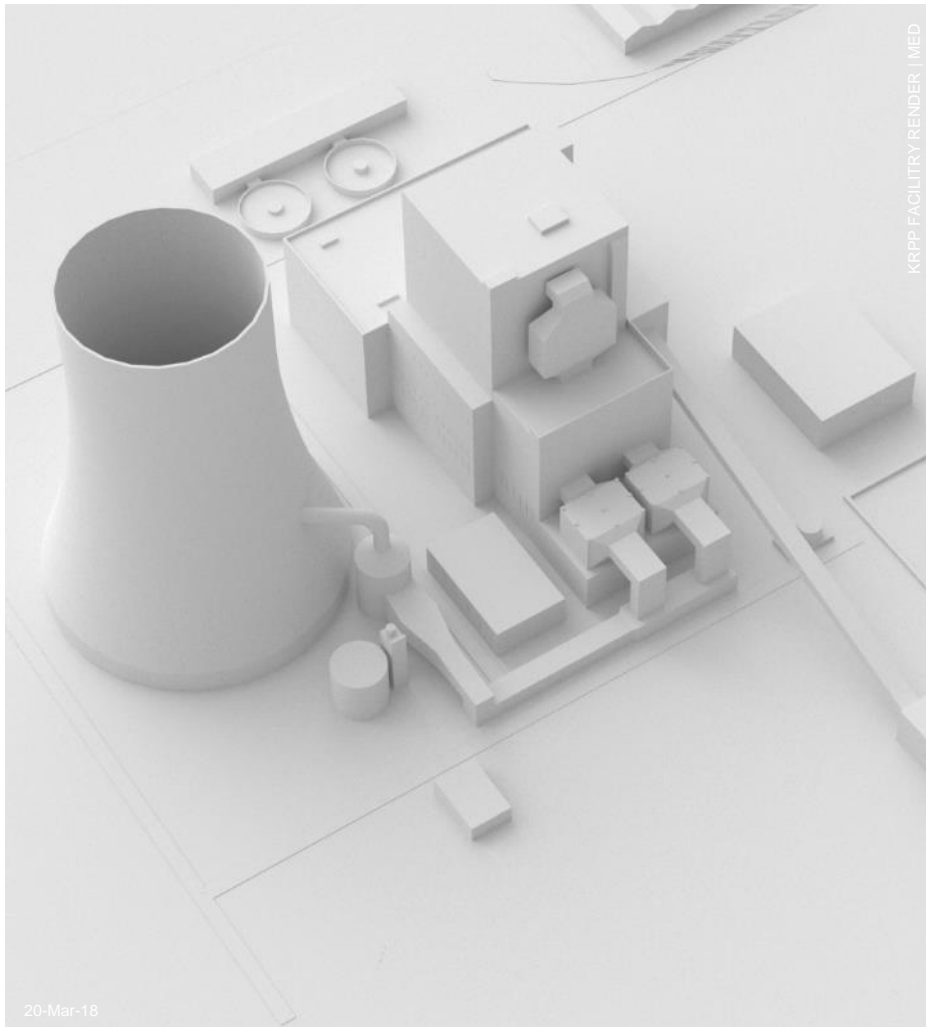




KOSOVO ENERGY SECURITY OF SUPPLY (KESS)

THIRD HIGH LEVEL ENERGY FORUM

MARCH 20, 2018



KOSOVO ENERGY SECURITY OF SUPPLY (KESS)

KESS project will provide technical assistance across the Kosovo energy sector, primarily to the Ministry of Economic Development (MED), for the design and implementation of energy security projects in the country.

This assistance will support the Government of Kosovo (GOK) in energy sector transactions and build the capacity of the GOK to negotiate and implement future energy sector transactions in order to provide for a more reliable, cleaner, and affordable electric energy supply.

Implemented by:

AECOM

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KESS POOL OF EXPERTISE

PROJECT FINANCE ADVISOR

with competencies in economic and financial modeling, project research, due diligence analysis, and negotiating terms for debt and equity financing.

PROJECT FINANCE LEGAL

ADVISOR with competencies in energy-related project finance debt or mergers and acquisition (M&A) transactions. Advisor will work with the GOK in legal review of transaction documents.

ECONOMIST will plan, coordinate and direct the full range of economic analyses required to evaluate and shape recommendations for policies and projects in the energy sector. Economic analyses will take into consideration market conditions, technological trends, risk impacts, cost and benefits of alternative proposals, economic quantification of risks and risk avoidance.

COMMERCIAL EXPERT will work with the GOK and other key energy institutions in the country to draft, review, and assist in negotiation of supply and offtake contracts as needed.

LEGAL/REGULATORY ADVISOR

will examine legal and regulatory issues constraining the development of the energy sector and recommend options to improve their effectiveness.

ENVIRONMENTAL AND SOCIAL

ADVISOR will review transaction related policies, agreements, and actions' adherence with international standards of best practice and applicable legislation.

INSTITUTIONAL DEVELOPMENT/CAPACITY BUILDING ADVISOR

will conduct training needs assessments, develop technical assistance/training programs to address skills gaps, implement institutional development/capacity building programs, and monitor their impact.

COMMUNICATION OUTREACH

MANAGER will manage the development and implementation of a multi-media communications program to promote awareness of the energy development efforts of the GOK, the U.S. Government and other donors.

KESS OUTPUTS


- Review of documents related to energy infrastructure transactions and the provision of advice to GOK on implementation of steps for commercial and/or financial closure of current and future energy generation and associated projects.
- Studies as requested by MED and agreed with USAID. Expected areas of study include but aren't limited to costs benefit analyses of incentives to encourage investment in power generation, assessments of potential market structures and strategies for joining regional power exchanges, developing fuel supply options, and financial analysis for optimizing Kosovo's energy generation mix.
- Improved capacity in MED and GOK for evaluating the environmental and social impacts of energy sector projects.
- Input to the revision of Kosovo's ten-year energy strategy to reflect the needs of Kosovo's economy.
- Public Relations support to address concerns about the environmental and economic impacts of new power project development.
- Increased women's participation in the energy sector policy development.

TECHNICAL ASSISTANCE EXAMPLE 1 – COMMUNICATIONS: COMMERCIAL CLOSE CEREMONY




TECHNICAL ASSISTANCE EXAMPLE 2 – COMMUNICATIONS: IMPROVED AVAILABILITY OF PROJECT INFORMATION

FREQUENTLY ASKED QUESTIONS



REPUBLIKA E KOSOVES
KOSOVA REPUBLICAN AGENCY
GOVERNMENT OF KOSOVO
Ministry of Economic Affairs
Ministry of Economic Development

ENERGY INDEPENDENCE FOR KOSOVO



PRESS RELEASE



The government signs agreements for "Kosova e Re" Power Plant

20 December, 2017

The government of the Republic of Kosovo and the 15 Round-table company Centra e Qendrës have signed Commercial Agreements for the construction of "Kosova e Re" Power Plant. About 1.5 billion Euros will be invested over the next five years to build the 500 MW unit. Centra e Qendrës will be required to build 100% of project value and to ensure that international financial institutions complement the project, the biggest investment ever in Kosovo.

The "Kosova e Re" Power Plant will be a catalyst of economic development by providing sustainable energy for the country, thus bringing an end to the annual loss of 500 million Euros that the domestic economy suffers because of unreliable supply.

The introduction of the additional generation capacities aimed to provide energy independence for Kosovo and reduce dependency from unpredictable energy prices in the regional market. Besides energy security supply, the mission of the new power plant will be to reduce the carbon dioxide of "Kosova e Re".

The "Kosova e Re" Power Plant will be built in compliance with the EU's environmental standards. Directives. With new super-critical technology, the unit will have a net efficiency greater than 42%, with state-of-the-art construction and air quality system. Subsequently, the plant will burn less lignite and produce less emissions. Additional measures to control pollution include decommissioning of TPP Kosovo A and rehabilitation of TPP Kosovo B.

A large number of employees and subcontracted companies will be hired during construction phase. Whereas, hundreds of employment opportunities will arise to manage the new plant once it becomes operational.

The "Kosova e Re" Power Plant will be a strategically critical asset as it will cover nearly half of electricity demand in the country and will be a long-term energy source for Kosovo having the surrounding municipalities. The implementation of this project marks one of the most important steps towards fulfilling the goals of the state of Kosovo for energy independence of the country. Various domestic and international studies have supported higher energy production in Kosovo, including the World Bank. The latter has supported the process of developing "Kosova e Re" Power Plant as the most suitable solution for Kosovo, recognizing that the Renewable Energy Source (RES) do not provide sufficient capacities.

With the plans to construct additional lignite-fired power plants after "Kosova e Re" Power Plant, the role of the coal in Kosovo's energy mix will grow in importance and have generation capacity will have to rise accordingly RES.

Centra e Qendrës also foresees establishment of the Community Development Fund, whose budget is set to 10 million Euros that will be invested over a seven-year period. That will directly support those indirectly impacted by the project to improve the livelihoods and ultimately contribute to sustainable economic development for employees.

In the second phase of the project, following the signing of Commercial Agreements, Centra e Qendrës will launch an international procurement process to select the company to construct the new "Kosova e Re" Power Plant. So far, interested global companies like General Electric, Mitsubishi Hitachi, Siemens and Doosan have expressed interest in the process.

"Kosova e Re" Power Plant is envisaged to be operational by 2022 while the ownership of the unit will be transferred to the Government of Kosovo after 20 years of operation or no cost. The lifetime of the project is estimated to be 60 years, a period required to make a smooth transition to energy generation capacity from RES.

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KEY FACTS



The Government of Kosovo has recognized the need for additional energy generation capacity to meet the long-term electricity supply demands projected in the country. The Government initiated a series of steps to address the problem such as the first step project that includes the development, design, construction, financing, operation and maintenance of a 500 MW coal-fired power plant for Kosovo (KPP) in 2010. In the next 2 years of operation, the need for the Power Plant Agreement, the ownership of the Power Plant will be transferred to the Government.

KRPP Technical Parameters:

Invested Capacity	500 MW (2 x 250 MW)	2006	Cost for Repayment of interest
Net plant efficiency	> 42%	2014	Request for proposal
Availability Factor	90%	2015	Technical specification
Construction study	Final electrical inventory, 3-D BIM, etc.	2017	Commercial Offer
Design and cost of the power station of 500 MW		2016	Procurement of EPC/Multisector
Investment preparation	Legal, land, etc.	2019	Final offer from the bidders
Contract signed	Contract signed on 10th Oct 2019	2019	Construction Start Date
Location	near TPP Kosovo B	2020	Commercial Operation Date
Grid connection	KV115 Kosovo B	2020	Final plant construction
Main fuel	lignite (Kosovo A) mine	2021	Project Agreements:
Water supply	from adjacent streams		the Memorandum of Agreement
			the Transfer Agreement
			the Supply Agreement
			the Power Purchase Agreement
			the Lignite Supply Agreement
			Water supply Agreement A
			Water supply Agreement B
			Grid Connection Agreement
			Asset and Capital Expense Agreement

KRPP Emission Limit Values:

Emission	2017		2018		2019	
	Yearly	Daily	Yearly	Daily	Yearly	Daily
CO ₂	20-25	25-30	10-15	10-15	10-15	10-15
NO _x	10-15	10-15	10-15	10-15	10-15	10-15

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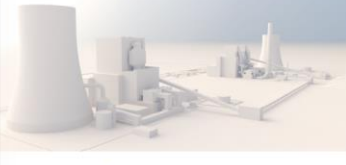


BROCHURE




REPUBLIKA E KOSOVES
KOSOVA REPUBLICAN AGENCY
GOVERNMENT OF KOSOVO
Ministry of Economic Affairs
Ministry of Economic Development

Energy Independence for Kosovo



Kosova e Re
Energy Independence for Kosovo



CAPACITY BUILDING ACTIVITY EXAMPLE: IMPLEMENTATION OF COMMERCIAL AGREEMENTS

Provide the Government of the Republic of Kosovo (GOK) and concerned ministries, divisions, departments, agencies and state-owned enterprises a thorough and complete understanding of their duties, obligations, rights and potential risks under the transaction documents relating to the Kosova e Re Power Plant Project (the Project).

The Capacity Building program also seeks to provide the GOK Entities with guidance on prudent practices in fulfilling their obligations and duties, as well as potentially exercising rights and mitigating inherent risks with respect to the Project Agreements.

The Capacity Building program provides guidance to the relevant GOK Entities regarding their **duties** and **obligations**, **default and termination provisions**, appropriate **application of the formulae** by mock scenario exercises, summary / **checklist** of key rights, obligations, responsibilities and potential risks for relevant GOK Entities.

The expected outcome is that GOK and the GOK Entities will be able to effectively administer their respective duties and obligations relating to the Kosova e Re Power Plant Project.

KESS TECHNICAL ASSISTANCE SUPPORT TO GOVERNMENT OF KOSOVO / PROJECT IMPLEMENTATION UNIT KOSOVA E RE POWER PLANT PROJECT

KRPP Project
Milestones:



KESS Technical
Assistance:

- ✓ PROJECT FINANCE
- ✓ PROJECT FINANCE LEGAL
- ✓ ENVIRONMENTAL & SOCIAL
- ✓ COMMUNICATION
- ✓ LEGAL & REGULATORY
- ✓ INSTITUTIONAL DEVELOPMENT



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