ENERGY REGULATOR AUTHORITY

ANNUAL REPORT

The Situation of the Power Sector and ERE Activity during 2019

Tirana, 2020

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ERE Chairman Speech

Honoured Chair of the Parliament,

Honoured Ladies and Gentleman Member of the Parliament,

On behalf of the Energy Regulatory Authority, I have the pleasure to present the Annual Report on the situation of the power sector and ERE activity for 2019.

On this report our target is to submit a full and detailed representation on the situation of the Power and Natural Gas sector in our country as well as the difficulties or the challenges and the achievements with which these sectors are confronted during 2019. Also part of this report is an updated information on the activity for the companies that operate on both these important sectors.

Let me point out that 2019 and the beginning of 2020 as we are all unfortunately witnessing, has been full of special social challenges. These challenges had their impact in terms of ERE normal operation in completing the tasks that arise, as the Power Sector is among the essential sectors of the country.

In this aspect, we have made and undertaken all the necessary steps for the operation of the regulator's work and system operators in the essential activities of the country, as well as in establishing the conditions for qualitative and continuous supply of customers. I think we have achieved this goal the best way possible. ERE has taken decisions, which have enabled the maintenance of the work in accordance with the main directives to prevent the spread of the pandemic and maintain social distance of employees.

Honoured Members of the Parliament,

During 2019, the Power Sector has been stable regarding the electricity production, transmission and distribution activities maintaining and keeping sustainable operational parameters.

However, there is still work to be done in terms of the diversification of generation resources, the handle of issues and efficient settling regarding the support of renewable generation resources development and the settlement of financial obligations.

Overall electricity production, realized by the generation plants that entered into production during 2019, accounts about 1.6% of total electricity production for this year, which is a satisfactory value compared to the foreseen progress of the increasing demand for electricity in the following years.

Electricity Production from power private plants has been 2,226 GWh over the last year, which means over 43% of the electricity generation in the country, a figure that is increased from year to year and shall continue to increase in the following years.

Also even the Natural Gas Sector marked efficient developments regarding the structure and normal operation where an important part is the investment progress of TAP project, realized within the defined terms to be set into operation.

Following the certification procedures and then Albgaz company licensing, it is worked with this last one mentioned to implement the Permanent High Level Group (PHLG) Decisions of Energy Community in this important sector.

The Energy Regulatory Authority developed its activity being supported on Law no. 43/2015, "On Power Sector", as amended amd Law No.102/2015 "On Natural Gas Sector", as amended.

The realization of the organizational and operational independence of the institution, taking the measures for the implementation of the organizational structure of ERE during 2019, with the employment of a qualified experienced staff, to face the challenges of the sector and the commitments within the integration in the regional market and beyond.

In the framework of the objectives for cooperation and qualification of ERE staff, during 2019, through the best experiences at international level, there continued the work and cooperation with the Council of European Energy Regulators, the Energy Community Regulatory Board, the Association of Mediterranean Energy Regulators; are signed the memorandums of cooperation with the Regulatory Authorities of Kosovo and Montenegro; as well as the cooperation in establishing the Forum of Balkan Regulators, with the participation of Regulators of Bulgaria, Serbia, Montenegro, Bosnia and Herzegovina, Northern Macedonia and Greece, where ERE contributed and will continue to contribute actively.

The main purpose of our work is the development of the Power and Natural gas sectors in conformity with the regulatory and legislative requirements which shall be fully aligned with those of the EU.

These developments require that ERE shall be developed as an institution with sufficient technical capacities and the appropriate expertise to confront with the challenges of the sector in Albania and beyond; as well as increasing our active role in international institutions, taking the lead of some of their working groups.

Analyzing some of the main indicators of the power sector during 2019, such as Electricity production, shall be emphasized that 2019 marked a decrease as a result of the relatively poor hydro power year, which led to a decrease in the total production of electricity in the country, enabling the realization of the demand through the increase of imports, to enable the uninterrupted supply of electricity. This fact also contributed to the increase of the financial costs to be confronted by companies charged with the public service obligation.

Among the main data we shall mention:

(i) During 2019, in total are added 36 power plants, with a total installed capacity of 74.3 MW and a general production of 83,158 MWh;

(ii) The total production of the country has been at 5.2 TWh level, with a decrease of about 40% compared to 2018, that must be emphasised it was the year with the largest production realized since 1985. While the import of energy electricity was in 2.4 TWh values;

(iii) Approximately 57% of this production is produced by the Public Generation Company, the other part 43% is produced from the private concessionary/not concessionary plants;

(iv) The losses in the Electricity distribution system were at 21.79% level, marking a decrease in the losses level compared with the level of about 23.96% in 2018;

(v) During 2019, it is observed an increase at the electricity production from photovoltaic plants. This year, 8 photovoltaic plants produced electricity, with total installed capacity 15 MW. The total amount of production realized by these plants for 2019 is approximately 23,000 MWh;

(vi) The demand for electricity in 2019 reached 7,612 GWh., with a slight decrease in electricity consumption in the country of about 26,767 MWh compared to the demand for 2018.

Honoured Madams and Sirs,

The main mission of ERE was to perform secure and reliable services for the customers based on right and reasonable costs for the licensee. This is reflected on the decisions taken for defining the electricity tariffs and prices.

Regarding Natural Gas sector continued the cooperation with the two Regulatory Authorities on which TAP project crosses, respectively Greece and Italy.

Considering that there is still a lot of work to the regulatory framework, with the by-legal acts defined on the Laws regulating the Power and Natural Gas sector, for the next year ERE objectives shall continue to be oriented to the completion of the legislation with the respective acts, which is closely connected even with the preparation for the implementation of four legislative packages, that of the Clean Energy Package, monitoring the further liberalization of the Electricity Market and the operation of the Power Exchange, in order to mitigate the effects on the end use customers at the initiation of its operation, the functional unbundling of the distribution system operator in accordance with legal obligations and international commitments as well as the further development of the Regulatory framework for Natural Gas Sector, as an opportunity granted to our country from the finalization of TAP project.

In this regard, ERE is fully engaged for a closer cooperation with Energy Community Secretariat in Vienna, as one of the main partners in drafting the primary and secondary legislation, with the Ministry of Infrastructure and Energy, the Competition Authority as well as other shareholders of the Power Sector in the country and beyond. This cooperation is very essential for the development of this Sector in the future and to confront with the challenges ahead in the framework of the Coupling with the Regional Markets within the engagements currently undertaken from the Government in this regard.

Despite of the achievements or improvements described on this report our work shall be focused on issues regarding; (i) Approval and implementation of the Regulation on Energy Market Integrity and Transparency (REMIT), Monitoring the implementation of the functional and organizational unbundling of OSHEE, (iii) Implementation of the strategic plan for the reforms in Power Sector, (iv) the Impact of Renewable Resources in the market, (v) Adoption and Implementation of the Strategy for Critic Infrastructures in Power Sector, (vi) Clean Energy Package, (vii) Implementation of the Balancing Mechanism and guarantee of ancillary services, (viii) Online Platform of Prices Comparison for the Suppliers, (ix) Continuation of work for the establishment of the Common Electricity Market with Kosovo and the region, (x) Further liberalization of the Electricity Market and the establishment of the Power Exchange, (xi)

Establishment of the Guarantee of Origin Market, (xii) Study of solutions and preparation of relevant proposals for the termination of mutual obligations.

Setting and achieving the above objectives, we think shall require, among other things, a maximum commitment of ERE staff and a cooperation with all shareholders of the Sector in a middle term of our institution progress.

An important and priority place has been in our work to the transparency of the Sector, for this we tried and I believe we managed to establish the conditions to increase transparency to enable the balance of end use customer's interests, those of the public companies and private investors in the sectors regulated by us.

In the framework of transparency, this Annual Report shall be available to all the institutions, investors but even interested customers on ERE official website as well as a summarized copy shall be published and distributed by us both to stakeholders within the country and to Regulatory Entities of other countries.

Lastly I want to thank ERE Board and staff as well as all the respective Institutions for their support and cooperation and especially the Albanian Parliament bur even the Albanian customers, which at any case had secure access on the practices reviewed and approved by ERE, even during this difficult times for the entire society. This is handled even by customer's protection associations as well as constant cooperation with the Competition Authority and I express my conviction to continue this fruitful cooperation even in the future.

These are briefly some of the main directions of the activity and work of the Energy Regulator Authority during 2019, in the Power and Natural Gas Sectors.

With consideration and respect

KRYETARI
Petrit AHMETI

Introduction

General situation on the Power System

The Energy Regulatory Entity is the regulatory authority in Power and Natural Gas Sector, which operates pursuant to Law no. 43/2015 "On Power Sector", as amended, Law no. 102/2015 "On Natural Gas Sector" as well as other approved legal acts implementing them.

ERE exercises its activity to guarantee the comply of market operators obligations for a sustainable and secure electricity supply of the customers. Taking into consideration the customers rights and interests, the security for electricity supply quality of service and the requirements for environmental protection, ERE licenses the subjects that exercise their activities in this sector, monitors the electricity market, drafts the regulatory framework, reviews carefully the applications for the tariffs and prices and by its decision making authority as well as implementing the law, acts by expressing its will through the Board decisions.

ERE Board, is the decision making body for all the issues under ERE jurisdiction and competence. ERE Board is composed from the Chairman and 4 Board Members, which are appointed by the Parliament for a 5 year period.

According to the requirements of "Power Sector" and "Natural Gas Sector" Laws this report is prepared on the "Situation of the Power Sector and ERE activity during 2019" to be submitted at the Parliament.

On this report are submitted the data for the progress of Power and Natural Gas Sectors for 2019 as well as the indicator's comparison of this year with the previous years.

Regarding Electricity production, it is worth mentioning that as it can be ascertained 2019 has been a bad hydrological year, moreover compared to 2018, which was a record in increasing electricity production from local sources. This is due to the fact that water inflows into the basins of the main power plants have been in their entirety below their multi-year average. It is noted that the average water inflows in the basins of HPPs, administered by KESH company, resulted in 119 m3 / s, or 34% less than the multi-year average, starting from 1991.

This has also affected the net annual electricity production, which in our country for 2019 has been in the amount of 5,206 GWh, marking a decrease compared to the average electricity production in the period 2009 - 2019, which is in the values 5,892 GWh, so for 2019 electricity production is about 11.6% lower than the average production for the ten-year period. Also, compared to the amount of electricity of 8,552 GWh produced during 2018, electricity production for 2019 turns out to be 3,346 GWh less or almost 40% lower.

This year, not a good hydrological one, led to the realization of a significant import of electricity to cover the demand and uninterrupted supply of customers in the country. The net balance of electricity exchange for 2019 was net import in the amount of 2,406 GWh, which is over 30% of the total value of consumption, resulting in one of the years with the largest import over the last decade, while at the same time for 2018 our country had a net export balance in the amount of 913 GWh.

Electricity production at 5,206 GWh was realized by the power plants owned by the public generation company KESH company, in the amount of 2,979 GWh or almost 57% of all electricity production in our country. The rest of the 2,226 GWh output was generated by other power plants, which account for over 43% of all electricity production. As can be seen from these figures, the production part, which is realized by independent private producers of electricity, is increasing from year to year. If for 2018 this value turned out to be only 31.6%, for 2019 this figure has gone to almost 43% of all electricity production in the country, increasing the importance of these producers in the market, which is a very good indicator for the continuation of this process in the future. Regarding the increase of generating capacities and the establishment of the Power Exchange through difference contracts, their financial effect on the customers of the power system shall be optimized.

Throughout 2019, a total of 36 power plants have entered production with a total installed capacity of 74.3 MW, who have produced during 2019 the amount of about 83,158 MWh. The total production of electricity generated by generation plants that have entered production only during 2019, occupies about 1.6% of total electricity production for this year, which is a satisfactory value compared to the projected growth performance of electricity demand in the coming years.

Throughout 2019, it has been observed an increase in electricity production from photovoltaic power plants. This year, there have produced electricity 8 photovoltaic power plants with a total installed capacity of 15 MW. The production realized by these power plants for 2019 reaches 22,190 MWh, while for 2018 we had in operation only one power plant from the photovoltaic plant, that of UKKO (Water Supply Sewerage of Korca) with an installed capacity of about 1 MW, which has produced electricity from the plant in question for its supply needs.

The demand for electricity in 2019 reached the value of 7,612 GWh. Compared to 2018, there is a slight decrease in electricity consumption in the country by 26,767 MWh compared to the demand which for 2018 was in the amount of 7,638 GWh. The decrease in demand observed during this year, which must be said to have been noticed before, is mainly related to climate change, energy efficiency or the continuation of measures to reduce electricity theft.

In this aspect, electricity losses in the distribution system for 2019, reach the value of 21.79%, marking a decrease in the level of losses compared to the value of 23.96% in 2018 by about 2.17%. The level of electricity losses continues to decline from year to year, a fact that shows the increase in performance and efficiency of the measures taken in the sector, both by the Operator and the Ministry of lines.

For 2019, total electricity losses in the distribution and transmission system are at 1,651 GWh. Compared to 2018 we have a reduction of total electricity losses by 134 GWh.

The total level of collections for 2019 is in the values of 98.4% against electricity billed to customers, a very good figure, which shows the stability of the operator in this area.

The structure of electricity customers for 2019 is mainly focused on household customers. Household customers account for about 86% of the total number of electricity customers in the country. In terms of electricity consumption, household customers for 2019 account for about 36.1% of total consumption.

The distribution of the value of electricity billing for 2019 in customers supplied by the Universal Service turns out to be in the value of 48% for household customers, 38% for private customers,

and the remaining 14% for budgetary and non-budgetary customers, it shall be said that budgetary and non-budgetary customers continue to be a problem in terms of payment of the electricity bills, accumulating a debt for OSHEE company and creating financial difficulties for the latter during this year as well.

Regarding the prices of the end use customers supplied by the Universal Service Supplier during 2019, there was no increase and their fees as well as the fees of the Transmission System Operator remained those that were in effective during 2018.

Regarding the customers, who have been supplied by the Supplier of Last Resort, as a result of their failure to enter the free market, despite the creation of technical and legal conditions for this, the average price of the Supply of Last Resort for 2019 has been at an average value of 14.17 (ALL) / kWh, an increase of almost 2.1 (ALL) / kWh compared to the average price of 2018 or an increase of almost 17%.

In 2019 in general, there were no changes in tariffs or prices, except for the decrease in the price of electricity purchase of the priority producers of electricity, with the value of 8,4582 (ALL)/ kWh, as a result of the decrease in the market price in the region, which serves as a reference for defining this price as well as the price of electricity purchase produced from small renewable sources from the sun with installed power up to 2MW.

Within the framework of customer protection, as one of the main tasks of the regulator, the implementation of the measures plan for OSHEE company, approved in September 2018, or the follow-up of legal processes as a third party, in customer lawsuits against OSHEE company, as well as complaints about the general terms of supply or other complaints related to customers have been handled with transparency. Also in this context, a number of acts have been approved that are directly related to the customer, such as the instruction on new connections in the Distribution system, etc.

In Natural Gas Sector, 2019 has been a year where the operation for the construction of TAP pipelinehas continued. The full performance by the end of December 2019 of the project realization was about 97% of the whole project. The vast majority of construction work in the country has been completed and the project staff in the country is focusing on the completion and commissioning of activities in preparation for the introduction of natural gas.

ERE Board Decision No.15, dated 31.01.2019, licensed in the activity of natural gas transmission, Trans Adriatic Pipeline AG Albania, for 25 year term, from the date of operation. Licensing in natural gas transmission activity reflects the requirements of Article 4, point 50; article 22, point 2 letter “a” and article 35 of Law No. 102/2015, dated 23.09.2015 "On Natural Gas Sector" as amended.

TAP is currently working closely with ERE to approve the Natural Gas Network Code, which aims to guide the operation of the TAP transport system. TAP has presented its Network Code to the Regulatory Authorities of the countries in which TAP pipeline passes for approval, currently the review of this code is continuing by the other two regulators, with whom we have had an excellent cooperation so far.

Despite the achievements and good performance of Power Sector and in terms of preparation of secondary and regulatory legislation, including the Natural Gas Sector for 2019, it is worth

emphasising that among the areas which should be among the main objectives of ERE operation for next year we evaluate:

- **The approval and Implementation of the Regulation on Energy Market Integrity and Transparency (REMIT)**

The REMIT Regulation, which is the transposition of Regulation No. 1227/2011 of the European Parliament and of the Council of Europe, emphasises the increase of transparency and maintaining the integrity of the wholesale electricity market both in the country and in the region. Increasing transparency and monitoring of the Regulators in this market, which is already opening step by step, shall promote fair competition of all market participants and consequently shall bring benefits to end use customers. It is important that customers and other members of the electricity and natural gas market create and trust the market integration, so that the prices set in the wholesale energy market are the derivative of a fair, competitive, and transparent process and shall be led by good business practices and well-defined conditions. In this context, it shall be possible to be monitored by the Regulators and the Board of Regulators of ECRB treaty countries and eliminate possible abuses in the wholesale energy market, which bring additional costs to customers.

This regulation which has been used for many years in EU countries, starting in mid-2010, after being approved by ERE, shall be applicable to Albania and the countries of the region, within the Energy Community Treaty. It sets the conditions to monitor the behavior of market operators, monitoring and preventing possible market abuses by companies that own the monopoly, both in terms of generation and consumption, to prevent price distortion for customers. To enable its transposition and implementation, work is underway in cooperation with the Energy Secretariat in Vienna and the Regulators of the region. The regulation also enables the protection of the Albanian electricity market operators from possible unfair behavior in other parts of the region, enabling the treatment of regional issues and further monitoring by the Regulators.

ERE, with Decision no. 203 dated 12.12.2019, approved the Rules to monitor the Electricity Market, as a first step to define in detail the manner and procedures to be followed by ERE in order to monitor the functioning of the Electricity Market in our country. The full implementation of the market monitoring regulation and REMIT shall be a challenge not only for the Regulator, but for all the participants in the electricity market in our country, during the establishment of the Power Exchange. At the same time, the Regulation shall create conditions for transparency in expanding the liberalization of the electricity market in Albania.

- **Monitoring the operational and organisational unbundling of OSHEE company**

Undertaking the necessary measures for the implementation and monitoring of OSHEE company unbundling within the new companies established according to the provisions of the Power Sector Law, a process which has started since January 1, 2020 and that should be accompanied with operational and organisational unbundling, as well as accounts and costs between the Universal Service Supplier and Electricity Distribution System Operator, enabling a safe, transparent and qualitative service to end use customers, shall be the focus of work in the following year.

For this, a proper coordination with the Ministry of Lines, as the owner, stakeholders and international actors such as the Energy Secretariat in Vienna is considered more than necessary for the operation in continuation of this important process. In this aspect, it is also important to draft

and approve the Compliance Program of the Distribution System Operator in accordance with international best practices.

Implementation of the Strategic Plan for the reforms in the Power Sector

Implementation of the action plans approved by Council of Ministers Decision No.742, dated 12/12/2018 “On approving a strategic plan to reform the Power Sector in Albania", which opens the prospect and the opportunity to accept public offers for OSHEE, remains one of the main tasks in which ERE is fully engaged. Through the establishment of targets for the implementation of this plan, according to the tasks set in the Council of Ministers Decision, ERE in cooperation with the Ministry of Industry and Energy and the Ministry of Finance and Economy, are periodically monitored through the "Steering Committee" established in this context, achievement of targets and implementation of the plan of measures by all parties.

- **The Impact of Renewable Resources in the market**

The increase of the Electricity production plants from renewable resources like photovoltaic plants, hydro plants and the wind ones, arised the pre requesite to draft the regulatory and legal framework to absorb them and reduce the costs or the appropriate distribution of them to all the customers not only the end – users.

In this prism, the cooperation with the Ministry of Line and with other important actors of the sector, for the preparation of this Legal framework and the methodology for calculating their price, taking into account the establishment of the Power Exchange during 2020, shall get the attention we need. Where a special part shall be dedicated to the rights and obligations of operators to prosumers, whose requirements have been increasing throughout 2019.

- **Approval and implementation of the strategy for critical infrastructure in the Power Sector, in accordance with the EU directive "On system security and information systems".**

The EU has adopted Directive no. 2016/1148 “On the Security and Information of the System” (NIS) otherwise known as the Directive on Cybersecurity . Given that the implementation of this directive is of particular importance to the Energy Treaty Community of the countries of Southeast Europe, of which Albania is part, by the Energy Secretariat, as well as by USAID with the assistance of NARUC is being developed with Regional and Black Sea Regulators and Operators, who have had experience in this area, working groups to gather information on the measures taken and to develop national strategies for the implementation of this directive.

In accordance with the tasks set in the Resolution of the Assembly for ERE activity during 2018, ERE Board Decision No. 235 dated 20.12.2019 decided to open the procedures for the approval of the "Strategy for Critical Infrastructure in Power Sector", which is in the process of approval, after consultation and with comments submitted by USAID. The draft and implementation of a more complete regulation on cyber security in sensitive infrastructure in the power sector is an element that shall increase the security of operation of the sector in general and the power system in particular. Public electricity generation, transmission and distribution companies operate sensitive structures such as the SCADA system, to which they currently apply some cyber security standards. The adoption and implementation of a strategy for the power sector would set sufficient criteria and standards for all the subjects and would create conditions for better coordination in terms of maintaining the safety and integrity of the Albanian power system.

- **Clean Energy Package.**

The Clean Energy Package has already been approved with the EU Directives, which shall soon be mandatory for our country, according to the provisions and obligations of the Energy Community Treaty. The fourth energy package, the so-called Clean Energy Package, focuses on the rights of customers, through the establishment of the latter already not only as genuine consumers, but as part of the market components.

Through forecasts, which are related to their role in the market as prosumers or through the creation of energy communities, which include self-producers, customers, prosumers, etc., another dimension is given to customers.

In the same light, the package further defines the roles of Transmission and Distribution Operators, as well as power exchange operators in Europe, further supporting the mergers of the day ahead or intraday markets, but also defining obligations towards the operators in order for them to be more market-oriented in terms of cross-border operation, among others in cross-border cooperation of ancillary services and the establishment of a cross-border balancing market.

Given that the package shall be implemented very soon and in our country, by the Regulator, until the entry into force of this legislation, attention shall be paid to the adoption of acts which do not conflict or are as close as possible to this legislation as well as the preparation for its subsequent implementation.

- ***The Implementation of the Balancing Market Mechanism and Guarantee of Ancillary Services***

To enable the operation of a liberalized and functional electricity market, it is necessary to establish a balancing market and ancillary services based on European best practices, enabling the provision of service by producers on a market basis, to reflect in the most effective and realistic way the costs of this service. It shall also serve to discipline market operators during operation in the system.

The establishment of such market is a necessity and condition for the functioning of the Power Exchange in the country. A market such as merging or trading in regional markets would provide financial benefits for electricity generators in our country in general and the public company KESH in particular, looking at the power plant technology, being among the only ones in the region that have the technical ability to operate in this market. Also, the setting into operation of Moglica HPP together with other HPPs increases the opportunity and competition to provide this service not only in our country, but also in the region.

The market shall also enable the equal treatment of electricity producers who with the operation of the market according to the provisions of Law no. 7/2017 "On the promotion of the use of energy from the renewable resources", shall be responsible balancing parties and shall take the obligations arising from the establishment of this market, where the role of ERE shall not be only for the approval of the rules of balancing market, but also further in monitoring their implementation by the TSO.

- **Supplier Price Comparison Online Platform**

With the opening and liberalization of the electricity market, in order to enable customers to obtain information regarding the prices of electricity offered by various suppliers, private or public, funded and supported by USAID, it is intended to provide at ERE website, a platform where suppliers shall publish the prices offered to customers as well as a range of other data.

The main purpose of creating the Online Price Comparison Platform is to help customers in choosing the electricity supplier in a transparent way and to let them know what prices are offered. The platform enables customers to compare potential offers from retail suppliers of electricity, as well as receive clear, comprehensive and up-to-date information on electricity prices, time extension of supply contract, billing and other related services with the supply of electricity or the possibility of choosing clean energy.

The platform provides other useful information for customers, in order to understand how the electricity market works, what are their rights and obligations, etc.

The implementation of this platform creates better conditions and provides transparency for the entry of end use customers of electricity. This platform shall be an added value in increasing quality and competition in the market.

The platform has already been implemented in several countries in the region and is supported by consumer associations and suppliers in the region. With USAID support, the platform aims to become operational by 2020.

- ***Continuation of work Processes on the Establishment of the Joint Electricity Market***

The Albania-Kosovo joint market is one of the necessary steps to establish a regional electricity market. The creation of this market shall improve the security of electricity supply for our two countries, taking into account the fact that our two countries have complementary electricity generation systems. Electricity producers who have hydropower plants with the base and especially the public company KESH can realize the provision of balancing service and ancillary services not only for our two countries but also beyond. Participating in the balancing and ancillary services market shall bring greater benefits and optimization of utilization for these electricity producers.

The integration of markets significantly increases the competition of electricity sale in the wholesale market and consequently may lead to lower electricity prices in the retail market. In order to proceed with the integration of markets between our countries, it is necessary to continue the harmonization of legislation and secondary regulatory actions in order to eliminate obstacles that may arise in this regard.

In this context, with the assistance of USAID, working groups already set up with the composition of Ministries, regulators or System Operators are working in this direction. Also, the operation of both systems, as a single control area according to the agreement already signed at the end of 2019 between the two operators of the system, approved by both regulators, is an important step towards merging the markets and optimizing interconnection capacities.

In this context, the merger of electricity markets with Montenegro, Serbia and Italy is among the projects being pursued in cooperation with the Energy Secretariat in Vienna and shall serve the merger of Southeast European markets with EU markets. Working groups already set up between TSOs, Regulators and Power Exchanges are continuing the work of drafting the study, reviewing the primary and secondary legislation to enable the unification of these markets and the steps to

be taken for its setting into operation. The project is of great interest to market operators in our country, as the setting into operation of the underwater line between Italy and Montenegro, which is already operational from the end of 2019, creates opportunities for electricity trade in EU countries , which shall serve to optimize their portfolio.

- ***Further liberalization of the Electricity Market and the Establishment of the Power Exchange***

Concrete steps have been taken for the liberalization of the Electricity Market, regarding the creation of technical conditions and the sub-legal and regulatory framework for the enterance in the open market for customers connected at the voltage level of 35 kV, pursuant to Law no. 43/2015 "On Power Sector" and relevant bylaws, which enter the free market in March 2020 and from this date can no longer be supplied by the Supplier of Last Resort, except in circumstances related to the requirements of Article 86 of the Law on the Power Sector. In this context during 2020 shall be proceeded with the fulfillment of conditions for the market entry of customers connected to 20, 10 and 6 kV, to continue later on with customers connected to low voltage.

Also with the issuance of Council of Ministers Decision no. 609 dated 11.09.2019 "On determining the procedures for the selection of participants in the Market Operator" have already met the legal requirements to start the process of creation and functional operation of the Albanian Power Exchange and the procedure for the selection of stock exchange shareholders. On the other hand, the established criteria, which stipulate that, in the operation of the Stock Exchange, a service provider with international experience in this field shall be contracted and give a reputation to the latter to offer quality market operators.

The establishment and operation of the exchange shall enable market operators, producers, suppliers, traders and customers to have a reference price at which they can operate and grants the possibility for operators of neighboring markets to operate in the Albanian market.

In this aspect, to enable the recognition of the new exchange, which shall be established in the stock exchange committees of EU countries, ERE Board Decision no. 240, dated 23.12.2019, in support of Articles 16 and 57 of Law no. 43/2015 "*On Power Sector*"as amended, Council of Ministers Decision no. 322, dated 15.05.2019 "*On the establishment and capital structure of the Market Operator*", opened the procedure to approve the requests and procedures for the determination of the *Nominated Electricity Market Operator* (NEMO) and the roles and responsibilities of NEMO and the Operators of the Energy Transmission System in the Joint Market. This procedure is finalized with the approval of this regulation with Decision No. 40 dated 06.03.2020.

- **Monitoring and updating the implementation of the OSHEE action plan for customer protection**

Special attention is dedicated to the implementation of OSHEE company action plan regarding the customer protection as well as its update in view of the problems arisen during on site implementation being focused at the settling of customer complaint at a shortest time possible and with full responsibility as well considering the realization of the legal unbundling of OSHEE company.

Establishment of a joint platform with FSHU, which would enable realistic monitoring of the progress of complaints / requests, as well as their monitoring by ERE for which there was a commitment of USAID for the possibility of its financing and further implementation steps are being addressed by us in cooperation with FSHU.

- **Establishment of the Guarantee of Origin market**

In order to develop and efficiently use renewable energy sources, it is necessary to create a functional market of the guarantee of origin. In this context, ERE has already adopted a special Regulation on the issuance of these guarantees, which aims to establish an accurate, reliable and protected system for the issuance, transfer procedures and revocation of the guarantee of origin. The purpose of this regulation is to provide equal and transparent treatment for all producers of electricity from renewable sources, who submit at ERE the application for the Guarantee of Origin or who are subject to its transfer or revocation.

The Guarantee of Origin is a document, which has the sole function of proving to the end use consumer that part or all of the given amount of the energy consumed by him is being produced from renewable sources.

The establishment of this market of guarantees of origin would increase the value of investments made in our country, for the production of electricity from renewable sources and the possibility of their recognition in neighboring countries, taking into account the policy orientation at the national level, but also those of the European Union.

- **Study of solutions and preparation of relevant proposals for termination of mutual obligations**

Currently the financial arrears between the public operators of the Power sector have taken on great proportions, especially the fact that the year we left behind was a difficult hydrological year, this also applies to the obligations that customers, mainly budget ones have towards OSHEE group for Electricity bills, putting the latter in a difficult financial situation. Their final solution and finding ways and means for not creating them in the future with the support of the Ministry of Lines as well as that of Finance and Economy and the Council of Ministers is very necessary and remains problematic.

In line with the developments in the energy market and the legislation governing this sector, the work of ERE shall also focus on:

- reviewing and analyzing rigorously and balancing the interests of the stakeholders and applicants, tariff applications, transmission, distribution and natural gas operators or the provision of universal service and supply of last resort;
- reviewing and analyzing investment plans as well as monitoring their implementation to orient cautious investments in the sector, in accordance with the principle of lower cost, efficiency and financial condition of public companies;

- providing information and periodic reports to the Assembly, in accordance with the requirements of the law and as defined in the respective resolution or other acts of the latter;
- the completion of the legal framework with the secondary legislation in function of the Decisions of the Council of Ministers pursuant to Law 43/2015 “On Power Sector”, the changes that the law has had or are expected to have as well as the creation of suitable terrain for the establishment and development of the natural gas sector ERE, for the approximation of the legal framework with the European legislation as well as the facilitation of the procedures for exercising this activity;
- monitoring the implementation of the legislation in force by licensees, highlighting the need for intervention in the regulatory framework in order to exercise the activity of licensed, in non-discriminatory and transparent conditions, but at the same time being ready to tutelage in any case the rights of electricity customers;
- engaging in ongoing cooperation with all market participants and stakeholders in order to address and find solutions that balance, as far as possible, the interests of the parties in ERE decision-making processes;
- continue to facilitate the licensing procedures of market participants in accordance with the License Regulation already adopted, for the mutual recognition of licenses in the countries of the energy treaty;
- cooperation with other decision-making institutions in the country, in the framework of the implementation of certification conditions for transmission operators in power and natural gas sector;
- cooperation at regional level and within the international regulatory bodies where we adhere, increasing the active role in them;
- continuation of joint projects, such as the continuation of work within the third phase of the KEP (Know-How Exchange Program) project dedicated to the exchange of regulatory skills towards the Balkan area, which has continued during 2019 and will extend and with Bulgaria and Northern Macedonia during 2020.

REGARDING EU PROGRESS REPORT RECCOMENDATIONS.

ERE periodically informed, in the framework of the reports for the Subcommity of Transport, Environment, Energy and regional development regarding the recommendations of the EU progress report for 2019 as follows

For the unbundling of the Distribution System Operator:

After the transition period of 12 months, at the end of 2019, approved by ERE, for the effective transfer of the license, for the operation of the electricity distribution system from OSHEE to the Distribution System Operator (DSO) and the transfer of the license for electricity supply and the obligation of universal service for electricity supply from OSHEE to the "Universal Service Supplier" from January 1, 2020, the companies established by OSHEE, exercise separately in accordance with the issued licenses, the activities for the operation of the electricity distribution

system, the supply and the obligation of the universal service for electricity supply to the customers.

NATURAL GAS: TSO Unbundling – follow-up on certification of Albgaz company

1. ERE Board approved with decision No. 221 dated 20.12.2019 "On several amendments of ERE Board Decision no. 179, dated 08.11.2017, "On the certification of the combined operator of natural gas Albgaz company".

According to this Decision, ERE approved

- To abrogate point 2 of ERE Board Decision no. 63, dated 23.04.2019;
- To postpone the deadline for fulfilling the obligations defined in point 3 ERE Board Decision no. 63, dated 23.04.2019 until 20.06.2020;
- To postpone the deadline for fulfilling the obligations defined in point 4 ERE Board Decision no. 63, dated 23.04.2019 until 20.12.2020;
- Albgaz company shall submit at ERE the statements of the financial audits and the financial statements of the company every fiscal year.
- Albgaz company shall take measures within 20.06.2020 regarding the implementation of ownership unbundling in accordance with the provisions of Article 36 point 2 letter "a" and "b" of Law no. 102/2015 "On the Natural Gas Sector", as amended;
- If the ownership unbundling of Albgaz company has not been made according to Article 36 point 2 letter "a" and "b" of Law no. 102/2015 "On the Natural Gas Sector", as amended, within 20.06.2020, ERE has the right to review Decision No. 179, dated 08.11.2017, " On the certification of the combined operator of natural gas Albgaz company".

This decision was taken after it was assessed that Albgaz company has continuously followed the required procedures and has notified ERE regarding the measures taken under its duty to meet the conditions set out in the certification decision. Specifically, Albgaz reported to ERE that so far it has met the conditions set out in the certification decision, as follows:

2. The condition for reporting every month at ERE the procedure for registration of transmission assets and the completion of this procedure, where through the official letter Protocol No.51, dated 17.05.2019, Albgaz company has forwarded the required documentation, in which it results that this condition is fully met by the company.
3. The condition for the Independence of Financial Audits, which means that the financial audit can not be the same entity that performs the duties or performs the audit of companies / enterprises that perform any of the activities of production or supply of natural gas. Regarding the above, Albgaz company has forwarded the financial statements of 2018, together with the statements of the financial auditos, who are different from those appointed and who perform this activity for Albpetrol company.
4. Partly the condition regarding the appointment of the Compliance Officer subject to approval by ERE, as well as the drafting and submission at ERE of the report determined under the Regulatory Compliance Program. Following the determination of the Compliance Officer, approved by ERE, Albgaz company has informed ERE that the Compliance Program of the transmission system operator for natural gas "has been approved by the Supervisory Council of the company with Decision no. 18, dated 04.11.2019, but during the decision-making of ERE the condition on the approval of the

Compliance Program by the General Assembly of Albgaz company was not met, as defined in point 2 of the above-mentioned decision, where it is quoted that it enters into force after approval by the General Assembly.

Electricity market liberalization

Pursuant to the provisions of law no. 43/2015 "On Power Sector", as amended, electricity customers connected to the 35 kV voltage level, by the end of March 2020 have completed the process of entering the liberalized electricity market and shall not be able to be supplied by the Supplier of the Last Resort. From this process, are excluded the subjects defined in point 4.2 of Article 5 "On approving the conditions to impose the public service obligation that shall be implemented to the licensee on power sector, which perform the electricity generation, transmission, distribution and electricity supply activity" approved by Council of Ministers Decision No. 244, dated 30.03.2016, as amended, which stipulates that: "*for purposes of public interest, the Universal Service Supplier, within the public service, provides without interruption the supply of customers as follows.*

- *State entities that provide public health service (hospitals and emergency centers);*

- *Companies that provide drinking water supply to customers;*

- *State institutions for the execution of criminal decisions and state institutions"*.

Support for renewable energy sources, in the context of diversification of sources of electricity production

Pursuant to the obligations arising from the provisions of Law no. 7/2017 " On the promotion of the use of energy from renewable sources " ERE during 2019 has approved the annual purchase price of electricity from existing producers with priority, in accordance with the Methodology on setting 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 and has approved the electricity purchase price produced by photovoltaic plants for 2018.

Also, pursuant to the obligations arising from the provisions of Law no. 7/2017 "On the promotion of the use of energy from renewable sources" and in the framework of the promotion of renewable energy sources, the Energy Regulatory Authority:

- With the Board Decision no. 229, dated 20.12.2019, has approved the "Regulation on the issuance, transfer and cancellation of guarantees of origin for electricity produced from renewable sources";
- With Board Decision no. 234, dated 20.12.2019, ERE has approved some additions to the "Regulation on new connections in the distribution system", approved by decision no. 166, dated 10.10.2016, amended by decision no. 177, dated 08.11.2016 of ERE Board, as annex 3 "Tariffs for new connections to the distribution system of solar electricity generators with a total installed capacity of up to 500 kwp" for determining and approving tariffs for connection of self-generating solar power plants with a total capacity of up to 500 kW.

1. POWER SECTOR

1.1 POWER SECTOR STRUCTURE

The Power System in the Republic of Albania consists of : the production, transmission and distribution of electricity in order to supply customers. Each of these activities is exercised by entities licensed pursuant to Law no. 43/2015 "On Power Sector", as amended. Electricity generation is realized by public companies KESH sh.a. and Hec Lanabregas sh.a. with 100% of state shares, as well as by private entities licensed in this activity. Electricity transmission is realized by the company "Transmission System Operator" sh.a., which is a company with 100% of state shares, licensed to operate the electricity transmission system. The distribution of electricity is realized by the company "Electricity Distribution Operator" sh.a., which is a company with 100% of state shares, licensed to operate the electricity distribution system. The following figures show the Albanian Electricity System Scheme as well as the Scheme of Electricity and Commercial Flow.

POWER SECTOR SCHEME

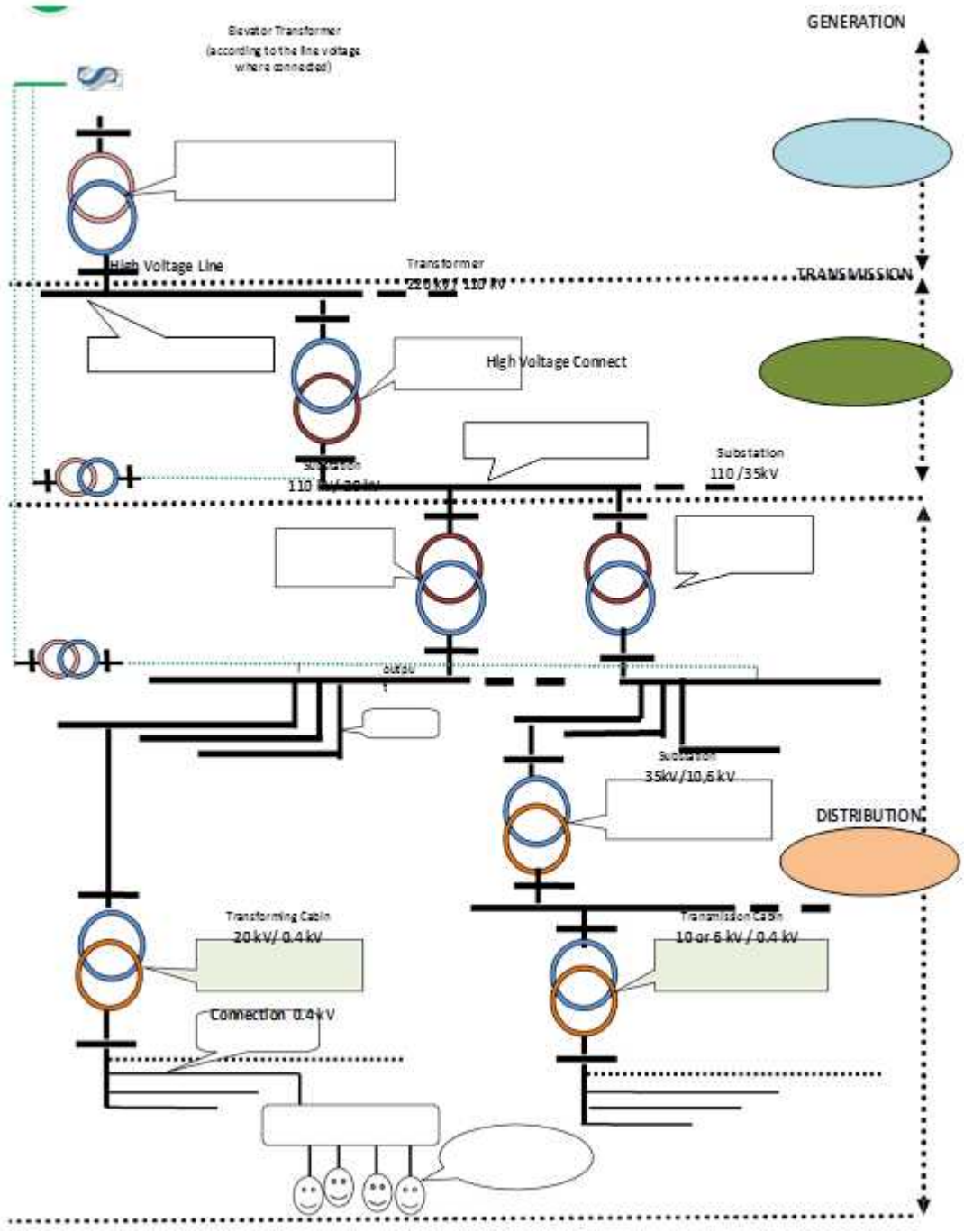


Figure 1 Power System Scheme (Source: ERE)

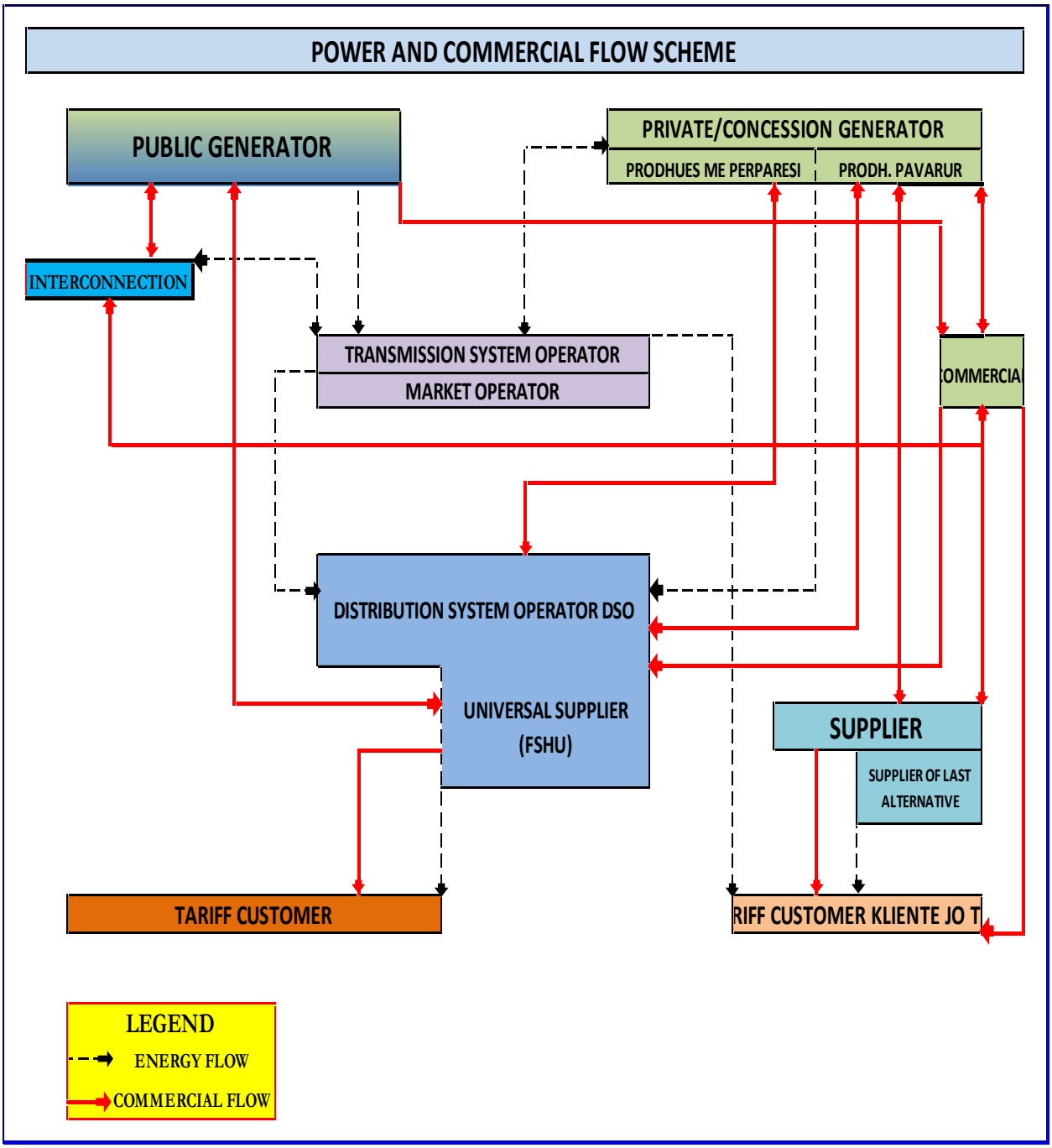


Figure 2 Power and Commercial Flow Scheme (Source: ERE)

1.2 ELECTRICITY PRODUCTION

The Electricity Production in our country is realized as an activity licensed by ERE, based on Law No.43/2015 "On Power Sector" as amended

Currently electricity production consists of two main components. The production realized by the Public Company KESH company and the production realized by other entities licensed in electricity production activity.

KESH company, is the biggest production company in Albania with a state owned capital. KESH is charged with the public service obligation for the Electricity supply of the Universal Supplier and to cover the Electricity losses in the distribution network according to Council of Minister Decision No.244 dated 30.03.2016, as amended.

Other electricity production companies are private entities, such as the priority and independent producers of electricity, as well as Lanabregas HPP. These companies licensed by ERE throughout the years utilize the existing plants, or the new ones mainly by concession agreements or the contracts to utilize the administration of the Electricity Production plants. These contracts are signed with the Albanian Government and other responsible Authorities defined by law, as well as some of the production plants that operate within the framework of privatization agreements. The total installed capacity in our country until December 31, 2019 is 2,275 MW. This capacity has had an increase level in 2019 of 71MW, compared to 2018.

Total electricity production capacity of the public company KESH is 1448 MW and constitutes about 63.47% of the total installed capacity in our country.

Total installed capacity of other electricity producers is 827 MW and constitutes about 36.53% of the total installed capacity in our country.

1.2.1 Total electricity production for 2019

The net domestic production of electricity realized for 2019 is **5,206,043** MWh

2,979,252 MWh was produced by the power plants owned by the public company KESH
2,226,794 MWh was produced by other plants.

Electricity production realized by KESH company occupies 57.3% of all electricity production in our country and electricity production from other producers occupies 42.7%.

The power plants of the electricity production are connected to both the electricity transmission and distribution networks. The installed capacity of power plants connected to the transmission network during 2019 is about **1,995** MW and their net production has turned out to be **4,537,484** MWh. The installed capacity of power plants connected to the distribution network during 2019 is about **280** MW and their net production has turned out to be **668,562** MWh.

	DATA FROM THE PRODUCERS 2019	Network	Number of the Entities	Number of the Plants	Installed capacity (MW)	Production 2019 (MWh)
PUB	Public Producer (Charged with Public service obligation)	Connected in TSO	1	4	1,448	2,979,252
PAV	Independent Producer (Producers in the Open market)	Connected in TSO	3	7	252	741,595
PPE	Priority Producers (Benefit from the Supporting Schemes)	Connected in TSO	28	45	295	816,637
	Priority Producers (Benefit from the Supporting Schemes)	Connected in DSO	100	137	265	646,366
	Producer with Photovoltaic Priority (Benefit from the Supporting Schemes)	Connected in DSO	8	8	15	22,196
			140	**201**	**2,275**	**5,206,046**

Figure 3 Data on the producers for 2019.

The figure below presents the net domestic production for 2019, evidencing the contribution to the production of electricity of KESH company, as the only public producer as well as the contributions of other Private/Concession producers. The production realized by the public company KESH company, continues to have the main weight in the domestic production for 2019.

NET DOMESTIC GENERATION	2019
Private/Concession HPP-s, OSHEE network	612,995
Private/Concession HPP-s, TSO network	625,142
Lanabregas HPP	33,368
Net Kurum Production	330,742
Ashta HPP	191,495
Peshqesh HPP	91,100
FANGU HPP	166,396
Banje HPP	153,357
Photovoltaic plants	22,196
Net KESH Production.	**2,979,252**
Domestic in Total 2019	**5,206,043**

Source TSO company

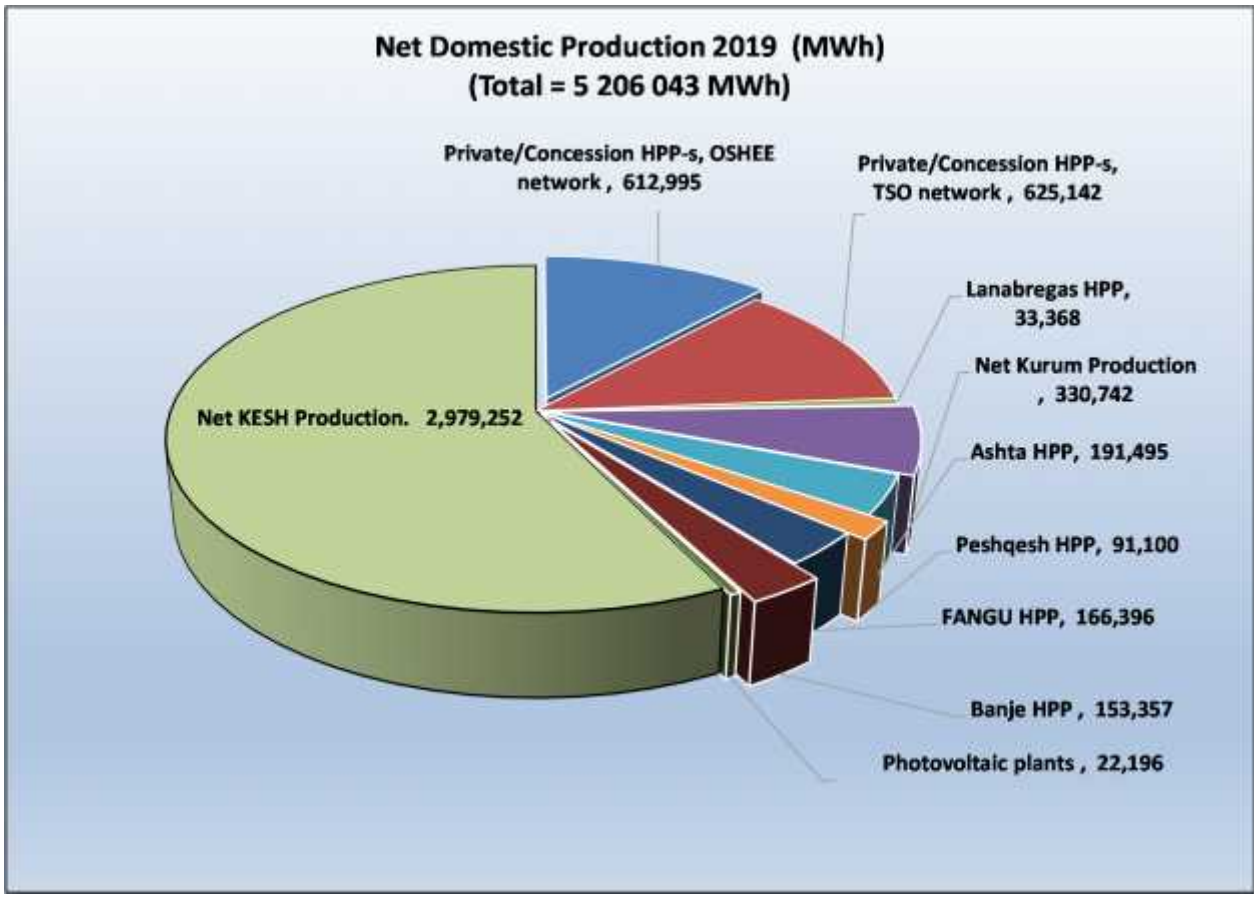


Figure 4 Net domestic production for 2019

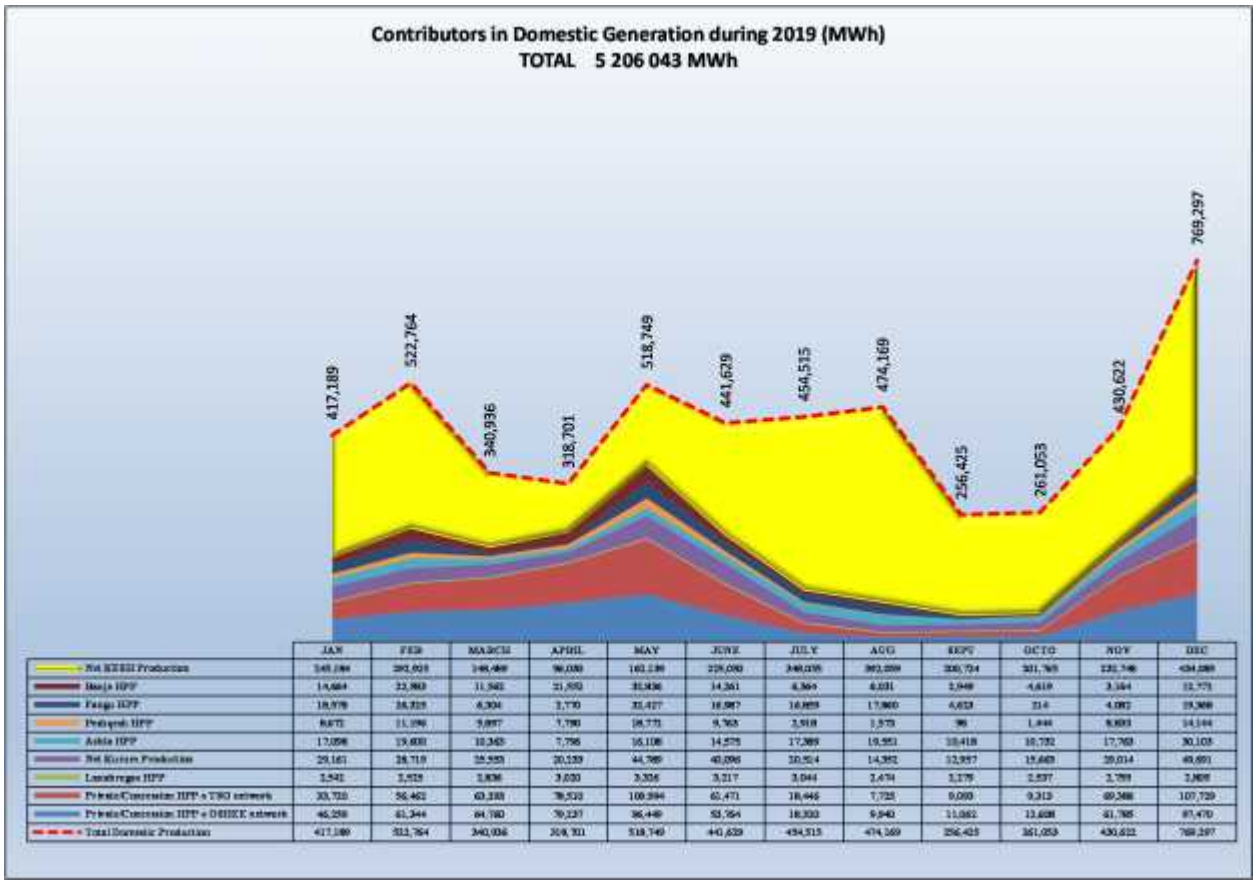


Figure 5 Contributors in domestic production during 2019 (MWh)

The figures below show the comparison of the monthly net production during 2019 with the average production 2009 – 2019 period.

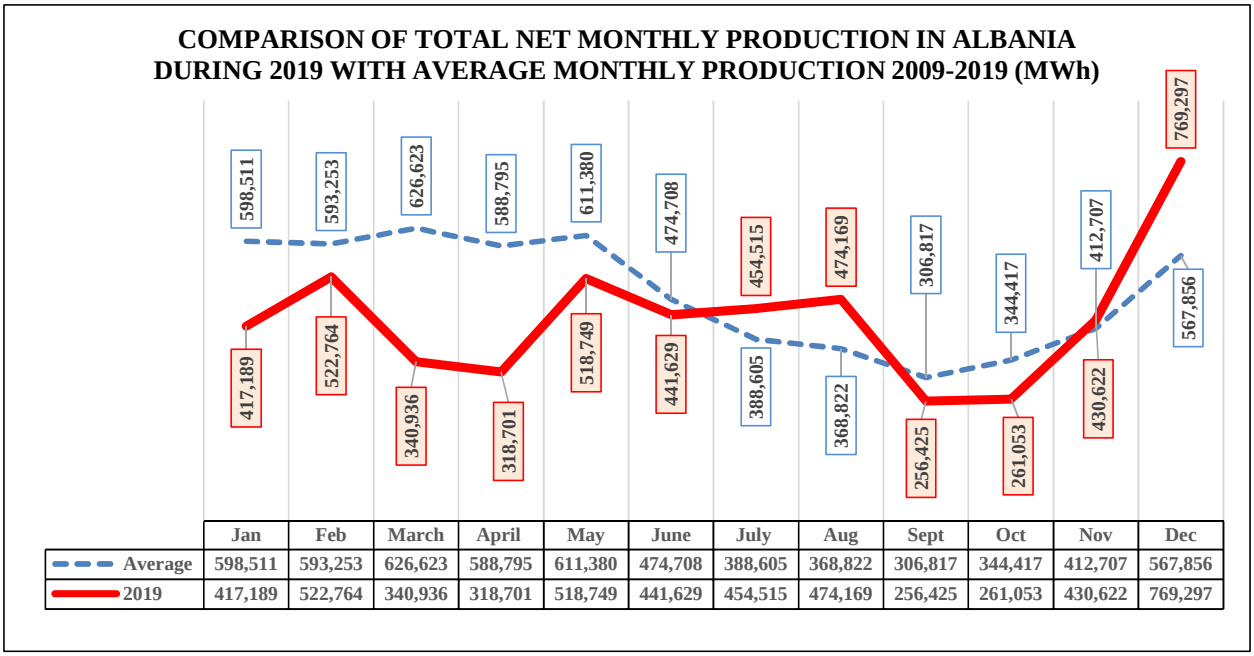


Figure 6 Domestic monthly production for 2019, compared with the average for 2009-2019

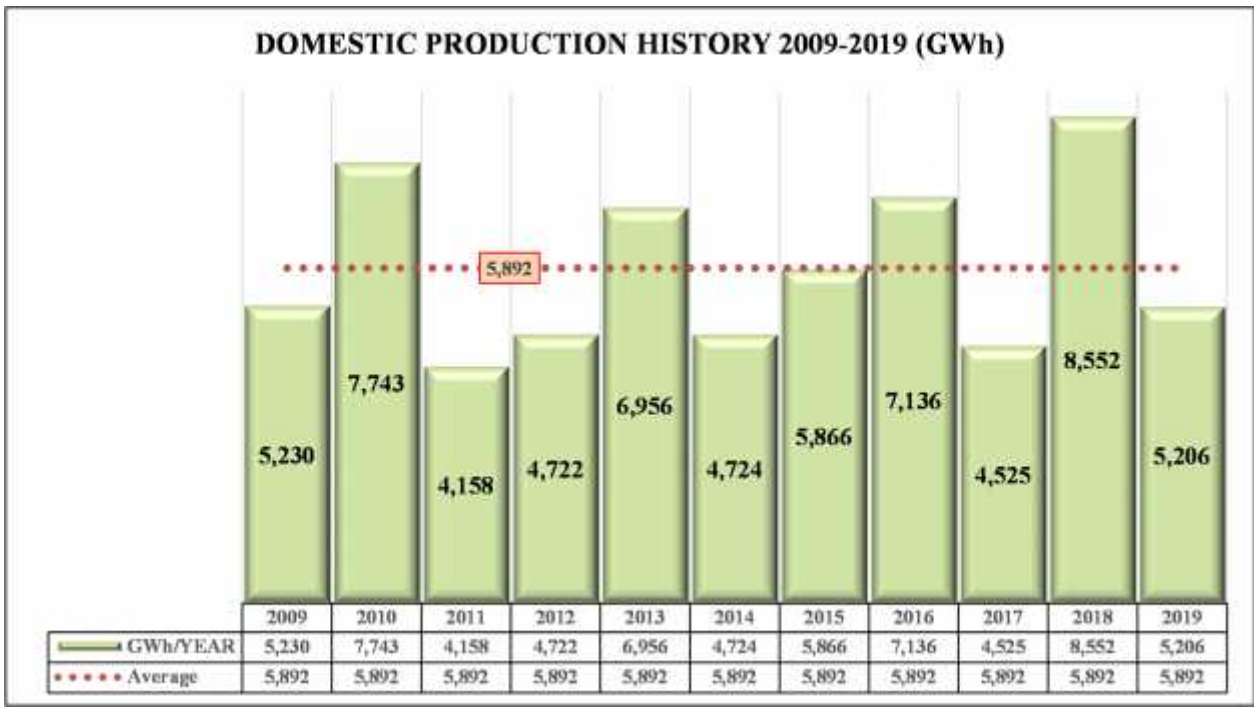


Figure 7 History of net domestic production for 2009-2019 period

From the analysis of electricity production history registered in the country, it results that 2019 with the amount of production of about 5,206 GWh, has marked a decrease compared to the average electricity production in 2009 – 2019 period. The average electricity production for the

2009 - 2019 period is 5,892 GWh. The production realized for the year 2019 is about 11.6% lower than the average production for 2009 – 2019 period.

The maximum monthly electricity production for 2019 was recorded in December with the amount of **769,297** MWh. This production is realized by the hydropower plants under the administration of KESH company to the extent of 56.4%. The minimum monthly production of electricity during 2019 was realized in October in the amount of **256,425** MWh.

The graph shows that 2019 is considered as a bad hydrological year, due to the fact that despite the increase of production capacity during 2019, the electricity production for this year resulted in the amount **5,206** GWh, thus 686 GWh less than production average electricity for 2009 – 2019 period. Taking into account the fact that our country bases the production of electricity mainly on hydro resources, in bad hydrological years where 2019 is included, the production of electricity is lower than the average many years in the period 2009 - 2019.

1.2.2 Electricity production from the public production plants for 2019

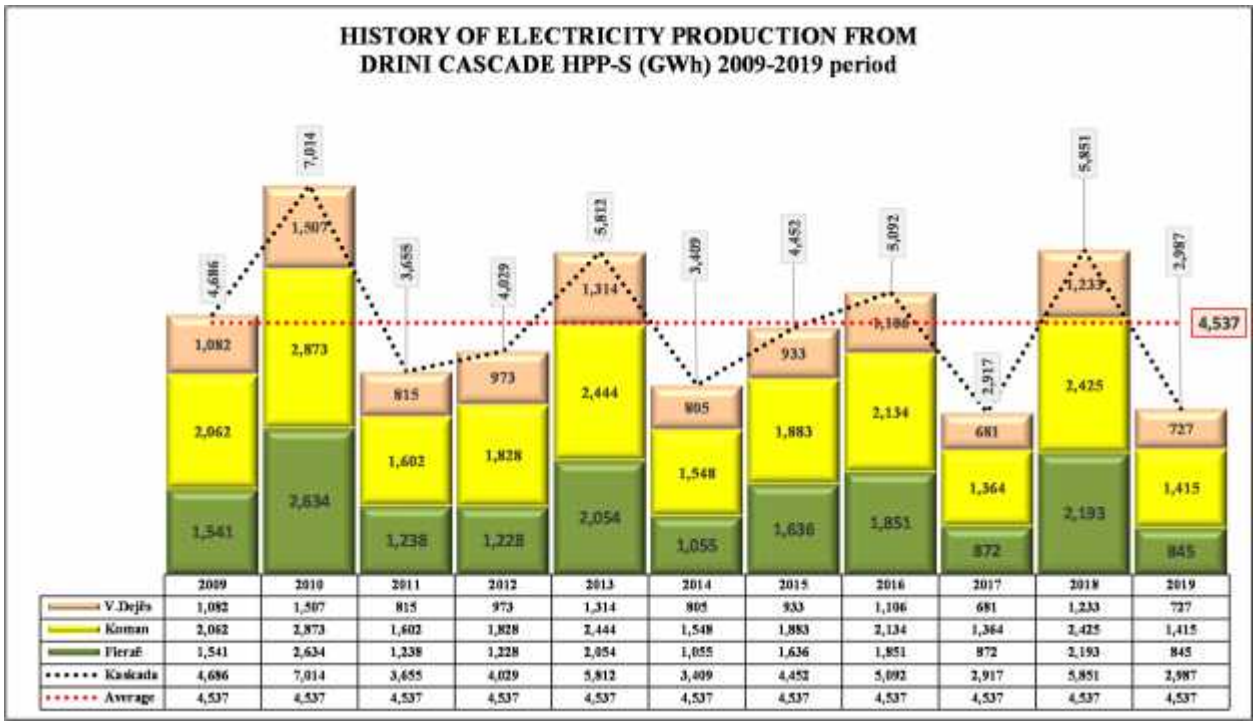
Public production of electricity is performed by the joint stock company KESH company with 100% of state shares. KESH owns three hydropower plants of the Drin River Cascade as well as the Vlora termo power plant. The composition of the plants group owned by KESH company and the installed capacity of each of them, which realize the public production is presented in the table.

Characteristics of the plant	Public Production Plants			
	Fierzë HPP	Koman HPP	V.Dejës HPP	Vlorë TPP
No. of the Agregates.	4	4	5	2
Agregates Power MW	125	150	50	70 + 28
Installed capacity of the plant MW	500	600	250	98
Total Capacity MW	1,448			

Figure 8 Structure of the Public Production Electricity Plants (Source: KESH company)

The total installed capacity owned by KESH company, reaches to 1,448 MW, of which the installed capacity of HPPs in Drin River cascade is 1,350 MW and of Vlora TPP 98 MW.

The net production from the production plants of KESH company for 2019 turns out to be 2,979,252 MWh, which constitutes 57.3% of the total net domestic production during this year. This production is realized in the amount of 1 415 GWh from HPP Koman, 845 GWh from HPP Fierza and 727 GWh from HPP Vau i Dejës.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
V.Dejës	1,082	1,507	815	973	1,314	805	933	1,106	681	1,233	727
Koman	2,062	2,873	1,602	1,828	2,444	1,548	1,883	2,134	1,364	2,425	1,415
FierzË	1,541	2,634	1,238	1,228	2,054	1,055	1,636	1,851	872	2,193	845
Kaskada	4,686	7,014	3,655	4,029	5,812	3,409	4,452	5,092	2,917	5,851	2,987
Average	4,537	4,537	4,537	4,537	4,537	4,537	4,537	4,537	4,537	4,537	4,537

Figure 9 History of Electricity Production from Drini Cascade HPP-s (Source: TSO company).

Maximum production of electricity realized by KESH sh.a. for the period 2009 - 2019 was reached in 2010 in the amount of 7 014 GWh. The production of electricity in 2010 is 2.3 times higher than the production of electricity achieved in 2019 which results in the amount of 2 987 GWh. This indicator clearly represents the high degree of hydrological risk in the stability of electricity production in our country, which bases the production of electricity mainly on hydropower sources.

Below is presented in detail the monthly electricity production from the hydropower plants of the Drin River cascade under the administration of KESH company.

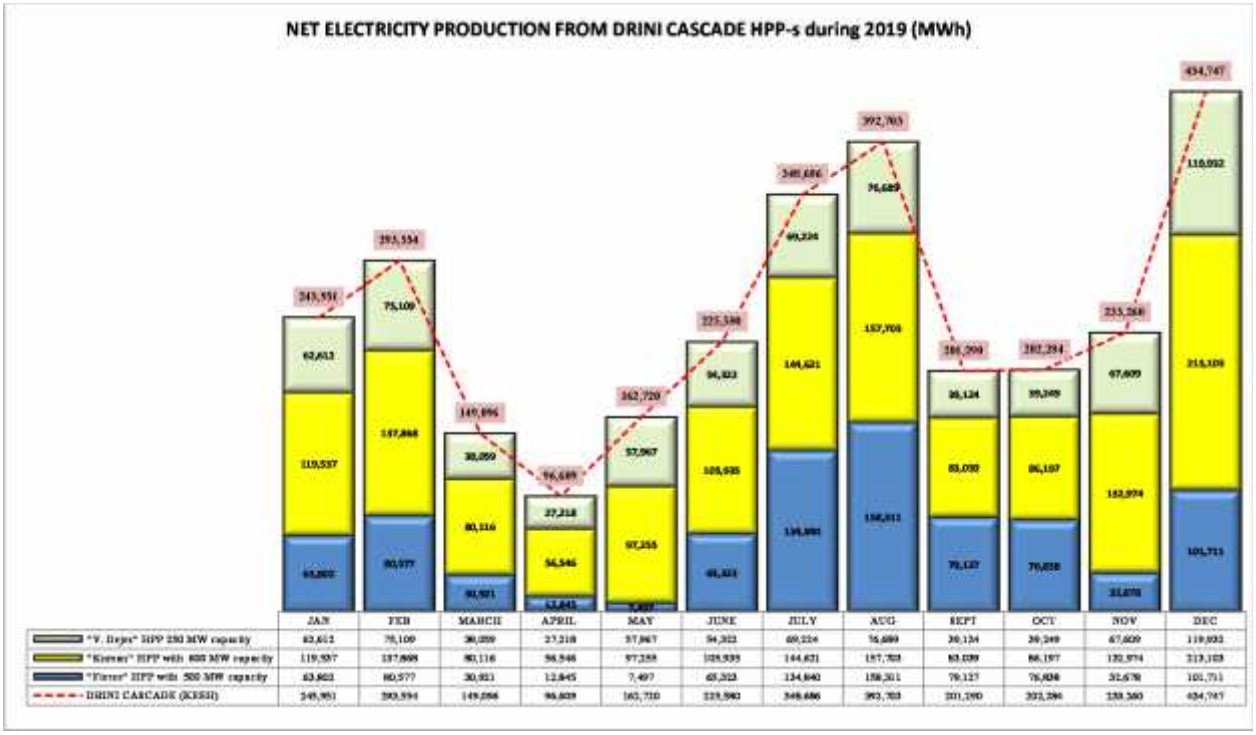


Figure 10 Electricity Production from Drini Cascade HPP-s during 2019 (Source: KESH company , TSO company).

Maximum production of KESH company was recorded in December in the amount of 434,747 MWh and minimum in April in the amount of 96,609 MWh.

According to the reports of KESH company, the utilization of the hydropower reserve has been in optimal conditions. The loading coefficients of the aggregates presented in the following table for 2019 in percentage are higher for all three HPPs in the Drin river cascade compared to the multi-year average for each HPP.

Aggregate Load	Fierze HPP	Koman HPP	V.Dejes HPP
Average in (%) for 2019	89	79	86.1
Multi year average (%)	85	77	85

The figure below shows the discharges from hydropower plants during 2019.

WATER DISCHARGES FROM DRINI CASCADE HPP-S DURING 2019 (MILION M3)												
	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec
FIERZË	0	0	0	0	0	0	0	0	0	0	0	0
KOMAN	0	0	0	0	0	0	0	0	0	0	0	24
VAU DEJËS	0	0	0	0	0	0	0	0	0	0	0	0

Figure 11 Water discharges without electricity production from KESH company HPP-s during 2019.

Water discharges without electricity production from HPPs of the Drin River cascade result in minimum values and occurred only during December 2019. This period has been characterized by large water inflows in the basin of HPP Koman (basin with small reserve capacity) and pursuant to the Regulation of Complete Discharge, in terms of maximum loading of production units in Koman HPP, water discharge was realized without electricity production.

Figure 12 graphically shows the water discharges from HPPs of KESH sh.a in the Drin River Cascade, for each year in the period 2002 - 2019

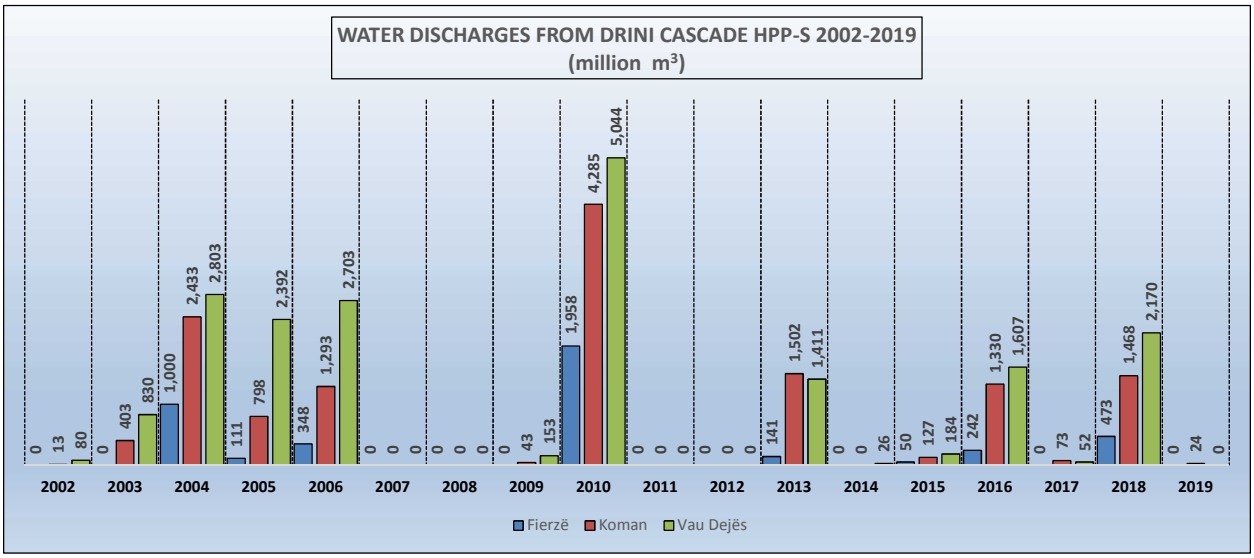


Figure 12 Water Discharges from Drini Cascade HPP-s (2002-2019) (Source: KESH company).

Below it is presented the level in meters of Lake Fierza for 2019 at the end of each month.

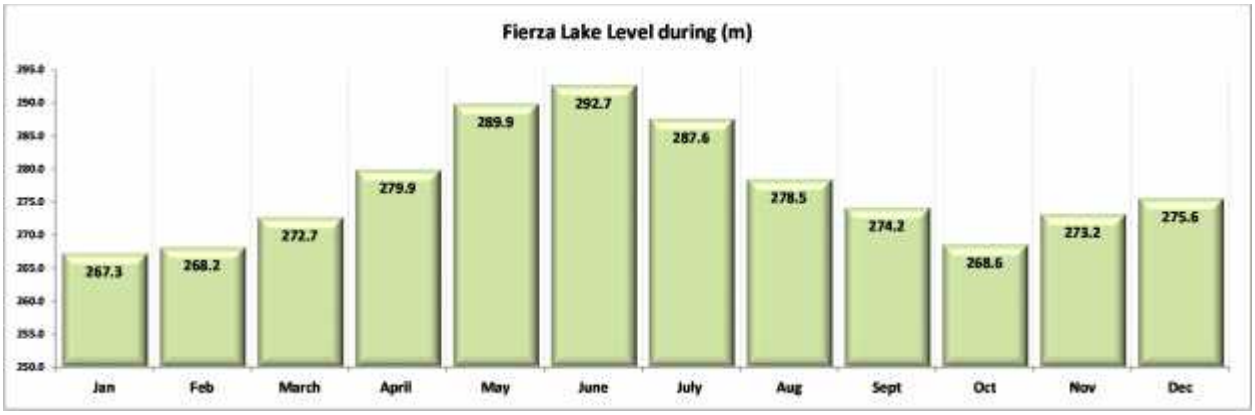


Figure 13 Level of Fierza Lake during 2019 (m).

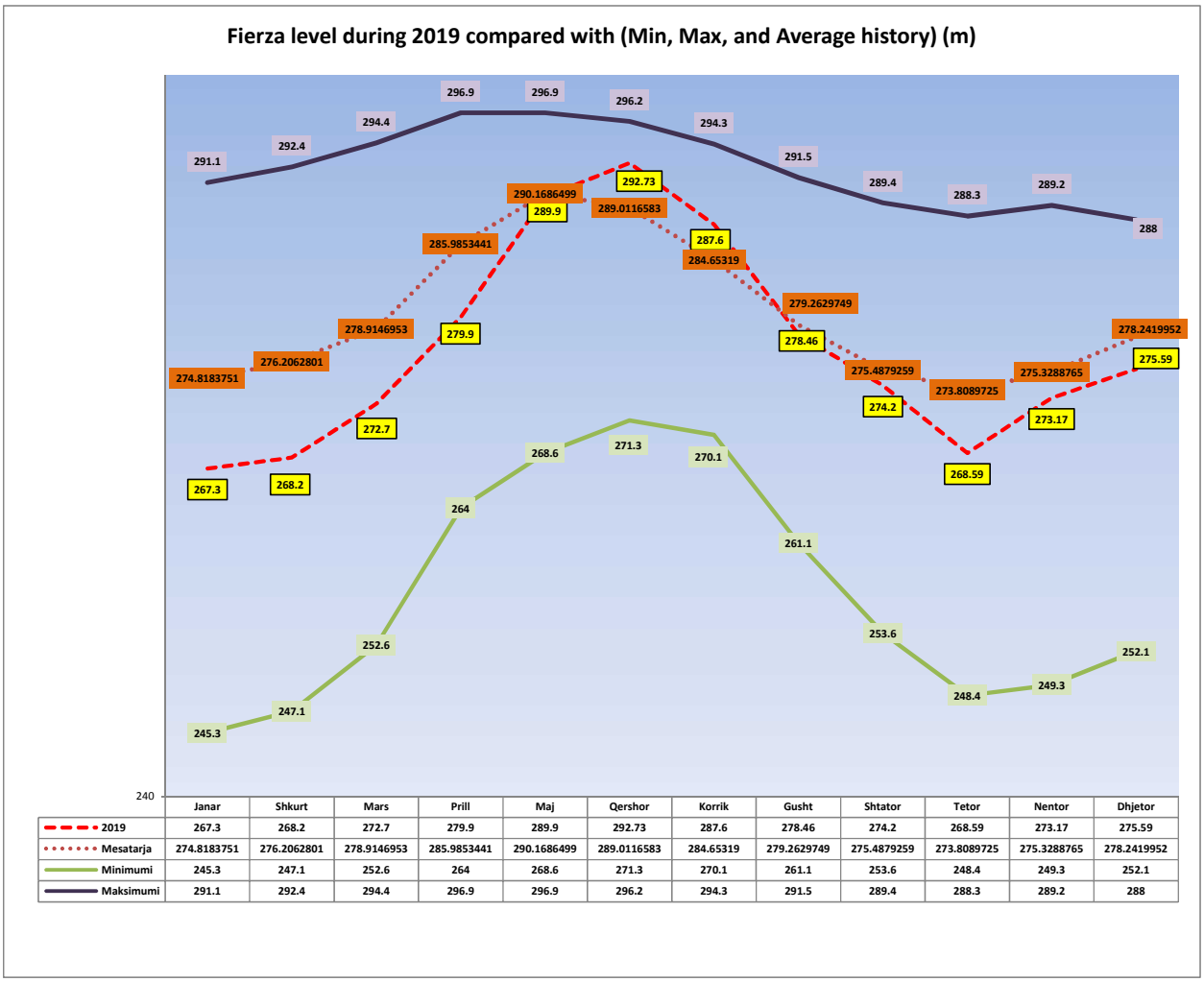
The basin of the Fierza HPP functions as an annual regulator of the hydro reserve of the Drin River, which directly affects the use of the entire cascade over the Drin River.

Historical data on the level of the lake of Fierza HPP for the period 1991 - 2019 are presented below, identifying the minimum quotas and maximum quotas.

	FIERZA LEVEL 1991-2019 period											
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
1991	254.4	260.8	268.6	279.9	293.4	296.1	294.0	291.5	289.4	288.3	288.8	285.1
1992	278.0	274.1	268.0	278.8	281.0	279.6	275.2	268.7	263.9	271.4	281.9	280.6
1993	275.2	265.3	264.7	278.5	280.5	277.3	271.0	261.1	253.6	249.9	255.6	270.2
1994	254.4	260.8	268.6	279.9	293.4	296.1	294.0	291.5	289.4	288.3	288.8	285.1
1995	253.8	260.3	262.5	275.3	289.0	288.7	284.5	282.2	288.2	283.8	279.9	287.5
1996	287.1	288.7	286.5	294.7	295.8	293.1	287.6	282.2	285.1	284.3	289.2	291.3
1997	289.4	284.5	281.7	285.2	294.1	292.0	287.0	280.0	272.9	272.4	270.8	277.2
1998	273.7	270.0	265.2	278.9	288.1	287.4	281.8	277.6	276.0	277.1	279.0	277.1
1999	272.7	275.6	281.5	290.5	295.9	293.3	288.3	279.5	271.0	257.6	263.6	276.9
2000	276.4	276.7	276.8	286.9	286.6	280.1	273.5	267.5	261.6	248.4	249.3	252.1
2001	253.6	258.2	275.1	282.9	287.6	283.8	273.7	271.1	269.2	263.6	263.2	252.1
2002	245.3	247.1	252.6	264.0	268.6	271.3	270.1	267.8	274.3	286.1	285.3	284.0
2003	291.1	289.5	286.3	287.0	292.3	290.3	285.9	280.8	276.0	282.6	285.6	283.3
2004	284.7	290.8	293.4	296.0	296.2	296.2	293.1	286.3	281.1	280.0	286.1	288.0
2005	281.2	281.5	293.3	296.1	295.6	294.1	286.7	277.2	266.5	256.9	253.6	279.0
2006	283.5	288.6	294.4	295.9	296.5	295.9	293.8	290.2	285.3	278.7	266.2	256.2
2007	256.1	263.7	272.0	276.8	276.8	274.8	268.5	263.6	261.8	261.1	275.8	282.1
2008	285.1	289.7	290.9	295.5	295.3	295.7	294.3	288.6	283.9	280.9	285.2	286.5
2009	283.6	281.8	283.4	292.5	293.7	292.4	288.0	281.2	276.2	271.6	266.3	280.1
2010	290.1	289.2	293.9	296.0	296.3	294.4	291.8	288.6	284.9	285.2	284.3	287.5
2011	281.6	274.4	275.0	276.6	281.0	286.1	284.7	279.0	273.9	268.2	261.6	264.5
2012	265.8	267.7	262.0	280.2	293.4	294.4	288.4	280.4	261.4	261.6	269.0	276.6
2013	278.3	281.5	294.8	296.9	296.9	294.2	289.7	283.6	280.8	281.4	282.5	276.1
2014	275.1	277.5	274.6	285.3	292.9	294.9	291.7	286.8	285.5	285.0	284.8	286.3
2015	288.7	289.4	292.2	296.3	296.1	293.3	287.5	280.1	272.1	275.4	278.9	275.9
2016	289.9	292.4	291.8	296.5	296.2	295.6	290.5	285.4	283.3	288.4	288.9	281.6
2017	271.5	277.7	280.9	278.7	281.6	272.4	270.2	268.0	271.0	264.6	269.6	289.9
2018	289.7	292.0	295.0	296.5	296.4	296.0	294.0	287.5	277.9	270.2	266.5	267.3
2019	267.3	268.2	272.7	279.9	289.9	292.7	287.6	278.5	274.2	268.6	273.2	275.6
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	December
2019	267.3	268.2	272.7	279.9	289.9	292.7	287.6	278.5	274.2	268.6	273.2	275.6
Average	274.8	276.2	278.9	286.0	290.2	289.0	284.7	279.3	275.5	273.8	275.3	278.2
Minimum	245.3	247.1	252.6	264.0	268.6	271.3	270.1	261.1	253.6	248.4	249.3	252.1
Maximum	291.1	292.4	294.4	296.9	296.9	296.2	294.3	291.5	289.4	288.3	289.2	288.0

Figure 14 Level of Fierza Lake HPP for 1991 – 2019 period.

Below is graphically presented the water level in meters in the reservoir of Fierza for each month of 2019, compared to the average monthly historical levels for the period 1991-2019.

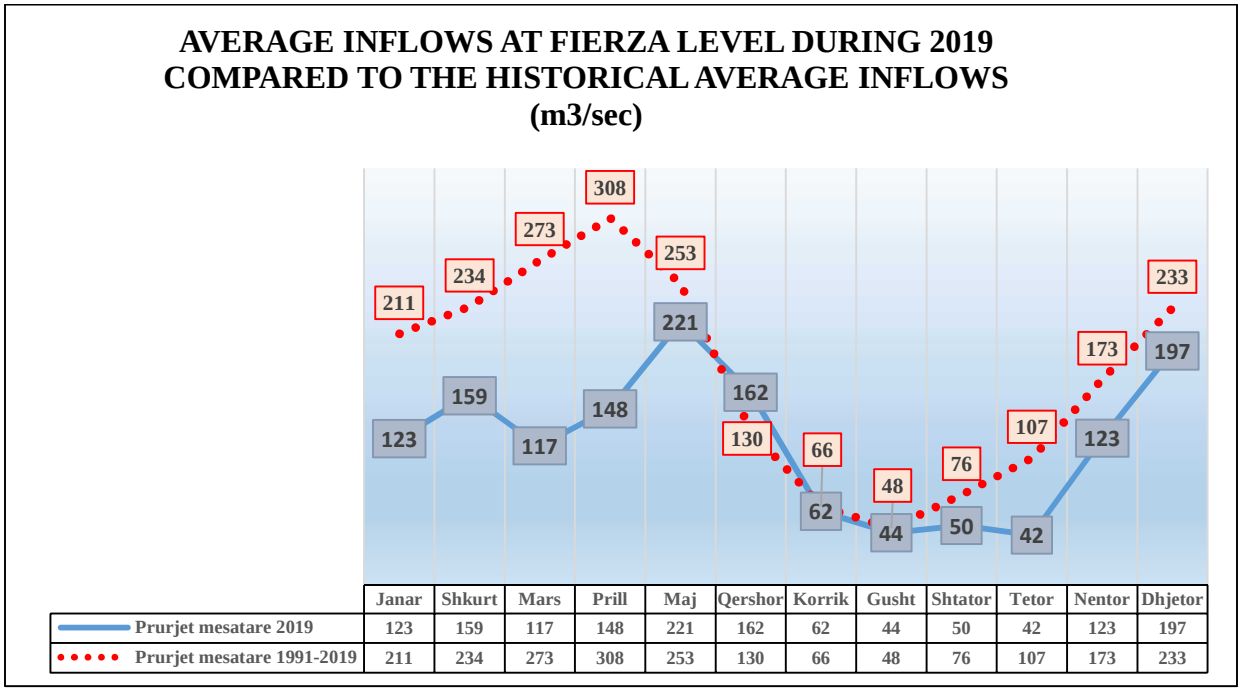


	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	December
2019	267.3	268.2	272.7	279.9	289.9	292.7	287.6	278.5	274.2	268.6	273.2	275.6
Average	274.8	276.2	278.9	286.0	290.2	289.0	284.7	279.3	275.5	273.8	275.3	278.2
Minimum	245.3	247.1	252.6	264.0	268.6	271.3	270.1	261.1	253.6	248.4	249.3	252.1
Maximum	291.1	292.4	294.4	296.9	296.9	296.2	294.3	291.5	289.4	288.3	289.2	288.0

Figure 15 Fierza level in (m) regarding the maximum, minimum average for 1991 – 2019 period.

As it can be seen, until May 2019, the water level in Lake Fierza has been lower compared to the historical average level. Following the water level in Lake Fierza for a period of two months June - July has been slightly higher than the multi-year average reaching in August almost the average level and then until December this level has been below the multi-year average.

The following Figure shows the average inflows for 2019 in Lake Fierza compared to the historical average inflows for each month.



Average inflows at Fierza lake during 2019 compared with the average historical inflows (m^3/sec)

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Average inflows 2019	123	159	117	148	221	162	62	44	50	42	123	197
Average historical inflows (1991-2019)	211	234	273	308	253	130	66	48	76	107	173	233

Figure 16 Average monthly inflows (m3/sec.) at Fierza HPP during 2019 compared with the historical average.

During 2019, water inflows are generally below the historical average (where the highest result in May with about 221 m3 / sec).

The graph of the following figure shows the utilisation of hydropower reserve in the Drini River Cascade during 2019.

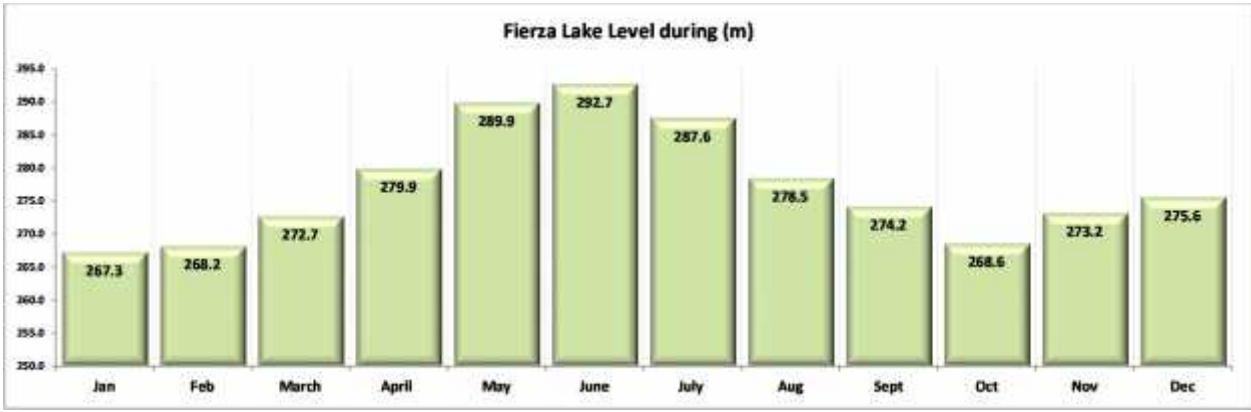


Figure 17 Daily Electricity Reserve in Drini Cascade during 2019 (Source: KESH company).

The hydropower reserve of the Drin river cascade is administered by KESH company based on the following criteria:

- Optimization of KESH company, portfolio and the sector in general.
- Operation at optimal levels of HPP and best usilization of the basins
- Operation according to the provisions of the dam safety regulation.
- To generate in a stable and qualitative way, guaranteeing electricity supply which is secure and at the lowest possible cost to the end use customers.
- To provide in a timely and appropriate manner the ancillary services, in order to guarantee a secure and stable operation of the power system.

1.2.3 Realization of Production Indicators and Management of the Hydro Reserve.

KESH company, during 2019 managed the hydro reserve in the fulfillment of the obligation for the electricity supply of the Universal Service Supplier, as well as to provide the ancillary services and electricity to balance the Albanian Power System.

The average inflows in the lakes of HPPs, administered by KESH company, resulted in 119 m3 / s, or 34% less than the multi-year average. Occurring in difficult hydric conditions KESH planned such production programs, which guaranteed careful management of the energy reserve.

Due to the high demand for electricity, in January and February 2019, KESH, generated 544 GWh, keeping intact the energy reserve of the cascade in the river Drin. Generation from cascade HPPs decreased significantly in the period March - June 2019 (639 GWh), therefore the cascade energy reserve marked a gradual increase from 454 GWh at the beginning of March to 1239 GWh at the end of June. This energy reserve made possible the supply at high levels in the summer period July - September (950 GWh) when electricity consumption is increased due to the tourist season.

Due to a long period without rainfall in the collecting water basin of the Drin River, in October and November 2019, KESH generated a total of 439 GWh, of which, about 290 GWh were realized from the management of cascade flows and about 149 GWh from energy reserves.

The improvement of the hydro situation in the cascade in December (inflows in Fierza HPP 180m3 / s and Koman HPP 178 m3 / s), affected the increase of production to 390 GWh, completing a large part of the electricity supply for the needs of end use consumers as well as significantly increasing the energy reserve by about 120 GWh.

Overall, the management of the energy reserve by KESH managed to guarantee:

- The maintenance of the most appropriate import / production ratio in the country, increasing the safety of operation of the power system.
- Increasing the safety of uninterrupted electricity supply.
- Offering in time and in the right quality the ancillary services.

According to the information of KESH company, below are presented the developments regarding the management of the situations created during 2019.

Water Specific Consumption in m3/kWh from KESH company HPP-s of Drini Cascade during 2019 (compared with the multi year average)													
HPP		Jan	Feb	March	April	May	June	July	August	Sept	October	November	December
Fierze	(2019 (m3/kWh)	4.50	4.30	4.41	4.09	3.62	3.54	3.63	3.75	4.04	4.24	4.19	4.11
	Multi year average	4.07	4.08	3.98	3.82	3.63	3.61	3.72	3.90	4.07	4.20	4.22	4.11
Koman	(2019 (m3/kWh)	4.21	4.22	4.15	4.22	4.21	4.14	4.11	4.27	4.19	4.16	4.08	4.26
	Multi year average	4.22	4.22	4.22	4.20	4.19	4.18	4.18	4.18	4.19	4.20	4.22	4.22
V.Dejes	(2019 (m3/kWh)	8.53	8.50	8.48	8.50	8.41	8.47	8.50	8.53	8.52	8.56	8.52	8.51
	Multi year average	8.59	8.59	8.49	8.43	8.42	8.44	8.43	8.44	8.46	8.47	8.49	8.55

Figure 18 Water specific consumption at the HPP-s at KESH company.

DATA TO UTILISE THE GENERATING CAPACITIES FOR 2019						
HPP	**Year**	**Production (MWh)**	**Average capacity permitted for the Aggregate (MW)**	**Average Load Coefficient, Aggregate (%)**	**Working hours total**	**Average utilization coefficient, Aggregate (%)**
Fierze	**2019**	**849,696**	**104.4**	**89.00**	**9,121**	**0.26**
Koman		**1,426,928**	**148.4**	**79.00**	**12,081**	**0.34**
Vau Dejes		**733,214**	**46.9**	**86.10**	**18,182**	**0.42**

Figure 19 Utilisation of the generating capacity of the Plants.

The above data show that the utilization coefficients for 2019 have been above the multi-year average for the three HPPs of the Drin River cascade.

1.2.4 Situation of Vlora TPP.

KESH company is the sole shareholder of the company Vlora Termo Power Plant (Vlora TPP), a company which manages the generating asset Vlora TPP.

During 2019, Vlora TPP has exercised its activity in relation to the conservation of the generating asset which is not in working condition due to a defect in the cooling system since 2012.

Meanwhile, the Ministry of Infrastructure and Energy, on date 28.12.2018, made a public announcement for bids of concession with the object "For the rehabilitation and commissioning of the Vlora Power Plant and the construction of the Fier-Vlora gas supply pipeline TPP, in the form of ROOT ".

The Ministry of Infrastructure and Energy was the contracting authority, which organized the competition for the concession of this generating asset.

The procedure is on assessment by the Contracting Authority.

Since Vlora TPP is in conservation conditions, personal consumption of Vlora TPP is guaranteed through the supply line 220 kV, Babica Substation and is covered by KESH company

1.2.5 Electricity production from independent and priority private generating plants

Electricity production realized by private production plants for 2019 is 2,226,794 MWh or 42.7% of total domestic production.

For 2019, the number of private production plants that have produced electricity is 197, where 7 of them are independent producers which are owned by 3 licensed entities/subjects, while the rest of 190 plants are priority producers of electricity which are owned by 136 licensed entities in the electricity production activity. In total, the installed capacity of private production plants is 827 MW, where the installed capacity of the independent producers is 252 MW, while 575 MW belongs to the plants of priority producers of electricity.

Data on producer groupings are summarized below.

Data on Priority Producers for 2019		Network	Number of Entities	Number of the Plants	Installed Capacity (MW)	Production 2019 (MWh)
PPE	Priority Producers (Benefiting from the Supporting Schemes)	Connected on the TSO	28	45	295	816,637
	Priority Producers (Benefiting from the Supporting Schemes)	Connected on the DSO	100	137	265	646,366
	Photovoltaic Priority Producers (Benefiting from the Supporting Schemes)	Connected on the DSO	8	8	15	22,196
			136			**1,485,199**

Figure 20 Data on priority producers and the independent ones for 2019.

Data on Independent Producers 2019					
	HPP-s and Capacity	**MW**	**Entity**	Connection	**2019**
P.Pav	"Ulez" HPP with 25,2 MW capacity	**25.200**	"Kurum International" company	110 kV	330,742
P.Pav	"Shkopet" HPP with 24 MW capacity	**24.000**		110 kV	
P.Pav	"Bistrica 1" HPP with 22,5Mw capacity	**22.500**		110 kV	
P.Pav	"Bistrica 2" HPP 5 Mw capacity	**5.000**		110 kV	

P.Pav	"Peshqesh" HPP 27,94 MW capacity,	**27.940**	"Ayen As Energji" company	220 kV	91,100
P.Pav	"Fangu" HPP 74.6 MW capacity;	**74.600**		220 kV	166,396
P.Pav	"Banje" HPP 73 MW capacity	**73.000**	"Devoll Hydropower" company	110 kV	153,357
		252.240			**741,595**

Figure 21 Data on Independent Producers for 2019.

Data on Priority Producers and the Independent ones for 2019		Network	Number of	Number of	Installed capacity	Production
P.Pav	Independent Producers (Producers in the Open market)	Connected on TS	3	7	252	741,595
PPE	Priority Producers (Benefit from the Supporting Schemes)	Connected on TS	28	45	295	816,637
PPE	Priority Producers (Benefit from the Supporting Schemes)	Connected on DS	100	137	265	646,366
PPE	Photovoltaic Priority Producers (Benefit from the Supporting Schemes	Connected on DS	8	8	15	22,196
			139	**197**	**827**	**2,226,794**

Figure 22 Data on priority producers for 2019.

During 2019, the following entities are introduced into production, which realize electricity production from photovoltaic plants.

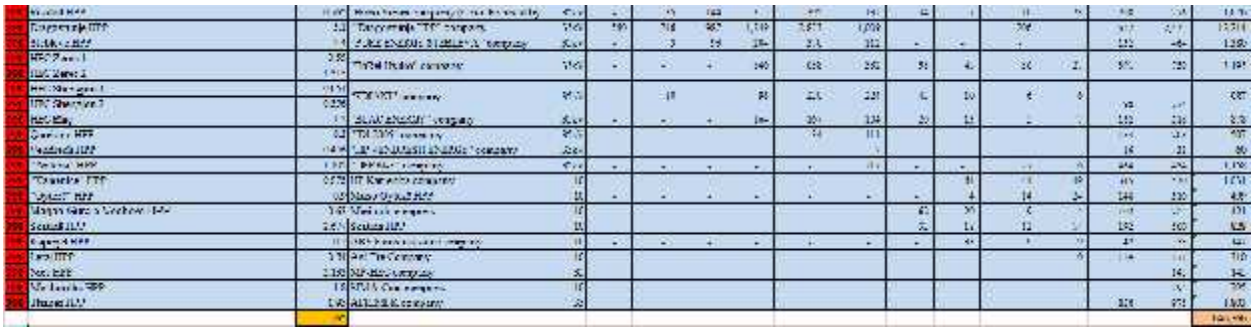
DATA FOR 2019 FROM THE PHOTOVOLTAIC PLANTS CONNECTED IN THE DISTRIBUTION SYSTEM (MWh)

Seman – 2	2	"SEMAN2SUN" company	35 kV
Topojë	1.998	"SONNE" company	35 kV
Topojë 2	1.998	"AED SOLAR" company	35 kV
Topojë (Sheq Marinas)	2	"AGE SUNPOWER" company	35 kV
Topojë (Sheq Marinas) 2	2	"SEMAN SUNPOWER" company	35 kV
Seman1solar	2	SEMAN1SOLAR company	35 kV
Plug, Lushnje	2	"AEE" company	10 kv

Figure 23 Photovoltaic plants introduced into production during 2019.

1.2.6 Production from power plants introduced into production during 2019

The annual net production of electricity from plants that are introduced in production during 2019 is submitted in the following Figure. As can be seen during 2019, a total of 36 plants with an installed capacity of 74.3 MW are introduced into production, which have produced during 2019 the amount of 83,158 MWh. The production of electricity realized by the plants that have entered production during 2019 occupies about 1.6% of the total domestic production of electricity for this year.



	Production during 2019 from the Photovoltaic plants connected in the Distribution Network (MWh)																
	Photovoltaic Plant	MW	SUBJEKTI	Connection	Jan	Feb	March	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	2019
PPE	UKKO	1.000	"UKKO"company (Ujsjell.Kanal.Korce)														
PPE	Seman – 2	2	"SEMAN2SUN" company	35 kV	262	183	376	354	383	422	452	452	340	307	154	156	3,840
PPE	Topojë	1.998	"SONNE" company	35 kV	271	236	375	352	382	441	450	447	337	306	153	156	3,905
PPE	Topojë 2	1.998	"AED SOLAR" company	35 kV	270	194	374	351	380	439	450	450	338	306	153	157	3,862
PPE	Topojë (Sheq Marinas)	2	"AGE SUNPOWER" company	35 kV	273	236	375	351	380	439	449	449	338	306	152	156	3,903
PPE	Topojë (Sheq Marinas) 2	2	"SEMAN SUNPOWER" company	35 kV	236	238	380	355	384	423	455	455	342	309	155	159	3,891
PPE	SemanIsolar	2	SEMANISOLAR company	35 kV	-	-	-	-	-	-	-	-	247	344	176	185	953
PPE	Plug, Lushnje	2	"AEE" company	10 kv	-	-	-	-	-	282	350	350	281	279	145	158	1,844
		14.996															22,196

Figure 24 Production from the Plants that are introduced into production during 2019.

* *The production figures in brackets represent net consumption of production plants*

1.2.7 Electricity production according to the network where the production plants are connected

The installed capacity of the power plants connected in the transmission system for 2019 is 1 995 MWh. The total electricity production from these plants is 4 537 484. The detailed production for each of the plants connected to the transmission network during 2019 is presented in the following table:

Production during 2019 from the Plants connected in the Transmission Network (MWh)																
HPP-s and Capacity	MW	ENTITY	CONN	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DECEMBER	2019
"Fierze" HPP	500.000	"KESH" company	220 kV	245,184	292,925	148,489	96,030	162,139	225,050	348,055	392,059	200,724	201,765	232,748	434,085	2,979,252
"Koman" HPP	600.000		220 kV													
"V. Dejes" HPP	250.000		220 kV													
Vlora TPP	98.000	"KESH" company	220 kV													
"Ulez" HPP	25.200	"Kurum International" company	110 kV	29,161	28,719	25,553	20,233	44,789	40,096	20,514	14,352	12,957	15,663	29,014	49,691	330,742
"Shkopet" HPP	24.000		110 kV													
"Bistrica 1" HPP	22.500		110 kV													
"Bistrica 2" HPP	5.000		110 kV													
"Peshqesh" HPP	27.940	"Ayen As Energji" company	220 kV	8,672	11,196	5,897	7,790	18,772	9,763	2,918	1,573	98	1,444	8,833	14,144	91,100
"Fangu" HPP	74.600		220 kV	18,578	26,325	6,304	2,770	32,427	16,987	16,859	17,860	4,623	214	4,082	19,368	166,396
"Banje" HPP	73.000	"Devoll Hydropower" company	110 kV	14,664	22,583	11,562	21,552	32,836	14,261	6,364	6,031	2,949	4,619	3,164	12,772	153,357
"Ashta" HPP	48.200	"Energji Ashta" company	110 kV	17,098	19,600	10,363	7,796	16,108	14,575	17,389	19,551	10,418	10,732	17,763	30,103	191,495
"Bishnica 2" HPP	2.500	"HEC Bishnica 1,2 " company	110 kV	530	745	986	1,281	1,319	621	345	199	266	323	924	1,506	9,045
"Dardhe" HPP	5.800	"Wenerg " company	110 kV	454	1,071	1,781	2,350	2,819	888	(2)	(13)	13	106	1,173	2,116	12,756
"Truen" HPP	2.500	"TRUEN" company	110 kV													
"Ternove" HPP	0.921	"TEODORI 2003" company	110 kV	82	115	347	843	502	515	593	492	293	96	699	715	5,293
"Gjorice" HPP	29.610	"DITEKO" company	110 kV	5,440	9,974	10,099	9,725	13,428	9,435	4,725	3,609	3,455	2,631	9,841	16,672	99,035
"Sllabinje" HPP	10.400	"Power Elektrik Slabinje" company	110 kV	1,903	3,713	4,812	5,833	7,291	3,194	1,400	667	800	709	3,808	6,265	40,396
Slabinje HPP	3.400	"Power Elektrik Slabinje" company	110 kV	-	-	-	-	-	-	-	-	-	-	0	5	5
"Bele 1" HPP	5.000	"Euron Energy" company	110 kV	5,821	10,509	14,316	18,392	20,111	14,868	5,258	957	870	908	5,895	11,883	109,787
"Topojan 2" HPP	5.800															
"Bele 2" HPP	11.000	"Alb-Energy" company														
"Topojan 1" HPP	2.900															
"Orgjost I Ri" HPP	4.800	"Energal" company														
"Cerunje-1" HPP	2.300	"Energy partners Al" company		274	756	1,096	2,799	4,084	1,716	16	(11)	6	(12)	2,173	2,752	15,649
"Cerunje-2" HPP	2.800															
"Rrupe" HPP	3.600															
"Rapuni 1,2" HPP	8.100	"C & S Construction Energy" company	110 kV	1,853	2,376	2,429	3,825	4,387	3,473	742	(8)	479	578	3,351	4,922	28,406
"Rapuni 3,4" HPP	8.850	"C & S Energy" company	110 kV	2,377	2,819	2,031	2,276	4,229	2,691	876	350	660	656	3,217	4,717	26,899
"Llapaj" HPP	13.620	"Gio.Spa.POWER"company	110 kV	1,406	2,181	5,036	8,305	9,610	5,896	1,657	606	524	598	2,989	6,304	45,110
"Lengarice" HPP	8.940	"Lengarica & Energy" company	110 kV	3,990	4,541	2,497	2,266	2,727	1,229	264	(29)	173	92	3,425	5,420	26,597
"Lura 1" HPP	6.540	"Erdat Lura" company	110 kV	1,545	3,503	3,691	3,465	7,489	2,775	270	80	230	394	4,483	6,341	34,265
"Lura 2" HPP	4.020		110 kV													
"Lura 3" HPP	5.660		110 kV													
"Malla" HPP	5.455	"Gjure Rec" company	110 kV	587	1,281	1,196	1,038	2,464	1,000	239	43	35	173	1,487	2,078	11,621
Prella	14.970	"Prelle Energji"	110 kV	1,397	3,088	2,744	3,320	8,282	2,496	35	11	10	117	4,659	5,436	31,597
Cemerica 1 HPP	0.88	"REJ ENERGY" company	110 kV	930	1,480	2,481	2,418	1,762	620	189	(13)	(13)	(14)	1,796	2,902	14,540
Cemerica 2 HPP	1.08		110 kV													
Cemerica 3 HPP	2.1		110 kV													
TUÇ HPP	4.47	MC Inerte Lumzi	110 kV	2,197	3,412	1,184	1,996	5,719	2,436	440	350	240	504	2,678	4,594	25,751
Lumzi HPP	11		110 kV													
Denas HPP	14.5	"Denas Power" company	110 kV	1,873	3,271	3,942	3,794	3,180	1,161	495	246	226	177	4,719	7,176	30,258
Lëngа 1	1.73	"HEC LLËNGË" company	110 kV	147	275	926	1,720	1,582	657	224	21	88	72	1,045	1,466	8,224
Lëngа 2	0.3		110 kV													
Lëngа 3	1.5		110 kV													
Shpella Poshte 2 HPP	2.3	Liria Energji company	110 kV	377	574	1,136	1,675	1,609	677	276	133	154	129	743	1,400	8,884
Germani 1 HPP	4.8	SA'GA-MAT company	110 kV	537	777	561	904	1,688	412	62	13	122	172	1,540	1,313	8,101
Germani 2 HPP	1.5		110 kV													
Lashkiza 1 HPP	4.076	Lashkiza HPP	110 kV	-	-	-	151	505	232	37	(6)	8	23	292	900	2,141
Lashkiza 2 HPP	0.882		110 kV													
Seta 1+2 HPP	7.454	"Hydro Seta" company	110 kV	-			132	2,394	2,228	79	(16)	48	122	3,808	5,873	14,667
Seta 3 HPP	2.722		110 kV													
Seta 4 HPP	4.724		110 kV													
Darsi 1 HPP	2.24	"Henz Energy" company	110 kV	0	0	0	0	2,815	2,251	227	43	406	759	4,643	4,974	16,116
Darsi 2 HPP	7.663		110 kV													
Darsi 3 HPP	1.066		110 kV													
	1,995															4,537,484

Figure 25 Production from the plants connected in the transmission network during 2019.

The installed capacity of the plants connected to the distribution network is 280 MW. This installed capacity of the plants in the distribution network consists of 265 MW of the installed capacity at Hydro resources and 15 MW is the installed capacity in photovoltaic plants. The production realized by the hydropower plants connected to the distribution network during 2019 is in the amount of 646 366 MWh, while the production realized by the photovoltaic plants is in the amount of 22 190 MWh. Their production is presented in detail in the following table:

”Fterra” HPP 1.08 MW capacity	1.080	”Hidro Borshi” company	35kV	7,481
”Ostren i Vogel” HPP 0.32 MW capacity	0.320	”Lu & Co Eco Energy” company	10kV	499
"Kozel" HPP with 0.5 MW	0.500		10kV	1,349
”Helmes 1” HPP 0.8 MW capacity	0.800	”E.T.H.H. ” company	10kV	2,371
”Helmes 2” HPP 0.5. MW capacity	0.500		10kV	1,249
”Qafezeze” HPP 0.4 MW capacity	0.400	”Caushi Energji” company	10kV	2,876
”Trebisht” HPP 1.775 MW capacity	1.775	”SA.GLE.Kompani ” company	10kV	2,214
”Mollai” HPP 0.6 MW capacity	0.600	"Energji Xhaci" company	10kV	1,010
”Tucep” HPP 0.4 MW capacity	0.400	”Tucep” company	10kV	2,327
”Treska 4” HPP 3.6 MW capacity	3.600		35kV	10,404
”Treska 3” HPP 0.3 MW capacity	0.300	”Hec-Treske” company	35kV	1,334
”Treska 2T” HPP 0.62 MW capacity	0.620		35kV	2,512
”Sotire1 & 2” 2.2 MW capacity	2.200	”Hidro Energy Sotire” company	35kV	5,102
”Shutine” HPP 2.4 MW capacity	2.400	”Shutina energji” company	10kV	3,001
”Cekrez 1.2” HPP (0.23 MW; 0.43 MW) capacity	0.660	”Zall Herr Energji 2011” company	6kV	4,281
”Qarr” HPP 1 MW capacity	1.000	”Hec Qarr & Kaltani” company	35kV	4,809
”Bisak” HPP 1.3 MW capacity	1.300	”Bardhgiana” company	6kv	3,371
”Shales” HPP 1.08 MW capacity	1.080	”Gjoka Konstruksion Energji” company	35kV	1,261
”Strelce” HPP 1.174 MW capacity	1.174		35kV	4,542
"Shpelle" HPP 400 kW capacity	0.400	“Sarolli” company	10kV	1,331
"Bicaj" HPP 3.1 MW capacity	3.100	“EN-KU” company	10kV	-
"Leskovik 1" HPP 1072 kW capacity	1.072	“Maksi Elektrik” company	10kV	390
"Leskovik 2" HPP 1100 kW capacity	1.100		10kV	514
"Orenjë"HPP 875 kW capacity	0.875	“Juana” company	10kV	781
"Tamarë" HPP 750 kW capacity	0.750	“WTS Energji” company	10kV	395
"Benë" HPP 1000 kW capacity	1.000	“Mariakaj” company	6kV	1,449
"Vithkuq" HPP 2.715 MW capacity	2.715	“Favina 1” company	35/10kV	11,087
"Selce" HPP 1600 kW capacity	1.600	“Selca Energji” company	10kV	4,819
"Kumbull- Merkurth” HPP 0.83 Mw capacity	0.830	”DN & NAT Energy” company	6kV	1,725
"Sasaj" HPP 8.6 MW capacity	8.600	“Energo – Sas” company	35kV	22,939
"Tervol" HPP 10.6 MW capacity	10.600	"Hec i Tervolit" company	35kV	31,510
"Radove" HPP 2.5 MW capacity	2.500	"MTC Energy" company	10kV	8,032
"Gurshpat 1" HPP 0.84 MW. capacity	0.840	"Gurshpat Energy" company	10kV	2,374
"Gurshpat 2" 0.83 MW capacity	0.830		10kV	3,231
"Bistrica 3" HPP 1.57 MW capacity.	1.570	"Bistrica 3 Energy" company	6kv	8,081
"Hurdhas 1" HPP 1.71MW. capacity	1.710	"Komp Energji" company	6kV	5,988
"Perrollai" HPP 0.5 MW capacity	0.500	"Fatlum" company	10kV	278
"Koxherai" HPP 0.62 MW capacity	0.620	"Koxherri Energji" company	10kv	1,393
"Kacni" HPP 3.87 MW capacity	3.870	"Kisi-Bio-Energji" company	20kV	3,939
"Lena 1" HPP 1.95 MW capacity.	1.950	"Gama Energy" company	35kv	7,266
"Lena 2" HPP 2.3 MW capacity	2.300		35kv	
"Lena 2A" HPP 0.25 MW capacity	0.250		35kv	
"Driza" HPP 3.408 MW capacity	3.408	"Mesopotam Energy" company	35kv	2,474
Strelca 1.2.3 HPP (1.504 MW, 0.325 MW, 3.52 MW)	5.349	"Strelca Energy" company	35kv	13,355
"Ujanik 2" HPP 2.5 MW capacity	2.500	"HP Ujaniku Energy" company	35kv	5,466
"Nishove" HPP 1.36 MW capacity	1.360	"Nishova Energy" company	35kv	897
"Shtika" HPP 1.3 MW capacity	1.300	"Perparimi SK" company	10kv	2,098
"Ballenje" HPP 1.9 MW capacity	1.900	"Ballenja Power Martanesh" company	35kv	3,618
Gavran 1 HPP	0.998	"Gavran Energy" company	35kv	2,276
Gavran 2 HPP	1.215	"Gavran Energy" company	35kV	1,892
Kasollet e Selces 1 HPP	4.000	"Xhango Energji" company	35kV	8,591
Holta Kabash HPP	2.200	Kabash Porocan HPP	35kV	10,480
Holta Poroçan HPP	3.300		35kV	
Lusen 1 HPP	0.315	"Eurobiznes" company	35kV	194
Ura e Fanit HPP	1.000	"Ayen As Energji" company	35kV	4,905
Gorice HPP	1.747	“THE BLUE STAR” company	35kV	3,763
Kabash 1&2 HPP	5.800	"Univers Energji" company	35kV	2,310
“Tucep 2” HPP	1.7	”DUKA T2” company	35kV	1,611
Dobrenje Tomorrice HPP	2.4	DAAB Energy Group company	35kV	3,294

Razdoll HPP	0.765	Hidro Vizion company (not licensed by ERE)	35kV	1,676
Dragostunje HPP	3.1	"HEC-i Dragostunje" company	35kV	12,214
Stebleve HPP	3.4	"PURE ENERGY STEBLEVA" company	35kV	1,380
Zerec 1 HPP	0.55	"EnRel Hydro" company	35kV	3,195
Zerec 2 HPP	1.315			
Shëngjon 1 HPP	0.651	"EDIANI" company	35kV	987
Shengjon 2 HPP	0.356			
Blaç HPP	1.3	"BLAC ENERGY" company	35kV	878
Qarrishtë HPP	0.3	"IDI-2005" company	35kV	507
Vendresh HPP	0.456	"HP VENDRESH ENERGY" company	35kV	60
"Antena" HPP	1.105	"DERBI-E" company	35kV	1,158
"Kamenicë" HPP	0.973	HP Kamenica company	10	1,031
"Qytezë" HPP	0.9	Muso hec Qytezë	10	499
Marjan Gura e Vesheve HPP	0.63	Marituda company	10	421
Skatinë HPP	2.677	Skatina Hec company	10	828
Kaparjel HPP	0.2	ABV Konstruksion company	10	147
Letaj HPP	0.54	Asi-Tre company	10	310
Nice HPP	2.133	MP-HEC company	35	145
Meshurdhe HPP	1.8	SIMA-Com company	10	795
Thanez HPP	1.95	AFRIMI K company	35	1,803
	265			646,366

Production during 2019 from Photovoltaic Plants connected in the Distribution Network (MWh)

	Photovoltaic Plants	MW	ENTITY	Connection	2019
PPE	UKKO	1.000	"UKKO"sha (Ujsjell.Kanal.Korce)		
PPE	Seman – 2	2	"SEMAN2SUN" company	35 kV	3,840
PPE	Topojë	1.998	"SONNE" company	35 kV	3,905
PPE	Topojë 2	1.998	"AED SOLAR" company	35 kV	3,862
PPE	Topojë (Sheq Marinas)	2	"AGE SUNPOWER" company	35 kV	3,903
PPE	Topojë (Sheq Marinas) 2	2	"SEMAN SUNPOWER" company	35 kV	3,891
PPE	Seman1solar	2	SEMAN1SOLAR company	35 kV	953
PPE	Plug, Lushnje	2	"AEE"company	10 kv	1,844
		14.996			22.196

LEGEND

P.Pub	Public Producer (Charged with Public service obligation)
P.Pav	Independent Producers (Producers in the open market)
PPE	Priority Producers (Benefit from the Supporting Schemes)

Figure 26 Production from the plants connected in the distribution network during 2019.

1.3 ELECTRICITY TRANSMISSION

Electricity transmission in Albania is performed through the high voltage network 400 kV, 220 kV, 150 kV, and 110 kV.

Law no. 43/2015 "On Power Sector", as amended stipulates that: "Transmission System" is the system used for the transmission of electricity at high and very high voltage, connected in parallel with the systems of other countries, which includes, but is not limited to, lines, supporting structures, transformer and switching equipment for the delivery of Electricity to customers or in the distribution network, excluding supply.

1.3.1 Electricity balance

The following table presents the electricity balance of TSO company for 2019 as well as the comparison with the period 2015 - 2018.

Electricity balance of TSO company for 2019 (MWh)

	2019 MWh
Produced from KESH_GEN company in the Transmission Netwo	2,979,252
Production from small HPP in the Transmission Network	229,380
Produced from big IPP in the Transmission Network	625,142
Production from Peshqesh HPP	91,100
Production from Banja HPP	153,357
Production from FANG HPP	166,396
Production from Moglicë HPP	0
Production from Ashta HPP	191,495
Production from KURUM (Ulez-Shkopet&Bistrica1,2)	330,742
Export (-) from the Interconnection Lines	770,480
Import (+) from the Interconnection Lines	3,176,515
Balance (Interconnection in Total)	2,406,036
Total obtained energy	7,943,380
Losses in the Transmission Network (including Personal Needs)	168,621
Losses in the Transmission Network %	2.12
Total Received Energy	7,774,759

Transmitted in the Interconnection Lines	770,480
Transmitted to the Qualified Customers	867,029

Transmitted in the Distribution network (OSHEE) 110 kV	5,185,082
Transmitted in the Distribution network (OSHEE) 35 kV	532,492
Transmitted in the distribution network (OSHEE) 6, 10, 20 kV	419,676

No.	Power Balance of TSO company (GWh)	2015	2016	2017	2018	2019
I	**TOTAL ENERGY IN THE TRANSMISSION SYSTEM**	7,830	8,462	7,577	9,848	7,943
1.	- Domestic production	5,475	6,636	4,174	8,076	4,766
2.	- Obtained energy	2,355	1,827	3,403	1,772	3,177
II	**TOTAL TRANSMITTED ENERGY**	7,672	8,272	7,419	9,606	7,775
1.	- Given energy	956	1,869	488	2,685	770
2.	- Energy transmitted for OSHEE company	6,106	5,901	6,148	5,963	6,137
3.	- Energy transmitted for customers connected in the transmission network	610	503	781	957	867
III	**LOSSES IN THE TRANSMISSION NETWORK +Personal Needs**	159	190	158	242	169
	LOSSES IN THE TRANSMISSION SYSTEM + Personal Needs (%)	2.03	2.25	2.08	2.46	2.12

Figure 27 Power Balance of TSO company for 2019 compared with the one of 2015-2018 period (GWh).

The level of Losses in the transmission system for 2019 is 169 GWh or 2.12% of the transmitted electricity. The level of losses in the Transmission System is related to the amount of electricity transmitted as well as the level of production of HPPs connected to the Transmission System.

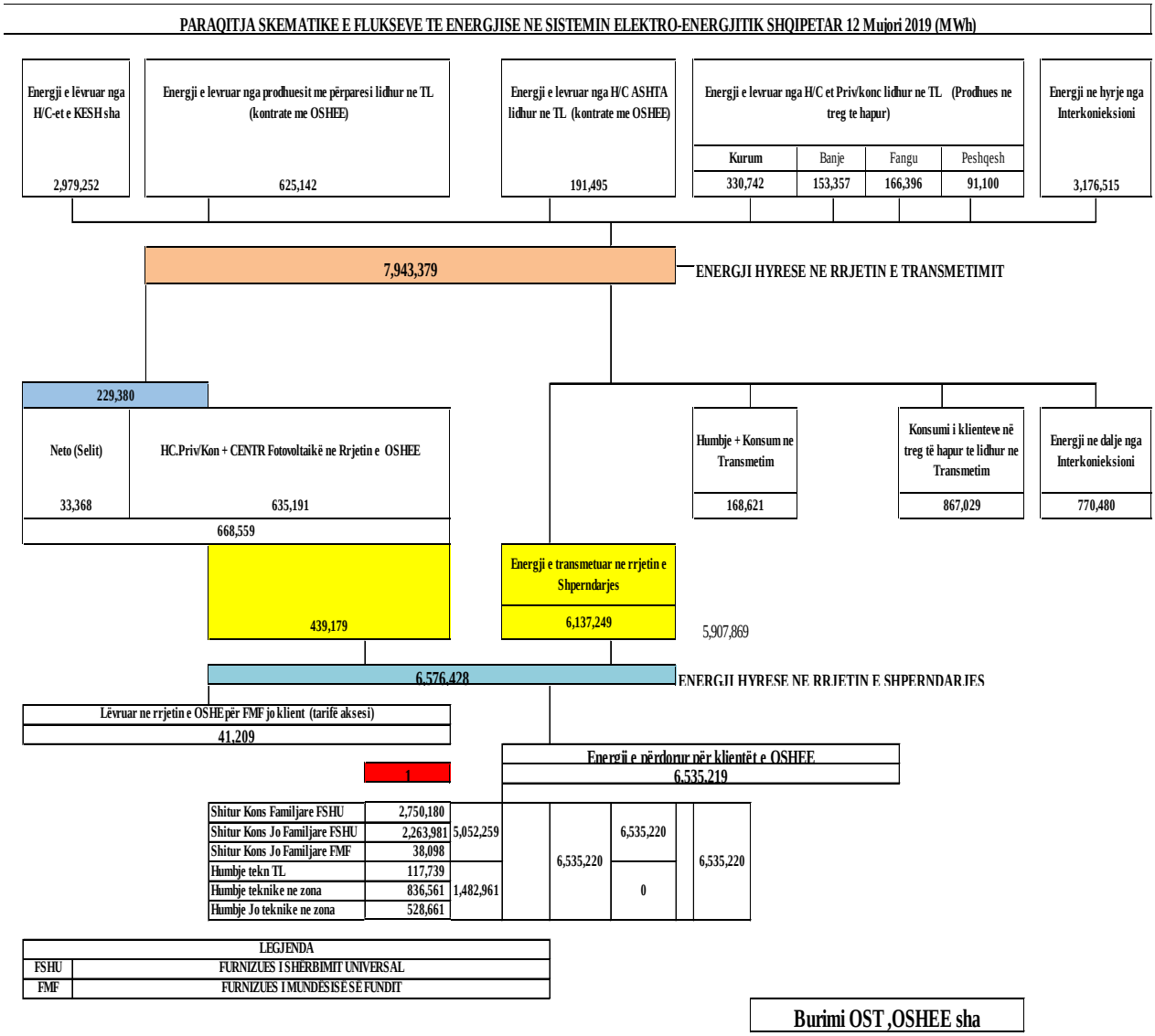


Figure 28 Schematic representation of electricity flows in the Albanian power system for 2019.

The schematic representation of electricity flows in the Albanian power system is given in detail in the figure above. The total amount of electricity injected in the transmission system for 2019 is 7,943 GWh. The total amount of electricity injected into the distribution system is 6,576 GWh. Electricity in the distribution system is injected by the transmission system and by the generation plants connected to the distribution network. The transmission system injects in the distribution network the amount of 6 137 GWh, while the generation plants connected to the distribution network inject in this network the net amount of electricity of 439 GWh. A part of the amount of electricity generated in the plants connected to the distribution network is injected into the network through the transmission system. This phenomenon occurs due to the network configuration and the inability of customers in those areas where these plants are connected to consume the generated

electricity. Another element that affects this phenomenon is the fact that the hydro generating units connected to the distribution network are without water collection bases and in periods of high rainfall they generate with maximum capacity.

1.3.2 TSO activity

The Transmission System Operator is a legal entity licensed to perform the activity of electricity transmission, which owns the transmission system and respects the principle of independence, defined in Article 54 of Law no. 43/2015 "On Power Sector", as amended. In our country the Transmission System Operator (TSO). TSO is a public company with 100% of state shares. The Transmission System Operator carries out its activity separate from other activities in the powersector, such as generation, distribution, trade and supply of electricity, in accordance with the principles and requirements set out in law.

TSO company currently performs the functions of Transmission Network Operator, Market Operator and Dispatch System Operator.

TSO guarantees the necessary transmitting capacities for:

- uninterrupted electricity supply of electricity distribution system substations, as well as electricity customers connected directly in the transmission network,
- electricity transmission produced from the country resources,
- transitions and exchanges with t he neighbouring countries.

In this context it develops the Transmission System in accordance with the long term requirements for the Electricity supply of the country, with the plans of developing new Electricity resources and coordinates the development of the interconnection network with the neighbouring countries. TSO company dispatches the Albanian Power system by managing the energy flows in the system, taking into consideration the realization of all the ancillary services that are related with the sustainability of the system as well as exchanges with other neighbouring systems.

1.3.2.1 Assets and the Development of the Transmission System

The Electricity Transmission System in Albania includes 400 kV, 220 kV, 150 kV, and 110 kV voltage lines and the connecting substations between them that serve for electricity transmission and interconnection with neighboring countries. The transmission system consists of 3,395.3 km of power transmission lines. The main part of the transmission network in our country is mainly occupied by 220 kV and 110 kV lines.

Lengths of the transmission system lines, according to the voltage level are:

- Transmission lines 400 kV 445.7 km
- Transmission lines 220 kV 1,250 km
- Transmission lines 150 kV 34.4 km
- Transmission lines 110 kV 1,665.2 km

The Albanian transmission system is interconnected with the transmission systems of neighboring countries through the interconnection lines presented below:

- Interconnection line 400 kV Zemblak (Albania) – Kardia (Greece)

- Interconnection line 400 kV Tirana (Albania) – Podgoricë (Montenegro)
- Interconnection line 400 kV Tirana (Albania) – Prishtinë (Kosovo)
- Interconnection line 220 kV Fierzë (Albania) – Prizren (Kosovo)
- Interconnection line 220 kV Koplik (Albania) – Podgoricë (Montenegro)
- Interconnection line 150 kV Bistricë (Albania) – Myrtos (Greece).

The 400 kV interconnection line Tirana (Albania) - Prishtina (Kosovo), is currently not in operation due to problems between KOSTT Kosovo Transmission System Operator and EMS Transmission System Operator of Serbia. KOSTT is not recognized as an independent operating system of the Kosovo transmission system and this problem does not enable the operation of this interconnection line.

The technical capacity of interconnection with neighboring countries is sufficient to realize the necessary exchanges and transits of electricity required at any time, however in certain periods, congestion of transmission capacities in interconnection is created due to congestion in the national networks of neighboring countries.

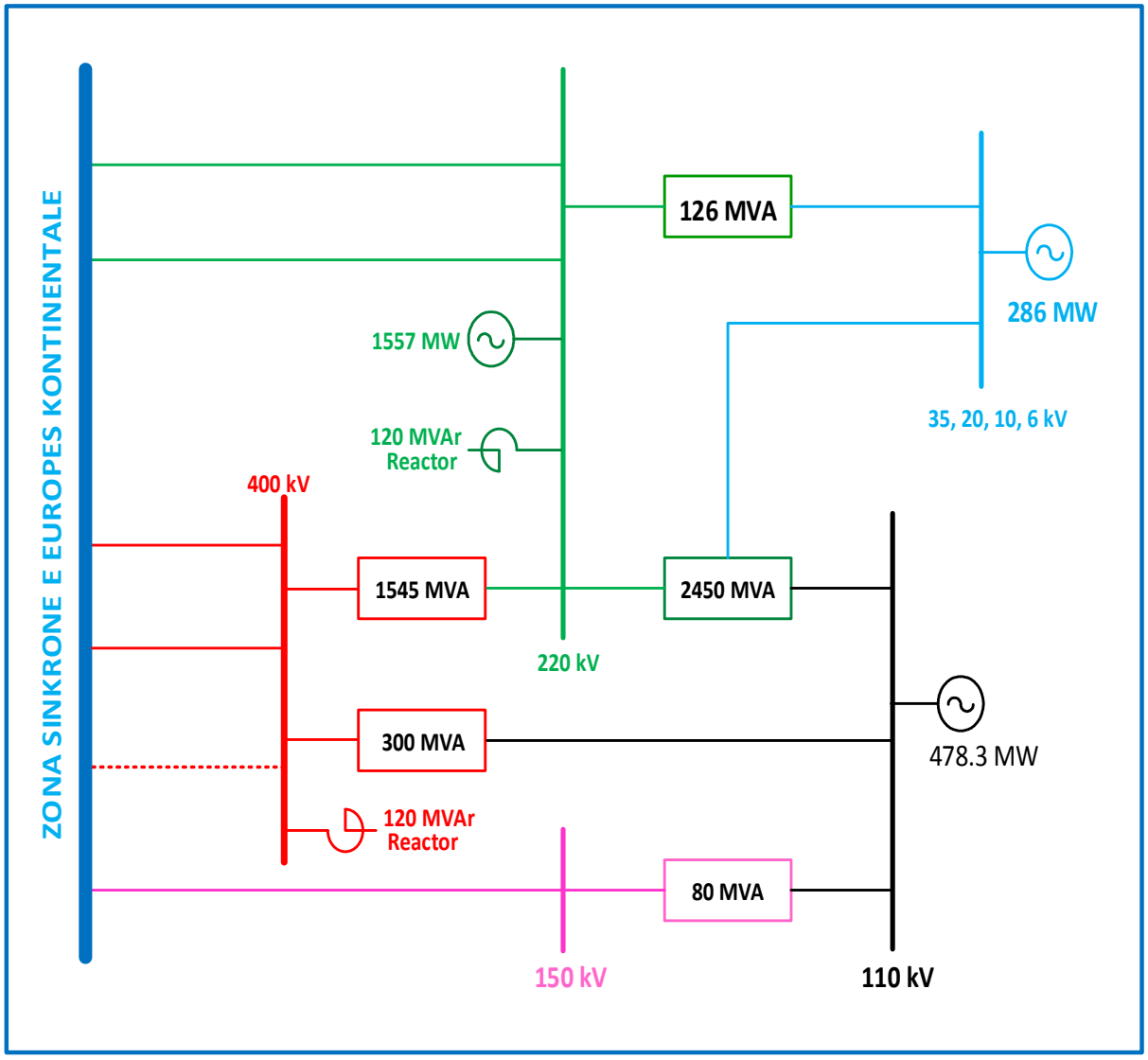


Figure 29 Structure of the Albanian Transmission System.

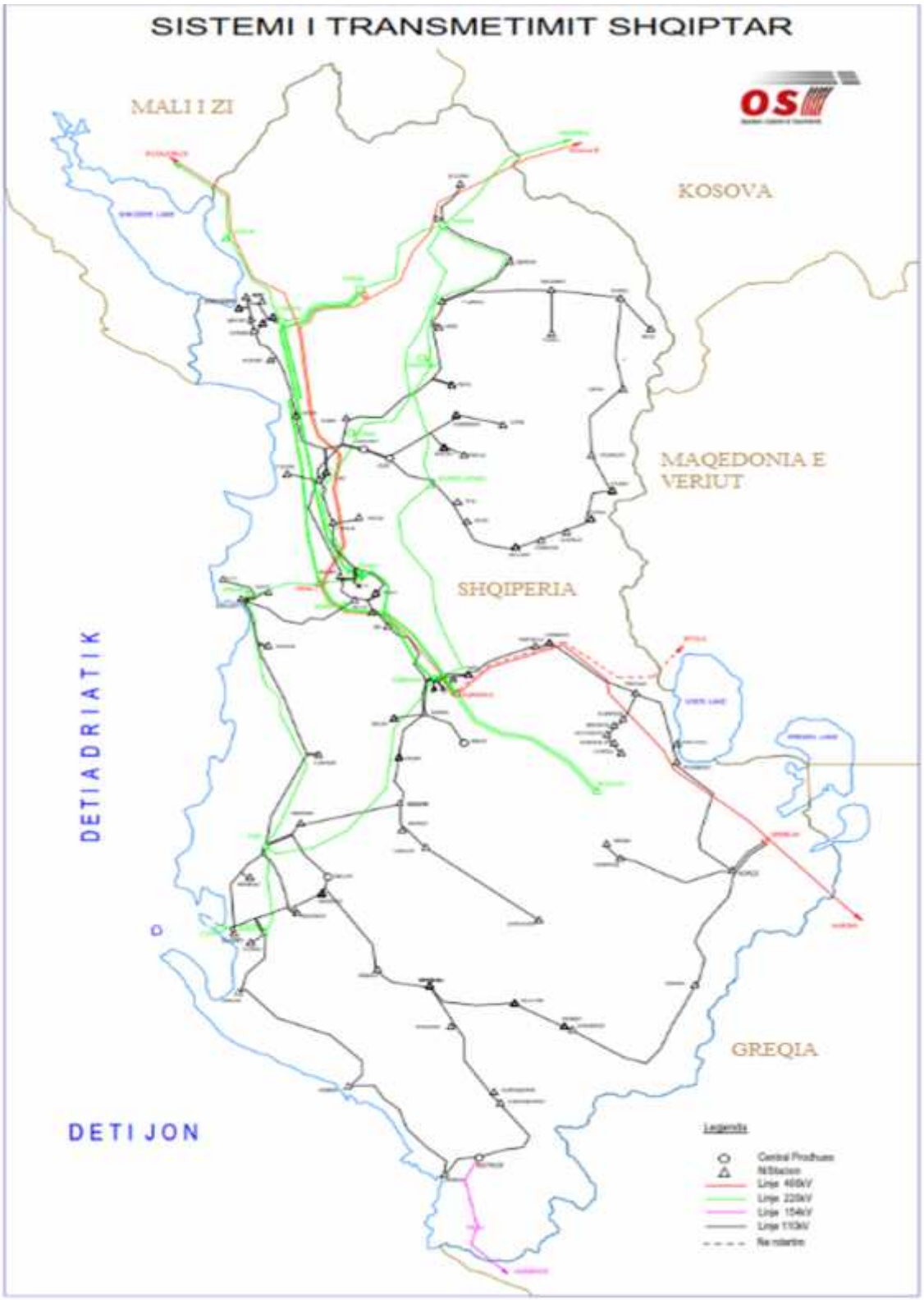


Figure 30 Map of the Albanian Transmission System.

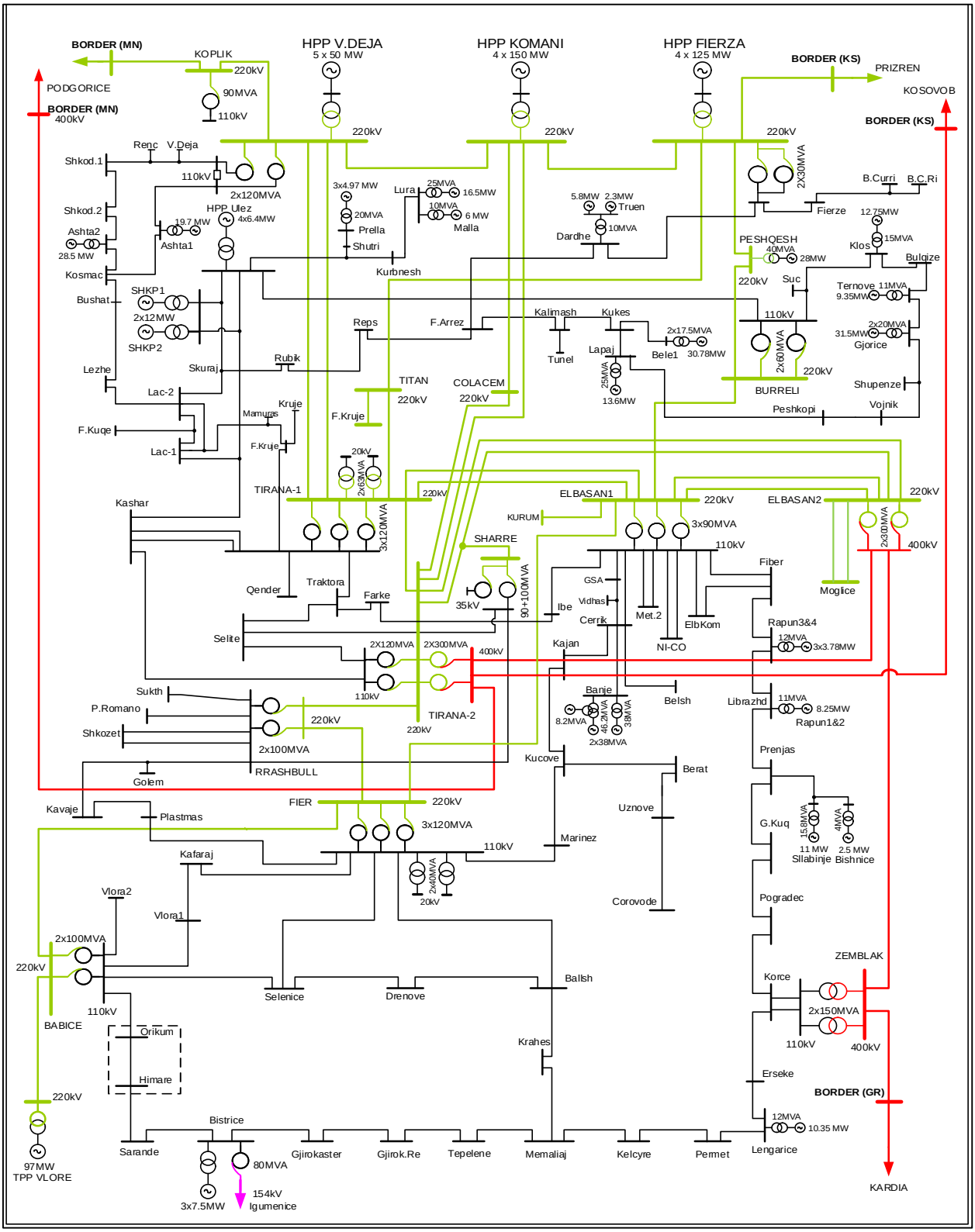


Figure 31 Unipolar Scheme of the Albanian Power System in 400 kV, 220kV, 150 kV and 110 kV level.

The table below presents the list of Transmission System Substations:

No.	Type of the Substation		Installed Capacity	Operational Unit
1		Substation 400/220 kV,Koman	345 MVA	Shkoder
2		Substation 400/220/110 kV, Tirana 2	840 MVA	Tirane
3	**400 kV**	Substation 400/220 kV, Elbasan 2	600 MVA	Elbasan
4		Substation 400/110 kV, Zemblak	300 MVA	Korce
5		Substation 220/110 kV, V. Dejes	240 MVA	Shkoder
6		Substation 220/110 kV, Fierze	120 MVA	Shkoder
7		Substation 220/110 kV, Koplik	90 MVA	Shkoder
8		Substation 220/110 kV, Burrel	120 MVA	Shkoder
9	**220 kV**	Substation 220/110/20 kV, Tirana 1	486 MVA	Tirane
10		Substation 220/110 kV, Sharre	100 MVA	Tirane
11		Substation 220/110 kV, Rroshbull	200 MVA	Tirane
12		Substation 220/110 kV, Elbasan 1	330 MVA	Elbasan
13		Substation 220/110 kV, Fier	360 MVA	Fier
14		Substation 220/110 kV, Babice	200 MVA	Fier
15	**110 kV**	Substation 110/150 kV, Bistrica 1	80 MVA	Fier

Figure 32 Main Transmission System Assets

1.3.2.2. Investments in the Transmission System by TSO during 2019.

The following table presents the list of planned investments and actual investments realized for 2019. Planned investments by TSO company. in 2019 they are in the amount of 2,314,228, 186 (ALL). The investments made in 2019 by TSO company are in the amount of 1,737,256,386 (ALL) or about 75.1% of the investments planned by TSO company for 2019. Investments which are unrealized during 2019 according to the following table show that a part of them are included in the investment plan of TSO for 2020. This is mainly due to the reallocation of funds that TSO company realizes also in the framework of updating the ten-year development plan of the transmission network.

Realization of Investments for 2019 (ALL)

No.	Description	Plan	Fact	Realization
	Projects funded by TSO company			
1	Demolition and construction of the new line 110 kV with two circuits Shuraj Lac 1		37,087,670	
			37,087,679	
1	Rehabilitation of the tracks for Lac 1 substation 110 kV lines and reconstruction of Lac 1-Lac 2 110 kV high voltage lines		29,995,572	
2	Expansion of Kurum substation with 1 autotransformer 400/220 kV - SIEMENS		23,040,000	
3	Supervision of operations for the rehabilitation of the tracks for Lac 1 substation 110 kV lines and the reconstruction of Lac 1-Lac 2 110 kV high voltage lines		336,260	
			53,975,700	
1	Supply [illegible] reactor 400 kV 120 MVAr [illegible] configuration on SCADA system [illegible]	40,624,084	44,744,769	110. 1%
2	Reconstruction of Lac 2-[illegible] and Shuraj 110 kV lines	97,195,998	38,878,399	40. 0%
3	Rehabilitation of the tracks for [illegible] substation 110 kV lines	149,629,040	134,713,739	90. 0%
4	Construction of the 110 kV [illegible] 110 kV lines	133,575,302	29,209,002	21. 9%
5	Rehabilitation of the tracks for [illegible] Substation 110 kV lines	113,312,490	0	0. 0%
6	Rehabilitation of the tracks for [illegible] substation 110 kV	77,768,232	45,260,818	58. 2%
7	Rehabilitation of the tracks for [illegible] substation 110 kV	76,128,874	74,540,840	97. 9%
8	Rehabilitation of the tracks for Kajan substation 110 kV	84,506,580	84,451,876	99. 9%
9	Rehabilitation of the tracks for Proenjas substation 110 kV	76,676,281	65,830,535	85. 9%
10	Reconstruction of the [illegible] substation 110 kV	[illegible]	[illegible]	[illegible]
11	Rehabilitation of the [illegible] substation 110 kV	[illegible]	[illegible]	[illegible]
12	Access and monitoring of the transmission network for the communication systems with capacities	12,824,000	12,824,000	100. 0%
13	Installation of OPGW with the 220 kV [illegible] lines	48,392,998	38,969,206	80. 5%
14	Implementing the Network Analysing System through PMU	12,040,000	12,040,000	100. 0%
15	Construction of the Warehouse near Tirana 2 substation	29,302,920	4,009,200	10. 0%
16	Supply, setting the block of 110-15 in Lac 1 substation and the civil works	25,363,583	[illegible]	97. 6%
17	Completion and putting into operation of [illegible] 110/20 kV [illegible] of OSHEE company through the engineering-technical staff of TSHAUT	32,761,000	32,761,600	100. 0%
18	The system for the drainage issues in Tirana 1 substation	11,735,710	4,542,000	38. 7%
19	Intervention on the 110/220 kV transmission lines of the region in the Operational Unit in Shkoder	15,367,554	8,098,360	52. 7%
20	[illegible]	[illegible]	[illegible]	[illegible]
21	The establishment of a system for the faults localisation in the transmission lines, purchase, installation, and configuration [illegible]	106,380,000	105,280,000	
22	Supply of circuit switches 245 kV with gas SF6 as well as [illegible] and for each circuit switcher 3 (three) [illegible] as well as 2 (two) [illegible]	25,967,000	[illegible]	[illegible]
23	Painting of the transmission pillars in high voltage	74,722,297		0. 0%
24	Integration of [illegible] in the [illegible] Protection System	19,145,000	19,145,000	100. 0%
25	Intervention on the 110 kV [illegible] lines of the region in the Operational Unit in Fier	0		00. 9%
	TDF Contract for 2020	1,411,888,008	690,144,446	100. 0%
1	Construction of 220 kV line with two circuits Koman-Kukes [illegible]	199,995,692	199,995,692	100. 0%
2	Construction of 220/110/35 kV [illegible] line and 220 kV tracks [illegible] 220/110/10 kV [illegible] substation	[illegible]	[illegible]	[illegible]
3	Fier [illegible] substation 110 kV line	50,000,000		0. 0%
4	Construction to finish the cable line 110 kV Tirana [illegible] and the connection with 110 kV Kombinat Substation	58,000,000		0. 0%
5	Supply and setting of the backup switchers 20 kV and 35 kV for Tirana 1 substation and spare parts for these switchers	45,000,000		0. 0%
6	Emergency interventions in High Voltage lines	[illegible]	[illegible]	[illegible]
7	Purchase of materials for the substations	100,000,000	62,599,620	62. 6%
8	Purchase of materials and equipments of technical security as well as the equipments (laboratory) to test these equipments	30,000,000		0. 0%
9	Upgrade of the control system and SCU of the 110 kV [illegible] substation	36,000,000		0.0%
10	Upgrade Hardware-Software of the control system of 400/220/110 kV Tirana 2 substation	29,488,200	29,488,200	100. 0%
11	Purchase of two USB licences for PSS®E [illegible]	8,515,000	8,515,000	100. 0%
12	Surveillance of the works during the implementation of the contracts	13,000,000		0. 0%
13	Civil works for the reconstruction of the track Fier - Kosova 110 kV line	10,000,000		0. 0%
14	Repairing works for the building in Zembleku substation	9,000,000		0. 0%
15	Repairing works for the building in [illegible] TSO	[illegible]		[illegible]
16	Purchase of additional modules for the [illegible] for a period of three years	55,000,000		0. 0%
17	Installation of OPGW in [illegible] line	32,000,000		0. 0%
18	Renovation of [illegible] system	2,500,000		0. 0%
	Total of investments with funds from TSO	902,340,092	448,099,712	49. 7%
	Projects with foreign financing	2,314,228,180	1,409,308,000	60. 5%
1	Electricity efficiency		100,410,976	
2	Albania-Macedonia 400 kV line		75,095,993	
3	Measuring stations/Data center		65,480,862	
	Total of investments with foreign funds		207,947,031	
	Total of investments of TSO for 2019	3,314,228,186	1,757,256,368	75. 1%

Figure 33 Situation of the Investments in the Transmission System by TSO company during 2019.

1.3.3 General Condition of the Power System referring to the reporting of TSO compny pursuant to article 25, point 2 of Law no. 43/2015 "On Power Sector", as amended.

I. Operational network security

In accordance with the legal and regulatory framework in force TSO company has the responsibility to operate, maintain and develop the transmission system network based on the requirements and principles of operational safety by guaranteeing the operation of the Transmission System at a high level of coordination, reliability, quality and stability.

Network operational security is the ability of the transmission system to remain in a normal state and / or the ability to return to a normal state as soon as possible. TSO company has taken all necessary organizational and technical measures to operate within the limits of operational safety set out in the Transmission Code / Operation Code in accordance with the obligations set out in Law no. 43/2015 "On Power Sector" as amended and the secondary legislation approved by ERE, on the security operation of the interconnected system.

The investments realized during 2019 in the transmission network are

- Supply-installation of 400 kV shunt reactor (120 MVAr) and 400 kV tract in Zemblak Substation.
- Reconstruction of Substation 110/35/20 / 6kV Lushnjë (Plasmas) (110 kV substation plant).
- Rehabilitation of Substation 110/35 / 6kV Rubik (110kV substation plant).
- Implementation of Network Analysis System through PMU (Phasor Measuring Unit)
- Supply and installation of the line 110-13 Laçl Substation

The following projects are also in the process of implementation:

- Reconstruction of 110 kV lines Laç 2-Ura e Matit dhe Skuraj —Ura e Mati
- Rehabilitation of the 110 kV plant of the 110/35/6 kV Substation Jagodina
- Construction of 110 kV line N / Station Salimone – Gjiri i Lalëzit
- Rehabilitation of Substation 110/35 / 10kV Fushë Arrëz (110kV substation plant)
- Rehabilitation of Substation 110 / 10kV Ibë (110kV substation plant)
- Reconstruction of Substation 110 / 10kV Kajan (110kV substation plant)
- Rehabilitimi i N/Stacionit 110/35/6kV Përrenjas (impianti 110kV i nënstacionit)
- Rehabilitation of Substation 110/35 / 6kV Përrenjas (110kV substation plant)
- Reconstruction of Substation 110/20 / 10kV Librazhd
- Installation of OPGW on the 220kV line Burrel - Elbasan, etc.,

The Transmission Code defines the obligation of TSO company for setting operational safety limits for each element of the transmission network, taking into account the abilities required for important users, both in terms of generation and demand, as well as for each interconnector in coordination with the relevant TSO for determining of operating safety limits including: current limits in accordance with the thermal limit, transitory allowable overload and voltage ranges. " for the safe operation and development of the Transmission System network, in accordance with the developments in the Albanian and Regional Energy Market, bilateral agreements, the Synchronous Zone Operational Agreement and Albania's commitments in the region.

The operational security parameters detailed in this document are considered in every process of network planning, operational planning and scheduling, real-time operation, allocation and planning of backups and ancillary services, as well as measures for protection and restoration of the system. These principles of operational security are essential for TSO company to manage its responsibilities for the operation of the Interconnection System, with a high level of coordination, reliability, quality and consistency. Achieve a harmonized and sustainable technical framework, including the implementation of all necessary processes required for operational safety, taking into account current and expected challenges, including the rapid increase of renewable energy sources such as resources photovoltaic, free-flowing water sources without collecting water basin, which have an impact on the sustainable operation of the System are one of the challenges that TSO company shall face more and more in the future.

I.1 System Situations

During 2019 the system has operated stably in normal operating conditions.

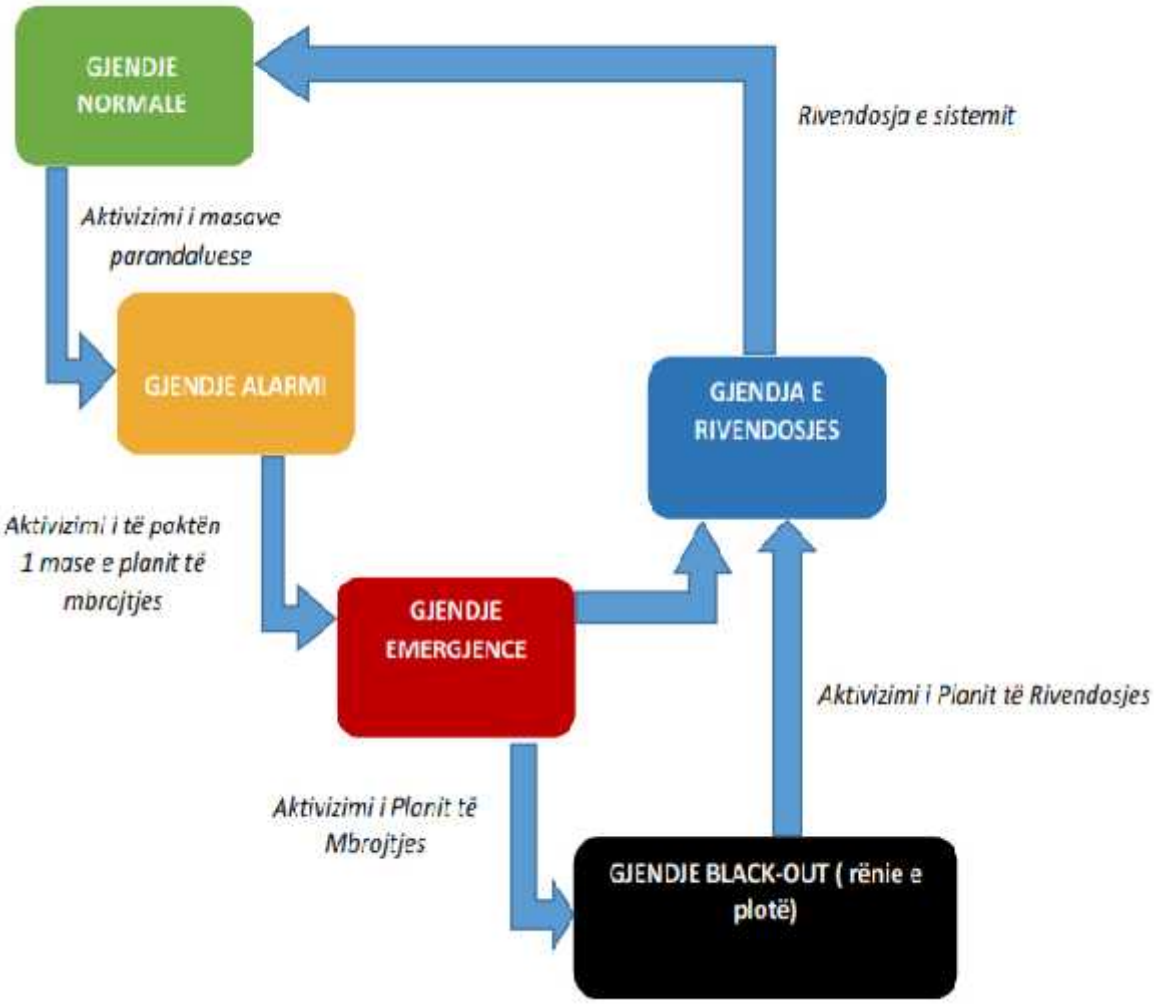
The use of SCADA/EMS systems constitutes a further development in network control technology. Through this platform all transmission nodes are operated, monitored and commanded in real time, generators are commanded to reduce / increase the generation depending on the need of the system not to deviate from the cross-border exchange program, as well as to maintain the system frequency, in accordance with the planned values. Currently under the control of AGC (Automatic Generation Control) are 5 hydropower plants, Fierze, Koman, Vau Dejes, Banja, and Fangu.

TSO company through the SCADA/EMS platform communicates in real time with neighboring TSOs by exchanging data of critical substations and nodes.

The SCADA / EMS platform has integrated a series of applications which are in continuous use by the Transmission System Operator to efficiently carry out the management of the Power System and the preparation of improvement actions, in order to keep the system in normal condition or return to normal as soon as possible in the event of breakdowns or incidents.

The operating structure of the system is based on two main pillars:

- Information processing
- Monitoring, protection, command and control



Gjendje Normale	**Normal Status**
Aktivizimi i masave parandaluese	**Activation of the preventive measures**
Gjendje Alarmi	**Alarm Status**
Gjendja e rivendosjes	**Reset Status**
Aktivizim i te pakten 1 mase e planit te mbrojtjes	**Activation of at least 1 measure of the protective plan**
Aktivizim i planit te mbrojtjes	**Activation of the protection plan**
Aktivizim i Planit te Rivendosjes	**Activation of the reset plan**
Gjendje BLACK OUT	**BLACK OUT status**

Figure 34 Scheme of accessing the System Situation and the reset into normal operation.

System security analysis includes:

- Condition assessment and topology monitoring;
- Connection status or electrical values (such as voltages, current flow, rotor angle)
- Analiza statike dhe dinamike e sigurisë së rrjetit;
- Static and dynamic analysis of network security;
- Load forecast;
- Management of flows within the limits of operational safety;
- Management of energy losses;
- Voltage profile
- Operational measures or other measures to prevent deviation from the maximum and minimum short circuit limits.
- Power-frequency control, etc.

I.2 Telecommunication Security Network

The main national Telecommunication network used in the activity of TSO company is based on FO infrastructure with OPGW installed in HV lines with voltage levels: 400kV; 220; 110. The standards used are ITU-T G.652-D and ITU-T G.655. The logical communication network is built with ABB FOX515 type multiplex. All the critical infrastructures listed below are fully based on the telecommunication infrastructure of TSO company (physical and logical):

1. SCADA / EMS system (perishing SCADA key and Back Up)
2. Metering system of TSO company
3. Market operation platform / system of TSO company

A secure, reliable and cost-effective network for data communication is one of the main pillars of any transmission system.TSO currently has a secure telecommunications network, dedicated to the exclusive use of the transmission network operation. In almost all transmission system lines we have fiber optics installed.

The telecommunications network enables operational personnel to operate at different levels of control, including communicating with neighboring TSOs, to exchange commands and information. It provides the transmission of signals intended for the operation of protection systems in electrical networks and facilities or for the performance of remote operations from automatic local control devices. For the well-functioning of the system and operational security today we have the reduction of transmission channels in the telecommunication network, as well as the duplication of connecting devices (routers).

I.3 Remote Control System

Network control and security devices constitute the TSO remote control system where real-time monitors are:

a) Active and reactive power flows;

b) Tension in busbars;

c) Frequency and frequency reset control error in its LFC area;

d) Active and reactive power reserve

e) Generation and consumption.

This is based on telemetry and real-time measurements in its observation area, taking into account structural and real-time data. Through the telemetry system TSO manages to:

- Ensure the monitoring of the Transmission System, providing the Operator with the recording of data, at any time, on the energy flows, network topology and the value of electrical quantities (frequency and voltage) characteristic of the operation of the System. This observation also includes data from neighboring TSOs, information that serves to manage the complexity of exchanges in the best possible way, while ensuring the reliability of the operation of the interconnected system;
- Ensure the control of the Transmission System by offering the Operator and automatic control equipment the possibility of operation through remote control of the keys and centralized automatic frequency control;
- Provide reliable information on the complex functions of operational security analysis, which enable the Operator:
    - anticipate the consequences of events such as disconnection of generating facilities or elements of the transmission system,
    - prepare remedial actions.

The remote control system is vital to the reliability and security of the system and therefore all measures are taken to ensure the continuity of all its relevant features:

TSO company has a telecommunication network dedicated to the safe operation of the system. TSO company has a backup control center connected to the security telecommunication network and equipped with control equipment. All remotely received data is called or received and duplicated through different channels;

Mixed, independent external and internal energy sources provide uninterrupted power supply of telecontrol equipment and telecommunication equipment in DCC.

I.4 Managing the Frequency Control

TSO company provides the necessary increasing / decreasing reserves for maintaining the balance of the system through a bilateral contract concluded with KESH (the generator charged with the public service obligation). Also to anticipate developments in the opening of the energy sector market and the functioning of the balancing market, TSO has provided in detail in the Transmission Code the specific and legal technical requirements, also the process for the approval of the New Balancing Rules has started, which includes the determination of the size of these reserves, the technical criteria that must meet them, the pre-qualification processes as such , the possibility of sharing them with neighbors, optimizing them, etc. Operating safety in relation to system frequency stability is realized by maintaining a constant balance between generation and demand,

ensuring frequency quality and stability of the Synchronous Zone within the parameters of operational safety.

I.5 Voltage Control and Management of Reactive Power.

The voltage level conditions in the Transmission System are directly related to the reactive power situation at the system nodes. The ways for voltage control and reactive power management used by TSO company are:

- Independent or coordinated;
- Automatic or manual (TSO can instruct the adjustment of work points, change of allowances, through coordinated actions with neighboring TSOs, etc. according to the needs of the system)
- Use of special control tools or continuous control tools.

Shunt-reactors, capacitors and battery blocks already installed manually or automatically in the transmission system manage reactive power by keeping the voltage within the operating safety parameters. Neighboring agreements and SAFA also have special provisions that ensure voltage control and reactive power management at the interface in a coordinated manner. On the other hand, all generators connected to the transmission network are obliged to contribute to the regulation of voltage at the interface by generating / absorbing reactive energy according to technical capabilities in accordance with the provisions of the Transmission Code.

As above, through the contract for the provision of ancillary services by KESH, is guaranteed the maintenance of voltage levels and reactive power reserves available in quantity and duration, in accordance with its terms and conditions.

In order to regulate the voltage and manage the reactive energy, TSO company has instructed according to the needs of the system all important network users, including OSHEE, to perform the necessary operational actions to maintain the voltage levels within the limits of operational safety. TSO company ensures that all generators generate or absorb reactive energy according to the needs of the system to operate within the limits of operational safety, where according to the provisions of the Transmission Code they are obliged to provide this service free of charge according to the instructions of the operator. Also, according to the provisions of the Transmission Code and the Distribution Code, the exchange of reactive energy with the system is not allowed and the power factor at the interface must be 0.9.

TSO has managed voltage and reactive power as defined in the transmission code and has kept the system within operational safety parameters. TSO reports that during 2019 in the system there are no events or violations of operational security limits.

I.6 Managing Short Connection Current

In order to ensure the safe operation of the transmission system, to prevent damage to all types of generation facilities, elements of the transmission system and related equipment, as well as to maintain the safety of personnel, through the relevant system of protection TSO company realizes:

- Accurate calculation of short connection currents.
- Monitoring short connection currents and taking remedial and preventive measures if operational safety limits are violated.

- Providing information and communication with neighboring TSOs, OSHEE and important network users, in order to be able to consider the effect of other transmission and distribution systems.

Short connection current management is accomplished through the rapid and selective disconnection of the part located in the short circuit.

I.6.1 Managing the Energy Flow

Managing the energy flow is about creating or defining operational means to keep the flow of energy flows within the limits of operational safety in each element of the transmission system. To monitor and control operational parameters it is necessary to have accurate information on the state of the system and its evaluation.TSO controls operational parameters within its area of responsibility and in a coordinated manner, considers operational parameters from the observation area that includes parts of neighboring TSOs.

Each element of the Transmission System has operational safety limits in terms of power flow. These restrictions are important for the protection of equipment and people in the vicinity of a particular element of the Transmission System, taking into account the technical limitations of the materials used, in order to avoid damage or premature obsolescence of the equipment. To be able to cope with breakdowns in the system, TSO prepares individual and coordinated remedial actions and implements when necessary, to prevent violations of Operational Security limits and to support the return to normal in cases of condition of alarm or emergency condition.

I.6.2 Contingency analysis and training

TSO company benefits security analysis from the Security Coordination Center, SCC Ltd. Belgrade (Regional Security Coordinator for SEE) through a contract as a user of SCC Ltd. services. Belgrade. This contract includes the following 5 services:

- Evaluate and improve the individual / shared network model (IGM / CGM),
- Coordinated capacity calculation (cross-border),
- Coordination of security analysis (including remedial, preventive measures),
- Adequacy, reliability of work in the short / medium term,
- Coordination of overhaul planning.

The security of the operation of the system is the cause of the realization of the contingency analysiss, which TSO realizes by simulating the disconnection of the elements of the Transmission System. This analysis is performed using the individual TSO model and the common network model, respecting the operational safety limits and meanwhile prepares to perform remedial actions before and after the incident, when required by the result of the analysis. The main principles that are followed in relation to contingency analysis are:

- Provide prevention and/or improvement in terms of remedial action required to maintain operational safety for all reliable contingencies affecting the transmission system.
- Coordinate analysis and improvement actions, whenever necessary, to ensure the desired result - maintaining operational security in the system and in the interconnection.

- Reliance on appropriate data and information in real time and based on load forecasting. Use of the common regional network model and exchange of all necessary data and information between TSO, OSHEE and important network users.
- Support the elaboration of the provisions of pan-European standards for contingency analysis to maintain operational safety by maximizing system utilization.

I.6.3 Protection

In order to protect the assets of the transmission system from damage, TSO has installed the necessary protection equipment and backup protection equipment, coordinating with the protection of equipment of important network users. Every five years, TSO reviews and analyzes defense concepts and strategy.

TSO operates its transmission system protection with set-point tariffs that ensure reliability, speed and selectivity of breakdown cleaning, including backup protection for cleaning of the breakdown in case of malfunction of the main protection system. The functionality and status of the system is monitored, communicated and coordinated between neighboring TSOs and other parties affected by the protection system.

Protection system schemes are used to detect abnormal system conditions and take predetermined corrective actions, to maintain system integrity, with acceptable system performance, in a coordinated manner. System protection functions are analyzed based on network calculations, considering correct and incorrect operation. If unacceptable consequences are foreseen, the functionality and redundancy of the system protection scheme shall be adjusted accordingly to meet the operational security requirements.

I.6.4 Managing the Dynamic Stability

TSO monitors the dynamic stability of the Transmission System in terms of voltage, frequency and rotor angle stability, with off-line studies with wide area measurements, including the exchange of relevant data with other TSOs when necessary , in order to be able to take the necessary corrective measures when the operational security of the system is at risk.

TSO company conducts studies for dynamic stability assessment, in order to identify the limits of stability and its possible problems in the transmission system. This assessment studies are coordinated between TSOs in the Synchronous Zone and performed for all or a significant part of the Synchronous Zone.

The purpose of Assessing Dynamic Stability is to provide awareness of TSO operator regarding the current situation and future forecasting of the system situation in terms of sustainability, situation (N) and potential (N-1). In addition, Dynamic Stability supports decisions to improve remedial action as efficiently as possible, to prevent incidents or to correct their consequences, if they occur.

Extensive use of Assessing Dynamic Stability allows a variety of applications, not only in real time but also in the operational planning stages. The operating staff of TSO is trained in the use of Assessing Dynamic Stability, as well as in the ongoing maintenance of the respective models and simulator.

I.6.5 Operational Training and Certification

In accordance with the minimum requirements and principles for operational security, in order to keep the Albanian Transmission System in continuous operation connected to the European Transmission System, TSO trains and certifies the System Operators, as well as other operating personnel. This enables them to operate safely during all operational situations, responding to abnormal operating conditions within appropriate timeframes, in a coordinated manner with other TSOs.

The training process includes:

- Initial training,
- Continuous staff development and
- Regular re-evaluation of certification

The Operation Code establishes the obligation for TSO to have ongoing development programs for its staff in the control room and to coordinate and cooperate in inter-regional trainings on regional broadcasting issues. The trained staff of TSO company is able to act efficiently in balancing the system and maximizing the opportunity for cross-border transfers which together provide real economic benefits to customers. Continuous training of TSO operational staff directly affects the reduction of major breakdowns in the system which can lead to interruptions of electricity supply to customers.

II. ESTIMATED BALANCE OF REQUEST AND ELECTRICITY SUPPLY IN THE INTERNAL MARKET FOR A FIVE-YEAR PERIOD

Based on the historical data of TSO company and considering the potential increase of PPE + PVE (Electricity Private Producers) and the non technical losses reduction in the distribution network, it is accepted that the expected increase of the electricity volume transmitted by the TSO, shall be at 1% level and over that basis, using the loading profile on hourly basis on hourly basis for each month average day, it is made the foresee of the main electricity parameters and the security of the System balance for the five years 2020 – 2024.

Data on the balance in the Power system for the 2020 – 2024 period are given in the following tables:

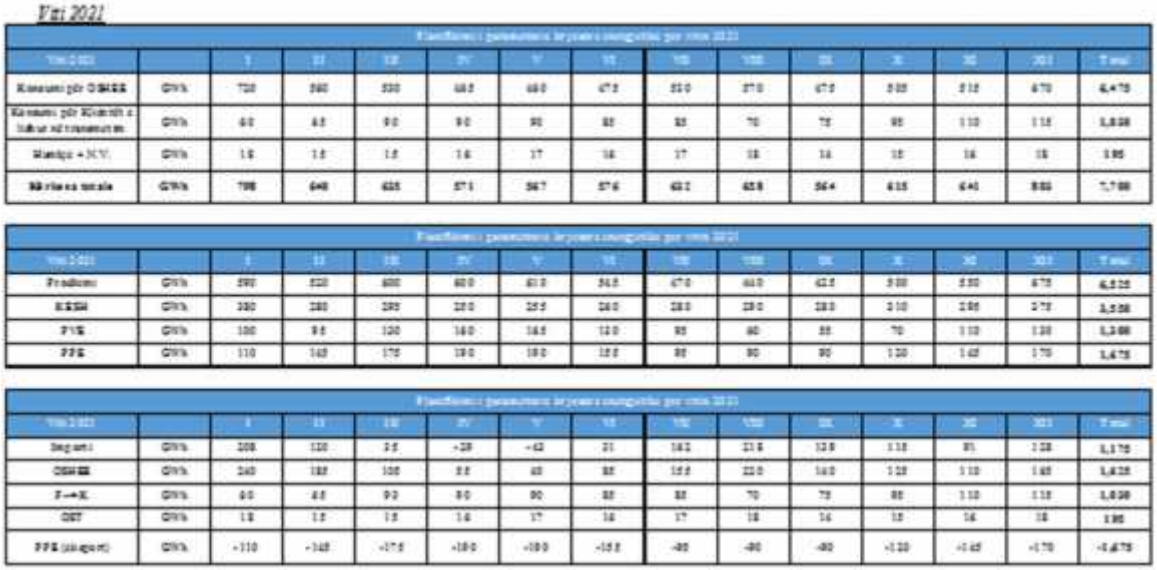
Viti 2020

[illegible]		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
[illegible]	GWh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	GWh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	GWh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	GWh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

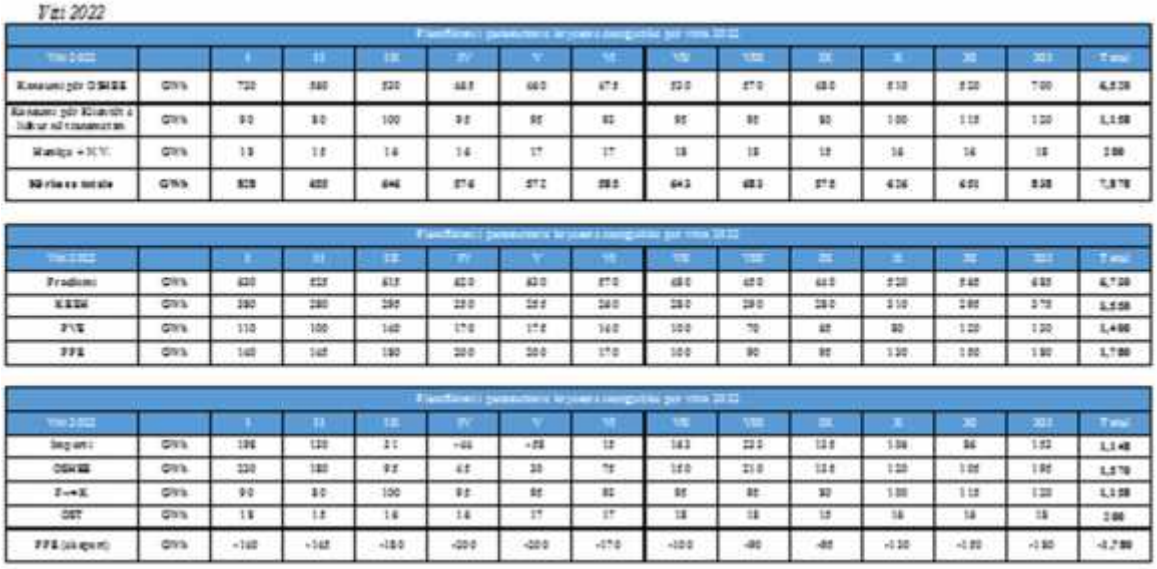
[illegible]		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
[illegible]	GWh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KESH	GWh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PVE	GWh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PPE	GWh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
[illegible]	GWh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OSHEE	GWh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	GWh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OST	GWh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	GWh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Viti 2021



Viti 2022



Planning the general parameters performed in electricity during 2023														
Year 2023		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
OSHEE company consumption	GWh	720	550	535	465	460	475	530	570	480	510	520	705	6530
Consumption for customers in an open market	GWh	110	90	110	115	120	119	110	110	90	105	115	130	1324
Losses + Personal Needs	GWh	18	16	17	16	17	17	18	19	15	16	17	19	205
Total request	GWh	848	666	662	596	597	611	658	699	585	631	652	854	8059

Planning the parameters performed in electricity during 2023														
Year 2023	Unit	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Production	GWh	650	535	640	645	655	575	480	460	450	530	570	685	6875
KESH	GWh	330	280	295	250	255	260	280	290	280	310	295	375	3550

Small Electricity Producers	GWh	120	110	155	175	180	145	100	80	70	85	120	130	1470
Independent Electricity Producer	GWh	150	145	190	220	220	170	100	90	100	135	155	180	1855

Planning the parameters performed in electricity during 2023														
Year 2023	Unit	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Import	GWh	198	131	22	- 49	-58	36	178	239	135	101	82	169	1184
OSHEE	GWh	220	170	85	40	25	70	150	200	130	115	105	200	1510
F K	GWh	110	90	110	115	120	119	110	110	90	105	115	130	1324
TSO	GWh	18	16	17	16	17	17	18	19	15	16	17	19	205
Independent Electricity Producers (export)	GWh	-150	-145	-190	-220	-220	-170	- 100	-90	- 100	-135	-155	-180	(1855)

Planning the general parameters performed in electricity during 2024														
Year 2024		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
OSHEE company consumption	GWh	725	565	540	470	462	477	535	575	482	513	525	710	6579
Consumption for Qualified Customers	GWh	115	100	115	125	130	130	120	120	100	115	130	150	1450
Losses + Personal Needs	GWh	18	16	17	16	17	17	18	19	15	16	18	20	207
Total request	GWh	858	681	672	611	609	624	673	714	597	644	673	880	8236

Planning the general parameters performed in electricity during 2024														
Year 2024	Unit	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Production	GWh	670	555	670	665	680	600	495	480	470	545	585	695	7110
KESH	GWh	380	280	295	250	255	260	280	290	280	310	295	375	3550
Small Electricity Producers	GWh	130	120	170	185	190	160	105	90	80	95	130	140	1595
Independent Electricity Producer	GWh	160	155	190	230	235	180	110	100	110	140	160	180	1965

Planning the parameters performed in electricity during 2024														
Year 2024	Unit	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Import	GWh	198	131	22	- 49	-58	36	178	239	135	101	82	169	1184
OSHEE	GWh	220	170	85	40	25	70	150	200	130	115	105	200	1510
F K = KK	GWh	115	100	115	125	130	130	120	120	100	115	130	150	1450

TSO	GWh	18	16	17	16	17	17	18	19	15	16	18	20	207
Independent Electricity Producers (export)	GWh	-160	-155	-205	-230	-235	-180	- 110	-100	- 110	-140	-160	-180	(1965)

Figure 35 Data for the balance in the power system for 2020 – 2024 period.

III. EXPECTED LEVEL OF REQUEST AND SECURITY PERSPECTIVE OF SUPPLY FOR A FIVE TO FIFTEEN YEARS PERIOD FROM THE REPORT DATE

Based on the historical load development data, using the loading profile on hourly basis for each month average day, the electricity request foresee is made according to three scenarios, Optimistic, realistic and potential pessimistic, as given in the following table, for a period of 20 years: The realistic scenario of electricity demand takes into account an increase in electricity demand in the country of about 2% per year. The optimistic scenario of electricity demand takes into account the increasing demand for electricity in the country about 3% per year. The pessimistic scenario of electricity demand takes into account the increasing demand for electricity in the country around 1% per year. The basic scenario for assessing the performance of electricity demand in the country for the following period is the realistic scenario of increasing electricity demand in our country about 2% per year.

2020 – 2039

Period	Optimistic schenario of the request for electricity	Realistic schenario of the request for electricity	Pesimistic schenario of the request for electricity
2020	7,750	7,520	7,309
2021	8,021	7,700	7,382
2022	8,302	7,878	7,456
2023	8,592	8,059	7,530
2024	8,893	8,236	7,606
2025	9,204	8,418	7,682
2026	9,471	8,603	7,774
2027	9,746	8,792	7,867
2028	10,028	8,977	7,977
2029	10,319	9,165	8,089
2030	10,618	9,358	8,202

2031	10,884	9,554	8,317
2032	11,156	9,755	8,434
2033	11,435	9,960	8,569
2034	11,721	10,169	8,706
2035	12,014	10,382	8,845
2036	12,290	10,601	8,987
2037	12,573	10,823	9,130
2038	12,862	11,050	9,276
2039	13,158	11,282	9,425

Figure 36 Longterm expectations of the request for electricity for 2020 – 2039 period according to each schenario.

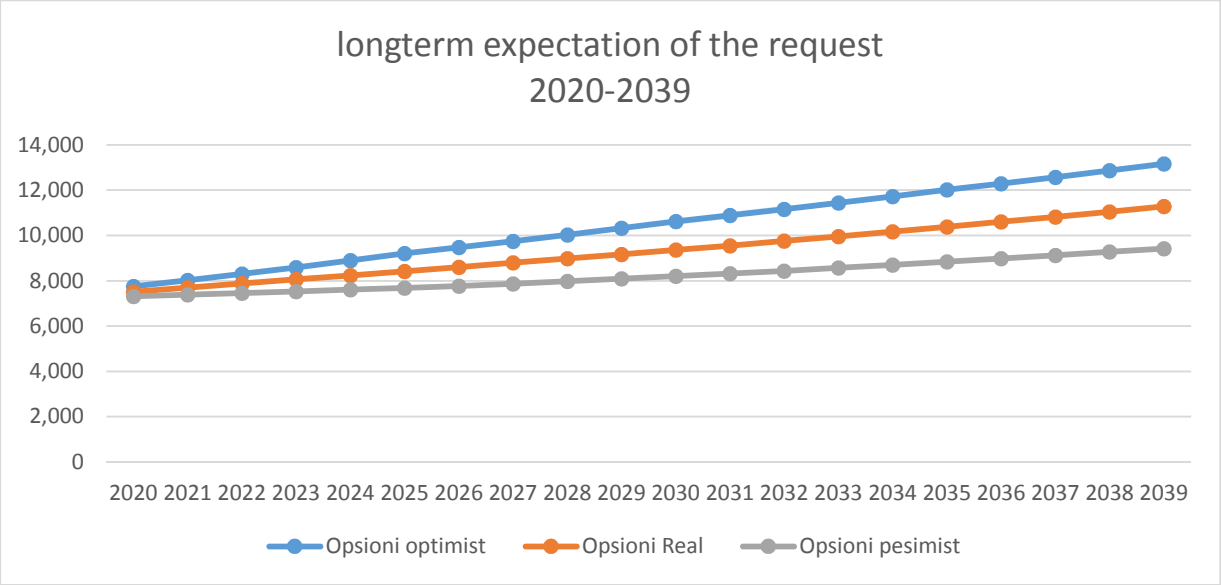


Figure 37 Long term expecation of the request for electricity for 2020 – 2039 period.

IV. ADDITIONAL PRODUCTION CAPACITY PROPOSED, PLANNED OR IN CONSTRUCTION PHASE

The data submitted below show represent power plants which are connected to the transmission network in 2019, are under construction, or have received prior approval for connection to the transmission network and are:

- ***Hydropower plants that have entered into connection agreements in 2019 and are expected to be energized during 2020:***

  1. Moglica HPP (177 MW) – DEVOLL HYDROPOWER company.

2. Seta (14.9 MW) – Hydro Seta company
3. Lashkiza HPP (5.2 MW) – Lashkiza company
4. Darsi (20.52 MW) – HENZ ENERGY company
5. Slabinja 2E HPP (6 MW) – Hydropower Elektrik company

- ***Plants that have signed connection agreement regarding the transmission system during 2019:***

1. Veleshica HPP (13.9 MW) – KALISI HYDROPOWER company.

- ***Plants taken the prior approval regarding the transmission system during 2019***:

1. FV Darzezë Park (70 MW) - PARABEL ALBANIA company
2. Eolik Fleti Park (12 MW) – VENTUS company
3. Eolik Karaburun Park (10 MW) – EURUS company
4. Eolik Karaburun Park (10 MW) – WF ENERGY company
5. Eolik Vlorë Park (30 MW) – Carinthianwinds Albania company

V. INVESTMENT EXPECTATIONS, FOR NOT LESS THAN THE NEXT FIVE YEARS, PLANNED TO BE REALIZED BY TSO OR SOME OTHER PARTY, IN RELATION TO INTERNATIONAL CAPACITY

V.1 The principles to manage the restricted capacities on the existing and planned lines of the transmission system.

With the investments performed during the last years in the transmission system, mainly the rehabilitation of the 110 kV network, the construction of new 110 kV lines where it is worth mentioning the Unaza e Jugut (South Ring), it has become possible to meet the safety criterion N-1 in the internal network of the system for all the working regimes and there are no problems to limit the transmission capacities. Regarding the management of cross-border capacities, implementing the ENTSO-E rules, it is implemented the following procedure:

Defining the cross boder transmission capacity, Network Transmission Code (NTC), is currently made according to bilateral agreements between neighboring TSO-s and is based to the ENTSO – E Operational Manual, respectively Policy no. 4 and its Annex. It is important to be underlined the clear differentiation between the commercial and physical values, because there exist two types of definitions, one connected with the schedule values and the other with the electricity physical flow, that in most of the cases do not match when it is taken into consideration a separate interconnector from the other part of the network. The complexity of the physical flow is handled by the TSO, that are responsible to the respective Authorities to perform this obligation in a transparent and non discriminatory way.

<u>The time frame to define the cross – border interconnection capacity</u>

The process to define the Network Transmission Code (NTC) produces results for annual, monthly, day ahead (D – 1) and within day time frames.

<u>Data for the individual model of the network</u>

According to the Transmission Code provisions, the important Users of the Network enable TSO necessary information to define the transmission capacity. This information includes but is not limited on the:

- Information regarding the technical data;
- Information regarding the availability of the facilities and elements of the network;
- Information regarding the schedule of the generating units.

For each time period of capacity determination, each generating unit or load shall provide the TSO with all specified data and meanwhile the main Imput to calculate the Net Transfer Capacity (NTC) is a document to prepare the regional network model "SEE regional common grid model for different time horizons" prepared from the Regional Group of SouthEast Europe under the Market Community of ENTSO-E. This document provides two essential elements to calculate the NTC process:

- Harmonized table of the basic case of the exchange (BCE);
- Joint Model of the Regional Network for different time frames.

TSO-s of South East Europe shall prepare the Baseline Case Exchange (BCE) assumptions, which are the provisions for the commercial schedules in the monthly model and submit them to coordinatory TSO-s. These tables are prepared according to the lattest history and experience of the TSO-s. The coordinatory TSO after collecting all the BCE tables of SSE region TSO-s carried out its harmonisation. The total of the declared exchanges on these tables are then set on the individual model of each TSO.

For each time frame of defining the capacity, one Joint Regional Network Model is established on regional level to join the imputes (individual models) from all the System Operators, through the operation of the coordinatory TSO-s. The function of the coordinatory TSO is performed by one TSO of SEE region in monthly level. In the framework of RG SEE working group, the the Transmission Operators agreed that their coordinated regional activity to be on monthly basis rotation.

The role of the coordinator for the annual references schenario for winter and summer, for the syncronous area of Continental Europe (RG CE), is performed by the Security Control Centers (RSC) CORESO, TSCNET, or SCC Ltd Belgrade, through the data ensured under ENTSO-E working group Network Modelling and Forecasting Tools (NMFT).

Schenarios of the Joint Network Model

All SEE – TSO-s emit a basic schenario for each for each time period of defining the capacity, which is established in the Joint Network Model.

In case of defining the need of additional schenarios for time periods, neighboring TSO-s shall agree about the additional characteristic periods, considering the maintenance program of the (overhauls) and generators engagement, which may influence on defining the NTC value.

Metodology of Calculating the NTC (Net Transfer Capacity)

TSO and any Transmission System Operator of the region shall use the methodology described on the ENTSO – E Operational Guideline "P4 – Policy 4: on the Coordination of the Operational Planning"

3. NTC value, Net Transmission Capacity is defined as the difference between the total transmission capacity (TTC) and the transmission reliability margin (TRM).

NTC = TTC - TRM

Operational Security Limitations

During the process to determine the transmission capacities in the interconnection, TSO complied with the Operational Security Limitations expressed below and defined in the Operational Security Code. For 2019, there are not reported problems related to operational security in our transmission system in general and in the interconnection lines in particular:

Defining the Transmission Reliability Margin (TRM)

Defining the Reliability Margin level is based on statistic approaches, taking into consideration the historical evidences and the provisions in the future. The Reliability Margin includes the following elements:

- Unintentional deviations of physical flows during operation due to physical operation of power-frequency control,
- Emergency exchanges between TSOs to deal in real time with situations of unexpected imbalances,
- Inaccuracies, ex in collecting data and measurements,
- Inaccuracies in the base case used for calculation, such as foresees of generation, consumption, exchanges and network topology, etc.
- Currently, in the Bilateral Agreements, it is accepted that the TRM margin level shall be 100 MW at the border with Montenegro and Greece respectively, while at the border with Kosovo (Serbia) 50 MW

Harmonising the Results to Define the NTC Capacity

The annual NTC value for each border and flow direction is calculated by considering the minimum monthly value that is used, utilized, for the last three years, and reconciled with the respective neighboring TSOs within November of each year.

The monthly NTC values are calculated and harmonized with neighboring TSOs for each border separately, within the 6th of each month, for the following month. The following procedure is followed:

a) 10 days before the end of the harmonization deadline, are exchanged the data, the national model with all 220/400 kV level between TSOs in UCT approved format, including active power reserve to increase / decrease generation and data on the overhaul program for the considered period,

b) 5 days before the end of the harmonisation deadline, are performed the calculations for the TTC/NTC values, performed by grid analyser (TNA software) with which are equipped all the regional TSO-s,

c) 2 days before the termination of the harmonisation deadline, there are exchanged the values defined on the TTC for each border and it starts their harmonisation process. In case of failure to meet the calculated values and if the parties fail to convince each other, the lower TTC value shall automatically enter into force.

In case of significant amendments of the System situation compared to the foreseen situation, when cross-border capacities are calculated, neighboring TSOs, after exchanging relevant data on the new situation, recalculate the cross-border capacity, and jointly determine the new NTC values and respectively ATC values

Cross-border capacity allocation for market participants in our region is carried out by the SEE CAO Coordinated Auction Office in Podgorica.

Data on capacity auctions conducted for 2019 are given in the table in Figure 67, which reflects the data on capacity allocation in transmission. This table provides a complete information on the allocated capacities in all borders and in both import and export directions, as well as the respective prices at which the interconnection capacities are sold in these auctions.

V.2 Expected models of production, supply, cross-border exchanges and consumption, enabling the taken of the measures for demand management.

As given above, it is performed the foresees of the electricity request has been completed, its coverage through domestic production and imports for the next five years, 2020-2024. All these are given grouped in the following table:

Year	2020	2021	2022	2023	2024
Domestic production [GWh]	6,229	6,525	6,730	6,875	7,110
Exchange (import) [GWh]	1,291	1,175	1,148	1,184	1,126
Consumption [GWh]	7,520	7,700	7,878	8,059	8,236

Figure 38 The foresee of the request for electricity, its coverage through domestic production and import for the next five years, 2020-2024.

V.3 The objectives for a sustainable development in national, regional and European level.

TSO performs continuous studies for special areas of the transmission network as well as the Albanian Power System connection with the neighbouring countries systems. The most important studies which have a specific importance are performed in cooperation with studying international institutions within WBIF (Western Balkans Infrastructure Facility).

During the planning stages of developing the transmission network to: (i) Rehabilitation and Strengthening of the transmission network; (ii) Establishment of new connection nodes; (iii) improve of the management, control, measuring process etc, TSO company takes into

consideration the national and regional development in full conformity with ENTSO-E directives (European Network of the Transmission System Operators for Electricity).

Projects on implementation process those planned are mainly related to the improvement of the Albanian Power System. Even the projects of 2019 presented in the table of Realization of investments by TSO. A considerable number of projects are identified in order to rehabilitate and develop the transmission network, mainly the 110 kV network.

V.4 Detailed information of TSO company regarding the expected investments of the interconnection lines and for the construction of the internal network lines, which directly affect the cross-border interconnection lines.

From the strategic point of view, the projects that strenghthen the interconnection lines with the region, establishing better conditions for commercial and transitional exchanges without electricity limitation in the SouthEast European region are:

- ***The construction of the new line 400 kV, Elbasan2 (Albania) – Bitola (North Macedonia) and Elbasan 2 – Fier as well as the extension of the Elbasan 2 and Fier substations.***

  Financing of this project shall be provided by the German-Albanian Development Cooperation.

  This project strengthens the interconnection connections with the regional electricity network, establishing conditions for the commercial exchanges and unlimited transits of electricity in the region, develops the 400 kV network in the Southern area of Albania where future sources of electricity production are foreseen to be developed and as part of the infrastructure of the Eighth European Corridor establishing good opportunities for connections via underwater cable with Italy.

  This project includes:

  - Construction of a new 400 kV transmission line with one circuit, to implement a binational connection between Albania and Northern Macedonia and to reinforce the existing 220 kV overloaded and old transmission connection between Elbasan and Fier. The route of the Elbasan-Bitola Line shall be approximately 56 km long, while the Elbasan-Fier line shall be approximately 74 km long.
  - Construction of the new substation Elbasan 3 and reinforcement and expansion of the existing substation of Fier. The new Elbasan 3 substation shall expand the existing 400/220 kV substation Elbasan 2, with a 400 kV level Plant to connect the lines Tirana 2, Zemblak, Fier and Northern Macedonia, as well as the installation of a reactor shunt. Also, the Fier substation shall be expanded and equipped with 400/220 kV transformers and a plant at the level of 400 kV to enable the connection to the 400 kV network towards Elbasan 3.

- ***Construction of the new 110 kV line Zemblak – Maliq – Lozhan, 35 km.***

  To enable the improvement of the situation in the Maliq-Lozhan area, the possibility of building a new 110 kV line with a circuit length of about 35 km with ACSR-240 / 40mm2 conductor is being evaluated. The possible route where this line can cross, starts from the 400/110 kV substation Zemblak, passes near the 35 kV substation Maliq and ends in the area of Lozhan, in a suitable space and for the construction of a new substation 110/35 kV, not far from the existing 35 kV substation in Lozhan. The construction of the 110 kV side of the new Lozhan substation is foreseen to be part of this project.

Preliminary estimates indicate that the construction of this line, as part of the strengthening the south-eastern region, will make it possible to increase the security of customer supply and operation of new generation sources, reduce electricity losses and meet the safety criteria N-1.

1.4 ELECTRICITY DISTRIBUTION

1.4.1 Activity of the Electricity Distribution Operator (OSHEE)

Electricity distribution in our country is performed by the Distribution System Operator (OSHEE), licensed by ERE according to the provisions of Law no. 43/2015 "On Power Sector" as amended. The Distribution System Operator owns the assets in the Electricity Distribution System, in order to deliver electricity to customers. The boundary of the distribution system with the transmission system is defined by law.

The Distribution System Operator (OSHEE) is responsible for ensuring the safe and sustainable development of the distribution system, meeting the requirements for electricity distribution; maintenance and safe operation of the electricity distribution system throughout the territory for which it is licensed. In accordance with the law "On Power Sector", OSHEE procures electricity in the open market and from renewable sources, to cover losses in the distribution network, in accordance with the regulation approved by ERE and through the electronic platform for electricity purchase procedures.

Pursuant to Law no. 43/2015 “On Power Sector” and Council of Ministers Decision no. 244, dated 30.3.2016, as amended, OSHEE until 31.12.2019, has continued to perform the function of the Universal Service Supplier to supply end use customers who benefit from this service.

The Distribution System Operator (OSHEE Company) is organized in 11 Distribution Zones and 42 Agencies.

According to the data from OSHEE, the total energy introduced in the distribution network for 2019 is 6,576,432 MWh, of which 5,093,468 MWh is the energy delivered to the distribution network and 1,482,962 MWh are the losses in the distribution network.

The table below presents the data on the main indicators of the Distribution Operator OSHEE during 2019.

Periodic (Monthly) data of OSHEE company for 2019				Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Progressive
A	**Total Energy introduced at OSHEE company (MWh)**		A=A.1+A.2	**735,813**	**586,992**	**559,331**	**500,485**	**501,061**	**500,729**	**533,842**	**565,788**	**471,684**	**472,833**	**507,920**	**639,953**	**6,576,432**
A.1	Energy transmitted by TSO for for the account of OSHEE company		A.1=Sum(A.1.1,A1.	685,701	522,038	489,856	416,466	399,377	441,303	509,872	550,770	456,121	455,532	442,288	538,547	5,907,870
A.1.1	KESH -Gen through TSO			243,771	270,859	153,750	90,693	142,604	220,724	343,089	377,647	201,873	221,024	215,113	397,294	2,878,441
A.1.2	From TSO as an import of OSHEE company			388,660	173,040	259,417	236,480	127,304	140,670	126,480	141,360	230,880	210,724	136,568	-	2,171,583
A.1.3	Energy transmitted for the customers in 35kV (issued in the irregulat			2,452	2,076	3,033	2,987	3,367	3,863	4,467	4,487	3,858	3,739	3,458	3,421	41,209
A.1.4	From TSO company for the account of OSHEE customers produced fro			50,818	76,062	73,655	86,306	126,102	76,046	35,835	27,275	19,511	20,045	87,149	137,833	816,637
A.1.5	From VLORA TPP through TSO			n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A.1.6	From Bistrica 1,2 through TSO			n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A.2	Electricity injected at TSO from Local HPP-s		A.2	12,349	19,369	22,802	34,170	46,544	19,063	2,589	593	1,452	965	24,274	45,210	229,380
A.3	Energy directly transmitted to the OSHEE network		A.3 =Sum(A.3.1, A.3	50,112	64,955	69,476	84,019	101,684	59,426	23,970	15,018	15,563	17,302	65,632	101,406	668,561
A.3.1	Ulez,Lanabregas HPP			2,542	2,525	2,836	3,020	3,326	3,217	3,044	2,474	2,279	2,537	2,759	2,809	33,368
A.3.2	Private/Concession Plants			46,259	61,344	64,760	79,237	96,449	53,764	18,320	9,940	11,062	12,607	61,785	97,470	612,997
A.3.3	Fotovoltaic Renewable Resources (BRE)			1,311	1,086	1,880	1,762	1,909	2,445	2,606	2,603	2,222	2,157	1,089	1,126	22,196
B	***Total Energy distributed in the distribution**		B=A+A.1.3+A.2	**748,162**	**606,361**	**582,133**	**534,655**	**547,605**	**519,792**	**536,432**	**566,381**	**473,136**	**473,799**	**532,194**	**685,163**	**6,805,811**
C	**Total Losses in the Distribution Network (MWh)**		C=C.1+C.2+C.3	**214,516**	**135,762**	**141,847**	**106,261**	**109,977**	**98,977**	**108,096**	**111,200**	**82,046**	**95,717**	**108,883**	**169,679**	**1,482,962**
C.1	Technical Losses in HV unit (MWh)			12,758	10,232	9,638	9,852	10,929	9,010	9,516	10,036	7,278	8,687	9,461	10,343	117,739
C.2	Technical Losses in the Areas (MWh)			130,054	78,533	82,659	58,954	60,398	54,350	59,372	60,501	44,785	52,673	59,484	94,796	836,561
C.3	Non - technical lossess in the Areas (MWh)			71,705	46,997	49,550	37,455	38,651	35,617	39,209	40,662	29,982	34,357	39,938	64,540	528,661
C.1	**Total Losses at OSHEE company (%)**		C.1= C/B	**28.67%**	**22.39%**	**24.37%**	**19.87%**	**20.08%**	**19.04%**	**20.15%**	**19.63%**	**17.34%**	**20.20%**	**20.46%**	**24.76%**	**21.79%**
C.1.1	Technical Losses in HV units (%)			1.71%	1.69%	1.66%	1.84%	2.00%	1.73%	1.77%	1.77%	1.54%	1.83%	1.78%	1.51%	1.73%
C.2.1	Technical Losses in the Areas (%)			17.70%	13.18%	14.45%	11.24%	11.26%	10.65%	11.27%	10.88%	9.62%	11.33%	11.39%	14.06%	12.52%
C.3.1	Non - Technical Losses in the Areas (%)			9.58%	7.75%	8.51%	7.01%	7.06%	6.85%	7.31%	7.18%	6.34%	7.25%	7.50%	9.42%	7.77%
D	**Energy used in the Distribution Network**		D=Sum(D.1:D.7)	**533,645**	**470,600**	**440,286**	**428,394**	**437,628**	**420,815**	**428,335**	**455,181**	**391,090**	**378,081**	**423,310**	**515,484**	**5,322,848**
D.1	Sold to Supplier of Last Resort Customers (MWh)		D.1=D.1.1+D.1.2	**2,799**	**2,398**	**2,439**	**3,002**	**2,336**	**2,748**	**3,728**	**3,641**	**3,958**	**3,430**	**3,872**	**3,748**	**38,098**
D.1.1	Sold to Private Supplier of Last Resort Customers (MWh)			2,418	2,115	2,299	2,917	2,123	2,181	2,338	2,344	2,645	2,023	2,331	2,214	27,946
D.1.2	Sold to Non-Budgetary Suppliers of Last Resort Customes (MWh)			381	283	140	85	213	568	1,390	1,297	1,313	1,407	1,541	1,534	10,152
D.2	Sold to Private Customers (MWh)		D.2=	**136,167**	**127,067**	122,875	124,725	128,423	142,989	158,993	168,424	139,746	129,656	125,181	143,922	**1,648,168**
D.2.1	Sold to the Transmission network for the account of OSHEE company															-
D.2.2	Sold for personal needs of OSHEE company			1,138	968	855	704	654	612	673	637	556	561	887	1,169	9,415
D.2.3	Sold to Private Customers (Without the one for [illegible])			135,029	126,099	122,020	124,021	127,769	142,377	158,320	167,787	139,190	129,095	124,294	142,754	1,638,753
D.3	Sold to Non-Budgetary Customers (MWh)			28,400	26,794	29,802	29,084	29,248	30,019	30,764	31,804	26,831	29,884	30,237	29,474	**352,342**
D.4	Sold to Budgetary Customers (MWh)			27,253	26,362	23,650	20,871	20,907	19,365	20,135	18,885	17,519	18,059	21,920	28,544	**263,471**
D.5	Sold to Household Customers (MWh)		D.5=D.5.1+D.5.	324,226	266,533	235,685	213,554	206,803	202,768	207,657	227,347	197,726	192,348	214,368	261,165	**2,750,180**
D.5.1	Sold to Household Customers (MWh)			317,725	260,156	229,386	207,294	200,518	196,349	200,813	220,377	191,203	185,823	208,295	255,201	2,673,140
D.5.2	Sold to Household Customers for the Common Environments			6,501	6,376	6,299	6,261	6,286	6,418	6,844	6,969	6,524	6,525	6,074	5,964	77,040
D.6	Electricity injected at TSO from Local HPP-s		D.6=A.2	12,349	19,369	22,802	34,170	46,544	19,063	2,589	593	1,452	965	24,274	45,210	**229,380**
D.7	Electricity used from customers in the irregulated market		D.7=A.1.3	2,452	2,076	3,033	2,987	3,367	3,863	4,467	4,487	3,858	3,739	3,458	3,421	**41,209**
E	**Invoiced to the preceeding month (000/ALL)**			**6,625,289**	**6,710,114**	**5,819,929**	**5,496,920**	**5,155,722**	**5,075,626**	**5,324,553**	**5,684,531**	**6,100,924**	**5,207,417**	**4,992,973**	**5,292,443**	**67,486,440**
F	**Collections of the current month (000 ALL)**		G=F.1+F.2+F.3+F	**6,012,063**	**6,214,348**	**5,809,420**	**5,627,003**	**5,282,041**	**4,771,267**	**5,561,263**	**5,644,126**	**5,728,875**	**5,453,169**	**4,476,170**	**5,856,208**	**66,435,953**
F.1	Collected for the current year invoices			4,199,029	4,183,587	3,585,870	3,368,247	3,328,198	3,106,838	3,445,103	3,780,699	3,984,742	3,373,611	2,810,098	3,567,340	42,733,362
F.3	Collected for the other invoices of the current year			30	188,149	1,480,506	1,814,839	1,581,085	1,358,145	1,616,493	1,523,253	1,461,883	1,678,203	1,437,765	1,950,778	16,091,131
F.4	Collected for the other invoices of the previous years			1,813,004	1,842,611	743,045	443,917	372,758	306,283	499,667	340,173	282,250	401,354	228,307	338,090	7,611,461
F.1	**Current month collections (%)**		F.1=F/E	**90.7%**	**92.6%**	**99.8%**	**102.4%**	**102.5%**	**94.0%**	**104.4%**	**99.3%**	**93.9%**	**104.7%**	**89.6%**	**110.7%**	**98.4%**
F.1.1	Collected for the current year invoices (%)		F.1.1=F.1/E	63.4%	62.3%	61.6%	61.3%	64.6%	61.2%	64.7%	66.5%	65.3%	64.8%	56.3%	67.4%	63.3%
F.1.3	Collected for the other invoices of the current year (%)		F.1.3=F.3/E	0.0%	2.80%	25.4%	33.0%	30.7%	26.8%	30.4%	26.8%	24.0%	32.2%	28.8%	36.9%	23.8%
F.1.4	Collected for the other invoices of the previous years (%)		F.1.4=F.4/E	27.4%	27.5%	12.8%	8.1%	7.2%	6.0%	9.4%	6.0%	4.6%	7.7%	4.6%	6.4%	11.3%
G	**Invoiced to the Reporting month (000/ALL)**			**6,710,114**	**5,819,929**	**5,496,920**	**5,155,722**	**5,075,626**	**5,324,553**	**5,684,531**	**6,100,924**	**5,207,417**	**4,992,973**	**5,292,443**	**6,251,767**	**67,112,919**
1	Number of Customers in Total (No.)			1,239,101	1,242,503	1,234,670	1,245,202	1,236,964	1,238,667	1,240,031	1,241,079	1,244,468	1,246,665	1,248,482	1,249,882	14,907,714
2	Invoices with consumption reading (No.)			957,714	953,940	960,236	968,762	971,709	979,349	995,842	1,024,406	997,647	1,004,843	985,132	980,030	11,779,610
3	Quantity of electricity invoiced with consumtion reading Sasia			518,358	448,752	414,086	390,930	387,412	397,621	421,001	449,822	385,531	373,113	395,245	466,417	5,048,287
4	Invoices with "0" reading (No.)			284,296	294,796	282,618	295,999	275,998	268,192	256,799	226,217	257,215	252,348	274,405	283,950	3,252,833
5	Number of the invoices without reading (unmeasured electricit			-	-	-										-
6	Amount of electricity invoiced as unmeasured energy (MWh)			-	-	-										-
7	Number of the invoices without reading (economic damage) (N			-	-	-										-
8	Total invoiced as economic damage (000/ALL)			-	-	-										-
9	Number of the invoices for which it is collected overdue payme			395,146	371,921	419,418	432,952	446,223	385,780	488,274	499,940	417,865	424,008	368,989	448,334	5,098,850
10	Value of the collected overdue payments (000/ALL)			86,550	74,301	76,764	84,351	85,896	75,158	108,126	100,374	85,786	129,340	75,296	104,638	1,086,579

*Total Energy distributed in the Distribution Network (MWh) , is calculaed as OUT from DSO-TSO (229,380 MWh)

Figure 39 Main indicators of Distribution System Operator OSHEE company during 2019.

1.4.2 Electricity Consumption

The total annual electricity consumption (including the consumption of customers in the unregulated market) in Albania for the period 2003 to 2019 is presented graphically below.

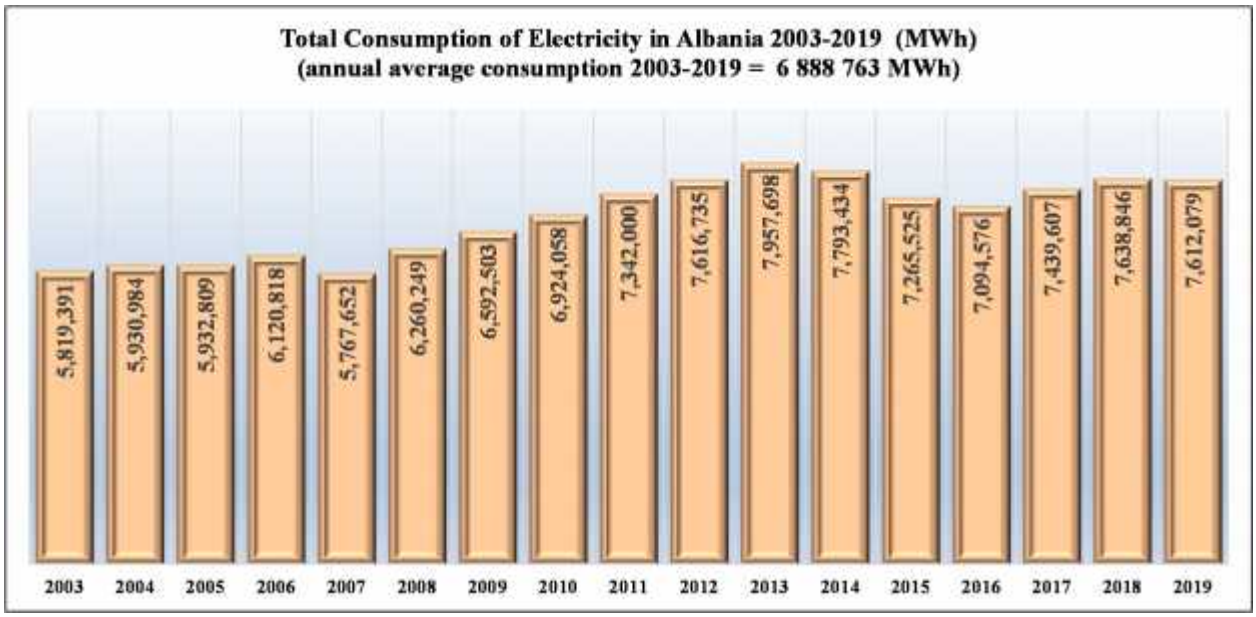


Figure 40 Total consumption of Electricity throughout the years

As it can be seen in the graphic presentation, the lowest electricity consumption recorded in our country is in 2007 with 5,767,652 MWh and the highest electricity consumption is the one recorded in 2013 with 7,855,698 MWh. For 2019, electricity consumption in our country is 7,612,079 MWh. Compared to 2018, there is a slight decrease in electricity consumption in the country by 26,767 MWh.

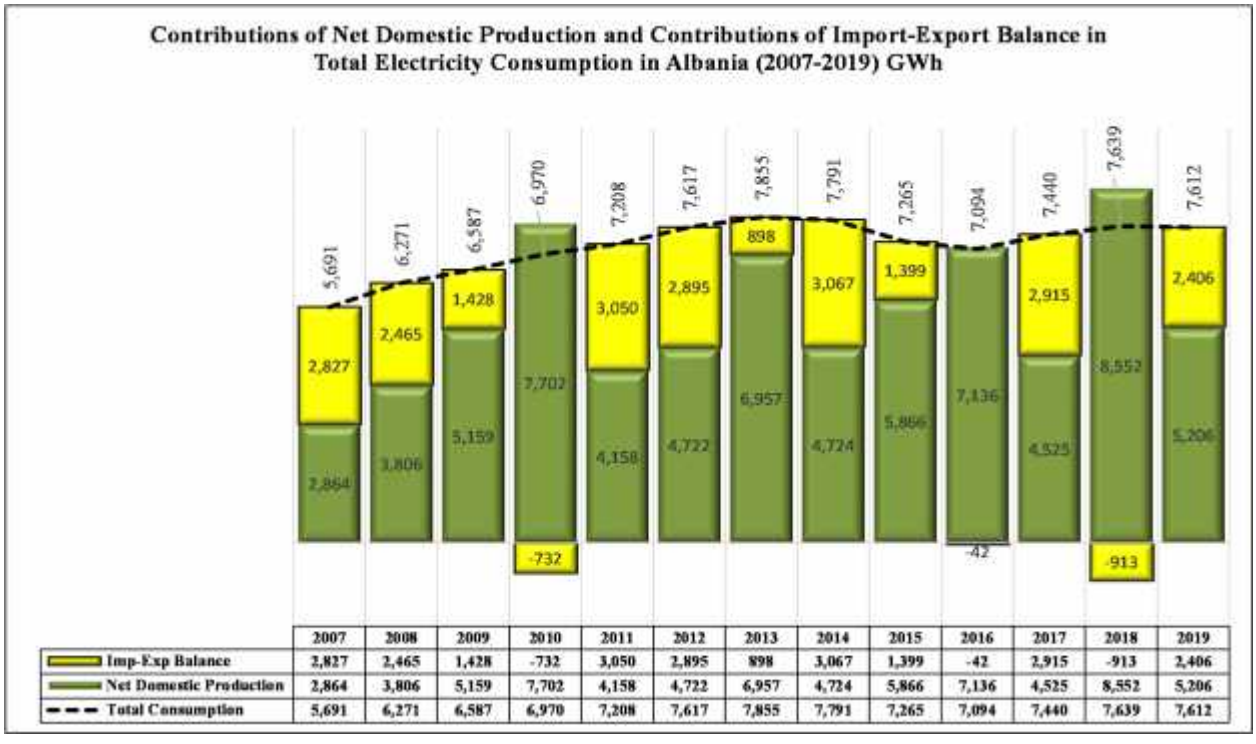


Figure 41 Contributions of Net Domestic Production and the Contributions of Total Import Export Electricity Consumption in Albania.

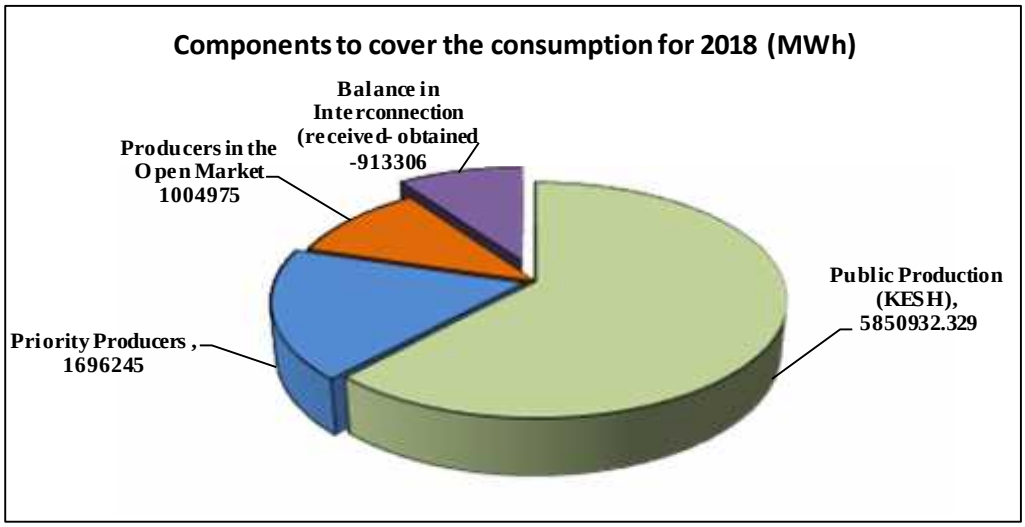
Contributors to Cover the consumption during 2018			
How is provided the Consumed Energy			
Public Production (KESH company)	Priority Producers	Producers in the Open Market	Balance in interconnection
5,850,932	1,696,245	1,004,975	- 913,306
		7,638,846	Exit energy

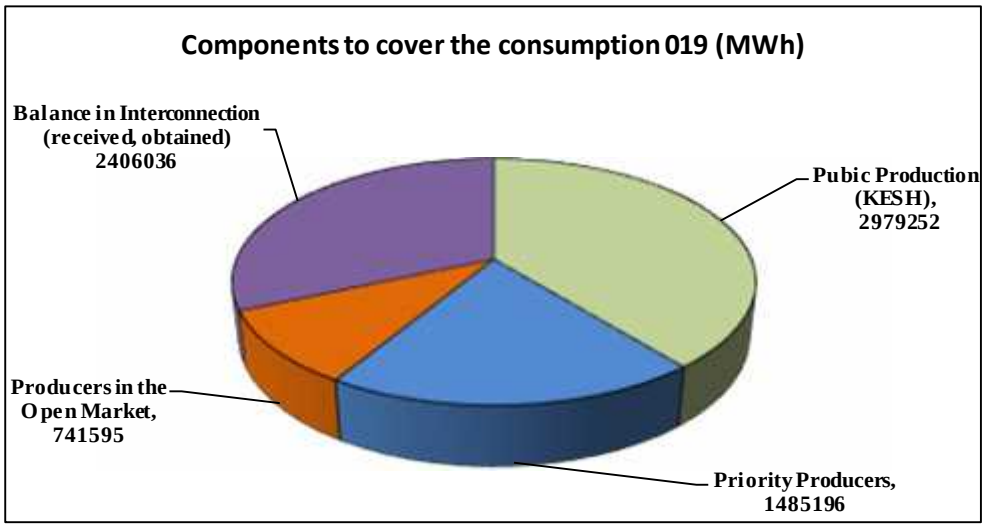
Contributors in Electricity Consumption Ensured during 2018 Where is consumed the provided energy for 2018				
OSHEE consumption (sales + losses)	Consumed from the Customers in High voltage ("qualified")	Consumed from Customers connected in 35 kV	Consumed from TSO (losses + personal needs)	Consumed from Vlora TPP 2019
6,422,287	957,323	14,624	242,705	1,907
		7,638,846		

Contributors in Electricity Consumption Ensured during 2019 How is provided the Consumed Energy 2019)			
Public Production (KESH)	Priority Producers	Producers in the Open Market	Balance in Interconnection
2,979,252	1,485,196	741,595	2,406,036
		7,638,846	Introduced

Contributors in Electricity Consumption Ensured during 2019 Where is consumed the provided energy for 2019				
OSHEE consumption (sales + losses)	Consumed from the Customers in High voltage ("qualified")	Consumed from Customers connected in 35 kV	Consumed from TSO (losses + personal needs)	Consumed from Vlora TPP 2019
6,535,220	867,029	41,209	168,621	
		7,612,079		

Figure 42 Components to cover the consumption and electricity consumption components ensured for 2018 – 2019


Components to cover the consumption for 2018 (MWh)
Balance in Interconnection (received- obtained -913306
Producers in the Open Market 1004975
Public Production (KESH), 5850932.329
Priority Producers , 1696245


Components to cover the consumption 019 (MWh)
Balance in Interconnection (received, obtained) 2406036
Pubic Production (KESH), 2979252
Producers in the Open Market, 741595
Priority Producers, 1485196

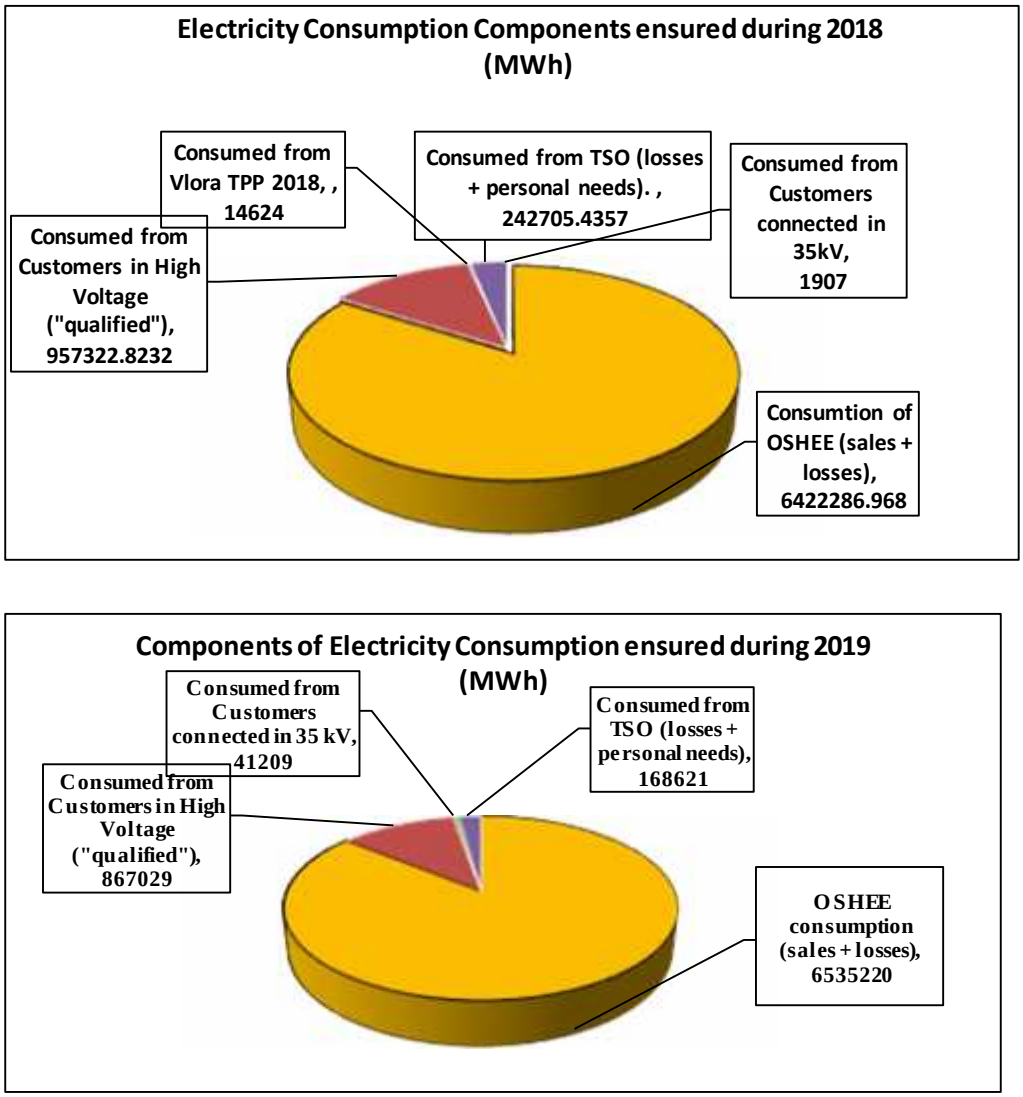


Figure 43 Components to cover consumption and electricity consumption components provided for the years 2018 - 2019

1.4.3 Structure of Electricity Consumption

Number of customers according to regions and categories 2019						
	Budgetary	Household	Non budgetary	Personal consumption	Private	2019
Berat	965	88,830	350	35	13,940	104,120
Burrel	679	54,037	308	37	6,233	61,294
Durres	901	149,699	324	27	18,854	169,805
Elbasan	940	94,592	439	34	12,944	108,949
Fier	682	72,600	239	19	10,056	83,596
Gjirokaster	1,256	69,156	273	24	9,863	80,572
Korce	947	81,291	271	22	9,446	91,977
Kukes	333	18,402	93	11	2,247	21,086
Shkoder	919	98,272	350	27	13,946	113,544
Tirane	1,527	278,629	443	54	51,267	331,920
Vlore	562	71,463	193	8	10,793	83,019
TOTAL	9,741	1,076,971	3,283	298	159,589	1,249,882

Figure 44 Number of Customers of OSHEE 2019.

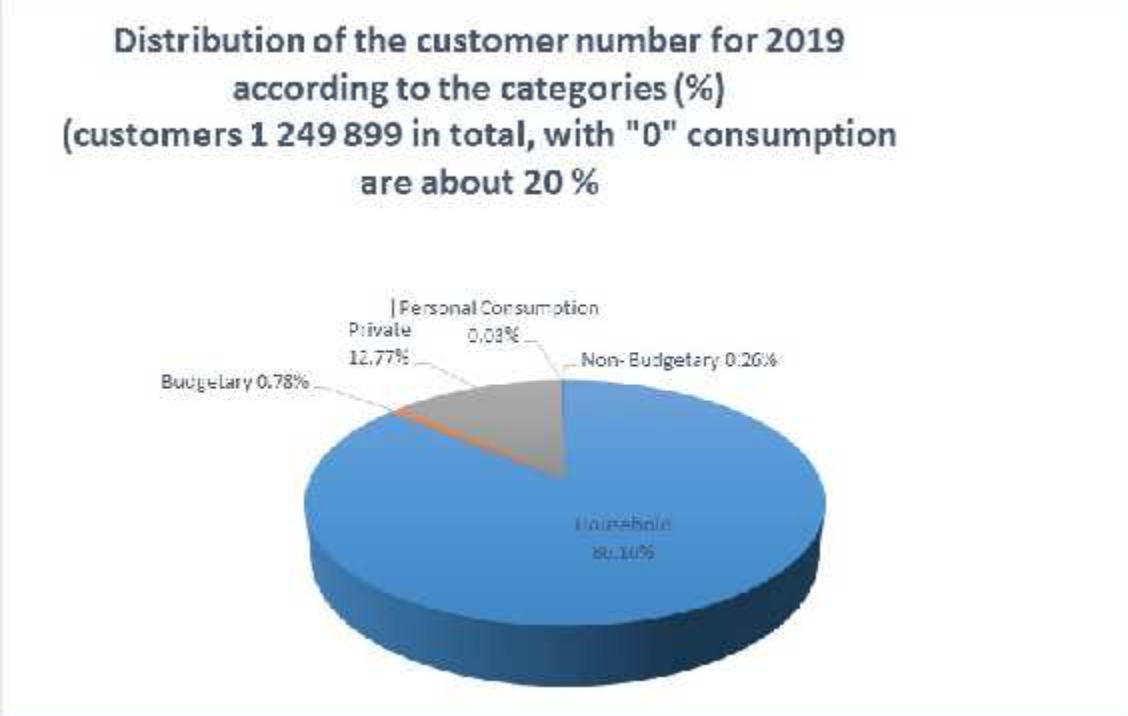


Figure 45 Distribution of the number of Customers 2019 by categories (%).

The data presented above show that the total number of customers for 2019 is 1 249 899. And for 2019 most of the customers of OSHEE are occupied by household customers that go to 86.16% of the total number of customers of OSHEE company. In the demographic distribution of OSHEE customers and for 2019 the largest part is in Tirana in about 26.5% of all customers that OSHEE company has.

Structure of OSHEE customers is also reflected in the electricity invoice structure realized by OSHEE for 2019. Household customers that occupy the largest share in OSHEE occupy the largest part of the energy invoiced for 2019, respectively 48% of all invoices realized for 2019.

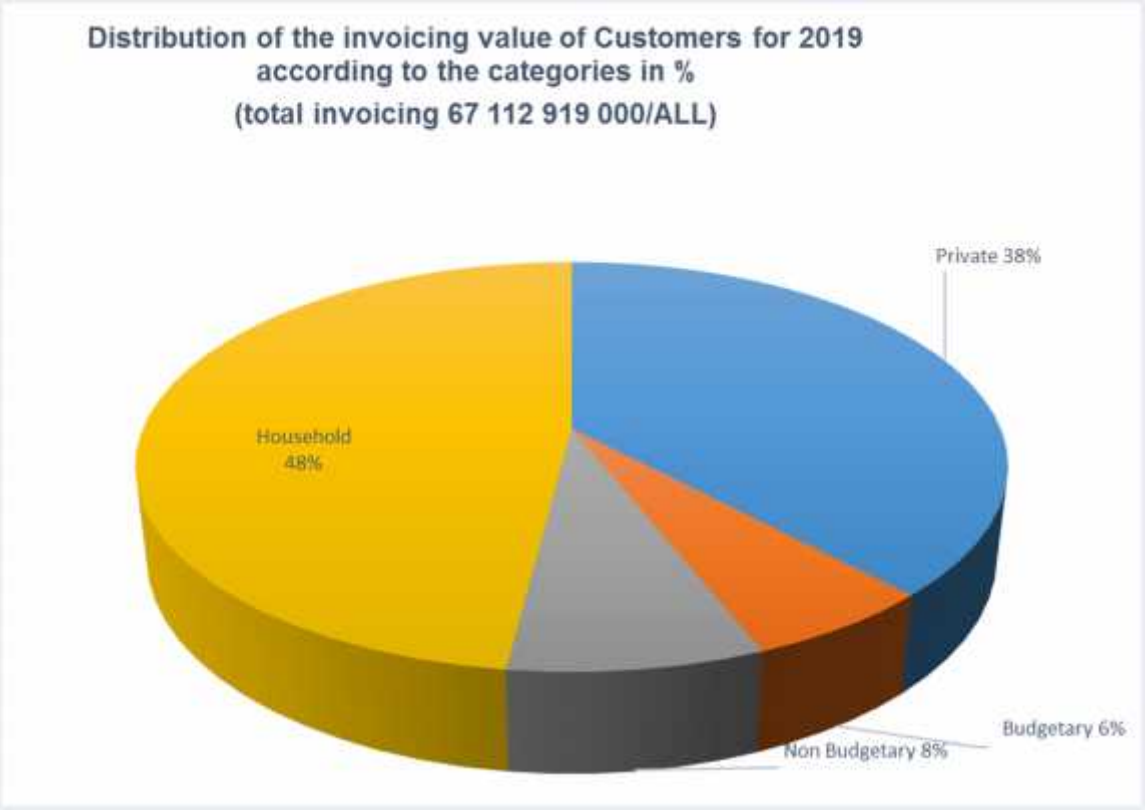
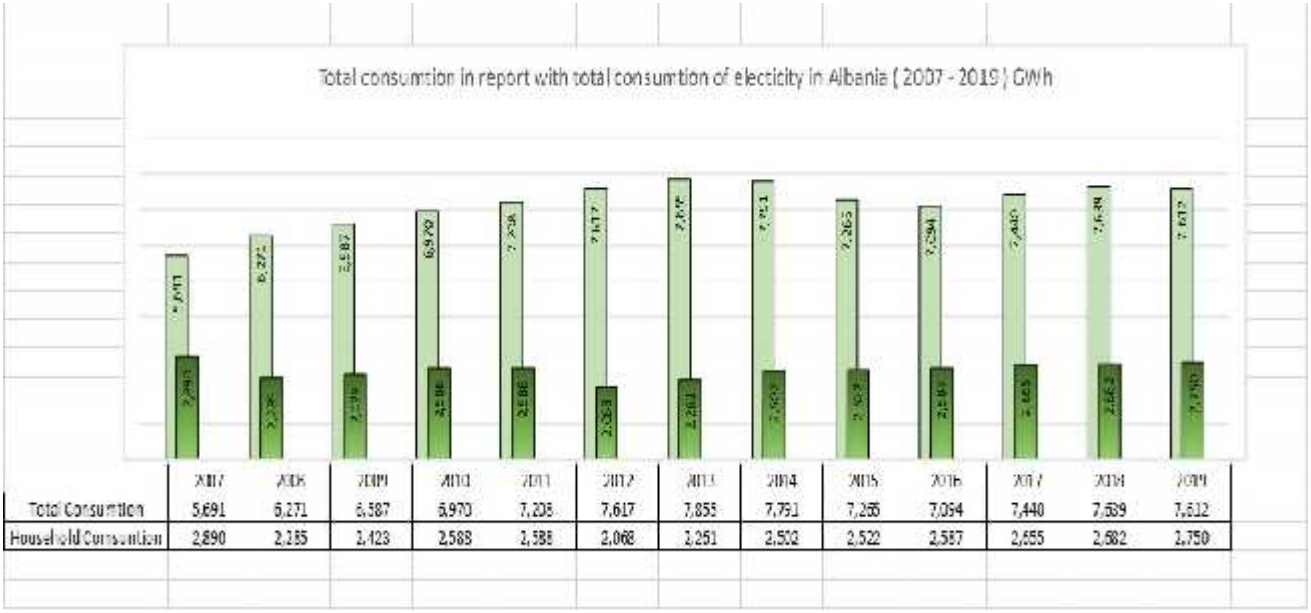


Figure 46 Invoice Reports by Customer Categories 2019.

The following figure shows the specific weights in invoices occupied by the categories of tariff customers.



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Consumtion	5,691	6,271	6,387	6,970	7,205	7,617	7,855	7,791	7,265	7,094	7,440	7,589	7,612
Household Consumtion	2,890	2,285	2,423	2,588	2,588	2,068	2,251	2,502	2,522	2,587	2,655	2,682	2,750

Figure 47 Household customers to total country consumption in years.

Household customers occupy about 36.1% of total consumption, a slightly higher figure compared to consumption for the same category in 2018, which was 35.1%.

1.4.4 Electricity Consumption Profile

From the study of the annual profile of electricity consumption, the characteristic feature of this profile is the almost complete symmetry of winter-summer consumption

As in the reports of previous years, this year the same phenomenon is observed, that of using electricity for heating in winter. Any change in ambient temperature is immediately reflected in the daily consumption of electricity, precisely by the effect of using or not using the electric heating of the building.

During the summer season, in July and August the peak tendency is increasing, which from year to year is becoming more evident and is related to climate change, improving living conditions leading to the increasing use of air conditioning equipment during the hot months.

Below are the data of average daily consumption for each month of 2019 compared to the average data of the period 2007-2018.

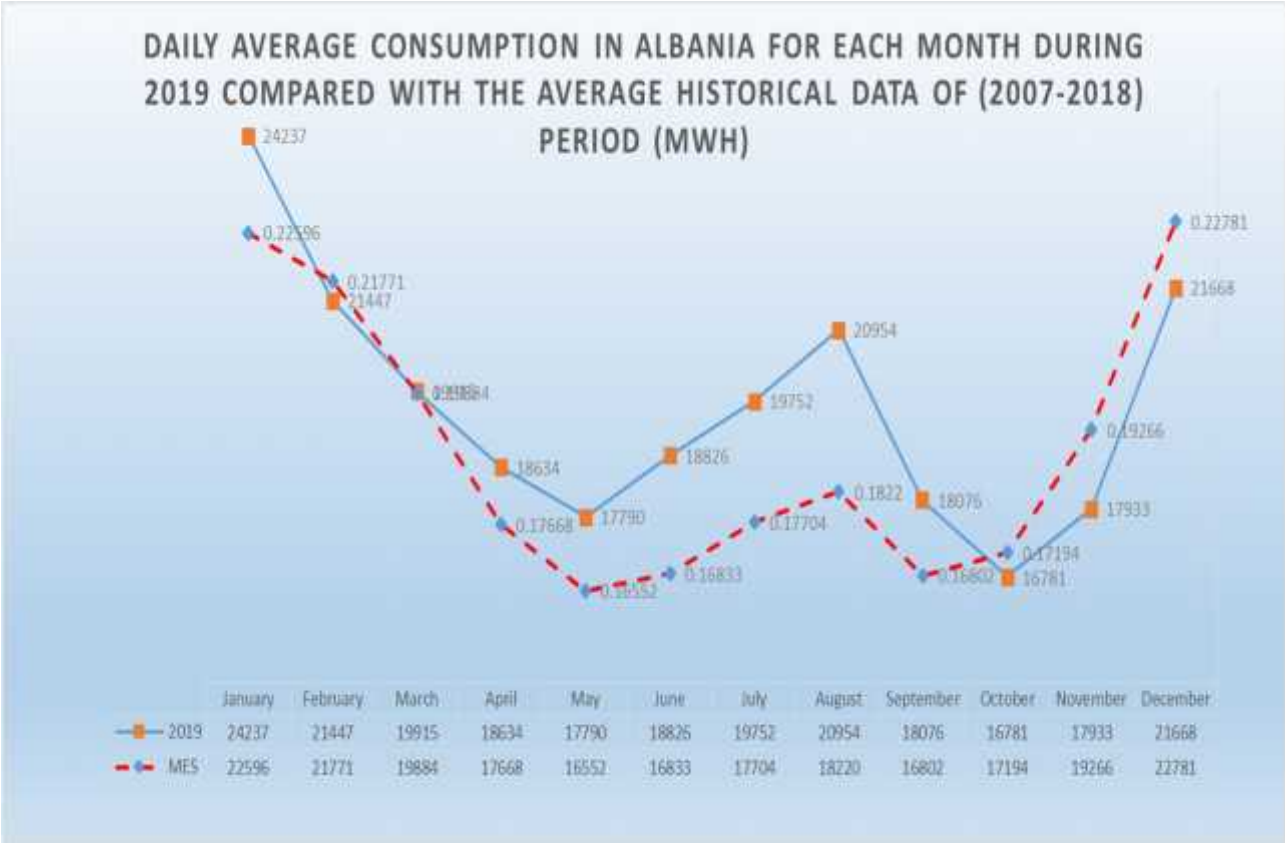


Figure 48 Average daily consumption for each month of 2019.

The graph below gives the average daily profile based on hourly load for 2019

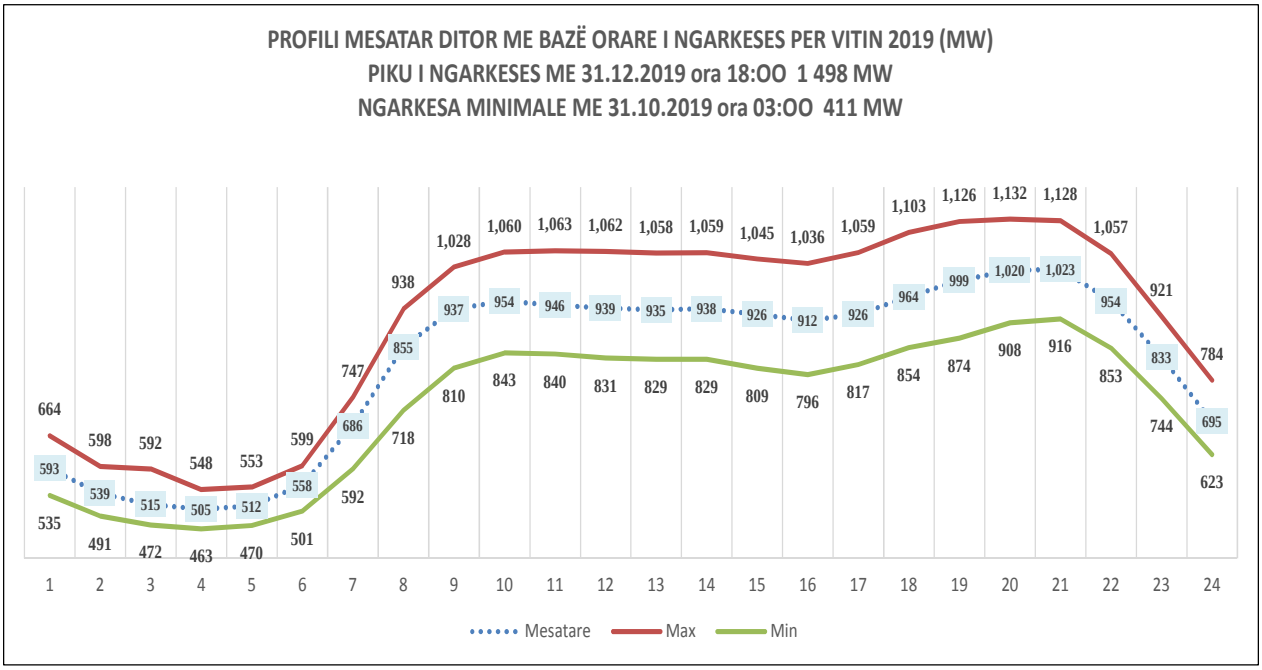


Figure 49 Average daily load-based hourly profile for 2019.

PEAK LOAD for 2019 (1,498 MW) is marked on 31.12.2019 at 18:00

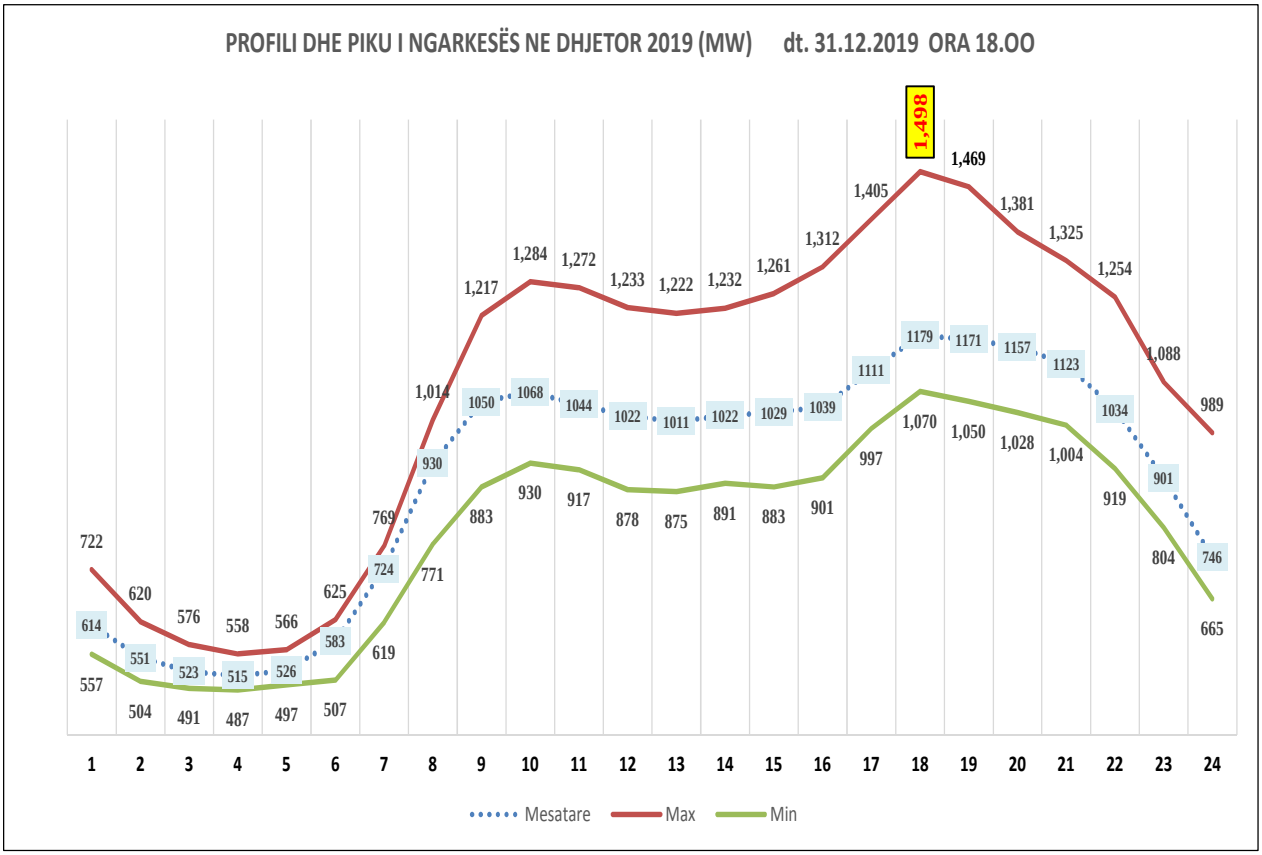


Figure 50 Load profile and peak in December 2019 (MW).

MINIMUM LOAD for 2019 (411 MW) is marked on **31.10.2019 at 03:00**

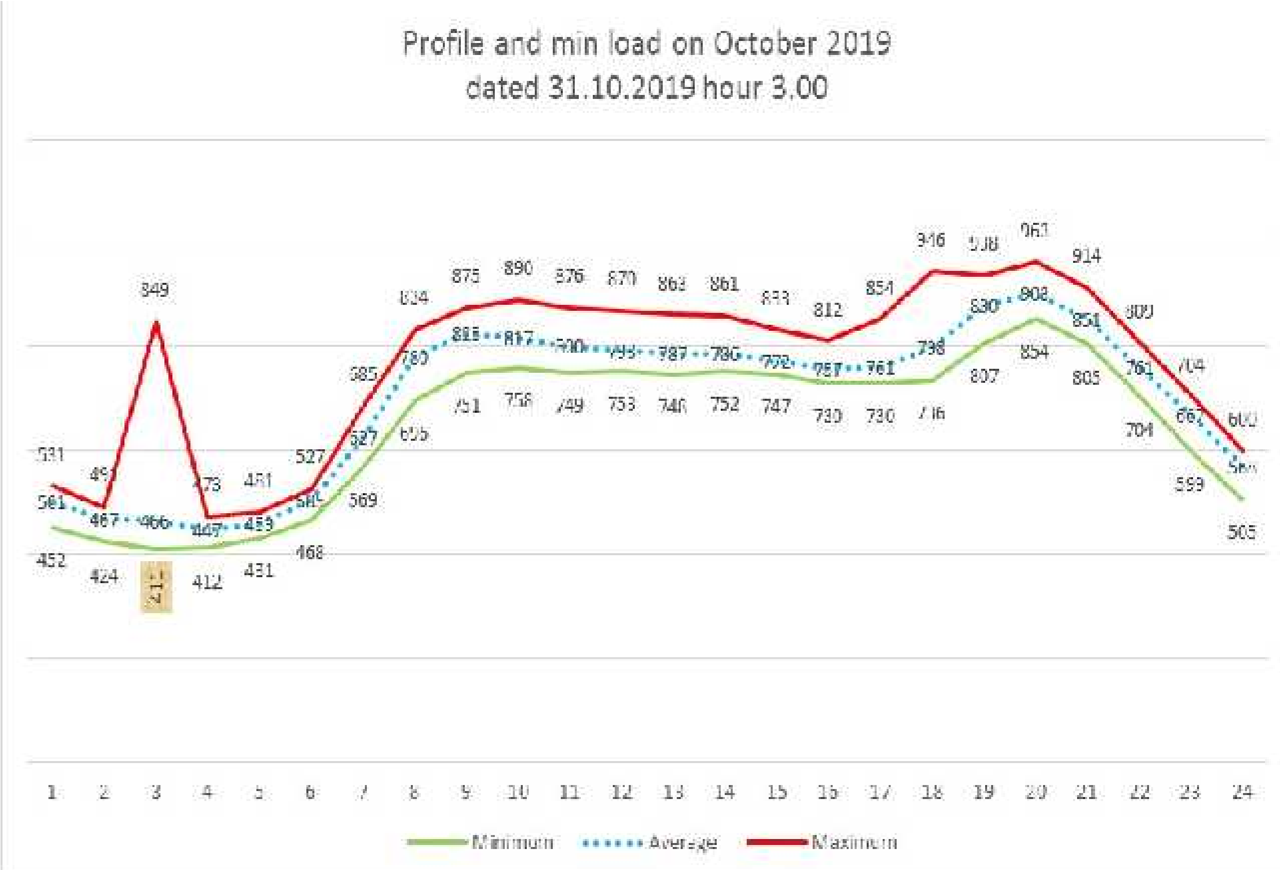


Figure 51 The profile and minimum load October 2019 (MW).

Below are data on the specific weight of electricity consumption in the liberalized market for 2019, compared to 2018 data.

	January	February	March	April	May	June	July	August	September	October	November	December	2018
Total Consumption in Albania 2018	731,931	680,200	711,377	588,214	582,394	571,928	613,414	645,308	556,616	568,498	616,718	786,232	7,653,47[illegible]
Customer consumption in the liberalized market 2018	71,981	89,123	113,623	119,545	115,321	102,888	104,369	105,123	91,087	96,917	98,566	104,890	1,214,553
Specific weight of consumption in the liberalized market (%) 2018	9.8	13.1	16.0	20.3	19.8	18.0	17.0	16.4	16.4	17.0	16.0	13.3	15.9
Customer Consumption in the liberalized market connected in transmission 2018	51,047	60,675	75,901	82,709	87,903	88,862	86,592	89,002	77,880	84,087	81,668	88,126	957,323
Customer Consumption in the liberalized market connected at 20 kV 2018	0	0	606	1,172	1,407	1,737	1,540	657	1,117	2,340	2,251	2,441	14,574
TSO losses purchased in the liberalized market	20,933	28,507	37,116	35,763	26,518	12,925	16,437	15,464	12,087	10,490	11,657	13,123	242,705
	January	February	March	April	May	June	July	August	September	October	November	December	2019
Total Consumption in Albania 2019	788,333	645,665	663,281	608,522	606,521	605,057	653,016	663,326	555,963	534,956	579,085	737,800	7,612,083
Customer Consumption in the liberalized market 2019	55,267	60,285	106,807	110,930	108,713	108,052	103,042	102,026	86,087	66,901	74,023	91,208	1,076,30[illegible]
Specific weight of consumption in the liberalized market (%) 2019	7.0	9.4	16.1	18.2	17.9	17.9	15.4	15.4	15.8	12.5	12.9	12.5	14.1
Customer consumption in the liberalized market connected in transmission 2019	37,932	45,599	91,997	95,784	88,438	89,715	75,145	82,771	72,886	53,159	55,475	66,710	855,960
Customer Consumption in the liberalized market connected at 20 kV 2019	2,452	2,076	3,033	2,087	3,367	3,863	4,467	4,487	3,888	3,730	3,458	3,421	41,210
TSO losses purchased in the liberalized market	14,883	11,520	11,777	12,080	16,858	14,474	14,029	15,318	11,333	10,063	14,740	21,577	158,53[illegible]

Figure 52 Data on the specific weight of electricity consumption in the liberalized market for 2019, compared to 2018 data.

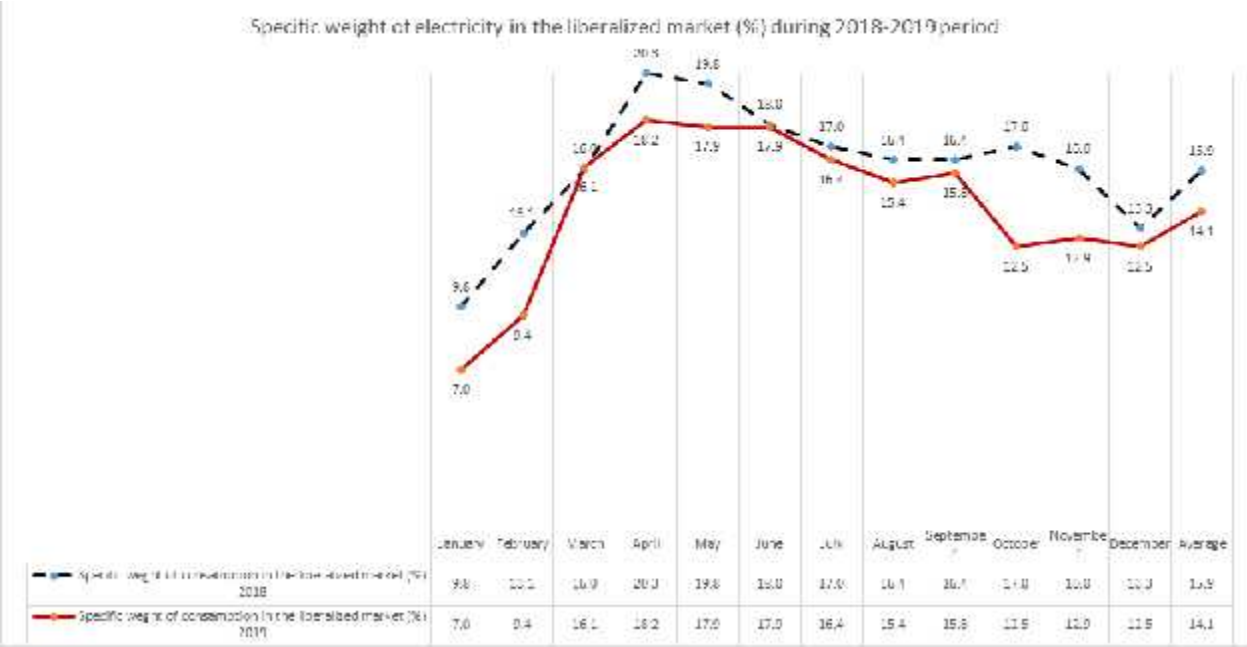


Figure 53 Graph on the specific weight of electricity consumption in the liberalized market for 2019, compared to 2018 data.

1.4.5 Indicators of electricity supplied, sold and lost for each area and agency of the Distribution Operator OSHEE company during 2019

Below are the data related to the indicators of Electricity Supplied, sold and lost for each area and agency of OSHEE during 2019 (MWh).

Regional Directory /Agency	Year 2019			
	Introduced energy MWh	Sold energy MWh	Losses MWh	Losses in %
Tirana1	824,384	743,781	80,603	9.8%
Tirana2	835,312	688,535	146,777	17.6%
Tirana3	630,482	531,741	98,741	15.7%
Tirane Regional Directory	2,290,178	1,964,057	326,121	14.2%
Durres	391,549	326,805	64,744	16.5%
Kavaje	154,865	128,892	25,974	16.8%
Kruje	142,274	95,212	47,062	33.1%
Shijak	162,425	123,876	38,549	23.7%
Durres Regional Directory	851,113	674,784	176,329	20.7%
Ballsh	49,749	44,521	5,228	10.5%
Fier	317,960	270,608	47,352	14.9%
Patos	67,354	54,595	12,759	18.9%
Fier Regional Directory	435,062	369,723	65,339	15.0%
Elbasan	286,471	240,064	46,407	16.2%
Gramsh	20,509	17,486	3,023	14.7%

Librazhd	54,603	41,218	13,385	24.5%
Peqin	31,165	23,554	7,612	24.4%
Elbasan Regional Directory	392,748	322,321	70,427	17.9%
Bilisht	34,444	28,016	6,428	18.7%
Kolonje	13,152	9,373	3,779	28.7%
Korce	185,550	146,742	38,807	20.9%
Pogradec	69,028	59,858	9,171	13.3%
Korce Regional Directory	302,175	243,990	58,185	19.3%
Delvine	17,112	13,843	3,269	19.1%
Gjirokaster	87,374	69,904	17,470	20.0%
Permet	22,028	18,140	3,888	17.7%
Saranda	112,537	93,242	19,295	17.1%
Tepelene	31,966	22,972	8,995	28.1%
Gjirokaster Regional Directory	271,018	218,100	52,918	19.5%
Koplik	67,817	30,138	37,680	55.6%
Lezhe	160,005	102,542	57,463	35.9%
Puke	28,238	14,422	13,816	48.9%
Shkoder	395,241	249,102	146,139	37.0%
Shkoder Regional Directory	651,301	396,204	255,097	39.2%
Berat	117,895	95,842	22,053	18.7%
Kuçove	50,607	42,637	7,970	15.7%
Lushnje	167,446	132,209	35,237	21.0%
Skrapar	24,596	18,867	5,728	23.3%
Berat Regional Directory	360,544	289,555	70,989	19.7%
Has	28,047	12,109	15,938	56.8%
Kukes	90,641	50,827	39,814	43.9%
Tropoje	53,015	15,305	37,711	71.1%
Kukes Regional Directory	171,703	78,241	93,463	54.4%
Bulqize	47,594	40,042	7,552	15.9%
Diber(Peshkopi)	61,428	41,206	20,222	32.9%
Lac	157,540	101,800	55,740	35.4%
Mat (Burrel)	50,136	33,127	17,009	33.9%
Mirdite	43,010	29,160	13,850	32.2%
Burrel Regional Directory	359,708	245,336	114,372	31.8%
Himare	23,719	20,406	3,313	14.0%
Selenice	44,750	16,864	27,886	62.3%
Vlore	259,490	208,712	50,778	19.6%
Vlore Regional Directory	327,959	245,982	81,977	25.0%

Figure 54 Data on key indicators for each Distribution Operator Agency OSHEE during 2019.

The above indicators, according to regional directories for 2019, compared to those of 2018, result improved and specifically in the values of losses in the distribution network where in 2018 were

1,538,503 MWh and in 2019 1,482,961 MWh reducing the electricity losses in the distribution system with 55,542 MWh.

The highest losses belong to the Regional Directories of Kukës and Shkodër, while the lowest level of losses during 2019 were on the Regional Directories of Tirana and Fier.

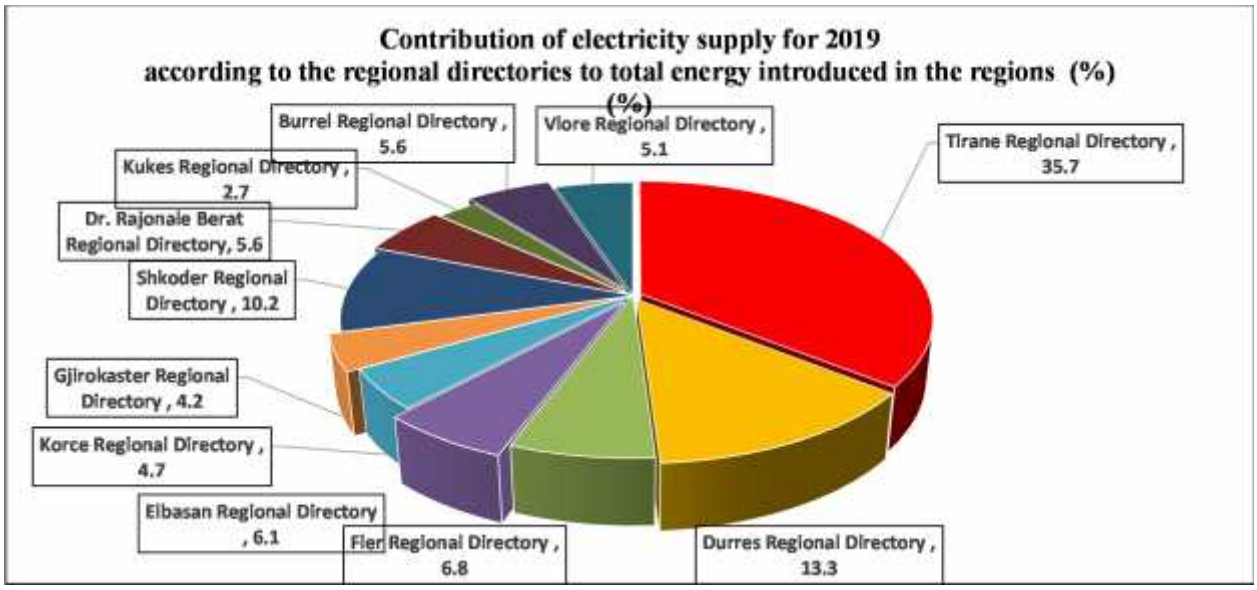


Figure 55 Distribution of Electricity Supply by regional Directories (%).

As shown in the figure, the largest part of electricity consumption in the country for 2019 is occupied by the Tirana Regional Directory, while the smallest part is consumed by the Kukës Regional Directory.

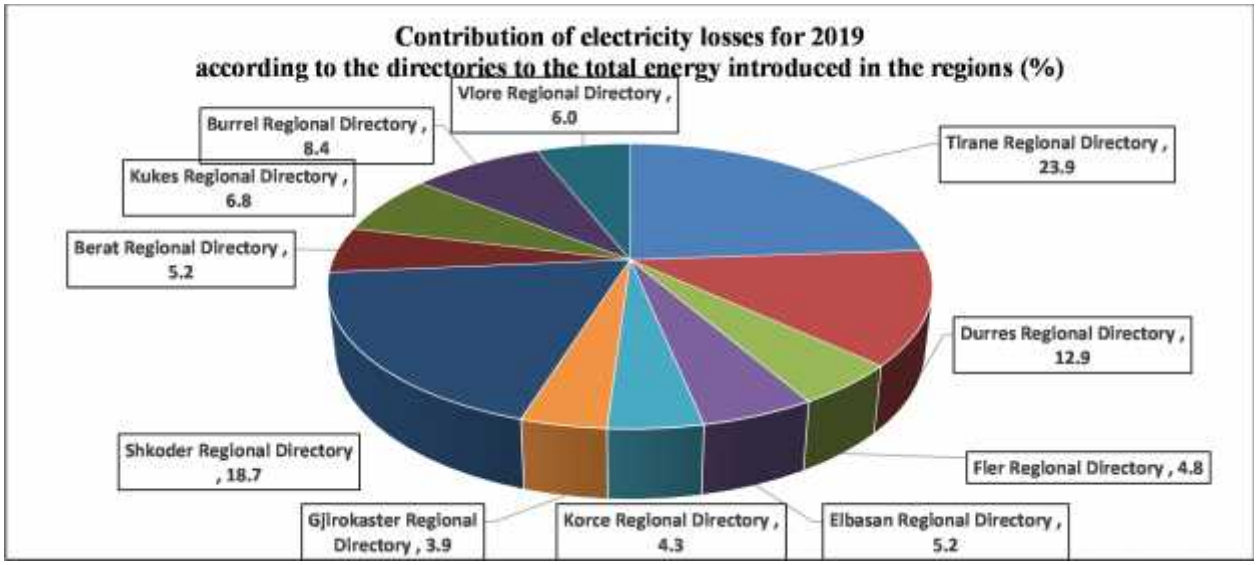
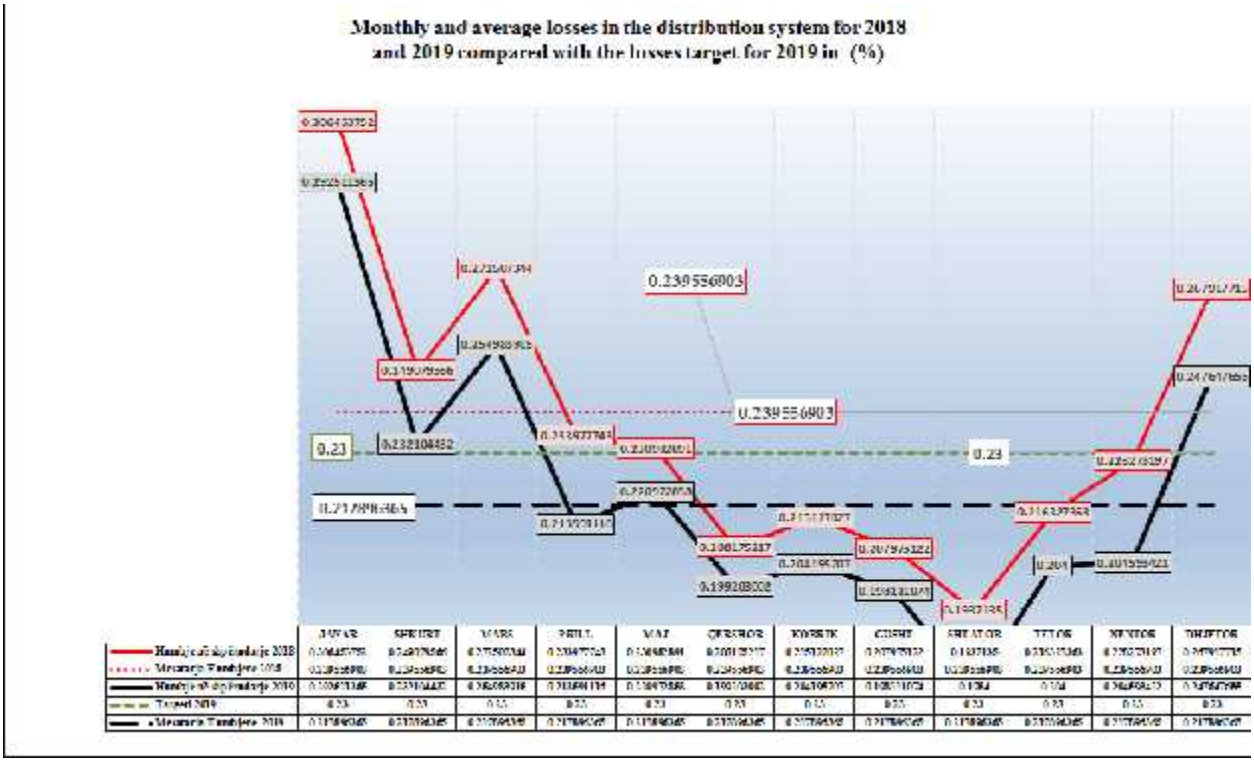


Figure 56 Distribution of Electricity Losses by Regional Directories (%).

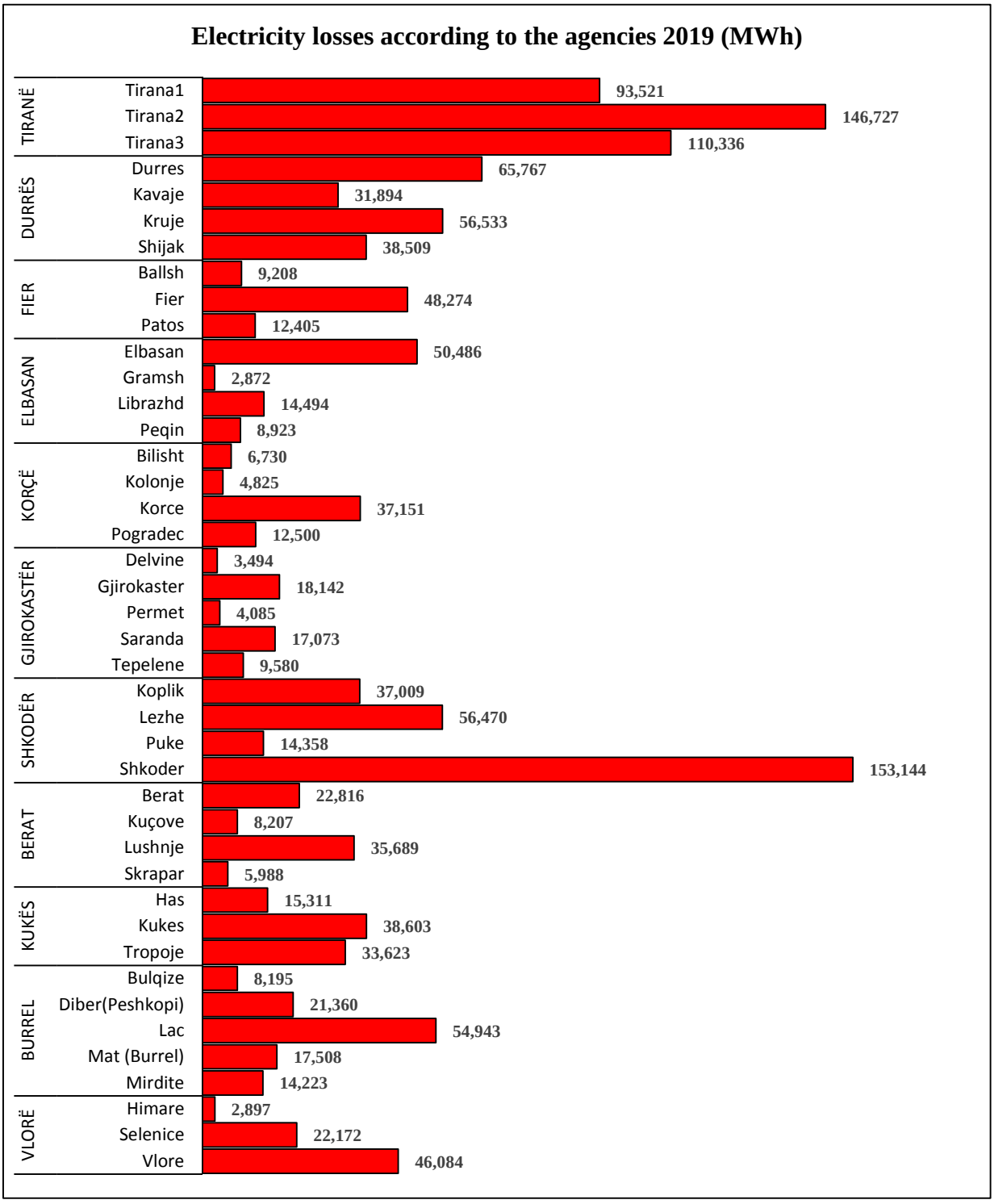
Comparison of losses in the distribution network with the targets set in Council of Ministers Decision no. 253, dated 24.04.2019.



	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Losses in the distribution for 2018	30.65%	24.91%	27.25%	25.40%	23.30%	20.82%	22.83%	20.80%	19.17%	21.63%	22.85%	26.75%
Losses Average 2018	23.96%	23.96%	23.96%	23.96%	23.96%	23.96%	23.96%	23.96%	23.96%	23.96%	23.96%	23.96%
Losses in distribution 2019	29.25%	23.23%	25.50%	21.30%	22.10%	19.92%	20.47%	19.89%	17.54%	20.40%	20.46%	24.76%
Target for 2019	23.00%	23.00%	23.00%	23.00%	23.00%	23.00%	23.00%	23.00%	23.00%	23.00%	23.00%	23.00%
Average of the losses 2019	21.79%	21.79%	21.79%	21.79%	21.79%	21.79%	21.79%	21.79%	21.79%	21.79%	21.79%	21.79%

Figure 57 Monthly and average losses in the distribution system compared to the target of electricity losses according to Council of Ministers Decision no. 253, dated 24.04.2019 (%).

Presentation of contribution to supply and the respective losses according to the agencies.



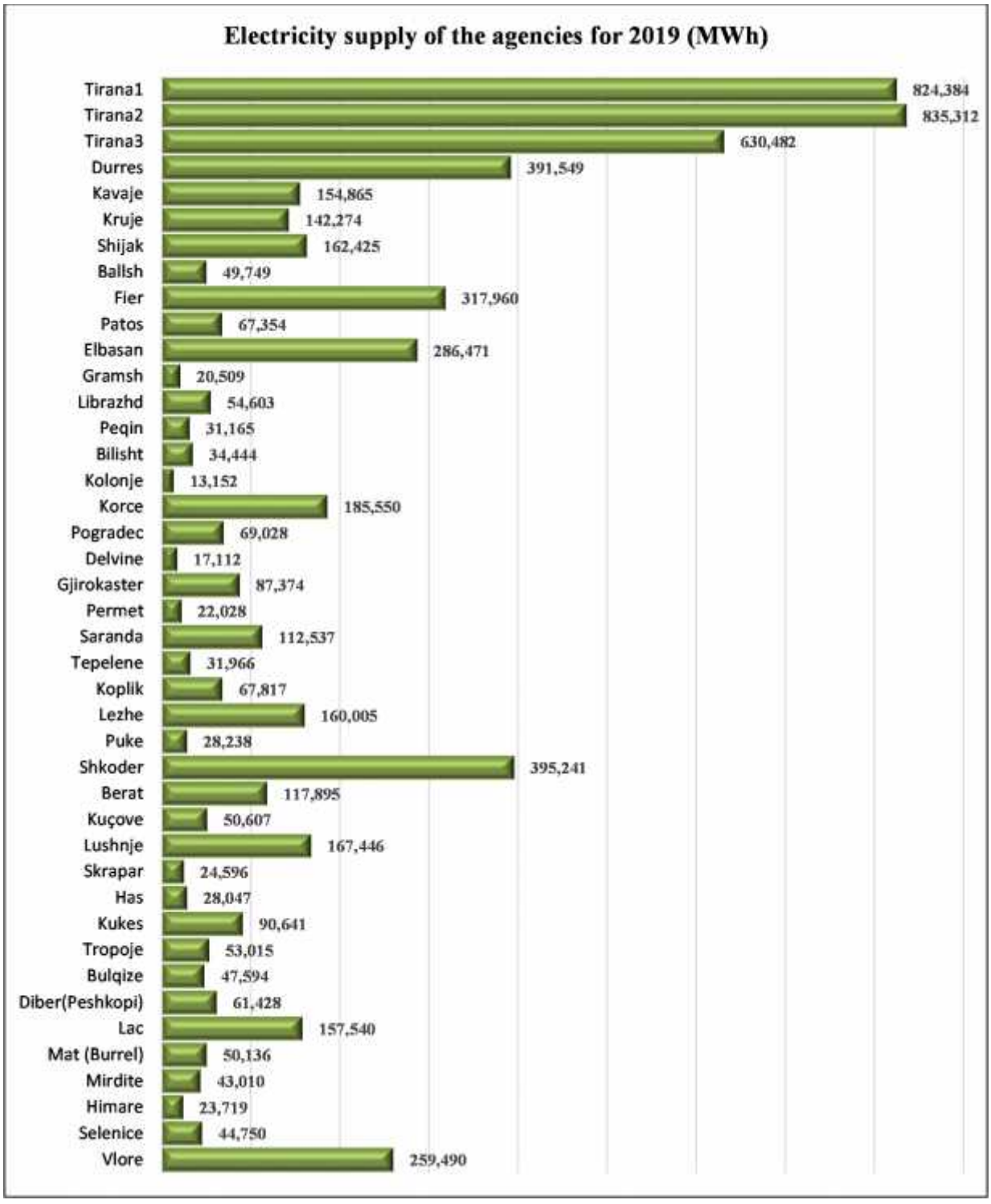


Figure 58 Quantity in Electricity Supply and Losses in Regions and Distribution Network Agencies (Source: OSHEE).

The following tables show the indicators synthesized by public operators (TSO and OSHEE companies) of the power system in Albania

TSO electricity balance for 2019 MWh	
Production from KESH_GEN at the Transmission Network	2,979,252
Production from small HPP in the Transmission Network	229,380
Production from big IPP Transmission Network	625,142
Production from Peshqesh HPP	91,100
Production from Banja HPP	153,357
Production from FANG HPP	166,396
Production from Moglicë HPP	0
Production from Ashta HPP	191,495
Production from KURUM (Ulez-Shkopet & Bistrica1,2)	330,742
Export (-) from the Interconnection Lines	770,480
Import (+) from the Interconnection Lines	3,176,515
Balance (Total Interconnection)	2,406,036
Total obtained energy	7,943,380
Losses in the Transmission Network (including the Persona	168,621
Losses in the Transmission Network %	2.12
Total granted energy	7,774,759
Transmitted at the Interconnection Lines	770,480
Transmitted to Qualified Customers	867,029
EL Kurum	292,830
Fushe Arrëz	8,192
Titan	94,420
F.Kruje 220	119,986
220/6,3 Colacem Substation	11,089
ACR T1	74,358
ACR T2	0
AES T1	65,710
AES T2	55,521
220kV Moglice Substation	5,540
Peshqesh HPP	251
Ashta HPP	2
BANJE HPP	228
FANG HPP	374
Gjerim KURUM	121
Ballsh T1 TPP	36,075
Ferro Krom	102,330
Transmitted at the distribution network (OSHEE)	**6,137,250**
Transmitted at the distribution network (OSHEE) 110 kV	5,185,082
Transmitted at the distribution network (OSHEE) 35 kV	532,492
nsmitted at the distribution network (OSHEE) 6, 10, 20 kV	419,676

Table with periodic (monthly) data of OSHEE company for 2019				
A	**Total energy introduced at OSHEE company (MWh)**		**A=A.1+A.2**	**6,576,432**
A.1	Transmitted energy through TSO company for the account of OSHEE co		**A.1**=Sum(A.1.1,A1.6	5,907,870
A.1.1		From KESH -Gen through TSO		2,878,441
A.1.2		From TSO company as OSHEE company import		2,171,583
A.1.3		Energy transmitted for 35kV (introduced in the irregulated market)		41,209
A.1.4		From TSO company for the account of OSHEE company customers produce		816,637
A.2	Electricity injected at TSO company from local HPP-s		**A.2**	229,380
A.3	Energy transmitted directly to OSHEE company network		**.3** = Sum(A.3.1, A.3.	668,561
A.3.1		Ulez,Lanabregas HPP		33,368
A.3.2		Private/Concession Plants		612,997
A.3.3		Fotovoltaic Renewable Resources (BRE)		22,196
B	***Total energy distributed at the Distribution**		**B=A+ A.1.3+A.2**	**6,805,811**
C	**Total losses in the Distribution Network (MWh)**		**C=C.1+C.2+C.3**	**1,482,962**
C.1		Technical losses at the HV unit (MWh)		117,739
C.2		Technical losses at the areas (MWh)		836,561
C.3		Non technical losses at the areas (MWh)		528,661
C.1	**Total losses at OSHEE company (%)**		**C.1= C/B**	**21.79%**
C.1.1		Technical losses at the HV unit (%)		1.73%
C.2.1		Technical losses at the Areas (%)		12.52%
C.3.1		Non technical losses at the areas (%)		7.77%
D	**Energy used in the Distribution Network**		**D=Sum(D.1:D.7)**	**5,322,848**
D.1	Sold to Supply of Last Resort Customers (MWh)		D.1=D.1.1+D.1.2	**38,098**
D.1.1		Sold to private Supply of Last Resort Customers (MWh)		27,946
D.1.2		Sold to non-budgetary Supply of Last Resort Customers (MWh)		10,152
D.2	Sold to private customers (MWh)		D.2= D.2.1+D.2.2+D.2.3	**1,648,168**
D.2.1		Sold from the transmission network for the account of OSHEE company		-
D.2.2		Sold for personal needs of OSHEE company		9,415
D.2.3		Sold to private customers (without that for personal needs and for HV)		1,638,753
D.3	Sold to non-budgetary customers (MWh)			**352,342**
D.4	Sold to budgetary customers (MWh)			**263,471**
D.5	Sold to household customers (MWh)		D.5=D.5.1+D.5.2	**2,750,180**
D.5.1		Sold to household customers (MWh)		2,673,140
D.5.2		Sold to household customers for the common environments		77,040
D.6	Electricity injected at TSO company from local HPP-s		D.6=A.2	**229,380**
D.7	Electricity used from customers in the irregulated market		D.7=A.1.3	**41,209**

Figure 59 Indicators from the main power system operators in Albania 2019.

Based on the above data of tables and periodic or specific information of energy market operators, it was drafted the Power Sector Balance for 2019 as follows.

Power 12- months Balance for 2019 (MWh)

	Net KESH	Purchase in the open market OSHEE	Net (Selit)	Private/Concession HPP at OSHEE Network	Private/Concession HPPs at TSO Network	FOTOVOLTAIK	Net Ashta	Net Banja	Net KURUM	Peshqesh HPP	Fangu HPP	Net domestic production
Net production KESH company	2,979,252		33,368	612,995	625,142	22,196	191,495	153,357	330,742	91,100	166,396	5,206,043
Balance of the exchanges in interconnection.												
Balance of internal exchanges (without OST,OSHEE).												
Sold to TSO company for Losses + personal needs		2,171,583										
Consumed from Vlora TPP	-100,811											
Deviations from Interconnection ProgrammeDevijime nga Programi i Interkoneksionit												
Energy for ancillary services and imbalances												
Energy for OSHEE company from KESH company	2,878,441	2,171,583	33,368	612,995	625,142	22,196	191,495					
								153,357	330,742	91,100	166,396	
				6,535,220				*41,209*	*Energy for the Supplier of Last*			
				6,576,429					Accurate verification of the values	0		
				6,576,429								Balance in interconnection
Energy at OSHEE network / Supplier of Last Resort (customer in	*41,209*											2,406,036
Sold to household customers Universal Service Supplier	2,750,180											
Sold to non household customers Universal Service Customers	2,263,981	5,052,259										
Sold to non household customers Supplier of Last Resort	38,098			6,535,220								
Technical losses in High Voltage	117,739											
Technical losses at the area	836,561	1,482,961										
Non technical losses at the area	528,661											
OSHEE consumption (sales + losses)				6,535,220								
Consumed from Customers in High Voltage ("qualified")				867,029								Konsumi total vendas
Consumed from TSO company (losses + personal needs)				168,621								
Energy transmitted at OSHEE network for the Supplier of Last Resort not a customer				41,209								
Total Consumption 2019				7,612,079								7,612,079
											Source OST ,OSHEE company	

Figure 60 Power Balance year 2019.

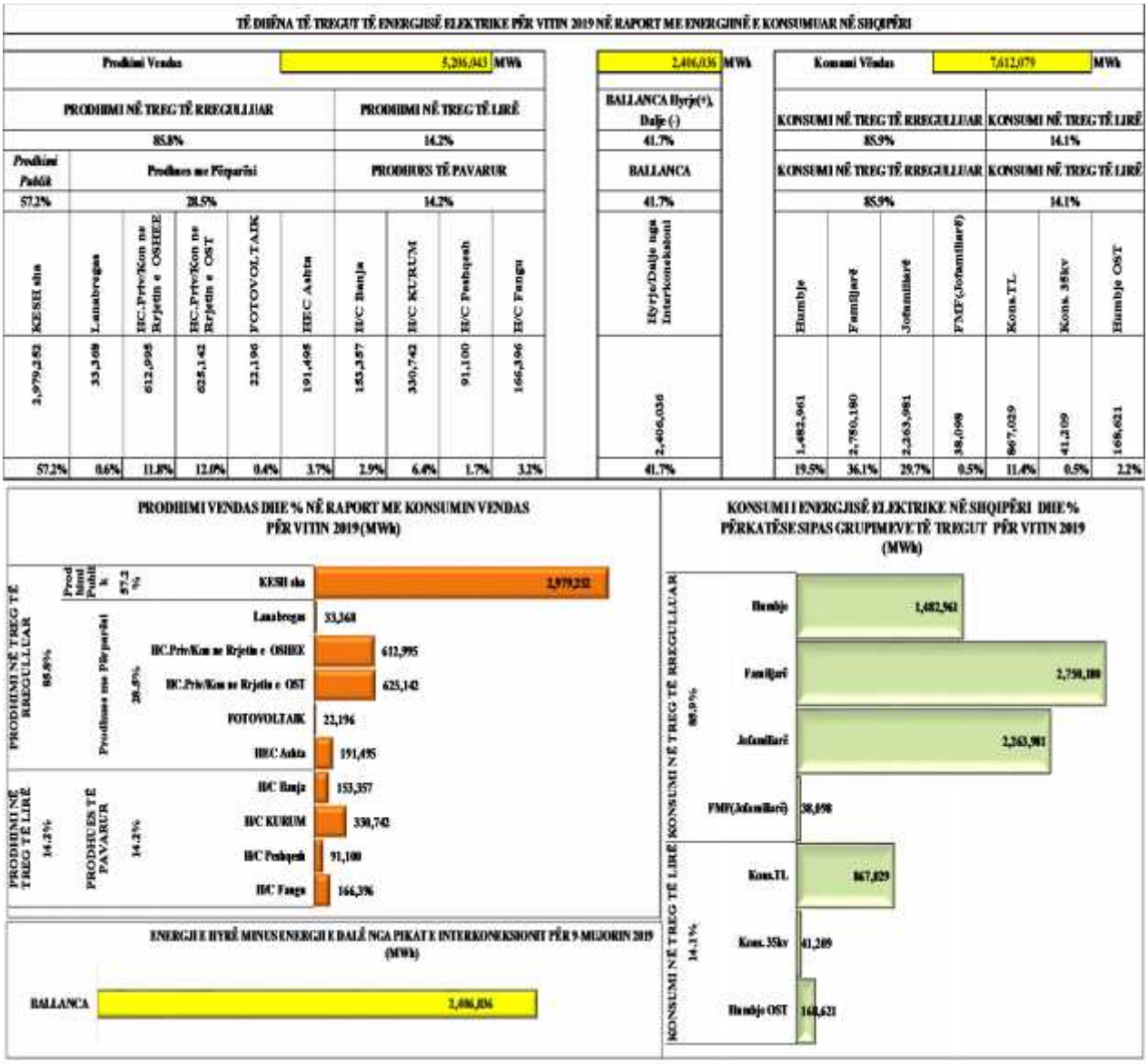


Figure 61 Electricity market data for 2019 in relation to electricity consumed in Albania.

1.4.6 Effectiveness of electricity sales

During 2019, the effectiveness of electricity sales continues in increased values, always in reference to the determining factors in the level of electricity consumption efficiency, which are:

1. Level of electricity losses in distribution.
2. Level of collections for the invoiced electricity.

The total losses reported by the company for 2019, reach in **21.79%**, marking a decrease in the level of losses compared to 2018 of about 2.17%.

Total collection level reported by OSHEE is 98.4% to the invoiced elecricity (see the table of Invoices- Collections).

The collection figure also includes arrears for the period 2007 - 2018.

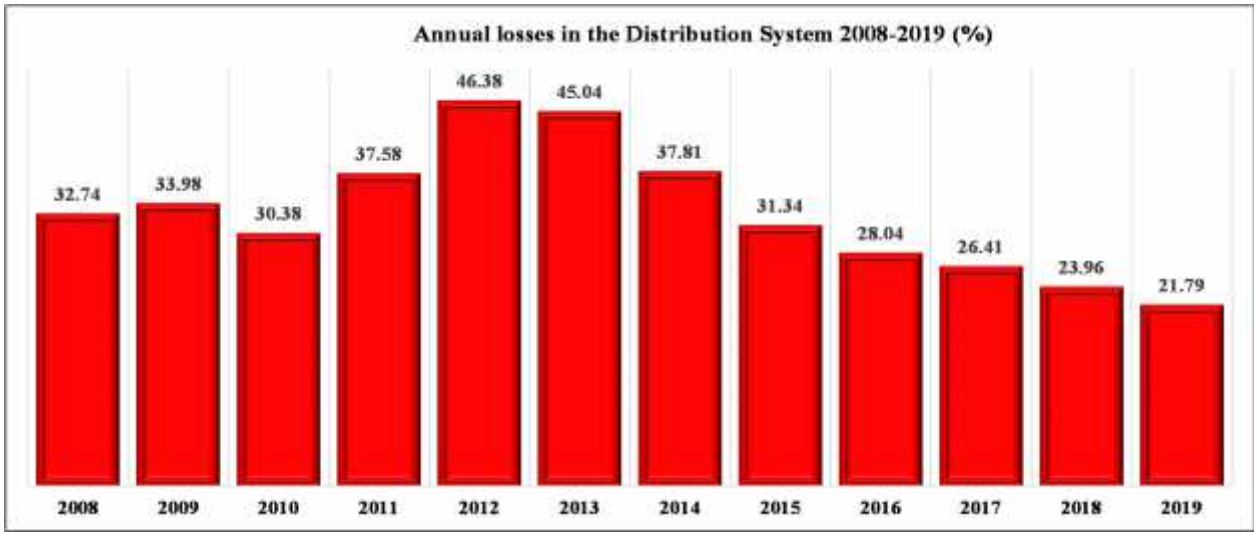
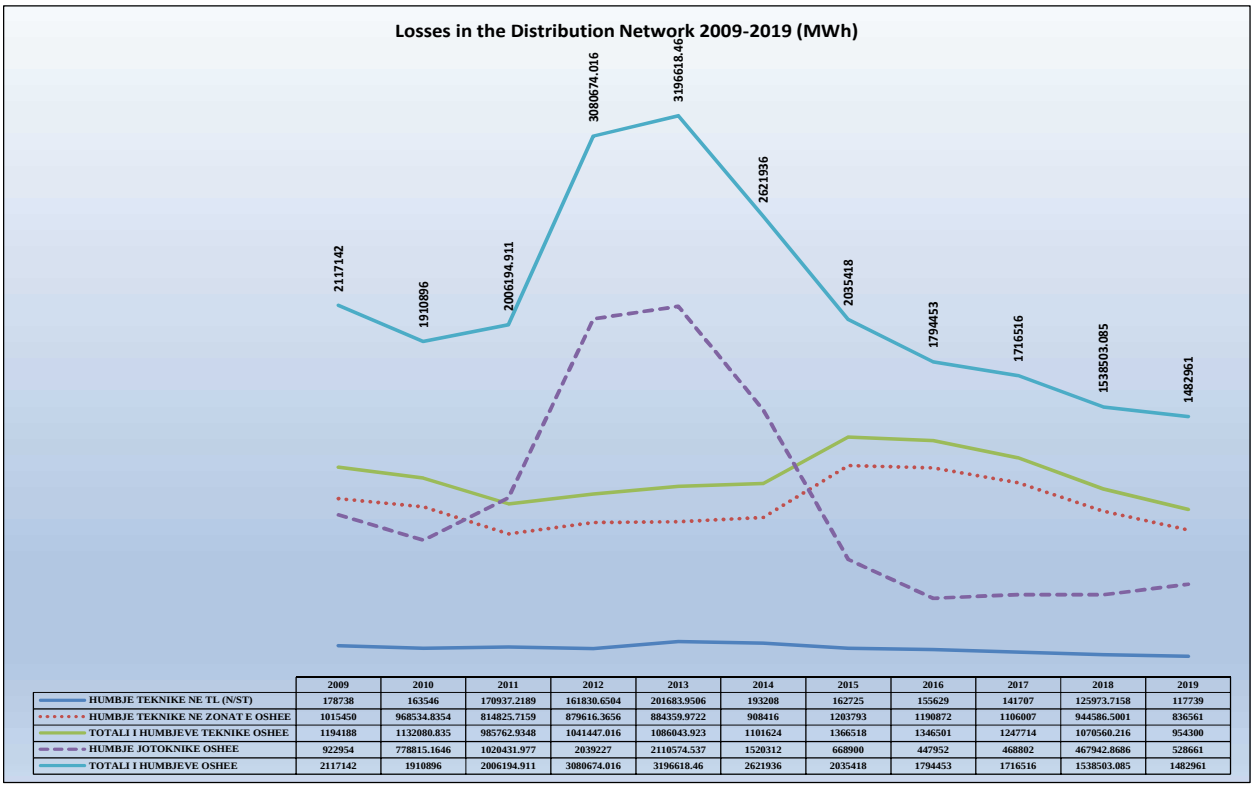


Figure 62 Annual Losses in the Distribution System in the period 2009-2019.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
HUMBJE TEKNIKE NE TL (N/ST)	178738	163546	170937.2189	161830.6504	201683.9506	193208	162725	155629	141707	125973.7158	117739
HUMBJE TEKNIKE NE ZONAT E OSHEE	1015450	968534.8354	814825.7159	879616.3656	884359.9722	908416	1203793	1190872	1106007	944586.5001	836561
TOTALI I HUMBJEVE TEKNIKE OSHEE	1194188	1132080.835	985762.9348	1041447.016	1086043.923	1101624	1366518	1346501	1247714	1070560.216	954300
HUMBJE JOTOKNIKE OSHEE	922954	778815.1646	1020431.977	2039227	2110574.537	1520312	668900	447952	468802	467942.8686	528661
TOTALI I HUMBJEVE OSHEE	2117142	1910896	2006194.911	3080674.016	3196618.46	2621936	2035418	1794453	1716516	1538503.085	1482961

Losses in the Distribution Network 2009-2019 (MWh)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Technical Losses in High Voltage (Substation)	178,738	163,546	170,937	161,831	201,684	193,208	162,725	155,629	141,707	125,974	117,739
Technical Losses at OSHEE company Areas	1,015,450	968,535	814,826	879,616	884,360	908,416	1,203,793	1,190,872	1,106,007	944,587	836,561
Total of Technical Losses at OSHEE	1,194,188	1,132,081	985,763	1,041,447	1,086,044	1,101,624	1,366,518	1,346,501	1,247,714	1,070,560	954,300
Non technical losses at OSHEE company	922,954	778,815	1,020,432	2,039,227	2,110,575	1,520,312	668,900	447,952	468,802	467,943	528,661
Total of the Losses at OSHEE company	2,117,142	1,910,896	2,006,195	3,080,674	3,196,618	2,621,936	2,035,418	1,794,453	1,716,516	1,538,503	1,482,961

Figure 63 Graph of Annual Losses in the Distribution System in the period 2009-2019.

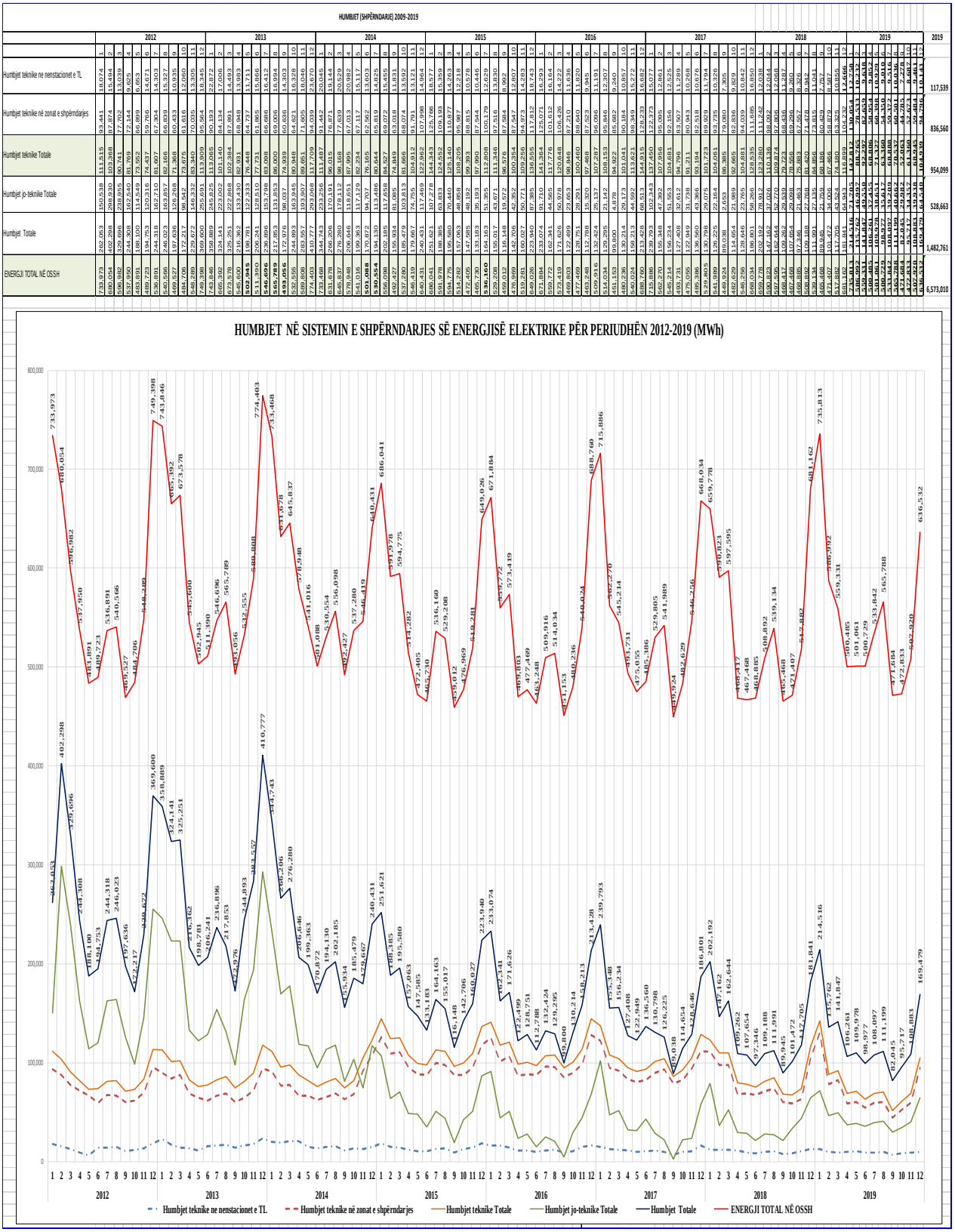


Figure 64 Annual Losses in the Distribution System in the period 2009-2019.

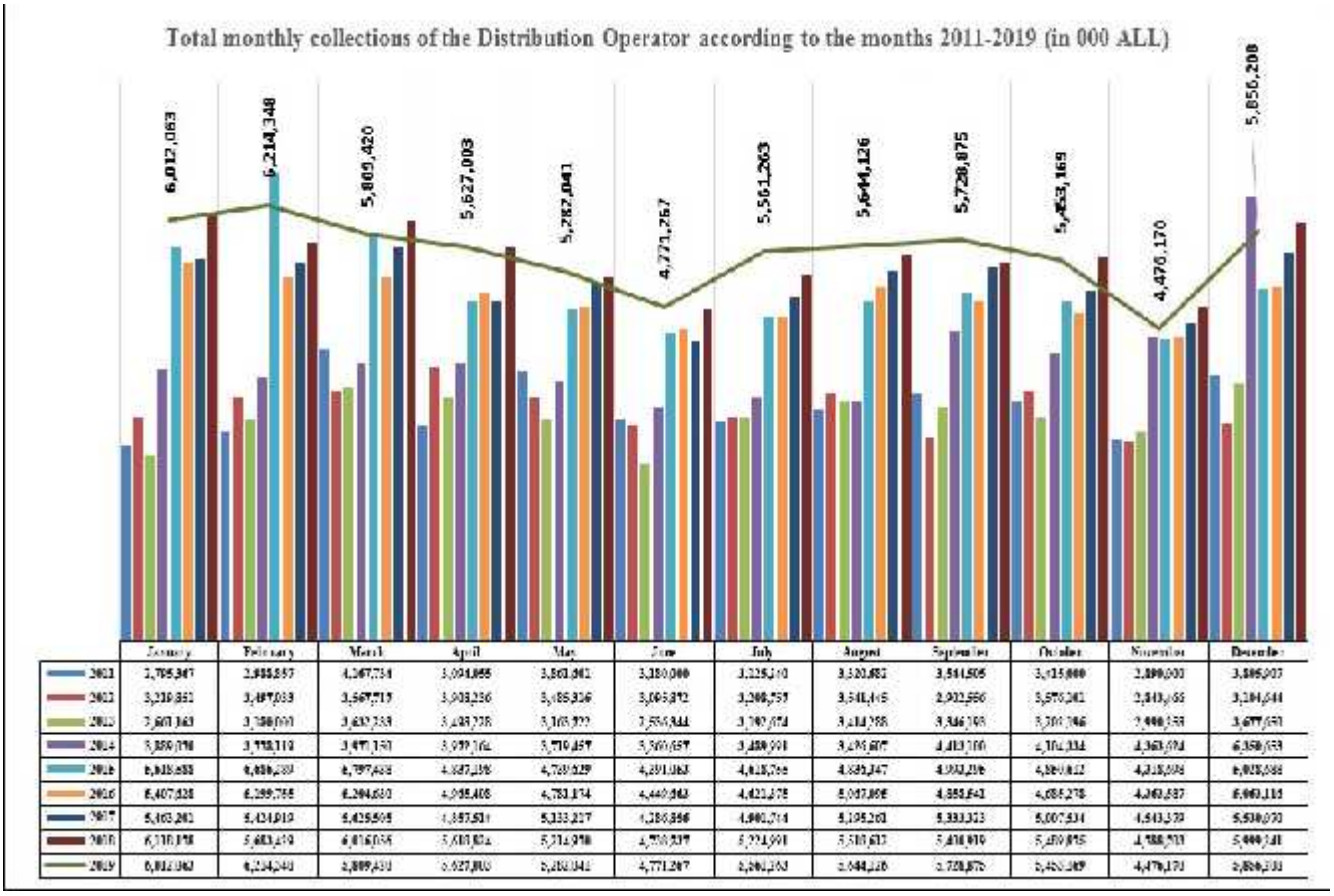


Figure 65 Monthly Collection level in the period 2011-2019.

Performance of the Distribution Operator 2009-2019 (%)

Level of the Losses (%) 2009-2019

	January	February	March	April	May	June	July	August	September	October	November	December	
2009	40.75	37.05	38.05	32.93	33.44	30.75	32.60	30.20	25.34	30.67	33.44	36.89	
2010	38.62	35.41	36.90	31.37	35.17	31.45	26.94	29.69	21.47	20.61	22.16	29.05	
2011	55.55	38.00	36.95	23.11	24.85	21.29	21.88	19.41	22.95	25.15	32.20	35.70	
2012	35.72	59.16	55.23	45.41	38.87	39.77	45.51	45.51	42.09	35.53	41.89	49.32	
2013	51.12	48.71	48.29	39.66	39.52	40.33	43.33	38.50	35.08	45.98	48.08	53.04	
2014	47.00	42.14	42.78	35.69	36.85	34.10	36.59	36.36	31.67	34.52	32.88	37.54	
2015	36.68	31.82	32.88	30.54	31.24	28.60	30.62	29.29	25.30	29.92	30.82	34.50	
2016	34.69	29.00	29.93	26.07	26.97	24.35	25.97	25.15	22.12	27.11	29.30	30.99	
2017	33.50	27.63	28.66	25.81	25.88	28.31	24.69	23.29	19.79	23.76	23.55	27.90	26.41
2018	30.65	24.91	27.22	23.33	23.03	20.76	21.46	20.77	19.32	21.53	22.73	26.70	23.9
2019	29.25	23.21	26.5	21.36	22.10	19.92	20.42	19.81	17.54	20.40	21.58	24.76	21.79

Level of Collections (%) 2009-2019

	January	February	March	April	May	June	July	August	September	October	November	December	
2009	69.32	85.95	74.38	86.58	86.31	76.37	75.40	72.46	83.20	80.82	61.77	70.01	
2010	55.37	66.28	86.63	89.46	86.70	79.42	74.84	124.98	84.20	70.81	56.15	66.48	
2011	67.26	57.61	87.66	71.61	96.73	73.00	65.00	81.00	66.00	63.86	51.47	87.30	
2012	59.80	79.20	78.50	78.00	94.70	83.50	91.60	102.90	74.00	98.00	72.60	78.00	
2013	61.40	63.70	86.20	80.70	79.10	69.60	87.90	90.10	78.50	84.30	89.00	102.00	
2014	84.90	77.10	85.90	85.50	81.90	80.20	86.70	83.60	102.60	101.00	101.90	141.00	
2015	112.70	120.50	103.70	86.60	95.70	97.10	98.40	104.70	95.30	100.30	92.20	100.70	
2016	92.10	87.00	95.60	90.10	99.10	92.00	94.20	96.70	91.50	96.70	90.30	96.70	
2017	85.20	87.60	105.70	94.50	105.70	91.80	104.80	97.40	94.60	103.80	92.70	100.10	96.6
2018	96.39	95.69	105.82	98.92	111.64	100.16	105.00	102.12	93.03	108.76	96.24	108.94	101.6
2019	90.7	92.6	99.8	102.4	102.50	94.00	104.40	99.30	93.90	104.70	89.60	110.70	98.4

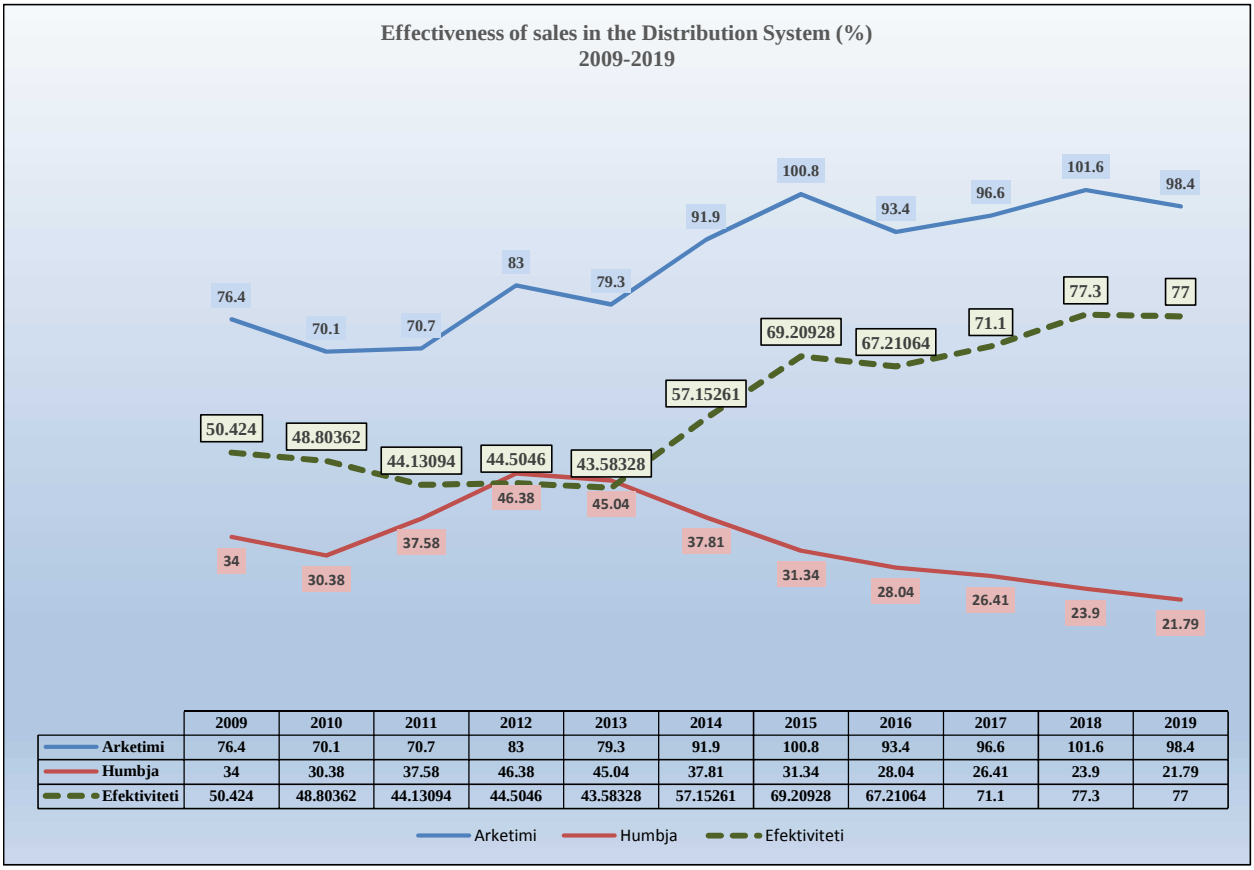
Sales effectiveness (%) 2009-2019

	January	February	March	April	May	June	July	August	September	October	November	December	
2009	41.1%	54.1%	46.1%	58.1%	57.4%	52.9%	50.8%	50.6%	62.1%	56.0%	41.1%	44.2%	
2010	34.0%	42.8%	54.7%	61.4%	56.2%	54.4%	54.7%	87.9%	66.1%	56.2%	43.7%	47.2%	
2011	29.9%	35.7%	55.3%	55.1%	72.7%	57.5%	50.8%	65.3%	50.9%	47.8%	34.9%	56.1%	
2012	38.4%	32.3%	35.1%	42.6%	57.9%	50.3%	49.9%	56.1%	42.9%	63.2%	42.2%	39.5%	
2013	30.0%	32.7%	44.6%	48.7%	47.8%	41.5%	49.8%	55.4%	51.0%	45.5%	46.2%	47.9%	
2014	45.0%	44.6%	49.2%	55.0%	51.7%	52.9%	55.0%	53.2%	70.1%	66.1%	68.4%	88.1%	
2015	71.4%	82.2%	69.6%	60.2%	65.8%	69.3%	68.3%	74.0%	71.2%	70.3%	63.8%	66.0%	
2016	60.2%	61.8%	67.0%	66.6%	72.4%	69.6%	69.7%	72.4%	71.3%	70.5%	63.8%	66.7%	
2017	56.7%	63.4%	75.4%	70.1%	78.3%	65.8%	78.9%	74.7%	75.9%	79.1%	70.9%	72.2%	71.1%
2018	66.8%	71.9%	77.0%	75.8%	85.9%	79.4%	82.5%	80.9%	75.1%	85.3%	74.4%	79.9%	77.3%
2019	64.2%	71.1%	73.4%	80.5%	79.8%	75.3%	83.1%	79.6%	77.4%	83.3%	70.3%	83.3%	77.0%

Figure 66 Distribution Operator Sales Effectiveness Performance Indicators (%).

Sales effectiveness of OSHEE practically represents the percentage (%) of electricity that is sold and collected. For 2019, the effectiveness of sales for OSHEE is 77%, almost at the same level as in 2018.

The effectiveness of sales for 2009-2019 is given in the graph below.

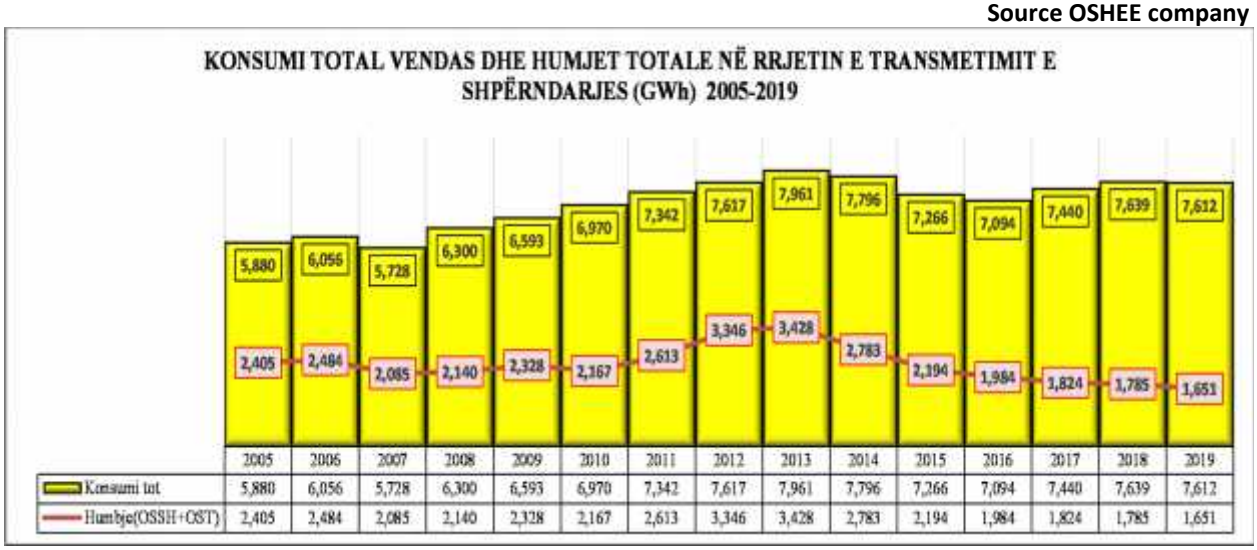


	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Arketimi	76.4	70.1	70.7	83	79.3	91.9	100.8	93.4	96.6	101.6	98.4
Humbja	34	30.38	37.58	46.38	45.04	37.81	31.34	28.04	26.41	23.9	21.79
Efektiviteti	50.424	48.80362	44.13094	44.5046	43.58328	57.15261	69.20928	67.21064	71.1	77.3	77

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Collection	76.4	70.1	70.7	83.0	79.3	91.9	100.8	93.4	96.6	101.6	98.4
Losses	34.0	30.4	37.6	46.4	45.0	37.8	31.3	28.0	26.4	23.9	21.8
Efectiveness	50.4	48.8	44.1	44.5	43.6	57.2	69.2	67.2	71.1	77.3	77.0

Figure 67 Sales effectiveness of OSHEE company for 2009-2019 (Source: OSHEE company).

Source OSHEE company



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Konsumi tot	5,880	6,056	5,728	6,300	6,593	6,970	7,342	7,617	7,961	7,796	7,266	7,094	7,440	7,639	7,612
Humbje(OSSH+OST)	2,405	2,484	2,085	2,140	2,328	2,167	2,613	3,346	3,428	2,783	2,194	1,984	1,824	1,785	1,651

Figure 68 Total Losses to the energy introduced in the Power System to the Consumption.

The figure above shows the progress of total electricity losses, which includes losses in the distribution system and those in the transmission system, during 2005 - 2019. The data show that electricity losses in absolute values have been decreasing from year on year. For 2019 electricity losses in the distribution and transmission system are 1,651 GWh. Compared to 2018 we have a reduction of total electricity losses by 134 GWh.

The figure below shows the relationship of electricity invoices-collections during 2005 - 2019. As it can be seen in the figure until 2014, the difference between invoices and collection has been significant. The difference between invoices and collection reaches its maximum level in 2011, at around 30%. For 2019 the difference between invoices and collection is only 1.4%. The significant reduction of the difference between the invoiced and the collected electricity begins in 2015 and continues to be a consolidated process in the following years.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
FATURIM	29.9	30.1	30.5	39	42.8	52.2	56.9	48.1	48.4	53.2	61.8	62.9	63.5	64.6	67.1
ARKËTIM	24.1	24.9	27	32.5	32.7	36.6	40.2	39.95	38.4	48.8	60.7	58.7	61.4	65.8	66.37

Figure 69 Invoices / Collection 2002-2019 with VAT (Source: OSHEE.).

1.4.7 Assets of the Electricity Distribution Operator.

The following table presents data on assets under administration by OSHEE for 2019, such as substations, lines, cabins and transformers in the electricity distribution network.

Data on assets of OSHEE include data on key elements of the electricity distribution network. Number of substations, number of transformers, length of overhead and cable lines as well as number of electrical cabins. The total number of electric cabins in the distribution network for 2019 is 25,820 of which 13,218 are owned by OSHEE and the rest is owned by private entities/subjects.

The total length of the medium voltage lines in the distribution system is 16 6826 km. The total length of the low voltage network in the distribution system is 36 912 km. More detailed data are given in the table below.

DATA OF THE DISTRIBUTION NETWORK (OSHEE) FOR 2019

Substations, cabins and transformers	
Number of the Substations	177
Number of transformers in substations	301
Number of cabins in total	25,820
Number of Transformers MV / LV	26,463

Total length of the network LV (km)	36,912
Air with naked conductor (km)	18,073
Air with cable ABC(km)	4,539
Cable PVC, XLPE	1,373
Coaxial cable	12,927
Total length of the network MV (km)	16,826.25
Air Line 35 kV (km)	1,244.60
Cable Line 35 Kv (km)	17.54
Air line 20 Kv (km)	190.93
Cable line 20 Kv (km)	2,229.61
Air line 10 Kv (km)	7,517.65
Cable line 10 Kv (km)	197.21
Air line 6 Kv (km)	4,873.22
Cable line 6 Kv (km)	555.49

Cabins	Distribution according to the type and cabins ownership in (%)												
	Metal			Masonry			Box			Pillar			TOTAL %
	6 kV	10kV	20kV	6 kV	10kV	20kV	6 kV	10kV	20kV	6 kV	10kV	20kV	
Total	337	293	12	2664	3793	4016	55	115	1577	7032	5835	91	100
OSHEE ownership	257	210	4	1685	2752	2218	40	65	1504	2026	2410	48	51

Installed Capacity (kVA)				Number of Capacity Transformers MV/LV			
6 kV	10kV	20kV	Total	6 kV	10kV	20kV	Total
1,652,922	1,723,228	2,596,835	**5,956,129**	10,200	10,028	6,235	**26,463**
808,375	1,066,569	1,553,465	**3,428,409**	4,067	5,412	3,983	**13,462**
844,547	656,659	1,043,370	**2,527,720**	6,133	4,616	2,252	**13,001**

Figure 70 Data on OSHEE main assets (Source: OSHEE).

1.4.8 Investments in the Distribution System from OSHEE during 2019.

Realising the investment plan for 2019 by OSHEE results 89% of the investment plan approved by ERE. This realization value includes the contracted and realized investments in 2019 as well as the contracted investments in 2018, as well as the part of the investments that were contracted in 2019 but are expected to be realized in the following years, this does not mean the capitalized value from the company until 31.12.2019.

No.	Development plan of OSHEE Network 2019 (ALL) Investment Group	Investment plan for OSHEE approved by ERE	Implementation of the contracts until 31.12.2019	Contracted on 2018 but begin and terminated on 2019	Contracted on 2019 and terminated on 2019	Contracted on 2019 and are in implementation process. The submitted value refers to the realization within 2019
I	Electricity construction/reconstruction for the substations	311,900,000	540,351,549		479,964,929	60,380,622
II	Construction/reconstruction of the lines in HV	106,512,084	159,860,304	148,533,008		10,996,301
III	Equipment purchase for the substations and overhauls liquidation	1,170,000,000				
IV	Network Construction MV	16,040,400	826,065,529	160,530,911	465,089,454	187,476,164
V	Construction/reconstruction MV/LV Networks	501,190,999	1,690,537,018	409,160,028	1,161,428,266	121,942,724
VI	Construction/reconstruction of electricity cables	1,254,000,254	928,800,625	371,009,817	470,149.71	87,641,101
VII	Proprietary investments in LV (LV Network - ABC lines)	344,996,426	620,625,610	357,433,148	263,202,462	
VIII	Monitoring technology	170,000,000	257,085,000	154,985,000	102,060,000	
IX	Investment in Meters	1,300,000,000	364,774,000		364,774,000	
X	Value in 10% that shall be paid by OSHEE for the World Bank Investments	1,263,899,168	877,404,250	126,760,547	317,648,598	430,995,105
XI	Local cost for World Bank Investments	1,263,899,167	877,404,250	126,760,547	317,648,598	430,995,105
XII	Opportunity, supervision, collaudation, ownership, construction permission etc	200,000,000				
		6,974,026,007	6,208,547,714	1,708,457,454	3128038234	904,776,027

Figure 71 Data on Distribution System Investments from OSHEE during 2019. (Source: OSHEE).

During 2019, by OSHEE with the approval of the Supervisory Council, the investment funds were changed and reallocated several times to adapt to the financial situation of the company as a result of the allocation of funds for the purchase of electricity in the unregulated market.

With the closing of the Financial Statement and the audit of OSHEE accurate information regarding the capitalizations of investments made for 2019 shall be provided

2. ELECTRICITY MARKET.

During 2019 the Electricity Market operated according to Council of Minister's decision No. 244 dated 30.03.2016, as amended "On approving the conditions for setting public service obligation, that shall be implemented to the licensee on Power sector, which exercise electricity production, transmission, distribution and supply activities" implementing Council of Ministers Decision no. 519 dated 13.07.2016 "On approving the Electricity Market Model" the implementation of which is related to the effectiveness of the Day Ahead Market and the establishment of the Albanian Power Exchange. Among others the current model has defined the electricity market participants in Albania and the role and responsibilities of each participant in the market charged with public service obligation.

With the entry into force of Law No.43/2015 "On Power Sector", as amended, the Energy Regulator Authority to reflect the requirements of this Law continued the work on approving the secondary legislation on its implementation.

As provided even on article 98 of Law No. 43/2015 "On Power Sector" and on Council of Ministers Decision No. 244 dated 30.03.2016, as amended, the Transitional Market Rules approved by ERE with ERE Board Decision No. 139, dated 15.08.2016, as amended are implemented during 2019.

Also, with ERE Board Decision No. 193 dated 27. 11.2017 are approved the "Transitional rules for the Electricity balancing mechanism" to give an acceptable and transparent solution for all the market participants in handling the Albanian Power System balancing and their responsibilities.

There are taken the concrete steps for the Electricity Market liberalization regarding the establishment of the technical conditions and the by legal and regulatory framework for the introduce in the free market even for the customers connected at the 35 kV voltage level pursuant to Law no. 43/2015 "On Power Sector" and relevant bylaws which are introduced in the free market in March 2020 and from this date shall no longer be supplied by the Supplier of Last Resort. This process shall continue in the coming years and with the introduction in the free market of customers connected to the voltage 20 kV, 10 kV and 6 kV. To guarantee the rights of both suppliers and customers of electricity, ERE has completed the legal regulatory framework with the necessary basis to guarantee safe, transparent and non-discriminatory operation. For this purpose, there are approved a series of bylaws, among which we mention, the Distribution Service Agreement between OSHEE and electricity suppliers, the Regulation on Standard Criteria for Quality of Supply Service and Security of Performance in the Electricity Distribution Network, Regulation on Procedures for Submission of a Request for its Review and Notification Deadlines when the Customer Doubts about the Accuracy of Electricity Meter Data, Regulation on Switching the Electricity Supplier, Regulation on specific conditions for interruption of electricity supply to customers in need, Regulation on general conditions of the universal electricity supply service contract for the end use customers

ERE has also instructed the Universal Service Supplier to sensibilise the customers for their introduction in the unregulated market by notifying this latter regarding the obligations arising from the implementation of Power Sector Law and the impossibility of Supply as a last resort after being introduced in the unregulated market.

Currently the number of customers for which it become possible the establishment of technical conditions is over 90, however in this regard is expected to be done more in establishing the technical conditions by OSHEE for its further liberalization.

With decision No.519 dated 13.07.2016, the Council of Ministers implementing article 97/3 of this Law approved the Market Model according to which ERE Board with decision no. 214 dated 28.12.2017 approved the "Albanian Electricity Market Rules as well as the participation agreement at the Albanian Power Exchange" which together with the latest amendments of the Power Sector Law on February 2018 established the appropriate legal basis for the establishment and operation of the Albanian Power Exchange. In this framework, the Steering Committee for the establishment of the Power Exchange, which includes ERE, has been active in coordinating the work withTSO for the steps to be taken towards this process. During 2019 by the Albanian Government through Council of Ministers Decision no.609, dated 11.09.2019 "On determining the criteria and procedures for the selection of participants in the capital of the Market Operator" are defined the steps to be taken towards the selection of international shareholders of the Power Exchange and service providers with reputation and experience in this field.

Regulation to determine the conditions for the Nominated Electricity Market Operator (NEMO)

ERE Board with Decision no. 240 dated 23.12.2019, supporting on articles 16 and 57 of Law no. 43/2015 "*On Power Sector*" as amended, Council of Ministers Decision no. 322, dated 15.05.2019 "*On the establishment and determination of the legal form and structure of ownership of the Market Operator capital*", Article 19, point 1, letter f and Article 26 of the Regulation for ERE Organization, Operation and Procedures", approved with ERE board Decision no. 96, dated 17.06.2016, opened the to approve the requirements and procedures for determining the Nominated Electricity Market Operator (NEMO) and the roles and responsibilities of NEMO and the Transmission System Operators in the Joint Market.

It is worth mentioning that the Energy Community Regulatory Board (ECRB) supported the regulatory measures for the implementation of the requests of the Day – ahead and Intraday Market Coupling of electricity in the contracting parties of the Energy Community. The regulation on capacity allocation and congestion management (CACM) clearly states that in order to enable the operation of the day-ahead and intraday market coupling of electricity in countries that are members of the Secretariat and the European Union, should be defined the responsibilities of Transmission System Operators (TSOs) and Nominated Electricity Market Operators (NEMOs).

ECRB suggested that the contracting parties of the Energy Community should describe the responsibilities of NEMO and the TSO with a regulatory act, which depending on the regulatory framework of the Contracting Parties may be in the form of a separate regulatory decision,

recommendation or included in the regulatory decision approving the implied allocation or market coupling.

The approval of these acts is a flexible and appropriate response to regulatory commitments by the Contracting Parties and more specifically to the WB6 national regulatory authorities, commitments undertaken with the signing of the Western Balcan 6 memorandum.

With ERE Board Decision no. 40, dated 06.03.2020, it is approved the"Regulation on the requirements and procedures for designation of nominated electricity market operator(s) (NEMO) and the roles and responsibilities of NEMO-s and electricity Transmission System Operators in Market Coupling."

2.1 MONITORING THE ACTIVITIES IN THE ELECTRICITY MARKET

2.1.1 Electricity Market Monitoring

Pursuant to Law no. 43/2015 "*On Power Sector*", article 7, article 20, letter ç), d), f) and g), article 22, article 58, point 9, article 62, point 4 and article 72, letter dh); Council of Ministers Decision no. 244, dated 30.03.2016, as amended "*On approving the conditions to impose public service obligation for the licensees on power sector, which perform the electricity generation, transmission, distribution, and electricity supply*", article 13; as well as the conditions of licenses issued by the ERE, the services of operators licensed by ERE are monitoring object regarding the meeting of the legal obligations and the implementation of ERE rules, decisions and orders.

Pursuant to the abovementioned and the bylaws issued implementing the sector law but also the obligations set out in the Albanian Assembly Decision no. 134/2018, "On approving the annual and periodic manual monitoring ", ERE has the obligation to report to the Albanian Assembly regarding the findings during the exercise of its monitoring function.

Regarding the above, ERE during 2019 to collect data which provide a complete overview of the operation and developments of the electricity market, has exercised this task in two forms:

1. By data collection and obtaining information and data through periodic reporting from the licensees and ongoing monitoring by performing verifications of these data of the same nature obtained from different reporting sources.
2. Through specific monitoring performed at licensees with specific monitoring facilities.

Regarding the first point mentioned above, the results and analysis are presented on the Irst Part" *The Situation of the Power Sector and Electricity Market* " of this report, giving the possibility to compare with the previous years and the comparison approach with the performance of data , for which targets have been set in Chapter VI "Implementation Plan" of Council of Ministers Decision no. 253, dated 24.4.2019 "On the approval of the financial consolidation plan of the public power sector.

To ensure the most accurate and timely reporting by licensees and electricity market participants with ERE Board Decision no. 203, dated 12.12.2019, approved the "Rules to monitor the electricity market".

ERE in cooperation with donors of the sector is seeing the possibility of developing an electronic platform which shall enable participants in the electricity market to meet all obligations arising from the EC Directives and Regulations and Laws 43/2015 " On Power Sector ” as amended and 102/2015“ On natural gas sector ”as amended, shall simultaneously serve all interested parties to obtain the necessary information and data as soon as possible.

Analysing the results and processing the problems and the information received, from ERE, it was judged on a case-by-case basis to conduct verifications, analyses, hearings sessions and on site monitorings.

Specific monitoring groups are organized with the participation of ERE specialists from different fields in order to carry out monitoring in the most professional way.

Also, it is analysed the situation of periodic reporting of licensees where are found failures in compliance by them to meet the obligation for periodic reporting, regarding ERE findings it continued with the relevant correspondence in the framework of improving these practices and improving the shortcomings.

Representatives of ERE are members of the working groups of international organizations with which ERE has already established cooperation agreements.

In this framework, ERE send the required information from these institutions and various cooperating organizations with ERE, as well as participates in meetings, which are within the ERE scope of work.

In order to increase transparency in the electricity market, ERE Board Decision no. 118, dated 27.07.2017, approved the "Rules on the publication of electricity market fundamental data”, while the publication of the main quarterly data for the operation of the electricity market are regularly approved on ERE website according to the provisions of Law no. 43/2015 “On Power Sector”, as amended. In order to ensure the implementation of the legal and by-legal provisions of the obligations related to transparency in the energy market, ERE periodically monitored the official website of the main operators in the energy market. It results that for 2019 these obligations are implemented mainly by operators in the framework of increasing transparency and in each case by ERE are done the official letters requiring the operators to improve this process by identifying the relevant obligations. From the operators, it is noticed the increase of the information that is published in the framework of transparency, mainly TSO through the transparency platform of ENTSO-E, although the improvements of this process should continue, a fact that shall ERE scope of work continuously.

Some of the specific monitorings to the licensees are submitted briefly as follows:

2.1.2 Specific Monitoring from periodical information of TSO company.

I. The allocation of interconnection capacities

On the following table there are submitted the allocations of interconnection capacity according to their borders.

Tabela me te dhenat Ankandeve të Alokimit të kapaciteteve në transmetim 2019																					
Ankandi	Periudha	Shqiperi - Mali Zi						Shqiperi - Greqi						Shqiperi - Kosove					
		ATC e ofruar		ATC e shitur ne		Cmimi Ankandit		ATC e ofruar		ATC e shitur ne		Cmimi Ankandit		ATC e ofruar		ATC e shitur ne		Cmimi Ankandit	
		Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import
		[MW]	[MW]	[MW]	[MW]	[Euro/MWh]	[Euro/MWh]	[MW]	[MW]	[MW]	[MW]	[Euro/MWh]	[Euro/MWh]	[MW]	[MW]	[MW]	[MW]	[Euro/MWh]	[Euro/MWh]
Janar	1.01.2019-31.01.2019	100.5	125	100.5	125	0.16	0.94	50	50.5	50	50.5	5.05	3.13	125	125	125	125	0.18	0.94
Shkurt	1.02.2019-28.02.2019	100.5	125	99.5	125	0.13	1.7	50	50.5	50	50.5	4.07	3.76	125	125	125	125	0.12	2
Mars	1.03.2019-17.03.2019													100	100	100	100	0.21	0.33
	18.03.2019-21.03.2019													75	75	75	75	0.36	0.76
	22.03.2019-31.03.2019													100	100	100	100	0.21	0.34
	1.03.2019-10.03.2019	100.5	125	100.5	124.5	0.28	0.25	50	50.5	50	50.5	10	0.25						
	11.03.2019-13.03.2019	75.5	100	75.5	100	0.28	0.25												
	14.03.2019-17.03.2019	100.5	125	100.5	124.5	0.28	0.25												
	18.03.2019-21.03.2019	25.5	25	25.5	15	0.28	0.25												
	22.03.2019-31.03.2019	100.5	125	100.5	124.5	0.28	0.25												
Prill	1-22.04.2019													105	105	105	105	0.15	2.32
	26-30.04.2019													105	105	105	105	0.15	2.32
	1-30.04.2019	100.5	125	100.5	125	0.31	2.1	50	50.5	50	50.5	9	0.33						
Maj	1.05.2019-31.05.2019	100.5	125	100.5	125	0.11	2.11	50	50.5	50	50.5	9.39	0.32	105	105	105	105	0.15	2.27
Qershor	1.06.2019-17.06.2019	100.5	125	99	125	0.12	2.89	50	50.5	50	50.5	13.67	0.26	105	105	105	105	0.3	1.6
	18.06.2019-30.06.2019	50.5	50	50.5	50	0.12	2.89												
Korrik	1.07.2019-12.07.2019	0.5	100	0.5	100	0.08	2.15	50	50.5	50	50.5	14.5	0.57	105	105	105	105	0.08	2.33
	13.07.2019-31.07.2019	100.5	125	100.5	125	0.08	2.15												
Gusht	1.08.2019-31.08.2019	100.5	125	100.5	125	0.05	1.44	50	50.5	50	50.5	8.51	0.17	105	105	105	105	0.09	1.3
Shtator	01.09.2019-14.09.2019													105	105	105	105	0.06	1.82
	15.09.2019-19.09.2019													105	50	105	50	0.06	4.32
	20.09.2019-24.09.2019													105	105	105	105	0.07	2.99
	27.09.2019-30.09.2019							50	50.5	50	50.5	6.54	0.43	75	105	75	105	0.1	2.99
	01.09.2019-16.09.2019	100.5	125	100.5	125	0.05	1.66												
	17.09.2019-30.09.2019	50.5	25	50.5	25	0.08	5.11												
Tetor	01.10.2019-06.10.2019							50	50.5	50	50.5	3.87	1.55	62.5	37.5	62.5	37.5	0.08	1.17
	07.10.2019-09.10.2019							0	0	0	0	3.87	1.55	62.5	25	62.5	25	0.09	5.22
	10.10.2019-31.10.2019							50	50.5	50	50.5	3.87	1.55	62.5	37.5	62.5	37.5	0.09	5.11
	01.10.2019-13.10.2019	100.5	125	100.5	124	0.08	1.57												
	14.10.2019-31.10.2019	50.5	25	50.5	25	0.17	7.99												
Nëntor	01.11.2019-15.11.2019	75.5	50	75	50	0.16	3.64	50	50.5	50	50.5	2.25	0.97	62.5	62.5	62.5	62.5	0.16	2.07
	16.11.2019-30.11.2019	125.5	100	125.5	100	0.08	1.93												
Dhjetor	01.12.2019-07.12.2019	100.5	125	100.5	125	0.21	1.18	50	50.5	50	50.5	6.77	0.29	62.5	62.5	62.5	62.5	0.16	0.73
	08.12.2019-11.12.2019							0	0	0	0	6.77	0.29						
	12.12.2019-31.12.209							50	50.5	50	50.5	6.77	0.29						

Figure 72 Data on Capacity Allocation Auctions in the Transmission System during 2019.

Siç shihet, në shumicën e rasteve ka patur konxhestion në alokimin e kapaciteteve në të dy krahët import/eksport.

As can be seen, in most cases there has been congestion in capacities allocation by the imports / exports.

For the allocation of interconnection capacities, during 2019 are followed the procedures according to the rules approved with ERE Board Decision no. 140, dated 22.11.2013, as amended "Interconnection Capacity Allocation Rules" for the Albania – Kosovo Border and the "Southeast Europe Coordinated Auction Office (SEE CAO) version 1.4, approved with ERE Board Decision No. 167, dated 18.10.2016 for Albania- Montenegro and Albania – Greece Borders.

Interconnection capacity auctions were conducted in conformity with the deadlines and procedures set out in the relevant ERE regulations or decisions.

- Interconnection capacity auctions are conducted in accordance with the deadlines and procedures set out in the relevant ERE regulations or decisions.
- It is worth mentioning that there were no complaints from Market Participants, participated in the auction, about the deadlines, procedures, auction process, bid evaluation process, determination of winners and auction prices, communication and publication of notice of auction and their results.
- Electricity Market implementation is also a mutual cooperation and assessment process between Market Operators and Market Participants, according to their respective role in the energy market.

II. Imbalances

Implementing the Transitional Market Rules and the Transitional Rules for the Electricity Balancing Mechanism regarding the handling of the balancing market issue, on the basis of the hourly data received from the TSO metering system are conducted the calculations of the imbalances for each market participant which are responsible for the caused imbalances on hourly basis.

Imbalances of market participants are calculated and invoiced on a monthly basis.

The implementation of transitional balancing mechanism for imbalances caused by electricity market participants is subject to continuous monitoring by ERE.

In this framework, to handle the disputes that arise as result of implementing the transitional balancing mechanism, ERE in cooperation with the interested parties has taken steps to review the respective disputes. Specifically, ERE opened the procedure to review the issues raised by Energji Ashta company, by reviewing the transitional balancing mechanism.

ERE has also undertaken monitorings of the process to implement the balancing rules for all market participants whose results shall serve further decision-making within these rules.

Pale Pergjegjese Balancuese	JANAR		SHKURT		MARS		PRILL		MAJ		QERSHOR		KORRIK		GUSHT		SHTATOR		TETOR		NENTOR		DHJETOR		TOTALI 2019	
	Dis. Negative [MWh]	Dis. Pozitive [MWh]	Dis. Negative [MWh]	Dis. Pozitive [MWh]	Dis. Negative [MWh]	Dis. Pozitive [MWh]	Dis. Negative [MWh]	Dis. Pozitive [MWh]	Dis. Negative [MWh]	Dis. Pozitive [MWh]	Dis. Negative [MWh]	Dis. Pozitive [MWh]	Dis. Negative [MWh]	Dis. Pozitive [MWh]	Dis. Negative [MWh]	Dis. Pozitive [MWh]	Dis. Negative [MWh]	Dis. Pozitive [MWh]	Dis. Negative [MWh]	Dis. Pozitive [MWh]	Dis. Negative [MWh]	Dis. Pozitive [MWh]	Dis. Negative [MWh]	Dis. Pozitive [MWh]	Dis. Negative [MWh]	Dis. Pozitive [MWh]
KURUM	256.49	116.39	191.89	103.90	1,235.65	2,043.53	1,456.41	1,280.45	1,063.66	1,463.38	1,428.15	1,309.26	1,609.60	1,021.00	1,419.08	1,120.64	1,358.77	882.73	752.05	585.64	1,226.61	547.86	818.82	1,797.99	12,817.18	12,272.77
DEVOLL	81.82	16.93	12.06	31.84	14.06	21.75	12.01	25.89	26.14	53.86	18.04	37.27	18.85	4.77	26.97	2.58	14.69	3.46	22.12	6.90	12.12	2.58	11.51	44.21	270.38	252.05
ENERGIA GAS & POWER									2.43	111.64	-	275.33	10.43	187.92	24.62	182.66	128.22	170.47	209.99	63.05	333.42	14.41	428.02	3.52	1,137.13	1,009.01
AYEN ENERGY TRADING	261.57	66.36	173.07	275.42	364.99	206.33																			799.63	548.11
AYEN AS ENERGJI	1,645.35	246.94	1,115.62	147.80	2,054.23	77.74	829.87	340.46	593.42	237.82	572.91	274.42	120.32	95.11	147.55	152.12	303.00	25.62	263.89	29.20	263.59	244.20	127.79	174.17	8,037.55	2,045.59
GSA	560.60	1,572.85	205.38	364.50	612.82	1,222.74	1,215.75	848.37	581.07	1,767.38	1,381.29	1,151.47	962.99	871.15	921.14	946.43	3,435.92	1,604.00	199.63	1,017.31	299.15	1,496.77	436.25	1,615.50	10,812.00	14,478.47
GEN-I					4.00		20.00		184.19	266.12	167.02	542.96	402.02	302.30	257.90	259.49	293.63	521.69	420.67	264.28	218.62	420.53	199.81	279.65	2,167.86	2,857.01
DANSKE										9.00															-	9.00
AES	414.33	742.72	2,168.51	247.14	2,601.23	179.05	1,601.18	95.09	1,173.02	85.08	1,488.37	82.26	951.08	142.32	649.58	271.71	1,222.33	148.78	1,114.38	218.26	1,155.55	71.00	1,386.26	29.03	15,925.82	2,312.45
ASHTA	832.62	922.17	869.77	698.55	1,020.08	714.82	990.81	660.03	836.89	666.22	630.38	632.31	516.93	425.07	561.59	514.43	636.80	510.47	614.61	593.49	1,362.43	738.26	941.53	861.65	9,814.43	7,937.46
OSHEE	38,535.10	16,192.98	4,436.50	28,991.15	11,145.23	20,548.92	4,085.02	22,661.33	2,838.19	27,149.12	8,862.93	10,707.10	9,037.88	12,833.41	4,999.67	10,761.87	5,874.30	14,046.48	5,625.68	5,889.53	4,750.79	28,131.24	7,180.10	24,403.56	107,371.39	222,316.70
NOA	165.00	-																			4.00	-			169.00	-
KESH (Pale Pergjegjese Bala	202.12	8.47	8.28	95.11	14.21	250.81	-	192.79	4.30	83.94	3.38	99.51	32.12	18.68	23.75	27.81	15.88	44.13	0.68	110.15	-	208.66	25.15	51.52	329.88	1,191.59
KASTRATI											21.99	68.80	78.08	28.51	91.95	23.65	211.63	71.74	219.90	54.72	179.18	33.59	265.32	56.67	1,068.04	337.67
OST - HUMBJET ne Transme	3,319.19	422.56	1,873.21	1,016.53	1,955.52	945.78	2,773.51	273.71	5,785.90	27.93	3,046.64	257.77	1,226.25	651.67	1,409.56	289.17	246.94	1,954.17	45.57	2,153.30	2,642.11	382.45	7,945.81	8.33	32,270.23	8,383.35
Ofruesi i Sherbimit te Balancimit	Ulje Gjenerimi [MWh]	Rritje Gjenerimi [MWh]	Ulje Gjenerimi [MWh]	Rritje Gjenerimi [MWh]	Ulje Gjenerimi [MWh]	Rritje Gjenerimi [MWh]	Ulje Gjenerimi [MWh]	Rritje Gjenerimi [MWh]	Ulje Gjenerimi [MWh]	Rritje Gjenerimi [MWh]	Ulje Gjenerimi [MWh]	Rritje Gjenerimi [MWh]	Ulje Gjenerimi [MWh]	Rritje Gjenerimi [MWh]	Ulje Gjenerimi [MWh]	Rritje Gjenerimi [MWh]	Ulje Gjenerimi [MWh]	Rritje Gjenerimi [MWh]	Ulje Gjenerimi [MWh]	Rritje Gjenerimi [MWh]	Ulje Gjenerimi [MWh]	Rritje Gjenerimi [MWh]	Ulje Gjenerimi [MWh]	Rritje Gjenerimi [MWh]	Ulje Gjenerimi [MWh]	Rritje Gjenerimi [MWh]
KESH	14,113	38,062	23,688	4,735	16,591	11,129	15,341	5,536	20,824	3,418	10,453	8,959	12,643	9,855	9,969	5,662	13,153	7,182	7,064	5,192	27,395	5,152	19,978	9,832	191,211	114,714
TOTALI	60,387	58,370	34,742	36,707	37,613	37,340	28,326	31,914	33,913	35,339	28,074	24,397	27,609	26,437	20,502	20,215	26,896	27,166	16,553	16,177	39,842	37,443	39,744	39,158	394,202	390,665
Disbalancat mujore [MWh]	2,017		(1,965)		273		(3,588)		(1,426)		3,676		1,172		287		(270)		376		(2,399)		(586)			(3,537)

Figure 73 Total disbalances for 2019 (MWh), Source TSO company.

2.1.3 Other monitorings related to the activity of the licensees in the power sector

- **Periodic monitoring of indicators and key data of the Power Sector for 2019.**

The main data of the power sector for 2019 are given in the following table in the column "Fact", compared to the column "Target", which reflects the values set as a target in Chapter VI "Implementation plan" of the Council of Ministers Decision no. 253, dated 24.4.2019 "On the approval of the financial consolidation plan of the power public sector".

Comparison of the target/fact of some from the data of the Albanian Power System for 2019 (GWh)	Target	Fact
Losses in distribution (import from OSHEE)	1 464	1 483
Losses in transmission (TSO)	167	169
Qualified customers industry (connected at TSO company)	760	867
Sold to OSHEE: Non household customers (HV)	1 2	
Non-Household Customers (MV)	310	
Budgetary/Non budgetary	549	
Household	2 841	2 750
Total request of electricity	7 291	7 612
Net generation from KESH	3 955	2 979
Vlora TPP	0	0
Concession and PPE	1 935	
Internal Net Generation	5 888	5 206
Total losses in Distribution (%)	23	21.79
Collection of the revenues (%)	95	98.4

- **Monitorings carried out by KESH company, regarding the complaint of Gen-I Tirana company on the implementation of electricity sale-purchase procedures for 2017 and the January-March 2018 period, as well as the implementation of deposit and exchange contracts by KESH company for the 2017 and 2018 period.**

Referring to the results of this monitoring, ERE Board Decision no. 93, dated 03.06.2019, decided:

1- To recommend to KESH company to request and propose to the governing bodies of the company the revision of the regulation on the procedures of electricity sale and purchase, adopting them to the market requirements and the provisions of the Regulation on the procedures of electricity purchase to cover the losses in the distribution and transmission

networks and for the purchase and sale of electricity to ensure the fulfillment of public service obligations, approved with ERE Board Decision no. 103/2016, which provides for the construction of an online IT platform, including the publication of the purchaser's and seller's data to purchase / sale electricity.

2- To continue the initiated monitoring, in the electricity transactions and in cooperation with the Energy Community Secretariat, to utilise all the permitted legal means in order to clarify the circumstances that led to the initiation of the monitoring in order to handle the complaint of a participant market, reviewing transactions performed by all electricity market participants.

Based on the above, it was concluded that KESH company has sent the relevant documents for the termination of these contracts and has concluded the contracts. Currently from the reports we have KESH company is working on the implementation of the online IT platform and currently the procedures for the sale and purchase of electricity are carried out electronically via e-mail.

- **Monitoring the production plants on the performance of investments for licensed entities during the years 2017-2018**

On the monitoring carried out by ERE regarding the verification of the progress of the realization of the investments foreseen in the documentation in the application for the license for the production of electricity, are monitored those entities which are licensed during the years 2017-2018.

During the on-site verification, it was observed that most of the licensed entities have started the works for the realization of the foreseen investments, some of them have even completed the investment phase and have already started the production of electricity from the power plants.

It is noticed that only a very small number of entities have not respected the schedule of works provided in the license application, due to various problems they encountered mainly related to the issuance of construction permits necessary to start the construction process.

- **Monitoring of licensees in electricity production activity.**

During the monitoring it was found that the licensees generally respect the conditions of the production license while a small number resulted in deviation of the actual installed capacity from the limit allowed in the license (± 10% of the installed capacity).

- In future monitoring of the same nature, to coordinate the work with other institutions (such as MEI, AKBN, etc.) which are also responsible for monitoring these entities in electricity production activity, as well as the object of these monitoring shall be more concrete for realisation.
- Shall be re-emphasize to the licensees the obligation for rigorous observance of the license conditions as well as all other acts for implementation, bringing to attention that non-implementation shall be accompanied by sanctions according to the legislation in force. Following the relevant findings by ERE during the monitoring carried out and based on Ministry of Infrastructure and Energy (MIE) orders respectively (i) Order no. 47, dated 31.01.2019, which has suspended the concession procedures as well as those subject to

Council of Ministers Decision no. 822, dated 07.10.2015, from hydro sources of electricity that have not been finalized with a contract, as well as, (ii) Order no. 48, dated 30.01.2019, to initiate the process to verify the implementation of concession contracts or contracts subject to Council of Ministers Decision no. 822, dated 07.10.2015, ERE presented an official letter at the Ministry of Infrastructure and Energy (MIE) and shall continue the cooperation with the Ministry of lines to identify and take measures case by case for these entities.

- **Monitoring regarding the implementation of the investment plan of TSO company during 2017 and 2018.**

  During 2019, was implemented the monitoring of TSO company regarding the realization of the investment plan of TSO company during 2017 and 2018. As it was ascertained during the monitoring carried out by ERE, it was recommended to TSO company as follows:

  - TSO company must maintain an asset register in accordance with applicable legislation and standards.
  - The application for review and reports on the implementation of the investment plan and network development must be made by strictly implementing the provisions of Law no. 43/2015 "On Power sector", as amended and the Regulation on the submission and approval of the investment plan by the Operators, in terms of form and content and deadlines for submission.
  - TSO company shall make cost-benefit analysis for the investment plan items as required in the Regulation on submission and approval of the investment plan by the Operators.
  - TSO company in investment plans according to the tariff years must strictly adhere to the 10-year network development plan for the projects provided in this development plan.
  - TSO company must implement the investment plan within the deadlines set in the legislation in force.
  - Throughout 2020, ERE focus shall remain the monitoring to realize the investments and the implementation of the recommendations left by ERE for the licensees, as well as other monitoring in accordance with ERE tasks, such as the implementation of the operationa allocation of Distribution, meeting the conditions for market opening, as well as routine monitoring of the licensees and the sector.

2.1.4 Transactions performed from KESH, TSO and OSHEE company in the Open Market (irregulated) during 2019

During 2019 ERE monitored through periodic reporting electricity purchase in the open market by regulated companies OSHEE and TSO, where it results that the average electricity purchase price in the open market by these two companies charged with public service obligation is about 69.94 EUR / MWh.

OSHEE company has purchased in an irregulated market in order to provide electricity supply to end-use customers, pursuant to the obligations arising from Council of Ministers Decision no. 244/2016, and according to the Transitional Market Rules and the Regulation on electricity purchase procedures to cover losses in the distribution and transmission networks and for the

purchase and sale of electricity to ensure the compliance of public service obligations approved with ERE Board Decision No. 103/2016, as amended.

KESH company during 2019 has sold /purchased electricity in an irregulated market pursuant to the "Regulation of Electricity Trading by the Albanian Power Corporation KESH company." approved with decision no. 2762/8, dated 06.06.2018, of the Ministry of Infrastructure and Energy, as the owner of KESH company and the "General rules of organizing the commercial activity by the Albanian Power Corporation approved by Decision No. 5233/1, dated 12.06.2019, of the Shareholders General Assembly.

TSO company purchased at the irregulated market in order to cover losses in the transmission network pursuant to the obligations arising from Council of Ministers Decision no. 244/2016 and according to the Transitional Market Rules as well as the Regulation on electricity purchase procedures to cover losses in the distribution and transmission networks and on the purchase and sale of electricity to ensure the the compliance of public service obligations approved with ERE Board Decision No. 103/2016, as amended.

As follows it is submitted a table with data of transactions performed during 2019:

Transactions performed from KESH in the open market during 2019													
(MWh)	January	February	March	April	May	June	July	August	September	October	November	December	Total 2019
Introduced interconnection transactions	0	4,414	13,547	5,293	2,892	4,731	8,447	26,955	15,866	35,381	241	3,597	121,364
Outgoing interconnection transactions	0	18,360	0	0	5,650	0	5,920	7,206	0	5,460	1,575	6,138	50,309
Transactions performed in the internal market	0	2,431	4,108	1,666	9,792	8,610	6,498	32,702	12,488	12,161	14,955	27,146	132,557
(MWh)													
Purchase in the open market	388,660	173,040	259,417	236,480	127,304	140,670	126,480	141,360	230,880	210,724	136,568	0	2,171,583
(MWh)													
	January	February	March	April	May	June	July	August	September	October	November	December	Total 2019
Purchase in the open market to cover the losses in transmission	14,883	11,520	11,777	12,080	16,858	14,474	14,474	15,318	11,313	10,053	14,740	21,577	168,621

OSHEE company Transactions in the open market during 2019

(MWh)	January	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total 2019
Purchases in the open market	388,660	173,040	259,417	236,480	127,304	140,670	126,480	141,360	230,880	210,724	136,568	0	2,171,583

TSO company Transactions in the open market during 2019

(MWh)	January	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total 2019
Purchases in the open market to cover the transmission losses	14,883	11,520	11,777	12,080	16,858	14,474	14,474	15,318	11,313	10,053	14,740	21,577	168,621

Figure 74 Performed transactions during 2019 from KESH; OSHEE and TSO companies.

Graph of Figure 75 shows the balance (input - output) import-export of electricity for the period 2007 - 2019.

For the last 10 years, with the exception of 2010, 2016 (small values) and 2018 our country turns out to be a net importer of electricity. We clarify that the submitted values represent all inflows and outflows from all participants in the electricity market in Albania.

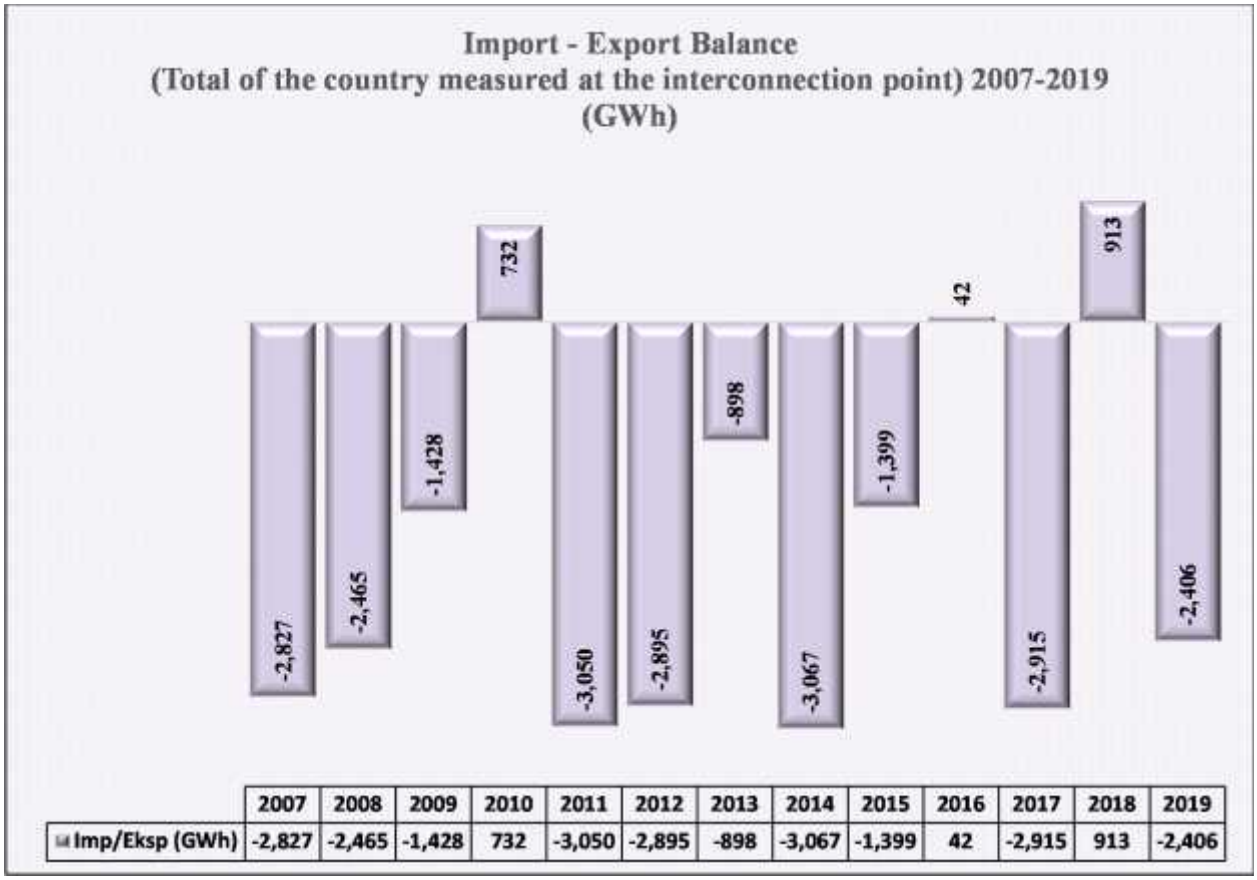


Figure 75 Import – Export electricity Balance throughhout the years (Source: TSO company.)

2.2 Register of the Participants registered in the electricity market during 2019.

Register of the Electricity Market Participants (active until 31.12.2019)			Producers	P
			Traders	T
			Supplier	F
			Universal Service Supplier	FSHU
			Distribution	SH
No	Entity	EIC Code	Registration date	Role on the Electricity Market
1	Albanian Energy Supplier	54X-AEG-02-1603G	26.05.2015	T; F
2	AXPO Albania	23X--150330-AA-K	20.01.2011	T; F
3	Ayen AS Energji	23X--150416-A—N	17.12.2014	P; T; F
4	Ayen Energy Trading	23X--140426-AY-W	04.05.2014	T; F
5	Danske Commodities Albania	23X--121120DCALG	30.10.2012	T; F
6	Devoll Hydropower	23X--150409-DHP5	11.06.2015	T; F
8	Energija doo Veternik	54X-EDOOV-15-020	15.12.2015	T; F
9	Energji Ashta	54X-HECASHTA-059	25.05.2012	P
10	Energy Supply-AL	34X-0000000017-C	15.05.2013	T; F
11	Erdat Lura	54X-HEC-LURA-069	17.09.2013	P
12	GEN-I Tirana	23X---120709GEN0	31.01.2011	T; F
13	Gjo-Spa Power	54X-HEC-LAPAJ075	17.09.2013	P
14	Green Energy Trading Albania	23X--150702GE--3	01.07.2015	T
15	Grupi Sistemeve Automatike	22XGSA---------N	09.05.2011	T; F
16	Korporata Elektroenergjitike Shqiptare	23X--130918APC-M	25.04.2011	P; T
17	KURUM International	23X--131115KI--1	17.12.2013	P; T; F
18	Alb Energy Market	54X-ALBEM----11Y	07.07.2017	T, F
19	NOA Energy Trade	23X--150630-NE-6	10.03.2015	T; F
20	Operatori Shperndarjes Energjise Elektrike	23X--130503--CS-2	25.04.2011	SH; FSHU
21	Stravaj Energy	54X-STRAVAJ-E086	25.04.2014	P; T
22	WENERG	54X-WENERG---10E	10.06.2015	P
23	YLLIAD	29XYLLIAD-AL---W	03.03.2011	T
24	Energy Market Albania	54X-ENMARKETAL99	23.03.2017	T
25	Grid Energy	54X-GRID-ENERGYR	05.04.2017	T; F
26	GAEA-Energjia Alternative e Gjelber	54X-GAEA11-1501R	07.12.2015	T; F
27	Energy Financing Team Tirana	54X-EFT-TIRANA-V	24.08.2017	T; F
29	Alpiq Energy Albania	23X--141204AEA-T	29.04.2011	T; F
30	Le Trading Albania	23X--150309-LT-Y	16.02.2015	T
31	Energy to Energy	54X-EN-TO-EN-13F	13.10.2017	T
32	DON-UCD	54X-DON-UCD--15T	17.07.2018	T;F
33	URADRIN	54X-100ID101218J	10.08.2018	T
34	Energia Gas and Power Albania shpk	23x-150309-LT-Y	22.10.2018	T; F
35	RENRGY Trading Group	54X-10IRN102618R	12.11.2018	T
36	Ener Trade shpk	54X-10 IET091118	21.12.2018	T; F
	Kastrati Energy	54X-11LKE250319U	25.03.2019	T; F

Power and Gas Operations	54X-10IPG2307196	23.07.2019	T
ENSCO Trading (Albania) company	54X-110IESA1019G	02.12.2019	T
KESH company	23X--130918APC-M	16.12.2019	

Figure 76 Market Participants during 2019.

3. LICENSING AND SUPERVISION OF THE LICENSEE ACTIVITIES IN THE POWER SECTOR

3.1 Licenses and Requests Handled during 2019.

During 2019, ERE continued the licensing process of entities in various activities of electricity and natural gas sector, implementing the effective legal and by-legal framework in force.

In total, ERE issued on 2019, 27 licenses of which 26 were issued on the power sector and only 1 in the natural gas sector.

During this year, 12 Licenses were issued for the activity of electricity production, 11 licenses for the activity of electricity trading as well as 3 licenses for electricity supply. At the same time on natural gas sector was issued only one License for the transmission of natural gas in our country. 7 licenses have been renewed, out of which 4 on electricity trading activity and 3 on electricity supply activity.

Licenses Modifications are carried out 2 of them for 2019.

Revoked licenses in electricity trading activity are 2 licenses and 1 in the supply activity, on the request of the licensees. Non-opening the licensing procedure was realized for 4 applications for the lack of documentation submitted by applicants.

For all submitted applications, it is respected the transparency provided in the licensing procedures, pursuant to Law no. 43/2015 "*On Power Sector*", as amended, Law no. 102/2015 "*On the natural gas sector*", as well as the "*Regulation on the Procedures and Terms for License Issue, Modification, Transferring, Renewal or License Termination in the Power Sector*". In accordance with the above legal framework, the terms for publication in the print media to obtain the opinion of the interested parties have been implemented. Also, each license application has been subjected to a careful analysis of the regularity and correct completion of the relevant legal, administrative, financial, technical documentation and obtaining the relevant water use permits or environmental permits in cases of electricity generation activity, data from other institutions in accordance with the activity that the entities have requested to be licensed.

Licensed entities, in electricity production activity for 2019:

ENTITY	ELECTRICITY PRODUCER	INSTALLED CAPACITY
"RTS" company	Photovoltaic Plant	2000 kW
"Eglantina Xhoxhaj"company	Photovoltaic Plant "Lugano"	2000 kW
"SANG 1" company	"Thirrë" HPP	1820 kW
"S G D ENERGJI" company	"Ndërfushas" HPP	1125 kW
"SMART WATT" company	Photovoltaic Plant, Sheq Marinas, Topojë, Qarku Fier,	2000 kW
" BE-IS ENERGY " company	"KALIVAR 1" HPP "KALIVAR 2" HPP "KALIVAR 3" HPP "KALIVAR 4" HPP Total Installed Capacity	1475 KW 526 KW 3321 KW 275 KW 5597 kW
" S.P.E GJADËR" company	"Gjadër No.1/1" HPP "Gjadër No. 1/2" HPP "Gjadër No. 2" HPP	2134 kW 4406 kW 2983 kW 3874 kW 5922 kW 5619 kW

	“Gjadër No. 3” HPP “Gjadër No. 4” HPP “Gjadër No. 5” HPP Total Installed Capacity	24938 kW
“ IRARBA ENERGJI” company	“Shengjun” HPP	2040 kW
“MP - HEC” company	“Niçë” HPP	2270 kW
“ELVA 2001” company	“Mivas” HPP	1940 kW
“HEC Arsti” company	“Arsti” HPP	3130 kW
“HYDRO POWER PANARIT” company	“Vilë” HPP	1994 kW

Figure 77 Entities licensed in electricity production activity for 2019

- ERE Board during 2019, approved the modification of the electricity production license of "HENZ ENERGJI" company with ERE Board Decision no. 65, dated 28.05.2012, for electricity production from "DARSI 1" HPP with a capacity of 2240 KW, "DARSI 2" HPP with a capacity of 7633 KW, "DARSI 3" HPP with a capacity of 1066 KW, with a total capacity of 10939 KW. This license was modified due to the optimization of the energy scheme carried out by the company by approving the following designations and powers:

  - “DARSI 1” HPP 3328kW installed capacity
  - “DARSI 2” HPP 11635kW installed capacity
  - Total installed capacity 14963kW

- Also the modification of "SA'GA MAT" company license was also approved, with ERE Board Decision No. 92, dated 16.10.2014, for electricity production from the power plants: "GERMANY 1" with installed capacity 1200 kW, "GERMANY 2" with installed capacity 1680 kW, "GERMANY 3" with installed capacity 1290 kW, "GERMANY 4 ”with installed capacity 810 kW, with total installed capacity 4980 kW. This modification was

carried out due to the optimization of HPP's scheme owned by the company by approving the following designations and powers:

- "GERMANI 1" HPP with installed capacity 4800 kW, and
- "GERMANI 2" HPP with installed capacity 1500 kW.
- Total installed capacity 6300 kW

Licensees in Electricity Trading activity during 2019:

No.	ENTITY	LICENSED ACTIVITY	ERE BOARD DECISION DATE
1	"Hydro Seta" company	Trading	Decision No. 5, dated 17.01.2019
2.	"Kastrati Energy" company	Trading	Deecision No. 38, dated 07.03.2019
3.	"Energy 24" company	Trading	Decision No. 80, dated 31.05.2019
4.	"Power and Gas Operations" PGO company	Trading	Decision No. 99, dated 21.06.2019
5.	"Terna Energy Trading" company	Trading	Decision No. 105, dated 26.06.2019
6.	"Sang 1" company	Trading	Decision No. 106, dated 26.06.2019
7.	"Ensco Trading" company	Trading	Decision No. 136, dated 06.09.2019
8.	"Ayen AS Energji" company	Trading	Decision No. 141, dated 24.09.2019
9	"Electral Batra" company	Trading	Decision No. 153, dated 21.10.2019
10	"Kroi Mbret Energji" company	Trading	Decision No. 192, dated 02.12.2019
11	"AXPO Albania" company	Trading	Decision No. 216, dated 20.12.2019

Figure 78 Entities licensed in the electricity trading activity for 2019.

- Renewal of "Ayen Energy Trading" company license in electricity trading activity, approved with ERE Board Decision no. 29, dated 31.03.2014. (ERE decision no. 45, dated 15.03.2019)

- Renewal of "Devoll Hydropower" company license, in electricity trading activity, approved with ERE Board Decision no. 35, dated 04.03.2015. (ERE decision no. 159, dated 29.10.2019).
- Renewal of "Energia Gas And Power Albania"company license in electricity trading activity, approved ERE Board Decision no. 133, dated 24.12.2014. (ERE decision no. 204, dated 12.12.2019)
- Renewal of "Noa Energy Trade" company in the activity of electricity trading, approved with ERE Board Decision no. 7, dated 02.02.2015. (ERE decision no. 222, dated 20.12.2019).
- Renewal of "Ayen Energy Trading" company license in electricity supply activity, approved with ERE Board Decision no. 30, dated 31.03.2014. (ERE decision no. 44, dated 15.03.2019).
- Renewal of the "GSA" company license in electricity supply activity, approved with ERE Board Decision no. 102, dated 21.12.2009, renewed with ERE Board Decision no. 84, dated 16.09.2014. (Decision of the ERE no. 127, dated 13.08.2019)
- Renewal of "FSHU" company license in electricity supply activity, approved with ERE Board Decision no. 97, dated 27.10.2014 and transferred with ERE Board Decision no. 215, dated 11.10.2019, (ERE Board Decision no. 164, dated 04.11.2019).
- Revocation of "A.E DISTRIBUTION" company in electricity trading activity approved with ERE Board Decision no. 82, dated 09.06.2016. The revocation of this company license was done at the request of the company itself, as it will no longer exercise this activity in the future. (ERE decision no. 30, dated 28.02.2019)
- Revocation of "SA'GA MAT" company license in electricity trading activity approved with ERE Board Decision no. 103, dated 07.11.2014. The revocation of this company license was done at the request of the company as it will no longer exercise this activity in the future. (ERE decision no. 225, dated 20.12.2019).

Entities licensed in Electricity Supply activity during 2019 :

No.	ENTITY	LICENSED ACTIVITY	ERE BOARD DECISION DATE
1	"KESH" company	Supply	Decision No.25, Dated 28.02.2019
2.	"Kastrati Energy" company	Supply	Decision No. 39, Dated 07.03.2019
3.	"Ayen AS Energy" company	Supply	Decision No. 142, Dated 24.09.2019

Figure 79 Entities licensed in electricity supply activity for 2019.

- Revocation of "A.E DISTRIBUTION company license in electricity supply activity, approved with ERE Board Decision no. 83, dated 09.06.2016. The revocation of the license was done with the full will of the company as it shall no longer exercise this activity in the future. (ERE decision no. 31, dated 28.02.2019)

- Failure to open the procedure for license renewal of "Hydropower Elektrik"company, in electricity supply activity of qualified customers, approved with ERE Board Decision no. 20, dated 11.02.2015.
- Failure to open the procedures for the renewal of "Power Elektrik Slabinjë" company license, in the activity of electricity supply of qualified customers, approved with ERE Board Decision no.18,dated 11.02.2015.
  These applications submitted above, have not opened the procedures for ERE review as the submission of applications for license renewal is beyond the term set in the respective legal acts.
- Failure to open the procedures to lincense "ALBPETROL" company in natural gas supply (retail) activity, due to failure to complete the necessary documentation. (ERE Board Decision no.179, dated 20.11.2019)

Entities licensed in Natural Gas activity for 2019			
No.	**SUBJECT**	**ACTIVITY**	**ERE BOARD DECISION DATE**
1	"TAP AG" company	Transmission	Decision No. 15, dated 31.01.2019

Figure 80 Licensed entities in natural gas activities for 2019.

- Refusal of "Albpetrol" company request for licensing in natural gas supply activity, due to failure to complete the necessary documentation. (ERE Board Decision no. 134, dated 06.09.2019)
- On an amendment on ERE Board Decision no. 187 dated 10.11.2017, as amended with decision no. 261, dated 19.12.2018, "*On the licensing Albgaz company in natural gas distribution activity*" (ERE Board Decision no. 36, dated 04.03.2019). The postponement of the term to comply the conditions of the licensing decision was decided until on 20.12.2019, due to failure to comply with the conditions of the licensing decision related to ownership documentation, environmental permits and authorizations and insurance certificate from the insurance company.
- On an amendment on ERE Board Decision no. 188 dated 10.11.2017, amended with decision no. 262, dated 19.12.2018, "*On licensing Albgaz company. in natural gas transmission activity* "(decision no. 37, dated 04.03.2019). The postponement of the term to comply the conditions of the licensing decision was decided until on 20.12.2019, due to failure to comply the conditions of the licensing decision related to ownership documentation, environmental permits and authorizations and the insurance certificate from the insurance company.
- On an amendment on ERE Board Decision no. 187, dated 10.11.2017, "*On licensing Albgaz company, in the natural gas distribution activity* ", as amended and an amendment on ERE Board Decision no. 188, dated 10.11.2017, "*On licensing Albgaz company in natural gas transmission activity*" amended (decision no. 220, dated 20.12.2019). The postponement of the term to comply the conditions of the licensing decisions was decided until 20.06.2020, due to failure to comply the conditions of licensing decisions related to

environmental permits and authorizations and the insurance certificate from the insurance company.

For all entities licensed by ERE, it is carried out and archieved a register for each activity, with the necessary data for the entity and the type of license, which are reflected updated on ERE official website and can be consulted by any interested party. A register of conditional licenses is also updated, the completion of which is rigorously monitored by the ERE, maintaining official correspondence with companies until the condition is met.

3.2 Supervision of licensees during 2019.

During this year, the Supervision of the licensees, as an innovation in the organizational structure of ERE, started the work with the control and assessment of the information provided by the reports related to the licensed activity for each entity. The technical-economic indicators have been elaborated and analyzed according to periodic evidences or other reporting documents, making comparisons with the licensing requirements granted and issuing the relevant conclusions. The necessary database regarding reporting by licensees has been continuously established and updated.

Also during this year was continued with another process of monitoring / supervision to fulfill the conditions of licensing decisions for companies that will produce electricity from Wind Power Plants, licensed by ERE as follows:

- "Hera" company licensed with ERE Board Decision no. 61, dated 02.11.2007;
- "Alb Wind Energy" company licensed with ERE Board Decision no. 13, dated 28.01.2008;
- "ERS-08" company licensed by ERE with ERE Board Decision no. 63, dated 13.06.2008;
- "E Vento s.r.l Albania" company, licensed with ERE Board Decision no. 84, dated 17.07.2008;
- "Albanian Green Energy" company, licensed with ERE Board Decision no. 89, dated 06.08.2008;
- "Biopower Green Energy" company, licensed with ERE Board Decision no. 90, dated 06.08.2008;

During 2019 for the aforementioned licensed companies, ERE Board suspended the review of the requests for extension of the deadline to meet the licensing conditions, to continue with the monitoring of these companies, a process that begun at the end of 2019 at the headquarters and areas where wind projects shall be located and developed, in order to identify, document and review all the circumstances which the applicants claim that it is impossible to implement the conditions and deadlines provided respectively on: ERE Board Decision no. 61, dated 02.11.2007, "*On the licensing "Hera" company as amended*; ERE Board Decision no. 84, dated 17.07.2008, "*On licensing " E-Vento s.r.l Albania company, as amended*; ERE Board Decision no.. 13, dated 28.01.2008, "*On licensing "Alb Wind Energy" company, as amended*; ERE Board Decision no. 63, dated 13.06.2008, "*On licensing " ERS-08 " company, as amended*; ERE Board Decision no.

84, dated 17.07.2008, "*On licensing "E Vento s.r.l Albania "*, company as amended; ERE Board Decision no. 89, dated 06.08.2008, "*On licensing "Albanian Green Energy "*, *company as amended*; ERE Board Decision no. 90, dated 06.08.2008, "*On licensing "Biopower Green Energy" company as amended.*

The monitoring process, drafting of relevant conclusions and decision-making by ERE is expected to be completed during 2020. With the completion of this monitoring by ERE shall be assessed on the analysis of monitoring findings whether the postponement or not of deadlines for meeting each of these licenses conditions from the respective entities.

3.3 Certifications

During 2019, ERE shared its opinion regarding the certifications decisions for the electricity TSO and the natural gas TSO. The reason to review the Certification decisions was the failure of companies to meet in time the respective requirements for certification as the fulfillment of these conditions do not depend on their will, but on a number of other institutions. These conditions relate to inter-institutional interaction and amendments in the respective legal framework. As such, the operators submitted requests for extension of deadlines which were reviewed by ERE and the postponement was decided according to the decisions reflected below:

- **Decision no. 47, dated 19.03.2019 "*On the approval of the request of TSO company for an amendment on ERE Board Decision no. 43 dated 15.03.2017, on the final approval of the certification of the electricity transmission system operator TSO company in accordance with article 54, point 6, of Law no. 43/2015, "On Power Sector" and Article 9, point 6, of Directive 72/2009 EC after obtaining the opinion of Energy Community Secretariat. "***

  ERE Board based on article 3, point 8 and articles 16; 54 and 58, of Law no. 43/2015, "*On Power sector*", as amended, Article 53 of Law no. 44/2015, "*Code of Administrative Procedures*"; articles 3; 6; 8 and 10 of the "*Rules for certification of the electricity transmission system operator*", approved with ERE Board Decision no. 154 dated 11.12.2015, article 8 of the "*Regulation for ERE Organization, Operation and Procedures*", approved with ERE Board Decision no. 96, dated 17.06.2016, approved the request of TSO company for amending the term of point 2 of ERE Board Decision no. 43, dated 15.03.2017, "*On the final approval of the certification of the electricity transmission system operator TSO company in accordance with article 54, point 6, of Law no. 43/2015*, "On Power Sector" and Article 9, point 6, of Directive 72/2009 EC after receiving the opinion of the Energy Community Secretariat ", until 15.12.2019. This amendment was due to the failiure of the company to meet the certification requirement related to inter-institutional interaction for amendments on Law no. 43/2015, as amended, to met the obligation to implement the amendments of the legal framework and transfer the powers to the Ministry of Economy, which does not depend on the will of the company.

- **Decision no. 207*, dated 16.12.2019, "On the request of TSO company for an amendment on ERE Board Decision no. 43, dated 15.03.2017, on the final approval of the certification of the electricity transmission system operator TSO company in accordance***

with article 54, point 6, of law no. 43/2015, "On Power Sector" and Article 9, point 6, of Directive 72/2009 EC after obtaining the opinion of the energy community secretariat."

ERE Board in support of article 3, point 8 and articles 16; 54 and 58, of Law no. 43/2015, "*On power sector*", Article 53 of Law no. 44/2015, "*Code of Administrative Procedures*"; articles 3; 6; 8 and 10 of the "*Rules for certification of the electricity transmission system operator*", approved with ERE Board Decision no. 154 dated 11.12.2015, article 15 of the "*Regulation for ERE Organization, Operation and Procedures*", approved ERE Board Decision no. 96, dated 17.06.2016, approved the request of TSO company, for amending the deadline of point 2 of ERE Board Decision No. 43, dated 15.03.2017, "*On the final approval of the certification of the transmission system operator of electricity TSO company. in accordance with article 54, point 6, of Law no. 43/2015, "On Power Sector" and Article 9, point 6, of Directive 72/2009 EC after obtaining the opinion of the Energy Community Secretariat* ", until 16.06.2020. As in the aforementioned decision, this amendment also came due to the inability of the company to meet the certification requirement related to the inter-institutional interaction for amendments on Law no. 43/2015, as amended, to fulfill the obligation to implement amendments in the legal framework and the unbundling of the competencies from the Ministry of Infrastructure and Energy to the Ministry of Economy. Despite the fact that the fulfillment of this condition does not depend on the will of TSO company, the latter has made all its efforts to fulfill the condition on time. However, the necessary legal changes related to the fulfillment of the certification conditions have already been passed for approval to the Commission for Production, Trade and Environment Activities.

3.4 Electricity TSO Compliance Program

Pursuant to the definitions Decision no. 43, dated 15.03.2017, "On the final approval of the certification of the electricity transmission system operator TSO company in accordance with article 54, point 6, of law no. 43/2015, "On power sector" and Article 9, point 6, of Directive 72/2009 EC after obtaining the opinion of the Energy Community Secretariat ", as well as pursuant to the provisions of the Compliance Program of TSO company approved with ERE Board Decision no. 103, dated 30.04.2018, the Compliance Officer of TSO company, in fulfillment of his duties, presented at ERE the Compliance Report of TSO company for 2018.

From this report it was concluded that TSO company shall improve the work regarding the implementation of the provisions of the aforementioned certification decision, the compliance program and the implementation of the recommendations of the Compliance Officer. ERE issued a series of recommendations within these obligations which must be fulfilled by TSO company employees and shall be reported by the Officer as follows during the report of the following year.

4. ERE ACTIVITY IN TARIFF AND PRICES REGULATION OF POWER AND NATURAL GAS SECTORS

Based on Law No. 43/2015 "On Power Sector", as amended, respectively in articles 19, 20, 79 and 83, Law 102/2015 "On Natural Gas Sector" respectively articles 16, 17, 75 and 92, as well as on Law 7/2017 "The promotion of the use of energy from renewable resources" Article 10, ERE is the responsible authority for imposing the tariffs and prices for the regulated activities and those that have the public service obligation in power sector, based on the respective effective methodologies.

Within this framework, ERE main activities in tariff and prices regulation of Power and Natural Gas sectors during 2019 have been:

1. Review of the tariffs and prices from the licensee in power and natural gas sectors for:
   - Electricity transmission activity;
   - Electricity distribution activity;
   - Electricity universal service of supply activity;
   - Natural gas transmission and distribution activity;
   - Electricity supply of last resort activity;
   - Electricity production activity from the priority producers according to the definitions of Law no.7/2017;
   - Electricity production activity from the small renewable resources from solar with installed capacity up to 2 MW and wind with installed capacity up to 3 MW for 2018, according to the definitions of Law no. 7/2017.
2. Amendment of the metodology on setting the electricity sale price from the Supplier of Last Resort, approved with ERE board decision No. 201, dated 04.12.2017, as amended with ERE Board decision No. 144, dated 25.06.2018
3. Opening the procedure to approve the "Methodology for setting the natural gas sale price from the supplier of last resort".

4.1 Review of the applications to approve the tariffs and prices of the licensees on power and natural gas sectors on the above mentioned activities:

4.1.1 Regarding the application of TSO company to approve the electricity transmission service tariff for 2020.

TSO company with official letter Protocol no. 7335, dated 05.11.2019, submitted at ERE the request to apply for the electricity transmission service tariff for 2020.

In this application, TSO company submitted its arguments regarding the demand for revenues as well as foresees for the amount of electricity, expected to be transmitted during 2020, requesting an increase in the electricity transmission tariff in level 1.2 ALL/kWh, from 0.75 ALL / kWh which was the tariff in force approved with ERE Board Decision no. 266, dated 21.12.2018 for 2019.

Regarding what is requested by TSO company in this application, ERE conducted its assessments, in support of the "Regulation for ERE Organization, Operation and Procedures", approved with ERE Board Decision no. 96, dated 17.06.2016, as well as the "Methodology for calculating electricity transmission tariffs", approved with ERE Board Decision no.180, dated 08.11.2017, assessments which we present in summary form as it follows:

- ERE with official letter Protocol no. 541, dated 10.09.2019 addressed to TSO company to submit the application to define the electricity transmission service tariff for 2020, in accordance with the methodology for calculating the electricity transmission tariff.
- Since TSO company submitted the request for the application of the transmission tariff past the terms set out in the " Regulation for ERE Organization, Operation and Procedures ", the time available for its review and analysis until the end of 2019, did not allow to obtain a decision by ERE based on a process that is as comprehensive and transparent as possible with the interested parties.
- The data submitted on this application regarding the amount of electricity that would be delivered to the transmission network during 2020, in the conditions when the application or provision of OSHEE company was missing, could result in differences, which could bring in higher or lower required income from the provision of the company.
- TSO company did not present detailed analysis and arguments regarding the actual operating and capital costs (CAPEX & OPEX) of the closed 10 months of 2019 as well as the provisions on its expectations for the rest of the year for operating expenses, revenues and fees / prices applied during the testing year.
- The investment plan for 2020, based on the provisions of the "Regulation on the procedures for submission and approval of the investment plans of electricity transmission and distribution operators ", had to be submitted at ERE for review at the same time with the tariff application.
- TSO company in the calculation of the required income, as a cost to be covered by the electricity transmission tariff, it had also included the payment of arrears, which based on Decisions no. 190, dated 22.12.2016 and no. 52, dated 6.4.2017 of the ERE Board, are obligations which must be paid by OSHEE company.
- The cancellation of mutual obligations between companies was not yet realized and consequently their cancellation would lead to an amendment on the accounts of the financial position of the company, in accordance with the provisions of Council of Ministers Decision no. 253, dated 24.4.2019 "*On the approval of the financial consolidation plan of the public power sector*"
- Based on the reports of TSO company the tariff of 0.75 (ALL) / kWh approved by ERE, enabled the performance of an activity in normal conditions for the company also for 2020.

At the end of reviewing the application submitted by TSO company ERE Board Decision no. 198, dated 12.12.2019, decided not to initiate the procedure for reviewing the application of TSO company for the approval of the electricity transmission service tariff for 2020 of 1.2 (ALL) / kWh as well as letting into force ERE Bord Decision no. 266, dated 21.12.2018, regarding the electricity transmission service tariff for 2020 of 0.75 (ALL) / kWh.

4.1.2 Regarding ERE Board Decision to approve the electricity distribution service tariff as well as the retail prices of electricity for end use customers supplied by the "Universal Service Supplier FSHU for 2020.

Until the end of 2019, despite the request of ERE, OSHEE company did not submit an application regarding the electricity distribution service tariff and retail prices for end use customers supplied by the "Universal Service Supplier (FSHU company) for 2020.

Being in these conditions and pursuant to aticle 20 of Law no. 43/2015 "On Power Sector", as amended, so that the subsidiary companies "Distribution System Operator" and "Universal Service Supplier" are able to carry out the activity for which they are licensed with the effective division of the company" Electricity Distribution Operator " (OSHEE) from January 1, 2020, it became necessary that the companies continue the activity based on the tariffs and prices approved by ERE throughout 2020.

ERE Board with Decision no. 199, dated 12.12.2019, decided:

- To postpone the legal power of ERE board decision no. 268, dated 21.12.2018, until the approval of a decision based on the application of DSO company for 2020, for the following tariffs:

Distribution service tariff in 35 kV voltage level	1.5 (ALL/Kwh)
Distribution service tariff in 20 kV voltage level	3.9 (ALL/Kwh)
The average tariff of the distribution service	4.79 (ALL/Kwh)

- OSHEE sh.a. në funksion të OSSH sh.a. dhe FSHU sh.a., përveç shlyerjes së detyrimeve korrente, të kryejë edhe pagesat ndaj KESH sh.a. dhe OST sh.a. për detyrimet e prapambetura në përputhje me parashikimet e VKM nr. 253, datë 24.04.2019, "Për miratimin e planit të konsolidimit financiar të sektorit publik elektroenergjitik".
  - OSHEE company as the DSO and FSHU companies in addition to settling current liabilities, to make payments to KESH and TSO companies for arrears in accordance with the provisions of Council of Ministers Decision no. 253, dated 24.04.2019, "On the approval of the financial consolidation plan of the public power sector".
- If there shall be effects on the income of DSO company they shall be updated and compensated according to the provisions of article 20, letter "c" of Law no. 43/2015, "On Power Sector", as amended.

With Decision no. 200, dated 12.12.2019, decided

- To postpone the legal power of ERE Board Decision no. 268, dated 21.12.2018, until the approval of a decision based on the application of the Universal Service Supplier (FSHU company) for 2020, for retail prices for end use customers served by the universal service suplier as follows:

Sale price for the Customers in 20 kV	No.200 dated 12.12.2019	11 ALL/Kwh Peak hour 12.65 ALL/Kwh
Sale Price for the Customers in 10/6KV	No.200 dated 12.12.2019	11ALL/Kwh Peak hour 12.65ALL/Kwh

Transitional approval for the customers that fail to ensure suppliers in the market for the inability of their facilities of the system operators in conformity with Council of Minister Decision no.449, dated 15.06.2016, supply of last resort for these customers is performed on the same conditions with the universal supply service with the above prices.

Sale price for Customers connected in Medium Voltage and with meters in Low Voltage	No.200 dated 12.12.2019	12.4 ALL/Kwh Peak hour 14.3 ALL/Kwh
Retail sale price for the end use customers	No.200 dated 12.12.2019	Prices are submitted on the table as follows

	Electricity retail sale price for 1 January -31 March 2017 period					
Voltage Level	Price (ALL/Kwh	Peak Price (ALL/kwh				
Bakeries and flour production in 10/6 kV	7.1	8.17				
Customers in 0.4 kV	14	16.1				
Bakeries and flour production in 0.4 kV	7.6	8.74				
Household	9.5					
Tariff for electricity consumption in joint environments (scale lightening, water pump, elevator)	9.5					
Fix Tariff for "zero"reading service (All/month)	200	200				

*The price for reactive energy is 15% of the active energy price

*Peak hour during which shall be applied the tariff for the consumed energy during the peak is:
- November 1 March 31 period from 18.00 to 22.00
- April 1 – October 31 from 19.00 to 23.00

Figure 81 Table of Tariffs and Prices effective for 2020.

- OSHEE company as a DSO and FSHU companies in addition to settling current liabilities, must also make payments to KESH and TSO companies for arrears in accordance with the provisions of Council of Ministers Decision no. 253, dated 24.04.2019, "On the approval of the financial consolidation plan of the public power sector".
- Letting into force ERE Board Decision no. 53, dated 06.04.2017, "On the sale price of electricity from the universal service supplier for the category of cult objects / religious communities" for 2020.
- If there shall be effects on the income of the Universal Service Supplier (FSHU company) they shall be updated and compensated according to the provisions of article 20, letter "c" of Law no. 43/2015, "On Power Sector", as amended.

4.1.3 On the approving the transitional tariff for natural gas transmission, until 31.12.2019.

ALBGAZ company exercises its activity in accordance with Law no. 102/2015, "On Natural Gas Sector", as amended, as well as the directives of the European Union regarding natural gas. Since the natural gas transmission activity tariff is necessary for Albgaz company in order to exercise its activity, the network access for the users of the transmission system must be guaranteed and this company must offer its services with tariffs regulated by ERE, ERE Board Decision no. 269, dated 21.12.2018, decided to postpone the legal force of ERE Board Decision no. 97, dated 23.04.2018 “On the approval of the natural gas transmission tariff by Albgaz company for 2018, as amended ”, until 31.03.2019.

In the absence of submitting an application for the review of the transmission tariff of Albgaz company for 2019 and the submission of the investment plan for 2019, as an important component of calculating the natural gas transmission tariff for 2019 , as well as pursuant to Article 17, letter "e", of Law no. 102/2015, "On Natural Gas Sector", as amended, which stipulates that "*ERE has the right to approve temporary transmission or distribution tariffs, in cases where transmission or distribution operators create delays in amending the tariffs*", ERE Board Decision no. 60, dated 15.04.2019, decided to approve the temporary tariff for the transmission of natural gas by Albgaz company in the value of 28 (ALL)/ m3 or 2.6457 (ALL) / kwh until 31.12.2019.

4.1.4 On letting into force ERE Board Decision no. 60, dated 15.04.2019, "On the approval of the temporary tariff for the transmission of natural gas by Albgaz company" for 2020.

Until the end of 2019, despite the request of ERE, ALBGAZ company did not submit an application for the natural gas transmission tariff for 2020 .Being in these conditions, pursuant to Law no. 102/2015, "On Natural Gas Sector", as amended, as well as the directives of the Energy Community, since network access for transmission system users must be guaranteed and this company must provide its services with tariffs regulated by ERE, ERE Board Decision no. 206,

dated 16.12.2019, decided to postpone the legal force of ERE Board Decision no. 60, dated 15.04.2019 for 2020 until the approval of a tariff based on the application of Albgaz company.

4.1.5 Regarding the purchase price of electricity from existing priority producers for 2019

Based on the provisions of Law no. 7/2017 "On the promotion of the use of energy from renewable sources", the purchase price of electricity from existing priority producers is calculated by ERE, in accordance with the Methodology for determining the annual purchase price of electricity that shall be paid to existing priority producers ", approved with Council of Ministers Decision no. 687, dated 22.11.2017.

The methodology also defines the maximum and minimum price limits for electricity purchase from existing priority producers, which are: not lower than the price approved by ERE for 2016 and not higher than 15% of the price approved by ERE for 2016.

Based on the methodology above, the annual purchase price of electricity is determined by: the average annual day ahead market price (HUPX / DAM) of electricity in the band profile of the respective year of the Hungarian Stock Exchange (HUPX) of electricity in Eurocent / kWh, a bonus coefficient for the promotion of renewable resources at 1.3 and the average exchange rate in euro / (ALL) for the last year.

Based on the definitions of this Methodology, ERE Board Decision no. 8, dated 17.01.2019, approved the annual price that shall be paid to existing priority producers for 2019 of 8.4582 (ALL) / kWh.

Furthermore, since 2019 was not completed and the above methodology does not allow the possibility of adjusting / correcting the components of the formula that determines the purchase price of electricity from existing priority producers,ERE Board Decision no. 201 dated 12.12.2019, decided to let into force ERE Board Decision no. 8 dated 17.01.2019 also for 2020, until the approval of a price by ERE, based on the publication of the annual report of the Hungarian Energy Exchange (HUPX), as well as the publications of the Bank of Albania for the euro / (ALL) exchange rate for 2019.

The following graph presents the performance of prices approved for electricity producers by hydropower plants for 2008-2019 period:

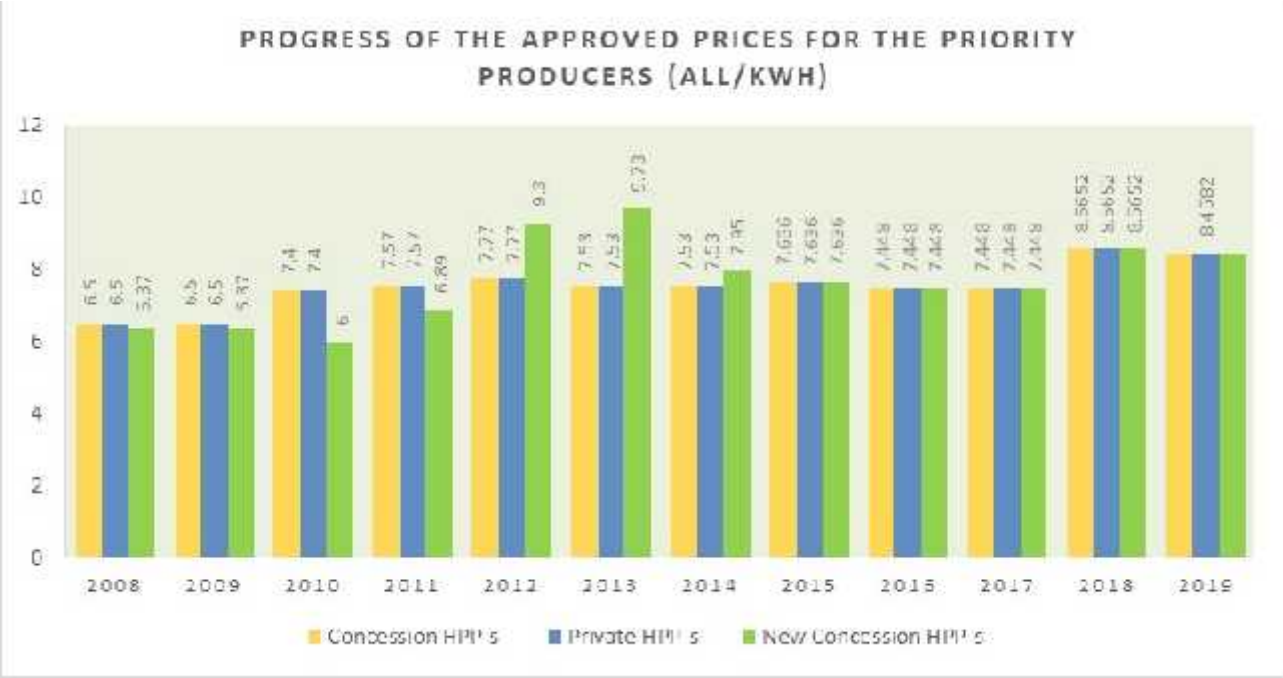


Figure 82 Progress of the approved prices for the Priority Producers

4.1.6 Approval of the annual purchase price of electricity to be paid to existing priority producers for 2020

With the publication of the annual report of the Hungarian Energy Exchange (HUPX), the average annual day ahead market price (HUPX / DAM) of electricity in the band profile (baseload) for 2019 resulted in the value of 50.36 Euro / MWh

From the data published by the Bank of Albania on the euro / (ALL) exchange rate for each month of 2019, it resulted that the average exchange rate for 2019 is 123.01 EUR / (ALL).

ERE reserves the right to adjust the calculations made, in case the EUR / (ALL) exchange rate, which is published in the Annual Report 2019 of the Bank of Albania (during the following months) differs from the one considered in the calculations.

The price of 8.0532 (ALL) / kWh, which resulted from the application of the calculation formula cited in the methodology, was within the minimum and maximum limits set out in paragraphs 2.ç and 2.d, of Council of Ministers Decision no. 687, dated 22.11.2017.

Regarding the above, ERE Board Decision no. 7, dated 16.01.2020, approved the annual purchase price of electricity of 8.0532 (ALL) / kWh, which shall be paid to the existing priority producers for 2020.

- **Activity of the priority producers of electricity & Ashta HPP for 2019**

Electricity production from the priority producers of electricity (HPPs with power up to 15 MW) in 2019, had a decrease of 9.1%, while the production of Ashta HPP had a more significant decrease, which reached the level of 35.8% less, compared to the production of 2018.

The following graphs present the performance of the electricity produced and the revenues realized throughout the years from electricity sale to the priority producers and Ashta HPP:

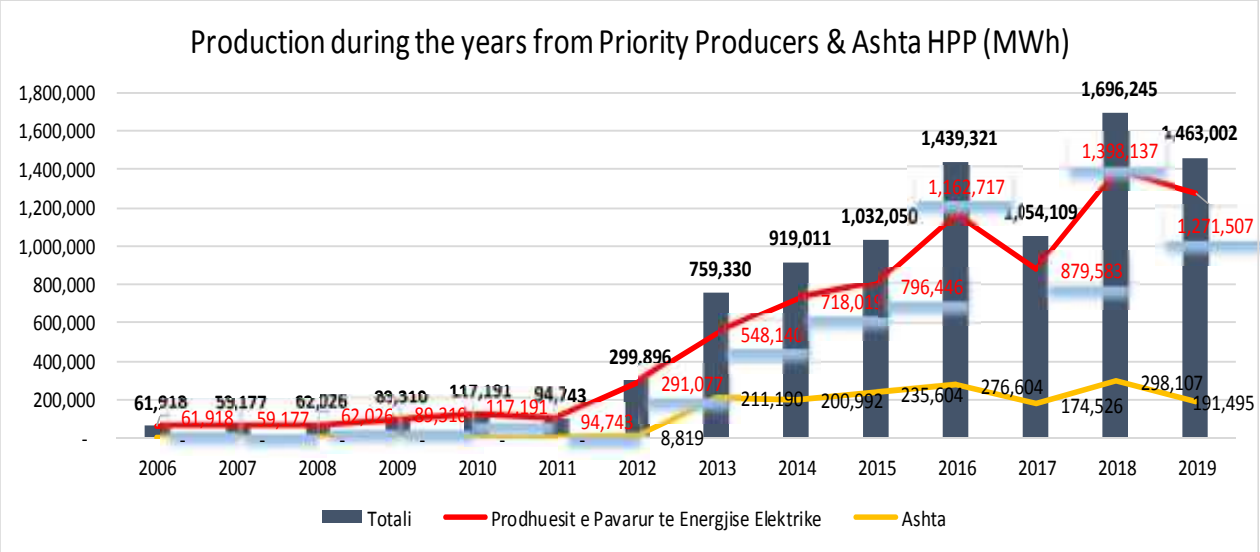


Figure 83 The Progress of the prices approved for Priority Producers throughhout the years.

Blue color means the total
Red color means the Electricity Independent Producers
Yellow color means Ashta HPP

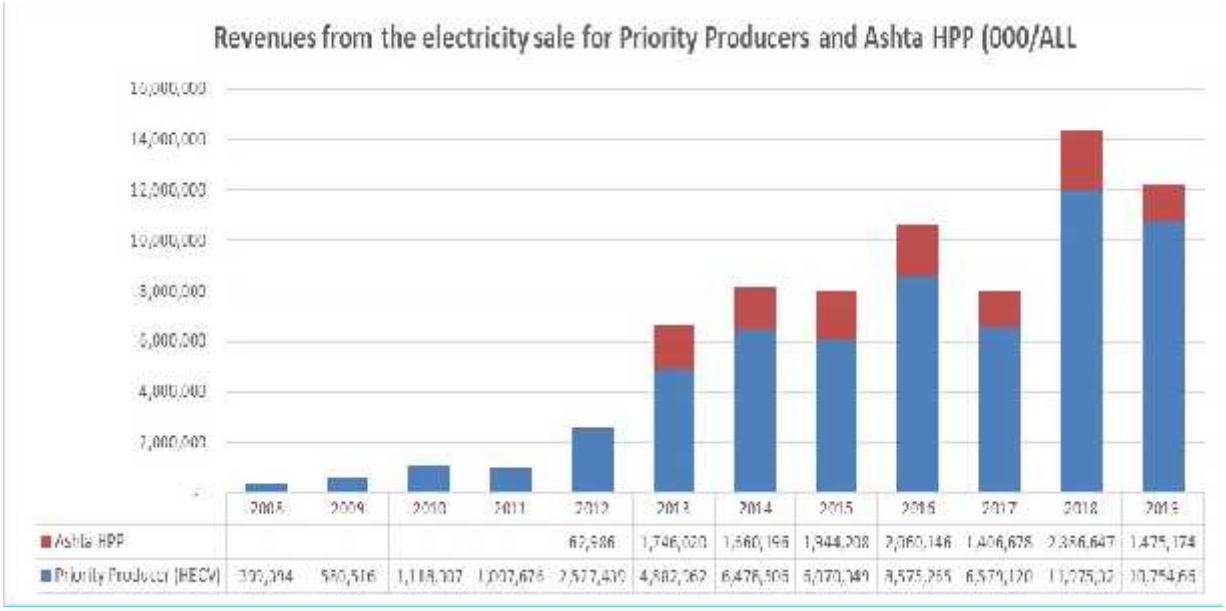


Figure 84 The incomes from priority producers (Source OSHEE company)

As it can be seen from the graph above, the level of revenues generated by PPE and Ashta HPP has had a significant decrease, especially for the latter. The level of decrease of the revenues was 10.2% for PPE and 38.2% for Ashta HPP, respectively.

The reasons for the decrease in income levels are mainly related to the decline in electricity production due to hydrological conditions, as well as the decrease in the Euro / (ALL) exchange rate, this important component, which had a significant impact on the revenues realized by PPE and Ashta HPP for 2019.

OSHEE company, pursuant to Council of Ministers Decision no. 244, dated 30.03.2016, "On approving the conditions for setting the public service obligation that shall be implemented to the licensees on power sector that perform electricity production, transmission, distribution and electricity supply activity" as amended, until the end of 2019 there was an obligation to purchase electricity produced from renewable energy sources.

During 2019, energy purchase costs have been affected by the entry into production of new production capacities of hydro technology but also small renewable energy sources from the sun with installed power up to 2 MW.

Expenses of OSHEE company for the purchase of electricity from the priority producers, Ashta HPP and small renewable solar energy sources with installed power up to 2 MW for 2019, account for about 34% of total costs for the purchase of electricity resulting in a decrease significant of 16% compared to the previous period.

The average purchase price of energy from these producers for 2019 has turned out to be approximately 68 Euro / MWh or 8.4 (ALL)/ kWh.

The following graph presents the structure of the expenses of OSHEE company for electricity purchase for 2019, compared to those of 2018:

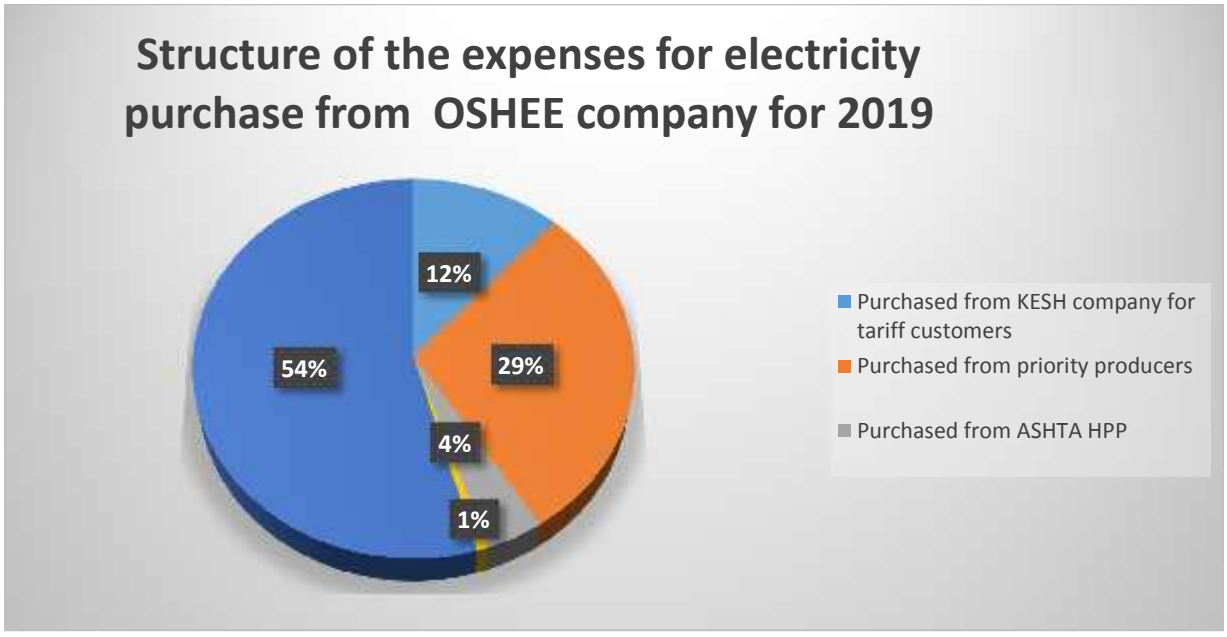


Figure 85 Structure of the expenses for electricity purchase from OSHEE for 2019 (Source: OSHEE company, ERE).

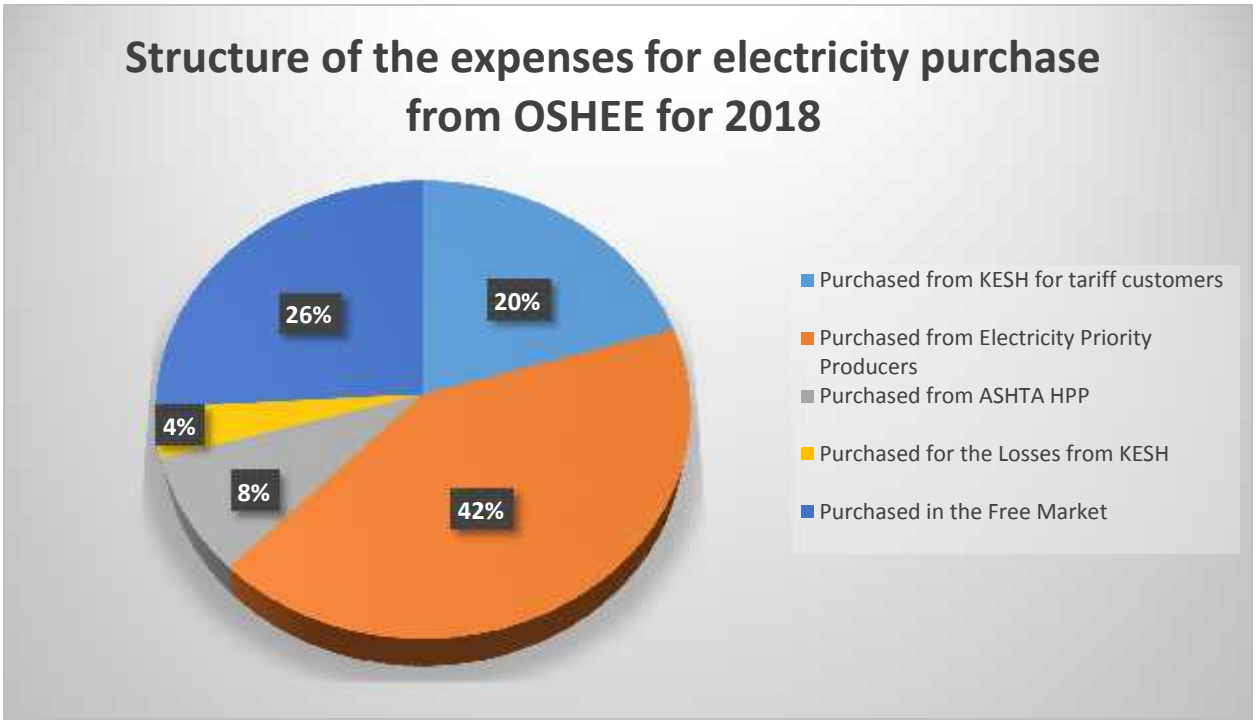


Figure 86 Structure of the expenses for electricity purchase from OSHEE company for 2018 (Source: OSHEE company, ERE)

As discussed in the above sections of this report, 2019 has been a bad hydrological year compared to 2018, which was a record in increasing the production of electricity from renewable sources in the country. As it can be seen in the above graphs, the decrease in the production of PPE, Ashta HPP but also of KESH company, has resulted in increased costs for electricity purchase in the free market. Electricity purchased in the free market for 2019, has increased by 28% compared to 2018, where the purchase price of electricity in the free market has resulted 75 Euro / MWh, close to that realized for the year 2018.

4.1.7 On determining the sales price of electricity by the Supplier of Last Resort for 2019.

Pursuant to Article 87, point 4 of Law no. 43/2015 "On Power Sector", as amended, as well as " the Methodology for defining the retail electricity sale price from the Supplier of Last Resort" approved with Board Decision no. 201, dated 04.12.2017, as amended with ERE Board Decision no. 144, dated 25.06.2018, the Energy Regulatory Authority has determined the sale price of the electricity supplied by the Supplier of Lst Resort for customers connected at the voltage level of 35 kV for each month of 2019.

The sales price calculations of the electricity supplied by the Supplier of Last Resort, are performed in application of the formula defined in the above mentioned methodology, which is presented as follows:

$$ÇFMFt = CBEt + Pr* CBEt + TRrTSHt + CA$$

where**:**

ÇFMFt *- Supply price in the relevant period t*

ÇBEt *- the maximum purchase price of electricity for the supply period from the irregulated market or the purchase from the priority producers.*

Pr *- Risk return determined as a percentage for the year (shall be accepted at the rate of 3% for the first two years and shall be revised based on historical data)*

TRrTSHt *- Tariff to use the transmission and distribution network for the relevant period t*

CA *- administrative cost of the Supplier of Last Resort*

As follows are submitted the sale prices of electricity supply from the Supplier of Last Resort for 2019, according to the respective decisions of ERE Board, as well as the maximum purchase prices of electricity to cover the demand of this group of customers, compared to those of 2018.

Year 2018	Decision	Sale Price approved by ERE (ALL/kWh) 2018	Max Electricity Purchase Price from OSHEE company (Eur/MWh) 2018	Year 2019	Decision	Sale Price approved by ERE (ALL/kWh) 2019	Max Electricity Purchase Price from OSHEE company (Eur/MWh) 2019
January	No. 66, Dated 26.03.2018	11.60	64.00	Jan	No. 23, Dated 18.02.2019	18.73	114.77
Febr	No. 66, Dated 26.03.2018	9.50	44.97	Feb	No. 42, 15.03.2019	13.92	76.95
March	No. 67, Dated 26.03.2018	9.50	37.75	Mar	No.55, 03.04.2019	13.40	73.00
April	No.92 , Dated 20.04.2018	9.50	31.79	Apr	No.75 10.05.2019	13.67	74.87
May	No. 116, Dated 21.05.2018	9.50	33.75	May	No. 78 31.05.2019	13.62	75.45

June	No. 146, Dated 21.05.2018	9.82	54.50	June	No. 111, 10.07.2019	13.07	72.00
July	No. 176, Dated 03.08.2018	12.86	68.05	July	No.126, 08.08.2019	12,75	63,50
Aug	No. 204, Dated 13.09.2018	12.86	68.16	Aug	No.138, 16.09.2019	12,75	62.99
Sept	No. 213, Dated 27.09.2018	12.86	67.72	Sept	No.150, 10.10.2019	12,81	70.00
Oct	No. 234, Dated 02.11.2018	16.00	92.80	Oct	No.165, 04.11.2019	14.01	79.48
Nov	No. 254, Dated 11.12.2018	16.00	93.24	Nov	No. 195, 12.12.2019	14.68	83.80
Dec	No. 07, Dated 17.01.2019	15.22	87.98	Dec	No. 1, 10.01.2019	16.57	100.00

Figure 87 Comparison of the sale electricity prices from the supplier of last resort for 2018-2019 period

The following graph shows the moving curve of the maximum purchase price of electricity from OSHEE company for this customer's category for 2018 - 2019:

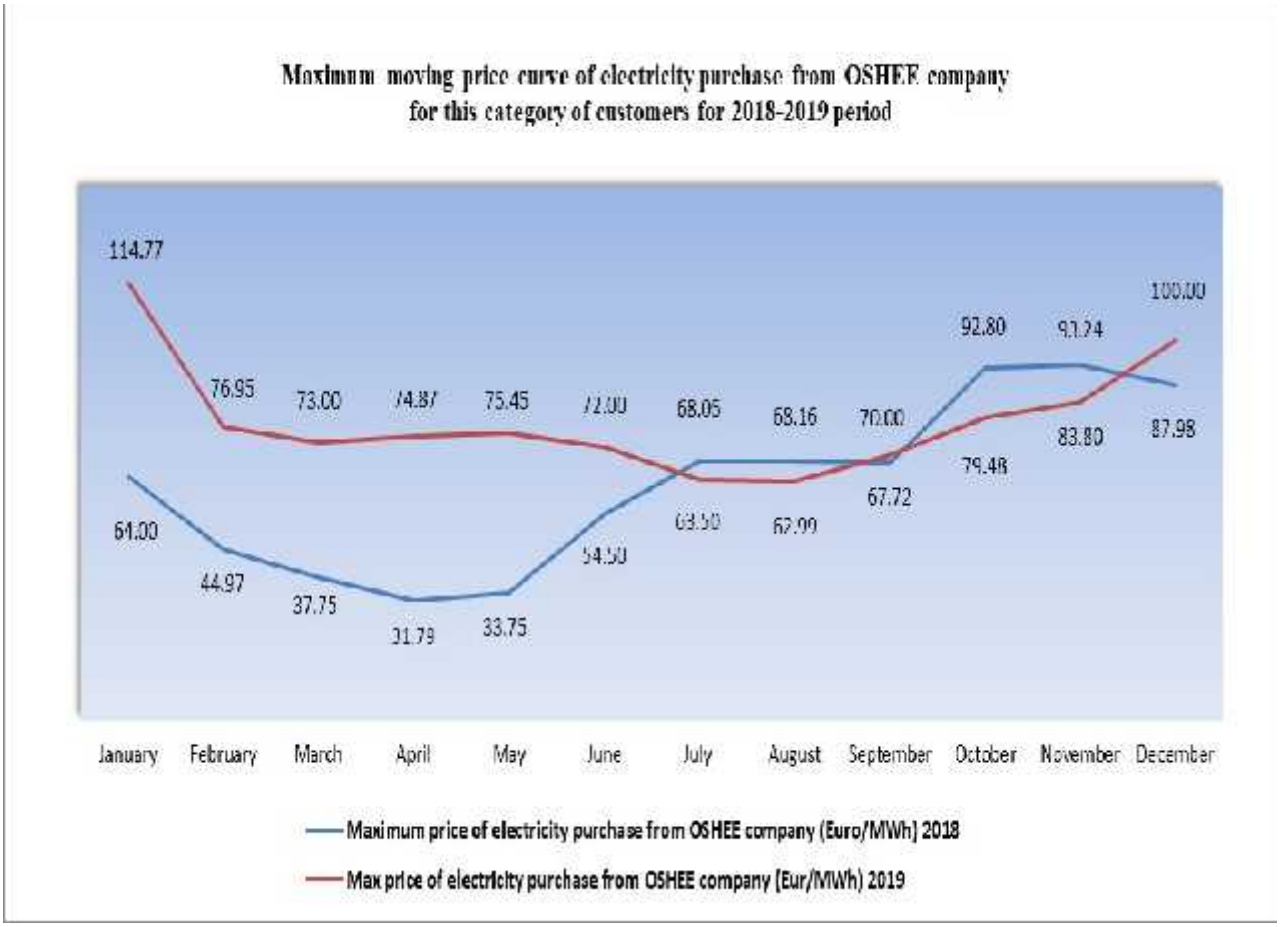


Figure 88 Maximum moving price curve of electricity purchase from OSHEE company for this category of customers for 2018 – 2019 period.

The following graph shows the sale prices of electricity from the Supplier of Last Resort approved by ERE Board for 2019, in addition to the sale prices for 2018:

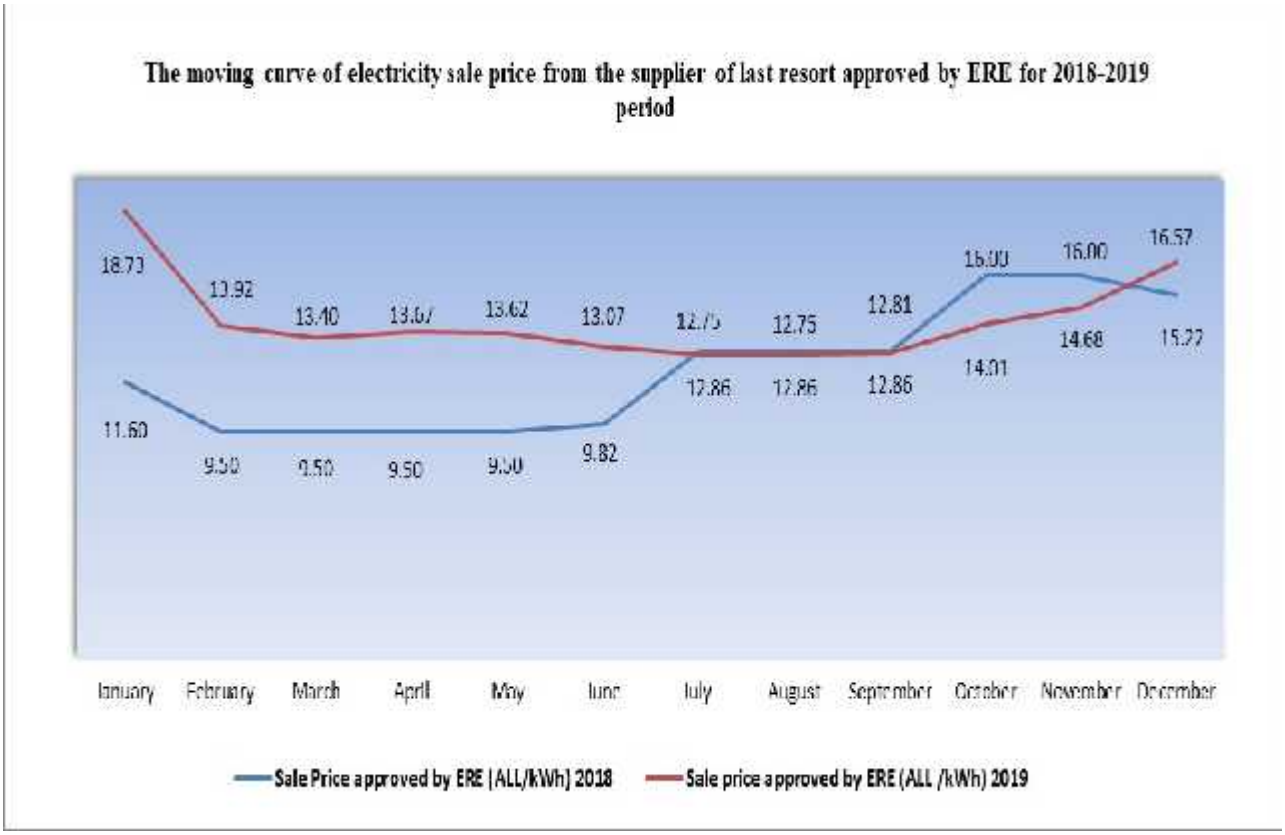


Figure 89 The moving curve of electricity sale price from the supplier of last resort approved by ERE for 2018 – 2019 period.

As it can be seen in the graph above, the prices approved by ERE Board for customers connected to the 35 kV voltage level in accordance with the provisions of the "Methodology of setting the Electricity sale price from the supplier of last resort",as amended, based on the documentation submitted through periodic applications of OSHEE company for the period January - June 2019 , have increased compared to the prices approved for the same period of 2018. For the period July - September we had a stability in prices, almost at the same levels for both years, while prices for the period October - December 2019 have resulted on average with a small change, compared to the same period of 2018.

2019 is presented with an increase of the average annual price for this category of customers of 17% compared to the average annual price of 2018. The increase of the average sale price of electricity from the Supplier of Last Resort for 2019, came due to the purchase of electricity to cover the demand for electiricty from the customers, who are supplied by the conditions of the last resort at higher prices compared to those of 2018.

From the analysis of the periodic reports of OSHEE company for 2019, it is evidenced that the amount of electricity sold to FMF customers was 38 GWh, with a billed value of 537 million (ALL), resulting in an average annual price of 14.1 (ALL) / kWh. The comparison of the realization as well as the difference of these indicators for 2018-2019 is presented in the table as follows:

Year	Quantity	Amount	Average Price (ALL/kWh)
2018	56,685,833	680,378,685	12 00
2019	38,098,488	537,217,272	14.10
Difference in %	**-33%**	**-21%**	**17%**

(Source OSHEE company, ERE)

4.1.8 On determing the purchase price of electricity produced from small renewable sources from the sun with an installed capacity of up to 2 MW and wind with an installed capacity of up to 3 MW for 2018.

Pursuant to 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 the use of energy from the renewable resources”” and the provisions of Council of Ministers Decision no. 369, dated 26.4.2017, ERE has the obligation to determine the purchase price of electricity produced from small renewable sources from the sun and wind with installed power respectively 2 MW and 3 MW.

Pursuant to the above, ERE Board Decision no. 205, dated 13.09.2018, decided to open the procedures for determining the purchase price of electricity produced from small renewable sources from the sun with an installed capacity of up to 2 MW and wind with an installed capacity of up to 3 MW for 2018. This process was postponed for review during 2019, in order to make a decision as fair as possible, based on a thorough analysis and based on real data on investment costs for these plants, pursuant to point 2 of ERE Board Decision no. 120, dated 27.07.2017.

For the calculation of the sale price for these plants, the documentation submitted by the companies that applied for the production licenses from the solar plants with installed power up to 2 MW and the wind with installed power up to 3 MW who had received the approval were examined by MEI during 2018.

From the review of the documentation submitted at MEI and ERE of the companies which received approval for the construction of the photovoltaic plants as well as the discussions held during this process, the relevant analyzis and calculations were performed to determine the purchase price of electricity produced by photovoltaic power plants for 2018, which resulted in a price of 71.2 Euro / MWh.

Regarding the determination of the purchase price of electricity produced by wind power plants up to 3 MW, it did not turn out to have been approved by the state authority MEI for this technology during 2018, so the determination of a price for this category was not necessary due to it may not be implemented

4.1.9 On opening the procedure for determining the purchase price of electricity produced from small renewable sources from the sun with installed power up to 2MW and wind with installed power up to 3MW for 2019.

Pursuant to the legislation in force and the orientations of MIE with official letter Protocol no. 9437, dated 31.10.2019, protocolled at ERE with official letter Protocol no. 690, dated 01.11.2019, for determining the price of electricity produced from small floating photovoltaic generating

sources shall be taken into account the methodology of estimating energy costs from renewable sources, which is based on the same formula of LCOE according to Council of Ministers Decision no. 369, dated 26.04.2017 ERE Board Decision no. 193, dated 02.12.2019, approved the "Initiation of the procedure for determining the purchase price of electricity produced from small renewable sources from the sun with installed power up to in 2MW and wind with installed power up to 3MW for 2019 ".

The price approval process for small renewable sources from the sun with an installed capacity of up to 2MW and wind with an installed capacity of up to 3MW shall be addressed during 2020, in support of legislation into force.

4.2 The amendment of the methodology to determine the sale price of electricity supplied by the Supplier of Last Resort, approved ERE Board Decision no. 201, dated 04.12.2017, as amended ERE Board Deision no. 144, dated 25.06.2018.

During the process of approving electricity prices for customers supplied by the Supplier of Last Resort during 2019, according to the definitions of the methodology in force, some problems were concluded in the correct implementation of this methodology by OSHEE company.

With reference to these issues, ERE Board Decision no. 155, dated 29.10.2019, opened the procedure for reviewing the "Methodology of setting the Electricity sale price from the supplier of last resort" approved with Decision no. 201, dated 04.12.2017, as amended.

After the approval on opening the procedure to review this methodology, in support of the "Regulation for ERE Organization, Operation and Procedures", approved with Decision no. 96, dated 17.06.2016, the interested parties were notified and it continued with the organization of hearing sessions attended by representatives of the Ministry of Infrastructure and Energy, Competition Authority, OSHEE company and entities that were supplied through the service of the supplier of last resort. Stakeholders did not oppose the proposal made by ERE pursuant to ERE Board Decision no. 155, dated 29.10.2019 and did not have any comments or suggestions for changes on the proposed draft.

Subsequently, ERE Board Decision no. 233, dated 20.12.2019, approved the changes in the "Methodology for setting the electricity sale price by the Supplier of Last Resort" approved with Decision no. 201, dated 04.12.2017, as amended ".

Based on the provisions of Law 43/2015 "On Power Sector", as amended, the end use customers who enter for the first time in the liberalized market, are obliged to enter into a supply contract with a new supplier, within 2 years from the beginning of the supply contract by the Supplier of Last Resort. Based on this fact, the approved changes in this methodology, consist mainly on the clear evidence to cover the monthly electricity demand of customers who are supplied in terms of last resort by charging the real costs they incur.

The calculation of the selling price of electricity supplied by the Supplier of Last Resort, shall be based on the weighted average price of purchase profiles for the amount of electricity provided to cover the demand of the Supply of Last Resort customers for the period of supply from the irregulated market and from priority producers, including a supply margin to be set by the

Regulator, administrative costs as well as transmission / distribution costs according to the voltage level to which the customer is connected.

Following the above change it is added to the methodology that the price of energy at the Peak, should be calculated and recorded by the Supplier of Last Resort based on the real costs of energy supplied during the peak period.

Amendments approved with ERE Board Decision no. 233, dated 20.12.2019, in this Methodology, have started to be effective and have been applied in the calculation and approval of the sale price of electricity by the Supplier of Last Resort from January 2020.

4.3 Opening the procedure for the approval of the "Methodology to determine the sales tariff for natural gas by the supplier of last resort".

Based on the obligation on the drafting of bylaws arising from the implementation of Law no. 102/2015 "*On Natural Gas Sector*", as amended, ERE Board Decision no. 186, dated 25.11.2019, opened the procedure to approve the "Methodology to determine the sales tariff for natural gas by the supplier of last resort".

This methodology shall serve to determine the sales tariff of natural gas supplied by the Supplier of Last Resort based on clear charging principles and detailing the data necessary to determine the fairest and most transparent tariffs in this area of important. Tariffs for the supply of natural gas from the supplier of last resort must be higher than its average tariffs for the supply of similar customers, which are supplied in the natural gas market, or higher than the price of the supply of customers of similarly supplied to the market.

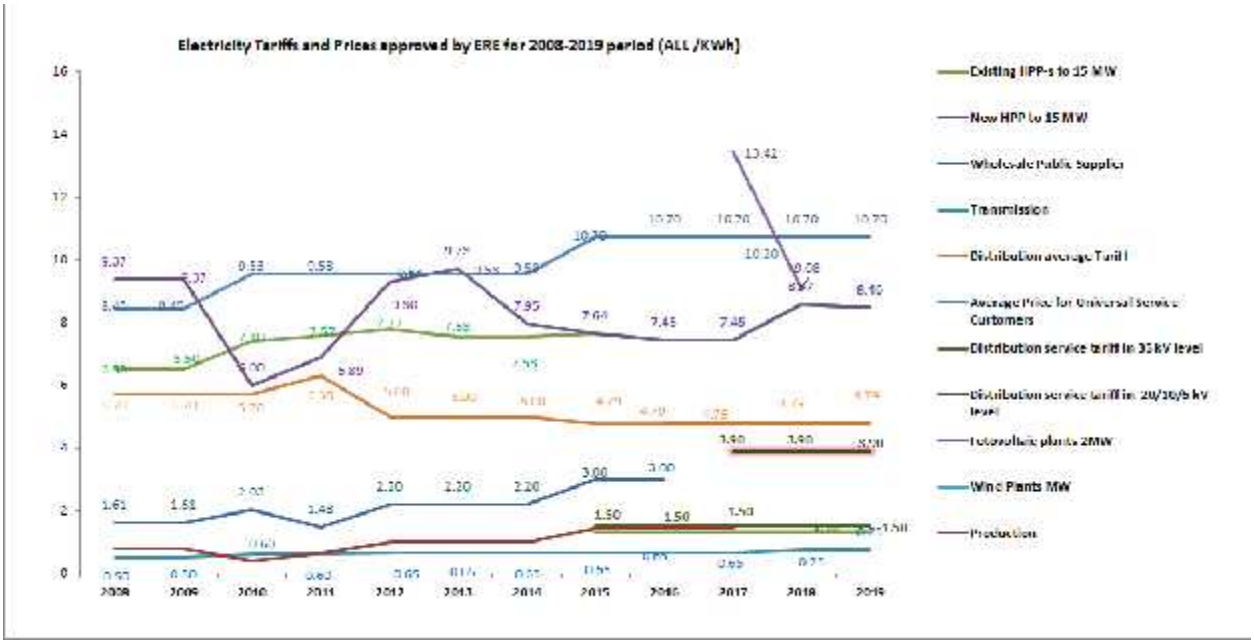
Natural gas contracted by the supplier of last resort must be provided on the basis of a competitive procedure and at the lowest bid price in the market, unless there is only one bid, as a supplier of last resort. In this case, ERE bases the pricing according to the comparative method, referring to similar suppliers in neighboring countries.

This methodology shall apply only to the licensee charged with the Supplier of Last Resort service in the natural gas sector, designated in accordance with the provisions of Law no. 102/2015 "*On Natural Gas Sector*", as amended. The Supplier of Last Resort must be organized as a legal entity, function separately from other activities of the natural gas sector, keep separate financial accounts, as well as prepare financial reports, regarding the fulfillment of the obligation of last resort.

The process for approving the methodology to determine the natural gas sales tariff by the Supplier of Last Resort shall be addressed during 2020, in support of the legislation in force.

4.4 Tariffs and prices approved over the years

The following graph and table shows the performance of electricity tariffs and prices approved over the years by ERE in implementation of applicable law:



Activity type (ALL/kWh)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Production	0.78	0.78	0.40	0.63	1.00	1.00	1.00	1.45	1.45	1.45		
Existing HPP-s to 15 MW	6.50	6.50	7.40	7.57	7.77	7.53	7.53	7.64	7.45	7.45	8.57	8.46
New HPP to 15 MW	6.37	6.37	6.00	6.89	6.30	6.73	7.05	7.64	7.45	7.45	8.57	8.46
Photovoltaic plants 2MW										13.42	9.08	
Wind Plants MW										10.20		
Wholesale Public Supplier	1.61	1.61	2.03	1.48	2.20	2.20	2.20	3.00	3.00			
Transmission	0.50	0.50	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65	0.75	0.75
Distribution average Tariff	5.70	5.70	5.70	6.30	5.00	5.00	5.00	4.79	4.79	4.79	4.79	4.79
Average Price for Universal Service Customers	8.45	8.45	9.53	9.53	9.53	9.53	9.53	10.70	10.70	10.70	10.70	10.70
Distribution service tariff in 35 kV level								1.50	1.50	1.50	1.50	1.50
Distribution service tariff in 20/10/6 kV level										3.90	3.90	3.90

Figure 90 Tariffs and Prices approved by ERE for 2008 – 2019 period.

As it is noted in the table above, in 2019 there were generally no changes in tariffs or prices other than the decrease in the purchase price of electricity of priority producers and the purchase price of electricity produced from small renewable sources from the sun with installed power up to 2MW, the reasons for which are explained in the findings of the relevant ERE decisions as well as in the respective sections of these activities in this annual report.

The following graph presents the performance of average realized electricity prices as a whole, as well as for household and non-household customers:

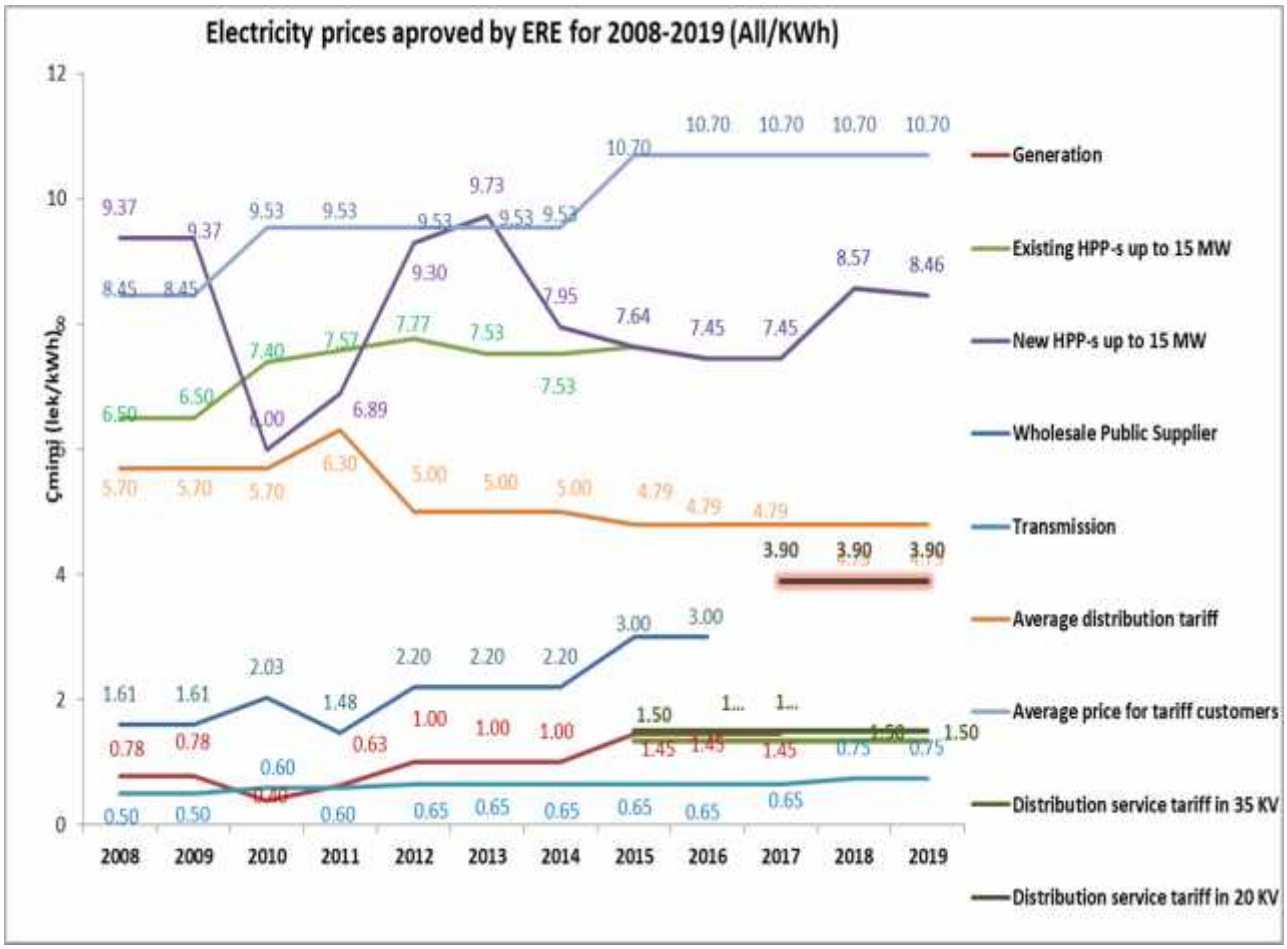


Figure 91 Average realized price (Source ERE, OSHEE company).

Based on the calculations of the sales structure of OSHEE company also for 2019, the average price for end use customers resulted in the value of 11.15 (ALL) / kWh, the same as in 2018.

The following table presents the realization of prices for different categories of customers at the respective voltage levels compared to their approval for 2019

Customer category	Approved price for 2019		Realized price for 2019	
	active	peak	active	peak
Customers connected in 20/10/6 kV	11.00	12.65	11.00	12.81
Bakeries and flour production in 10/6 kV	7.10	8.74	7.58	8.73
Customers connected in 20/10/6 kV Metering at LV (cabin with one customer)	12.40	14.30	12.40	14.26
Customers connected in 20/10/6 kV Metering at LV (Cabine with more than one customer	14.00	16.10	13.92	16.10
Customers in 0.4kV	14.00	16.10	13.98	16.10
Bakeries and flour production in 0.4 kV	7.60	8.74	7.60	8.74
Religious facilities	9.50	10.93	9.50	10.93
Hoursehold	9.50		9.50	
Joint environments	9.50		9.50	
Average price	**10.70**		**11.15**	

Figure 92 The realized price for customer categories (Source ERE, OSHEE)

The actual price of 7.58 (ALL) / kWh for the category "Bakery and flour production" for the voltage level 20/10/6 kV was higher than the approved one of 7.10 (ALL) / kWh due to the application by OSHEE company of the tariff 7.6 l(ALL) / kWh for those customers of this category who have the connection at medium voltage while the measurement is at low voltage.

4.5 Electricity Tariffs in the Countries of the Region for 2019

In the absence of updating the Energy Regulators Regional Association (ERRA) data on electricity tariffs and prices for countries in the region, the database for 2019 has been taken from EUROSTAT publications.

The following graph shows the prices of electricity in eurocent / kWh and (ALL) / kWh before taxation (VAT) for non-household customers for 2019. The average price of electricity for non-household customers in the region is 9.84 (ALL) / kWh.

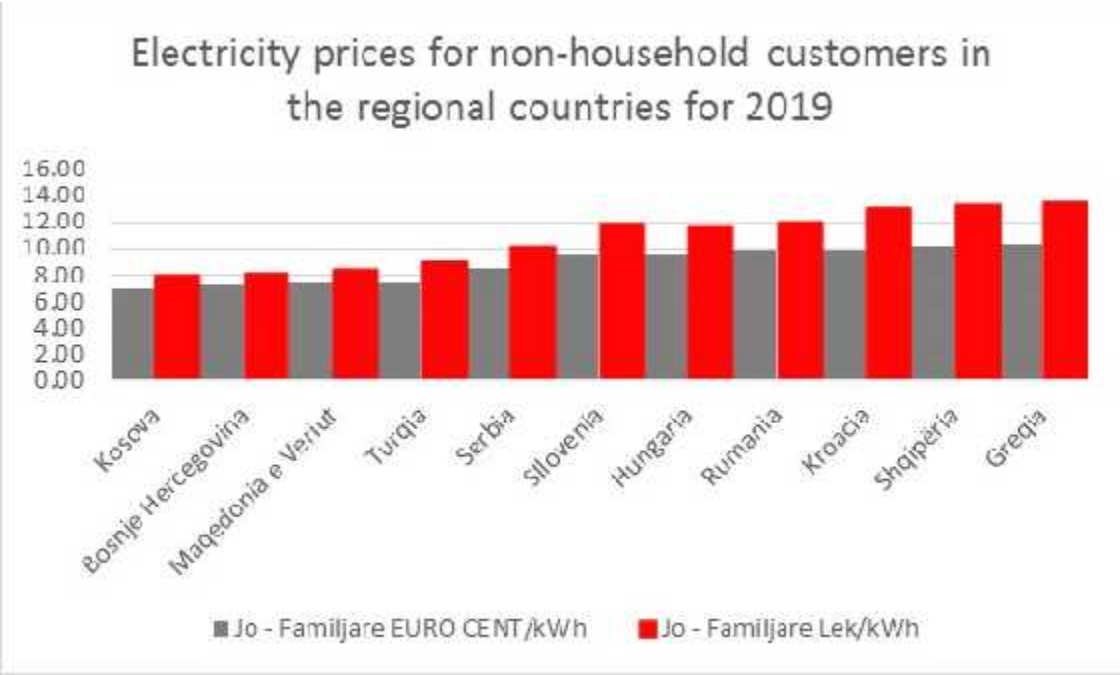


Figure 93 Electricity prices of non-household customers in the countries of the region according to the latest EUROSTAT report for 2019 (Source EUROSTAT)

The following graph shows the prices of electricity in eurocent / kWh and (ALL)/ kWh before taxation (VAT) for household customers for 2019. The average price of electricity for household customers in the region is 11.96 (ALL)/ kWh.

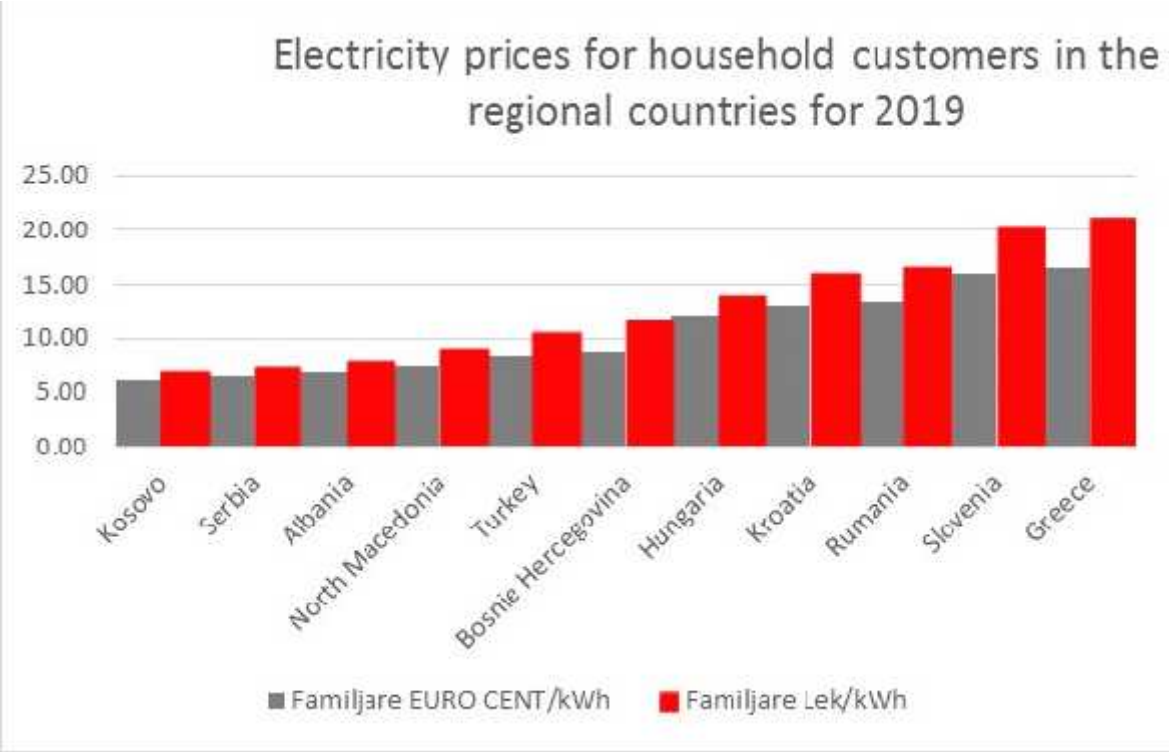


Figure 94 Electricity prices of household customers in the countries of the region according to the latest EUROSTAT report for 2019 (Source EUROSTAT)

5. NATURA GAS SECTOR REGULATION

5.1 TAP Project, (Trans Adriatic Pipeline)

Trans Adriatic Pipeline Project (TAP) is part of gas transmission system generated from Shah Deniz 2 (SD 2) source country in Azerbaijan toward European Gas Market. Transportation through Azerbaijan and Georgia has started through the South Caucasian Pipeline, while transportation through Turkey is carried out through the TANAP pipeline and started on July 2019. Gas from Azerbaijan reached to the Turkish-Greek border.

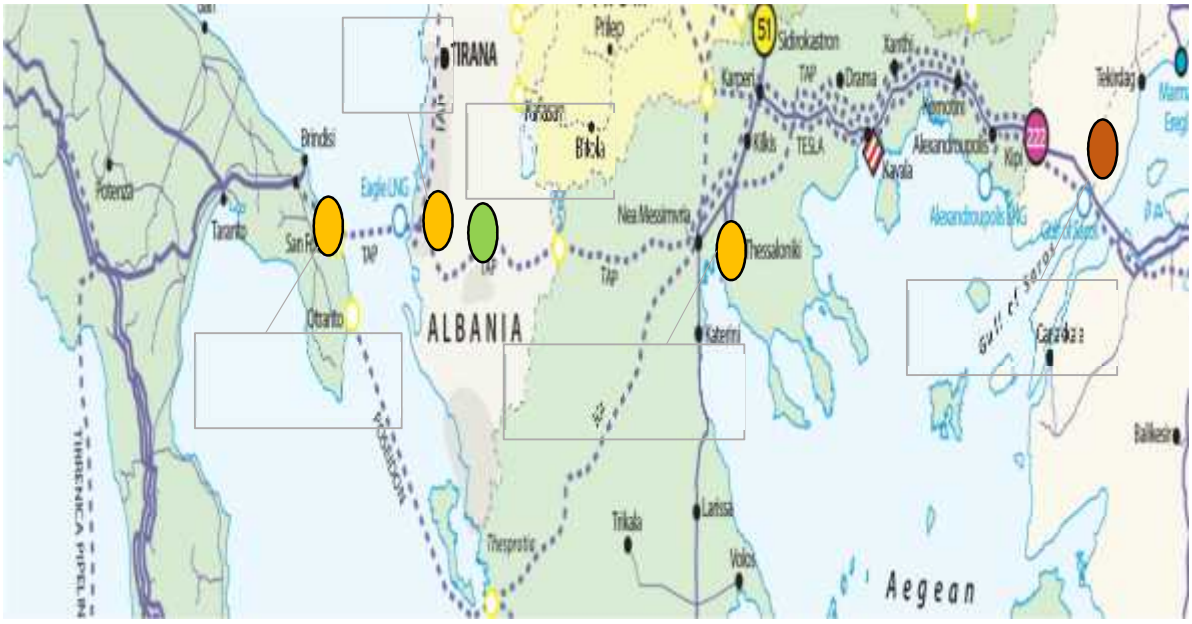


Figure 95 Interconnection points with TAP project.

South Gas Corridor (SGC)

The Southern Gas Corridor (SGC) is one of the most complex gas value chains in the world, that aims to bring Gas from the Caspian region, a considerable reserve over 100 trillion NM ^{3} Gas, to the European markets for the first time and shall be implemented within 2020. Natural gas from the Shah Deniz field will make a 3,500 km journey from the Caspian Sea into Europe. This requires enhancement of some existing infrastructure and development of a whole chain for the new pipelines belonging to this region and especially:

- Shah Deniz II development, on which continue the drilling of the wells to increase production in the Caspian Sea.
- Expansion of natural gas processing plant at the Sangachal Terminal on the Caspian Sea coast in Azerbaijan and sending gas to Turkey for the First Phase through TANAP project, was realized on July 2019.
- Finalisation of the three pipeline projects with simultaneous development:

- South Caucasus Pipeline (SCPX) – Azerbaijan, Georgia
- Trans Anatolian Pipeline (TANAP) – Turkey
- Trans Adriatic Pipeline (TAP) – Greece, Albania, Italy.

- Expansion of the Italian gas transmission network.

Possibilities for other connections with gas networks in South Eastern, Central and Western Europe

TAP is currently expanded through Greece, Albania, the Adriatic Sea floor and is joining the Italian Transmission Gas System in San Foca South Italy area which enables further movement toward European markets.

Figure 96 Gas transmission network in Balkans

TAP project is developed by TAP AG company. Company Shareholders

During 2019 there were not shareholder's changes, for which are notified all the stakeholders, including the three national Greek, Italian and Albanian Authorities.

Currently TAP AG shareholders are : SOCAR (Azerbaijan) 20%, BP(England) 20%, SNAM S.p.A (Italy) 20%, Fluxys (Belgium) 19%, Enagas (Spain) 16% and Axpo (Switzerland) 5%. Current Shareholders are submitted according to the figure as follows:

Figure 97 TAP company shareholders.

2. PROJECT TIMELINE AND OVERALL PROGRESS

TAP project is aimed to facilitate the transportation of natural gas produced from the gas fields in the territory of the Republic of Azerbaijan and to supply under the relevant Shah Deniz (SD) Gas Sales Agreements, but mainly the phase II development of the SD gas field. The start of operations is therefore linked to the commencement of the first SD II gas deliveries to Europe. TAP and the SD Consortium have agreed a mechanism to ensure that the development of the pipeline is fully aligned with the planned developments. This mechanism is referred to as the 'Funnelling Mechanism' and stipulates how TAP's planned Commercial Operation Date (Planned COD) will be further specified in the run-up to first deliveries of SD II gas to Europe. The Planned COD is determined by SD Consortium through a series of pre-defined time windows narrowed down as the COD approaches July 2020.

After taking its Final Investment Decision on 17 December 2013 for the SD II project, the SD Consortium notified TAP, in accordance with the Funnelling Mechanism, that the first 36-month window during which the Planned COD would occur, would start on 1 January 2020 and end on 31 December 2022.

On 16 December 2014, the SD Consortium notified TAP that the second 12-month window during which the Planned COD would occur, would start on 1 January 2020 and end on 31 December 2020 (i.e. the latest possible date on which the planned COD can take place is 31 December 2020).

The 12-month window was followed by a three-month window (i.e. between I January 2020 and 31 March 2020), which was notified by the SD Consortium on 11 March 2019. On 10 June 2019, the Planned COD was defined for the purposes of tariff calculation and was notified as being 1 January 2020.

Regarding the construction status of the pipeline, at the end of November 2019, TAP Project overall status reached 90.7%. Construction of the onshore pipeline through Greece and Albania are near completion and Italy segment has been advancing. 771 km of the right of way (over 99%) has been cleared and graded 768 km has been backfilled (99.0%), 769km welded (over 99%), 746 km of the pipe hydrotested and 741 km reinstated (over 95%) of the total onshore pipeline in Greece, Albania and Italy. The 8 km onshore pipeline in Italy continued to progress, with works ongoing in clusters (i.e. grouped approach).

In Greece, the recent progress on construction includes: 550 km of the pipeline was cleared and strung, welded, backfilled and hydrotested. Additionally, 547 km of the route has been reinstated. All major crossings were completed across Greece in Q3 2019. The Greece-Albania tie in was completed in November 2019. Additionally, introduction of hydrocarbons to ComSecl (interconnector between TANAP and TAP) was achieved on 25th November 2019. The Kipoi compressor station construction is complete. Pre-commissioning is progressing to meet the targeted introduction to hydrocarbon dates.

In Albania, the recent progress on construction includes: 215 km of the right of way cleared, strung, welded, backfilled and hydrotested. Reinstatement is progressing and over 213 km has been reinstated. Phase II (roads and bridges) construction is substantially complete. Construction progress on Bilisht metering station is complete and is substantially complete on Fier compressor station. The remaining works are progressing to meet the targeted introduction to the Gas dates.

In Italy, works started on May 2016. In November 2019, the phase 3 approvals were realised to allow the offshore pipelay. Works on the offshore section are advancing and are on schedule to meet the COD date. TAP's first offshore pipelines (7km) in Albania were successfully installed and backfilled in May 2019. The 1.5km micro-tunnel in the landfall Italy was completed at the end of April 2019. Construction works are advancing in the 8km onshore pipeline Italy and is 43.5% complete. Construction of the pipeline receiving terminal is also advancing and, in November 2019, reached 67.5% completion.

STATUS OF PERMITTING

All permit requirements necessary for construction have been identified, and permit applications have been submitted or obtained. In many cases, amendments are required to the original permits due to technical changes in the project and this process has been and is being managed in a timely manner. Where specific risks have been identified, such as potential delays or legal challenges, they are being addressed and appropriate measures are being taken.

For the construction phase the following main permits are required:

- Environmental Permit (ESIA approval)
- National Sectoral Plan (NSP)
- Compound Development Permit phase 1 (CDP1)
- Compound Development Permit phase2 (CDP2).

CDP (Compound Development Permit) is the construction permit in Albania. CDP1 is the "umbrella permit" approving the footprint for the entire project and CDP2 is issued per pipeline section or per type of facility and is mandatory for construction.

Approvals for the ESIA and NSP were obtained in 2013 and CDP1 was approved in 2014.

There have also been three amendments approved for both the NSP and CDP 1 to reflect various changes in the pipeline route and other parts of the project in 2017 and 2018.

CDP2 approval has been broken down into a number of scopes of work (roads and bridges with three sub-packages; camps and pipe yards; onshore pipeline; offshore pipeline and compressor stations). All were obtained in time to allow for start of construction at all stages of the project.

TAP obtained CDP2/Construction Permits for onshore pipeline, respectively for section 4B (KP 140 - KP 212.2 Landfall) in August 2016 and for sections 4A (KP 0.00 Albanian-Greek Border - KP 43.8) and 5A (KP 43.8 - KP 69.42) in December 2016. TAP obtained in June 2017 also CDP2/Construction Permits for sections in Corovoda tunnel.

There have been applications for amendment to CDP2/Constructions Permits to handle the latest reroutes, including geo hazard and environmental conditions as well as reroutes amendments related to cultural heritage, identified by onshore pipeline EPC Contractor which were obtained on 13.02.2018. Currently, due to unforeseen geo hazard conditions at a micro tunnel it has been selected as the engineering solution and the work is under way to obtain the needed approvals for the change in the original CDP 2 permit.

On December 2016, TAP obtained also CDP2/Construction Permits for metering and compressor stations. Construction works have started in both stations. Due to changes in the design proposed by the EPC contractor, TAP filed for the CDP 2 amendments of both metering and compressor stations. These changes were approved by the Ministry of Infrastructure and Energy (MoIE) on 02.10.2018.

TAP also obtained the CDP2/Construction Permit for the offshore section on 25.05.2018.

The CDP 2 amendment onshore Section of the pipeline for the construction for the Micro tunnel was obtained on 31.10.2019. Due to the challenges confronted, a by pass of the Micro tunnel is needed and therefore an application for a Construction Permit has been filed with MoIE for its construction.

TAP obtained the first Utilization Certificate for the Corovoda Micro Tunnel on 30.10.2019 from the MoIE. The Utilization Certificate for the onshore section of the pipeline is submitted for approval during 2019.

LICENCE TO OPERATE

As TAP moves towards the operation phase, there are additional licences, authorisations and permits related to this phase of the project, that need to be obtained from the Italian, Greek and Albanian authorities and ministries before Planned COD (generically "Licence to Operate" or "LtO"). In this regard, TAP established internally a dedicated team for the LtO workstream, which will engage with the NRAs and other national authorities to obtain the LtO in a timely manner.

Transmission License

ERE with Decision no. 15 dated 31.01.2019, licensed Trans Adriatic Pipeline AG Albania, in natural gas transmission activity for a 25 year period, from the Commercial Operations Date and subject to the conditions defined on the license to exercise natural gas transmission activity, as well as the conditions of this decision.

Licensing in natural gas transmission activity reflects the requests of Article 4, point 50; article 22 point 2 letter “a” and article 35 of Law no. 102/2015, dated 23.09.2015 “On Natural Gas Sector”, as well as article 4 point 1, letter “a”; article 5; article 8; article 9; point 1, letters “a”, “b”, “c”, “d”, “e”; point 2, letter “a” and articles 10 and 11, of the “Regulation on the procedures and terms for license issue, modification, transfering, renewal and license removal in Natural Gas Sector”; This decision was preceded with the opening the procedures process, analysis of the submitted

documentation as well as developing the procedure to take an opinion or complaints from the stakeholders.

Law no. 102/2015 "On Natural Gas Sector, sets ERE the responsible authority for regulatory issues of natural gas sector including the right to handle the issues regarding the licensing of entities in natural gas regulated activities. ERE Board with decision no.36 dated 31.03.2016, approved the final certification of TAP AG as an Independent Transmission Operator for natural gas. Regulation on the procedures and terms for license issue, modification, transferring, renewal and license removal on natural gas sector" , article 9 point 2 letter "a„ sets the condition that: The entity applying for a license in natural gas transmission activity, shall be prior certified according to the procedure defined on article 37 of Law no. 102/2015 "On Natural Gas Sector„. As mentioned above currently TAP AG with Decision no.36 dated 31.03.2016, is certified as natural gas independent operator.

Trans Adriatic Pipeline AG Albania is registered at the National Business Center, as a branch of the foreign joint stock company (JSC), in accordance with Law no. 9723, dated 03.05.2007 "On the National Registration Center". The activity of TAP AG Albania according to the National Business Center extract, consists of: - To act in conformity with the company objectives which are connected with the planification, development and own legal ownership of a gas pipeline as well as any equipment included in it. The Branch may be engaged in any commercial finance activity or other activities in conformity with Albanian objectives. – Subject of the activity is the: **Operation as Independent Transmission Operator of natural gas in conformity with the provisions of Law no. 102/2015, dated 23.09.2015 "On Natural Gas Sector„**

From the assessment of the documentation submitted at ERE by TAP AG, according to the "Regulation on the procedures and terms for license issue, modification, transferring, renewal and licence removal on Natural Gas Sector" the entity mainly completed the conditions for a licensing process.

Refering to article 5 of the Regulation on the "Procedures and terms for license issue, modification, transferring, renewal and license removal on Natural Gas Sector" the duration of a License validity issued in conformity with article 4 of this Regulation to exercise natural gas transmission activity, shall be for a 30 years period. The applicable deadline for TAP AG is connected with the exemption Decision from the third parties access, in the framework of which it was set the licensing term for 25 years.

TAP AG licensing aims at the normal continuation of the work in natural gas market of this entity. On the other side the process of reviewing this application is in conformity with the "Regulation on the procedures and terms for license issue, modification, transferring, renewal and license removal in natural gas sector".

Utilization Certificate

The Utilization Certificate is the first permit issued after the completion of the construction works of the entire infrastructure of the TAP pipeline in the Albanian territory, including both onshore and offshore facilities.

The Utilization Certificate is an official document issued by the Ministry, which will certify that the construction of the pipeline has been carried out in compliance with the terms and conditions of the Construction Permit and that the construction, once completed, is suitable for use.

The applications for the Utilization Certificates are planned to be submitted to the Ministry in December 2019 as per each of the Construction permits issued for all parts of the onshore, offshore pipeline and stations in Albania. The Utilization Certificate for Corovoda was obtained on 31.10.2019. The approval period is expected to be realized in the following period.

The first of 9 Utilization Certificates has been obtained by TAP for the Corovoda Micro tunnel and the second package for the next Section will be submitted next.

TAP Ownership Certificate

TAP Ownership Certificates will be obtained from the Local Directories of State Agency of Cadastre after the completion of the construction works for the permanent facilitates (the Albanian compressor stations and the Albanian block valves), and after the Utilization Certificate has been issued for the construction work.

TAP's Ownership Certificates will cover the properties/permanent facilities built by TAP on the basis of Law no. 107/2014 "On Territorial Planning and Development", as well as of the sectorial legislation and the Decisions of the Council of Ministers (which are only applicable to TAP Project).

The Ownership Certificates are different from the Land Properties Certificates and the property rights/servitudes that TAP has already acquired or is in the process of acquiring or amending, for the purpose of operating its facilities on the Albanian territory.

TAP already acquired of is in the process of purchase or change to operate its facilities in the Albanian territory.

The application for the Ownership Certificates will commence after the Utilization Certificates have been obtained for all facilities in Albania.

STATUS OF THE RELEVANT AGREEMENTS

Commercial Agreements

In November 2013, TAP concluded gas transportation agreements for the initial capacity of 10 bcm/a with three shippers: Azerbaijan Gas Supply Company (AGSC), SOCAR and Axpo Trading. AGSC and Axpo Trading will act as shippers of TAP as of COD. SOCAR will take over the role of AGSC as a TAP shipper in March 2036.

In March 2016, the gas transportation agreements with AGSC and SOCAR concerning TAP's Initial Capacity were amended in respect of the Reserved Capacity at TAP's Exit Points in Greece. This amendment is initiated to avoid feeding the gas into a congested area of the DESFA system.

These Aggregated Booked Quantities have not changed since the submission of the first progress report for 2019, and include the bookings made under the first booking phase for forwarded capacity entry Kipoi and exit Komotini, as well as commercial reverse flow bookings.

The General Terms and Conditions for the transportation of gas have been made publicly available for information purposes in the public consultation process of TAP Network Code. These also include amendments made to the existing GTAs following the approval of amendments to the Tariff Code in July 2018.

Other Agreements

A number of other agreements have been signed in order to support the development of the TAP project. In February 2013, an intergovernmental agreement (IGA) between Italy, Greece and Albania was signed and ratified in Italy by Law no. 153/2013, whereby, the government of each of the three countries committed their full support to the realization of the project. The first meeting of the Implementation Commission, set out in the IGA between Italy, Albania and Greece, took place in Tirana on 25 January 2016 with the participation of TAP.

In addition, TAP has concluded host government agreements (HGAs) with Greece and Albania. The European Commission issued a decision on 3 March 2016 declaring the Greek HGA compatible with EU rules on State Aid.

TAP is currently finalizing the revision of the interconnection agreements with TANAP (Turkey), IGB (Bulgaria), DESFA (Greece) and SRG (Italy). On 30 September 2019, TAP launched the public consultation on certain provisions of the draft of Interconnection Agreements (IAS) with adjacent TSO for the Interconnection Points as follows (IPs):

• Interconnection Agreement with TANAP Dogalgaz iletim A.§. for the interconnection point of Kipoi

•Interconnection Agreement with ICGB AD for the interconnection point of Komotini

• Interconnection Agreement with DESFA for the interconnection point of Nea Mesimvria

Interconnection Agreement with Snam Rete Gas for the interconnection point of Melendugno. The public consultation lasted until 29 November 2019.

Progress of TAP Project *December 2019*

Progress of the Project:

- Progress in general: over 90% completed;
- Construction in Greece and Albania almost 100% completed;
- Italian onshore 80% completed;
- Over 99% of the pipes are set;
- The offshore works are 60% completed.

Main data:

- TAP is a strategic project, the only real project and a project with main investments for Greece/Albania/Italy, bringing diversification and security of energy supplies through a new route for the European markets.
- TAP is moving from a company project to a Independent Transmission System Operator that shall operate the pipeline in a reliable way and shall ensure the transporter capacity for the transporters.
- TAP shall operate as a guideline, paving the way for the country to attact other high - caliber international developments.

- TAP is scalable and may be expanded up to 20 billion cubic meters per year and remains a primary EU project with the Joint Interest Project (PCI) status. In this regard, TAP opened the market test process on July 2019. The Request Assessment Phase is terminated and the Coordinated Design Phase initiated recently. During this phase, TAP shall perfprm technical studies for the expansion of the pipeline from 10 bcm/a to 20 bcm/a.
- TAP is a major investment that foresees the opening of gas markets and cross-border interconnection between the South-Eastern Europe / Western Balkans (including the possibility fot the interconnection pipeline between Greece and Bulgaria (IGB)/ the Ionian Adriatic Pipeline (IAP) with the other part of the European gas network.
- TAP essential for the successful finalisation of the Southern Gas Corridor value chain with $40 bln investment.

Other general data:

- TAP shall transport natural gas, and shall contribute to the decarbonisation process in Europe, including South East Europe /Western Balcans and Italy.
- **Albania**:
    - TAP shall facilitate to greater interconnectivity and a stronger economic cooperation among the countries in the region, including creation of a regional gas market fully integrated with the European market.
    - Once gas have been made available from Greece to the Metering Station in Bilisht and upon the readiness of the Metering Station for hydrocarbon introduction, the "hot commissioning" will commence. The aim is to have a Metering Station that can be used to measure the gas leaving Bilisht, and at this point will be achieved the operacional commencement of the facility.
    - Gas will be introduced from Bilisht to the Compressor Station in Fier and when the facility is in a state of readiness, Gas will be introduced in the plant and the "hot commissioning" of the station will commence it means that there are ready the conditions to send gas in Italy.
    - Maintenance Agreement signed at the end December 2018 between Trans Adriatic Pipeline AG and Albanian Gas Service Sh.A (AGSco) a joint venture of Albgaz and SNAM . AGSco will handle the maintenance of the TAP during the operation phase. Maintenance Agreement consider establishment of several operational maintenance centres in the districts of Fier , Berat, Skrapar, Korce. TAP and AGSco are in process of training the personnel and setting up the maintenance centers.
    - Gas will also be introduced from the Fier Station further across the pipeline in Albania, through the Adriatic Sea offshore pipeline and onwards to the Pipeline Receiving Terminal in Melendugno.
    - TAP's project spend in 2019 in Albanian asset was close to € 100 mln. TAP will invest €14 million for the implementation of projects under its Social and Environmental Investment programme in Albania. These projects are focused on

supporting local communities in the areas of education and training, environmental management, community quality of life and livelihoods development.

- At the end of 2019, TAP had committed €9.4 million to specific SEI initiatives. Additionally, €3 million worth of investments are currently under negotiations. TAP's SEI programme has delivered 41 projects to date, with a total spend equal to €7.2 million.

- **Greece:**
  - TAP is a strategic "lighthouse" project and a key long-term investment for the Hellenic Republic, as well as a foundation and "backbone" project for further growth.
- **Italy:**
  - TAP has in place all permits in Italy, as a direct consequence of the support guaranteed by the Presidency of the Italian Republic, the Presidency of the Council and the relevant Italian ministries;

Works and project update

The upcoming months will be key in ensuring the pipeline and stations are commissioned and progressively ready for operations and the start of gas commercial deliveries. On the technical side, once mechanical completion is achieved, the pipeline and adjacent facilities will enter the pre-commissioning and commissioning phases. It will ensure the pipeline and stations are entirely safe and ready for operations, in line with national and international safety and technical standards.

In parallel, TAP is preparing for commercial operations to transform to a transmission system operator (TSO) within the Independent Transmission Operator (ITO) procedure. The Operations team is implementing the Operations Readiness Programme.

In **Albania** the works on the micro tunnel and temporary bypass were substantially completed by the end of 2019 with a focus now on final completion and commissioning activities in preparation of introduction of hydrocarbons in Q1 2020.

Total progress complete to the end of December 2019 was 97%. The vast majority of construction work in the country is now complete with the in-country project team is focusing on final completion and commissioning activities in preparation for the introduction of gas.

Major Items completed in Albania to date include

- Installed and backfilled over 215 km of 48" pipe from Greek border to the land fall in Fier;
- Installed 9 Block Valve stations along the route in Albania
- 97% land Exit protocols handing land back to owners have been completed
- Reinstatement and planting thousands of new trees along route

The 48" pipe has been laid in a difficult terrain and/or high ground. The 9 block valve stations along the route in Albania are each approximately 20 km apart. These block valve stations allow TAP to isolate a particular segment of pipeline should future intervention be required.

The Albanian scope of work also included obtaining over 10,000 land permitting agreements with both local authorities and landowners.

Local content has been extensive within Albania with an emphasis on the local workforce. Average Personnel employed by TAP throughout project lifecycle in Albania was approx. 1,700 with Albanian personnel making up over 83% of the total workforce.

Whilst the introductions of gas and completion is scheduled in 2020, TAP are currently reviewing future possibilities to increase capacity, which may mean future development opportunities within the country.

In **Italy** works are proceeding in line with the Single Authorisation permit granted by Italy's Ministry of Economic Development.

On 9th November 2019, TAP commenced preparatory activities at the exit point off the Italian shores for the laying of the pipeline in the Adriatic Sea between Albania and Italy. Main offshore operations have started and are expected to end in 2Q 2020.

Regarding onshore activities, works for the completion of the Italian Onshore section of the Pipeline and the Pipeline Receiving Terminal (PRT) are also ongoing, with over 70% of the PRT completed and more than 3.5km of pipe (out of approximately 8km) already in the ground. The Micro-Tunnel bypassing the beach of San Foca has been successfully completed in April 2019.

In **Greece** TAP has concluded construction on time, on budget and as per TAP's commitments and standards. TAP successfully introduced hydrocarbons in commissioning section 1 (2km from the Turkish borders till the Greek Compressor Station) in late November 2019. In addition, commissioning sections 3&4 have been handed over to the Operations team in preparation for introduction of hydrocarbons by the end of January 2020. Project-affected communities are informed about developments via a dedicated public awareness campaign, which TAP intends to commence in the coming weeks in Albania.

TAP project in Albania

TAP is currently cooperating closely with ERE on:

- The approval of TAP Network Code, which is aimed to govern the operation of TAP's transportation system. TAP submitted its Network Code to the NRAs for approval, and there are negotiations for its approval;

- ERE Board with decision no. 15 dated 31.01.2019, issued to TAP company the license for natural gas transmission acitivity for a 25 years period, which coincides with the project exemption period, after these years TAP shall continue like other licensed companies.
- ERE is cooperating to draft the Rules for TAP operations phase after the construction phase that is in maximum 2020.

Market Test for Expanding the Capacity

Actually TAP launche the Market Test to expand the capacity. It is harmonized with the provisions of the Final Joint Opinion of the Energy Regulators on the Exemption Application of TAP A, dated 6 June 2013, issued from the Authorities according to Directive 2009/73/EC, ('Final Joint Opinion') of TAP Tariff Code [1] with EU Regulation 2017/459 on establishin a network code on Capacity Allocation Mechanism at natural gas transport systems ("CAM NC").

According to Paragraph 4.1.7 of the Final Joint Opinion, the Guidelines are approved by the competent Regulatory Authorities of Italy, Greece and Albania. ('the Authorities'), respectively ARERA, RAE and ERE.

The request to Expand Capacity

For its innitial capacity, TAP is exempted from third party access provisions, from the regulated tariffs and ownership unbundling according to the terms of the Final Joint Opinion. The exemption from the regulated tariffs and ownership unbundling are also applied for TAP actual constructed Expansion Capacity.

According to the Final Joint Opinion, TAP shall perform the Market Test every two years beginning not later than Commercial Operations Date ('COD')

Article 26 of the Capacity Allocation Mechanism for the Network Code requires to the Transmission System Operators to perform a coordinated procedure which is based on the market to access the need for capacity increase.

Market Test

Market Test is a transparent, open and non-discriminatory procedure. The process reflects the unique and specific Regulatory contect of the Transporter and includes the guidelines how TAP shall participate on the wide process of increasing the capacity defined on Chapter V of the Capacity Allocation Mechanism of the Network Code.

TAP requires that any Expansion Project shall contain specific provisions to be in conformity with the Final Joint Opinion. The consultation shall contain information according to Article 27 (3) of the Capacity Allocation Mechanism of the Network Code (CAM NC). This shall include the rules which guide the Binding Phase, including any other alternative for the allocation mechanism within the meaning of Article 30 of the Capacity Allocation Mechanism of the Network Code. This other alternative of the Allocation Mechanism may be foreseen as necessary to permit the compliance with the rules defined on Section 3 of TAP Network Code. This shall also include the auction mechanism defined on Section 3.3.1. (e) of TAP Network Code.

[1] Approved on November 2013 from the Regulatory Authorities of Italy, Greece and Albania. An amendment is approved on July 2018

After the consultation, TAP and the adjacent TSO shall finalize the draft of the Project proposed for the Expansion and shall submit it for the respective Authorities approval. According to Article 28 (2) of the Capacity Allocation Mechanism of the Network Code (CAM NC), within 6 months from taking the project final proposal from the last respective Authority, they shall publish the decisions coordinating with each other on the proposal of the project. The project proposals where there are included one or more Requirements for Connection may be handled individually according to a separate term, because these requirements are not subject to the economic test, but only to the technical feasibility test. According to Paragraphs 4.7.5 and 4.7.8 of the Final Joint Opinion, the costs for these requests shall be borne by the third party that made the request according to the effective legislation at the time the request is made.

The Market Test shall serve to expand the capacity at the beginning of the project but also at the required connection points in Korca, Kuçovë because Fieri connection point does not exist any more.

5.2 By legal acts issued from the Ministry and the Council of Ministers for Natural Gas sector.

A lot of work has been done for the drafting the secondary legislation for the natural gas sector, both by the Ministry, ERE and Albgaz company, below we are briefly handling them.

From the Ministry:

- **Council of Minister Decision no. 553, dated 25.07.2019**. " On approving the conditions and procedures to set public service obligation that shall be implemented to the licensee in natural gas sector that operate natural gas transmission, distribution and supply"
- **Council of Minister Decision no. 663 dated 10.10.2019**. Technical rules and safety criteria for natural gas infrastructure facilities
- **Council of Minister Decision no. 509, dated 17.07.2019**. Criteria and procedure of issuing 2.3 certificates, TAP AG Exemption Decision
  Also other acts issued from the Council of Ministers
  Also, other acts issued by the Council of Ministers have almost fully completed the framework of rules and orders and that does not prevent the work for the opening of the gas market in our country.
- **Council of Minister Decision no. 417, dated 10.05. 2017,** "On approving the emergency plan for natural gas, in conformity with the minimum security of supply standards, as well as the rules to guarantee secure and effective supply with natural gas"
- **Council of Minister Decision no. 69, dated 07.02.2018, "On approving the conditions and procedure on defining the supplier of last resort for natural gas"**
- **Council of Minister Decision no. 590, dated 09.10.2018** "On approving the natural gas market model".
- **Council of Minister Decision no.573, dated 03.10.2018** "On approving the rules and procedures to exercise the supervisory operations on natural gas sector of the ministry responsible for electricity"
- **Council of Minister Decision no. 685, dated 14.11.2018,** "On approving the practices for the promotion of joint regional investments in power sector infrastructure"*

- **Council of Minister Decision no. 612, dated 27.10.2017,** "On approving the technical rules and safety criteria, part three, on minimum requirements of the technical design the construction and operation of transmission and distribution systems of natural gas, LNG installations, storage facilities and direct lines".
- **Order no. 96, dated 23.01.2018, of the Ministry of Infrastructure and Energy**, "On approving the general conditions for access in the pipeline networks of the activities searching for production"
- **Order no. 912, dated 27.12.2018, of the Ministry of Infrastructure and Energy** "On approving the guideline to define the areas for natural gas transmission and distribution activities".

5.3 Bylegal (secondary) acts approved by ERE during 2019 to exercise Natural Gas sector activity.

The Decisions as follows are related with the approval of ERE legal framework implementing Law no. 102/2015 "On Natural Gas Sector" as amended, as well as preparation of the market conditions to open gas operation for 2020, that corresponds with the start of TAP project:

1. **Decision No. 95 dated 17.06.2019 "On the approval of the Market Test Guidelines for Trans Adriatic Pipeline".**

   The purpose of approving the "Market test guideline for Trans Adriatic Pipeline" is to define the rules and procedures that shall be followed in the Market Test process that shall be developed by TAP from the beginning of 2019, as well as to inform all the stakeholders and any interested party about it. During TAP market test all the stakeholders may require additional capacities at TAP transportation system ("Capacity Requests"), and also require the construction of new entry/exit points and/or increase the technical capacity of the existing and/or exit points throughout TAP transportation system.

   Implementing article 16 of Law no. 43/2015, "*On Power Sector*" as amended; articles 13; 15, point 1, letter "a"; 16, point 24 and article 108, of Law no. 102/2015 "*On Natural Gas Sector* " as amended; the provisions of the Final Joint Opinion of the Energy Regulators on TAP AG Exemption Application, dated 6 June 2013, issued from the Authorities according to 2009/73/EC Directive, ('Final Joint Opinion') of TAP AG Tariff Code and of EU Regulation 2017/459 on establishing the Network Code on Capacity Allocation Mechanisms for gas transmission systems ('Capacity Allocation Mechanism for the Network Code") as well as articles 15 and 26 of the "*Rules on ERE Organization, Operation and Procedures*" approved with ERE Board Decision no. 96 dated 17.06.2016.

   This guideline reflects the specific regulatory regime of TAP for the performance of its Market Tests. It is in harmony with the provisions of Final Joint Opinion of Energy Regulators on TAP AG Exemption Application,dated 6 June 2013, issued from the Authorities in conformity with 2009/73/EC Directive ("FJO") and EU Regulation 2017/459 that defines a network code for the unbundling of the capacities mechanisms in natural gas transmission systems ("CAM NC").

   In conformity with Section 4.1.7 FJO this guideline is also approved from the competent authorities of Italy and Greece.

2. Decision no.166 dated 04.11.2019, On approving the "Regulation on the Unified System of Calculations for the Regulated Companies on Natural Gas Sector''

The unified system of the regulatory calculations defines the calculations and the keep of the accounting registers as well as the draft of the financial reports for regulatory purposes. This regulation is based on the International Standards of the Financial Report, International Accounting Standards, as well as Accounting Law that shall be implemented for the companies that operate in Albania. During the procedure to approve this Regulation, ERE concluded that the companies are obliged to submit at ERE the audited financial statements according to the effective legislation for audit, explaining that the audit is not perform by ERE.

During the procedure to approve this Regulation it was concluded that its implementation is obligatory not only for the companies licensed by ERE, but for all the companies, whose activity is object of ERE regulation. This is reflected at the content of the Regulation.

3. Decision no. 176 dated 14.11.2019, "On approving the regulation for new connections in natural gas sector"

This regulation defines the application procedure, the criteria to approve and realize a new connection or the modification of an existing one and defining the respective tariffs for the connection of the user's equipments in the transmission or distribution network on natural gas sector. The act stipulates that each applicant has the right to connect to the natural gas network of the licensed operator for the respective service area. It guarantees that the Connection for all the gas network users shall be ensured in a transparent and non-discriminatory way and shall be based on a Standard or agreed connection agreement. The regulation defines the technical Criteria for the design and implementation of a connection, the terms and procedures to realize a new connection, or the modification of the existing one as well as the responsibilities and the Rights of a Network Operator but even them of any user.

4. Decision no. 103 dated 26.06.2019, on approving the transposition of regulation 2017/459 approved with Decision no. 2018/06/PHGL-ENC "On establishing the network code for the capacities allocation mechanisms in natural gas transmission systems".

This regulation establishes a network code setting the capacities allocation mechanisms in gas transmission systems for the existing and increasing capacities. It defines the way how the transmission system operators cooperate to facilitate the sales of the capacities taking into consideration the general commercial and technical rules regarding the capacities allocation mechanisms. The network code for the capacities allocation mechanisms at gas transmission systems is implemented at the interconnection points between the Contracting Parties.

The entry and exist points of the European Union Member States and the entry/exit points in the third countries may be considered the interconnection points for the purpose of this Regulation, according to the decision of the respective national regulator authority. This regulation is not implemented for the existing points of the end-use customers and the distribution networks, the entry points from the terminals of the liquidified natural gas (LNG)

thermal plants and the generation facilities, as well as entry and exit points at the storage facilities.

5. Decision no. 231 dated 20.12.2019, on approving the "Network Code that harmonizes the gas transmission tariff structures"

This network code reflects the rules on the harmonized tariff structures for gas transmission, including the rules for the application of reference price methodology, accompanied with the requirements for consultations and publications, as well as the calculation of the reserve price for the standard capacity products. The Network Code that harmonizes the tariff structures of gas transmission ensures the rules for implementing the tariffs connected with gas transmission services and those for the services not connected with transmission, as provided on article 4; for accessing the cost allocation regarding the transmission services revenues that shall be covered from the transmission tariffs per reference price and reserve prices with the respective methodology as provided on Chapter II "Methodologies for the Reference price" and Chapter III "The Reserve Prices". There are also provided the principles and conditions that shall be and not be implemented for the harmonisation of the revenues, the methods for the bundled capacity price and the capacity at the virtual interconnection point where the reserve price for a bundled capacity product shall be equal with the amount of the reserve prices for the capacities that contribute to that product as provided on Chapter V "Price of the bundled capacity and the capacity at the virtual interconnection point" as well as the conditions for providing the access of the payable prices at the interconnection points as provided on Chapter VI "Clearing price and the payable price".

6. **During 2019, ERE with decision no. 236, dated 20.12.2019, opened the procedure to approve the Network Code for natural gas Transmission in Albania.**

Transmission Network Code for Natural Gas is drafted according to Law no. 102/2015 "On Natural Gas Sector", the Commission Regulation (EU) 2017/459 dated 16 March 2017 for establishing a network code on the distribution capacity of gas transmission systems, Commission Regulation (EU) no. 312/2014 dated 26 March 2014 on establishing a Network Code on Gas Balancing of Transmission Networks/ENTSO –G CAM NC, Model of the main Terms and Conditions /EU Regulation no. 703/2015 dated 30 April 2015 establishing a network code on interoperability and data exchange rules / TAP Network Code/ Gas Transportation Agreement for TAP/ Gas Transmission Code of Northern Ireland and a number of accompanying documents/ Greek System Network Code of Gas Transmission/ Gas Network Code of SNAM Rete/ other respective regulatory Documents. This document aims to contribute on establishing a Transmission Network of Natural Gas in Albania on non-discriminatory basis for all the parties to achieve the strategic objective on this sector.

It is also intended to achieve a coherent and coordinated planning and operation between the Combined Natural Gas Operator ALBGAZ company and all users of the current or future Gas Network, in order to set the best possible conditions for the development and operation of an integrated and effective Natural Gas market. The Transmission Network Code for Natural Gas handles the issues related to the planning and operation of the gas system as a whole and the

access of market actors to the Natural Gas transmission network in Albania. The Transmission Network Code sets out the general and essential norms, rules, procedures and requirements that guide the operation and development of the Natural Gas system in our country.

7. Decision no. 63, dated 23.04.2019, "On an amendment on ERE Board Decision no. 179, dated 08.11.2017, "On the certification of the "Combined Operator for Natural Gas" Albgaz company", as amended".

With this decision after reviewing the progress for on time compliance of the conditions set by ERE for the company on the certification decision no. 179 dated 08.11.2017, "On the certification of the Combined Operator for Natural Gas ALBGAZ company" as amended, the company observed the fulfillment of some conditions as well as it verified that the fulfillment of other conditions not fully depended on the company will, ERE decided to postpone the term for completing the uncompleted conditions with leveled terms.

8. ERE Board Decision no. 190, dated 25.11.2019, on the request of ALBGAZ company "To be licensed in the operation activity of natural gas storage facilities''.

ERE Board according to article 4 point 50, article 22, point 2, letter d and articles 59 and 80 of Law no. 102/2015 "*On Natural Gas Sector*" as amended, as well as article 4, point 1, letter d, article 5 and article 11 of the "*Regulation on the procedures and terms for license issue, modification, transferring, renewal and license removal on Natural Gas Sector"*, opened the procedure for licensing Albgaz company on the operation activity of natural gas storage facilities.

This procedure is on process and it is expected the fulfillment of the respective documentation from Albgaz company, that ERE to follow with the final approval of this procedure.

9. ERE Board Decision no. 220 dated 20.12.2019, on an amendment on ERE Board Decision no. 187 dated 10.11.2017, "On licensing ALBGAZ company in the natural gas distribution activity" as amended and an amendment on ERE Board Decision no. 188 dated 10.11.2017, "On licensing ALBGAZ company in natural gas transmission activity" as amended

ERE Board according to article 16 of Law no. 43/2015, "*On Power Sector*" as amended, article 16 point 12; articles 46 and 56 of Law no. 102/2015 "*On Natural Gas Sector*" article 113, point 3 of Law no. 44/2015 "*Code of Administrative Procedures*"; articles 8 and 9 of the "*Regulation on the procedures of submitting and approving the investment plan from the transmission and distribution natural gas operators*" as well as article 15 of the "*Regulation on ERE organization, operation and procedures*" approved with ERE Board Decision no. 96, dated 17.06.2016, decided to postpone the term for completing the conditions of the abovementioned decisions until on 20.06.2020, because Albgaz company submitted at ERE the request to postpone citing that get the required documents is a process that needs time and it depends of the response from the respective authorities.

10. ERE Board Decision no. 221, dated 20.12.2019, On some amendments on ERE Board Decision no. 179 dated 08.11.2017, "On the Certification of the Combined Operator for Natural Gas" ALBGAZ company as amended

ERE Board according to article 16 of Law no. 43/2015 "*On Power Sector*" as amended, articles 37, 50, 59, 68 and 80 of Law no. 102/2015 "*On Natural Gas Sector*" as amended, article 53

and 113, point 3 of Law no. 44/2015, "*Code of Administrative Procedures*" articles 6-11 of the "*Regulation on the certification of the transmission system operator for natural gas*", approved with ERE Board Decision no. 100, dated 05.08.2015, as amended with ERE Board Decision no 129, dated 31.10.2015; as well as the "*Regulation on ERE organization, operation and procedures*" approved with ERE Board Decision no. 96, dated 17.06.2016, decided to postpone the term for complying the conditions of the Certification decision of the "Combinated Operator for Natural Gas" Albgaz company as amended until on 20.06.2020 and 20.12.2020. The postponement was due to Albgaz company submitted at ERE the request for the postpone, failing to complete the condition related with the effectiveness of the amendments at the legal framework and the steps of its realization do not depend on the company will, but they depend on the state institutions and as such they require more time.

11. ERE Board Decision no. 230, dated 20.12.2019, on approving the contract signed between ALBPETROL and ALBGAZ companies for the natural gas transmission service for one year beginning from 01.01.2019 - 31.12.2019.

ERE Board according to article 16 of Law no. 43/2015 "*On Power Sector*" as amended, article 35 and 36, of Law no. 102/2015 "On Natural Gas Sector"; Council of Minister Decision no. 848 dated 07.12.2016 "*On the establishment of ALBGAZ company and defining the public authority that represents the state as the owner of ALBGAZ and ALBPETROL company shares*" as well as article 15 of the "*Regulation on ERE organization, operation and procedures*" approved with ERE Board Decision no. 96 dated 16.06.2016, decided to approve the contract for natural gas transmission service, between ALBGAZ and ALBPETROL companies for 2019.

The cause for the delay of this approval was the failure to agree between the parties, for some of the contract provisions regarding the parties obligations and the natural gas quantity provided to be transported. ERE decision was based on the provisions of the contract agreed during the opening of the procedure from the parties, however reflecting on the provisions that were observed to be inaccurate or not fully in accordance with the effective legislation and the quantities defined by the natural gas producer.

5.4 ALBGAZ activity during 2019.

Albgaz company with a state owned capital, is developing its activity **on natural gas sector in Albania**, in conformity with the legal and regulatory framework. During 2019, "ALBGAZ" performed its activity in several directions. In details the activity of "Albgaz" company is submitted as follows:

- Draft of the **Network Code,** this draft is submitted **at ERE for review.**
- Completion of the documentation to fulfill the requirements set by ERE in the Licensing conditions as a "**Combined Operator of Natural Gas**", for Transmission (TSO) as well as for Distribution (DSO);
- Completing the documentation for Licensing at Natural Gas Storage in Dumre;
- Technical-Financial Researches to realize the "pilot project" of GNL in a small level;
- Following the developments of a transmission project for Albgaz (PIP1) such as the FIER-VLORE Pipeline that can supply Vlora TPP with gas.

- It has terminated the procedure of taking ownership of the "land" in the Korça Area, on which will be constructed Albgaz Maintenance Center (MQ) for the South-Eastern area of Albania.
- Are started the "Procedures for the project idea of the Maintenance Center have started and are in process, according to TAP standards and Albgaz – SNAM partnership".
- There are in process the negotiations at the technical level with TAP for the exit point in FIER, provided for a minimum capacity of 80,000 Nm3/hour or approximately 0.7 Bcm / year.
- Following the process of practice implementation of the **TAP Maintenance** contract between AGS and TAP, which was signed in December 2018.
- Completion of the procedures for approval of the all initial documentation and relevant authorizations for the establishment of the IAP (**Ionian Adriatic Pipeline** company), between Albania, Montenegro, Bosnia and Herzegovina and Croatia and **Memoranda of Understanding** between the IAP and TAP, as well as the IAP and SOCAR (Azerbaijan).
- Strengthening institutional cooperation with the **Energy Community** in the framework of WBIF (Western Balkans Investment Framework).
- Strengthening institutional cooperation of **ENTSO-G**, considering Albgaz membership in the latter.
- Follow-up the work on the results of the Feasibility Study for the interconnection project with Kosovo known as "**ALKOGAP**".

In the current conditions, "Albgaz activity" **is a complex process, extended in time**, because such activities, as those in this sector, **are very intensive in "capital investments"**, both in design and financing volumes, and in time span, but their expected and gradual final result is:

1. Establishing the conditions to obtain **foreign direct investments** in this segment of the economy;
2. **Increase of employment in the sector** and in industries that have an impact from the gas sector;
3. Improving **energy supply** at the industrial, services and residential levels;
4. Establishing the conditions for a **sustainable industrial development** and **reduction of energy costs** at the level of production of "goods and services";
5. Establishment of **human capacities** in the country in terms of design, investment management resulting in effective and efficient implementation of relevant activities in the gas industry.

On the implementation of the Compliance Program in Natural Gas Sector from Albgaz Sh.a.

Based on Law no. 102/2015 "On Natural Gas Sector", as amended, implementing the requirements of article 47, with ERE Board decision no. 77 dated 26.05.2017 it is approved the Compliance Program: "On approving the Compliance Program of the Transmission System Operator for Natural Gas".

With decision no. 233, dated 16.10.2018 "On approving the "minimum requirements for the compliance officer, the professional qualities and the other selection criteria" and the preliminary approval of the Natural Gas TSO Compliance officer" , the Supervisory Body of ALBGAZ company, the Natural Gas Combined Operator, established with Council of Ministers Decision no. 848 dated 07.12.2016, "On the establishment of ALBGAZ company and defining the public authority representing the state as the owner of shares of ALBPETROL and ALBGAZ companies" appointed the Compliance Officier of the Transmission System Operator, with the prior approval of Energy Regulator Authority according to Decision no. 223 dated 16.10.2018, ""On approving the "minimum requirements for the compliance officer, the professional qualities and the other selection criteria" and the preliminary approval of the Natural Gas TSO Compliance officer"

The annual report was drafted by the Compliance Officer as a legal request provided on ERE Board Decision no. 78, dated 26.05.2017 "On approving the contract for the Provision of the Compliance Officer Services in natural gas sector". On this annual compliance report are provided the monitoring and maintenance of the process according to the Compliance Program approved by ERE with Decision no. 77, dated 26.05.2017 "On approving the Compliance Program of the Transmission System Operator for Natural Gas".

With Council of Minister Decision no. 848, dated 07.12.2016 as amended with Council of Minister Decision no. 108, dated 23.02.2018, it is provided the obligation that natural gas production and trading activities shall be unbundled from the natural gas transport and distribution activities but also it is mentioned the obligation to determine the public authority representing the state as the owner of the shares of the entities exercising the activity in natural gas, respectively for ALBPETROL company the owner of the shares shall be the responsible ministry for energy (former MIE) and for ALBGAZ company shall be the ministry responsible for infrastructure (MIE).

ALBGAZ company as a TSO is certified with ERE Board Decision no. 179 dated 08.11.2017 "On the Certification of the Natural Gas Combined Operator ALBGAZ company" as natural gas TSO and DSO.

From the compliance officer it is observed:

- According to the conditions and terms of paragraphs 10 and 11 of the Compliance Program approved with ERE Board Decision no. 77 dated 26.05.2017, ALBGAZ company as a TSO fulfills the conditions and is not included on the natural gas production and/or supply activities, despite the fact that these activities are almost on minimal values and are considered non existent.
- According to the conditions and terms of paragraphs 12 and 13 and under their points of the Program, ALBGAZ company as a TSO according to Decision no. 179 dated 08.11.2017 "On the Certification of the Natural Gas Combined Operator ALBGAZ company" is in negotiations with ERE and the Energy Community Secretariat regarding one of the ALBGAZ certification conditions. Following the above, being that ALBGAZ company as a TSO actually has not to do with the activity of the licensees having their activity in natural gas production and/or supply, activities with minimal values and are considered as non - existent, TSO company on these conditions is considered that it has temporarily met the conditions set on ERE Board Decision no. 179 dated 08.11.2017, about which it was requested even with the official letter ERE protocol no. 233/7 dated 16.10.2018, where it

is requested to postpone the term to fully met the terms provided on ERE Board decision no. 179 dated 08.11.2017 until on 10.04.2019, with ERE Board decision no. 63 dated 23.04.2019 the term was postponed until on 20.12.2019 and then with ERE Board Decision no. 221 dated 20.12.2019 the term was postponed until on 20.06.2020.
TSO explains that the postponement was due to the compliance on time with the above mentioned conditions are the specific situations of the real failure to operate of the natural gas market in Albania, a fact that is confirmed even from other responsible institutions for the organization and operation of the gas sector.
Regarding the activity of ALBGAZ company, are approved important documents for the power and specifically for natural gas sector, including directly the object of ALBGAZ company activity, which are:

- The approval of National Energy Strategy for 2018 - 2030 period, approved with Council of Ministers Decision no. 480 dated 31.07.2018 "On approving the National Energy Strategy for 2018– 2030 period".
- Approval of Natural Gas Master Plan, approved with Council of Minister Decision no.87, dated 14.2.2018 "On approving the natural gas development plan in Albania and the identification of priority projects".
- ALBGAZ company during 2018 although the minimum activity in natural gas transmission activity, had a concrete activity regarding its role as a public company in natural gas transmission. During 2018, ALBGAZ company has signed cooperation agreement with the Italian company SNAM S.p.A. for establishing a joint company "ALBANIAN GAS SERVICE COMPANY", which signed with Trans Adriaticpipeline AG (TAP AG) an Agreement for the maintenance service of Trans Adriatic Pipeline (TAP) on the Albanian territory.
- ALBGAZ company is joint venture of 75% shares with the Italian company SNAM at "Albanian Gas Service Company" (AGSC) whose main object is the system maintenance of the TAP pipeline at the Albanian territory.
- The establishing of "Albanian Gas Service Company" as a joint venture between ALBGAZ and the Italian Company SNAM S.p.A, is approved with Supervisory Board Decision no. 12, dated 01.11.2018, by which it is approved the Foundation Act and its Statute.

ERE Board approved the Compliance Officer report by charging specific duties for the future. The compliance officer during the following year implementing the compliance program shall submit its report for 2019.

5.5 Some Problems for the Future in Natural Gas Sector

- Follow up with priority of TAP project because it is the crucial year of its deployment and for this we are working on the approval of bylaws, regulations and amendments as much as necessary.
- Cooperation with the Energy Authorities of neighboring countries, Greece and Italy, two EU member states, coordination of all the by-laws and regulations in conformity with Directive 2009/EU and Regulation 715/EU, and taking joint decisions for this purpose

- Cooperation with Energy Community Secretariat in Vienna for the other remaining by-laws and continuous consultancy for the issues during their draft.
- Construction of gas infrastructure an urgent need for the opening of natural gas market in our country. There are now identified five priority projects approved by the Council of Ministers and it is required the initiation of the construction according to the priority.
- Cooperation with MIE and Albgaz, in the regulatory aspect for all the issues encountered for the opening of natural gas market
- Cooperation with National and International institutions for natural gas issues, participation in their studies and the possibility of attracting foreign investments for the development of the infrastructure in our country.

6. ON ERE REPORT REGARDING THE IMPLEMENTATION AND THE FOLLOW UP THE RECOMMENDATIONS FULFILLMENT OF THE "PARLIAMENT RESOLUTION TO ACCES THE ACTIVITY OF ENERGY REGULATORY AUTHORITY FOR 2018".

Implementing point 1 Chapter 2 of the "Annual and periodic monitoring manual" approved with Decision no. 134/2018 of the Albanian Parliament and the "Albanian Assembly resolution on accessing Energy Regutor Authority activity for 2018", ERE reported during 2019 regarding the work done to perform the follow up, implementation and completion of the recommendations and the duties let from the Albanian Parliament Resolution for 2019, periodically as follows:

- ***Regarding point 1 of the Resolution – Shall cooperate with the Ministry of Infrastructure and Energy, as well as Energy Community Secretariat to take the necessary measures to monitor OSHEE company unbundling according to the legal provisions. A process that is accompanied with the legal, operational and organisational unbundling between the distribution activity and the Universal Service. On the other hand, shall continue the unbundling of the activities, accounts and costs between the Supplier of Last Resort and other activities enabling secure, competitieve, transparent and qualitative service of the end-use customers.***

In the framework of the power sector reform and implementing Law no. 43/2015, "*On Power Sector*", as amended with Law no. 7/2018 *"On some amendments and additions on Law no. 43/2015, "On Power Sector"*, Council of Minister Decision no. 519, dated 13.07.2016, "*On the approval of the Electricity Market Model"*, as well as Ordert no.157, dated 12.02.2018, of OSHEE company General Assembly on "*Establishing three companies controlled by the Electricity Distribution Operator*", for the initiation and the advance of the unbundling process, OSHEE company established three companies as follows: the "Distribution System Operator" (DSO company), the "Universal Service Supplier" (FSHU company) and the "Free Market Supplier", (FTL company).

ERE Board with decision no. 264 dated 20.12.2018, decided "On setting a transitory period of 12 months, to make effective the licenses transferring of the electricity distribution system operation of the Electricity Distribution Operator (OSHEE company) to the "Distribution System Operator" (DSO company); approved with ERE Board Decision no. 216 dated 11.10.2018; Transfering the

electricity supply license and the universal service obligation for electricity supply of the Electricity Distribution Operator (OSHEE company) to the "Universal Service Supplier" company approved with ERE Board Decision no. 215, dated 11.10.2018.

With Decision no. 211, dated 18.12.2019, ERE Board decided to approve OSHEE company request to postpone the above mentioned transitory period until on 31.12.2019, to make effective the transferring of these licenses.

The above measure was undertaken, on the conditions when there was observed that following the preparatory work of OSHEEcompany for the unbundling process of the company, as well as in the framework of orientations, meetings, discussions developed implementing the Order no. 341, dated 17.09.2019, of the Ministry of Infrastructure and Energy "On establishing the working group for OSHEE company unbundling", OSHEE company resulted that it was expecting the necessary amendments of the legal and by-legal acts, to follow up with the finalisation of the unbundling process of OSHEE company and the established operators were fully operational on 01.01.2020.

The activities regarding legal and operational unbundling of OSHEE company above others include:

A. Unbundling of the accounts.

This means that the Distribution System Operator shall keep unbundled specific financial accounts for the other licensed activities.

On the other hand with decision no. 244 dated 26.11.2018, it was decided "On the approval of the unified and standardized system of accounts for the licensees in the power sector for the transmission, distribution activities and for the universal service suppliers for electricity ".

During the process of approving this document by OSHEE company it was notified and were evidenced difficulties regarding:

- The detaling of the accounting information on the level required from the regulatory framework, where there are provided:
    - Lack of an updated register of long-term assets, which enables their classification according to the function and destination in conformity with the requirements of the regulatory account lists
    - Difficulties regarding the work organisation, which not always respond to the allocation of the tasks that require detailed evidencing of the costs items according to the accounting lists.

As such, the ERE, taking into account the necessary implementation time, continues to monitor the process of reporting the separate accounts.

B. Legal unbundling

It required that the distribution activity be separated from the supply activity exercising both these activities by different legal entities.

In this framework it is realized the establishment of the 3 above mentioned companies, which operate legaly unbundled from 1 January 2020. ERE during 2020 shall continue the work to define the tariffs and prices identifying them according to their respective regulated activities as well as their operation legaly, organisationally and financially unbundled.

With the exercise of the activity of the companies established by OSHEE, ERE followed up and will continue its work to monitor the operational unbundling of the licensed companies according to the legislation in force and respecting the respective licenses conditions.

Beginning from 1 January 2020 the companies that perform allocated activities according the definitions of Sector Law as well as Council of Minister Decision no. 244 of date 30.03.2016 enabling a fair access to the electricity market opening in the country.

- ***Play a proactive role to review the respective legal and by-legal acts, during the transitory period, to make effective the legal and operational unbundling of the Electricity Distribution Operator.***

The Ministry of Infrastructure and Energy with Minister Order no. 341 dated 17.09.2019 established the working group for analysing and accessing the legal solutions for the finalisation of OSHEE company unbundling process, part of which have been even the operators as well as ERE.

ERE has been active at this Working Group expressing its attitudes regarding the possible by-legal amendments, mainly to the Council of Minister Decisions which support OSHEE company unbundling according to the provisions of Law 43/2015, as amended but undertaking in this regard and with its authority the following steps.

- With decision no. 198, dated 3.9.2018, ERE licensed the "Free Market Supplier", (FTL company) in electricity trading activity";
- With decision no. 199, dated 3.9.2018, ERE licensed the "Free Market Supplier" (FTL company) in electricity supply activity";
- With decision no. 215 dated 11.10.2018, ERE transfered the electricity supply license, approved with ERE Board decision no. 97, dated 27.10.2014 and the public service obligation of electricity supply, of the Electricity Distribution Operator (OSHEE company), approved with ERE Board decision no. 112, dated 8.7.2016, to the "Universal Service Supplier" (FSHU company)"
- With decision no. 216, dated 11.10.2018, ERE transferred the distribution system operation for electricity license, of the Electricity Distribution Operator (OSHEE company), approved with ERE Board decision no. 96 dated 27.10.2014, to the "Distribution System Operator (OSSH company), valid until 27.10.2044."

With Council of Minister Decision no. 883, dated 27.12.2019, *in conformity with the conclusions of the Working Group, there were approved some amendments and additions at the 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 perform electricity production, transmission, distribution and electricity supply activity", as amended. ERE was an active part of the working group held with MIE representatives and OSHEE, KESH and TSO operators to draft this Council of Minister Decision with the necessary amendments for the operational unbundling of OSHEE company at the unbundled electricity supply and distribution activitie.*

- *Above the amendments of this Council of Minister Decision shall be brought into attention those regarding* article 11, point 2 of Council of Minister Decision no. 883 dated

27.12.2019, at which it was sanctioned that the public service Obligation for electricity purchase from the energy renewable resources is set to the public company at the free trade service, in conformity with the effective legislation and the standard contract approved by ERE. The above mentioned provision, transferred the public service obligation from OSHEE company to the Free Market Supplier, currently established and operational from January 2020. Shall be taken into consideration that even public service Obligation for the energy renewable resources was also charged to the Free Market Supplier with the amendments of the above Council of Minister Decision a fact that requires even the amndment of the agreements with the electricity independent producers.

- ***Shall follow the cooperation with the mandated shareholders for the operation and monitoring the Power Exchange***.

With the entry into force of Council of Minister decision no. 11.09.2019 "On defining the procedures for the selection of the participants in the Market Operator" there are completed the legal conditions to open the process for the establishment and operation of the Albanian Power Exchange and it has initiated the procedure to select the shareholders of the exchange and the providers of this service with experience on this field. ERE was an active part of the Steering Commity held with the stakeholders, to discuss the steps that shall be undertaken for the establishment and operation of the exchange as well as the issues that shall be handled from the stakeholders to make functional this operation.

Also ERE, in cooperation with MIE and the TSO, as a party directly designated for the establishment of this operator, as well in cooperation with the regulator of Kosovo, followed - up the joint meeting of the working groups to facilitate the regulatory framework for the efficient operation of the exchange with both countries and defining the steps that shall be undertaken for its efficient operation. These meetings consisted on the technical and regulatory evaluation of both countries, to enable the operation of the exchange, which shall be established with the participation of both system operators and shall serve and operate at both countries on the same time.

The joint working groups, in conformity with the memorandum signed between the parties, assisted even by a USAID consultany, have identified the fields on which it was needed the itervention, from the regulator as well as by the operators, that have to do with the mutual recognition of the licenses, drafting the same rules of the market for both countries, system operation as a joint control area etc.

Shall propose the necessary amendments at MIE to implement the certification of the transmission operators in conformity with the opinion of Energy Community Secretariat.

ERE Board with decision no.47, dated 19.03.2019, decided to approve the request of TSO company to postpone the term of implementing point 2, of ERE Board decision no. 43 dated 15.03.2019 "On approving the final certification of the "Transmission System Operator" for electricity TSO company in Conformity with article 54, point 6, of law no. 43/2015, "On Power Sector " and article 9, point 6, of Directive 72/2009 EC after receiving the Opinion of Energy Community Secretariat" until on 15.12.2019.

Such a decision was as the result of observing the circumstances that impeded TSO company to comply the obligations defined on ERE Board decision no. 43 dated 15.03.2017, "On approving the final certification of the "Transmission System Operator" for electricity TSO company in

Conformity with article 54, point 6, of law no. 43/2015, "On Power Sector " and article 9, point 6, of Directive 72/2009 EC after receiving the Opinion of Energy Community Secretariat.

TSO company informed that it has submitted to the Ministry of Infrastructure and Energy the proposal for amendments on Law no. 43/2015, "On Power Sector" as amended which leaded to the compliance of the condition set on the above mentioned ERE Board decision that relates *to cross-institutional cooperation to realize the amendments in the legal framework and transfering the competences to the Ministry of Economy*.

In the framework of the engagements that Albania has as a country that have signed Energy Community Treaty, as well as the obligations deriving from Directive 72/2009 of Energy Community, to TSO company there was required information regarding the progress of this process and the statute to review TSO company request from the Ministry of Infrastructure and Energy.

ERE, being consulted with MIE and TSO company is informed and it has worked on the draft-proposal for the legal amendments which serve to the purpose of completing the conditions for TSO certification, which are in conformity even by Energy Community in Vienna. The amendments on Law no. 43/2015, "On Power Sector" as amended are actually being reviewed by the Commission for Production Activities, Trade and Environment and it is expected to pass on Parliament. The amendments on Law no. 43/2015 fulfill the conditions set on the certification decision of TSO company as expressed above and are also in conformity with Energy Community Secretariat recommendations regarding this issue.

On these conditions and following the request submitted by TSO company, ERE Board with Decision no. 207, dated 16.12.2019, decided to approve the request of TSO company to postpone the term of implementing point 2 of ERE Board decision no. 43 dated 15.03.2017, "On approving the final certification of the "Transmission System Operator" for electricity TSO company in Conformity with article 54, point 6, of Law no. 43/2015, "On Power Sector " and article 9, point 6, of Directive 72/2009 EC after receiving the Opinion of Energy Community Secretariat", until on 16.06.2020.

With decision no. 179, dated 08.11.2017, "On the certification of the "Combined Operator for Natural Gas" Albgaz company,", ERE Board decided the final certification of the Combined Operator for natural gas Albgaz company in conformity with articles 37, 50, 59, 68, and 80 of Law no. 102/2015, "On natural gas sector" and article 9, point 6, Directive 73/2009 EC, defining the respective certification conditions that shall be fulfilled by Albgaz company. Following this decison accessing the request of Albgaz company and the fact that this last one mentioned made all the possible attempts to comply the certification conditions, ERE Board with decision no. 236, dated 02.11.2018 as well as decision no. 63 dated 23.04.2019, decided to review ERE Board decision no. 179 dated 08.11.2017 On the certification of the Natural Gas Combined Operator regarding the certification conditions and the term to fulfill them.

Regarding the above, ERE during 2019 followed the correspondences with the Ministry of Infrastructure and Energy, to which required to open the procedures for the necessary amendments at the acts defining ALBGAZ company ownership, in fulfilling the conditions of the certification decision, regarding the replacement of the Supervisory Council members of ALBGAZ company, as well as the cross-institutional cooperation to realize the amendments in the legal framework, Article 11 and 46 (10) of natural gas sector and transferring the competences to the Ministry of

Finance and Economy, being that point 3 of Council of Minister Decision no. 848, dated 07.12.2016, "On the establishment of Albgaz company and defining the Public Authority, representing the state as the owner of shares for Albpetrol and Albgaz companies" is amended with Council of Minister Decision no. 108 dated 23.02.2018, "On an amendment on Council of Minister Decision no. 848 dated 07.12.2016", "On the establishment of Albgaz company and defining the Public Authority, representing the state as the owner of shares for Albpetrol and Albgaz companies".

Considering the certification of Albgaz sh.a., with great importance in the framework of implementing Law no. 102/2015 "On natural gas sector", as amended, and the consequences that may be caused in view of the participation of Albgaz company at the ENTSO-G network, the European Network of Natural Gas Transmission Operators, as well as accessing that the above are tasks, the implementation of which goes beyond the will of the company, MEI was asked to take the necessary actions for the ownership amendments between Albgaz and Albpetrol companies to fulfill the gas system operator certification conditions.

- ***Shall pay special attention to the implementation of the action plan by OSHEE company regarding the customer protection, as well as its update regarding the issues arised during its implementation being focused on the settlement of the customers complaints at a shortest possible time. Regarding its implementation, shall periodically monitor, every three months OSHEE company and inform the Parliamen every four months.***

To implement this action plan, ERE held a working group "Për implementimin e këtij plani masash, nga ERE u ngrit grupi i punës "To monitor OSHEE company at its premises regarding the actions taken to implement the action plan".

From the performed monitoring there was observed as follows:

- OSHEE company has done a very good job in terms of improving and shortening the response time for complaints submitted for OSHEE company by all communication means and has significantly reduced the number of unhandled complaints throughout the years.
- The working conditions of the newly established or existing Customer Care Centers, it result that they generally meet the working conditions and standards.
- Regarding the efficiency in providing services, OSHEE company has approved internal procedures, which provide the action modalities of the staff, of the structures that handle the requests / complaints, as well as the deadlines for their processing. From the verification of complaints and requests with selection, it results that these deadlines and procedures are generally respected.
- Regarding the transparency in providing the necessary information to the clients, referring to the verifications made by the working group, by the persons charged with the reporting task during the monitoring, as well as through the verification of the call center service, it results that OSHEE employees generally have and are able to provide the necessary information on the requests addressed to them.
- Regarding the right for information, posting and publication of necessary data for customers, as an obligation of the distribution operator as the provider of the universal service obligation and/or the supplier of last resort, it results that the Customer Care Centers verified and based on the set of information documentation (brochures), set available

during the monitoring, are established special corners with information and brochures for the services provided by OSHEE sh.a.

- Regarding the condition that the licensee shall notify the general terms and conditions that regulate its relation with the customers in all its offices, shall publish on its website and shall give to the customers the opportunity to receive a copy of the document, it results that even in the tested QNK, also at the official website of OSHEE company there is sufficient informatuin regarding the general terms and conditions which regulate OSHEE company relation with the customers.

During the periodic monitorings, it is recommended that OSHEE shall update its website, regarding the information on the effective electricity tariffs and the updated acts implementing Law no.43/2015 "On Power Sector" as amended.

It results that the electricity invoices issued by OSHEE company have the necessary explanatory information for each customer regarding the invoiced items. ERE also recommended that OSHEE company, in the framework of the unbundling process, shall continue the work for management at the structural level of customer relations, making a detailed division of tasks and responsibilities of the structures set up for maintenance purposes of this agreement.

Regarding the obligation to publish the data on the organization of the unit dedicated for handling complaints, including location, working hours, hours for meetings with customers, contact telephone number, terms and conditions for connecting customers to the Network Distribution, applications for the implementation of conditions and procedures for connecting customers to the Distribution Network, in all verified Customer Care offices it results that there is sufficient information regarding the necessary and essential data regarding the customer service.

Also, it results that the registration and handling the complaints system recently updated, is clearly organized and allows the control and verification of each link for the process of handling the complaints or requests, as well as follow-up of these processes in time. Regarding the above procedure for the system operation, it is unclear how the client becomes aware of the handling of the complaint, despite the fact that by accepting the complaint, this may be reflected through the settlement of the next invoice. ERE requested from OSHEE company to document the information of each complaining customer, as well as the result of the handling of the complaint by OSHEE, both in case of its acceptance and in case of its rejection.

ERE, after conducting periodic monitoring, has submitted an official letter to OSHEE company the monitoring findings, requiring more correct implementation of the action plan.

During 2020, the action plan approved by the ERE shall be updated, to adapt the tasks and responsibilities according to the licensees area of activity. Currently for the unbundled companies, the Distribution System Operator and the Universal Service Provider.

- ***Shall work cooperating with the other stakeholders, to foster the investments at the electricity production plants from the renewable sources, such as photovoltaic plants, wind, biomass etc investments which bring a gradual diversification of electricity production and on the other hand shall cooperate with MIE to draft the legal and regulatory framework to attract them, as well as to lower the costs or their fair distribution to all customers***

After the approval of Order no. 3, dated 20.06.2019, of the Ministry of Infrastructure and Energy, "On approving the procedure to facilitate the authorisation for connection in the distribution system of the small renewable projects from the electricity self-producers from solar" as well as following the request of OSHEE company to define and approve the tariffs for the connection of the electricity self-production plants from solar, ERE with decision no. 152, dated 14.10.2019, decided to open the procedure for approving some additions and amendments at the "Regulation for new connections in the distribution system", approved with ERE Board decision no. 166 dated 10.10.2016 and amended with ERE Board decision no. 177 dated 08.11.2016, on defining and approving the tariffs for the connection of the electricity self production plants, for the approval of which it is opened the procedure and shall be taken into consideration from the system operators to be respected on each case the principles for the facilitating procedures provided on order no. 3/2019, of the Ministry of Infrastructure and Economy.

Furthermore, the new European Union Regulation, which shall be transposed soon even in energy treaty, emphasized and paid great attention to this category of customers/producers, increasing their rights at electricity market operation.

ERE Board with Decision no. 234, dated 20.12.2019 "On some additions and amendments at the "Regulation for new connections in the distribution system", approved with ERE Board decision no. 166, dated 10.10.2016, as amended with decision no. 177 dated 08.11.2016, on defining and approving the tariffs for the connection of electricity self-producers plants from solar", decided to approve the tariffs for the connection of the electricity self-producers plants from solar with installed capacity up to 500 kW.

OSHEE company submitted the request "To approve the proposal on defining the tariffs for the connection in the distribution network of small renewable projects for electricity self-producers from solar with total capacity up to 500 kWp", implementing the tasks deriving from Order no.3 dated 20.06.20019, of the Ministry of Infrastructure and Energy "On approving the procedure to facilitate the authorisation for the connection in the distribution system of small renewable projects for the electricity self-producers from solar".

The specific specifications that Instruction no. 3, dated 20.6.2019 "On approving the simplified authorization procedure for connection to the distribution system of small renewable projects for self-producers of electricity from solar", has given regarding the facilitated access for this category, relates to the fact that the rules for access of this category to the network, shall be similar with those for new connections, approved with decision no. 166, dated 10.10.2016, as amended with decision no.177 dated 08.11.2016 of the ERE Board. Regarding the proposed findings, with ERE Board decision no. 152, dated 14.10.2019, it was decided to open the procedure for the approval of some additions and changes to the "Regulation on new connections in the distribution system", approved by decision no. 166, dated 10.10.2016, amended with decision no. 177 dated 08.11.2016, on defining and approving the tariffs for the connection of self-production plants of electricity from solar with a total capacity up to 500kW".

With the completion of the consultation process with the stakeholders and the hearing sessions with OSHEE representatives and the stakeholders, ERE concluded that T1 Tariff (the tariff for the study and access to approve the project) shall be the same on the same value with the one defined on the "Regulation for new connections in the distribution system", approved with decision no. 166, dated 10.10.2016, as amended with ERE Board decision no. 177 dated 08.11.2016, according

to the respective voltage levels where it is realized the connection with the distribution system of the electricity self-producers from solar with total installed capacity up to 500 kWp.

T2 Tariff (Distance tariff) means the connection with the distribution system of the electricity self-producers from solar with total installed capacity up to 500 kWp shall be 0 ALL, as proposed by OSHEE company.

T3 Tariff (Power tariff) means the connection with the distribution system of the electricity self-producers from solar with total installed capacity up to 500 kWp shall be 0 ALL, as proposed by OSHEE company.

T4 Tariff (the Tariff for the services and realisation of new and mettering connections), shall be the same value with the one defined on the "Regulation for new connections in the distribution system'', approved with decision no. 166, dated 10.10.2016, as amended with ERE Board decision no. 177, dated 08.11.2016.

This tariff is composed of the elements as follows:

1) the tariff for network update ... 1500 ALL

2) administrative expenses ..... 1000 ALL

3) Tariff for initial verification / testing of meters - single-phase - three-phase where the tariff for initial verification / testing of meters shall be defined implementing the provisions of Article 77, point 8, of Law no. 43/2015 "On Power Sector", as amended.

OSHEE company has not submited proposals for T1, T2, T3, T4 tariffs in the case of power increase, connection modification or transfer, and in these conditions ERE considered fair that their respective value should be 0 ALL.

In the above decision no. 234, dated 20.12.2019, ERE also decided that in the conditions when it will be applied simultaneously for the new connection to the distribution network and connection for self-production photovoltaic plants with a total installed capacity up to 500 kWp (ex. Newly build construction equipped with electricity self-production plant from solar or a newly established business that has installed / plans to install a photovoltaic plant from the moment of designing / drafting the business plan), the T4 tariff shall be paid once.

Also ERE submitted an official letter to OSHEE company and to the TSO regarding the review of the Distribution Network Code and the Metering Code, to met the requests of the abovementioned instruction. MIE, TSO and OSHEE company expressed their opinions and their readiness to cooperate for the realization of the required amendments, informing that for the draft of the Network Code, the DSO will engage an experienced international consultancy to draft them. Regarding the Metering Code, MIE prepared the reference terms to take an international consultancy and are undertaken the steps for the held of the commission for reviewing the Metering Code.

Regarding the draft-methodology proposed by MIE "On defining the electricity price produced from small renewable resources from solar, with installed capacity up to 2 MWp", ERE submitted its assessments at MIE taking into consideration as follows:

- The Methodology shall handle the adjustment period of supporting these producers with "feed – in – tariff" periodically, depending on the real parameters that these producers will have during the construction and operation of the plants.
- Clarify how to use the state aid for the financial support that shall be given to these producers and if there will be such a one.
- The proposed methodology shall issue an analysis for the proposed tariff for the electricity self – producers.
- The proposed Draft- methodology shall define the criteria of calculating the electricity price produced from the wind sources with installed capacity up to 3 MW.

Given the steps undertaken to establish an electricity market, it might be more appropriate to calculate the feed-in tariff based on the market price corresponding to the same electricity generation profile (e.g. HUPEX / HUDEX or IBEX or SEEPEX) until the operation of the Albanian Power Exchange, plus an incentive bonus for these producers. Taking into account that this methodology is currently effective for electricity small producers from hydro resources, accourding to Council of Minister Decision no. 687 dated 22.11.2017, such a proposal shall serve even to promote the opening of the electricity market in our country.

- ***Shall cooperate with MIE to perform an assessment for managing the hydrological risk to manage the cost increase risks for electricity supply of the end use customers, because of the climatic conditions, as well as to consider the possibility of establishing a guarantee fund by KESH with the financial benefits derived during a good hydrological year, which can offset the financial risk of a bad hydrological year***

Regarding this task, ERE during the hearing sessions to review the relation between OSHEE/ the Universal Service Supplier (FSHU)/the Free Market Supplier and KESH company charged with the obligation to ensure the necessary energy amount for OSHEE/FSHU/FTL charged with universal supplier obligation, oriented KESH company to take the measures for establishing a guarantee fund that shall serve to compensate the financial risk for a bad hydrological year. Regarding the above mentioned, KESH informed that it shall propose to the General Assembly of the company the establishment of such a fund, as well as the way to manage it to ensure the reduce of the hydrological risk in a dry year.

ERE shall continue the communications with KESH company and with the Ministry of Infrastructure and Energy as the shareholder of KESH company, to fulfill such an obligation.

The amendments of the Council of Minister Decision no. 244/2016 with Council of Minister Decision no.883, dated 27.12.2019, enabled that even FTL company shall contribute to hydrological risk management to guarantee the electricity supply for the end use customers.

- ***To pay special attention, during 2019, to the implementation of the approved structure and the recruitment of a staff as professionally able to meet the challenges of the power and natural gas sector, the experience of the staff has a direct impact on increasing quality of work and operational independence of ERE***

After its approval, with ERE Board decision no. 52, dated 02.04.2019, of the ERE organisational chart following the approval from the Parliament of the Resolution on ERE activity during 2018, ERE, with Board decision no. 144, dated 30.09.2019, approved the internal regulation of ERE organization and operation, which defined the duties and responsibilities of the staff according to

the new approved organisational chart. Also ERE took the measures for its implementation and is working on drafting the code of ethics and conduct of the technical staff, as well as the follow up of the staff recruitment process according to the legislation in force.

To meet ERE organisational chart, during 2019 are taken the measures for the recruitment of the necessary staff in conformity with "Civil Servant Law" and are held the competitions for the work positions which shall be extended throughout 2020, to fulfill the mentioned obligation. Currently ERE organisational chart is completed by 50 employees, employed at their respective positions.

- ***Shall continue the work with the Regulatory Authorities of Italy and Greece to take the decisions and the issue of the respective secondary acts for TAP-AG project and the establish of the conditions to open natural gas market in our country, in conformity with directive 2009/73/EC and Regulation 715/2009 EC***

ERE, with decision no.95 dated 17.06.2019 approved "the Market Test guideline for Trans Adriatic Pipeline". The approved Guideline is connected with the principles mentioned on Final Joint Opinion, to the Capacity Allocation Mechanism for the Network Code, as well as the national effective legislation and does not submit unnecessary obstacles for the process that is provided for the construction of the increased capacity. The Market Test process is drafted in such a way to facilitate the cooperation with adjacent TSO, to ensure the coordinated development of the network avoiding the possible failures in the construction of cross border capacity.

Following the above and after the request of Albpetrol company for participation in the market test, ERE Board with decision no.149, dated 04.10.2019, showed its request to approve the application for the compliance of the non obligatory requirements of the capacity for the provided limited capacity in the framework of market test participation implementing the guideline for the market test of Trans Adriatic Pipeline (TAP AG), approved with ERE Board decision no.95/2019

Also, with Decision no. 236 dated 20.12.2019, ERE Board decided to open the procedure on approving the "Network transmission code of Natural Gas", this code shall be approved during 2020.

- ***Shall issue the its opinion for the Ministry of Infrastructure and Energy as well as the Ministry of Finance and Economy to find the approaches and solutions to settle the reciprocal obligations between the public operators of the power sector and take the measures to prevent their establishment in the future***

Above the duties defined for ERE which shall be followed and implemented during 2019, is the one regarding its advisory role to find solutions to settle the reciprocal obligations between the public operators in the power sector and taking the measures to prevent them in the future. While with Council of Minister Decision no. 253 dated 24.04.2019, it is approve the financial consolidation plan of the power sector, which oriented even regarding the measures that shall be taken by the public power sector operators, to reduce and full settlement of the obligations for OSHEE company debt to KESH company.

To take the measures for issuing an opinion by ERE, to enable the settlement of the above mentioned obligations, it is officially required information to the companies regarding these obligations, as well as the reconciliations between the parties, to access the time when these liabilities started to accumulate and the debt value accepted from the parties, a debt created from

the energy delivered by KESH company, for the supply of the end use customers from the Universal Service Supplier OSHEE company.

Responding to this request, KESH company informed that during 2019, the trading relationship with OSHEE company regarding the settlement of the current obligations for electricity sale-purchase has been correct and within the terms, not creating a new debt during this period. Regarding the arrears that OSHEE company has to KESH company pertaining 2011-2016 period, between the companies it is signed the Agreement no. 208 dated 06.04.2018 "To settle the arrears". OSHEE company paid the first installment on 2018 according to the schedule of this Agreement and the remaining part to KESH company for this time period is about 50.8 ALL.

KESH company obligation to OSHEE company for compensation for failure to realize the request for electricity for 2017 in about 5.2 billion ALL, an obligation deriving from Council of Minister Decision no. 244/2016, before its amendments by the end of 2017. One of the reasons for the amendment of this Council of Minister Decision was the elimination of the additional costs for electricity supply of the tariff customers, This obligation is recognized by KESH company during 2019, as the result of the invoice issued by OSHEE company on March 2018. OSHEE company failed to pay during 2018 part of the current obligation for electricity purchase of tariff customers and the losses in the total value of about 2.8 billion ALL, with the justification of the financial difficulties that the company had and then because of the claim that the compensation to KESH company. During September 2019 for OSHEE company is issued an invoice for the value of the penalties for the payment delays for 2015 reaching 2.1 billion ALL amount.

Despite of the obligations for electricity, OSHEE company shall pay to KESH company even for the long-term loans for the unpaid installments throughout the years, implementing the Agreement signed on 10 March 2019 "The agreement of repaying the long term installments" between the Albanian Power Coorporation (KESH company) and the Distribution System Operator (OSSH company) today OSHEE company which contains Annex 1 where according to the schedules of each transferred installment, are defined the principles and interests values that shall be paid on respective periods.

Being that the arrears of OSHEE company for electricity are scheduled for payment, from the fact that there exist mutual obligations KESH company - OSHEE company - Ministry of Finance and Economy, KESH proposes that the most suitable way is the triple negotiation for long-term loans. The trading agreement between KESH and TSO companies is improved during 2019, regarding the payments executed by TSO company, mainly for ancillary services invoices and for the electricity purchased for the losses in the transmission network, settling the arrears accumulated until December 2018 for these items. For the electricity purchased by the TSO for the imbalances and for the balancing service, the obligations reaching the highest value of the total debt from this company are not executed payments to KESH company accumulating the obligations for the two items from 2016, in the 4.2 billion ALL value.

During the year, between KESH and TSO companies are performed monthly investigations for the same items of the imbalance and balance service invoices.

Also in this framework, with World Bank financing, at the Ministry of Infrastructure and Energy are developed the procedures to receive consultations to find solutions for settling the debt or take the measures to prevent them in the future. ERE closely cooperated with the Ministry of Infrastructure and Energy to draft the terms of reference and expressed its readiness to participate

in the Steering Committee that shall review the proposals of the consultant and shall submit them to the stakeholders like the Ministry of Economy and Finance, the Council of Ministers, the General Taxes Directory etc.

- ***To work in drafting a strategy for critical infrastructures in power sector, in conformity with EU directive "On the safety of the system and the information systems" including in the list of these infrastructures even the infrastructures of the public generation company or the private generation plants, which may have an impact on territorial safety***

Following this obligation let by the resolution ERE submitted to KESH, OSHEE and TSO companies the official letter protocol no. 495, dated 30.07.2019, on which it is brought on the attention of the Operators that on July 2016, EU approved Directive no. 2016/1148 "On System Safety and Information Systems" (NIS) differently recognized as Directive on Cyber security. Being that the implementation of this directive is of a special importance for Energy Community Treaty of South East Europe Countries, part of which is even Albania, by Energy Community Secretariat, even by USAID, with the support of NARUC, with the regional regulators and operators are established the working groups for the collection of information regarding the taken measures to implement this directive. ERE set up a working group for the preparation of the cyber security infrastructures and also a questionnaire submitted to the power and natural gas sector companies, part of the critical infrastructure to monitor and observe the current situation of the knowledge and the measures taken by the operators to prevent the cyber security interventions or the necessary investments made for this purpose.

On this aspect it is asked information to the companies regarding the implementation of the obligations deriving from this directive for the safety of information systems and to preserve the confidential data of the customers.

KESH company informed that the digitalization process is a necessary component part, to realize the production, trade and maintenance also for the technical administration part. On this framework the company set up and operates some information systems, which deal with the financial management, the human resources, administrative documentation, production monitoring as well as other hydro meteorological factors of the hydro data etc.

As follows, TSO company has indicated that it has been focused and taken the important measures to strengthen the cyber security situation, which lead to the elimination of the risks effects for National Security. Also the company indicated that it is in the process of reviewing the rules and procedures that must be followed during the draft, installation and operation of systems, networks or platforms used in order to guarantee:

a) safety, integrity and maintenance of the information systems operations and technological platforms;
b) the set up of cyber security protection system for the critical infrastructure identified by AKCESK and other information platforms important to be used;
c) the set up of a framework with joint comprehensive approach regarding the management of the safety risk and (framework) “Business Continuity and Disaster Recovery Planning”.

OSHEE company informed that referring to law no 2/2017 "On Cyber security and Council of Minister Decision no. 222 dated 26.04.2018 "On approving the list for the critical information

infrastructure and the list of important information infrastructures" and considering that SCADA system implemented at OSHEE company is component part of the information critical infrastructure, are taken the measures to define the contact point with the National Authority for the Electronic Certification of Cyber Security, where it is currently realized the cooperation on the access of the "Management system to report the incidents of cyber security" to report the incidents and spread information and notification for vulnerability or the possible threatens from the contact point occurred in the SCADA system infrastructure of OSHEE company.

In cooperation with the national agency AKCESK and National Agency of Information are taken the safety measures based on the directives for European Union Agency for Cyber Security (ENISA) and the national level assistance in case of attacks and incidents in the field of cyber security for the SCADA system, implemented to OSHEE company.

SCADA System is based on European standards ISO/IEC 27001, ISO/IEC 20000-1. These cyber security policies are implemented at SCADA system, regarding the Data Center safety, physical and cyber security access, security of the dispatch center and backup system, as well as the safety to receive the data from the substations based on the standardized communication protocol for the SCADA system. The implementation of the safety policies for the data transmission devices, providing a closed and secure transmission network, defining the access approach from the third parties in case of providing technical support are on the company focus. Are taken the measures on the implementation of the central operation system SCADA at OSHEE company based on the international certifications and standards.

As follows the companies provided the completed questionnaires regarding the required information. On this condition, ERE Board with Decision no. 235 dated 20.12.2019, opened the procedure to approve the "Strategy for the critical infrastructure on Power Sector", decision that is published on ERE official website and is sent to the stakeholders for opinion.

Currently are taken the comments from the parties and the foreign consultants and the strategy is at the approval phase by ERE.

- ***To carry out assessments for the proposals submitted by OSHEE company after the termination of the "Study to access the electricity losses in the connection treaty from the generation unit to the connection point with the OSHEE company network" regarding the OSHEE losses from the connection point of electricity producers***

ERE is officially addressed to OSHEE company regarding the realization of the study to access the electricity losses in the connection treaty from the generation unit to the connection point with OSHEE network and required that OSHEE company shall take serious actions to terminate the above mentioned study and to submit at ERE the concrete proposals regarding the avoidance of the observed issues, to settle them in the future, providing its cooperation.

The company delivered part of the losses study in the distribution network, but during the communications and the hearing sessions with the company, to the last one mentioned ERE required to submit detailed studies regarding the technical-economic feasibility, in such a way that the investment costs to lower the losses in the network to be on the lowest cost possible, to avoid the increase of the tariffs for the end use customers, as well as operation costs in the network. The process of reducing the costs in the network by OSHEE company to reach the targets set by the

government, shall be part of the continuous attention of ERE and the periodic report at the parliament implementing the tasks of the Assembly Resolution.

- ***Shall require from OSHEE company, to postpone the terms defined on the regulation "For the Standard Quality of Service Criteria of the Electricity Distribution Service" a postponement on which OSHEE required an escalated application to approve the permitted level of standard performance criteria on different areas, respecting that during this postponement period the company shall submit at ERE a detailed study on the escalation to realize the required parameters according to the above mentioned areas and imposing the indicators to monitor them***

With decision no. 181 dated 10.11.2017, ERE Board decided to approve the regulation on the "Standard quality of service criteria of the electricity distribution service".

Following this decision, with the request of OSHEE company and as the result of the inability to fulfill the requirements of this regulation within the terms that it defines, regarding the realization of the necessary investments, ERE Board with decision no. 271 dated 21.12.2018, decided to postpone the terms defined on the regulation for the "Standard quality of service criteria of the electricity distribution system".

OSHEE company with the official letter Protocol no. 13173, dated 14.06.2019, responding to ERE official letter Protocol no. 400 dated 13.06.2019, by which it notified the company the termination of the terms, submitted the table for the "Standard quality of service criteria for the electricity distribution service" completed by OSHEE company, the analysis of the performance indicators in the distribution network for 2018, as well as the realization of the indicators for 2017-2018.

Following the requests of OSHEE company, ERE with Board decision no. 104, dated 26.06.2019, and lastly with Decision no. 175 dated 14.11.2019, decided to approve the request of OSHEE company to postpone the terms defined on the regulation regarding the permitted level of the standard quality of service criteria of the electricity distribution service, until on 01.01.2021.

- ***Shall define concrete terms for OSHEE company regarding the set into operation as soon as possible of the new invoicing system, at least in some pilot projects identified by OSHEE itself, which facilitates the electricity meter reading and establishes new opportunities and options, including the periodical reading for several months, as well as the termination of the consultations with the stakeholders, where the technical conditions of the company permit it, to ensure the inclusion in the standard contract for 2019 of this reading approach of the metering system.***

ERE required from OSHEE company information regarding the undertaken measures and the analysis performed to set into operation the reading system as well as the analysis on the effects of such a system to the invoicing and reading regarding the financial efficiency of the company, increase of the efficiency of service and transparency to the electricity customers, the expected effects to lower the number of debtors or collected accounts, as well as the arguments why it is required this invoicing approach. OSHEE company with the official letter protocol no 21695/1 dated 31.10.2019, submitted at ERE a presentation regarding the results of several months reading performed in the form of simulation at one of its substations, from whom are supplied 20 000 customers.

The tested reading without effects (only in the system) was for 3 months and is taken as reference the reading of January-September 2019. By the end of the simulation for a 9 months period, it results that the reading with reference value according to ERE Board Decision no. 104 dated 23.06.2016 "On defining the methodology for the reference values if the metering data are temporarily unavailable and inaccessible", as well as abrogating ERE decisions no. 49, dated 21.10.2004 and no.146, dated 24.12.2003", is closer to the factual reading even after the correction of the invoices it results with an mettered electricity amount bigger than the factual 9-months with the system.

However, ERE identified some issues that may arise if this pilot project shall initiate to be implemented and will coordinate the work with companies regarding the clarification of:

- a technical – economic analysis where the companies shall clearly submit the benefits that this way of reading and invoicing shall bring, for each of the companies (cost reduction, efficiency and accuracy of the process); the issues that may arise from this process and their prevention, the expectations regarding the improvement of transparency to the customers as well as the expected effects regarding the reduce of the debtor number and improvement of the collected accounts;
- accurate identification of the customers that shall be included in the project, taking into account that on the areas where it is provided to be implemented the pilot project shall be technically updated and shall be not problematic areas regarding the collection of the electricity invoices;
- the form to reflect the power balance and reconciliation with other participants of the market that are affected by this project;
- draft of a questionaire to be carried out on the areas where it is provided to be implemented the project where are evidenced the rights and obligations to the parties (the providers of the service and the customer), as well as the opinion regarding this project.

- ***Shall require from OSHEE company that in a short term period to enable the connection with the distribution network of photovoltaic plants in buildings, the promotion to use electricity from the renewable sources is a priority defined in the relevant law***

After the approval of Ministry of Infrastructure and Energy Order no. 3 dated 20.06.2019, "On approving the procedure to facilitate the authorisation for the connection in the distribution system of the small renewable projects for the electricity self producers from solar" as well as following the request of OSHEE company for defining and approving the tariffs for the connection of the electricity self-production plants from solar, ERE with decision no. 152 dated 14.10.2019, decided to open the procedure on approving some amendments and additions on the "Regulation for new connections in the distribution system", approved with ERE Board decision no. 166, dated 10.10.2016, as amended with decision no. 177 dated 08.11.2016, on defining and approving the tariffs for the connection of self production electricity plants from solar with total capacity up to 500kW.

ERE Board with decision no. 234, dated 20.12.2019 "On some additions and amendments on the "Regulation for new connections in the distribution system", approved with decision no. 166, dated 10.10.2016, as amended with decision no. 177, dated 08.11.2016, on defining and approving the tariffs for the connection of the self production electricity plants from solar", decided to approve

the tariffs for the connection of self production electricity plants from solar with total capacity up to 500kW.

There are also submitted the opinions and it is coordinated with OSHEE company, to prepare and complete the guidelines, as well as the secondary acts, for the connection and operation of these plants, encouraging and asking from the system operators the proposals for the amendment of the network and metering code for the integration of these plants. On this aspect, from MIE it is required and agreed the establishment of the Code Commission, according to the Metering Code for which ERE is engaged to take part actively.

- ***To continue the work regarding consumer protection through the powers issued by the Law, failure to comply with deadlines for relevant services, arbitrary and irresponsible behavior towards customers continue to remain a problem despite the reduction in the number of complaints to the ERE. OSHEE shall provide a new approach to customer care service***

As reported above, following the monitorings carried out at OSHEE company, but even to analyse the progress of the complaints handling addressed through ERE by the electricity customers of OSHEE company, it results that the work has improved in this aspect. It is increased the quality of customer service and is being done a good job in respecting the terms for finding solutions or responses to electricity customers regarding their requests and complaints.

During the monitoring in the framework of the termination of 2019, were submitted the data of the questionaire regarding the quality of service to the customer. The questionaire relates with the implementation of the distribution network quality regulation and respectively the subjects as follows;

- ✓ the voltage level and network safety
- ✓ interruptions and returns of electricity
- ✓ provision of the network and quality of reading
- ✓ the service customer counter

From the submitted data it results that from 781 of the surveys conducted at 61 Customer Care Centers, each of the indicators exceeds 75% of the positive assessment. According to the above mentioned, it is observed even from the data of the survey handled by ERE, regarding to the quality of service provided to the customers.

However, ERE monitorings shall continue periodically, to follow up the improve of the service quality regarding the settle of the complaints, ascelleration of the terms etc.

Meanwhile, it is working to draft a joint OSHEE - ERE platform to monitor the progress of complaints / requests, as well as their real-time monitoring by the ERE, for which there was USAID commitment to enable its financing.

- ***Shall require from OSHEE company the cancellation of the electricity customers invoices, which are invoiced under "unmeasured electricity" and "economic damage" during October 2008 – April 2011 period. Even with ERE decision the problem remains unsettled***

From OSHEE company monitoring to implement ERE Board decision regarding the cancellation of the electricity customer's invoices, under "economic damage" and "unmeasured electricity" for 2008-2011 period, shall be emphasised that, as it results from the summarised statement of the complaints made available by OSHEE company, during the monitorings executed by ERE, a large part of these systems are made for cases for which it is filed a complaint during 2011 – 2018 period.

ERE submitted to OSHEE company the official letter protocol no. 444, dated 10.07.2019, the request for information regarding the electricity customer's complaint, which are invoiced under "unmeasured electricity" and "economic damage" by the end of October 2008 – April 2011 period, requiring an assessment for the status and the number of the customer's contracts which have submitted a complaint at OSHEE for "economic damage" or "unmeasured electricity". From OSHEE company data and ERE verifications it results that a considerable part of these complaints are handled and are settled. The remaining part of this type of complaints shall continue to be handled by ERE, in cooperation with the respective structure of the company. Shall be emphasised that from 2019 data, the number of the complaints for "economic damage" or "unmeasured electricity" significantly decreased, which is reflected even on the complaints submitted at ERE by the electricity customers.

- ***In cooperation with OSHEE company and the responsible institutions shall support the proposals to give a solution for the electricity cabins issue, 51.3% of which are not on OSHEE company ownership, as well as of some electricity distribution networks on private ownership, establishing obstacles for the right to intervene and perform the financial expenses by OSHEE if needed, as well as to give an opinion if necessary for the amendments in the legislation to settle this issue in the future.***

Regarding the above mentioned, ERE required information from OSHEE company regarding the taken measures to handle the electricity cabins issue in the ownership of the third parties, that constitute 47% of the electricity cabins inventory connected in the distribution system according to OSHEE company. Until now there is no concrete proposal from the interested parties regarding this issue and OSHEE company has not proposed yet the possible solutions. ERE is ready to cooperate with OSHEE company and the interested parties to find a solution to settle this issue and expressed its readiness in any official communication with OSHEE company and MIE.

Shall be emphasised that due to the large number of electricity cabins, the long time of this issue, to find a satisfactory solution for the parties is extremely difficult, taking in consideration that there shall be affected the rights which are regulated by the Civil Code, above which any ERE decision or amendment on the sector law shall be impossible, so the solution shall be found by DSO and the affected parties that perform these investments and own these assets. ERE is ready for the consultation with the parties to find a solution for this issue and to initiate a consultation process of the parties.

7. ERE ACTIVITY IN DRAFTING THE SECONDARY LEGISLATION AND THE OTHER LEGAL AMENDMENTS DURING 2019

7.1 The draft, review and approval of the by-legal acts of power and natural gas sector within their adoption with Law no.43/2015 "On Power Sector", as amended and Law no.102/2015 "On Natural Gas Sector", as amended.

An important part of ERE activity is the draft of the secondary legislation, composing the regulatory framework of power and natural gas sector. This framework has been completed by the ERE in a considerable part and is currently still in the process of elaboration of important acts implementing Law no. 43/2015, "On Power Sector", which during 2018 has undergone some amendments, but also Law 102/2015 "On Natural Gas Sector", amended by Laws no.64 and no.89 of 2018.

ERE has undergone the necessary steps to establish to the third parties the opportunity to be informed with the content of the documents, the opportunity to be consulted and to hear the stakeholders by sending different opinions and comments, or by holding hearing sessions in the presence of the parties that showed interest for the documents in the elaboration process by ERE. Any document, in drafting or review process, is published on ERE website to ensure the access opportunity in the decision process for anyone interested on these practices. At the finalisation of these public consultation processes even with the interested parties, ERE is expressed with a decision, which express not only the completion of the legal provisions, but also the practical attitude of the stakeholders. The decision meetings are open even for the public.

During 2019, ERE marks some important decisions regarding the review of the secondary acts of Power and Natural Gas Sector within their adoption with Law no. 43/2015 "On Power Sector" and Law no. 102/2015 "On Natural Gas Sector", as amended.

As follows are mentioned some of the important decisions regarding the draft of these acts explained above:

ERE DECISIONS DURING 2019

1. Decision no. 58, dated 15.04.2019 "On approving some amendments on the agreement for ensuring the electricity distribution service between the electricity distribution operator (OSHEE) company and the supplier".

These amendments affected some provisions of the agreement for ensuring the distribution service, mainly related with the notification terms, or new provisions regarding electricity distribution service obligations to the supplier, in case of failure to respect the conditions of the agreement. The amended terms with the abovementioned decision are extended regarding the notification time of the supplier by OSHEE company in case of interruption because of the technical interventions in the network. There are also completed with new provisions the modalities and terms of notifying the supplier by OSHEE in case of maintenance works, guaranteeing to the Supplier a better coordination of the works in the conditions of inability of supply during the performance of the maintenance works. By this updated document are completed the resposnibilities of the supplier in report with the obligations to maintain the

relationship with the customer as well as the terms to notify this last one mentioned on the interruption of electricity.

2. **Decision no. 84 dated 31.05.2019 "On approving the "Contract for ensuring the balancing service (Reserve capacity and the balancing energy) of the power system for 01.01.2019-31.12.2019 period between TSO and KESH companies.**

   Implementing the provisions of article 20, letter h) of Law no. 43/2015 "On Power Sector" as amended, ERE approves the standard contracts for the regulated services, provided by the market participants, charged with public service obligation. Despite of the above, it is effective the Transitional Balancing Mechanism, at the same time the only Genenrator which fulfills the technical criteria according to TSO company declarations to provide the ancillary services is the Producer charged with public service obligiation KESH company. On the conditions where Council of Minister Decision no.244/2016, of KESH company charged with public service obligation, it is important for ERE to regulate this relation. ERE on 2019, approved after the consultations with the stakeholders and the Competition Authority, the contract agreed between the parties evidencing and deciding for some amendments on the contract agreed before between the parties to reflect the provisions of the effective legislation. These amendments relate mainly with the Price negotiated between the parties to ensure the Reserve capacity of Frequency Restoration regarding the rise/fall, the Price to ensure the Substitute Reserve capacity as well as the Price to provide that the balancing energy to be calculated according to a mechanism defined on articke 11 of the "Transitional Rules for the Electricity Balancing Mechanism" approved with ERE Board Decision no. 193, dated 24.11.2017.

3. **Decision no. 85 dated 31.05.2019 "On approving "Threshold for the classification of the new generators in the system, type A, B, C and D, according to ERE Board Decision no. 129, dated 04.06.2018, "On approving the Network Code on the requirements for connection in the generators network".**

   Following ERE approval of the "Network Code on the Requirements for the Connection with the Network of the Generators, with Board Decision no. 129, dated 04.06.2018, TSO proposed at ERE its approval, to define the maximum capacity thresholds for the generating modules of type A, B, C and D. This act, is consulted with the stakeholders, the Ministry of Infrastructure and Energy (MIE), the National Agency of Natyral Resources (AKBN), KESH company, Politechnic Tirana University, producers and generators associations. This by-legal act serves to compete the bylegal and technical framework for the classification of the generators connected in the respective networks based on their installed capacity and the voltage level of the connection point. This bylegal act is approved as a transposition of the codes and practices harmonized with ENTSO – E. The process of classifying the generators and the definition of threshold level aims to balance the need of TSO and OSHEE companies, to guarantee and manage secure and strong systems, to the set of a proportional supporting level obligatory for the generators connected in the transmission and distribution system.

4. **Decision no. 203 dated 12.12.2019 "On approving the rules to monitor the Electricity market"**

The Regulation to monitor the electricity market defines a set of principles, guidelines and forms to general report which help in realizing the monitoring of the electricity market. The electricity market developments are dynamic and thus are needed rules and standartizations to exercise the monitoring process by ERE. The rules to monitor the electricity define in details the approach and the procedures that shall be followed by ERE to monitor the operation of the Electricity Market as well as the activities defined by the Transmission and Distribution Operators for the operation of the Electricity market in Albania. These rules shall enable ERE that by monitoring and controlling the operation of the electricity market to increase the efficiency, competition and transparency of the electricity market as well as identify the irregularities or shortcomings in this market. These rules shall enable the electricity market participants to have more accurate information on the issues and the approach how the electricity market monitoring process shall be carried out. The approval of these rules is a supplementary guarantee for electricity market participants which guarantee equal and non-discriminatory handling of electricity market participants during the electricity market monitoring process.

5. ERE Board Decision no. 215, dated 20.12.2019, approved the review of the *"Regulation on the procedures and terms of license issue, modification, transferring, renewal or removal on the power sector.*

To reflect the additions and amendments approved with Law no. 7/2018 "On Power Sector" regarding the activity of the Market Operator as well as the establishment of the Organized Electricity Market (Albanian Power Exchange), ERE during 2019 according to articles 16 and 39 of Law 43/2015 "On Power Sector" as amended, articles 15 and 26 of the "Rules on ERE organization, operation and procedures" approved with ERE Board Decision no. 96, dated 17.06.2016, as well as article 21 of the "Regulation on the procedures and terms of license issue, modification, transfering, renewal or license removal on power sector" approved with ERE Board Decision 20.12.2019, approved the review of the "Regulation on the procedures and terms for license issue, modification, transfering, renewal or license removal on Power Sector".

On this regulation are also included the provisions of point 8 of Council of Minister Decision no. 519, dated 13.07.2016, "On approving the electricity market model" as amended.

Implementing this regulation during ERE daily work, it was judged necessary its review in the framework of improving some terms, conditions or deadlines that this regulation defines as well as its adoption with the provisions that brought the amendments on Power Sector Law.

The innovations that brought the amendments on the licensing regulation are as follows:

- Mutual recognition of licenses, was done in consultation with the Energy Community Secretariat and the stakeholders in the country, in the framework of cooperation between the countries of the region, to mutually recognize as far as permited by the effective legislation, the licenses between ERE and the relevant regulatory authority in electricity trading and supply activities. This recognition is made on the basis of bilateral Agreements between the Contracting Parties of the Energy Community / a Member State of the European Union, or another country with which it is signed a bilateral agreement.
- The requests for technical-economic documentation of this regulation regarding the approval of the Dam project of the National Dams Committee (in cases of dam objects); being that

some of the HPP-s licensed by ERE are with Dam, it became necessary to be added on this regulation in conformity with Law no. 8681, dated 02.11.2000 "On the design, construction, utilisation and maintenance of dams and damps" as well as Council of Minister Decision no. 147, dated 18.03.2004 "On the approval of the regulation for safety of the dams and damps" approval of the dam project from the National Council of Big Dams for the permission to set into power for the first time of the facilities dam. This new provision in the regulation shall not permit unwanted cases that occured until today, of failure to implement the law for the dams. This proposal which was welcomed by stakeholders and reflected in the regulation came following correspondence with the National Council of Big Dams.

6. **Decision no. 214 dated 20.12.2019 "On the request of OSHEE company for an amendment on the "Regulation on the electricity purchase procedures to cover the losses in the distribution and transmission networks and for electricity purchase to to ensure public service obligations"**

With this decision ERE is responded to the request of OSHEE company to amend the provisions of the purchase regulation regarding the payment deadlines of this last one mentioned for the traders. Such a decision by ERE, came after the revision of OSHEE company proposal, the comments of the stakeholders and was reached the conclusion that the amendment of the payment deadlines for the traders is not fundamentaly related with the concept of regulating the procedure. The Law on itself closely provides the main obligation of defining the procedures, with which will be executed the transactions for which this regulation was drafted. On the other hand the amendments on this act does not cease the principles of equal, transparent and non discriminatory treatment of the traders and these principles shall be protected and guaranteed for the time the procedure, terms and conditions of electricity procurement for the market participants charged with public service obligation from the traders in the irregulated market are the same and transparent.

7. **Decision no. 234, dated 20.12.2019 "On some additions and amendments on the Regulation for new connections in the distribution system", approved with ERE Board Decision no. 177 dated 08.11.2016, on defining and approving the tariffs for the connection of self-production plants of electricity from solar".**

OSHEE company, submitted at ERE the proposals for approving the abovementioned tariffs, implementing the duties of the Ministry of Infrastructure and Energy Order no. 3 dated 20.06.2019, "On approving the procedure to facilitate the authorisation for the connection in the distribution system of small renewable projects for the electricity self-producers from solar". The specific specifications that the order issued regarding the facilitated acces for this category, the rules for the access of this category in the network shall be similar with those for new connections approved with ERE Board Decision no. 166 dated 10.10.2016. From the analysis of the proposed tariffs from OSHEE, for the connection of the electricity self-production plants from solar, there was observed that they have the same naming and content as those approved with the "Regulation for the new connections in the distribution system approved with Decision no. 166, dated 10.10.2016, as amended.

On these conditions by OSHEE company it was missing a detailed analysis of the costs, on the basis of which were calculated the proposed tariffs. ERE concluded with the approval as follows:

Household customers – T1= 1000 ALL
Non household customers in low voltage – T1= 5000 ALL
Customers connected in medium voltage 6/10/20/35 kV – T1= 23000 ALL¨

For additional capacity, connection modification, connection transfering – T1= 0 ALL
T2- distance tariff = 0 lekë
T3- power tariff = 0 lekë
T4 – services tariff for the realisation of new and mettering connections which is constituted from these components:
1) the tariff to update the network ..... 1500 All¨
2) adminitrative expenses .....1000 ALL¨

8. Decision no. 10 dated 24.01.2019 "On approving some additions and amendments on the "Regulation for switching the electricity supplier approved with ERE Board Decision no. 113, dated 08.07.2016".

The additions and amendments bring a new concept to the regulation by placing more guarantee in case customers that have signed long term agreements for the settlement of the arrears for the electricity consumed by the current supplier, before switching to the new supplier. This serves to create the possibility that even if in a second time, these customers will avoid from the obligations with the Previous Supplier, the latter reserves the right to interrupt their electricity supply even though there are switched the suppliers.

9. Decision no. 100 dated 21.06.2019 on approving the "Regulation on defining the standard and minimum criteria of the service quality and the supply of natural gas networks".

This regulation defines the standard and minimum criteria of the service quality and the supply of natural gas networks to the end use customer and shall be implemented from the Transmission System Operator (TSO –G), the Distribution System Operator (DSO – G), the Suppliers responsible for Public Service Obligation in conformity with article 89, of Law no. 102/2015, "On Natural Gas Sector" as well as any other supplier of natural gas.

10. Decision no. 122, dated, 29.07.2019 , "On approving the draft contract between KESH company and OSHEE/OSSH company, for the excessive electricity sale-purchase, resulting after the comply of the Customer's request benefiting from the Universal Service to cover the losses in the Distribution network for the 01.01.2019- 31.12.2019 time period".

This contract defines the main obligations of the parties, the price that shall be applied, the invoicing and the payment settlement approaches. The approval of these contracts comes as an obligation of the provisions of article 20 letter h) of Law no. 43/2015 "On Power Sector" as well as the obligation of article 5 of Council of Minister Decision no. 244, dated 30.03.2016, "On approving the conditions for setting the public service obligation, that shall be implemented to the licensee on power sector, which exercise the electricity production, transmission, distribution and electricity supply" as amended.

11. Decision no. 213 dated 20.12.2019 "On approving the agreement for cooperation between ERE and ZRRE Kosovo"

The agreement aims to take advantage of strengthening the action through bilateral co-operation. The parties especially see this agreement as an opportunity to concentrate their

mutual attempts on developing a sustainable regulatory structure in power and natural gas sectors in regional and bilateral level. The cooperation Agreement is seen as a framework for developing long term cooperation and exchange of information regarding equality, reciprocity and mutual benefits.

12. **Decision no. 43 dated 15.03.2019 "On approving the proposal of all TSO-s for a methodology to provide the generation and load data in conformity with article 16 of the EU Commission Regulation 2015/1222 dated 24 July 2015 for the establishment of a guideline on capacities allocation and congestion management".**

    This document clarifies the requests regarding the submission of the generation and loading data, necessary to establish a mutual model by which shall be on European level the security analysis to allocate the capacities and manage the congestions.

13. **Decision no. 103 dated 26.06.2019 "On approving the tranposition regulation 2017/459 approved with Decision no. 2018/06/phgl-enc "On the establishment of the network code for the capacities allocation mechanisms in natural gas transmission systems".**

    This draft is adopted in the framework of the provisions of Law no. 102/2015 "On Natural Gas Sector" as well as the provisions of Decision no. 2018/06/PHLG-EnC dated 28.11.2018 of the Permanent High Level Group of Energy Community issuing orientations regarding the capacities allocation mechanisms in natural gas transmission systems. Refering to Energy Community Secretariat Decisions PHLG- ENC, this code shall be obligatory for all market participants. The transposition shall be without amending the structure of the Europian Union Regulation no. 2017/460, despite the translation and adoption made according to this decision.

14. **Decision no. 116, dated, 22.07.2019 , "On approving the proposal of all TSO-s for a joint network methodology in conformity with article 17 of the EU Commission Regulation 2012/1222 dated 24 July 2015, that defines a guideline on capacities allocation and congestion management".**

    This document brings the specific requirements on the individual network model, the schenarios, the joint network model, the quality parameters of the Individual Network Model and the Joint Network Model, the main blocks of the model, the process of merging individual models, the expected impact on the objectives of the EU Commission Regulation 2015/1222 dated 24 July 2015 and takes into consideration the operational security, optimisation in calculating and distributing cross-zonal capacity ensuring equal and non-discriminatory handling of the market participants as well as increasing transparency and reliability of information.

15. **Decision no. 230 dated 20.12.2019 "On approving te contract for the natural gas transmission service, signed between Albgaz and Albpetrol companies for 2019".**

    This contract regulates all the agreement for natural gas transmission service between the parties including, but without being limited to the programme, normation, delivery, and acceptance of natural gas for 01.01.2019-31.12.2019 time period.

16. **Decision no. 232 dated 20.12.2019 "On approving the Methodology for calculating the economic damage reimbursement from the system operator, as consequence of the illegal interventions in the distribution system".**

The purpose of this regulation is to define the methodology for calculating the economic damage caused to the Distribution System Operator (DSO) from the illegal interventions in the metering system and the electricity distribution network from the network users connected in the distribution system as well as the procedures that shall be followed by the DSO to observe and set the economic damage, which shall enable the minimisation of non-technical losses in the electricity distribution network.

17. Decision no. 144, dated 30.09.2019 "On approving the internal regulation for ERE organization and operation".

The purpose of this regulation is to define the rights and obligations of any organisational structure in a detailed way, the duties and rights of each position of these structures composed of experienced specialists according to the directory profile. An important aspect of this regulation content is the inclusion of the provisions regarding the conflict of interest, the identification and registration of the private interests of the employee in case of conflic case by case of each conflict of interest etc.

Secondary – legislation for which ERE opened the procedure and is in consultation process with the interested parties are:

1. "On approving the Albanian Market Rules on electricity balancing";
2. "On approving some additions and amendments on ERE Board Decision no. 190, dated 23.11.2017 "On approving the regulation to define the regulatory tariffs for the licensees on power sector";
3. On approving the criteria to grant derogations according to the Requirements for the connection of the Generating Modules";
4. "On approving the regulation for the electricity ancillary services";
5. "On approving the natural gas transmission network Code"**;**
6. "On approving the strategy for critical infrastructures on power sector";
7. "On approving the Regulation for the load standartized profiles".

During 2020 ERE shall continue the work to approve and update the secondary legislation approved implementing Law no. 43/2015 "On Power Sector", as amended and Law no. 102/2015 "On Natural Gas Sector" as amended as well as Law no. 7/2017 "On the promotion of the use of energy from the renewable resources". Among this secondary legislation in process shall be mentioned the Albanian Market Rules for Electricity Balancing. ERE shall continue the communication, the incentives and cooperation with the network Operators to draft and review the metering and distribution Code which shall be as a proposal to ERE from the licensees for these services. Above all in the next year a special attention shall be to the approval of the Regulation for selecting the Supplier of Last Resort. This necessary step even in the framework of electricity market liberalisation and opening in our country, enabling the competition of different suppliers to provide this important service.

On the same time ERE shall continue the work to approve the regulatory framework on natural gas sector to open the way for the operators of this sector to regulate the operation conditions.

7.2 Court processes on which ERE has been a party during 2019

7.2.1 ERE as a as a respondent party in court processes.

ERE has been a defendant party in 3 court processes during 2019.

1. **Administrative Court Tirana**, case No. 5731, dated 16.12.2019, parties: Plaintiff: Albtek Energy company; defendant: the Energy Regulatory Authority (ERE) Third party: the Ministry of Infrastructure and Energy; Object: The obligation of Energy Regulatory Authority to define the electricity sale price issued on the network, to Albtek Energy company, from the issue in the market of this energy.
2. **Administrative Court Tirana**, administrative case no. 5858, dated 30.12.2019, parties: Plaintiff: "Wonder" company; Defendant: Energy Regulatory Authority (ERE); Third Party: the Ministry of Infrastructure and Energy (MIE), the Ministry of Agriculture and Rural Development (MBZHR), "Energo-Sas" company; Object: Abrogation as illegal of ERE Board Decision no. 171, dated 07.11.2019. Recognition of the right of the plaintiff to be equipped with license for the electricity generation activity regarding Sasaj hydropower plant.The obligation of the ERE to equip the plaintiff with the respective license.
3. **Elbasan District Court**, civil case no. 1881, parties: Manushaqe Elezi (the legal successor) , Plaintiff : Luljeta Hysolli; the Energy Regulatory Authority and the Ministry of Infrastructure and Energy, Agim Elezi ; "Amal "company, object: *absolute invalidity of the contract*

7.2.2 ERE as a Third Party in the court processes within the implementation of legal competences.

During 2019, ERE is called as a third party in 5 legal processes:

1. **Tirana District Court**, civil case: Plaintiff OSHEE company, defendant: TSO company, third Party ERE, IRTS; object: Obligation of the of the Plaintiff to compensate the caused damage of about *4,578,245* ALL, as consequence of the inaction to interrupt the electricity supply illegaly of " Ionian Refining & Trading Company" (IRTC) company. The legal overdue payment according to the average interest rate of the monthly deposits in ALL for the Bank of Albania bank system for the amount 4,578,245 ALL calculated from the day of submitting this complaint request at the court to the day of executing this decision. The obligation of the Plaintiff to pay the court expenses .
2. **Tirana Administrative Court**, administrative case no. 4206, dated 06.11.2019: Plaintiff: citizen: Artan Rama; Defendant: OSHEE company; Third person: Energy Regulator Authority (ERE); Object: Obligation of the defendant the OSHEE company, to give to the defendant the information if "Albtek Energy" company, produces electricity and if the produced energy is related to the distribution network. Compensation for non-pecuniary damage in about 300.000 ALL; Issue the decision for transitional execution regarding the search in point 1 of the lawsuit object.
3. **Tirana District Court** civil case parties: Plaintiff – "SELISHTE" company; Defendant "Albanian Power Coorporation", Third Party: Energy Regulator Authority: the Ministry of

Infrastructure and Energy; State Advocacy; Object: Obligation of the defendant party to pay the contractual damage caused by the delays in paying the monetary obligations which constitute the contractual damage in the form of penalties because of delay liquidations of the defendant party obligations to the third parties (banks) 21,240,914 ALL.

4. **Tirana District Court** civil case no. 6407, parties**:** *Plaintiff: Lush Shtogu, defendant OSHEE company, third party: ERE and object:* Finding the violations from the defendant "The Distribution System Operator" Tirana on the conditions of Contract no. G / 230233, dated 18.10.2007, (No. 003043, series) for the electricity supply, regarding the electriity supply, the afforfe invoicing approach, having a meter, as well as electricity invoicing quantity and the obligation of the defendant party as the monopoly supplier for the connection of energy according to the contract. The acknowledgement of the documents falcity for the monthly VAT invoices of electricity sale (invoices not sent or the data are on my name in the systems of those parties that is used for that obligation) on the name of Lush Shtogu for January – December 2007, January –December 2008, January –December 2009, January –December 2010, January – December 2011, January – December 2012, January –December 2013, January – December 2014, January – September 2015 period. Taking the transitional measure for ensuring the defendant object ordering the Electricity Distribution Operator to immediately perform the supply with electricity of the defendant party. The obligation of the defendant party to pay the court expenses, on which shall be included the payment for the defence attorney (if required for the three judgement levels) to issue the executive order as well as other court expenses.
5. **Tirana Appeal Court**, civil case with Parties: Plaintiff: Sokol Riska, defendant: Anastas Riska, "Projeksion Energji" company, third parties: OSHEE company; Energy Regulatory Authority (ERE); National Business Center: Regional Tax Directory –Tirana; KESH company; object: The destruction of "Projeksion Energji" company.

7.3 Helding the hearing sessions at ERE

On 2019 are held 53 hearing sessions organized by ERE, by which 22 of them are held to settle the disagreements between the operators licensed on power and natural gas sectors, 15 hearing sessions are held with the interested parties within the review of the secondary acts implementing Law no 43/2015 "On Power Sector" and Law no. 102/2015 on "Natural Gas Sector" and 16 hearing sessions are regarding the customer's complaints to OSHEE company for the electricity invoicing and with the licensees to complete the documentation.

8. ERE ACTIVITY REGARDING CUSTOMER PROTECTION AND STANDARTS SUPERVISION.

- ERE authority and responsibility regarding the implementation of effective measures to guarantee electricity customer's protection, occupies a special place on its activity in the framework of Law no. 43/2015 "On Power Sector" as amended. The activity of Standard Supervision Sector is mainly supported on the main principles consisting:
- The handling and settlement of all the direct complaints and conflicts arising from the relations between the electricity suppliers and the customers, aiming:
- The protection of customer interest in the individual aspect.

- The protection of customers interest in general from the abuses of the main stakeholders in the electricity market.
- Equal and nondiscriminatory treatment for all the customers through legal and transparent procedures.
- The monitoring and control of services provided by the licensee to the electricity customers.
- Providing an uninterrupted electricity supply service and within the service quality standards.

ERE priority in settling the disputes between the electricity customers and the licensees, remains among its main activities that come as obligation of implementing the provisions of article 24 of Law No. 43/2015 "On Power Sector" as amended and article 98 of Law No. 102/2015 "On Natural Gas Sector".

Even during 2019 ERE continued its activity regarding customer protection, with the drafting and approval of the by-legal acts implementing Law No. 43/2015 "On Power Sector" as amended, Law No. 102/2015 "On Natural Gas Sector", as well as monitoring of the implementation from the "General Conditions of the Electricity Supply Service for the End Use Customers" and the by-legal acts such as "Regulation on the standard criteria of the supply quality service and the security performance of the Electricity Distribution Network" approved with ERE Board Decision No. 181, dated 10.11.2017, as amended the action plan for the Electricity Distribution Operator OSHEE company to respect the rights of electricity supply customers, approved with ERE Board Decision no.201, dated 03.09.2018 (etc).

To facilitate the receipt of information by electricity customers but also to raise their awareness about the processes of electricity market operation, ERE has prepared orientation information which are published on ERE official website.

This information relates to the rights of customers, the supply approach from the supplier of last resort, the process of handling complaints, the control of the electricity meter, the process of termination of the electricity contract (temporary / permanent), the process of concluding a new electricity contract, information for the vulnerable customers, data regarding the quality of service, methods for liquidating the electricity invoices etc.

During 2019 OSHEE company was monitored regarding the implementation of the action plan regarding the consumers protection, as well as updating in the framework of the problems that have arisen during its implementation, focusing on the settlement of the customer complaints in the shortest time possible.

From the monitorings it resulted that the responsible structures of OSHEE company during 2019, there were no amendments of the internal acts regarding the action plan, but it has continued the most frequent monitoring of the quality of service and achieving the services transparency.

2019, was characterised from the work to implement the unbundling of the distribution and supply activities and as such is accompanied with the challenges to implement the action plan in the framework of meeting the rights of electricity supply customers during this process.

During 2019 there were no amendments to the acts of the company regarding the procedures of handling the complaints/requests for electricity supply, new connections and the technical services.

The purpose of the internal procedures regarding the handling of the customer's complaints/requests at OSHEE company is to:

- identification of work steps for their handling
- staff included on this process
- the responsibilities of the staff included on this process
- approval levels
- the terms to implement the work steps from the included staff
- necessary documentation (matrices and other documentation samples)
- registration in the customer service systems
- registration of the effects at the customer's accounting.

Complaints and services required by a big number of customers from January 1 2019 are handled with the new Customer Relations Management system, which is currently operational throughhout the country. The complaints/requirements by this system are registered by the Customer Care Centers specialists following the procedures for any type of complaint/request.

All work processes are merged into a single system transferring all the invoicing system information for any customer.
The system realizes the automatic selection of delegating to the responsible structures of the complaint or the request submitted from the customer.
Also this system easily enables obtaining information for reporting the total number of the complaints, their settlement, but even allocated according to the respective regions.

At the Customer Care Centers are realized the collection services, the submission and following of the settlement for the customer's requests and complaints. According to internal procedures of OSHEE company.

In addition to the above OSHEE company has made available to customers another communication channel which is the Dedicated Call Center

The call center is organized to be in the operation of customer calls with two shifts, in the time period 08.00 to 22.00 every day of the week.

OSHEE company to monitor the service provided to customers at Customer Care Centers, held the customer service monitoring system through the audio / video system.

At 59 Customer Care Centers the Queue Management System is operational, through which facilitates the customers that are at the Center for their complaints or other services provided from the company.

In terms of controls, it is observed that it is increased the productivity of the entire work process at the Customer Care Centers.

This monitoring goes into detail by looking at and checking the practice documentation, the ethics of each specialist in communication with the client, that means follows and controls the quality to provide these of services at these centers.

With the Decision of OSHEE Company Supervisory Board, it is established an Unit, to the Cabinet of OSHEE company Administrator, to coordinate and follow all the citizen's complaints and requests, officially submitted by the Co-Government Agency to the Council of Minister's.

During the exercising period 1 January – 31 December 2019, this unit coordinated the handling of 1751 complaints and requests from which 19 % or 325 issues were in favour of the customer, that are send to be handled by the discipline commission, according to which are issued 246 or 45% disciplinary measures on customer's favor.

OSHEE company implementing the Metering plan established a questionaire for the customer's quality, constructed on 3 main sessions on the perception to implement the quality regulation on the distribution network.

There are carried out 800 surveys extended on the Albanian territory, at the Customer Care Centers respectively for;

- ✓ voltage levels and network security
- ✓ energy interruption and recovery
- ✓ provision of the network and reading quality
- ✓ customer's counter service

The purpose of this questionnaire was to understand the customer's perception regarding the improvement of the care service, of the customer, the respect of the customer 's rights.

Despite the encouraging results of the OSHEE company performance questionnaire in terms of customer service quality where each of the indicators exceeds 75% of the assessment in all components of the questionnaire, a special budget is needed not only to improve the infrastructure of the Customer Care Centers, but also a higher focus on customer expectations regarding the electricity interruption notifications.

Following the duties charged by the Law, ERE analysed the data regarding the number of customer complaints submitted during 2019 and has evidenced that this number is smaller compared to that of 2018 period. For 2018, at ERE are submitted and handled 279 complaints for electricity while during 2019, are submited and handled 182 complaints. The object is the submitted complaints consists on the violation of general conditions of the "Contract for the Universal Service of Electricity Supply for the End Use Customers" approved with ERE Board Decision no.15 dated 10.01.2018 on which are defined the reciprocal obligations of the parties in the contract.

ERE refering to Law no. 43/2015 "On Power Sector" as amended and the bylegal acts, such as the "Contract for the Universal Service of Electricity Supply for the End Use Customers"; the "Regulation for Handling the Complaints Submitted from the Customers and for Settling the Disputes between the Licensees on Power and Natural Gas Sector" and the "Rules on ERE Organization, Operation and Procedures" handled and analysed the complaints of electricity customers submitting them to OSHEE company, together with the respective instructions. All communications with OSHEE company, regarding the handling of the customer's complaints are informed to the complainants themselves.

Also from the data submitted from OSHEE company on the following table are reflected the total complaints (according to the issues) handled by OSHEE company as well as the respective settlings case by case.

There is a decrease in the number of complaints / requests for 2019 to 132,438, compared to 153,076 complaints / requests submitted in 2018, of which 123,366 were settled, that means about 93.2% of the total submitted complaints / requests.

Complaints OSHEE 2019 (CRM & Invoicing System)		
Type of the Complaint	**Submitted**	**Solved**
Complaint for the payments/credits	2044	2,096
Complaint for Invoicing	36250	26,721
Service quality	4563	483
Complaint in the metering system	37225	27,452
Amendment of the contract data	51920	45386
Total	132,002	102,138

Complaints OSHEE 2019 (Demand/Complaint System)		
Type of the Complaint	**Submitted**	**Solved**
Quality of Service	45	1,583
Invoicing Complaint	263	15,455
Communication with 3-rd Parties	22	1,007
Crediting	9	84
Contract Amendment	97	3,099
Total	436	*21228

*Issues solved during 2019 from the "Issue Tracking" which belong to the previous year

Total of the Submitted Complaints	132438
Total of the Settled Complaints	123,366
Settlement (%)	93,2 %

Figure 98 Complaints handled by OSHEE company for 2019.

On the following table they are submitted in details the complaints/requests handled by ERE during 2019.

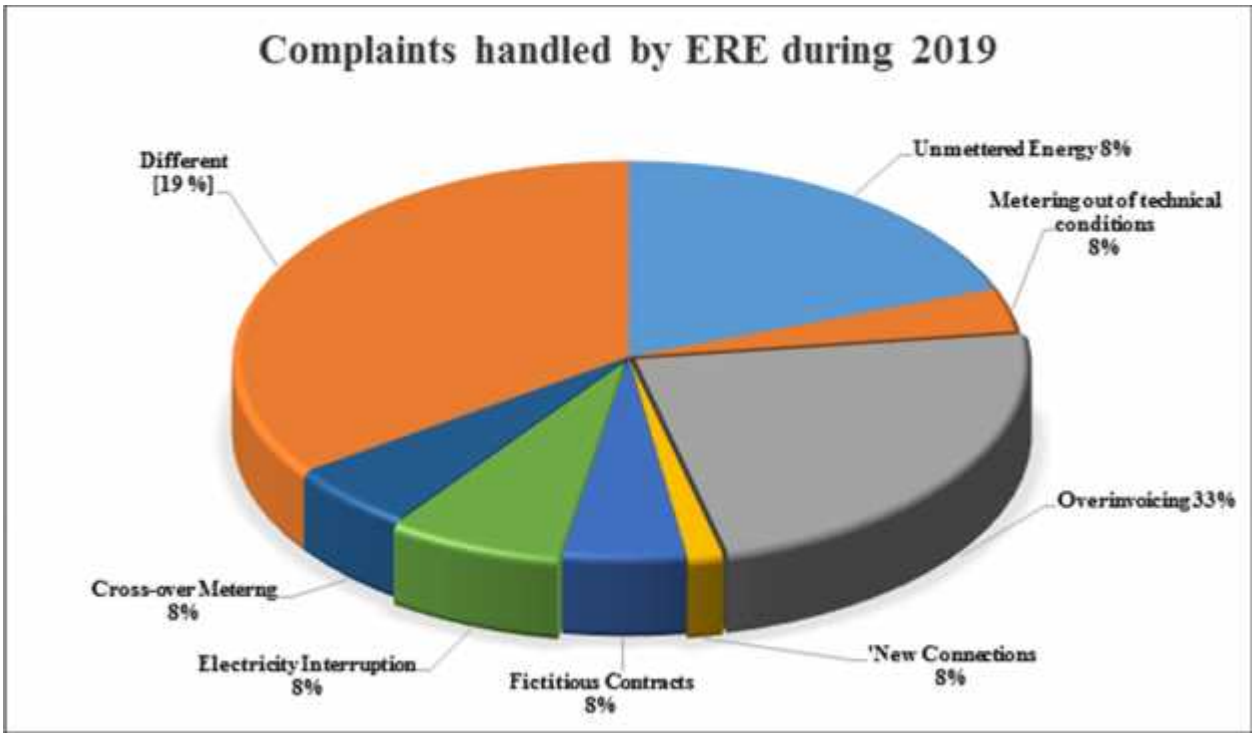


Figure 99 Complaints handled by ERE during 2019.

During January-December 2019 period, ERE handled in total 189 complaints. From the administered data it is observed that the complaints about "over invoicing" occupy the main part in handling the complaints, followed by the complaints for "unmetered electricity" and "metering out of technical conditions".

From the questionaire completed from the customers at ERE (100 surveys), 10% of them showed dissatisfaction regarding the way of handling their requests from OSHEE company (delays in responding, staff behaviour, etc). This data shall be notified to the new established companies as result of the operational allocation of OSHEE company, to further improve the work. Also in cooperation with the new companies shall be worked in continuance to understand and evidence the delays reasons in handling the customer's complaints/requests to improve the quality of service provided to the customers.

Although the increasing performance of OSHEE company, there are still issues which shall be reviewed on the future.

There are also evidenced complaints regarding: the refusal of the right for "new connection" in the distribution system; tariff amendment; metering colaudation; refering value; name amendment etc.

Complaints for "Unmeasured energy".

Complaints for "unmeasured electricity", during 2019 result to be 19. It is noticed that these are carried out complaints and include electricity invoices, which came as a result of the controls exercised by "CEZ Shperndarje" company during 2011-2013 period, where it was noticed that in the majority of the submitted cases, the minutes held to observe unauthorized interventions in the

metering system are performed not in the presence of the customer, in collective boxes of electricity as well as cases where it is issued more than one invoice, within 1 year, that includes "unmeasured electricity".

As evidenced despite the treatment of a considerable part of these invoices by "OSHEE" company, there are still not settled complaints regarding this issue.

As in the preceding years, shall be emphasized the fact that even during 2019, are still observed complaints from electricity customers, submitted from different communication channels of OSHEE company and as reported from the company are settled 65 invoices of "economical damage".

OSHEE company responses for 2019

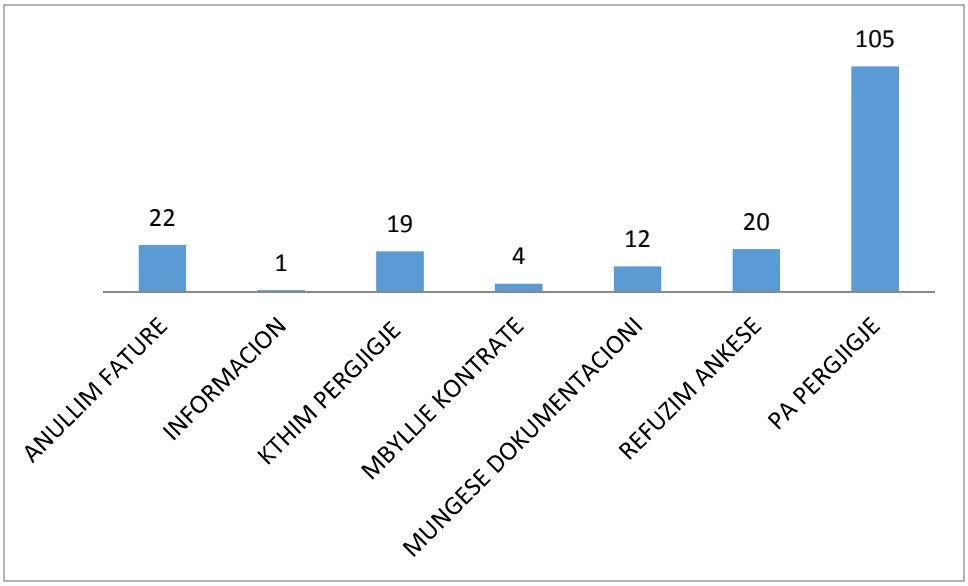


Figure 100 OSHEE company responses regarding the complaints submitted at ERE for 2019.

- 22 Invoice cancellation
- 1 Information
- 19 Respond
- 4 Contract termination
- 12 Lack of documentation
- 20 Complaint refusal
- 105 Without response

8.1. Quality and maintenance level of the electricity transmission network

Regarding the maintenance of the transmission network, TSO implementing the Regulation of technical utilisation organizes the periodic monitoring and control of all elements of the Transmission System, drafting the control and maintenance planning, on which are detailed the actions that shall be realized to carry out overhauls for the substation devices and periodic controls for the transmission lines. Periodic controls and thermal camera scanning of the transmission lines and substations helped on time identification of the problems which after the repairing works and

out of order interventions are eleminated in a short time preventing equipment damage. The controls to prevent the defects influenced on the increase of electricity supply quality.

Regarding the transforming equipments composing the main asset in receiving the production and transmission capacities, the defects on them may bring problems which are connected with the distribution of the load and the lack of reserve capacities. In case of irreparable damages, for the replacement of the transformers is required a long time which is accompanied with big financial losses. For this purpose for the 400 kV transformers of the Transmission System TSO company take the measures to find the defects from the beginning through accessing the transformer condition on real time, enabling the elemination of the abnormalities from the initial stage of their occurence.

For an overview of the quality of work of the Transmission System below are issued the tables Indicators of Standard Performance Criteria for the Transmission System Operator.

Electricity Quality Transmission Service Standards (2014-2019)						
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
Average Interruption Time (AIT) (Minutes)	**102**	**60**	**108**	**40**	**34**	**8.7**
Not Supplied Electricity (ENS) (MWh)	**1435**	**770**	**1332**	**528**	**454**	**117**
Frequency quality (FQ)	**+/- 200mHz**					
Period of notifying the planned interruptions in the transmission system (Hour)	**72 hours**					
Time needed to respond to the requests for new connections (day)	**35**	**28**	**32**	**30**	**30**	**42**
Index for the average duration of the interruption (SAIDI) (Minutes)	**225**	**170**	**240**	**92**	**82**	**26**
Voltage quality (VQ)	**Voltage Quality 220/154/110 kv**					
	(-) 10% up to (+) 11.8%					
	Voltage Level 400 kV					
	(-)10% up to (+) 5%					

Figure 101 Indicators of the Standard Performance Criteria for the Transmission System Operator for 2019.

8.2. Quality of electricity distribution service

On the following table are submitted the continuity indicators results of electricity supply for OSHEE company customers during 2019.

Comparing DSO performance in HV + MV for 2018-2019 period regarding the main SAIFI, SAIDI, CAIDI and N1,D1 indicators										
	SAIFI		SAIDI		CAIDI		N1		D1	
	Number of customers affected from the interruptions/ No of Customers in Total		Number of interruption hours in total/no of Customers in Total		Number of interruption hours in total/no of Customers in Total/ No of customers affected from the interruptions		Total number of the unplanned interruptions for an affected customer		Total duration for an customer affected from the unplanned interruptions	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
January	2.87	2.7	6.23	5.0	4.34	4.0	2.55	2.4	5.51	4.3
February	3.42	3.7	7.39	8.6	4.31	4.3	3.10	3.3	6.65	7.7
March	4.25	2.3	9.03	4.5	3.80	4.3	3.99	1.8	8.29	3.1
April	2.54	2.4	4.38	5.3	3.73	4.7	1.88	1.7	2.75	3.3
May	3.16	2.3	5.63	4.7	4.03	4.5	2.48	1.7	4.04	3.0
June	3.03	2.3	4.80	3.7	3.55	3.3	2.65	1.8	3.94	2.4
July	2.65	2.6	4.58	4.4	3.35	3.0	2.25	2.3	3.57	3.6
September	2.37	2.4	4.91	4.6	4.36	3.7	1.86	2.0	3.58	3.7
October	2.97	2.1	6.38	5.0	4.68	5.3	2.21	1.5	4.42	3.0
November	2.76	2.4	5.15	3.7	3.80	3.1	2.36	2.1	4.12	3.1
December	2.29	2.9	4.67	5.9	4.35	4.1	1.86	2.4	3.87	4.8
	35	30	67	59	47	48	30	24	54	44

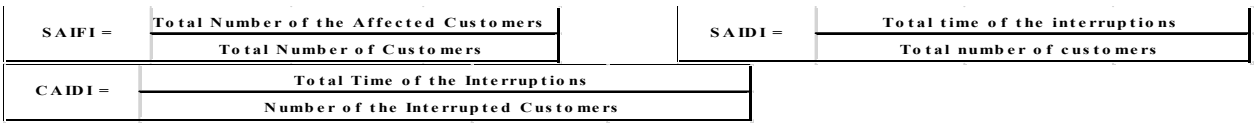


Figure 102 Indicators of the Standard Criteria of Performance for the Distribution System Operator for 2019, compared with the indicators of 2018.

These indicators are taken into consideration separated according to urban and rural areas. Refering to the performance indicators of OSHEE company, it is observed that the distribution network for this period is improved but the number and duration of the defects for Rural areas continues to be higher.

As it can be seen from above, compared with the same period of the last year based on SAIDI and SAIFI data, it results that these indicators are improved.

9. ERE INTERNATIONAL ACTIVITIES

9.1 International Relations

ERE priority is the investment for a dignified representation of the country and the Regulator in regional and international activities, aiming the consistency and harmonization of its practices with that of EU countries. The participation in international activities is considered by ERE as one of the main elements that serves to institutional strengthening, increasing the knowledge and experience of its staff. This is one of the reasons for which we can mention ERE activity and role in membership and active participation in international organizations, in organizing international conferences, in collaboration with other institutions for organizing international activities, workshops or multilateral and bilateral meetings.

For 2019 ERE has worked in high intensity to realize fruitful collaborations to the benefit of the country's power sector. Setting up these priorities, ERE has collaborated in intensifying the multilateral relations with international organisations like Energy Secretariat in Vienna, ECRB, MEDREG, ERRA, USAID, NARUC, CEER, IGU, Florence School of Regulation etc. But to strengthen its role and the harmonisation of the Regulatory framework ERE has held bilateral relations with other Regulatory institutions, realizing common meetings and taking part actively in international conferences and activities that are related with the sector. During 2019 ERE paid special importance to the participation in the workshops, meetings and other international activities. The interest of our institution in these activities was high to be informed with the western experiences and the latest developments in the power sector by participating in these international activities as well as to present the regulator with dignity in these activities through various speeches or presentations.

9.2 Active Participation as a Member.

- ERE is a member of ECRB the Regulatory Steering Board of Energy Treaty Countries and takes active participation in the working groups set up by the latter, chairing as the case may be the working groups set up by them.
- ERE is a full right member of the Regulatory Authorities Association for the South East Europe and Euro Asian Countries (ERRA), by realizing a regular participation at ERRA Chairman General Assembly, in the annual Conference for Investments of ERRA, meetings of two ERRA permanent Committees, that of License and Monitoring and the Tariff and Prices one that are held on ERRA member countries.
- ERE has the observer status at CEER (Council of European Energy Regulators), a status which enables the strengthening and picking up knowledge of ERE staff during participation in working groups.
- ERE is a member of the Regulators Association for the Mediteranean Countries (MEDREG) for electricity where during 2019 ERE Chairman held the vice President of MEDREG post, strengthening the role and influnence of the Regulator Authority to this Organization. Also ERE staff has actively participated at the working group meetings including their direction for the customers working group, institutional relations, renewable energy, gas issues, the

electricity working group being the drafters of the working group materials or reports.

- ERE is participant at UfM (Unioni for Mediteranean) meetings, which is composed of 43 Member Countries part of the Mediteranean and aims to increase and strengthen the regional cooperation as well as implementation of the projects and initiatives that shall serve to the region. In the framework of cooperation in the power sector, UfM drafted the platform for natural gas sector as well as two other platforms for the power sector, regarding renewable resources and energy efficiency.
- ERE is full right member at South – South-East Gas Regional Initiative (GRI SSE).
- Also ERE is a full right member of OME (Energy Observer for Mediteranean and Europe).
- ERE is a full right member of the Balkan Advisory Forum, which includes the Regulators of Montenegro, Northern Macedonia, Greece, Serbia, Bosnia and Bulgaria. The forum serves to exchange experiences between these regulators through the establishment of working groups in areas of common interest.
- Even during 2019 ERE continued to maintain a fruitful cooperation with USAID and NARUC in the joint project, supported by USAID and NARUC regarding the draf of gas transmission and distribution network codes as well as the draft of the secondary legislation in compliance with the third legislative package.

  ERE also participated at USAID & NARUC project related to the draft of 10-year transmission network development plans in Southeast Europe as well as the organized workshop on cyber security issues.

  With the support of NARUC, ERE during 2019 continued the work for the finalization of the "Prices comparison tools and customer's communication", which aims to implement a tool on ERE website, that will serve for comparing the electricity prices at the open retail markets, enabling the access of the costs per each customer as well as the impact issued by the opportunity of the customer to switch the supplier.
- ERE in the framework of Energy Community Treaty during 2019 participated on Athens Forum, Gas Forum in Ljubjana and Energy Community activities organized by Vjena Secretariat as well as the organizaion working groups.

  Also ERE participated on activities intensively collaborating with the Energy Community Secretariat in Vienna, being consulted for the main decisions and asking for opinions for delicate issues. Also the draft decisions taken by ERE and the draft regulations drafted by us are send for consulting to Vienna Secretariat or are realized meetings with them to have a better understanding of the issue and we are assisted by Vienna Secretariat in drafting the secondary legislation in 6he framework of the new laws. ERE has regularly and actively followed the ECRB working group meetings for customer issues, for electricity and its regional market, renewable resources, statistics, electricity, efficiency, security of supply, REMIT, natural gas, gas platform. To realize a better work and high results, ERE has held joint meetings with Vienna Secretariat regarding the implementation of the third legislative package in the framework of the secondary legislation which has been on drafting and approval process by the Board and regarding the Network Codes implementation, the approval of which comes as an obligation deriving from Energy Community Treaty and ENTSO-E.

9.3 ERE Bilateral Relations

ERE Bilateral Relations for 2019 aimed at strengthening its institutional capacity and setting successful collaborations to improve the power sector. ERE worked for bilateral relations, based on bilateral relations where we could mention the mutual meetings to exchange experience for the third legislative package in power and natural gas sectors.

During 2019 are further intensified even the bilateral relations with the Italian Regulator (AEEG) and the Greek one (RAE). This cooperation has made possible on time realization of three regulators joint decisions regarding TAP project as well as TAP AG licensing in natural gas transmission activity.

Also, during this year ERE held an active cooperation with the regulatory institutions of the region and beyond, where we could mention the Kosovo Regulator, with which on December was signed the Memorandum of Understanding on the cooperation and exchange of experiences of both regulators in areas wih reciprocal interest as well as in concentrating the common efforts on developing a stable regulatory framework in power and natural gas sectors in regional and bilateral level.

Also on December 2019, i6 was signed even the Memorandum of Understanding with the Montenegrin Regulator, to exchange the Reciprocal experiences and coordinating the work in joint forums.

Another regional initiative is undertaken during 2019, on CEI support (Central European Initiative) and the Italian regulator ARERA, following the second phase of KEP (Know-How Exchange Program) Project "CEI support to strengthen the energy regulator autorities in Western Balcans", whose object is the extend the know - how practices for the electricity market coupling initiatives between the EU members in the Western Balcans countries.

By the end of 2019, it is successfully closed the second stage of the project, to follow with the third stage which will start at the beginning of 2020 and will include even the Republic of Northern Macedonia and Bulgaria.

There are also held meetings between ERE Board Members and those of the Italian and Turkish regulator with whom it is discussed the increase and strengthen the institutional cooperation between the regulators as well as are realized study visits at the Austrian Regulator (E-Control) to increase capacity in the field of transparency and integrity of energy markets as well as on natural gas sector.

10.ENERGY REGULATOR AUTHORITY ORGANISATIONAL CHARD AND ADMINISTRATION OF HUMAN RESOURCES

Implementing Law no. 43/2015 "On Power Sector" as amended, article 9 point 1, defines that ERE is the Regulatory institution of Power and Natural Gas Sector in Albania which is governed by the Board. The Board is composed of the Chairperson and four Board members which are appointed by the Asembly.

With Decision no. 78, dated 29.04.2020, ERE Board decided to approve ERE organisational chart, defining that the maximum number of ERE employees is 63, which are organized as follows:

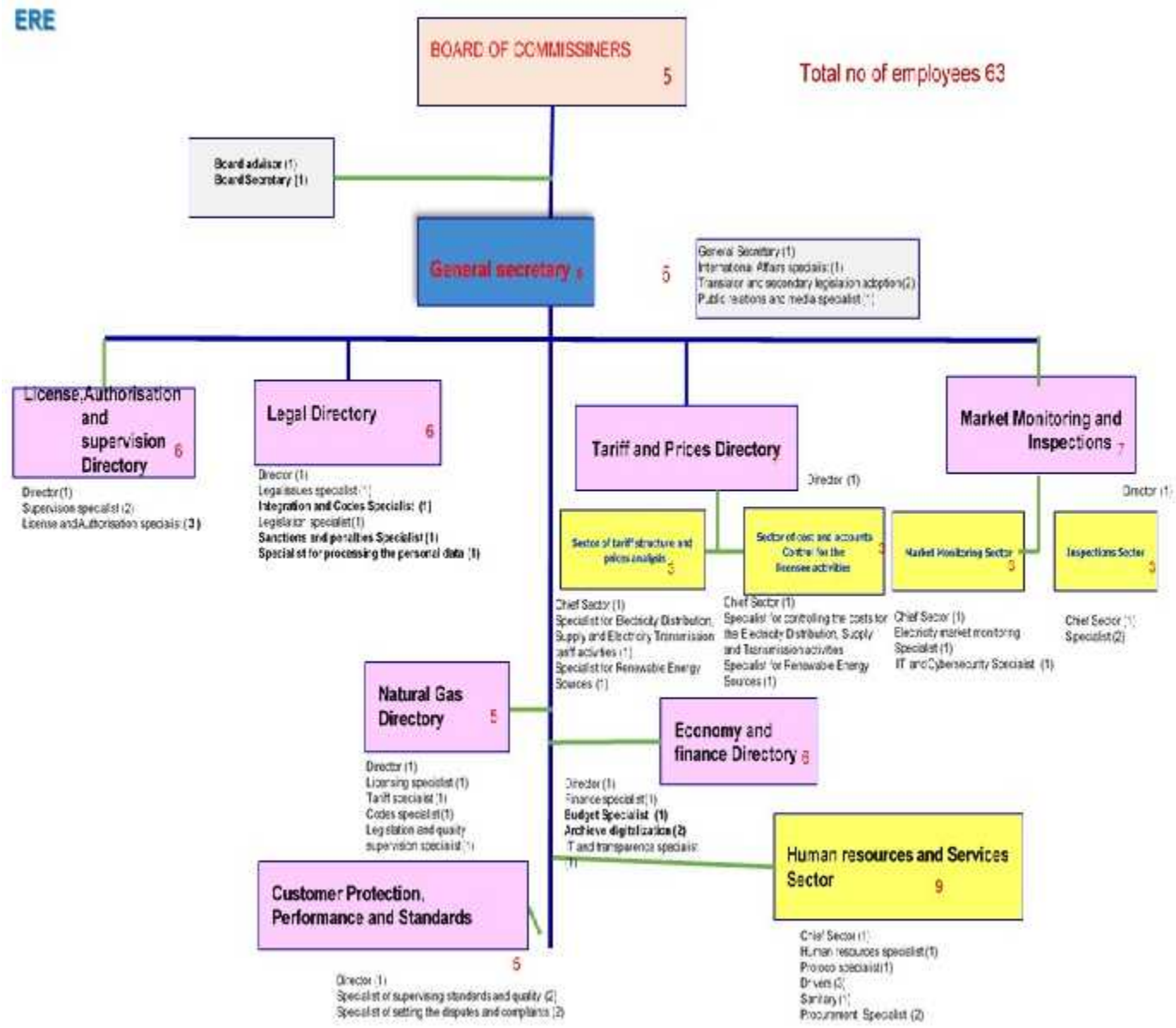


Figure 103 Organisational Chart of Energy Regulatory Authority, approved with ERE Board Decision no. 78, dated 28.04.2020.

In addition to the Board of Commissioners, which is the decision-making body, ERE is organized with the Secretary General, 7 Directories and human resources and services sector.

The new ERE organisational chart is based on a clear division, with the necessary capacities, to fulfill the tasks and responsibilities related to the ERE regulation areas implementing the effective legislation, such as: Consumer Protection, Draft and approval of the By-laws, Development of Natural Gas Market, Market Monitoring, Quality Standards, the impose of the Tariffs and Prices in Regulated Market Segments, Licensing, Modification, Renewal and issue of the Authorization for the operations in the activities identified at the respective laws, Institutional Relations within and outside the country, Planification for drafting the Budget, Human Resources Development.

This organisational chart takes into consideration the latest developments in the power sector such as:

- Implementation of the integrity and transparency regulation for the wholesale electricity markets (REMIT), in conformity with the obligations deriving from Energy Community Treaty, regarding the draft of the regulation as well as its monitoring by the market operators beginning from the registration of the parties to the maintenance of the data or receiving the indications to perform investigations for the cases of not implementing this regulation.
- The certification and supervision of the Nominated Operator for Electricity, according to the Regulation approved by ERE Board Decision no. 40 dated 06.03.2020.
- The approval and monitoring of implementation from the network operators of the critical infrastructures strategy, which requires the engagement and inclusion of a dedicated staff with experience in the information systems to cope with this task.
- Transposition of regulations and codes for the adopt of the by - laws, object of approval by ERE as well as processing the personal data of the licensees, according to the legislation on personal data protection.
- Supervision of the quality standards of the Transmission and Distribution System Operators operation and the new role of the customers according to the provisions of the new legislative package as self-producer.
- Digitization of the ERE archive, taking into account that the digitalization is not performed since the establishment of the Regulatory Authority and will serve to the creation of a digital archive, which can be accessed at any time and will serve more to increase ERE transparency.

Regarding the Human Resources area, during 2019 it is implemented Law No. 9367 dated 07.04.2005 ”On preventing the conflict of interest in performing the political functions” as amended with Law no.86/2012 dated 18.09.2012, as amended with Law no.44/2014 dated 24.04.2014 and law no.9049, dated 10.04.2003 ”On the declaration and control of the assets, financial obligations of the elected persons and some public employees” as amended with law No.85/2012 dated 18.09.2012 and Law no.45, dated 24.04.2014 as well as law no.42/2017 dated 06.04.2017.

Are completed the declarations of the periodic/annual private interests from the employees subject of this obligation, according to the time frames provided by the Law.

It is also held regular communication with the High Inspectorate of Declaration and Audit of Assets and Conflict of Interest (ILDKPKI) implementing the notifications send from this Institution.

According to ERE Board Decision No. 52 dated 02.04.2019, it is implemented Law no. 9584 dated 11.07.2006, " On salaries, bonuses and structures of the constitutional and other independent institutions established by Law" as well as ERE Board Decision no. 187, dated 08.03.2017 "On approving the structure and the wages level for the civil employees/employees, the deputy minister and the employees of the cabinets, at the primeministry, the ministry of lines, president administration, the parliament, the central election commission, general prosecutor office, some independent institutions, institutions on the dependence of the council of ministers, the primeminister, institutions depending of the ministry of lines and the prefect administration" as well as Decision no. 202, dated 15.03.2017 "On some additions and amendments to decision no. 717, dated 23.06.2009 of the Council of Ministers "On the salaries of support staff of budgetary institutions and employees of some budgetary institutions" as amended.

Following Law no. 43/2015, dated 30.04.2015 "On Power Sector" as amended, for the selection, appointment, and promotion on duty of ERE staff, are implemented 6he procedures of Law no. 152/2013 "On the civil servant" as well as all the secondary acts issued on its operation.

11. ADMINISTRATION OF ERE FINANCIAL RESOURCES DURING

In the area of finance and administration are correcctly implemented the respective legal and by-legal acts for the administration of ERE finances, including Law no. 43/2015, dated 30.04.2015 "On Power Sector", as amended, Law no.9643, dated 20.11.2006 on "Public Procurements", as amended, Law no. 9228, dated 29.04.2004 "On accounting and the financial statements", as well as Order no.64 dated 22.07.2014 "On the announcement of the national improved accounting standards and their obligatory implementation.

Even during 2019 it is strictly implemented Law no. 9367 dated 07.04.2005 "On preventing the conflict of interest in performing the political functions" as amended with Law no.86/2012 dated 18.09.2012, as amended with Law no.44/2014 dated 24.04.2014 and law no.9049, dated 10.04.2003 "On the declaration and control of the assets, financial obligations of the elected persons and some public employees" as amended with law No.85/2012 dated 18.09.2012 and Law no.45, dated 24.04.2014 as well as law no.42/2017 dated 06.04.2017.

Are completed the declarations of the periodic/annual private interests from the employees subject of this obligation, according to the time frames provided by the Law and there is no penalty for our officials subject to this Law.

In all cases are implemented the procedures and the time-frames regarding the procurement of the public funds, in conformity with the Procurements Law and other bylegal acts.

In the area of finance and administration are implemented the respective legal and by-legal acts for the administration of ERE finances, including Law no. 43/2015, dated 30.04.2015 "On Power Sector", as amended, law no.9643, dated 20.11.2006 on "Public Procurements", as amended, Law no. 9228, dated 29.04.2004 "On accounting and the financial statements", as well as Order no.64 dated 22.07.2014 "On the announcement of the national improved accounting standards and their obligatory implementation.

It has followed the inventarization of the asset that ERE administers. Regarding the monetary funds, they are ensured in conformity with the respective laws of power and natural gas sectors

and comprise of the application payments for the licenses/modifications/renewals and of the regulatory payments that ERE set to the licensees.

Above the main items of ERE we could mention:

- Staff payments, social and health security payments, income taxes, about which our institution liquidified all the obligations even from the electronic system" Real time obligations to which we are not debtors or with fines.
- Publications to inform the public opinion are realized implementing Law no. 43/2015, dated 30.4.2015 "On Power Sector" and no.102/2015 'On Natural Gas Sector'.
- Payment to liquidate the services such as water, electricity, telephone for which our institution is not a debtor, necessary service expenses to maintain the work as well as and the deppreciation of the fixed tangible assets, etc.
- The payments to comply the engagements as a member country in a series of important international organizations of the power sector such as MEDREG, ERRA, IGU, CEER.

Even for 2019 ERE economic-financial activity implementing the provisions of article 17 of Law no.43/2015, is audited by licensed accounting experts registered and licensed for this activity according to the law no.10091, of date 05.03.2009 "On legal auditing, organization of the accounting experts profession registered accounting experts and accredited accountants". Annex 1 of this report submits the respective report of the accounting experts regarding financial progress of ERE during 2019 as well as Annex 2 submits the performance report, which are immediaely submitted after their approval from the independent audits.

ERE Budget is approved with Decision no. 22, dated 30.01.2020. It takes into consideration the requirements for ERE operation durign 2020. In details this budget is submitted on the following table.

BUDGET FOR 2020

No,	Name	Amount
I	**COHERENT EXPENSES**	**252,172,000**
	Staff wages	150,467,000
	Expenses for Social and Health Insurance	14,000,000
	Other operational expenses and expenses for third party services	81,705,000
	Depreciation Expenses	6,000,000
II	**INVESTMENTS**	**42,000,000**
	Accomodation Expenses for the restructuring effect 2019 -2020	42,000,000
III	**Reserve Fund**	**6,700,000**
	Total of the expected expenses for 2020	**300,872,000**

ANNEX 1

Financial Statements

ANNEX 2

Performance Report

ANNEX 3

ERE Decisions Register for 2019

No. 1	Dated 09.01.2019	On opening the procedure to license "Trans Adriatic Pipeline" AG, in natural gas transmission activity.	Official Gazette No. 4 Dated 18.01.2019
No. 2	Dated 17.01.2019	On opening the procedure to approve the "All TSO-s proposal for data and load generation methodology in conformity with Article 16 of the EU Commission Regulation (EU) 2015/1222 dated 24 July 2015 on establishing a guideline for capacity allocation and congestion management"	Official Gazette No. 8 Dated 01.02.2019
No. 3	Dated 17.01.2018	On refusing the request of MTC ENERGY company, for imposing pledge and mortgage to the assets of "M.T.C ENERGY" company, for the credit restructuring in favor of Raffeisen Bank.	Official Gazette no. 8 Dated 01.02.2019
No. 4	Dated 17.01.2019	On opening the procedure to review the application of "KESH" company for licensing in electricity supply activity.	Official Gazette no. 8 Dated 01.02.2019
No. 5	Dated 17.01.2019	On licensing "HYDRO SETA" company in electricity trading activity.	Official Gazette no. 8 Dated 01.02.2019

No. 6	Dated 17.01.2019	On approving the request of "SA'GA MAT" company for modifying License no. 247, Series PV14K, approved with ERE Board Decision no. 92, dated 16.10.2014, for electricity production from: "GERMANI1" HPP with 1200 KW installed capacity, "GERMANI 2" 1680 KW installed capacity , "GERMANI 3" 1290KW installed capacity, "GERMANI 4" me kapacitet të instaluar 810 KW installed capacity, total installed capacity 4980 KW.	Official Gazette No. 8 Dated 01.02.2019
No. 7	Dated 17.01.2019	On defining the electricity sale price from the supplier of last resort for December 2018.	Official Gazette No. 8 Dated 01.02.2019
No. 8	Dated 17.01.2019	On the annual electricity purchase price that shall be paid to existing priority producers for 2019.	Official Gazette No. 8 Dated 01.02.2019
No. 9	Dated 24.01.2019	On opening the procedure to approve the "Contract for ensuring the balancing services (reserve capacity and balancing energy) of the power system for 01.01.2019 – 31.12.2019 period" between TSO and KESH companies.	Official Gazette No.17 Dated 14.02.2019
No. 10	Dated 24.01.2019	On approving some additions and amendments on the "Regulation for switching the electricity supplier approved with ERE Board decision no.113, dated 08.07.2016.	Official Gazette No.17 Dated 14.02.2019
No. 11			
No. 12			
No. 13	Dated 31.01.2019	On licensing "RTS" company, in electricity production activity from the Photovoltaic Plant, with 2MW installed capacity, on Tren,Bilisht Region.	Official Gazette No.17 Dated 14.02.2019
No. 14	Dated 31.01.2019	On reviewing the investment plan for 2018 and the 10 year 2018-2027 of developing "ALBGAZ" company network.	Official Gazette No.17 Dated 14.02.2019

No. 15	Dated 31.01.2019	On licensing "Trans Adriatic Pipeline AG ALBANIA" in natural gas transmission activity, registered at the National Business Center, as a branch of the foreign joint stock company, "Trans Adriatic Pipeline AG".	Official Gazette No.17 Dated 14.02.2019
No. 16	Dated 18.02.2019	On postponing the implementation of 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 for 01.01.2018 – 31.12.2018 period and the sale - purchase contract for the excessive electricity resulting after the compliance of the customer's request that benefit from the universal service, to cover the losses in the distribution system for 01.01.2018 - 31.12.2018 period".	Official Gazette No. 23 Dated 26.02.2019
No. 17	Dated 18.02.2019	On opening the procedure to renew the license of "Ayen Enrgy Trading" license, in electricity supply activity.	Official Gazette No.23 Dated 26.02.2019
No. 18	Dated 18.02.2019	On opening the procedure to renew the license of "Ayen Energy Trading" company, in electricity trading activity.	Official Gazette No.23 Dated 26.02.2019
No. 19	Dated 18.02.2019	On opening the procedure to approve some additions on the "Transitional rules for the balancing mechanism", approved with ERE Board decision no. 193, dated 24.11.2017.	Official Gazette No.23 Dated 26.02.2019
No. 20	Dated 18.02.2019	On an amendment on ERE Board decision no. 245, dated 26.11.2018, "On licensing "Renrgy Trading Group" company in electricity supply activity.	Official Gazette No. 23 Dated 26.02.2019
No. 21	Dated 18.02.2019	On opening the procedure to license "Kastrati Energy" company, in electricity supply activity.	Official Gazette No.23 Dated 26.02.2019
No. 22	Dated 18.02.2019	On opening the procedure to license "Kastrati Energy" company, in electricity trading activity.	Official Gazette No.23 Dated 26.02.2019
No. 23	Dated 18.02.2019	On defining the electricity sale price from the supplier of last resort for January 2019.	Official Gazette No.23 Dated 26.02.2019
No. 24			

No. 25	Dated 28.02.2019	On licensing "KESH" company in electricity supply activity.	Official Gazette No.30 Dated 12.03.2019
No. 26	Dated 28.02.2019	On the request OSHEE company to open the procedure for an amendment at the "Regulation on the procedures of electricity purchase to cover the losses in the distribution and transmission networks and for electricity sale-purchase to ensure the compliance of public service obligations" approved with ERE Board decision no. 103 dated 23.06.2016" as amended.	Official Gazette No.30 Dated 12.03.2019
No. 27	Datë 28.02.2019	On opening the procedure to license "SANG 1" company in electricity production activity from "THIRRË" HPP with installed capacity 1820KW.	Official Gazette No.30 Datë 12.03.2019
No. 28	Datë 28.02.2019	On opening the procedure to license "SANG 1" company, in electricity trading activity.	Official Gazette No.30 Dated 12.03.2019
No. 29	Datë 28.02.2019	On not-opening the procedure to license "Hidro Vizion" company, in electricity production activity from "RAZDOLL" HPP with installed capacity 700 KW.	Official Gazette No.30 Dated 12.03.2019
No. 30	Dated 28.02.2019	On approving the request of "A.E Distribution" company, to remove the license in electricity supply activity.	Official Gazette No.30 Dated 12.03.2019
No. 31	Dated 28.02.2019	On accepting the request of "A.E. Distribution" company to remove the license the license in electricity trading activity.	Official Gazette No.30 Dated 12.03.2019
No. 32	Dated 28.02.2019	On approving the "Proposal of all TSO-s for a methodology in coordinating the operational security analysis in conformity with article 75 of the European Union Commission Regulation (EU) 2017/1485 dated 2 August 2017, that defines a guideline on operating the transmission system for electricity".	Official Gazette No.30 Dated 12.03.2019
No. 33	Dated 28.02.2019	On the request of "SIMA-COM" company, to open the procedure to review ERE Board decision no. 263, dated 19.12.2018 "On approving the regulatory payments for 2018".	Official Gazette No.30 Dated 12.03.2019
No. 34	Dated 28.02.2019	On the request of "AFRIMI K" company, to open the procedure to review ERE Board Decision no. 263, dated 19.12.2018 "On approving the regulatory payments for 2018".	Official Gazette No.30 Dated 12.03.2019

No. 35			
No. 36	Dated 04.03.2019	On an amendment at ERE Board decision no. 187, dated 10.11.2017, as amended with ERE Board decision no. 261, dated 19.12.2018, "On licensing ALBGAZ company. in natural gas distribution activity".	Official Gazette No.30 Dated 12.03.2019
No. 37	Dated 04.03.2019	On an amendment at ERE Board decision no. 187, dated 10.11.2017, as amended with ERE Board decision no. 261, dated 19.12.2018, "On licensing ALBGAZ company. in natural gas distribution activity".	Official Gazette No.30 Dated 12.03.2019
No. 38	Dated 07.03.2019	On licensing "Kastrati Energy" company, in electricity trading activity.	Official Gazette No.34 Dated 19.03.2019
No. 39	Dated 07.03.2019	On licensing "Kastrati Energy" company, in electricity supply activity.	Official Gazette No.34 Dated 19.03.2019
No. 40	Dated 07.03.2019	On opening the procedure to approve the "Guideline for monitoring the electricity market ".	Official Gazette No.34 Datë 19.03.2019
No. 41	Dated 15.03.2019	On refusing the request of TSO company on the need for interventions at the transmission system.	Official Gazette No.45 Dated 03.04.2019
No.42	Dated 15.03.2019	On approving the electricity sale price from the supplier of last resort for February 2019.	Official Gazette No.45 Dated 03.04.2019
No. 43	Dated 15.03 .2019	On approving the "Proposal of all TSO-s for a methodology to provide the generation and load data in conformity with article 16 of the EU Commission Regulation 2015/1222 dated 24 July 2015 for the establishment of a guideline on capacities allocation and congestion management"	Official Gazette Fletore Zyrtare me Nr.45 Dated 03.04.2019
No. 44	Dated 15.03.2019	On renewing the license of "AYEN ENERGY TRADING" company, in electricity supply activity.	Official Gazette No.45 Dated 03.04.2019
No. 45	Dated 15.03.2019	On renewing the license of "AYEN ENERGY TRADING" company in electricity trading activity.	Official Gazette No.45 Dated 03.04.2019

No. 46	Dated 19.03.2019	On the request of OSHEE company to postpone for a transitory period the deadline for the electricity purchase payment invoices in the unregulated market, by OSHEE company and other regulatory issues.	Official Gazette No.45 Dated 03.04.2019
No. 47	Dated 19.03.2019	On the request of TSO company on an amendment at ERE Board decision no.43 dated 15.03.2017 "On approving the final certification of the Transmission System Operator for electricity TSO company in conformity with article 54, point 6 of Law no. 43/2015, "On Power Sector" and article 9 point 6 of Directive 72/2009 EC after receiving the opinion of Energy Community Secretariat.	Official Gazette No.45 Dated 03.04.2019
No.48	Dated 27.03.2019	On opening the procedure for licensing "S.P.E GJADËR" company, in electricity production activity from "GJADËR NR. 1/1" HPP with installed capacity 2134 KW, "GJADËR NR. 1/2" HPP with installed capacity 4406KW, "GJADËR NR. 2" HPP with installed capacity 2983 KW, "GJADËR NR. 3" HPP with installed capacity 3874 KW, "GJADËR NR. 4" HPP with installed capacity 5922kw, "GJADËR NR. 6" HPP with installed capacity 5619 KW, with total installed capacity 24.938 KW.	Official Gazette No. 47, Dated. 09/04/2019
No. 49	Dated 27.03.2019	On opening the procedure to approve the contract for natural gas transmission license, agreed between "ALBGAZ" and "ALBPETROL" companies for 2019.	Official Gazette no. 47, Dated. 09/04/2019
No. 50	Dated 27.03.2019	On opening the procedure to license "SMART WATT" company, in electricity production activity from the photovoltaic plant, with installed capacity 2MW, at Sheq Marinas area, Administrative Unit of Topojë , Fier Municipality.	Official Gazette no. 47, dated 09/04/2019
No. 51			
No. 52			
No. 53	Dated 03.04.2019	On opening the procedure to approve the "Regulation on the standard minimum criteria of the quality of service and supply of natural gas networks".	Official Gazette no. 55, Dated. 19/04/2019
No. 54	Dated 03.04.2019	On opening the procedure to review the investment plan for 2019 of TSO company.	Official Gazette no. 55, Dated. 19/04/2019

No. 55	Dated 03.04.2019	On defining the electricity sale price from the supplier of last resort for March 2019.	Official Gazette no. 55, Dated. 19/04/2019
No. 56	Dated 03.04.2019	On opening the procedure to transpose the Regulation 2017/459 approved with Decision no. 2018/06/PHLG -ENC "On the establishment of the Network Code for the capacities allocation mechanisms at the natural gas transmission systems ".	Official Gazette no. 55, Dated. 19/04/2019
No. 57	Dated 15.04.2019	On opening the procedure to approve the "Threshold for the classification of the new generators in the system, type A, B, C and D, according to ERE Board Decision no. 129, dated 04.06.2018, "On approving the Network Code on the requirements for connection in the generators network".	Official Gazette no. 66, Dated. 08/05/2019
No. 58	Datë 15.04.2019	On approving some amendments on the agreement for ensuring the electricity distribution service between the electricity distribution operator (OSHEE) company and the supplier.	Official Gazette no. 66, Dated. 08/05/2019
No. 59	Datë 15.04.2019	On opening the procedure to license "S G D ENERGJI" company in electricity production activity from "NDËRFUSHAS" HPP total installed capacity 1125 KW.	Official Gazette no. 66, Dated. 08/05/2019
No. 60	Dated 15.04.2019	On approving the transitional tariff for natural gas transmission from "ALBGAZ" company, of 28 ALL /M3 or 2.6457 ALL /KWH, until on date 31.12.2019.	Official Gazette no. 66, Dated. 08/05/2019
No. 61	Dated 19.04.2019	On opening the procedure to license "ENERGY 24" company, in electricity trading activity.	Official Gazette no. 64, Dated. 06/05/2019
No. 62	Dated 23.04.2019	On the request of "GEN-I TIRANA" company to review ERE Board Decision no. 46 dated, 19.03.2019 "On the request of OSHEE company to postpone for a transitory period of the deadline to pay the electricity purchase invoices in the unregulated market, by OSHEE company and other regulatory issues".	Official Gazette no. 67, Dated. 10/05/2019
No. 63	Dated 23.04.2019	On an amendment at ERE Board decision no. 179, dated 08.11.2017, "On the certification of the "Combined Operator for Natural Gas " ALBGAZ company" as amended.	Official Gazette no. 67, Dated. 10/05/2019

No. 64	Dated 23.04.2019	On opening the procedure to license "Englatina Xhoxhaj" company in electricity production activity from the "Lugano" Photovoltaic Plant, with installed capacity 2 MW, at Sheq Marinas, Administrative Unit Topojë, Municipality Fier.	Official Gazette no. 67, Dated. 10/05/2019
No. 65			
No.66			
No. 67	Dated 26.04.2019	On approving ERE annual report," The situation of the Power Sector and ERE activity during 2018"	
No. 68	Dated 10.05.2019	On opening the procedures "To approve the draft standard contract for electricity sale purchase between the electricity generation company/KESH company, whose shares are fully or partially controlled by the state and the universal service supplier / OSHEE company for 01.03.2019 – 31.12.2019 period.	Official Gazette no. 79, Dated. 30/05/2019
No. 69	Dated 10.05.2019	On opening the procedure to license "Terna Energy Trading" company in electricity trading activity	Official Gazette no. 79, Dated 30/05/2019
No. 70	Dated 10.05.2019	On opening the procedure "henz energy" company license modification, no. 158, series pv12k, approved with ERE Board Decision no.65, dated 28.05.2012, on licensing "henz energy" company in electricity production activity from "darsi 1", "darsi 2", "darsi 3" HPP-s.	Official Gazette no. 79, Dated. 30/05/2019
No. 71	Dated 10.05.2019	On opening the procedure to license "Power and Gas Operations" company, in electricity trading activity.	Official Gazette no. 79, Dated. 30/05/2019
No. 72	Dated 10.05.2019	On licensing "Smart Watt" company, in electricity production activity from the Photovoltaic plant, with installed capacity 2MW, Sheq Marinas area, administrative unit Topojë, Fier Municipality.	Official Gazette no. 79, Dated. 30/05/2019

No. 73	Dated 10.05.2019	On opening the procedure to approve "All TSO proposal of the continental Europe about the additional characteristics of the Frequency Restoration Control (FRC) in conformity with article 154 (2) of the EU commission regulation 2017/1485 dated 2 August 2017, defining a guideline for the operation of the transmission system for electricity"	Official Gazette no. 81, Dated. 05/06/2019
No. 74	Dated 10.05.2019	On approving the "Agreement for ensuring the electricity distribution service'' signed between OSHEE company and "Kastrati Energy" company	Official Gazette no. 79, Dated. 30/05/2019
No. 75	Dated 10.05.2019	On defining the electricity sale price from the supplier of last resort for April 2019	Official Gazette no. 79, Dated. 30/05/2019
No. 76	Dated 31.05.2019	On opening the procedure for approving the "Regulation on the Unified System of Calculations for the Regulated Companies on Natural Gas Sector''	Official Gazette no. 88, Dated. 31/05/2019
No. 77	Dated 31.05.2019	On approving the "Agreement for ensuring the electricity distribution activity'' signed between OSHEE company and Energia Gas and Power company.	Official Gazette no. 88, Dated. 31/05/2019
No. 78	Dated 31.05.2019	On defining the electricity sale price from the supplier of last resort for May 2019.	Official Gazette no. 88, Dated. 31/05/2019
No. 79	Datë 31.05.2019	On an amendment at ERE Board Decision no. 67, dated 27.07.2019 for licensing "Dosku - EnERGZ" company in electricity production activity.	Official Gazette no. 88, Dated. 31/05/2019
No. 80	Datë 31.05.2019	On licensing "Energy 24" company, in electricity trading activity.	Official Gazette no. 88, Dated. 31/05/2019
No. 81	Datë 31.05.2019	On licensing "SGD Energji" company, in electricity production activity from "Ndërfushas" HPP with installed capacity 1125 KW.	Official Gazette no. 88, Dated. 31/05/2019
No. 82	Dated 31.05.2019	On opening the procedure to license "Diezela" company in electricity production activity from "LJUSA" HPP with installed capacity 1980 kW.	Official Gazette no. 88, Dated. 31/05/2019

No. 83	Dated 31.05.2019	On licensing "SANG 1" company, in electricity production activity from "THIRRË " HPP.	Official Gazette no. 88, Dated. 31/05/2019
No.84	Dated 31.05.2019	On approving the "Contract for ensuring the balancing service (Reserve capacity and balancing energy) of the Power System for the 01.01.2019- 31.12.2019 period between TSO and KESH companies.	Official Gazette no. 95, Dated. 02/07/2019
No. 85	Dated 31.05.2019	On approving "Threshold for the classification of the new generators in the system, type A, B, C and D, according to ERE Board Decision no. 129, dated 04.06.2018, "On approving the Network Code on the requirements for connection in the generators network".	Official Gazette no. 88, Dated. 31/05/2019
No. 86	Dated 31.05.2019	On approving the "Agreement for ensuring the electricity distribution service'' signed between OSHEE company and Renrgy Trading Group company.	Official Gazette no. 88, Dated. 31/05/2019
No. 87	Dated 31.05.2019	On licensing "EnglantinaXhoxhaj" company in electricity production activity from the photovoltaic plant "Lugano ", with installed capacity 2 MW at Sheq Marinas area, Topojë Administrative Unit , Fier Municipality.	Official Gazette no. 88, Dated. 31/05/2019
No. 88	Dated 31.05.2019	On opening the procedure to approve the "Proposal of all TSO for a joint network methodology in conformity with article 17 of the commission regulation (EU) 2015/1222 of date 24 July 2015 defining a guideline on capacities allocation and congestion management."	Official Gazette no. 88, Dated. 31/05/2019
No. 89	Dated 31.05.2019	On opening the procedure to license "Albpetrol" company, in natural gas supply activity.	Official Gazette no. 88, Dated. 31/05/2019
No. 90	Dated 31.05.2019	On opening the procedure to approve the draft contract between KESH and OSHEE companies, for the sale-purchase of the excessive electricity quantity, resulting after the compliance of the customer's request that benefit from the universal service to cover the losses at the distribution network for 01.01.2019 – 31.12.2019 period	Official Gazette no. 88, Dated. 31/05/2019
No. 91	Dated 31 .05.2019	On an amendment at the "Agreement for ensuring the electricity distribution service between OSHEE company and the electricity	Official Gazette no. 88,

		suppliers ", approved with ERE Board decision no. 24, dated 15.02.2017 as amended with decision no. 58, dated 15.04.2019.	Dated. 31/05/2019
No. 92			
No. 93	Dated 03.06.2019	On the monitoring results performed at KESH company regarding the complaint of Gen-i Tirana company to implement the electricity sale-purchase procedures for 2017 and January - March 2018 period as well as the monitoring regarding the implementation of the deposit and exchange contracts from KESH company for 2017 and 2018.	Official Gazette no. 91, Dated. 25 /06/2019
No. 94			
No. 95	Dated 17.06.2019	On approving the "Guideline for Trans Adriatic Pipeline market test".	Official Gazette no. 101, Dated. 12 /07/2019
No. 96			
No. 97	Dated 21.06.2019	On the request of OSHEE company to postpone the transitory period set on point 2 of ERE Board Decision no. 46 dated 19.03.2019	Official Gazette no. 101, Dated. 12 /07/2019
No. 98	Dated 21.06.2019	On opening the procedure to approve the investment plan of OSHEE company for 2019 and improving the distribution network development plan for a five year period.	Official Gazette no. 101, Dated. 12 /07/2019
No. 99	Dated 21.06.2019	On licensing "Power and Gas Operations" PGO company, in electricity trading activity.	Official Gazette no. 101, Dated. 12 /07/2019
No. 100	Dated 21.06.2019	On approving the "Regulation for defining the standard criteria and the minimum requirements of the quality of service and supply of natural gas networks".	Official Gazette no. 101, Dated. 12 /07/2019
No. 101			
No. 102	Dated 26.06.2019	On approving the "Proposal of all Continental Europe TSO-s for the additional characteristics of the Frequency Control Reserves (FCR) in conformity with article 154 (2) of the EU commission Regulation 2017/1485 dated 2 August 2017 defining a guideline for the operation of the transmission system for electricity".	Official Gazette no 103, Dated. 17/07/2019

No. 103	Dated 26.06.2019	On transposing Regulation 2017/459 approved with Decision no. 2018/06/PHGL-ENC "On the establishment of the network code on capacities allocation mechanisms in natural gas transmission systems".	Official Gazette no 104, Dated. 18/07/2019
No. 104	Dated 26.06.2019	On an amendment at ERE Board Decision no. 181 dated 10.11.2017, "On approving the regulation for standard quality criteria of the electricity distribution system", as amended.	Official Gazette no 103, Dated. 17/07/2019
No. 105	Dated 26.06.2019	On licensing "Terna Energy Trading" company, in electricity trading activity.	Official Gazette no 103, Dated. 17/07/2019
No. 106	Dated 26.06.2019	"On licensing "Sang 1" company, in electricity trading activity ".	Official Gazette no 103, Dated. 17/07/2019
No. 107	Dated 26.06.2019	" On an amendment at ERE Board Decision no. 83, dated 31.05.2019, On licening "Sang 1" company, in electricity production activity from "Thirrë" HPP with installed capacity 1.820 MW".	Official Gazette no 103, Dated. 17/07/2019
No. 108	Dated 26.06.2019	"On opening the procedure to review the application of "Besta" company, in electricity production activity from the photovoltaic plant nga centrali fotovoltaik "Kucova 2" me kapacitet të instaluar 2 MW".	Official Gazette no 103, Dated. 17/07/2019
No. 109	Dated 01.07.2019	On an amendment at ERE Board Decision No.207 dated 18.12.2017 "On Approving the Regulation for the Standard Quality Criteria of Electricity Transmission Service"	Fletore Zyrtare me 140, Datë. 17/10/2019
No. 110			
No. 111	Dated 10.07.2019	On defining the electricity sale price from the supplier of last resort for June 2019"	Official Gazette no 103, Dated. 17/07/2019
No. 112	Dated 22.07.2019	"On the modification of "Henz Energy" company license, no.158, series PV12K, approved with ERE Board Decision no.65, dated 28.05.2012 , from electricity production from: Darsi 1 HPP with 2240 kW capacity, Darsi 2 HPP with 7633 KW capacity, Darsi 3 HPP with 1066 KW capacity, total capacity 10939 KW"	Official Gazette no 118, Dated. 16/08/2019

No. 113	Dated 22.07.2019	"On opening the procedure to license 'IRARBA ENERGJI' company in electricity producion activity from 'SHËNGJUN'' HPP with 2040 KW total capacity".	Official Gazette no 118, Dated. 16/08/2019
No. 114	Dated 22.07.2019	"On licensing, "S.P.E GJADËR" company , in Electricity Production Activity from GJADËR No.1/1 HPP, with 2134 KW installed capacity, GJADËR No. ½ HPP, with 4406 KW installed capacity, GJADËR No.2 HPP with 2983 KW installed capacity, GJADËR No.3 with 3874 KW installed capacity, GJADËR No.4 HPP with 5922 KW installed capacity, GJADËR No. 5 HPP with 5619 KW installed capacity, total installed capacity 24938 KW	Official Gazette no 118, Dated. 16/08/2019
No. 115	Dated 22.07.2019	On approving "An amendment at ERE Board Decision no. 265 dated 20.12.2018, on licensing "BE-IS-ENERGY " company , in Electricity Production Activities from " Kalivar 1" HPP with 1475 KW installed capacity, "Kalivarë 2" HPP , with 526 KW installed capacity, "Kalivarë 3 " HPP with 3321 KW installed capacity "Kalivarë 4" HPP, with 275 KW installed capacity, total installed capacity 5597 KW"	Official Gazette no 118, Dated. 16/08/2019
No. 116	Dated 22.07.2019	"On approving all TSO proposal for a joint methodology of the network in conformity with article 17 of the EU Commission Regulation 2012/1222 dated 24 June 2015, defining a guideline on the capacities allocation and congestion management".	Official Gazette no 118, Dated. 16/08/2019
No. 117	Dated 22.07.2019	"On approving an amendment at the "Agreement for ensuring the Electricity distribution service between OSHEE company and the Electricity suppliers, approved with ERE Board Decision no.24, dated 15.02.2019. as amended with decision no.58, dated 15.04.2019".	Official Gazette no 118, Dated. 16/08/2019
No. 118	Dated 22.07.2019	"On opening the procedure to approve the "Albanian Market Balancing Rules for Electricity ".	Official Gazette no 118, Dated. 16/08/2019
No. 119	Dated 22.07.2019	"On opening the procedure to renew "GSA" company license in Electricity Supply Activity ".	Official Gazette no 118, Dated. 16/08/2019
No. 120	Dated 22.07.2019	"On opening the procedure to license "Ensco Trading (ALBANIA)" company in Electricity Trading Activity".	Official Gazette no 118,

			Dated. 16/08/2019
No. 121	Dated 22.07.2019	Decision no.121, dated, 22.07.2019, " On the request of "SPAHIU GJANÇ" company for Issuing the Authorisations by ERE, for the Partner's amendments of "SPAHIU GJANÇ" company, for the 100 % sale of the capital cuotes to the ' Hidro Invest' company".	Official Gazette no 118, Dated. 16/08/2019
No. 122	Dated 29.07.2019	"On approving the Draft Contract between "KESH company" and OSHEE/OSSH company, for excessive sale-purchase of Electricity, resulting after meeting the Request of the Customers benefiting from the Universal Service to cover the losses in the distribution system, for 01.01.2019- 31.12.2019 period"	Official Gazette no 118, Dated. 16/08/2019
No. 123	Dated 29.07.2019	"Opening the Procedure to review the request of OSHEE company on an amendment at the "Regulation for Electricity Purchase Procedures to cover the losses in the Distribution and Transmission Network and for Electricity Purchase to ensure the compliance of Public Service Obligations"	Official Gazette no 118, Dated. 16/08/2019
No. 124			-
No. 125			-
No. 126	Dated 08.08.2019	"On defining the Electricity Purchase Price from the Supplier of Last Resort for July 2019"	Official Gazette no 118, Dated. 16/08/2019
No.127	Dated 13.08.2019	On renewing "GSA: company license no. 246, Series FK14, in Electricity Supply Activity, approved with ERE Board Decision no.102 dated 21.12.2009, renewed with ERE Board Decision no. 84, dated 16.09.2014"	Official Gazette no 120, Dated. 02/07/2019
No. 128	Dated 29.08.2019	"On opening the procedure to license "MP-HEC" company, in electricity production activity from "Niçë" HPP, with installed capacity 1668 KW.	Official Gazette no 131, Dated. 24 /09/2019
No. 129	Dated 29.08.2019	"On opening the procedure to license "Ayen AS Energji", company, in electricity supply activity.	Official Gazette no 131, Dated. 24/09/2019
No. 130	Dated 29.08.2019	"On opening the procedure to license "Ayen AS Energji", company in electricity trading activity", for 5 years.	Official Gazette no 131, Dated. 24/09/2019

No. 131	Dated 29.08.2019	"On opening the proceure to license "Electral Batra HPP" in electricity trading activity"	Official Gazette no 131, Dated. 24/09/2019
No. 132	Dated 29.08.2019	"On opening the procedure to review the approval of the draft – regulation for New Connections in Natural Gas Network"	Official Gazette no 131, Dated. 24/09/2019
No. 133			
No. 134	Dated 06.09.2019	"On refusing the request of Albpetrol company on licensing in natural gas supply activity";	Official Gazette no 131, Dated. 24/09/2019
No. 135	Dated 06.09.2019	Decision no. 135 dated 06.09.2019 "On opening the procedure to license electral batra HPP, in electricity production activity from "Selita" HPP, with 1798 KW installed capacity, "Frankthi" HPP with 2129 KW installed capacity, and "batra" HPP, with 2411 KW installed capacity, and total installed capacity 6338 KW.	Official Gazette no 131, Dated. 24/09/2019
No. 136	Dated 06.09.2019	"On licensing ensco trading (albania), in electricity trading activity".	Official Gazette no 131, Dated. 24/09/2019
No. 137	Dated 06.09.2019	"On the request of TSO company regarding some amendments on the "Regulation for the electricity purchase procedures to cover the losses in the distribution and transmission networks and for electricity sale-purchase to ensure public service obligations".	Official Gazette no 131, Dated. 24/09/2019
No. 138	Dated 16.09.2019	"On defining the electricity sale price from the supplier of last resort for August 2019"	Official Gazette no 131, Dated. 24/09/2019
No. 139	Dated 24.09.2019	"On opening the procedure for some additions and amendments at ERE Board Decision no. 190, dated 23.11.2017, "On approving the regulation to define the regulatory payments for the licensees on Power and Natural Gas Sectors";	Official Gazette no 138, Dated. 09/10/2019
No. 140	Dated 24.09.2019	"On licensing "Irarba Energji" company, in electricity production activity from "Shëngjun" HPP with 2040 kW installed capacity;	Official Gazette no 138, Dated. 09/10/2019
No. 141	Dated 24.09.2019	"On licensing "Ayen AS Energji" company, in electricity trading activity".	Official Gazette no 138, Dated. 09/10/2019

No. 142	Dated 24.09.2019	"On licensing "Ayen AS Energji" company in electricity supply activity";	Official Gazette no 138, Dated. 09/10/2019
No. 143	Dated 24.09.2019	"On opening the procedure to renew "Devoll Hydropower" company license no. 274, series T15, in electricity trading activity, approved with ERE Board Decision no. 35, dated 04.03.2015".	Official Gazette no 138, Dated. 09/10/2019
No. 144			
No. 145			
No. 146	Dated 04.10.2019	"On the request of OSHEE company for the transitory period set on point 2 of ERE Board Decision no. 46, dated 19.03.2019, until the end of 2019"	Official Gazette no 145, Dated. 29/10/2019
No. 147	Dated 04.10.2019	"On opening the procedure to renew the license of FSHU company in electricity supply activity (Licensing, Authorisations and Supervision Directory)"	Official Gazette no 145, Dated. 29/10/2019
No. 148	Dated 04.10.2019	"On the refusal of TSO request for approving some additions at the transitional rules of the balancing mechanism"	Official Gazette no 145, Dated. 29/10/2019
No. 149			
No. 150	Dated 10.10.2019	On defining the electricity sale price from the Supplier of Last Resort for September 2019.	Official Gazette no 142, Dated. 29/10/2019
No. 151	Dated 14.10.2019	"On opening the procedure to license "Elva 2001" company, in electricity production activity from "Mivas" HPP with 1940 kW installed capacity"	Official Gazette no 148, Dated 04/11/2019
No. 152	Dated 14.10.2019	"On opening the procedure to approve some additions and amendments at the "Regulation for new connections in the distribution system", approved with ERE Board Decision no. 166, dated 10.10.2016, as amended with ERE Board decision no. 177 dated 08.11.2016, on defining the approving the tariffs for the connection of electricity self – production plants from solar". (Tariffs and Prices Directory)"	Fletore Zyrtare me 148, Datë. 04/11/2019 Official Gazette no 148, Dated 04/11/2019
No. 153	Dated 21.10.2019	"On licensing "Electral Batra HPP", in electricity trading activity"	Official Gazette no 148, Dated. 04/11/2019

No. 154			
No. 155	Dated 29.10.2019	"On opening the procedures to review the Methodology on defining the electricity sale price from the supplier of last resort" approved with Decision no. 201, dated 04.12.2017"	Official Gazette no 152, Dated. 13/11/2019
No. 156	Dated 29.10.2019	"On the request of "Albtek Energy" company to define the electricity sale price"	Official Gazette no 152, Dated. 13/11/2019
No. 157	Dated 29.10.2019	"On opening the procedure to license "HP Panarit" company in electricity production activity from "Vile" HPP	Official Gazette no 152, Dated. 13/11/2019
No. 158	Dated 29.10.2019	"On opening the procedure to license " ARSTI HPP", in electricity production activity"	Official Gazette no 152, Dated. 13/11/2019
No. 159	Dated 29.10.2019	"On renewing the license of "Devoll Hydropower", no. 274, Series T15, in electricity trading activity"	Official Gazette no 152, Dated. 13/11/2019
No. 160	Dated 29.10.2019	"On opening the procedure to review the request of "Kabash Poroçan" HPP, for pledging and mortgaging of the assets in favor of Intesa SanPaolo Bank"	Official Gazette no 152, Dated. 13/11/2019
No. 161	Dated 29.10.2019	"On opening the procedure to review the request of "Përparimi SK" company, for mortgaging and encumrance of the assets in favor of Intesa SanPaolo Bank"	Official Gazette no 152, Dated. 13/11/2019
No. 162	Dated 29.10.2019	"On opening the procedure to review the request of "Lashkiza HPP", for morgaging and encumrance of assets in favor of Intesa SanPaolo Bank"	Official Gazette no 152, Dated. 13/11/2019
No. 163			
No. 164	Dated 04.11.2019	"On renewing the license of FSHU company in electricity supply activity"	Official Gazette no 156, Dated. 19/11/2019
No. 165	Dated 04.11.2019	"On defining the electricity sale price from the Supplier of Last Resort for October 2019"	Official Gazette no 156, Dated. 19/11/2019
No. 166	Dated 04.11.2019	"On approving the "Regulation on the Unified System of Calculations for the Regulated Companies on Natural Gas Sector''	Official Gazette no 156,

			Dated. 19/11/2019
No. 167	Dated 04.11.2019	"On approving the draft 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 / OSHEE company for the supply of the end use customers for 01.01.2019 – 31.12.2019 period".	Official Gazette no 156, Dated. 19/11/2019
No. 168	Dated 04.11.2019	"On Opening the procedure to approve the Network Code harmonising the Tariff Structures of Natural Gas Transmission"	Official Gazette no. 156, Dated, 19/11/2019
No. 169	Dated 07.11.2019	"On opening the procedure to license "Kroi Mbret Energji", in electricity trading activity"	Official Gazette no. 158, Dated, 25/11/2019
No. 170	Dated 07.11.2019	"On opening the procedure to review the request of "Sa'Ga'Mat" company for pledging the current/future assets and imposing the morgage to the immovable assets belonging to "German 1" and "German 2 HPP-s in favor of Intesa San Paolo bank"	Official Gazette no. 158, Dated, 19/11/2019
No. 171	Dated 07.11.2019	"Regarding the request of "Wonder" company concession for full transfering of the concession company "Energo-Sas", in electricity production activity from "Sasaj" HPP, in "Hydropower-SAS" company.	Official Gazette no. 158, Dated, 19/11/2019
No. 172	Dated 07.11.2019	"On opening the procedure to renew the license of "Energia Gas and Power Albania", in electricity trading activity"	Official Gazette no. 158, Dated, 25/11/2019
No. 173	Dated 07.11.2019	"On the request of E-Vento Albania to postpone the terms of Decision no. 84, dated 17.07.2008, as amended	Official Gazette no. 158, Dated, 25/11/2019
No. 174	Dated 07.11.2019	"On opening the procedure to license Axpo Albania in electricity trading activity"	Official Gazette no. 158, Dated, 25/11/2019
No. 175	Dated 14.11.2019	"On the request of OSHEE company to postpone the terms defined on the regulation on the standard criteria of the electricity supply quality of service".	Official Gazette no. 165, Dated, 05/12/2019

No. 176	Dated 14.11.2019	"On approvin the regulation for new connections in the natural gas sector"	Official Gazette no. 165, Dated, 05/12/2019
No. 177	Dated 14.11.2019	"On the request of "Smart Watt" company for issuing the authorisation by ERE, for the sale of Smart Watt company quotes to "ETS" company.	Official Gazette no. 165, Dated, 05/12/2019
No. 178	Dated 14.11.2019	"On opening the procedure to license "Kroi Mbret Energji" in electricity production activity"	Official Gazette no. 165, Dated, 05/12/2019
No. 179	Dated 20.11.2019	"On not opening the procedure to license Albpetrol company, in natural gas supply activity	Official Gazette no. 167, Dated, 06/12/2019
No. 180	Dated 20.11.2019	"On the request of Hera company to postpone the terms of decision no. 61, dated 02.11.2007", as amended	Official Gazette no. 167, Dated, 06/12/2019
No. 181	Dated 20.11.2019	On the request of Alb Wind Energy company to postpone the terms of decision no. 13, dated 28.01.2008, as amended	Official Gazette no. 167, Dated, 06/12/2019
No. 182	Dated 20.11.2019	Decision no.182 dated 20.11.2019, "On the request of Albanian Green Energy company to postpone the terms of Decision no. 89, dated 06.08.2008", as amended	Official Gazette no. 167, Dated, 06/12/2019
No. 183	Dated 20.11.2019	"On the request of Bio Power Green Energy company to postpone the terms of Decision no. 90, dated 06.08.2008", as amended	Official Gazette no. 167, Dated, 06/12/2019
No. 184	Dated 20.11.2019	"On opening the procedure to approve the Regulation for the ancillary services of electricity"	Official Gazette no. 167, Dated, 06/12/2019
No. 185	Dated 20.11.2019	"On opening the procedure to Approve the criteria for granting derogations from Requirements for connection of Generating Modules"	Official Gazette no. 167, Dated, 06/12/2019
No. 186	Dated 25.11.2019	On opening the procedure to approve the draft "Methodolgy of defining natural gas sale tariff from the Supplier of Last Resort"	
No. 187	Dated 25.11.2019	"On licensing "MP-Hec", in electricity production activity from "Niçë" HPP with 2270 KW installed capacity"	

No. 188	Dated 25.11.2019	On opening the procedure to renew the license of "NOA Energy Trade" company, no. 262 Series T15, in electricity trading activity, approved with ERE Board Decision no. 7 dated 02.02.2015"	
No. 189	Dated 25.11.2019	"On opening the procedure to license "Kalisi Hydropower" company, in electricity production activity, from "Veleshica1" HPP, with 5801 KW installed capacity and "Veleshica 2" HPP, 8116 KW installed capacity, total installed capacity 13917 KW"	
No. 190	Dated 25.11.2019	On the request of Albgaz company, for licensing on the activity of natural gas storage capacities operation	
No .191	Dated 25.11.2019		
No. 192	Dated 02.12.2019	On licensing "Kroi Mbret Energji" company in electricity trading activity	
No. 193	Dated 02.12.2019	On opening the procedure to define the electricity purchase price produced from the small renewable resources from solar with installed capacity up to 2MW and from wind with installed capacity up to 3MW for 2019	
No. 194	Dated 03.12.2019	ERE opinion on the Request of TSO company to Give for Usage a part of Optic Fiber Infrastructure.	
No. 195	Dated 12.12.2019	Decision no. 195 dated 12.12.2019 "On defining the electricity sale price from the Supplier of Last Resort for November"	
No. 196	Dated 12.12.2019	"On the request of KESH company to review ERE Board Decision no.167, dated. 04.11.2019 "On approving the electricity sale – purchase draft contract"	
No. 197	Dated 12.12.2019	"On the request of OSHEE company to review ERE Board Decision no. 167, dated. 04.11.2019 "On approving the draft contract for electricity sale-purchase"	
No. 198	Dated 12.12.2019	"On reviewing the request of TSO company to define the electricity transmission service tariff for 2020"	
No. 199	Dated 12.12.2019	"To postpone the Legal Effect of ERE Board Decision no. 268 dated 21.12.2018, for the tariffs of using the distribution network according to the voltage level"	

No. 200	Dated 12.12.2019	"To postpone the legal effect of ERE Board decision no. 268 dated 21.12.2018, for the end use customer's retail prices that shall be served by the Universal Service Supplier"	
No. 201	Dated 12.12.2019	"To let into force ERE Board Decision no.8 dated 17.01.2019, "On the Annual Electricity Purchase Price, that shall be paid to Existing priority Producers for Electricity during 2019"	
No. 202	Dated 12.12.2019	"On opening the procedure to approve the "Draft regulation of the standartized load profiles"	
No. 203	Dated 12.12.2019	"On appproving the rules to monitor the Electricity market"	
No. 204	Dated 12.12.2019	"On renewing the license of "Energia Gas and Power Albania", in electricity trading activity"	
No. 205	Dated 12.12.2019		
No. 206	Dated 16.12.2019	To let into force ERE Board Decision no. 60, dated 15.04.2019, "On approving the transitional tariff for natural gas transmission from Albgaz company" for 2020	
No. 207	Dated 16.12.2019	Decision no. 207 dated 16.12.2019 "On the request of TSO company, for an amendment on ERE Board Decision no. 43, dated 15.03.2017, on approving the final certification of the Transmission Operator for Electricity TSO company, in conformity with article 54, point 6, of Law no. 43/2015 "On Power Sector", and Article 9 point 6 Directive 72/2009 EC after taking Energy Community Secretariat Opinion".	
No. 208	Dated 16.12.2019	On the request of "Wenerg" company, to pledge the assets on favor of "OTP Albania" companty, for the reconstruction of the loans and the funds used to finance the construction of "Dardha 1" HPP.	
No. 209	Dated 16.12.2019	On the request of TSO company for some amendments on ERE Board Decision no. Dated 18.12.2017, (On approving the regulation for the standard quality criteria"	
No. 210	Dated 18.12.2019	Regarding the request of "Wonder" company and the request of "Hydropower-SAS" company to	

		review ERE Board Decision no. 171, dated 07.11.2019"	
No. 211	Dated 18.12.2019	"On the postponement of the transitional period to make effective the transfering of the electricity distribution system operation license of the Electricity Distribution Operator (OSHEE company), to the Distribution System Operator (OSSH company), the Electricity supply license and the obligation of the universal electricity supply service of the Electricity Transmission Operator (OSHEE company), to the "Universal Service Supplier" (FSHU company)	
No. 212	Dated 18.12.2019	"On the calculation of the regulatory payments for 2019"	
No. 213	Dated 20.12.2019	"On approving the agreement between ERE and ZRRE Kosovo"	
No. 214	Dated 20.12.2019	"On the request of OSHEE company for an amendment on the "Regulation for the procedures of electricity purchase to cover the losses in the distribution and transmission networks and for electricity purchase to ensure the compliance of public service obligations"	
No. 215	Dated 20.12.2019	To review the regulation on the procedures and terms for license issue, modification, transfering, renewal or license removal on Power Sector.	
No. 216	Dated 20.12.2019	"On licensing AXPO Albania in electricity trading activity"	
No. 217	Dated 20.12.2019	"On licensing "Elva 2001" in electricity production activity"	
No. 218	Dated 20.12.2019	On licensing "Arsti HPP", in electricity production activity from "Arsti" HPP	
No. 219	Dated 20.12.2019	"On licensing Hydropower Panarit in electricity production activity from Vile HPP".	
No. 220	Dated 20.12.2019	"On an amendment on ERE Board decision no. 187 dated 10.11.2017, "On licensing Albgaz company in natural gas distribution activity", as amended with decision no. 261, dated 19.12.2018 and decision no. 36, dated 04.03.2019, and an amendment on ERE Board Decision no. 188 dated 10.11.2017, "On licensing Albgaz company in natural gas transmission activity" as	

		amended with decision no. 262, dated 19.12.2018 and decision no. 37, dated 04.03.2019"	
No. 221	Dated 20.12.2019	"On some amendments on ERE Board Decision no. 63, dated 23.04.2019, "On an amendments on ERE Board Decision no. 179, dated 08.11.2017, "On the certification of Albgaz company, as amended"	
No. 222	Dated 20.12.2019	"On renewing the license of "NOA Energy Trade" company no. 262, Series T15, in Electricity Trading Activity"	
No. 223	Dated 20.12.2019	"On reviewing the application of "Hydropower Elektrik" company, to renew license, no. 268, series FK15, in electricity supply activity of qualified customers, approved with ERE Board Decision no. 20, dated 11.02.2015"	
No. 224	Dated 20.12.2019	"On reviewing the application of "Power Elektrik Slabinjë" company, to renew license no. 266, series FK15, in electricity supplied activity of qualified customers, approved with ERE Board Decision no. 18, dated 11.02.2015"	
No. 225	Dated 20.12.2019	On the request of "SA'GA-Mat" company to remove the license in electricity trading activity no. 254, series T14P, approved with ERE Board Decision no.103, dated 07.11.2014, for a 30 year period"	
No. 226	Dated 20.12.2019	Additional information on the request of ERS-08 company, to postpone decision no. 63, dated 13.06.2008, as amended".	
No. 227	Dated 20.12.2019	"On reviewing the approval of the Investments plan for 2019 and updating the Development plan of the distribution network for a five year period 2018-2022, of OSHEE company"	
No. 228	Dated 20.12.2019	On reviewing the investment plan for 2019 and the updated one for 10 year period 2015-2025, of developing the transmission network of TSO company	
No. 229	Dated 20.12.2019	On approving the regulation "For the issue, transfering and cancellation of the guarantee of origin for the electricity produced from renewable resources"	
No. 230	Dated 20.12.2019	"On approving the contract for the transmission service of natural gas, signed between "Albgaz" and "Albpetrol" companies for 2019"	

No. 231	Dated 20.12.2019	"On approving the Network Code harmonising the tariff structures of gas transmission"	
No. 232	Dated 20.12.2019	"On approving the methodology to calculate the reimbursement of the economic damage from the system operator, due to the illegal interventions in the distribution system"	
No. 233	Dated 20.12.2019	"On approving the review of the Methodology on defining the electricity sale price from the Supplier of Last Resort" approved with ERE Board Decision no. 201, dated 04.12.2017, as amended with Decision no. 144, dated 25.06.2018"	
No. 234	Dated 20.12.2019	"On some additions and amendments on the Regulation for new connections in the distribution system", approved with ERE Board Decision no. 177, dated 08.11.2016, on defining and approving the tariffs for the connection of the electricity self-production plants from solar"	
No. 235	Dated 20.12.2019	"On opening the procedure to approve the Strategy for critical infrastructures on power sector"	
No. 236	Dated 20.12.2019	"On opening the procedure to approve the Transmission Network Code for natural gas"	
No. 237	Dated 23.12.2019	"On defining the electricity sale price produced from small renewable resources from solar with installed capacity up to 2MW and from wind with installed capacity up to 3MW for 2018"	
No. 238	Dated 23.12.2019	"On reviewing the request of "SA'GA MAT" company, to review ERE Board Decision no. 170, dated 07.11.2019"	
No. 239	Dated 23.12.2019	"On reviewing ERE Board Decision no. 114, dated 22.07.2019 on licensing "S.P.E Gjadër" company in electricity production activity"	
No. 240	Dated 23.12.2019	On opening the procedure for the "Criteria to exercise the activity of the Nominated Electricity Market Operator (NEMO).	