



REPUBLIC OF ALBANIA
ALBANIAN ENERGY REGULATOR



ANNUAL REPORT

Power Sector Situation and ERE's Activity for 2012

Chairman's Speech:**Distinguished MP-s (Members of Parliament)!****Ladies and gentlemen!**

The main goal of this Annual Report of the Albanian Energy Regulator is that, based on the actual situation of the energy sector, to give a thorough explanation, the level of services present in the energy market and the actions taken in order to comply with the scope of the Energy Sector Law and other legal and regulatory framework for enabling the continuous security of power supply.

Last year, especially its second half marked a year where the power market participants, especially KESH sh.a was facing hard times because ÇEZ Shpwrndarje did not comply.

By fully complying to its responsibilities according to the actual legal framework, ERE efforts were mainly focused in the observance of the services offered in the electric power market, their quality and the consumer protection. Last year, it was a difficult year for the energy sector regarding the investments made as well as the financial situation of market participants.

All ERE decisions throughout the years, and, of course those of 2012 have aimed to encourage investments in the crucial parts of the energy system that affects the improvement of the cascade, in the empowerment of the transmission and distribution network by focusing the investments towards loss reduction in the distribution network. During 2012 there has been a 121 MW capacity increase from the private power producers, where the most significant one is the construction of Ashta HPP, with an installed capacity of 45 MW as well as other small HPP built in different areas of the country.

Even during 2012 the energy prices did not change from the previous year, because the price was only based to the real costs endured as well as reflecting other tariff elements such as energy losses and collection rates as approved by ERE. It is worth mentioning that the price of energy for domestic customers was also based on the block tariff structure, where as we will later notice, 75% of the domestic consumption falls at the first block, which is under 300 kWh per month.

The main event, of course, which was subject of an in depth analysis, in close cooperation with other institutions in charge as well as the international bodies that supervise the sector, has to do with the ERE proceedings towards ÇEZ Shpwrndarje, for taking necessary actions in order to solve the situation, as they are further explained in this annual report.

Moreover, I'd like to emphasize that, despite the difficulties rendered, ERE has marked an achievement and another step forward in the energy market while approving energy balancing and interconnection allocation capacities rules and regulations. Making of those rules was closely related with Albania's obligations of the Energy Community Treaty for the Southeastern European countries.

Our strategic goal is still the increase of the professional capacities and the authority of ERE in order to fulfill the challenges faced by accepting the responsibilities in the area of energy regulation, being so such a strong regulatory authority, able to face the integration challenges.

Transparency towards the general public through consulting sessions and continuous communication with all interested parties and general public is a basic orientation of ERE, which is favorable in order to see how relevant our proposed solutions will be before taking a decision for the final approval of their decisions.

An intensive job has been done towards the diversification of the domestic power supply, by being fully concentrated and concretively engaged to the TAP Project which marks an opportunity for the gasification of our country and connection to the regional gas network.

Finally, by closely noticing what we mentioned above we are aware for the hard work that should be done in the following years in order to establish an energy market that complies to the aims and objectives of Albania regarding its European integration process.

Sokol Ramadani

ERE Chairman

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Introduction

ERE is founded and running as an independent institution in the energy sector based on Law 9072 of May 22, 2003 “On the Energy Sector” (as amended) and Law 9946 of June 30, 2008 “On the Natural Gas Sector”. Some of the responsibilities of ERE, settled in the actual legal framework are: analyzing the applications for a license, setting the regulated tariffs for the energy sector, approving the regulatory framework such as rules and regulations, electric power supply contracts, network access rules, codes of running the grid, rules for energy transactions or exchange of energy, monitor the contracts for the services delivered in the market, approving the investment plan as well as consumer protection in the electric power and gas sector. ERE has taken its decisions in full compliance to these responsibilities and our obligations towards the South Eastern European Energy Community Treaty and by closely observing all the obstacles of the energy market.

I. ERE's Organization Structure

Based on Law 9072 of May 22, 2003 "On power sector", as amended, and the law no.9946, date 30.06.2008 "On natural gas sector" and the decision no.181, date 5.05.2008 of the Albanian Parliament, their duties are fulfilled through the following organizational structure:

- a - Board of Commissioners
- b - Technical staff
- c - Supporting staff
- d- Foreign Specialists

II. Board of Commissioners

ERE Board of Commissioners, based on "Power Sector" Law, is the decision-making body for all regulated activities under the jurisdiction and the authority of ERE and it is composed by the Chairman and four members who are appointed by the Albanian Parliament for a 5-year term.

Mr. Sokol Ramadani is the Chairman of ERE appointed by Parliament Decision Nr. 108 of June 23, 2011.

Other members of the ERE Board of Commissioners are:

Mr. Abaz Aliko appointed by Parliament Decision Nr. 180 of April 17, 2008.

Mr. Shkëlqim Bozgo appointed by Parliament Decision Nr. 237 of May 2, 2009

Mr. Adriatik Bego appointed by Parliament Decision Nr. 8 of February 2, 2012.

Mr. Ardian Haçi was a member of the Board of Commissioners until December 17, 2012 and by Parliament Decision Nr. 54 of December 20, 2012 was replaced by Mrs. Entela Shehaj.

Board of Commissioners runs its activity and expresses its opinion in all the issues under the authority of ERE problematic it deal with through their formal meetings, consultation meetings and public hearing sessions

During 2012, the Board of Commissioners has held 45 (forty-five) deliberative meetings, where some 179 decisions were taken. The decisions for the main issues taken during 2012 are provided in the appendixes of this report.

The Board of Commissioners is supported in its daily work from their adviser and a technical staff composed in 4 departments as follows:

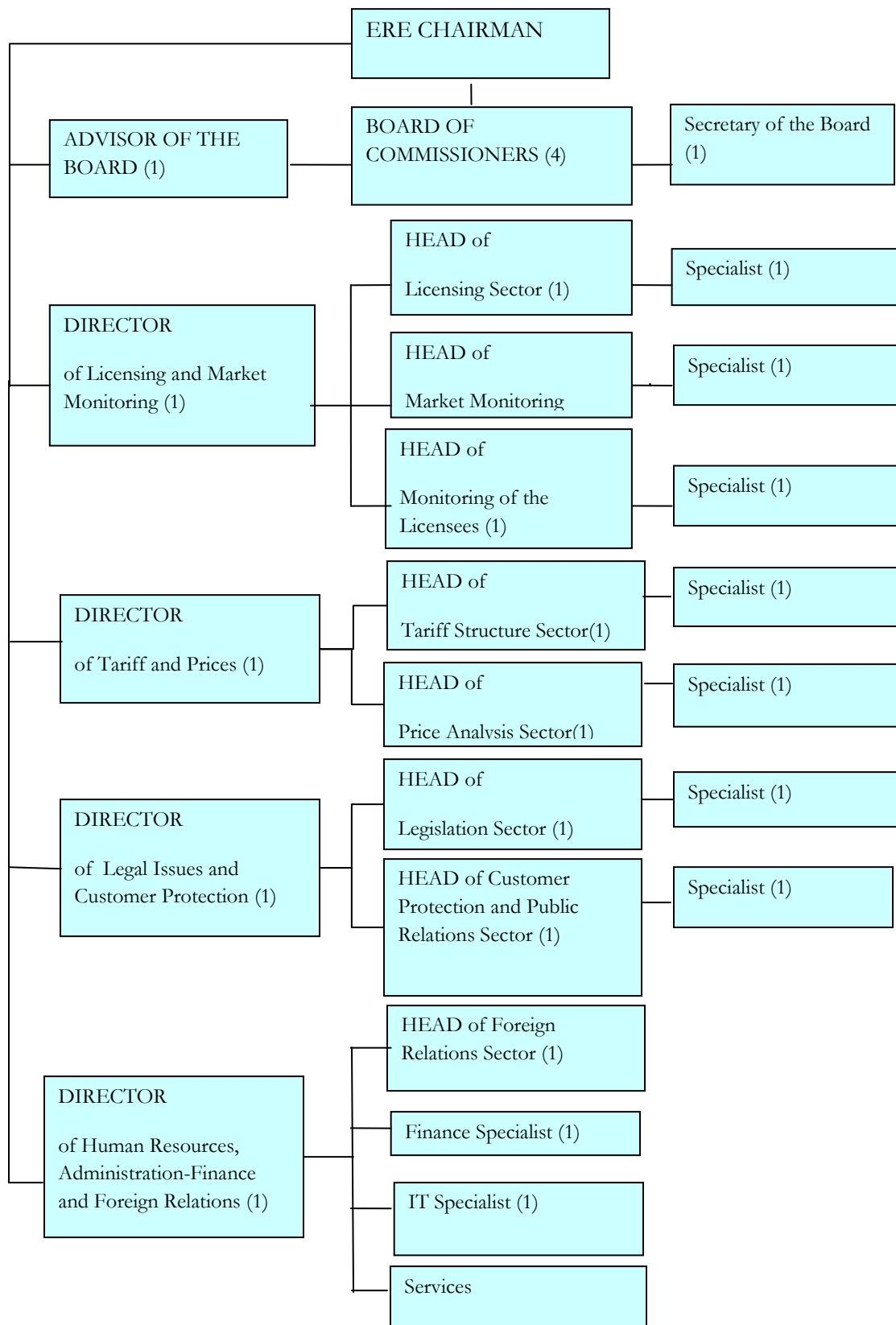
1. Department of Finance, Administration and Human Resources (8 employees)
2. Department of Electricity Prices and Tariffs (5 employees)
3. Department of Licensing and Monitoring (7 employees)
4. Department of Legal Issues and Customer Protection (5 employees)

By aiming the strengthening of the ERE administrative capacities through qualified staff members, ERE has supported its technical staff through their presence in training sessions, conferences, experience exchange programs, based on their position in the Regulator. To enable that ERE has managed to cover the expenses partially from its own money and were partially sponsored by the European and American Regulatory Associations such as:

- ERRA - Energy Regulators Regional Association
- Energy Community Secretariat
- Government of the Kingdom of Norway
- NARUC - National Association of Regulatory Utilities
- MEDREG - Mediterranean Energy Regulators
- E-Control - Energy Control Austria

For a long time ERE has been cooperating with these institutions in order to implement their best practices relevant to the needs of the Albanian energy market.

Organizational chart of ERE



PART I

Chapter I

Electricity Market Regulation

1. Electricity Market

Starting from 2008, the Albanian electricity market is designed and runs in compliance with the Government Decision Nr. 338 of March 19, 2008 “Approving the Albanian Market Model”.

Designing of this model reflects the new status of the public companies like OST, KESH and OSSH that came out of the unbundling process of generation, transmission and distribution activities and they now are separate companies, functionally, legally and financially unbundled. This market model led to the privatization of the distribution activity and to the founding of an electricity market led by the principles of free competition.

Based on the issues observed during the implementation phase, this market model was amended several times in order to further improve and serve its objectives for a competitive and efficiently operating market.

Another step forward towards further liberalization of the market was made during 2012, as a result of some amendments of Law 9072 of May 22, 2003 “On Power Sector” (as amended) that consist in:

Every customer connected to the 110 kV side of the grid will automatically be considered as an eligible customer, as well as any other customer connected to the grid that consumes more than 50million kWh of energy despite of the voltage level they are connected. This amendment marked a real opening of the almost 14% energy market and also marked an approximation to the EU legislation.

Increasing the level of contractual flexibility of the power producers which can negotiate not only to WPS (regulated prices) but to DSO and other energy traders (non regulated prices).

Through these changes, the market of energy imbalances goes further towards EU recommendations (Energy Community Secretariat) regarding the allowed level of imbalances from the market participants.

These changes, of course do not affect the basic structure of market functionality, which can graphically be explained as follows:

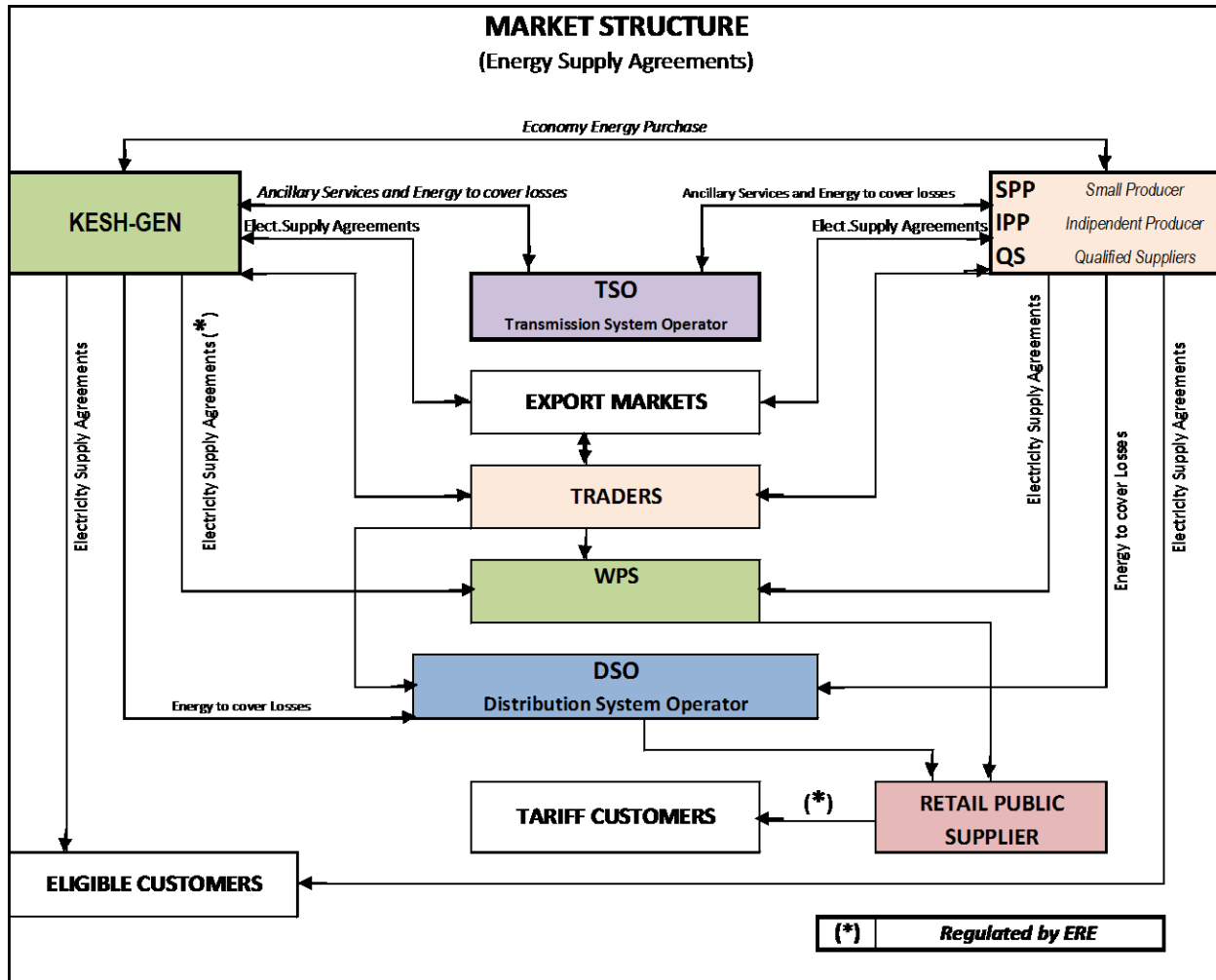


Figure 1 Market Structure

(Source ERE)

POWER SYSTEM SCHEME

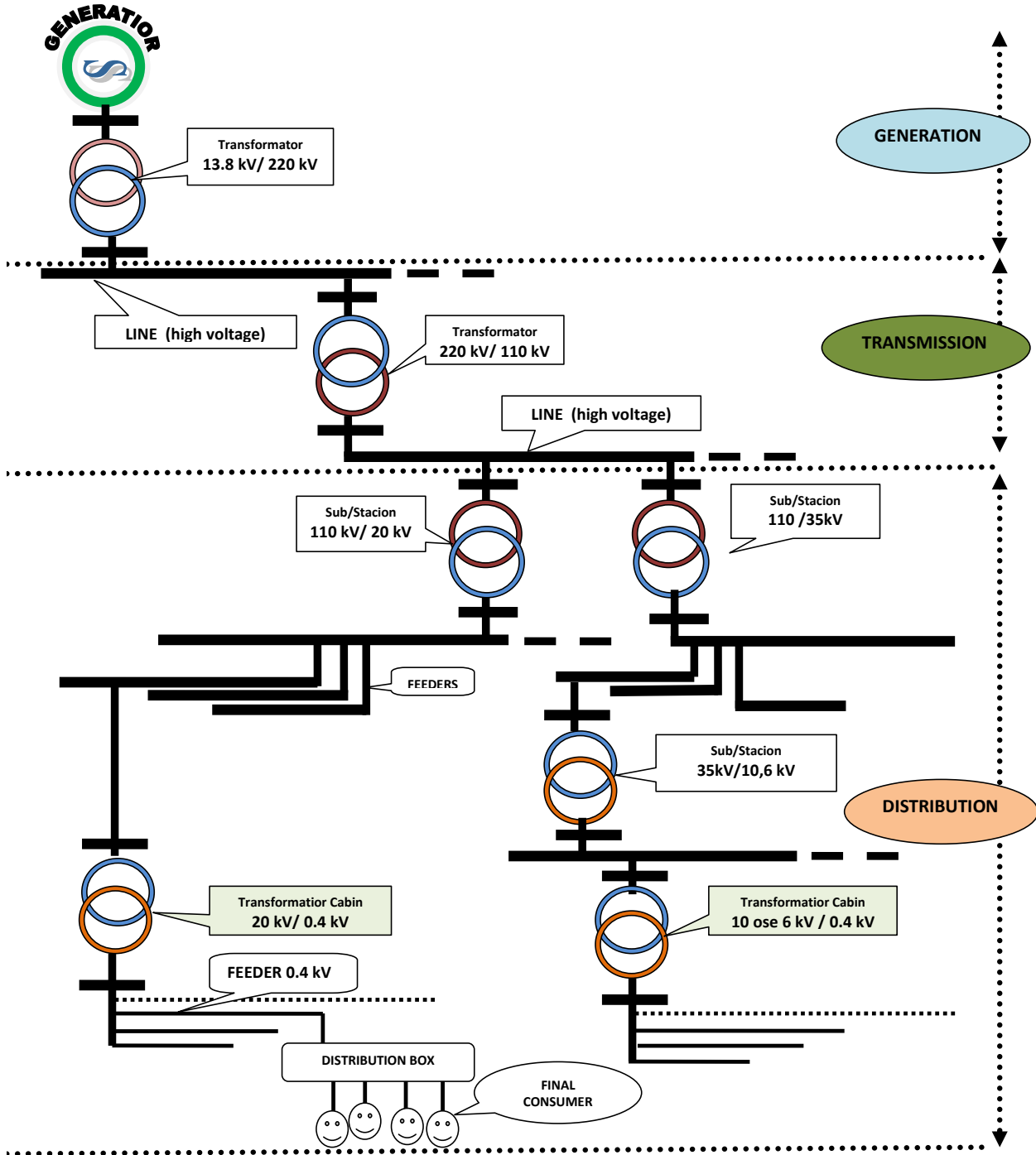


Figure 2 Power System Scheme

(Source ERE)

2. Production of Electricity

Production of electricity realized by the public company KESH through its structure KESH-Gen and private producers that own and run the power plants and also from private producers that have signed concessionary agreements with the Government for the construction and exploitation of the new plants.

2.1 Public Production of Electricity

Public production of electricity is carried out by the shareholder company KESH-Gen with 100% of shares owned by the state and the company “TEC-Vlora” (which is part of KESH holding) with 100% of shares also owned by the state.

In table -1we have shown the structure of publicly owned electric plants where the total installed capacity is 1,531 MW, from which the installed capacity for HPP’s is 1,433 and TPP’s 98 MW.

Table 1 Structure of Public Generation Plants

Power Plant Features	PUBLIC POWER PLANTS								
	Fierza HPP	Koman HPP	V.Dejes HPP	Ulez HPP	Shkopet HPP	Bistr.1 HPP	Bistr.2 HPP	LanaBregas HPP	Vlora TPP
Number of Units	4	4	5	4	2	3	1	2	2
Capacity of Units	125	150	50	6.3	12	7.7	5	2.5	70+28
Installed Capacity (MW)	500	600	250	25	24	24	5	5	98
Total Installed Capacity (MW)	1,531								

(Source KESH sh.a)

Considering also the total installed capacity of private producers of electricity of 195 MW, the total installed capacity in our country is 1,726 MW. In this calculation we have not considered Fieri TPP because it is not operational since 2008, due to a very low output. Public production of electricity in 2011 was totally (100%) realized by hydro power plants (HPPs).

In table 2 we have shown some main data for the energy generation, transactions and demand as measured by TSO.

We have also shown some main features of the bigger HPP on the Drini river cascade.

Table 2 General Data from TSO

	JANUARY	FEBRUARY	MARCH	APRILE	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2012
TOTAL PRODUCTION	401,235	361,516	224,236	303,928	395,963	540,267	455,625	359,530	411,065	248,985	292,690	566,604	4,561,644
HPP PRODUCTION	401,235	361,516	224,236	303,928	395,963	540,267	455,625	359,530	411,065	248,985	292,690	566,604	4,561,644
TPP PRODUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0
EXCHANGE (MWh)	-353,878	-332,751	-384,180	-281,249	-146,140	-3,872	-151,380	-257,215	-142,401	-304,695	-309,940	-216,212	-2,883,913
DAYLY EXCHANGE PROGRAM	-328,556	-334,262	-395,399	-305,103	-125,919	-1,557	-152,443	-255,665	-143,181	-331,000	-288,953	-206,423	-2,868,461
gen+gsa+rdn+ctal+ret	-159,515	-103,750	-92,798	-138,780	-44,090	81,409	-61,951	-172,252	-68,899	-194,278	-88,110	-122,647	-1,165,661
me EFT	-157,151	-226,056	-296,960	-180,408	-100,800	-80,160	-77,712	-74,219	0	-88,452	-190,800	0	-1,472,718
KEK	-11,890	-280	-5,641	15,189	18,971	-5,206	-12,555	-9,194	-23,882	-890	-6,923	-6,016	-48,317
EGL+krf	0	-4,176	0	-1,104	0	2,400	-225	0	0	-47,380	-3,120	-77,760	-131,365
lso+gen+mat+ex	0	0	0	0	0	0	0	0	-50,400	0	0	0	-50,400
NEED(prod+exchange)	755,113	694,267	608,416	585,177	542,103	544,139	607,005	616,745	553,466	553,680	602,630	782,816	7,445,557
Peak MWh	1,357	1,339	1,162	1,128	997	985	1,033	1,078	1,049	1,030	1,150	1,391	1,391
Quotes/Inflow in HPP of Drini Cascade													0
HPP Fierze													
Quotes (m)													0
Inflow (m3/s)	121.65	95.24	258.65	416.10	281.45	150.43	58.65	43.26	16.37	97.00	154.67	318.00	168
PRODUCTION (MWh)	111,761	101,782	37,797	18,804	89,961	193,001	179,308	138,175	148,547	48,824	36,775	123,979	1,228,714
Pour (milion m3)	0	0	0	0	0	0	0	0	0	0	0	0	0
HPP Koman													
Quotes (m)													
Inflow (m3/s)	249	240	152	256	240	324	272	214	265	193	197	370	248
PRODUCTION (MWh)	158,237	141,529	97,372	143,179	153,899	199,125	168,993	135,598	161,310	112,873	129,954	225,538	1,827,607
Pour (milion m3)	0	0	0	0	0	0	0	0	0	34	0	0	34
HPP Vau i Dejes													
Quotes (m)													
Inflow (m3/s)	259	253	162	282	251	328	260	207	262	204	227	418	260
PRODUCTION (MWh)	85,969	77,773	47,721	84,443	82,217	101,649	83,151	65,350	80,549	63,793	72,516	128,317	973,448
Pour (milion m3)	0	0	0	0	0	0	0	0	0	0	0	0	0
HPP Ulez													
Quotes (m)													0
Inflow (m3/s)	25	43	43	132	61	22	5	2	2	40	46	109	44
PRODUCTION (MWh)	12,233	8,533	7,296	14,140	16,335	11,646	3,336	1,182	1,528	1,624	12,708	18,408	108,969
Pour (milion m3)	0	0	0	103	13	0	0	0	0	0	0	101	217
Other HPP													
PRODUCTION (MWh)	33,035	31,899	34,050	43,362	53,551	34,846	20,837	19,225	19,131	21,871	40,737	70,362	422,906

During 2012, the net generation of energy was as follows:

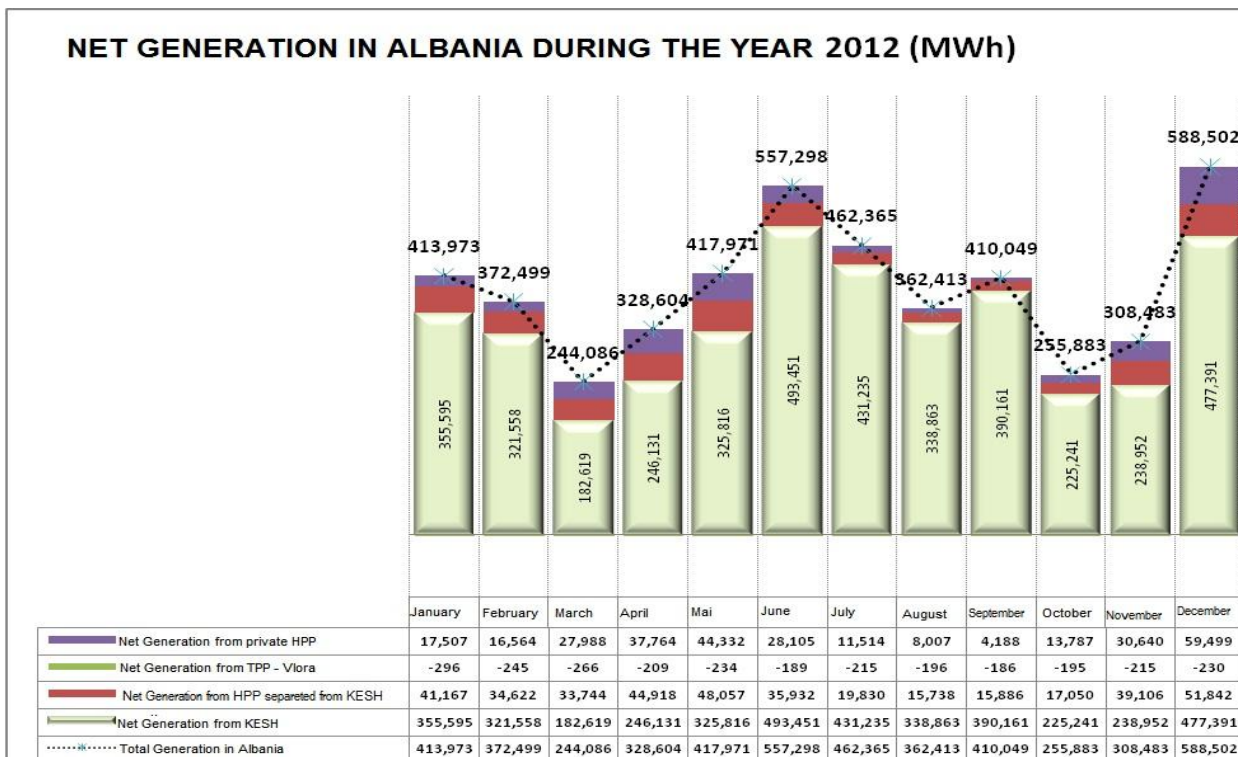
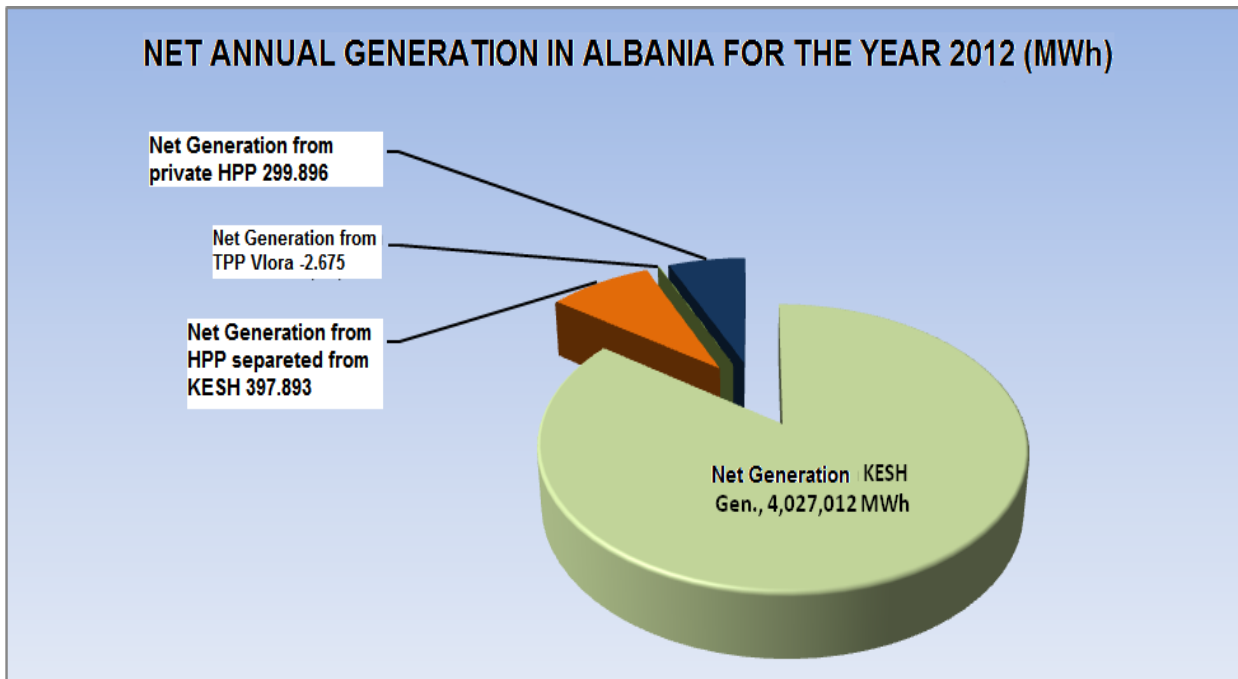


Figure 3 Total Energy Generation during 2012

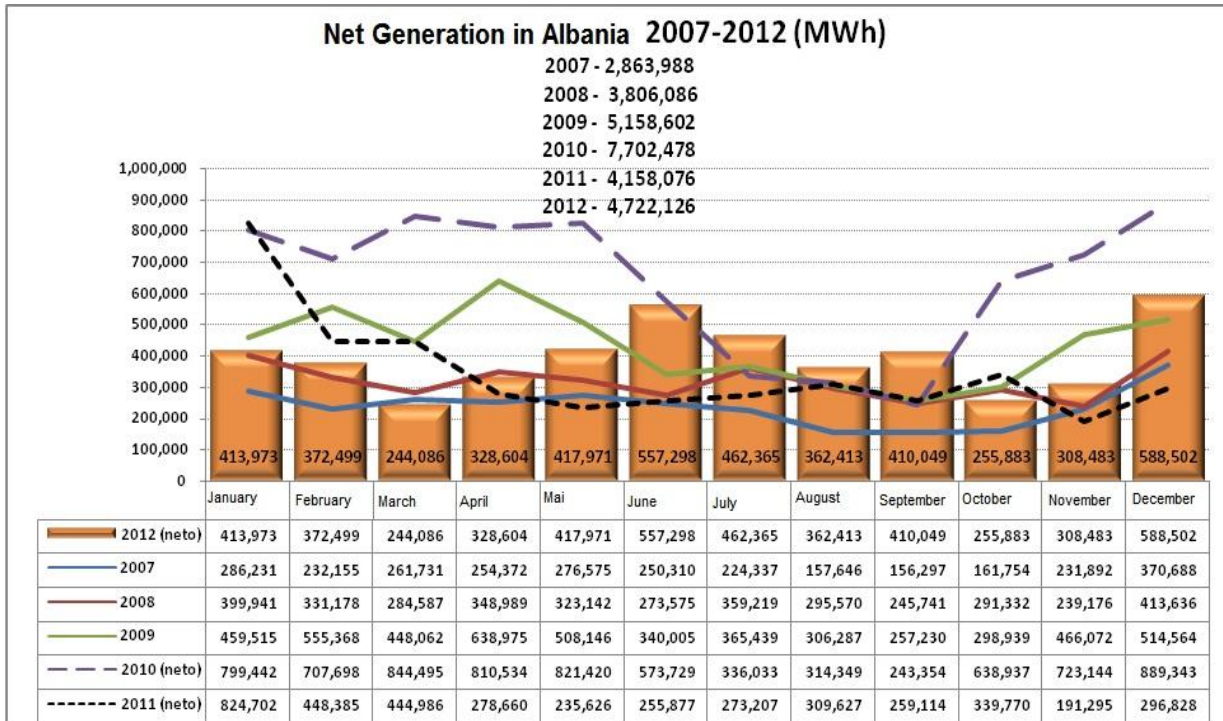


Figure 4 Net Generation in Albania 2007-2012

(Source TSO)

From the hydrological point of view 2012 is considered a year with low inflow probability that has negatively influenced electricity generation in the country, reaching an average amount of energy generated compared to all time historic generation for Albania.

The peak monthly generation for 2012 is marked on December with 566,604 MWh. This high generation is realized by hydro power plants administered by KESH sh.a., with installed capacity 1,433MW. For this generation the exploitation time for the maximum installed capacity, for each unit, in all the HPP’s is more than 12 hours in 24 working hours or an average load coefficient.

The time exploitation indicator for the average load of each unit in HPP of Drini Cascade in 2012 has been more than 45% of the total hours of the year from (8,760 hours in a year). These units of course have been working depending on the management of the water resource to maximize generation.

The minimal monthly generation during 2012 is realized in March with 224,236 MWh, In figure 4 graph we have shown the electricity generation in our country during the period 1982 until 2012. As it can be seen from this graph the generation for 2012 is close to average.

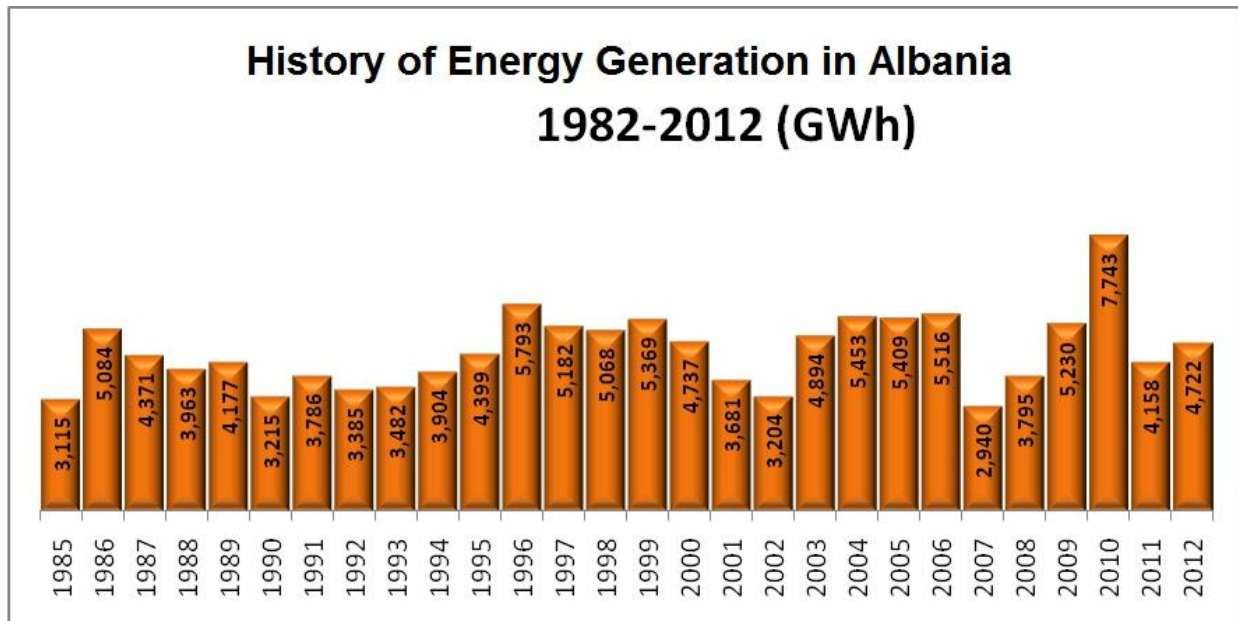


Figure 5 History of Energy Generation in Albania 1982-2012

(Source KESH, TSO)

For the period 2007-2012 ERE has evidenced in details the data on electricity generation for each day of each year. From the comparison of electricity generation for the period 2007-2012 extremely differences are seen. The lower annual generation during this period is the one of 2007 with 2,918 million kWh or with an average daily generation of 7,9 million kWh. While the highest generation is in 2010 with 7,743.295 million kWh or an average daily generation of 21,2 million kWh. As it is seen the difference between these two extremes is 2,7 times. Such an indicator significantly expresses the high level of risk for the stability of electricity generation by the power systems based only on HPPs'.

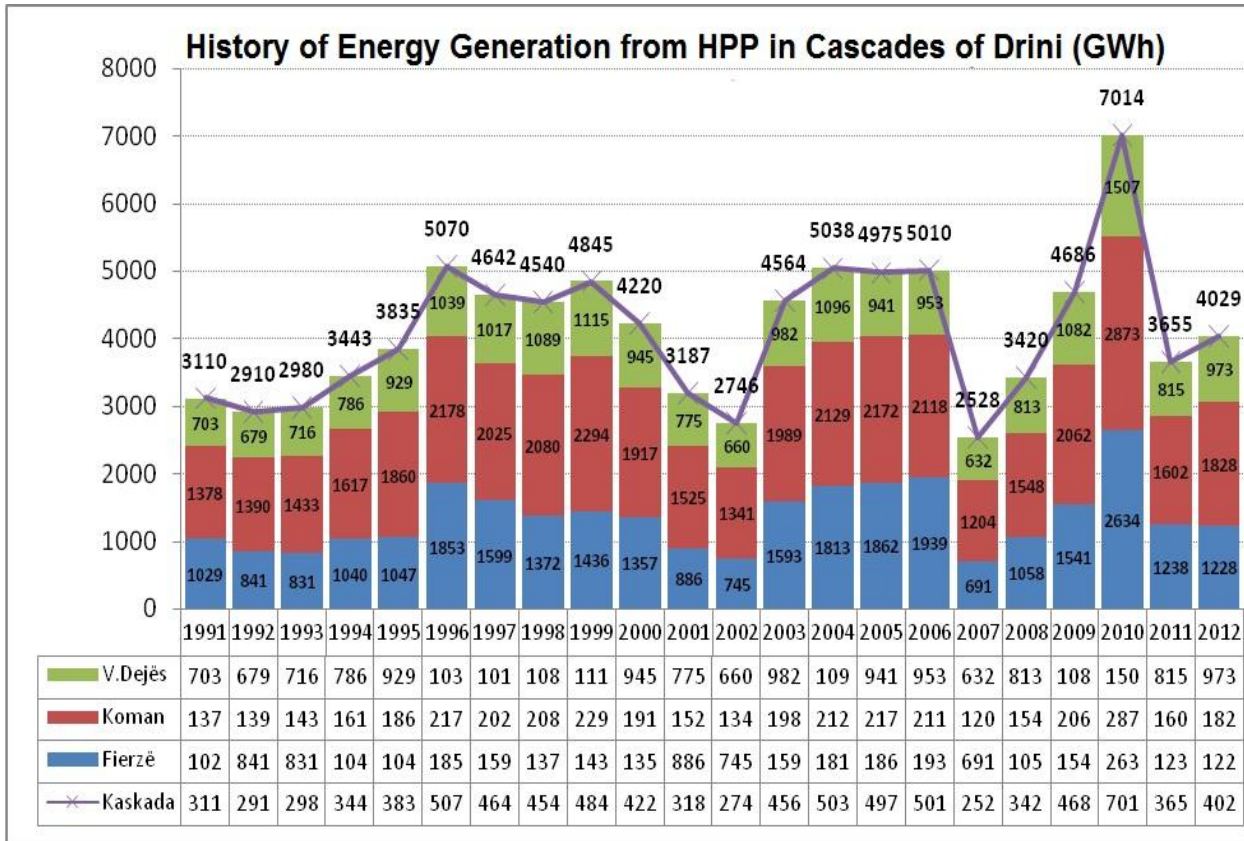


Figure 6 History of Energy Generation from HPP in Cascades od Drini (GWh)

Table 3 Neto Production of HPP separeted from KESH

(MWh)	January	February	March	April	Mai	Juni	Juli	August	September	October	November	December	2012
Net Generation from Other	41,167	34,622	33,744	44,918	48,057	35,932	19,830	15,738	15,886	17,050	39,106	51,842	397,893
Ulëz	12,587	8,841	7,513	14,426	16,596	11,848	3,545	1,137	1,493	1,643	13,030	18,890	111,549
Shkopet	11,200	8,844	7,664	11,915	13,019	9,119	3,414	1,182	1,476	2,163	10,088	14,404	94,489
Bistrica 1	10,929	11,090	11,981	11,844	11,919	10,460	9,643	9,049	8,685	9,519	10,922	13,201	129,159
Bistrica 2	3,309	3,155	3,374	3,251	3,062	1,830	907	2,482	2,384	1,840	3,256	3,055	31,990
Lanabregas	3,142	2,693	3,212	3,481	3,460	2,675	2,322	1,887	1,849	1,885	1,809	2,292	30,707

An important phenomenon in the work of hydro power plant in the system has been the high availability of all the units in plants. It is important to mention that due to this the water was not wasted without being first used for electricity. There has been some very small waste of water supply in the Mat river cascade.

2.2 Criteria on exploitation of power reserve at Drini Cascade

As commonly known Fierza HPP is a plant with annual regulation of flows, what influences directly in the production of Koman and Vau Deja HPP which are supplied by regulated flows of Fierza HPP.

In figures 7 & 8 we have graphically shown the level water in meters for 2012, in the Fierza reservoir as well as the daily water flows in m³/sec of Drini River at this reservoir. Also are shows for comparison the daily levels of water and the daily water flows for each year for the period 2009-2012.

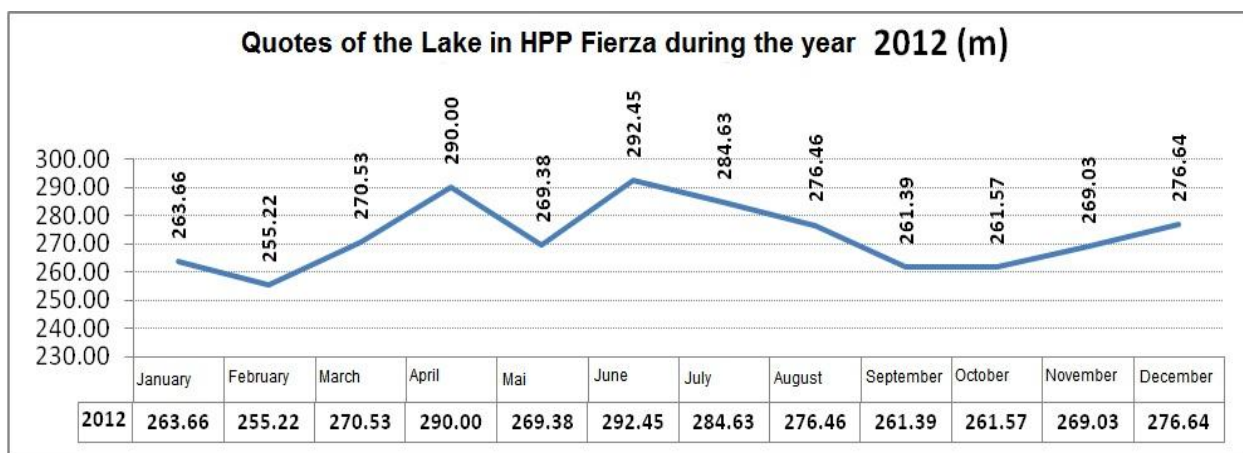


Figure 7 Quotes of the Lake in HPP Fierza during the year 2012

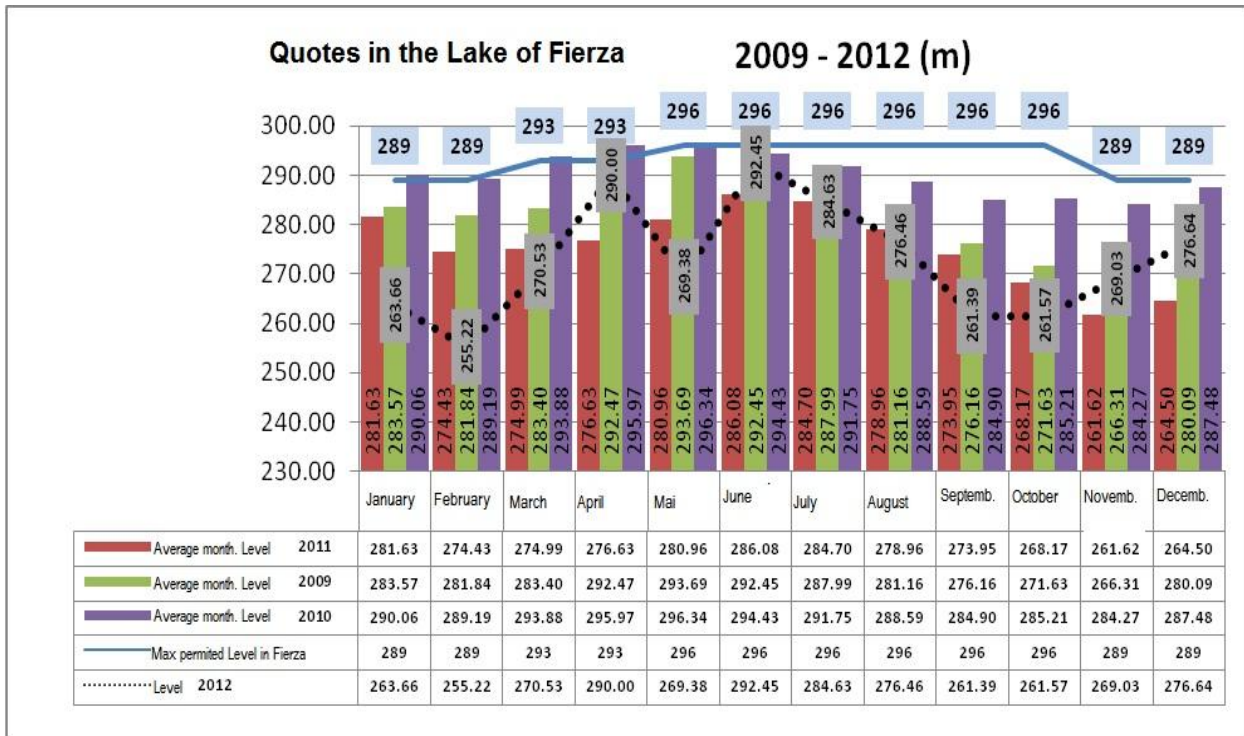


Figure 8 Quotes in the Lake of Fierza 2009- 2012

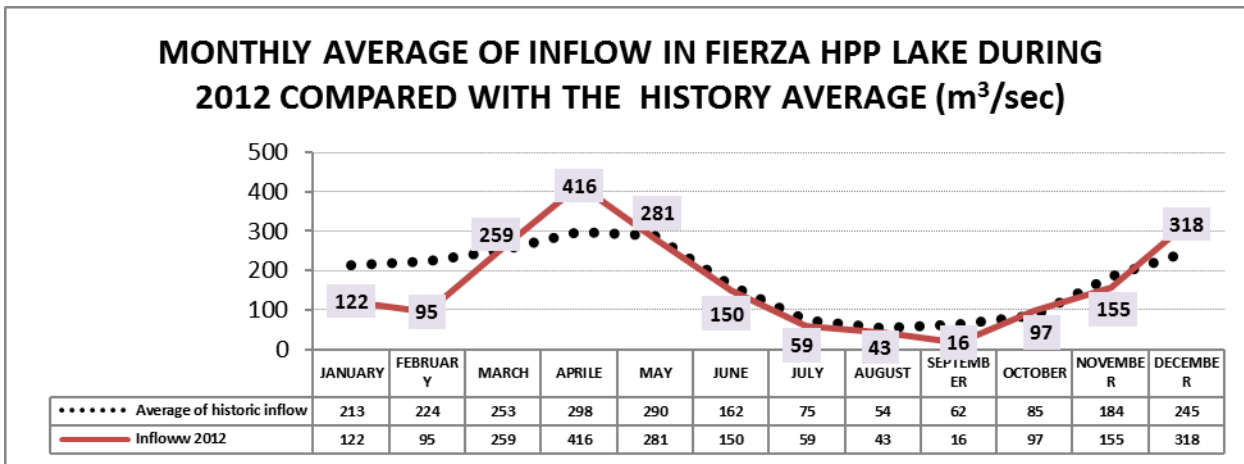


Figure 9 Monthly average of Inflow in Fierza HPP Lake during 2012

(Source TSO)

In figure -10- graph we have shown the power reserve exploitation for each day of the year 2012 compared to 2011.

The criteria for the elaboration of the power reserve are almost analogue in the previous years and they are based on three main principles of the Regulation on Dam Exploitation consisting in:

- Following the dam security conditions
- Optimal exploitation of the power reserve
- Minimization of flood effects

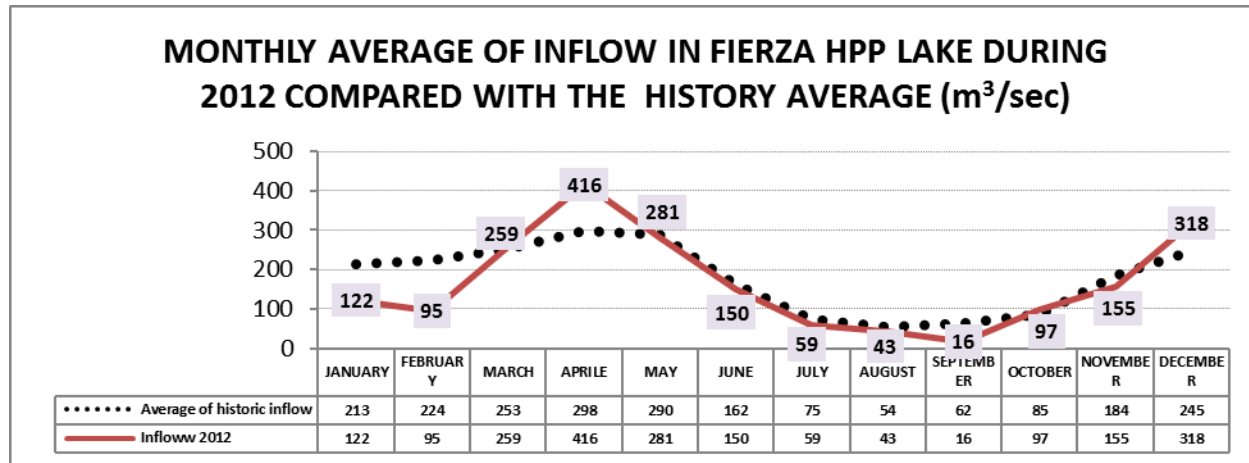


Figure 10 Monthly Average of Inflow in Fierza HPP Lake during 2012 compared with the History Average

(Source TSO)

2.3 Electricity generation by Vlora TPP

There was no electricity production by Vlora TPP during 2012. This TPP was expected to become operational in 2011 but due to technical problems during testing the operation at full capacity was delayed. KESH sh.a is still investigating the technical obstacles regarding the failure of the Company to comply to its contractual obligations.

2.4 Electricity Generation from private HPP-s

In table 5 we have briefly summarized the structure of private production of electricity. Actually there are 68 HPPs from 40 private and concessionary companies with total installed capacity 195.8 MW of which 120 MW belong to the HPP-s tht have started

producing in 2012. Total generation for 2012 from private generators was 299.9 GWh or 7.0% of the total generation for 2012.

In table -5- we have shown the monthly generation of electricity during 2011 & 2012 from concessionary and private companies that administer or own 68 hydro power plants.

During 2012, 16 new HPPs started to produce energy as shown in the following table.

Table 4 HPP Production during 2012

HPP PRODUCTION DURING 2012 (MWh)			
Subject	HPP Name	Capacity KW	Production
		121,030	78,456
Malido Energji sh.p.k	HEC Klos (Mirditë)	1,520	2,669
Korkis 2009 sh.p.k	HEC Belisovë (Berat)	430	263
Koka & Ergi Energy Peshk sh.p.k	HEC Peshk (Burrel)	3,430	9,311
Wenerg	HEC Dardha (Puke)	5,800	5,268
Power Elektrik Slabinja	HEC Slabinjë (Korçë)	13,800	24,126
Albanian Power sh.p.k.	HEC Martanesh (Bulqizë)	10,500	5,624
Hydroborsh sh.p.k.	HEC Fterrë (Sarandë)	3,080	2,987
DN & NAT Energji	HEC Kumbull (Mirditë)	630	692
Gjospa Power	HEC Lapaj (Kukës)	13,620	8,624
Energji Ashta sh.p.k	HEC Ashta 1 (Shkodër)	45,000	8,819
	HEC Selishtë (Dibër)	2,000	763
Erdat Lura sh.p.k.	HEC Lura 1, 2, 3 (Dibër)	16,220	8,800
Hydropower Plant of Korça	HEC Verba 1, 2 (Korçë)	5,000	510

Total generation of electricity by HPP-s up to 15 MW increased from 136.8 GWh in 2011 to 299.9 GWh in 2012.

Table 5 Electricity Production from Private/Concessionary subjects for 2011 and 2012

HPP PRODUCTION DURING 2012 (MWh)				
Subject	HPP Name	Capacity KW		
			2011	2012
		195,825	136,832	299,895
Marjakaj sh.p.k	HEC Bene (Shkodër)	256	1,098	1,173
WTS Energji sh.p.k	HEC Tamarë (Malësi e Madhe)	150	671	759

Selcë sh.p.k	HEC Selcë (Malësi e Madhe)	400	1,098	1,579
Maksi Elektrik sh.p.k	HEC 1 & 2 Leskovik (Kolonjë)	172	756	752
Spahiu Gjanç sh.p.k	HEC Gjanç (Korçë)	2,960	5,118	8,721
Wonder Power sh.p.k	HEC Bogovë (Skrapar)	2,500	4,771	7,342
Amal sh.p.k	HEC Xhyrë (Librazhd)	250	1,153	1,573
Emikel Sh.p.k	HEC Lenije (Gramsh)	400	2,252	2,341
	HEC Çorovodë (Skrapar)	400	576	908
	HEC Tuçep (Bulqizë)	200	1,098	321
Favina sh.p.k	HEC Vithkuq 1 (Korçë)	2,715	6,265	11,496
Juana sh.p.k	HEC Orenjë (Librazhd)	75	405	459
Sarolli sh.p.k	HEC Shpellë (Pogradec)	117	412	416
Projeksion Energji sh.a	HEC Rehovë (Kolonjë)	100	395	12
	HEC Treskë 1 (Kolonjë)	130	631	98
	HEC Çarshovë (Përmet)	70	0	0
Albanian Green Energy sh.p.k	HEC Smokthinë (Vlorë)	9,200	31,042	30,451
Balkan Green Energy sh.p.k	HEC Bulqizë-1 (Bulqizë)	600	1,241	1,432
	HEC Homesh (Bulqizë)	325	510	576
	HEC Zerqan (Bulqizë)	625	1,299	904
	HEC Arras (Dibër)	4,800	11,784	14,928
	HEC Lurë (Dibër)	750	750	508
	HEC Orgjost (Kukës)	1,200	4,215	2,643
	HEC Lekbibaj (Tropojë)	1,400	315	4,329
	HEC Dukagjin (Shkodër)	640	1,829	1,956
	HEC Marjan (Korçë)	200	334	333
	HEC Lozhan (Korçë)	100	323	259
	HEC Barmash (Kolonjë)	630	897	1,493
	HEC Treskë 2 (Kolonjë)	250	687	736
	HEC Nikolicë (Bilisht)	700	1,827	1,702
	HEC Funarë (Librazhd)	1,920	4,671	5,787
	HEC Lunik (Librazhd)	200	724	1,007
	HEC Kërpicë (Gramsh)	420	792	919
	HEC Ujanik (Skrapar)	630	943	1,438
	HEC Borsh (Sarandë)	250	795	906
	HEC Leshnicë (Sarandë)	375	541	575
	HEC Velçan (Korçë)	1,200	1,327	1,800
	HEC Shoshaj (Tropojë)		0	0
	HEC Voskopojë (Korçë)		0	0
	HEC Piqerras (Sarandë)		0	0
	HEC Muhur (Dibër)	250	941	908
	HEC Rajan (Kolonjë)	1,020	126	2,784
		HEC Tuçep (Bulqizë)	0	0
En.Ku sh.p.k	HEC Bicaç (Kukës)	100	131	48
Ansara Konçesion sh.p.k	HEC Ansara (Elbasan)	75	708	306

HEC-i Tervol-it	HEC Tervol (Elbasan)	10,600	21,736	35,615
Hidro Albania Energy	HEC Cernalev (Kukës)	800	2,669	2,989
HEC Bishnica 1,2 sh.p.k	HEC Bishnicë (Pogradec)	2,400	6,282	5,056
Dishnica Energji sh.p.k	HEC Dishnicë (Korçë)	200	499	509
Elektro Lubonja sh.p.k	HEC Lubonje (Korçë)	300	229	461
HP Ostrovica Energy sh.p.k	HEC Faqekuq 1 & 2 (Skrapar)	6,720	5,874	16,072
Dosku Energy sh.p.k	HEC Gizavesh (Librazhd)	500	783	1,552
Hidroinvest 1 sh.p.k	HEC Stranik (Librazhd)	4,420	839	10,790
Energjo Sas sh.p.k	HEC Sasaj (Sarandë)	8,600	2,170	27,946
Erma MP sh.p.k	HEC Çarshovë (Përmet)	1,500	300	3,774
Malido Energji sh.p.k	HEC Klos (Mirditë)	1,520	0	2,669
Korkis 2009 sh.p.k	HEC Belisovë (Berat)	430	0	263
Koka & Ergi Energy Peshk sh.p.k	HEC Peshk (Burrel)	3,430	0	9,311
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Hydropower Plant of Korça	HEC Verba 1, 2 (Korçë)	5,000		510

(Source ERE)

In the graph of figure -11- we have shown the performance of generation by small HPPs (up to 15MW) during the period 2004-2012. Taking in consideration that the increased generation of year 2010 in addition to the installed capacity increase in large amount was effected by the very favorable hydro conditions, in the graph we notice high temps of generation increase from the HPP given in concession after 2008 as well as a considerable hitch in 2012.

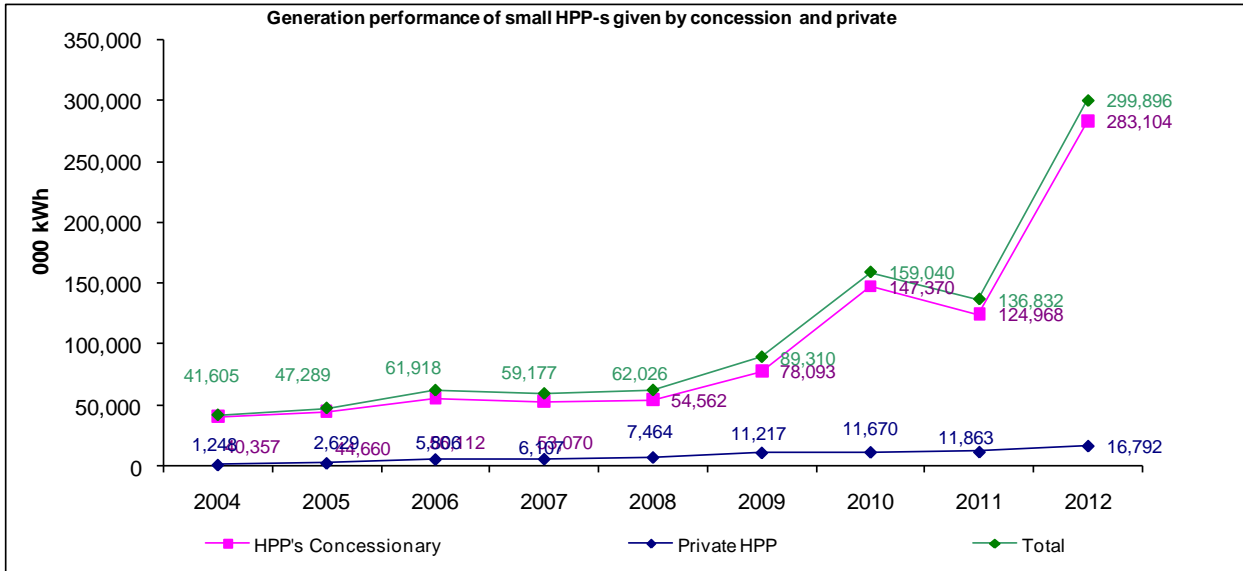


Figure 11 Generation Performance of Small HPP-s given by Concession and Private

(Source ERE)

In the graph of Figure -12- we have shown the revenues collected from private subjects to from the electricity sale generated from HPP with capacity up to 15MW, which for 2011 reached over 1 Billion ALL while for 2012 reached over 2.5 billion ALL.

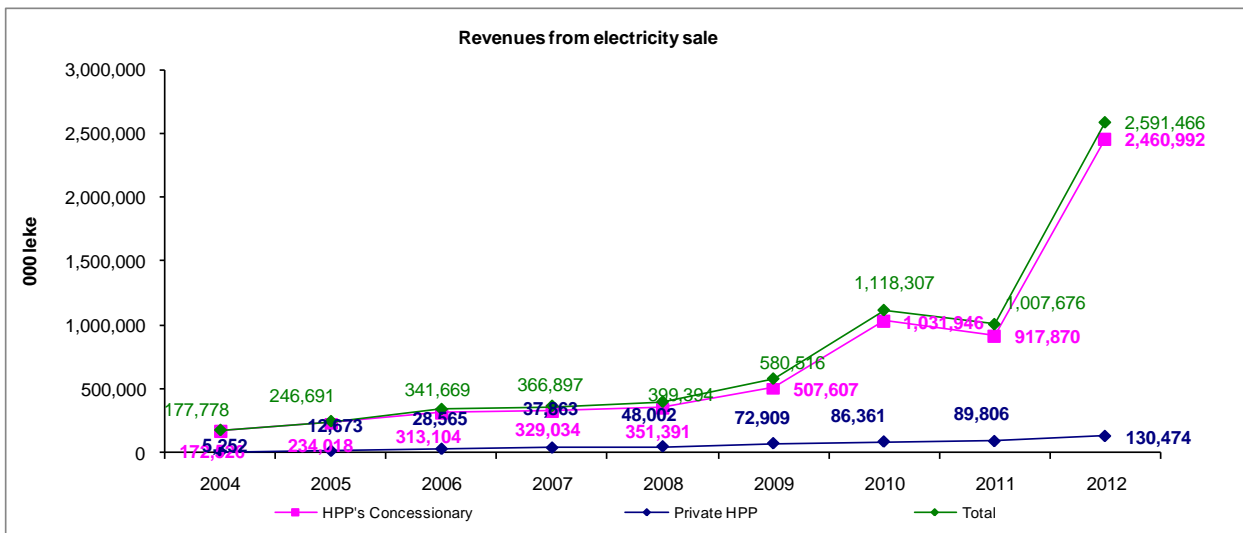


Figure 12 Revenues from Electricity Sale

(Source KESH)

During 2010 due to the energy import price, the price of the electricity for this category of subjects came upward. While for 2012 regarding HPP with new concessions, based on the methodology that is based on the import prices of the previous year resulted 9.3 leke/kWh or 34.9% higher than the price of 2011.

Regarding the existing HPP private concessions due to the price evaluation based on another methodology, for the period 2010 – 2012 the price does not show any increased in 7.57 L/kWh from 7.4 L/kWh or with an increase of 2.29%. This difference in the price increase between these two groups comes as a result of the application of two different methodologies: for old HPP private concessions the basis for the calculation is the average price for tariffs clients for the actual year while for the HPP with new concessions the base of calculation is the import price and exchange rate for the previous year.

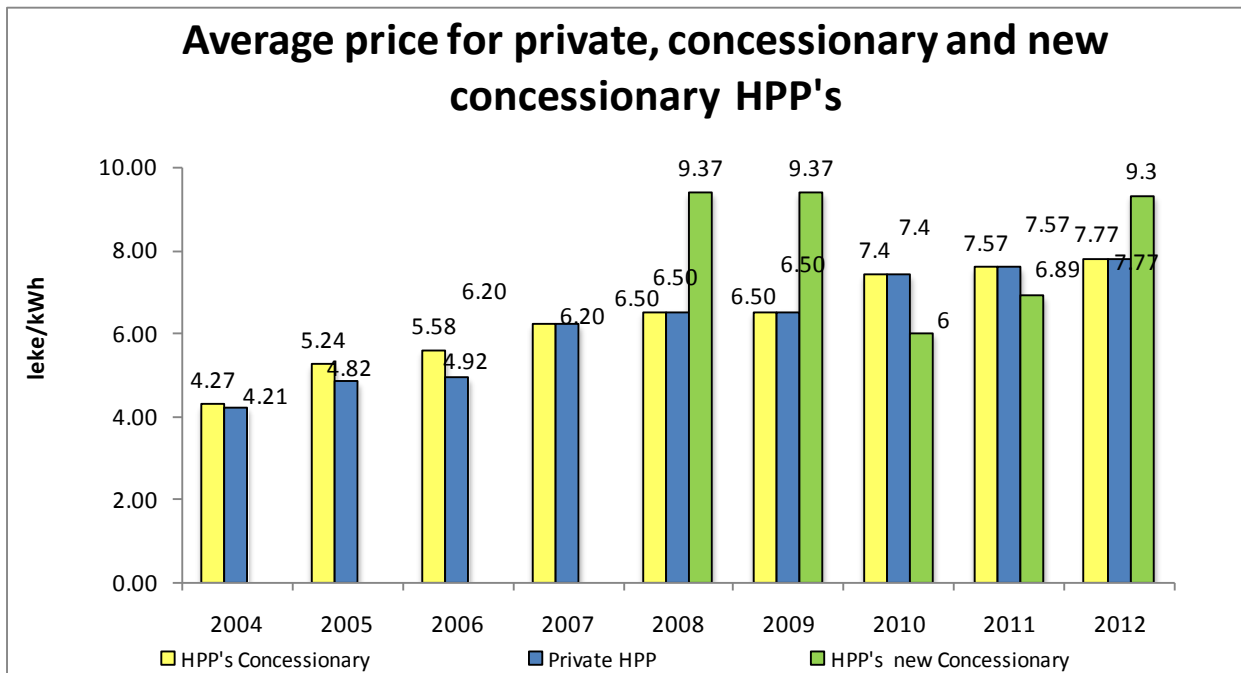


Figure 13 Average Price for Private, Concessionary and new Concessionary HPP-s

(Source ERE)

2.5 Energy Efficiency in Generation

As previously noticed, the generation energy efficiency of our power system is evaluated in analyzing its below mentioned basic features:

- The ability to accumulate electricity in potential power reserve.
- The ability to regulate the flows annually.
- Optimization of production and import of electricity combination.
- High flexibility towards load, which permits to easily cover the peak load.
- The dependency of electricity production by the hydrological weather conditions.
- Discharges of water from reservoirs.
- Relatively high investments for their construction and longer time for concluding and commissioning the
- plants compared to TPPs
- Lower expenses for exploitation and maintenance.

Based on the daily power situation in the country, ERE has kept track of the situation on daily basis and has reflected its comparative data for each year of the period 2002 – 2012 between the indicators that influence directly in the efficiency evaluation of electricity production.

Table 6 The main Indicators of Electricity Production 2002-2012

Name	Year										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Generation (GWh)	3,204	4,974	5,467	5,409	5,516	2,933	3,770	5,201	7,702	4,158	4,725
Import (GWh)	2,072	937	567	365	633	2,828	2,417	1,884	1,911	3,262	2,538
Average Price for import (Euro/MWh)	30.18	30.15	35.57	40.04	47.81	69.00	79.00	48.69	45.50	60.49	63.63
Import Value by KESH&CEZ (million Euro)	62.53	28.26	20.17	14.63	30.25	195.13	190.94	91.74	86.95	197.34	161.52
Supply (GWh)	5,430	5,900	5,945	5,933	6,121	5,719	6,300	6,593	6,970	7,342	7,617

(Source KESH, TSO)

The amount of total energy delivered is composed of the whole quantity used or the total energy consumption in the country, including even that of eligible customers.

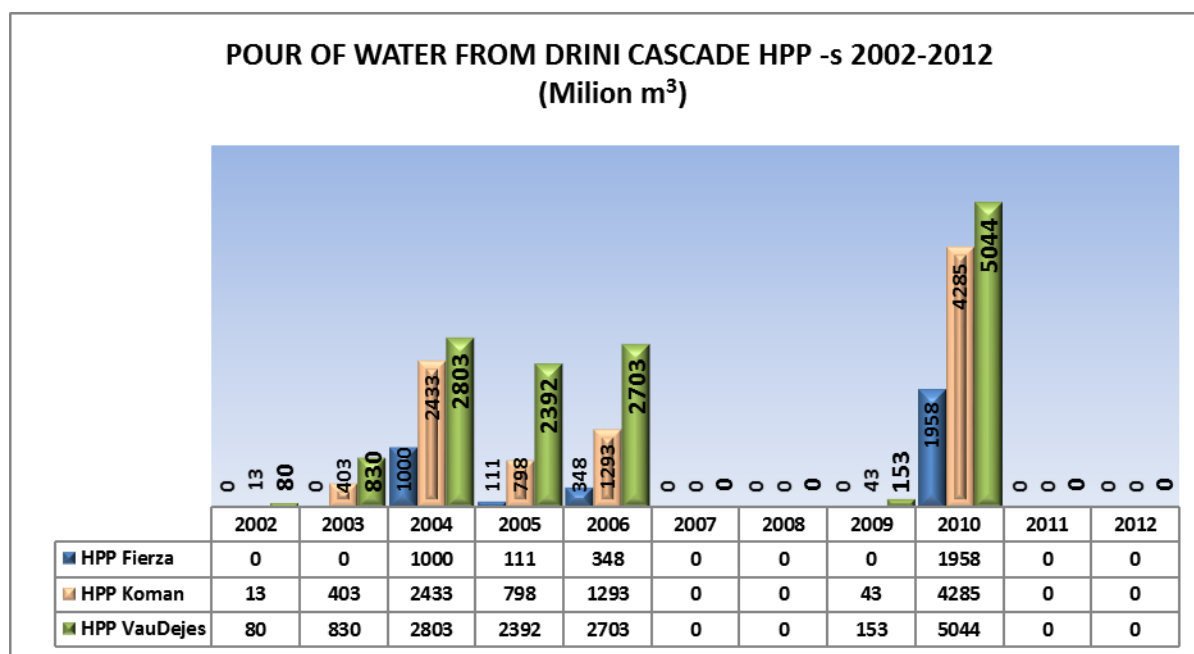


Figure 14 Pour of Water from Drini Cascade HPP-s 2002-2012

(Source TSO)

During 2012 there has been a small water discharge from the reservoirs of the HPP of the Mati river cascade.

In figure -14- are shown graphically the water discharges from the HPP of the Drin Cascade, for each year from 2002-2012.

KESH sh.a. has exported 297,766 MWh of energy during the months of May end June 2012 based on the high quotes of Fierza lake in these respective months.

Table 7 Eksportet dhe shitjet me cmime tregu te KESH gjate 2012

	January	February	March	April	May	June	July	August	September	October	November	December	Tot 2012
Sold Energy Export	0	0	0	0	87,600	210,176	0	0	0	0	0	0	297,776

(Source KESH,TSO)

Imports and energy exchange for 2012:

Table 8 Import and Exchange Energy during 2012

Import and exchange of Energy during 2012 in MWh																
				January	February	March	April	May	June	July	August	September	October	November	December	Total
1	CEZ	Import	EFT	111600	225,504	296,960	180,000	148,800	144,000	77,712	37,019	21,600	0	0	0	1,243,195
2	CEZ	Import	CTAL	0	0						93,000	30,456	22,896	0	0	146,352
3	CEZ	Import	GEN-I	0	48,720	65,647	32,400	7,440	0	1,800	55,800					211,807
4	CEZ	Import	EGL		4,176											4,176
5	CEZ	Import	RUDNAP			7,430	25,200	10,080	7,200							49,910
6	CEZ	Import														0
Total				111,600	278,400	370,037	237,600	166,320	151,200	79,512	185,819	52,056	22,896	0	0	1,655,440
1	KESH	Import	KEK	11890	280	5,641	3,751		7,606	12,555	9,194	23,882	12,820	7,843	6,016	101,478
2	KESH	Import	EFT	45360									72,756	190,800	0	308,916
3	KESH	Import	Alpiq/GSA	12240	46,984	1,728	22,272	1,387		8,856	2,646	0	9,756	25,594	65,597	197,060
4	KESH	Import	Alpiq/GSA	1152	2,208		3,072							0	0	6,432
5	KESH	Import	GEN-I	115200									120,970	5,280	2,840	244,290
6	KESH	Import	RUDNAP.AD	7200									0	0	0	7,200
7	KESH	Import	RUDNAP.TR	12000									0	0	828	12,828
8	KESH	Import	YLLIAD				1,104						40,180	3,120	71,280	115,684
9	KESH	Import													6,480	6,480
10	KESH	Import														0
11	KESH*	Import	GSA*(ACR)											126		126
Tot Imp				205,042	49,472	7,369	30,199	1,387	7,606	21,411	11,840	23,882	256,482	232,637	153,041	1,000,494
1	KESH	Export	KEK	0			18,940	18,971	2,400				11,930	920	0	53,161
2	KESH*	Export	GSA(ACR)	1152	2,208	360	3,072	2,755	28,200	8,856	2,646	0				49,249
3	KESH	Export	EFT	0				48,000	63,840							111,840
4	KESH	Export	GEN-I					30,209	96,608							126,817
5	KESH*	Export	GEN-I					9,391	0							9,391
6	KESH	Export	YLLIAD						2,400							2,400
7	KESH	Export	RUDNAP						10,560							10,560
8	KESH	Export	ALPIQ						7,200							7,200
9	KESH	Export	GSA(ALPIQ)						1,368							1,368
10	KESH	Export														0
11	KESH	Export														0
12	KESH	Export														0
Tot Exp				1,152	2,208	360	22,012	109,326	212,576	8,856	2,646	0	11,930	920	0	371,986
Balance M - D MWh				203,890	47,264	7,009	8,187	-107,939	-204,970	12,555	9,194	23,882	244,552	231,717	153,041	628,508
Eligible consumers Import and exchange of Energy during 2012 in MWh																
				January	February	March	April	May	June	July	August	September	October	November	December	Total
1	Alpiq/GSA	Import	ALPIQ	6,936	4,208	8,838	17,856	23,532	21,600	19,992	19,194	55,424	25,624	18,856	17,443	239,503
2	GEN-I	Import	GEN-I	0	0	0	27,488	28,940	0	21,701	26,233	0	27,147	28,529	28,417	188,455
3	RUD	Import	RUDNAP	4,953	2,182	9,155	10,880	12,236	5,527	9,602	12,579	11,819	10,781	9,851	7,522	107,087
4		Import			0											0
5		Import					0									0
6		Import														0
Total				11,889	6,390	17,993	56,224	64,708	27,127	51,295	58,006	67,243	63,552	57,236	53,382	535,045

3. Transmission System Operator

TSO, as one of the main players of the Albanian Power System, fully stands to its responsibilities and duties as defined in the Power Sector Law and the Electric Power Market Model as well as the respective regulatory framework.

TSO is still being reorganized and restructured for a smoother running of the business according to International Standards, with the only scope of its integration in the open international electric power markets, based on the signing of the Energy Treaty for the countries of the region and in compliance to a set of papers approved by the Albanian institutions.

The development plan of TSO includes several important projects financed by foreign donators. Some of those projects have been operational during 2012 and others are still in their tendering or implementation phase.

Main projects finalized in 2012:

- ***Rehabilitation and modernization of control, protection and monitoring systems for 220 kV Fier Substation and replacing the primary equipment of Tirana1, Elbasan1 and Fier 220 kV Substations.***

The value of the project is 17.4 million Euro and it is financed by the World Bank.

That is the second phase of the ECSSEE-APL2 project. The Croatian Company “Koncar” is responsible for the implementation of the project.

Fieri Substation project has consisted in the implementation of a new control, protection and monitoring system of all the 220, 110 and 35 kV outages, a new automatic and computerized substation control system, installment of the control and protection systems in the control room, new cabling for the new protection and control relay system connection as well as all the necessary steps for the field equipment. The scope of the work for all three substations was to replace all the out of date primary equipment. Actually, the project is fully finalized before March 2012, and the contractor is working on some small issues suggested by TSO.

Once the loan agreement between KESH sh.a and the World Bank was finalized, the loan terms were restructured by passing the agreement over to TSO.

- ***Rehabilitation and modernization of the control, protection and monitoring system as well as replacing the primary equipment of the 220 kV Substation of Burrel and 400 kV substation of Elbasan.***

The overall value of the project is about 7.7 million Eur. financed by EBRD while the contractor for the project implementation is Hyosung Company from South Korea.

The project has consisted in the implementation of a new control, protection and monitoring system of all the 400, 220, 110 and 10 kV outages, a new automatic and computerized substation control system, installment of the control and protection systems in the control room, new cabling for the new protection and control relay system connection as well as all the necessary steps for the field equipment.

- ✓ Transmission System in Albania includes all the 400, 220, 110 kV lines as well as their substations;
- ✓ Transmission lines

Transmission system line length, regarding their voltage level is as follows:

- 293 km of 400 kV transmission lines
- 1,140 km of 220 kV transmission lines
- 34.4 km of 150 kV transmission lines
- 1,285 km of 110 kV transmission lines

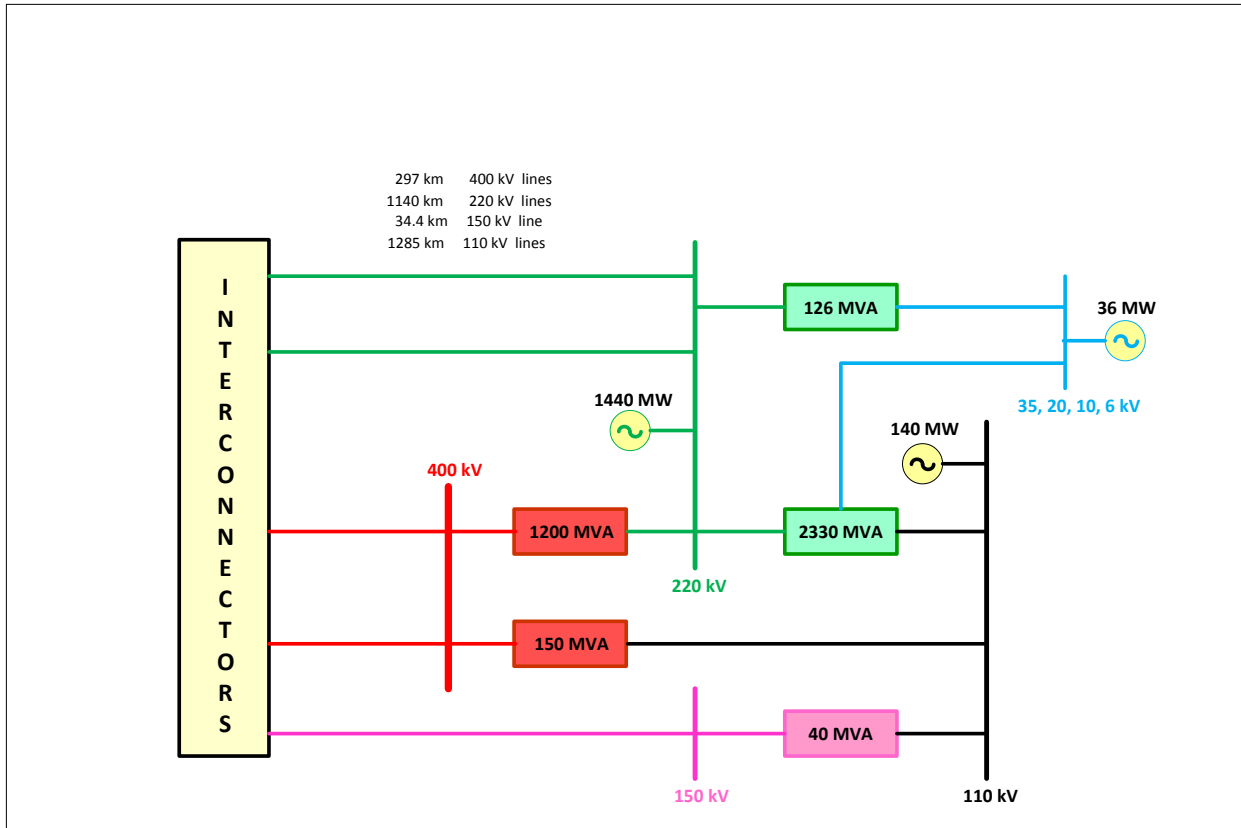


Figure 15 Transmission System Scheme

Substations:

The substations transforming power regarding their voltage level is as follows:

- 1,200 MVA of 400/220 kV transformers
- 150 MVA of 400/110 kV transformers
- 2,330 MVA of 220/110 kV transformers (MV)
- 126 MVA of 220/20 kV transformers
- 40 MVA of 150/110 kV transformers

The interconnection network is composed of:

- Elbasan – Kardia 400 kV line
- Tirane – Podgorice 400 kV line
- V. Dejes – Podgorice 220 kV line

- Fierze – Prizren 220 kV line

Once Elbasan – Podgorice 400 kV line and Tirana 2 400/220 kV substation became operational, the power exchange capacity with neighboring countries was significantly increased. Now we are able to import at any time the required amount of energy without jeopardizing the security of supply of our system. In drought periods we've been able to import up to 700 MW of base capacity.

The inflow of energy comes to our country mainly through two 400 kV transmission lines and it is transformed into 220 kV from two 400,220 kV Substations, Tirana 2 and Elbasan 2, each of 600 MVA capacity (2 x 300 MVA), with plenty of room for any possible scenario.

Our transmission grid

The smooth running of our system is improved once the 400/220/110 kV Tirana 2 Substation became operational. Because, except other things, the new configuration enables a very good balancing of 220 kV network.

Generally, the 220 kV transmission grid is in relatively good shape regarding its transmission capacity; the operation of Tirana 2; 400/220/110 kV substations has increased the static security of the system. The connection of Drini River cascade to the main consumption areas (Tirana & Elbasan) is enabled through 6 (six) main 220 kV lines that normally transmit power in every season.

Another disturbing problem is the running security of the southern region of the grid. Any circuit break during peak load hours in the 220 kV ring that connects the central with the southern region, will cause an overload of the transmitting lines, and a drastic voltage level reduction in the Southern region by further aggravating the situation in terms of power outages in a very wide area.

The final solution for the security of supply and its quality in the region is by implementing new generation plants in the southern region, which will balance the transmission grid in the area. Despite that, it is necessary to empower the central and southern part of the 220 kV transmission network, related to the implementation of new generating sources in the south. Actually they are in the implementation phase of building Kalivaçi HPP with an installed capacity of 100 MW. They are also some predictions and

they are in the preliminary evaluation phase of some other energy generation projects like Fieri TPP, Seman TPP and Vjosa river cascade HPP-s; some wind power plants and small HPP-s. This will enable not only the balancing the load in Fieri region, but an important flow will go towards the central region of our power system.

We actually think that it is the right moment to interfere for empowering the connection between central and southern part of the grid, in order to solve the actual and perspective issues. According to some preliminary evaluations, first they should empower the 220 kV network, by building a two circuit new line (Tirana 2 – Rrashbull) which will replace the existing one, and they should further build the 220 kV Tirana-Fier line, also with two circuits. OST cannot afford such investments with their own funds and they are working on finding some donations.

SCADA EMS System

The lack of a control and managing system based on the contemporary technology is one of the main reasons that threaten the security of the system and the optimal running of our power system. The dispatching activity is related with defining the way of economically and optimally running the power system also running it based on the generation and exchange of electric power.

In 2006 TSO has managed to run a Mini SCADA system which has enabled the dispatching center to control the parameters of the main generation and transmission nodes as well as the improvement of the organizational chart of the communication network. By later expanding the transmission network, some of the features of the system are not useful any more while some new equipment are not involved.

Such a contemporary control and dispatching system has been needed for so long. This might be realized only after the new dispatching center and the relevant expanding of the TSO telecommunication and information system becomes operational, as predicted in the “New Dispatching Center and SCADA EMS Project” provided by ABB Italy with the Italian Government funds.

A very important issue remains the maintaining of the electric power exchange balance to the neighboring countries according to the defined profile program, which is automatically arranged through closed circuit secondary regulation (LFC). This feature is not provided by the new SCADA EMS system, which is in the implementation phase.

4. Distribution System Operator

4.1 Structure of Distribution System

In table -9- it is presented the map of the Republic of Albania and the geographical areas of each distribution zone. CEZ Distribution is organized in 4 Distribution zones named as below:

- Northern Zone with center in Shkoder
- Central Zone with center in Durres
- South-East Zone with center in Korca
- South-West Zone with center in Fier

Table 10 shows some data on the assets and the number of customers of the DSO:

Table 9 CEZ Distribution Zones

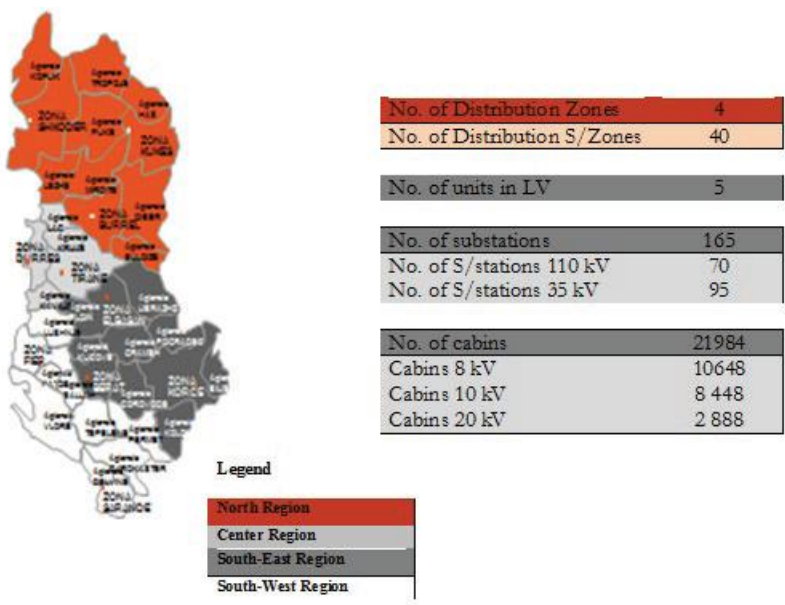


Table 10 Data of the Distribution System Operator

Zones	CEZ Distribution	Center (Durrës)	North (Shkoder)	South-East (Korce)	South-West (Fier)
No. of S/Zones	40	7	12	11	10
Line 35 kV(km)	1.131	200	231	400	300
Capacity MVA	2956	1000	552	654	740
Transformers HV	316	61	79	63	113
Surface (km ²)	29 176	2458	10 023	0219	7476
Substations	156	31	46	41	47
Customers	1 108 000	410 000	189 000	248 000	261 000
Cabins MV	20 056	6 518	5 438	4 100	4 000
Network length MV (km)	12 490	2354	3 763	3403	3 970
Network length LV (km)	25 695	4 155	7 532	8110	5 898

(Source CEZ Distribution)

4.2 Electric Power Consumption

During this year the structure of the electric power demand has been characterized from the lack of accurate scheduling, reporting inaccuracies and non reconciliations between the respective operators which has made it more difficult to accurately predict the electric power consumption. Table 16 graphically shows the annual energy consumption (total energy consumed in HV grid and in the distribution grid) in Albania from 1985 to 2012.

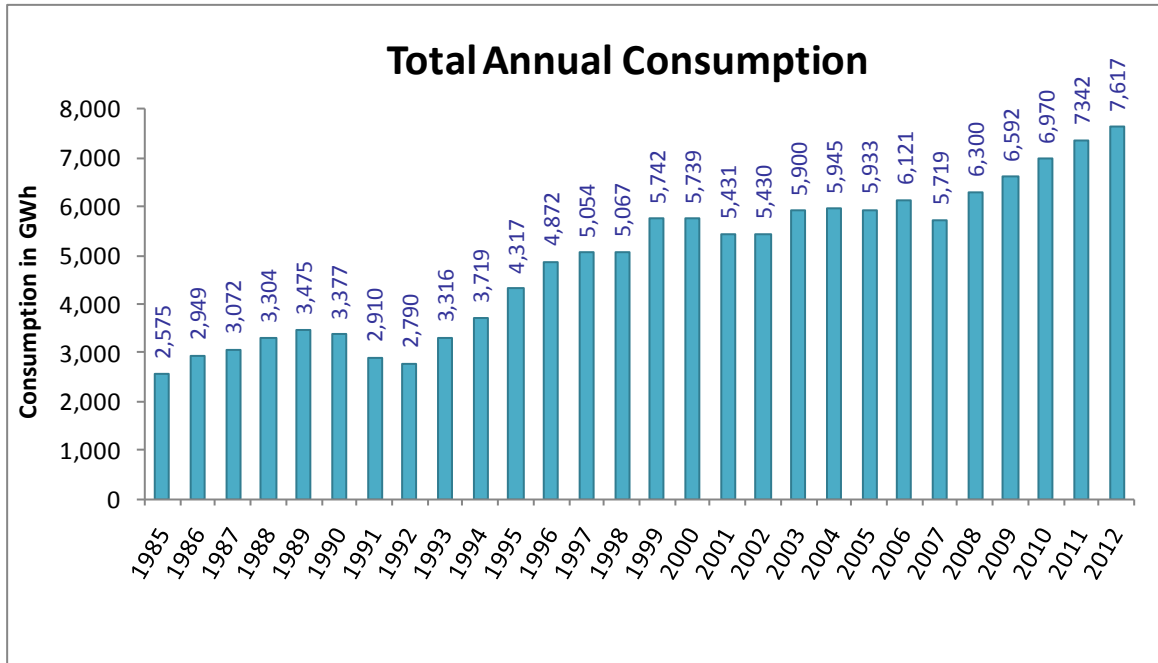


Figure 16 Total Annual Consumption

(Source TSO)

During this period the average annual increase of the electric power consumption is 183 GWh/Year. Before 2008, because of the scheduled power interruptions this parameter is not real. Referring to the data from 2009, 2010 and 2011, the electric power consumption increase during 2010 is 378 GWh more than that of 2009, or 6% increase, or in 2011 it is 372 GWh more than in 2010 or 5% more.

In 2012 there is a 275 GWh increase or 3.7% more than in 2011.

The overall energy balance which, except generation and imports, takes into consideration the exchange, consumption and energy losses on the power system is shown in figure 17.

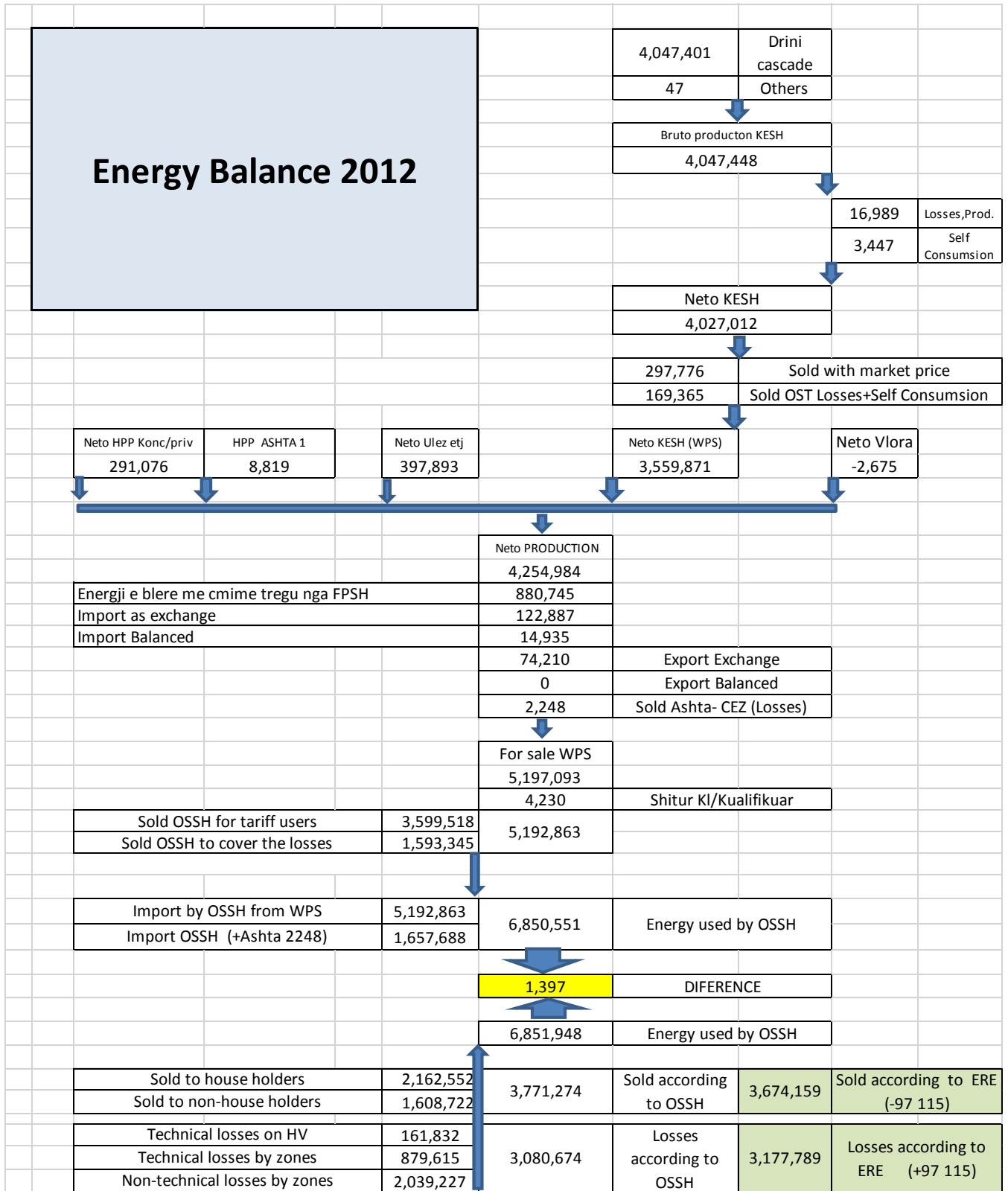


Figure 17 Energy Balance 2012 (Source ERE,TSO,KESH,CEZ)

Nr.		Unit	Progresiv 2012
I	TOTAL ENERGY INJECTED TO OST	MWh	7,678,058
1	- Domestic Production	"	4,447,914
2	- Energy imported	"	3,230,144
II	TOTAL ENERGY E TRANSMITED	MWh	7,508,693
1	- Energji Exported	"	335,535
2	- Energji e transmited for CEZ Shpërndarje sh.a.	"	6,576,340
	From this: energy injected in transmition by small HPP	"	34,305
	From this: energy injected in transmition by Ashta 1 September 2012	"	1,138
3	- ENERGY E TRANSMITED for eligible consumers	"	596,818
a.	GSA sh.p.k.	"	289,413
b.	RUDNAP sh.p.k.	"	109,950
c.	KESH sh.a.	"	4,230
d.	GEN-I TIRANA sh.p.k.	"	193,226
III	Losses in transmission grid	MWh	169,365
IV	Losses in transmission grid	%	2.21

Chart nr. 18 shows the average annual load peak for 2012 which is 1,436 MW registered in December 31, 2012.

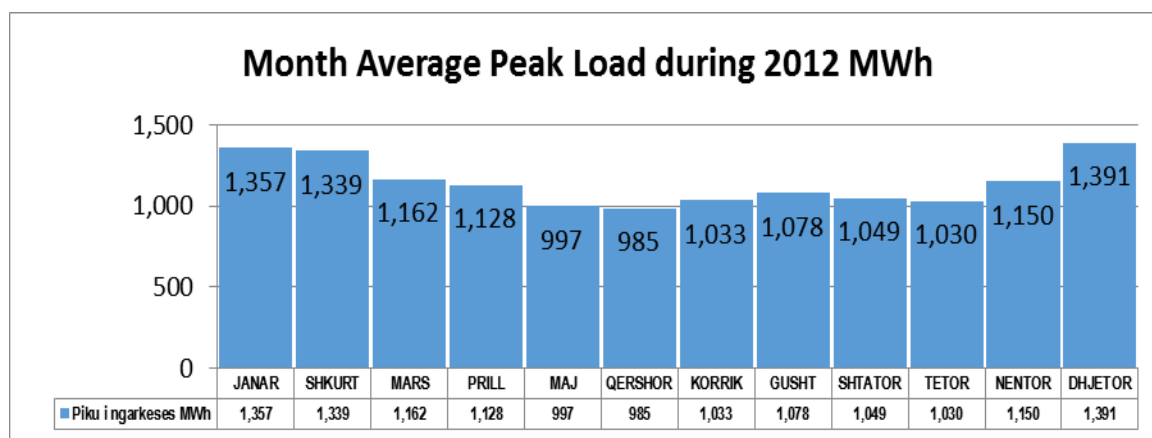


Figure 18 Mounth Average Peak Load during 2012 MWh

(Source ERE)

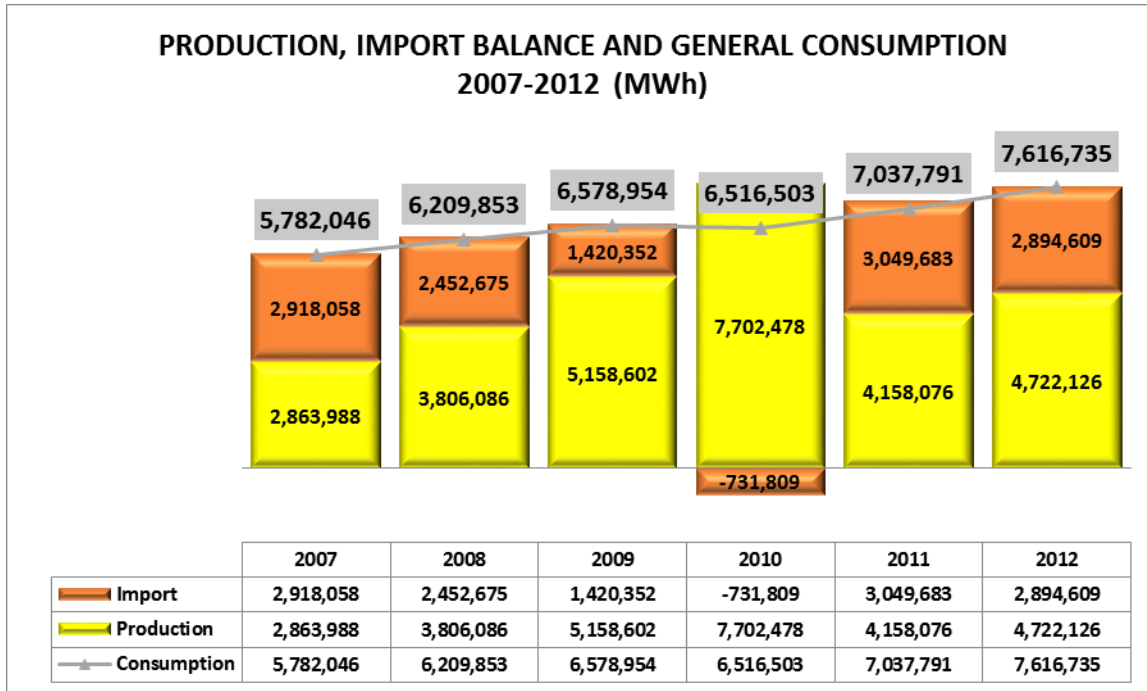


Figure 19 Production, Import Balance and General Consumption 2007-2012 (MWh)

As it is graphically shown in table 19, the historical consumption peak in Albania is registered in 2012. The general trend of the power consumption in Albania from 1985 to 2012 is a 4% yearly increase on average. The power consumption increase has been accompanied from a peak load increase from 420 MW in 1985 to 1,436 MW in 2012.

4.2.1 The Electric Power Consumption Structure

The household consumption of electric power in our country is 54% of the total billed consumption for tariff customers in 2012.

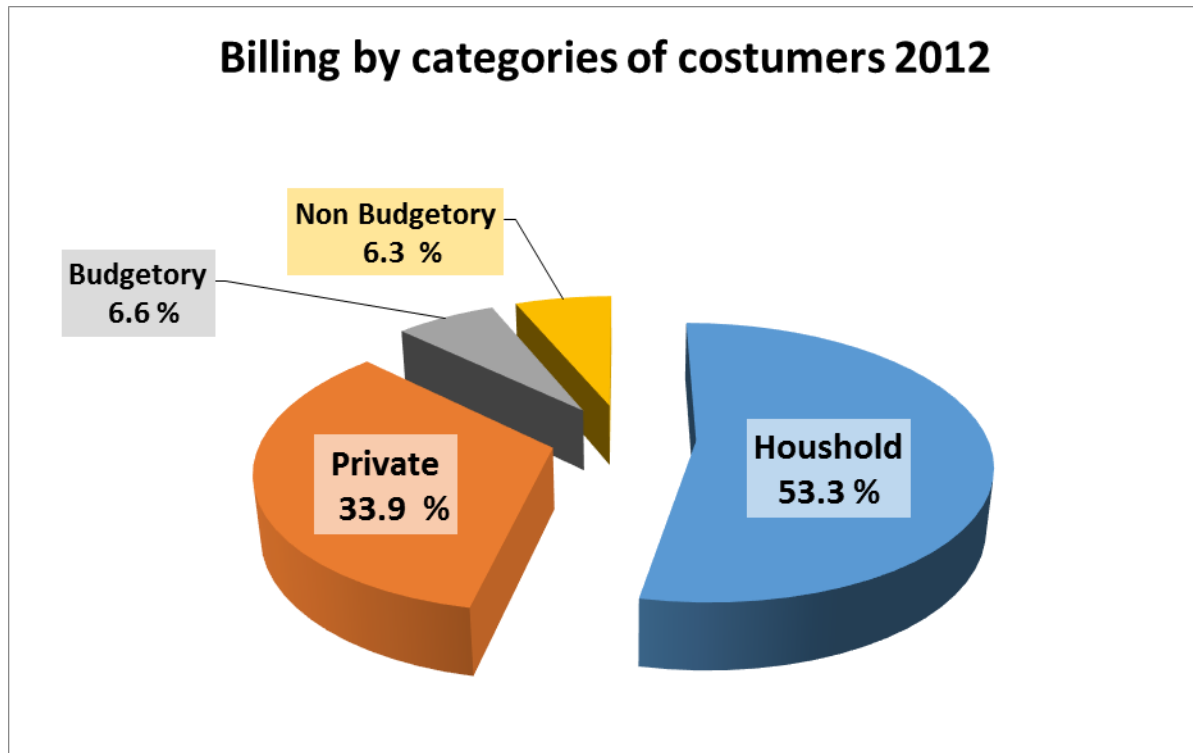


Figure 20 Billing by Categories of Costumers 2012

Budgetary and non budgetary customers', most of them water suppliers and water pumps have an important weight in the total amount of energy consumption.

We notice that all the households and most of the small businesses are connected to the LV (low voltage) network and they weight more than 75% compared to other voltage levels.

We should emphasize that, according to the consumption rate, very significative is the fact that about 75.4% of all households fall to the category of the first consumption scale (up to 300 kWh/month), which is 5% more than in 2011.

4.2.2 Electric Power Consumption Profile

The electric power consumption schedule directly affects the load profile or the electric power consumption profile. Differentiating a maximum load day profile, the peak hours in a minimum load day profile are registered between 19:00 and 22:00, which deals with intensifying the household activity in these hours during the summer season.

Going through the annual load profile we notice full symmetry of the winter – summer consumption. During the warm season (April – September) there is an almost constant energy consumption, while in the three preceding or following months there’s a symmetrical load increase that can be explained through the cooling/heating of the climate and so using electric power to cooling/heating.

As mentioned in the previous year reports, the same issues arise regarding the obstacles of using the electric power for heating purposes. Every temperature change is immediately reflected in the daily electric power consumption, depending on the usage or non usage of electric power house heating needs.

During the summer time, July and August, a new load peak is composed, which is becoming more evident from year to year and it is related to the ever broad usage of the air conditioners and purifiers.

4.3 Energy Import

Based on the Albanian Market Model, the energy needed for the general public in Albania is imported by WPS (part of KESH sh.a), ÇEZ Shperndarje sh.a and Eligible Suppliers. While WPS imports in order to cover the needs of tariff customers, ÇEZ Shperndarje imports in order to cover losses in the distribution grid, and eligible suppliers import in order to cover the needs of eligible customers.

Table 12 Import of Energy from KESH and CEZ during 2012

	January	February	March	April	May	June	July	August	September	October	November	December	Tot 2012
Import losses from KESH	192,000	46,984	0	23,376	0	0	0	0	0	243,662	224,885	149,939	506,397
Import Losses from OSSH	111,600	278,400	370,037	237,600	166,320	151,200	79,512	186,929	53,194	22,896	0	0	1,657,688

The amount of energy imported from ÇEZ Shperndarje in spot market prices is smaller than the amount of declared losses in the distribution grid.

KESH sh.a has fulfilled its obligation of continuously (no interruptions) supply electric power to tariff customers by importing it or buying it in the spot market.

Figure 21 chart shows the electric power exchange (import-export) balance from 1985 to 2012. As we can notice, up to 1988 (only 1990 is excluded) our country has been a net exporter of energy. As we can notice, in 2012 we've been a net energy importer. The amounts used show all the inflows or outflows from all the Albanian market players.

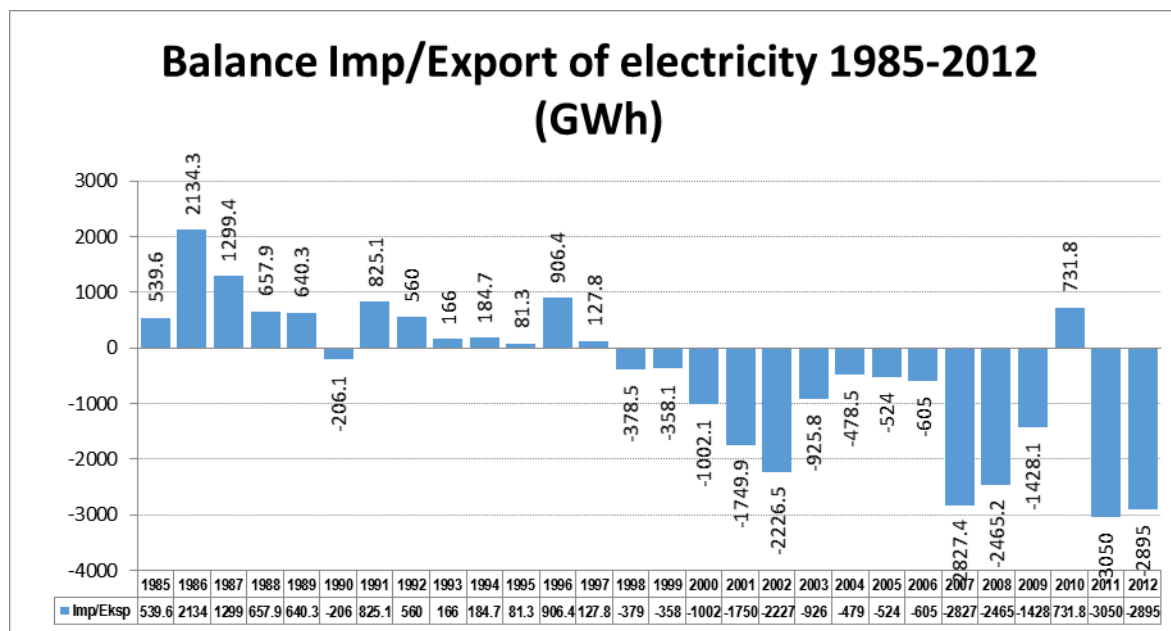


Figure 21 Balance Imp/Export of electricity 1985-2012

The following table (13) shows the energy exchange balance for 2012.

Table 13 Imp/Export Balanca during 2012

	January	February	March	April	May	June	July	August	September	October	November	December	2012
Import from Interconnection lines	365,095	353,615	390,482	287,220	205,195	104,486	172,186	271,497	174,055	315,071	321,620	269,620	3,230,144
Export from Interconnection lines	10,290	19,908	5,535	5,148	58,627	99,862	20,376	13,495	30,984	9,296	10,305	51,708	335,535
Import / Export Balance	354,805	333,707	384,947	282,072	146,568	4,624	151,810	258,002	143,071	305,775	311,315	217,912	2,894,609

(Source CEZ Distribution)

Chart 22 graphically shows the generation, import and consumption trend from 2002 to 2012 (energy imported from eligible suppliers is not accounted for).

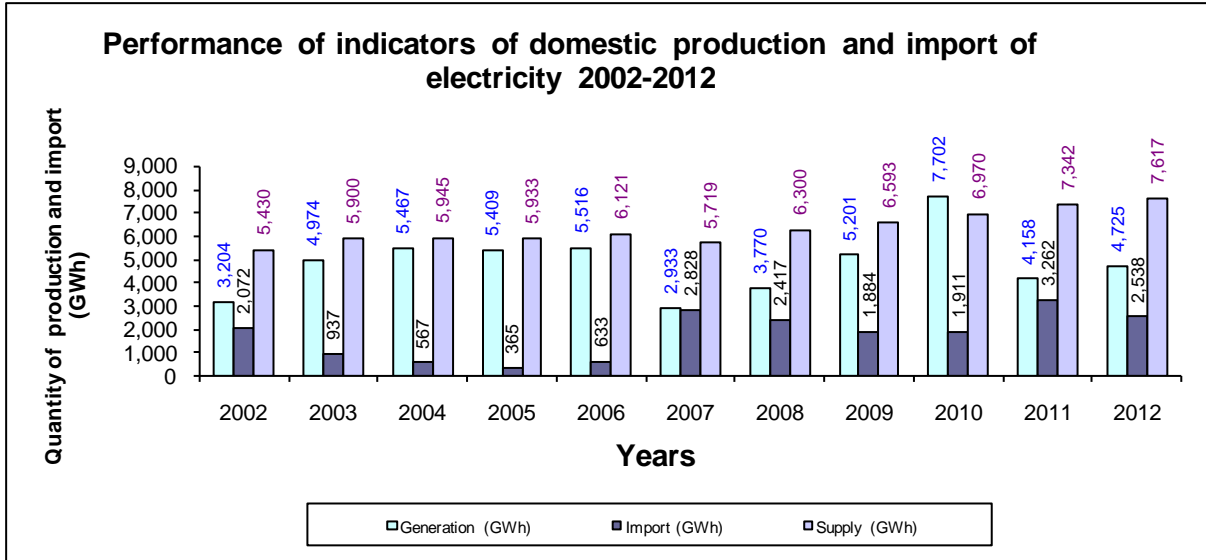


Figure 22 Performance of Indicators of Domestic Production and Import of Electricity 2002-2012

Chart 23 graphically shows the imported energy trend from 2002 to 2012.

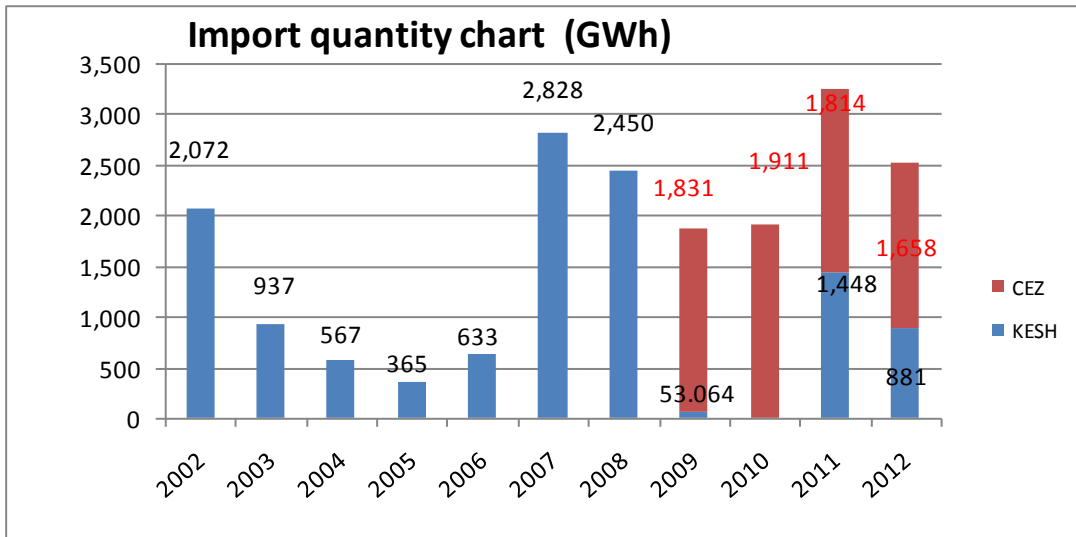


Figure 23 Import Quantity Chart

(Source KESH,CEZ)

By observing the imported energy balance, we can obviously say that electric power is a very expensive commodity that should be efficiently used.

4.4 Energy Exchange Efficiency

Energy exchange efficiency during 2012 has not been in the same levels as it has previously been, always referring to energy consumption efficiency level determinant factors as follows:

- The high level of losses in the distribution network. The level of total losses (non technical and technical losses) is unacceptable, that derives from the low rates of energy invoices to total consumption.
- Low collection rates.

Chart 24 shows the level the collection, losses and effectiveness rate from 2009 to 2012. With “effectiveness” we mean the final balance of efficiency in the electric power market that accounts for the total effect of losses and collection rates.

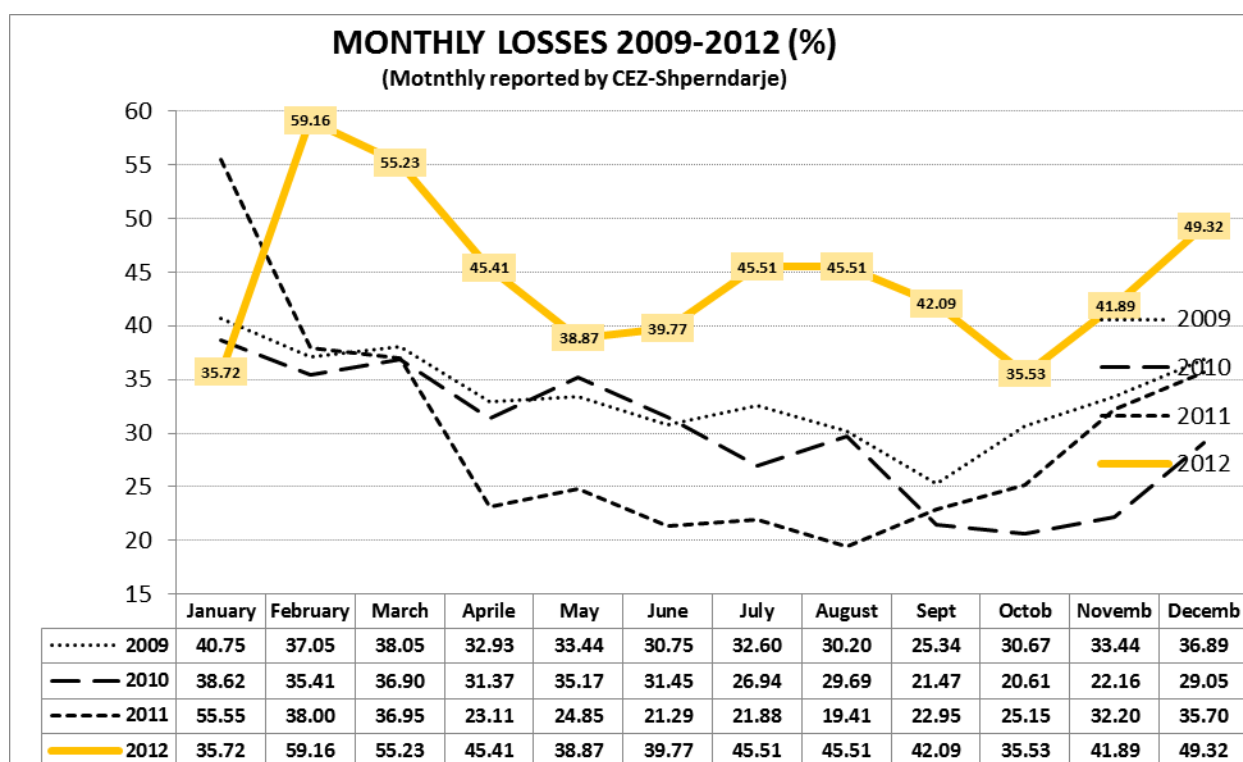


Figure 24 Monthly Losses 2009-2012

(Source CEZ Distribution)

Total losses as reported from the DSO from 2012 are 44.96%.

- Based on “Electric Power Sector Law” and the monitoring reports regarding energy balance for 2012, as reported from DSO, ERE finds it reasonable to adjust this reporting as follows: The invoices shown as “economic damage” which account for 28.184 GWh are voided.
- The invoices shown as “unbilled energy (UBE)” which account for 44.967 GWh are voided. (see final chart).
- The “UBE accruals” invoices which accounts for 23.965 GWh are voided.

The amount of losses as calculated by ERE account for 46.38% of total energy delivered in the distribution grid.

Table 14 shows the detailed adjustments of the DSO sales for 2012. These adjustments affect the accuracy of the final energy balance report (energy sold to energy lost rate) in the distribution system. The final reconciliation agreement between three main power system operators will accurately define the bilateral obligations for 2012.

Table 14 Billed Collection during year 2012

Billed-Collection during year 2012							
Year 2012	Credited	Billed 2012	Collection 2012	Collection for 2007-2011	Total Collections	Creditable during 2012	Change of credit notes 2012
	53,198,176						
		2	5	7	6=5+7	9=(2-5)	10=(2-5-7)
January	54,392,315	4,413,990	30,696	3,189,155	3,219,851	4,383,294	1,194,139
February	55,438,182	4,542,900	2,262,724	1,234,309	3,497,033	2,280,176	1,045,867
March	56,879,835	5,009,370	2,943,413	624,304	3,567,717	2,065,957	1,441,653
April	56,650,264	3,678,666	3,232,500	675,736	3,908,236	446,166	229,570
May	56,873,983	3,709,034	2,902,575	582,741	3,485,316	806,459	223,718
June	57,282,543	3,504,432	2,490,365	605,507	3,095,872	1,014,067	408,560
July	57,515,486	3,441,699	2,879,612	329,145	3,208,757	562,088	232,943
August	57,898,300	3,924,260	2,964,006	577,439	3,541,445	960,254	382,814
September	58,643,197	3,647,453	2,687,548	215,008	2,902,556	959,905	744,897
October	58,982,213	3,915,118	3,194,668	381,433	3,576,101	720,449	339,016
November	60,120,768	3,982,021	2,571,666	271,800	2,843,466	1,410,355	1,138,555
December	61,353,007	4,336,883	2,795,362	309,282	3,104,644	1,541,521	1,232,239
Total		48,105,825	30,955,135	8,995,859	39,950,994	17,150,690	8,154,830



Figure 25 Annual Losses in DSO 2007-2012

The collection rate as reported by ÇEZ Shperndarje for 2012 is 83% of the energy invoiced. This amount also includes the accruals of 2007 – 2011 periods in the amount of 8.996 billion ALL.

The collection rate for 2012 for current invoices, is reported 64.3% by ÇEZ Shperndarje.

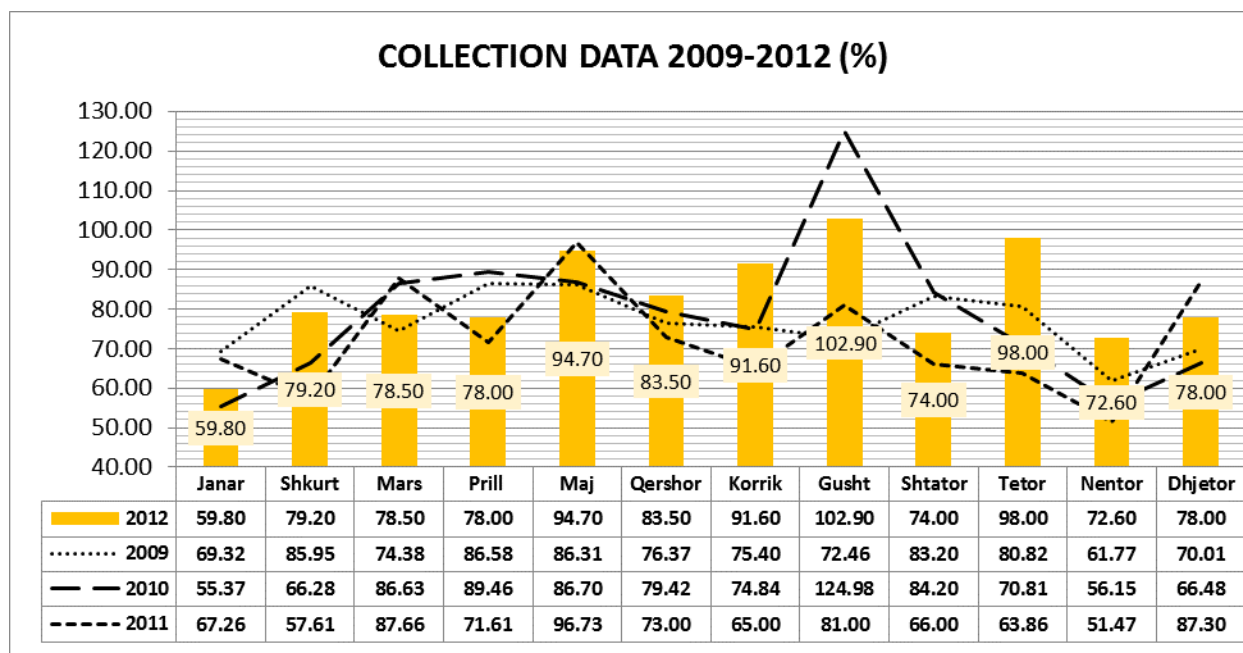


Figure 26 Collection Data 2009-2012

Table 15 Energy Sold during 2012

Energy sold during 2012																
Total in MWh																
ENERGJI E SHITUR		January	February	March	April	May	June	July	August	September	October	November	December	TOTAL 2012		
Activ Energy Billed (Bruto)	A	372,987	364,470	358,658	317,935	302,224	299,373	316,841	320,380	315,677	303,063	302,517	332,248	3,906,374		
Impakti neto i onullimeve (vleresim)	B=C+D+E	(7,361)	(3,277)	25,706	(19,280)	(1,400)	(3,845)	(22,900)	8,869	(6,692)	3,651	4,478	1,113	(20,940)		
Cancelled Bills	C	7,343	937	10,275	2,225	1,989	11,159	5,729	1,724	1,624	7,821	6,594	3,443	60,864		
Corrections bills (credit note)	D	(30,359)	(14,832)	(24,664)	(38,506)	(24,918)	(28,511)	(46,628)	(29,098)	(16,599)	(11,931)	(7,525)	(9,447)	(283,017)		
Correction bills (normal)	E	15,654	10,617	40,095	17,001	21,529	13,507	17,998	36,242	8,282	7,762	5,409	7,116	201,213		
Energji e faturuar neto (struktura e shitjes)	F=A+B	365,626	361,193	384,364	298,655	300,824	295,528	293,941	329,249	308,984	306,714	306,995	333,361	3,885,434		
Impact neto from UBE	G=H+I	121,644	(79,654)	(22,489)	(7,920)	(929)	(6,713)	12,145	383	(30,722)	19,317	8,604	31,302	44,967		
Unbilled Energy (UBE) current month	H	283,049	203,395	180,906	172,987	172,058	165,345	177,490	177,872	147,150	166,467	175,071	206,373	2,228,163		
Unbilled Energy (UBE) last month	I	(161,405)	(283,049)	(203,395)	(180,906)	(172,987)	(172,058)	(165,345)	(177,490)	(177,872)	(147,150)	(166,467)	(175,071)	(2,183,196)		
Impakti neto (Accruals/Reversals)	J=K+L	(18,405)	(2,672)	(107,745)	(961)	(9,038)	4,176	(14,561)	(36,113)	(6,605)	(13,542)	3,018	15,136	(187,311)		
Unbilled Energy (UBE) (Accruals)	K	8,600	5,317	5,556	8,996	5,632	22,949	8,487	1,578	4,269	1,732	6,130	21,113	100,359		
(Reversals)	L	(27,005)	(7,989)	(113,301)	(9,957)	(14,671)	(18,773)	(23,048)	(37,692)	(10,873)	(15,273)	(3,112)	(5,977)	(287,670)		
Billed economic damage	M	3,055	(1,111)	13,155	3,867	4,935	1,978	1,049	1,024	233	-	-	-	28,184		
TOTAL ENERGY (Sold)	N=F+G+J+M	471,920	277,756	267,286	293,642	295,791	294,969	292,573	294,542	271,891	312,489	318,617	379,799	3,771,274		
														Energy sold accepted by Ere	(44,967)	
															Energy sold accepted by Ere	(28,184)
															Energy sold accepted by Ere	(100,359)
															Energy sold accepted by Ere	3,597,764

The annual effectiveness coefficient for DSO (which accounts for the annual level of losses and collection rate) results even worse than the previous year.

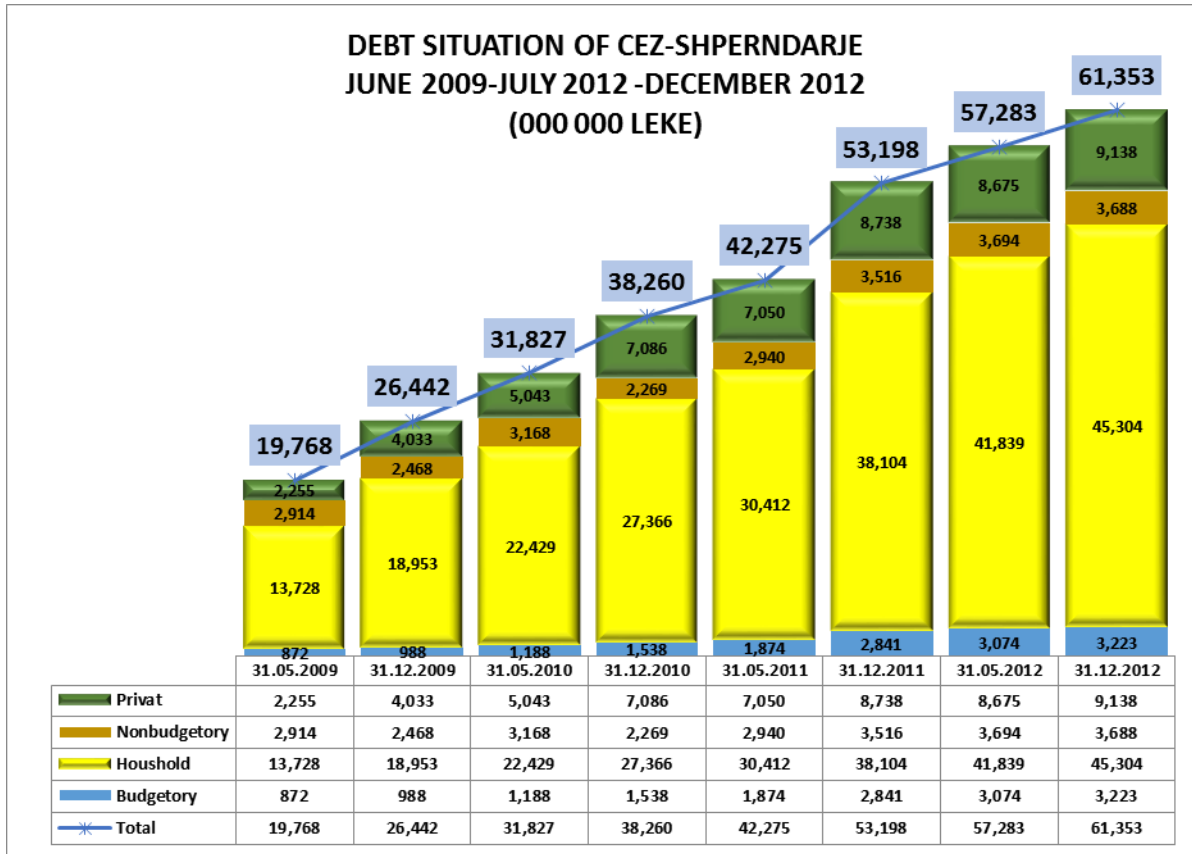


Figure 27 Dept Situation of ÇEZ-Shperndarje

For 2012, the reported level of losses is 44.96% as reported by ÇEZ Shperndarje and 46.38% as reported by ERE, which leads to the conclusion that ÇEZ Shperndarje not only has failed to reach the loss level target of 23.92% but their performance have deteriorated.

The level of losses in the transmission grid are 169.4 GWh or 2.21% so far.

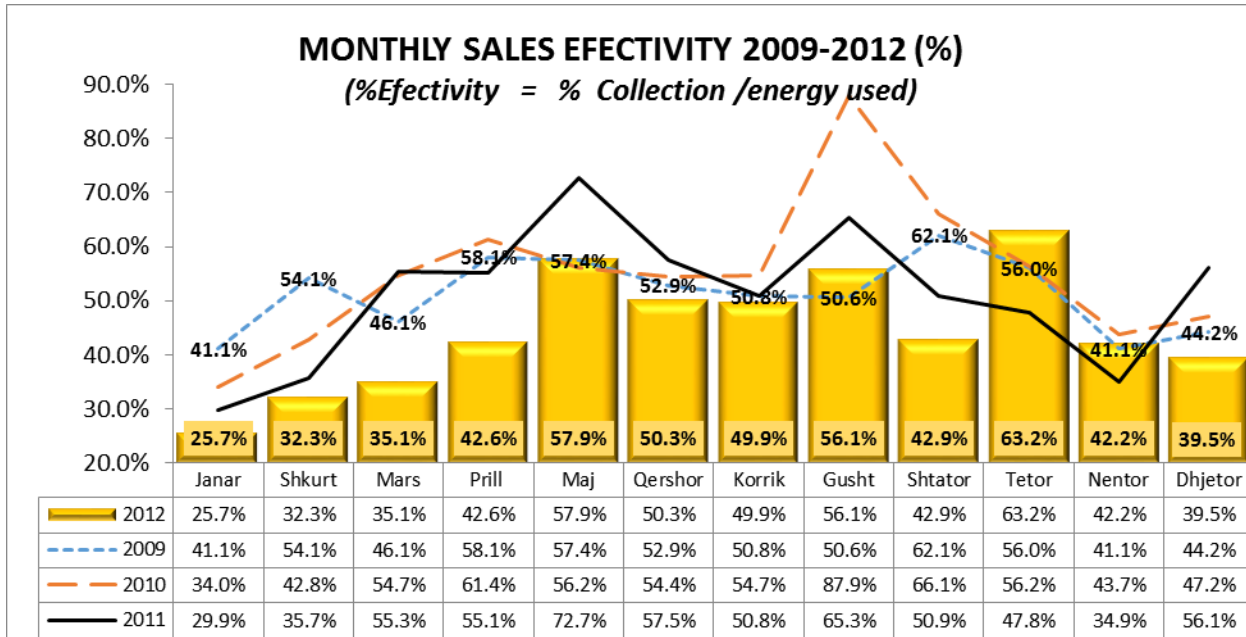


Figure 28 Monthly Sales Effectivity 2009-2012

(Source CEZ-Shperndarje)

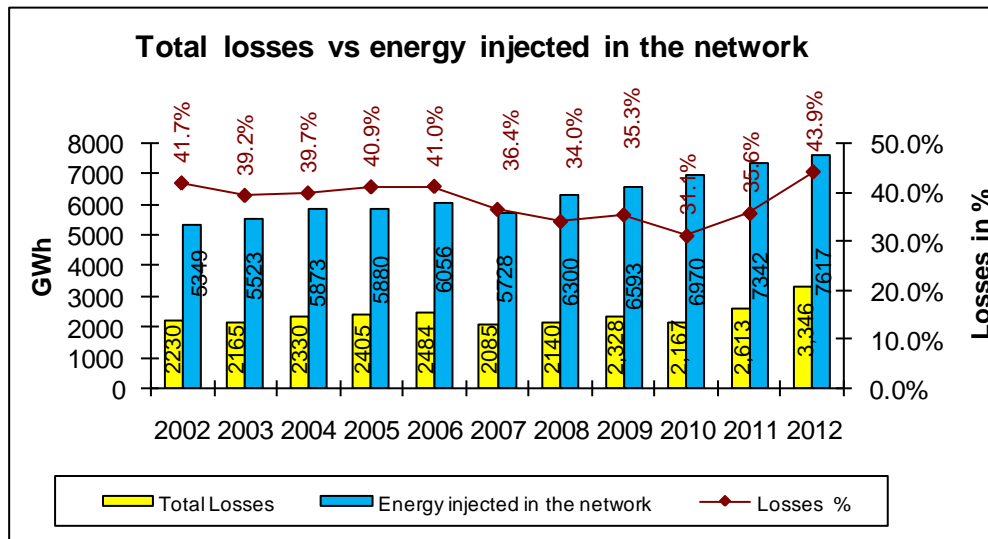


Figure 29 Total Losses vs Energy Enjected in the Network

(Source ERE)

Chart 29 shows the total losses trend that also includes transmission losses, from 2002 to 2012, while in chart 30 we see the billing – collection rate trend during the same period.

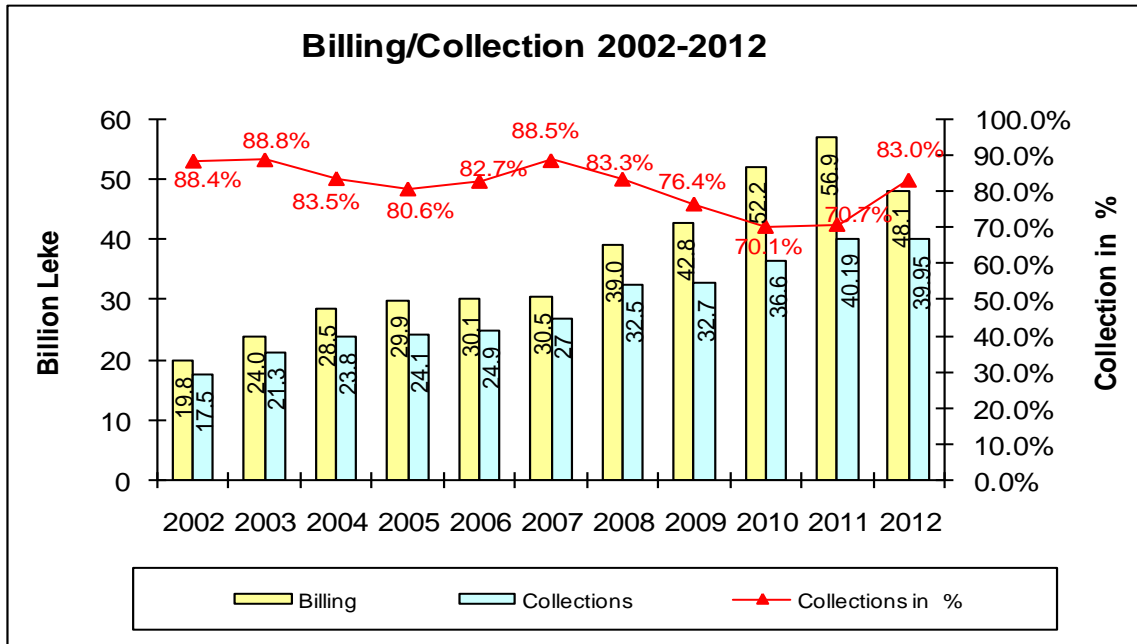


Figure 30 Billing/Collection 2002-2012

(Source CEZ-Shperndarje)

PART II

Chapter I

Regulation of Natural Gas Sector

1. ERE's Priorities in Natural Gas Sector during 2012

During 2012 ERE have had serious and intensive engagements regarding developments in the natural gas sector. They have mainly been related to the TAP project, licensing of Albpetrol sh.a, efforts for developing the gas market in our country as well as the cooperation with the Energy Community and beyond as later treated into details.

1.1 TAP (Trans Adriatic Pipeline)

1.1.1 Some of the main developments of TAP during 2012

On February 21,2012 Shah Deniz 2 Consortium chose TAP compared to IGI (Greece – Italy interconnector) for transporting Shah Deniz 2 gas from the Caspian Sea towards Europe through the southern alternative.

The competition continued with the Central Europe alternative through NABUCCO WEST and SEEP (South East European Pipeline) project that was a last minute proposal from BP. On June 28, 2012, Shah Deniz 2 Consortium chose NABUCCO WEST. The latter now competes with TAP. Shah Deniz 2 Consortium has declared that the second phase of the competition between TAP and NABUCCO WEST will be finalized by the end of June 2013.



Figure 31 Shah Deniz 2 Consortium project during 2012

On June 15, 2012 TAP AG commenced the implementation of the market test according to the decision of Albanian (ERE), Greek (RAE) and Italian (AEEG) regulators.

On June 27, 2012 Turkey and Azerbaijan signed the agreement for TANAP (Trans Anadolian Pipeline) dedicated project, which will connect the existing actual system of Azerbaijan with the competition winner pipeline (TAP or NABUCO). TAP welcomed this decision and it is evaluating the direct connection to TANAP instead of the actual connection to Komotini, Greece located 80 km from the Turkish- Greek border.

On August 9, 2012 TAP AG and Shah Deniz 2 (BP, Socar & Total) signed an agreement that they can invest up to 50% of the TAP total cost if they will win the competition. Such an agreement exists between Shah Deniz 2 and NAPUCO WEST, TAP competitor.

On September 28, 2012, in New York the Albanian, Italian and Greek Foreign Ministers signed the Memorandum of understanding regarding TAP project.

On December 19, 2012 TAP AG started the negotiations with the Greek Government for the Host Government Agreement. The analog agreement between TAP AG and the Albanian Government was in its final stage by the end of 2012 and, on January 18, 2013 there was a page to page preliminary signing of the document.

On December 24, 2012 the Albanian Government granted the “Project of National Importance” status to TAP project.

During 2012 TAP AG has carried out several other preliminary aspects such as environmental and social studies in Albania, Greece and Italy, evaluating the sea floor in Albanian and Italian coastal areas as well as in the deep sea areas of Adriatic along the pipeline track.

On December 7, 2012 the South Stream project, supported by GAZPROM and the Russian Government declared that they commenced implementing the project. The South Stream project, 2,300 km in length, with 63 BCM capacity aims to transport gas from the Black Sea region to Central Europe. It is the main competitor of NABUCO and it has been in the center of so many geopolitical and economic analyses.

On December 12, 2012 the minority staff of the USA Congress, handled the “Energy and Security from Caspian Region to Europe¹” report to the Foreign Relations Committee of the US Senate. This report geopolitically and economically analyses the competitors projects, NABUCO, TAP and further on by giving their respective recommendations.

During 2012 there have been different approaches and standings regarding TAP, NABUCO, South Stream, etc. that reflect the really hard competition between these projects and their multidimensional importance.

1.1.2 Observing TAP AG application in close Cooperation with Albanian (ERE), Greek (RAE) and Italian (AEEG) Regulators.

Trans Adriatic Pipeline Project (TAP) is proposed from AXPO (ex EGL) Statoil and EON with respectively 45%, 45% and 10% of shares owned by them. In order to implement the project, all TAP three shareholders has established TAP AG. TAP pipeline starts in Komotini, 80 km from the Greek – Turkish border, going through Greece, Albania and it ends near the Italian coastal area near Lecce. Two out of the three countries involved are EU members (Greece & Italy), while Albania is an Energy Community contracting party.

On 01.09.2011, TAP AG filed with ERE the request for exemption from third party access obligation in the transmission system in compliance with Article 40 of the Law no.

¹ <http://www.gpo.gov/fdsys/>

9946, date 30.06.2008 “On natural gas sector”. The Albanian Law “On natural gas sector” is subject of Directive 2003/55/EC, also known as the Second Legislative Package”.

On August 31, 2011 TAP AG has presented the same application to the Greek (RAE) and Italian Energy Regulator (AEEG). For both EU member countries, the application is based on Directive 2009/73/EC and (EC) 715/2009 Regulation also known as the third Legislative Package”.

As presented by TAP AG, the project aims to transport Shah Deniz 2 gas from the connection node to the Greek system (Komotini) or TANAP through Albania and Greece towards Italian and Western European gas market.

Going through TAP AG application leads to three main challenges:

Real cooperation between regulators while processing TAP AG application.

Although some small changes have been made, the second and third EU² legislative package requires that processing of the applications for exemptions should go through the regulatory bodies of the countries where the pipeline goes through.

As shown in ERE 2011 Annual Report, although TAP application was handled on September 1, 2011 little or no progress was made towards cooperating with other regulators during 2011 because of the lack of a Cooperation Agreement as required by the Italian legislation, that was signed in New York on September 28, 2012 from Albanian, Greek and Italian Foreign Ministers.

Despite the above mentioned, once TAP became the winning project of southern alternative, compared to IGI, all three regulators started an intensive cooperation for processing TAP AG application.

The first challenge was the different legal framework for processing the application. While Greece and Italy as EU member countries are subject of EU Third Legislative Package, Albania is subject to the second one. Although the third package is mainly the same with the second one, it goes into some more details regarding the conditions for the third party access exemption as well as unbundling ownership and operations (system

² Directive 2003/55/EC dhe Directive 2009/73/EC

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operators), in English known as simply “unbundling” . This is a crucial element for developing competition.

Considering the fact that the main scope of Energy Community Treaty is to prepare the regional energy sector for the EU energy market integration by adopting and implementing “acqui communautaire” in the energy sector as well as the Energy Community Council of Ministers Decision of October 6, 2011 in Chisinau, Moldova, according to which, commencing January 1, 2015, the Third Energy Package will be obligatory for all the Energy Community Contracting Parties, ERE decided to process TAP AG application in cooperation with Italian (AEEG) and Greek (RAE) Regulators based on the third EU Legislative package in the energy sector (2009/73/EC Directive and 715/2009 EC Regulation).

Processing TAP AG application is the first experience of applying the Third EU Legislative Package in the Energy Sector in our country.

Performing the TAP Pipeline transmission capacity evaluation test:

2009/73/EC Directive, Article 36 defines that the exemption decision should be taken after all the interested parties are invited in the expression of interest phase for using the newly to be built infrastructure capacity. All the three regulators are preparing the necessary framework for performing a market test evaluation that consist in the guidelines and the invitation for expression of interest.

ERE Decision Nr. 39 of April 23, 2012 approved “*Guidelines for Managing and Capacity Allocation of TAP Project according to 2009/73/EC Directive, Article 36:First phase: Inviting the interested parties in their expression of interest for capacity reservation*”. The same was done independently by Greek and Italian Energy regulatory Authorities.

It is important to emphasize that, considering the actual state of the gas sector in Albania, this guidelines predict products that TAP will provide in the market evaluation include exit points even in Albania, but, even the products provided 5 year contract except 25 year long contracts, except direct flow (east-west) even indirect flow (west-east). In practical terms, the virtual indirect flow will enable direct communication of the Albanian gas market with the Italian gas market that is one of the more diversified markets in Europe. We should notice that any interested party can express their interest for other exit

points and other products and services no yet included in the package. The right to provide expression of interest lies not only with the businesses but with the financial institutions or Ministries, especially for Albania.

TAP AG in compliance with the approved guidelines prepared the invitation for expression of interest that was approved by all three regulators after it was looked over. By its Decision Nr. 790 of June 15, 2012 ERE approved “*the invitation for expression of interest*” of TAP AG according to the guidelines for TAP capacity allocation and managing process based on 2009/73/EC Directive, Article 36/6”.

In compliance with the guidelines TAP AG made the announcement in international mass media, provided all the information and other facilities to the interested parties.

ERE contributed by giving explanations and support to the parties interested in the Albanian market and to the energy community in order to acquire such a broad and effective participation in the process. The parties from Albania that institutionally expressed their interested in TAP were Albpetrol sh.a and METE. Other commercial companies located outside of Albania also expressed their interest, a fact that shows a very encouraging perspective for the development of this sector in Albania.

Once the expression of interest phase was concluded, TAP AG as well as all three regulators observed the information gathered from the process and based on their data they made the arguments for the amount and the nature of the exemptions that will be granted.

This transmission capacities market evaluation process has been the first of its kind runned on EU level based on the Third Directive.

Harmonization of TAP AG business plan with Greek and Albanian interest to be supplied with gas from TAP.

Based on the market test data as well as the information received from frequent communications between all three regulators and TAP AG, Shah Deniz 2 Consortium, EC DG Energy, ACER, Turkish Regulator etc, all three regulators have composed and improved the exemption draft decision during different phases of the process.

From their part, ERE has also communicated with METE and Competition Authority in order to have their opinions in different phases of the decision making.

The scope of the regulators in composing the decision has been that, except evaluating arguments provided by TAP AG for the exemptions required according to their business plan, to also enable the necessary ground for supplying gas to countries that does not have it yet, like Albania. That will contribute to further development of the actual markets like Italy, Greece and beyond in the Energy Community according to the EU Legislation for natural gas.

All the three regulators continue their efforts to finalize the required exemptions within February 2013. This decision will then be sent to the EC which can provide other comments and proposals until it reaches a final form.

1.1.3 ERE Cooperation with the negotiating Committee of the host Government agreement between TAP AG and the Albanian Government for TAP project.

By giving its assistance ERE has contributed to several regulatory aspects to enable the compliance of HGA with EU directives and regulation in the natural gas sector, as well as to ensure that transmitting TAP pipeline gas through Albania provides gasification of the country in the most reasonable bases. ERE has also contributed to the MOA between METE and TAP AG shareholders, EON and AXPO for future supply of natural gas in Albania.

1.2 Licensing Albpetrol sh.a as TSO and DSO

Albpetrol sh.a inherits more than 400 km of pipeline, partly designed for relatively high pressure for transmission purposes and partly for low pressure for distribution purposes in order to supply gas to end tariff customers. Actually, almost all the pipelines are in bad technical shape. Actually there are very low levels of natural gas production in Albania. Considering new developments regarding building TAP pipeline, or any possible gas source discovery on the ongoing search process in our country and the necessity to

make preliminary preparations, on Albpetrol sh.a request, they were licensed by ERE as the first gas transmission and distribution system operator (G-TSO & G – DSO) in Albania.

The Albanian gas sector law allows the existence of more than a G-TSO and G-DSO, according to the respective areas. Being the first licenses issued for such activities, ERE prepared them based on the accumulated knowledge and experience gained by electric power sector as well as USAID and Energy Community Secretariat consultancy. The Licenses include all the terms and conditions that ensure the best possible service for end tariff customers and the obligation to make investments in order to maintain and further develop their respective systems, while offering the necessary warranties to the company for smooth running of their business. Issuing those licenses is only the beginning of the process of completing natural gas sector regulatory framework. Albpetrol sh.a should very soon be able to prepare several codes complying to the now prepared market models by ENTSO – G³ and ACER⁴ and other respective EU agencies.

1.3 Contributions regarding Natural Gas Development in Albania.

Besides their primary task of regulatory aspects of natural gas sector ERE has been actively engaged in all the discussions regarding the expected developments of the natural gas sector in our country.

Initiating and cooperating for the natural gas sector law amendments in order to eliminate obstacles for the natural gas sector development.

While processing TAP AG exemption application and Albpetrol sh.a license , ERE identified the need for improvements in “Natural Gas Sector Law” Nr. 9446 of June 30, 2008, interpretation of which might lead to some obstacles in the sector development. As a result, besides sharing this inconvenience with METE, ERE contributed in finding an acceptable proposal in compliance to EU directives.

³ ENTSO-G; European Network of Transmission System Operators for Gas

⁴ ACER; Agency for the Cooperation of Energy Regulators

Participating and contributing in different studies in for the natural gas sector in several activities in Albania.

ERE has closely monitored and contributed to all the developments in the natural gas sector in the country. Some of the activities where ERE has actively participated are:

- “Gas to Power” Workshop organized by the Energy Community Secretariat on June 8, 2012 in Tirana. ERE presented all the developments and perspectives in the natural gas sector law as well as the importance of gas initiative for electric power generation.
- “Opportunities for Albania Gasification” Symposium, held on November 13, 2012 dedicated to the development of the natural gas sector in Albania where they presented the alternatives for natural gas market development in Albania, an expert view in different aspects of the supply, demand, financing, regulation and other necessary issues.
- November 14, 2012 Workshop organized in Tirana regarding the feasibility of Ionian Adriatic Pipeline (IAP) Project prepared by COWI and IPF financially supported from WBIF⁵. ERE issued some critics and suggestions related to the study.

⁵ WBIF Western Balkan Investment Framework

PART III

Chapter I

Activity of the Albanian Energy Regulator

1. Tariff and Prices of Electricity

1.1 Calculation Update of Tariff and Prices of Electricity for the period 2012-2014

Based on the Law no. 9072 date 22.05.2003 “On Power Sector” as amended, respectively in the articles 26, 27 and 28 as well as the other by-laws pouring from it, ERE exercises its legal authority in setting the tariffs for the regulated activities carried out in the power sector.

One of the main activities of ERE for 2012 was to review the applications for updating electricity tariffs of the licensees in the electric power sector including generation, wholesale public supplier, transmission, distribution and retail public supply to tariff customers.

Based on the full and detailed analysis of the technical, economic and financial indicators, submitted from all the regulated companies including KESH sh.a, Vlora TPP sh.a, TSO sh.a. and CEZ Distribution sh.a. and the three generating companies “Ulëz Shkopet HPP” sh.a., “Bistrica 1 and Bistrica 2 HPP”sh.a., “Lanabregas HPP” based on their request for revenues and through an excessively transparent process, ERE performed the calculations related to their fixed and variable components for electric power regulated market player tariffs for 2012.

The following shows some of the issues observer during 2012 required and reasonable revenue analyzing process, regarding tariff update and evaluating fixed and variable costs for public generation, WPS, transmission, distribution and RPS for end tariff customers, based on the evaluation of the expected technical, economic and financial indicators.

1.1.1 Tariff of Electricity Generation for KESH sh.a.

Processing the 11 month period data for 2012 and the prediction for December 2012, we compared the revenues approved by ERE for 2012 with expected revenues, which is in compliance with tariff setting principles as mentioned in the public generator tariff setting methodology and regulatory statement.

Finalizing the OPEX and CAPEX component update we noticed that recalculated Public Generation Company were 2,360 million ALL compared to 3,957 million ALL as approved by ERE on December 7, 2011. This revenue differences compared to those previously approved for 2012 were because of accurately defining company OPEX and its RAB adjustment for 2012, as the result of company's failure to correctly apply the methodology. This adjustment was also as the result of the lower expected investments of the company for 2012 as well as accurately defining the costs of the loans between WPS and KESH Gen.

Finally, those revenues bring the 2012 tariff to 0.61 ALL/kWh from the approved 1 ALL/kWh while for 2013-2014, reflecting 2012 indicators update and the CAPEX adjustments the tariff will be 1.08 ALL/kWh from the approved 1 ALL/kWh (ERE Board of Commissioner Decision Nr. 144 of December 7, 2011).

1.1.2 Tariff of Wholesale Public Supplier

KESH sh.a., licensed for the wholesale of electricity submitted with the Albanian Energy Regulator the request for the tariff update for the wholesale of electricity for the period 2012 and its consequences to 2013 – 2014 tariff, depending on the energy demand of RPS. The requested tariff varied from 2.9 leke/kWh to 3.42 leke/kWh.

Processing the technical and economic indicators for the 11 month period of 2012 and the prediction for December 2012, we managed to compare the ERE approved revenues for 2012 with their expected level, so complying with tariff setting principles

based on ERE decision Nr. 78 of June 26, 2008, “Approving WPS tariff calculation methodology” as well as the regulatory statement approved by ERE Board of Commissioners Decision Nr. 12 of March 3, 2009.

In updating the 2012 tariff we considered ERE Decision Nr. 87 “WPS tariff update for the 2012-2014 third regulatory period, while accommodating the financial effects of ERE Board of commissioners Decision Nr. 80 of June 15, 2012 on the bad debt approval”.

The above mentioned decision which decided that the 2012 – 2014 WPS tariff goes from 2.83 ALL/kWh to 2.2 ALL/kWh, was based on the prediction of 2012, regarding their actual indicators of power generation, import and export.

From the preliminary processing of expected technical and economic 2012 indicators we have:

- A 2012 revenue level of 8,088 million ALL instead of 11.693 million ALL approved by Decision Nr. 145 of December 7, 2011
- Average expected revenues for 2013-2014 were 8.645 million ALL from 12.334 million ALL approved by ERE

Those required revenues for covering the reasonable and fair costs for a smooth running of power generation and WPS mainly came as the result of:

- Expected 2012 power generation, which was higher than the one approved for tariff purposes for KESH –Gen, SPP-s and 5 HPS recently unbundled from KESH sh.a (Lanabregas, Ules-Shkopet and Bistricea 1 & 2)
- Vlora TPP lack of generation which resulted in their revenue reduction
- The amount of energy in excess of that sold to RPS was considered energy export, as the result of 2012, 2013 energy demand reduction.

Table 16 shows ERE predictions regarding required and expected revenues for 2012-2014.

Table 16 ERE Predictions regarding Required and Expected Revenues for 2012-2014

Item	Approved by ERE for 2011	Review for 2011	2012	2012- adjusted	2013	2014
KESH Generation- GWh	4,046	3748	3,611	3,622	3,605	3,597
KESH Generation Price - Lek/kWh	0.63	0.63	1.03	0.61	0.83	1.34
Total cost of KESH Generation - Lek 000s	2,541	2,361	3,724	2,221	2,983	4,820
Imports of Energy - GWh	-	681	0	0	0	194
Cost of import- leke/kWh	-	8.46	8.02	9.02	8.02	8.06
Total Cost of Imports	-	5761	0	0	0	1,564
Purchases from Small Hydros- GWh	165	127	228	241	270	280
Cost from SPP - leke/kWh	7.10	7.37	8.10	8.58	8.30	8.20
Total Cost of Small Hydros- 000 leke	1,172	936	1,847	2,068	2,241	2,296
Purchases from Vlora-GWh	24	51	72	0	0	0
Cost from Vlora - leke/kWh	16.00	16.00	21.41	0.00		
Total Cost of Vlora - 000 leke	384	816	1,541	0	0	0
Purchases from IPP			200	352	363	363
Cost from IPP - leke/kWh			3.14	2.80	2.80	2.80
Total Cost of IPP - 000 leke		-	628.0	985.6	1,016.4	1,016.4
Total Cost of Energy - 000leke	4,097	9,874	7,740	5,274	6,241	9,702
Personnel Expense	32	32	31	31	31	32
Materials and Maintenance	2	2	2	2	2	2
Furniture	8	8	8	8	9	9
Interest Expense	772	862	848	848	848	848
Fixed Cost Vlora	1,341	1,341	1,409			
Total Revenue Requirement before profit	6,252	12,119	10,038	6,163	7,130	10,594
Profits at 0.5%	27	56	46	26	31	49
Compensation for the recalculating of WPS revenues for 2011			5,200	5,360		
Compensation for the export revenues of 2010 Recalculation/compensation of TEC Vlora revenues			-2,050	-3,461	-487	
			-1,541		-27	
Total Revenue Requirement-000 leke	6,279	12,176	11,693	8,088	6,647	10,642
Energy Sold	4,235	4,597	4,111	3,689	4,164	4,434
WPS Tariff leke/kWh	1.48	2.65	2.84	2.19	1.60	2.40

As above mentioned and considering an 4.299 GWh average annual sale to RPS, the average annual tariff for 2013 – 2014 resulted in 2 ALL/kWh, which was 10% lower than that the one approved by ERE Board of Commissioners Decision Nr. 87 of June 29, 2012.

We should emphasize that the amount of energy sold by SPP-s to WPS is becoming more and more sensitive, as shown in chart 11. The actual revenues for SPP-s for 2012, according to KESH sh.a were 2.591 million ALL from 1,846 million approved for 2012 tariff purposes. This is almost 30% of all the 2012 calculated revenues of WPS, while SPP-s generation is only 8% of energy sold from RPS to ÇEZ Shpwrndarje, for covering end tariff customer needs.

The weighted amount that SPP-s count on power system total revenues has continuously being increased from 1.7% to 6.6% from 2009 to 2012.

Our future challenge will be to find a relevant solution for encouraging RES investments while minimizing their effects for the end tariff customer.

1.1.3 Electric Power Transmission Tariff

TSO, which is licensed as a power transmission operator, applied to ERE for an upward adjustment of the transmission tariff for the third regulatory period 2012-2014, by asking for a 4.6% increase compared to 0.65 ALL/kWh.

For calculating that tariff ERE was based on transmission tariff calculation methodology, as approved by ERE Board of Commissioners Decision Nr. 59 of December 29, 2005 as well as the regulatory statement.

Concluding the preliminary processing of 2012 data, provided by TSO on their tariff adjustment application, ERE predicted an average annual tariff of 0.63 ALL/kWh for 2013, 2014 which results in:

- 2012 annual revenues of 4.626 million ALL from 3,813 million ALL approved by ERE Decision Nr. 145 of December 7, 2011, and, as the result of a higher amount of energy transmitted in the system compared to the approved level, the actual tariff will be 5% lower.

- Expected average annual revenues for 2013-2014 were 4.626 million ALL compared to 4,037 million ALL approved for tariff purposes.

Capacity allocation revenues for all the regulatory period 2012-2014 as well as extra revenues for power transmission will be allocated to the company as a revenue pool.

1.1.4 Distribution Tariff and Retail Supply of Electricity to Tariff Customers for the period 2012-2014

CEZ Distribution Sh.a. performing its functions of the Distribution System Operator and Retail Public Supplier submitted with the ERE the application for the distribution and retail of electricity for tariff customers for the third 2012- 2014. This application also reflected all the updated information for the actual year 2012 and 2013-2014 period, based on the expected numbers of 2012 as well as bad debt recalculation based on ERE Board of Commissioners Decision Nr. 80 of June 15, 2012.

The updated average annual revenues as required by ÇEZ Shperndarje sh.a for the distribution and RPS for 2012-2014, were 54,266 million ALL from 40,760million ALL approved by ERE on December 2011. ÇEZ Shperndarje calculated this tariff without taking into consideration the WPS tariff update (from KESH) and that of power transmission during the same period. The updated average tariff for each year of the third regulatory period 2012-2014 as proposed by the company was: 10.2 ALL/kWh with an 7% increase for 2012 and 13.9 ALL/kWh with an 36.5% increase of the average 2013 – 2014 tariff from the one approved by ERE.

Processing and evaluating required revenues, distribution and RPS tariff for 2012-2014 is based on:

- ERE Board of Commissioners Decision Nr. 79 of June 26, 2008 for “Approving the distribution tariff calculation methodology”
- ERE Board of Commissioners Decision Nr. 80 of June 26, 2008 for “Approving the RPS tariff calculation methodology”
- Regulatory Statement approved by ERE by Nr. 12 of March 3, 2009 Decision.

- ERE Board of Commissioners Decision Nr. 46 of June 14, 2010 for “OSH request on the level of losses for 2008”
- ERE Board of Commissioners Decision Nr. 93 of November 30, 2010 for “Approving the total loss reduction schedule for all the three regulatory periods”
- ERE Board of Commissioners Decision Nr. 37 of April 5, 2012 for “Approving ÇEZ Shperndarje investment plan for the third regulatory period, also processed by the reviewing panel”
- ERE Board of Commissioners Decision Nr. 147 of December 7, 2012 for “Setting the electric power distribution tariff for the third regulatory period”
- ERE Board of Commissioners Decision Nr. 148 of December 7, 2012 for “Setting the RPS tariff for end tariff customers for the third regulatory period”
- ERE Board of Commissioners Decision Nr. 10 of January 25, 2012 for “ÇEZ Shperndarje administrative appeal against ERE Board of Commissioners Decision Nr. 147 of December 7, 2012 for “Setting the electric power distribution tariff for the third regulatory period” and ERE Board of Commissioners Decision Nr. 148 of December 7, 2012 for “Setting the RPS tariff for end tariff customers for the third regulatory period”
- ERE Board of Commissioners Decision Nr. 80 of June 15, 2012 for “Approving the Bad Debt Study”
- ERE Board of Commissioners Decision Nr. 87 of June 29, 2012 for “Reviewing WPS tariff for the third regulatory period while accommodating the financial effects of ERE Board of Commissioners Decision Nr. 80 of June 15, 2012”

ERE evaluations and calculations for 2012-2014 also considered the Reviewing Panel Opinions regarding ÇEZ Shperndarje administrative appeal regarding their decisions nr. 147 and 148 of December 7, 2011 as well as the required revenues calculations and evaluations for their distribution and ERPS service based on the expected 2012 technical and economic indicators.

- **ÇEZ Shperndarje administrative appeal against ERE Board of Commissioners Decision Nr. 147 of December 7, 2012 for “Setting the electric power distribution tariff for the third regulatory period” and ERE Board of Commissioners Decision Nr. 148 of December 7, 2012 for “Setting the RPS tariff for end tariff customers for the third regulatory period**

On December 26, 2011 ÇEZ Shperndarje provided to ERE their administrative appeal against ERE Board of Commissioners Decision Nr. 147 and 148 of December 7, 2011, ÇEZ Shperndarje administrative appeal was processed in compliance of ERE Rules and Regulation, article 16.

While processing the appeal we observed that it only carried ÇEZ Shperndarje objections against ERE calculations regarding the required revenues for distribution and RPS tariff purposes for end tariff customers. We also observed that this appeal carried no documents or facts in addition to the old ones, or those considered by ERE as not completed. Although there were no new arguments ERE proceeded by analyzing all ÇEZ Shperndarje arguments.

While processing with the appeal, ERE assured the reviewing panel created based on the Government Supporting Agreement signed on May 6, 2009 between Ministry of Finances and METE and DSO, they answered their questions regarding the distribution and RPS tariffs.

On its opinion regarding Company administrative appeal, the Reviewing Panel:

- Shared the same opinion with ERE in such important issues as the energy balance and exclusion of economic damage from energy demand calculation.
- They made no declaration regarding the bad debt level as long as it was a court issue
- They did not agree with ÇEZ Shperndarje cost increasing predictions while they recommended ERE not to be very aggressive towards OPEX reduction costs.

Finally, after ERE processed ÇEZ Shperndarje administrative appeal and after Panel review opinion, ERE Board of Commissioners decided to reinforce decisions Nr. 147 of December 7, 2012 for “Setting the electric power distribution tariff for the third regulatory period” and ERE Board of Commissioners Decision Nr. 148 of December 7, 2012 for “Setting the RPS tariff for end tariff customers for the third regulatory period”

- **Calculations regarding required revenue update for 2012**

Processing the technical and economic indicators for the 11 month period of 2012 and the prediction for December 2012, we managed to compare the ERE approved revenues for 2012 with their expected level, so complying with tariff setting principles based RPS tariff calculation methodology” as well as the regulatory statement.

Finalizing the preliminary analysis of OPEX and CAPEX update we noticed that recalculated distribution revenues for 2012 were 20,362 million ALL compared to 22,792 million ALL approved by ERE. These differences in revenue, actually compared to the preapproved revenues for 2012 came as the result of:

- A lower energy demand available to end tariff customers (3,690 GWh from 4,111 GWh), by so reducing the energy demand for tariff purposes, in order to cover losses in the distribution network
- Readjusting WACC as the result of 6 Month EURIBOR rate decrease
- Readjusting asset depreciation evaluation as the result of investment plan realization rate of about 10%, etc...

These revenues enable a distribution tariff of 5.51 ALL/kWh for 2012 or 0.6% lower than the approved one, while for 2013-2014, by reflecting the 2012 update, the average distribution tariff is 4.55 ALL/kWh or 9% lower than the one approved by ERE on December 2011 (5 ALL/kWh).

The recalculated revenues for RPS for 2012 were 6,239 million ALL from 2,167 million ALL approved by ERE on December 7, 2011. This result was mainly reflected in:

- WPS energy purchase cost adjustment for sale to end tariff customers, by affecting FPP margin profit for 2012
- Revenue calculation for covering bad debt, based on ERE Board of Commissioners Decision Nr. 80 of June 15, 2012 “Approving the Bad Debt Study”.
- Recalculating revenues from the actual sales figures as the result of energy demand reduction and its average price actually resulting from the energy sold to tariff customers for 2011 and 2012.

By the end of preliminary analysis, considering required revenues of RPS for 2013 and bad debt compensation as the consequence of ERE Board of Commissioners Decision Nr. 80 of June 15, 2012, the RPS average annual revenues for 2012-2014 were 37,705 million ALL compared to 40,760million ALL approved by ERE for 2012-2014 regulatory period.

1.2 Reinforcing the Existing Tariffs until June 30, 2012

Despite the above mentioned analysis and calculations. The numbers presented on the licensees' applications showed ambiguity that was proved by their final numbers, provided by them for 2012. Some of the main concerns observed while processing the applications are:

1. Ambiguity regarding the expected net electricity generation for 2012 and the 2013 and 2014 predictions by KESH sh.a, ambiguity that was proved by their periodic report numbers for 2012, that enormously differ from the numbers shown on their tariff update scenarios provided to ERE.
2. Avoiding the amount of energy exported during 2012 for KESH sh.a required revenue calculation.
3. Ambiguity and non reconciliation between KESH sh.a and ÇEZ Shperndarje sh.a regarding energy demand for end tariff customers for 2012
4. Failing to use the approved expenses for Vlora TPP for 2010-2012 regarding loan payments, fuel and other operating expenses
5. ÇEZ Shperndarje failure to reach the deadlines for providing extra information to ERE or false reporting of tariff components related to the energy demand, which obstructed the expected indicators accuracy and their inclusion in 2012 tariff update.

The above mentioned issues as well as the fact that, meanwhile ERE had started the license removal procedures for ÇEZ Shperndarje according to the actual legislation, hardened ERE decision making process regarding the tariffs for all the regulated market players.

For that reason, by their Decision Nr. 161 of December 7, 2012 ERE Board of Commissioners reinforced the tariffs approved by ERE Board of Commissioners Decisions nr. 144,146, 147,148, 149, 150, 151, 152, 153, 154 of December 7, 2012 and Decision Nr. 87 of June 29, 2012 “WPS tariff adjustment for the third regulatory period in order to accommodate the financial effects of ERE Board of Commissioners Decision Nr. 80 of June 15, 2012”.

These decisions will be immediately reviewed once technical, economic and financial indicators for 2012 are provided, but no later than June 30, 2012.

Table 17 Retail Electricity Tariffs for Tariff Customers for the period 2012-2014

Retail electricity tariffs for tariff customers for the period 2012-2014

Voltage Level	Customer Categories	Approved tariffs (lek/kWh)	Peak energy prices (lek/kWh)
MEDIUM VOLTAGE	35 KV customers		
	Industry	8.50	9.78
	Commerce & Services	8.50	9.78
	Agriculture	8.50	9.78
	Others	8.50	9.78
	Customers supplied at 20/10/6 kV		
	Industry	9.10	10.47
	Commerce & Services	10.00	11.50
	Wheat industry& bakeries	7.10	8.17
	Agriculture	8.70	10.01
	Others	9.70	11.16
Budgetary	11.50	13.23	
LOW VOLTAGE	Customers supplied at LV		
	Industry	10.50	12.08
	Commerce & Services	12.20	14.03
	Wheat industry& bakeries	7.60	8.74
	Agriculture	10.50	12.08
	Others	12.00	13.80
	Budgetary	14.00	16.10
	Households		
	First Tier up to 300 kWh	7.70	
	Second Tier above 300 kWh	13.50	
	Fixed service tariff for customers with no energy consumption (lek/month)	200.00	
Tariff for electricity consumption in common spaces (condominium) (lek/kWh)	8.00		
Total average tariff	9.53		

Note: The price for reactive power will be 15% of the price for active energy

The following graphs shows the tariff structure according to decisions nr. 144,146, 147,148, 149, 150, 151, 152, 153, 154, date 07.12.2011 and calculations performed in December 2012.

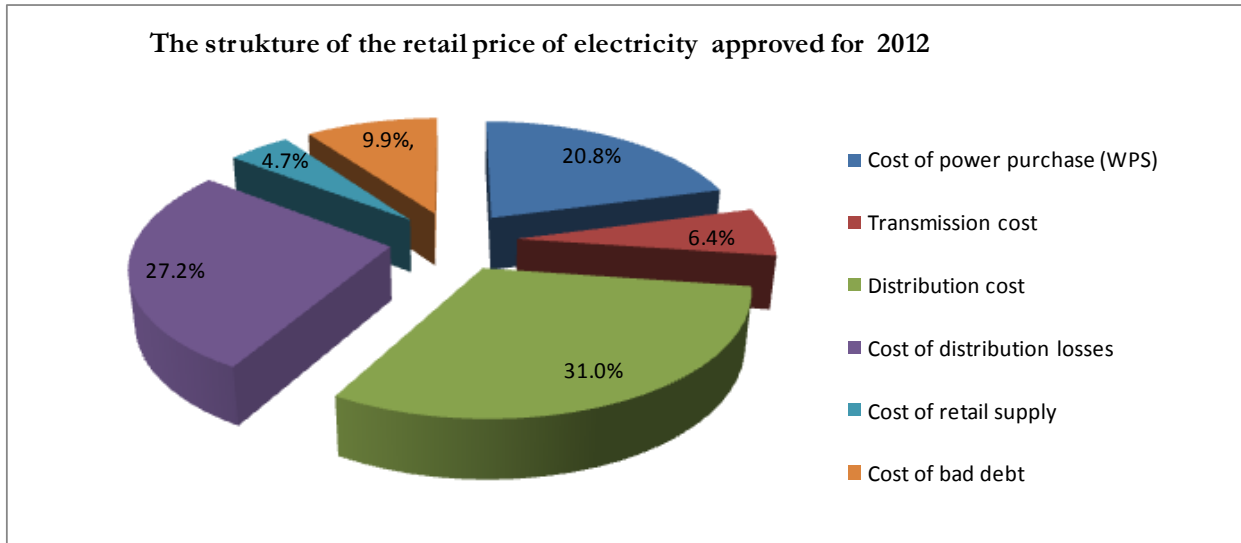


Figure 32 The Structure of the Retail Price if Electricity approved for 2012

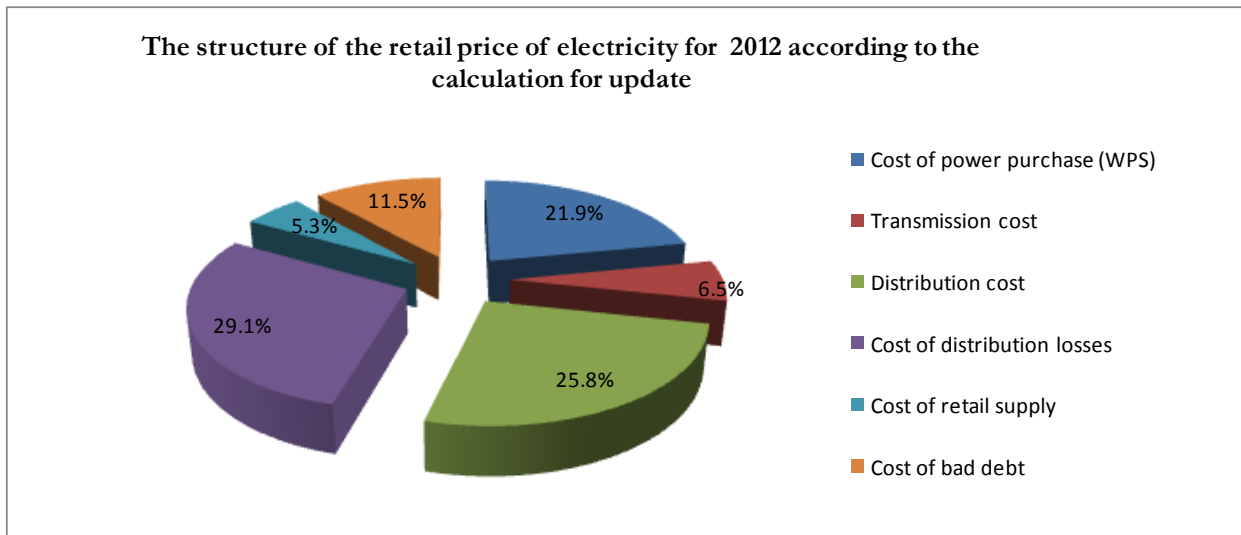


Figure 33 The Structure of the retail Price of Electricity for 2012 according to the Calculation for update

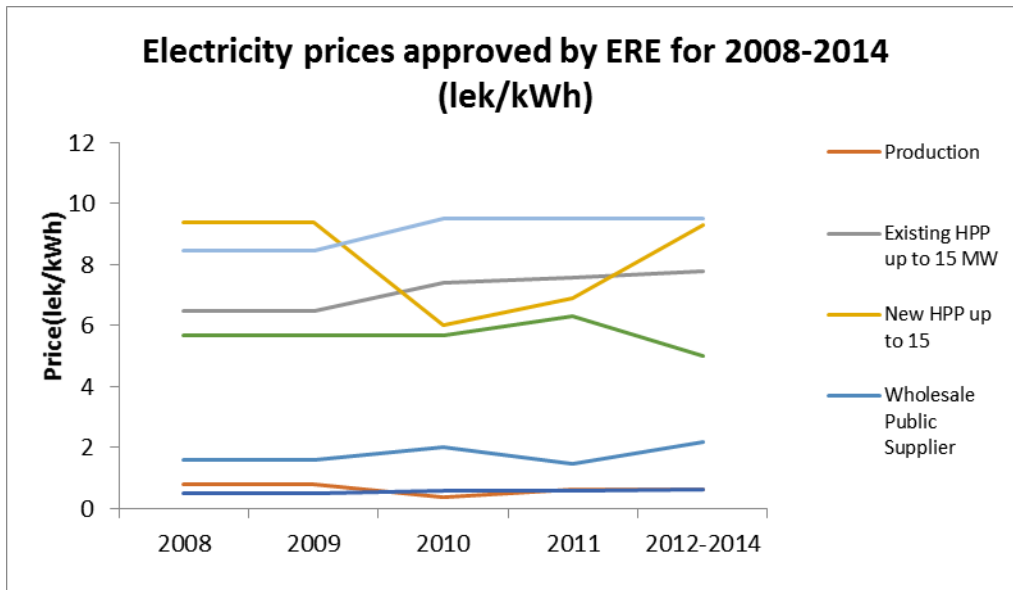


Figure 34 Electricity Prices Approved by ERE for 2008-2014

1.3 Tariff and Prices of Electricity in the Countries of the Region for 2012

The tariff data base of the Energy Regional Regulators Association is the main source of official data for the electricity tariffs for Central, South East Europe and Eurasia countries. It included data for every three months since 2000 up to date for 28 countries (Albania, Bulgaria, Croatia, Estonia, Georgia, Hungary, Moldavia, Poland, Romania, Russia, Turkey, Ukraine, etc.).

In the graph of figure -35- are shown the electricity tariff data (VAT excluded) for non-household customers for all ERRA countries, in ALL/kWh and Euro cent/kWh. The average electricity price for non-household customers in the region is 10.61 Eurocent/KWh.

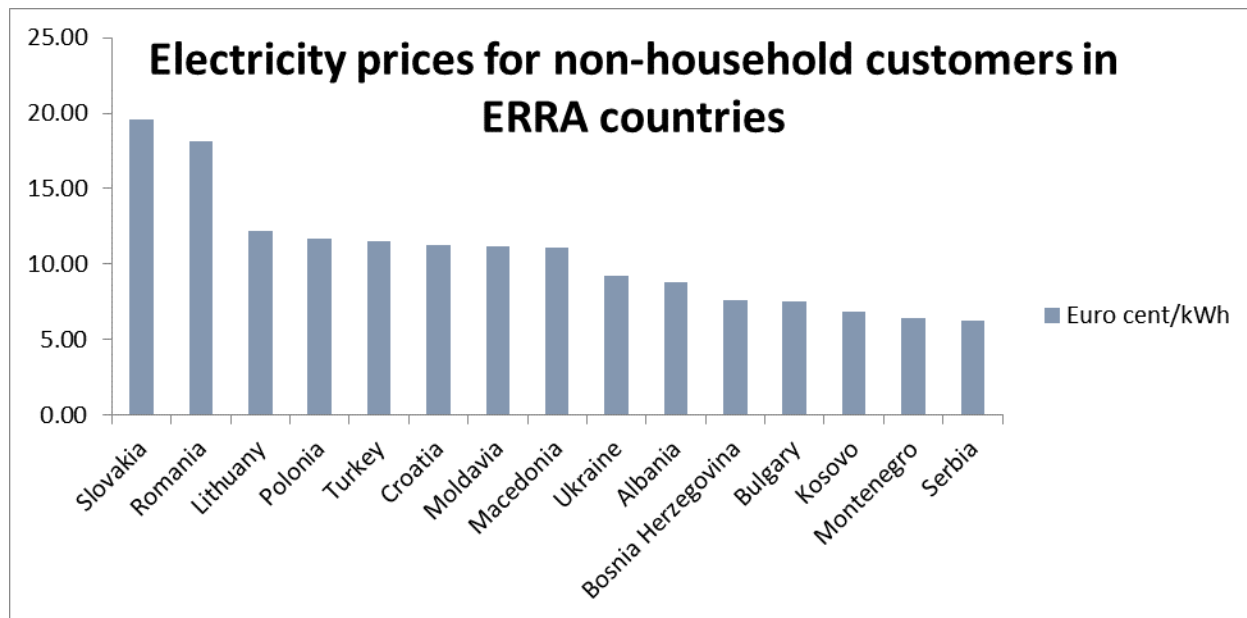


Figure 35 Electricity Prices for non-household Customers in ERRA Countries

Chart 36 shows the electricity prices for household customers for all ERRA countries in ALL/kWh and Eurocent/kWh. The average electricity price for households in the regional is 10.79 Eurocent/kWh.

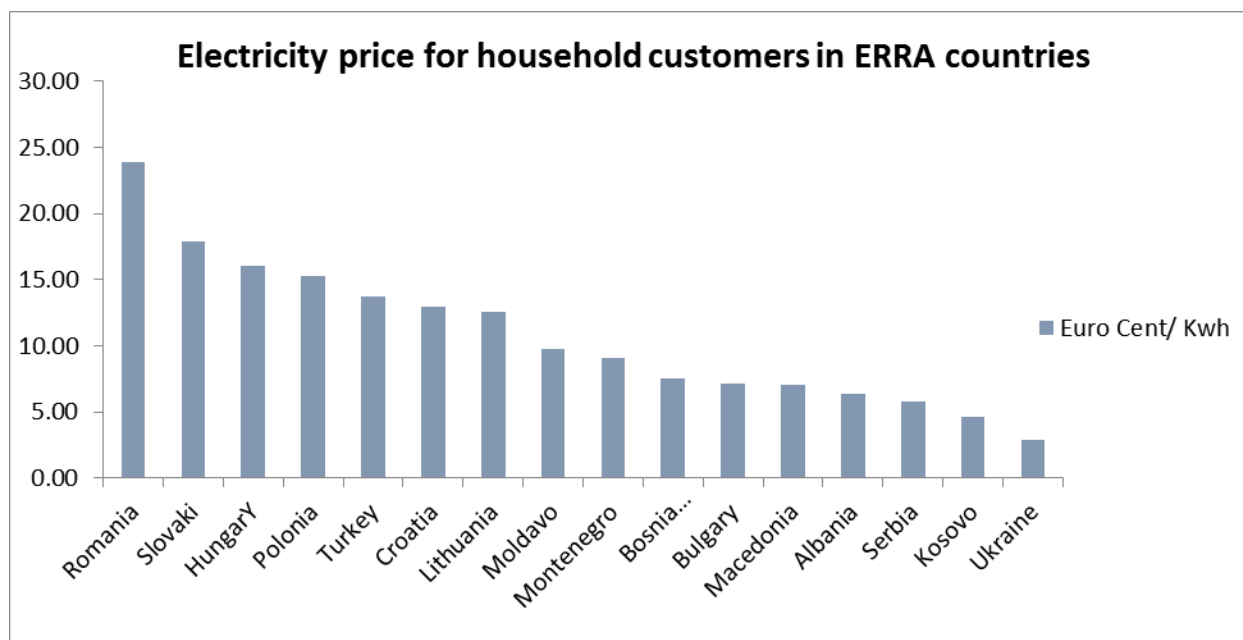


Figure 36 Electricity Price for household Customers in ERA Countries

1.4 Generation Tariff for Ulez-Shkopet, Bistrica 1 & 2 and Lanabregas HPP-s

Ulez-Shkopet, Bistrica 1 & 2 and Lanabregas HPP-s are licensed by ERE Board of Commissioners Decisions, respectively Nr. 132, 136 and 134 of December 6, 2012.

This companies applied to ERE for a generation tariff for 2013 which were carefully processed by ERE based on the tariff public power generation calculation tariff methodology approved by ERE Board of Commissioners Decision Nr. 77 of June 26, 2008.

Based on the fact that the actual generation for 2012 was the same as predicted, we only considered CPI effects in calculating their tariff for 2012-2014 but we did not notice any other costs, while we ignored the asset revaluation process by the company, so we concluded that there will not be any tariff adjustment for these companies, so, the December 2011 tariffs will be reinforced (Ules-Shkopet HPP tariff is 2.72 ALL/kWh; Bistrica 1 & 2 HPP tariff is 2.2 ALL/kWh; Lanabregas HPP tariff is 6.25 ALL/kWh).

Chapter II

Licensing and Monitoring of the Activities in the Electricity Market

1. Licensing and Monitoring of the Activities in the Electricity Market

During 2012, ERE has had a broad activity towards licensing different subjects in the several activities of electric power and natural gas sector.

During 2012 ERE reviewed 60 licensing applications and has finished 49 of those, while 11 other applications are still being reviewed. Processing all the applications for Licensing of the activities in the electricity sector, modification of existing licenses and qualification of plants as renewable energy sources is made in full compliance to the legally enforced procedures and deadlines as defined in the Electric Power Sector law, Natural Gas Sector law and ERE procedures.

Table 18 shows the licensees granted for the activities in the electricity sector for 2012.

Table 18 Licensees granted for the Activities in the Electricity Sector

LICENSED ACTIVITY	No. of APPROVED LICENSES
Electricity Generation	18
Qualified Suppliers	8
Traders	17
Modification of existing license	4
Gas Suppliers	1
Gas Distributions	1
Gas Transmission	1

1.1 Licensing of Electricity Generation for 2012

During 2012 ERE granted 18 licenses (26 HPP-s) for the generation of electricity with an installed total capacity of 75.586 MW, from which:

There have been licensed for the generation activity 20 private companies for 58 electric plants.(HPP's).

Their installed capacity is 216 MW. From these 20 subjects as follows:

- 9 of them with total capacity until 1MW
- 12 of them with total capacity until 5 MW
- 4 of them with total capacity until 10 MW
- 1 of them with total capacity until 15 MW

Three (3) other companies are still in the licensing process (3 HPP-s) for electricity generation with a total installed capacity 4.6 MW.

Table 19 shows the licensees for generation of electricity from concessionary contracts for 2012:

Table 19 Licensees for Generation of Electricity from Concessionary Contracts for 2012

Nr.	SUBJECT	DECISION	HPP AND CAPACITY
1	“Hydro Salillary ” shpk	Decision Nr. 25, date 02.03.2012	Hec –Vertop with capacity 1.52 MW
2	“Peshku Picar ” shpk	Decision Nr. 24, date 02.03.2012	Hec – Picar 1 with capacity 0.2 MW;
3	“Albanian Power ” shpk	Decision Nr. 34, date 05.04.2012	Hec – Martanesh with capacity 10.5 MW;
4	“Hydro Power Plant of Korca ” shpk	Decision Nr.38, date 05.04.2012	Hec – Verba 1 with capacity 2 MW Hec –Verba 2 with capacity 3 MW

5	“Henz Energy” shpk	Decision Nr. 65, date 28.05.2012	Hec –Darsi 1 with capacity 2.24 MW; Hec –Darsi 2 with capacity 7.63 MW Hec –Darsi 3 with capacity 1.06 MW
6	“HydroBorsh” shpk	Decision Nr. 67, date 06.06.2012	Hec – Ftterr with capacity 1.08 MW; Hec – Ftterr 1with capacity 2 MW
7	“Lu & Co Eco Energy 2011” shpk	Decision Nr. 76, date 15.06.2012	Hec Ostren i vogel with capacity 0.320 MW
8	“Snow Energy” shpk	Decision Nr. 12, date 06.02.2012	Hec –Koka 1 with capacity 3.2 MW;
9	“Stravaj Energy” shpk	Decision Nr. 19, date 20.02.2012	Hec – Stravaj with capacity 3.6 MW
10	“Gjo Spa Power” shpk	Decision Nr. 91, date 29.06.2012	Hec –Lapaj with capacity 13.62 MW
12	“Erdat Lura” shpk	Decision Nr. 104, date 20.07.2012	Hec – Lura 1 with capacity 6.54MW Hec – Lura 2 with capacity 4.02MW Hec – Lura 3 with capacity 5.66MW
13	“E.T.H.H” shpk	Decision Nr. 117, date 22.08.2012	Hec –Kozel with capacity 0.5 MW Hec – Helmes1 with capacity 0.8 MW Hec –Helmes 2 with capacity 0.5 MW
14	“Rej Energy” shpk	Decision Nr.120, date 29.08.2012	Hec –Cemerica 1 with capacity 0.88 MW Hec –Cemerica 2 with capacity 0.9

			MW Hec –Cemera 3 with capacity 2.1 MW
15	“ SA-GLE Kompani” shpk	Decision Nr. 123, date 29.08.2012	Hec –Trebisht with capacity 1.775 MW
16	“Caushi Energy” shpk	Decision Nr.122, date 29.08.2012	Hec-Qafezeze with capacity 0.4 MW
18	Energy Xhaci	Decision Nr. 142, date 10.10.2012	Hec –Mollaj with capacity 0.6 MW

1.2 Licensing of Electricity Trade

Regarding energy trading 17 private companies have been, 10 of which for a 30 year period because they have also had a license for electricity generation, while 7 other subjects have been licensed for a 5 year period.

The licensees for the Electricity Trade for 2012 are as follows:

Table 20 Licensees for the Electricity Trade for 2012

Nr.	Subject name	Licensed Activity	Date of License approval
1	“Malido Energy” shpk	Trade	Decision Nr. 5, date 16.01.2012
2.	“ Snow Energy” shpk	Trade	Decision Nr. 13, date 06.02.2012
3.	“ Stravaj Energy” shpk	Trade	Decision Nr. 20, date 20.02.2012
4.	“Hydro Salillary” shpk	Trade	Decision Nr. 26, date 02.03.2012
5.	“Kurum” sha	Trade	Decision Nr. 63, date 10.05.2012
6.	“Albanian Power” shpk	Trade	Decision Nr. 77, date 15.06.2012
7.	“Albpetrol” sha	Trade	Decision Nr. 74, date 15.06.2012
8	“ Bindi” shpk	Trade	Decision Nr. 107, date 20.07.2012
9	“Ashta” shpk	Trade	Decision Nr. 99, date 16.07.2012

10	“Gjo Spa Power” shpk	Trade	Decision Nr. 108, date 20.07.2012
11	“Erdat Lura” shpk	Trade	Decision Nr. 105, date 20.07.2012
12	“Danske Commodities Albania” shpk	Trade	Decision Nr. 125, date 29.08.2012
13	EVN Trading” shpk	Trade	Decision Nr. 124, date 29.08.2012
14	“ Rej Energy” shpk	Trade	Decision Nr. 121, date 29.08.2012
15	“ Seament Albania” shpk	Trade	Decision Nr. 131, date 13.09.2012
16	Wenerg” sha	Trade	Decision Nr. 137 date 08.10.12
17	Henz Energy	Trade	Decision Nr. 96, date 10.07.2012

1.3 Licensing of the Qualified Suppliers

In 2012 there have been 8 subjects licensed as qualified suppliers of electricity with a license valid for 5 years.

The qualified suppliers licensed in 2012 are shown in the following table:

Table 21 The Qualified Suppliers Licensed in 2012

Nr.	Subject name	Licensed Activity	Date of License approval
1	“Hydro Salillary” shpk	Qualified Suppliers	Decision Nr. 41. date 02.05.2012
2.	“Kurum Energy” sha	Qualified Suppliers	Decision Nr. 64, date 10.05.2012
3.	“Albpetrol” shpk	Qualified Suppliers	Decision Nr. 75, date 15.06.2012
4	“Hec Ulez -Shkopet” sha	Qualified Suppliers	Decision Nr. 106, date 20.07.2012
5	“Hec Bistrice 1 dhe 2” sha	Qualified Suppliers	Decision Nr. 110, date 31.07.2012

6	“ Energy Ashta” shpk	Qualified Suppliers	Decision Nr.100, date 16.07.2012
7	“ Ylliad” shpk	Qualified Suppliers	Decision Nr. 92, date 16.07.2012
8	“Seament Albania” shpk	Qualified Suppliers	Decision Nr. 132, date 13.09.2012

There have been 7 HPP-s qualified as RES sources with a total of 25.2 MW of installed capacity, as shown in table 22:

Table 22 HPP-s qualified as RES sources in 2012

Nr.	Subject name	Activity	Decision of the Board of Commissioners	Assets qualified as renewable sources
1	"Hydro Salillary" shpk	Impiant qualify	Decision Nr. 42, date 02.05.2012	Hec -Vertop with capacity 1.52 MW
2.	“Albanian Power” shpk	Impiant qualify	Decision Nr. 78, date 15.06.2012	Hec –Martanesh with capacity 10.5 MW
3.	“Malido Energy” shpk	Impiant qualify	Decision Nr. 4, date 16.01.2012	Hec –Klos with capacity 1.95 Mw
4.	“Lu & Co Eco Energy” shpk	Impiant qualify	Decision Nr. 136, date 08.10.2012	Hec - Ostren i Vogel with capacity 0.320 MW
5.	“Henz Energy “ shpk	Impiant qualify	Decision Nr. 91, date 16.07.2012	Hec –Darsi 1 with capacity 2.24 MW; Hec –Darsi 2 with capacity 7.63 MW Hec –Darsi 3 with capacity 1.06 MW

Is approved by Bord of ERE for 4 subject the modification of licence. This licence are modified due to imcrease of installed capacity.

Table 23 Licence Modification

Subject Name	Impiant	Capacity	
		Was	Is made
“Energo –Sas” shpk	Hec - Sasaj	7 MW	8.6 Mw
“Wenerg” sha	Hec – Dardha 1	4 Mw	5.8 MW
Power Elektrik Sllabinje” shpk	Hec- Sllabinje	9.3MW	13.8 MW
Balkan Green Energy	Hec – Barmash	0.630 MW	0.830 MW

ERE Board of Commissioners have licensed Albpetrol sh.a in the activities of natural gas transmission and distribution.

Table 24 Transmission and Distribution of Gas

Nr.	Subject name	Activity	Date of licence approval
1	Albpetrol	Gas Transmission	Decision Nr. 118, date 22.08.2012
2	Albpetrol	Gas Distribution	Decision Nr. 119, date 22.08.2012

2. Electricity Market Monitoring

In compliance with Law No. 9072, date 22.5.2003 “On Power Sector” as amended, article 8, paragraph 2 letters f) and g) and article 63, ERE has monitored, controlled and inspected the regulated services of the licensees.

2.1 Electricity Market Monitoring Principles

ERE has realized its monitoring process to its licensees through:

- Gathering and processing periodic data
- Processing the results and evaluating performance indicators
- Reporting electricity market participants performance indicators to ERE Board of Commissioners
- Regularly and periodically discussing the issues on ERE Board of Commissioners meetings
- Identifying the issues that should be closely monitored in compliance with contract terms and obligations of the licensees, especially those issues that deal with quality of service to power consumers, building, running and owning the assets for supplying energy to customers, connecting them to the grid, installing and servicing energy meters.
- Defining ERE positions and recommendations regarding issues closely monitored.

Table 25 Monitoring 2012

Period	Subject of Monitoring	Company
09-11/01/2012	Implementation of the condition of the license, contractual relations with Kesh and CEZ Shperndarje, investment performance.	“SpahiGjanc” sh.p.k; “Favina” sh.p.k; “DishnicaEnergy” dhe “Vithkuq”
09-15/01/2012	Monitoring of investments for the year 2011, evidence of the causes of late reports to ERE.	CEZ
1-30/01/2012	Import, export of electricity for the year 2011 and January 2012.	KESH
16/01/2012	Problems with the billing, raised by the administrator of the company.	X.B.P Sh.a
05-30/02/2012	CEZ Shperndarje reports for the application of temporary contracts and clients with consumption 0.	CEZ
16/02/2012	Mode of supply and billing of electricity end users, that are connected to the substation owned by ARMO sh.a.	CEZ
20/02/2012	Verification of cez shperndarje billing in the municipality of Shkodra.	CEZ
22/02/2012	Monitoring the quality of service of power supply in Nikel, Laknas from CEZ Shperndarje.	CEZ
28/02-07/03/2012	Import transactions and exchange of electricity in 2011 and in January 2012	KESH
43-4/04-30/04/2012	Verification of the authenticity of the information sent by CEZ shperndarje to ERE	CEZ
02/05-04/05/2012	Identification of the consumers debt, Shkoder	CEZ
02/05-04/05/2012	Identification of the consumers debt, Korce	CEZ
02/05-04/05/2012	Identification of the consumers debt, Fier	CEZ
10/05-17/05/2-12	Verification of electricity daily records	QendraDispecer, Tirane
25/05-26/05/2012	The issue of power interruptions, Shkoder	CEZ
22/06-29/06/2012	Technical and Economic Financial	KESH

	indicators for 2011 and the realization of the first half of 2012	
22/06-29/06/2012	Technical and Economic Financial indicators for 2011 and the realization of the first half of 2012	OST
27/06/2012	Power supply, Milk Factory, Lushnje	CEZ
19/07/2012	The investigation of violations of CEZ Shperndarje, toward KESH	CEZ
24/08-31/08/2012	Import transactions of electricity for 2011 and the first half of 2012	KESH
12/09-28/09/2012	Investments made during 2011 and the first half of 2012	OST
12/09-28/09/2012	Investments made during 2011 and the first half of 2012	KESH
12/09-28/09/2012	Investments made during 2011 and the first half of 2012	CEZ
02/05-10/05/2012	Monitoring for the billing, collection, handling of complaints in Peshkopi, Kukes dhe Tropoje	CEZ
02/05-10/05/2012	Monitoring for the billing, collection, handling of complaints in Fier, Vlore, Mallakaster	CEZ
03/10/2012	Control of the process of billing for consumers with consumption 0	CEZ
07/11-09/11/2012	Control of CEZ SHperndarje billing system	CEZ
13/11/2012	The issue of collective interruptions in Shkodra, Bushat, Postribe, Peshkopi and Kukes	CEZ
13/11/2012	The issue of collective interruptions in Lezhe, Kolsh, Tirane/Uzina Dinamo	CEZ
13/11/2012	Monitoring of Cash-Flow for the year 2012	CEZ
13/11/2012	Technical-Economic Indicators for 2012, Tec Vlora	TEC VLORA
03/12/2012	Procedures followed by CEZ Shperndarje regarding the reduction of the maximum protection of transformers	CEZ
03/12/2012	The investigation of CEZ Shperndarje information about the companies contracted for debts collection	CEZ

2.2 KESH sh.a. Monitoring

During 2012, ERE has carried out 6 monitoring for export-import (energy exchange) of electricity.

From the monitoring of the energy exchange transactions we have noticed that energy import – export is carried in compliance with:

- Fully supplying end tariff customers of ÇEZ Shperndarje and RPS
- Predicting energy generation on monthly basis
- Predicting small HPP-s energy generation and

the Rules and Procedures for the electricity purchase and sale approved by the ERE Board of Commissioners Decision Nr. 30 of March 23, 2011 and Decision Nr. 1 of January 10, 2011.

Regarding 2012 energy exchange, we noticed that it has been done on contractual basis between KESH sh.a and energy traders. This contracts, in general are in compliance with terms and conditions of the Albanian Market Model, approved by Government Decision Nr. 338 of March 19, 2008 and with Market rules approved by ERE Board of Commissioners Decision Nr. 68 of June 23, 2008.

While monitoring KESH sh.a we've noticed that the above mentioned transactions have not been published to KESH sh.a webpage as the rules define.

While monitoring KESH sh.a investments for 2012 we have noticed that they have been realized in a 45.52% rate. The main reason for that was the company's financial shape which was the result of the situation in the Albanian electric power market (failure of ÇEZ Shperndarje to pay its obligations) and purchasing energy for losses in the distribution grid, and they (KESH sh.a) has never been compensated either with that amount of energy or with the money used to purchase that amount.

On the other side, regarding KESH sh.a energy transactions with SPP-s and IPP-s we have noticed that there is a lack of liquidity from KESH sh.a in its role as WPS, which has bring SPP-s and IPP-s to financial difficulties because of the very limited payments of energy purchased by KESH sh.a.

For that reason, in the last months of 2012, KESH sh.a has been subject of forced payments by litigators, which make it more expensive for them to afford (litigation costs).

2.3 Monitoring of OST Sh.a.

During 2012 ERE has carried out several monitoring to OST sh.a thus complying with the obligations coming from the licensing process, the Market Rules and other actual legal and regulatory framework.

TSO investment plan

ERE has observed the realization of TSO investment plan. From this process we have noticed that about 25.82% of TSO investments have been realized, because their failure to invest in Tirana – Pristina HV line and the Southern Ring. Regarding the realization of TSO investment with their own funds we should keep in mind that this has also been because of the failure of ÇEZ Shperndarje to fulfill its financial obligations to TSO.

TSO has also contracted a litigation office in order to collect that debt.

TSO investments are shown into more details in Chapter I, Article 4.

The Market of Imbalances

Because the imbalances mechanism was first implemented during this year, it was closely monitored by ERE. From the monitoring of imbalances caused from the transactions between eligible suppliers and eligible customers we noticed several problems that came because of the deviation of eligible suppliers from the schedule they have previously declared, and the actual consumption of eligible customers. The existing balancing implementation methodology monitoring results, that dealt with calculating imbalances on monthly basis, and summing negative and positive imbalances, lead to a change of the balancing market rules.

Based on the above mentioned adjustments, regarding hourly data from the TSO metering system, we have calculated the market player's imbalances on hourly basis.

Every 10 days, TSO informs the interested parties for the imbalances, so that they can schedule their respective compensations. These imbalances have been evaluated on monthly basis and they have also been invoiced on monthly bases. KESH sh.a has also been compensated on monthly bases for balancing transmission system.

The supplier notifies the market participants transmission schedule on hourly basis, weekly nomination and daily adjustments. The invoicing of the power transmitted is made on monthly invoices, based on the data from the TSO metering system.

Interconnection Allocation Capacities

During 2012 ERE has monitored the interconnection capacity allocation, which have gone through important changes regarding their exclusive rights, which set the capacity allocation exclusively for KESH sh.a and ÇEZ Shperndarje sh.a, while now they set those exclusive rights in full parity towards market participants, opening the ATC market.

These changes positively affected the ATC available for interconnection allocated on auction bases, increasing the number of market participants that are involved in the ATC interconnection auctions and by increasing the number of transactions in the market.

They have gone through several ATC interconnection auctions and the annual ATC auction, for the period between July 1, 2012 and December 31, 2012.

On the yearly auction organized by TSO for the period between July 1, 2012 and December 31, 2012, several companies, such as EFT, GEN-I, GSA, CEZ Trade, ALPIQ, RUDNAP and YLLIAD have issued their bids.

Table 26 shows the evaluation of the bids presented in the auction.

Table 26 Annual Auction

<i>Summary of annual auction ATC (from 01.07.2012 to 31.12.2012)</i>										
Named	Unit	AL - ME		AL - RS		AL - GR		OST		<i>Total</i>
		import	eksport	import	eksport	import	eksport	import	eksport	
Participants offer	MWh	1,156,992	715,392	468,096	300,288	635,904	750,720	2,260,992	1,766,400	4,027,392
	Euro	3,256,313	72,466	906,648	26,010	211,217	595,806	4,374,178	694,282	5,068,460
	Euro/MWh	2.81	0.10	1.94	0.09	0.33	0.79	1.93	0.39	1.26
Allocated in Auction	MWh	441,600	441,600	110,400	110,400	331,200	331,200	883,200	883,200	1,766,400
	Euro	1,404,288	35,328	345,552	12,144	36,432	178,848	1,786,272	226,320	2,012,592
	Euro/MWh	3.18	0.08	3.13	0.11	0.11	0.54	2.02	0.26	1.14
Participants offer	nr	32	16	26	13	17	23	75	52	127
Win offer	nr	11	9	10	5	9	11	30	25	55

The auction price trend shows market participants preferences for imports towards Albania, with an average price of 1.93 Eur./MWh, while the average price for exports for Albania, was 0.39 Eur. /Mwh.

Monthly auctions:

On monthly auctions organized by TSO, from the 12 market participants registered at the Market Operator, only 8 of those have participated (ÇEZ Shperndarje has participated only once), while 7 others have participated in almost all the auctions. These companies are: EFT, GEN-I, GSA, CEZ Trade, ALPIQ, RUDNAP and YLLIAD

Table 27 shows the evaluation of the bids presented in the monthly auction.

Table 27 Monthly Auctions

Summary of monthly auction ATC 2012										
Named	Njesia	AL - ME		AL - RS		AL - GR		OST		Total
		import	eksport	import	eksport	import	eksport	import	eksport	
Participants ofer	MWh	1,756,056	910,680	1,318,944	1,546,032	1,088,544	1,469,976	4,163,544	3,926,688	8,090,232
	Euro	8,061,072	101,371	5,135,434	227,302	372,918	2,883,247	13,569,424	3,211,920	16,781,344
	Euro/MWh	4.59	0.11	3.89	0.15	0.34	1.96	3.26	0.82	2.07
Allocated in Auction	MWh	823,800	791,160	534,480	685,440	586,632	661,800	1,944,912	2,138,400	4,083,312
	Euro	3,492,785	20,202	2,095,758	22,369	74,818	555,852	5,663,361	598,423	6,261,784
	Euro/MWh	4.24	0.03	3.92	0.03	0.13	0.84	2.91	0.28	1.53
Participants ofer	nr	233	98	414	165	131	227	778	490	1,268
Win ofer	nr	91	84	148	132	73	99	312	315	627

It has been noticed that the interest of the participants have mainly been for imports towards Albania, with a total bid amount of 4,163,544 Eur. (51.5% of the total bids), with an average price of 2.07 Eur./MWh.

TSO has failed to organize daily auctions, thus publishing data regarding daily interconnection capacities in their website, according to the Interconnection Capacity Allocation Rules.

2.4 Monitoring of ÇEZ Shperdarja sh.a

ERE has carried out several monitoring regarding ÇEZ Shperndaje main activity, especially on the following issues:

- Investment plan realization
- Financial situation of ÇEZ Shperdarje

- Temporary contracts and zero consumption customer
- The way the company issues electricity bills in different regions
- The quality of electric power supply
- Identifying debtors in different areas of the country
- Power outage issues
- Inquiries on ÇEZ Shperndarje failure to comply with its contractual terms and obligations towards KESH sh.a
- Handling of customer complaints
- Collective power outages in different regions of the country
- Cash flow
- Inquiry on the way ÇEZ Shperndarje collects its debt

From the above mentioned inquiries we noticed that:

Table 28 Investment Progres of CEZ -Shperndarje 2009-2012

Investments CEZ-Shperndarje	2009	2010	2011	2012 (operative)
Aproved Investment Plan (Leke)	3,097,739,000	4,338,598,498	4,896,000,000	6,500,473,000
Realized Investments (Leke)	617,654,034	2,259,494,049	1,946,563,303	765,883,080
Realized Investments (%)	19.94	52.08	39.76	11.78

From the above mentioned inquiries and what the company itself has periodically provided to ERE, the investment plan realization rate has been 11.84%. The investment schedule is shown below.

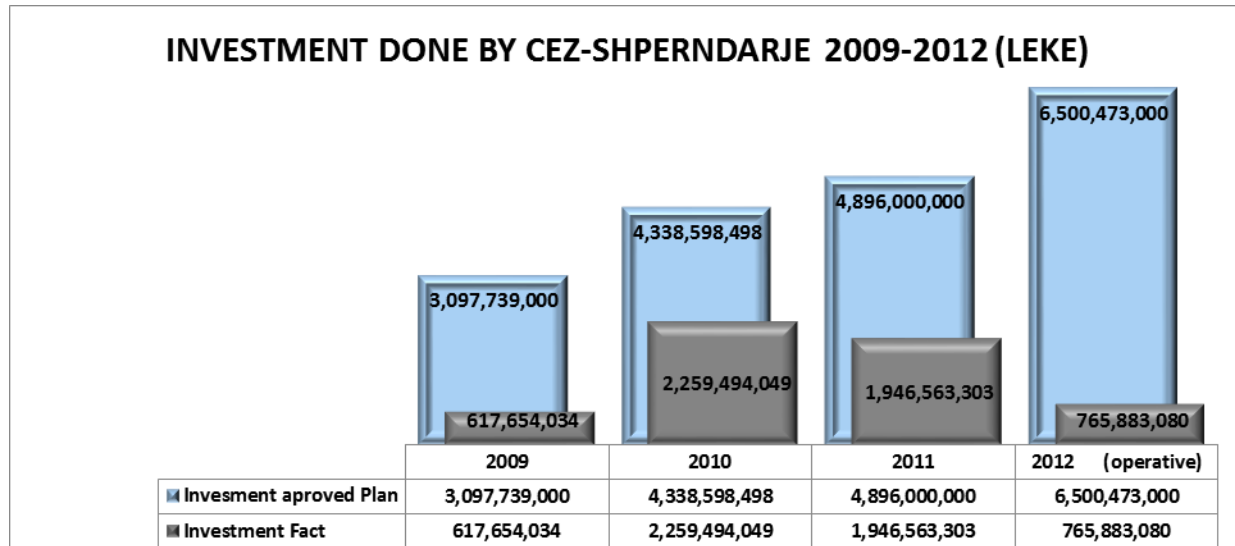


Figure 37 Investment done by ÇEZ-Sherndarje 2009-2012

Despite their legal obligation, ÇEZ Shperndarje failed to stick to their investment plan as it was previously approved, not to mention its details, as approved by ERE.

It is obvious that the only reason ERE approved ÇEZ Shpwrndarje investment plan was loss reduction schedule, according to “Electric Power Sector Law” (as amended). (9072 of May 22, 2003, article 24.

- Monitoring the supply of customers with electric power meters:

Considering the obstacles observed while processing company’s periodic data, specific information, close monitoring in different regions, consumer complaints, it identified some wrongdoings in supplying electric power meters to customers as shown in the following table, where, not only have they failed to fully supply customers (that are regularly consuming energy) with meters, but also those that are connected to the grid but do not consume energy (empty houses).

Table 29 Metering fault during August 2012

Nr.	Pershkrimi i anomalies (Gusht 2012)	Kodi	Sasia
1	Banese e pabanuar	57	72 038
2	Nuk gjendet kontrata	55	22 750
3	Converge	60	9
4	Klienti nuk lejon akses	34	153
5	Mates I demtuar	51	4 957
6	Mates jasht kushteve teknike	53	11 040
7	Furnizim I paligjshem (linje e dyte)	50	3 139
8	Kontrate joaktive	54	5 858
9	Nuk gjendet Matesi	1	27 849
10	Mates I paaksesueshem	2	3 561
11	Matesi ishte ndryshuar	22	1 770
12	Objekti nuk egziston	56	13 679
13	Njesi te tjeralexuese	32	3 280
14	Vula e demtuar	52	8 690
	TOTALI		178 773

From the monitoring process in ÇEZ Shperndarje during 2012, in order to fully supply customers with meters, ERE has noticed their failure in the regions of Kukes, Fier and Vlora.

- ✓ From our observations in the Kukesi region, and what ÇEZ Shperndarje has declared, we've noticed that there are 3,984 customers without meters.
- ✓ From our observations in the Vlora region, we've noticed that there are 2,097 customers without meters.

- ✓ In the Fieri/ Ballsh region there are 657 customers that consume energy on regular bases that have no meters and there are some other 392 customers with broken meters. From a closer monitoring in Fieri area we noticed that there were 473 consumers with broken meters. The following table shows all the anomalies in Fieri region.

After noticing such problems in the metering system, ERE further inquired information from ÇEZ Shperndarje billing system from January to October 2012, which is shown in the following table:

Table 30 “Zero” Billed Consumers January-October 2012

TOTAL 10 ZONES	JANUARY	FEBRUARY	MARCH	A PRIL	MAY	JUNE	JULY	AGUST	SEPT.	OCT.
Total customers	1,132,571	1,134,857	1,138,172	1,176,392	1,179,234	1,147,545	1,159,751	1,161,322	1,163,871	1,149,019
Total number of billes	1,101,807	1,079,246	1,124,218	1,068,333	1,110,093	1,051,939	1,047,473	1,052,390	1,049,557	1,047,485
Diference (c = a – b)	30,764	55,611	13,954	108,059	69,141	95,606	112,278	108,932	114,314	101,534
Nr. of billes with consumer read	816,905	805,289	815,200	822,577	831,977	792,874	828,380	847,271	852,412	843,788
Nr. Of billes with read (UBE)	536	806	12,265	2,430	2,329	5,167	3,588	2,300	2,097	3,406
Nr. Of billes without economical damage	1,528	108	2,027	581	1,143	511	483	93	1,246	2,677
Nr. Of billes with zero consume “0”	274,502	267,706	288,254	233,487	262,655	237,881	196,444	190,043	185,580	198,519
From rural zones with zero consume “0”:										
Customer lives but don't have meter	8,729	9,480	9	5	12	1	13	4	53	94
Unaccessible meter (code 2)	222	5	-	-	3	-	3	7	8	9
Consumer don't allow access (code 34)	143	519	-	8	-	-	1	-	4	-
Damaged meter (code 51)	1,304	4,459	-	1	8	11	6	-	24	29
Inactive Contract (code 54)	2,027	-	1	8	10	7	1	3	5	11
New contract, uncompleted data (kodi 55)	8,819	8,790	8,910	15,744	17,314	18,374	11,972	11,009	10,963	10,683
Object don't exist (code 56)	1,257	1	-	1	7	8	3	1	3	7
Customer don't live (code 57)	76,841	78,481	84,901	84,372	78,593	77,268	43,569	71,187	71,984	80,271
Others	51,547	49,900	42,779	27,391	51,975	49,897	36,955	6,095	8,062	8,018

Don't have anomalies	117,102	112,136	103,020	98,370	97,479	82,808	94,009	94,423	88,351	94,910
Total billes with zero consume coreect "0"	267,991	263,771	239,620	225,900	245,401	228,374	186,532	182,729	179,457	194,032
Cancelled billes with zero consume "0"	364	141	1,374	319	549	749	872	453	418	315
Corected billes with zero consume "0"	6,147	3,794	47,260	7,268	16,705	8,758	9,040	6,861	5,705	4,172
Total billes with zero consume "0"	274,502	267,706	288,254	233,487	262,655	237,881	196,444	190,043	185,580	198,519

- ✓ As we can notice from the following table, there are still customers without meters as ÇEZ Shperndarje itself is declaring.
- ✓ The August data is different from what we have received in December for the same month, no matter that the source is the same (billing system).

There are a vast number of customers labeled as “others”

ERE have required details on that labeling but, so far, they never provided that information. Around 25% of all the customers are labeled with “zero consumption”.

From the above mentioned we notice that by the end of 2012 there are still customers without meters, which are invoiced with “zero” consumption.

- Collective power outages in different areas of the country.

From 2012 monitoring process ERE has identified a worsening trend of the situation of electric power supply, especially from October to December in several areas, as follows:

- Shkodra Region, Postriba Municipality
- Lezha Region, Kolsh Municipality
- Tirana Region, New Dinamo Plant Substation
- Kruja Substation, Kruje
- Mamurrasi Region

- **Shkodra Region, Postriba Municipality** – This area inhabitants have brought to ERE their concerns regarding continuous power outages, so ERE closely monitored

the situation from that moment on. From our inquiries we noticed that there were collective power outages in the area, as the result of maximum protection trip was reduced from 320 A to 216 A. Reducing the value of maximal protection trip was unjustified because the disconnections were not as the result of the overload. As a consequence, all the consumers in the area (feeder nr. 15) were not supplied with energy almost all the time.

- **Lezha Region, Kolsh Municipality** - During our monitoring processes, we've noticed that the electric power supply situation has deteriorated because the feeder was cut off from the grid. After we verified the bill payments of the region inhabitants we noticed that 120 of them were regularly paying their bills. ERE decided that power outage in the area was made against its RPS license terms and they were in violation of contract terms and obligations (households and non households).

- **Tirana Region, New Dinamo Plant Substation** – During our monitoring process in the area we noticed that feeder 254 coming out from this substation, the maximal protection trip was reduced from 240 A to 200 A, and, as a result there were continuous power interruptions, where 3,571 customers were constantly without energy. After our observation, we found this intervention as unjustified and unfair. What we might notice in this substation is that the existing 10 MW power transformer was replaced (damaged) by a 6 MW power transformer which is not able to provide continuous power supply to the area, so, they were switching it off every 2 (two) hours.

- **Kruja and Mamurrasi region** - We have noticed the same situation here, where the maximal protection trips were reduced by switching off the main transformers, causing power outage for 1,279 end user tariff customers for Kruja region and 1,279 customers for Mamurrasi region. From our last observations, we notice that the number of customers that are experiencing a power outage is at least 7,000 (seven thousand). The main reason for that is the lack or the non maintenance of the transformers.

From a November 2012 monitoring process we observed that for a total number of 192,006 electric power consumers, the number of power outages has been 152, their time span was 637H38 min. while the number of consumers affected was 46,969.

- **Cash flow** – From monitoring cash flow we noticed:
 - i. For the same reporting period there are different data provided in different times
 - ii. Continuing to overspend for OPEX (SLA, consultancy, debt collection, bailiff) against ERE guidelines
 - iii. Failing to properly spend on maintenance and operations (only 40% of the money approved as reasonable costs) in 2012 tariff
 - iv. Failing to collect energy and overspending compared to what ERE approved for tariff purposes, which has deteriorated the situation from 2009 to 2012, worsening of debt payments, mainly electric power purchased from WPS and their obligations to TSO, by forcing them to go to overdrafts (extra costs) in order to be able to run their business and purchase energy from the traders.

During 2012 we have noticed that the company is engaged in debt collection contracting service through third parties. From a preliminary analysis we notice that ÇEZ Shperndarje has contracted 11 companies by dividing their debt collection business to third parties with very high rates (the contracted companies could keep 29% to 49% of every bill collected). We have also noticed that the contract between ÇEZ Shperndarje and the third party was in force once they had identified the customer (two months after the customer was billed), by allocating that amount of money to the third party portfolio. Although ERE has not recognized these expenses as reasonable and justified and they have continuously notified the company that they (ERE) will not recognize any of such extra costs for tariff purposes, the company kept up with this service by collecting their debt through third contracted parties, that further deteriorated the financial situation of the company.

Chapter III

ERE Activity in Developing the Secondary Legislation and other Legal Changes and Amendments during 2012

1.Regulatory Framework approved by ERE

1.1 During 2012 ERE has approved some Regulatory Framework Described as Follows

By their Ddecision Nr. 22 of February 24, 2012 ERE Board of Commissioners approved the New Connection Rules, new connection agreement and the new connection application form. Approving of this rules was in compliance to the best European best practices and experiences in the field.

In this set of rules, compared to the pervious one in charge for new connections they have improved the procedures , setting deadlines for approving the connection point to the grid, standardizing the parts and equipment that will be used into the process, there's a new tariff (T5), while other tariffs have been kept unchanged, there have been deadlines for approving the connection point of the new generation units, compensation only for the ownership of the cabin (the guidelines explained even the cabin ownership), the ownership on the fixed assets can be realized only by purchase or inheritance.

The new connection agreement involves the object of the contract, legal basis, the applicable terms and conditions, representations, possible amendments of the agreement, the utilization rights, connection works, limitations on electric power demand, capacity factor, metering equipment and the distribution grid development perspective, ownership transfer of the cabin equipments, the way of treating the fixed assets ownership rights as well as solving the conflicts.

The new connection application form includes applicant's data as well as the documentation they should present to ERE.

This set of rules has been agreed upon from all parties involved in the process.

1.2 Adoption of the Rules on Imposition of Penalties and the Conditions of Mitigation

The amendments of Law 9072 of May 22, 2003 “On Electric Power Sector” (Law 10485 of November 26, 2011, article 64 authorizes ERE to approve the regulation on closely defining the terms and conditions charging the licensees with fines and the clauses that they might ease that burden. ERE has proceeded with approving a set of rules for fining the licensees, by detailing all the possible scenarios where the licensee should be fined and when there are reasons for easing the fine, approved by ERE Board of Commissioners Ddecision Nr. 101 of July 19, 2012.

This set of rules is based on Law 9072 of May 22, 2003 “On Power Sector” as amended, Law 10279 of May 20, 2010 “On Administrative Violations” as well as in the practices of the region countries, and it aims to assure an equal and transparent treatment for all the licensees in the electric power sector, that ERE might proceed with fines. The main scope of this set of rules is to define the procedures and deadlines that they should respect when charging a fine and the way they ease it. The rules dedfine even the cases where progressive fines should be applied as well as the limits within which the fine can be, the licensees right to request a hearing session so that they can give their explanations, they also set the criteria for defining the initial amount of fine, depending on the importance of the offence, which will be defined regarding the reasons the licensee has caused that offence, the fact that the offender has been administratively charged before, the importance of the offence and the consequences presented from the actions or the lack of them. Going further on these rules, we define and explain any of these criteria, where each of them is categorized in three levels, low, medium or high. On the closing issues of the set of rules we have included Anex 1, which shows the calculation on the final amount of the fine that can be charged to a licensee from ERE Board of Commissioners.

1.3 The Rules that set the Standard of Handling Customer Complaint Issues towards the Licensees for the Activities of Energy Distribution and RPS

ERE Board of Commissioners, by their Decision Nr. 66 of June 6, 2012 approved the set of rules for the standard of handling customer complaint issues towards the licensees for the activities of energy distribution and RPS. This set of rules was prepared in compliance with an obligation of the electric power supply contract for household and non household customers, approved by ERE Board of Commissioners Decision Nr. 108 and 109 on October 21, 2011, article 12/2 of which, among other states: “*the supplier will handle each and every customer complaint in compliance with the complaint handling set of rules, as approved by ERE*”.

While composing this set of rules, ERE was based on complaint handling international standards ISO 100002.

This set of rules aims to assure a fair and transparent process of handling electric power customer complaints and defining general terms and standards for the treatment of electric power customer complaints and requests from the subjects licensed for the activity of electric power distribution and RPS.

1.4 Reviewing the Economic Damage Calculation Methodology

By ERE Board of Commissioners Decision Nr. 109 of July 31, 2012, following a ÇEZ Shperndarje proposal for updating the actual economic damage calculation methodology, decided to make some amendments to the economic damage calculation methodology.

By this Decision ERE has updated the economic damage calculation methodology in such a way that the amount is based on the 1.5 year average consumption.

So, based on this methodology, the economic damage is defined as the counterparty in ALL the amount of energy in kWh consumed on average from a typical consumer/customer of each category. In any case, the corresponding amount of energy billed from ÇEZ Shperndarje as ‘economic damage’ is excluded from the energy balance

The amount of energy is calculated by multiplying the average monthly consumption of a typical consumer/customer of the category this typical consumer/customer falls into, with the number of months equal to 1.5 years. For calculating the amount of economic damage, the average consumption of a typical customer for its category, is multiplied by the highest price of the end tariff customers category, as approved by the Board of Commissioners Decision.

1.5 Approving the Guidelines for TAP (Trans Adriatic Pipeline) Capacity Managing and Allocation according to Article 36 of 2009/73/EC Directive.

While processing Tap AG application for third party exemption access TPA, for the TAP pipeline project which lies through three different countries and it is named as an interconnection between Greece, Albania and Italy as part of the exemption grant procedure, based on article 36 of 2009/73/EC Directive it is necessary to run an evaluation of all the possible interested parties in the capacity contracting procedure before any capacity allocation is given with the new infrastructure. As a result, by ERE Decision Nr. 39 of April 23, 2012, the Guidelines for capacity managing and allocation of trans Adriatic pipeline (TAP).

ERE has been actively involved in these discussions and has provided real objections and proposals regarding the guidelines. One of the main ERE comments was the involvement as a possible entry or exit point of Albania and the service standards for these entry or exit points should include these possible points.

Another important proposal regarding this issue was the allowance of the differentiated request of the starting date and the time span of the requested service, in the general framework of the corresponding dates proposed by TAP AG, which, in our opinion would enable the involvement of the expression of interest from the subjects with different requirements from the TAP offered standards.

1.6 Approving the Expression of Interest Invitation Document of TAP AG in compliance with the Guidelines for TAP (Trans Adriatic Pipeline) Capacity Managing and Allocation, according to Article 36 of 2009/73/EC Directive.

In order to follow the necessary procedures for approving TAP AG request, ERE Board of Commissioners with their Decision Nr. 39 of April 23, 2012, based on paragraph 6 of article 36 of 2009/73/EC Directive approved the guidelines for TAP (Trans Adriatic Pipeline) capacity managing and allocation according to article 36 of 2009/73/EC Directive. Based on paragraph 3 of the above mentioned Decision, on May 14, 2012 TAP AG presented to ERE the expression of interest invitation document that will be performed by TAP AG in compliance with the guidelines for TAP (Trans Adriatic Pipeline) capacity managing and allocation according to article 36 of 2009/73/EC Directive.

By Decision Nr. 79 of June 15, 2012, ERE Board of Commissioners approved the expression of interest invitation document provided by TAP AG, in compliance with the guidelines for TAP (Trans Adriatic Pipeline) capacity managing and allocation according to article 36 of 2009/73/EC Directive.

1.7 Updating the Albanian Electricity Market Rules

During 2012, with the proposal of ERE staff and different market participant requests, the Albanian electricity market rules have been updated several times.

By ERE Decision Nr. 23 of February 24, 2012, for the first time in the Albanian electricity market the imbalance regulation was implemented. By this implementation ERE aimed to set a definition for imbalances, identifying the responsible parties for them, the energy balancing method as well as the balancing energy payment method. This decision marked another important step in the electricity market retail supply liberalization.

After some market players requests and after noticing that the actual balancing rules were not relevant any more, by ERE Decision Nr. 93 of July 16, 2012 they updated the Market Rules towards energy balancing rules.

By this Decision they are forced to calculate imbalances on hourly bases and they should be invoiced on monthly bases. It was also decided that the imbalances should be calculated as positive and negative.

The Balancing Energy price is calculated each month as an weighted average of purchase energy prices by KESH sh.a or, if not, the purchase price WPS buys electricity from SPP-s, new concessionary hydro plants, as approved by ERE with a 10% incentive for positive imbalances.

2. ERE Acts Regarding Electricity Market

2.1 Electricity Supply Contract between KESH sh.a (WPS) and ÇEZ Shperndarje sh.a (RPS) for the third Regulatory Period January 1, 2012 – December 31, 2014.

By Decision Nr. 134 of September 17, 2012 (amended) ERE Board of Commissioners approved the electricity supply contract between KESH sh.a (WPS) and ÇEZ Shperndarje sh.a (RPS) from January 1, 2012 to December 31, 2014. By this approval ERE has used their legal authority based on Law 9072 of May 22, 2003 “On Electric Power Sector” (as amended), Government Decision Nr. 338 of March 19, 2008 “Albanian Market Model Approval” (as amended) and any other actual legal or regulatory framework.

This agreement aims to adjust the relations between KESH sh.a and ÇEZ Shperndarje sh.a for the third regulatory period (January 1, 2012 – December 31, 2014), regarding electric power supply and defining their contractual rights and obligations between the parties, the amount of energy delivered as specified by this contract, the access point, contractual warranties, late payment interest, supply schedule, failure to deliver, extra (overscheduled) delivery compensation obligation, loss deviation compensation, etc...

Different from the previous years, this agreement will be in force for the whole third regulatory period (2012 – 2014).

2.2 Transmission Agreement between TSO sh.a and CEZ Distribution sh.a

This agreement was approved by the ERE Board of Commissioners Decision no. 102 of July 19, 2012. For the approval of this agreement, ERE was based on Decision of Council of Ministers No. 338, date 19.03.2008, “On approval of the Albanian Electricity Market Model” and Electricity market Rules approved by decision no. 68, date 23.6.2008 of the ERE Board of Commissioners.

Through this agreement “TSO sh.a” as the licensed subject to carry out the transmission of electricity by having available the transmission network from the accepting

points to the delivery points for CEZ Distribution sh.a in a continuous and interruptible way, in quantities and time period specified this agreement. On the other side, CEZ Distribution sh.a. has the obligation to inform OST sh.a regarding the electricity quantities that shall be transmitted for its account.

2.3 Updating the Electricity Exchange Contract between KESH sh.a and SPP-s

By ERE Board of Commissioners Decision Nr. 162 of December 7, 2012, ERE updated the standardized contract of energy exchange between KESH sh.a and SPP-s.

These updates enabled SPP-s to actively participate in electricity market , by sanctioning on the contract SPP-s right to sell electricity to other entities except KESH sh.a, by complying with the market rules regarding these issues such as imbalances and delivery schedule.

This update is also in compliance to the Electricity Market Model, approved by Government Decision Nr. 338, of march 19, 2008, paragraph 8 which states that *“in order to maximize private investments in the country and to decrease exclusive effects in the market, it is recommended that WPS should purchase only a part of IPP-s electricity, while the major part of electricity generated here to be exchanged om unregulated market prices here or abroad”*.

On the other side, the contract shows technical requirements in order for them to be able to sell energy outside KESH sh.a in order for a smooth functioning of the electricity market.

3. Court Cases

During 2012 ERE has taken part in some court issues in Tirana Court. The number of court issues ERE has been involved in has been tremendously increased.

The issues presented in these court appearances has mainly been appeals of ERE Decisions from the licensees as well as customer complaints on overbilling , where ERE has been as a third party presented in the court.

Court appearances where ERE has been charged are as follows:

CEZ Shpërndarje sh.a. – Appealing ERE Board of Commissioners Decision Nr. 31 of March 31, 2011, regarding the approval of energy supply contract between WPS and RPS for 2011.

KESH sh.a - Appealing ERE Board of Commissioners Decision Nr. 118 of December 28, 2010, regarding the approval of WPS tariff for 2011.

CEZ Shpërndarje sh.a. - Appealing ERE Board of Commissioners Decision Nr. 99 of September 30, 2011, regarding the approval of Bad Debt Study.

CEZ Shpërndarje sh.a. - Appealing the Decision regarding the approval of standardized contract for initial and periodic evaluation of electricity meters.

CEZ Shpërndarje sh.a. - Appealing ERE Board of Commissioners Decision Nr. 108 of January 21, 2011, regarding the end tariff customers supply contract approval.

CEZ Shpërndarje sh.a. - Appealing ERE Board of Commissioners Decision Nr. 110 of January 21, 2011, regarding the quality of service minimum conditions set of rules.

GEN I - Tiranash.p.k - Appealing ERE Board of Commissioners Decision Nr. 128 of February 2, 2011, regarding the approval of the contract for covering losses in the distribution grid for 2011.

GEN I - Tiranash.p.k - Appealing Tirana Court Decision to the Court of Appeal regarding the approval of ÇEZ Shperndarje contract for covering losses in the distribution grid for 2011.

CEZ Shpërndarje sh.a. - Appealing ERE Board of Commissioners Decision regarding the third regulatory period distribution tariff.

CEZ Shpërndarje sh.a. - Appealing ERE Board of Commissioners regarding the approval of the standardized contract between KESh sh.a and ÇEZ Shperndarje sh.a for the third regulatory period.

CEZ Shpërndarje sh.a. - Appealing ERE Board of Commissioners Decision regarding the approval of the transmission agreement between TSO and ÇEZ Shperndarje sh.a.

Other issues – ERE is represented as a third party not directly involved in the process.

4. ERE Proceedings for Distribution and RPS License Removal of ÇEZ Shperndarje sh.a

The following is a brief analysis of ERE proceeding against ÇEZ Shperndarje as well as the reasons and legal issues that led ERE to proceed with license removal. The full report is published at ERE website under the link: www.ere.gov.al/njoftime

4.1 Chronology of the Relations between CEZ Shpërndarje and ERE regarding their Failures to Comply with the License Terms and Obligations.

Starting from January 2012, after the periodical information submitted to ERE by CEZ Shperndarje and KESH, as well as after the concerns raised by KESH on reducing the electrical energy import for covering the losses in the distribution system by CEZ Shpërndarje, for this purpose ERE has requested the increase of electricity imports and for that reason, during January and February 2012 held a hearing session among KESH, TSO and CEZ Shpërndarje.

On March 2012 CEZ Shpërndarje, addressed a very difficult financial situation to the Ministry of Finance, METE and the Council of Ministers. On the other hand, KESH is under the same situation, due not only to the hydro situation of such a dry year, but also to the nonfunctional contractual relations between KESH and CEZ Shpërndarje. Apart from the demand increased to a large extent from the one planned by CEZ Shpërndarje, at the same time, the obligation for the energy received from KESH, which energy for 2011 corresponds to a quantity of about 626 thousand MWh .

After having analyzed the claims of CEZ Shpërndarje ERE has organized the hearing session held on 04.04.2012, during which necessary arguments have been required to prove the difficult situation of CEZ Shpërndarje. In this letter, the company is informed that ERE has initiated a large monitoring process for CEZ Shpërndarje.

On May 2012 ERE has submitted relevant recommendations to CEZ Shpërndarje, because the work group assigned by ERE, for monitoring the financial situation, has found that the critical situation has been mainly caused by CEZ Shpërndarje, which has exceeded the allowed expenses, due to the mismanagement of the company.

With their best interest in mind and in order to find a reasonable solution for the situation on 5 September 2012, ERE held a hearing session in the presence of METE, KESH, TSO and representatives of the Secretariat of the Energy Community of Vienna, CEZ Shpërndarje has acknowledged the need to import the electrical energy for fully covering the losses, but they were not able to import, due to the situation of the company."

On September 2012, ERE replies to ÇEZ Shperndarje that they found CEZ Shpërndarje's arguments regarding its insolvency to import the electrical energy as not reasonable. Lastly, it is concluded that the financial situation is due to the mismanagement of the company. Otherwise, ERE informs that it will lay administrative charges.

Noticing the failure of ÇEZ Shperndarje to comply to actual legal and regulatory framework for procuring the amount of energy needed to fully cover losses ERE initiated the administrative proceedings for imposing and administrative fine to CEZ Shpërndarje, by ERE Board of Commissioners Decision Nr. 128 of September 11, 2012 on the amount of 1% of the previous year revenues.

Analyzing ÇEZ Shperndarje incapability to comply with actual legal and regulatory framework, on October 2012 ERE has suggested to ÇEZ Shperndarje to decrease other expenses and allocate them to energy purchase.

On the other hand, TSO through an October 2012 correspondence in the its role as the market operator, considers as ungrounded all the arguments of CEZ Shpërndarje regarding its insolvency for covering the losses. TSO emphasizes the the company should find the real causes within the company itself, without blaming the state or regulatory entities, because despite the efforts made by the Albanian Government and state institutions, the reason for not fulfilling the agreement to settle by compensation the reciprocal obligations between budgetary and non-budgetary institutions, the state-controlled companies and CEZ Shpërndarje, in accordance with the agreement of 28.2.2012, approved with Council of Ministers' Decision no. 154, dated 29.2.2012, was CEZ Shpërndarje which failed to fulfill its obligations stipulated by this agreemeent.

Furthermore, this letter states that obligations of CEZ Shpërndarje towards TSO and KESH exceed twice more the value of the obligation owed by budgetary and non-budgetary institutions. In conclusion, it is recommended that the administration of the shareholders company should be made in accordance with Law no. 9901, dated 14.4.2008 "On Traders and Trade Companies", being under responsibility of the company's structures and cannot be directly charged upon third parties.

On November 2012, TSO informs on the hydro-energy situation where the energy supply for the consumers continues normally, but this was leading to a fast decrease of the hydro-energy reserves in the Drini River Cascades due to **zero** level of imports performed by CEZ Shpërndarje.

On December 2012 CEZ Shpërndarje informs ERE that: *"during the coming weeks, the company may not be able to prevent from worsening the level of the services the company provides, including the electrical energy delivery"*, which shows the lack of capacities and renunciation from performing the licensed activity.

Also, through a request submitted to ERE, CEZ Shpërndarje, asks permission to make the payments for the emergency services, says that *"CEZ Shpërndarje sh.a. (hereinafter referred to as the company) is in serious difficulties to pay the main obligations to different contractors."*

ERE, in reply to the abovementioned letter, reminds CEZ Shpërndarje that *"As long as CEZ Shpërndarje is a holder of the licenses of Electrical Energy Distribution and Retail Public Supplier, based on law, it is obliged and assumes responsibility for providing all the services in accordance with the legislation in force, including the uninterrupted electrical energy supply for the consumers."*

Their inability to manage the situation and to continue to perform the licensed activity, is affirmed by CEZ Shpërndarje itself, in its reply to ERE, with no. 7869/3, dated 21.12.2012, that: *"we do not know what events may occur which may worsen the performance of the services. What we know is that our critical financial situation causes difficulty to our job to perform the repairs or to replace the damaged equipment."*

CEZ continues to affirm through the letter addressed to ERE with prot.no. 805/4, dated 24.12.2012, where it states that *"From the entire list for settling the obligations, submitted through the abovementioned letter, you have not foreseen the liquidation of the obligations for the electrical energy purchase and energy transmission service"*, which shows the total lack of willingness to respect the contractual obligations toward the other market participants.

Referring to Law, in its letter no. 805/5, dated 24.12.2012, ERE states that "*As long as CEZ Shpërndarje is a holder of the licenses of Electrical Energy Distribution and Retail Public Supplier, it is obliged and assumes responsibility for providing all the services in accordance with the legislation in force, including the uninterrupted electrical energy supply for the consumers.*"

4.2 Circumstances leading to the Imposing of the Fine - Company's Position

Noticing the non-adherence to ERE's orders and failure to correct the actions on the side of CEZ Shpërndarje, through Decision no. 103, dated 20.07.2012, ERE initiated the administrative proceedings for imposing and administrative fine to CEZ Shpërndarje. Through decisions no. 111, dated 31 Korrik 2012, "On the interconnection capacities for import, for August 2012" and no. 114, dated August 22, 2012 "On the request of CEZ Shpërndarje for not organizing the auction of the import capacities for September, October, November and December 2012", ERE's Board of Commissioners tried to provide CEZ Shpërndarje with all the facilities for performing the electrical energy import and decided to allocate the interconnection capacities for September for CEZ Shpërndarje without auction, in order to facilitate the electrical energy import.

Finding that the level of the import from CEZ Shpërndarje for the period 1 - 14 September 2012, reached to zero, through Decision no. 128, dated 11.09.2012, ERE's Board of Commissioners decided to impose an administrative penalty by fining CEZ Shpërndarje, for not procuring the necessary electrical energy corresponding to the losses in the distribution grid for 2012. During this proceeding ERE found that CEZ Shpërndarje has in fully awareness committed this offence, in all its management levels, thus leading to grave circumstances.

It was found that the incurred consequences are grave and they have affected the security of the supply and have created financial difficulties to KESH, due to non-payments and non-compensation of the quantity by CEZ Shpërndarje, which have created difficulties to KESH for paying the financial obligations towards the Small Energy Producers.

Also, it can be emphasized that the company has acknowledged this failure to fulfil its obligation, even though it has justified it by rejection of the regulatory framework or by impossibility to sign the contracts with the suppliers in the market. Based on the analyses performed by CEZ Shpërndarje itself, the failure to sign the contracts is claimed due to the impossibility of the company to offer sufficient guarantee to the traders. Also, CEZ Shpërndarje is not able to perform the electrical energy supply in accordance with the contract signed in the framework of the procurement performed for 2011, for covering the losses in the distribution system for 2012. The latter has been caused due to not paying the outstanding obligations of the electrical energy to the subject with which the contract was signed, according to the annual tender organized by CEZ Shpërndarje.

Based on the analysis of everything stated above and on the basis of Article 64 of Law No. 9072, dated 22.05.2003 "On the Power Sector", as amended, also taking into account that the company CEZ Shpërndarje resulted to have received previous administrative penalties, ERE, with decision no. 90, dated 15.11.2010, proceeded with setting a fine against the company CEZ Shpërndarje in the amount of 1% of the previous year income.

4.3 The Circumstances of Initiating the Procedure for the Revocation of the Licences of the Company CEZ Shpërndarje sh.a.

Even after it was given the fine, the company CEZ Shpërndarje continued to breach the obligations under the applicable legal framework by not procuring the electrical energy for the coverage of losses. In letter Prot.No. 6092/2, dated 28.09.2012, CEZ Shpërndarje says that it asks KESH to take the necessary measures so as to act as a *last resort supplier*, which implies its supply with electrical energy for the full coverage of losses.

CEZ Shpërndarje's failure to procure the electrical energy necessary to cover the losses, apart from being a breach of the aforementioned legal and regulatory obligations, directly affects the reliability of tariff consumers' supply with energy, since the failure to import the losses brings about the lack of energy supply to Albanian consumers and providing the energy through the wholesale public supplier (KESH) further aggravates the financial situation of the latter and the other market participants.

In such a situation, taking into account the situation that has arisen due to the failure to procure the necessary energy for the coverage of all the losses of CEZ Shpërndarje, the Albanian government proceeded with the approval of the normative act of the Council of Ministers, thus allowing KESH to import the necessary electrical energy for the supply of consumers and the coverage of losses. This distortion of the market, which came about due to the omissions of CEZ Shpërndarje, was adopted taking into consideration the reduction of the reserves of the Drini cascade as a result of the use of these reserves to cover also the losses in the distribution system.

ERE, not receiving any reaction from CEZ Shpërndarje, which has continued with the further deformation of the market and the and taking into account the CEZ Shpërndarje violations of the terms and conditions set out in the License for the activity of Energy Distribution and the License for the activity of Retail Public Supply, with Decision No. 158, dated 16.11.2012, decided to initiate the procedures for revocation of licenses for the activities of energy distribution and retail public supply for this company.

4.4 Breach of the Terms and Conditions of the License carried out by ÇEZ Shperndarje

4.4.1 Failure to Procure the Electrical Energy for the full Coverage of all the Losses in the Distribution System

CEZ Shperndarje sh.a, in violation of the license terms and obligations (article 3.16.4) *“The Licensee is responsible for the purchase of all the necessary energy to cover the losses in the distribution system has not performed the procurement of the full quantity of electrical energy needed to fully cover the losses in the distribution system”* and the Albanian Market Model (article 4.8), *“DSO is responsible for the purchase of all the necessary energy to cover the losses in the distribution system has not performed the procurement of the full quantity of electrical energy needed to fully cover the losses in the distribution system”* has not performed the procurement of the full quantity of electrical energy needed to fully cover the losses in the distribution system.

The due amount of energy that ÇEZ Shperndarje owes to KESH sh.a for 2010 – 2012 is 1,762,133 MWh, not including the “vast” debt created during December.

This failure to comply with actual legal and regulatory framework , except market distortion, drastically risks the reduction of Drini river Cascade hydro reserves, because that it is KESH sh.a that is covering the losses. It is also supported by TSO as well, which, by several correspondence to ERE has warned that “*such a situation will drain our hydro energy reserve*”

4.4.2 Failing to Comply with the Loss Reduction Schedule by further Increasing the Losses

The purpose of the Albanian state in privatizing DSO was to select a Strategic Investor which would have among other things the capacities to reduce the losses in the distribution and to establish a sustainable and reliable energy supply company. An integral part of the privatization package also is the tender documents and any reference to the laws and regulations which are directly binding to CEZ, as the Strategic Investor, Furthermore, based on the Technical Bid Document in 2008, on page 3, CEZ, as a strategic investor, whose technical bid of the DSO privatization project of September 26, 2008, their business plan defies that loss reduction is one of the main challenges of the company.

The following chart (38) shows the loss targets set by ERE based on the regulatory Statement, compared to real losses of ÇEZ Shperndarje sh.a (according to their periodic reportings) from 2008 to 2012.

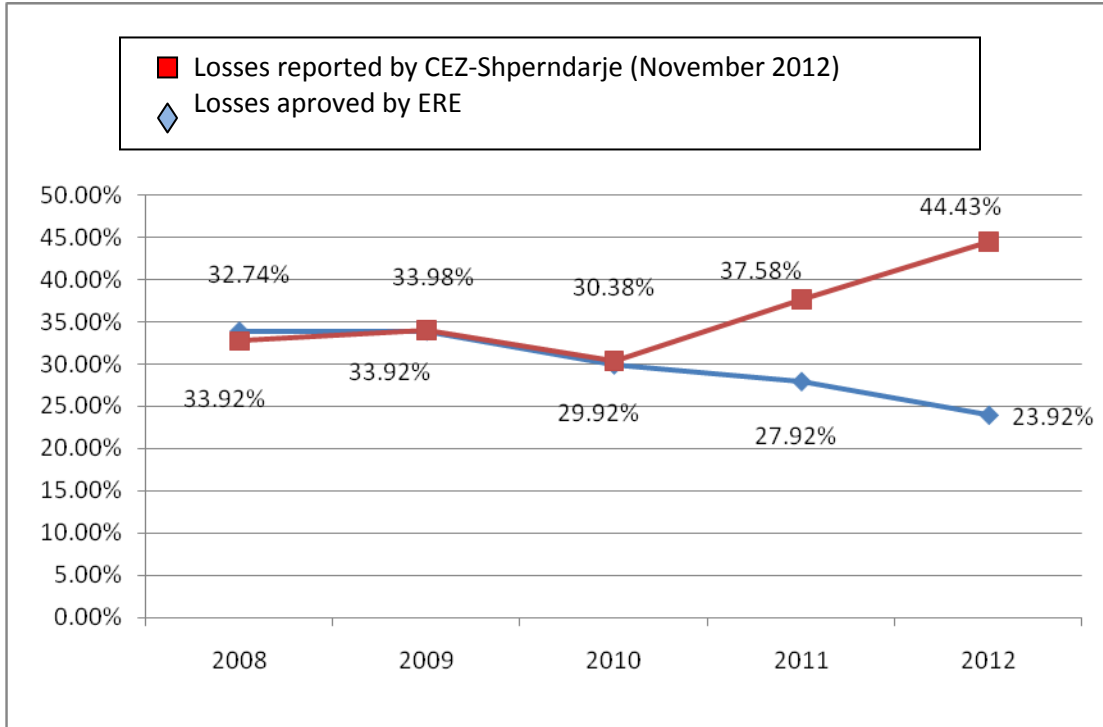


Figure 38 Compare Target Losses

So, as we can notice from the table, the losses have been continuously increasing, making the privatization useless.

Based in the Regulatory Statement, point 4.5 - Loss Reduction Targets, for 2012 ERE has recognized only the allowed level of losses for tariff purposes, based on the loss reduction schedule. So, for tariff purposes, the allowed level of losses is 23.92% in 2012 that in terms of money there are 11.35 billion ALL. The difference between actual level of losses and those approved by ERE (15 billion ALL), will be afforded by the company itself.

4.4.3 Failure to Carry out the Investment Plan approved by ERE

According to their distribution license terms and obligations (article 3.17), ÇEZ Shperndarje was forced to prepare such an investment plan that included but not limited to an investment program with technical, economic and financial analyses of the investment

projects. According to their distribution license terms and obligations (article 4.6) ÇEZ Shperndarje "*should abide by the decisions issued by ERE*".

Following these obligations, ERE with Decision no. 143, dated 07.12.2011, as amended "On Approving the Investment Plan", approved the investment plan for 2012. From the preliminary data of the recently carried out monitoring and as stated by the company itself in the periodical reports to ERE for 2012, the company has realized about 7% of the approved investment plan.

We should also explain that, as a strategic investor (also stated in the 2008 offer document) CEZ a.s. should be fully engaged has planned to implement an investment program to ensure loss level reduction, distribution grid development, reconstruction of the existing lines and improvement of the quality of service.

Despite their legal obligation to fulfill their investment plan, they were never able to achieve such a target, without mentioning respecting the investment plans into details, being so incapable of being financially supported by Banks or their Head Office.

4.4.4 Non-equipment with Electrical Energy Meters for all the Consumers

ERE, in the framework of monitoring the equipment with meters has identified problems based on periodic data, specific information, on-field monitoring and consumers' complaints.

Based on the monitoring in the area of Kukes and on the data provided by ÇEZ Shperndarje itself, it results that 3.984 subscribers are not equipped with meters, as shown in the following table.

In addition, during the monitoring conducted in the *area of Vlora*, it resulted that 2.097 subscribers (consumers of electrical energy) do not have a meter.

In the area of Fier/Ballsh wer found 657 subscribers, residing there and consuming energy, but they do not have any meter, and 392 subscribers have damaged meters. Based on on-field monitoring in Fier City, 473 subscribers were found with damaged meters.

All the above mentioned issues are in violation of actual legal and regulatory framework:

- *License of Distribution, Point 2.2 c) "During the License term, the Licensee has the right to perform all the activities required to fulfill the Licensed Activity, included without limitation: c) installation and service of the electrical energy meters.*
- *Based on of Law 9072, dated 22.05.2003 "On Electrical Energy Sector", as amended, Article 52 stipulates that "Distribution System Operator is obliged to equip with metering system each client connected to the distribution system".*

4.4.5 Failure to Pay TSO in Compliance with the Agreement approved by ERE

CEZ Shpërndarje has not made regular payments to TSO. This goes against ERE's Board of Commissioners' Decision No. 102, dated 17.07.2012 which approved the transmission agreement between TSO and CEZ Shpërndarje and point 6.4 of the Market Model.

Referring to letter prot.no. 5449, dated 13.12.2012, TSO informs that for 2011 the debit created by the failure to liquidate these invoices is 2,335,565,242 (two billion three hundred and thirty-five million five hundred and sixty-five thousand two hundred and forty-two) ALL and the interests calculated up to 29.08.2012 are 222,579,749 (two hundred and twenty-two million five hundred and seventy-nine thousand seven hundred and forty-nine) ALL for 2012 and the created debit results to be 1,815,330,091 (a billion eight hundred and fifteen million three hundred and thirty thousand ninety-one) ALL and the interests calculated for these invoices up to 13.12.2012, are 1,760,162,146 (one billion seven hundred and sixty million one hundred and sixty-two thousand one hundred and forty-six) ALL.

4.4.6 Failure to Comply with the Obligation of Submitting Reports to ERE

It has been ascertained that CEZ Shpërndarje, contrary to point 3.7.2 of the License for Energy Distribution and point 3.2.2 of the License for Retail Public Supply, has not submitted within 31 January the annual periodical report on its operations during the previous calendar year, which contains the summary and analysis of the distribution activity of the Licensee; energy sales and data on the collection of invoices for the previous year; the quality of the distribution service as well as details of every measure taken to improve the distribution service in the area; any malfunctioning that has occurred during the previous year; any scheduled and unscheduled interruption of energy supply according to the voltage levels; losses according to the voltage levels etc., as requested by the licenses based on which CEZ Shpërndarje conducts its activity.

In conclusion, it can be noticed that not only has CEZ Shpërndarje not submitted the reports with the content required by point 3.7.2 of the license, but has provided it beyond the deadlines as specified in article 3.7.3 of the license, which states:

"The Licensee shall submit to ERE, upon its request and in the form and within the time set by ERE, any information that is indispensable for ERE to carry out its authorized regulatory responsibilities".

4.4.7 Failure to make Payments to KESH according to the Agreement approved by ERE

ERE has found violations of obligations in the contractual relationship between KESH and CEZ Shpërndarje contrary to ERE's Decision No. 134, dated 17.09.2012, on the agreement for the sale of electrical energy between KESH and CEZ Shpërndarje.

According to the letter from KESH prot. no. 4230/2, Dated 02.10.2012, nonpayment has amounted to 10,372,420,784 (ten billion, three hundred and seventy-two million four hundred and twenty thousand seven hundred and eighty-four) ALL which, including penalties, amounts to 11,348. 987,743 (eleven billion and three hundred and forty-eight million and nine hundred and eighty-seven thousand and seven hundred and forty-three) ALL.

This has resulted in a difficult financial situation also for other companies operating in Albania such as the Small Energy Producers, but the situation appears to be especially worrying in terms of the non payments to Traders, which have so far amounted to big values. This breach has raised another concern that relates directly to the security of electricity supply in the country because due to the financial hardships that these operators are facing the expected investments by KESH and TSO for 2012 have not been made, which has also exposed these to the failure to fulfill their obligations to donors.

4.4.8 Violation of the Obligation to Prevent the Thefts

CEZ Shpërndarje is responsible "*for discovering and preventing the energy theft*" - Point 4.7 of the Retail Public Supplier License.

In compliance with the actual legislation, CEZ Shpërndarje has the right to use the legal means and mechanisms which help to prevent/reduce the thefts and losses in the distribution grid mentioned *in point 2 of the technical infraction of this report*, has not been reached by them.

4.4.9 Violation of the General Terms and Conditions of the Electrical Energy Supply Contract for the Household and Non-household Clients

The electrical energy supply contract for the household and non-household consumers has defined the reports on the mutual obligations and liabilities between the consumer and CEZ Shpërndarje, in its role as the retail public supplier.

ERE has found that CEZ Shpërndarje, in the majority of the cases, is contrary to the deadline for treating the complaints or requests from the clients, in accordance with the obligation of point 6.10, of the Retail Public Supply License and of the Electrical Energy Supply Contract for the Household and Non-household Clients, an obligation based on which the Licensee should take into consideration any complaints and should reply in

writing to the client if his/her complaint has been accepted or refused, within 15 working days from the receipt of the complaint.

Table 31 shows in detail the total of complaints submitted to ERE. The analysis shows that the number of the unresolved complaints is about 73% (if we add those in process, their amount increases), which shows the poor performance of the company in this regard

Table 31 Total of Complaint filed in ERE for the year 2012

TOTAL OF COMPLAINTS FILED IN ERE FOR THE YEAR 2012				
MONTH	TOTAL COMPLAINTS	SOLVED	UNSOLVED	IN PROCESS
JANUARY	109	25	70	14
FEBRUARY	118	11	99	8
MARCH	89	22	61	6
APRIL	113	32	74	7
MAY	157	29	110	18
JUNE	171	17	132	22
JULY	203	22	154	27
AUGUST	173	10	121	42
SEPTEMBER	181	5	167	9
OCTOBER	147	8	113	26
NOVEMBER	161	0	129	32
DECEMBER	98	0	12	86
Total	1720	181	1242	297

If we consider the progress of the complaints submitted to ERE during years 2009-2012, we shall notice a progressive increase year after year. This clearly shows that CEZ Shperndarje's performance has been decreasing and the dissatisfaction of the consumers towards the electrical energy supply services has been increasing considerably.

ERE finds that the number of these complaints for 2012 is more than 20 times higher than the ones presented in 2009.

4.4.10 Violations of the quality of Distribution and RPS Service Indicators

ERE has approved several regulatory framework aiming to define key elements of the quality of service towards customers. Starting from January 2012, based on the above mentioned Decisions of ERE Board of Commissioners, ÇEZ Shperndarje sh.a had the obligation to continuously supply electric power to households.

During our monitoring we have observed the long, unscheduled power outages from October to December 2012 that coincides with an excessive number of customer complaints in different regions of the country or the mass media reporting makes these cases even more evident. The following table shows the power outages for November 2012 for each voltage level of the distribution grid.

Table 32 Power Breakdowns for November 2012 for each Voltage Level of the Distribution Grid

HV Breakdown November 2012		
Breakdown Reason	Nr of affected Customers	Duration of Breakdown (h : min)
Transformer	67336	31:39:00
Line	432407	136:58:00
SS Busbars	20873	36:24:00
HV Switchgear	222265	94:50:00
Insulator	6632	2:51
Maximal protection	61403	7:59
Short circuit	1	3:00
Earth connection	700	14:30
HV Fuse	1187	3:01
Overflow	1832	7:59
Security effect	28448	33:47:00
Total	843084	372:58:00
MV Breakdown November 2012		
Breakdown Reason	Nr of affected Customers	Duration of Breakdown (h : min)
Transformer	5800	12197:04:00
MV Wire and MV Insulator	1458165	7475:21:00
MV Wire	7058	15:15:00
MV Disconnecter	27648	94:50:00
MV Insulator	376809	3564:42:00
MV Cable Head	86119	927:30:00
Short Circuit	358776	552:48:00
Earth connection	146331	192:13:00
MV Fuse	316046	325:26:00
Cubicles	60	145:00:00
Security effect	647091	894:36:00
Total	3429903	14187:41:00
LV Breakdown November 2012		
Breakdown Reason	Nr of affected Customers	Duration of Breakdown (h : min)
LV wire	7289	1058:02:00
LV automat	3740	139:46:00
LV fuse	2582	180:09:00
LV Panel	180	5:20:00
LV insulator	353	79:15:00
Total	14144	1462:32:00

From the above mentioned table we notice:

- The number of customers affected from the long, unscheduled power outages throughout the country is 843,084 in HV network, 3,429,903 in the MV network and 14,144 in LV network.
- The time span of the power outages is respectively 372 hours, 14, 187 hours and 1,462 hours in LV, MV and LV network

In violation of what the legal and regulatory framework states, ÇEZ Shperndarje has obviously violated the quality of service to consumers

From our last observations, we notice that the number of customers that are experiencing a power outage is at least 7,000 (seven thousand). The main reason for that is the lack or the non maintenance of the transformers. The fact that there are consumers with more than 500 days without power is very disturbing.

We explain that ERE has continuously been in touch with ÇEZ Shperndarje representatives, as they state in their periodic information provided to ERE.

For all the above mentioned issues, ERE has officially take a stand and, by their prot. Nr. 816 of December 26, 2012 has provided its guidelines, which were never implied by ÇEZ Shperndarje.

5. Conclusions

From all the above mentioned analysis, regarding all the actions of ÇEZ Shpërndarje, towards ERE and the Company's obligations specified by their license terms, as well as their actions towards other market players, we have concluded:

- The lack of good will from CEZ Shpërndarje to continue the project in Albania is reflected from the lack of investments in the distribution grid and/or to purchase equipment needed for the operation in hand.
- CEZ Shpërndarje or CEZ a.s. have never given any options for the solution of the situation, instead the expressing the intent to leave Albania. Referring to the article published by BLOOMBERG, dated 31.10.2012, where it declares: "*CEZ a.s., the biggest Czech company for the production of electricity, admits that it is taking into consideration leaving Albania*"
- Referring to the correspondence of CEZ a.s. and CEZ Shpërndarje, as mentioned above, it is confirmed the lack of will to resolve the situation in Albania and the implementation of the investments in Albania.
- The fact that the electrical energy has not been procured to cover the losses in the distribution system is a clear example of the deformation of the market from CEZ a.s. and CEZ Shpërndarje, which has gravely affected the security of the supply in Albania.
- The fact that CEZ Shpërndarje in October has subcontracted the management of the company to a third party (Schindler's group) which has no experience in the electricity sector, shows that CEZ Shpërndarje has been focusing on leaving Albania, instead of diminishing the infringements. This shows the inability and the non-readiness to comply with the requirements and the investments as requested by the license and the Regulatory Statement. This fact alone is sufficient to show the will of CEZ a.s. and CEZ Shpërndarje to leave Albania.
- The recognition of the obligation from CEZ Shpërndarje, expressing the readiness to import the needed energy, as noticed in the document sent to the Prime Minister,

dated 30.07.2012 in which it is defined that "*According to the contract, CEZ Shpërndarje is obliged to import the energy necessary to cover the losses in the distribution grid, aiming to improve the service for the Albanian costumers, the parent company in Prague has decided to allocate more funds to CEZ Shpërndarje, that will be used to provide the needed energy in order to guarantee an uninterrupted supply of the costumers.*" This statement objects to all the claims of CEZ Shpërndarje that it has imported the necessary energy to cover the losses.

- In the letter sent to the Prime Minister, dated 16.07.2011, in which CEZ Shpërndarje stresses that "*....they will bring as soon as possible 100 Mil. Euros in Albania and could invest this initial significant sum in Albania in the distribution grid and continue with the improvement of the service of distribution from CEZ Shpërndarje*", two important factors are confirmed:
 - a. First, CEZ Shpërndarje recognizes the obligation to invest in the distribution grid
 - b. Secondly, CEZ Shpërndarje confirms in writing that this value would be the first significant investment to be made in Albania.
- ERE realizes that the lack of investments on the part of CEZ Shpërndarje and the fact that the situation in the distribution system, these in contradiction to the obligations according to the investment plan approved by ERE, which intended improvements in this sector, are the real causes why CEZ Shpërndarje has not been able to fulfill the obligation that they have undertaken, that have lead among other things to the increased level of thefts of the electricity and the increase in the number of illegal connections to the grid.
- As regards the violation regarding the lack of electricity meters, we highlight the fact that it was never proved to ERE that the completion of all consumers with meters, since CEZ Shperndarje itself has a lack of evidence in its response, and moreover is contradictory as in the periodic reports to ERE, CEZ Shperndarje confirmed, the existence of consumers without meters in the territory of Albania.
- The significant increase of the number of complaints filed by consumers in ERE, is a visible indicator:

- i. First, the inability of the CEZ Shperndarje to handle the numerous and increased complaints from the time of privatization.
 - ii. Secondly, it is an undeniable fact of deterioration of quality of service to the customer by CEZ Shperndarje sh.a
 - iii. Thirdly, it shows that CEZ Shperndarje is unable to handle the increasing number of complaints due to lack of investment and because of failure on their part of the obligations taken mentioned extensively in this paper.
- ERE has documented that the collective power outages performed by CEZ Shperndarje these recent months, have affected a large part of the community, by not having any technical argument for their conduct, except for the lack of transformers and necessary material base which should be provided by CEZ Shperndarje itself.

It is important to emphasize that the allegations made by CEZ Shperndarje by letter No. 6092/2, dated 28.09.2012, where it is emphasized that KESH *should serve as supplier of last resort and CEZ Shperndarje sh.a is in inability to make imports necessary*, and another letter send by them, on 20 December 2012, nr.7869, in ERE in which CEZ Shperndarje states that *may not be able to prevent the deterioration in the coming weeks of the level of services it provides, including promotion of electricity*, are sufficient conditions to remove CEZ Shperndarje licenses, since it itself, through these documents capitulates by saying that it can not fulfill the obligations of the licenses.

As a result of all the above, the Board of Commissioners of ERE with Decision no. 4, dated 21.01.2013, decided to withdraw the license of public distribution and retail public supply from CEZ Shperndarje and by Decision no. 5, dated 21.01.2013 put this company on an interim administration under Article 18, paragraph 4, letter c) of Law no. 9072, dated 22.05.2003 "On Power Sector", as amended.

Chapter IV

ERE Activity Towards Customer Protection

ERE Activity Towards Customer Protection

During 2012 as well handling customer complaints is considered from ERE as one of the main and crucial activities, which serves to identify concrete problems in the electricity supply of customers and contributes to the monitoring of the quality offered from the customers' point of view, being well informed and aware of their rights and the quality of service they should be entitled to.

1. Customers Complaint Handling

Handling with the right attention, transparency, impartiality and within the legal deadlines the customer complaints remains an important aspect in the work of ERE.

In 2012, the same as in 2011 there has been a considerable increase in the number of customers that come directly to the regulator to solve their complaints towards the supplier. So for this year there have been registered around 1,720 complaints, compared to 1,019 we had registered for last year. In this figure are not included information and orientations given by phone or e-mail (around 200 complaints by e-mail) as well many consultations with different customers that come personally to the ERE offices.

In our opinion this increase demonstrates the strengthening of the ERE's authority as well the consciousness of the customers for the role of ERE as an independent authority to protect the interests of the customers, but, on the other side, it shows the service quality deterioration by ÇEZ Shperndarje and RPS.

Main issues handled in 2012 have consisted in:

1.1 Violation of the General Terms and Conditions of the Electrical Energy Supply Contract for the Household and Non-household Clients

The electrical energy supply contract for the household and non-household consumers has defined the reports on the mutual obligations and liabilities between the consumer and CEZ Shpërndarje, in its role as the retail public supplier.

ERE has found that CEZ Shpërndarje, in the majority of the cases, is contrary to the deadline for treating the complaints or requests from the clients, in accordance with the obligation of point 6.10, of the Retail Public Supply License and of the Electrical Energy Supply Contract for the Household and Non-household Clients, an obligation based on which the Licensee should take into consideration any complaints and should reply in writing to the client if his/her complaint has been accepted or refused, within 15 working days from the receipt of the complaint.

Table 33 shows in detail the total of complaints submitted to ERE. **The analysis shows that the number of the unresolved complaints is about 73%** (if we add those in process, their amount increases), which shows the poor performance of the company in this regard.

Table 33 Total of Complaints filed in ERE for the year 2012

TOTAL OF COMPLAINTS FILED IN ERE FOR THE YEAR 2012				
MONTH	TOTAL COMPLAINTS	SOLVED	UNSOLVED	IN PROCESS
JANUARY	109	25	70	14
FEBRUARY	118	11	99	8
MARCH	89	22	61	6
APRIL	113	32	74	7
MAY	157	29	110	18
JUNE	171	17	132	22
JULY	203	22	154	27
AUGUST	173	10	121	42
SEPTEMBER	181	5	167	9
OCTOBER	147	8	113	26
NOVEMBER	161	0	129	32
DECEMBER	98	0	12	86
Total	1720	181	1242	297

Also, in addition to the list of complaints in ERE, consumers of different categories have sent complaints even in METE and other institutions as shown in the following table.

Table 34 Complaints sent in METE-s and other institutions

COMPLAINTS	TOTAL	SOLVED	UNSOLVED	IN PROCESS
COMPLAINTS COMING FROM OMBUDSMAN	186	36	103	47
COMPLAINTS COMING FROM METE (Ministry of Economy, Trade and Energy)	70	24	11	35
COMPLAINTS COMING FROM GDM (General Directorate of Metrology)	276	0	276	0
TOTAL COMPLAINTS COMING FROM THE ABOVE INSTITUTIONS	532	60	390	82

If we consider the progress of the complaints submitted to ERE during years 2009-2012, we shall notice a progressive increase year after year. **ERE finds that the number of these complaints for 2012 is more than 20 times higher than the ones presented in 2009.** For a better reflection of the situation, in Figure -39 – it is shown the number of complaints filed during this period in ERE.

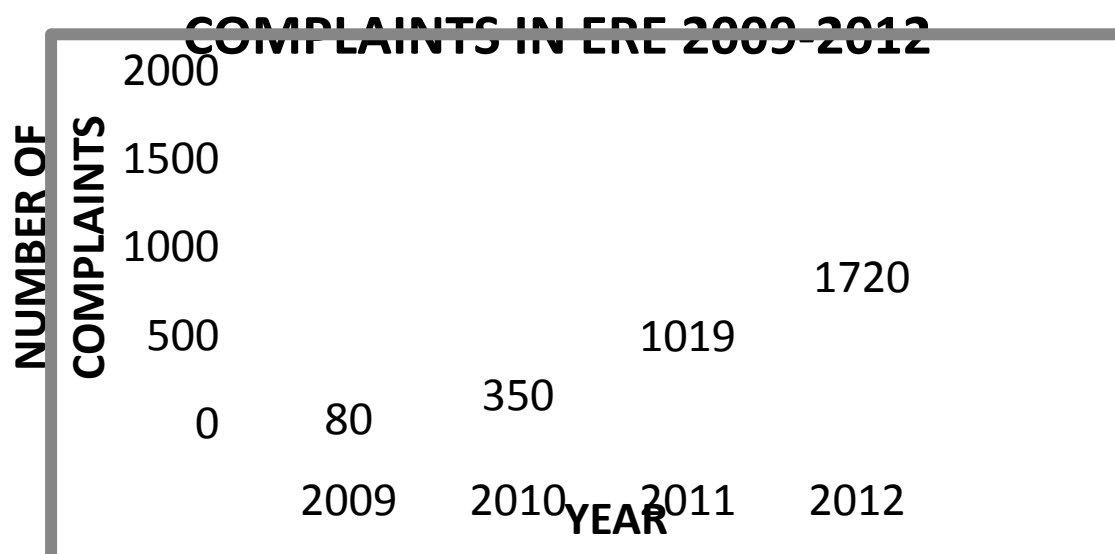


Figure 39 Complaints in ERE 2009-2012

ÇEZ Shperndarje has not followed ERE guidelines towards customer complaints , according to article 6.11 of RPS license. This clearly shows that CEZ Shperndarje's performance has been decreasing and the dissatisfaction of the consumers towards the electrical energy supply services has been increasing considerably.

Table 35 shows into details the total number of complaints from all kind of customers directly in ERE. The numbers clearly show that the complaints have been progressively increased.

Table 35 Total of Complaint filed in ERE for the year 2012

TOTAL OF COMPLAINTS FILED IN ERE FOR THE YEAR 2012										
OBJECT OF COMPLAINT										
MONTH	METERING OUT									TOTAL
	INCORRECT OVERBILLING	ECONOMIC BILLING	AFORFE DAMAGE	OF TECHNICAL INVOICING	CALIBRATION OF ELECTRICAL METERS	OPENING OF NEW CONTRACTS	FICTIVE CONTRACTS	OTHERS		
JANUARY	28	9	52	0	6	0	0	0	14	109
FEBRUARY	19	4	77	1	1	0	0	0	16	118
MARCH	17	8	49	0	0	0	1	4	9	89
APRIL	31	8	55	7	3	0	0	1	8	113
MAY	29	18	73	12	11	1	2	3	8	157
JUNE	37	17	90	6	8	1	2	1	9	171
JULY	25	24	108	15	7	5	1	5	13	203
AUGUST	23	29	96	16	2	3	0	0	4	173
SEPTEMBER	14	16	82	23	10	0	4	6	26	181
OCTOBER	21	13	68	15	7	0	1	3	19	147
NOVEMBER	32	4	87	14	4	0	0	4	16	161
DECEMBER	25	2	53	5	7	0	0	1	5	98
Total	301	152	890	114	66	10	11	28	147	1720

Illegally applying "economic damage" or "UBE" to consumers. A vast number of complaints are being presented to ERE (almost 70%) regarding illegal applying of economic damage or unbilled energy for energy stealers.

There are two types of violations here:

1. Non compliance to ERE Board of commissioners Decision Nr. 90 of November 15, 2010 "Non compliance to the RPS license terms, article 3.1, for cancelling "economic damage" or "unbilled energy" after law 9997 of September 2008 came into force.

2. Charging "*economic damage*" to household and non household customers in violation of article 14 of the household and non household supply contract and article III 7.7 of electric power metering code.

As for the complaints about "*economic damage*" and "*unbilled energy*", ERE has noticed, based on the minutes issued by NTL groups, that the majority of these inspections have not been made in the presence of the subscriber, which goes against Article 14.1 of the Electrical Energy Supply Contract for Household and Non household Consumers as well as Article III.7.7 of the Metering Code. Furthermore, the inspections have been made in collective boxes, boxes which are not under the ownership of subscribers, but under the administration of CEZ Shpërndarje.

- **Immediate interruption of energy supply.** Another violation is the fact that immediately upon applying "*economic damage*", subscribers have had their energy supply interrupted because they have been faced with the obligation to pay the value of the "*economic damage*" without reflecting this value in the respective energy invoice, which is contrary to the obligations set out in the Electrical Energy Supply Contract for Household and non household Customers, namely Article 11.1 of this contract which stipulates that "*If the Customer fails to pay his energy invoice within 30 days from the deadline set for payment according to Articles 9.1 and 10, the Supplier earns the right to perform the disconnection of energy supply to the customer after having notified the latter in writing 48 hours in advance. The Supplier is obliged to make the reconnection within 48 hours from the moment the Customer makes the payment*".
- **Overbilling and incorrect billing of electrical energy.** Complaints about overbilling and incorrect billing of electrical energy are a result of several problematic issues such as: non reconciliation of the index uploaded in the system with the real index of the meter, human errors of meter readers, delays in uploading new meter data into the system. Such problems increase the financial burden of subscribers, thus reducing the level of collections. All these causes have made complaints against energy overbilling and incorrect billing be still a problem in 2011. ERE has asked CEZ Shpërndarje for the necessary information and the verification in the field of these complaints. Then, CEZ Shpërndarje has received the respective directives and the deadlines to implement them. Based on the data available to ERE, the majority of these complaints have not received an answer and the final reconciliation of the real index of the meter has not been made.

- **Noncompliance with the 30-day deadline for the periodical reading fo the meter.** Complaints submitted to ERE with regard to energy overbilling and incorrect billing issues, are a result of the failure to perform periodical readings of the electrical meters for a time period of 30 calendar days, which is stipulated in Article 7.1 of the Electrical Energy Supply Contract for Household Customers.
- **Obviously erroneous billing.** In addition, for billings which are obviously higher than the average monthly consumption of customers (comparable or more than triple the average monthly consumption), CEZ Shpërndarje has not complied with Article 12.6 of the Electrical Energy Supply Contract for household and non household Customers, which clearly stipulates that "the Suppliers cancels the invoice and performs with an accelerated procedure the verification, cancellation and issuance of the corrected invoice within 10 days.
- **Prevention of free access to meter reading by consumers;** Based on the General Conditions of Electrical Energy Supply Contract for Household and non household Customers, Article 7.3 stipulates that "Within 31 December 2012, the Supplier is obliged to ensure the customer's consent to provide free access to meter reading at any time". Regarding what was stated above, ERE has noticed that CEZ Shpërndarje has not taken the proper measures for the implementation of this Article of the Contract.
- **Calibration of electrical meters.** Throughout 2012, the calibration of electrical meters has been blocked and all requests/complaints addressed to CEZ Shpërndarje with regard to the verification of the accuracy of the electrical meters have not been handled by the company.
- **Energy supply quality.** A problematic issue has also been the voltage quality. The majority of these complaints come mainly from Communes and various private subjects. A major part of these complaints have been forwarded to us by METE and the People's Advocate. CEZ Shpërndarje has already recognized and accepted the problems related to the voltage quality. The regulation and improvement of the situation in order to ensure an energy supply conform standards would require new investments, a part of which have been foreseen for the third regulatory period, according to the investment plan approved by ERE. We have handled such

complaints by holding hearing sessions, in which CEZ Shpërndarje has been asked for detailed information about the reasons behind energy interruptions and their duration. CEZ Shpërndarje has admitted the energy interruptions and has expressed its commitment to observe the contractual obligations and to notify consumer in time of the scheduled disconnections and the repair of defects within the shortest time period possible. In addition, ERE has asked for its immediate intervention for the provision of the distribution grid services and investments within the planned funds, wherever the situation appears urgent.

- **Invoicing of electrical energy for "metering out of technical conditions".** A problematic situation also was the change of meters that were out of technical condition, within the determined deadlines. Not respecting these deadlines has led to charging the consumers with energy billed for "metering out of technical conditions". This billing is not made based on the legislation in force, because, in the new Contract of Electrical Energy Supply for Household and Non-Household Clients, Article 8, point 2, it is cited that "if the Supplier does not respect the 30-day deadline for the installment of the regular meter, then this is the Supplier's responsibility and the billing for the days with no metering beyond this deadline, will be zero."
- **Fictive contract signed unilaterally by the company.** There are complaints submitted to ERE in regard with the problem related to the fictive contracts existing in the Billing System. These contracts are mainly duplicated based on the original contracts of the clients or are signed unilaterally - with no agreement between the parties.
- **Problems from the time of aforfe invoicing (2007 - 2009)period.** These problems mainly belong to the period 2007- 2010. Such complaints are not processed yet by CEZ Shpërndarje. The latter justifies itself by saying that there is a lack of documentation from the company. The most flagrant cases are those when the invoicing of the consumers is clearly made contrary to decision approved by ERE "On approving the postponement for the aforfe invoicing for the household consumers with no meter for years 2007-2008-2009".
- **Not respecting the determined deadlines for the new contracts.** In these cases, we notice delays in organizing the contracts and in transferring the contract for the

subjects resulting as debtors. We have given instruction to realize the contracts for all those subjects that are not debtors, an instruction which is not taken into consideration by the company.

- **Not crediting the payments made for the electrical energy invoices.** A new phenomenon for this period is related to the complaints of the subscribers who, even though they have paid all the obligations of the energy, they still result as debtors. Based on the documents checked by us, we have identified cases when customers have made the payments mainly in the bank or post office and we still notice lack of reconciliation for the paid invoices. In some cases, customers have paid in the cash points and the documentation for these payments is missing. The procedure followed for these consumers was the verification of the original energy booklet or of the payment made in Cash Points or Bank with the Billing System of CEZ Shpërndarje. Afterwards, the necessary corrections are made.

It does worth mentioning that we have seen problems in handling and solving complaints from the Customer Care offices of CEZ Distribution. There have been some negotiations and delays in dealing with customer complaints through the departments within the Company. Problems registered from these offices are delayed, are not finalized but are dragged going from one department to the other within the Company. So these customers that do not get a reply within one month as stated in the CEZ Internal Regulation, they come to ERE to follow this complaint.

ÇEZ Shperndarje has reported to ERE the total number of complaints as follows:

Table 36 The Total Number of Complaints ÇEZ Shperndarje reported to ERE

In the periodic report of November 2012 it is declared by CEZ Shperndarje:		
Total Nr. of progressive complaints of the year		60,001
Nr. of responses related to the total amount of complaints		48,350
Total number of complaints for November 2012		4,865
Nr. of responses regarding the total number of complaints of November 2012		2,553

ERE has found a complete lack of information in the reports of CEZ Shperndarje, regarding the way of handling the complaints, time needed to responde customers and

other obligatory data required in the relationship of the company with the clients, obligations that are specified in the license for the Retail Public Supply of Electricity and the Regulation of Complaints Handling by the Supplier, approved by ERE.

1.2 Violations of the Quality of Distribution and RPS Service Indicators

ERE has approved several regulatory framework aiming to define key elements of the quality of service towards customers.

Starting from January 2012, based on the above mentioned Decisions of ERE Board of Commissioners, ÇEZ Shperndarje sh.a had the obligation to continuously supply electric power to households.

During our monitoring we have observed the long, unscheduled power outages from October to December 2012 that coincides with an excessive number of customer complaints in different regions of the country or the mass media reporting makes these cases even more evident.

Table 37 shows the power outages for November 2012 for each voltage level of the distribution grid.

Table 37 Power Breakdowns for November 2012 for each Voltage Level of the Distribution Grid

HV Breakdown November 2012		
Breakdown Reason	Nr of affected Customers	Duration of Breakdown (h : min)
Transformer	67336	31:39:00
Line	432407	136:58:00
SS Busbars	20873	36:24:00
HV Switchgear	222265	94:50:00
Insulator	6632	2:51
Maximal protection	61403	7:59
Short circuit	1	3:00
Earth connection	700	14:30
HV Fuse	1187	3:01
Overflow	1832	7:59
Security effect	28448	33:47:00
Total	843084	372:58:00
MV Breakdown November 2012		
Breakdown Reason	Nr of affected Customers	Duration of Breakdown (h : min)
Transformer	5800	12197:04:00
MV Wire and MV Insulator	1458165	7475:21:00
MV Wire	7058	15:15:00
MV Disconnecter	27648	94:50:00
MV Insulator	376809	3564:42:00
MV Cable Head	86119	927:30:00
Short Circuit	358776	552:48:00
Earth connection	146331	192:13:00
MV Fuse	316046	325:26:00
Cubicles	60	145:00:00
Security effect	647091	894:36:00
Total	3429903	14187:41:00
LV Breakdown November 2012		
Breakdown Reason	Nr of affected Customers	Duration of Breakdown (h : min)
LV wire	7289	1058:02:00
LV automat	3740	139:46:00
LV fuse	2582	180:09:00
LV Panel	180	5:20:00
LV insulator	353	79:15:00
Total	14144	1462:32:00

Table 37 shows these indicators:

- The number of customers affected from the long, unscheduled power outages throughout the country is 843,084 in HV network, 3,429,903 in the MV network and 14,144 in LV network.
- The time span of the power outages is respectively 372 hours, 14, 187 hours and 1,462 hours in LV, MV and LV network

In violation of what the legal and regulatory framework states, ÇEZ Shperndarje has obviously violated the quality of service to consumers as stated in particle 2.4 of chapter 3.

ERE has approved contracts and set quality rules which define obligations towards ÇEZ Shperndarje on the way they should cut electric power, respect deadlines and they should always be on individual bases. As stated in our correspondence to them, ÇEZ Shperndarje has generally not complied with the modalities of consumer power interruption.

1.3 The Voltage Quality of Electricity Supply

Another very serious problem is the quality of supply of electricity. Due to the fact that the investments have not been done and the fact that the development of the different areas of the country, CEZ has not proceeded with the investments needed in many areas, thing that has made that the quality of supply of the electricity, especially in the fact that the voltage is out of any acceptable parameters. In the long list of complains made from household and private costumers, they complain of a voltage in and around 30-40% lower than the standard. This has led to a severe damage of the household equipment, machinery in the industrial sector and pumps in the water-supply companies and pumping stations all over the country. The value of these losses is quite vast and METE together with other institutions in Albania has started to quantify (evaluate in units) the damage due to the non supply with energy (thing that has forced many customers to use diesel generators with a cost up to 25 Cent/ KWH) or even the damage made to household equipment, machinery in the industrial sector and pumping stations.

2. Public Relations

2.1 Public Information Procedures

Communication of ERE activity is a key element to promote competition and to protect customers. Thus, this obligation is a considerable function of the institution, consumer and the media close to the energy sector.

Depending on the issues and their importance related to energy regulation activity, ERE has continuously provided communication to the broader audiences through the media, information publications regarding the quality of service from the energy market participants as well as meetings and public hearing sessions of ERE Board of Commissioners.

In any case, for the sake of transparency, ERE has published all its Board of Commissioners Decisions and other framework that deals with the energy sector.

2.2 ERE Evaluation of Customer Protection Issues

On March 15, 2012 in the European Consumer Protection day, the consumer protection office granted to ERE the European Prize for Albanian Consumer Protection for 2011. *This prize came as the result of ERE's efforts in treating customers complaints with care, transparency and fairness and within the deadlines, and also for approving the tariff customer supply contract as well as the rules for the quality of service of electric power distribution.* ERE has been evaluated specifically for composing these important documents, has taken into account the obligations settled in the 2003/54/EC Directive of the European Parliament as well as the suggestions of Energy Community Secretariat and has complied to international consumer protection standard treatment ISO – 10001 and ISO-10002.

These two documents aim to balance the bilateral rights and obligations between the Distribution Company and the consumers, by providing a full protection of the consumers interests in their business relations with the company.

Another special evaluation towards ERE's consumer protection activity was *preserving the same electricity price for the Albanian energy consumers for 2012.*

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2.3 Communication with Market Participants

Following their objectives, in order to reflect the problems and obstacles presented during the regulatory framework implementation in the licensees businesses, ERE has been focused on strengthening the cooperation with the energy sector market players. This cooperation has been able through periodic meetings with energy market participants, such as KESH, OST, CEZ Distribution. We can also say that there have been continuous communications with other market participants (PPV, AEES.), etc.

The interested parties have always provided the information. Once it is requested, regarding electricity market issues such as the building of new generation infrastructure, the licensing criteria, tariff calculation methodology and any information dealing with the regulatory framework and market participants operational activity.

2.4 Web Communications

As the result of the new access system, the web communication, as one of the main strategic activities in order to efficiently inform the public, is carried out offering an even more completed view of the information and services supplied.

By updating and expanding the content of this page, as well as by implementing new services, like accessing and online filling of a complaint form from any interested party, this website works as an institutional authority analysis and also as an opportunity to advertise the new services to the consumers.

The new ERE website changed its interface in 2012, offering the possibility for a broad range of information in real time, starting from the Board of Commissioners meetings and their Decisions. It has also systematically promoted and advertised ERE activities, while the number of web page visitors is increasing proportionally with the market development rate.

2.5 Relations with Written and Audiovisual media

During 2012 ERE communication with written and audiovisual media is considerably increased. During this period has been consolidated the dialogue through

press interviews and statements with written and audiovisual media regarding issues sensitive to the public, frequent press releases and direct contacts with the media and journalists covering the energy sector.

Frequent contacts with the energy related media are realized during the period and they have had all the necessary access for all the sensitive issues complying to public information law.

Observing media coverage, we notice that there has been a fair reflection of ERE activity in mass media, by evaluating it as a transparent, efficient and in consumers service. During 2012 there has been a wide media coverage on ERE issues, because of the situation with EZ Shperndarje, their relations to KESH sh.a and Trans Adriatic Pipeline Natural Gas Project (TAP).

We should mention that with this last developments, the energy sector has also attracted media attention because of ERE role in several processes. The increasing number of projects in different sectors has brought them faster under media attention, while ERE managers have cooperated by always supplying information.

We should also emphasize that all the time we have had frequent contacts with media during our dispute with ÇEZ Shperndarje sh.a, that were further intensified while we started the license removal procedure. Press has paid close attention to direct coverage of ERE decision-making regarding ÇEZ Shperndarje. A wide interest also has been ERE decision-making regarding TAP or KESH sh.a.

Based on the latest developments, ERE is considering further cooperation strengthening with the energy market players, because of the importance of the energy sector, its positive trend, challenging our human capacity ever increasing trend, in order to be as close as possible to the general public by being present in the mass media.

ERE also has institutional relations with ATSH (Albanian Telegraphic Agency), and carries out an important exchange of information with this prestigious news agency.

3. Hearing sessions

In realize its activities particularly in the framework of solving complaints, handling of disputes between the licensees and the process of drafting bylaws and in accordance with its principle of transparency, ERE, base on Rules of Practice and Procedure, organized a series of hearings (about 47 hearings were held to address and resolve complaints by categorizing them. In these sessions, we faced customer with the company and instructions are given by ERE which are mandatory for the company to resolve problems encountered by consumers.

About 30 other hearings were organized with the main actors of the market as "KESH", "TSO" and "CEZ Shpendarje", which have been the subject of consultation on regulatory acts or treatment of various problems, such as amending the Albanian Electricity Market; demand for energy planning in the context of changes to the Law on Electricity Sector; disputes concerning imbalances, problems associated with increasing the quantity of electricity imported to cover the losses in the distribution system; amending certain provisions of the contract of sale and purchase energy between KESH and SPP; energy balance, problems associated with dysfunction of the protection trips of 110 kV lines in some substations; allocation of interconnection capacity and performance of energy imports; approving the scheme that calculates the total capacity of energy transmission etc.. The opinions and observations expressed in these sessions, and analyzed through a transparent procedure were presented to them in order to be considered. During these sessions there's been a broad participation by METE, Authority Competition, representatives of public companies, consumer associations and interested stakeholders.

Several public hearings were organized with small HPPs for the problems shown in their object: HPP tests given by concession, installing electricity meters, double connections for the 110 kV network energy exchange; regulated IPP contracts; problems associated with regulating voltage level in Bulqiza Substation; connecting generation sources to the transmission system, the problems of establishing fine from KESH sha. ERE through a transparent procedure, carefully analyzed the opinions and observations expressed in these shearing sessions and have expressed its position to the interested parties. During these sessions there has been participation of Economy, Competition

Authority, representatives of public companies, associations Customers and interested stakeholders.

Other sessions are organized hearings with large consumers of energy as "Albpetrol" Sha, "Tirana Water Supply" Sha, "ARMO" sha and Qualified Supplier Power, on the signing of agreements for partial billing, contested invoices, reconciliations of energy, defining the modalities for signing relevant agreements for transmission and distribution of energy, energy imbalances in the framework of Reviewing the Rules of the Albanian Electricity Market.

Regarding these sessions, ERE, complying with the implementation of a transparent procedure, highlighting and analyzing the observed problems has announced its position about considering them or not.

Chapter V

ERE's Inter-Institutional and International Activity

1. Inter-institutional and International Relations in the Country

For 2012, the Regulatory Authority has evaluated as very important the development of inter-institutional relations within the country and the international relations multilateral and bilateral.

In the ERE inter-governmental relations have to be mentioned the relations with the Albanian Parliament, Ministry of Economy, Trade and Energy (METE), Ministry of Integration, Competition Authority, Ombudsman and other domestic institution.

1.1 Relations with the Albanian Parliament

During 2012 ERE has further consolidated the cooperation and periodic information by reflecting step by step the institutional activity in compliance with Decision of the Parliament's Bureau No 29 date 09.20.2008 "On establishment of Monitoring service for institutions reporting and informing to Parliament". In frame of this, the advisor of Parliament responsible for performing this service, has followed closely and in detail the ERE activities attending several meetings of the Board of Commissioners.

ERE has informed the Parliament on the current developments in the sector, in addition to the presentation of ERE annual report has presented information on important issues such as Energy Market, the performance of ÇEZ Shperndarje and the difficult situation of the security of supply because of the difficult financial situation. ERE has accurately informed the MP-s on the issues required by them. ERE has also presented in front of the Parliament, on the occasion of the regional workshop regarding Albanian Parliament relationship with independent institutions, where they showed the very nature of these relations based on the actual legislation and has also taken part in the workshop organized from the Regional Cooperation Council and Energy Community Secretariat of the Parliament.

1.2 Relations with METE

During the 2012 ERE relations with METE have focused mainly on problems encountered in the energy market in Albania where quite intense was the course of communication regarding the financial situation of ÇEZ Distribution and the negative consequences of this situation on other financial market operators. In these communications ERE has considered METE as the shareholder of the three operators CEZ Distribution sh.a; KESH sh.a and TSO sh.a and its role of being the Ministry responsible by always asking for its contribution for a fair and especially reasonable decision making in the context of proceedings undertaken by the ERE to CEZ Distribution.

Based on the relations with METE, ERE has contributed either through its proposals arising from them or through giving opinion on proposed changes to laws, or through active participation and the Interagency Working Group established by METE.

ERE will continue to assess and one of its priorities will be the cooperation with the Ministry of Energy.

1.3 Relations with Ministry for Integration

For 2011 ERE has communicated and collaborated with the Ministry for Integration in updating information in the frame of Stabilization-Association Agreement for the period 2010-2014. In this view ERE has reviewed the secondary legislation foreseen in the National Plan for implementation of the Agreement and had given her contribution in fulfilling the requests coming from EU Directives. Concretely in compliance with Directive 54/2003, in the frame of Energy Community Treaty.

1.4 Relations with the Competition Authority

Following the cooperation between ERE and Competition Authority established in the Memorandum of Understanding signed between the ERE and the Albanian Competition Authority on 17.01.2007 the institutional relationship between two institutions, during 2011, both institutions have collaborated to avoid the anti-competitive

behaviour by the sector participants establishing competitive rules for protection of customers interest. ERE has requested regularly the Competition Authority opinion for the secondary legislation related to the development of energy market before they are approved by the ERE, by assuring the presence of that institution representatives in ERE hearing sessions.

1.5 Relations with the Ombudsman Office

These two institutions have a reciprocal engagement that is protection of electricity customers.

In this respect, the ERE has maintained close institutional relations with the Ombudsman Office organizing shared meetings, exchanging opinions and providing necessary explanations regarding the consumers protection and controlling the quality of service to customers as well as the invoices billed to them.

1.6 ERE relationship with the State Advocacy Office

Given the problems of market behavior observed in the distribution system operator and retail public supplier, and mutual commitment of the Albanian state in the framework of the privatization of the distribution system ERE has established an intensive collaboration this year with the State Advocacy Office. These communications that are conducted have concluded that we take this office's opinion regarding possible proceedings of ERE against CEZ Distribution avoiding exposure of the country in judicial conflicts (international arbitration) regarding the Sales Agreement of the 76% of the shares of the Distribution system Operator and the Partial Risk Guarantee Agreement.

2. International Relations

The representation of the country in regional and international activities, consistency and harmonization of practices in pursuit of the practices of EU countries, has always been a priority of ERE, always focusing on institutional strengthening, increasing the knowledge and experience of staff. In this context we may mention the role and activity of ERE, its membership and active participation in international organizations, international bodies, cooperation with other institutions, organization of international events, workshops or multilateral and bilateral meetings. So ERE has intensively worked towards useful cooperation in the interest of the energy sector in Albania. Taking into consideration these purposes, ERE has joined the IGU has continued multilateral relations with international organizations such as ERRA MEDREG, NARUC, Vienna Secretariat, etc. and it has also established bilateral relations to other regulators and it has participated in conferences and international energy activities.

2.1 Active Participation as a Member of Regional and International Organizations

ERE as a member with full rights in the Association of Regulatory Utility Countries of Southeast Europe and Eurasia (ERRA) takes part in meetings of the General Assembly of the Heads of ERRA, meetings of two Standing Committees of ERRA, that of Monitoring & Licensing and that of Pricing & Tariff and the Working Group on the legal issues that will be held in the ERRA Member States. ERE also follows trainings organized by ERRA, which, during 2012 have consisted in trainings for the energy markets and in the training of new staff to regulators.

ERE as a member of the Association of the Mediterranean Regulators for electricity has active participation in the meetings of the working groups on renewable energy and gas issues, as well as meetings of its General Assembly. On April 10, 2012 under the auspices of ERE in Tirana MEDREG Gas Group held its meeting. This is a valuable opportunity in terms of recognition of energy potentials of the Mediterranean countries and establishing a way of understanding and cooperation among the regulators of these countries in mutual interest issues.

ERE has collaborated with NARUC (Association of Regulatory Utility SH.BA's) and with financial support from USAID, it has planned to develop regulatory cooperation with the United States as partnership activities.

Based on the Energy Community Treaty ,during 2012 ERE has actively participated in Athens Forums and Energy Community activities organized by the Secretariat of Vienna. ERE holds regular meetings of the Working Group on consumer issues, energy and the regional energy market, as well as natural gas. In the Energy Community Gas Forum in Bled, Slovenia, 26-27 September 2012 to date, the ERE was introduced ways of organizing market assessment as a result of cooperation between Albanian regulators\ (ERE), Greece (RAE) and Italy (AEEG). ERE has also participated in trainings and workshops organized by the Secretariat for the quality of service and energy the method of calculating the imbalances, rules and procedures of supplier switching,. Base on this there are also several studies conducted concerning: rules concerning the network of consumers, small power generators, best practices to change supplier by the customer, etc.

ERE has closely cooperated with Vienna Secretariat holding joint meetings and consultations with the Secretariat regarding issues of concerns to the sector of energy and natural gas. ERE has sent the Secretariat of the Vienna continuous information about its decision and has important consideration for regulatory acts issued by it, as with respect to the Capacity Allocation Rules, the Market Rules, etc.

With ERE initiative to provide a solution for ending the difficult energy situation created by non importing by CEZ Shperndarje electricity to cover losses in the distribution system, was developed in Tirana in a joint meeting on 5 September 2012 with Vienna Secretariat and other stakeholders of the energy sector in Albania to discuss the challenges and finding common points of possible solutions in the sector.

Vienna Secretariat representatives have always been present in the activities organized by the ERE like workshops or international conferences where we can mention Conference organized by ERE on October 29, 2012 in Tirana, the Third Energy Package and its challenges .

Taking advantage of these activities and the experiences of the advanced European regulators, we intend the harmonization of legislation, practices and procedures in order to

create a transparent, competitive, non-discriminatory and equal regional energy market with equal access for all participants.

2.2 Cooperation with the Government of the Kingdom of Norway

As one of the biggest investors in the energy sector in Albania, the Government of Norway, in cooperation with ERE and other institutions like METE, Foreign Investments Agency, is committed to create an attractive and transparent environment for new investments in electricity generation, playing an important role in promoting investment opportunities in this new sector, market consolidation and to provide fair competition as a fundamental condition for the market freedom.

Given the fact that energy represents a major interest for a country with sustainable development, this collaboration with the Government of Norway in the field of energy, as a model of a country with developed experience in the organization of the electricity market in Europe, detailed analysis of market functioning in Albania conducted with the help of Norwegian partners, serve for identification of further steps that should be taken for an important decision making for all parties concerned, as well as the strengthening and development of sustainable institutional capacity of ERE, in the framework of European integration process.

With the support and contribution of the Government of Norway, during 2012 ERE has organized a series of activities and international conferences with a broad participation of all the major actors of the electricity sector in Albania, powerful companies operating in the Power Sector, as well as international institutions, representatives of international financial institutions and donors, where we can mention:

1. *Workshop on Electricity Market and Regulation in Albania and South Eastern Europe*-In cooperation with the Norwegian company Statkraft, the workshop organized in Tirana on February 1, 2012, showed the achievements and developments in the electricity market so far and it showed our readiness to support investment in the energy sector through the legislative energy package expected to be approved.
2. *Energy Market and Infrastructure Towards Integration Conference: 3 rd EU Energy Package - Implications for the Development of the Albanian Energy Sector"* - The Conference addressed important issues regarding further liberalization and regulation of the energy market and Albanian market adjustment with the 3rd Regulatory Package,

regulatory role and potential changes in the regulatory framework of the electricity sector in Albania, overview of the National Energy Strategy was presented, different funding mechanisms, as well as there was a special treatment of the latest developments in the natural gas sector.

The Conference noted that improving the reforms in this sector sets new challenges in meeting the regulatory framework which will help the continued development and transformation of the sector through the efficient functioning of the electricity market and the development of competition in the sector, to provide a competitive and integrated market with regional and European markets and to attract new investment in this sector.

3. *In the framework of the Ministry of Foreign Affairs of the Kingdom of Norway Grant Agreement, with beneficiary the Energy Regulatory Entity (ERE), a group with representatives of the main institutions of the energy sector in Albania organized a working visit to Norway. The purpose of the visit was to the counterpart associates in Norway, was the exchange of experiences in order to more closely watch the work of these institutions, introduction to the functions and roles in the energy sector as a whole, and in particular that of the generation, transmission, distribution as well as being presented to the energy market in Norway and the Nordic Region.*

Since Albania is committed to liberalize its energy market and to join the regional energy market, based on the directives of the European Union to liberalize energy markets in Eastern Europe, visiting Norwegian partners, was an opportunity to specifically see how the Norwegian electricity market works, taking into consideration that this market (Nord Pool) is one of the most successful markets that operate worldwide.

The Workshop organized for this purpose served to the Working Group to draft a document in which they defined possible immediate and medium term operations for the development of the energy sector, a document that can set the basis for a joint project between the entities in the energy sector.

2.3 ECRB Presidency in 2012

June 2012 meeting of the Board of Commissioners of the Energy Community Mr. Shkelqim Bozgo, ERE board of Commissioners member was unanimously elected as the President of the Board of Commissioners of the Energy Community (ECRB) for a one-year term with the right to be reelected for another year and in the role of the President chairs all meetings ECRB meetings. Besides discussing the challenges of regulating the energy sector in the Energy Community, during 2012 there was a special preparation of the Community Energy Strategy of Energy and identification of projects of interest to the Energy Community (PECI).

2.4 ERE's Multilateral Relations

Since ERE is the responsible institution for the natural gas sector in Albania, in September 2012 ERE applied for membership in the international gas organization (IGU). 117 gas associations and institutions worldwide joined this body. This organization includes gas industry, as well as the development and integration of the gas market, its regulation and research.

On 18 October 2012 during the membership conference held in Ottawa, after the presentation of developments in natural gas sector ERE joined IGU as a full right member and it will actively pursue meetings and activities that will be held following this international body.

2.5 ERE Bilateral Relations

In 2012 ERE bilateral relations have been focused to strengthen the institutional capacities and to set useful cooperation for the energy sector in the country. In this frame ERE has established bilateral cooperation based on bilateral agreements, where it does worth mentioning the agreement with the Italian Regulator, where two exchange workshops focused on experience exchange on tariffs, legislation and market have been organized.

A bilateral cooperation has also been established with the Austrian Regulator except electric power, that of the natural gas sector. We have organized bilateral appointments with the Turkish regulator in order to profit from their experience in the electric power sector and that of natural gas. Ere has also maintained close relationship with many regulators and beyond.

2.6 Participation in Conferences and International Activities

In accordance with its financial possibilities, during 2012 ERE has attended conferences and international activities in order to gain from European and global experiences, by actively participating in Energy and Gas European Forums, European Conferences on Renewable, Investment Conferences in SouthEastern Europe for Renewable, energy investment conference in Izmir, Turkey, World Regulators forum in Quebec as well as organized conferences for natural gas issues as well as in the workshops on the role of regulators regarding renewable, energy efficiency and the security of supply. European Conferences on Market, natural gas and also workshops and other events on regulators' role on energy efficiency and security of supply.

2.7 Other International Conferences

It is also worth mentioning the active participation and ERE presentations in donor meetings on the protection of people in need organized by the World Bank, the activities developed by AIDA on investments in the energy sector, in the workshops organized by METE for power sector and its developments and in seminars organized by the Ministry of Integration.

2.8 Application of ERE in IPA Project

During 2012 ERE, in collaboration with the Italian and Montenegro Regulatory Authority and has applied for the IPA (Adriatic CBC) which is a cross border project between the three countries of the Adriatic for a three-year period (2012-2015) supported with EU funds in the amount of 2,113,870 Euro. The project was intended to strengthen

regulatory institutions of the three countries providing the necessary tools for implementing second and third regulatory package for energy and increasing generation capacity building in terms of successful models for the development of Renewable Resources. For its importance and objectives, ERE will apply to institutions and other bodies for its implementation.

Chapter VI

Administration of Financial and Human Resources in ERE

In 2011 for human resources the requirements of the law Nr.9367, April 7, 2005 “On prevention of conflicts of interest in performing public functions” AMENDED BY Law Nr. 86/2012 of September 18, 2012 and Law Nr.9049, of April 10, 2003 “On declaration and control of the property and financial obligations of elected persons and some public servants” were implemented.

The periodic/annual statements on the private interests were completed by 10 officers (subjects to this obligation) within the time schedule, and no infringement of the law requirements as to the deadline established by the law.

ERE have also regularly attended the trainings organized by ILDKP.

In compliance with the decision no.181, date 05.05.2008 of the Albanian Parliament for the approval of the organization chart and the number of personnel, the requirements of the law no.9584, date 11.07.2006 “On salaries, compensations and the organization chart of the constitutional institutions and other independent institutions established by the law” and the decision no. 545 date 11.08.2011 “On approval of the organization chart and the level of salaries for civil servants, deputy Minister, and employees in the cabinet, in Prime Ministers administration, in the Ministries of line, administration of the President, Parliament, Central elections commission, General Prosecution, other independent institutions, institutions depending from the Council of Ministers, Prime-minister, institutions depending from the ministries of line and prefecture administration” as well as decision nr. 690 of October 9, 2012 “amendments on decision nr. 717 date June 23, 2009 of the council of ministers “On salaries of the supporting staff of budgetary institutions and employees of some budgetary institutions” as amended.

According to the law no.9072, date 22.5.2003 “On power sector” as amended, the selection, appointment and promotion of the technical staff has been made in compliance with the provisions of the law no.8549, date 11.11.1999 “On the status of civil servant”.

1. Administration of ERE Financial Resources

In the area of administration and finance of the ERE, the provisions of the respective legislation such as the law no.9072, date 02.05.2003 “On power sector” as amended, the law no.9643, date 20.11.2006 “On public procurement” as amended, the law no.9228, date 29.4.2004 “On accounting and financial statements”, and other secondary legislations are implemented correctly.

The delivery and notification of the register of the public procurement have been made according to the deadlines complying with the public procurement law supporting all related procedures with the legal assistance.

ERE has made the inventory of the properties in its administration. As to the financial funds, they are provided from the regulatory fees imposed by the ERE to licensees. In 2011, the planned revenues were collected at 73%.

The incurred expenses of the ERE were made for performing the legal obligations providing normal working conditions for the institution and have covered the most necessary need of the ERE during the year, where it can be mentioned:

- Salaries of personnel, social and health security payments, income tax, which have been paid all with not any outstanding payment
- Payments for consultancy services
- Publications for information of the public opinion
- Payment of payable services such as water, electricity and telephone and payments for other necessary services for the institution activity, and the depreciation of the fixed tangible assets, etc.
- Premium rate for the mandatory insurance of vehicles and their annual registration tax.

Procurement of the small purchases (as an activity of the commission of small procurements) was made according to the procurement procedures established by the public procurement law.

During 2012 ERE financial activity was audited by a licensed accounting expert according to the law no.10091, date 5.3.2009 “On legal auditing, organization of the professions of registered accounting experts and accredited accountants”. Following to this chapter the report of the accounting expert is provided.

PART IV

Chapter I

Audit Report from the Accounting Expert for 2012



Auditore e Liçensuar
Shpresa Breçani Licenca nr. 143
Adresa: Rr Jordan Misja, prane Hipotekes
Pall. Sara-El, Kati I, Ap I.

Tel / Fax: +355 4 2 22 33 31

RAPORTI I EKSPERTES
KONTABEL TE REGJISTRUAR

PER ENTIN RREGULLATOR TE ENERGIJE
TIRANE

NIPT: K51717024I

PER PERIUDHEN
1 Janar 2012 – 31 Dhjetor 2012

Auditore e Liçensuar
Shpresa Breçani Licenca nr. 143
Adresa: Rr Jordan Misja, prane Hipotekes
Pall. Sara-El, Kati I, Ap I.

Tel / fax: 04 - 2223331

Drejtuar: Kryetarit te ERE-se
Z. Sokol RAMADANI

Unë jam caktuar per te audituar Pasqyrat Financiare të Entit Regullator te Energjise per vitin ushtrimor 2012, ne mbeshtetje te Urdhrit nr.9, date 04.02.2013 te Kryetarit te ERE-se dhe kontrates se lidhur midis paleve.

ERE eshte Person Juridik Publik dhe Autoriteti i vetem rregullator ne Shqiperi ne sektoret e energjise elektrike dhe te gazit natyror. ERE eshte nje institucion publik, i cili nuk synon rezultat fitimprures, por ne te njejten kohe nuk eshte institucion buxhetor qe financohet nga buxheti i shtetit.

ERE funksionon sipas Ligjit nr.9072, date 22.05.2003 "Per sektorin e energjise elektrike" dhe Ligjin nr.9946, date 30.06.2008 "Per sektorin e gazit natyror", qe rregullojne veprimtarine e pergjithshme te saj.

Ne perputhje me dispozitat e mesiperme ligjore, kontabilitetit i saj pasqyron mireadministrimin e fondeve te cilat sigurohet nga Operatoret e sektorit te energjise elektrike dhe te gazit sipas tarifave te percaktuara me ligj.

Perdorimi i ketyre fondeve realizohet nepermjet hartimit, ndjekjes dhe raportimit te sakte te buxhet te miratuar nga Bordi i Komisionereve.

Drejtimi i Entitetit është përgjegjës për përgatitjen dhe paraqitjen e sinqertë të këtyre Pasqyrave Financiare në përputhje me Standardet Kombëtare te Kontabilitetit.

Kjo përgjegjësi përfshin: Hartimin, vënien në zbatim dhe mbajtjen e kontrollit të brendshëm të përshtatshëm për përgatitjen dhe paraqitjen me sinqeritet të Pasqyrave Financiare që janë pa anomali materiale, qoftë për shkak të mashtrimit ose të gabimit, përzgjedhjes dhe zbatimit te metodave të përshtatshme kontabile, si dhe për të bërë çmuarje kontabile që janë të arsyeshme për rrethanat e dhëna.

Përgjegjësia ime është që të shpreh një opinion për këto Pasqyra Financiare, bazuar në auditimin tim.



Auditore e Liçensuar
Shpresa Breçani Licenca nr. 143
Adresa: Rr Jordan Misja, prane Hipotekes
Pall. Sara-El, Kati I, Ap I.

Tel / fax: 04 - 2223331

Unë kam kryer auditimin në përputhje me Standardet Kombëtare të Kontabilitetit.
Këto standarde kërkojnë që të zbatohet kërkesat etike dhe të planifikojë auditimin me qëllim që angazhimi të kryhet për të marrë siguri të arsyeshme nëse pasqyrat financiare janë pa anomali materiale.
Auditimi përfshiu kryerjen e procedurave për të marrë informacione rreth pasqyrave financiare. Procedurat e zgjedhura varen prej gjykimit të audituesit.
Auditimi gjithashtu përfshinë informacione financiare historike, vlerësimin e përshtatshmërisë së metodave kontabile të përdorura dhe logjikën e çmuarjeve kontabël të bëra nga drejtimi, si dhe për vlerësimin e paraqitjes së përgjithshme të Pasqyrave Financiare.

Sipas opinionit tim, pasqyrat financiare të ERE-se japin një pamje të vertete dhe të sinqerte, në të gjitha aspektet materiale të gjendjes financiare, të burimit të fondeve dhe administrimit të tyre, për vitin e mbyllur me datën 31 Dhjetor 2012, në përputhje me Standardet Kombëtare .

Me respekt,
Eksperte Kontabel e Regjistruar

Shpresa BREÇANI

Datë 28/02/2013



Emertimi dhe Forma ligjore
NIPTI
Adresa e Selise

Ent Publik
K 51717024 I
Rr"Gjergj Fishta" nr.10 Tirane

Data e krijimit
Nr__i Regjistrit Tregtar

Veprimtaria kryesore

PASQYRAT FINANCIARE

(Ne zbatim te Standartit Kombetar te Kontabilitetit nr.2)

dhe Ligjit NR.9228, DATE 29.04.2004 "Per kontabilitetin dhe Pasqyrat Financiare"

VITI 2012

Pasqyrat Financiare jane individuale	Po
Pasqyrat Financiare jane te konsoliduara	Po
Pasqyrat Financiare jane te shprehura ne	lek
Pasqyrat Financiare jane te rumbullakosura ne	Jo (te plote)
Periudha Kontabel e Pasqyrave Financiare	Nga 01.01.2012 Deri 31.12.2012
Data e mbylljes se Pasqyrave Financiare	03.02.2012

ENTI RREGULLATOR I ENERGJITIKES

Pasqyrat Financiare te Vitit 2012

Leke

	AKTIVET	Shenime	2012	2011
I	AKTIVET AFATSHKURTRA			
1	Aktive monetare		13,298,319.40	19,664,438
(i)	Depozita ne banke dhe llogari te tjera	512	13,298,319.40	19,664,438
(ii)	Para ne dore (Arka)	531		
2	Derivative dhe aktive te mbajtura per tregt.			
(i)	- Derivatet			
(ii)	- Aktivete e mbajtura per tregetim			
	Totali 2		-	-
3	Aktive te tjera financiare afatshkurtra			
(i)	Llogari/Kerkesa te arketueshme(klient)			
(ii)	Llogari/Kerkesa te tjera te arketueshme	482	26,584,802	77,700
(iii)	Instrumenta te tjera borxhi tat.fitim	444		
(iv)	Investime te tjera financiare			
	Totali 3		26,584,802	77,700
4	Inventari			
(i)	Lendet e para			
(ii)	Prodhim ne proces			
(iii)	Produkte te gatshme			
(iv)	Mallra per shitje	351		
(iv)	Te tjera inventar		3,973,813.63	3,004,376
(v)	Parapagesat per furnizime			
	Totali 4		3,973,813.63	3,004,376
5	Aktivete biologjike afatshkurtra			
6	Aktivete afatshkurtra te mbajtura per shitje			
7	Parapagimet dhe shpenzimet e shtyra			
	Totali i Aktiveve Afatshkurtra (I)		43,856,935.03	22,746,514
II	Aktivete afatgjata			
1	Investimet financiare afatgjata			
(i)	Pjesmarje te tjera ne njesi te kontrolluara			
(ii)	Aksione dhe investime te tjera ne pjesemarrje			
(iii)	Aksione dhe letra te tjera me vlere			
(iv)	Llogari/Kerkesa te arketueshme afatgjata			
	Totali 1		-	-
2	Aktive afatgjata materiale		20,532,103	23,161,687
(i)	Toka			
(ii)	Ndertesat		9,100,218	9,915,322
(iii)	Mjete Transporti		4,609,899	5,762,374
(iv)	Aktive te tjera afatgjata materiale (me vl.kontab.)	2182	6,821,986	7,483,991
	Totali 2		20,532,103	23,161,687
3	Aktivete biologjike afatgjata			
4	Aktivete afatgjata jomateriale			
(i)	Emri i mire			
(ii)	Shpenzimet e zhvillimit		-	-
(iii)	Aktive te tjera afatgjata jomateriale			
	Totali 4		-	-
5	Kapital aksionar i papaguar			
6	Aktive te tjera afatgjata			
	TOTALI I AKTIVEVE (I + II)		64,389,038	45,908,201

Pasqyrat Financiare te Vitit 2012

Leke

	PASIVET DHE KAPITALI	Shenime	2012	2011
I	PASIVET AFATSHKURTRA			
1	Derivativet			
(i)	- Derivativet			
(ii)	- Aktivitet e mbajtura per tregetim			
2	Huamarrjet			
(i)	Huat dhe obligacionet afatshkurtra			
(ii)	Kthimet/Ripagesat e huave afatgjata			
(iii)	Bono te konvertueshme			
	Totali 2		-	-
3	Huat dhe parapagimet			
(i)	Te pagueshme ndaj furnitoreve	404,4671	944,260	
(ii)	Te pagueshme ndaj punonjesve	421	2,410,782	2,419,380
(iii)	Detyrime tatimore sig.shoq	431	660,479	624,770
(iv)	Detyrime tatimore TAP	442,447	832,305	810,258
(v)	Kreditore te tjere		6,541,187	
	Totali 3		11,389,013	3,854,408
4	Grantet dhe te ardhurat e shtyra (pag.rreg.)		26,487,100	
5	Provizionet afatshkurtra			
	Totali i pasiveve afatshkurtra (I)		37,876,113	3,854,408
II	PASIVET AFATGJATA			
1	Huat afatgjata			
(i)	Hua, bono dhe detyrime nga qiraja financiare			
(ii)	Bonot e konvertueshme			
	Totali 1		-	-
2	Huamarrje te tjera afatgjata			
3	Provizionet afatgjata			
4	Grantet dhe te ardhurat e shtyra			
	Totali i pasiveve afatgjata (II)		-	-
	TOTALI I PASIVEVE (I + II)		37,876,113	3,854,408
III	KAPITALI			
1	Aksionet e pakices (perdoret vetem ne pasqyrat financiare te konsoliduara)			
2	Kapitali qe i perket aksionereve te shoqerise meme (perdoret vetem ne PF te konsoliduara)			
3	Fondi pasuror i institucionit	101	26,512,925	42,053,793
4	Primi i aksionit			
5	Njesite ose aksionet e thesarit (negative)			
6	Rezerva statusore			
7	Rezerva ligjore	106		
8	Rezerva te tjera			
9	Fitimet e pashperndara			
10	Fitimi (Humbja) e vitit financiar			
11	Totali i Kapitalit (III)		26,512,925	42,053,793
	TOTALI I DETYRIMEVE DHE KAPITALIT (I, II, III)		64,389,038	45,908,201

Statement of income and expenditure for the Year 2012

Nr	Description of elements	Year 2012	Year 2011
	Factual Expenditures		
5	Labour Costs	47,875,164	(48,280,152)
	- Staff salaries	43,161,343	(43,728,156)
	- others personnel		
	- spending on social and security and health	4,713,821	(4,551,996)
6	Depreciation and impairment	3,751,236	(4,416,524)
7	Other expenditures	40,382,113	(29,191,388)
8	Totali expenditures (sum 5-7)	92,008,513	(81,888,064)
9	Income derived		
10	Income and financial expenses by controlled units		
11	Income and financial expenses from the participants	1,204,840	1,604,774
12	Income and financial expenditures	98,252,350	69,792,520
12.1	Income and financial expenditures from other financial investments	3,579,236	
12.2	Income and expenditures from interest	19,147	53,460
12.3	Profit (Losses) from the exchange rate	2,658	
12.4	Income and other financial expenditures	29,475	24,194
13	Depreciation recapture		4,416,524
	Income recapture retained in the financial situation of ERE (referred article 12 of Law 9072, dated 22.05.2003)		5,996,593
14	Total Income	103,087,706.00	81,888,064
15	Difference between income and expenses (15=14-8)		-
	Transfer for portage in the property condition refer to Law nr.9072, dated 22.05.2003, article 12 "Finance"		
16	Difference between income and expenses (16=15-14)	-	-

Annex 1 Registry of Decisions of ERE for the Year 2012

Nr. 1	Date 16.01.2012	Review of the request of the company "KESH" for the transfer of assets, respectively "Lanabregas substation", "substation Bogove" "substation Gjanç"; "Bushat 110/20kv substation", "20 kv network Koplik" "substation Donegal 110/20kv ", " Fier substation 110/20kv ", " Gjirokastra substation ", " substation 110/20 kV Sarande ", to CEZ Shperndarje	Official Journal Nr. 3,Date 10.02.2012
Nr. 2	Date 16.01.2012	Modification of the license for the production of electricity of the company KESH.	Official Journal Nr. 3,Date 10.02.2012
Nr. 3	Date 16.01.2012	Initiation of procedures for licensing the company "Peshku Picar 1" sh.pk,in the activity of production of electricity from hydropower "Picari 1".	Official Journal Nr. 3,Date 10.02.2012
Nr. 4	Date 16.01.2012	On the qualification of production plant "Hec Klos" of the company "Malido Energji" sh.pk, as a source of renewable energy.	Official Journal Nr. 3,Date 10.02.2012
Nr. 5	Date 16.01.2012	On the licensing of the company "Malido Energji" sh.pk in the activity of trade of electricity.	Official Journal Nr. 3,Date 10.02.2012
Nr. 6	Date 16.01.2012	On the modification of the license for the construction, installation and utilization of electric power plant and the license of the production of electricity, issued by Decision no. 83, dated 27.11.2006 of the Board of Commissioners of ERE, for the company Energo - SAS sh.pk	Official Journal Nr. 3,Date 10.02.2012
Nr. 7	Date 24.01.2012	On the approval of the Agreement of transmission of Electricity, no. 4168 Prot., Dated 30.12.2011 between OST and Energy Rudnap Tirana sh.pk	Official Journal Nr. 11,Date 27.02.2012

Nr. 8	Date 24.01.2012	For the initiation of the licensing of the company "Hydro Salillari" sh.pk in the activity of eligible Supplier of Electricity.	Official Journal Nr. 11, Date 27.02.2012
Nr. 9	Date 24.01.2012	On the initiation of the procedures for the review of the Application of company "Hydro Salillari" sh.pk for Qualification of production Plant for "Hec Vertop" as a source of renewable energy.	Official Journal Nr. 11, Date 27.02.2012
Nr. 10	Date 25.01.2012	On administrative appeal of CEZ Shperndarje sh.a, regarding Decision no. 147 dated 07.12.2011, "For the setting of the distribution tariff of electricity for the third regulatory period" and Decision no. 148, dated 07.12.2011, "For the setting of the retail price of electricity for tariff customers for the third regulatory period" of the Board of Commissioners of ERE.	Official Journal Nr. 11, Date 27.02.2012
Nr. 11	Date 06.02.2012	Modification of the license for electricity production, issued by the Decision of the Board of Commissioners's no. 51, dated 05.07.2010 for company EENERG sh.a.	Official Journal Nr. 11, Date 27.02.2012
Nr. 12	Date 06.02.2012	Licensing of the company "Snow Energy" sh.pk in the activity of production of electricity from Hec "Koka 1".	Official Journal Nr. 11, Date 27.02.2012
Nr. 13	Date 06.02.2012	Licensing of company "Snow Energy" sh.pk in the activity of trade of electricity.	Official Journal Nr. 11, Date 27.02.2012
Nr. 14	Date 06.02.2012	On the initiation of procedures for licensing the company Hydro Power Plant of Korca sh.pk for the production of electricity from hydropower plants "Verba 1" and "Verba 2".	Official Journal Nr. 11, Date 27.02.2012
Nr. 15	Date 06.02.2012	Initiation of procedures for licensing of Albanian Power sh.pk in the activity of production of electricity from Hec Martanesh.	Official Journal Nr. 11, Date 27.02.2012
Nr. 16	Date	On the interconnection capacities in the direction of Import - Export for the month of March 2012	Official Journal Nr. 36,

	17.02.2012		Date 18.04.2012
Nr. 17	Date 20.02.2012	On the initiation of the Procedure for Licensing company "Kürüm Energy" sh.a in the activity of eligible Supplier of Electricity	Official Journal Nr. 25,Date 25.03.2012
Nr. 18	Date 20.02.2012	For the initiation of the procedures for licensing company "Kürüm Energy" sh.pk in the activity of trade of Electricity.	Official Journal Nr. 25,Date 25.03.2012
Nr. 19	Date 20.02.2012	For licensing of the company "Energy Stravaj" sh.pk in the activity of production of Electricity from Hec Stravaj.	Official Journal Nr. 25,Date 25.03.2012
Nr. 20	Date 20.02.2012	For licensing of the company "Energy Stravaj" sh.pk of in the activity of trade of Electricity .	Official Journal Nr. 25,Date 25.03.2012
Nr. 21	Date 20.02.2012	On approval of TSO application, for amendment of Investment Plan for the third regulatory period 2012-2014.	Official Journal Nr. 25,Date 25.03.2012
Nr. 22	Date 24.02.2012	On the adoption of the Regulation on New Communications, the new connection agreement and the application form for the new connection.	Official Journal Nr. 29,Date 03.04.2012
Nr. 23	Date 24.02.2012	The adoption of certain amendments to the rules of the electricity market.	Official JournalNr. 38, Date 21.04.2012
Nr. 24	Date 02.03.2012	Licensing of the company "Peshku Picar 1" sh.pk in the activity of production of Electricity from Hec "Picari 1".	Official Journal Nr. 29,Date 03.04.2012

Nr. 25	Date 02.03.2012	Licensing of the company "Hydro Salillari" sh.pk in the activity of production of Electricity from Hec "Vertop".	Official Journal Nr. 29,Date 03.04.2012
Nr. 26	Date 02.03.2012	Licensing of the company "Hydro Salillari" sh.pk in the activity of trade of Electricity.	Official Journal Nr. 29,Date 03.04.2012
Nr. 27	Date 15.03.2012	On the approval of the electricity transmission agreement between OST and GSA sh.pk	Official JournalNr. 36, Date 18.04.2012
Nr. 28	Date 15.03.2012	Initiation of procedures for licensing the company "Henz Energy" sh.pk,in the activity of production of electricity from HEC "Darsi 1", "Darsi 2" and "Darsi 3".	Official JournalNr. 36, Date 18.04.2012
Nr. 29	Date 15.03.2012	On the Approval of the Annual Report of ERE, "The State of the Energy Sector and the Activity of ERE during the year 2011."	Official JournalNr. 36, Date 18.04.2012
Nr. 30	Date 26.03.2012	Initiation of procedures for licensing the company "Albpetrol" sh.a,in the activity of transmission of natural gas.	Official JournalNr. 38, Date 21.04.2012
Nr. 31	Date 26.03.2012	Initiation of procedures for licensing the company "Albptrol" sh.a,in the activity of distribution of natural gas.	Official JournalNr. 38, Date 21.04.2012
Nr. 32	Date 26.03.2012	Initiation of procedures for licensing the company "Albptrol" sh.a,in the activity of trade of electricity.	Official JournalNr. 38, Date 21.04.2012
Nr. 33	Date 26.03.2012	Initiation of procedures for licensing the company "Albptrol" sh.a,in the activity of eligible supplier of electricity.	Official JournalNr. 38, Date 21.04.2012
Nr. 34	Date 05.04.2012	Licensing of the company "Albanian Power" sh.pk in the activity of production of Electricity from Hec "Martanesh".	Official JournalNr. 46, Date 02.05.2012
Nr. 35	Date	Initiation of procedures for licensing the company "Albanian Power" sh.pk,in the activity of trade of	Official JournalNr. 46,

	05.04.2012	electricity.	Date 02.05.2012
Nr. 36	Date 05.04.2012	On the initiation of the procedures for the review of the Application of company "Albanian Power" sh.pk for Qualification of production Plant for "Hec Martanesh" as a source of renewable energy.	Official JournalNr. 46, Date 02.05.2012
Nr. 37	Date 05.04.2012	On the approval of the revised plan of investments of CEZ Shperndarje sh.a, for the third regulatory period 2012-2014.	Official JournalNr. 46, Date 02.05.2012
Nr. 38	Date 05.04.2012	Licensing of the company "Hydro Power Plant of Korca" sh.pk in the activity of production of Electricity from Hec "Verba 1" and "Verba 2".	Official JournalNr. 46, Date 02.05.2012
Nr. 39	Date 23.04.2012	On the adoption of guidelines for the management and allocation of capacities in the Trans Adriatic Pipeline project (TAP), pursuant to paragraph 6 of Article 36 of Directive 2009/73/EC.	Official JournalNr. 57, Date 23.05.2012
Nr. 40	Date 02.05.2012	Approval of the Agreement for the Electricity Transmission between OST and Gen - I Tirana sh.pk	Official JournalNr. 59, Date 29.05.2012
Nr. 41	Date 02.05.2012	Licensing of the company "Hydro Salillari" sh.pk in the activity of eligible supplier of electricity.	Official JournalNr. 59, Date 29.05.2012
Nr. 42	Date 02.05.2012	On the qualification of producing plant of the company "Hydro Salillari" sh.pk as a renewable energy source by "Hec Vertop".	Official JournalNr. 59, Date 29.05.2012
Nr. 43	Date 02.05.2012	Initiation of procedures for licensing the company "Bindi" sh.pk,in the activity of trade of electricity.	Official JournalNr. 59, Date 29.05.2012
Nr. 44	Date 02.05.2012	Initiation of procedures for licensing the company "Henz Energy" sh.pk,in the activity of trade of electricity .	Official JournalNr. 59, Date 29.05.2012
Nr. 45	Date 02.05.2012	On the initiation of the procedures for the review of the Application of company "Henz Energy" sh.pk for Qualification of production Plant for "Hec Darsi 1", "Darsi 2" and "Darsi 3" as a source of	Official JournalNr. 59, Date 29.05.2012

		renewable energy.	
Nr. 46	Date 02.05.2012	Initiation of procedures for licensing the company "Erdat Lura" sh.pk,in the activity of production of electricity from HEC "Lura 1", "Lura 2" and "Lura 3".	Official JournalNr. 59, Date 29.05.2012
Nr. 47	Date 02.05.2012	Initiation of procedures for licensing the company "Erdat Lura" sh.pk,in the activity of trade of electricity.	Official JournalNr. 59, Date 29.05.2012
Nr. 48	Date 02.05.2012	Initiation of procedures for licensing the company "Energji Ashta" sh.pk,in the activity of trade of electricity .	Official JournalNr. 59, Date 29.05.2012
Nr. 49	Date 02.05.2012	Initiation of procedures for licensing the company "Ashta" sh.pk,in the activity of eligible supplier of electricity .	Official JournalNr. 59, Date 29.05.2012
Nr. 50	Date 02.05.2012	Initiation of procedures for licensing the company "Ylliad" sh.pk,in the activity of eligible supplier of electricity .	Official JournalNr. 59, Date 29.05.2012
Nr. 51	Date 02.05.2012	Initiation of procedures for licensing the company "Hydro Borshi" sh.pk,in the activity of production of electricity from HEC "Fterra ", and "Fterra 1".	Official JournalNr. 59, Date 29.05.2012
Nr. 52	Date 02.05.2012	Initiation of procedures for licensing the company "Hec Ulez Shkopet" sh.pk,in the activity of eligible supplier of electricity .	Official JournalNr. 59, Date 29.05.2012
Nr. 53	Date 02.05.2012	On approval of the sell purchases of electricity Contract between KESH and "Hec Bistrice 1 and 2" sh.a	Official JournalNr. 60, Date 31.05.2012
Nr. 54	Date 02.05.2012	On approval of the sell purchases of electricity Contract between KESH and "Hec Lanabregas " sh.a	Official JournalNr. 60, Date 31.05.2012
Nr. 55	Date 02.05.2012	On the approval of the sell purchases of electricity Contract between KESH and "Hec Ulez Shkopet" sh.a	Official JournalNr. 60, Date 31.05.2012

Nr. 56	Date 08.05.2012	On the approval of the project – budget of ERE for the year 2012.	
Nr. 57	Date 08.05.2012	On the initiation of the procedures for the review of the Application of company "Lu & Co Energy 2011" sh.pk for Qualification of production Plant for "Hec Ostren i Vogel" as a source of renewable energy.	Official JournalNr. 60, Date 31.05.2012
Nr. 58	Date 08.05.2012	Initiation of procedures for licensing the company "Lu & Co Energy" sh.pk,in the activity of production of electricity from HEC "Ostren i Vogel".	Official JournalNr. 60, Date 31.05.2012
Nr. 59	Date 10.05.2012	On the initiation of procedures for the modification of the license for electricity production, issued by the Decision of the Board of Commissioners's no. 10, dated 08.02.2010 for company Power Elektrik Sllabinja sh.p.k.	Official JournalNr. 64, Date 13.06.2012
Nr. 60	Date 10.05.2012	Initiation of procedures for licensing the company "Bistrica 1 and 2" sh.a,in the activity of eligible supplier of electricity .	Official JournalNr. 64, Date 13.06.2012
Nr. 61	Date 10.05.2012	Initiation of procedures for licensing the company "Gjo Spa Power" sh.pk,in the activity of production of electricity from HEC "Lapaj".	Official JournalNr. 64, Date 13.06.2012
Nr. 62	Date 10.05.2012	Initiation of procedures for licensing the company "Gjo Dpa Power" sh.pk,in the activity of trade of electricity.	Official JournalNr. 64, Date 13.06.2012
Nr. 63	Date 10.05.2012	Licensing of the company "Kurum Energy" sh.pk in the activity of trade of Electricity.	Official JournalNr. 64, Date 13.06.2012
Nr. 64	Date 10.05.2012	Licensing of the company "Kurum Energy" sh.pk in the activity of eligible supplier of electricity.	Official JournalNr. 64, Date 13.06.2012
Nr. 65	Date	Licensing of the company "Henz Energy" sh.pk in the activity of production of Electricity from	Official JournalNr. 64,

	28.05.2012	Hec "Darsi 1", "Darsi 2", "Darsi 3".	Date 13.06.2012
Nr. 66	Date 06.06.2012	On the adoption of standards of handling electricity customers complaints by the licensees in the activities of distribution and retail supply of electricity	Official JournalNr. 81, Date 13.07.2012
Nr. 67	Date 06.06.2012	Licensing of the company "Hydroborsh" sh.pk in the activity of production of Electricity from Hec "Fterra " and "Fterra 1".	Official JournalNr. 77, Date 06.07.2012
Nr. 68	Date 06.06.2012	Initiation of procedures for licensing the company "EVN Trading" sh.pk,in the activity of trade of electricity .	Official JournalNr. 77, Date 06.07.2012
Nr. 69	Date 06.06.2012	Initiation of procedures for licensing the company "Danske Commodities Albania" sh.pk,in the activity of trade of electricity.	Official JournalNr. 77, Date 06.07.2012
Nr. 70	Date 06.06.2012	Initiation of procedures for licensing the company "ETHH" sh.pk,in the activity of production of electricity from HEC "Kozel", "Helmes 1" and "Helmes 2".	Official JournalNr. 77, Date 06.07.2012
Nr. 71	Date 06.06.2012	On the approval of the bilateral Memorandum between ERE and AEEG.	
Nr. 72	Date 08.06.2012	On the appointment of mrs. Entela Shehaj, as advisor of the Board of Commissioners of ERE.	
Nr. 73	Date 13.06.2012	On the initiation of the procedures "On the approval of th bad debt study".	Official JournalNr. 82, Date 17.07.2012
Nr. 74	Date 15.06.2012	Licensing of the company "Albpetrol" sh.a in the activity of trade of Electricity.	Official JournalNr. 82, Date 17.07.2012
Nr. 75	Date 15.06.2012	Licensing of the company "Albpetrol" sh.a in the activity of eligible supplier of Electricity.	Official JournalNr. 82, Date 17.07.2012

Nr. 76	Date 15.06.2012	Licensing of the company "Lu & Co Energy 2011" sh.pk in the activity of production of Electricity from Hec "Ostren i Vogel".	Official JournalNr. 82, Date 17.07.2012
Nr. 77	Date 15.06.2012	Licensing of the company "Albanian Power" sh.pk in the activity of trade of Electricity.	Official JournalNr. 82, Date 17.07.2012
Nr. 78	Date 15.06.2012	On the qualification of production plant "Hec Martanesh" of the company "Albanian Power" sh.pk, as a source of renewable energy.	Official JournalNr. 82, Date 17.07.2012
Nr. 79	Date 15.06.2012	On the approval of the document "Invitation for expression of interest" to be published by TAP AG in accordance with the Guideline for the management and allocation of Capacity of Trans Adriatic Pipeline Project under paragraph 6 of Article 36 of Directive 2009/73/EC.	Official JournalNr. 82, Date 17.07.2012
Nr. 80	Date 15.06.2012	On the approval of the Bad Debt study.	Official JournalNr. 82, Date 17.07.2012
Nr. 81	Date 22.06.2012	On the initiation of the procedures for revising the tariff of public wholesale supplier for the third regulatory period 2012 - 2014, for the accommodation of the financial effects of Decision no. 80, dated 15.06.2012 of the Board of Commissioners of ERE.	Official JournalNr. 82, Date 17.07.2012
Nr. 82	Date 29.06.2012	For the approval of a change in the rules of the Albanian electricity market.	Official JournalNr. 93, Date 06.08.2012
Nr. 83	Date 29.06.2012	Initiation of procedures for licensing the company "Rej Energy" sh.pk, in the activity of production of electricity from HEC "Cemerica 1", "Cemerica 2" and "Cemerica 3".	Official JournalNr. 93, Date 06.08.2012
Nr. 84	Date 29.06.2012	Initiation of procedures for licensing the company "Rej Energy" sh.pk, in the activity of trade of electricity.	Official JournalNr. 93, Date 06.08.2012
Nr. 85	Date	Initiation of procedures for licensing the company "Seament Albania" sh.pk, in the activity of trade of	Official JournalNr. 93,

	29.06.2012	electricity .	Date 06.08.2012
Nr. 86	Date 29.06.2012	Initiation of procedures for licensing the company "Seament Albania" sh.pk,in the activity of eligible supplier of electricity .	Official JournalNr. 93, Date 06.08.2012
Nr. 87	Date 29.06.2012	Revising the tariff of the public wholesale supplier for the third regulatory period 2012 - 2014, for the accommodation of the financial effects of Decision no. 80, dated 15.06.2012 of the Board of Commissioners of ERE.	Official JournalNr. 93, Date 06.08.2012
Nr. 88	Date 29.06.2012	On the approval of the regulatory fees for the year 2012.	Official JournalNr. 118, Date 11.09.2012
Nr. 89	Date 29.06.2012	On the approval of the transfer of ownership of shares at 100% from the company "Hec Lanabregas" toward "ujesjelles kanalizime" sh.a, Tirana	Official JournalNr. 93, Date 06.08.2012
Nr. 90	Date 29.06.2012	On the initiation of the procedures for reviewing the application of company "Hec Vlushe" sh.pk, to pledge its assets as collateral at national commercial bank.	Official JournalNr. 93, Date 06.08.2012
Nr. 91	Date 29.06.2012	Licensing of the company "Gjo Spa Power" sh.pk in the activity of production of Electricity from Hec "Lapaj".	Official JournalNr. 93, Date 06.08.2012
Nr. 92	Date 16.07.2012	Licensing of the company "Ylliad" sh.pk in the activity of eligible supplier of Electricity .	Official JournalNr. 102, Date 15.08.2012
Nr. 93	Date 16.07.2012	On the approval of changes in the Rules of the electricity market.	Official JournalNr. 114, Date 31.08.2012
Nr. 94	Date 16.07.2012	Initiation of procedures for licensing the company "Sa – Gle Kompani" sh.pk,in the activity of production of electricity from HEC "Trebisht 1".	Official JournalNr. 102, Date 15.08.2012
Nr. 95	Date 16.07.2012	Modification of the license for electricity production, issued by the Decision of the Board of Commissioners's no. 10, dated 08.02.2010 for company Power ElektriK Sllabinja sh.p..	Official JournalNr. 114, Date 31.08.2012

Nr. 96	Date 16.07.2012	Licensing of the company "Henz Energy" sh.pk in the activity of trade of Electricity.	Official JournalNr. 102, Date 15.08.2012
Nr. 97	Date 16.07.2012	On the qualification of production plant "Hec Darsi 1, Darsi 2 and Darsi 3" of the company "Henz Energy" sh.pk, as a source of renewable energy.	Official JournalNr. 102, Date 15.08.2012
Nr. 98	Date 16.07.2012	Initiation of procedures for licensing the company "Caushi Energy" sh.pk,in the activity of production of electricity from HEC "Qafezeze".	Official JournalNr. 102, Date 15.08.2012
Nr. 99	Date 16.07.2012	Licensing of the company "Energji Ashta" sh.pk in the activity of trade of Electricity.	Official JournalNr. 102, Date 15.08.2012
Nr. 100	Date 16.07.2012	Licensing of the company "Energji Ashta" sh.pk in the activity of eligible supplier of Electricity.	Official JournalNr. 102, Date 15.08.2012
Nr. 101	Date 19.07.2012	On the approval of the regulation for the imposition of fines and conditions for mitigation.	Official JournalNr. 114, Date 31.08.2012
Nr. 102	Date 19.07.2012	On the approval of the electricity transmission agreement between OST sh.a and CEZ Shperndarje sh.a.	Official JournalNr. 114, Date 31.08.2012
Nr. 103	Date 20.07.2012	On the initiation of the administrativ procedure for the imposment of an administrative penaltie toward CEZ Shperndarje.	Official JournalNr. 114, Date 31.08.2012
Nr. 104	Date 20.07.2012	Licensing of the company "Erdat Lura" sh.pk in the activity of production of Electricity from Hec "Lura 1", "Lura 2" and "Lura 3".	Official JournalNr. 114, Date 31.08.2012
Nr. 105	Date 20.07.2012	Licensing of the company "Erdat Lura" sh.pk in the activity of trade of Electricity .	Official JournalNr. 114, Date 31.08.2012
Nr.	Date	Licensing of the company Hec "Ulez Shkopet" sh.pk in the activity of eligible supplier of Electricity .	Official JournalNr. 114,

106	20.07.2012		Date 31.08.2012
Nr. 107	Date 20.07.2012	Licensing of the company "Bindi" sh.pk in the activity of trade of Electricity.	Official JournalNr. 114, Date 31.08.2012
Nr. 108	Date 20.07.2012	Licensing of the company "Gjo Spa Power" sh.pk in the activity of trade of Electricity.	Official JournalNr. 118, Date 11.09.2012
Nr. 109	Date 31.07.2012	On the approval of changes in the methodology on the calculation of Economic damage.	Official JournalNr. 114, Date 31.08.2012
Nr. 110	Date 31.07.2012	Licensing of the company "Hec Bistrica 1 and 2" sh.pk in the activity of eligible supplier of Electricity.	Official JournalNr. 118, Date 11.09.2012
Nr. 111	Date 31.07.2012	On the interconnection capacities in the import direction for August 2012.	Official JournalNr. 118, Date 11.09.2012
Nr. 112	Date 31.07.2012	Initiation of procedures for licensing the company "Eenerg" sh.pk,in the activity of trade of electricity.	Official JournalNr. 118, Date 11.09.2012
Nr. 113	Date 31.07.2012	On the initiation of the procedures for the review of the rules of the alocation of inteconnection capacities, approved with decision of board of commissioners, nr. 13, dated 22.02.2011.	Official JournalNr. 118, Date 11.09.2012
Nr. 114	Date 22.08.2012	On the request of CEZ Shperndarje, for the non development of the auction of capacities, in the import direction, for september, october, november, decembre of 2012.	Official JournalNr. 123, Date 20.09.2012
Nr. 115	Date 22.08.2012	On the initiation of the procedures for the renewal of the license “for the activity of the public retail supply of electricity”, approved with decision of the board of commissioners nr. 09, dated 25.01.2208 and nr. 58, dated 03.06.2008.	Official JournalNr. 123, Date 20.09.2012
Nr. 116	Date 22.08.2012	Initiation of procedures for licensing the company "Energji Xhaci" sh.pk,in the activity of production of electricity from HEC "Mollaj".	Official JournalNr. 123, Date 20.09.2012

Nr. 117	Date 22.08.2012	Licensing of the company "ETHH" sh.pk in the activity of production of Electricity from Hec "Kozel", "Helses 1" and "Helses 2".	Official JournalNr. 123, Date 20.09.2012
Nr. 118	Date 22.08.2012	Licensing of the company "Albpetrol" sh.a in the activity of transmission of natural gas.	Official JournalNr. 123, Date 20.09.2012
Nr. 119	Date 22.08.2012	Licensing of the company "Albpetrol" sh.a in the activity of distribution of natural gas.	Official JournalNr. 123, Date 20.09.2012
Nr. 120	Date 29.08.2012	Licensing of the company "Rej Energy" sh.pk in the activity of production of Electricity from Hec "Cemeric 1", "Cemeric 2" and "Cemeric 3".	Official JournalNr. 126, Date 28.09.2012
Nr. 121	Date 29.08.2012	Licensing of the company "Rej Energy" sh.pk in the activity of trade of Electricity .	Official JournalNr. 126, Date 28.09.2012
Nr. 122	Date 29.08.2012	Licensing of the company "Caushi Energy" sh.pk in the activity of production of Electricity from Hec "Qafezeze".	Official JournalNr. 126, Date 28.09.2012
Nr. 123	Date 29.08.2012	Licensing of the company "Sa – Gle Kompani" sh.pk in the activity of production of Electricity from Hec "Trebisht".	Official JournalNr. 126, Date 28.09.2012
Nr. 124	Date 29.08.2012	Licensing of the company "EVN Trading" sh.pk in the activity of trade of Electricity .	Official JournalNr. 126, Date 28.09.2012
Nr. 125	Date 29.08.2012	Licensing of the company "Danske Communication Albania" sh.pk in the activity of trade of Electricity .	Official JournalNr. 126, Date 28.09.2012
Nr. 126	Date 29.08.2012	On the administrative appeal of CEZ Shperndarje related with decision nr. 102, dated 19.07.2012 "for the approval of the electricity transmission agreement between OST and CEZ Shperndarj" of the board of commissioners of ERE.	Official JournalNr. 126, Date 28.09.2012

Nr. 127	Date 30.08.2012	On the request of GSA sh.p.k and Rudnap Energy Tirana sh.p.k, on the implementation of Decision nr. 114, dated 22.08.2012	Official JournalNr. 126, Date 28.09.2012
Nr. 128	Date 11.09.2012	On the administrative procedure for the imposition of a fine toward CEZ Shperndarje sh.a	Official JournalNr. 131, Date 09.10.2012
Nr. 129	Date 11.09.2012	On the request for review of the company "CEZ Shperndarje" Sha, for approval of a mortgage agreement between CEZ Shperndarje and the European Bank for Reconstruction and Development (EBRD) and International Finance Corporation (IFC), in the context of a bank loan of 100 million euros to take the company "CEZ Shperndarje" sha.	Official JournalNr. 131, Date 09.10.2012
Nr. 130	Date 13.09.2012	On the initiation of the procedures for modifying the license PV03K series, of the company "Balkan Green Energy" sh.pk in the activity of production of electricity from hydropower plant "Barmash", approved by the Decision of Board of Commissioners of ERE, no. 20, dated 19.12.2003, modified by Decision nr. 79 dated 23.10.2009.	Official JournalNr. 131, Date 09.10.2012
Nr. 131	Date 13.09.2012	Licensing of the company "Seament Albania" sh.pk in the activity of trade of Electricity .	Official JournalNr. 131, Date 09.10.2012
Nr. 132	Date 13.09.2012	Licensing of the company "Seament Albania" sh.pk in the activity of eligible supplier of Electricity .	Official JournalNr. 131, Date 09.10.2012
Nr. 133	Date 13.09.2012	On the membership of ERE in the international Gas Union (IGU)	Official JournalNr. 131, Date 09.10.2012
Nr. 134	Date 17.09.2012	On the supply electricity contract between KESH and CEZ Shperndarje for the period 01.01.2012 until 31.12.2014.	Official JournalNr. 136, Date 18.10.2012
Nr. 135	Date 20.09.2012	On administrative appeal of CEZ Shperndarje, regarding Decisionn no. 128, dated 11.09.2012, "On the administrative proceedings for the imposition of a fine toward CEZ Shperndarjesh.a" of the Board of Commissioners of ERE.	Official JournalNr. 136, Date 18.10.2012

Nr. 136	Date 08.10.2012	On the qualification of production plant "Hec Ostren i Vogel" of the company "Lu & Co Energy 2011" sh.pk, as a source of renewable energy.	Official JournalNr. 143, Date 06.11.2012
Nr. 137	Date 08.10.2012	Licensing of the company "Eenerg" sh.pk in the activity of trade of Electricity .	Official JournalNr. 143, Date 06.11.2012
Nr. 138	Date 08.10.2012	On the initial of the procedures for the licensing of company "Tucep" sh.p.k, in the activity of producing electricity form hec "Tucep"	Official JournalNr. 143, Date 06.11.2012
Nr. 139	Date 08.10.2012	For the change of the structure of the quota capital of the company he – dragostunje sh.p.k	Official JournalNr. 143, Date 06.11.2012
Nr. 140	Date 08.10.2012	On the initiation of the procedures for revising the tariff of electricity production of KESH for the third regulatory period 2012 - 2014 pursuant to the "Tariff Methodology for the Calculation of Production of the Public Company".	Official JournalNr. 143, Date 06.11.2012
Nr. 141	Date 08.10.2012	On the initiation of the procedures for revising the tariff of the wholesale supply of electricity of KESH for the third regulatory period 2012 - 2014 according th "the Tariff Calculation Methodology for Wholesale Public Supplier."	Official JournalNr. 143, Date 06.11.2012
Nr. 142	Date 10.10.2012	Licensing of the company "Energji Xhaci" sh.pk in the activity of production of Electricity from Hec "Mollaj".	Official JournalNr. 143, Date 06.11.2012
Nr. 143	Date 24.10.2012	On the request of company KESH sh.a for the alocation of the inteconnection capacities for november 2012.	Official JournalNr. 144, Date 13.11.2012
Nr. 144	Date 24.10.2012	On the initiation of the procedures for the review of the rules of the albanian electicity market, approved with decision of Board of Commissioners nr. 68, dated 23.06.2008.	Official JournalNr. 144, Date 13.11.2012
Nr. 145	Date 26.10.2012	On the initiation of the procedures for the analization of the request for update of tariffs for the years 2012 – 2014 of OST sh.a for the third regulatory period 2012 – 2014.	Official JournalNr. 144, Date 13.11.2012
Nr.	Date	On the initiation of the procedings for the analization of the request for update of the tariffs of CEZ	Official JournalNr. 144,

146	26.10.2012	Shperndarje for the third regulatory period.	Date 13.11.2012
Nr. 147	Date 26.10.2012	Initiation of procedures for licensing the company "Truen" sh.pk,in the activity of production of electricity from HEC "Truen".	Official JournalNr. 144, Date 13.11.2012
Nr. 148	Date 26.10.2012	Initiation of procedures for licensing the company "Truen" sh.pk,in the activity of trade of electricity.	Official JournalNr. 144, Date 13.11.2012
Nr. 149	Date 29.10.2012	For an amendment of the point 2, of Decision nr. 143, dated 24.10.2012, of Board of Commissioners of ERE.	Official JournalNr. 144, Date 13.11.2012
Nr. 150	Date 31.10.2012	On the initiation of the legal proceedings for the contraction of an legal consultant that will assist ERE in the disagreements created with CEZ Shperndarje sh.a.	Official JournalNr. 147, Date 19.11.2012
Nr. 151	Date 12.11.2012	On the initiation of the proceedings for the imposition of a fine toward CEZ Shperndarje.	Official JournalNr. 153, Date 27.11.2012
Nr. 152	Date 12.11.2012	On the review of the rules of the albanian market of electricity, approved with decision of board commissioners, nr. 68, dated 23.06.2008.	Official JournalNr. 153, Date 27.11.2012
Nr. 153	Date 12.11.2012	Modification of the license for electricity production, issued by the Decision of the Board of Commissioners's no. 20, dated 19.12.2003 for company Balkan Green Energy sh.p.k.	Official JournalNr. 153, Date 27.11.2012
Nr. 154	Date 12.11.2012	Initiation of procedures for licensing the company "Favina 1" sh.pk,in the activity of trade of electricity.	Official JournalNr. 153, Date 27.11.2012
Nr. 155	Date 12.11.2012	Initiation of procedures for licensing the company "Favina 1" sh.pk,in the activity of trade of electricity .	Official JournalNr. 153, Date 27.11.2012
Nr. 156	Date 12.11.2012	On the approval of the request of company HEC Vlushe shp.k for the change of the shareholder that controls the interests of the company.	Official JournalNr. 153, Date 27.11.2012
Nr.	Date	On the request of company KESH for the alocation of the interconnection capacities for the monthe	Official JournalNr. 153,

157	15.11.2012	December 2012.	Date 27.11.2012
Nr. 158	Date 16.11.2012	On the initiation of the proceedings for the removal of the license of CEZ Shperndarje, in the activity of distribution of electricity, approved with decision nr. 08, dated 25.01.2008, as amended, and in the activity of retail public supply of electricity, approved with decision nr. 09, dated 25.01.2008, of the board of commissioners of ERE.	Official JournalNr. 153, Date 27.11.2012
Nr. 159	Date 21.11.2012	On the request of CEZ Shperndarje, for renewal of the license "For the activity of Retail Public Supply of Electricity"	
Nr. 160	Date 26.11.2012	Mbi ankimin administrativ te kesh sh.a dhe Cez Shperndarje sh.a ne lidhje me Decisionn nr. 134, date 17.09.2012 "per miratimin e marreveshjes se furnizimit me energji elektrike midis shoqerise KESH sh.a/FPSH dhe shoqerise CEZ Shperndarje sh.a/FPP per periudhen 01.01.2012 – 31.12.2014". On the administrative appeal of KESH sh.a and CEZ Shperndarje sh.a, regarding decision nr. 134, dated 17.09,2012 of Board of Commissioners of ERE.	
Nr. 161	Date 07.12.2012	On the review of applications of KESH sh.a, TEC Vlora, OST, CEZ Shperndarje, Ulez Shkopetm Bistrica 1 and 2, for the update of the tariffs of generation, wholesale public supply, transmission service, distribution service and retail public supply for the third regulatory period, 2012 – 2014.	
Nr. 162	Date 07.12.2012	On some changes of the electricity sell-purchase contract, approved with decision nr. 80, dated 23.10.2012, of Board of Commissionersof ERE.	
Nr. 163	Date 17.12.2012	On the annual and monthly interconnection auctions for the year 2013	
Nr. 164	Date 18.12.2012	Initiation of procedures for licensing the company "a - 91" sh.pk,in the activity of trade of electricity.	

Nr. 165	Date 18.12.2012	On the request for approval of the company "Hydro Power Plant of Korca" sh.pk to pledge its assets as collateral at EBRD.	
Nr. 166	Date 18.12.2012	On the initiation of the procedures for the review of the Application of company "Gjo Spa Power" sh.pk for Qualification of production Plant for "Hec Lapaj" as a source of renewable energy.	
Nr. 167	Date 18.12.2012	On the initiation of the procedures for the review of the Application of company "Erdat Lura" sh.pk for Qualification of production Plant for "Hec Lura 1, Lura 2 and Lura 3" as a source of renewable energy.	
Nr. 168	Date 18.12.2012	Request for approval of the company "Hec Vlushë" sh.pk to pledge its assets as collateral at the National Commercial Bank.	
Nr. 169	Date 18.12.2012	For the approval of the calculation scheme of the total capacity of transmission of electricity.	
Nr. 170	Date 18.12.2012	On the approval of the agreement of sale of electricity between KESH and Energji Ashta sh.p.k	
Nr. 171	Date 24.12.2012	per miratimin e kërkesës së shoqërisë "Hydro Power Plant of Korça" sh.p.k për lënien peng të asetëve të saj si kolateral pranë Berzh.	
Nr. 172	Date 24.12.2012	On the initiation of the procedures for the review of the Application of company "Erma M.P" sh.pk for Qualification of production Plant for "Hec Carshovë" as a source of renewable energy.	
Nr. 173	Date 24.12.2012	On the initiation of the procedures for the review of the Application of company "Balkan Green Energy" sh.pk for Qualification of production Plant for "Hec Arras", "Funares", "Dukagjin", "Nikolicë", "Bulqizë", "Lure", "Orgjost", "Lekbibaj", "Velcan", "Zerqan", "Borsh", "Leshnicë", "Shoshan", "Ujanik", "Kerpice", "Barmash", "Lunik", "Homesh", "Muhur", "Rajan", "Marjan" dhe "Treske 2" as a source of renewable energy.	
Nr. 174	Date 24.12.2012	On the initiation of the procedures for the review of the Application of company "Albanian Green Energy" sh.pk for Qualification of production Plant for "Smokthina" as a source of renewable	

		energy.	
Nr. 175	Date 24.12.2012	On the initiation of the procedures for the review of the Application of company "Favina 1" sh.pk for Qualification of production Plant for "Hec Vithkuq" as a source of renewable energy.	
Nr. 176	Date 24.12.2012	On the initiation of the procedures for the review of the Application of company "Duka T2" sh.pk for Qualification of production Plant for "Hec Tucep 2" as a source of renewable energy.	
Nr. 177	Date 24.12.2012	Initiation of procedures for licensing the company "Duka T2" sh.pk, in the activity of production of electricity from HEC "Tucep 2".	
Nr. 178	Date 24.12.2012	Initiation of procedures for licensing the company "Erma M.P." sh.pk, in the activity of eligible supplier of electricity.	
Nr. 179	Date 28.12.2012	On the approval of some changes in the Albanian market rules of electricity.	

Annex 2 Licensee Register for 2012

Licensee in the Activity of Generation

1	Snow Energy" shpk	Generation	Decision No. 12, date 06.02.2012	06.02.2042	Hec / Koka 1 me fuqi 3.2 MW
2	Hydro Salillari" shpk	Generation	Decision No. 25, date 02.03.2012	02.03.2042	Hec Vertop me fuqi 1.52 MW
3	"Stravaj Energy "	Generation	Decision No. 19, date 20.02.2012	20.02.2042	Hec /Stravaj me fuqi 3.6 MW

	shpk				
4	“Albanian Power” shpk	Generation	Decision No.34, date05.04.2012	05.04.2042	Hec Martanesh me fuqi 10.5 MW
5	“Hydro Power Plant Korca “ shpk	Generation	Decision No. 38, date 05.04.2012	05.04.2042	Hec /Verba 1 me fuqi 2MW Hec/Verba 2 me fuqi 3 Mw
6	“Peshku Picar 1” shpk	Generation	Decision No. 24, date 02.03.2012	02.03.2042	Hec /Picar 1 me fuqi 0.2 MW
7	“Henz Energy” shpk	Generation	Decision No. 65, date 28.05.2012	28.05.2042	Hec –Darsi 1 me fuqi 2.24 MW Hec –Darsi 2 me fuqi 7.63 MW Hec –Darsi 3 me fuqi 1.06 MW
8	“HydroBorsh” shpk	Generation	Decision No. 67,date 06.06.2012	06.06.2042	Hec –Fterr me fuqi 1.08 MW Hec –Fterra 1 me fuqi 2 MW
9	“ Lu & Co Eco Energy” shpk	Generation	Decision No. 76, date 15.06.2012	15.06.2042	Hec – Ostren I Vogel me fuqi 0.32 MW
10	“Erdat Lura” shpk	Generation	Decision No. 104, date 20.07.2012	20.07.2042	Hec – Lura 1 me fuqi 6.54MW Hec – Lura 2 me fuqi 4.02MW Hec – Lura 3 me fuqi 5.66MW
11	“E.T.H.H” shpk	Generation	Decision No. 117, date 22.08.2012	22.08.2042	Hec –Kozel me fuqi 0.5 MW Hec – Helmes1 me fuqi 0.8 MW

					Hec –Helmes 2 me fuqi 0.5 MW
12	“Rej Energy” shpk	Generation	Decision No.120, date 29.08.2012	29.08.2042	Hec –Cemerica 1 me fuqi 0.88 MW Hec –Cemerica 2 me fuqi 0.9 MW Hec –Cemerica 3 me fuqi 2.1 MW
13	“ SA-GLE Kompani” shpk	Generation	Decision No. 123, date 29.08.2012	29.08.2042	Hec –Trebisht me fuqi 1.775 MW
14	“Caushi Energy” shpk	Generation	Decision No.122, date 29.08.2012	29.08.2042	Hec-Qafezeze me fuqi 0.4 MW
15	“Gjo Spa Power” shpk	Generation	Decision No 1, date 29.06.2012	29.06.2042	Hec –Lapaj me fuqi 13.62 MW
16	“Energy Xhaci” shpk	Generation	Decision No. 142, date 10.10.2012	10.10.2042	Hec –Mollaj me fuqi 0.6 MW

Licensee in the Activity of Trade of Energy

1.	“Malido Energy” shpk	Trade	Decision Nr. 5, date 16.01.2012
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2.	“ Snow Energy” shpk	Trade	Decision Nr. 13, date 06.02.2012
3.	“ Stravaj Energy” shpk	Trade	Decision Nr. 20, date 20.02.2012
4.	“Hydro Salillary” shpk	Trade	Decision Nr. 26, date 02.03.2012
5.	“Kurum” sha	Trade	Decision Nr. 63, date 10.05.2012
6.	“Albanian Power” shpk	Trade	Decision Nr. 77, date 15.06.2012
7.	“Albpetrol” sha	Trade	Decision Nr. 74, date 15.06.2012
8.	“ Bindi” shpk	Trade	Decision Nr. 107, date 20.07.2012
9.	“Ashta” shpk	Trade	Decision Nr. 99, date 16.07.2012
10.	“Gjo Spa Power” shpk	Trade	Decision Nr. 108, date 20.07.2012
11.	“Erdat Lura” shpk	Trade	Decision Nr. 105, date 20.07.2012
12.	“Danske Commodities Albania” shpk	Trade	Decision Nr. 125, date 29.08.2012
13.	EVN Trading” shpk	Trade	Decision Nr. 124, date 29.08.2012
14.	“ Rej Energy” shpk	Trade	Decision Nr. 121, date 29.08.2012

15.	“Seament Albania” shpk	Trade	Decision Nr. 131, date 13.09.2012
16.	Wenerg” sha	Trade	Decision Nr. 137 date 08.10.2012
17.	Henz Energy	Trade	Decision Nr. 96, date 10.07.2012

Qualified Suppliers Licensed in 2012

1.	“Hydro Salillary” shpk	Qualified Supplier	Decision Nr. 41. date 02.05.2012
2.	“Kurum Energy” sha	Qualified Supplier	Decision Nr. 64, date 10.05.2012
3.	“Albpetrol” shpk	Qualified Supplier	Decision Nr. 75, date 15.06.2012
4.	“Hec Ulez -Shkopet” sha	Qualified Supplier	Decision Nr. 106, date 20.07.2012
5.	“Hec Bistrice 1 dhe 2” sha	Qualified Supplier	Decision Nr. 110, date 31.07.2012
6.	“ Energy Ashta” shpk	Qualified Supplier	Decision Nr.100, date 16.07.2012
7.	“ Ylliad” shpk	Qualified Supplier	Decision Nr. 92, date 16.07.2012
8.	“Seament Albania” shpk	Qualified Supplier	Decision Nr. 132, date 13.09.2012

Licensee for Transmission and Distribution of Gas

1.	Albpetrol	Gas Transmission	Decision No. 118, date 22.08.2012
2.	Albpetrol	Gas Distribution	Decision No. 119, date 22.08.2012

HPP-s qualified as Renewable Energy Sources in 2012

Nr.	Subject name	Activity	Decision of the Board of Commissioners	Assets qualified as Renewable Sources
1.	"Hydro Salillary" shpk	Impiant qualify	Decision No. 42, date 02.05.2012	Hec -Vertop with capacity 1.52 MW
2.	"Albanian Power" shpk	Impiant qualify	Decision No. 78, date 15.06.2012	Hec –Martanesh with capacity 10.5 MW
3.	"Malido Energy" shpk	Impiant qualify	Decision No. 4, date 16.01.2012	Hec –Klos with capacity 1.95 Mw
4.	"Lu & Co Eco Energy" shpk	Impiant qualify	Decision No. 136, date 08.10.2012	Hec - Ostren i Vogel with capacity 0.320 MW

5.	“Henz Energy “ shpk	Impiant qualify	Decision Nr. 91, date 16.07.2012	Hec –Darsi 1 with capacity 2.24 MW; Hec –Darsi 2 with capacity 7.63 MW Hec –Darsi 3 with capacity 1.06 MW
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