



REPUBLIKA E SHQIPËRISË

ENERGY REGULATORY AUTHORITY

Board

DECISION

No. 8, dated 16.01.2020

ON

OPENING THE PROCEDURE TO APPROVE “THE STANDARD CONTRACT FOR ELECTRICITY SALE PURCHASE BETWEEN THE ELECTRICITY PRODUCTION COMPANY/KESH COMPANY, WHOSE SHARES ARE FULLY/PARTIALLY CONTROLLED BY THE STATE AND THE UNIVERSAL SERVICE SUPPLIER/FSHU COMPANY FOR THE SUPPLY OF THE END-USE CUSTOMERS”

Based on articles 16 and 20, letter h, of Law no. 43/2015 “*On Power Sector*” as amended, article 5 point 2 of Council of Minister No.244, of date 30.03.2016 “*On approving the conditions for setting public service obligation, that shall be implemented to the licensees on power sector, which exercise the production, transmission, distribution and electricity supply activities*” as amended, articles 15, 19, point 1, letter f and ERE Board Decision no.96 dated 17.06.2016, ERE Board on their meeting dated 16.01.2020, after reviewing the report drafted by Technical Directories protocol no. 5/5 dated 13.01.2020, regarding the opening of the procedure to approve the Standard Contract of electricity sale purchase between the electricity production company/KESH company, whose shares are fully/partially controlled by the state and the universal service supplier/FSHU company for the supply of the end use customers.

Observed that:

- ERE, implementing article 20 letter h, of Law no.43/2015, dated 30.04.2015 “*On Power Sector*” as amended, Council of Minister Decision no. 244 dated 30.03.2016, “*On approving the conditions for setting public service obligation, that shall be implemented to the licensees on power sector, which exercise the production, transmission, distribution and electricity supply activities*” as amended, ERE Board Decision no.112, dated 112, of date 08.07.2016 “*On defining the licensee charged with universal service obligation for the electricity market and setting the conditions for exercising universal service obligation*” is obliged to approve the Standard contract for electricity sale-purchase between the electricity production company/KESH company, whose shares are fully/partially controlled by the state and the universal service supplier/FSHU company for the supply of the end-use customers.

- As provided above on Council of Minister Decision no. 244/2016, as amended, the draft of the standard contract that shall best covers from the legal but even regulatory point of view the interests, the rights and obligations of the parties to each other, is e necessity especially at the beginning of the exercising year but on the same time makes effective the unbundling of OSHEE company activity, letting the obligation to guarantee the supply as the universal service supplier of the company established that is currently operational from January 1 2020, FSHU company.
- In the draft contract, are reflected the latest amendments of Council of Ministers Decision no. 244/2016 (Council of Minister Decision no.883, dated 27.12.2016, where it is provided on article 5 point 2 that: *“Between the universal service supplier and the production company charged with public service obligation, is signed the standard contract, approved by Energy Regulator Authority, which is negotiated each year, regarding the secured electricity quantity and the price per unit, before the beginning of each calendar year of activity”*
- Within the above mentioned, the parties are obliged to negotiate and sign with each other the renewed contract for each exercising year, on which are reflected the provisions or amendments agreed and exclusively connected with price and quantity elements.
- To fulfill the compliance of the above mentioned obligation, it is drafted this contract in the spirit of the contracts agreed before even between the parties and observed in compliance of the effective legislation provisions, as well as the correspondences with the companies charged with public service obligation, the other electricity market participants, the Competition Authority and the Ministry of Infrastructure and Energy.
- The draft contract is composed of about 23 articles and an annex which handle the issues regarding the compliance of public service obligation from KESH company and the Universal Public Supplier (FSHU) company, as well as regulating the electricity sale-purchase agreement between the Parties included in this contract and not only the scheduling and nomination of the quantities but even the financial relation between them.

For all of the above mentioned, ERE Board,

DECIDED

1. To open the procedure of approving the “Standard contract for electricity sale-purchase between the electricity production/KESH company whose shares are fully/partially controlled by the state and the universal service supplier/FSHU company for the supply of the end use customers.
2. The Legal Issues Directory shall inform the interested parties about ERE Board Decision.

This decision enters immediately into force.

This decision may be reviewed 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 is published at the Official Gazette.

ERE CHAIRMAN

Petrit AHMETI