

Keynote address by Mr. Neritan Alibali
Undersecretary of Economy, Trade, and Energy

Your Excellency Mr. Minister Ruli,

Your Excellency Mr. Moïsis,

Your Excellency Mr. Maniatopoulos,

Dear participants,

Ladies and gentlemen,

Taking advantage of this occasion I would like to express my gratitude to the Institute of Energy of South-East Europe regarding the invitation and the organization of this important event, in a special moment for the development of the energy sector in both of our countries, as well as in a regional, European and wider scale.

Firstly I would like to underline that the organization of such type of events is welcomed, with great interest for our countries and directly effects the creation of favorable terms for the enlargement and the elevation towards a new level of bilateral and multilateral collaboration in the energy sector.

The development of the energy sector in our country, so that we can reach the standards of the developed countries in the E.U., as well as the security of energy supplies to the consumers, was and still is one of the more important goals of Albania, in the country's developmental path and that of its European completion.

The achievement of this goal will become possible by developing the energy sources and the country's infrastructure by strengthening further the collaboration in this sector with other countries of the region and specifically, with the neighboring countries, such as Greece, certainly has an immense importance.

If we take a look at our energy sector, we can express the opinion that the annual demands of the economy and the population cannot be covered by the domestic production of energy. For that reason an important portion of Albania's electricity needs, for more than 10 years now, are covered by imports through the energy markets of the region. E.g., for the last two years we have had the following situation: in 2007 roughly 2 793 GWh were imported, or differently put, roughly 50% of our consumption, while during 2008 roughly 2 453 GWh was imported or roughly 40% of the entire consumption. Regarding the hydrocarbon products, imports reached 60% of the annual consumption.

On the other hand the import capabilities are limited, as do not have good grid connection with the neighboring countries, and also for the fact that our country holds the last position in the electricity network of the region. We have the strongest link, with a network of 400 kV, with Greece, but Greece cannot take advantage of the maximum capabilities because of the existing configuration of the network in the region. We also have interconnections with Montenegro as well as with Kosovo with 220 kV networks, but at this moment and for these prospects, they are not sufficient.

The presence of monopolies in countries of the region, prevent gravely the development of the regional dimension of the energy market and it has compelled us, mainly in the past few years, to import electric energy in difficult conditions and at high cost.

The continuous increase of energy demand, the cooperation of countries within the region and especially the cooperation of both our countries for securing energy resources is imperative.

For this reason we believe that it is essential, to focus our efforts mainly on the assurance and the efficient management of the sources that already exist, on the establishment of new renewable resources, and on the addition of interchangeable sources of energy. Furthermore, for the increase of the efficiency of hydro resources is essential to work for the co-ordination and to supplement energy networks of the region, for the benefit of securing the supply of the consumers, consumers that expand through the whole region and more extensively.

Dear participants,

Aiming at the further completion of the Albanian energy department, in regional and European frames, as well as and the establishment of a legal and institutional frame, according to the acquis communautaire, along with the other countries of South-Eastern Europe and European Union, our country accepted the agreement on the Treaty of European Community which was signed in Athens on 25 October 2005. The main objective of this treaty is the creation of a more extensive and complete European energy market, something that will benefit all the participant countries, while it will also help member states to face future challenges, in an effort to attract investments on a local and regional level.

If we take a look at our energy system and the needs of our country for energy, we observe that the main problems were the insufficient capabilities in renewable sources, the small variety of energy sources, the limited capabilities of transmission, the control of cost and prices of electric energy that is used mainly for heating purposes, the lack of bio-energy as well as the total lack of gas network for industrial and residential use.

Taking into account the above mentioned problems, the Albanian Government has determined the following priorities:

- to restructure the energy sector, based on the economic principles and the Directive of European Union in order to establish effective institutions, the legal and regulatory framework for the public companies, their incorporation and their privatization.
- to secure supply, via the alternative renewable sources of electric energy, to develop new sources and the interconnected lines
- to promote the effective use of energy, seeking lower cost and a strong growth of the economy.
- to undertake initiatives for an effective use of renewable sources of energy.
- to open a new internal energy market and the participation in the broader regional market.
- to import and extend the natural gas network for use in the economy and for municipal purposes.

For this reason, the our country's responsible institutions for the restructuring of the energy sector, in step with the actions taken for the achievement of the obligations that derive from the Treaty of Energy, have worked for the redefinition of our development programs, aiming at the realization of the above objectives.

Along with these objectives, specific steps have been taken for the upgrade of existing capabilities in the renewable energy, and the development of new thermal sources, such as the

upgrade of the turbines of the hydroelectric stations on the rivers Drin and Mat, the construction of a thermoelectric station in the city of Avlonas with an installed capacity of 97MW. Meanwhile, with the more efficient use of the only interconnection of 400 kV, that we use with Greece, the Albanian Government plans the construction of a new interconnection line of 400 kV with Montenegro, something that will give our electricity system - but also the neighboring electricity systems - a deep relief; it is also planned the construction of similar 400 kV lines with Kosovo, FYROM and Italy.

The strategy of the Ministry of Economy, Trade and Electricity for further exploitation of hydro resources, in which Albania is very rich - until now it has exploited the 30% of their total - has taken into account, the fact that the increase of production of energy from these sources in Albania, would constitute a important factor for the development of the market of the region, especially during peak periods. Within this frame, a great effort has been made to complete the legislative and regulatory framework for the development of these sources from private investors and at this moment there is a great interest from the large European companies for the establishment of these sources. Among the main projects, for which we have announced the winning companies, we underline the construction of a hydroelectric station in Ashtes - with installed capacity of 50 MW; the construction of hydro in the river Devoll - with installed capacity of roughly 320 MW; the construction of hydroelectric station of Skavices on the river Drin - with installed capacity of roughly 350 MW and tens of others with capacities of up to 300 MW.

Moreover, we are finalizing the legal framework for the promotion of renewable energy sources, as well as the initiative of production of electric energy from nuclear stations.

Dear participants,

Along with these actions for the increase of electricity generation - as well as renewable energy sources - in order to ensure the security of energy supply to the consumers, it has been scheduled to develop new alternative sources in the country, specifically of natural gas.

The development of thermal renewable sources and the economic and social development of the country offer opportunities for the development of natural gas in Albania. From the perspective of YOEI and other Albanian bodies and institutions that handle energy issues, we have examined the proposed projects that have been presented by various investors for the connection of Albania with a pipeline network for the transport of natural gas in the region and we have guaranteed the suitable conditions for the development of this infrastructure.

At this moment we can inform that within this framework, our country has been included in projects supported by the Energy Community, but also from Brussels, as are the projects of Ring of gas of Energy Community, which intend to connect almost all countries of the Western Balkans. Furthermore, Albania is part of the project of the pipeline of gas from Ionian - Adriatic Sea (project IAP), a project which will connect the regional countries such as Croatia, Montenegro and Albania.

Also from the perspective of YOEI other projects have been supported as well, projects that are related with the development of the gas market in Albania, as the project of pipeline TAP, financed by the companies EGL and StatoilHydro. It is also considered very important the project of building the Natural Gas gasification terminal at the coast of Fieri and a submarine pipeline for the connection with Italy.

Our country - fulfilling its obligations under the Treaty of Energy Community, and aiming to create a suitable legal infrastructure in the sector of natural gas - voted last year the law "on the

sector of natural gas". Meanwhile, in collaboration with other foreign organizations and institutions, we have been preparing the approval of regulations that this law decrees.

For the implementation of this law, the Regulating Authority of Electric Energy will become the Regulatory Authority for Energy and in step with the obligations for the arrangement of market of electric energy, will also execute the duties for the settlement of the gas prices.

Taking under consideration the objective of the E.U. for further diversification of energy supply by importing natural gas from the region of the Caspian and the Middle East, we think that it is very important to transport gas from Eastern Europe, in the most effective way, with lower cost and to the benefit of many countries.

From this perspective, we believe that the best path for each pipeline that will transport gas - from the Caspian region and the Middle East, passing through the borders Turkey, Greece to Southern Italy, Central Europe and even further - is via Albania. Any other alternative would lead to the deformity the economic and technical authorities, while in this case some things need to be taken into account about the benefits that our country offers, such as:

- a favorable geo-strategic position that it might benefit as one node of the region (hub) of the gas networks ,
- a potential market for the consumption of natural gas, which in a time period of 10 years it can reach until 1.5 - 2 billion. m³,
- a legislation which is absolutely compatible with that of European Union

As well as

- the suitable safety after signing the Convention of Community Stabilization and the process of registration as a member in the NATO,
- sufficient capabilities for underground storage of gas, that reaches certain billions of m³.

These projects in the gas sector certainly constitute a important field where the cooperation between our two countries can be extended, a cooperation that has all the potential to reach a higher level of institutional collaboration, which is also in the interest of both sides.

Dear participants,

In this brief presentation we tried to present as realistically as possible not only the energy situation of Albania, but at the same time we tried to submit a few of our goals, the objectives and the main projects that we have for the future of our Albanian energy sector, as well as our ideas for its development in a regional level, within the frames of the Convention on the Foundation of Energy Community, with a special emphasis on the advance of the bilateral cooperation between Albania - Greece in the energy sector.

We are convinced that the prospects of this cooperation are very good and will serve not only the future of the energy sector in both our countries, but also more extensively, as I believe that it will be evidently clear in the discussions that are to be presented in this Meeting.

Finally I wish to express once more our good will and our interest for collaboration in common projects or at a regional level for the development of networks and suitable energy infrastructure.

Thank you for the attention; I wish much success for the Meeting.