

Decision

No. 100 date 27.12.2006 amended

Rules and Procedures for electricity exchange

Article 1

Authority

These rules are developed in compliance with article 3, of Law No. 9626 date 16.10.2006 “ On some amendments on the Law No. 9072 date 22.05.2003 “ On Power Sector” as amended.

Article 2

Purpose

To assure simplified rules and procedures for fast operations based on a competitive and transparent process for electricity exchange, in cases when the energy situation requires, guaranteeing a reliable supply to customers.

Article 3

Definitions

The terms used in this regulation shall have the meaning as below:

1. ERE shall mean the Albanian Electricity Regulator which is the regulatory body in the power sector.
2. Electricity exchange shall mean the mutual exchange in quantity and time of electricity and the set of actions carried in lack/surplus of electricity by the Public generation company under the conditions of a power situation foreseen in the program year/month/week/day in advance. To better understand this regulation the sale and purchase of electricity does not mean exchange of electricity.
3. Unpredicted power situation is the power situation that brings deviations from the program year/month/week/day in advance due to surpluses in generation or and lacks of planned generation or import during the year.
4. Candidate shall mean the physical or legal person invited to participate or express interest to contract KESH sh.a. for the electricity exchange.

5. Exchange invitation – the document through which KESH sh.a. is directed to different candidates and is obligatory to be published in the KESH sh.a. web site.
6. Order to carry out exchange procedures – legal act of the general director of KESH sh.a that determines technical and economical data and establishes the committee that shall follow the implementation of the order.
7. Offer- the set of documents send by mail, fax, or in hand, through which a candidate responses to the invitation for exchange of KESH sh.a.
8. Commercial terms are the set of elements that have to do with the electricity exchange coefficients, conditions (points) of non compliance of contractual obligations.

Article 4

Implementation

Electricity exchange shall be made in cases of lack/surplus of the electricity that is dictated by the unpredicted power situations in the annual program by the public company KESH sha.

The balancing electricity exchange and the daily exchange with the purpose to optimize the power system are not object of these rules.

Article 5

Electricity exchange principles

Electricity exchange shall be made based on transparency and economic efficiency principles not only for the transaction carried out but for the whole activity in general of the Public Company KESH sha.

Article 6

Exchange agreements

Electricity exchange between the public company KESH sh.a. and the companies that offer exchange of electricity in meaning of the article 3 above, is carried according to the case in compliance with:

- a- State agreements between the Albanian Government and the Governments of the respective countries;

- b- Preliminary agreements between the Public Company and the companies that offer electricity for exchange;
- c- Agreement of the parties that pour from the current negotiations of the Public Company with the Companies (Supplier/Foreign or domestic Trader or regional public companies) that offer electricity exchange.

Article 7

Request

For each exchange, the public company KESH sh.a., develops the request with the respective terms for the electricity exchange. The request contains:

- Electricity quantity MW/h
- Daily delivery graph;
- Duration delivery in days/weeks;
- Exchange periods (taking/giving).

Article 8

Exchange approval

1. General Director of KESH sh.a. proposes to the Supervisory Council of the Company the annual need for exchanges in unpredicted situations. The supervisory council approves them in the Annual Development Program of the Company.
2. The net quantity of electricity exchanged between the given and the taken during one year shall not be more than 4% of the total annual supply of the previous year. Based on this the company shall act during the year operatively.
3. The Supervisory Council shall be informed periodically from the company for each operation exchange made and shall act according to the competences given by the status.

Article 9

Exchange procedure

1. Based on the exchange request, the KESH General Director issues the Order to carry out the electricity exchange procedures. The order shall include at least:

-Electricity quantity MW/h

-Daily delivery graph;

-Duration delivery in days/weeks;

-Exchange periods (taking/giving).

-Commission for carrying out the exchange procedures.

2. The Committee prepares the invitation that is directed in a documented way to all the companies (Supplier/Foreign or Domestic Trader or Public Companies of the region) that offer electricity for exchange and includes the requests in the article 7 as well as the commercial terms of the exchange and deadline for the submission of the bids. This request is published in KESH sh.a. web site at the same day that is directed to different companies from KESH sh.a.

3. Within the deadline determined in the invitation for exchange, the Committee shall accept the bids of different candidates and shall permit the participation of their representatives in the process of acknowledging the bids. The Committee shall evaluate no later than 24 hours from their acceptance, the presented bids and shall choose the most appropriate bid.

4. Under the conditions that there is only one bid, the Committee shall precede with the acceptance and evaluation of the its appropriateness from KESH sh.a.

5. In each case the Committee shall present for approval to the General Director a summary report on carrying out the procedures and an analysis of the chosen bid augmenting its appropriateness.

6. Based on the summary report of the Committee, the General Director no later than 24 hours from the summary report declare the winning bid.

7. The Committee shall keep the minutes for each procedural act carried out in function of the exchange procedure and has the responsibility to preserve the confidentiality of all taken bids by the interested parties.

8. Within a period no later than 24 hours from the decision of the winning bid declaration, KESH sh.a. shall negotiate for the contract with the winning bid. If the winning bid refuses the signing of the contract for the electricity exchange, then KESH sh.a. shall proceed with the negotiation for a contract with the next bid.

9. The whole documentation together with the contract between KESH sh.a. and the winning bid, shall be registration and preserved according to the legislation in force.

Article 10

Declaration on conflict of interest

After the bid acceptance each Committee member shall sign a declaration through which expresses the lack of conflict of interest with the bidder in compliance with the legislation in force. If any of the Committee members has working or blood relations with one of bidders than the Chair of the Committee shall ask to the General Director its substitution. Until the appointment of the new committee members the Committee shall not proceed with the bid evaluation.

Article 11

Operation of electricity exchange

KESH sh.a. modifies the graph "month/week/day in advance" in compliance with the articles 12,13,14 of the Market Rules and presents to OST sh.a. in compliance with the electricity exchange.

KESH sh.a. shall present to OST sh.a. all the Exchange Agreement, OST sh.a shall take all the measures for the implementation of the modified graph "month/week/day in advance".

Article 12

Review

These rules are object of review by decision of the Board of Commissioners as per the ERE rules of practice and procedure.

Article 13

Become effective

These rules shall become effective immediately and are published in the Official Journal.