

## **DECISION**

**No. 519, date 13.7.2016**

### **ON APPROVAL OF THE THE ELECTRIC POWER MARKET MODEL**

Pursuant to Article 100 of the Constitution and paragraph 3 of article 97 of Law nr. 43/2015, "On the Electric Power Sector", on the proposal of the Minister of Energy and Industry, the Council of Ministers

#### **DECIDED:**

1. Adoption of the electric power market, in accordance with the text attached to this decision.
2. The Ministry of Energy and Industry, DSO s.a., TSO s.a., APE s.a., are assigned for implementation of this decision.

This decision enters into force after its publication in the Official Journal.

DEPUTY PRIME MINISTER

**Niko Peleshi**

#### **ALBANION MARKET MODEL**

##### **Entrance**

The development and approval of the Albanian Market Model (AMM) is the last step towards the development of the Albania's electric power market into a fully competitive electric power market, in accordance with the obligations of the Electric Power Community Treaty. This approval is part of the reform that the Albanian Government has undertaken for the reconstruction of the electric power sector, in accordance with the new Law no. 43/2014, "On the Electric Power Sector", and governmental policies on this sector development.

At First, the Albanian Market Model (AMM) is designed according to the requirements of the Energy Community Treaty for the establishment of the regional electric power market that was ratified by the Parliament of Albania in 2006. In accordance with the obligations of the Energy Community Treaty, Albania is committed to the implementation of the third energy package that was approved by the Council of Ministers of this Treaty, in 2011.

Secondly, Albania is committed at the Vienna Summit, on 27<sup>th</sup> August 27 2015, to implement a series of short-term measures, in the framework of the Berlin process (Western Balkans 6). Market model aims at supporting the implementation of the commitments undertaken in the framework of the law no. 43/2015, "On the Electric Power Sector", and the relevant regulations.

Thirdly, as a process closely linked to two abovementioned developments, it is initiated a process towards the establishment of the Albanian Power Exchange (APE), which also requires the further

alignment of the electric power market, in full compliance with the requirements set by the Energy Community.

This model is aiming to assure a steady structure and to create the conditions for the further regional integration, between Albania and its neighboring countries.

The Albanian Market Model takes into consideration:

- harmonizing the electric power sector legislation and the market operation with the requirements of the Energy Community Treaty;
- finalizing the process of transition from the vertically integrated structure of the electric power sector, towards a structure that is legally, functionally and financially unbundled in the supply, production, transmission and distribution, in order to enable the competition in the retail and wholesale markets;
- development of the electric power market in accordance with the clear market rules and market codes, as minimum technical conditions for an efficient functioning of the electric power system;
- higher benefits to consumers in terms of safety of the electric power supply and to a qualitative service;
- more efficient utilization of the cross-border trade between Albania and its neighboring countries, by allowing the benefit of the Albanian electric power sector regarding the efficient utilisation our generation resources;
- implementation of the third parties access for participating in the electric power market and the creation of conditions for the development of a transparent and non-discriminatory market;
- liberalization of the electric power market, by creating a market structure that increases the participants interest and number, creates conditions for opening the sector towards the competition and increases the participation of foreign investors;
- monitoring and regulation of the electric power market by ERE, as an independent institution;
- the need to develop and implement rules for conducting transactions into transparent and non-discriminatory markets, to avoid the market manipulation and abuse, as well as conducting insider trading, in line with the best European practices;
- the integration of the Albanian electric power market with the regional market of the South East Europe, and, later, with the European electric power market, which will be a guide to the principles of the functioning of this market.

In this model, the following terms have these meanings:

**"Albanian Power Exchange "**- the organized platform for the sale and purchase of electric power, based on the day-ahead and / or within the same day;

**"Electric Power Market"** – a system where sales or purchases are carried out effectively, including the electric power derivatives, through bids and offers, submitted in longterm and shortterm periods;

**"SEE CAO"** – the Coordinated Auction Office in the South East Europe, established in Podgorica, Montenegro, and that has the authority of conducting the auctions of transmission capacities of the TSOs participating in this office;

**"Contract for difference "(CFD)** - a standard agreement, approved by the Council of Ministers, through the renewable energy operator and the producer of electric power from renewable sources, which has been declared as the successful bidder in the auction to get operational assistance and investments;

**"Balancing Responsible Parties"** - all legal entities that, in accordance with this model and legislation in force, are responsible for their forecast of production and consumption;

**“Balancing Service Parties”** - any legal entity that, in accordance with this model and the legislation in force, provides balancing services to the TSO;

**“Financial Contracts OTC (over the counter)”** - financial transactions for the sale/purchase of electric power, not carried out through the electric power exchange.

Any other term, used in this model has the same meaning as that, set forth in Law no. 43/2015 "On the Electric Power Sector".

This model shall not be construed as limiting or prohibitive under any initiative in the electric power sector of and / or the commitments that Albania may undertake in the framework of regional cooperation.

## **1. Goals and objectives of the Market Model**

### **1. Goal**

#### 1.1 Market Model Goal:

- To establish the conditions for a competitive electric power market, which allows the establishment of right prices, deriving from the application of a sustainable market, in accordance with the obligations of the Energy Community Treaty;
- To establish the conditions for an import and export market oriented, that promotes the consumers benefits, as well as benefits for the Albanian electric power sector, offering flexibility for integration into pan-European electric power market and merging of the day ahead markets (*day ahead market*) and intraday market (*intraday market*);
- To establish conditions for transparent and efficient transfer of funds flows and accounts, using APEX as a central body for all traders in the organized market.

#### 1.2 Requirements for the functioning of the market model efficiently:

- development of transparent and adequate rules for the APEX, market participants, including transmission and distribution systems operators;
- regulatory oversight by the ERE, with additional measures, to ensure transparency, equal and non-discriminatory access to the market and the network;
- Market monitoring and data reporting processes;
- Market rules and the codes associated with them, guaranteeing an effective protection against the market abuses and unfair trade practices.

#### 1.3 Other important market model goals:

- to take into consideration the vertically integrated entities transformation, into separate entities according to the requirements of the third regulatory package;
- to create a framework within which the competition to be developed, in the wholesale market as well as at the retail market, for enabling and promoting the rapid change of the supplier.

## **2. Objectives**

Albanian Market Model is characterized as a wholesale market, based on bilateral transactions and contracts concluded between two market participants outside the power exchange (*Over the Counter -OTC*) or as an organized market of day-ahead and intraday market, organized through the APEX- power exchange.

ERE is responsible to adopt, in cooperation with the Secretariat of the Energy Community and in consultation with the Competition Authority, the State Aid Commission and market participants,

appropriate measures to ensure compliance with the criteria of transparency and market opening and measures relating to the supply assurance.

ERE is responsible to adopt, in cooperation with the Energy Community Secretariat and in consultation with the Competition Authority, the State Aid Commission and market participants, the appropriate measures to ensure compliance with the transparency criteria and market opening as well as the measures relating to the supply assurance.

Any form of directly or indirectly regulated tariffs or prices, and any form of subsidies for different categories of consumers, will be eliminated, with the exception of regulated tariffs, which are covered by the public service obligation, in accordance with the obligations of the electric power sector law and the Energy Community Treaty.

The Albanian Market Model aims to meet the Albanian Government objectives in terms of:

- i) full liberalization of the electric power market and establishing an organized market / markets, so a competitive energy market / markets, for trading the physical flows of day-ahead or intra-day;
- ii) ensuring the compliance of the Albanian Market Model with the provisions of the Energy Community Treaty;
- iii) electric power market operation as a market of the balancing energy, based on the parties responsibility for the imbalances, central reconciliation of the imbalances and the facilitating the integration with other balancing markets;
- iv) providing the necessary liquidity by promoting measures for an efficient functioning of the market / markets of the physical electric power flows;
- v) increasing the efficiency and sustainability of the sector, clarifying responsibilities and obligations, as well as ensuring sufficient information about the market operation and creating a clear structure for electric power market.

Main principles of the market model are:

- application of the bids marginal cost principle on organized markets, as part of market surveillance, in order to avoid market abuse
- functioning as a day-ahead organized market and intraday market for trading the physical flows of electric power in the day ahead period;
- trading of the long-term physical bilateral contracts will be permitted in accordance with the purchased capacity and nominated in explicit auctions organized by SEE CAO;
- all other forms of trading will be only financial;
- contractual relations are basis schemes serving for the management of relationships between the different entities in the market.

The final objective of the market model is to integrate the Albanian energy market in the union of the pan-European market. Until the fulfillment of this objective, as a temporary solution:

- the use of import / export areas means the assignment of day-ahead in the import / export capacity through the market, where the TSO makes available, as part of the distribution of their daily capacity, an minimum amount (50%) of the available capacity of the organized market. The amount of the minimum value should be reviewed on a monthly basis. The minimum value can be changed on the basis of an assessment, determined by the TSO, approved by ERE;

- obligations for participating in it, of the APE and DSO, where the reduced volumes from the current DSO-APE supply contract, become obligatory to be traded in the organized market. Based on an ERE's assessment, a part or all of the volume of this contract will achieve to be implemented as a contract for difference (CFD);

- Albanian Government will provide the support schemes, in conformity with the Energy Community relevant *acquis*, in the form of contracts for difference (CFDs) for the independent producers of electric power and the suppliers of the renewable energy, in order to replace their current agreements for electric power purchasing, by allowing them to become Balancing Responsible Party (BRP), according to the market model. Any change in the support scheme will be determined in the law on renewable resources.

Relations and the role of market participants in the physical operation of the market model, are determined by agreement between the individual participants and the APEX and TSO, or they are regulated by bilateral applicable standard agreements.

### **3. Market Model roles**

#### **3.1 Transmission System Operator (TSO)**

TSO is the independent state company that carries out these functions:

- the Physical Operation function of the transmission grid (ownership, maintenance and expansion);
- the System Operation function, in conformity with the requirements of the Law nr. 43/2015 and the Directive 2009/72/CE, including the Dispatching;
- the assurance of connectivity services to all the system users, connected with the transmission grids, on non discriminatory conditions;
- determines the conditions to become Balancing Responsible Party (BRP) and Balancing Service Party (BSP);
- implements the cross-border interconnection capacities calculation, coordinated in accordance with the requirements on organized markets.

TSO performs the function of the Balancing Market Operator by:

- forecasting and purchasing the ancillary services, divided into balancing energy and reserve capacity, by all the Balancing Service Providers (BSP), in a week, the day before and the real market-based;
- performing the necessary actions for balancing, by activating the decreasing (Downward) or increasing (Upward) secondary regulation by the balancing reserves and / or additional balancing reserves, offered on the balancing electric power market;
- purchasing the transmission losses, in the day ahead organized market. For an intermediate period, where the products that are traded on an organized market, does not allow the optimal cost losses purchase, the procurement procedures are allowed for TSO, according to rules adopted by the ERE;
- its compensation for the balancing services, assuring the financial settlement on a monthly basis, through the compensation of imbalances, based on the rules for imbalances calculation, providing proper incentives for the market participants, to be balanced in real time and close to real time. Rules of imbalances calculation reflect deviations between the electric power generation, electric power trade and the consumption of the balancing responsible parties and the equilibrium of each Balancing Responsible Party. It is based on a single price system, by penalizing deviations in both directions

- management of required collection of the measurement data, to perform an efficient management of the imbalances and their financial settlement;
- electric power imbalance price to be paid by the BRP-s, will be decided based on the real costs for the TSO, to balance the system for the respective period, covering balancing reserves and energy reserves.

Fees, terms and conditions of access to the transmission system will be regulated by the ERE.

### **3.2 Distribution System Operator (DSO)**

DSO will possess, maintain, expand and operate the electric power distribution system and will be divided by the the supply, in accordance with the rules of the Energy Community.

DSO will provide the connectivity service to all system users, connected to the distribution network, on non-discriminatory conditions.

DSO will carry out the acquisition of technical and non-technical losses, in the organized day ahead market (APEX). For an intermediate period, where the products that are traded on an organized market does not allow the purchase of the losses with optimal cost, the procurement procedures are allowed for the DSO, in accordance with the rules approved by ERE.

Fees, terms and conditions of access to the distribution system will be regulated by the ERE.

DSO will be responsible for reducing technical and non- technical losses in the distribution system, according to a study prepared by international consultants, contracted by the DSO and approved by ERE. ERE will establish a fee for thw DSO, which provides incentives to reduce these losses.

DSO will be a BRP.

### **3.3 Balancing Responsible Parties (BRP)**

Terms and conditions for becoming a BRP are defined by the TSO and regulated by an agreement between the BRP and the TSO.

All judicial entities, which possesses generation and consumption units, networked and on a fixed capacity determined by the TSO and approved ERE, are obliged to become a BRP.

Any judicial entity that possesses generation and consumption units, networked and on a fixed capacity determined by the TSO and approved ERE, can apply to become a BRP.

Every trader which trades in Albania or that supplies the cross-border electric power, is a BRP.

BRP is allowed to achedule the physical bilateral contracts for buying / selling the capacities allocated in the SEE CAO.

All long-term domestic OTC trades will be based on a financial contract, where the physical electric power will be traded by APEX and the APEX's price will be the reference price for the financial contract. ERE will approve the OTC financial template contract.

All the BRP's will be responsible for the imbalance's calculation.

A BRP may assume the responsibilities of other BRP's or production and consumption units, under an approved capacity.

All BRP's are responsible for their production and consumption forecast.

All BRP's are obliged to protect the confidential and competitive information, where necessary, as well as any other information required by ERE and TSO, according to the legislation in power.

Each Party that will carry out the supplier activity is obliged to be BRP.

### **3.4 Balancing Service Provider (BSP)**

BSP is a BRP that offers balancing service to the TSO.

Conditions and criteria for becoming a BSP are determined by the the TSO and regulated through an agreement between the the BSP and the the TSO.

### **3.5 Albanian Power Exchange**

Power Exchange carries out these functions:

- a) It ensures all the systems and the necessary interactions for the APEX operation (day-ahead market);
- b) It accepts applications and offers to buy and sell electric power from the BRP-s;
- c) It receives and processes the interconnection capacities by the TSO, as well as other relevant information;
- c) It carries out the necessary auctions and trade operations, in conformity with the approved rules, by utilizing for this purpose the European market coupling algorithms;
- d) It sends the to the respective BRP's and the TSO, the trade confirmations, including the allocated amounts and prices, in conformity with the deadlines,
- dh) It publishes the allocated amounts and the respective prices, according to defined deadlines;
- e) It sends the respective BRP's and the TSO, in accordance with the agreed deadline, the credit reports, the financial accounts;
- ë) It executes the coercion means and the payments for the respective BRP's, in accordance with the defined rules and deadlines;
- f) It holds the transaction documents;
- g) It maintains and updates the trade's calendar;
- gj) It respects the requirements for transparency and exercises power market monitoring competencies;
- h) It guarantees that trading platform is accessible by all stakeholders.

Power Exchange may contract the performance of one or more of the above-mentioned services from any entity that can exercise this activity, in accordance with the license issued by the ERE.

As part of the Albanian Power Exchange establishment, it will be the implementation of the legal and financial division of the Market Operator by the TSO, until December 31, 2017, as stipulated in the law on the electric power sector.

For establishing the Albanian Power Exchange, it will be implemented the action plan, set out in Annexes 1 and 2 of this model.

## **4. Role of the independent regulator (ERE)**

ERE exercises its powers pursuant to the law on the electric power sector and the Directive 2009/72 / CE.

In accordance with the Law No. 43/2015, "On Power Sector", ERE will reflect the changes in the Market Rules and in the secondary legislation, necessary for the market operation. In developing these rules, ERE will cooperate closely with the Energy Community Secretariat.

ERE will also adopt the rules for limited capacity management, which are drafted by the TSO. ERE will determine in the Grid Code and in the Market Rules, the rules for the implementation of load limitations among consumers, when there is a capacity limitation. Drafting of these rules must be governed by the principle of nondiscrimination, in order that the following rules to comply with the Energy Community Treaty. In drafting of these rules, the opinion of each stakeholder must be required, as well as the opinion of the Energy Community Secretariat.

ERE will approve agreements or contract types for a number of relationships between the market participants, which include:

- Mutual service agreements for the distribution services, between the DSO and the distribution system users;
- Transmission System agreements, between the TSO and the BRP's;
- Financial contracts models OTC, between the BRP's;
- Standard contracts between the Energy Exchange and BRP's, in accordance with the best European practices and standards.

ERE will be responsible for compliance of the contracts's models with the fiscal legislative framework.

Enforcing the contracts and tariff obligations by all market participants, including the full payment for electricity and other services, it is essential for the Albanian electric power market success.

ERE, in cooperation with the Energy Community Secretariat, TSO, Energy Exchange, DSO and other market members, will develop payment execution schemes that address issues of non- or partial payment. Moreover, ERE will develop rules and procedures for the exercising its regulatory authority over the BRP's, in accordance with the agreements and will also have, the possibility of money flow monitoring. ERE will use all coercive instruments for enforcement of the payments and tariff obligations.

Participation in the organized market will not be subject to the issuance of a specific license from the ERE. Licenses for the TSO and the DSO will be issued in accordance with the law on the electric power sector and the secondary legislation. ERE shall define the criteria and the procedure for the licensing the Power Exchange.

## **5. Arrangements of electric power purchasing**

Albanian government encourages private investment in generating resources to meet the electric power demands of Albania, for guaranteeing safety of supply through the diversification of generation sources. In accordance with the law of the electric power sector and law of the competition, ERE and the Competition Authority, in close cooperation with the Secretariat of the Energy Community, will use their authority to limit the deadline of long-term contracts between market members, in order to avoid the blocking effect in the market development .

## **6. Financial liquidation process**

Financial liquidation procedures will be included in the relevant template agreements.

Financial liquidation procedures will be developed in order to guarantee the transparency and the VAT settlement during the payment process, ensuring that the VAT obligations should not impede the participation in the market.

ERE shall ensure that the parties activities will be carried out in conformity with these rules and that all the financial transactions will be fully transparent and auditable.

Market model aims to minimize the market manipulation risk, ensuring thus, guarantee to the traders for the market functioning. Contractual relationships between market participants must be well-defined.

Imbalance's payments period must be matches with the market products periods, allowing thus, the BRP's to balance their portfolios.

## **7. Template Agreements**

All template agreements, drafted and approved in accordance with the market model:

- will be subject to a public consultation phase, for at least four weeks, including



publication on the *website* and a notice for the consultation period, by the responsible parties for the drafting and approval of the relevant template agreements. The public consultation results will be published;

- will be subject to a regular review process, which can be initiated with the proposal of each market participant;
- will be drafted or revised, according to a procedure approved by any entity responsible for drafting and reviewing the template agreements. This procedure will be published;
- will aim to align the market participants's requirements with the Energy Community requirements, by taking into account the best European practices in drafting and controlling the template agreements;
- will be available in Albanian and English. All documentation on the drafting, control, consultation and approval of the template agreements must, also be available in Albanian and English;
- will be sent confirmation to the Energy Community Secretariat before adoption.

### **8. Market Model implementation**

Organised Market Model, as defined in this text, will be applicable at the time of the work commencement of the Albanian Power Exchange.

## ANEX 1

### THE PLAN OF MEASURES FOR THE IMPLEMENTATION OF THE ALBANIAN ELECTRIC POWER MARKET

#### First Phase, from 1 January 2017 (or at the moment of the market opening)

Regulated Market			
Purchase MWh		Sell in MWh	
Regulated tariffs for consumers in 10.6 dhe 0.4 kV	4450000	3250000	APC
		1200000	IPP
<b>TOTAL</b>	<b>4450000</b>	<b>4450000</b>	<b>TOTAL</b>
Deregulated Market			
Purchase MWh		Sell in MWh	
Clients in HV	1000000	2655000	Import or generation from the BRP
Clients in 35 kV	45000		
Clients in 20 kV	310000		
Losses DSO	1300000		
<b>TOTAL</b>	<b>2655000</b>	<b>2655000</b>	<b>TOTAL</b>

Balancing Responsible Party (as defined in the text of the market model) will include in the first phase the following volumes:

- Qualified suppliers for high voltage grid – forecasted 1 TWh;
- Remaining volumes from APC after meeting the demand for consumers with regulated tariffs – forecasted 250 GWh;
- Independent producers (e.g. Devoll Hydropower, HEC Bistrica and HEC Ulza Shkopet Fani) - forecasted 405 GWh;
- Imports through trading / or areas of import / export + other qualified traders – forecasted 1 GWh.

#### Second Phase, from 1 January 2018

Regulated Market			
Purchase MWh		Sell in MWh	
Regulated tariffs for consumers in 0.4 kV	3500000	3500000	APC
CFD for 50% of regulated tariffs volume	(1,750,000)	(1,750,000)	
<b>TOTAL</b>	<b>1750000</b>	<b>1750000</b>	<b>TOTAL</b>
Deregulated Market			
Purchase MWh		Sell in MWh	
CFD for 50% of regulated tariffs volume	1750000	1750000	
Clients in HV	1000000	3505000	Import or generation from the BRP
Clients in 35 kV	45000		
Clients in 20 kV	310000		
Clients in 10.6kV	550000		
Clients in 0.4 kV	400000		
Losses DSO	1200000		

### Third Phase, from 1 January 2019

Regulated Market			
Purchase MWh		Sell in MWh	
Regulated tariffs for consumers in 0.4 kV	2900000	2900000	APC
CFD for 70% of regulated tariffs volume	(2,030,000)	(2,030,000)	
<b>TOTAL</b>	<b>870000</b>	<b>870000</b>	<b>TOTAL</b>
Deregulated Market			
Purchase MWh		Sell in MWh	
CFD for 70% of regulated tariffs volume	2,030,000	2,030,000	
Clients in HV	1000000	4205000	Import or generation from the BRP
Clients in 35 kV	45000		
Clients in 20 kV	310000		
Clients in 10.6kV	550000		
Clients in 0.4 kV traders, non budgetary	1000000		
Losses DSO	850000		
Clients outside Albania	450000		
<b>TOTAL</b>	<b>6,235,000</b>	<b>6235000</b>	<b>TOTAL</b>

At no stage of the plan of measures for implementing the electric power market, the market members will not be prohibited, if they wish to participate in the deregulated wholesale market for buying and selling electric power.

Contract for difference (CFD) is a financial mechanism that would be used as a temporary measure that will allow the movement of volumes from the contractual bilateral agreements on the APEX and further they will be part of the market. Using the CFD, it becomes possible the compliance with the regulated tariff, through the universal service obligation which is currently in force between APC and DSO, leaving gradually parts of the volume in the deregulated market. The below BRP's, in a second phase, will include the following denotative volumes:

- Qualified suppliers for high-voltage network - about 1 TWh;
- Independent producers (e.g .., Devoll Hydropower, HEC Bistrica and Ulëz Shkopet Fani) - about 1005 GWh;
- Imports through dealers and / or areas of imports / exports + other qualified dealers - about 1.5 GWh;
- CFD volumes (from APC) - approximately 1.75 GWh.

The below BRP's, in a third phase, will include the following denotative volumes:

- Qualified suppliers of the high voltage power -About 1 TWh;
- Independent producers (eg, Devoll Hydropower, HEC Bistriac and Ulza Shkopet Fani) - about 1005 GWh;
- Remaining volumes from KESH after the completion of demand from customers at regulated rates - around 600 GWh;
- Imports through dealers and / or through the areas of import / export + other qualified vendors - about 1.6 GWh;
- Volumes CFD (from KESH) - approximately 2.03 GWh.

## **ANEX 2**

### **ACTION PLAN FOR ESTABLISHING THE APEX**

1. The Council of Ministers, through this decision, authorizes the MEI and the TSO s.a. for taking the measures and preparation of the necessary acts for creating Albanian Power Exchange (APEX).
2. In accordance with the paragraph 3.5, of the market model, the APEX will be a legislative entity, which will be created according to the Albanian legislation, responsible for the operation of the electric power organized market.
3. APEX will carry out the functions set out in paragraph 3.5, of the market model and, initially, among others, will carry out the bids collection from the market participants, as well as the compliance and the settlement of the wholesale electric power products, on hourly basis. Liquidation of contracts, for an intermediate period, will be managed by a service provider, on behalf of the APEX. APEX marketable products will be gradually developed, based on the market participants's needs, in order to allow the balancing of their portfolios, respectively the production, consumption, import and export, as well as to better integrate into European wholesale market.
4. The activities for the sale and purchase of electricity as a natural product, will be able to carry out by all the market participants registered at the APEX, without being restricted, by a public service obligation, in accordance with the market model and the law on the electric power sector.
5. The process of creating and determining the APEX's ownership structure, will be directed by the Minister responsible for energy, in accordance with this plan:
  - a) Until September 1, 2016, the Minister responsible for Energy shall establish officially, an unit close to the TSO s.a. that will serve as a subsequent step as APEX nucleus's structure. This unit reports periodically to the Minister on any task assigned by Minister's order and this market model. This unit will prepare the necessary legislative basis for establishing the APEX and the necessary documentation for the application for an APEX license in ERE. This unit will prepare the cooperation agreements with partner companies and can see the opportunity to participate in regional and European projects for the markets integration;
  - b) Within the date 31 December 2016, the set up unit will propose to the Minister of Energy and Industry the organizational structure of company, the necessary legal basis as well as all relevant documentation for the establishment and operation of APEX's;
  - c) the Minister decides for the creation of the juridical person and the corresponding structure by March 31, 2017. TSO will require service providers with international experience, interested in becoming potential shareholders in APEX and, at the same time, to ensure most part of operational services for the company. These services must cover at least, but not limited to, the collection of market participant's bids, the bids compliance, the trading margins calculation for market participants, based on approved guarantee / collateral schemes, as well meeting all the reporting and publication obligations. Initially, the service provider will lead also the processes related to the settlement and the payment of the market participants, including billing and collection. APEX will gradually take responsibility for billing and collection;

d) APEX, if requested and approved by the initial shareholders, will be open towards other owners in the company;

d) The procedure of establishment and the APEX ownership structure will take into account best practices of the European Union and the Energy Community and, by the other side, will promote the quality and sustainability of services, will improve the reputation of Albania as a trading country and will provide long-term financial sustainability. Energy Community Secretariat will support the APEX, as well as other authorities and market participants in this regard;

dh) The Minister responsible for the energy will also consider the inclusion of other TSO's into the ownership structure, in accordance with the legislation in force and according to a standard procedure for the admission of new shareholders that will be detailed in the company's charter.

In the charter will be provided that all the neighboring licensed TSOs, that express their willingness to join the APEX's shareholders structure, will be given the opportunity to become a shareholder, on equal basis to all previous TSOs;

e) On 30 June 2017, APEX will be ready for the start of Albanian energy market operations, in accordance with this market model.

6. After its establishment, APEX may become a signatory party of the Memorandum of Understanding of the Western Balkans 6, for the development and the Regional Electric Power Market and the creation of a cooperation framework in the future, and to get all the rights and responsibilities that result from it. This process will support the integration of the Albanian Electric Power Market of the day ahead, at the regional and European level.

7. Until 31 December 2017, the Minister responsible for energy will take the decision for the operational startup of the Albanian Energy Exchange, based on the fulfillment of the legislative, technical and regulatory steps, as described above, for the implementation of the the Albanian Market Model.

8. Minister responsible for energy cooperates with the ERE, as well as other ministries and public institutions, for the creation of the Albanian Energy Exchange. The Ministry will coordinate the necessary steps with the Energy Community Secretariat, IFC and other international financial institutions.