

GUIDELINES

On Criteria for Determination of Access to Natural Gas Storage Facilities

I. General provisions

- The Guideline on Criteria for Determination of Access to Natural Gas Storage Facilities (hereinafter – “the Guidelines”) shall establish the criteria upon which the negotiated or regulated access regime shall be determined for each natural gas storage facility in Albania (hereinafter – “the Criteria”).
- The purpose of the Guideline is to ensure a transparent and well functioning natural gas storage market in Albania, as providing an important flexibility and security of supply tool for network users for supplying their consumers in Albania, which would contribute to an integrated and competitive Energy Community natural gas market.
- In the Guideline all terms are used within the meaning prescribed on the Law No. 102/2015 “On the Natural Gas Sector” (hereinafter: “the Law”).

II. Scope of the applicability

- The Guideline shall apply to gas storages from the Operators that shall operate in Albania as defined under the Law, when technically and/or economically necessary for providing efficient access for the supply of customers.
- Based on this Guideline, the Energy Regulatory Entity (hereinafter – “the ERE”) shall take necessary measures to ensure non-discriminatory access in cases where the negotiated access regime is applied or to approve tariffs for access in cases where the regulated access regime is applied.
- Based on this Guideline and the report approved by ERE according to Paragraph 15, ERE shall adopt either the negotiated or regulated access regime in a transparent and non-discriminatory manner for each storage facility.

III. Criteria to determine the access regime

- ERE shall prepare a report referring to paragraph 15 of this Guideline based on the Criteria specified herein. Based on this report ERE shall decide upon the access regime on the grounds of the conclusions from the Report and justify its decision.
- Criteria for defining the access regime by ERE include as follows:
 - Criteria related to *competition with other sources of flexibility, storage prices and the role of the storage in the market* which affirmative answers shall favour the negotiated access regime;
 - Criteria related to *storage market conditions and security of supply* which affirmative answers shall favour the regulated access regime.
- The report referred to in paragraph 15 of these Guidelines shall contain an algorithm to evaluate the importance of the Criteria defined as follows:

a) Criteria related to competition

- In relation to the role of storage on a flexibility market, ERE shall assess:
 - Is a storage facility able to meet a seasonal/winter peak;
 - Does effective competition between storage facilities or between the facilities and other flexibility services (such as import capacity, production flexibility, LNG import capacity, import contracts, trading at gas exchanges or hubs) in the market exists;
 - In case that effective competition is not in place, is there a likely perspective that in a short term such competition shall occur, together with the development of competitive pressure between storage facilities or between storage facilities and other flexibility sources;
 - Is there a likely perspective that a storage facility shall be in competition with the storage facilities in the neighbouring countries, in particular, with those in South East Europe; and

- If the answer to question in Paragraph 10.4 is *YES*, is the applied regime of the potential competing storage facilities in the South-East Europe a negotiated access regime.

b) Criteria related to storage prices

- ERE shall assess, in cases where the storage tariff for a facility has been regulated:
 - If the losses in the Storage System Operator incurred due to depressed prices; and
 - If the storage tariff was a disincentive on investments in a storage facility.

c) Role of storage in the gas market

- ERE shall assess the role of storages in the natural gas markets of Albania and Europe and in particular:
 - Is a number and size of storage facilities in Albania proportional in relation to other European countries' storage facilities number and size;
 - Is the size of the total storage capacity proportionally high with the national annual gas demand in Albania;
 - Can storage operator adapt their services in line with the market development in Albania and the neighbouring markets; and
 - Are the geological conditions in the country favourable to potential development of other storage facilities.

d) Criteria related to storage market conditions

- ERE shall assess effective access to storages, in particular:

- Is capacity largely booked by one or few large undertakings;
- Is there a high proportion of a storage capacity booked on a long-term basis;
- Is there a comparatively small amount of capacity available; and
- Is the available capacity offered in a discriminatory manner.

e) Role of storage for security of supply

- ERE shall assess the role of impact of the measures pertaining to security of supply related to storages and in particular:
 - Is a part of storage capacity allocated as a strategic reserve or has a similar function for the needs of Albania's customers; and
 - Do obligations imposed to suppliers related to security of supply envisage storing of proportionally high part of their gas portfolios in storages.

IV. Determination of access regime

- ERE shall publish the results of the Criteria assessment in an aggregated report. First report shall be prepared and published by ERE not later than the date defined by ERE.
- ERE shall opt for either negotiated or for regulated access regime for storages, in accordance with the conclusions of the Report.
- Storage system operators shall apply regime for each storage facility as decided by ERE and publish the relevant decision on its website. Storage system operators shall publish the main trading conditions of using the storages, line pack and ancillary services for the actual period.
- Each storage system operator shall be obliged to organise the access to the storage facility in accordance with the relevant storage code regardless of the applied access regime.

V. Monitoring the application of the Criteria

- ERE shall monitor the correct application of the Criteria by the storage system operators. In doing so, ERE may issue guidelines to a storage system operator in case the applied access regime is negotiated.
- Based on the results of its monitoring, the ERE may conclude that a change in access regime is necessary and may decide to change the applied access regime.
- ERE shall justify its decision for the change of the applied access regime and publish it on its website.
- Nothing in these Guidelines shall prevent ERE from its duties and powers as regards monitoring and reviewing access conditions to storages.

VI. Final provisions

- ERE shall review the Criteria at least every three (3) years taking into account the feedback from the storage system operators, storage system users and market indicators.
- After the adoption and publication in the Official Gazette of Albania the Guideline and the assessment Criteria performed by ERE shall be published on ERE website.
- Interpretation of this guideline shall be provided and publicly announced by ERE according to its procedural procedures.
- Persons, who commit a breach of this guideline or the respective decisions approved by ERE shall be liable according to Law no.102/2015 “On Natural Gas Sector”.