

# Common market Kosovo –Albania

## for the security of supply with low cost in long term

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## 1. *Legal framework*

1. Energy Community Treaty for South East Europe (reference “Title 1 Article 2”)
2. Law: On Power Sector in Albania, as amended (reference, “Part 6 energy market– articles 53,54 and 55”)
3. Law on electricity, 2004/10 (reference “Part 8, Market organization”)

## ***2. Cooperation between Kosovo and Albania***

**Actual cooperation is between Governments, Regulators, based on the following documents:**

- ❖ Memorandum of understanding between the Ministry of Economy, Trade and Energy (METE) in Albania and Ministry of Energy and Mining (MEM);
- ❖ Memorandum of understanding between the Albanian Energy Regulator and Kosovo Regulatory Office (draft);
- ❖ Cooperation agreement between Transmission System Operator and Market Operator (OST) of Albania and Transmission System Operator and Market Operator (KOSTT) of Kosovo;
- ❖ Agreement for power exchange between Albanian Power Corporation (KESH) and Kosovo Power Corporation (KEK)

### ***3. Up to date archivements***

#### **❖ In the electricity market:**

- Power exchange and depositing for a certain level of optimization;

#### **❖ In infrastructure:**

- Construction of transmission line 400kV that increases 5 times the capacity between the two countries so that it can be ready for implementation (Implementation started);
- Installment of equipment for regulation frequency-power(Implementation started)
- Concrete cooperation for the two systems maintenance;

#### **❖ Other projects:**

- Intensive discussions for setting a common regulated area and the possibility to be a member of ENTSO

#### **❖ Communications:**

- There are formal and informal communications to exchange views that can bring benefits for both parties including this presentation.

## ***4. Why a closer cooperation in the future?***

- ❖ To analyze and create a common wholesale market by establishing the respective mechanisms for this;
- ❖ The common market may give favorable economic signals for the investors in the long run for both countries;
- ❖ To create a common retail market according to the harmonized regulatory framework that may mature the market in general;
- ❖ To analyze the possibility for a common controlling area (Feasibility study)
- ❖ This industry as well as the production and the businesses shall secure a social and general wellbeing in the society;
- ❖ To secure the service quality with low cost for final customers by having a competitive market.
- ❖ Because these systems, the Albanian based on hydro and Kosovo based on lignite, can be optimized and offer to the market a lower cost.

## 5. Technical parameters in the existing and planned power systems

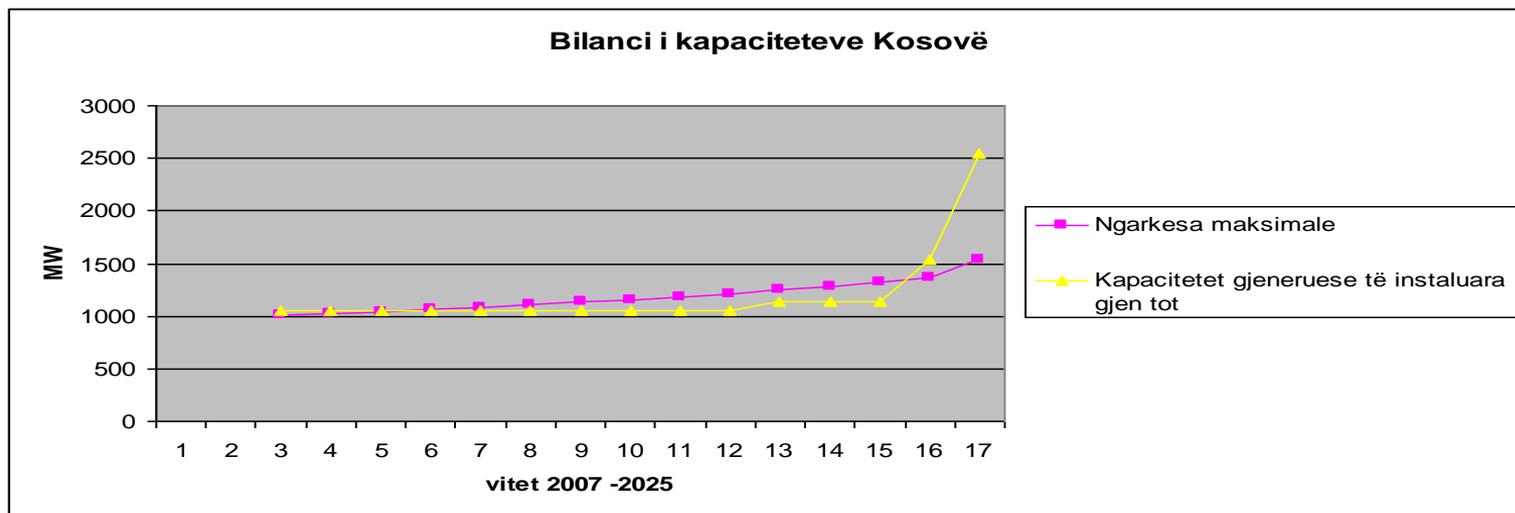
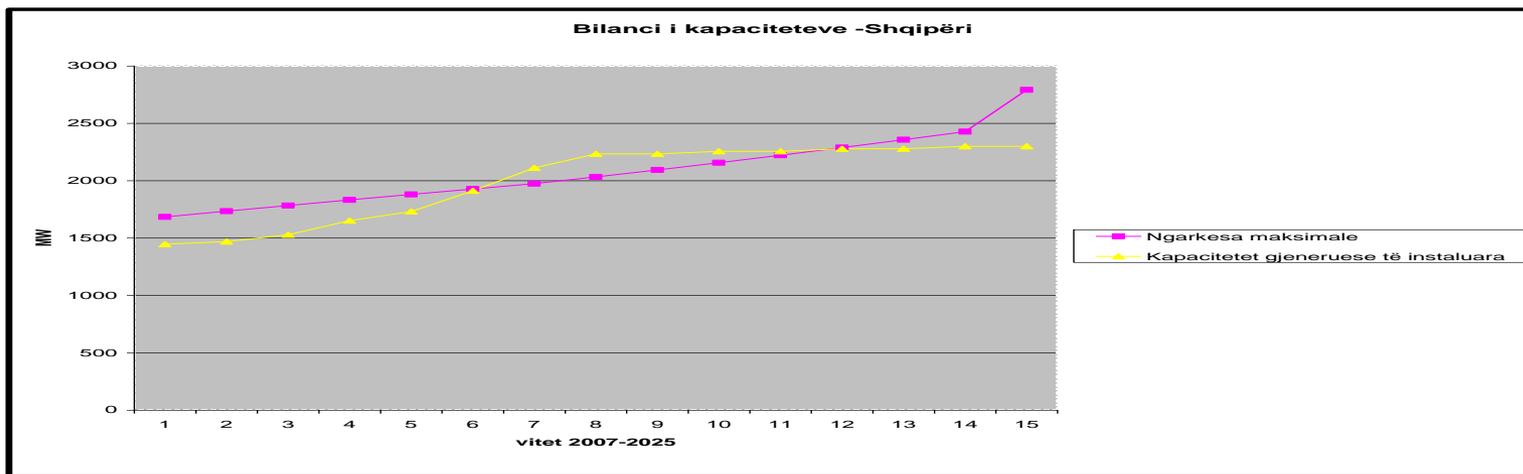
Balance Capacity in Albania (basic case) MW

Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2025
Max Load	1684	1735	1784	1833	1881	1928	1974	2033	2094	2157	2222	2288	2357	2428	2792
Capacity in total	1447	1469	1529	1651	1731	1912	2112	2234	2234	2256	2256	2278	2278	2300	2300
Existing	1447	1447	1447	1447	1447	1447	1447	1447	1447	1447	1447	1447	1447	1447	1447
Planned hydro	0	22	22	44	124	305	305	327	327	349	349	371	371	393	393
Planned thermo	0	0	60	160	160	160	360	460	460	460	460	460	460	460	460
Reserve(+)/deficit(-)	-237	-266	-255	-182	-150	-16	138	201	140	99	34	-10	-79	-128	-492

Balance Cap. Kosovo(basic case) MW

Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2025
Max Load	1016	1024	1039	1073	1081	1107	1133	1158	1177	1210	1245	1286	1327	1368	1539
Capacity in total	1055	1055	1055	1055	1055	1055	1055	1055	1055	1055	1140	1140	1140	1540	2540
Existing	1015	1015	1015	1015	1015	1015	1015	1015	1015	1015	500	500	500	500	500
Planned hydro	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Planned thermo	0	0	0	0	0	0	0	0	0	300	600	600	600	1000	2000
Reserv(+)/deficit(-)	39	31	16	-18	-26	-52	-78	-103	-122	-155	-105	-146	-187	172	1001

# 5.1 Capacity balance Albania - Kosovo



## 5.2 Power balance Albania -Kosovo

### Electricity balance -Albania

GWh

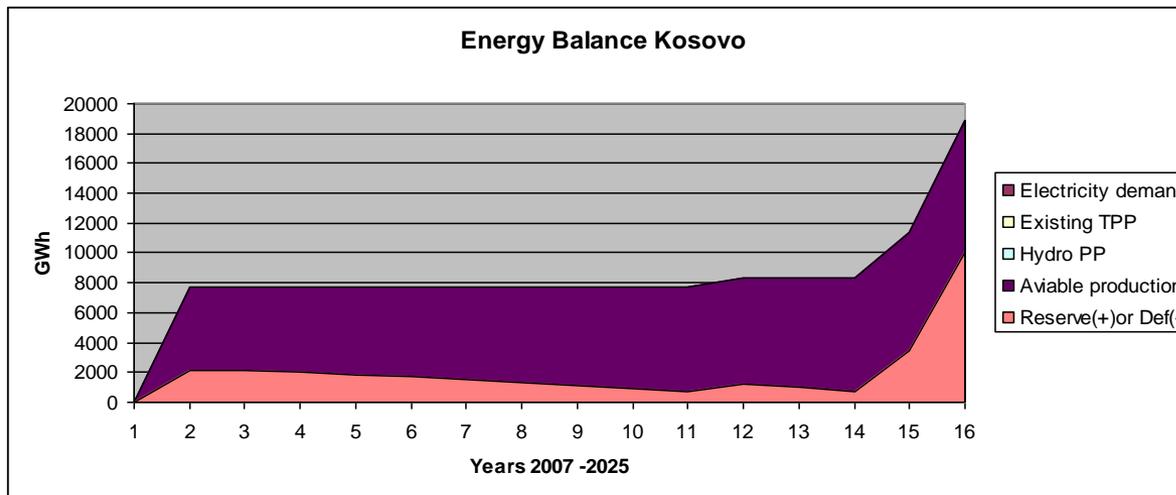
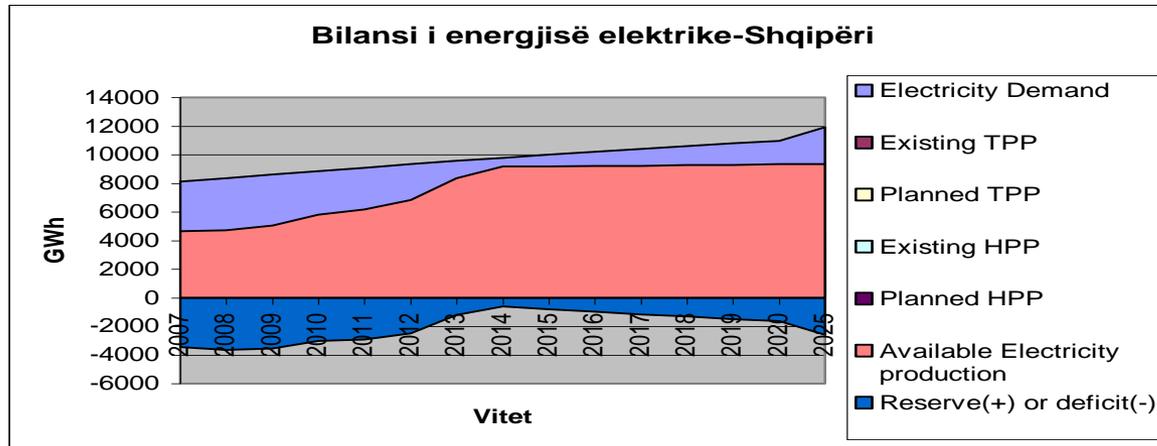
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2025
Electricity Demand	8104	8356	8601	8847	9087	9324	9555	9781	9984	10185	10384	10581	10777	10971	11928
Existing TPP	86	86	0	0	0	0	0	0	0	0	0	0	0	0	0
Planned TPP	0	0	428	1140	1140	1140	2656	3414	3414	3414	3414	3414	3414	3414	3414
Existing HPP	4565	4565	4565	4565	4565	4565	4565	4565	4565	4565	4565	4565	4565	4565	4565
Planned HPP	0	55	55	110	460	1129	1129	1184	1184	1239	1239	1294	1294	1349	1349
Available Electricity production	4651	4706	5048	5815	6165	6834	8350	9163	9163	9218	9218	9273	9273	9328	9328
Reserve(+) or deficit(-)	-3453	-3650	-3553	-3032	-2922	-2490	-1205	-618	-821	-967	-1166	-1308	-1504	-1643	-2600

Electricity balance -Kosovë

GWh

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2025
Electricity demand	5527	5571	5652	5837	5932	6166	6403	6606	6777	6950	7151	7386	7621	7856	8842
Planned power plants	0	0	0	0	0	0	3460	3460	6920	6920	6920	6920	6920	13840	13840
Existing thermal power plants	6558	6558	6558	5813	4926	4555	4555	4555	4555	4555	4555	3668	3668	0	0
Hydro power plants	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104
Available production	6662	6662	6662	5917	5030	4659	8119	8119	11579	11579	11579	10692	10692	13944	13944
Reserve (+) or Deficit (-)	1135	1091	1010	80	-902	-1507	1716	1513	4802	4629	4428	3306	3071	6088	5102

## 5.2 Power balances Albania -Kosovo





## 5.3 Common energy balances and optimal generation capacities for capacities/dispatching

Bilanci i përbashkët i energjis

GWh

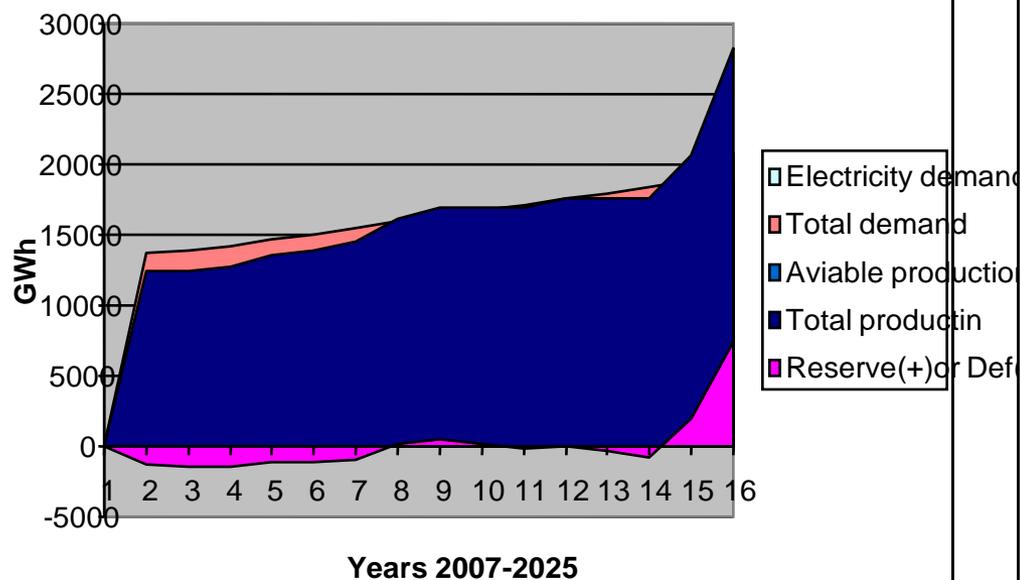
Years		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2025
Electricity demand	Kos	8104	8356	8601	8847	9087	9324	9555	9781	9984	10185	10384	10581	10777	10971	11928
	Alb	5527	5571	5652	5837	5932	6166	6403	6606	6777	6950	7151	7386	7621	7856	8842
<b>Total demand</b>		<b>13631</b>	<b>13927</b>	<b>14253</b>	<b>14684</b>	<b>15019</b>	<b>15490</b>	<b>15958</b>	<b>16387</b>	<b>16761</b>	<b>17135</b>	<b>17535</b>	<b>17967</b>	<b>18398</b>	<b>18827</b>	<b>20770</b>
Aviable production	Kos	7704	7704	7704	7704	7704	7704	7704	7704	7704	7704	8354	8354	8354	11354	18854
	Aqib	4651	4706	5048	5815	6165	6834	8350	9163	9163	9218	9218	9273	9273	9328	9328
<b>Total productin</b>		<b>12355</b>	<b>12410</b>	<b>12752</b>	<b>13519</b>	<b>13869</b>	<b>14538</b>	<b>16054</b>	<b>16867</b>	<b>16867</b>	<b>16922</b>	<b>17572</b>	<b>17627</b>	<b>17627</b>	<b>20682</b>	<b>28182</b>
<b>Reserve(+)/or Def(-)</b>		<b>-1276</b>	<b>-1517</b>	<b>-1501</b>	<b>-1165</b>	<b>-1150</b>	<b>-952</b>	<b>96</b>	<b>480</b>	<b>106</b>	<b>-213</b>	<b>37</b>	<b>-340</b>	<b>-771</b>	<b>1855</b>	<b>7412</b>

MW

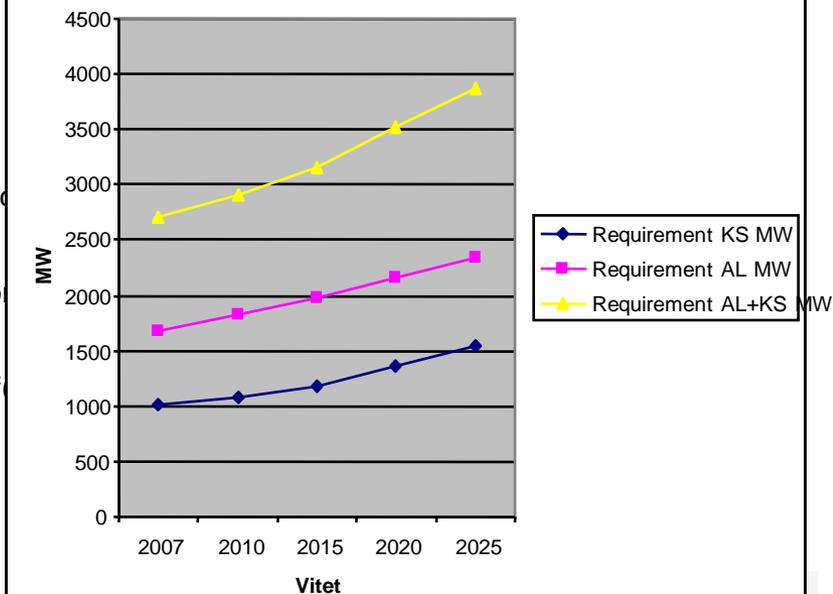
	2007	2010	2015	2020	2025
Requirement KS	1016	1073	1177	1368	1539
Requirement AL	1684	1833	1974	2158	2335
<b>Requirement AL+KS</b>	<b>2700</b>	<b>2906</b>	<b>3151</b>	<b>3526</b>	<b>3874</b>

## 5.3 Common balances of energy and capacity

### Common operation



### Capacities Kosovo + Albania



## 6. Estimated market value in €

Estimated value of energy market in Albania

	2007	2010	2015	2020	2025
Kërkesa me humbje	8104	8847	9984	10971	11928
Demand without losses 20%	6483.2	7077.6	7987.2	8776.8	9542.4
Price €/GWh	70,000	85,000	100,000	120,000	150,000
Value €	453824000	601596000	798720000	1053216000	1431360000
Import GWh	-3453	-3032	-821	-1643	-2600
Price €/GWh	80,000	100,000	100,000	80,000	80,000
Import values in €	-276240000	-303200000	-82100000	-131440000	-208000000
Difference market + import	177584000	298396000	716620000	921776000	1223360000

Estimated value of energy market in Kosovo

	2007	2010	2015	2020	2025
Kërkesa me humbje	5527	5837	6777	7856	8842
Demand without losses 20%	4421.6	4669.6	5421.6	6284.8	7073.6
Price €/GWh	55,000	85,000	100,000	120,000	150,000
Vlera në €	243188000	396,916,000	542,160,000	754,176,000	1,061,040,000
Import GWh	-600	80	4802	6088	5102
Price €/GWh	80,000	100,000	100,000	80,000	80,000
Import value €	-48000000	8000000	480200000	487040000	408160000
Difference market+import	195188000	404,916,000	1,022,360,000	1,241,216,000	1,469,200,000

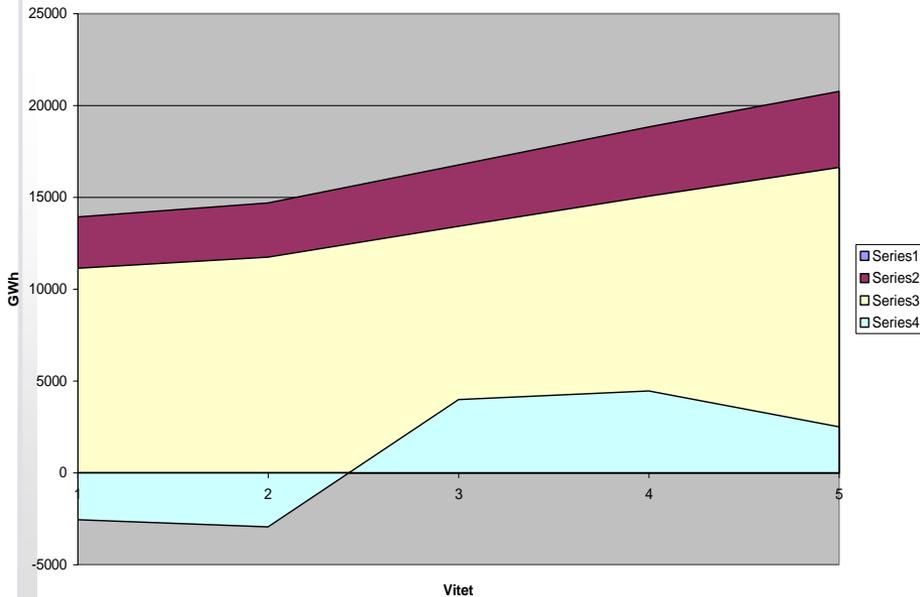


# 6.1 Estimated value in the common market in €

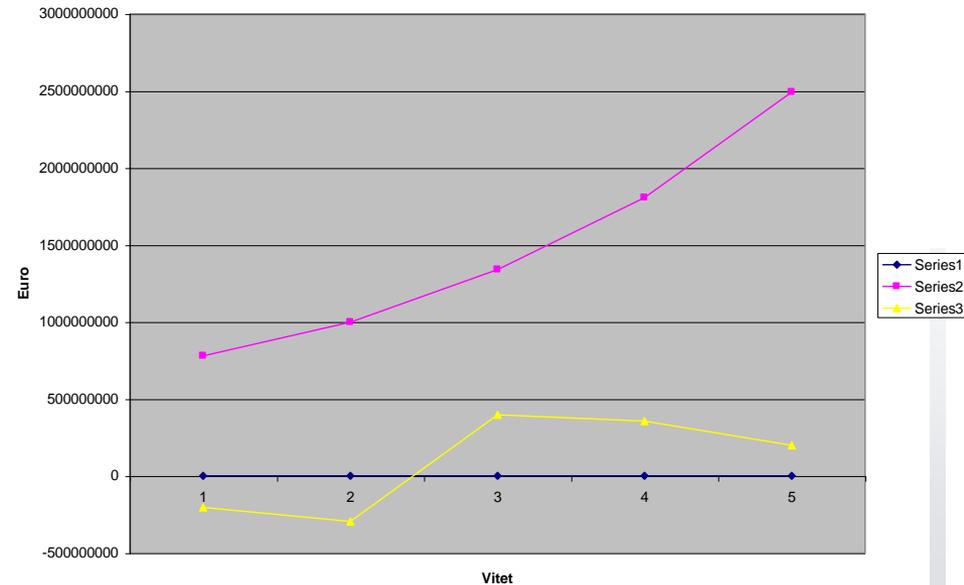
Common market-common operation

	2008	2010	2015	2020	2025
Kërkesa me humbje	13927	14684	16761	18827	20770
Demand without loss 20%	11141.6	11747.2	13408.8	15061.6	16616
Price€/GWh	70,000	85,000	100,000	120,000	150,000
Value €	779912000	998512000	1340880000	1807392000	2492400000
Import GWh	-2559	-2952	3981	4445	2502
Price€/GWh	80,000	100,000	100,000	80,000	80,000
Import values €	-204720000	-295200000	398100000	355600000	200160000
Difference market+impo	575192000	703312000	1738980000	2162992000	2692560000

Tregu fizil i en.eI



Vlera e tregut financiar

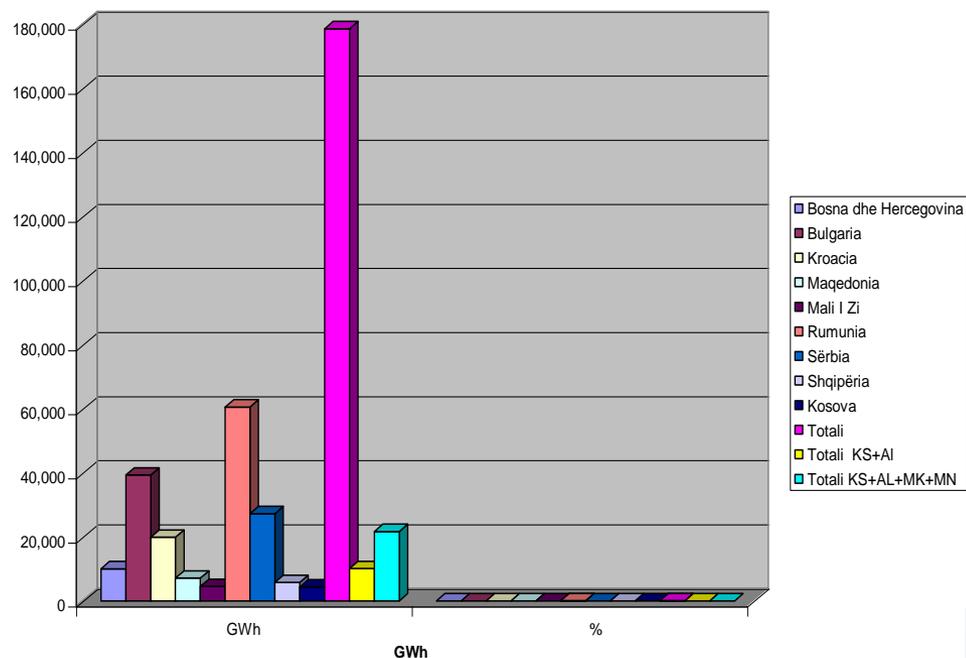


## 6.3 Regional market

Regional market 2007

	GWh	%
Bosna dhe Hercegovina	10,021	5.61
Bulgaria	39,264	22.00
Kroacia	19,879	11.14
Maqedonia	7,086	3.97
Mali I Zi	4,500	2.52
Rumunia	60,500	33.89
Sërbia	27,202	15.24
Albania	5,730	3.21
Kosova	4,330	2.43
Total	178,512	100.00
	10,060	5.64
Total KS+AL+MK+MN	21,646	12.13

Tregu regional 2007



## ***7. Possible mechanisms for development of common market***

Memorandum of understanding for a common market with objective to set the common structures for Governmental, regulatory, operators cooperation where are involved also the other interested parties.

### **Cooperation results shall reflect:**

- ❖ Harmonization in the developing strategies for the energy sector;
- ❖ Master Plans revised and the compatibility with the common market objective;
- ❖ Common market design
- ❖ Common market principles
- ❖ Harmonization of primary legislation and regulatory framework for the common market;
- ❖ Developing a paper with obligatory capacities for the implementation of a common market.

## ***8. Implementation phase for a common electricity market***

Paper for an obligatory capacity of a common market shall have:

- ❖ Harmonisation of legislation in the contracting countries;
- ❖ Harmonisation or development of secondary legislation towards the common market;
- ❖ Compliance in tariff reforms for this market;
- ❖ Organization of common market with:
  - Market in general:
  - Balancing and ancillary services market
  - Retail market etc.

## **8. Implementation phase for a common electricity market (continued)**

- ❖ Eventual changes in the organization structures of industry(if needed);
- ❖ Establishment of common decision making structures in Governmental, regulatory, transmission operators, systems and market, and including here also the interested parties.
- ❖ Setting deadlines for implementation of defined steps;
- ❖ The objectives coming from the Memorandum of Understanding shall not overpass two years and they should pass at the obligatory phase with contracting deadlines.



# Thank you for your attention!

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