



REPUBLIKA E SHQIPËRISË

## ENERGY REGULATORY AUTHORITY

### BOARD

### DECISION

**No. 106, Dated, 02.07.2020**

### **“ON APPROVING THE ALBANIAN ELECTRICITY BALANCING MARKET RULES”**

Based on articles 16, 19, 62, 98, 99 and 100 of Law no. 43/2015 “On Power Sector” as amended, as well as article 26 of the “Rules for ERE Organization, Operation and Functioning”, approved with ERE Board Decision, no. 96, of date 17.06.2016, ERE Board on their 02.07.2020 meeting, after reviewing the report of Technical Directories protocol no. 78/5 dated 29.06.2020 “On approving the Albanian electricity balancing market rules”,

#### **Observed that:**

- ERE Board Decision no. 118, dated 22.07.2019, decided to open the procedure to approve the “Albanian electricity balancing market rules” with the relevant annexes proposed by TSO company.
- The draft of the “Albanian electricity balancing market rules” “submitted for approval by TSO company, consists in eleven chapters and three annexes.
- The Albanian electricity balancing market rules” are approved and monitored by the Energy Regulatory Authority (ERE).
- TSO company states in its request that the implementation of the balancing market is foreseen to pass in two phases:
  - The first phase shall be the approval of these rules.
  - The second phase shall be the implementation phase without financial effects (Dry run). During this phase, TSO company shall be assisted by the technical assistance selected by the financier and it is foreseen that the problems that shall be identified during this phase shall be reflected in possible proposals for amendments of these rules that have been submitted for approval.

- Regarding the above TSO company requires:
  - The draft approval of the "Albanian Electricity Balancing Market Rules", in order to realize the period of their implementation for a test period (Dry run) without financial effects on the parties.
  - After the termination of this implementation period, TSO company shall submit for approval at the Energy Regulatory Authority (ERE), the "Final Rules of the Electricity Balancing Market".
- With the official letter protocol no. 330, dated 31.07.2019, Energy Regulatory Authority (ERE) informed all the interested parties regarding its decision no. 118, dated 22.07.2019
- Following this information “Devoll Hydropower” company with the official letter protocol Ref-TR-2019-00869, protocolled at ERE with prot. no. 630/2 , dated 28.10.2019, requested an extension of the deadlines in order to obtain comments on these rules, but despite the deadlines there were no comments from the interested parties.
- In order to further discuss some aspects of the provisions of these rules and to obtain the opinion of interested parties, ERE on 10.10.2019, held a hearing session with the interested parties.
- During this hearing session, it resulted that the parties agreed with what is provided in these draft rules, noting that the rules shall serve to improve practices and address balancing market issues.
- TSO company indicates that energy metering already offers the 15-minute metering and is working on configurations in order to make the calculation in these time frequencies according to the best standards.
- The Competition Authority (CA) with official letter protocol 554/2, dated 23.12.2019, submitted at ERE the Competition Commission Decision no. 670, dated 26.12.2019, "On giving some recommendations to the Energy Regulatory Authority (ERE) regarding the review of the procedures for the approval of the Albanian Electricity Balancing Market Rules ", through which it recommends ERE that during the procedure for the approval of the Albanian Electricity Balancing Market Rules, to ensure compliance of public service obligations and to take into account some of its recommendations.
- In order to discuss regarding the recommendations of the Competition Authority (CA), the Energy Regulatory Authority (ERE) on 06.02.2020 held a hearing session with representatives from TSO company and the Competition Authority (CA), in order to clarify and evaluate the arguments of TSO company regarding these recommendations.

- During this hearing session, the representatives of TSO company, clarified once again as identified and recommended by the Competition Authority (CA), for which the representative of the Competition Authority (CA) said that it was clarified and the required clarifications were received. The Competition Authority (CA) proposed that in this regulation, in cases when TSO company results in excess revenue, this revenue shall be distributed to the customers. Such a proposal would be contrary to the principles on which this regulation is built as well as the legal provisions in force, which provide that TSO company as a balancing service provider must ensure that the parties responsible for balancing pay only for the imbalances they cause, without generating additional revenue or loss for TSO company.
- Also in this session, TSO company stated that requested at ERE a prior approval without financial effects of these rules, in order to implement during the Dry run period that shall last 6 (six) months from the date of approval and a implementation period of these rules of 2 ( two) months, while these periods, as indicated by TSO company, shall serve to improve the content of these rules and to identify difficulties in implementation.
- The Draft Rules of the Albanian Electricity Balancing Market have also been consulted with USAID through electronic communication and in response to the invitation of the Energy Regulatory Authority (ERE) for opinions, USAID presented at ERE its opinion regarding the draft Rules for which ERE has initiated the procedure
- USAID comments and recommendations that are deemed to improve the provisions of this document which are reflected in it.
- USAID comments that provide a general guidance or proposal regarding the provisions of this regulation in which USAID assessment should be addressed in order to improve the language, description or proposals that are not related to the object of this document, are not accepted, assessing that the regulatory legal framework has sufficiently specified and sanctioned both the terminology of technical terms and the scope of limitation or extension of the rights and obligations of the parties.
- It is concluded that TSO company, in the quality of the drafter of these rules can address any need for changes of these rules in the Energy Regulatory Authority (ERE), in the form of request or proposals for review of the amendments.
- Balancing Service Provider (BSP) agreement model, Balancing Responsible Party (BAP) agreement model, declaration form; CAP information on persons responsible for trade and settlement matters; request for contract the party responsible for balancing as well as information of the Balancing Service Provider on the persons responsible for trade issues and settlement, are an integral part of the Albanian electricity balancing market rules.

For all of the above mentioned ERE Board,

**Decided:**

1. To approve the "Albanian Electricity Balancing Market Rules". (Attached)
2. The "Albanian Electricity Balancing Market Rules" enter into force after their publication and shall be applied by members of the electricity market without financial effects until 31.12.2020.
3. Within 30.11.2020, TSO company submitted at the Energy Regulatory Authority (ERE), an evaluation report on the implementation of these rules without financial effects for this period. The valuation report must clearly state and with the relevant arguments whether it is necessary to review them, before applying the Balancing Market Rules with financial effects.
4. At the end of the period expressed in point 2, the "Temporary Rules for Electricity Balancing Mechanisms" approved with ERE Board Decision no. 193, dated 24.11.2017 are repealed.
5. TSO company shall report and document every month regarding the progress of the implementation of the Albanian Balancing Market Rules.
6. The Legal Directory shall inform the interested parties 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**

