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REPUBLIKA E SHQIPËRISË  
**ENERGY REGULATORY AUTHORITY**  
**Board**

**DECISION**

**No. 199, Dated 24.11.2017**

**ON**

**APPROVING THE NATURAL GAS TRANSMISSION AND DISTRIBUTION SERVICE CONTRACT BETWEEN ALBGAZ AND ALBPETROL COMPANIES**

Based on article 16 of Law no. 43/2015 “*On Power Sector*” as well as article 16 and 17 letter “ç”; 35; 36 and 80 point 8 of Law no. 102/2015 “*On Natural Gas Sector*”; point 8 of Council of Ministers Decision no. 848, dated 07.12 2016, “*On the Establishment of Albgaz company and Appointing the Public Authority representing the State as the Owner of Albpetrol and Albgaz companies Shares*”; article 15 of the “*Regulation on ERE Organization, Operation and Procedures*”, approved with ERE Board Decision no. 96 dated 17.06.2016, ERE Board on their 24.11.2017 meeting, after reviewing the report on approving the natural gas Transmission and Distribution service contract between Albgaz and Albpetrol companies with Albgaz Protocol no. 55/1 dated 05.07.2017 and Albpetrol protocol no. 4608 dated 06.07.2017,

**Observed that:**

- "Albgaz company", performs the Natural Gas Transmission and Distribution System Operator activity in Albania, implementing Council of Ministers Decision no. 848, dated 07.12 2016 "On the Establishment of Albgaz company and Appointing the Public Authority representing the State as the Owner of Albpetrol and Albgaz companies Shares".
- Albgaz company, with the official letter Protocol no. 81, dated 24.08.2017, ERE protocol no. 167/16, dated 25.08.2017, has submitted at ERE the request to approve the Natural Gas Transmission and Distribution Service Contract, agreed between “Albgaz” and “Albpetrol” representatives.
- ERE Board with Decision no. 176, dated 26.10.2017, has opened the procedure to approve the natural gas transmission and distribution service contract between Albgaz and Albpetrol companies Albgaz protocol no. 55/1, dated 05.07.2017 and Albpetrol. Protocol no. 4608, dated 06.07.2017.
- ERE Board with Decision no. 179, dated 08.11.2017 has certified “Natural Gas Combined Operator, Albgaz” company and with Decision, no. 90, dated 07.06.2017, has approved the temporary natural gas transmission tariff from “Albgaz” company for 05.01.2017 – 20.09.2017 period”, amended with decision no. 155 dated 28.09.2017.

- ERE Board with Decision no. 178, dated 08.11.2017, has approved the Methodology for tariff calculation of natural gas transmission and distribution network.
- ERE Board with Decision no. 187 dated 10.11.2017, has licensed Albgaz company in natural gas Distribution activity.
- ERE Board with Decision no. 188 dated 10.11.2017, has licensed Albgaz company in natural gas Transmission activity.

For all of the above mentioned, ERE Board

**Decided:**

1. To approve the natural gas transmission and distribution service contract between Albgaz and Albpetrol companies with Albgaz protocol no. 55/1, dated 05.07.2017 and Albpetrol protocol no. 4608, dated 06.07.2017.
2. License and Market Monitoring Directory shall inform the stakeholders for ERE Board Decision.

This decision enters immediately into force.

This decision is published on the Official Gazette.

The request to review this decision shall be submitted at ERE within 7 calendar days.

This decision may be complained on Tirana Administrative Court, within 45 calendar days from the publication in the Official Gazette.

**CHAIRMAN**  
**Petrit AHMETI**



Protocol No.  
Of Date \_\_\_/\_\_\_/2017

\_\_\_\_\_ Protocol No.  
Of Date \_\_\_/\_\_\_/2017

## **CONTRACT FOR NATURAL GAS TRANSMISSION AND DISTRIBUTION**

Today, on date .../.../2017 it is signed this Contract for natural gas transmission and distribution (below referred as the "Contract") between:

1. "Albpetrol" company, NUIS J82916500U, headquarters: Fier-Patos National Road, KM7, represented by Mr. Endri Puka as the Administrator of the company, hereinafter referring as the "Producer"; and
2. "Albgaz" company, registered on date 06.01.2017 at the National Business Center, with headquarters in Bulevardin "Zhan D'Ark", Nr.3, Tirana, Albania, NUIS L71306034U, represented by Mr. Klodian Gradeci as the Administrator of the company, hereinafter referring as the "Operator"; together referring as the parties.

Since:

- (A) "Albpetrol" company, as the Producer company, is a company that owns research, production and trading hydrocarbon (including even natural gas) rights in Albania.
- (B) "Albgaz" company, as the Transmittor, operates as the Combined Operator of Natural Gas and is certified and licensed by ERE with Decision no.82 of date 26.05.2017

The Parties agree to connect this Contract within the following terms and conditions:

### **Article 1 Legal Basis of the Contract**

This contract is connected based on the Civil Code of the Republic of Albania, law no.9901, of date 01.04.2008 "On Entrepreneurs and Companies" as amended, Law no. 7582 of date 03.07.1992 "On the State Companies" law no. 8450 of date 24.02.1999 "On processing, transporting and trading of oil, gas and their by-products" as amended, law no. 102/2015 "On Natural Gas Sector" ERE Board decision no. 90 of date 07.06.2017 "On approving the temporary natural gas transmission tariff from Albgaz company for 05.01.2017-20.09.2017 period" as well as other by-laws issued for its implementation.

### **Article 2 Definitions and Interpretations**

2.1 Definitions:

In this Contract, including even the Annexes, except of the case when the context requires otherwise the terms used in this Contract and its Annexes shall have the same meaning with the definitions of Law no. 102/2015, "On Natural Gas Sector" as well as other bylaws issued for its implementation.

## 2.2 Interpretations:

- 2.2.1 The words that describe the singular shall include the plural and vice versa;
- 2.2.2 All the terms mentioned in this contract shall be calendar ones;
- 2.2.3 The titles of the articles shall not affect their interpretation and content;
- 2.2.4 The references on the "law" shall include all of the amendments, modifications, substitutional laws, made before or after this Contract date and all by-laws issued for implementation and are in conformity with such a law;
- 2.2.5 The reference for one Party is a reference even for the other Party of this Contract;
- 2.2.6 The references for the Articles and the Annexes of this Contract;  
Except when it is specifically expressed otherwise;
- 2.2.7 Any term or condition of the contract may bring ambiguities which shall be interpreted on the context of the contract in general and in the purpose perspective, for which this contract is connected by the parties,
- 2.2.8 For all issues not expressly defined in this contract, are applied the provisions of Law no. 102/2015, "On Natural Gas Sector " as well as the by-laws issued on its implementation as well as those provided on the Transmission Grid Code approved by ERE

### **Article 3 Object of the Contract**

The object of this Contract is the definitions of the terms and conditions according to which the Transmitter, beginning from the entry into force of this contract, shall provide the natural gas transmission service for the account of the Producer.

### **Article 4 The Deadline of the Contract**

This contract is connected for a (one) year period, beginning from 05.01.2017, that is the effective date of this contact. This contract may be settled before the deadline with a prior written notification from each party 2 (two) months before the settlement date and in any other case provided in this contract.

### **Article 5 Service Tariff**

- 5.1 The parties agree that the price for providing the natural gas transmission service is set based on ERE Board Decision no.90 of date 07.06.2017 and concretely shall be as follows:
  - i) For natural gas transmission the tariff shall be 25 ALL/m<sup>3</sup> without VAT.
- 5.2 The above tariffs shall be unchangeable until on date 20/09/2017 except when their amendment is made with ERE decision.

## **Article 6**

### **The Invoicing and the Payment Method**

- 6.1 The Transmitter shall send the VAT invoice for the service to the Producer address within 5 (five) days from the final monthly reading. The VAT invoice shall contain: the monthly tariff for the month it is issued; the calculation method for the tariff defining the transmitted gas quantity and the applied tariff as well as any other item in conformity with Law no.92/2014 "On the Value Added Tax in the Republic of Albania" and the by-laws issued on its implementation. Attached to the monthly invoice shall be the reports kept from the parties to read the respective metering systems on the basis of which it is calculated the natural gas quantity.
- 6.2 The difference established according to point 10.5 of Article 10 shall be deducted from the transmission service invoice processed by the transmitter.
- 6.3 The Producer shall execute the payment in the bank account of the Albgaz company Operator, according to the respective value of the invoice in conformity with the provisions of the effective legislation.
- 6.4 For any day of delay the Producer shall pay to the Transmitter the overdue payment in conformity with the provisions of Law no. 48/2014 "On overdue payments in contractual and commercial obligations",

## **Article 7**

### **Natural Gas Delivery Point**

- 7.1 The amount of associated or natural gas shall be delivered from the Producer ( Oil Production Center Ballsh) to the Transmitter in the delivery points in the production resources referring to the actual infrastructure of gas transmission, as follows:
- 1.Cakran, gas metering Poligon at Compresor Station Drenova,
- 7.2 The gas quantity after transmission shall be delivered from the Transmitter to the Producer ( Oil and Gas Sales Management Center Patos) on the delivery points as follows:
- 1.Metering polygon at the ovens for Cash Decantain.  
2. Metering polygon at the ovens for Visoke Decantain.  
3. Balish Gas station for Private Customers Ballsh Decantain.  
4. Fier Gas Station for Private Customers-Fier

## **Article 8**

### **The quantity, Delivery Pressure and Quality**

- 8.1. The natural gas quantity delivered from the Producer to the Transmitter is the quantity measured from the metering equipments installed at the closest technical natural gas delivery point,
- 8.2. The quantities of natural gas shall be delivered from the Producer to the Transmitter at the delivery point, according to the technical standards as follows:
- 1.For Cakran, pressure  $P_{min}=4$ (four) bar;  $P_{max}= 15$  (fifteen)

## **Article 9 Natural Gas Metering**

- 9.1 The metering system at the delivery points shall be installed from the Producer while the metering system at the delivery points according to article 7.2 shall be installed from the transmitter and shall be sealed together from both parties during the installation phase.
- 9.2 The metering system that shall be installed at the delivery points shall be according to the technical standards approved and calibrated from the General Directorate of Metrology.
- 9.3 If the transmitter or the producer wants to inspect, test or calibrate the metering equipments, they may require this to the other party, by a written notification to perform a joint inspection, testing and calibration of the metering equipments installed at the delivery points.
- 9.4 If the testing or calibration reports show measurement errors for the metering equipment, then the current reading of the measurement recorded during the testing or calibration period shall be corrected by decreasing or increasing according to the case, the scale of the error rate in the measurements shown in the testing or calibration report agreed by both parties.
- 9.5 The Transmitter is obliged to enable for free and at any time to the Producer the read of gas metering devices. The installation, maintenance and the verification of the metering accuracy shall be performed by the Transmitter with its own expenses. The gas meters shall be in conformity with the legislation for the metering instruments,
- 9.6 All metering devices used to issue the data for the gas quantity for calculating the invoice in conformity with this contract shall be sealed by both parties and the sealings shall not be broken except of the case when the parties together agree for this process as consequence of the need to test the metering equipment or when the parties suspect on the metering accuracy.

## **Article 10 Reading of the metering system**

- 10.1. Each party has the right at any time to perform the reading of the metering system at the delivery points by notifying the other Party at least 3 days in advance, for the day, hour and its representatives in order that the reading is done in the presence of each Party representatives.
- 10.2 The data of the metering system shall be reflected on a report signed by the representatives of both parties.
- 10.3 If one of the Party is absent during the joint reading, the other party may register the data of the metering system and inform the other party the recorded data of the metering system within 12.00 hour of the next day.
- 10.4 The reading that shall be considered for the invoicing effect shall be the one realized on the last day of the month.
- 10.5 If shall be observed any difference between the delivered quantity according to point 7.1 article 7 and the transmitted according to point 7.2 article 7, this difference shall be taken over by the transmitter.

## **Article 11 Transitory Period**

The Parties agree that until the installation of the metering system there exist a transitory period which makes impossible the implementation of Articles 9 and 10 of this contract. As consequence during the transitory period shall be considered valid and agreed that the:

- a) Delivered quantity from the Producer to the Transmitter shall be considered the monthly quantity produced from the resource.
- b) The quantity that shall be invoiced to the Producer from the Transmitter during the transitory period is the measured quantity at gas delivery points from the transmitter according to article 7.2 multiplying the transmission price.

## **Article 12**

### **Planification and Interruption of the Delivery**

- 12.1. The Producer shall deliver to the Transmitter according to his provisions, a delivery plan specifying natural gas quantities that he plans for delivery during the next calendar month, according to the delivery points. The deadline for delivering the provision from the producer to the transmitter shall not be latter than 10 (ten) days from the end of the month.
- 12.2. The Parties agree to meet periodically, according to their needs, to prior define and regulate the natural gas quantities planned from the Producer.
- 12.3. Natural gas Transmission in conformity with this contract, shall be interrupted if necessary and on the measure needed to the parties to comply with the technical maintenance rules always by a prior notification to the other party.

## **Article 13**

### **Notification Deadlines**

- 13.1 The Transmitter shall inform the producer within the provided deadline for the following events:
  - a) For planning the overhauls, 15 (fifteen) days from its approval from the Administrator of the Company or persons authorized from him
  - b) For planned disconnections for the overhauls, not later than 7 (seven) days from the intervention date,
  - c) For the unplanned disconnections, immediately when is notified by the dispatch.
  - d) For the event of the force majeure not later than 10 (ten) days from the event date
- 13.2 The transmitter for all the cases provided on Article 13.1 shall inform the producer for the estimated time of the disconnection and the repair time.
- 13.3 All the notifications according to this article and any other notification or communication required or permitted from this Contract is valid if it is written and may be submitted or send by post on the following address or any other address that may be notified by any Party, to the other Party in conformity with this Article. The notification shall be effective after it is received from the other Party. The respective addresses of the parties for keeping the correspondence are defined as follows:

**For the Producer:**

National Road Patos-Fier, 7<sup>th</sup> km or Sky Tower, Floor 7, no. 21, Tirana

To the attention of Mr. Endri Puka

**For the Transmitter:**

Bulevardi "Zhan d'Ark",no.3, Tirana

To the attention of Mr. Klodian Gradeci

**Article 14**  
**Responsibility for the damages**

- 14.1 Each of the Parties shall behave with confidence and be careful in performing its obligations according to this Contract. Each Party is responsible for the caused losses or damages to the other party which are direct result of the actions or inactions of this party and shall compensate the last one mentioned. If the parties do not agree for the compensation, shall address to the competent court in conformity with the effective Albanian legislation at the time of this conflict.
- 14.2 The transmitter is responsible for any gas release during its transmission process.

**Article 15**  
**Force Majeure**

- 15.1. -Any of the parties shall be responsible to the other party for not implementing its obligations according to the Contract as the result of the Force Majeure.
- 15.2. Definition of the "Force Majeure " shall mean an event which has not come as result of the actions or inactions or from the negligence of one Party, it is an unforeseen event beyond the control of a Party and acts in conformity with the standards of a careful and reasonable Producer or Transmitter and that temporary or always makes impossible for that party to meet any of the obligations of this Contract. Such events may include but not be limited like war or revolutions, fire, flood, earthquake, epidemics, quarantine constraints and transit embargo. For the effect of this Contract the case of the Force Majeure shall be the prevention of generation in the Producer resources.
- 15.3. The party which claims to be before a Force Majeure shall:
- 15.3.1 Immediately inform the other party for the occurred event and shall make available all the information over its reasons. This notification shall be not later than 10 days from the date of this event; and
- 15.3.2 Take all the reasonable measures to regulate the situation and undertake the appropriate measures to minimize the effects of this event. For each case the Party claiming to be before a force majeure event shall periodically inform the other Party regarding all the undertaken steps.
- 15.4. If the execution of the contract becomes impossible for the event of the Force Majeure, the parties agree that they are before such an event, the obligations of the parties may be suspended for the time of this event but the Contract shall continue to be effective.
- 15.5. Except of the above mentioned, if an event or circumstance of the Force Majeure happens or lasts more than 30 (thirty) days, the Parties shall meet to discuss the consequences and the action plan that shall be taken to mitigate the effects or to be adopted with the circumstances.



- 15.6. In case the Force Majeure event continues for a period more than six (6) months, each Party has the right to give a prior written notification of thirty (30) days to the other Party to terminate this Contract without any obligation, but this termination does not discharge the parties from any incompleting or suspended engagement or obligation, that had to be realized before the Force Majeure.

### **Article 16 Settling the Disputes**

Any dispute or complaint established from the regulation, interpretation and/or implementation of this Contract and/or related to it, shall be settled with negotiations between the parties or shall be settled by ERE. On the contrary each party has the right to direct to the Albanian competent Court.

### **Article 17 Miscellaneous**

- 17.1. All the conditions and terms of this Contract are considered essential and may be added and/or amended only if the will of both parties is prior expressed in the written form.
- 17.2. This Contract constitutes the sole and full agreement between the parties regarding the offering of the services defined on its object and substitutes any verbal agreement or previously written between the parties
- 17.3. If any article of this Contract is or becomes partially or fully invalid, illegal, or inapplicable, the parties agree to remove this article and when necessary replace it with a valid one and the Contract shall continue to have legal effects
- 17.4. The settlement of this Contract shall not facilitate the Parties from the obligations that they have to each-other until the settlement date or the obligations which are established from the actions before this date.
- 17.5. This Contract shall be regulated, interpreted and implemented in conformity with the laws and other acts and secondary acts in the Republic of Albania.
- 17.6. This Contract is drafted in the Albanian language in 4 (four) authentic copies, 2 (two) copies for each party, which all of them have the same legal effect.

The above contract after after being read and understood is signed with the free will of the parties

### **PARTIES**

**ALBPETROL company**

**ALBGAZ company**