

CO₂ Trading Program Assessment: Recommendations for Kosovo

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Background

This poster will describe the methodology and results from research to assess Kosovo's future potential for establishing a CO₂ trading program. Kosovo is rich in geological resources, having world-class deposits of lead-zinc-silver and lignite. Kosovo has huge exploration potential. In addition, Kosovo has an abundance of renewable land and water resources. If properly developed and managed, these resources could serve as the foundation for Kosovo's economic transformation. Of all the development challenges facing Kosovo, formulating an efficient and effective energy policy poses perhaps the most immediate promise and greatest challenge for Kosovo's government. A lack of a consistent supply of electricity, coupled with political issues, has hindered business development particularly manufacturing enterprises and high potential foreign and national investments.

Kosovo is fortunate to have one of Europe's largest resources of lignite-grade coal, but the proposed development of this important indigenous fuel for the generation of electricity implies significant increases in the emission of carbon dioxide (CO₂). Kosovo is expected to apply for the status of candidate for membership into the European Union (EU) upon its independence, which will require convergence with European standards for emissions and participation in CO₂ trading. Fulfillment of international criteria and standards are of great significance, as Kosovo's admission to the EU Community will possibly coincide with the new lignite power plant Kosovo C, expected to be built in 2020. The calculation of Kosovo's CO₂, as well as future allocation by the EU, will be a subject of major impact on the country's economic growth, security of supply, and environmental protection and cooperation.

Approach

An international comparative analysis of CO₂ emission trading programs and auction systems will assist in building Kosovo's capacity to meet future energy sector standards. The comparative analysis will include well-established European and U.S. state programs, as well as programs initiated in developing nations. Germany and Greece, Europe's top two lignite producers, will serve as examples from which lessons can be derived. An exhaustive literature review will compile program details, geographic information, natural resources and other important conditions specific to the nation/state as well as published program results. The literature review will be presented in a trading program matrix in order to provide a more simplified program assessment.

Additionally, an evaluation of Kosovo's current energy policies, along with the political, economic, and environmental conditions in Kosovo, will provide the necessary information to determine Kosovo's future potential for establishing a CO₂ trading program. Recommendations and lessons learned for Kosovo will also be presented.