

6. NEXT STEPS TO IMPROVE THE CLIMATE RESILIENCE OF ALBANIA'S ENERGY SECTOR

Given the risks and adaptation actions highlighted in the previous sections, there are a number of steps that could be considered to build the resilience of Albania's energy sector to cope with climatic variability and change. Many of these are no-regrets actions that would improve Albania's energy security even without climate change, and some are included in the draft National Energy Strategy active scenario. Many others are generally low cost, though clearly where financial resources are constrained, even low-cost measures could be difficult to fund. They fall into the three categories outlined in Section 4:

1. Informational
2. Institutional
3. Physical / technical

The steps, along with suggested timescales for *commencing* them, are as outlined next. Further details on these actions are provided in Annex 6. The annex highlights which actions are no-regrets and which are already included in the draft National Energy Strategy active scenario.

In Year 1, Albania could consider:

- Improving meteorological and hydrometeorological monitoring, modeling and forecasting capabilities, and communicating that information effectively to energy sector stakeholders, to support energy sector planning and management
- Further research on climate change impacts on the energy sector, through downscaling of global climate model outputs, and researching the impacts of changes in seasonal climate conditions and extreme climatic events
- Initiating dialogue and research with partners in South Eastern Europe to develop a shared understanding of regional risks from climate change to energy security, and to discuss the implications for energy prices and trade
- Mapping out detailed plans to address issues in Years 2 to 5 and onward

In Year 2, emphasis could be placed on beginning to develop policy, regulatory and other management options to manage climate risks, including:

- Improving and exploiting data on reservoir use, margins and changes in rainfall and runoff, to improve operational management of existing reservoirs
- Developing incentives for energy efficiency measures to reduce demand

- Enforcing measures to reduce technical and commercial water and energy losses
- Engaging with water users in the agricultural sector, to devise agreed strategies for managing shared water resources
- Incorporating assessments and management of climate risks into energy sector contracts, environmental impact assessments and other policy instruments for new facilities
- Developing tariffs and incentives to promote climate resilience of energy assets
- Structuring Power Purchase Agreements with neighboring countries that take account of climate change risks
- Reviewing and upgrading Emergency Contingency Plans
- Investigating weather coverage and insurance instruments

In Year 5, progress could be made in the following areas:

- Ensuring that new energy investments and rehabilitation of existing assets are building in resilience for projected climate changes
- Diversifying energy asset types, taking account of climate change
- Reducing technical and commercial losses from the transmission and distribution network
- Demonstrating progress on demand-side energy efficiency
- Having improved regional interconnections in place, and ensuring that regional partners have a shared plan in place for regional energy security in the face of climate change
- Testing Emergency Contingency Plans
- Ensuring that the measures commenced in Years 1 and 2 are making progress and being implemented successfully

As noted, a number of these actions are already recognized by the government or identified for action, and are described in the draft National Energy Strategy's "active" scenario (Government of Albania, 2007). Nevertheless, they have been highlighted here because they contribute to improving climate resilience.