REPUBLIC OF ALBANIA
ALBANIAN ENERGY REGULATOR

ANNUAL REPORT

Albanian Energy Sector and the ERE activity for 2010

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Introduction

The Albanian Energy Regulator (ERE) in compliance with Law No.9072, date 22.05.2003 "On Power Sector", as amended and Law No.9946, date 30.06.2008 "On Natural Gas Sector" develops this Annual Report that presents and analyzes the energy sector and the ERE activities for 2010.

This report is presented in a hearing session to the Committee for Production, Trade and Environment in the Albanian Parliament.

The energy sector in 2010 is characterized by some important features such as the reliable supply of electricity without any load shedding to customers, turning since 1998 to a net exporting country for electricity, the further expanding of of the electricity market, the evaluation by a very important study of the level of technical and non-technical losses, canceling of flat rate for electricity, setting of electricity tariff and prices for 2011 for each of the stakeholders in the regulated electricity market and thprivatization of the Distribution System Operator (OSSH), commissioning of Vlora TPP, setting of electricity tariffs for 2010 for all the licensees in the regulated electrie further increase of efficiency in the public generation of electricity.

2010 also marks a successful year in the participation of private investors in the construction of new generation sources through commissioning of 5 HPPs given by concession with a total installed capacity over 15MW or about 64% of the installed capacity for 43 existing hydero power plants privatized or given by concession.

From the power aspect, 2010 is estimated as an extraordinaryhydrological year, reaching the the historical record of electricity generation of 7,74 TWh, where KESH sh.a. realized also an electricity export over 2,9TWh and a positive exchange balance with the Republic of Kosovo.

This report is organized in 5 chapters and has 5 annexes.

The first chapter deals with the regulation issues of the energy sector in Albania, where great attention is paid to the analysis of the electricity generation, consumption, import and efficiency in all these activities. Through a broad information presented mainly in graphs the actual situation of the electricity market in Albania and the multiannual trends in this sector are shown. It is important to emphasize that the report is not perceived only as an informing document on the power situation, but it provides a detailed analysis of this situation and various phenomena drawing some important conclusions and recommendations for the managers in the sector as well as for the decision makers at the governmental levels.

The first part of the report given data and information regarding the activitites of the transmission and distribution operators as well as treats the issues of security of supply to customers.

A special part deals with natural gas issues. Through a regional and global view of the international situation in the projects of supply and diversification of natural gas with the South East Europe countries and the EU, the report is very realistic and objective in expressing our country's interest in the international context. In the natural gas sector the report includes information also for the high level decision makers of the state for the concrete situation of the possible gasification of the Albanian economy.

This report provides also information on the activity carried out by ERE in close cooperation with the consultancy financed by USAID in drafting a contemporary regulatory framework in the natural gas sector, in compliance with the EU acquis.

The second part of the report presents and analyzes the work of ERE in its main core activity, such as the Board of Commissioners activity, of tariff and prices setting, licensing of the activities in the electricity sector, monitoring of the market and licensees, legal issues and customer protection, the relation of ERE with the public, and with the national institutions the international relations and the development of its human resources.

A special part is dedicated to the ERE audit report prepared by an independent accountant.

The forth part presents the summarized conclusions evidenced by the ERE analysis and a number of recommendations for further improvements in the energy sector.

Finally the fifth part contains 5 annexes with graphs and tables attached to this report.

The report is developed with the participation and contribution of all the ERE directories and was carefully analyzed in the ERE Board of Commissioners meeting on February 21th 2011 and approved by its Decision No. 14.

Chairman of ERE

Dear reader,

2010 for the Albanian Energy Regulator represents the 15th year of its creation. ERE is one of the first regulators in the energy sector in all East European countries.

These 15th years of activity are characterized by successfully facing a lot of challenges. Firstly, the challenge to overcome the inherited mentality for the creation of an independent regulator. Secondly the regulation was introduced for the first time in our country and there was no tradition everything was starting from the beginning.

Taking this occasion it is my obligation to remember with great respect the honourable ERE Chairmen in all these years Mr. Agim Nashi, Mr. Engjell Cuci, and Mr. Pjeter Dema, together with their Board of Commisisoners in the respective years 1995-1998, 1998-2004, 2004-2006, considering the difficult starting conditions, but with the right support and clear visions of the respective governments, created and further consolidated a transparent, impartial and independent institution.

After the privatization of the distribution sector in 2008 and including a great number of licensees in the electricity sector, ERE is an institution with distinguished features such as transparency, independence and professional capacity, estimated these not only from the public opinion within the country but also from the international institutions that assist the power sector.

The international conference organized by ERE on October 7th 2010, for the 15th anniversary of ERE, which was attebded by distinguished personalities in regulation such as 20 Chairman of Regulators from Europe and wider, was an event that not only made a dignitous presentation of our regulator in the energy sector, por also showed the progress made by Albania in this sector.

For all these 15 years of success we express our appreciation to USAID by assisting us in an ongoing process with the best experts for energy. We also thank the other international institutions such as World Bank, IFC, EBRD, KfW etc for the valuable assistance in facing with great success the challenges of this development.
2010 marks an extraordinary year from the power point of view. It is the year where records are reached for generation and export of electricity, a year in which the power capacitites were efficiently exploited and a year that turned Albania into a net exporting country for energy after many years.

With all the modest improvements for the efficiency of electricity consumption, the energy sector countinues to have difficulties realted to the electricity losses and especially for the so-called non-technical losses and as well as with the low level of collections of electricity consumption.
2010 marks an important archivement for the finalization of the interconnection line 400kV, with a transmission capacity 1000 MW Elbasan-Tirana-Podgorica and the preparingto start the other interconnection line with the same capacity between Albanain and Kosovo.

In this report that is presented to the Albanian Parliament, a deep and complete analysis of the power sector is made and also regarding the activity of the Albanian Energy Regulator for 2010.

The conclusions an drecommandations presented in this report concisely express some of the exsiting aspects uptodate in the energy sector as well as the vision for the future developments of this important sector for the economy of the Albania.

Sincerely

Bujar Nepravishta

First Part

Power Sector Analysis

Regulatory functioning and ERE organizative structure

The structure, organization and functioning of the Albanian Energy Regulator is based on the Law No. 9072, date 22.05.2003, "On Power Sector", as amended and the Law No.9946, date 30.6.2008 "On Natural Gas Sector".

ERE is a public legal person located in Tirana and is composed of the Board of Commissioners with one Chairman and 4 members, functioning as a decision-making body and appointed by the Albanian Parliament. In addition to the Board there is the technical staff organized in 4 departments, respectively, the Department of Licensing and Market Monitoring, the Department of Tariff and Prices, the Department of Legal Issues and Public Relations and the Department of Administration, Finance and Human Resources.

Actually ERE has a total of 32 employees including 4 employees for services. The whole personnel is subject to the status of Civil Servant.

In Annex-1- the organizative chart of ERE together with the respective number of employees is presented.

ERE exercises its activity in compliance with the Law "On Power Sector" and the Law "On Natural Gas Sector" and is the only regulatory authority in Albania for electricity and natural gas.

ERE as an independent institution in the energy sector exercises its competences in these main directions:

- Licensing of companies that operate in the electricity and natural gas sectors.
- Setting the electricity wholesale and retail tariffs and tariffs for connection and tariffs for third party access to the natural gas network and storage or instalment of LNG facilities.
- Protecting the customer's interest in the electricity and natural gas sectors.
- Monitoring and supervising the contracts and services of the licensees and the security of supply in energy sector.
- Approving the grid codes and rules and regulations or other secondary legislation in the energy sector.
- Enhancing efficiency, competition and upgrading the quality of supply in the energy sector.

ERE financing sources include the regulation fees and licensing fees from the licensee's activity in the energy sector.

By March 31st of each year, the ERE presents to the Parliament the annual report on the situation of the electricity and natural gas sector and its activities, including financial activities and audit report.

Board of Commissioners

Mrs. Entela Shehaj

Mr. Ardian Haçi

Mr. Abaz Aliko

Mr. Shkelqim Bozgo

Supporting Staff of the Board of Commissioners

Mr. Petrit Ahmeti
(Advisor of the Board)

Ms. Zerina Pulaha
(Secretary of the Board)

Mr. Zija Kamberi
(AEAI Consultant)

Mr. Ralph Zarumba
(AEAI on Tariffs)

Chapter I

Electricity Market Regulation

1. Electricity market:

The electricity market in Albania functions based on the Electricity Market Model approved by Decision of Council of Ministers No.338, date 09.03.2008. This model has been developed pursuant to the EU Energy Directives for electricity and the requirements of Energy Community Treaty for Southeast Europe, establishing a regional electricity market.

The Albanian Market Model has been developed to take further the Albanian Government policies for reforming the power sector especially for the privatization of the distribution sector of electricity in the short run. Its scope is to establish a regulated, transparent and balanced electricity market, based on bilateral contracts.

An important principle in the Market Model, which directly protects the tariff customers and increases their security of supply with electricity, is the principle for allocation of the electricity production from less expensive resources in favor of tariff customers. This principle is a specific one under the Albanian conditions, where over 95% of domestic electricity production is generated with a very low cost by the existing HPP's.

The Albanian Market Model

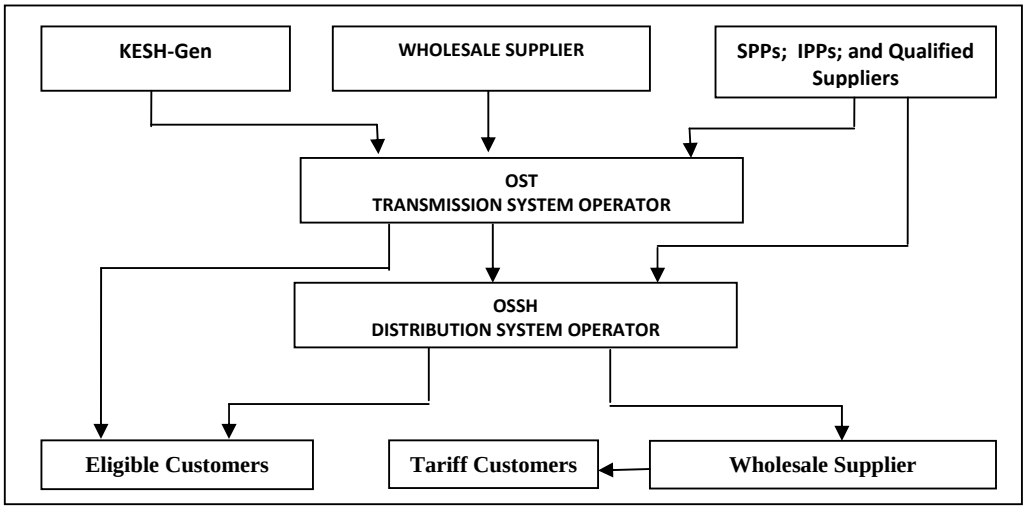

Figure 1.1. *(Source ERE)*

Other important objectives are also energy efficiency and financial sustainability of the power system through the securing a high level information from the market and a clear structure of the power market transactions.

In figure -1.1.- it is shown the electricity market structure.

In order to have a clear idea on the graph on the power supply scheme for customers and the jurisdiction for each public company in our country, KESH-Gen. sh.a., OST sh.a. and CEZ Distribution sh.a. (i.e. generation, transmission and distribution), in figure -1.2- it is shown this scheme for ilustration.

Power system scheme

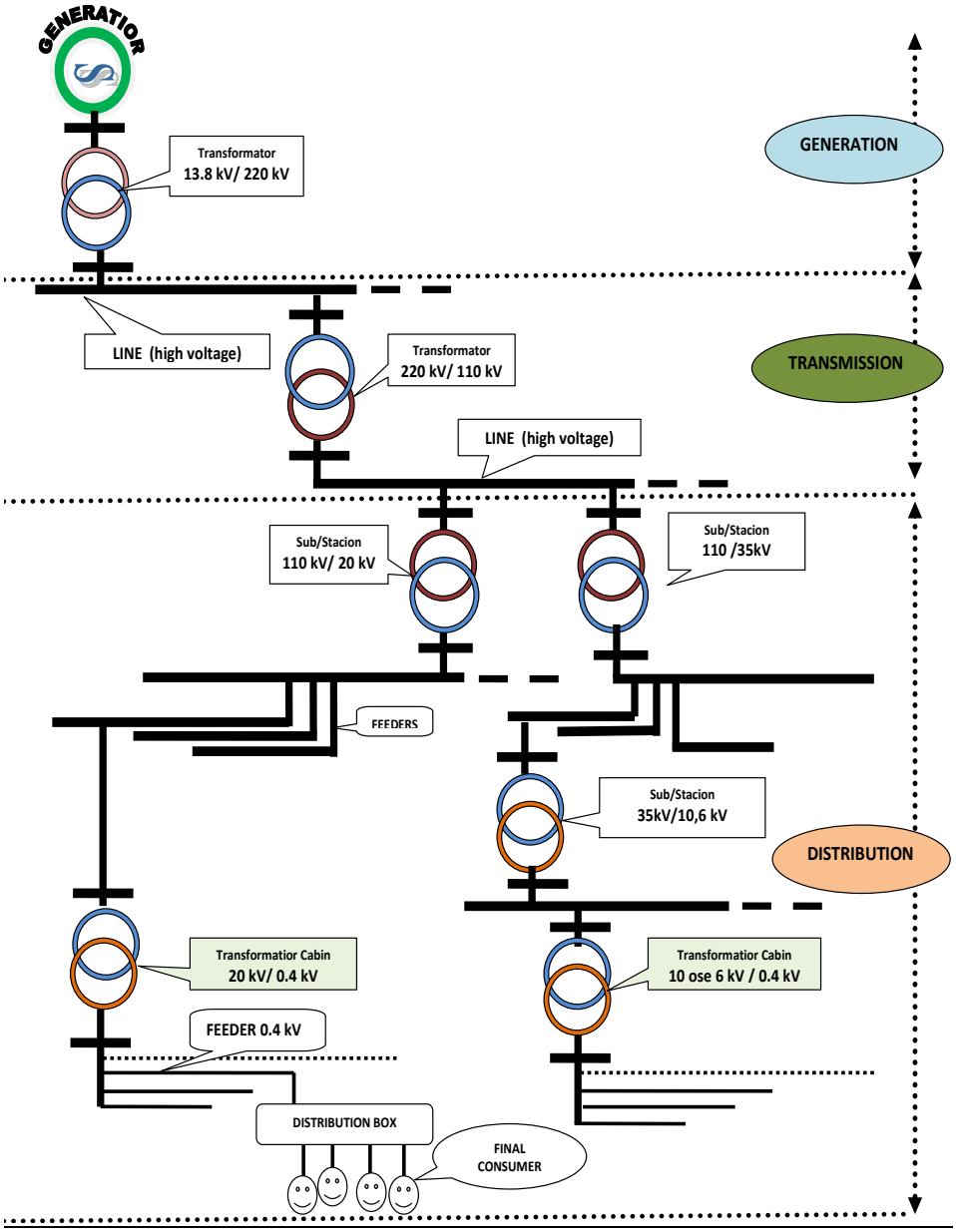

Figure 1.2. (Source ERE)

It is important to stress that another important feature of the Market Model is the requirement that all the profits realized by the licensees shall go to tariff customers. This is an important principle that was taken into consideration by ERE in the calculation of electricity tariff and prices for 2011.

2. Production of electricity

Production of electricity realized by the public company KESH-Gen and private producers that are owners of power plants and also private producers that have taken by concessions the power plant from the state, or that have signed a concessionary agreement with the Government for the construction and explotation of the new plants.

2.1. Public production of electricity

Public production of electricity is carried out by the shareholder company KESH-Gen with 100% of shares state-owned and the company "TEC-Vlora" also with 100% of shares state-owned, which is part of KESH holding.

In table -2.1.- it is shown the structure of electricity plants for public production where the total installed capacity is 1,531 MW, from which the installed capacity for HPP's is 1,433 and TPP's 98 MW. Considering also the total installed capacity of private producers of electricity

Power Plant characteristics	Power Plants								
	Fierz HPP	**Koman HPP**	**V.Dejes HPP**	**Ulez HPP**	**Shkopet HPP**	**Bistric 1 HPP**	**Bistric 2 HPP**	**Lana-Bregas HPP**	**Vlora TPP**
Units no.	4	4	5	4	2	3	1	2	2
Installed capacity of units MW	125	150	50	6.3	12	7.7	5	2.5	70+28
Installed capacity of power plant MW	500	600	250	25	24	24	5	5	98
Total capacity MW	**1,531**								

Table 2.1. *(Source KESH sh.a.)*

of 42 MW, the total installed capacity in our country is 1557 MW. In this calculation has not been taken into consideration the Fieri TPP because he is not working anymore since 2008, due to a very low output.

Public production of electricity in 2010 was realized mainly 96,3% by hydro power plants (HPPs) and only 3,7% by Vlora TPP.

During 2010 the total production of electricity by the public generation companies was 7,555,506 Million kWh, while the total production that takes into

consideration also the production by private sector of 159,3 Million kWh reaching at 7,743,295 Million kWh (7,743TWh).

From the hydrological point of view 2010 is considered an extraordinary wet year with water inflow propability around 2% and this has positively influenced the domestic production of electricity by reaching the record in generation for all times in Albania.

The graph of figure -2.1. – shows the performance of the daily generation of electricity for 2010 as well as its comparison for the years 2007, 2008 and 2009.

Electricity Generation for 2010

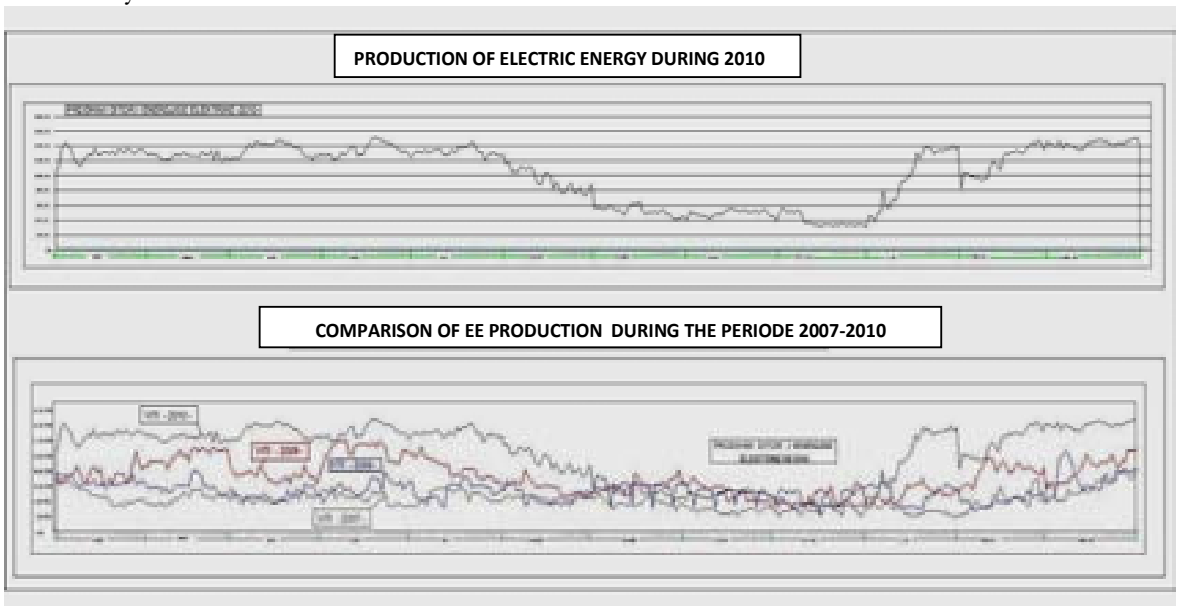

Figure -2.1- (Source OST)

The peak daily generation for 2010 is marked on April 18th with 29,994 milion kWh. This generation is realized only by the hydro power plants administered by KESH sh.a., with installed capacity 1433MW. For this generation the explotation time for the maximum installed capacity, for each unit, in all the HPP's is 20,91 hours in 24 working hours or with a maximal load coefficient 0,87. The time explotation indicator for the maximum load for 2010 is T=5349 hours or an exploitation maximal load coefficient 2010 Kng=061. Excluding the months of July, August and September, for the rest of the year the exploitation maximal load coefficient is over 0,78, which representes a record not only for Albania but in Europe and wider, because such coefficients are characteristic mainly for TPPs' or nuclear plants.

In addition to the very favorable hydrological conditions, such a record has been reached because of the working conditions of the25 units in HPPs' because such coefficients are characteristic mainly for TPPs' or nuclear plants.
The minimal daily generation during 2010 is realized on September 30th with 6,432 Milion kWh, or 4,66 less than the maximal daily generation.

In the graph of figure 2.2 is represented the electricity generation in our country during the period 1985 until 2010. As it can be seen from this graph the generation for 2010 is the highest historical generation.
For the period 2007-2010 ERE has evidenced in details the data on electricity generation for each day of each year. From the comparison of electricity generation for the period 2007-2010 extremely differences are seen. The lower annual generation during this period
Electricity Generation in Albania

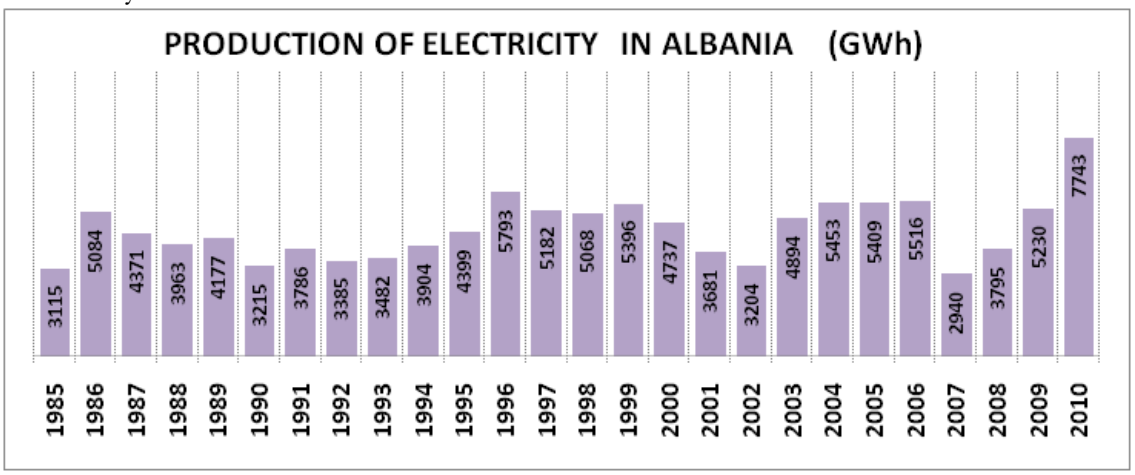

Figure -2.2- (Source KESH, OST)

is the the one of 2007 with 2,918 milion kWh or with an average daily generation of 7,9 milion kWh. While the highest generation is in 2010 with 7,743.295 milion kWh or an average daily generation of 21,2 milion kWh. As it is seen the difference between these two extremes is 2,7 times. Such an indicator aignificantly expresses the high level of risk for the stability of electricity generation by the power systems based only on HPPs'.

Under these conditions ERE emphasizes once more the importance for integration of the two complementary power systems, the Republic of Albania system, based almost all in HPPs' and the Republic of Kosovo system based almost all in TPPs' with coal.
Electricity generation

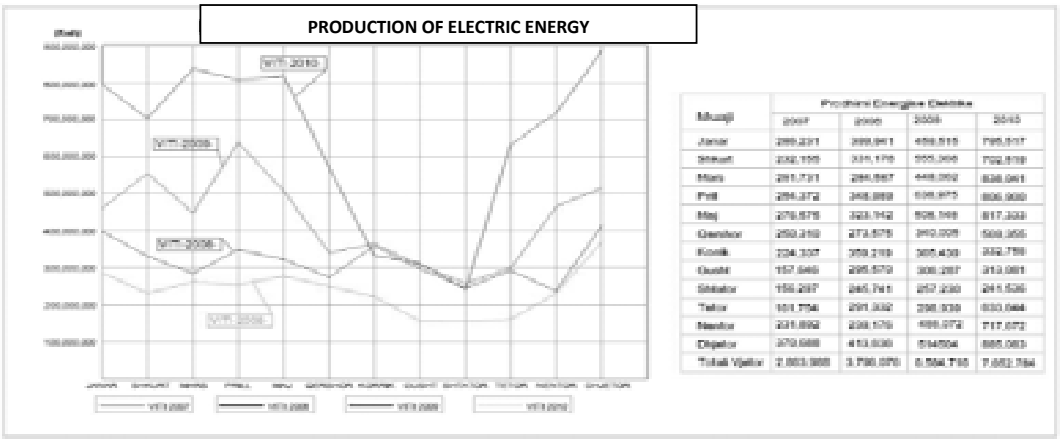

Figure 2.3 (Source KESH, OST)

It is important to emphasize that in these systems the generation costs of electricity are some of the lowest, that's why it is of great interest for both countries the integration in a unique power system with the construction of the 400kV interconnection line between Albania and Kosovo.

In the graph of figure -2.3- it is shown the comparison the public generation of electricity for 2007, 2008 and 2009. Compared to 2008 the generation for 2009 is increased by 36% while in comparison with 2007 there is an increase of 2,7 times.

A detailed analysis for the public generation of electricity for 2010 and for the whole period 2005-2010 cosists in evidencing generation and working time for each unit of the hydro power plants of this sector.

Year	Fierze	Koman	V.Dejes	Ulez	Shkopet	Bistrice-1	Bistrice-2
	Production TWh						
2005	1.86	2.187	0.927	0.121	0.058	--	--
2006	0.94	2.119	0.952	0.107	0.032	--	--
2007	0.69	1.199	0.630	0.071	0.034	--	--
2008	1.07	1.551	0.817	0.092	0.079	0.119	0.119
2009	1.54	2.000	1.082	0.126	0.102	0.137	0.137
2010	2.29	2.420	1.510	0.150	0.120	0.130	0.04

Table 2.2

In table -2.2.- are shown the generation quantities for each hydro power plant while in figure -2.4- these indicators are graphically presented.

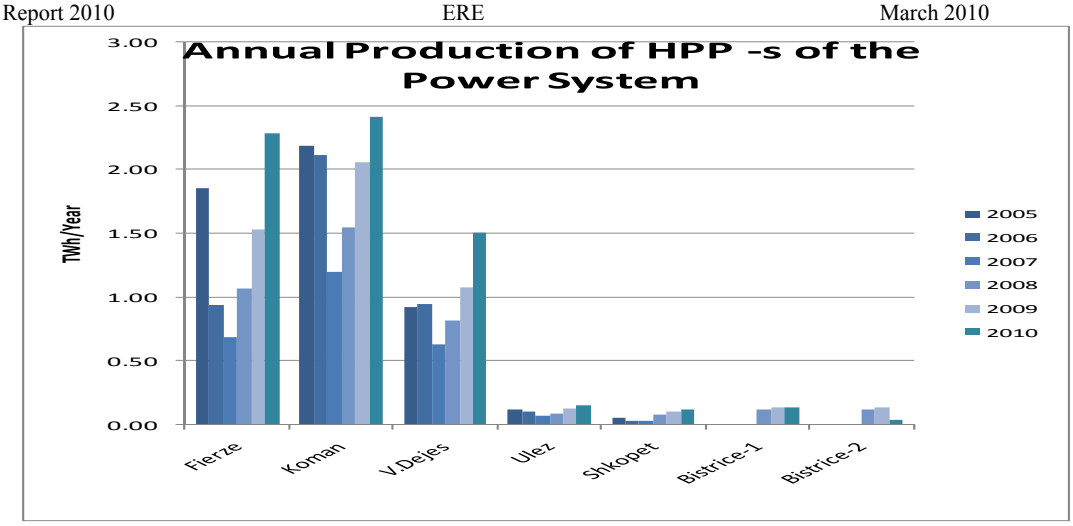

Figure -2.4- (Source KESH sh.a.)

The graph of figure -2.5 – shows the annual electricity production from each plant in the public sector, while figure -2.3 – shows the total annual working time of the units for each plant.

An important phenomenon in the work of hydro power plants in the system especially for 2010 , which has been an extraordinary hydrological year, has been the good disponibility of all the units in plants. It does worthy to mention that all the units of the system have been exploites as they were units of thermo power plants, due to the high scale of disponibility. It is important to mention that due to this the water was not wasted without being first used for electricity.

Table -2.3-

Year	Fierze	Koman	V.Dejes	Ulez	Shkopet	Bistrice-1	Bistrice-2
Working Hours							
2005	18,580	16,261	19,556	21,324	6,141	18,060	8,300
Average per unit	4,645	4,065	3,911	5,331	3,070	6,020	8,300
2006	14,753	18,388	22,216	19,430	10,832	23,598	7,924
Average per unit	3,688	4,597	4,443	4,857	5,416	7,866	7,924
2007	8,435	10,826	15,385	14,430	7,036	25,757	1,584
Average per unit	2,108	2,706	3,077	3,607	3,518	8585	1,584
2008	11,312	13,477	20,681	17,323	8,606	22,887	5,042
Average per unit	2,828	3,369	4,136	4,330	4,303	7,629	5,042
2009	15,636	13,121	20,770	22,015	11,215	25,408	8,221
Average per unit	3,909	3,280	4,154	5,503	5,607	8,469	8,221
2010	21,994	20,735	33,676	26,411	13,519	25,668	8,004
Average per unit	5498	5,183	6,735	6,602	6,759	8,556	8,004

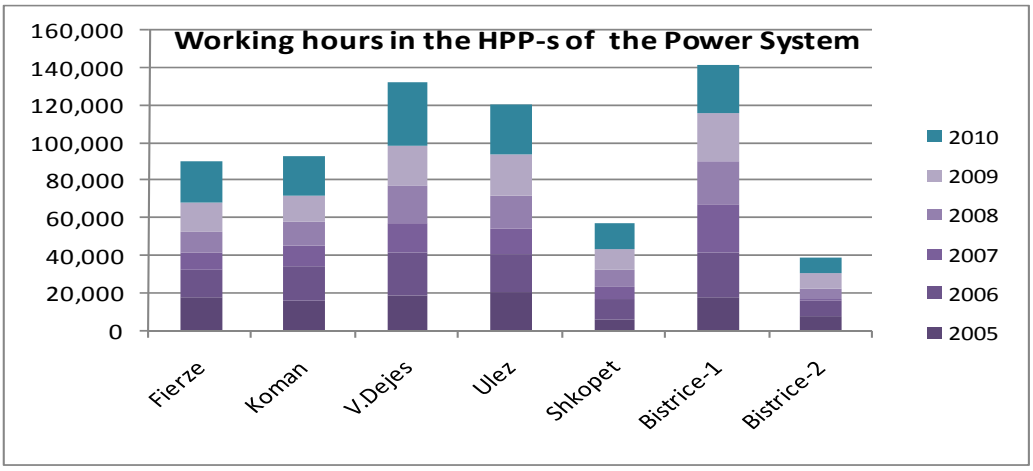

Figure 2.5 (Source KESH sh.a.)

Another important phenomenon is the evidencing especially of the working time of Bistrica HPPs' units, differing from the other HPPs'. This phenomenon comes due to the fact that the Bistrica river is created by a natyral source and is less influenced by the watercollection pool of the rainfalls, differing from Drini and Mati rivers where the watercollecting pool from rainfalls plays a main role.

An important indicator of the efficiency functioning of HPPs is the analysis made to the specific water consumption of electricity generation expressed in (m3 water/kWh) that during the period 2008-2010 marks the highest efficiency.

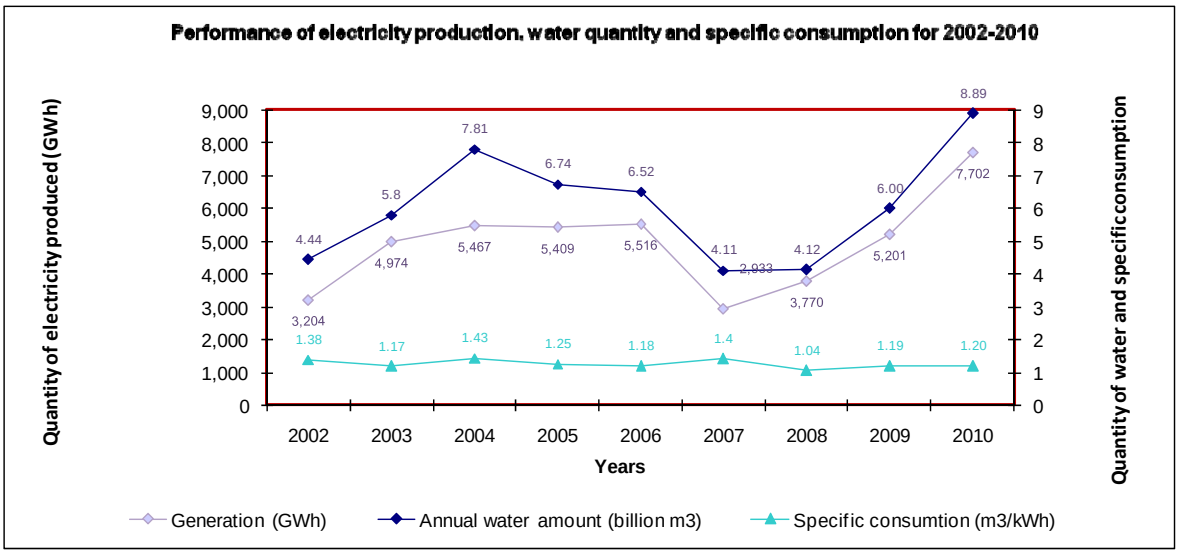

Figure 2.6 (Source OST sh.a.)

2.2 Criteria on exploitation of power reserve at Drini Cascade

The water discharges from the HPP gates are a phenomenon encountered under water flow condititons that risk the level increase above the allowed level of dam security. This kind of discharge is legal but what cannot be justified are those discharges made by through the turbines in the cases when electricity is not generated, due to the unavaibility of the units, or when these discharges are done and at the same time the electricity is imported from KESH.

Fortunately these are phenomenon that occurred in the past, because since 2007 and up to day no discharge of this kind has been verified.

As already known Fierza HPP is a plant with annual regulation of flows, what influences directly in the production of Koman and Vau deja HPP which are supplied by regulated flows of Fierza.

In figure 2.7 is graphically shown for each day of 2010 the level water in meters, in the Fierza reservoir as well as the daily water flows in m3/sec of Drini river at this reservoir. Also are showns for camparison the daily levels of water and the daily water flows for each year for the period 2007-2010.

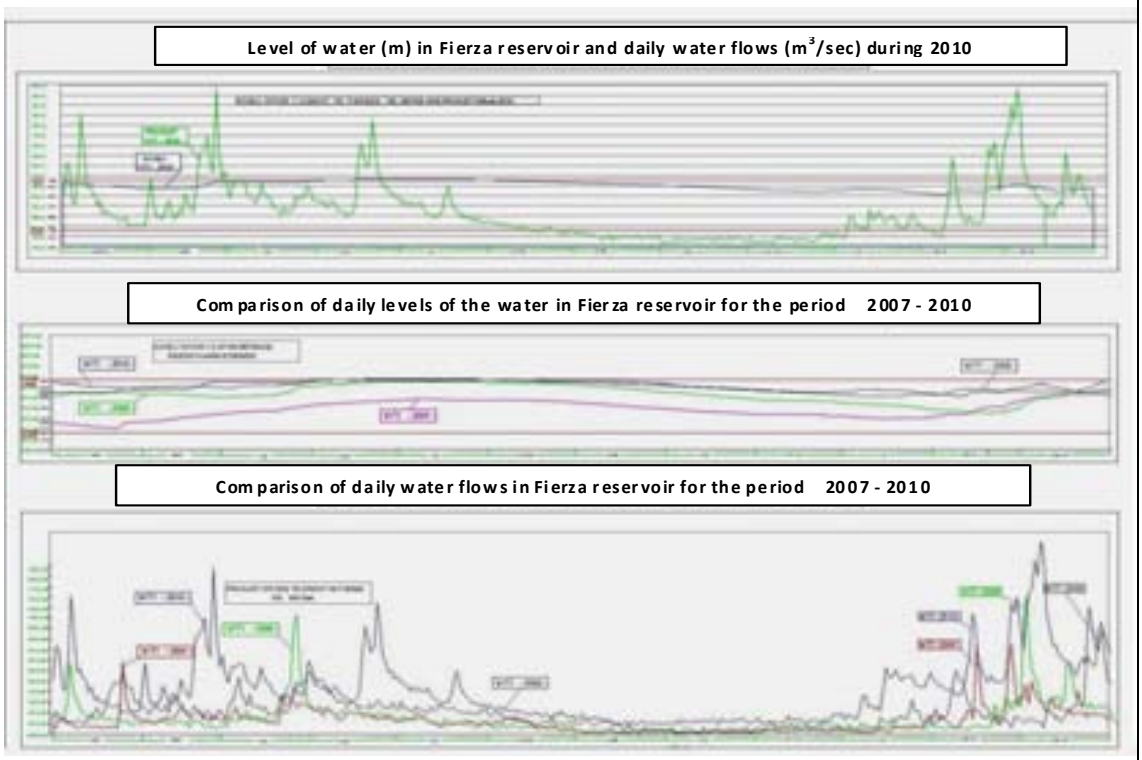

Figure 2.7 (Source OST sh.a.)

It can be easily seen that the differences between the inflows for 2010 with the inflows of the previous years are very high, which makes 2010 an extraordinary year, with propability around 2% regarding the hydrological conditions.

Appart from this extraordinary hydrological conditions the managing of the water level in Fierza reservoir, is carefully treated, so that in order to be absorbed

by the basin maximal quantity of inflows to reduce the negative effects in the cascade for the floods in Shkodra zone, bur respecting form the other hand the conditions for the dam security.

In the graph of figure -2.8- it is shown the power reserve exploitation for each day of the year 2010 and for comparison are presented also the respective graphs for 2008 and 2009.

As it is seen, the criteria for the elaboration of the power reserve are based on three main principles of the Regulation on Dam Exploitation consisting in:

- Following the dam security conditions
- Optimal exploitation of the power reserve
- Minimization of flood effects

In this view the existence of Drini cascade has played a moderated role in the inflows and per consequence it can be said that if this cascade could not exist, the flood effects should have been much bigger.

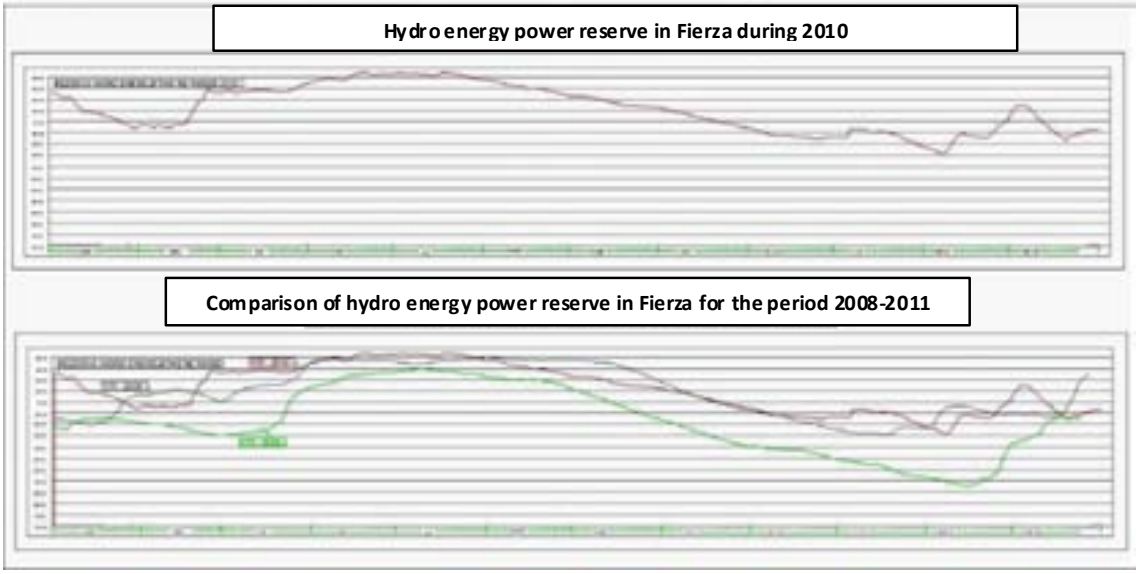

Figure 2.8 (Source OST sh.a.)

Engineering opinion, regarding the daily and annually regulation of inflows in a cascade, serves as the basis regulation model, that is generally based on inflows with a security scale or propability around 70%. Based on this the annual elaboration model of the power reserve is constructed in order to realize a high efficiency exploitation of this reserve or in other words the maximum quantity of electricity is taken.

In power constructions projects also in the Drini river cascade HPPs's it is foreseen that the water hauling channel in the downer inflow HPP (in our case Vau I Dejes HPP) shall be at a high security scale towards the impact of the sourounding environment.

But this ecurity scale can be compromised if in the discharge channel urban contractions are made, the dams are damaged or other negative coincidences may happen due to mutual cooreaction topographic factors, tides ect. If this situation accompanied with extraordinary inflows, which are usually very rare, or with low

propability, no doubt the consequences of flood in the sourounding environment should be severe, as it happened in 2010.

The main citeria that determines the security level from flood is an economical-social factor. In the concrete examples of the urban environment in the discharges of the cascade inflows the evaluation of maximal allowed inflows should be made (from Vau I Dejes HPP) so that there is no flood.

For this level of inflows it is set the proability scale from the multiannual hydrological data as well as the model of power reserve exploitation. It is understood the higher the security scale the lower the electricity generated, because the power reserves in HPP basins and especially in Fierza HPP shall be kept low

The setting of equilibrium flows-floods and the further improvement of this factor is accompanied by investments to increase the security from floods but from the other side has an impact on reduction of electricity generation from the cascade.

The study on scientific basis of this phenomenon shall serve to increase the security from floods but also shall prevent the other extreme to create unstudies reserves in the HPPs' basins.

Under these conditions, considering the 2010 floods, mainly in Shkodra and Lezha lowland it will be important that in balancing all the factors that influence in floods should be taken into consideration the criteria on Regulation for Dam exploitation.

No doubt, the undertaking of the decision by Albanian Government for the construction of Skavica HPP to be added to the public electricity sources, is an initiative with a high economic efficiency, which shall not only increase the domestic generation but also to highly absorbe the inflows in the Drini upper flow, which shall be a sensitive factor in the increase of security scale from floods.

2.3 Electricity generation by Vlora TPP

During 2009 were concluded the construction works for Vlora TPP and by the end of this year started the testing. The graph of figure 2.9 shows the generation realized by this TPP for each day during 2010.

During this period this TPP generated 28,7 milion kWh electricity and after that it stopped due to a not suitable solution of the water supply scheme by the sea for cooling the condensator. This problem is being fixes by the investor for a more secure solution without causing any additional cost for KESH sh.a.

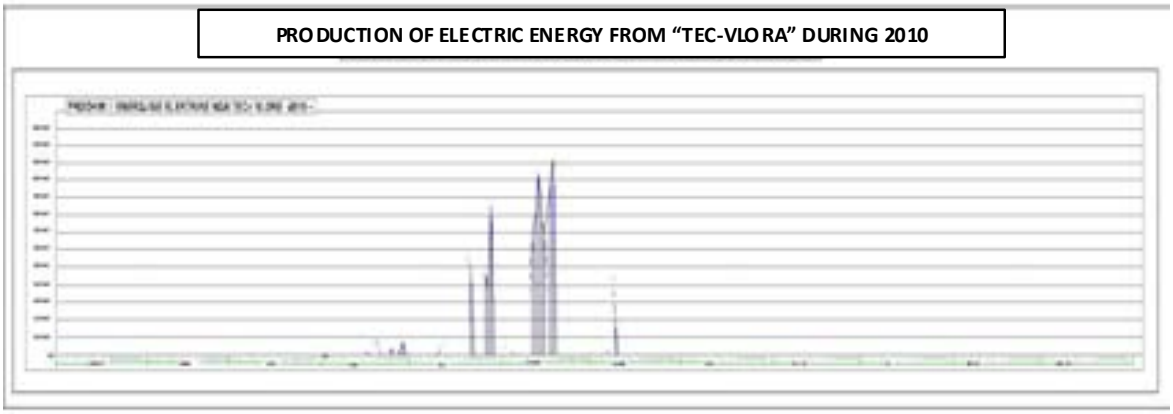

Figure 2.9 (Source KESH sh.a. OST sh.a.)

ERE for the tariff of Vlora TPP has set such a value that this subject purchases the necessary fuel of 43,439 tons of diesel marine at the general amount of 3,1 billion lek in order to allow, based on its request, for generation of 245 milion kWh electricity, quantity that is needed for guarantee of the technological equipment. Due to this expense, the cost of Wholesale Public Supplier was increased by 1,6 lek/kWh that was in 2009 at 2,03 lek/kWh for 2010. In case this expense was not foreseen the WPS price was 1,45 lek/kWh.
Considering that from the reasons above was generated only 28,7 milion kWh and the fuel remained unexploited, the cost of WPS was reduced from 2,03 lek/kWh that was in 2010 at 1,48lek/kWh for 2011.

This TPP was projected and constructed to work with natural gas but actually it is using diesel marine, because it has not been realized yet the supply of Albania with natural gas, as a consequence the cost of electricity generated from it is much higher than that of the existing HPPs, because the price of oil in the international markets is very high.

Although it must be stressed that it serves first of all to the security of supply with electricity in the country, under the conditions that power sector in Albania, while since 2008, the supply in Albania is without interruptions, for the whole year.

Vlora TPP has two turbines installed, one with gas, the other one is classic steam with high pressure with productivity respectively 70% and 30% of the general capacity for each unit.

2.2. Private generation of electricity

Table -2.4.- shows a summary of the structure of private production of electricity. Actually there are 51 HPPs from 19 private and concessionary companies with total installed capacity 25,874 kW, and a genral productivity for 2010 of 159,04 milion kWh or 2.0% of the general production for 2010.

In table 2.4 it is shown the monthly generation of electricity during 2010 from 19 concessionary and private companies that administer or own 51 hydro power plants with capacity up to 15MW. While in figure -2.11- it is shown the annual generation of electricity from each of 51 HPPs with capacity up to 15MW.

During 2010 started work 5 new HPPs (Tervioli, Hidro-Albania, Bistrics 1, Dishnica and Lubonja) with general installed capacity of 16,1 MW and a generation of 41,8 milion kWh or 26,3% of the general production of 2010 by HPPs up to 15 MW.

The general generation of electricity by HPP up to 15 MW reached at 159,04 milion kWh from 89,31 milion kWh that was in 2009, or with an increase of 78,1% from which 46,8% is realized by the new HPPs that started work during 2010.

In the graph of figure 2.10 it is shown the performance of generation by small HPPs (up to 15MW) during the period 2004-2010. It does worth mentioning the pace of generation increase by HPP given by concession after 2008.

Table 2.4 (Source ERE)

To promote the private investments for the construction of new HPPs given by concession, with capacity up to 15MW, the Government has authorized KESH to purchase all the lectricity generated by them with a price approved by the ERE based on an incentive formula.

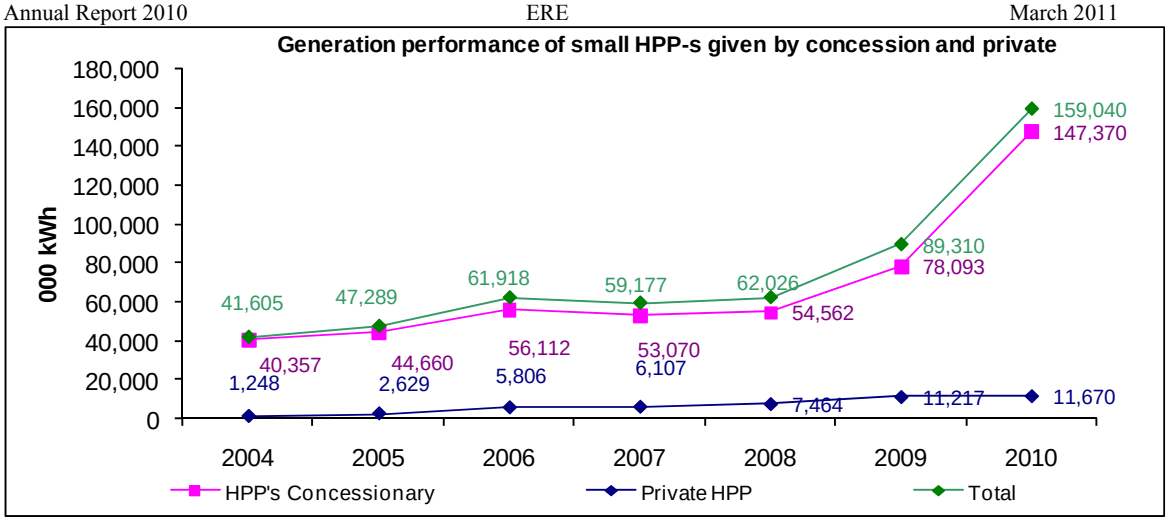

Figure 2.10 (Source ERE)

Picture from new HPP of Tervial given by concession

Pictures from new HPP of Tervial given by concession

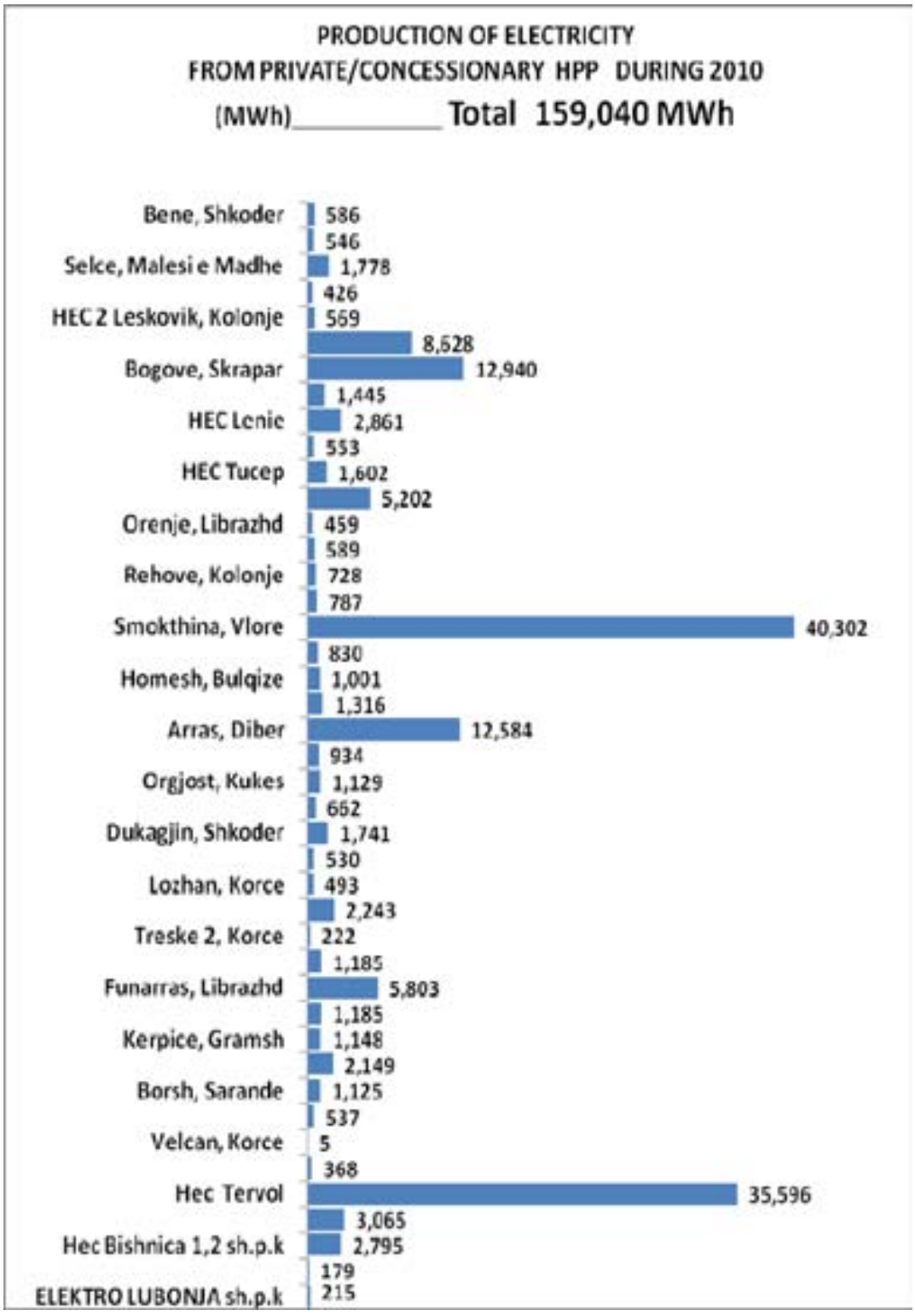

Figure 2.11 (Source ERE)

In the graph of figure 2.12 are shown the collected revenues from private companies for the electricity sale generated by HPPs with capacity up to 15 MW, which for 2010 reached over 1,1 bilion lek, towards 580,5 milion lek in 2009 or 75% more.

In the strategy sector, the Albanian Government has set as priority the exploitation of the power pontential that is still unexploited. To enhance the initiative for private investments in construction of new HPPs given by concession, with a capacity up to 15 MW, the Government has authorized KESH to purchase all the electricity produced by them, with a price approved by ERE, according to an incentive formula which refers to the average import prices of electricity plus a bonus of 10%. The price differentiation between the existing private HPP and those newly build is justified with the big difference in the investment value between these two categories.

During 2009 and on due to the global decrease of electricity demand, the electricity prices in the international market were considerable decreased, per consequence also the import prices in our country decreased. Under these conditions the electricity price for HPPs' given by concession up to 15 MW from 9,27 lek/kWh that was in 2009 was reduced in 6 lek/kWh or less than 54,5%, when at the same time the price for the existitng HPPs'due to the calculation of price according to another rmethodology was increased from 6,5 lek/kWh in 7,4 lek/kWh or 13,8% more.

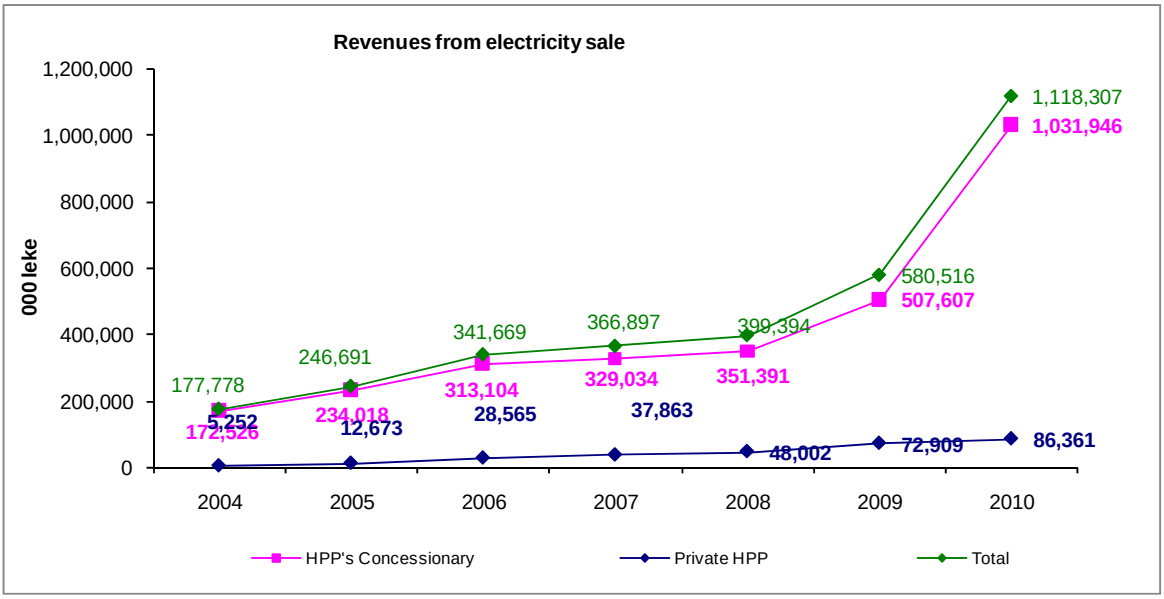

Figure 2.12 (Source KESH sh.a.)

Under these conditions the incentive policy of the Government through the implementation of the formula on import price was weakened and it was considered reasonable that in compliance with the Power Sector Law amended ERE was charged to propose to the Concil of Ministers a new methodology for calculation.

In figure 2.13 it is shown the price performance of HPPs with capacity up to 15 MW for the period 2004-2010.

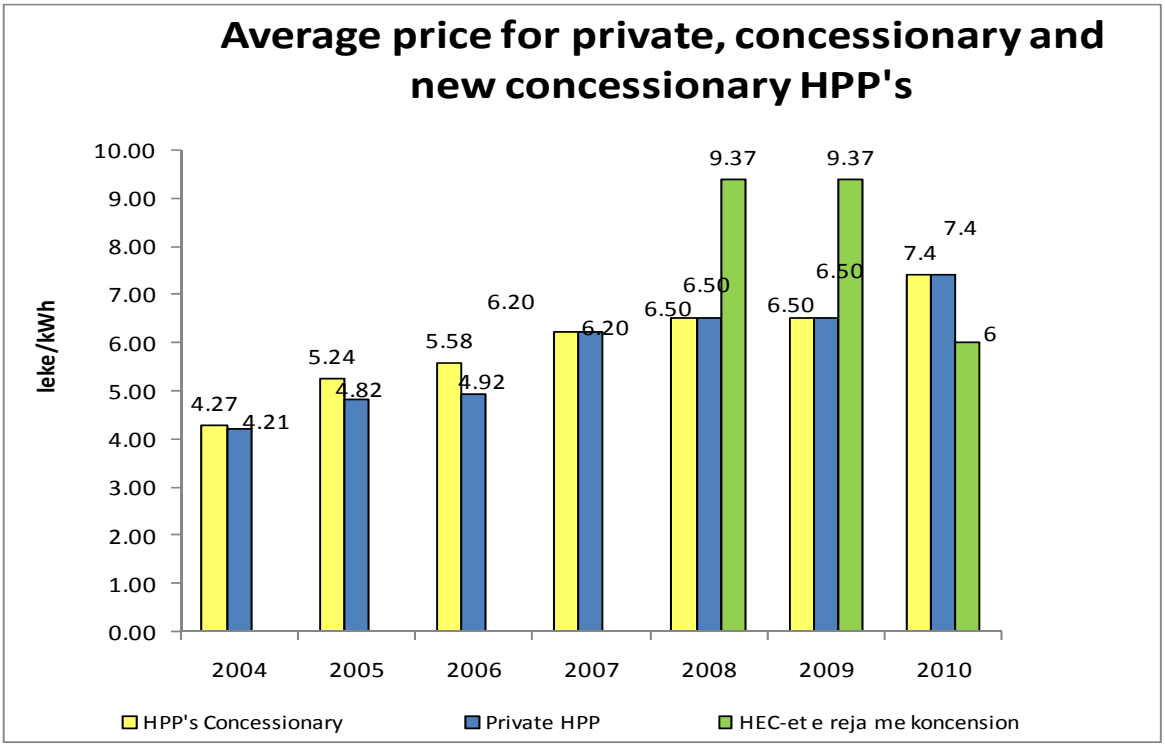

Figure 2.13 (Source ERE)

During 2010 ERE developed a study for the estimation of a unified price for HPPs with capacity up to 15 MW, independently from their ownership. The study analysied 4 scenarios and appraised as the most optimal the method based on average marginal costs, based on the analysis of 80 HPPs. The study was published in the ERE web site and from the interested parties many comments were made. The main problem from the sugestioned taken stands on the impact this shall have on the final customers the penetration in the system of these HPPs for a period 15 years, as well as the amendments in the existitng legal frameowork.

2.5 Efficiency of electricity production

The characteristics of the efficiency of electricity production first of all spring from the nature of generation sources. In a power system, where all the electricity, or generally, the main part of it, is being produced by hydro power plants, it is important to evidence the main features of this system springing out also its priorities and flaws.

In this analysis are taken into consideration these main features:

- The ability to accumulate electricity in potential power reserve.
- The ability to regulate the flows annually.
- Optimization of production and import of electricity combination.

- High flexibility towards load, which permits to easily cover the peak load.
- The dependency of electricity production by the hydrological weather conditions.
- Discharges of water from reservoirs.
- Relatively high investments for their construction and longer time for concluding and commissioning the plants compared to TPPs
- Lower expenses for exploitation and maintenance.

Based on the daily power situation in the country, the ERE has followed everyday this situation and has reflected it graphically to be able to analyze and evaluate the exploitation efficiency of the power cascade.

In table -2.5.- are shown comparative data for each year of the period 2002 – 2010 between the indicators that influence directly in the efficiency evaluation of electricity production. As it is seen, although 2010 has been a favorable year from the hydrological point of view, ERE points out that the performance of KESH-gen in exploitation of power reserve of river Drini cascade has been satisfactory. The specific water consumption of 1.20 m3/kWh shows that the water has been exploited with high efficiency.

Name	Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Generation (GWh)	3,204	4,974	5,467	5,409	5,516	2,933	3,770	5,201	7,702
Import (GWh)	2,072	937	567	365	633	2,828	2,417	1,884	1,911
Average Price for import (Euro/MWh)	30.18	30.15	35.57	40.04	47.81	69.00	79.00	48.69	45.50
Import Price (000Euro)	62,534	28.261	20.172	14.628	30,246	195.132	190.943	91.74	86.95
Supply (GWh)	5,430	5,900	5,945	5,933	6,121	5,750	6,300	6,593	6,773
Annual water amount (billion m^3)	4.44	5.8	7.81	6.74	6.52	4.11	4.12	6.00	10.85
Annual water spills (billion m^3)	0	0	0	0	0	0	0	0	1.96
Specific consumtion (m^3/kWh)	1.38	1.17	1.43	1.25	1.18	1.4	1.04	1.19	1.20
Load sheddings (GWh)	960	662	556	664	412	891	200	0	0
Load sheddings (hours/days)	4.3	2.9	2.3	2.7	1.6	3.4	0.3	0	0

Table **2.5.** (*Source KESHsh.a.OSTsh.a.)*

The level of cascade reservoirs compared to the previous years have been administrated under very difficult conditions due to the threat caused by the waterplots, often surprising aiming to reach critical levels from one side and the threat caused by the obligatory increase of discharges in floods in lowlands of Shkodra and Lezha.

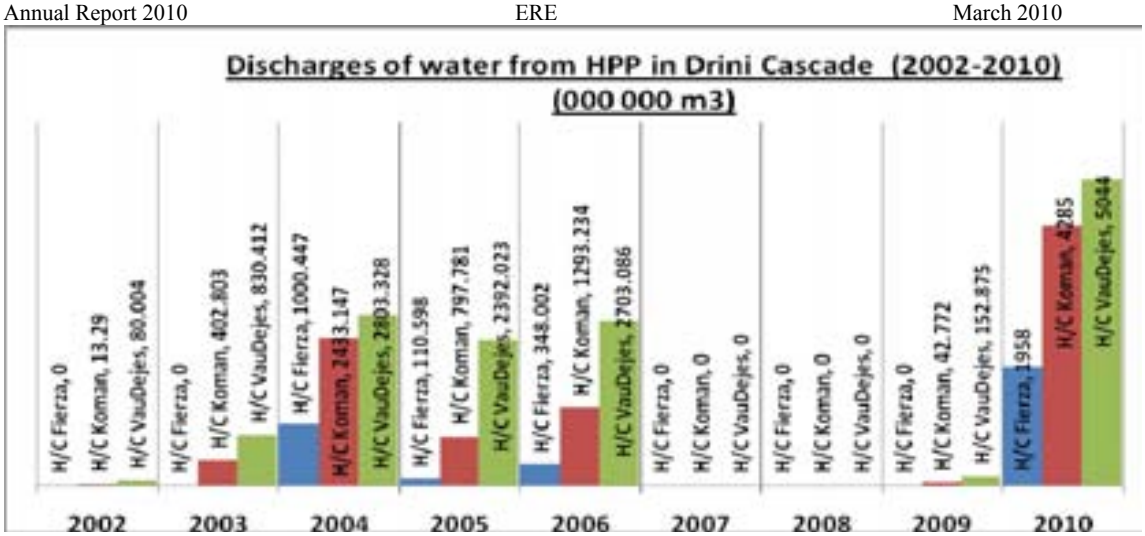

Figure 2.14 (Source OST)

The water quantity only in Fierza reservoir for 2010 is 38,9% higher than the record of inflows for 2002-2010, that are in 2004 or 80,8% higher than the inflows in 2009.

It is worth noticiting that due to the high availability in all the aggregates no water was wasted. All the discharges have been compelled due to the conditions for the dams' security.

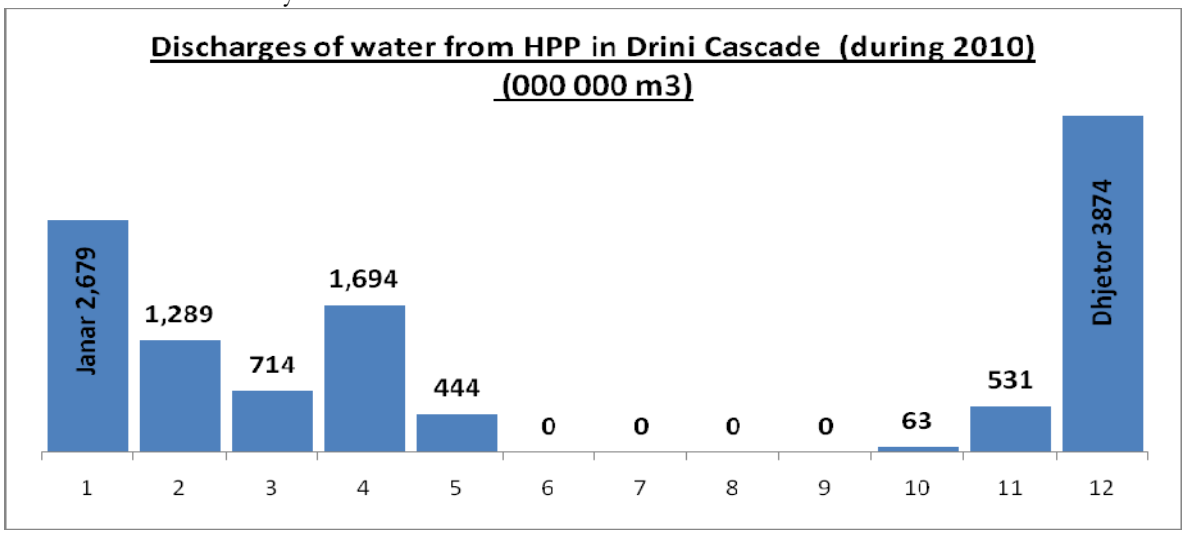

Figure 2.15 (Source OST)

In figure 2.14 are graphically shown the water discharges from Drini cascade HPPs' for each year of the period 2002-2010, while in fugure 2.15 are shown the discharges for each month of 2010 from this cascade.

In the efficiency increase of the power reserve exploitation has influenced also the export and the electricity exchange when there are high inflows as well as in transactions with economic benefit through export andimport carried out by KESH.

During 2010 KESH sha. has sold electricity in the regional market due to high inflows and profitable transactions with a general export of 2,934 TWh.

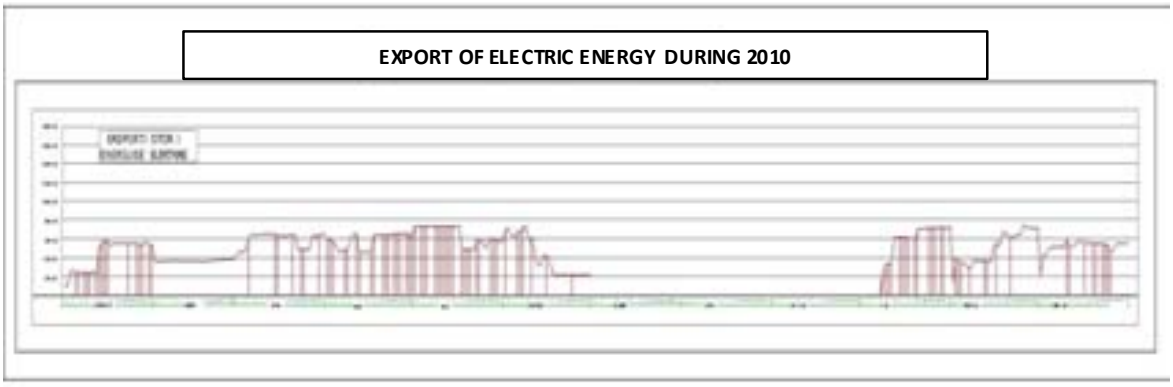

Figure 2.16 (Source KESH sh.a. OST sh.a.)

These exports are made by KESH sh.a. without harming the security of supply for the country.

Electricity export for 2010

Table -2.6-

CONTRACT	**R E A L I S AT I O N**		
Year 2010	**Quantity MWh**	**Value €**	**Value without VAT**
Total	**2,934,226**	**119,110,286**	**16,406,308,623**

In table 2.6 are shown the revenues of KESH from the electricity export over 16,4 billion lek.

ERE thinks that for a generating system of electricity mainly from HPPs, and especially with concentrated sources with over 80% of the annual production in Drini river cascade with inflows varying from 7-8m3/sec in over 1,500m3/sec in Fierza and over 4,000 m3/sec in Vau I Dejes, it is necessary that the structure within KESH for the elaboration of power reserve be supported by a qualified and well equipped service for hydrometereological prognosis.

The strengthening of this structure (or regime group) under the conditions that there is a high risk of the hydrological prognosis for power needs, for a vast territory of the water collecting pond which for Drini river is around 12,000 km^2 , would be justified by the benefit this would bring in the forecast and prevention of the dangerous consequences from difficult hydrological situation.

3. Electricity consumption

2010, finally marks the consolidation of full supply of customers with electricity.

During 2010, as well as in 2009 the only electricity outages have been those for breakdowns in the network or due to scheduled repairing works.

Being this the case, 2010 objectively expresses the real level of annual demand for electricity.

3.1. Electricity demand

As abovementioned, until 2009 there has been no reliable evaluation of the electricity demand. Since 2008 when the outages supply with electricity started, the premises to make a real evaluation and objective planning of the energy demand in the following years, were established.

Figure -3.1.-shows graphically the annual consumption of electricity in Albania for the period 1985 - 2010.

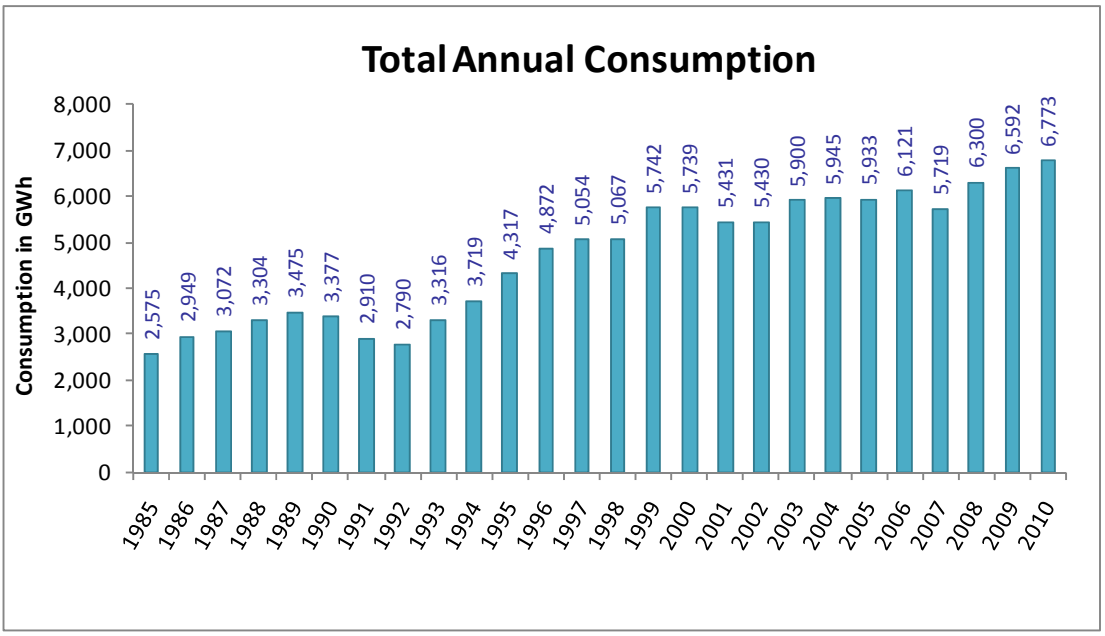

Figure 3.1. *(Source ERE)*

The average annual increase of electricity during this period results in absolute value 161 GWh/Year. In the period before 2008, due to planned load shedding of electricity this indicator is not real. Referring to 2008, 2009 and 2010, the demand increase of electricity for 2009 results in absolute value 292 GWh more than in 2008, or with 4.6% more, while in 2010 is 181GWh or 2,74% more than 2009.

In the graph of figure -3.2.- it is shown a comparative graph of total consumption of electricity for each month, respectively in the years 2007-2010.

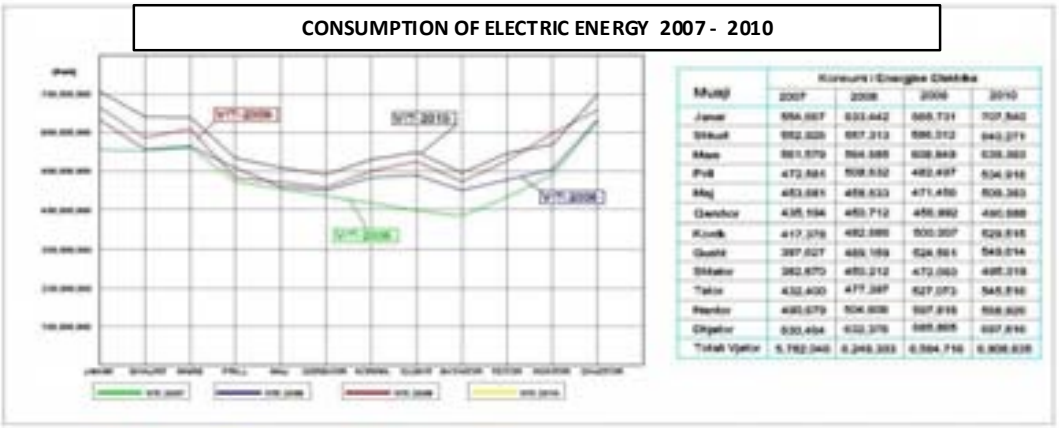

Figure **3.2.** *(Source ERE)*

The power balance for 2010 which takes into consideration in addition to generation and imports, also the exchanges, consumption and electricity losses is shown in the diagram of figure -3.4-.

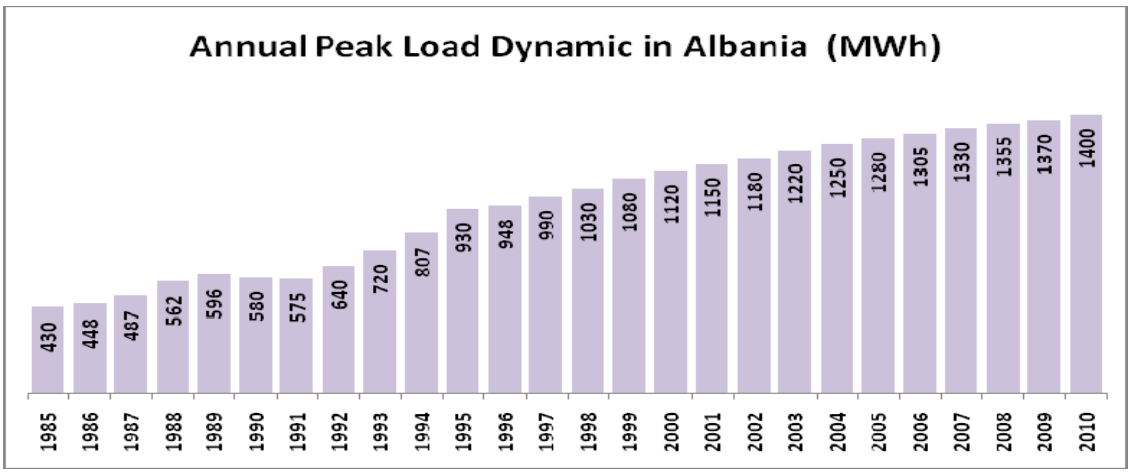

Figure 3.3 (Source ERE)

The graph of figure 3.3 shows the annual peak load for the period 1985-2010. The peak in 2010 marks 1402 MW and compared to the installed capacity in our power system of 1531 MW (including Vlora TPP) or 1433 only HPPs, the actual peak load is 97,7% of the installed capacity in the system. This resport represents a fragile equilibrium, in the dynamic sustainability of our power system which brings out the need for important generation sources.

In 2010, as it can be seen from the respective graph and table the highest historical consumption in our country 6.773 TWh was reached. The general trend of electricity consumption is the annual increase of electricity load averagely with about 3%.

Together with the increase ein electricity demand is increased also the peak load from 420 MW in 1985 in 1402 MW in 2010 with an average annual increase of 37,3 MW.

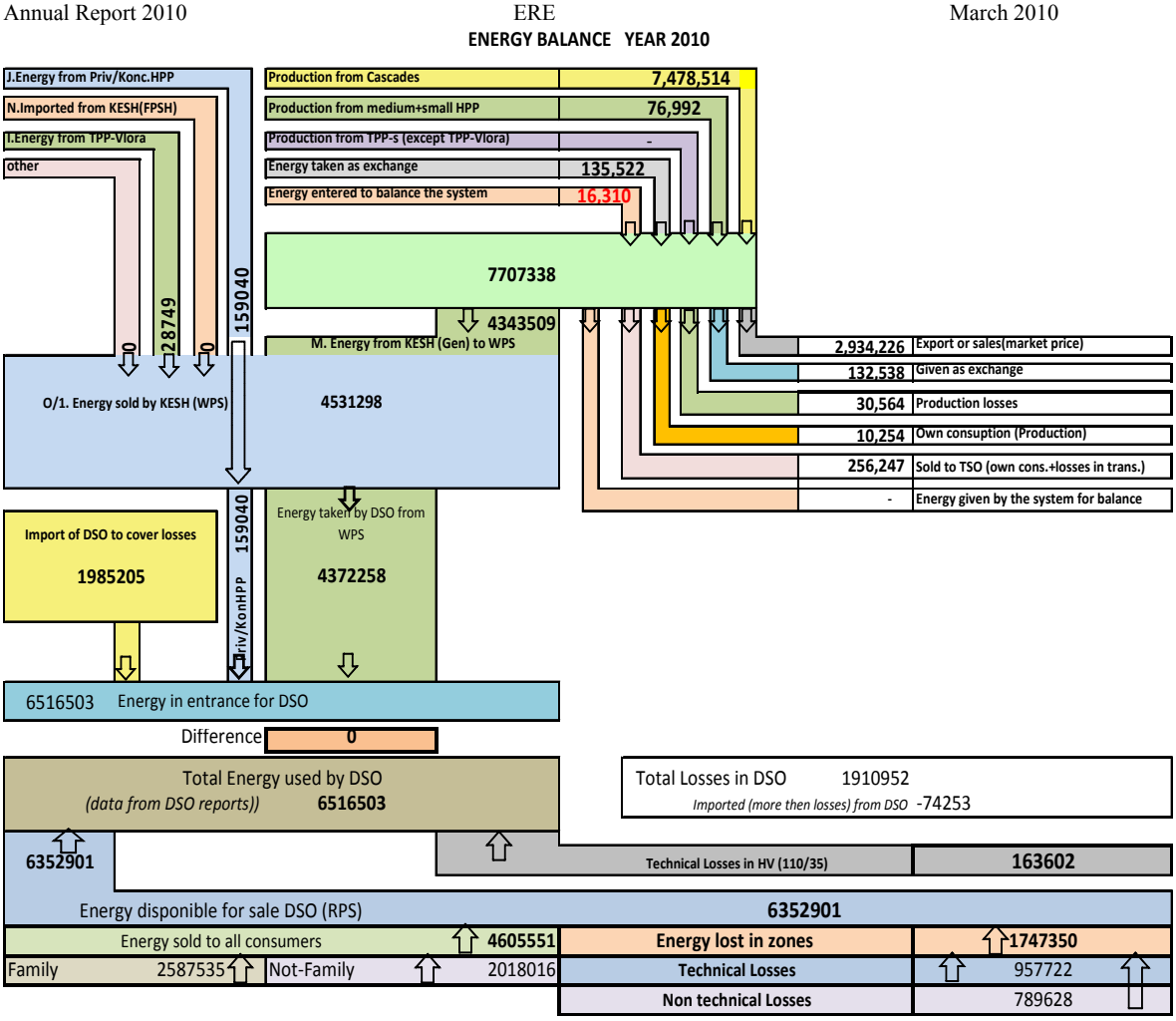

Figure 3.4 (Source ERE, OST, KESH, CEZ)

Pictures taken from ERE International Conference October 7th 2010 in Tirana

3.2. Structure of electricity consumption

The structure of electricity consumption expresses in a synthetic way also the economic and industrial development of a country. In our country the household consumption is 54,9% of the total billed consumption also for 2010 which shows an economy with limited industrial development.

Being this the case, the pace of the economic developments in the country shall influence also in the increase of pace towards the demand for electricity.

In figure -3.5 – it is shown the graph of the structure of electricity consumption according to the customer categories for 2009 expressed in MWh.

An important part is being occupied by the electricity consumption of budgetary and non-budgetary customers, which are mainly water supplies and pumping stations that are the biggest debtors of OSSH.

The electricity consumption structure according to the electricity prices is shown in figure -3.6 -. Even in this case the household customers (with the respective prices 7 lek/kWh and 12 lek/kWh) are the main part in the OSSH revenues.

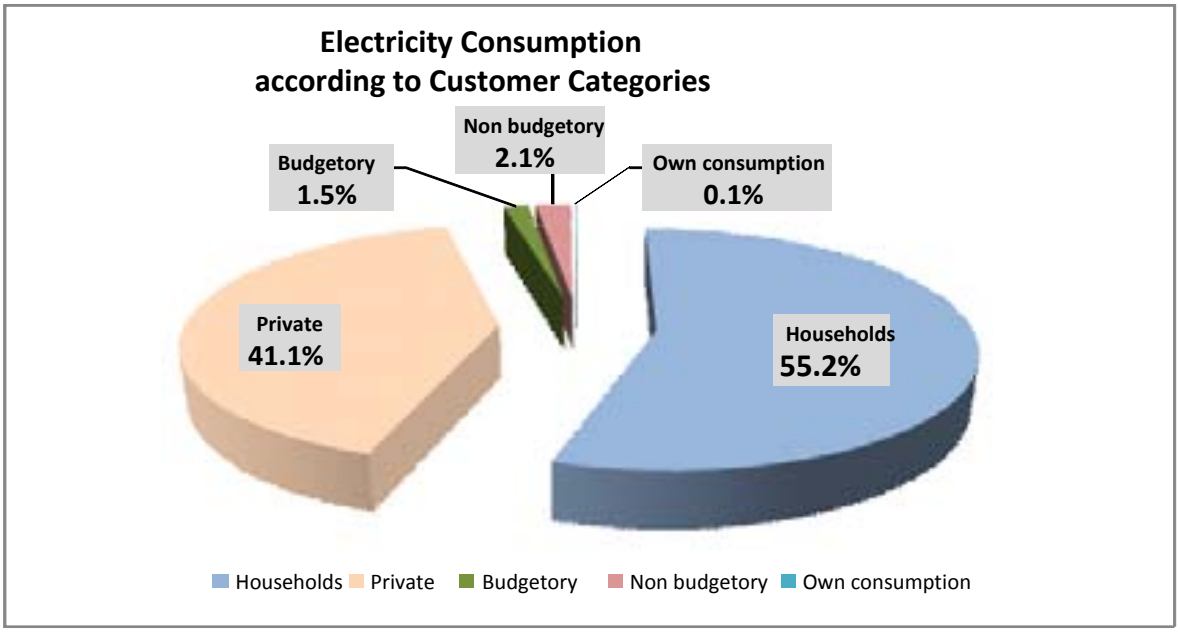

Figure **3.5.** *(Source OSSHsh.a.)*

The dominance of household customers, per consequence the dominance in the OSSH revenues and the sharp issues coming out of this category of customers with non technical losses of electricity, represents one of the most problematic factors in the electricity prices level that is highly sensitive to the public and that needs an immediate solution.

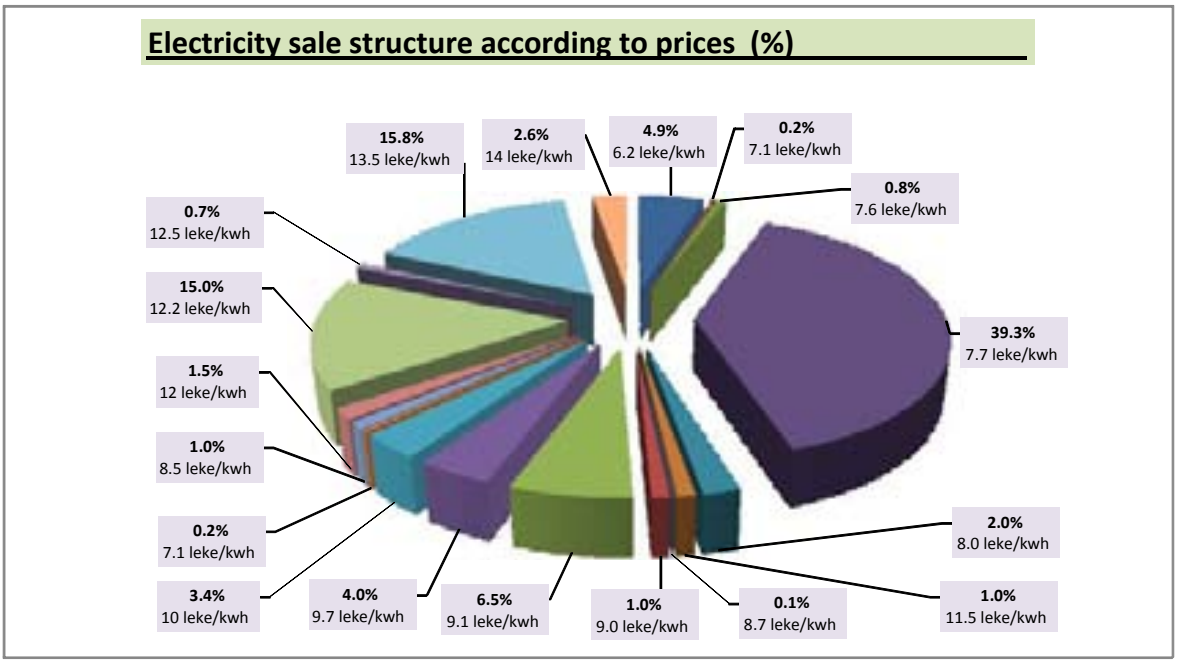

Figure **3.6.** *(Source OSSH sh.a.)*

In the graph of figure 3.7 shows the structure of electricity sale according to voltage level, it is seen that in low voltage where the household customers and most of the bussineses are connected, the electricity sale for these customers are dominating compared to the other voltage levels.

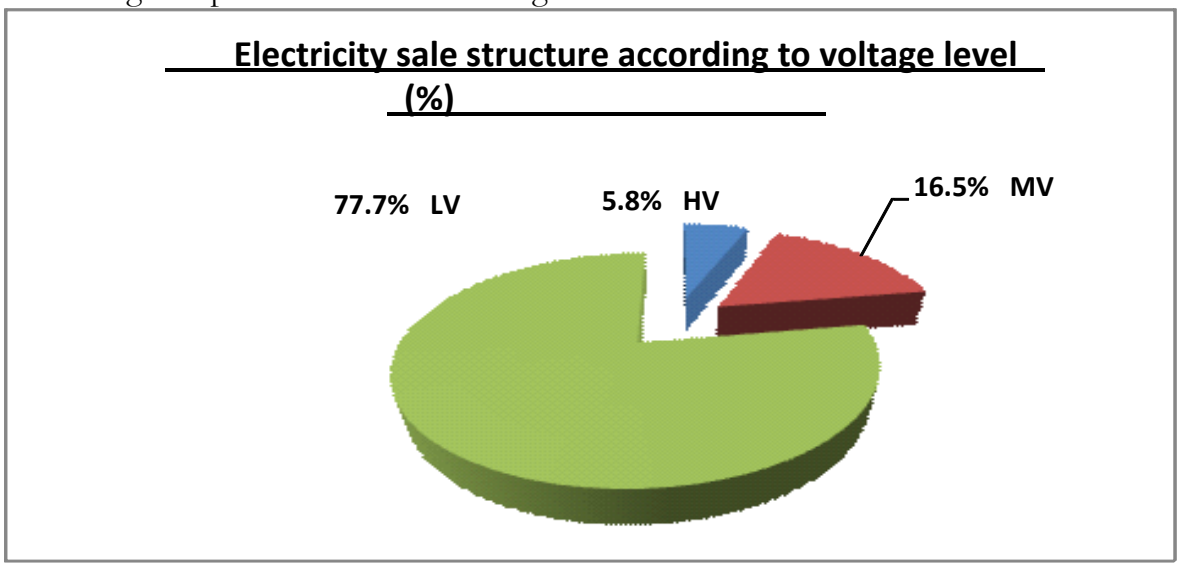

Figure 3.7 (Source OSSH sh.a.)

It does worth mentioning that according to the consumption level it is significant the fact that around 71% of the total customers in the country belong to the consumption block up to 300kWh/month, or to the vulnerable customers.

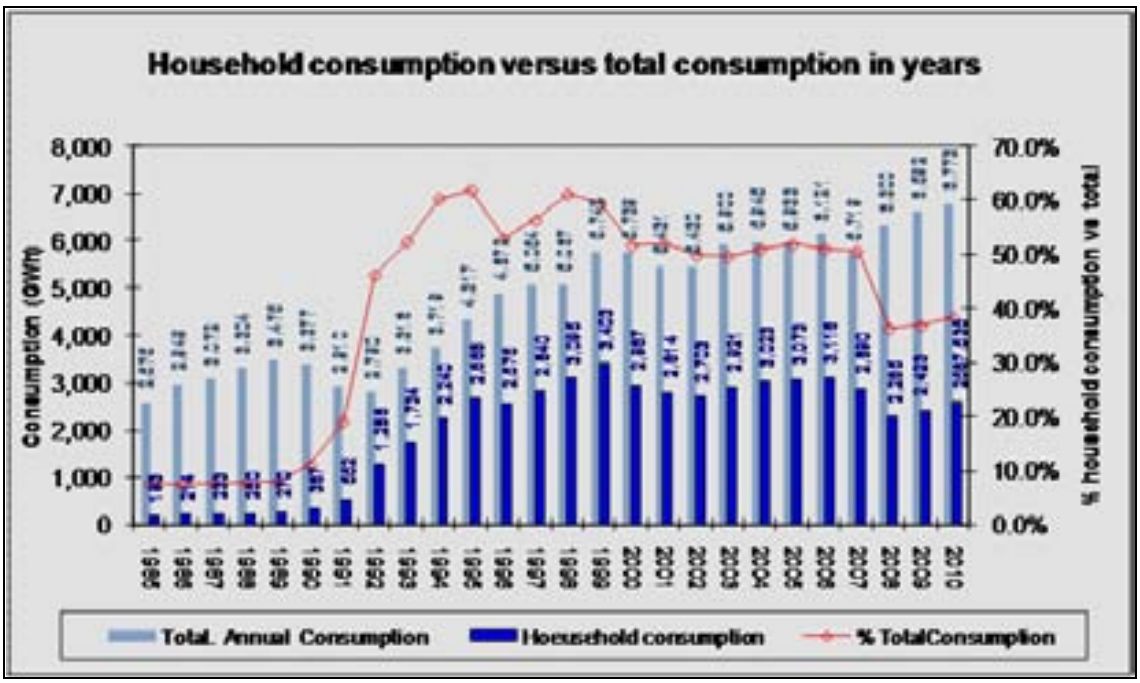

Figure 3.8 (Source OSSH sh.a.)

An indirect indicator of the economic development in the country is also the performance indicator of the household consumption towards the total consumption. Figure -3.8. shows this performance for the period 1985 - 2010.

The trend to decrease the household consumption towards the total consumption, after 2007 is a positive trend, which is related not only to the reduction of electricity losses but also to the economical development in the country.

The structure of electricity consumption from household customers, for each consumption interval for the period January-September 2009 are shown in Figure 3.9.

Only 19.46% of the household customers spend above 300 kWh/month electricity.

The analysis of consumption structure according to the consumption blocks and according to the number of customers for each consumption block, permits to be analyzed in very much detail the structure price for household customers as well, so that a considerable numbers of options are taken into consideration and the optimal solution is found.

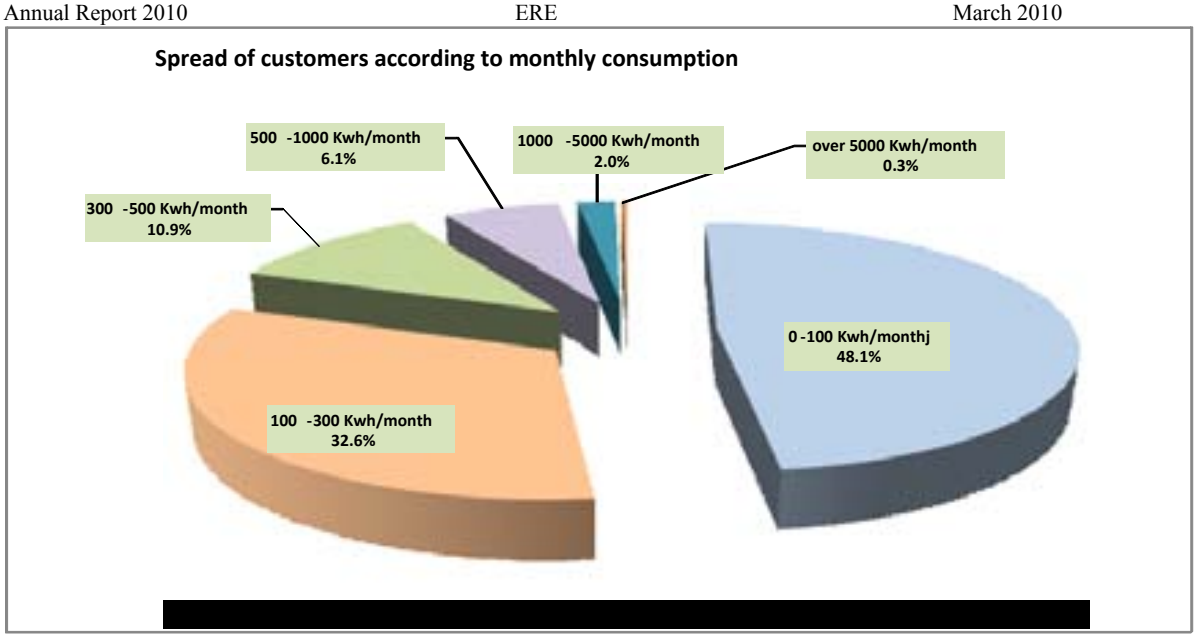

Figure -3.9.- (Source OSSH sh.a.)

3.2.1.Specific ratio in consumption according to each OSSH zone

The consumption structure according to the geographic extension evidences the fact that 70 % of total electricity consumption is carried out mainly in the costal lowland near Adriatic sea zones of Shkodra, Tirana, Durres and Fier, where it is concentrated also the main part of the country population and the most important business activity. Figure -3.10.- shows this structure.

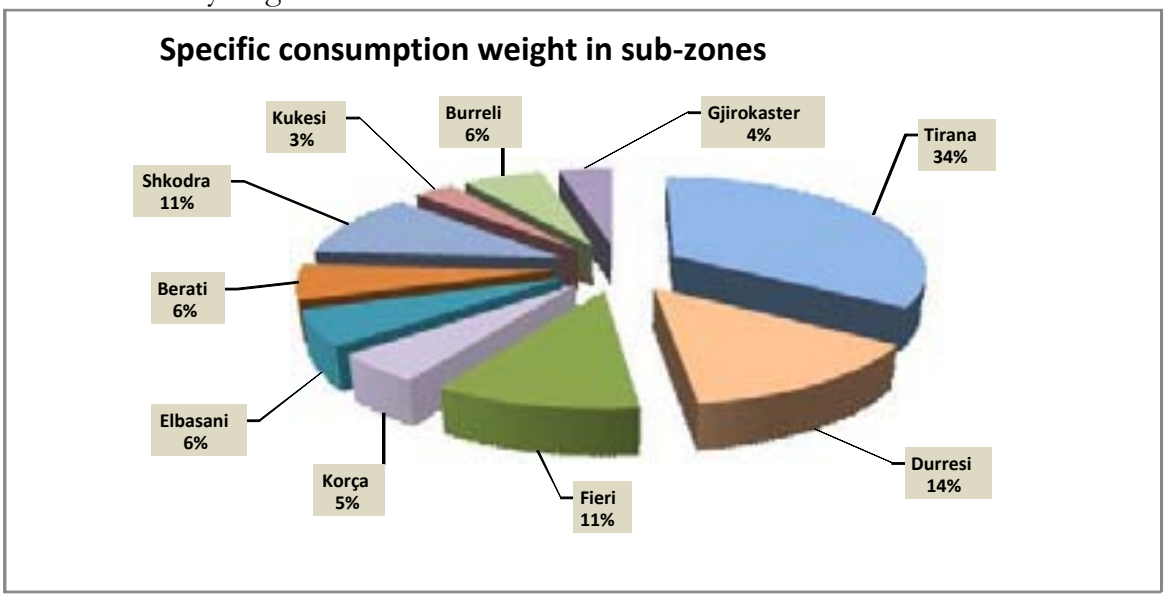

Figure **3.10.** *(Source ERE,OSSH sha.)*

The consumption analysis is important also in setting the priorities in managing with high efficiency the electricity consumption as well as the investment allocation.

3.3. The profile of electricity consumption

The structure of electricity consumption influences directly in the load profile or consumption of electricity. Figure -3.11- shows the profile of electricity consumption of a winter day (31 December 2010), where there is the maximal load for 2010 of 25.83 milion kWh/day and the consumption profile for a summer day (15 May 2010) belonging to the minimal load for 2010 of 15.29 milion kWh/day.

A characteristic feature of this profile is the big load "gap" between night hours (24 – 7) towards day hours. In absolute value it reaches 700MW or 54% of the maximal load. Such a profile shows how little it is worked in "third shift".

Compared to a load profile of a winter day, in the profile of a summer day it is prominent a peak load in evening hours (20-23) which has mainly to do with the intensification of the household's activities during these hours, in summer.

It is important to be emphasized that the big load "gap" during night hours creates an excellent possibility for KESH to carry out profitable financial transactions through the electricity sale and purchase in the regional energy stock market.

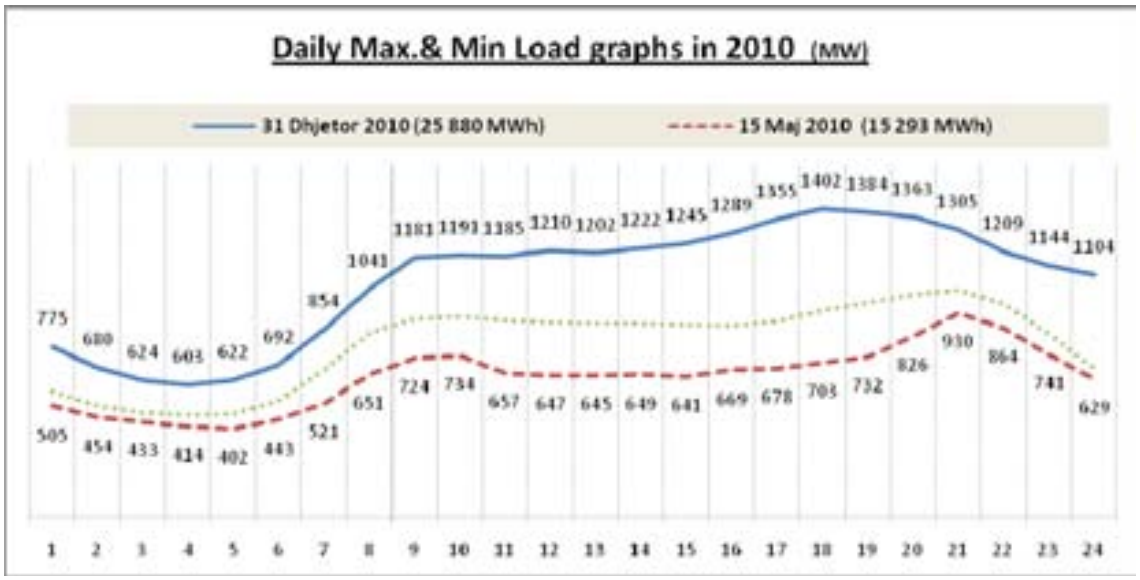

Figure **3.11.** *(Source OST sh.a.)*

The electricity purchase during night at a lower price and the accumulation of water during night hours, to be used at peak hours of the day, to produce and sell in the stock market with peak prices the same energy quantity, represents a profitable financial transaction that increases the efficiency of our generation sources. To realize this there should be made some amendments to the legislation and KESH has to establish a well trained structure for this purpose.

The profile of annual consumption of electricity is shown in the graph of figure -3.12.-.

The profile of annual consumption of electricity is shown in the graph of figure -3.12.-. A characteristic feature of this profile is the symmetrical summer-winter consumption. In the warm period April-September there is an average consumption almost constant, while in the three following months there has been a symmetric increase of the load which is explained with the cold weather and use of electricity for heating.

The use of electricity for heating is another damaging phenomenon of the electricity consumption in our country. Each difference in temperature is immediately reflected in the daily consumption of electricity, of the effect from use or non-use of space heating.
During summer, in July and August there is a new peak load, which from year to year is becoming more evident and is connected with the wide use of climatisating equipment.
The difference of maximal load from the minimal is not the same during the whole year. For winter this difference is 200-300 MW, while for summer is 100-150 MW.
While the difference between the maximal load in winter and in summer is around 300 MW or 30% of the maximal load. These differences are due to the sue of space heating in winter.

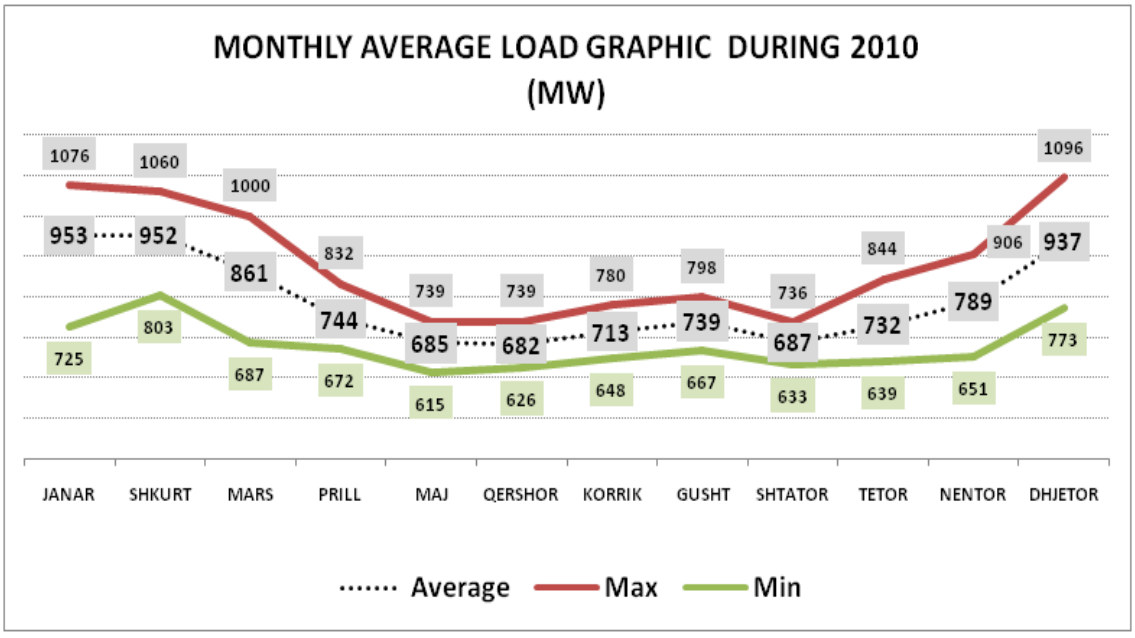

Figure 3.12 (Source OST sh.a.)

The maximum daily consumption for 2009 is registered on December 22nd with 24,170 GWh while the minimum daily consumption is registered on June 28th with13,908 GWh with a difference of 10,262 GWh or 42% of the maximum consumption.

The peak load during 2010 is registered on December 31st 2010 at 6:00 p.m. with 1306 MW.

3.4. The Electricity Import

In compliance with the Albanian Market Model, the electricity imports to cover the domestuc needs in our country are carried out by two public suppliers, the Wholesale Public Supplier (WPS) as part of KESH and OSSH (CEZ Distribution). While WPS imports electricity to cover the needs of tariff customers, OSSH imports energy to cover the electricity losses in the distribution sector.

A specific feature of the electricity imports for 2010 is the fact that for the fisrt time after 1998, in the general balance of import-export, exports have been higher than imports and our country is turned into a net exporting country.

Such a phenomenon came due to very good hidrological conditions and high coefficient of availability in the generation sources, that made the country generation to cover the demand for consumption and export electricity.

In the graph of figure -3.13.- it is shown the electricity balance of import-export for the period 1985-2010. As it can be noticed until 1998 (with the exception of summer 1990) our country has been a net exporting country.

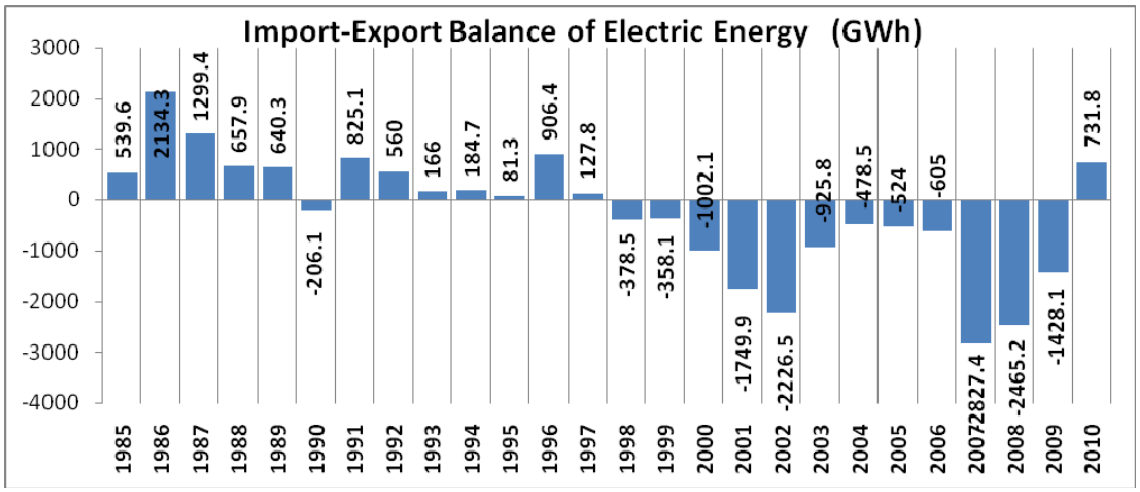

Figure **3.13.** *(Source ERE,OSSH sha.)*

The difference in imports for 2010 compared to the previous ones is not only in high quality but also in concept. Due to the favorable hydrological

conditions, the domestic generation has been higher, imports have been carried out only by CEZ Distribution to cover the losses in compliance with the requirements of Albanian Market Model.

In the graph of figure -3.14- it is shown the electricity import for each month of 2010 and the comparison in the respective years 2007, 2008 and 2009.

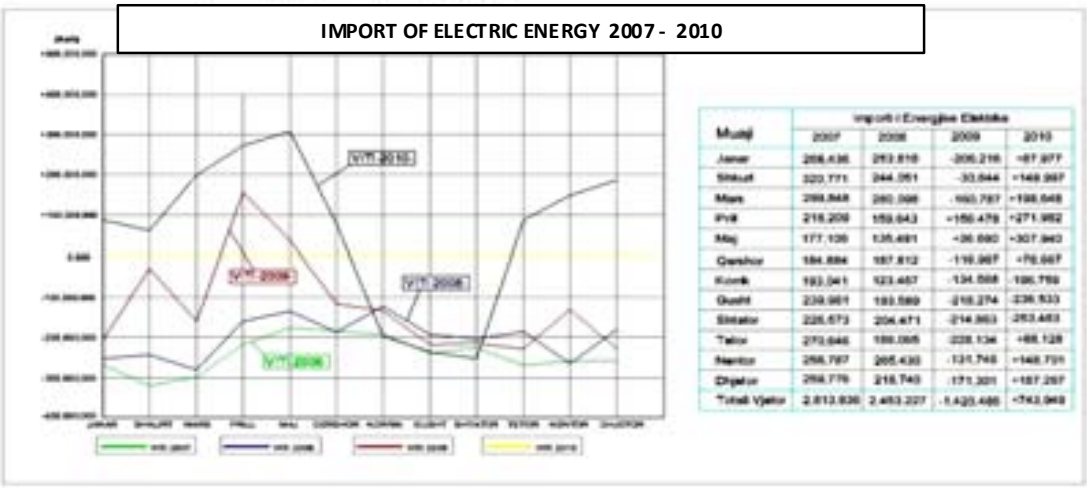

Figure **3.14.** *(Source ERE,OSSH sha.)*

In figure -3.15.- it is shown graphically the performance of electricity production, import and electricity consumption during the period 2002 – 2010.

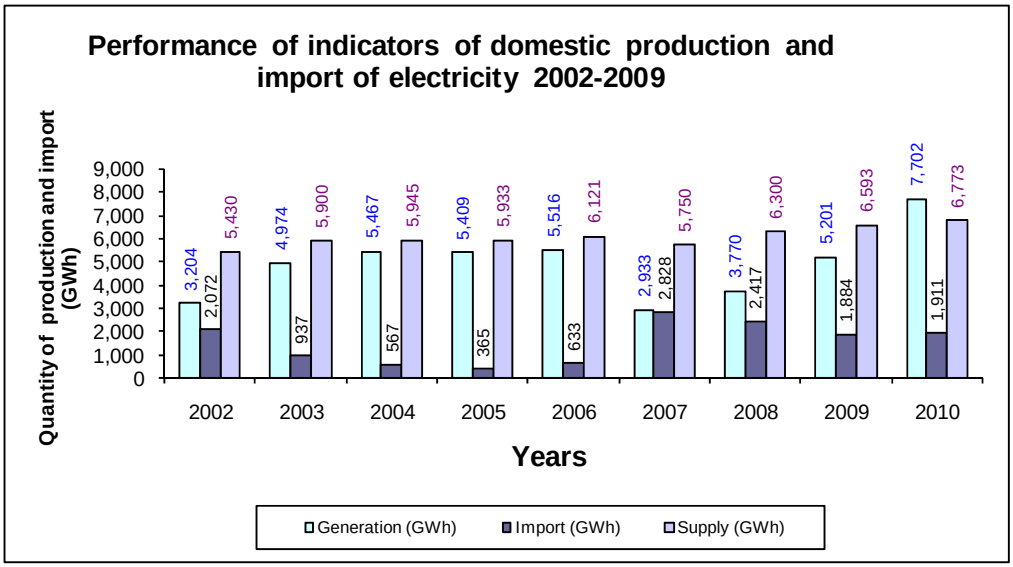

Figure **3.15.** *(Source ERE,OSSH sh.a.)*

In the graph of figure -3.16.- it is shown the performance of electricity imports during the period 2002-2010. Until 2008 the imports have been carried only by KESH, after 2008 with the privatization of the distribution company, imports have been carried out by CEZ Distribution and for the supply of tariff customers by

RPS under KESH sh.a. In 2010 the imports have been carried out only by CEZ Distribution to cover the electricity losses in compliance with the Market Model.

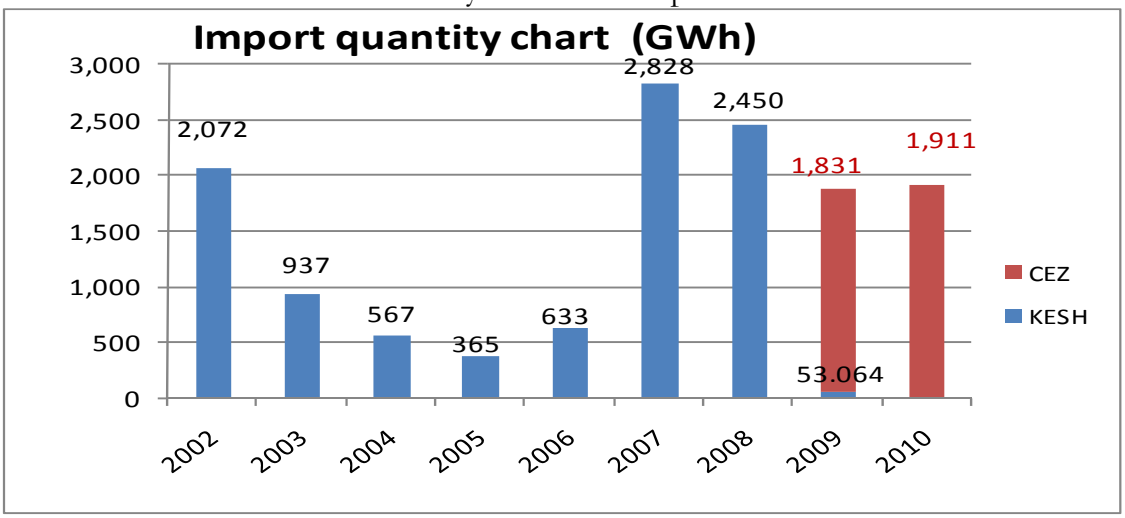

Figure 3.16 (Source ERE, OSSH, KESH)

It is significant the fact that during 2007- 2008 electricity imports reach the highest historical values. Such a thing reflects the important leading principle of the Government responsibility to guarantee at any condition the supply without interruptions to the electricity customers because the value of lost load is higher for the economy.

In figure -3.17.- is shown the import quantity chart for the period 2002 – 2010.

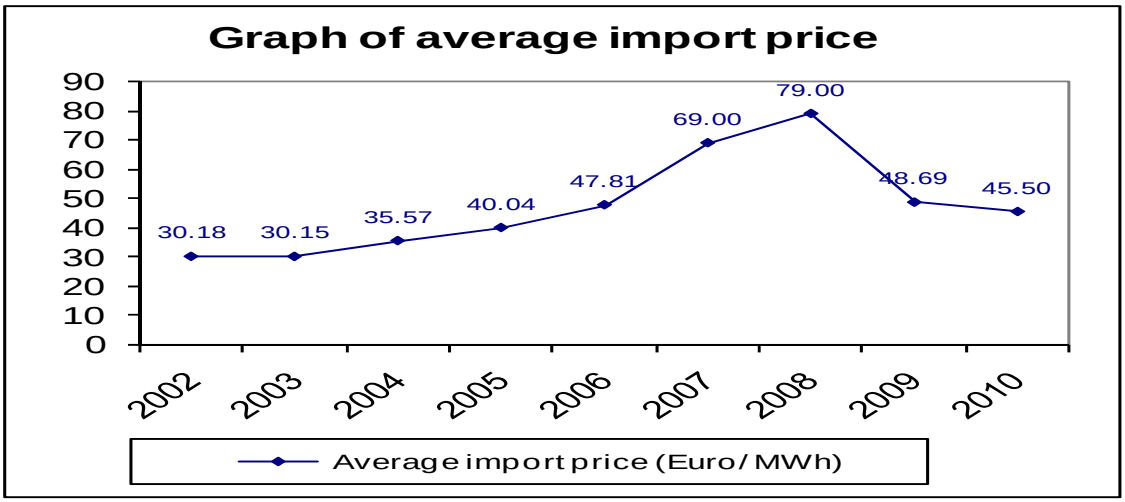

Figure **3.17.** *(Source ERE,OSSH,KESH.)*

As it is seen, from 2002-2008, the import prices have been constinuosly increasing.

In 2008 compared with 2002 the import prices have been 2.63 times higher. After 2008 due to the decrease of electricity demand due to the global economic crises in 2010 were increased by 73.6%.

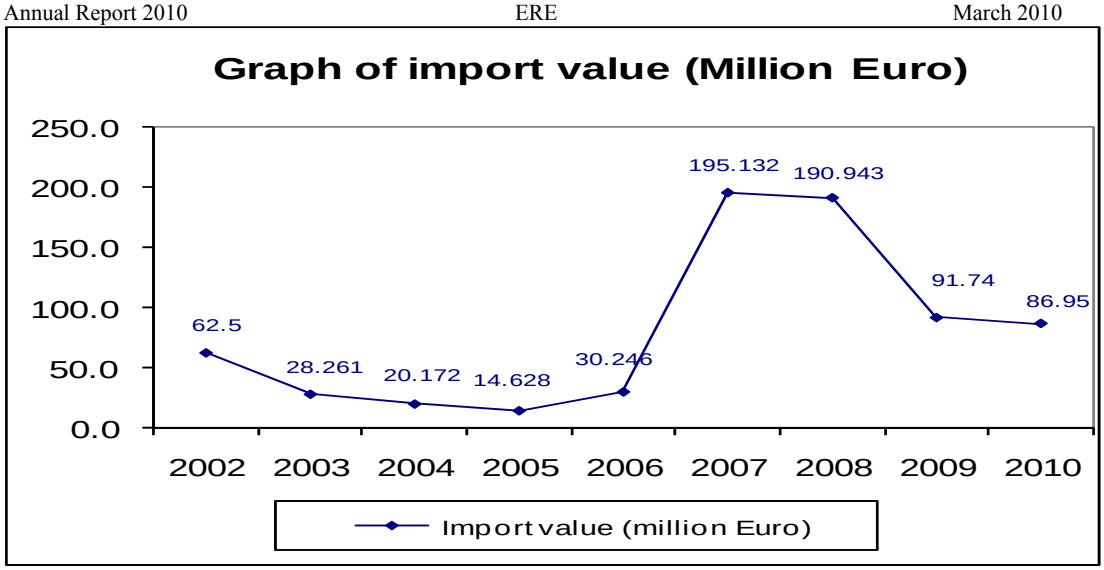

Figure **3.18.** *(Source ERE,OSSH,KESH.)*

In figure -3.18.- are shown the funding made during the period 2002- 2010 to secure the respective electricity quantities, compared to the respective import prices.

The expenses for the electricity purchase from import in 2007 and 2008 are the historical record of expenses and this not only thanks to record quantities imported but also thanks to the record prices of energy import.

Considering the balances of the electricity import, it can be said that electricity represents a product with a very high cost that per consequence should be used with a very high efficiency.

3.5. Efficiency of electricity consumption

If in public generation the energy efficiency of this activity has been increasing year after year, it cannot be said the same for the efficiency consumption of electricity.

The determining factors in the decrease of the consumption efficiency are:

- High level of electricity losses in distribution. Total technical and non technical losses have unacceptable levels, what is reflected in the low level of collections towards the total consumption.
- Low level of collections of the electricity billed.

In the graph of figure -3.19.- it is shown the level of losses, collections and efficiency for each distribution zone during 2010. Efficiency expresses the final result of effiency in electricity consumption that takes into consideration the commen effects for the level of billing and collections.

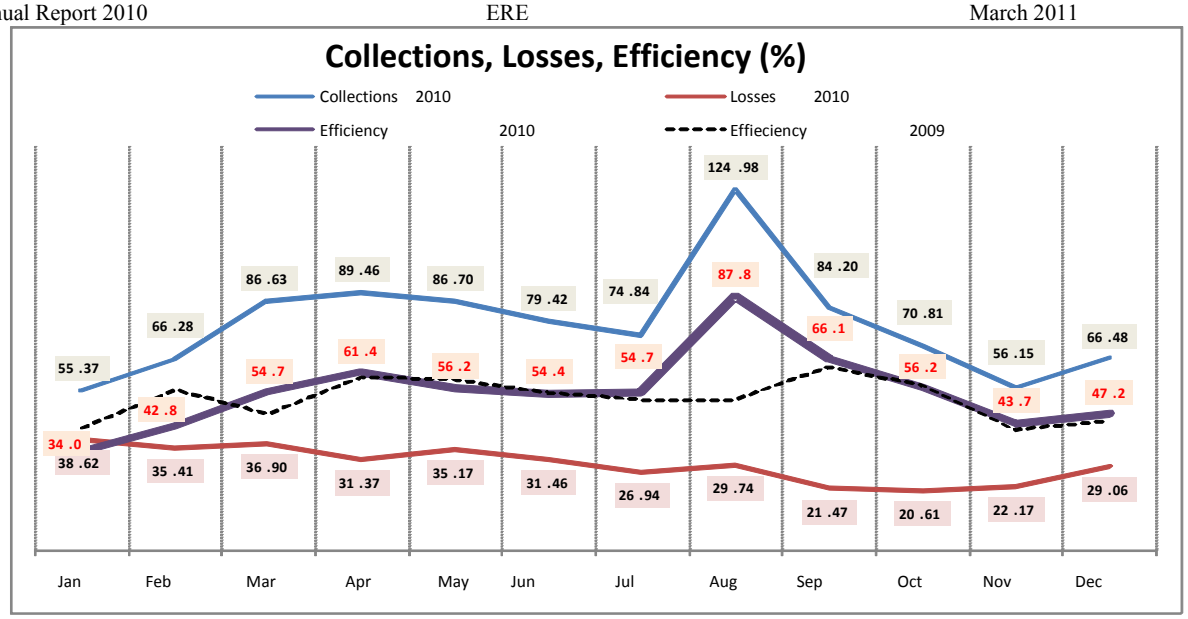

Figure 3.19 (Source ERE, OSSH)

The total losses in distribution during 2010, according to the annual report of OSSH are at the level 30.38% of the total energy injected in the distribution system, as seen in the graph of figure 3.20, while the level of collections reported is 77.2% of the electricity billed.

The annual efficiency coefficient for the distribution system (which takes into consideration the annual level of losses and collections) is 53.74%. It is clearly seen that the efficiency level in distribution is very low, but we must admit that it has been increased by 3.74% compared to 2009.

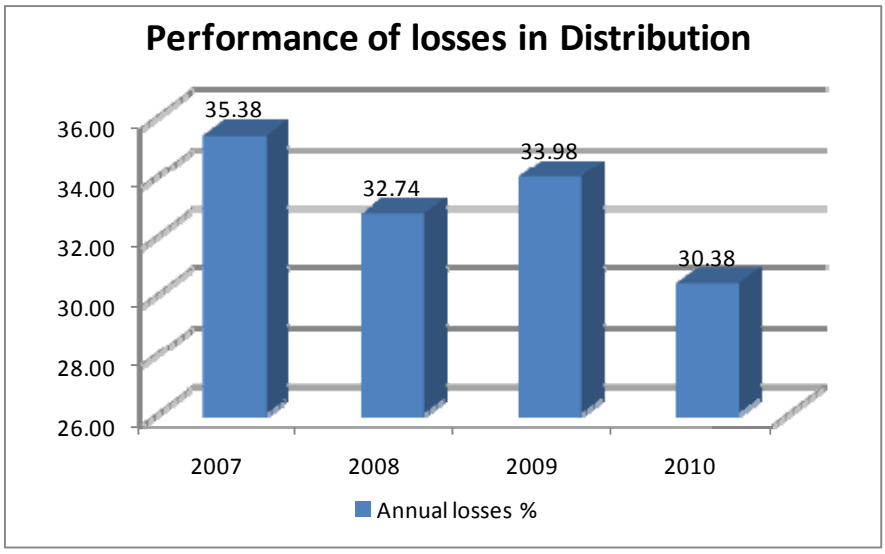

Figure 3.20 (Source ERE, OSSH)

Pictures from ERE Study Tour in U.S.A. – March 2010-

Federal Energy Regulatory Commission of U.S.A. (FERC)

National Association of Regulatory Untility Commission of U.S.A.(NARUC) in Washington DC

In compliance with the program for reduction of losses in distribution, approved by Decision of ERE Board of Commissioners No.93 date 30.11.2010, CEZ Distribution

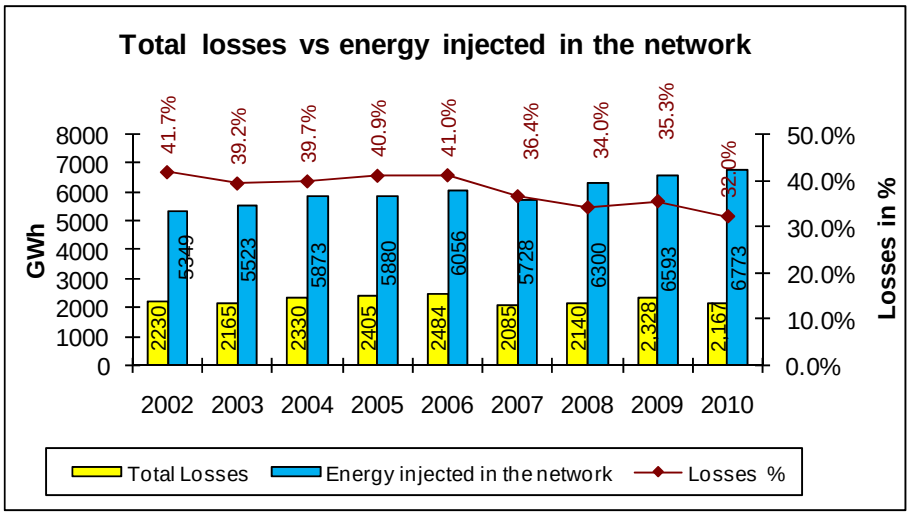

Figure 3.21 (Source ERE, OSSH)

has the obligation that for the period 2010-2011 to reduce the losses by 6% meaning from level 33.92 by January 2010, to reduce the level in 27.92 by 31 December 2011. The decrease by 3.45% during 2010 makes you think that this objective shall be fulfilled by the end of 2011.

The low efficiency in the electricity consumption comes from a poor management in the distribution sector by CEZ Distribution. The privatization until now did not reflect any turning point in good management. It is the main duty of CEZ Distribution to deeply reflect an improvement in the manging of the company and to realize as soon as possible the positive turn much expected from the Albanian customers.

The electricity losses in transmission are 256 GWh and make 3% of the energy injected in the transmission system. The fact losses in total for 2010 which take into consideration the losses in distribution with 1,910 GWh and the losses in transmission with 256 GWh are in total 2,167 GWh or 32% of the whole energy injected in the power system of the country, or with a decrease of 3.3% from 2009. It must be emphasized that this positive trend in reduction of losses must be further consolidated continue in the future with high pace.

The graph in figure -3.18.- shows the performance of losses during the period 2002 – 2010 while the graph of figure -3.23.- shows the relation billing-collection for the same period.

If it won't be taken into consideration the payment of arrears of electricity consumed by budgetary and non-budgetory bodies in the month of Auggust 2010 then the value of invoices from CEZ Distribution should be only 70.1% as hown in figure 3.23.

The correct payment by all customers of the electricity invoice is a very important factor that shall directly have an impact in the decrease of electricity tariff and prices.

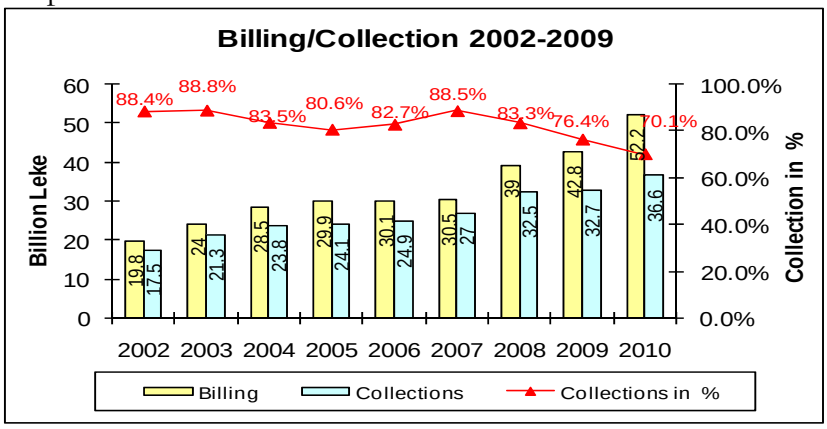

Figure 3.22 (Source ERE, OSSH)

The graph in figure -3.20.- shows the structure of losses and billing for each of the distribution zones of OSSH for 2010, and the specific weight they have in the total balance of the company.

The zones with the lowerest effeiciency are Burrel, where the level of losses is 45.1%, the level of collections 54.9% of the electricity billed

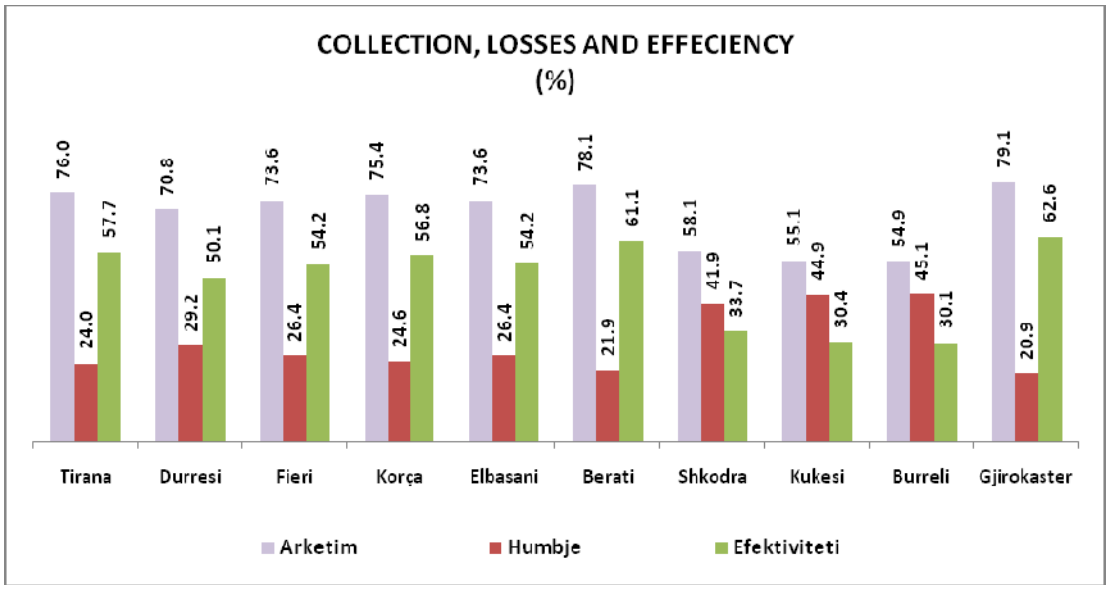

Figure 3.23 (Source ERE, OSSH)

and after that Kuksi and Shkodra with respectively 44.9% and 41.9% while the collections are respectively 55.1 and 58.1%. The zones with the best indicators for 2010 are Gjirokastra with a level of losses 20.9% and collections 79.1%.

It does worth noticitng that although there is an improve in the level of losses and collections, compared with 2009, again the performance of CEZ Distribution is way ahead from the required objectives.
While the highest specific weight in the level of efficiency consumption is in the zones of Tirana, Fier and Shkodra.

From such an analysis of the situation in the OSSH zones it results that as far as the efficiency is concerned, in order to have a fast and positive change of the situation, the main attention should be focused on management and investments in the 4 abovementioned zones, not leaving behind also the other problematic zones.

By 30 April 2010 CEZ Distribution realized the fulfillment with meters for tariff customers and legally omitted "the flat rate" that was applied up to that date for all customers without meters.

During 2010, the Customer Care, especially for the electricity invoices has not been correct from CEZ Distribution. In the months of November, December there wer around 20 thousand invoices issued arbitrary in opposititon to the law and metering code, by which household customers were penalized with 4,000 kWh electricity, while the nonshousehold customers with 20,000 kWh using the names " economic damage" and unmeasured energy".

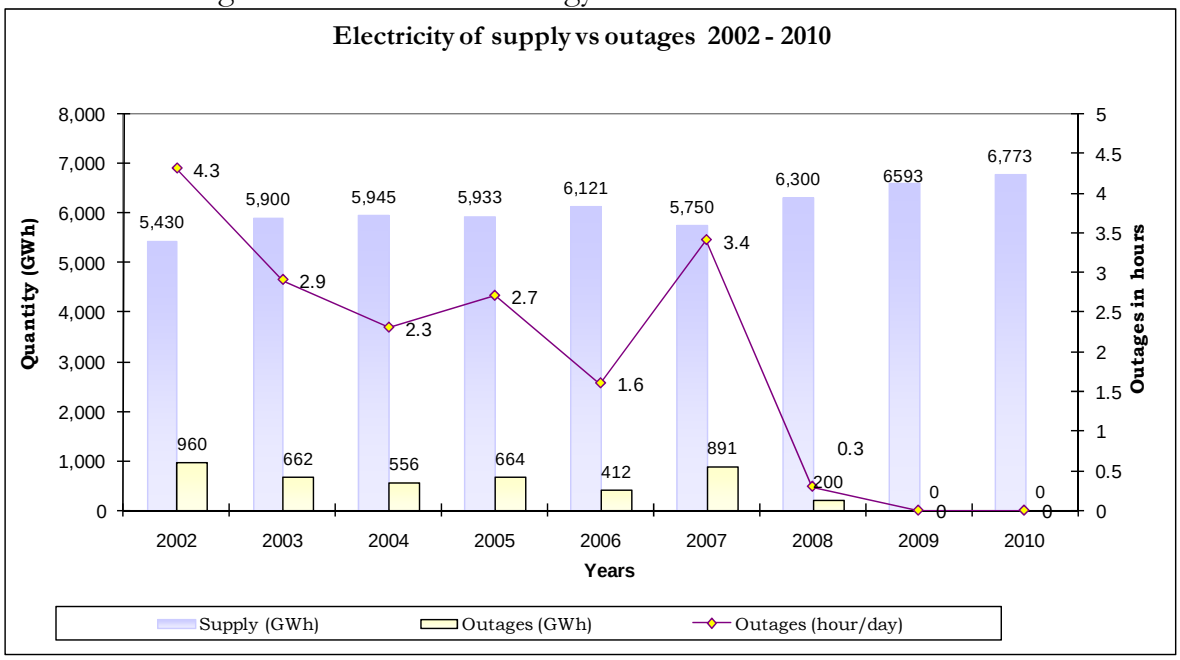

Figure 3.24 (Source ERE, OSSH)

ERE considers the fulfillment with meters for all tariff customers very important that will positively influence in the reduction of electricity use without limits, increase in collections, reduction of non technical losses and reduction of the demand for energy.
One of the main indicators of efficiency is the lost load. The loast load is the most expensive one, due to the heavy impact that this brings in the economic and social

life of the country. This very rational concept has been the device of the Albanian Government since 2006. During 2007 and 2008, 388 Million Euro, were spent from the Government up to the impossible limit, for electricity imports, so that its lacking due to the extreme dryness and unfavorable conjuctures in the regional market could have little impact in the life of the country.

Until 2008 the electricity supply has been carried out with load shedding in the graph of figure -3.24.- are shown the electricity load shedding during the period 2002 – 2010. Only in the last three years in Albania there has been no load shedding and this is now a consolidated phenomenon.

4. Transmission System Operator

The electricity transmission system operator represents the electric lines , s/stations and other installation (compensation equipment etc.) that serve to transmission and interconnection of electricity.

The transmission system is directed by Transmission System Operator (OST),which has been licensed by ERE to carry out the transmission activity. TSO is a public company with 100% shares owned by the state.

OST guarantees the necessary transmission capacities for the supply without load shedding to the electricity customers. In this frame it develops the transmission system in compliance with the long term demand of supplying country with electricity.

OST dispatches in the power system by managing the electricity flows in the system by considering the realization of all ancillary services connected to the system sustainability as well as exchanges with other systems.

Another important role is that of the Electricity Market Operator. In this frame its role does not have to do with financial transactions connected to the import or export of electricity.

The functioning of Transmission system is carried out in compliance with Law "On Power Sector" and the provisions of the Grid Code approved by the ERE.

4.1. The Structure of Transmission System Operator

OST structure is shown in a summarized way in Table -4.1. –

One of the most important archivements in the transmission system is the successful realisation and construction of overhead electric transmission lines at 400 kV with transmission capacity 1,000 MW, Tirana-Elbasan and Tirana-Podgorica.

The Transmission System Operator as main activity maintains, develops and exploits with high efficiency the transmission network in our country.

During 2010 OST was consolidated further more with the establishment of Market Operator. Considering that for this year the number of licenseed traders of electricity reached 17 and 4 others that are in process of approval, the duties of the market operator are very important for a transparent allocation of transmission capacities in the auctions for transmission capacities for dealing with deviations and load disbalances to have a reliable and dynamic system.

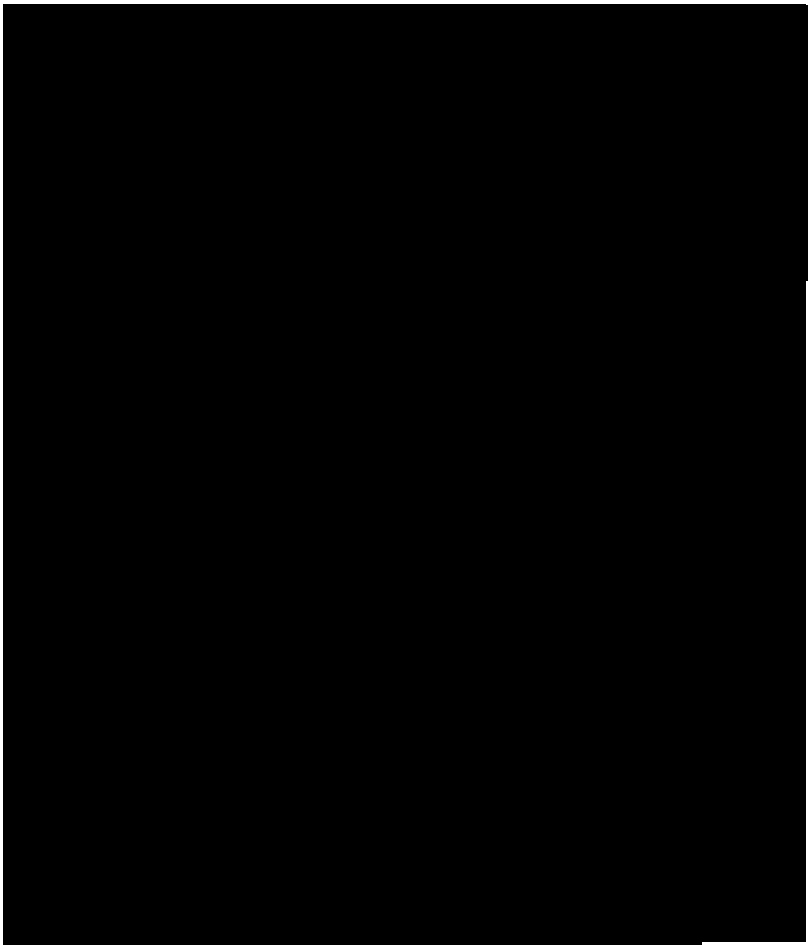

Tabela 4.1 (Source OST)

Annex -2- shows the extension in terrain of the transmission system of electricity.

5.1. The Structure of Distribution System

Table -5.1.- shows the general structure of Distribution System, through which is realized in practice the electricity supply of tariff customers in the distribution network.

Table 5.1. *(Source OSSH,)*

Distribution System -2010-	
Number of Distribution Zones	**10**
Number of Distribution Agencies	**41**
Number of High Voltage Units	**5**
Number of Sub/Stations	**167**
No. S/Stations 110 kV	*70*
No. S/Stations 35 kV	*97*
Number of cabins	**21984**
Cabin 6 kV	*10648*
Cabin 10 kV	*8448*
Cabin 20 kV	*2888*

During 2010 CEZ Distribution was reorganized in 4 Distribution zones as below:

- Northen Zone with center in Shkodra
- Central Zone with center in Durres
- South-East Zone with center in Korca
- South-West Zone with center in Fier

In annex -4- is shown the map of Albania and the georgraphic position for each zone, while in the table below are shown the assets for each zone.

Table 5.2

ZONES	CEZ-SHPERNDARJE (DSO)	CENTER (DURRES)	NORTH (SHKODER)	SOUTH-EST (KORCE)	SOUTH WEST (FIER)
NR. Of Sub/Zones	**40**	7	12	11	10
Lines 35kV (km)	**1131**	200	231	400	300
Fuqia MVA	**2946**	1,000	552	654	740
Transformators HV	**316**	61	79	63	113
Surfice (km2)	**29176**	2,458	10,023	9,219	7,476
SubStations	**165**	31	46	41	47
Consumers	**1108000**	410,000	189,000	248,000	261,000
Cabines in MV	**20056**	6,518	5,438	4,100	4,000
Network Length in MV (km)	**13490**	2,354	3,763	3,403	3,970
Network Length in LV (km)	**25695**	4,155	7,532	8,110	5,898

5. Security of supply with electricity

The main objective of the power sector activity is no doubt the supply without load shedding and quality of supply to the electricity customers today and in the future as well.

2010 showed a supply without load shedding to the electricity customers and per consequence the consumption of 6.773 TWh represents the real demand for electricity, which serves as a basic point for the prognosis scenarios of the electricity demand in short and long term periods.

The electricity demand scenarios serve to develop the electricity supply scenarios and they are part of the national strategy of energy.

As known, the security of supply represents a wide and complex issue, because it is a function with many variables, such as the developing scenario of the generation sources in the country, generation reserve, structure of interconnection lines among countries, scale of generation efficiency and electricity consumption, network security, transmission and distribution systems, their automatization scale, managing quality of these systems, developments of the energy demand etc.

The Strategy of the Albanian Government for the increase of security of supply with electricity is first leaded by the maximal exploitation of the high power potential in the country which has not been exploited yet. Its exploitation is foreseen to be realized mainly through private investments. 2010 marked a high participation of the private investors 5 new HPPs given by concession become operational, and they have installed capacity 16 MW and an annual generation with security scale 70% of around 50 Milion kWh.

Secondly, an important approach is the diversification of generation sources. In this frame in 2010, in addition to Vlora TPP that become operational and started generation in this year, there are in process of construction around 30 new HPPs given by concession with capacity up to 15 MW each.

From the other side, the licensing of an important number of private investors to construct wind farms in the Albanian territory, with a total installed capacity of around 1,350 MW and expected annual production around 4.1 TWh, foreseeing an investment around 2 billion Euro, is another direction of the diversification of generation sources friendly to the environment.

In its strategy the Albanian Government considers a real option also the construction of a regional nuclear plant through private undertakings to ensure a safe and sustainable long term supply with electricity, friendly to the environment for Albania and the neighboring countries in the region. For the development of a legal regulatory framework for the secure use of nuclear energy, it was established in 2009 a proper governmental agency.

Very important steps towards the increase of security of supply with electricity are the developments for the interstate interconnection lines. In 2010 were concluded and become operational the overhead electric interconnection lines 400kV with capacity 1,000 MW, Elbasan-Tirana and Tirana-Podgorica.

By February 2011 shall be commissioned the interconnection line Tirane-Prizren-Prishtine, also 400kV with capacity 1,000 MW financed by the German Government. Following these it is foreseen to be constructed also the interconnection line with Macedonia, adding here also the two undersea interconnection cable lines with Italy. Albania shall be efficiently and safely positioned from the configuration point of view in the transmission systems of the eighth energy region in Europe.

The interconnection overhead line Tirana-Podgorica has been constructed in the segment Tirana-Puka, with metallic pillars with two circiurts, from which one is foreseen for the extend of interconnection line with Kosovo and in this way it remains to be contructed only the part Puka-Prizren.

The construction of interconnection line with Kosovo make real the aspiration of the integration of these two complementary systems Albania-Kosovo in a unique power system with mutual dispatching to increase technic-economic efficiency in the exploitation of power systems for both countries that shall serve to the further increase of security of supply with electricity between these two states.

On October 2010 invited by KOST (Kosovo Transmission System Operator) the ERE Chairman participated in the presentation of a consultant german company financed by kfW, about the expanding of the transmission network in the power system in Kosovo. In his presentation the ERE Chairman presented and argumented the idea that the systems of Albania and Kosovo should not be seen like islands anymore, but the studis in both systems should be leaded by the mutual integration and dispatching principle with optimization on-line programs.

Through a unique power system between both states, shall enable a unique dispatching graph load, also it peak from HPPs in the Drini river cascade excluding this way the construction of Zhura HPP with high cost and low efficiency.

These ideas were supported by the Chairmen of KOSt and KEK (Kosovo Power Corporation). In the meeting conclusions it was decided that the study for the expansion of the Kosovo transmission system shall reflect the integrating ideas and at the same time the Albanian part will do the same.

The integration of the complementary power systems and the development of potential thermo sources in Kosovo and the respective potential hydor sources in Albania are a safe way in increasing the security of supply with high efficiency in both countries.

The increasing of investments by the companies that operate in the transmission and distribution systems through their expansion and modernization and also upgrading the automatization, shall also serve in the midterm, not only for the increase of security of supply, but also for the quality of service.

The rehabilitation project of the electro mechanic part of HPPs shall increase at a higher scale the work security of electricity supply.

Pictures from ERE Study Tour in U.S.A. – March 2010-

Regulatory Commission of Boston Masachuset

Regulatory Commission of Colombus, Ohio

State Gas Company Colombus, Ohio

OSSH privatization is expected to have an important positive impact during the regulatory period 2010 – 2014 for the efficiency increase of electricity consumption with at least 21%, which also serves the increase for security of supply to the electricity customers.

ERE is convinced that the complex plan for increasing the security of supply with electricity in the country shall be realized successfully.

Chapter II

1. ERE activity in natural gas sector for 2010

In compliance with the responsabilities stated in the Law "On Power Sector" no. 9072, date 22.05.2003 and Law " On Natural Gas Sector", date 30.06.2008, the Albanian Energy Regulator for 2010 in natural gas sector has been focused on the following:

1.Further fulfillment of the regulatory framework in the natural gas sector with the secondary legislation
2.Support in projects of interest and efforts of the companies ninterested to make investments in infrastructure of natural gas in our country.
3.Following the geo-political, economic and technologic developments in natural gas sector globally, in EU and the region directly connected with the possible developments in our country.

Considering that the natural gas developments in the country are directly connected with the international developments, this topics is first elaborated and then the other two topics.

2. International developments in the natural gas sector and their effect in the developments of this sector in our country

Although the last version of the National strategy for Energy needs to be updated in order to better reflect the developments in our country, in the region and in Europe, the Strategy has determined the need for gas supply as one of the priorities in the energy sector because in this way shall be improved security of supply in the country and is the fossil with less CO2 emissions etc.

In addition to the abovementioned reasons under the conditions when the gas domestic production is very low and when the EU is making considerable efforts for the diversification of natural gas supply from the Caspic sea, our country has great chances to profit from the transitory projects, concretely from the Trans Adriatic Pipeline (TAP) which passes across the country and is the most realiable and profitable project. This project is very important for Albania because it establishes high security of supply with profitable costs than other alternative routes in the neigbouring countries.

2.1 Geo-political and economical developments related to natural gas sector in EU, in the Caspic Sea and Balkan region

As seen in the scheme below there are some major projects that aim to pass across SouthEast Europe, three of which are intiated by EU countries and one by Russia.

Source: Center for Security Studies, ETH Zurich (www.sta.ethz.ch)

2010 is expected to be a decisive year for the future of projects presented and there is a high intensity in analysis that evidence several geopolitical, economical, commertial reasons and the dependency for the implementation of each project due to the availability of natural gas in the countries of origine. Exploitation of of the second phase of the oil field in Shah Deniz by 2017 shall enable total natural gas generation from Azerbaijan up to 25(1) billion Normal M3 (BCM) per year, 10BCM out of which shall be from Shah Deniz 2 (2) but the required volumes of Nabucco, ITGI and TAP obviously overcome the real possibilities of Azerbaijan which makes one of the main competetitin reasons between them.

Below are given some short description of the abovementioned projects including the main developments for 2010 and their implications for Albania:

[1] "Gas contracts on Shah Deniz 2 to be signed in 2011" Rovnag Abdullayev, head of the State Oil Company of Azerbaijan (SOCAR). 13.November.2010, http://en.trend.az

[2] "Tapping into Greece's future energy needs" Will Vassilopoulos, Philip Pangalos http://www.economia.gr.

- "NABUCCO- Pipeline"

It's a priority infrastrucuture project of EU (4). With a length of 3300km it aims to bring through Turkey, Balkan to Central Europe (Baumgartner-Austria) and EU Markets every year 31 billion Normal M3 gas from the capsian region starting from Azerbaijan and later on from Turkmenistan and Iraq and maybe even wider. The total investment for Nabucco is estimated 7.9 bilion Euro, but is actually being reviewed (5) and the reports show that it might reach up to 14 billion Euro. (6) The great importance of this project for EU is reflected in the visit made by the President of EC Mr. Jose Manuel Barroso on 13 and 14 January 2011 and Commisisoner on Energy Mr. Gunther Oettiger in Azerbaijan (7) and Turkmenistan accompanied by the signature of the respective declarations.

The estimations for the Nabucco project include together with the potential political support by EC and potential financial engagements up to 4 billion Euros from EBRD, IFC,EIB (8) and shareholder companies and the sceptic and critical attitudes sourcing from the pessimistic forecasts for a lower request for natural gas due to the crises and the non-possibility of a such dimensions project to function with full capacity since the beginning in 2017 etc. such factors have been the consequences for the Azerbaijani(11) negotiations towards this project.

- Interconnector Turkey-Greece-Italy (ITGI)(12)

ITGI together with other energy projects are part of the declared Greek strategy to become one of the central distributing point in Balkan (energy hub).

[1] www.nabucco-pipeline.com/

[2] TAP has expressed in several occasions that is in favour of and equal treatment for all competitive projects including Nabucco and ITGI, both have had political support and subsidies from EU.
"The U.S. Perspective on Eurasian Energy" Remarks by Ambassador Richard L. Morningstar, Special Envoy for Eurasian Energy 2010 Black Sea Energy and Economic Forum, Istanbul, Turkey, September 30, 2010.

[3] www.nabucco-pipeline.com

[4] "European gas pipeline costs double" guardian.co.uk, Sunday 20 February 2011

[5] Deklarata e perbashket per shtyp thekson se "Azerbaxhani dhe Komisioni Europian angazhohen per nje objektiv te perbashket: Azerbaxhani do te furnizoje mjaftueshmerisht gaz per te mundesuar krijimin e Korridorit te Jugut. Se bashku, Europa dhe Azerbaxhani do te kontribojne per infrastrukturen e furnizimit me gaz te BE"
http://ec.europa.eu/energy/infrastructure/strategy/2020_en.htm

[6] "Brussels, 6 September 2010. .... The signing of the mandate letter by the three International Financial Institutions (IFIs) marks the start of the appraisal process of the Nabucco project, a required step towards a potential financing package of up to EUR 4 billion " www.nabucco-pipeline.com

[7] The project's participants include the Austrian OMV, Hungarian MOL, Bulgarian Bulgargaz, Romanian Transgaz, Turkish Botas and German RWE.

[1] "Czech Gas Association: Nabucco is economically irrational" ČTK 18 FEBRUARY 2011,
http://praguemonitor.com/2011/02/18/czech-gas-association-nabucco-economically-irrational

[8] Interview Azerbaijan's top negotiator Elshad Nassirov 'We do not want to depend on only one pipeline' 15 November 2010 By Rudolf ten Hoedt www.europeanenergyreview.eu

[9] http://www.igi-poseidon.com

In this view Greece considers the supply with natural gas for Albania as an extension of its system and this explains the lack of support from Greece for TAP (14). The interconnector Turkey-Greece-Italy is projected to be supplied with 11-12 BCM of Caspic gas which shall transit in the Turkish transmission system by Botas and after that supplies the greek market with a quantity 8 BCM, it does not pass through Albania and takes a longer route deeper in Ionian sea to join the Italian system in Bari. This project is a joint-venture of Edison and DESFA. The investment varies according to different sources from 2.5 (15) until 3.4 billion Euros (16) meanwhile the project has profited a subsidy of 100 milion Euro from EU for the technical part of the project.

- Trans Adriatic Pipeline (TAP)

This is the proposed project first by EGL ans Staoil and in 20th of May 2010 jopined also Eon Ruhrgas with 15% interest. The engagement of EON Ruhrgas completes the communitary dimention of the project. TAP is listed by EU as intermediate project with interest of TEN-E project (Trans European Network-Energy). At the same time TAP has expressed a clear distance towards the possible Iranian suppliers for the interests of oilfieldSha Deniz II that is actually the only source of supply for which the three projects are competing. Many analysts evaluate the position of Statoil in Shah Deniz II as very farorable for TAP. This project shall have first a capacity of 10BCM with possibility to be extended up to 20 BCM based on the gas sources. Its cost is estimated at 1.6 milion euros. One of the strongest points of TAP is its commertiality and TAP in some announcements has requested equal treatment on commertial bases for all competitive projects. After the improvements of the existing capacities in Turkey and Greece TAP shall be standing a singular pipeline from Thessaloniki to Korca and shall pass through Albania at the height up to 1800 meters to continue to Adriatic sea at the depth 820 m and is joined with the Italian gas network near Bari. In Albania the project aims to activate also the existing sources now exploited and the salty structures as underground storage that together with the shortest distance and the shallow depth of the sea give to this project competitive advantages compared to the other two projects, Nabucco and ITGI.

[1] Congressional Research Service «Greece Update» Carol Migdalovitz Specialist in Middle Eastern Affairs December 16, 2009, .

[2] Anastasios Giamouridis "Gas in Greece and Albania, Supply and Demand Prospects to 2015" faqe 87, Oxford Institute of Energy. NG 39, December 2009.

[3] www.energia.gr/article_en.asp?art_id=22625

[4] «EU pushes Nabucco and ITGI merger" 17.02.2011 http://www.en.trend.az

[5] http://www.trans-adriatic-pipeline.com/

[6] Brussels, May 20, 2010 "Statoil and EGL today announced the divestment of a combined stake of 15% in the Trans Adriatic Pipeline Project (TAP) to E.ON Ruhrgas - a leading energy provider". www.trans-adriatik-pipeline.com

[7]

Part of the gas is expected to supply the customers in the Albanain market meanwhile the project shall permit the gas flow also in the contrary direction improving this way the security of supply not only for Albania but also for the whole region. For all these reasons the importance of this project is very big. TAP has carried out the the evaluation of the project trace and the environment impact in Albania, Greece and Italy. At the same time TAP has had a presentation to ERE on the economic-financial parameters of the project and expressed the aim to apply for Third Party Access but still an official request shall be submitted and til now there is no application to the Albanian Government based on the respective decision for the construction of new infrastructures in the natural gas sector.
The competitiveness between the projects for Capian gas (Shah Deniz II) is getting higher as the final moment is approaching.
Many analysts foresee that a final decision from Azerbaijan part to contract Shah Deniz II gas shall be taken maybe by March. This makes 2011 a very important year for the infrastructure developments in EU and especially in our region. The signature of the agreements even in the positive scenario will make the gas supply possible only by 2016 or 2017. Due to considerable investments it is expected that the dominating contracts are long-term and the investments ask for TPA.
The negotiations are very intensive and have generated ideas such as to gather all projects in one being this at least only for Turkey but there have been also many reactions.

- "South Stream"

This is a project promoted by Russia with a capacity 63 BCM and a cost estimated to vary from 15 -25 billion Euros. This is an alternative to Nabucco and is considered as a competitive project. This project is foreseen more as a new transiting path of Russian gas that is actually passing through Ukraine. The difficult relation between Russia and Ukraine, the need for reconstruction of the existing pipeline as well as the effort to preserve a dominating position in Eu gas imports are the main incentives of this project. To preserve this position Russia has transited the gas to European markets. (21). The project-idea of Sotuh Stream although not elaboratedin details is branched in the Balkan region to take part of the gas to Central Europe and part of it to the southern part of Italy.

[1] Congressional Research Service «Greece Update» Carol Migdalovitz Specialist in Middle Eastern Affairs December 16, 2009, .
[2] Anastasios Giamouridis "Gas in Greece and Albania, Supply and Demand Prospects to 2015" faqe 87, Oxford Institute of Energy. NG 39, December 2009.
[3] www.energia.gr/article_en.asp?art_id=22625
[4] «EU pushes Nabucco and ITGI merger" 17.02.2011 http://www.en.trend.az
[5] http://www.trans-adriatic-pipeline.com/
[6] Brussels, May 20, 2010 "Statoil and EGL today announced the divestment of a combined stake of 15% in the Trans Adriatic Pipeline Project (TAP) to E.ON Ruhrgas - a leading energy provider". www.trans-adriatik-pipeline.com

This shall pass to the south of Italy and as the project ITGI (Interconnector Turkew-Greece-Italy) is sidepassing Albania although the cost is much higher for such a route. High Russian representatives have expressed the availability to have branches to supply Albania but the economic profit in this case needs to be carefully analysed.

3. Technological news; shale gas a potential opportunity to supply the country with natural gas that must be studied

It does worth noticing that one of the latest technological news in the natural gas sector is the commertial exploitation of shale gas that was unexploited before due to low permeability that characterize these layers. In the US due to the technological developments of the hydrolic fracturing of the clay layers in few years managed to become from importer to exporter of natural gas bringing a considerable decrease in LNG prices for non substration of quantities expected to be consumed.

Considering these developments many other countries have paid the right attention to this possibility. Albania as a country with great hydrocarbon reserves and geological favorable conditions has many chances in gas clays. It would be a good thing if such a possibility could be studied in details by the experts in the alabanian institutions. This becomes more important if the constant increase of fossil energy is taken into consideration.

4. Supporting interesting projects and efforts of the interested companies for investments in the natyral gas infrastructure in our country

As mentioned above TAP is the only company and the most important that has shown interest for the development of the natural gas sector in Albania and base don this the ERE attention towards it has been encouraging and supporting.

TAP has made several presentation to ERE about the project-idea and progress made for the technical project and other components.

TAP has presented to ERE studied options of the possible traces of the project and the selection of the best possible option. In this context TAP is being assited by ERE to evidence any overlapping with other energy projects such as wind parks or HPPs on the pipeline trace.

TAP has made on November 2010 a presentation on the economic-financial parameters of the project and has expressed the will to submit a request for TPA but still there is no official request. The fulfillment of such a request is completed also in cooperation with the other Regulators in Greece and Italy which is expected to be done by TAP but til now there is no information that TAP has submitted such a request to RAE(Greece) and AEEG (Italy).

Such a delay may come from the fact that the managing team at this moment has other priorities but meanwhile ERE is gathering similar experiences from other countries. ERE has expressed the importance of this project but also the expentance that this project offers being a new energy source with reasonable cost for the country economy.

Pictures from ERE Study Tour in U.S.A. – March 2010-

LNG Company in Boston

Regulatory Commission of Colombus, Ohio

5. ERE achievements in the natural gas sector for 2010 and future challenges

5.1 Regulatory Framework

In 2010 with the assistance of USAID the working group on natural gas finalized the Regulation on licensing procedures for the natural gas sector . it does worth mentioning the close cooperation with Energy Community Secretariat in Vienna which assited by making several improvements to this regulation. TAP as interested party made many comments which were carefully taken into consideration by the WG.

The Regulation on Licensing Procedures on natul gas is now approved by the ERE Board of Commissioners.

Together with that the working group has made serious efforts to prepare the following:

- Procedures on Third Party Access.
- Standart Licenses for the activities in the natural gas sector.

Special focus in ERE activity was paid to the elaboration of knowledges regarding the natural gas models. Based on this in cooperation with Vienna Secretariat and USAID consultant was oheld in Tirana on 26 and 27 of May a workshop with participation from ERE, METE and AKBN to share knowledge and discuss several models for the natural gas market in Albania.

Being this a quite complex challenge but also a reforming process also for the regional countries very well developed ones, the Vienna secretariat organized another workshop dedicated to natural gas market models and ERE representatives found it very useful.

5.2 Relations with partners and sector developments

ERE has presented the interests of our country for the infrastructure development in all the meetings attended to EC, Energy Community Secretariat, Neigbouring Regulators and partners, interested companies and several experts.

Special attention in the ERE activity for 2010 has been to the bilateral cooperation for mutual cooperation and experience exchange for the regulation of natural gas with the Italian, Turkish, Greek, Croatian regulators etc. The active participation in the gas working group of the Energy Community under the Vienna Secretariat

and the participation in several regional and European and regional events for the natural gas issues have been fruitful.

Evaluating as very important the possibility of the country supply with natural gas through the most favorable alternative, the Commissioner on gas issues and the ERE staff have carefully followed the regional and global developments and participated in the activities for the development of this sector.

5.3 Future challenges for the developments in the natural gas sector

ERE humans resources dealing with natural gas issues still remain restricted due to the non approval yet of the new ERE structure proposed to comply with the new challenges.

The forming of specialized human resources is important and in the case of a quick development in Albania for the TAP project expected decision, it must be established at least one TSO. The law permits to have more than one Operator and the other country experiences show that they can either be public or private. Whatever the form is it should be realy valuable to have a core structure that would start to prepare for the future developments because this way it would be more clear on the options that are of more interest for the country. There are many OST on gas that offer very good formation possibilities and that serve for the identification of opportunity developments.

Part II

Analysis of the Albanian Energy Regulator's Actitivy

Chapter I

The activity of the Albanian Energy Regulator

1. Regulation and ERE structure

ERE structure, organization and functioning is in compliance with Law No. 9072 date 22.05.2003, " On Power Sector" as amended, and Law No. 9946 date 30.06.2008 " On Natural Gas Sector".

ERE is a public legal person, located in Tirava and is composed of the Board of Commissioners with one Chairman and 4 Commissioners that function as a decision making body appointed by the Albanian Parliament. In addition to the Board of Commissioners the technical staff is organized in 4 departments respectively Licensing and Market Monitoring Dept, Tariff and Prices Dept, Legal Issues, Customer protections and Public Relations Dept and Finance, Administration and Human resources Dept.

Actually there are 32 employees in ERE including 4 services personnel. The whole staff is entitled the status of Civil Servant.

In Annex 1 is shown the ERE organizative chart with the respective number of employees.

ERE excercises its activity based on Law " On Power Sector, and Law " On Natural Gas Sector" and is the only regulatory authority in Albania for electricity and natyral gas sector.

ERE as an independent institution in the nergy sector excercises its responsabilities in these directions:

- Licensing of the companies that operate in the electricity or natural gas sector
- Setting retail and wholesale tariffs of electricity and tariffs for third party access in natural gas and storage or installment of LNG
- Protecting customer relations in electricity and natural gas sector
- Monitoring and controlling contracts and services of the licensees and the security of supply
- Approving the grid codes and secondary legislation
- Increasing efficiency, competition and improving the quality of supply in energy sector

ERE financing sources come from the regulation fees and licensing fees of the licensees in the energy sector.

ERE presents within 31 March of every year in Parliament , an annual report for the situation of electricity and natural gas sector, as well as the ERE financial activity and auditing of its fiscal activity.
The ERE human resources are organized as below;

a- Board of Commissioners
b- Technical Staff
c- Supportive staff

1.1 Organizative chart and functioning

1.1.1 Board of Commissioners:

In the Board of Commissioners make part:

1- Chairman of the Board.
2- Four members of the Board.
3- Advisor of the Board.
4- Secretary of the Board.

In total, 7 employees.

ERE Baord of Commissioners is the decision making body for all the regulated activities in the electricity and natural gas market. The Board is composed of the Chairman and four members appointed by the Albanian Parliament for a 5 years term.

The board expresses its opinion on all the matters by decisions that are reache din opened board meetings previously announced in website and in ERE announcement board. The board meetings are registered.

The ERE technical staff make avaibale for the Board of Commissioners all relevant materials with explanations and inform requested for the issues on with the Board shall reach a decision.

The Board has the obligation to gather not less than once a month in formal meetings, but it gathers also for treating specific issues and informative and consultative meetings.

During 2010 the Board of Commissioners has made 44 formal meetings and made 119 decisions. In addition to the formal Board meetings there have been informative and consultative meetings if necessary. In annex 5 are shown the Board decisions for 2010.

The Board decisions, excluding only 3 decisions, are taken by unanimity of the members.

The chairman of Board plays the role of the executive administrator of the ERE. During 2010 the Chairman has issued 123 Orders for practical implemetation of the issues, from which 41 for organization of public hearings to solve customer complaints and 82 for organizationg of licensees and market monitoring groups also for the working groups for developing of studies, regulations or other acts in the energy sector.

Human Resources, Administration and Finance Dept.

Ms.Juli Çarka

Ms.Eda Gjergji

Mrs.Aferdita Bushi
(Director)

Mrs.Elvana Harxhi

Mr.Edmond Harroku

Mrs.Farie Meta

Ms. Alba Malo

Mr. Alban Muça

The decision sof the Board of Commissioners are published in the official gazzette and are executive titles. They can be appealed only to Court.

The ERE activity is monitored by the Directory of Monitoring in the Albanian Parliament. The Parlamentary Committee that follows ERE activity and to which ERE reports and informs is the Production Activitites, Trade and Environment Committee.

1.1.2 **Technical Staff:**

Technical staff is organized in three directorates and an office:

1. Directorate of Tariffs and Prices, with 5 employees.
2. Directorate of Licensing and Market Monitoring, with 7 employees.
3. Directorate of Legal Issue and Customer Protection, with 5 employees.
4. Office of foreign relations, with 1 employee.

In total, 18 employees.

1.1.3 Supportive Staff:

The Supportive Staff is represented by the Directorate of Administration, Finance and Human Resources with a total number of 7 employees.

1 Director, 1 Finance Specialist, 1 Archiviest, warehouse keeper, 1 IT specialist, 2 drivers and 1 cleaning person.

According to the decision no. 181, date 5.05.2008 of the Albanian Parliament, the actual structure of the ERE is composed by a total number of 32 employees.

The actual organization chart and the number of the employees of the ERE are shoen in the Annex "A1" attached to this report.

Average age of the employees in 2010 was 40.1 years.

With the exception of 4 employees of the supportive staff the whole personnel of 28 employees has a university degree. All technical staff speak fluently English, and 30% of them speaks at least another foreign language. 21.4% of the staff have a post-graduated degree (3 are PHD and 3 master degree). During 2010 3 other staff were attending the course for a "Master" degree in economy.

From 28 employees, 17 or 60.7% of them are women. In the decision-making positions, the women represent 20%, while in other leading positions they represent 53.8% of the leading staff. 5 from the technical staff give lectures in the universities as part-time lecturers.

The entire decision-making personnel has attended trainings on regulation of the energy sector in various specialized European schools. The same has been done with the leading technical staff and other employees, who have attended trainings of different levels for junior and senior staff in the same schools.

80% of the financing for staff qualification and training was covered by ERE own budget, while the remaining was sponsored by the European and American Regulatory Associations such as ERRA, NARUC, MEDREG or other regulatory authorities with which the ERE has established collaborative relations.

The whole ERE logistics are built based on modern concepts and technology. The working space are composed and equipped with the necessary furnitures creating optimal conditions for the performance of every employee.

1.2 ERE Human Resources

In 2010 for human resources the requirements of the law no.9367, date 07.04.2005 "On prevention of conflicts of interest in performing public functions" and the law n0.9049, date 10.04.2003 "On declaration and control of the property and financial obligations of elected persons and some public servants" were implemented.

The periodic/annual statements on the private interests were completed by 9 officiers (subjects to this obligation) within the time schedule, and no infrigement of the law requierements as to the deadline established by the law. ERE have also regularly attended the trainings organized by ILDKP.

During February a control was conducted by ILDKP inspectors and not any legal infrigement was found.

In compliance with the decision no.181, date 05.05.2008 of the Albanian Parliament for the approval of the organization chart and the number of personnel, the requirements of the law no.9584, date 11.07.2006 "On salaries, compnesations and the organization chart of the constitutional institutions and other independent institutions established by the law" and the decision no.901, date 19.12.2007 as amended by the decision no.1001, date 2.7.2008 "On approval of the organization chart and the level of salaries for civil servants and supportive staff in the public administration and other independent institutions".

According to the law no.9072, date 22.5.2003 "On power sector" as amended, the selection, appointment and promotion of the technical staff has been made in compliance with the provisions of the law no.8549, date 11.11.1999 "On the status of civil servant".

In compliance with the law no. 10160, date 15.10.2009 "On regulation of transport services for the public officials and civil servants" the ERE issued an internal order for implementation of the requirements of this law, which became effective on 19.11.2009, and the authorizing standard format for the transportation of the employees of the institutions.

1.3 Administration of ERE financial resources

In the area of administration and finance of the ERE, the provisions of the respective legislation such as the law no.9072, date 02.05.2003 "On power sector" as amended, the law no.9643, date 20.11.2006 "On public procurement" as amended, the law no.9228, date 29.4.2004 "On accounting and financial statements", and other secondary legislations are implemented correctly.

The delivery and notification of the register of the public procurement have been made according to the deadlines complying with the public procurement law supporting all related procedures with the legal assistance.

At the beginning of the 2011, the ERE balance sheet for 2010 was completed, and following the ERE 2011 budget will be prepared. The revenue and expense plan was approved by the Board of Commissioners, and the latter was kept periodically informed about its implementation. The ERE balance sheet was audited

by an authorized accounting expert, whose report was endorsed by the Board of Commissioners.

The ERE has made the inventory of the properties in its administration. As to the financial funds, they are provided from the regulatory fees imposed by the ERE to licensees. In 2010, the planned revenues were collected at 99%.
The incurred expenses of the ERE were made for performing the legal obligations providing normal working conditions for the institution and have covered the most necessary need of the ERE during the year, where it can be mentioned:

- Salaries of personnel, social and health security payments, income tax, which have been paid all with not any outstanding payment.
- Payments for consultancy services
- Publications for information of the public opinion
- Payment of payable services such as water, electricity and telephon and payments for other necessary services for the instiutution activity, and the deppreciation of the fixed tangible assets, etc.
- Premium rate for the mandatory insurance of vehicles and their annual registration tax.

Procurement of the small purchases (as an activity of the commission of small procurements) was made according to the procurement procedures established by the public procurement law.

During 2010 was nmade the riconstruction of additional ERE offices for the expansion of ERE premises based on the increasing needs for a well going activity in the institution. This was made in the existing bulding.

The ERE financial activity during 2010 was audited by a licensed accounting expert according to the law no.10091, date 5.3.2009 "On legal auditing, organization of the professions of registered accounting experts and accredited accountants". Following to this chapter the report of the accounting expert is provided.

2. ERE Activity for Electricity Tariff and Prices

2.1 Electricity Tariff and Prices for 2010

ERE exercises its legal authority for setting the tariffs of the regulated activities in the electricity sector based on Law No.9072 date 22.05.2003 On Power Sector, (as amended) respectively on articles 26,27 and 28 and other secondary legislation coming from this law.

In this context one of the ERE main activities for 2010 was reviewing the applications for the new tariffs by the licensees in the power sector for production, wholesale supply, transmission, distribution and retail supply of electricity for tariff customers.

Based on a complete and careful analysis of the technical, economical and financial data, presented by the regulated companies, such as KESH sh.a., Vlora TPP sh.a. OST sh.a. and CEZ Distribution sh.a. based on their request for revenues through a very transparent process, ERE set the tariff and prices for 2010 for the abovementioned activities which were approved by the Board of Commissioners of ERE by Decisions No.95,96,97, 98, 99,100, 101, 102 date 07.12.2010.

2.1.1 Methodologies and procedures for setting the tariff and prices

ERE in compliance with the abovementioned legislation has developed the methodologies for calculation of tariffs of the licensed activities in the power sector approved by Decisions No.76,77,78 and 79 date 26/06/2008 of the Board of Commissioners.

From the other side to guarantee a transparent and fair process in setting the tariffs was implemented correctly the Decision No.21 date 18.03.2009 of the ERE Board of Commissioners, "On ERE rules and procedures", which represents the steps through which the application is carried, reviewed and approved.

Considering the principles set in the abovementioned secondary legislation and because the service tariffs of electricity are transferable to the retail tariff/final customers, the applications filed by the four companies, were reviewed at the same time during the whole process followed by ERE.

2.1.2 Generation tariff of electricity for KESH sh.a

On September 1st 2010, KESH sha. as a licensee for generation of electricity, filed with the Albanian Energy Regulator the application for reviewing the generation tariff of electricity for 2011. (second regulatory period)

Tariff and Price Dept.

Mrs.Lavdi Konjari

Mrs.Raimonda Islami
(Director)

Mr.Enton Shahaj

Mrs.Elida Mata

Ms.Doris Çarçani

The proposed tariff by KESH/Gen for generation of electricity for 2011 was 1.12 leke /kWh, so it was requested an increase of 180% from the previous tariff of 2010 with 0.4 leke/kWh.

The calculation of generation tariff is based on the methodology for calculation of public generation company approved by the ERE Board of Commissioners with Decision No. 77 ,date 26.06.2008 as well as in the Regulatory Statement approved by the ERE Board of Commissioners with Decision No. 12, date 03.03.2009.

Although in 2009 there were no changes in the tariff and prices of electricity, ERE made the proper estimations in the generation tariff of electricity for KESH sh.a. taking as base the tariff approved in 2008.

The requested revenues to cover the operative expenses and capital expenses for 2011 from KESH Gen , are calculated at 4,582 milion leke from 4,712 milion requested by the company. The change comes due to clarifications made by ERE specialist in technical hearings to argument some of the operative expenses of the company.

These required revenues we adjusted by decreasing for 1,900 million lek, which represent around 11% of the additional revenues from electricity export realized in 2010, due to favorable hydro conditions. It is to be emphasized that major part of export revenues around 80% are given to **KESH and not turned to tariff customers**, this because KESH Gen has sufficient financial means avaiable to encounter difficult hydrological conditions for the coming years and to cover cost of overdrafts inherited from 2007 and 2008, in compliance with paragraph 5.7 of the Albanian Market Model.

Referring to ERE Decision no. 95 dt.7.12.2010, generation tariff of 0.63 leke/kWh is increased by 57.5% compared to 2010 that was 0.4 leke/kWh. The new proposed tariff shall create a nomal financial situation for the activity of KESH sh.a. and for the archivement of economic objectives frm Public Generation Company KESH.

2.1.3 Wholesale tariff of electricity by the Wholesale Public Supplier

On September 1st 2010, KESH sha. licensed for wholesale of electricity, filed with the Albanian Energy Regulator the application for reviewing the tariff of wholesale supply for electricity for 2011and asked the tariff review from 2.03 leke/kWh to 3.97 leke/kWh with an increase of 95% due to :

Including the generation of a considerable amount of electricity by Vlora TPP sh.a. that has relatively high operational costs due to the fuel cost.

From the payment of 50% of Overdrafts (for a complete payment within 2 years) taken from the banks in 2007 and 2008. Thes eloans are taken to cover the electricity import costs during these two years.

Calculation of wholesale supply tariff of electricity is based on :

- Decision No. 78, date 26.06.2008, of the ERE Board of Commissioners, "On the approval of methodology for calculation of wholesale supply tariff of electricity"; and Regulatory Statement, approved by the ERE Board of Commissioners with Decision No. 12, date 03.03.2009**;**

ERE after analyzing the application during a three months period and after many technical hearings organized, in compliance with the Methodologie for calculation of tariffs, adjusted in decreasing the annual required revenues.

The adjustments consisted in:

- Reduction from 246 GWh in 24 GWh of the electricity quantity planned to be sold to RPS from Vlora TPP.
- The adjustment of surplus revenues inherited from 2010 for a value of 1,782 million leke because the Vlora TPP has not been operational and per consequence has not consumed the fuel foreseen for this purpose (which Vlora TPP has purchased in 2009 and had available) which was foreseen as a cost in 2010 tariff.

  In compliance with the methodologies for calculation of tariffs, this new sum of overplu revenues muts be compensated/adjusted in the previous period. If in the tariff of 2010 would have not been included this required revenue (reserve) the WPS tariff would be 1,45 leke/kWh and not the approved one 2,03 leke/kWh;

  Also it was made the adjustment of electricity purchased by small hydro power plants with capacity up 15 MW from 6,85 leke/kWh in 7.1 leke/kWh.

  The cost for covering overdrafts for overdrafts taken by KESH sh.a. at the amount 772 million leke in October-November 2010 were takeni into consideration and were included in the required revenues for 2011.

  Based on the abovestated arguments, the tariff for wholesale supply of electricity, approved by ERE, covers the operational costs for a normal activity as well as the cost of loans taken in difficult liquidity situations for payment of obligations related to import nvoices. Taking into condieration all the above adjustments, and after the technical-economic analysis, technical an dpublic hearings, the annual required revenues for WPS for 2011 were 6,278,722 thousand leke and the respective tariff of

Pictures taken from the ERE Board of Commissioners hearing on electricity tariff and prices for 2011, (December 7th, 2010)

1,48 leke/kWh from 2.03 leke/kWh that was in 2010 so with an increase of 27% compared to the previous regulatory period.

2.1.4 Electricity price for existing HPPs up to 10 MW

In compliance with Power Sector Law and other secondary legislation, ERE has the authority and responsibility to review pricesof electricity sale to existing small power producers (concessionary or private) with installed capacity up to 10 MW and to new producers with installed capacity up to 15 MW.

To calculate the electricity price produced by existing HPPs it has been implemented "The Methodology for calculation of unified electricity price for licensees for the production of energy by HPPs with installed capacity up to 10 MW" approved by the ERE Board of Commissioners with Decision No.5, date 26.01.2007.

Based on the abovementioned calculations the selling price for the electricity produced by concessionary and private licensees, with installed capacity up to 10 MW, for the period 01 January 2011 – 31 December 2011 was set 7.57 leke/kWh.

2.1.5 Electricity price for new HPPs up to 15 MW

For the calculation of the sale price of electricity produced by new HPPs with installed capacity up to 15 MW it has been implemented "The Methodology for setting the unified electricity price produced by new HPPs with installed capacity up to 15 MW given by concession based on Law No. 9663, date 18.12.2006 "On concessions".

To promote the investments in exploitation of the hydrological reserve, in all the water flows, the Government adopted the reference of import price policy, of the electricity price produced by these subjects to the public company KESH sh.a. with average import price of the previous year.

According to the abovementioned methodology, for calculation of the electricity price the following formula is used;

$$\mathbf{Pu = Pi * 1.1. * Rex}$$

where :

$\mathbf{P_u}$ is the unified price of electricity produced by new HPPs with installed up to 10 MW,

$\mathbf{P_i}$ is the average import price of electricity realized by KESH sh.a. (functioning as WPS) in the previous year,

$\mathbf{R_{EX}}$ average exchange rate Leke/EUR published by the Bank of Albania for the previous year.

For the average import price it must be emphasized that during 2010, KESH sh.a. did not import due to the good hydric situation. For this reason, ERE is based on the import data of CEZ Distribution for covering losses for 2010, based on the analysis that the average import price realized from CEZ Distribution in 2010 represents an acceptable equivalent for the average import price of KESH sh.a. for the following resons:

- represents reagional prices and regional market situation
- has been monitored by ERE regarding purchasing procedures

Following this methodology of calculation of electricity price by new HPPs given by concession with installed capacity up to 15 MW is 6.89leke/kWh or 9% lower than the price for the existing HPPs with installed capacity up to 10 MW (of 7.57 leke/kWh) which are under exploitation.

ERE thinks that such a phenomenon comes from the variation of import price of electricity in different years, is not in compliance with the Government policy to enhance and encourage the investments for the construction of these hydro power plants. Under these conditions ERE has suggested to the Government that such thing needs to be reviewed, and this has been taken into consideration. The Government is working to find the most suitable solution based on the experience of other countries.

2.1.6 Transmission tariff of electricity

Transmission System Operator licensed for the transmission activity of electricity, filed with the ERE the tariff application for 2011 on 31.08.2010

OST request was for required revenues 4,292 million leke, to which corresponded an average tariff for transmission 0.73 leke/kWh, so an increase of 21.6% compared to the actual tariff 0.6 leke/kWh.

The increase in required revenues for 2010 by TSO supports the additional costs for the long term loans related to a very ambitions investment plan, which shall serve to the transmission network.

ERE in calculation of transmission tariff is based on the methodology for calculation of transmission tariff of electricity and Decision No59, date 29.12.2005, of the ERE Board of Commissioners.

After reviewing and adjusting by decreasing the revenues for 2011 from the foreseen level, due to a very high quantity of electricity delivered in the transmission network from what was previously planned by OST, in compliance with the respective methodology the transmission tariff for 2011 is 0.6 leke/kWh remaining the same with the transmission tariff for 2010.

The approved tariff is a result of annual required revenues to cover all expenses (OPEX and CAPEX) calculated at the amount 3,649 million leke and the total energy quantity foreseen to be deliverd in transmission network of 6,082 GWh.

2.1.7 Distribution and retail supply tariff of electricity for final customers for 2011

The company OSSH sh.a. functioning as the Distribution System Operator and Retail Public Supplier filed with the ERE on 31.08.2010, the application for distribution tariff of electricity and the retail supply tariff for the tariff customers for 2011, as the second regulatory period.

The OSSH sh.a application for 2011 asked the following:

- Revenues for distribution and retail supply activity at 45,798 million leke not foreseeing an increase in tariff for wholesale supply activity (by KESH) and transmission (by TSO).
- The compensation calculated by OSSH sh.a for 2009 and 2010 (4,667 million leke) as compensation for losses and depreciation in these years and the compensation for bad debt with 1,460 million leke also for 2011.
- Average retail price for tariff customers to be set at 10.98 leke /kWh or 15% higher than the existing price.

The review and approval of these tariffs by the ERE was based on:

- Decision No.79 date 26.06.2008 of the ERE Board of Commissioners "On the approval of methodology for calculation of distribution tariff of electricity",
- Regulatory Statement approved by the ERE by Decision N.12, date 03/03/2009
- Decision No. 46 of the ERE Board of Commissioners date 14.6.2010 "On OSSH request regarding the level of losses for 2008"
- Decision No. 84 date 15.11.2010 " On approval of CEZ Distribution approval of the investment program for 2011"
- Decision No. 93 date 30.11.2010 " On Approval of program for reduction of total losses in three regulatory periods"

After the careful review of OSSH sh.a. request, as well as after the clarifications and addition information in the technical sessions,

ERE decided to recognize to CEZ Distribution:

- reasonable revenues for distribution and retail supply activity 40,356 million leke for 2011
- distribution tariff 6.3 leke/kWh
- tariff for final customers shown in table 6.1 below

By the end of the analysis and methodology applied, the average retail price for tariff customers was 9.53 leke/kWh that is the same average price approved by ERE for 2010.

This average price is distributed to the tariff customer categories in table -6.1-

As seen in the final table of prices set by the ERE is preserved for 2011 the billing in two consumption blocks for household customers by having the same threshold of 300 kWh for the first block and over 300 kWh for the second block. In the graph of figure -6.1.- it is presented the tariff structure for household customers. The analysis of this structure is carried out by securing to OSSH the necessary revenues for the customers in compliance with its financial balance statement foreseen for 2011.

It is important to evidence that this structure of prices for the household customers discourages the use of electricity for space heating, because as it has been verified by several studies that the electricity consumption for space heating starts at the level of consumption over 300 kWh per month. There exist all the possibilities that the space heating is realized with other alternative means. It is also interesting the fact that 71 % of the household customers spend less than 300 kWh/month.

To have a quick transformation of the situation regarding the increase of electricity consumption full attention needs to be focused on quick improvements in OSSH, because this has been also one of the main purposes of distribution privatization.

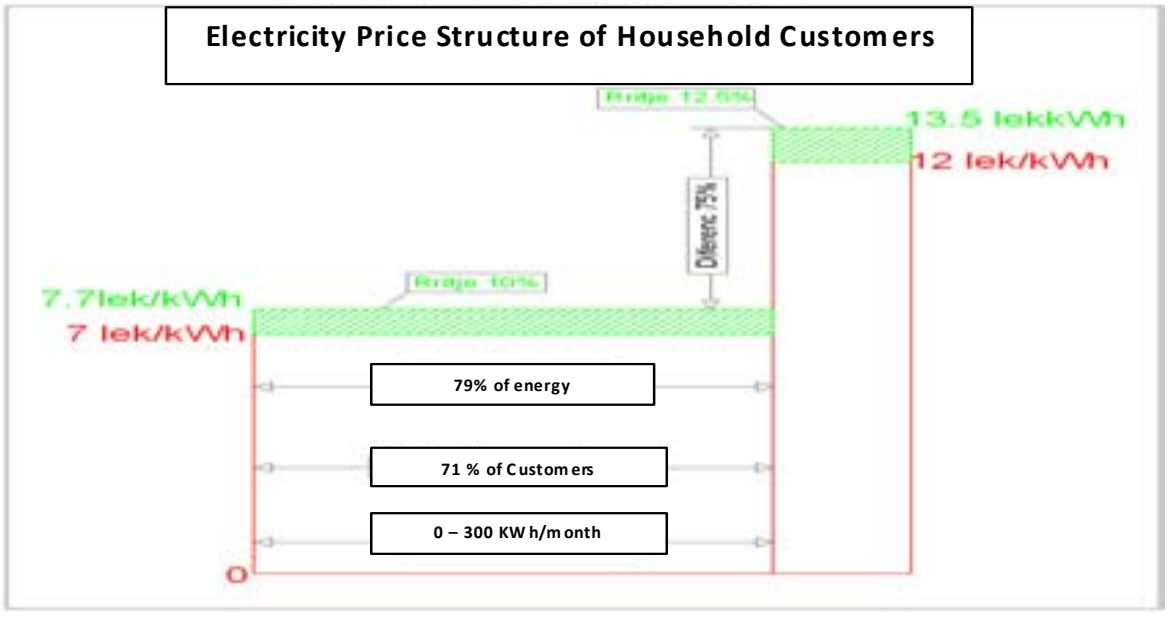

Figure 6.1. *(Source ERE)*

In the graph of figure -6.2- is shown the performance of electricity prices for the period 2005-2009, where is significative the fact thatprices for non-household customers were reduced by 18% to be able to follow today western trends where prices for non-households are lower than for households.

If the electricity consumption in our country shall be better, meaning that electricity losses, technical and non-technical should be within the required standarts, then due to very low cost of generation the electricity prices would have been lower.

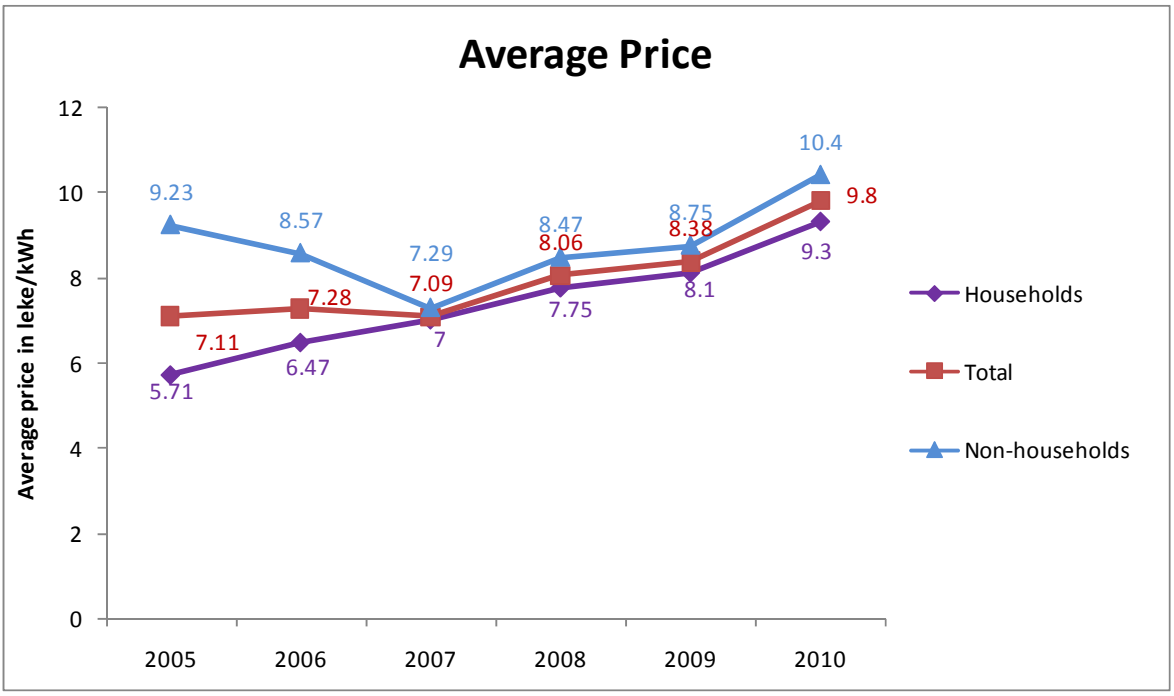

Figure 6.2 (Source ERE)

Table **6.1.** *(Source ERE,OSSH)*

Retail prices for tariff customers approved by ERE for 1 January – 31 December 2011

Voltage level	Categories of customers	Year 2011		
		Tariff (lek/kWh)	Peak tariff (lek/kWh)	Reactive energy tariff (lek/kWAr)
HIGH VOLTAGE	**Customers supplied at Transmission HV**			
	Industry	6.20	6.51	0.93
	Commercial & services			
	Agriculture			
	Others			
	Customers supplied at distribution 110 kV substation			
	Industry	8.00	8.40	1.20
	Commercial & services	8.00	8.40	1.20
	Agriculture	8.00	8.40	1.20
	Others	8.00	8.40	1.20
MEDIUM VOLTAGE	**Customers supplied at 35 kV**			
	Industry	8.50	8.93	1.28
	Commercial & services	8.50	8.93	1.28
	Agriculture	8.50	8.93	1.28
	Others	8.50	8.93	1.28
	Customers supplied at 20/10/6 kV			
	Industry	9.10	9.56	1.37
	Commercial & services	10.00	10.50	1.50
	Bakeries, wheat production	7.10	7.46	1.07
	Agriculture	8.70	9.14	1.31
	Others	9.70	10.19	1.46
	Budgetary	11.50	12.08	1.73
LOW VOLTAGE	**Customers supplied at LV**			
	Industry	10.50		
	Commercial & services	12.20		
	Bakeries, wheat production	7.60		
	Agriculture	10.50		
	Others	12.00		
	Budgetary	14.00		
	Households			
	First block up to 300 kWh	7.70		
	Second block over 300 kWh	13.50		
	Fixed tariff for customers with no monthly consumption (lek/month)	200		
	Tariff for electricity consumption in shared spaces (stairs, pumps, lifts, etc. (lek/kWh)	8.00		
	Average tariff	**9.53**		

Time hours for the peak tariff are:

1 November -31 March hours 18:00-22:00

1 April -31 October hours 19:00-23:00

2.1.8 Electricity tariff and prices in EU markets, in 2009

Characteristic of tariff system for end customer in EU countries is the adoption of a tariff structure based on 6 consumption blocks for industrial customers and 5 consumption blocks for household customers. The blocks are formed based on an annual consumption in the range shown in the table below.

Customer category	**Annual electricity consumption in MWh/Year**					
Industrial	< 20	20 - 500	500 – 2,000	2,000 - 20,000	20,000 - 70,000	70,000 - 150,000
Households	< 1.0	1.0 – 2.5	2.5 - 5	5 – 15	>15	--

Table **-6.2 -** *(Source ERE)*

In graph of figure -6.3.- are presented the electricity tariffs before and after tax (VAT) for non household customers, for all EU countries in Eurocent and in lek/kWh (referring to the exchange rate 1Euro = 130 leke) for a monthly consumption 41,000 – 164,000 kWh. The average electricity price in EU for industrial customers in this consumption block is 12.97 Eurocent/KWh (or 16.86 Lek/kWh).

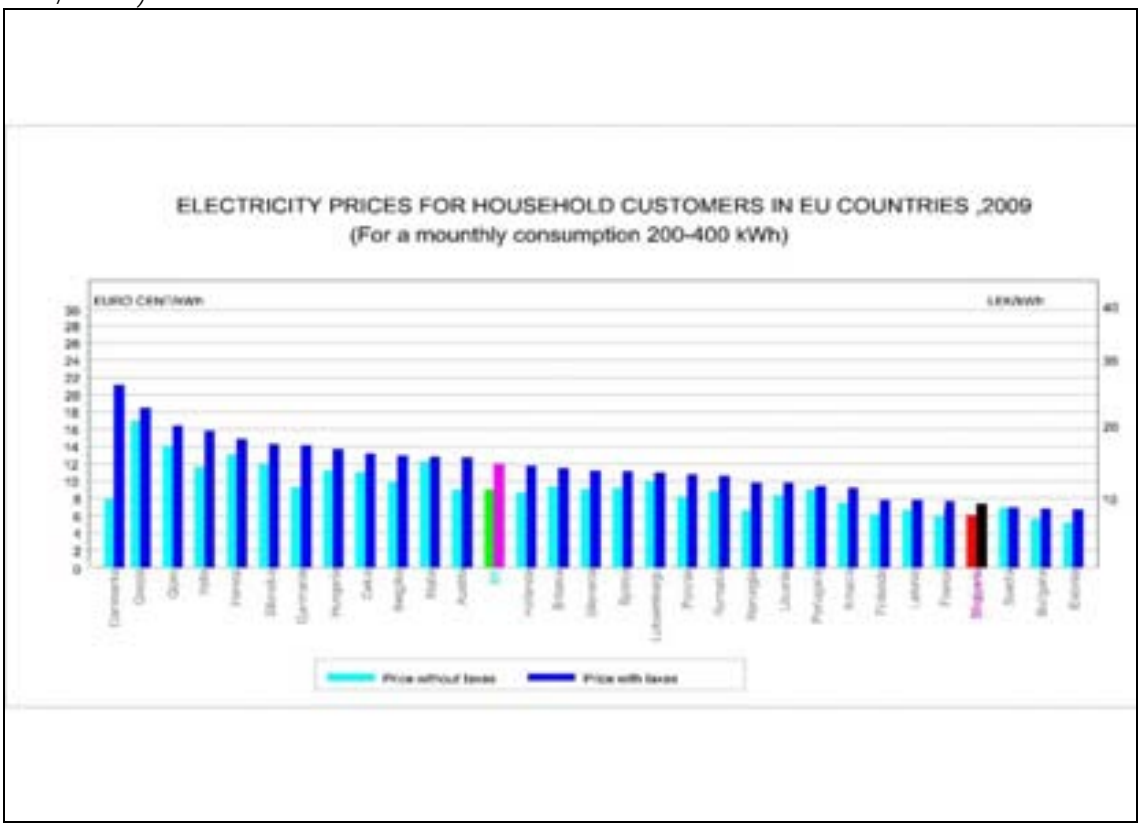

Figure 6.3. *(Source Italian Regulator)*

In graph of figure 6.4. are presented the electricity prices for household customers for a monthly consumption 200-400 kWh. In such a case the average electricity price in EU results 16.91 Euro cent/kWh (or 21.98 Lek/kWh).

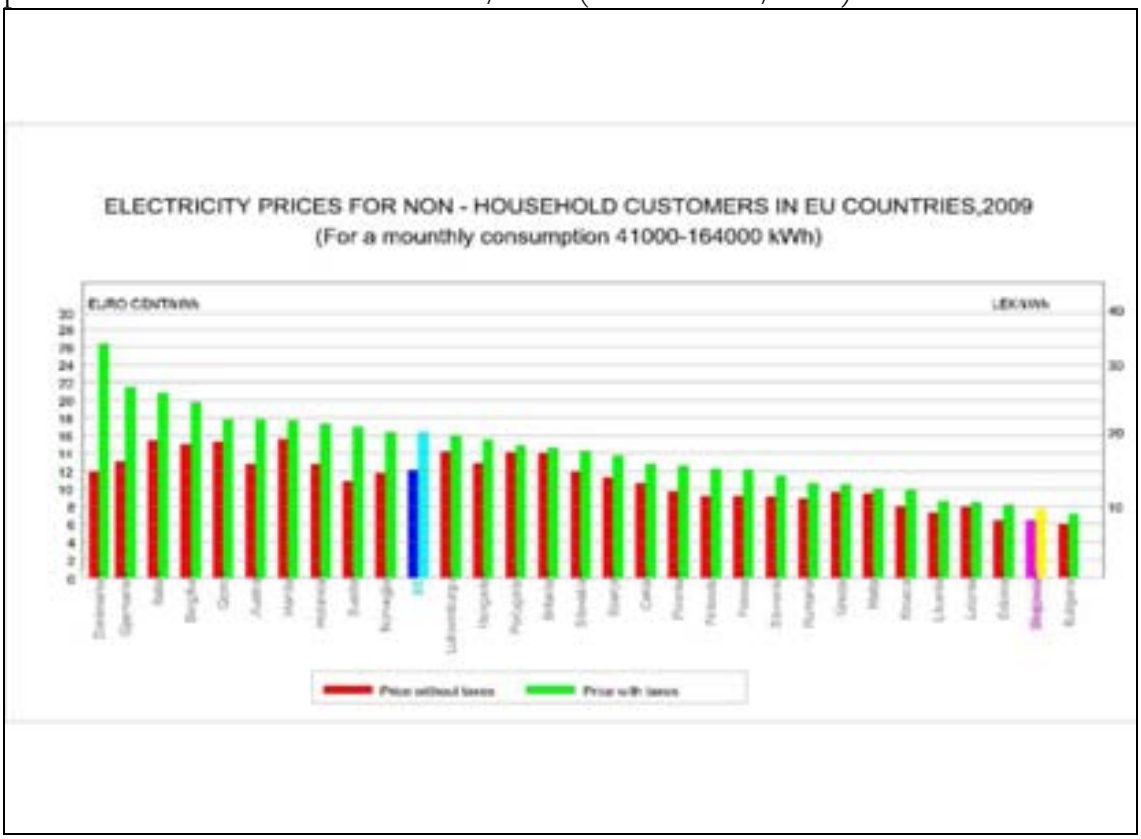

Figure 6.4. *(Source Italian Regulator)*

3. ERE licensing activity for 2010

There has been a wide licensing activity in 2010 for companies operating in different activitites in power sector.

During 2010 have been submitted 34 applications for licensing. For 25 applications the ERE Board of Commisisoners decided to grant the license while 9 of them are in process of being licensed.

Have been carried out the procedures and is given the status of eligible customers to 4 applicants.

In table 7.1 are shown the linceses granted accoriding to activity type.

Table 7.1. *(Source ERE)*

Activity	No. of granted licenses
Generation	5
Qualified supplier	1
Trade	4
Modification of existing licenses	3
Renewal	3
Qualification of plants as RES	2

3.1.1 Licensing in generation of electricity

There are 51 companies that operate in generation of electricity, from which 47 companies are licensed and 4 are in process of being licensed.

Table 7.2

Type of plant	Generation Companies	No of Plants	Installed Capacity (MW)		Working capacitites in 2010 (MW)	Generation (MWh)
HPP	KESH sha	6	1475	1 701.5	1 ,475	7 552 318
	Private/Concession	92	226.5		42	159 040
TPP	TPP-Fier (KESH sha)	1	159	256	0	0
	TPP-Vlora	1	97		97	28 749
Wind park	Private	7	1277	1 277	0	0
Biomass	Private	1	230	230	0	0
Total		**108**	**3, 464.5**	**3, 464.5**	**1,573**	**7, 711, 358**

In table 7.2 are shown some data on generation capacities of electricity in Albania.

In 2010

- Have been licensed for the generation of electricity 12 private companies to realize electricity generation in 17 hydro power plants with installed capacity 64.12MW
- In process of licensing there are other 4 companies for electricity generation in 12 hydro power plants with installed capacity 24.6 MW.

In table 7.3 are shown the data for the companies that are licensed and that are in process of being licensed in 2010.

Table 7.3

Generation subject	Licensed	License Deadline	HPP
HIDROALBANIA Energji shpk	Decisionnr.11 dt.08.02.2010	7/2/2040	HPP Borje 1.5 MW
	Decisionnr.11 dt.08.02.2010	7/2/2040	HPP Oreshke 5.6 MW
	Decisionnr.11 dt.08.02.2010	7/2/2040	HPP Cernaleve 2.95 MW
	Decisionnr.11 dt.08.02.2010	7/2/2040	HPP Cernaleve 13.27 MW
Power Elektrik Slabinje shpk	Decisionnr.10 dt.08.02.2010	7/2/2040	HPP Sllabinje 9.3 MW
HPP Bishnica 1,2 shpk	DecisionNr.23 dt.23.03.2010	22/03/2040	HPP Bishnica II 2.5 MW
C & S Construction Energy shpk	DecisionNr.34 dt.21.04.2010	20/04/2040	HPP Rapuni I 4 MW
	DecisionNr.34 dt.21.04.2010	20/04/2040	HPP Rapuni II 4.1 MW
HydroEnergy shpk	DecisionNr.25 dt.29.03.2010	28/03/2040	HPP Murdhar I 2.68 MW
	DecisionNr.25 dt.29.03.2010	28/03/2040	HPP Murdhar II 1 MW
"Venerg " shpk	DecisionNr. 51, date 05.07.2010	04.07.2040	HPP Dardhe 4 MW
"Dishnica Energy" shpk	Decision53, date 19.08.2010	18.08.2040	Dishnice 0.2 MW
Elektro Lubonje" shpk	DecisionNr.54, date 25.08.2010	24.08.2040	Lubonje 0.3 Mw
"Koka & Ergi Energy Peshk" shpk	DecisionNr. 73, date 11.10.2010	10.10.2040	HPP Peshke 3.43 MW
"Ansara Koncension" shpk	DecisionNr. 89, date 15.11.2010	14.11.2040	HPP Labinot –Mal 0.25 MW
"Energy Plus" shpk	DecisionNr. 110, date 22.12.2010	21.12.2040	HPP Pobreg 9 MW
Selca Energji shpk	DecisionNr.39 dt.05.05.2010	4/5/2040	HPP Selce 0,4 MW
HPP Vlushe shpk	In process		HPP –Vlushe capacity 14.2 MW
HPP Dunice shpk	In process		HPP – Trebinje 1 capacity 0.39 MW;
	In process		HPP – Treginje 2, capacity 0.68 MW;
	In process		HPP – Dunice capacity 0.75 MW;
	In process		HPP - Potgozhan capacity 0.692 MW
	In process		HPP – Kalivac capacity 0.73 MW
"Korkis 2009" shpk	In process		HPP – Belesova 1 capacity 0.150 MW
	In process		HPP –Belasova 2 capacity 0.280 MW
HPP Dragoshtunje shpk	In process		HPP – Zanore capacity 1.2MW;
	In process		HPP – Dragoshtunje capacity 3.1 MW;
	In process		HPP – Sheja capacity 1.6 MW;
	In process		HPP – Ura capacity 0.8 MW

Licensing and Monitoring Dept.




Mr.Adriatik Bego Mr. Agim Nashi Mr.Erind Kraja Mr. Kristaq Zhupa

(Director)


Ms.Eva Hyna Mrs. Merita Islami

3.2 Licensing in electricity trade

Table 7.4

Trading Companies	Licensing data
GSA shpk	Decisionnr. 79 dt.21/12/2007 Decisionnr.116 dt. 01/10/2008
Spahiu Gjanc shpk	Vendim nr. 34 dt. 08/06/2007 Decisionnr. 35 dt. 08/06/2007 Decisionnr.116 dt. 01/10/2008
Universi shpk	Decisionnr.113 dt. 24/09/2008
Gen – I Tirana shpk	Decisionnr.130 dt 02/12/2008
Enpower albania shpk	Decisionnr.08 dt 04/02/2009
KESH sha	Decisionnr. 23 dt. 25/03/2009
Wonder Power sha	Decisionnr. 34 dt. 07/05/2009
EFT Albania shpk	Vendim nr.53 dt 03/08/2009
EGL Albania sha	Vendim nr.92 dt 08/12/2009
CEZ Trade Albania shpk	Decisionnr.1 dt.20/01/2010
Alpiq Energy Albania shpk	DecisionNr.27 dt.02.04.2010
CABLE SYSTEM shpk	DecisionNr.36 dt.27.04.2010
400 KV shpk	Nr.37 dt.27.04.2010
"HYDRO ENERGY" SHPK	Nr. 25.05.2010
"YLLIAD " SHPK	NR. 108, date 22.12.2010
"ENERGY PLUS" SHPK	Nr. 109, date 22.12.2010
"Rudnap Energy Tirana" shpk	Nr. 88, date 15.11.2010
"Energy Partner Al" shpk	In process
HPP Vlushe	In process
HPP Dragoshtunje	In process
HPP Dunice	In process

- For the trade of electricity have been licensed and operate 17 companies
- Only in 2010 have obtained the license 8 companies for the electricity trade and 4 others are in licensing process

Qualified Suppliers in 2010 **table 7.5**

1	**"CEZ Trade Albania" shpk**	**Qualified Supplier**	**Nr. 02, date 20.01.2010**
2.	**"Alpiq Energy Albania" shpk**	**Qualified Supplier**	**Nr. 28, date 02.04.2010**
3.	**"EGL Albania" sha**	**Qualified Supplier**	**Nr. 44, date 07.06.2010**

Eligible Customers in 2010

1	**Fabrika e cimentos Elbasan**	**Eligible Customer**	**Nr. 42, date 31.05.2010**
2.	**Fabrika e cimentos Fushe – Kruje**	**Eligible Customer**	**Nr. 43, date 31.05.2010**
3.	**City Park**	**Eligible Customer**	**Nr. 92, date 30.11.2010**
4.	**Colacem Albania**	**Eligible Customer**	**Nr. 91, date 30.11.2010**

In annex 4 is shown the complete register of licensees for all the activitites in the electricity sector.

4. ERE activity in Monitoring of Electricity Market

4.1 Monitoring of Electricity Market

In compliance with Law No. 9072 date 22.5.2003 " On Power Sector" as amended, article 8, paragraph 2, letter f) and g), and article 63, ERE has the authority and obligation to monitor, control and inspect the licensees on the legal obligations as well as implementation of ERE rules, decisions and orders.

4.2 Electricity market monitoring principles

In 2010, the monitoring of the licensees in the electricity market was conducted not only by the specialized unit, but also specialists by other departments within the ERE have been engaged.

The monitoring have been carried out based on prepared programs and organized in such a way to enable the continuing supervision of the market participants' performance.

The monitoring process has been implemented periodically following the steps below:

- Gathering and elaboration of periodic outcomes (monthly) and information.
- Elaboration of outcomes and setting of performance indicators.
- Reporting of analysis on the performance indicators for the market participants to the ERE Board of Commissioners.
- Broad discussion on the problematical issues in the regular Board meetings.
- Defining the ERE position regarding the licensees performance, preparing the statements and recommendations related to them.
- Identification of issues for site monitoring activities.
- Carrying out the site monitoring and analyzing the monitoring data.
- Defining the ERE statement and recommendations regarding the monitoring results.

4.1.2 Monitoring of KESH sh.a.

In 2010, the market monitoring sector and special working groups from ERE have carried out three monitoring for Generation an dimport-export due to the emergency situation in this period.

The selling under the conditions of floods is made in compliance with the Rules and Procedures of Electricity Sale. The results of this monitoring is reported to the Board fo Commissioners.

Due to the very favorable hydric situation in 2010 KESH sh.a. has sold 2,934,226.000 kWh with a value 119,1010,562.21 Euro.

4.1.3 Monitoring of CEZ Distribution

An important participant of the Electricity Market is CEZ Distribution which in compliance with Electricity Market Model has the responsibility for electricity imports to cover the distribution losses. In the Regulatory Statement are stated the rules and procedures based on which CEZ Distribution sh.a. shall realize the electricity imports.
In 2010 have been carried out two monitoring to verify the implementation of rules and procedures of the imports realized by CEZ Distribution.
In the end of monitoring period January-June 2010 was evidenced a difference for completing the electricity quantity to over the losses for this period. ERE recommends to complete the differences during these period, and this duty was completed until the ened of 2010.
During 2010 CEZ Distribution sh.a. in compliance with the Market Rules has established the respective structure for the load forecast in hourly basis to supply without interruption the tariff customers.

4.1.4 Monitoring of OST sh.a.

In 2010 have been carried out in OST sh.a. two monitoring for the Market Rules implementation. In these monitoring were seen some flaws and recommandations were made for the role that should the Market Operator play for the normal functioning and market transparency.
OST sha.a re-organized the market operator structure.
In 2010 were approved " Rules and Financial Gurantees on registering for the Electricity Market", "Agreement on Market Participation" and "Regulation on Registering procedure in Electricity Market". These rules enable a transparent and functional market development in compliance with EU Directives.

5. ERE Activity on legal framework and Customer protection

Part of ERE activity is the developing of secondary legislation for the regulatory framework in energy sector. This framework has been alsomot completed by ERE and for 2010 there have been approved or are in process some very importants regulatons.

Developing and reviewing of secondary legislation is carried in every case considering first to create to third parties access to get informed about the documents, the possibility for interested parties to be heard by sending different opinions or comments or by hearings with the parties interested on the documents that in all procedures have been published in the ERE web site. Through this process the aim is to gather comments and know the opinion of third parties on the secondary acts that ERE is approving. Also the process finalization gurantees the transparency of ERE decisions throguh the Board meetings that are opened to the public.

In details in 2010 have been approved and are in process of approval the secondary legislation in two groups:

- Secondary legislation approved by the ERE;
- Amendments in the primary legislation of the electricity sector.

5.1 Secondary legislation approved by ERE

Guideline on application and tariffs for new connections or Modificaton of the existing connections in power network of OST.

Legal Issues and Customer Protection Dept.

Ms.Eriola Sadushi

Mr.Eduard Elezi
(Director)

Ms.Entela Çipa

Ms.Eltona Draçoti

Ms.Ela Nikaj

In 2010 was drafted and developed the final draft of "Guideline on application and tariffs for new connections or Modificaton of the existing connections in power network of OST. This guideline was approved by Decision No. 2 date 10.01.2011 of the ERE Board of Commisisoners, published in the Official Journal no. 6 date 31.01.2011 in compliance with the responsibilities set forth in the Law no.9072 date 22.05.2003 "On Power Sector", as amended, Code of Transmission, Methodology on setting the transmission system set by ERE, as well in other secondary legislation related to main OST functioningsn in compliance with the granted license by ERE. By this guideline is set the method, application form and respective tariffs, based on which are paid the new connections, modification or increase of capacity of the existing connections in the power network of OST. These payments are carried for the expenses implicate din these processes.

5.1.1 Rules and Procedures for Electricity Sale

During 2010 ERE pursuant to article 8, paragraph 2, letter "l" of the Law No. 9072 date 22.05.2003 " On Power Sector" as amended and DCM Nr. 338 date 19.03.2008 " On approval of electricity market model" as amended, reviewed " Rules and Procedures on Electricity Sale" these amendements requested by KESH sh.a. have been recently approved by decision no.1, date 10.01.2011 and took into consideration the very good hidric situation due to profound inflows in Drini river. All these amendments enable simple procedures and fast operations from KESH sh.a. based on a competitive and transparent process for realisation of electricity sale without touching the security of supply of the customers, by not conditioning the sale process from KESH sh.a. by the electricity slae, and by making KESH sh.a. the responsible for determining in quantity and capacity the electricity that shall be sold according to this regulation based on the period of time and delivery program and that is based on the optimization of power sources according to KESH planning.

5.1.2 Rules on Allocation of Interconnection Capacitites

There are in process the Rules on Allocation of interconnection capacitites that are pursuant to law no. 9072 date 22.05.2003 " On Power Sector" as

amended, Electricity Market Model approved by DCM. No. 338, date 19.03.2008 and Market Rules, approved by ERE Board of Commissioners No 68 date 23.6.2008. these rules specify the auction procedures and criteria on allocation of cross border capacities between the control zone of OST sh.a. and neigbouring TSOs' in the interconnection lines in both directions including interconnection lines Albania-Greece, Albania-Kosovo and Albania-Montenegro.

5.1.3 Reviewing the supply contract of tariff customers

In 2010 ERE started the process of reviewing the supply contracts of electricity for tariff customers, because the actual contract that regulates the relations customer-supplier, reflected the situation on which it was developed and approved, the power system situation in 2005, under the conditions of lacking hidric supply sources and insufficient interconnection lines. Under actual conditions, after privatization of Distribution System Operator, considering the obligation of Regulatory Statement on the approval of new conditions for the quality of supply to customers, but also based on the requirements for a new supply contract for tariff customers presented by several subjects in different hearings organized by ERE, was evaluated as necessary to review this actual contract in order to improve it and adopt it with the new standarts that are expected to be approved in order to gurantee a complete protection of the customers relations towards the company.

5.1.4 Quality Standarts for electricity supply

Paralelly with the electricity supply contract ERE has drafted in 2010 a Regulation on quality of supply in Distribution and Electricity sale, which aims to establish the consitions to gurantee continuous supply with electricity to customers in distribution and to set the indicators for the quality of supply in compliance with this regulation. Also for the first time in these Regulation ate set the sules and mutual obligations in cases when suppliers' and customers' obligations are not respected according to this regulation. In special chapters these regulation sets the rules for countinuance of supply, rules on quality of service and rules on quality of voltage.

5.1.5 On grating the status of eligible customers

ERE by Decision No. 17 date 10.12.2010 approved " the annual level of consumption to obtain the status of eligible customer for 2011" this approval was based on article 48 point 1 of Law No. 9072 date 22.03.2003 " On Power Sector" as amended, and Law No. 9501 date 03.04.2006 " On ratification of the establishment of Energy Community Treaty". The purpose of setting the

annual threashhold by ERE is to enable all customers households and non holholds to choose their suppliers and to profit from status of eligible customer. In this way it is better harmonized our legislation in the power sector with the engagements taken from the Republic of Albania in signing the Energy Community Treaty and especially related to point 3 of Annex "A" stating that: *Each party shall be assured that eligible customers within the frame of the EU Directives 2003/54/EC and 2003/55/EC shall be:*

i) By 1st of January 2008, all non-household customers;

ii) By 1st of January 2015 all customers.

5.1.6 Amendments to the primary legislation on the power sector

Law no. 10361 date 16.12.2010 "On some amendments on Law No. 9072 date 22.05.2003 " On Power Sector".

On 16.12.2010, the Albanian Parliament approved Law no. 10361 date 16.12.2010 "On some amendments on Law No. 9072 date 22.05.2003 " On Power Sector".
Main obligations for ERE consist in developing and approving the secondary acts as below:
-Approval of rules an dprocedures for exchange, purchase and sale of electricity by doemastic and foreign suppliers/traders. (Article 2 of lthe above Law).

-Approval of standard contract proposed by General Directorate on Metering on regulation of relations between Subject/authorized body with distributor to verify type of approved meters, when are put in market for the first time and/or are in use (installment) from the authorized subject and for periodic inspection to verify the accuracy of metering equipment and metering system, colaudation, stamp, as well as their maintenance from the subject/authorized body (article 3 point 9).
-Approval of methodology for calculation of economic damage, caused tot eh company by every illegal intervention.

5.1.7 Handling of court lawsuits

The legal issues and Public Relations Dept. in 2010 has attended several court cases in Tirana district court, Apeal Court in Torana and Berat.

The disputes have been mainly complaints from ERE licensees and also from customers for overbillings of electricity.

Principally ERE has attended as third party in this lawsuits and in four cases only there has been a lawsuit againts ERE, respectively from OSSH sh.a. on electricity tariffs and losses for 2010 (court object: Absolute unvalid decision due to illegally and unfounded decision of ERE no. 98 date 15 December 2009, " On setting the distribution tariff for OSSH sh.a. for the period 1 January 2010-31 Decemebr 2010, no. 100 date 15 December 2009, " On setting the retail price of electricity for tariff customers for the period 1 janaury 20010-31 December 2010 and No. 105 date 28 December 2009, " On OSSH sh.a. complaint on the decisions no. 98 date 15.12.2009 and no. 100 date 15.12.2009, of the ERE Board of Commissioners for their annulment or abrogation and ERE obligation to issue the administrative acts in compliance with Law No. 9072 date 22.05.2003 On Power Sector" as amended, and courtcase object: Against ERE decision no, 86 date 16.11.2009 for non taking into consideration the OSSH sh.a. Complain but leaving in force of decision no, 77 date 16.10.2009). These processes were stopped by request of the appeallent party. Another process that is under review is between ERE and one of the partners of two licensed companies by ERE with courcase object: unvalid Decision of ERE respectively no. 70 date 12.17.2007 etc).

From the other side ERE has a lawsuit also from a customer with court case object: Partial abrogation of electricity incoice for June 2010 issued by OSSH sh.a. Directorate of Zone Tirana 2.

6 Customers protection from the monopoly position in the electricity market

6.1 Principles of customer protection

The regulatory framework on which is based the ERE activity, pays a particular attention to the protection of interests and guaranteeing of the rights of those market participants who do not have the possibility and ability to know and have the necessary access to the legal framework and the technical market functioning, by being exposed in this way to possible violations of their rights from any monopoly position in the energy market.

For this reason, the strengthening of the active role of customers in the market, their well-information and the protection of their interests, has been one the main ERE's challenges and priorities.

The ERE activity for protection and support` of the customers' interest, is extended in these directions:

6.1.1 Guaranteeing quality of service in distribution and electricity supply

Quality of service and electricity supply, especially in the process of privatization and energy sector liberalization, this is important for the Regulatory activity.

Determining, metering and monitoring it is one of the main issues where the activity of ERE for this year was focused.

Based on the above , and on the European experience, ERE drafted an dpublished the Draft-Regulation on Quality of service for distribution and electricity supply, which regarding the customer protection, is one of the main documents that shall establish the conditions of a guaranteed supply without outages (within the permitted limits) to electricity customers in distribution. These standards establish:

- Rule son continuance of electricity supply by evidencing the outages in distribution and their classification
- Rules of trade service quality
- Voltage Quality indicators and parameters of the supplied energy

6.1.2 Securing of transparency

The ERE procedures for approval of the regulatory framework, granting the licenses for the activities in the power sector, approval of retail tariffs, and for other the decision-making processes, (in the Board of Commissioners meeting), have been open and transparent for the public and interested parties as provided for by the Rules of Practice and Procedure.

In these process are included the publications made in the written media of the ERE decision for beginning of procedures for reviewing license applications, tariff applications or approval of regulations or other regulatory secondary legislation, or the consultations with the licensees, interested parties and customer protection associations. The comments or opinions of third parties are analyzed through a transparent procedure, and the ERE opinion whether they would be taken into consideration or not is made known to them.

Here it does worth mentioning the public hearings organized by the ERE regarding the application of the tariff proposal of public companies for 2011, which are already consolidated assuring maximal transparency for the public in order that the final customers have all the necessary information regarding the service and its cost.

The Board meetings have been open to the public and other institutions such as Ministry of Economy, Trade and Energy, Albanian Parliament, Competition Authority, representatives from the public companies and other interested parties.

6.1.3 Guaranteeing of the third party access

The Regulator's role is to guarantee the third party access in the distribution network and enhance the market opening so that the electricity customers benefit a

better service from the competition in the market an open market urges to the companies to compete for increasing the number of customers offering them fast and reliable services.

In this aspect, some important steps undertaken by the ERE for the market opening and guaranteeing of third party access to the grid can be underlined such as : approval of transmission and distribution unbundled tariffs, approval of the model power purchase for Small Power Producers, approval of contracts for transmission and distribution services between system users and OST and OSSH.

6.1.4 Handling of customer complaints

One of the most important aspects of the ERE activities remains the handling of customer complains with particular attention. This contributes to the montoring of quality of service offered by the supplier from the customer position that serves for the identification of concrete issues for electricity supply to customers.

Pictures taken from a workshop with Cezch Regulator in Tirana

Treating with engagement, transparency, impartiality and in fully compliance with legal deadlines, is one of the most important aspects of ERE activity. During 2010, it is seen a sensitive increase in the number of customers filing petitions or requests with ERE to solve their disputes with the supply company. This increase shows also the strengthening of the ERE authority, which is a consequence of the ERE efforts to inform and make the customers aware of the ERE's role.

In 2009, some 80 complaints were filed with ERE, out of which 50 complains are from household customers, 25 from non-household customers and 5 others from licensees.

In 2010 some 350 complains were filed with ERE. This figure does not include the consultations made with different customers that have been at ERE, as well as the information and orientations given by phone or e-mail.

Main problematic issues for 2010 have been:

- Illegal application from CEZ Distribution of "economic damage" or " unmeasured energy" for administrative offense
- Treatment of complaints on outages and quality of voltage made by communes and other subject
- Overbilling problems consisting in evidently wrong billings, non-respecting meter reading deadlines
- Metering problems- equipment with meters, metering check, non-reconciliation of the fixed rate with the real meter fugures.
- Connection problems and transferring of contracts- delays in contract signature, non-transfering of contracts for debitors.

Regarding the application of " economic damage" and unmeasured energy", ERE has carefully studied and monitored all the procedure followed from CEZ Distribution and has seen that application of " economic damage" or unmeasured energy" is carried out in an abusive and arbitrary way because these actions are not in compliance with the legal regulatory framework, because with the amendments made to Law No 9072 date 22.05.2003 " On Power Sector", the penalization for electricity administrative offense according to this procedure was abrogated.

For these actions not based on Law, ERE decision No. 90 date 15.11.2010 of the Board of Commissioners, penalized with 350 000 leke fine the company CEZ Distribution sh.a. " For non-implementation of license conditions and concretely point 3.1 of the Retail supply license". This fine corresponds to the maximal amount that ERE can exercise as penalization that can be imposed to a licensee based on article 64 of Law no. 9072 date 22.05.2003 " On Power sector", as amended.

Based on this decision, all the billings made by CEZ Dsitribution sh.a. towards households and non-households with the title "economic damage" or " unmeasured energy"after the law become effective were considered illegal and after ERE insisted, the company canceled them in block and published this also in website and media. This process is being monitored by ERE.

Regarding the other issues evidenced for resolution from ERE are organized around 40 hearing sessions, by gruping the same topics. In these sessions have been encountered the concerns of customers with the company and have been given recommandations from ERE that are obligatory for the company to solve the disputes with the customers.

The analysis of the customer complaints serves to make the proper improvements to the regulatory framework, which would urge the company to provide a better service to customers.

7. Relations with the public and mass media

7.1 Public information procedures

In order to guarantee for the public and media a closer look on the ERE acitity and to better evaluate the efficiency of its messages dissemination, one of the main tasks of the ERE is the publication of information on the service conditions of the licensed companies in the energy sector with the objective of guaranteeing the maximal transparency and the improvement of services provided to electricity network users and final customers.

To achieve this objectiveand to assure an important support in communication strategy, the ERE has multiplied the efforts for informing customers by new communication initiatives.

The activity of communication carried out by the EREhas given priority to different aspects and has consolidated immage in the regulatory activities.

7.1.1 Relations with written and audiovisual media

Regarding the activity with written and audiovisual media in addition to increased level of communication, during this period has been consolidated the dialogue through press interviews and statements with written and audiovisual media regarding issues sensitive to the public, such as the tariffs' approval etc, frequent press releases and direct contacts with the media and journalists covering the energy sector.

ERE has two years now that has institutionalized its relations with ATSH (Albanian Telegraphic Agency) and carries our an important exchnage of information with this prestigeous agency in the country.

ERE representatives have also participated in different televisional boradcastings in order to inform and explain the public regarding specific issues with interest for customers using a simple and comprehensible language.

Also the communication structures with the main insitutions in the country, such as Parliament, Competition Authority,METE etc. are futher strengthened.

7.1.1. Communication through events and activities

It is to be evidenced here the fact that ERE considers especially effective the organization and participation in the events and activities organized to assure customer protection by different organizations on customer protection inside and outside the ocuntry. These meetings serve to promote furthermore the institutional functions of the ERE, its duties and actions regarding the protection of customers.

Here it does worthwhile mentioning the ERE participation in the CPO(Customer Protection Office (ZMK) in Tirana and in setting institutional relations with Konfindustria, by actively participating in their Forums and meetings.

In addtion to this, an important role in this dircetion is played by the ERE participation in Customer Working Group of ECRB (Energy Community Rregulatory Board) , Social Forums and Workshops on Social action plans of ECRB, where the regional intiatives are undertaken towards the improvement of regulatory framework in the electricity sector and by its active participation in regional benchmarkings.

7.1.3 Communication with market participants

ERE has stregthened the communication with market participants in the electricity sector, by organizing periodic meetings with the publicly owned company KESH, OST, CEZ Distribution. It is to be mentioned here also the other licensees on electricity generation particularly with small power generation licensees, new and existitng, with Energy Traders Association etc. in these meetings market participants are informed and it is discussed with them on the regulatory framework approved by the ERE on problems encountered by them during their performance in the market operations.

7.1.4 Internal communications

A particular importance has been devoted to the internal communication through the distribution of materials of information character and other thematic communications with investors and interested persons regarding the regulatory framework of the renewable energies, energy efficiency and saving and the complaint filing modalities.

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7.1.5 Institutional publications

For exposure ans increase of transparency for its activity and dissemintaion of its image, ERE publishesin hard copy its annual report after approved by the Albanian Parliament. In addition to this, ERE all the decisions and secondary legislation of the Albanain Energy Regulator are published in the Official Journal.

ERE also makes periodic reports and completes questionnaires of the Energy Community Secretariat, MEDREG Assambly (Mediterranean Regulators Association), ERRA (Energy Regional Regulators Assocciation) and many others that are accessible on line.

7.1.6 Web Communications

ERE has developed furthermore its communication with the public through its webpage expanding the information content and providing new services. ERE's official webpage is enriched with new information including the approved regulatory framework, the decisions of the ERE Board of Commissioners. New options were introduced such as publications and consultations with the public where during this time all documents related to tariff filings of the companies, ERE deliberations for the decisions, carried out studies (Househgold electricity consumption study), etc.

Website contains a reach information in English language which provide access to all adopted acts and decisions of the ERE and other information.

8. ERE Inter-governmental and International relations

8.1. ERE 15th Anniverssary Conference

2010 marked also the 15th anniverssary of ERE creation as an independent regulatory institution functioning based on Law. On October8th 2010 for this anniverssary event under the auspices of ERE was organized an international conference on: Albanian Energy Sector, Challenges and Regulation.

In this conference participated around 100 invitants from which representatives form the Albanian Government, policymakers, Albanian Partliamnet representatives, representatives form homologues regulatory institutions in th eregion, in Europe and US, representatives of bussines, media and high level energy experts. The conference was greeted by the Minister of Economy, Trade and Energy, distinguished national and international authorities such as President of NARUC(National Association of Regulatory Utility Commission), Head of Energy Community Secretariat in Vienna, Chairman of ERRA (Energy Regulatory Regional Association), 25 Chairmen from South East Europe Energy Regulator, Vice-Chairman of MEDREG (Mediterranean Association of Regulators) and at the same time Chairman of Italian Regulator and

important companies and licensees that operate in the energy sector such as KESH, OSSH, OST and other licensees in the sector.

Main topics in this conference dealed with; security of supply and regulatory aspects, energy effcieincy, supply with natural gas and seocndary legislation in gas, quality of supply and customer protection. In this conference were discussed some of the most important issues regarding the regulatory role on energy sector, its archivements, and challenges of rthe future of the sector. It was evidenced the 15 years experience of Albanian Regulator and its archivements as an institution in the energy sector, it was ephasized the progress of reforms in this sector and the set ting new challenges in securing and improving the supply with electricity to customers as well as the development of regulatory framework that shall serve to the further development and trasnformation of this sector through efficient functioning of electricity market and competition in this sector.

8.2. Inter-institutional and relations in the country

The Regulatory Authority has evaluated as very important the development of inter-institutional relations within the country and the international relations multilateral and bilateral.

In the ERE inter-governmental relations can be mentioned the relations with the Albanian Parliament, Ministry of Economy, Trade and Energy (METE), Ministry of Integration, Competition Authority, Ombusman ans other domestic institution.

8.2.1. Relationd with the Albanian Parliament

ERE in 2010 has continued to consolidate in cooperation and periodic information by reflecting step by step the institutional acitity in compliance with Decision of the Parlaiment's Burea No 29 date 09.20.2008 " On establishment of Monitoring service for institutions reporting and informing to Parliament". In frame of this, the advisor of Parliament responsible for performing this service, has followed closely and in detail the ERE activities attending several meetings of the Board of Commissioners.

ERE has informed the Parliament on the current developments in the sector, in addititon to the presentation of ERE annual report has presented information on important issues such as Energy Market, by developling the secondary legislation, in the post-privatization process and for the electricity tariff and prices. ERE has been one of the institutions that has actively participated in the regional workshop organized by the Albanian Parliament with Independet Institutions and has presented the nature of these relations based on th elegislation in force. Also has participated in the workshop organized by the Council on regional cooperation and Energy Community Secretariat in Parliament.

8.2.3 Relations with METE

ERE has cooperated with METE in 2010 regarding the solution of issues and challenges in regulation process of energy sector in Albania.

ERE has contributed through proposals or opinions on amendments and also active participation in inter-governmental wroking groups on riviewing Power Sector Law, Draft- Law on Renewables, Draft-Law on Concessions, rules and procedures on Construction and usage of pipelines for natural gas infrastructure, has participated in also in issues on electricity market, with the licensees and the stakeholders in the energy sector.

In the frame of electronic register for businesses Ere has aprticipated in the workshops organized by METE and has given her contribution in registering the secondary legislation approved by ERE in this register. In hearings organized by ERE, METE has been invited as a respresentative and given opinions on supply contracts of electricity KESH-CEZ. ERE shall continue to keep copperation with METE as a priority thing. ERE has been an active member in METE workign group for preparing the anwers of EU questionnaire on energy chapter.

8.2.4. Relations with Ministry for Integration

For 2010 ERE has communicated and collaborated with the Ministry for Integration in updating information in the frame of Stabilization-Association Agreement for th eperiod 2010-2014. In this view ERE has reviewed the secondary legislation foreseen in the National Plan for implementation of the Agreeement and had given her contribution in fulfilling the requests coming from EU Dircetives. Concretely in compliance with Directive 54/2003, in the frame of Energy Community Treaty.

8.2.5. Relations with the Competition Authority

Based on the Memorandum of Understanding signed between the ERE and the Albanian Competition Authority on 17.01.2007 the institutional relationship between two inistitutions aiming the protection of free and efficient competition of electricity market participants is established. During 2010, both institutions have collaborated to avoid the anti-competitive behaviours by the sector participants establishing competitive rules for protection of customers interest. ERE has requested regularly the Competition Authority opinion for the secondary legislation related to the development of energy market before they are approved by the ERE, in the process of elelctricity tariff and price setting, in the analysis of loss level determination etc. ERE has provided to the Competition Authority all necessary information administered by the ERE enabling the Authority to carry out its duty in investigating the power sector. Communication and the exchange of data and information between two institutions shall continue in the future based on mutual will and avaiability.

8.2.6 Relations with the Ombudsman Office

These two institutions have a reciprocal engagement that is protection of electricity customers.

In this respect, the ERE has maintained close institutional relations with the Ombudsman Office organizing shared meetings, exchanging opinions and providing necessary explanations regarding the quality of electricity supply service for customers and for the tariff-making process for 2011 electricity tariffs, and the supply contracts to customers.

Besides the Ombudsman Office, shall be engaged in all procedures and hearings on electricity tariffs and supply contracts.

8.3 International multilateral relations

Considering the growth of institutional capacity bulding, representing the country in the international events and actitivities, increasing the knoledge and experience of our technical staff, following the best experiences from the EU countries and establishing fruitful cooperation in the interest of the domestic energy sector. Having in consideration those objectives the ERE has continued its multilateral relations with the international organizations such as MEDREG, NARUC, Vienna Secretariat etc., has established bilateral relations with other analogous regulators and has participated in different international energy conferences and events.

ERE is a full member of the Energy Regulators Regional Association (ERRA) and attends regularly the meetings of the General Assembly of ERRA, meeting of permanent Committees of ERRA, licensing and tariff committees, and the legal working group. ERE has participating in a number of tarinings organized by ERRA on monitoring of licensees, tariff issues, renewable energy sources, natural gas sector and its regulation, and in the training of the new technical staff of regulators. This year on 8th pcetober 2010 under ERE auspices was organized in Tirana the ERRA Chairmen meeting with participation of 25 ERRA Chairmen countries from South East Europe and EuroAsia, this meeting was attended by President of NARUC, representatives from Fortum, KEMA etc. in this meeting information were exchanged on the latests developments and challeneges encountered by the present regulators as well as it was discussed on energy efficiency and security of supply in these countries.

ERE is a member of the Association of Regulatory Authorities for electricity and gas of the Mediterranean countries (MEDREG) and attends regularly the meetings of wortking groups on reneewable energies and gas issues, as well as the meetings of the General Assembly of this Mediterrnaean organization. This organization is a tool for coordination of the activities and for knowing the energy potentials and developments in the Mediterranean countries as well as for establishing a spirit of common understanding and cooperation among the regulators from these countries on issues of mutual interest.

ERE in close collaboration with NARUC (National Association of Regulatory Utility Commissioners of USA), and with the financial support of USAID, had organized in March 2010 a partnership activity on the natural gas area with Commissions of Washington, Boston and Ohaio in USA. This activity was a valuable exchange of experiences helping the ERE in developing the secondary legislation for the regulation of natural gas sector.

Pictures taken from ERE report in the Albanian Parliament (March 2010)

ERRA Chairmen conference in Budapest

During 2010, the ERE has actively participated in the Athens forum meetings and in the activities organized by Vienna Secretariat in frame of the Energy Community Treaty. ERE has attended trainings on security of supply, third rlegislative package of EU, market models on electricity and natural gas. With ERE inititaive was organized in Torana a workshop on natural gas market model in cooperation with Vienna Secretariat and this organism has been very active with comments and recommandations on the secondary legislation ERE is developing on natural gas in Albania. Benefiting from these activities and from the experienced European regulators it is aimed for harmonization of legislation, practices and procedures to create a transparent, competitive, non-discriminatory energy market.

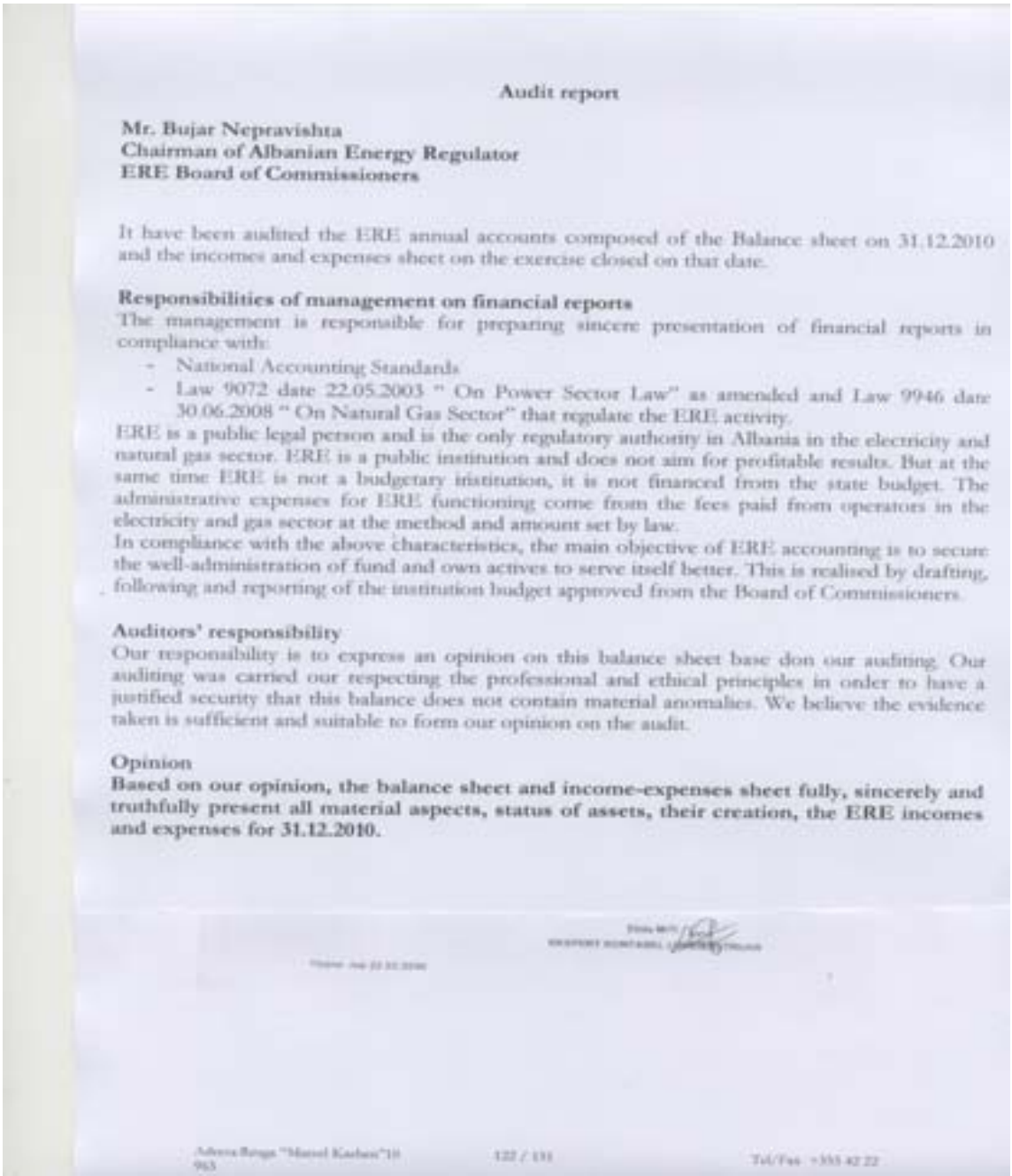
8.4 ERE bilateral relations

ERE bilateral relations in 2010 have been focused to strengthen the institutional capacitties and to set fruitful cooperations for the energy sector in the country. In this frame ERE has established bilateral cooperation based on bilateral agreements, such as the agreement with Italian Regulator, base don whoch two exchnage activitties have been organized to gain experience eon tariffs, legislation and market issues. During 2009, the ERE has worked under the bilateral cooperations established through relevant agreements where it can be mentioned the agreement with the Italian Authority for Energy and Gas, the Energy Regulatory Authorities of Turkey and Greece, and under very close relations established with other regulators in the region and worldwide such as the regulators of Romania, the Czech Republiv etc. The exchange of the privatization related experiences has been the focus of the common activities with these regulators along with the technical support provided by them through organization of study tours and other proffessional qualifilications of the ERE technical staff.

8.5 Participation in conferences and international activities

ERE, in 2010 has attended conferences and international activities to gain from European experiences and global experiences by an active participation in Energy and Gas European Forums, European Conferences on Renewables, Investment Conferences in SouthEastern Europe, Crans Montana Forum, Mediterranean Forum, European Conferences on Market, natural gas and also workshops and other events on regulators' role on energy effieciency and security of supply.

Chapter III
Audit Report for ERE activity in 2010



Audit report

Mr. Bujar Nepravishta
Chairman of Albanian Energy Regulator
ERE Board of Commissioners

It have been audited the ERE annual accounts composed of the Balance sheet on 31.12.2010 and the incomes and expenses sheet on the exercise closed on that date.

Responsibilities of management on financial reports
The management is responsible for preparing sincere presentation of financial reports in compliance with:

- National Accounting Standards
- Law 9072 date 22.05.2003 " On Power Sector Law" as amended and Law 9946 date 30.06.2008 " On Natural Gas Sector" that regulate the ERE activity.

ERE is a public legal person and is the only regulatory authority in Albania in the electricity and natural gas sector. ERE is a public institution and does not aim for profitable results. But at the same time ERE is not a budgetary institution, it is not financed from the state budget. The administrative expenses for ERE functioning come from the fees paid from operators in the electricity and gas sector at the method and amount set by law.
In compliance with the above characteristics, the main objective of ERE accounting is to secure the well-administration of fund and own actives to serve itself better. This is realised by drafting, following and reporting of the institution budget approved from the Board of Commissioners.

Auditors' responsibility
Our responsibility is to express an opinion on this balance sheet base don our auditing. Our auditing was carried our respecting the professional and ethical principles in order to have a justified security that this balance does not contain material anomalies. We believe the evidence taken is sufficient and suitable to form our opinion on the audit.

Opinion
Based on our opinion, the balance sheet and income-expenses sheet fully, sincerely and truthfully present all material aspects, status of assets, their creation, the ERE incomes and expenses for 31.12.2010.

Chapter IV
Conclusions and Recommendations

From the analyses in this report, we may synthetize some conclusions and recommendations, that the ERE consider as very important to be highlighted, which will serve as future orienting points for the activities in the energy sector.

It is necessary that the main challenges our energy sector is facing with be aware for all interested parties in order to achieve a harmonized commitment of all stakeholders and successfully meet them.

It is the duty of the ERE, as a professional public institution, to analyse and point them out in order that coordinating actions the required level of success be achieved.

ERE evaluates as an important achievement during 2010 the consolidation of a reliable elctricity supply to customers. ERE evaluates the year of 2010 as an historic year with the most relaible electricity supply. The consumption of this year represent the true electricity demand and serves as a reliable basis for future electricity demand planning.

The 2010 marks, after 12 years, since 1998 th ereturn point for our country from a net importing country for electricity in an exporting country.

During 2010it was realised a decrease of 3.58% of level of losses in dustribution, from the level 33.92% in 2009 in 30.34% in 2010. with all this improvement which shall be further consolidated and continue with high pace in the future, because the main challenge remains the one to increase efficiency of electricity consumption. The overall losses of electricity 30.34% and the level of collections of 77.4% during 2010, are indicators of a very low electricity consumption which is estimated 53.9%.

Since 97% of overall system losses are incurred in the electricity distribution sector, which in 2010 were reported to be at 30.34%, the increase of efficiency in electricity consumption represents the main challenge in OSSH activitiy for the upcoming years.

During 2010, in compliance with the Regulatory Statement, a study on evaluation of technical losses in distribuion was carried out by a well-known consultant company (Price Waterhouse Coopers). The level of technical losses in distribution from the study results was 15.2% of the overall level of losses, per consequence, for the first time it was professionally set the division of technical losses form non-technical losses. In this way, since the technical losses are estimated 15.2% and the total losses in distribution 30.34%, the nontechnical losse are 15.14%.

By April 30th 2010, CEZ Distribution declared the compete fulfillment of tariff customers with electricity meters and was legally removed the so called "fixed rate" staring from May 1st 2010.

From the hydrologic condition standpoint, 2010 is considered an extraordinary year with rainfalls and inflows from rivers at the security scale around 2%.

From the power condititons standpoint this year was characterized by an extraordinary generation of electricity over 7.7 TWh, only by public, pprivate and concessionary hydro power plants.

From the weather condititons standpoint, this year was characterized by fooods in many regions of the country but especially in lawlands of Shkodra and Lezha.

ERE thinks that the Drini river cascade is a moderating factor in floods intensity of Shkodra lowland, which means that if it was lacking the floods shall be more severe.

ERE thinks is appropriate and recommends a complex technical-economical study on optisation of environmental, power and hydrological relations so that the investments for environmental preservation from floods could be coordinated with the hidrological condititons in the water catchment area of Drini river cascade as well as in the regulation for exploitation of hydropower reserve in the cascade

Even in 2010 around 97% of electricity generation was realised from hydro power plants. Form the other hand, more than 85% of production comes from HPPs of Drin river cascade, which minimum and maximum flows vary more than 150 times. Water catchment of Drin river is estimated about 12,000 km^2.

Under these conditions, the ERE judges that it would be rational that in the organization charter of KESH, a weather forecast service office be established that would anticipate the hydrologic situations and communicate with regional and europeean bodies on prognosis of weather conditions.

ERE recommends that the Regime Group, at KESH, in charge of retional exploittaion of hydropower reserve shall have also this progrnosis unit and announcement of the hydrological situation.

Some hydrologic measurment stations in the catchment area would serve not only to the increase of utilization efficiency of the hydroenergetic reserve, but it would be an effective mean for the forecast and minimization of inundation of Shkodra area.

ERE estimates the exploitation of hydropower reserve in 2010 with high efficiency. Record electricity generation was reached not only due to the extraordinary infloiwings but also due to the hiagh avaiabilityt scale of 25 units of HPPs' in the power system. The exploitation time with maximal load of installed

capacity of HPPs', T=5,349 hours, marks also a record in HPPs performance. However, the ERE considers still non-exhausted the advantages of a hydro based power system, especially as to the benefits from the electricity trading transactions with different prices during the peak and off-peak time.

2010 marks the commissioning for the first time the 5 new HPPs with installed capacity up to 15MW each, given by concession to private investors. These HPPs with total capacity 16MW or equal to 64% of the exicsting capacity of 43 existitng private and concessionary HPPs, generated around 35GWh, making this way a good strart in the incenstive strategy of private investments on exploitation of the unexplouted hydropower reserve in the country.

During 2010 was concluded the construction and started operation the overhead interconnection line 400 kV line Elbasan-Tirana-Podgorica with a transmission capacity of 1,000 MW
During this year was made the financing of german bank kfW, study on construction of interconnection line 400kV with transmission capacity 1,000 MW, Tirana-Prishtina. Also in 2010 the shtyllizimi of the segment Tirana-Vau I Dejes of the interconnection line Tirana-Podgorica was constructed with two circuit pillars, one of which served for the Kosovo line.

ERE supports the Government's strategy and vision for a secured and reliable long-term supply with electricity for the country through a prioritized use of domestic hydroenergetic resources, diversification of generation resources introducing new thermo, wind and solar energy plants. ERE evaluates the option of producing electricity from nuclear power plants with private investment and of regional interest as an effective solution that may guarantee a long-term security of electricity supply for the country and the region, and at the same time environmentally friendly and economically feasible.

ERE supports and encourages the Government to set the integration of the complementary Albanian and Kosovar power systems as a priority of the energy development programs of both respective governments creating a real opportunity for a more efficient use of their systems in common interest.

MEDREG General Assambly in Malta ,May 2010

Energy Regulatory Forum in Prague, March. 2010

Besides the construction of the interconnection line Albania-Kosova, which will contribute to the integration of both energy systems, the ERE supports a possible ageement for construction with shared public investment of a lignit-fired TPP in Kosova as a rational solution with mutual benefits.

ERE in mutual meetings with Kosovo power sector has seen a potential support for the undisputable priorities given to the integration of the two power systems in a unique one with mutual dispatching.

ERE expresses its belief that the future integration of the energy systems of both countries coincide with the future integration of the 8th energy region of the EU.

ERE considers that with consolidation of uninterruptible supply with electricity for tariff customers the electricity demand ha sbeen increasing each year with a rithm arounf 3%/year and the consumption in 2010 reached over 6.77 TWh.

Ere considers also that due to the electricity generation from hydro, mainly from HPPs and with low cost but with high variations in generation due to hydrological conditions, (it does worth mentioning here generation level 2.9TWh in 2007 versus 7.7 TWh in 2010 or 2.7 times higher) there exists a consierable risk for the security of supply to tariff customers with stable prices.

Under these condititons ERE recomends that hsould be reviewd in cooperation with the Albanain Government the optimal solutions for the further market liberalisation so that the participation of Eligible customers and Qualified suppliers shall be much more effective in the internal electricity market.

One of the important problems in the regional power market, despite some progress is made, remains the establishment of a regional auction office for inteconnection transmission capacities. ERE, in frame of its active and continous participation of ECRB activities, has made all efforts to finalize successfully this initiative, but the reluctant position of some of country participants for partial interest has infliceted that this useful regional initiative find a solution in 2010.

ERE recommends to METE and OST to establish a more effective cooperation and to make possible the political decision of the Ministerial forum of the Energy Community of the South East European find a final solution.

ERE thinks that the best option of natural gas supply in the country is through transiting lines that aim to supply EU gas market with Caspean gas. The project that beter completes this conditions is TAP, which is one of the three projects competeing with Caspean gas.

2010 has has inportant international developments among which the economic gologabl crisis and the crisiss in our neighbouring countries has brough some hope that the decisionaming on gas projects shall be supported mainly on economic and geopolitic criterias.

2011 is expected to be a decisive year on infrastructure developments in Eu and especially in our region. Many analysts forcast that a final decision from Adjezbayan wih what project/s shall be contracted gas of Shah Deniz II is expected to be taken maybe in March or the coming months. The negotiations are now at a very intensive stage as well as the proposed solutions. However, gas will be in the pipelines only by 2016 or 2017.
Other projects Nabucco, ITGI and Southstream sidepass our country and the possibility of supply from them shall undergo careful economic analysis.
ERE has supported the TAP efforts for the completment of the project and is analyzing the possible requests for exepmtion of third party access.

ERE has adopted the procedures of Licensing of naturtal gas and is developing the other necessary documents. The expected developments in the sector make evident the need for the establishment of a core OST future structure for this ector.

Technological developments have enbaled the gas generation from clay deposits that is causing important transformation in global gas market. Albania, as country with hydrocarbon reserves and favorable geological layers has great chances to have considerable clay deposits. Such an issues should be studied in details with experienced experts of the Albanian institutions. This becomes mor eimportant if it is taken into consideration the constant increase of energy prices from fossils.

One of the most important activities of the ERE during 2010 was the setting of electricity tariffs for all regulated activities of the licensees in the electricity market for 2011. In this process, the ERE has fully complied with the related tariff methodologies conducting a fully transparent and fair process, and protecting the interest of both, licensees and customers, and aiming the establishment of a balance among those interests, assited during all this process by a qualified international consultant financed by USAID.

ERE based on the Albanian Market Model and gneration and record figures in export of electricity for 2010, decided that part of this export around 10% of these revenues would go in as benefit of tariff customers by keeping unchanged the electricity prices in 2011 at the same level of prices as in 2010.

2010 marked an increase of the private licensees in the electricity market. In this context, the monitoring of the licensees in the electricity market becomes more important for the ERE, in order that every market participant fully respect all licensing conditions and contract or agreement obligations avoiding any infrigement or contravention that may harm customers interest.

Given the importance of the monitoring activity, the ERE has organized this service as a separate structure and the specialists of this service are subject of

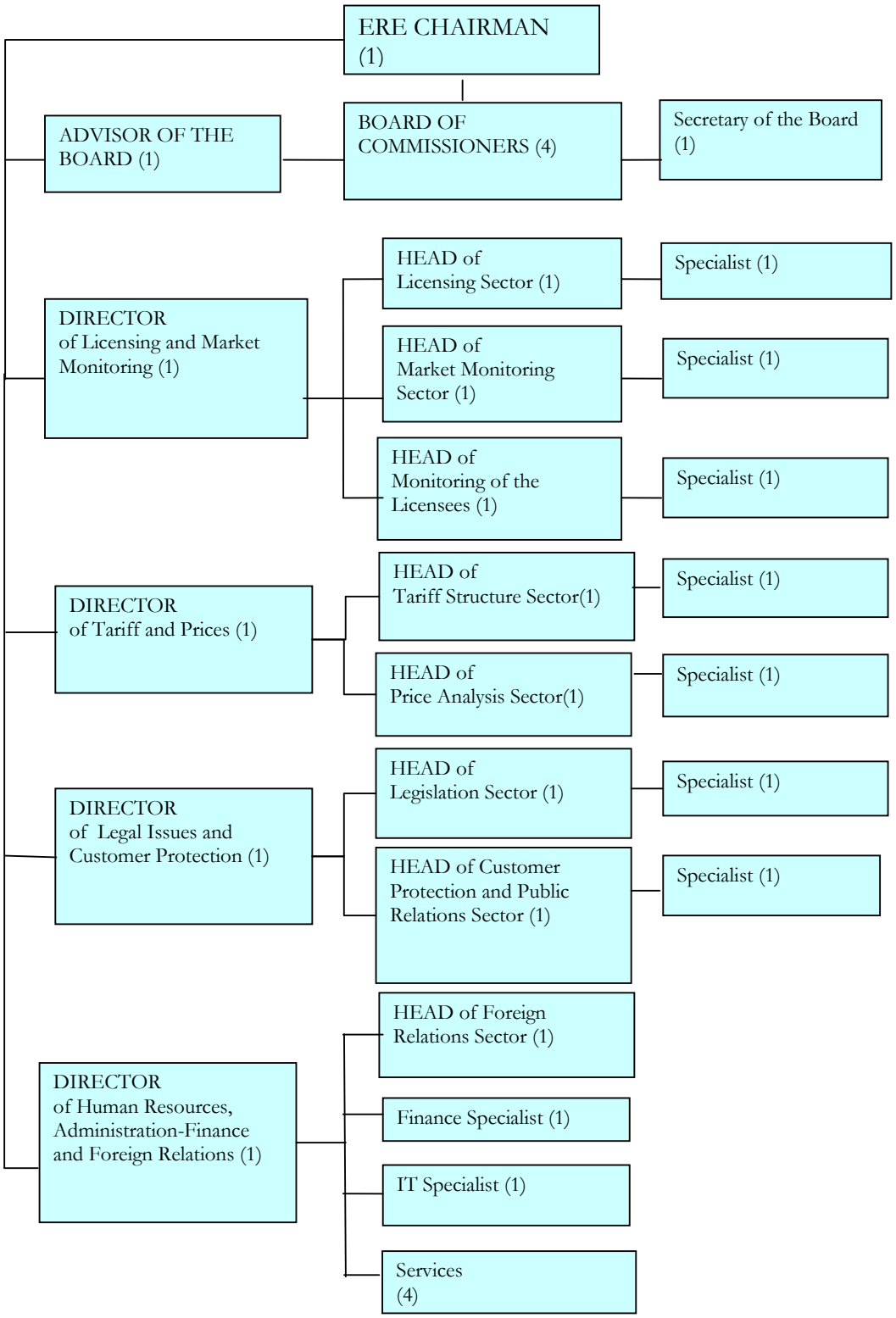
trainings for their narrow specialization in order to increase the efficacy of this activity.

2010 marked the 15th anniverssary of ERE establisment. In this frame on October 7th ERE organized an international conference on " Energy in Albania, Challenges and Regulation".
In this conference ina ddition to high political personalities from Albania, participated also high representatives of political institutions, public companies in the energy sector, licensees in the sector as well Chairman of ERRA (Energy Regional Regulators Association), Chairman of NARUC (National Association of Regulatory Utility Commissions in U.S.), Vice Chairman of MEDREG (Mediterranean Energy Regulators Association) as well as 20 Chairmen from regulators in the region and all over the world.

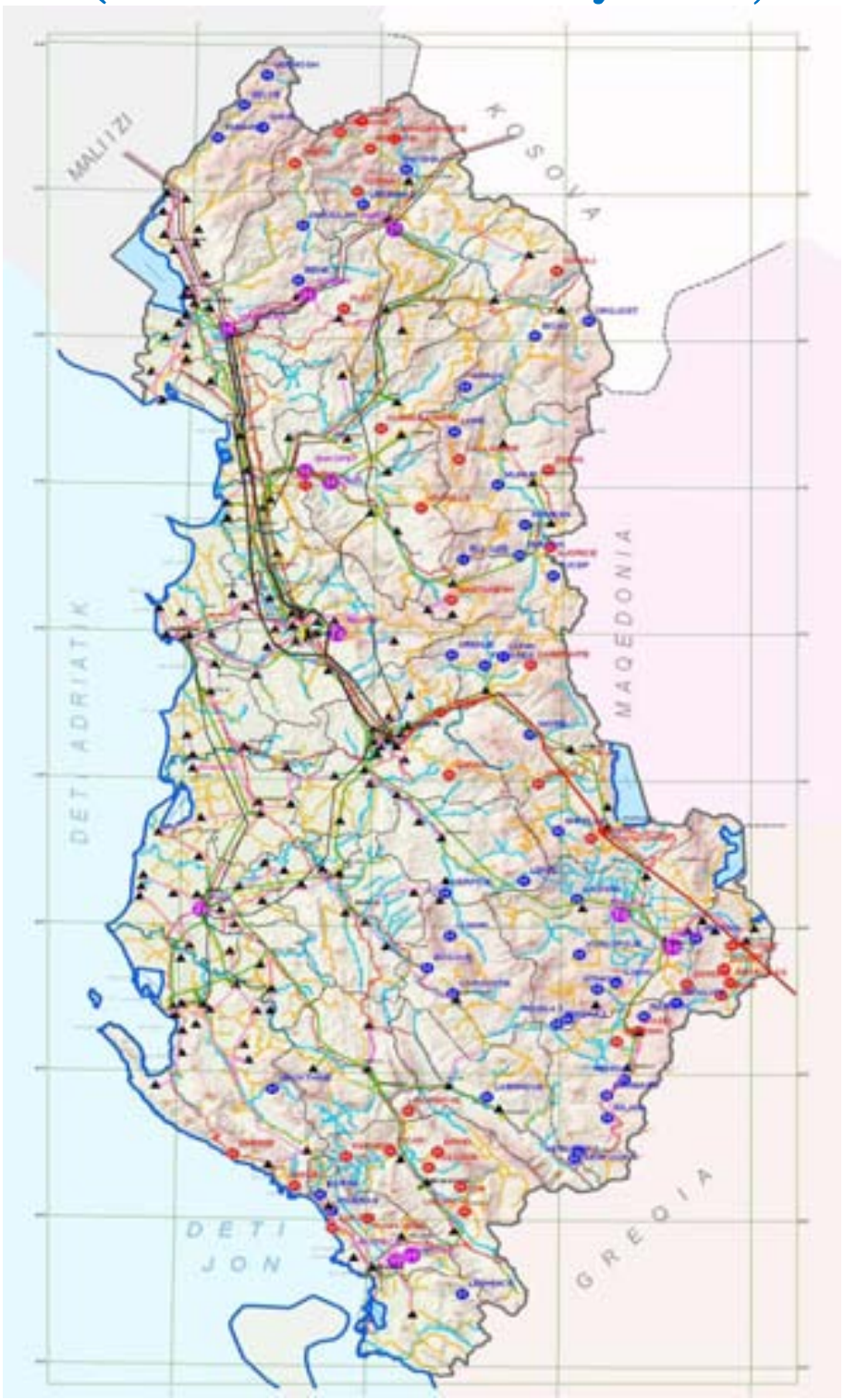
The conference discussed on strategic issues of the developments in the energy sector, security of supply with electricity, projects and prespective on natural gas, legislation challenegs in the energy sector, quality standards and service towards customers, privatization issues in the energy sector etc.
This event was attended with great interest and was evaluated by the participants as a valuable contribution to the developments of the energy sector in Albania.

ERE is obliged to seek once more from the Parliament of Albania to consider the request for the enlargement of ERE staff that will be engaged for the implementation of ERE duties stipulated by the natural gas law but also on the responsibility to monitor the licensees and the electricity market as well to protect customers, duties that have been increasing and can not be fully met efficiently and with the right quality with the existing structure. Unfortunately, this reasonable request filed since 2008 has not been taken yet in consideration by the Parliament.

A N N E X - 1 –
(ORGANIZATIVE CHART)



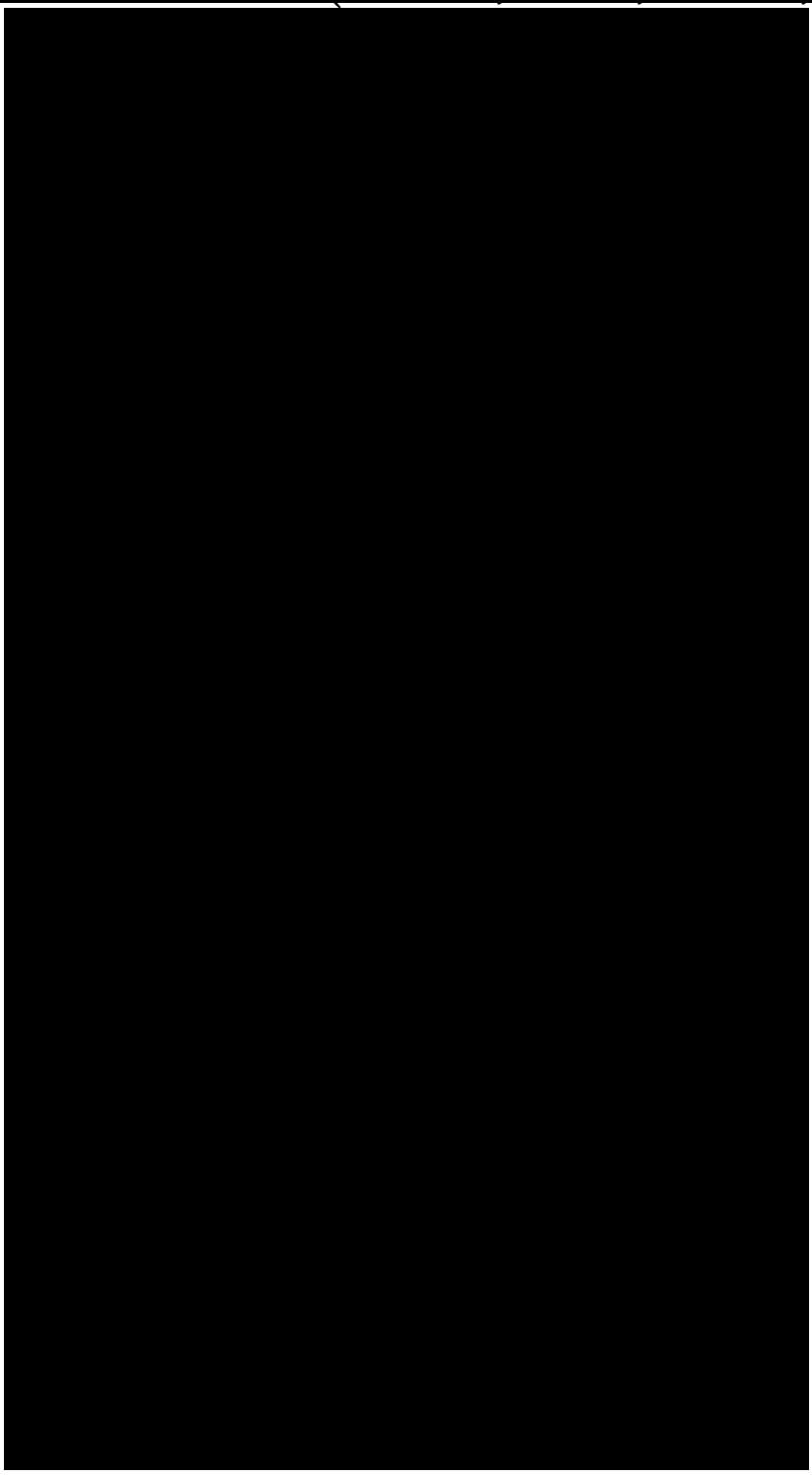
A N N E X - 2 –
(Albanian Power System)



A N N E X - 3 –

(4 Distribution zones of CEZ-Distribution)

Organizative structure of OSSH (CEZ-Distribution) in 4 Distribution zones (Shkoder,Durres,Elbasan,Fier)



A N N E X - 4 –
Licensing Register of ERE

No.	SUBJECT	LICENSED ACTIVITY	LICENSING DATE	EXPIRY DATE	ASSETS IN USE
PUBLIC GENERATION					
01	KESH sha	Generation	Decision nr. 23 dt. 25/03/2009	25/03/2039	HPP Fierze 500 MW HPP Koman 600 MW HPP V. Dejes 200 MW HPP Ulez 24 MW HPP Shkopet 25 MW HPP Lanabregas 5 MW TC Fier 159 MW
02	TPP VLORE sha	Generation	Decision nr.11 dt.02/03/2009	02/03/2039	TPP Vlora
CONCENSSIONARY GENERATION					
01	EMIKEL 2003 sh.p.k	Generation	Decision nr. 6 dt. 16/02/2006	16/02/2034	HPP Lenie 400 kW HPP Çorovode 400 kW HPP Tuçep 200 kW
02	Albania Green Energy sh.p.k	Generation	Decision nr. 15 dt. 27/08/2003	27/08/2025	HPP Smokthine 9 MW
03	Balcan Green Energy shpk	Generation	Decision nr. 20 dt.19/12/2003 Decision Nr.79 dt.23/10/2009	19/12/2033	25 HPP 22155 kW
04	SPAHIU GJANÇ sh.p.k.	Generation	Decision nr. 20 dt.19/12/2003	19/12/2033	HPP Gjanç 3700 kW
05	WONDER POWER sha	Generation	Decision nr. 20 dt.19/12/2003	19/12/2033	HPP Bogove 2500 kW
06	AMAL sh.p.k	Generation	Decision nr. 18 dt.17/10/2003	17/10/2033	HPP Xhyre 250 kW
07	HIDROINVEST 1 shpk	Generation	Decision nr.113 dt. 24/09/2008	24/09/2038	HPP Stranik 1.6 MW HPP Zall Tore 2.6 MW
08	PURE ENERGY STEBLEVA shpk	Generation	Decision nr.61 dt 18/08/2009	17/08/2039	HPP Stebleva
09	MALIDO-ENERGJI shpk	Generation	Decision nr.78 dt.23/10/2009	22/10/2039	HPP Klos
10	TEODORI 2003 shpk	Generation	Decision Nr.83 dt.04/11/2009	03/11/2039	HPP Zall i Bulqizes 5.35 MW HPP Ternove 8.385 MW
11	Energji Ashta shpk	Generation	Decision Nr.106 dt.29/12/2009	28/12/2039	HPP Ashta 45 MW
12	HIDROALBANIA Energji shpk	Generation	Decision nr.11 dt.08.02.2010	07/02/2040	HPP Borje 1.5 MW HPP Oreshke 5.6 MW HPP Plants 2.95 MW HPP Plants13.27 MW
13	POWER ELEKTRIK SLABINJE shpk	Generation	Decision nr.10 dt.08.02.2010	07/02/2040	HPP Sllabinje 9.3 MW
14	HPP Bishnica 1,2 shpk	Generation	Decision Nr.23 dt.23.03.2010	22/03/2040	HPP Bishnica II 2.5 MW
15	C & S Construction	Generation	Decision Nr.34	20/04/2040	HPP Rapuni I 4 MW

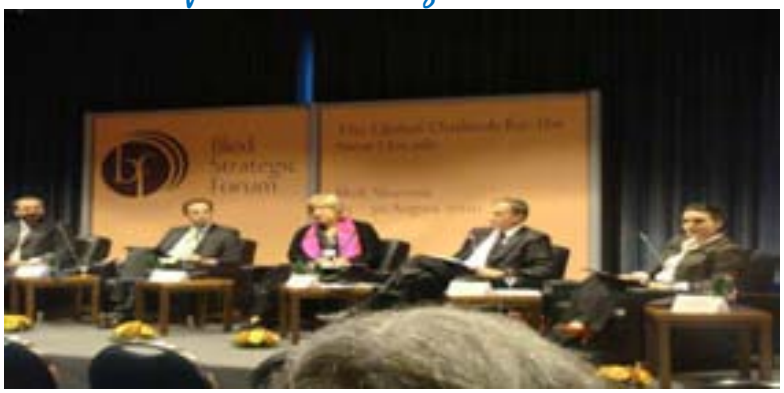
	Energy shpk		dt.21.04.2010		HPP Rapuni II 4.1 MW
16	HydroEnergy shpk	Generation	Decision Nr.25 dt.29.03.2010	28/03/2040	HPP Murdhar I 2.68 MW HPP Murdhar II 1 MW
17	"Venerg " shpk	Generation	Decision Nr. 51, date 05.07.2010	04.07.2040	HPP Dardhe 4 MW
18	"Dishnica Energy" shpk	Generation	Decision 53, date 19.08.2010	18.08.2040	Dishnice 0.2 MW
19	Elektro Lubonje" shpk	Generation	Decision Nr.54, date 25.08.2010	24.08.2040	Lubonje 0.3 Mw
20	"Koka & Ergi Energy Peshk" shpk	Generation	Decision Nr. 73, date 11.10.2010	10.10.2040	HPP Peshke 3.43 MW
21	"Ansara Koncension" shpk	Generation	Decision Nr. 89, date 15.11.2010	14.11.2040	HPP Labinot –Mal –Elbasan 0.25 MW
22	"Energy Plus" shpk	Generation	Decision Nr. 110, date 22.12.2010	21.12.2040	HPP Pobreg 9 MW
23	HPP Vlushe	Generation	In process		HPP –Vlushe capacity14.2 MW
24	Energy partners Al	Generation	Nr. 7, date 02.02.2011		HPP – Shkalle capacity1.3 MW; HPP –Cerunje capacity2.3 MW; HPP –Plesha capacity2.8 MW; HPP – Bejni 1 dhe Bejni 2 capacity3.6 MW HPP –Klos capacity2.6 Mw
25	HPP Dunice	Generation	In Process		HPP – Trebinje 1 capacity0.39 MW; HPP – Treginje 2, capacity0.68 MW; HPP – Dunice capacity0.75 MW; HPP - Potgozhan capacity0.692 MW; HPP – Kalivac capacity0.73 MW
26	"Korkis 2009" shpk	Generation	In Process		HPP – Belesova 1 capacity0.150 MW HPP –Belasova 2 capacity0.280 MW
27	"Ferar Energy " shpk	Generationi	Nr. 4, date 25.01.2011		HPP –Benca capacity 2.070 MW; HPP –Tepelena capacity3.420 MW
28	HPP Dragoshtunje	Generation	In Process		HPP – Zanore capacity1.2MW; HPP – Dragoshtunje capacity3.1 MW; HPP – Sheja capacity1.6 MW; HPP – Ura capacity0.8 MW

PRIVATE GENERATION					
01	SAROLLI sh.p.k	Generation	Decision nr. 15 dt.27/08/2003	27/08/2033	HPP Shpelle 117 kW
02	Projeksion Energji sh.a.	Generation	Decision nr. 15 dt.27/08/2003	27/08/2033	HPP Rehove 100 kW HPP Treska 1 130 kW HPP Çarshove 70 kW
03	DARDANIA ENERGJI sh.p.k	Generation	Decision nr. 20 dt.19/12/2003	19/12/2033	HPP Bicaj 100 kW
04	MAKSI ELEKTRIK sh.p.k	Generation	Decision nr. 5 dt.11/01/2006	11/01/2034	HPP Leskovik1 72 kW HPP Leskovik2 100 kW
05	JUANA sh.p.k	Generation	Decision nr. 5 dt.12/03/2004	12/03/2034	HPP Orenjë 75 kW
06	WTS ENERGJI shpk	Generation	Decision nr. 39 dt.22/07/2004 Decision nr.26 dt. 09/04/2009	22/07/2034	HPP Tamarë 150 kW HPP Vukël 75 kW HPP Vermosh 75 kW
07	MARJAKAJ shpk	Generation	Decision nr. 43 dt.14/10/2004	14/10/2024	HPP Benë 125 kW
08	FAVINA 1 shpk	Generation	Decision nr. 85 dt.27/12/2005 Decision nr.52 dt.03/08/2009	27/12/2010	HPP Vithkuq 2115 kW
9	**Selca Energji shpk**	**Generation**	**Decision Nr.39 dt.05.05.2010**	**04/05/2040**	**HPP Selce 400 kW**
CONSTRUCTION, INSTALLMENT AND GENERATION					
01	Energo – Sas shpk	Construction GenerationHPP	Decision nr. 83 dt.27/11/2006	27/11/2036	HPP Sasaj 7MW
02	REMI shpk	Construction GenerationHPP	Decision nr.57 dt. 11/10/2007	11/10/2037	HPP Egnatia 5 MW
03	Hera shpk	Construction Generation Wind Park	Decision nr.61 dt. 02/11/2007	02/11/2037	Project Kappet 150 MW (eolike)
04	Alb Wind Energy shpk	Construction Generation Wind Park	Decision nr.13 dt. 28/01/2008	28/01/2038	Shkumbini riverflow Terpan 225 MW
05	ERS-08 shpk	Construction Generation Wind Park	Decision nr.63 dt. 13/06/2008	13/06/2038	Kavaje, Kryevidh 40 MW
06	Biopower Green Energy shpk	Construction Generation Wind Park	Decision nr.90 dt. 06/08/2008	06/08/2038	BPGE 1, BPGE 2 Lezhe 230 MW
07	Union Eolica Albania shpk	Construction Generation Wind Park	Decision nr.88 dt. 06/08/2008	06/08/2038	Kryevidh, Kavaje 150 MW
08	E-Vento srl Albania shpk	Construction Generation Wind Park	Decision nr.84 dt. 17/07/2008	17/07/2038	Butrint, Markat 72 MW
09	Enpower Albania shpk	Construction Generation Wind Park	Decision nr.110 dt. 16/09/2008 Decision nr.122 dt. 10/10/2008	16/09/2038	Karaburun Llogara 500 MW
10	Albanian Green Energy shpk	Construction Generation Biomass TPP	Decision nr.89 dt. 06/08/2008	06/08/2038	Lezhe 140 MW
11	HPP Tervoli shpk	Construction GenerationHPP	Decision nr.57 dt.02/06/2008	02/06/2038	Librazhd 10.6 MW
12	Muso HPP Qyteze shpk	Construction GenerationHPP	Decision nr.91 dt. 06/08/2008	06/08/2038	Devoll 250 kW
TRANSMISSION					
01	OST sha	Transmission	Decision nr. 24 dt.26/03/2009	26/03/2034	Transmission network in AL Districts: Fier, Burrel, Tirane, Elbasan, RMU Sarande
DISTRIBUTION/SUPPLY					

01	OSSH sha	Distribution	Decision nr. 8 dt. 25/01/2008 Decision nr.114 dt.01/10/2008	25/01/2038	Distrubution network in AL Districts: Fier, Burrel, Tirane, Elbasan, RMU Sarande
02	OSSH sha	RPS	Decision nr. 09 dt. 25/01/2008 Decision nr.58 dt.03/06/2008	25/01/2013	Supply of all tariff customers in AL for each voltage level
03	GSA shpk	Qualified Supplier	Decision Nr.102 dt.21.12.2009	20/12/2014	
04	ACR Energy shpk	Qualified Supplier	Decision nr.28 dt. 04/03/2008	04/03/2013	
05	KESH sha	WPS	Decision nr.11 dt. 23/02/2006 Decision nr.59 dt. 03/06/2008	23/02/2011	
06	GEN – I TIRANA shpk	Qualified Supplier	Decision nr.129 dt 02/12/2008	02/12/2013	
07	EFT ALBANIA shpk	Qualified Supplier	Decision nr.54 dt 03/08/2009	02/08/2014	
08	CEZ TRADE ALBANIA shpk	Qualified Supplier	Decision nr.2 dt.20/01/2010	19/01/2015	
ELECTRICITY TRADE					
01	GSA shpk	Trade	Decision nr. 79 dt.21/12/2007 Decision nr.116 dt. 01/10/2008	26/01/2011	
02	SPAHIU GJANC shpk	Trade	Decision nr. 34 dt. 08/06/2007 Decision nr. 35 dt. 08/06/2007 Decision nr.116 dt. 01/10/2008	07/06/2010	
03	UNIVERSI shpk	Trade	Decision nr.113 dt. 24/09/2008	24/09/2013	
04	GEN – I TIRANA shpk	Trade	Decision nr.130 dt 02/12/2008	02/12/2013	
05	ENPOWER ALBANIA shpk	Trade	Decision nr.08 dt 04/02/2009 Decision nr.10 dt 20/02/2009	20/02/2039	
06	KESH sha	Trade	Decision nr. 23 dt. 25/03/2009	25/03/2014	
07	WONDER POWER sha	Trade	Decision nr. 34 dt. 07/05/2009	18/12/2033	
08	EFT ALBANIA shpk	Trade	Decision nr.53 dt 03/08/2009	02/08/2014	
09	EGL ALBANIA sha	Trade	Decision nr.92 dt 08/12/2009	07/12/2014	
10	CEZ TRADE ALBANIA shpk	Trade	Decision nr.1 dt.20/01/2010	19/01/2015	
11	Alpiq Energy Albania shpk	Trade	Decision Nr.27 dt.02.04.2010	01/04/2015	
12	CABLE SYSTEM shpk	Trade	Decision Nr.36 dt.27.04.2010	26/04/2015	
13	400 KV shpk	Trade	Nr.37 dt.27.04.2010	26/04/2015	
14	"HYDRO ENERGY" SHPK	Trade	Nr. 25.05.2010	25.05.2040	
15	"Energy Partner Al" shpk	Trade	Nr. 8, date 02.02.2011	02.02.2041	
16	"YLLIAD " SHPK	Trade	NR. 108, date 22.12.2010	22.12.2015	
17	"ENERGY PLUS" SHPK	Trade	Nr. 109, date 22.12.2010	22.12.2040	

18	"Rudnap Energy Tirana" shpk	Trade	Nr. 88, date 15.11.2010	15.11.2015	
19	"Energy partner Al" shpk	Trade	Nr.6, date 02.02.2011		
20	HPP Vlushe	Trade	In Process		
21	HPP Dragoshtunje	Trade	In Process		
22	HPP Dunice	Trade	In Process		

Pictures from Bled Strategic Forum (Slovenia)



ERE social actitivy

A N N E X - 5 –
(ERE Decisions)

ERE DECISIONS for 2010

Nr. 1	Date 20.01.2010	On Licensing of CEZ Trade Albania sh.p.k for electricity trade.
Nr. 2	Date 20.01.2010	On Licensing of CEZ Trade Albania sh.p.k as qualified supplier.
Nr. 3	Date 20.01.2010	On starting the licensing procedures for the company "Alpiq Energy Albania" sh.p.k for electricity trade.
Nr. 4	Date 20.01.2010	On starting the licensing procedures for the company "Alpiq Energy Albania" sh.p.k as qualified supplier.
Nr. 5	Date 22.01.2010	On changes in the license no 16, series PV04P, issued by decision of the ERE Board of Commissioners, no.39, date 22.07.2004 for the company WTS Energji sh.p.k as amended.
Nr. 6	Date 20.01.2010	On changes in the generation license of electricity for the company Hidorinves 1 sh.p.k, series PV08K, no.66 issued by decision of the ERE Board of Commissioners, no.113, date 24.09.2008.
Nr. 7	Date 25.01.2010	On financial aid given for the floods in Shkodra and Lezha.
Nr. 8	Date 29.01.2010	On the approval of the annual level of consumption of electricity for obtaining the status of eligible customer for 2010.
Nr. 9	Date 29.01.2010	On the authorization of the company "HIDROINVEST 1" sh.p.k to change the name of shareholder controlling the company interests
Nr. 10	Date 08.02.2010	On licensing the company "Power Elektrik Slabinje" sh.p.k
Nr. 11	Date 08.02.2010	On licensing the company "HIDROALBANIA ENERGJI" sh.p.k
Nr. 12	Date 08.02.2010	On starting the licensing procedures for the company "C&S CONSTRUCTION ENERGY" sh.p.k
Nr. 13	Date 08.02.2010	On starting the licensing procedures for the company "SELCA ENERGJI" sh.p.k
Nr. 14	Date 08.02.2010	On starting the licensing procedures for the company "CABLE SYSTEM" sh.p.k for the electricity trade
Nr. 15	Date 15.02.2010	On starting the licensing procedures for the company "400 KW" sh.p.k for the electricity trade.
Nr. 16	Date 25.02.2010	On the approval of the ERE annual report "Situation of the Energy Sector and ERE activity for 2009"
Nr. 17	Date 25.02.2010	On starting the procedures for reviwing the rules an dprocedures for certification of electricity generation from renewable sources.
Nr. 18	Date 26.02.2010	On starting the procedures for licensing of the company "DOSKU ENERGJI" sh.p.k
Nr. 19	Date 08.03.2010	On postponment of the deadline for conditions fulfillments set by ERE for the company "ALBANIAN GREEN ENERGY" sh.p.k
Nr. 20	Date 08.03.2010	On postponment of the deadline for fulfillment of conditions set by ERE for the company "BIOPOWER GREEN ENERGY" sh.p.k
Nr. 21	Date 08.03.2010	On starting the procedures for reviewing the application of "HPP TERVOLI" on qualification of the generation plant as RES.
Nr. 22	Date 08.02.2010	On approval of electricity transmission agreement nr. 2387 between OST sh.a and EFT sh.p.k
Nr. 23	Date 23.03.2010	On Licensing of the company "HPP BISHNICA 1,2" sh.p.k

Nr. 24	Date 23.03.2010	On starting the procedures for licensing of the company "EGL ALBANIA" sh.a for the qualified supplier of electricity.
Nr. 25	Date 29.03.2010	On licensing of the company "HYDROENERGY" sh.p.k for electricity generation.
Nr. 26	Date 29.03.2010	On qualification of generation plant HPP Tervol of the company "HPP I TERVOLIT" sh.p.k as RES.
Nr. 27	Date 02.04.2010	On Licensing of the company "ALPIQ ENERGY ALBANIA" sh.p.k ne for the electricity trade.
Nr. 28	Date 02.04.2010	On Licensing of "ALPIQ ENERGY ALBANIA" sh.p.k for the qualified supplier activity.
Nr. 29	Date 02.04.2010	On the supply contract of electricity between KESH sh.a and OSSH sh.a for the period 01.01.2010 until 31.12.2010.
Nr. 30	Date 09.04.2010	On reviewing rules and procedures for qualification and certification of electricity generation from RES.
Nr. 33	Date 16.04.2010	On starting the procedure for changes in the generation license of "SAROLLI" sh.p.k company series no PV03P, Nr.07, issued by decision of the ERE Board of Commissioners no.15 date 27.08.2003
Nr. 34	Date 21.04.2010	On licensing of the company "C&S CONSTRUKSION ENERGY" sh.p.k
Nr. 35	Date 21.04.2010	On starting the procedures for licensing of the company "WENERG" sh.a.
Nr. 36	Date27.04.2010	On licensing of the company "CABLE SYSTEM" sh.p.k for the electricity trade.
Nr. 37	Date 27.04.2010	On licensing of the company "400 KW" sh.p.k for the electricity trade
Nr. 39	Date 05.05.2010	On licensing of th ecompany "Selca Energji" sh.p.k.
Nr. 40	Date 18.05.2010	On setting the regulation fees for 2010 for the licensees in the electricity sector.
Nr. 41	Date 31.05.2010	On starting the procedures for licensing of the company "DISHNICA ENERGJI" sh.p.k
Nr. 42	Date 31.05.2010	On granting the status of eligible customer to the company "Fabrika e Cimentos Elbasan"sh.p.k
Nr. 43	Date 31.05.2010	On granting the status of eligible customer to the company "Fabrika e Cimentos Fushe - Kruje"sh.p.k
Nr. 44	Date 07.06.2010	On licensing of the company "EGL ALBANIA" sh.a for the qualified supplier activity.
Nr. 45	Date 07.06.2010	On starting the procedures for licensing of the company "ELEKTRO LUBONJA" sh.p.k.
Nr. 46	Date 14.06.2010	On OSSH sh.a, request for the level of electricity losses for 2008.
Nr. 47	Date 21.06.2010	On starting the licensing procedures for the company "HYDROENERGY" sh.p.k for the trade activity.
Nr. 48	Date 03.06.2010	On starting the procedures for modification oflicense of electricity for "AMAL" sh.p.k with series PV03K, nr. 09 issued by Decision of the ERE Board of Commissioners nr. 18, date 16.10.2003
Nr. 49	Date 23.06.2010	On non-starting of procedures for licensing of the company "ANSARA KONCESION" sh.p.k.

Nr. 50	Date 05.07.2010	On change of license for electricity generation for "SAROLLI" sh.p.k with series PV03P, nr.07, issued by decision of the ERE Board of Commissioners nr.15, dt.27.08.2003
Nr. 51	Date 05.07.2010	On licensing of the company "WENERG" sh.a
Nr. 52	Date 09.08.2010	On strating procedures for licensing of " Koka & Ergi Energy Peshk" sh.p.k
Nr. 53	Date 19.08.2010	On licensing of "Dishnica Energji" sh.p.k
Nr. 54	Date 25.08.2010	On licensing of " Elektro Lubonja" sh.p.k
Nr. 55	Date 25.08.2010	On postponment of deadline for consititions set from ERE for company E-Vento S.R.L Albania sh.p.k
Nr. 56	Date 25.08.2010	On postponement of deadline for conditions set from ERE to company HERA sh.p.k
Nr. 57	Date 08.09.2010	On approval of technical losses for 2009
Nr. 58	Date 08.09.2010	On starting procedures for licensing of "RUDNAP ENERGY TIRANA" sh.p.k for electricity trade.
Nr. 59	Date 08.09.2010	On licensing of "HYDROENERGY" sh.p.k for electricity trade
Nr. 60	Date 08.09.2010	On starting procedures for licensing of "ANSARA KONÇESION" sh.p.k
Nr. 61	Date 13.09.2010	On starting procedures for review of OSSH sh.a.a application of investment plan for 2011
Nr. 62	Date 13.09.2010	On starting procedures for setting generation tariff of electricity for KESH sh.a for 2011
Nr. 63	Date 13.09.2010	On starting procedures for setting the electricity tariff for wholesale public supplier for 2011
Nr. 64	Date 13.09.2010	On starting procedures for setting the transmission tariff of electricity for OST sh.a for 2011
Nr. 65	Date 13.09.2010	On starting procedures for setting distribution tariff of electricity for OSSH sh.a for 2011
Nr. 66	Date 13.09.2010	On starting procedures for setting the retail public supplier tariff for OSSH sh.a for tariff customers
Nr. 67	Date 13.09.2010	On starting procedures for setting the tariff of new connections or modification of existitng conncetion in the power grid for OST sh.a
Nr. 68	Date 13.09.2010	On postponement for conditions set from ERE to ALB WIND ENERGY sh.p.k
Nr. 69	Date 30.09.2010	On approval of the financial guarantees for registering of market participants in the electricity market.
Nr. 70	Date 06.10.2010	On amendmends to Decision No 45, date 30.07.2007 "On approval of

		memorandum of understaning between ERE and Turkish Regulator
Nr. 71	Date 11.10.2010	On starting the procedures for application review of KESH sh.a for investment plans of 2011
Nr. 72	Date 11.10.2010	On starting procedures for application review of OST sh.a for approval of the invetment plan for 2011
Nr. 73	Date 11.10.2010	On Licensing of "Koka & Ergi Energy Peshk" sh.p.k
Nr. 74	Date 11.10.2010	On starting procedures for licensing of "Ylliad" sh.p.k for electricity trade
Nr. 75	Date 11.10.2010	On starting procedures for licensing of "Energy Plus" sh.p.k for electricity trade
Nr. 76	Date 11.10.2010	On starting procedures for licensing of "Energy Plus" sh.p.k for generation of electricity
Nr. 77	Date 15.10.2010	On non approval of some additions on Metering Code
Nr. 78	Date 22.10.2010	On negotiated contracts from Cez Shperndarja sh.a with Cez AS and EFT AG.
Nr. 79	Date 03.11.2010	On change of generation license for AMAL sh.p.k me seri PV03K, Nr. 09 issued by Decision of the Commission Nr. 18, date 16.10.2003
Nr. 80	Date 03.10.2010	On starting procedure for licensing of "FERRAR ENERGY" sh.p.k for electricity generation
Nr. 81	Date 11.11.2010	On starting procedures for licensing of "ENERGY PARTNERS AL" sh.p.k for electricity generation
Nr. 82	Date 11.11.2010	On starting procedures for licensing of "ENERGY PARTNERS AL" sh.p.k for electricity trade
Nr. 83	Date 15.11.2010	On approval of KESH sh.a application for approval of investment plan for 2011
Nr. 84	Date 15.11.2010	For approval application of Cez sh.a for approval of investment plan for 2011
Nr. 85	Date 15.11.2010	On approval of OST sh.a for approval of investment plan for 2011
Nr. 86	Date 15.11.2010	Per fillimin e procedurave per licencimin e shoqerise "ENERGY SUPPLY-AL" sh.p.k ne aktivitetin e furnizuesit te kualifikuar te energjise elektrike.
Nr. 87	Date 15.11.2010	On starting procedures for licensing of "ENERGY SUPPLY-AL" sh.p.k in electricity trade
Nr. 88	Date 15.11.2010	On licensing of "RUDNAP ENERGY TIRANA" sh.p.k for electricity trade
Nr. 89	Date 15.11.2010	On licensing of "ANSARA KONCESION" sh.p.k for electricity generation

Nr. 90	Date 15.11.2010	For penalty to Cez Shperndarja sh.a for non –compliance of ERE Decisions
Nr. 91	Date 30.11.2010	On granting for eligible customers of "COLACEM Albania" sh.p.k.
Nr. 92	Date 30.11.2010	On granting the status of eligible customer for "CITY PARK".
Nr. 93	Date 30.11.2010	On approval of schedule for reduction of total losses for the three regulatory periods.
Nr. 94	Date 01.12.2010	On complain of Cez Shperndarja sh.a for Board Decision nr. 90, date 15.11.2010.
Nr. 95	Date 07.12.2010	On setting generation tariff for Kesh sh.a for the period 1 janar – 31 december 2011.
Nr. 96	Date 07.12.2010	On setting the electricity price for generation of Vlora TPP to wholesale public supplier for the period 1 January - 31 December 2011.
Nr. 97	Date 07.12.2010	On setting the electricity tariff for wholesale public supplier for the period 1 January – 31 December 2011.
Nr. 98	Date 07.12.2010	On setting of transmission tariff for OST sh.a for the period 1 January – 31 December 2011.
Nr. 99	Date 07.12.2010	On setting distribution tariff for CEZ shpërndarja sh.a for the period 1 January – 31 December 2011.
Nr. 100	Date 07.12.2010	On setting the retail prices of electricity for tariff customers for the period 1 January – 31 December 2011.
Nr.101	Date 07.12.2010	On setting the electricity price to licensees for electricity generationfrom new HPPs with installed capacity up to 15 MW for the period 1 January - 3 1 December 2011.
Nr. 102	Date 07.12.2010	On setting the electricity sale price for licensees in generation from existing HPPs with installed capacity up to 10MW for the period up to 10 MW for the period 1 January - 31 December 2011.
Nr. 103	Date 10.12.2010	On starting the procedures for renewal of license for the company "FAVINA 1" sh.p.k for generation of electricity
Nr. 104	Date 10.12.2010	On starting the licensing procedures for licensing of "HPP – VLUSHE" sh.p.k for electricity generation.
Nr. 105	Date 10.12.2010	On starting the licensing procedures for "HPP - VLUSHE" sh.p.k for electricity trade
Nr. 106	Date 10.12.2010	On starting the procedures for licensing of "KORKIS-2009" sh.p.k for electricity generation
Nr. 107	Date 10.12.2010	On approval of annual level of electricity consumption for obtaining

		the status of eligible customer for 2011.
Nr. 108	Date 22.12.2010	For licensing of "YLLIAD" sh.p.k for electricity trade
Nr.109	Date 22.12.2010	On licensing of "ENERGY PLUS" sh.p.kfor electricity trade
Nr 110	Date 22.12.2010	On lincensing of "ENERGY PLUS" sh.p.k for electricity generation
Nr.111	Date 27.12.2010	On starting procedures for review of supply contract of electricity to tariff customers
Nr. 112	Date 28.12.2010	On starting procedures for licensing of "HPP DRAGOSHTUNJE" sh.p.k for electricity trade.
Nr. 113	Date 28.12.2010	On starting the licensing procedures for "HPP DUNICE" sh.p.k electricity generation
Nr. 114	Date 28.12.2010	On starting procedures for licensing of "HPP DUNICE" sh.p.k for electricity trade
Nr. 115	Date 28.12.2010	On removal of eligible customer status for "ANTEA CEMENT" sh.a dhe return of tariff customer for this company for the object cement factory near burizanës Krujë.
Nr. 116	Date 28.12.2010	On renewal of generation license of "FAVINA" 1 sh.p.k with series PV05V, nr.29, issued by Board decision of ERE nr.85, datë 27.12.2005.
Nr. 117	Date 28.12.2010	On starting procedures for licensing of "RUDNAP ENERGY TIRANA" sh.p.k for qualified supplier of electricity
Nr. 118	Date 28.12.2010	On non-acceptance of KESH sh.a complaint on reveiwing the Board of Commissioners nr. 97, datë 07.12.2010.
Nr. 119	Date 28.12.2010	On starting procedures for licensing of "HPP DRAGOSHTUNJE" sh.p.k for generation of electricity