

# RELIABLE ENERGY LANDSCAPE

**Prishtina HeatSave**

**\$10.9 million**

**Subsidies for Energy Efficiency in Kosovo—SEEK**

**\$20.6 million**

**Green Recovery and Opportunity Window**

**\$2.4 million**

# 01 SUBSIDIES FOR ENERGY EFFICIENCY IN KOSOVO

TOTAL BUDGET:  
\$20.7 MILLION



The "Subsidies for Energy Efficiency in Kosovo" (SEEK) project is expected to contribute towards the objective by increasing consumer awareness of energy saving measures and their benefits, as well as enabling lower income households to overcome the lack of ability to pay for them through the provision of technical and financial incentives.

The Project will have positive impacts on reduction of energy/ electricity demand and the related costs in the residential sector. SEEK supports the supply side of the efficiency measures through increase of competitiveness of the Kosovan energy service market, by providing technical assistance through training, capacity building and implementation support to construction companies in becoming Qualified Installers. To achieve the objectives of the SEEK, an estimated **USD 12 million** is available for grants.

Sensitivity of vulnerable groups and gender mainstreaming are given extra attention in the Project, thus contributing to the reduction of energy poverty in Kosovo.

The SEEK consists of three main intervention packages:

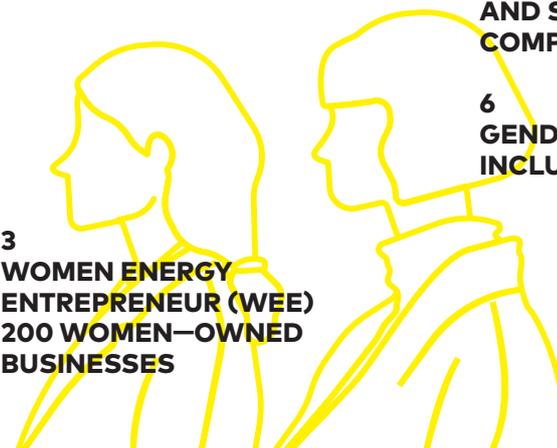
**1 HOUSEHOLD EFFICIENCY RETROFITS (HER), ESTIMATED 1200 HH**

**2 APARTMENT BUILDING EFFICIENCY RETROFITS (AER), 26 MULTI-APARTMENT BUILDINGS**

**3 WOMEN ENERGY ENTREPRENEUR (WEE) 200 WOMEN-OWNED BUSINESSES**

Key elements of the SEEK are:

- 1 ENERGY EFFICIENCY AUDITS AND INSTALLATION WORKS**
- 2 TRAININGS AND CAPACITY BUILDING**
- 3 MONITORING AND EVALUATION AND LEARNING**
- 4 BEHAVIOR CHANGE AND OUTREACH CAMPAIGNS**
- 5 ENVIRONMENTAL AND SOCIAL IMPACT COMPLIANCE**
- 6 GENDER AND SOCIAL INCLUSION COMPLIANCE**



## **HOUSEHOLD EFFICIENCY RETROFITS —HER**

Through this Intervention Package SEEK will provide subsidies for private homeowners who are interested in investing in energy efficiency measures in their homes. Around 1200 houses will be retrofitted and become more energy efficient throughout Kosovo.

One of the key objectives of HER is to test and evaluate the most cost-effective incentive delivery approaches for different beneficiary groups, as well as deliver the best behavior change approaches that can be scaled up beyond the Threshold Program.

Participation in the HER intervention package will be open to individual residences (including individual homes and individual apartments) throughout Kosovo with the incentive level determined by a range of criteria associated with environmental, social, economic, and technical objectives of the RELP (Reliable Energy Landscape Project).

## **APARTMENT BUILDINGS —AER**

SEEK will provide subsidies to retrofit 26 family - multi apartment buildings in 6 Municipalities in Kosovo (Lipjan, Viti, Novobardo, Prishtina, Mitrovica and Gjakova).

The focus of AER is on providing Subsidies for multi apartment building communities to invest in retrofits that will reduce energy consumption, as well as support the behavior change towards energy efficiency.

## **MUNICIPAL PARTNERSHIPS**

The SEEK Implementing Consultant, the German Consortium GFA and HPC, in coordination with Municipalities have a key role in origination of HER sub-projects. Municipalities also have a role in co-financing retrofits for Social Assistance Scheme category.

The MFK has signed MoUs and Co-funding Agreements with 6 municipalities for 26 Multi Apartment Buildings.

Funding for each MAB is divided as follows:

- MFK 60-70%
- Municipality 30%
- HoA 10%

**2022**  
Retrofit implementation

**2021**  
Retrofit Implementation

**SEP 2020**  
EE assesment of houses

**TIMELINE OF PROJECT  
IMPLEMENTATION**

# 02 PRISHTINA HEATSAVE

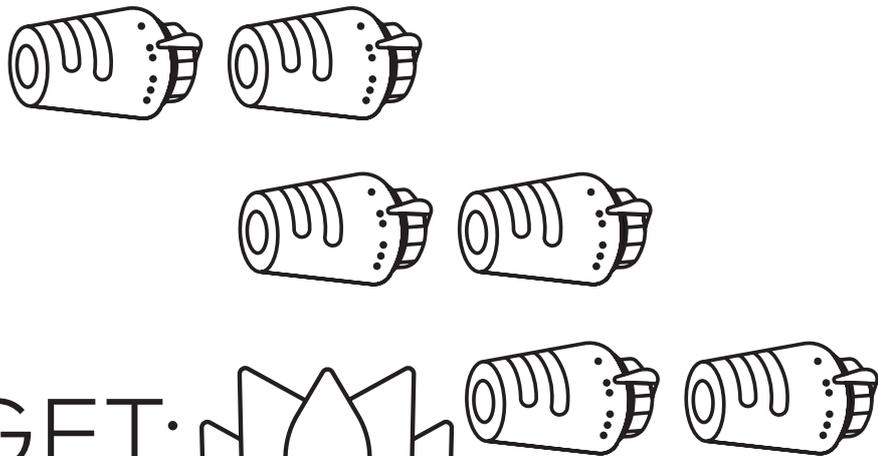
TOTAL BUDGET:  
\$10.9 MILLION

The design of PRISHTINA HEATSAVE, which is one of the two main activities within the Reliable Energy Landscape Project (RELP) of the Threshold Program, is based on a rigorous study of the district heating systems in Kosovo which shed a light on the challenges that district heating operator face in maintaining profitability in a changing environment.

Within the RELP, the objective of this activity is to support reduction of electricity consumption used for heating by introducing consumption-based metering on the Termokos district heat supply network in Pristina.

Implementing a consumption-based heat metering is expected to:

- Reduce demand on the district heat network by increasing efficiency up to 30% in demand side
- Support expansion of heat supply services to new consumers which rely on electricity for heating;
- Improve the services for the consumers who already reside in buildings connected to district heating services; and increase energy efficiency up to 20% in supply side
- Enable Termokos to transition into consumption-based billing and thus better align their revenues with their costs and the services they provide.



## TERMOKOS AS A PARTNER

MFK is working with Termokos, end-users, the Energy Regulatory Office (ERO) to draft the proper consumption-based billing methodology for apartment-level of consumption

# PROJECT COMPONENTS AND PARTNERS

PRISHTINA HEATSAVE activity focuses on implementing district heat metering services for up to 14,000 customers on Termokos network, by installing consumption-based heat metering equipment in individual apartments, and installation of thermostatic heating valves with built-in balancing function on radiators. The aims of these interventions are the following ↗

1

**Pilot methods to meter thermal energy consumption in multi-apartment buildings in Prishtina**

2

**Install relevant equipment in 14,000 apartments and 72,000 radiators**

3

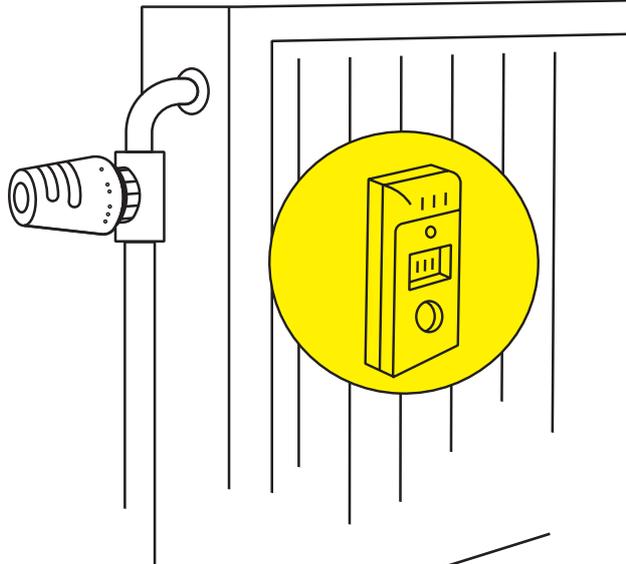
**Support the regulator with the design of apartment-level consumption-based tariffs**

4

**Support Termokos in upgrading transition from spatial billing to a consumption-based billing**

5

**Help consumers control the consumption and the cost of the heating bill**



2018

Project Development  
Due Diligence

2019

Procurement of the Implementation Consultant and Project Launch Event

2020

Baseline Technical and House Hold Studies, Tendering for Metering Company, BC&O Campaign

2020–2021 (2022)

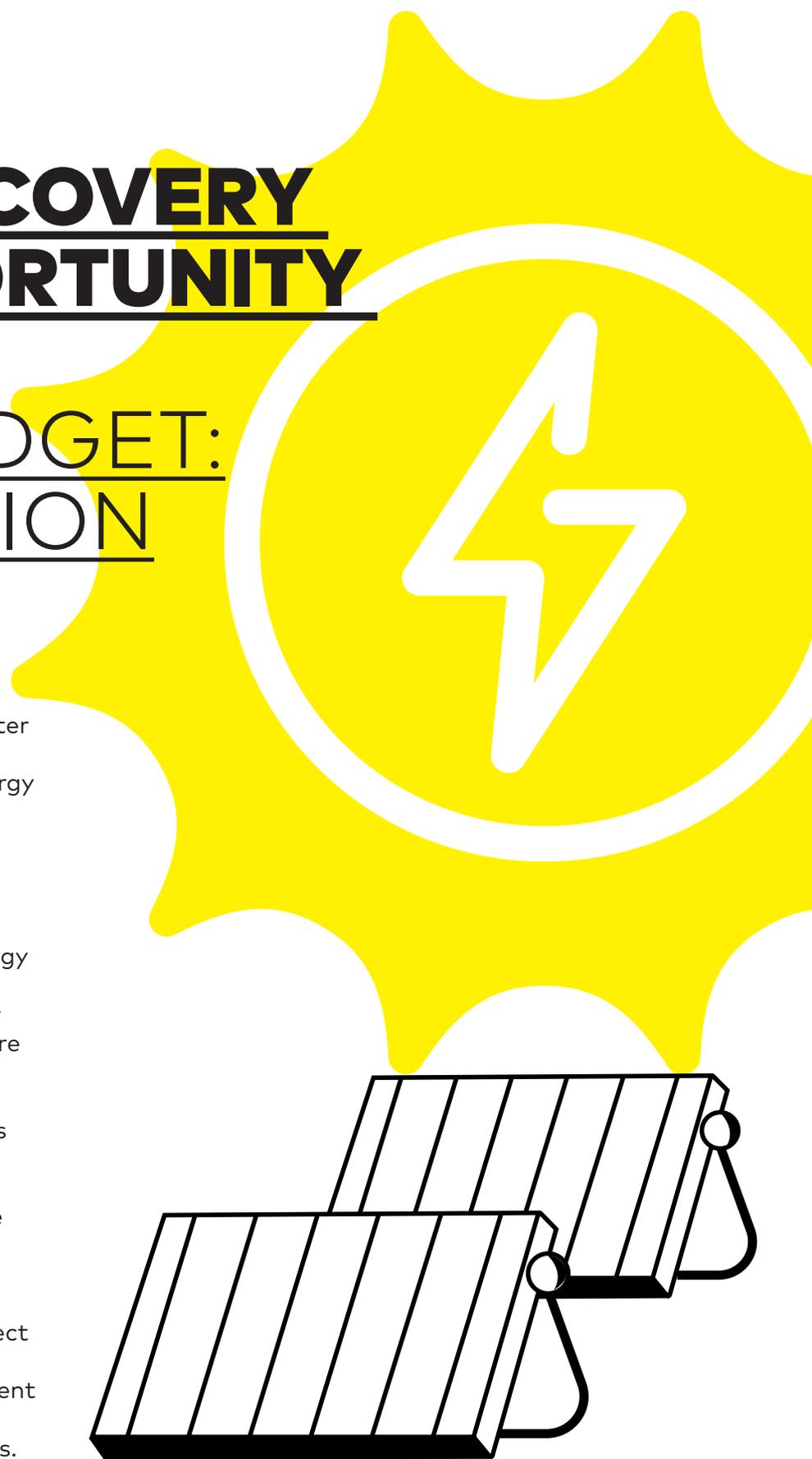
Installation of Metering Systems, Technical Assistance & Heating Tariff Design, BC&O implementation

**TIMELINE OF PROJECT IMPLEMENTATION**

# **03** **GREEN RECOVERY** **AND OPPORTUNITY** **WINDOW**

**TOTAL BUDGET:**  
**\$ 2.4 MILLION**

- Energy production in Kosovo is massively polluting, and existing power plants pose concerns to water security and the health of citizens. At the same time, demand for energy is rapidly growing—more than 90% between 2000 and 2010, and is projected to increase 5% per year from 2013 to 2020.
- MCC Kosovo Constraints Analysis found the unreliable supply of energy is the main constraint to economic growth. This is particularly true for SMEs, especially those in agriculture and manufacturing.
- Kosovo successfully implemented the policy and institutional reforms necessary to allow private sector participation in the electricity market, but the amount of outside investment to date has remained limited.
- In Kosovo, numerous barriers prevent banks from providing project financing to the renewable energy sector, despite the many independent power producers interested in pursuing renewable energy projects.



# PROJECT COMPONENTS AND PARTNERS

MFK and MCC aim to catalyze the development of Renewable Energy projects through three innovative complementary interventions:

1

## RENEWABLE ENERGY CREDIT GUARANTEE PRODUCT DEVELOPMENT

- Support Kosovo Credit Guarantee Fund to increase its capacity in project finance and energy finance as well as cover all incremental operating costs to establish a separate RE IPP Guarantee Window

2

## PROJECT SCREENING AND DEVELOPMENT OF KOSOVO PROJECT ACCELERATOR

- Establish a pipeline of bankable projects - provide targeted technical assistance and training to IPPs, banks, and local experts.

3

## MARKET STANDARDIZATION

- Creation of standardized templates for technical documents as well as provision of training to banks and market regulators on the use of standardized frameworks for renewable energy project financing.

2018

SSG, Resonance & McKinsey conducted due diligence to identify the sector needs.

2019

MFK & KCGF signed an Implementing Entity Agreement.

2020–2021

Project launch including initial investments in KCGF and awarding Project Management Consultancy to Financial Markets International.

2020–2021

MFK awarded Tetra Tech as the RE IPP and EE Project Accelerator and Pipeline Development Consultant. MFK is continuously supporting KCGF in raising guarantee and counter-guarantee capital.

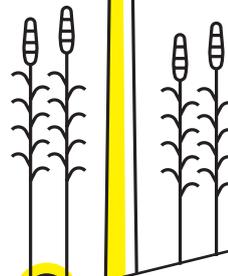
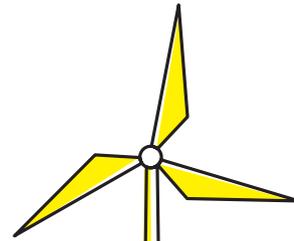
2022

MFK supports the launch of the KCGF's new RE and EE guarantee window.

## PARTNERSHIP WITH KCGF

—Bringing the renewable energy (RE) and energy efficiency (EE) credit guarantee to market requires operational, technical and financial investment. That is why, MFK has established a partnership with the Kosovo Credit Guarantee Fund (KCGF) to create a new credit guarantee window for RE and EE projects.

—KCGF strategic interests align with MCC's/ MFK's priorities and the Fund's significant expertise with guarantee products and their partnerships with local financial institutions make them an ideal partner to develop a guarantee product for RE IPPs and EE Project Financing.

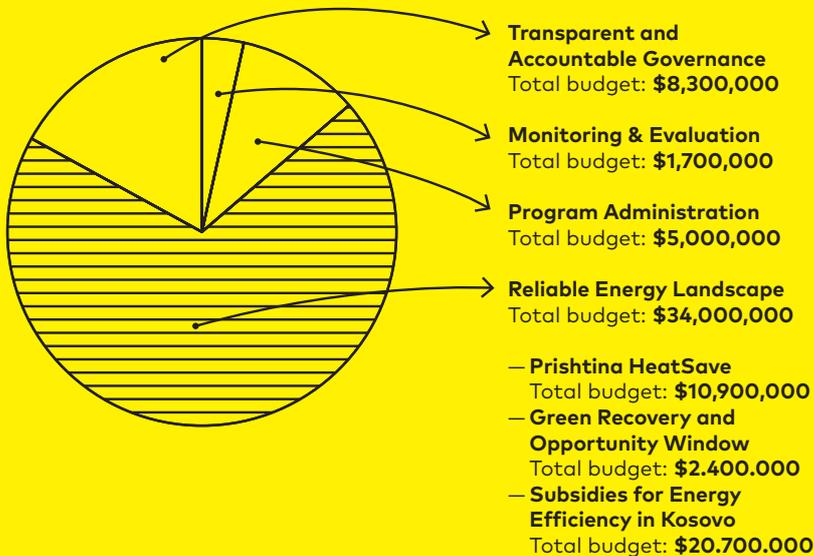


TIMELINE OF PROJECT IMPLEMENTATION

# ABOUT MILLENNIUM FOUNDATION KOSOVO

Millennium Foundation Kosovo (MFK) is an independent foundation set up in 2018 to implement the Threshold Agreement between Kosovo Government and the Millennium Challenge Corporation, worth 49 million USD. MCC's Kosovo Threshold Program addresses two key constraints to Kosovo's economic growth: an unreliable supply of electricity; and real and perceived weakness in rule of law, government accountability and transparency.

MCC's investments are designed to strengthen the power sector by fostering a market-driven approach to lowering energy costs for households and businesses, encouraging energy efficiency, and developing new sources of electricity generation. The program also supports the Government of Kosovo's efforts to improve decision-making and accountability by increasing the accessibility and use of judicial, environmental, and labor force data.



## OUR PORTFOLIO

**49\$**  
million

## OUR PROJECTS

**A**



**reliable supply of  
electricity**

**B**



**accountability  
and transparency**

## OUR MISSION

Accelerating Kosovo's transition to energy independence and good governance.

## OUR VISION

Pursuing innovative solutions for a sustainable energy landscape, transparent governance and inclusive society.