

APPROVED WITH ERE BOARD DECISION NO.214 OF DATE 28.12.2017

# **Albanian Electricity Market Rules**

# Content

Chapter I	
Introduction .....	3
Chapter II	
Electricity Market Structure .....	4
Chapter III	
Market Rules organized by the Exchange .....	10
Chapter IV	
Terminated, suspended and non compliance agreements of the market participants .....	13
Chapter V	
Rules for the bilateral contracts .....	15
Chapter VI	
Rules for the transitory period for the interconnection between import/export area .....	16
Chapter VII	
Rules for the invoices and payments .....	17
Chapter VIII	
Guarantee .....	18
Chapter IX	
Data and information of the agreements .....	18
Chapter X	
Resolution of the disputes .....	19
Chapter XI	
Transitory Measures .....	21
<b>ANNEX I : Definitions</b>	

## **Chapter I**

### **Introduction**

These Market Rules specify:

- i) A set of *provisions* that determine the procedures for market operations and management;
- ii) A coherent framework under which, electricity market participants, can interact with each other;
- iii) General terms and conditions for the Day Ahead Market;
- iv) General terms and conditions for the Other Albanian Power Markets.

In all of the procedures regarding these Market Rules the times refer to the Central European Time (CET).

**Currency** – All payments and financial transaction in the balancing market shall be expressed and calculated in the agreed currency.

**Units** – All technical units are expressed in the International System of Units (SI). For example generation, transmission and consumption of electricity (electric energy) is expressed in kWh (MWh, GWh), similarly generation, transmission and consumption of reactive energy is expressed in kVARh (MVARh). Capacity or demand or Power is expressed in kW (MW).

## Chapter II

### Electricity Market Structure

#### 1. Legal and regulatory framework

1.1. Based on Law no. 43/2015 “On Power Sector”, ERE is responsible on defining the rights and obligations of the market participants and for ensuring the regulatory control on the Albanian Power Market.

1.2. Law “On Power Sector”, provides ERE with the authority for approval of the "Electricity Market Rules".

1.3. The purpose of the Market Rules is to establish transparent and non-discriminatory rules for the Albanian Electricity Market. The ERE will continuously monitor the electricity market to insure its nondiscriminatory and efficient functioning and protect the effective competition among its participants.

1.4. ERE shall review these Market Rules, to ensure that they reflect the developments in the Albanian power sector and the regional market

1.5. All aspects of TSO (dispatch, market and transmission system operations) must function in a transparent manner *under regulatory monitoring* by the ERE, *aiming* the development of a competitive electricity market.

1.6. The ERE role in electricity market should include also the control of monopoly business pricing, market abuse policies, approval of rules, codes and their changes and amendments, establishment of regulated businesses and facilitation of competition.

1.7. The organized day ahead market and the intraday one shall be the exclusive sphere for natural trading of electricity in the day ahead time frame.

1.8. The Rules for the Balancing Market are drafted in a special document, as a set of rules on its own.

## **2. Market Participants Roles**

### **2.1. Albanian's Exchange:**

2.1.1. Provides all the systems and necessary interactions for the operation of the Day Ahead Market

2.1.2. Accepts applications and bids to purchase and sell electricity from the Balancing Responsible Party.

2.1.3. Takes and processes interconnection capacities from the TSO as well as other respective information.

2.1.4. Performs the necessary auctions and trading operations, in conformity with the approved rules using for this purpose the *European market coupling* algorithms.

2.1.5. Sends to the respective Balancing Responsible Parties and to the TSO, according to the defined terms, the trading confirmations, including the allocated quantities and the prices.

2.1.6. Publishes the distributed quantities and the respective prices, according to the defined terms.

2.1.7. Sends to the respective Balancing Responsible Parties and to the TSO in conformity with the agreed term, the credit notifications, and the financial accounts.

2.1.8. Executes the coercion means and the payments for the respective Balancing Responsible Party, in conformity with the defined regulations and terms.

2.1.9. Keeps the transactions documents.

2.1.10. Keeps and updates the trading schedule.

2.1.11. Fulfills the transparency requirements, based on the Regulation no. 543/2013 and exercises market monitoring competences.

2.1.12. Provides that the trading platform is accessible from all the interested parties.

2.1.13. The Electricity Exchange may contract the performance of one or more above mentioned services from any entity that may exercise this activity, in conformity with the license issued by ERE.

2.1.14. TSO is responsible for the establishment/appointment of the entity that shall operate the Power Exchange. TSO, or all TSO-s together that are licensed on the bidding area and served by the Power Exchange company shall have the majority of shares of the Power Exchange.

### **2.2. TSO is the independent state company performing these functions:**

2.2.1. Physical operation of the Transmission Network (ownership, maintenance and expansion).

2.2.2. System operation, in conformity with the requirements of 2009/72/EC Directive, including the dispatch.

2.2.3. Ensure the connection service for all the users connected in the transmission network, in non discriminatory conditions.

2.2.4. Defines the conditions to become Balancing Responsible Party (BRP) and Balancing Service Party (BSP).

2.2.5. Implements the calculation process of the cross border capacities, coordinated in conformity with the organized market requirements.

2.2.6. Operation of the Balancing Market Operator:

i. Foresee and purchase of the ancillary services, allocated in balancing energy and reserve capacity, from all Balancing Service Providers, for one week, day in ahead, and the real time frame based on the market.

ii. Perform of the necessary actions for balancing activating the secondary decrease or increase adjustments from the balancing reserves and/or additional balancing reserves provided in the electricity balancing market.

iii. Purchase of the transmission losses for the day ahead based on the organized market. For the transitory period before the Day Ahead Market commences its activity, the weekly procurement procedure is permitted for the TSO according to the rules approved by ERE.

iv. Compensation for the balancing services that it provides, ensuring the financial liquidations on monthly basis, through the settlement of the imbalances based on the rules for calculating the imbalances, ensuring the appropriate incentives for the market participants shall be balanced on real time or approximately the real time. The calculation of imbalances rules shall reflect the deviations through generation, traded energy and consumption from all the balancing responsible parties and each balancing responsible party. This is based on a system only for the prices penalizing the deviations in both directions.

v. Management of the required collection of the metering data, to perform efficient management of the imbalances and the financial settlement.

The balancing energy price shall be paid by the responsible party, shall be set on the real cost that the TSO receives for balancing the system, for the respective period, covering the balancing and energy reserves.

2.2.7. The tariffs, terms and conditions for access in the transmission system shall be regulated by ERE.

## **2.3 DSO – as a Distribution System Operator**

2.3.1. Distribution is allocated from the supply, in conformity with Energy Community requirements. DSO shall own, maintain, expand and operate the distribution system.

2.3.2. DSO shall provide the connection service for all the users in the distribution system in non discriminatory conditions.

2.3.3. Purchase of the technical and non technical losses, based in the day ahead organized market. For the transitory period before the commencement of the Day Ahead Market activity, the procurement procedure is permitted for the DSO according to the rules approved by ERE.

2.3.4. The tariffs, terms and conditions of access in the distribution system shall be regulated by ERE.

2.3.5. DSO shall be responsible for reduction of the technical and non-technical losses in the distribution system, based on a study developed by the DSO itself and approved by ERE. ERE ensures the appropriate initiatives to reduce these losses.

2.3.6. DSO shall be a Balancing Responsible Party (BRP).

#### **2.4. Balancing Responsible Party (BRP)**

2.4.1. The terms and conditions to become a balancing responsible party (BRP), shall ensure a non discriminatory handling for all the market participants and shall be published.

2.4.2. The signed agreement by the TSO with the Balancing Responsible Party and the Balancing Service Provider shall be a standard agreement, published and approved by ERE, in a way that the rights and obligations of the parties shall be equal for all the market participants, as an integral part/annex of the Balancing Rules.

2.4.3 All the legal entities, owning generation units or consumption which are connected in the network and over a capacity defined by the TSO and approved by ERE, are obliged to be Balancing Responsible Party.

2.4.4. A legal entity owning generation or consumption units, connected in the network with a defined capacity by the TSO and approved by ERE, may apply to be a Balancing Responsible Party.

2.4.5. A trader who trades in Albania or that supplies crossborder energy, is obliged to be a Balancing Responsible Party.

2.4.6. The Balancing Responsible Party is permitted to schedule the physical bilateral contracts to purchase/sale the distributed capacities at the SEE CAO.

2.4.7. All the OTC (Over-the-counter) contracts shall be based on a financial contract, where the physical electricity shall be traded in the Albanian Power Exchange and this price shall be the reference price for the financial contract. ERE shall establish standard financial contracts OTC.

2.4.8. All the Balancing Responsible Parties shall be obliged to calculate the imbalances.

2.4.9. A Balancing Responsible Party may take other Balancing Responsible Party responsibility or of the production or consumption units over a defined capacity.

2.4.10. All the Balancing Responsible Parties are responsible for foreseeing generation and consumption.

2.4.11. All the Balancing Responsible Parties are obliged to ensure the appropriate protection from the disclosure of competitive and sensitive information when this is necessary and all the information required for the successful performance of the TSO and ERE, on the appropriate, full and secure time.

2.4.12. Any unit exercising the supplier activity shall be a Balancing Responsible Party.

## **2.5. Balancing Service Provider**

2.5.1. A Balancing Service Provider is a Balancing Responsible Party providing the balancing service for the TSO.

2.5.2. The conditions and terms to become a Balancing Service Provider are defined by the TSO and regulated according to an agreement between the Balancing Service Provider and the TSO.

## **3. Rules and obligations of the Agreement**

3.1. The Market Rules have a defined affect between the parties and become obligatory for each participant.

3.2. Each party shall take the appropriate actions to perform the obligations in conformity and compliance with the market rules.

## **4. Types of Market**

### **4.1. Cross border agreements through the bilateral contracts**

4.1.1. Market participants shall perform cross border agreements with freely negotiated prices based on the purchased and nominated capacities in the open auctions organized through SEE CAO for a relevant period of time, equal with one hour.

4.1.2. Scheduling notifications at the TSO regarding these agreements shall be on the day prior to the delivery. The details for this part shall be described on the Balancing Rules.

### **4.2 Day ahead organized market for electricity**

4.2.1. The market participants registered for participation in the day ahead organized market and the intraday market shall terminate the electricity agreements in the organized market in conformity with the requests defined by the Market Operator, as defined on Chapter III of these rules.

4.2.2. The market participants which have current agreements for the electricity purchase or any other contract for electricity sale-purchase on the time when these rules become effective, shall register their contracts with the respective network operator for participation in the day ahead



organized market and the intraday market in conformity with the requirements defined by the Albanian Market Operator, as defined on Chapter III of these rules.

4.2.3. The agreements shall be terminated with the price reflected, defined at any period by the Albanian Exchange, licensed for the administration of the organized market.

4.2.4. TSO and DSO shall purchase electricity only to cover the technical and non technical losses in the network for any defined period of sending in the organized market.

### **4.3. Intraday organized market for electricity**

4.3.1. Intraday market is a market for continuous trading of the products within the time intervals where the agreements are automatically connected, where the competitive orders are registered in the trading system. The transactions may be performed one hour before the bid.

4.3.2. Market participants may perform electricity transactions in the intraday market in conformity with point 4.2.1. of these rules.

4.3.3. The exchange shall be continuous during each day of trading, shall give information for all the bids and transactions registered at ETS anonymously.

### **4.4. The financial agreements through the bilateral contracts.**

4.4.1. Market participants shall sign financial contracts.

## **CHAPTER III**

### **RULES FOR THE ORGANIZED ELECTRICITY MARKET FROM THE POWER EXCHANGE**

#### **1. General Rules**

1.1. A Balancing Responsible Party (BRP) wishing to take part on the Albanian Power Exchange shall have the right to perform it, if fulfills the following conditions:

1.1.1 Is registered on Albanian territory or another European Union member state or a country belonging to the Energy Community;

1.1.2 Has the respective licenses issued on the territory of at least one of the countries mentioned on point 1.1.1 above, making possible to act with the capacity of an electricity generator, supplier, trader or purchaser;

1.1.3 Has ensured the collateral pledge, as required from the implemented Market Rules, the Participation Agreement, Trading Rules, Day Ahead Market Rules, Intraday Market Rules, Market Conduct Rules, or Final Settlement Rules.

1.2. The performed transactions from the market participants in the day ahead organized electricity market or the intraday market shall be automatically informed through the trading platform to all the Balancing Responsible Parties.

1.3. The terminated transactions in the organized market shall be informed to the Transmission Operator from the Power Exchange until 14.00 of the D-1.

1.4. Transactions in the organized market shall be terminated for any time interval.

1.5. The terminated transactions in the organized market shall represent a strong engagement for the respective Balancing Responsible Parties for the electricity supply, in cases of accepting the bids for sale or the obligation to accept the electricity supply in cases of accepting the bids for purchase, in conformity with the respective transactions.

1.6. Any transaction shall be for the bidding day, a time interval and a defined area.

1.7. The Power Exchange may terminate an agreement with the Market maker, which shall take the responsibility to foresee the liquidation in the electricity auctions through the daily participation, with a foresee of the electricity sale and purchase quantity, in conformity and on the basis of the concluded agreements.

## **2. Purpose of the organized market operation**

- 2.1. To establish the conditions for a competitive market permitting the set of fair prices.
- 2.2. To establish the conditions for a market oriented through import/export to promote the benefits of the customers as well as the power sector in Albania, providing flexibility for the integration of the electricity market and day ahead and intraday market coupling.
- 2.3. To establish the conditions for the transparent and efficient transposition of the fund flows and the accounts, using the Exchange as the *counter party* for all the actions in the organized market.
- 2.4. To establish a structure within which shall be developed the competition in the wholesale and retail market, promoting and ensuring the fast switch of the supplier.

## **3. Main principles for the operation of the organized market**

- 3.1. Implementation of the margin cost principle for the bids in the organized market as part of market surveillance, to avoid the market abuse.
- 3.2. Day ahead market and the intraday market as the exclusive sphere for electricity physical trading in the day ahead time period.
- 3.3. Trading of the longterm physical bilateral contracts is permitted based on the capacity allocated through the organized auctions by SEE CAO, or based on the requirements according to the registered longterm bilateral agreements based on Chapter III, point 1.1. of this Regulation.
- 3.4. All the other trading forms shall be only financial.
- 3.5. The contractual agreements are the base schemes serving for the management of the relations between different entities in the market.

## **4. Conditions and registration in the organized market by the participants**

- 4.1. Any Balancing Responsible Party may become a Market Participant registered from the Power Exchange, to participate in the organized market and has the right to submit bids for the electricity sale and/or purchase.
- 4.2. A market participant shall be a Balancing Responsible Party.
- 4.3. The Market Participant shall submit a request for accepting the conditions for participation and registration in the electricity organized market, based on the agreement between the Power exchange and the participants including all the appendixes.
- 4.4. The Power Exchange shall establish a contract where are defined the rights and obligations between the parties.

4.5. After signing the Registration Agreement at the Power Exchange and fulfilling any requirement of this agreement, any participant has the right to participate in any organized market suitable to these rules.

4.6. The Power Exchange shall keep an updated register of all participants in the organized market.

4.7. The register shall keep at least these data for any participant:

- i. Full name, the premises and the representative of the company;
- ii. The agreements connected for the day ahead market participants, the number and date;
- iii. ID Code of the participants in the organized market;
- iv. Registration date, withdrawal date, suspension date;

4.8. The market participants are obliged to immediately inform the Power Exchange for any amendment that the registration data may have.

## **Chapter IV**

### **Terminated, suspended, and non compliance agreements of the market participants.**

#### **1. General**

1.1. Withdrawal, suspension and termination requests are subject of ERE regulation.

#### **2. Termination of the agreement**

2.1. Any participant may terminate the Participation Agreement, sending a notification in compliance with Power Exchange Rules.

2.2. The temporary or final termination of the agreement for not performing the obligations of one of the participant are regulated on these Market Rules.

#### **3. Suspension of the market**

3.1. The Power Exchange may at any time suspend the market in the trading system if:

i. a problem have occurred, which may affect the market in some products or the suspension if it is necessary to prevent these problems.

ii. when the market activity violates the requirements of the applicable law, the entire Market Rules or the participant agreement.

3.2. The market system shall be re-opened in full operation as soon as possible after the correction which led to the suspension and the Power Exchange finds that the Market may operate in conformity with the Applicable Law and the Market Rules.

3.3. The Power Exchange shall issue to the participants the information on the market suspension and immediate re-opening through the website or other communication means that the Power Exchange considers efficient, taking into consideration the circumstances.

3.4. The Power Exchange may suspend a participant based on the non-compliance, in conformity with point 3 of this chapter.

#### **4. Non-compliance**

4.1. If a participant fails in conformity with:

i. these market rules;

ii. **the market and it's rules**; or

iii. the applicable law and such violations that affect or shall affect in the participants ability, in conformity with the market rules;

iv. the requirement for Trading Benefit of the market, which are described on the Participant's Agreement;

v. the representation described on the Participant's Agreement, on the condition that the Representation in the opinion of the Albanian Power Exchange is incorrect and misleading in the material aspect and is not regulated within 15 calendar days, after the written notification from the Albanian Power Exchange, or the obvious bad representation shows that the Participant or the Clearing Customer is not suitable for further Trading.

4.2. In case of non-compliance, the Power Exchange shall send to the participants a letter within 15 calendar days:

i. If after 15 days the participant does not take the appropriate measures to correct causes that arosed non compliance. The Power Exchange sends the written notification to the participant or may send a warning or suspend a participant from the market with immediate effect. During the suspension, the participant may perform agreements only with the approval of the Power Exchange.

4.3. The right of the Power Exchange to terminate the Participant's Agreement is defined in the Trading Agreement.

4.4. Before taking the decision according to Chapter IV, to the participant shall be given an opportunity to counteract and give an opinion on these facts which are presented by the Power Exchange.

4.5. The Power Exchange has on its discretion to decide if the decision shall be public or not and the final way how the decision shall be public.

## **Chapter V**

### **Rules for the bilateral contracts**

#### **1. Physical tradings with bilateral contracts**

1.1. Trading of physical bilateral contracts is permitted only in conformity with the purchased and nominated capacities in the open auction organized at SEE CAO.

#### **2. Confidentiality of the interconnection contracts for the bilateral agreements**

2.1. The electricity interconnection sale - purchase contracts by SEE CAO shall not be regulated, with regulated context through the negotiations between the parties, respecting the provisions of the market rules.

2.2. The contracting parties, the quantities and prices from the negotiations represent confidential information. As far as the provisions of the Market Rules, Network Code and other relevant regulations require that such information shall be declared to the TSO in the time frame for the day ahead and shall be nominated for all the concluded agreements for the day ahead organized market.

#### **3. Financial trading with bilateral contracts**

3.1. All over the counter (OTC) markets shall be based on the financial contracts, where the physical energy shall be traded by the Power Exchange and the Exchange price shall be the referring price for the financial contracts.

3.2. ERE shall establish a standard agreement for OTC (over the counter) financial contracts.

## **Chapter VI**

### **Rules for the transitory period for crossborder trading through import/export areas**

#### **1. General**

1.1. As transitory measures before the market coupling, the interconnection implicit auction with the neighboring countries may be organized through the organized import/export areas:

- i. the import/export areas may be set as area in the Power Exchange.
- ii. the import/export areas permitting the parties at the same time to trade with the crossborders based on the interconnection available capacities.
- iii. Participants for the import/export areas may be Balancing Responsible Parties which shall fulfill the normal criteria to be day ahead trading participants and have the permission to trade electricity.

1.2. the technical details for the import/export areas are prepared by the TSO and approved by ERE.

1.3. The trading relations and the operational rules for the import/export area are under the governance of the Exchange, regulated on the appendix of the Participant's Agreement.

1.4. The use of the import/export areas shall mean the appointment of the day ahead in the import/export capacity through the market, where TSO sets available, as part of the distribution of their every day capacity, a minimum amount (50%) of the capacity available to the organized market. The quantity of the minimum value shall be seen as on monthly basis. The minimum value may be amended on the basis of an assessment that is defined by the TSO and approved by ERE.

1.5. The final purpose is the Albanian electricity market integration with the European market.



## **Chapter VII**

### **Rules for invoicing and the clearing**

#### 1. General:

- 1.1. The invoices shall be sent (one time in a day/month/year) from the Albanian Power Exchange to the Market Participant and shall be cleared all the money calculated for the preliminary trading period in the organized market, according to the detailed procedures in the Participant's Agreement in the Albanian Power Exchange.
- 1.2. The financial relations for the organized market, for an intermediate period, may be handled by the service provider of the Power Exchange.

## **Chapter VIII**

### **Warranty**

1. The Exchange has the right to require the participants to deposit a warranty, after registration as a market participant in the electricity organized market.
2. The detailed rules regarding the warranty, the process for the update and control are defined on appendix 5, of the Settlement and Clearing Rules.

## **Chapter IX**

### **Data and the exchange of information**

1. Detailed provisions for Power Exchange communication and the Market Participants are defined on the Participant's Agreement in the Power Exchange. This include the communication for the bidding process, the process of setting the price and all the processes for settling the issues including the warranty.
2. Communication through the Power Exchange and the TSO shall be drafted on an operational detailed procedure developed and maintained by the Power Exchange and the TSO.
3. Any participant shall be responsible for ensuring and maintaining (with the participant's costs) the phone, the internet connection and any other structure of communication required to act in the organized market.

## **Chapter X**

### **Settling the Disputes**

#### **1. General procedures**

- 1.1. In case of disputes between the parties regarding these Market Rules, the parties shall try with understanding to settle the disputes regarding the issues relating with the Market Rules.
- 1.2. If the parties fail to reach the settle of the dispute, it shall be settled by ERE according to the applicable law and rules.

#### **2. Notification of the dispute**

- 2.1. ERE shall accept any written request for settling the dispute coming directly or indirectly from the non transparent and discriminatory behaviour of the active parties in the electricity market and it is authorized to settle the dispute according to power sector law.

#### **3. Process for settling the disputes**

- 3.1. ERE shall handle and settle the issues raised on the request or by complaint according to the regulation of ERE organization, operation and procedures.
- 3.2. ERE has the right to employ external experts of the field to handle special issues.

#### **4. The disagreements regarding the liquidations**

- 4.1. In case of disagreements, any participant is obliged to cover its cost. In the case when the disagreement is refused, the Market Participant is obliged to pay any expense performed by the Albanian Power Exchange.
- 4.2. Complaints to the content of the transactions report is accepted only in the case of errors resulting from the Power Exchange actions.
- 4.3. Any complaint to the content of the transactions report shall be submitted not later than two (2) days from the content of the transactions report from the Power Exchange.

- 4.4. The Power Exchange shall notify the Market Participants for accepting or refusing the respective complaint not later than two (2) days from the term specified on the above paragraph. On the acceptance case, the Power Exchange shall submit a report for the regulated transaction to the Market Participant.
- 4.5. If, during the time interval specified on the above paragraph, the electricity market participant does not submit any appeal to the transaction report received, then they are considered accepted.
- 4.6. Any submitted complaint does not discharge the respective electricity market participant from the fulfillment of the obligations deriving from the disputed transactions.

## Chapter XI

### Transitory Measures

1. These market rules enter into force with the implementation of the Organized Market Model at the moment of the Albanian Power Exchange commencement, as provided on point 8, of the Council of Ministers Decision no. 519, dated 13.07.2016 and shall be published on the Official Gazette.
2. The way defined for each Phase:

Steps	Actions
Phase 1  January 2017	<ul style="list-style-type: none"> <li>• Opening of the Albanian Power Exchange;</li> <li>• Initial implementation of the import/export areas (or full market with coupling agreement with at least one country)</li> <li>• TSO shall purchase the losses from the Albanian Power Exchange.</li> <li>• OSHEE shall purchase the losses in an irregulated market.</li> <li>• HV customers in an irregulated market.</li> <li>• 35 Kv Customers in an irregulated market.</li> <li>• 20 Kv Customers in an irregulated market.</li> <li>• Qualified suppliers for high voltage network – about 1 TWh.</li> <li>• Remaining volumes from KESH, after fulfilling the request by the tariff customers – about 250 GWh.</li> <li>• Independent procedure (e.x Devolli, Kurumi, Fani) – about 405 GWh.</li> <li>• Imports through traders and/or import/export areas + other qualified traders – about 1 GWh.</li> </ul>
Phase 2 – Opening of the Market  January 2018	<ul style="list-style-type: none"> <li>• Opening of the market based on the Balancing Mechanisms (BM)/Power Balancing Market</li> <li>• Balancing Market and Albanian Power Exchange in full conformity with the rules.</li> <li>• Imbalances system in conformity with the Albanian Power Exchange.</li> </ul>

	<ul style="list-style-type: none"> <li>• CFD for 50% of the volume for the regulated tariffs.</li> <li>• Qualified supplier for the high voltage network – about 1 TWh.</li> <li>• Independent producers (e.x Devoll Hydropower, Kurumi, Fani) – about 1005 GWh.</li> <li>• Imports through traders and/or import/export areas + other qualified traders – about 1 GWh.</li> <li>• CFD volumes (from KESH) – about 1.75 GWh.</li> <li>• Customers in 10/6 Kv in the irregulated market.</li> <li>• Customers in 0.4 Kv in the irregulated market.</li> </ul>
<p>Phase 3 – Full implementation of the market</p> <p>January 2019</p>	<ul style="list-style-type: none"> <li>• Opening of the Albanian Power Exchange through IDM platform.</li> <li>• Cooperation trading agreements with EU countries that possess this right, through the import/export areas or cooperations with non EU countries.</li> <li>• CFD for 70% of the regulated tariff volume.</li> <li>• Qualified supplier for the high voltage network – about 1 TWh.</li> <li>• Independent producers (e.x Devoll Hydropower, Kurumi, Fani) – about 1005 GWh.</li> <li>• The remaining volumes from KESH, after completing the request from the tariff customers – about 600 GWh.</li> <li>• Imports through traders and/or import/export areas + other qualified traders – about 1 GWh.</li> <li>• CFD volumes (from KESH) – about 1.75 GWh.</li> <li>• Customers in 0.4 Kv – Businesses, non–budgetary persons in the irregulated market.</li> <li>• Customers outside Albania in the irregulated market.</li> </ul>
<p>Phase 4 – Full implementation of the market</p> <p>Janar 1<sup>st</sup> 2020</p>	<ul style="list-style-type: none"> <li>• Trading agreements for cooperation with EU countries which posses this right.</li> <li>• (100%) of the retail market based on market prices (removed CFD). May be allocated in two steps if politically required.</li> </ul>

## ANNEX I: DEFINITIONS

**These definitions are effective for the two documents: the Market Rules and the Participant Agreement.**

<b>Account holder</b>	Shall mean a Member holding one or more Clearing Accounts for the registration of Clearing Transactions.
<b>Group Collateral Agreement</b>	Shall mean an agreement where one Member of more than one Collateral Group Market becomes subject of collateral calls groups and the collateral posts on the group basis.
<b>Effective Law</b>	Shall mean the effective laws and regulations under the jurisdiction in force, including any order or judgement or any other decision of the competent Court or Regulatory Organization, in conformity with such laws and regulation on the appropriate place and time.
<b>Auction</b>	Shall mean the mechanism used in the Auction Market to deliver the Orders and the calculation of the volume and prices for electricity distribution and the sale-purchase agreement, within a defined period for the bid.
<b>Imbalance Responsible Party</b>	Shall mean, a Participant that has entered into an agreement with a Transmission System Operator and that balances its electricity imbalance through the national electricity regulator Market or open bid of balancing electricity by the Transmission System Operator.
<b>Bank Guarantee</b>	Shall mean a guarantee, according to the requirement, provided and accepted by the Albanian Power Exchange regarding the obligations of an Account Holder to the Albanian Power Exchange.
<b>Banking Day</b>	Shall mean the day where the banks of Albania perform the bank activities.
<b>Base Collateral</b>	Shall mean the collateral to be send by or on behalf of the Participant or Customer executing the Settlement, to cover the day-night risks of the Albanian Power Exchange.
<b>Request for Base Collateral</b>	Shall mean the request of the Albanian Power Exchange for Collateral by the Participant or Settlement Customer, in conformity with article 8.2 of the General Terms for the Settlement Rules.
<b>Bid</b>	Shall mean the order to be Purchased.



<b>Bidding area</b>	Shall mean an Area of the Albanian Power Exchange defined by the TSO-s. The Albanian Power Exchange area is allocated in bidding areas to manage the transmission restrictions. The Participants shall make an Order in conformity with the area where their production or consumption is physically connected in the network, defining in this way the bidding area for each Order.
<b>Purchaser</b>	Shall mean the party which agrees to purchase electricity according to any Transaction.
<b>Cash Account</b>	Shall mean the Pledged Cash Account or non-Pledged Cash Account.
<b>Cash Collateral</b>	Shall mean the Collateral in the form of Cash deposits in a Pledged Cash Account.
<b>Cash Settlement</b>	Shall mean Cash Settlement to be executed between the Albanian Power Exchange and the Members.
<b>Cash Settlement Amount</b>	Shall mean the net cash amount calculated in conformity with article 10.1.1 of the General Terms of the Clearing Rules.
<b>Clearing</b>	Shall mean a payment process – through the substitution where the Albanian Power Exchange enters into a Transaction as a central counterparty and becomes a counterparty for the Members.
<b>Clearing account</b>	Shall mean a Member account(s) with the Albanian Power Exchange for registering the Transactions.
<b>Clearing day</b>	Shall mean the Banking Days on which the monetary settlements are executed.
<b>Clearing Rules</b>	Shall mean the Albanian Power Exchange Rules for Settling the Transactions regulated on Appendix 4 of Trading Rules.
<b>Collateral</b>	Shall mean the agreements accepted by the Albanian Power Exchange and acknowledged through the Clearing Rules as a guarantee for the obligations of a Member to the Albanian Power Exchange, including Cash deposits in a Pledged Cash Account on the basis of the requirement, as well as any pledged instrument accepted by the Albanian Power Exchange under a Collateral Agreement Grouped with the Member.
<b>Grouped Collateral Market</b>	Shall mean any market on which the Albanian Power Exchange acts as a central counterparty and is legal for a Grouped Collateral Agreement, as notified by the Albanian Power Exchange.

<b>Call for Collateral</b>	Shall mean the call of the Albanian Power Exchange for Collateral by a Participant or Clearing Customer in conformity with the Clearing Rules.
<b>Collateral Currency</b>	Shall mean, regarding to a Member which is trading in several trading Currencies or that is a party in a grouped collateral Agreement, on which such a currency is accepted by the Albanian Power Exchange as the respective currency for calculating its call for collateral.
<b>Consumption unit</b>	Shall mean a resource which receives electricity for its own use; here the Transmission or Distribution System Operators are not considered consumption units.
<b>Contact Person</b>	Shall be a physical person appointed as the contact person, in conformity with the Trading Rules regarding the Trading.
<b>Counterpart</b>	Shall mean a Clearing Participant and Customer entering into a Transaction and the Albanian Power Exchange, acting as a counterparty for all the Transactions.
<b>Disconnection or Disconnection of the Markets</b>	Means a situation where the Price Coupling process is suspended and/or cancelled.
<b>Distribution</b>	Shall mean the electricity quantity that shall be distributed regarding the settling of the transactions.
<b>Distribution day</b>	Shall mean a continuous series of the Distribution Hours beginning on 00:00 CET of a calendar day and terminates on 24:00 hour CET of the same calendar day, in such a way that the commencement of a distribution Day correspond with the period by the end of the previous distribution day.
<b>Distribution Hour</b>	One hour within the Distribution Day.
<b>Distribution Period</b>	One period consisting in one or more Distribution Hour.
<b>Deviation Margin</b>	Shall mean the price margins to be decreased or increased in the respective Rank, when dealing with Trading Errors, as defined in details on the Market Rules.

<b>Trading Area</b>	Shall mean the same Bidding Area but this term is used referring to the Day Ahead Albanian Market.
<b>Price for the Day Ahead Market</b>	Shall mean the price defined regarding each Distribution Period, as result of the price calculation for the Day Ahead Market.
<b>Day Ahead Market</b>	Shall have the meaning as described on Chapter 2, Article 4.2 of these Market Rules.
<b>Day Ahead Market Regulations</b>	Shall mean Participation Agreement Annex: “Day Ahead Market”.
<b>Calculation for the Day Ahead Market Price</b>	Shall mean the methodology for defining the Day Ahead Market Price and the appropriate Energy Volume as defined on the Albanian Market Rules for the Day Ahead.
<b>Electricity Exchange Area</b>	Shall mean the geographic areas of the Day Ahead Market, on which the Albanian Power Exchange has the right to organize the Day Ahead Albanian Market and through the agreements with the TSO has allocated the transmission capacities on the planification stage, to have the right for transferring the electricity between these areas.
<b>Energy Volume</b>	Shall mean the number of the energy units to be distributed during the relevant Distribution Period(s), and shall be, if not specified otherwise, considered expressed on MW. For the Products extending in some Delivery Periods, the Energy Volume represents the equal and constant number during each effective Delivery Period.
<b>Energy volume limit</b>	Shall mean the maximum quantity of the Energy Volume applicable for one Order, where this definition is applicable.
<b>ETS</b>	Shall mean system(s) for periodic electronic Trading.
<b>EU</b>	Shall mean European Union, as it periodically exists.
<b>Euro or EUR</b>	Shall mean a legal currency of those states Members of the European Union which have adopted a special currency, in conformity with a Treaty establishing the European Union, as amended by the Treaty on the European Union.
<b>Tariff Program</b>	Shall mean as applied the Trading Appendix specified on details on the Content Table of the General Conditions of the Trading Rules.

<b>Event of a Force Majeure</b>	Shall mean the occurrence of an event which (i) is out of the reasonable control of the affected party, and (ii) which prevents the party from performing one or more obligations according to the Trading Rules or the Clearing Rules and (iii) such cases or the affect of such events in the performance of the party to the respective obligation (s), in a reasonable way has not been possible to overcome, or impede from the party and within the permitted time to perform the respective obligation (s). For the purpose of this definition, the actions of God or the public enemy, acts of a civil or military authority, terroristic acts or other criminal acts, civil unrests, embargos, fires, floods, work disagreements, lack or limitation of the computer capacities or process of the data, or the lack or limitation of the settlement systems or bank transferring systems, normally shall be considered to be out of the reasonable control of a party, on the condition that the party has acted with maturity and the care expected from this party.
<b>Gate Clossure</b>	Shall mean the time before which the Day Ahead Albanian Market shall be from the Albanian Power Exchange, to be valid as defined on the Trading Schedule.
<b>Generating Unit</b>	Shall mean the only electricity generation structure, sole or together with the other generation units, constituting parts of the Production Unit.
<b>GW (and GWh)</b>	Shall mean one billion (1,000,000,000) Wat, and “GWh” shall mean the generated or consumed energy with a constant percentage of one (1) GW for the duration of one (1) hour.
<b>Hourly Order</b>	Shall mean an Order in the Day Ahead Albanian Market, where the purchase or sale volumes of the Participants states in different prices levels in a complete Price Steps, defined for a specific hour of Distribution. Each party of the price and volume is handled as a point in the Order Curve with linear interpole between each party.
<b>KW (and KWh)</b>	Shall mean one thousand (1,000) Wat, and “KWh” shall mean the generated or consumed energy with a constant percentage of one (1) KW for the (1) hour duration.
<b>Maintenance Period</b>	Shall mean a period within the Trading Hours during which ETS is closed for maintenance reasons, as defined on the Trading Schedule or through a prior written notification from the Market Operator.
<b>Market Management Rules</b>	Shall mean the appendix specified as such in the table of content of the effective Participants Agreement.

<b>Market Operator</b>	Shall mean the Albanian Power Exchange regarding the Day Ahead Market in Albania.
<b>Market Monitoring</b>	Shall mean the responsible organizational unit for monitoring the compliance of the Market Conduct Rules on behalf of the Market Operator
<b>Substantial non-compliance event</b>	Shall have the meaning defined on the Participant Agreement, the Trading Rules – General Terms.
<b>Maximum Limit Price</b>	The upper technical limit of the prices in the Prices Range.
<b>Member</b>	Shall mean the economic unit which has entered in a valid agreement for effective Membership on the Day Ahead Albanian Market Trading of the Albanian Power Exchange.
<b>Mimimum Limit Price</b>	Shall mean the technical minimum limit price in the Prices Range.
<b>TTS</b>	Shall mean a system of the Market Operator based on the telephony and the voice for registering the Orders.
<b>MW (and MWh)</b>	Shall mean one million (1,000,000) Wat, and “MWh” shall mean the energy generated or consumed in a constant percentage of one (1) MW for one (1) hour duration.
<b>Non-compliance event</b>	Shall have the meaning described on these Rules
<b>Non-Pledge Accounts</b>	Shall mean the account established by the Participant in a Bank Deposit approved by the Albanian Power Exchange, which shall be applied in connection with the Cash Settlements to the Albanian Power Exchange.
<b>Albanian Power Exchange</b>	Shall mean the platform organized for the electricity sale-purchase on the basis of the day ahead and/or intraday market.
<b>NWE Price Coupling</b>	Shall mean the Price Coupling from and through the respective Power Exchanges and the Transmission System Operators in the North-West Europe (NWE) region, Nordic/Baltic region and UK in conformity with the Operational Agreement terms of the NWR Day Ahead.
<b>Bid</b>	Shall mean a Bid to be sold.

<b>Pledge on the request basis</b>	Shall mean the pledge on the favour of the Albanian Power exchange for the predefined ensuring obligations of a Participant to the Albanian Power Exchange.
<b>Open Balance</b>	Shall mean a net position to each Series of Product registered in a Clearing Account, which may be positive or negative. A positive value identifies a position of purchases to that product, while a negative value identifies a position of sales.
<b>Order</b>	Shall mean a Request or Offer for a Product or some Products that a Participant in a valid way registers at ETS.
<b>Order Price</b>	Shall mean the price that the Purchaser wishes to pay or the Seller wishes to sale regarding an Order, according to the case.
<b>Order Price Limit</b>	Shall mean the maximum, minimum limit per Order Price.
<b>Type of Order</b>	Shall mean the method through which an Order is executed, e.x fulfill all or some according to the case regarding each Market.
<b>Member Agreement</b>	Shall mean an agreement between the Participant and the Albanian Power Exchange, Participant Agreement, granting to the Participant access at the Day Ahead Albanian Market Trading.
<b>Party</b>	Shall mean the Albanian Power Exchange or a Member.
<b>Albanian Day Ahead Market</b>	Shall mean the market (s) operated by the Albanian Power Exchange for the Trading of the Electricity contracts with physical distribution.
<b>Cash Pledge Accounts</b>	Shall mean a pledge account established by a Participant in a Settlement Bank approved by the Albanian Power Exchange and shall be applied regarding the Cash Settlements of the collateral to the Albanian Power Exchange.
<b>Price Area</b>	Shall mean two or more Bidding Areas which have the same Price Area for the Albanian Day Ahead Market in a specific hour.
<b>Price Coupling</b>	Shall mean the mechanism by which, to maximise the public wealth, the prices defined by the Market and the net positions for the different Electricity markets of a Day Ahead, are defined on a sole step referring to the physical hour ATC and/or the capacities based on the flows.

<b>Range of the Prices</b>	Shall mean the range of the price for a auction, defined by the Albanian Power Exchange, in conformity with the Participant's Agreement of the Day Ahead Albanian Market.
<b>Price Step</b>	Shall mean the Price Demand and the Energy Volume values match on a Demand curve on the Albanian Day Ahead Market (and including) The upper and lower limits of the Price Demand.
<b>Product</b>	Shall mean the Product listed on the Albanian Day Ahead Market, and the references for one sole product shall mean, all series of the Product which are classified as of the same type, in conformity with the Products Specifications.
<b>Product Unit</b>	Shall mean a structure for the electricity production composed from more than a generation unit.
<b>Regulatory Body</b>	Shall mean any competent department, agency, state organization or other political subdivisions with jurisdiction on the respective entity regarding the respective issue.
<b>REMIT</b>	Shall mean the (EU) Regulation, No 1227/2011, of the European Parliament and the European Union Council, on the integrity and transparency of the Electricity wholesale Market dated 25 October 2011.
<b>Reopening</b>	When, due to the specific situations the Albanian Day Ahead Market is reopened to deliver the orders after 12:00 PM.
<b>Required Authorisations</b>	Shall mean all the governmental licenses and others, authorisations, permissions, agreements, contracts and other approvals (if any) which are required to enable one party to fulfil its obligations according to the Trading Rules and/or Clearing Rules in conformity with the effective law.
<b>Seller</b>	Shall mean the party having agreed to sale electricity on the basis of any individual transaction.
<b>Settlement</b>	Shall mean the process which through the trading in the markets is performed through cash transactions.
<b>Settlement Bank</b>	Shall mean a bank which is authorized by the Albanian Power Exchange to execute Cash Settlements and keep the Cash accounts of the pledges or non pledge accounts on the name of a Participant or Clearing Customer. The list of the Settlement Banks is available from the Albanian Power Exchange.

<b>Settling Day (s)</b>	Shall mean the day (s) specified on the Products Specification when the respective Cash Settlement shall be performed by a Series Product.
<b>Social Welfare</b>	Shall mean a quantitative definition to estimate the possible implications of the alternative policy options, including a profit consideration or economic additional cost, defined as the sum of additional individual benefits and the expenses which are expected to be accumulated because of the implementation of the respective policy options comparing the current situation.
<b>Distribution</b>	Shall mean the price range as defined by the best price of the offer and the demand in the Series of the Product registered at ETS, on any point of time.
<b>Impulse Size</b>	Shall mean the size of the impulse specified on the Product's Specifications. The price of an order is set in a Trading System which shall be allocated from the impulse size, for different Trading Currencies may be applied different sizes of the impulses.
<b>Trading Portion</b>	Shall mean the minimum volume of each product, as specified for the respective Series of the Product. The volume of each Order is set on the Trading Systems shall be allocated in complete Trading Portions.
<b>Trader</b>	Shall mean a natural person authorized to manage Trading on behalf of the Participant, in conformity with the Trading Rules in force.
<b>Trade</b>	Shall mean the process of entering into a Transaction on the Albanian Day Ahead Market presenting Orders.
<b>Responsibility for Trading</b>	Shall mean a person appointed by the Participant to be responsible for Participant's Trading and act as the contact person for the Albanian Power Exchange regarding trading on the Albanian Day Ahead markets of the Albanian Power Exchange.
<b>Trading Currency</b>	Shall mean one or some currencies approved by the Albanian Power Exchange on which a Participant or Clearing Customer wishes to perform Orders and Tradings.
<b>Trading Day (s)</b>	Shall mean the calendar day (s) when a Market is open for Trading.
<b>Trading table</b>	Shall mean the staff acting at ETS for the Albanian Day Ahead Market.
<b>Trading Error</b>	Shall mean any action or inaction resulting in an error Transaction.



<b>Trading tariff</b>	Shall mean the annual tariff depending on the volume that shall be paid for the Trading through the Markets.
<b>Trading Hours</b>	Shall mean the period of time during a Trading Day when the respective Series of the Product are open for Trading, as decided further by the Market Operator, as defined in the respective Trading Program.
<b>Trading Party</b>	Shall mean the holder of a Settlement Account on the name of which enters the Transaction.
<b>Trading Portfolio</b>	Shall mean a set of Transactions entering to the Participant which is appointed that his Account to be connected with the Settlements. The Trading Portfolios are operated and maintained by the Albanian Power Exchange.
<b>Trading Price</b>	Shall mean the delivering price which is contracted in a Transaction.
<b>Trading Rules</b>	Shall mean the Rules issued by the Albanian Power Exchange at any time to manage Trading and the Albanian Day Ahead Trade, including the Trading Appendixes and the Trading Agreements as part of the Participants Agreement.
<b>Trading System</b>	Shall mean ETS as operated by the Market Operator in continuance.
<b>Transaction</b>	Shall mean an agreement Do të thotë një marrëveshje ndërmjet dy palëve për të konkluduar një apo disa Kontrata në një apo disa Produkte, pavarësisht nga forma apo formati i përdorur për të mundësuar këtë marrëveshje.
<b>Konfirmim i Transaksionit</b>	Shall mean a Transaction from the Albanian Power Exchange through the Trading System.
<b>Transaction Information</b>	Shall mean the collected information [anonymous] information on the registered Orders and Transactions, required or reported in the Trading System. On any kind of format, including the author's rights, trading secrets, databasis rights and other ownership rights, belonging to such an information. Despite from the above generalisation, the term Transaction Information shall be considered including the Final Daily Prices and other indexes, volumes, net balances of opened positions and historic values deriving from the Orders and Transactions.
<b>Transaction Time</b>	Shall mean a point in time where the Seller and the Purchaser enter in a legally binding Transaction.

<b>Transaction Volume</b>	Shall mean the volume of a sole transaction, expressed on the implemented unit of the Product volume (e.x. in MW).
<b>Transmission System Operator or TSO</b>	Shall mean a responsible entity for the operation, safety, maintenance and development of the transmission system.
<b>TW (and TWh)</b>	Shall mean one triion (1,000,000,000,000) Wat, and “TWh” shall mean the generated or consumed energy in a constant percentage of one (1) TW for one (1) hour duration.
<b>Value Added Tax or VAT</b>	Shall mean any value added tax or analogous tax with them, set under any respective jurisdiction, or any substitution or any other tax, collected referring to the added value in a transaction, but exempting any interest of statutory delayed payments or fines.
<b>W or Watt</b>	Shall mean wat (w), an energy unit equal with one (1) joule (J) of energy per second, according to the International Unit System, metering unit system.