



**ENERGY REGULATOR AUTHORITY
BOARD**

DECISION

No. 20, dated 31.01.2020

ON

**DEFINING THE ELECTRICITY PURCHASE PRICE PRODUCED FROM THE
SMALL SOLAR RENEWABLE RESOURCES WITH INSTALLED CAPACITY
UP TO 2 MW FOR 2019.**

Based on article 10 point 2 and 16 of Law no. 43/2015, “On Power Sector”, as amended; article 10, point 3 of Law no. 7/2017 “On the Promotion of Using Energy from Renewable Resources”, Council of Minister’s Decision No. 580, dated 28.8.2019, “On approving the national consolidated action plan for the energy renewable resources, 2019-2020” and Council of Ministers Decision no. 369, dated 26.4.2017, “On Approving the Methodology for Defining the Electricity Purchase Price Produced from Small Renewable Resources from Solar and Wind”; 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 31.01.2020, after reviewing the report Protocol no. 24/5 dated 28.01.2020 and the additional report Protocol no. 24/5-1, dated 30.01.2020 of the Tariffs and Prices Directory,

Observed that:

- ERE is obliged to define the electricity purchase price produced from small renewable resources from solar and wind according to article 10 point 3 of Law no. 7/2017 “On the Promotion of Using Energy from Renewable Resources”.
- Council of Minister Decision, no. 26.04.2017, “On approving the methodology for defining the electricity purchase price produced from small renewable resources from solar and wind point 2, charges ERE the obligation to approve the electricity purchase price produced from small renewable resources from solar and wind, in conformity with the average price for 2019, according to the provisions of this methodology.
- With decision no.193 dated 02.12.2019, it is opened the procedure “ On approving the electricity purchase price produced from small renewable resources from solar with installed capacity up to 2 MW and from wind with installed capacity up to 3 MW for 2019”.
- Following this decision, ERE with the official letter Protocol no. 805, dated 10.12.2019 informed the Ministry of Infrastructure and Energy the Competition Authority and the interested parties, regarding the opening of the procedure to review this act, to express their comments and opinions in the written form within 15 days from being notified.

- In the conclusion of the abovementioned deadline are submitted the comments only from “Statkraft Renewables Albania” company, which with the official letter protocol no. 805/1 dated 12.12.2019, stated that: *“Statkraft AS considers this project as a strategic investment and is expecting the approval of the price from ERE Board as soon as possible”*.
- Earlier, the Ministry of Infrastructure and Energy with the official letter no. 9437, dated 31.10.2019, ERE protocol no. 690, dated 01.11.2019 stated that: *“we suggest that to define the electricity price produced from small generating, photovoltaic, floating resources, shall be taken into consideration the methodology of accessing the electricity costs from the renewable resources which is supported to the same LCOE formula, known as a cost of the average level of electricity (LEC)” This value calculated as an economic estimate of the first order of a system competition cost, (in this case photovoltaic, ground, floating, Aeolian) of the generation electricity, which includes all costs around its lifespan.*
- Council of Ministers Decision no. 369, dated 26.04.2017, “On approving the methodology to define the electricity purchase price produced from small renewable resources from solar and wind” defined the criteria to calculate the price, according to the reasonable return of the investment value according to the used methodology. At the core of the methodology approved with the abovementioned Council of Ministers Decision is the calculation of the electricity production cost from the renewable sources through the LCOE calculation formula (leveled electricity cost).
- Point 2 of the methodology conclusions to define the electricity purchase price produced from the small renewable resources from solar and wind, approved with Council of Ministers Decision no. 369, dated 26.04.2017, defines that: *Being supported on Law no.7/2017, article 10 point 3, Energy Regulatory Authority shall approve the electricity purchase price produced from small renewable resources from solar and wind, in conformity with the average price for 2017 according to the provisions of this Methodology, based on the references of the above table (the table point 1 of the Methodology conclusions approved with Council of Minister’s Decision no. 369, dated 26.04.2017) regarding LCOE and WACC or the concrete data of the investment costs that may be ensured for the next years.*
- Based on the available documentation, during 2019 only “Statkraft Renewables Albania” company resulted to have the final approval from the Ministry of Infrastructure and Energy for the construction, utilization and administration of the floating photovoltaic plant on Banja reservoir, Cërik Municipality, with an installed capacity of 2 MW.
- “Statkraft Renewables Albania” company, with the official letter Protocol no. 303, dated 17.04.2019 submitted at ERE the business plan for the Floating Photovoltaic Plant project of 2 MW on Banja reservoir, as well as with the official letter Protocol no. 805/2, dated 23.12.2019, submitted the contract that the company has signed with the Ministry of Infrastructure and Energy regarding the construction of this plant.
- As consequence, are taken into consideration the data on the constituent components necessary to calculate LCOE, from the resources as follows:

- The contract signed between the Ministry of Infrastructure and Energy and “Statkraft Renewables Albania” company (the investment value, the working hours);
 - Council of Minister Decision no.369, dated 26.4.2017, “On approving the methodology to define the electricity purchase price produced from the small renewable resources from solar and wind” (WACC);
 - The business plan of Statkraft company, as submitted to the Ministry of Infrastructure and Energy on the procedure to take the final approval (operational expenses, annual production degradation, and the inverter durability).
- During the review at the Board meeting, it was presented that, to define the electricity purchase price produced from the floating photovoltaic plants with installed capacity up to 2MW, are taken into consideration the provisions of Council of Minister Decision no. 369 dated 26.04.2017, Council of Minister Decision no. 580 dated 28.08.2019, as well as the business plan for the Floating Photovoltaic Plant project of 2 MW on Banja reservoir and the contract that the company signed with the Ministry of Infrastructure and Energy for the construction of this plant.
 - Implementing the above mentioned and from the experience established for defining the electricity purchase price produced from the photovoltaic production plants on ground with an installed capacity up to 2MW *during the previous period*, it is calculated the electricity purchase price produced from the floating photovoltaic plants with installed capacity up to 2MW, using the excel model drafted by AGORA on its study for Albania.

For all of the above mentioned ERE Board,

Decided:

1. To approve the electricity purchase price produced from the floating photovoltaic plants with installed capacity up to 2MW of 100.025 Euro/MWh, for 2019.
2. Tariffs and Prices Directory shall inform the interested parties about ERE Board Decision.

This decision enters immediately into force.

About this decision may be required its review within 7 calendar days and may be filled a complaint at Tirana Administrative Court, within 30 calendar days from its publication in the Official Gazette.

This decision is published on the Official Gazette.

ERE CHAIRMAN
Petrit AHMETI