



REPUBLIC OF ALBANIA  
ASSEMBLY

**LAW**

**No. 9072, dated 22.05.2003**

**ON POWER SECTOR**

**(Some amendments and additions according to Law Nr. 9512 date 10.04.2006 “  
On some amendments and additions on Law No. 9072 date 22.05.2003 “On  
Power Sector”, Law 9226, date 16.10.2006 “On some amendments and additions  
on Law No. 9072 date 22.05.2003 “On Power Sector” amended, Law Nr. 9750  
date 04.06.2007 9776 date 12.07.2007, Law Nr. 9750 date 04.06.2007 “On some  
amendments and additions on Law No. 9072 date 22.05.2003 “On Power Sector”  
amended, Law Nr. 9776 date 12.07.2007 “On some amendments and additions on  
Law No. 9072 date 22.05.2003 “On Power Sector” amended, and Law Nr. 9913  
date 05.05.2008 “On some amendments and additions on Law No. 9072 date  
22.05.2003 “On Power Sector” amended, and Law No. 9997 date 22.09.2008 On  
some amendments and additions on Law No. 9072 date 22.05.2003 “On Power  
Sector” amended, and Law No 10 196 date 10.12.2009 On some amendments and  
additions on Law No. 9072 date 22.05.2003 “On Power Sector” amended, and  
Law No. 10362, date 16.12.2010, Law No 10485 date 26.11.2011 “ Some changes  
to Law 9072 date 22.05.2003 “ On Power Sector” as amended.)**

Based on Articles 78, 81 and 83, paragraph 1 of the Constitution, with proposal of the  
Council of Ministers,

**ASSEMBLY  
OF THE REPUBLIC OF ALBANIA**

**DECIDED:**

**FIRST PART**

**GENERAL PROVISIONS**

Article 1

**The Purpose of the Law**

The purpose of the law is and to ensure the conditions for an electricity supply to the  
customers according to the standard parameters. This can be achieved through an

efficiently functioning power market and the development of competition, taking into consideration the protection of consumers' interest, cost minimisation in providing electric power service and its compatibility with the environment.

## Article 2

### **The Object of the Law**

1. This law regulates activities in the electrical power sector and defines the rights and duties of the physical and juridical persons and state administration involved in this sector as well as the procedures for selecting and developing a market model and the rules for an electricity market.
2. This law provides and determines:
  - a. The institutional authority of the regulatory authority of the Electric Regulatory Entity, hereinafter ERE;
  - b. The restructuring, commercialisation and ultimate privatization of KESH and the development of a competitive energy market;
  - c. The encouragement of regional electricity trade;
  - d. The improvement of investment conditions in the electricity sector.

## Article 3

### **Definitions**

In this law the following terms are defined as follows:

1. **“Minister Responsible for Energy”** is the Minister of Industry and Energy or the minister responsible for energy.
2. **“KESH”** is the National Electroenergetic Corporation.
3. **“Electricity Regulatory Commission”** is the regulatory institution of electric power sector, which operates according to this Law.
4. **“Board of Commissioners”** or **“Board”** is the decision-making body of ERE composed by five members appointed according to the procedures provided for by this law.
5. **“Member”** is a member of the ERE Board of Commissioners nominated and serving according to this law, including the Chairman of the ERE unless the law provides for differently.
6. **“Chair”** is the Chair of the ERE appointed or serving under this law.
7. **“Person”** is a physical or legal person.
8. **“License”** is an authorization granted to a person according to third part of this law.
9. **“Licensee”** is a person that holds the license according to the third part of this law.
10. **“License fees”** is the fees imposed by the ERE for every issued license to perform an activity in the electric power sector.
11. **“Regulatory fees”** is the annual fees imposed by the ERE for licensed activities that are subject to regulation.
12. **“Power System”** is an interconnected system consisting of electric plants, power lines, substations and distribution equipment, intended for transmission or distribution of electricity to the customers.
13. **“Power Generation”** is the production of electric power through transformation of different energy resources by a Generation Company.

14. **“Generation Company”** is a person licensed for carrying out the power generation activities.
15. **“ Independent Power Producer”** is a non-public producer directly connected to the Transmission System.”
16. **“Privileged Producer”** is a producer who meets the criteria established by Article 39 and enjoys a privileged status.
17. **“Auto-producer”** is a person generating electric power essentially for his own use.
18. **“Back-up Source”** is a secondary source of electricity supply not connected to the power system.
19. **“Cogeneration”** is the combined production of useful electrical and thermal energy, which results in a significant energy saving compare to separated production.
20. **“Transmission”** is the transport of electric power on the high-voltage system or on any other installation, regardless of their voltage, whose functions include transmission or international interconnection;
21. **“Transmission System”** is a system of lines, supporting structures, transforming, and switching equipment used for the transmission of electricity.
- 21/1 **“The interconnection merchant lines” are the new interconnection lines with direct current between the two national electric system and the substations of investments, constructed with the initiative and the capital of third parties. In exceptional cases, the interconnection merchant lines in alternative current when the cost of the investment are very high compared to the cost and the risk that the investor takes over in constructing the interconnection lines with alternative current between two neighbouring systems.**
22. **“Transmission Company” or “Transmission system operator”** is the person licensed to perform the electricity transmission activity, power system dispatching and operation of the electricity market.
23. **“Dispatching”** is the operation of the power system in order to maintain balances of generation, import/export and electricity consumption in national level by providing the system security and safety.
24. **“Grid Operation Code”** is a set of technical rules, which governs the operation of transmission system.
25. **“Distribution”** means the transport of electricity on high-voltage (110 kV substations), medium voltage and low voltage distribution system with a view to its delivery to customers, but not including supply.”
26. **“Distribution System Operator”** means a person responsible for operating, maintenance and developing of the distribution system.
27. **“Distribution Operation Code”** is a set of technical rules, which govern the operation of distribution network, and establishes conditions and terms of service provided by the distribution companies to the customers.
28. **“Standard parameters”** are values of voltage and frequency level of supplied power to customers as defined by the regulations of power system operation approved by the ERE.
29. **“Third party access”** means the right of all generators, traders, suppliers and electricity users to use the transmission and distribution networks according to rules and tariff defined in the primary and secondary legislation regulating the activities in power sector.”
30. **“Supply”** means the sale, and purchase for resale of electricity, to customers.

- 30/1 “Retail Public supplier” is the person licensed to supply tariff customers.**
31. **“Qualified Supplier”** is a person licensed to supply electricity directly to Eligible Customers.
- 31/1 The connection of interconnection merchant lines is approved with decision of Council of Ministers when the following conditions are met.**
- a) **the line construction does not violate the stability and safety of the national power system of operation.**
  - b) **the interconnection merchant line is in the property of a subject, a person legally unbundled from Transmission System Operator.**
  - c) **all the expenses for the construction and connection of the line with the transmission system are covered by the investor**
  - c) **any part of the cost capital and operational of the interconnection merchant line is not included in the TSO cost**
  - d) **the investor agrees that 20% of the interconnection merchant line is exploited for the public use for TSO**
- 2. The Council of Ministers before approving the interconnection merchant lines takes the opinion of the Regulator and the Transmission System Operator.**
- 3. The deadline for use of interconnection merchant line from the investor is 20 years. After this deadline the assets pass to TSO.**
- 4. The operation of interconnection merchant lines is realised by TSO according to the provisions of the grid codes and market rules.**
- 5. The maintenance of interconnection merchant lines is responsibility of the private investor during the time that he owns this line.**
- 6. The interconnection merchant line that is exploited for public interest according to paragraph d of point 1 of this article is distributed in compliance with the rules set by ERE.**
- 30/2 “Wholesale Public Supplier** shall mean the person licensed to purchase electricity in wholesale from public generation, SPPs, IPPs and Traders that sell to the Retail Public Supplier.”
- 32. “Eligible Customer” shall be considered automatically any electricity customer connected to the power network at the voltage level 110 kV or above, as well as any other customer despite the voltage level it is connected to, having an annual electricity consumption larger than 50 million kWh.”**
33. **“Tariff customer” is the customer supplied by the public supplier with regulated prices and tariffs.**
34. **“End-use Customer”** is a customer buying electricity for his own use.
35. **“Electricity Market”** is an exchange of offers for electricity purchase with offers for electricity supply.
- 35/1. Exchange, sale and purchase of electricity, as per understanding of this law, is the legal relationship among the parties according to the related provisions of the Civil Code.”.**
- “Power Exchange and sales of power” is the legal relation between the parties, based on the respective dispositions of the Civil Code.**
36. **“Market Rules”** are rules regulating operation and management of the market, as well as commercial relations among license holders.

37. **“Direct Line”** is an electric power line connecting generation to an end use customer that is not connected to the power system.
38. **“Small Power Producer”** is a producer with installed capacity up to 10 MW or is directly connected to the Distribution System.
39. **“Renewable energy sources”** are sources of energy, which are preserved in nature and are entirely or largely renewed as solar, wind, hydro, geothermal, biomass or biogas and energy from urban wastes.
- “39/1. “ Green Certificate” is an official document with limited availability time, physically transferable separable from electricity which it certifies. It certifies the production of a quantity of electricity from renewable energy sources or by a combined method of production, in which is given the date and place of production, the production plant and the owner.**
- 39/2. “ Guarantees of Origin” is an transferable official document, that certifies the producer, the quantity of electricity**
40. **“Force Majeure”** is an natural or social act or event occurred in the country as earthquakes, lightning, cyclones, floods, volcanic eruptions, fires or wars, armed conflict, insurrection, terrorist or military action, which prevent the licensee from performing its obligations under the license or other acts or events that are beyond the reasonable control and not arising out of the fault of the licensee, and the licensee has been unable to overcome such act or event by the exercise of due diligence and reasonable efforts, skill and care.

## SECOND PART

### STRUCTURE AND ORGANIZATION OF INDEPENDENT ELECTRICITY REGULATORY ENTITY (ERE)

#### Article 4

1. ERE is a legal and public person with headquarters in Tirana.
2. ERE is composed by the Board of Commissioners and the Technical Staff.
3. Board is composed by the Chairman and four members who shall be appointed by the Parliament in conformity with the provisions of paragraph (5) of this Article.
- 4. The selecting team is composed by two Parliament representatives, the Chairman of the Permanent Commission of Production Activities, Trade and Environment and the Chairman of the Permanent Commission of Economy and Finance respectively, as well as the minister responsible for the energy. The selecting team shall take its decision with the simple majority of its member’s votes.”**
5. The Selecting Team shall:
  - a) be convened when necessary and always no later than six months before the termination of the mandate of one of the members of the Board;
  - b) proposes two candidates for each vacancy in Board who have the ability and experience by paragraph (7) of this Article.

6. When the post of the Board's Chair is vacant, until the appointment of the new Chair, the longest serving member of the Board will act as chair. The seniority is acknowledged from the date that he was appointed a member of the Board.
7. **Chairman and the members of the board shall be persons who have completed the university studies and with the experience as follows:**
  - a) **the chairman should be a distinguished person in the electricity field. He should have at least 15 years working experience, out of which not less 10 years in power sector;**
  - b) **one of the members should have not less than 10 years working experience as electrical engineer in the power sector;**
  - c) **two members should be economists and should have not less than 7 years working experience in this profession;**
  - ç) **one of the members should be a lawyer and should have not less than 7 years working experience in this profession.”**
8. The term of membership in the Board of ERE shall be 5 years, except the first Board appointed according to this law, which will be appointed with staggered terms through the lot. Two of members will be replaced after 4 years and the other two will be replaced after 3 years. The Chair will be replaced after 5 years. The Chair in the presence of all members according to a regulation approved in advance will conduct the lot.
9. When a member is appointed in a vacant position created before termination of the term he must be appointed only for the remaining period of the predecessor's term.
10. Any member of the Board shall be appointed for a 5 years term with the right of re-appointment.
11. The Parliament defines the salaries of the Chair and of the members of the Board.

#### Article 5

#### **Dismissal of Members of the ERE**

1. Any member of the Board may be dismissed only in case he or she:
  - a) is restricted or removed the authority to act by a final court decision;
  - b) is incapable of fulfilling the duties and responsibilities of a member of the Board for a period of more than six months;
  - c) acts in contradiction to the provisions of this law;
  - d) becomes or runs to become a member of Parliament, becomes an employee in state administration or in any local authority;
  - e) is punished for committing a criminal act by a final court decision;
  - dh) when criteria established in article 4 of the law are not fulfilled.

#### Article 6

#### **Conflict of Interest**

1. No member of the Board or of technical staff may be:
  - a) owner, shareholder or holder of assets property of any licensee;
  - b) employee or contractor of any licensee;
  - c) member of the boards or supervisory boards or other relevant governing bodies;
  - d) director or president or other manager of any licensee, nor shall he has a material interest or other interest in the energy area.

2. In the event a member of the Board or a staff member has any of the interests during the application procedures for a license he shall not participate in consideration of the license application.
3. Any member of the Board or staff member may be a customer of any licensee, but no licensee shall offer, nor shall any member of the Board or staff member accept more favourable or different service than the rates and conditions generally available to the public.
4. Upon ceasing to serve as a member, no member of the Board may accept remunerated employment or be compensated in any way by any entity that was, or applied to be, a licensee during the time that he was a member of the Board without prior approval of the Council of Ministers.

Article 7  
**Chair of the ERE**

2. The Chair of the ERE is the executive administrator of the ERE and shall be responsible for the administration of the ERE, for presiding over the meetings of the Board and for publishing the Board's decisions.
3. When absent, the Chair shall designate one of the members of the Board to exercise his rights and duties.

Article 8  
**Responsibilities of the ERE**

1. The ERE shall exercise its activity consistently with this law.
2. The ERE has the following competencies:
  - a) sets the rules and requirements for granting, modifying, transferring and revoking licenses to companies for generation, transmission, distribution and supply of electric power;
  - b) sets, regulates and reviews wholesale and retail tariffs and the terms and conditions of service of electric energy proposed by a licensee or reviews them according to circumstances;
  - c) assures that the Investment Programs and Power Purchasing Agreements are consistent with least cost planning principles;
  - d) protects the interests of consumers of electric energy concerning tariffs by assuring that:
    - i) such tariffs are in accordance with recognised ratemaking principles; and
    - ii) the other conditions of service as to quality, efficiency reliability and security of electric energy supply are reasonable according to the circumstances;
  - e) resolves disputes raised between the licensees and consumers and between or among the licensees for what is required by the primary and secondary legislation;
  - f) maintains a proper balance between the interests of licensees, consumers, the state, investors and other participants in the electric energy sector;
  - g) promotes electric energy efficiency and improvements in the quality of service in electric power sector;
  - h) promotes competition in the electric energy sector;

- i) monitors and controls, contracts and the operation of services by licensees, with powers of inspection, access, acquisition of documentation, and relevant information;
- j) controls whether the licensee providing electric power service to customers is respecting the terms of the contract or is providing services consistently with standards established by the terms of license or any regulation approved by the ERE;
- k) co-operates with corresponding authorities of other countries or international organizations and participates in the activities organised by such authorities and organizations;

**“l) approves rules and procedures according to which are made the electricity exchanges, sales to and purchases from domestic and foreign suppliers/traders.”.**

**‘ll) qualifies the generation plants fed by renewable energy sources and certifies the energy produced by them with the “Guarantees of Origin” “Green Certificates”, which shall serve to fulfil the obligation set forth in point 1 of the article 3 of this Law;**

**m) develops and approves separate rules and procedures for the qualification of production plants that use renewable energy sources, and for the certification of the energy produced by them with the “Guarantees of Origin” and “Green Certificates”, were are set:**

**i)the plant categories and their commissioning deadlines, for obtaining the guarantees of origin and green certificates;**

**ii)formula and calculation coefficients for the quantity of the electricity produced, that obtains the “ Guarantees of Origin” and “ Green Certificates”, in function of the installed capacity and the technology used;**

**iii) nominal value of the certificates, in MWh;**

**iv) other necessary elements for the adoption of the qualification and certification process of renewable energy sources with those countries, with which are signed agreements for the mutual recognition for the qualification and certification procedures:**

**n) develops and approves the standard form of the “ Green Certificate” and “ Guarantees of Origin””.**

#### Article 9

#### **Sessions and Decisions of the Board of Commissioners**

1. The deliberative sessions and hearings of the Board shall be open. In specific cases, the Board may hold closed sessions.
2. The number of members needed to achieve the quorum of a deliberative meeting of the Board is not less than three members. The Board shall take its decisions by majority vote of all its members. In case of equal votes, the Chair’s vote is decisive.
3. All Board decisions shall be made independently.
4. The decisions of the ERE’s Board may be appealed to the court within 30 days after the decision is published in the “Official Journal”. The court shall judge only the lawfulness and grounds of the Board decision, and it may rule to cancel partially or wholly the decision if found not based on the law.



5. In case of cancelling, the Board either reviews its decision or appeals the court decision according to provisions of the Code of Civil Procedure.
6. All Board decisions, except those dealing with ERE's internal matters, shall be published in the Official Journal.

#### Article 10

##### **Reporting**

1. No later than the end of the first quarter of each year, the ERE shall submit to the Parliament and the Government an annual report on the electric energy sector situation and ERE's activities, including its financial activities. This report shall be made public.
2. The auditing of ERE's financial activity shall be carried out by financial independent auditors in compliance with the legislation in force.
3. ERE shall also submit to the Minister responsible for energy, upon request, information within the scope of the ERE's authority and expertise.

#### Article 11

##### **Technical Staff and The Advisors**

1. A technical staff shall assist the Board in the performance of its duties. The staff shall be selected, appointed and promoted according to the criteria and procedures provided for by the Law No.8549, dated 11.11.1999 "On the Status of Public Servant".
2. The Board has the exclusive authority to define the organisation, duties and salaries of its technical staff in compliance with the legislation in force.(abrogated)
3. In addition to permanent technical staff, the Board, from time to time and when necessary, can hire specialists or advisors to assist the ERE in accomplishing its functions.

#### Article 12

##### **Financing**

1. The ERE's financial sources shall be regulatory fees set by the ERE on electric power sector licensees and license fees.
2. The ERE keeps thorough and précised accounts of occurred expenses in compliance with accounting Albanian legislation.
3. The ERE determines a regulatory fee to be paid by a licensee.
4. When ERE establishes such regulatory fee, it shall notify the licensee of the amount due and payable. If the licensee shall fail to pay such fee within 30 days after receiving such notice, the licensee will be subject to sanctions according to Article 64 of this law.
5. Regulatory fees shall be deposited in a separate account for the use of the ERE opened in one of the banks licensed according to Albanian legislation. Any funds in the ERE account not used in one year shall be carried forward to the next year, and the next year's regulatory fees reduced accordingly.
6. The ERE is authorized to borrow funds when capital or operating expenses cannot be met from the current regulatory fees. The ERE shall pay back the loans, including interest, from future regulatory fees.

## THIRD PART

### LICENSES AND LICENSING PROCEDURES

#### Article 13

##### Licensed Activities and Exceptions

1. The ERE shall grant licenses for the following activities:
  - a) The generation of electric power;
  - b) the transmission of electric power;
  - c) the distribution of electric power;
  - d) the wholesale or retail supply of electric power;
  - e) the trade of electric power within or outside the country; and
  - f) the import of electric power inside the territory of the Republic of Albania.(abrogated)

The application form, manner and fee are determined by the ERE.
2. The ERE shall grant a license for transmission of electricity only to one state juridical person.
3. The ERE shall grant the license for distribution of electric power to only a legal person.
4. Separate licenses shall be granted for the performance of each activity subject to licensing by the same person. The ERE shall be obliged to avoid discrepancies in the conditions of the licenses for different activities issued to the same person.
5. Municipalities and Communes may engage in any of the activities described in the paragraph (1) of this Law when they have received a license from the ERE.
6. No transmission or distribution license shall be required for a direct line.
7. Auto-producer not connected to the power system is not required to be licensed with e generation license.
8. **Each person willing to exercise its activity in this sector should be licensed according to this law by the ERE.**

#### Article 14

##### Licensing Procedures

1. Licenses shall be granted by the ERE pursuant to procedures that assure equal, non-discriminatory treatment and transparency of the license process. Such procedures shall specify the information that must be filed with request to each type of license application.
2. **The ERE shall approve the regulation on licensing procedures and, consistently with this law, defining the criteria and conditions relating to the issuance, modification, transferring or withdrawal of licenses and the payment of license application fee. The ERE is authorized to adopt a**

**regulation to establish simplified and expedited licensing procedures directly connected to electricity distribution network.**

#### Article 15

#### **Conditions of a License**

1. The ERE shall determine the conditions for every license taking into consideration:
  - a) the term requested for the validity of the license;
  - b) the locations and territories on which the licensed electric power activities will be performed;
  - c) operating safety and reliability of facilities, equipment or the network;
  - d) requirements for the nature of primary energy sources;
  - e) requirements connected with national security, citizens life, property and health and public order;
  - f) financial requirements;
  - g) environmental protection;
  - h) promotion of energy efficiency in the electric power sector;
  - i) public service obligations as provided for by this law;
  - j) promotion of a competitive electric power market and least-cost principles in electric power supply; and
  - k) the effect upon security and reliability of electric power supply within the territory of the Republic of Albania.
2. The ERE may ask for evidences, data and relevant documents needed to verify the qualifications and competences of the applicant for a license.
3. The ERE may refuse granting of a license to an applicant who fails to fulfil any of the conditions contained in paragraph (1) of this Article. When the ERE determines that any such failure is not serious or material and can be corrected, it may grant the license under conditions that the licensee will satisfy the failed condition within a specified period of time as determined by the ERE.

#### Article 16

#### **Notice of License Applications and Objections**

- 1 For any publication for a license according to this Law, the ERE must publicise, within 14 days after the application has been made, an announcement of the request for license in the manner provided in the Regulation on Licensing Procedure. **(For any application for a license to export or import power the ERE shall, upon receiving such application, send written notice of such application to the Minister responsible for energy. Abrogated)**
2. The license will be granted after all objections or complaints to that license are considered. No objection or complaint received later than two months from the date of the first publication of announcement will be considered by the ERE.
3. When an objection or complaint is received from a relevant local authority and the ERE considers such objection or complaint insufficient, the ERE must notify the local authority in writing giving the reasons for such determination.

## Article 17

### **Refusal of the License**

1. The ERE may refuse to grant a license when it perceives hazard to citizens' lives, health, the environment, third persons property and consumers interests or the damaging of a reliable supply of electricity.
2. No license shall be granted to a person:
  - a) who is under any procedure of insolvency or liquidation provided for by the legislation on bankruptcy; or
  - b) whose license has been revoked or withdrawn and the period specified in the ERE decision of withdrawal during which reapplication is prohibited has not expired.
3. In the event of refusal, the applicant may not submit a new application for a license for the same activity until six months after effective date of an ERE's decision refusing to grant a prior application.

## Article 18

### **Withdrawal of the License**

1. The ERE may withdraw a license when the licensee:
  - a) does not accomplish the conditions of the license granted according to this law;
  - b) in performing its activity, violates the legal provisions on environmental protection;
  - c) endangers the health, life and property of people;
  - d) fails to pay regulatory fees established by the ERE as required by Article 12;
  - e) has not started the licensed activity within the time provided by the license; or
  - f) fails to fulfil the conditions of the license due to financial reasons;
  - g) upon request of the license.**
2. If the ERE determines that the license withdrawal may affect the public interest it may act according to Article 64 of this law.
3. The ERE must adopt regulations establishing procedures for withdrawal of a license. These procedures shall require the ERE to:
  - a) notify the licensee in writing, that the ERE proposes to withdraw his license, at least sixty days before the withdrawal is enforced and must clearly state the reasons for such withdrawal;
  - b) give the opportunity to the licensee to reply in writing within thirty days from the day the notification is received;
  - c) when in the general interest, the ERE may give the licensee 30 days, after the reply of the licensee in writing, to act in conformity with the license and eliminate the cause for the proposed withdrawal.
4. When the ERE withdraws a license, it must apply one of the temporary conditions given in paragraph (3) of this Article, in order that equipment and property owned by licensee can continue to operate in providing electric power service to customers:
  - a) allow the licensee to continue utilising such equipment and property under conditions and terms set out;
  - b) contract with one or more private companies that can undertake to carry out this operation;

- c) as a last resort, appoint an administrator to supervise or undertake the running of the equipment and property under license.
5. Temporary conditions may be imposed until the license is transferred to another person who will continue the operation;
6. When a license is withdrawn, the Council of Ministers shall determine to expropriate with a reasonable compensation the licensee's assets according to procedures provided for by the Law No.8561, dated 22.12.1999 "On expropriation and taking for temporary use of private property for public interest".

#### Article 19

#### **Modifications of the License**

1. **Every licensee may request modification of the license. The ERE can make modifications of terms and conditions of a license, upon request of the licensee, after it has taken into consideration the effect of the proposed modification upon the licensee's duties under this law and his license, provided that modifications shall be in writing and with the consensus of the licensee.**
2. **The ERE may request to modify the terms of a license when the primary and secondary legal framework regulating the activities in the power sector shall change.**
3. For doing modifications to a license, the following provisions are applied:
  - a) The ERE shall publish an announcement of his application in the form defined in the regulation on licensing procedure;
  - b) The ERE cannot make any modification before it has received all objections and complaints related to this application within two months from the first publication of application and after it has analysed such objections or complaints.
4. Before approving a modification in a license at the request of the licensee, the ERE must publish the proposed modifications and analyse all the objections and complaints regarding to the proposed modifications received within two months from the first publication of the announcement.

#### Article 20

#### **Prohibition of Transfer of Assets**

1. No licensee may transfer his license or any of its assets used for carrying out the licensed activities through sale, mortgage, leasing, exchange or otherwise, without written approval of the ERE.
2. The ERE, within one year after this law enters into force, shall adopt a regulation on reviewing and approving the sale, lease, transfer, encumbrance or other disposition of any licensee's facilities or asset defined as "generation," "transmission" or "distribution" under Article 3 of this law, including exemptions from approval for minimal dispositions.

#### Article 21

#### **Uniform Accounting Standards**

The ERE, within one year from the date this law enters into force, shall establish and adopt a uniform and standardised system of accounts for all the licensees in the electric power sector based on Albanian legislation and internationally accepted accounting standards. The annual financial and economic reporting to the ERE by all licensees shall be done according to this system.

#### Article 22

#### **Licensee Annual Reports**

1. All licensees shall submit to the ERE, no later than three months after the end of a year complete financial statements for that financial year. Such annual report shall include:
  - a) revenue/expenditures summary for each individual activity (generation, transmission **wholesale and retail public supply** and distribution);
  - b) revenue/expenditures summary allocated over all branches of the enterprise, and a summary of the rules under which revenues, expenditures assets and liabilities have been distributed among business activities and branches;
  - c) other supplementary materials as the ERE may request.
2. Such financial statements shall be consistent with the uniform and standard system of accounts when adopted by the ERE pursuant to Article 21 of this law.

#### Article 23

#### **Accounting Balances Record**

**Any licensed power sector company, conducting more than one of the activities related to generation, transmission, distribution, and supply will keep separate accounts for each of the activities in its inside bookkeeping unit and shall also prepare consolidated accounting statement and balance in conformity with require accounting practices. In addition, such integrated company will keep separated accounts for activities unrelated to generation, transmission, distribution and supply activities..**

#### Article 24

#### **Investment Programs**

1. **The licensees carrying out one of the activities of public generation, transmission, distribution and public supply shall submit to the ERE for approval their investment plans for next 3 years.**
2. **The licensees subject of paragraph 1 of this article, are obliged to submit to the ERE within the date of October 31 of each year, the updated investment plans for the coming year.**
3. **For those entities filing a rate application for regulatory period greater than one year, the investment program will provide an analysis of planned investments in the relevant regulatory period.**
4. **The ERE shall develop and approve, within 6 months from the date this law becomes effective, a regulation on the procedures of submission and approval of the investment plans.**

Article 25  
**Public Service Obligations**

1. The activities of electricity generation, electricity transmission, electricity distribution, supply of electricity to tariff (captive) customers, organization of the electricity market and operation of electricity system shall be carried out as public services.
2. In imposing and enforcing licensees' public service obligations, the ERE may consider obligations in relation to:
  - a) security of supply;
  - b) regularity, quality and price of supplies,
  - c) use of indigenous energy sources;
  - d) efficient utilisation of fuels and energy;
  - e) environmental protection, and;
  - f) protection of the citizens' health, life and property.
3. No licensee shall have a public service obligation to provide electric service in an area in which it is not providing service on the effective date of this law, except as may be required by regulations adopted by the ERE that provide for a fair allocation of the additional costs of providing such service between those customers seeking such service and existing customers of the licensee.
4. The costs incurred by any licensee under public service obligations shall be recognised as justified pursuant to Articles 27 and 28 of this law.

**FOURTH PART**

**ELECTRICITY TARIFFS**

Article 26  
**ERE Authority for Tariff Setting**

- 1. The ERE is the responsible institution for setting tariffs in all regulated activities carried out by the licensees in electric power sector.**
- 2. The ERE shall develop and approve a regulation on the procedures and standards through which it will approve, modify or disapprove the tariffs, terms and conditions of electric power services.**
- 3. The ERE shall develop and approve regulations on the procedures for determining the allowance for public service obligations and procedures to fairly allocate the costs of public service obligations to all retail electricity users.**
- 4. The ERE shall, within six months from the date this law enters into force, develop and approve the regulations set forth in paragraphs 2 and 3 of this article.**

Article 27  
**Tariff Setting Principles**

1. Tariffs for electric power services established by the ERE shall:
  - a) protect consumers from monopolistic prices;

- b) provide licensees with an opportunity to recover their reasonable costs of providing service;
  - c) encourage efficiency in internal operations and management practices by allowing a licensee's financial returns to increase as a result of the licensee having minimised its costs of providing service, and meeting all requirements of its license concerning the reliability and quality of service;
  - d) encourage economic efficiency within the electric power sector by reflecting short run and long run marginal costs and by sending appropriate price signals to licensees;
  - e) take into account the Council of Ministers policy in regard to priority consumers for electric power supply, provided that it shall not prevent a licensee to disconnect any legal or physical person for failure to pay for the consumed electricity as provided by any applicable tariff or contract or terms and conditions of service approved by the ERE;
  - f) take into account any policy of the Council of Ministers, prohibiting the subsidisation of any category of consumers by the licensee or any other category of consumers;
  - g) reflect cost differences between different categories of consumers.
2. Tariffs shall be just and reasonable in accordance with recognised ratemaking principles, non-discriminatory, based on objective criteria, and determined in a transparent manner.
  3. Costs shall be recovered from each customer category in proportion to the costs of serving that category.
  4. Different tariffs may be established for each customer category taking into account the season, the time of day (day or night), the time of peak, medium or base usage or similar parameters.

## Article 28

### **Rules for Tariff Setting**

1. The ERE shall establish the methods and procedures applied by the licensees to calculate their economic and financial figures for setting tariffs for any power sector activities.
2. In reviewing tariffs submitted by a licensee for approval, the ERE shall take into consideration:
  - a) costs for the generation or purchase of electric power;
  - b) operational, maintenance costs and repair, including depreciation expense;
  - c) costs of maintaining back-up and regulating capacities required for a reliable supply of electricity;
  - d) costs of fuel supply and maintaining fuel stocks;
  - e) costs of environmental protection;
  - f) costs for salaries, wages and similar expenses;
  - g) taxes and other fiscal duties provided for by the Albanian legislation;
  - h) license and regulatory fees as provided for by this law;
  - i) the return on the invested capital, taking into account the business risk and capital costs;
  - j) cost of compliance with the public service obligations as provided for by this law;
  - k) costs of energy saving programs.



3. The ERE will not include in rates excessive or unreasonable costs imprudently incurred as the result of licensee inefficiencies.
4. No tariff change increasing charges to consumers can be requested more than once within a financial year, except when the ERE shall permit such a filing upon a showing of good cause.

Article 29

**Transition Period for Tariff Increase**

**ABROGATED**

To ameliorate impacts of tariff increases upon residential customers, the ERE may provide for a transition period of no more than four years to move in annual increments to tariffs designed to recover a licensee's costs of providing electric service as determined by the ERE pursuant to the provisions of this law.

**FIFTH PART**

**ELECTRIC POWER SYSTEM**

**SECTION I**

**GENERAL PROVISIONS**

Article 30

**Composition of Electric Power System**

1. The power plants, the transmission system and related interconnection and information system facilities the individual distribution networks and electric appliances of customers compose the electric power system of the country.
2. Electric power system shall operate as an integrated system with continuous process of electric power generation, transformation, transmission and distribution.

Article 31

**Interconnection with other Electric Power Systems**

1. The electric power system of the country shall be connected to the electric power systems of other countries by means of interconnection lines, which shall be constructed pursuant to the decision of the Council of Ministers at the proposal of the Minister Responsible for Energy.
2. Operation of the electric power system in parallel to other power systems and interconnected power systems shall be carried out in accordance with multi or bilateral agreements in the field of electric power and observing technical standards, safe operation requirements and other interconnection standards established by the ERE pursuant to Article 55.

Article 32

**Technical and safety standards of electric power system**

1. Electric power generation, transmission and distribution installations, together with those designed for electric power reception by users and the technical elements and materials for electric power system installations must satisfy technical and safety standards pursuant to decisions or guidelines proposed by the Ministry Responsible for Energy approved by the Council of Ministers.
2. The by-legal acts described in paragraph (1) of this Article shall guarantee:
  - a) protecting of individuals and the integrity and functionality of property that may be affected by the installations;
  - b) achieving of the required regularity of electric power supplies;
  - c) establishing of standards to facilitate installation inspection and unify supply conditions;
  - d) increasing of the reliability of the installations and improve the quality of electric power supply;
  - e) protecting of the environment and the rights and interests of the consumers;
  - f) achieving of suitable efficiency standards in the use of electric power.

#### Article 33

### **Unbundling of Activities**

1. **No later than six months from the date this law enters into force, any electric power company that carries out activities of electric power generation, transmission, distribution and supply shall unbundle its financial accounts according to generation, transmission, distribution and supply activities.**
2. Any company engaged in generation, distribution and supply of electric power, which deals with other non-electric power activities, will ensure separate accounting records for their generation, distribution and supply activities, with a view to avoiding discrimination, cross-subsidisation and distortion of competition. They shall keep separate accounts for each activity as if they were performing these activities in separated companies.

## **SECTION II**

### **ELECTRIC POWER GENERATION**

#### Article 34

### **Licensees in Electric Power Generation**

1. Power generation may be carried out by a physical or legal person holding power generation licenses under the provision of the Third Part of this law.
2. Generation activity shall include the transformation of electric power produced by the plants and its connection to the transmission grid or distribution network.
3. The granting of a generation license does not exempt its holder from the obligation to obtain other authorisations or approvals provided by laws in force.
4. In case of electric power generation by hydro, the generator should obtain prior administration permission for use of water for public purposes from responsible institutions as provided for by Legislation in Force.

#### Article 34/1

### **Construction of new generation plants**

1. **The construction of new generation plants shall be made with the approval of the Council of Ministers unless a concession contract is approved.**
2. **The Council of Ministers shall, within six months from the day this law becomes effective, adopt a regulation on the procedures and criteria for giving the permit as set forth in paragraph 3 of this article.**
3. **The criteria for granting a permit shall article shall relate to:**
  - a. **the safety of the power system;**
  - b. **protection of public health and safety;**
  - c. **protection of the environment;**
  - ç. **land use;**
  - d. **energy efficiency;**
  - dh. **the nature of the primary resources;**
  - e. **characteristics particular to the applicant, such as technical, economic and financial capabilities.**

**The Council of Ministers while approving a permit for construction of a new power plant may request that a part of the plant's output be sold to the wholesale Public Supplier with regulated price by the ERE for the need of tariff customers.**

#### Article 35

#### **Generator Rights and Responsibilities**

1. Generators shall be entitled to:
  - a) use in their power plants those primary energy sources they deem most suitable, abiding by the outputs, technical characteristics and environmental protection conditions contained in their licenses;
  - b) contract for the sale of power under terms set out in this law, ERE regulations and Market and System Operator rules adopted by the ERE;
  - c) dispatch their electric power through the Transmission System Operators;
  - d) have access to the transmission and distribution networks based on transmission tariffs set by the ERE;
  - e) receive the remuneration due them under their contracts.
2. Generators shall be obliged to:
  - a) obey the conditions of their generation licenses;
  - b) comply with all applicable Grid Operation Code, Market Rules and other regulations;
  - c) equip themselves with metering equipment that enables the measurement of the electric power flowing into the corresponding network; and
  - d) comply with all other obligations that may arise from the enforcement of this law, applicable regulations and other Legislation in Force imposing obligations upon the operation of generation plants.

#### Article 36

#### **Reserves of Fuel or Generating Capacity**

1. Persons who produce electricity shall be obliged to hold specific reserves of fuel or specific reserve generating capacity for electric power in order to ensure a reliable supply to customers.

2. The type and extent of the fuel reserves or of the reserve capacity for individual types of production facilities shall be defined by a decision of the Council of Ministers.
3. The costs of the fuel reserve and of the reserve capacity shall be treated as operating costs.

#### Article 37

### **Costs of Connection to the Network**

The costs of connecting a new Independent Power Producer or Auto-producer and the costs in the transmission or distribution network arising due to this shall be borne by the generator, and such connection shall be in compliance with the grid operation code, or with the general conditions of electrical power supply. The system operator shall have the property rights of such a connection.

#### Article 38

### **Privileged Producer of Electrical Power**

1. Privileged Power Producers are considered:
  - a) producers generating electric power using renewable energy sources, whose installed capacity does not exceed 25 MW and in case of hydroelectric energy source up to 10 MW;
  - b) producers generating electric power through cogeneration schemes whose installed capacity does not exceed 100 MW;
  - c) auto-producers for their electric power surplus, provided that they use renewable energy sources and their installed capacity does not exceed 10 MW.
2. The ERE is authorised to grant the status of privileged producer of electric power to producers who meet the criteria provided in paragraph (1) of this Article, which will enjoy a prioritised treatment by the Transmission System Operator when dispatching the generated electric power.
3. The manner, extent, terms and conditions under which the Transmission System Operator gives the prioritised treatment to the electric power producers will be defined in the Grid Operation Code. Prioritised treatment shall not affect application of the least cost principle in the generation activity.

#### Article 39

### **Renewable Energy Sources**

- 1. Electricity power producers from non renewable energy sources, with an installed capacity higher than 50MW, are obligated to produce and/or inject in the power system electricity no less than 3% of their total annual production of the previous year, from production plants that use renewable energy sources, certified by the ERE with “ Green Certificate” and commissioned after the date 2.11.2000.**
- 2. For the period 2010-2012 the quota set forth in paragraph 1 of this article shall be increase each year by 0,75%.**
- 3. The above obligation may be fulfilled by buying the same amount of electricity by other producers of renewable energy sources. If that is the case, the obligation is considered fulfilled when, the ERE or the alike bodies in other countries that**

import the electricity, have a mutual recognition process for the renewable energy sources.

**4. The Council of Ministers is authorized to take promoting and supporting initiatives for the construction of plants using renewable energy sources for the production of electricity, which shall be consumed entirely within the country.**

**5. The Council of Ministers shall, within six months from the date this Law becomes effective, adopt the promoting mechanisms for the construction of plants using renewable energy sources, as well set the size of the incentives for the construction of these plants.**

**6. For the electricity production plants, that use renewable energy sources, connected to the distribution network, the production of which shall cover the tariff customers demands and that do not obtain the “ Green Certificate”, the Council of Ministers in cooperation with the ERE approves the methodology for calculation of feed-in tariffs for the sale of the electricity they produce.**

### **SECTION III ELECTRIC POWER TRANSMISSION**

#### Article 40

#### **Transmission System**

1. The electric power transmission system is made up of lines and transformers and any other facility whose functions include transmission or international interconnection.
2. Any assets involving communications, protection, control, auxiliary services, land, buildings and other auxiliary items, whether electrical or not, which are required for the proper operation of specific transmission grid installations as defined above are also deemed to be elements making up the transmission grid.

#### Article 41

#### **Transmission System Operator**

1. The transmission system shall be operated by a transmission system operator holding a licence for conducting electric power transmission activities.
2. The transmission system operator shall be responsible for the development and expansion of the transmission system and for managing any transit of electricity between foreign systems using Albanian electricity network.
3. **The Transmission System Operator shall be responsible for:**
  - a. **ensuring the long-term ability of the system to meet reasonable demands for the transmission of electricity;**
  - b. **contributing to security of supply through adequate transmission capacity and system reliability;**
  - c. **managing energy flows on the system, taking into account exchanges with other interconnected systems.**
  - d. **ensuring the availability of all necessary ancillary services insofar as this availability is independent from any other transmission system with which its system is interconnected;**
  - e. **providing to the operator of any other system with which its system is interconnected sufficient information to ensure the secure and efficient**

- operation, coordinated development and interoperability of the interconnected system;
  - f. ensuring non-discrimination as between system users or classes of system users, particularly in favour of its related undertakings;
  - g. providing system users with the information they need for efficient access to the system;
  - h. operating the interconnection merchant lines.”
4. The transmission system operator performs also the electricity market operator functions according to other by-legal acts in the power sector.

Article 42  
**Grid Operation Code**

1. The operation of transmission system will be carried out in compliance with the provisions of the Grid Operation Code that shall be adopted and approved by the ERE in accordance with Article 55.
2. The Grid Operation Code will regulate the following:
  - a) the conditions for the submission of an application for access to the System and the required documents;
  - b) the minimum technical and functional specifications in order to provide access and connection to the Transmission System of the generating installations, distribution companies, eligible consumers as well as interconnections;
  - c) the deadline, in which the Transmission System Operator is obliged to respond to the submitted application, as well as the consequences of non-response within the said deadline;
  - d) the criteria applied by the System Operator for load dispatching to the available generating installations as well as for the use of the interconnections;
  - e) the mode, the extent, the terms and conditions under which the System Operator, when dispatching generation installations, gives priority to the generation installations using renewable energy sources as well as the co-generation installations;
  - f) any other detail necessary for the regulation of the System Operation.
3. The ERE may adopt regulations to facilitate access to the grid by power plants with a total capacity no greater than 5 MW.

**SECTION IV**  
**ELECTRIC POWER DISTRIBUTION**

Article 43  
**Distribution System Operator**

1. Distribution network shall be operated by the distribution system operator who holds a license for conducting business in the field of electric power distribution.
2. Distribution System Operator shall:
  - a) maintain a secure, reliable and efficient distribution system with due regard to environment conditions;

- b) **develop the distribution network in accordance with the prospects of economic development and demand change forecasts in the country;**
- c) **connect all customers or small power producers according to provisions of distribution code;**
- ç) **provide system users an equal access to the distribution network;**
- d) **provide system users with the information they need for efficient access to the distribution network;**
- dh) **preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its activity;**
- e) **provide other customer services necessary to fulfil its obligations under this article.**

**The functions relating to the procurement of electric power supply and sale to customers connected to the distribution system shall be carried out by the Retail Public Supplier.**

#### Article 44

### **Distribution Operation Code**

1. The operation of the distribution network shall be performed in accordance with the provisions of the Distribution Operation Code that is adopted and approved by the ERE.
2. The ERE will cooperate with all energy sector participants for the purpose of considering and adopting a Distribution Operation Code.
3. The Distribution Operation Code shall prescribe the standard terms and conditions of service comprising the general utility contract between a consumer and the distribution company and shall also prescribe the circumstances under which certain terms and conditions may be addressed by special contract between the customer and the distribution company.
4. *The Distribution Operation Code shall be approved by the ERE no later than December 31, 2003.(abrogated)*

## **SECTION V**

### **ELECTRIC POWER SUPPLY**

#### Article 45

#### Supply of Electricity

1. **The supply of tariff customers shall be carried out by the Retail Public Supplier with tariffs regulated by the ERE.**
2. **The Retail Public Supplier shall purchase the electricity for the supply of tariff customers from the Wholesale Public Supplier.**
3. **The supply of eligible customers shall be carried out by the Qualified Suppliers according to the terms of bilateral contracts agreed between them.**
4. **The license of Qualified Supplier shall not be granted on the basis of monopoly or exclusive rights.”**

#### Article 46

#### *Suppliers Rights and Responsibilities*

1. Wholesale Public Supplier shall have the following rights and responsibilities:
  - a. to purchase electricity from public generation, Independent Power Producers, Small Power Producers and traders for the needs of tariff customers;
  - b. to sell electricity to the Retail Public Supplier with regulated tariffs;
  - c. to serve as the provider of last resort for all categories of customers;
  - d. to obey the conditions of the wholesale supply license;
  - e. to comply with all other obligations that may arise from the enforcement of this law and related effective regulation.
  
2. Retail Suppliers shall have the following rights and responsibilities:
  - a) to obey the conditions of their supply license;
  - b) to satisfy the demand of customers for electricity in accordance with the terms of the utility contract;
  - c) to receive the remuneration due them under contracts;
  - d) to purchase the electric power they need to supply their customers;
  - e) have access to networks as set forth in this law and applicable regulations adopted by the ERE;
  - f) to read meters and issue bills of electricity consumption for its customers; and
  - g) to comply with all other obligations that may arise from the enforcement of this law and related effective regulation.

**Article 46/1(abrogated)**

1. The electric connection without contract, the electric connection before the metering system and manipulation of stamps or damage of the electricity metering system from household customers when these violations do not make a penal act are charged with fees as below:
  - a)for abusive connection before the metering system from 1 000 up to 5 000 leke
  - b)for tampering of metering system and its stamps from 1000 up to 10 000 leke
  - c)for connection to the electric network without contract 5 000 up to 20 000 leke.In each case together with the fee, there is the obligation to pay the damage caused by the respective distributive entity.
2. When violations in point 1 of this article are caused by the non household customers, are charged with fee as below:
  - a)for abusive connection before the metering system from 10 000 up to 100 000 leke
  - b)for tampering of metering system and its stamps from 10 000 up to 300 000 leke
  - c)for connection to the electric network without contract 10 000 up to 500 000 leke.In each case together with the fee, there is the obligation to pay the damage caused by the respective distributive entity.



- 3. In setting the exact value of the fee and the damage caused by the respective distributive entity, according to the violation, the quality of installed power in the object and time verified in violations, is implemented the penalty and damages table approved by the Albanian Electricity Regulator.**
- 4. the fees are set and taken from the inspectors of the respective structure for the control of electricity in KESH. The fee payment is made within 10 days from the setting date.**
- 5. The fee is an executive title and is executed by the bailey office.**
- 6. Against the fee punishment is filed a complain in written form, within 10 days from the announcement date, to the respective structure person in charge for the electricity control, which should be expressed in written form within 30 days.**
- 7. After the declaration of non acceptance of the complain is made immediately the interruption of electricity.**
- 8. Against the decision of the respective structure person in charge for electricity control can be filed a complain in court within 10 days.**

#### Article 47

#### **Emergency Situations in the Supply of Electric Power**

1. The Council of Ministers may declare an emergency situation in the supply of electric power only in case of:
  - a) a force majeure event;
  - b) measures of government authorities taken to ensure the defence alert status of the country;
  - c) accidents in the generation, transmission and distribution facilities of the electric power;
  - d) long-term shortages of primary energy resources for production of electric power.
2. During the emergency situations, the licensees and the consumers shall have to abide to restrictions on the use of electric power. The Minister responsible for energy through a special regulation shall define the extent and the manner of restriction of electric power supply.
3. Licensees or other suppliers shall not be liable for sanctions as a result of the restriction or interruption of electric power in cases under paragraph 1 of this Article except for emergency situations occurring as the direct result of the licensee's or supplier's fault.

#### Article 48

#### **Eligible Customers**

- 1. Within the month of January of each year, the ERE shall establish and publish the level of annual consumption as well as other requirements when a customer may get the status of eligible customer. ERE shall approve a specific regulation for the criteria of issuing and withdrawing the status of qualified customer. (abrogated)**

#### **“Article 48**

## **Eligible Customer**

Eligible Customer shall enter in contract for the supply of electricity with any Qualified Supplier, domestic or foreign, licensed by the ERE. Contract shall be in compliance with the electricity market rules approved by the ERE.”.

### Article 49

#### **Direct Lines**

If network access is unavailable, electric power producers who wish to conclude a contract with an Eligible Customer may, after the adoption of electricity market rules by the ERE and with prior permission from the ERE, construct a direct line in accordance with applicable ERE regulations.

### Article 50

#### **Back-Up Sources**

1. The supplier shall define the technical conditions for installing a back-up source of electric power supply for customers requiring such service and the conditions, which shall be met by such a back-up source in order to prevent disturbances in the supplier’s network. The conditions shall be binding upon the customers receiving back-up services.
2. A customer who wishes to install its own back-up source shall send to the supplier a written notice for that purpose and shall provide access for the supplier’s representatives to the back-up source for inspections of such installation.
3. The supplier shall have the right to interrupt the supply of electric power to a customer in the event that the latter fails to comply with obligations under paragraphs (1) and (2) of this Article.

### Article 51

#### **Metering of supplied electricity**

- 1. Electricity used by customers is read and billed according to meter’s records.**
- 2. Installation of electricity metering systems shall be made in compliance with the Electricity Metering Code approved by the ERE.**
- 3. General Directorate of Metrology (GDM) shall verify the approved type of the electric meter when it is introduced for the first time in the market and/or is put in use (installed). This verification may be made by another subject/entity authorized for this purpose according to the requirements of the legislation in force. GDM shall notify the ERE for such an authorization. General Directorate of Metrology shall approve the verification procedures of electric meters introduced for the first time in the market.**

- 4. The cover of an electric metering system shall be sealed jointly, after installation to the customer, by the authorized subject/entity and distributor with seals approved by the General Directorate of Metrology.**
- 5. GDM in collaboration with the distributor and ERE shall define the metering documentation and the time-schedule of conveying this documentation from the distributor to the authorized subject/entity.**
- 6. Inspecting schedule for verification of metering apparatus and electricity metering systems shall be adopted by the decree of the Council of Ministers.**
- 7. Periodic inspection for verification of metering apparatus and electricity metering systems, and their testing and sealing shall be made by the authorized subjects/entities. Authorized entity shall inform GDM and distributors about the periodic inspection.**
- 8. GDM shall inform periodically the Ministry and ERE for completed periodic inspections.**
- 9. Subject/entity authorized for verification of the accuracy of metering apparatus and electricity metering system when they are introduced for the first time to the market and/or in use (installed) and the subject/entity authorized for periodic inspection for verification of the accuracy of metering apparatus and electricity metering system, their testing, sealing and maintenance shall regulate their relations with distributor according to a standard contract proposed by GDM and approved by the ERE.**
- 10. When a customer doubts on the accuracy of the meter or when he/she has noticed inaccuracy in the meter, shall file a written request with GDM and/or any other body responsible for protection of consumers. GDM is responsible for verification of the accuracy of electricity metering apparatus, which is checked by GDM or an authorized subject/entity, provided that the latter is not involved previously in the verification of the accuracy of this meter. When, upon the checking, are evidenced inaccuracies in the meter, the expenses for its repair or replacement and the compensation of the incurred damages for this purpose shall be charged to the person causing these damages. Compensation of this damage shall be made according to the Metering Code and provisions of the Civil Code.  
When no inaccuracies are evidenced, the checking expenses shall be paid by the complainer.  
The procedure of filing a complaint, its review and the deadline of notifying the complainer shall be established by the decree of the Council of Ministers.**
- 11. In case of a dispute among the distributor and authorized subject/entity regarding the implementation of the standard verification procedures, GDM is authorized to decide for resolution of the dispute notifying the Ministry and ERE about it.**
- 12. Tariffs for services provided by the authorized subject/entity according to Article 40 of the law no.9875, date 14.02.2008 "On metrology" as amended, shall be approved with a joint instruction of Minister of Finance and Minister responsible for economy. In the supporting arguments of this instruction, GDM and ERE shall express their opinion on proposed tariffs for approval. ERE shall take in consideration any cost**

related to these tariffs for the licensee while setting electricity prices and tariffs.

13. **Electricity metering system can be accessed only by authorized subject/entity, which upon verification, seals it with a seal approved by GDM. Sealing should be made after each verification carried out by the authorized subject/entity in presence of the distributor.**
14. **Calculation of the economic damage caused to the company from any illegal interference shall be made in compliance with the respective methodology approved by ERE.**

#### **Transitory provision**

1. **Conveying of metering documentation from distributor to the authorized subject/entity shall initiate upon the entrance into force of this law, and this process shall last not more than 6 months.**
2. **In case of non-observation of this deadline, the responsible person shall compensate for the caused damage according to the legislation in force.**
3. **Until the issuance of the decree of the Council of Ministers, the periodic inspection shall be conducted according to the Metering Code.**

#### **Article 52**

##### **Customers without Meters**

1. **The Distribution System Operator shall be obliged to provide metering equipment for every customer connected to the distribution system.**
2. **For customers that at the moment this law enters into force are equipped with no meters, for a transitory period, the suppliers will propose for approval by the ERE a usage assumption (aforfe) for this category of customers taking into account the criteria established by the ERE. Customers having no meters shall be billed in accordance with such assumptions.**
3. **When issuing the electricity distribution or supply license to the operators, the ERE shall define the extension of the transitory period according to paragraph 2 of this article.**

## **SIXTH PART**

### **ELECTRIC POWER MARKET**

#### **Article 53**

##### **Selecting a Market Model**

1. **The ERE shall develop, and after receiving the opinions of other power sector stakeholders, shall propose to the Council of Ministers, through Minister responsible for energy, the electricity market model.**
2. **The Electricity Market Model shall take in consideration the requirements of EU Energy Directives and any other international commitment that our country may have taken.**
3. **The Council of Ministers will consider the ERE's recommendation and shall approve the electricity market model.**

Article 54  
**Adoption of Market Rules**

Upon approval of the Council of Ministers of the appropriate electricity market model, the ERE will cooperate with all energy sector participants for the purpose of considering and adopting electricity market rules, including rules governing scheduling, dispatch, balancing governance and reserve requirements.

Article 55  
**Regional Electricity Market**

1. The ERE will collaborate with all energy sector participants to establish grid operation and metering codes and interconnection rules that conform to international standards and the requirements of a regional market, including transit protocols and the requirements of the Energy Charter Treaty **and shall approve them.**
2. *The ERE will initiate such collaborative proceeding no later than July 1, 2004. Grid Operation Code, Distribution Operation Code, Metering Code and interconnection standards will be adopted by the ERE no later than December 31, 2004. (Abrogated)*

**SEVENTH PART**

**PROPERTY RIGHTS**

Article 56  
**Property Rights of Licensees**

1. In connection with providing electric power service, licensees may request the use of one of the following third party property rights:
  - a) cabling right;
  - b) right of use;
  - c) right of easement;
  - d) expropriation.
2. When exercising the rights according to paragraph (1), the damage caused by:
  - a. the placement of signs, measurements, tests;
  - b. the installation of facilities and access to them, performing work on them; and
  - c. impeding or restricting the use of the property,shall be reimbursed according to the Civil Code, Heading VI, Chapter II and Articles 23 and 27-37 of the Law No.8561, dated 22.12.1999 “On expropriation and taking for temporary use of private property for public interest” by the licensee to the owner or user of the property.
3. In nature conservation areas, the rights listed under paragraph (1) of this Article may be granted with the prior approval of the competent nature conservation authority in compliance with the Law No.8906, dated 6.06.2002 “On protected areas”. In areas enjoying local protection, the prior consent of the competent municipality is needed.

4. In case of the termination of the rights according to paragraph (1) of this Article, the licensee shall re-establish the original condition of the property.

Article 57  
**Cabling Right**

1. Taking the provisions of Article 58 into account, a cabling right may be granted to the licensee for the installation and operation of the transmission and distribution network on third party property provided that this does not impede the use of the property.
2. Pursuant to a cabling right, the transmission and distribution licensee may, on the third party property,
  - a) install and locate underground and aboveground mains, lines and telecommunication connections;
  - b) install supporting structures and transforming and switching equipment placed on them;
  - c) operate, maintain, repair, transform and remove the facilities installed according to items (a) and (b) of this Article;
  - d) remove the trees, bushes, their branches and roots located along the mains and lines in violation of the safety zone;
  - e) in a manner specified in the technical regulations and the legislation in force, may approach and cross trackline facilities, rivers, waterflows, lakes, canals and edifices.

Article 58  
**Right of Use**

1. Parts of power generation plants, equipment of transmission system and distribution networks, and auxiliary ones may be installed, operated and maintained on third party property on the basis of the temporary right of use.
2. The temporary right of use shall be regulated according to Articles 27-37 of the Law No. 8561, dated 22.12.1999 “On expropriation and taking for temporary use of private property for public interest”.

Article 59  
**Right of Easement**

In accordance with the provisions of Heading VI, Chapter II of Civil Code, the licensee may request the foundation of the right of easement for the installation and operation of the suspended track (suspension rail, cableway) used for the purposes of constructing or operating the electric power plant, substations, transmission lines and its supporting structures in third party property.

Article 60  
**Expropriation**

1. For the purposes of establishing electric power plants, substations or transmission lines, the licensee may initiate the expropriation of a third party property in

accordance with Article 8 of the Law No. 8561, dated 22.12.1999 “On expropriation and taking for temporary use of private property for public interest”.

2. The initiation of an expropriation procedure for the purposes of the installation and operation of transmission and distribution networks and their supporting structures may be called for only if the cabling right according to paragraph (2) of Article 57 would substantially impede or terminate the regular use of the property.
3. An expropriation procedure may be initiated for the purposes of the installation and operation of the transforming and switching equipment located not on a supporting structure belonging to the electric power plant only if the parties are unable to agree on the right of use according to Article 58 of this law or if the competent territorial adjustment authority did not grant it.

#### Article 61

### **Rights Related to the Direct Line**

The provisions of the Civil Code shall be applied to the foundation, maintenance and termination of the rights related to the installation and operation of the direct line encumbering the third party property.

#### Article 62

### **The Safety Zones**

1. With a view to the mutual protection of electric facilities, including power plants, substations and transmission lines and the surrounding environment, a safety zone shall be designated.
2. The Council of Ministers shall determine by a decree the extent of the safety zone and the prohibitions and restrictions to be enforced in the safety zone.
3. Within the safety zone, it shall be prohibited to erect a building or other facilities, to plant vegetation (trees) and it shall be restricted according to effective regulations to perform activities which may jeopardise the safety and smooth operation of the electric power plants, substations and air or cabling lines, or life, health or the safety of people and property.

## **EIGHTH PART**

### **OTHER PROVISIONS**

#### Article 63

### **Investigations**

The ERE, in compliance with its responsibilities defined in Article 8 of this law has right to control the applying of every fact, condition, practice or problem that it thinks necessary or appropriate to determine whether a person has violated one of the provisions of this law, a rule, or an order derived from them.

Article 64  
**Administrative Offences**

1. The following offences, when they do not constitute a criminal act, shall be considered administrative offences and shall be fined by the ERE as follows:
  - a) non submission in time of financial and economic reports and technical indicators as requested by the ERE shall be fined with 150 000 Lek;
  - b) non payment of financial obligations in time as determined by the ERE shall be fined with 400 000 Lek;
  - c) non compliance with the ERE decisions on tariffs and prices shall be fined with 300 000 Lek;
  - d) non compliance with terms and conditions defined in license according to paragraph (2) of Article 18 of this law shall be fined with 350 000 Lek;
2. In case of systematic and repeated violations against this law and regulations adopted by the ERE, pursuant to its legal authority, the ERE may, according to Article 19, withdraw the license held by the offending person.
2. Review of the administrative offences, complains and execution of the decisions shall be done according to the Code of Administrative Procedures”.
3. Fine shall be considered an executive title which shall be collected by the ERE and deposited in the State Budget. The bailiff’s offices are charged to execute the fines.

Article 65  
**Transitory Provision**

The procedures for appointment of the Board shall start on September 1, 2003.  
**(addition- Within two weeks after the law enters into force, the selecting team shall verify the compatibility of ERE’s board of commissioners with criteria defined by this law, and in case of failure to fulfil the criteria, shall propose to the parliament their removal and appointing of other candidates according to the criteria established by article 4 of the law.)**

**Article 65/1**

**Electricity Regulatory Authority shall, within three months from the day this law becomes effective, approve the rules and procedures governing the power exchange, sale and purchase of power for public companies carrying out such transactions.**

Article 66  
**By-legal acts**

1. The council of Ministers is charged to adopt the by-legal acts according to articles 32, 36, 53 and 62 of this law.
2. The ERE is charged to adopt the by-legal acts according to articles 14, 20, 21, 24, 26, 44, 53, 54 and 55 of this law.

Article 67  
**Abrogation of legal acts and other provisions**



Law No. 7962, dated July 13, 1995 “On Electric Power” and Law No. 7970, dated July 20, 1995 “On Regulation of Power Sector” are cancelled.

Article 68  
**Entrance into Force**

This law enters into force 15 days after its publication in the Official Journal.

CHAIRMAN  
**Servet Pellumbi**

**The Law Nr. 99512 date 10.04.2006 “On some amendments and additions on Law No. 9072 date 22.05.2003 “On Power Sector” has been Enacted with the decree no.4846, dated 25.04.2006 of the President of the Republic of Albania, Alfred Moisiu**