

**To:** Ms. Artane Rizvanolli – Minister of the Ministry of Economy

**Cc:** Mr. Jörn Rohde - Ambassador of the Federal Republic of Germany to Kosovo

**From:** Ms. Nora Hasani – Managing Director of the German-Kosovar Business Association

**Date:** 31.05.2022

### **Recommendations from the German-Kosovar Business Association for the Strategy on Energy**

Dear Minister Rizvanolli,

German-Kosovar Business Association (KDWW) was established in 2012, at the initiative of the German Embassy in Kosovo. Today, KDWW counts 160 member companies, which are mainly German companies but also Kosovar companies that trade with Germany. Our members in total employ over 20 thousand employees.

The purpose of KDWW is to represent and protect the interests of the German economy in Kosovo and Kosovar companies operating in Germany. Also, among the primary goals of KDWW, is the deepening of continuous cooperation between businesses of both countries and the creation of necessary space for increasing bilateral business engagement.

KDWW is very active in advocating for issues related to energy, where in 2019 with the support of GIZ we have established the Clean Energy Business Network and in 2021 we established the Cluster for Renewable Energy within KDWW.

Today, the energy sector is one of the sectors hardest hit by the Covid-19 pandemic and the war in Ukraine, which have slowed transport, trade and economic activity across the globe. Businesses from this sector in Kosovo have also faced unfavorable operating conditions and their requests have not been fully considered even before the pandemic situation. They consider that it is the last moment when the state should take immediate actions to help this sector and thus, avoid serious problems that could lead to a large number of businesses being closed.

The recommendations from these two mechanisms are presented as follows:

**1) Building and strengthening human capacities in the field of RES**

Improving the conditions in vocational schools and technical faculties with laboratories and

certified teachers is an urgent need to prepare new staff either for the construction of new capacities from renewable sources, their maintenance or eventually the production of any product for this field.

## 2) Solar energy

According to research by member companies and based on presentations during the Solar Forum in Kosovo, a key player for transition in the country are end consumers who can produce, store and consume energy from generators / technologies that can put them on the properties of tire.

In this regard, adequate measures should be taken to realize this opportunity as soon as possible.

Thus, every end consumer should install on their roof's solar photovoltaic panels for electricity generation and thermal panels for water heating and / or heating of houses / buildings.

To achieve this goal (covering all empty roofs with solar technologies) the following steps should be taken as soon as possible:

- Elimination of the request from the municipalities that the facilities where the solar technologies will be placed will be legalized. In this case, the municipalities can allow the deployment of technologies through the report on statics and in case the facility in question is not legalized then it can be demolished. The installation of solar panels does not affect in any way the legal status of the facility and the actions that municipalities may take in the future;
- Drafting of a clear guide which will be public, transparent and non-discriminatory, through which any person interested in installing solar photovoltaic panels can be notified which documents should be submitted to each actor (ERO, KEDS, KESCO and other suppliers whenever they enter into operation) and what are the technical requirements to be implemented and the relevant costs.
- Removal of VAT on solar technologies and creation of a fund of 4-5 million EUR per year, to support households and businesses in the installation of solar photovoltaic technology. With the current electricity prices and the economic situation of the citizens in Kosovo, there is no incentive for households, on a voluntary basis, to be oriented towards renewable energy. So, VAT should be removed and a support fund should be created. If this fund is created around 4-5 million EUR per year, up to 100-200 MW of capacity can be installed in Kosovo within 5 years;
- The current renewable energy authorization procedures, approved by the Energy Regulatory Office (ERO) in April 2017, present two barriers that prevent companies from installing and using their own solar systems if they are connected to the electricity grid. First, if a client is connected to a small 0.4 kV voltage line, then its solar system is not allowed to exceed 100 kW. Second, if the customer is connected to a larger voltage line of 10 or 35 kV, he is not allowed to have a self-consuming solar system at all. These restrictions discourage and / or prevent many companies, mainly manufacturing companies with higher energy consumption, from installing their own solar systems.
- By installing solar panels, any business could have the opportunity to reduce their electricity bill by a minimum of 30 to 40%, which would protect these businesses from

any future increase in the price of electricity and thus would contribute to maintaining their international competitiveness. Such installations would at the same time reduce the companies' demand for energy from KOSTT and make Kosovo less dependent on energy imports.

- To start the installation of solar panels in Kosovar companies and to ease their pressure on local electricity demand, KDWW proposes that: (1) Remove the voltage level limit for 10 and 35 kV lines, thus allowing all consumers to produce solar energy for their needs; (2) Remove the installed capacity limit of 100 kW, leaving intact only the current capacity limit that these customers have in relation to KEDS; (3) Remove the need for ERO board voting for smaller installations, ie those below 100 kW; (4) Modify the technically outdated requirements of KEDS for solar installations that currently significantly increase the cost of investment.

### **3) One-Stop-Shop for RES**

The One-Stop-Shop should have executive powers and not just a coordinating role such as status now. We believe that this issue can be regulated through the Law on RES which should also transpose the new EU Directive on RES for the period until 2030.

### **4) Security of supply**

One of the most important points of any country energy policy is security of supply.

We will not enter into the energy mix that Kosovo should have as this is more of a political issue and requires negotiation skills and strength vis-a-vis the Energy Community and international partners. However, it should be briefly stated that regardless of what will be decided about fossil fuels and the baseload, you / we should start as soon as possible with large investments from solar and wind energy. So, Kosovo must use all the potential it has from the sun and the wind. In this regard, we should not forget the investments that should be made in the heating and cooling sector. Let us not forget that district heating in Prishtina as it is currently, will not exist whenever Kosovo B is decommissioned. So, other investments should be started as soon as possible, including encouraging own investments in modern technologies such as heat pumps and other products for increasing efficiency.

**Low capacity generators** - Through the promotion of local investments, over 200MW of new sources of solar energy can be built through small projects of 1-10MW, which are also technically easier to achieve and more affordable for the energy network.

- 5)** Promotion and preparation of electrical infrastructure for electric vehicles through the installation of stations (public & private, fast chargers).
- 6)** Promotion and encouragement for the use of new electric vehicles through: exemption from VAT and customs, or even various subsidies.