



REPUBLIKA E SHQIPËRISË

ENERGY REGULATORY AUTHORITY

LICENSE

FOR THE OPERATION ACTIVITY OF LNG PLANTS

License Number:

Series:

Company:

NUIS:

Effective date:

Duration:

Other Conditions:

Under the authority issued in the second Session of Law no. 102/2015 “On Natural Gas Sector”, as amended, Energy Regulatory Authority (“ERE”) issues this License for the operation LNG plants (“License”), to perform the operation activity in natural gas storage facilities, to the above-mentioned Person, hereinafter “Licensee”, subject to this License Conditions as well as the conditions defined on ERE Board Decision no __, dated __. __. __. This License becomes effective in the above-mentioned date and shall continue in effect for a ____ year period, if not terminated or suspended

by ERE in accordance with the License Conditions contained herein.

[Chairman]

[ERE Seal]



REPUBLIKA E SHQIPËRIË
ENERGY REGULATOR AUTHORITY

CONDITIONS OF THE LICENSE

FOR THE OPERATION ACTIVITY OF LNG PLANTS

Number of license: _____

Is issued: _____

(full name of the licensee)

Article 1

General provisions

1. ERE is the only authority in the Republic of Albania, recognized according to Law No.102/2015 “On Natural Gas Sector”, as amended, to issue and declare the effectiveness of this License.
2. If any condition of this License ceases to be effective, this condition shall be removed from the License and the remaining License Conditions shall continue to be effective.
3. This License, may be fully/partially transferred only with ERE Decision and according to the terms and conditions set by ERE. When approving a transfer, ERE may modify the License Period or any other Condition of the License indicating the reason for taking the decision.
4. ERE amends the License in conformity with article 28 of Law no. 102/2015 “On Natural Gas Sector”, as amended and the provisions of the Regulation on the procedures and terms for license issue, modification, transferring, or license removal on natural gas sector”, in the following cases:
 - a) on ERE initiative;
 - b) according to a final court decision;
 - c) when the conditions for which the license was issued, are amended;
 - d) upon the request of the licensee.

5. The Licensee may require a modification of this License by a written detailed request as well as the supporting documentation, in conformity with law no. 102/2015 “On natural gas sector”, as amended as well as the “Regulation on the procedures and terms of license issue, modification, transferring, or license removal on natural gas sector”
6. The definitions of terms defined on this document shall have the meaning provided on Law no. 102/2015 “On natural gas sector”, as amended.

Article 2 **Performing the Licensed Activity**

1. The Licensee is authorized by this License to perform the Licensed Activity.
2. The Licensee shall not cooperate in any way with other Licensees connected with Licensed Activity in the damage of the traders, suppliers, or customers and current/possible users.
3. The licensee shall not engage in performing the activity that constitutes anticompetitive behavior according to the Legislation into Force.
4. 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.
5. The Licensee shall not impede, prevent, or attempt to prevent other Licensees or potential competitors to lawfully engage or enter in the natural gas business in the Republic of Albania.
6. All agreements for providing the LNG plants operation service shall be in conformity with the legislation in force to the period required by the last ones mentioned.
7. All agreements shall be monitoring object by the ERE to ensure the market operation and the licensee may not influence on the market, following unfair practices that conflict with the Legislation for Competition.

Article 3 **Licensee Obligations**

1. The licensee shall respect the legislation in force during this license operations.
2. The licensee, during the performance of the operations according to this license is obliged:

- a) to take the necessary measures to guarantee the technical and financial capabilities to carry out the licensed activity.
- b) shall be registered as a participant of the Albanian natural gas market with the Natural Gas Market Operator, according to the registration procedures and shall implement the legislation in force and the decisions approved by ERE.
- c) shall take all necessary measures to improve the operational and economic efficiency of the licensed activity, in order to ensure the quality and the sustainability of the provided services to the benefit of customers and the natural gas sector.
- d) shall comply with all the rules of the Transmission System Operator approved by ERE, including the implementation of all operating orders, instructions, as well as the submission of technical information and all other documentation, as required by the Natural Gas Transmission Network Code and natural gas market rules.
- e) shall operate, maintain and develop a safe, sustainable and efficient LNG plant to ensure an open market, considering the necessary measures for the environment protection and shall guarantee sufficient means to comply with the service obligations;
- f) shall connect the LNG plant with the transmission system, in conformity with the technical rules of the transmission system and the rules of using the LNG plants;
- g) shall set a metering system of the entry and exit streams, as well as natural gas quality parameters;
- h) shall discharge and degasify the LNG, according to the signed contracts;
- i) shall ensure objective, same and non-discriminatory conditions, for the LNG plant access, according to the general conditions of natural gas supply, approved by ERE according to articles 16 and 75 of Law no. 102/2015, as amended;
- j) shall limit the discrimination between the system users or a group of system users, especially when such discrimination favors affiliated companies;
- k) shall prepare the five-year plan for the development of LNG plant which is published and updated each year and is submitted at ERE for approval;
- l) shall ensure to any other system operator sufficient information, to guarantee that the transport and deposit of natural gas shall be in conformity with the safe and efficient operation of the interconnected systems;
- m) shall ensure in priority, within a reasonable deadline, accurate information for the natural gas market participants, for the volume and the date of closing the LNG operation plant as well as the expected reduction of LNG plant capacities;

- n) shall protect the confidential commercial information, received during performing the activity;
- o) shall set available all of the information, in conformity with article 73, of Law no. 102/2015, as amended, for a 5-year period, for the ERE, the responsible ministry, the Competition Authority, as well as any other responsible authority. This information shall be available to Energy Community Secretariat;
- p) shall undertake the reasonable means to permit that the rights of the capacities shall be freely traded, to facilitate that this process shall be in a transparent and non-discriminatory way;
- q) shall facilitate the connection of the contracts harmonized with LNG plants for the primary market, to facilitate the secondary capacity market, and allow the recognition of the transfer of initial capacity rights, when notified by system users. These harmonized contracts and procedures are notified to the ERE.

Article 4

Accounting and Reporting

1. The licensee shall keep accounting records and prepare financial statements in accordance with the legislation into force and international accounting standards. The Licensee shall submit at ERE the annual financial balances within March 31 of each year. The licensee maintains separate financial accounts for other gas activities, which may be consolidated, keeping separate the accounts that are not related to the activities provided in this law.
2. The licensee keeps separate accounts for each of the licensed activities that it exercises, as well as for any other activity that is not related to the natural gas sector, in order to avoid cross - subsidization and distortion of competition. These accounts may be presented consolidated, unless the activities performed relate to the distribution or transmission of natural gas.
2. The licensee shall submit at ERE on its request, according to the format and within the time set by ERE any information that is necessary for ERE to perform its authorized regulatory responsibilities.
3. ERE may make available to the market participants certain data, declared by the Licensee, on the condition that the commercial sensitive information shall not be published.
4. The Licensee shall inform ERE within 10 days for any change of the:
 - a) official address including the electronic address;
 - b) the Licensee statute;
 - c) registration certificate;
 - d) NUIS;
 - e) Senior management;
5. All the official notifications, the applications, petitions, claims or other correspondences with ERE regarding the License should be in the written form and respectively signed by an

authorized official or designated legal representative of the Licensee or ERE and shall be send by courier or registered mail requiring a verification of the receipt. The addresses of the Parties should be on the envelope. All the notifications or other correspondences shall be considered effective from the delivery moment or if they are not delivered because of the sender's fault, from the moment of presentation. All notifications sent by the official e-mail previously communicated by the parties shall also be accepted.

Article 5

Use of Information

1. According to the law, the Transmission Code, the Distribution Code, the "Natural Gas Market Rules" and the requirements of the relevant regulations, the licensee shall ensure that any information received from others as a result of its licensed activity, shall not be given to anyone unless:
 - a) has the prior written consent of the Person to whom the information relates;
 - b) the information is public;
 - c) when the Licensee is required or permitted to disclose the information to comply with the Conditions of this License according to an ERE order, or any applicable legal provision;
2. Upon the request of ERE, the licensee shall take all necessary steps to protect the confidential information in its possession and shall submit at ERE reports relating to the compliance with the obligations provided in Article 7.
3. The information sent to ERE by the Licensee shall be considered public except of the cases when upon a specific request of the Licensee, ERE by decision, provides that this information is of ownership nature and that public interest served by its disclosure shall not justify or compensate the potential commercial damage to the licensee.

Article 6

Regulatory tariffs

1. The Licensee shall pay the regulatory tariffs defined by ERE during the term of this License in conformity with article 14 of Law 102/2015 "On Natural Gas Sector", as amended.
2. If the Licensee does not pay to ERE the regulatory tariffs within the deadline required by ERE, the Licensee shall be fined according to article 106, of Law 102/2015 "On Natural Gas Sector" as amended, as well as the "Regulation on the conditions and procedures of imposing the fines and the concrete measure for any violation".

Article 7

Monitoring the Performance of the Licensed Activity

1. ERE shall monitor the licensee's compliance with the license terms, review the reports received from the licensee and is authorized to inspect the licensee's financial records at all times and may request a technical and / or financial audit of the licensee activities.
2. ERE authorized representatives may enter in the Licensee premises, its devices and documents to inspect the Licensed Activity according to ERE Regulations. The Licensee shall provide any required action, necessary for ERE during this inspection.
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. 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.
5. The Licensee shall inform and explain ERE for any violation of the License Conditions, not later than one week that such violation become known to the licensee.
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.

Article 8

Imposing the administrative measures and the license removal

1. If the licensee does not meet the conditions of this license, ERE may apply administrative measures, according to article 106, of law no. 102/2015, "On natural gas sector", as amended.
2. ERE may remove the License in conformity with article 27 of Law no. 102/2015 "On Natural Gas Sector" and the "Regulation on the procedures of License removal on Power and Natural Gas Sector".
3. ERE shall remove a license when the Licensee:
 - a) no longer meets the essential conditions of the license;
 - b) violates the legal provisions to protect the environment when performing the activity;
 - c) endangers the citizens life, health and property;

- d) does not pay the regulatory tariffs imposed by ERE,
 - e) becomes financially incapable or requires to declare bankruptcy;
 - f) has filed a request for license removal;
 - g) has ceased to perform the certain functions according to the license.
3. If the Licensee changes his legal status or the main shareholder/partner that controls the Licensee's interests are changed without ERE authorization, then the licensee shall be subject to imposition of the administrative measures based on article 106 of Law no.102/2015 "On Natural Gas Sector" as amended, to the license removal, in conformity with the definitions of the "Regulation on the procedures of license removal on power and natural gas sector".
 5. Any transfer of this license without ERE approval shall be cancelled and constitutes a violation of this license.
 6. When the License terminates due to the violations from the licensee of the license conditions, the licensee shall be responsible for the costs that he causes 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 to a new licensee.
 7. When ERE observes 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, except of the cases when the violation involves corruption or dishonesty proved by the bodies with the relevant authority under the laws into force.
 8. When the ERE shall take the decision to remove the license of the licensee performing LNG operation activity, to whom it is set the public service obligation, in the way that the assets, on the ownership of the licensee, shall continue to be utilized for the security of natural gas supply to the customers, ERE, based on the respective regulation of license removal procedures, shall decide on the temporary measures, defined on article 27, point 3 of the Law.

Article 9

Emergency situations

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.
2. On emergency conditions the Licensee:
 - a) shall ensure the necessary collaboration with the respective authorities and institutions to act in emergency situations, to restart its activity within a short period of time;

- b) shall complete its 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 shall undertake to restart the normal activity.
2. 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.

Article 10
Settling the Disputes and the Right to Appeal

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 shall be settled with understanding between the parties.
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.
3. Any party in dispute may appeal for ERE decisions to Tirana Administrative Court within 45 calendar days from the day the decision is published in the Official Gazette.
4. The Licensed entities shall implement ERE decisions until the final court decision.



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The license is issued:

(full name of the licensee)

Series: _____ No. of license: _____

Date when this annex becomes effective: _____

ANNEX

TECHNICAL DATA