



REPUBLIKA E SHQIPËRISË

ENERGY REGULATORY AUTHORITY

BOARD

DECISION

No. 125, Dated 30.07.2020

ON

OPENING THE PROCEDURES TO REVIEW THE INVESTMENTS PLAN FOR 2020 AND TO UPDATE THE 5-YEAR PLAN OF THE DISTRIBUTION SYSTEM OPERATOR (DSO) COMPANY.

Based on article 16 and article 20 letter e), of Law no. 43/2015 “On Power Sector ”as amended, as well as pursuant to articles 6, 7, 9, 10 and 11 of the Regulation on the procedures for submission and approval of the investment plans of electricity transmission and distribution operators” approved with ERE Board Decision no. 135 dt.06.09.2017, article 19 of the “*Rules on ERE Organization, Operation and Procedures*” approved with ERE Board Decision no. 96 dated 17.06.2016, Energy Regulatory Authority (ERE), on their meeting dated 30.07.2020, after reviewing the report Protocol no. 92/2 , dated 23.07.2020 prepared by the working group, regarding the “Opening of the procedures to review the investments plan for 2020 and to update the 5-year plan of the Distribution System Operator (DSO) company” ERE Board,

Observed that:

- “Distribution System Operator” (DSO) company , with the official letter protocol no. 2424 dated 18.02.2020, OSHEE company submitted a request for review of the “Investments Plan for 2020 ”as well as the update of the distribution network development plan for the five-year period 2020-2024 ”.

- The distribution system operator through this request presents:

1. Introduction (Network Description)

2. Energy Balance in the DSO network for 2019

- Indicators of total losses, technical and non-technical

- Total energy losses for the 9 months January-September 2019.

3. Analysis of network performance indicators for the period January - October 2019

4. SAIFI - (System Average Interruption Frequency Index) the interruption coefficient per customer.

- The total duration of the interruption per customer, in the planned interruptions and long unplanned outages.
- Realization of indicators during the months of 2019
- Analysis of defects caused in different network nodes
- Percentage improvement of indicators by equipment January-September 2016-2019
- Analysis of TM network performance indicators by urban, rural and deep rural for the January - September 2019 period.
- Analysis of performance indicators of the distribution network by Regional Directorates
- Progressive analysis of network performance indicators January-September 2018-2019 and the improvement for the January-September period compared to 2018

5. Presentation of the realized investments for the January-September 2019 period

6. Investment plan planned for 2020

7. Maintenance

Maintenance in the distribution network January-September 2019

Maintenance Plan for 2020

8. Impact of investments for 2020 on network performance

9. Investments in metering systems 2020

10. Impact on loss of new investments in the process according to procurement and others for 2020.

11. Impact of investments in network performance indicators for 2020

12. Energy demand forecast 2020-2024

- In the documentation submitted by DSO company, as critical points are identified:

Technical losses

- Highly depreciated network, including the average age of substations, over 40 years;
- Incomplete maintenance of substations, depreciation of transformers, etc .;
- Insufficient investments for the improvement of the distribution network infrastructure
- Overload of system elements, such as transformers, feeders, conductors, etc .;
- Insufficient compensation of reactive energy;

The non re-configuration feeders and power lines and transformers in order to their lengths are reduced;

- Inefficient use of low power transformers.

Commercial losses

- Illegal interventions in the network from which large and small amounts of energy are obtained;

- Low measurement efficiency;

- Unread meters;

- Reading meters that have an error in unnoticed measurements;

- Inefficient billing;

- Under-billing;

- Poor distribution of energy bills;

- Prolonged legal issues;

- Insufficient revenue collection.

- The vision of the DSO for the investments made during 2019 was:

- To achieve reduction of electricity losses (technical and non-technical), measured this with the percentage of losses.

- To realize an increase in the collection rate, measured by the percentage of receipts for all the energy billed.

- To have an improvement of supply quality indicators through the introduction of indicators performance.

- OSHEE company with the approval of the Supervisory Council during 2019, changed and reallocated investment funds several times to suit the financial situation of the company.

- OSHEE company requested to update the network development plan for a five year 2020-2024 period.

The information submitted by OSHEE company has been analyzed, based on the requirements of Law no. 43/2015 "On Power Sector" as amended and ERE Board Decision no. 135 dated 06.09.2017 on the Regulation on the procedures for submission and approval of the investment plans of electricity transmission and distribution operators"

- It is evidenced that the Investment Plan has not been submitted within the terms set out in point 4 of article 75 of Law 43/2015 "On Power Sector" as amended and not all the information has been submitted as required by the relevant regulation and more specifically:

- documentation of consultation with stakeholders,

- cost - benefit analysis in relation to the investment plan, where each provided investment shall be accompanied by explanatory reports,

- explanations regarding some of the items provided in the investments plan for 2020 which the company has identified in the forecast table of the investments plan for 2020 with the company's own funds as well as with foreign funds,

- It is estimated that the company forecasts presented in the request for review of the application of the Electricity Distribution System Operator for the determination of tariffs according to the voltage level for 2020, for which already with decision no. 2 dated 10.01.2020 ERE Board opened a procedure, they can not be taken into account for reasons that the first 6 months of 2020 have already closed. As long as the company has not submitted information regarding the realization of financial and economic indicators for this period, it is not possible to calculate the adequacy or not of the revenues of DSO company regarding the possibility for the realization of the investment plan for 2020.

- OSHEE company shall be required to complete and submit information and data in accordance with the requirements of the Regulation on the procedures for submission and approval of the investment plans of electricity transmission and distribution operators” approved with ERE Board Decision no. 135, dated 06.09.2017, to further review the investments plan for 2020.

To open the procedures to review the investments plan for 2020 of DSO company

2. To open the procedures to review the update of Distribution Network Development Plan for the five-year period approved with ERE Board Decision no.182, dated 20.08.2018.

3. DSO company shall submit at ERE no later than 30 days from the entry into force of this decision, the required documentation according to the conditions provided in the Regulation on the procedures for submission and approval of the investment plans of electricity transmission and distribution operators”, approved with ERE Board Decision no. 135, dated 06.09.2017.

4. The Legal Directory shall inform DSO company regarding ERE Board Decision

This decision enters immediately into force.

For this decision may be required its review within 7 calendar days and may be complained on Tirana Administrative Court, within 30 calendar days from the publication in the Official Gazette.

This decision shall be published on the Official Gazette

ERE CHAIRMAN

Petrit AHMETI