

INTRODUCTION

During 2014 in power and gas sector there have been important developments regarding the preparation for the structural changes and performance of this sector. The most important developments during this year have been in the power sector.

The financial situation in the electricity system was characterised by an increasing performance during 2013 which was especially improved during 2014.

This increasing performance was reflected in the reduction of the losses level in the distribution system and improving the liquidity level in regulated companies relations [Albanian Power Corporation (KESH company), Transmission System Operator (OST company) and Distribution System Operator (OSHEE company)].

This improvement in the efficient functioning of the regulated companies and the electricity market in general, increased the country's security of supply with electricity.

Until on October 27 2014, the Electricity Distribution System Operator company (OSHEE) continued to perform its activity, in temporary administration, as defined in Law no. 9072, of May.22.2003 "On Power Sector" as amended.

On July 2014 there was solved with understanding the ownership control problem on CEZ Shpërndarje company shares between the Republic of Albania and CEZ A.S company. According to this Agreement CEZ Shpërndarje company shares are transferred in the Albanian state ownership. Currently the Albanian state owns 100 % of this company shares.

In these conditions ERE Board of Commissioners Decision No.98 of October.27.2014, decided to terminate the temporary administration of "Electricity Distribution System Operator" (OSHEE) company, that according to Board of Commissioners Decision no.5, of January.21.2013. licensed to perform distribution activity as well as electricity retail supply activity the state company Distribution System Operator (OSHEE) company.

The data given from the company show that the level of losses in the network for 2014 was 37.81 % toward 45.04%, that was on 2013. Also it is significantly increased the collection level, which results in 91.9% figure for 2014. These data show a positive development in Distribution System Operator (OSHEE) company activity, which are reflected even at the other participants of the market.

The following report presents an overview of the power sector situation, the level of the services offered from public and private operators in the electricity market based on the data that ERE administers within its authority for regulating and monitoring the activities performed by licensed companies in the electricity sector.

During 2014 ERE activity was focused on the management of electricity distribution company finalized in licensing this company on October 27 2014.

Another event that was very important in electricity market was the set of electricity prices and tariffs for 2015, approved from ERE Board of Commissioners on December.26.2014.

This decision of Energy Regulator Authority (ERE) comes in complying its legal obligations for establishing and regulating the retail and wholesale sale tariffs, the terms and conditions of electricity service.

This year decisions are made from the proposals made at ERE from Albanian Power Corporation (KESH) company, Transmission System Operator (OST) company, and Distribution System Operator (OSHEE) company, companies that provide this supply for tariff customers.

On its decision the Board of Commissioners was supported on the arguments and the argued cost calculations, on the methodology of deciding the tariff and prices for the end-use customers, as well as on the opinions and proposals of the interested parties expressed in the public hearing session held with the stakeholders.

As previously reported, because the operation in the market of distribution and retail supply under temporary administration status, ERE suspended the process of reviewing the incomes, a process required from the public companies (Albanian Power Corporation, TSO and DSO company) for the years 2013-2014.

This development made it impossible the further implementation of Regulatory Declaration provisions and conditioned ERE-s decision regarding the level and structure of the tariffs for the calendar years 2013 and 2014.

Despite the decisions of setting the tariffs and prices during 2015 for Albanian Power Corporation, TSO and DSO companies, ERE in conformity with the legal framework in force also defined the electricity sale prices for the licensees that generate electricity from new and existing hydro power plants with installed capacity up to 15 MW for years 2013-2014.

The decision for setting electricity selling tariffs and prices for 2015 marked an important step toward reflection of the argued costs, for realizing uninterrupted and qualitative electricity supply for tariff customers.

This decision has an important effect on avoiding the cross-subsidies within customer categories.

In defining these prices it is provided the maintenance of a fix unchanged tariff for bakeries and flour production companies, maintaining at this level the domestic customers spendings for one of the basic products.

In the distribution tariff are not included the costs causes from non-technical electricity losses in the distribution network.

In terms of electricity market liberalization, request of the commitments that the country has undertaken within the implementation of Energy Community Treaty,

ERE continued in defining the tariff of using the distribution network for the customers connected in the voltage level 35 kV in the value 1.5 ALL/kWh, which will be followed with ERE decision in the next month of this tariff even for the other voltage levels 20 – 10 – 6 kV.

Further liberalisation of the electricity market will create other more secure levels for supplying the customers with electricity.

Also during 2014 there have been important developments even in the gas sector in drafting and approving some regulatory acts coordinated with our Greek and Italian counterparts connected to gas trading and transmission.

In analysing the characteristics, developments and problems in the electricity and natural gas sector of our country, strengthening ERE professional capacities is an important challenge of the institution aiming to fulfill the obligations according to the legislation in force. This becomes more important within the implementation of Energy Third Package approved from the European Commission.

In the process of its restructuring the electricity and natural gas sectors are before great and responsible challenges.

Electricity sector development is one of the guarantees for a sustainable development for the economy of the country. The assessment of this sector, updating and developing the regulatory basis, is one of the main tasks of the Regulator Authority for the next years.

ERE Chairman

Petrit Ahmeti

INTRODUCTION

Electricity and Natural Gas sector in our country are regulated according to Law No. 9072, of May.22.2003 “On Power Sector” as amended and Law No. 9946, date June.30.2008 “On Natural Gas Sector”, as amended. On the basis of these laws and other secondary acts ERE authority is defined to handle the applications for license, monitoring the licensees, customer protection, defining the tariffs in the Electricity Regulated Market, to approve the secondary acts related with the Power Sector regulation.

On the basis of Law No. 9072, of May.22.2003, “On Power Sector”, as amended, and Law No. 9946, of June.30.2008 “On Natural Gas Sector”, as amended, ERE is obliged that not later than March 31 to report in the Parliament for the situation of Power and Natural Gas Sector, as well as for ERE activities during the previous year.

ERE-s organisational structure

ERE exercises its responsibilities pursuant to Law No. 9072, of May.22.2003 “On Power Sector”, as amended, and Law No. 9946, of June.30.2008 “On Natural Gas Sector”, as amended, through the Board of Commissioners decision making body, which is assisted on his work by a technical, supporting and external staff. ERE-s structure and organizational chart is approved by Parliament Decision No. 181, of May.05.2008.

Board of Commissioners

ERE’s Board of Commissioners, on the basis of Law No. 9072, of May.22.2003 “On Power Sector”, as amended, and Law No. 9946, of June.30.2008 “On Natural Gas Sector”, as amended, is the decision making body for all the issues under ERE jurisdiction and competence. The Board of Commissioners is composed of the Chairman and 4 members, who are appointed by the Parliament for a 5 year period.

During 2014 the above mentioned persons have performed their duty as members of the Board of Commissioners:

Mr. Petrit Ahmeti.....	Chairman
Mrs. Entela Shehaj.....	Member
Mr. Adriatik Bego.....	Member
Mr. Maksim Shuli.....	Member
Mr. Abaz Aliko	Member

For decision-making purposes in accordance with the authority given according by the legislation in force the Board of Commissioners held formal meetings, consultative meetings, and public hearing sessions.

During 2014, the Board of Commissioners has held 31 formal meetings, in which are taken 157 decisions. In the annexes of this report are submitted the decisions taken during 2014 except of the decisions that has to do with ERE internal functioning.

As defined in the legislation in force on this report the Board of Commissioners even for 2014 is supported on its work by the Board Consultant, the Board Secretary, and a technical staff organized in 4 directories as follows:

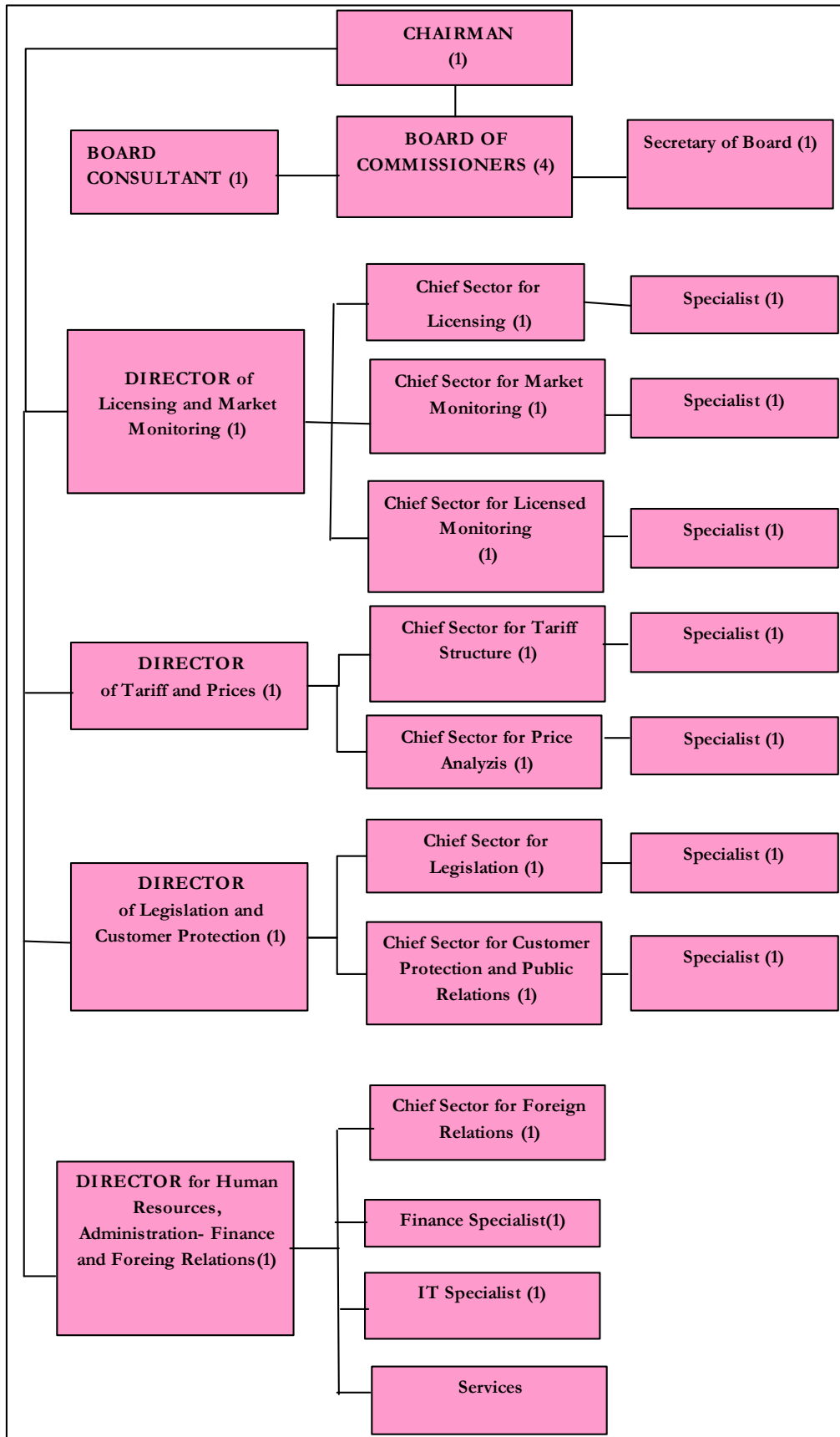
- *Finance Administration and Human Resources Directory*, with 8 employees.
- *Electricity Prices and Tariffs Directory*, with 5 employees.
- *License and Market Monitoring Directory*, with 7 employees.
- *Legal and Customer Protection Directory*, with 5 employees.

During 2014 it is aimed strengthening of ERE administrative capacities through different qualifications supported by the regulator and international organizations such as:

- **ERRA** - Energy Regulators Regional Association
- **Energy Community Secretariat**
- **NARUC** - National Association of Regulatory Utilities
- **MEDREG** - Mediterranean Energy Regulators
- **E-Control** - Energy Control Austria
- **AEEG** – Autorità per l’Energia Elettrica, il Gas ed i Servizi idrici in Italia

ERE’s Organization Chart

ERE’s operation and coordination of its component structures is made in conformity with the following organization chart.



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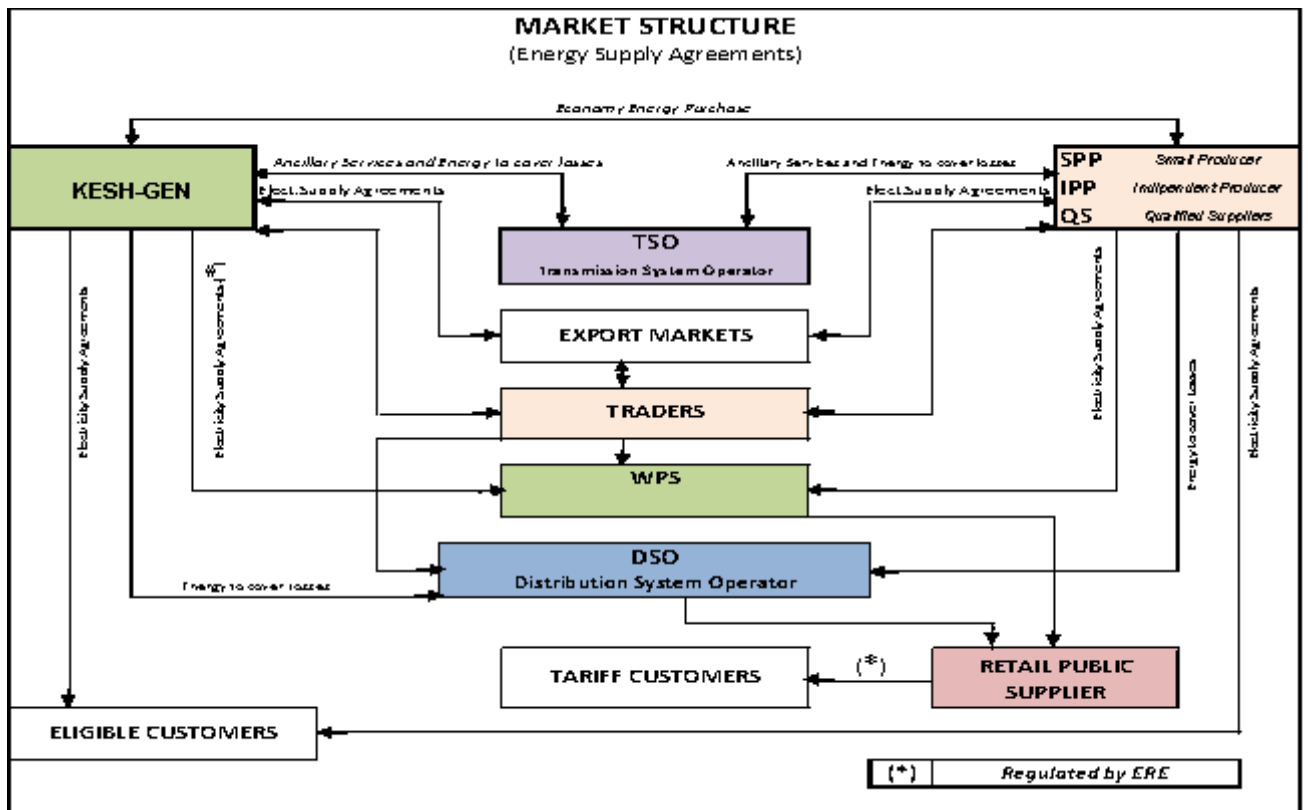
ELECTRICITY MARKET REGULATION

1.1 Electricity Market

For 2014, the Electricity Market has operated on the basis of Ministerial Council Decision No.338, of March.19.2008, which has approved the Albanian Electricity Market Model. Among others, this model, has defined the participants in the electricity market, as well as the role and responsibilities of each participant in the market.

To address and resolve the issues encountered during the implementation of this decision as well as within national legislation harmonisation with the European Union acts, the Market Model during the years has undergone several additions and amendments. These amendments and additions have not changed the basic structure of this market operation for electricity flow effects, grid connection agreements and transmission service including the ancillary services, electricity supply agreements as well as that of the Funds Flow.

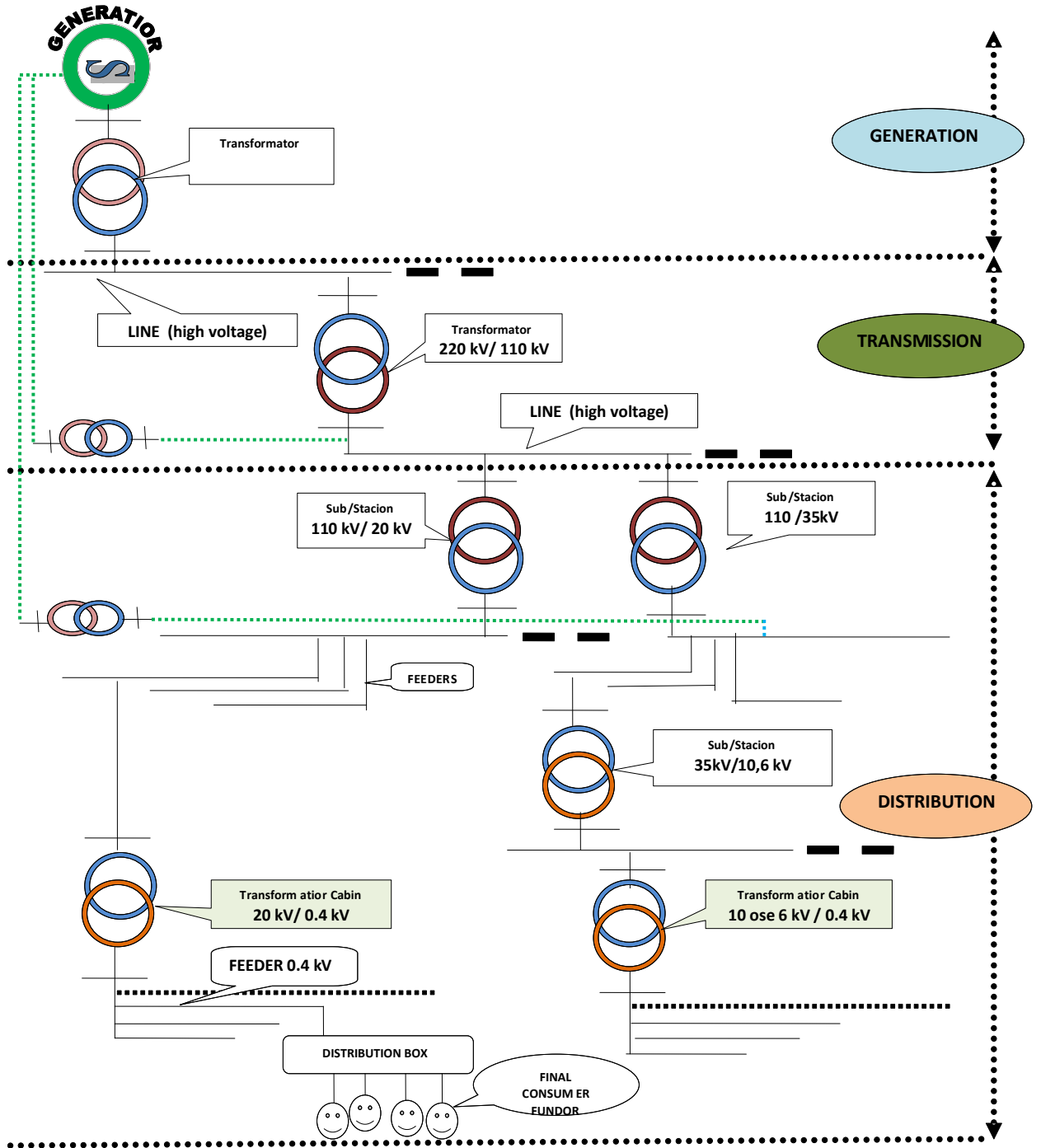
On the following charts are presented the Electricity Market Structure and the Albanian Power System Scheme.



Picture 1-1: The Structure of the Albanian Market Model

(Source: ERE Ministerial Council Decision no.338 of March.19.2008)

POWER SYSTEM SCHEME



Picture 1-2: Power System Scheme

(Source: ERE)

ELECTRICITY GENERATION

2.1 Introduction

Electricity generation from production companies is realized as a licensed activity by ERE on the basis of Law No.9072, of May.22.2003 "On Power Sector", as amended.

Albanian Power Corporation (KESH) company, is the only generation company fully owned by the state that uses the existing plants.

Generation companies with the largest generation capacity are connected in the transmission system. These companies licensed during the years by ERE use the existing plants or the new ones mainly through the concession agreements signed with the Albanian Government and a small part, use the plants up to 2 MW, privatised within Law no.8527, of September.23.1999.

A considerable number of generation companies is connected in the distribution grid.

2.2 Capacities and Electricity Generation

Electricity public generation is made by the Joint Stock KESH company with 100% of the shares owned by the state.

After the separation from public administration of Ulëz, Shkopet, Bistrica 1,2 and Lanabregas HPP-s, the composition of plants group in KESH company ownership and the installed capacity of each of them which realise the public generation is

presented on Table 1. The general installed capacity of the HPP-s reaches 1,448 MW, from which the installed capacity of the HPP-s is 1,350 MW and of the TPP-s is 98 MW.

Table 2-1 The Structure of Power Plants for Public Generation

POWER PLANT CHARACTERISTICS	PUBLIC GENERATION PLANTS			
	Fierëz HPP	Koman HPP	V.Dejës HPP	Vlorë TPP
Agregate No.	4	4	5	2
Agregates Power. MW	125	150	50	70+28
Installed Power of the Plant. MW	500	600	250	98
Total Capacity. MW	1448			

(Source: Albanian Power Corporation KESH company)

Taking into account the total installed power of private electricity generators of 375 MW, the total installed power in our country results 1 823 MW. Public generation of electricity in 2014 was realized 100% by the hydro power plants (HPP-s).

Net generation of 4,724,430 MWh was realized:

- **3,406,226 MWh** from hydro generation plants of KESH company (public generation)
- **1,318,204 MWh** from other hidro power plants.

The installed capacity of the plants connected in the transmission grid during 2014 is 1670 MW and their net production is 4 228 258 MWh.

The installed capacity of the plants connected in the distribution grid during 2014 is 153 MW and their net production is 436 173 MWh.

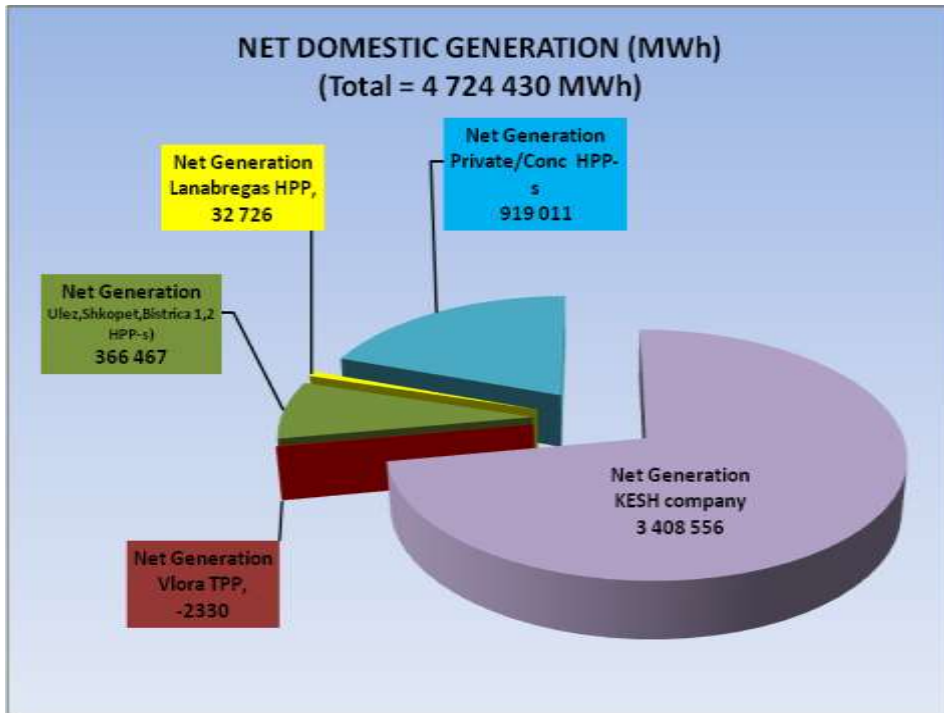
On Table 2-2 are given the data for all the plants, companies, the installed capacity and net production for 2014 taken from KESH company datas.

Table 2-2 Net production for all the generation plants during 2014 (MWh)

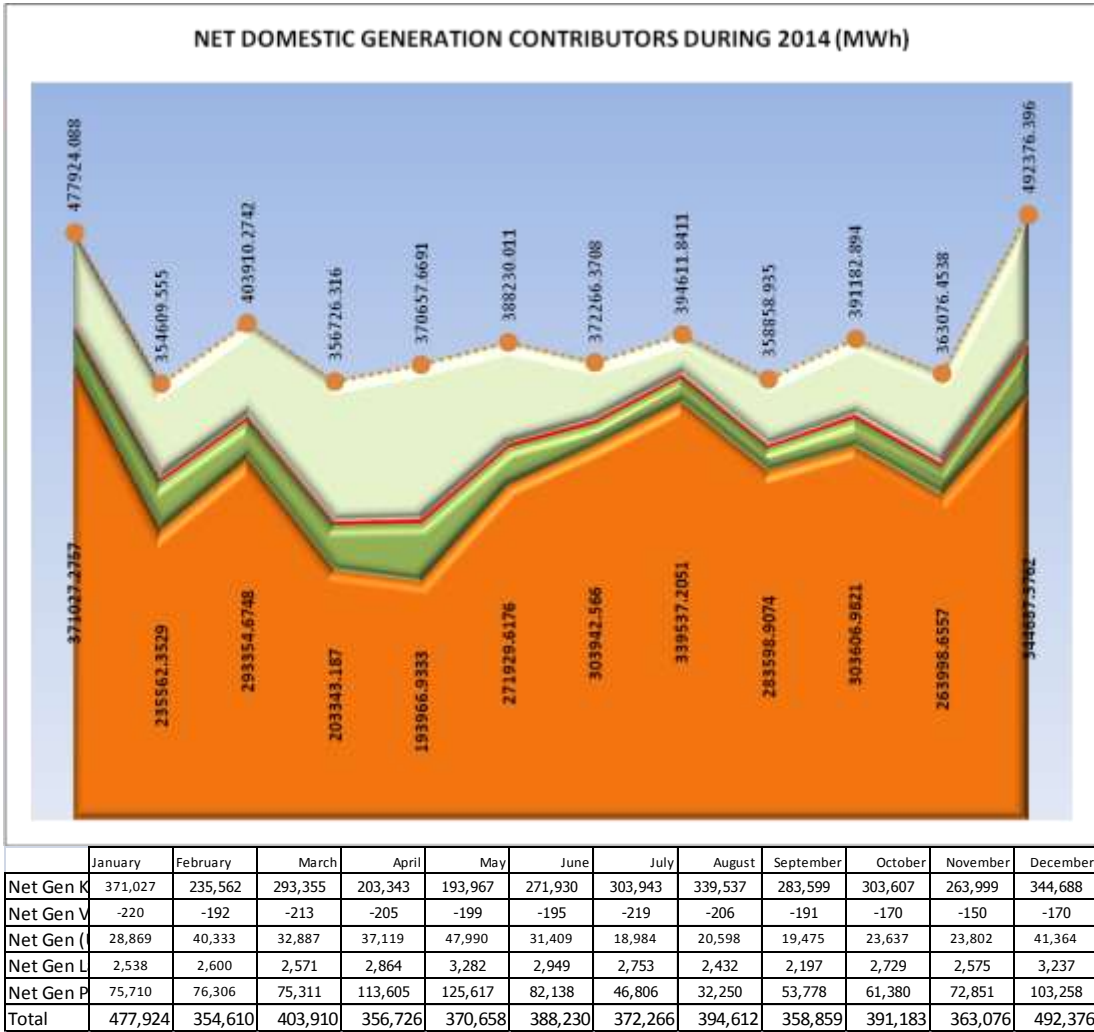
COMPANY	PLANT	Capacity in MW	Connection Voltage in kV	Generation in MWh
KESH company	Fierze HPP 500 MW	500	110	1,055,071
KESH company	Koman HPP 600 MW	600	110	1,548,096
KESH company	V. Dejes HPP 200 MW	250	110	805,382
KESH company	Theth HPP			7
KESH company	Vlora TPP	98	110	-2,330
Ujshelles Kanalizime Tirane (water supply and sewerage Tirana) company	"Lanabregas" HPP with capacity of 5 MW	5	110	32,726
KURUM INTERNACIONAL company	Ulez" HPP with capacity of 24 MW	24	110	110,388

COMPANY	PLANT	Capacity in MW	Connection Voltage in kV	Generation in MWh
KURUM INTERNACIONAL company	"Shkopet" HPP with capacity of 24 MW	24	110	88,174
KURUM INTERNACIONAL company	"Bistrica 1" HPP with capacity of 22.5 MW	23	110	167,905
KURUM INTERNACIONAL company	"Bistrica 2" HPP with capacity of 5 MW	5	110	
Albanian Green Energy company	Smokthina (Vlorë)	9.2	35	34,202
Wonder Power company.	Bogova (Skrapar)	2.5	35	6,787
Spahiu Gjanç company	Gjanci (Korçë)	2.96	35	7,237
Hidro Albania Energji company	Cernalev HPP (Kukës)	6.73	35	14,784
Tervoli HPP	Tervoli HPP (Elbasan)	12	35	33,762
Ostrovica company	Faqekuq 1 & 2 HPP (Skrapar)	6.72	35	17,044
Hidroinvest 1 company	Stranik HPP (Librazhd)	4.42	35	11,874
Energio- SAS company	Sasaj HPP (Sarandë)	8.6	35	28,190
Koka & Ergy Energy Peshk company	Peshk HPP(Burrel)	3.43	35	10,693
Albanian Power company	Martanesh HPP (Bulqizë)	6	35	19,878
Hidroborsch company	Fierrë HPP (Sarandë)	3.08	35	11,486
Selishtë company	Selishtë HPP (Dibër)	2	35	6,018
Hydro Power Plant of Korça company	Verba 1, 2 HPP (Korçë)	2.1	35	12,660
Energy Plus company	Pobreg HPP	2	35	34,156
Snow Energycompany	Koka 1 HPP	2.1	35	5,568
Hidroinvest 1 company	Zall Torre HPP	3.33	35	9,229
Velushë company	Vlushë HPP (Skrapar)	14.2	35	6,837
Hec Qarr & Kaltanj company	Qarr HPP	1.76	35	3,538
Hidro Energy Sotire company	Sotirë 1 & 2 HPP	2.29	35	4,491
Gjoka Konstruksion Energji company	Strelcë HPP (Korçë)	4.16	35	2,622
Gjoka Konstruksion Energji company	Shalës HPP (Shkodër)	2.08	35	20
Wenerg company	Dardha HPP (Korçë)	6.16	110	14,968
Power Elektrik Slabinje company	Slabinjë HPP (Korçë)	11	110	32,884
Bishnica 1,2 company	Bishnicë HPP (Pogradec)	2.4	110	10,608
Gjo.spa. Power company	Lapaj HPP (Kukës)	13.6	110	41,799
Erdat Lura company	Lura 1, 2, 3 HPP's (Dibër)	16.12	110	41,626
Euron Energy Group company	Bele 1, 2 HPP's (Kukës)	30.7	110	121,990
Energy Partners AL company	Kaskada Cerruje HPP	12.6	110	16,740
C&S Construction Energy company	Rrapuni HPP	4	110	33,958
Energji Ashta company	Ashta HPP (Shkodër)	50	110	200,992
Marjakaj company	Bene HPP (Shkodër)	0.26	6	1,432
WTS Energji company	Tamarë HPP (Koplik)	0.15	10	1,146
WTS Energji company	Selcë HPP (Koplik)	0.4	10	2,321
Maksi Elektrik company	1 & 2 Leskovik HPP (Kolonjë)	0.17	10	893
Amal company	Xhyrë HPP (Librazhd)	0.57	10	1,594
Emikel 2003 company	Lenije HPP (Gramsh)	0.4	10	3,029
Emikel 2003 company	Çorvodë HPP (Skrapar)	0.2	10	827
Tucep company	Tucep HPP (Bulqizë)	0.4	10	1,102
Favina 1 company	Vithkuq HPP (Korçë)	2.12	35/10	11,035
Juana company	Orenjë HPP (Librazhd)	0.08	10	338
Sarolli company	Shpella HPP (Pogradec)	0.46	10	1,432
Projeksion Energji company	Rehovë HPP (Kolonjë)	0.36	10	0
Projeksion Energji company	Treskë 1 HPP (Kolonjë)	0.45	10	0
Projeksion Energji company	Çarshovë HPP (Përmet)			0
Balkan Green Energy company	Bulqizë HPP (Bulqizë)	0.6	10	1,411
Balkan Green Energy company	Homesh HPP (Bulqizë)	0.33	10	339

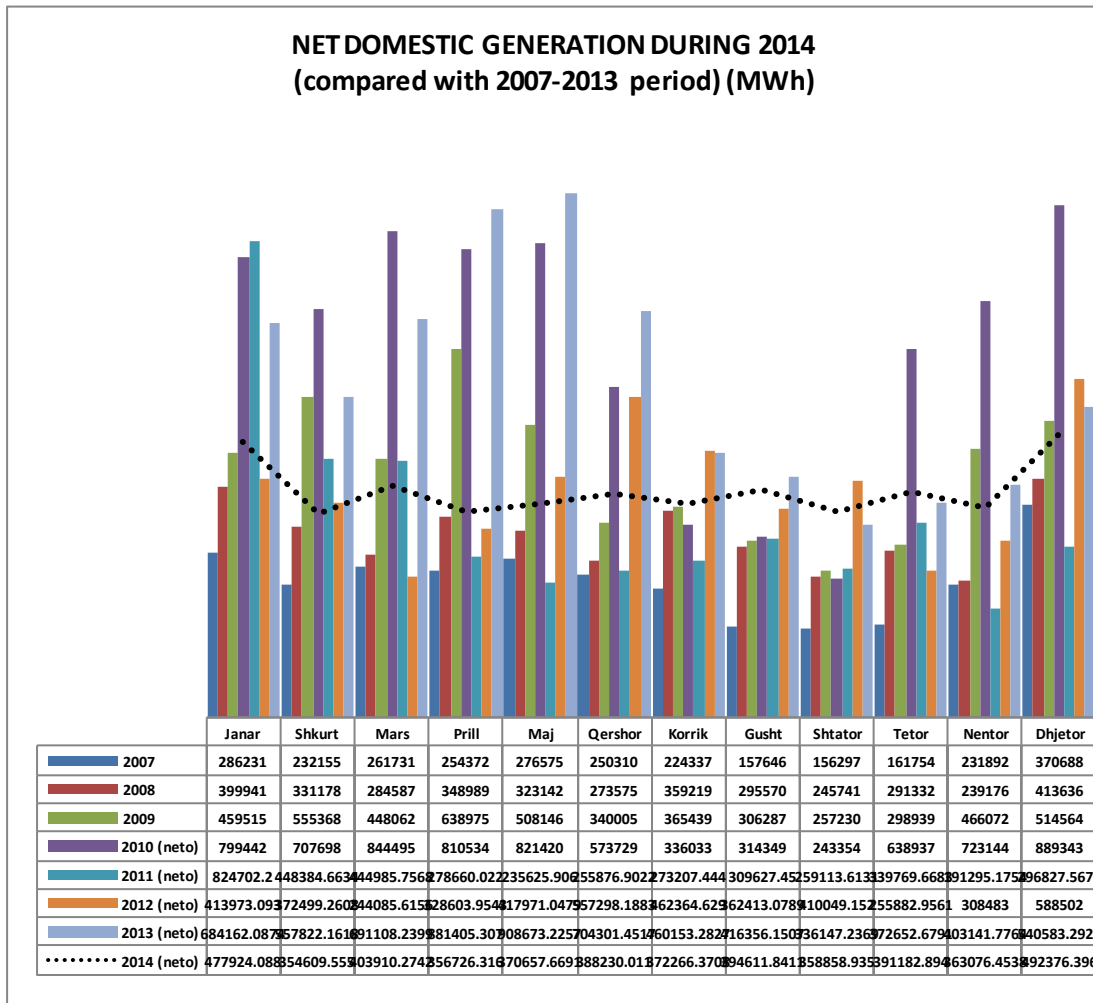
COMPANY	PLANT	Capacity in MW	Connection Voltage in kV	Generation in MWh
Balkan Green Energy company	Zerqan HPP (Bulqizë)	0.63	6	941
Balkan Green Energy company	Arras HPP (Dibër)	4.8	20	16,679
Balkan Green Energy company	Lurë HPP (Dibër)	0.75	10	525
Balkan Green Energy company	Orgjost HPP (Kukës)	1.2	10	4,535
Balkan Green Energy company	Lekbibaj HPP (Tropojë)	1.4	10	7,017
Balkan Green Energy company	Dukagjin HPP (Shkodër)	0.64	10	2,364
Balkan Green Energy company	Marjan HPP (Korçë)	0.2	10	579
Balkan Green Energy company	Lozhan HPP (Korçë)	0.1	10	334
Balkan Green Energy company	Barmash HPP (Kolonjë)	0.63	10	1,051
Balkan Green Energy company	Treskë 2 HPP (Kolonjë)	0.25	10	721
Balkan Green Energy company	Nikolicë HPP (Bilisht)	0.7	10	1,694
Balkan Green Energy company	Funarë HPP (Librazhd)	1.92	10	5,640
Balkan Green Energy company	Lunik HPP (Librazhd)	0.2	10	792
Balkan Green Energy company	Kerpicë HPP (Gramsh)	0.42	6	890
Balkan Green Energy company	Ujanik HPP (Skrapar)	0.63	10	1,238
Balkan Green Energy company	Borsh HPP (Sarandë)	0.25	6	1,026
Balkan Green Energy company	Leshnicë HPP (Sarandë)	0.38	10/6	728
Balkan Green Energy company	Velçan HPP (Korçë)	1.2	10	2,654
Balkan Green Energy company	Sheshaj HPP (Tropojë)			0
Balkan Green Energy company	Voskopojë HPP (Korçë)			0
Balkan Green Energy company	Piqerras HPP (Sarandë)			0
Balkan Green Energy company	Muhur HPP (Dibër)	0.25	6	1,074
Balkan Green Energy company	Rajan HPP (Kolonjë)	1.02	10	2,442
Duka T2 company	Tuçep HPP (Bulqizë)			0
EN-KU company	Bicaj HPP (Kukës)	0.16	10	51
Ansara Konçension company	Ansara HPP (Elbasan)	0.08	6	293
DN&NAT Energy company	Kumbull HPP (Mirditë)	0.63	6	1,721
Dishnica Energy company	Dishnicë HPP (Korçë)	0.2	10	491
Elektro Lubonje company	Lubonjë HPP (Korçë)	0.3	10	242
Dosku Energy company	Gizavesh HPP (Librazhd)	0.5	10	2,631
Erma MP company	Çarshovë HPP (Përmet)	1.6	10	3,474
Çaushti Energji company	Qafëzes HPP (Ersekë)	0.4	10	1,893
Energji Xhaçi company	Mollaj HPP (Korçë)	0.32	10	817
Bekim Energjitik company	Kryezi HPP	1.2	10	3,394
Malido-Energji company	Klos HPP (Mirditë)	1.95	6	3,252
Korkis 2009 company	Belisovë HPP (Berat)	0.15	6	213
Peshku Picar 1 company	Picar HPP (Gjirokastër)	0.27	6	503
Erald Energjitik company	Mgull HPP	0.4	10	1,436
LU&CO ECO ENERGY company	Ostren i Vogël HPP	0.4	10	785
Idro Energia Pulita company	Ura e Dashit HPP (Përmet)	1.19	10	2,367
E.T.H.H company	Kozele HPP (Ersekë)	0.55	10	560
SA.GLE company	Trebishtë HPP (Peshkopi)	1.98	10	2,214
Hydro Energy company	Murdharë 1 HPP (Tiranë)	2.88	10	7,669
Hydro Energy company	Murdharë 2 HPP (Tiranë)	1.44	10	3,616
Zall Herr Energji 2011 company	Çekrezë HPP (Gramsh)	0.68	6	1,865
M.T.C Energy company	Radovë HPP (Përmet)	2.93	10	2,600
Gur Shpatë Energy company	Gur Shpatë 1 & 2 HPP	1.35	10	461
		1,823		4,724,430



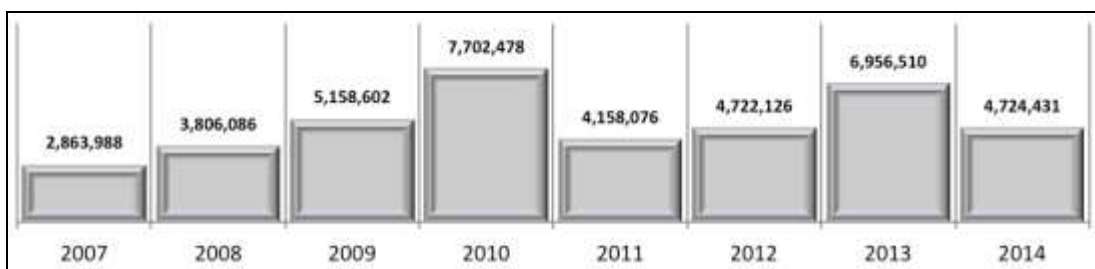
Picture 2-1 Net Domestic Generation for 2014



Picture 2-2 Net Domestic Generation Contributors for 2014



Picture 2-3: Domestic generation for 2014 compared with the period 2007-2013

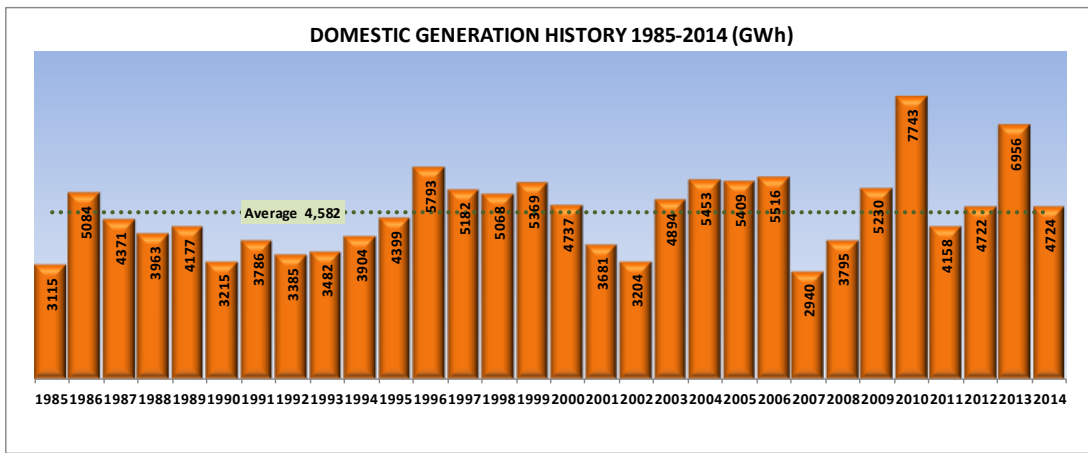


Picture 2-4: Net domestic generation for the period 2007-2014

As shown from the graphs above, while analysing the history of electricity generation registered in the country, 2014 has marked an electricity generation from domestic resources over the average level. Also it is estimated the security level from the hydrological view.

The peak monthly generation for 2014, is marked on December with 492,376 MWh. This high generation is mainly realized by the hydropower plants in KESH company administration. The minimum monthly generation during 2014 is realized during February with 354 610 MWh.

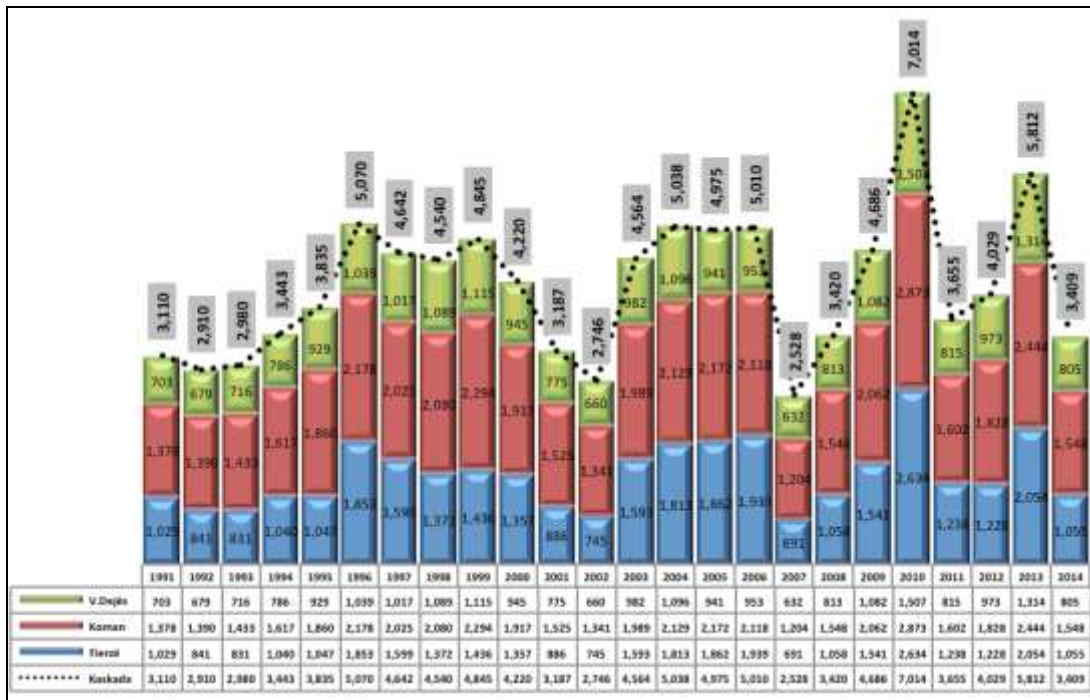
On picture 2-5 it is shown the electricity generation in our country from 1985 to 2014. As it can be seen in comparing with the results of net domestic generation shown above, the generation for 2014 is 4,724 GWh that means a generation above the years 1985-2014 average.



Picture 2-5: Electricity generation in our country for 1985 – 2014 period

(Source: KESH, TSO companies)

For 2007-2014 period, from the data management received from Public Operators ERE has identified in a detailed way the data of electricity generation for every day of each year.

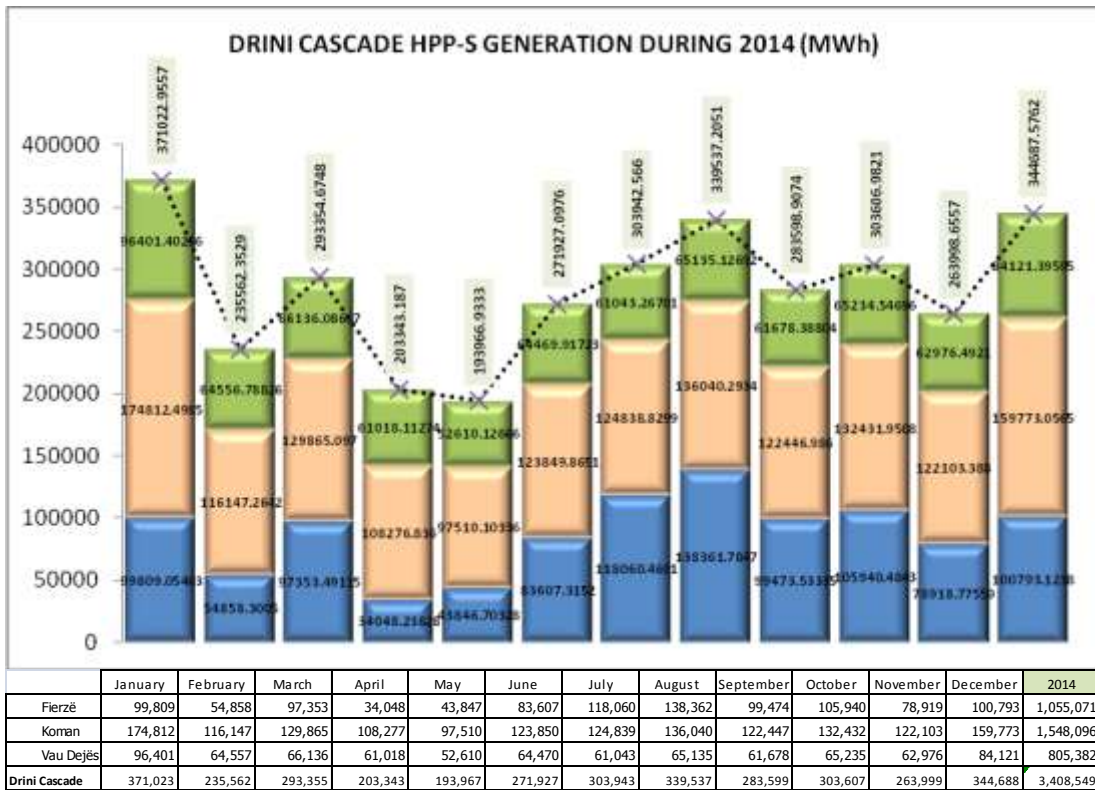


Picture 2-6 The history of Electricity Generation (GWh) from Drini Cascade HPP-s
(Source: TSO company)

From the comparison of electricity generation during 2007 – 2014 period are seen very big differences. The lowest annual generation during this period is that of 2007 with 2,918 million kWh, or a daily average generation is 7.9 million kWh, while the highest annual generation is that of 2010 in 7,743.295 million kWh or average daily generation of 21.2 million kWh.

As it can be seen, the difference between these two extreme generations reaches 2.7 times. Such an indicator significantly expresses the high hydrological risk level for the electricity generation stability by the power systems based only in the HPP-s.

On picture 2-6 it is given the history of Electricity Generation (GWh) from Drini Cascade HPP for the 1991 – 2014 period, while on picture 1-9 it is given the Electricity generation (MWh) from Drini Cascade HPP-s for the 1991 – 2014 period.



Picture 2-7 Electricity Generation (MWh) from Drini Cascade HPP-s during 2014
(Source: KESH, TSO companies)

In the work of the hydro power plants, it is evidenced high availability of all plants aggregates. It should be underlined that due to this availability it was made possible the flow of only the small amounts water, without being first used for electricity. These flows have resulted to be inevitable and are constructed to maintain the dam safety parameters (2-3 table).

Tabela 2-3 Flows from the HPP's during 2014

HPP	January	February	March	April	May	June	July	August	September	October	November	December	Total (m ³)
Fierzë	0	0	0	0	0	0	0	0	0	0	0	0	0
Koman	0	0	0	0	0	0	0	0	0	0	0	0	0
Vau Dejës	26	0	0	0	0	0	0	0	0	0	0	0	26
Ulëz, Shkopet	0	0	0	23	41	4	0	0	0	0	0	0	68

2.3 On the Criterias of Using the Hydropower Reserve in Drini Cascade River

As it is known Fierza HPP basin operates as an annual regulator of the hydro flows, which directly influences the utilisation of the cascade over Drin River (Koman, Vau Deja and Ashta HPP-s), which are mainly supplied with water from the regulated flows of Fierza HPP. On 2-8 figure, it is given the level (in meters) of Fierza Lake for 2014.

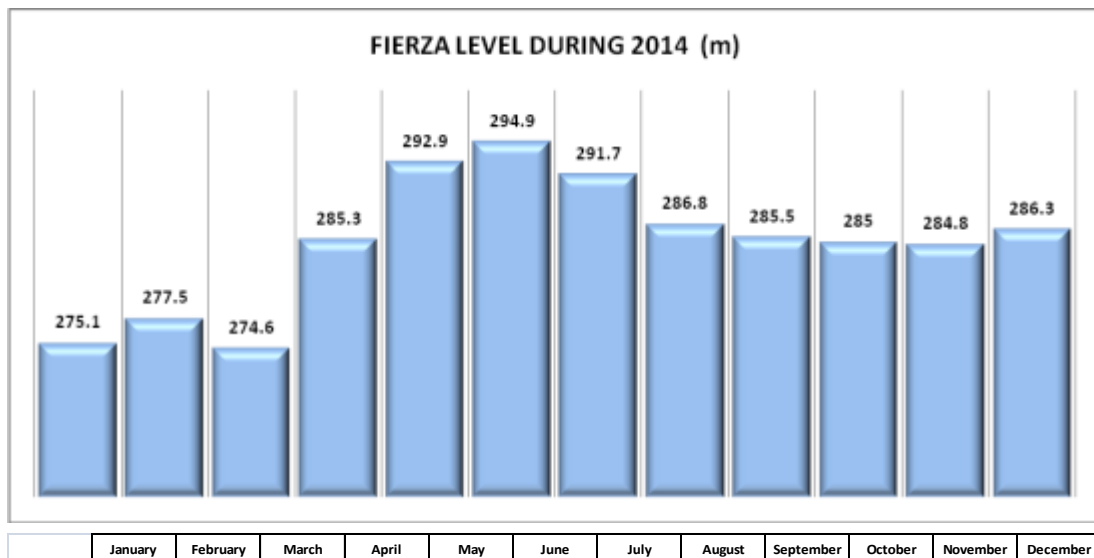


Figure 2-8 The level in (m) of Fierza Lake HPP during 2014

On the following table are given historic data on the level of Fierza Lake HPP for 1991 – 2014 period.

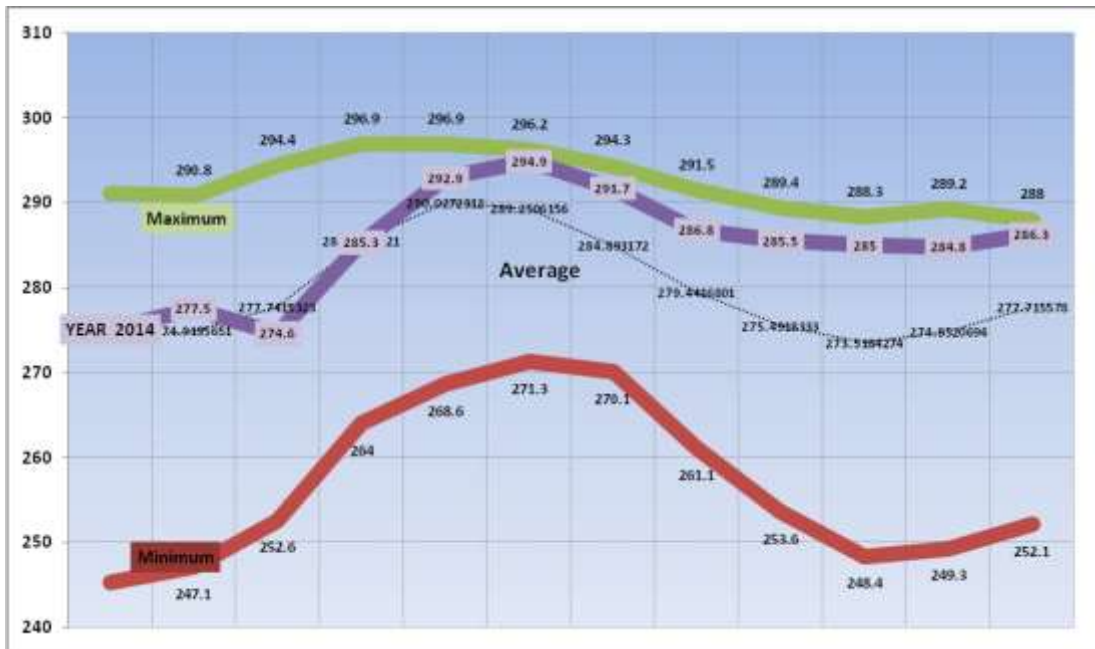
Table 2-4 The level of Fierza Lake HPP for 1991 – 2014 period

Years	Fierza HPP Level (m)											
	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
1991	254.4	260.8	268.6	279.9	293.4	296.1	294.0	291.5	289.4	288.3	288.8	285.1
1992	278.0	274.1	268.0	278.8	281.0	279.6	275.2	268.7	263.9	271.4	281.9	280.6
1993	275.2	265.3	264.7	278.5	280.5	277.3	271.0	261.1	253.6	249.9	255.6	270.2
1994	254.4	260.8	268.6	279.9	293.4	296.1	294.0	291.5	289.4	288.3	288.8	285.1
1995	253.8	260.3	262.5	275.3	289.0	288.7	284.5	282.2	288.2	283.8	279.9	287.5
1996	287.1	288.7	286.5	294.7	295.8	293.1	287.6	282.2	285.1	284.3	289.2	291.3
1997	289.4	284.5	281.7	285.2	294.1	292.0	287.0	280.0	272.9	272.4	270.8	277.2
1998	273.7	270.0	265.2	278.9	288.1	287.4	281.8	277.6	276.0	277.1	279.0	277.1
1999	272.7	275.6	281.5	290.5	295.9	293.3	288.3	279.5	271.0	257.6	263.6	276.9

Years	Fierza HPP Level (m)											
	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
2000	276.4	276.7	276.8	286.9	286.6	280.1	273.5	267.5	261.6	248.4	249.3	252.1
2001	253.6	258.2	275.1	282.9	287.6	283.8	273.7	271.1	269.2	263.6	263.2	252.1
2002	245.3	247.1	252.6	264.0	268.6	271.3	270.1	267.8	274.3	286.1	285.3	284.0
2003	291.1	289.5	286.3	287.0	292.3	290.3	285.9	280.8	276.0	282.6	285.6	283.3
2004	284.7	290.8	293.4	296.0	296.2	296.2	293.1	286.3	281.1	280.0	286.1	288.0
2005	281.2	281.5	293.3	296.1	295.6	294.1	286.7	277.2	266.5	256.9	253.6	279.0
2006	283.5	288.6	294.4	295.9	296.5	295.9	293.8	290.2	285.3	278.7	266.2	256.2
2007	256.1	263.7	272.0	276.8	276.8	274.8	268.5	263.6	261.8	261.1	275.8	282.1
2008	285.1	289.7	290.9	295.5	295.3	295.7	294.3	288.6	283.9	280.9	285.2	286.5
2009	283.6	281.8	283.4	292.5	293.7	292.4	288.0	281.2	276.2	271.6	266.3	280.1
2010	290.1	289.2	293.9	296.0	296.3	294.4	291.8	288.6	284.9	285.2	284.3	287.5
2011	281.6	274.4	275.0	276.6	281.0	286.1	284.7	279.0	273.9	268.2	261.6	264.5
2012	265.8	267.7	262.0	280.2	293.4	294.4	288.4	280.4	261.4	261.6	269.0	276.6
2013	278.3	281.5	294.8	296.9	296.9	294.2	289.7	283.6	280.8	281.4	282.5	276.1
2014	275.1	277.5	274.6	285.3	292.9	294.9	291.7	286.8	285.5	285.0	284.8	286.3
Average	273.7	274.9	277.7	285.4	290.0	289.3	284.9	279.4	275.5	273.5	274.9	277.7
Minimum	245.3	247.1	252.6	264.0	268.6	271.3	270.1	261.1	253.6	248.4	249.3	252.1
Maximum	291.1	290.8	294.4	296.9	296.9	296.2	294.3	291.5	289.4	288.3	289.2	288.0

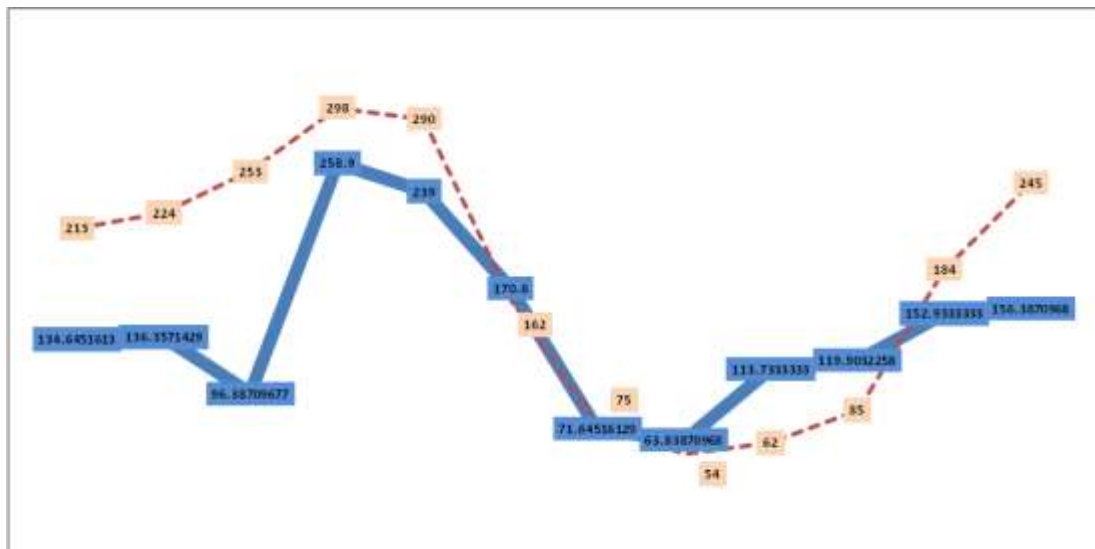
On picture 2-9 it is graphically presented for each month of 2014 the water level (in meters), for Fierza reservoir, compared with monthly historical average levels of water for the 1991– 2014 period.

On picture 2-10 are presented the flows for 2014 in Fierza Lake compare with historical average flows.



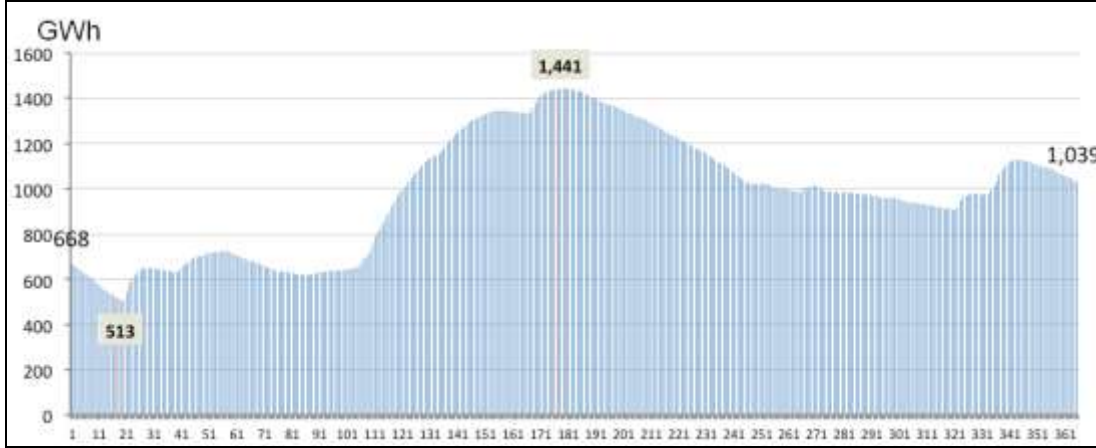
	January	February	March	April	May	June	July	August	September	October	November	December
Average	273.8	274.9	277.7	285.4	290.0	289.3	284.9	279.4	275.5	273.5	274.9	277.7
Minimum	245.3	247.1	252.6	264.0	268.6	271.3	270.1	261.1	253.6	248.4	249.3	252.1
Maximum	291.1	290.8	294.4	296.9	296.9	296.2	294.3	291.5	289.4	288.3	289.2	288.0
2014	275.1	277.5	274.6	285.3	292.9	294.9	291.7	286.8	285.5	285.0	284.8	286.3

Picture 2-9 The level in (m) of Fierza Lake in report with the average, minimum and maximum for 1991 – 2014 period.



	JANUARY	FEBRUAR	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Average flows for 2014 (m3/sek)	134.6	136.4	258.9	258.9	239.0	170.6	71.6	63.8	113.7	119.9	152.9	156.4
Historic average flows (m3/sek)	213	224	253	298	290	162	75	54	62	85	184	245

Picture 2-10 Monthly average flows in (m³/sek.) at Fierza HPP lake during 2014 compared with the historcal average



Picture 2-11 Daily Energy Reserve in Drini Cascade during 2014 (Source: TSO company)

On picture 2-11 graph it is presented the usage of hydropower reserves during 2014.

The criterias of processing the hydropower reserves are nearly analogous even for the previous years.

2.4 Realising the generation indicators, hydro reserve management.

The situation of the electricity reserve at the beginning of 2014 resulted about 650,000 MWh, respectively 276.16 m level in Fierza. This level is estimated in minimum conditions of electricity generation.

The financial policy of KESH company to fulfill tariff customers request as follows, obliged the generation in deteriorated techno-economical utilisation regime for KESH Gen company.

Based on the hydro situation during February-May period the generation was reduced about 180 GWh, to increase Fierza level around 6.4 m, refered to the average level of usage for the following period, as consequence the generation efficiency was increased with about 6% in Fierza HPP, equal with about 40,000 MWh in profit.

It was followed by a working regime for maximising the efficiency of electricity potential in the conditions when the regimes are dictated from the application and to fulfil the tariff customers request, when the daily profile of the request fluctuates in 400 MW up to 1475 MW were limited during the peak.

During 2014, the average flows in Fierza resulted about 143 m³/sec from 196 m³/sec that which is the multi year average.

The level by the end of the year resulted 286.3 m and the electricity reserve about 980 GWh with an increase of about 325 GWh. The average level of usage in Fierza HPP resulted 284.8 m, in Koman HPP 173.05 m and the electricity gross generation from KESH Gen company 3.412 GWh, using the electricity generation about 88% of the flows.

In the last 10 years, the average level of the usage respectively in Fierza HPP was 285.25 m, the average flows 190 m³/sec, the average level at the beginning was 278.99 m while at the end was 278.86 m, the average level of usage in Koman HPP is 172.01 m, the average generation of the cascade is 4.468 GWh.

In the last 20 years, the average level of usage in Fierza HEC respectively resulted 283.65 m, the average flows were 187 m³/sec, the average level at the beginning was 275.7 m while at the end was 277.89 m, the average level of usage in Koman HPP is 171.58 m, the average production of the cascade is 4.333 GWh.

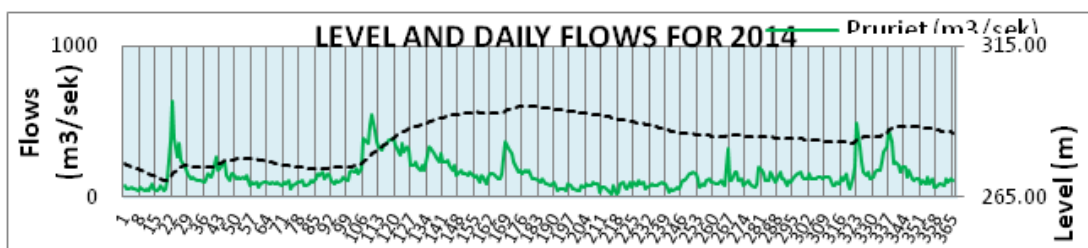
The annual level of usage for 2014 in Koman HPP approximately 173.05 m is the highest historical peak level of usage.

From the comparison of generation in the report resulted that the generation during 2014 is about 1% higher that the ten last year average and compared with the last twenty years is 1.5% higher.

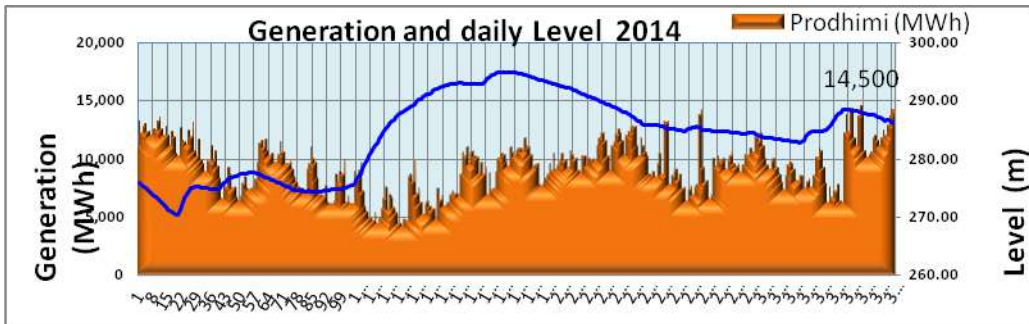
The biggest power plant activity indicators in river Drini cascade are given in the following table.

Table 2-5 Indicators of hydropower activity

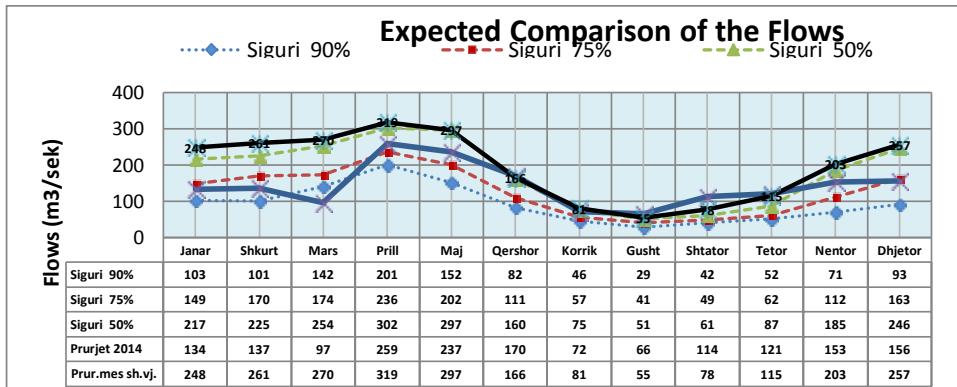
THE ACTIVITY INDICATORS	FIERZË HPP	KOMAN HPP	VAU I DEJËS HPP
Average level of utilisation (m)	284.8	173.04	74.24
Average fall (H) of utilisation (m)	111.24	98.61	51.04
The average coefficient of aggregate loading (%)	92	78.4	85.6
Average power of the hydro power plant in (MW)	119.2	178.7	91.3
Capacity factor	0.238	0.298	0.365
Annual generation (MWh)	1,056,301	1,549,539	806,522
Annual generation of KESH company (MWh)	3,412,362		



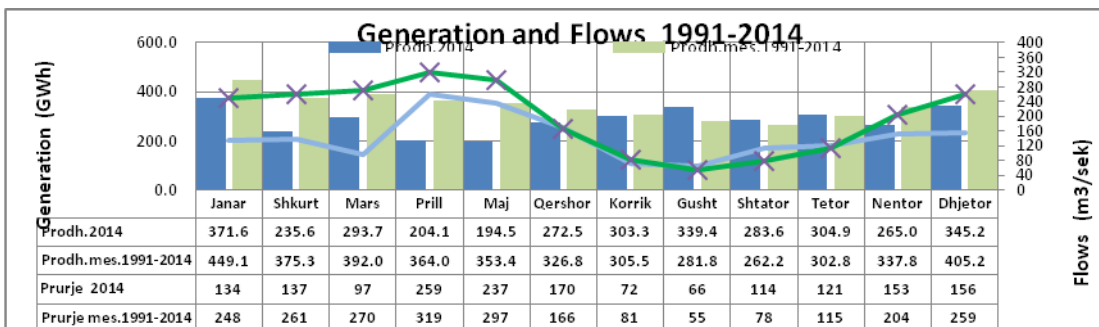
Picture 2-12 The level and daily flows for 2014



Picture 2-13: The level and daily generation for 2014



Picture 2-14: Expected comparison of the flows for 2014



Picture 2-15: The generation and the flows for 1991 – 2014 years

2.5 The Situation of Vlora TPP

Even during 2014 Vlora TPP did not generate electricity. This TPP was expected to become operational during 2011, but because of the technical problems observed during the testings it is not enabled yet the set into operation of Vlora TPP.

From the reports of KESH company regarding this issue results that:

- KESH company and TPP construction Contractor are in a trial process for solving the disputes regarding the defect in the cooling system and the partial scrap of the contract from TCM company from 2012.
- It is announced an auction for selecting a specialised consulting company for the project to repair the cooling system defect in Vlora TPP.
- KESH company expects the preparation of a pre-feasibility study where will be analysed in a comparative way the costs of using the natural gas for generating electricity from Vlora TPP.

2.6 The Generation from Electricity Private/Concessionary HPP-s

The generation and capacities of Private and Concessionary HPP's are presented in a summarised way on table 2-6. During 2014 98 private/concessionary hydro plants have generated electricity. In the meantime 93 of them had selling contract with KESH company, one producer was separated from the public generation, but they have a selling contract with Wholesale Public Supplier (FPSH) while 4 other have produced for their own needs or to trade.

Tabela 2-6 Electricity Generation from Private/Concessionary HPP-s for 2014

No.	COMPANY	PLANT	Capacity in MW	Connection Voltage kV	Generation in MWh
1	Wenerg company	Dardha HPP (Korçë)	6.16	110	14,968
2	Power Elektrik Slabinje company	Slabinjë HPP (Korçë)	11.00	110	32,884
3	Bishnica 1,2 company	Bishnicë HPP (Pogradec)	2.40	110	10,608
4	Gjo.sp.a. Power company	Lapaj HPP (Kukës)	13.60	110	41,799
5	Erdat Lura company	Lura 1, 2, 3 HPP-s (Dibër)	16.12	110	41,626
6	Euron Energy Group company	Bele 1, 2 HPP-s (Kukës)	30.70	110	121,990
7	Energy Partners AL company	Kaskada HPP (Cerruje)	12.60	110	16,740
8	C&S Construction Energy company	Rrapuni HPP	4.00	110	33,958

No.	COMPANY	PLANT	Capacity in MW	Connection Voltage kV	Generation in MWh
9	Energji Ashta company	Ashta HPP (Shkodër)	50.00	110	200,992
10	Albanian Green Energy company	Smokthina HPP (Vlorë)	9.20	35	34,202
11	Wonder Power company	Bogova HPP (Skrapar)	2.50	35	6,787
12	Spahiu Gjanç company	Gjanci HPP (Korçë)	2.96	35	7,237
13	Hidro Albania Energji company	Cernalev HPP (Kukës)	6.73	35	14,784
14	Tervolit company	Tervoli HPP (Elbasan)	12.00	35	33,762
15	Ostrovica company	Faqekuq 1 & 2 HPP-s (Skrapar)	6.72	35	17,044
16	Hidroinvest 1 company	Stranik HPP (Librazhd)	4.42	35	11,874
17	Energjo- SAS company	Sasaj HPP (Sarandë)	8.60	35	28,190
18	Koka & Ergy Energy Peshk company	Peshk HPP (Burrel)	3.43	35	10,693
19	Albanian Power company	Martanesh HPP (Bulqizë)	6.00	35	19,878
20	Hidroborsh company	Fterrë HPP (Sarandë)	3.08	35	11,486
21	Selishtë company	Selishtë HPP (Dibër)	2.00	35	6,018
22	Hydro Power Plant of Korça company	Verba 1, 2 HPP (Korçë)	2.10	35	12,660
23	Energy Plus company	Pobreg HPP	2.00	35	34,156
24	Snow Energy company	Koka 1 HPP	2.10	35	5,568
25	Hidroinvest 1 company	Zall Torre HPP	3.33	35	9,229
26	Velushë company	Vlushë HPP (Skrapar)	14.20	35	6,837
27	Qarr & Kaltanj company	Qarr HPP	1.76	35	3,538
28	Hidro Energy Sotire company	Sotirë 1 & 2 HPP	2.29	35	4,491
29	Gjoka Konstruksion Energji company	Strelcë HPP (Korçë)	4.16	35	2,622
30	Gjoka Konstruksion Energji company	Shalës HPP (Shkodër)	2.08	35	20
31	Marjakaj company	Bene HPP (Shkodër)	0.26	6	1,432
32	WTS Energji company	Tamarë HPP (Koplik)	0.15	10	1,146
33	WTS Energji company	Selcë HPP (Koplik)	0.40	10	2,321
34	Maksi Elektrik company	1 & 2 Leskovik HPP-s (Kolonjë)	0.17	10	893
35	Amal company	Xhyrë HPP (Librazhd)	0.57	10	1,594
36	Emikel 2003 company	Lenije HPP (Gramsh)	0.40	10	3,029
37	Emikel 2003 company	Çorovodë HPP (Skrapar)	0.20	10	827
38	Tucep company	Tucep HPP (Bulqizë)	0.40	10	1,102
39	Favina 1 company	Vithkuq HPP (Korçë)	2.12	35/10	11,035
40	Juana company	Orenjë HPP (Librazhd)	0.08	10	338
41	Sarolli company	Shpella HPP (Pogradec)	0.46	10	1,432
42	Projeksion Energji company	Rehovë HPP (Kolonjë)	0.36	10	0
43	Projeksion Energji company	Treskë 1 HPP (Kolonjë)	0.45	10	0
44	Projeksion Energji company	Çarshovë HPP (Përmet)			0
45	Balkan Green Energy company	Bulqizë HPP (Bulqizë)	0.60	10	1,411
46	Balkan Green Energy company	Homesh HPP (Bulqizë)	0.33	10	339

No.	COMPANY	PLANT	Capacity in MW	Connection Voltage kV	Generation in MWh
47	Balkan Green Energy company	Zerqan HPP (Bulqizë)	0.63	6	941
48	Balkan Green Energy company	Arras HPP (Dibër)	4.80	20	16,679
49	Balkan Green Energy company	Lurë HPP (Dibër)	0.75	10	525
50	Balkan Green Energy company	Orgjost HPP (Kukës)	1.20	10	4,535
51	Balkan Green Energy company	Lekbibaj HPP (Tropojë)	1.40	10	7,017
52	Balkan Green Energy company	Dukagjin HPP (Shkodër)	0.64	10	2,364
53	Balkan Green Energy company	Marjan HPP (Korçë)	0.20	10	579
54	Balkan Green Energy company	Lozhan HPP (Korçë)	0.10	10	334
55	Balkan Green Energy company	Barmash HPP (Kolonjë)	0.63	10	1,051
56	Balkan Green Energy company	Treskë 2 HPP (Kolonjë)	0.25	10	721
57	Balkan Green Energy company	Nikolicë HPP (Bilisht)	0.70	10	1,694
58	Balkan Green Energy company	Funarë HPP (Librazhd)	1.92	10	5,640
59	Balkan Green Energy company	Lunik HPP (Librazhd)	0.20	10	792
60	Balkan Green Energy company	Kerpicë HPP (Gramsh)	0.42	6	890
61	Balkan Green Energy company	Ujanik HPP (Skrapar)	0.63	10	1,238
62	Balkan Green Energy company	Borsh HPP (Sarandë)	0.25	6	1,026
63	Balkan Green Energy company	Leshnicë HPP (Sarandë)	0.38	10/6	728
64	Balkan Green Energy company	Velçan HPP (Korçë)	1.20	10	2,654
65	Balkan Green Energy company	Sheshaj HPP (Tropojë)			0
66	Balkan Green Energy company	Voskopojë HPP (Korçë)			0
67	Balkan Green Energy company	Piqerras HPP (Sarandë)			0
68	Balkan Green Energy company	Muhur HPP (Dibër)	0.25	6	1,074
69	Balkan Green Energy company	Rajan HPP (Kolonjë)	1.02	10	2,442
70	Duka T2 company	Tuçep HPP (Bulqizë)			0
71	EN-KU company	Bicaj HPP (Kukës)	0.16	10	51
72	Ansara Konçension company	Ansara HPP (Elbasan)	0.08	6	293
73	DN&NAT Energy company	Kumbull HPP (Mirditë)	0.63	6	1,721
74	Dishnica Energy company	Dishnicë HPP (Korçë)	0.20	10	491
75	Elektro Lubonje company	Lubonjë HPP (Korçë)	0.30	10	242
76	Dosku Energy company	Gizavesh HPP (Librazhd)	0.50	10	2,631
77	Erma MP company	Çarshovë HPP (Përmet)	1.60	10	3,474
78	Çaushti Energji company	Qafëzes HPP (Ersekë)	0.40	10	1,893
79	Energji Xhaçi company	Mollaj HPP (Korçë)	0.32	10	817
80	Bekim Energjitik company	Kryezi HPP	1.20	10	3,394
81	Malido-Energji company	Klos HPP (Mirditë)	1.95	6	3,252
82	Korkis 2009 company	Belisovë HPP (Berat)	0.15	6	213
83	Peshku Picar 1 company	Picar HPP (Gjirokastër)	0.27	6	503
84	Erald Energjitik company	Mgull HPP	0.40	10	1,436

No.	COMPANY	PLANT	Capacity in MW	Connection Voltage kV	Generation in MWh
85	LU&CO ECO ENERGY company	Ostren i Vogël HPP	0.40	10	785
86	Idro Energia Pulita company	Ura e Dashit HPP (Përmet)	1.19	10	2,367
87	E.T.H.H company	Kozele HPP (Ersekë)	0.55	10	560
88	SA.GLE. KOMPANI company	Trebishtë HPP (Peshkopi)	1.98	10	2,214
89	Hydro Energy company	Murdharë 1 HPP (Tiranë)	2.88	10	7,669
90	Hydro Energy company	Murdharë 2 HPP (Tiranë)	1.44	10	3,616
91	Zall Herr Energji 2011 company	Çekrezë HPP (Gramsh)	0.68	6	1,865
92	M.T.C Energy company	Radovë HPP (Përmet)	2.93	10	2,600
93	Gur Shpatë Energy company	Gur Shpatë 1 & 2 HPP	1.35	10	461
Generators that has had a contract with KESH company (WPS)			294.28		919,011
1	Ujsjelles Kanalizime Tirane company	"Lanabregas" HPP with 5 MW capacity	5	35	32,726
Generator separated from KESH and has had a contract with (WPS)			5	35	32,726
1	KURUM INTERNACIONAL company	"Ulez" HPP with 24 MW capacity	24	110	110,388
2	KURUM INTERNACIONAL company	"Shkopet" HPP with 24 MW capacity	24	110	88,174
3	KURUM INTERNACIONAL company	"Bistrica 1" HPP with 22,5 MW capacity	23	110	167,905
4	KURUM INTERNACIONAL company	"Bistrica 2" HPP with 5 MW capacity	5	110	
Electricity Independent Generators (PPE)			76		366,467
Total Private/Concessionary Generators (PVE+PPE)			375		1,318,204

(Source: KESH company)

93 HPP-s that had selling contract with KESH company, have a general capacity of about 294.28 MW, from which 37.49 MW are the HPP-s that began the generation during 2014. The general generation for 2014 from these private/concessionary generators was 919 GWh or 19.45% of the net domestic general generation for 2014. In this group of producers it is included Ashta HPP with installed capacity over 15 MW (50MW) that has generated during 2014 about 201 GWh.

One plant, Lanabregas HPP, that is separated from KESH company and had a contract with KESH company, has an installed capacity of 5 MW and during 2014 has generated about 32.7 GWh.

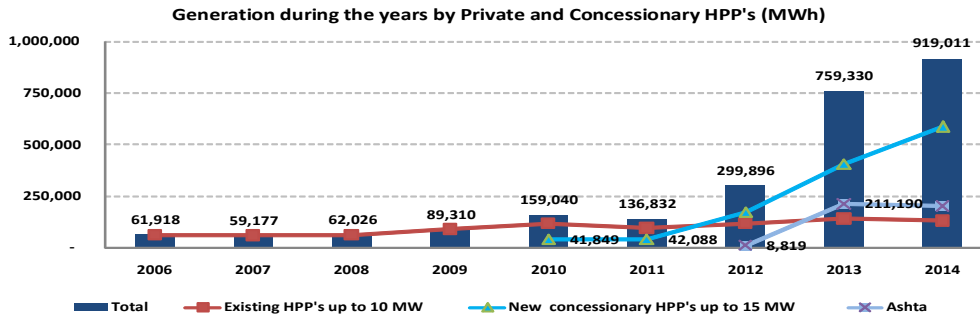
Four HPP- s: Ulez, Shkopet, Bistrica1 and Bistrica 2 that doesnt have a contract with KESH company, have an installed capacity of 76 MW and have generated about 366.5 GWh.

Table 2-7 Generation from small HPP-s that have started to generate during 2014

	Company	Plant	Capacity in MW	Connection Voltage Kv	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
1	Vlushë company	Vlushë HPP Skrapar	14.20	35	503	2,556	1,236	0	0	0	0	0	0	385	2,157	6,837	
2	Qarr & Kaltanj company	Qarr HPP	1.76	35		970	648	483	202	108	92	177	164	216	477	3,538	
3	Hidro Energy Sotire company	Sotirë 1 & 2 HPP-s	2.29	35			700	983	894	495	169	189	201	211	650	4,491	
4	Gjoka Konstruksion Energji company	Strelcë HPP (Korçë)	4.16	35					1,190	0	0	172	223	419	618	2,622	
5	Gjoka Konstruksion Energji company	Shalës HPP Shkodër	2.08	35					20	0	0	0	0	0	0	20	
6	Idro Energia Pulita company	Ura e Dashit HPP Përmet	1.19	10	505	315	350	481	19	25	2	1	94	191	383	2,367	
7	E.T.H.H	Kozele HPP Ersekë	0.55	10			134	156	65	0	0	0	47	54	104	560	
8	SA.GLE. KOMPANI company	Trebishtë HPP Peshkopi	1.98	10			938	773	144	0	0	0	0	25	335	2,214	
9	Hydro Energy company	HEC Murdharë 1 HPP-Tiranë	2.88	10			1,812	1,995	617	170	130	576	372	558	1,440	7,669	
10	Hydro Energy company	Murdharë 2 HPP (Tiranë)	1.44	10			730	807	316	71	54	311	186	317	824	3,616	
11	Zall Herr Energji 2011 company	Çekrezë HPP (Gramsh)	0.68	6				351	127	96	33	282	297	320	360	1,865	
12	MTC Energy	Radovë Përmet HPP	2.93	10					394	214	251	194	337	409	801	2,600	
13	Gur Shpatë Energy company	Gur Shpatë 1 & 2 HPP	1.35	10								66	51	66	278	461	
			37.49														38,862

On table 2-7 it is presented the electricity generation of small HPP-s that were put in operation during

2014



Picture 2-16 Performance of small HPP-s given in concession and the private ones
(Source: ERE)

On Picture 2-16 chart, it is presented the generation performance from small private or given in concession HPP-s (up to 15 MW), and also from Ashta HPP during 2006 – 2014 period. Taking into consideration that the maximum generation of 2010 despite increasing in a large amount the installed capacities was affected by very favourable hydro conditions, from the chart it can be seen the high rate of increasing the generation from the HPP-s given in concession, especially during 2008-2014 period. A significant increase was seen during 2013 when the generation from these HPP-s was 2.5 times higher compared with the previous year. An important contribution for this increase in generation is given from Ashta HPP, which during 2013 generated 211 GWh or 28% of the total generation from these HPP-s.

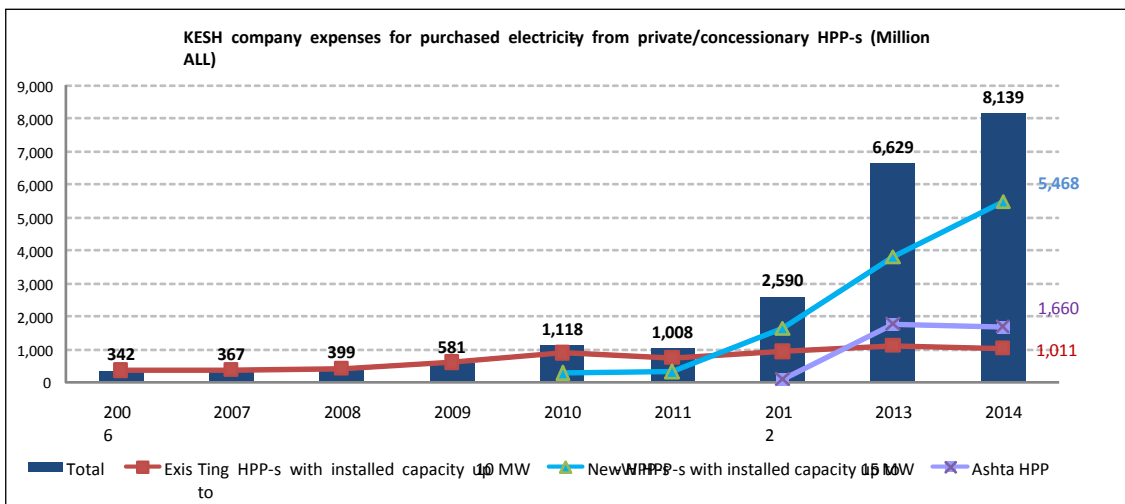


Figure 2-17 KESH company obligations to Private companies for Electricity
(Source: KESH company)

On picture 2-17 graph are shown the obligations of Wholesale Public Supplier to private companies for electricity sold to KESH company, which from 2012 reached over 2.5 Billion ALL, for 2013 6.6 Billion ALL and on 2014 has reached about 8.1 Billion AL.

2.6.1 Electricity Generation Efficiency

As evidenced even in the previous years, the electricity generation efficiency of our power system is estimated by analysing the following indicators:

1. Ability to accumulate electricity in the form of hydroenergetic potential reserves;
2. Ability to regulate the flows annually;
3. Optimising the combination of electricity generation with the import;
4. Higher flexibility to load, this permits to easily cover the peak load;
5. Highlighted dependence to electricity generation from the hydrological weather conditions;
6. Water discharges from the reservoirs;
7. Relatively larger investments for their construction and longer time for their completion and setting the object for utilisation comparing with the TPP-s;
8. Smaller expenses for the utilisation and maintenance

The following table shows that the total electricity supply in the country is 7796 GWh.

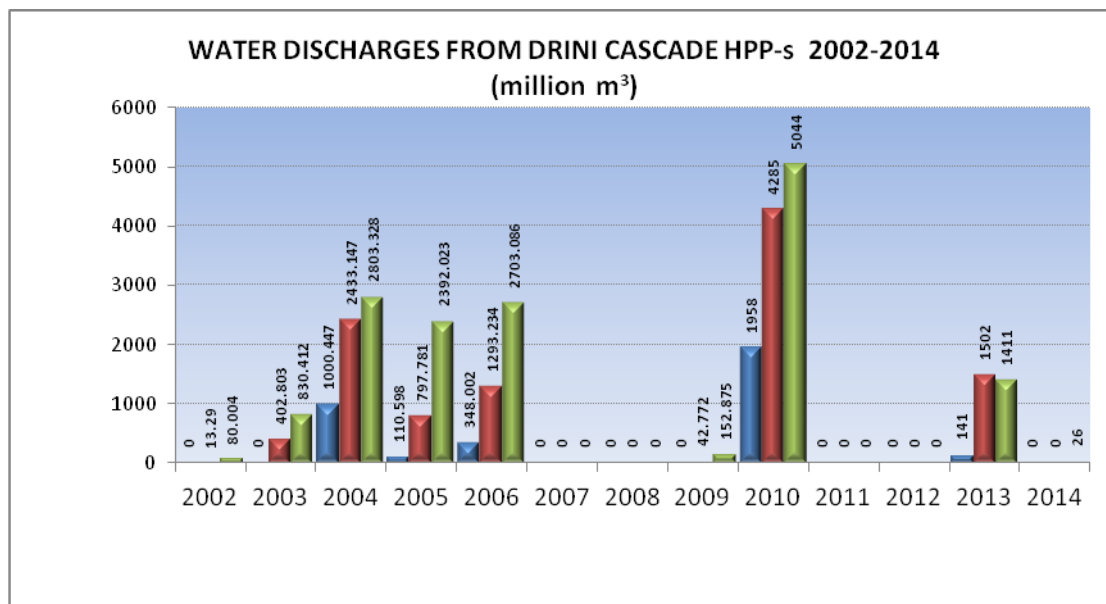
Table 2-8 Electricity Market indicators

Naming	Year												
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Generation (GWh)	3,204	4,974	5,467	5,409	5,516	2,933	3,770	5,201	7,702	4,158	4,725	6,959	4,727
Import from KESH & DSO company GWh)	2,072	937	567	365	633	2,828	2,417	1,884	1,911	3,262	2,538	1,424	2,814
Average Import Price (Eur/MWh)	30.18	30.15	35.57	40.04	47.81	69.00	79.00	48.69	45.50	60.49	63.63	51.51	55.18
Import Value from KESH & DSO company)	62.53	28.26	20.17	14.63	30.25	195.13	190.94	91.74	86.95	197.34	161.52	73.36	155.26
Supply (GWh)	5,430	5,900	5,945	5,933	6,121	5,719	6,300	6,593	6,970	7,342	7,617	7,961	7,796

(Source KESH, TSO companies)

Water discharges without going to the turbine from Drini cascade basin for some years are presented in the following graph. During 2014 are noticed very small water discharges realised for dam security to increase the lakes level.

On picture 2-19 are graphically presented the water discharges from Drin river Cascade HPP-s, for each year of 2002-2014 period.



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fierza HPP	0	0	1,000	111	348	0	0	0	1,958	0	0	141	0
Koman HPP	13	403	2,433	798	1,293	0	0	42.8	4,285	0	0	1,502	0
Vau Dejes HPP	80	830	2,803	2,392	2,703	0	0	153	5,044	0	0	1,411	26

Picture 2-18 Water Discharges from Drini Cascade HPP's (2002-2014)

(Source: TSO company)

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- [I-1] **ERE Anual Reports** (2009-2013).
- [I-2] www.ere.gov.al
- [I-3] **TSO company annual Reports** (2011-2013).
- [I-4] www.ost.al
- [I-5] **KESH company annual reports** (2011-2013).
- [II-1] www.kesh.al

ELECTRICITY TRANSMISSION

3.1 Transmission System Operator

Electricity transmission activity is performed by Transmission System Operator (TSO company), a public company with 100% of the shares owned by the state. TSO was established on 2004, as the result of Albanian Power Corporation reformation and separation, from a vertically organized company that performed the electricity generation, transmission and distribution duties, in three separated companies.

Pursuant to Law No.9072 “On Power Sector”, as amended, TSO company performs the functions of Transmission Network Operator, Dispatcher System Operator and Market Operator.

TSO company provides the necessary transmission capacities for:

- (i) Uninterrupted electricity supply of the distribution system substations and electricity customers directly connected to the transmission grid,
- (ii) Electricity transmission generated from the resources of the country,
- (iii) As well as the necessary transitions and exchanges with the region countries.

In this context it develops the transmission system in accordance with the long term requirements for the electricity supply of the country, with the plans of developing

new electricity resources and coordinating the development of the interconnection grid with the neighbouring countries.

TSO company dispatches the power system by managing the energy flows in the system, taking into consideration the realization of all the ancillary services that are related with the sustainability of the system as well as exchanges with other systems.

An important role is even that of Electricity Market Operator, which operations are gradually expanded with the steps taken for the creation and consolidation of a free and competitive electricity market in the region. During 2014 the Market Operator has regularly developed the annual, monthly and daily auction, of the interconnection capacities. In conformity with the electricity market rules it has performed the process of electricity registering and invoicing as well as the imbalances caused by the market participants.

3.1.1 Transmission System Development

Electricity Transmission System of Albania includes the set of lines with 400 kV, 220 kV, 110 kV voltage and the connecting substations between them, that serve to transmit electricity and international interconnection.

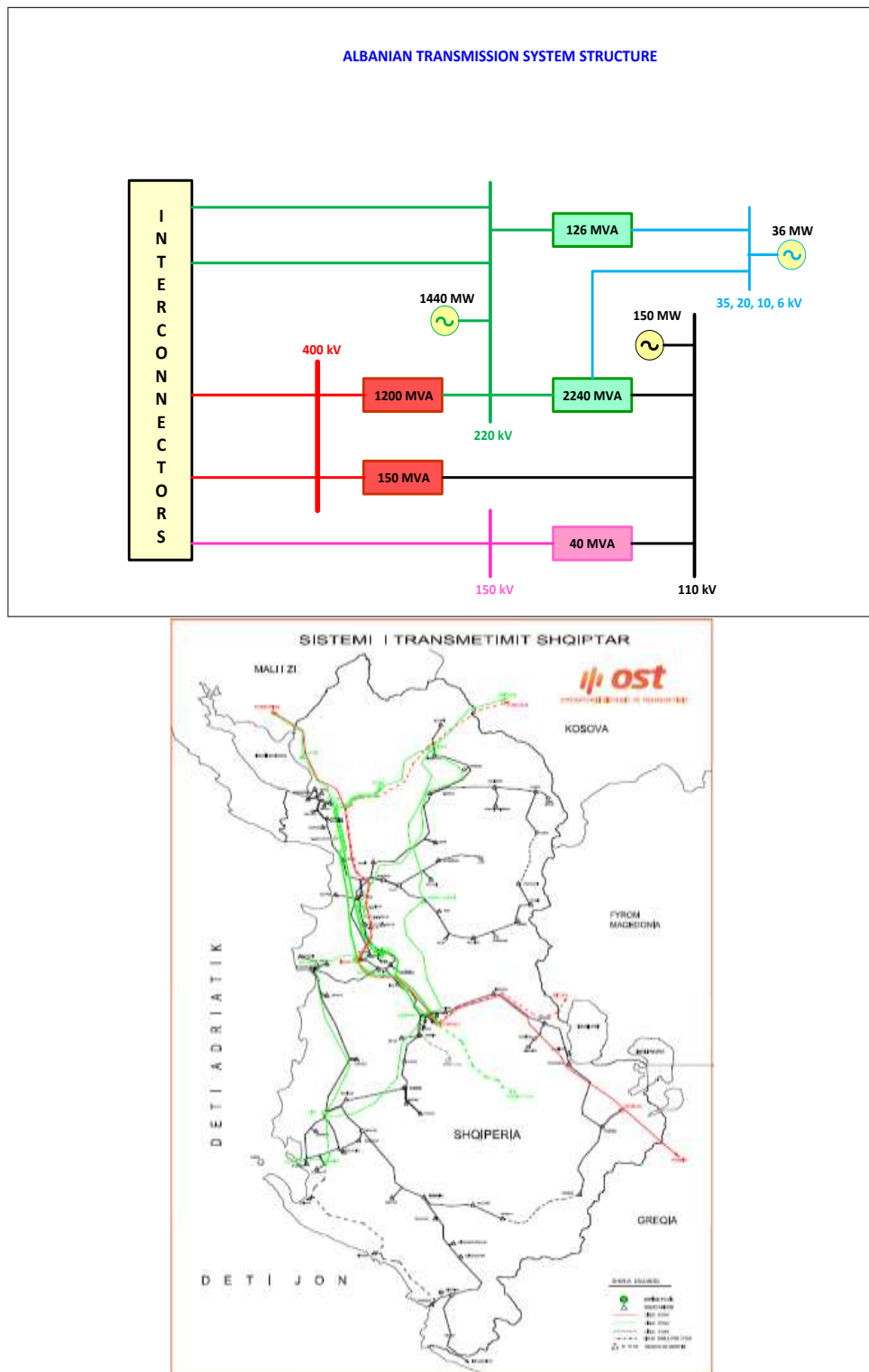
Transmission system line lengths, regarding their voltage level are as follows:

- Transmission line 400 kV.....293.7 km
- Transmission line 220 kV1170.9 km
- Transmission line 150 kV..... 34.4 km
- Transmission line 110 kV.....1289 km

Within the above mentioned lines are included the interconnection lines with the neighbouring countries:

- Interconnection line 220 kV Fierza (Albania) – Prizren (Kosovo)
- Interconnection line 220 kV Koplík (Albania) – Podgorice (Montenegro)
- Interconnection line 400 kV Zemblak (Albania) – Kardia (Greece)
- Interconnection line 400 kV Tirana (Albania) – Podgorica (Montenegro)
- Also operates a connection with 150 kV voltage between Albania and Greece.

The exchange capacity with the neighbouring countries is sufficient to realize the necessary exchanges and the required transitions at any time (Picture 3-1).



Picture 3-1 Exchange capacities with the neighbouring countries (Source: ERE)

Table 3-1 The transforming capacity of the transmission system substations according to the voltage level

Naming	Unit	Capacity
400/220 kV Transformers	MVA	1,200
400/110 kV Transformers	MVA	150
220/110/20 kV Transformers	MVA	240
220/110/ kV Transformers	MVA	2,090
220/20 kV Transformers	MVA	126
150/110 kV Transformers	MVA	40

Table 3-2 The Length of Transmission Lines and Cables (TSO)

Voltage (kV)	Length (km)	
	Air Line	Cable Line
400	293.6	
220	1145.5	
154	34.4	
110	1343.2	6.3
Total	2816.7	6.3

Table 3-3 Transformers Capacity (MVA) (TSO)

Substation Name	Transformers Number	Capacity	Voltage		
		TL (MVA)	TL (kV)	TM (kV)	TU (kV)
FIERZA	1	30.0	242.0	121.0	10.5
FIERZA	2	30.0	242.0	121.0	10.5
VAU DEJA	1	120.0	230.0	121.0	10.5
VAU DEJA	2	120.0	230.0	121.0	10.5
KOPLIKU	1	90.0	220.0	115.0	38.5
BURRELI	1	60.0	230.0	115.0	11.0
BURRELI	2	60.0	230.0	121.0	11.0
TIRANA1	1	120.0	220.0	115.0	37.6
TIRANA1	2	120.0	220.0	115.0	37.6
TIRANA1	3	120.0	220.0	115.0	37.6
TIRANA1	4	63.0	220.0		21.6
TIRANA1	5	63.0	220.0		21.6
TIRANA2	1	300.0	400.0	230.0	20.0
TIRANA2	2	300.0	400.0	230.0	20.0
TIRANA2	3	120.0	220.0	115.0	20.8
TIRANA2	4	120.0	220.0	115.0	20.8
RRASHBULL	1	100.0	220.0	115.0	20.0
RRASHBULL	2	100.0	220.0	115.0	20.0
SHARRE	1	100.0	225.0	130.0	15.0
SHARRE	2	90.0	220.0	115.0	38.5
ELBASANI	1	90.0	220.0	115.0	38.5
ELBASANI	2	90.0	220.0	115.0	38.5
ELBASANI	3	90.0	220.0	115.0	38.5
ELBASAN2	1	300.0	410.0	220.0	30.0
ELBASAN2	2	300.0	410.0	220.0	30.0
FIERI	1	120.0	220.0	115.0	37.6

Substation Name	Transformers Number	Capacity	Voltage		
		TL (MVA)	TL (kV)	TM (kV)	TU (kV)
FIERI	2	120.0	220.0	115.0	37.6
FIERI	3	120.0	220.0	115.0	37.6
BABICA	1	100.0	220.0	115.0	37.0
BABICA	2	100.0	220.0	115.0	37.0
ZEMBLAK	1	150.0	400.0	115.0	20.0
BISTRICA	1	40.0	170.0	115.0	6.0
TOTAL		3846.0			

Transmission System Substations appear in a relatively good condition, because some of them are new ones (400/220/110 kV Tirana 2, 400/110 kV Zemblak, 220/110 kV Rashbull, 220/110/35 kV Koplík). The project financed by EIB, WB and EBRD has included full rehabilitation (primary, secondary equipments, control-monitoring) of all of the Transmission System substations, bringing them in contemporary parameters.

In V. Deja region it is finalized the project of strengthening the Transmission and Distribution System, which above all has realised the strengthening and completion of the Substation scheme 220/110 kV of V. Deja, the construction of the new Koplík substation 220/110/35 kV and the strengthening of the network 110 kV. In finalizing this project it became possible the uninterrupted supply within all substations technical parameters of 110 kV Distribution System for this area.

It is problematic the overloading of Sharra 220/110 kV substation during the winter period. From this substation it is sourced Selita 110/35/10-20 kV substation. The load of this last one is increased very fast because of intensive constructions in the area that this substation covers. Sharra 220/110kV Substation this year is returned in input and output supply by 220kV, normalising the technical situation.

The final solution to eliminate Sharra 220/110 kV Substation overloading, after finishing the construction project of Tirana 2 400/220/110 kV Substation, is to conclude the respective 110 kV grid.

The planned strengthenings in foreign donors projects have made it possible that the main Power System substations to have guaranteed capacity and voltage regulation under loading. Setting new auto transformers in some substations like in, Elbasan and Burrel will create a center with old auto transformers that will be kept as a reserve for any emergency.

For 2015 will be made the planning and carrying out of the overhauls for the substation, supported on the standards set by the instructions, therefore reducing their maintenance costs.

Construction of 220 kV and 110 kV lines compose the main part of the Electricity Transmission System that has began 30-60 years before. As result of long service time, of the difficult terrains that these lines cross, as well as the work in heavy conditions of electricity charges, are observed piles, conductors, amortisations etc.

A very negative phenomenon shown during the last 20 years is the lines damaging with firearms and especially illegal constructions under and at the lines trackway area.

The lines trackways near residential areas are increasingly occupied by illegal constructions that endanger the life of the people who live in them and inhibit the ability of overhauls and repairs.

3.2 TSO Activity

Electricity balance transmitted from TSO company.

In the following table it is provided the TSO company energy balance for 2014 in (GWh) and the expected balance for 2015.

Table 3-4 TSO company Energy Balance for 2014 in (GWh) and the expected one for 2015

No.	TSO company Energy Balance in (GWh)	FACT FOR 2014	EXPECTED FOR 2015
I	TOTAL ENERGY IN THE TRANSMISSION SYSTEM	7.699	7,751
1	- domestic generation	4.343	4,320
2	- obtained energy	3.355	3,431
II	TOTAL TRANSMITTED ENERGY	7.538	7,664
1	- provided energy	2.88	
2	- Energy transmitted for OSHEE company	6,552	6,851
3	- Energy transmitted for qualified clients	697	965
III	TRANSMISSION SYSTEM LOSSES	160	180
	- Total Energy Rate	2.09 %	2.3%

3.2.1 The Main Investments for Developing the Transmission System

Transmission Grid Development in conformity with long term expectations and the plans for developing the power sector in general is one of the basic functions of TSO company and it is a necessity for performing its functions. During the last years are set in operation important projects that have increased the power system operation stability, the exchange capacity with the neighbouring countries as well as the quality of service toward transmission system clients. Meanwhile other important projects are in the implementation stage. TSO company has a clear mid-term plan to develop the transmission system.

Planning the investments in the transmission grid is based on the actual condition analysis of the grid to improve electricity service quality for the current users, as well as future plans for the development of the power sector.

Developing the transmission grid in conformity with the long-term expectations and the plans to develop the power system in general is one of the TSO company basic functions and it is a necessity to perform its functions.

All of the Albanian Power System is actually in an intensive developing stage.

This can be clearly shown in the following aspects:

- The rates of increasing the electricity requirement in Albania are still very high. Referring to the data of 2005-2014 period, the electricity that the Transmission System has transmitted to the customers is increased in about 3.8% rate per year.
- There have been demands for new connections in the transmission system.
- Our power system still does not cover with the domestic generation the demand for electricity in the country and for this reason it is necessary that for every year will be imported large quantities of electricity. The large deficit is especially during dry years, where for covering the demand there should be a large import. Recently it is made possible the realisation of a group import of about 700 MW. In the contrary during high water time, for a better utilisation of the plentiful flows there should be exported considerable excesses of electricity. To realize these exchanges and not violating the conditions of transmission system safe operation, it is necessary to increase the exchange capacity with the neighbours, by strengthening the interconnection grid.
- In the framework of European Union integration, the Albanian government has taken the appropriate commitments before the international community, for establishing the respective legislation and favourable technical conditions for the integrated development of the electricity market in the region, by rehabilitating and modernizing the Transmission System and strengthening the interconnection grid.

All the above mentioned aspects are connected with the transmission system service, which can not be fully performed without realizing the necessary investment for its strengthening and modernisation.

3.3 The Plans of developing the Transmission System

The plan to develop the electricity transmission system includes a series of important projects. Important projects with high financial cost are covered on credit by international financial institutions.

3.3.1 Projects in implementation process

An important part of the projects in the transmission system are set into operation during the last years and other ones are still in the implementation phase.

The status of these projects is as follows:

- **Rehabilitation and modernisation of control, protection, and monitoring systems as well as the replacement of primary equipments for 220 kV of V.Dejes, Fierze and Koman substations.**

The project consists in realizing a new controlling, protection and monitoring system for all the 220 kV, 110 kV and 10 kV outages, a new automatic and computerized of substation control, installing the control and protection panels in the control room, new cabling for the connection of the new relay control and protection system, as well as all the necessary adaptations for the field equipments.

- **Construction of the interconnection 400 kV Tirana2 – Kosova B line**

The works are at the stage of preparing the technical project. Since this LOT (part) includes even a LFC system to be worked as a common control block with Kosovo, they are at the phase of drafting the regulations and respective agreements.

The interconnection line will enable the direct connection in line for 400 kV of Albanian and Kosovo's power systems, by strengthening the connection of these two systems with the region grid.

Considering that the electricity generation in Albania is predominated by hydroenergy and in Kosovo by coal TPP-s, this interconnection line will help in balancing the energy market for both countries, will reduce the hydrological risk in Albania and the electricity market between the two countries and in the region can be developed without limitations from the transmission grid.

The project, besides increasing the electricity exchange capacity and network reliability in the region, will enable the optimal usage of the common resources for electricity generation of Albania and Kosovo, taking into consideration their complementary nature.

- **Strengthening the 110 kV Transmission Grid for the South of Albania**

The project is financed by a German government credit of about 38 million Eur, by the KfW bank and is composed of two LOT-s (parts).



Figure 3-2 Interconnection regional grid map (Source:.....)

The first Lot (part) includes the expansion of 400/110 kV Zemblak Substation with a second transformer 400/110 kV with 150 MVA capacity and completing the Substation primary scheme.

The second Lot (part) includes:

- The construction of 110 kV Ersekë – Permet line, with a length of 56 km.
- The construction of 110 kV Babice–Sarande line, length 104 km.
- The construction of the second circle 110 kV Zemblak – Korce line, with a length of 13 km
- Rehabilitation of 110 Memaliaj – Kelcyre – Përmet dhe Korce – Erseke lines, total length 105 km, as well as rehabilitation works in 110 kV Substation of Përmet.

As it can be seen the project has a very wide scope, including here the western and eastern part of the South of Albania.

- **Expanding the commercial measurement system in mid voltage users.**

The implementation of this project will realize a measuring and invoicing system in real time at the mid voltage grid for further opening of the electricity market.

The measuring system will include all the customers connected in (about 1200 measuring points) 20 kV, 10 kV and 6 kV voltage level in the distribution system substations.

3.3.2 Projects planned for short term development of the Transmission System

Some of these projects include:

- Construction of 220 kV line with two circles Tirana2 – Rrashbull and 220/110 kV Substation in Rrogozhinë.
- Strengthening the annular grid 110 kV (cable) of Tirana and construction of 220/110 kV (option 400/110 kV) Tirana 3 substation.
- Interconnection line construction of 400 kV Elbasan – Bitola (Macedonia) as well as the new substation 400/220 kV Elbasan 3

During 2014 the planned investments from TSO company to be financed from own resources are expected to be realized in the amount 1.65 billion ALL versus 2.04 billion ALL that were planned. This is mainly due to the fact that OSHEE company has not liquidated on time the liability for the transmission service, which is the main income for the TSO company. However, compared with the previous years, the expectation for realizing the investments is higher. Among the major investments for this year we should mention the construction of 110 kV Uznovë – Çorovodë, and Lapaj – Peshkopi lines, the autotransformer 220/110/35 kV purchase for Elbasan1 Substation, the Purchase and implementation of a new electronic platform for the Energy Managing Center.

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DISTRIBUTION SYSTEM OPERATOR

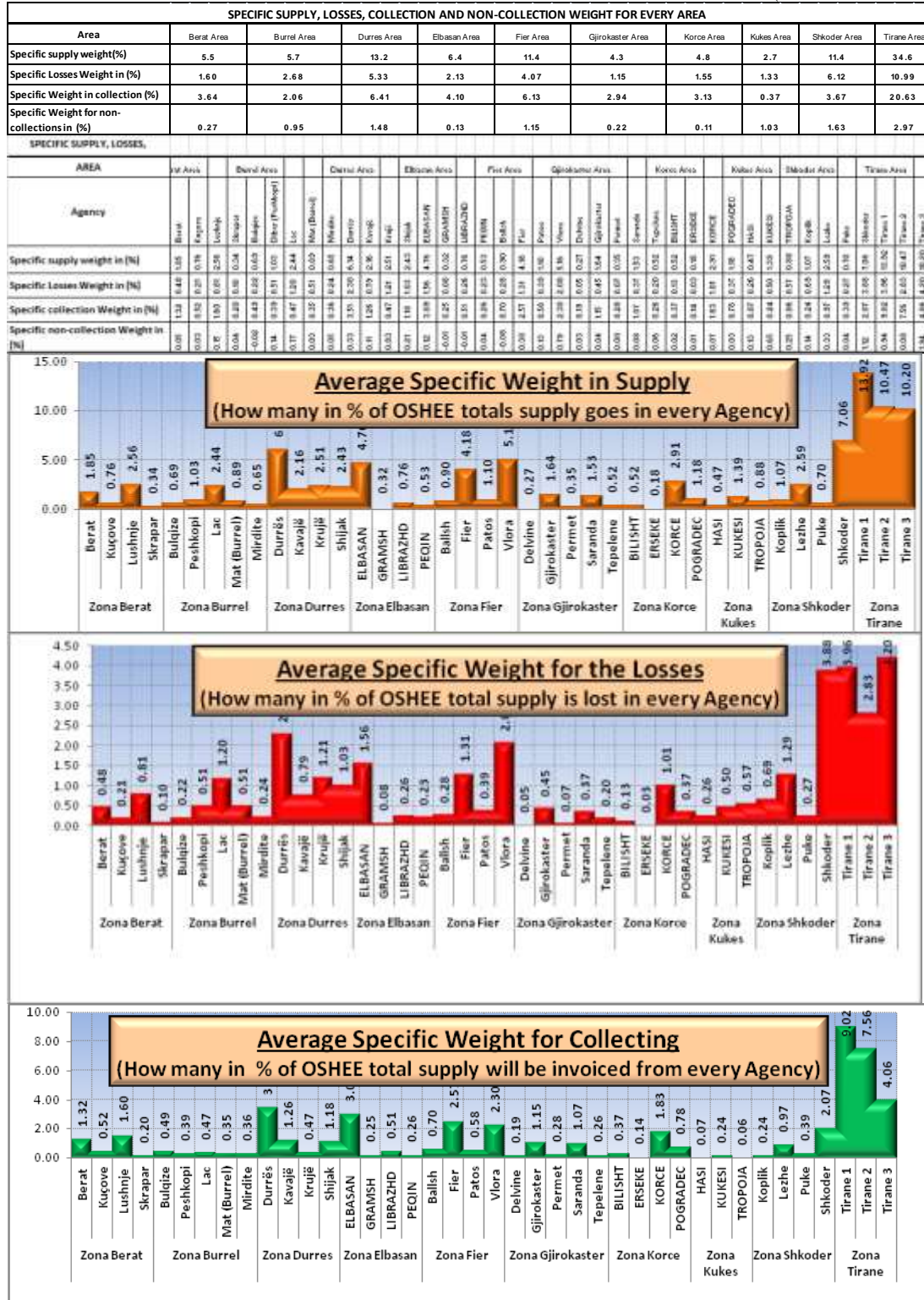
4.1 Distribution System Structure

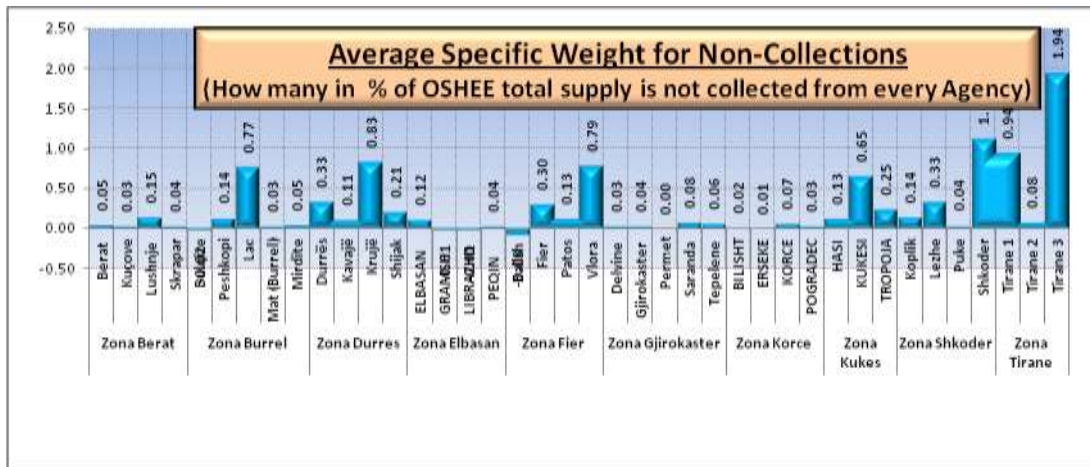
Distribution System Operator (OSHEE company) is organized in 10 Distribution Zones and 40 Agencies.

Below are given the averaged specific weights that hold the main indicators for each Zone and Agency of the Distribution Operator (OSHEE company) during 2014 in report with the total consumed energy.

Table 4-1 Administrative Division of the Distribution Grid and the Specific Weight in Electricity Consumption

(Source: OSHEE)





In the following table are submitted the data from the Lines, Cabins and Transformers in the Distribution System Operator

Table 4-2 The data in the Distribution System Operator

(Source: OSSHE company)

NUMBER ACCORDING TO CABIN TYPE											INSTALLED CAPACITY (kVA)			TRANSFORMER'S NUMBER TM/TU					
METALLIC			STONE MASONRY			BOX			POLE			6 kV	10kV	20kV	6 kV	10kV	20kV		
6 kV	10 kV	20 kV	6 kV	10 kV	20 kV	6 kV	10 kV	20 kV	6 kV	10 kV	20 kV	6 kV	10kV	20kV	6 kV	10kV	20kV		
382	312	10	3,300	3,886	2,852	26	50	699	7,292	5,008	85	1,769,167	1,529,866	1,630,666	11,089	9,318	3,972		
TOTAL NUMBER OF THE CABINS											23 902	TOTAL CAPACITY			4 930 561	TOTAL TRANSF			24 37

LINE LENGTH IN MEDIUM VOLTAGE (km)	
6 KV	5,112
10KV	7,343
20 KV	137
16 KV	11
35 KV	1,112
air Line Total TM	13,715
6 KV	309
10KV	169
20 KV	1,353
35 KV	11
Underground Line Total TM	1,842
Lines in Total TM	15,557

LINE LENGTH IN LOW VOLTAGE (km)	
Air Line TU	25,554
Underground Line TU	4,335
Lines in Total TU	29,889

While the Distribution System Operator results for 2014 are submitted in the following table:

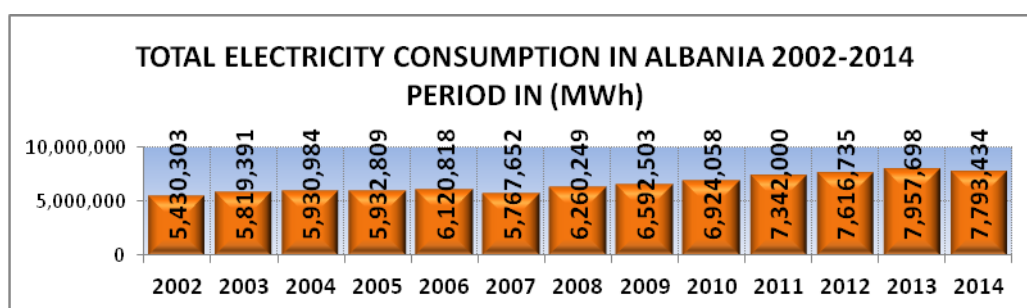
Table 4-3 The data on Distribution System Operator results during 2014

THE TABLE WITH OSHEE company DATA for 2014		
A	Total Energy in OSHEE company in (MWh)	6,935,244
A.1	Energy transmitted by TSO company for the account of OSHEE company	6,497,550
A.1.1	From KESH -Gen by the TSO company	3,793,545
A.1.2	From TSO company as losses import (including the energy from ASHTA)	2,704,025
A.1.3	From TSO company for the account of OSHEE company clients in TL	-
A.1.4	From VLORA TPP by the TSO company	n/a
A.1.5	From Bistrica 1,2 by TSO company	n/a
A.2	Energy transmitted directly in the OSHEE company grid	437,694
A.2.1	Lanabregas HPP	34,249
A.2.2	Private/Concession Plants	403,446
B	Total Energy in the Distribution Grid in (MWh)	6,935,244
C	Total Losses in OSHEE company (MWh)	2,621,940
C.1	Technical Losses in TL units (MWh)	193,209
C.2	Technical Losses in Zones (MWh)	908,417
C.3	Non Technical Losses in Zones (MWh)	1,520,313
C.1	Total Losses at OSHEE company in (%)	37.81%
C.1.1	Technical Losses in TL unit (%)	2.79%
C.2.1	Technical Losses in Zones (%)	13.48%
C.3.1	Non Technical Losses in Zones (%)	22.56%
D	Sold Energy for all OSHEE company customers	4,313,305
D.1	Sold to Private Clients (MWh)	1,340,465
D.1.1	Sold from the Transmission grid for the account of OSHEE company	
D.1.2	Sold for their own needs to OSHEE company	5,548
D.1.3	Sold to Private Clients (without that for its own needs and in TL)	1,334,917
D.2	Sold to non Budgetary Clients (MWh)	260,772
D.3	Sold to Budgetary Clients (MWh)	210,268
D.4	Sold to Domestic Clients (MWh)	2,501,799
D.4.1	Sold to Domestic Clients up to 300 kwh/month (MWh)	1,927,237
D.4.2	Sold to Domestic Clients over 300 kwh/month (MWh)	508,940
D.4.3	Sold to Domestic Clients for common facilities	65,623
E	Invoiced in the previous month (000/ALL)	52,752,975
F	Actual Month Collections (000 ALL)	48,838,928
F.1	Collected for the current invoices of the actual year	24,827,460
F.3	Collected for other invoices of the actual year	11,518,911
F.4	Collected for the other invoices of the past years	12,492,557
F.1	Actual month collections (%)	92.6%
F.1.1	Collected for the current invoices of the actual year (%)	47.1%
F.1.3	Collected for the other invoices of the actual year (%)	21.8%
F.1.4	Collected for the other invoices of the past years (%)	23.7%
G	Invoiced in the Reporting month	53,157,976
H	Uninvoiced Energy from the previous month (MWh) (UBE-1)	-
I	Uninvoiced Energy for the actual month (MWh) (UBE)	-
	No of Customers in total (No.)(december)	1,218,034
	Issued invoices with consumption reading (No.)	10,568,399
	Quantity of invoiced energy with consumption reading (MWh)	4,043,787
	Invoices issued with "0" reading (No.)	3,029,150
	No of invoices issued unread (unmeasured energy) (No.)	515,443
	The quantity of energy invoiced as unmeasured energy (MWh)	266,350
	No of Invoices issued as unread (economical damage) (No.)	235
	Invoiced amount as economical damage (000/All)	47,139
	No of Invoices for which it is collected the arrears (No.)	4,770,167
	The value of the arrears collected (000/ALL)	3,402,449
	Number of Total Complaints for the month	4,338

THE TABLE WITH OSHEE company DATA for 2014		
	No of the Responses for the Total Complaints of the month	43,570

4.2 Electricity Consumption

Structuring the demand for electricity is characterised even during this year from the difference expectation/fact. On picture 4-1 it is graphically submitted total annual consumption of electricity (including the consumption of qualified clients) in Albania for 2002 up to 2014 period.



Picture 4-1 Total consumption during the years

In the following table you will find the synthesized indicators for the three main power system operators in Albania.

The Peak Load during 2014 marks 1475 MW on January 2014.

ELECTRICITY BALANCE OSHEE- 2014

Description		Progressive 2014
Total Electricity for OSHEE company	$T = 6 + TL$	6,935,244
Electricity delivered by TSO company	1	6,497,550
Customer's Electricity in TL (High Voltage)	TL	-
Electricity transmitted for OSHEE company	$2 = 1 - TL$	6,497,550
Infused Generation in Distribution	$P = a + b$	437,694
Generation from medium HPP-s	a	34,249
Generation from private and concessionary HPP-s	b	403,446
Total Electricity in the Distribution grid	$3 = 2 + P + 5$	6,935,244
Total losses in the distribution grid	$4 = 7$	2,621,940
Total Losses in the distribution grid in (%)	$4 / 3$	37.81%
Electricity consumed by qualified customers	5	-
Electricity for OSHEE company customers	$6 = 2 + P$	6,935,244
Distribution Losses	$7 = 8 + 10$	2,621,940

Distribution Losses in (%)	7 / 6	37.81%
Technical losses in HV units	8 = 6 - 9 - 13	193,209
Technical losses in HV units in (%)	8 / 3	2.79%
Electricity for OSHEE company Areas	9	6,738,868
Losses in OSHEE company areas	10=9-5	2,428,731
Losses in OSHEE company areas in (%)	10 / 9	36.04%
Technical Losses	11	908,417
Technical Losses in (%)	11 / 9	13.48%
Non-technical losses	12=10-11	1,520,313
Non-technical Losses in (%)	12 / 9	22.56%
Sold Electricity from OSHEE company grid	S	4,310,138
Sold Electricity for personal consumption of HV units	13	3,167
Sold electricity from OSHEE company	S/1=S+13	4,313,305
Sold electricity for all OSHEE company customers	TS = S/1 + TL	4,313,305
Sold Electricity for household customers	FS	2,501,799
Sold Electricity for non household customers	JFS = TS - FS	1,811,505

ELECTRICITY BALANCE OF TSO COMPANY FOR 2014

No.	Description	Unit	Annual
I	Total Electricity that enters in TSO System	GWh	7,699.26
a	- Domestic generation	"	4,343.27
b	- Obtained electricity	"	3,355.99
II	ENERGJIA TOTALE E TRANSMETUAR	GWh	7,538.31
a	- Awarded electricity	"	288.50
b	- Transmitted electricity for DSO	"	6,552.57
c	- Transmitted electricity for qualified clients	"	697.25
III	Losses in the Transmission grid + NV	GWh	160.942
IV	Losses in the Transmission grid	%	2.09


Electricity Balance of KESH company for 2014 (në MWh)

ELECTRICITY FROM OSHEE COMPANY FOR END USER CUSTOMERS		A	4,313,306
KESH GEN			
Gross Generation		B = 1+2	3,429,701
Hydro Generation		1	3,429,701
<i>Drini Cascade</i>			3,429,694
	Fierzë		1,056,302

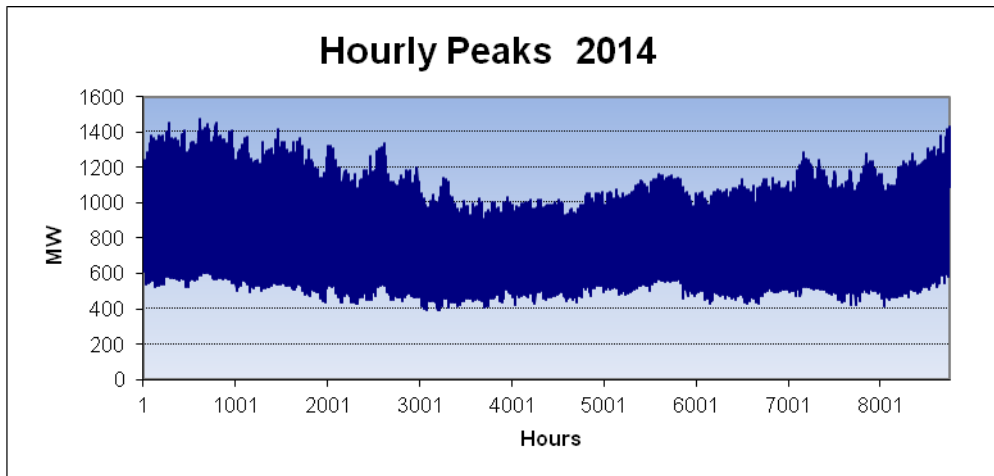
	Koman	1,566,871
	Vau i Dejës	806,522
	Theth	7
Personal Consumption	3	3,814
<i>Drini Cascade</i>		<i>3,814</i>
	Fierzë	1,230
	Koman	1,443
	Vau Dejës	1,140
Losses in Generation	4	17,331
<i>Drini Cascade</i>		<i>17,331</i>
	Fierzë	0
	Koman	17,331
	Vau Dejës	0
Net Genration KESH Gen.	$\frac{5 = B - 3}{- 4}$	3,408,556
<i>Drini Cascade</i>		<i>3,408,549</i>
	Fierzë	1,055,071
	Koman	1,548,096
	Vau Dejës	805,382
	Theth	7
Losses in Transmission	LT	160,942
Sold electricity with market price	E	62,280
Energy from KESH Gen. for WPS		3,185,334
OTHER HYDRO GENERATION (LANABREGAS HPP)		
Gross Hydro Generation		
<i>Others (Lanabregas HPP)</i>		<i>32,860</i>
Personal consumption		0
<i>Others (Lanabregas HPP)</i>		<i>11</i>
Lanabregas		11
Losses in Generation		
<i>Others (Lanabregas HPP)</i>		<i>122</i>
Net Generation Lanabregas HPP		32,726
VLORA TPP		
Gross Generation		0
Personal Consumption		2,330
Losses in Generation		0
Net Generation		(2,330)
PRIVATE AND CONCESSION PLANTS		
IPP Total		919,011
WPS		

KESH Gen.		3,185,334
Others (Ulëz-Shkopet,Bistrica 1 & 2, Lanabregas HPP-s)		32,726
VLORA TPP		(2,330)
IPP Gen.		919,011
Domestic net Generation in Total		4,134,742
EXCHANGES AND IMPORT		
Awarded		109,595
Observed		89,133
(Observed - Awarded) Balance		(20,462)
(WPS) Import		205,920
TOTAL BALANCE (Observed - Awarded)	TSO Balance	2,530,788
CEZ import		2,608,199
KESH import		205,920
Qualified clients		696,735
<i>Others</i>		<i>696,735</i>
<i>KESH company</i>		<i>0</i>
Observed in TOTAL		211,086
Awarded in TOTAL		288,497
The difference for the Observed		121,953
The difference for the Awarded		116,622
Balanced Electricity observed / (awarded) from / (for) TSO company		5,331
<i>SOLD ENERGY from Wholesale Public Supplier</i>		4,325,531
<i>OSHEE company (former CEZ Shpërndarje) (End-User Customers)</i>		4,313,306
<i>For/ (From) OSHEE company(former CEZ Shpërndarje) (Covering the Losses)</i>		12,225

ENERGY BALANCE 2014 (MWh)									
			KESH (Theth HPP)					Drin Cascade	
			7					3,429,694	
					Gross gen. KESH				
					3,429,701				
								Loss.Gen	
								17,331	
								Pers.Cons	
								3,814	
					KESH Net				
					3,408,556				
Sold with market prices					62,280				
Sold to TSO company					160,942				
								Domestic Net Generation 2014	
								4,724,430	
KESH Net			Net (Selit)		Net Conc/priv			KURUM Net	
3,185,334			32,726		919,011			366,467	
Vlora Net									
-2,330									
			Domestic net for						
			4,134,741						
WPS Import			205,920						
Obtained as exchange			89,123						
Balancing Input			5,331						
			109,595		Awarded as exchange				
			0		Output Balancing				
			To be sold WPS						
			4,325,520						
			0		Sold /Qualified				
4,325,561			4,313,306		Sold to DSO company for end user customers				
			12,255		Sold to DSO company to cover the losses				
Obtained to DSO, from WPS for tariff			4,313,306						
Obtained to DSO from WPS (for the losses)			12,255						
Obtained to DSO from the Import (for the			2,608,199		6,935,243			6,935,243	
<i>Obtained from the system (Ulez subs)</i>			1,483						
			0						
Sold to Household Customers			2,501,799		4,313,304			Consumed from CEZ comp	
Sold to Non-Household Customers			1,811,505					6,935,243	
								Consums from Qualifi. Cust	
								697,249	
								Consumed from TSO comp	
								160,942	
Technical losses in HV			193,209						
Technical losses in areas			908,417		2,621,939				
Non technical losses in areas			1,520,313						
								TOTAL CONSUMPTION IN THE COUNTRY FOR 2014	
								7,793,434	

DOMESTIC NET GENERATION, IMPORT (Input-Output) AND TOTAL DOMESTIC CONSUMPTION for 2014 (MWh)												
DOMESTIC NET GENERATION 4,724,430	KESH comp. Net 3,408,556	62,280	Sold with market price		4,134,741	WPS Input 4,435,115	Electricity from WPS for OSHEE company 4,325,520	Electricity from WPS for tariff customers 4,313,306	Electricity imported from OSHEE company 2,608,199			
		160,942	Sold to TSO losses + pers.									
		3,185,334	KESH for WPS 3,185,334									
		919,011	Conc./priv HPP-s Net 919,011									
		32,726	(Lanabregas) HPP net for WPS 32,726									
		-2,330	Vlora TPP cons. for WPS -2,330									
		366,467	KURUM Net 366,467									
		205,920	WPS Import							300,374	109,595	1,483
		89,123	Obtained as exchange									
		5,331	Balancing Input									
TOTAL DOMESTIC CONSUMPTION 2014												
Personal Consumption 2014 7,793,434	OSHEE comp consumption 6,935,244	Sold to Household customers	2,501,799	Input - Output 3,067,489		Consumption 7,793,434						
		Sold to non-household customers	1,811,505									
		Tech losses in HV	193,209									
		Technical Losses in areas	908,417									
		Non-technical losses in areas	1,520,313									
	Kons.OST	160,942	generation 4,725,945									
	Qualified Clients Consumption 697,249	ALBANIAN CHROME (ACR)		143,126								
	ARMO	29,671										
	ANTEA CEMENT	79,164										
	FERROKROM BURREL	18,427										
FUSHE KRUJE CEMENT FACTORY	130,736	with photovoltaic generation about 100,000										
COLACEM ALBANIA	10,227											
KURUM INTERNATIONAL	285,244											
KONSUM H/C (ASHTA+ULEZ)	653											
IMPORT for 2014			3,067,489									
Electricity input in Albania as exchange		3,355,986										
Electricity output in Albania as exchange		288,498										
Circulating Flows input and output from Albania		1,688,575										

Note: Vlora TPP generation (Consumption) is submitted on the tables of energy balance with negative mark, because it is a potential generator and actual consumption is deducted from public generator KESH company.



Picture 4-2 Hourly peaks for 2014

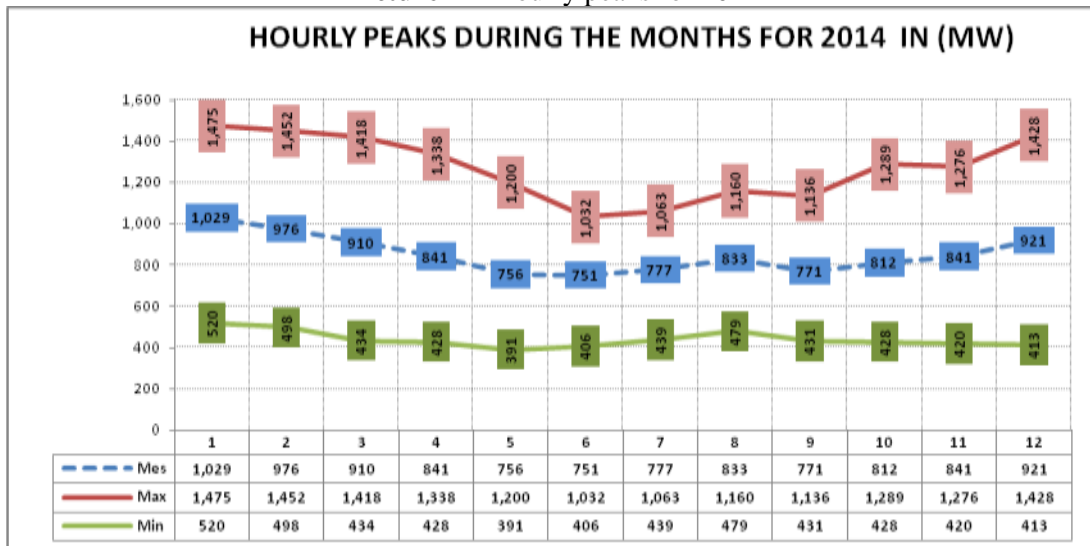
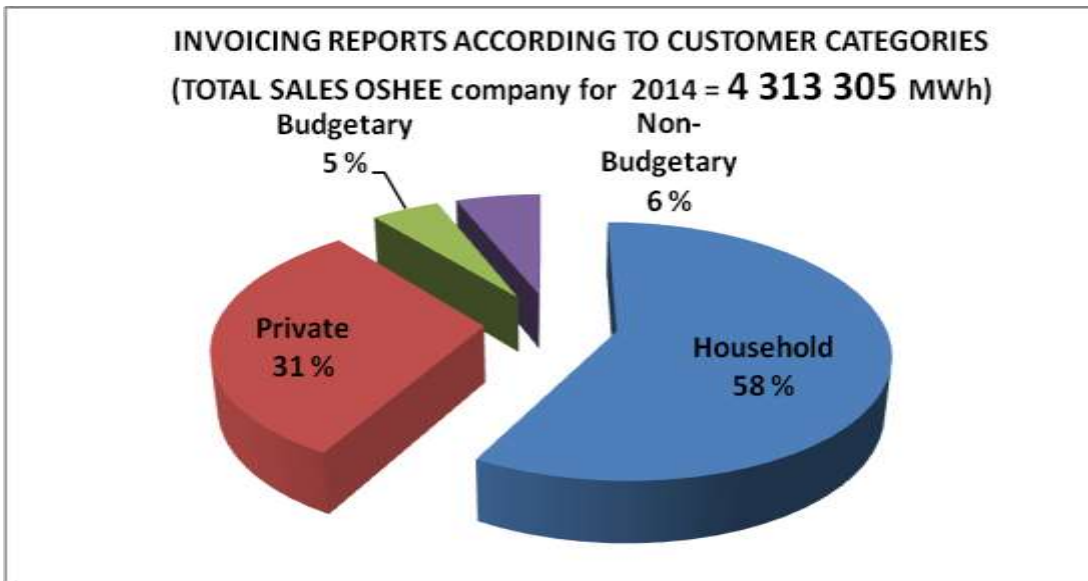


Figure 4-3 Hourly Peaks during 2014

(Source :ERE)

4.2.1 Structure of Electricity Consumption

Household consumption in our country in report with the general consumption invoiced for tariff customers during 2014 represents about 58 %. Showing the same trend as in the previous years.



Picture 4-4 The Invoicing Reports according to customer Categories

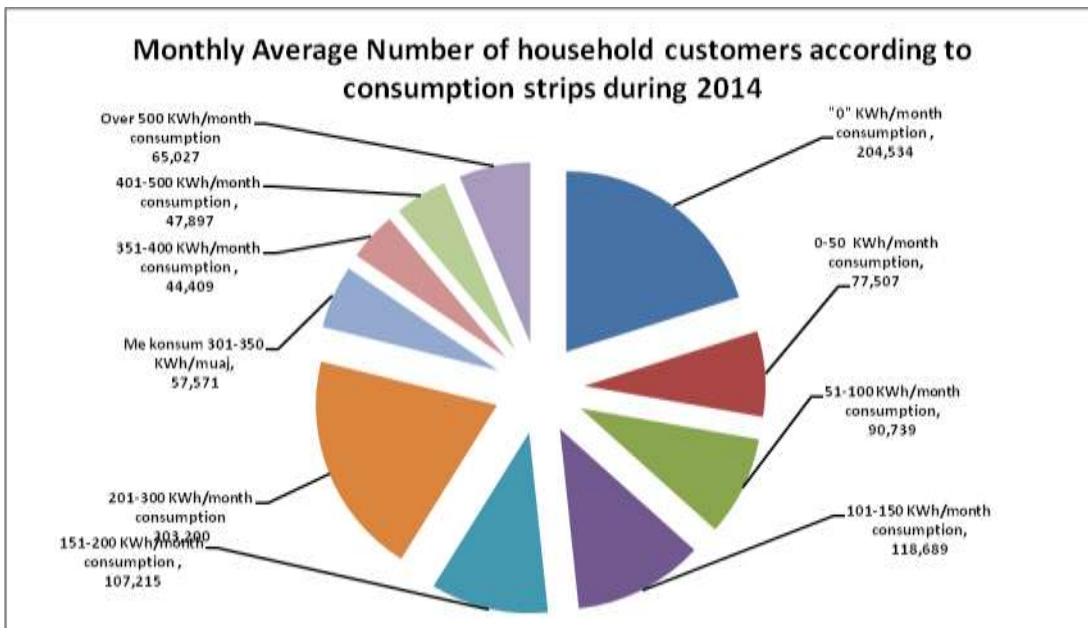


Figure 4-5 Household Customers according to electricity consumption strips

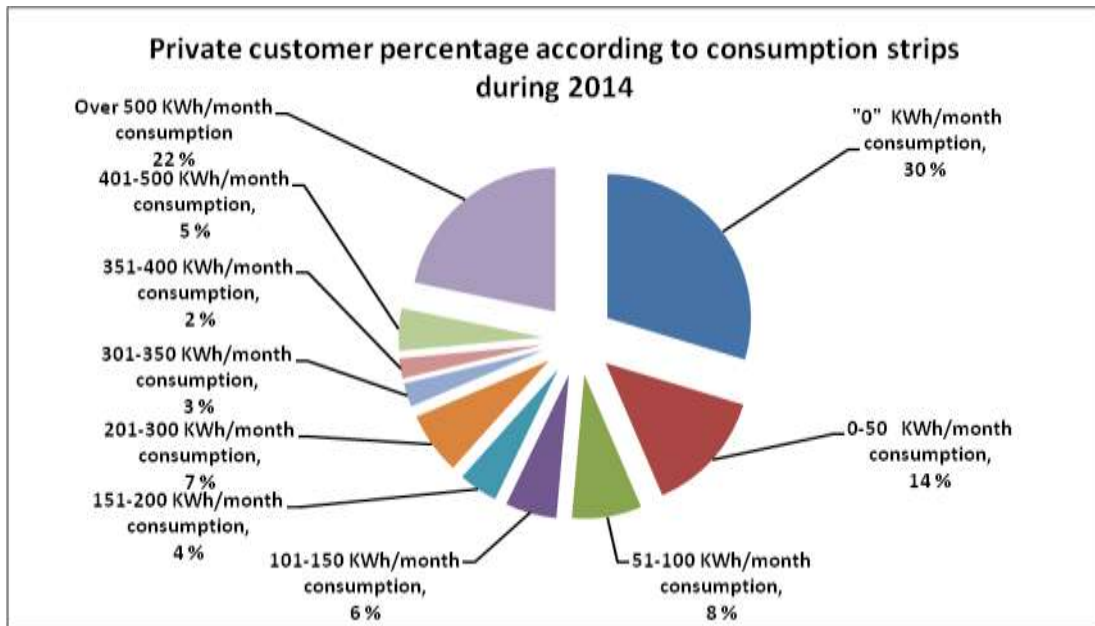


Figure 4-6 Private customers rate according to electricity consumption strips

An important weight in electricity consumption is taken by the budgetary and not budgetary customers, at the last mentioned group mainly belong the water supplies and pumping systems.

NON BUDGETARY CUSTOMERS	MONTHLY AVERAGE NUMBER OF NON-BUDGETARY CUSTOMER INVOICES	%	CONSUMPTION E TOTAL QUANTITY ACCORDING TO THE STRIPS (KWh/MONTHJ)	%
"0" KWh/month consumption	669	30	0	0.0
0-50 KWh/month consumption	236	10	5,859	0.0
51-100 KWh/month consumption	144	6	10,823	0.0
101-150 KWh/month consumption	100	4	12,378	0.1
151-200 KWh/month consumption	74	3	13,093	0.1
201-300 KWh/month consumption	127	6	31,717	0.1
301-350 KWh/month consumption	40	2	12,967	0.1
351-400 KWh/month consumption	36	2	13,436	0.1
401-500 KWh/month consumption	70	3	31,638	0.1
Over 500 KWh/month consumption	761	34	21,773,402	99.4
	2,256		21,905,312	

BUDGETARY CUSTOMERS	MONTHLY AVERAGE NUMBER OF BUDGETARY CUSTOMERS	%	AVERAGE CONSUMPTION QUANTITY ACCORDING TO THE STRIPS (KWh/MONTH)	%
"0" KWh/month	2,670	28	0	0.0
0-50 KWh/month consumption	703	7	16,939	0.1
51-100 KWh/month consumption	522	6	40,441	0.2
101-150 KWh/month consumption	394	4	48,977	0.3
151-200 KWh/month consumption	324	3	57,668	0.3
201-300 KWh/month consumption	567	6	143,391	0.8
301-350 KWh/month consumption	235	3	76,717	0.4
351-400 KWh/month consumption	189	2	71,408	0.4
401-500 KWh/month consumption	376	4	172,289	1.0
Over 500 KWh/month consumption	3,409	36	16,749,741	96.4

It should be emphasized, that according to the consumption level, it is significant the fact that about 58.7% of all the household customers belong to the consumption strip up to 300 kWh/month.

4.2.2 Electricity Consumption Profile

Electricity consumption structure directly affects even in the load profile or electricity consumption. In contrast to the load profile in a day with maximum consumption and in a day with minimal consumption, there shows up a peak load in the evening hours from 19.00 -22.00 that has to do mainly with household activity intensification in these hours during summer.

By studying the annual profile of electricity consumption, the characteristic feature of this profile is the almost complete symmetry of winter-summer consumption. During the warm period april – september there is a medium consumption while in the previous and following three months there is a symmetric load, which is explained with the warmig/cooling of the weather and gradual use of electricity for warming/cooling.

As in previous years reports even during this year it is noticed the same problem, that of using electricity for warming. Any change in the temperature environment is reflected immediately in electricity daily consumption, exactly the effect of using or not using the electric heat in the building.

During summer, in July and August it is seen that the peak trend is increasing it from one year to the other is becoming more evident and is connected with wide-scale use of air-conditioning equipments.

4.3 Electricity Import

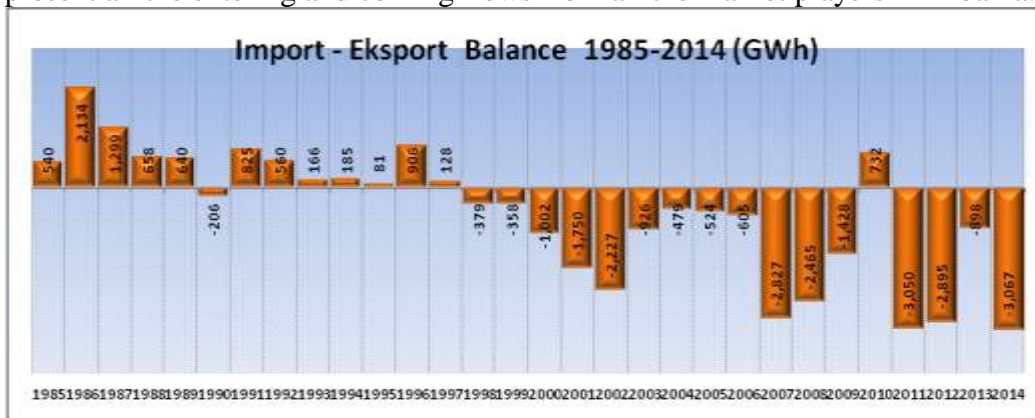
Pursuant to Albanian Market Model demands, electricity imports for customer needs in our country, are performed by wholesale public supplier (FPSH) part of KESH company. While wholesale public supplier (FPSH) imports energy to meet tariff customer needs, OSHEE company imports electricity for full covering of electricity

losses in the Distribution System. On Table 4-4 are shown the energies imported in (MWh) from Wholesale Public Supplier (FPSH), OSHEE company and Qualified Supplier. These values include even the purchases with market prices.

Table 4-4 Energy Import from KESH, OSHEE companies and the Traders during 2014

Period	Imports (MWh)		
	Wholesale Public Supplier (FPSH)	OSHEE company	Qualified Supplier
January	0	285,144	29,410
February	33,600	299,040	19,030
March	0	286,055	23,427
April	84,840	187,200	32,485
May	61,200	163,680	28,717
June	0	180,000	31,838
July	0	193,440	33,540
August	0	200,880	38,328
September	0	162,000	60,298
October	12,600	177,000	42,137
November	13,680	228,240	37,686
December	0	245,520	59,437
Year 2014	205,920	2,608,199	436,333

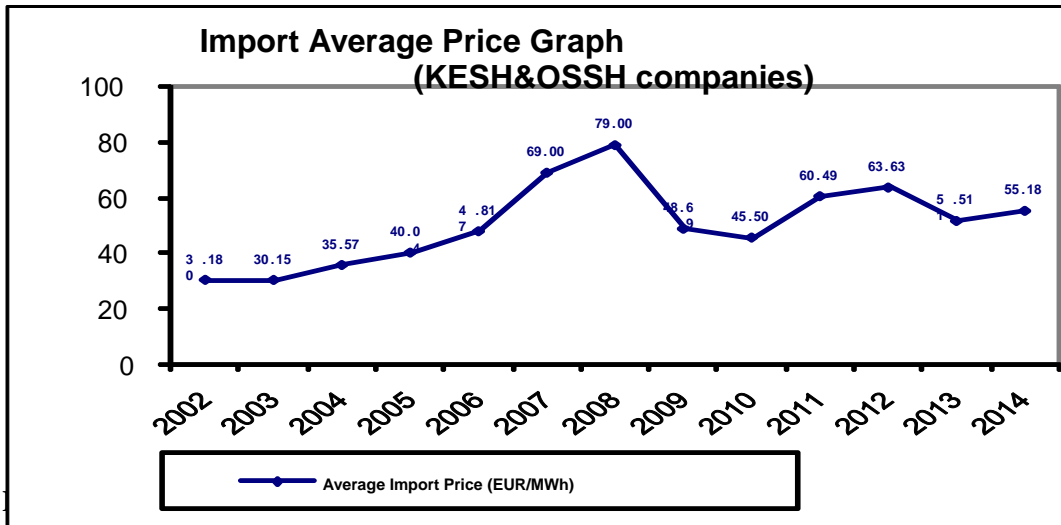
On Picture 4-7 graph it is presented the import-export electricity balance for 1985 – 2014. As it is shown until 1998, (excluding the year 1990) the country has been a net exporter country of electricity. For 1998-2014 period, except 2010, our country results to be a net importer of electricity. Should be clarified that the shown values represent all the entering and coming flows from all the market players in Albania.



Picture 4-7 Electricity Import-Export Balance during the years (Source: TSO company)

(Source: TSO company)

On the following picture it is shown how has changed during the years the electricity price.

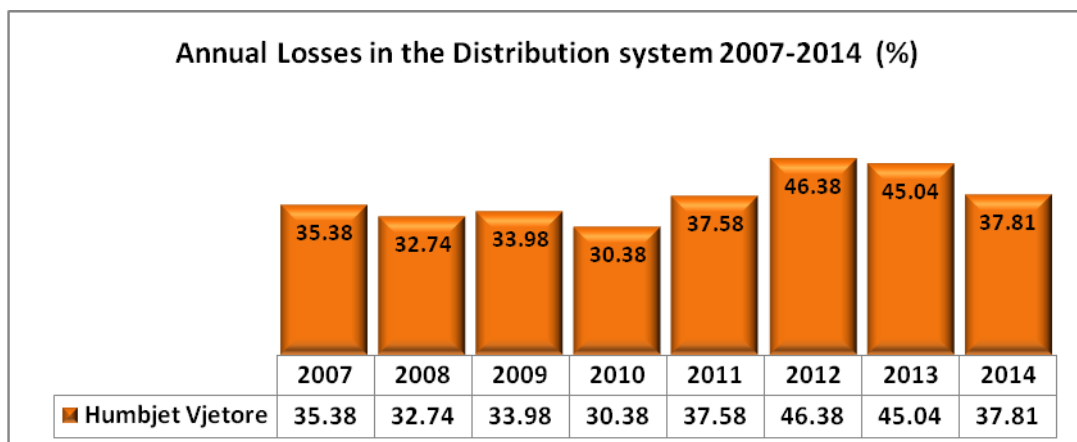


4.4 Electricity Trading Efficiency

During 2014 electricity trading efficiency has continued to be low compared to the previous periods, but anyhow this year marks the tend of improvement in report with 2011-2013 period always to the reference of determining factors in the efficiency level of electricity consumption which are:

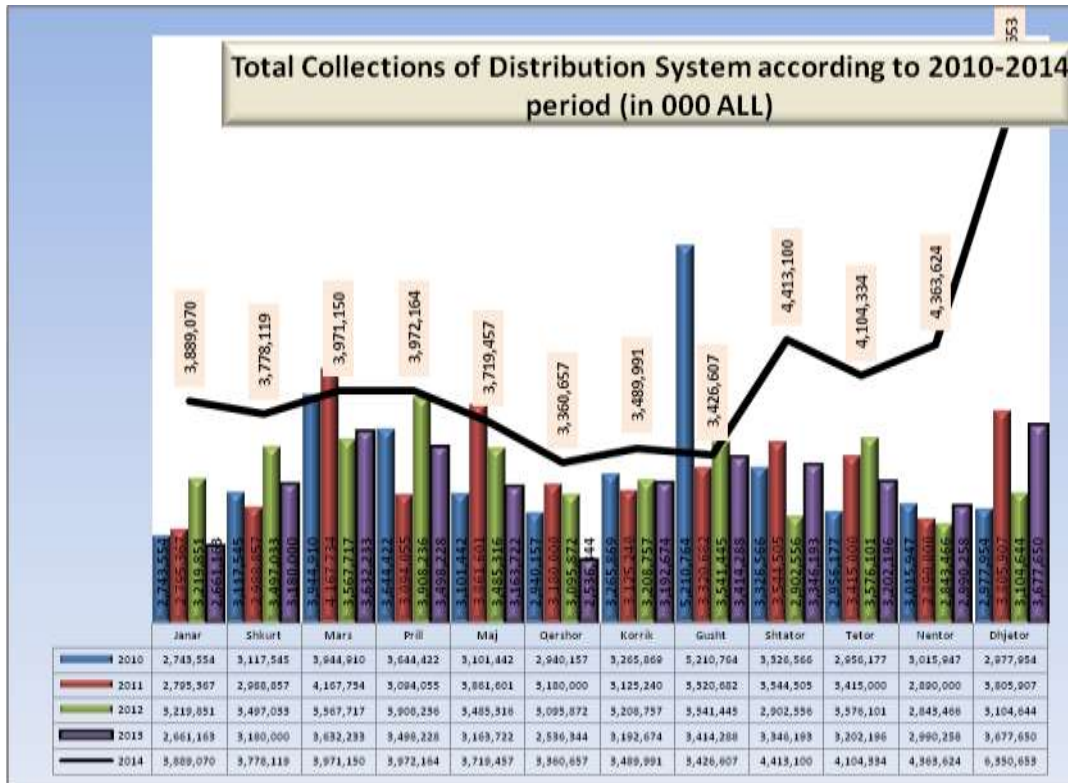
- High level of electricity losses in distribution.
- Low level of electricity collection invoiced.

Total losses reported from the Company for 2014, reach 37.81%, ,marking a significant decline.



Picture 4-9 Total Annual Losses in the Distribution System for 2007-2014

Total collection level reported from OSHEE company is 91.9 % toward the electricity invoiced for 2014.

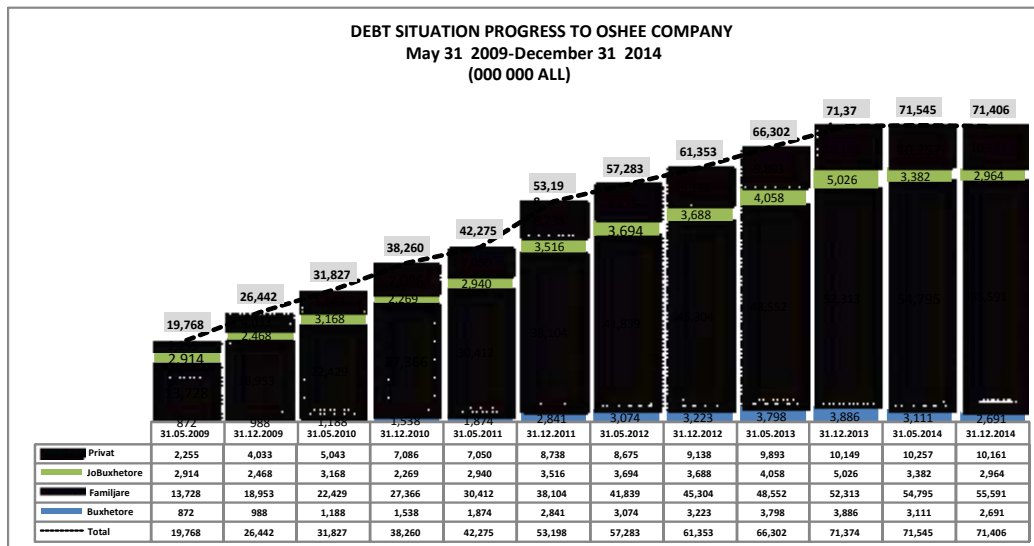


Picture 4-10 Monthly Collection Level during 2010-2014 period

* The collections for 2014 include even the arrears collection for 2007-2013 period in the value 10,069 billion ALL.

Table 4-5 Invoicing – Collections for 2014

INVOICE-COLLECTIONS AND DEBT STATUS CHANGE DURING 2014 (000/ALL)								
2013	Collected according to CEZ Shperndarje	Collected according to 2014 invoices	Collected for 2007-2013 invoices	Total collection	Collected for invoiced energy in 2014	Account Situation Change Collected during 2014	Erase the Obligations With Decision no 198, date 03.04.2014	
	71,374,447							
Are not put	116,647	2	5	7	6=5+7	9=(2-5)	10=(2-5-7-a)	a
January	72,385,325	4,899,949	3,593,288	295,782	3,889,070	1,306,661	1,010,880	0
February	73,231,148	4,623,941	1,224,858	2,553,261	3,778,119	3,399,088	845,821	0
March	73,905,562	4,645,564	3,226,836	744,315	3,971,150	1,418,729	674,414	0
April	70,676,445	4,538,921	3,291,530	680,638	3,972,168	1,247,391	3,229,116	3,795,878
May	71,544,530	4,190,118	3,345,044	374,413	3,719,457	845,074	868,084	(397,423)
June	72,209,337	4,025,464	3,065,528	295,134	3,360,657	959,941	664,807	
July	72,816,898	4,097,547	3,184,902	305,088	3,489,991	912,644	607,556	
August	73,694,774	4,299,885	3,115,141	311,467	3,426,607	1,184,744	877,881	(4,604)
September	72,527,145	4,065,705	3,343,188	1,069,912	4,413,100	722,518	1,167,630	820,235
October	72,630,240	4,280,796	3,647,110	457,228	4,104,338	633,686	103,095	73,367
November	72,771,144	4,504,528	3,459,192	904,432	4,363,624	1,045,336	140,904	
December	71,406,047	4,985,556	4,273,473	2,077,180	6,350,653	712,083	1,365,097	
Total		53,157,978	38,770,084	10,068,842	48,838,927	14,387,890		



Picture 4-11 Debt Situation Progress

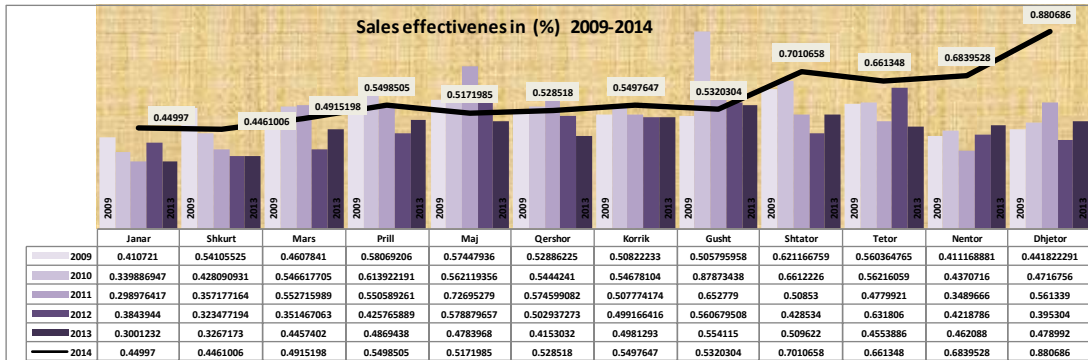
DISTRIBUTION OPERATOR PERFORMANCE 2009-2014 (%)

LOSSES LEVEL (%) 2009-2014													
	January	February	March	April	Maj	Qershor	Korrik	Gusht	September	October	November	December	Annual
2009	40.7	37.05	38.05	32.93	33.44	30.75	32.60	30.20	25.34	30.67	33.44	36.89	33.98
2010	38.6	35.41	36.90	31.37	35.17	31.45	26.94	29.69	21.47	20.61	22.16	29.05	30.38
2011	35.5	38.00	36.95	23.11	24.85	21.29	21.88	19.41	22.95	25.15	32.20	35.70	37.58
2012	35.7	59.16	55.23	45.41	38.87	39.77	45.51	45.5	42.09	35.53	41.89	49.32	46.38
2013	31.1	48.71	48.29	39.66	39.52	40.33	43.33	38.5	35.08	45.98	48.08	53.04	45.04
2014	27.0	42.14	42.78	35.69	36.85	34.10	36.59	36.3	31.67	34.52	32.88	37.54	37.81

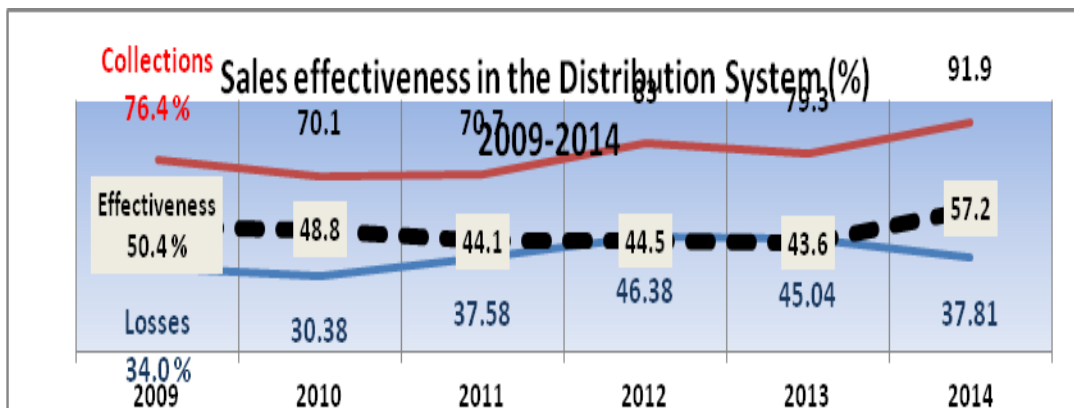
Collection Level (%) 2009-2014													
	January	February	March	April	Maj	Qershor	Korrik	Gusht	September	October	November	December	Annual
2009	69.3	85.95	74.38	86.58	86.31	76.37	75.40	72.46	83.20	80.82	61.77	70.01	76.40
2010	65.3	66.28	86.63	89.46	86.70	79.42	74.84	124.98	84.20	70.81	56.15	66.48	70.10
2011	67.2	57.61	87.66	71.61	96.73	73.00	65.00	81.00	66.00	63.86	51.47	87.30	70.70
2012	69.8	79.20	78.50	78.00	94.70	83.50	91.60	102.90	74.00	98.00	72.60	78.00	83.00
2013	61.4	63.70	86.20	80.70	79.10	69.60	87.90	90.10	78.50	84.30	89.00	102.00	79.30
2014	64.9	77.10	85.90	85.50	81.90	80.20	86.70	83.6	102.60	101.00	101.90	141.00	91.90

Sales Effectiveness (%) 2009-2014													
	January	February	March	April	Maj	Qershor	Korrik	Gusht	September	October	November	December	Annual
2009	41.1%	54.1%	46.1%	58.1%	57.4%	52.9%	50.8%	50.6%	62.1%	56.0%	41.1%	44.2%	50.4%
2010	34.0%	42.8%	54.7%	61.4%	56.2%	54.4%	54.7%	87.9%	66.1%	56.2%	43.7%	47.2%	48.8%
2011	29.9%	35.7%	55.3%	55.1%	72.7%	57.5%	50.8%	65.3%	50.9%	47.8%	34.9%	56.1%	44.1%
2012	38.4%	32.3%	35.1%	42.6%	57.9%	50.3%	49.9%	56.1%	42.9%	63.2%	42.2%	39.5%	44.5%
2013	30.0%	32.7%	44.6%	48.7%	47.8%	41.5%	49.8%	55.4%	51.0%	45.5%	46.2%	47.9%	43.6%
2014	45.0%	44.6%	49.2%	55.0%	51.7%	52.9%	55.0%	53.2%	70.1%	66.1%	68.4%	88.1%	57.2%

Sales effectivity is shown clear in the two following figures.



Picture 4-12 Sales effectivity



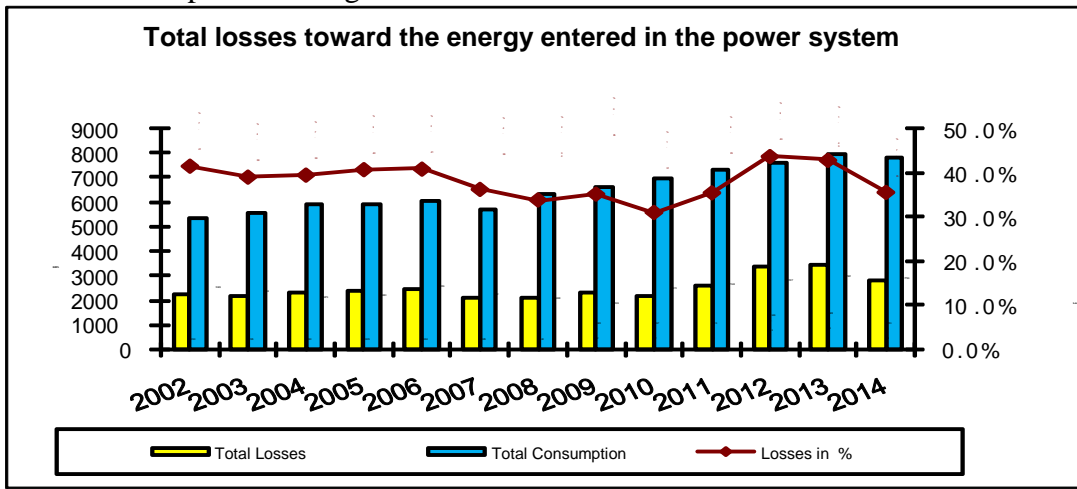
Picture 4-13 Sales effectivity for OSHEE company

(Source: OSHEE company)

As it can be seen from the above table, annual coefficient of effectivity for the Distribution System that takes into consideration the annual losses and collection level results higher than the previous year.

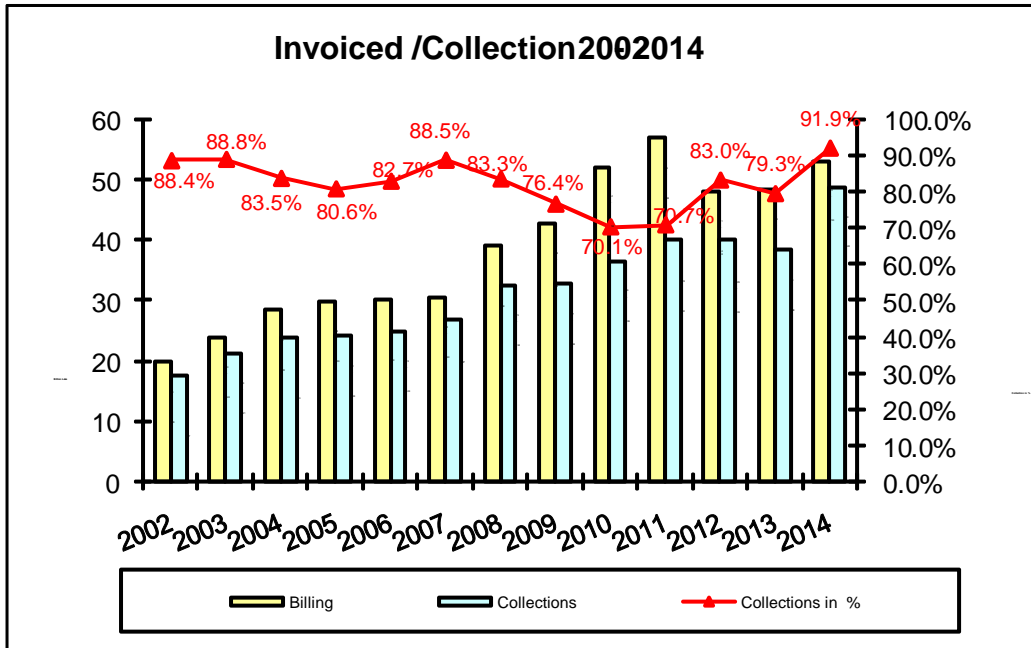
For 2014, the losses level reported from OSHEE company is 37.81% so there is an improvement of about 7.23 % from the losses incurred by ERE on 2013 (45.04%).

In the transmission system the electricity losses reach the value 160.9 GWh or 2.09% from 2.32% reported during 2013.



Picture 4-14 Total Losses toward the Energy entered in the power system

On Picture -4-14 it is submitted the total losses progress including those in the transmission system, during 2002 – 2014 period, while on picture -4-15 graph it is submitted the invoice-collection relation during the same period which show the increase for the company performance.



Picture 4-15 Invoice /Collection 2002-2014

(Source: OSHEE company)

LICENSING AND MONITORING ELECTRICITY MARKET ACTIVITIES

5.1 Licenses and license requirements handled during 2014

During 2014, ERE has performed a broad activity for licensing the companies in several activities of the power sector, within the legal framework in force.

During 2014 at ERE, from different companies, are submitted 64 different applications in the power sector from 57 companies during 2013.

For 42 licensing applications the Board of Commissioners has decided their licensing, while 22 new applications are in process and will be finalized during 2015 in conformity with the ERE terms and procedures.

Even during this year it is strictly respected the transparency provided in the licensing procedures, as well as implementing the terms to review the applications and approving the licenses for the applying companies, pursuant to Law No. 9072 of May.22.2003 “On Power Sector” as amended and “the Regulation for the Procedures of Licensing, Modification, Full/Partial Transferring and License Renewal“.

Also in accordance with the above legal framework are correctly implemented the terms to publish in the printed media Board of Commissioners Decisions that all the interested parties to be informed with these decisions. Any application for license was subject to regularity analysis and correctly completing the legal, administrative,

financial, technical documentation and obtaining the appropriate permissions for using the waters or environmental ones, given from other institutions in conformity with the activity that the companies have requested to be licensed.

On the following tables are given the applications for license during 2014 and the licenses approved by ERE Board of Commissioners.

Table 5-1 The applications for License and the Licensees Approved by the Board of Commissioners according to different activities during 2014

Type of Application	Number of Applications
Electricity generation activity (3 in process)	11
Electricity trading activity (8 in process)	26
Qualified supplier activity (7 in process)	11
License renewal	4
For retail supply	1
For electricity distribution	1
For license modification	1
For license transferring (2 in process)	2
For natural gas trading activity (1 in process)	1
For plant qualification (1 in process)	6

5.1.1 Licenses in Electricity Generation Activity

For electricity generation activity are licensed 8 private companies from 15 HPP-s with total installed capacity 23,585 MW and a Photovoltaic plant with installed capacity 1 MW.

From these plants:

- 5 of which have up to 1Mw capacity.
- 11 of which have 1-5 MW capacity.

Table 5-2 Licenses for Electricity Generation

COMPANY	OBJECT	INSTALLED CAPACITY MW
MTC ENERGY company	RADOVE HPP	2.5
GUR SHPATE ENERGY company	Gur Shpat 1	0.84
	Gur Shpat 2	0.83
EN REL HYDRO company	Zerec 1	0.55
	Zerec 2	1.315
BISTRICA 3 ENERGY company	BISTRICA 3 HPP	1.57
	BISTRICA 4 HPP	1.335
GJURR REC company	MALLA HPP	5.455
KOMP ENERGJI company	HURDHAS 1 HPP	1.71
	HURDHAS 2 HPP	1.3
	HURDHAS 3 HPP	1.2
SA' GA-MAT company	GERMAN 1 HPP	1.2
	GERMAN 2 HPP	1.68
	GERMAN 3 HPP	1.29
	GERMAN 4 HPP	0.81
UKKO company	PHOTOVOLTAIC PLANT	1

Three other companies are in licensing process for electricity generation from 7 HPP-s, with installed capacity 132.99 MW:

- **FATLUM** company, for PEROLLAJ HPP with 0.5 Mw capacity
- **DRAGOBIA ENERGY** company, for Ceremi HPP with 8.6 Mw capacity and Dragobia HPP with 13.4 MW capacity
- **Ayen as energji company**, for Gojan HPP 12.25 Mw capacity, Gjegjan HPP 6.5 Mw capacity, Peshqesh HPP 27.94 Mw capacity and Fangu HPP 63.8 Mw capacity

Table 5-3 Other Licensed activities

LICENSED ACTIVITIES	No. Of Approved Licenses	In Licensing Process
Electricity Qualified Supplier	4	7
Electricity Trader	18	8
Existing License Modification	1	0
Existing License Renewal	4	0
Renewable energy souce qualification	5	1

5.2 Monitoring Electricity Market Activity

5.2.1 Monitoring the Electricity Market. Principles

In compliance with Law No. 9072, of May.22.2003 “*On Power Sector*” as amended, article 8, point 2 letters f) and g) as well as article 63, operator’s services licensed by ERE are monitoring subject in connection with legal obligations observance, and implementing ERE regulations, decision and orders.

Monitorings are conducted based on Law No. 9072, of May.22.2003 “*On Power Sector*” as amended, on the Market Rules, as well as relevant regulations on which basis the market participants operate.

These monitorings are conducted based on preliminary thematic plans and organized in such a way to continuously monitor electricity market participants. The monitoring process is done periodically following the below steps.

- Gathering and processing the periodic (monthly) data and information.
- Processing the results and determining the values of performance indicators.
- Reporting the analysis of electricity market participants performance indicators to ERE Board of Commissioners.
- Broad discussion of issues on ERE Board of Commissioners periodic meetings.
- Defining ERE attitude regarding operators performance as well as the preparation of attitudes and recommendations for them.
- Identifying the issues that should be monitored on the terrain.
- Performing the monitoring on the terrain and analysing them.
- Defining ERE attitude and recommendation regarding the observations from the monitorings

On the following table are submitted all the monitorings performed by ERE during 2014.

On this table are not included the monitorings for verifying the complains-demands or other indicators

Table 5-4 Thematic monitorings during 2014

Monitoring	Monitoring Subject	Period	Company
------------	--------------------	--------	---------

Order			
Order No. 7, of 20.01.14	With the possibility to terminate the supply with electricity of tariff customers from Ulëz –Shkopet HPP	Begins on 23.01.2014	KURUM HPP Ulëz-Shkopet
Order No. 19, of 14.02.14	Investment Plan Draft for 2014	During February 2014	TSO company
Order No. 28, of 07.03.14	1. Implementing Interconnection Capacities Regulation Regulation, approved with ERE Board of Commissioners Decision 2. Implementing decision no. 5, of 17.01.2014 "On February 2014 Auction of Interconnection Capacities"	During March 2014	TSO company
Order No. 29, of 07.03.14	Realizing the electricity import procedure to cover the losses in the distribution system for January-February 2014 months	During March	CEZ Shpërndarje company
Order No. 30, of 07.03.14	Electricity import/export distribution transactions for January –February 2014	During March	KESH company
Order No. 39, of 28.04.14	1. Analysing the results of the first 3-months for 2014 (KESH, TSO, CEZ Shpërndarje companies) 2. New connection obligations (TSO, CEZ Shpërndarje companies) 3. Invoicing system according to consumption levels (CEZ Shpërndarje company)	28.04.14-15.05.14	KESH company, TSO company, CEZ Shpërndarje company
Order No. 40, of 25.04.14	Customer complaints regarding electricity invoicing for January-March 2014 period	14.04.14-21.04.14	CEZ Shpërndarje company
Order No. 46, of 19.05.14	1. Control on implementing ERE decisions for electricity generation from Bene, 2 HPP. Realizing the investments, 3. Contractual relations with KESH company	During May	Marjakaj company
Order No. 68, of 07.09.14	Customer complaints regarding the implementation of contract conditions for supplying with electricity the household and non-household customers as well as the Quality of Service Indicators Regulation during January-August 2014 period	10.09.14-20.09.14	OSHEE company
Order No. 74, of 10.10.14	Analysing the draft-plan for the investments during 2015	During October	KESH company, TSO company, OSHEE company
Order No. 84, of 18.11.14	The proposed investments in the Investment Plan for 2015	Begins on 18.11.2014	KESH company
Order No. 85, of 18.11.14	The proposed investments in the Investment Plan for 2015	Begins on 18.11.2014	TSO company
Order No. 86, of 18.11.14	The proposed investments in the Investment Plan for 2015	Begins on 18.11.2014	OSHEE company

Note: On the above table are not included the monitorings for verifying the complaints-demands or other indicators

5.2.2 KESH company Monitoring

During 2014, ERE has mainly performed monitoring regarding electricity import/export and electricity distribution, realizing the investments and analyzing KESH company results

From monitoring the transactions that has to do with electricity import/export and electricity distribution it is noticed that electricity sale and purchase is made referring to:

- Completing the demand for electricity to tariff customers (OSHEE company), Retail Public Supplier;
- Providing electricity generation from KESH company for every month;
- Providing small HPP-s generation;

and in conformity with the “Regulations and Procedures of Purchasing electricity” approved by ERE Decision No. 30, of March.23.2011, as well as the “Regulations and Procedures of Selling Electricity” approved by ERE with Decision No.1 of January.10.2011.

Regarding the electricity exchanges for 2014 was observed that electricity exchange from KESH company has performed with the traders is made based on the contracts signed. These contracts are in harmony with the disposition defined in the Albanian Electricity Market Model approved with Council of Ministers decision no. 338, of March.19.2008 and Market Rules approved with ERE Board of Commissioners Decision no.68, of June.23.2008.

Planing and Realizing the investments at KESH company is monitored analysing the results of all third regulatory period.

Table 5-5 Investment indicators 2012-2014 (third regulatory period)

Year	Planning the Investments In 000 ALL	Realizing the Investments in 000 ALL	Realizing the Investments (%)
2012	4,541,803	1,210,555	27%
2013	4,039,969	1,620,550	40%
2014	4,494,512	4,039,437	90%
Total	13,076,284	6,870,543	53%

All these Investment Plans failures are mainly because of big financial difficulties with which KESH company is confronted and continues to be confronted, due to non-collecting on time the electricity invoices delivered for Distribution System Operator, (former CEZ Shpërndarje company).

Given that KESH company has failed to provide the financial resources planned by its own incomes, this last mentioned is obliged that during this period should respectively review its investment plans and will be focused on the projects for emergent works and interventions in hydroenergy works of Drini Cascade.

Comparing the report between the investment plan covered by KESH company with its own funds (local costs) and investment planning that are covered by foreign funds (foreign costs) that are provided by international financial part, it is noted that the planned investments were covered from foreign fund part are realized at 65 %, while the planned investments covered by KESH company with its own funds (local costs) are realized only 45%.

Also ERE has done monitoring on Electricity Market Operators transparency for 2014, including KESH company on which it is noted that the company publish on the internet webpage all the required data within the legal framework.

5.2.3 TSO company monitoring

During 2014 ERE has performed monitorings to implement the obligations arising from licensing as well as Market Rules and other legal acts in force.

Realizing the investments has been one of the monitoring subjects. From monitoring the investments in this company it is noticed that the investments in general are realized following mid term plans with foreign investments as well as the investment plan for 2012-2014 period approved by ERE. As it can be seen from the following table, the plans are not realized according to the expectations because of not finding the funds on time and also there have been some deviations from the projects due to the obligatory investments to realize the security of the system.

Table 5-6 Investments at TSO company

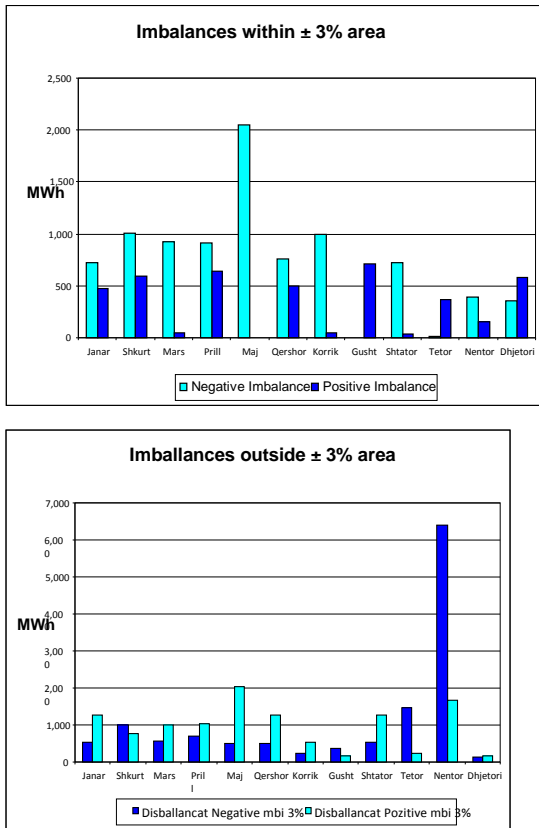
Type of the Investment	2014 Programme (Million ALL)	The expected program for 2014 (Million ALL)
Investments with its own funds	2,306	1,158
Investments with Foreign Finances	3,336	3,324

The Imbalances

Pursuant to Market Rules amendments regarding the handling of balancing market issue, on the basis of hourly data taken from TSO measuring system, are made the imbalances calculations for each market participant, on hourly basis. Every 10 days from TSO company are informed the Parties for the imbalances, so that they can schedule the respective compensations. The parties imbalances are evaluated on monthly basis, which then are invoiced to market participants. Also, on monthly basis, it is calculated and compensated KESH company for balancing the Transmission System.

On the following charts it is submitted a total summary of volume deviation within the $\pm 3\%$ interval of market participants, for January – December 2014 period. The imbalances in these limits are not penalized on monetary values but are compensated by both parties with energy.

The penalties for the deviations are caused by Market Participants, out of $\pm 3\%$ range in MWh, which are calculated and invoiced according to Market Rules approved with respective ERE Board of Commissioners decision.



Picture 5-1 Imbalances inside and outside ±3% area

Interconnection Allocation Capacities

For 2014 ERE has performed monitorings regarding the development of Interconnection Capacities auction.

In conformity with ERE Decisions, TSO company has done Daily Auctions (beginning from September.1.2014 and in continuance), Monthly ATC Auctions in interconnection, as well as Annual ATC Auction, for January 1 – December 31 2014, according to Interconnection Allocation Capacities Regulation (as amended).

On table no 1 are summarized the Annual Auction data for January 1 - December 31 2014 period.

There are also submitted and estimated 136 offers, with a total of about 9.198.000 MWh, with a total amount of the offers about 7.154.038 Eur.

Have resulted winners at the auction 49 offers, in a total of 3.504.000 MWh, with a total value of about 3.004.680 Eur.

We have noticed that the participants interest has been more expressed towards exports for Albania, with a total value of the offers about 4.579.474 Eur, that is 64% of the total offers.

To export direction, dominates the request for interconnection with Greece in a total of 1.664.400 MWh (toward 657.000 MWh offered at the auction from TSO company), in a total value of offers about 2.380.092 Eur.

At the end of the auctions there have not been complaints expressed to market participants, for the procedures and results of the auction.

On Table no. 1 are summarised the data of Annual and Monthly Auctions for January 1 - December 31 2014 period.

Table 5-7 Annual auction data January – December 2014

Winning Offers Value	Average Price of Winning Offers	Number of Participants Offers	Number of Winning Offers
Eur	Eur/MWh	Nr	Nr
1,331,520	1.52	34	10
43,800	0.05	19	12
387,630	1.77	25	5
32,850	0.15	14	5
32,850	0.05	17	8
1,176,030	1.79	27	9
1,752,000	1	76	23
1,252,680	0.72	60	26
3,004,680	0.86	136	49

Table 5-8 Total (monthly – annual) 2014 auction data

			Presented Offers Value	Winning Offers Value	Average Price of the Winning Offers	Number of Presented Offers	Number of Winning Offers	
			Eur	Eur	Eur/MWh	No	No.	
TOTAL 2014 (Annual + Monthly) auction	AL-ME	imp	15,016,119	5,928,385	3.49	435	141	
		exp	159,138	48,096	0.03	114	105	
	AL-RS	imp	11,347,792	4,220,599	4.57	658	192	
		exp	291,587	59,176	0.06	165	116	
	AL-GR	imp	129,101	46,458	0.05	85	58	
		exp	7,240,431	3,359,331	3.09	336	113	
	TOTAL TSO comp	imp	26,493,012	10,195,442	2.79	1,178	391	
		exp	7,691,156	3,466,603	0.96	615	334	
			imp + exp	34,184,168	13,662,045	1.88	1,793	725

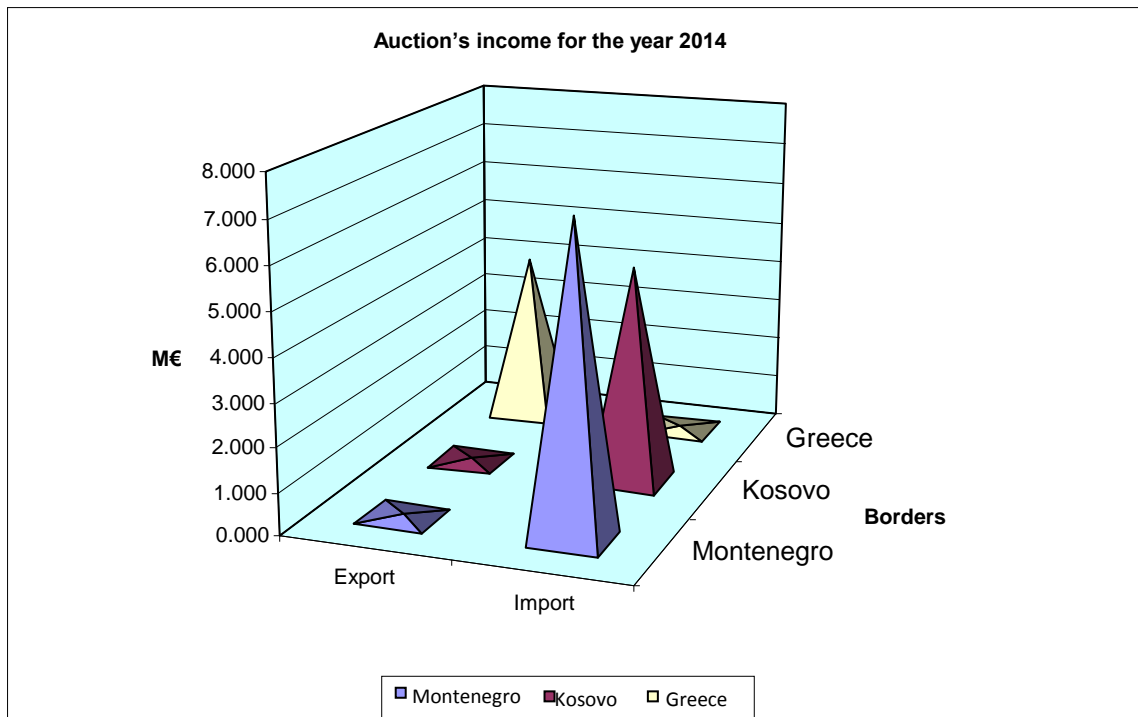
Interconnection capacities auctions are performed by the respective commission of TSO company, in conformity with the terms and procedures defined, as well as with

ERE respective procedures and guidelines/decision. It should be underlined in this context that, there has not been any complaint or objection of Market Participants, participating in the auction, for the deadlines, procedures, auction development process, offer evaluation process, determining the winners and prices of the auction, communication and publication of auction notice and their results.

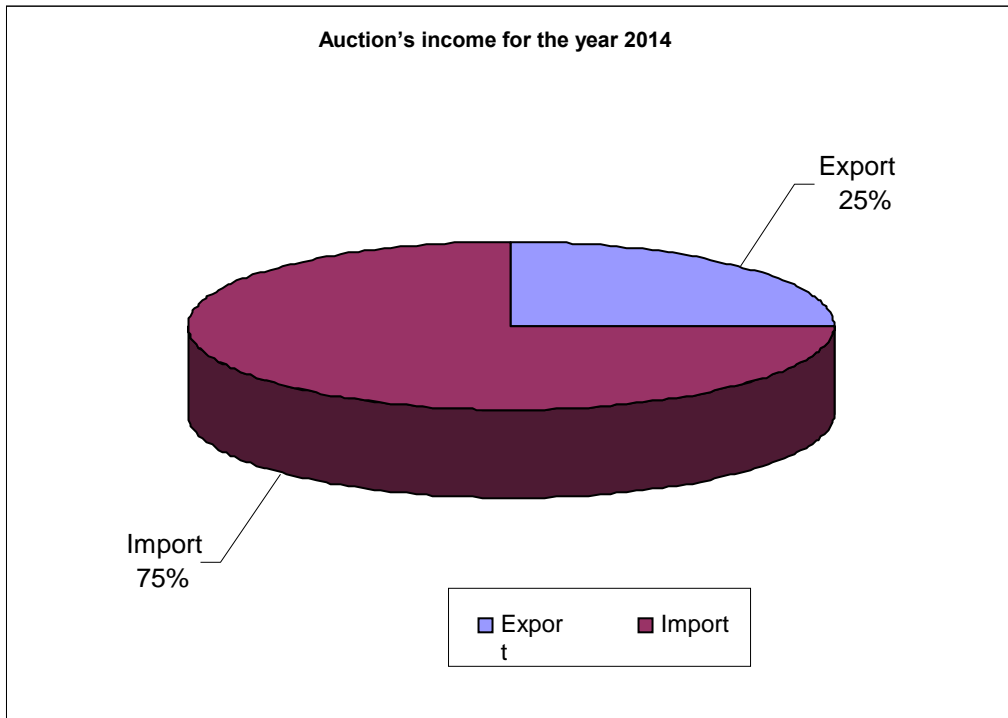
Currently, in the absence of market operation Soft, it is used NOVITA Platform, which has made possible, that from September.1.2014 and in continuance, to be organized daily allocation auctions of ATC in interconnections.

In conformity with ERE’s Decision No. 61, of July.07.2014, the daily auction are set from TSO company, the unallocated capacities in the annual auction, the unallocated capacities in the following monthly auction as well as the “free” capacities, which are not nominated on (D-2) from the market parties.

On the following charts are summarized the incomes from every limit, as well as the weight in percentage that import export have occupied in capacity auctions for 2014.



Picture 5-2 The Incomes Graph from 2014 Auctions



Picture 5-3 The graph in % according to Auction direction for 2014

During the monitoring over New Connections it is observed the correct handling of the requests according to the regulation approved with Board of Commissioners Decision no. 22, of February.25.2012 as follows:

Tabela 5-9 The request to be Connected in the Transmission Grid for 2014

The requirements to Connect in the Transmission Grid for 2014						
No .	Type of the Plant	The Applying Company	Name	Installed Capacity (MW)	Connection Point	Applications
1	Load	"A.S.C.Cr" company	Ferrochromium Plant	12.50	Mat District	3
2		"AlbCHROME" company	Ferrochromium Plant	12.32	220/110/10 kV sub-station BURREL	
3		"GENER-2" company	Multifunctional Building	4.50	220/110/TM kV TIRANA1 sub-station	
4	Hydro Generators	"S.P.E. Gjader" company	Gjader 1-2-3-4-5-6 HPP-s	21.64	Ashta 1 110/20 kV HPP sub-station	12
5		"KUKUR ENERGY" company	Kukur 1-2-3-4-5 HPP-s	21.36	110/TM kV Banje sub-station	
6		"Rajan Energy"	Langarice Cascade HPP-s	7.63	110 kV Erseke-Permet Line	
7		"VERNIK" company	Vernik 1-2-3-4 HPP-s	11.68	110 kV Babice-Sarande Line	
8		"Vellezerit Tola" company	Fushbull HPP	21.52	110 kV Fiber-Librazhd Line	
9		"LIRIA ENERGJI" company	Shpella Poshte HPP	2.30	Bishnica 110/35 kV HPP sub-station	
10		"ACCES Energy Albania" compa	Kiri 1-2 HPP-s	25.19	Shkodra 1 110/TM kV sub-station	
11		"KROI MBRET ENERGJI" compa	Backe-Staravecke HPP-s	10.20	110/TM kV Corovode sub-station	
12		"Wenerg" company	Dardha 2 HPP	3.50	Dardha1 110/TM kV HPP sub-station	
13		"M.C. Inerte Lumzi" company	Lumzi HPP	10.48	110 kV Repe-F.Arrez Line	
14		"Energy Partners Al" company	Shkalle-Ceruja1-2; Rrupe-Klos HPP-s	12.75	110 kV Suc-Bulqize Line	
15	"DITEKO" company	Okshuni Cascade	31.50	110 kV Bulqize-Shupenze Line		
16	Solar Generators	"REN TIR 1" company	Photovoltaic Plant Novosele 1,2,3,4	60.00 (MWp)	110 kV Fier-Vlora1 Line	1
17	Generators at ERE					0
18	Thermal Generators					0
					TOTAL	16

Also within the monitoring that ERE has performed on Electricity Market Operators transparency, for 2014 was observed that TSO company website is under reconstruction process and it is set an obligation to improve the data within the legal framework, in particular:

- The list of registered parties with the information about the name, identification number, registration date and the status (traders, suppliers that supply with electricity only their consumption countries, the withdrawal date, suspension date, etc), *according to Chapter III point 3.5 of Albanian Electricity Market Rules.*
- All the regulated contracts approved by ERE, aiming to support the contracting parties from the risk of changing the market final price, *according to Chapter V, point 2.1 of Albanian Electricity Market Rules.*
- A list that identifies any Metering System for which is required automatic control and/or communication, *according to Chapter XIV, point 9.3 of the Albanian Electricity Market Rules.*
- A list that identifies any Measuring System for which it is required automatic control and/or communication, *according to Chapter XIV, point 9.3 of Albanian Electricity Market Rules.*

- Delivering Programs for interconnections (Nominations) *according to appropriate TSO company procedure and Market Rules, Chapter XVI, point 7 (ii).*
- Information and publication *according to chapter XVI, point 8 of Albanian Electricity Market Rules:*
 - Providing the requirements calculated with Grid Code formula;
 - The expectations for ancillary services calculated with Grid Code formula;
 - Available generation – the total available expected capacity of generation;
 - The maximum expected request and hourly average request in MW for every month in the calendar year;
 - Losses estimations in GWh transmission system on weekly basis;
 - Estimations for unexpected limitations in GWh system on weekly basis;
 - Details for any unexpected situation about when and where the supplying will be limited.

1. The actual value of Application and Supervising Tariff based on point 4.4, of New Connection Regulation.

5.2.4 OSHEE company monitoring

During 2014 thematic monitorings are realized implementing ERE-s chairman orders while periodical monitorings are performed implementing the annual approved plan.

From the monitoring performed regarding the implementation of electricity import procedure to cover the losses in the distribution system was observed that there were no violations of the laws and regulations into force. Procurement procedures for electricity are performed in conformity with the “Standard Regulations and Procedures of Electricity Procurement from OSHEE company”, approved with ERE Board of Commissioners Decision No. 42, of May.25.2009.

From the monitoring performed at the Distribution Operator was observed that subscribers new connections for January-March 2014 period are realized supported on the “New Connections Regulation in the Distribution System”, approved with ERE’s Board of Commissioners Decision No.22, of February.25.2012. The criterias for evaluating the new Connection or modifying the existing one are implemented according to point 1.6 of this Regulation, as well as the procedure followed by the company based on point 2 of this Regulation.

Regarding the transparency in the market of Electricity Market Operators for 2014 it is observed that on OSHEE company website are not published within the legal framework the points as follows:

- The processed results of continuing quality indicators for electricity Supply of every distribution area classified within March 31 of the next year, according to Article 17, point 3 of the Regulation for minimum Conditions of Electricity Distribution Service Quality and Purchase.
- Information and data for the performed services in the previous year, companies according to service quality trade companies, according to article 36, point 3 of the Regulation for the minimum Conditions of electricity Distribution Service and Purchase.

ERE has required from OSHEE company the implementation of the legal framework to increase the Electricity Market transparency.

As result of the observations during the monitorings are prepared some recommendations which should be included in the short and mid terms plans of the company.

RECOMMENDATIONS REGARDING SOME EMERGENT ACTIVITIES TE	
Preparing the Draft Organization Chart and TSO Organization Structure in the conditions of a company with 100% state owned shares and managed from some territorial parts with a clear separation for Distribution-Supply	
Perform full Inventory of the Assets and Managing them by SAP with all the opportunities that it creates.	
Investment Plan preparation for 2015-2017 prioritized according to the need and improved effects.	
Performing a study accompanied with the Action Plan for data-base clarification of the invoice elements in the billing system for all the customers creating the monitoring possibility on cabin and feeder basis.	
Performing a study aiming to determine the obligation of drafting a new contemporary Billing system that fulfills OSHEE requirements.	
Performing a technical-economic study accompanied with a detailed action plan regarding meter fulfillment for all the customers, cabins and feeders.	
Preparation of monthly periodical Monitoring Plan of electricity Balance on cabin basis.	
Performing a study that clears up the way for technical losses calculation in the distribution grids	
Determining losses and collection targets for every cabin.	
Providing the means for priority investments maintenance in the distribution and supply grid.	
Organizing the abusive connections Interruption and realizing the new connections within the set deadlines	
Completion with skilled readers on the basis of predetermined rates and their equipment with the necessary means	
Comparing the monthly periodic data of the sales and collections through the Billing System	
Providing the collection data on real time (every day) from all the involved stakeholders .	
Preparing a study and a scheduled plan to settle the arrears	
Preparing a study and a plan for collecting the arrears from OSHEE customers	
Establishing the conditions to periodically measure the performance in terms of quality of service	
SKADA realization	

5.2.5 Monitoring other Electricity Operators

During 2014, despite the monitorings by periodical reports, ERE has exercised thematical monitorings even with the companies as follows:

KURUM International company, where the monitoring subject was the possibility to terminate electricity supply of Distribution Operator from Ulez HPP Substation to supply the tariff customers.

Marjakaj company where the monitoring subject was the verification of Marjakaj company complaint for the contractual disagreements with KESH company, at the same time for controlling the implementation of ERE decisions and realizing the investments from this company.

NATURAL GAS SECTOR REGULATION

6.1 ERE Priorities on Natural Gas Sector during 2014

6.1.1 TAP Project, (Trans Adriatic Pipeline)

Trans Adriatic Pipeline Project (TAP) is part of gas transmission system generated from Shah Deniz 2 (SD 2) source country in Azerbaijan toward European Gas Market. Transportation through Azerbaijan and Georgia will be performed by South Caucasian Pipeline, while transportation through Turkey will be performed by TANAP pipeline to the Turkish-Greek border. The further transportation will be performed by Trans Adriatic Pipeline (TAP). TAP will be expanded through Greece, Albania, Adriatic Sea floor to join the Italian Transmission Gas System in San Foca South Italy area which enables further movement toward European markets. The project is mainly projected to transport 10 bcm/year, with the ability to further expand the capacity up to 20 bcm/year by adding new compressor stations. TAP is designed to enable physical gas flow in the upstream direction.

TAP Project is developed from TAP AG company. The initial shareholders of the company have been: Swiss Company Axpo (42.5%), Norwegian company Statoil (42.5 %) and German Company E.ON Ruhrgas (15%). Statoil is also a shareholder (25,5 %) in Shah Deniz Consortium is the company that uses SD2.

On July 30 2013 structure of TAP shareholders changed as follows; BP (20%), SOCAR (20%), Statoil (20%), Fluxys (16%), Total (10%), E.ON (9%) and Axpo (5%)

And recently there have been some changes of the shareholders again for which are informed all the stakeholders including here three national authorities, the Greek, Italian and Albanian Authority.

Since the latest announcement of July 23 2013 recently there have been some changes in TAP AG ownership – especially, general outage of Total Gas Transport Ventures S.A.S. and E.ON (through Global Commodities SE) as well as the shareholders and entry of Enagás Enagás Internacional SLU.

Actual shareholders are presented according to the following table:

Table 6-1 Actual Shareholders

Shareholders	Shareholders before the change provided on July, 23,2013	Actual shareholders according to September 30 2014	Change
AzTAP (before known as SOCAR GAS Pipelines GmbH)	20%	20%	0%
BP Gas Marketing Ltd	20%	20%	0%
Statoil ASA	20%	20%	0%
Fluxys Europe BV	16%	19%	+3%
Enagás Internacional S.L.U	0%	16%	+16%
Axpo Holding AG	5%	5%	0%
Total Gas Transport Ventures SAS	10%	0%	-10%
E.ON Global Commodities SE	9%	0%	-9%

6.2 About the progress of TAP-AG project so far

6.2.1 TAP-AG Exemption Decision

The Governing Agreements between the shareholders have not changed from the previous changes of Trans Adriatic Pipeline AG shareholders, on July 23 2013.

TAP, has a length of about 870 kilometers. Its track record begins at Turkish-Greek border, crosses the Greek territory and enters in Albania in Bilisht area. It goes through 204 kilometers in Albania (from Bilisht- Center at the Greek-Albanian border to the coastal area in Seman at the north of Fier country), it expands 105 kilometers across Adriatic Sea, comes out Melendugno and continues even 5 kilometers in the Italian territory.

Final Joint Opinion of June 2013 defined that Exemption Decision will lose its effect and validity if the construction will not begin within 3 years (so, within June 2016) and if the operational activity does not start within the next 6 years. However, EU Commission could approve a prolongation in case of any delay caused by major obstacles beyond TAP authorities. (this based on article 36.9 Directive 79/2003/EC).

In European Commission decision of May 2013 it was provided that TAP role is only one element in the series of investments performed to ensure Shah Deniz 2 Gas generation and gas transport in EU. In particular, the decision provided that TAP has no influence on further development of the process; so, any influence on Shah Deniz 2 gas field, transport infrastructure from Azerbaijan and Georgia, as well as transport infrastructure along Turkey.

On the time that TAP Exemption Decision was taken, January 2019 is estimated as the period when gas will enter for the first time on TAP system.

6.2.2 SDC (Southern Gas Corridor) FID & Planned Commencing Date for TAP (PCD).

Taking into consideration that Southern Gas Corridor is a complex chain project, it is needed to enable some flexibility on the Planned Commencing Date for TAP in order to synchronise all the elements of this chain process.

Regarding TAP, the procedure to determine PCD is explained on Tariff Define Agreement (TDA) of July 2013, where the agreed parties are BP Exploration (Shah Deniz) Limited (for the account of South Gas Corridor), SOCAR and TAP AG. On TDA (Tariff Define Agreement) it is sanctioned SDC right to define PCD (Planned Commencing Date) within the specified parameters.

On August 2013, three National Regulators were notified by an official letter by TAP company where was summarised TDA (Tariff Define Agreement), including here the 'funneling mechanism' principles. The process of defining PCD (Planned Commencing Date) is also included in the final version of TAP Tariff Code, that was approved by National Regulators on November 2013.

Taking into consideration the Exemption Decision for TAP was approved the engineering construction plan for Shah Deniz 2, as well as the update of the working plan, including here the initial optimum date for EU exports. Shah Deniz Consortium now aims to deliver gas in Europe at the beginning of 2020-, one year after the first gas is offshore generated in Azerbaijan.

SDC undertook the Final Investment Decision on December 17 2013. In conformity with the TDA (Tariff Define Agreement) provisions, SDC (Southern Gas Corridor) informed TAP company about the First Window Period – during which will be implemented PCD (Planned Commencing Date). Then, on December 16 2014 SDC

informed TAP company the Second Window Period – during which will be implemented PCD (Planned Commencing Date).

PCD (Planned Commencing Date for TAP project) will be implemented only within 1 year period, and NOT beyond this period. Clearly, the latest date when will be implemented PCD is December 31 2020. There is no contractual mechanism which will allow the prolongation of PCD implementation beyond 2020.

Establishing a collaborative mechanism, TDA (Tariff Define Agreement) operates as a means to ensure an efficient and cost effective development for TAP project, enabling the calculation (synchronization) of the hours for other chain elements of Shah Deniz 2.

Taking into consideration these notifications from SDC, TAP requires a prolongation of provided period with the Exemption Decision, for a 25 years period from the latest date possible with the commencement of PCD (Planned Commencing Date for TAP) implementation.

6.2.3 SD2 (Shah Deniz 2) and SGC (Southern Gas Corridor) project progress

SD2 (Shah Deniz 2) and SGC (Southern Gas Corridor) projects include upstream and downstream components of TAP project including here: offshore activities and generation increase to achieve the highland result; other gas projects such as Southern Caucasus pipeline expansion from Azerbaijan through Georgia and TANAP in Turkey, and then the connection with SNAM gas system in Italy.

With a combined cost of at least 45 milliard \$ SD2 (Shah Deniz 2) and SGC (Southern Gas Corridor) compose one of the largest energetical projects in the “project execution” phase and form the largest project with which Europe is confronted, a new pipeline source.

Project Details

- SD2 is expected to provide 16 billion cubic meters for gas (bcma) in a year for million of customers in Georgia, Turkey, Greece, Bulgaria, and Italy.
- SD2 (Shah Deniz 2) and SGC (Southern Gas Corridor) distribution will require a close collaboration between 10 investing companies, 7 governments and 11 gas wholesale purchasers.
- Shah Deniz will deploy the first generation technology under Caspian sea, and will use advanced drilling solutions, to conclude on wells that distribute gas with highest percentages in the world.
- The pipeline network with a length 3500 km SGC (Southern Gas Corridor), which is composed of SCPX, TANAP, and other TAP pipeline projects can double their capacity from their initial capacity to set the additional part.

- The provisions are made to expand Shah Deniz PSA from 2036 until 2048, opening other developments in the future of deep Shah Deniz reservoirs.

Activities during 2014 and the commitment to implement the agreements

- SD2 (Shah Deniz 2) project has began the construction phase with detailed engineering activities, those of drilling and preliminary construction which are underway. Total expenses for SD2 (Shah Deniz 2) upstream and SCPX on 2014 are expected to be about 5 billion \$. Examples of contracts concluded during 2014 are:
 - KBR for ensuring the detailed technics, project managing and procurement supporting services; with a value of 365 million \$.
 - Tefken-Azfen Alliance will carry out additional gas construction and will strengthen the processing tools of Sangachanal Terminal in Baku; with a value of 998 million \$.
 - AMEC-Tekfen-Azfen (ATA) Consortium for the generation of unit platforms on Stage 2 generation site ATA in Bibi-Heybat near Baku; with a value of 974 million \$.
 - The initial stage for the under-sea part of the pipeline as well as the services for the project management of the value 57 million \$, are given to Wood Group Kenny Limited (WGK) company.
 - At SCPX, the contract for the construction and support of SCPX project services in Georgia is given to the joint venture Bechtel Enka.
 - CBI will enable to the pipeline and to SCPX technical services even for the project management.
 - CSM Bessac will perform the axle and tunnel construction as well as the installation of the pipeline for the two crosses from one shore of the river to the other for SCPX project.
 - 26 million \$ contract for the managing horizontal drills and the installation of the pipeline for five river crossings of SCPX project is given to Drill Tec GmbH.
 - Istiglal Contract for the Drill is given to CDC company, while Maersk Heydar Aliyev Agreement is given to Maersk company.
 - BoS Shelf/Saipem/Star Gulf Consortium is given the contract for the two navies included in the offshore generation.
 - Baku shipyard is contracted from the Construction Ship in the Undersea.

ShawCor in Netherlands B.V. (Bredero) are given two contracts with a combined value of 226 million \$. These contracts cover the application for the non-erosion and the layer for the concrete weight for Shah Deniz 2 pipeline export in the undersea, and improvement of Caspian Pipe Coating (CPS) Plant in Baku.

6.2.4 Exemption Period Prolongation

From SD2 (Shah Deniz 2) project FID on December 2013, SDC (Shah Deniz Consortium) has collaborated with TAP for a number of programmed issues of the project. TAP is informed that the first TAP gas will be between January 1 2020 and December 31 2020. In total SD2 (Shah Deniz 2) complexity and SGC (Southern Gas Corridor) project the level, participation of a large number of the parties and stakeholders, geopolitical content, a cross-border movement of 7 gas countries, requires to be allowed a limit tolerance in order to avoid the unnecessary costs due to the parts in a continuity value that is ready faster than the others. Funneling mechanism according to TDA (Tariff Define Agreement) is defined to ensure a tolerance according to agreed limits, and SDC (Shah Deniz Consortium) which support TAP request, which is recognized and adopted within the Exemption.

6.3 Some other important developments for our country Regarding TAP Project until the end of 2014.

6.3.1 About the taken decisions and the project situation.

The Albanian Energy Regulator Authority has an excellent collaboration with the Greek and Italian Regulator Authorities, and have taken joint decisions regarding TAP-AG project, in full conformity with the European Parliament and Council Directives, regardless that these Directives are not reflected on our current laws, but, we are working to reflect these new Directives in the new gas law which very soon will be on Parliament for approval.

The assessment of the joint work for the three Regulator Authorities is also made by the European Commission in Brussels, on 13.10.2014, which in the final report of the; "Progress towards completing the Internal Energy Market" has said explicitly that the: Collaboration between Greece, Italy and Albania, supported by the Commission, has been an effective example in setting a suitable regulatory framework for TAP, that will bring additional gas resources from Caspian region in the EU market".

Until now we have taken joint decisions, which have made that the TAP project is not obstructed, on the contrary has accelerated the project, and when the energy crisis is threatening our region.

Decisions regarding the progress of TAP project, as mentioned above, are in full conformity with EU Directives, because these decisions are taken on the same time, hour and day when taken from the Greek and Italian Authorities, that are EU members and implement their directives and legislation. This means that, with the

approval of the new gas law, within this year, we will make decisions, but now based on the law approved in our Parliament, this law will be in full conformity with the EU Directives.

Energy Regulator Authority after many discussions and negotiations with TAP-AG representatives regarding the validity of Albpetrol company application in TAP Capacity Booking Phase, considers very important the achievement of so far results.

On the latest letter sent from TAP-AG company, object: Proceeding under the First Booking Phase, TAP-AG is committed to construct an exit/point in KUCOVE with a capacity 3.5 bcm/per year (3.5 billion cubic meters of gas in a year), which is an obligation as the result of Final Joint Opinion, but at the same time TAP-AG guarantees another point in FIER the initial Albanian Exit Facility, with all the required tools (such as pressure reduction tools, measuring tools, compressor station etc). We think that it is the Ministry obligation to clarify the capacity for this issue as well as the tools in collaboration with TAP-AG and of course to make them effective for the agreements that result from Host Government Agreement.

At the same time TAP-AG is committed as part of First Booking Phase procedures, that despite other commitments TAP-AG will continue to discuss with MEI for the further procedures resulting from Host Government Agreement, which are a clear sign of TAP-AG determination to continue the successful collaboration between ERE and MEI.

This is ensured even in the letter addressed to the three Greek, Italian and Albanian Authorities, on the Validity of Booking Request, where it is explicitly said:

“Further TAP commitment to continue the negotiations with Albpetrol company to reach in a possible solution for its wish to take capacities in the TAP pipeline, as expressed in to letter addressed to ERE.”

We think that TAP-AG, Greek, Italian Regulatory Authorities, Energy Community Secretariat and European Commission uncertainties for Albpetrol company as a future gas TSO, are reasonable, because it is required to be worked with intensity about the company competitiveness: where above all we should consider bringing into work the existing gas network, separation of transmission licenses from the distribution ones, the adequate staff to establish the specialists contingent for applying the gas market in the shortest time possible, the construction of transmission and distribution network codes and many other elements aiming the preparation to open the gas market that is currently absent in our country.

We have also collaborated with MEI to draft the new gas law, which is based on the, “Application of Third Energy Package”, this package has started to be applied on January 2015, for all the countries that want to enter in the European Union. We have had and have in continuance an excellent collaboration with Energy Community Secretariat in Vienna, in this draft-law we have reflected all the Directives and Regulations for gas in conformity with the European legislation, but we also have made amendments that has to do with their application in the conditions of our

country, these amendments are considered essential compared to the existing gas law, but we are convinced that we are doing what is required.

Among other changes in conformity with the third energy package, we could mention; the Supervision and Inspection of gas market, the expectations to make the regulation for natural and liquified gas depositing, are set the deadlines to prepare the secondary acts for implementing the draft-law (by the Prime Minister Office, the Ministry, ERE and any other institution) and many other legal aspects that guarantee a market competition in conformity with the Third Energy Package.

In these conditions it is required the legislation of the New Gas Law in the Parliament as soon as possible, because we are too late in issuing the bylaws within the deadlines defined by Energy Secretariat and all our neighbours have already legislated the Law in their Parliaments and are ready to apply the Third Energy Package since from January 2015.

And we should specifically conclude:

- Gas market model;
- The opening of the gas market, disintegration of the integrated company Albpetrol, which is a generation, transmission and distribution company;
- Market rules;
- Transmission and Distribution Code;
- The internal infrastructure in conformity with the third package;
- Tariff methodology;
- Capacities allocation methodology;
- Guideline to solve the disputes, market balancing etc.

6.3.2 Approving the Tariff Methodology for Natural Gas

Energy Regulator Authority approved the Tariff Methodology for Gas by Decision No. 127, date 7.11.2013 , “On approving the Tariff Methodology TAP Tariff Code, proposed by TAP AG, according to the obligations defined in the “Final Joint Opinion”

On November 8 2013, the three Albanian (ERE), Greek (RAE) and Italian (AEEG) Regulators approved the Tariff Code proposed by TAP AG for TAP, gas pipeline that will bring Azerbaijan gas in Italy, through Greece and Albania.

Gas Tariff Code describes the used methodologies to define the terms and conditions for the prices that will be applied to the future gas shippers that will transport gas by TAP and will be applied for the capacities subject to obligatory third party access, even for the capacities excluded from these requirements.

The tariff methodology approved by TAP AG is transparent, non discriminatory and with efficient costs. The Tariff Code provides a tariff reduction in case of reserved capacity increase in the future. On the other hand, in conformity with the Final Joint Opinion, the tariff structure takes into consideration the different risk level between the investment in the initial capacity and the investment capacity for future expansion.

TAP has submitted for review, comments and suggestions to the three regulatory authorities the first draft of TAP tariff methodology (TAP Tariff Code) since on 24.04.2013.

Tariff Methodology Draft has been subject of a series of meetings, negotiations, conference calls and comments exchanges between the three regulators, as well as between the regulators and TAP. Given that the transmission tariffs are also subject of Gas Transport Agreements signed between TAP and gas shippers, which in initial capacity part subject to the Exemption Decision will transport Shah Deniz 2 Consortium of gas shareholders, Tariff Methodology is an integral part of these Agreements. As a consequence in discussing a series of Tariff Methodology issues has been even the participation of Shah Deniz 2 Consortium representatives. Tariff Methodology has undergone a series of changes from its initial version due to the comments made from the three Regulators in order the document reflect the basic principles mentioned in the Final Joint Opinion. The final version Final Version of Tariff methodology is presented at ERE for approval on October 14 2013. In this methodology content are implemented the basic requirements defined in the Joint Opinion regarding the tariffs; reflective in the tariff of cost effective, for being transparent and non discriminatory; the mechanism that the tariffs to be descending following the transport capacities increase for the capacities that will be used; taking into account of the different risk level of initial investment and further expansion; same tariffs for the same product whether it is provided from the third party access of the exempted capacity or from not exempted capacity.

6.4 International collaboration

Energy Regulator Authority has a close collaboration with all the international organizations and institutions dealing with electricity and gas, that means energy. Among these organisations we could mention: MEDREG (Mediterranean Energy Regulators), the countries which are part of MEDREG are:

- EU member countries: Italy, France, Greece, Slovenia, Spain, Portugal, Croatia and Cyprus.
- Candidate and prospective EU member countries: Albania, Bosnia and Herzegovina and Turkey. Kosovo has not adhered yet in this institution.
- Partnership and very active mediteranean countries: Algeria, Egypt, Israel, Jordan, Morocco and Tunisia.

- Regional countries that have a collaboration and have expressed interest like: Lebanon, Libya and Syria.

In the framework of multilateral collaboration between the Regulatory Authorities members of MEDREG (Mediterranean Regulators) where our country is very active, the General Assembly has elected ERE Chairman Mr. Petrit AHMETI in Vice President position and the Hydrocarbon Commissioner at ERE Board of Commissioners Mr. Maksim SHULI, on the Vice Chairman of the Gas Working Group position (<http://www.medreg-regulators.org>).

At the same time Energy Regulator Authority is very active even in ECRB (Energy Community Regulatory Board) and at Energy Community Secretariat. ERE is active participator at ACER (Agency for the Cooperation of Energy Regulators), as well as many other organizations where active participants of the working groups are the Commissioners and ERE-s staff. Among these institutions we could mention: IGU (International Gas Union), E-CONTROL, EnC (Energy Community), SCE (Secretariat Community Energy) etc.

Regarding the collaboration between Albanian, Italian and Greek Regulator Authorities, the European Commission in Brussels, date 13.10.2014 on its final report *“Progress Towards Completing the Internal Energy Market”*, explicitly expresses, that the collaboration of the three state owned agencies is an effective example in establishing the appropriate regulatory framework for TAP, which will bring additional gas resources from the Caspian region to the EU market.

Also on the peer review report of the European Commission *“Report on the Energy Regulatory - Report to the European Commission on the Peer Assessment of Independent Institutions in Albania”* expresses that:

“ERE-s staff should be increased in order to allow this institution to perform its tasks in a satisfactory way, taking into account both the need to ensure the performance of all the tasks and duties stemming from the third energy package and the need to ensure effective performance of the tasks related to the gas sector”.

Moreover, in the continuity of the report, it is mentioned the need of at least 10 persons to be employed in order to ensure effective performance of the tasks related to the gas sector.

ENERGY REGULATOR AUTHORITY ACTIVITY

7.1 ERE activity in the field of Electricity Tariff and Prices Regulation

7.1.1 Tariff Review

Based on Law no.9072, of 22.05.2003 “On Power Sector” (as amended), respectively articles 26, 27 and 28 as well as other legal acts, deriving from it, ERE is the responsible authority to define the tariff and prices of the regulated activities realized by the power sector.

Implementing this legal obligation, one of ERE-s main activities during 2014 was to review the applications for the new tariff and prices from the licensees in the power sector including generation, wholesale public supplier, transmission, distribution, and retail public suppliers electricity activities for tariff customers.

After submitting the Request for the Incomes during 2015 from the Regulated companies KESH, TSO and OSHEE, ERE made a technical, economic and financial indicators analysis for 2012-2014 period. Reviewing these tariffs was realized in the conditions of:

- Suspension for the years 2013-2014 of incomes review requested from the public companies (KESH, TSO, and OSHEE companies) due to the operation in the market of distribution and retail public supply activities under temporary administration status. On the beginning of 2013, ERE removed from CEZ shpërndarje company the license for electricity distribution activity as well as the license for electricity retail public supplier activity, because of the weak performance and consequently not-fulfilling the license conditions. ERE, in conformity with the powers given by the law, appointed a temporary administrator that will supervise or operate the equipments and the properties according to the license. This development made it impossible the further implementation of Regulatory Declaration definitions approved by ERE and conditioned its decision regarding the level and structure of the tariffs for the calendar years 2013 and 2014, maintaining the Status Quo defined for the Third Regulatory Period 2012-2014.
- Settling with understanding on July 2014 of ownership control issue on CEZ Shpërndarje company shares between the Republic of Albania and CEZ, A.S company. According to this Agreement CEZ Shpërndarje company shares transferred to the Albanian state ownership. Currently the Albanian state owns 100 % of this company shares. In these conditions ended the temporary administration period and the new licensed company to perform distribution and electricity retail public supplier activities OSHEE company., re-won the licenses bringing back the legal-institutional normality in the Albanian power sector.
- Very difficult financial situation inherited in the power system as consequence of the weak performance of the company that exercised distribution and retail public supplier activities during 2011-2012, was directly reflected on the two other operators activity KESH and TSO company. From the financial statement analysis to the three public companies, was observed that the mutual obligations of the parties were considerable numbers, (as reflected on the following tables.) For this reason ERE calculated the tariff and prices for 2015 for every company based on the respective methodology, but not taking into account the adjustments of 2012-2014 period, as result of mutual obligations.
- These mutual obligations are expected to be subject of a legal initiative during 2015 for their structure (referring here to the official communication of MEI with ERE). Also not taking into consideration the 2012-2014 period adjustments are supported even by USAID consultat opinion given to ERE.
- Submission in different periods of the three operator applications, especially the late arrival of OSHEE company application (13.11.2014) which significantly reduced the available time of ERE to review the applications and take decisions.

- Not submitting the application from Vlore TPP company as a consequence of not setting into operation for technical defects.

The following table presents a reflection of actual obligations of the parties on 31.12.2014 as well as the companies state in the event of reciprocal obligations termination.

Table 7-1 Actual obligations of the parties on 31.12.2014

The combined Financial Balance of the Albanian Electricity Sector

	Actual Financial Balance by 31.12.2014				The financial Balance of the sector resulting after possible adjustments for obligations of OSHEE a.s. to KESH a.a. / OST a.s.			
	(000 All)				(000 All)			
	KESH sh.a.	OST sh.a.	OSHEE sh.a.	Total	KESH sh.a.	OST sh.a.	OSHEE sh.a.	Total
Long-term Liabilities	35,277,410	24,548,000	8,607,308	68,432,718	35,277,410	24,548,000	8,607,308	68,432,718
Short-term Liabilities	71,981,349	3,646,000	95,196,153	170,823,502	71,981,349	3,646,000	95,196,153	170,823,502
				-				-
Total Liabilities	107,258,759	28,194,000	103,803,461	239,256,220	107,258,759	28,194,000	103,803,461	239,256,220
				-				-
Assets	187,006,408	53,216,000	33,161,915	273,384,323	187,006,408	53,216,000	33,161,915	273,384,323
				-				-
Kapital	79,747,648	25,022,000	(70,641,546)	34,128,102	79,747,648	25,022,000	(70,641,546)	34,128,102

Note: The obligation of OSHEE a.s. to KESH a.s is 53,593,331 thousand ALL and to OST a.s. is 9,291,303 thousand All
Short-term obligations of OSHEE a.s. will be decreased for the amount of 62,884,634 thousand All.

On the basis of this analysis and through a very transparent project implementing ERE Board of Commissioner's Decision no. 21. of 18.03.2009 amended with decision No. 107 of 17.10.2011, for some additions and amendments on "ERE practice and procedure Regulations" which defines the steps and procedures through which it is done the application, review, and the process of approving electricity tariffs as well as implementing the respective methodology, ERE approved the tariff and prices for the above activities for 2015 with decisions No. 139, 140, 141, 143, 144, 145, 146, 147, and 148 of December.26.2014.

7.1.2 Electricity generation tariffs for KESH company

On October 2014, KESH company, licensed for electricity generation, submitted at Energy Regulator Authority the application for reviewing the electricity generation tariff for 2015.

As result of technical sessions and intensive communications with the company regarding the submitted indicators, KESH company on 22.12.2014 submitted the final application according to which the proposed tariff for 2015 for electricity generation was 1.44 ALL/kWh which means 44% increase from the previous 2012-2014 period tariff.

The approved electricity generation tariff for 2015 is based on the Required Incomes for a normal activity during this period, as well as partial adjustment of the previous regulatory 2012-2014 period. The annual incomes required from the company to cover the operational and capital expenses are calculated on the amount 4,993 million ALL from 4,941 million ALL that were required by the company. This change in the incomes request is due to the corrections made by ERE regarding the calculation accuracy of the Assets Regulated Basis, as well as calculation of authorised profit in conformity with the tariff calculation methodology for the public generation company.

Considering that the provided electricity to be generated during 2015 is 3,434 GWh, the Public Generation annual tariff for 2015 was approved 1.45 ALL /kWh (ERE Board of Commissioners Decision No. 139, of 26.12.2014), with an increase of 45% compared with 2012-2014 period. The approved tariff enables a normal financial situation for realizing the activity and the achievement of economical objectives from Public Generation Company (KESH company).

7.1.3 Electricity Wholesale Public Supplier Tariff

KESH company, licensed in electricity wholesale public supplier activity, applied at Energy Regulator Authority to review the electricity wholesale tariff for 2015, by which required an averaged annual tariff of about 3.45 ALL/kWh from 2.2 ALL/kWh with an increase about 56 %.

To calculate Wholesale Public Supplier tariff, at the beginning were defined the requested incomes of KESH company, for its operation as electricity wholesale supplier. This calculation was based on:

The request for equal electricity purchase required from OSHEE company as retail supplier for 2015 is expected to be 4,544 GWh.

OPEX for realizing wholesale supply activity reach the value 1,813 million ALL.

For what mentioned above, the incomes approved by ERE during 2015 for Wholesale Public Supplier activity were accepted on the value 13,632 million ALL from 15,697 million ALL that was required from the company. This change in the requested incomes came mainly by:

The re-calculation of electricity purchase tariff from Electricity Small Generators implementing Council of Ministers Decision of date 26.11.2014, "On some amendments on Council of Ministers Decision No.27, of date 19.01.2007, " On approving the rules for accessing and granting the concessions" as amended.

Reflection in calculating electricity purchase tariff from KESH/Gen company approved by ERE for 2015 higher than it was expected from the company (1.45 ALL /kWh from 1.44 ALL /kWh).

Energy Regulator Authority with Decision No. 140 of 26.12.2014, approved the tariff of 3.00 ALL/kWh for the wholesale public supplier. The tariff for electricity wholesale public supplier service for 2015 is 36 % higher from that of 2012-2014 period.

7.1.4 Calculation of the average price for ancillary services

Energy Regulator Authority, in the framework of implementing the legal obligations and increasing the capacities for the costs allocation in all sector levels, for the first time tried to treat even the ancillary service cost and consequently determining the respective tariff. Based even on KESH company application for the tariff of this service, ERE calculated and approved ancillary services tariff, which represent the services of the generating capacities control on real time that the system uses them to maintain the required balance between the load and the general generation. Approving this tariff was considered a necessary step to reorganize the power system.

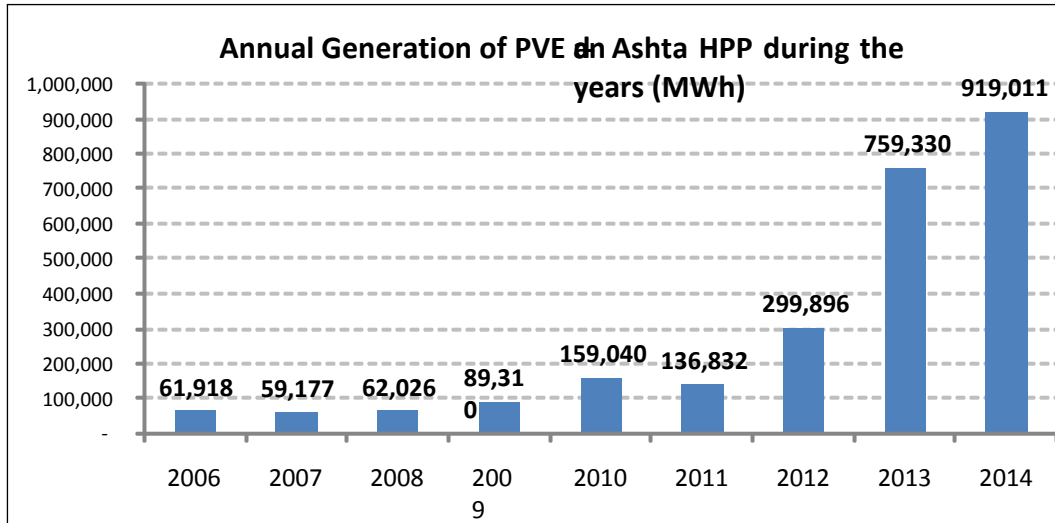
The calculation logic of the ancillary services tariff is based on annual fix cost allocation of KESH Gen for ancillary services reserved capacity (secondary and tertiary reserves).

The average tariff approved by ERE for the ancillary services during 2015 resulted 158 ALL /MWh. The application of this tariff shall be test object within the first three months of 2015 in order to review the calculation accuracy between the parties: KESH and TSO companies.

7.1.5 Electricity sale price from existing and new HPP-s with installed capacity 15 MW

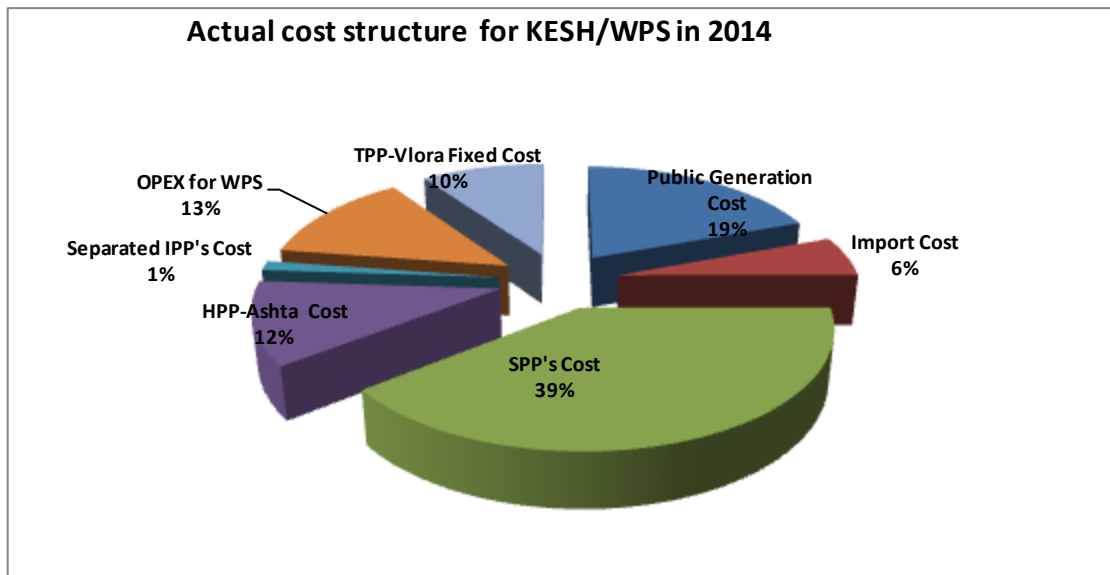
During 2014 have commenced their operation 14 plants with total generating capacity of 37.9 MW. The generation realized from these activities during 2014 was about 39.6 GWh, including the generation about 201 GWh of Ashta HPP, total energy that KESH company (as Wholesale Public Supplier) has purchased from PVE (small electricity generators) and Ashta HPP during 2014 reached 919 GWh from the approved tariff of 280 GWh for wholesale public supply for 2014. Also the realized average price for this generators category is 9.02 ALL /kWh from 8.2 ALL/kWh foreseen in the tariff for 2014. (This is due to the increase of generated quantity from new HPP-s with concession that have a higher electricity sale price).

The following graph submits the generated electricity progress from PVE (small electricity generators) and Ashta HPP-s throughout the years.



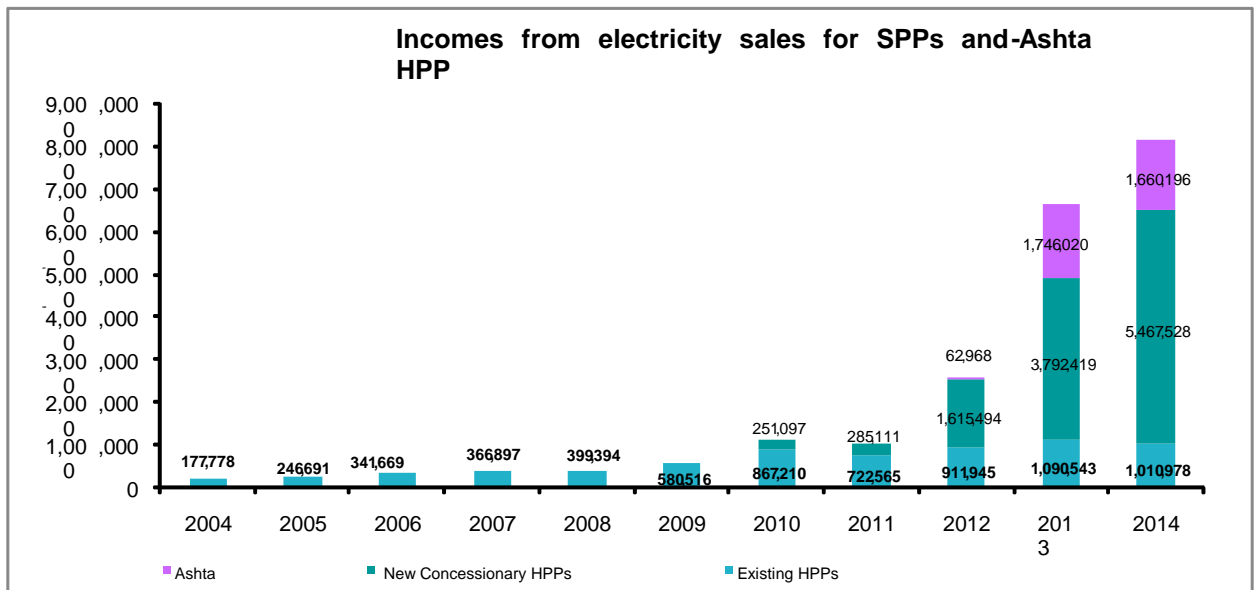
Picture 7-1 Generation Progress from PVE (small electricity generators) and Ashta HPP

On 2014, the incomes realized from PVE (small electricity generators) for the sold electricity to FPSH (Wholesale Public Supplier) reached the value 8,138 million ALL from 2,296 million ALL foreseen in the Wholesale Public Supplier tariff for 2014. This figure constitutes 51% of the actual cost from 16.45% that was accepted to the incomes required for the FPSH (Wholesale Public Supplier) in the 2014 tariff. The following graph presents the actual structure of KESH company costs in the Wholesale Public Supplier function for 2014.



Picture 7-2 Actual structure of KESH company costs as FPSH (Wholesale Public Supplier) for 2014

(Data Source *KESH company and ERE*)



Picture 7-3 Incomes from Small HPP-s and Ashta HPP

A future challenge remains to find the appropriate solution for promoting the investments toward energy renewable resources aiming minimal impact on end-use customer tariffs.

7.1.6 On reviewing the electricity selling price for existing and new HPP-s with installed capacity up to 15 MW for 2013 and 2014.

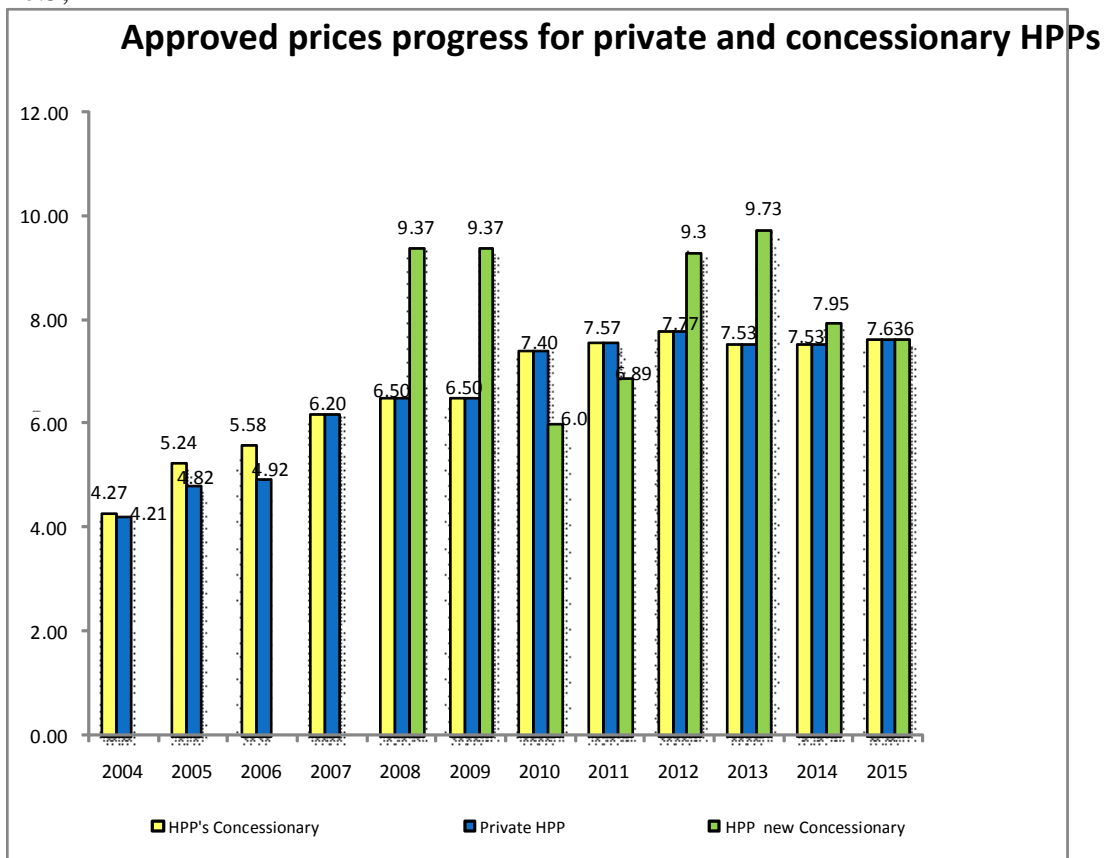
Because on 2013 CEZ Shpërndarje company was transferred in legal status conditions of a company in temporary administration, ERE with Decisions no. 161 of date 07.12.2012, decision no. 54 of date 03.05.2013, and then Decision no. 149 of date 24.12.2013 let into force until on December 31 2013 and December 31 2014, the approved tariffs from ERE Board of Commissioners with decision no 149 and 150 of date 07.12.2011 for 2012-2014 period.

The above mentioned decisions define that the compensation of all financial effects for the regulated operators shall be carried out within the same 2012-2014 regulatory period, or in the next regulatory period.

ERE pursuant to point 3 Decision no. 149 of date 24.12.2013, found the legal obligation and made the calculations on the financial effect and defining electricity sale tariff for 2013 and 2014 from these electricity small generators to the Wholesale Public Supplier, based on factual indicators realized constituent elements of the price calculation formulas.

The reviewed price of electricity sale from existing HPP-s with installed capacity up to 10 MW resulted the same 7.53 ALL/kWh during the two years 2013, 2014 and was approved with Decision No.143 of date 26.12.2014. While the reviewed price of electricity from new HPP-s with installed capacity up to 15 MW resulted 9.73 ALL /kWh for 2013 and 7.95 ALL/kWh for 2014 and was approved with Decision No. 144 of date 26.12.2014.

The following table presents the electricity sale price approved by ERE for these generators during 2004-2015. The electricity sale prices from these generators are defined in conformity with the unique price calculation Methodology for the generated electricity from new HPP-s with installed capacity up to 10 MW, approved with ERE Board of Commissioners Decision no.24, of 11/04/2007 and unique price calculation Methodology for generators with installed capacity up to 10 MW, licensed by ERE for electricity generation activity, approved by ERE Board of Commissioners with Decision no.5,



Regarding the update explained above, PVE (small electricity generators) have appealed ERE decision no. 143 and 144 of 26.12.2014 in the Administrative Court, pretending to let into force the applied price of 9.3 ALL/kWh and 7.77 ALL/kWh, prices approved by ERE for 2012, that will lead to electricity price non correction for the respective 2013-2014 period.

7.1.7 The electricity sale price for existing and new HPP-s with installed capacity up to 15 MW for 2015

Pursuant to the requirements of Law 138/2013 ‘For renewable resources’, ERE progressed to fix tariff determination for priority generation plants, by collecting the data over different technical, economical and financial indicators of the companies licensed in electricity generation activities from these plants.

On the basis of the collected information it was formed the respective data base where were registered the companies and generation units that they own, classified in three groups according to the installed capacity as defined in Renewable Energy Law. Concretely, on the first group were included the generators with 0-2000 kW capacity, on the second group with 2001- 5000 kW capacity and on the third group those with 5001-15000 kW capacity, where every company is considered as an only generator despite the number of the plants that it owns, whether they are in the form of a cascade or set out in different areas of the Albanian territory.

During the information processing collected for the effect of calculating the fix tariffs were presented problems regarding the determination of the entities to which this methodology shall be addressed, as well as the problems observed for calculating the fix tariff for each group, as result of setting continuously into operation of the HPP-s that are in the ownership of a company.

Based on these concerns, Law no 26/2014 ‘‘On some amendments in the 138/2013 Law’’ decided to postpone the deadline for drafting the bylaws until on 01.01.2015.

ERE on its meeting of 26.12.2014, referring to MEI official letter prot no. 7291/3 of date 26.12.2014, regarding the request to postpone the decision over defining electricity sale price generated from HPP-s given with concession with installed capacity up to up to 15 MW, decided to postpone this decision.

Finally Council of Ministers Decision no 125, of date 11.02.2015 has approved the methodology for defining the electricity fix tariffs for 2015, that should be payed to small electricity generators from hydro power plants.

Referring to this decision the electricity fix tariff, that will be paid to small electricity generators from the hydropower plants is defined by: the average price of the electricity Hungarian stock (HUPX) for the respective year, the average exchange rate in euro/ALL for the last year and the coefficient 1.24, which takes into

consideration factors such as the reduction of technical losses in the grid, avoided costs of the capacities allocation and electricity transmission, etc.

Pursuant to Council of Ministers Decision no. 125, of date 11.02.2015, ERE Board of Commissioners approved with decision no.27 of date 16.02.2015 a fix tariff of 7.636 ALL /kWh that shall be paid to electricity generators from the small hydro power plants for 2015.

7.1.8 Electricity transmission service tariff from TSO company.

Transmission System Operator, licensed for electricity transmission activity, applied at ERE for an increase of 11.2% for the transmission tariff during 2015 compared with the actual tariff of 0.65 ALL/kWh.

ERE in calculating the transmission tariff is supported on the methodology for calculating the electricity transmission tariff, approved with ERE Board of Commissioners Decision No. 59, of date 29.12.2005.

Pursuant to the above mentioned methodology and based on detailed analysis of TSO company financial statements for the 2007-2013 years, as well as the information submitted in the application and then additional questions response sent to the company and set out in the technical hearing sessions, the transmission tariff for 2015 resulted 0.65 ALL /kWh. This tariff is the result of the required incomes from 4,095 million ALL and the electricity delivered in the transmission grid to be 6,288 GWh.

The required incomes for 2015 were approved lower than TSO company applied, mainly because the required incomes reduction for 2015, with a part of the realized incomes bigger from what was approved for 2014 (900 million ALL) from the allocation capacities, clarifying the calculation for the authorized profit as well as electricity expectations to be delivered in the transmission grid for 2015, as consequence of the expectations clarification for transmitted electricity at OSHEE company.

The tariff of 0.65 ALL/kWh, was approved with ERE Board of Commissioners decision No.145, of date 26.12.2014.

7.1.9 Electricity distribution service tariff for OSHEE company.

OSHEE company in the function of electricity distribution operator and retail public supplier applied at ERE to review the distribution service tariff and electricity retail supply for 2015. OSHEE company request for 2015 tariffs is connected with several issues above which it is highlighted:

- This review came after a two-year period during which it was withdrawn the company's license, operating in temporary administration conditions accompanied with ERE decision that let into force the tariffs approved by decisions no.147 and 148 of date 7.12.2011 for 2013-2014 period.
- The request to review the application became necessary on the conditions of a very critical financial situation inherited from previous administrations.

According to this initial application the request for the company incomes resulted in an average tariff for electricity distribution in the grid of about 6.96 ALL/kWh and with an average sale price of 12.32 ALL/kWh for the end customers.

The work for reviewing, evidencing and analysing the request for OSHEE company incomes until the tariff approval for 2015 was performed through a transparent process implementing Practice and Procedure Regulation and other legal and secondary acts.

The result of this process was the submission from OSHEE company of the final application of date 12.12.2014, that included the tariff re-calculation due to problems reflection arising on technical hearing session, the amended investment plan, as well as realistic expectations of the company for November and December 2014. In this application the incomes requested to cover the distribution and retail public supply activities were required on 48,620 million ALL value to realize the sales at tariff customers for the electricity amount of about 4,544 GWh, realizing an average tariff for the electricity distribution grid of 4.78 ALL/kWh and an average sale price for the end customers of about 10.7 ALL/kWh.

Also the company proposed even differentiated tariffs of the energy distribution in the grid for different voltage levels concretely 3.64 ALL/kWh, 3.32 ALL/kWh, 4.59 ALL/kWh, 4.91 ALL/kWh respectively for the 35 kV, 20 kV, 10-6 kV, TU voltage levels.

Calculating the request for the company incomes are based on its expectations for power balance indicators, to foresee the electricity quantity sold to tariff customers as well as energy quantity to cover the losses in the distribution grid for 2015.

In concrete terms, the main indicators for the energy balance are the electricity quantity that will be sold to tariff customers of about 4,544 GWh, and electricity quantity to cover the electricity losses in the grid of about 1,211 GWh which represent in 21.04% level toward the total quantity delivered in the distribution grid.

After a careful review of all the request components for OSHEE company incomes, including here the supplementary information and clarifications taken from the additional documentation, as well as the arguments made at common technical hearing sessions, ERE decided to recognize OSHEE company for 2015 the following:

- The annual incomes in total for realizing Retail Public Supplier activity are in 48,641 million ALL value, including here the requested incomes for the

generation, wholesale supply, transmission and electricity distribution activities as presented in the graph of average price structure for electricity retail sale. The requested incomes for retail supply include the obligation in the amount of 3,433 million ALL arising from the implementation of the understanding agreement between the Albanian Government and CEZ company of date 23.06.2014 .

- The average tariff of electricity distribution 4.79 ALL/kWh or 4.2% lower than the annual average tariff approved for 2012-2014 regulatory period, which is the result of various factors interaction analytically submitted on the respective report. It is important to underline the exclusion in the distribution tariff of costs caused by non-technical electricity losses in the distribution grid.
- Average price of electricity retail sale of 10.7 ALL/kWh with a simplified structure of the electricity sale prices for tariff customers.

The new tariff and prices structure firstly reflects two blocks tariff system removal for household customers because the two tariff system application projected before as an energy efficiency measure aimed at discouraging electricity usage for warming up and the customers should address to other energy resources, did not give the proper results. While the two block tariff application has increased the company abuses, leading toward an increased number of household complaints for electricity invoices and meanwhile had a significant impact in increasing the non technical level of the company. Finally was approved a single price of about 9.5 ALL/kWh for household customers, despite the invoiced quantity.

Secondly the new structure of the tariffs realized the reduction of the customer group connected for any voltage level as an important step toward reduction of cross subsidy elimination between the customers categories in the same voltage level. In defining these prices there was ensured keeping an unchanged tariff for the bakeries and flour production, keeping in this level household customer expenses for the basic foods.

Table 7-2 The prices of electricity retail sale for 2015

The Tariffs of electricity retail sale services for 2015		
Voltage level	Price (ALL/kWh)	Peak hour price (ALL/kWh)
Customers in 35 kV	9.5	10.93
Customers in 20/10/6 kV	11	12.65
Bakeries and flour production in 20/10/6 kV	7.1	8.17
Customers in 0,4kV	14	16.1
Bakeries and flour production in 0,4 kV	7.6	8.74

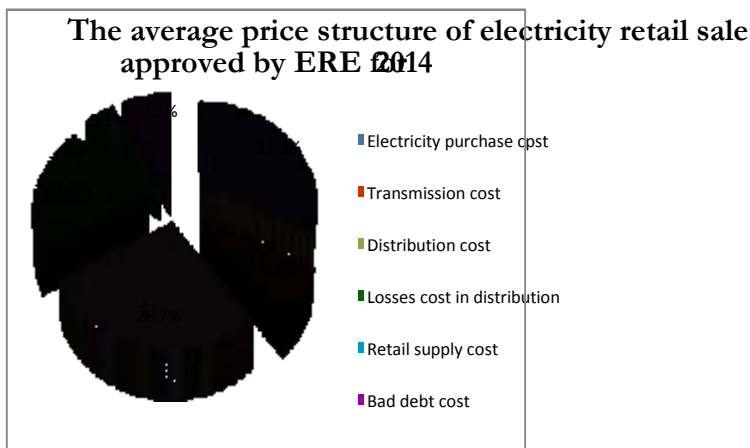
Household Customers	9.5	
The tariff of electricity consumption in the common environments (scale lighting, water pump, elevator)	9.5	
Fix tariff service for the “zero” reading in (ALL/month)		200

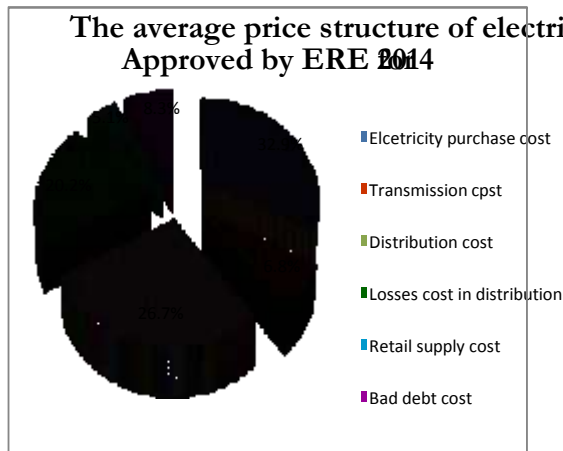
*The reactive electricity price is equal to 15% of the active electricity price
 * The peak hour during which will be applied the tariff for the electricity consumed is:
 - For November 1-March 31 period the peak hour is from 18.00 to 22.00
 -For April 1- October 31 period the peak hour is from 19.00-23.00

Distribution network access tariff for the voltage 35 kV voltage level of 1.5 ALL/kWh with Decision No.147, of date 26.12.2014 enabling as such open market stand of the customers connected in this voltage level. This step was undertaken in the framework of implementing Energy Community Treaty commitments.

At the end of the analysis and methodology, ERE with Decision No. 148, of date 26.12.2014 approved electricity retails sale prices for the tariff customers during 2015 according to the following table.

It should be underlined that in above mentioned defined prices, ERE made all the efforts to set reasonable balances and to reflect the most optimal solutions, so that the new prices and tariffs for 2015, to ensure customer protection through the tariffs that reflect direct and argued costs for an uninterrupted electricity supply service and within supply quality standards as well as to create to the regulated companies the necessary incomes for a normal operation ensuring their continuance.





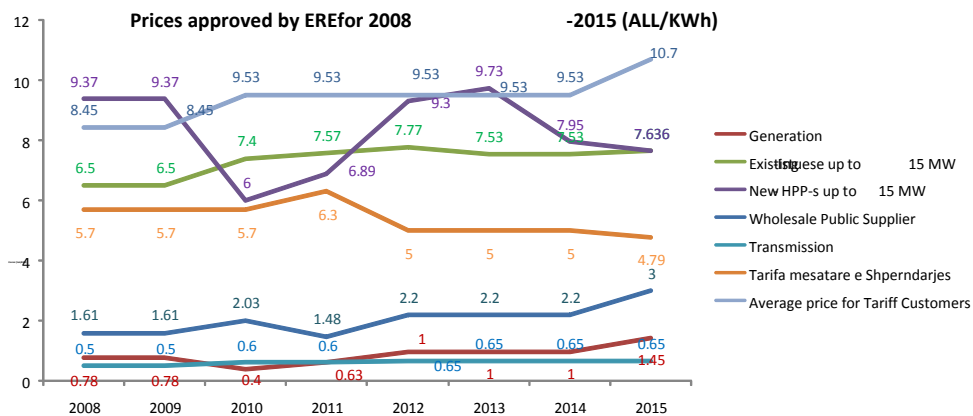
Picture 7-4 the average price structure of retail sale approved by ERE for 2014 and 2015

Electricity sale price review has reflected the implementation of all the regulatory framework in force, considering the customers, companies and state interest.

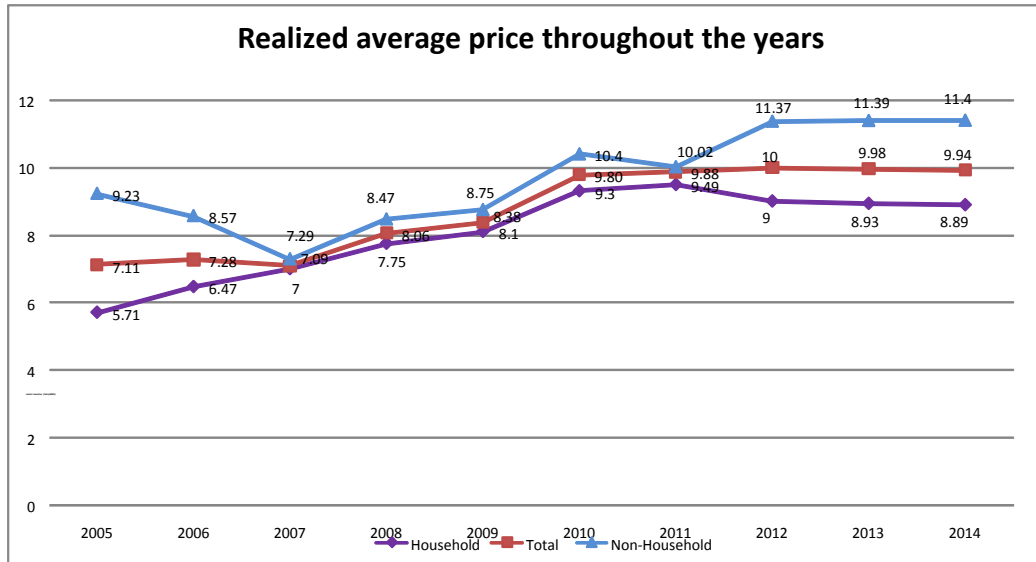
The above chart represents the tariff structure according to Board of Commissioners Decisions, No.139, 140, 141, 143, 144, 145, 146, 147, and 148 of date 26.12.2014 as well as the calculations made on December 2012 for the 2014 tariffs.

On the following graph it is submitted the electricity prices progress approved by ERE during 2008-2015 period:

Picture 7-5 The prices approved by ERE for 2008-2015 period



The following graph present the progress of electricity realized average prices for household and not household customers.



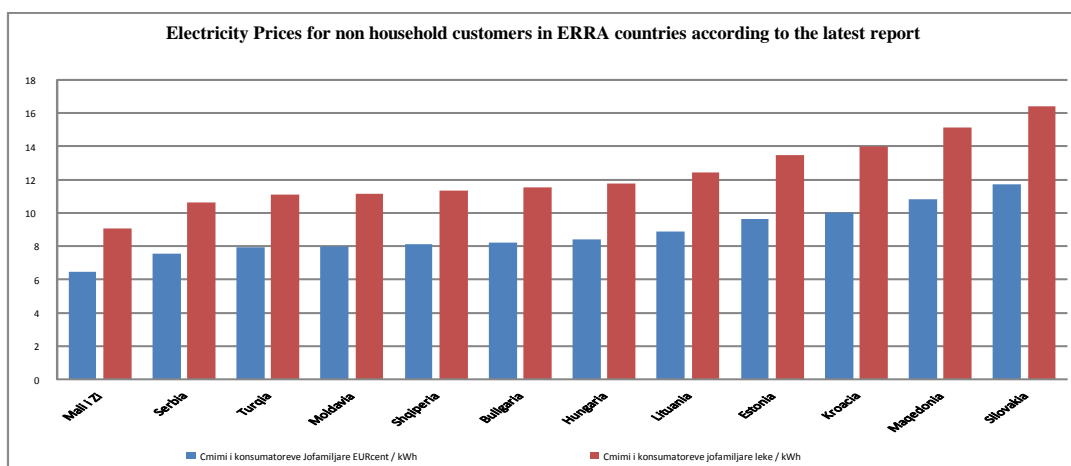
Graph 7-6 Realized average price

(Source ERE, OSHEE company)

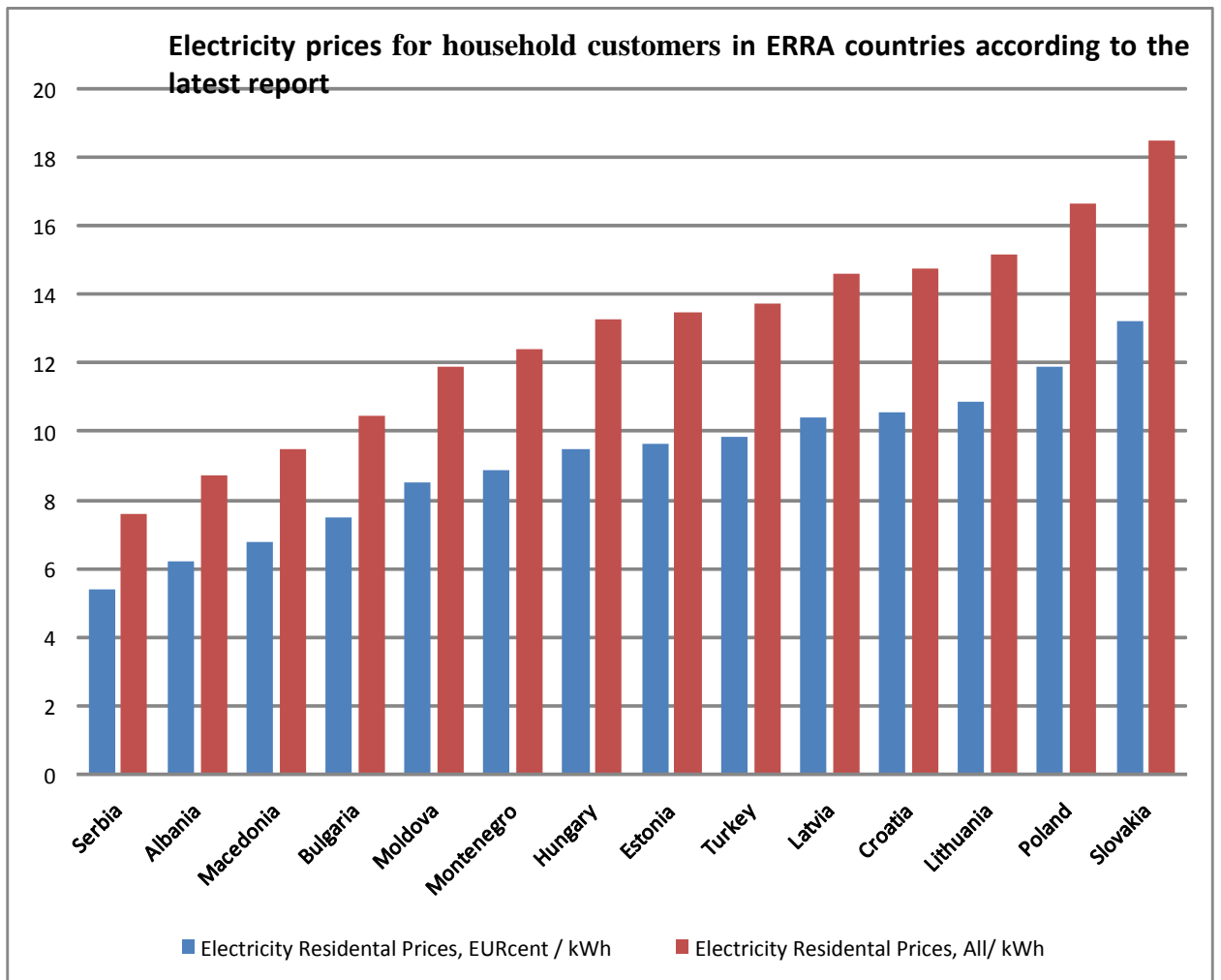
7.1.10 Electricity Prices and Tariff for 2014, in region countries

Energy Regional Regulators Association (ERRA) database for electricity tariffs is the main source of the official electricity data in Central/Eastern Europe. It includes the three month data beginning from 2000 until today and covers 28 states (Albania, Bulgaria, Croatia, Estonia, Georgia, Hungary, Shqipëria, Bullgaria, Kroacia, Estonia, Gjeorgjia, Hungaria, Moldova, Poland, Romania, Russia, Turkey, Ukraine, etc).

On 7-7 graph are presented the electricity tariffs before taxing (VAT) for not household customers, for ERRA countries, in Euro cent/kWh and ALL/kWh. The average electricity price for not household customers in the region countries is 12.33 ALL/kWh.



Graph 7-7 Electricity prices for *not-household* customers in the region countries
 (Source: ERA)



Graph 7-8 Electricity prices for household customers in the region countries

(Source: ERRA)

On 7-8 graph are presented the electricity prices for household customers, for all ERRA countries in Euro cent/kWh and in ALL/kWh. The electricity average price for household customers in region countries is 12.88 ALL/kWh.

7.1.11 ERE Activity in Developing the Secondary Legislation and other Legal Changes during 2014

Part of ERE-s activity is to draft the secondary legislation that constitutes even the regulatory framework in the Power Sector. This framework is completed by ERE in a considerable part and are actually approved during 2014 or are still being processed by ERE some acts with a great importance.

Drafting and reviewing the secondary acts by ERE, is made in each case taking firstly into account to create for the interested parties the information about the content of the documents the ability to listen to the interested parties by sending different opinions or comments, or by performing hearing sessions with the participation of the parties that have shown interest for the documents that are in process by ERE, which at any case are made public for the parties by their publication on ERE-s official website. By this process ERE aimed to receive the comments and recognition from third party point of view to regulate the electricity market by secondary acts that ERE approves. Also the finalisation of the decision making process guarantees ERE's transparency through the meetings which are open for the public. The legal framework still need for development of the new power sector law that is expected to be approved soon and will improve the management of the new circumstances that have come as consequence of electricity market development.

On a detailed way during 2014, ERE has approved and has in process the following regulatory acts grouped in:

- The secondary acts approved by ERE for the Power Sector.
- The secondary acts approved by ERE for the Gas Sector

During 2014 ERE has approved the following secondary acts:

1. Decision No.9 of 06.02.2014 “On an addition in the Regulation for the procedures of appointing the Administrator and his authorities, pursuant to article 18, point 4/c Law No. 9072, of 22.05.2003 “On Power Sector”.

ERE with decision no. 9, of 06.02.2014, decided:

- To abrogate ERE Board of Commissioners decision no. 150, of 30.12.2013, “On electricity procurement to cover the losses in the distribution system, losses that are not covered from the annual procurement.”

To add on article 12 point 4, of the Regulation “For the procedures of appointing the administrator and his authorities pursuant to article 18, point 4 letter “c”, Law no.9072, of 22.05.2003 “On Power Sector”, the paragraph with the following content: CEZ Shpërndarje company in temporary administration, to cover all the losses in the distribution system, shall realize electricity purchases on monthly basis for the electricity quantity that is not covered by the annual procurement. For electricity procurement to cover the losses in the distribution system on

monthly basis, the Administrator implements ERE Board of Commissioner's Decision No.30, of 23.03.2011, "On approving the Electricity Purchase Regulations and Procedures from KESH company".

2. Decision No. 155, of 29.12.2014 "On Approving an amendment in electricity market rules"

With Decision no. 68, of 23.06.2008 the Board of Commissioners, approved the Electricity Market Rules. With Decision No. 43, of 13.05.2014 was decided that this rule extends its effects until on 31.12.2014. This deadline was set considering that a further process of the balancing rules will really reflect the Albanian market specifications and the approximation with the European legislation, in assessing the market developments in another time after the possible amendments in the Power Sector Law and as such in the electricity market. Appreciating that the New Power Sector Law is in approving process and as such the draft of each operator role and obligations in the market, shall be subject to the provisions of the law expected for approval, ERE Board of Commissioners, on the basis of articles 9 and 54, Law no. 9072, of 22.05.2003, "On Power Sector", as amended, Decided: Point 1 ERE Board of Commissioners Decision No. 43 of 13.05.2014, to be amended as follows: "Decision no.93, of 16.07.2012, will extend its effects until on 31.03.2015".

3. Decision No.47, of 07.07.2014 "On approving the regulation payment for 2014"

Pursuant to Law 9072 article 12 "On Power Sector" as amended, as well as implementing Decision No. 48, of 07.07.2014 "On approving ERE's Budget for 2014", results that the total amount of operative expenses and investments that served as a basis to calculate the regulation payments for 2014 to all ERE licensees is 121,503 thousand ALL. Referring to the License and Monitoring Directory database there result 174 licensees licensed by ERE until on 13.06.2014. The regulation payments are calculated based on the specific weight covered by the incomes realized on the previous year from the activity licensed for each operator, to the total incomes of the system. With this decision are approved the "Regulation payments for 2014" according to the table attached to the decision.

4. Decision No.61, of 07.07.2014 "On some amendments and additions in the regulation for allocating the interconnection capacities"

With TSO company initiative, ERE reviewed TSO company proposal for an amendment in the Regulations for Allocating the Interconnection Capacities "On realizing the daily auction procedures by the electronic platform ". After analysing TSO company proposal, ERE decided to approve the proposed amendments from TSO company and to reflect the amended ones in the "Regulation for Allocating the Interconnection Capacities".

5. Decision No. 90, of 06.10.2014 "On approving the shares transfer of OSHEE company (known before as CEZ Shpërndarje), from CEZ Shpërndarje"

company to the Ministry of Economic Development, Trade and Entrepreneurship”

The Ministry of Energy and Industry informed ERE “For signing the agreement to solve with understanding between the Republic of Albania and CEZ a.s.” which is approved with Law 114/ 2014, of 31.07.2014 and has now entered into force. In this agreement, above all, were defined the necessary obligations to finalize this agreement, to be carried out by the Albanian state institutions for transferring the shares from CEZ a.s to the Ministry of Economic Development, Trade and Entrepreneurship.

In order to finalize this process, and referring to Annex 2, of this agreement, it was necessary the approval of shares transfer from Energy Regulator Authority and from Competition Authority by collegiate signing of the approved decision.

6. Decision No.156, of 01.12.2014 “On approving the Auction Regulations for the Coordinated Auction Office for SouthEast Europe (SEE CAO) ”

With TSO company initiative that has proposed at ERE the approval of Auction Rules for the Coordinated Auction Office for SouthEast Europe (SEE CAO), Energy Regulator Authority has started to review the procedures of taking the opinions from the interested parties. By ERE it is proceeded to publish this proposal in the newspaper, publication at ERE-s official website for opinion request and also it is send the request for the opinion of the interested parties like OSHEE company, Competition Authority, Ministry of Energy and Industry (MEI), as well as Energy Secretariat (Vienna, Austria). The regulation is drafted in conformity with (EC) Regulation requirements 714/2009 of the European Parliament. The Market Participants should be registered at SEE CAO as Market Participants by successfully fulfilling the Acceptance Declaration which is published on SEE CAO website. The Auction Regulation cancels and substitutes all the previous regulations of the auction, which has previously made the allocation of cross-border capacities in certain combinations and mentioned deadlines.

7. The secondary acts approved by ERE, for gas sector

The legal framework approved by ERE regarding Trans Adriatic Pipeline (TAP) Project has had important developments during 2014

During 2014 calendar year, regarding Trans Adriatic Pipeline project, ERE in collaboration with the Italian Regulator Authority (AEEGSI), and the Greek one (RAE), in the framework of "Joint Opinion of the Regulatory Energy Regulators” Agreement, signed by the three regulators on 28/02/2013, has approved the following decisions:

- Implementing Directive 2009/73/EC of the European Parliament and of the Council of July,13,2009, and European Commission Decision C (2013) 2949 of May,16,2013, “Exemption of Trans Adriatic Pipeline from the requirements on third party access, tariff regulation and ownership unbundling laid down in

Articles 9, 32, 41(6), 41(8) and 41(10) of Directive 2009/73/EC”, after the Request submitted by TAP AG on February,5,2014, on approving the final draft of the “Regulatory Compliance Programme” submitted before on November 15 2013, and at the same time addressed to the Italian Regulatory Authorities (AEEGSI) and the Greek ones (RAE), ERE Board of Commissioners, on its 14.02.2014 meeting approved with Decision no.12, of 14.02.2014 the “Regulatory Compliance Programme” submitted by TAP AG according to “Final Joint Opinion” in the framework of TAP Pipeline Exemption Procedure.

- Implementing Article 36, paragraph 6 Directive 2009/73/EC of the European Parliament and of the Council of July,13,2009, and “Final Joint Opinion” approved by the Albanian, Greek and Italian Regulatory Authorities, ERE Board of Commissioners with Decision no.16, of 13.03.2014 approved the Guidelines for Managing the Capacities Allocation in Trans Adriatic Pipeline (TAP) Project for the First Booking Phase according to “Final Joint Opinion” in the Framework of TAP Pipeline Exemption Procedure.
- Implementing article 36, paragraph 6 Directive 2009/73/EC of the European Parliament and of the Council of July.13.2009, ERE Board of Commissioners with Decision no.17, of 13.03.2014 approved the “Booking Phase Notice” submitted from TAP AG for the Capacities Allocation Procedure of TAP Pipeline in Conformity with the Guideline Approved with Decision no.16, of 13.03.2014”.
- In conformity with the provisions of article 36 Directive 2009/73/EC of the European Parliament and of the Council of July.13.2009, ERE Board of Commissioners with Decision no.135, of 24.12.2014 approved “Energy Regulator’s Joint Opinion on TAP AG’s Request for a Prolongation of the Validity Period of the Exemption Decision”.

8. Court cases handling

During 2014, ERE has taken part in a series of court cases at the Tirana District Court and Administrative Court.

It results that the number of court cases that ERE has taken part during 2014 has been higher than a year before.

The disagreements handled in these cases has mainly been complaints from companies licensed by ERE and customer complaints for electricity over-invoicing, where ERE has been presented in the court as a third party.

Court cases where ERE has been defendant party, respectively consist in:

- OSHEE company complaint regarding Decision no. 108, of 21.01.2011, “On Approving the Contract for Household Customers Electricity Supply” and Decision no. 109, of 21.01.2011, “On Approving the Contract for Non-Household Customers Electricity Supply” – Actually it is in process at the Administrative Appeal Court;

- OSHEE company complaint regarding ERE Board of Commissioners Decision no. 31, of 31.03.2011, “On Approving the Contract for Electricity Supply between KESH company (Wholesale Public Supplier) and CEZ Shpërndarje company (Retail Public Supplier) for 01.01.2011 – 31.12.2011 period” – Actually it is in process at the Administrative Appeal Court;
- OSHEE company complaint regarding Decision no. 102, of 19.07.2012, “On approving the Electricity Transmission agreement between TSO company and CEZ Shpërndarje company, point 15.3 of the Agreement.”- in the low level court this case is won by ERE and it is in process at the Administrative Appeal Court;
- OSHEE company complaint regarding the “Invalidity verification of Decision no.62, of 22.07.2011, “On approving the Contract to verify the periodic and primary control of electricity meters service, as well as Decision no.73, of 09.08.2011, “On the complaint of CEZ Shpërndarje company for ERE Board of Commissioners Decision, No. 62, of 22.07.2011 “On approving the contract to verify the periodic and primary control of electricity meters service.” –won on the low level court by ERE and actually in process at the Administrative Appeal Court;
- OSHEE company complaint regarding the “Suspension to execute Decision no.128, of 11.09.2011 “For administrative processing to impose a penalty toward CEZ Shpërndarje company”, “Invalidity declaration and cancelling Decision no. 128, of 11.09.2011 “For administrative processing to impose a penalty toward CEZ Shpërndarje company” – won on the low level court by ERE and actually in process at the Administrative Appeal Court;
- OSHEE company complaint regarding the “Partial cancelling of ERE Board of Commissioners Decision administrative act no. 110 of 21.10.2011 “On approving the regulation for the minimal conditions of electricity distribution and sale quality of service”, – Won on the low level court by ERE and actually in process at the Administrative Appeal Court;
- KESH company complaint regarding ERE Decision no. 118, of 28.12.2010 “On the rejection of KESH company to review Board of Commissioners Decision no.97, of 07.12.2010, “To define the electricity tariff for the wholesale public supplier during January 1 – December 31 2011 period.”- won on the low level court by ERE and appealed by KESH company at the Appeal Court;
- GEN – I Tirana company complaint regarding ERE Board of Commissioners Decision no. 78, of 22.10.2010 – on approving electricity sale-purchase contracts for 01.01.2011 – 31.12.2011 period, between CEZ Shpërndarje company and CEZ AS, EFT AG companies. Actually it is in the High Court because the defendant party has exercised a Recourse;

- “EMIKEL 2003” company complaint, “Cancelling ERE decisions 52 and 53 of 03.05.2013,” This issue is actually being judged at the Administrative Low Level Court in Tirana;
- “Projeksion Energji” company complaint: “Complete amendment of the administrative act and public authority obligation to amend ERE Board of Commissioners administrative act no. 26, of 21.03.2014. The issue is actually being judged at Administrative Low Level Court in Tirana;
- Albaco Shoes company and CEZ Shpërndarje company as a defendant party, Energy Regulator Authority is a third party in this court process lawsuit “Defendant obligation to pay the compensation for the damage caused to the company as result of electricity dis-connection from June 18 until on June 25 2013 in the amount 150.000 Eur, or its equivalent in ALL”. Actually it is being judged at the low level court Tirana;
- OSHEE company and Customer Protection Commission as the defendant party, for decision invalidity. Energy Regulator Authority is a third party in this court process. The issue is actually being judged at Tirana District Court;
- OSHEE company and General Directorate of Metrology as defendant party, where Energy Regulator Authority is a third party in the civil case: “Opposing and cancelling meteorologist inspectors decision of the General Directorate of Metrology”. Won from the defendant party in the low level court.
- Customer’s Complaint

There are 5 court processes, mainly raised at civil courts, with the subject to oppose the penalties, or other OSHEE decisions, on which ERE is in third party quality. All of these processes are initiated during 2014 and are actually being examined on Low level Courts.

7.2 ERE Activity toward Customer Protection

Based on Law No. 9072, date 22.05.2003 “On Power Sector” as amended, ERE has performed its work toward protecting electricity customers rights, to have tariffs that reflect the principles of setting service conditions and tariffs, as defined by the law and the legal acts in force. Customer protection is focused even in solving the disputes between the customers and the licensees, supervision and implementation from electricity supplying company of tariff customers and protecting their rights. ERE activity in customer’s protection activity, during 2014 has mainly consisted in monitoring the implementation of primary and secondary acts in force such as: Law No. 9072, of 22.05.2003 “ On Power Sector” as amended; Electricity Supply Contract for Household and Non-Household Customers (etc).

The data managed at ERE show that customer complaint number for 2014 is considerably and relatively higher than 2013. In 2013 were handled 1359, complaints while for 2014 are handled 2225 complaints.

To be closer with the customers ERE, has considered as its obligation to provide assistance, information, explanations as well as verbal, email and phone consultations.

Customer’s awareness for their rights related to electricity supply service has significantly increased the number of complaints handled by ERE.

The highest number of complaints has mainly consisted in the violation of general Electricity Supply contracts terms for household and non household customers. Electricity supply contracts for household and non-household customers are approved with ERE Board of Commissioners Decision No.108 and No.109, of 21.10.2011 that has clearly defined the reciprocal obligations reports of electricity customers and “OSHEE” company, in the quality of retail public supplier.

To better supervise the obligations attributed to the company, ERE referring to Law No.9072, of 22.05.2003 ”On Power Sector“ as amended, and based on the secondary acts issued with its implementation, has handled and analysed the customer complaints, observing that most of the complaints consist in the violation of their handling deadline as defined on point 6.10 of “Retail Public Supply” license and in violation of the obligations defined on point 12.2 of Electricity Supply Contract for Household and Non - household Customers”.

On table No.7-9 it is shown in details total number of the complaints handled by ERE divided according to their subject.

Table 7-9 Total number of the complaints presented at ERE for 2014

Subject	Unmeasured Electricity	Economical Damage	Flat-rate Invoicing	Over-invoicing/ Incorrect Invoicing	Fictitious Invoicing	Payments Non credit	Muk t	New Connection Request	Various	Total
Janary	49	20	13	54	8	7	13	4	15	183
February	50	21	0	30	6	5	6	2	3	123
March	31	11	14	17	12	6	16	5	4	116
April	67	11	19	62	14	3	10	1	3	190
May	34	0	8	29	21	3	1	1	5	102
June	49	21	22	25	12	3	20	1	9	162
July	25	11	14	30	5	3	32	0	4	124
August	37	8	7	34	2	3	11	1	2	105
September	30	14	14	36	7	5	24	0	5	135
October	32	9	0	36	5	6	29	1	3	121
November	81	13	69	58	22	12	32	1	15	303
December	182	30	79	152	33	11	67	1	6	561
Total	667	169	259	563	147	67	261	18	74	2225

Total number of the complaints handled by ERE is 2,225 complaints during January – December 2014 period.

In analyzing the data we observe that the complaints regarding “unmeasured electricity” occupy an important place in handling the complaints, the “unmeasured electricity” complaints are followed by incorrect, over invoicing ones.

In reviewing the documentation submitted by the customers, it is observed from the issued minutes from Electricity Distribution Association, that the majority of them are not performed in the presence of the subscriber. Such a procedure opposes article 14.1 of Electricity Supply Contract for Household and Non-Household Customers, as well as with article III.7.7 of the Measuring Code.

The majority of the controls performed by the company has consisted in collective boxes, in the administration of the company. As mentioned above there are observed about 667 complaints for “unmeasured electricity” and about 563 complaints for electricity over-invoicing, incorrect invoicing. Graphically this information is given on Picture 7-10.

On picture 7-11 there are analitically presented the subjects of the complaints handled during the months.

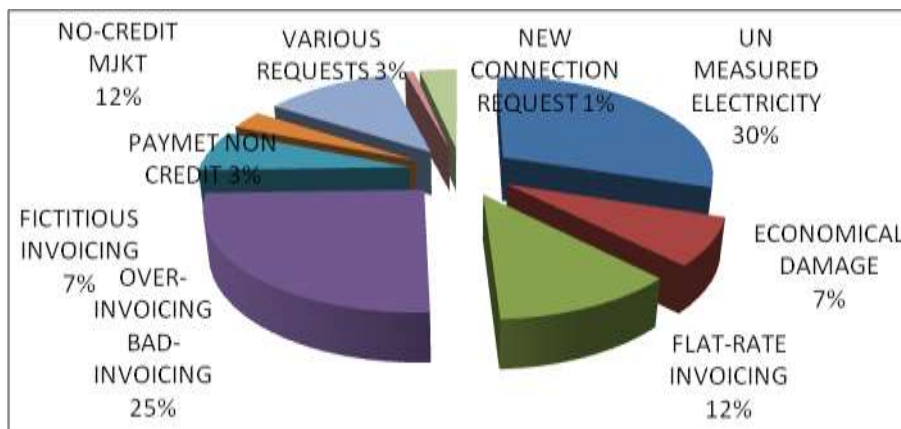
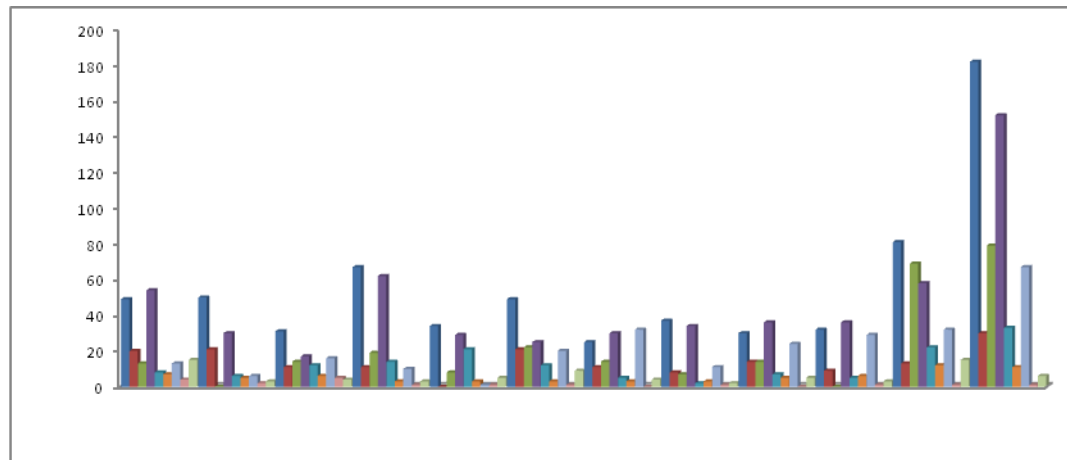


Figure 7-10 Complaints handled by ERE during 2014



	Jan	Feb	March	April	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Unmeasured Electricity	49	50	31	67	34	49	25	37	30	32	81	182
Economical Damage	20	21	11	11	0	21	11	8	14	9	13	30
Flat-rate Invoice	13	0	14	19	8	22	14	7	14	0	69	79
Over-invoicing	54	30	17	62	29	25	30	34	36	36	58	152
Fictitious Invoicing	8	6	12	14	21	12	5	2	7	5	22	33
Not crediting the payments	7	5	6	3	3	3	3	3	5	6	12	11
MJKT no credit	13	6	16	10	1	20	32	11	24	29	32	67
New connection request	4	2	5	1	1	1	0	1	0	1	1	1
Various requests	15	3	4	3	5	9	4	2	5	3	15	6

Figure 7-11 Complaints handled according to the months for 2014

Electricity over and incorrect invoicing. In the complaints spectrum a considerable place is taken by the complaints regarding electricity over and incorrect invoicing caused by different issues such as: non reconciliation of the index uploaded in the system with the real index of the meter, human errors of meter readers, delays in uploading new meter data into the system. Such problems considerably increase the financial burden of subscribers, reducing the collections level. All of these factors has caused that the complaints regarding electricity over and incorrect invoicing to be considered as problematic even for 2014. For all the complaints, ERE has required to “OSHEE” company, the necessary information and the verification on site. In these conditions to “OSHEE” company are given the appropriate instructions, defining the deadlines for solving them. From these data result that there are 536 complaints for over-invoicing and incorrect invoicing.

Flat rate invoicing. This phenomenon is significantly encountered in customer complaint handling, which although having meters, are flat rate invoiced opposing

ERE Board of Commissioners Decision No. 146, of 24.12.2013 "On the request of "Cez-Shpërndarje" company in temporary administration, to set flat rate invoice". According to this decision the "flat rate invoicing will be applied for household customers without meter or for non-household customers with damaged meters and that are out of technical conditions. The invoicing will be applied for a period not more than 2 months".

During 2014 are set flat rate invoices out of the table defined by ERE and also in the cases of damaged meters are observed cases when the flat rate invoicing is applied by the company for a period longer than two months. ERE has handled about 259 complaints with flat rate invoicing subject.

Immediate electricity interruption. Another violation is the fact that immediately after applying the "economical damage", to the subscribers is made the electricity interruption, setting them in front of the obligation to pay the "economical damage" value without reflecting it in the appropriate electricity invoice, contrary to the obligations defined in Electricity Supply Contract for Household and Non-Household Customers, respectively article 11.1 of this contract which stipulates that "If the customer fails to pay his electricity invoice within 30 days from the deadline set for the payment according to Articles 9.1 and 10, the Supplier wins the right to make the dis-connection of the Customer's electricity supply, after having notified the customer in a written form 48 hours before the dis-connection. The supplier is obliged to make the reconnection within 48 hours from the moment that the Customer has done the payment". Based on the data available at ERE, are handled about 169 complaints, for most of them it is given a response and it is not done the final arrangement of the real situation of the meter.

Even during 2014 it continues to be observed that it is not respected the 30 days deadline for the meter periodical reading. The complaints submitted at ERE regarding the over-invoicing and incorrect electricity invoicing, are as the result of the failure to perform periodical readings of electricity meters for a period of 30 calendar days, an obligation defined even in the Electricity Supply Contract for Household Customers, article 7.1. There are also encountered significantly incorrect invoices. Are evidenced invoices obviously higher than the average monthly invoices of the customers (comparable or more than triple of the average monthly invoice). "OSHEE" company, has not implemented article 12.6 of the Electricity Supply Contract for Household and Non-Household Customers, where it is clearly defined that the "Supplier cancels the invoice and realizes in accelerated procedure the verification, cancelation and issuance of the corrected invoice within 10 days."

The customer's access to read the meters. The General Terms of Electricity Supply Contract for Household and Non-Household Customers, article 7.3 of it defines that the supplier is obliged to provide the Customer's access to read the metering equipment at any time". Regarding this fact, ERE has noticed that "OSHEE" company, has not taken the appropriate measures to implement article 7.3 of the Contract.

Calibration of Electricity meters. The customer's request for the meters calibration during 2014 at ERE, has been lower than 2013, (about 15 requests). ERE has requested to the Electricity Distribution company to handle these cases in conformity with the appropriate procedures.

Electricity Supply Quality. There is also problematic the electricity supply voltage quality. This problem is encountered in many rural areas and at different private companies. These complaints are delivered at ERE and in most of the cases at MEI, the Ombudsman office and other institutions. Problems with the voltage quality, are known and accepted by "OSHEE" company. By ERE these requests are handled, organizing hearing sessions, in which it is required to "OSHEE" company to take detailed information for the reason of electricity disconnection and their duration.

Electricity Invoicing for "metering out of technical conditions". It is also problematic the situation, that has to do with meters change, which are out of technical conditions, within the set deadline. Not respecting these deadlines has led to customer charging with invoiced energy for "metering out of technical conditions", this invoicing is not made according to the legislation in force. This has happened because in the Electricity Supply Contract for Household and Non-Household Customers, article 8, point 2, it is cited that "if the Supplier does not respect the 30 days deadline for the regular meter installation, then it is the Supplier's responsibility and the invoicing for the days without meter beyond this deadline, will be zero". About this issue there have been about 261 complaints.

Fictitious contracts. It should be underlined the fact that there continue to be encountered problems regarding fictitious contracts made unilaterally by the company. These contracts are mainly duplicated based on the customer's original ones, or are contracts made unilaterally without agreement by the parties. During 2014 are handled about 147 complaints of this type.

Not respecting the deadlines defined for the new contracts. In these cases, we notice delays in making contracts, and in not transferring the contracts for the companies resulting as debtors. We have given guidelines that the contracts should be made for all the companies that are not debtors, a guideline that is not taken into account from the company.

Customer's not Crediting Phenomenon. There continues the phenomenon of customer's noncrediting although they have done all the payments for electricity consumption they result as debtors. This has made that many customers are confronted with the incorrect electricity dis-connection. Based on the documentation reviewed by us, we have identified that we have to do with cases where the customers have made the payments mainly at the bank or at the post office and in this cases it is noticed not reconciliation of the paid invoices. The procedure followed for these customers, was the verification of the original Electricity Booklet or of the payments made at the Post office or at the Bank, with "OSHEE" company Billing System, making afterwards the necessary corrections.

Handling the complaints by the Customer Care Centers of “OSHEE” company. ERE has monitored and observed that: handling and solving the complaints by “OSHEE” company Customer Care Centers, there are still significant problems, where the typical one continues to be not responding within the deadline defined in the “Regulation of the Complaints Handling”. The lack to give a response or solution on the period defined on the Regulation from “OSHEE” company, has made that the customers, in major cases, shall come at ERE after the deadline for the response to solve the complaint by OSHEE company has expired. On the following table it is the situation of the customer complaints during 2014.

Table 7-3 Analysis on the complaints /request coming from ERE, Ombudsman and HO during 2014 according to the months and status

Area	Response Type	January	February	March	April	May	June	July	August	Sept	October	Nov	Dec	Total
Ombudsman	In process	3	2				1	4	1	5	9	12	8	45
	Refused		1				1							2
	Solved	10	14	12	12	8	15	16	9	5	16	9	1	127
Ombudsman in total		13	17	12	12	8	17	20	10	10	25	21	9	174
ERE	In process		50	44	70	47	50	63	16	91	119	168	201	919
	Refused		6	9	6	2						1		24
	Solved	4	159	123	150	52	128	111	12	95	47	58	41	980
ERE in total		4	215	176	226	101	178	174	28	186	166	227	242	1,923
Headquarters	Finished										1			1
	In process	48	111	76	141	159	168	154	114	280	232	559	422	2,464
	Refused	3	11	5	7	8	7	7	1	3	4	11	1	68
	Solved	119	302	185	303	242	225	227	166	148	174	194	146	2,431
HO Total		170	424	266	451	409	400	388	281	431	411	764	569	4,964
Total		187	656	454	689	518	595	582	319	627	602	1,012	820	7,061

Table 7-4 Analysis on the complaint and requests status received during 2014

Type	Complaints					Requests					Total
	Finished	In process	Refused	Solved	Total	Finished	In process	Refused	Solved	Total	
January	101	918	73	4,036	5,128		997	86	6,187	7,270	12,398
February	94	950	99	3,872	5,015		874	77	5,480	6,431	11,446
March	83	1,012	77	3,721	4,893		848	67	5,273	6,188	11,081
April	108	1,266	101	3,418	4,893		1,112	59	5,732	6,903	11,796
May	152	2,878	160	3,652	6,842		861	53	4,599	5,513	12,355
June	112	2,715	96	2,985	5,908		1,048	41	4,347	5,436	11,344
July	67	2,025	68	2,502	4,662		1,226	28	4,196	5,450	10,112
August	47	1,713	60	2,390	4,210	1	1,593	57	4,710	6,361	10,571
September	68	1,952	56	2,469	4,545		1,863	31	4,620	6,514	11,059
October	47	2,012	46	2,789	4,894	1	3,411	45	4,649	8,106	13,000
November	57	2,637	32	4,083	6,809		7,919	45	7,104	15,068	21,877
December	3	2,982	16	3,965	6,966		6,165	18	7,207	13,390	20,356
Total	939	23,060	884	39,882	64,765	2	27,917	607	64,104	92,630	157,395

Tabela 7-5 Analysis on the complaints/requests for 2014 according to the areas and their status

Areas	Finished			In process			Refused			Solved			Total
	Complaints	Requests	Total	Complaints	Requests	Total	Complaints	Requests	Total	Complaints	Requests	Total	
Berat	40		40	2,074	1,141	3,215	102	27	129	2,831	3,289	6,120	9,504
Burrel	76		76	1,085	522	1,607	14	2	16	1,150	1,671	2,821	4,520
Durres				3,254	3,098	6,352	114	160	274	4,608	7,253	11,861	18,487
Elbasan	57		57	2,513	2,118	4,631	65	32	97	3,681	4,362	8,043	12,828
Fier	133		133	2,348	2,829	5,177	56	14	70	5,365	6,044	11,409	16,789
Gjirokaster	47		47	1,951	2,227	4,178	68	4	72	2,074	2,680	4,754	9,051
Korce	61	1	62	890	770	1,660	172	157	329	2,811	5,160	7,971	10,022
Kukes				28	200	228	3	1	4	118	392	510	742
Shkoder	19		19	901	2,761	3,662	83	102	185	2,617	3,422	6,039	9,905
Tirane	506		506	5,391	11,448	16,839	138	83	221	12,276	28,644	40,920	58,486
HO		1	1	1,726	738	2,464	44	24	68	1,299	1,132	2,431	4,964
ERE				863	56	919	23	1	24	937	43	980	1,923
Ombudsm an				36	9	45	2		2	115	12	127	174
Total	939	2	941	23,060	27,917	50,977	884	607	1,491	39,882	64,104	103,986	157,395

For third party information it has functioned the network access by the web site, offering a complete and correct review of the offered information and services. This web site provides access and filling online the complaint form from all the interested persons, updated information for the primary and secondary legislation of the power sector, licensing conditions, all ERE decisions, the licensees register, detailed information on electricity supply contracts, on respective rights and obligations of the parties in the electricity market. ERE web site in customer protection field is updated by the “customer’s brochure”.

Public, Written and Audio Visual Media Relations. ERE has given special importance and priority to the communication with the public. To guarantee a transparent and direct communication there are realized some declarations and press communications, intensive communications by the media, information publishing that has to do with the service level from the participants in the power sector, and public sessions and meetings. The communication is realized by providing information through many television, newspapers and magazines interviews, systematically keeping in touch with ERE managers, and the availability of the data required by the journalists that cover the power sector, this respecting the law for the right to be informed. It should be emphasized the fact that ERE is positively and responded on time to the continuous requests from the media to clarify different issues, especially “OSHEE” company issues, but even TAP project developments. Electricity retail price approval for tariff customers in 2015, has been a media sensation and reaction in a quick time, while the managers of the institution have respected the media for their requests in offering different informations.

Communications with the Market Participants. ERE communication with the other market participants has been very active. This based on implementing the responsibilities and obligations deriving from the legislation of the power sector, aiming to balance the state, customers and investors interests. In these conditions ERE, has set a cooperation with the market participants of the power sector for a better and transparent collaboration of electricity market. This collaboration is mainly realized by the consultations and meetings with the electricity market operators. The processing and providing on time the information requested by the companies, has been another form of communication between ERE and other interested companies regarding the electricity trade issues, the legislation and implementing the obligations deriving from it.

Hearing Sessions. Taking into account the legal principles, public interest and private persons protection, the principle of impartiality and collaboration for a fair judgement to solve the disputes between the licensees and solving the customer's complaints and also in the process of drafting the secondary acts, ERE organizes the hearing sessions. In accordance with the transparency principles ERE, based on "Practice and Procedure Regulation", has organized a series of hearing sessions. About 53 of these sessions are held to handle and solve the complaints, by making a category of the encountered problems. In these sessions, are faced all market participants and electricity customer concerns. In this framework by ERE are given the instructions and recommendations which are obligatory for the market participants, to solve the problems encountered with the customers or the disputes between the licensees and other electricity market actors.

There are also organized hearing sessions with the main electricity market actors like "KESH", "TSO" and "DSO" companies, whose subject has been the consultations for the regulatory acts or handling various issues such as: discussions regarding the standard contract, regarding the liquidation of the obligations that these companies have to each other and to realize a payment schedule etc.

About 26 hearing sessions had as their subject electricity customers mainly household customers, non household ones and state institutions (Schools, Internal Affairs Ministry, General Prosecutor Office etc), which are mainly complained for over invoices, for invoices in common environments; irregular invoicing; customer's invoicing anomalies; fictitious contracts etc.

Regarding these sessions ERE, implementing a transparent procedure, by identifying and analysing the observed problems has made them known to the stakeholders its attitude giving them the appropriate recommendations.

Service of quality indicators. These data are given on table 7-6.

Official Website Information. Online communication by ERE's official Website is developed by offering a complete and correct review of the offered information and services. ERE does the systematic update of the website by offering to all the

interested persons an updated information on the primary and secondary legislation in the power sector, all ERE decisions, the licensees register, the conditions for licensing, detailed information on electricity supply contracts, information on the respective rights and obligations of the parties in the energy market. During 2014 ERE's website has continued to offer information about Board of Commissioners meetings, the respective decisions as well as ERE's national and regional level activities.

Tabela 7-6 Quality of service Indicators

HV	Interruption Cause				Number of connected			Planned Interruptions					Unplanned Interruptions					SAIFI	SAIDI	CAIDI
	Planned Interruptions	Force Majeure	Third party responsibility	Cez company responsibility	Total	Urban Area	ZONE RURALE	Total number of the affected customers	Total number of affected customers Urban Area	Number of affected customers Rural Area	Total number of the customers for Time	Duration (hours)	Total number of affected customers	Number of the affected customers Urban Area	Number of affected Customers Rural Area	Customer number for Time	Duration (hours)	Number of customers affected from the interruptions/ Cust. No.Total	Total No. of interrupted hours /Cust.No in Total	Total No. of interrupted hours/ No. of Cust. affected from the interruptions
January	39	5	13	116	1,163,467	589,633	573,834	61,776	11,969	49,806	141,011	90	801,060	235,697	565,363	2,314,704	502	0.74	2.11	2.85
February	59	3	17	88	1,163,467	589,633	573,834	141,564	30,737	110,827	587,453	126	636,043	202,990	433,053	1,613,356	327	0.67	1.89	2.83
March	80	10	16	72	1,163,467	589,633	573,834	288,282	76,264	212,018	791,304	192	504,109	136,931	367,178	1,401,990	353	0.68	1.89	2.77
April	116	3	18	84	1,163,467	589,633	573,834	451,095	165,110	255,985	1,419,399	349	679,107	199,318	479,790	1,725,262	414	0.97	2.70	2.78
May	103	11	42	73	1,163,467	589,633	573,834	425,281	140,467	284,814	1,158,097	279	938,640	186,559	752,091	4,234,321	631	1.17	4.63	3.95
June	101	30	33	93	1,163,467	589,633	573,834	402,176	177,730	224,446	1,011,560	252	760,342	174,504	1,358,838	3,571,067	715	1.00	3.94	3.94
July	73	25	1	112	1,163,467	589,633	573,834	258,909	80,081	178,828	776,947	178	713,870	172,833	541,037	2,596,291	602	0.84	2.90	3.47
August	47	13	32	91	1,163,467	589,633	573,834	157,845	50,742	107,103	332,236	106	773,574	228,001	545,573	1,369,932	433	0.80	1.46	1.83
September	78	25	45	124	1,163,467	589,633	573,834	352,285	72,420	279,865	996,183	216	993,324	303,042	690,282	2,952,936	869	1.16	3.39	2.93
October	84	10	49	62	1,163,467	589,633	573,834	1,151,826	98,047	262,779	771,409	242	803,845	232,864	454,536	2,997,923	740	1.68	3.23	1.92
November	65	29	52	99	1,163,467	589,633	573,834	345,421	111,384	233,837	907,295	164	1,062,436	334,624	727,812	2,559,633	466	1.21	2.97	2.46
December	30	31	36	185	1,163,467	589,633	573,834	1,302,267	334,077	968,190	3,260,873	902	135,945	87,641	55,204	357,845	66	1.23	3.11	2.51

MV	Interruption Cause				No. of connected customers			Planned Interruptions					Unplanned Interruptions				SAIFI	SAIDI	CAIDI	
	Planned Interruptions	Force Majeure	Third party responsibility	CEZ company responsibility	Total	Urban Area	Rural Area	Total No of affected customers	No. of affected customers Urban Area	No. of affected customers Rural Area	Customer No/line	Duration (hour)	Total No of affected customers	No of affected customers Urban Area	No. of affected customers Rural Area	No of customers/Time	Duration (hour)	No. of customers affected from the interruptions /Cust. No. Total	Total No of interrupted hours/Cust.No. Total	Total No. of interrupted hours /No. of Cust affected from the interruptions
January	104	58	10	2,343	1,163,467	589,633	573,834	143,513	22,821	120,692	368,322	271	3,316,105	758,561	2,557,540	5,988,797	6,564	2.97	5.46	1.84
February	110	39	3	1,957	1,163,467	589,633	573,834	141,019	41,886	99,133	322,300	254	2,613,064	445,689	2,167,375	4,024,048	4,733	2.37	3.74	1.58
March	145	145	3	2,387	1,163,467	589,633	573,834	1,359,824	265,379	1,094,445	419,938	384	3,335,276	600,876	2,733,573	5,171,098	14,109	4.04	4.81	1.19
April	239	66	1	2,613	1,163,467	589,633	573,834	278,940	71,624	207,506	835,351	722	3,413,139	633,937	2,780,042	6,452,729	9,443	3.17	6.26	1.97
May	262	79	4	2,387	1,163,467	589,633	573,834	309,540	42,475	267,065	881,522	761	3,203,884	731,290	2,472,594	5,422,073	5,632	3.02	5.42	1.79
June	315	217	1	3,003	1,163,467	589,633	573,834	377,675	46,964	327,545	1,130,615	955	3,778,500	624,917	3,145,764	6,425,806	7,533	3.57	6.49	1.82
July	197	242	14	2,682	1,163,467	589,633	573,834	209,234	41,646	166,911	572,421	585	3,589,222	541,218	5,176,515	6,192,075	7,743	3.26	5.81	1.78
August	275	147	7	2,001	1,163,467	589,633	573,834	314,527	47,809	266,618	896,271	836	2,629,918	485,005	2,144,884	3,766,568	5,599	2.53	4.01	1.58
September	214	188	2	3,502	1,163,467	589,633	573,834	215,909	39,863	169,816	496,580	541	4,445,444	752,906	3,697,853	10,896,814	11,985	4.01	9.79	2.44
October	318	100	1	2,754	1,163,467	589,633	573,834	401,974	104,766	297,208	193,676	####	3,517,727	617,158	2,901,742	6,271,356	9,727	3.36	6.41	1.90
November	133	110	13	2,746	1,163,467	589,633	573,834	124,064	11,336	112,728	377,225	447	3,602,732	786,392	2,816,340	7,632,432	8,347	3.20	6.88	2.14
December	156	70	4	3,866	1,163,467	589,633	573,834	206,388	32,834	173,554	644,174	500	4,668,751	986,934	3,681,817	13,863,758	20,853	4.19	12.46	2.97

Also during 2014 on ERE-s official website have began to be translated in English and published all Board of Commissioners decisions and also any other information related with ERE activity.

Also on our official website continues to be provided the access and online filling of the complaint form from all the interested parties.

7.3 ERE Inter-institutional and International Relations

A special importance even during 2014 was dedicated to inter-institutional relations within the country and to the international multilateral and bilateral relations. For 2014 from the International Affairs Sector it has been worked so hard that ERE to be represented with dignity in the international arena and in strengthening its role at the institutions where ERE adheres.

Mainly ERE has shared information and attitudes with the Albanian Parliament, Ministry of Economy, Trade and Energy, Ministry of Integration, Competition Authority, the Ombudsman, and also other institutions that operate in the Republic of Albania which activity is related in a certain extent with electricity and gas sector issues.

7.3.1 ERE Relations with the Albanian Parliament

ERE during 2014 as in the previous years has continued to follow correctly and intensively the collaboration with the Albanian Parliament, by periodically informing and reflecting step by step the institutional activity pursuant to Parliament Bureau decision No.29, of 09.02.2008 “For establishing the Monitoring Service of the institutions that report and inform the Parliament”. Within this decision the

authorized responsible employee to perform this service, has closely followed and is informed in details with ERE's activity and has assisted on Board of Commissioners meetings.

The contacts consisted regarding the: "Evaluation of Energy Regulator Authority Activity for 2013" and implementing the requirements and suggestions made by the Parliament for 2014, the references for Law No. 9154, date 06.11.2003 "For the Archives", new re appointments of the officials as well as ERE-s economical data.

The Parliament is informed regarding the actual developments in the Power Sector, where in addition to the presentation of ERE-s Annual Report in the Parliament, ERE has send information for important issues that had to do with the Energy Market. During this year has also continued the issuing of the required information from the Parliament Deputies.

7.3.2 ERE Relations with the Ministry of Energy and Industry (MEI)

During 2014 ERE has collaborated and coordinated a part of its work with MEI for solving many issues and challenges encountered during power sector regulation process in Albania.

ERE has contributed either through the proposals issued or through giving different opinions or amendments proposed, but even through active participation in inter-institutional Working Groups to review the Power Sector Law (3rd Directive), Energy Resources Law and future projects in Electricity and Gas Sector.

ERE has done an intense communication with MEI regarding the steps that should be followed in the assets expropriation process of CEZ Shpërndarje company and their transfer in Albanian state ownership. Also during 2014 ERE has collaborated with MEI for the sector issue, electricity market perspective and collaboration forms focussing on the market status of Energy Small generators.

ERE will continue to appreciate this and the collaboration with MEI will be one of its priorities.

7.3.3 ERE Relations with the Ministry of Integration

For 2014 ERE has continued the communication and collaboration with the Ministry of Integration regarding Association-Stabilization Committee, to update the information regarding the national Plan, for implementing Association Stabilization Agreement for 2010-2014 period. Within this ERE has reviewed the acts provided at PKZMSA and has contributed in completing the requirements coming from EU Directive. These requirements come as the result of Energy Community Treaty and completing 54/2003 Directive. Also during this year ERE has collaborated with the Ministry of Integration regarding the Follow up Report within Transport, Energy and

Regional Development Sub-Committee. ERE has made regular reporting for the Peer Review Mission of the European Union which are submitted at ERE, and also has made the annual report in collaboration with the Integration Minister at EU in Brussels.

7.3.4 ERE Relations with the Competition Authority

ERE has based its relations with the Competition Authority institution within the Memorandum of Understanding signed between ERE and the Competition Authority from 17.01.2007.

During 2014 there has been the collaboration between the two institutions to avoid the infringement of competition by the operators, to protect the customer's interest. This collaboration was focused on very important issues during 2014, such as Electricity tariff issue, recommendations to increase the competition in the Electricity Procurement Market to cover the losses in the Distribution Grid, and issues regarding the "Auction Regulation" Rules.

Also, ERE has organised meetings and hearing sessions within the Competition Authority recommendations.

The communication, information and data exchange between the two institutions will continue even in the future considering the need for legal acts processing in the context of new law for electricity and natural gas issuing.

7.3.5 ERE Relations with the Ombudsman Office

One of ERE relations priorities is that with the Ombudsman Office, where both institutions have a common institutional commitment for the protection of electricity end customers in conformity with the responsibilities that they respectively have according to the legislation in force for the customer protection. Within this commitment, even during 2014 ERE has maintained close institutional relations with the Ombudsman Office by organizing common meetings to exchange opinions, but even in the cases when are required necessary clarifications regarding the quality services for electricity customers supply. There are also discussed the complaints regarding electricity supply invoices for end customers.

7.4 International Relations

ERE priority is the dignified representation of the country and the Regulator in regional and international activities, aiming the consistency and harmonization of its practices with EU countries. The participation in international activities is considered by ERE as one of the main elements that serves to institutional strengthening,

increasing the knowledge and experience of its staff. This is one of the reasons for which we can mention ERE activity and role in membership and active participation in international organizations, in organizing international conferences, in collaboration with other institutions for organizing international activities, workshops or multilateral and bilateral meetings.

For 2014 ERE has worked in high intensity to realize fruitful collaborations to the benefit of the country's power sector. Setting up these priorities, ERE has collaborated in intensifying the multilateral relations with international organisations like ERRA, MEDREG, USAID, NARUC, ECRB, Energy Secretariat in Vienna etc. On the other hand ERE has held bilateral relations with other Regulatory institutions, realizing common meetings and taking part actively in international conferences and activities that are related with energy.

7.4.1 Active Participation as a Member of ERRA

ERE is a member with full rights in the Regulatory Authorities Association for the South East Europe and Euro Asian Countries (ERRA). It realizes a regular participation in ERRA Chairman General Assembly, meetings of two ERRA permanent Committees, that of License and Monitoring and the Tariff and Prices one, as well as the Working Group meeting for legal issues that is held on ERRA member countries.

ERE is a member of Mediterranean countries Regulators Association (MEDREG) for electricity. ERE staff has actively taken part in the working group meetings for renewable energy, gas issues, Electricity Working Group, as well as MEDREG's General Assembly meetings. Also ERE on March 2014 has organized in Tirana MEDREG's Steering Committee meeting. This association is supported by the European Commission is a valuable opportunity to the acknowledgement of opportunities, regulatory framework and energy potentials harmonization in the Mediterranean countries. At the same time gives the opportunity to set up an understanding climate and collaboration of these country's regulators for different interest issues between them. During the General Assembly organized on November 2014, ERE Chairman Mr Petrit Ahmeti, is elected Mediterranean Regulators vice president with a two year term. Also the Commissioner Mr. Maksim Shuli is appointed vice chairman of MEDREG's gas working group. This shows ERE commitment in the international arena and provides a dignified representation of the country.

For 2014, ERE held a fruitful collaboration with USAID in the long-term joint project supported by USAID itself, where are included the regional regulator representatives and distribution system companies. Among the main projects that ERE took part is the collaboration and coordination of Balkan distribution operators project and the Black Sea project. The first project has brought positive results in Balkan Distribution Operators coordination.

.ERE, in the framework of Energy Community Treaty, during 2014 has actively participated in the Energy Forums in Athens, Gas Forum in Ljubljana and Energy Community activities organized by Vienna Secretariat. Also ERE has been very active in the collaboration with the Energy Secretariat of Vienna, being consulted for the main decisions and asking opinion for sensitive issues. On the other hand, many of ERE's draft-decisions are consulted with Vienna Secretariat. ERE has regularly and actively followed the Working Group meetings for customers, electricity, regional market and natural gas issues. To realize a better work and achieving higher results ERE has held joint meetings with the Secretariat for the best solution of CEZ issue, to realize a joint market with Kosovo for Capacity Allocation Regulation and TAP project. There should be underlined that ERE has taken part in trainings and workshops organized by the Secretariat for the quality of service, security of supply, customer protection, third legislative package and electricity and natural gas market models. Vienna Secretariat representatives have actively supported ERE to solve the issues encountered during 2014.

Our institution has tried to benefit so much from these activities and from the European Union regulatory experience, to harmonize the legislation, practice and procedures with the aim to create a joint, transparent, competitive, non discriminatory and with equal access regional electricity market for all the participants.

7.4.2 ERE Bilateral Relations

ERE bilateral relations for 2014 aimed to strengthen its institutional capacity and to set successful collaboration on improving the power sector of the country. ERE has worked toward bilateral relations, where we can mention mutual agreements aimed to exchange experience for the tariffs, legislation and joint market issue.

To deepen the collaboration with regional countries and the coordination between them, ERE has organized meetings with the Montenegrin Regulatory to discuss the common projects, tariff methodology and TAP pipeline project.

During 2014, are further intensified the bilateral relations with the Italian (AEEG) and the Greek (RAE) Regulators. This collaboration has made possible the realization on time of joint decision of the three regulators regarding TAP project and for the next year will be planned activities to benefit from the Italian Regulator experience in natural gas and distribution sector. Also during this year ERE has held fruitful collaboration with the region and beyond, where we could mention Kosovo Macedonian, Montenegrin, Turkish, French Regulators etc.

7.4.3 Participation in International Conferences and Activities

During 2014, ERE has dedicated special importance to the participation in international conferences and activities. Our institution's interest in these activities has been very high to introduce with the European and world wide experiences in the power sector and wider in the global level. Among the most important activities we could mention European Forums for Energy and Gas, European and SouthEast Europe Conferences for Renewable Energy, General MEDREG Assemblies, Energy Mediterranean Forum, conferences organized for gaz issues in the region countries, as well as the workshops organized regarding the regulators role in renewable energy issues, energy efficiency, customer protection and security of supply. An important meeting during 2014 has been the donor's roundtable for the Albanian Power System.

7.5 Administration of ERE's Financial and Human Resources

7.5.1 ERE Human Resources Administration

Even for 2014, regarding Human Resources sector it is strictly implemented Law no. 9367 of 07.04.2005. "To prevent the interests conflict in exercising the public functions" as amended with article no.86/2012 of 18.09.2012, as amended with Law no.44/2014 of 24.04.2014 and Law no. 9049, of 10.04.2003 "On the declaration and property control, of financial liabilities of the elected persons and some public servants" as amended with Law no.85/2012 of 18.09.2012 and Law no.45, of 24.04.2014.

There are completed the periodic/annual statements of private interests by 10 employees (subject to this obligation), within the deadlines provided by the law.

Also ERE has regularly attended the trainings organized by ILDKPKI (High Inspectorate of Declaration and Assets Audit as well as Conflict of Interest).

Implementing Albanian Parliament Decision no.181, of 05.05.2008 to approve the structure and the staff number it is strictly implemented Law No. 9584 of 11.07.2006, "For the payments, compensations, and constitutional institutions structure as well as of other independent institutions established by law", as well as Decision no. 589, of 17.07.2013 "On approving the structure and salaries level for the civil servants/the servants, the vice minister and cabinets employees, in the prime ministry office, line ministries equipments, the president's parliament, central elections commission,

general prosecution administration, some independent institutions, institutions in the Council of Ministers, Prime Minister's dependance, institutions depending in line ministries and the prefecture administration" as well as Decision no. 610, of 24.07.2012 " On some additions and amendments in decision no. 717, of 23.06.2009 of the ministerial council "For the payments of the supporting employees in budgetary institutions and employees in some budgetary institutions" as amended.

Following Law no. 9072, of 22.5.2003 "On Power Sector" as amended, for the selection, appointment, and promotion in duty of the staff Law no. 152/2013, of 30.05.2013 "On the civil servant" and all secondary acts coming into force strictly implementing the Law.

7.5.2 ERE's Financial Resources Administration

In the financial administration sector are correctly implemented the respective legal and secondary acts for ERE's finance administration, including Law no. 9072 of 02.05.2003 "On Power Sector", as amended, Law no. 9643, of 20.11.2006 for "Public Procurements", as amended, Law no. 9228, of 29.4.2004 "For accounting and Financial Statements", as well as other legal acts.

There are applied all the deadlines regarding the performance of public funds procurement, in accordance with the Procurement Law and other secondary acts.

Also, it is performed the property inventory that ERE administers. Regarding the monetary funds, they are provided by the regulatory payments that ERE has imposed for the licensees. For 2014 the planned incomes from the regulatory payments are realized 95.2%.

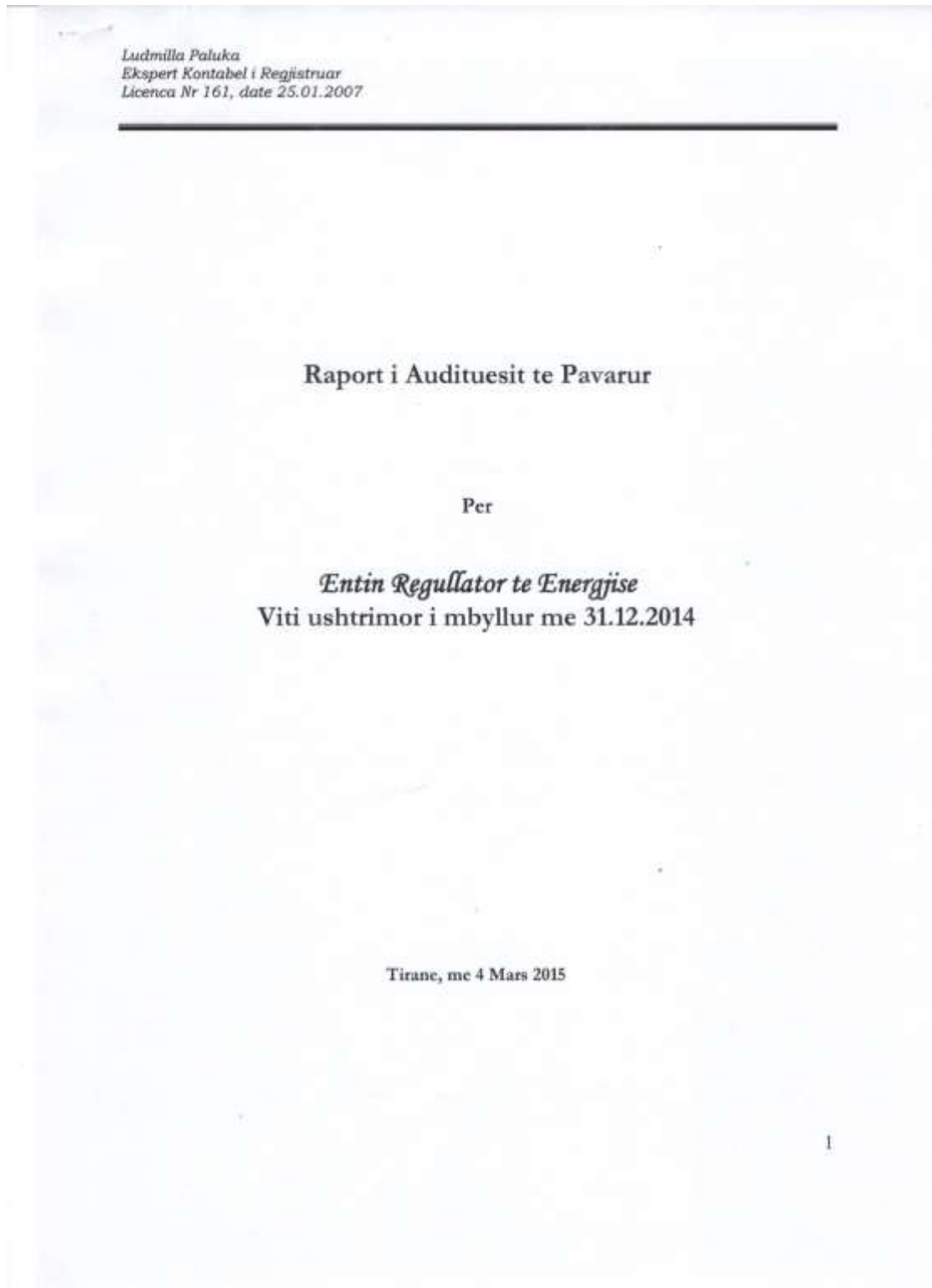
The balance expenses performed by ERE, made for performing the legal obligations to guarantee a normal working of the institution, as before have consisted in covering ERE's most important needs during the year, while we could mention:

- Staff payments, social and health security payments, income taxes, which have been paid all with not any outstanding payment.
- Consultancy services Payments
- Publications for public opinion information
- Payment of payable services such as water, electricity, telephone for which our institution is not a debtor, necessary services expenses to maintain the work as well as and the depreciation of the fixed tangible assets, etc.
- Premium rate for the mandatory insurance of vehicles and their annual registration tax.

There are also performed 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.

ERE financial activity during 2014 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.

7.5.3 **The Audit Report from the Accounting Expert for 2014**



Ludmilla Paluka
Ekspert Kontabel i Regjistruar
Licenca Nr 161, date 25.01.2007

RAPORTI I AUDITUESIT TE PAVARUR

Kryetarit te Entit Regullator te Energjise,

Z. Petrit AHMETI

Bazuar ne Legjislacionin perkates, me keni caktuar per te audituar pasqyrat financiare bashkalidhur te **Entit Regullator te Energjise** per vitin ushtrimor mbyllur me 31.12.2014.

Pergjegjesia e Drejtimit per Pasqyrat Financiare

Drejtimi eshte pergjegjes per pergatitjen dhe paraqitjen e drejte te ketyre pasqyrave financiare ne perputhje me Standartet Kombetare te Kontabilitetit dhe te Raportimit Financiar.

ERE eshte nje Ent Publik jo buxhetor dhe jofitimprures.

Ne perputhje me Dispozitat Ligjore qe regullojne funksionimin e ERE-s, kontabiliteti i saj pasqyron administrimin e fondeve te realizuara nga operatoret e sektorit energjistik mbi bazen e tarifave te percaktuara me ligj. Perdorimi i ketyre fondeve realizohet nepermjet hartimit, ndjekjes dhe realizimit te buxhetit te miratuar me Vendim te Bordit i Komisionereve te ERE-s.

Pergjegjesia e Audituesit

Pergjegjesia e Audituesit eshte te shprehi nje opinion mbi keto pasqyra financiare bazuar ne misionin e auditimit. Une kam kryer auditimin ne perputhje me Standartet Nderkombetare te Auditimit. Keto Standarte kerkojne qe te respektohen kerkesat etike dhe te planifikohet dhe kryehet auditimi per te arritur sigurine e arsyeshme se pasqyrat financiare nuk permbajne anomalie materiale .

Nje auditim perfshin kryerjen e procedurave per te siguruar evidencen e nevojshme te auditimit rreth shumave dhe informacioneve shpjeguese te dhena ne pasqyrat financiare. Procedurat e zgjedhura jane ne varesi te gjykimit te audituesit, perfshire ketu vleresimin e rrezeqeve te anomalise materiale ne pasqyrat financiare, te cilat mund te vijne si pasoje e mashtrimit apo gabimit.

Ludmilla Paluka
Ekspert Kontabel i Regjistruar
Licenca Nr 161, date 25.01.2007

Ne vlersimin e ketyre rreziqeve, audituesi merr ne konsiderate kontrollin e brendshem te entitetit qe ka te beje me pergatitjen dhe paraqitjen e sinqerte te pasqyrave financiare me qelim qe te percaktoje procedura auditimi qe jane te pershtatshme per rrethanat, por jo per qellime te shprehjes se nje opinionimi mbi efektivitetin e kontrollit te brendshem te entitetit.

Nje auditim perfshin gjithashtu, vlersimin e pershtatmerise se politikave kontabel te perdorura, te arsyeshmerise se cmuarjeve kontabel te bera nga drejtimi, si edhe vlersimin per paraqitjen e pergjithshme te pasqyrave financiare.

Ne besojme se evidenca e auditimit qe kemi siguruar eshte e mjaftueshme dhe e pershtatshme per te sherbyer si baze per opinionin tone te auditimit.

Opinionit i audituesit

Sipas opinionit tim, pasqyrat financiare paraqesin ne menyre te drejte ne te gjitha aspektet materiale, pozicionin financiar te **Entit Regullator te Energjise** ne date 31/12/2014, ne pajtim me Standartet Kombetare te Kontabilitetit.

Eksperte Kontabel e Regjistruar

Ludmilla Paluka



Handwritten signature of Ludmilla Paluka

Tirane me 4 Mars 2015

Emertimi dhe Forma ligjore
NIPTI
Adresa e Selise

Ent Publik
K 51717024 I
Rr" Gjergj Fishta" nr.10 Tirane

Data e krijimit
Nr. _ / Regjistrit Tregtar

Veprimtaria kryesore

PASQYRAT FINANCIARE

(Ne zbatim te Standartit Kombetar te Kontabilitetit nr.2)

dhe Ligjit NR.9226, DATE 29.04.2004 "Per kontabilitetin dhe Pasqyrat Financiare"

VITI 2014

Pasqyrat Financiare jane individuale	Po
Pasqyrat Financiare jane te konsoliduara	Po
Pasqyrat Financiare jane te shprehura ne	lek
Pasqyrat Financiare jane te rumbullakosura ne	Jo (te plote)
Periudha Kontabel e Pasqyrave Financiare	Nga 01.01.2014 Deri 31.12.2014
Data e mbyljes se Pasqyrave Financiare	03.02.2014

ENTI RREGULLATOR I ENERGJITIKES

Pasqyra e te ardhurave dhe shpenzimeve Viti 2014

Nr	Pershkrimi i elementeve	Viti 2014	Viti 2013
	Shpenzimet Faktike		
5	Kosto e punes	49,499,709.00	49,048,372.00
	- pagat e personelit	44,251,135.00	43,829,093.00
	- te tjera personeli		
	- shpenzimet per sigurimet shoqerore dhe shendetesore	5,248,574.00	5,219,279.00
6	Amortizimi dhe zhvleresimet	2,806,464.00	3,355,860.00
7	Shpenzime te tjera	28,648,876.27	33,845,981.85
8	Totali i shpenzimeve (shuma 5-7)	80,955,049.27	86,250,213.85
9	Te ardhurat e realizuar		
10	Te ardhura dhe shpenzimet financiare nga njesite e kontrolluara		
11	Te ardhurat dhe shpenzimet financiare nga plesemarjet	1,410,588.40	2,187,821.33
12	Te ardhurat dhe shpenzimet financiare nga investime te tjera financiare	122,180,540.00	86,094,240.00
12	afatgjata		
12	Te ardhurat dhe shpenzimet nga interesi	18,406.18	22,482.73
12	Filimet (humbjet) nga kursi i kembimit	4,646.08	250,073.98
12	Te ardhura dhe shpenzime te tjera financiare	25,700.00	
13	Rimarje amortizimi		
	Rimarje te ardhurave te mbartura ne gjendjen pasurore te ERE referuar Ligjit nr 9072, date 22.05.2003, neni 12 "Financim"		
14	Totali i te ardhurave	123,639,880.66	88,554,618.04
15	Diferenca e te ardhurave dhe shpenzimeve (15=14-8)		
	Transferim per mbartje ne gjendje pasurore referuar Ligjit nr 9072, date 22.05.2003, neni 12 "Financim"		
16	Diferenca e te ardhurave dhe shpenzimeve		

ENTI RREGULLATOR I ENERJITIKES		Pasqyrat Financiare te Vitit 2014		Leke	
AKTIVET		Shenime	2014	2013	
I	AKTIVET AFATSHKURTRA				
1	Aktive monetare		78,244,585.80	16,158,613.56	
(i)	Depozita ne banke dhe llogari te tjera	512	78,244,585.80	16,158,613.56	
(ii)	Para ne dore (Arka)	531	0	0	
2	Derivative dhe aktive te mbajtura per tregt.				
(i)	- Derivatet				
(ii)	- Aktivet e mbajtura per tregtim				
	Totali 2		0	0	
3	Aktive te tjera financiare afatshkurtra				
(i)	Llogari/Kerkesa te arketueshme(klient)		163828.22		
(ii)	Llogari/Kerkesa te tjera te arketueshme	482	4,437,000.00	21,516,700.00	
(iii)	Instrumenta te tjera borzhi tat fitim				
(iv)	Investime te tjera financiare				
	Totali 3		4,600,828.22	21,516,700.00	
4	Inventari				
(i)	Lendet e para				
(ii)	Prodhim ne proces				
(iii)	Produkte te gatshme				
(iv)	Mallra per shitje	351			
(v)	Te tjera inventar		3,289,319.84	4,475,886.09	
(v)	Parapagesat per furnizime				
	Totali 4		3,289,319.84	4,475,886.09	
5	Aktivet biologjike afatshkurtra				
6	Aktivet afatshkurtra te mbajtura per shitje				
7	Parapagimet dhe shpenzimet e shtyra				
	Totali i Aktiveve Afatshkurtra (I)		86,134,733.86	42,151,199.65	
II	Aktivet afatgjata				
1	Investimet financiare afatgjata				
(i)	Pjesemarrje te tjera ne njesi te kontrolluara				
(ii)	Aksione dhe investime te tjera ne pjesemarrje				
(iii)	Aksione dhe letra te tjera me vlere				
(iv)	Llogari/Kerkesa te arketueshme afatgjata				
	Totali 1				
2	Aktive afatgjata materiale		14,484,779.30	17,291,244.52	
(i)	Toka				
(ii)	Ndertesa		7,470,010.30	8,285,115.52	
(iii)	Mjete Transporti		2,950,335.00	3,687,919.00	
(iv)	Aktive te tjera afatgjata materiale (me vl.kontab.)	2182	4,064,434.00	5,318,210.00	
	Totali 2		14,484,779.30	17,291,244.52	
3	Aktivet biologjike afatgjata				
4	Aktivet afatgjata jomateriale				
(i)	Emri i mire				
(ii)	Shpenzimet e zhvillimit				
(iii)	Aktive te tjera afatgjata jomateriale				
	Totali 4				
5	Kapital aksionar i papaguar				
6	Aktive te tjera afatgjata				
	TOTALI I AKTIVEVE (I + II)		100,619,513.16	59,442,444.17	

Pasqyrat Financiare te Vitit 2014		Leke		
PASIVET DHE KAPITALI		Shenime	2014	2013
I	PASIVET AFATSHKURTRA			
1	Derivativet			
(i)	- Derivativet			
(ii)	- Aktivitet e mbajtura per tregetim			
2	Huamarrjet			
(i)	Huat dhe obligacionet afatshkurtra			
(ii)	Kthimet/Ripagesat e huave afatgjata			
(iii)	Bono te konvertueshme			
	Totali 2		-	-
3	Huat dhe parapagimet			
(i)	Te pagueshme ndaj furnitoreve	404,4671	574,732.14	123,550.00
(ii)	Te pagueshme ndaj punonjesve	421	-	2,803,524.00
(iii)	Detyrime tatimore sig.shoq	431	1,059,298	673,465.00
(iv)	Detyrime tatimore TAP	442,447	1,686,384	913,938.00
(v)	Kreditore te tjere		62,175	1,391,800.00
	Totali 3		3,382,589	5,906,277.00
4	Grantet dhe te ardhurat e shtyra(pag.rreg.)		4,437,000	21,516,700.00
5	Provizionet afatshkurtra			
	Totali i pasiveve afatshkurtra (I)		7,819,589	27,422,977
II	PASIVET AFATGJATA			
1	Huat afatgjata			
(i)	Hua, bono dhe detyrime nga qiraja financiare			
(ii)	Bonot e konvertueshme			
	Totali 1			
2	Huamarrje te tjera afatgjata			
3	Provizionet afatgjata			
4	Grantet dhe te ardhurat e shtyra			
	Totali i pasiveve afatgjata (II)			
	TOTALI I PASIVEVE (I + II)			27,422,977
III	KAPITALI			
1	Aksionet e pakices (perdoret vetem ne pasqyrat financiare te konsoliduara)			
2	Kapitali qe i perket aksionereve te shoqerise meme (perdoret vetem ne PF te			
3	Fondi pasuror i institucionit	101	92,799,924	32,019,467.17
4	Primi i aksionit			
5	Njesite ose aksionet e thesarit (negative)			
6	Rezerva statusore			
7	Rezerva ligjore	106	-	
8	Rezerva te tjera			
9	Fitimet e pashperndara			
10	Fitimi (Humbja) e vitit financiar			
11	Totali i Kapitalit (III)		100,619,513.16	32,019,467.17
	TOTALI I DETYRIMEVE DHE KAPITALIT (I, II, III)		100,619,513.16	59,442,444.17

V. B. B. B.

Kontrolli Analiz mbyllje pasqyrash 2014

4,437,000	detyrim pag.rreg
3733400	dif.maturimit pag.rreg
703,600	kaq.debitori 2014
15,400	diskutim
688,200	tab.jone
100,619,513.16	aktivi
0	amortizim
100,619,513.16	totali
703,600	
99,915,913.16	sa eshte aktivi dhe pasivi bil.2014

V. B...

Shenimet Shpjeguese			
Shenimi 1 Bankat :		kursi 30.12.14	mon.eur.
BKT lek	74,452,498.26		
BKT euro	708,711.80	140.14	5,057.17
Braiffeisen	838,238.05		
Union bank mast.card	696,406.62	140.14	4,969.51
Union bank lek	1,503,175.13		
Union bank mast.card	45,555.94	140.14	325.33
Totali	78,244,585.80		
Shenimi 1 Arka			
Arka ne lek	-		
Arka ne euro	-		
Arka ne dollar	-		
Totali	-		
Shenimi 3 Debitor pagese rregullimi	4,437,000.00		
debitor te tjere	163828.22		
Shenimi 4 Materiale	1,766,322.30		
Shenimi Invent perd.	1,522,997.54		
Shenimi II.2			
Ndertesa	7,470,010.30		
Mjete transporti	2,950,335.00		
Mobilije zyre	1,767,995.00		
Paisje elektronike	2,296,439.00		
Totali A.A.M	14,484,779.30		
AKTIVI	100,619,513.16		
Shenimi 3 Sigurime Shoqer.+ Shendet.	1,686,384.00		
detyrim muaji Dhjetor 2014 sipas formularit E-SIG-025/a			
Tatim te adhurave personale	1,059,298.00		
tatim i pages, tatim i(shperblim), detyrim muaji Dhjetor 2014 sipas formularit E-SIG-025/a			
Furnitor,mat.kons. kreditor te tjere	574,732.14 62175		
Grand dhe ardhura te shtyra pag.reg	4,437,000.00		
KAPITALI 101	92,799,924.02		
PASIVE	100,619,513.16		0
Drejtores Burimeve Njerzore,Administrim Finance dhe Marrredhenie me Jashte Aferdita Bushi			
			
KRYETARI ERE Petrit ANMETI			
			
			

ANNEX 1

ERE DECISIONS REGISTER FOR 2014

NO.	DATE	DECISION
1	17.01.2014	On beginning the procedures of licensing "AYEN ENERGY TRADING" company in electricity qualified supplier activity
2	17.01.2014	On beginning the procedures of licensing "AYEN ENERGY TRADING" company in electricity trading activity
3	17.01.2014	To license "EN. Ergy" company in electricity trading activity
4	17.01.2014	On the modification of license no.17, series pv04p of "MARJAKA" company for electricity generation from "BENE" HPP, approved with ERE Board of Commissioners Decision no. 43, of 14.10.2004.
5	17.01.2014	On February 2014 auction for the interconnection capacities
6	30.01.2014	On beginning the procedures for reviewing the request of "kurum international" company, to transfer "Ulëz"-Shkopet", "Bistrica 1" and Bistrica 2" HPP-s assets in the framework of the agreement with "IFC".
7	06.02.2014	On the approval of Kurum International company, for transferring "Ulëz"-Shkopet", "Bistrica 1" and Bistrica 2" HPP-s assets in the framework of the agreement with "IFC", "Banka Kkombëtare", "Black Sea Trade and Development Bank" and "Raiffeisen Bank".
8	06.02.2014	For the abrogation of ERE's Board of Commissioners decision no. 144, of 22.11.2013, "On the suspension to transfer the electricity generation and trading license proceedings from Wonder Power company to BHP energy company
9	06.02.2014	On an addition in the "Regulation for the procedures of appointing the administrator and his competences, in implementation of article 18, point 4/c Law no. 9072, of 22.05.2003 "For Power Sector".
10	06.02.2014	On KESH company request for renewing the license in Wholesale Public Supplier activity.
11	06.02.2014	For beginning the procedures to renew KESH company license in electricity trading activity.
12	14.02.2014	On reviewing and approving the "Regulatory Compliance Programme" submitted by TAP AG based on Final joint opinion in the framework of TAP Pipeline exemption procedure.
13	03.03.2014	On the request of TSO company to solve the market participation agreement, concluded between CEZ TRADE ALBANIA company and TSO – TO company and for the withdrawal from the electricity market of CEZ TRADE ALBANIA.
14	03.03.2014	For licensing "SPAHIU - GJANÇ" company in Electricity Trading activity
15	13.03.2014	For approving ERE-s Annual Report "Power Sector Situation and ERE-s activity during 2013".
16	13.03.2014	On approving the guideline for managing and allocating the capacities in TAP project for the first booking phase according to "Final Join Option" in the framework of TAP Pipeline exemption procedure.
17	13.03.2014	On reviewing and approving the Booking Phase Notice submitted by TAP AG for capacity allocation procedure of TAP pipeline in conformity with the guideline approved with decision no. 16, of 13.03.2014.
18	21.03.2014	For beginning the procedures to license "ENREL HYDRO" company in electricity generation activity from "ZEREC 1" and "ZEREC 2" HPP-s.
19	21.03.2014	For beginning the procedures to license "ENREL HYDRO" company in electricity trading activity.
20	21.03.2014	For licensing "M.T.C ENERGY" company in electricity generation activity from "RADOVË" HPP.
21	21.03.2014	For licensing "M.T.C ENERGY" company in electricity trading activity.
22	21.03.2014	On qualifying the generation plant of "M.T.C ENERGY" company from "RADOVË" HPP.
23	21.03.2014	On beginning the licensing procedures of "DANSKE COMMODITIES ALBANIA" company in electricity qualified supplier activity.
24	21.03.2014	On the request of "CEZ TRADE ALBANIA" company to begin the procedures of withdrawing the licenses: NO. 91 SERIES TE10P and NO. 92 SERIA FP10K given with ERE Board of Commissioners decisions no. 1 and 2 of 20.01.2010 for electricity trading and electricity qualified supplier activities.
25	21.03.2014	On the request to begin an administrative investigatory procedre of announcing absolutely

NO.	DATE	DECISION
		invalid ERE Board of Commissioners decision ERE Board of Commissioners decisions no. 69 and 70, of 12.12.2007, that have transferred the licenses from concessionary "ESSEGEI SHQIPËRI SMOKTHINA" company and "HYDROELECTRIC COMPANY OF ALBANIA" company at "ALBANIAN GREEN ENERGY" and "BALKAN GREEN ENERGY" companies.
26	21.03.2014	On the request from one of the shareholders of "PROJEKSION ENERGJI" company to withdraw the license and settling the disputes between the parties.
27	31.03.2014	On approving the contract for the meter verification when introduced for the first time in the market and/or when set for the first time into use; periodical inspection to verify the meter and electricity measuring system accuracy, their testing, sealing as well as their maintenance.
28	31.03.2014	On beginning the procedures to license "POWER WIND ENERGY" company in electricity trading activity.
29	31.03.2014	For licensing "AYEN ENERGY TRADING" company in electricity trading activity.
30	31.03.2014	For licensing "AYEN ENERGY TRADING" company in electricity qualified supplier activity.
31	31.03.2014	For beginning the procedures to license "GURSHPATE ENERGY" company in electricity generation activity from "GURSHPATE 1" and "GURSHPATE 2" HPP-s.
32	13.05.2014	On the electricity supply problems in informal areas and for the customers that does not fulfill the technical conditions
33	13.05.2014	On one of the shareholders request of "PROJEKSION ENERGJI" company to review ERE Board of Commissioners Decision no. 26, of 21.03.2014 "On one of the shareholders request of "PROJEKSION ENERGJI" company to withdraw the license and solve the disputes between the parties".
34	13.05.2014	On renewing the license of KESH company in electricity trading activity.
35	13.05.2014	For beginning the procedures to license "bistrica 3 energy" company in electricity generation activity from "bistrica 3" and "bistrica 4" HPP-s.
36	13.05.2014	For beginning the procedures of licensing "BISTRICA 3 ENERGY" company in electricity trading activity
37	13.05.2014	For beginning the procedures to review "BISTRICA 3 ENERGY" company application on qualifying the generation plant from "BISTRICA 3" and "BISTRICA 4" HPP-s.
38	13.05.2014	For beginning the procedures to license "GJURR REC" company in electricity generation activity from "malla" HPP.
39	13.05.2014	For beginning the procedures of licensing "GJURR REC" company in electricity trading activity.
40	13.05.2014	For beginning the procedures to review the application of "GJURR REC" company on qualifying the generation plant from "MALLA" HPP.
41	13.05.2014	For licensing "ENREL HYDRO" company in electricity generation activity from "ZEREC 1" and "ZEREC 2" HPP-s.
42	13.05.2014	For beginning the procedures to license "AYEN AS ENERGJI" company in electricity trading activity.
43	13.05.2014	For approving an amendment in the Albanian electricity market rules.
44	13.05.2014	On CEZ Shpërndarje company in temporary administration complaint on decision no. 27 of 31.03.2014 "For approving the contract on meter verification when introduced for the first time in the market and/or set for the first time in use; periodical inspection to verify the meter accuracy and electricity measuring, testing and sealing system as well as their maintenance".
45	16.06.2014	On authorizing the temporary administrator of CEZ Shpërndarje company
46	16.06.2014	On authorizing Energy Regulator Authority's Chairman
47	07.07.2014	For approving the Regulation Payments for 2014
48	07.07.2014	On approving ERE-s Draft-Budget for 2014
49	07.07.2014	For licensing "GURSHPATË ENERGY" company in electricity generation activity "GURSHPATË 1" and "GURSHPATË 2" HPP-s
50	07.07.2014	For licensing "ENREL HYDRO" company in electricity trading activity
51	07.07.2014	For licensing "POWER WIND ENERGY" company in electricity trading activity
52	07.07.2014	For beginning the procedures to license "ALBANIAN GENERAL ELEKTRICITY" company in

NO.	DATE	DECISION
		electricity trading activity
53	07.07.2014	For beginning the procedures to license "ANTIX" company in electricity trading activity
54	07.07.2014	For beginning the procedures to license "PTA" (Power Trade Albania) company in electricity trading activity
55	07.07.2014	For licensing "DANSKE COMMODITIES ALBANIA" company in electricity qualified supplier activity
56	07.07.2014	For beginning the procedures to renew "GSA" company license No. 90 SERIES FK09P in electricity qualified supplier activity, approved with ERE Board of Commissioners decision no. 102, of 21.12.2009
57	07.07.2014	For beginning the procedures to license "ayen as energji" company in electricity qualified supplier activity
58	07.07.2014	For licensing "BISTRICA 3 ENERGY" company in electricity generation activity from "BISTRICA 3" and "BISTRICA 4" HPP-s
59	07.07.2014	On qualifying the generation plant of "BISTRICA 3 ENERGY" company from "BISTRICA 3" and "BISTRICA 4" HPP-s
60		Absent on ERE's website
61	07.07.2014	On some amendments and additions in the regulations for allocating the interconnection capacities
62	07.07.2014	On the request of "CEZ TRADE ALBANIA" company for the withdrawal of licenses: no. 91 SERIES TE10P and no. 92 SERIES FP10K given with ERE Board of Commissioners decisions no. 1 and no. 2 of 20.01.2010 in electricity trading and electricity qualified supplier activities
63	17.07.2014	On approving the change of "Cez Shperdarje" company commercial name
64	22.07.2014	On approving the investments in electricity distribution service
65	22.07.2014	For the removal of Mr.Ronald Marx as the administrator of the Electricity Distributor Operator company (former CEZ Shpërdarje company) during the temporary administration period
66	29.07.2014	For issuing the Specific Authorisation to Mr Arben Seferaj, temporary Administrator of Electricity Distribution Operator (OSHEE) company, to have all the powers for following the necessary procedures in securing and signing the Bank Guarantee as well as other necessary financial instruments to meet the terms of the Understanding Agreement between the Republic of Albania and Cez a.s company., of June 23 2014
67	22.08.2014	For licensing "GJURR REC" company in electricity generation activity from "MALLA" HPP
68	22.08.2014	For licensing "GJURR REC" company in electricity trading activity
69	22.08.2014	On qualifying the generation plant of "GJURR REC" company from "MALLA" HPP
70	22.08.2014	On beginning the procedures to license "KOMP.ENERGJI" company, in electricity generation activity
71	22.08.2014	For beginning the procedures to license "KOMP.ENERGJI" company, in electricity trading activity
72	22.08.2014	For beginning the procedures of qualifying the generation plants of "KOMP.ENERGJI" company for "HURDHAS 1", "HURDHAS 2" and "HURDHAS 3" HPP-s as energy renewable resource
73	22.08.2014	For beginning the procedures to license "SA'GA-MAT" company, in electricity generation activity from "GERMAN 1", "GERMAN 2", "GERMAN 3" and "GERMAN 4" HPP-s.
74	22.08.2014	For beginning the procedures to license "SA'GA-MAT" company in electricity trading activity for "GERMAN 1", "GERMAN 2", "GERMAN 3" and "GERMAN 4" HPP-s.
75	22.08.2014	For beginning the procedures of qualifying the generation plants of "SA'GA-MAT" company for "GERMAN 1", "GERMAN 2", "GERMAN 3" and "GERMAN 4" HPP-s as energy renewable resource

NO.	DATE	DECISION
76	22.08.2014	For beginning the procedures to license "EMIKEL" company, in electricity trading activity
77	22.08.2014	For licensing "BISTRICA 3 ENERGY" company in electricity trading activity
78	09.09.2014	On approving OSHEE company request to perform the investment in constructing 110/35/10 Sub/station in Çorovoda with installed capacity 25 MVA
79	09.09.2014	For licensing "AYEN AS ENERGI" company in electricity trading activity
80	16.09.2014	For licensing "PTA" company, in electricity trading activity for a period of 5 years
81	16.09.2014	For licensing "ALBANIAN GENERAL ELECTRICITY" company in electricity trading activity for a period of 5 years.
82	16.09.2014	For licensing "ANTIX" company, in electricity trading activity for a period of 5 years
83	16.09.2014	For licensing "AYEN AS ENERGI" company in electricity qualified supplier activity
84	16.09.2014	For renewing the license of "GSA" company, in electricity qualified supplier activity, approved with Board of Commissioners decision no.102, of 21.12.2009
85	16.09.2014	For beginning the procedures to license "A&A GROUP" company in electricity qualified supplier activity
86	29.09.2014	For beginning the procedures to license "EFT ALBANIA" company, in electricity trading activity
87	29.09.2014	For beginning the procedures to license "EFT ALBANIA" company in electricity qualified supplier activity
88	29.09.2014	For beginning the procedures to license "UKKO" company in electricity generation activity from photovoltaic plants.
89	03.10.2014	On approving the request to issue the authorisation for signing the agreements within loan assurance framework from the World Bank for the project of rebuilding the power sector
90	06.10.2014	On approving the shares transfer of OSHEE company (known before as CEZ Shpërndarje company), from CEZ company to the Ministry of Economic Development, Trade and Entrepreneurship
91	06.10.2014	Decision for beginning the procedures to determine the electricity transmission tariff of TSO company for 2015.
92	06.10.2014	For licensing "SA'GA-MAT" company in electricity generation activity from "GERMAN 1", "GERMAN 2", "GERMAN 3" and "GERMAN 4", with total capacity 4.98 MW
93	06.10.2014	On qualifying the generation plant of "SA'GA-MAT" company from "GERMAN 1", "GERMAN 2", "GERMAN 3" and "GERMAN 4" HPP-s with total capacity 4.98 MW
94	06.10.2014	On licensing "KOMP.ENERGI" company in electricity generation activity from "HURDHAS 1", "Hurdhas 2" and "Hurdhas 3" HPP-s with total capacity 4.21 MW
95	06.10.2014	On qualifying the generation plant of "KOMP.ENERGI" company from "HURDHAS 1", "HURDHAS 2" and "HURDHAS 3" HPP-s with total capacity 4.21 MW
96	27.10.2014	To license Electricity Distribution Operator company in Electricity Distribution activity
97	27.10.2014	For licensing Electricity Distribution Operator in Electricity Retail Public Supplier activity
98	27.10.2014	To terminate the temporary administration of Distribution System Operator (OSHEE) company

NO.	DATE	DECISION
99	07.11.2014	For beginning the procedures to define electricity generation tariff from KESH company for 2015
100	07.11.2014	For beginning the procedures to define the electricity tariff for Wholesale Public Supplier (KESH company) for 2015
101	07.11.2014	To license "UKKO" company, in electricity generation activity from photovoltaic plants with installed capacity 1 MW
102	07.11.2014	For licensing "Komp.Energji" company, in electricity trading activity
103	07.11.2014	For licensing "SA'GA-MAT" company, in electricity trading activity
104	07.11.2014	For licensing "EMIKEL" company in electricity trading activity
105	07.11.2014	For beginning the procedures to license "LE TRADING ALBANIA" company in electricity trading activity
106	07.11.2014	For beginning the procedures to license "AXPO ALBANIA" company in electricity trading activity
107	07.11.2014	For beginning the procedures to renew "AXPO ALBANIA" company license in electricity qualified supplier activity approved with Board of Commissioners decision no.102, of 21.12.2009
108	14.11.2014	For licensing "EFT ALBANIA" company, in electricity trading activity
109	14.11.2014	For licensing "EFT ALBANIA" company in electricity qualified supplier activity
110	18.11.2014	For beginning the procedures to define electricity distribution activity tariff for 2015
111	18.11.2014	For beginning the procedures to define electricity retail supplier activity tariff for 2015
112	19.11.2014	For beginning the procedures of reviewing the request to approve the investment plan of TSO company for 2015.
113	19.11.2014	For beginning the procedures of reviewing the request to approve the investment plan of KESH (Albanian Power Corporation) company in 2015.
114	19.11.2014	For beginning the procedures to review the request of approving the investment plan of OSHEE company for 2015
115	01.12.2014	For beginning the procedures to license "POWER ELEKTRIK SLLABINJE" company in electricity qualified supplier activity
116	01.12.2014	For beginning the procedures to license "HIDROPOWER ELEKTRIK" company, in electricity trading activity
117	01.12.2014	For beginning the procedures to license "HIDROPOWER ELEKTRIK" company in electricity qualified supplier activity
118	01.12.2014	For beginning the procedures to license "POWER ELEKTRIK SLLABINJE" company, in electricity trading activity
119	01.12.2014	For beginning the procedures to license "NOA ENERGY TRADE" company, in electricity trading activity
120	01.12.2014	For beginning the procedures to license "NOA ENERGY TRADE" company in electricity qualified supplier activity

NO.	DATE	DECISION
121	01.12.2014	For beginning the procedures to license "FATLUM" company in electricity generation activity from "perrollaj" HPP
122	01.12.2014	For beginning the procedures to license "FATLUM" company, in electricity trading activity
123	01.12.2014	For beginning the procedures of qualifying the generation plant of "FATLUM" company from "PERROLLAJ" HPP as energy renewable resource
124	01.12.2014	For beginning the procedures to license For beginning the procedures to license "DRAGOBIA ENERGY" company in electricity generation activity from "CEREMI" and "DRAGOBIA" HPP-s
125	01.12.2014	For beginning the procedures to license "DRAGOBIA ENERGY" company in electricity qualified supplier activity
126	01.12.2014	For beginning the procedures to license "FUTURE ENERGY AL" company, in electricity trading activity
127	01.12.2014	For beginning the procedures of licensing "FUTURE ENERGY AL" company in electricity qualified supplier activity
128	01.12.2014	For licensing "AXPO ALBANIA" company, in electricity trading activity
129	03.12.2014	For beginning the procedures of licensing "DRAGOBIA ENERGY" company, in electricity trading activity
130	03.12.2014	On electricity purchase procedures to cover the Distribution System losses from the Electricity Distribution System (OSSHE) company
131	24.12.2014	To renew "AXPO ALBANIA" company license in electricity qualified supplier activity.
132	24.12.2014	For beginning the procedures to license "ANIO OIL& GAS" company in natural gas trading activity
133	24.12.2014	To license "LE TRADING ALBANIA" company in electricity trading activity
134	24.12.2014	To license "A&A GROUP" company in electricity qualified supplier activity
135	24.12.2014	On reviewing and approving "Energy regulator's joint opinion on TAP AG's request for a prolongation of the validity period of the exemption decision"
136	26.12.2014	To approve the investment plan of KESH company for 2015
137	26.12.2014	To approve the investment plan of TSO company for 2015
138	26.12.2014	To approve the investment plan of OSHEE company for 2015
139	26.12.2014	To determine the electricity generation tariff for KESH company for 2015
140	26.12.2014	To determine the electricity tariff of wholesale public supplier for 2015
141	26.12.201	To determine the ancillary services tariff of KESH company for 2015
142	26.12.2014	It is absent in the website
143	26.12.2014	To review the unique price of selling electricity for the licensees that generate electricity from existing HPP-s with installed capacity up to 15 MW, for 2013 and 2014
144	26.12.2014	To review the unique price of selling electricity for the licensees that generate electricity from new HPP-s with installed capacity up to 15 MW for 2013 and 2014.
145	26.12.2014	To determine electricity transmission tariff for TSO company for 2015
146	26.12.2014	On year 2015 electricity distribution service tariff for 35 kv voltage level
147	26.12.2014	On the year 2015 electricity distribution service tariff
148	26.12.2014	On year 2015 retail sale prices for tariff customers
149	29.12.2014	For beginning the procedures to review the procedures of "Water Supply and Sewerage Tirana" company to transfer the electricity generation license from "WATER SUPPLY AND SEWERAGE TIRANA" company at "Lanabregas HPP" company
150	29.12.2014	For beginning the procedures to license "ALBANIAN ENERGY SUPPLIER" in electricity trading activity.
151	29.12.2014	For beginning the procedures to license "ALBANIAN ENERGY SUPPLIER" company in electricity qualified supplier activity
152	29.12.2014	For beginning the procedures to license "AYEN AS ENERGJI." company in electricity

NO.	DATE	DECISION
		generation activity from “GOJAN”, “GJEGJAN”, “PESHQESH” and “FANGU” HPP-s
153	29.12.2014	For beginning the procedures to license “DEVOLL HIDROPOWER” company, in electricity trading activity
154	29.12.2014	For beginning the procedures to license “DEVOLL HIDROPOWER” company in electricity qualified supplier activity
155	29.12.2014	For approving an amendment in Albanian electricity market rules
156	01.12.2014	On approving the auction regulations for the coordinated auction office for SouthEast Europe (SEE CAO)
157	29.12.2014	For beginning the procedures of “WATER SUPPLY AND SEWERAGE TIRANA request to transfer their electricity generation license from “WATER SUPPLY AND SEWERAGE TIRANA” company at “LANABREGAS HPP” company