

Republic of Albania
Energy Regulator Authority

**LICENSE
FOR ELECTRICITY TRADING ACTIVITY**

Series: _____

License Number: _____

Effective Date: (ERE _____
decision, No. _____, of date ____ . ____ . ____)

License issued to: _____
(Name and
address)

Fiscal code: _____

Registration Certificate: _____
(Series, Number, Registration
Place)

Under the authority granted to it on Part Five Law No. 43/2015 “On Power Sector”, Albanian Energy Regulator Authority (“ERE”) issues this Trading License (“License”), to perform electricity trading activity, to the above-mentioned Person, called “Licensee”, subject to this License Conditions and the conditions defined in ERE Board Decision. This License enters into force on the above mentioned date and will continue to be effective for a period of _____, unless terminated or suspended by ERE in conformity with the herein License Conditions.

[Chairman]

[ERE Seal]

Republic of Albania
Energy Regulator Authority

LICENSE CONDITIONS
For
ELECTRICITY TRADING ACTIVITY

Series: _____ License No _____

Is issued to: _____
(Full name of the Licensee)

General Provisions

- 1.1** ERE is the only authority in the Republic of Albania, recognised under Fifth Part of Law no. 43/2015 “On Power Sector”, to issue and declare the entry into force of this License.
 - 1.2** If any condition of this License cease to be effective, that condition will be removed from the License Conditions and the remaining Conditions shall continue to be effective.
 - 1.3** This License, can not be fully/partially transferred, to any other Person without the prior written approval of ERE. When ERE approves a transferring, it shall modify the License period or other License Conditions by showing a based reason for that.
 - 1.4** ERE has the right to change the License in conformity with Law No.43/2015 article 43 “On Power Sector” , in the following cases,
 - a) With ERE initiative
 - b) According to a final court decision,
 - c) When the conditions of the consession contract change
 - d) On the request of the licensee
 - 1.5** The Licensee may require a modification for this License by a written detailed request which shall contain a justification for the required modification. In any case ERE shall perform a modification procedure according to Law 43/2015 article 43 “On Power Sector”.
 - 1.6** The Licensee may submit at ERE a written request for License renewal not later than 2 months before the termination of the issued License. The period of the License may be extended when the Board, based on Law no.43/2015 “On Power Sector” as amended, the Regulation for licensing procedures and on reliable evidences, concludes that:
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a) The licensee has completed the License conditions and has followed the requests according to the legislation in force during the license term.

1.7 The following words and phrases used in the License, in the Licensing Conditions and in the Annexes, shall have the following meaning:

Ancillary Services	Are the services necessary for the stable operation of the transmission or distribution system
Associated Business	Means any business that directly or indirectly, fully or partially: <ol style="list-style-type: none">1. is owned by the Licensee; or2. owns the License; or3. is owned by a Person that is owned by the Licensee.
Cross-subsidies	Funds transferring or cost allocation within the Licensee accounts or among Associated Businesses for financial support of an activity or business with the other one expenses.
Electricity	Means the electricity and electricity capacity, despite when the context requires otherwise.
Trader	Means any legal person, which performs electricity trading activity.
Customer	Shall mean a wholesale or end-use electricity customer
ERE	Is the regulatory institution of power and natural gas sector, which operates in conformity with this law and natural gas law.
Legislation in Force	Republic of Albania Laws enacted by the Albanian Parliament and that are in force during the period of this License as well as other secondary acts approved by ERE or other bodies given by law.
Licensee	Means the Person that holds this license for electricity trading activity mentioned on the first page of this License.
Licensed activity	Means the necessary activity for electricity trading purpose within and outside the Albanian territory.

Electricity sale-purchase agreement	A contract signed for electricity sale-purchase, connected between a licensee and another company according to Market Rules definitions.
Person	Shall mean any legal person.
Regulated Tariff	A tariff approved by ERE according to the Legislation in Force.
Regulations and Rules	The standards, codes, regulations, orders, other recommendations legally in force approved by ERE.
Transferring	Means any full/partial sale, lease or other transaction, of the right to be engaged in the Licensed Activity.
Transmission System Operator (OST)	Means the legal person, responsible for the operation, maintenance and development of transmission system, including interconnections with other cross-border systems, to ensure the long-term ability of the system to fulfil the reasonable requests for transmitting electricity.
Power system	Is an interconnected system, composed of electricity plants, electricity lines, substations and distribution transmission equipments aiming the transmission or distribution of electricity to the customers.
Trade	Electricity flow movement from electricity plants or installations of a company, to the plants or electricity installations of another company, in conformity with the agreements connected by the licensee for electricity sale-purchase and transmission aiming to sale it to other licensees.
Dispatch activity	Power system operation taking into consideration the programming and securing the operational security and quantity parameters according to technical conditions.

2 Performing the Licensed Activity

- 2.1** The Licensee is authorized by this License to perform the Licensed Activity.
- 2.2** The Licensee shall not collaborate in any way with other Licensees connected with Licensed Activity in the damage of the traders, suppliers, or customers and current/possible users.
- 2.3** The licensee shall not engage in performing the activity that constitutes anti-competitive behaviour according to the Legislation into Force.
- 2.4** The licensee shall perform the Licensed Activity in conformity with the economic efficiency principles and the objective to achieve the lowest costs with the defined quality and performance standards.
- 2.5** The Licensee shall not engage in other activities, which impede or may impede the proper performance of the Licensed Activity. The Licensee shall inform ERE before undertaking any activity, other than the Licensed Activity. ERE may prohibit the Licensee to perform any activity despite the Licensed Activity, or may impose conditions for performing this activity, that are necessary for customer protection.
- 2.6** The Licensee shall not impede, prevent, or attempt to prevent other Licensees or potential competitors to lawfully engage or enter in the electricity business in the Republic of Albania.
- 2.7** All agreements of electricity sale-purchase shall be in conformity with the legislation in force to the period required by the last ones mentioned.
- 2.8** All agreements shall be subject to ERE monitoring to ensure the appropriate functioning of the market and that the licensees does not exercise influence over the market following unfair practices that conflict with the Legislation for Competition.

3 Licensee Obligations

- 3.1** The Licensee shall respect the Legislation in Force during performing his functions under this license.
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- 3.2** The licensee shall undertake the necessary measures to guarantee the technical and financial ability to perform the licensed activity.
- 3.3** The licensee shall be registered as a participant of the Albanian electricity market at TSO/ TO offices under the registration procedures and shall implement the legislation in force and ERE decisions.
- 3.4** The Licensee shall undertake all the necessary measures to improve operative and economic efficiency of the Licensed Activity to ensure the quality and stability of the offered services from him in the benefit of the customers and power sector.
- 3.5** The Licensee shall comply all the Transmission System Operator Rules approved by ERE, including the implementation of all operative orders, the guidelines and the submission of the technical information and all the other documentation according to the requirements of the Grid Code and Market Rules.

3.6 Accounting and Reporting

- 3.6.1** The Licensee shall keep accounting records and prepare the financial statements in conformity with the legislation in force and the international accounting standards. The Licensee shall submit at ERE the annual financial statements together with the audit reports within June 30 of each year.
 - 3.6.2** The Licensee is required to prepare and submit at ERE on January 31 of each year, an annual report regarding its operation during the previous calendar year, which contains as follows:
 - a)** a summary and analysis of the operation in the licensed activity,
 - b)** the amount of the traded electricity, as well as the electricity sale/purchase price,
 - c)** any interruption of the activity and a description of the interruption reason,
 - d)** a summary and analysis of the contracts for electricity sale/purchase in force and those during the reporting year,
 - 3.6.3** The Licensee shall submit at ERE on his request and according to the form and within the period defined by ERE, any necessary information for ERE to perform its authorized regulatory responsibilities:
 - 3.6.4** The Licensee shall inform ERE within 10 days for any changes in the:
 - a)** Address;
 - b)** Licensee Statute;
 - c)** Registration certificate;
 - d)** Fiscal Code;
 - e)** Senior management; or
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3.6.5 All the official notifications, applications, petitions, declarations or other correspondences with ERE regarding the obligations under this License should be in a written form, appointing respectively an authorized officer or other representative of the Licensee or of ERE. These are sent by courier or registered mail, by requiring a verification receipt. The addresses of the Parties should be on the envelope. All the notifications and other correspondences shall be considered effective from the delivery moment, or if they are not delivered due to the sender's fault, from the moment when they are presented. There will be considered accepted all the notifications sent by e-mail communicated before from the parties.

3.7 Information Use

3.7.1 According to the Power Law, Transmission, Distribution Code, Market Rules and the respective regulatory requirements, the Licensee shall ensure that any information obtained from the others as a result of his Licensed Activity shall not be revealed to anyone, except:

- a) with the preliminary written consent of the Person to whose issues the information is related;
- b) when the information is already known to the public;
- c) when the Licensee is required or permitted to disclose the information to comply with this License Conditions, any order of ERE and the Legislation in Force.

3.7.2 Upon ERE request, the Licensee shall undertake any necessary step to protect the confidential information that he owns and to submit at ERE reports regarding the respect of obligations stipulated on Paragraphs 3.9.1 and 3.9.2.

3.7.3 The information provided to ERE by the Licensee shall be considered public unless upon specific request of the Licensee, ERE by formal decision ensures that this information is in the proprietary nature and that the public interest of which is served by its disclosure shall not justify or compensate the potential commercial damage to the Licensee.

3.8 Regulatory Fees

3.8.1 The Licensee shall pay the regulatory fees defined by ERE during the term of this License in conformity with Law 43/2015 "On Power Sector" article 17.

3.8.2 If the Licensee does not pay to ERE the regulatory fees in conformity with paragraph 3.8.1, within the deadline required by ERE, the Licensee shall be penalized according to Law 43/2015 "On Power Sector" article 107.

4. Control on the Performance of the Licensed Activity

- 4.1** ERE shall monitor the respect from the Licensee of the License Conditions, shall review the reports obtained by the Licensee and is authorized to inspect at any time the Licensee's accounting registers and may require a technical and/or accounting audit of the Licensee's activities.
- 4.2** ERE authorized representatives may enter in the Licensee premises, equipments, and documents to inspect the Licensed Activity according to ERE Regulations. The Licensee shall provide any required action, necessary for ERE during this inspection.
- 4.3** Upon the confirmed complaint of any third party or on its own initiative, ERE may initiate an investigation for respecting from the Licensee of the License Conditions or ERE Rules.
- 4.4** If after the investigation, ERE concludes that the Licensee has failed to implement the License Conditions, ERE shall undertake other actions within its authority to ensure the compliance with the terms and conditions of this License.
- 4.5** The Licensee shall inform and clarify ERE for any violation of the License Conditions, not later than one week that such violation become known to the licensee.
- 4.6** The licensee shall obey to the decisions issued by ERE, including the payment of fines imposed by ERE, according to the Legislation in Force.

5 License Termination

5.1 ERE shall terminate a license when the licensee:

- a) no longer meets the essential conditions of the given license;
- b) violates the provisions for environment protection during the performance of his activity;
- c) endangers the citizens life, health and property;
- ç) does not perform the regulation fees imposed by ERE,
- d) becomes financially incapable or requires to declare bankruptcy;
- dh) on the request of the licensee;
- e) has ceased to perform the certain functions according to the license.

5.2 If the Licensee changes his legal status or the shareholder/partner that controls the Licensee's interests is changed without ERE authorisation, the

License becomes null and is cancelled and the Licensee's successor shall apply for a new License according to ERE procedures for License issue.

- 5.3** This License may be transferred only with ERE written decision and within ERE terms and conditions defined by ERE. Any decision of ERE for any transferring of this License will be subject of ERE assessment if the person to whom the license is transferred will have the technical and financial ability to complete the terms and conditions of this License.
- 5.4** Any transfer of this License without ERE approval shall be cancelled and constitutes a violation of this License.
- 5.5** When the License terminates due to the violations from the Licensee of the License conditions, the Licensee will be responsible for the costs that he bring to ERE, and to the market participants as the result of this termination, as defined by ERE, including the costs regarding the License regular transferring at the new Licensee.
- 5.6** When ERE determines that the Licensee has violated one or more License conditions, to the License shall be given a reasonable opportunity to correct the violation before the License termination, despite the cases when the violation involves corruption or dishonesty proved by the bodies with the relevant authority under the laws into force.

6 Emergency Situations

- 6.1** The Licensee shall not be considered that he has violated the conditions of this License in case he is prevented to accomplish them by force majeure or other emergency situations.
- 6.2** In emergency conditions, the Licensee:
- a)** shall ensure the necessary collaboration with the respective authorities and institutions to act in emergency situations, with the purpose to begin again its activity within a short period of time;
 - b)** shall complete his obligations to reduce the risks and losses that are connected with the life, health and the property of the third parties;
 - c)** within 24 hours from the emergency situation, the Licensee shall inform ERE for the emergency situation and the actions that he will undertake to begin again the normal activity.
- 6.3** If the Licensee foresees the emergency situation as defined from the Legislation in Force, the Licensee shall inform ERE within 24 hours and this notification shall describe the steps taken by the Licensee to avoid or improve the influences of the foreseen emergency situation.
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7 Settling the Disputes and the Right to Appeal

- 7.1** Any controversial issue or claim between the Licensee and any participant in the market regarding the License Conditions and implementation of the legislation in force will be resolved with understanding between the parties.
- 7.2** If the settling is not reached with understanding between the parties, ERE based on the request from one of the dispute parties shall settle the dispute and issue the decision in conformity with the Legislation in Force.
- 7.3** Any party in dispute may appeal for ERE decisions to Tirana District Court within 30 calendar days from the day the decision is published in the Official Gazette.
- 7.4** The Licensee companies shall implement ERE decisions pending the final court decision.

Republic of Albania
Energy Regulator Authority

**LICENSE
For
ELECTRICITY TRADING ACTIVITY WITHIN AND OUTSIDE THE
COUNTRY**

License issued to:

(Full name of the Licensee)

Series: _____ License No.: _____

Effective date of this Annex: _____
