



REPUBLIKA E SHQIPËRISË

ON  
**THE PROCEDURES FOR SUBMISSION AND APPROVAL OF THE INVESTMENT  
PLANS OF ELECTRICITY TRANSMISSION AND DISTRIBUTION OPERATORS**

**CHAPTER I**  
**General Provisions**

**Article 1**

*Authority*

This regulation implements articles 20 letter “e”; 60 point 9 and 75 point 8 of Law no. 43/2015, “On Power Sector”.

**Article 2**

*Object*

The object of this regulation is the procedures of submitting and approving by ERE, of TSO and DSO investment plans.

**Article 3**

*Scope*

The scope of this regulation is to define the content and the term to submit on time at ERE the investment plans of TSO and DSO, as well as the assessment and analysis of the applicable criteria and their approval (review) by ERE to ensure that the investment plans are in conformity with the lowest cost planning principles, the implemented regulations and requests for safety of network operation, quality of service and security of supply as well as the requirements of ENTSO-E related to the network development planning.

**Article 4**

*Application*

This regulation applies for electricity transmission and distribution operators, which are issued with a license by ERE for the respective activities.

**Article 5**

*Definitions*

The terms used in this Regulation shall have the following meanings:

1. **“Law”** shall mean Law no. 43/2015, “On Power Sector”.
2. **“Board”** shall mean ERE decision-making body appointed according to Law no. 43/2015 “On Power Sector”.
3. **“ERE”** or Energy Regulator Authority, shall mean the regulator authority for the power sector which operates in conformity with Law no. 43/2015 “On Power Sector”.
4. **“Asset”** shall mean the fix asset, used by electricity transmission and distribution operators and serves to the implementation of the respective licensed activity.

5. **“Business”** shall mean an activity licensed by ERE for electricity transmission or distribution services.
6. **DSO** or the “Distribution System Operator” means a legal person responsible for secure, reliable and efficient operation 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
7. **“Investment”** shall mean strategic capital expenditures of a (TSO or DSO) licensee, to improve, or add the assets, used for performing the licensed activity.
8. **“Investment plan”** shall mean the capital expenditures planned for a regulatory period of a (TSO or DSO) licensee as the case may be, that takes in account the principles, meets the criteria and contains the elements, described in the Law and this Regulation. TSO plans shall be in conformity with TYNDP which is developed for a 10 year period and is submitted to ENTSO-E
9. **TYNDP-** shall mean the 10-year development plan of the pan-European grid.
10. **“ENTSO-e** shall mean the European Network of the Transmission System Operators for Electricity.
11. **ENC-** shall mean Energy Community Secretariat
12. **Person -** shall mean any natural or legal person.
13. **License -** shall mean an authorization given to a person to perform an activity in the power sector, in conformity with the provisions of law no.43/2015, “On Power Sector”.
14. **“Licensee”** shall mean a person, holding a license for electricity transmission or distribution activity, in conformity with the provisions of Law no. 43/2015, “On Power Sector”.
15. **“Regulated Asset Base”** (RAB) shall mean the value of all fixed assets, owned by the entity and used to perform one of the licensed activities in the power sector.
16. **“Regulatory Period”** shall mean the period during which revised tariffs become effective and are regulated/reviewed according to ERE decision.
17. **“Ten-year network plan”** refers to the ten-year network plan to be prepared by the TSO.
18. **“TSO or Transmission System Operator”** shall mean the legal 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;
19. Any term used but not defined in this Regulation that is defined in the Law shall have the meaning given to that term in the Law, unless the context requires otherwise.
20. **“Day”** in any case in this regulation shall mean calendar days.

**CHAPTER II**  
**Investment Plans**

**Article 6**

***Main Requirements for preparing the investment plans***

In preparing investment plans the transmission and distribution operators for electricity shall take into account the following principles:

- a) Investment plans shall comply with the requirements of the laws, regulations, methodologies and respective secondary acts that regulate the studies, designs, and the investment performance, including the requirements for the protection of people live and health, protection of the environment and national security. The investment plans shall be in harmony with the national strategies of power sector development.
- b) The Transmission System Operator shall ensure that the submitted investment plan is in conformity with the provisions of the ten-year network development plan in Albania and with the current ENTSO-E pan-EU TYNDP plan, and is in conformity with the information submitted to ENC for the projects/proposals on the interest of the ENC.
- c) The Distribution System Operator and the Transmission System Operator during preparing the investment plan shall take into consideration the available information on the foresee of the request and the information on the investment plans for new generation capacities.
- d) Investment plans shall be drafted in so as to ensure their high effectiveness at lowest cost, and shall take into account measures to manage the demand for electricity.
- e) Investments plans shall take into account the relations that the distribution and transmission operators for electricity have with other electricity market participants to ensure the reliability of the power system as well as to meet the safety and quality conditions of electricity supply to customers.
- f) Investment plans shall be made available to the public in order to provide the opportunity to interested persons and state institutions to offer their comments regarding these plans.

**Article 7**

***Operator's responsibilities***

1. Each TSO and DSO shall prepare investment plans according to the regulation periods and for each subsequent year in conformity with the Law. ERE shall accept investment plan submissions that are filed up to six months following the filing of a rate application, in order to reduce the burden on TSO and DSO. Investment plans shall be accompanied with table and graphical submission of the referring data and an implementation timeframe.
2. Electricity transmission and distribution operators shall submit at ERE by the end of the year (or other period) for which an investment plan applies a report on the investment plan for the previous year showing its performance against planned investments and providing an explanation for any amendment to the plan. The annual report shall be

submitted not later than 3 months after the end of the period to which the investment plan applies.

## **Article 8**

### ***Investment Plans for Electricity Transmission Operators***

1. The ten year investment plan for the electricity transmission system operator according to article 60 of Law no. 43/2015, "On Power Sector" shall be drafted in a 10 (ten) year grid development, and revised every year having in account the 10 year plan and shall include investments which aim:
  - a) Improvement and development of the transmission system to increase its reliability and Albania's security of supply with electricity.
  - b) Reduction of technical losses in the transmission system.
  - c) Establishment/ increase of interconnection capacity operation with the neighboring systems.
  - d) Increase the opportunity to deliver and control in distance the electricity flows.
  
2. In planning the investments to meet the above aims, the TSO shall be based and respect:
  - a) Planning and development criteria of the transmission system defined in the Transmission Code as well as the procedures therein for the development of the transmission system.
  - b) Information and data provided by market operators/participants and transmission system users.
  - c) Demand forecasts and the information from the indicative development plans for new generation capacity.
  - d) The criteria to design the main elements of the transmission system (lines and substations).
  - e) Period to construct or rehabilitate a facility.
  - f) Full cost benefit analysis providing the cost-effectiveness of the project and justifying cost, including detailed investment plan with the respective studies (feasibility study, including the environmental impact assessment).
  
3. In the provided investment plan, the operator shall include the list of projects planned to be implemented.
  
4. The investment plan shall be implemented with explanatory reports regarding:
  - a) Methodologies used to calculate load and peak load requirements according to condition no.1 by submitting them with tables and graphs, which dictated the construction or rehabilitation of substations (HV/MV), transforming cabins, voltage regulating devices, etc.
  - b) Investment impact on the improvement of the transmission capacities, improvement of the system performance, the reduction of technical losses and other performance indicators regarding the performance of the transmission operator etc.
  - c) Costs, detailed information on the losses, demands for financing and their resources, the period over which each investment will be recovered, and other related matters.
  - d) Full cost benefit analysis proving the cost-effectiveness of each planned project

and justifying costs related to them.

- e) Detailed implementation of the plan/schedule, accompanied with a feasibility study, environmental impact study, ownership and utilization rights.

## **Article 9**

### ***Investment Plans for Electricity Distribution Operators***

1. DSO shall prepare the 5-year investment plan for developing the distribution system in accordance with article 75 of Law no. 43/2015, "On Power Sector". This plan shall comprise the investments that have the following aims:
  - a. Increasing the security level of electricity distribution system.
  - b. Reducing the technical and non technical losses in the distribution system.
  - c. Maintaining the technical parameters for electricity supply as provided in the Distribution Code.
  - d. Fulfilling and modernizing the electricity metering system in the distribution system.
2. In planning the investments the operator shall be based and respect:
  1. Criteria of planning and developing the distribution system defined in the Distribution Code.
  2. Studies of the existing loads and forecasted load development in the future.
  3. Information and data provided by the TSO, market participants and the main customers connected in the distribution system.
  4. Information from the indicative development plans for new generation capacity.
  5. Appropriate design criteria for the main elements of the distribution system (substations, transforming cabins, MV and LV distribution lines etc).
  6. Deadlines to implement the investment for constructing or rehabilitating assets.
3. In the provided investment plan, the operator shall include the list of projects planned to be implemented.
4. The investment plan is accompanied with explanatory reports regarding:
  - a) Methodologies used to calculate load and peak load requirements according to condition no.1 by submitting them with tables and graphs, which dictated the construction or rehabilitation of substations (HV/MV), transforming cabins, voltage regulating devices, etc.
  - b) Investment impact on the improvement of the transmission capacities, improvement of the system performance, the reduction of technical losses and other performance indicators regarding the performance of the transmission operator etc.
  - c) Costs, detailed information on the losses, demands for financing and their resources, the period over which each investment will be recovered, and other related matters.
  - d) Full cost benefit analysis proving the cost-effectiveness of each planned project and justifying costs related to them.
  - e) Detailed implementation of the plan/schedule, accompanied with a feasibility study, environmental impact study, ownership and utilization rights.

## CHAPTER III Procedures for Submitting and Approving the Investment Plans

### Article 10

#### *Procedure for submitting and approving the investment plan*

1. The procedure for approving the investment plan shall initiate with the submission of the request for such approval by TSO or OSHEE together with a detailed investment plan according to the provisions in article 8 and 9 as well as Annex 1 of this Regulation. The licensee shall submit the investment plan at ERE after having consulted with the interested parties.
2. If the request for approving the investment plan is in conformity with the conditions defined in this Regulation, ERE Board shall take the decision to open the procedure to review the investment plan.
3. Before taking the approval of the investment plan by ERE, TSO shall take the opinion of the Ministry of Economic Development, Tourism, Trade and Entrepreneurship regarding the investment plan that it shall submit.
4. ERE, after reviewing the investment plan and verifies that is in conformity with the abovementioned requirements, fully approves it.

### Article 11

#### *The deadlines for submitting and approving the investment plans*

- ERE has set the deadlines for submitting and approving the investment plans in the context of applying and approving the tariffs for the performed activities from transmission and distribution operators in the electricity market. The last mentioned shall submit at ERE the investment plan for the subsequent year on the same time with the application for tariff.
- ERE shall publish the announcement for the submission of the investment plan from transmission and distribution operators not later than 7 (seven) days from the date of accepting the application to receive the comments from the interested parties. The interested parties shall submit their comments within 15 (fifteen) days from the publication.
- ERE may require explanations or make questions regarding investment plans submitted by the TSO and DSO, from the submission date until the date it is approved.
- ERE may organize hearing sessions with the participation of the interested parties.
- ERE shall review and take the decision for complete approval of the investment plan before the approval of the transmission and distribution tariffs.

### Article 12

#### *Criteria for the approval of the investment plan*

1. ERE may approve the Investment Plan in general according to the project priorities. The information submitted in the investment plan is used by ERE to set the Regulated Asset Base (RAB) of the licensed activities for the respective activities in the power sector.
2. On approving the investment plan ERE shall take into consideration:
  - a. If the investment improves the level and quality of service.
  - b. If the plan is able to improve and reduce the technical and non technical losses.
  - c. If the plan contains and reflects the measures to minimize cost of implementation including transparent practices and purchase rights.

- d. If the plan is sufficiently detailed, documented and consists of the right flexibility scale for implementation.
  - e. If the investment plan has analyzed and evaluated some alternatives and has justified as to why the other alternatives are not included.
  - f. If the investment plan is in conformity with the overall development strategy of power sector development in Albania.
  - g. If the plan is to be realized within the defined deadline.
3. If ERE finds it reasonable may require to make a study for evaluating the technical aspects and economic efficiency of the investment.

### **Article 13**

#### ***Notification of the Decision***

1. Within 3 (three) working days from the taken decision, ERE shall inform the transmission or distribution operators for electricity and shall send them a copy of the decision.
2. ERE Board Decision for the approval of the investment plan for transmission and distribution operators for electricity shall be published in the Official Gazette.
3. Within 7 (seven) days from taking ERE Board decision, the licensee has the right to submit a request for revision at ERE in conformity with ERE operation, organization and procedure Rules.

### **CHAPTER IV**

#### **Other provisions**

### **Article 14**

#### ***Confidential information***

If any operator claims that its investment plan includes information and data that it considers confidential, it shall indicate such information when submitting the investment plan, and such information and data shall be assessed by ERE, if they are confidential information according to the rules and procedures applied for such information and data.

### **Article 15**

#### ***Court complaint***

A complaint against an ERE Board Decision, on approving or not the investment plan may be filed by the transmission or distribution operators for electricity in the court within 30 days from the publication of ERE decision in the Official Gazette.

### **CHAPTER V**

#### ***Article 16***

#### ***Regulation Amendment***

This Regulation is subject of review and amendment pursuant to ERE Board decision, in conformity with ERE organization, operation and procedures Rules.

**Article 17**  
***Entry into force***

This regulation enters into force after publication in the Official Gazette.

This regulation is published in the Official Gazette.



**Annex 1:** Investment table for \_\_\_\_\_

<b>Describing the Asset Group (in conformity with the Calculation List)</b>	<b>Account Number</b>	<b>Period to set into operation</b>	<b>Capitalized value (Regulated Asset Base RAB to be included)</b>	<b>Expected durability</b>	<b>Expected annual amortization</b>