A.2.1. RenovAID Report

Comparative Overview of Energy Performance Certificate (EPC) frameworks in Kosovo, Albania & the EU. Policy Recommendations

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This project is part of the European Climate Initiative (EUKI) of the German Federal Ministry for Economic Affairs and Climate Action (BMWK).

The project “RenovAID - Multi-level Structural Support for Improving Energy Efficiency in Buildings in Kosovo and Albania” aims to enhance the energy efficiency of buildings in these regions. Energy efficiency is crucial for reducing greenhouse gas emissions, lowering energy costs, and ensuring sustainable development. This report consolidates findings from comprehensive studies conducted in Kosovo and Albania, providing insights into current barriers and proposing actionable recommendations for policy frameworks and practical implementations to improve energy efficiency in buildings.

The report presents an overview of the current status, challenges, and recommendations for improving energy efficiency in buildings in Kosovo and Albania. Key findings reveal significant barriers such as financial constraints, lack of public awareness, and inadequate policy frameworks. The report emphasizes the need for substantial financial support, enhanced public awareness campaigns, and stricter regulatory enforcement to achieve energy efficiency goals. Collaborative efforts between government bodies, private sectors, and international organizations are essential to drive the energy efficiency agenda forward in line with European standards.

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RenovAID

Multi-level structural support for improving energy efficiency in buildings in Kosovo and Albania

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Abbreviations

EUKI – European Climate Initiative

BMWK - German Federal Ministry for Economic Affairs and Climate Action

EPC - Energy Performance Certificate

EED – Energy Efficiency Directive

EPBD - Energy Performance of Buildings Directive

NZEB - Nearly Zero Energy Buildings

NDC - Nationally Determined Contributions

NEEAP – National Energy Efficiency Action Plan

NREAP - National Renewable Energy Action Plan

NECP - National Energy and Climate Plan

Executive Summary

The project “RenovAID - Multi-level Structural Support for Improving Energy Efficiency in Buildings in Kosovo and Albania” aims to enhance the energy efficiency of buildings in these regions. Energy efficiency is crucial for reducing greenhouse gas emissions, lowering energy costs, and ensuring sustainable development. This report provides an overview of the European Union’s Energy Performance Certificate framework, alongside an analysis of existing EPC approaches in Kosovo and Albania. It highlights the current status of EPC frameworks in both countries, outlining the challenges they face in aligning with EU standards for energy efficiency in buildings.

Key findings reveal significant policy gaps. Both countries struggle with weak enforcement mechanisms, insufficient public awareness, under-resourced municipal capacities, a lack of robust financial incentives, the absence of centralized digital platforms, and limited training opportunities for energy auditors and certifiers. These shared issues highlight an opportunity for regional cooperation and knowledge exchange, particularly in capacity building, digitalization, and public awareness campaigns. By pooling resources and expertise, both nations can address these gaps more efficiently and align with EU standards.

In addition to the shared areas, there are unique challenges for each country that require tailored solutions. For Kosovo, the absence of mandatory standards for Nearly Zero Energy Buildings (NZEBs) is a critical gap, as such standards are foundational to meeting EU energy performance targets. Kosovo also emphasizes promoting private sector involvement, such as through public-private partnerships (PPPs), to fund large-scale retrofitting projects—a strategy less explicitly prioritized in Albania. On the other hand, Albania has a stronger legal framework for renewable energy integration but lacks effective incentives to encourage practical adoption, which Kosovo identifies as a growing area for alignment within its EPC framework.

By addressing both the shared and unique challenges, Kosovo and Albania can create more comprehensive and effective energy efficiency policies. Collaborative efforts can target common weaknesses, while tailored strategies can ensure that country-specific priorities, such as NZEB standards for Kosovo and renewable energy incentives for Albania, are adequately addressed. Together, these efforts will strengthen each country’s EPC framework, accelerate alignment with EU directives, and contribute to regional energy efficiency and sustainability goals.

1. Introduction

1.1. RATIONALE

Report goal

The purpose of this report is to provide a detailed comparative analysis of Energy Performance Certificate (EPC) frameworks in Kosovo, Albania and the European Union with the aim of identifying policy gaps and offering targeted recommendations for improving energy efficiency in these regions. This report seeks to assist policymakers, stakeholders, and practitioners involved in the energy and construction sectors by offering insights that will contribute to the development of stronger regulatory frameworks and practical approaches to EPC implementation.

By aligning Kosovo and Albania's EPC systems with EU standards, the report aims to facilitate progress toward meeting energy efficiency goals, addressing energy poverty, improving the sustainability of buildings, and enhancing overall security of energy supply. These improvements are vital for advancing long-term renovation strategies that not only improve energy performance but also contribute to broader climate goals, economic savings and a more resilient infrastructure in both Kosovo and Albania.

In providing this comparative overview, the report will play a key role in guiding policy development and program implementation, supporting both national governments and the private sector in fostering a more sustainable and energy-efficient future. The insights presented in this report will be essential for driving coordinated efforts between regional and international stakeholders, ensuring that these countries can achieve their energy efficiency and climate objectives in line with EU standards.

1.2. THE ROLE OF ENERGY PERFORMANCE CERTIFICATE IN CLIMATE POLICIES

European Union

The Energy Performance Certificate (EPC) plays a crucial role in the European Union's climate policies, particularly in addressing the energy consumption of buildings, which are the largest energy consumers in Europe. With around 85% of EU buildings built before 2000, and 75% of those having poor energy performance,

improving energy efficiency in the building sector is key to achieving the EU's energy and climate goals.

According to Eurostat and the European Environment Agency, around 40% of the EU's total energy consumption and over one-third of its energy-related greenhouse gas emissions come from buildings. Notably, approximately 80% of the energy used in EU homes is dedicated to heating, cooling and hot water.

EPCs provide consumers with essential information about the energy efficiency of buildings they intend to purchase or rent. These certificates include an energy performance rating and recommendations for cost-effective improvements. EPCs must be included in all property advertisements in commercial media and made available to potential tenants or buyers during property construction, sale or rental. After a deal is finalized, the certificate must be handed over to the new owner or tenant.

Furthermore, EPCs also disclose cost-effective methods to improve a building's energy performance and, where applicable, provide information on financial instruments available to support energy efficiency upgrades. By promoting transparency and informed decision-making, EPCs support the EU's broader policy goals, as outlined in the European Green Deal, Renovation Wave Strategy and the Energy Performance of Buildings Directive, all of which aim to achieve a zero-emission, fully decarbonized building stock by 2050.

Albania

The Energy Performance Certificate (EPC) plays a crucial role in Albania's climate policies by promoting energy efficiency in buildings, which is essential for reducing greenhouse gas (GHG) emissions. The EPC aligns with Albania's commitments under the Paris Agreement and its Nationally Determined Contributions (NDCs), which aim to reduce greenhouse gas (GHG) emissions by 11,5% by 2030 compared to 2016 levels, helping the country meet its climate targets by lowering energy consumption and improving building performance. A report from the Energy Community Secretariat (2019) highlights the building sector as a priority for emissions reductions in Albania, emphasizing the need for EPCs to drive down emissions and reduce the reliance on fossil fuels for heating and cooling.

As Albania continues to harmonize its policies with the European Union's Energy Efficiency Directive (EED), EPCs serve as a vital tool for tracking and enhancing energy efficiency in both new and existing buildings.

Albania's National Energy Efficiency Action Plan (NEEAP) sets a target of reducing 9% of final energy consumption by 2020 compared to a business-as-usual scenario. EPCs are one of the tools used to achieve these targets, particularly in the building sector, which accounts for a large portion of energy consumption. Notably, under energy emergency measures in 2022, Albanian consumers managed to save approximately 4% of electricity compared to the previous year.

Under its 2030 National Energy and Climate Plan (NECP), Albania has committed to further improving energy efficiency in line with the EU's climate and energy directives, with the building sector being a key focus for achieving these goals.
In line with Albania's goal of transitioning to a low-carbon economy, EPCs support the development of nearly zero-energy buildings (NZEBs) and the adoption of renewable energy in the construction sector. The EPC framework encourages property owners to implement energy-saving measures, reducing energy demand and associated emissions. In Albania, the building sector is responsible for a significant portion of energy use, particularly for heating, cooling and electricity. According to various estimates, buildings account for around 40% of total energy consumption in Albania, in line with global trends.

EPCs are designed to reduce this consumption by identifying energy-saving measures and certifying building performance. Energy audits and EPCs provide property owners with recommendations to reduce energy demand, directly impacting energy consumption.

Public buildings, in particular, are leading by example, helping to mainstream energy efficiency as part of broader climate actions. This also enables Albania to access international climate finance for energy efficiency projects.

By providing data on energy consumption, EPCs aid in the monitoring and reporting of progress toward national climate goals. They are instrumental in aligning Albania's climate efforts with regional policies, such as the European Green Deal, and enhancing the country's resilience to climate change impacts. Through EPC-driven improvements, Albania is not only reducing its carbon footprint but also addressing energy security and energy poverty, contributing to a sustainable, climate-resilient future.

By providing data on energy consumption, EPCs aid in the monitoring and reporting of progress toward national climate goals. They are instrumental in aligning Albania's climate efforts with regional policies, such as the European Green Deal, and enhancing the country's resilience to climate change impacts. Through EPC-driven improvements, Albania is not only reducing its carbon footprint but also addressing energy security and energy poverty, contributing to a sustainable, climate-resilient future.

Kosovo

Kosovo's climate policies regarding The Energy Performance Certificate (EPC) serve as an essential tool, directly contributing to energy efficiency improvements and the reduction of greenhouse gas emissions. As part of Kosovo's legal framework, the Law on Energy Efficiency (Law No. 06/L-079) establishes clear guidelines to improve energy standards across the nation. EPCs are central to these efforts, providing an assessment system for measuring the energy consumption of buildings and promoting transparency for occupants and property transactions.

private, and commercial buildings by 2031. Furthermore, the strategy emphasizes certifying 150 Near Zero Energy Buildings (NZEB), underscoring the role of EPCs in meeting these objectives.

EPCs also intersect with the Law on Renewable Energy Sources (Law 08/L258), which promotes the adoption of renewable energy technologies. This synergy facilitates energy savings and the integration of sustainable energy in buildings, driving Kosovo's transition to cleaner energy systems. Programs like the USAID Energy Sustainability Activity bolster these efforts by improving energy security, fostering investments in energy-efficient infrastructure, and strengthening institutional capabilities to support market growth.

However, several challenges hinder the widespread adoption of EPCs. Limited public awareness and expertise in energy auditing processes reduce their effectiveness. Additionally, Kosovo faces infrastructure and funding constraints that complicate the enforcement and implementation of energy efficiency measures. Addressing these barriers is key to realizing the full potential of EPCs in driving climate policies.

The role of EPCs in Kosovo extends beyond regulation, as they support market development and public awareness of energy consumption. By providing standardized metrics for energy performance, EPCs contribute to the transparency needed for informed decision-making in property markets. These certifications not only align with international climate obligations but also support local efforts to reduce energy consumption and greenhouse gas emissions.

Kosovo benefits from international collaboration in its energy efficiency initiatives. Organizations such as the European Union and USAID provide critical technical and financial support, ensuring that the country's frameworks are equipped to implement and monitor energy efficiency programs, including EPCs. These partnerships enable Kosovo to improve its energy standards while addressing barriers to growth and compliance.

EPCs represent a cornerstone of Kosovo's climate strategy, supporting energy efficiency goals, market transparency, and international commitments. Their effective implementation will be pivotal for achieving the country's long-term sustainability targets.

1.3. METHODOLOGY

Justification of the methodology

For this report, the methodology employed involves a thorough analysis of strategic, programmatic and legislation documents from public authorities, including the European Commission. This approach ensures a comprehensive understanding of the policy frameworks and legislative context influencing Energy Performance Certificate (EPC) frameworks across Kosovo, Albania, and the European Union.

Analyzing strategic documents and legislative texts is crucial for identifying the underlying principles, objectives, and requirements that guide EPC frameworks. This method allows for a detailed examination of the policies and regulations that shape energy performance standards and practices. By focusing on documents from public authorities and the European Commission, the report aligns with established norms and directives, ensuring that the findings are relevant and aligned with broader EU goals and standards.

Description of the methodology

The analysis involved a systematic review of key strategic documents, including the Renovation Wave Strategy and the Energy Performance of Buildings Directive. Additionally, national policies and legislation from Kosovo and Albania were examined to understand their alignment with EU standards. This involved evaluating the content, objectives, and implementation mechanisms of these documents to assess how they address energy performance and identify potential policy gaps. The methodology also included a comparative analysis to highlight differences and similarities between the frameworks of the target countries and the EU, providing a basis for actionable recommendations.

2. Policy overview

2.1. EUROPEAN UNION

Overview of the EU's Energy Performance Certificate framework

The Energy Performance Certificate (EPC) was first introduced under the Energy Performance of Buildings Directive (2002/91/EC) and revised in 2024 (EU/2024/1275) as part of the EU's broader climate goals, including the European Green Deal. EPCs ensure buildings meet minimum energy performance standards and are regularly updated as part of national regulations. They also provide essential data for tracking energy use and emissions, supporting progress toward the EU's 2030 and 2050 climate targets.

In October 2020, the European Commission introduced the Renovation Wave strategy under the European Green Deal. This initiative aims to double the annual energy renovation rate of buildings by 2030, reduce emissions, and create green jobs, while improving living standards. The strategy highlights the role of EPCs in providing transparency on the energy efficiency of buildings and proposes updates to the EPC framework, including new metering technologies and a uniform EU machine-readable data format.

Additionally, the Energy Efficiency Directive (EU/2023/1791), revised in September 2023, complements the EPC framework by expanding renovation requirements for public buildings and setting targets for reducing public sector energy consumption. Together, these regulations drive energy savings, CO2 reductions, and promote sustainable building practices across the EU.

Energy Performance of Buildings Directive (EU/2024/1275)

The most crucial legislative act is the Energy Performance of Buildings Directive (EU/2024/1275), recently revised, which includes an updated framework for Energy Performance Certificates across the EU's Member States. The directive mandates that Member States implement a standardized system for Energy Performance Certificates (EPCs), which assess and classify buildings based on their energy efficiency, using a scale from A (zero-emission) to G (least efficient). EPCs must display key indicators such as primary energy use, greenhouse gas emissions, and renovation recommendations, ensuring transparency for property owners and tenants. They must be issued by qualified experts, stored in national databases and updated regularly to maintain accuracy and reliability (L_202401275EN.000101.fmx.xml (europa.eu)).

2.2. KOSOVO

Kosovo's Energy Performance Certificate (EPC) framework is part of its broader effort to improve energy efficiency and meet climate policy objectives. These frameworks are designed to align with international standards, such as the Energy Performance of Buildings Directive (EPBD), while reflecting national policies and priorities. The EPC system supports sustainable development by integrating legal requirements, compliance mechanisms, and energy efficiency programs. This overview examines five key points of the EPC framework in Kosovo: the Law on EPC, EPBD Compliance, the National Energy and Climate Plan (NECP), the Law on Renewable Energy, and Governmental and Municipal Programs.

1. Law on Energy Efficiency (Law No. 06/L-079)

Kosovo's Law on Energy Efficiency (Law No. 06/L-079) serves as the legislative backbone for implementing EPCs. It mandates the certification of energy performance for buildings, laying out detailed requirements for audits, certification processes, and compliance monitoring. This law enforces the mandatory issuance of EPCs for public and private buildings, especially during construction, sale, or rental. Furthermore, it introduces penalties for non-compliance to ensure enforcement. By aligning with European standards, this legislation seeks to improve the energy efficiency of Kosovo's building stock, contributing to overall emission reductions. Certification processes outlined in the law are designed to assess and improve energy use, promoting awareness among property owners and buyers while supporting climate goals. The law also incentivizes energy-efficient renovations through financial mechanisms, creating a practical pathway for achieving energy savings.

2. Energy Performance of Buildings Directive (EPBD) Compliance

Kosovo's efforts to comply with the Energy Performance of Buildings Directive (EPBD) reflect its ambition to integrate with EU standards. While not an EU member, Kosovo has adopted measures that closely mirror the EPBD, aiming to enhance building energy efficiency and reduce energy demand. The EPBD compliance involves setting minimum energy performance standards for new and existing buildings, improving certification schemes, and promoting nearly zero-energy buildings (NZEB). The certification framework requires periodic inspections of heating and cooling systems and the inclusion of EPCs in real estate transactions. Kosovo also incorporates the EPBD's focus on raising public awareness about energy efficiency through transparent labeling and market-based incentives. These efforts help position Kosovo as a committed partner in regional energy and climate cooperation, despite its non-EU status.

3. National Energy and Climate Plan (NECP)

Kosovo's National Energy and Climate Plan (NECP) underscores the importance of EPCs in achieving the country's energy efficiency and

climate objectives. The NECP sets ambitious targets, such as reducing overall energy consumption and increasing the share of renewable energy in the national mix. EPCs are vital tools within the plan to measure, monitor, and report energy performance, especially in the residential and public building sectors. By 2031, the NECP aims to achieve cumulative energy savings of 266.4 ktoe in buildings and certify at least 150 Near Zero Energy Buildings (NZEB). These goals directly tie into the EPC framework by setting clear benchmarks for building energy standards. The NECP also emphasizes the role of EPCs in data collection and analysis, which informs policy decisions and enhances accountability.

4. Law on Renewable Energy (Law No. 08/L258)

Kosovo's Law on Renewable Energy (Law No. 08/L258) complements the EPC framework by promoting renewable energy integration in buildings. This law encourages the use of solar panels, biomass, and other renewable energy sources to improve building efficiency. EPCs play a critical role in assessing the compatibility of buildings with renewable energy installations and ensuring compliance with renewable energy targets. The law mandates energy audits for buildings to evaluate their potential for renewable energy use, reinforcing the connection between EPCs and sustainability objectives. Additionally, this law incentivizes property owners to invest in renewable energy systems through subsidies, grants, and tax reductions. By linking renewable energy adoption with energy performance certifications, Kosovo creates a cohesive framework that addresses both energy efficiency and sustainability.

5. Governmental and Municipal Programs

Governmental and municipal programs are instrumental in implementing Kosovo's EPC framework. These programs provide technical and financial support for energy efficiency initiatives, ensuring that EPCs are accessible to a wide range of stakeholders. Nationally, programs such as the USAID Energy Sustainability Activity focus on capacity building, market development, and regional energy integration. Locally, municipal energy offices often lead public awareness campaigns to educate property owners about the benefits of EPCs and energy-efficient upgrades. These programs also assist in training energy auditors and certifiers, improving the quality and availability of EPC services. Furthermore, municipalities play a direct role in enforcing building regulations, conducting inspections, and issuing certifications. Their efforts align with broader national strategies, ensuring that energy efficiency measures are uniformly applied across regions.

Kosovo's EPC framework is multifaceted, combining legislative measures, international standards, and local initiatives to promote energy efficiency and climate action. The Law on EPC establishes the legal foundation for certification, while compliance with the EPBD ensures alignment with European practices. The NECP integrates EPCs into national energy planning, linking them with ambitious climate goals. The Law on Renewable Energy

emphasizes the synergy between energy performance and renewable energy adoption, and governmental and municipal programs ensure practical implementation through support, training, and enforcement. Together, these components create a comprehensive system that supports Kosovo's transition to a sustainable energy future. By addressing gaps in awareness, infrastructure, and funding, Kosovo can further enhance the effectiveness of its EPC framework and contribute meaningfully to global climate efforts.

2.3. ALBANIA

Albania has been aligning its Energy Performance Certificate (EPC) framework with European Union (EU) energy efficiency standards and climate policies as part of its broader strategy to enhance energy efficiency, reduce greenhouse gas emissions, and meet its EU accession goals. Several laws, strategies, and action plans form the backbone of the EPC system in Albania. Below is an overview of the key policies related to EPCs:

1. Law on Energy Efficiency (Law No. 124/2015, amended in 2020)

This is the main legal instrument governing energy efficiency in Albania. The law aligns with the EU Energy Efficiency Directive (2012/27/EU) and provides the legal basis for implementing energy efficiency measures across various sectors, including buildings.

The law mandates the issuance of Energy Performance Certificates (EPCs) for new buildings, major renovations, and buildings being sold or rented.

It establishes the framework for energy audits and the certification of energy auditors, who are responsible for assessing and issuing EPCs.

2. National Energy Efficiency Action Plans (NEEAP)

The NEEAP outlines Albania's energy efficiency objectives and targets, specifically aiming for a 9% reduction in energy consumption by 2020 compared to a business-as-usual scenario.

EPCs are a key tool under the NEEAP to achieve energy savings in the building sector. The plan promotes energy certification of buildings and sets energy performance standards for new constructions and existing buildings undergoing renovations.

The NEEAP integrates Albania's obligations under the Energy Community Treaty, of which Albania is a member.

3. Energy Performance of Buildings Directive (EPBD) Compliance

Albania is progressively aligning with the Energy Performance of Buildings Directive (2010/31/EU), which requires member states (and aspiring members like Albania) to adopt measures to improve the energy efficiency of buildings.

The directive mandates the introduction of EPCs for buildings, sets minimum energy performance standards, and encourages the transition toward nearly zero-energy buildings (NZEBs).

It requires public buildings, especially those frequently visited by the public, to prominently display EPCs to promote energy efficiency awareness.
The Law on Energy Performance of Buildings No. 116/2016 was prepared as a stand-alone law transposing the EU Energy Performance in Buildings Directive (EPBD). The legislation has been in force since January 2021. The legislation includes the requirements under the recast Directive in this respect:

- New buildings occupied and owned by public authorities must meet the Nearly Zero Energy Buildings (NZEB) definition after 31 December 2018. United States
- For buildings whose total useful floor area exceeds 250 m2 and which are occupied and owned by a public authority and are frequently visited by the public, an energy performance certificate must be displayed in a prominent place visible to the public.

The Law also lays out the basis for the development of Minimum Performance Requirements of Buildings (approved by the Albanian Council of Ministers Decision Nr. 537 dated 8/7/2020) which are designated for different categories of buildings, such as renovation, new building, technical systems to be installed for heating and cooling, etc. The main sectors of applications are as follows:

- all new buildings and new building units during all phases of construction, including design;
- existing buildings and units of existing buildings when undergoing significant renovation or when adding/expanding, including design;
- individual building elements, which are part of the building envelope and which have a significant impact on the energy performance of the building when they are replaced or added to the building;
- air infiltrations in the building;
- technical systems of new buildings and existing buildings (in case a new system is installed or replaced) regarding their energy performance, including proper installation, installation of their control systems, and automation to increase efficiency.

The legal framework defines different requirements for the different nature of buildings to fulfill to comply with the minimum energy performance requirements. The conditions are monitored and measured and should result in specific values.

The legal framework also determines the minimum energy performance requirements of the equipment and the technical systems of the building. All technical systems for new residential and non-residential buildings, as well as their individual dwelling and commercial units ("units"), need to be audited and approved based on the design engineering drawings to issue the Temporary Certificate of Energy Performance in Building, by the minimum indicative energy efficiency standards.

4. National Renewable Energy Action Plan (NREAP)

The NREAP, developed in line with Albania's obligations under the EU Renewable Energy Directive (2009/28/EC), focuses on increasing the share of renewable energy sources (RES) in Albania's energy mix.

EPCs are linked to this policy by identifying opportunities to integrate renewable energy systems into buildings, such as solar panels, to improve energy performance and reduce reliance on conventional energy sources.

5. National Energy and Climate Plan (NECP)

The NECP is Albania's long-term strategic document that aligns with the EU's 2030 climate and energy framework. It outlines how Albania plans to meet energy efficiency, renewable energy, and emissions reduction targets.

The EPC framework supports the implementation of the NECP by ensuring that energy performance improvements in the building sector contribute to the country's overall climate and energy objectives.

It focuses on reducing energy demand in the building sector, which accounts for a significant portion of energy use and carbon emissions in Albania.

6. Law on the Promotion of Renewable Energy Sources (2017) as amended in 2023 supporting Albania's transition to a greener energy system.

This law encourages the integration of renewable energy into buildings, which is often recommended in EPCs to improve a building's energy performance. The law is closely related to the EPC framework because renewable energy systems, such as solar water heating or photovoltaic panels, are key components of the energy efficiency improvements that EPCs promote.

The amendment strengthens financial support mechanisms for renewable energy projects, especially for smaller and community-based initiatives. This includes new incentives for solar, wind, hydro, and biomass projects, making it easier for developers to access funding and support.

The introduction of a "prosumer" model, which allows individuals, businesses, and communities to generate renewable energy for their use and sell excess energy back to the grid. This model encourages households and small businesses to install solar panels and other renewable systems.

7. Governmental and Municipal Programs

Several national and local programs offer financial incentives for improving energy efficiency in buildings, which often include support for energy audits and renovations that lead to the issuance of EPCs.

Municipalities are increasingly incorporating EPCs into local urban planning and development guidelines to promote energy efficiency, particularly in new construction and public buildings.
Albania is working to establish mechanisms like the Energy Efficiency Fund, which will finance energy efficiency measures in buildings. EPCs help identify eligible projects by certifying the energy savings potential of buildings, making them eligible for financial support.

3. Assessment of policies

3.1. POLICY GAPS IN THE TARGET COUNTRIES WITH REGARD TO EU'S EPC FRAMEWORKS

Kosovo

Despite significant progress, Kosovo faces several policy gaps in its EPC framework compared to the EU's Energy Performance of Buildings Directive (EPBD). Enforcement mechanisms for EPC compliance remain a critical weakness. While penalties are outlined in the law, Kosovo lacks robust systems for inspections and consistent monitoring of building energy performance. By contrast, EU countries employ stricter enforcement measures, supported by digitalized systems that integrate EPC compliance with the real estate market.

Public awareness of EPC benefits is another challenge. Kosovo's efforts to educate property owners and promote energy-efficient upgrades have been limited in scope and reach. EU frameworks emphasize widespread consumer education and market-based incentives, which are underdeveloped in Kosovo. Similarly, municipal energy offices in Kosovo often lack the resources, staff, and training to effectively enforce and promote EPC standards.

Kosovo also lags in adopting centralized digital platforms to track building energy performance, EPC issuance, and compliance. Such tools, widely used in EU countries, enhance transparency, data collection, and policy monitoring. Another gap lies in the integration of renewable energy with EPC-driven building upgrades. While the Law on Renewable Energy aligns with EU goals, practical implementation is inconsistent, and financial incentives for renewable energy adoption remain limited.

Financial mechanisms supporting energy-efficient renovations are underdeveloped in Kosovo. In contrast to EU countries, which offer comprehensive subsidies, tax credits, and low-interest loans, Kosovo provides fewer options for property owners to offset the costs of upgrades. Additionally, while the NECP includes targets for NZEB certification, Kosovo has not yet developed mandatory standards or requirements for NZEB compliance, which is a cornerstone of the EPBD.

Finally, Kosovo faces a shortage of trained professionals to carry out energy audits and certifications. EU countries heavily invest in capacity-building programs to ensure a qualified workforce capable of implementing and enforcing EPC standards. In Kosovo, limited training opportunities hinder the consistency and quality of EPC issuance and monitoring.

Albania

Albania has made progress in establishing a legal framework for Energy Performance Certificates (EPCs) through laws such as the Law on Energy Efficiency and the Law on Energy Performance of Buildings. However, several policy gaps persist in aligning its framework with the EU's Energy Performance of Buildings Directive (EPBD). Enforcement and compliance monitoring remain significant challenges. Although Albania has introduced penalties for non-compliance, the enforcement mechanisms are not consistently applied. Inspection systems to monitor building energy performance and adherence to EPC requirements are underdeveloped, particularly when compared to the rigorous measures in EU countries.

Public awareness and education about EPCs and their benefits are limited. Efforts to inform property owners and promote energy-efficient renovations have not reached the majority of the population. This lack of consumer engagement hinders the widespread adoption of EPCs and the integration of energy-efficient practices in the housing market. A further gap lies in the absence of digital infrastructure to manage EPC data. Albania has yet to establish a centralized platform for tracking EPC issuance, monitoring compliance, and integrating energy performance information with the real estate market, which is a standard feature in most EU countries.

The integration of renewable energy technologies into the EPC framework is also insufficient. While Albania has policies promoting renewable energy, practical incentives for incorporating these systems into buildings are lacking. Financial mechanisms to support energy-efficient renovations are similarly underdeveloped. Unlike EU countries, which offer comprehensive subsidies, tax incentives, and low-interest loans, Albania's financial support for property owners undertaking energy-efficient upgrades remains limited.

Additionally, Albania faces a shortage of trained professionals to implement and enforce EPC standards. The country lacks the capacity-building programs necessary to develop a qualified workforce of energy auditors and certifiers, leading to inconsistencies in the quality of EPC issuance and compliance monitoring. These gaps collectively hinder Albania's ability to meet EU energy efficiency standards and effectively promote sustainable building practices.

4. Recommendations

4.1. KEY POLICY AREAS IN NEED OF IMPROVEMENT

Kosovo

To strengthen Kosovo's Energy Performance Certificate (EPC) framework and align it more closely with EU standards, the following key policy areas require immediate attention:

1. Policy #1 Establish a Decentralized Energy Efficiency Task Force

Kosovo should create a decentralized energy efficiency task force at the municipal level to bridge the gap between national policies and local implementation. This initiative would involve:

- Municipal Energy Offices: Empower existing municipal energy offices to act as hubs for EPC-related activities, including certification, audits, and public awareness campaigns.
- Capacity Building: Provide specialized training for local officials, energy auditors, and certifiers to ensure uniform implementation of EPCs across regions.
- Community Engagement: Introduce participatory approaches to involve local communities and property owners in energy efficiency planning. This could include workshops, financial guidance, and access to resources for energy-efficient upgrades.
- Data Sharing and Monitoring: Establish a centralized digital platform to track municipal progress on EPC adoption, energy savings, and compliance with national goals outlined in the NECP and the Law on Energy Efficiency.

By decentralizing the responsibilities for energy efficiency, municipalities can tailor solutions to their unique challenges, ensuring better compliance, monitoring, and public engagement at the local level.

2. Policy#2 Introduce Targeted Financial Mechanisms for Building Upgrades

To accelerate energy efficiency improvements, Kosovo should implement targeted financial mechanisms to incentivize building upgrades, focusing on integrating EPC compliance with financial support. Key elements include:

- Subsidies and Tax Incentives: Offer subsidies or tax reductions to property owners who achieve higher EPC ratings or undertake significant energy efficiency renovations, particularly in line with the goals of certifying 150 NZEBs by 2031.
- Green Building Loans: Collaborate with financial institutions to provide

low-interest or zero-interest loans for energy-efficient upgrades, prioritizing households and businesses that invest in renewable energy systems alongside EPC improvements.

- Performance-Based Incentives: Develop schemes where building owners receive financial rewards based on measurable energy savings achieved post-upgrade.
- Public-Private Partnerships (PPPs): Encourage partnerships with private sector companies to fund large-scale retrofitting projects, leveraging private capital to complement public funds.

Such financial mechanisms will reduce the cost burden on property owners, encourage compliance with energy performance standards, and stimulate the adoption of renewable energy technologies in alignment with the Law on Renewable Energy.

3. Strengthening Enforcement Mechanisms

Kosovo needs a more robust system to enforce EPC compliance, including routine inspections, real-time monitoring, and stringent penalties for non-compliance. Adopting digital platforms to track EPC issuance and integrating these platforms with real estate and municipal systems will enhance transparency and accountability.

4. Enhancing Public Awareness and Engagement

Public awareness campaigns focused on the benefits of EPCs and energy-efficient upgrades are essential to drive compliance and encourage property owners to invest in energy efficiency. These campaigns should leverage multiple channels, including local governments, media, and community events, to ensure broad outreach.

5. Improving Municipal Capacities

Municipal energy offices should be better equipped with funding, personnel, and technical expertise to handle EPC-related tasks such as certifications, audits, and inspections. Decentralizing responsibilities and empowering local governments can bridge the gap between national policies and community-level implementation.

6. Expanding Financial Mechanisms

To incentivize building upgrades, Kosovo should introduce:

- Subsidies and tax incentives for achieving higher EPC ratings or implementing renewable energy systems.
- Low-interest loans for energy-efficient renovations and retrofitting projects.
- Performance-based incentives tied to measurable energy savings.

These mechanisms will reduce the financial burden on property owners, making energy efficiency upgrades more accessible.

7. Accelerating Digitalization

Developing a centralized digital platform for EPCs will enable efficient tracking, reporting, and analysis of building energy performance. This platform should include features for issuing EPCs, monitoring compliance, and facilitating public access to energy performance data.

8. Establishing Standards for Nearly Zero Energy Buildings (NZEBs)

Kosovo must accelerate the development of NZEB standards, making them mandatory for new buildings and significant renovations. Clear guidelines for compliance with NZEB criteria will support Kosovo's transition toward sustainable energy use.

9. Integrating Renewable Energy with EPC Frameworks

The EPC framework should better integrate renewable energy adoption by:

- Mandating energy audits to assess buildings' renewable energy potential.
- Offering tailored incentives for solar, biomass, and other renewable energy installations.
- Setting renewable energy targets for buildings alongside EPC ratings.

10. Expanding Training and Capacity-Building Programs

Kosovo needs to increase training opportunities for energy auditors, certifiers, and municipal officials to ensure consistent implementation of EPC standards. Partnerships with international organizations like the EU can provide technical assistance and resources to support these programs.

11. Promoting Private Sector Involvement

Encouraging private sector participation through public-private partnerships (PPPs) will attract investment in large-scale retrofitting projects. These partnerships can leverage private funding to complement public programs and expand the reach of energy efficiency initiatives.

By focusing on these key policy areas, Kosovo can enhance its EPC framework, align with EU directives, and achieve its energy efficiency and climate goals more effectively. These improvements will also strengthen Kosovo's position as a regional leader in sustainable energy practices.

Albania

To strengthen Albania's Energy Performance Certificate (EPC) framework and achieve greater alignment with EU standards, the following policy improvements are recommended:

1. Enhancing Enforcement and Monitoring Mechanisms

Albania should establish a robust inspection system to monitor EPC

compliance and enforce penalties for non-compliance. A digitalized approach to compliance tracking can ensure consistency and transparency across regions.

2. Promoting Public Awareness

Launch widespread public awareness campaigns to educate property owners about the benefits of EPCs and energy-efficient upgrades. Partnering with municipalities, media, and local organizations can expand the reach of these initiatives.

3. Developing Digital Platforms

Invest in centralized digital platforms to manage EPC issuance, track building energy performance, and integrate with the real estate market. This will simplify compliance monitoring and improve data collection for policy analysis.

4. Expanding Financial Incentives

Introduce comprehensive financial mechanisms such as:

- Subsidies and tax incentives for achieving high EPC ratings or implementing renewable energy systems.
- Low-interest loans for energy-efficient renovations and retrofitting projects.
- Performance-based rewards tied to measurable energy savings.

5. Accelerating Renewable Energy Integration

Strengthen the link between the EPC framework and renewable energy adoption by:

- Offering tailored incentives for installing renewable energy systems.
- Mandating energy audits to assess buildings' renewable energy potential.

6. Capacity-Building Initiatives

Expand training programs for energy auditors, certifiers, and municipal officials. Collaborate with EU institutions to provide technical assistance and capacity-building resources.

7. Establishing and Enforcing NZEB Standards

Accelerate the development of Nearly Zero Energy Building (NZEB) standards, making them mandatory for new constructions and significant renovations, in line with EU benchmarks.

8. Strengthening Municipal Roles

Equip municipal energy offices with sufficient resources, technical expertise, and authority to manage EPC implementation and compliance at the local level.

By addressing these gaps and implementing the recommended improvements, Albania can enhance its EPC framework and contribute more effectively to its energy efficiency and climate objectives, while aligning with EU directives.

ABOUT THE PROJECT

As buildings account for the largest share of energy consumption in Europe, improving their energy efficiency and reducing their energy consumption are key pillars in the pursuit of a decarbonised building stock by 2050, contributing to the implementation of the European Green Deal.

Kosovo and Albania, both officially considered as potential candidates for EU membership, have some of the most inefficient building stocks and the two highest energy poverty rates (40% and 37% respectively) in Europe. Despite their plans to reduce energy consumption, Kosovo and Albania lack adequate policy frameworks to scale up improvements – especially in the residential building sector – and support measures that could accelerate renovation.

Drawing on evidence-based analyses, the project provides the governments of Kosovo and Albania with policy recommendations on how to improve the energy efficiency of buildings. The Kosovan and Albanian partners provide expertise based on the two national contexts and engage with local target groups, while the Polish and Hungarian partners share their expertise in EU policy. Training measures, workshops and consultations are organised to provide central and local administrations with the know-how and tools needed to develop long-term renovation strategies in line with EU policies, including the Energy Performance Certificate Framework.

One focus of the project is on energy poverty, which is particularly prevalent in Kosovo and Albania. Policy recommendations are developed, and guidance is provided to local authorities and the national government on how to disseminate information to citizens and the private sector on energy efficiency measures in renovations. Local governments, the private sector, and civil society are trained to establish one-stop shops as a means to facilitate and accelerate the climate-friendly renovation of buildings.

Supporting the implementation of EU climate and energy legislation in Kosovo and Albania can also help to pave their way to EU membership.

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