

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

**LICENSE**  
**ON**  
**NATURAL GAS TRANSMISSION ACTIVITY**

**License No:**

**ERE Decision:**

**Effective Date:**

**Issued to:** (Full Name and the Legal Address of the Person)

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

**ERE Decision for the certification of the entity** \_\_\_\_\_

According to the Authority issued by the Energy Regulator Authority (“ERE”) and in conformity with:

- a. Law no. 102/2015 “*On Natural Gas sector*” and
- b. The 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.
- c. Regulation on the procedures of revocation of licenses in power and natural gas sectors, approved by ERE Board Decision No 58 of 18.04.2017;
- d. Rules on the certification of the transmission system operator for natural gas, approved with ERE Board decision No. 100, dated 05.08.2015 and amended with decision no. 129, dated 31.10.2015.
- e. Regulation on ERE Organization, Operation and Procedures approved with ERE Board Decision no. 96, dated 17.06.2016.
- f. The Regulations and Rules related to Natural Gas Sector.

The Energy Regulator Authority issues this Transmission License (“License”), to perform the Transmission activity of Natural Gas in the Territory defined on this License, to the abovementioned Person, hereinafter referred as the “Licensee”, subject to the License Conditions attached and integral, inseparable part of this License.

This license together with its attached conditions is valid from the abovementioned Effective Date and is effective for a 30 year period, if the License is not removed by ERE implementing article 27 of Law no. 102/2015, “*On Natural Gas Sector*” and in conformity with the “*Regulation on the procedures of license revocation in power and natural gas sectors*”, and the conditions contained in this License.

The Issuing Authority (ERE)

Chairman

[ERE premises]

Accepted from the Licensed Person together with the License Conditions;

Licensee

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Legal Representative

**REPUBLIC OF ALBANIA**

**ENERGY REGULATOR AUTHORITY**

**LICENSE CONDITIONS FOR THE NATURAL GAS  
TRANSMISSION ACTIVITY**

**ERE Decision No:**

**License No:**

**ERE Decision:**

**Effective Date:**

**License issued to:** **(Full Name and Address of the Legal Person)**

**NUIS:**

**ERE Decision for the certification of the entity**

## FIRST PART

### Article 1

#### General Provisions

- a. In conformity with Law No. 102/2015 “On Natural Gas Sector”, ERE is the only Authority in the Republic of Albania, that has the right to issue and declare the effectiveness of this License.
- b. If based on an ERE written decision any of the conditions of this License becomes void, is cancelled or ceases to be effective, the questioned condition/conditions shall be removed from the License Conditions while the remaining Conditions shall continue to be fully effective.
- c. It is not permitted the transfer of the License rights or the asset transfer to any other person, without the written prior approval of ERE. When approving a transfer, ERE may modify the License Period or any other Condition of the License indicating the reason.
- d. The licensee shall respect the effective laws, Government Decisions, the Regulation and Rules, as well as the decisions approved by ERE.
- e. ERE has the exclusive right to modify this License in case of any change of the conditions and circumstances in conformity with the amendments in the law, Government Decisions, the Regulations and Rules, as well as the decisions approved by ERE.
- f. ERE shall give the natural gas transmission license only to a legal entity, for a defined territory. The exception is made only for the cases when in a defined territory it is necessary to spread and perform the activity and infrastructure of natural gas transmission with a strategic and national importance, defined by the Council of Ministers.
- g. Issuing the license shall be on efficiency and economic balance criteria for the system operator and ensuring that the activity of the licensee shall be in conformity with the rights and responsibilities defined on Law No.102/2015 “On Natural Gas Sector”.

#### The terms and definitions used on:

Law no. 102/2015, “On Natural Gas Sector”; “the Regulation on the procedures and terms on license issue, modification, transferring or license removal on natural gas sector”; “The regulation on the procedures of license revocation in power and natural gas sector”; “The regulation on ERE Organization, Operation and Procedures”; “The Regulations and Rules regarding Natural Gas sector”, are included in this License for any purpose;

Other words and phrases, used in this License and the License Conditions, which are not included on the abovementioned laws and regulations, shall have the meanings as follows:

**“Licensed Activity”** shall mean the activities directly connected and necessary for the operation and usage of the Transmission System in the License Territory to transport Natural Gas and activities connected with the compression, measuring, receiving, deposit, delivering, dispatch and control activities for the functioning/operation of the Transmission System, inter-operability with other natural gas systems, the equipments and other resources necessary to ensure the stability, reliability, safety and efficient functioning/operation of the Natural Gas System.

**“Licensee”** means a person that holds a License issued by ERE to perform natural gas transmission activities, in conformity with the provisions of Law no.102/2015 “On Natural Gas Sector”.

**“ERE Board”** or the **“Board”** shall mean ERE decision making body composed of five members appointed according to the procedures provided from Law No. 43/2015 “On Power Sector” and Law no.102/2015 “*On Natural Gas Sector*”.

**“ERE”** shall mean Energy Regulator Authority acting according to Law 43/2015 “*On Power Sector*” and Law No. 102/2015 “*On Natural Gas Sector*”

**“License”** means an authorization issued by ERE for exercising a natural gas transmission activity in conformity with Law No. 102/2015 “*On Natural Gas Sector*”.

**“Commercial Sensitive Information”** shall mean the data regarding the business or the commercial nature data of the 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 regarding the Licensee activity, which shall be kept confidential and shall not be issued or be discredited to others in a discriminatory way.

**“Cross-subsidies”** shall mean the transfer of funds or the allocation of the costs among the Licensee accounts, or accounts of Associated Businesses for the financial support of an activity or business other than the transmission of natural gas from the incomes earned by the Licensee in 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 the transmission of natural gas.

**“Transmission System User or System User”** shall mean the Person performing its activity in Natural Gas System such as Generator, Distributors, Suppliers, Traders and Qualified Customers connected in the Transmission System and that benefit from the Transmission services.

**“Licensing Procedures for Natural Gas Sector”** shall mean the Regulation drafted by ERE “*On the procedures and terms for license issue, modification, transferring or license removal in natural gas sector*”, approved with ERE Board decision No.97, of date 04.07.2017

**“Legislation in force”** shall mean all the standards, codes, regulations, rules methodologies and any other decision in force, approved by ERE and other competent authorities according to Law no.102/2015 “*On Natural Gas Sector*”.

**“Transmission System”** shall mean high pressure pipeline network, compressing stations, the metering equipments and all other equipments and plants necessary to perform the Natural Gas Transmission activity in the License Territory.

**“Ancillary Services Tariff”** shall mean the payment that the Licensee applies to System Users as set by ERE in accordance with the methodology for calculation of tariffs for ancillary and balancing services approved by ERE pursuant to Law No. 102/2015 “*On Natural Gas Sector*”.

**“Transmission Service Tariff or Transmission Tariff”** shall mean the payment that the Licensee applies to the System Users as set by ERE in accordance with the methodology for calculation of transmission tariff approved by ERE pursuant to Articles 16(1) (a), 32 and 33 of Law No. 102/2015 “*On Natural Gas Sector*”.

**“License Territory”** shall have the meaning defined on article 2 of this License.

## **Article 2**

### **Territory of Exercising the Licensed Activity**

1. In conformity with the effective legislation, the Rules and Regulations and the development of natural gas sector in Albania, the Licensee shall exercise the Licensed Activity for Natural Gas Transmission in the Transmission System in the License Territory.
2. The License Territory in which the Licensee is authorized to perform the Licensed Activity shall be the entire territory of Albania, including domestic transmission system and interconnectors with neighbouring transmission systems which are possessed and operated by the Licensee.

3. Natural gas pipelines which constitute the Licensee's possessed and operated transmission system within the License Territory at the Effective Date of the License are listed in annex to these License Conditions. Amendments to the annex hereto may be introduced in accordance with point 15 of these License Conditions.
4. The License Territory defined under point 2 article hereof shall exclude specifically defined transmission pipelines and/or interconnectors which are not possessed by the Licensee and operation of which is carried out by another operator certified and licensed by ERE.

## **SECOND PART**

### **Article 3**

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

1. The licensee is authorized that according to this License to perform the Licensed Activity in the License Territory.
2. To be certified in conformity with article 37 of Law No. 102/2015 "*On Natural Gas Sector*", according to ERE decision, as well as implement all obligations deriving from the certification.
3. The Licensee shall operate, use and develop under economic conditions the secure, reliable and efficient Transmission System to secure the natural gas market of Albania and to ensure sufficient capacity to meet reasonable demand for transmission of natural gas in the License Territory and adequate means to meet service obligations.
4. Not later than in 6 months from the Effective Date of this License, the Licensee shall prepare and deliver for approval at ERE a proposal of the Transmission System Code pursuant to Article 44 of Law No. 102/2015 "*On Natural Gas Sector*".
5. The Licensee shall ensure that the Transmission System and all pipelines and other facilities, including the compressor stations, pressure reductions, the meters and any other equipment are constructed and maintained according to the effective technical and safety rules in the natural gas sector. Construction and use of natural gas pipelines and infrastructure shall be subject to authorizations required under Article 11 of Law No. 102/2015 "*On Natural Gas Sector*".
6. The Licensee is obliged that after the entry into force of this License, pursuant to Article 46 of Law No. 102/2015 "*On Natural Gas Sector*", the applicable Rules and Regulations, and these License Conditions. The Licensee shall submit at ERE a reviewed Ten-Year Transmission Network Development Plan not later than by 31 October each year. The Ten-Year Transmission Network Development Plan becomes binding upon the Licensee after having it consulted, approved and published by ERE. Implementation of the Ten-Year Transmission Network Development Plan is monitored, evaluated and enforced by ERE under the terms and conditions stipulated in Law No. 102/2015 "*On Natural Gas Sector*". The Ten-Year Transmission Network Development Plan shall be based on the existing and planned forecast of natural gas supply and demand in Albania, and shall contain efficient measures in order to guarantee the adequacy of the transmission system and security of supply. The Ten-Year Transmission Network Development Plan shall especially contain;
  - a. Description of the current situation of Natural Gas Sector in the License Territory for the country and the region.
  - b. Current connections of the Transmission System with other transmission, storage, LNG and distribution systems in the country and in the region, interconnection capacities, inter-operability level of the Transmission System with the neighbouring systems;

- c. Providing the needs to expand Transmission System capacities and its operational abilities.
  - d. Review of congestions, actual or forecasted, in the transmission system and applied congestion-management measures;
  - e. Location where it is planned to be developed and constructed the Natural Gas Transmission System and if necessary the changes in the License Territory to be approved by ERE;
  - f. Information on the main transmission system infrastructure that needs to be built or upgraded over the next ten years;
  - g. Already approved investments to the transmission system and new investments , which are foreseen to be executed in the next three years;
  - h. The deadlines to perform the investments and
  - i. The financial resources to implement the plan.
7. When elaborating the Ten-Year Transmission Network Development Plan, the Licensee shall make reasonable assumptions about the production, supply, consumption and exchanges of natural gas with other countries, taking into account planned investments to interconnected systems as well as planned storage and LNG developments.
  8. In conditions when the Licensee, except of the reasons beyond its control, shall not perform an investment which according to the Ten-Year Transmission Network Development Plan shall be completed in the following year, ERE shall take the necessary decisions in conformity with Article 46 of Law No. 102/2015 “On Natural Gas Sector” and the legislation in force.
  9. The Licensee shall permit the access of the third parties in the Transmission System as defined on article 9 of these License Conditions.
  10. The Licensee shall not prevent or attempt to prevent other participants of the market or competitors which aim to be engaged in:
    - a. A Natural Gas business in the Republic of Albania; or
    - b. Natural Gas import or export in or from the Republic of Albania;
  11. The Licensee shall not set another payment for the Transmission Services and the Ancillary Services, except of the Tariff approved by ERE.
  12. The Licensee shall not be engaged in cross-subsidies. In conformity with Article 30 of Law No. 102/2015, “On Natural Gas Sector” and the legislation in force, the Licensee shall keep separate accounts for each of the licensed energy activities which it exercises and separate accounts for any other activities, which may be consolidated, in such a way as to prove the reliability to ERE and any other competent authority that there are no cross-subsidies, there is no violation of competition and no discrimination in the activities of the Licensee. The Licensee shall draw up, submit to audit and publish its annual accounts under the terms and conditions stipulated in the applicable laws of Albania and in compliance with international accounting standards.
  13. The Licensee shall not be engaged in any form of monopoly or other activity that damage the competition. This shall be without prejudice to the exclusive authorization granted to the Licensee for performance of the Licensed Activity in the License Territory in accordance with Article 23(2) of Law No. 102/2015 “On Natural Gas Sector” and point 3 of these License Conditions.
  14. During performing the Licensed Activity, the Licensee is responsible for the safety of health and life of the persons, their property and the damage of the environment in conformity with the legislation in force, including the technical and safety rules in the natural gas sector and the Regulations and Rules approved by ERE. The Licensee shall sign and maintain insurance agreements, with licensed insurance companies according to the legislation in force, with a limit of not less than 10 Million \$, to cover the obligations of the Licensee related to this License and according to the Legislation in force. ERE and the Albanian State shall be involved as additional insured in the insurance policies without additional costs for ERE and the Albanian State.
  15. If the Licensee is confronted or foresees an emergency situation that threatens the life and health of the persons, or their property safety, the environment or stability of the Transmission System or

the security of supply than the Licensee undertakes the necessary measures to improve or prevent the influence of the current or expected emergency situation in accordance with Law No. 102/2015 “On Natural Gas Sector”, the Emergency Plan adopted by the Council of Ministers, the Transmission Network Code, technical and safety rules in the natural gas sector and/or other applicable Rules and Regulations. Without delay the Licensee shall inform ERE and any other necessary authority for the emergency situation and the actions or plans of the Licensee to manage this situation.

16. The Licensee shall not engage himself or be engaged with other Persons, in activities that aim or may damage the fair, open and non-discriminatory nature of the Natural Gas Transmission System. The Licensee may cooperate with other Persons regarding the safety, sustainability and improvement aspects of the Transmission System without prejudice to its mandatory independence and unbundling pursuant to Articles 35 and 36 of Law No. 102/2015 “On Natural Gas Sector”, and its exclusive responsibility for carrying out the Licensed Activity under the terms and conditions stipulated in Law No. 102/2015 “On Natural Gas Sector”, applicable Rules and Regulations, and these License Conditions.
17. The Licensee performs the Licensed activity, develops policies and programs and takes the necessary measures to improve and promote the economic and operational efficiency of the Transmission System and ensures that the Natural Gas Supply is performed in conformity with Albanian legislation and European requirements, practices and standards related to the quality of service and the sustainability of the Transmission System.
18. The Licensee shall not be engaged in activities, whether directly or through related undertakings, which prevent the performance of the Licensed Activity. The Licensee shall inform ERE if he aims to:
  - a. engage in other activities, except of the Licensed one; or
  - b. establish an Associated Business.

ERE may prevent or set special conditions for engagement of the Licensee in activities other than the Licensed Activity and for the establishment of the Associated Businesses, to protect the System Users and be ensured that there are no activities cross-subsidies.

19. The Licensee is charged to invoice the payments for providing Transmission Services and Ancillary Services according to the tariffs approved by ERE.
20. The Licensee is not responsible for the failure to meet the License Conditions in case of a Force Majeure, to that extent and for the period that the Force Majeure does not permit the completion of the License Conditions. In case of the Force Majeure the Licensee shall immediately inform ERE and other Users of the System with whom they have signed an agreement. The Licensee shall restore the provision of its interrupted services under the terms and conditions stipulated in the Transmission Network Code, other applicable Rules and Regulations, and the transmission contract.

#### **Article 4**

### **Centralized Control and Coordination of the Transmission System**

1. The Licensee shall manage and coordinate Transmission System operation in conformity with the Transmission System Code and the Regulations and Rules approved by ERE.
2. To ensure the coordination of the Licensed Activity and the efficient and sustainable operation of the Transmission System, the Licensee installs, uses, and maintains the necessary equipments to protect the Transmission System from operational errors, connection losses or any other possible event which may damage the Transmission System or the equipments, installations connected with it.



2. The Licensee shall offer Transmission Services and Ancillary Services in conformity with the Transmission System Code and the Rules and Regulations approved by ERE.
4. The Licensee shall plan and take measures for the security of natural gas supply in accordance with the standards established in the Emergency Plan pursuant to Article 6 of Law No. 102/2015 “On Natural Gas Sector”, and shall be responsible for the security of natural gas supply within the scope of its competence while performing the Licensed Activity.

## **Article 5**

### **Changes in the Transmission System**

1. The Licensee shall immediately inform ERE for any event that may lead to important changes of the transmission capacities for the compressor lines and stations of the Transmission System, for a period longer than 30 (thirty) days and submit at ERE its opinion for the appropriate settlement and to reduce the damaged impact.
2. The Licensee shall inform ERE for the plans to reduce the pipeline or equipments pressure of the Transmission System at least twelve (12) months before the planned reduction and submit at ERE a detailed explanation of the actions and measures to reduce the potential negative impact.
3. The Licensee shall not sign contracts for which he is or shall be aware of the consequences that constitute a violation of the License Conditions.
4. The Licensee may suspend the Transmission System services for one or more System Users, for a period of time, when the action or not action of a person endangers the sustainability, safety and quality of the Transmission Services for the other Users of the Transmission System and may prevent the compliance of the License Conditions. The Licensee, without delay shall inform ERE and any other Person affected from this situation, regarding the suspended actions according to this paragraph. These notifications shall contain a justified opinion regarding the nature, size, expansion period for these suspensions. The Licensee shall restore the provision of its suspended services under the terms and conditions stipulated in the Transmission Network Code and the legislation in force and shall rest the provision of the services that are suspended.
5. The licensee performs the balancing of the system supported on objective, transparent and non-discriminatory principles in conformity with the balancing rules pursuant to Article 34 of Law No. 102/2015 “On Natural Gas Sector”. The prices for providing the balancing services shall be defined according to the methodology approved by ERE.
6. The licensee ensures the provision of the system services in a transparent and non discriminatory way, based on the lowest cost principle and the lowest environmental impact.
7. The Licensee implements and publishes non-discriminatory and transparent capacity-allocation mechanisms and congestion-management procedures in accordance with to Article 45 of Law No. 102/2015 “On Natural Gas Sector” and under the terms and conditions stipulated in the Transmission Network Code.
8. Constructs sufficient cross-border capacities to integrate the natural gas transmission system in Albania with the analogue system of EU member states and the contracting parties of Energy Community, to meet all the necessary economic and technical requirements for the capacity and taking into consideration the security of gas supply;
9. provides to any other operator of the transmission system, to the DSO, facility storage operator, LNG plant operator, neighbouring TSO or other licensed companies of natural gas the sufficient information that the transport and storage of natural gas to be in conformity with the opportunity to ensure the safe and efficient interaction of the interconnected systems;
10. provides to the users detailed, understandable and accessible information for the provided services, the service conditions and necessary technical information for the network users, to enable an effective access in the network, including but not being limited to the contracted and available technical capacities in conformity with the confidential information of exceptions, approved by ERE;

11. ensures energy to perform its functions, according to transparent, non-discriminatory procedures and in conformity with the market;
12. protects and makes available for the respective authorities the information mentioned on article 48, of Law No. 102/2015 “On Natural Gas Sector”, for a five years period. This information shall be available even to Energy Community Secretariat;
13. undertakes all the necessary steps that the capacity rights are freely tradeable, taking in consideration that this process is performed in a transparent and non-discriminatory way. Licensee drafts harmonized transport contracts and primary market procedures to facilitate the secondary market of the capacities and the acceptance to transfer the rights of the initial capacities informed by the system users. These harmonized agreements and procedures are notified to ERE;
14. preserves the confidentiality of any commercial sensitive information.
15. Licensee exercises its activity in conformity with the minimum technical standards approved by the ministry responsible for energy for the maintenance, development, technical inspection of the natural gas transmission system and the interconnected capacity in accordance with Law No. 102/2015 “On Natural Gas Sector”.
16. Establishes and implements a compliance programme setting out measures taken to ensure that discriminatory conduct is excluded, subject to the approval by ERE, and appoints a compliance officer pursuant to Article 47 of Law No. 102/2015 “On Natural Gas Sector”.
17. Promotes, facilitates and ensures regional and international cooperation pursuant to Article 49 of Law No. 102/2015 “On Natural Gas Sector”.
18. Carries out other duties as assigned within the scope of the Licensed Activity by Law No. 102/2015 “On Natural Gas Sector”, other applicable laws of Albania, the applicable Rules and Regulations, and these License Conditions.

### **Article 6**

#### **Reporting Obligation of the Licensee**

1. Until on February 15 of each year, the Licensee shall submit to ERE a report for the operational activity of the previous year. ERE may set special conditions for the reporting form.
2. The Annual Report, shall submit the operational analysis activity of the Licensee and minimally handle the following issues:
  - a. natural gas volume transmitted during the previous year (total amount of transmitted natural gas, the number of the served users) and comparisons with the previous years;
  - b. measures taken during the year for the reporting year:
    - i. protection of the tools and equipments from the outside impact and defects and provisions of necessary tools and equipments for the Licensed Activity,
    - ii. work safety;
    - iii. protection of the environment and health of the persons;
    - iv. monitoring the operation of the Transmission System;
    - v. fulfilling the conditions for a sustainable, continuous and qualitative activity;
    - vi. completing the conditions for Gas usage efficiency; and
    - vii. analysis of emergent cases and the preventing measures.
  - c. Realization of the Ten-Year Transmission Network Development Plan approved by ERE for the previous year;
  - d. Implementation of the repairing and maintenance program for the reporting year;
  - e. Inspections, supervisions and the controls performed by competent bodies attached with the photocopies of the reports, analysis and respective decisions;
  - f. A preliminary assessment of the Ten-Year Transmission Network Development Plan that shall be complete and in conformity with point 4.6 of these License Conditions.

- g. Realisation of the obligation to inform the customers and take the measures to improve the quality of service;
  - h. Other data and information required for submission under ERE's approved monitoring and reporting requirements. .
3. At any time, the licensee shall set at the disposal of ERE accurate data on:
- Location of the installations and the pipeline track, including the Topographic map;
  - The covered geographic area;
  - The technical maximum capacity contracted and available for all in take System points and off take System points and its interconnections with other Transmission and Distribution networks, storage, generation plants and LNG terminals;
  - Projected daily volumes to be processed according to his estimations.
  - Technical standards, projected maximum pressures, compression requirements and other technical characteristics of the machineries and technical equipments that shall be installed.
  - Projected work pressures supported on its estimations.
  - The customer categories and projected deliveries.
  - Location of the meters and specifications.
  - Depreciation plans including locations;
  - Evidences of the contracts /commitments.
  - The working program to implement the project and the expected lifetime of the project;
  - Average natural gas amount expected to be distributed during a year supported on a typical monthly program.

## **Article 7**

### **Financial Reporting**

1. The licensee shall keep accounting books and prepares financial statements, which shall be kept separately for the Licensed Activity and for any other activity (including other licensed activities) where the Licensee is engaged, in conformity with Article 30 of Law No. 102/2015 "On Natural Gas Sector", the accounting unbundling guidelines approved by ERE and in conformity with Law No. 9228, of date 29.04.2004, "On accounting and the financial statements". Until on June 30 of each year the Licensee submits at ERE the audited financial statements accompanied with:
  - The balance sheet;
  - Revenue and expenses statements;
  - Changes of capital statements,
  - Money flow statement
  - Explanatory notes
2. The Licensee shall share the joint expenses between his Licensed Activity and other types of activities (including the authorized activities from other permissions or Concessions) on reasonable basis in conformity with ERE Regulations and Rules and the generally accepted business practices. In conformity with the requirements of point 4.10 of this License and on ERE request, the Licensee submits at ERE the audited Financial Statements which cover all activities of the Licensee and show that there are no cross-subsidies regarding the Licensed Activity. On ERE request the

Licensee submits at ERE even explanations that justify the basis for the allocation of the general expenses performed by the Licensee.

## **Article 8**

### **Notifications**

1. The Licensee shall inform ERE within 10 (ten) days for any change in the:
  - a) Official Address;
  - b) Statute of the Licensee;
  - c) Registration Certificate;
  - d) Fiscal Code;
  - e) Official Representative or other Management Bodies
  - f) Change of the asset structure from 10%, or more,
  - g) Any other change in the organization and operation of the Licensee, which may have an important influence in the Licensee activity.
2. All the official notifications, applications, petitions, claims or other correspondences with ERE regarding the License shall be in the written form and respectively signed by an authorized official or designated representative of the Licensee and ERE according to the case and if send by courier or registered post, by requesting a verification of the receipt notice. The addresses of the parties shall be imposed on the envelope. All the notifications and other correspondences shall be considered to enter into force from the delivery moment, or if not delivered because of an error of the sender, from the submission moment.

## **Third Part**

### **Article 9**

#### **Third Party Access in the Transmission System and Exclusion from this Right**

1. In conformity with Article 42 of Law No. 102/2015 “On Natural Gas Sector”, the Transmission Network Code and the legislation in force, the Licensee shall ensure the access of the Third Parties in the Transmission System in the License Territory of the System Users in a fair, transparent way and without discrimination.
2. The Licensee may refuse access to the transmission system only in those cases and in a manner prescribed by Article 43 of Law No. 102/2015 “On Natural Gas Sector”.
3. In case of new infrastructure construction or considerable expansion of the existing capacities of the Transmission System in the License Territory, the Licensee may request that ERE to exclude from the third party access obligation in conformity with article 78 of Law No. 102/2015 “On Natural Gas Sector” and the Regulations and Rules approved by ERE.

## **Article 10**

### **Abandonement and Rehabilitation**

1. In conformity with the effective Regulations and Rules, the Licensee abandons the equipments and plants and rehabilitates the location of the equipments and the surrounding environment in cases when:
  - a. the equipments and the plants are out of service, damaged and are not repaired during 12 (twelve) calendar months period, and;
  - b. the Licensee has not informed ERE that he intents to use, repair or replace these equipments and plants.
2. The Licensee shall immediately undertake the necessary measures to move the abandoned equipments and make the restoration of the area in the conditions that it was before the

beginning of performing the licensed activity and repair any damage caused as the result of the Licensee activity.

3. All the expenses for abandoning the equipments or facilities and the rehabilitation of the area and the environment are on the account of the Licensee.
4. The Licensee shall keep ERE and the Albanian State out of any damage costs and other responsibility including the rehabilitation of the environmental damages caused or that have come as consequence of the Licensee errors in performing the activity according to this License.

## **Forth Part**

### **Article 11**

#### **Regulatory Fee**

The Licensee shall pay at ERE the fees in a regular way during the time of holding the license in conformity with Article 14 of Law No. 102/2015 “On Natural Gas Sector” and ERE Regulations and Rules. If the Licensee does not pay these fees on the required amount and time then he shall be penalized according to the legislation in force.

### **Article 12**

#### **Tariffs**

1. The tariffs for the transmission services of the Licensee and Ancillary Services Tariff shall be regulated and approved by ERE according to the respective methodology.
2. The Transmission Tariff approved by ERE shall be set to provide to the Licensee with:
  - a) Sufficient revenues to cover reasonable costs levels, including the capital cost;
  - b) Ensuring a reasonable profit rate, and
  - c) Incentives to reduce the costs and operation in an efficient way.
3. For the natural gas quantity transmitted from the Licensee, and for the Ancillary Services the Licensee is authorized to impose payments for all Transmission System Users on the condition that these payments shall be according to the tariff approved by ERE. The value of these payments is defined according to the set tariffs and the natural gas quantity registered on the meters installed in the:

- a) Transmission and Distribution System Limit;
  - b) The Limit of the Transmission System and of the Customers which receive direct connection with the Transmission System, and;
  - c) Interconnections with other Transmission Systems.
3. Based on the application of the Licensee or with its own initiative, ERE may review the Transmission Tariff and/or Supporting Services Tariff and amend them, in conformity with the legislation in force and respective Methodologies.

### **Article 13**

#### **Metering and Reporting System**

1. The Licensee shall register on hourly basis, all Natural Gas volumes that enter or exit from the Transmission System. In places when there is no meter or the meters do not record correctly, the Licensee shall define the hourly quantities of natural gas transmitted in conformity with the Metering System Code approved by ERE and shall undertake without delay the measures for the installation or repair of the necessary metering equipments.
2. The Licensee shall keep detailed monthly reports on the quantity of natural gas that enter or exists in the Transmission System, the Transmission System Operation, the Balancing, the Ancillary Services and other details of the Transmission System.
3. The Licensee submits on monthly basis to all Users of the Transmission System, with whom he has connected contracts to ensure the Transmission Service, the data regarding the Quantity of Natural Gas transmitted in conformity with the contract connected for each User.

### **Fifth Part**

#### **Article 14**

#### **Monitoring the Performance of the Licensed Activity**

1. ERE monitors the Licensee regarding the implementation of the License conditions, reviews the Licensee reports and when it sees reasonable ERE inspects the assets, accounts and other data and requires the audit of the Licensee activity. The audit costs are for the account of the Licensee. 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 monitors the Licensees compliance with the requirements for its unbundling and independence pursuant to Article 39 of Law No. 102/2015 "On Natural Gas Sector". Under conditions defined by law, ERE shall have a right to reassess the Licensee's respective compliance and, where deemed necessary, to reopen its certification procedure under Article 40 of Law No. 102/2015 "On Natural Gas Sector". Reopening of the certification procedure may result in modifications and/or removal of the Licensee pursuant to Law No. 102/2015 "On Natural Gas Sector", and the legislation in force.
3. Following an argued complaint of a third party, or with its own initiative, ERE may initiate a compliance investigation of the Licensee activity with the License Conditions and ERE Regulations and Rules.

4. The Licensee shall ensure full access of ERE authorized representatives in the documentation and the reports of the Licensee to control the licensed activity in conformity with the Regulations and Rules approved by ERE. The Licensee shall give all the necessary measure during the control process.
5. If after the investigation, ERE is of the conclusion that the Licensee has not met the License Conditions, ERE may review the Licensee fee and/or take the necessary measures in conformity with Law no.102/2015 “On Natural Gas Sector” the Regulations and Rules, to protect the interests of the Transmission System Users and Natural Gas customers.
6. The Licensee shall inform ERE for any violation of the License Conditions within 7 (seven) calendar days from being informed of such a fact.
7. The Licensee shall implement all the decisions taken by ERE, including the fine payments set by ERE, in conformity with the legislation in force.

### **Article 15** **Quality of Service**

1. The Licensee is obliged to:
  - a) ensure qualitative natural gas transmission service that is connected with the continuance of delivery and the quality of natural gas that enters in the Transmission System and maintains its quality until the exit from the System.
  - b) draft a methodology for the standards of monitoring natural gas quality in the entry and exit points of the Transmission System as part of the Transmission Network Code to be approved by ERE, and
  - c) monitor the quality of transmitted natural gas and submit at ERE the periodical reports, in conformity with the approved Methodology.
2. The Licensee shall ensure and comply with the quality and level of maintenance of the Transmission System as defined by the Ministry responsible for Energy and minimum standards and requirements regarding quality of service set by ERE and shall provide its services in line with quality specifications and conditions stipulated in the Transmission Network Code.

### **Article 16** **Confidentiality of Information**

1. The Licensee shall ensure that any information received as the result of performing the Licensed Activity shall not be informed to anyone except of the cases:
  - a) if the information will be disclosed during the performance of the Licensed Activity in accordance with the transparency requirements stipulated in Article 48 of Law No. 102/2015 “On Natural Gas Sector” and without prejudice to the Licensee’s obligation to preserve the confidentiality of Commercially Sensitive Information.
  - b) when the licensee is required to declare the information in conformity with the License Conditions
  - c) it is decided by ERE;
  - d) it is issued the prior written consent of the Person to whom the information is connected;
  - e) on Court decision and implementing the legislation in force;
  - f) if the information is made publically known;
2. The Licensee shall ensure that any Associated Business shall not use any information of the Licensee to gain an unjustified competitive advantage and shall ensure that he shall not disclose any information to any other Person (including other Associated Businesses) that may enable this person to reach in an unjustified commercial benefit.

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 System Users and other interested parties. Disclosure of Commercially Advantageous Information shall be processed so as to prevent any preferential treatment of individual System Users 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. The Licensee shall draft and submit at ERE the procedures to ensure the implementation of point 14. The Licensee shall undertake any necessary step to keep the confidential information owned by the Licensee and to report at ERE in conformity with the obligations submitted on point 14. The Licensee shall undertake any necessary step to protect the confidential information possessed by the Licensee and shall report at ERE regarding the obligations submitted on this article. The confidentiality policy may be described its compliance programme, according to the Conditions of this License, and/or other bylaws. The Licensee's confidentiality policy shall be published on its website and freely accessible by any interested party.
5. The information send to ERE from the Licensee shall be considered public except of the cases when on specific request of the Licensee, ERE with a decision defines that this information is of ownership nature and shall not be made its public disclosure.
6. ERE preserves the confidentiality of Commercially Sensitive Information ensured by the Licensee under the terms and conditions stipulated in the legislation in force.

**Part Six**  
**Article 17**  
**License Amendments**

Amending the Conditions of this License shall be in conformity with the “Regulation on the procedures and terms for license issuance, modification, transferring or license removal in natural gas sector and article 28 of Law No.102/2015 “On Natural Gas Sector”.

**Article 18**  
**Setting the Administrative Measure and the License Removal**

1. If the Licensee does not comply with 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 for imposing the levies and the concrete measure for any violation”.
2. ERE may remove the License, in conformity with article 27 of Law No. 102/2015 “On Natural Gas Sector” and the “Regulation on the procedures of License removal on power and natural gas sector”.
3. If the Licensee amends its legal statute, or the control structure of the shareholders interest without ERE authorization, ERE Board decides the abrogation of the license decision and the License becomes void. The next subject of the Licensee shall apply for a new License in conformity with the “Regulation on the procedures and terms of license issue, modification, transferring or license removal on Natural Gas Sector.



**Article 19**  
**Settling the Disputes and the Right to Appeal**

1. Any dispute between the Licensee and any Transmission System User, or any other person connected with the Transmission activity, or the Conditions of this License shall be settled with understanding, in conformity with the effective Legislation.
2. If the settling of the disputes with understanding is not reached, then based on the request of each party, part of the dispute, ERE settles the dispute and issues its decision in conformity with article no.98 of Law No. 102/2015 “On Natural Gas Sector” and implementing the “Regulation for Handling the Complaints Submitted by the Customers and Settling the Disputes between the Licensee on Power and Natural Gas Sectors”
3. The Licensee may appeal ERE decision at Tirana Administrative Court.
4. The licensee has the obligation to implement ERE decision until issuing a decision from the competent Court on the request to review ERE decision.

**The respective Annex:**

General data on the Transmission System for Natural Gas High Pressure