



REPUBLIKA E SHQIPËRIË

## ENERGY REGULATORY AUTHORITY

### BOARD

### DECISION

**No. 115, Dated 26.04.2021**

## **ON SETTING THE ELECTRICITY PURCHASE PRICE PRODUCED FROM WIND SMALL RENEWABLE RESOURCES FOR 2020**

Based on article 10, point 3 of Law no.7/2017 “*On the promotion of the use of energy from renewable sources*”; Council of Ministers Decision no.369, dated 26.04.2017 “*On approving the methodology to define the electricity purchase price generated from wind and solar small renewable resources*”, Council of Ministers Decision no.580, dated 28.8.2019 “*On approving the national consolidated action plan for the energy renewable resources, 2019-2020*” as amended with Council of Ministers Decision no.64, dated 03.02.2021 and article 15 of the “*Rules on ERE Organization, Operation and Procedures*” approved with ERE Board Decision no. 96 dated 17.06.2016, ERE Board on their meeting dated 26.04.2021, after reviewing the report Protocol no. 58/2, dated 23.04.2021 prepared by Tariff and Prices Directory, “*On setting the electricity purchase price produced from wind and solar small renewable resources as well as the biodegradable part of the solid waste that utilise the industrial, urban and rural wastes for 2020*”,

#### **Observed that:**

- Pursuant to article 10, point 3, of Law no. 7/2017 “On the promotion of the use of energy from renewable sources”, ERE is obliged to define the electricity purchase price generated from the solar small renewable resources with an installed capacity up to 2 MW and wind small renewable resources with an installed capacity up to 3MW, in accordance with the methodology approved by the Council of Ministers.
- ERE Board with decision no. 271, dated 28.12.2020, decided to open the procedure “To define the electricity purchase price produced from wind and solar small renewable resources as well as the biodegradable part of the solid waste that utilise the industrial, urban and rural wastes for 2020”.
- ERE with official letter Protocol no. 52, dated 13.01.2021 informed the Ministry of Infrastructure and Energy (MIE), Ministry of State for Entrepreneurship Protection , Competition Authority, “GREEN TECH” company, “ANEMOI ENERGY” company, as well as the Free Market Supplier on the opening of the procedure to define the electricity purchase price produced from wind and solar small renewable resources as well as the biodegradable part of the solid waste that utilise the industrial, urban and rural wastes for 2020”.
- “ANEMOI ENERGY” company and “GREEN TECH” company, which are the only subjects to have received final approval from the Ministry of Infrastructure and Energy (MIE)

for 2020, submitted their requests at ERE regarding the electricity purchase price generated from wind small renewable resources with an installed capacity up to 3MW.

- In Albania there is still no data on the real cost of investment regarding the production technology from the wind (Aeolian);
- Following the procedure opened to define the electricity purchase price generated from wind small renewable resources with an installed capacity up to 3MW for 2020, ERE with official letters Protocol no. 272 and 273 dated 01.02.2021, informed that the Ministry of Infrastructure and Energy (MIE) requested "ANEMOI ENERGY" company and "GREEN TECH" company to submit the Feasibility Study for the construction of wind turbines with installed capacity up to 3 MW; as well as the business plans of the companies that review the costs for the construction of each plant, this data is necessary for the cost analysis of these plants therefore ERE approves a fair decision, at the end of the process opened with ERE board decision no. 271, dated 28.12.2020.
- Greentech company and Anemoi company with official letters Protocol no.272/1 and no.273/1 dated 26.02.2021, submitted at ERE the requested documentation in response to the respective requests.
- From the review of the documentation submitted by the companies which are holders of the Final Approval, it is estimated that the projected investment costs associated with the construction of wind turbines and the effects of these costs, may be different from the business plans during the implementation phase of the project.
- ERE approval of the average purchase price of electricity produced by wind small renewable sources with installed capacity up to 3 MW provides investors the necessary reliability regarding the financing and implementation of these projects within their terms.
- The estimated costs for the construction of wind power plants with a capacity of 3MW from these companies based on the evaluations in business plans and economic analysis in the project phase, are evaluated as being reasonable and with lower costs from the reference that was made available for the evaluation of the technical-economic parameters which serve for the calculation of the average price for wind technologies for 2020 of Council of Ministers Decision no. 580, dated 28.8.2019, "On the approval of the consolidated national action plan for renewable energy sources, 2019–2020 ", as amended with Council of Ministers Decision no.64, dated 03.02.2021, as well as of the most recent study conducted by IRENA entitled "Renewable Power Generation Costs in 2019 ";
- Council of Ministers Decision no. 580, dated 28.8.2019, "On the approval of the new Consolidated National Action Plan on Renewable Energy Sources 2019-2020", providing among others the technical-economic parameters used to define the electricity purchase price generated from wind small renewable resources, is left into force for 2021, by Council of Ministers Decision no. 64, dated 03.02.2021.
- In order to define the average electricity purchase price generated from wind small renewable resources with an installed capacity up to 3MW, with reference to the investment cost and LCOE (Levelized Cost of Electricity) components as a whole, it is taken into account the technical-economic data resulting from the Business Plans of the Project Implementations submitted by 2 companies which are holders of Final Approvals for the construction of wind farms with installed capacity up to 3MW, along with the evaluations provided in Council of Ministers Decision no. 580, dated 28.8.2019, as amended.

- Based on previous experience to define the electricity purchase price generated from photovoltaic production plants with a capacity up to 2MW and wind turbines with a capacity up to 3MW, pursuant to the Methodology for Defining the Electricity Purchase Price Produced from Small Renewable Resources from Solar and Wind” approved with Council of Ministers Decision no. 369, dated 26.4.2017, it results that the average price for wind turbines with a capacity up to 3 MW for 2020 shall be 75.64 Euro / MWh.
- In the respective contracts between the parties consisting of: the 2 Companies and the Ministry of Infrastructure and Energy (MIE), more specifically article 8, point 2 and article 10, point 3 (MIE contract with "GREEN TECH" company) and article 10, point 4 (MIE contract with "ANEMOI" company), the assessment of investments may undergo possible changes, by mutual agreement, in any case during the implementation of the project for the construction of the wind turbine, as well as the Ministry of Infrastructure and Energy (MIE) based on the final test report and after the submission by the holders of the final approval of the full report on the construction costs of the work, issues the Certificate of acceptance of the work which shall consist of real technical-economic data of the production plants, based on the Instruction of the Minister of Infrastructure and Energy no.5, dated 13.10.2020 “On approving the procedures for the issuance, transfer, modification or cancellation of the Certificate of acceptance of the work for the priority producers of electricity from plants that use energy from renewable sources ”.

For all of the above mentioned, ERE Board

**Decided:**

1. To approve the average electricity purchase price generated from wind turbines with installed capacity up to 3 MW of about 75.64 Euro/MWh for 2020.
2. Each amendment in the legal and sub legal acts into force for these producers, shall become a reason for ERE to review this decision.
3. The Legal Directory shall inform the applicants, , the Ministry of Infrastructure and Energy (MIE), the Ministry of State for Entrepreneurship Protection (MSHMS), the Competition Authority as well as the Free Market Supplier (FTL) about ERE Board Decision.

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

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

This decision is published on the Official Gazette.

**ERE CHAIRMAN**

**Petrit AHMETI**