

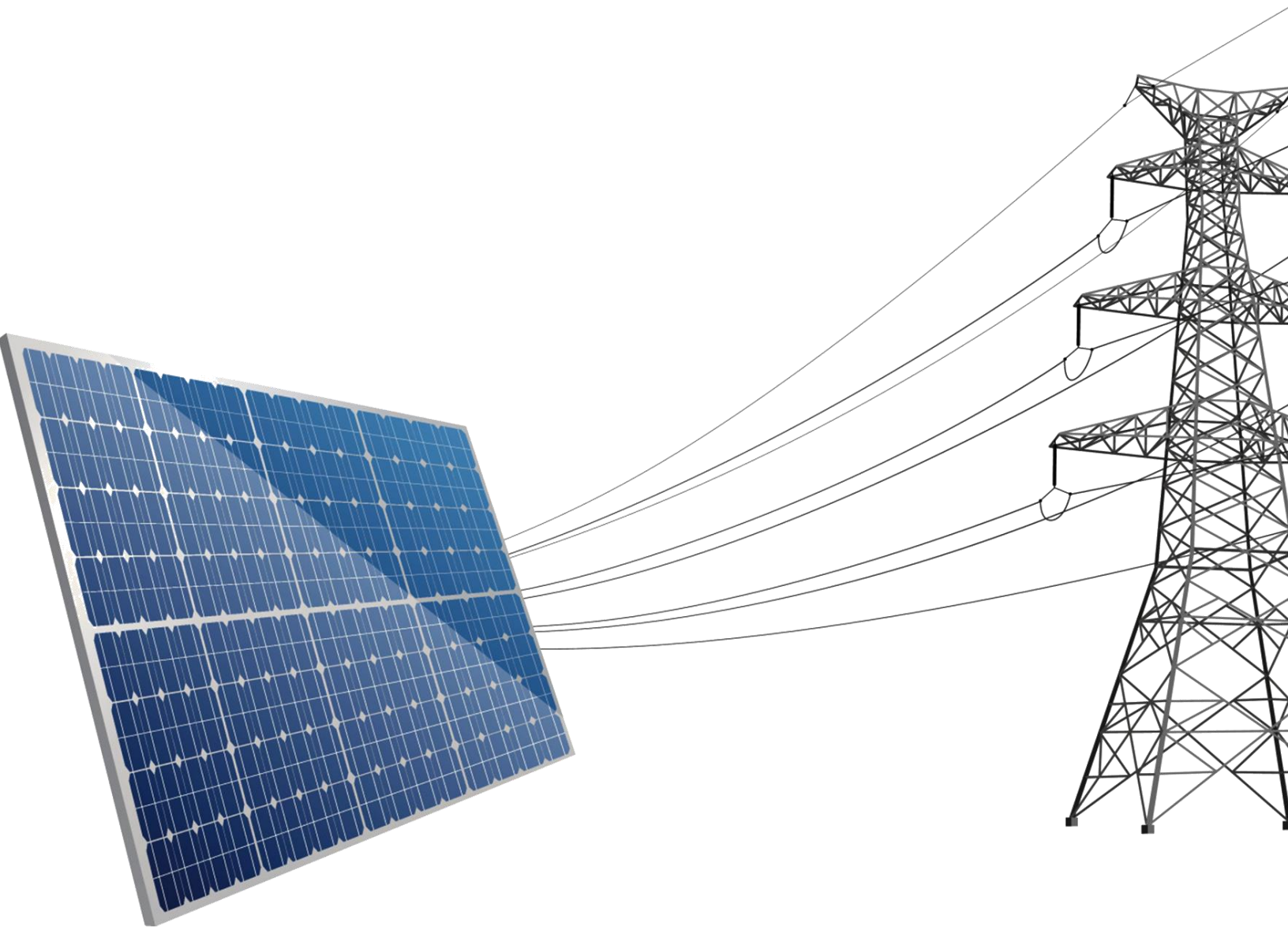


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On the Promotion of the Use of Energy  
from Renewable Sources | New Law

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# Newsletter



## **New Law "On the Promotion of the Use of Energy from Renewable Sources"**

The Albanian Parliament approved Law no. 24/2023, dated 23.03.2023 "On the Promotion of the Use of Energy from Renewable Sources" ("**New Law**"), published in the Official Gazette on 14.04.2023, which repeals Law no. 7/2017, "On the Promotion of the Use of Energy from Renewable Sources".

The purpose of the New Law is to promote the increase in the use of energy from renewable sources to ensure sustainable development in Albania and comply with the obligations under the Energy Community Treaty. In the framework of attempts to achieve economic, social, and environmental objectives, it also aims to reduce the import of fossil fuels, the emission of greenhouse gases, protect the environment, increase the diversification of energy sources and the security of supply of electricity in Albania, and promote the development of rural and isolated areas by improving their energy supply among others.

The New Law is partially aligned with the Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 "On the Promotion of the Use of Energy from Renewable Sources." Thus, it introduces a national objective by providing that Albania will manage to produce an amount of energy from its renewables sources that will fulfill 54% of its gross final consumption of energy needs by the year 2030. This new target is in accordance with the standard set by the EU, which is to achieve the production of a share of energy from renewable sources that will fulfill at least 32% of the Union's gross final consumption of energy needs by 2030.

The provisions of the New Law lay down the rules in regard to the financial support for the promotion of production of electricity from renewable sources, the use of energy from renewable sources in the heating and cooling sector as well as in the transport sector, the guarantees of origin, administrative

procedures, and the self-consumption of such electricity.

Regarding the self-consumption of the electricity produced by renewable sources, the New Law stipulates that those renewable self-consumers will have a maximum capacity of 500 kw and will have the right to generate, consume, store and sell excess production of renewable electricity, through bilateral agreements, electricity suppliers and trade agreements with their counterparts, without facing discriminatory or disproportionate burdens.

Furthermore, The New Law introduces the *Renewable Energy Operator (REO)*, a joint stock company which will be owned 100% by the Ministry of Infrastructure and Energy. REO will serve as the contracting party of priority producers qualified for support in accordance with this law through a support contract or supported through the incentive tariff system through energy purchase agreements.

Another change that the New Law brings forth is the *premium contract*. The premium contract is a type of support contract where a fixed premium (which can be positive or negative depending on the outcome of the competitive process) or a sliding premium (as the difference between the guaranteed price and the reference price) is paid by the Renewable Energy Operator for the priority producers over the market price.



Within 12 months from the entry into force of this law, the Council of Ministers shall adopt legal acts providing for the following:

- Support measures, rules and procedures to promote the achievement of the national objectives for renewable energy sources.
- The methodology of electricity price generated by the renewable self-consumers.
- Support measures for demonstration projects.
- Obligations and responsibilities of the Renewable Energy Operator, including the process of calculating and updating the renewable support fund.
- The decision to support the achievement of the national objective for renewable energy sources in the heating and cooling sector.
- Specific criteria for calculating the solar energy used to obtain hot water separately or as part of the residential energy code, considering the latest EU standards adopted for this purpose.
- The rights and responsibilities of renewable self-consumers.

The law entered into force 15 days after its publication in the Official Gazette, but it cannot be fully implemented since the sublegal acts have not been adopted yet.



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