

Natural Gas

Status Report and Key Issues

Status of Natural Gas in Kosovo

It is a well-known fact that there is no natural gas in Kosovo. There is no gas infrastructure, with the exception of the old and obsolete network of artificial gas from lignite that traverses the track with a total length of 254 km.

Nevertheless, Kosovo's Energy legislation treats natural gas as constituent of the energy sector – the Law on Energy defines the term “energy” as “any form of energy generated or otherwise obtained (electricity, district heating or natural gas) with the purpose of supply or sale”; while pursuant to the provisions of the Law on Energy Regulator, the powers of ERO include also natural gas sector. Furthermore, one of the strategic objectives defined in the Kosovo Energy Strategy is connection of Kosovo with regional gas pipelines in the near future.

Following the requirements for completion of the legal framework and compliance with the obligations of the Energy Community Treaty of South East Europe (ECT SEE) in November 2009 the Assembly of Kosovo adopted the Law on Natural Gas. This Law defines the organization and functioning of the natural gas sector in Kosovo, access to the market, conditions and criteria for performing activities of transmission, storage, distribution and supply of natural gas.

In the contexts of development of regional gas market in SEE, the “Gasification Study of the South East Europe” has proposed the “Energy Community Gas Ring”, which connects seven South East European countries. The study also examined the economic possibility for the entry of natural gas in Kosovo concluding that the supply of industrial and commercial consumption would be feasible.



“The Energy Community Gas Ring” Concept
Source: Gasification Study of SEE – KfW-WB

It is important to note inclusion of Kosovo in the ENTSO-G Report “Capacity Development, Demand and Supply Scenarios by Country” within the “10-Year Development Plan of the European Gas Network 2010 – 2019”. For this purpose, MEM in cooperation with ERO and other stakeholders made projections regarding demand for natural gas in Kosovo for the period of 2015-2025, and a preliminary plan for the development of transmission network and the lay-out of this network which are to be discussed and analyzed further.

Tab. Projections for gas demand in Kosovo according to sectors

Sectors	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Natural gas as a second fuel of TPP with coal	0.00	0.00	246.43	254.35	262.28	270.20	278.13	286.06	293.98	301.91	309.83
Natural gas for TPP with an open&combined cycle	0.00	0.00	0.00	0.00	133.97	138.02	142.07	146.12	150.17	154.22	158.27
Total_DH	0.00	0.00	78.17	80.51	89.66	99.03	101.89	104.85	107.88	111.01	114.23
Total_industry	10.59	18.12	47.10	84.82	144.85	211.28	261.87	300.73	322.65	335.25	347.44
Total_Commerciale & Public buildings	4.25	7.19	23.93	36.58	76.12	107.81	130.13	146.07	152.64	155.81	159.04
Total_Urban residence buildings	5.33	9.33	26.37	38.47	79.54	113.84	140.81	162.17	173.08	180.07	187.19
Total	20.17	34.64	422.00	494.73	786.42	940.18	1,054.90	1,146.00	1,200.40	1,238.27	1,276.00

(ENCO G Report Capacity Development, Demand and Supply Scenarios by Country)

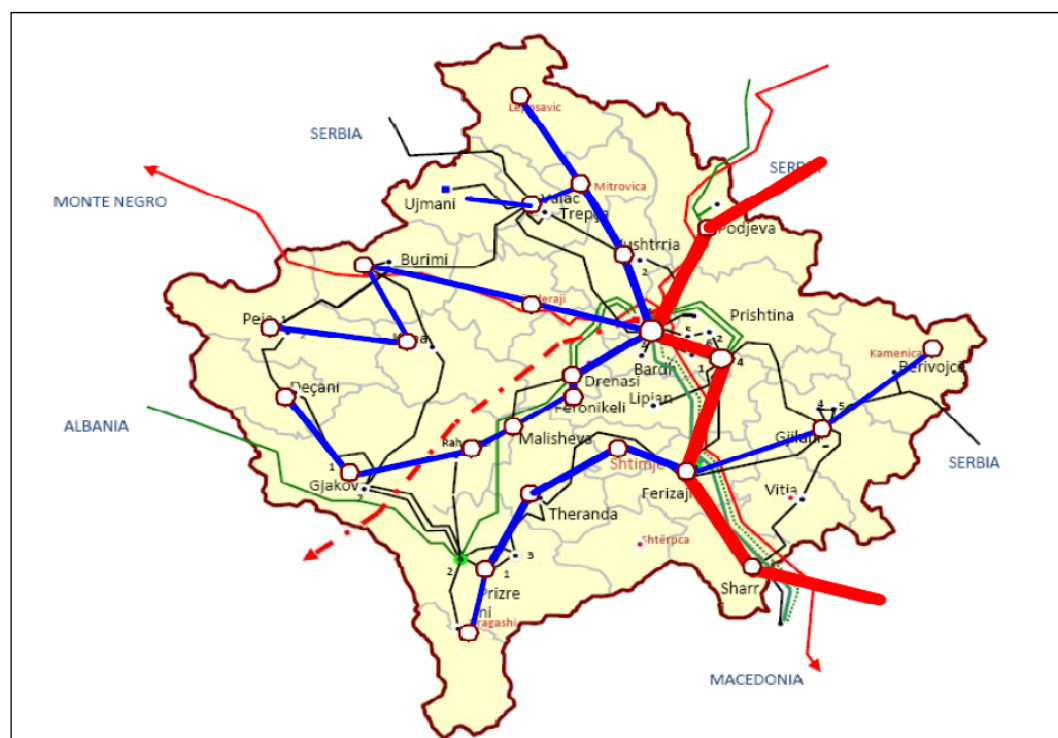


Fig. Preliminary plan of the natural gas transmission network in Kosovo

Source: GTE+ Report Demand Scenarios vs. Capacity

Vertical red lines indicate the transmission network lines of Kosovo's segment of Energy Community Gas Ring; blue lines indicate the internal transmission network.

It should be mentioned that in the context of developing regulatory framework and particularly in the context of meeting its obligations toward EC Treaty of SEE, ERO closely follows the regional developments related to natural gas and participates actively in the work of the Gas Working Group within the Energy Community Regulatory Board and in the Gas Forum. In this respect, ERO contributed, inter alia, by providing information, comments, remarks and suggestions for the preparation and finalization of many documents which are relevant for development of the natural gas regional market.

Key Issues

Having regard to the above said – requirements of Kosovo’s legislation and obligations toward EC Treaty of SEE – ERO is aware of the potential issues that are expected in the future in regards to regulation of natural gas, which mainly includes:

- Development of appropriate regulatory framework for natural gas and development of natural gas markets;
- Pricing / tariff setting of natural gas including methodologies for setting network (transmission and distribution) tariffs / charges, as well as for establishment of cost-reflective retail supply tariffs. Regulation of gas prices in transmission level and distribution and retail supply.
- Natural gas Sector re-structuring and liberalization of the natural gas markets – introduction of competition, with the main aim improvement of quality of service.
- Monitoring license compliance and data collection from licensees;
- analyzing and assessment methods of the data and information submitted and application of benchmarking comparison of historical data and industry sector data as a means of verification and confirmation of submitted data.

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