

Kosovo: Preparing for Future Growth



Central and Eastern Europe Energy Storage Summit

24 September 2024
Warsaw, Poland





- The Millennium Challenge Corporation (MCC) is an independent U.S. foreign assistance agency created by the U.S. Congress in January 2004
- MCC provides time-limited grants promoting economic growth, reducing poverty, and strengthening institutions
- MCC forms partnerships with developing countries who are committed to good governance, economic freedom and investing in their citizens.
- MCC grants take the form of:
 - Compacts
 - Concurrent Compact for Regional Investments
 - Threshold Programs



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- **The Millennium Challenge Account - Kosovo (MCA-K)** is the local entity responsible for implementing the MCC Compact, resulting from a partnership between the United States of America and the Republic of Kosovo.
- The Compact Grant Agreement of \$236 million, signed in July 2022 and effective from April 2024, aims to foster sustainable development, economic growth, and social empowerment in Kosovo.
- MCA-K's mission is to execute the Compact Program, which focuses on advancing sustainable energy practices, inclusivity, and economic diversification.
- The entity leads all aspects of program implementation, including design, procurement, construction and supervision.



Kosovo Compact



Compact signed – **July 15, 2022**

\$236M program – \$202M
MCC & \$34.6M
Government of Kosovo

Expected to benefit over
1.8 million people in
Kosovo



Three complementary projects that



Support Kosovo's energy security and transition to a cleaner energy future



Address existing skill gaps in the energy sector's education and training system, and



Leverage DFC financing to support blended finance transactions to catalyze energy sector private investments





Energy Storage Project
USD
\$180 million



JETA Project
USD
\$16 million

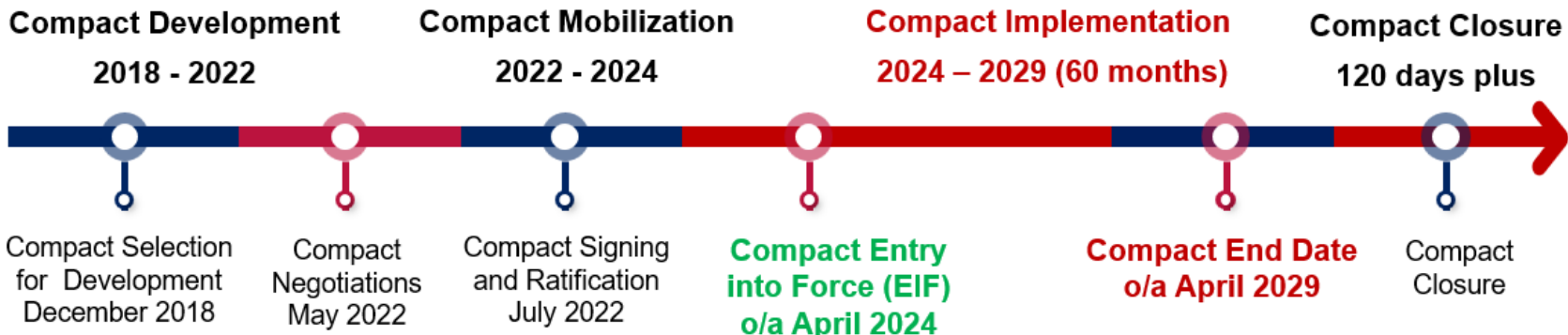


**ACFD Project and
M&E**
USD
\$5.5 million

Program Management and Administration USD **34.4 million**



Kosovo Compact Timeline





- **The Energy Storage Project:** Two lithium-ion Battery Energy Storage Systems (BESS):
 - 45MW (90MWh) procured as a design-build for KOSTT (Kosovo TSO and Market Operator)
 - 125MW (250MWh) built on a design-build basis for ESCorp (Energy Storage Corporation, a Publicly Owned Enterprise)
- **Just and Equitable Transition Acceleration (JETA) Project:** Equip Kosovans, especially women, with the skills necessary to pursue careers in the energy sector through equitable access to quality education, training, and other opportunities such as grants, pathways, internships, scholarships, mentorships, etc.
- **The American Catalyst Facility for Development (ACFD) Project:** Promote additional private sector investments through blended finance approach in Kosovo's energy sector in collaboration with the US Agency DFC, creating a stronger environment for innovation and growth in the green economy.

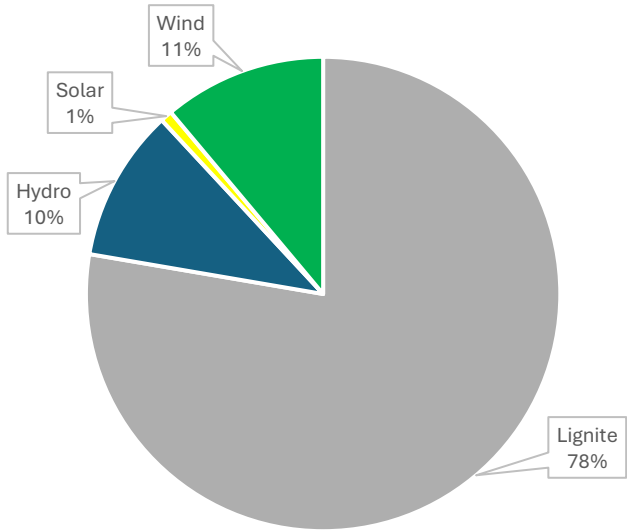




Consultancy Services Opportunities

- Energy Storage Corporation (ESCorp) Technical Assistance and Capacity Building Consultant
- Ministry of Environment, Spatial Planning and Infrastructure (MESPI) Greenhouse Gas Inventory System Support Consultant
- Women Energy Entrepreneurs (WEE) Grants and TA - Design and Implementation Consultant
- Energy Regulatory Office (ERO) Technical Assistance Support Consultant
- Energy Skills for the Future Activity – Design and Implementation Consultant
- Project Finance, Business Development Consultancy services





Source: ERO Annual Report 2023

The total net installed capacity is 1,236 MW, including:

- 960 MW Lignite
- 137 MW Wind
- 129 MW Hydro
- 10 MW Solar

The Kosovo Energy Strategy 2022-2031 objective is to install ~ 1,320 MW of new capacity, including:

- 600 MW of wind:
- 600 MW of solar PV
- 100 MW of prosumers
- 20 MW of biomass power



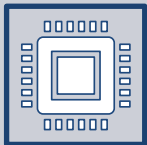
WHAT DOES KOSOVO NEED?



Reliability and Sustainability: Address the current lack of the system reserves and effectively help to manage system imbalances



Battery Energy Storage Systems (BESS): Implement BESS with a total capacity of 170 MW/340 MWh to support grid stability and integrate renewable energy sources.



Support and Funding: Utilize the grant provided by the Millennium Challenge Corporation for the development and deployment of these energy storage systems.



Future Preparedness: Prepare for the future deployment of additional BESS systems to further enhance energy reliability and sustainability.





The objective of the Energy Storage Project is to:

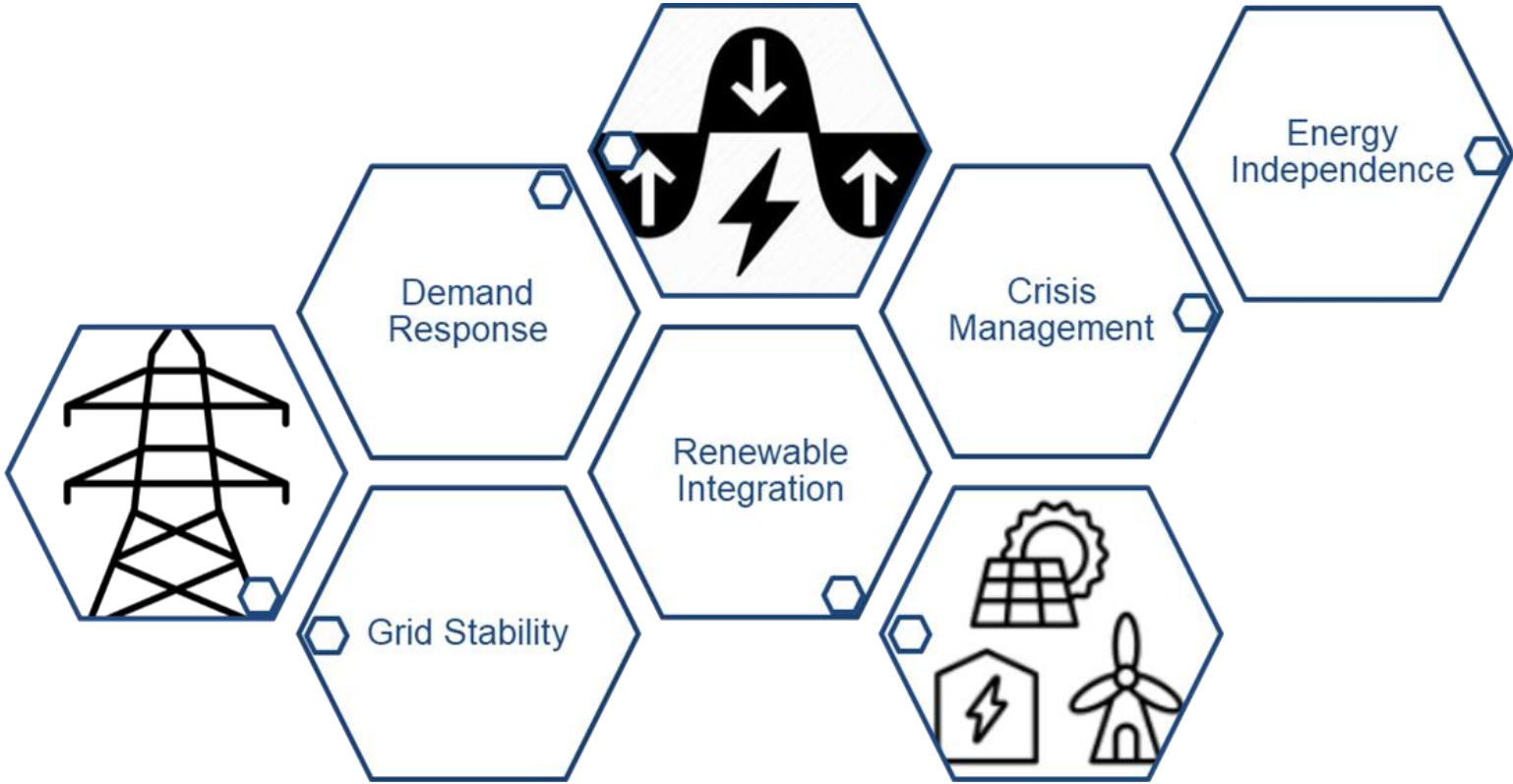


as reflected by:

1. Usage of energy storage systems for reserves
2. Availability of the storage systems, and
3. Reduced cost of securing adequate electricity for Kosovo



HOW DOES ENERGY STORAGE ENABLE RESILIENCE IN KOSOVO?



ENERGY STORAGE PROJECT DETAILS



Frequency Restoration Response Activity

Item	Details
Implementing Entity	KOSTT
Location	Ferizaj
Technology	Lithium-Ion Battery Energy Storage
Project Status	Greenfield
Capacity	<ul style="list-style-type: none">45MW (90 MWh)
Connection	<ul style="list-style-type: none">KOSTT Ferizaj substation400/110kVVia underground cable
Contract Award	May 2026
COD	August 2028
Operational Duties	aFRR services within AL-KS Block

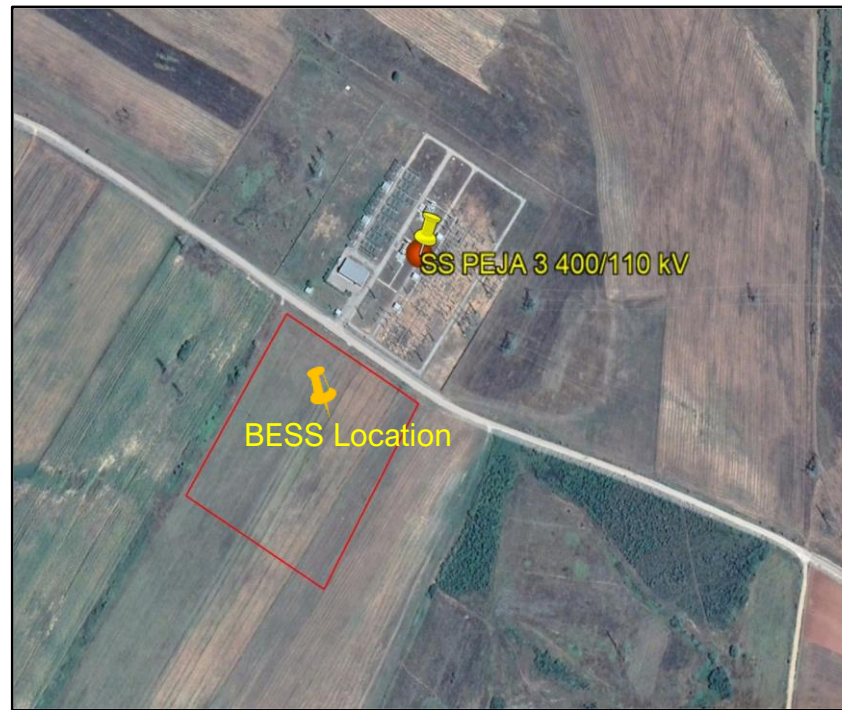


ENERGY STORAGE PROJECT DETAILS



Multi-Functional Energy Storage Activity for ESCorp

Item	Details
Implementing Entity	ESCorp – Publicly Owned Enterprise
Location	Istog
Technology	Lithium-Ion Battery Energy Storage
Project Status	Greenfield
Capacity	<ul style="list-style-type: none">125MW (250 MWh)
Connection	<ul style="list-style-type: none">KOSTT Peja 3 substation400/110kVVia underground cable
Contract Award	May 2026
COD	August 2028
Operational Duties	Provision of ancillary services, balancing services, and energy arbitrage.





MCA-K and MCC are providing all project preparation and funding for this exciting project



Fully Prepared Projects

With Compact funding and MCA-K management, a complete set of project preparation studies will be conducted for each site



Full Scope Design-Build Bidding

MCA-K, supported by its design consultants, is developing detailed design-build specifications for both facilities



Fully Funded

The MCC Compact and the Government of Kosovo will provide all funds for the design-build contractor, who will be paid directly by MCA-K based on an agreed schedule



First of a Kind

The Project would be a first of its kind for MCC and the region



Full commitment from the Government of Kosovo

The Government of Kosovo is committed to decarbonizing the electricity sector, as shown by their national energy policy, recent Solar PV Auction, and planned Wind Auction







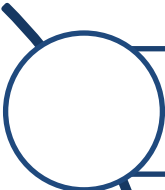
Successful Solar Auction: The ME successfully concluded the bidding process for the first 100 MW solar auction. Bidders from six countries highlighted the transparent process, which included ten rounds of clarifications. The e-Auction featured four bidding sessions with decreasing prices, winning bid at €48.88/MWh.

The Aim: To create a secure energy sector focused on citizens, with the solar auction aligning with these goals. A foundation for a new, competitive, and sustainable energy sector in Kosovo.

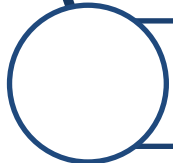
Impact: The new 100 MW solar park will reduce dependence on energy imports and attract over €70 million in investment.

Future Auctions: The completion of the 100 MW solar auction is expected to lead to additional auctions, starting with wind capacity projects.

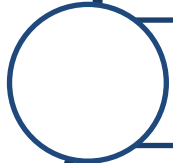




Publication Timeline of Wind Auction: Kosovo will conduct its first wind power tenders in two rounds, each for 75 MW to 100 MW. The ME plans to issue the first call for qualifications in October 2024. The second round is scheduled to begin in 2025.



Competitive Process: The upcoming wind auction will use a competitive, open, and transparent process to draw private capital.



The Aim: The initiatives will help reduce reliance on fossil fuels, provide affordable and reliable electricity, and promote a sustainable and economically viable energy sector.



Future Auctions: The auction will signal Kosovo's commitment to continuing and expanding its green electricity generation pipeline.



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