

## SECTOR SUMMARY

Energy industries in the Western Balkans remain defined by an outdated infrastructure, the overwhelming dominance of coal and hydropower, reduced energy efficiency, often low energy prices and fragmented markets with limited cross-border trade. The potential, however, is significant. The sector could be a regional growth driver through multi-country projects, like the Southern Gas Corridor, or by tapping into a large renewable energy and energy efficiency potential, which could help achieve more energy security in the region and contribute to the countries' Paris Agreement pledges and goals. Under their Energy Community's obligations, Albania, Kosovo, Montenegro and Serbia have transposed the third Energy Package to a sufficient degree. Priorities include the implementation of this Package and market integration both regionally and on European markets. In addition, the Energy sector has been "opened" up under the WBIF, and project applications are currently no longer restricted by requirements such as those of Projects of Energy Community Interest (PECI) and Projects of Mutual Interest (PMI).

## WBIF PRIORITIES AND ACTIONS

The WBIF works closely with the Energy Community and primarily provides technical assistance and investment grants for regional connectivity and sustainable energy projects. With 63 grants for a total value of almost €176 million, energy is WBIF's second most active sector. The focus is on connectivity (electricity and gas transmission) and sustainable energy (renewables and energy efficiency).

### Achieved results:

- 90 MW in electricity generation capacity from renewables;
- More than 590 MWh/year in energy savings through energy efficiency;
- District heating systems upgraded in 22 cities and towns.

### Expected results:

- 1,000 km of electricity transmission lines upgraded and secure power supply;
- 180 MW in electricity generation capacity from renewables;
- 710 km of new gas transmission pipelines;
- Continuous and competitive energy supply for the people and businesses in the region;
- More than 110 public buildings retrofitted energetically.

**PROJECTS** 45

**Estimated project value** €4.8bn

**Projects with loans signed** 15 / €729m signed loans

**WBIF grants** €175.8m

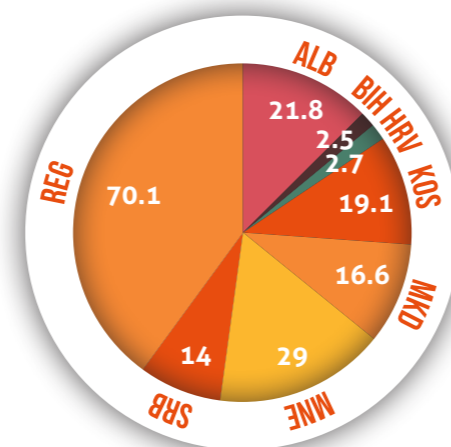
**WBIF grants in 2018** €3.5m

## DISTRIBUTION BY BENEFICIARY

N° of grants



Value of grants (€m)



Distribution by subsector (€m)

|                          |      |
|--------------------------|------|
| Electricity transmission | 73.2 |
| Energy efficiency        | 60.9 |
| District heating         | 17.3 |
| Gas transmission         | 14.0 |
| Renewables               | 10.4 |

## Trans-Balkan Electricity Corridor: Grid Section in Montenegro



This project contributes to the establishment of a Western Balkans regional electricity market through the creation of a 400 kV transmission corridor between Montenegro, Serbia and Bosnia and Herzegovina. The corridor will be further linked to the European Union via the Italy – Montenegro submarine cable.

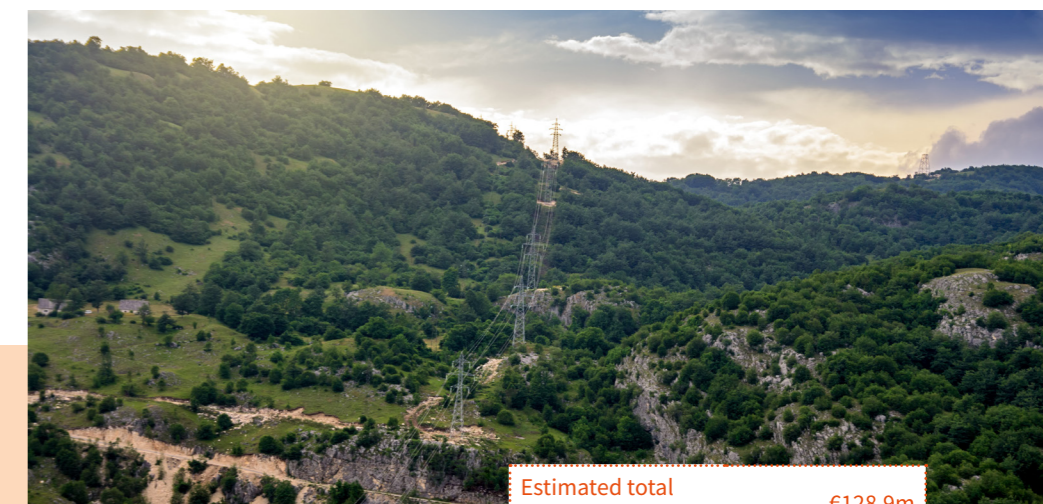
The investments in Montenegro comprise the construction of approximately 165 km of 400 kV transmission line from Lasta to Pljevlja and then to

the border with Serbia, including the construction of a new substation in Lastva, the grid connection from Lastva substation to the existing 400kV Podgorica –Trebinje line, and the upgrade of the 400/220/110 kV substation in Pljevlja.

Once implemented, the investments will reduce operational and maintenance costs. They will also help normalise voltage levels, stabilise load flows and frequency fluctuations and decrease technical losses in the overall transmission system. The project will thus improve the quality and

|                                     |                            |
|-------------------------------------|----------------------------|
| <b>Estimated total project cost</b> | <b>€128.9m</b>             |
| WBIF grants                         | €1.9m (TA)<br>€25.5m (INV) |
| Signed loans                        | €60m (EBRD)<br>€25m (KfW)  |
| Expected completion                 | End of 2022                |

security of the electricity supply in Montenegro and the wider region. Through this project, the Montenegrin power transmission system will be integrated into the wider European energy market.



## Fier – Vlora Gas Transmission Pipeline in Albania



This investment project concerns the construction of approximately 39 km of gas transmission pipeline between Fier and Vlora in Albania. It will contribute to the long-term development of Albania's gas system by connecting Vlora Thermal Power Plant (TPP) with the Trans-Adriatic Pipeline (TAP).

|                                     |               |
|-------------------------------------|---------------|
| <b>Estimated total project cost</b> | <b>€17.5m</b> |
| WBIF grant                          | €1.1m (TA)    |
| Estimated loan                      | €10.6m (EBRD) |
| Expected completion                 | End of 2021   |

The project is expected to upgrade the TPP in Vlora and enable fuel switching from an oil-based to natural gas electricity generation. The Albanian system would largely benefit from the addition of a generation capacity that would be available on demand, in order to supplement hydropower production in times with poor hydrology.

The successful development of this project will improve energy security, diversify Albania's energy resources and provide natural gas to the consumers in Fier, Ballsh, Tepelenë and Gjirokastër. The WBIF grant finances the detailed design and the tender documentation for the construction of the gas pipeline.