



# Bridging mutual synergies of the energy transition and energy security in Albania What lessons can be drawn from Visegrad countries? Djego Abedinaj\*

#### **Abstract**

Energy transition and energy security are increasingly becoming interchangeable. The weaponization of the energy supply chain has been one of the main concerns across Europe over the last couple of years, especially with the war in Ukraine and the far-reaching consequences affecting the energy governance in the EU. The Western Balkans, as a region, including Albania, face similar challenges when it comes to energy governance. Diversifying energy sources through renewable energy is considered a strategy for sustainable growth, as well as a necessity to de-risk external shocks on energy markets and reduce vulnerability from electricity imports in Albania. Even though the country's energy production comes from renewable sources, it still faces important challenges in energy governance. The paper aims to enhance understanding of the interplay of energy transition with energy security in Albania in the context of the country's integration into the EU and draw similarities with Visegrad countries and lessons that could be learned from their experience. This paper will focus on the potential of renewable energy investment contribution in increasing energy security and integration of energy markets with the region and the EU. Drawing from the current state of the art and the prospects of energy governance in the country, the paper identifies three main pathways to look forward to how energy transition and energy security can be commentary to each other: 1) accelerating diversification of renewable source; 2) focusing on the environmental and social impact of both narratives; and 3) enhancing the role of investment in green energy infrastructure and integration on European energy markets.

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#### 1. Introduction

Energy governance has become one of the top priorities of governments across Europe over the last decades, impacting political agenda and economic growth strategies. Albania makes no difference in that regard, trying to invest in an energy system aiming to increase energy security and accelerate the energy transition. The recent energy crisis caused by the war in Ukraine delivered a clear signal that energy security and energy transition go hand in hand. While energy transition refers to a change of energy system from fossil-fuel-based sources to renewable sources, energy security means having stable access to energy sources on a timely, sustainable and affordable basis. In that regard, energy transition plays an important contribution in reducing vulnerability from energy imports and accelerating the transition path.

While the country relies mostly on hydropower as a source of energy, it is perceived as a benefit for energy security as it does not rely on import markets, and it is also a green energy source. However, reeling on one energy source risks being vulnerable in the long-term, considering the effects of climate change, which, during the summer season, drought, weather and high temperatures make the government import energy at higher prices. This challenge is navigated in a context when the country is a candidate for European Union (EU) membership and has already open negotiation chapters. The experience of the Visegrad countries might be valuable for the countries in the Western Balkans, such as Albania, considering the similar integration path towards the European Union. Despite having different energy sources, the path toward energy policy mix remains similar, whether in supporting financial investment in renewable energy, creating a friendly regulatory environment or taking the right policy measures to ensure the energy transition.

This paper contextualizes the role of energy transition and energy security in Albania as two main driver narratives of energy governance and the most pressing issues of our times. It draws three main pathways to look forward how energy transition and energy security can be commentary to each other: 1) acceleration diversification of renewable sources, 2) focusing on the environmental and social impact of both narratives, and 3) enhancing the role of investment in green energy infrastructure and integration on European energy markets. The policy paper concludes by raising questions on the challenges and risks of the three main pathways coupling with the county context of the EU integration process.





# 2. The need to bridge Energy transition and Energy security perspective

Energy transition and energy security are two significant factors that have been running energy governing over the last decades. Being at such an important moment for energy governance in the EU, they can be mutually compatible, enhancing the EU's capability to shift from fossil fuel energy sources and secure sustainable and affordable energy supply¹. Diversification through alternative sources of energy contribute to the energy market competitiveness as well which is a crucial component of energy security prices. Studies show that the diversification of sources goes along with energy price stability². In the case of Albania, the energy system has already been decarbonized as the entire energy production comes from renewable sources. Even though it is a positive signal for the country's energy production, the energy system faces major challenges when it comes to facing immediate needs, such as the lack of efficiency, disruption of power, lack of maintenance and the need for investment to renovate the grids.

The push towards a renewable and self-sufficient energy system has become an important contribution to energy security. The changing nature of energy security takes a more holistic approach to the security of supply<sup>3</sup>. The traditional approach to energy security<sup>4</sup> has been driven by the need to securitize energy supply and manage dependencies from importers. Governments across the EU have developed strategies that prioritize the balancing of energy supply with affordable prices. While prioritizing energy supply, other aspects that the traditional approach on energy security has neglected are environmental and social impact. While dependence on fossil fuels has been an economic driver and an external energy supply for most countries in Europe, it creates supply dependencies and increases the risk of being vulnerable to political and market factors. As Cherp and Jewell point out in their paper,<sup>5</sup> the need to move beyond the four "A's," which stand for availability, accessibility, affordability, and acceptability, is crucial in understating the emerging dynamics of the energy security and the compatibility with long-term strategies of the energy transition.

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<sup>&</sup>lt;sup>1</sup> International Energy Agency (2022) Energy Security in energy transition

<sup>&</sup>lt;sup>2</sup> European Commission (2022) Communication (138), Security for Supply and Affordable Prices

<sup>&</sup>lt;sup>3</sup> IRENA on a multidisciplinary approach on Energy Security

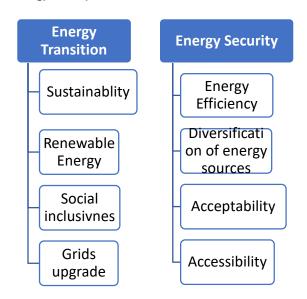
<sup>&</sup>lt;sup>4</sup>Cherp, Aleh & Jewell, Jessica, 2014. "The concept of energy security: Beyond the four As," Energy Policy, Elsevier, vol. 75(C), pages 415-421.

<sup>&</sup>lt;sup>5</sup> Ibid.





Table 1 Energy Transition and Energy Security



#### 2.1 The state of the art of energy governance in Albania

Albania currently produces more than 95% of its energy and consumption out of the hydropower plants. During the summer season, the country imports energy from international markets, mainly from neighboring countries such as Greece. The Albanian government has ambitious targets to turn the country into a net energy export in the region by 2030. Based directly on the legislative framework, the government is encouraging investment in renewables, especially in photovoltaic and wind turbines. In March 2023, the Albanian parliament gave the green light to Law No.24/2023, "On boosting production of renewable energy sources," which aims to open a regulatory framework and support major production of renewable energy. The government is aiming to increase installation capacities from photovoltaic, reaching 738MW targets<sup>6</sup>.

Supporting renewable energy production by taking policy measures and upgrading the transmission energy system have been two main pillars of the Albanian government's effort to reach its ambition on energy policy. Diversification of energy sources is one of the main

<sup>&</sup>lt;sup>6</sup> National Strategy for Energy 2018-2030, https://www.infrastruktura.gov.al/wpcontent/uploads/2018/11/Vendim-i-KM 480 31.07.2018.pdf





pillars of the Albanian National Strategy for Energy 2018-20307. In addition, the National Plan for Energy and Climate<sup>8</sup> predicts up to 300MW by 2030, including photovoltaic projects,

aiming to increase production capacities of renewable energy in the country as the demand for energy continues to increase steadily. Even though the energy production comes from renewable sources, it does not secure the energy system's long-term sustainability as the dependence on hydropower is becoming increasingly affected by weather conditions. In addition, the government has been providing subsidies for households to install panels to boost renewable energy and include citizens of energy governance by being self-producers.

# 3. Energy Transition in the context of the European Union membership

Facing a double challenge such as energy transition and energy security, the membership perspective to join the European Union (EU) has been a useful driving force to push this process forward. Albania, like other Western Balkan countries, is part of the Energy Community<sup>9</sup>, a non-governmental organization that serves as the coordinator of the energy policy between the EU and the region. Furthermore, Albania has signed the Green Agenda for the Western Balkans, a regional agreement amongst the Western Balkans countries to speed up the green transition. Apart from legal obligations, there is growing pressure from climatefriendly international regulations such as the Carbon Border Adjustment Mechanism (CBAM), which targets energy and carbon-intensive industries, which is a period to phase out in the next coming years (3032)10.

The country's energy governance has been strictly aligned with the EU energy policy and its supporting technical and financial instruments. Most of the EU financial and technical assistance has been oriented toward the diversification of energy sources and the upgrade of the transmission system, which remains one of the main challenges of the energy system. Lastly, the European Commission (EU) has launched the Growth Plan for the Western Balkans<sup>11</sup>, a financial support package which aims to boost the economy and accelerate the market integration process among the countries in the region. The Growth Plan has the

<sup>7</sup> Ibid

<sup>&</sup>lt;sup>8</sup> National Plan for Climate and Energy Efficiency https://www.infrastruktura.gov.al/wpcontent/uploads/2021/12/Vlersimi-Strategjike.pdf

<sup>&</sup>lt;sup>9</sup> Energy Community https://www.energy-community.org/aboutus/whoweare.html

<sup>10</sup> CBAM https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism en

<sup>&</sup>lt;sup>11</sup> European Union Growth Plan for the Western Balkans, https://neighbourhoodenlargement.ec.europa.eu/enlargement-policy/growth-plan-western-balkans en





potential to play a role in levelling up political rhetoric and shaping the EU-Western Balkan relations. The Growth Plan is in line with current initiatives such as the Berlin Process and its connectivity agenda, the Green Agenda for the Western Balkans<sup>12</sup>. One of the main pillars is energy transition, highlighting the country's and the region's need for further investment in energy infrastructure. The fast-changing political dynamics within the EU have prioritized economic security and global competitiveness while adhering to the ambitions and targets of the Green Deal.

## 3.1 Taking stock of Visegrad countries' experience in energy governance

The experience of the Visegrad Group countries (V4), Czech Republic, Hungary, Poland, and Slovakia, has often been considered a valuable experience for the Western Balkan countries due to the similarities among regions before the accession to the EU. Despite having different energy sources, V4 and the Western Balkans share similar strategies when it comes to policy instruments and measures in energy governance. The V4 countries remain at the crossroads of international energy infrastructure and have a central position when it comes to international energy routes. Especially when it comes to gas pipelines from Ukraine, which supply important parts of the European energy market, this position makes the V4 countries, on the one hand, more exposed to geopolitical risk but, on the other hand, increases the relevance of cross-border energy governance<sup>13</sup>.

However, taking concrete steps in developing an energy policy mix needs to mobilize a series of energy fronts. For instance, the development of nuclear energy has been one of the areas of diversification of the energy policy mix in the V4 countries. Even though nuclear energy has been a contested solution in different countries regarding its security concerns, the need for diversification of energy supplies has pushed the governments to adapt their production as well. The situation seems to be different in Visegrad countries, where nuclear energy seems to have a significant public acceptance, around 70%-80%<sup>14</sup>.

The energy policy of V4 countries and Albania is aligned with the EU energy policy, which has a similar path when it comes to regulation modes, policy measures, and instruments. An important difference between Albania and V4 countries lies in the sources for energy production, with Visegrad countries traditionally focused on coal plants. What sets the regions

<sup>13</sup> Kochanek (2021) The Energy Transition in the Visegard group countries

<sup>14</sup> Loskot-Strachota, et. al. (2024) Nuclear energy in V4-The Current Situation and the Perspectives

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<sup>&</sup>lt;sup>12</sup>European Commission (2020) Green Agenda for the Western Balkans





apart, in the context of the energy transition and phasing out the coal plants, is being EU members, having more institutional access and securing more financial and technical assistance. Especially after the energy crisis caused by the war in Ukraine, the intensity of phasing out coal plants has been accelerated<sup>15</sup>. Becoming part of the EU energy market has proven to be more attractive for investment in renewables and the quicker increase of institutional and technical capacities to support energy transition.

Despite being aligned in terms of strategy and common objectives, there is potential when it comes to specific policy measures such as building renovations strategy and establishment of financial incentives for households and small and medium enterprises. Slovakia's government, for instance, financially supports up to 95% of the cost for buildings' energy efficiency renovation projects<sup>16</sup>, while in Hungary, it goes up to 85%<sup>17</sup>. Another front that Albania can draw lessons from the V4 policy mixes strategy is balancing the renewable energy source project, including wind farms as well, which is still lagging behind in Albania. The Albanian government has opened only one auction for wind farm projects despite the country's huge potential.

Lastly, a new discussion was launched in Albania regarding greenhouse emissions (GHG) accounting. Reduction of GHG emissions remains a crucial element of the National Adaption Plan<sup>18</sup> Even though Albania has a lower GHG from industry sectors, it still needs to increase institutional capacities to account for GHG emissions. V4 countries have experience in managing GHG emissions, which could be valuable for establishing a similar institutional framework in Albania as well. Setting the first steps for an Emission Trading Scheme (ETS) is a necessity, considering even the application of the CBAM<sup>19</sup> when it comes to taking concrete steps to discourage emissions from energy-intensive sectors.

<sup>&</sup>lt;sup>15</sup> These ten countries are phasing out coal the fastest, https://www.wri.org/insights/countries-phasing-out-coal-power-fastest

<sup>&</sup>lt;sup>16</sup> https://www.globsec.org/what-we-do/press-releases/first-wave-green-recovery-cee-building-renovation-strategies-and-rrp

<sup>&</sup>lt;sup>17</sup> Building renovation financial support in Hungary, https://enet.hu/en/home-renovation-program-2024-2/

<sup>&</sup>lt;sup>18</sup> Albania National Adaption Plan, https://napglobalnetwork.org/wp-content/uploads/2023/11/napgn-al-2023-albania-nap-progress-report.pdf

<sup>&</sup>lt;sup>19</sup> Informative Factsheet on CBAM impact on the Western Balkans, https://www.berlinprocess.de/uploads/documents/factsheet-challenges-and-opportunities-of-the-eu-carbon-border-adjustment-mechanism-cbam 1729075153.pdf





# 4. Three main pathways to enhance synergies between energy transition and energy security

In an international context where the weaponization of energy supply often becomes a leverage for political objectives, affecting the energy governance narratives and considering energy not just a common good but a strategic asset for the development and prosperity of a country is essential. Coupled with the energy transition, countries are benefiting from accelerated decarbonization of the energy system and benefiting at the same time from securing energy. The need to bridge these narratives in Albania becomes even more evident as the country is facing challenges similar to those faced by other European countries when it comes to energy governance.

Aiming to boost the debate on synergies between energy transition and energy security, this paper proposes three main pathways that could be relevant to shape new narratives on the discussion of how both concepts can contribute to enhancing the country's energy governance: 1) diversification of renewable sources and increasing energy efficiency of transmission systems; 2) additional focus on environmental and social impact and 3) enhancing green infrastructure and energy electricity market integration.

## 4.1 Accelerating diversification and increasing the energy efficiency of transmission systems

Diversification of energy sources by renewable energy and increasing efficiency of the transmission systems remain the main pillars in the context of enhancing synergies between energy transition and security. An emerging renewable energy infrastructure needs also the support of an efficient and sustainable transmission system. The acceleration of diversification strategy to renewable energy sources can mitigate the risk associated with oil and gas dependencies and the vulnerabilities that come from being dependent on fossil fuel energy sources.

However, the pressure of diversification, pas pushed the idea of integration liquefied natural gas (LNG) is increasingly considered an alternative source of energy in Albania, yet there is no LNG infrastructure operational in the country. Due to the recent energy crisis and the integration of LNG as an alternative source during the transition period, Albania has been supplied by two terminals<sup>20</sup>. Due to the expansion of LNG markets across Europe, it is likely to be more present even in Albania. With respect to other sources, even though it has the

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<sup>&</sup>lt;sup>20</sup> LNG terminals in Albania, https://monitor.al/terminali-i-gnl-ne-vlore-do-te-rrise-konkurrencen-rajonale-2/





potential to increase the capacities of wind turbines, the country is behind in producing energy from wind parks. In 2023, the government opened a procurement for private companies to install 150MW projects from wind parks<sup>21</sup>, aiming to increase further capacities and reach the government's national targets by 2030.

Being reliant on hydropower creates a destabilizing situation due to the dependence on weather conditions. The increasing changes in the weather have directly impacted the

stability of the Albanian Cooperation of Electricity (ACE-KESh in Albanian). Even though the government has taken some measures to increase the storage capacity of major hydropower plants, it often creates overcapacities<sup>22</sup>. ACE sells energy with a low price during the winter and buying at a higher price during summer drought time. This situation puts the ACE constantly at risk of increasing debt as public cooperation and also unable to make on-time investments to modernize the distribution energy system.

The energy efficiency of the transmission system remains one of the biggest challenges of the government in addressing losses in the grid infrastructure. Net loss of the grid remains still high at 17,3%, which is one of the highest in Europe<sup>23</sup>. Even though governments have supported the financing of the grid upgrade, it still remains a major challenge when it comes to energy efficiency. Further, the National Plan for the renovation of private and public buildings to reduce energy through efficient heating systems is still in the early stages.

#### 4.2 Environmental and social impact of energy security and energy transition

Investing in energy transmission and distribution systems remains one of the key challenges in the dual task of energy transition and energy security. When it comes to energy transition, issues such as energy access, energy poverty, and democratization of energy governance are becoming even more central. On the other hand, the new dimension of energy security in the context of pressing issues is impacting the way we think about energy security, including the environmental and social impact, which is directly affected by energy governance policies<sup>24</sup>.

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<sup>&</sup>lt;sup>21</sup> Wing Farm Construction https://acp.al/news/14545/Park-eolik-ne-Lezhe,-projekti-244-mln-euro-fiton-statusin-e-investimit-strategiik/

<sup>&</sup>lt;sup>22</sup> WBIF, Rehabilitation of Fierza hydropower plant, https://wbif.eu/project/PRJ-ALB-ENE-021

<sup>&</sup>lt;sup>23</sup> Euroenews Albania, https://euronews.al/ulen-humbjet-e-energjise-ne-rrjet-ere-17-3-e-prodhimit-shkoi-dem/

<sup>&</sup>lt;sup>24</sup> Dimitar Bachev (2023) Energy Transition in the Western Balkans





## 4.2.1 Environmental Impact

Albania produces most of its energy from hydropower, which puts the country among the cleanest in terms of energy production. However, being dependent on hydropower also brings various challenges to be managed, such as storage capacity. The pressure of water storage during the summertime pushed the government to license a high number of hydropower plants along the rivers in order to increase the country's energy supply. This pressure has brought about considerable environmental damage across the country, especially on the main rivers, reducing the water supply to farms in the areas and drastically changing the ecosystem<sup>25</sup>, especially on the main rivers such as Buna, Drini, or Vjosa, which also serve as the main water artery across the country, where communities are directly impacted.

The increasing drought days in the country over the last couple of years have directly affected the economic sectors linked with the use of water, such as agriculture, which makes up roughly 23% of Albania's GDP<sup>26</sup>. This environmentally unsustainable situation becomes even more risky when the pressure from high prices from international energy markets becomes evident. The experience of the energy crisis has shown that governments tend to sacrifice the environment and prioritize energy supply.

# 4.2.2 Social Impact

Traditionally, energy security has overlooked energy poverty and its impact on local communities and households, paying particular attention to the accessibility of energy sources<sup>27</sup>. For the last decades, the primary concern of energy security has been securing a sustainable energy supply that can maintain the economy of a country. However, the social impact becomes more evident in times of energy crisis, where the countries are challenged by low supply and skyrocketing energy prices, impacting not only public finances but directly households which need to bear with the energy costs. Even though governments have put in place several social schemes which cover low-income households, the energy bills remain a financial burden.

In that regard, investment in energy transmission and clean technologies is crucial in encouraging social and community initiatives such as renewable energy communities (REC), which are considered autonomous and self-sufficient modes of energy production and consumption. Due to the geographic position and the link of a REC with the grid in different

<sup>25</sup> IISD (2021) Why Albania should shift away from hydropower and reserve the last free-flowing river in Europe

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<sup>&</sup>lt;sup>26</sup> European Commission,

<sup>&</sup>lt;sup>27</sup> Cherp & Jewell (2014) The concept of Energy Security: Beyond four As





countries, it has proven to be a technical barrier to establishing an energy community. Broadly, REC is considered a mode of democratization of energy systems and self-sufficiency, not only by significantly reducing the cost of energy bills but also by contributing to the diversification of energy systems<sup>28</sup>.

# 4.3 Accessing the international project on energy infrastructure and increasing energy market integration

New green energy corridors are becoming front runners in international energy infrastructure. The importance of international energy infrastructure routes is a crucial element in increasing Albania's position in international energy governance. Energy efficiency and securing energy supply become mutual beneficiary factors in pushing forward the modernization of the energy transmission system and, on the other hand, securing cross-border energy supply. Albania's geographic position favors investment in energy interconnectors with neighboring countries.

Albania has been active in receiving international funds from international financing instruments on projects related to regional connectivity, especially interconnection. The Western Balkan Investment Fund (WBIF) has been one of the main instruments financing roughly 84 million euros only on energy projects<sup>29</sup>. Most of the financial support has been addressed by increasing energy efficiency and upgrading the energy infrastructure within the country or upgrading interconnection lines with neighboring countries.

An additional aspect of international energy regulation is energy market integration with the European Union, which remains one of the main priorities of the EU and the Western Balkans' common policy agenda.<sup>30</sup> Market integration has proved to decrease the cost of transmission and be a viable solution for energy supply, especially in times of crisis<sup>31</sup>. This becomes even more important, especially in the case of ambitions to develop green energy infrastructure.

<sup>30</sup> Energy Community Secretariat (2018) Knocking on the EU's door through energy connectivity: Integration of the Western Balkans into Pan-European Energy Market

<sup>&</sup>lt;sup>28</sup> Standal, et. al (2023) Can renewable energy communities enable a just energy transition? Exploring alignment with between stakeholders' motivation and needs and EU Policy in Latvia, Norway, Portugal, and Spain

<sup>&</sup>lt;sup>29</sup> Western Balkan Investment Fund (WBIF), https://www.wbif.eu/beneficiaries/albania

<sup>&</sup>lt;sup>31</sup> Gugler (2018) Integration of European Electricity Market: Evidence from Sport Prices

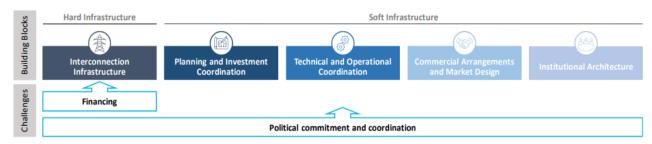




The current Interconnection lines of Albania with neighboring countries	
Interconnection 400 kV Zemblak - Kardia	Greece
• Interconnection 400 kV Tirana 2 - Podgorica	Montenegro
• Interconnection 400 kV Tirana2 - Kosova B	Kosovo
Interconnection 220 kV Koplik – Podgorica	Montenegro
Interconnection 220 kV Fierzë – Prishtina	Kosovo
Interconnection 150 kV Bistrica 1 - Igumenice	Greece

In the context of energy infrastructure, the Trans-Adriatic Pipeline (TAP)<sup>32</sup> is one of the main projects that goes through Albania and supplies several countries in Europe. Despite having an internal gas pipeline, Albania has yet to benefit from it. The gas infrastructure across the country is still missing, even though the government has planned to invest in gas infrastructure by drafting a master plan in order to diversify energy sources in the country. Since the early implementation of the TAP project, there has been discussion on how Albania can benefit from the gas infrastructure and invest in the country's gasification. However, establishing a new interconnection grid requires complex management and hard and soft infrastructure, which includes financing, technical operation, and coordination.

Figure 1 Interconnection Infrastructure development



Additionally, in January 2025, aiming to expand a new line of interconnection, the Albanian government signed an agreement with Italy and the United Arab Emirates (UAE) to build a new underwater interconnection which links Albania and Italy. Even though there has been discussion for years about building a new underwater interconnection electricity, nothing has been concrete until now. The Albanian government's ambition to boost energy export and Italy's ambition on the other side to diversify its energy supply sources has finally pushed to make a step forward. The agreement goes in line with the government's ambitions to become

<sup>&</sup>lt;sup>32</sup> Trans Adriatic Pipeline https://www.tap-ag.com/





an integrated energy market and one of the main routes of energy infrastructure in the region, as well as to open up to new important energy markets such as Italy<sup>33</sup>.

#### 4.4 The challenges ahead

An energy system based on clean electricity would reduce the security risks presented by fossil fuels but also present risks of its own. Due to the fact that wind and solar power are intermittent, the need for flexibility in other sources of electricity to pick up the slack becomes greater than today's system can deliver. Moreover, a decarbonized system requires far more electricity for cars, heat, and other needs met by oil and gas today. For countries that depend on trade across borders for those sources of zero-carbon electricity, new energy security risks may arise, as electricity is harder to store or buy from other suppliers than oil and gas.

Electrification and digitalization through smart grid may also be more vulnerable to cyberattacks. Decentralization of the energy market is pushed by the idea of market efficiency's contribution to the stability of prices and the securing of a diverse range of energy supplies. However, the energy crisis has shown that decentralization of energy governance becomes vulnerable in times of external shocks. In that regard, one of the main challenges of the Albanian government will be to find an equilibrium between energy market liberalization and the authority of state agencies to intervene in market regulation.

Nevertheless, the recent energy crisis caused by the war in Ukraine was a clear signal for governments across the EU and the aspiring candidates, such as the Western Balkans countries including Albania, that acceleration of energy transition by expanding renewable energy investment contributes directly to energy security. Important parts of the "energy security puzzle," such as diversification of energy supply sources and price affordability, can be enhanced by creating mutual synergies between the energy transition and energy security.

In addition, engagement of the private sector in supporting renewable energy investment or energy efficiency projects remains crucial. Often, financial barriers are one of the main challenges in policy implementation and accessing financial instruments by households and small and medium-sized companies is essential for pushing forward these policies. For example, even though there are several commercial banks that offer loans for installing solar panels for households and private companies, there is still a limited number of people using this financial instrument.

<sup>33</sup> Reuters (2025) Italy, Albania and UAE, sign deal for Adriatic energy link





# 5. Conclusion and recommendations

Albania is projecting itself ambitiously as a leader in the Western Balkans on energy security and energy transition. On the one hand, the country has invested in energy security by diversifying its energy sources, investing in energy infrastructure and energy efficiency, and joining international energy projects. On the other hand, investing in renewable energy as a source of diversification and energy transition is a major step in reaching climate neutrality goals and building a sustainable and affordable energy system.

Bridging the narratives of the energy transition and energy security is crucial for the governance of energy and also the implementation of strategic policies. The experience of

the Czech Republic and Poland on increasing energy security and reducing dependence, on the one hand, and the push of Hungarian and Slovakian governments on energy efficiency measures and provision of financial instruments, on the other, could be a valuable experience for countries like Albania.

Energy transition and energy security are interchangeably linked and complementary to eachother. Decentralization of energy governance and energy security nexus remains the main challenge. Furthermore, sross-institutional cooperation needs to be fostered to increase policy coherence and consistency and to have concrete results when it comes to policy measures on boosting energy efficiency or renewable energy investment.

# 5.1 Recommendations (for Albania)

- Extending the concept of energy security by including environmental and social impact;
- Integrate the existing and new energy infrastructure, which can boost the country's position in the Western Balkans;
- Increase the storage capacity of hydropower plants;
- Increase institutional capacities for feasibility studies for wind farming without harming biodiversity;
- Develop additional financial and regulatory initiatives for households and private companies in order to make energy transition inclusive;
- Invest in increasing human and institutional capacities to attract additional financial and technical support from the EU and development banks;
- The government needs to be faster in releasing normative acts of the new energy law to avoid further implementation delay.





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