



REPUBLIC OF ALBANIA
ASSEMBLY

LAW
No.43 /2015

ON POWER SECTOR¹

Based on Articles 78 and 83, paragraph 1 of the Constitution, with proposal of the Council of Ministers,

**ASSEMBLY
OF THE REPUBLIC OF ALBANIA**

DECIDED:

**FIRST PART
GENERAL PROVISIONS**

**Article 1
Purpose of this Law**

The purpose of the law is to ensure the legal framework for guarantying a reliable and safe, electricity supply to customers through the establishment of functional and competitive power market, taking into consideration the customers' interest, the security and quality of the electric power supply service and with the requirements with the environmental protection.

**Article 2
Scope of this Law**

This law² establishes the generation, transmission, distribution and supply of electricity and it lays down the rules relating:

- a) opening, organization and functioning of a competitive electricity market,
- b) participation in the electricity market;
- c) granting of authorizations and licenses in the electricity sector,
- ç) regulation of electricity activities and customer protection, security of supply and establishment of competitive electricity market structures;
- d) integration of the Albanian market in the Regional and European Electricity Market.

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This law is fully aligned with: Directive 2009/72 / EC of the European Parliament and the Council, dated 13 July 2009 "on common rules for the internal market in electricity, which repeals Directive 2003/54 / EC", CELEX number: 32009L0072, the Official Journal of the European Union, Series L, no. 211, no. 14. 08. 2009, p. 55-93 "

Article 3

Definitions

In this law the following terms are defined as follows:

1. “**Ancillary services**” means services necessary for reliable operation of the transmission or distribution system;
2. “**Auto-producer**” means a person generating electricity who consumes for his own use not less than 70% of total output of the plant;
3. “**Back-up Source**” means a secondary source of electricity supply not connected to the power system;
4. “**Balancing**” means all actions and processes through which the transmission system operator operates and maintains the system frequency within predefined stability range.
5. “**Balancing market**” means market-based management of the functions of balancing of the power system operated by the Transmission System Operator.
6. “**Power House**” is a set of defined buildings and plants, which have as base destination the production of electricity.
7. “**Balancing responsibility**” means an obligation of market participants to balance generation, consumption, and electricity purchase/selling processes, in accordance with the accepted schedule being financially responsible to the Transmission System Operator for the settlement of imbalances;
8. “**Board of Commissioners**” or “**Board**” means the decision-making body of ERE composed by five members appointed according to the procedures provided for by this Law;
9. “**Customer**” is a wholesale or end customer of electricity.
10. “**Certification**” means the procedure of determining compliance with the conditions governing independence and unbundling of transmission system operator, as defined in this Law, as a precondition for appointment and designation of the transmission system operator;
11. “**Control**” means the right, contracts or any other method which separately or collectively, based on a circumstance or a law, grant an entity the option of exercising a decisive influence on a given company in particular through: a) ownership or the right to use all or a part of such company assets b) rights or contracts which assign a high influence on the drafting, voting or decision-making of such company bodies.
12. “**Declared Export**” is the dispatching of electricity, corresponding to the amount of electricity delivered simultaneously to another country as declared import, based on contractual relationships.
13. “**Declared Import**” is the electricity delivered to a country and simultaneously dispatched as declared export from another country.
14. “**Congestion**” means a situation in which, an interconnector cannot accommodate all physical flow resulting from international trade requested by market participants

because of lack of capacity of the interconnectors and/or the national transmission system;

15. **“Cross-border flow”** means a physical flow of electricity on a transmission grid of Albania, which results from the activity of producers and/or consumers outside Albania on its transmission grid;

16. **“Customer”** means a final customer of electricity;

17. **“Day-ahead electricity market”** means an organized platform for selling and buying of electricity on the day-ahead basis;

18. **“Declared transit”** means the amount of electricity coming from another country, which is not consumed within the country, but is transmitted to a third country;

19. **“Direct Line”** means either an electricity line linking an isolated generation site with an isolated customer inside or outside Albania, or an electricity line linking an isolated generation site with a customer outside of Albania, or an electricity line linking an electricity producer and an electricity supply undertaking to supply directly their own premises, subsidiaries and eligible customers;

20. **“Dispatching”** means the activity performed by the transmission system operator consisting in real-time management of the flows of electricity and application of the provisions necessary to the coordinated operation of the system components, including production plants, transmission grid and the ancillary services necessary for system operation;

21. **“Distributed power producer”** means a producer connected to the distribution grid;

22. **“Distribution”** means the delivery of electricity in the distribution system with a voltage not higher than 35 kV with a view to its delivery to customers, not including supply;

23. **“Distribution Code”** means a set of technical rules, which govern the operation of distribution grid, and establishes conditions and terms of service provided by the distribution system operators to distribution system users;

24. **“Distribution System”** means the system of lines, supporting structures, transforming and switching devices, used for electricity distribution system and for the delivery to its customers, The separating border between the distribution system and the transmission system are 110 kV busbars.

25. **“Distribution System Operator or DSO”** means a legal person responsible for secure, reliable and efficient operating of the distribution grid, ensuring the maintenance and the development of the distribution system, dispersed at a given area, and if applicable, its connection to other systems in order to provide long-term capabilities to meet the reasonable demands on the distribution of electricity, respecting the environment and electricity efficiency.

26. **“Small Non-household Customer”** means a physical person or legal entity connected to 0,4 kV voltage level, which purchase energy for use in premises where it operates, and not for the purpose of reselling.

27. **“Electricity activities”** means economic activities related to the production, supply, distribution and transmission of electricity as well as the operation of the electricity market;
28. **“Electricity derivative”** means a financial instrument aimed to secure electricity market participants from possible fluctuations of the price of electricity in the market, where that instrument relates to electricity;
29. **“Electricity market”** means a system for effecting purchases, through bids to buy; sales, through offers to sell; and short-term trades.
30. **“Electricity Market Model”** means a document developed and approved according to the provisions of this law, which designs the relations between and among different electricity market participants aiming the establishment of a competitive market for energy-related and power-related commodities.
31. **“Electricity market participant”** means any legal person, registered as an electricity market participant, which includes electricity producers, sellers, suppliers, universal service suppliers, supplier of last resort, customers, transmission system operator, distribution system operator, closed distribution systems and market operator. Transmission system operator and distribution system operator are electricity market participants only for the purpose of providing electricity needed for covering grid losses, balancing and ensuring secure operation of the electricity system;
32. **“Electricity supply contract”** means a contract for the supply of electricity, but does not include electricity derivatives;
33. **“Electricity system”** means an intertwined system, comprised of power plants, power lines, substations and transmission and distribution equipment, aiming at the transmission or distribution of electricity to the customers.
34. **“Metering Code”** is a set of mandatory minimum standards for the measurement and recording of electricity.
35. **“Energy Community Parties”** means the Contracting Parties to the Energy Community, the European Union and its Member States;
36. **“Energy Efficiency/Request Management”** means the approach aimed at influencing the amount and time of electricity consumption in order to reduce the energy consumption and peak loads, by giving precedence to investments in energy efficiency or measures such as contracts of interruptions to supply in case of load shedding and contracts on increase of generation capacities.
37. **“End customer”** means a customer purchasing electricity only for personal use.
38. **“Demand-Side”** means measures to steer the stability of the grid, such as agreed reduction and/or interruption of supply
39. **“ENTSO-E (European Network of Transmission System Operators for Electricity)”** is the European Network of Transmission System Operators of Electricity.
40. **“ERE”** or **“Energy Regulatory Entity”** means the regulatory institution of electricity and natural gas sectors, which operates according to this Law and the Law on Natural Gas Sector;
41. **“Final customer”** means a customer purchasing electricity for his own use;

42. **“Force Majeure”** is an natural or social act or event such as earthquakes, lightning, cyclones, floods, volcanic eruptions, fires or wars, armed conflict, insurrection, terrorist or military action, which prevent a licensee from performing his obligations under the license or other acts or events that are beyond the reasonable control and not arising out of the fault of the licensee, and where the licensee has been unable to overcome such act or event by the exercise of due diligence and reasonable efforts, skill and care.
43. **“Household customer”** means a customer purchasing electricity only for its own household consumption, excluding trade activity consumption.
44. **“Full supply contract”** means a supply contract which includes the responsibility of the usage of the transmission or distribution grid
45. **“Grid Codes”** means the Transmission Code and the Distribution Code;
46. **“Horizontally integrated undertaking”** means a Company performing at least one of the functions of generation for sale, or transmission, or distribution, or supply of electricity, and another non-electricity activity;
47. **“Household customer”** means a customer purchasing electricity for his own household consumption, excluding commercial and professional activities;
48. **“Independent Metering Company”** means a company with expertise in metering of electricity that may be contracted by the transmission or distribution system operator to run and manage their respective metering system.
49. **“Integrated electricity undertaking”** means a vertically or horizontally integrated undertaking;
50. **“Interconnector”** means a transmission line built by the Transmission System Operator or a third party, which crosses a border between Albania and another country and which connects the national transmission systems of both countries;
51. **“Network Operator”** is the transmission system operator and / or distribution system operator.
52. **“Legislation in Force”** means the laws and bylaws in effect at the time of the activities contemplated under this law;
53. **“License”** means an authorization granted to a person for performing electricity activities according to the provisions of this law;
54. **“License fee”** means a fee imposed by ERE for licenses issued to perform an activity in the electric power sector;
55. **“Licensee”** means a person that holds a license according to the provisions of this law.
56. **“Long-term planning”** means the planning of the need for investment in generation, transmission and distribution capacities on a long-term basis, with a view to meeting the demand of the system for electricity and securing supplies to customers;
57. **“Market Operation”** means an activity performed by the Market Operator consisting of management of the electricity market and the completion of financial statements on the imbalances caused by market participants, excluding the purchase or selling of electricity.

58. **“Market Operator”** means the entity responsible for organization and management of the organized electricity market;
59. **“Market Rules”** means the rules developed by the Market Operator for approval by ERE setting detailed rules on market organization, registration of participants, balance responsibility of electricity market participants; rules for balancing the electricity system; rules for calculating imbalances of balance responsible parties; rules for financial settlement of balance responsible parties for their imbalances and other issues related to the Market Operations;
60. **“Member”** means any member of the ERE Board of Commissioners nominated in accordance with this law, unless provided differently by the law;
61. **“Ministry responsible for energy or the Ministry”** means the Ministry of Energy and Industry or any successor Ministry responsible for the energy sector;
62. **“New interconnector”** means an interconnector not completed and not commissioned by the date of entry into force of this law;
63. **“Non-household customers”** means any natural or legal person purchasing electricity, which is not for household use, including the wholesale generators and operators;
64. **“Person”** means a natural or legal person;
65. **“Power company”** means any natural or legal person performing at least one of the following functions: generation, transmission, distribution, supply or purchase of electricity and is responsible for commercial, technical or maintenance liabilities related to these function, but which does not include the end customers.
66. **“Power generation”** means the generation of electricity;
67. **“Power system”** means an interconnected system consisting of electric plants, power lines, substations and distribution equipment, intended for transmission or distribution of electricity to the customers;
68. **“Prioritised producer of electricity ”** are producers of electricity from renewable sources of electricity, pursuant to the law on renewable energy electricity.
69. **“Electricity network”** is a set of lines, substations, transmission equipment or distribution of electricity, including interconnectors.
70. **“Producer”** means a person licensed for power generation;
71. **“Public service”** means services provided by an licensee operating in the electricity sector which, during his activity, takes into account the objectives of consumer protection, security of supply regarding its quality and price, energy efficiency, energy from renewable sources, environmental and climate protection and equivalent levels of competition in the region.
72. **“Public service obligation”** means a non-discriminating duty, represented by an entirety of conditions imposed to a licensee, which may relate to the generation and security of the supply, the quality and the regulated prices for the energy sector, energy efficiency, energy from renewable sources, and environmental protection which does not distort the competition, except for the conditions which are beyond what is strictly necessary in order to achieve the provision of the public service in question;
73. **“Security”** means both security of supply and provision of electricity, and technical safety;

74. **“Small non-household customer”** means any natural or legal person, connected to the 0.4 kV grid, purchasing electricity for use in the facilities it operates, and not for resale.
75. **“Supplier”** means an electricity company licensed to perform the activity of supply;
76. **“Supplier of last resort”** means a supplier designated according to the provisions of this law who provides universal service under regulated conditions, for a limited time, to the household and small non-household customers which have not managed to contract a supplier of their own or have lost their supplier;
77. **“Supply”** means the sale, including resale, of electricity to customers;
78. **“System users”** means any natural or legal persons supplying, or being supplied, electricity through a transmission or distribution system;
79. **“Third party access”** means the right of all system users to use the electricity transmission and distribution grids based on predetermined and publicly announced conditions in conformity with principles of transparency and non-discrimination at tariffs and other conditions approved by ERE;
80. **“Trade of electricity”** means the process carried out by a legal person, who buys electricity in order to resell it inside or outside of the country’s system;
81. **“Trader or Wholesale customer”** means any legal person carrying out the activity of trade of electricity;
82. **“Transmission system”** means the system used for transporting electricity on the high-voltage and very high-voltage interconnected in parallel with the other countries’ systems which includes lines, supporting structures, power transforming and switching equipment for the delivery of electricity to the customers or to the distribution grid, excluding the supply;
83. **“Transmission Code”** means a set of technical rules, which governs the operation of transmission system and establishes conditions and terms of service provided by the transmission system operator to transmission system users;
84. **“Transmission System Operator or OST”** means the juridical person responsible for operation, maintenance and development of the transmission system, including its interconnections with other cross-border systems, for ensuring the long term ability of the system to meet reasonable demands for the transmission of electricity;
85. **“Universal service”** means a type of public service available to end customers connected to the low and medium voltage lines, ensuring their right to be supplied with electricity of a specified quality within the entire territory of Albania at reasonable, easily and clearly comparable, transparent and non-discriminatory prices.
86. **“Vertically integrated undertaking”** means an power company or a group of power companies where the same person or persons are entitled, directly or indirectly, to exercise control, and where the company or group of companies perform at least one of the functions of transmission or distribution, and at least one of the functions of generation or supply of electricity;

87. “**Vulnerable customer**” means a household customer which due to social reasons, in special conditions and by definition of this law is entitled of certain special rights regarding the supply with electricity.

SECOND PART POWER SECTOR POLICIES

Article 4 Power Sector Policies

1. The Council of Ministers shall be responsible for the overall policy of power sector of Albania consistent with policies of economic development of the country and respective policies developed in other sectors.
2. The Ministry responsible for energy shall:
 - a. develop the National Energy Strategy for Albania, which is subject to approval by the Council of Ministers and is updated at least every five years. The National Strategy of Energy defines the objectives of the energy sector development and the ways of their accomplishment, providing a sustainable development of the national economy in a medium and long term period;
 - b. prepares midterm programs for development of the power , which are approved by the Council of Ministers in compliance with the National Energy Strategy;
 - c. ascertain the necessity of constructing new production capacity and strengthening of grids, taking into account in compliance with the midterm programs:
 - i. the general expected future energy balances;
 - ii. the reliability and stability of the supply of electric power;
 - iii. the cost, including any mechanisms for costs minimization, for such new production capacities;
 - d) supervise the implementation of policies and programs of power sector development, in line with economic and social development of the country.

Article 5 Data and information on energy balance

1. Any physical or legal person that produces, transmits, distributes, imports, exports or supplies electricity is obliged to submit data related to its activity to the responsible ministry for energy in order to support the drafting of energy sector development policies and in respect to communication with specialized institutions in the frame of international commitments of Albania as well as preparation for publications of of annual energy balance.
2. The type, format and the frequency of data reporting shall be approved by the responsible Minister.

3. This Article does not limit the ERE's and any other Government entity responsible for statistical purposes right to data access in compliance with the provisions of this Law and other regulatory acts in force.

THIRD PART SECURITY OF SUPPLY

Article 6 Rules on security of electricity supply

1. The Council of Ministers shall, upon proposal of the responsible Minister of Energy, in collaboration with other relevant institutions or undertakings in the energy sector, approve rules on electricity security of supply, which include :at least:

- a) measures for ensuring security of electricity supply;
- b) measures to be taken in cases when security of supply is at risk;
- c) measures to be taken in emergency situations;
- d) roles and responsibilities of electricity market participants in relation to security of electricity supply.

2. The rules for ensuring security of supply shall take into account:

- a) the importance of ensuring continuity of electricity supply;
- b) the importance of a transparent and stable regulatory framework;
- c) the internal market and possibilities for cross-border cooperation in relation to security of supply;
- d) the need for regular maintenance and, where necessary, renewal of the transmission and distribution grids to maintain the performance of the grid;
- e) promotion of electricity produced from renewable energy sources;
- f) the need of ensuring sufficient transmission and generation reserve capacities, for maintaining the grid stability;
- g) the importance of encouraging the establishment of stable wholesale market;
- h) the degree of diversity in electricity generation sources;
- i) the importance of reducing the long-term effects of the growth of electricity demand;
- j) the importance of encouraging energy efficiency and the adoption of new technologies, in particular as regards the demand management, renewable sources, generation from plants connected with the distribution grid;
- k) the importance of avoiding administrative barriers to investments in grids and generation capacities.

3. The rules referred to in paragraphs (1) and (2) of this Article shall not be discriminatory and shall not specify unreasonable burden on the existing and new participants in the market.

4. Electricity market participants shall comply with the measures and rules on supply security referred to in paragraphs (1) and (2) and shall be responsible for the electricity supply security in the course of their activity.

Article 7

grid security and quality of supply

1. Transmission and distribution system operators shall develop specific rules, containing minimum requirements on grids security and operation, including rules on quality of supply and grid security performance. During the development of such rules and requirements, transmission and distribution system operators shall consult with the relevant stakeholders in- and outside the country. The rules on the quality of supply and the security of network performance shall be approved and monitored by ERE.

2. ERE shall supervise the maintenance of an appropriate level of technical capacity reserve of the transmission from transmission system operator, which cooperates even with operators of interconnected transmission systems of neighboring countries, for purposes of ensuring the grid operation security.

3. Transmission and distribution system operators shall exchange information on the operation of grids in a timely and effective manner and in line with the minimum operational requirements referred to in paragraph (1) of this Article, and with system operators of foreign interconnected transmission systems.

Article 8

Demand and generation balance

1. With a view to maintain balance between the demand for electricity and the availability of electricity supply, the following measures shall be taken:

(a) ERE defines rules that enable and promote the establishment and operation of an open wholesale market for generation, wholesale and supply;

(b) Transmission System Operator ensures a capacity reserve.

2. With a view to maintain balance between the demand for electricity and the availability of generation capacity, the Council of Ministers may take additional measures, including but not limited to the following:

a) inclusion in the relevant secondary legislation of provisions supporting the construction of the new capacities and the entry of new generation companies to the market;

b) removal of barriers that impede the use of interruptible supply contracts;

c) removal of barriers that impede the conclusion and endorsement of contracts with varying durations for both producers and customers;

ç) encouragement of the use of real-time demand management technologies through an advanced metering systems, as per the consumers demands.;

d) encouragement of energy conservation measures;

dh) implementation of competitive, transparent and non-discriminating procedures for new investment in the generation capacities, as set forth in the article 50 of this law

3. Transmission System Operator shall, prepare/develop a general short-term, medium-term and long-term forecast of electricity demand and potential supply sources, taking into account the supply security criteria and requirements.

FOURTH PART ENERGY REGULATORY ENTITY (ERE)

SECTION I ORGANIZATION

Article 9 Organization of ERE

1. ERE is the regulatory institution of electricity and natural gas sectors in Albania, which is led by the Board. The Board is composed of its Chair and four members
2. The Regulation on the organization and functioning of ERE is developed and approved by the Board and it is published at the official website.

Article 10 Independence of ERE

1. ERE is a legal and public person legally and functionally independent from any other public or private entity. The Board and its Technical Staff in any case perform:
 - a) perform their responsibilities and tasks in transparent and neutral way;
 - b) act independently from market interest of any private or public entity;
2. ERE cooperates with the responsible Ministry for Energy and other Government institutions, in respect to issues related to this law which relates with their areas of responsibilities

Article 11 Appointment of Board members

1. The Chairperson and the members of the board shall be appointed by the Parliament, with proposal from the Selection team, in accordance with the provisions of paragraphs (2), (3) and (4) of this Article.
2. The Chair and the members of the Board are appointed for a term of 5 years with the right of re-appointment for another mandate.
3. The team selecting board shall be composed of two representatives from the Parliament of Albania, respectively the chair of the responsible parliamentary

commission on energy and the chair of the responsible parliamentary commission on economy and from the responsible minister on energy.

4. Not later than three months before the termination of terms of the Chair of ERE or one of the Board members, the Parliament publish the notification on the vacancy. The Selecting Team, shall pre-qualify two candidates which fulfils the requirements of paragraph (4) below and proposes it to the Parliament of Albania.

5. The Chair and the board's members shall be persons who meets the following requirements:

a) the Chairperson should be a noted person in the energy field. He/she shall have at least 15 years working experience in the energy sector;

b) one of the board's members shall have not less than 10 years working experience in the power sector with profession of electrical engineer;

c) one of the board's members shall have not less than 10 years working experience in the hydrocarbons sector with profession of engineer in the area of oil and/or gas ;

ç) two other members with legal or financial professional background , who shall have not less than 10 years working experience, out of which not less than 5 years in the energy sector.

6. Should the chair position be vacant, the board's member who has been longer in the board acts as the chair until the new Chair is appointed. the seniority the date of his appointment shall serve as basis for the seniority.

7. The Board defines ERE's organization and employees' number, salary and financial treatment of the chair and board members as well as technical staff. As basis for the salary and financial or non-financial treatment specifications of the technical staff, the board takes in consideration market conditions and salary levels in the controlled companies in the covered areas.

Article 12

Dismissal and release of the chair and Board Members

1. The chair and any member of the Board may be dismissed from the Parliament only in case:

a) Act not in compliance with the principal of independency or are under the conflict of interest position;

b) is punished for committing a criminal act by a final court decision;

2. The chair and any member of the Board shall be released from the duty by the Parliament in case:

a. resigns;

b. runs as candidate for elections as Member of Parliament.

c. runs as candidate for elections of a local authorities.

ç) is disable to fulfil the duties and responsibilities of ERE for a term over 6 months;

d) when is absent to workplace , without cause, for more than 1 month.

3. Before the dismissal, the chair and any members of the board of ERE, have the right to present their reasons in front of the Parliamentary Commissions. The

decision to dismiss or release the chair or any board member , should be based on the law and with a description of the reasons for adopting such decision.

4. The chair or any board member which are dismissed from their position have no right to re-elected board member.
5. Discharge or dismissal of the chair and Board Members based on the paragraphs (1) and (2) of this article , shall be subject of Parliament's approval, upon proposal of the selecting team.

Article 13 **Chairperson of the Board**

1. The Chair of the board is the general administrator of ERE. He is responsible for the administration of the entity and chairing of the board meetings.
2. In cases when the Chair of the board is absent in the workplace, he designates one of the board members to exercise the Chair functions during this period.

Article 14 **Technical staff and advisors**

1. The technical staff shall assist the Board in the performance of its duties. The staff shall be selected, appointed, promoted and dismissed according to the criteria and procedures approved by the board.
2. In addition to permanent technical staff, the Board may decide to hire, upon its reasonable discretion, external experts or advisors in accomplishing its functions.
3. Costs related to external experts or advisors referred to under paragraph (2) of this Article shall be covered by ERE budget.

Article 15 **Conflict of interest**

1. The chair , any board member or the technical staff of ERE may not be:
 - a) owner, shareholder or holder of assets, or any part thereof, of a licensee holding a license under the terms and conditions of this Law;
 - b) employed or subcontractor of a licensee holding a license under the terms and conditions of this Law;
 - c) member of supervisory board or other relevant governing bodies of a licensee active in power sector in Albania;
 - d) director, administrator or cannot exercise any other management position of any licensee holding a license under the terms and conditions of this Law;
2. If, at any time during the application procedures for granting a license under this Law, or during a proceeding in which the financial interests of a licensee are involved, including but not being limited to the tariffs issue, the chair , any board member and/or technical staff member is placed in a conflict of interest situation, other than those

determined under paragraph 1 of this Article, but in any case subject to the provisions of Law 9376 dated 7.4.2005 “On the prevention of conflict of interest during the public functions exercises”, as amended.

3. The chair of the board, any member and/or technical staff member may be a customer of any licensee, but neither licensee offers, nor the board members or technical staff member accepts a more favorable service or a different service from the service under equal rates and conditions generally available to the public.

4. The Chair, any member of the board and/or technical staff must comply with all existing legislation in force concerning conflicts of interest.

Article 16

Meetings and decisions of the board

1. The board's decisions' meetings and hearings are open for public. In specific cases, related to the treatment of internal issues, the Board may hold closed sessions in compliance with the stipulations of ERE's rules of procedure on its organization, functioning.

2. The number of members of the Board needed to achieve a decision-making quorum of the Board is not less than three board members and the decisions are adopted with the majority of all members..

3. All decision of the board shall be duly accompanied by a report/memo.

4. All decisions, including decisions on regulated tariffs and prices but excluding those dealing with ERE's internal matters, shall be published in the Official Journal. ERE shall publish on its official website the adopted decisions and press release for each decisions.

5. Any of parties involved in a proceeding may request to the ERE within 5 (five) business days from the date of receipt of the decision related to that proceeding, to review the decision of the Board in case it has obtained new evidence that could lead the Board to make a different decision.

6. All ERE's Board decisions are subject of appeal to Tirana Administrative Court, within 30 (thirty) calendar days, starting from the date when the decision is published in the “Official Journal”.

Article 17

Financing of ERE

1. ERE's budget is approved by the board. ERE has full autonomy in the implementation of its budget.

2. The ERE's financial sources shall be regulatory fees and license application fees as approved by ERE.

3. The ERE keeps thorough and accurate accounts of incurred expenses in compliance with accounting legislation in force.

4. The ERE determines and approves a regulatory fee to be paid by the licensees, in accordance with the said regulation. The fee should be proportionate to annual income generated by the activity performed by the licensee.
5. ERE shall notify the licensee on the due amount and payment term. If the licensee shall fail to pay such fee within 30 (thirty) days after receiving such notice, ERE shall be entitled to apply the administrative sanctions according to Article 107herein.
6. Regulatory fees shall be deposited in a specific account opened in one of the banks licensed according to Albanian legislation in force. Any funds in the ERE account not used in one year shall be carried forward to the next year, and the next year's regulatory fees shall be reduced accordingly.
7. The auditing of ERE's financial activity shall be carried out by chartered accountants in compliance with the legislation in force.

SECTION II

ERE - OBJECTIVES, RIGHTS AND RESPONSIBILITIES

Article 18

General objectives of the ERE

1. The objectives of ERE during the performance of their regulatory functions defined in this law are the following:
 - a) Promotion of the, establishment of an environmental friendly, secured and competitive domestic market for all customers and suppliers, and ensuring appropriate conditions for the effective and stable operation of electricity grids, in close cooperation with the Energy Community and regulatory authorities of other countries ;
 - b) Establishment of the facilitating conditions for access to the grid for new generation capacity, as well as the removal of barriers that could prevent access for new participants and of those generating electricity from renewable sources;
 - c) Commitment on the development and operation of competitive regional market in the Energy Community.
 - d) Eliminating restrictions in electricity trade withmember countries of Energy Community, including development of cross-border capacities of transmission.
 - e) Commitment in the development of a secured system, sustainable, non-discriminating, reliable and secure system protecting the consumer, promoting the operation of a suitable system, in compliance with the objective of the power system development, electricity efficiency as well as integration in a large scale of power generation from renewable sources.
 - f) ensuring that customers benefit through the efficient functioning of the national market, promoting effective competition and consumer protection;

- g) the guarantee of high standards on the universal and public service obligations in electricity supply, protection of vulnerable customers and ensuring the required compatibility of the data sharing process regarding any changes in suppliers.
- 2 ERE cooperates with other Government institutions and any other independent institution on the fulfilment of its objectives as set forth in the point 1 of this article.

Article 19

Duties and powers of ERE

1. ERE shall exercise its activity in compliance with this Law and the effective legal framework. ERE has the following duties:
 - a) Approves the market rules on power sector
 - b) Approves and publish , pursuant to the transparency principle, the transmission, distribution, universal service or other applicable public service tariffs and their methodologies;
 - c) Approves and publish , pursuant to the transparency principle and considering the costs of the offered services, the tariffs for:
 - (i) Connections and access to the national grid, including tariffs for the transmission and distribution;
 - (ii) Balancing services, which offers appropriate steam for the users of the grid for balancing the energy entering into the grid and the the energy consumed from the grid;
 - (iii) Licensee’s activities when the public wholesale obligation is defined;
 - ç) ensure access to the cross border infrastructure, including the procedures on the capacity allocation and the management of limited capacities;
 - d) decides on the public service obligations to the Licensee including Supply Universal service in accordance with the article 47 and 85 of this law;
 - dh) ensures unbundling and other obligations of transmission and distribution system operators, in compliance with the provisions of this Law.
 - e) cooperates in regard to cross-border issues with the regulatory authorities of other countries concerned and with the Energy Community Regulatory Board for harmonizing the regulatory framework for the development of the regional electricity market, including the cross-border exchanges of electricity and the rules regarding the management of interconnection capacities;
 - f) takes measures/avoids cross-subsidies between transmission, distribution, and supply activities as well as between categories of the clients;
 - g) ensures, together with other relevant authorities, the effective implementation of consumer protection measures, including those referred in Articles 86, 96and 88 of this Law;

- gj) Cooperate with Competition Authority and market surveillance body on the review of the anti-competition conduct or any other activity of the market participants
- h) ensures access to consumption data, for enabling the usage of an easily understandable harmonized format at national level for consumption data, prepared from system operator;
- i) Publish the conditions on the quality of services offered by the system operators ;
- j) contributes to the compatibility of data exchange processes for the most important regional market data;
- k) promotes energy efficiency measures and demand management, and improvements in the quality of service in electric power sector;
- l) publishes on its website quarterly based reports related to the electricity market operation.
- m) With the proposal from the Licensee approves the regulations on:
 - i) purchase and exchange for the procedures executed by all market participants exercising the functions of generator and supplier in charge of rendering the public service;
 - ii) Security of energy supply for covering the losses in the distribution and transmission grid.

Article 20

ERE's rights

ERE has the following rights:

- a) makes binding decisions for all licensees operating in the power sector;
- b) determines the rules and requests for granting, modification, transferring, renewal and withdrawal of licenses in the power sector;
- c) approves temporary transmission tariffs in case the transmission and distribution operators creates delays in tariffs' changes. In this case , if the approved tariffs result different from the temporary tariffs, ERE decides on the appropriate compensation measures;
- d) requires any information from electricity licensees in the course of performing its tasks;
- dh) imposes effective, proportionate and dissuasive administrative sanctions on licensees ;
- e) reviews and approves the investment plans of transmission and distribution system operators and monitors their application in compliance with the respective rules and ensures that their drafting be consistent with least cost planning principles;
- f) acts as dispute settlement authority regarding complaints filed by customers and disputes raised between or among the licensees according to specific rules and procedures;

- g) monitors and controls contracts execution and the performance of services by the licensees, exercising the right of inspection, access of documentation and information on licensees, and maintaining confidentiality of the received information;
- h) controls whether the suppliers are respecting the terms and conditions of the contract or are providing services consistently with requirements established by the terms of their license or any regulation approved by ERE
- i) reports in compliance with the Albanian legislation in force, to the Energy Community institutions, and any other appropriate international institutions;
- j) approves form of contracts or General conditions of the contracts on the regulated services offered from the market participants in charge with the public service obligation.

Article 21

Tariff principles for grid operation and services

1. Applicable tariffs for grid access, shall be applicable on non-discriminatory basis on all grid users and shall be transparent, reflect the need for grid security assurance and reflect the real costs.
2. The level of tariffs for connection to the grid shall not be affected from the distance of the electricity grid user. In accordance with this article, there will be put tariffs related to access to grid regardless on the declared obligations on exports and imports that results from the limited capacity management of interconnections, as set forth in the article 67 of this law.
3. The level of the tariffs for the producers and consumers for their connection to the grid shall be determined in consideration of the level of grid losses, limited capacity that may be caused by such connection, and investment costs needed for the infrastructure to allow such connection.
4. Tariffs or tariff methodologies should make possible the necessary investments in the grids to be carried out in a manner allowing those investments to ensure the viability of the system. When setting the tariffs for grid access, the following shall be considered:
 - a. payments and receipts resulting from the cross-border transmission system operator compensation mechanism;
 - b. payments made by and in favor of the latter, as well as payments expected for future periods of time, estimated on the basis of past periods.
5. There shall be no specific grid charge related to individual transactions of declared transits.
6. In setting or approving the tariffs or tariff methodologies and regarding the balancing services, ERE shall ensure the appropriate short-term and long-term incentives against transmission and distribution system operators for the increase efficiencies, increase of market integration, security of supply and support of the related research activities.

Article 22

Monitoring by ERE

ERE shall monitor amongst others:

- a) implementation of power sector market rules;
- b) compliance of licensees with transparency obligations;
- c) the level market opening and effectiveness of market competition at wholesale and retail levels, including on exchanges, prices for customers including prepayment systems, switching rates, disconnection rates, charges for maintenance services, and complaints by customers, as well as any distortion or restriction of competition or related information, as well as bringing any relevant cases to the relevant competition authorities;
- ç) signing of restrictive contracts, including contracts with specific exclusive conditions, which may impede non-household large customers to endorse contracts with more than one supplier simultaneously or restrict their choice to do so. In this case, ERE shall inform the national competition authorities;
- d) the terms within which the transmission and distribution system operators shall complete the connection of new customers or perform repairs in grids;
- dh) the implementation of rules relating to the roles and responsibilities of transmission system operator, distribution system operator, suppliers and customers and other market participants;
- e) investment in new generation capacities in relation to security of supply;
- ë) the implementation of safeguards measures as referred to in Article 6 of this law;
- f) grid security and stability
- g) cooperation of transmission system operator with neighboring transmission system operators or European electricity transmission grids, including as the case may be, even the monitoring of the inter-transmission system operator compensation mechanism established under this cooperation;
- gj) the implementation of the rules on the management and allocation of interconnection capacity, in conjunction with the regulatory authorities or other competent authorities of those neighboring countries with which interconnection exists;
- h) limited capacity management in transmission grid including interconnectors, and the implementation of limited capacities management, including amendment of these rules if necessary.
- i) publication of appropriate information by transmission system operator concerning interconnectors, grid usage and capacity allocation to interested parties, maintaining the confidentiality of the received information;
- j) the effective unbundling of accounts, as stipulated by this Law, to avoid cross-subsidies between generation, transmission, distribution and supply activities;
- k) the conditions and tariffs for connecting new producers of electricity

Article 23
Regulatory regime for cross-border issues

1. ERE shall cooperate with other neighboring regulatory authorities in the region and with Energy Community Regulatory Board to:
 - a) create operational arrangements for the optimal management of the grid, promote joint exchanges and the allocation of cross-border capacities, and increase of interconnection capacity through new interconnections, to allow for increase of effective competition and improvement of security of supply, without discriminating licensees and traders in different Energy Community Parties;
 - b) coordinate the development and implementation of the grid code by the transmission system operator and other market stakeholders; and
 - c) coordinate the development of the rules governing the management of limited capacities.
2. In cooperation with other relevant national authorities, ERE shall have the right to enter into cooperative arrangements with other regulatory authorities from region countries to foster regional regulatory cooperation.

Article 24
Dispute Resolution from ERE

1. Ere acts as a dispute settlement authority regarding the complaints submitted by the customers towards the licensees and the raised disputes between licensees in compliance with the respective rules and procedures.
2. Any concerned party having a complaint against the transmission or distribution system operator and any licensee regarding the implementation of their obligations under the definitions of this law or other bylaws on electricity sector, may refer those complaints for settlement to ERE. ERE decides on the dispute within 30 days from the registration date of the complaint. Such term can be extended for additional 30 days, in case ERE needs addition information on the case.
3. ERE may decide not to accept the complaint in case of non- competence , in accordance with the law in force..
4. The submission of a complaint pursuant to the provisions of this article does not deprive the interested party of the right to address other competent bodies, in compliance with the legislation in force..

Article 25
Reporting of ERE

1. Within 31 March of each year, the ERE shall submit to the Assembly and the Council of Ministers an annual report on the electricity sector situation and ERE's

activities for the previous year. This report, prepared in compliance with paragraph (2) of this Article shall be published in the ERE official website.

2. The report prepared by ERE in compliance with paragraph 1 of this Article, describes the general ability of the electricity system to fulfill the current and expected demand for electricity, comprising in particular:

- a) operational grid security;
- b) the forecasted balance of supply and demand on the domestic market for a five year period;
- c) the level of expected demand and the prospects for security of supply for a period between five and 15 years from the date of the report;
 - ç) the additional generating capacity, proposed, planned or under construction;
- d) the forecast of investments, for the next five or more years, planned to be carried out by the transmission system operator or any other party as regards to the increase of cross-border interconnection capacity;
- dh) the quality and level of maintenance of the grids;
- e) measures to cover peak demand and to deal with non-performance in electricity supply; and
- ë) appropriate measures necessary for the improvement of the security of supply.

3. The Information of the annual report referred to letter “d” in paragraph (2), of this Article, shall be based on:

- a) Capacity limitation management principles for the existing and planned transmission lines;
- b) expected patterns of generation, supply, cross-border exchanges and consumption, allowing for demand management measures and
- c) regional, national and European sustainable development objectives.
- d) Detailed information on the foreseen Investments on interconnection lines and for the construction of internal grid transmission lines, which directly affect the cross-border interconnection lines.

FIFTH PART ELECTRICITY SYSTEM PROVISIONS

SECTION I GENERAL PROVISIONS

Article 26 Functionality of the Integrated Operation of Electricity System

The electricity system shall operate as an integrated system with continuous processes of electricity generation, transformation, transmission, distribution and consumption.

Article 27 Connection to the grid

1. Transmission and distribution system operators shall ensure connection to the transmission and distribution system based on non-discriminatory conditions. ERE in cooperation with grid operators, approves rules which determine the costs to be charged to the user related to specific conditions of the connection point.
2. Transmission system operator shall not be entitled to refuse the connection of a new power plant on the grounds of possible future limitations to available grid capacities, such as capacity limitations in distant parts of the transmission system. Transmission system operator shall not be entitled to refuse a new connection point, on the ground that it will lead to additional costs linked with necessary capacity increase of system elements in the close-up range to the connection point.
3. ERE shall approve the new connection rules and procedures, developed by the operator of the respective grid, that are transparent and efficient to ensure the non-discriminatory connection of every user to the transmission and distribution system. These rules and procedures also specify the mutual rights and obligations of the respective system operator and a party requesting the connection, in particular procedural conditions for connection, deadlines, metering points, ownership points between the system and the system user.
4. The rules consider in particular all the costs and benefits associated with the connection to the grid of the producers of renewable sources and the particular circumstances of producers located in peripheral regions and in regions of low population density. The connections of the electricity producers to the transmission and distribution grids are made pursuant to an agreement, in compliance with the rules approved by ERE.
5. Transmission and distribution system operators shall provide any new user wishing to be connected to the grid with the comprehensive information:
 - a) a comprehensive and detailed estimate of the costs associated with the required connection;
 - b) the necessary time period needed to process the request for the connection to the grid;
 - c) the expected deadlines for the new proposals for grid connection.
6. New users wishing to be connected to the grid, upon the approval of the request for new connection by the operator of the respective system, may contract licensed operators from competent authorities for the realization of the connection works, in compliance with the provisions or specifications stipulated in the connection agreement between the new user and the system operator. The system operator shall define the criteria and technical conditions to be fulfilled for the realization of the connection to the grid.

Article 28

Cost for connection to the grid

1. Full costs for connection to the existing grid shall be borne by the party

- requesting the connection.
2. The criteria for calculating the connection fees shall take into account the connection point and its capacity, the intended purpose and pattern of consumption, costs related to the improvement of existing infrastructure or improvement on the grid operation which might be needed for the connection, status of the grid user as well as other features of connection.
 3. When the connection is made by the system operator, the fees are payable upfront by the party requesting a connection, in accordance with the rules on the new connections procedure.
 4. The transmission or distribution system operator in cases of lacking the necessary capacities for the connection of new producers, can enter into agreement with the producer to improve the system in order to enable the requested connection, where the time periods for the return of investment paid upfront by the producer is specified. This agreement is approved by ERE, with the proposal from grid operators.
 5. In case of connection of new generation units, the ownership of the connection assets added to the existing grid remains with the producer until complete depreciation of the assets or authorization period issued, as defined in the connection contract signed by the parties. After the full depreciation of the connection assets, its ownership will be transferred to the grid operator. The grid operators using the grid connections shall be responsible for the maintenance. The costs for maintenance are responsibility of the user.
 6. The Transmission System Operator pursuant to the grid technical conditions, authorizes the connection of a new user with the grid through the new connection assets realized by a previous user. The new user should fairly compensate the costs to the previous user on the investment costs pursuant to the rules on new connections;
 7. Transmission System Operator or Distribution System Operator has the right to take over a part or the whole ownership of the constructed asset from the user, against a compensation of the full costs calculated in accordance with this law and new connection rules, in accordance with Civil Code, if such assets are important to the transmission system development or distribution or if such assets could serve more than one client.

Article 29

Third-party grid access

1. Transmission and distribution system operators shall ensure access to the grid on a transparent and non-discriminatory basis for all customers and system users based on published tariffs approved by the ERE. Electricity produced from renewable energy sources, shall have priority and guaranteed access to the electricity grids.
2. Transmission system operator and distribution system operator may refuse the access to the grid, in case of lack of capacity. The decision on the refusal of access to grid should be argued, based on the objective technical and economic conditions and should take into consideration the public service obligation as well as the obligations for the protection of the end users, as defined in this law. The Decision on the refusal of access shall be notified to the interested party.
3. In case an interested party has been refused access to the grid, it can require the start of the dispute settlement procedure, at ERE.
4. In case of refusal of access, ERE through the grid operator, ensures to the interested party with relevant additional information

Article 30

Interconnection with other electricity systems

1. The national transmission system shall be connected to the transmission system of other countries by means of existing interconnection lines or lines that shall be constructed by the transmission system operator in line with the grid investment plan approved by ERE or by any third party in compliance with the provisions of this law
2. Operation of the transmission system in parallel to other countries interconnected systems shall be carried out in accordance with multi-lateral or bi-lateral agreements between the operators of interconnected transmission systems complying with technical requirements, safe operation requirements and other interconnection standards established by the ERE.

Article 31

Construction of the new interconnection lines

1. The new interconnection lines constructed by Transmission System Operator or private investors, shall be approved by the Council of Ministers with the proposal of the responsible minister for energy.

2. Requirements and procedure for the construction of the new interconnection lines, as defined in this law, shall be approved by the Council of Ministers within 1 year from entering into force of this law.

Article 32

Exemption from the obligation for access

1. New direct current interconnectors and any increase in capacity of existing direct current interconnectors that will be constructed after the entry into force of this law may, upon the request of the investor, be exempted upon ERE's decision partially or the whole, from obligation to provide access for the third party on this line, as stipulated by the provisions of Article 29 of this law under the following conditions:

- a) The investment will enhance competition in electricity supply;
- b) The level of risk attached to the investment is such that the investment would not take place unless an exemption from the obligation to provide third-parties with the right of access is granted;
- c) The interconnector must be owned by a person which is separated in its legal form from the transmission system operator;
- ç) Charges are levied on users for the utilization of the capacity of that interconnector;
- d) No part of the capital or operating costs of the interconnector has been paid for any component of charges applied for the use of transmission or distribution systems linked by the interconnector;
- Dh) The exemption from the obligation to provide the right of access to third parties is not to the detriment of competition or the effective functioning of the domestic market or the efficient functioning of the market of the country to which the interconnector is linked.

2. In exceptional cases paragraph (1) shall also be applied for alternating current interconnectors provided that the costs and risks of the investment in question are particularly high when compared to the costs and risks normally incurred when connecting to neighbouring transmission systems by an alternating current interconnector.

3. The exemption may cover all or part of the capacity of the new interconnector, or of the additional capacity of the existing interconnector as defined in paragraph 1 of this article.

4. In ERE's deciding to grant an exemption, it is considered on a case-by-case basis, and in compliance with the decision of the Regulatory Authorities of the concerned states. In the decision will be imposed conditions regarding the duration of the exemption and non-discriminatory access to the interconnector, as well as the way the new interconnector will be operated during and after the exemption period. When deciding those conditions, account shall, in particular, be taken of new transmission capacities to be built, the increase of existing capacities, the time-schedule of the

project and national circumstances. The exemption decision shall be taken in coordination with the Regulatory Authorities of the concerned countries.

5. Before granting an exemption, ERE shall decide upon the rules and mechanisms for management and allocation of capacity, in common agreement with the regulatory authority of the concerned country, including the obligation to offer unused capacity on the market. In the assessment of the criteria referred to letters (a), (b) and (dh) of the point 1 of this Article the results of the capacity-allocation procedure shall be taken into account.

6. When ERE together with all the regulatory authorities of the concerned countries have reached agreement on the exemption decision, within six months, they shall inform the Energy Community Regulatory Board and the Secretariat of the Energy Community on that decision, related to:

- a. the basis of which the exemption was granted or refused, including the financial information which justifies the need for exemption;
- b. the analysis undertaken of the effect on competition and the effective functioning of the internal market resulting from the grant of the exemption;
- c. the reasons for the time period and the amount of the capacity for which the exemption is granted
- ç) the results of the consultation process of the ERE.

7. Before ERE takes the respective decision, sent it for opinion to Energy Community Secretariat. ERE waits that the Energy Community Secretariat issue an opinion within 2 months from the following date of the notice receipt. , The 2 month term may be extended in case the Energy Community Secretariat requires additional information.

8. In its decision, ERE shall take the Energy Community Secretariat opinion into consideration. If the final decision of ERE is different from the Energy Community Secretariat opinion, along with the decision, ERE notifies Secretariat on its decisions and disclose the reasons on which this decision is grounded.

9. The Energy Community Secretariat shall decide for exemption when:

- b. The regulatory authorities involved fail to decide within 6 months as of the last date on which the request on exemption has been filed with the relevant regulatory authorities;
- c. Based on the request of the regulatory authorities involved.

10. The exemption decision, including any conditions imposed, shall be grounded and needs to be disclosed.

11. After the exemption period, if the owner does not want to operate the interconnector line in an open access regime towards third parties based on rules and requirements governing the national grid operation, he firstly offers the right of purchase for the accounted remaining value of the asset, for the part located within the national boundary, to the Transmission System Operator. In case the Transmission

System Operator refuses such offer, than the owner, respecting rules foreseen in the decision of the Council of Ministers according to Article 31 of this law, may offer to sell the asset located within the national boundary to third parties, which shall operate the line based on rules and requirements governing the national transmission grid operation.

Article 33

Direct lines

1. All electricity producers and suppliers within a given territory may supply their facilities, branches and clients, via a direct line.
2. Direct lines constructed for electricity export purposes by domestic producers to connect customers outside the country, are subject to Council of Ministers' approval, after the given opinion from ERE.
3. Direct lines constructed for the connection of the internal market by domestic producer to connect customers inside the country, or supply company which supplies its assets or eligible customers, as well as lines connected to the transmission system for maintenance purposes, are subject to responsible Ministry's approval, after the opinion given from ERE.
4. Council of Ministers shall approve the criteria and procedures for granting of authorizations for the construction of direct lines.
5. The Minister authorizes the construction of a direct line even in the case that applicant is refused access to the grid for cases defined in Article 29 of this law, or in case a procedure for dispute settlement has been initiated, as set forth under the Article 24 of this law;
6. The Minister may refuse to grant its authorization for the construction of a direct line if the granting of such authorization would obstruct the fulfilment of public service obligations and customer protection, defined by the provisions of this law. The explanations for such a refusal should be fully justifiable and are notified to the applicant.
7. The possibility of supplying electricity through a direct line as referred to in paragraph (2) of this Article shall not limit the right of a customer to enter into electricity supplying agreements with another supplier of his choice.
8. The expenses for the construction and operation of direct lines shall be incurred by the holder of the authorization.
9. Regarding the establishment, exercise and termination of the rights related to the construction and operation of direct lines encumbering third party property the provisions of the Civil Code shall be applied.

Article 34

Technical and safety standards in electricity sector

1. Technical rules for design, construction and operation of the plants producing electricity, transmission system, distribution system, interconnection lines or

direct lines in Republic of Albania, including the rules of technical safety, are developed by the ministry responsible for energy in cooperation with General Directory of Standardizations and are approved with the decision of the Council of Ministers.

2. The technical rules and criteria referred to in point (1) shall be objective, non-discriminatory, and they shall ensure a reliable and secured operation of the power system, including interoperation with the neighbouring power systems, as well as will ensure the free competition and efficiency in the market.
3. Design, construction and operation of the plant producing electricity, transmission system, distribution system, interconnectors or direct lines are presumed that meet the applicable technical requirements and criteria when they are in compliance with the respective harmonized Albanian standards.
4. The control of implementation and observation of technical rules provided for in paragraph (1) of this article in the electricity sector shall be carried out by the responsible inspectorate subordinate to the ministry responsible for energy, in compliance with the legislation in force.

Article 35

Unbundling of accounts of electricity sector companies

1. Any licensee shall, in their internal accounting, keep separate accounts for each of the exercised licensed activity, and for any other activity not related to energy sector, with a view to avoiding discrimination, cross-subsidization and jeopardising of competition. These accounts may be presented as consolidated, apart from cases when carried activities relate to energy distribution or transmission.
2. Revenues licensee obtains from any right over the transmission or distribution system shall be specified in the accounts of the licensee.
3. Any licensee shall draw up, submit to audit and publish their annual accounts in accordance with the effective legislation on accounting and financial statements and the international accounting standards. The audit shall, in particular, verify that the obligation to avoid cross-subsidies among the licensed activities is respected.
4. Licensees shall make a copy of their annual financial reports available for the parties.

Article 36

Protection and safety zones

Related to the protection and normal operation of the electricity facilities and their auxiliary assets, as well as for avoiding endangering persons, assets and environment, the Council of Ministers within 6 from entering into force of this law, approves conditions of the safety zones as well as applicable limitations for these areas..

SECTION II LICENSING

Article 37

Licensed activities and exceptions

1. Any legal person who exercises his activity in the power sector according to paragraph (2) of this Article must be equipped with the respective license issued by ERE in compliance with the provisions of this law
2. The ERE shall grant licenses for the following activities:
 - a) generation of electricity;
 - b) operation of electricity transmission system;
 - c) operation of the distribution system of electricity;
 - d) supply of electricity;
 - e) electricity trading;
 - f) operating the electricity market.
3. Separate licenses shall be issued for the performance of each activity subject to licensing by the same company. In establishing the conditions for the licenses, the ERE shall avoid potential discrepancies in the conditions of licences issued for different activities conducted by the same company.
4. Local government units may engage in any of the activities described in the paragraph (2) when they have received the respective license from the ERE, except for the activity represented in indent b) and dh).
5. No transmission or distribution license shall be required for the operation of a direct line.
6. The following producers are not obliged to obtain license on the generation of electricity:
 - a) Self-producers which are not connected to the national grid or when the connection to the national grid is related to the maintenance of its generation unit;
 - b) Producers, including auto-producers connected to the national grid with an installed capacity up to 1 MW;
7. The producers specified under point 6 of this article , in any case they are obliged to respect the market rules and grid codes.

Article 38

Conditions and terms of licensing

1. The ERE shall determine the conditions to be fulfilled for obtaining any license taking into consideration, among other things, the following:
 - a) the license validity term, which cannot be more than 30 (thirty) years for generation, transmission and distribution activities;
 - b) the locations and territories on which the licensed electricity activities will be performed;

- c) operating safety and reliability of facilities, equipment or the grid, in accordance with the technical rules defined in the article 34 of this law;
 - ç) requirements on the nature of primary energy sources;
 - d) requirements connected with national security, protection of citizens life, property and health and public order;
 - dh) financial requirements;
 - e) environmental protection;
 - ë) promotion of energy efficiency in the electricity sector;
 - f) public service obligations as provided for by this law;
 - g) promotion of a competitive electricity market;
 - gj) whether the applicant is organized in a manner consistent with the principle of activities separation and structural separation established by this law.
2. The license for the operation of the transmission system is issued only for an entity that is certified in compliance with the provisions of Article 58 of this law...

Article 39

Licensing procedures

1. ERE approves the regulation for licensing procedures, which specifies the time schedule, conditions related to the issuance, modification, transferring or withdrawal of licenses, the payment of license application fee and the information that must be filed with the respective application request for each license.
2. The ERE approves simple and expeditious licensing procedures for the producers connected to the distribution grid.
3. ERE takes a decision whether to grant or not a license on electricity generation, within 60 day from the application date and within 30 days from its application date on the other licenses than the generation, except the cases of a time extension for issuance of the license in accordance with the regulation for organizing and functioning of ERE. In any case, the time extension for the decision cannot be more than 30 days;
4. ERE can grant a conditional license upon judgement that one of the unfulfilled conditions is not fundamental/material and the licensee is committed to fulfil the condition within a defined period in the decision.

Article 40

Publication of license applications

- 1 The ERE shall publish, within 14 days after the application for license has been made, an announcement of the application in accordance with the procedure provided in the Regulation on Licensing Procedure.
- 2 When making a decision, the ERE's decision will take into account and assess any reasonable and grounded comment or objection submitted by the public institutions or other stakeholders with respect to the license application, by giving the reasons for their approval or denial in the decision.

Article 41
Refusal of a license

1. ERE may refuse to grant a license in case:
 - a) the applicant fails to fulfil any of the conditions contained in Article 37 of this law ;
 - b) the applicant is under any procedure of insolvency or liquidation provided for by the effective legislation on bankruptcy; or
 - c) to the applicant it has been revoked or withdrawn the license and the period specified in the respective ERE decision of withdrawal during which reapplication for license is prohibited has not expired.
2. The ERE's decision shall include the reasons of such refusal

Article 42
Withdrawal of a License

1. The ERE may withdraw a license when the licensee:
 - a) does not accomplish the substantial conditions of the license granted according to this law;
 - b) in performing its activity, violates the legal provisions on environmental protection;
 - c) endangers the health, life and property of people;
 - ç) fails to pay regulatory fees established by the ERE as determined by Article 17 of this law;
 - d) becomes insolvent or files for bankruptcy;
 - dh) upon request of the licensee; or
 - e) has ceased to perform the functions required under the license.
2. In the case of license withdrawal according to letters a,b,c,ç and d of paragraph 1 of this Article, ERE shall:
 - a) notify the licensee in writing that the ERE has initiated procedures to withdraw the license. The notification must clearly state the reasons for such withdrawal;
 - b) give the opportunity to the licensee to reply in writing within 30 (thirty) calendar days from the day the notification of initiation of license withdrawal procedures is received;
 - c) when in the public interest, the ERE may give the licensee 30 (thirty) calendar days, after the reply of the licensee in writing, to act in conformity with the conditions of the license and eliminate the cause for its withdrawal.
3. In cases when the ERE by decision withdraws the license of a licensee that exercises activities of production, transmission, distribution, or supply subject to a public service obligation, in order for assets owned by the licensee to continue to be used to provide electricity supply to customers, based on the relevant regulation for

license withdrawal procedures, ERE shall apply one of the temporary measures as follows:

a) Issues decision to place the company whose license was withdrawn under limited administration for a specific period of time, in order to ensure the exercise of the activity and operation of its assets, insofar the measures in accordance to paragraph 7 of this Article are taken.

b) Appoints another company, which must meet the relevant licensing conditions, to carry out the activity of the company whose license was withdrawn.

c) Issues decision to appoint a temporary administrator of the company whose license was withdrawn in order to ensure the exercise of the activity and operation of its assets insofar the measures in accordance to paragraph 6 of this Article are taken. In this case, ERE, upon proposal of the Minister in charge of energy, appoints an administrator, who is responsible to assure activities, including the operation of the assets of the company whose license is withdrawn in accordance to the relevant conditions.

4. For cases foreseen by paragraph 3 of this Article, ERE determines the conditions and obligations the company whose license has been withdrawn must abide to during the period of implementation of temporary measures.

5. Upon proposal of the Ministry responsible for energy, the Council of Ministers, within 6(six) months from the entry into force of this law, shall adopt the procedure and conditions for the appointment of the temporary administrator according to letter (c), paragraph (3) of this Article.

6. Temporary measures, whose implementation is monitored by ERE, shall be imposed until the license is transferred to another company, as set forth in the paragraph 3, but not longer than 12 months from the date of withdrawal of the license.

7. Rules, procedures and criteria for implementation of the requirements as per paragraphs 1, 2 and 3 of this Article shall be established by the ERE in the respective regulation on procedures of withdrawal of licenses.

8. When the ERE withdraws a production, transmission, distribution or supply license for cases prescribed by paragraph 3, letter (b) of this Article, the Council of Ministers within 12(twelve) months from the date of withdrawal of the license shall carry out the expropriation procedure with a reasonable compensation of the licensee's assets according to the legislation in force.

Article 43

Modification of the conditions of a license

1. The ERE can modify the conditions of a license, on its own initiative based on a final court decision in cases when the concession agreement conditions are changed or upon request of the licensee, after it has taken into consideration the expected effects that the initiated or proposed modifications shall have upon the licensee's obligations under this law and his license.

2. Before adopting a modification in a license, the ERE must publish the proposed modifications and review any objection or complaint from the stakeholders regarding this process.

Article 44

Transfer of a license or assets

1. The transfer of a license or any of its fixed assets of the Licensee is done with the prior written approval of the ERE, based on its approved rules. ERE's approval is not required in case of assets with minimal value or assets that are not closely related to the licensee's activity, as set forth in the regulation prescribed in the paragraph 2 of this article .

2. The ERE, within 1 (one) year after this law enters into force, shall adopt the regulation on procedures for reviewing the transfer of assets through sale, lease, transfer, mortgage, pledge or any other disposition of any licensee's facilities or fixed assets used for carrying out the activities of generation, transmission and distribution, including exemptions to the approval of transfer of minimal value assets

Article 45

Uniform accounting standards

1. The ERE shall establish and adopt a uniform and standardized system of accounts for all licensees engaged in the electricity sector, based on the effective legislation and internationally accepted accounting standards.

2. The annual financial reporting to the ERE by all licensees shall be made according to this system.

Article 46

Access of licensee accounts

1. The licensees who operate in the electricity market shall submit to the ERE the complete financial statements for every financial year. Such financial statements must be deposited with ERE within January 31 of the next year. The licensees that operate in the electricity market are also obliged to deposit the audited copy of the financial statements, within June 31 of the next year.

2. The ERE, as necessary to carry out its functions, shall have right of access to the data on which are based the financial statements of the companies that operate in the electricity market.

3. The ERE shall preserve the confidentiality of any commercially sensitive information obtained from the electricity licensees. The ERE may disclose such commercially sensitive information when it is required by the competent authorities, in compliance with their functions as stipulated by the effective legislation.

Article 47

Public service obligations

1. The Council of Ministers, taking into account the public interest, determines the conditions for setting of the public service obligations that will be imposed on electricity licensees who operate in the generation, transmission, distribution and supply, which relate to:

- a) security of supply;
 - b) service quality;
 - c) fees for provision of public service obligation;
 - ç) environmental protection;
 - d) Competition protection
 - dh) renewable sources of energy;
 - e) Energy efficiency
- ë) and to any other circumstance that affects public interest.
- f) climatic changes

2. ERE shall decide on the obligation of public service on a licensee exercising activities in the electric power sector, in accordance to the conditions determined by the decision of the Council of Ministers, stipulated in paragraph 1 of this Article. Any public service obligation imposed by ERE shall be incorporated in the license of the licensee, following the procedure for issuing a new license or a modification of the existing a license.

3. The establishment of a public service obligation to a licensee, under paragraph 2 of this Article, is conducted in a transparent, non-discriminatory manner, by not hindering the opening of the electricity market.

4. In establishing the obligation of public service to a licensee, ERE takes into account the technical, financial and organizational capability of the licensee and, if the latter is offering a public service for the same area or category of customers, before this obligation is established.

5. On the licensee shall not be imposed a public service obligation to building a network in a specific area where there is no network before the date of imposition of this obligation, except the areas that are part of regulated planning approved pursuant to the legislation on territory planning and development.

6. ERE's decisions through which public service obligation is imposed on a licensee shall:

- a) clearly define the obligation of public service;
- b) clearly define the electricity licensees that shall be in charge with provision of public services;
- c) taking into account covering the costs to the licensee in the electric power sector that will be charged with the obligation of public service;
- ç) specify the nature of any exclusive or special rights assigned to the licensee in question;
- d) define the category of customers, territory and the period for which the public service obligation is imposed;

dh) clearly define the manner of financing and manner of calculation of the compensation to be granted to the licensees charged with the public service obligation.

e) Clearly define and justify the imposed obligation represents the smallest limitation and it is proportional and indispensable for the safe supply of the public service in question.

7. The incurred costs for the realization of the public service obligation by the licensee shall be recognized by ERE upon the approval of the fees for the realised services, in compliance with the provisions of this law. ERE shall, in a transparent and non-discriminatory manner, define the allocation of costs of fulfilment of the public service obligation to end customers.

8. Any additional costs caused to the licensee, as a result of the realization of the public service obligation, which are not included in the fee determined by the ERE pursuant to paragraph 7 of this law, shall be financially compensated or in other forms of compensation, which will be determined in a transparent and non-discriminatory manner. Compensation for these additional costs includes the costs incurred for the fulfilment of public service obligation, which decreases the licensee's expected revenue. Any compensation for the licensee for the fulfilling of the public service obligation pursuant to this paragraph shall be assessed by the state assistance commission, in cooperation with ERE and the Ministry of Finance, and Competition Authority and shall be adopted by decision of the Council of Ministers.

9. In case a market participant in charge with the public service obligation refuses to sign a contract approved by ERE, than ERE decides entering into force of the contract and the parties' obligation for contract's execution within 30 Days.

10. The licensees, on whom the obligation of public service is imposed, are monitored during conduct of their activities by ERE regarding the fulfilment of the imposed obligations.

11. ERE, upon introducing the public service obligation to an electricity licensee, shall inform the Energy Community Secretariat of all measures adopted to fulfil public service obligations, including customer and environmental, and the possible effects of these measures on competition.

12. ERE shall notify the Energy Community Secretariat periodically every two years on any amendment to the measures taken in accordance to the provisions of paragraph 10 this law.

SECTION III

ELECTRICITY GENERATION

Article 48

Licenses in electricity generation

1. Power generation may be carried out only by a natural or legal persons holding power generation licenses, unless it is provided for differently by any provision of this law.
2. In cases when the producer of electric power is a company under partial or total control of the state, the Council of Ministers shall appoint the public authority, who shall be independent from the owner of the transmission system, under the definition of Article 54 of the law, representing the state as owner of the shares.

Article 49

Construction of new generating capacities

1. The construction of new generating capacities which are not subject of a concession, or every new generating capacity up to 2 MW, is approved by the minister responsible for energy. The construction of new generating capacities above 2 MW which are not subject of concession is approved by the Council of Ministers with proposal from the responsible minister for energy.

The Council of Ministers ,with proposal from responsible minister for energy, approves the rules and procedures for the construction of new generating capacities , based on the following:

- a) the safety and security of the electricity system, installations and associated equipment;
- b) the protection of public health and safety;
- c) the protection of the environment;
- ç) land use and location;
- d) energy efficiency;
- dh) the nature of the energy primary sources;
- e) the particular characteristics of the applicant, such as technical, economic and financial capabilities;
- ë) compliance with measures adopted for public service and consumer protection;
- f) the contribution of the generation capacity to meeting the target established for energy from renewable sources in accordance with the effective legislation;
- g) the contribution of generation capacity to reducing greenhouse gas emissions.
- gj) sale of electricity
- h) The value of the royalty the recipient of the authorization shall pay to the state.

2. In case of refusal to grant the authorisation, the reasons for refusal should be grounded, objective and non-discriminatory and shall be notified to the interested party.

Article 50

The construction of new generating capacity to manage demand and energy efficiency

1. To meet the national objectives for demand management and energy efficiency, in cases where installed capacity is insufficient to guarantee the security of energy supply, the Ministry responsible for energy initiates the procedures for the provision of new generation capacity.
2. New generating capacity, as set forth in paragraph 1 of this article is provided through a competitive procedure pursuant to the legislation in force. The Council of Ministers approves the rules and procedures for the construction of new generating capacities for demand management and energy efficiency, in accordance with the determinations of letter “a” to “h” of paragraph 2, article 49 of this law.

Article 51

Producer rights and responsibilities

1. Producers shall be entitled to:
 - a) use in their power plants those primary energy sources in compliance with the generation technology, technical characteristics and environmental protection conditions contained in their licenses and the legislation in force;
 - b) sell electricity and provide balancing and ancillary services in the electricity markets according to Market Rules and other ERE regulations;
 - c) to ensure the real-time communications system for the connection with their generation capacities, with the customers or with the operative levels of control.
- ç) have access to the transmission and distribution grids based on respective tariffs set by the ERE; and
2. Producers shall be obliged to:
 - a) comply with the conditions of their license, the determinations of this law and by-laws and sub-acts for the implementation of the law.;
 - b) comply with orders issued by the system operator ;
 - c) provide ancillary services to the system operator in accordance with market rules;
 - ç) notify the system operator promptly of any dangerous situations, that endanger or could endanger security of supply or the performance of any other contractual obligation;
 - d) provide their capacity based on market principles, to all customers and wholesale and retail market of electricity, including those who are charged with public service obligation;
 - dh) provide data in line with the transparency and market monitoring obligation.

Article 52

Reserves of fuel or generating capacity

1. Energy producers shall be obliged to hold specific reserves of fuel or specific reserve generating capacity for electricity in order to ensure a reliable supply to customers.
2. The type and amount of reserve fuel or spare capacity for different types of production facilities is determined by the Council of Ministers in accordance with the legislation in force.
3. The costs of the fuel reserve and of the reserve capacity of a generator shall be treated as operating costs.

SECTION IV

TRANSMISSION OF ELECTRICITY

Article 53

Transmission System Operator

1. The Transmission System Operator shall be a legal entity licensed to conduct the activity of operating an electricity transmission system, which owns the transmission system and respects the independence criteria established by Article 54 of this law.
2. ERE shall issue the new license for Transmission System Operator not later than 1 June 2016.
3. The Council of Ministers shall appoint the public authority representing the state as owner of its the shares of the Transmission System Operator, which needs to be independent of any production or supply activity according to the provisions of Article 54.

Article 54

Ownership unbundling of the transmission system operator

1. The Transmission System Operator exercise its own activity independent of other activities in the electricity sector, namely generation, distribution, trade and supply of electricity, and in accordance with the principles and requirements prescribed by this law.
2. The Transmission System Operator owns the transmission system for electricity, which includes 400 kV, 220 kV and 110 kV lines, electricity transformation substations with levels of transformation of 400 kV, 220 kV high voltage, and 110 kV bus bars in all 110/TM kV substations, to the point of measurement of power on the 110 kV side of 110/MV kV transformers, including switching equipment of 110 kV lines. The Transmission System Operator operates other similar infrastructure of this level of tension which are not its property, serving for delivering power to the distribution operator and/or customers directly connected to the transmission system.
3. Starting January 1, 2016, the same entity is not entitled that at the same time to:

- a) exercise control directly or indirectly over a licensee performing any of the functions of electricity and gas generation or supply, and to exercise control or exercise any right over the transmission system operator or over the transmission network;
 - b) exercise control directly or indirectly over the transmission system operator or over the transmission network, and exercise control or exercise any right over an licensee performing any of the functions of electricity and gas generation or supply;
 - c) appoint members of the supervisory council, the managing board or other bodies legally representing the licensee, of the transmission system operator or the transmission network, and directly or indirectly exercise control or any right over a licensee performing any of the functions of electricity and gas generation or supply;
 - ç) be a member of the supervisory board, the management board or other bodies representing the licensees with the licensees performing any of the functions of generation or supply, or of the transmission system operator or transmission network.
4. The prohibitions in letter “a”, “b”, and “c” of paragraph 3 of this Article shall apply in particular to:
 - a) the ability to exercise voting rights;
 - b) the competence to appoint members of the supervisory council, the managing board or other bodies representing the licensee;
 - c) the right to hold a majority share.
 5. The obligation set out in paragraph 3 of this article, is deemed fulfilled if two or more companies, who have their transmission networks, have established a joint venture, which acts as a transmission system operator in two or more countries. No other company may be part of this joint venture, unless the company is defined as an independent operator of the transmission system and has been certified pursuant to the conditions determined with this law.
 6. Where the person referred to in paragraph 3 of this Article is a State-controlled public body, the two separate public bodies that exercise control, one over a transmission system operator or over a transmission network on the one hand, and the other over the licensee that performs any of the functions of generation or supply on the other, shall be deemed not to be the same person.
 7. The Transmission System Operator, who was part of a vertically integrated company, in accordance with the requirements of this law, must take measures to not disclose or transfer sensitive commercial information to other units of the previous vertically integrated company, performing any of the activities of production or supply of electricity or natural gas.

Article 55

Rights of the Transmission System Operator

1. The transmission system operator is entitled to charge and collect the transmission fee previously approved by ERE, in accordance to the fee methodology.

2. The transmission system operator does not have the right to buy and sell electricity, except for covering losses in the transmission network and providing ancillary and balancing services.
3. The Transmission System Operator will exchange or share the balancing services with transmission system operators of neighbouring countries, for frequency regulation within the network, in accordance with the operational agreements between the transmission system operators in the region and the provisions of this Law for the promotion of regional cooperation.
4. The Transmission System Operator installs and produce all types of information, communications and systems including also the wireless system required for the transmission system. Depending on the possibilities, a part of fibre optic infrastructure and/or network capacities of the high speed communication may be given in use without damaging and endanger activities and other networks in compliance with the respective legal framework pursuant to ERE's opinion.

Article 56

Duties of the transmission system operator

1. The Transmission System Operator has the following main duties:
 - a) Provide long-term ability of the system to meet reasonable demand for transmission of electric power, by operating, maintaining and developing the transmission system in secure, reliable and efficient in accordance with the requirements of environmental protection.
 - b) Contribute to security of supply through system security and sustainable transmission capacities.
 - c) Utilize transmission network in conformity with technical regulations and standards;
 - ç) Ensure system service delivery in a transparent and non-discriminatory manner, on the basis the principle of low cost and lower environmental impact.
 - d) Manage electricity flows in the transmission network, taking into account exchanges of electricity with other interconnected systems and ensure all the necessary ancillary services;
 - dh) Provide to system users all the information necessary for efficient use of the network.
 - e) Ensure connection of system users to the transmission network pursuant to this law and effective secondary legislation governing the network connection process;
 - ë) design and publish transparent, effective and non-discriminatory procedures for connecting users and new power generation plants to the transmission system.
 - f) enter into contracts with the purpose of securing energy to cover the losses in the transmission network as well as reserve energy or and other services required for the safe operation of the system, based on principles of transparency and non-discrimination of the market laws and minimum costs.
 - g) Draft and publish the Transmission Code.
 - h) Perform balancing of the system on objective, transparent, non-discriminatory principles in line with the applicable Transmission Operation Code and market rules;

- i) Apply objective transparent and non-discriminatory rules on allocation of cross-border transmission capacities;
- j) Exchange required information with the transmission system operators of the neighbouring systems in order to ensure the secure and efficient operation, coordinated development and interoperability of the systems;
- k) Establish a complaints handling mechanism dealing with matters related to network access and transmission network use;
- l) manage limited capacity with the operators of neighbouring transmission networks, based on objective, transparent, non-discriminatory criteria and publish information related to cross-border capacities in line with provisions from Article 67 of this law;
- ll) Keep records, based on the rules of the quality of electricity supply, on information required for assessing the parameters of the quality of electricity supply in the transmission system, including information on ensuring supply, voltage quality, service quality and other information defined by ERE;
- m) Provide an annual analysis of transmission network losses, and develop and implement loss reduction and other energy efficiency measures;
- n) Collect fees associated with limited capabilities and charges associated with the mechanism of compensation between the TSO systems of neighbouring countries.
- nj) Report to ERE every quarter on the following:
 - i. planned disconnections required for transmission network maintenance;
 - ii. requirements of the Transmission System Operator and the system users for developing the transmission network;
 - iii. operation of the transmission system;
 - iv. allocation and use of cross-border capacities in line with contractual obligations with neighbouring countries TSO's;
 - v. use of revenues received from limitations to cross-border capacities;
 - vi. contracts on provision of ancillary services concluded with providers of this service;
 - vii. contracts of electricity for covering losses in the transmission network.
- 2. The Transmission System Operator submit annual reports to ERE, according to the regulation on quality of electricity supply.

Article 57

Market Operation

1. The operation of the electricity market is carried out by the market operator, licensed from ERE. The market operator is the responsible structure for the electricity market management and preparation of the financial statement for the settlement of mutual obligations for market participants, excluding the purchase or sale of electricity, in accordance to market rules.
2. Market Operator is functioning in accordance with the electricity market rules and the specifications of this law. Within 31.12.2017, the Council of Ministers decides

on the legal and financial split/division of the Market Operator from the Transmission System Operator.

Article 58

Certification of Transmission System Operator

1. The transmission system operator, before being licensed to perform the activity of operation of the transmission system, shall be certified according to the procedure laid down in this Article.
2. ERE, within 6 (six) months from the entry into force of this law, shall determine the requirements of the application for the certification of the Transmission System Operator, including the necessary documentation proving fulfilment of the conditions under Article 54 of this Law. The application for certification is presented by the transmission system operator, in accordance with the requirements approved by the ERE.
3. ERE shall adopt a decision on the certification of the transmission system operator within a period of four (4) months from the date of application and submission of all required documents and information.
4. ERE may request from the transmission system operator any information relevant for fulfilment of this obligation. ERE shall preserve the confidentiality of commercially sensitive information.
5. ERE shall notify the Energy Community Secretariat on the initiation of the procedures for the certification of the Transmission System Operator and takes a decision within 2 months from the date of its notification to the Energy Community Secretariat, taking into account its recommendations.
6. If the final decision of the ERE, is different from the recommendations of the Energy Community Secretariat, ERE shall publish and explain the reasons for not accepting them, and shall inform the Secretariat of this decision.
7. The final decision of ERE on certification of the transmission system operator and the relevant relation shall be published on the website of ERE.
8. The transmission system operator shall notify ERE about any planned action which might require a reassessment of its compliance with the criteria referred to in Article 54 of this law.
9. ERE shall monitor the compliance of the transmission system operator with the requirements established by this law. ERE shall reassess the certification procedure referred to in paragraph 1 of this Article in the following cases:
 - a) upon notification by the transmission system operator pursuant to paragraph 8 of this Article;
 - b) on its own initiative, when there is reasonable doubt that a planned change affects the rights or control of the transmission system operator and may lead to an infringement of the provisions of Article 64, or where such an infringement may have occurred.

Article 59

Certification in relation to third countries

1. The Transmission System Operator shall notify the ERE, in cases when one entity or some entities of a third country, which is not part of Energy Community, take control of this operator.
2. ERE shall notify the Energy Community Secretariat in the following cases:
 - a) When certification of the transmission system operator, which is controlled by one entity or entities from a third country, is required;
 - b) Regarding any resulting circumstance, if one entity or entities from a third country take control of the transmission system operator.
3. ERE review the application for certification within four (4) months from the date of notification by the transmission system operator. ERE shall have the right to refuse certification if:
 - a. The Transmission system operator does not meet the requirements for independence and partition specified in this law;
 - b. The issuance of certification would endanger the security of electricity supply in the country or member countries of the Energy Community. When ERE deliberates it shall take into account:
 - i. rights and obligations of the Energy Community with regard to that third country arising under international law, including all related agreements with one or more third countries, where the Energy Community is a party and which address the issue of energy supply security;
 - ii. rights and obligations of Albania in relation to that third country arising from agreements concluded with the country, insofar as they are consistent with the Energy Community Treaty;
 - iii. other facts and circumstances specific to the third country in question.
4. Before adoption of a decision on certification, ERE shall seek an opinion from the Energy Community Secretariat, if:
 - a. The concerned entity satisfies the requirements of independence;
 - b. The issuance of certification would endanger the security of electricity supply in the country or member countries of the Energy Community.
5. In preparing the opinion, the Secretariat may request the position of ERE, the ministry responsible for energy and stakeholders. The Secretariat shall give its opinion within four (4) months after receipt of the request in accordance with paragraph 4 of this Article. In case of lack of opinion by the Secretariat, within the this period, ERE proceeds with the procedures for adopting the decision.
6. . The relevant decision of the ERE for certification of the transmission system operator or refusal to grant certification, will be immediately notified to the Energy Community Secretariat, together with all necessary information.
7. The final decision on certification of the transmission system operator, who is taken under control by one entity or entities of a third country, are approved and published in accordance with the Article 58.

Article 60

Transmission network development

1. The Transmission System Operator drafts a ten-year network development plan in consultation with the stakeholders and present it for approval of ERE..
2. The network development plan should take in consideration:
 - a. the demand and existing and forecasted capacity ;
 - b. urban and regional planning of the area where the transmission line will be located;
 - c. investment plans for the regional networks of the Energy Community;
 - ç. Legislation on the environmental protection;
3. The grid development should contain:
 - a. efficient measures in order to guarantee the system adequacy and security of supply;
 - b. financial sources foreseen for the investment in the transmission system;
 - c. all the investments already decided and identify new investments which have to be executed in the next three years;
 - ç. Defined timeframe on all projects and investment;
 - d. information on the market participants for the main transmission infrastructure that needs to be built or upgraded over the next ten years;
4. ERE review the ten-year network development plan and in case notes that the defined conditions/requirements in the points 1,2 and 3 of this article are not fulfilled, requires from Transmission System Operator to fulfil and/or change its ten –years network development plan.
5. The Transmission system operator shall submit to the ERE, along with the tariff filing, the updated investment plans for the coming year. In case the Transmission System Operator files a rate application for a regulatory period greater than 1 (one) year, the investment program will provide an analysis of planned investments in the relevant regulatory period.
6. In case ERE finds out that the transmission system operator does not meet the projected investment, which according to the 10-year plan should have been carried out in three successive years, and if ERE based on demand forecasts, estimates that the investment is needed and can be financed without impeding the normal operation of the network, then the ERE takes at least one of the following measures:
 - a. require to execute the investments in question;
 - b. require to organize a competitive procedure open to any investors for executing the investment in question.
 - c. require to accept capital increase to finance the necessary investments.
7. When ERE exercises its authority according to paragraph (6), letter (b) of this Article, it may oblige the transmission system operator to agree to one or more of the following:
 - a. assure financing by any third party;
 - b. require construction by any third party;
 - c. manage new assets after construction.

In these cases the relevant tariffs shall cover the costs of the investments in question.

8. ERE on exercising its competences provided at paragraph (1), (6) and (7) of this Article shall take the opinion from the responsible minister on energy
10. The ERE shall develop and adopt, within 6 (six) months from the date this law becomes effective, the regulation on the procedures of submission and approval of the development plans.

Article 61

Dispatching of Electricity

1. The transmission system operator shall be responsible for dispatching the generating installations and the use of interconnection lines, without affecting the contractual obligations of electric power supply.
2. The dispatching of generating installations and the use of interconnecting lines shall be done based on the Transmission Operation Code and Market Rules and other effective regulations approved by the ERE.
3. The transmission system operator shall give priority to electricity generated from power plants using renewable energy sources in so far as the secure operation of the national electricity system permits, and based on transparent and non-discriminatory criteria. In cases when the operator of the transmission or distribution system operator takes measures to reduce the produced capacity from renewable energy sources, in order to guarantee the security of the national system and the security of electric power supply for the clients, it shall inform the Energy Regulatory Entity regarding the measures taken and it shall propose other corrective measures it will take in the future, in order to prevent unnecessary reduction of the produced capacities..
4. The Transmission System Operator shall comply with requirements for the maintenance and development of the transmission system, including interconnection capacity, in accordance with the provisions of the Grid Code .

Article 62

Procuring of transmission network energy losses, balancing and ancillary services

1. Transmission System Operator shall procure the energy to cover the transmission network losses, balancing or ancillary services required for operating the system through competitive non-discriminatory and transparent procedures.
2. The procedures referred to in paragraph (1) above shall be approved by the ERE upon the proposal of the Transmission System Operator.
3. For a period, but not longer than 12 months from the date this law becomes effective, the Transmission System Operator may acquire electric power to cover network losses, balancing and ancillary services through bilateral contracts approved by the ERE.
4. ERE shall be responsible for the monitoring and implementation of the procedure referred to in paragraphs (1) (2) to (3) of this Article.

Article 63

Transmission Code

1. The operation of transmission system will be carried out in compliance with the provisions of the Transmission Operation Code.
2. The Transmission Operation Code shall be developed by the Transmission System Operator in compliance with the ENTSO-E Grid Code requirements, and shall be approved by the ERE.
3. The Transmission Code provides:
 - a. methods and criteria for planning and development of the system;
 - b. the conditions for the submission of an application for access to the transmission system and the required documents;
 - c. the minimum technical and functional specifications in order to provide access and connection to the Transmission System of the generation installations, distribution company, end users as well as interconnection lines;
 - d. the deadline, in which the Transmission System Operator is obliged to respond to the submitted application, as well as the consequences of non-response within the said deadline;
 - e. balancing and ancillary services;
 - f. operational planning and scheduling rules;
 - g. system management and control in normal and emergency operation conditions;
 - h. metering rules;
 - i. the criteria applied by the Transmission System Operator for dispatching of available generating installations as well as for the use of the interconnection lines;
 - j. the manner, timing, terms and conditions under which the Transmission System Operator dispatches electricity generated from renewable sources of electric power.
 - k. any other activity necessary for the purpose of sustainable and secure management of the Transmission System.
 - l. Manner of functioning and operation of market operator.

Article 64

Confidentiality of Transmission System Operator

1. The transmission system operator, while in compliance in each case with the provisions of article 47 of this law or any other legal obligation regarding provision of information, shall preserve the confidentiality of commercially sensitive information provided during the exercise of the activity and shall prevent discriminatory disclosure of information on its activities, used to gain a commercial advantage on another party.
2. TSO shall not disclose any commercially sensitive information to any other licensee, unless this is necessary for carrying out a business transaction. In order to ensure the full respect of the rules on information and division of activities, ERE shall ensure that the transmission system operator and any other licensees do not

use joint services, such as joint legal services, apart from purely administrative or IT functions.

3. The Transmission system operator shall not, while carrying out its activity, misuse commercially sensitive information obtained from third parties in the context of providing or negotiating access to the system.
4. The information necessary that guarantees competition and the normal functioning of the market shall be made public.

Article 65

Allocation of Interconnection Capacities

1. Transmission system operator shall develop Regulation for interconnection capacity allocation, which shall be approved by the ERE within one (1) year from the entry into force of this law.
2. The regulation on allocation of interconnection capacities prescribes, in particular:
 - a. publication of information on interconnection capacities;
 - b. exchange of information on interconnection capacities with neighbouring operators;
 - c. management and allocation of available interconnection capacities;
 - d. secondary market trading in interconnection capacities;
 - e. general principles and procedures for managing limited capacities;
 - f. use of incomes from interconnection line capacities allocation and limited capacities management income.
 - g. Market participants should notify upfront the Transmission System Operator in case they will use the allocated capacity and the period of its use;
 - h. Any allocated capacity which shall not be used by the market participant, shall be re-allocated in a transparent and non- discriminatory way.
3. Capacity allocation shall not discriminate between market participants that wish to exercise their rights to make use of bilateral supply contracts or to bid into the free market of electric energy.
4. The Transmission System Operator jointly with the respective operators of neighbouring countries will publish the available capacities to be allocated including also the capacities released by the transmission rights acquired earlier , as the case may be and the period during which the capacity will be reduced or will not be available.
5. All potential market participants shall be permitted to participate in the capacities allocation procedures without restriction. To avoid creating any problems in the market related to the potential use of dominant position of any market player, the ERE and/or the competition authority, where appropriate, may impose general or particular restrictions on a market player on account of market dominance.
6. Apart the case of the new interconnection lines, which are exempt under Article 33, the use of base price in the auction procedures for capacity allocation is not allowed.

7. Transmission system operator shall accept all potential commercial transactions, including those emerging from cross-border trades.
8. Except in case of limited capacity, the transmission system operator will not implement measures to restrict the access of market participants in the interconnection lines.
9. The procedure of allocation of available transmission capacities shall be conducted in reasonable terms, before the moment of commencement of capacity utilization.
10. Access rights for allocations of capacity shall be considered as secured rights, based on the principles defined in the regulation for capacity allocations.

Article 66

Use of revenues from allocation of interconnection capacities

1. Any revenues resulting from the allocation of interconnection shall be used for the following purposes:
 - a) Ensuring the availability of the current capacity; and/or
 - b) Maintaining and increasing interconnection capacity, through the realization of investments in the network, particularly in adding new capacities of new interconnection.
2. When such income cannot be used effectively for the purposes provided for in paragraph 1 of this Article, then by prior approval of the ERE, they can be regarded as profit up to a certain value and taken into account in network fee calculation in accordance with the relevant methodologies.

Article 67

Management of limited capacities

1. Transmission system operator shall develop Regulation for limited capacity management, which shall be approved by the ERE within one (1) year from the entry into force of this law.
2. The network limited capacity cases shall be treated in a non-discriminatory way by ensuring treatment to market participants and Transmission System Operator based on market principles
3. The regulation referred to in paragraph 2 of this article, is based on the following principles:
 - a. Proceedings of limited capacity will be carried out only in case of emergency situations in which the transmission system operator must act expeditiously and the re-dispatch or exchange of energy flows is not possible. Any such procedure shall be applied in a non-discriminatory manner.
 - b. Except in cases of force majeure, market participants will be compensated for any restrictions applied by the transmission system operator in terms of the allocated capacity;

- c. Maximum capacity of interconnection lines and/or transmission network, which affects cross-border flows, is available to market participants, in accordance with the safety standards of operation of the system;
- d. The transmission system operator, to the extent technically feasible, balances the opposite direction flows of energy, in the interconnection line with limited capacity, in order to use its maximum capacity;
- e. In view of network security, the transmission system operator shall not prevent transactions which reduce the possibility of capacity constraints.

SECTION V DISTRIBUTION OF ELECTRIC POWER

Article 68

Distribution of electric power

1. Electricity distribution shall be carried out by distribution system operators, which are legal entities licensed by ERE according to the provisions of this law.
2. The Distribution System Operator owns the distribution system of high, medium and low voltage electricity, for the purpose of allocating it to its clients, with the division line from the transmission system as defined in paragraph 2 of Article 54 of this law.
3. The distribution system operator is responsible for:
 - a) ensuring the development of a safe and sustainable distribution system;
 - b) long-term ability of the system to meet reasonable demands for the distribution of electricity,
 - c) Maintenance and operation of safe system of electricity distribution in its licensed area.
4. The distribution system operator shall provide non-discriminatory electricity distribution services to all electricity distribution network users, ensuring the access to and use of the distribution networks of all applicants that meet the requirements of this law and other sublegal acts. The distribution system operator monitors how performance indicators in respect to the quality of the services and request provided by technical regulations in force are observed.
5. The electricity distribution network shall be developed on lowest cost principles, in compliance with urban planning, the right of ownership, environmental protection, protection of people's lives and health, and the efficient use of energy.
6. The Distribution System Operator installs and produces all types of information, communications and technological systems. Depending on the possibilities, part of communication infrastructure and/or telecommunication network capacities of high speed, can be given in use without damaging and endanger its activity and networks within the legal framework and in accordance with ERE's opinion.

Article 69

Tasks of the Distribution System Operator

Distribution System Operator shall:

1. Operate a safe, reliable and effective distribution system;
2. Develop the distribution network in compliance with the economic development and electric power distribution demand forecasts;
3. Connect to the distribution network all clients and/or producers based in non-discriminatory, transparent conditions provided in effective regulations.
4. Ensure non-discriminatory access of customers in the distribution network, in compliance with the provisions of effective legislation;
5. Provide system users with the reasonable and necessary information they need for efficient access to and use of the distribution network;
6. Collect and submit data to the transmission system operator needed for electricity market functioning in line with this law, market rules and rules for switching supplier;
7. Preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its activity;
8. Procure the electric power for covering distribution network losses and ensuring reserve capacities in the distribution system according to transparent, non-discriminatory procedures; The procedures for procurement of electric power shall be approved by the ERE upon the proposal of the Distribution System Operator.
9. Design standardised load profiles for determined categories of customers, in case the measurement data, necessary to calculate imbalances are not appropriate and available.
10. Keep record of the licensed companies that supply electricity, of all network connections and metering points of the respective distribution grid;
11. Provide, free of charge and on the basis of an agreement, to any supplier of electricity, access to measurement data of customers with whom the supplier has signed a supply contract. ERE shall define a format for the data and a procedure for suppliers to have access to these data;
12. Provide other customer services necessary to fulfil its obligations under this article.

Article 70

DSO rights associated with secondary sources of energy (backup Sources)

1. The distribution system operator shall define the technical conditions, which shall be approved by ERE, for installing a secondary source of electric power supply for customers requiring such service, including the conditions that shall be met by the secondary source in order to prevent disturbances in the network.
2. Any customer who wishes to install its own secondary source shall send to the distribution system operator a written prior notice and shall provide access to the

secondary source, for purposes of inspection of this installation, to representatives of the supplier with whom it has a contract.

3. The network operator shall have the right to interrupt the supply of electric power to a customer in the event that the latter fails to comply with obligations under paragraphs (1) and (2) of this Article.

Article 71

Rights concerning closed distribution systems

1. ERE may classify a system which distributes electricity within a geographically confined industrial, commercial or shared services site and does not, without prejudice to paragraph 4 of this Article, supply household and small non-households customers, as a closed distribution system if:
 - a) for specific technical or safety reasons, the operations or the production process of the users of that system are integrated; or
 - b) this system distributes electricity primarily to the owner or operator of the closed system or companies linked to the closed system.
2. ERE may exempt the operator of a closed distribution system from:
 - a) the obligations, stipulated in Article 69 of this Law, to procure the energy it uses to cover energy losses and reserve capacity in its system according to transparent, non-discriminatory, not competitive and market based procedures;
 - b) the obligations that fees or their calculation methodologies under the provisions of Article 21 of this Law, as approved by ERE, should already be adopted before their entry into force.
3. Where an exemption is granted under paragraph (2) above, the applicable tariffs, or the methodologies underlying their calculation, shall be reviewed and approved by ERE in accordance with Article 21 of this Law upon request by a user of the closed distribution system.
4. The exemption in accordance with point 2 of this article, could be given in the cases when the electrical energy is used by a small number of household and small non-household clients located within the covered area served by a closed distribution system and are employed by or in similar relations with the owner of the distribution system.
5. The Operator of a closed distribution system exercise its activity in accordance with the issued license for the closed distribution system and respective rules for its functioning approved by ERE

Article 72

Unbundling of Distribution System Operator

1. The distribution system operator shall unbundle and be independent from other activities not relating to the distribution of electricity. The distribution system operator who carries out this function before the entry into force of this law, shall fulfil the obligation of separation, not later than 31.12.2017
2. When the distribution system operator is part of a vertically integrated company, in order to prove the separate legal organization and operation separate from other

activities, it shall maintain a trade name and trademark, different from other names and trademarks of other activities not related to the distribution of electricity.

3. Where the distribution system operator is part of a vertically integrated undertaking, in order to be independent in terms of organization and decision making from other activities not related to distribution of electric power, the following conditions shall apply:
 - a. the persons responsible for the management of the distribution system operator must not participate in responsible structures of the integrated electricity company, directly or indirectly, for the day-to-day operation of the generation, transmission and supply of electricity;
 - b. appropriate measures must be taken to ensure that the professional interests and skills of the persons responsible for the management of the distribution system operator are taken into consideration, ensuring that they are capable of acting independently in order to fulfil the company's tasks and objectives;
 - c. Persons responsible for the management of the Distribution System Operator shall not participate in company structures of the integrated responsible, directly or indirectly, related to the daily operational activity of generation, transmission and supply of electricity;
 - d. The persons responsible for the management of the Distribution System Operator are capable of acting professionally and independently to fulfill the tasks and objectives of the company. Financial treatment of the persons responsible for management and those responsible for oversight bodies of the Distribution System Operator controlled by the state, will be adopted by the Council of Ministers.
 - e. In the vertically integrated company, the distribution system operator must take measures to avoid creating uncertainty amongst stakeholders regarding the name and trademark to use, in order to demonstrate its unique identity, in relation to the supply company,
 - f. The activities of the distribution system operator shall be monitored by ERE, which in cooperation with the competition authority shall mitigate potential benefits the operator may acquire by distorting competition.

Article 73

Distribution Code

1. The Distribution Operation Code shall prescribe the technical requirements for planning, expansion, operation, control and maintenance of the distribution network, and specific rules for connection and access to the distribution network and metering rules.
2. The Distribution Operation Code shall be approved by the ERE, upon proposal from the Distribution System Operator, which will cooperate with all power sector participants for the purpose of reviewing and adopting the Distribution Operation Code
3. The functioning of the distribution network should be in accordance with the dispositions of the Distribution Code.

Article 74

Confidentiality of Distribution System Operator

The distribution system operator, while in compliance in each case with the provisions of this law or any other legal obligation regarding provision of information, shall preserve the confidentiality of commercially sensitive information provided during the exercise of the activity and shall prevent discriminatory disclosure of information on its activities, used to gain a commercial advantage on another party.

Article 75

Distribution network development

1. Every year, by 30th September, the distribution system operators shall develop the investment plan for the development of the distribution network for the next 5 (five) calendar years and submit it to ERE for approval.
2. In planning the development of the distribution network, the distribution system operator should consider the measures it plan to undertake:
 - a) energy efficiency;
 - c) demand management;
 - d) the development or improvement of the distribution system;
 - e) Information on the funds provided for investments in the distribution system
3. The Distribution System Operator during the development of their plans shall consider urban and regional planning for the area where the distribution system installations will go through.
4. The distribution system operator shall submit to the ERE, along with the tariff filing, an updated investment plan for the coming year corresponding to the respective regulatory period.
5. When ERE finds out that the distribution system operator does not carry an investment for the following three years, pursuant to 5 years plan and considers that the investment is necessary and can be funded without impeding the normal operation of the network, requires to take these measures:
 - a. to perform the investment in question;
 - b. to organize an open a competitive bidding procedure to carry out the investment with private investors;
6. When ERE exercises its authority according to point (5), letter (b) of this article, it may oblige the distribution system operator to apply one or more of the following alternatives:
 - a) to ensure financing of the investment by a third party;
 - b) require the construction from a third party;
 - c) to administer new assets after constructionthe respective tariffs will cover the investment costs

7. The ERE shall develop and adopt, within 6 (six) months from the date this law becomes effective, a regulation on the procedures of submission and approval of the network development investment plans.

SECTION VI METERING OF ELECTRICITY

Article 76

Metering of electricity

1. Transmission and distribution system operators are responsible for the metering operations and meter reading services in their respective networks.
2. Subject of approval of the ERE, the transmission and distribution system operators may contract independent metering operators to carry out the metering operations and/or meter reading services in their respective networks, in accordance with Metering Code.
3. Electricity fed into the network or supplied to end users, shall be metered through metering equipment, according to the specific metering defined in the Transmission, Distribution and Metering Codes and any effective legislation related to the metrology field. Customers have the right to install additional measurement units upon their own demand and at their costs.
4. In case metering data are temporally unavailable or inaccessible for a period of up to one (1) month, the transmission and distribution operators are obliged to calculate substitute reference values, but for no more than 3 months, based on the methodology approved by ERE.
5. After installation, the meter and/or measuring system shall be co-sealed by the system operator stamp approved by the General Directorate of Metrology or its authorized juridical person. The Stamp is approved by the General Directorate of Metrology. Meters of electric power shall comply with the legislation for metering instruments. The accuracy class of electric meters is defined in the Metering Code.

Article 77

Verification of meters

1. Verification of electric meters shall be made by the General Directorate of Metrology (GDM) or by a legal person authorized/licensed for this purpose. The authorized legal person for this purpose is accredited in accordance with the legislation in force.
2. Metering apparatus are periodically verified before being put to use, by means of randomly chosen samples.
3. Verification of meters can be accomplished upon application of the system operator. The verification can be accomplished on the ground, where the meter is installed or at the GDM laboratory or authorized legal entity. The frequency of verification of the meter installed on the client is defined in the Metering Code. In any case, the representative from system operators shall be present.

4. During the verification process of electric meters by GDM or the authorized legal person, the system operator representative shall be present, even when verification is conducted on the ground. GDM shall approve the procedures of verification of electric meters, in accordance with the legislation in force and international standards..
5. The financial costs for verification before being put into use and for periodic verification of meters or checks initiated by the system operator, are borne by the latter. ERE takes into account the costs incurred by the operator during the approval of the respective fees.
6. When the Customer doubts the accuracy of the metering equipment, the Customer files a written claim to network operator, or any other responsible institution responsible for the verification of the metering equipment. The procedure of filing a complaint, its review and the deadline of notifying the complainer, after receipt of the GDM and system operator opinions, shall be approved by the decree of ERE. When the verification of the meter is done upon Customer's request and no problems are encountered during the procedure, the verification expenditures are paid by the complaining client.
7. When after verification, inaccuracies in measuring are revealed and there is no evidence of intentional damage caused by the customer, the difference caused by the inaccuracy of the meter is respectively subtracted or added to the amount of energy billed, and the method of reimbursement is set according to rules and procedures provided in the Metering Code.
8. Ceiling tariffs for the verifications of metering equipment are approved with joint instruction of the Minister of Finance and the Minister responsible for energy.
9. If unlawful interference is observed, the system operator takes immediate steps to repair and replace the equipment in which the interference has occurred, estimates the economic damage caused as a result of unlawful interference and implements appropriate procedures according to the legislation in force. ERE approves the regulation and appropriate methodology for establishing and calculating economic damage by the system operator.
10. ERE shall approve the "template" of the contract between system operator and the GDM or its authorized subject for verification of meters.

Article 78

Intelligent metering systems

1. In measuring the electricity's activity can be implemented intelligent metering systems to end customers.
2. Distribution system operator, within 1 (one) year from the date of entry into force of this law, shall prepare economic assessment, which must take into consideration all long-term costs and benefits for the market and customers, including also the form of intelligent metering to be selected, which should be more economically efficient and with the most appropriate time frame for the implementation of this measurement system.

3. Subject to that assessment, defined in the point 2, the distribution system operator prepares a timetable with a target of up to 10 years for the implementation of intelligent metering systems, as approved by the responsible minister on energy.
4. ERE shall ensure the interoperability of different metering systems to be implemented in the entire territory of the country..

**PART SIX
ELECTRIC POWER SUPPLY**

SECTION I

Article 79

Supply activities

1. Supply of electricity to end users may be carried out by any licensee holding a license for supply issued by ERE.
2. Suppliers shall purchase electricity for supplying end users on the bilateral or organized domestic market or through imports, at non-regulated prices.
3. Electric power supply of end customers must be made at unregulated prices, determined based on negotiated contracts between supplier and end customer.
4. Notwithstanding the provisions of paragraph 2 and 3 of this Article, for a transitional period as referred to in Article 108 of this law, ERE can determine regulated prices for certain categories of customers, in the context of establishing a public service obligation on the licensees, as defined in Articles 47 and 83 of this law..

Article 80

Contract for supply of electricity

1. Rights and mutual obligations of the supplier and the customer of electricity shall be subject to a contract signed by both parties.
2. The contract shall contain, in addition to conditions established by civil legislation, other conditions based on its specific character and type of offered services from the supplier as follows:
 - a. the time of customer connection to the network and the service quality levels offered;
 - b. any compensation and the refund arrangements which apply if contracted service quality levels are not met, including inaccurate and delayed billing;
 - c. price and method of notification of changes in price and other conditions of supply of electricity
 - d. manner of handling and resolving disputes;
3. Contract conditions shall be fair and shall balance the interests of the parties. They should be expressed in clear and understandable manner. The contract must contain

conditions that instruct the client about his protective tools in relation to the supplier.

4. Before signing the contract, customers should be provided written general information on the terms of the contract.

Article 81

Obligations of suppliers

1. In the frame of this law , the Supplier has an obligation to supply customers with electricity in accordance with the signed contract on a safe, reliable and efficiently way.
2. The supplier is responsible to the transmission system operator for any imbalance caused. End customers are responsible to suppliers for imbalances caused, unless ERE imposes imbalances exemption from liability for certain categories of end customers, who are supplied on the basis of universal service supply as a public service obligation.
3. The Supplier, except from the general obligations defined in the contract, shall inform its customers on the following:
 - a. on their right to choose and change supplier free of charge, after having executed all previous electricity liabilities.
 - b. on actual electricity consumption and costs, in order to enable customers to manage their energy consumption.
 - c. on the different payment methods which shall not discriminate between customers. Prepayment systems, if applied, shall be fair and adequately reflect likely consumption.
 - d. about the possibility to use simple and cost-effective procedures for processing their complaints
 - e. the prices applicable, standard terms and conditions for the use of its services. This information should be clear and transparent;
 - f. about changes of contractual conditions at least 15 days prior to their application, including information about the right of customers to unilaterally terminate the supply contract upon issuing a notice.
 - g. about their consumption data, enabling access for each customer to metering data, by explicit agreement and free of charge.
 - h. informs clients about the Guidelines on their rights in accordance with the document adopted by the Energy Community.
4. The Supplier through invoices of consumed electricity and promotional materials, clearly informs end customers about:
 - a. data on each energy source provided by the supplier during the previous year;
 - a) main components of the price and respective costs
 - b) information source presenting data on the environmental impact of carbon dioxide and radioactive waste emitted during the production of electricity provided by the supplier in the previous year;

Article 82

Supplier's rights

The supplier, except from the rights defined in the contract as set forth in the article 80, has these rights:

- a) to use, under regulated conditions, the services of the market operator, transmission system operator, distribution system operator, pursuant to the Market Rules, Grid Codes and relevant contracts;
- b) access the transmission system, the distribution system, in accordance with provisions for third party access stipulated in Article 29 of this law;
- c) to request the interruption of electricity supply from the transmission system operator or the distribution system operator when the customer does not comply with his/her contractual obligations and to reconnect and continue with electricity supply when the customer fulfilled his/her obligations which caused supply discontinuation.

Article 83

Universal supply service as public service obligation

1. Suppliers charged with the obligation of universal service supply as a public service obligation, supply to final customers within the territory of the Republic of Albania, with regulated prices, easily and clearly comparable, transparent and non-discriminatory, under conditions determined by ERE. In the frame of the universal service obligation to supply, as a public service obligation, the supplier does not provide final customers arising in the liberalized market, as envisaged in paragraph 1 of Article 109.
2. Suppliers charged with a universal service obligation to supply as a public service obligation, shall purchase electricity based on the transparent, non-discriminatory procedures, based on market prices, whether the transaction is made in bilateral or organized market.

Article 84

General conditions of the supply contract as a public service obligation

1. ERE approves the general conditions of the contract of power supply, which is tied between the end customer and the supplier charged with universal supply service as a public service obligation.
2. The Universal Suppliers charged with a public service obligation, apart from the contract conditions set forth in the article 80, shall:
 - a) inform the customers about their rights and the conditions for being supplied under universal service;

- b) notify the customers on terms and conditions of supply and price of the electricity, and inform them that they have right to choose another supplier;
 - c) supply electricity by the terms of universal service for specific categories of clients within the territory, for whom they are licensed to provide universal service pursuant to the provisions of Article 83 and 85 of this law.
 - d) notify the customer on the taking of measures for compulsory execution of outstanding obligations;
 - e) supply vulnerable customers observing the conditions established in Article 84 of this law;
 - f) pay for the energy delivered by the supply of universal service in accordance with ERE prices, according to the methodology defined in Article 20 of this Law.
 - g) publish on the website the supply prices in terms of universal service, adopted by the ERE.
3. General conditions of the supply contract should be published on the ERE's and supplier's websites.

Article 85

Terms of regulated prices

1. ERE sets regulated prices only for end customers supplied by the universal service supply, in accordance with article 83, point 1.
2. Energy prices subject to regulation for the purpose of universal service supply reflect costs, as defined in the relevant methodologies.
3. For certain categories of customers, ERE determines the period of application for the regulated prices and in annual basis reviews the approved price level.

Article 86

Supplier of last resort

1. A supplier of last resort, is obliged to supply customers, which remain without a supplier in the following cases:
 - a. the previous supplier is under conditions of not being able to pay or has gone bankrupt..
 - b. the license of the previous supplier has been removed or is temporarily suspended.
2. In case the supplier is not able to supply electricity to the end client, as provided in paragraph 1, letter "a" of this Article, it is obliged to inform in due time the supplier of last resort, the end client, ERE and the transmission and distribution system operators, not later than 15 days prior to the date on which it will interrupt the supply of electric power.
3. In case the supplier is not able to supply electricity to the end client, as provided in paragraph 1, letter "b" of this article, ERE will notify the supplier of last resort, the

- end client, the transmission and distribution system operators, no later than fifteen days from the date of expiry of the validity of the license or the date of entry into force of the decision to revoke or suspend the license.
4. Whether it was signed or not, the Customer supply contract by the supplier of the last resort, will be deemed signed on the date for which is announced that energy supply will be interrupted, in accordance with the paragraph 2 and 3 of this article or on the date when the customer notifies the supplier of last resort that wants to be supplied by him, as provided in letter c of paragraph 1 of this article.
 5. If the end client supplied by a supplier of last resort, is obliged to enter into a supply contract with the new supplier, within 60 days from the commencement of the contract. At the completion of this period, the system operator interrupts the power supply to the client.

Article 87

Designation of a supplier of last resort

1. The Council of Ministers approves the conditions and procedures for the appointment of the supplier of last resort, not later than six (6) months after the entry into force of this law.
2. The procedure of determination for alternative supplier of last resort based on the conditions stipulated in paragraph 1 of this article are determined by ERE.
3. The supplier of last resort shall be appointed for a period of 3 (three) years. The appointment decision contains the conditions of service of last resort supply, information regarding the determination of prices and their changes and their contractual conditions.
4. The price at which the supplier of last resort shall supply electricity, will be determined according to the methodology adopted by the ERE pursuant to article 21 of this law.
5. The supplier of last resort is obliged to notify the end client on the conditions of supply and the price of electricity, informing the client on his right to choose a supplier.
6. The supplier of last resort will publish on its website at least once a year, information on the number of customers supplied, total amount of electricity disbursed, the average period of supply, divided by categories of customers.
7. The supplier of last resort, appointed before the entry into force of this law, carries out this function until the appointment of the new supplier from ERE, under the provisions of this law.

Article 88

Change of supplier

1. Change of suppliers becomes final customer request and at no additional cost for it. Current supplier is obliged to supply the client end until the end of the procedure of changing the supplier
2. Rules for change of electricity suppliers shall be adopted by ERE within 1 (one) year from entry into force of this Law and shall include:
 - a) maximum period pursuant to the rules defined by paragraph 1 of this Article;
 - b) conditions to be met by the new supplier, particularly in relation to balancing rules
 - c) obligations of the system operator to which the end user is connected;
 - d) obligations of the end users to have paid all the liabilities with the first supplier;

Article 89

Record keeping

1. Electric power supply licensees shall be required to keep the data on their electric power supply contracts, on contracts with wholesale and retail operators and transmission, distribution system operators, for a period of five (5) years at least. These data could be made available to ERE and/or Competition Authority, if required by them.
2. The data shall include details on the characteristics of the relevant transactions such as duration, delivery and settlement rules, the quantity, the schedules of execution, the transaction prices and means of identifying the wholesale operator concerned, as well as specified details of all unsettled electricity supply contracts and electricity derivatives.
3. ERE may decide to make available to market participants parts of that information provided that commercially sensitive information is not released.

Article 90

Emergency Situations in the Supply of Electricity

1. The Council of Ministers may declare an emergency situation in the supply of electricity only in case of:
 - a) force majeure event, including a drought which reduces production of hydropower in Albania;
 - b) measures of government authorities taken to ensure national security and the defence of the country;
 - c) accidents and breakdowns in the generation, transmission and distribution facilities of the electric power system; or
 - d) long-term shortages of primary energy resources for production of electric power.
2. During the emergency situations, the licensees and the consumers shall have to abide to restrictions on the use of electricity. The Minister responsible for energy shall define the extent and the manner of restriction of electricity supply.

3. The Limitations of supply in emergency situations shall be based on predefined criteria relating to the management of imbalances by the transmission system operator. Any safeguard measures shall be taken in close consultation with transmission system operators of neighbouring countries, respecting relevant bilateral agreements, including agreements on the exchange of information.
4. Licensees shall not be liable for sanctions as a result of the restriction or interruption of electricity in cases under paragraph 1 of this Article except for emergency situations occurring as the direct result of the licensee's or supplier's fault.
5. In emergency situations, upon the proposal of the Minister responsible for energy presented to the Civil Emergency Committee and by decision of Albania's Council of Ministers, public service obligation may be imposed on licensee related to security of supply, including the obligation for import of electricity, obligation to supply certain types of customers only or other special conditions of conducting licensed activities,. Such obligation shall be proportionate to the emergency and shall not extend beyond the period needed to overcome this situation.
6. Any additional costs incurred by the licensee due the establishment of a public service obligation under this clause, as assessed by the Ministry of Finance and ERE, upon proposal of the Minister responsible for energy and the Civil Emergency Committee, is compensated by the state budget. Such compensation shall be in accordance with Article 47 and with applicable legislation on state aid.

SECTION II

PAYMENT OF ELECTRICITY LIABILITIES TOWARDS THE SUPPLIER CHARGED WITH UNIVERSAL SERVICE OBLIGATION AS A PUBLIC SERVICE

Article 91

Payment of electricity liabilities towards suppliers charged with universal service as a public service obligation.

1. The electric power end user is obliged to pay the electric power liabilities, pursuant to the determinations of the supply contract. If the customer does not pay the electric power liabilities, , electricity supplier , in charge for the supply of the universal service, as public service obligation, notify in writing the customer on the measures to be taken for the collection of liabilities, pursuant to the contract's determinations and/or this law

Article 92

Compulsory execution measures of electric power liabilities

The Supplier, in order to ensure enforcement of the outstanding liability, in accordance with the contract, takes the following measures:

- a) initiate the procedure for the interruption of the electricity power ;
- b) Initiate the procedures on the compulsory enforcement, seeking the issuance of an enforcement order, pursuant to the Civil Procedure Code and Law no. 8662, dated 18.09.2000, "On the Treatment as an Executive Title of the electricity bill consumption"

In the event that the outstanding obligation resulting from an electricity supply contract is over 1,500,000 for household customers and over 2,000,000 for non-household customers, the supplier has the right to enforce the injunctive relief on unpaid obligations,

Article 93 **Injunctive relief for the electric power liabilities**

1. For the non-execution of the liabilities of electricity, as set forth in the letter "c" of the article 92 of this law, the supplier will notify the client for the start of proceedings on setting the lien mortgage. The notification shall be in writing and sent to the customer by mail with announcement reception.
2. Within 30 calendar days of receiving the notification, the Client has the right to appeal the start of proceedings on the setting the lien mortgage at the supplier. The Supplier examines the appeal within 15 days from the date of complaint's filing.
3. When customer's complaint is deemed eligible by the supplier and / or it is verified that the client has repaid the outstanding liabilities, the supplier interrupts the procedure for setting the lien mortgage.
4. The request for setting the lien mortgage regime is addressed to the local IPRO, where the immovable property is located. The supplier shall notify the end user by registered mail on the measures to be taken due to non-execution of the liability. The lien mortgage notification must contain the information necessary to identify the client, the unpaid obligation, the property subject to the lien mortgage and the competence of the supplier to submit a request for injunctive relief.
5. Upon setting the lien mortgage, the supplier initiates compulsory enforcement proceedings by the bailiff office, under the provisions of the Civil Procedure Code and Law no. 8662, dated 18.09.2000, "On the Treatment as an executive title of the electricity bill consumption", as amended.
6. .The client has the right to appeal the setting of the lien mortgage at the court.

PART SEVEN **CUSTOMERS AND CUSTOMER PROTECTION**

Article 94
Rights and obligations of the customers

1. All customers shall have a right to choose a domestic or foreign supplier of their choice, with unregulated prices pursuant to a supply agreement in accordance with the market rules and general conditions for supply of electricity, as approved by ERE.
2. The end user has the right to:
 - a) Be supplied with electricity in accordance with the determined contractual conditions;
 - b) Submit a complaint to ERE in case the supply is not in accordance with the determined contractual conditions;
 - c) Benefit from the supplier a non-discriminatory treatment;
 - d) receive all relevant information from the suppliers pursuant to Article 81 of this law;
 - e) receive all information for the prices, tariffs, terms and conditions related to the access and use of electricity power services;
 - f) receive information about its electricity consumption and respective costs depending on the metering equipment which the client possess. This service is offered without additional cost for the client;
 - g) receive information on the consumption and financial standing of the supplier , in writing after any change of the electricity supplier, but not later than 3 weeks from its changing.
3. The end user has an obligation to:
 - a) pay for electricity, according to the contractual conditions;
 - b) enable the transmission or distribution system operator to whose system the end user is connected, the installation, maintenance and reading of the devices for measuring electricity consumption,
 - c) use the energy electricity the terms and conditions specified in the supply contract, and in accordance with this Law;
4. Non-households customers linked to high voltage and mid-voltage grids shall have the right to contract several suppliers simultaneously.

Article 95
Vulnerable customers

1. The Ministry responsible for social affairs shall, within 6 (six) months from the entry into force of this law, determine, in cooperation with the Ministry responsible for energy and the Ministry of Finance, in consultation with ERE and stakeholders, the criteria and procedures to obtain the status of customers in need, their rights, which are approved by a decision of Council of Ministers.
2. The criteria for acquiring the status of vulnerable customer taking into account the following circumstances:
 - a. customers with low income, who use electricity to supply their permanent residence.

- b. customers who consume electric power supplied through single-phase grid with maximum power of 16 Ampere;
 - c. maximum level of energy consumption per person reflecting seasonality.
 - d. manner of direct support by the Government budget;
3. Vulnerable customers who benefit financial support from the state budget, according to the criteria and procedure established by decision of the Council of Ministers, are recorded in a special register of the corresponding structures in the ministry responsible for social well-being. This information is forwarded to the distribution system operator and the latter is forwarded to the electricity supplier.
4. Vulnerable customers who benefit financial support from the state budget, according to the criteria and procedure established by decision of the Council of Ministers, shall use the benefited funds to pay electric power liabilities.
5. Funding for support for vulnerable consumers shall be accomplished in a non-discriminatory manner, and no inter-financing from other categories of customers of electric power is allowed.
6. If, due to a change of circumstances a customer loses the socially vulnerable customer status, they shall be deleted from the relevant register by the relevant structure at the ministry responsible for social welfare, which shall notify the distribution system operator. The data of the customer shall remain available for a period of five years after their removal from the socially vulnerable customers register.
7. On the basis of data transmitted, the distribution system operator and the supplier, establish and maintain a register of data of vulnerable customers. Registry data can be made available to the vulnerable customer, at any time as required by the latter.

Article 96

The Supply of venerable customers

1. Family customers who have acquired the status of vulnerable clients, in accordance with the conditions established under Article 95 of this law, have the right to benefit the universal supply service under the provisions of this law.
2. The contract for supply of vulnerable customers shall commence on the day the end users is registered by the distribution system operator as a socially vulnerable customer. The distribution system operator shall submit information on universal service suppliers to the customers who are classified as vulnerable customers, within five (5) days of their registration.
3. The supplier of the vulnerable client, presents to the later the contract and informs him/her about the rights and conditions of supply under the universal service.
4. The vulnerable client is supplied with electricity under tariffs approved by the ERE and in accordance with Article 85 of this Law.
5. The supplier that supplies electricity to vulnerable customers may terminate the service based on specific requirements for this category of customers, adopted by the ERE.

6. The contract on the supply of vulnerable customers terminates at the end of the second month after the customer has been de-registered as a socially vulnerable customer by the distribution system operator. The distribution system operator shall submit information to the supplier about the de-registered customers according to the notification for emerging out of the category of clients in need, at the end of each month.

PART EIGHT THE ELECTRICITY MARKET

Article 97

The Electricity market

1. The electricity market is the bilateral market where electricity is sold and purchased directly between market participants based on the bilateral contract and/or a market organized through a platform for the purchase and sale of the electricity based on the platform on day-ahead and/or within the same day.
2. The determinations of this law do not prohibit the entering into reciprocal agreements/relations with other countries for the establishment and functioning of the Albanian electricity market as part of an integrated market.
3. Minister responsible for energy in collaboration with other stakeholders in electricity sector and after the opinion given from Competition Authority, shall develop an Electricity Market Model, which is adopted by decision of the Council of Ministers, defining at least:
 - a) the ways the participants of the electricity market cooperate
 - b) relevant contractual relationships
 - c) the main required information and data exchanges between market participants
4. The participants of the electricity market, contribute to better functioning and transparency of wholesale and retail markets.
5. The transmission system operator is responsible for establishing bilateral markets, in the framework of the energy committee.
6. Traders and suppliers of electricity, registered in another Member State of the Energy Community Treaty, have the right to participate in the electricity market, based on the principles of reciprocity and in accordance with the applicable law.

Article 98

Market Rules

1. ERE, upon proposal of the Transmission System Operator and in collaboration with all participants of the electricity sector, shall adopt the Electricity Market Rules, in accordance with this law and the Electricity Market Model, including the rules for planning, dispatching, balancing, settlement of disputes and requests for reserve management.
2. Market Rules shall be adopted by the ERE, within 1 (one) year from the date of entry into force of this law.

Article 99

Balance responsibility of electricity market participants

1. Each participant of the electricity market is responsible for the electricity balance.
2. Electricity market participants may arrange their balance responsibility by concluding a balance responsibility contract with the Transmission System Operator, thus acquiring the status of a balance responsible party, or by signing a contract on transferring the balance responsibility to another balance responsible party, thus becoming a member of the balancing group of this balance responsible party, in accordance with the market rules.
3. The Market Operator is responsible for preparing financial statements for payment of the reciprocal obligations for the imbalances caused by market participants..
4. The way of imbalances' treatment caused from the priority producers of electricity and respective costs for their coverage are subject of Council of Ministers' approval.

Article 100

Electricity balancing market

1. The transmission system operator shall procure balancing services from the balancing service providers in the balancing market in line with the balancing rules approved by the ERE.
2. Balancing rules shall define terms and conditions related to :
 - a. balancing service providers, procurement of balancing services, determination of amounts to be used from balance service providers and financial settlement with balance service providers.
 - b. balancing group responsible members, including the creation and management of balancing group accounts, determination of energy amounts to be used for imbalance and financial responsibilities of responsible parties in the balance group.
3. Until the establishment of the balancing market, the tariffs for the balancing services are decided in accordance with the methodology approved by ERE. This methodology should reflect the costs and shall be made public.
4. The transmission system operator shall cooperate with other transmission system operators of neighbouring countries on ensuring the balancing market at a regional level in order to ensure operational security and effective functioning of balancing market based on the effective competition, non-discrimination and transparency.

PART NINE PROPERTY RIGHTS

Article 101

Property Rights of Licensees

1. In connection with providing electric power service, licensees may exercise one of the following third party property rights:
 - a. cabling right;
 - b. right of use;
 - c. right of easement;
 - d. expropriation.
2. When exercising the rights according to paragraph (1), the damage caused by:
 - a. the placement of signs, measurements, tests;
 - b. the installation of facilities and access to them, performing work on them;
 - c. the obstruction or restriction to use the property shall be reimbursed to the owner or the user of the property by the licensee according to the Civil Code and the legislation for expropriation and taking for temporary use of private property for public interest.
3. In protected nature areas, the rights listed under paragraph (1) of this Article may be granted with the prior approval of the competent environment protection authority in compliance with the effective legislation on protected areas. In areas under local government management, prior consent of the competent municipality is needed.
4. In case of the termination of the rights according to paragraph (1) of this Article, the licensee shall re-establish the original condition of the used property.
5. The licensees shall have the right, where the end user resides in a multi-household or multi-business structure, to exercise all the rights as set forth in the point 1 of this article, which are necessary for the safety of facilities and supply to such customer, up to the power meter.

Article 102

Legal Right of Easement

1. Taking into account the provisions of Articles 54 and 68 of this law, a cabling or easement right is granted to the TSO and DSO for the installation and operation of the transmission and distribution network on third party property by ensuring the use of the property in compliance with civil legislation.
2. Pursuant to the legal easement right, for the functioning of transmission and distribution, the licensee may conduct the following action on third party property:
 - a) install and locate underground and/or aboveground mains, lines and telecommunication connections;
 - b) install supporting structures and transforming and switching equipment placed on them;
 - c) install and operate, on third party property, suspended tracks (cable car and lines) used for the purposes of constructing and operating the electric power plant, substations, transmission lines and its supporting structures;
 - d) operate, maintain, repair, transform and remove the facilities installed according to letters (a) and (b) of this paragraph;
 - e) remove the trees, bushes, their branches and roots located along safety zone of the lines which effects their safe functioning.
 - f) may approach and cross track line facilities, rivers, water flows, lakes, canals and edifices according to procedures laid out in technical regulations and legislation in force.
3. Any cabling or easement right set forth in this Article shall be granted in accordance with the provisions of the Civil Code of the Republic of Albania.

4. The Transmission System Operator and Distribution System Operators are exempt from the application of any tax or fee set by the local government on assets, networks and related installations belonging to these operators.

Article 103

The obligations of operators to their networks

1. The transmission system operator and the distribution system operator manage networks and take measures during construction and operation thereof to comply with all technical and safety requirements and conditions, including the observance of safety distances of grids in relation other premises belonging to third parties.
2. The transmission system operator and the distribution system operator, have no liability towards claims of natural persons or legal entities for damage incurred as a result of the distance of transmission or distribution networks in relation to any building or structure owned or in their possession, if the object or structure or part of it have been built or placed in such distance after the construction of the distribution or transmission network.

Article 104

Right of temporary use

1. Parts of power generation plants, equipment of transmission system and distribution networks, and auxiliary ones may be installed, operated and maintained on third party property on the basis of the temporary right of use.
2. The temporary right of use shall be regulated according to the legislation on expropriation and taking for temporary use of private property for public interest.

Article 105

Expropriation

1. For the purposes of establishing electric power plants, substations or transmission lines, the licensee may initiate the expropriation of a third party property in accordance with the legislation on expropriation and taking for temporary use of private property for public interest.
2. The initiation of an expropriation procedure for the purposes of the installation and operation of transmission and distribution networks and their supporting structures may be called for only if the cabling right according to Article 102 of this law would substantially impede or terminate the regular use of the property.
3. An expropriation procedure may be initiated for the purposes of the installation and operation of the transforming and switching off switching equipments located not on a supporting structure belonging to the electric power plant only if the parties are unable to agree on the right of use according to Articles 101 and 102 of this law or if the competent territorial planning and adjustment authority did not grant it.

PART TEN

OTHER PROVISIONS

Article 106

Administrative Investigations

1. The ERE, in compliance with its responsibilities defined in Article 19 of this law may, based on evidence obtained of a violation of provisions this law, through an act issued pursuant to this law, start an administrative investigation on such evidenced violations.
2. Such administrative investigations shall comply with the Code of Administrative Procedure and the procedures on the decision and reduction of fines, as approved by the ERE.

Article 107

Administrative Offences

1. The following offences made by licensees, when they do not constitute a criminal offence, shall be considered administrative offences and shall be sanctioned by the ERE with fines from 0.1% upto 3% of the annual turnover of the licensee for the previous year:
 - a. Non-compliance with ERE's decisions;
 - b. Refusal to provide periodic data and reports or delayed submission or submission of inaccurate data by a licensee.
 - c. Non-compliance with the obligations regarding the calculations and application of costs and tariffs.
 - d. Non-compliance with the public service obligations as may be imposed according to Article 47 of this law.
 - e. Non-compliance with the obligation for the unbundling of licensed activities
 - f. Non-compliance with the obligation of keeping unbundled accounts according to Articles 35, 54 and 72 of this law.
 - g. Non-compliance with the obligations related to third party access to network as is required by the provisions of this law and other secondary legislation.
 - h. Non-compliance with the obligations defined in the regulated contracts.
 - i. Non publication of the information regarding tariffs and general conditions for access and use of network services.
 - j. Non submission of investment plans and/or non-carrying out of planned investment according to the requirements of Articles 20, letter "f", 60 and 75 of this law and the respective ERE regulation.
 - k. Infringement of the conditions and requirements of quality of service approved by the ERE.
 - l. Non-compliance with the orders of the ERE for resolution of disputes.
 - m. Infringement of any license conditions and terms, as well as ERE rules that are not set forth in the above paragraphs.
 - n. Refusal of market participants to sign regulated contracts within 15 calendar days.
 - o. Failure of regulatory payment by the licensee within the period specified. In this case, ERE, besides the fine, has the right to charge a payment overdue on the regulatory payment, for each day of delay in payment thereof. The value of the delay interests is determined on the basis of the law 48/2014 "On late payments in commercial contractual obligations".
2. ERE shall apply progressive fine for each day of violation by a licensee for the following cases:
 - a. When the licensee does not fulfil the decision of the ERE to correct a violation within the time specified. In this case, the licensee shall be fined by 0.1% of the

- average daily turnover in the preceding business year for each day of delay from the day of the deadline specified in the respective decision of ERE.
- b. When a licensee does not comply with the obligation to pay to the ERE the regulatory fee, it shall be sanctioned with a fine of 0.2% of average daily turnover for the previous financial year for each day of delay from the due payment day.
3. ERE has the right to reduce the amount of fines set out in paragraph 1 of this Article, to the following extent and cases:
 - a. Reduce the fine by 50% in case the offence is declared by the licensee themselves;
 - b. Reduce the fine to 1/3 in cases when the licensee collaborates actively in the process of ERE administrative investigation that observes said offence;
 - c. Reduce the fine to 40% in cases when the licensee proves that it has taken concrete actions to improve or eliminate the consequences that caused the breach, before or while ERE observes the violation.
 4. ERE shall establish and adopt a special regulation regarding the conditions and procedures of establishing and reducing fines.
 5. ERE's decision that observes the breach and imposes a fine on the licensee, enjoys the qualities of executive title and is executed in accordance with the Code of Civil Procedure.
 6. Fines imposed in accordance with this section shall be deposited in the state budget.

Article 108 **By-legal acts**

1. Within 12 months from entering into force of this law, the Council of Ministers is charged to adopt the by-legal acts according to articles 4, Point 2, letter “a” and “b”; 6, point 1; 31, point 2; 33, point 4; 34, point 1; 36; 42, point 5; 47, point 1; 48, point 2; 49, point 2; 50, point 3; 52, point 2; 53, point 3; 72, point 3, letter “ç”; 87, point 1; 95, point 1; 97, point 3; and 99 point 4, of this law.
2. MEI is charged to adopt the by-legal acts, within 12 months from the entering into force of this law pursuant to article 5, point 2.
3. The ERE is charged to adopt the by-legal acts within 12 months from entering into force of this law according to articles 7, point 1; 9, point 2; 11, point 7; 14, point 1; 16, point 1; 17; 19; 20; 21, point 6; 24, point 1; 27, point 3; 38, point 1; 39, point 1; 42, point 3; 44, point 2; 45, point 1; 58, point 2; 60, point 9; 61, point 2; 62, point 2; 63, point 1; 65, point 1; 67, point 1; 69, point 8; 69 point 11; 70, point 1; 71, point 5; 73, point 2; 75, point 8; 76, point 4; 77, point 6; 77, point 10; 83, point 1; 84, point 1; 87, point 4; 88, point 2; 96, point 5; 98 point 1; 98 point 2; 100, point 1; 100, point 3; and 106, point 2.

Article 109 **Transitional provisions**

1. If upon entering into force of this law, the electricity customers connected to the 110 kV voltage and above as well as any other client regardless of the voltage level of the electricity network which is connected, has an annual energy consumption more than 50 million kWh, they shall be considered to have emerged in the liberalized market. The customers connected to the 35 kV

voltage level are obliged to be emerge in the liberalized market no later than June 30, 2016, meanwhile the customers connected in voltage 20 kV, not later than December 31, 2016, and the clients connected to the level of voltage 10 kV and 0.6 kV, no later than December 31, 2017. The Customers connected to 0,4 kV voltage have the right to freely choose their supplier.

2. The License for Transmission System Operator, issued before the entry into force of this law, shall be valid for the licensed activities until its certification according to the procedure defined in this law and the issuance of a the new license
3. The Chairman and the Board members performing their duties at the time of entering into force of this law, shall continue to perform until the end of their mandate.
4. Up to the establishment of the public service obligation to the licensee, as defined in Article 47 of this Law, the licensee who is performing these functions at the time of entering into force of this law shall continue to carry such services.
5. The existing rights and obligations of market participants will continue to be met by them until the adoption of bylaws under the provisions of this law.

Article 110

Abrogation of the legal acts

1. Law no. 9072, dated 22.05.2003 "On the Electric Power Sector", amended, as well as any other legal disposition which is not complying with the new law is abolished.

2. Secondary legislation acts, which regulate the activity of the electric power sector, approved before entry into power of this law, shall be applied insofar they are applicable and do not contradict this law, until their revision and emission of new acts in compliance with the requests and time-lines defined by this law.

Article 109

Entry into Force

This law enters into force 15 days after its publication in the Official Gazette.

Chair of Parliament

ILIR META

Approved on 30th of April 2015