

APPROVED WITH ERE BOARD DECISION NO. 112, OF DATE 08.07.2016

**THE CONDITIONS FOR THE LICENSEE CHARGED WITH UNIVERSAL SERVICE
OBLIGATION FOR THE ELECTRICITY MARKET IN ALBANIA**

Article 1

Object

The conditions provided for the licensee charged with universal service obligation in this secondary legislation supporting the provisions of Law no. 43/2015 article 83 “On Power Sector” aim to ensure universal service obligation of electricity supply from the licensee charged with this obligation.

Universal Service of Supply is a public obligation imposed to Universal Service Supplier, which guarantees the right of electricity supply for the customers that benefit from universal service in the Republic of Albania, on a defined quality of supply, regulated, easily and clearly comparable, transparent and non-discriminatory prices, aiming their safeguard from unjustified increases of the price reaching full opening of electricity market as provided on Law 43/2015 article 109 “On Power Sector”.

Article 2

Terms

All terms in this Decision are used within the meaning prescribed in the Power Sector Law of Albania No.43/2015.

Article 3

Universal service supplier

1. To OSHEE / FSHU (Distribution System Operator / Universal Service Supplier) in the role of the electricity supplier is imposed universal service obligation for electricity supply according to the definitions of article 83 Law no. 43/2015, “On Power Sector”.
2. Being charged with universal service obligation of supply as part of public service obligation, OSHEE / FSHU (Distribution System Operator / Universal Service Supplier) in the function of the supplier is obliged to supply the end use customers according to the definitions of Council of Ministers Decision no.244, of date 30.03.2016, “On approving the conditions for imposing public service obligation that shall be implemented to the licensees on power sector that perform electricity generation, transmission, distribution and electricity supply activity.”
3. In conformity with the obligations of Albania deriving from Energy Community Treaty and the definitions of Law no.43/2015 article 72, “On Power Sector” not later than December 31 2016 OSHEE / FSHU shall functionally, financially and legally unbundle, the electricity Supply activity from the Distribution one.

Article 4
Public service obligation

1. To ensure the universal service, in conformity with articles 5 and 6 of this secondary law are imposed the following obligations of public service on electricity trading companies, as protection measures for the general public interests:
 - a. the electricity supply with a regulated price from KESH company and its purchase by OSHEE company according to article 5 of this secondary law;
The electricity quantity is defined in the regulated contract between the parties, which is approved by ERE, based on a rational regime of utilizing the generating capacities and the annual average historic level of generation.
 - b. the regulated price electricity supply for the customer category defined on Law no.43/2015 article 109 “On Power Sector” (Article 6 of this secondary legislation).
 - c. for the quantity of electricity that is not ensured by KESH company the Universal Service Supplier is obliged to ensure the necessary electricity quantity in the unregulated market
 - d. Universal Service Supplier shall provide to the customers the right for standard contracts, prepared based on the standard electricity supply conditions, approved by ERE, in conformity with Law no 43/2015 article 84 “On Power Sector” and the respective legislation for customer’s protection.

3. Within 30 calendar days after approving the conditions of the licensee charged with universal service obligation for the electricity market in Albania, these public/universal service obligations shall be the integral part of the respective licenses of the electricity companies in question in conformity with Law no.43/2015 article 47 on Power Sector.

Article 5
Electricity supply with regulated price

1. The electricity price for the quantities provided by KESH company for OSHEE / FSHU shall be regulated in conformity with the definitions of Council of Ministers Decision No 244 of date 30.03.2016 “On approving the conditions for imposing public service obligation, that shall be implemented to the licensee on power sector, which perform electricity generation, transmission, distribution and electricity supply activity”. ERE shall continuously monitor the price performance and inform the Competition Authority in Albania for any abusing data in the market.

2. Electricity generation company, whose shares are fully/partially controlled by the state (KESH company) shall sale and the licensee charged with universal service of supply

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as part of public service obligation (OSHEE / FSHU) shall purchase the necessary
generated electricity quantity.

3. Before it is established the organized market, OSHEE / FSHU purchases the required electricity from the customers by exceeding the volumes defined on paragraph 3 of this article from the generators and traders despite KESH company in a transparent, non discriminating way, based on the market and according to the Regulations approved by ERE.

Article 6
Electricity supply regulation

1. As universal service supplier, OSHEE / FSHU is obliged to supply the category of customers defined in Law no.43/2015 article 109 “On Power Sector” according to the conditions and regulated prices in this secondary law and the respective methodology for calculating the price of universal supplier in all Albanian territory.
2. Universal service supplier shall offer to the customers entitled to universal service right, the supply service in conformity with the standard supply contract approved by ERE in conformity with Law 43/2015 article 84, “On Power Sector” and the relevant customer protection legislation. The supplier shall not deviate from the standard contracts and shall assume the rights and obligations in full scope. The electricity supply contract for the categories defined on Law no 43/2015 article 109 “On Power Sector” may be terminated only in cases explicitly provided in the secondary legislation and/or in the contracts.
3. The contract referred to in paragraph 2 of this article, shall stipulate the obligation of the customer to pay for the electricity supplied at prices approved by ERE, according to the methodology defined on Law no.43/2015 Article 7 of this secondary law.
4. The contract referred to in paragraph 2 of this article, in addition to the special conditions stipulated Article 80 Law no. 43/2015, “On Power Sector”, shall also stipulate the obligation of universal service supplier to:
 - a) inform the customers about their rights and the conditions for being supplied under universal service;

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- b) inform the customers on terms and conditions of supply and price of the electricity, and inform them that they have right to choose another supplier;
 - c) supply electricity under the terms and conditions stipulated in this secondary law ;
 - d) notify the customers on the measures to execution of outstanding obligations;
 - e) supply vulnerable customers under conditions defined in the Power Sector Law and other relevant national legislation;
 - f) publish on the website the supply prices, approved by ERE.
5. Insofar as it is not stipulated by this secondary act, the electricity supply services for the categories defined in Law no 43/2015 article 109 “On Power Sector” shall be provided in accordance with the General Rules on Supply of Electricity, approved by ERE under the terms and conditions stipulated in the Power Sector Law.
6. The universal service supplier shall keep a register for the number of customers supplied by it and a special register with any data of these customers shall be updated regularly and shall be communicated to the Distribution System Operator and ERE. On ERE website shall be published the data which do not violate the provisions of Law “On Protecting the Personal Data” No. 9887, of date 10.03.2008, as amended.

Article 7

Price regulation for the supply of end-use customers from universal service supplier

1. The price of electricity imposed by the universal service supplier for the customer’s category defined in Law no.43/2015 article 109 “On Power Sector” is set by ERE in accordance with Law no43/2015 Article 85 “On Power Sector Law” as well as the methodologies approved by ERE.
2. The electricity price with which the Universal Supplier sales electricity for the customers that benefit from this service, shall include the justified costs of electricity supply including the electricity purchase cost from the generator charged with public service obligation, generated electricity purchase costs from renewable resources according to the provisions of the effective legislation for the Renewable Resources, electricity purchase costs in the unregulated market, as well as the service tariffs for the transmission and distribution grid as well as the supply cost.

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3. ERE shall publish the Methodology for calculating and analyzing the regulated prices for the electricity universal service end-use customers.

Article 8

Payment for providing public services

1. Until December 31 2017, OSHEE / FSHU shall receive compensation for the provision of universal service, from the state budget allocated for ensuring universal service, according to Council of Ministers decision and based on the Law 43/2015 article 47(8) "On Power Sector".
2. OSHEE is eligible for compensation from the State Budget to the extent it can prove that the regulated electricity supply price is lower than the costs incurred for purchasing and supplying electricity for the customer categories defined in Law no 43/2015 article 109 "On Power Sector and pursuant to Article 7 of this secondary law.
3. Such compensation shall be approved annually by a Council of Ministers decision pursuant to Law no.43/2015 article 47(8) "On Power Sector" and the Regulation on the General Conditions for Imposition of Public Service Obligations in the Electricity Market of Albania, as well as the annual review of price regulation by ERE pursuant to Law no.43/2015 article 85 "On Power Sector".

Article 9

Termination of end-user price regulation

1. Before December 31 2017, ERE shall review the necessity for maintaining price regulation as a necessary measure for ensuring universal service to customers connected to the 0,4 kV voltage level, providing that market conditions shall develop in a way that customers entitled to universal service may purchase electricity on the market at reasonable unregulated prices.
2. ERE may impose again the public service obligation for ensuring universal service at regulated prices for the customer categories defined in Law no.43/2015 article 109 "On Power Sector" that benefit from the universal service in the future providing that such measure is necessary and justified.

Article 10

Monitoring and supervision

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1. ERE, acting within the scope of its competence, shall ensure monitoring and supervision for implementing these conditions for the licensee charged with universal service obligation for the electricity market in Albania as defined in this secondary law.
2. Licensees who violate the conditions defined above shall be responsible according to the provisions of Law no.43/2015 article 107 “On Power Sector” in Albania.

Article 11
Publication

Information about the designation of OSHEE / FSHU as a supplier entrusted with provision of universal service shall be published in the Official Journal of the Republic of Albania and shall be made available for the public on OSHEE / FSHU website and info customers’ centre, at the website and in info customers’ centre of the distribution system operator and at the website of ERE.

Article 12
Entry into force

This secondary law enter into force after the publication in the Official Gazette.

Article 13
Notification of Energy Regulator
Authority

ERE shall inform the Energy Community Secretariat about the approval of the conditions for the licensee charged with universal service obligation for the electricity market in Albania and any subsequent changes of them.