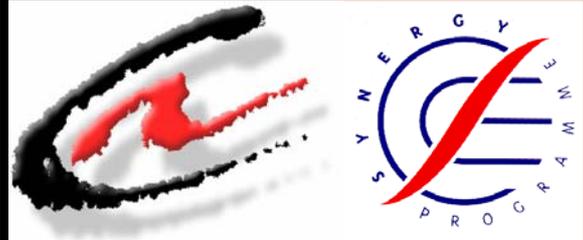




# THE ENERGY IN ALBANIA



## THE ENERGY IN ALBANIA (NEWSLETTER)

Other issues are available in EEC website

PUBLISHED BY THE  
"ALBANIA-EU ENERGY EFFICIENCY  
CENTRE " FOUNDATION

*ISSUE NO 27 • JUNE 2004*

### Inside this Issue

- APPRAISAL OF POSSIBLE INVESTMENTS AT ENERGY-INDUSTRIAL PARK OF VLORA
- DRAFT ENERGY EFFICIENCY LAW, A STEP TO THE RIGHT DIRECTION
- RESULTS FROM THE PROJECT "IMPACT OF THE WITHDRAWAL OF MODERN ENERGY ON URBAN POOR"

### NEWSLETTER

*published by the*

**"Albania-EU Energy Efficiency Centre"  
Foundation**

*and*

*supported by*

**SYNERGY Programme**

**Address:**

Blvd. "Zhan D'Ark", No. 2, Tirana, ALBANIA

P.O. Box 2426

Tel: + 355 4 233 835 Fax: + 355 4 233 834

E-mail: [info@eec.org.al](mailto:info@eec.org.al)

Internet: [www.eec.org.al](http://www.eec.org.al)

### APPRAISAL OF POSSIBLE INVESTMENTS AT ENERGY- INDUSTRIAL PARK OF VLORA

( .....Continued from previous issue..... )

#### 4. Actual Status and Tasks during 2004 for AMBO Project

During 2003 are fulfilled these steps:

1. It is prepared the MoU, that is approved in principle with DCM No. 480 of 10.07.2003.
2. It is prepared the documentation for pipeline root approval for CTRRA.
3. The AMBO pipeline root is approved by CTRRA of 05.12.2003.

During 2004, in the framework of AMBO project, will be defined the root of AMBO pipeline, according to each district and municipality, as follows:

1. Approval of root and marine buoy at Vlora district.
2. Approval of root at Fieri district.
3. Approval of root at Elbasani district.
4. Approval of AMBO storage sites, inside the industrial park.
5. Preparation of final draft of MoU and within March, the Governments of three countries will review this draft to prepare the final version of it. During March '04 the MoU will be signed by three Prime Ministers.
6. During 2004, it will be completed the environmental impact assessment and technical project.

**5. Actual status of Oil storages Project**  
"La Petrolifera Italo-Romeno" Italian company

has presented the request on offshore storages construction of oil by-products as well as pontil at ex Soda-PVC Plant. Based on this request was approved the DCM No. 297 of 08.05.2003, through which are approved procedures for concession. According to this DCM, it two concession agreement will be done with concessionary society:

1. For marine-pontil infrastructure construction, which will be realized with BOT concession agreement.
2. For offshore-storages installations construction, which will be realized with BOO concession agreement.

To negociate two agreements is established an authorized state organ (ASO) compound from representatives of MIE, ME, MF, MTT, MTRT, and ME. The signature of the agreements is not done yet due to some issues that are expected to be solved.

Treatment of pontil reconstruction of ARMO company at Zverec (Vlora), as part of marine infrastructure, is forecasted to be reconstructed through an investment of 3-4 million USD by WB, aiming to increase the capacities and processing reliability of oil-ships that will supply TPP.

### **6. Proposal by Danish Company for LNG Storage Center**

The study for "LNG plant construction at Vlora region & gas supplier Albania-Italy" is conceived by Danish company "Trans-European Energy" B.V. in three phases, which in a synthesized manner has presented:

1. LNG plant construction & regasification one with an approximate flow of 4 billion m<sup>3</sup>/year.
2. The assessment of possible trace that the Albanian pipeline should follow.
3. The possibility of a gas supplier construction that will pass through Otranto channel, 100 km long.

This study is important because it is incoherence with Energy Strategy and makes possible the natural gas supply analyses taking into account that this source is almost at zero value in energy balance. It should be emphasized that future TPP needs to use this fuel because it guarantees low-cost production and minimal environmental impact.

For all proposed projects that should be build in Energy-Industrial Park of Vlora, MIE through National Agency of Energy & Scientific National Hydrocarbons Center are identifying the land areas with concrete plans of construction in order to maintain the ownership of land, as it is actually state owned and it will remain the same, even in land property compensation framework for ex owners.



**Dr. Eng. Besim ISLAMI**  
**Chairman**  
**National Agency of Energy**

## **DRAFT ENERGY EFFICIENCY LAW, A STEP TO THE RIGHT DIRECTION**

### **1. Introduction**

During these last 10 years attention has been highly focused on the energy efficiency, as a consequence of the rapid increase of the electricity consumption in the country, while no new generating facilities were built. This is clearly stated in the Strategy of Energy approved by the Council of Ministers (CoM), which is an important document serving as basis for the power sector development, as well as in other documents such as the Power Sector Policy Statement, KESH Action Plans, etc. So far, the promotion of energy efficiency actions has been mainly focused on the aspect of electricity use reduction, especially in the residential and service sectors where this is highly consumed for space heating.

### **2. Energy Efficiency Draft Law**

On January 2004, the MIE and NAE with the assistance of the consulting company Pierce Atwood, sponsored by USAID program for the energy sector, prepared and submitted an energy efficiency draft law. The draft is being discussed in the CoM and is expected to be submitted for approval to the Parliament.

#### ***Purpose and Objectives***

The purpose of this draft law is to create the legal framework required for the elaboration and enforcing of a national policy for the efficient use of energy and reducing energy losses in whole energy cycle. This law shall contribute to the economical use of energy resources, the establishment of more reliable energy supplies, the minimization of adverse impact on the environment and to the sustainable development of society.

Article 2 of the draft law establishes that policies for the efficient use of energy shall be an integral part of the overall energy policy and shall consist on:

1. Promoting energy efficiency and the stimulation of investments in goods and services for that purpose.
2. Promoting financing solutions for the energy efficiency initiatives.
3. Ensuring co-operation among consumers, producers, energy suppliers and public authorities in order to reach energy efficiency objectives set by the National Energy Efficiency Program.
4. Supporting research in the field of energy efficiency.
5. Educating and creating awareness among all energy consumers about the necessity and benefits of reducing inefficient and noneconomic energy consumption.
6. Promoting private initiatives for the development of energy conservation services.
7. Co-operating with other countries in the filed of energy efficiency and observing international treaties and conventions of which Albania is a party.

#### ***National Energy Efficiency Program***

The darft law establishes that the Minister responsible for energy, through NAE, every two years shall develop and submit to the CoM for approval a National Energy Efficiency Program. The draft law requires that such program include

a detailed economic evaluation of the potential for energy conservation and the financial savings. Taking in consideration the importance of a data base to prepare an appropriate energy efficiency program, the draft law includes a number of provisions to submit and collect data on energy supply and consumption by suppliers and consumers.

### ***Energy Labeling***

The draft law (Article 6) establishes requirements for the manufacturers or importers of household electric appliances to provide such appliances with energy labels in Albanian language before selling them. The labels shall include data on the specific energy consumption of the electric appliance, its energy efficiency for the given type of electric appliances, as well as possible negative impacts that its operation may have on the environment and the health of people. According to the draft law, the details regarding the labeling of the household electric appliances shall be stipulated by a regulation approved by the Minister responsible for energy. In addition, the draft law foresees that the manufacturer or importer of such appliances shall be responsible for the accuracy of the data on the labels and shall be fined in case of violation.

### ***Energy Audits***

For the first time, the draft law introduces in a legal act the energy audits concept. Article 7 establishes that for the purpose of accurate measurements of the energy consumption level, to improve their energy efficiency, the natural or legal persons who consume energy may be subject to energy audits. The energy audits may be compulsory or not. The energy audit shall be compulsory for:

- All natural or legal persons applying for a financing from the Energy Efficiency Fund, despite their annual energy consumption.
- The state institutions or the organizations that are large energy consumers and are entirely or partly financed from the state.
- All natural or legal persons that are not included in organizations entirely or partly financed from the state budget, and have a total energy consumption per year higher 8,890 toe.

The draft law establishes that compulsory energy audits financed by consumers themselves, shall be carried out every three years. The draft law (Article 8) introduces the concept of energy auditors licensing. Although it may seem as a bureaucratic barrier or exaggerated competencies of the Minister responsible for energy, it would be important, to establish the consumers' confidence on energy auditors, especially regarding their professional capabilities. A person is considered competent to perform the energy audits if he/she has graduated from university in a technical or natural science field and has two years of auditing experience or has completed a recognized training course in auditing techniques. The draft law requires the energy auditor to keep confidential all the data related to the natural or legal person whose energy facilities were subject to the energy audit. The obligation of confidentiality may only be discharged by the natural or legal person whose facility was subject to the energy audit or if another legal act so stipulates.

### ***Energy Efficiency Fund***

The draft law (Article 9) requires the CoM to establish a spe-

cial fund to be used solely for energy efficiency and energy conservation purposes.

The Energy Efficiency Fund may be financed from:

1. Annual funds from the state budget.
2. Grants from international financing sources.
3. Private sources.
4. Electricity Regulatory Entity fund, in cases it decides to implement energy conservation programs pursuant Article 8 (2) (e) and 28 (2) (gj) of the law No. 9072, dated 22.05.2003, "On power sector", for different energy sector consumers categories.

Article 10 establishes that the Minister responsible for energy shall be responsible for administration of the Fund. The draft law requires the energy efficiency programs financed by this fund to be extended in the whole country. The Minister responsible for energy may arrange the implementation of energy efficiency programs by contracting with Energy Conservation Service Providers (ESCOS), following a competitive tendering process according to the provisions of Law No. 7971, dated 27.7.1995, "On Public Procurement".

The draft law (Article 11) establishes the activities and programs that might be financed by the energy efficiency fund, such as:

- Investments aimed at the improvement of energy efficiency in buildings, industrial enterprises and the transportation sector.
- Investments aimed at the improvement of energy efficiency in extraction, production and transportation of energy.
- Research and development activities in energy efficiency.
- Establishment of demonstration projects in order to investigate and test new energy technologies or new organizational solutions for the energy sector.
- Energy audits pursuant this law.

### **3. Conclusions**

1. The increase of electricity tariffs during the last 2-3 years and the successful outcomes of KESH in reducing non-technical losses and improving collections have created a more appropriate environment for the promotion of the energy efficiency.
2. The energy efficiency draft law is another important step to support and improve the energy efficiency in its whole cycle.
3. The energy efficiency draft law will establish the main principles to regulate consumers' behavior for an efficient use in all energy-consuming sectors.
4. The conserved energy will reduce energy losses in the whole energy cycle, leading to economic profits in different economic levels.
5. The draft law will contribute to improve the security of energy supply in the country and the export-import trade balance by reducing the need for imports of energy resources, as well as the environmental problems caused by the energy sector.



**Zija KAMBERI**  
**Energy and Legal**  
**Consultant**

# RESULTS FROM THE PROJECT "IMPACT OF THE WITHDRAWAL OF MODERN ENERGY ON URBAN POOR"

## 1 Introduction

(The Project has been described in a paper published in EEC Newsletter no. 26, of March 2004.)

In this article are presented the results from the analysis of the database created from the household survey. The research uses statistical analysis to identify how people's behaviour with respect to energy use has already changed, and how they are likely to cope with forthcoming changes. The purpose is to explore the implications of the findings on energy reform and social protection policy.

## 2 Research Methodology

The questionnaire comprised the following sections:

- Household descriptors, including employment and housing status,
- Household energy use and changes in fuels,
- Impact of tariff reforms, including likely coping strategies and outcomes,
- Problems experienced with electrical supplies,
- Household financial.

The analysis aims to assess how people will react to changes in energy market - increases in prices, and enforcement of payment (electricity). The options are:

- Pay more,
- Change to cheaper fuels,
- Reduce energy consumption.

It goes on to consider the possible implications of each of these. A sample of 210 households was surveyed within urban (26 %) and suburban (74 %) neighbourhoods of Tiranë (Kamëz). The analysis uses non-parametric statistical tests to look for the influence of various social groupings on behaviour and coping strategy.

## 3 Findings

### *Description of sample*

An understanding of the types of communities sampled can be gained by the following key figures:

- The respondents were predominantly male (85 %).
- The average age of all respondents was 45; the majority of respondents 40 % were between 35 and 45 years of age.
- The majority of respondents have a tertiary or higher level of education.
- 66 % of heads of households claim to be unskilled workers; 27 % professionals; 16 % of spouses are involved in some form of unskilled paid labour.
- Only 10 % of household heads are in full time employment, 22 % are pensioners, and 8 % are not working.
- The average size of household was relatively small. The average number of children per household was 1.66 children.
- The majority 80 % of the respondents live in individual houses, 18 % in flats and only 2 % in hostels or shacks.
- 28 % of the respondents live in two room houses, most people live in 3 room houses.
- 45 % claimed their houses were not recognised by the municipal

authorities.

- The majority of the respondents (75 %) claimed to have moved at some time from a rural village to Tirana; these people tend to lack legal tenure.

People were asked to rate the material position of their household on a subjective scale; the results correlate with other indicators of poverty (household income and expenditure, and inability to pay electricity and food bills). 34 % indicated that they have difficulty providing food for the family; the majority can meet the food needs of the household but find it difficult to pay for utilities (57 %), and only 9 % claim to be in a position to meet the basic household needs.

The mean household expenditure per year is Lekë 409,500. Those without legal tenure reported a significantly higher mean annual expenditure, and expenditure is higher amongst those reporting a stronger material position of the household.

### *Problems with Electricity Supplies*

Power cuts are the commonly experienced problem (99.5 % of sample), followed by voltage drop (86 %), and people complain they occur 'all the time'. Overall, people feel that the frequency of both of these has deteriorated over the last 5 years, and that there has been a marginal improvement in voltage surges.

### *Choice of fuels*

The three main fuels used are electricity, LPG and wood. 99 % of the sample has electricity, and 96 % of households claim to have a legal connection to the grid. Most households still receive "a forfeit" bills (58 %) and only 37 % have metered connections. Most people use electric boilers for water heating (64 %), resulting in a high use of electricity for water heating.

Gas accounts for the main energy expenditure amongst poor households (those that consider themselves in a weak material position, and those with low total household expenditure). In contrast, electricity accounts for the largest proportion of the energy budget amongst the better off. The proportion of energy budget spent on wood is highest amongst the better off, as only larger houses can be fitted with solid fuel appliances.

Choice of fuel for various activities is not, generally, sensitive to the key poverty groupings of material position of household or total expenditure. Exceptions are space heating, where poor households tend to spend a greater proportion of their energy budget on electricity and gas whilst the wealthy spend more on wood, and clothes washing on which those in weak material position spend a greater proportion on gas rather than electricity. Greater electricity dependency appears to correspond with greater fuel economy, whilst the use of wood appears to be associated with higher levels of energy expenditure.

( .....continued on next issue.....)

**Eng. Leon KONA**  
**Specialist**  
**Energy Efficiency Centre**

**Kevin McKEMEY**  
**Specialist**  
**GAMOS Ltd**