



WB6 Sustainability Charter Monitoring Report

Energy Community Secretariat
April 2017



Introduction

Under the Energy Community Treaty, the Western Balkan Six (WB6) countries (Albania, Bosnia and Herzegovina, former Yugoslav Republic of Macedonia, Montenegro, Kosovo* and Serbia) are applying the Energy Efficiency Directives (2012/27/EU, 2010/30/EU, 2010/31/EU) as well as the Renewable Energy Directive (2009/28/EC) with a similar level of ambition and the same binding effect as Member States of the EU. The WB6 countries are also working on the best way for improving their systems for monitoring, reporting and planning their energy and climate policies and aligning them with the Emissions Monitoring Regulation (Regulation (EU) No 525/2013).

At the last Western Balkan 6 Summit held in Paris on 4 July 2016, the WB6 countries signed a Sustainability Charter to serve as guidance and support for their transition towards low-carbon and climate-resilient energy sectors. With its adoption, the countries also reiterated their commitment to tap into their high potential for energy efficiency and renewable energy generation by a set of measures to increase the sustainability of national and regional energy markets as well as generation and consumption patterns. At the same time, they agreed to step-up the ongoing efforts to reform and integrate electricity markets and to become a part of the global response to climate change.

The Energy Community Secretariat was tasked to support the WB6 countries in coordinating the process and monitoring the implementation of their commitments. For this purpose, the Secretariat will publish every three months a progress report outlining achievements and challenges ahead for the main priority areas:

1. Improving the governance for energy efficiency
2. Implementing smart support measures that improve the sustainability of energy systems
3. Fostering climate action and transparency of sustainable energy markets

The present report (April 2017) takes stock of progress in the areas covered by the Charter. Assessments are based upon the Secretariat's experts' own experience and exchange, desk research as well as information collected during interviews and country missions. The analysis and indications included in the report give a sense of the scale of the reform needed.

Progress made by countries under the Sustainability Charter will be included in annual reports and discussed at Ministerial level during the next WB6 Summit in Italy (Trieste, 12 July 2017).

* This designation is without prejudice to positions on status, and it is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.

Regional Overview



EXECUTIVE SUMMARY

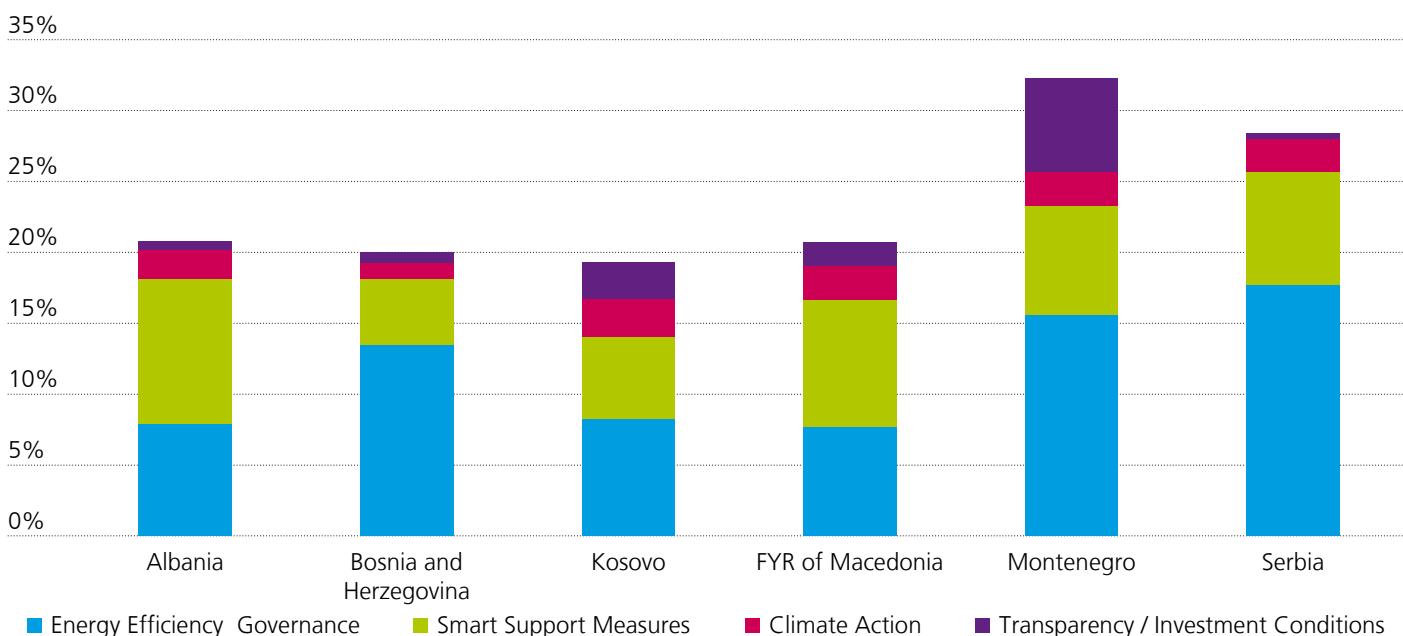
In the lead up to the WB6 Summit in Trieste (12 July, 2017), progress in a number of measures of the Sustainability Charter have been achieved by the Western Balkan 6 countries. The market for energy services is advancing in Serbia, with the adoption of secondary legislation and project tendering in public buildings and street lighting. The work on transposition of Directive 2010/31/EU (EPPBD) is also ongoing in all WB6 countries and recent progress was achieved by Albania and Kosovo with the adoption of EPBD laws. In February 2017, the EU grant signature of EUR 50 million for the Regional Energy Efficiency Programme II (REEP Plus) and the Green for Growth Fund (GGF), will support buildings rehabilitation to minimum energy performance standards and implementation of other Sustainability Charter measures. In addition, several WB6 countries are working on establishment of national energy efficiency revolving funds. Nevertheless, more country ownership and political support is definitely needed to make full use of the existing programmes and develop national instruments for market segments like public sector, residential buildings, transport etc.

On smart support measures for renewable energy deployment, decisive progress has been made in Albania since the last reporting period, with the adoption of the Law on Promotion of the Use of Energy from Renewable Sources. The law - which introduces for the first time a competition-oriented auction procedure for the allocation of future renewable energy capacities as well as net-metering schemes - allows renewable self-consumers to generate, store, sell and consume their own electricity. Other WB6 countries are also starting to analyse their markets and assess possibilities to move towards market-based support in the future, although at different pace and without effective strategies allowing citizens to play an active role in the energy system.

With respect to climate action, countries are generally fulfilling their reporting obligations to the UNFCCC. Albania and Bosnia and Herzegovina ratified the Paris Agreement. GHG emission inventories and the MMR are being implemented on an informal basis in most of the Western Balkan 6 countries, due to the lack of clear institutional arrangements and proper legal basis defining competences and responsibilities in this area. However, draft legislation on climate change and MMR has been prepared in Albania and in a number of other countries; a key remaining barrier to further progress is the limited capacity in terms of human resources assigned to this area of work in the relevant ministries as well as the lack of mainstreaming of climate policy across sectors.

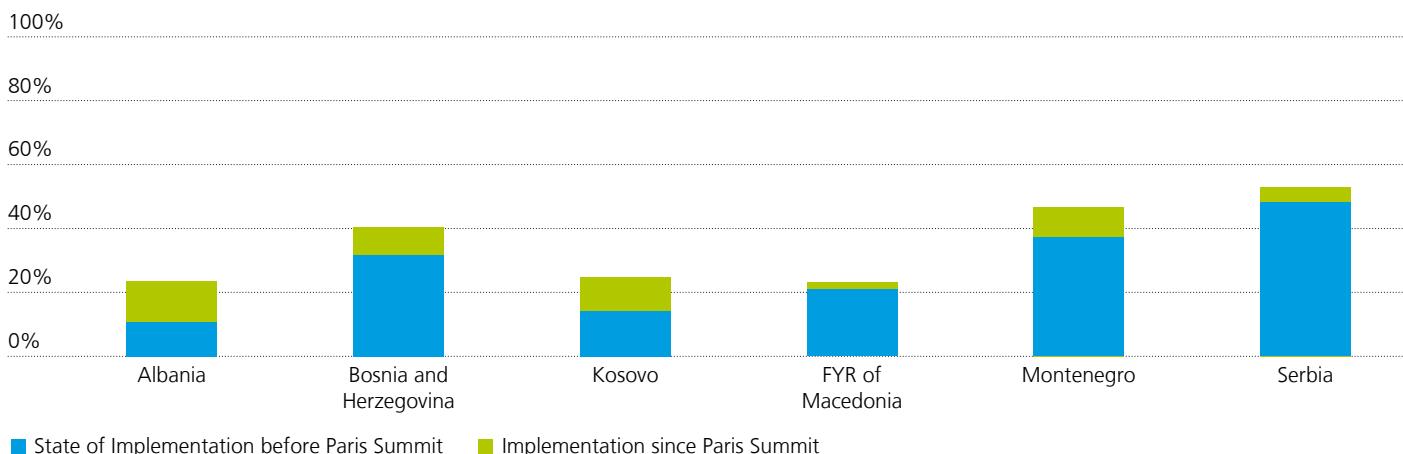
The activity of the various national authorities dealing with the promotion of investments is not satisfactory, as they provide little support for investors confronted with the highly bureaucratic administrative systems of the WB6 countries. More investments in the renewable energy sector in the WB6 will gradually increase the complexity of the business relations in the region, and bring a new, challenging perspective on the role of the state authorities. An important step towards enhanced confidence in the WB6 markets was taken by the Energy Community Secretariat in October 2016, with the establishment of the Dispute Resolution Centre, focusing on mediation of both commercial and investor-state disputes. The Centre aims at preserving the relations between parties to a dispute by working together for a solution which is mutually acceptable.

Overall Implementation





I. Improve the Governance for Energy Efficiency



1. Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO ("energy service companies") contracts, thus developing energy services markets (June 2017)

- The participation of private capital through ESCOs provides a vehicle for realizing energy efficiency investments without increasing public debt. Through the ESCO Performance Contract, a private company is contracted to design, implement, finance and (optionally) operate and perform maintenance activities related to energy efficiency measures in publicly owned facilities, which results in financial savings of the client as specified in the contract. During the contract's duration, the public authority is obliged to use all or part of the financial savings to repay the investment and remunerate the ESCO for its services.
- The Regional Energy Efficiency Programme in the Western Balkans - Phase II (REEP Plus) will continue to provide support to Bosnia and Herzegovina, Montenegro and Serbia to remove the legal and regulatory barriers through amending or developing new legislation, as well as implementing ESCO model contracts and pilot projects in public buildings and street lighting. Serbia is the most advanced with the adopted secondary legislation and ongoing project tendering. REEP Plus will also perform legal gap analysis for other WB6 countries. Nevertheless, the market for energy services in all WB6 is in the early stages and needs strong support, both politically and technically. The technical support is available to remove the still existing, significant barriers; the political will needs reinforcement.

2. Fully implementing the Energy Performance of Buildings Directive, especially in area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes (June 2017)

- Directive 2010/31/EU on energy performance of buildings (EPBD) focuses on the utilization of the energy efficiency potential in the building sector. The Contracting Parties shall apply a methodology for calculating the energy performance of buildings and ensure that minimum energy performance requirements for buildings or building units are set with a view to achieving cost-optimal levels for energy performance requirements, when building new or significantly renovate buildings. A correctly established system of energy performance certification serves as a vital information tool and is the key instrument for the transition towards a more energy efficient real estate sector.
- The work on transposition of EPBD is still ongoing in all WB6 countries; this is supported either by regional programmes (e.g. REEP Plus) or bilateral donors (e.g. GIZ in Serbia and KfW in Montenegro). Recent progress was achieved by Albania and Kosovo with the adoption of EPBD laws. Nevertheless, the EPBD implementation through secondary legislation is still lagging behind in the large majority of WB6. The Energy Community Energy Efficiency Coordination Group (EECG) coordinates the implementation of the key EPBD requirements.

3. Establishing well targeted programmes for public and residential buildings rehabilitation to the minimum energy performance and beyond, with particular focus on increasing the use of locally available renewable energy sources (decentralized solar-thermal heating, efficient biomass heating, high efficient heat pumps etc.) (March 2018)

- The potential for saving energy in the WB6 building sector (both public and residential) is as high as 40%, provided that buildings are renovated to meet the minimum energy performance requirements set in the EPBD. To reach this potential, there is a need for countries to design and implement large investment programmes in building rehabilitation. National Programmes should be developed by relevant authorities without any delays as part of a strategy envisaging a more "commercial" type of financing, either through ESCOs and/or through national energy efficiency revolving funds.
- At present, the majority of programmes in the WB6 countries target public buildings, such as administrative offices, health and education facilities, and are developed in cooperation with International Financial Institutions through lending to governments. No WB6 country has submitted a Building Renovation Strategy by 31 March 2017, as required under Directive 2012/27/EU. However, the 3rd Energy Efficiency Action Plans (EEAPs) include energy efficiency measures and plans in the buildings sector. EEAPs were adopted in Montenegro and Serbia, while in other WB6 countries they should be adopted without further delay. The EU grant signature of EUR 50 million contribution to regional EE facilities (REEP Plus and GGF) in February 2017 will contribute to the implementation of this measure.

Regional Overview



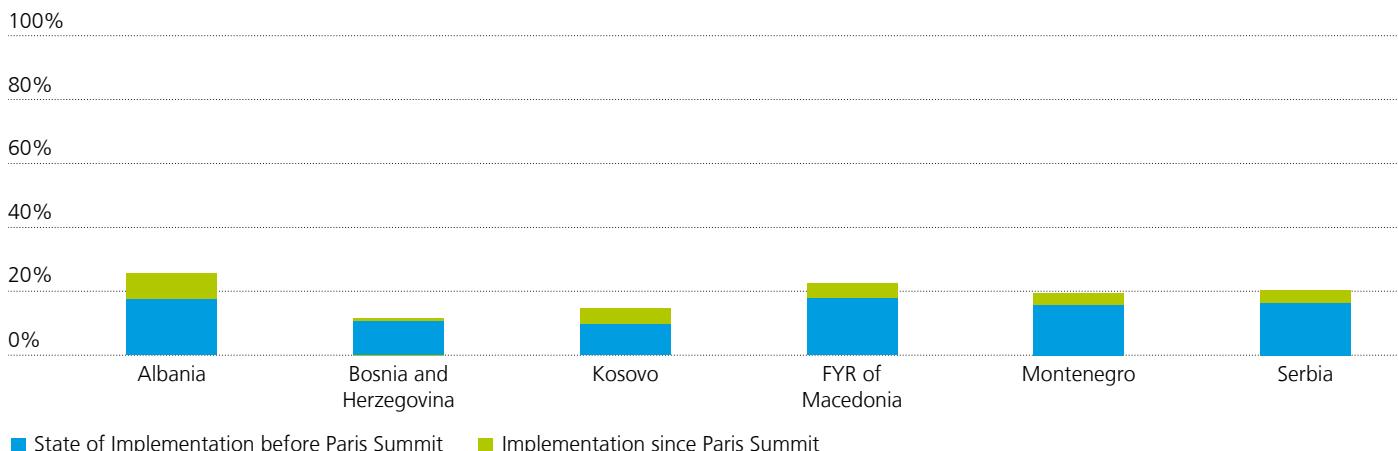
4. Assessing in details the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal (November 2018)

- District or central heating and cooling can integrate renewable electricity, biomass, geothermal and solar thermal energy, waste heat and municipal waste. In addition, it can contribute to air quality objectives, e.g. by replacing solid fuel domestic heating. Directive 2012/27/EU on energy efficiency requires the Contracting Parties to prepare a comprehensive assessment of the potential for application of high-efficiency cogeneration and efficient district heating and cooling, as well as the implementation of adequate measures.
- District heating systems are present in about 80 cities and towns in the WB6 countries, with an installed capacity of 7 600 MW. The introduction of efficient biomass-based heating could reduce the heating costs by at least 50% across the WB6.
- WB6 countries are implementing local projects for improving DH systems, but they still need to adopt the methodology and conduct a comprehensive assessment of the potential for the application of efficient DH and cooling systems, according to Directive 2012/27/EU. The 3rd EEAPs include this issue but they still need to be adopted in Albania, Bosnia and Herzegovina, former Yugoslav Republic of Macedonia and Kosovo. WB6 should also adopt specific legislation and policy measures (e.g. fiscal incentives) to stimulate the uptake of these new technologies. The World Bank conducts an Efficient Biomass Heating Study identifying viable investment options and policy measures to increase the efficient use of biomass for heating in the Western Balkan region in a sustainable manner.

5. Analysing options for the establishment of appropriate financing mechanisms, including a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially for the public sector (June 2018)

- The establishment of new innovative financing mechanisms for energy efficiency improvement measures, in combination with the better use of existing ones, will maximize the benefits coming from multiple streams of financing. A state-level energy efficiency fund is beneficial to support national energy efficiency initiatives.
- There is an increased EU and IFIs support for energy efficiency in the WB6 countries, as confirmed by the EU grant agreement on an additional EUR 50 million for the REEP Plus and the Green for Growth Fund (GGF). In addition, REEP Plus extended its policy and investment support to the residential sector and the establishment of a new financing mechanism. Moreover national energy efficiency revolving funds are complementary to the two existing mechanisms.
- Nevertheless, more country ownership and political support is needed to make the full use of the existing regional facilities and develop national instruments for market segments like public sector, residential buildings, transport, etc.

II. Implement Smart Support Measures Improving Sustainability of Energy Systems



1. Designing and implementing market based support schemes for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community rules (June 2017)

- The costs of renewable energy technologies continue to fall; however, this could not be captured efficiently in most of the support schemes currently in use. To ensure cost-effectiveness of renewable energy deployment, the State Aid Guidelines for Environmental Protection and Energy 2014-2020 applicable also in the Energy Community call for more exposure of renewable energy producers to market signals. Access to support schemes has to be granted by a competitive auction process where the demand reveals the real cost of individual projects.
- Decisive progress has been made in Albania since the last reporting period with the adoption of the Law on Promotion of the Use of Energy from Renewable Sources, which introduces for the first time a competition-oriented auction procedure for the allocation of future renewable energy capacities. Other WB6 countries are also starting to analyse their markets and assess possibilities to move towards market-based support in the future.

Regional Overview



2. Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects (June 2018)

- Until now, energy law and policy across Europe has been built to support a centralized energy system where citizens were regarded as passive consumers. To move away from this model and focus on individuals and communities as the driving force behind the low carbon transition, citizens should be able to exercise their rights in the political, economic and social dimension of energy policy.
- The introduction of net-metering schemes in Albania and soon in Kosovo represent a major step forward, since it will allow renewable self-consumers to generate, store, sell and consume their own electricity. Nevertheless, WB6 countries should still implement effective strategies and legislation allowing citizens to play an active role in the energy system, for example by producing energy from renewables – as individuals or as communities - and in demand side management, e.g. through the use of smart meters to control energy consumption. The promotion of community energy projects is important as it develops the local economy, contributes to energy independence and increases acceptance of renewables.

3. Developing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources (June 2018)

- Citizens need to be at the centre of the energy system; they have to be informed, engaged and activated. To this end, as stated in Article 14 of Directive 2009/28/EC, information and guidance and training programmes are crucial to make the legal frameworks on renewables easier to comprehend, to build local capacity as well as to promote the uptake of renewable energy technology.
- The WB6 countries should ensure that information, guidance and support measures for renewable energy deployment is made available to all relevant actors, including individual citizens. No major progress was achieved in this area and concrete community action is still hampered by a number of non-technological barriers (administrative, financial and regulatory), preventing consumers from taking full advantage of a liberalized energy market. Through the creation of the Sustainability Forum, the Energy Community intends to establish a single multi-stakeholder platform dedicated to increase awareness-raising on the key energy and climate issues facing the Energy Community Region.

4. Including energy efficiency and use of renewable resources in the curriculum in education and offering professional training (June 2019)

- An urgent demand exists for more post-graduate trained staff, specialized in renewable energy technologies and energy efficiency. The establishment of dedicated university and professional programmes in these sectors will provide students with appropriate expertise and higher employability, filling the gap between the high demand for specialists on energy efficiency and renewables and the skills currently available on the job market.
- Energy efficiency and renewable energy is highly important for the future economic development of the Western Balkan region. Most of the WB6 countries are progressing well under this measure, offering a number of first or second-degree study programmes on the topics of sustainable energy, energy efficiency and renewables. Many WB6 countries are currently collaborating with leading EU universities – for example within the framework of the EU Tempus programme – to develop Master's and PhD programmes, professional training and laboratories with the aim to prepare a new generation of skilled experts in these sectors. The Energy Community Secretariat, in partnership with leading universities (also) in the WB6, organizes every year the Energy Community Summer School, promoting the development of participants' competences in all topics related to energy through a dedicated multi-disciplinary programme.

5. Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sectors (November 2018)

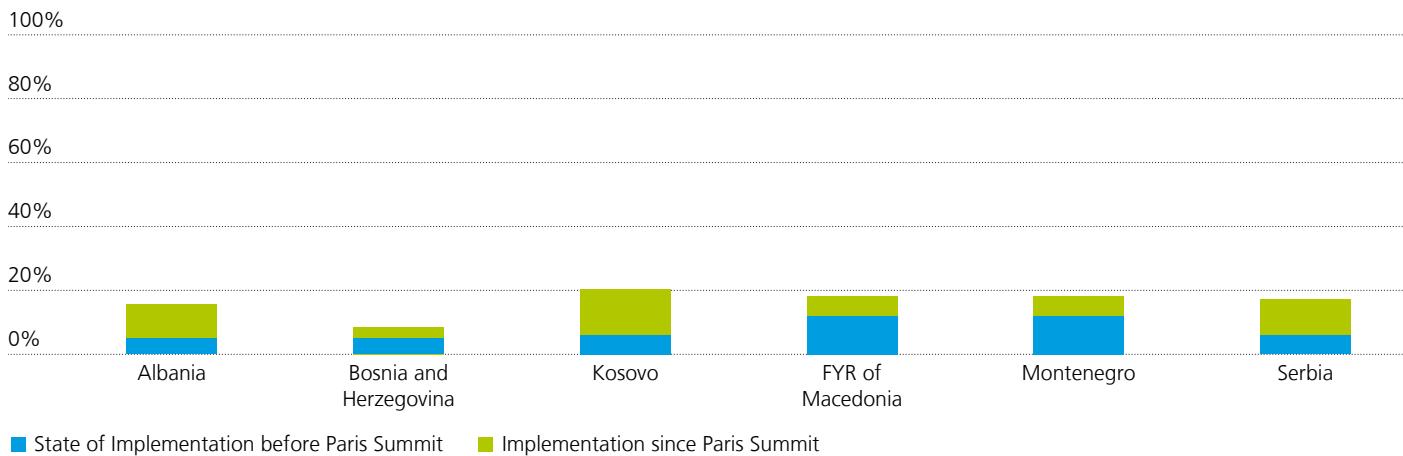
- Using waste as an energy source maximizes the energy output and contributes to achieving environmental and climate change objectives, while also improving the security of energy supply. The WB6 countries face the common challenge to manage their waste with an appropriate strategy, segregation and recycling system, through which a significant quantity can be diverted from landfills for material recovery and for conversion into a resource for electricity and heat generation, as in waste-to-energy.
- Beyond electricity and heat production, there are a number of advantages to considering waste-to-energy in the Western Balkan, e.g. the significant reduction of waste volumes and landfill space, especially important for urban areas. However, activities have not progressed during this monitoring period. One exception is Albania and its two soon-to-be operative waste-to-energy plants in Elbasan, which may set an example for countries in the region.

6. Setting up qualification / accreditation / or certification schemes to develop the necessary skills and competences of small and medium enterprises / individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.) (June 2018)

- The WB6 countries shall ensure that certification, accreditation or equivalent qualification schemes are available for providers of energy services, energy auditors, energy managers and installers of energy-related building elements or small-scale renewable installations.
- Despite some ongoing activities in the region (especially related to developing national skills for energy audit and certification of buildings), the WB6 countries are still lacking qualified experts. It is recommended to take a coordinated approach to the requirements established in different directives (energy efficiency and renewable energy). The Energy Community Secretariat – through the Energy Efficiency and Renewable Energy Coordination Groups – is facilitating regional cooperation in this respect, also by participating to the creation of an online database of certification and qualifications schemes for small scale RES technologies operating across Europe.



III. Foster Climate Action



1. Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013

- Regulation (EU) No 525/2013 includes a number of important provisions for monitoring and reporting greenhouse gas emissions, including, but not limited to: establishing GHG emission inventories, developing low-carbon development strategies, improving national systems for reporting on policies and measures and for reporting on projections of anthropogenic greenhouse gas emissions.
- Activities on climate action are progressing in the region. In Albania, for example, a public consultation on the final draft law on climate change was launched recently, while Kosovo has adopted two administrative instruction including elements of Regulation (EU) No 525/2013. In general, GHG emission inventories and the MMR are being implemented on an informal basis, due to the lack of clear institutional arrangements and proper legal basis defining competences and responsibilities in this area. A key remaining barrier to further progress is the limited capacity in terms of human resources assigned to this area of work in the relevant ministries as well as the lack of mainstreaming of climate policy across sectors.

2. Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations

- National reporting on implementation under the UNFCCC has been instrumental in tracking progress towards the Convention's objectives. Reporting obligations of the WB6 countries (non-Annex I) include the submission of National Communications on climate change (NCs), Biennial Update Reports (BURs), National Adaptation Programmes of Actions (NAPAs), etc.
- With few exceptions, countries are generally fulfilling their reporting obligations to the UNFCCC. Bosnia and Herzegovina ratified the Paris Agreement. In addition, there is a number of ongoing cooperation initiatives that strive to assist the countries towards the development of climate-resilient strategies, including by helping them to revise their National Determined Contributions and to improve national systems for monitoring, reporting and verification (MRV). A process of closer collaboration between the Contracting Parties and the Energy Community would contribute to a higher quality of monitoring and reporting.

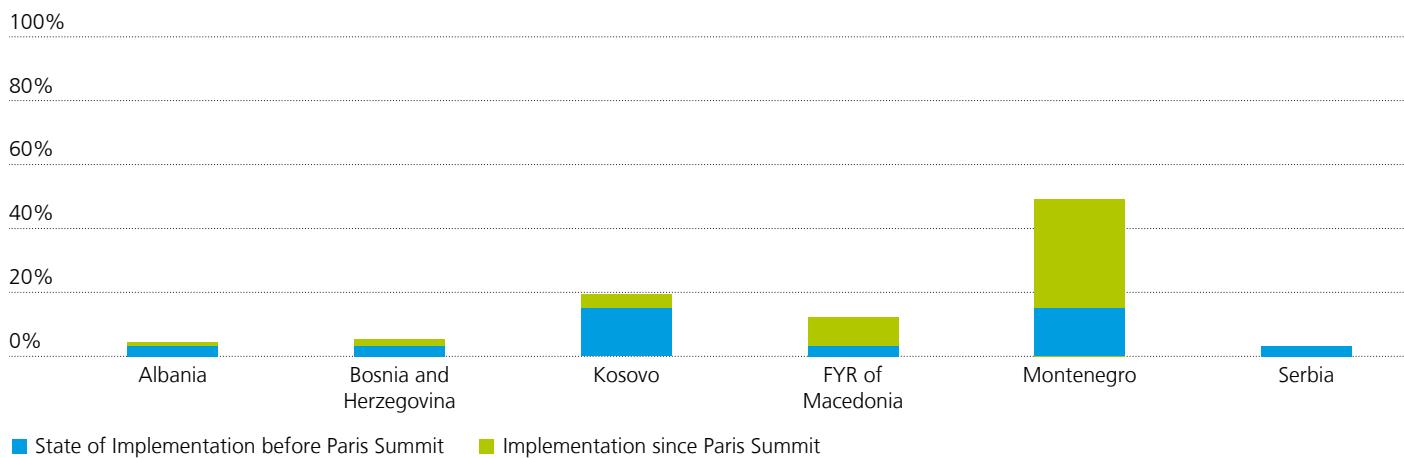
Mainstreaming sustainability - Activities in the lead up to Trieste Summit 2017

In the lead up to the Western Balkan 6 Summit in Trieste (12 July, 2017), the first edition of the **Sustainability Forum**, organised by the Energy Community Secretariat in cooperation with the Balkan Green Foundation, will take place on 9 June 2017 in Vienna. The aim of the Sustainability Forum is to create a platform dedicated to the key energy and climate issues facing the Energy Community Region. Next to civil society and non-governmental organisations, the Forum will gather Energy Community Ministers responsible for energy, environment and climate change, high-level officials of the European Commission, government officials, and representatives of the private sector and academia to discuss the best ways to contribute towards a low-carbon Energy Community Region.

The Forum will be preceded by the **Environmental Task Force** (8 June, 2017), focusing on the key environmental and climate areas where further alignment with the EU acquis is necessary. The Energy Community **Environmental Task Force**, the **Energy Efficiency** and **Renewable Energy Coordination Groups** (ETF, EECG, RECG) support with concrete activities the measures included in the Sustainability Charter and beyond. For example, the ETF is discussing the potential inclusion of the monitoring of greenhouse gas emissions in the Energy Community acquis, while the EECG adopted a new Work Programme for 2017-2018 focused on the implementation of Directive 2012/27/EU on energy efficiency. Also, a joint IRENA-RECG workshop on renewable energy auctions for all Contracting Parties took place in the premises of the Energy Community Secretariat on 8 March 2017. Next meeting of the EECG is scheduled for 28 June 2017 in Vienna, while the RECG will be held on 16-17 November 2017.



IV. Foster Transparency of Sustainable Energy Markets



1. Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

- On a regional level, there was very little (if any) progress to report from the WB6 countries. A focal point to work closely with the Secretariat was established only by Montenegro, whereas Kosovo, Bosnia and Herzegovina and Serbia have not even responded to the Secretariat's invitation to discussions.
- An important step towards enhanced confidence in the WB6 markets was taken by the Secretariat in October 2016 when it established a Dispute Resolution Centre. For the time being, the Centre focuses on mediating disputes between investors and state authorities.

2. Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner

- The activity of the various national authorities dealing with the promotion of investments is not satisfactory, as they provide little support for investors navigating the bureaucratic administrative systems of the WB6 countries. Single administrative contact points are still to be established in each of the WB6 countries.



I. Improve the Governance for Energy Efficiency

1. Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO ("energy service companies") contracts, thus developing energy services markets (June 2017)

- The energy services market is still not developed in Albania. The 2015 Energy Efficiency Law introduces the ESCO concept and energy performance contracting, and envisages establishment of the Energy Efficiency Fund to support ESCO projects in the public sector. However, the development of an ESCO by-law and establishment of the Energy Efficiency Fund is in delay.
- Model contracts for energy services are still not available. Multi-annual budgeting should be allowed, and the Public Procurement Law should be amended to facilitate ESCO service contracting in the public sector.

2. Fully implementing the Energy Performance of Buildings Directive, especially in area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes (June 2017)

- Progress was made with the adoption of the Law on Energy Performance of Buildings (transposing Directive 2010/31/EU) in November 2016.
- The Ministry of Energy and Industry and the Ministry of Urban Development are drafting secondary legislation, including a methodology for calculating the energy performance of buildings, setting minimum energy performance requirements and certification procedures.

3. Establishing well targeted programmes for public and residential buildings rehabilitation to the minimum energy performance and beyond, with particular focus on increasing the use of locally available renewable energy sources (decentralized solar-thermal heating, efficient biomass heating, high efficient heat pumps etc.) (March 2018)

- The typologies of the public and residential buildings in Albania were developed in 2016, with classification of existing building stock as well as modelling and analysis of future retrofitting options.
- Since then, no further progress has been achieved. Targeted programmes for public or residential building rehabilitation are still missing. There is currently a limited number of small projects being implemented in the public and residential sectors. The draft Energy Efficiency Action Plan (EEAP) includes support for building rehabilitation measures. The recently established Energy Efficiency Agency and (planned) Energy Efficiency Fund should contribute to implementation of this measure.

4. Assessing in detail the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal (November 2018)

- Albania has no district heating or cooling systems, and there are no plans or assessments for development of new systems in regions with high building densities and potential for communal solutions.
- No progress has been achieved with respect to the transposition and implementation of the relevant provisions of Directive 2012/27/EU on Energy Efficiency, i.e. adoption of the methodology and carrying out of a comprehensive national assessment of the potential for the application of high-efficiency cogeneration and efficient district heating and cooling.

5. Analysing options for the establishment of appropriate financing mechanisms, including a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially for the public sector (June 2018)

- The 2015 Energy Efficiency Law foresees the establishment of an energy efficiency fund as a non-profit organization, which can finance energy efficiency measures in the entire energy chain, and support the implementation of the Energy Efficiency Action Plan.
- During the reporting period, a working group established by the Ministry of Energy and Industry drafted a regulation for the energy efficiency Fund.
- Albania should create additional financing mechanisms to support energy efficiency investments (including energy efficiency criteria in public procurement and private sector investments/ESCOs) and better utilise the available financing provided by regional assistance programmes.



I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO contracts, thus developing energy services markets



Fully implementing the Energy Performance of Buildings Directive, especially in area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes



Establishing well targeted programmes for public and residential buildings rehabilitation to the minimum energy performance and beyond, with particular focus on increasing the use of locally available renewable energy sources



Assessing in details the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal



Analysing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially in the public sector



Total



II. Implement Smart Support Measures Improving Sustainability of Energy Systems

1. Designing and implementing market based support schemes for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community rules (June 2017)

- A major step forward is the adoption of the Law on Promotion of the Use of Energy from Renewable Sources of 2 February 2017. The Law introduces marked-based support schemes in the form of Contracts for Difference (CfD). It also incorporates an auction scheme for renewable capacities greater than 2 MW and a net metering scheme for PV-panels on rooftops with a capacity of up to 500 kW. However, the implementation of the CfD scheme was postponed until after 2020.
- The National Renewable Energy Action Plan (NREAP) is currently under revision, in particular with respect to the capacities foreseen for other forms of renewables than hydropower, in order to further diversify the Albanian electricity production.
- Secondary legislation to implement the Law and to integrate renewables in the market remains to be adopted. The Government should also designate an entity to manage the support granted to RES producers.

2. Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects (June 2018)

- The newly adopted Law on Renewables allows net-metering. Moreover, SMEs or family consumers can install up to 500 kW of wind or solar capacity to cover a part or all of their energy needs. They can feed the energy surplus into the distribution grid. Consumers should install the bidirectional meter at their own expense.
- The detailed design of the new net-metering scheme is currently under development as well as the methodology for the calculation of the prices for electricity that is fed into the grid by renewable energy producers.
- The transmission and distribution system operators should facilitate procedures for authorization of grid connection of small renewables projects.

3. Developing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources (June 2018)

- Although the National Centre for Energy Applications was designated as a one-stop shop for projects on renewable energy, it is not yet functioning. The application procedure is still conducted under the responsibility of the Ministry of Energy and Industry.
- The Law on Promotion of the Use of Energy from Renewable Sources includes provisions on information sharing to all interested parties on benefits, costs and support measures for developing and using energy from renewables. These provisions are not implemented yet.



4. Including energy efficiency and use of renewable resources in education and offering professional training (June 2019)

- The Agricultural University and the Polytechnic University Tirana are participating in the project "Renewable Energy Studies in Western Balkan Countries" (RESI). The Faculty of Agriculture and Environment at the Agricultural University of Tirana and the Faculty of Mechanical Engineering at the Polytechnic University developed their first joint masters programme on renewable energy.
- A PhD programme on Mechanical Engineering and Energy Management is also ongoing, along with a PhD programme on Environmental Engineering, Energy Efficiency and Renewables and one on Energy Efficiency in Buildings. The Polis University developed a post-secondary study programme on energy efficiency and the University Aleksander Moisiu Durres strengthened the energy efficiency dimension of its programme on Construction Management.

5. Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sectors (November 2018)

- A National Strategy and Action Plan on Waste Management exists. The objectives include 15% energy recovery from municipal waste.
- Progress was made with the waste-to-energy plant of Elbasan, currently in testing phase, while the construction of Fier is under discussion with local communities.

6. Setting up qualification / accreditation / or certification schemes to develop the necessary skills and competences of small and medium enterprises / individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.) (June 2018)

- The 2015 Energy Efficiency Law defines categories, conditions and qualification requirements for energy auditors and energy managers. Secondary legislation was drafted recently. Requirements for the training of experts for energy performance certification of buildings are set by the Law on the Energy Performance of Buildings, adopted in November 2016.
- The newly adopted Law on Renewables refers to certification schemes and criteria for installers of small-scale biomass furnaces and stoves, solar PV and solar thermal systems, shallow geothermal systems and heat pumps. The National Agency of Natural Resources is currently preparing the necessary secondary legislation.

II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market-based support scheme for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community Rules



Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects



Providing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources



Including energy efficiency and use of renewable resources in the curriculum in education and offering professional training



Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sector



Setting up qualification/accreditation/certification schemes to develop the necessary skills and competences of small and medium enterprises/ individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.)



Total





III. Foster Climate Action

1. Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013 (March 2018)

- A consultation on the third draft Law on Climate Change and the second draft decision on a mechanism for monitoring and reporting of greenhouse gas emissions and other information relevant to climate change was held on 28 February 2017.
- Moreover, a public consultation on the final draft law was launched on 31 March 2017. The Law on Climate Change is foreseen to be adopted by December 2017, four months prior to what was originally expected.

2. Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations (March 2018)

- Although Albania ratified the Paris Agreement on November 2016, the Nationally Determined Contributions (NDCs) have still to be revised in order to include also data on land use, land-use change and forestry (LULUCF); technical assistance is necessary to undertake such a revision process.
- The Government of Albania is currently working on the finalization of the National Climate Change Strategy (NCCS), the National Action Plan on Mitigation (NAPM) and the National Adaptation Plan (NAP). The final public consultation was launched on 4 April 2017.
- The NCCS and NAPM are foreseen to be adopted during the third quarter of 2017, together with the NAP.

III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013



Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations



Total



IV. Foster Transparency of Sustainable Energy Markets

1. Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

- No focal point was established. As a result, work on the investment promotion roadmap has not yet started.
- A dispute between renewable energy producers and the Albanian Government and the parliamentary committee responsible for energy was mediated by the Secretariat's Dispute Resolution Centre. The Law on Promotion of the Use of Energy from Renewable Sources including a clause on the compensation of existing RES producers was adopted on 2 February 2017.

2. Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner

- Numerous Albanian authorities deal with investment promotion, and their activities are neither coordinated nor efficient. A single administrative contact point for investors remains to be established.
- Clear guidelines for foreign investors (including renewables) should be adopted.

IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets



Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner



Total





I. Improve the Governance for Energy Efficiency

1. Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO ("energy service companies") contracts, thus developing energy services markets (June 2017)

- In the Federation of Bosnia and Herzegovina (FBiH) an ESCO enabling Energy Efficiency Law was adopted in February 2017. Work on ESCO secondary legislation is ongoing. Republika Srpska (RS) has adopted earlier an Energy Efficiency Law and an ESCO enabling regulation.
- The procedures for ESCO services stipulated in the Public Private Partnership laws in both entities require further simplification. The state level Public Procurement Law should be amended in order to allow for the use of energy efficiency criteria and the technology life-cycle cost method in the tender evaluation, instead of using the upfront investment cost approach, which is not suitable for ESCO projects.

2. Fully implementing the Energy Performance of Buildings Directive, especially in area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes (June 2017)

- In FBiH, Directive 2010/31/EU was transposed by the 2013 Law on Physical Planning and Land Utilization, the 2017 Energy Efficiency Law and several by-laws. In RS, the key requirements of Directive 2010/31/EU are implemented by the 2013 Law on Physical Planning and Construction, including the setting of minimum energy performance requirements of new and existing buildings, certification of buildings and energy audits of buildings.
- There are no activities related to transposition of Directive 2010/31/EU in the Brcko District.

3. Establishing well targeted programmes for public and residential buildings rehabilitation to the minimum energy performance and beyond, with particular focus on increasing the use of locally available renewable energy sources (decentralized solar-thermal heating, efficient biomass heating, high efficient heat pumps etc.) (March 2018)

- BiH is currently implementing several projects for rehabilitation of public buildings, supported by the establishment of an energy management system in the public sector. In December 2006, a typology for residential buildings was published, with the classification of existing building stock as well as initial modelling and an analysis of future retrofitting options. The development of a typology for public buildings is ongoing.
- The work on establishing energy efficiency obligation schemes in BiH with a focus on energy efficiency improvements in the residential sector is ongoing.
- BiH has to further develop long-term renovation strategies and targeted programmes for residential buildings. The draft Energy Efficiency Action Plan (EEAP) includes measures and plans in this area.

4. Assessing in details the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal (November 2018)

- Bosnia and Herzegovina has 22 district heating systems, with around 12% of households connected. Their combined capacity is around 1 200 MWth, of which 200 MWth are out of operation. Of these, 64 MW of coal based systems may be replaced by wood chip based systems and additional 380 MW could be installed, based on woody waste and 60 MW based on agricultural waste.
- Several projects for improvement of district and central heating systems on local level are ongoing. The draft EEAP of March 2017 includes activities on state and entity level to adopt a methodology or conduct a comprehensive assessment of the potential for the application of high-efficiency cogeneration and efficient district heating and cooling, based on a country-wide cost-benefit analysis.

5. Analyzing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures resulting from the Energy Efficiency Directive 2012/27/EU especially in the public sector (June 2018)

- Within the existing Environmental Protection Fund in FBiH, an Energy Efficiency Revolving Fund (EERF) was set up in 2016 to finance projects in public and residential sectors, industrial processes, energy production and distribution and renewable energy use. The EERF offers soft loans and regularly publishes calls for proposals.
- In RS, the Environmental Protection and Energy Efficiency Fund can in principle finance energy efficiency projects, mostly in the form of grants. Setting up an EERF is envisaged.



I. Improve the Governance for Energy Efficiency

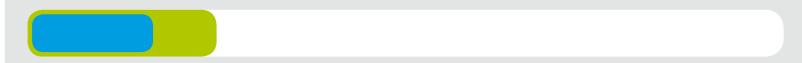
Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO contracts, thus developing energy services markets



Fully implementing the Energy Performance of Buildings Directive, especially in area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes



Establishing well targeted programmes for public and residential buildings rehabilitation to the minimum energy performance and beyond, with particular focus on increasing the use of locally available renewable energy sources



Assessing in details the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal



Analysing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially in the public sector



Total



II. Implement Smart Support Measures Improving Sustainability of Energy Systems

1. Designing and implementing market based support schemes for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community rules (June 2017)

- Only feed-in tariff for various technologies according to quotas are available for both entities. In addition, Republika Srpska has introduced optional feed-in premiums. Financial incentives are not uniform and quotas have been filled already until 2020, except for hydropower. The State Regulatory Commission was not able to reach a consensus on increasing renewables capacity.
- A competitive procedure based on a feed-in-premium scheme may be introduced only after 2020. This remains critical since there is no competence for renewable energy at state level.

2. Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects (June 2018)

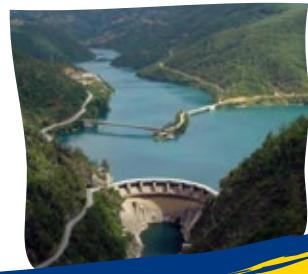
- No strategy or legislation is in place for citizens' participation on renewable energy projects.
- The right to net-metering features in law and secondary legislation (rulebook on incentives) in Republika Srpska. The system does not function well in practice due to VAT taxation.

3. Developing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources (June 2018)

- A one-stop shop does not exist yet. Burdensome administrative procedures remain a major barrier for all investors, including citizens.

4. Including energy efficiency and use of renewable resources in education and offering professional training (June 2019)

- The University of Zenica and the University of Mostar participate in Renewable Energy Studies in Western Balkan Countries (RESi), within the Tempus programme. The masters programme "Renewable Energy Sources" launched by the Faculty of Mechanical Engineering of the University of Mostar is ongoing.
- Three new laboratories (solar, geothermal and wind energy) were also established within the frame of RESi (Faculty of Engineering, University of Mostar).



5. Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sectors (November 2018)

- Implementation of the Law on Waste Management remains poor and the involvement of the private sector - for example through PPPs in the field of separation and recycling - is unsatisfactory. Recycling is still not implemented in a systematic manner and not managed at city level.

6. Setting up qualification / accreditation / or certification schemes to develop the necessary skills and competences of small and medium enterprises / individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.) (June 2018)

- Activities to improve energy management skills in the public buildings sector, including trainings on energy management and use of energy management software tools, are ongoing. Further development of a system for training and accreditation of installers and energy managers is planned under the draft Energy Efficiency Action Plan.
- Both entities offer training programmes for experts for energy audit and energy performance certification of buildings.

II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market-based support scheme for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community Rules



Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects



Providing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources



Including energy efficiency and use of renewable resources in the curriculum in education and offering professional training



Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sector



Setting up qualification/accreditation/certification schemes to develop the necessary skills and competences of small and medium enterprises/individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.)



Total



III. Foster Climate Action

1. Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013 (March 2018)

- BiH does not have a clearly defined system for data collection and processing, quality assurance and control of input data, or a reporting and monitoring system.
- No agreement on who will manage the GHG inventory has been reached so far. Also, no further follow-up on how to store and manage the data is foreseen.
- In order to align with the MMR, BiH must put in place institutional arrangements and proper legal regulations to fully define competences and responsibilities in this area.

2. Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations (March 2018)

- BiH is reporting regularly to the UNFCCC and ratified the Paris Agreement. Nevertheless, action on climate change is not well developed and most of the work has been so far coordinated by UNDP due to limited national capacities. BiH should set up its own system, strengthening institutional capacity and focus on the development of technical models assessing climate change scenarios and impacts in all sectors of the economy.
- Although the country has a strategy on climate change, it lacks a concrete timeframe and a list of priority actions to be implemented. In addition, the data require revision.
- UNDP, BiH in partnership with RS Ministry for Spatial Planning, Construction and Ecology and GEF financial support, have started the preparation of Bosnia and Herzegovina's Third National Communication to the UNFCCC.

III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013



Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations



Total



IV. Foster Transparency of Sustainable Energy Markets

1. Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

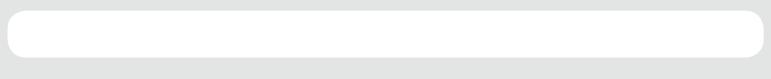
- Communication with state authorities is difficult and the feedback is received with delays (if at all). To this day, the Secretariat lacks a focal point in cooperation with which to draft the investment promotion roadmap.

2. Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner

- Investors' experience with the Foreign Investment Promotion Agency of BiH (FIBA) has not been satisfactory. The country has a very cumbersome administrative system that any investor must navigate, and FIBA does not provide meaningful support.
- No single administrative contact point has been designated.
- Clear guidelines for the investors (including renewables) should be drafted.

IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets



Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner



Total





I. Improve the Governance for Energy Efficiency

1. Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO ("energy service companies") contracts, thus developing energy services markets (June 2017)

- An energy services market is still not developed. The current Energy Efficiency Law does not mention ESCOs. The revision process of the Energy Efficiency Law is ongoing and the latest draft includes provisions on ESCOs and energy services, in line with Directive 2012/27/EU. Secondary legislation and model contracts still need to be developed.
- ESCO investments are currently considered as public debt. Multi-annual budgeting is not permitted, and public procurement legislation does not recognise ESCO projects.

2. Fully implementing the Energy Performance of Buildings Directive, especially in area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes (June 2017)

- The Law on Energy Performance of Buildings (transposing Directive 2010/31/EU) was adopted in December 2016.
- There is little progress with adoption of the drafted secondary legislation on methodology and software for calculating the energy performance of buildings, certification of buildings, and inspection of heating systems and air conditioning systems.

3. Establishing well targeted programmes for public and residential buildings rehabilitation to the minimum energy performance and beyond, with particular focus on increasing the use of locally available renewable energy sources (decentralized solar-thermal heating, efficient biomass heating, high efficient heat pumps etc.) (March 2018)

- Kosovo is currently implementing an energy efficiency programme for rehabilitation of public buildings. This includes the development of local capacity for energy auditing of buildings.
- The draft 3rd EEAP envisages measures in residential buildings financed by International Financial Institutions, but there are no long-term strategies or targeted programmes for residential building renovation. They should be developed as a priority.

4. Assessing in details the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal (November 2018)

- District heating represents approximately 5% of the heat supply. The largest part of district heating in Pristina is based on the supply of waste heat from lignite-fuelled thermal power plant "Kosovo B". The remaining district heating plants (Gjakova, Mitrovica) are based on heavy fuel oil, but only Gjakova is in operation.
- A project for improving district heating systems in Pristina and building a new cogeneration project based on biomass in Gjakova are ongoing.
- Activities to develop a methodology or conduct a comprehensive assessment of the potential for the application of high-efficiency cogeneration and efficient district heating and cooling are planned by the draft 3rd EEAP. The current revision of the Energy Efficiency Law is expected to include these requirements.

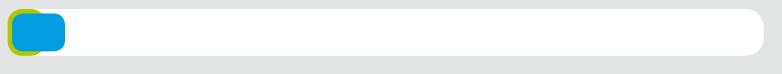
5. Analyzing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures resulting from the Energy Efficiency Directive 2012/27/EU especially in the public sector (June 2018)

- The 2011 Energy Efficiency Law stipulates how energy efficiency measures should be funded (e.g. public budget, international financial institutions), without explicitly mentioning an energy efficiency fund.
- There is ongoing work on the establishment of an energy efficiency revolving fund and the creation of a supporting legal framework, namely the revised Energy Efficiency Law.



I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO contracts, thus developing energy services markets



Fully implementing the Energy Performance of Buildings Directive, especially in area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes



Establishing well targeted programmes for public and residential buildings rehabilitation to the minimum energy performance and beyond, with particular focus on increasing the use of locally available renewable energy sources



Assessing in details the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal



Analysing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially in the public sector



Total



II. Implement Smart Support Measures Improving Sustainability of Energy Systems

1. Designing and implementing market based support schemes for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community rules (June 2017)

- Despite the fact that the new Energy Law was adopted by the Parliament in July 2016 and the Energy Regulatory Office (ERO) has started the amendment of all its secondary legislation, a competitive procedure to grant support is to be introduced in Kosovo by the end of 2018.
- Feed-in tariffs were set by ERO for small hydro, wind, solar PV, and biomass, as well as a Power Purchase Agreement template for producers of renewables (Rule on Support Scheme). Solar heating is currently not supported. On biomass, there are concerns linked with illegal logging.

2. Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects (June 2018)

- There are still no strategies in place addressing participation of citizens in renewable energy projects
- ERO has drafted an administrative instruction on construction and authorization of renewable energy projects (Rule on Authorization Procedure for Construction of new Generation Capacities) and one which looks into possibilities for micro generators, net-metering, and their eventual compensation (Rule on Support Scheme for RES generating facilities). The instructions are expected to be adopted by end of April 2017.
- The quota for solar energy projects (PV, thermal) should be raised.

3. Developing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources (June 2018)

- The lack of information at local level, limited access to capital and complex authorization procedures for water, forests and land use continue to prevent the development of renewable energy projects. The possibility of developing renewables projects in refurbished, old mining sites (e.g. solar parks) is prevented by the fact that ownership of these sites is still to be clarified by law.
- The creation of a one-stop shop is foreseen by an administrative instruction to be adopted in the first half of 2017. However, its role will be limited to information dissemination and coordination, with no executive mandate. Its structure and resources are under discussion; it may become operational from April 2018.



4. Including energy efficiency and use of renewable resources in education and offering professional training (June 2019)

- Some university programmes on sustainability are available in Kosovo. Further efforts are needed to ensure their continuation and to fill the gap between the high demand for specialists on energy efficiency and renewables and the skills currently available on the job market. The Faculty of Mechanical Engineering (University of Pristina) had a certified bachelors programme on "Renewable Energy Systems", However, the programme is currently not enrolling new students.
- The Faculty of Construction and Architecture (University of Pristina) developed a masters programme on energy efficiency.
- Discussions on the possible creation of a centre on energy efficiency and renewables at the University of Pristina are ongoing, without any tangible results yet.

5. Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sectors (November 2018)

- Kosovo adopted in the past a Strategy on Waste Management for 2012-2021. However, this strategy does not focus on waste to energy.

6. Setting up qualification / accreditation / or certification schemes to develop the necessary skills and competences of small and medium enterprises / individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.) (June 2018)

- Training and certification system for energy auditing and energy management in Kosovo is required by the Energy Efficiency Law and further regulated by secondary regulation and measures under the EEAP. A Commission for certification of energy auditors and managers was established by the Ministry of Economic Development to manage the system.
- GIZ's "Kosovo Energy Efficiency Project" (KEEP) will provide training for municipal energy managers starting in autumn 2017. In addition, the project will support the Ministry of Economic Development to establish an accredited scheme for training and certification of energy auditors.
- The 2016 Law on Energy Performance of Buildings includes requirements for the licensing of experts dealing with energy certification of buildings and the inspection of heating and air conditioning systems, as well as the establishment of an independent control system. The Ministry of Economic Development is responsible for the certification and the specification of training requirements for independent experts.

II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market-based support scheme for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community Rules

Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects

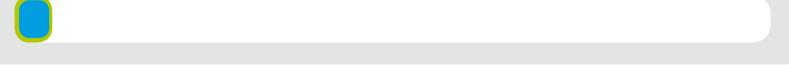
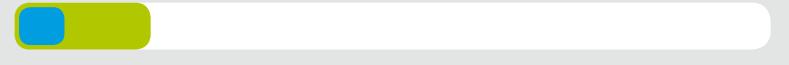
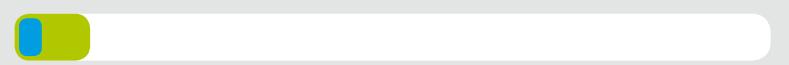
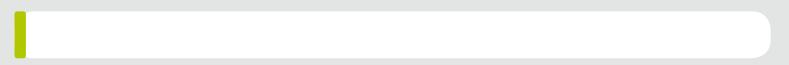
Providing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources

Including energy efficiency and use of renewable resources in the curriculum in education and offering professional training

Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sector

Setting up qualification/accreditation/certification schemes to develop the necessary skills and competences of small and medium enterprises/ individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.)

Total



III. Foster Climate Action

1. Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013 (March 2018)

- Despite Kosovo is not a party to the UNFCCC, efforts have been made to align its legislation and policy framework to the EU climate *acquis*. A reference to climate change was introduced in the Environment Protection Law, followed by the adoption of two administrative instructions in 2015 and 2016 transposing Regulation (EU) No 525/2013. Work on an assessment of the possibility to draft a separate climate change law is ongoing.
- Kosovo developed its first GHG inventory covering the periods 2008-2009, 2008-2013 and 2012-2014. The new 2015 GHG inventory, using the 2006 IPCC guidelines, is expected to be finalized by this year.
- A Council on Climate Change has been established, which includes a working group involving a large number of stakeholders and experts responsible for data collection and the preparation of an inventory report.

2. Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations (March 2018)

- Kosovo developed a new National Strategy (2017 – 2026) and Action Plan (2017 – 2019) for Climate Change. It consists of three components: Climate Strategy, Low Emission Development Strategy and National Adaptation Strategy.

III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013



Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations



Total



IV. Foster Transparency of Sustainable Energy Markets

1. Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

- The state authorities have been very reluctant to collaborate with the Energy Community Secretariat on this topic. As a result, the stocktaking meetings with the state authorities have not taken place yet.
- A focal point to cooperate with the Secretariat in drafting the investment promotion roadmap is still to be designated.

2. Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner

- The Kosovo Investment and Enterprise Support Agency should be designated as the single administrative contact point for investors.
- Clear guidelines for foreign investors (including renewables) should be drafted.

IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets



Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner



Total





I. Improve the Governance for Energy Efficiency

1. Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO ("energy service companies") contracts, thus developing energy services markets (June 2017)

- The energy services market is not developed and there was no recent progress in this area. Current legislation (the Energy Law) covers the ESCO concept only superficially, without covering all the aspects needed to enable ESCO contracting. Certain legal provisions exist in the 2015 Law on Concessions and Public Private Partnership.
- The Public Procurement Law should be updated and include a procedure for awarding public procurement agreements to ESCOs. Improvements of the Law on Financing of Municipalities and the Law on Budgeting are required. Public budgeting is not possible on a multi-year basis.

2. Fully implementing the Energy Performance of Buildings Directive, especially in area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes (June 2017)

- Directive 2010/31/EU has been partially transposed by the Energy Law and the 2013 Rulebook on Energy Performance of Buildings.
- The adoption of the draft regulations on minimum energy performance requirements for buildings, national calculation methodology, energy performance certification of buildings and inspection of heating and air-conditioning systems is still pending.

3. Establishing well targeted programmes for public and residential buildings rehabilitation to the minimum energy performance and beyond, with particular focus on increasing the use of locally available renewable energy sources (decentralized solar-thermal heating, efficient biomass heating, high efficient heat pumps etc.) (March 2018)

- In 2011, a National Programme for Energy Efficiency in Public Buildings (NPEEPB) was developed to ensure large-scale refurbishment of public buildings. However, it has not been adopted/implemented until now. The new draft 3rd EEAP envisages the start of the NPEEPB in 2017, after the establishment of a national energy efficiency fund. It also envisages the preparation of a strategy for mobilising long-term investments in residential and commercial buildings during 2017.
- A comprehensive residential buildings programme should be developed and adopted by the national authorities. The Ministry of Economy runs a small programme (EUR 100,000 EUR) of subsidies for installation of solar thermal collectors in households. There is experience with using a small revolving loan for implementation of energy efficiency measures in 31 buildings for collective housing.

4. Assessing in details the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal (November 2018)

- The existing district heating system in Skopje has an installed capacity of 660 MW, supplied by natural gas, representing approx. 7 % of the total heating demand. A district heating system based on waste heat from the thermal power plant in Bitola is under construction. An additional 240 MW could be supplied with wood chips to multi-storey apartment buildings, replacing approx. 19% of the electric heating.
- There are no activities in the former Yugoslav Republic of Macedonia to adopt a methodology or conduct a comprehensive assessment of the potential for the application of high-efficiency cogeneration and efficient district heating and cooling.

5. Analysing options for the establishment of appropriate financing mechanisms, including a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially for the public sector (June 2018)

- The Energy Law provides for the establishment of an energy efficiency fund, which would disburse support to the public and private sectors when implementing obligations under the law and help foster the development of an ESCO market.
- The Government has not taken a decision on the structure of an energy efficiency revolving fund yet.



I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO contracts, thus developing energy services markets



Fully implementing the Energy Performance of Buildings Directive, especially in area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes



Establishing well targeted programmes for public and residential buildings rehabilitation to the minimum energy performance and beyond, with particular focus on increasing the use of locally available renewable energy sources



Assessing in details the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal



Analysing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially in the public sector



Total



II. Implement Smart Support Measures Improving Sustainability of Energy Systems

1. Designing and implementing market based support schemes for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community rules (June 2017)

- Former Yugoslav Republic of Macedonia has only established feed-in tariffs for small hydro, wind, solar PV and power plants using biogas and biomass. Eligible renewable energy developers receive the feed-in tariff via a Power Purchase Agreement with the market operator, valid for 20 years for wind farms and small hydro, and 15 years for the other technologies.
- The country has set-up a technical working group to analyse possibilities to move towards feed-in premium, to be introduced once there is a competitive day-ahead trading platform.

2. Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects (June 2018)

- There is no strategy or legislation in place that would support citizens' participation in renewable energy projects.
- However, citizens continue to be incentivized to use water heating from solar energy through a „lottery system” (public drawing). Selected citizens can be reimbursed for up to 30% of their investment, up to a maximum of EUR 300.

3. Developing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources (June 2018)

- The City of Skopje and the Energy Agency established two information centres for dissemination of benefits from improved energy efficiency and utilization of renewables in the country. An Innovation Lab, an experimental and collaborative space where citizens and front-line public servants will design, prototype and test public services and products to help Skopje improve its sustainability and urban resilience, is under establishment.
- Information on feed-in tariffs and support measures for using renewables in heating and cooling is published on the Ministry of Economy's website and in the Gazette.

4. Including energy efficiency and use of renewable resources in education and offering professional training (June 2019)

- There is a rich educational offer on sustainability. The South East European University of Skopje offers a masters degree in energy management and sustainable development, with a focus on energy efficiency and renewable energy technology.
- The Faculty of Electrical Engineering and Information Technologies of SS. Cyril and Methodius University of Skopje offers specialized first-degree studies on power systems, automatization and renewables as well as a master of science course in renewable energy sources and one on energy efficiency, environment and sustainable development.



- Goce Delcev University in Stip offers first-degree studies on renewable energy sources.
- Certified courses for energy audit in buildings are offered by the Macedonian Centre for Energy Efficiency (MACEF), the Centre for Promotion of Sustainable Agricultural Practices and Rural Development (CEPROSARD) and the German Energy Centre for Renewable Energy and Energy Efficiency.
- Former Yugoslav Republic of Macedonia will host the 2017 edition of the Energy Community Summer School, in the city of Ohrid (26 August – 2 September).

5. Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sectors (November 2018)

- Former Yugoslav Republic of Macedonia has improved its administrative capacity and started to implement an integrated waste management system, based on the Law on Waste Management (revised in 2016) and the National Waste Management Strategy (up to 2020).
- Municipal waste is mainly disposed of in landfills. Some examples of biogas plants using farm waste to produce electricity exist at rural level (e.g. Bitola, Veze Sharri).

6. Setting up qualification / accreditation / or certification schemes to develop the necessary skills and competences of small and medium enterprises / individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.) (June 2018)

- A national scheme for training and qualification of energy auditors is being implemented since 2013, following the requirements of the Law on Energy, the rulebook on energy audit and the programme for training and examination of energy auditors.
- Former Yugoslav Republic of Macedonia is also participating in the project "Build Up Skills", dedicated to the professional training of craftsmen and other on-site construction workers and system installers in the building sector and small renewable installations.
- Furthermore, the Ministry of Economy launched a programme for competitiveness, innovation and entrepreneurship, which as of 2016 provides a possibility for businesses to apply for a subsidy for training and preparation of energy efficiency projects and/or for the implementation of the ISO 50001 standard for energy management.

II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market-based support scheme for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community Rules



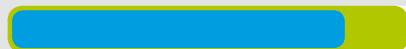
Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects



Providing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources



Including energy efficiency and use of renewable resources in the curriculum in education and offering professional training



Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sector



Setting up qualification/accreditation/certification schemes to develop the necessary skills and competences of small and medium enterprises/ individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.)



Total





III. Foster Climate Action

1. Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013 (March 2018)

- In order to align with the MMR, the country has prepared an assessment. It takes into account the upcoming adoption of the MMR in the Energy Community and the requirement for Contracting Parties to establish the legal and institutional preconditions for the implementation of the core elements of the MMR. The assessment includes recommendations on the GHG inventory, mitigation policies and projections and adaptation policies and measures under the MMR regulation.
- The preparation of greenhouse gas inventories has been downscaled to city level, encompassing 10 large municipalities (including Skopje), serving as a baseline for assessing the mitigation potential and enabling cities to fulfil their obligations towards the Covenant of Mayors and other international initiatives.
- The country has the technical capacity required to prepare good quality greenhouse gases inventory reports, but a sustainable approach for reporting obligations is lacking. It would be important to define competences and responsibilities of the relevant institutions; for the time being, the Macedonian Environmental Information Centre (MEIC) – an organizational unit within the Ministry of Environment and Physical Planning (MEIC) - is in charge of collecting, processing and presenting official data.

2. Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations (March 2018)

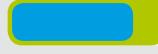
- In order to enable the implementation of the NDCs, within the Second Biannual Update Report, a mapping exercise is planned, investigating which measures/policies/actions/projects leading to GHG emission reductions are already being monitored (mainly in the area of energy efficiency and renewables). A recommendation shall follow on how to use or modify the existing measuring and monitoring systems to report the associated emission reductions. This effort should be harmonized with the monitoring of the Energy Efficiency and Renewable Energy Action Plans.
- The Government has included climate commitments in its Open Government Partnership (OGP) and Open Government National Action Plan 2016-2018 (NAP), which aims at integrating low-carbon considerations into national planning in a transparent and participatory manner.

III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013



Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations



Total



IV. Foster Transparency of Sustainable Energy Markets

1. Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

- New entrants allegedly often face difficulties.
- The political instability adds risks for businesses, especially foreign investors. Against this background, the Agency for Foreign Investments and Export Promotion (Invest Macedonia) should be more proactive in offering investors the support they need.
- The Secretariat lacks a focal point in cooperation with which to draft the investment promotion roadmap.

2. Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner

- Invest Macedonia should be designated as the single administrative contact point for investors.
- Clear guidelines for foreign investors (including renewables) should be drafted.



IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

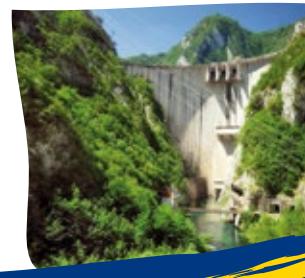


Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner



Total





I. Improve the Governance for Energy Efficiency

1. Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO ("energy service companies") contracts, thus developing energy services markets (June 2017)

- The energy services market is in the process of development. Montenegro has adopted an enabling legal framework (articles in the Law on Efficient Use of Energy) and drafted model contracts for energy performance contracting in public buildings, water supply systems and public lighting. The 3rd National Energy Efficiency Action Plan envisages the promotion of participation of ESCOs in public sector energy efficiency projects, with implementation of pilot projects, completion of an enabling legal framework and supporting financial mechanisms.
- Progress was achieved by the governmental working group by proposing amendments to facilitate ESCO contracting in the Public Private Partnership Law, the key legislation for ESCO investments in the public sector. However, the Law still needs to be adopted, and the first ESCO pilot projects are yet to be tendered. The multi-annual budgeting should be allowed to support ESCO contracting.

2. Fully implementing the Energy Performance of Buildings Directive, especially in area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes (June 2017)

- Directive 2010/31/EU has been transposed through the 2014 Law on Efficient Use of Energy, and the adopted rulebooks cover calculation methodology, minimal energy performance requirements and energy performance certification of buildings.
- The process of improving the building inventory, calculation software and analysis of cost-optimality of current performance requirements is ongoing.

3. Establishing well targeted programmes for public and residential buildings rehabilitation to the minimum energy performance and beyond, with particular focus on increasing the use of locally available renewable energy sources (decentralized solar-thermal heating, efficient biomass heating, high efficient heat pumps etc.) (March 2018)

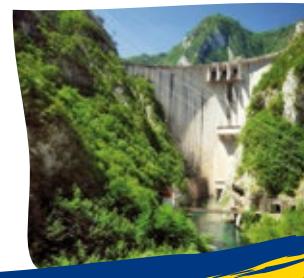
- Montenegro is continuing implementation of several successful projects for public and residential building rehabilitation in cooperation with international and local partners. The Ministry of Economy (Directorate for energy efficiency) coordinates the implementation of these programmes.
- The 2016 Decree on reconstruction of official buildings set a 1% reconstruction target for central government buildings, prioritizing buildings with the lowest energy performance. A three-year plan for reconstruction of central government administrative buildings 2017-2019 was adopted by the Government in December 2016, including a building inventory.
- An annual operational plan for energy efficiency improvement of state administration bodies for 2017 is under preparation and should soon be adopted. A comprehensive building renovation programme (and strategy) should be developed, especially for the residential sector.

4. Assessing in details the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal (November 2018)

- There are no district heating systems in Montenegro. The main heating sources are biomass and electricity. High efficient cogeneration and district heating and cooling measures have been incorporated in the 2016 Action Plan of the Energy Development Strategy of Montenegro, including use of biomass, gas, heat pumps, municipal waste and waste heat.
- Progress was achieved with finalisation of the study for evaluating the potential for application of high-efficient cogeneration and introduction of district systems for heating and cooling. This should be followed-up by the preparation of an action plan and the adoption of supporting by-laws under the Energy Law.

5. Analyzing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures resulting from the Energy Efficiency Directive 2012/27/EU especially in the public sector (June 2018)

- Since 2006, a budget line called "Energy Efficiency Fund" is allocated each year from the state budget. The Fund supports measures under the Energy Efficiency Action Plan. Given the small yearly allocations, the impact is limited and much smaller than the overall budget needed for implementation of the 3rd NEEAP (2016-2018).
- The Government is currently analysing options for financing of energy efficiency projects, including the possible establishment of a national energy efficiency fund.



I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO contracts, thus developing energy services markets



Fully implementing the Energy Performance of Buildings Directive, especially in area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes



Establishing well targeted programmes for public and residential buildings rehabilitation to the minimum energy performance and beyond, with particular focus on increasing the use of locally available renewable energy sources



Assessing in details the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal



Analysing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially in the public sector



Total



II. Implement Smart Support Measures Improving Sustainability of Energy Systems

1. Designing and implementing market based support schemes for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community rules (June 2017)

- Activities to implement market-based support are still without tangible results in Montenegro. Despite the fact that the 2015 Energy Law grants support for the use of renewables and high-efficiency cogeneration based on auctions, Montenegro keeps on supporting electricity producers using renewables through guaranteed purchase of electricity at feed-in tariffs for a period of 12 years. There is no defined timeline on introducing auctions. No secondary legislation is in preparation.
- An action plan for the use of biofuels in the transport sector (final version) has been prepared by the Government and is scheduled for approval by the end of April 2017.

2. Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects (June 2018)

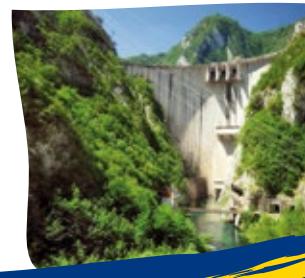
- Montenegro still does not have an overall strategy for enabling the voluntary participation of citizens in renewable energy projects.
- Montenegro is currently working on the development of a national framework to support greater use of energy efficiency technologies and renewables. A paper on "International experience of mechanisms/incentives/financing for support to energy efficiency and renewables on household level" was drafted under the IPA 2010 project supporting this work.

3. Developing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources (June 2018)

- The establishment of a one-stop shop is still pending. The Ministry of Economy provides assistance to individuals through dedicated websites (www.energetska-efikasnost.me, www.oie-res.me).
- The official websites of the Ministry of Sustainable Development and Tourism and the Montenegro Investment promotion Agency (MIPA) also provide information on permitting, construction and licensing.

4. Including energy efficiency and use of renewable resources in education and offering professional training (June 2019)

- Under the ENERESE project (Energy efficiency, renewable energy sources and environmental impacts), the Faculty of Civil Engineering of the University of Montenegro launched in 2014 a postgraduate Master's programme on energy efficiency and renewables. The Faculty of Mechanical Engineering of the University of Montenegro has also launched a similar Master's programme on energy efficiency.
- The Ministry of Economy has conducted training of professionals for performing regular energy audits of heating and air conditioning systems.



5. Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sectors (November 2018)

- No progress was made in this area during this monitoring period. The National Strategy on Waste Management until 2030 and the State Action Plan on Waste Management for the period 2015-2020 were adopted in 2015 and not yet revised.
- There are still many illegal landfills throughout Montenegro representing a health and environmental hazard. Some recycling installations are operational (e.g. Podgorica, Nikšić) but waste (co-)incineration plants do not exist.

6. Setting up qualification / accreditation / or certification schemes to develop the necessary skills and competences of small and medium enterprises / individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.) (June 2018)

- Training of energy auditors and building assessors is ongoing since 2009, regulated by a rulebook updated in 2015. Registers of experts, as well as eligible dealers and installers, are being regularly updated and published online. The Ministry of Economy has stipulated that trainings for performing energy audits may be conducted by professional organizations meeting a set of criteria stipulated by the rulebook.
- In addition, the development of a system for training and accreditation of installers and energy managers is planned under the 3rd Energy Efficiency Action Plan and is expected to be implemented by 2018.

II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market-based support scheme for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community Rules



Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects



Providing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources



Including energy efficiency and use of renewable resources in the curriculum in education and offering professional training



Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sector



Setting up qualification/accreditation/certification schemes to develop the necessary skills and competences of small and medium enterprises/ individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.)



Total



III. Foster Climate Action

1. Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013 (March 2018)

- A Rulebook on the development of GHG inventories has been adopted which partially transposes the Monitoring Mechanism Regulation (MMR).
- The Ministry of Sustainable Development also worked on a proposal for the annual Plan of collecting data to create an inventory of air pollutants and an emission inventory of greenhouse gases meant to further harmonize with Regulation (EU) No 525/2013. The inventory system still needs to be established and concrete obligations to report.

2. Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations (March 2018)

- Despite Montenegro adopted its National Strategy on Climate Change (until 2030) and submitted its Nationally Determined Contributions (NDCs) to the UNFCCC (without an adaptation strategy) in September 2015, the NDCs is still under revision by the Ministry of Sustainable Development and Tourism. Also, the country has not ratified the Paris Agreement yet. A draft law on the ratification process is expected to be ready in the first half of 2017.

III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013



Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations



Total



IV. Foster Transparency of Sustainable Energy Markets

1. Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

- The Department for Investment in the Directorate for transformation and investments in the Ministry of Economy of Montenegro will act as a focal point. It will cooperate with the Secretariat in drafting the investment promotion roadmap which will be finalised by September 2017.
- The newly published public notice of participation in the procedure of awarding financial incentives for encouraging direct investment specifically excludes production of electricity from the list of eligible projects.

2. Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner

- A single administrative contact point for investors has not yet been designated, but the same Department for Investment could take over this task.
- Clear guidelines for investors in the renewable energy field should be drafted, since it is not clear which (if any) schemes are available for them.

IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets



Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner



Total





I. Improve the Governance for Energy Efficiency

1. Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO ("energy service companies") contracts, thus developing energy services markets (June 2017)

- Serbia has developed an enabling legal framework for energy performance contracting in public lighting and public buildings (incl. ESCO rulebook with model contracts). The Law on Efficient Use of Energy defines the ESCO concept, sets rules for ESCO projects and provides the overall legal framework for energy performance contracting. Another step forward was achieved with the adoption of the Law on Housing and Building Maintenance in December 2016, which introduced the ESCOs model of financing in the residential sector.
- The first ESCO lighting project, in Vrbas municipality, was tendered. The ESCO market development should be further supported by improving other relevant legislation (Public Private Partnership Law, VAT Law, multiannual budgeting), strengthening of institutional capacities and coordination, improved tendering procedures and parallel promotional and informational activities (incl. dedicated web section).

2. Fully implementing the Energy Performance of Buildings Directive, especially in area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes (June 2017)

- The Law on Planning and Construction, the Law on Efficient Use of Energy, the Rulebook on Energy Efficiency of Buildings and the Rulebook on Conditions, Content and Manner of Issuance of Certificates of Energy Performance of Buildings are currently in force and implementing key requirements of Directive 2010/31/EU. Minimum energy performance requirements have been set and until now, and more than 1500 certificates have been issued.
- There is a need to update the current legislation in order to fully transpose and implement Directive 2010/31/EU. This includes cost-optimal level calculations and revision of minimum energy performance requirements, with development of calculation software. The Ministry of Construction, Transport and Infrastructure recently established a working group for that purpose.

3. Establishing well targeted programmes for public and residential buildings rehabilitation to the minimum energy performance and beyond, with particular focus on increasing the use of locally available renewable energy sources (decentralized solar-thermal heating, efficient biomass heating, high efficient heat pumps etc.) (March 2018)

- Programmes for rehabilitation of public buildings (schools and hospitals) are ongoing. The state Budgetary Fund for energy efficiency is financing energy efficiency measures in public buildings in 11 municipalities. Preparation of the inventory and programme for renovation of central government buildings is ongoing, with support planned from the state Budgetary Fund.
- The priority should be the creation of the long-term renovation strategies and new rehabilitation programmes for residential buildings, as well as increased use of locally available renewable energy sources. Serbia already prepared a typology of residential buildings and is currently working on supporting energy efficiency investments software and conducting a study on macroeconomic benefits of energy efficiency improvements in residential buildings.

4. Assessing in details the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal (November 2018)

- In Serbia, 65% of heat is produced by central and district heating (DH) systems; there are 53 municipalities with DH systems, the majority of which use fossil fuels (natural gas, coal, and heavy fuel oil). The largest four (Belgrade, Novi Sad, Nis and Kragujevac) account for 60% of installed capacity. Serbia has the greatest potential in the Western Balkans in terms of biomass, with the possibility to replace 50% of the fossil fuel in DH with biomass.
- The "Programme for Rehabilitation of District Heating Systems in Serbia" is progressing, three stages of the programme (with rehabilitation of 12 DH systems) have been implemented, while the fourth phase, which focusses on the promotion of biomass and geothermal energy use (and rehabilitation of 21 DH systems), is ongoing and will be finalized in 2018.
- The 3rd Energy Efficiency Action Plan was adopted in December 2016 and includes new measures for reduction of primary energy consumption, including reconstruction of several DH systems.
- In the forthcoming period, Serbia should adopt the methodology and conduct a comprehensive assessment of the potential for the application efficient DH and cooling systems according to Directive 2012/27/EU.

5. Analyzing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures resulting from the Energy Efficiency Directive 2012/27/EU especially in the public sector (June 2018)

- Based on the Law on Efficient Use of Energy, the state Budgetary Fund for Energy Efficiency was established and started operating in 2014. This Fund can finance energy efficiency measures in different sectors, but it is currently open only to municipalities.
- Given the large scale of energy efficiency investments needed, the Energy Efficiency Budget Fund has a small impact. The decision on the amount allocated is made by the Ministry of Finance on a yearly basis and implemented in calls for projects by the Ministry of Energy and Mining. This system does not allow for effective monitoring and timeline guarantee.



I. Improve the Governance for Energy Efficiency

Removing legal and regulatory barriers through amending or developing new legislation that will enable and promote ESCO contracts, thus developing energy services markets



Fully implementing the Energy Performance of Buildings Directive, especially in area of setting minimum energy performance standards as a pre-requisite for large scale buildings rehabilitation programmes



Establishing well targeted programmes for public and residential buildings rehabilitation to the minimum energy performance and beyond, with particular focus on increasing the use of locally available renewable energy sources



Assessing in details the possibilities for developing new or converting existing district or central heating and cooling systems using renewable energy, such as biomass or geothermal



Analysing the establishment of appropriate financing mechanisms, including, if feasible, a state level fund for co-financing of energy efficiency measures in line with the Energy Efficiency Directive 2012/27/EU, especially in the public sector



Total



II. Implement Smart Support Measures Improving Sustainability of Energy Systems

1. Designing and implementing market based support schemes for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community rules (June 2017)

- No progress was made during this monitoring period and the introduction of market-based support schemes is still not foreseen until 2019. A new draft decree on the implementation of the energy strategy – currently under development and to be ready by the end of April – will include an analysis of possible market-based schemes, their effects and eventually the need for them to be introduced in the legal framework of Serbia.

2. Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects (June 2018)

- No effective strategies have been developed so far on citizen participation in renewable energy projects. However, legislation on cooperatives is wide enough to include community power initiatives. Strategies on citizen participation may be addressed in the draft decree on the implementation of the energy strategy, currently under development.

3. Developing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources (June 2018)

- The available tool for information and guidance to citizens remains the website of the Ministry of Energy and Mining. When it comes to administrative procedures (e.g. authorization, licensing, connection) there is still no one-stop shop as required by the Law on Construction and Planning.

4. Including energy efficiency and use of renewable resources in education and offering professional training (June 2019)

- The University of Belgrade (Faculty of Architecture) is offering a Programme on Energy-Efficient and Green Architecture, the State University of Novi Pazar is offering a Master's Programme on Energy Efficiency in Building Construction as well as a Master's Programme on Energy Efficiency, Renewable Energy Sources and Environment Protection.
- A new project 'Creating the Network of Knowledge Labs for Sustainable and Resilient Environments (KLABS)', co-funded by the Erasmus+ Programme of the European Union, focuses on capacity building in the area of sustainability and climate change in Western Balkan higher education.
- Professional training for energy managers, energy auditors and experts for certification of buildings is well established and conducted by the authorized institutions.



5. Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sectors (November 2018)

- The Waste Management Strategy of Serbia (2010-2019) refers to incineration of waste, its energy use and integrated approaches to waste management (reduction, re-use and recycling). The decree on incentive measures for renewable energy sources includes support for power plants using municipal waste as fuel. Streamlined procedures and a strategy focused solely on waste-to-energy are still to be introduced.
- No significant steps forward have been made for the rehabilitation of Vinca landfill site into a waste-to-energy installation. Although the site should be operational by the end of 2019, the selection procedure of one company to cooperate with the City of Belgrade is still ongoing.

6. Setting up qualification / accreditation / or certification schemes to develop the necessary skills and competences of small and medium enterprises / individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.) (June 2018)

- Trainings, qualification and certification schemes for energy auditors and energy managers are defined by the Law on Efficient Use of Energy and the set of rulebooks adopted in 2015. Until March 2017, two trainings were conducted for energy managers in municipalities, three trainings for energy managers in industry, and one for the building sector. First professional exams were conducted and certifications issued to 30 energy managers.
- The energy performance certification of buildings is regulated by the 2012 Rulebook on the Conditions, Content and Manner of Issuance of Certificates of Energy Performance of Buildings. About 1600 experts have been trained and accredited. An online database of experts, organisations and certificates is available (<http://www.crep.gov.rs>).
- The legislation in force does not prescribe similar schemes for small and medium enterprises (e.g. energy service providers) and installers of energy-related building elements.

II. Implement Smart Support Measures Improving Sustainability of Energy Systems

Designing and implementing market-based support scheme for the promotion of renewable energy, if needed, therefore ensuring a more cost-effective renewable energy deployment compliant with the Energy Community Rules

Developing effective strategies enabling the voluntary participation and engagement of citizens in renewable energy projects

Providing suitable information and guidance in order to inform citizens of the benefits and practicalities of developing and using energy from renewable sources

Including energy efficiency and use of renewable resources in the curriculum in education and offering professional training

Developing a strategy for collection and use of municipal waste for electricity and heat generation, in both public and private sector

Setting up qualification/accreditation/certification schemes to develop the necessary skills and competences of small and medium enterprises/individuals to offer services in the areas of energy efficiency and renewables (building assessors, energy auditors, installers etc.)

Total



III. Foster Climate Action

1. Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013 (March 2018)

- A climate change working group, including members of civil society, has been meeting regularly and a preliminary draft of the Law on Climate Change was elaborated.
- Furthermore, the ongoing EU-Serbia project on the "Establishment of a mechanism for implementation of Monitoring Mechanism Regulation (EU) No 525/2013" - to be finalized by May 2017 – is expected to establish institutional and procedural arrangements for the implementation of the Regulation and to strengthen the administrative and institutional capacities of the relevant institutions in the field of climate change.

2. Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations (March 2018)

- Preparation of the National Climate Change Strategy is still in its early phases. It started in July 2016. The first deliverable (identification of policy gaps) is expected to be ready by May 2017.

III. Foster Climate Action

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) No 525/2013



Identifying gaps between current practices in monitoring, reporting and planning on climate and energy policies domestically and meeting the international reporting obligations



Total



IV. Foster Transparency of Sustainable Energy Markets

1. Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets

- No focal point for the Secretariat was established because of the lack of responsiveness of the Serbian authorities, which so far have not replied to the Secretariat's queries. As a result, work on the investment promotion roadmap has not yet started.
- The Serbian authorities seem to promote the country as a renewables investment destination.

2. Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner

- The Development Agency of Serbia needs urgent reform; currently, there is no focus on investments in the energy fields and the website of the agency still has sections which are Serbian language only. In addition, the agency should be designated as a single administrative contact point for investors and should actively collaborate with the Secretariat.
- Clear guidelines for foreign investors (including renewables) should be drafted.

IV. Foster Transparency of Sustainable Energy Markets

Establishing national indicative roadmaps for implementing measures required to increase investor confidence in sustainable energy markets



Strengthening the capacity of national administrative authorities to oversee and govern the national and regional sustainable energy markets in an independent, proactive and transparent manner



Total

