

## **ANALYSIS OF THE ENERGY SECTOR OF ALBANIA**

Albanian energy policy is set out in the National Energy Strategy and Action Plan, which is one of the key elements of the strategy of socio-economic development of Albania. In this strategy the country provides and seeks to optimize the changes necessary to improve the reliability of supply, the development of resources in order to demand and achieve sustainable economic development in the future. Energy strategy is needed to meet the obligations under the Regional Electricity Market of South-East Europe and other international commitments to protect the environment, as well as the harmonization and coordination of the development of the energy sector with the EU Directives for the accession of Albania to the European system.

The Albanian Government is reforming the electricity market. Was unbundled and reorganized the state monopoly in the electricity sector - Albanian Electric Power Corporation (KESH) [1].

Parliament adopted a law on the establishment of transmission system operators (TSOs) and the privatization of electricity distribution with the Czech company CEZ Shperndarje. With proper supervision and control the license terms of CEZ should achieve the main objectives of the policy related to the individual account, payment of bills and collection of payments. The total annual water flow of the rivers of Albania is about 40 billion cubic meters; when it is used in its entirety could be produced from 16 to 18 TWh electricity per year. Actually the country uses one-third of this potential. The water flow of the longest Albanian river Drin (280 km) is 320 cubic meters per second.

This river activates the three largest hydro-electric power stations in Albania. Drin River can provide energy to another major hydro-electric power station, and interested parties discuss the projects of several different electric power stations. Significant potential for the construction of power plants also have the river Devoll and Vjosa. Since the liberalization of the market, foreign and domestic investors have signed concession contracts for the construction on the rivers of Albania 24 new small and medium hydropower plants. Currently in Albania there are 83 small hydro-electric power stations (owned by KESH) with a capacity from 0.05 to 10 MW. Many small hydro-electric power stations are in poor conditions or don't function effectively due to outdated technology, lack of spare parts and poor maintenance service.

In the recent years the production of electricity by small hydropower plants is reduced. The Albanian state system of planning and budgeting has been changed to improve the coordination process, the centralized allocation of resources with the priorities of line ministries. At all government levels there is a clear understanding of what to do and at what pace to do it. Thus, the Albanian Energy Strategy should

contribute to the implementation of the state Strategy for national development in the years 2012-2018 and be conform to it. Given the fact that the responsibilities for the development of economy, energy and trade are in charge of METE [2], the state system of planning and budgeting is ideal to balance the priorities of the common interests.

It should be noted that recently the energy policy has achieved successes to ensure a more reliable power supply, but there are fears that over-reliance on hydropower and imports to compensate interannual variations of the rainfalls precipitation and production capacity of hydroelectric power may lead to a higher and possibly unsustainable spending on imported electricity. Because this risk is real and requires a reliable strategy, the possible options require careful assessment based on possible future scenarios. Future energy systems must be more decentralized. Technology selected to meet the demand should be based on the principles of minimal planning costs, security of supply and environmental protection, as well as the need to promote the use of renewable energy sources [3], (solar and wind energy, biomass, and especially - small hydro power plants) in order to maximize the use of local resources on the basis of the minimum cost planning and environmental protection. Thus, the implementation of innovative projects involving the state, including in the electricity sector, involving both domestic and foreign investment will need the following:

- improvement of the strategic planning, including the sphere of electric power production capacity, with regard to financial and budgetary capacities;
- act decisively to ensure the stability and reliability of the power system (achievement of reliable and financially sustainable power supply for a short period of time is a prerequisite for further economic development and requires strong and consistent action on several fronts);
- adoption and implementation of the National Action Plan in the field of energy efficiency and renewable energy, including the initial allocation of resources to support priority actions;
- provision of regular assessment of progress and revision of plans in order to adapt them with regard to the achieved progress.

The implementation of the above principles will permit the setting of clear rules to determine the guaranteed level of investment attractiveness for the development of the energy sector in Albania.

#### References:

1. Albanian Power Corporation (KESH) <http://www.mete.gov.al/>
2. Department of Strategy and Donor Coordination (DSKDI), Ministry of Economy, Trade and Energy (METE), <http://www.qbz.gov.al/>
3. Economic Commission for Europe (UNECE) and the project's web site: [http://unece.org/energy/se/eneff/eneff\\_pub/EE21\\_FEEI\\_RegAnl\\_Final\\_Report.pdf](http://unece.org/energy/se/eneff/eneff_pub/EE21_FEEI_RegAnl_Final_Report.pdf), <http://www.akbn.gov.al/>