

**REPUBLIC OF ALBANIA**  
**ENERGY REGULATOR AUTHORITY**

**LICENSE**  
**ON**  
**NATURAL GAS SUPPLY ACTIVITY**

License Number: \_\_\_\_\_

Registration Certificate: \_\_\_\_\_

Series: \_\_\_\_\_

Effective Date: \_\_\_\_\_

License issued to: \_\_\_\_\_

Company: \_\_\_\_\_

NUIS: \_\_\_\_\_

Duration: \_\_\_\_\_

Based on the authority granted on Law No. 102/2015 “On Natural Gas Sector”, Energy Regulator Authority (“ERE”) grants this License (“License”), to perform Natural Gas supply activity (FGN) to the abovementioned Person, hereinafter “Licensee”, subject to the License Conditions attached and its integral part, as well as the conditions defined in ERE Board of Commissioners Decision, if any.

This License enters into force on the date written above and will continue to be effective until the end of the issued period unless terminated by ERE in conformity with the License Conditions contained herein, or according to the provisions of Law no.102/2015 “On Natural Gas Sector”.

**ERE CHAIRMAN**

**REPUBLIC OF ALBANIA**  
**ENERGY REGULATOR AUTHORITY**

**LICENSE CONDITIOSN FOR NATURAL GAS SUPPLY ACTIVITY**

Series: \_\_\_\_\_

License Number: \_\_\_\_\_

Issued to: \_\_\_\_\_

(Full name of the Licensee)

**Article 1**  
**General Provisions**

ERE is the only authority in the Republic of Albania, recognized on Chapter III Section I, of Law No.102/2015 “*On Natural Gas Sector*” to issue and declare the effectiveness of this License.

1. If any condition of this License becomes void or cancelled or ceases to be effective, this condition shall be deleted from the License and the remaining Conditions of the License shall continue to be fully in force.
2. In case of License transferring, the Licensee is obliged to immediately inform ERE.
3. ERE has the exclusive right to modify this License, in case the conditions and circumstances have changed as well as to fulfil the provisions of the Rules on the Organization of the Natural Gas Market; Law No. 102/2015 “*On Natural Gas Sector*”, the General Conditions for the Supply of Natural Gas, Transmission Grid Code, Distribution Grid Code, Metering Code and/or any applicable legal acts approved by ERE implementing Law No. 102/2015 “*On Natural Gas Sector*”.

**Definitions of the terms defined on:**

- Law No. 102/2015, “*On Natural Gas Sector*”
- “Regulation on the procedures and terms on license issue, modification, transferring or license removal on natural gas sector approved with ERE Board Decision No.97 dated 04.07.2017;
- “Regulation on the procedures of revocation of licenses in power and natural gas sectors”, approved with ERE Board Decision No 58 dated 18.04.2017;
- “Regulation on ERE organization, operation and procedures”, approved with ERE Board Decision No. 96 dated 17.06.2016,

- Regulations and Rules regarding Natural Gas Sector (the Effective Legislation), are included on this License for any purpose.

The other words and phrases, used in this License and in the License Conditions, which are not included in the above mentioned laws and regulations, shall have the meaning as follows:

- **“Cross-subsidies”** shall mean the transfer of funds or the allocation of the costs among the Licensee accounts, or accounts for the financial support of an activity or business other than supply, production of and/or trade in natural gas from the revenues earned by the Licensee carrying out the Licensed Activity, or transferring the costs incurred by the Licensee in carrying out the Licensed Activity to another activity or business other than supply, production of and/or trade in natural gas.
- **“Licensed Activity”** shall mean the activities directly connected and necessary for the supply of natural gas, i.e. sale and resale of natural gas to customers, in conformity with Law No. 102/2015 “On Natural Gas Sector”, the Rules on Organization of the Natural Gas Market, the General Conditions for the Supply of Natural Gas and other applicable Regulations and Rules.
- **“Licensee”** as used in this document, shall mean a Person mentioned on the first page of the License, which is authorized by ERE to perform the Licensed Activity.
- **“Licensing Procedures for Natural Gas Sector”** shall mean the procedure provided on the *“Regulation on the procedures and terms for license issue, modification, transferring or license removal in natural gas sector”*, approved with ERE Board Decision No.97 dated 04.07.2017.
- **“Legislation in force”**, shall mean all the standards, codes, rules, regulations, methodologies and any decision or other act in force approved by ERE and other competent authorities according to Law no. 102/2015 *“On Natural Gas Sector”*.
- **“Commercial Sensitive Information”** shall mean the data regarding the business or the commercial nature data of System Users, owned by the Licensee during the process of exercising the Licensed Activity, which shall be confidential.
- **“Commercial Advantage Information”** shall mean the information connected with the activity of the Licensee himself, which shall be kept confidential and shall not be given or be disclosed to others in a discriminatory way.
- **“Force Majeure”** means a natural or social act or event occurred in the country as earthquakes, lightning, cyclones, floods, volcanic eruptions, fires or wars, armed conflict, insurrection, terrorist or military action, which prevent the licensee from performing its 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 the licensee has been unable to overcome such act or event by the exercise of due diligence and reasonable efforts, skill and care;  
**“Regulatory Fee”** it is a yearly fee that the licensed companies in the gas sector pay to ERE for covering the costs of its regulatory activities, based in a methodology approved by ERE.

**Article 2**  
**Performing the Licensed Activity**

1. The Licensee is authorized by this License to perform the Natural Gas Supply Activity according to the legislation in force in the Republic of Albania. The natural gas company licensed for natural gas supply activity, has the right to perform even the natural gas production and/or trading activity, on the condition to keep separate accounts for each activity as stipulated on article 30 Law no. 102/2015 “On Natural Gas Sector”.
2. Licensee shall provide its services related to the Licensed Activity at non-regulated market prices subject to a natural gas supply contract negotiated between the Licensee and its customer in accordance with article 93 (standard contract) or 95 (Supplier of Last Resort Contract) of Law No. 102/2015 “On Natural Gas Sector”, General Conditions for the Supply of Natural Gas and other applicable Rules and Regulations, except for the cases envisaged on the License Conditions.
3. In cases where the Licensee is designated to provide the natural gas supply of last resort pursuant to Articles 90 and 91 of Law No. 102/2015 “On Natural Gas Sector” and/or to provide the supply of natural gas under public service obligations pursuant to Article 92 of Law No. 102/2015 “On Natural Gas Sector”, and such supply based on respective ERE’s decisions are provided at regulated prices, the Licensee shall not impose payments for his customers benefiting from the supply of last resort or supply under public obligations other than those regulated prices (tariffs) approved by ERE based on ERE’s approved methodologies in accordance with Law No. 102/2015 “On Natural Gas Sector”.
4. Licensee shall not impede, prevent or attempt to prevent the other Licensees, potential representatives or the competitors to engage or enter in the supply business or in other natural gas sector activities in the Republic of Albania;
5. Licensee shall not engage in any form of monopoly or anti-competitive activity prohibited by the Legislation in force or the Regulations and Rules approved by ERE and the Competition Authority.
6. Licensee shall not engage in any activity related to the transmission, distribution and/or storage of natural gas as well as to the electricity transmission and/or distribution.
7. Within January 31 of each year, the Licensee shall send to ERE an information and a written declaration on performing the activity during the previous year and fulfilling the legal framework on natural gas sector in accordance with ERE’s established reporting requirements pursuant to Article 16 point 24 of Law No. 102/2015 “On Natural Gas Sector”.
8. Licensee shall not collaborate with other persons to damage the licensees or natural gas customers interests.

9. Licensee shall perform the Licensed Activity in conformity with transparency principles, defined in the legislation in force.
10. Licensee that shall be engaged in other activities different from the Licensee Activity shall inform ERE in cases when he aims to:
  - a) engage in any other activity except the licensed one; or
  - b) establish an Associated Business.
11. ERE may prevent the engagement in any other activity or may set special conditions for establishing any Associated Business necessary to protect the customer's interests.
12. Licensee is not responsible for not meeting the License Conditions in case of a Force Majeure to that extent that the Force Majeure is the reason for not meeting the License Conditions. In this case, the Licensee, shall immediately inform ERE and other licensees or customers with whom the Licensee has signed an agreement.
13. The Licensee shall restore the provision of its interrupted services under the terms and conditions stipulated in the General Conditions for the Supply of Natural Gas, other applicable Rules and Regulations, and the natural gas contract.

### **Article 3**

#### **Obligations of the Licensee**

1. Licensee is obliged to implement the Legislation in force, all Council of Ministers Decisions and the Regulations and Rules approved by ERE.
2. The supplier, implementing this License, is obliged to supply the customers with natural gas, in conformity with the contract signed, in a secure, reliable and efficient way.
3. Natural gas supply agreement shall be designed and concluded under the terms and conditions stipulated in Law No. 102/2015 "On Natural Gas Sector" and the General Conditions for the Supply of Natural Gas. In particular, the Licensee shall:
  - a) conclude standard natural gas supply contracts with household customers and small enterprises in a form adopted by ERE as required under Article 93 of Law No. 102/2015 "On Natural Gas Sector";
  - b) design and conclude natural gas supply contracts with other customers as required under Article 95 of Law No. 102/2015 "On Natural Gas Sector".
4. Supplier informs his customers for:
  - a) their right to select and change for free the supplier, after having executed all the previous Natural Gas obligations pursuant to Article 76 of Law No. 102/2015 "On Natural Gas Sector" and ERE's approved supplier switching rules which are an integral part of the General Conditions for the Supply of Natural Gas;
  - b) the current natural gas consumption and cost to enable the management of natural gas consumption by the customers;
  - c) different ways of payment, which are not discriminatory to the customers. Prepayment systems, if applied, shall be fair and reflect the expected

- consumption;
- d) the possibility to use simple procedures to follow their complaints;
  - e) changing the terms of the contract at least 15 days before their implementation, including the information regarding the customer's right to unilaterally settle the supply contract, when issuing the notice;
  - f) the consumption data, enabling each customer the access to read the metering device and to the metering data, based on a clear and free agreement;
  - g) other information which the supplier is required to provide to its customers under Law No. 102/2015 "On Natural Gas Sector", the General Conditions for the Supply of Natural Gas, and the natural gas supply contract.
5. Suppliers by natural gas consumption invoice and/or promoting materials, clearly inform the customers for:
- a) factual Natural Gas consumption;
  - b) data for any gas resource ensured from the supplier during the previous year;
  - c) the integral elements of the price and the respective costs;
  - d) data on the environmental impact of carbon dioxide and radioactive wastes emitted during Natural Gas production, provided by the supplier on the previous year;
  - e) available means of dispute settlement and handling of complaints;
  - f) other information required to be provided in the supplier's invoices under Law No. 102/2015 "On Natural Gas Sector", the General Conditions for the Supply of Natural Gas, and the natural gas supply contract.
6. Pursuant to Article 90 of Law No. 102/2015 "*On Natural Gas Sector*", the Licensee may be designated as a natural gas supplier of last resort. In such case, except of the obligations in performing the Licensed Activity, the Licensee shall perform the functions of a natural gas supplier of last resort and shall carry out its duties stipulated in Articles 90 and 91 of Law No. 102/2015 "On Natural Gas Sector", the General Conditions for the Supply of Natural Gas, ERE's adopted operational rules for the supplier of last resort, and other applicable Rules and Regulations. The Licensee charged according to the law with the obligation to ensure natural gas supply service, ensures to the natural gas enterprises and customers the data on natural gas, natural gas consumption, publishing these data, which are valid for the market operators.
7. Pursuant to Article 92 of Law No. 102/2015 "On Natural Gas Sector", the Licensee may be designated as a supplier of natural gas under public service obligations. In such case, additionally to its obligations in performing the Licensed Activity, the Licensee shall perform the functions of a supplier of natural gas under public service obligations and shall carry out its duties stipulated in Article 92 of Law No. 102/2015 "On Natural Gas Sector", the General Conditions for the Supply of Natural Gas, ERE's adopted operational rules for the supplier of natural gas under public service obligations, and other applicable Rules and Regulations.
8. In cases where the Licensee is designated as a natural gas supplier of last resort, as prescribed in Paragraph 2.3 of this License Conditions, and/or as a supplier of natural gas under public service obligations, it has the right to supply natural gas in the conditions of the market and without territorial limitations, on the conditions to keep separate accounts for each of respective activities, i.e. the Licensed Activity performed

under market conditions, the natural gas supply of last resort and/or the supply of natural gas under public service obligations, as required under Paragraph 4 of these License Conditions.

9. Licensee is obliged to establish a customer care center which shall provide information, handle inquiries by end-use customers, requests and complaints, by telephone, e-mail and in person. Licensee shall adjust office hours of the customer care center to end-use customer needs, ensuring that at least one day per week the customer care center remains open until 20 00. It shall be possible for the end-use customers to contact the customer care center by phone or e-mail.
10. Licensee shall undertake necessary steps aimed at protecting the interests of its end-use customers as well as handling the complaints of its end-use customers, including out-of-court dispute settlements, in an efficient way and free of charge. Licensee shall ensure that its end-use customers have the right to a good standard of service and that their complaints are handled properly and in such a way that enables disputes to be settled fairly and promptly, preferably within two (2) weeks, with provision, where warranted, for a system of reimbursement and/or compensation.
11. Licensee carries out other duties as assigned within the scope of the Licensed Activity by Law No. 102/2015 “On Natural Gas Sector”, the Rules on Organization of the Natural Gas Market, the General Conditions for the Supply of Natural Gas, other applicable Rules and Regulations, and these License Conditions.

#### **Article 4** **Accounting and Reporting**

1. Licensee shall keep accounting records and prepare financial balances, which shall be kept separately for the Licensed Activity and any other activity (including other licensed activities) where the Licensee is engaged, in conformity with the accounting rules and the procedures approved by ERE as well as in conformity with Article 30 of Law 102/2015 “On Natural Gas Sector”. When it is appropriate and subject to the conditions established by applicable Rules and Regulations, such accounts can be provided in a consolidated form. The Licensee shall submit at ERE the annual financial balances within March 31 of each year. If the Licensee performs more than one activity, the invoices of the expenses for any exercising activity, shall be easily distinguishable to which activity they belong, with distinctive signs according to the type of activity they are licensed for. On such case, the Licensee shall declare at ERE the identification way for each invoice.
2. The licensee shall make available to ERE, the ministry, the Competition Authority and other respective authorities the respective data, for at least 5 year period, regarding all transactions, in the gas and its derivate supply contracts, with the wholesale customers, the TSO, storage system operators and LNG systems, as required under Article 77 of Law No. 102/2015 “On Natural Gas Sector”. These data are available even to Energy Community Secretariat for the same period.
3. The data shall include details for the respective transaction characteristics such as:

- a) duration,
  - b) bid rules and settling the disputes,
  - c) the quantities, dates,
  - d) time of executing the contract,
  - e) transaction price,
  - f) identification means for the involved wholesale customers,
  - g) details for all the unpaid contracts, for gas and its derivatives supply.
3. ERE may make available to the market participants certain data, declared by the Licensee, on the condition that the commercial sensitive information shall not be published.
  4. If the Licensee foresees an emergency situation as defined from the Legislation in force, the Licensee shall inform ERE without delay and this information shall describe the measures taken by the Licensee to prevent or improve the foreseen emergency situation effects.
  5. Licensee shall allocate the common expenses among its Licensed Activity and other types of activities in conformity with ERE Regulations and Rules. The Licensee shall submit at ERE, on his request, on the form and the deadline decided by ERE, the documentation that sets the basis for allocating the common expenses between the activities that will be performed, as well as the obtained results after this allocation.
  6. The Licensee shall inform ERE within 10 days for any change of the:
    - a) address;
    - b) the Licensee statute;
    - c) registration certificate;
    - d) NUIS
    - e) the main governing bodies; or
    - f) the structure of the Licensed business.
  7. All the official notifications, the applications, petitions, claims or other correspondences with ERE regarding the License should be in the written form and respectively signed by an authorized official or designated legal representative of the Licensee or ERE and shall be send by courier or registered mail requiring a verification of the receipt. The addresses of the Parties should be on the envelope. All the notifications or other correspondences shall be considered effective from the delivery moment or if they are not delivered because of the sender's fault, from the moment of presentation.
  8. Licensee shall submit at ERE the Periodical information regarding:
    - a) The expenses and (monthly, and in 3 months progression) operational revenues;
    - b) Cash-Flow (monthly and progressive) statement;
    - c) Natural Gas supplied table (monthly and progressive);
    - d) Any information required from ERE case by case;
    - e) Number of Customers supplied (monthly and progressive);
    - f) Load graphs;
    - g) Metering systems;
    - h) Data on the recorded complaints, (monthly and progressive) the handling and



corrections in the respective invoices, subject to complaints.

- i) Other information required under Law No. 102/2015 “On Natural Gas Sector” and ERE’s adopted reporting requirements pursuant to Article 16 point 24 of Law No. 102/2015 “On Natural Gas Sector”.

## **Article 5**

### **Use of Information**

1. The Licensee shall ensure that any information obtained from others as a result of his Licensed Activity shall not be revealed to anyone, except:
  - a) With the prior written consent of the Person to whom the information relates;
  - b) The information is public;
  - c) When the Licensee is required or permitted to disclose the information to comply with the Conditions of this License according to an ERE order, or any applicable legal provision;
  - d) The information shall be disclosed normally performing the licensed activity.
2. Licensee shall ensure that any Associated Business shall not use any information of the Licensee to gain unjustified, competitive advantage and shall ensure that it does not disclose the information to any other Person (including other Associated Businesses) that could enable this Person to gain any kind of unjustified commercial advantage.
3. Any Commercially Advantageous Information possessed by the Licensee shall be disclosed in a transparent and non-discriminatory manner, and shall be easily and equally accessible by all actual or potential customers and other interested parties. Disclosure of Commercially Advantageous Information shall be processed so as to prevent any preferential treatment of individual customers, other participants of the natural gas market or other interested parties, whether in terms of the scope, contents and/or form of the information disclosed, and/or the time of its disclosure.
4. Licensee shall undertake any necessary step to protect the confidential information in his ownership and to report ERE in conformity with the Legal obligations pursuant to the requirements stipulated in Law No. 102/2015 “On Natural Gas Sector”, the General Conditions for the Supply of Natural Gas and natural gas supply contract.
5. The information sent to ERE by the Licensee shall be considered public except of the cases when upon a specific request of the Licensee, ERE by decision defines that this information is of ownership nature and its disclosure does not serve to the public interest.
6. ERE preserves the confidentiality of Commercially Sensitive Information received from the Licensee under the terms and conditions stipulated in applicable Rules and Regulations pursuant to Articles 16 point 15 and 20 of Law No. 102/2015 “On Natural Gas Sector”.
7. Licensee shall not enter in an agreement which the Licensee knows or shall know that it can lead to the violation of the License Conditions.
8. Licensee shall respect the Laws and Decisions of the Government of the Republic of Albania

as well as ERE Regulations and Rules.

### **Article 6**

#### **Regulatory Fees**

1. The Licensee shall pay to ERE regularly and continuously the regulatory fees during the term of this License as defined on ERE regulation on the regulatory fees and article 14 of Law 102/2015 “On Natural Gas Sector”.
2. If the Licensee does not pay to ERE the regulatory fees within the deadline required by ERE, the Licensee shall be fined according to Law 102/2015 “On Natural Gas Sector” and the Regulation on the Conditions and Procedures of Imposing the Fines and the Concrete Measure for any Violation”, approved with ERE Board decision no. 95 of date 04.07.2017.

### **Article 7**

#### **Control on the Performance of the Licensed Activity**

1. ERE shall monitor the implementation from the Licensee of the License Conditions, shall review the reports send from the Licensee and at any time after the notification, is authorized to monitor the assets or accounting records and may require a technical and/or accounting audit of the Licensee’s activities. For this purpose, ERE shall inter alia have an unrestricted access to the Licensee’s accounts pursuant to Articles 30 and 31 of Law No. 102/2015 “On Natural Gas Sector”.
2. ERE authorized representatives shall access to the Licensee’s premises, equipment and documentations to monitor the Licensed Activity in conformity with ERE Regulations. The Licensee shall provide any required information or documentation, necessary for ERE during such monitoring.
3. Upon the evidenced complaint of any third Person or based on its proposal, ERE may start an investigation for the implementation of the License Conditions or ERE Regulations.
4. If after the investigation, ERE concludes that the Licensee has not implemented the License Conditions, ERE may undertake other measures within its authority to ensure the fulfillment of the terms and conditions of this License.
5. Licensee shall inform and explain to ERE any violation of these License Conditions, within one week that the Licensee is informed for such violation.
6. Licensee shall implement the decisions issued by ERE, including the payment of the fines imposed by ERE, according to the Legislation in Force.

### **Article 8**

#### **License Amendment**

1. ERE may amend/abrogate the License Conditions when they do not comply with:
  - a) The legislation in force and the Decisions of the Government of the Republic of Albania which are in conformity with the Legislation in force;

- b) The decisions issued from the Albanian Court with jurisdiction competences.
2. At any time the Licensee may propose to ERE other amendments of this License Conditions, by submitting a written proposal, together with the supporting documents. ERE may propose the amendment of this license conditions and may consult them with the interest parties before the approval.
3. ERE shall take the final decision after taking into consideration the customer's and other licensee's interests. The interested parties shall be informed in a written form for any proposed amendment. If ERE and the Licensee reach to an agreement for these amendments, the License Conditions shall be amended. If the agreement is not reached, the Licensee may appeal to the First Instance Court in Tirana.
4. All amendments to the License Conditions shall be made by ERE under the terms and conditions stipulated in Law No. 102/2015 "On Natural Gas Sector", the Licensing Procedures for the Natural Gas Sector, and other applicable Rules and Regulations.
5. The amendments made in the License Conditions shall be published in the Official Gazette of the Republic of Albania.

### **Article 9**

#### **Imposing the administrative measures and License Termination**

1. If the Licensee does not fulfill the conditions of this license, ERE may apply administrative measures, according to article 106 of Law no. 102/2015 "On Natural Gas Sector" and the "Regulation on the conditions and procedures of imposing the fines and the concrete measure for each violation".
2. ERE may terminate the License in conformity with article 27 of Law no. 102/2015 "On Natural Gas Sector" and the "Regulation on the procedures of Licenses removal on Power and Natural Gas Sector".

### **Article 10**

#### **License Termination**

1. ERE shall remove a license when the Licensee:
  - a) no longer meets the essential conditions of the License;
  - b) violates the legal provisions to protect the environment during performing his activity;
  - c) endangers the citizens life, health and property;
  - d) does not pay the regulatory fees imposed by ERE;
  - e) becomes financially incapable or requires to declare bankruptcy;
  - f) on the request of the licensee;
  - g) has ceased to perform the certain functions according to the license.
2. The License may be terminated by ERE under the terms and conditions stipulated in Law No. 102/2015 "On Natural Gas Sector", the Licensing Procedures for the Natural Gas Sector, the Regulation on the procedures of revocation of licenses in power and natural gas sectors, and other applicable Rules and Regulations.

**Article 11**

**Settling the Disputes and the Right to Appeal**

1. Any issue or request between the Licensee and any Market Participant shall be settled with as much understanding as possible, in conformity with the Legislation in force and ERE Regulations and Rules.
2. If the resolution is not reached with understanding, then ERE on the basis of the request of any Person that is a party in the dispute shall settle it and issue its decision in conformity with Article 98 of Law No. 102/2015 “On Natural Gas Sector” and the “Regulation for Handling the Complaints Submitted by the Customers and Settling the Disputes between the Licensee on Power and Natural Gas Sectors” approved by ERE Board Decision No. 114 dated 08.07.2016.
3. The Licensee may appeal against ERE decision in the Administrative Court in Tirana.