

# ENERGY REGULATORY AUTHORITY

## BOARD

## DECISION

**No. 94, Dated 08.06.2020**

**“ON**

**THE APPLICABLE PRICE FOR THE EXISTING PRIORITY PRODUCERS FOR 2020, IMPLEMENTING THE AMENDMENTS APPROVED WITH COUNCIL OF MINISTERS DECISION NO.396, DATED 13.05.2020”**

Based on article 16 of Law no.43/2015 “*On Power Sector*”, as amended; article 22 of Law no. 7/2017 “*On the promotion of the use of energy from renewable sources*” and Council of Ministers Decision no.687, dated 22.11.2017 “*On approving the methodology on setting the annual electricity purchase price that shall be paid to existing priority producers*”, as amended by Council of Ministers Decision no.396, dated 13.05.2020 “*On several amendments of Council of Ministers Decision no.687, dated 22.11.2017 “On approving the methodology on setting the annual electricity purchase price that shall be paid to existing priority producers”*”, Energy Regulatory Authority Board (ERE), in their meeting dated 08.06.2020, after reviewing the report of Tariff and Prices Directory protocol no. 64/2 dated 03.06.2020,

### **Observed that:**

- ERE Board Decision no.7, dated 16.01.2020 decided “On approving the annual electricity purchase price of about 8.0532 (ALL)/kWh that shall be paid to existing priority producers for 2020”.
- Following the Council of Ministers Decision no.396, dated 13.05.2020 approved several amendments in Council of Ministers Decision no.687, dated 22.11.2017 “On approving the methodology on setting the annual electricity purchase price that shall be paid to existing priority producers”, which stipulates that:

In point 3 of the Council of Ministers Decision no.687, dated 22.11.2017 the words “...in the value 1.30 ...” are replaced with “... in the value 1.20 ...”

ERE is responsible for determining the applicable price for the existing priority producers, within 30 (thirty) days from the entry into force of this decision.

- Council of Ministers Decision no.396, dated 13.05.2020 has entered into force after its publication in the Official Gazette of the Republic of Albania no.88, dated 05/18/2020.
- Pursuant to point 1 of the Council of Ministers Decision no.396, dated 13.05.2020, the formula for calculating the annual electricity purchase price that shall be paid to existing priority producers approved with Council of Ministers Decision no.687, dated 22.11.2017, changes as follows:

The annual purchase price (ALL / kWh) = the average annual price of the day in advance market of electricity (HUPX / DAM) in the base load (baseload) of the respective year of the Hungarian Power Exchange (HUPX) of electricity in euros cent / kWh X bonus for the promotion of renewable resources in the amount of 1.20 X average exchange rate in euro / (ALL) for the last year.

- From the data of the annual report of the Hungarian Power Exchange (HUPX) is taken the average annual price of the day in advance market of electricity (HUPX / DAM) in the base load (baseload) for 2019, which results in the value of 50.36 Euro / MWh according to the table below:

- The bonus for the promotion of renewable resources is defined in the amount of 1.20, according to the provisions of Council of Ministers Decision no. 396, dated 13.05.2020 “On several amendments in the Council of Ministers Decision no.687, dated 22.11.2017,“ On approving the methodology on setting the annual electricity purchase price that shall be paid to existing priority producers”

- From the data so far published by the Bank of Albania on the Euro / (ALL) exchange rate for each day of 2019, it results that the average daily exchange rate for 2019 has been 122.9978 Euro / (ALL).

- Based on the elements defined above and in application of the calculation formula of point 3 of Council of Ministers Decision no. 687, dated 22.11.2017 “On the methodology on setting the annual electricity purchase price that shall be paid to existing priority producers” as amended, the annual electricity purchase price of that shall be paid to existing priority producers is calculated as follows:

$$P_u = 50.36 / 1000 * 1.2 * 122.9978 = 7.433 \text{ (ALL) / kWh.}$$

- Meanwhile, in the letter “ç” and “d” in point 2, of Council of Ministers Decision no. 687 dated 22.11.2017, as amended, are defined the minimum and maximum limits of the purchase price of electricity from existing priority producers which are respectively: not lower than the price approved by ERE for 2016 and not higher than 15% of the price approved by t ERE for 2016. The price approved for 2016 with ERE Board Decision no.13, dated 16.02.2016, is 7,448 (ALL) / kWh.

Given that, the price calculated according to the formula defined in the methodology approved with Council of Ministers Decision no. 687, dated 22.11.2017, as amended, results below the minimum limit of the calculated purchase price of electricity defined in letter "ç" in point 2 of Council of Ministers Decision no. 687, dated 22.11.2017, as amended, the applicable price for the existing priority producers for 2020, pursuant to the amendments approved with Council of Ministers Decision no. 396, dated 13.05.2020, shall be 7.448 (ALL) / kWh.

For all the above mentioned, ERE Board:

**Decided:**

1. The applicable price to the Existing Priority Producers, pursuant to the amendments approved with Council of Ministers Decision no. 396, dated 13.05.2020, shall be 7.448 (ALL) / Kwh.
2. This decision extends the effects from the entry into force until 31.12.2020.
3. With the publication of the annual report of the Bank of Albania for 2019, in case that the exchange rate (ALL) / EUR shall be different from the published value until the adoption of this decision, ERE shall correct the annual electricity purchase price of which shall be paid to priority producers for 2020.
4. With the entry into force of this decision, ERE Board Decision no.7, dated 16.01.2020 is abrogated.
5. Tariff and Prices Directory shall inform the interested parties about ERE Board Decision.

This decision enters immediately into force after being published on the Official Gazette.

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

This decision shall be published in the Official Gazette.

**ERE CHAIRMAN**

**Petrit AHMETI**