materials, and the placement of electro-filters in the Kosovo B power plant. Minister Hoxha said that the EU has attributed millions of Euros in order to solve these issues, and she is adamant that no one will be able to misuse those funds. Click here to read full article in Albanian.

Rukiqi: Kosova e Re, a very good incentive in increasing economic development and employment

Berat Rukiqi, chairperson of the Kosovo Chamber of Commerce, was present on the KTV's "Rubikon". During the show, he was part of a panel discussing the current state of affairs in Kosovo in terms of the salaries and labor. During the show the panel discussed issues related to employment, finances of salaries, and future projects. Regarding the latter, Rukiqi mentioned the “Kosova e Re” project as a very good incentive in increasing economic development and employment. However, he said that the project will need certified workers according to European standards and according to him, and Kosovo lacks sufficient capacities for renewables, especially hydro, which is being opposed lately in Peja. Click here to view full interview in Albanian.
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Dardan Sejdiu (MP/PSD) refers to NKEC as a prison in terms of energy and finances

Dardan Sejdiu, Member of Parliament from the Social Democratic Party, has come out with a social media reaction towards "Kosova e Re", mainly the Power Purchase Agreement associated with the project. Sejdiu has said that Kosovo is obliged to buy all the energy from the new power plant, he believes that the price of electricity will be twice the price that KEK pays at the current time. Sejdiu said that this information can be seen in the Power Purchase Agreement, Recital F, pg. 7, while calling for the Government to stop the agreement because, according to him, it will represent a 20 year-old burden, which will effect both the Government Budget and that of the citizens.

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VV publishes 8 reasons why the agreement with "ContourGlobal" should be stopped

Vetevendosje Movement have come out with a public statement regarding the construction of "Kosova e Re". Mainly, Vetevendosje have present eight reasons why they believe that this project is damaging and should be stopped with immediate effect. Among reasons mentioned, was the cost of the project (1.3 Billion Euros), and they consider that the Government should rebuild Kosovo A with 210 Million euros. Moreover, VV also mentioned the price as an apparent issue, they consider that the price will go up to 96€/MW, while mentioning the returning norm from 18.5% and the guarantee of loans from the Government of Kosovo as a big problem. VV also believe that the project will cost Kosovo around 7 Billion Euros over the next 20 years, especially through the establishment of NKEC and the total purchase agreement. Lastly, VV asks from the government to stop this project, as they believe that it goes directly against EU rules and legislations, something which might hinder Kosovo’s integration agenda for the region.

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such workers. Moreover, Errold Belegu, Consultant of the Prime Minister of Kosovo, said that the project is important and he declared his disappointment with the 10 year delay which the project incurred.

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KEDS reports around 10 thousand cases of electricity theft

Electricity theft is continuing to be one of the biggest issues in the energy sector of Kosovo, this was also confirmed by KEDS. According to KEDS, last year they have surfaced up to 10,000 cases of energy miss-usage, and they have claimed that they have sent, in total, 25 Thousand cases to the courts. Nevertheless, KEDS claim that only around 1000 cases are being dealt with by the Basic Court. KEDS believes that due to the slow pace of the court, the trend might increase considering the very low fines given. KEDS Spokesperson, Viktor Buzhala, said that KEDS teams are engaged 24/7 in reducing these cases, and he claims that KEDS has the latest technology used to detect these kinds of miss-doings. Almost half of the losses incurred by KEDS are due to energy theft happening all over Kosovo.

Obiliq soon to be heated by KEK power plants

One of the largest projects in the Obiliq municipality is considered the central heating cogeneration from KEK’s power plants, which already allocated more than half a million euros to the project. More than a half million euros are allocated in Obiliq municipality on the central heating cogeneration from KEK powerplants. Mayor Gashi said that they have been holding public debates in order to have transparency and ask for citizens opinions on budget situation, municipal and capital investments in the amount of 6 million 275 thousand euros that are foreseen for this year in education, health, environment and infrastructure. Also, according to the mayor, over 600 thousand euros are allocated for greenery, squares and their maintenance, as well as for the protection of the environment from the pollution of KEK. Meanwhile, coming from Kosovo Government’s budget for 2019, from the infrastructure ministry, Obiliq has benefitted 1M euro project to regulate the infrastructure in new Hade or new neighborhood that was created due to the displacement of Hade’s residents and Shipitullë.

Fire damages the energy grid

An unknown suspect has ignited fires in some fields in the area of the municipality of Gjakova. Due to the fire, cables and energy grids in the region have been damaged. The village of Maxhunaj and other villages of the region have suffered power outages due to damages inflicted in the grid systems by the fire. Some of the damages have been fixed by KEDS, however not all of them were fixed. The Police urged citizens not to ignite fires in crop fields, as it might lead to damages and other negative instances.

KEK workers warn that they might protest

The New Trade Union Kosovo Energy Corporation has made a public statement today,
expressing their disappointment with the treatment of the Government towards KEK and its workers. SRKEK have said that their inclusion in the law on salaries is something which is damaging to the workers and the corporation as a whole. Moreover, they claim that the Government is trying to destroy KEK though privatization by turning it to a Joint Stock Company. This union believes that the Government aims to close Kosovo A and privatize Kosovo B, thus ending KEK and bringing in a new corporation which will deal with energy. Lastly, they claim that there is no other solution than going on strikes and nation-wide protests, with the aim of having their demands met.

It is still not clear who pays for the electricity bills in the North

The payment of energy bills in the North of Kosovo has been an issue for quite some time now, however not it is not clear as to who is covering for the bills. Regarding this issue, Kosovo MP’s and the Ombudsperson have claimed that the bills are being covered by the EU Office in Kosovo. Nevertheless, the EU Office in Kosovo has claimed the opposite. The EU Office has claimed that they have not paid for the losses, stating that EU assistance is designed to help beneficiaries prepare for EU integration, based on mid-sectorial strategy strategies that we have planned, which are implemented in close coordination with Kosovo authorities. According to them, the focus should be on implementing the energy agreement as the only way to achieve a sustainable solution.

KEDS has completed projects that supply 4 thousand families and businesses of Kamenica

KEDS has completed it two new major projects in the Municipality of Kamenica. KEDS have constructed the Rogana overhead line and the Hogosht overhead line belonging to the Kamenica municipality. In addition, they also placed two new substations with a capacity of 160 kVA in the villages of Grizime and Kershlanet, while also installing 8.5 km of normal cables, the 3.6 km underground network and 3.3 km of twisted cable network and concrete poles. The project was very welcomed by the 4 Thousand inhabitants and business owners, who have had constant issues with the quality and supply of energy.

Matoshi: The addition of air filters in Kosovo B should be done as soon as possible

Minister of Environment, Fatmir Matoshi visited today the power plant Kosovo B, where he met with the director of KEK, Njazi Thaci, with who he discussed about protecting the environment and decreasing the pollution of air from power plants. MMPH welcomed Matoshi in his idea of changing the air filters in power plant Kosovo B, a project financed by the European Union with value of 78 million Euros. They discussed their commitments to the environment and how the air filters should be changed since they still haven’t been changed once to this day. With the investment of 78 million Euros worth by the EU, KEK still managed to ensure 20 million Euros for the project that is expected to change the air filters of Kosovo B. The Director stated that all the projects until now are stated in the tender and contract which are expected to be signed by Fall 2019. Director Njazi Thaci stated that there is another upcoming project that is related to clean energy or so-called solar energy, which is expected to soon be realized.

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Canadian businesses interested in the Kosovo Mining Sector

Minister of Economic Development, Valdrin Lluka, has been presented in Canada during a two-day official visit. During the last day of his visit, Lluka made a presentation in front of numerous Canadian businesses. Lluka presented the potentials of the mining sector in Kosovo, this presentation sparked serious interest in some Canadian enterprises. In addition, Lluka also met with Turkey’s Deputy Minister of Energy and Mines, Mithat Cansiz, who expressed interest in a visit to Kosovo to look at mining potentials closely. Finnaly, The visit concluded with the final meeting with businesses of the Kosovar Diaspora Business Association in Toronto.

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Corbyn: EU rules on state aid, a mechanism that harms economic development

The leader of the Labor Party in UK, Jeremy Corbyn, states that the rules of state aid represent the biggest problem within EU. According to him, EU state aid control represents a mechanism that does not support economic development of countries and as such, they should be re-evaluated. Despite of the prohibition of state aid by EU, at some circumstances ‘state aid’ is considered compatible and more than necessary to secure welfare and economic development. These exceptions are also based on current EU legislation on state aid. The Energy Treaty also leaves room for a number of political objectives of a state for which state aid can be considered acceptable. The same reasoning was used in 2015, when the Energy Treaty had allowed state aid for the construction of the nuclear plant ‘Hinkley Point C’ in UK and the recent voting in favor of the state guarantee by the Assembly in Bosnia and Herzegovina, for the construction of the Tuzla power plant.

Albania has spent 78 Million of energy imports

The prolonged drought has caused a severe hydrological situation in Albania, followed by an energy crisis. This was especially present during the months of January and February, and has forced OSHEE, or known as the electricity distribution company in Albania, to import energy worth around 60 Million Euros. Official data showed that power generation in the Fierza Hydro Power Plant has been reduced by three times, thus OSHEE was forced to import energy worth around 58 million Euros. The Energy Sector in Albania is seen as the driving force of the economy, attributing to the economic growth of 4.3 %, which happened last year.

Bosnian Parliament approves the new lignite power plant

Bosnia has announced yet another lignite-based project. Members of the Parliament in Bosnia and Herzegovina have approved the loan guarantee from China for the construction of a new power plant in Tuzla. Even though the project faced backlash from the EU and the Energy Secretariat, Bosnia is still going through with the project. This project is the largest investment after the war, and will be built by China Gezhouba Group and Guandong Electric Power Design. China will be engaged in projects worth 3.8 Billion in Bosnia, and other numerous projects of the same kind in Serbia.
Bulgaria, North Macedonia, Albania sign memorandum on day-ahead market coupling

The transmission system operators (TSOs) of Bulgaria – ESO, North Macedonia – MEPSO, and Albania – OST have signed a memorandum of understanding (MoU) which envisages the day-ahead market (DAM) coupling. The MoU was signed by ESO CEO Angelin Tsachev, MEPSO CEO Sasho Vasilevski, and OST CEO Skerdi Drenova in Sofia. According to ESO’s press release, the three parties have signed the Memorandum of Understanding on the development of the electricity market and the strengthening of regional cooperation in the South-East Europe (SEE) region through mutual assistance. The three sides declare their willingness to cooperate closely and contribute to the development of the electricity market by bringing together their national DAMs and integrating them into the functioning coupled European energy market, ESO said.

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BiH, North Macedonia most polluted countries in Europe – report

People in the Western Balkans breathe the most polluted air in Europe, with as many as eight cities in the region ranked among the world’s most polluted 10% in 2018. In the latest report by the IQAir AirVisual, which provides an air quality monitoring app increasingly used in the region, Bosnia and Herzegovina and North Macedonia are identified as the most polluted countries in Europe in 2018, followed by Kosovo*, Bulgaria, and Serbia. According to a press release from Greenpeace, whose Southeast Asia branch helped compile the IQAir AirVisual report, ten cities in the Western Balkans and four cities in Turkey had PM2.5 levels more than three times the World Health Organization (WHO) guidelines. Bosnia Herzegovina had as many as five cities on a list of Europe’s most polluted, including the capital Sarajevo, with 38.8 micrograms of PM2.5 per m3, and Lukavac, Europe’s most polluted city, with as much as 55.6 micrograms of PM2.5 per m3.

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Serbia plans the construction of a new power plant in 2020

Serbia has joined the new trend between Balkan countries, mainly that of constructing new lignite power plants. This was confirmed by the Serbian Energy Minister, who said that Kostolac B3, Serbia’s new 350 megawatt power plant, will begin production by the end of 2020. Moreover, according to Serbia’s energy strategy, they plan to build new lignite capacities with a total capacity of 2400 megawatts. With this policy, Serbia aims to become the regional leader in energy, with other countries like Greece, Bosnia & Hercegovina, and even Poland joining the bandwagon. On the other, Kosovo has also announced the construction of lignite-based generation capacities of 500 megawatts.

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Western Balkans pump subsidies worth €1.2 billion into coal

Western Balkan countries, which have set their sights on EU membership, are still propping up coal power with large public subsidies worth more than €1.2 billion. Without subsidies, not a single coal power plant in the Energy Community would be able to operate without significant losses, according to the study. EC members have legal obligations to prevent energy sector subsidies from giving certain companies an unfair advantage. This is not the first time Western Balkan EU-hopefuls have pushed boundaries with the EU. Bosnia-Herzegovina recently approved a loan guarantee worth €614 million on financing provided by the Exim Bank of China for a coal plant. China and the US are the primary coal investors in the Western Balkans and they face little resistance from the EU. It could be this lack of action that has allowed the use of coal to continue, said Kopač. The Bosnian case goes against the Energy Community treaty as the loan’s guarantee exceeds 80% of the grant’s value. The guarantee is set to cover the full amount, plus interest and associated costs. Without the subsidies, energy costs would soar by some 23% in Kosovo, 29% in North Macedonia, 31% in Bosnia and Herzegovina, 37% in Montenegro and 49% in Serbia. Carbon prices have not been properly taken into consideration when planning new coal projects, increasing the chances those plants will end up as stranded assets. The Energy Community suggests creating a carbon pricing mechanism to help energy efficiency measures and enhanced renewables deployment.

China’s Loan for Bosnia Coal Plant Worries EU

Racing to secure energy production beyond 2027, Bosnia’s mainly Bosniak and Croat Federation entity has agreed to guarantee a loan of more than 600 million euros from China to construct a new coal-fired power unit. But the project faces growing criticism at home and abroad. The Federation parliament approved the guarantee earlier this month, moving ahead with a project that will cost 870 million euros in total, making it the single largest investment in Bosnia since the 1992-95 war. But the European Union is far from happy, and nor are environmentalists in Bosnia. They say the plan does nothing to help clean up the heavily polluted air in the country. On March 27, the EU Energy Community Secretariat,
announced that it was opening a dispute settlement procedure on Bosnia’s planned guarantee for a 614 million euro loan from the China Exim bank to build the Tuzla 7 coal power plant. The Secretariat found that the State Aid Council’s assessment is not in compliance with the state aid acquis, and that the guarantee for the Tuzla TPP project does constitute state aid. Bosnia and Herzegovina’s State Aid Council has found that this guarantee does not contain elements of state aid. 

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**Serbia announces new lignite power plant projects**

Serbia has continued with its announcements in terms of the construction of new lignite power plants. Serbia has announced the launch of tender procedures for the reconstruction of A1 and A2 units of power plant Nikola Tesla, said Managing Director of the Serbian Energy Distribution Company, Milorad Grcic. The two new blocks will join other generation blocks such as; Nikola Tesla B, the Morava and Kolubara. In addition, Serbia has also announced a project in coordination with Gazprom, mainly the construction of a natural gas-fired power plant in Pančevo, Serbia, with a total capacity of 200 megawatts. Serbia is aiming to become the regional leaders in terms of energy, and this can be seen with the rapid investments being done in the energy sector of the country.

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**Coal projects in Serbia help China and Russia extend their influence in the Balkans**

The article summarizes the increasing investment activities of China and Russia in energy projects in Serbia. After having announced that the construction of a new power plant will end in 2020, Serbia has again announced the start of two new coal projects of reconstructing two units of Nikola Tesla power plant, again with the help of Chinese driven state funds. Serbia has planned the construction of new coal capacities that reach the total of 2500 megawatts, followed by Bosnia with 2400 megawatts planned. Except for coal projects, according to the Deputy Prime-minister of Bulgaria Donchev, Serbia, together with North Macedonia, have expressed their interest to participate at the nuclear project in Bulgaria. Lately, also Gazprom from Russia has confirmed the start of the construction of a gas fired power plant of 200 megawatts in Pančevo, Serbia. Otherwise, electricity is the most imported product from Serbia to Kosovo, and any new energy project in Serbia further empowers its influence in Kosovo and the Balkans. Electricity generated by all the new powerplants in Serbia is now targeting the European markets as well, via the new planned transmission line between Montenegro and Italy.

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Corbyn: EU rules on state aid, a mechanism that harms economic development

The leader of the Labor Party in UK, Jeremy Corbyn, states that the rules of state aid represent the biggest problem within EU. According to him, EU state aid control represents a mechanism that does not support economic development of countries and as such, they should be re-evaluated. Despite prohibition of state aid by EU, at some circumstances 'state aid' is considered compatible and more than necessary to secure welfare and economic development. These exceptions are also based on current EU legislation on state aid. The Energy Treaty also leaves room for a number of political objectives of a state for which state aid can be considered acceptable. The same reasoning was used in 2015, when the Energy Treaty had allowed state aid for the construction of the nuclear plant 'Hinkley Point C' in UK and the recent voting in favor of the state guarantee by the Assembly in Bosnia and Herzegovina, for the construction of the Tuzla power plant.

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Albania has spent 78 Million of energy imports

The prolonged drought has caused a severe hydrological situation in Albania, followed by an energy crisis. This was especially present during the months of January and February, and has forced OSHEE, or known as the electricity distribution company in Albania, to import energy worth around 60 Million Euros. Official data showed that power generation in the Fierza Hydro Power Plant has been reduced by three times, thus OSHEE was forced to import energy worth around 58 million Euros. The Energy Sector in Albania is seen as the driving force of the economy, attributing to the economic growth of 4.3 %, which happened last year.

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Bosnian Parliament approves the new lignite power plant

Bosnia has announced yet another lignite-based project. Members of the Parliament in Bosnia and Herzegovina have approved the loan guarantee from China for the construction of a new power plant in Tuzla. Even though the project faced backlash from the EU and the Energy Secretariat, Bosnia is still going through with the project. This project is the largest investment after the war, and will be built by China Gezhouba Group and Guandong Electric Power Design. China will be engaged in projects worth 3.8 Billion in Bosnia, and other numerous projects of the same kind in Serbia.

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