Strategic Energy Investment Report: The Western Balkans Infrastructure Gateway (Albania, Kosovo, North Macedonia, Montenegro, and Bosnia & Herzegovina)

Promoter of the Porto Romano (Adriatic) Hub · Naske Afezolli · 5 November 2026

1. The Strategic Imperative: Completing the NATO Gas Ring

The Western Balkans currently represents the critical "missing link" within the Southern Gas Corridor architecture. While the Trans Adriatic Pipeline (TAP) successfully delivers Caspian gas to Italy, the region itself, specifically Albania, Kosovo, North Macedonia, Montenegro and Bosnia & Herzegovina (BiH), remains functionally bypassed. Albania hosts the pipeline but receives no gas from it. This infrastructure vacuum is not merely a technical oversight; it is a strategic vulnerability. NATO members and partners in this geography lack the practical gasification required for energy independence, leaving them exposed to the priorities of their better-connected neighbours. The record shows a consistent pattern in which routes promoted by Greece, Serbia and Bulgaria have taken precedence over Corridor VIII and the IAP. The Vertical Corridor has been advanced at ministerial level, including at the 15 May 2026 Athens meeting of the Greek, Serbian, North Macedonian and Bulgarian energy ministers, to which neither Albania nor Kosovo was invited. The origin of that route was acknowledged openly at the 21st Energy Community Gas Forum in Vienna on 22 September 2026: in his speech, the Greek representative declared that the Balkan Vertical Corridor was originally a Gazprom project (as recorded by IA-SEE, which followed the Forum online). At the same Forum, the official conclusions welcomed progress on the Trans-Balkan Pipeline, built to carry Russian gas, while making no mention of the IAP or Corridor VIII, and none of the IAP countries had a place on the programme. In other words, a route that by Greece's own account began as a Gazprom project is being advanced as the region's diversification answer, while the Adriatic routes that would bring non-Russian gas to Albania, Kosovo and Montenegro are left off the agenda. Whatever the intent, the effect has been to keep Albania, Kosovo and Montenegro outside the region's gas architecture. The initiatives known as the "NATO Gas Ring" and the "Western Balkans Gas Ring" are designed to transform the region from a "bypass zone" into a resilient, interconnected energy hub. This strategic pivot ensures that energy flows are not merely transiting toward Western Europe but are actively feeding regional markets, thereby reinforcing regional sovereignty and Euro-Atlantic security against non-NATO influences. The regional energy architecture is defined by three primary corridors converging in this space:

1. **The Southern Gas Corridor (TAP):** The primary artery connecting Caspian gas to Europe via Albania, currently underutilized for regional distribution.
2. **The Adriatic Corridor (Ionian Adriatic Pipeline - IAP):** The vital northward extension from Albania through Montenegro and BiH to Croatia.
3. **The Corridor 8 Energy Axis:** A strategic East-West route connecting the Adriatic coast through North Macedonia to Bulgaria and the Black Sea.

The technical and economic engine required to feed these developing markets is the establishment of a direct entry point for global supply: the Porto Romano (Adriatic) Hub.

2. The Porto Romano (Adriatic) Hub: Anchoring Regional Supply

The Porto Romano (Adriatic) Hub in Albania serves as the strategic anchor for the region's energy future. Located near Durrës, this onshore, hydrogen-ready facility provides a direct gateway for global Liquefied Natural Gas (LNG), particularly U.S. exports from major suppliers such as **ExxonMobil, Chevron, Shell, TotalEnergies** and **Cheniere Energy**. By breaking the region's reliance on limited and politically compromised pipeline sources, Porto Romano integrates the Western Balkans into the global energy market and serves as the "LNG feed" option identified in World Bank pre-feasibility assessments.

Parameter	Strategic impact
Phased capacity: 1 bcm a year initially, rising in steps to 20 bcm a year over 20 years	Supply grows in step with the gasification of Albania, Kosovo, North Macedonia, Montenegro and BiH, with surplus for export to Central Europe, while avoiding stranded-asset risk.
Onshore, hydrogen-ready design	Ready to handle hydrogen and hydrogen blends as EU decarbonisation targets tighten, and avoids the environmental and tourism damage of an offshore FSRU in Vlora Bay.
€10–12 billion investment estimate	Covers the full hydrogen-ready build-out to 20 bcm a year. A high-value infrastructure asset and a primary catalyst for South-East European industrialisation.

This modular development strategy is a critical risk-mitigation tool for the Alliance. By expanding in steps from an initial 1 bcm a year towards 20 bcm, the project avoids the "stranded asset" risk associated with overcapacity while allowing supply to scale in lockstep with the industrialization of Albania, Kosovo, North Macedonia and Montenegro. This phased approach ensures commercial viability while providing a definitive mandate for regional supply security. As the primary supply engine, Porto Romano provides the necessary volume to justify the construction of cross-border transit mechanisms required to reach the target markets.

3. Albania: Where the Three Corridors Meet

Albania is the only country in which the three corridors physically meet. TAP crosses Albania for roughly 215 km onshore; its route near Fier is the designated starting point of the IAP northwards to Montenegro, Bosnia & Herzegovina and Croatia; and Corridor VIII runs east from the Durrës coast towards Skopje and Sofia. Yet Albania itself has no gas transmission network and receives no regional supply from TAP. As set out in Section 9, it collects no transit fee, and the Vlora TPP has never received TAP gas. TAP itself also has a hard ceiling. Even with the additional compressor station it still needs, its existing pipe diameter limits it to 20 bcm a year. Beyond that, the only way to increase gas flows to Italy is TAP II: the hydrogen-ready, bidirectional Adriatic link from Porto Romano to Bari/Brindisi. In IA-SEE's design, TAP II is developed gradually together with the Porto Romano hub, adding up to 20 bcm a year and bringing total capacity towards Italy to around 40 bcm a year, with scope for the hub to grow further later. It brings in LNG from the United States, Qatar and

other suppliers instead of relying on a single Caspian source. That single source also has a Russian dimension. Russia's Lukoil holds 19.99% of the Shah Deniz field that supplies TAP, having raised its stake from 10% by acquiring a further 9.99% from Petronas in February 2022. The United States imposed sanctions on Lukoil in October 2025, and the sale of its international assets is still being negotiated; it has not been reported whether the Shah Deniz stake is part of that sale. In addition, from 15 November 2022 to March 2023, Gazprom supplied Azerbaijan with Russian gas under a contract for up to 1 bcm, while Azerbaijan was expanding its gas exports to Europe. The Porto Romano (Adriatic) Hub, an onshore, hydrogen-ready terminal on the Corridor VIII alignment north of Durrës, is designed to close this gap. It gives Albania a domestic supply point, an LNG entry independent of any single pipeline source, and the volumes needed to make the IAP and the Corridor VIII interconnectors bankable. The hub is promoted by IA-SEE GmbH as a national strategic project of Albania rather than a stand-alone commercial terminal. The alternative under discussion, a floating terminal (FSRU) in Vlora Bay, would place industrial LNG infrastructure in a protected coastal and tourism zone next to the Sazan military area.

4. Kosovo: Ending Isolation Through ALKOG

Kosovo has no access to natural gas. Its electricity comes almost entirely from the lignite-fired Kosovo A and Kosovo B plants, one of the most carbon-intensive power systems in Europe, which leaves industry and district heating without a cleaner alternative. The Albania–Kosovo gas pipeline (ALKOG) is the shortest route to change this. It would bring gas from the Albanian coast and TAP to Prishtina, with an onward link to North Macedonia (KOSMAK) that closes the Corridor VIII loop. Without ALKOG, Kosovo's only supply options would run from the south through North Macedonia, leaving it dependent on a single direction of supply controlled by its neighbours. Kosovo is therefore as directly affected as Albania by the sidelining of Corridor VIII, and the shared interest of the two countries is the core of the case for prioritising ALKOG alongside the IAP.

5. Investment Profile: North Macedonia and the Corridor 8 Axis

North Macedonia is currently at a crossroads in its energy transition. Historically crippled by a reliance on lignite, the nation faces a strategic necessity to diversify via the Corridor 8 Energy Axis. This route, extending from the Adriatic through North Macedonia to Bulgaria, provides the essential pathway for the country to displace carbon-intensive fuels with a secure, diversified energy mix. A primary investment opportunity is the Albania–North Macedonia interconnector. To ensure maximum regional resilience, this axis must include the integration of the planned Kosovo–North Macedonia interconnector (KOSMAK), fed from Albania through the **ALKOG pipeline** (Section 4). With a potential capacity of 400–800 million cubic metres (mcm) a year, this link connects North Macedonia to wider supply sources and provides a redundant path for regional gas flows that bypasses existing bottlenecks. Skopje must be capitalized upon as the primary East-West pivot point to de-risk flows toward Belgrade and Sofia. As a central regional node, Skopje’s integration into the wider Balkan market connectivity ensures that the Corridor 8 axis functions as a stabilizer for the entire peninsula. This East-West axis is complemented by the North-South Adriatic spine, which addresses the urgent gasification needs of the coastal and northern Balkan states.

6. Investment Profile: Montenegro and Bosnia & Herzegovina via the IAP

The Ionian Adriatic Pipeline (IAP) is the vital vehicle for the gasification of Montenegro and Bosnia & Herzegovina. While TAP provides the landfall for gas in the south, the IAP is the required northward artery. For Montenegro and BiH, the IAP represents the only viable path to large-scale gasification and the industrial intensity required for modern economic growth. The current "missing link" status of the IAP is a strategic failure. The lack of northward development from Albania has left Montenegro and BiH outside the European gas network, creating a gap that geopolitical competitors exploit to maintain influence through energy dominance. The completion of this segment is not merely an infrastructure goal; it is a mandate for intervention to bring these nations into the Euro-Atlantic fold. The infrastructure requirements for the "Adriatic Corridor" (Albania → Montenegro → Bosnia → Croatia) provide three transformative pillars:

- **Energy Diversification:** Ending the vulnerability of single-source dependency.
- **Industrial Growth:** Providing the energy intensity required for manufacturing and processing.
- **Regional Stability:** Integrating these nations into a transparent, NATO-aligned infrastructure network.

The economic and power-generation logic for these investments is ultimately driven by the requirement for large-scale, bankable anchor loads.

7. The "Gas-to-Power" Catalyst and Kosovo Syngas Potential

Investment in this region faces a "circularity problem": pipeline infrastructure requires "anchor loads" (power plants) to be bankable, while power plants cannot be financed without a guaranteed gas supply. Breaking this cycle requires a synchronized development approach. World Bank-funded "Gas-to-Power" studies indicate that Combined Cycle Gas Turbine (CCGT) plants are the essential drivers for short-term investment in these countries, providing the immediate demand necessary to justify the capital expenditures for new interconnectors. Further potential exists in Kosovo's lignite gasification, which can produce up to **32 BCM of syngas per year**. When integrated with the IAP and Corridor 8, and supported by Carbon Capture and Storage (CCS) in underground cavities, this resource transforms into a "negative CO2" energy source. Utilizing this domestic resource allows the region to meet EU environmental standards while providing an indigenous boost to the regional grid. However, a major barrier to this transition is the current policy orientation of the **Energy Community Secretariat in Vienna**, which may inadvertently enable lobbying dynamics aligned with non-NATO interests. The "negative CO2" potential of Kosovo's resources, when combined with high-efficiency CCGT demand, creates a unique profile that directly appeals to a strategic consortium's risk appetite.

8. Investment Framework: Public-Private Partnerships (PPP) and Consortiums

The high regulatory and commercial risks of the Western Balkans necessitate a consortium-based approach to aggregate technical expertise and political weight. A "Strategic Consortium Concept" could involve several tiers of partners to ensure bankability and counter non-NATO influence:

- **Infrastructure & Development: Sempra Infrastructure** for midstream and regasification management.
- **Engineering & Construction: Bechtel**, a proven leader in large-scale regional delivery.

- **Strategic Investors:** Major players such as **ExxonMobil, Shell, or TotalEnergies**.
- **Financing & Guarantees:** Transatlantic institutions including the **DFC, EXIM Bank, EBRD, and EIB**.

The proposed risk allocation model utilizes a Public-Private Partnership (PPP) structure to alleviate the direct investment requirements of national utilities while maintaining their strategic stake. This model—incorporating the "Small Ring" implementation option—minimizes regulatory risks and ensures that regional energy security remains a public priority without overextending national budgets. The realization of these projects depends on a rigorous framework of governance and absolute transparency.

9. Governance, Transparency, and Transatlantic Security

Energy infrastructure in the Western Balkans must strengthen democratic governance to prevent exploitation. Previous "colonial-style practices" and institutional drift led to failures like the **Vlora Thermal Power Plant (TPP)**, which cost taxpayers $160 million but operated for only three days. Furthermore, Albania has been functionally treated as a part of the internal market rather than a transit state, losing an estimated **$80–100 million annually** in transit fees—a total loss of **$400–500 million** over the last five years. To prevent the "Trap of Party Oligarchy" and overcome the "Legacies of the Sigurimi" (former state security apparatuses), a new "Architecture of Accountability" is mandatory. This framework must include:

- **Binding Citizen-Initiated Referenda:** Granting citizens a democratic veto over major economic and energy decisions.
- **Constitutional Recall:** Mechanisms to remove abusive leaders.
- **Mandatory Fiscal Transparency:** Enforced thresholds for all strategic infrastructure procurement.

The "Western Balkans Gas Ring" is more than a series of pipes; it is a tool for Euro-Atlantic security. Investment in Albania, Kosovo, North Macedonia, Montenegro and BiH is a mandate for regional sovereignty, ensuring the containment of non-NATO influences through transparent, resilient, and secure energy infrastructure.

Sources

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