

ENERGY REGULATOR AUTHORITY

ANNUAL REPORT

The Situation of the Power Sector and ERE Activity during 2021

Tirana, 2022

Content

INTRODUCTION	11
PROGRESS OF IMPLEMENTING ERE STRATEGIC OBJECTIVES FOR 2021 PERIOD AND IN CONTINUATION ACCORDING TO THE ACTION PLAN TO IMPLEMENT ERE STRATEGIC OBJECTIVES FOR 2021 – 2023 PERIOD AND THE APPROVAL OF THE ACTION PLAN FOR ERE STRATEGIC OBJECTIVES REVIEWED FOR 2022 - 2023	15
REGARDING EU PROGRESS REPORT RECCOMENDATIONS.	23
1. POWER SECTOR.....	25
1.1 Situation of the Albanian Power Sector	25
1.2 Electricity Production.....	28
1.2.1 Electricity production for 2021	29
1.2.2 Main technical data and electricity production from the public production plants for 2021	32
1.2.3 Situation of Vlora TPP.....	38
1.2.4 Electricity generation from independent and priority private generating plants.....	39
1.2.5 Generation from plants introduced into generation during 2021.....	40
1.2.6 Electricity generation according to the network where the generation plants are connected.	41
1.3 ELECTRICITY TRANSMISSION.....	45
1.3.1 Electricity balance.....	45
1.3.2 TSO company activity	46
1.3.2.1 Assets and Development of the Transmission System.....	47
1.3.2.2 Investments in the Transmission System by TSO during 2021.	52
1.3.3 General Condition of the Power System referring to the reporting of TSO company pursuant to Article 25, point 2 of Law no. 43/2015 "On Power Sector", as amended.....	52
1.3.3.1 Voltage level	53
1.3.3.2 Frequency control	55
1.3.3.3 Active and reactive power reserves.....	55
1.3.3.4 Operation of the TSO responsibility area.....	55
1.3.3.5 Long term planning.....	56
1.3.3.6 Mid-term Planning	56
1.3.3.7 Short term planning.....	56
1.3.3.8 Real time operation	56
1.3.4 Operational cooperation protocol for the real time operation between the TSO and DSO companies	58
1.3.4.1 Automatic Control – Monitoring Systems	58
1.3.4.2 Managing the energy flow	59

1.3.4.3	Contingences analysis and their handling	59
1.3.4.4	Management of dynamic sustainability	60
1.3.4.5	Electricity balancing market	71
1.4	Electricity Distribution	72
1.4.1	Activity of Electricity Distribution Operator (DSO company)	72
1.4.2	Electricity consumption	74
1.4.3	Structure of electricity consumption	77
1.4.4	Electricity Consumption Profile.....	78
1.4.5	Indicators of electricity supplied, sold and lost for each area and agency of the Distribution Operator DSO company during 2021.	81
1.4.6	Effectiveness of electricity sales	86
1.4.7	Assets of the Electricity Distribution Operator	90
2.1	Monitoring Electricity Market Activities	92
2.1.1	Monitoring the Electricity Market	92
2.1.2	Specific monitorings from the periodic information of TSO company	94
2.1.3	Other monitorings related to the activity of the licensees in the Power Sector.....	96
2.1.4	Transactions performed from KESH, TSO and OSHEE company in the Open Market (irregulated) during 2021.	96
2.1.5	Reccomendations for the market operators and participants from the monitorings.....	99
2.2	Regulation on wholesale energy market integrity and transparency (REMIT)	100
2.2.1	Obligations deriving from the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT).....	100
2.2.2	Monitoring and registration of the participants in the market implementing REMIT regulation	100
3.	ALBANIAN POWER EXCHANGE (ALPEX).....	101
3.1	First steps to the organized market.....	102
4.	LICENSING AND SUPERVISION AND THE ISSUE OF THE AUTHORIZATIONS OF THE LICENSEE ACTIVITIES IN THE POWER SECTOR.....	103
4.1	Licensing applications Handled from ERE during 2021 period	103
4.2	Licensing in Electricity production activity	104
4.2.1	Licensing in electricity trading activity.....	104
4.2.2	Licensing in Electricity Supply activity.....	105
4.3.	Licensing in Natural Gas activity.....	105
4.4	Modifications of the licensed handled by ERE during 2021	105
4.5	Applications for license renewal handled by ERE during 2021	106
4.6	License transfers licensed by ERE during 2021.....	106

4.7 Qualification and equipment with the Guarantee of Origin Certification during 2021	107
4.8 Issue of the authorizations from ERE for the transferring of immovable assets and the change of the partnet/shareholder that controls the interests of the licensee.....	107
4.9 Handling the requests of ALBGAZ company to postpone the terms of fulfilling the licensing conditions	107
4.9.1 Supervision of licensees during 2021.	107
4.9.2 Certifications, follow up and the implementation of the respective conditions.....	108
5. ERE ACTIVITY IN TARIFF AND PRICES REGULATION OF POWER AND NATURAL GAS SECTORS.....	110
5.1 Review of the applications to approve the tariffs and prices of the licensees on power and natural gas sectors for 2022 throughout 2021	113
5.1.1 Regarding the application of TSO company for approving the electricity transmission service tariff for 2022 and for 2022-2024 period.....	113
5.1.2 Regarding the application of the Distribution System Operator for electricity to define the tariffs for 2022	114
5.1.3 Regarding the electricity retail sale prices for the end-use customers that are served by the Universal Service Supplier.....	114
5.1.4 On defining the electricity sale prices from the Supplier of Last Resort for 2021	115
5.1.5 On the approval of the temporary natural gas transmission tariff from Albgaz company for 2022	118
5.1.6 On defining the electricity purchase price generated from solar, wind and the biodegradable part of solid wastes that utilise the industrial, urban and rural wastes for 2020 and 2021 period..	119
5.1.6.1 Defining the electricity purchase price generated from small renewable resources from solar and the biodegradable part of solid wastes that utilise the industrial, urban, rural wastes with installed capacity up to 2 MW for 2020 period.....	119
5.1.7 Regarding the electricity purchase price from the existing priority generators for 2021 period	121
5.1.8 The activity of electricity priority producers & Ashta HPP for 2021	122
5.1.9 Electricity purchase cost implementing the conditions for setting public service obligation from the licensee on the power sector for 2021 period.....	123
5.1.9.1 The electricity purchase cost from the “Universal Service Supplier” company	123
5.1.9.2 The electricity purchase costs from the “Distribution System Operator” company to cover the losses in the electricity distribution network for 2021 period.....	126
5.2 The Draft, Review and Approval of the Methodologies of calculating the tariffs on Power and Natural gas sectors.....	128
5.2.1 The contunuation of the process to approve the Methodology for calculating the renewable energy obligation and the procedure to compensate the electricity priority producers.....	128
5.2.2 Review of the existing Methodologies of calculating the network tariffs	128

5.2.3 On approving the methodology to calculate the tariff for the regazification service of the LNG System Operator.....	129
5.3 Tariffs and prices approved throughout the years by ERE and the electricity prices in the Region Countries for 2021	129
5.3.1 Tariffs and prices approved by ERE throughout the years	129
5.3.2 Electricity prices in Region countries for 2021 period	131
6. REGULATION OF NATURAL GAS SECTOR.....	132
6.1 South Gas Corridor (SGC), the world gas supply crisis and the strategic position of our country.....	132
6.2 The Shareholders of the Company	139
6.3 TAP a strategic project for Albania and South-East Europe.....	139
6.3.1 TAP is a fully fledged and transparent TSO for the market.....	142
6.3.2 TAP has a strategic and essential role for decarbonization, security of supply and interconnection in Albania and South-East Europe	143
6.4 Implementation of TAP maintenance and repair programs	144
6.5 Inspections, supervisions and controls carried out by the competent bodies.....	145
6.6 Fulfilling the obligation to inform customers and measures taken to improve the quality of service.....	145
6.7 TAP Expansion and contribution actively to the transition/energy transition	146
6.8 TAP and the objective of enabling the deployment of fiber optic cable capacity in South East Europe and beyond.....	146
6.9 Amendments in the Transmission License.....	146
6.10 By- legal (secondary) acts approved by ERE during 2021 to exercise Natural Gas Sector activity.....	147
6.11 ALBGAZ company performance for 2021	150
6.12 Albania Gas Service Company	152
6.13 Future Objectives in the Natural Gas Sector.....	152
6.14 Relations with International Institutions in the field of Natural Gas	153
7. ON ERE REPORTING, REGARDING THE IMPLEMENTATION AND FOLLOW-UP TO COMPLETE THE RECOMMENDATIONS OF THE “ALBANIAN PARLIAMENT RESOLUTION TO ACCESS THE ACTIVITY OF ENERGY REGULATORY AUTHORITY FOR 2020.....	154
8. ERE ACTIVITY REGARDING THE DEVELOPMENT OF THE SECONDARY LEGISLATION AND OTHER LEGAL AMENDMENTS DURING 2021	160

8.1	The draft, review, and approval of the by-legal acts of the power and natural gas sector within their adoption with Law. 43/2015 “On Power Sector”, as amended, and Law no. 102/2015 “On Natural Gas Sector” as amended.	160
9.	ERE ACTIVITY REGARDING CUSTOMER PROTECTION AND STANDARTS SUPERVISION.....	170
9.1	Complaints handled by ERE during 2021.....	171
9.1.1	Complaints according to different communication channels.....	172
9.1.2	Complaints for electricity over – invoicing	172
9.1.3	Complaint for unmettered Energy / Economic Damage.....	173
9.1.4	Complaints for aforfe invoicing.....	173
9.1.5	Electricity invoicing for metering out of technical conditions.....	173
9.1.6	Complaints for bad-invoicing	173
9.1.7	Different complaints	173
9.2	Giving Customers a Voice	174
9.3	Supervision of customer service of suppliers in the free market.	176
9.4	Customers / Self-Producers.....	177
9.5	Secondary Legislation for the customer.....	178
9.6	Standards for quality of supply and network security performance in the electricity transmission system.....	179
9.7	Measurement Standards for Quality of Supply and Security Performance of the Distribution Network.....	182
9.8	Access to the Distribution Network and Transmission Network.....	187
9.9	Monitoring of licensees in public service activities.....	188
9.10	Information regarding meter verification.....	189
10.	ERE INTERNATIONAL ACTIVITIES.....	191
10.1	International Relations	191
10.2	Active Participation as a Member	191
10.3	ERE Bilateral Relations	192
11.	ENERGY REGULATOR AUTHORITY ORGANISATIONAL CHART AND ADMINISTRATION OF HUMAN RESOURCES	193
12.	ADMINISTRATION OF ERE FINANCIAL RESOURCES DURING 2021	195
	ANNEX 1 Audit Report of Financial Statements	197
	ANNEX 2 Performance Report	221

Table of Figures

Figura 1 Power System Scheme (Source: ERE).....	26
Figura 2 Scheme of Commercial and Electricity Flow (Source: ERE).....	27
Figura 3 Data on the Producers for 2021 period.....	29
Figura 4 Net domestic production for 2021 period.....	30
Figura 5 Contributors to net production during 2021 (MWh)	30
Figura 6 Domestic monthly generation for 2021 compared to the average of 2009-2021 period	31
Figura 7 Net domestic historic production for 2009-2021 period in report to the production average for this period	31
Figura 8 Structure of the Public Production Power Plants (Source: KESH company.).....	32
Figura 9 History of Electricity Production from Drini Cascade HPP-s (Source: TSO company).	33
Figura 10 Electricity production from Drini Cascade HPP-s during 2020 (Source: KESH company, TSO company).....	34
Figura 11 Water discharges from Drini Cascade HPPs (2002-2021) period (Source: KESH company).....	34
Figura 12 Level of Fierza lake during 2021 (m), (Source KESH company)	35
Figura 13 Fierza HPP level for 1991 – 2021 period (Source: KESH and TSO company)	36
Figura 14 Level in (m) of Fierza Lake regarding the average, min, max of 1991 – 2021 period.....	37
Figura 15 Average monthly inflows (m ³ /sec.) in Fierza HPP during 2021 period compared to historic average.	37
Figura 16 Daily Power Reserve on Drini Cascade during 2021 period (Source: KESH company).	38
Figura 17 Data from priority and independent producers for 2021.	39
Figura 18 Data from independent producers for 2021.	39
Figura 19 Data from priority producers for 2021.....	39
Figura 20 Photovoltaic plants 2021 period	40
Figura 21 Generation from the Plants introduced into generation during 2021.....	40
Figura 22 Generation from the plants connected into the transmission network during 2021 (Source: FTL company, TSO company)	41
Figura 23 Generation from the plants connected in the distribution network during 2021 (Source TSO company, OSHEE company, FTL company)	44
Figura 24 Power balance of the TSO company for 2021 compared to 2015-2021 period (MWh).....	45
Figura 25 Submission of the schematic electricity inflows in the Albanian power system for 2021.	46
Figura 26 The lines according to the voltage level in the Transmission System.....	48
Figura 27 Structure of the Albanian Transmission System	48
Figura 28 Scheme of the Albanian Transmission System	49
Figura 29 Unipolar scheme of Albanian Power System in 400/220/150/110kV voltage level	50

Figure 30 Substations of the transmission system	51
Figure 31 Main assets of the transmission system.....	51
Figure 32 Realization of the Investments from TSO company.....	52
Figure 33 Transmission Network 400 kV, 220 kV, 150 kV and 110 kV	53
Figure 34 Load values for Tirana region on December 22 2021	57
Figura 35 One-stage diagramme of Tirana region	57
Figura 36 Provided balance of the electricity demand and supply in the internal market for the 2022 – 2026 period	62
Figure 37 Long-term scenario for the demand for electricity for 2020-2040 period.....	62
Figure 38 Scenario to provide the demand for electricity.....	63
Figura 39 NTC for 2021 period	66
Figura 40 NTC Expected models of generation, interconnection exchange and consumption	66
Figure 41 The breakdowns in the transmission system	69
Figura 42 Main indicators of the DSO company; FSHU company ; FTL company during 2021.....	73
Figure 43 Total consumption of electricity throughout the years.	74
Figure 44 Net production domestic contributions and import-export balance of total electricity consumption in Albania.....	75
Figure 45 Components to cover the consumption and the electricity consumption components ensured during 2020 -2021 period.....	76
Figure 46 Distribution of DSO customers according to the regions and the categories during 2021 (Source: DSO company).....	77
Figure 47 Distribution of the number of customers for 2021 according to the categories (%) (Source: FSHU company).....	77
Figure 48 Invoicing reports according to the customer’s categories during 2021 period (Source: FSHU company.).....	78
Figure 49 Household customers to the total production throughout the year (Source: FSHU company)	78
Figure 50 Average daily consumption for each month of 2021.....	79
Figure 51 Average daily profile on hourly basis for 2021 period.....	79
Figure 52 The profile and the peak load on December 2021 (MW).....	80
Figure 53 The profile and the minimum load during March 2021 (MW).....	80
Figure 54 Data on the main indicators for each agency of the Distribution System Operator DSO company during 2021 period.....	81
Figure 55 Electricity supply distribution according to the regional directories (%).....	82
Figure 56 Distribution of electricity losses according to the regional directories (%).....	82
Figure 57 Monthly and annual losses in the distribution system, compared to the electricity losses target according to Council of Minister Decision no. 758, dated 09.12.2021 in (%).....	83

Figure 58 Electricity amount in supply and losses in the regions and the agencies of the distribution network (Source DSO company)	84
Figure 59 Power Balance of 2021 period according to the reports of the TSO and the DSO companies.	85
Figure 60 The annual losses in the distribution system for 2009-2021 period. (Source: DSO company).....	86
Figure 61 Graph of the annual losses in the distribution system in the 2009-2021 period (Source: DSO company.).....	86
Figure 62 Annual losses in the distribution system for 2009-2021 period (Source: DSO company).....	87
Figure 63 Level of monthly collections for the 2011-2021 period (Source: FSHU company).....	87
Figure 64 Progress of the sales effectiveness indicators of the Distribution System Operator in (%) (Source: DSO company).....	88
Figure 65 Sales effectiveness of the FSHU / OSHEE Group companies, for 2009-2021 period (Source: FSHU / OSHEE Group companies).....	89
Figure 66 Total losses to the Energy introduced in the Power system to the consumption.....	89
Figure 67 Invoicing /collection 2009-2021, with VAT (Source: DSO company).....	90
Figure 68 Data on the main assets of the DSO company.....	91
Figure 69 Data on the Auctions for the Capacities Allocation in the Transmission System during 2021	94
Figure 70 Total imbalances for 2021 period (MWh) Source TSO company.....	95
Figure 71 Indicators of SEE for 2021 period according to the target and fact	96
Figure 72 Performed transactions during 2021 period from KESH company; FTL company (OSHEE Group) and TSO company.....	97
Figure 73 Electricity quantity purchased in the irregulated market and the average weightened price.....	98
Figure 74 Balanca Import – Export balance of electricity throughout the years	98
Figure 75 Market Participants during 2021. Source TSO company.	99
Figure 76 The licensed entities, in electricity production activity for 2021	104
Figure 77 The licensees in Electricity Trading activity during 2021	105
Figure 78 Entities licensed in electricity Supply activity during 2021	105
Figure 79 The average price for the day ahead market HUPX Dam, the electricity purchase price from FTL company to cover the losses of the distribution network operator, the universal supplier and the supplier of last resort, as well as the electricity purchase price to cover the losses in electricity transmission network for 2021.....	112
Figure 80 Sale prices and average weightened prices of electricity from the supply of SoLR for 2020 period	116
Figure 81 Sale prices and average weightened prices of electricity from the supply of SoLR for 2021 period	116
Figure 82 The moving curve of the average weightened price for electricity purchase from the Universal Service Supplier company for the customers that are supplied from the Supplier of Last Resort, for 2020 – 2021 period	117
Figure 83 The electricity purchase price to cover the needs of SoLR customer’s for 2020 – 2021 period ..	117

Figure 84 Moving curve of electricity sale prices from the Supplier of Last Resort, approved by ERE for 2020-2021 period.....	118
Figure 85 Realising the indicators of the SoLR for 2020 – 2021 period	118
Figure 86 The prices of electricity purchase generated from small renewable resources from wind.....	121
Figure 87 The progress of the prices approved by ERE for the Priority Producers.....	122
Figure 88 The production progress throughout the years from the Priority Producers and ASHTA HPP ..	123
Figure 89 The incomes from the priority producers.....	123
Figure 90 Structure of electricity quantity for the universal supply purpose for 2020-2021 period.....	124
Figure 91 Structure of the expanses for the electricity purchase from FSHU company for 2020-2021 period	125
Figure 92 The sold Electricity quantity and the incomes from the sale of electricity of FSHU company during 2020-2021	125
Figure 93 Structure of the purchased quantity to cover the losses in the distribution network for 2020-2021 period	126
Figure 94 Structure of the electricity purchase expenses to cover the losses in the distribution network for 2020 – 2021 period	127
Figure 95 The average price of the second six months of 2021 of the day ahead market (HUPX/DAM)	127
Figure 96 Tariffs and prices of electricity approved by ERE throughout the years.....	130
Figure 97 Tariffs and prices of electricity for 2008 - 2021 period.....	130
Figure 98 Average electricity sale price from FSHU company, for 2009 – 2021 period.	130
Figure 99 Average electricity sale price for different categories of end use customers	131
Figure 100 Electricity prices for non-household customers of electricity in region countries for 2021 period	131
Figure 101 The electricity prices for household customers in region countries for 2021 period.....	132
Figure 102 Data on world natural gas consumption and production according to IEA.....	133
Figure 103 Nord stream 1 and Nord Stream 2 gas pipelines connecting Russia to Germany	135
Figure 104 Trans-Saharan Gas Pipeline Project.	136
Figure 105 Natural gas pipelines: Caucasian, TANAP and TAP	137
Figure 106 TANAP - TAP - NABUKO pipeline networks	138
Figure 107 Natural gas price trend according to IEA in years.....	138
Figure 108 TAP pipeline exit point in Fier	139
Figure 109 Gas Volumes transported via TAP	141
Figure 110 TAP connection points according to the 2021 Market Test in our country.....	144
Figure 111 Registered and settled complaints	174
Figure 112 Measurement Indicators for Quality of Supply and Transmission Network Security Performance	180

Figura 113 Measurement Indicators for Quality of Supply and Distribution Network Security Performance for 2021	183
Figura 114 Comparison of DSO Performance in TL+TM+TU 2020-2021 Regarding the Main Indicators SAIFI, SAIDI, CAIDI.....	184
Figura 115 Organisational Chart of Energy Regulatory Authority.....	193

INTRODUCTION

Energy Regulator Authority (ERE) is the regulatory authority of Power and Natural Gas Sectors in Albania, which operates pursuant to Law no. 43/2015 “On Power Sector”, as amended, Law no. 102/2015 “On Natural Gas Sector”, as amended, Law no. 7/2017 Law no. 7/2017 “On the promotion for the Use of Energy from Renewable Sources” as well as other approved legal acts implementing them.

ERE exercises its activity to guarantee the comply of market operators obligations for market participants to ensure a qualitative and at the lowest possible cost of electricity supply for the customers. Taking into consideration the customers rights and interests, the security and quality of electricity supply service and the requirements for environmental protection, ERE also within its authority licenses the entities that exercise the activity in the sector, monitors the electricity market, drafts the regulatory framework, reviews in conformity with the respective methodologies the application of the tariffs and prices and by its decision making authority as well as implementing the law, acts by expressing its will through the Board decisions.

ERE Board, is the decision making body for all the issues under ERE jurisdiction and competence, and with the effectiveness of Law no. 43/2015 “On Power Sector” as amended, ERE Board is composed from the Chairman and 4 Board Members, which are appointed by the Parliament for a 5 year period.

According to the requirements of Law no. 43/2015 on “Power Sector” as amended and Law no. 102/2015 on “Natural Gas Sector”, as amended, it is drafted this report on the “Situation of the Power Sector and ERE Activity during 2021” .

This report submits in details the data on the progress of Power and Natural Gas Sectors for 2021 as well as the comparison of some of the main indicators of this year with the previous years and above all provides the:

- a) operational security of the network;
- b) the foreseen balance of the request and the electricity supply in the internal market for a five years period;
- c) the expected level of the request and the expected level of demand and supply security perspective for a period of five to fifteen years from the date of the report;
- d) the additional production capacity proposed, planned or under construction;
- e) provision of the investments, but not less than next five years, that are planned to be realized by the Transmission System Operator or any other part, regarding the increase of cross-border interconnection capacity;
- f) quality and the level of maintenance networks;
- g) the measures to manage the request at peak hours and the electricity supply interruptions;
- h) temporary measures if needed, to increase the supply security;
- i) management principles for limited capacities in existing and planned lines of the transmission system;
- j) expected models of production, supply, cross-border exchanges and consumption, enabling the taken of the measures for managing the request;
- k) objectives for a sustainable development in national, regional and european level;
- l) detailed information for the Transmission System Operator, for the investments provided for the interconnection lines and for the construction of internal network lines which directly affect the cross-border interconnection lines.

The net total domestic production of electricity realized for 2021 is **8,962** GWh, from which, **5,343** GWh or 59.6% was produced from the plants owned by the public production KESH company and **3,618** GWh or 40.4% was produced from the other plants.

From the historic analysis of the history of electricity production registered in the country, it turns out that the production quantity during 2021 is 8,963 GWh, over the average electricity production for 2009 – 2021 period. The average electricity production for 2009-2021 level is 6,076 GWh. The production realized for 2021 results about 2,887 GWh or 47.5% higher than the average production for 2009-2021 period.

As evidenced on this report the level of water flows throughout 2021 is close to the historic average in most part of the year and the first three months marked the highest level of flow than multi-year flows. The maximum water flows in Fierza Lake are registered on January 2021, 685 m³/s, while the minimum ones are registered on August 2021, 48 m³/s.

In this framework taking into consideration the electricity production level during 2021 in 8,962 GWh quantity, this is considered the best hydrological year because it was the year with the highest electricity production registered in our country.

The total electricity production capacity installed in our country until 31 December 2021 is **2,605 MW**. This capacity is increased in 2021 with 97 MW, compared to 2020 period.

The installed capacity of the plants connected in the transmission network for 2021 is about 2,264 MW and their net production resulted to be 8,016 GWh.

The installed capacity of the plants connected in the distribution network during 2021 is about 341 MW and their net production resulted to be 945 GWh.

Total electricity consumption for 2021 was 8,415 GWh. Compared to 2020 it is noticed a significant increase of electricity consumption in the country of 826 GWh. The electricity consumption increase for 2021 krahasuar me vitin 2020 shkon rreth 11%, në të njëjtën kohë konsumi i energjisë elektrike i realizuar për vitin 2021 është rreth 20% më i lartë se konsumi mesatar shumëvjeçar për periudhën 2004 - 2021.

This electricity consumption increase is even as the result of economic structure changes and its opening after the COVID – 19 conditions, during, a fact acknowledged even in the regional countries and beyond.

General losses in the Distribution System for 2021, reach **20.62%** level, marking the decrease of the losses level compared to 2020 of about 21.48%. For 2021 the electricity losses in the distribution and transmission system are 1,785 GWh. Compared to 2020, it is noticed an increase of the total electricity losses of about 155 GWh. This increase is due to the increase of electricity consumption for 2021, which compared to 2020 is about 11%.

Total level of collections reported from the DSO company is 97.4% to the invoiced electricity. This indicator is consolidated because in the last years it has been over 95% level. This number is the main indicator for the stability of the operator in this aspect.

General number of electricity customers for 2021 is 1,279,460 and compared to 2020 it is noticed an increase of the general number of customers with about 6,460. For 2021 the biggest part of the FSHU customers is composed of household customers 86.17% of the total number of FSHU customers. Consumption of household customers for 2021 is about 36.6% of the total consumption, a number that is lower compared to the consumption of the same category for 2020, which was 39%.

At the same time the household customers occupy the biggest part of FSHU company and the biggest part of the electricity invoiced for 2021 respectively 49.36% of the invoice realized for 2021, where 36.92% is occupied from private customers, and the other part from the other part of budgetary customers of about 5.99% and non – budgetary customers 7.72%. Budgetary and non – budgetary customers continue to be a problem regarding the payment of electricity invoices, collecting a debt for the FSHU company including the debt established as the Supplier of Last Resort and creating even during this year financial difficulties for this last one mentioned.

Regarding the prices for the end-use customers supplied from the Universal Service Supplier during 2021, there was no increase. There are also effective the tariffs of 2020 for the Distribution System Operator and the Transmission System Operator.

For 2021 it is evidenced a considerable decrease of the electricity supplied for the customers that are supplied on the conditions of the last resort in 20% measure, compared with the one of 2020, which is as consequence of the supply contracts signing in the free market by a part of customers, that were supplied on the conditions of the last resort in the previous year. Meanwhile, despite of the decrease of electricity quantity supplied for the Supply of Last Resort customers, due to the increase of electricity purchase cost, for the total quantity of 20 GWh, the invoiced value of 377 million ALL results increased in 30% measure compared to 2020. The annual average price of the electricity sold for the customers of the Supplier of Last Resort for 2021 resulted 18.01 ALL/kWh.

The electricity sale price from the Supplier of Last Resort for 2021, had a considerable increase of 62%, compared to the one of 2020 that has been 11.09 ALL/kWh.

2020 has not been a standard year regarding the progress of the electricity market prices due to the conditions of the Covid – 19 pandemic and the closure of the economy, there was a decrease of the request for electricity that was accompanied with low electricity prices in the regional market.

Regarding the annual price, paid to existing priority producers for 2021, it is **7.448 ALL /kWh** the same with that of 2020 period.

An important part of ERE work consists in settling the disputes of the electricity customers to the licensees, that include the handling of the complaints registered at ERE for complaints settlement or handling and the direct conflicts established from the relation between the electricity or natural gas customers, aiming the protection of the customer's interests in individual aspect and the protection of their interests in general from the abuses of dominant players in the electricity and natural gas market.

A considerable part of the complaints submitted at ERE, are due to the lack of information regarding the obligations of the customers to the licensed companies but even for the role of ERE. To avoid the above mentioned, during 2021, ERE being consulted and sometimes for the lack of information from the customers had done continuous attempts to inform the customer regarding the rights and obligations to the licensed operators, but even their rights to ERE, to avoid the conflicts between the parties.

2021 brought a series of important developments in the electricity market of our country. From 1 April 2021 it is operating the electricity balancing market based on the rules approved with ERE Board Decision no.106, dated 02.07.2020. The full operation of the balancing market was supported by Energy Community Secretariat in Vienna, that considered this development as an important step in power sector reform in our country.

Also in 2021 it is approved the Regulation for the Integrity and Transparency of the Retail Electricity Market (REMIT). This regulation transposes REMIT Regulation 1227/2011 as approved and adopted for the Contractual Parties of Energy Community and aims to define the criteria that prohibit abusive practices that may happen and affect the wholesale electricity markets. At the same time the regulation helps for the appropriate operation of these markets, having into consideration their specific characteristics.

Based on Council of Minister's Decisions, respectively no. 322, dated 15.05.2019 "On the establishment and defining the legal form of the ownership structure of the share capital of the market operator" and Decision no. 609, dated 11.09.2019 "On defining the criteria and procedures for the selection of the participants in the share capital of the market operator", in October 2020 was established the Albanian Power Exchange (ALPEX) as a Shareholder Company, in joint ownership of the Transmission System Operators of Albania (OST) and Kosovo (KOSTT).

By the end of 2021 there was selected the Service Provider, the coupling of the operators guided by the Hellenic Exchanges - Athens Stock Exchange, the power exchange group of Greece with its two companies "Hellenic Energy Exchange S.A." and "Enex Clearing House S.A. The selection of the Service Provider is an important step for the operation and the set into operation of the Albanian Power Exchange.

Within the market operation and the Albanian Power Exchange on 21 October 2021 was signed the Framework between the Transmission System Operator of Albania, the Transmission and Market System Operator of Kosovo (KOSTT), ERE and the Energy Regulatory Office of Kosovo (ZRRE) for the day ahead and intraday electricity market coupling, between Albania and Kosovo.

On this aspect on 07.12.2021 there was signed the Cooperation Agreement between ERE and ZRRE for mutual recognition of the licenses between both countries.

In natural gas sector, during 2021 it continued the approval of the regulatory acts of the sector. Also beginning from 15 November 2020 and as follows during 2021, TAP operates as a full rights Independent Operator of the Transmission System (OST).

2021 marks the initiation of the 25 year exemption period from the third party access, tariff regulation and ownership unbundling, that is issued to TAP by the European Commission and from the Albanian Regulatory Authority – ERE together with the Greek and Italian Authorities (respectively RAE and ARERA).

From being set into operation on 15 November 2020, thanks to the strong cooperation between the Commercial and Physical Dispatch, the nominations of the transporters for TAP pipeline are immediately processed and the gas deliveries are successfully brought to the interconnection points with the national transmission system of Italy and Greece, until now (SRG and DESFA networks).

As consequence, TAP transported about 8 billion m³ of gas at the Greek – Turkish border in Kipoi, where 6.8 billion m³ of gas are transported in Italy through Albania and 1.2 billion m³ of gas are supplied in Greece.

On 6 July 2021, TAP AG, the Ministry of Infrastructure and Energy in Albania and Albgaz company signed the Cooperation and Handover Agreement on the Fier South Facility. According to this agreement with the termination of the Object and the South Session in Fier, it shall be delivered to the Albanian Government and shall be owned, managed and set into operation by the Albanian Government.

At the same time initiated the Market Test for the capacity expansion. This mechanism aims the expansion and gives the opportunity to any stakeholder to submit the request for connection with TAP pipeline, including the Albanian territory. TAP organized the first Market Test on July 2019, and initiated another Market Test on July 2021.

Following the market test for 2021, during the non-binding phase of expressing the interest, TAP received a considerable interest regarding the requests for capacity and the connection in Albania. During 2021 with Decision no. 198, dated 01.10.2021, ERE Board issued a positive opinion on the request of GEK TERNA GROUP entity to be connected in TAP network of Albania and with Decision no. 212, dated 08.10.2021, decided to give a positive opinion to DEPA COMMERCIAL S.A entity.

Despite the achievements and performance of the power sector, including natural gas sector for 2021, and the plan to draft the secondary and regulatory legislation, shall be notified that among the areas which will be the main objective of ERE work for next year, it is the review and approval of regulatory acts to precede the development of the electricity market in our country. For this purpose ERE with Decision no. 74, dated 12.03.2021 has approved the Strategic Objectives for 2021-2023 period.

PROGRESS OF IMPLEMENTING ERE STRATEGIC OBJECTIVES FOR 2021 PERIOD AND IN CONTINUATION ACCORDING TO THE ACTION PLAN TO IMPLEMENT ERE STRATEGIC OBJECTIVES FOR 2021 – 2023 PERIOD AND THE APPROVAL OF THE ACTION PLAN FOR ERE STRATEGIC OBJECTIVES REVIEWED FOR 2022 - 2023

With Bard Decision no. 74 dated 12.03.2021 it was approved ERE Strategic Objectives for 2021 – 2023 period. This important document shall set the strategic objectives that ERE aims to realize on the following 3 (three) year period, to comply the legal tasks according to its power defined by Law no. 43/2015 “On Power Sector”, as amended, Law no.102/2015 “On Natural Gas Sector”, as amended and Law no. 7/2017 “On the promotion of using energy from renewable resources”. Above all it is decided the approval of the calendar of measures to implement ERE Strategic Objectives for 2021 – 2023 period.

This metering calendar shall be object of assessment and review not later than January 30th of each calendar year, to its full implementation.

The Strategic Objectives and the respective measures approved with ERE Board Decision no. 74, dated 12.03.2021 include:

Customer protection through awareness;

Customer’s awareness and transparency in service assessment;

Strengthening the supporting mechanisms for the vulnerable customers;

Awareness for customers and transparency to asses the service;

Electricity and natural gas markets development increasingly efficient and integrated;

Regional integration;

Strengthening the access to information and correct operation of market processes;

Racionisation and simplifying the flow of information to access the operation of market processes;

Realization of market coupling between Albanian -Kosovo markets;

Transparency and integrity in administrative activity;

Promotion in reducing the regulatory barriers and shortening the time for the regulatory procedures;

Promotion of the rules in conformity with the development of the Energy Community framework and accessing the specifications in the power system of our country.

1. Realization of the information section on the electricity market supply bids (price comparison tool).

During 2021 it is discussed with the engaged consultancy of USAID/NARUC to realize and implement the platform with which the licensees in supply activity that shall perform this activity for the supply of the customers in the free market, shall be enabled to issue the data regarding the price provided for the supply with electricity in the free market. In this framework according to the recommendations from the USAID consultant it is adopted ERE website to enable the development of PCT platform.

During 2022 shall continue the work to realize the platform and handel by a regulation of access approaches in the platform to issue the data from the supplier at the real time.

2. Draft of the informative brochures for the customer regarding the electricity customer’s rights and obligations

During 2021 there are prepared and approved at the Board about 30 informative brochures for the customer. These brochures are published on ERE official website www.ere.gov.al, are published on ERE social networks like Facebook, Instagram and Linked-in, are submitted to the electronic platform to the customer's associations and are printed to be available for the customer's that submit their complaints at ERE.

3. Communication with the Ministry of Infrastructure and Energy (MIE) to draft the Methodology on setting the electricity purchase price generated from the self-producers

ERE continued the communication with MIE and required information regarding the progress of the process to approve the Methodology on setting the electricity purchase price generated from the self-producers.

4. Monitoring the level of interest in the country, on energy self-generation

Regarding this obligation ERE held correspondences with the DSO company to collect the necessary data regarding the integration of this category of generators to the electricity market. ERE to analyze the data regarding the interest or the impact that this category of electricity generators have in Albania, required information from the DSO regarding the number of the customer's requests that have applied for new connection as electricity self-generators which may install a total capacity up to 500 kWp from solar in conformity with Article 15, of Law no. 7/2017 "On promoting the usage of electricity from renewable resources", the number of applying customers that actually have the status, and the average and total quantity of electricity generated from this category of generators.

It followed the communication with the DSO company requiring detailed information for the accuracy of the electricity quantity generated on monthly basis from each self generator, compared to the monthly consumption of each of them referring to the metering data of DSO company. Currently it is continued with the elaboration of the data submitted from DSO communications.

Except of the above, ERE communicated even with the commercial companies that perform their activity on the import and installation of photovoltaic equipments to which are issued the necessary explanations for the acting approach regarding the existing legal framework and the need to complete it with the Methodology on setting the electricity purchase price, generated from the self – generators.

5. Public consultation on the interest for the electronic cars technology

To comply this obligation by ERE it is approved to follow up the communication with the entities identified as interest parties: (i) Tirana Municipality (ii) DSO and FSHU companies (iii) Lux Taksi entity, (iv) Municipalitie's Association (v) General Directory of Road Transport Services (vi) ZRRE, (vii) Agency on Energy Efficiency where above all it is required information regarding the developments or incentives if any on this area, to support the use of new technologies for the electric cars , the current number of the electric charging unit for the vehicles,

umrin aktual të njësive të karikimit elektrik të automjeteve, raised by the Municipality; the approaches of providing this service as well as invoicing for public or private entities; Data regarding the number of entities (public or private) that use this technology, if available: The plans for the development of these units in the future.

6. Training ERE staff on this new technology

By ERE specialists are followed the trainings for the staff qualification and be notified with the best international practices on this area.

Alson with Chairman order no. 75, dated 09.11.2021, it is held the working group to access the regulatory and legal framework to use new technologies for the charging stations of the electric vehicles, including the tariff regulation for this service.

7. Studying the international legislation on similar regulatory policies on regional countries and beyond

By ERE it is worked in deepening the knowledges regarding similar regulatory policies in European Union countries and addressing the awareness incentives for the customer regarding the use of efficient electricity within current legal framework, but even through adressing on competent institutions of concrete proposals that shall address these incentive by ERE. For this purpose there are studied the best practices on this area, followed especially from the Italian regulators.

The policy of rational usage of electricity and rational usage of energy raw materials defines a series of organic actions that aim the promotion of energy efficiency, the appropriate use of energy sources, including conventional ones, the improvement of technological processes that use energy, development of energy renewable resources, to the substitution of imported raw materials of energy.

8. Communication with respective institutions for efficiency

ERE communicated with the Efficiency Agency for cooperation and communication bridges between the two institutions, to immediately and efficiently address the issues regarding the customer interest and their information regarding our common purpose, the protection of customer's interest and the efficient use of electricity that means less costs for the customer itself.

9. Customer awarenes on the efficient use of electricity

Regarding this objective, the responsible structures shall ensure a clear view to address this practice from the neighbouring countries, as provided on task 8 of this point and further shall undertake the necessary awareness campaigns.

10. Set into operation of the green number for the customer information

ERE during 2021 has set the phone number 0684023016, dedicated to the customer. By this number it is set the regular communication with the customer's to inform them regarding the questions that they may have on the status of their complaint, but even notify the customer case by case for the delivery of the data to the wrong address like in FSHU company, but even at ERE who may find it impossible to be informed regarding the progress of their complaint.

11. Organisation of trainings by ERE for the stakeholders object "The information on customer's rights"

During 2021, ERE presented for the "Albanian Customer Center", the legal regulatory framework for natural gas sector, the rights and obligations deriving by this law and the regulatory acts issued for its implementation, for the market operators and for the customers.

To comply the above mentioned, ERE signed several cooperation memoranda with the Universities such as: Faculty of Justice, Albanian University, Epoka University, Aleksander Moisiu University in Durrës, Engineering University, the Economy University, etc.

Above all for the implementation of these agreements it is provided the organization of the meetings with students of these universities to present the regulatory legal framework of ERE as well as the rights and obligations deriving by this Law and the secondary legislation issued for its implementation, for market operators as well as for the customers.

12. Consultation with the respective Ministry and the concrete proposals to define the criteria to receive the vulnerable customer status

Regarding the above mentioned it is required information from the Ministry of Health and Social Protection, the Ministry of Finance and Economy as well as from the Ministry of Infrastructure and Energy on the working progress to draft and approve the criteria and procedures to benefit vulnerable

customer status and the approach to handle them, in conformity with the provisions of Article no. 97.1 of Law no. 102/2015 “On natural gas sector”, as amended as well as article 95 of Law no. 43/2015 “On power sector”, as amended. From the Ministry of Finance and Economy it is informed that they are waiting for the preparation and initial draft of the draft – act from the Ministry of Health and Social Protection.

With order no. 97 of date 15.12.2021, ERE held the working group to prepare the assessment preparation regarding the best regulatory practices for the protection of vulnerable customers according to EU countries practices.

13. Supervision of FSHU service regarding the vulnerable customers interruption conditions

During 2021 ERE required from FSHU company the information regarding the identification of “Vulnerable Customer’s” complaint cases, when the Universal Service Supplier failed to apply the conditions defined on the regulation approved with ERE Board Decision no. 246, dated 11.12.2018 and the detailed information regarding the registration of vulnerable customer’s data, or the procedures followed for the de-registration of electricity vulnerable customers as well comparative and statistic data of this register during 2019- 2020 period and we have recommended the maintenance of updated register of the customers that receive economic assistance according to the provisions of ERE regulation approved with ERE Board Decision no. 246/2018 “On the specific conditions for the interruption of electricity supply of vulnerable customers”.

14. Preparation of informative meetings with the representatives of associations for the protection of vulnerable customer’s category regarding the rights and obligations

On the conditions of Covid - 19 pandemic spread, ERE submitted to the associations for consumer protection as well as to the associations of Persons with Disabilities the information brochures for the consumer rights and especially to vulnerable customers for the electricity supply to these structures.

Along with the printed brochure for this purpose, it is send the link of ERE official website where there may be accessed the information on issues of customer interest.

15. Establishment of supplier’s portals in the free market for the promotion of their activities and the information of the customer with its rights and obligations as a free trade customer

To comply this obligation ERE is accessing whether the recently established electronic website may guarantee the promotion of their activities and the information of the customer regarding their rights and obligations as a free trade customer and if this fails, ERE is receiving information for the opportunity and specifications needed to construct this platform as a derivate of ERE website. Shall be taken into account that for the construction of such a platform requires high security measures regarding cybersecurity considering the sensitive and personal data charged on this platform, so it is important that this process is not rushed to guarantee in conformity with the national and international standards the maintenance of the database shall not be.

16. Periodic update of the customer complaints status handled by ERE for their follow-up and the complaint through ERE website (with unique access code).

Update of the complaints register according to the Transparency Program is carried out within 24 hours from the registration of new complaints or the receive of the response from the licensee to track the complaint in the shortest time possible by the customers. The information regarding the complaints is periodically updated (even on social network). Shall be underlined that the above mentioned database, currently serves as a basic platform that sufficiently generates the data for the customers that submit a complaint at ERE to track the complaint status. On this platform are issued the updated data regarding ERE handling of the complaint, protocol no, and the date of the official letter submitted at ERE, the status of the licensee response regarding the complaint and the status of

the demand regarding its acceptance or refusal by the licensee being supported on the generated documentary evidences, or the acceptance status or the refusal of the request when ERE issues the settlement or recommendation of the licensee to whom it is exercised the complaint.

17. Definition of quality of service standards

- With Decision no. 255, of date 21.12.2020 “On TSO company proposal for the indicators standards of the electricity transmission for the service quality for 2021”, ERE Board decided to approve the metering indicators for the quality of supply and safety performance of the transmission network.
- With Decision no. 97, dated 07.04.2021 which is effective even for 2022, “On the approval of the indicators for the standard criteria of quality of supply service and safety performance on electricity distribution network for 2021”, ERE Board decided to approve the metering indicators for the quality of supply and safety performance of the distribution network.
- With Decision no. 244, of date 02.12.2021 “On the proposal of TSO company, for the indicators of standard criteria for the quality of electricity transmission service for 2022”, ERE Board decided to approve the indicators for the standard criteria of the electricity transmission quality of service

18. Monitorings for the FSHU and the free market suppliers

During 2021 depending on the conditions established from the Covid -19 pandemic situation are exercised the monitorings and the communications from the reports of the electricity operators and the market participants including the electricity suppliers. Also are performed on-site monitorings with the specific object according to the respective orders, shall be mentioned the monitorings, “For the Monitoring of the Free Market Supplier (FTL) company”; “On Monitoring the Universal Service Supplier Activity regarding the periodic reports and the supervision of implementing the tasks deriving for the licensee according to Decision no 201/2018, reviewed with Decision no. 217/2020 “On reviewing the action plan for OSHEE company to respect the rights of the electricity supply customers”; “On Monitoring from date 24.11.2021-10.12.2021 of FSHU and FTL companies, regarding the set of the supply price from the Supplier of Last Resort, from the FSHU in conformity with the Methodology to define the electricity sale price from the FMF, and the procedure of electricity purchase from FTL company according to FSHU to cover the needs of the customers that are supplied from the FMF”. The data taken from these monitorings are analysed and the respective findings shall be reviewed and shall be informed as follows.

19. Full analysis of the observed issues after the approval of the Methodologies for electricity transmission and distribution tariffs and handle of the solutions through the best international practices for this purpose in cooperation with the international institutions

Regarding this point, ERE required the technical assistance from the World Bank to review the Methodologies for calculating the tariffs of the Distribution System Operator and the Transmission System Operator, which shall be accessed on the same time with a time frame of 3(three) months that the process to be comprehensive for all stakeholders as evidenced on the drafted request. This process is realized only for the Methodology of calculating the tariffs of the Distribution Operator with the assistance of the World Bank and in cooperation with MIE and was focused on the analysis of the observed issues after the approval of the Methodology for the Distribution System Operator tariffs which was widely discussed with MIE, the DSO, the World Bank Consultants, but even with Reform Implementation Office in France, French Expertise, in the framework of the approved agenda regarding the power sector reform to review this methodology.

Then, in the framework of the support from the French Agency for Development (Afd) and the approval of the working plan submitted from the French Expertise, there was planned the held of the 2 day meeting of Tariff and Prices Directory at the Regulatory office for Energy in Kosovo (ZRRE).

The purpose of this meeting was above all to increase the capacities and the exchange of experiences in the framework of the process to review the applications for tariff by ERE and for the methods and procedures followed from the Kosovo Regulator to access the network tariffs for electricity transmission and distribution. On this framework shall continue the cooperation between the regulators during the decision making of the application tariffs for which it is needed ERE decision.

20. Monitoring the continuous development in the technical and regulatory level of the regional market

Through joint meetings of the Mediteranean Regulators Organization (MEDREG), the Coupling of the Albanian, Italian, Monte Negrin and Serbian Market (AIMS) or even the ECRB Working Groups are taken information regarding the developments in the regional market and the incentives for markets coupling as those between North Macedonia and Bulgaria, Serbia and Rumania, Sllovakia, Hungaria and Czech Republic (4MMC project) or even other regional incentives regarding the establishment of the exchanges as the one of Monte Negro and North Macedonia.

21. Approval of common and efficient procedures of the decision making that shall help for the establishment of the Albanian Power Exchange

ERE participated on common meetings of the working groups composing of the Regulators, the Ministries and the Transmission System Operators to prepare the legal, regulatory and technical framework for the establishment of the market coupling. Following these discussions were drafted the agreements that were concluded between the parties on October and December of 2021

22. The draft and signature of the agreements between the TSO-s and the Regulators to implement market coupling

On 21.10.2021 in Tirana was signed the framework agreement between the Regulatory Authorities of Kosovo and Albania as well as the Transmission System Operators of both countries which set the steps for the establishment of the market coupling.

With USAID assistance was held in Prishtina with the participation and promotion of both regulators and the other market stakeholders, a seminar on the efficiency of electricity market integration for both countries as well as the undertaken measures and challenges that shall be issued following this direction.

On 07.12.2021, ERE and ZRRE signed the Understanding Memoranda for the mutual recognition of the licenses in trading and supply activities between Albania and Kosovo. On this Memorandum both regulators agreed on the mutual recognition of electricity trading and electricity supply activities, that shall reduce the administrative and financial costs of the licensee for both countries to operate in both markets and to open the way to the facilities for the operation of the market coupling.

23. Control and update of the effective legislation if there are legal barriers in the market coupling process

Regarding the control and update of the effective legislation if there are legal barriers in the market coupling process, ERE representatives are members of the joint working groups held with the participation of the regulators and TSO-s from Albania and Kosovo and during 2021 are engaged on the discussion process these groups to evidence the barriers that the current by- legal framework may present, a work that shall continue even during 2022.

24. Update of the legal framework, regarding the identification of necessary amendments at the regulators and the licensing procedures for the mutual recognition of the licenses

Regarding the update of the legal framework, regarding the identification of necessary amendments on the licensing regulations and procedures for the mutual recognition of the licenses that is handled and approved with the amendments of the licensing regulation approved with ERE Board Decision

no. 215 of date 20.12.2019, it followed the work with the signature of the Cooperation Memorandum between Albania and Kosovo on 07.12.2021, for the mutual recognition of the electricity trading and supply licenses, within the implementation of the regional market coupling and harmonization of the joint legislation between two countries.

25. Nomination of joint NEMO with Kosovo

ERE participated on the working groups of KEP/AIMS project for the establishment of the market coupling between Albania, Italy, Monte Negro and Serbia.

Within this framework the recognition of the Nominated Electricity Market Operator (NEMO), on the exchange committees of the EU countries relates with the set into operation of the Albanian Power Exchange (ALPEX) that shall establish the conditions for full compliance of this obligation; the exchange shall be applied for the recognition as market operator in Albania and in Kosovo.

Currently according to the information submitted by ALPEX it has terminated the auction and it is selected the service provider of the exchange operation. The commencement of the market operation is expected to be during the last three months of 2022.

26. Analysing the implementation level of the Regulation for Cybersecurity of critical infrastructure on power sector from the operators and its exchange even on natural gas sector

Periodic reports for critical infrastructure of Cybersecurity from the companies part of the regulation and in cooperation with USAID / NARUC that has currently engaged technical assistance for ERE regarding this regulation it is working for the draft of the data or the opportunities to improve the Regulation according to the established experience.

Also on this framework it is important to be underlined that during the meetings with USAID it is stressed to undertake regulatory measures except of the analysis and surveillance of the licensees and to maintain Cybersecurity measures for the Regulator itself. During 2022 shall be worked to draft the internal regulation and the provision of the budget to realize the Cybersecurity test at the ERE IT system.

Our Terms of Reference (TOR) about cybersecurity were chosen by NARUC for the first round of short-term technical assistance for cybersecurity. NARUC aims to support ERE regarding the regulatory assessments for the preparation of critical infrastructure targeting at the end the following documents:

- Personalized guideline to access the cyber investments and using the results of a mature model.
- Personalized model of accessing the risk and the guideline.
- Personalized agenda and Planning for the continuous updates of the processes and report of the incidents.

Through the Technical Assistance provided by USAID, ERE staff shall take the experience and be capable to access the cyber preparation plan submitted from the companies and more prepared to monitor the security and reliability of the Albanian power network to advance with the best cybersecurity practices, that shall enable effective monitoring of critical infrastructure protection of the power network.

ERE participated on the working groups held by ECRB on which there are discussed the issues encountered during the implementation of the Cybersecurity Regulation on countries member of Energy Community Secretariat and countries of the Black Sea.

ERE continued the communication with NARUC regarding full implementation of the regulation for cybersecurity and Critical Infrastructure on Power Sector.

There are completed the questionnaires from NARUC on which it is evidenced the performance of a seminar with wide inclusion of ERE and the operators that own critical infrastructures like TSO, DSO and KESH companies.

The seminar with the market participants and NARUC representatives is foreseen on the first three months of 2022.

27. Realization of the draft consultation process of the Rules for integrity and transparency on the wholesale electricity market (REMIT)

Regarding the implementation of REMIT regulation ERE actively participated on the working groups of Energy Community Secretariat as well as on joint meetings between the Secretariat and ERRA regarding the implementation of the regulation and the obligation born to the parties included here and ERE for its implementation as well as the regulatory schools organized by the Secretariat regarding this object. Also it is thought that with the assistance of help of Energy Community Secretariat shall be held a seminar with the market participants to exchange experiences and to explain the operational approach of the Regulation and the obligation of the parties born during its implementation.

28. Monitoring the behaviour of market operators, especially in implementing the European Regulation for Transparency in the Wholesale Electricity Market REMIT

By the end of 2021, it is conducted an extensive training with French Regulator representatives part of the cooperation program with the French Agency for Development, during which were exchanged the experiences with the French regulator representatives regarding the measures for the market monitoring, the conditions that shall be completed by the licensee or other investigation approaches in the national market and on common markets. At the end of the training from the French Regulator was drafted a report that shall serve to ERE specialists to improve the work regarding market monitoring.

29. Analysing the data regarding the reporting obligation, the methods and the time to set them available, the use of the data for the stakeholders and especially for the market participants

On this framework it is necessary and shall be seen the automatization ability through online platforms from ERE website or its link where the market participants may complete the registration forms on the REMIT or issue the necessary data to implement the regulation or other data which are necessary for periodic reporting that are carried out at the Albanian Parliament and that are closely related with electricity and natural gas market monitoring. For the realization of this operation it is necessary the adoption of ERE website or the establishment of a database to monitor the market. Throughout 2022 shall be seen the possibility of its financing through ERE budget.

30. Identification of the parts of the Regulation for the Congestion Allocation and Management

ERE actively participated on legal working groups held between Albania and Kosovo for the identification of legal barriers and to enable market coupling between two countries. In the framework of AIMS project for the market coupling of Albanian, Serbian, Montenegrin and Italian markets, ERE participated at the established working groups and during 2022 period it is expected to continue with the consultations to transpose the national regulations.

31. Inclusion of the stakeholders in defining the strategies and the regulatory policies

ERE has identified several academic experts on conformity with the signed Memoranda with the Universities that serve as a consultative structure to be used during ERE draft and approval of the regulations and secondary legislation according to their expertise area.

ERE tried to identify the increase number of the stakeholders, mainly focusing on customer protection associations, to include them on ERE decision making practices, that have an impact for the customer.

32. Publication of the decisions, reports of the secondary legislation and applications

Regarding the publication of the decisions, secondary legislation reports and the applications that are submitted at ERE during 2021, as before it continued the work for publication of ERE Board decisions on the Official Gazette, as a legal request and their publication on ERE official website www.ere.gov.al. Also it continued the publication of the notification on the written media of all applications for Tariff, they are published on ERE official website, accompanied with any additional information that is submitted by the applicant for the purpose of these practices. Regarding the publication of the Reports they are subject of the verification process by ERE, regarding the confidential, personal, commercial data to comply with the legal criteria provided on the Law “On the protection of personal data”.

33. Identification of necessary amendments on the licensing regulations and procedures for the mutual recognition of licenses

Regarding the regulation for the procedures and terms for license issue, modification, transferring, renewal, or license removal on power sector (approved with ERE Board Decision no.109, of date 29.06.2016, as amended), with decision no. 138, of date 07.06.2021, ERE Board opened the procedure to review this decision.

The amendments proposed on this act are necessary in the framework of its improvement, and are made payment unifications on Annex A of the Regulation for some activities on the power sector, based on the fact that the procedure and the documentation volume that is reviewed to the approval of the license is the same.

ERE is an active member and participant on the working group meetings organized by MedReg and ERRRA or even the trainings organized by these organizations for issues regarding the power sector.

Recently, with decision no. 20, of date 04.02.2022, ERE Board after reviewing the implementation progress of ERE strategic objectives for 2021, according to the action plan for the implementation of ERE strategic objectives for 2021 – 2023 period is expressed with Decision no. 20/2022 “On the update of the action plan for ERE strategic objectives for 2022 – 2023 period”.

REGARDING EU PROGRESS REPORT RECCOMENDATIONS.

The recommendations of the EU progress report for 2021 referring to chapter 15 "Energy" are as follows:

- 1) Continuation of the electricity production resources diversification beyond hydro resources and the establishment of the Electricity Power Exchange and the organized day ahead electricity market.
- 2) Finalisation of operational unbundling of public companies in power sector, completion of operational finalisation of the energy companies, removal of legal barriers for the customer's right to switch their electricity supplier and ensuring full access to the free electricity market for all customers connected in 20kV voltage.
- 3) The implementation of the secondary legislation regarding the Directive of Energy Performance to the Buildings, acceleration of trainings and certification of energy auditors and managers,

approval of incentives and funding mechanisms for energy efficiency, and increase funding for energy efficiency projects.

- 4) Approval of the Integrated National Plan for Energy and Climate (NECP) 2020-2030 and establishment of a fully operational energy Agency, in conformity with the PKEK ambitions, covering the renewable resources and energy efficiency, with the appropriate staff and with the budgetary resources.

Regarding what is provided on these recommendations, ERE during 2021 approved the opening of the procedures to approve the electricity purchase price produced from small renewable resources from solar, wind and the biodegradable part of solid waste, utilising industrial, urban and rural wastes. From the communications with the Ministry of Infrastructure and Energy, resulted that for 2021 it is taken the final approval for 1 (one) entity, authorized for the construction of an aeolian plant with 2MW capacity, which is invited to submit the respective documentation.

As consequence, ERE terminated the procedure initiated with ERE Board Decision no. 222, of date 09.11.2021, regarding the set of the electricity purchase price generated from small renewable resources from solar and is on finalisation process to define the price from biodegradable part of solid waste utilising the industrial, urban and rural wastes for 2022.

Regarding the establishment of the Albanian Power Exchange, implementing Council of Minister Decision no. 322 dated 15.05.2019 and no. 609 dated 11.09.2019 it is defined the structure and its capital, there are defined the shareholders and after several attempts it is closed the auction phase of the electronic platform and it is signed the Service Provider agreement, that will provide the Trading and Services Platform for the Day Ahead and Intraday Market, necessary for the operation of the Organized Market in Albania and Kosovo. Go- Live transition is foreseen for the last three months of 2022.

Finalisation of the operational unbundling of the Electricity Distribution Operator a process that is successfully concluded even during 2021 period. DSO and FSHU companies during 2021 period continued to develop independently from each other the respective activities according to the licenses that they hold respectively according to ERE Decisions no. 2016/2018 and no. 2015/2018.

Points 3 and 4 of the progress report recommendations for 2021 period, Chapter 15 “Energy”, do not belong to ERE activity and area, but to that of other institutions that operate on power sector.

On this framework, shall be assessed that ERE activity during 2021 is developed in conformity with the progress report recommendations for 2021, for Albania approved from the European Commission.

1. POWER SECTOR

1.1 Situation of the Albanian Power Sector

The Power system in the Republic of Albania consists of: electricity production, transmission and distribution, electricity trading, to supply the electricity customers. These activities are exercised by entities licensed pursuant to Law no. 43/2015 "On Power Sector", as amended. Electricity production is realized by public companies KESH and Lanabregas HPP with 100% of state shares, as well as by private entities licensed in this activity such as: Priority producers, Independent producers and electricity self-producers.

Electricity transmission is realized by "Transmission System Operator" (TSO) company, which is a company with 100% of state shares. In conformity with article 58 of a Law no.43/2015 "On Power Sector", as amended, the Transmission System Operator (TSO company) is certified and licensed for the operation of the electricity transmission system.

Electricity distribution is realized by " Distribution System Operator" (DSO) company, which is a company with 100% of state shares, established from the allocation of OSHEE company and is licensed for the operation of the electricity distribution system. At the same time ERE based on articles 16 and 72, of Law no. 43/2015 "On Power Sector", as amended, as well as article 15 of the "Regulation on ERE organization, Operation and Procedures" with Decision no.57 dated 21.12.2020 decided the approval of the Compliance Program for the DSO company.

Below it is submitted the Albanian Power System Scheme as well as the Scheme of Electricity and Commercial Flow.

It shall be emphasized that as a result of the global pandemic COVID-19, even during 2021 it was difficult the process of on-site verification and monitoring of the data used for drafting this report, these data are provided by periodic reports of energy market participants and licensees in the power sector, but the verification and monitoring remains on ERE focus during 2022, in accordance with the relevant instructions regarding COVID – 19 pandemic progress.

SKEMA E SISTEMIT ELEKTRO-ENERGJITIK

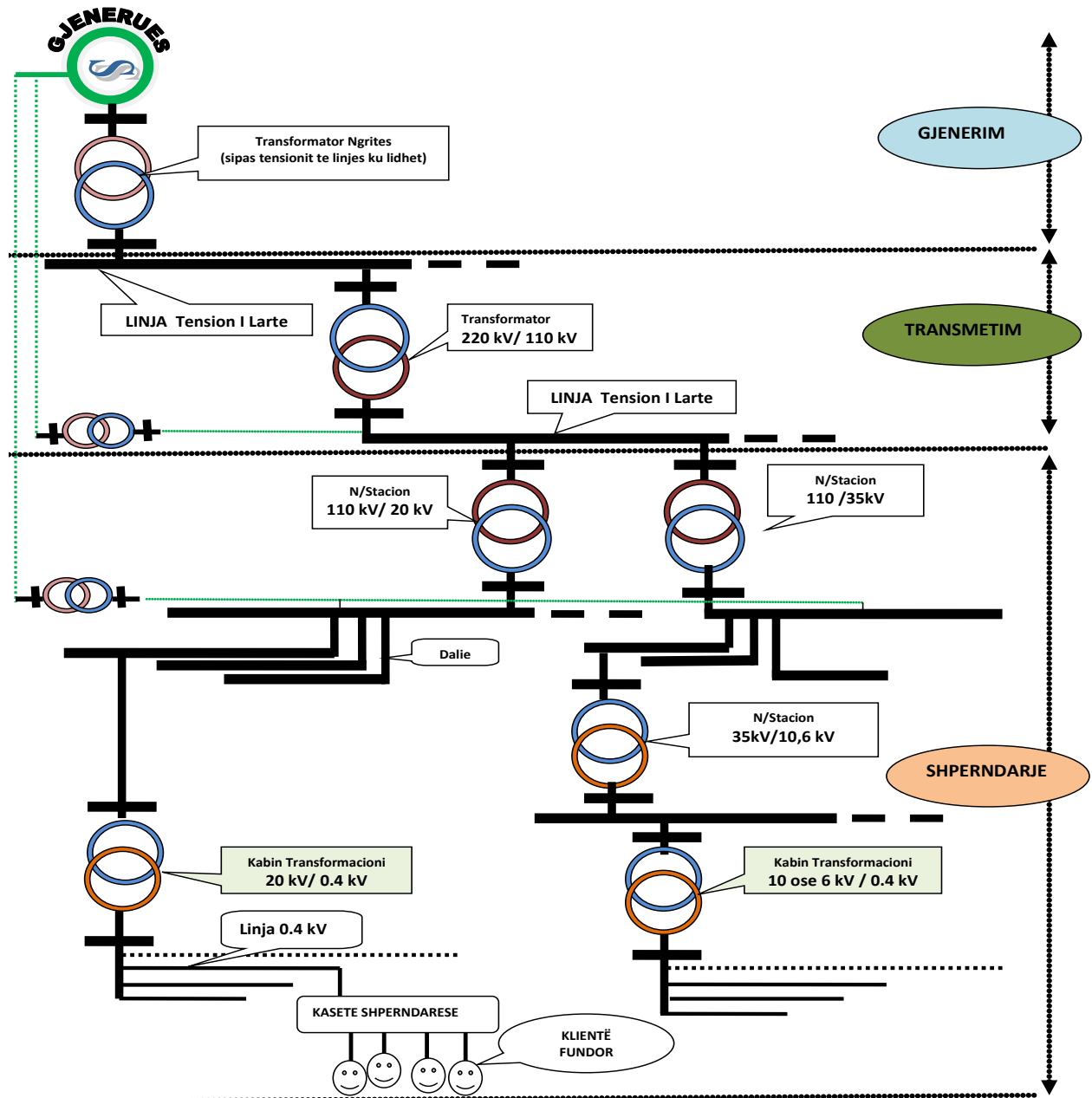


Figura 1 Power System Scheme (Source: ERE)

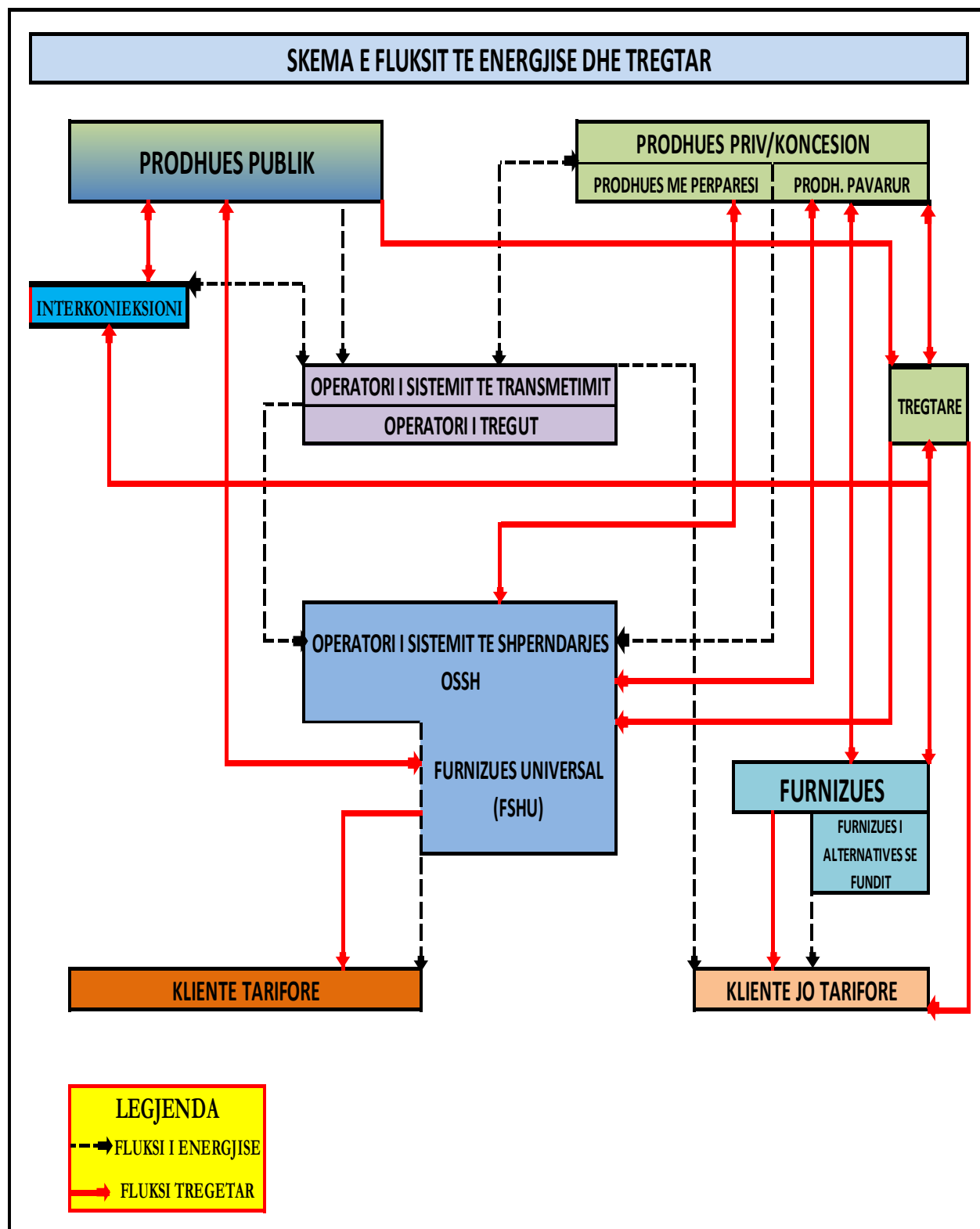


Figura 2 Scheme of Commercial and Electricity Flow (Source: ERE)

Scheme of electricity and commercial flow in power sector is based on the definitions of Council of Minister's Decision no. 244, of date 30.3.2016 "On approving the conditions for setting public service obligation that shall be implemented to the licensees in power sector which perform the electricity generation, transmission, distribution and electricity supply activities", as amended. Beginning from October 2021, the Council of Ministers with Decision no. 584, dated 08.10.2021, decided, "To announce the emergency situation for electricity supply", until on 15 April 2022.

Decision to announce the emergency situation for electricity supply comes as the result of the general situation of electricity prices increase at the international markets. This decision gives the government the opportunity to intervene with financial instruments.

1.2 Electricity Production

Electricity production is realized by the public company KESH s.a and Lanabregas HPP which are companies with 100 % of shares owned by the state, from private entities licensed on this activity: Priority Producers, Independent Producers and Electricity Self Producers, that perform the electricity production activity according to Law no. 43/2015 “On Power Sector”, and Law no. 7/2017 “On the promotion of using energy from renewable resources”.

Currently electricity production consists of two main components: production realized by state owned capital, KESH company and Lanabregas company as well as production realized by other entities Priority Producers, Independent Producers and Electricity Self Producers.

KESH company, is the biggest production company in Albania with a state owned capital. KESH is charged with the public service obligation for the Electricity supply of the Universal Supplier and to cover the Electricity losses in the distribution network according to Council of Minister Decision No.244 dated 30.03.2016, as amended. With the announcement of the emergency situation with Council of Minister Decision no. 584, dated 08.10.2021. For the period covered by this decision it is provided that the public power production company to manage the cascade and provide the necessary electricity supply for the supply of the customers in the regulated market, shall perform the procedures according to this decision, for the storage and exchange of electricity surpluses after fulfilling the needs of the Universal Service Supplier. Based on this decision, the electricity surplus is the electricity quantity remaining after the full supply of the Energy Universal Supplier needs and the losses of the Distribution System Operator. Also as defined by this decision, the electricity public production entity shall have the right to make the financial optimisation of the cascade, only when it do not affect the necessary quantity of supply for the Universal Service Supplier and only within weekly and monthly periods.

Priority generators and the private electricity generators are entities licensed by ERE throughout the years that utilize the existing or new plants, mainly through privatisation agreements, concession agreements or contracts for the utilisation and administration of electricity production plants. The total capacity of electricity production installed in our country until 31 December 2021 is **2,605 MW**. This capacity is increased in 2021 with about 97 MW compared to 2020 period.

Total electricity production capacity of the public KESH company is 1448 MW and occupies about 56% of the total capacity installed in our country.

Total installed capacity of other electricity generators is 1157 MW and occupies about 44% of the total installed capacity in our country.

1.2.1 Electricity production for 2021

The total net domestic production of electricity realized for 2021 is **8,962,699 MWh**, from which

- **5 343 974 MWh** is generated from the plants owned by the public company KESH .
- **3 618 725 MWh** is generated from other plants.

Electricity production realized for 2021 by KESH company occupies 59.6% of all electricity production in our country and electricity production from other generators occupies about 40.4%.

During 2020 period the electricity production realized by KESH company occupies 58% of all electricity production in our country and electricity production from other producers occupies about 42%.

As evidenced for 2021 there is an increase of KESH company contribution in electricity production realized with about 1.6% compared to 2020 period.

Electricity production plants are connected with the electricity transmission and distribution networks. The installed capacity for the plants connected in the transmission network during 2021 is about 2,264 MW and their net production resulted to be 8,016,713 MWh.

The installed capacity of the plants connected in the distribution network during 2021 is about 341 MW and their net production resulted to be 945,986 MWh.

TË DHËNA MBI PRODHUESIT 2021		Rrjeti	Numri Subjekteve	Numri Impianteve	Kapaciteti instaluar (MW)	Prodhimi 2021 (MWh)
P.Pub	Prodhues Publik (Ngarkuar me detyrimin e shërbimit Publik)	Lidhur në OST	1	4	1,448	5,343,974
P.Pav	Prodhues të Pavarur (Prodhues në treg të Hapur)	Lidhur në OST	3	8	436	1,425,989
PPE	Prodhues me Përparësi (Përfitojnë nga Skemat Mbështetëse)+Ashta	Lidhur në OST	33	48	380	1,246,750
	Prodhues me Përparësi (Përfitojnë nga Skemat Mbështetëse)	Lidhur në OSSH	129	167	318	905,230
	Prodhues me Përparësi Fotovoltaikë(Përfitojnë nga Skemat Mbësht)	Lidhur në OSSH	12	12	23	40,756
			178	239	2,605	8,962,699

Figura 3 Data on the Producers for 2021 period

On the above figure are submitted the data on electricity production for all the generator's categories that are into operation.

At the same time on the below figure it is submitted the net domestic production for 2021, evidencing the electricity production contribution of KESH company, as the public generator and the contributions of other generators. The production realized from the public company KESH s.a, occupies the main weight for the domestic production even during 2021.

PRODHIMI NETO VENDAS 2021 (MWh)	2021
HEC-et / PPE ne rrjetin e OSSH sha	877,726
HEC-et / PPE ne rrjetin e OST sha	951,505
HEC-et e pavarur IPP ne rrjetin e OST sha	1,425,989
HEC Lanabregas	27,504
HEC Ashta	295,245
Centralet Fotovoltaike	40,756
Prodhimi nga HEC-et e KESH sha	5,343,974
TOTAL VENDAS 2021	8,962,699

Source TSO company; KESH company; FTL company.

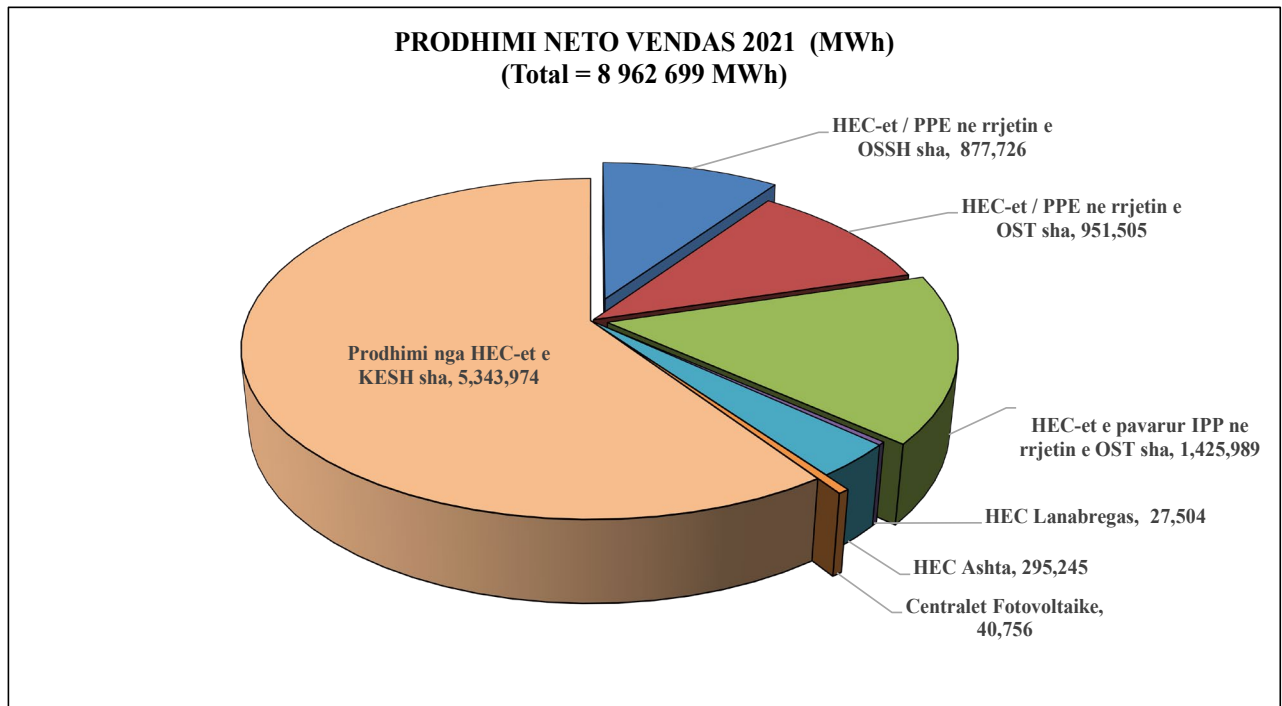


Figura 4 Net domestic production for 2021 period

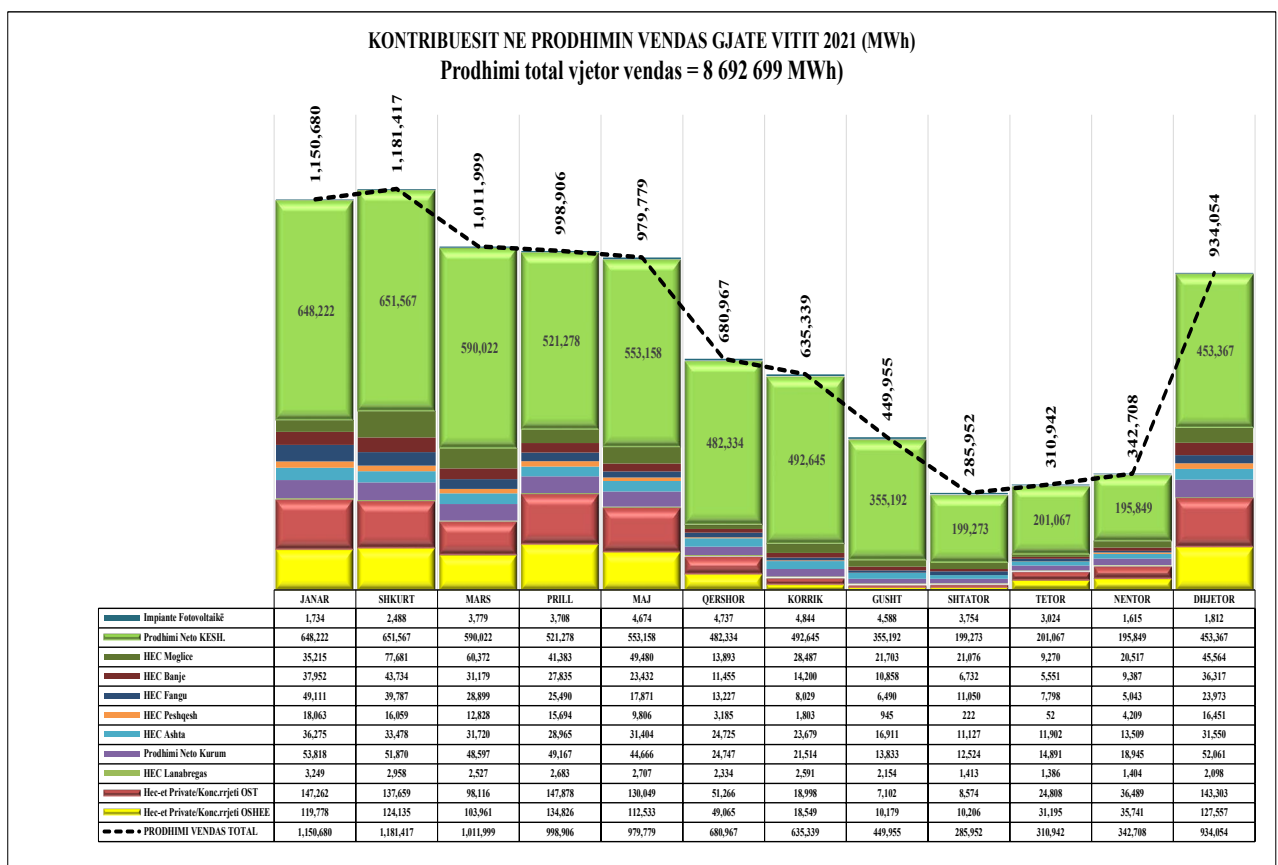


Figura 5 Contributors to net production during 2021 (MWh)

The figures below show the comparison of the net monthly production of electricity during 2021 with the average production of the 2009 – 2021 period.

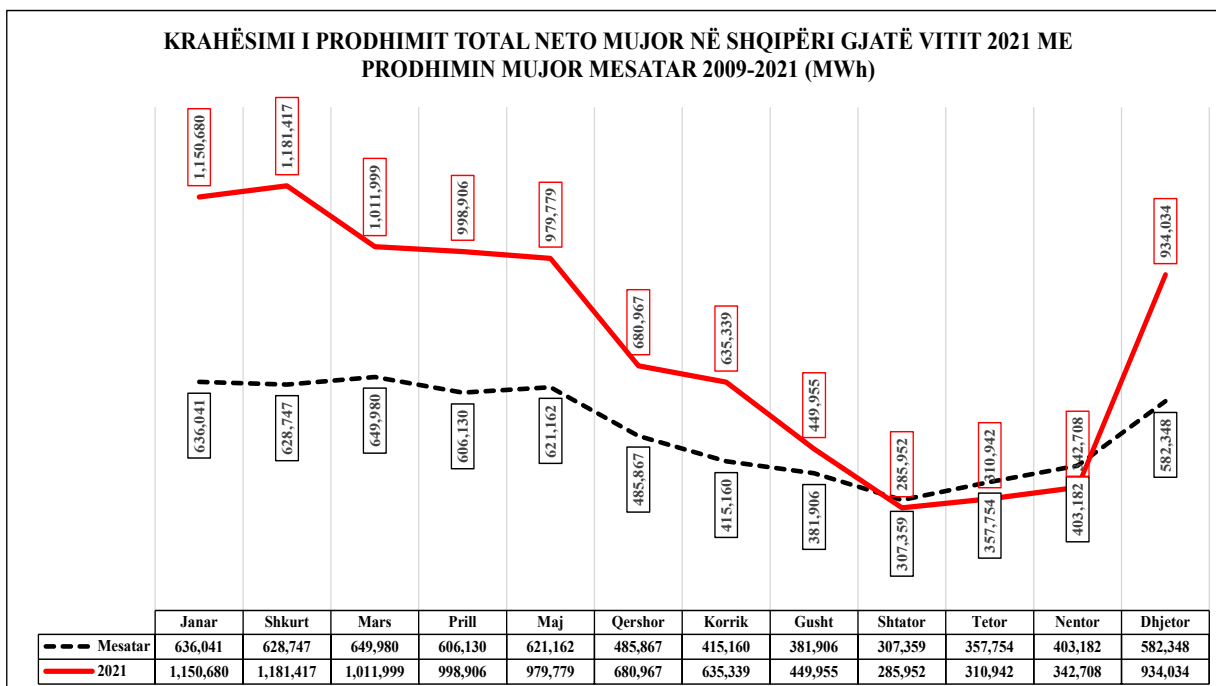


Figura 6 Domestic monthly generation for 2021 compared to the average of 2009-2021 period

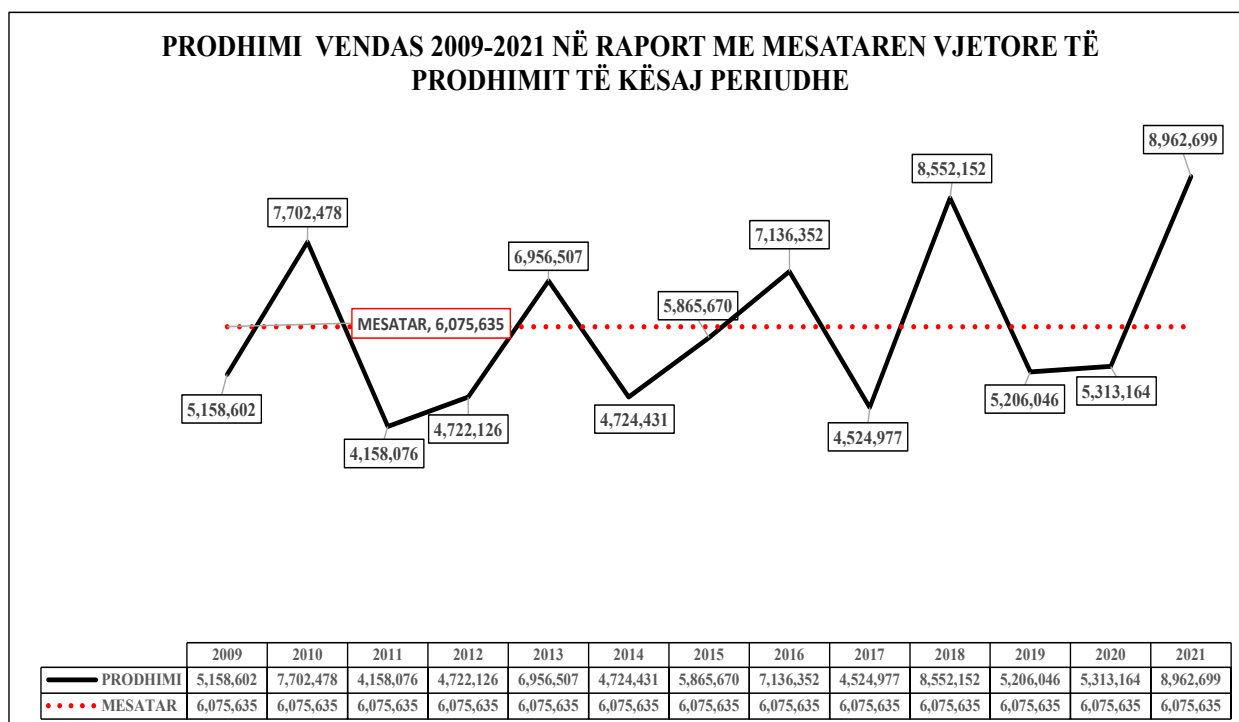


Figura 7 Net domestic historic production for 2009-2021 period in report to the production average for this period

From the historical analysis of electricity production registered in the country, it results that 2021 with the quantity generated of 8,963 GWh is over the electricity average production for 2009 – 2021 period. The electricity average production for 2009 – 2021 period resulted 6,076 GWh. The realized

production for 2021 period is about 2,887 GWh or 47.5% higher than the average production for 2009 – 2021 period.

The monthly maximum production for 2021, is marked on February **1,181,417** MWh quantity. This production is realized from the plants under KESH company administration to **57%** measure, while the monthly minimum production of electricity during 2021 was during September **285,952** MWh quantity.

On the graph it is evidenced that 2021 is considered as a good metrological year and the electricity production for this year resulted **8,963** GWh quantity, that means 2,887 GWh more than the average electricity production for 2009 – 2021 period. Considering the fact the electricity production of our country is mainly based on hydro resources, on the good hydrological years like 2021, the electricity production is higher than the multi-year average in 2009 – 2021 period.

The electricity production for 2020 resulted in 5, 313,033 MWh quantity, so lower than the multi – year average and lower than the electricity production for 2021. Electricity production for 2021 resulted in 3,830 GWh quantity more than the one realized during 2020.

1.2.2 Main technical data and electricity production from the public production plants for 2021

Public company KESH owns three HPP-s of Drini River cascade as well as Vlora TPP. The composition of the plants group from KESH company and the installed capacity of each of them is submitted with the data as follows where it is evidenced the number of the aggregates, installed capacity for each aggregate and the installed capacity for each plant.

Charqacteristics of the Plant	Public Generation Plants			
	Fierzë HPP	Koman HPP	V.Dejës HPP	Vlora TPP
No of the Aggregates.	4	4	5	2
Aggregates Capacity MW	125	150	50	70 + 28
Installed capacity of the plant in MW	500	600	250	98
Total capacity in MW	1,448			

Figura 8 Structure of the Public Production Power Plants (Source: KESH company.)

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

KESH company informs that, the beginning of 2021 was characterised from the favourable metrological conditions with intensive rains, that increased the production from Drini Cascade HPP-s. The considerable rainy period initiated on December 2020, continuing during January – February 2021 period, establishin an optimal hydric situation reflecting high production of electricity from KESH company, during the respective period.

- The rain quantity registered on Drini river basin for January 2021 is 579 mm, or 3.3 times higher that the multi – year average for this month;
- The electricity production for the 2 months January – February 2021 period, registered the amount over 1,312 GWh, or about 60% more than the multi- year production average for the respective period;
- The average inflows in the cascade, during January were 1,271 m³/s, higher, registered from 1990;

- The high frequency with bigger inflows than 1,800 m³/s, only in January resulted 8 (eight) of them;
- Peak of natural inflows in the cascade 4,673 m³/s, higher registered ever.

Meanwhile, in addition to generation, KESH company reports that it has carried out more effective and deliberate administration large inflows, paying maximum attention to avoid the floods in Shkodra-Lezha lowland area.

As result it is achieved that over 1 (one) billion m³ water (or 34% of the inflows), shall be maintained on the cascade as energy reserve. There were discharged only 20% of the natural peak inflows in the cascade and the discharges from the Vau Deja HPP gates resulted not more than 900 m³/s, eliminating the environmental impact at the inhabited area of Shkodër – Lezhë lowland.

Net production from the production plants of KESH company during 2021, it result to be 5,343,974 MWh, that occupies about 60% of the total domestic production throughout the year. This production is realized on 2 416 GWh measure from Koman HPP, 1 790 GWh from Fierza HPP and 1137 GWh from Vau i Dejës HPP. Koman HPP results to be the biggest contributor for electricity production in Drini river cascade.

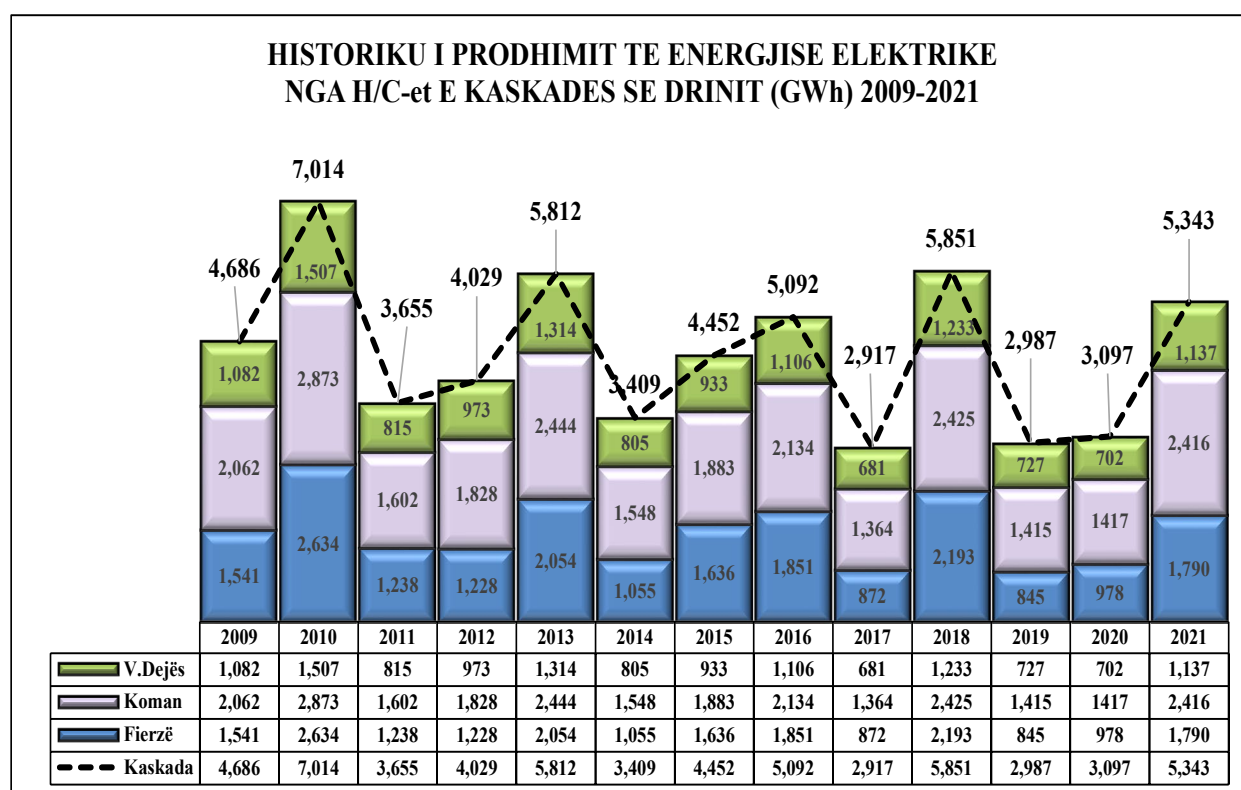


Figura 9 History of Electricity Production from Drini Cascade HPP-s (Source: TSO company).

The maximum electricity production realized from KESH company for 2009 – 2021 period is on 2010, 7014 GWh quantity. The electricity production for 2010 was 1,671 GWh higher than the electricity production achieved during 2021 which results in 5,343 GWh quantity. This indicator, is submitted clearly in the higher level of dependence for hydrological conditions and as consequence the existence of hydrological risk on the stability of electricity production in our country.

This indicator clearly represents the high degree of dependence on hydrological conditions and consequently the existence of hydrological risk in the stability of electricity production in our country. Dependence on electricity production because this production is mainly based on hydro resources necessary for the diversification of the electricity production resources in our country.

As follows it is submitted on details the electricity production from Drini river cascade from the HPP-s on KESH company administration.

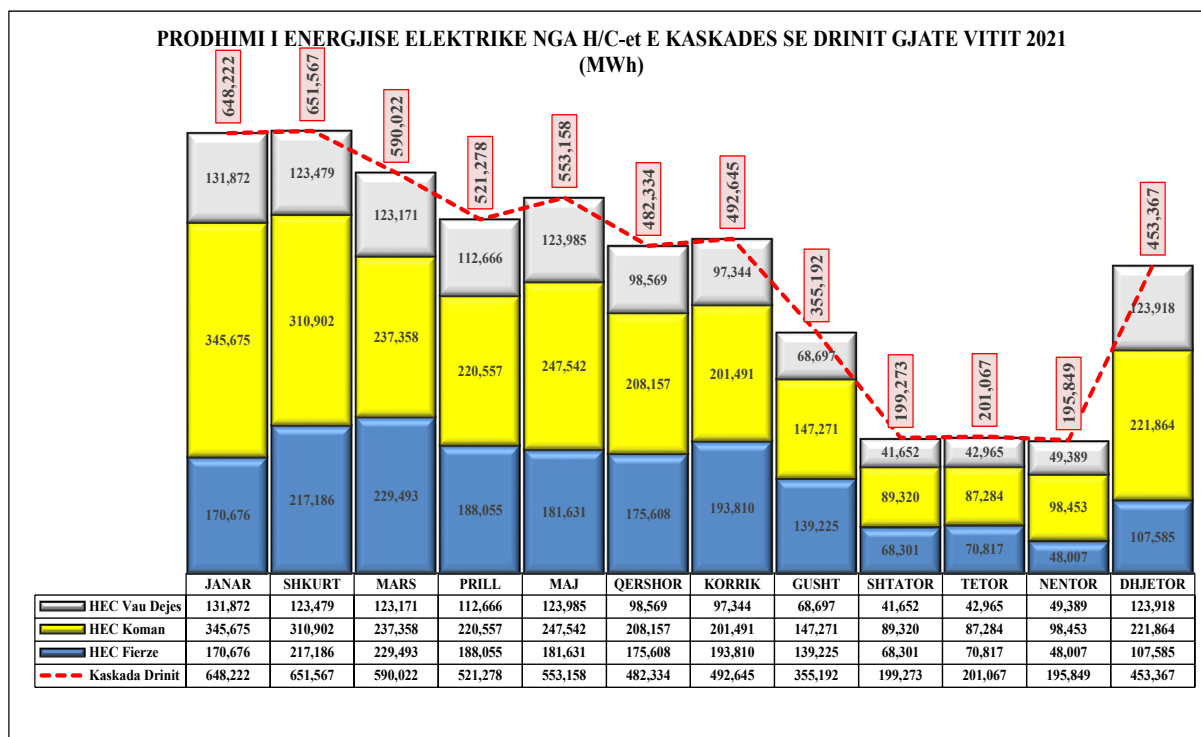


Figura 10 Electricity production from Drini Cascade HPP-s during 2020 (Source: KESH company, TSO company).

The maximum production of KESH company is registered on February 651,567 MWh quantity, and minimum on November 195,849 MWh quantity. As evidenced the difference between maximum production realized on 651,567 MWh quantity and the minimum realized on 195,849 MWh quantity for 2021 follows to be considerable respectively on 455 718 MWh quantity. Even this indicator identifies the dependence of electricity production in our country from the hydro resources.

On figure 11, are graphically submitted the water discharges without electricity production from KESH company HPP-s in Drini Cascade, for each year of the 2002 – 2021 period.

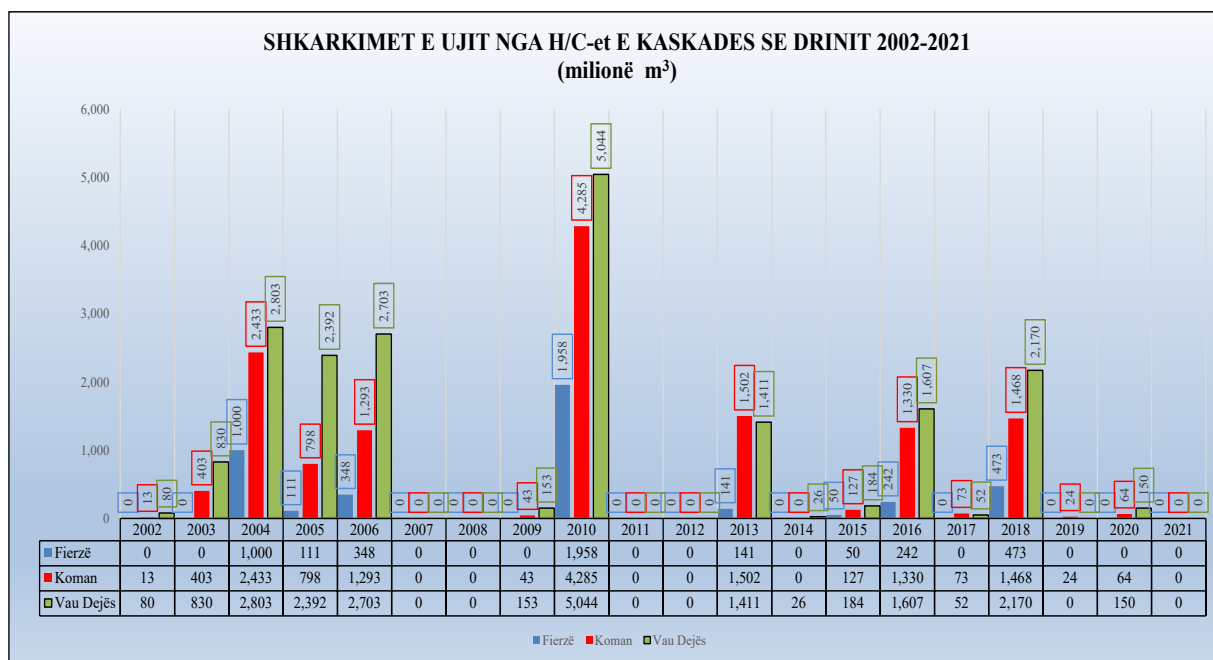


Figura 11 Water discharges from Drini Cascade HPP-s (2002-2021) period (Source: KESH company).

KESH company reports that during 2021 on its complexity was characterized by a favourable hydro situation as consequence of the intensive rains and the largest inflows to the history of cascade operation. In total the average inflows in Fierza during 2021 were 233 m³/s or 29.8% more than the 15 year average (2006-2020) of about 179 m³/s.

On January 2021 was registered the peak record of the inflows of about 4,670 m³/s, the largest registered ever. While the discharges registered from the Vau Deja HPP gates never exceed the value 900 m³/s, the lowest ever, resulting 54% less than in 2018 and 58% less than in 2010, as similar periods with the situation of 2021.

The effects of the main factors like intensive rains and the numerous inflows in Fierza were reflected in total gross production of the cascade of about 5,393 GWh or 26% higher than the 15 years average (2006-2020) of about 4,281 GWh.

As evidenced above, the beginning of 2021 was characterised from intense flows which made that the average inflows for the first months were larger compared to the multi-year average, where especially on January and February were respectively 240% and 122% more inflows than the multiyear average of (2006 - 2020).

While for the second 6 (six) months (July – December) of 2021, the average inflows resulted approximately 105 m³/s or about 9% less than the multiyear average for the same period with 115 m³/s.

Regarding the utilisation level of the cascade, the level by the end of June resulted 291.69 meters or about 1.9 meter more than the multi-year average (1990 - 2020). While by the end of December the level was about 275.13 meters or about 2.7 meters lower than the average level of about 277.83 meters.

On the following table there is submitted the data on the level in meters of Fierza lake for 2021 by the end of each month.

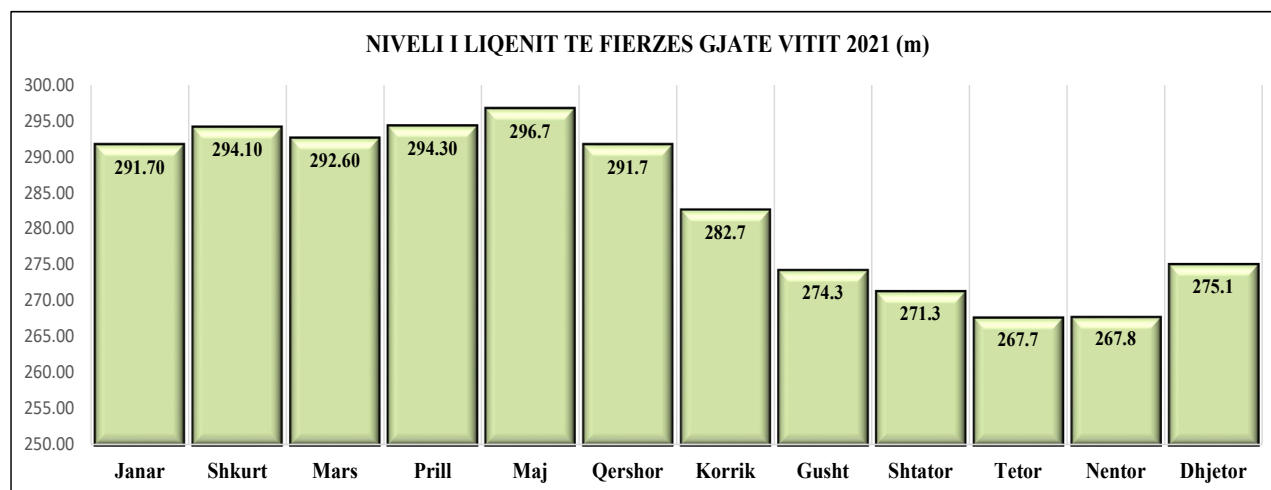


Figura 12 Level of Fierza lake during 2021 (m), (Source KESH company)

Fierza HPP basin is the largest water basin of Drini River Cascade and serves as an annual regulator of the hydro reserve of Drini river cascade. The level of the water in Fierza basin directly influences on the utilization of the cascade on Drini river. As evidenced from the above data, on the last months of May 2021, the level of the water in Fierza lake has been on the maximum quota of about 296,7 meters. On the historical data for the 1991-2021 period there is evidenced that the level reached by the end of May 2021, results higher only at the end of May 2013, the year which has reached the level of the water in Fierza lake of about 296, 9 meters.

To reach such a level of the water by the end of May that leads to the maximum quota of Fierza lake is an important indicator to guarantee the security of electricity supply in our country, due to the fact evidenced in our country based on electricity generation from hydro resources and as follows during summer months.

On 2020, the level of the water in Fierza lake by the end of May resulted 293,6 meters approximately 3,1 meter lower than in 2021. By the end of August 2020 the low level of Fierza lake resulted 276, 5 meters or 2.2 meters higher than the level of the water by the end of August 2021.

The historical data over Fierza HPP lake for the 1991 – 2021 period are submitted as follows evidencing the maximum and minimum quota.

	NIVELI I FIERZES 1991-2021											
	Janar	Shkurt	Mars	Prill	Maj	Qershor	Korrik	Gusht	Shtator	Tetor	Nentor	Dhjetor
1991	254.4	260.8	268.6	279.9	293.4	296.1	294.0	291.5	289.4	288.3	288.8	285.1
1992	278.0	274.1	268.0	278.8	281.0	279.6	275.2	268.7	263.9	271.4	281.9	280.6
1993	275.2	265.3	264.7	278.5	280.5	277.3	271.0	261.1	253.6	249.9	255.6	270.2
1994	254.4	260.8	268.6	279.9	293.4	296.1	294.0	291.5	289.4	288.3	288.8	285.1
1995	253.8	260.3	262.5	275.3	289.0	288.7	284.5	282.2	288.2	283.8	279.9	287.5
1996	287.1	288.7	286.5	294.7	295.8	293.1	287.6	282.2	285.1	284.3	289.2	291.3
1997	289.4	284.5	281.7	285.2	294.1	292.0	287.0	280.0	272.9	272.4	270.8	277.2
1998	273.7	270.0	265.2	278.9	288.1	287.4	281.8	277.6	276.0	277.1	279.0	277.1
1999	272.7	275.6	281.5	290.5	295.9	293.3	288.3	279.5	271.0	257.6	263.6	276.9
2000	276.4	276.7	276.8	286.9	286.6	280.1	273.5	267.5	261.6	248.4	249.3	252.1
2001	253.6	258.2	275.1	282.9	287.6	283.8	273.7	271.1	269.2	263.6	263.2	252.1
2002	245.3	247.1	252.6	264.0	268.6	271.3	270.1	267.8	274.3	286.1	285.3	284.0
2003	291.1	289.5	286.3	287.0	292.3	290.3	285.9	280.8	276.0	282.6	285.6	283.3
2004	284.7	290.8	293.4	296.0	296.2	296.2	293.1	286.3	281.1	280.0	286.1	288.0
2005	281.2	281.5	293.3	296.1	295.6	294.1	286.7	277.2	266.5	256.9	253.6	279.0
2006	283.5	288.6	294.4	295.9	296.5	295.9	293.8	290.2	285.3	278.7	266.2	256.2
2007	256.1	263.7	272.0	276.8	276.8	274.8	268.5	263.6	261.8	261.1	275.8	282.1
2008	285.1	289.7	290.9	295.5	295.3	295.7	294.3	288.6	283.9	280.9	285.2	286.5
2009	283.6	281.8	283.4	292.5	293.7	292.4	288.0	281.2	276.2	271.6	266.3	280.1
2010	290.1	289.2	293.9	296.0	296.3	294.4	291.8	288.6	284.9	285.2	284.3	287.5
2011	281.6	274.4	275.0	276.6	281.0	286.1	284.7	279.0	273.9	268.2	261.6	264.5
2012	265.8	267.7	262.0	280.2	293.4	294.4	288.4	280.4	261.4	261.6	269.0	276.6
2013	278.3	281.5	294.8	296.9	296.9	294.2	289.7	283.6	280.8	281.4	282.5	276.1
2014	275.1	277.5	274.6	285.3	292.9	294.9	291.7	286.8	285.5	285.0	284.8	286.3
2015	288.7	289.4	292.2	296.3	296.1	293.3	287.5	280.1	272.1	275.4	278.9	275.9
2016	289.9	292.4	291.8	296.5	296.2	295.6	290.5	285.4	283.3	288.4	288.9	281.6
2017	271.5	277.7	280.9	278.7	281.6	272.4	270.2	268.0	271.0	264.6	269.6	289.9
2018	289.7	292.0	295.0	296.5	296.4	296.0	294.0	287.5	277.9	270.2	266.5	267.3
2019	267.3	268.2	272.7	279.9	289.9	292.7	287.6	278.5	274.2	268.6	273.2	275.6
2020	271.62	271.98	283.50	288.55	293.6	291.7	284.6	276.5	273.5	274.1	268.7	272.7
2021	291.70	294.10	292.60	294.30	296.7	291.7	282.7	274.3	271.3	267.7	267.8	275.1

Figura 13 Fierza HPP level for 1991 – 2021 period (Source: KESH and TSO company)

As follows it is graphically submitted the level of the water in meters in Fierza reservoir for each month of 2021, compared to the monthly average historical levels of 1991– 2021 period.

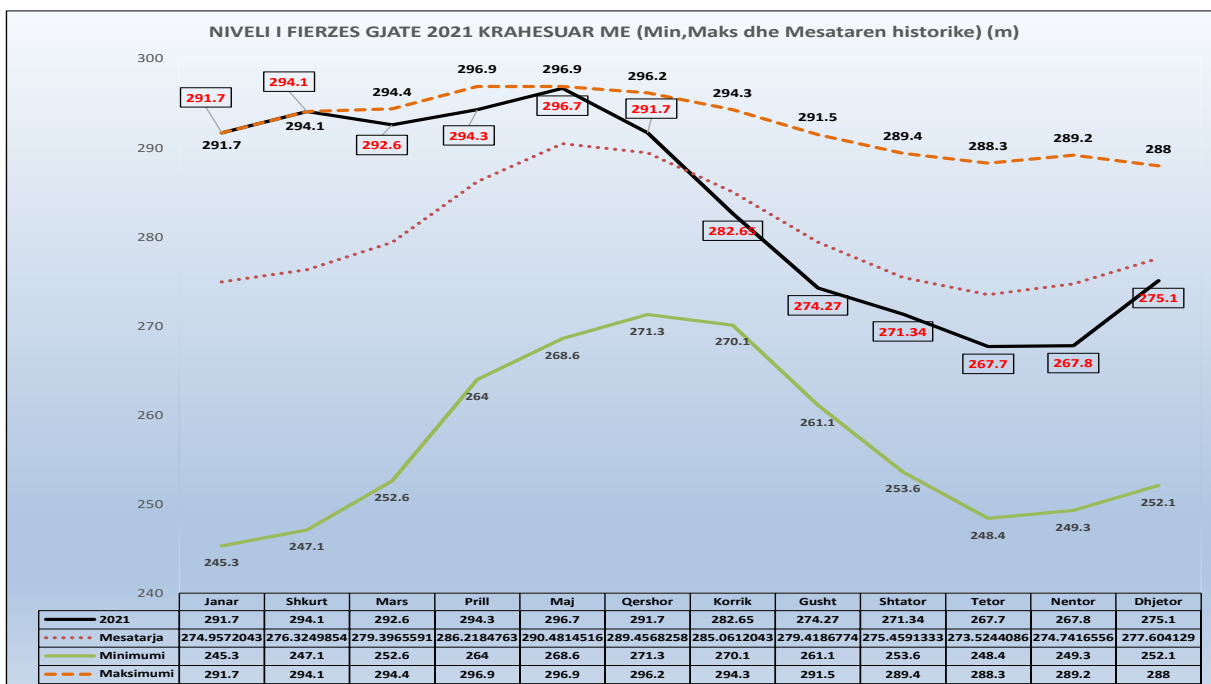


Figura 14 Level in (m) of Fierza Lake regarding the average, min, max of 1991 – 2021 period.

As it can be seen until May 2021, the level of the water in Fierza lake has been approximately on the maximum historical values. As follows the level of the water in Fierza lake for the 5 (five) months period June – October results in a continuous decrease leading the level to the second half of 2021 as evidenced on the graph under the multiyear average level of 1991 – 2021 period.

The multiyear average of the level of the water in Fierza lake is the main indicator for planning the electricity production on Drini River cascade.

From the historical data evidenced on the figure below results that the level of the water inflows for 2021 is approximate with the historical average in the majority of the year and the three first months of the year resulted higher, that enables the maintenance of the level of the water in Fierza lake on the multiyear average.

The figure below submits the average inflows of water for 2021 on Fierza lake compared to the average historical inflows for each month.

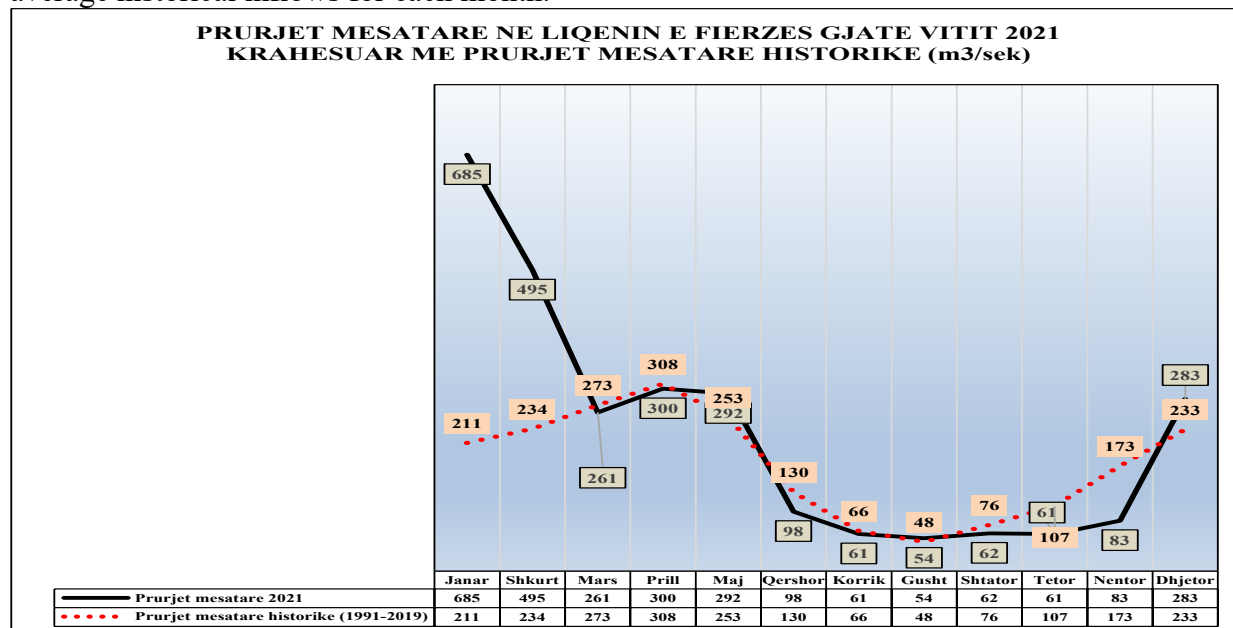


Figura 15 Average monthly inflows (m3/sec.) in Fierza HPP during 2021 period compared to historic average.

During 2021 the average water inflows are in general approximate with the historical average except of the first three months that is characterised from higher inflows that the multiyear average where the highest resulted on January and February.

On the following graph it is submitted the utilization of the power reserve on Drini river Cascade during 2021.

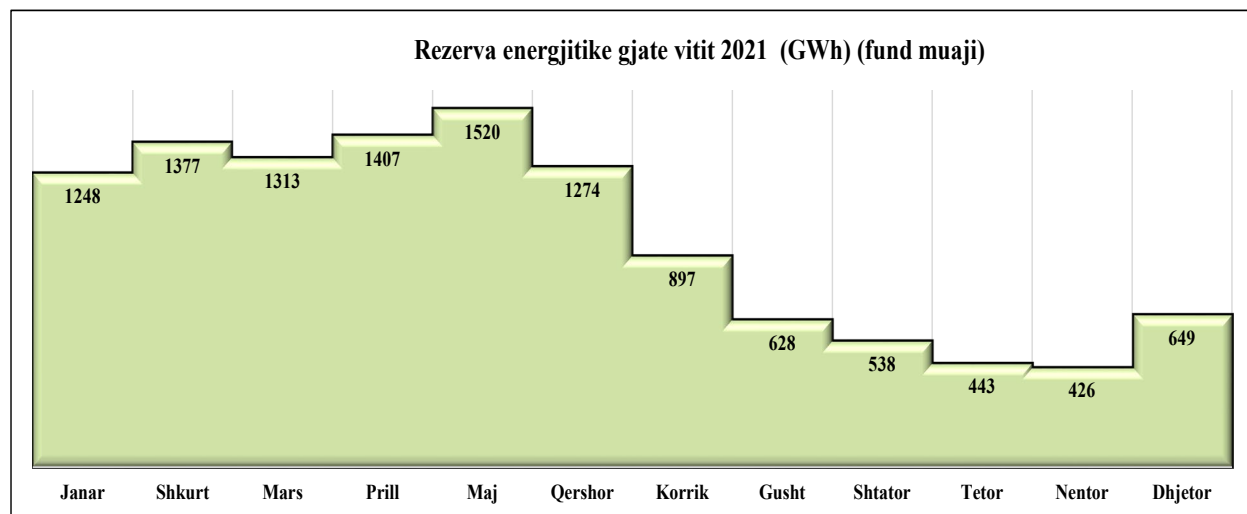


Figura 16 Daily Power Reserve on Drini Cascade during 2021 period (Source: KESH company).

The hydro power reserve of Drini river cascade shall be administered by KESH company based on the following criteria:

- Optimization of KESH company portfolio, and the sector in general.
- Operation in optimal level of the HPP and best utilization of the basins.
- Operation according to the definitions of the regulation for the dam safety.
- For stable and qualitative generation, guaranteeing the safe electricity supply and with lowest costs for the end-use customers.
- Provide on the appropriate measure the ancilliary services, for the safe and stable operation of the power system.

As evidenced even the power reserve by the end of May 2021 resulted on maximum level of about 1520 GWh and by the end of August this power reserve reached in 628 GWh, marking a significant and rapid decrease. The maintenance and appropriate management of the hydro reserve in Drini river cascade is an added guarantee for the power safety of our country.

1.2.3 Situation of Vlora TPP.

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

Even during 2021, Vlora TPP has exercised its activity in relation to the conservation of the generating asset which is not in working condition due to a defect in the cooling system since 2012.

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

At the same time Council of Minister Decision no. 244/2016 as amended, on article 6 above all defines that the regulated price for the supply of the customers from the Universal Service Supplier shall take into account even the electricity purchase cost from the state owned production company, that contains the financial cost of Vlora TPP.

1.2.4 Electricity generation from independent and priority private generating plants.

Electricity generation realized by independent and priority generation plants for 2021 is 3,618,725 MWh or about 40% of the total domestic generation.

For 2021, the number of independent generation plants and priority ones that have generated electricity, is 235.8 where 8 of them are independent generators which are owned by 3 licensed entities, while the rest of 226 plants are electricity priority producers, owned by 174 entities in the electricity generation activity. On this list it is included Lanabregas HPP with installed capacity of 5MW and annual generation for 2021 of 27 504 MWh, whose shares as above mentioned are 100% owned by the state. In total, the installed capacity of independent and priority generation plants is 1,157 MW, where the installed capacity of independent generators is 436 MW, while 721 MW belongs to the generation and priority plants of electricity including Lanabregas HPP.

Data on the generator's group are submitted as follows.

TË DHËNA MBI PRODHUESIT 2021		Rrjeti	Numri Subjekteve	Numri Impianteve	Kapaciteti instaluar (MW)	Prodhimi 2021 (MWh)
P.Pub	Prodhues Publik (Ngarkuar me detyrimin e shërbimit Publik)	Lidhur në OST	1	4	1,448	5,343,974
P.Pav	Prodhues të Pavarur (Prodhues në treg të Hapur)	Lidhur në OST	3	8	436	1,425,989
PPE	Prodhues me Përparësi (Përfitojnë nga Skemat Mbështetëse)+Ashta	Lidhur në OST	33	48	380	1,246,750
	Prodhues me Përparësi (Përfitojnë nga Skemat Mbështetëse)	Lidhur në OSSH	129	167	318	905,230
	Prodhues me Përparësi Fotovoltaikë(Përfitojnë nga Skemat Mbësht)	Lidhur në OSSH	12	12	23	40,756
			178	239	2,605	8,962,699

TË DHËNA MBI PRODHUESIT E PAVARUR DHE ATO ME PËRPARËSI 2021		Rrjeti	Numri Subjekteve	Numri Impianteve	Kapaciteti instaluar (MW)	Prodhimi 2021 (MWh)
P.Pav	Prodhues të Pavarur (Prodhues në treg të Hapur)	Lidhur në OST	3	8	436	1,425,989
PPE	Prodhues me Përparësi (Përfitojnë nga Skemat Mbështetëse)+Ashta	Lidhur në OST	29	48	380	1,246,750
	Prodhues me Përparësi (Përfitojnë nga Skemat Mbështetëse)	Lidhur në OSSH	129	167	318	905,230
	Prodhues me Përparësi Fotovoltaikë(Përfitojnë nga Skemat Mbësht)	Lidhur në OSSH	12	12	23	40,756
			173	235	1,157	3,618,725

Figura 17 Data from priority and independent producers for 2021.

TË DHËNA MBI PRODHUESIT E PAVARUR 2021					
	HECET	MW	SUBJEKTI	LIDHJA	Prodh.2021
P.Pav	HEC "Ulez"	25.200	"Kurum Internation al" sh.a.	110 kV	406,632
P.Pav	HEC "Shkopet"	24.000		110 kV	
P.Pav	HEC "Bistrica 1"	22.500		110 kV	
P.Pav	HEC "Bistrica 2"	5.000	"Ayen As Energji" sh	110 kV	99,316
P.Pav	HEC "Peshqesh"	27.940		220 kV	
P.Pav	HEC "Fangu"	74.600	"Devoll Hydropow	220 kV	236,767
P.Pav	HEC "Banje"	73.000		110 kV	258,632
P.Pav	Hec "Moglice"	184.000		111 kV	424,642
		436.240			1,425,989

Figura 18 Data from independent producers for 2021.

TË DHËNA MBI PRODHUESIT ME PËRPARËSI 2021		Rrjeti	Numri Subjekteve	Numri Impianteve	Kapaciteti instaluar (MW)	Prodhimi 2021 (MWh)
PPE	Prodhues me Përparësi (Përfitojnë nga Skemat Mbështetëse)+Ashta	Lidhur në OST	29	48	380	1,246,750
	Prodhues me Përparësi (Përfitojnë nga Skemat Mbështetëse)	Lidhur në OSSH	129	167	318	905,230
	Prodhues me Përparësi Fotovoltaikë(Përfitojnë nga Skemat Mbësht)	Lidhur në OSSH	12	12	23	40,756
			170	227	721	2,192,736

Figura 19 Data from priority producers for 2021

PRODHIMI GJATE VITIT 2021 NGA CENTRALET FOTOVOLTAIKE TË LIDHURA NE RRJETIN E SHPERNDARJES (MWh)					
	CENTRAL FOTOVOLTAIK	MW	SUBJEKTI	LIDHJA	2021
	UKKO (pa sistemuame sistem)	1	"UKKO"sha (Ujsjell.Kanal.Korce)		
PPE	Seman – 2	2	"SEMAN2SUN" sh.p.k	35 kV	4,021
PPE	Topojë	2	"SONNE" sh.p.k	35 kV	4,001
PPE	Topojë 2	2	"AED SOLAR" sh.p.k	35 kV	4,001
PPE	Topojë (Sheq Marinas)	2	"AGE SUNPOWER" sh.p.k	35 kV	3,990
PPE	Topojë (Sheq Marinas) 2	2	"SEMAN SUNPOWER" sh.p.k	35 kV	4,049
PPE	Seman Isolar	2	" SEMANISOLAR " sh.p.k	35 kV	3,950
PPE	FV Lugano	2	ES 2019 sh.p.k	35 kV	4,304
PPE	FV SMART WATT	2	SMART WATT sh.p.k	35 kV	4,290
PPE	Tren Bilisht	2	" RTS " sh.p.k	35 kV	3,668
PPE	STATKRAFT Renewbles albani PV Lundrues banje	2	"STATKRAFT"	35 kV	13
PPE	Plug, Lushnje	2	"AEE" sh.p.k	10 kv	4,469
PPE		23			40,756

Figura 20 Photovoltaic plants 2021 period

1.2.5 Generation from plants introduced into generation during 2021.

The annual net generation of electricity from plants that are introduced in generation during 2021 is submitted on the following Figure. As it can be seen during 2021, are introduced into generation 18 plants with an installed capacity of 97 MW, which during 2021 generated the quantity of about 79,971 MWh. The electricity generation realized from the plants introduced into generation during 2021 occupies about 0.9 % of the total domestic generation of electricity for this year.

PRODHUES QË KANË HYRË NË PRODHIM GJATË VITIT 2021 (MWh)																	
Hec-e të Lidhur në rrjetin e Transmetimit																	
	Impianti	MW	SUBJEKTI	LIDHJA	JANAR	SHKURT	MARS	PRILL	MAJ	QERSHOR	KORRIK	GUSHT	SHTATOR	TETOR	NËNTOR	DHJETOR	PRODH. 2021
PPE	HEC ARSTI	3.13	Hec Arsti shpk	110kV	1,483	2,362	1,573	2,204	1,070	198	16	11	208	490	787	2,426	12,829
PPE	HEC KASKADA GJADER TI/344	24.9	S.P.E. Gjader shpk	110kV	-	-	-	1,358	1,343	(23)	-22	-21	311	900	1,373	4,946	10,164
PPE	HEC-et Dragobia&Cerezi/686	21.9	Dragobia Energy shpk	110kV	-	-	(6)	(16)	971	2,834	598	258	203	165	83	5,648	10,737
PPE	HEC Veleshica 1,2	13.9	"Kalis Hydropower" shpk	110kV	-	-	-	-	-	-	-	-	-	-	-5	989	984
					1,483	2,362	1,566	3,546	3,384	3,008	593	248	722	1,554	2,237	14,009	34,714
		64															34,714
Hec-e të Lidhur në rrjetin e Shperndarjes																	
	Impianti	MW	SUBJEKTI	LIDHJA	JANAR	SHKURT	MARS	PRILL	MAJ	QERSHOR	KORRIK	GUSHT	SHTATOR	TETOR	NËNTOR	DHJETOR	PRODH. 2021
PPE	Hec Muras	2	Mateo& Co shpk	10	156	676	816	1,244	1,168	1,048	76	0	-	-	372	956	6,512
PPE	Hec Trojet	0.9	Trojet Energji shpl	10	113	436	364	468	234	20	0	0	-	6	38	389	2,068
PPE	Hec Deni	0.85	ASI TRË shpk	35	380	374	225	413	166	37	32	11	2	35	50	458	2,182
PPE	Hec Kamican	1.86	Igi 2005 shpk	35	-	100	691	1,277	705	219	18	0	-	100	277	930	4,317
PPE	Hec Vardar	1.97	Gerti shpk	35	-	-	-	977	1,273	226	15	0	-	140	175	1,123	3,928
PPE	Hec Stavec	6.5	Koka Ergi Stavec shpk	35	-	-	-	2,065	3,050	1,279	353	331	404	610	845	4,645	13,583
PPE	Hec Kalis	2.13	ERDY Energy shpk	35	-	-	-	-	223	466	254	128	116	233	331	1,078	2,830
PPE	Hec Gjinar	0.83	Erdi Gas shpk	10	-	-	-	-	38	69	33	13	15	37	41	215	461
PPE	Hec Backa I	3.36	Kroi Mbret shpk	35	-	-	-	-	811	644	3	-	-	184	261	2,260	4,163
PPE	Hec Plepi	2.28	Domi Tec shpk	35	-	-	-	-	154	41	4	-	-	-	41	56	297
PPE	Hec Zall Xhuxhe	4.7	Hec Zall Xhuxhe	35	-	-	-	-	267	461	237	13	12	33	192	1,171	2,385
PPE	Hec Pisha	1.9	Green TECH energy systems	35	-	-	-	-	-	-	2	0	4	75	81	322	483
PPE	Hec Lingjanca 1&2	2.2	"Rei-Energji" shpk	35									36	303	423	1,012	1,774
PPE	Hec Guri i Zi	1.7	"Aris Albania" shpk	35										64	4	206	274
		33			649	1,585	2,095	6,444	8,090	4,512	1,028	495	589	1,818	3,132	14,821	45,257

Figura 21 Generation from the Plants introduced into generation during 2021

1.2.6 Electricity generation according to the network where the generation plants are connected.

The installed capacity of the power plants connected to the transmission system for 2021 is 2,265 MW. The total generation from these plants is 951,505 MWh. The detailed generation for each of the power plants connected in transmission network during 2021 is submitted below:

PRODHIMI GJATE VIIIIT 2021 NGA CENTRALET E LIDHURA NERRJETIN E TRANSMETIMIT (MWh)					
	HECET DHE KAPACITETI	MW	SUBJEKTI	LIDHJA	2021
P.Pub	Hec "Fierze" me fuqi 500 MW	500.000	"KESH" sha	220 kV	5,343,974
P.Pub	Hec "Koman" me fuqi 600 MW	600.000		220 kV	
P.Pub	Hec "V. Dejes" me fuqi 250 MW	250.000		220 kV	
P.Pub	Tec Vlora me fuqi 98 MW	98.000		220 kV	
					5,343,974
P.Pav	Hec "Ulez" me fuqi 25,2 MW	25.200	"Kurum International" sh.a.	110 kV	406,632
P.Pav	Hec "Shkopet" me fuqi 24 MW	24.000		110 kV	
P.Pav	Hec "Bistrica 1" me fuqi 22,5Mw	22.500		110 kV	
P.Pav	Hec "Bistrica 2" me fuqi 5 Mw	5.000		110 kV	
P.Pav	Hec "Peshqesh" me fuqi 27,94 MW,;	27.940	"Ayen As Energji" sha	220 kV	99,316
P.Pav	Hec "Fangu" me fuqi 74,6 MW,;	74.600		220 kV	236,767
P.Pav	Hec "Banje" me fuqi 73 MW	73.000	"Devoll Hydropower" sha	110 kV	258,632
P.Pav	Hec "Moglice" me fuqi 184 MW	184.000		111 kV	424,642
					1,425,989
P.Pav	Hec "Ashta" me fuqi 48,2 MW	48.200	"Energji Ashta" shpk	110 kV	295,245
					295,245
PPE	Hec "Bishnica 2" me fuqi 2,5 MW	2.500	"HEC Bishnica 1,2 "shpk	110 kV	11,845
PPE	Hec "Dardhe" me fuqi 5,8 MW	5.800	"Wenerg " shpk	110 kV	16,960
PPE	Hec "Truen" me fuqi 2,5 MW	2.500	"TRUEN" shpk	110 kV	12,192
PPE	Hec "Ternove" me fuqi 8,385 Mw	0.921	"TEODORI 2003" shpk	110 kV	125,775
PPE	Hec "Gjorice" me fuqi 4.18 Mw (+h/c ne prodhim)	29.610	"DITEKO" shpk	110 kV	74,350
PPE	Hec "Sllabinje" me fuqi 13,8 MW	13.800	"Power Elektrik Sllabinje" shpk	110 kV	
PPE	Hec "Bele 1" me fuqi 5 MW ;	5.000	"Euron Energy" shpk	110 kV	125,626
PPE	Hec "Topojan 2" me fuqi 5,8 MW,;	5.800			
PPE	Hec "Bele 2" me fuqi 11 MW ;	11.000	"Alb-Energy" shpk	110 kV	20,393
PPE	Hec "Topojan 1" me fuqi 2,9 MW,;	2.900			
PPE	Hec "Orgjost I Ri" me fuqi 4,8 MW	4.800	"Energal" shpk		
PPE	Hec "Cerunje-1" me fuqi 2,3 MW,;	2.300	"Energy partners Al" shpk	110 kV	33,362
PPE	Hec "Cerunje-2" me fuqi 2,8 MW,;	2.800			
PPE	Hec "Rrupe" me fuqi 3,6 MW,;	3.600			
PPE	Hec "Rapuni 1,2" me fuqi 4 dhe 4.1 MW	8.100	"C & S Construction Energy" shpk	110 kV	33,158
PPE	Hec "Rapuni 3,4" me fuqi 8,857 MW	8.850	"C & S Energy" shpk	110 kV	47,070
PPE	Hec "Llapaj" me fuqi 13,62 MW	13.620	"Gjo.Spa.POWER" shpk	110 kV	31,583
PPE	Hec "Lengarice" me fuqi 8,94 MW	8.940	"Lengarica & Energj" shpk	110 kV	
PPE	Hec "Lura 1" me fuqi 6,54 MW	6.540	"Erdat Lura" shpk	110 kV	48,247
PPE	Hec "Lura 2" me fuqi 4,02 MW	4.020		110 kV	
PPE	Hec "Lura 3" me fuqi 5,66 MW	5.660		110 kV	
PPE	Hec "Malla" me fuqi 5,455 MW	5.455	"Giure Rec" shpk	110 kV	17,074
PPE	Hec Prella me fuqi 14,97 MW	14.970	"Prella Energji"	110 kV	43,066
PPE	HEC Cemerica 1	0.88	"REJ ENERGY" shpk	110 kV	16,457
PPE	HEC Cemerica 2	1.08		110 kV	
PPE	HEC Cemerica 3	2.1		110 kV	
PPE	HEC TUÇ	4.47	MC Inerte Lumzi	110 kV	35,136
PPE	HEC Lumzi	11		110 kV	
PPE	Hec Denas	14.5	"Denas Power" shpk	110 kV	43,701
PPE	Llënga 1	1.73	"HEC LLËNGË" sh.p.k	110 kV	9,243
PPE	Llënga 2	0.3		110 kV	
PPE	Llënga 3	1.5		110 kV	
PPE	HEC Shpella Poshte 2	2.3	Liria Energji shpk	110 kV	11,567
PPE	HEC Germani 1	4.8	SA'GA-MAT shpk	110 kV	13,149
PPE	HEC Germani 2	1.5		110 kV	
PPE	Hec Lashkiza 1	4.076	HEC Lashkiza shpk	110 kV	6,545
PPE	Hec Lashkiza 2	0.882		110 kV	
PPE	Hec Seta 1+2	7.454	"Hydro Seta" sh.p.k	110 kV	41,470
PPE	Hec Seta 3	2.722		110 kV	
PPE	Hec Seta 4	4.724		110 kV	
PPE	HEC Darsi 1,2,3	12.7	Henz Energy shpk	110 kV	32,409
PPE	HEC Egnatia	5.1	REMI shpk	110 kV	14,289
PPE	HEC Seka & Zais/684	14.96	SEKA Hydropower shpk	110 kV	52,123
PPE	HEC ARSTI	3.13	Hec Arsti shpk	110 kV	12,829
PPE	HEC KASKADA GJADER T1/344	24.9	S.P.E. Gjader shpk	110 kV	10,164
PPE	HEC-et Dragobia&Ceremi/686	21.9	Dragobia Energy shpk	110 kV	10,737
PPE	HEC Veleshica 1,2	13.9	"Kalisi Hydropower" shpk	110 kV	984
		2,265			951,505

Figura 22 Generation from the plants connected into the transmission network during 2021 (Source: FTL company, TSO company)

The installed capacity of the power plants connected to the distribution network is 341 MW. This installed capacity of the plants in the distribution network consists of 318 MW of the installed capacity at Hydro resources and 23 MW installed capacity in photovoltaic plants. The generation realized by the hydropower plants connected to the distribution network during 2021 is on 905,230 MWh quantity, while the generation realized by the photovoltaic plants is on 40,756 MWh quantity. On details their generation is submitted on the following table:

PPE	Hec Zerec 1	0.55	"EnRel Hydro" shpk	35kV	6,262
PPE	Hec Zerec 2	1.315			
PPE	Hec Shëngjon 1	0.651	"EDIANT" sh.p.k.	35kV	2,582
PPE	Hec Shëngjon 2	0.356			
PPE	HEC Blaç	1.3	"BLAC ENERGY" sh.p.k	35kV	174
PPE	HEC Qarrishtë	0.3	"IDI-2005" SHPK	35kV	1,143
PPE	HEC Vendresh	0.456	"HP VENDRESH ENERGY" SHPK	35kV	831
PPE	HEC "Antena"	1.105	"DERBI-E" shpk	35kV	2,984
PPE	HEC "Kamenicë"	0.973	HP Kamenica shpk	10	3,016
PPE	HEC "Qytezë"	0.9	Muso hec Qytezë	10	2,136
PPE	HEC Marjan Gura e Vesheve	0.63	Marituda Shpk	10	1,596
PPE	HEC Skatinë	2.677	Skatina Hec Shpk	10	5,710
PPE	HEC Kaparjel	0.2	ABV Konstruksion Shpk	10	419
PPE	HEC Letaj	0.54	Asi-Tre Shpk	10	1,140
PPE	HEC Nice	2.133	MP-HEC Shpk	35	2,470
PPE	HEC Meshurdhe	1.8	SIMA-Com Shpk	10	7,202
PPE	HEC Thanez	1.95	AFRIMI K Shpk	35	8,188
PPE	HEC OSOJE	1.9	OSOJA HPP shpk	35	10,950
PPE	Hec Voskopoje	1.9	FAVINA I shpk	35	7,589
PPE	Hec Nderfushas	1.34	SGD Energji shpk	35	2,250
PPE	Hec Rreshen	0.38	Nikolli Energy shpk	10	1,378
PPE	Hec Gurra	0.5	Uleza Ndertim shpk	6	1,294
PPE	Hec Vile	1.994	Hydro Power Panariti shpk	35	6,287
PPE	Hec Dukona	0.800	Dukona shpk	20	1,303
PPE	Hec Prevalli	1.750	Gega-G shpk	35	7,527
PPE	HEC Camerice	0.800	Rei Energy shpk	35	4,130
PPE	Hec Stror	2.000	Era Hydro shpk	35	10,447
PPE	Hec Mivas	1.940	Elva 2001 shpk	35	5,375
PPE	Hec Spathare	1.038	Lucente concensionare shpk	10	3,748
PPE	Hec Miraka	0.600	Kuarci Blace shpk	10	1,392
PPE	Hec Shegjun	2.000	Irarba Energji shpk	10	2,660
PPE	hec Dobrunje	0.840	W.T.S. Energji shpk	10	2,283
PPE	Hec Muras	2	Mateo& Co shpk	10	6,512
PPE	Hec Trojet	0.9	Trojjet Energji shpl	10	2,068
PPE	Hec Deni	0.85	ASI TRE shpk	35	2,182
PPE	Hec Kamican	1.86	IDI 2005 shpk	35	4,317
PPE	Hec Vardar	1.97	Gerti shpk	35	3,928
PPE	Hec Stavec	6.5	Koka Ergi Stavec shpk	35	13,583
PPE	Hec Kalis	2.13	ERDY Energy shpk	35	2,830
PPE	Hec Gjinar	0.83	Erdi Gas shpk	10	461
PPE	Hec Backa 1	3.36	Kroi Mbret shpk	35	4,163
PPE	Hec Plepi	2.28	Domi Tee shpk	35	297
PPE	Hec Zall Xhuxhe	4.7	Hec Zall Xhuxhe	35	2,385
PPE	Hec Pisha	1.9	Green TECH energy systems	35	483
PPE	Hec Lingjanca1&2	2.2	"Rei-Energji"shpk	35	1,774
PPE	Hec Guri i Zi	1.7	"Aris Albania"shpk	35	274
		318			905,230

PPE	Hec"Kozel" me fuqi 0,5 MW	0.500		10kV	1,023
PPE	Hec"Helmes 1" me fuqi 0,8 MW	0.800	"E.T.H.H. "shpk	10kV	2,245
PPE	Hec"Helmes 2" me fuqi 0,5, MW	0.500		10kV	1,192
PPE	Hec"Qafezeze" me fuqi 0,4 MW	0.400	"Caushi Energji" shpk	10kV	3,350
PPE	Hec"Trebisht" me fuqi 1,775 MW	1.775	"SA.GLE.Kompani "shpk	10kV	4,121
PPE	Hec"Mollaj" me fuqi 0,6 MW	0.600	"Energji Xhaci" shpk	10kV	998
PPE	Hec"Tucep" me fuqi 0,4 MW	0.400	"Tucep" shpk	10kV	2,917
PPE	Hec"Treska4" me fuqi 3,6 MW	3.600		35kV	9,723
PPE	Hec"Treska3" me fuqi 0,3 MW	0.300	"Hec-Treske"shpk	35kV	1,322
PPE	Hec"Treska 2T" 5 me fuqi 0.62 MW	0.620		35kV	2,540
PPE	Hec"Sotire1 & 2" me fuqi 2,2 MW	2.200	"Hidro Energy Sotire"shpk	35kV	6,527
PPE	Hec"Shutine" me fuqi 2,4 MW	2.400	"Shutina energji"shpk	10kV	3,700
PPE	Hec"Cekrezi 1,2" me fuqi (0,23 MW; 0,43 MW)	0.660	"Zall Herr Energji 2011"shpk	6kV	4,329
PPE	Hec"Qarr" me fuqi 1 MW	1.000	"Hec Qarr & Kaltanj"shpk	35kV	5,039
PPE	Hec"Bisak" me fuqi 1,3 MW	1.300	"Bardhgjana" shpk	6kv	3,756
PPE	Hec"Shales" me fuqi 1,08 MW	1.080		35kV	-
PPE	Hec"Strelce" me fuqi 1,174 MW	1.174	"Gjoka Konstruktion Energji" shpk	35kV	4,778
PPE	Hec "Shpelle" me fuqi 400 kW	0.400	"Sarolli" sh.p.k	10kV	1,437
PPE	Hec "Treska 1" me fuqi 130 kW	0.130	Star NRG sh.p.k	10kV	-
PPE	Hec "Bicaj" me fuqi 3,1 MW	3.100	"EN-KU" sh.p.k	10kV	-
PPE	Hec "Leskovik 1" me fuqi 1072 kW	1.072		10kV	367
PPE	Hec "Leskovik 2" me fuqi 1100 kW	1.100	"Maksi Elektrik" sh.p.k	10kV	490
PPE	Hec "Orenjë" me fuqi 875 kW	0.875	"Juana" sh.p.k	10kV	1,409
PPE	Hec "Tamarë" me fuqi 750 kW	0.750	"WTS Energji" shpk	10kV	-
PPE	Hec "Benë" me fuqi 1000 kW	1.000	"Marjakaj" shpk	6kV	1,373
PPE	Hec "Vithkuq" me fuqi 2,715 MW	2.715	"Favina 1" shpk	35/10kV	10,168
PPE	Hec "Selce" me fuqi 1600 kW	1.600	"Selca Energji" shpk	10kV	4,843
PPE	Hec" Kumbull- Merkurth" me fuqi 0.83 Mw	0.830	"DN & NAT Energy"shpk	6kV	1,924
PPE	Hec "Sasaj" me fuqi 8,6 MW	8.600	"Ergo – Sas" shpk	35kV	25,735
PPE	Hec "Tervol" me fuqi 10.6 MW	10.600	"Hec i Tervolit" shpk	35kV	34,539
PPE	Hec "Radove" me fuqi 2,5 MW	2.500	"MTC Energy" shpk	10kV	10,078
PPE	Hec"Gurshpat 1" me fuqi 0,84 MW,	0.840		10kV	4,188
PPE	Hec"Gurshpat 2" me fuqi 0,83 MW	0.830	"Gurshpat Energy" shpk	10kV	4,285
PPE	Hec"Bistrica 3" me fuqi 1,57 MW,	1.570	"Bistrica 3 Energy" shpk	6kv	9,061
PPE	Hec"Hurdhas 1" me fuqi 1,71MW,	1.710	"Komp Energji" shpk	6kV	8,718
PPE	Hec"Perrollaj" me fuqi 0,5 MW	0.500	"Fatlum" shpk	10kV	977
PPE	Hec"Koxheraj" me fuqi 0,62 MW	0.620	"Koxheri Energji" shpk	10kv	1,824
PPE	Hec"Kacni" me fuqi 3,87 MW	3.870	"Kisi-Bio-Energji" shpk	20kV	6,424
PPE	Hec"Lena 1" me fuqi 1,95 MW,;	1.950		35kv	
PPE	Hec"Lena 2" me fuqi 2,3 MW	2.300	"Gama Energy" shpk	35kv	8,082
PPE	Hec"Lena 2A" me fuqi 0,25 MW	0.250		35kv	
PPE	Hec "Driza" me fuqi 3,408 MW	3.408	"Mesopotam Energy" shpk	35kv	4,033
PPE	Hec Strelca 1,2,3 (1.504 MW, 0.325 MW, 3.52 MW)	5.349	"Strelca Energy" shpk	35kv	14,312
PPE	Hec "Ujanik 2" me fuqi 2,5 MW	2.500	"HP Ujaniku Energy" shpk	35kv	6,673
PPE	Hec "Nishove" me fuqi 1,36 MW	1.360	"Nishova Energy" shpk	35kv	663
PPE	Hec "Shtika" me fuqi 1,3 MW	1.300	"Perparimi SK" shpk	10kv	3,242
PPE	Hec "Ballenje" me fuqi 1,9 MW	1.900	"Ballenja Power Martanesh" shpk	35kv	3,943
PPE	Hec Gavran 1	0.998	"Gavran Energy" shpk	35kv	2,948
PPE	Hec Gavran 2	1.215	"Gavran Energy" shpk	35kV	2,824
PPE	Hec Kasollet e Selces 1	4.000	"Xhango Energji" shpk	35kV	11,455
PPE	Hec Holta Kabash	2.200		35kV	
PPE	Hec Holta Poroçan	3.300	HEC Kabash Porocan shpk	35kV	13,224
PPE	Hec Lusen 1	0.315	"Eurobiznes" shpk	35kV	643
PPE	Hec Ura e Fanit	1.000	"Ayen As Energji"sha	35kV	5,610
PPE	HEC Gorice	1.747	"THE BLUE STAR" sh.p.k	35kV	5,106
PPE	HEC Kabash 1&2	5.800	"Univers Energji" shpk	35kV	6,200
PPE	HEC "Tucep 2"	1.7	"DUKA T2" shpk	35kV	3,146
PPE	Hec Dobrenje Tomorrice	2.4	DAAB Energy Group shpk	35kV	4,781
PPE	Hec Razdoll	0.765	Hidro Vizion shpk (I pa licens nga ER	35kV	1,979
PPE	Hec Dragostunje	3.1	"HEC-i Dragostunje" shpk	35kV	19,564
PPE	Hec Stebleve	3.4	"PURE ENERGY STEBLEVA" shpk	35kV	2,669

PPE	Hec Zerec 1	0.55	"EnRel Hydro" shpk	35kV	6,262
PPE	Hec Zerec 2	1.315			
PPE	Hec Shëngjon 1	0.651	"EDIANI" sh.p.k.	35kV	2,582
PPE	Hec Shëngjon 2	0.356			
PPE	HEC Blaç	1.3	"BLAC ENERGY" sh.p.k	35kV	174
PPE	HEC Qamishtë	0.3	"IDI-2005" SHPK	35kV	1,143
PPE	HEC Vendresh	0.456	"HP VENDRESH ENERGY" SHPK	35kV	831
PPE	HEC "Antena"	1.105	"DERBI-E" shpk	35kV	2,984
PPE	HEC "Kamenicë"	0.973	HP Kamenica shpk	10	3,016
PPE	HEC "Qytezë"	0.9	Muso hec Qytezë	10	2,136
PPE	HEC Marjan Gura e Vesheve	0.63	Marituda Shpk	10	1,596
PPE	HEC Skatinë	2.677	Skatina Hec Shpk	10	5,710
PPE	HEC Kaparjel	0.2	ABV Konstruksion Shpk	10	419
PPE	HEC Letaj	0.54	Asi-Tre Shpk	10	1,140
PPE	HEC Nice	2.133	MP-HEC Shpk	35	2,470
PPE	HEC Meshurdhe	1.8	SIMA-Com Shpk	10	7,202
PPE	HEC Thanez	1.95	AFRIMI K Shpk	35	8,188
PPE	HEC OSOJE	1.9	OSOJA HPP shpk	35	10,950
PPE	Hec Voskopoje	1.9	FAVINA 1 shpk	35	7,589
PPE	Hec Nderfushas	1.34	SGD Energji shpk	35	2,250
PPE	Hec Rreshen	0.38	Nikolli Energy shpk	10	1,378
PPE	Hec Gurra	0.5	Uleza Ndertim shpk	6	1,294
PPE	Hec Vile	1.994	Hydro Power Panariti shpk	35	6,287
PPE	Hec Dukona	0.800	Dukona shpk	20	1,303
PPE	Hec Prevalli	1.750	Gega-G shpk	35	7,527
PPE	HEC Camerice	0.800	Rei Energy shpk	35	4,130
PPE	Hec Stror	2.000	Era Hydro shpk	35	10,447
PPE	Hec Mivas	1.940	Luva 2001 shpk	35	5,375
PPE	Hec Spathare	1.038	Lucente concensionare shpk	10	3,748
PPE	Hec Miraka	0.600	Kuari Blace shpk	10	1,392
PPE	Hec Shegjun	2.000	Irraba Energji shpk	10	2,660
PPE	hec Dobrunje	0.840	W.T.S. Energji shpk	10	2,283
PPE	Hec Muras	2	Mateo& Co shpk	10	6,512
PPE	Hec Trojet	0.9	Trojjet Energji shpl	10	2,068
PPE	Hec Deni	0.85	ASI TRE shpk	35	2,182
PPE	Hec Kamican	1.86	IGI 2005 shpk	35	4,317
PPE	Hec Vardar	1.97	Gerti shpk	35	3,928
PPE	Hec Stavëc	6.5	Koka Ergi Stavëc shpk	35	13,583
PPE	Hec Kalis	2.13	ERDY Energy shpk	35	2,830
PPE	Hec Gjinar	0.83	Erdi Gas shpk	10	461
PPE	Hec Backa 1	3.36	Kroi Mbret shpk	35	4,163
PPE	Hec Plepi	2.28	Domi Tec shpk	35	297
PPE	Hec Zall Xhuxhe	4.7	Hec Zall Xhuxhe	35	2,385
PPE	Hec Pisha	1.9	Green TECH energy systems	35	483
PPE	Hec Lingjanca1&2	2.2	"Rei-Energji" shpk	35	1,774
PPE	Hec Guri i Zi	1.7	"Aris Albania" shpk	35	274
		318			905,230

PRODHIMI GJATE VITIT 2021 NGA CENTRALET FOTOVOLTAIKE TË LIDHURA NE RRRJETIN E SHPERNDARJES (MWh)					
CENTRAL FOTOVOLTAIK		MW	SUBJEKTI	LIDHJA	2021
	UKKO (pa sistemuame sistem)	1	"UKKO" sha (Ujsjell.Kanal.Korce)		
PPE	Seman – 2	2	"SEMAN2SUN" sh.p.k	35 kV	4,021
PPE	Topojë	2	"SONNE" sh.p.k	35 kV	4,001
PPE	Topojë 2	2	"AED SOLAR" sh.p.k	35 kV	4,001
PPE	Topojë (Sheq Marinas)	2	"AGE SUNPOWER" sh.p.k	35 kV	3,990
PPE	Topojë (Sheq Marinas) 2	2	"SEMAN SUNPOWER" sh.p.k	35 kV	4,049
PPE	Seman Isolar	2	"SEMANISOLAR" sh.p.k	35 kV	3,950
PPE	FV Lugano	2	ES 2019 sh.p.k	35 kV	4,304
PPE	FV SMART WATT	2	SMART WATT sh.p.k	35 kV	4,290
PPE	Tren Bilisht	2	"RTS" sh.p.k	35 kV	3,668
PPE	STATKRAFT Renewbles albani PV Lundrues banje	2	"STATKRAFT"	35 kV	13
PPE	Plug, Lushnje	2	"AEE" sh.p.k	10 kv	4,469
		23			40,756
	Kapaciteti Instaluar i gjithe prodhuesve	2,605	MW	Prodh	8,962,699
LEGJENDA					
P.Pub	Prodhues Publik (Ngarkuar me detyrimin e shërbimit Publik)				
P.Pav	Prodhues të Pavarur (Prodhues në treg të Hapur)				
PPE	Prodhues me Përparësi (Përfitojnë nga Skemat Mbështetëse)				

Figura 23 Generation from the plants connected in the distribution network during 2021 (Source TSO company, OSHEE company, FTL company)

1.3 ELECTRICITY TRANSMISSION

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

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

1.3.1 Electricity balance

The following table submits the electricity balance of TSO company for 2021 compared to the 2015 – 2020 period.

Nr.	Bilanci Energjetik i OST sh.a (GWh)	2015	2016	2017	2018	2019	2020	2021
I	ENERGJI TOTALE NE SISTEMIN E TRANSMETIMIT	7,830	8,462	7,577	9,848	7,943	8,130	10,685
1	- Prodhimi vendas	5,475	6,636	4,174	8,076	4,767	4,892	8,432
2	- Energji në marrje (import ne interkoneksion)	2,355	1,827	3,403	1,772	3,177	3,238	2,253
II	ENERGJIA TOTALE E TRANSMETUAR	7,672	8,272	7,419	9,606	7,775	7,958	10,685
1	- Energji në dhënie (eksport ne interkoneksion)	956	1,869	488	2,685	770	963	2,800
2	- Energji e transmetuar për OSSH sh.a.	6,106	5,901	6,148	5,963	6,137	6,184	6,606
3	- Energji transmetuar për klientë të lidhur në rrjetin e transmetimit	610	503	781	957	867	811	1,049
III	HUMBJE NE SISTEMIN E TRANSMETIMIT+Nevojat Vetjake	159	190	158	242	169	172	228
	HUMBJE NE SISTEMIN E TRANSMETIMIT+Nevojat Vetjake (%)	2.03	2.25	2.08	2.46	2.12	2.12	2.13

Figura 24 Power balance of the TSO company for 2021 compared to 2015-2021 period (MWh).

The level of Losses in the transmission system for 2021 is 227,918 MWh or 2.13% of the transmitted electricity. This level of losses in the Transmission System for 2021 remains the same with the one of 2020 and 2019 period of 2.12%. The level of the losses in the Transmission System is connected with the transmitted electricity quantity as well as the level with the generation level of the HPP-s connected in Transmission System.

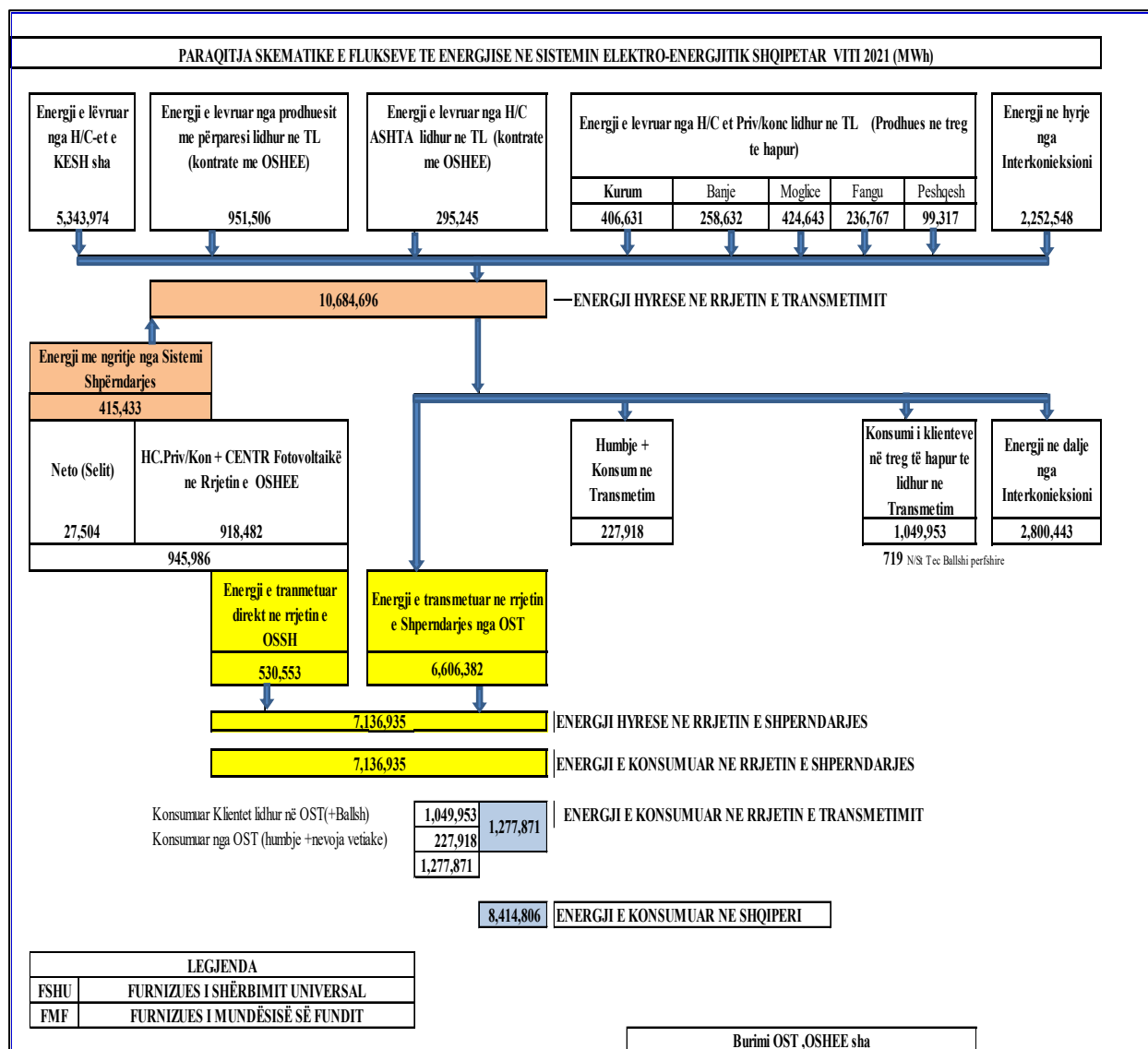


Figura 25 Submission of the schematic electricity inflows in the Albanian power system for 2021.

The schematic submission of electricity inflows in the Albanian power system is given in details on the figure above. The total quantity of electricity injected in the transmission system for 2021 is 10,685 GWh. The total amount of electricity injected in the transmission system is 10,685 GWh. Total amount of electricity injected in the distribution system is 7,137 GWh.

Electricity injected in the distribution system is injected by the transmission system and from the generation plants connected in the distribution network. The transmission system injects in the distribution network 6,606 GWh quantity, while the generation plants directly connected in the distribution network inject on this network the net electricity amount of quantity 530.5 GWh.

1.3.2 TSO company activity

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

TSO company currently performs the system operations of the Transmission Network Operator, Market Operator as well as Dispatch System operator.

TSO guarantees the necessary capacities for the transmission of:

- Uninterrupted electricity supply of electricity distribution system substations, as well as electricity customers connected directly in the transmission network,
- Electricity transmission generated from the country's resources;
- Necessary transition and exchange with the regional countries.

In this context TSO company develops the Transmission System in accordance with the long-term requirements of the country's electricity supply, with development plans for new resources of electricity and coordinates the development of the interconnection network with neighboring countries. TSO company dispatches the Albanian Electricity system through the management of energy flows in the system, taking into account the implementation of all ancillary services related to the stability of the system and exchanges with other neighboring systems.

1.3.2.1 Assets and Development of the Transmission System

The Electricity Transmission System of Albania includes all the voltage lines of 400 kV, 220 kV, 150 kV, 110 kV and the connection substations between them that serve for the electricity transmission and interconnection.

Length of the transmission system lines according to the voltage level are:

- Transmission line 400 kV 445.7 km
- Transmission line 220 kV 1,250 km
- Transmission line 150 kV 34.4 km
- Transmission line 110 kV 1,701 km

The above mentioned are part of the Transmission system and the interconnection lines with neighbouring countries like:

- Interconnection line 400 kV Zemblak (Albania) – Kardia (Greece)
- Interconnection line 400 kV Tirana (Albania) – Podgorica (Montenegro)
- Interconnection line 400 kV Tirana (Albania) – Prishtina (Kosovo)
- Interconnection line 220 kV Fierza (Albania) – Prizren (Kosovo)
- Interconnection line 220 kV Koplík (Albania) – Podgorica (Montenegro)
- Interconnection line 150 kV Bistrice (Albania) – Myrtos (Greece).

Gjatësitë e linjave (km) - Viti 2021

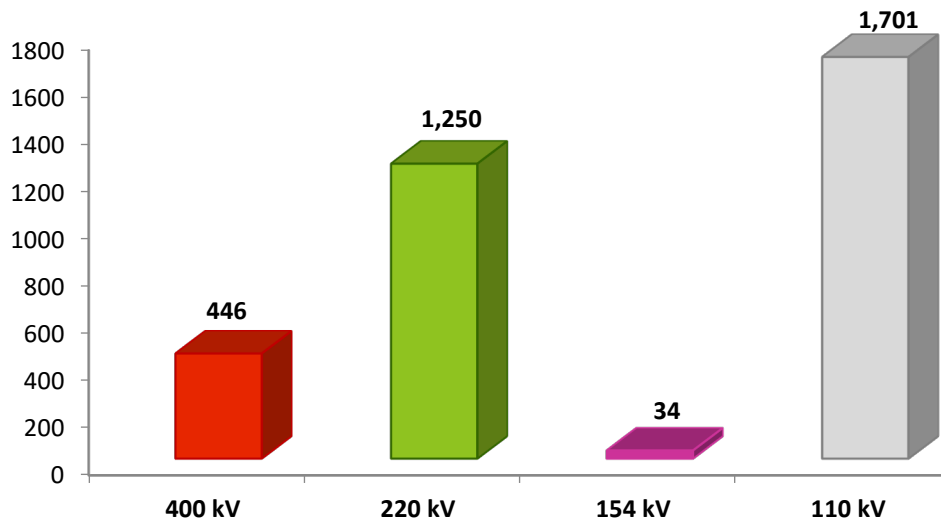


Figure 26 The lines according to the voltage level in the Transmission System

The exchange technical capacity with neighbouring countries is sufficient to realize the necessary exchanges and transits of electricity required at any time, however in certain periods, there is congestion of transmission capacities in interconnection.

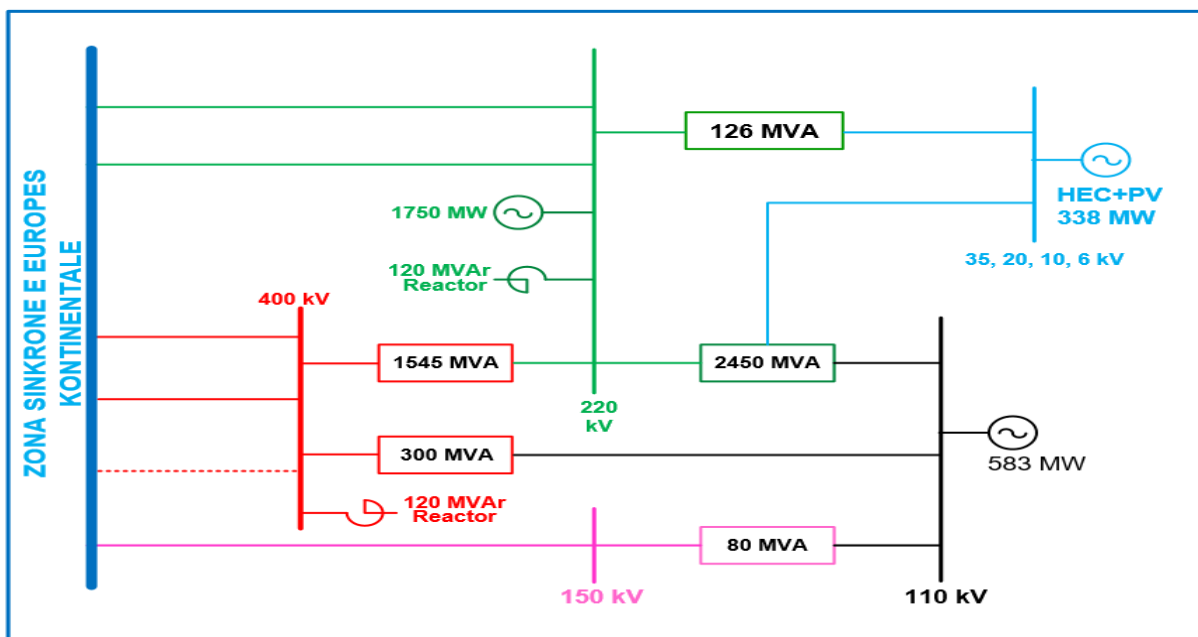


Figure 27 Structure of the Albanian Transmission System

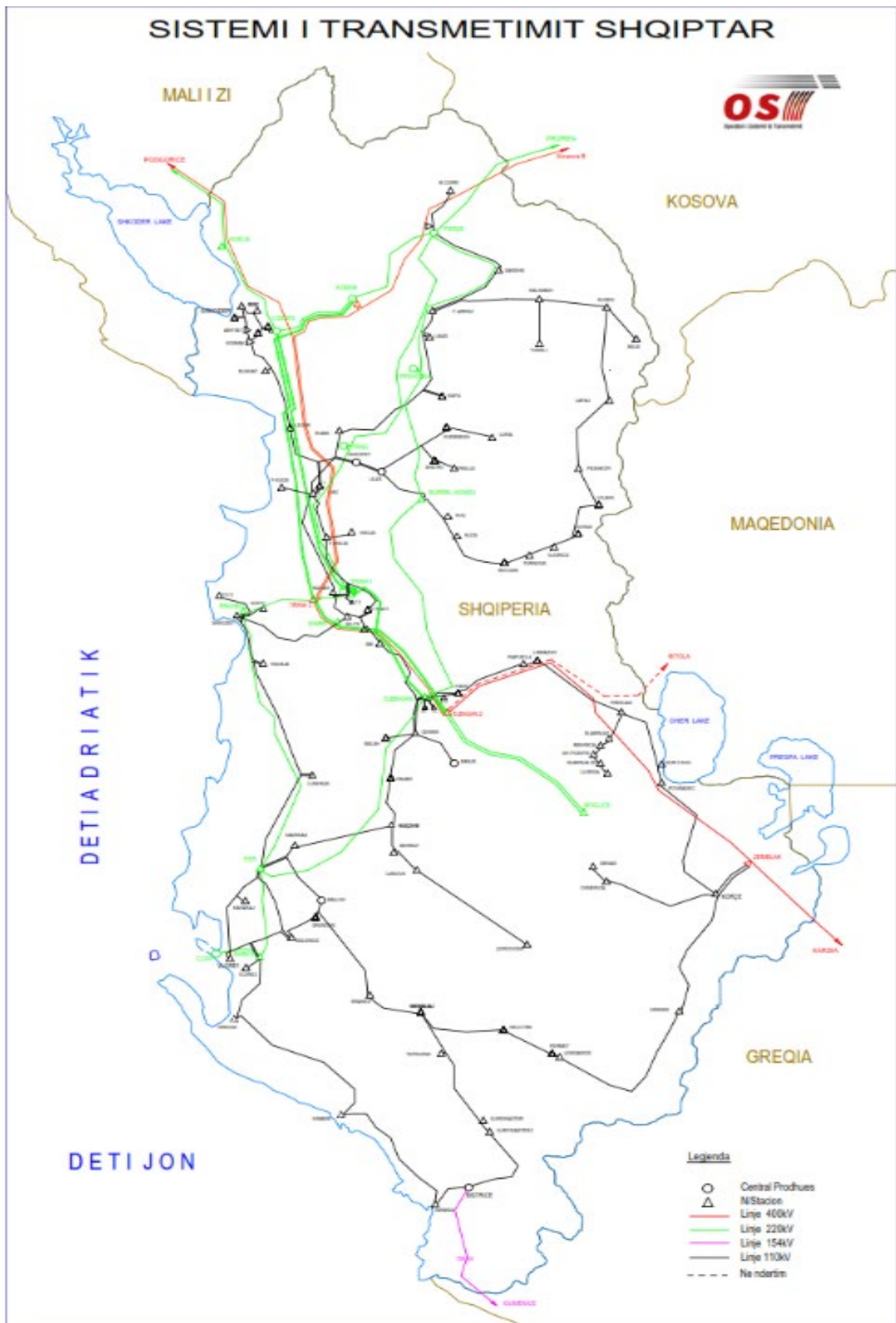


Figure 28 Scheme of the Albanian Transmission System

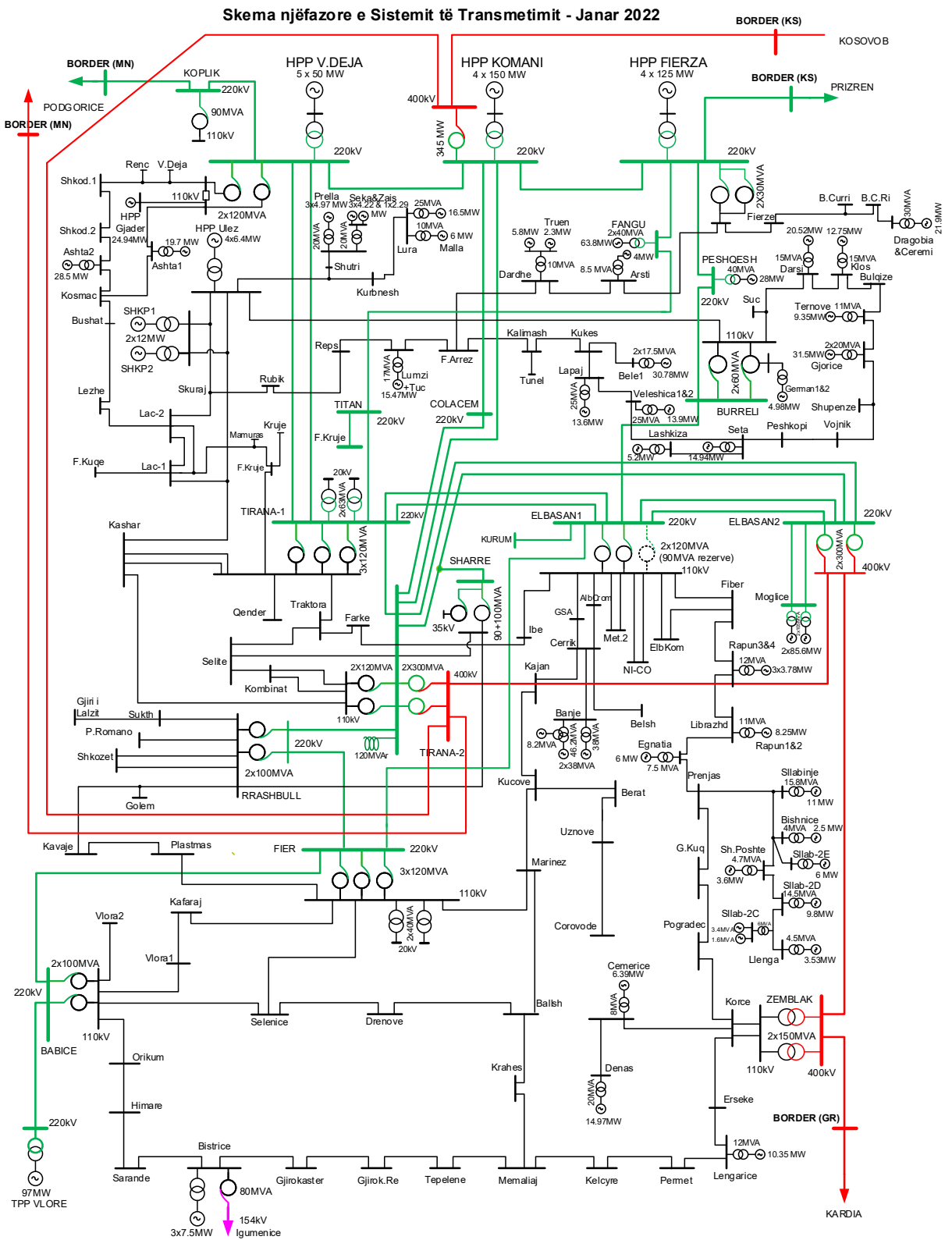


Figure 29 Unipolar scheme of Albanian Power System in 400/220/150/110kV voltage level

On the following table are listed the main substations of the transmission system and the installed capacity for each substation.

No	Substation	Installed capacity (MVA)	
1	400/220kV Koman substation	345	
2	400 kV 400/220kV/110kV Tirana 2 substation	840	
3		400/220kV Elbasan 2 substation	600
4		400/110kV Zemblak substation	300
5	220 kV 220/110kV V.Dejës substation	240	
6		220/110kV Fierzë substation	120
7		220/110kV Koplík substation	90
8		220/110kV Burrel substation	120
9		220/110kV/20kV Tirana1 substation	486
10		220/110kV Sharrë substation	190
11		220/110kV Rrashbull substation	200
12		220/110kV Elbasan 1 substation	330
13		220/110kV Fier substation	360
14		220/110kV Babicë substation	200
15	150 kV 110/150kV Bistrica 1 substation	80	
Total		4501	

Figure 30 Substations of the transmission system

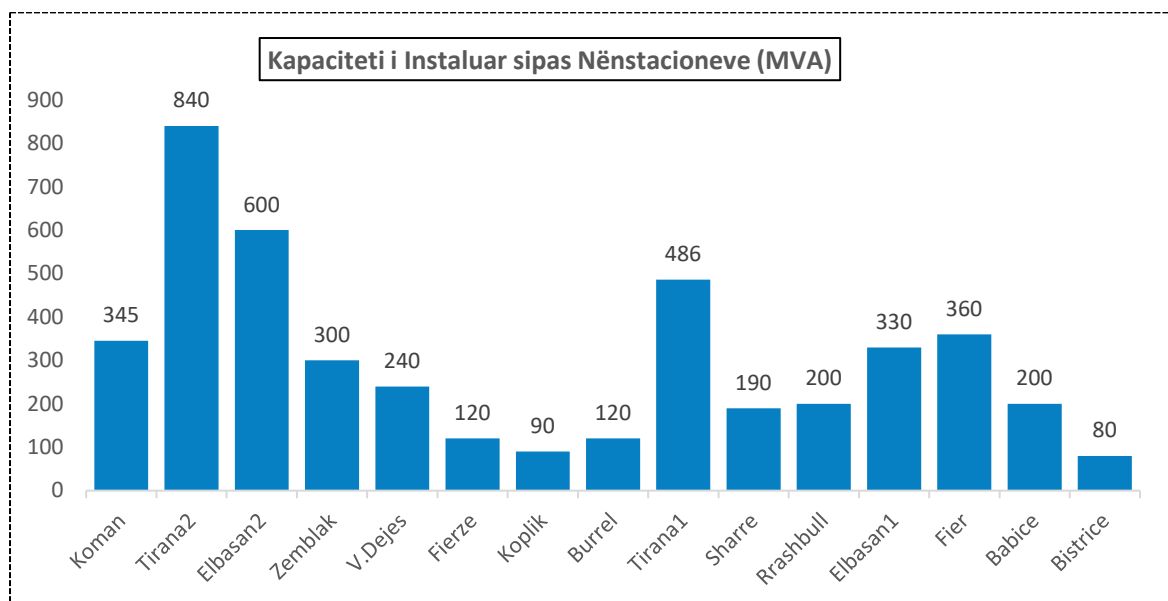


Figure 31 Main assets of the transmission system

1.3.2.2 Investments in the Transmission System by TSO during 2021.

The total investment amount realized for 2021 is about **2 billion 633 million ALL**, or 43% of the plan from which: 1 billion 942 million ALL with TSO company funds, and about 690 million ALL with foreign investments.

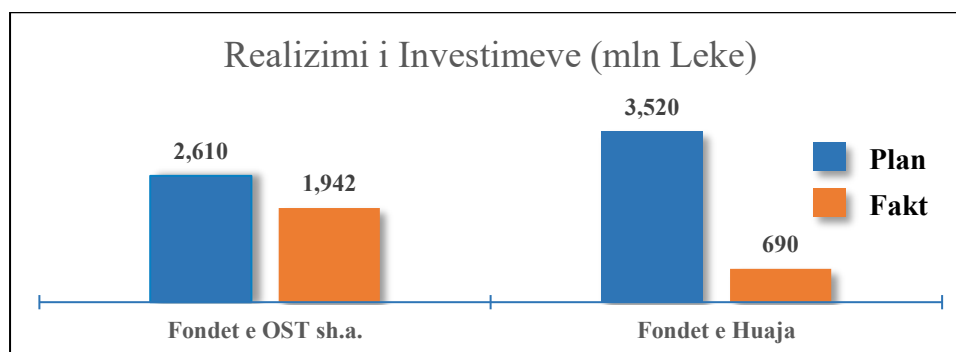


Figure 32 Realization of the Investments from TSO company.

Investments with TSO company funds and with foreign funds

The investments realized with TSO funds, for 2021 period, resulted about 1,942 million ALL, or about 74%, from the provided 2,610 million ALL.

The investments realized from foreign investments for 2021 period, have been about 690 million ALL, or about 20 % of the provision, from 3,520 million ALL that were provided.

Regarding the realization of the investments shall be evidenced that fact that the Albanian Government, by Council of Minister Decision no. 584, dated 08.10.2021 “On announcing the emergency situation of electricity supply”, supported on Article 100 of the Albanian Republic Constitution and Article 90 of Law no.43/2015 “On Power Sector”, as amended, above all decided:

“KESH, TSO and OSHEE Group companies shall suspend the investment plans, except of the necessary investments to exercise the activity. These companies shall coordinate the exercise of the activity, in conformity with the guidelines of the Infrastructure and Energy Minister, to guarantee the uninterrupted supply with electricity, until 15 April 2022”.

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

TSO company in conformity with the legal and regulatory framework in force is responsible for the operation, maintenance and development of the transmission system. TSO company shall realize these duties based on the requirements and principles of operational safety by guaranteeing the operation of the Transmission System in a high level of coordination, reliability, quality and stability.

a) Operational network security

Network operational security is the ability of the transmission system to remain in a normal state and / or the ability to return to a normal state as soon as possible. The operational security is characterised from the operational security limits. As consequence the transmission system is considered in a normal state when there are fulfilled all of the conditions as follows:

- The voltage levels and the power flows are within the operational security limits defined on articles 111 and 113, in conformity with Article 109(5) of the Transmission Code and within the interval defined on the “Regulation for the quality of supply and network security

performance of the electricity transmission system”, approved with ERE Board Decision no. 207, dated 18.12.2017.

- Frequency of the system shall be within +/- 200mHz range, defined on the Transmission Code and the “Regulation for the quality of supply and network security performance on the electricity transmission system”, approved with ERE Board Decision no. 207, dated 18.12.2017 .
- The reserves of active and reactive power shall be sufficient to deal with the unplanned events, without violating the operational security limits.
- The operation of the TSO responsibility area shall remain within the operational security limits even after the activation of correction actions, after the occurrence of a contingency.

For all of the above mentioned, analysing every process, that shall be considered essential to manage the operation of the transmission system, and to maintain the operational security of the network, TSO company reported for 2021 including as follows:

- operational planning;
- schedule;
- real time operation,
- allocation and planning of the reserves and ancillary services;
- measures for the protection and restoration of the system.

1.3.3.1 Voltage level

The transmission system in general is composed of the transmission lines and the transforming substations. Currently the network is composed of 21 substations and approximately 3360 high voltage lines, for all 400 kV, 220 kV, 154 kV, and 110 kV voltage levels.

The transmission system is submitted schematically on the following graph:

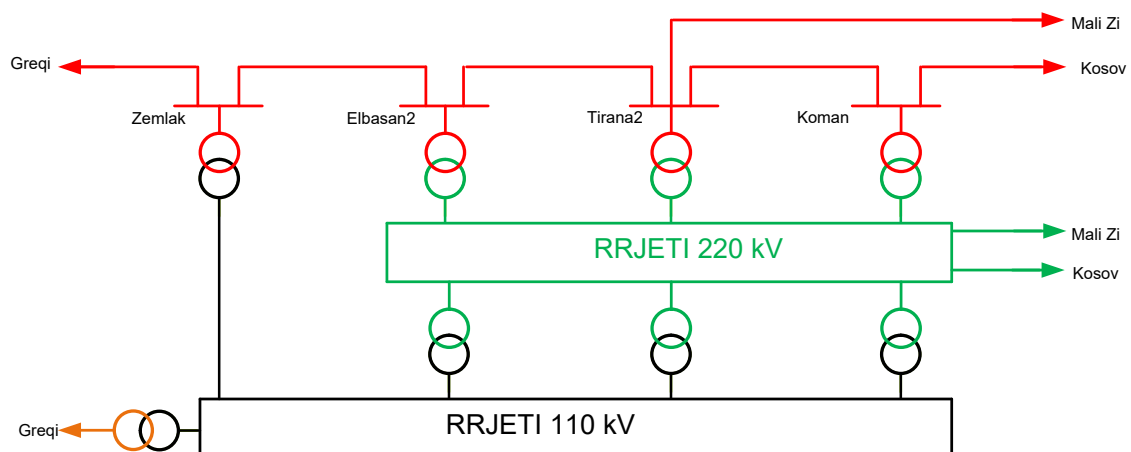


Figure 33 Transmission Network 400 kV, 220 kV, 150 kV and 110 kV

On the provisions of the Transmission Code, of the “Regulation for the quality of supply and performance of network security in the electricity transmission system” approved with ERE Board Decision no. 207, dated 18.12.2017, as well as on the “Metering indicators for the quality of supply and performance of transmission network security for 2021 period”, approved with ERE Board Decision no. 255 dated 21.12.2020, it is defined that, TSO company shall respect the range of the voltages according to these levels:

For 400 kV voltage the permitted range is -10% ; +5% (from 360 kV to 420kV)

For the 220 kV voltage the permitted range is -10% ; +10% (from 198 kV to 242kV)

For the 110 kV voltage the permitted range is -10% ; +10% (from 99 kV to 121 kV)

The voltage level on the transmission network shall depend on the network development, its typology, as well as the distribution of the generation and consumption on this network. The biggest part of the generation units of the Albanian power system is installed at the north of Albania, from where it is injected the energy in the network and as consequence, are shown relatively high voltages. While on the south of Albania, where it is concentrated a part of the load are shown relatively low voltages.

Due to the depreciation of the 110 kV ring network, during the rain periods, where the generation of the plants is maximum, are shown not permitted overloads of 110 kV lines. On the south – east region, during the peak generation, the transmission network is confronted with specific segments of high level of voltage. Considering the difficult weather conditions and the terrain where the lines pass, the interruptions have been present and this brought issues to the optimum operation of hydro resources of the area. This situation is currently present even for its normalisation, TSO company continue to realize investments for the rehabilitation of the 110 kV network.

The investments realized during 2021 on the transmission network are:

- side reconstruction of the 110 kV substation in Ibë;
- the works for the termination of the cable line 110 kV Tiranë-Selitë and the connection with the 110/20 kV substation in Kombinat;
- the shift of the air line 220 kV double circle Tirana 2 – Elbasan 2;
- the extension and the increase of transmission capacities over OPGW network;
- reconstruction of the double circle line Lac 2-Ura e Matit Skuraj;
- the extension of the system and localization of the defects in high voltage lines.

Also there are on implementation process the investments with TSO funds as follows:

- construction of 220/110/35 kV substation, the amount, and the treaty of 220 kV, 220/110/10 kV substation, in Komsj;
- the new line with two circles 220 kV Komsj – Shumat;
- the supply and the set of shunt reactor 400 kV in Tirana 2 substation;
- construction of the two circle line 110 kV Fibër-Librazhd and the treaties of the respective lines in Fibër and Librazhd substation;
- construction of the new 110 kV line, with a circuit in Cerrik – Kajan – Kuçovë – Jagodinë and the rehabilitation of the exit treaties for the 110 kV lines of Cerrik and Kuçovë substation;
- primary works, the supply and the set of TR 63 MVA, 220/20 kV, Tirana 1 substation, as well as secondary works for the adoption with the existing systems;
- construction of AT foundation 110 MVA 220/110/35 kV in Sharrë substation.

Regarding the maintenance of the normal situation of the system, from the review of TSO reports it result that during 2021, the operational staff at the respective dispatch centers, of TSO company and DSO company were at any moment on readiness state, coordinating the operational actions at the shortest time possible, and continuously controlling the charge of the lines in general, but giving priority to 110 kV line, as the most loaded and the most problematic part of the system.

TSO company reports that during 2021, despite of the system typology and the observed problems on 110 kV network, the voltage values have been within the defined ranges defined on the Transmission Code, on the “Regulation for the quality of supply and network safety performance in the power transmission system” approved with ERE Board Decision no. 207, of date 18.12.2017 as well as on the “Metering indicators for the quality of supply and performance for the transmission network safety for 2021” approved with ERE Board decision no. 255, dated 21.12.2020.

1.3.3.2 Frequency control

Any TSO in a synchronous area is responsible to maintain a sustainable frequency. The control concept of power – resistance shall take into consideration the Frequency Control Reserve (FCR), the Reserve for Resetting the Frequency and the Replacement Reserve (RR), which are automatically or manually partially activated. The possible actions to maintain the frequency shall be allocated in two categories, preventive and curative. The preventive measures shall refer to the measures, which are activated to maintain the frequency on the standard frequency interval. The curative actions are connected with the biggest deviations caused for example from breakdowns on the power plants.

Beginning from 01.04.2021, the frequency control for the transmission system is managed automatically by the FRR. If necessary the additional reserves are manually activated (mFRR or RR). The preventive actions, FCR and aFRR are continuously active to counteract in the case of imbalances in the system. The curative actions mFRR and RR are activated manually by the QKD operators.

For the above mentioned, implementing the requests and the definitions for the integrated operation and sustainable operation of the Albanian Power System, according to Law no. 43/2015 “On Power Sector” as amended, the Transmission Network Code, approved with ERE Board Decision no. 186, dated 10.11.2017, as amended, the “Albanian electricity balancing market rules”, approved with ERE Board Decision no. 106 dated 02.07.2020, and the ERE Board Decision no. 275 dated 28.12.2021, that approved Albanian electricity balancing market rules that became effective on 01.04.2021. TSO company received the balancing services from the qualified user as the Balancing Service Provider: The Albanian Power Corporation KESH company, Ayen as Energji company, Devoll Hydropower company, and partially for the Manual Frequency Reset Reserves and the Replacement Reserves from Kurum International company.

1.3.3.3 Active and reactive power reserves

During the process of assessing the sufficiency in the responsibility area, the TSO company assessed the opportunity of fulfilling the total request of the country, taking into account the available generation from all generators, combined with the capability of the interconnection lines, with different operational scenarios, taking into account the required level of active and reactive power reserves.

The reserves assessment shall be carried out in conformity with the deterministic method and observing the historical values. Based on the Transmission Code, the Operational Guideline of ENTSO-E (SO – GL) and the Albanian Electricity Balancing Market Rules, approved with ERE Board Decision no.106 dated 02.07.2020, the TSO procured the necessary balancing reserve to maintain the control balancing area continuously.

1.3.3.4 Operation of the TSO responsibility area

Planning

TSO plans the development of the transmission system in conformity with (N-1) criteria of Operational Security. TSO cooperates with adjacent TSO-s to coordinate the development of the interconnection network and takes into account the development of the network/facilities of the transmission system users in the planning and development of the transmission network.

1.3.3.5 Long term planning

The main purpose of the long-term planning is to identify the future structural congestions in the network, usually thanks to security analysis N-1 or N-k and then the best way to settle them. Two main mechanisms for such studies of the network are:

- ad-hoc studies of the network (the time frame < 5-10 years): stimulated from local modifications in the network, for example in the case of new request for a switch in the network or deactivation of the main element in the network;
- long term development planning (the time frame > 5-10 years): global and strategic studies performed regularly, taking into account the national and international development of the network.

Traditionally this is the main solution to eliminate the weak points of the network development, by constructing new transmission cable lines or installing transformers. However, since it is difficult to implement such solution (the higher costs, long duration of the project) from TSO company are taken into account new and innovative solutions such as the specific protection schemes or the set of control equipments.

1.3.3.6 Mid-term Planning

The mid-term planning shall cover the activities beginning from the year and in continuation. On this period, TSO company is focused in planning the disconnections which shall be coordinated if they influence on the operation of adjacent systems. This includes its assets, as well as the generation units or other important facilities. The importance of the necessary assets to coordinate derives from a methodology that includes the qualitative and quantitative aspects, such as proximity to boundaries of a control area or the effect in the electronic values from energy flow simulations.

1.3.3.7 Short term planning

The short term planning includes several sub-processes. The week ahead process deals with the planning of the disconnections with a short notification (the request for the next week) and the activation of additional plants, which are necessary to maintain the safety of the system.

Capacities allocation initiates two days before and defines the maximum transferring capacities to the different bid areas. The assessment is repeated one day before and within the day.

The day ahead process is concentrated on improvement actions to prevent all congestions, which may occur on the next day. Typically, the correction actions are planned on national level and then are coordinated with all the respective adjacents. The results from planning the day ahead are improved within the day, based on new provisions. The analysis in planning the day ahead is based on the models of a sustainable situation.

1.3.3.8 Real time operation

For the real time operation, the TSO monitors and accesses the safety of the transmission system through the analysis for the sustainable situation. There are also verified the preventative correction measures defined from the operational planning. If there are identified possible congestions or violations of the voltage level, the operator shall undertake reasonable correction actions to settle the problems. Due to time restrictions, the operator shall make the assessment without the support of the optimization means. If a real contingency occurs, the operator shall reset N-1 security as soon as possible. In case of emergency situations there is implemented the actions from the protection plan. The frequency control is automatized. The manual actions from the operator are necessary if there occur larger deviations of the frequency or if the reserves for the frequency control are nearly exhausted.

An important part of the 110 kV ring network, that supplies with electricity the substations of the distribution system in Tirana area is constructed 40 years ago and is composed of deteriorated air lines, so the probability of damage is extremely high, while their transmission capacity is on the verge of complete exhaustion. Currently, the load values for the Tirana region for December 22, 2021 are presented in the table below:

	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0	23.0	24.0	MAX
Selita	63	50	43	40	40	43	61	92	110	116	113	109	108	107	109	110	114	119	119	120	116	110	99	80	120
Traktora	54	43	37	35	35	40	58	82	93	94	89	86	87	89	89	91	96	104	107	108	107	102	89	70	108
Kombinat	13	11	9	9	9	11	16	22	24	25	24	24	23	24	24	25	27	30	30	30	29	27	23	17	30
Qender	24	20	19	18	18	18	23	33	43	49	50	50	46	46	45	44	44	46	46	46	46	41	36	30	50
Farka	21	18	16	16	16	17	22	28	31	32	31	30	29	28	29	30	33	36	36	36	35	34	30	25	36
Ibe	-2	-2	-2	-2	-2	-2	-1	-1	0	0	0	0	0	0	0	0	0	1	1	1	1	0	0	1	1
Kashar	41	35	33	32	32	37	50	69	84	87	84	81	77	77	78	78	82	87	85	83	80	74	62	52	87
Tir1(220/20kV)	42	33	29	28	28	34	51	70	78	78	74	72	72	72	73	74	80	85	86	87	86	81	70	55	87
TOTAL	256	208	184	175	175	199	280	394	462	480	464	451	442	443	448	452	476	507	511	510	501	469	407	330	511

Figure 34 Load values for Tirana region on December 22 2021

On the following scheme it is noticed that the N – 1 criteria is not completed for this region, also in N situation the lines are charged to the thermal limit. Especially L110 kV Sharrë - Selitë and L110 Tirana1 - U.Traktora.

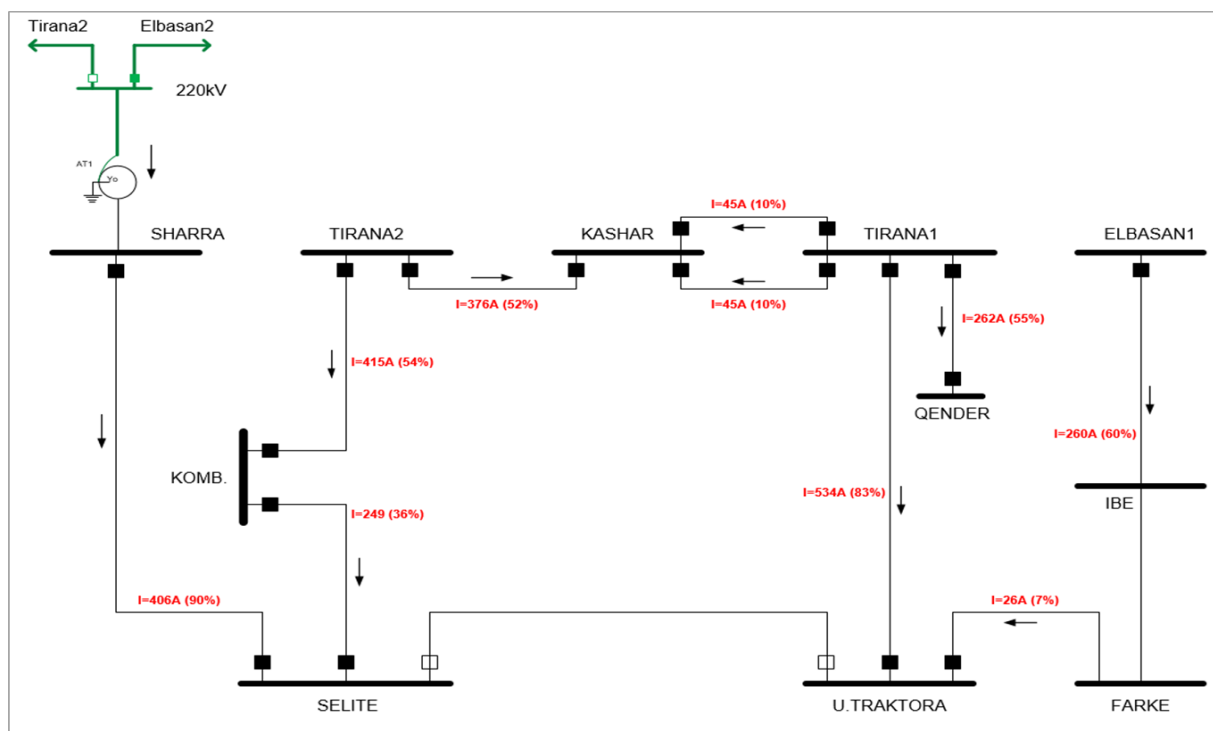


Figure 35 One-stage diagramme of Tirana region

The improvement of electricity supply for Tirana region relates with the realization of TSO project for the construction of Tirana 3 substation and the new 110 kV lines with the Selite substation and the U.Traktora substation. This project includes:

- Construction of the new 400/110 kV substation, 2x150 MVA capacity (Tirana 3);
- Dismantling of the existing lines and the construction of the new 110 kV Tirana – U.Traktora, and U.Traktora – Selite lines;
 - 110 kV Tirana1 – U. Traktora cable line
 - 110 kV U.Traktora – Tirana 3 air line

- 110 kV Tirana 3 – Selitë line

- The connection of the new substation with the existing transmission line.

The construction of the new 400/110 kV substation (Tirana3) and the strengthening of the 110 kV network shall increase the quality of electricity supply and the operational security of the transmission network in Tirana region for the current situation and the continuation for the future years.

1.3.4 Operational cooperation protocol for the real time operation between the TSO and DSO companies

The TSO and DSO companies shall be committed that both dispatch centers of the TSO and the DSO to monitor the main parameters of the Power System, such as the current, voltage in the lines, transformers and especially Tirana region lines, respectively each in their own monitoring areas.

In the event of an emergency, the operators of the substation (TSO, DSO) must immediately and without delay receive the protection action signals and report to the relevant dispatch centers. On the basis of their assessment, when deemed reasonable, the TSO and DSO Dispatches shall cooperate to reswitch the out-of-service element without delay.

To reduce the interruption time, shall be assessed any other information taken in operational way regarding the disconnected element.

In cases when the re-switch evidence is unsuccessful, both dispatch centers take the measures for final reconfiguration of the scheme, according to the regimes set after the breakdown, as above, with the obliged limitations of energy to the normalisation of the situation.

1.3.4.1 Automatic Control – Monitoring Systems

To comply with the objectives, TSO shall enable the automatic control of the transmission network through local control systems (systems or substations) and through SCADA/EMS systems, systems in operation from the dispatch operators. These systems enable the real time monitoring and operation of all 220/400 kV substations, and the largest and important part of the 110 kV substations. Besides them, are monitored and controlled the plants connected with the transmission system. Currently TSO monitors in the real time in the system the data as follows:

- a) active and reactive load flows;
- b) voltage in the busbar;
- c) line currents, transformers and other elements of the transmission system;
- d) frequency and the control error to reset the frequency at the LFC area;
- e) monitoring and control of the AK Block (TSO - KOSTT);
- f) active and reactive power reserve;
- g) generation and consumption.

Despite the real time operation of the transmission system, at SCADA/EMS system are implemented the EMS network applications, and this last one mentioned is the network package application, which through internal studies of the system, based on its current situation and the parameters for each element of the power system included at SCADA, shall optimize the system situation. Above other functions, EMS covers:

- the decision-making support;
- control over generation;

- energy planning;
- safety analysis;
- support for possible maneuvers;
- monitoring of the power network.

EMS module is composed of some applications which cooperate in the network with each other and at the same time may be individually managed from each other. Each of the network applications included on EMS package is implemented as software package, allocated from other applications, but are confronted between them by the real time data. Modularization in this way provides facilities in managing the EMS package in general. In addition to studies on the stations from which they are monitored in the real time, EMS, based on reference data, also conducts studies on other substations that are not included in the monitoring.

At TSO company control center, the AGC (Automatic Generation Control) package has been implemented, the module which regulates the generator output in order to keep the frequency and exchange at the scheduled values. This module is configured in accordance with the operational manuals published by ENTSO-E.

The main module of the AGC package is LFC (Load Frequency Control), an application that collects, analyzes and prepares input data, calculates the control error of the area (deviation from planned values - ACE) and from that calculates the total required energy change of TSO company in Albania. The deviation from the planned values is sent as a request for contribution to all units that are under the control of the LFC.

TSO company has a dedicated telecommunications network for the safe operation of the system. TSO company has a backup control center connected to the security telecommunication network which is equipped with control equipment. All data that is received remotely is called or obtained and processed in a dual way through different channels.

1.3.4.2 Managing the energy flow

The management of energy flow deals with the establishment or the definition of operational means to maintain the flow of energy flows within the operational safety limits at each element of the transmission system. To monitor and control the operational parameters it is necessary an accurate information on the system situation and its assessment. TSO company controls the operational parameters within its responsibility area and in a coordinated way, shall take into consideration the operational parameters from the observation area that include part of adjacent TSO-s.

Any element of the transmission system, has its operational security restrictions in the upstream of energy flow. These restrictions are important for the protection of the equipments and the persons near a certain element of the transmission system, taking into consideration the technical restrictions of the used materials, to avoid damage or premature obsolescence of the equipment.

1.3.4.3 Contingences analysis and their handling

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

- i. the evaluation and improvement of the individual/joint network model (IGM/CGM);
- ii. coordinated calculation of the capacity (crossborder);
- iii. coordination of safety analysis (including the improvement and repair measures);

- iv. work sufficiency and reliability in low and mid terms;
- v. coordination of repair planning.

The security of system operation is the reason for the realization of contingency analyses, which TSO company realizes by simulating the switch of the elements of the transmission system. This analysis is performed using the individual model of TSO company and the common model of the network, respecting the limits of operational security and in the meantime the preparation is made for the performance of corrective actions before and after the incident, when required by the result of the analysis. The main principles that are followed in relation to the analysis of contingencies are:

- ensuring prevention and/or improvement in terms of remedial actions, required to maintain operational safety, for all credible contingencies affecting the transmission system;
- coordination of analyzes and remedial actions whenever necessary, to ensure the desired result - maintaining operational security in the system and in the interconnection;
- relying on the appropriate data and information in real time and those based on load foreseen. The use of the common model of the regional network and the exchange of all necessary data and information between TSO company, OSHEE company and important network users.

From the Report it is noted that TSO company has not in any case violated the security of operation throughout 2021 period in the Electricity Transmission network.

1.3.4.4 Management of dynamic sustainability

TSO monitors the dynamic sustainability of the transmission system in the terms of voltage, frequency and the stability of the rotor angle, with off line studies, with wide area measure, including the exchange of the relevant data with other TSO-s when necessary, to be able to take the correction measures when the operational security of the system is in danger. The purpose of the dynamic off-line studies is to ensure the awareness of the TSO operator regarding the current situation and the future provision of the system situation regarding the stability in (N) situation and the possible one (N-1). Despite that, such studies help in decision process for the efficient improvement actions, to prevent the incidents if they happen or the correction of their consequences.

Regarding the above mentioned, except of the mentioned challenges and issues, TSO company reached to manage the situations and as consequence the operational security of the network, as well as the parameters for the electricity supply quality during 2021, were in conformity with the criteria and the definitions of the Transmission Code and the “Regulation for the quality of supply and network security performance in the electricity transmission system for 2021” approved with ERE Board Decision no.207, dated 18.12.2017 as well as within the defined conditions of the “Metering indicators for the quality of supply and security performance of the transmission network for 2021 period” approved with ERE Board Decision no. 255 dated 21.12.2020.

During 2021, no events or violations of operational safety limits were recorded in the electricity transmission system, the transmission system operated stably in normal operating conditions.

b) Estimated balance of request and electricity supply in the internal market for a five-year period.

Based on the historical data of TSO company and considering the potential increase of PPE + PVE (Electricity Private Producers) and the non technical losses reduction in the distribution network, it is accepted that the expected increase of the electricity volume transmitted by the TSO, shall be at 1% rank. Over this basis, using the loading profile on hourly basis on hourly basis for each month

average day, the provision of the main electricity parameters and the security of the System balance for the five years 2022-2026 is made, as provided in the following tables:

Nr	Emertimi	Njesia e matjes	1	2	3	4	5	6	7	8	9	10	11	12	Viti 2022
I.	Energjia Totale qe hyn ne sistemin e OST	GWh	946	815	858	770	695	739	808	791	658	837	730	903	9,550
a)	Prodhim vendas	"	617	589	655	609	542	451	459	462	357	389	419	505	6,054
b)	Energji ne marrje	"	329	226	203	161	153	288	349	329	301	448	311	398	3,496
II.	Energjia totale e transmetuar	GWh	927	799	841	754	679	722	790	773	643	821	712	884	9,345
a)	Energji elektrike e dhene	"	180	160	165	125	115	145	125	105	85	225	95	100	1,625
b)	Energji elektrike per OSHEE sh.a.	"	657	564	586	524	454	477	565	578	473	501	512	659	6,550
c)	Energji elektrike per konsumatoret e kualifikuar	"	90	75	90	105	110	100	100	90	85	95	105	125	1,170
III.	Humbjet ne rrjetin e transmetimit	GWh													
a)	Humbjet ne GWh	"	19	16	17	16	16	17	18	18	15	16	18	19	205
b)	Humbjet ne %	%	2.01%	1.96%	1.98%	2.08%	2.30%	2.30%	2.23%	2.28%	2.28%	1.90%	2.45%	2.15%	2.15%

Nr	Emertimi	Njesia e matjes	1	2	3	4	5	6	7	8	9	10	11	12	Viti 2023
I.	Energjia Totale qe hyn ne sistemin e OST	GWh	879	797	853	806	811	702	703	728	616	787	883	1050	9,615
a)	Prodhim vendas	"	570	580	680	610	555	450	390	360	300	400	450	610	5,955
b)	Energji ne marrje	"	309	217	173	196	256	252	313	368	316	387	433	440	3,660
II.	Energjia totale e transmetuar	GWh	860	780	835	790	795	685	685	710	600	770	865	1,030	9,405
a)	Energji elektrike e dhene	"	95	125	140	170	240	120	20	35	40	165	235	225	1,610
b)	Energji elektrike per OSHEE sh.a.	"	670	570	600	530	470	485	580	590	480	510	520	680	6,685
c)	Energji elektrike per konsumatoret e kualifikuar	"	95	85	95	90	85	80	85	85	80	95	110	125	1,110
III.	Humbjet ne rrjetin e transmetimit	GWh													
a)	Humbjet ne GWh	"	19	17	18	16	16	17	18	18	16	17	18	20	210
b)	Humbjet ne %	%	2.16%	2.13%	2.11%	1.99%	1.97%	2.42%	2.56%	2.47%	2.60%	2.16%	2.04%	1.90%	2.18%

Nr	Emertimi	Njesia e matjes	1	2	3	4	5	6	7	8	9	10	11	12	Viti 2024
I.	Energjia Totale qe hyn ne sistemin e OST	GWh	900	808	933	866	796	712	713	709	637	797	889	1065	9,825
a)	Prodhim vendas	"	615	585	685	615	595	460	400	370	310	410	460	620	6,125
b)	Energji ne marrje	"	285	223	248	251	201	252	313	339	327	387	429	445	3,700
II.	Energjia totale e transmetuar	GWh	880	790	915	850	780	695	695	690	620	780	870	1,045	9,610
a)	Energji elektrike e dhene	"	105	120	220	230	220	125	15	5	55	170	240	235	1,740
b)	Energji elektrike per OSHEE sh.a.	"	675	580	600	530	470	485	590	595	480	510	520	685	6,720
c)	Energji elektrike per konsumatoret e kualifikuar	"	100	90	95	90	90	85	90	90	85	100	110	125	1,150
III.	Humbjet ne rrjetin e transmetimit	GWh													
a)	Humbjet ne GWh	"	20	18	18	16	16	17	18	19	17	17	19	20	215
b)	Humbjet ne %	%	2.22%	2.23%	1.93%	1.85%	2.01%	2.39%	2.52%	2.68%	2.67%	2.13%	2.14%	1.88%	2.19%

Nr	Emertimi	Njesia e matjes	1	2	3	4	5	6	7	8	9	10	11	12	Viti 2025
I.	Energjia Totale qe hyn ne sistemin e OST	GWh	914	872	944	814	785	757	829	792	675	755	836	942	9,915
a)	Prodhim vendas	"	600	605	710	640	615	480	420	390	330	430	480	640	6,340
b)	Energji ne marrje	"	314	267	234	174	170	277	409	402	345	325	356	302	3,575
II.	Energjia totale e transmetuar	GWh	893	854	926	798	769	739	810	772	658	738	817	921	9,695
a)	Energji elektrike e dhene	"	108	174	221	168	204	164	125	82	88	128	182	106	1,750
b)	Energji elektrike per OSHEE sh.a.	"	675	580	600	530	470	485	590	595	480	510	520	685	6,720
c)	Energji elektrike per konsumatoret e kualifikuar	"	110	100	105	100	95	90	95	95	90	100	115	130	1,225
III.	Humbjet ne rrjetin e transmetimit	GWh													
a)	Humbjet ne GWh	"	21	18	18	16	16	18	19	20	17	17	19	21	220
b)	Humbjet ne %	%	2.30%	2.06%	1.91%	1.97%	2.04%	2.38%	2.29%	2.53%	2.52%	2.25%	2.27%	2.23%	2.22%

Nr	Emertimi	Njesia e matjes	1	2	3	4	5	6	7	8	9	10	11	12	Viti 2026
I.	Energjia Totale qe hyn ne sistemin e OST	GWh	921	818	943	877	802	723	760	800	697	808	909	1077	10,135
a)	Prodhim vendas	"	635	645	745	705	650	545	455	440	355	375	435	625	6,610
b)	Energji ne marrje	"	286	173	198	172	152	178	305	360	342	433	474	452	3,525
II.	Energjia totale e transmetuar	GWh	900	800	925	860	785	705	740	780	680	790	890	1,055	9,910
a)	Energji elektrike e dhene	"	105	120	220	230	220	125	45	75	105	170	240	235	1,890
b)	Energji elektrike per OSHEE sh.a.	"	680	580	605	535	470	485	595	600	485	520	530	690	6,775
c)	Energji elektrike per konsumatoret e kualifikuar	"	115	100	100	95	95	95	100	105	90	100	120	130	1,245
III.	Humbjet ne rrjetin e transmetimit	GWh													
a)	Humbjet ne GWh	"	21	18	18	17	17	18	20	20	17	18	19	22	225
b)	Humbjet ne %	%	2.28%	2.20%	1.91%	1.94%	2.12%	2.49%	2.63%	2.50%	2.44%	2.23%	2.09%	2.04%	2.22%

Figura 36 Provided balance of the electricity demand and supply in the internal market for the 2022 – 2026 period

c) Expected level of demand and security perspective of supply for a five to fifteen years period from the report date.

In the framework of studying the “Investment plan and the development of the network for the electricity transmission sector in Albania 2018-2033”, finalized during 2021 period by TSO company, it results that this last one mentioned realized the long-term planning of the request for the time-period until 2040 (20 year period) according to the selected different scenario.

The used methodology is firstly the provision of the total request of the country for electricity and then the specific request for electricity, through the application of the end-use model, that accesses the future demand for electricity for each sector of the economy based on mid-term to long terms scenarios of social – economic, technological and demographic developments. The provision of the demand is realized for the four scenarios defined as follows:

- *high scenario* – is based on modeling and does not include natural gas (does not provide additional gasification in Albania);
- *moderated scenario* – submits the scenario where the supply infrastructure with natural gas is available as one of the electricity forms for consumption;
- *low scenario* – it is supposed that the increase of the economy shall be slow (the migration shall be high and the increase of the population slower);
- *high scenario with lower population* – shall submit a high scenario with a slow increase of the population, proportional decrease of the GDP and without gasification of the country.

In conclusion there are two scenarios without gasification with high and low population and there are two scenarios with gasification of the country with a high and low population, the results of which are submitted at the following table and graph:

Parashikimi i Kërkesës për Energji Elektrike (TWh) 2020-2040								
	2020	2023	2025	2028	2030	2033	2035	2040
Skenari i Lartë	7.17	8.17	8.48	9.3	9.86	10.9	11.58	13.44
Skenari i Moderuar	7.17	8.07	8.32	8.92	9.34	10.07	10.55	11.91
Skenari i Lartë me popullsi të Ulë	7.17	8.05	8.28	8.93	9.37	10.23	10.8	12.39
Skenari i Ulët	7.17	7.89	8.02	8.41	8.69	9.23	9.585	10.44

Figure 37 Long-term scenario for the demand for electricity for 2020-2040 period

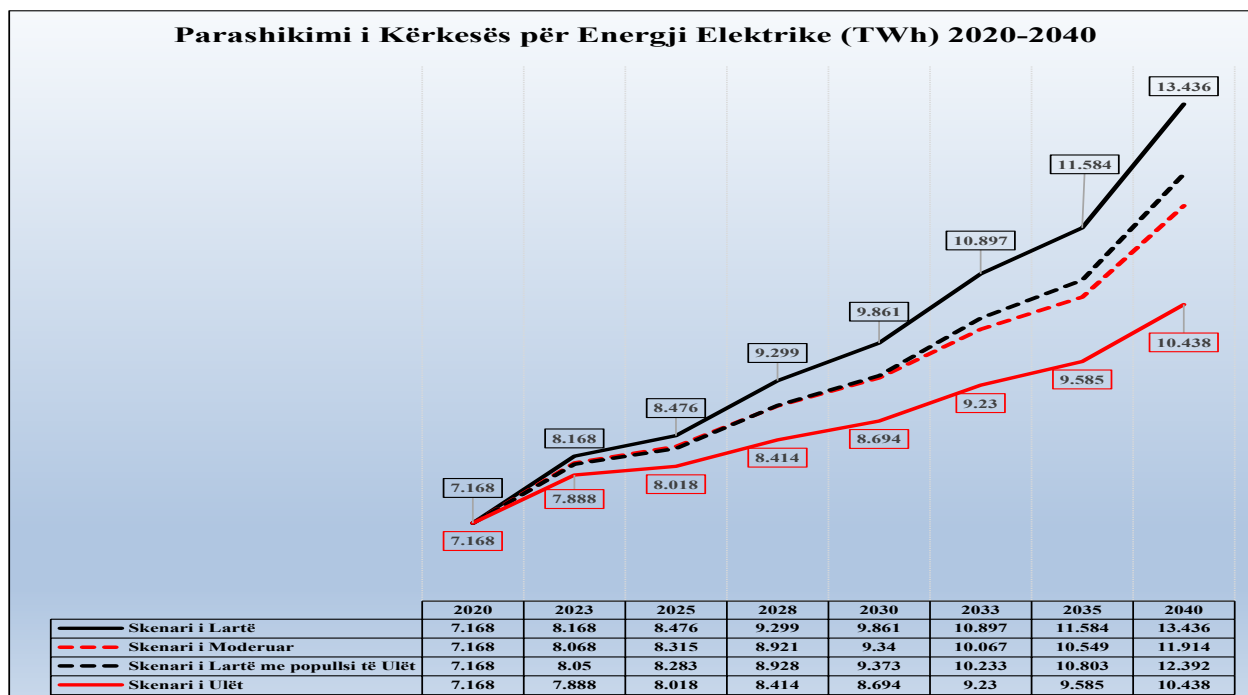


Figura 38 Scenario to provide the demand for electricity

As it can be noticed in the table above, the provision of electricity demand is realized for 2 (two) year period for 2020 – 2035 and for the 5 (five) – year period 2035 – 2040. For 2020 period in the higher scenario taken into account from the TSO, is about (7,168 TWh), results with a difference of about 977 GWh lower than the fact of 2021 of about 8,145 TWh.

d) The proposed, planned or in construction phase of the additional production capacity.

The following data shall submit the power plants which are connected in the transmission network for 2021, that are on construction phase or have received the prior approval for connecting with the transmission network as follows:

- The plants that have signed the agreement for connection to 2021 and are expected to be energized during 2022-2023 period:
 1. Stavec (14.77 MW) – KOKA&ERGI HPP-s.
 2. Kalivarë (5.597 MW) – BE-IS ENERGY HPP-s.
 3. Gostimë (48.864 MW) – Egnatia Hydropower HPP-s.
 4. Bushtrica (10.03 MW) – ELENERGJI +BUSHTRICA 2017 HPP-s.
 5. Fotovoltaic plant at Qyrsaqit dam (5.14 MWp) – KESH company.
 6. Karavasta fotovoltaic park (140 MWp) – KARAVASTA SOLAR company
- Plants that have signed connection agreements with the transmission system during 2021:
 1. Dragobia & Ceremi (22 MW) – Dragobia Energy HPP-s.
 2. Fotovoltaic plant at Qyrsaqit dam (5.14 MWp) – KESH company.
 3. Karavasta fotovoltaic park (140 MWp) – KARAVASTA SOLAR company.

- Plants that have received the approval in principle to be connected with the transmission system during 2021:
 1. Fotovoltaic Park Blue2 (57.6 MWp) – SPV Blue2 company.
 2. Fotovoltaic Park ALB-Solar1 (50 MW) - INFO-Telecom company.
 3. Karavasta Fotovoltaic Park (140 MWp) – KARAVASTA SOLAR company.
 4. Fotovoltaic Park Blue1 (57.6 MWp) – SPV Blue1 company.
 5. Fotovoltaic Plant at Qyrsaqit dam (5.14 MWp) – KESH company
 6. Karaburun Aeolian Park (3 MW) - NIKOLICA SKI RESORT company
 7. Karaburun Aeolian Park (3 MW) - RENEW POWER ALBANIA company.
 8. Karaburun Aeolian Park (3 MW) - SunPro company.
 9. Karaburun Aeolian Park (3 MW) – Suntech Power company.
 10. Karaburun Aeolian Park (3 MW) - A.Great Company.
- Plants that have received the prior opinion regarding the transmission system during 2021:
 1. Akerni Fotovoltaic Park (150 MWp) – EDIL-AL-IT company.
 2. Fotovoltaic Park of ARSOL SOLAR PARK1 (50 MWp) – ARSOL ENERGY company .
 3. Fotovoltaic Park of PREMIUM SOLAR PARK1 (30 MWp) – PREMIUM ENERGY company.
 4. Fotovoltaic Park of SHARP SOLAR PARK1 (20 MWp) – SHARP ENERGY company.
 5. Seman Fotovoltaic park (275 MWp) – GREENCELLS GMBH
 6. AGA SOLAR Fotovoltaic Park (150 MWp) – AGA SOLAR company.
 7. Dropull Aeolian Park (69.3 MW) – EU GREEN ENERGY company.
 8. Karaburun Aeolian Park (10 MW) – BRD Energy company.
 9. Karaburun Aeolian Park (10 MW) – GMT INVESTMENT company.
 10. Karaburun Aeolian Park (10 MW) – GRS Energy company.
 11. Karaburun Aeolian Park (10 MW) – MGN Energy company.
 12. Karaburun Aeolian Park (10 MW) – ORT INVESTMENT company.
 13. Lasare Area Aeolian Park (3 MW) – M&K Energy Trading Co company.

For the January - December 2021 period are set into operation four generation resources, hydro plants connected with the 110 kV transmission network , as follows:

- Dragobia & Ceremi HPP-s, connected with 110/20 kV B.Curri substation;
- Gjadër HPP, connected with the 220/110/10 kV V.Deja substation;
- Arsti HPP, connected with the 110 kV Fierzë-Dardhë line;
- Veleshica HPP-s, connected with the 110 kV Lapaj-Seta line.

e) Investment expectations, for the future 5 (five) years, that TSO company or any other party plans to realize regarding the increase of cross-border interconnection capacity.

By TSO company through a consultancy financed by the German bank kfw, the transmission network development plan is being prepared for a period of 15 years (2018-2033), which during 2021 was consulted with the parties and donors and is expected to be forwarded to ERE for approval within 2022.

1. The principles of managing the capacities restriction at the existing connections and the planned ones of the transmission system.

TSO implements the "Limited Capacity Management Principles", which deal with barriers to energy exchange, which are mainly caused by the limited capacity of the interconnection network, which means not only the interconnectors (cross-border lines), but every element of the network internal that becomes the reason for limiting transactions or transmission of energy from one area to another.

The safety of the work of the Power System is closely related to the assessment and determination of the transmission capacity. During 2021 period, in the transmission system, it is achieved the fulfillment of the safety criterion N- , mainly for all work regimes, and no problems of limitation of transmission capacities have been encountered, with the exception of some sporadic cases, appearing in the 110kV network. as a result of the distribution of generation and consumption in the network.

The determination of cross-border transmission capacity, NTC, is currently made according to bilateral agreements, which were signed between the TSO company and neighboring TSOs, and is based on the SAFA agreement (Synchronous Area Framework Agreement for Continental Europe), and its annexes. It is important to emphasize the clear difference between commercial and physical values, as it is known that there are two definitions, one related to the program (scheduling) values and the other to the physical flow of electricity, which in most cases do not match when an interconnector isolated from the rest of the network is considered. The complexity of the physical side of energy flow is handled by TSO. Market participants are not involved in this process. Regarding the management of cross-border capacities, in accordance with the rules of ENTSO-E, the following procedure is applied.

The time-periods defined for the cross-border transmission capacity

The definition of the NTC is realized for the annual, monthly, weekly, day ahead (D-1) and within and within day time – periods.

The data for the individual model of the network

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

- information regarding the technical data;
- information regarding the availability of the equipments and devices of the network;
- information regarding the schedule of the generating units.

For each time-frame of defining the capacity, any generation unit or load shall enable to the TSO-s all of the specified data and while the system operator prepares the network model for our control area, to which shall be assessed the convergence before send to the regional coordinator TSO, to enable the calculation of the active, reactive and voltage flows, in the static stable analysis that shall be performed.

The main element for the calculation of NTC (Net Transfer Capacity) is the document for the preparation of the regional market model "SEE regional common network model for different time horizons", prepared by the Regional Group of South East Europe, under the Market Committee of ENTSO-E. This document provides two essential elements for the calculation process of NTC:

- harmonized table of the basic case of exchange (BCE);

- common model of the Regional Network for different time frames.

Cross-border capacity allocation for the regional market participants

The allocation of cross border capacity for the market participants in our region is carried out from the Coordinated Auction Office SEE CAO in Podgorica.

The calculation of the NTC shall be according to the effective methodologies and regulations, where NTC for our system, is according to the restrictions during 2021, and resulted as follows:

Kufiri	NTC (MW/h)
AL->GR	400
AL->KS	400
AL->ME	300-400
Total	1100 -1200

Figura 39 NTC for 2021 period

Expected models of production, supply, cross border exchanges and consumption and taking the measures to manage the request for electricity

As presented above, the TSO company foreseen the demand for electricity, its coverage through domestic production and import for the next 5 years 2022 - 2026. This foresee was made on the basis of historical data for the last 10 years, taking into consideration the average daily consumption for each month, where the average gradient of the increase in demand for electricity is calculated, and is transmitted through the network for DSO company and consumers connected to the transmission network for each year.

The way to cover the expected demand is based on many years of experience, taking into account the flows in the cascade with 75% certainty, the level (expected one) of Fierza lake at the beginning of the year, the potential increase in the number and volume of generation of PVEs and PPEs, the possible export on their part depending on the conditions of the internal energy market and the energy import made by FTL (OSHEE) and qualified consumers.

Energy import from OSHEE company, to cover the losses in the distribution network and from the suppliers to respective consumers, is calculated in a complementary way with the selected probability of production from the country's hydropower plants. The change in the annual quantity of import that may be dictated by the change in the production of the country, as a result of the changes of the hydro situation, as the experience so far has shown, does not change the planning of the demand for electricity.

The expected models calculated by TSO company, of production, supply, cross-border exchanges and consumption, are grouped in the table below. These assessments provide indicative data on the progress of these parameters for the 5-year period and serve as effects of the planning carried out by TSO company.

Year	2022	2023	2024	2025	2026
Production [GWh]	6054	5955	6125	6340	6610
Exchange [GWh]	1871	2050	1960	1825	1635
Consumption [GWh]	7925	8005	8085	8165	8245

Figura 40 NTC Expected models of generation, interconnection exchange and consumption

2. The objectives for a sustainable development of the transmission network in national, regional and European level

TSO conducts continuous studies for specific areas of the network as well as the Albanian Power System connection with the systems of neighbouring countries. The most important studies of a special importance are carried out in cooperation with international research institutions within WBIF (Western Balkans Infrastructure Facility).

During the planning stages of developing the transmission network aiming the: (i) Rehabilitation and Strengthening of the transmission network; (ii) Establishment of new connection nodes; (iii) improvement of the management, control, measuring process etc, TSO company takes into consideration the national and regional development in full conformity with ENTSO-E directives (European Network of the Transmission System Operators for Electricity).

All projects in the process of implementation and those planned target the increase of the quality of service for the transmission system, which can be fully guaranteed through the realization of the necessary investments for its strengthening and modernization.

The investments provided by the TSO company for the interconnection line and the construction of internal lines of the network, which directly influence in eliminating the congestions at the interconnection lines.

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

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

This project strengthens the interconnections with the regional electricity network, establishing the conditions for commercial exchanges and transit without restriction of electricity in the region. At the same time, develops the 400 kV network in the Southern area of Albania where future sources of electricity generation are planned to be developed that shall be part of the infrastructure of the Eighth European Corridor.

The project includes:

- Construction of a new 400 kV transmission line with one circuit, between Albania and Northern Macedonia and to strengthen the existing 220 kV Elbasan – Fier transmission line. The route of the Elbasan-Bitola Line shall have a length of approximately 56 km while the Elbasan-Fier line shall be approximately 74 km.
- Construction of the new substation Elbasan 3 and strengthening and expansion of the existing substation of Fier. The new Elbasan 3 substation shall expand the existing 400/220 kV substation Elbasan 2, with a Plant in 400 kV level to connect the lines Tirana 2, Zëmlak, Fier and Northern Macedonia as well as the installation of a reactor shunt. Also, Fier substation shall be expanded and equipped with 400/220 kV transformers and a plant at the level of 400 kV to enable the connection of 400 kV to Elbasan 3.
- **Reconstruction of 220 kV interconnection line Vau i Dejës (Albania) – Podgoricë (Montenegro)**

The construction of the HVDC cable between Italy and Montenegro shall enable the sale of the future generation surpluses in the Balkan area and at the same time it shall further strengthen the transmission network in the region.

A series of new incentives for the construction of renewable energy plants are under development in the north of Albania and therefore reinforcements of existing interconnection lines are required to ensure cross-border exchanges between Albania and Montenegro.

The current interconnection airline Vau i Dejës (Albania) - Podgorica (Montenegro) was built in 1972 and has a transmitting power capacity of about 278 MVA.

The project includes:

Reconstruction of the 220 kV airline Vau i Dejes - Koplik (AL) - Podgorica with a new dual circuit airline, approximately 45 km long with 490/65 mm² aluminum-steel conductors.

The advantages obtained from making this investment are:

- increasing the security and reliability of the Albanian and Montenegrin network;
- increasing cross-border exchange between the two countries;
- increase of net Transfer Capacities between Albania and Montenegro, considering the electricity exchanges between Albania, Montenegro and Italy;
- reduction of network congestion;
- improving the quality of electricity supply;
- decrease of the technical losses;
- reduction of CO² levels;

- **Construction of the new 110 kV line Ulqin (Monte Negro) -Velipojë (Albania)**

The construction of 110 kV line Border – Velipojë is part of the new line that is conceived to be build and shall connect Ulqin (Monte Negro) substation with the substation of newVelipoja (Albania).

Currently the project is on initial stages and its realization shall be set in cooperation between two transmission operators of both countries, Albania and Monte Negro. Ulqini and Velipoja are two areas with great tourist potential and the provision of energy infrastructure will guarantee the maintenance and further tourist development of the areas in question.

Also Bushat and Velipoja areas have the potential for the development of energy renewable resources, mainly from wind.

110 kV line that shall be constructed will be approximately 8 km long, from the border to Velipoja substation, with ACSR-240m² conductor.

- **The construction of a new air line 110 kV between Albania and Kosovo**

Taking into consideration the high hydro generating potential, but also of other renewable sources that are expected to be realized and connected to the transmission network in the northeastern area of the country, the possibility of connecting with a 110 kV interconnection line, in the form of a ring, is being studied, from this area of Albania [(N/station Bajram Curri and N/station Kukës) towards areas with high consumption of Kosovo, such as Deçan, Dragash, Prizren, etc.

In this way shall be utilized the diversification fact of electricity production where it is acknowledged that Kosovo is based on the production with the lines.

Potentially, this will lead to possible reduction of production costs by the generators of both countries and the purchase of losses by the transmission system operators at the lowest possible cost. Diversification shall enable better management of ancillary services, better balancing the system due to imbalances that may result from the addition of renewable resources.

This project shall also increase the security and quality of electricity supply for consumers, but at the same time it will have a positive impact on generators as well, improving voltage levels.

f) Quality and level of the transmission network maintenance

During January-December 2021, TSO company continuously followed the realization of the planned operations (planned overhauls) and the issues, concerns and breakdowns that have been encountered during the operation of the transmission system by making the necessary interventions on a case by case basis.

Despite the difficulties and the issues that are established, mainly in winter, TSO reported that for 2021 are carried out all the planned overhauls and are taken the measures to eliminate all breakdowns that occurred during this period.

The operation for the maintenance of the transmission network, performed by the TSO company are classified in three categories:

- planned operations in accordance with the annual schedule of the overhauls
- operations at any time (not planned)
- operations for the elimination of the breakdowns displayed in the system.

The result of the operations carried out for the maintenance of the networks is given even from the indicators reflected on the following table, which submit the situation of the transmission network. As evidenced on the table the major issues and breakdowns of the transmission network items are on the 110 kV network.

Emertimi	Stakime gjithsej	Tranzitore	Qendru eshmerie	Kushte atmosf.	Defekte linje	Paisje primare	Paisje sekondare	SHAM SHAF	OSSH sha	Te tjere
Linja 400kV	17	7	6	3	0	0	0	1	0	0
Linja 220kV	85	44	17	8	7	1	4	1	0	3
Linja 110kV	456	201	49	59	33	13	80	12	0	9
Linja gjithsej	558	252	72	70	40	14	84	14	0	12

Figura 41 The breakdowns in the transmission system

g) Measures applied by TSO company for peak demand management and interruptions in electricity supply as well as measures taken to increase security of supply if needed.

In the framework of increasing the security of supply and to manage the energy situation on the critic junctions of the system, for specific time periods, mainly during summer and winter (during the holidays period and by the end of the year), the TSO company has undertaken additional measures to confront the situations and for the cooperation with OSHEE / DSO company. These measures have guaranteed an efficient operation in the framework of maintaining the sustainability and security of the system.

The additional undertaken measures may include as follows:

- set up of the joint working groups with the Electricity Distribution System Operator;
- detailed analysis of the transmission network Regions upload which are defined critic;

- an analysis and a rank of the operational actions for normal status and possible interruption of the connections or auto transformers according to the handled case of the issue
- keeping into continuous readiness of the connection and repairs groups of the TSO to enable the normalization of the supply schemes, in the shortest time possible, in case of breakdowns of the connections in prolonged breakdown status, or any other anomaly affecting the status of the switching equipments;
- promotion of the responsible structures engaged directly in utilization, maintenance and operation of the system to increase commitment as well as being updated with the issues that occur at the TSO network;
- good organization of the structures and increase of the human capacities if necessary for the maintenance of the network on these periods;
- continuous communication and interaction with DSO dispatch.

In normal operation conditions, the Operational Security means the ability to ensure normal operation of the system, to limit the duration and the number of the disorders, to prevent major black-outs and to limit the consequences of a major black - out, in case this happens.

The protection plan of the system is important in the framework of taking immediate measures to normalize the system, and also to facilitate the Reset of the system after a black-out, for the return of the system in normal operation.

h) TSO defence plan in case of an emergency situation:

System defence plan is connected with an emergency situation and consists of a series of coordinated measures, which aim to guarantee the integrity of the system, in case of the conditions resulting from serious defects. TSO company is on Emergency Situation if it at least has a deviation from the Restrictions of the Operational Safety and of the time-frames defined on article 109 (1) of the Transmission Code and the operators have not improvement measures to reset the system in Normal Situation.

The system protection plan drafted by TSO company also summarizes all technical and organizational measures taken to prevent the spread or deterioration of an incident in the Transmission System, an incident that may cause avoidance, expansion of the breakdown or even the collapse of the System; the System Protection Plan, drafted by the TSO includes:

- automatic over / under frequency control scheme
- automatic control scheme from voltage collapse
- the procedures followed during the activation of the protection plan as well as the conditions for the activation of remedial actions

i) System Protection Plan measures

System Protection Plan measures are presented as emergency remedial actions, to return the system in normal conditions. The following are examples of the applicable System Protection Plan measures in cases of restrictions on load, frequency, power and voltage fluxes.

- restrictions of the load / frequency
- release or closure of power generation units;
- increasing or decreasing (automatically or on demand) of the production level of generating units;
- adaptation of active LFC control mode;

- manual or automatic use of reductions, load unloading;
- changes in the operating points of transformer voltage regulators in the distribution level.
- restrictions on electricity flows;
- cancellation of the repairs of network elements and set them into work as soon as possible;
- automatic disconnection of the unit (generator) that is activated by disconnecting an relevant transmission line;
- trading in the opposite direction with neighboring areas of responsibility;
- interruption of planned exchanges;
- reduction of the exchange program;
- reduction of interconnection capacities;
- manual unloading of facilities with interruption agreements;
- automatic unloading of objects with interruption agreements, caused by disconnection of a transmission line;
- further load unloading depending on the situation.

Voltage restrictions

- demand for maximum or minimum values of active and reactive power generation;
- reduction of active power in favor of additional reactive power production;
- prevention of units by supplying, injecting additional reactive energy;
- discontinuance of maintenance and closing elements that were previously under repair;
- blocking the position of voltage regulators in transformers with underload regulation.

1.3.4.5 Electricity balancing market

On April 2021 was established the electricity balancing market that operates based on the Electricity balancing market rules of Albania, approved with ERE Board Decision no. 106 dated, 02.07.2020. From 1 April 2021, with the operation of the balancing market, the ancillary services are provided in the market in a transparent, competitive and non-discriminatory way.

The establishment of the electricity balancing market is an essential condition for the liberalization of the energy market in our country, as this market establishes the opportunity for the integration with regional countries market through crossborder balancing and being part of the Pan-European Balancing Platform.

This market includes all the actions, products and services used by the TSO, to guarantee the continuous conformity of supply and request, congestion management and frequency management as well as other required actions that ensure the integrity for the operation of the electricity market.

Electricity, as any other product, has a value that is connected with the time “when” and location “where” shall be delivered. The only real “price” of electricity is at the real time when the product is physically delivered, and ideally shall reflect the real value of the system needs. It is necessary that the balancing shall operate as a market that TSO shall use the open, transparent and non-discriminatory market principles on its decisions and select, procure and perform different services that serve to maintain the power system within the normal limits of operation. This mechanisms shall enable the transparency in the market with lowest transactions costs, as well as the increase of monitoring the market in general. The new Albanian balancing market enabled the final transition from one regulated mechanism with public entities to the balancing energy market liberalization, where each party that provides the balancing services may participate and be competitive with its products for the balancing services.

As a Balancing Service Provider are qualified these four (4) entities: the Albanian Power Corporation KESH company, Ayen as Energji; Devoll Hydropower company, and Kurum International company partially for the Reserves of Manual Reset of Frequency and Replacement Reserves.

The electricity balancing market shall establish the opportunity to electricity producers to diversify their protocol, entering in the energy market in conformity with the technical ability of generation units. With the increase of other renewable resources number, connected in the transmission or distribution network, becomes essential even for these resources to provide the services of the balancing system.

At the same time, Energy Community Secretariat, in Vienna expressing its attitude on 12 April 2021, assessed the full operation of the balancing market of electricity from 1 April 2021 as an important step of the power sector reform in Albania. The secretariat underlines that this market shall establish the opportunity that the market participants shall provide the balancing service and shall be responsible for their balancing by creating balancing groups. This element is especially important for the electricity priority producers, that are responsible for the caused imbalances and their group in balancing groups shall enable them to optimize the balancing costs.

1.4 Electricity Distribution

1.4.1 Activity of Electricity Distribution Operator (DSO company)

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

The Distribution System Operator (DSO) is responsible for ensuring the safe and sustainable development of the distribution system, the compliance of the requirements for electricity distribution, maintenance and safe operation of the electricity distribution system throughout the territory for which it is licensed. In accordance with the Law no. 43/2015 "On Power Sector", DSO shall procure electricity in the open market and from renewable sources, according to the regulation approved by ERE and through the electronic platform for electricity purchase procedures.

The Distribution System Operator (DSO company) is organized in 11 distribution areas and 42 agencies.

According to the data of DSO company, the total energy introduced in the distribution network for 2021 is 7,136,935 MWh, from which 1,556,953 MWh are the losses in the distribution network.

Beginning from 1 January 2021, the universal service supplier for the end-use customers is realized from FSHU company.

The table below are submitted the data on the main indicators of the Distribution System Operator DSO company during 2021 period.

1.4.2 Electricity consumption

The total annual electricity consumption (including the consumption of customers in the unregulated market) in Albania for the period 2004 to 2021 period, is presented graphically below:

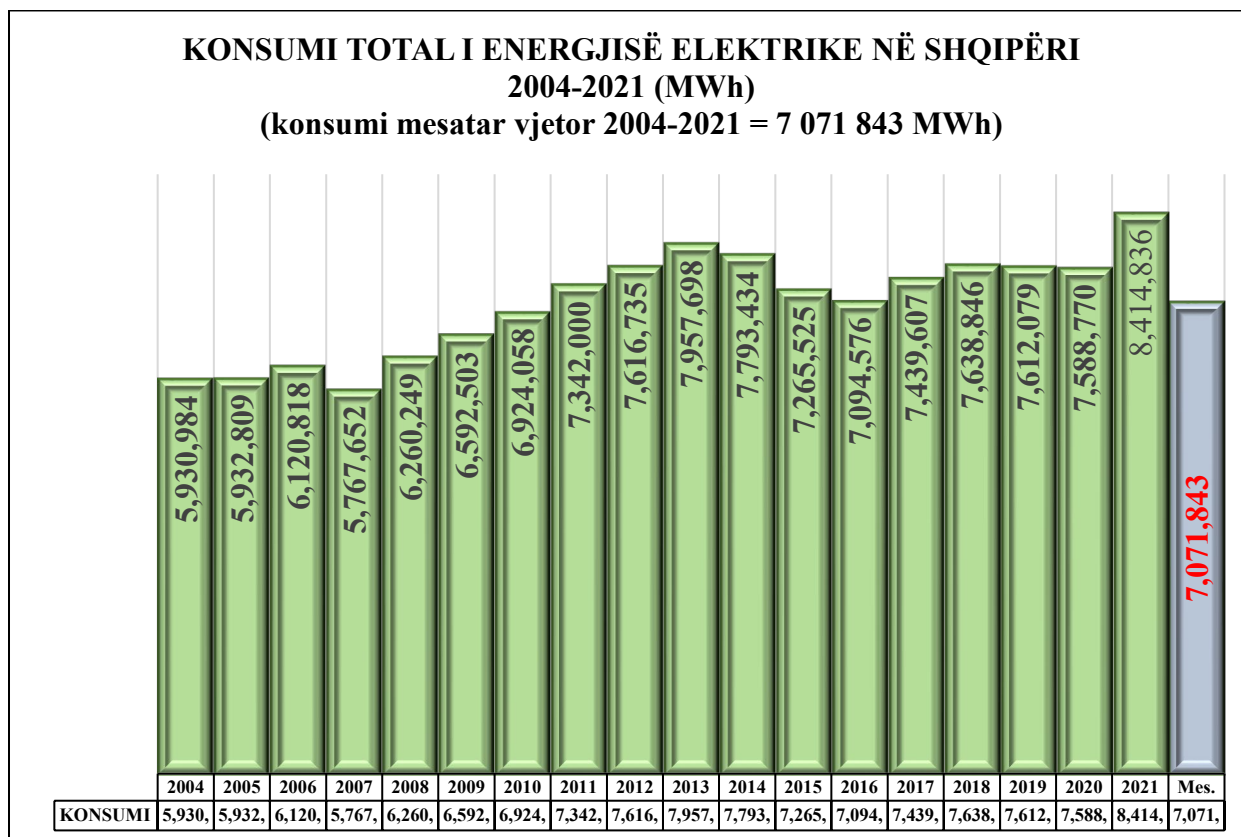


Figure 43 Total consumption of electricity throughout the years.

As it can be seen in the graphic presentation, the lowest electricity consumption recorded in our country is in 2007 with 5,767,652 MWh and the highest electricity consumption is the one recorded in 2021 with 8,414,836 MWh, and this last one mentioned composes the highest historic consumption in our country. Compared to 2020 there is a slight increase of electricity production in the country by 826,066 MWh.

The total electricity consumption increase in the country for 2021, compared to 2020, is 11%. At the same time, the total electricity consumption realized for 2021 is about 20% higher than the average consumption indicated on the table.

This increase of the total energy consumption, is reflected for all customer's categories, but especially for the customers that are supplied in the irregulated market, which for 2020 period have consumed about 870 GWh of electricity, while for 2021 these customers have consumed about 1 114 GWh of electricity. This increase of the consumption is due to the opening, development and the change of the economy structure, after the conditions of the COVID-19 Pandemic, after 2020 period.

The total electricity consumption in the country during 2021 is covered from electricity production realized from KESH company, independent producers of electricity, electricity priority producers, as well as from the electricity import.

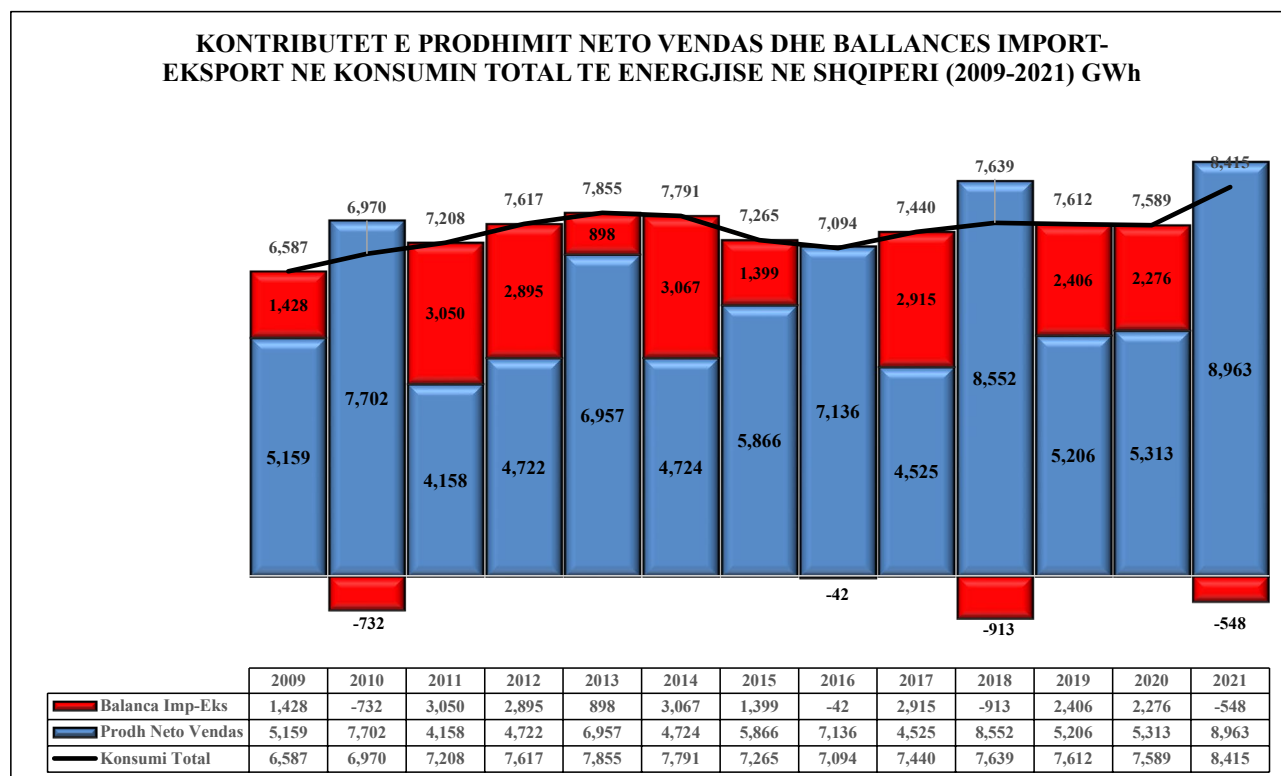


Figure 44 Net production domestic contributions and import-export balance of total electricity consumption in Albania

On the table above, it is evidenced the net domestic production and the import – export balance. As submitted on the above data, the domestic net production for 2021 results to be 8,963 GWh, while the total consumption of the country results to be 8,415 GWh, with a net balance to the exports 548 GWh.

Net balance of electricity exchange for 2021 period of about 548 GWh, resulted as a difference of the export realized on the quantity of about 2 800 GWh and the realized import is realized on 2 252 GWh value. This is due to the fact that the Albanian power system bases the electricity production on hydro resources, where for rainy periods may export electricity and for dry periods during the year, realizes the electricity import to cover the demands in the country, in other words, the production profile of the country do not always correspond for the same period with the consumption profile in our country, that shall contribute positively for the diversification of the electricity generation resources.

KONTRIBUESIT PËR MBULIMIN E KONSUMIT 2020			
SI SIGUROHET ENERGJIA E PËRDORUR			
Prodhimi Publik (KESH)	Prodhues me përparësi	Prodhues në Treg të Hapur	Ballanca në Interkoneksion
3,090,199	1,367,526	855,441	2,275,604
		7,588,770	hyrje

KONTRIBUESIT NË KONSUMIN E ENERGJISË SË SIGURUAR 2020				
KU KONSUMOHEM ENERGJIA E SIGURUAR				
Konsumi në treg të rregulluar (shitje+humbje)	Konsumuar nga Klientët në TL ("kualifikuar")	Konsumuar nga Klientët e lidhur në 35kv	Konsumuar nga OST (humbje +nevoja vetiake)	Konsumuar me furnizues FTL
6,537,820	811,356	61,116	172,198	6,010
		7,588,770		

KONTRIBUESIT PËR MBULIMIN E KONSUMIT 2021			
SI SIGUROHET ENERGJIA E PËRDORUR 2021)			
Prodhimi Publik (KESH)	Prodhues me përparësi	Prodhues në Treg të Hapur	Ballanca në Interkoneksion
5,343,974	2,192,736	1,425,989	547,896
		8,414,803	dalje

KONTRIBUESIT NË KONSUMIN E ENERGJISË SË SIGURUAR 2021				
KU KONSUMOHEM ENERGJIA E SIGURUAR 2021				
Konsumi në treg të rregulluar (shitje+humbje)	Konsumuar nga Klientët në TL ("kualifikuar")	Konsumuar nga Klientët e lidhur në 35kv	Konsumuar nga OST (humbje +nevoja vetiake)	Konsumuar me furnizues FTL
7,054,114	1,049,953	64,916	227,918	17,935
		8,414,836		

KONTRIBUESIT PËR MBULIMIN E KONSUMIT 2020 (%)			
SI SIGUROHET ENERGJIA E PËRDORUR			
Prodhimi Publik (KESH)	Prodhues me përparësi	Prodhues në Treg të Hapur	Ballanca në Interkoneksion
40.72	18.02	11.27	29.99
			-

KONTRIBUESIT NË KONSUMIN E ENERGJISË SË SIGURUAR 2020 (%)				
KU KONSUMOHEM ENERGJIA E SIGURUAR				
Konsumi i OSHEE (shitje+humbje)	Konsumuar nga Klientët në TL ("kualifikuar")	Konsumuar nga Klientët e lidhur në 35kv	Konsumuar nga OST (humbje +nevoja vetiake)	Konsumuar me furnizues FTL
86.15	10.69	0.81	2.27	0.08

KONTRIBUESIT PËR MBULIMIN E KONSUMIT 2021 (%)			
SI SIGUROHET ENERGJIA E PËRDORUR 2021			
Prodhimi Publik (KESH)	Prodhues me përparësi	Prodhues në Treg të Hapur	Ballanca në Interkoneksion
63.51	26.06	16.95	-
			6.51

KONTRIBUESIT NË KONSUMIN E ENERGJISË SË SIGURUAR 2021 (%)				
KU KONSUMOHEM ENERGJIA E SIGURUAR 2021				
Konsumi i OSHEE (shitje+humbje)	Konsumuar nga Klientët në TL ("kualifikuar")	Konsumuar nga Klientët e lidhur në 35kv	Konsumuar nga OST (humbje +nevoja vetiake)	Konsumuar me furnizues FTL
83.83	12.48	0.77	2.71	0.00

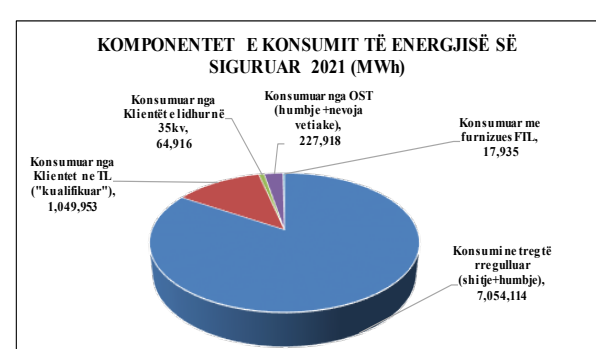
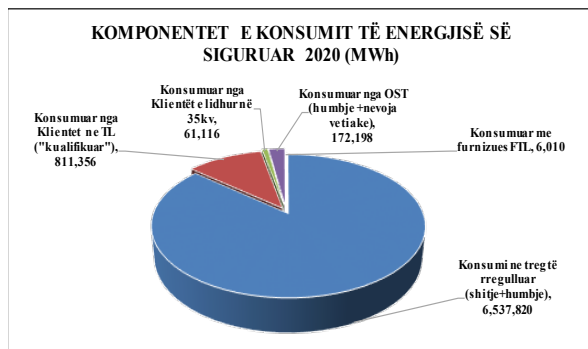
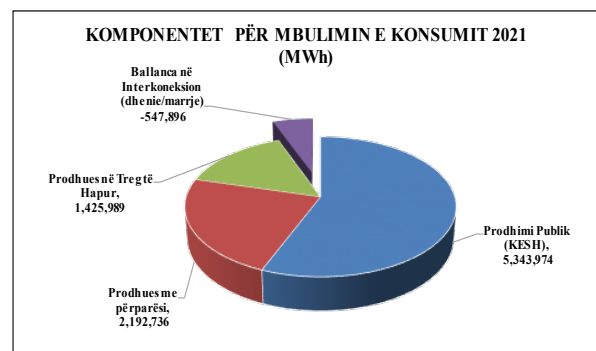
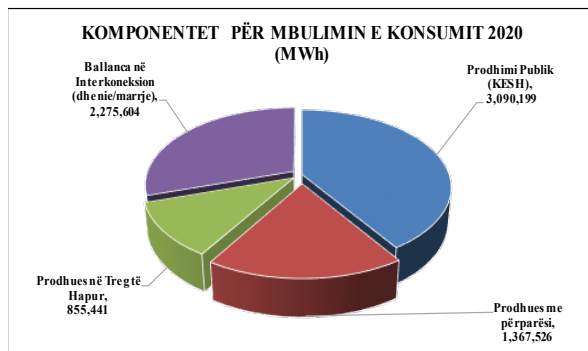


Figure 45 Components to cover the consumption and the electricity consumption components ensured during 2020 -2021 period

1.4.3 Structure of electricity consumption

SHPËRNDARJA E KONSUMATORËVE SIPAS RAJONEVE DHE KATEGORIVE 2021 (%)						
	Buxhetor	Familjare	Jo-Buxhetore	Konsum vetjak	Privat	2021
Berat	0.08	7.11	0.03	0.00	1.12	8.33
Burrel	0.05	4.32	0.02	0.00	0.50	4.90
Durres	0.07	11.98	0.03	0.00	1.51	13.59
Elbasan	0.08	7.57	0.04	0.00	1.04	8.72
Fier	0.05	5.81	0.02	0.00	0.80	6.69
Gjirokaster	0.10	5.53	0.02	0.00	0.79	6.45
Korce	0.08	6.50	0.02	0.00	0.76	7.36
Kukes	0.03	1.47	0.01	0.00	0.18	1.69
Shkoder	0.08	7.86	0.03	0.00	1.12	9.08
Tirane	0.12	22.29	0.04	0.00	4.10	26.56
Vlore	0.04	5.72	0.02	0.00	0.86	6.64
TOTAL	0.78	86.17	0.26	0.02	12.77	100.00

Figure 46 Distribution of DSO customers according to the regions and the categories during 2021 (Source: DSO company)

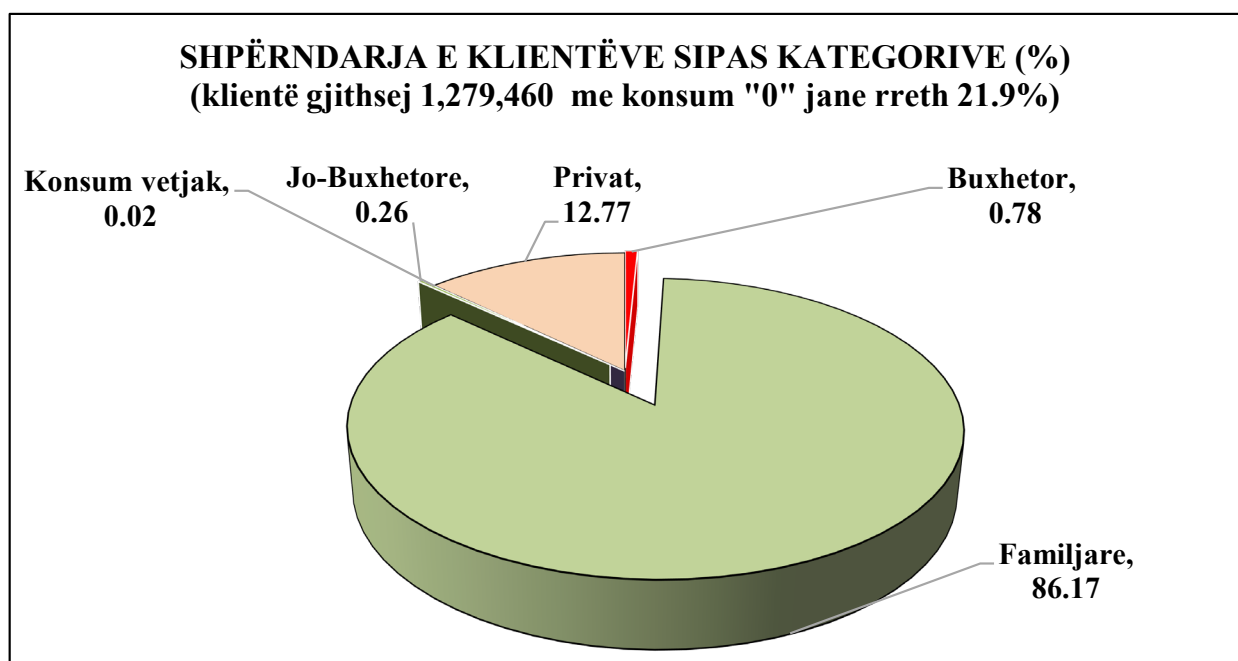


Figure 47 Distribution of the number of customers for 2021 according to the categories (%) (Source: FSHU company)

The data submitted above for 2021 period show the total number of the customers for 2021 period is 1,279,460 and the biggest part of the FSHU customers for this year is occupied from household customers, that compose 86.17% of the total number of FSHU company customers.

In the demographic distribution of FSHU customers even for 2021 period the biggest part is in Tirana, with about 26.5% of all FSHU company customers.

The structure of FSHU company customers is reflected even on the electricity invoice structure realized for 2021 period. The household customers occupy the biggest part at FSHU company and the biggest part of the electricity invoiced for 2021 period, respectively 49.36% of all of the invoice realized for 2021 period.

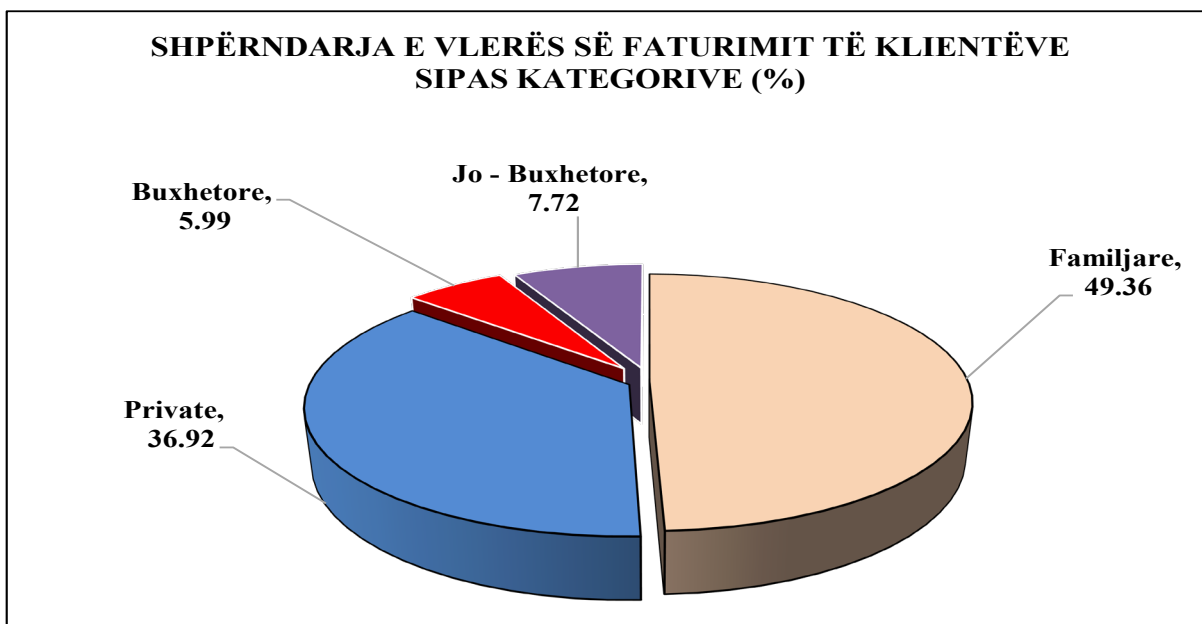


Figure 48 Invoicing reports according to the customer's categories during 2021 period (Source: FSHU company.)

On the following figure are submitted the specific weights of invoicing that are occupied by household customers categories.

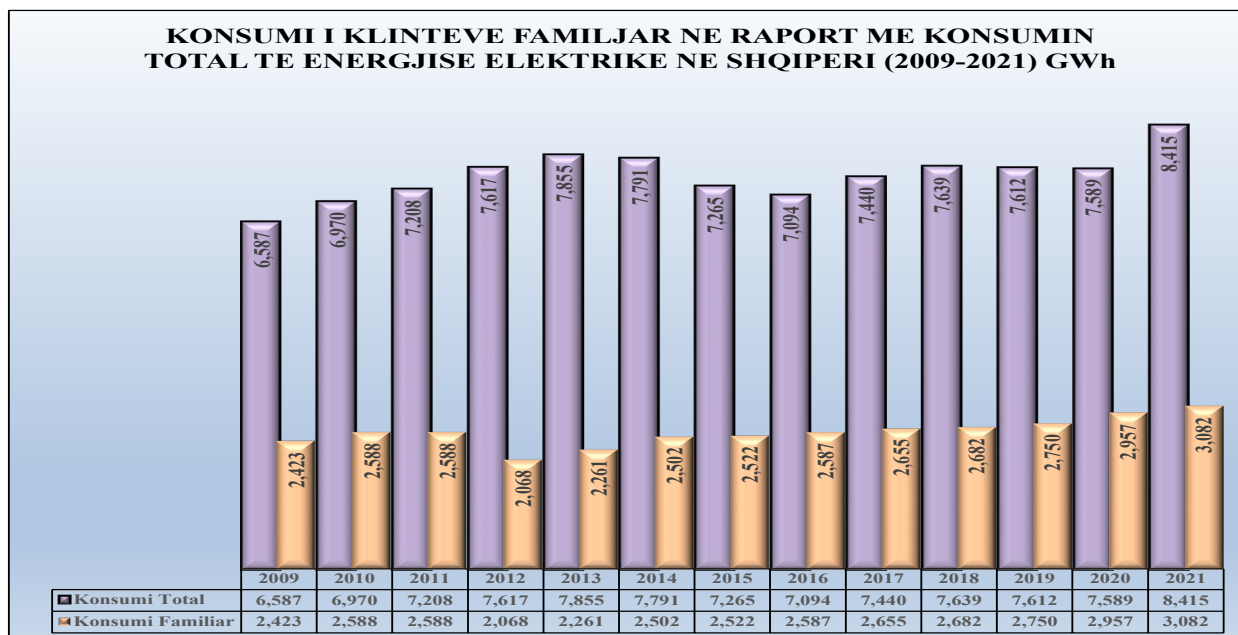


Figure 49 Household customers to the total production throughout the year (Source: FSHU company)

Household customers consumption occupies about 36.6% of the total consumption, a number that is lower compared to the consumption for the same category for 2020 period, that was of about 39%.

1.4.4 Electricity Consumption Profile

The annual profile of electricity consumption, is characterized from the almost complete symmetry of winter – summer consumption.

As in the reports of previous years, during this year the same phenomenon is observed, that of using electricity for heating in winter, but even for the cooling systems in summer, elements that may lead

to the symmetry of electricity consumption, for winter and for summer period. Any change of the environment temperature is immediately reflected in the daily consumption of electricity, precisely from the effect of using or not using the electricity cooling / heating of the building.

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

Below are the data of average daily consumption for each month of 2020 compared to the average data of the period 2009-2019.

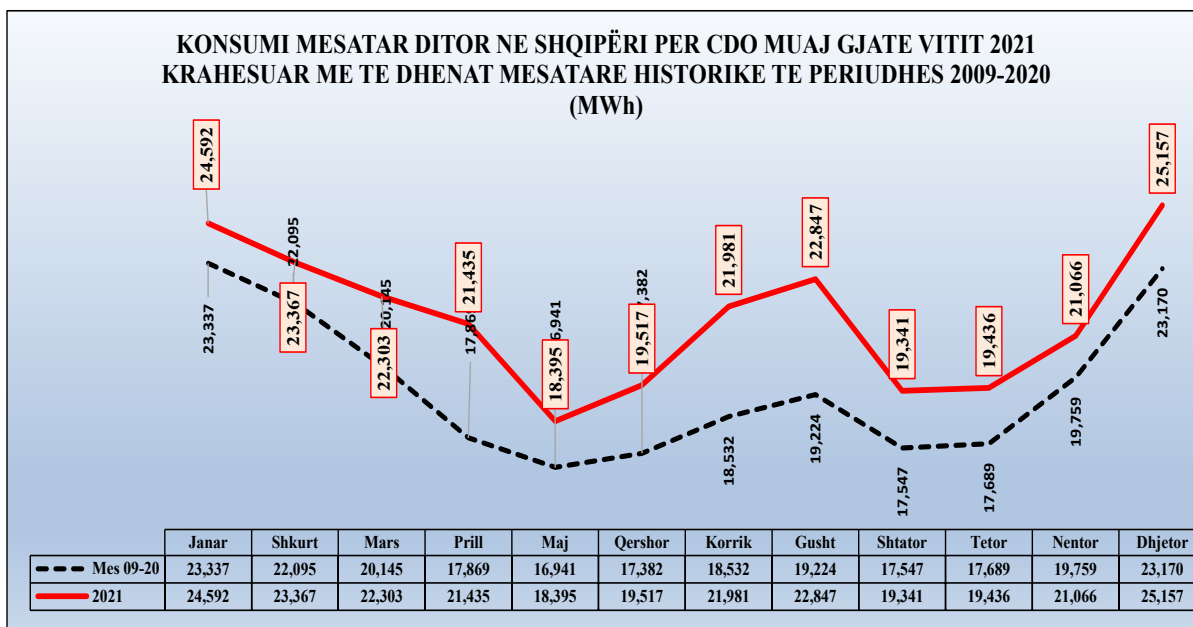


Figure 50 Average daily consumption for each month of 2021

On the following graph it is submitted the average daily profile on hourly basis of the load for 2021 period.

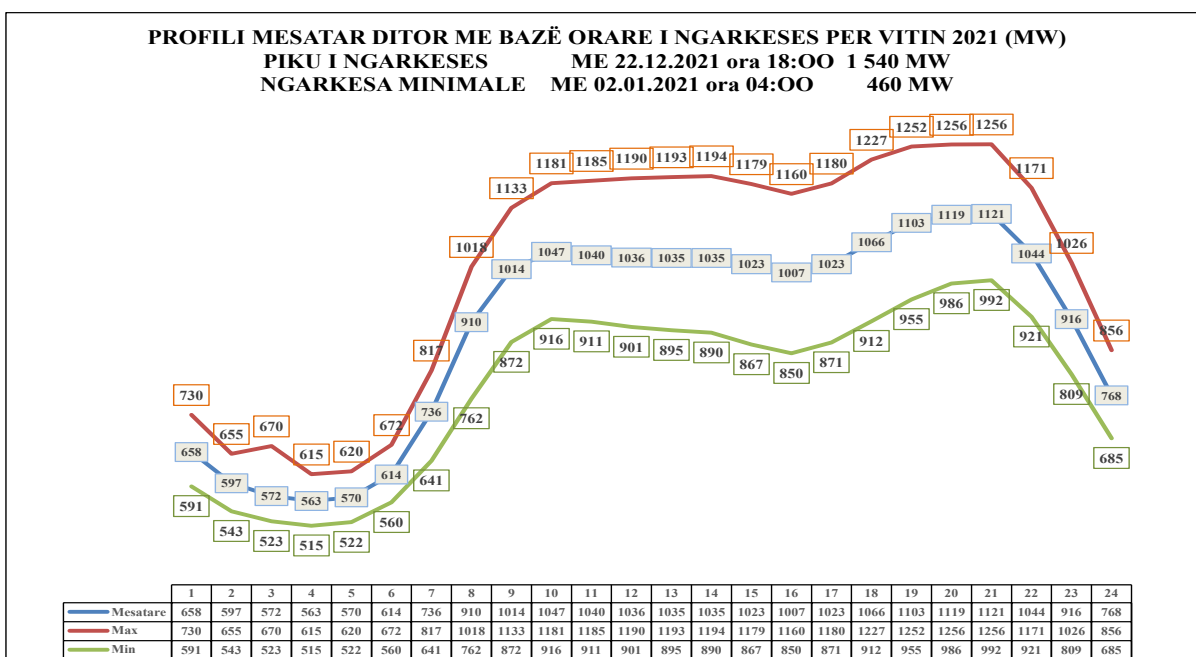


Figure 51 Average daily profile on hourly basis for 2021 period

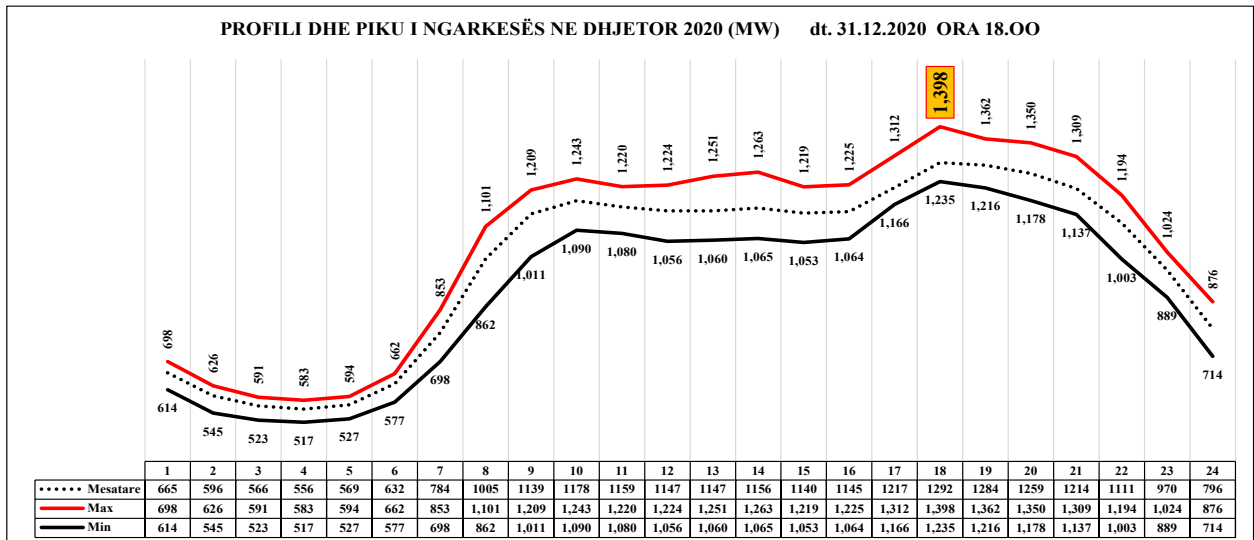
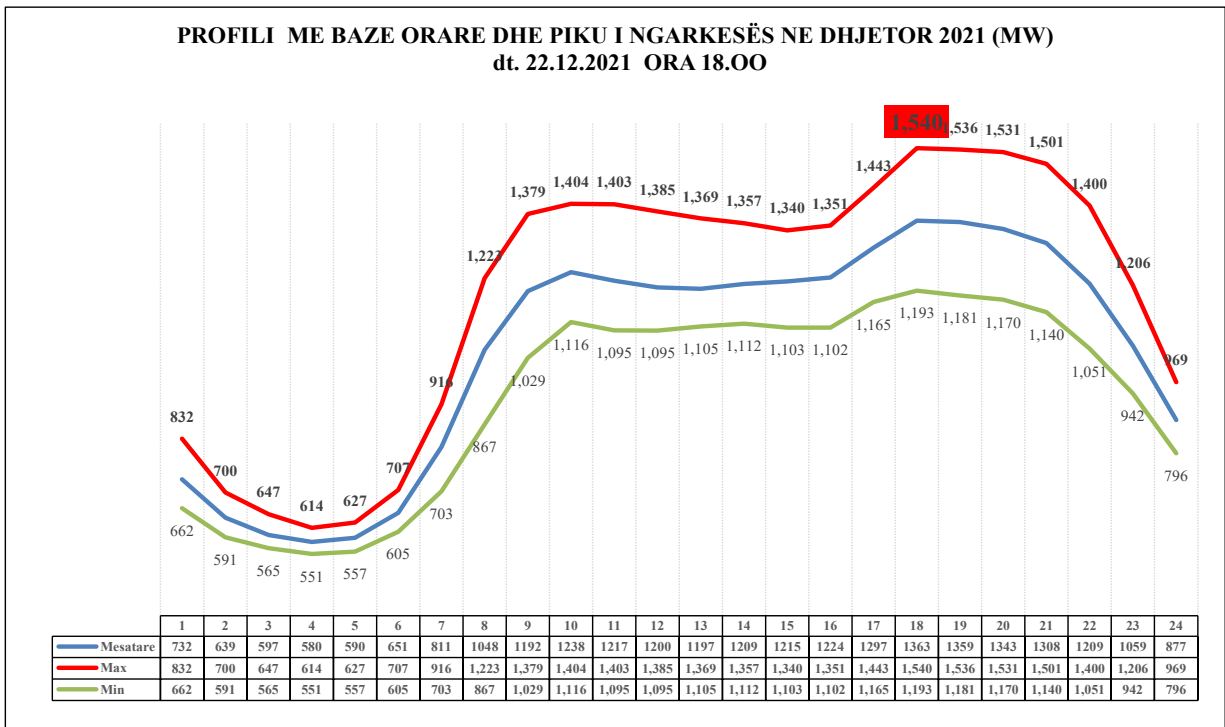


Figure 52 The profile and the peak load on December 2021 (MW)

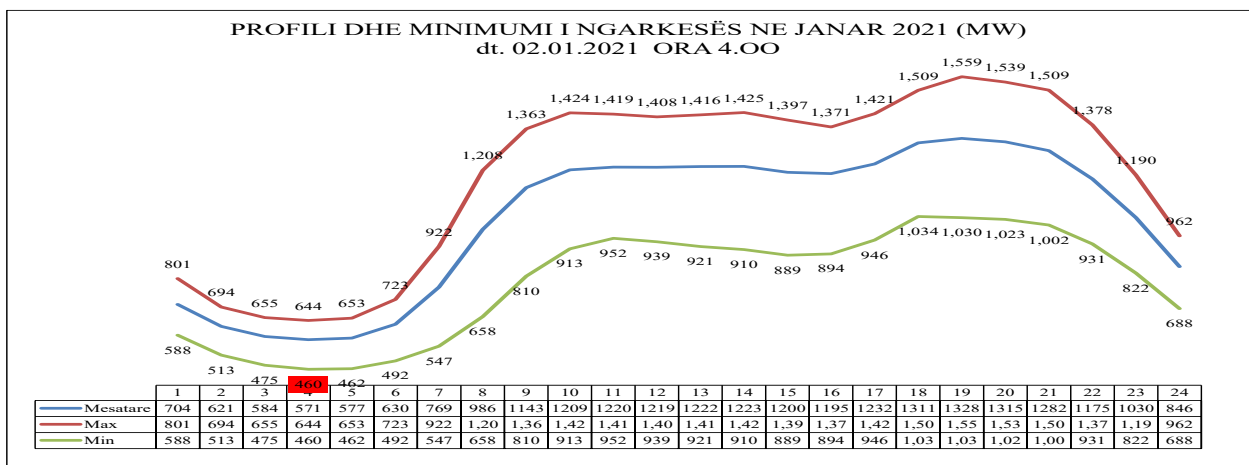


Figure 53 The profile and the minimum load during March 2021 (MW)

As notified on the above graphical submission, the peak of the load is on 22.12.2021, hour 18:00, of about 1540 MW, while the minimum of the load is registered on 02.01.2021, hour 04:00, of about 460 MW.

1.4.5 Indicators of electricity supplied, sold and lost for each area and agency of the Distribution Operator DSO company during 2021.

As follows are submitted the data regarding the indicators of the supplied, sold and lost electricity (in MWh), for each area and agency of the DSO company during 2021.

Drejtoria Rajonale/Agjensia	VIII 2021			
	Energjia e Hyre MWh	Energjia e Shitur MWh	Humbjet MWh	Humbjet ne %
Tirana1	949,830	828,892	120,938	12.7
Tirana2	866,870	746,836	120,034	13.8
Tirana3	699,659	601,538	98,122	14.0
Dr. Rajonale Tirane	2,516,360	2,177,266	339,094	13.5
Durres	422,675	357,787	64,889	15.4
Kavaje	175,124	148,044	27,080	15.5
Kruje	155,480	102,752	52,728	33.9
Shijak	203,015	150,650	52,366	25.8
Dr. Rajonale Durres	956,295	759,233	197,062	20.6
Ballsh	45,321	40,613	4,708	10.4
Fier	355,555	306,875	48,680	13.7
Patos	69,997	56,082	13,915	19.9
Dr. Rajonale Fier	470,874	403,570	67,303	14.3
Elbasan	353,270	307,841	45,429	12.9
Gramsh	27,121	23,004	4,117	15.2
Librazhd	97,517	83,912	13,605	14.0
Peqin	41,117	32,948	8,169	19.9
Dr. Rajonale Elbasan	519,025	447,706	71,319	13.7
Bilisht	42,392	36,460	5,932	14.0
Kolonje	34,591	30,250	4,340	12.5
Korce	248,869	209,959	38,909	15.6
Pogradec	81,538	71,382	10,156	12.5
Dr. Rajonale Korce	407,390	348,052	59,338	14.6
Delvine	18,304	15,267	3,037	16.6
Gjirokaster	109,031	86,511	22,520	20.7
Permet	25,951	21,841	4,110	15.8
Saranda	124,852	105,173	19,679	15.8
Tepelene	33,935	21,766	12,170	35.9
Dr. Rajonale Gjirokaster	312,073	250,558	61,516	19.7
Koplik	77,596	37,101	40,495	52.2
Lezhe	180,253	120,730	59,523	33.0
Puke	31,234	18,150	13,084	41.9
Shkoder	426,779	277,512	149,267	35.0
Dr. Rajonale Shkoder	715,862	453,492	262,369	36.7
Berat	131,088	109,247	21,841	16.7
Kuçove	71,990	61,261	10,729	14.9
Lushnje	209,284	172,531	36,753	17.6
Skrapar	66,934	60,609	6,324	9.4
Dr. Rajonale Berat	479,295	403,648	75,648	15.8
Has	33,973	17,130	16,844	49.6
Kukes	111,097	68,084	43,013	38.7
Tropoje	69,986	31,819	38,167	54.5
Dr. Rajonale Kukes	215,056	117,032	98,024	45.6
Bulqize	66,966	59,704	7,262	10.8
Diber(Peshkopi)	80,935	53,266	27,668	34.2
Lac	206,900	138,650	68,250	33.0
Mat (Burrel)	64,596	43,574	21,022	32.5
Mirdite	58,325	42,505	15,819	27.1
Dr. Rajonale Burrel	477,722	337,700	140,022	29.3
Himare	28,813	26,153	2,660	9.2
Selenice	48,830	22,405	26,425	54.1
Vlore	293,123	244,325	48,798	16.6
Dr. Rajonale Vlore	370,766	292,883	77,883	21.0

Figure 54 Data on the main indicators for each agency of the Distribution System Operator DSO company during 2021 period

The highest losses belong to the Regional Directories of Tirana and Shkodra, while the lowest level of losses during 2021 were on the Regional Directories of Përmet, Gramsh and Himara. Even

during the 2020 period, the highest losses of electricity were on the Regional Directories of Tirana and Shkodra, while the lowest level of the losses was also on Permet, Gramsh and Himara.

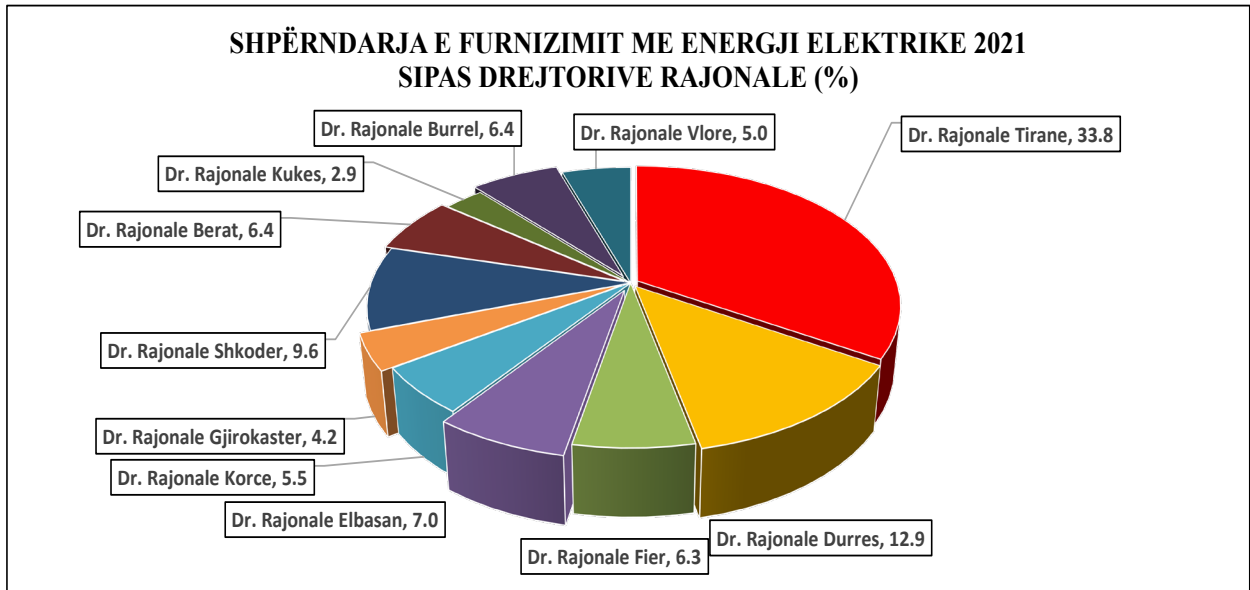


Figure 55 Electricity supply distribution according to the regional directories (%)

As evidenced even in the figure, the biggest part of electricity consumption in the country for 2021 is occupied by the Regional Directory of Tirana, while the lowest part is occupied by the Regional Directory of Kukes.

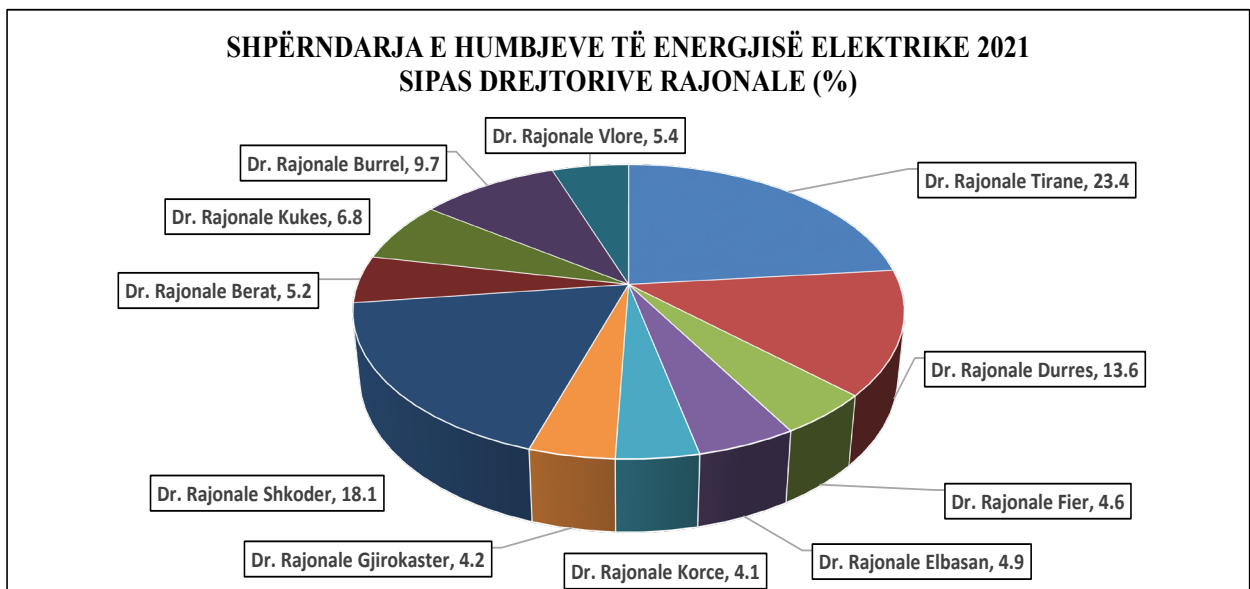


Figure 56 Distribution of electricity losses according to the regional directories (%).

On the following table it is submitted the level of the losses in the distribution system, with the targets decided by Council of Minister Decision no. 758, dated 09.12.2021, “On an amendment on Council of Minister Decision no. 253, dated 24.04.2019, On approving the financial consolidation plan of the electricity public sector”.

As evidenced, the electricity losses in the distribution system during 2021 period are 20.62%, with a slight increase of about 0.12% on the target decided by Council of Minister Decision no. 758, dated 09.12.2021, “On an amendment on Council of Ministers Decision no. 253, dated 24.4.2019, “On approving the financial consolidation plan of the electricity public sector”.

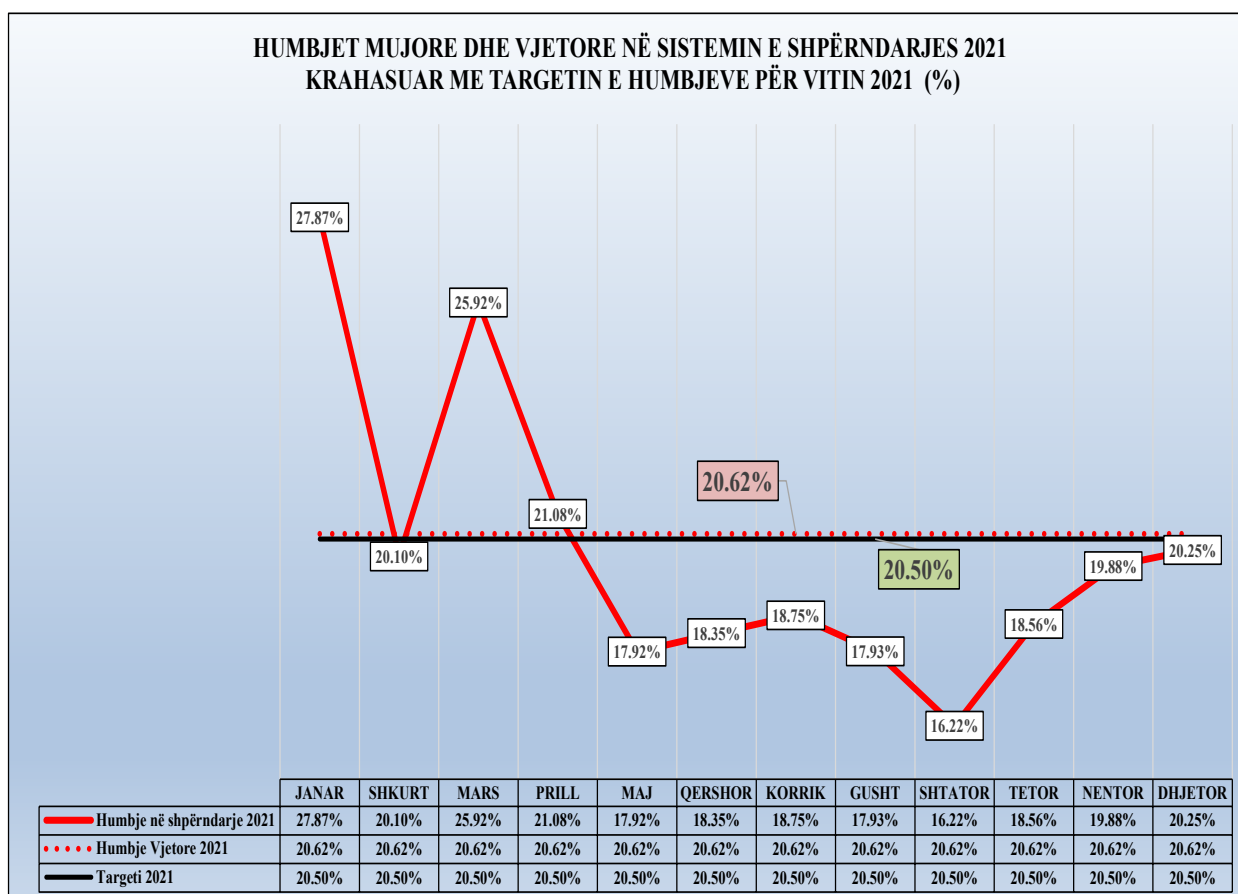


Figure 57 Monthly and annual losses in the distribution system, compared to the electricity losses target according to Council of Minister Decision no. 758, dated 09.12.2021 in (%)

Submission of the contribution in the respective supply and losses according to the agencies is shown in the following figure, on which it is evidenced the electricity quantity quantity supplied for each agency and the respective electricity losses.

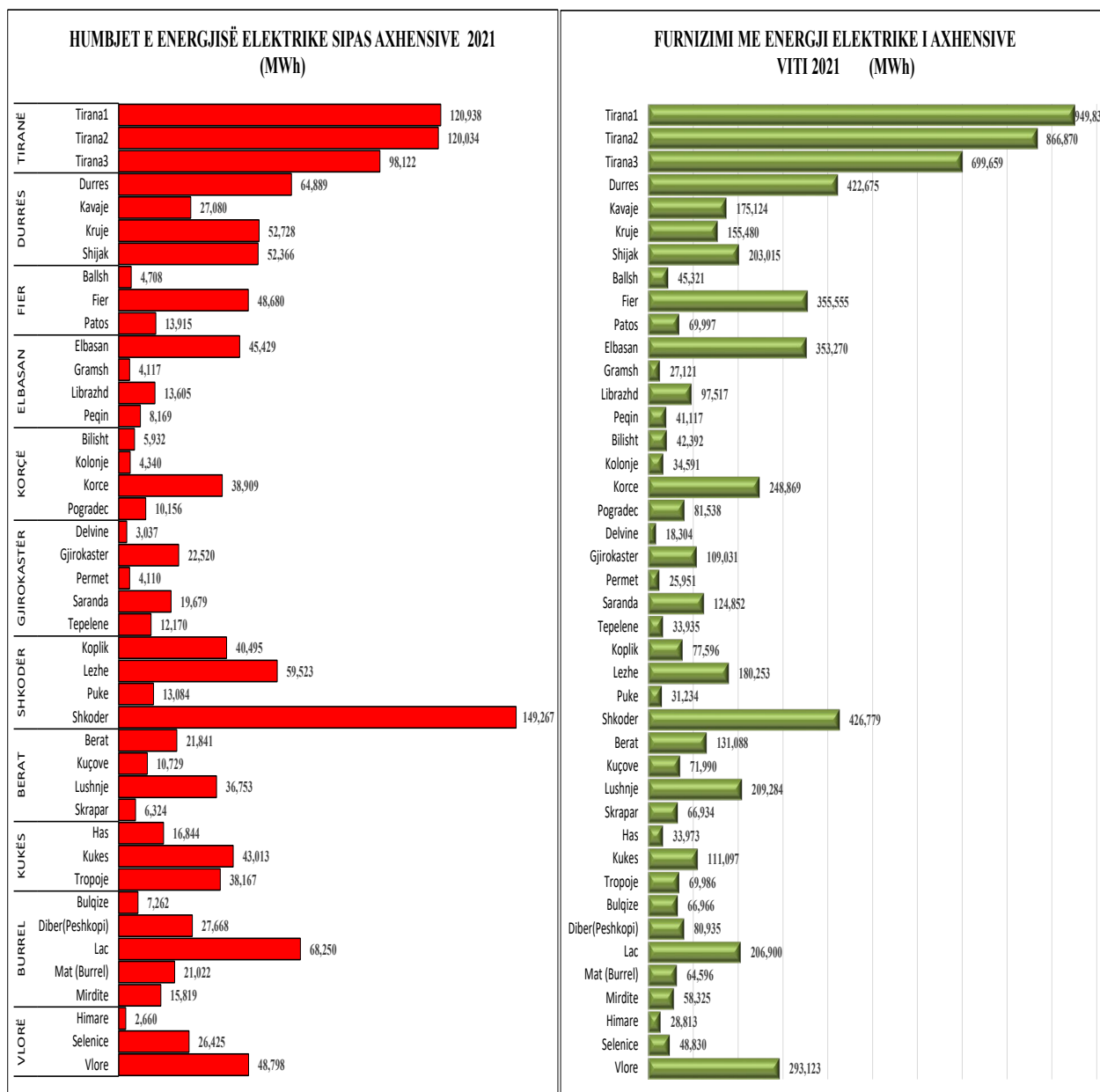


Figure 58 Electricity amount in supply and losses in the regions and the agencies of the distribution network (Source DSO company)

Based on the above mentioned data of the periodic or specific tables and information of the electricity market operators it is build the Power Balance for 2021 as follows:

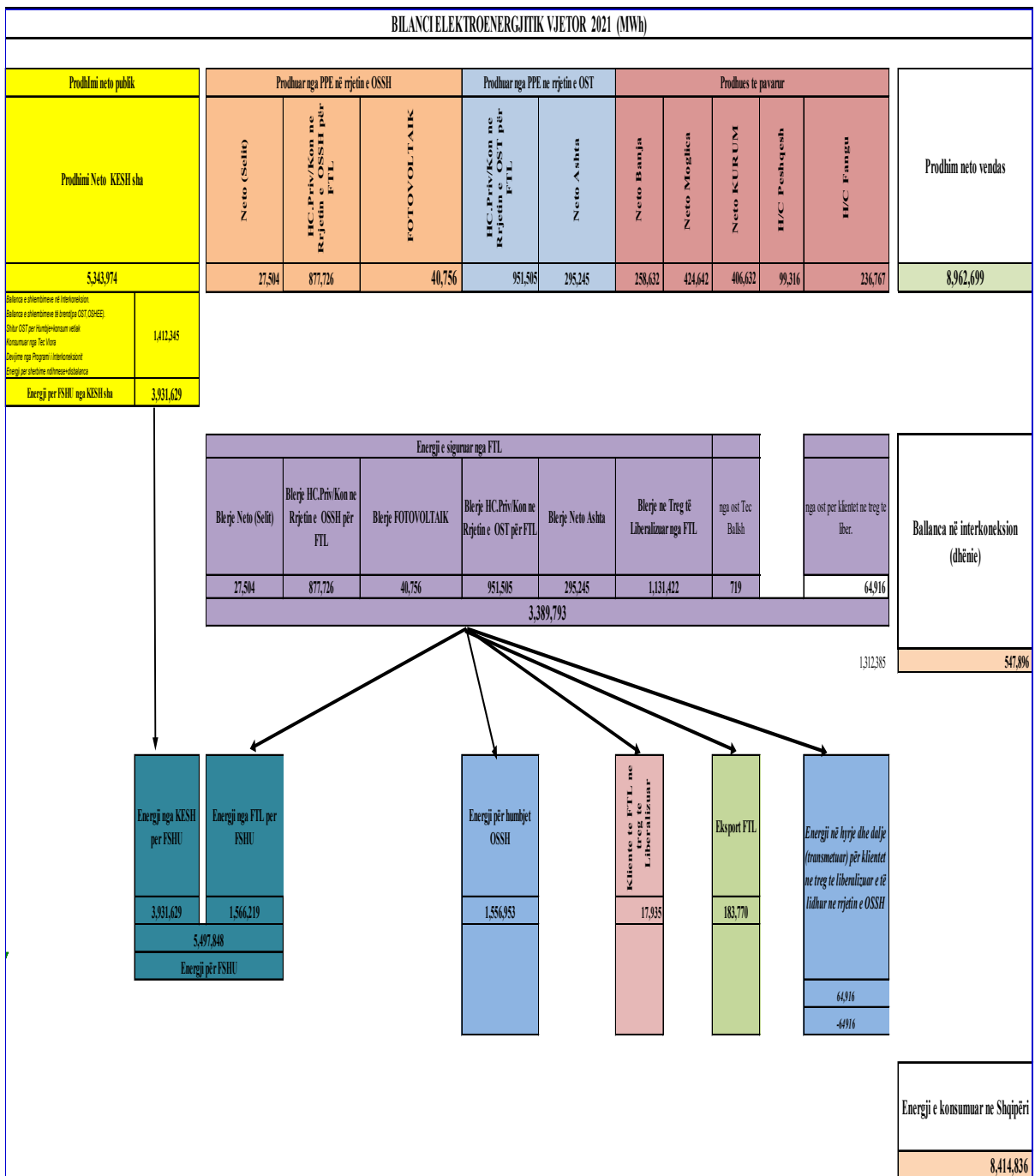


Figure 59 Power Balance of 2021 period according to the reports of the TSO and the DSO companies.

1.4.6 Effectiveness of electricity sales

During 2021, the effectiveness of electricity sales continues in increased values, always referring to the determining factors in the level of electricity consumption efficiency, which are:

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

The total losses reported by the company for 2021 are **20.62 %** marking a decrease in the level of losses compared to 2020.

Total collection level reported by the DSO company is 97.5 % to the invoiced electricity (see the table of Invoices- Collections, as follows). This level of the collections for 2021 is increased, compared to the level of the collections realized for 2020, of about 95.8%. These collections values include even the arrears, which are realized in the respective year.

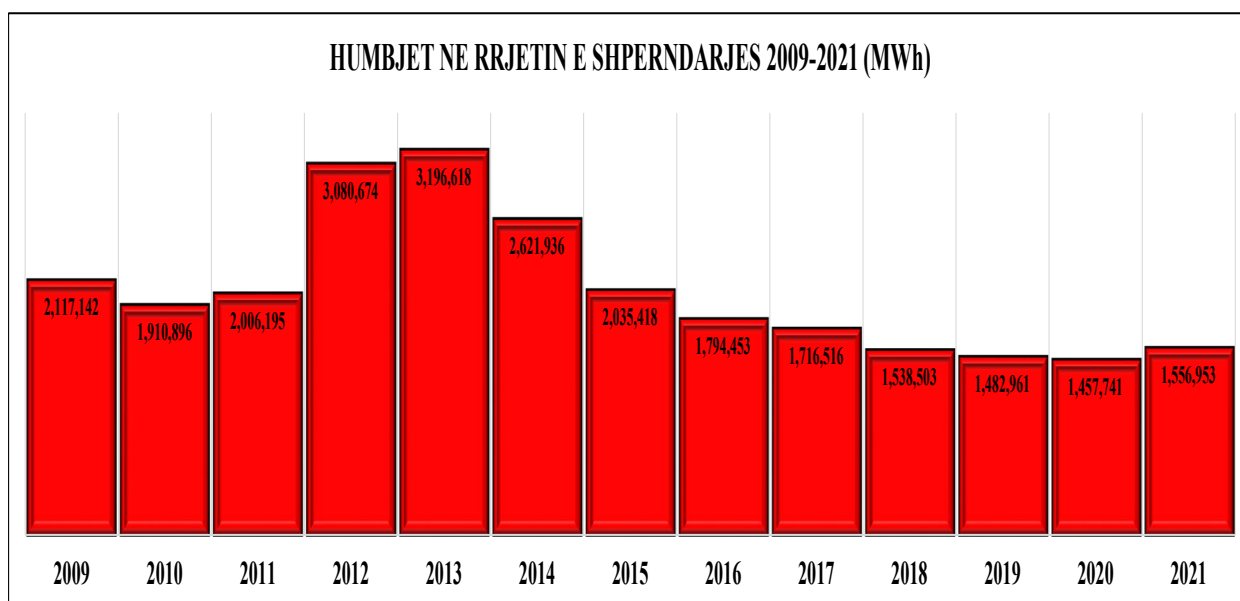


Figure 60 The annual losses in the distribution system for 2009-2021 period. (Source: DSO company)

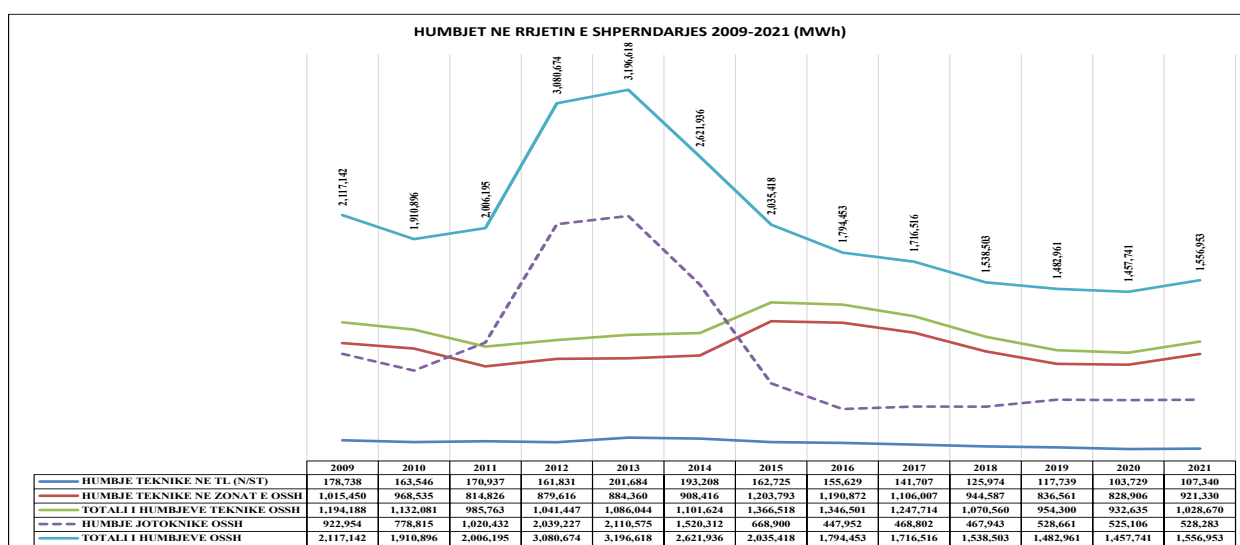


Figure 61 Graph of the annual losses in the distribution system in the 2009-2021 period (Source: DSO company.)

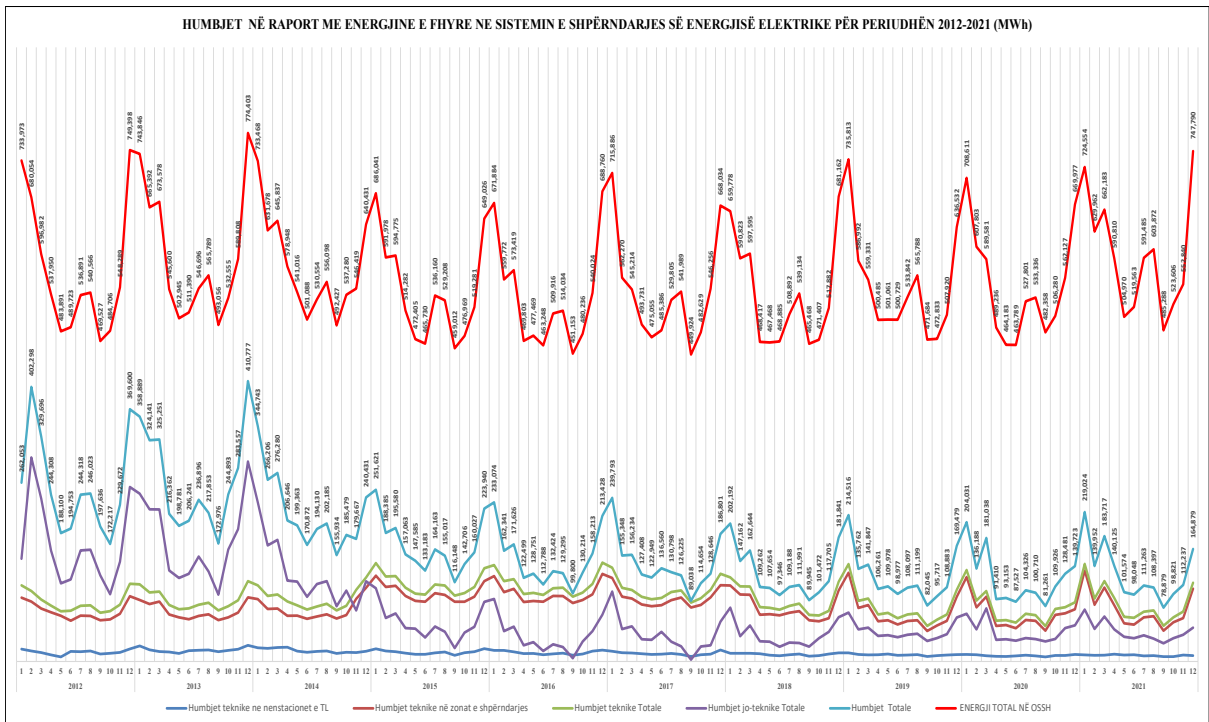


Figure 62 Annual losses in the distribution system for 2009-2021 period (Source: DSO company)

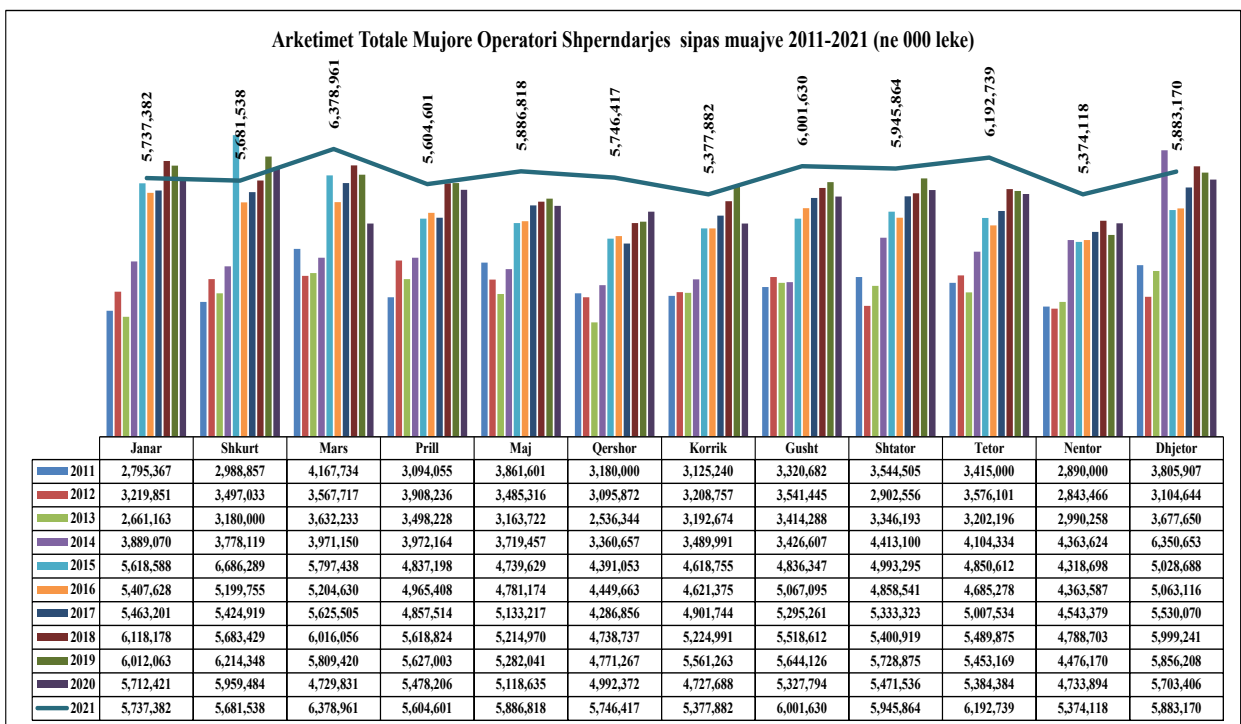


Figure 63 Level of monthly collections for the 2011-2021 period (Source: FSHU company)

PERFORMANCA E OPERATOTRIT TE SHPERNDARJES 2009-2021 (%)												
NIVELI I HUMBJEVE (%) 2009-2021												
	Janar	Shkurt	Mars	Prill	Maj	Qershor	Korrik	Gusht	Shtator	Tetor	Nentor	Dhjetor
2009	40.75	37.05	38.05	32.93	33.44	30.75	32.60	30.20	25.34	30.67	33.44	36.89
2010	38.62	35.41	36.90	31.37	35.17	31.45	26.94	29.69	21.47	20.61	22.16	29.05
2011	55.55	38.00	36.95	23.11	24.85	21.29	21.88	19.41	22.95	25.15	32.20	35.70
2012	35.72	59.16	55.23	45.41	38.87	39.77	45.51	45.51	42.09	35.53	41.89	49.32
2013	51.12	48.71	48.29	39.66	39.52	40.33	43.33	38.50	35.08	45.98	48.08	53.04
2014	47.00	42.14	42.78	35.69	36.85	34.10	36.59	36.36	31.67	34.52	32.88	37.54
2015	36.68	31.82	32.88	30.54	31.24	28.60	30.62	29.29	25.30	29.92	30.82	34.50
2016	34.69	29.00	29.93	26.07	26.97	24.35	25.97	25.15	22.12	27.11	29.30	30.99
2017	33.50	27.63	28.66	25.81	25.88	28.31	24.69	23.29	19.79	23.76	23.55	27.90
2018	30.65	24.91	27.22	23.33	23.03	20.76	21.46	20.77	19.32	21.53	22.73	26.70
2019	29.25	23.21	26.5	21.36	22.10	19.92	20.42	19.81	17.54	20.40	21.58	24.76
2020	28.22	21.61	28.36	17.39	19.10	18.65	19.69	18.87	16.80	21.21	22.79	20.49
2021	27.87	20.1	25.92	21.08	17.92	18.34	18.75	17.93	16.22	18.56	19.88	20.25
Niveli i Arketimeve (%) 2009-2021												
	Janar	Shkurt	Mars	Prill	Maj	Qershor	Korrik	Gusht	Shtator	Tetor	Nentor	Dhjetor
2009	69.32	85.95	74.38	86.58	86.31	76.37	75.40	72.46	83.20	80.82	61.77	70.01
2010	55.37	66.28	86.63	89.46	86.70	79.42	74.84	124.98	84.20	70.81	56.15	66.48
2011	67.26	57.61	87.66	71.61	96.73	73.00	65.00	81.00	66.00	63.86	51.47	87.30
2012	59.80	79.20	78.50	78.00	94.70	83.50	91.60	102.90	74.00	98.00	72.60	78.00
2013	61.40	63.70	86.20	80.70	79.10	69.60	87.90	90.10	78.50	84.30	89.00	102.00
2014	84.90	77.10	85.90	85.50	81.90	80.20	86.70	83.60	102.60	101.00	101.90	141.00
2015	112.70	120.50	103.70	86.60	95.70	97.10	98.40	104.70	95.30	100.30	92.20	100.70
2016	92.10	87.00	95.60	90.10	99.10	92.00	94.20	96.70	91.50	96.70	90.30	96.70
2017	85.20	87.60	105.70	94.50	105.70	91.80	104.80	97.40	94.60	103.80	92.70	100.10
2018	96.39	95.69	105.82	98.92	111.64	100.16	105.00	102.12	93.03	108.76	96.24	108.94
2019	90.7	92.6	99.8	102.4	102.50	94.00	104.40	99.30	93.90	104.70	89.60	110.70
2020	91.4	91.6	77.5	106.8	101.80	102.20	96.80	95.30	96.60	101.10	91.50	101.80
2021	86.4	88.9	102.1	91	101.20	110.70	96.90	94.10	90.70	114.70	96.90	101.50
Efektiviteti i shitjeve (%) 2009-2021												
	Janar	Shkurt	Mars	Prill	Maj	Qershor	Korrik	Gusht	Shtator	Tetor	Nentor	Dhjetor
2009	41.1%	54.1%	46.1%	58.1%	57.4%	52.9%	50.8%	50.6%	62.1%	56.0%	41.1%	44.2%
2010	34.0%	42.8%	54.7%	61.4%	56.2%	54.4%	54.7%	87.9%	66.1%	56.2%	43.7%	47.2%
2011	29.9%	35.7%	55.3%	55.1%	72.7%	57.5%	50.8%	65.3%	50.9%	47.8%	34.9%	56.1%
2012	38.4%	32.3%	35.1%	42.6%	57.9%	50.3%	49.9%	56.1%	42.9%	63.2%	42.2%	39.5%
2013	30.0%	32.7%	44.6%	48.7%	47.8%	41.5%	49.8%	55.4%	51.0%	45.5%	46.2%	47.9%
2014	45.0%	44.6%	49.2%	55.0%	51.7%	52.9%	55.0%	53.2%	70.1%	66.1%	68.4%	88.1%
2015	71.4%	82.2%	69.6%	60.2%	65.8%	69.3%	68.3%	74.0%	71.2%	70.3%	63.8%	66.0%
2016	60.2%	61.8%	67.0%	66.6%	72.4%	69.6%	69.7%	72.4%	71.3%	70.5%	63.8%	66.7%
2017	56.7%	63.4%	75.4%	70.1%	78.3%	65.8%	78.9%	74.7%	75.9%	79.1%	70.9%	72.2%
2018	66.8%	71.9%	77.0%	75.8%	85.9%	79.4%	82.5%	80.9%	75.1%	85.3%	74.4%	79.9%
2019	64.2%	71.1%	73.4%	80.5%	79.8%	75.3%	83.1%	79.6%	77.4%	83.3%	70.3%	83.3%
2020	65.6%	71.8%	55.5%	88.2%	82.4%	83.1%	77.7%	77.3%	80.4%	79.7%	70.6%	80.9%
2021	62.3%	71.0%	75.6%	71.8%	83.1%	90.4%	78.7%	77.2%	76.0%	93.4%	77.6%	80.9%

Figure 64 Progress of the sales effectiveness indicators of the Distribution System Operator in (%) (Source: DSO company)

Sales effectiveness of OSHEE practically represents the percentage (%) of electricity that is sold and collected. For 2021, the effectiveness of sales for FSHU company 77.3% or 2.1 % higher compared to that in 2020.

The effectiveness of sales for 2009-2021 is presented in the graph below:

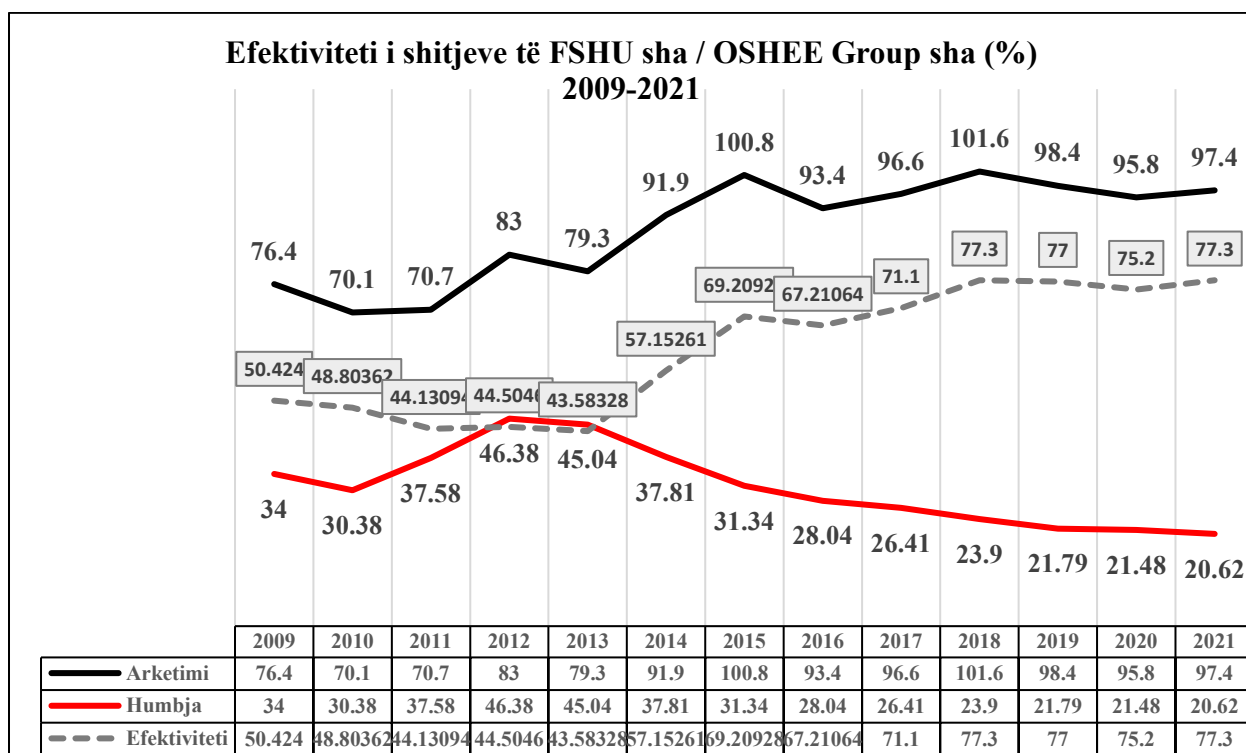


Figure 65 Sales effectiveness of the FSHU / OSHEE Group companies, for 2009-2021 period (Source: FSHU / OSHEE Group companies)

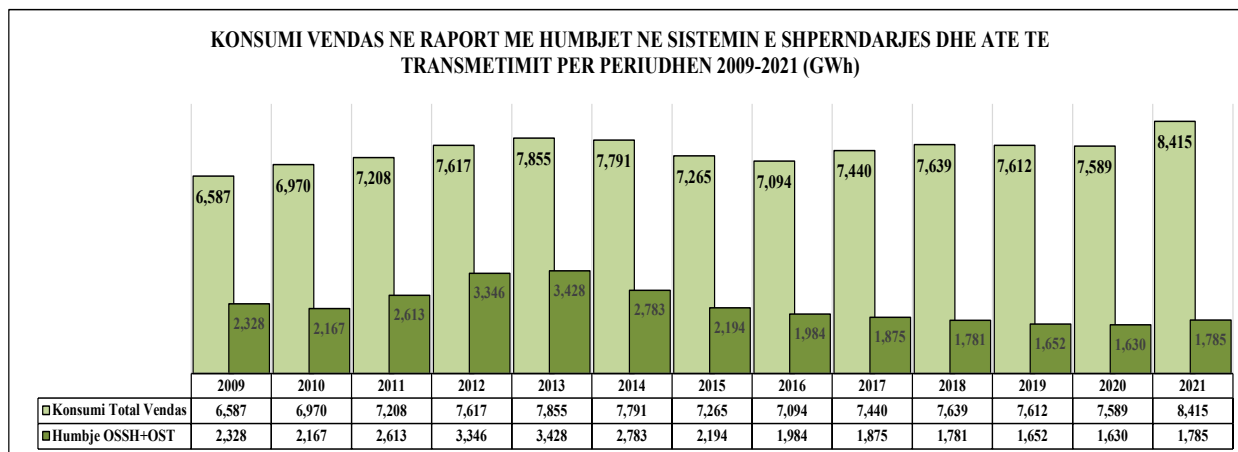


Figure 66 Total losses to the Energy introduced in the Power system to the consumption

On the above figure it is submitted the progress of total electricity losses, that includes the losses in the distribution system and those in transmission system during 2009 – 2021 period. The data show that the electricity losses in absolute values are generally decreased. For 2021, the electricity losses in the distribution and transmission system are 1,785 GWh, compared with 2020 period, it is notified an increase of the total electricity losses with about 155 GWh. At the same time shall be evidenced the fact that the increase of electricity consumption for 2021, compared to 2020, is about 11%.

On the following figure are submitted the data for the invoice – collection of electricity during 2009 – 2021 period. As shown even on the graph, until 2014 the difference between the invoicing and the collection has been considerable. The difference between the invoicing and the collection reached the maximum level in 2021 of about 30%. For 2021 period, the difference between the invoicing and collection is 3.8 milliard ALL, or about 5% of the invoiced electricity amount. The considerable decrease of the difference between the invoiced electricity and the collected one initiated on 2015 and continued with a considerable progress on the next years.

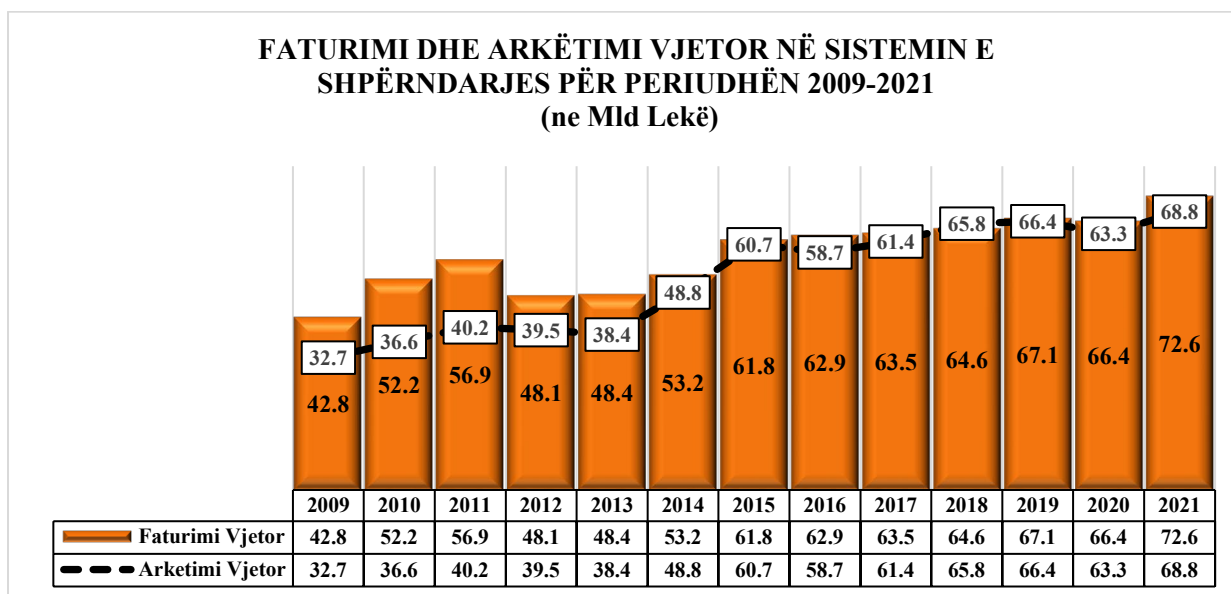


Figure 67 Invoicing /collection 2009-2021, with VAT (Source: DSO company)

1.4.7 Assets of the Electricity Distribution Operator

The table as follows submits the data regarding the assets under DSO company administration for 2021, like the substations, lines, cabins and transformers in the electricity distribution network.

The data on the DSO assets include the data on the main element of the electricity distribution network. The number of the sub-stations, transformers, the length of the air and cable lines as well as the number of the electricity cabins. The total number of the electricity cabins in the distribution network for 2021 is 26,593 from which 13,519 are on DSO company ownership and the other part are owned by private entities.

The total length of the medium voltage lines in the distribution system is 16.6826 km. The total length of the low voltage network in the distribution system is 56.566 km. In a detailed way the data are submitted on the below table:

TE DHENAT E RRJETIT OSHEE PER VITIN 2021																																
NENSTACIONE, KABINA DHE TRANSFORMATORE		KABINAT	TUPI DHE NUMRI I KABINAVE												FUQJA E INSTALUAR (kVA)				NUMRI I TRANSFORMATOREVE TELFIQJENIMUTE													
			METALIKE			MURATURE			BOX			SHTYLETORE			NUMRI TOTAL I KABINAVE																	
Numri i Nensacioneve	181		6kV	10kV	20kV	6kV	10kV	20kV	6kV	10kV	20kV	6kV	10kV	20kV	6kV	10kV	20kV	Total	6kV	10kV	20kV	Total	6kV	10kV	20kV	Total						
Numri i transformatoreve ne nensacione	315	Gjithesia (Total)	335	272	10	2611	3769	4011	99	87	1034	6993	9933	94	25,955	1,622,020	1,787,572	2,663,064	6,087,656	10,033	###	###	6,336	26,593								
Numri i kabineve total	25,955	Promesi OSHEE	270	178	2	1,907	2,386	2,074	42	34	1,811	2,276	2,154	52	13,268	786,209	1,067,552	1,633,217	3,486,978	4,002	5,369	4,148	13,519									
Numri i Transformatoreve TM/TU	26,593	Promesi Jo e OSHEE	99	94	8	704	1,379	1,937	17	33	72	4,612	3,800	32	12,747	835,811	700,020	1,029,847	2,570,678	6,033	4,773	2,248	13,074									
Gatesia Totale e rrjetit TM(km)			17,447.2			Gatesia Totale e rrjetit TU (km)			56,566																							
Linja 35kV (km) Ajonore	12446	Ajonore perpelele te drejtvendshme	17,217																													
Linja 35kV (km) Kablore	17.5	Ajonore te balli ABC (km)	5,232																													
Linja 20kV (km) Ajonore	194.7	Kablore PVC, XJPE	15,500																													
Linja 20kV (km) Kablore	230.25	Kabre e Kuznari	181.17																													
Linja 10kV (km) Ajonore	7529.5																															
Linja 10kV (km) Kablore	410.2																															
Linja 6kV (km) Ajonore	490.67																															
Linja 6kV (km) Kablore	767.5																															
KABINAT		SIPERNDARRIA PAS TUPIT DHE PRONESISE (KABINAVE%)													TOTAL %																	
		METALIKE			MURATURE			BOX			SHTYLETORE																					
		6kV	10kV	20kV	6kV	10kV	20kV	6kV	10kV	20kV	6kV	10kV	20kV																			
Gjithesia		335	275	10	2647	3727	3942	56	87	1741	6943	5847	87	100																		
Promesi OSHEE		256	200	2	1675	2620	2072	42	52	1676	2020	2387	51	50.9																		
Promesi Jo e OSHEE		79	75	8	972	1107	1870	14	35	65	4923	3460	36	49.1																		
Promesi OSHEE		1.1	0.8	0.0	7.2	10.7	7.4	0.0	0.2	4.4	7.9	8.9	0.2	48.7																		
Promesi Jo e OSHEE		0.4	0.3	0.0	5.8	4.0	5.8	0.1	0.1	0.3	21.8	12.6	0.1	51.3																		

Figure 68 Data on the main assets of the DSO company

2. ELECTRICITY MARKET.

The electricity market even during 2021 operated according to Council of Minister Decision no. 244 dated 30.03.2016, as amended “On approving the conditions for setting public service obligation, that shall be implemented to the licensee on Power sector, which exercise electricity production, transmission, distribution and supply activities” implementing Council of Ministers Decision no. 584 dated 08.10. 2021 “ On announcing the Emergency Situation for Electricity Supply” by which was set the emergency situation for the electricity supply for the October 2021 – April 15 2020 period.

Council of Minister Decision no. 519, dated 13.07.2016 “On Approving the Electricity Market Model”, has not initiated to be implemented since it was determined to be implemented with the effective and operative commencement of the day ahead market and the operation of the Power Exchange.

Council of Minister Decision no. 244, dated 30.03.2016, as amended defined the Electricity Market participants in Albania, as well as the role and responsibilities of each market participant charged with public service obligation, serving even as a temporary model of the electricity market.

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

The electricity market operation even for 2021 continued according to the temporary electricity market rules, approved with ERE Board Decision no. 139, dated 15.08.2016, as amended.

During 2021 period it continued the process for the Liberalization of the Electricity Market regarding the establishment of the technical conditions and the regulatory second- legislation for the issue in the open market even for the customers connected in the 35kV, 20kV, 10 kV, 6 kV medium voltage

level, implementing Law no. 43/2015 “On Power Sector”, as amended and the respective by legal acts.

This process will continue on the next years with the issue in the free market of the customers connected on 20 kV, 10 kV, 6 kV voltage level. To guarantee the rights of the suppliers and of the electricity customers, ERE completed the regulatory framework with the necessary basis to guarantee safe, transparent and non -discriminatory operation of the market. For this purpose there are approved a set of by-legal acts as follows:

- (i) The Distribution Service Agreement between the DSO and the electricity suppliers;
- (ii) The regulation on standard criteria for quality of supply service and security of performance in the electricity distribution network,
- (iii) The regulation on procedures for submission of a request for its review and notification deadlines when the customer doubts about the accuracy of electricity meter data;
- (iv) Regulation on Switching the Electricity Supplier,
- (v) Regulation of standardized load profiles.

Also ERE instructed FSHU company to sensibelize the customers to issue in the irregulated market by notifying these last one mentioned regarding the obligations born implementing “Power Sector Law”, as amended; the instructions as well as as the respective legislation for this purpose.

The number of the customers for which it is enabled the establishment of the techical conditions for issue in the irregulated market for 2021 period is over 100, at the same time on January 2022 DSO company informed the establishment of the technical conditions by the DSO company for the further liberalization of the market.

2.1 Monitoring Electricity Market Activities

2.1.1 Monitoring the Electricity Market

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

Pursuant to the abovementioned, and the bylaws issued implementing the sector law but also the obligations set out in the Albanian Assembly Decision no. 134/2019, "On approving the annual and periodic manual monitoring ", ERE is obliged to report to the Albanian Assembly regarding the findings during the exercise of its monitoring function.

Regarding the above, ERE for a complete review of the operation and developments of the power market, except of the periodic reports control from the licensee, during 2021 there are carried out specific monitoring to the licensee to ensure the necessary data and information to serve to the abovementioned purpose. The results and analysis are submitted on the Irst Part “*The Situation of the Power Sector and the Electricity Market*”, of this report giving the opportunity for being compared with the previous years and to compare with the progress of the data for which are set the targets on Chapter VI “The Implementation Plan”of the Council of Minister Decision no. 253, dated 24.04.2019, amended with Council of Minister Decision no. 758 dated 09.12.2021 “On approving the financial consolidation plan of the power public sector.

To ensure the most accurate and timely reporting by licensees and electricity market participants with ERE Board Decision no. 203, dated 12.12.2020, there are approved the "Rules to monitor the electricity market" On these rules there are defined the reporting procedures and forms of sending the information and data at ERE from the Market Participants.

ERE in cooperation with donors of the sector is seeing the possibility of developing an electronic platform which shall enable participants in the electricity market to meet all obligations arising from the EC Directives and Regulations and Laws 43/2015 " On Power Sector " as amended and Law 102/2015 "On natural gas sector "as amended, and shall simultaneously serve to all interested parties to obtain the necessary information and data as soon as possible. Also this shall positively contribute following the improvement of the data publication practices from ERE implementing Article 19, letter k) and Law no. 43/2015 "On Power Sector" as amended.

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

Also, it is analysed the situation of periodic reporting for the licensees where are found delays or failures to deliver on time from them to meet the obligation for periodic reporting within the terms defined from the entities, regarding ERE findings it continued with the relevant correspondence in the framework of improving these practices.

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

Within this framework, ERE send the information ensured from the periodic reports to various institutions and organizations cooperating with ERE, as well as participates in meetings, which are within the ERE scope of work. These monitored and analysed data serve also as a contribution on the practices of these institutions and to complete the questionnaires and correspondences.

In order to increase transparency in the electricity market, ERE, continued to monitor the implementation of ERE Board Decision no. 118, dated 27.07.2017, which approved the "Rules on the publication of electricity market fundamental data".

The main four-monthly data for the operation of the electricity market have continued to be published for 2021 regularly on the ERE website, according to the provisions of Law no. 43/2015 "On Power Sector" as amended. These data provide information and detailed data reports related to the production, transmission, distribution and supply of electricity and the electricity market.

In order to ensure the implementation of the legal and by-legal provisions of the obligations related to transparency in the energy market, ERE periodically monitored the official website of the main operators in the energy market. It results that for 2021 these obligations are implemented mainly by operators in the framework of increasing transparency and in each case by ERE are done the official letters requiring the operators to improve this process by identifying the relevant obligations that shall be complied implementing the respective acts.

From the operators, it is noticed the increase of the information that is published in the framework of transparency, mainly TSO through the transparency platform of ENTSO-E, this is due to the fact that TSO company is a member of ENTSO – E and is obliged to publish the information even on the transparency platform of this organization. Although improvements of this process shall continue and become one of the objectives of ERE in continuation, this is underlined even during 2021 and following the official communication of ERE with the Energy Community Secretariat and TSO company.

Some of the specific monitorings for the licensees and the market participants are submitted as follows:

2.1.2 Specific monitorings from the periodic information of TSO company

I. Allocation of the capacities at the interconnections

On the following table are submitted the allocation of the capacities of the interconnection according to the borders.

Tabela me te dhenat e Alokimit te ATC 2021																			
Ankandi	Periudha	Shqiperi - Mali Zi						Shqiperi - Greqi						Shqiperi - Kosove					
		ATC e ofruar ne Ankand		ATC e shitur ne Ankand		Cmimi Ankandit		ATC e ofruar ne Ankand		ATC e shitur ne Ankand		Cmimi Ankandit		ATC e ofruar ne Ankand		ATC e shitur ne Ankand		Cmimi Ankandit	
		Export [MW]	Import [MW]	Export [MW]	Import [MW]	Export [Euro/MWh]	Import [Euro/MWh]	Export [MW]	Import [MW]	Export [MW]	Import [MW]	Export [Euro/MWh]	Import [Euro/MWh]	Export [MW]	Import [MW]	Export [MW]	Import [MW]	Export [Euro/MWh]	Import [Euro/MWh]
Janar	01.01.2021-31.01.2021	100	100	100	100	0.15	4.77	150	150	150	150	0.84	1.28	200	200	200	200	0.30	0.77
Shkurt	01.02.2021-28.02.2021	100	100	100	100	0.66	0.89	250	250	250	250	0.69	0.4	200	200	200	200	0.28	0.11
Mars	01.03.2021-31.03.2021	113	100	113	100	6.01	0.68	250	259	250	257	4.75	0.35	82	55	82	55	4.88	0.21
Prill	01.04.2021-04.04.2021	100	100	100	100	1.69	0.63	250		250		2.568							
	05.04.2021-07.04.2021	0	0	0	0			150	250	150	250	2.88	0.05	50	50	50	50	2.11	0.33
	08.04.2021-09.04.2021	100	100	100	100	1.95	0.62												
	09.04.2021-30.04.2021	100	100	100	100			250		250		2.568							
Maj	01.05.2021-02.05.2021							250	250	250	250	1.71	0.16	50	50	50	50	0.72	0.37
	03.05.2021-04.05.2021							0	0	0	0								
	05.05.2021-07.05.2021	100	100	100	100	1.77	0.57	250		250				0	0	0	0		
	08.05.2021-16.05.2021							250		250		1.71	0.16					0.82	0.37
	17.05.2021-21.05.2021							350		350				50	50	50	50		
	22.05.2021-31.05.2021							250		250									
Qershor	01.06.2021-30.06.2021	100	100	100	100	2.55	0.44	250	250	250	250	2.2	0.25	50	50	50	50	0.72	0.51
Korrik	01.07.2021-31.07.2021	100	100	100	100	0.56	0.66	250	250	250	250	0.88	0.18	200	200	200	200	0.12	0.33
Gusht	01.08.2021-31.08.2021	100	100	100	100	0.4	1.8	250	250	250	250	1.2	0.47	200	200	200	199	0.03	0.69
Shtator	01.09.2021-06.09.2021													200	200	200	200	0.1	1.03
	07.09.2021-08.09.2021							100	100	100	100	1.5	0.49	100	100	98	99	0.1	1.03
	09.09.2021-19.09.2021																		
	20.09.2021-24.09.2021	100	100	100	100	0.4	3.62	0	0	0	0	1.5	0.49	200	200	200	200	0.1	1.03
	25.09.2021-26.09.2021							100	100	100	100	1.5	0.49					0.1	1.03
	27.09.2021-30.09.2021							0	0	0	0	1.5	0.49						
Tetor	01.10.2021-31.10.2021							150	150	150	150	1.06	2.03						
	1.10.2021-10.10.2021	100	100	100	100	0.71	2.33	0	0	0	0	0.5	1.55	200	100	200	100	0.1	1.03
	11.10.2021-17.10.2021							100	100	100	99	0.5	1.55						
	18.10.2021-31.10.2021							0	0	0	0	0.5	1.55						
Nentor	01.11.2021-30.11.2021							150		150		1.19							
	01.11.2021-14.11.2021	100	100	100	100	1.1	0.8		250		250	0.93	2.19	200	200	200	200	0.08	0.83
	15.11.2021-21.11.2021							0		0		0.93							
	22.11.2021-30.11.2021							100		100		0.93							
Dhjetor	01.12.2021-30.12.2021	100	100	100	100	0.33	3.22	150	150	150	150	1.51	2.17	200	200	200	200	0.02	1.88

Figure 69 Data on the Auctions for the Capacities Allocation in the Transmission System during 2021

(Source: TSO company)

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

For the capacities allocation in interconnections, during 2021 are followed the procedures according to the harmonized rules of the Coordinated Office of Capacities Allocation of the Interconnection for the Southeast Europe (SEE CAO).

The Auctions for the capacities in interconnection are held in conformity with the terms and procedures defined on the Auction Regulation on Capacities Allocation at SEE CAO.

- It is worth mentioning that there were no complaints from Market Participants, participated in the auction, about the deadlines, procedures, auction process, bid evaluation process, determination of winners and auction prices, communication and publication of notice of auction and their results.
- Electricity Market implementation is also a mutual cooperation and assessment process between Market Operators and Market Participants, according to their respective role in the energy market.

II. Imbalances on the electricity market

Implementing the “Albanian Electricity Balancing Market Rules” approved with ERE Board Decision no. 106, dated 02.07.2020, TSO company beginning from 1 April 2021 operated on the electricity balancing market implementing these rules with financial effects for the electricity market participants making the calculations for the imbalances invoicing for each market participant that are

responsible for the imbalances caused on hourly basis. These rules set clear principles of a competitive and dynamic market regarding the electricity balancing.

Anyhow, during full implementation of these rules are encountered difficulties in mainly implementing the handle of the Electricity Priority Producers and the FTL company. To eliminate these difficulties created on the balancing market ERE is working with the Ministry of Industry and Energy to finalise the process of issuing the respective Council of Minister Decision based on the definitions of Article 99, point 4 of Law no. 43/2015 “On Power Sector” as amended.

The imbalances of the market participants during 2021 are calculated and invoiced on monthly basis. The market operation is a continuous monitoring object by the ERE.

On the following table are submitted the imbalances for 2021 of the balancing responsible parties.

Pale Përgjegjëse Balancuese		DISBALLANCA 2021 (12 - MUJORI)																								Fatura me çmime nga Swissgrid për rrezet kur çmimi i Energjisë Balancuese në Tregun tonë ka rezultuar 0 QERSHOR-DHJETOR 2021		TOTALI 2021			
		JANAR		SHKURT		MARS		PRILL		MAJ		QERSHOR		KORRIK		GUSHT		SHTATOR		TEJTOR		NETOR		DHJETOR							
		Dis. Negative [MWh]	Dis. Positive [MWh]	Dis. Negative [MWh]	Dis. Positive [MWh]	Dis. Negative [MWh]	Dis. Positive [MWh]	Dis. Negative [MWh]	Dis. Positive [MWh]	Dis. Negative [MWh]	Dis. Positive [MWh]	Dis. Negative [MWh]	Dis. Positive [MWh]	Dis. Negative [MWh]	Dis. Positive [MWh]	Dis. Negative [MWh]	Dis. Positive [MWh]	Dis. Negative [MWh]	Dis. Positive [MWh]	Dis. Negative [MWh]	Dis. Positive [MWh]	Dis. Negative [MWh]	Dis. Positive [MWh]	Dis. Negative [MWh]	Dis. Positive [MWh]	Dis. Negative [MWh]	Dis. Positive [MWh]				
KURUMINTERNATIONAL		1,917	773	1,035	3,292	446	445	1,035	695	963	1,251	879	772	755	1,382	798	1,371	1,018	861	935	507	1,081	597	651	249	550	439	12,861	12,633		
DEVOLL HP		48	61	33	59	140	79	62	97	68	74	41	26	28	50	35	45	78	33	78	41	48	52	370	60	9	17	1,038	694		
ENERGIA GAS & POWER ALBANIA		1,237	664	775	128	1,438	98	1,305	84	1,562	109	1,080	458	1,816	185	2,493	68	2,384	334	4,795	224	1,214	152	954	462	1,536	154	22,589	3,122		
AVEN AS ENERJII		1,326	335	552	198	123	95	80	128	156	163	104	24	66	17	49	23	45	16	101	6	71	62	86	74	31	13	2,792	1,153		
GSA		627	1,648	195	742	1,198	751	1,034	1,016	1,122	1,863	1,355	2,001	2,018	1,511	2,149	1,283	1,000	1,312	1,136	1,406	1,323	235	877	1,427	1,126	900	15,161	16,095		
Albanian Energy Supplier AES		1,906	52	2,850	151	2,431	141	1,198	160	1,496	476	1,586	119	2,115	117	2,109	118	2,043	94	1,623	248	1,667	154	1,668	343	1,407	61	24,097	2,235		
Energji ASHTA		526	348	207	245	694	534																					1,427	1,127		
KESH (PPB)		4	107	5,167	69	2	97																					5,173	273		
KESH GRUP BALANCIMI (KESH & ASHTA)								5,897	2,444	882	7,520	1,271	4,438	1,367	3,992	485	4,257	310	2,665									205	3,236	10,418	28,552
Furnizuesi i Tregut të Lirë FTL (OSHEE Grup)		8,442	45,100	6,902	30,386	7,862	32,239	7,671	29,002	3,129	19,453	4,722	10,121	3,650	13,065	3,252	15,903	1,646	10,184	4,435	17,410	3,447	21,434	7,730	20,866	2,725	10,467	65,613	286,429		
EZ-S ENERGY		365	98	168	187	237	21	82	93	260	124	407	17	342	30	437	35	585	2									217	5	3,898	611
BYLLIN Tce Balish (Pa kontrate Furnizimi)		73		62		68		62	-	56	-	51	-	52	-	53	-	54	-	61	-	54	-	67	-	44	-	756	-		
ENER TRADE sh.p.k.			3		72																								-	75	
KOSTI		6,990	6,725	6,884	4,750	4,179	6,915	1,391	11,620	4,924	7,620	4,215	6,507	4,552	5,008	5,209	6,385	7,384	3,071	3,772	7,542	3,414	10,842	1,158	15,229	3,073	4,793	57,067	97,017		
OST - HUMBLET		7,477	826	7,581	409	1,015	4,124	10,082	-	7,027	33	594	4,087	2,481	468	2,884	1,109	636	1,949									1,303	717	41,081	13,722
Disbalancat majore [MWh]		25,804		8,277		25,706		15,439		17,041		12,266		7,382		10,643		3,418		10,447		21,210		35,158		8,576		201,369			
Ofresi i Sherbimit te Balancimit		Uje Gjenerimi [MWh]	Rrete Gjenerimi [MWh]	Uje Gjenerimi [MWh]	Rrete Gjenerimi [MWh]	Uje Gjenerimi [MWh]	Rrete Gjenerimi [MWh]	Uje Gjenerimi [MWh]	Rrete Gjenerimi [MWh]	Uje Gjenerimi [MWh]	Rrete Gjenerimi [MWh]	Uje Gjenerimi [MWh]	Rrete Gjenerimi [MWh]	Uje Gjenerimi [MWh]	Rrete Gjenerimi [MWh]	Uje Gjenerimi [MWh]	Rrete Gjenerimi [MWh]	Uje Gjenerimi [MWh]	Rrete Gjenerimi [MWh]	Uje Gjenerimi [MWh]	Rrete Gjenerimi [MWh]	Uje Gjenerimi [MWh]	Rrete Gjenerimi [MWh]	Uje Gjenerimi [MWh]	Rrete Gjenerimi [MWh]	Uje Gjenerimi [MWh]	Rrete Gjenerimi [MWh]	Uje Gjenerimi [MWh]	Rrete Gjenerimi [MWh]		
KESH sh.a. OSHB		39,180	20,968	25,929	8,493	33,615	8,926	48,133	53,776	18,228	10,506	13,322	3,180	9,757	5,334	7,553	4,614	7,487	2,879	8,836	5,588	12,196	6,378	11,561	1,495			235,797	132,138		
DEVOLL HP OSHB								401	85	1,851	1,464	73	49	92	-	150	293	198	70									2,770	3,069		
AVEN AS ENERJII OSHB										27	23	-	19	-	-	-	-											27	49		
KURUMINTERNATIONAL OSHB																															
Energji Balancuese majore [MWh]		(18,211)		(17,436)		(24,689)		5,327		(8,112)		(10,147)		(4,515)		(2,796)		(4,737)		(3,248)		(5,824)		(8,951)				(103,338)			

Figure 70 Total imbalances for 2021 period (MWh) Source TSO company.

2.1.3 Other monitorings related to the activity of the licensees in the Power Sector.

- **Periodic monitoring of indicators and key data of the Power Sector for 2021 period.**

On the following table are submitted the main data of the power sector for 2021, where there are reflected the values set as target on Chapter VI "Implementation plan" of the Council of Ministers Decision no. 253, dated 24.4.2019, as amended with Council of Minister Decision no. 758 dated 09.12.2021 "On the approval of the financial consolidation plan of the power public sector"

The table enables the comparison of these data as in the "Fact" column are given the realized data for 2021 period while on "Target" column are given the data defined on Council of Minister Decision no. 253/2019 as amended with Council of Minister Decision no. 758/2021. As evidenced part of 2021 indicators are realized compared to the respectively set targets, the Collection of the incomes, Net Internal Generation, Generation from Concession HPP-s and PPE, Net Generation from KESH company, while the other part of the indicators for 2021 period is not realized.

Comparison of the target -fact of some of the data in the Albanian Power System for 2021 (GWh)		
	Target	Fact
Losses in distribution (import from OSHEE)	1 241	1 557
Losses in transmission (TSO)	162	228
Qualified customers Industry (connected in TSO)	782	1 049
Household	2 910	3 082
Total request for electricity	7 150	8 415
Net generation from KESH	3 950	5 344
Concession and PPE	1 935	3 619
Net Internal Generation	5 888	8 963
Total losses in distribution (%)	20.5	20.62
Collection of the incomes (%)	95	97.4

Figure 71 Indicators of SEE for 2021 period according to the target and fact

2.1.4 Transactions performed from KESH, TSO and OSHEE company in the Open Market (irregulated) during 2021.

During 2021 ERE monitored through periodic reporting electricity purchase in the open market of the regulated companies Free Market Supplier (FTL) and TSO, where it results that the weighted average electricity purchase price in the open market by these two companies charged with public service obligation is about 189.6 EUR/MWh.

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

KESH company during 2021 sold /purchased and exchanged electricity in an irregulated market mainly for optimization pursuant to the "Regulation of Electricity Trading by the Albanian Power Corporation KESH company." approved with decision no. 2762/8, dated 06.06.2019, of the Ministry of Infrastructure and Energy, as the owner of KESH company and the "General rules of organizing the commercial activity by the Albanian Power Corporation approved by Decision No. 5233/1, dated 12.06.2020, of the Shareholders General Assembly.

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

As follows there is a table with the data of the transactions performed during 2021

Transaksione të KESH sha gjatë vitit 2021													
	Janar	Shkurt	Mars	Prill	Maj	Qershor	Korrik	Gusht	Shtator	Tetor	Nëntor	Dhjetor	TOTALI MWh
Transksione Hyrese ne Interkoneksion	0	-706	0	0	0	0	-268	-500	0	-1,033	0	-6,778	-9,285
Transksione Dalese ne Interkoneksion	21,682	46,465	55,262	63,476	75,997	27,950	0	2,100	285	1,100	0	9,684	304,001
Tansaksione Shitje ne tregun e brendëshëm	195,950	251,172	109,049	119,935	168,102	72,540	61,331	55,540	10,915	15,684	9,681	18,455	1,088,354
Tansaksione Blerje ne tregun e brendëshëm	0	0	0	0	-8,605	-16,705	-33,966	-33,713	-32,349	-17,001	-9,787	-16,768	-168,894
Sasia e blere ne treg te pa rregulluar nga OST sha dhe FTL sha (MWh) per vitin 2021, vlerat përkaëse të blerjes dhe cmimi mesatar i ponderuara në (Euro/MWh)													
	Sasia (MWh)			Çmimi Mesatar Euro/MWh			Vlera pa TVSH (Euro)						
OST sha	187,750			99.7			18,716,803						
FTL sha	1,092,642			205.1			224,103,426						
OSTsha+FTL sha	1,280,392			189.6			242,820,229						

Figure 72 Performed transactions during 2021 period from KESH company; FTL company (OSHEE Group) and TSO company

On this context it is monitored the trend of the 10 year progress of the electricity quantity and the average weighted prices for the electricity imports in the irregulated market from the FTLcompany /OSHEE Group, which are graphically submitted as follows:

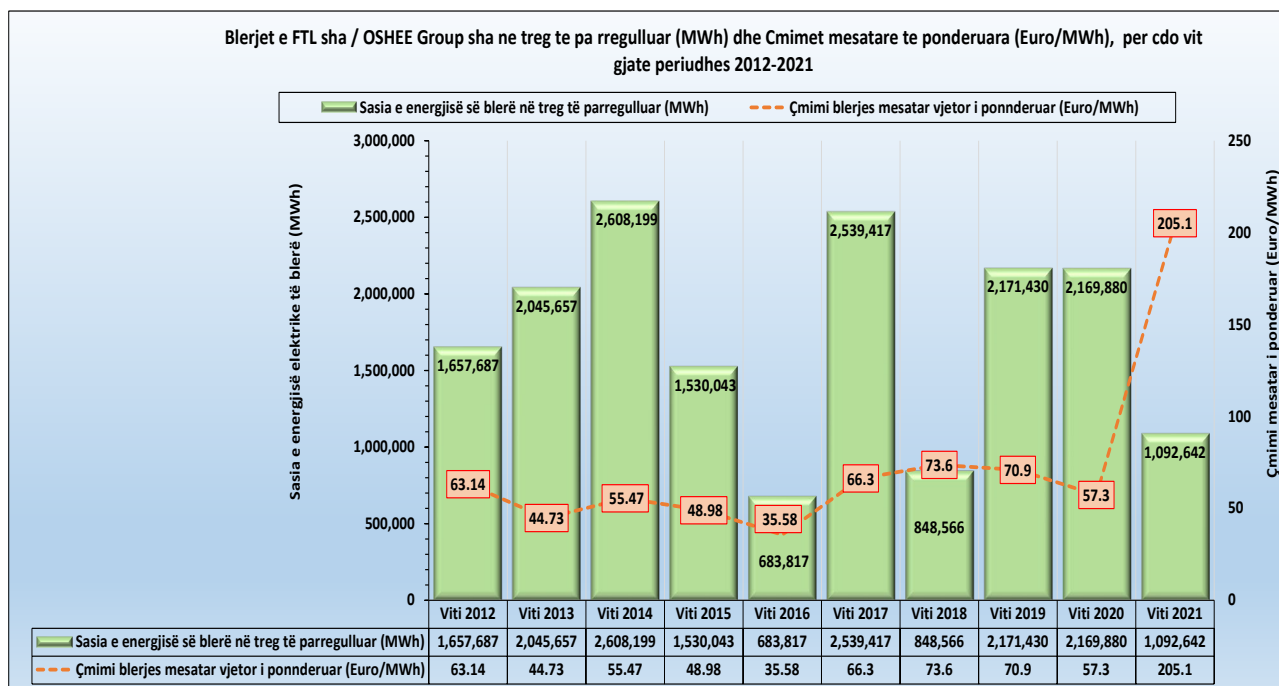


Figure 73 Electricity quantity purchased in the irregulated market and the average weighted price

On the below graph it is submitted the balance (input - output) import-export of electricity for the period 2009 – 2021 period.

For the last 10 years, our country results to be mainly a net importer of electricity except of the years 2010, 2016, 2018 and 202. Shall be clarified that the submitted values represent all inflows and outflows from all participants at the electricity market in Albania.

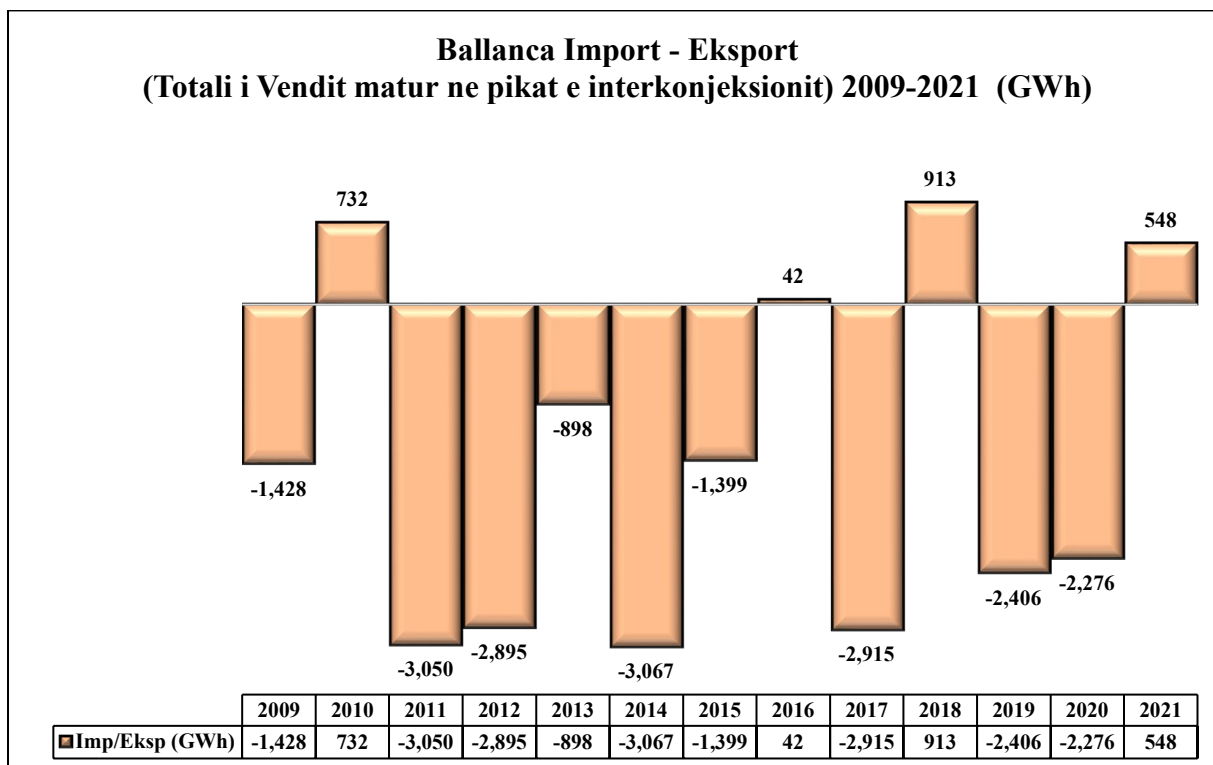


Figure 74 Balanca Import – Export balance of electricity throughout the years

(Source: TSO company).

Register of the Participants registered in the electricity market during 2021.

Nr	Emri i Subjektit	EIC Code	PRODHUES		Roli ne TEE
			TREGTUES	P	
Regjistri Pjesmarresve te Tregut (fund viti 2021)		FURNIZUES		F	
		FURNIZUES I SHËRBIMIT UNIVERSAL		FSHU	
		SHËRBIMET		SH	
		data e regjistrimit			
1	Albanian Energy Supplier	54X-AEG-02-1603G	26.05.2015	T; F	
2	AXPO Albania	23X-150330-AA-K	28.1.2020	T	
3	Ayen AS Energji	23X-150416-A-N	17.12.2014	P; T; F	
4	Ayen Energy Trading	23X-140426-AY-W	04.05.2014	T; F	
5	Devoll Hydropower	23X-150409-DHP5	11.06.2015	T; F	
6	Energji Ashta	54X-HECASHTA-059	25.05.2012	P	
7	Energy Supply-AL	54X-ES-AL 00012Y	15.05.2013	T; F	
8	GEN-I Tirana	23X-120709GEN0	31.01.2011	T; F	
9	Green Energy Trading Albania	23X-150702GE-3	01.07.2015	T	
10	Grupi Sistemeve Automatike	22XGSA-N	09.05.2011	T; F	
11	Korporata Elektroenergjitike Shqiptare	23X-130918APC-M	25.04.2011	P; T	
12	KURUM International	23X-131115KI-1	17.12.2013	P; T; F	
13	NOA Energy Trade	23X-150630-NE-6	10.03.2015	T; F	
14	Operatori i Sistemit të Shpërndarjes - OSSH sh.a.	54X-101010IOSSOU	19.02.2020	SH	
15	Stravaj Energy	54X-STRAVAJ-E086	25.04.2014	P; T	
16	WENERG	54X-WENERG-10E	10.06.2015	P	
17	Grid Energy	54X-GRID-ENERGYR	05.04.2017	T; F	
18	Energy Financing Team Tirana	54X-EFT-TIRANA-V	24.08.2017	T; F	
19	Alpiq Energy Albania	23X-141204AEA-T	29.04.2011	T; F	
20	URADRIN	54X-100ID101218J	10.08.2018	F	
21	Energia Gas and Power Albania shpk	23x-150309-LT-Y	22.10.2018	T; F	
22	RENRGY Trading Group	54X-10IRN102618R	12.11.2018	T; F	
23	Ener Trade shpk	54X-10 IET091118	21.12.2018	T; F	
24	Power and Gas Operations	54X-10IPG2307196	23.07.2019	T	
25	ENSCO Trading (Albania) sh.p.k	54X-110IESA1019G	02.12.2019	T	
26	KESH sh.a	23X-130918APC-M	16.12.2019	F	
27	Furnizuesi i Tregut të Lirë - FTL sh.a.	54X-101010IFT0220P	19.02.2020	T; F	
28	Furnizuesi i Shërbimit Universal - FSHU sh.a.	54X-0101IFSH022Q	19.02.2020	F	
29	EZ-5 Energy shpk	54X-11LKE250319U	25.03.2019	T; F	
30	Hec Arsti shpk	54X-L-1011H11A-IJ	27.03.2021	P	
31	Hec Lengarica & Energy shpk	54X-L-1010H-LENU	09.07.2021	P	
32	Info-Telecom	54X-1-1100-INFIT	06.08.2021	T	
33	Tirana International Development	54X-1-0101-TID-F	06.08.2021	T	
34	Teodori 2003	54X-110-TE-ALU	13.08.2021	P	
35	Diteko shpk	54-L-10101DIT-Y	13.09.2021	T; P	
36	S.P.E.Gjader shpk	54X-L-1010-GJADJ	18.10.2021	P	
37	AlbESP Trading & Consulting shpk	54X-I-10101AESPF	17.12.2021	F; T	
38	Hec Tervoli shpk	54X-1-210101HTEI	23.12.2021	P	
39	Hec Bishnica 1,2 shpk	54X-1-10011HB12W	23.12.2021	P	
40	NOA Energy Trade	23X-150630-NE-6	24.12.2021	F	
41	Albanian Energy Supplier 2 shpk	54X-L-101AL-ES21	28.12.2021	T; F	
42	Energjal shpk	54X-I-1111EN-ALF	31.12.2021	T; P	
43	Euron Energy shpk	54X-I-0111EU-ENB	31.12.2021	T; P	
44	Hydro-Seta shpk	54X-I-1111HS-015	31.12.2021	T; P	
45	Alb-Energy shpk	54X-I-0101AI-EN3	31.12.2021	T; P	
46	Future Energy AL	23X-150301-FE-3	06.03.2015	F	
47	Danske Commodities Albania	23X-121120DCALG	30.10.2012	T	
48	Energji Ashta				

Figure 75 Market Participants during 2021. Source TSO company.

As periodically monitored from the participants register registered on the Electricity Market during 2021, it is observed that there are not encountered problems on its update from TSO/MO regarding the reflection of the updates for the licensees and the market participants within the terms and reflecting the electricity market agreement.

- Also during 2021 within the improvement of the practices for the operation and monitoring of the electricity market, with ERE Board Decision no. 126, dated 17.05.2021 it is approved the “Regulation for the Wholesale Energy Market Integrity and Transparency” (REMIT), following even the implementation of this regulation including the registration in the framework of its implementation and implementing the “Regulation for Cybersecurity of the Critical Infrastructures on Power Sector” approved with ERE Board Decision no. 126 dated 30.07.2020, from the responsible operators.

2.1.5 Recommendations for the market operators and participants from the monitorings

During 2021 in the framework of exercising the monitoring operation from ERE, for the market operators and participants are issued the recommendations and obligations as follows:

- Full implementation of the Rules for the publication of the basic data of the Electricity Market approved with ERE Board Decision no. 118, dated 27.07.2017, from the TSO company and OSHEE Group company within the increase of the transparency level in the electricity market;
- Rigorous implementation of ERE Board Decisions no. 106, dated, 02.07.2020 “On approving the Albanian Electricity Balancing Market Rules”, from the included TSO and the guarantee of its financial neutrality as defined on these rules;
- The implementation of full criteria for OSHEE Group allocation, in three licensed companies DSO, FSHU and FTL companies, including their reporting form of the data at ERE according to the allocation;
- The taken of the measures from TSO, OSHEE GROUP company and KESH company for full implementation of the provisions of the Regulation for Cybersecurity of Critical Infrastructure in Power Sector with ERE Board decision no. 126 dated 30.07.2020.

Shall be evidenced that ERE, implementing the provisions of point 5, letter a) of Decision no. 134/2018 “On approving the guideline for periodic annual monitoring”, prepared and submitted to the Albanian Parliament the reports and six month information for the findings from the monitoring, where there are reported the main data for the situation of the Albanian Power System and the findings from the reports and monitorings of the participants as well as energy operators.

2.2 Regulation on wholesale energy market integrity and transparency (REMIT)

With ERE Board Decision no. 126, dated 17.05.2021, it is approved the Regulation for the Wholesale Energy Market Integrity and Transparency (REMIT). This regulation transposes the REMIT Regulation no. 1227/2011 as approved and adopted for the Contracting Parties of Energy Community and aims to define the criteria that prevent the abusive practices that may happen and affect the wholesale energy market. At the same time the regulation helps the proper operation of these markets considering their specific characteristics.

2.2.1 Obligations deriving from the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT)

The Regulation on Wholesale Energy Market Integrity and Transparency, prohibits the energy trading from internal persons of the companies. This is due to the fact that these persons possess internal information regarding the energy products that shall be traded and as consequence the inclusion of these persons in trading energy products may prevent competition, transparency and distorts the energy market.

2.2.2 Monitoring and registration of the participants in the market implementing REMIT regulation

ERE shall monitor the commercial activity of the wholesale energy products to detect and prevent trade based on the flow of internal information and national market manipulation.

ERE shall cooperate at regional level through the Energy Community Regulatory Board in conducting wholesale energy markets monitoring. For wholesale energy market monitoring, ERE shall also cooperate with the Competition Authority, or any other body for market monitoring. In conducting market monitoring, the Competition Authority or the body of market monitoring shall have the same rights and obligations as ERE.

Market participants entering into transactions with wholesale energy products in Albania, or show interest to enter into such transactions through the procedures of must be registered at ERE.

For registration purposes, with the entry into force of this Regulation, ERE shall apply the registration form drafted by the Energy Community Regulatory Board and shall publish it on the official website.

For the registration process of market participants it is created a specific section on ERE official website. On this section are published all the necessary documents where it is included the registration form to create the opportunity to the market participant to be registered at ERE. Currently the registration of market participants is in process and with its completion shall be established the national register of the market participants in the framework of the REMIT regulation.

3. ALBANIAN POWER EXCHANGE (ALPEX)

Based on Council of Minister's Decisions, respectively decision no. 322, dated 15.05.2019 "On the establishment and defining the legal form of the ownership structure of the shareholder capital for the market operator" and decision no. 609, dated 11.09.2019 "On defining the criteria and procedures for the selection of the participants on the shareholder capital of the market operator", on October 2020 was established the Albanian Power Exchange (ALPEX) as a Shareholder Company, in joint ownership of the Transmission System Operators of Albania (TSO) and Kosovo (KOSTT).

Albania and Kosovo have signed the Energy Community Treaty Agreement on October 2005, which is still effective initially for a 10-year period from July 2006 until on 2026. The main purpose of Energy Community is that through the framework of legal obligations to extend the standards of the regulations and the internal principles of the European Union energy market in the Southeast Europe, in Black Sea region and beyond through an obligatory legal framework established from a series of *acquis* in energy, environment and competition.

Law no. 43/2015 "On Power Sector", as amended, abrogates the sole purchase model in the wholesale market, by submitting and free and multi-segmented market. The new market model, as defined on Council of Minister Decision no. 519 dated 13.07.2016 "On approving the electricity market model" including the day ahead market, within day market, the balancing and ancillary services market, as well as bilateral contracts market, being in conformity with the practices followed in many European Union countries. Also, the "Power Sector Law", ensures the establishment of the Power Exchange for the electricity organized market operation in Albania.

On 27 April 2016, to comply with the objectives of the third legislative package in electricity area of EU for the establishment of the European electricity internal market and based of the decisions taken on Western Balkans summit, held in Vienna on 27 August 2015, Albania and Kosovo engaged for the establishment of the operators (exchanges) for the operation and the day ahead market coupling (DAM) and intra day market (IDM) in a regional market.

On June 2018 the transmission system operators TSO, KOSTT, the Regulatory Entities ERE and ZRrE signed the understanding memorandum for the electricity day ahead market coupling.

Based on Power Sector Law, the Albanian Government approved on July 2016 the Electricity Market Model, which defined the roles and responsibilities of the different interest parties on the organized day ahead and intra day markets, while on December 2017 the Energy Regulator Authority (ERE) approved some specific rules regarding the way of organized market operation.

On December 2020 the Energy Regulatory Office in Kosovo (ZrE) approved KOSTT request to delegate ALPEX the authority for the day ahead and intra day market organization for the market in Kosovo. While ALPEX opened on 6 May 2021 its branch in Prishtina that will focus the management of the market participants for Kosovo, other regulatory issues etc.

Regarding the WB6 Understanding Memorandum, on 21 October 2021 was signed another Framework Agreement between TSO, KOSTT, ERE and ERO for the day ahead and intra day market coupling. Albania and Kosovo signed the Framework Agreement as well as other successful agreements, necessary for the operation of the day ahead and intra day market coupling.

Based on the above, ALPEX is expected to operate on the organized electricity market (of the day ahead and intra day market) in Albania and Kosovo, shall organize the electricity market coupling between Albania and Kosovo, and to facilitate the coupling with the other markets of neighboring countries in conformity with EU regulations of the electricity market and the targeted European Model.

3.1 First steps to the organized market

Implementing the obligations of Energy Community Treaty, Albania and Kosovo are committed to implement the Energy Third Package of Energy Community, which instructs the parties regarding the establishment and operation of a competitive electricity market. As consequence, the market models of both countries foresee that through ALPEX to be implemented the European Target Market Model, for the day ahead (DAM) and intra day markets (IDM) otherwise characterised as the wholesale markets based on bilateral transactions and the contracts signed between the market participants over the counter (OTC) or otherwise as an organized day ahead and intraday market, organized from the Albanian Power Exchange – ALPEX. The models also target to ensure a stable structure and the establishment of the conditions for the further regional integration of Albania and Kosovo, with the neighboring countries, for the final target of integrating the Electricity Markets of Kosovo and Albania in the pan-european market.

The transactions volumes in the Albanian Power Exchange - ALPEX are final for the operation of day ahead and intra day markets. As consequence, Albania and Kosovo are committed to mandate the participation of the dominant parties in their electricity market that trade parts of sold and purchased energy through the day ahead and intra day markets by the regulatory measures.

Firstly the DAM and IDM markets shall be minimally established with two control areas (Albania and Kosovo) implementing in the future the projects for other potetial market couplings. ALPEX shall commence the operation of DAM in Albania, and then, within two months period shall operate with DAM market coupling of Albania with Kosovo. The same principle shall be implemented even for the establishment of the IDM.

Also shall be mentioned the objective of ALPEX that is the set into operation of the organized market in Albania and in Kosovo, acting as a fully capable and with the necessary capacities company, to perform most or almost all services related to it. This include above all but not being limited to the market operation, market vigiliance, risk management, liquidation of the transactions, physical financial liquidation, management of the data and their publication, etc.

On 2021 ALPEX commenced the work for the preparation of the terms of reference for the selection of the Service Provider with USAID assistance.

Albania and Kosovo agreed to establish an integrated electricity market, based on the operational model of a Power Exchange (PX) for both control areas. At the system both control areas shall be handed as separated and independent using the same algorithm for defining the price, schedule, and the flows realized on the same time as an integrated process performed by ALPEX in a single portal. Electricity trading for both countries shall be performed performed at the premisses in Tirana accompanied with the financial reconciliation – liquidadion and the risk management processes.

These requests were aimed at providing a Service Provider to base its services to ALPEX on the use of the day-ahead trading auction system and the appropriate corresponding algorithm based on a suitable SDAC configuration, suitable with the SIDC/XBID continuous intraday trading system and the corresponding matching algorithm / intraday trading on an intraday trading auction platform.

ALPEX informs that the selection procedures of the Service Provider were developed according to the public procurement law, where it was required to ensure that:

- a) The trading auction system for the day ahead and the corresponding matching algorithm;
- b) Intra day trading system (continuous and auction) with the continuous and auction based corresponding algorithm;
- c) Reconciliation and financial liquidation system;
- d) The system or process or the risk management application;
- e) Assistance in holding the necessary structures and processes for the better operation of ALPEX.

Also ALPEX provided that it has set inherent criteria that guarantee the implementation of the European Target Model for managing the electricity organized market for Albania and Kosovo as well as the coupling of these markets. The set criteria shall ensure the safe integration of our markets on EU countries electricity markets. The selection procedures were extended beyond the targeted deadlines and delayed the exchange operation process.

By the end of 2021 was settled the selection of the Service Provider with the winner the coupling of the operators guided by the Athens Exchange "Hellenic Exchanges - Athens Stock Exchange S.A.", the Greek power exchange group composed of two companies "Hellenic Energy Exchange S.A." and "Enex Clearing House S.A."

According to the market calendar provided in the terms of reference, electricity trading for the day-ahead market for the Albanian market will start in November and in January 2023 shall be the trading for the Kosovo market and the coupling Albania – Kosovo markets. Meanwhile, it is provided that on December 2023, the electricity trading will commence the intra day market for the Albanian market, and two months after shall be the market coupling for the intra day markets.

4. LICENSING AND SUPERVISION AND THE ISSUE OF THE AUTHORIZATIONS OF THE LICENSEE ACTIVITIES IN THE POWER SECTOR

4.1 Licensing applications Handled from ERE during 2021 period

During 2021 ERE continued the licensing activity for the entities in various activities of power and natural gas sectors, implementing the effective legal and by-legal framework in force.

For all submitted applications, it is respected the transparency provided on the licensing procedures, pursuant to Law no. 43/2015 "On Power Sector", as amended, Law no. 102/2015 "On the natural gas sector", as amended as well as the "Regulation on the Procedures and Terms for License Issue, Modification, Transferring, Renewal or License Termination on Power and Natural Gas Sectors". According to the mentioned legal framework, the terms for publication in the print media to obtain the opinion of the interested parties have been implemented. Also, each license application was subject to the legal, administrative, financial, technical documentation assessment and to receive the respective permissions of using the water and environmental permissions, data from other institutions in conformity with the activities that the entities required to be licensed. At the same time, implementing the Licensing decisions during 2021 by ERE it is continued the follow up of implementing the terms to review the respective decisions.

For all of the entities licensed by ERE, shall be kept and archived the register for each activity, with the necessary data for the entity and the type of license, that are updated on ERE website and may be consulted from any interested party.

During 2021 ERE handled 22 licensing requests in power and natural gas sectors activity, for 18 of them are taken the respective decisions for license by ERE, as reflected on the tables as follows, while for 4 of the requests it is decided not to open the procedure, due to deficiencies in completing the necessary licensing documentation.

4.2 Licensing in Electricity production activity

On the following table are submitted the entities licensed by ERE during 2021, in electricity production activity on which it is evidenced the installed capacity of the generating unit and the number of ERE decision for the licensed entity. On 2021 ERE licensed five entities in electricity production activity.

No.	Entity	Electricity producer	Installed capacity	ERE Decision
1.	"GREENTECH ENERGY SYSTEMS" company	"Pishat" HPP	1911 kW	No. 21, dated 25.01.2021
2.	"AGETA" company	"Borie – Lurë" HPP	1800 kW	No. 27, dated 29.01.2021
3.	"ARIS ALBANIA" company	"Gur i Zi" HPP "Daznjanë" HPP Shëlli HPP	1719 kW 1518 kW 1518 kW	No. 55, dated 22.02.2021
4.	"REI - ENERGJI" company	"Lingjaca 1" HPP "Lingjaca 2" HPP	1897 kW 300 kW	No. 83, dated 30.03.2021
5.	"GERTI "company	"Vardari" HPP	1972 kW	No. 99, dated 16.04.2021

Figure 76 The licensed entities, in electricity production activity for 2021

4.2.1 Licensing in electricity trading activity

During 2021 period ERE continued the licensing of the entities in electricity trading activity. On the following table are submitted the entities licensed by ERE in electricity trading activity. As evidenced from 18 licenses carried out from ERE for 2021 result that the majority, 8 of them are for electricity trading activity.

No.	Entity	Licensed Activity	ERE Board Decision
1	"ES 2019" company	Trading	Decision no. 23, dated 25.01.2021
2.	"AGETA" company	Trading	Decision no. 28, dated 29.01.2021

3.	“ERDY ENERGY” company	Trading	Decision no. 30, dated 29.01.2021
4.	“GERTI” company	Trading	Decision no. 54, dated 22.02.2021
5	“TIRANA INTERNATIONAL DEVELOPMENT” company	Trading	Decision no. 146, dated 24.06.2021
6	“INFO – TELECOM” company	Trading	Decision no. 147, dated 24.06.2021
7	“AlbEsp Trading & Consulting” company	Trading	Decision no. 242, dated 02.12.2021
8	“Albanian Energy Supplier 2”	Trading	Decision no. 257, dated 21.12.2021

Figure 77 The licensees in Electricity Trading activity during 2021

4.2.2 Licensing in Electricity Supply activity

During 2021 ERE continued to license in electricity supply activity. On the following table are presented the entities licensed from ERE in electricity supply activity.

No.	Entity	Licensed Activity	ERE Board Decision
1	“DRAGOBIA ENERGY” company	Supply	Decision no. 98, dated 16.04.2021
2	“AlbEsp Trading & Consulting” company	Supply	Decision no. 241, dated 02.12.2021
3	“NOA ENERGY TRADE”	Supply	Decision no. 243, dated 02.12.2021
4	“Albanian Energy Supplier 2”	Supply	Decision no. 258, dated 21.12.2021

Figure 78 Entities licensed in electricity Supply activity during 2021

4.3. Licensing in Natural Gas activity

For 2021 period ERE licensed in Natural Gas supply activity Albpetrol company.

4.4 Modifications of the licensed handled by ERE during 2021

ERE during 2021 handled 4 requests for licenses modification, where 3 of them are taken with the respective decisions for modification as follows and it is refused the application due to the deficiencies at the documents submitted at ERE for the license modification.

With decision no. 95, dated 06.04.2021, it is approved the license modification for electricity production of the “KROI MBRET” company, approved with the reduction of the HPP-s number as follows:

The number of the HPP-s: Was: 5 (five), with total installed capacity 7320 MW

Becomes: 3 (three), with total installed capacity 6632 MW

This modification was due to the amendments on the HPP-s characteristics, amendments that are approved even from the respective state bodies.

With decision no. 100, dated 16.04.2021 it is approved the modification of “KURUM INTERNATIONAL” company, for the electricity production from “Ulëz” HPP with installed capacity 24 MW.

The installed capacity of Ulëz HPP: : Was: 24 MW

Becomes: 33.2 MW

This modification is due to the rehabilitation of this HPP regarding the optimization of the pipeline operation on which are replanced some of the main equipments of the HPP with the new ones that increased its capacity. Being that Ulez HPP is a private powerplant, it has not been necessary the taken of the decisions from the state bodies for the modification of the parameters.

With decision no. 154, dated 30.06.2021, it is approved the modification of the Trans Adriatic Pipeline AG Albania license, the validity term of the license: Was: 25 years from the commencement date of operation

Becomes: 30 years from the commencement date of operation

This modification was due to the prolongation of the transmission license from 25 to 30 years, beyond the term defined on the exemption conditions (from the criteria of Third Party Access, The Tariff Regulation and the Ownership Unbundling according to the European Commission Decision of date 16 May 2013 for the exemption of Trans Adriatic pipeline from the requirements of third party access, tariff regulation and the ownership unbundling defined on Articles 9, 32, 41 (6), 41 (8), and 41 (10) of 2009/73/EC Directive) shall ensure the harmonization of the Transmission License with the Specific Permission issued to TAP with Council of Minister Decision no. 123 dated 13.03.2019. Also, the minimum lifecycle of the tecnicl operational transmission system of natural gas for TAP is 50 years.

4.5 Applications for license renewal handled by ERE during 2021

During 2021 ERE handled 4 requests for license renewal, where for 3 of them it is issued the approval decision for license renewal, as follows, while for 1 of them it is decided not to open the procedure because the application was incomplete and not in conformity with ERE respective regulation.

Decision no. 14, dated 20.01.2021, for the license renewal of “ENERGY SUPPLY-AL” company, in electricity supply activity.

Decision no. 13, dated 20.01.2021, for the renewal of “ENERGY SUPPLY-AL” license, in electricity trading activity.

Decision no. 134, dated 07.06.2021, for the renewal of “Devoll Hydropower” license in electricity supply activity.

4.6 License transfers licensed by ERE during 2021

During 2021 ERE handled 2 requests for license transfer, for 1 of them it is taken the decision not to initiate the procedure because the documentation submitted at ERE was incomplete, while for the other request it initiated the procedure to review it.

4.7 Qualification and equipment with the Guarantee of Origin Certification during 2021

During 2021 ERE handled 1 (one) request for qualification and equipment with the Guarantee of Origin Certificate for the electricity production Plant of Banjë HPP, of Devoll Hydropower company” for the net electricity injected on the grid for 2019 and 2020 period. The equipment with this guarantee shall evidence to the end use customer that most or whole used of electricity amount, is produced from renewable resources. The equipment with this guarantee of origin evidences that Banjë HPP produces energy from the fully renewable (hydro) resource.

4.8 Issue of the authorizations from ERE for the transferring of immovable assets and the change of the partnet/shareholder that controls the interests of the licensee

During 2021, ERE handled 4 requests for issue of authorizations for the transferring of immovable assets of the licensee, to guarantee the financing received from financial institutions for the construction of the HPP-s, where for 3 of them are taken the respective decisions for authorization issue, while for 1 request it is decided not to open the procedure, due to deficiencies on documentation.

Also during 2021, ERE handled 5 requests for issuing the authorizations from ERE to change the partner / shareholder that controls the interests of the licensee, and for the 5 of these requests it is decided to issue the respective authorizations.

4.9 Handling the requests of ALBGAZ company to postpone the terms of fulfilling the licensing conditions

During 2021, ERE handled the requests of Albغاز company, to postpone the term of ERE decision for licensing of the companz in the natural gas operation activitz of the storage spaces and the postpone of the term to complete the licensing decision conditions in transmission and distribution activities until on 20.01.2022 for the storage of the Environmental Permissions and Authorizations and the Safety Certificate. Postponements of procedural terms to complete the respective conditions are due to the failure of the company to complete on time the documentation required from the effective by-legal legislation, as consequence of the difficult conditions established from COVID – 19 pandemic and its restrictions.

4.9.1 Supervision of licensees during 2021.

During 2021, ERE continued the supervision of the licensees and the evaluation of the information provided by the reports related to the licensed activity for each entity. Based on the obligations deriving from the licenses in Power and Natural gas activity there continued the periodic reports referring to the monthly and quarter terms.

From ERE it is controlled, evaluated and analysed the information ensured from the reports regarding the licensed activity, issuing the respective financial findings, which during 2022 period shall focus on complying the license conditions.

From the collected data, there are processed and analysed the technical-economic and financial indicators for 2021 and according to periodic evidences it results that a considerable part of the entities have fulfilled their provisions regarding electricity production, compared with the annual rate set on the contract with MIE. Also based on this annual report for the produced electricity quantity the financial statements of the licensee, many of the licensees turned out to be profitable.

Resulting from the collected data from the reconciliation acts of the Free Trade Supplier (FTL), this last one mentioned responds on time to any licensee that invoices the sold electricity according to the FTL company contract.

From the reporting of the licensed entities in electricity production activity, for the supervision purposes ERE processed the data to define the utilisation coefficient, for the reporting entities and the monthly and quarterly reporting, to evidence their progress. From the processing of these data during the year it results that it has continuously increased the number of the licensees that report periodically and systematically.

Regarding the supervision of the licensees it is kept and continuously updated the information received from the reports to ensure the health of the employees and that of the immovable assets related to the licensed activity. The issued conclusions show a satisfied commitment of the licensees to correctly comply the obligations deriving from the licenses that they hold.

Regarding the above, the work initiated during 2020 continued even during 2021, where from this year reports were observed that the licensees in power sector are in continuous progress to their attempts from the time of being licensed by ERE, to be successful on this activity.

Also in the framework of the monthly report and the supervision it is evidenced that the companies that encountered problems regarding the voltage fluctuations as well as electricity disconnection on their operation area. Regarding these cases ERE based on the “*New Connections Agreement*” approved with ERE Board Decision no. 166, dated 10.10.2016, “*The distribution code*” approved with ERE Board Decision no. 100, dated 26.08.2008 as well as the “*Regulation on standard criteria for the quality of service and safety performance of the electricity distribution grid*”, approved with ERE Board Decision no. 181, dated 10.11.2017, case by case is addressed to the grid operators with the respective official letters, remembering them to comply with the obligations deriving from the abovementioned acts as well as requiring information for the concrete actions undertaken to settle the issues encountered from the licensees. By the grid operator it is informed that there is overloading of the grid, which shall be handled on the respective investment plan.

For verification purposes and to comply with the obligations deriving from the respective licenses conditions, to inform ERE regarding the change of the address, the administrator its status etc, or regarding the request to receive the authorisation by ERE for the change the legal status, the change of the partner/shareholder controlling the interests of the licensed company or for setting the shareholder’s quota for the licensees as means to guarantee the obligation/obligations to the third parties, there are consulted the historical extracts of the licensee commercial register (at the official website of the National Business Center (QKB), and then it is followed with the respective procedures.

4.9.2 Certifications, follow up and the implementation of the respective conditions

As reported even on 2020, TSO company complied all of the certification conditions and ERE with decision no. 99 dated 24.06.2020, decided to abrogate points 2, 3 and 4 of ERE Board decision no. 43, dated 15.03.2017 “*On approving the final certification of “Transmission System Operator” for electricity TSO company in conformity with article 54, point 6, of law no. 43/2015, “On Power Sector” and article 9, point 6, of Directive 72/2009 EC after receiving the opinion of Energy Community Secretariat” as amended.*

Currently implementing the abovementioned decision, “TSO ” company, is obliged to submit at ERE for every fiscal year the information regarding the financial audit independence.

For the year 2021, TSO company has fulfilled this periodic condition informing that the Legal Auditors appointed by the Ministry of Finance and Economy as the owner of TSO company, with official letter protocol no. 22365, dated 14.12.2021, to audit the financial statements of TSO company for the 2021 period, it turns out that they are not appointed for the audit of state electricity production and supply companies. As informed from the TSO company, it is also confirmed by the documentation that the company forwarded to ERE.

Also, implementing the definitions Decision no. 43, dated 15.03.2017, *“On approving the final certification of “Transmission System Operator” for electricity TSO company in conformity with article 54, point 6, of law no. 43/2015, “On Power Sector” and article 9, point 6, of Directive 72/2009 EC after receiving the opinion of Energy Community Secretariat”*, as well as implementing the definitions of the TSO company Compliance Programme approved with ERE Board Decision no. 103, dated 30.04.2018, the Compliance Officer of TSO company, in complying its obligations, shall submit to ERE the Annual Compliance Report of TSO company for 2020, within 31 March 2021.

By the electronic communication dated 26.03.2021, the Compliance Officer of TSO company required from ERE to postpone the term of delivering the compliance report of TSO company for 2020 with 7 (seven) working days from 31 March that is the final deadline of submitting it.

Following the above mentioned request, ERE Board with Decision no. 88 dated 31.03.2021, decided to suspend the implementation of the term provided on Chapter VI, letter c, point 1, of the Compliance Program of the Electricity Transmission System Operator, approved with ERE Board Decision no. 103, dated 30.04.2018, until on 20.04.2021.

The Compliance Officer of TSO company, through the official communication dated 07.04.2021, in complying the obligations according to ERE Board Decision no. 43, dated 15.03.2017 *“On approving the final certification of “Transmission System Operator” for electricity TSO company in conformity with article 54, point 6, of law no. 43/2015, “On Power Sector” and article 9, point 6, of Directive 72/2009 EC after receiving the opinion of Energy Community Secretariat”*, as well as implementing the definitions of TSO company Compliance Programme, approved with ERE Board Decision no. 103, dated 30.04.2018, submitted at ERE the compliance report of TSO company for 2020 period.

From the report it was observed that TSO company continued to comply its obligations in the framework of improving the work regarding the implementation of the certification decision provisions, of the compliance program and implementing the recommendations of the Compliance Officer. ERE issued some recommendations regarding the improvement of complying these obligations regarding which it is required to TSO company to take the measures and in continuation ERE shall follow the level of implementing them.

Also, during 2021 ERE followed up the implementation of the conditions of Decision no. 179, dated 08.11.2017, *“On the certification of the natural gas combined operator” Albgaz company*, due to Albgaz company fails to comply with this decision.

ERE Board decided to postpone the term of complying the conditions provided on ERE Board Decision no. 179, dated 08.11.2017, *“On the certification of the “Combined operator of natural gas” Albgaz company*, until on 20.01.2022, according to the request of the company regarding the submission at ERE for every fiscal year of the information regarding the independence of the financial auditors and with inter-institutional cooperation of realizing the amendments of the legal framework.

For the postponement of the term to comply the conditions of the abovementioned decision, it was impossible from ALBGAZ company for on time compliance due to the difficult situation established from the COVID – 19 pandemic. Regarding the information for the independence of the financial audits, the company argued that it is waiting to conclude the audit process and it will submit at ERE full documentation, in the framework of complying this periodic condition. On the other hand, the condition for inter-institutional cooperation do not depend from the will of the company, but from the state institutions.

Based on Law no. 102/2015, *“On natural gas sector”*, as amended, implementing the requests of article 73 and 74 of the *“Compliance Programme”*, approved with ERE Board Decision no. 77, dated 26.05.2017, *“On approving the Compliance Programme of the Transmission System Operator for Natural Gas”*; in complying the obligations left out from ERE Board Decision no. 78, dated

26.05.2017, “On approving the contract for providing the compliance officer services in natural gas”, The Compliance Officer of ALBGAZ company, with the official letter dated 31.03.2021, submitted the Annual Compliance Report for Albgaz company for 2020 period.

Referring to the officer report, regarding the implementation of the compliance programme for 2020 period, its findings and recommendations, it is evidenced that this report is generally performed according to the requests of the standard program, approved with ERE Board Decision no. 77/2017 and as follows are the tasks and recommendations for which ALBGAZ company shall take the measures and then ERE shall follow their implementation level.

The annual report from the Compliance Officer is based on the standard compliance programme, approved with ERE Board Decision no. 77/2017, but following the submission of the approved Compliance Programme from ALBGAZ company, ERE Board with decision no.171, dated 16.08.2021, decided:

1. *To approve the Compliance Programme of the Natural Gas Transmission System Operator, “ALBGAZ” company, on the condition that the company within 3 months shall deliver it at ERE updated with the definitions according to the requests of point 5, 6 and point 15, of the Compliance Programme of the Natural Gas Transmission System Operator, approved with ERE Board Decision no. 77, dated 26.05.2017.*
2. *Noncompliance of the condition according to the definitions of point 1, is the cause for the review of this decision.*

With the official letter dated 16.11.2021, “ALBGAZ” company, showed that it has taken all measures to comply the conditions of the current decision and is consulting with the included stakeholders or with those affecting the decision making. Regarding the above the company required ERE understanding to postpone with 3 (months) the term defined on point 1 of ERE Board Decision no. 171/2021.

As follows, ERE Board, with decision no. 236, dated 26.11.2021, decided to extend with 3 (months), beginning from the effectiveness of this decision the term defined on point 1, of ERE Board Decision no. 171, dated 16.08.2021, “On approving the Compliance Program of the Transmission System Operator for Natural Gas, “ALBGAZ” company”.

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

Implementing articles 19,20,79 and 83 of Law No. 43/2015 “On Power Sector”, as amended, and articles 16, 17, 32, 75 and 92 of Law 102/2015 “On Natural Gas Sector” as amended, as well as article 10 of Law 7/2017 “On the promotion of the use of energy from renewable resources”, ERE is the responsible authority for imposing the tariffs and prices for the regulated activities and those that have the public service obligation in power sector, based on the respective effective methodologies.

Within this framework, ERE main activities in tariff and prices regulation of Power and Natural Gas sectors during 2021 have been:

1. Review of the applications, cost analysis and approve of tariffs and prices from the licensee in power and natural gas sectors for:
 - Electricity transmission activity;
 - Electricity distribution activity;
 - Supply activity from the electricity universal service supplier;

- Supply activity from the supplier of last resort for electricity;
 - Natural gas transmission and distribution activities;
 - Defining the electricity purchase price generated from small renewable resources from solar and from small renewable resources from the small generators with renewable resource from the biodegradable part of solar waste, utilising the industrial, urban and rural wastes for 2020 period;
 - Defining the average price of electricity purchase generated from aeolian plants with installed capacity up to 3 MW for 2020 period;
 - Defining the electricity sale price from the existing priority producers;
 - Activity of the electricity priority producers;
 - Electricity purchase cost implementing the conditions for setting public service obligation from the licensees on power sector;
2. The drafting, review and approval of the Methodologies to calculate the tariffs for the licensees on power and natural gas sectors:
- The follow up of the process to approve the Methodology for calculating the renewable energy obligation and the procedure for the compensation of electricity priority generators;
 - Assessing the need to review the Methodology to calculate the electricity distribution system operator tariff;
 - Approval of the Methodology to calculate the regazification service tariff for the LNG System Operator;
3. The study and assessment of comparative data regarding the tariffs and prices approved by ERE throughout the years as well as the electricity prices of regional countries.

During 2021, ERE reviewed and assessed the costs of the regulated activities on power and natural gas sector, as it was done for each exercising year implementing the effective legislation.

ERE regulated the processes to review the applications for the tariffs and prices of the regulated activities and decided to let into force the tariffs and prices analysing the realized and permitted costs of these activities. During this period, ERE aimed to maintain on time sustainable tariffs taking into account that the power sectors had a series of essential amendments within the reforms approved by the Albanian Government, for the its financial recovery.

The Albanian Government with Decision no. 253, dated 24.4.2019 as amended, abrogated the financial recovery plan and approved the financial consolidation plan of the public power sector. In order the regulated activities to improve their technical and economic – financial indicators, the recovery plan of the power sector above all provided the aimed level of the permitted losses in the network and the collections from the sale of electricity.

Also the plan provided: to keep suitable internal tariffs and cost reflective for the supply, transmission, distribution and sale of electricity for the regulated market of the tariffs, where the distribution tariffs shall be based on the reviewed plan to reduce the losses; and for ERE approval of the three network access tariffs for respectively 35 kV, 20/10/6 kV and 0.4 kV voltage levels and to permit the transit on the irregulated market of the customers connected on medium voltage.

Analysing the regulated activities for 2020 and 2021, there have been significant changes to the provision of technical, economic and financial indicators due to the effects caused on the power sector by the 2019 earthquake, the COVID – 19 pandemic and further the post – pandemic effects. The

effects of these phenomena, caused large fluctuations in the request for electricity in total, the level of the losses in the network as well as the realized investments.

During the second 6 – months of 2021, the international market of electricity confronted with demand increase, when the offers for electricity and natural gas fail to comply the needs of the market.

These effects also affected the electricity albanian market, which despite that during 2021 there was an increase of the domestic generation, during the second 6 months of 2021 it was necessary the electricity import to cover the request for the universal supply but even to cover the losses, issues that are covered above on this report.

On the following graph it is submitted the trend of the prices for the day ahead on HUXP exchange according to the annual report of HUXP Dam, compared with the electricity purchase prices from the FTL company to cover the losses of the distribution network operator, the universal supplier and the supplier of last resort, as well as the electricity purchase prices to cover the losses of TSO company:

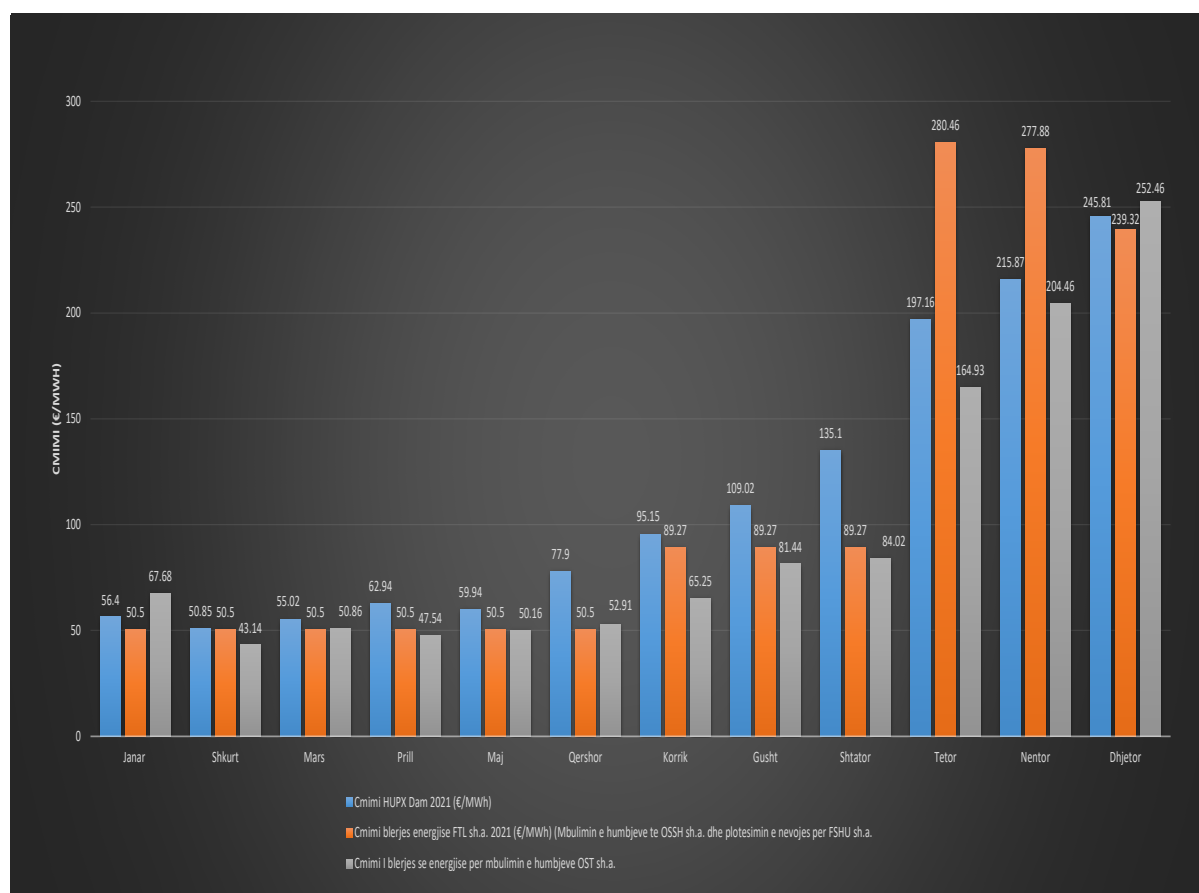


Figure 79 The average price for the day ahead market HUPX Dam, the electricity purchase price from FTL company to cover the losses of the distribution network operator, the universal supplier and the supplier of last resort, as well as the electricity purchase price to cover the losses in electricity transmission network for 2021.

(Source: HUPX, FTL company, TSO company)

As observed on the above graph, from July 2021, the electricity price traded for the day ahead market on the Hungarian exchange HUPX DAM, continued a considerable increase reaching its peak at the amount 245.81 Eur / MWh during December 2021. While on the Albanian electricity market this effect is felt even earlier reaching its peak on October 2021 where the electricity purchase price from the free market from the FTL company reached the amount 280.46 Eur/MWh.

ERE following the applications to define the tariffs for the electricity transmission and distribution networks of TSO and DSO companies and the cost increase of electricity purchase from the free market, to review the adequacy of tariffs for these activities followed with the process of reviewing the average transmission tariff and the electricity distribution tariff, which are object of review during 2022.

5.1 Review of the applications to approve the tariffs and prices of the licensees on power and natural gas sectors for 2022 throughout 2021

5.1.1 Regarding the application of TSO company for approving the electricity transmission service tariff for 2022 and for 2022-2024 period

Based on the obligations according to the effective legal and by-legal acts mentioned above, the Transmission System Operator company (TSO company,) submitted at ERE the electricity transmission application tariff for 2022 as well as for 2022-2024 period.

On its request, TSO company required from ERE the approval of the average electricity transmission tariff for the 3 year 2022 – 2024 period, on the **1.47 ALL /kWh** from the effective amount of **0.75 ALL/kWh**.

During the review of the application from the TSO company, ERE accessed necessary the performance of the analysis for the provided costs to the realized ones, as well as the technical, economic and financial indicators of the Transmission System Operator. As above mentioned, it was considered necessary to access whether the company was on the circumstances to require the review of the average transmission tariff level and as consequence the components of the required/permitted incomes implementing the definitions of the “Methodology of calculating the electricity transmission tariffs”, and supporting on the definitions of the “Regulation for ERE organization, operation and procedures”.

Within this framework, ERE with Decision no. 234, dated 19.11.2021, decided to “Open the procedure to review the application of TSO company for the electricity transmission tariff for 2022 and for 2022-2024 period”.

ERE implementing the provisions of the “Regulation on ERE organization, operation and procedures” on 03.12.2021 held a technical hearing session with TSO representatives to discuss the issues and circumstances that lead TSO company on proposing an average tariff of 1.47 ALL /kWh for the future regulatory 2022 – 2024 period. In order for this process to be evaluated as fairly and in full transparency as possible and to be judged on the proposal of the electricity transmission service tariff for 2022 and the 2022-2024 period, according to the above Regulation, ERE on 29.12 . 2021, organized a public hearing session with the representatives of TSO company as well as with the stakeholders.

During this process ERE continued a series of correspondences with the TSO company to handle the issues that are were not necessary to be completed with information, documentation and above arguments that were published on ERE official website.

Although this process failed to be executed within 2021 due to the dynamics expressed above on this report and so that the TSO company also for 2022, shall continue to carry out the activity for which it is licensed, in accordance with Law no. 43/2015, "On Power Sector", as amended, ERE Board with decision no. 252, dated 21.12.2021 decided to postpone the legal effect of ERE Board decision of no. 212, dated 15.12.2020, until the end of the review procedure of the application of TSO company for the electricity transmission tariff for 2022 and the 2022-2024 period.

5.1.2 Regarding the application of the Distribution System Operator for electricity to define the tariffs for 2022

Based on the obligations according to the effective legal and by-legal acts mentioned above, DSO company, submitted the application for the Electricity Distribution System Operator for 2022, proposing the approval of the tariffs according to the voltage level for 2022, as follows:

- a) The electricity distribution tariff in 35 kV voltage is required **2.61 ALL/kWh** from the effective one of **1.5 ALL/kWh**;
- b) The electricity distribution tariff in 20-6 kV voltage is required **3.99 ALL/kWh** from the effective one of about **3.9 lekë/kWh** for the 20 kV voltage;
- c) The electricity distribution tariff in 0.4 kV voltage is required **6.63 ALL /kWh** from the effective average distribution tariff of **4.79 ALL/kWh**.

After the review of DSO company application, ERE accessed necessary to perform the analysis for the provided costs to the realized ones, as well as the technical, economic and financial indicators of the distribution operator. From the above, it was considered necessary to access if the company was on the circumstances that required the review of the electricity distribution tariff level and as consequence of the required incomes implementing the definitions of the “Methodology for calculating the tariffs of the Distribution System Operator”, and being supported on the definitions of the Regulation on “ERE organization, operation and procedures”.

On this framework, ERE with decision no. 233, dated 19.11.2021, decided to open the procedures to review the application of DSO company, to define the tariffs of the Distribution System Operator for 2022 period.

ERE implementing the provisions of the “Regulation for ERE organization, operation and procedures” on date 03.12.2021 organized a technical hearing session with DSO representatives to discuss the issues and circumstances that lead the DSO to propose the tariffs for the voltage level for 2022 period.

Implementing the abovementioned Regulation and in order this process to be conducted on full transparency and shall be judged as fairly as possible the tariff proposal for the electricity distribution service for 2022 period from DSO company on 29.12.2021 was held a public hearing session with the representatives of the DSO company, the ERE and the stakeholders.

During this process ERE followed with a series of correspondences with the DSO company to handle the issues that were necessary to be fulfilled with information, documentation and arguments which are published on ERE official website.

Although this process was not executed within 2021 due to the dynamics expressed above on this report and in order the DSO company for 2022 period to continue the realization of the activity for which it is licensed, in conformity with Law no. 43/2015, “On Power Sector”, as amended, ERE Board with Decision no. 252, dated 21.12.2021, decided to postpone the legal effect of ERE Board Decision no. 213, dated 15.12.2020, to the termination of the procedure to review the application of DSO company for the electricity distribution tariff for 2022 period.

5.1.3 Regarding the electricity retail sale prices for the end-use customers that are served by the Universal Service Supplier

FSHU company has not submitted at ERE the application to approve the electricity retail sale prices for the end-use customers that are served by the universal service supplier for 2022 period, based on the provisions of the effective legislation.

ERE notified FSHU company regarding the network tariff applications from the transmission and distribution operators and required from FSHU company above all to submit its foresees on network cost transferring required from the transmission and distribution operators of electricity; the costs for electricity purchase and other costs of FSHU activity for each customer category that shall be supplied from the FSHU and FMF during 2022; as well as the price structure that shall be applied to benefit the necessary incomes to cover the costs for the exercising activity foreseen for 2022.

FSHU company declared that it is waiting to ERE Board Decisions for the tariff and prices regarding the network costs transferring for tariff customers, and supporting on the decisions and declarations of the Albanian Government, FSHU companz is waiting not to amend the electricity sale prices for the customers in the 0.4 kV voltage level.

Regarding the above, in order FSHU company even for 2022 to follow the realization of the licensed activity, in conformity with Law no. 43/2015, "On Power Sector", as amended, ERE Board with decision no. 252, dated 21.12.2021, decided to postpone the legal effectiveness of ERE Board decision no. 214, dated 15.12.2020, to ERE assessment for transferring the electricity transmission and distribution costs for the retail sale prices of end-use customers that are served by the Universal Service Supplier, in conformity with the requirements of effective legal and by-legal acts.

At the end ERE Board with Decision no. 252, dated 21.12.2021 decided to let effective ERE Board Decisions no. 212, no.213 and 214 dated 15.12.2020 having into consideration that the effects on the incomes of the regulated companies shall be corrected and shall be their respective compensation in conformity with the definitions of article 20, letter "c" of Law no. 43/2015, "On Power Sector", as amended and the respective methodologies.

The processes of reviewing the applications and approving the electricity distribution and transmission networks as well as the cost analysis of the universal service supplier shall be handled by ERE on the Annual Report for 2022 period.

5.1.4 On defining the electricity sale prices from the Supplier of Last Resort for 2021

Implementing Article 87, point 4 of Law no. 43/2015 "On Power Sector", as amended as well as the "Methodology to define the electricity sale price from the Supplier of Last Resort", approved with Decision no. 201, dated 04.12.2017, as amended with ERE Board Decisions no.144, dated 25.06.2018 and no.233, dated 20.12.2019, Energy Regulatory Authority defined the electricity sale price for the supply from the Supplier of Last Resort (SoLR) for the customers connected in 35 kV voltage level for each month of 2021. The calculation of electricity sale price supplied from the Supplier of Last Resort, are carried out implementing the formula defined on the abovementioned methodology.

As follows are submitted the electricity sale prices of supply from the Supplier of Last Resort for 2020-2021 period, according to the respective Board Decisions, as well as the average weighted prices of electricity purchase to cover the request for energy for 2021, compared to those of 2020 period.

Viti 2020	Vendimi	Cmimi i shitjes miratuar nga ERE (lekë / kWh) 2020	ÇBET 2020
Janar	Nr. 23, Datë 10.02.2020	12.49	8.20
Shkurt	Nr. 47, Datë 20.03.2020	10.50	9.92
Mars	Nr. 60, Datë 08.04.2020	9.56	5.62
Prill	Nr. 84, Datë 12.05.2020	9.50	4.58
Maj	Nr. 95, Datë 08.06.2020	9.50	4.15
Qershor	Nr. 116, Datë 09.07.2020	9.50	4.15
Korrik	Nr. 130, Datë 10.08.2020	9.50	5.08
Gusht	Nr. 147, Datë 10.09.2020	9.71	5.51
Shtator	Nr. 156, Datë 07.10.2020	11.75	7.49
Tetor	Nr. 182, Datë 06.11.2020	11.10	7.07
Nentor	Nr. 207, Datë 11.12.2020	11.32	7.07
Dhjetor	Nr. 01, datë 11.01.2021	14.82	10.47

Figure 80 Sale prices and average weighted prices of electricity from the supply of SoLR for 2020 period

(Source: ERE)

Viti 2021	Vendimi	Cmimi i shitjes miratuar nga ERE (lekë / kWh) 2021	ÇBET 2021
Janar	Nr. 38, Datë 11.02.2021	10.80	6.56
Shkurt	Nr. 71, Datë 12.03.2021	10.79	6.55
Mars	Nr. 103, Datë 16.04.2021	10.54	6.31
Prill	Nr. 119, Datë 11.05.2021	10.57	6.34
Maj	Nr. 133, Datë 07.06.2021	10.48	6.26
Qershor	Nr. 161, Datë 12.07.2021	10.48	6.26
Korrik	Nr.179, Datë 23.08.2021	15.34	10.97
Gusht	Nr.182, Datë 10.09.2021	15.03	10.67
Shtator	Nr.213, Datë 15.10.2021	24.74	20.19
Tetor	Nr.229, Datë 09.11.2021	32.73	27.85
Nentor	Nr.246, Datë 13.12.2021	38.73	33.68
Dhjetor	Nr. 16, Datë 26.01.2022	35.41	26.88

Figure 81 Sale prices and average weighted prices of electricity from the supply of SoLR for 2021 period

(Source: ERE)

As evidenced on the above tables, the average weighted price of electricity purchase for the supply of last resort, resulted in significant differences bringing as consequence the impact in calculating the sale price which is approved by ERE for 2020 – 2021 period. On the following graph is submitted the moving curve of the average pondered price of electricity for the supply of last resort purposes for 2020 – 2021 period.

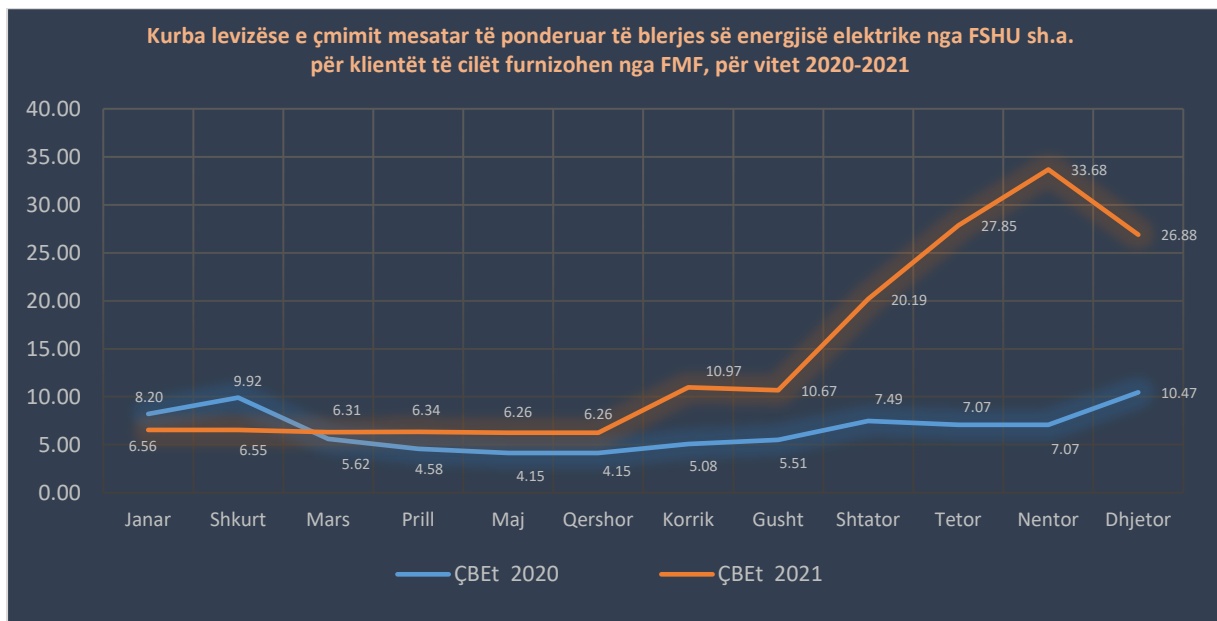


Figure 82 The moving curve of the average weighted price for electricity purchase from the Universal Service Supplier company for the customers that are supplied from the Supplier of Last Resort, for 2020 – 2021 period

As observed on the above graph, the purchase cost for January – June period resulted in not significant differences, following a balanced trend. While July- December 2021 period resulted in significant differences compared to the same period of 2020, due to the increase of electricity purchase price in the free market.

On the following table, it is submitted the amendment and the increased differences of electricity purchase price to cover the need of SoLR customers for 2021 compared with 2020.

Muaji	QBEt 2020	QBEt 2021	Diferenca në përqindje 2021-2020
Janar	8.20	6.56	-20%
Shkurt	9.92	6.55	-34%
Mars	5.62	6.31	12%
Prill	4.58	6.34	39%
Maj	4.15	6.26	51%
Qershor	4.15	6.26	51%
Korrik	5.08	10.97	116%
Gusht	5.51	10.67	94%
Shtator	7.49	20.19	170%
Tetor	7.07	27.85	294%
Nentor	7.07	33.68	376%
Dhjetor	10.47	26.88	157%
Mesatare	6.61	14.04	113%

Figure 83 The electricity purchase price to cover the needs of SoLR customer's for 2020 – 2021 period

(Source: FSHU company)

On the following graph is submitted the moving curve of electricity sale prices from the Supplier of Last Resort approved by ERE Board for 2021, compared to the sale prices for 2020 period:

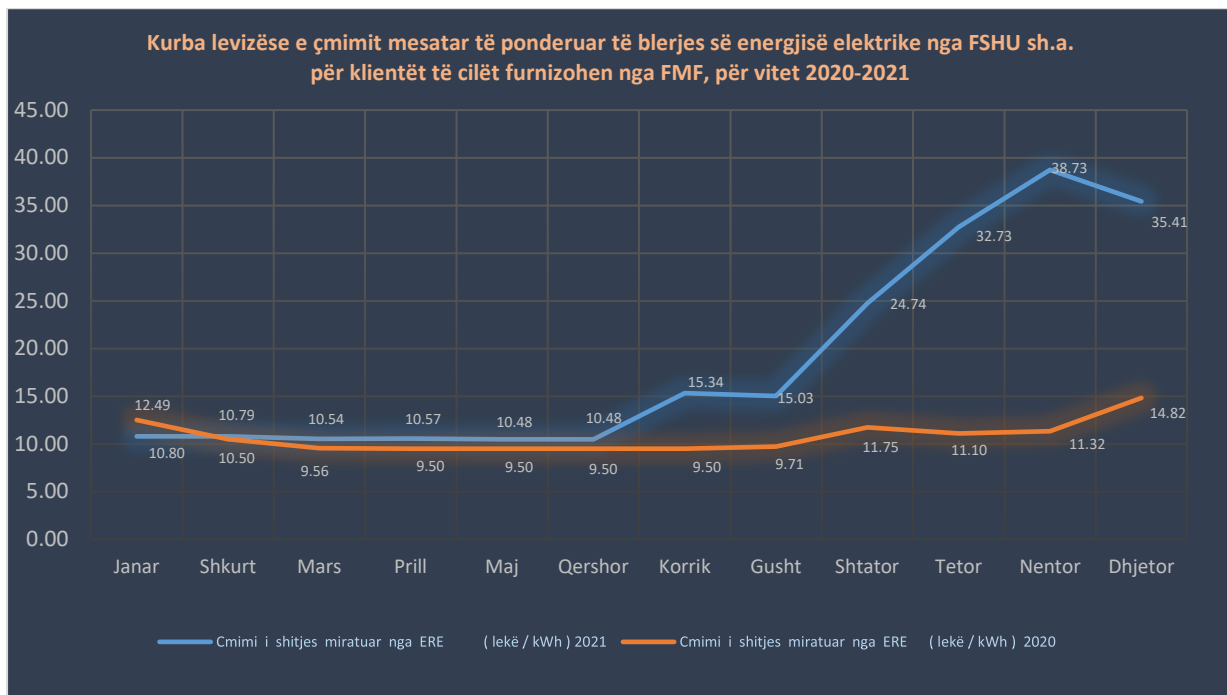


Figure 84 Moving curve of electricity sale prices from the Supplier of Last Resort, approved by ERE for 2020-2021 period

As observed on the above graph, the prices approved by ERE Board for the customers connected on 35kV voltage level are impacted from the electricity purchase price expressed above, where the effect for the second six months of 2021 has come to an average progressive increase of about 62% compared with the same period of 2020.

From the analysis of periodic reports for 2021, it is evidenced the electricity quantity sold for SoLR customers has been 20 GWh, with an invoiced amount of 377 Milion ALL, resulting with an annual average price of 18.01 ALL /kWh. On the following level are submitted the differences of these indicators for 2021-2020 period.

Viti	Sasia (kWh)	Vlera (Lekë)	Çmimi mesatar i realizuar (Lekë/kWh)
2020	26,062,645	289,076,144	11.09
2021	20,938,063	377,010,344	18.01
Diferencë	-20%	30%	62%

Figure 85 Realising the indicators of the SoLR for 2020 – 2021 period

(Source OSHEE Group company, ERE)

From the sales, it is evidenced a considerable decrease of electricity sold for those customers on 20% measure during 2021, compared to those of 2020 period. This difference is as consequence of contract connection for the supply in the free market as part of customers supplied on the conditions of last resort for the previous year. While the incomes realized from the sale of electricity for SoLR customers during 2021, resulted on an increase of 30% compared to 2020 period.

5.1.5 On the approval of the temporary natural gas transmission tariff from AlbgaZ company for 2022

Implementing Article 17, letter “e”, of Law no.102/2015, “On natural gas sector”, as amended, it is defined that “ERE shall have the right to approve temporary transmission or distribution tariffs when the transmission or distribution operators fail to approve the amendment of the tariffs”.

In the absence of the application to review the transmission tariff of Albgaz company, for 2022 period, the submission of the investment plan for 2022 as an important component of calculating the natural gas transmission tariff for 2022 period, as well as implementing the directives of Energy Community, although the access to the network for the users of the Transmission System shall be guaranteed and this company shall provide its services with tariffs regulated by ERE, ERE Board with decision no. 254 dated 21.12.2021 decided to postpone the legal effect of ERE Board Decision no. 206 dated 16.12.2019, for 2022 period, until the approval of a tariff supported on the application of “Albgaz” company where the update and compensation of the required incomes of Albgaz company from the temporary required incomes shall be based on the definitions of Article 17, point “e” of Law no. 102/2015 “On natural gas sector” as amended.

5.1.6 On defining the electricity purchase price generated from solar, wind and the biodegradable part of solid wastes that utilise the industrial, urban and rural wastes for 2020 and 2021 period

5.1.6.1 Defining the electricity purchase price generated from small renewable resources from solar and the biodegradable part of solid wastes that utilise the industrial, urban, rural wastes with installed capacity up to 2 MW for 2020 period

Based on Article 10, point 3 of Law no. 7/2017 “*On the promotion of energy usage from renewable resources*” and the definitions of Council of Minister Decision no. 369, dated 26.4.2017 “*On approving the methodology for defining the electricity purchase price generated from small renewable resources from solar and wind*” and Council of Minister Decision no. 27, dated 17.1.2018 “*On approving the Methodology for defining the electricity purchase price generated from small generators of renewable resources from the biodegradable part of solid wastes, that utilize the industrial, urban and rural wastes*”, ERE is obliged to define the electricity purchase price generated from small generators of renewable resources from the biodegradable part of solid wastes, that utilize the industrial, urban and rural wastes with installed capacity respectively 2 MW.

Implementing the above legislation as well as MIE orientation where for defining the electricity price generated from small photovoltaic generating sources shall be taken into consideration the methodology of accessing the electricity costs from renewable resources, which shall be based on the same LCOE formula, according to Council of Minister Decision no. 369, dated 26.04.2017.

ERE Board with Decision no. 271, dated 28.12.2020, opened the procedure to define the electricity purchase price generated from small renewable resources from solar, wind and the biodegradable part of solid wastes that utilize the industrial, urban and rural wastes for 2020 period.

Based on the communications with the Ministry of Infrastructure and Energz, it resulted that for 2020 period it is not issued the final approval for the construction of the acts from small renewable resources from solar or from small generators with renewable resource from the biodegradable part of solid wastes that utilize the industrial, urban and rural wastes.

In the absence of the entities equipped for the final approval and the data on the real investment cost, it was not applicable to define the electricity purchase price generated from photovoltaic plants as well as the biodegradable part of solid wastes that utilize the industrial, urban and rural wastes with installed capacity up to 2 MW for 2020 period.

On these conditions, ERE Board with Decision no. 113, dated 26.04.2021 and Decision no 114, dated 26.04.2021, approved the termination of the procedure on defining the electricity purchase price generated from small renewable resources from solar and the biodegradable part of solid wastes that utilize the industrial, urban and rural wastes for 2020.

Regarding the small renewable resources from the biodegradable part of solid wastes that utilize the industrial, urban and rural wastes even during 2021 period, ERE continued to handle the issue regarding the define of the electricity sale price from the plant of processing the urban wastes of Albtek Energy company with installed capacity 2850 KW”,

By the correspondences held during 2020-2021 period with Albtek Energy company and the Ministry of Infrastructure and Energy, ERE has stated that the plant for handling the urban wastes and the energy production of “Albtek Energy” company, is not regulation object of the electricity sale price by ERE according to the definitions of Article 10 of Law No. 7/2017 “On the Promotion of Using Energy from Renewable Resources” and Council of Minister Decision no. 27, dated 17.01.2018 “On approving the Methodology to define the electricity purchase price generated from small generators with renewable resource from the biodegradable part of the solid wastes, that utilize the industrial, urban and rural wastes”, as required from “Albtek Energy” company.

This attitude is supported on the fact that the installed capacity of about 2850 kW of “Albtek Energy” company, corresponding to the license issued by ERE, is over the limit of 2 MW, defined on Article 10 of Law no. 7/2017 “On the Promotion of Using Energy from Renewable Resources”.

On this framework, ERE directed to the Ministry of Infrastructure and Energy the need to approve the Methodology which shall be implemented on the specific case of the plant for processing the urban wastes of Elbasan District, an investment coming on the conditions of public-private partnership and to Albtek Energy company that required to set available the factual consts for the construction and operation of the plant for handling the urban wastes in Elbasan, of Albtek Energy company, as data which may serve to ERE service to access and analyze regarding the definition of the electricity sale price produced from Albtek Energy company, after the approval of the abovementioned Methodology.

Until now, there are not submitted at ERE the factual data on the construction costs and the operation costs for the plant, to handle the urban wastes in Elbasan of Albtek Energy company and it is not approved the methodology for calculating the electricity purchase price generated from the renewable resources from the biodegradable part of the solid wastes, that utilize the industrial, urban and rural wastes, which shall handle the specific case of “Albtek Energy” company 5.1.6.2 The definition of the electricity purchase price generated from small renewable resources from wind with installed capacity up to 3 MW for 2020.

Implementing the abovementioned legislation, ERE Board decided to open the procedure to calculate the electricity purchase price, generated from small renewable resources from wind with installed capacity up to 3MW, for 2020 period. After reviewing the documentation submitted at MIE and at ERE of the companies that were equipped with the final approval for the construction of the aeolian plants, implementing the Methodology approved with ERE Board Decision no. 369, dated 26.04.2017, ERE Board with decision no. 115, dated 26.04.2021 approved the average price of electricity purchase generated from the aeolian plants with installed capacity up to 3 MW of about 75.64 Euro/MWh, for 2020 period.

On the following table are submitted the electricity purchase prices generated from small renewable resources from wind for 2020 period compared with the effective prices of other regional countries:

Country	Parameters	Price Euro/MWh	Supporting Period (Years)
Albania	< 3 MW	75.64	15
Kosovo	< 35 MW	85.00	12
Macedonia	< 5 MW	89.00	15
Serbia	Up to 9000 working hours	92.00	12
Monte Negro	N/a	96.10	12

Figure 86 The prices of electricity purchase generated from small renewable resources from wind

As reviewed from the table, for 2020 period the approved prices from the regional countries regarding the aeolian technology are sustainable.

On approving the electricity purchase price generated from small renewable resources from solar, wind and from the biodegradable part of solid wastes that utilize the industrial, urban and rural wastes for 2021.

ERE Board with Decision no. 222, dated 09.11.2021 decided to open the procedure for defining the electricity purchase price generated from small renewable resources from solar, wind, and the biodegradable part of solid wastes that utilize the industrial, urban and rural wastes for 2021 period.

The process of approving the electricity prices generated from small renewable resources from wind, solar and the biodegradable part of solid wastes that utilize the industrial, urban and rural wastes shall be handled within 2022, implementing the legislation in force.

5.1.7 Regarding the electricity purchase price from the existing priority generators for 2021 period

Based on the definitions of Law no. 7/2017 “*On the promotion of using electricity from renewable resources*”, the electricity purchase price from existing priority producers shall be calculated by ERE, in conformity with the “*Methodology for approving the annual electricity purchase price that shall be paid to existing priority producers*”, approved with Council of Minister’s Decision no. 687, dated 22.11.2017, as amended with Council of Minister Decision no. 396, dated 13.5.2020 “*On some amendments on Council of Minister’s Decision no. 687, dated 22.11.2017, “On approving the methodology for defining the annual electricity purchase price, that shall be paid to existing priority producers”*”.

From the data of the annual Power Exchange Report of Hungary (HUPX) the average annual price for the day ahead market (HUPX/DAM) of electricity in the base load profile for 2020 period resulted **39.00 Euro/MWh**.

From the data published from the Bank of Albania on the power exchange ALL/EUR for each day of 2020, resulted that the average exchange rate for 2020 period shall be 123.77 ALL/EUR.

Following the collection of the aforementioned data and the implementation of the definitions of Council of Minister Decision no. 687 dated 22.11.2017 of the “*Methodology for setting the annual electricity purchase price that shall be paid to existing priority producers*”, as amended, the electricity purchase price from the existing priority producers for 2021, resulted 7.448 ALL /kWh.

Regarding the above, ERE Board with Decision no. 16, dated 20.01.2021 approved the annual price of **7.448 ALL/kWh** that shall be paid to existing priority producers for 2021.

The Ministry of Infrastructure and Energy, with Directive no. 5, dated 13.10.2020 approved “The procedures for issuing, transferring, modifying or cancelling the work acceptance certificate” for the electricity priority producers from the plants that use energy from the small resources” On this directive it is provided that the Work Acceptance Certificate shall be considered automatically issued for all the electricity generation plants from renewable resources, which are set into operation and have performed the work test before the entry into force of Law no. 7/2017 “On the promotion of using energy from the renewable resources”.

To continue with the initiation of the discussion on handling and further completion of the legal and by - legal framework on the definition of the support scheme for priority producers who have not been provided with the Certificate of Acceptance of the Work until 31.12.2020 based on the provisions of Law no. 7/2017 "On the promotion of using energy from renewable resources", ERE has submitted to the Ministry of Infrastructure and Energy the request for clarification and orientation on how these producers who do not have the existing producers status will be handled in the future.

The graph as follows submit the progress of the prices approved from the electricity producers from the hydropower plants for the 2008 – 2021 period.

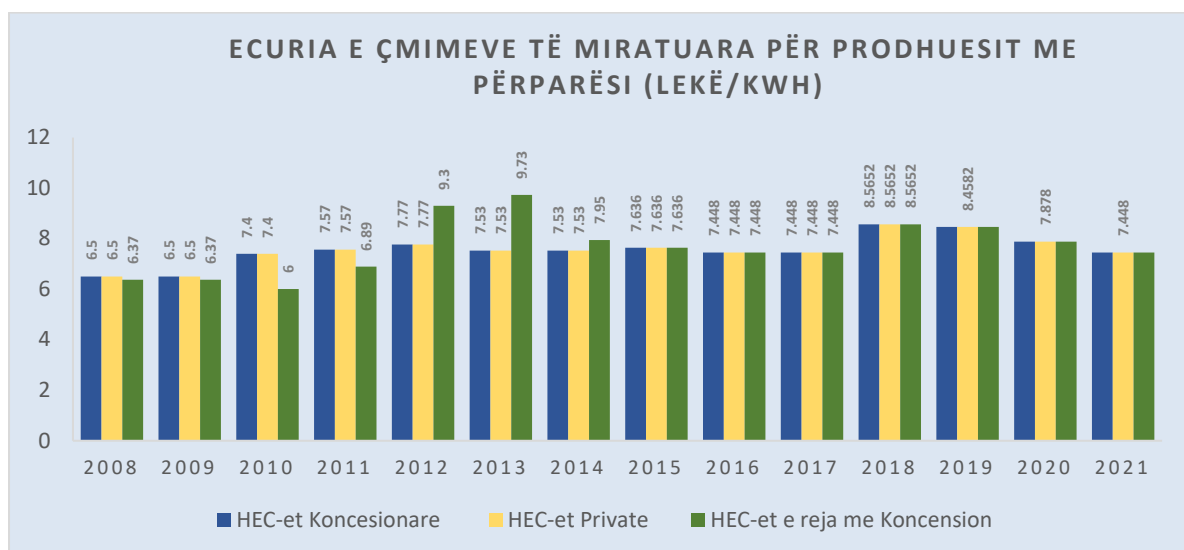


Figure 87 The progress of the prices approved by ERE for the Priority Producers

As reviewed on the above graph, the price for 2021 period compared to 2020 is decreased with about 5.5% or 0.43 ALL/kWh, as result of the decrease of the annual average price for the day ahead market (HUPX/DAM) of electricity in the baseload profile from 50.36 Euro/MWh to 39 Euro/MWh.

5.1.8 The activity of electricity priority producers & Ashta HPP for 2021

The generation of electricity from electricity priority producers (HPP-s with capacity up to 15 MW) during 2021 period is increased with 61.8 % compared to the production of 2020 period. Also the production from Ashta HPP for 2021 is increased with 57.7 % compared to the production of 2020 period.

The following graph, submits the energy generated throughout the years from the electricity sale for the priority producers and Ashta HPP.

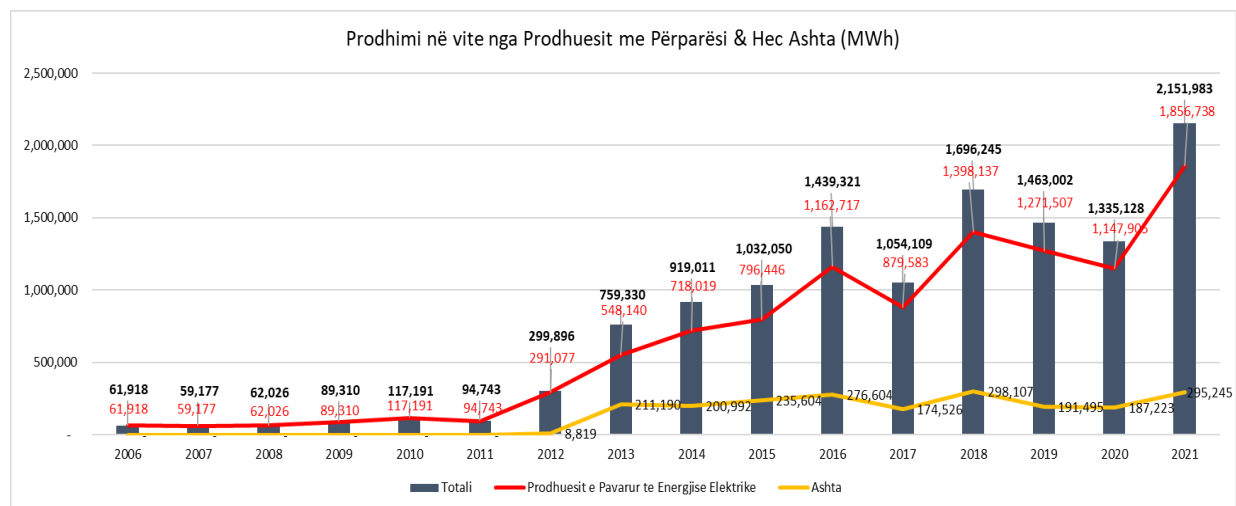


Figure 88 The production progress throughout the years from the Priority Producers and ASHTA HPP

The following graph, shall submit the progress of the incomes realized from the electricity sale of the priority producers and Ashta HPP throughout the years.

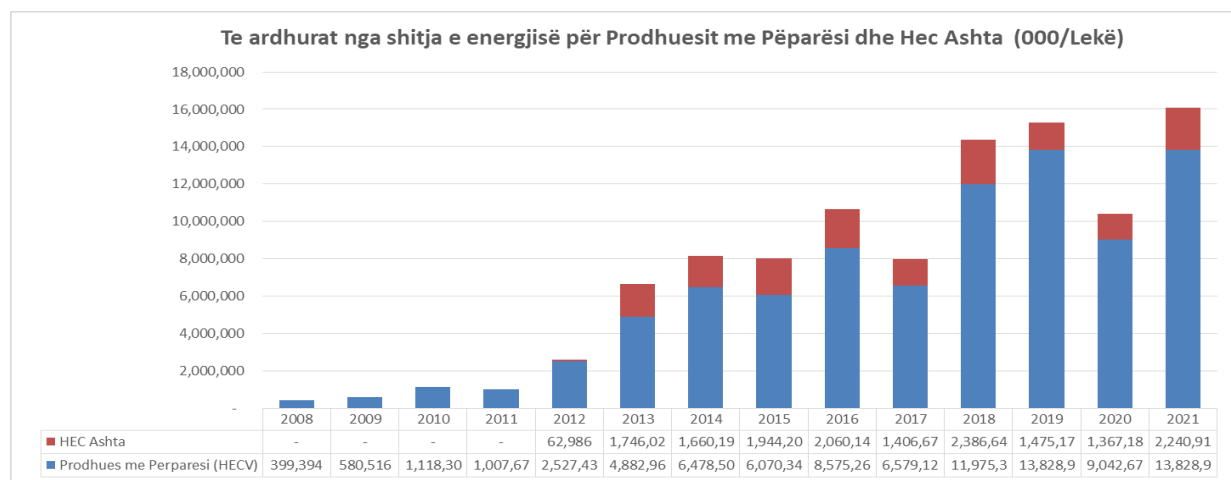


Figure 89 The incomes from the priority producers

(Source OSHEE company.)

As reviewed from the above graph, the level of the realized incomes from the Priority Producers of Electricity and Ashta HPP for 2021 period is increased compared to the previous year. The increase of the incomes has been 52.93% for the Priority Producers and 63.91% for Ashta HPP.

5.1.9 Electricity purchase cost implementing the conditions for setting public service obligation from the licensee on the power sector for 2021 period

5.1.9.1 The electricity purchase cost from the “Universal Service Supplier” company

FSHU company implementing Council of Minister decision no. 244, dated 30.03.2016, “On approving the conditions for setting public service obligation, that shall be implemented to the licensee on power sector, which perform electricity production, transmission, distribution and electricity supply activity”, as amended, shall have the obligation of electricity purchase produced from the electricity production company, whose shares are controlled by the state (KESH company), as well as electricity purchase in the irregulated market, by the public company of supply in the free market (FTL) for the unsecured quantity from the electricity production company according to the value defined on the contract.

Found on the conditions of emergency situation of electricity supply, the Council of Ministers with Decision no. 620, dated 22.10.2021 approved the conditions for imposing the public service obligation to the licensees on power sector during the emergency situation of electricity supply and to confront and prevent it and reviewed this decision with the Council of Minister Decision no. 758, dated 9.12.2021. On this decision it is provided that the Universal Service Supplier, to comply with the requirements of the customers that benefit from the Universal Service of Supply, in conformity with the provisions of point 1, Article 109, of Law no. 43/2015, "On Power Sector", as amended, is set the public service obligation to purchase the necessary electricity quantity, produced from the electricity production company, whose shares are fully/partially controlled from the state. The production company charged with public service obligation, shall supply the Universal Service Supplier with the necessary quantity, to complete the full request of the Universal Service Supplier, according to the price per electricity unit, approved from the General Assembly of the Company.

The quantity of electricity purchased for the universal supply purpose is composed of:

- **72%** of the amount provided by KESH company.
- **28%** of the amount is procured in the free market (considering the amount of the surpluses of the RES after covering the losses of the distribution network implementing Council of Minister Decision no.244/2016 as amended)

On the following graph it is submitted the quantity of electricity purchased from the FSHU company according to the resources for 2021 period compared to 2020 period:

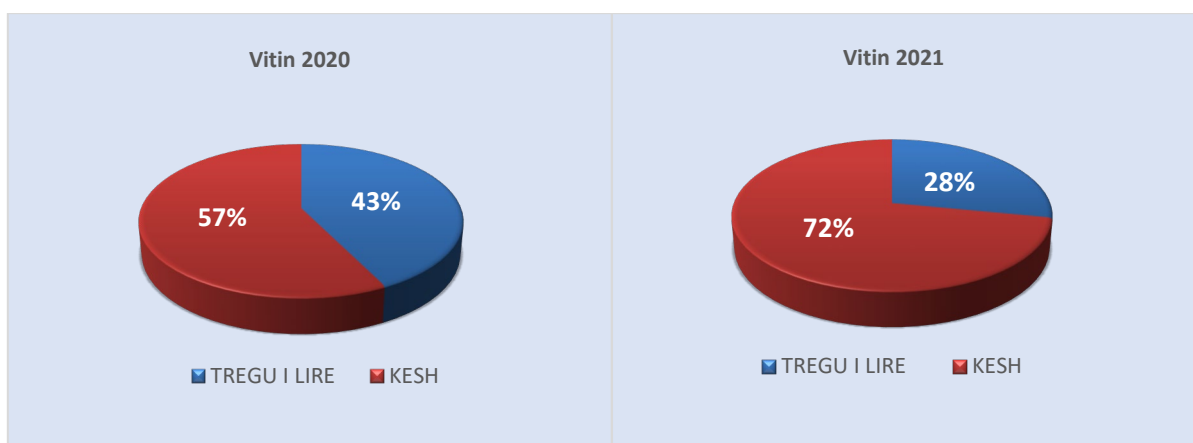


Figure 90 Structure of electricity quantity for the universal supply purpose for 2020-2021 period

(Source FSHU company, OSHEE Group company)

As evidenced above on this report, 2021 compared to 2020 period had an increase in domestic generation. The energy generated and provided for the universal supply purpose from KESH company for 2021 resulted with an increase of 15%, while the quantity procured from the free market (including the generated energy from RES in cases of the surpluses) resulted with a decrease of 15% for the same period.

Structure of the expenses of FSHU company for the electricity purchase for universal supply purpose is composed of:

- **16%** of the purchase expenses representing the energy purchased from KESH company.
- **84%** of the purchased expenses representing the energy purchased from the Free Market

On the following graph is submitted the structure of the expenses for electricity purchase from FSHU company for 2021 period compared to 2020 period.

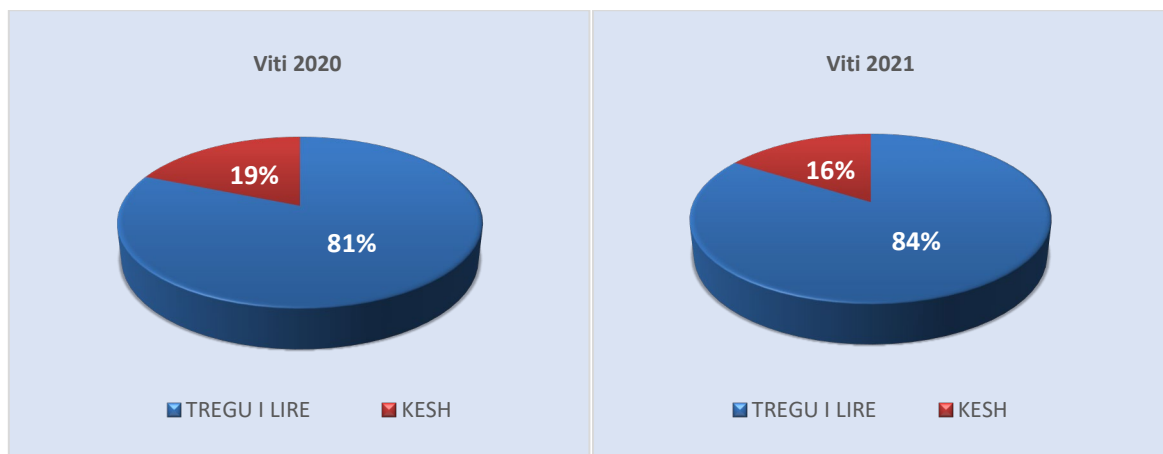


Figure 91 Structure of the expenses for the electricity purchase from FSHU company for 2020-2021 period

(Source FSHU company, OSHEE Group company)

The electricity purchase price from KESH company, according to the General Assembly of the Company for 2021 has been the same with the previous years on the amount 1.5 ALL/ kWh. The average electricity purchase price from the free market for 2021 period resulted approximately 164 Euro/MWh, while the average electricity purchase price from the free market for 2020 period has been about 71 Euro/MWh.

As evidenced above during 2021, despite that the procured quantity to cover the request for the supply of the end-use customers that are served by the FSHU company is decreased compared to 2020, the electricity purchase cost for this purpose is considerably increased with about 132% for the electricity purchase price increase in the free market as explained above on this report.

While based on the reports of FSHU company, 2021 period, resulted with a difference on the generated incomes from the electricity sale to the end-use customers, respectively with an increase of 4% for the household customers and with an increase of about 18% for non-household customers. In total the incomes realized from the electricity sale from FSHU company during 2021, resulted with an increase of about 10% compared with the incomes of 2020 period, as reflected on the following table.

Përshkrimi	Sasia (kWh)		Diferenca në sasi 2021-2020	Diferenca në % 2021-2020
	2021	2020		
Jo Familjarë	2,361,544,884	1,995,070,837	366,474,047	18%
Familjarë	3,081,617,068	2,956,700,850	124,916,218	4%
Total	5,443,161,952	4,951,773,707	491,388,245	10%

Përshkrimi	Të ardhurat (Lekë)		Diferenca në Lekë 2021-2020	Diferenca në % 2021-2020
	2021	2020		
Jo Familjarë	30,247,533,596	25,936,767,031	4,310,766,565	17%
Familjarë	29,279,819,610	28,095,065,686	1,184,753,924	4%
Total	59,527,353,206	54,031,832,717	5,495,520,489	10%

Figure 92 The sold Electricity quantity and the incomes from the sale of electricity of FSHU company during 2020-2021

(Source FSHU company, OSHEE Group company)

As reviewed from the above table, despite of the increase of electricity purchase cost for the supply of end-use customers that are served from the Universal Service Supplier, it is observed an increase of the incomes from the electricity sale as result of the consumption increase from the non-household customers with about 17% and the increase of the consumption from

household customers with about 4%. While the total incomes realized for 2021 period are increased with about 10% compared with those realized during 2020 period.

5.1.9.2 The electricity purchase costs from the “Distribution System Operator” company to cover the losses in the electricity distribution network for 2021 period

The amount of electricity purchased to cover the losses in the electricity distribution network, is composed of:

- **81%** of the amount is procured from private HPP-s
- **13%** of the amount is procured from the free market
- **5%** of the quantity is procured from Ashta HPP
- **1%** of the quantity is procured from the production of the fotovoltaic renewable resources

On the following graph, it is submitted the electricity amount, to cover the losses in the distribution network, according to the source for 2021 compared with 2020 period.

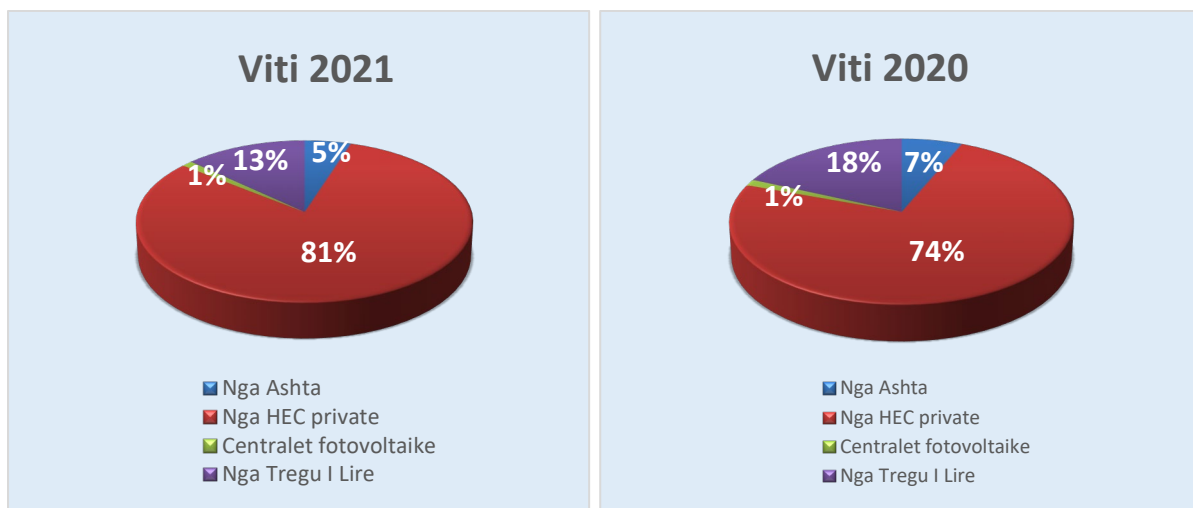


Figure 93 Structure of the purchased quantity to cover the losses in the distribution network for 2020-2021 period

(Source DSO company, OSHEE Group company)

As evidenced above on this report, 2021 compared to 2020 had an increase of domestic generation, where the purchased energy to cover the losses from the renewable electricity resources resulted with an increase of about 5%, while the procured amount from the free market resulted with a decrease of about 5%.

The structure of the DSO company expenses for the electricity purchase to cover the losses for 2021 is submitted as follows:

- **67%** of the purchased expenses are represented from the energy purchased from private HPP-s.
- **27%** of the purchased expenses are represented from the energy purchased in the free Market
- **4%** of the purchased expenses are represented from the energy purchased from Ashta HPP
- **2%** of the purchased expenses are represented from the energy purchased from RES (Fotovoltaic Plants)

On the following graph there is submitted the structure of the expenses for the electricity purchase from the DSO company for 2021 compared to 2020.

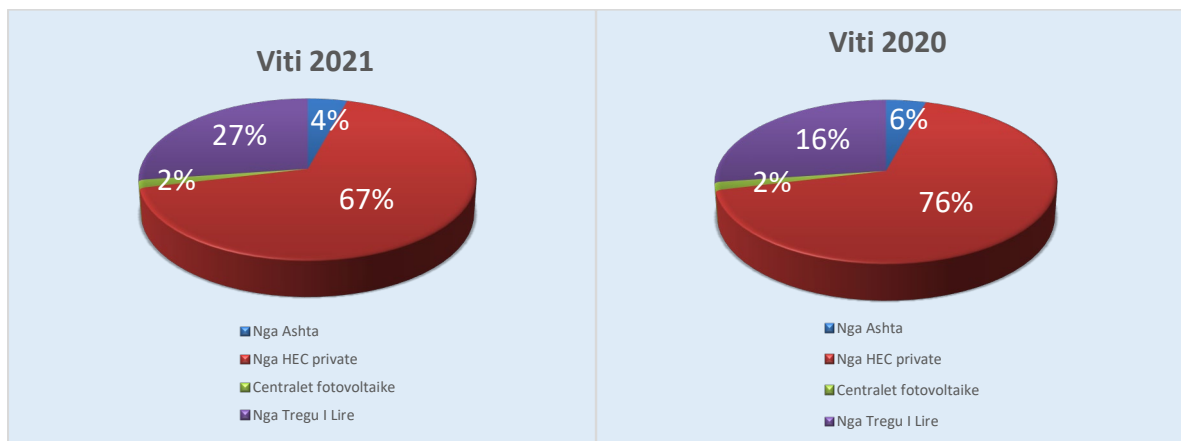


Figure 94 Structure of the electricity purchase expenses to cover the losses in the distribution network for 2020 – 2021 period

(Source DSO company, OSHEE Group company)

The average electricity purchase price from the free market for 2021 resulted approximately 152 Euro/MWh, while the average electricity purchase price from the free market for 2020 period has been about 55 Euro/MWh.

As evidenced above 2021, compared to 2020, despite that the procured quantity to cover the losses in the distribution network, is decreased the electricity purchase cost for this purpose is significantly increased with about 179% due to the increase of the electricity purchase price in the free market as explained above on this report.

The increase of the electricity purchase price is observed even on international markets of electricity, where from the data of the annual report of the Hungarian Power Exchange (HUPX) the average annual price of the day ahead market (HUPX/DAM) of electricity in the baseload for 2021 resulted 113.86 EUR/MWh from that of 2020 of about 39.00 EUR /MWh with an increase of 191%.

This is a significant increase if we compare it with the second six months of 2021 period, during which are carried out the electricity imports in our country, when the electricity prices in international countries reached their higher level. From the data of the annual report of Hungarian Power Exchange (HUPX) the average price for the day ahead market of electricity(HUPX/DAM) in the baseload for July – December 2021 period resulted 166.35 EUR/MWh with an increase of 275% from the same period of 2020 of 44.4 EUR/MWh.

2021	Korrik	Gusht	Shtator	Tetor	Nentor	Dhjetor	Çmimi Mesatar 6 mujori 2
Çmimi mesatar në profilin bandë HUPX Dam (EURO/MWh)	95.15	109.02	135.10	197.16	215.87	245.81	166.35

Figure 95 The average price of the second six months of 2021 of the day ahead market (HUPX/DAM)

(Source HUPX)

5.2 The Draft, Review and Approval of the Methodologies of calculating the tariffs on Power and Natural gas sectors

5.2.1 The continuation of the process to approve the Methodology for calculating the renewable energy obligation and the procedure to compensate the electricity priority producers

Implementing article 11, point 3, of Law no. 7/2017 “On the promotion of using the energy from the renewable resources”, ERE is the responsible authority to approve the regulation for the renewable energy obligation that shall be paid by the end-use electricity customers on annual basis and the methodology to define this obligation, as well as the procedure for compensating this difference with the generators.

ERE Board with Decision no. 272, dated 28.12.2020, approved to open the procedure for approving the “Methodology for calculating the renewable energy and the procedure for the compensation of electricity priority generators”. ERE implementing the provisions of the “Regulation on ERE organization, operation and procedures”, required the opinion of the interested parties, for which the Ministry of Infrastructure and Energy agreed in principle.

In the framework of the support from the European Bank for Reconstruction, and Development (EBRD) for the Ministry of Infrastructure and Energy, the advisory staff of EBRD submitted their comments on the draft methodology and on the held virtual meeting are expressed that they are working for a draft methodology, which shall be set available when it is drafted.

As follows, ERE held a series of online meetings with the advisory staff of EBRD for this draft methodology and submitted their comments at MIE, requiring its opinion on the on the occurred amendments on the draft methodology for which ERE Board initiated procedure with the abovementioned decision.

5.2.2 Review of the existing Methodologies of calculating the network tariffs

ERE initiated to update and review the Methodologies of defining the tariffs in the framework of the reforms and amendments on the electricity market, with the assistance of the World Bank and in cooperation with MIE, continued the consultation and analysis of possible amendments which shall be implemented on the “Methodology of calculating the tariffs of the distribution system operator for electricity”.

The consultation is initiated in cooperation with the World Bank was focused on analysing the issues observed in implementing the current methodology of electricity distribution system operator tariffs.

This process was discussed with MIE, the DSO, the charged advisors from the World Bank and with RIO (Reform Implementation Office) of Expertise in France within the framework of the approved agenda for the power sector reform to review the Methodology of calculating the tariffs of the electricity distribution system operator.

After preparing the final draft of this Methodology, where it is included the assessment and final opinion of the World Bank on the draft, shall be continued with the public consultation process and the approval, where shall be accessed the impact of the methods and principles of calculating the tariffs to the costs of regulated activities on power sector and of the interested parties in conformity with the “Regulation on ERE organization, operation and procedures.”

5.2.3 On approving the methodology to calculate the tariff for the regazification service of the LNG System Operator

Based on point 1 article 16 and point 1 article 32 of Law no. 102/2015 “On natural gas sector” as amended, ERE is the responsible authority to approve the Methodology of calculating the tariff for the regazification service for the LNG System Operator.

Implementing the above, ERE Board with Decision no. 269, dated 28.12.2020, decided to open the procedure to review the “Methodology of defining the regazification service tariff from the LNG plants”.

Methodology to calculate the regazification service from LNG plants is drafted as a document in conformity with Law no. 102/2015 “On natural gas sector”, as amended and shall be implemented for the entities in LNG system, which are legal persons licensed by ERE and that belong to national gas system, got the approval for using the existing plants of the system, LNG plants are connected with the Transmission System and are subject to the general rules for access and ensuring the regazification service from the LNG plants, according to the signed contracts, supporting on the provisions of Law no. 102/2015 “On natural gas sector”, as amended.

The methodology of calculating the regazification service tariff for the operation of LNG system, is prepared in terms of its unification with other approved regulatory acts as well as the previous practices followed by Ere, where there are reflected the comments of the stakeholders in conformity with the effective legislation.

Following the procedure initiated with the abovementioned decision and in compliance with all the procedural steps supported on the definitions of the of the “Regulation on ERE organization, operation and procedures”, approved with ERE Board decision no. 96 dated 17.06.2016, ERE Board with Decision no. 229 dated 15.11.2021, decided to approve the “Methodology of calculating the regazification service tariff for the LNG system operator”.

5.3 Tariffs and prices approved throughout the years by ERE and the electricity prices in the Region Countries for 2021

5.3.1 Tariffs and prices approved by ERE throughout the years

On the following graph and table it is submitted the progress of the electricity prices and tariffs approved by ERE throughout the years implementing the effective legislation.

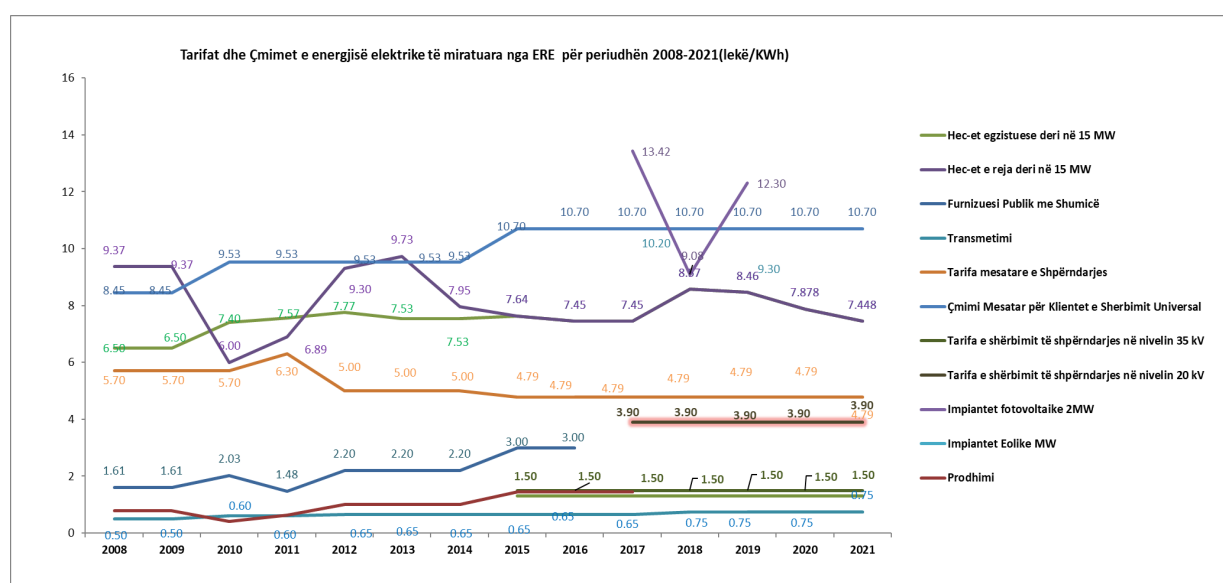


Figure 96 Tariffs and prices of electricity approved by ERE throughout the years

Tipi i Aktivitetit (leke/kWh)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Furnizuesi Publik me Shumicë	1.61	1.61	2.03	1.48	2.20	2.20	2.20	3.00	3.00					
Prodhimi	0.78	0.78	0.40	0.63	1.00	1.00	1.00	1.45	1.45	1.45				
Hec-et egzistuese deri në 15 MW	6.50	6.50	7.40	7.57	7.77	7.53	7.53	7.64	7.45	7.45	8.57	8.46	7.878	7.448
Hec-et e reja deri në 15 MW	9.37	9.37	6.00	6.89	9.30	9.73	7.95	7.64	7.45	7.45	8.57	8.46	7.878	7.448
Impiantet fotovoltaike 2MW										13.42	9.08	12.30		
Impiantet Eolike MW										10.20		9.30		9.30
Transmetimi	0.50	0.50	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65	0.75	0.75	0.75	0.75
Tarifa e shërbimit të shpërndarjes në nivelin 35 kV								1.50	1.50	1.50	1.50	1.50	1.50	1.50
Tarifa e shërbimit të shpërndarjes në nivelin 20 kV										3.90	3.90	3.90	3.90	3.90
Tarifa mesatare e Shpërndarjes	5.70	5.70	5.70	6.30	5.00	5.00	5.00	4.79	4.79	4.79	4.79	4.79	4.79	4.79
Çmimi Mesatar për Klientet e Shërbimit Universal	8.45	8.45	9.53	9.53	9.53	9.53	9.53	10.70	10.70	10.70	10.70	10.70	10.70	10.70

Figure 97 Tariffs and prices of electricity for 2008 - 2021 period.

The graph as follows submits the progress of average prices realized for electricity sale from FSHU company.

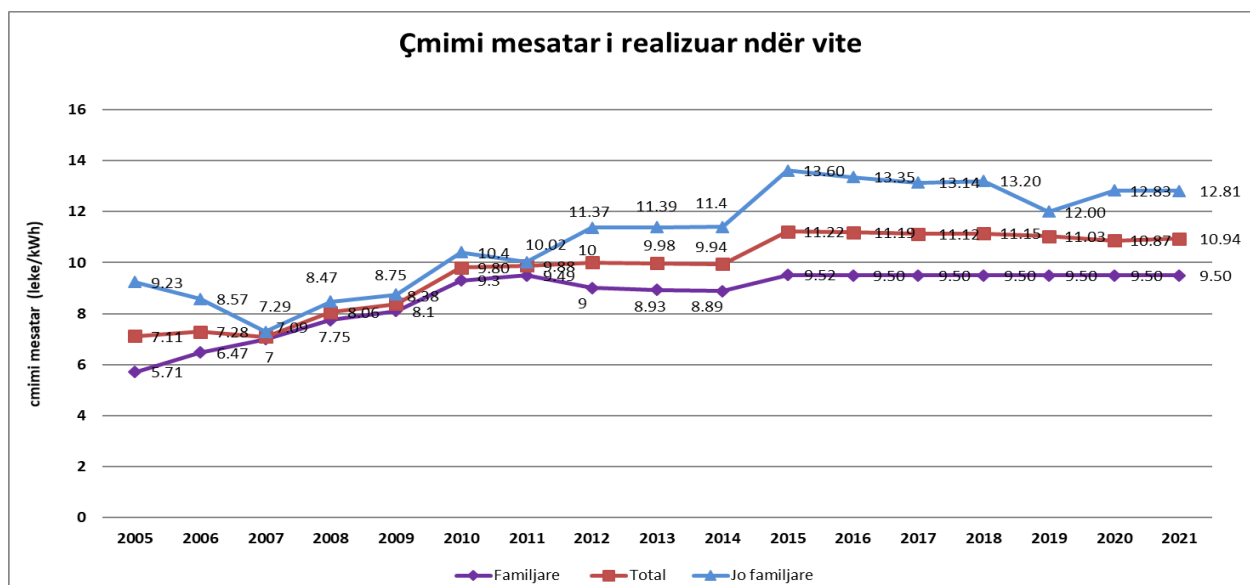


Figure 98 Average electricity sale price from FSHU company, for 2009 – 2021 period.

Based on the sale structure analysis of FSHU company for 2021, the realized average sale price of electricity for end – use customers resulted 10.94 ALL / kWh. The table as follows submits the realized average prices for electricity sale for different categories of end use customers compared to the prices approved by ERE for 2021.

Kategoria e Klienteve	Cmimi i Miratuar 2021		Cmimi mesatar i realizuar 2021	
	Aktive	Ne pik	Aktive	Ne pik
Kliente ne 20/10/6 kV	11.00	12.65	11.00	12.65
Furra buke dhe prodhim mielli 10/6 kV	7.10	8.17	7.33	8.39
Kliente te Lidhur ne TM dhe me mates ne TU	12.40	14.30	12.40	14.20
Kliente ne 0.4kV	14.00	16.10	13.98	16.09
Furra buke dhe prodhim mielli ne 0.4 kV	7.60	8.74	7.60	8.74
Objekte kulti/Bashkesi fetare	9.50	10.93	9.50	10.92
Familjare	9.50		9.50	
Ambjente te perbashketa	9.50		9.50	
Cmimi mesatar	10.70		10.94	

Figure 99 Average electricity sale price for different categories of end use customers

The actual price of about 7.33 ALL / kWh for the category “Bakery and flour production” for the voltage level 20/10/6 kV resulted higher than the one approved by ERE of about 7.10 ALL / kWh due to the application from FSHU company of the tariff 7.6 ALL/kWh, for the customers of this category which are connected in medium voltage while the metering is for low voltage.

5.3.2 Electricity prices in Region countries for 2021 period

On the following graph are submitted the electricity prices in eurocent/kWh and ALL/kWh before VAT for non-household customers for 2021 period. The average electricity price for non-household customers in the region countries for 2021 period resulted 11.61 ALL /kWh.

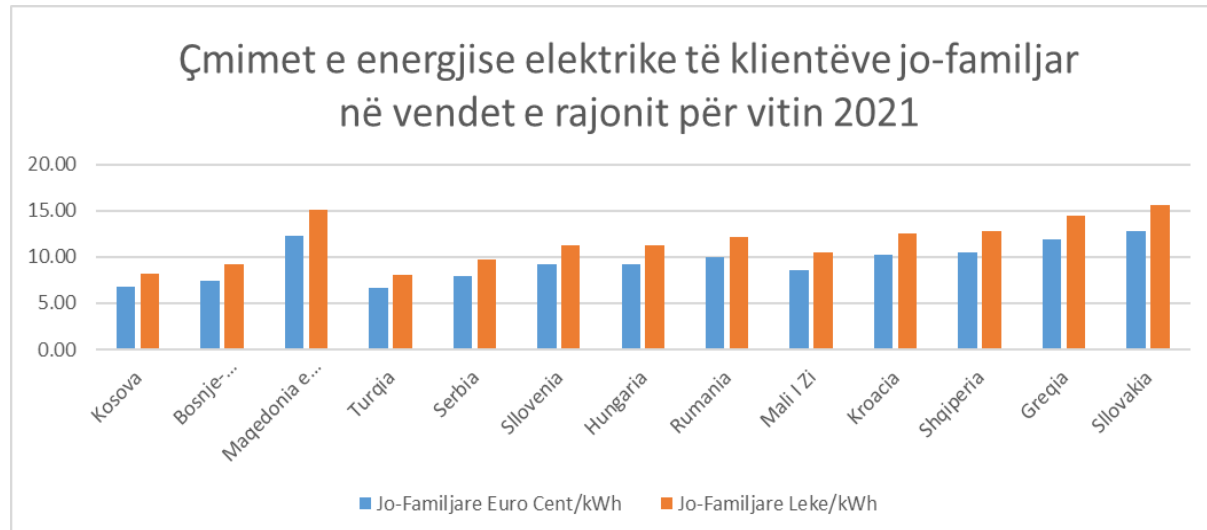


Figure 100 Electricity prices for non-household customers of electricity in region countries for 2021 period

The following graph are submitted the electricity prices in eurocent / kWh and ALL / kWh before taxation (VAT) for household customers for 2021 period. The average price of electricity for household customers for the regional countries is 11.83 ALL/ kWh.

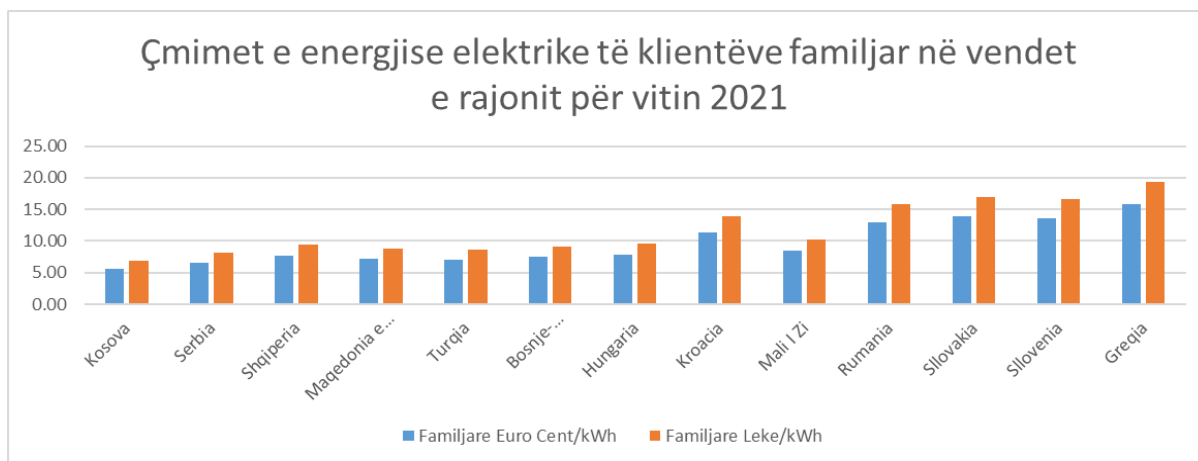


Figure 101 The electricity prices for household customers in region countries for 2021 period

6. REGULATION OF NATURAL GAS SECTOR

6.1 South Gas Corridor (SGC), the world gas supply crisis and the strategic position of our country

According to publications made by (i) World Gas Intelligence (WGI), (ii) International Gas Union (IGU), (iii) International Energy Agency (IEA), (iv) Enerdata, (v) Eurostat, (vi) European Central Bank (ECB), (vii) International Group of Liquefied Natural Gas Importers (GIIGNL), the South Gas Corridor (SGC) is one of the most complex gas value chains in the world, that aims to bring Gas from the Caspian region, a considerable reserve over 120 trillion NM³ Gas. In fact, the reserves are several times larger, guaranteeing a security of supply for many years and at the same time diversifying the gas supply from Russia. Taking into account the fact that Europe's gas needs for consumption are about 545 billion m³ per year and whereas its production is approximately 204 billion m³/year, this creates the necessity for exporting the rest of the gas through other routes. A part of the amount of gas of the south corridor has started to come towards the European markets, which is currently happening due to the huge project of TAP AG that was put into operation within 2020. Natural gas from the Shah Deniz field is already making a route of 3,500 km from the Caspian Sea to Europe. In the conditions of the energy crisis that is happening today in the world, it is definitely urgent to improve some existing infrastructures and develop a whole chain of new gas pipelines, which should belong to the region and Europe.

- The main gas exporters in the world are:
 1. Russia
 2. United States of America
 3. Qatar

Gas consumption in the world during 2021, despite the crisis, increased by 150 billion m³, of which Russia contributes 53 billion m³. Of course, not all of this quantity was produced by Russia, but there were also contracts with other producers.

Gazprom produced 515 billion m³ during 2021, the 13th largest amount during the recent years. From the production, it shall be taken into consideration that Russia has consumed more than half for the needs of the country, about 280 billion m³. It exports to former Soviet countries about 70 billion m³. It has exported about 215 billion m³/year during 2021, but of these about 50 billion m³/year is not from its own production, but from contracts with Turkmenistan and Naftogaz. Russia's exports increased by about 20%, mainly with Turkey and Europe, where the energy crisis

has also had an impact. About 40% of gas needs in Europe are covered by Russia.

	Demand					Production				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Africa	157	162	160	164	169	244	248	240	247	249
Asia Pacific	824	850	854	910	954	627	654	648	675	691
<i>of which China</i>	283	307	325	368	396	160	174	189	206	220
Central and South America	153	152	137	143	141	167	167	152	158	157
Eurasia	666	658	633	668	665	932	941	884	968	976
<i>of which Russia</i>	493	482	460	488	484	726	738	692	761	763
Europe	536	537	522	545	534	246	227	211	204	202
Middle East	544	543	547	566	583	666	677	680	694	709
North America	1 061	1 097	1 070	1 066	1 078	1 062	1 166	1 145	1 148	1 177
<i>of which United States</i>	854	888	869	862	870	868	968	953	958	985
World	3 940	3 998	3 923	4 063	4 125	3 944	4 080	3 960	4 094	4 161

Figura 102 Data on world natural gas consumption and production according to IEA

Despite its maximum production, Russia does not have the appropriate capacity to export to China. During 2021, Gazprom exported 10 billion m³ to China through the "Power of Siberia" pipeline, this amount of gas was contracted from Turkmenistan, but this amount was missing in Europe. Meanwhile, Gazprom has an agreement with Naftogaz for a gas amount of 40 billion m³/year for 2021-2024 because it needs to cover all the contracts it has previously concluded with medium and long-term contractors.

Turkmenistan, which is the world's fourth producer of natural gas, exports 40 billion m³/year to China, while it seeks to export gas to India and Pakistan via Afghanistan. The Turkmenistan-Afghanistan-India-Pakistan (TAPI) gas pipeline has remained unfinished for a long time due to geopolitics, geo-economics effects.

- The length of this pipeline is 1800 km and the amount it shall transport is 33 billion m³/year. A large part of this pipeline was constructed by Turkmenistan itself. In this region, another producer is Uzbekistan, which has begun its integration into the pipeline networks of this corridor.
- The next major producer of LNG (Liquefied Natural Gas) is Qatar, which for 2020 shall produce 110 million tons/year and for 2021 shall produce 126 million mt/year
- Meanwhile Australia, another major producer of LNG with about 81 million mt/year, is considered to be amongst the other producers and influencers in the world gas market.

- The import from the USA with about 130 million mt/year (mainly shale gas) shall be one of the ways to solve the crisis. Its energy policies remain crucial, in conditions where the crisis is increasing prices exponentially.
- These three countries: the USA, Qatar and Australia, are influencing and are another reliable alternative, considering the south corridor, which shall influence the mitigation of the energy crisis that has gripped the world today.

In reality, the TANAP, TAP and Trans-Caspian pipeline routes are zero-risk projects. Some of the potential issues related to these projects include risks related to supply, construction, the legal status of the Caspian Sea and environmental issues, which have already been addressed by Moscow and Tehran.

Regarding Nord Stream 2. It is a new 1,200 km long gas pipeline from western Russia to northeastern Germany running through the Baltic Sea. Its transportation capacity is 53 billion m³/year.

The €10 billion project has now been completed to double the amount of natural gas flowing from Russia straight to Germany. It is expected that the Energy Regulatory Authority of the German state shall certify it, but the current situation after the war in Ukraine has changed the approach to this Project by suspending the certification of this project.

Gas currently goes to Germany through the Original Nord Stream 1 pipeline, which was completed in 2012 with a transport capacity of 53 billion m³/year. The pipeline is of high pressure as the gas is sent through the compressor station at 220 bar and reaches Germany at 100 bar pressure. In total, if Nord Stream 2 is put into operation, then about 106 billion m³/year shall be delivered to Germany, which is half of Russia's exports to Europe.

Nord Stream pipelines from Russia



Figura 103 Nord stream 1 and Nord Stream 2 gas pipelines connecting Russia to Germany

Iran which holds the world's second biggest natural gas reserves (not production) after Russia, is reviewing various export routes to Europe via the Turkish Stream pipeline. Tehran can also use the Turkish Stream pipeline through one of the possible routes from which Iran's gas can be delivered to the European customer in the future. Due to the situation in Turkey, where the energy infrastructure, including the Iran-Turkey gas pipeline, has been uncertain, transporting gas from Iran to the European market would be a satisfactory mid-term solution for the parties and the situation. Uncertainties related to Turkish Stream and the Southern Gas Corridor may decide the fate of the routes that the pipelines shall follow in the future.



Figura 104 Trans-Saharan Gas Pipeline Project.

(Source:Wikipedia.org.)

Through this project, if invested in its construction for a medium term period, this pipeline with a length of 3500 km with 46-52 diameter from Nigeria through Algeria shall reach Europe. Europe

can receive an amount of gas from 30-50 bcm/year thus reducing the dependence on Russian gas. For emergency conditions in which Europe's supply is located, the fastest solution shall be liquefied gas (LNG).

However, it remains to be observed whether the two projects shall undergo the same fate of South Stream Dzhubga (Russian Federation)-Burgas (Bulgaria) and Nabucco Ankara (Turkey) - Sofia - Romania - Hungary - Slovenia - Austria). However, one thing is already clear: everything that happens today with the policies on gas pipelines in Euro-Asia depends on the EU's demand for energy in the future and the strategic moves of Russia, taking into account the position of Europe and the United States of America. But, observing that the demand for gas consumption for Europe today is about 545 billion m³/year, and its production is 204 billion m³/year, in the year 2030 the demand for consumption of Europe shall be at least 20% more large, while its production is expected to decrease. The world demand for consumption for 2021 was 4,063 billion m³ and gas production was 4,094 billion m³. In these conditions, finding new European routes including the Mediterranean that together form the **European Energy**, shall be its challenge. Therefore, a great deal of work is being done today in the world for intensive development of renewable energies (photovoltaics, wind energy, biogas, biomethane, hydrogen through the process of electrolysis, etc.)

On the other hand, due to the lack of adequate infrastructure, Azerbaijan and Turkmenistan cannot fully meet the EU's requirements, and do not offer reliable alternatives to Russian gas in the short term.



Figura 105 Natural gas pipelines: Caucasian, TANAP and TAP

In the long term, although new routes avoiding Russia are being developed, the export capacities of these two Caspian coastal countries are insufficient to transform into powerful players in guaranteeing energy to the EU. In addition, one thing is clear: the South Gas Corridor can bring competition to all EU countries and reduce the role of Russia as an energy potential.



Figura 106 TANAP - TAP - NABUCCO pipeline networks

In conditions where gas prices from \$80-100 per 1000 m³ of gas under normal conditions reached \$1000 per 1000 m³ of gas, the completion of three gas pipeline projects under simultaneous development, (i) South Caucasus Gas Pipeline (SCPX) – Azerbaijan , Georgia, (ii) Trans Anatolian Gas Pipeline (TANAP) – Turkey and (iii) Trans Adriatic Gas Pipeline (TAP) – Greece, Albania, Italy would enable mitigating the effects of the crisis.

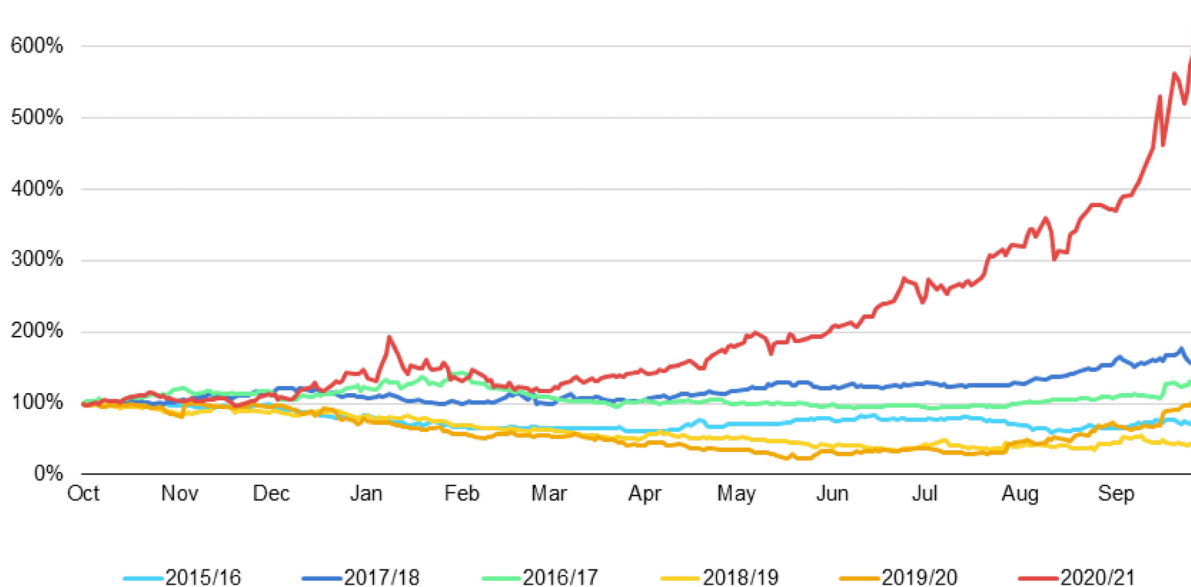


Figura 107 Natural gas price trend according to IEA in years

Our country has a strategic position and on this point we shall consider and work to attract the necessary investments on these directions:

Vendi jonë ka një pozicion strategjik dhe në këtë këndvështrim duhet të jemi të vëmëndshëm dhe duhet të punojmë që të tërheqin investimet e nevojshme në këto drejtime:

- ✓ Construction of the LNG Terminal in Vlora from Exxon-Mobil and Exxelerate investments.
- ✓ Gas storage in the Dumre salt storage, through the participation of the companies mentioned above together with SNAM. Currently, the feasibility study has been completed and it is effective. According to this study, it turns out that with 7 salt caverns with an investment of 500 million Euros, we can deposit and withdraw 12 billion m³ of gas. This would be approximately half of the amount stored in Ukraine under normal conditions, gas storage for 2021 in Russia in the summer period was 76 billion m³.
- ✓ The construction of the Fier-Vlora pipeline, the connection with TAP pipeline and the possible terminal that shall be built by Exxelerate. This shall also serve for the introduction of methane gas into the pipeline network of TAP and IAP.
- ✓ Construction of the IAP pipeline (Ionian Adriatic Pipeline) from the point of contact with TAP in Fier to Croatia. In fact, the implementation project has been completed, the start of its construction is expected. This shall make that our entire region; Albania, Montenegro, Kosovo, Bosnia-Herzegovina, which currently do not have a developed gas market, to be integrated into this network.
- ✓ Construction of gas-fired power plants, becoming an energy junction for the region and beyond.
- ✓ The facts show the interest of regional countries to invest in our country. This is verified quite clearly in the Market Test that was opened by TAP AG and that this Market Test is called the Market Test for Albania, since the requirements for the amount of gas and connection points in our territory with the TAP pipeline have been increased. This shall be covered in more detail below.



Figura 108 TAP pipeline exit point in Fier

6.2 The Shareholders of the Company

During 2021, there were not shareholder's changes, for which are notified all the stakeholders, including the three national Greek, Italian and Albanian Authorities.

Currently TAP AG shareholders are : SOCAR (Azerbaijan) 20%, BP(England) 20%, SNAM S.p.A (Italy) 20%, Fluxys (Belgium) 19%, Enagas (Spain) 16% and Axpo (Switzerland) 5%.

6.3 TAP a strategic project for Albania and South-East Europe

TAP is the European part and the main part of the Gas South Corridor, a strategically and economically important project to the EU and to the Energy Community.

TAP is essential in providing reliable access to a new source of natural gas from Caspian Sea and in a new route. TAP strengthens the diversification of supply sources and routes and enabling the gasification of South-East Europe and Western Balkans, including the gasification of our country. TAP actively contributes to the establishment and operation of Albania gas market.

In addition, TAP supports the EU ambitions to become climate neutral until 2050 and fosters the achievements of decarbonization goals of the EU and the Energy Community, specifically TAP allows further use of gas (natural gas, renewable gas or decarbonized gas) by substituting more polluting fuels such as coal, diesel/gasoline and heavy oils for transport, heating and power generation sectors, overly used more in South-East Europe and Western Balkans.

TAP Pipeline is designed to double its capacity up to 20 billion NM³ in a year (to 20 bcm / in a year) and to give the possibility to any interested party enable to submit a connection request to TAP pipeline, as long as the technical and regulatory conditions of the Final Joint Opinion are compiled with.

TAP pipeline has entered the Market Test period for increasing the capacity to 20 billion NM³ /year(bcm/year) and now is the public consultation phase.

Following the 2021 market test, during the non-binding expression of interest phase, TAP has received significant interest for capacity and connection requirements in Albania

TAP shall facilitate greater interconnection between the countries in South-East Europe and the establishment of a gas regional market fully integrated with the European Market. By this project to our country is given the opportunity for the establishment of a significant junction for the region because it enables the opportunity of underground gas storage and a Liquidified Natural Gas terminal.

TAP – successfully distributes natural gas to its customers since the Commercial Operations Date (COD)

TAP is the European part and the main part of the South Gas Corridor, a strategically and economically important project for the EU and the Energy Community.

On November 15, 2020, TAP started commercial operation. This was an important historic achievement as a new source of gas supply and a stable, reliable and cost-effective pipeline was put into operation and began to contribute materially to the security of supply of the EU and the Energy Community, market integration, competition and decarbonisation targets. Additionally, from November 15, 2020 onwards:

TAP became an Independent Transmission System Operator (OST) with full rights.

The 25-year period of the exemption from third party access, the tariff regulation and ownership unbundling, granted to TAP by the European Commission and the Albanian Regulatory Authority - ERE together with the Greek and Italian Regulatory Authorities (respectively RAE and ARERA) started operating.

The Gas Transportation Agreements with TAP Transporters entered into force.

From this date onwards, TAP Transporters were obliged to pay the tariffs, as defined according to TAP Tariff Code.

The 30-year term of TAP's transmission license in Albania began to operate.

Since the start of operation on November 15, 2020, due to the strong cooperation between Commercial and Physical Dispatch, the nominations of the transporters for the TAP pipeline have been processed immediately and gas shipments have been successfully brought to interconnection points with the national transmission system in Italy and Greece, until now (SRG and DESFA networks).

As a result, TAP transported 8 billion cubic meters of gas from the Greek-Turkish border to Kipoi, where 6.8 billion cubic meters of gas were transported to Italy through Albania and 1.2 billion cubic meters of gas from Greece:

From the Commercial Operations Date (15/11/20) until 16/01/22	Total KWh	Total Nm ³	Total in billion cubic meters
TAP entry point (Kipoi)	95,463,459,713	8,132,942,013	8.13
TAP exit point (Nea Mesimvria - Greece)	13,953,718,774	1,216,437,633	1.22
TAP exit point (Melendugno – Italy) passing through Albania	80,092,634,359	6,832,495,765	6.83

Figura 109 Gas Volumes transported via TAP

It can be noted that the gas volumes transported via TAP are material and TAP is contributing to easing the pressure that currently exists in the energy markets at the European level.

Furthermore, the start of operation of TAP made it largely possible to scale back and sometimes even cancel the historical distribution of around 10% that Italy used to regulate the wholesale price of natural gas compared to other Central and Northern European countries .

TAP is conducting capacity auctions in accordance with the ENTSO-G auction calendar on the PRISMA capacity booking platform. Between TAP Commercial Operations Date and en of 16.01.2022, TAP booked safe forward capacity and commercial reverse capacity at the interconnection points in Kipoi, Melendugno and Nea Mesimvria:

- o 1877 auctions for day in advance
- o 63 monthly auctions
- o 47 quarterly auctions
- o 1 annual auction (commercial reverse capacity only).

At the moment, no gas flows exit Albania, pending construction of Albanian transmission network and booking of capacity at either Fier or Kuçove planned exit points. It is very urgent to set up gas infrastructure in the conditions when the energy crisis is increasing, in the region and in Europe.

TAP has 2 (two) exit points in Albania, in Fier and Kuçovo.

The Kuçova exit point consists of a 24" line in the area of Kuçova. This exit point has been built and is ready to be connected to the natural gas transmission network in Albania. At the same time, the exit point in Fier consists of the 16" line that is installed inside the TAP ACS03 Compression Station in the Fier area. This exit point has been built. The associated pressure measurement and reduction station (**Fier South Facility**) is currently in the tendering phase of the construction contractor.

On July 6, 2021, TAP AG, the Ministry of Infrastructure and Energy in Albania and Albgaz company signed a Cooperation and Handover Agreement for the Fier South Facility. According to the agreement, once the construction of the Fier South Facility is complete, the exit point will be handed over to the Albanian State and will be fully owned, managed, and operated by the government of Albania (Albgaz).

The exit point in Kuçova (24'') is constructed having into consideration TAP obligation from the Final Joint Opinion of Energy Regulators from TAP exemption from the requirements for third party access, tariff regulation and ownership unbundling defined on articles 9, 32, 41 (6), 41 (8) and 41

(10) of Gas Directive 2009/73 / EC and the Final Joint Opinion (FJO) while the obligation for the construction of the exit point in Fieri (16'') is on the Agreement for the Development of the Gas Market approved from Council of Minister Decision no. 233, dated 21/03/2017.

Until now, no party has booked capacity at the Albanian exit points and as a result no Gas Transport Agreement has been signed. Therefore, natural gas volumes are transported from the Kipoi entry point on the Greek-Turkish border to Nea Mesimvria (in Greece) and South-East Italy to Melendugno, with no existing volumes in Albania.

The volume of natural gas entering Albania is measured for fiscal reasons at the Bilisht Measuring Station (ACS02). Currently, the gas that exists in Albania and enters Italy is measured at the fiscal metering station in Melendugno that is owned and operated by TAP's neighboring TSO (Snam Rete Gas). In addition, actual physical gas flows are measured for operational purposes (that is, physical balancing of the system) at the Fier Compression Station (ACS03) and the TAP measuring station at Melendugno.

6.3.1 TAP is a fully fledged and transparent TSO for the market

TAP is a TSO fully interconnected with other neighboring parties (TANAP, SRG, DESFA, IGB) and offers immediate support to its customers via phone and e-mail 24/7. Until December 31, 2021, TAP has 16 registered customers, according to the TAP Network Code registration process.

On December 28, 2018, TAP and AGSCo entered into a Maintenance Agreement. The operation and maintenance team of TAP and AGSCo consists of almost 50 people, not including subcontractor personnel. The subcontractors have been selected in accordance with the Albanian legislation in force for public procurement. The main challenge of this collaboration has been the public procurement process that AGSCo has to follow, thus bringing restrictions and limiting the type of special (ad hoc) maintenance activities that AGSCo can execute. TAP and AGSCo should work together with the Albanian authorities to improve and change the public procurement process.

From November 15, 2020, TAP has published daily/timely information on technical, available and reserved capacities, as well as any other operational information as required by the EU regulation and the Albanian Law on Natural Gas Sector no. 102/2015. TAP is part of 3 of the main EU TSOs that publish data in a correct, complete and timely manner.

TAP is also publishing on the official website and on the ENTSO-G Transparency Platform urgent market messages, in order to inform the market on any possible developments that may affect TAP's activity.

TAP finalized and uploaded the official website presenting all information on TAP's operational activity, including an electronic data platform, where the wider market and TAP customers have access to operational data for each interconnection point (i.e. physical flows, available, reserved and technical capacities, measured data). TAP has developed and updated a draft decision of the Council of Ministers on "Definition of simplified transit procedures, customs procedures for release into free circulation and export, tax procedures for domestic supply of natural gas transported through fixed transport installation and determination of natural gas losses recognized for fiscal purposes". This Council of Ministers Decision includes several aspects of gas movements through the TAP pipeline and the customs and tax procedures that shall be followed. However, this draft decision of the Council of Ministers also aims to add value to the general legal framework of the development of the gas market in the country, also addressing the procedures related to the expected future developments in Albania.

6.3.2 TAP has a strategic and essential role for decarbonization, security of supply and interconnection in Albania and South-East Europe

TAP plays an essential role in providing reliable access to a new source of natural gas from the Caspian Sea and to a new pipeline. TAP thus contributes to the diversification of sources and supply routes and can enable the gasification and decarbonization of South-east Europe and the Western Balkans, including Albania.

In addition, TAP facilitates greater interconnection between countries in the Southeast European region and promotes the creation of a regional gas market fully integrated with the European market.

Among other things, TAP supports the EU's goals to become climate neutral by 2050 and promotes the achievement of the decarbonization goals of the EU and the Energy Community. In particular, TAP allows the further use of gas (natural, renewable, or decarbonized) replacing more polluting fuels such as coal, diesel/gasoline and heavy oils in the transport, heating and power generation sectors, used more especially in Southeast Europe and the Western Balkans.

TAP initial capacity of 10 billion cubic meters is almost entirely reserved for the next 25 years, except for short-term capacity that TAP trades on the PRISMA capacity booking platform, in accordance with TAP's specific regulatory framework. However, what has been built can be expanded up to 20 billion cubic meters to serve further decarbonization and diversification as well as the security of energy supplies for Southeast Europe and the Western Balkans (especially Albania and the Republic of North Macedonia).

In this regard, the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) is supporting TAP as a solution to ensure access to energy in the Western Balkans.

In the TAP Market Test for 2021, there was increased interest for capacity and connections in Albania

The Market Test for Expanding the Capacity has already started. It is harmonized with the provisions of the Final Joint Opinion of the Energy Regulators on the Exemption Application of TAP AG, dated 6 June 2013, issued from the Authorities according to Directive 2009/73/EC, ('Final Joint Opinion') of TAP Tariff Code¹ with EU Regulation 2017/459 on establishing a network code on Capacity Allocation Mechanism at natural gas transport systems ("CAM NC").

According to Paragraph 4.1.7 of the Final Joint Opinion, the Guidelines are approved by the competent Regulatory Authorities of Italy, Greece and Albania. ('the Authorities'), respectively ARERA, RAE and ERE.

The mechanism to expand and give the opportunity to any interested party to submit a request for connection with the TAP gas pipeline including the territory of Albania is Market Testing. TAP organized the first Market Testing in July 2019 and started another Market Testing in July 2021.

¹ Approved on November 2013 from the Regulatory Authorities of Italy, Greece and Albania. An amendment is approved on July 2018.

TAP expansion can be realized by adding compression units to already existing compression stations and by building new compression stations, according to successful market testing, which TAP must organize at least every two years, in accordance with its regulatory structure .

Following the 2021 market test, during the non-binding expression of interest phase, TAP has received significant interest in capacity and connectivity requirements in Albania. More specifically, the total gas demand per year is as follows:

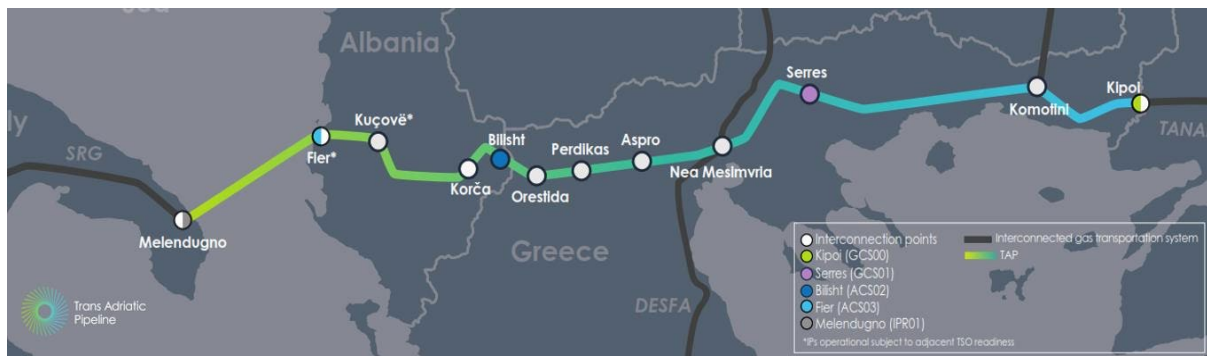


Figura 110 TAP connection points according to the 2021 Market Test in our country

- **At the Interconnection Point in Kuçovë**, TAP has received non-binding requests of 7,500,000 KWh/d from 2023/24 gas year to 2030/31 gas year.
- **At the Interconnection Point in Fier**, TAP has received non-binding requests of 7,500,000 KWh/d from 2023/24 gas year to 2030/31 gas year
- **At the exit point Relievi Roskovec**, (not suitable for the Capacity Allocation Mechanism) TAP has received non-binding requests of 5,500,000 KWh/d from 2024/25 gas year to 2030/31 gas year

In addition to non-binding capacity requests, TAP has received the following non-binding connection requests:

- **An exit point in Relievi Roskovec**, Albania with a technical capacity of 7,500,000 KWh/d.
- **An exit point in Kuçovo**, Albania with a technical capacity of 7,500,000 KWh/d.
- **Two (2) non-mandatory connection requests relating to Fieri**, potentially making the interconnection point bi-directional.

Developments at these exit points shall depend on coordination between TAP and the requesting party. This information is made available to the public in the Demand assessment report published by TAP on October 25, 2021.

The Market Testing is currently in the public consultation phase of the draft decision proposal, a document which contains the commercial and regulatory rules for the 2021 Market Testing carried out by TAP, in coordination with SRG (Italian TSO) and DESFA (OST Greek). The Public Consultation was opened on January 18 and lasts until March 18, 2022.

6.4 Implementation of TAP maintenance and repair programs

The Annual Maintenance Plan must be published for the next gas year before November 15 of each year, in accordance with EU Regulation 715/2009, the Transparency Annex and the non-binding documents issued by the European Network of Transmission System Operators for Gas (ENTSO). For this reason, on November 15, 2021, TAP published the annual gas maintenance plan for 2021-2022.

TAP drafted and approved a special Maintenance Plan for Albania and based on it, carried out several maintenance activities within the reporting period. The "Maintenance Activities Albania 2021" plan is detailed on all these activities carried out and completed during the reporting period.

6.5 Inspections, supervisions and controls carried out by the competent bodies

During the reporting period, TAP was inspected by the Technical & Industrial Inspectorate of the state, based on official letter Protocol no. 3177 dated 08.06.2021. This inspection was carried out by implementing the provisions of Law no. 10433/2011, dated 16.06.2011, "On inspection in the Republic of Albania", Law no. 32/2016, dated 24.03.2016, "On guaranteeing the safety of the work of equipment and installations under pressure", Law no. 102/2015, dated 23.09.2015, "On natural gas sector", and was carried out at the TAP ACS02 Gas Metering Station in Bilisht, Devoll, on 14.06.2021 and at the ACS03 Compressor Station in Seman, Fier, on 17.06.2021. The inspection concluded that TAP was in accordance with the purpose of the inspection as well as with the requirements of the aforementioned legislation.

6.6 Fulfilling the obligation to inform customers and measures taken to improve the quality of service

In compliance with REMIT Regulation and REMIT Implementing Regulation, TAP has published on TAP website and on ENTSO-G Transparency Platform its first Urgent Market Message (UMM) in 2021 TAP published on the official website as well as on the ENTSO-G Transparency Platform (European Network of Transmission System Operators for Gas) six Urgent Market Messages (UMM) informing the market on the availability of capacity on the TAP pipeline, the amount of capacity offered in auctions, maintenance activities of the TAP Electronic Data Platform (EDP), invitation for an expression of interest for gas supply for operational purposes and the opening of an invitation to tender for the purchase of gas required for operational activities, including the fuel supply of compressor stations, the unavailability of the transport system of the adjacent TSO for a period of time, resulting in no capacity was available to be provided by TAP as annual forward firm Capacity in annual auctions and the activation of the booking capacity distribution process, as defined in the TAP Network Code, Article 6.

Furthermore, TAP has completed its profile on the ENTSG Transparency Platform, in line with the transparency obligations of Regulation 715/2009 on Transparency requirements. TAP has uploaded thus operational information on the ENTSG TP, such as available, booked and technical capacities, planned interruptions of firm and planned interruptions of interruptible capacity, as well as tariff information. TAP has also published its annual maintenance plan in accordance with the deadline imposed by Regulation 715/2009 by 15 November. TAP continues to send aggregated operational data to ENTSG for transparency reasons, either with a daily or an hourly frequency.

TAP ensures continuous and reliable communication with its registered parties and transporters, in time, according to the provisions of the TAP Network Code, through dedicated information and communication technology (ICT) systems and access to the Electronic Data Platform (EDP). According to paragraph 3.1.e of TAP Network Code, all registered parties are required to perform a communication test when they register in TAP, as the main condition for their successful registration in TAP and the future reservation of capacities in the system natural gas transmission of TAP. In addition, TAP publishes relevant information about nominations, renominations, outages, distributions, current physical flows, planned and unplanned outages on the ENTSO-G Transparency Platform, a free platform widely and virtually accessible.

Also, TAP transporters have access to TAP's electronic data platform, both public and private. While the public platform provides general and summarized information on appointments, re-appointments, physical flows for each interconnection point, access to the electronic platform of private data is enabled based on successful registration in TAP. Accordingly, each transporter is assigned a

username and password under which it can access commercially sensitive information related to its transportation activity with TAP. Information on the electronic private data platform is shared for each transporter.

Since the Interconnection Points in Kuçovë and Fier in Albania were not put into operation in 2021 and no gas has been released in the Albanian territory, no such transparency information has been published either on the ENTSO-G TP Transparency Platform or on the TAP electronic data platform. However, as soon as these points become operational, relevant operational information shall be published. Currently, TAP publishes on the ENTSG TP Transparency Platform and the TAP electronic data platform the fuel gas consumption at the Fier ASC03 Compressor Station, on a daily basis.

6.7 TAP Expansion and contribution actively to the transition/energy transition

Expanding the capacity of TAP (TAPX) is the only way for TAP to contribute to facilitating the energy supply and climate ambitions of the European and Energy Community. New volumes of gas, including a mixture of hydrogen and other renewable and/or low-carbon gases, can only be transported if/after TAP's capacity expansion is realized. The way to achieve this in line with the objectives of the European Green Deal lies in both upgrading the TAP infrastructure to accommodate hydrogen blending and enabling further volumes of gas to flow along the infrastructure to decarbonise the economies of the host and neighbor countries.

Therefore, TAP expansion phase can be a unique opportunity to make this commitment even more concrete and to help accelerate economic recovery and growth in Europe, giving it another impetus to turn the energy transition into a tangible reality.

In addition, TAP is taking active steps towards achieving the decarbonisation target and created a working group on energy transition, commissioned a study on hydrogen to assess the technical and financial implications of accepting a certain % of the mixture in the TAP pipeline and put in place a structure for reducing the company's carbon footprint, all in line with regulatory developments.

In addition, TAP reinforces its contribution to the decarbonisation objectives of the EU and the Energy Community through participation in various important projects of common European interest (IPCEI) for hydrogen initiatives. Thus, TAP proposes to participate with the aim of ensuring the cross-border transport from Greece to Albania and Italy of renewable and low-carbon hydrogen produced in Greece from renewable electricity and biological waste.

This remains a challenge for the contribution of our country, as the difficulties are not great for achieving these objectives.

6.8 TAP and the objective of enabling the deployment of fiber optic cable capacity in South East Europe and beyond

TAP is taking into consideration the possibility to offer to the market the spare fiber optic cable, which according to the reports submitted by TAP, it does not affect the natural gas transmission activity of TAP.

6.9 Amendments in the Transmission License

The first amendment approved with ERE Board Decision no. 120, dated 11.05.2021, determined TAP's obligation to submit annual insurance certificates in the amount of 10,000,000 dollars (USD).

The second amendment approved by ERE is regarding the duration of TAP Transmission License originally granted by ERE for a period of 25 years, this duration was extended to 30 years with ERE Board Decision no. 154 dated 30.06.2021.

ERE evaluates that it has and shall continue to have a successful cooperation with TAP regarding the regulatory issues and shall also ensure continuous compliance with the conditions established in TAP's regulatory framework.

TAP is also continuing to fulfill every other obligation that comes as a result of the decisions approved by ERE as well as the laws approved by the Albanian Parliament.

6.10 By- legal (secondary) acts approved by ERE during 2021 to exercise Natural Gas Sector activity

The Decisions as follows are related with the approval of ERE legal framework implementing Law no. 102/2015 "On Natural Gas Sector" as well as the preparation of the market conditions to initiate gas operation for 2021, that corresponds with the start of TAP project:

During 2021, for the natural gas sector, the Energy Regulatory Authority (ERE) Board approved the following Decisions:

- 1. With Decision no. 6, dated 15.01.2021**, ERE Board approved the request of Albgaz company to extend the terms defined in point 2, article 5 of the regulation on defining the standard minimum criteria of the quality of service and supply of natural gas networks, approved with ERE Board Decision no.100/2019, as follows:

"No later than 21.06.2021 DSO-G, TSO-G and any other respective Licensee shall construct appropriate equipment including the IT basis (information technology), capable to register and enable access to the current data and the historic ones of the Quality Performance Indicators.(QPI)"

- 2. With Decision no. 59, dated 25.02.2021**, ERE Board approved the standard license for the operation activity in Natural Gas storage facilities .This decision is based on the provisions of articles 22 and 23 of Law no. 102/2015, "On natural gas sector",as amended and aims to determine the conditions, which must be met by the licensee in the operation activity in Natural Gas storage facilities.
- 3. With Decision no. 60, dated 25.02.2021**, ERE Board approved the Standards of Handling the Electricity and Natural Gas Customers Complaints from the Lincensees in the Supply Activity. These standards define the general conditions for handling complaints and requests of electricity and natural gas customers from the Licensees and are intended to ensure a fair and effective process of handling customer complaints, in order to improve the quality of the supply service and to increase the trust and satisfaction of the customers on this service provided by the Licensees.
- 4. With Decision no. 72, dated 12.03.2021**, ERE Board approved the "Operational rules for the supplier charged with public service obligation for the Natural Gas Sector" These rules aim to define and ensure the public service of natural gas supply by the supplier charged with public service obligation, in accordance with the provisions of Law no. 102/2015 "On natural gas sector", as amended.
- 5. With Decision no. 73, dated 12.03.2021**, ERE Board approved the "Regulation on the procedures for granting the right of the exclusion for the new infrastructure of Natural Gas" which aims to define the rules for a transparent, non-discriminatory and justified procedure in accordance with the rules of the Third Energy Package, and aims to ensure the promotion of investments in the main new infrastructure, while ensuring the proper operation of the natural gas market.
- 6. With Decisions no. 79, dated 23.03.2021 and no. 195, dated 22.09.2021**, ERE Board decided to accept the requests of the "Albgaz" company to extend the term on licensing Albgaz company for the operation activity in natural gas storage facilities. "Albgaz" company in the submitted

requests, informed ERE that many feasibility projects were suspended for a longer period of time than anticipated due to Covid-19 pandemic, and as such the company did not have all the documentation required by ERE. "Albgaz" company also informed ERE that it is in the process of carrying out a study for natural gas storage facilities and the completion of this study shall enable the completion of specific documentation for the license to operate in the natural gas storage facilities. Following the above, the ERE Board approved to extend the term of the decision throughout 2022, regarding the licensing of "Albgaz" company for the operation activity in natural gas storage facilities.

7. **With Decision no. 90, dated 06.04.2021**, ERE Board approved decision on conditional licensing of "Albpetrol" company in natural gas supply activity (retail) for a 10-year term.
8. With Decision no. 120, dated 11.05.2021, ERE Board approved an amendment to Decision no. 15, dated 31.01.2019 of ERE Board, On licensing "Trans Adriatic Pipeline AG ALBANIA" in natural gas transmission activity, registered at the National Business Center, as a branch of the foreign joint stock company, "Trans Adriatic Pipeline AG" ERE Board approved that in ERE Board decision no. 15, dated 31.01.2019, after point 2, point 2/1 with the following content shall be added:
 - a. *TAP AG ALBANIA company shall periodically submit the insurance certificate (policy) at ERE, after its renewal, according to the requirements of article 9, point 1, letter "e", iv, of 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.*
9. **With Decision no. 121, dated 11.05.2021**, ERE Board approved to open the procedure to modify license no.436, series TGN19, in natural gas transmission activity, granted to Trans Adriatic Pipeline AG Albania, with ERE Board decision no.15, dated 31.01.2019 " On licensing "Trans Adriatic Pipeline AG ALBANIA" in natural gas transmission activity, registered at the National Business Center, as a branch of the foreign joint stock company, "Trans Adriatic Pipeline AG". This decision came after the request submitted by Trans Adriatic Pipeline AG Albania company to change the term of the license for the natural gas transmission activity, from 25 years to 30 years, supporting this request on Article 23, point 1, letter "a ", of law no. 102/2015 "On natural gas sector", as amended, Article 5, of the "Regulation on the procedures and terms for license issue, modification, transferring or license removal in natural gas sector". In the submitted request, the TAP AG ALBANIA company stated that the extension of the term of the transmission license from 25 years to 30 years would ensure the harmonization of the Transmission License with the special permit granted to TAP with CMD no. 123, dated 13.03.2019, emphasizing that according to Article 5.2 of Law no. 116/2013 'On the ratification of the Host Government Agreement between the Republic of Albania acting through the Council of Ministers and Trans Adriatic Pipeline AG in connection with the Trans Adriatic Pipeline project (TAP Project) and the agreement between the Republic of Albania, represented by the Council of Ministers and Trans Adriatic Pipeline AG in connection with the Trans Adriatic Pipeline Project (TAP Project)' as amended, the special permit is automatically renewed by the Albanian authorities, at the end of the 30-year period, specifically on 21.03 .2049.
10. **Decision no. 122, dated 11.05.2022**, ERE Board approved the "proposal of TAP, SRG and DESFA project for the incremental capacity process for 2019" as stated in the joint decision with the regulators of Italy and Greece, respectively ARERA and RAE.
11. **With Decision no. 151, dated 29.06.2021**, ERE Board approved the Guidelines for the market test of Trans Adriatic Pipeline" as stated in the joint decision with the Regulators of Italy and Greece, respectively ARERA and RAE.

- 12. With Decision no. 152, dated 30.06.2021**, ERE Board approved some amendments in ERE board decision no. 179, dated 08.11.2017, On the Certification of the Company Combined Natural Gas Operator, AlbGaz company, as amended. ERE Board decided to amend clause 5.1 and clause 5.2 of ERE board decision no. 179, dated 08.11.2017, "On the certification of the company" Combined Natural Gas Operator "TSO" as amended, providing "Albgaz" company with the task to submit at ERE every fiscal year information on the independence of the financial auditors and to take measures to submit at ERE by 20.01.2022 documentary evidence for inter-institutional cooperation for the implementation of changes in the legal framework, article 11 and article 46, point 10, of law "On Natural Gas Sector ", as amended and the transfer of powers to the Ministry of Economy and Finance.
- 13. With Decisions no. 153, dated 30.06.2021; no. 201, dated 01.10.2021 and no. 202, dated 01.10.2021**, ERE Board decided accordingly to approve an amendment in ERE board decision no. 187, dated 10.11.2017, "On licensing Albgaz company in the natural gas distribution activity", as amended and in ERE board decision no. 188, dated 10.11.2017, "On licensing Albgaz company in natural gas transmission activity ", as amended. Specifically, the amendments approved in point 1 of ERE Board decisions no. 187, dated 10.11.2017 and no. 188, dated 10.11.2017, determine the terms for submitting at ERE environmental permits and authorizations and the insurance certificate, the submission of which is necessary to fulfill the respective conditions of the licenses of "Albgaz" company in the transmission and distribution activity of natural gas.
- 14. With Decision no. 154, dated 30.06.2021**, ERE Board approved the modification of license no. 436, TGN19 series, in natural gas transmission activity, issued to Trans Adriatic Pipeline AG Albania with ERE Board decision no. 15, dated 31.1.2019. The modification of the license consists in changing the term of the license for the natural gas transmission activity of Trans Adriatic Pipeline AG Albania company, from 25 years to 30 years, from the date of the start of operation.
- 15. With Decision no. 171, dated 16.08.2021**, ERE Board approved the compliance program of the transmission system operator for natural gas, ALBGAZ company " provided that the company within 3 months shall submit at ERE the updated version of the program with the specifications according to the requirements of point 5, point 6 and point 15, of the Transmission System Operator Compliance Program for Natural Gas, approved with ERE board decision no. 77, dated 26.05.2017.
- 16. With Decision no. 172, dated 16.08.2021**, ERE board reviewed decision no. 90, dated 06.04.2021 "On licensing "Albpetrol" company in natural gas supply activity (retail), approving some amendments regarding the conditions imposed in ERE Board decision no. 90, dated 06.04.2021.
- 17. With Decision no. 198, dated 01.10.2021**, ERE Board approved the request of Gek Terna Group, for application in TAP AG for the non-binding phase in the market -TAP AG test, for the capacity and connection of combined cycle power plant with power 160-180 mw in Roskovec Fier. GEK TERNA Group's request was approved by ERE, as it was evaluated to be in accordance with the principles provided in the Final Joint Opinion, Market Test Guidelines, Network Code on Capacity Allocation Mechanisms, as well as with European and national legislation for the incremental capacity of natural gas.
- 18. With Decision no. 212, dated 08.10.2021**, ERE Board decided to approve the request of Depa Commercial company in Tap Ag for the non-binding phase in the market Tap Ag test for capacity and connectivity. The request of DEPA COMMERCIAL S.A. was approved by ERE, as it was evaluated to be in accordance with the principles specified in the Final Joint Opinion of the Energy Regulators of Italy, Greece and Albania, as set out in paragraph 4.7 thereof, the Non-Binding Phase Notice for TAP AG Market Test 2021, Guidelines for the 2021 Market Test, the Network

Code on Capacity Allocation Mechanisms, as well as with European and national legislation for the incremental capacity of natural gas.

- 19. With Decision no. 229, dated 15.11.2021,** ERE Board decided to approve the Methodology for Tariff Calculation regasification service of the LNG system operator. The purpose of this methodology is to determine the criteria, conditions and the way of calculating the tariff for the regasification service performed by the LNG system operator based on clear principles of calculating the costs related to this service, as well as detailing necessary data for the determination of fair and transparent tariffs, in accordance with the principles and rules approved in the methodology for calculating natural gas network tariffs approved with ERE board decision no. 78, dated 26.05.2017, as well as other regulatory acts that provide for the activity of the LNG system Operator.
- 20. With Decision no. 236, dated 26.11.2021,** ERE Board approved to extend the terms defined in ERE board decision no. 171, dated 16.08.2021, On approving the compliance program of the transmission system operator for natural gas, "Albgaz" company. The extension by 3 months of the term defined in point 1 of ERE board decision no. 171, dated 16.08.2021, was approved after the request of "Albgaz" company which stated that it has taken all measures to fulfill the conditions of the decision and is currently in the process of consulting with the actors who are involved or with impact on decision making.
- 21. Decision no. 254, dated 21.12.2021,** On letting into force ERE board decision no. 206, dated 16.12.2019, "On approving the temporary tariff of natural gas transmission from "Albgaz" company for 2022.

Based on Article 16, of Law no. 43/2015, "On Power Sector", as amended, article 13, point 1, article 16, point 2, article 17, letter "e" and article 33, of law no. 102/2015, "On Natural Gas Sector", as amended; Article 15 of the Rules on ERE Organization, Operation and Procedures", approved with ERE Board Decision, no. 96, dated 17.06.2016, Methodology for tariff calculation of natural gas transmission and distribution network approved with ERE board decision no. 178, dated 18.11.2017; ERE Board on their meeting dated 21.12.2021, after reviewing official letter Protocol no. 156/10 dated 17.12.2021, prepared by the Tariff and Prices Directory " On letting into force ERE board decision no. 206, dated 16.12.2019, "On approving the temporary tariff of natural gas transmission from "Albgaz" company for 2022.

- 22. With Decision no. 256, dated 21.12.2021,** ERE Board approved the standard license for the operation activity of the liquefied natural gas (LNG) terminal. This decision is based on the provisions of articles 22 and 23 of Law no. 102/2015, "On natural gas sector", as amended and aims to determine the conditions, which must be met by the licensee in operation activity of the liquefied natural gas (LNG) terminal.

6.11 ALBGAZ company performance for 2021

1) Regional Gas Terminal-Vlore (MOU MIE – Exxon Mobile – Albgaz)

In the United States of America, an agreement was signed between the Ministry of Infrastructure and Energy and the American companies, Exxon Mobil and Excelebrate Energy, for the evaluation of the commercial, technical and regulatory aspects of an LNG regasification terminal to bring LNG into Albania.

This step marks an important transformation, not only in the import of liquefied natural gas with small vessels, but the possibility of building a Regional Terminal in the Bay of Vlora is being studied, which shall serve not only for putting into operation Vlora TPP (current capacity plus additional capacity which is in the feasibility study phase) but shall also potentially serve as an alternative

resource for the supply with gas of Fier - Vlora - Fier pipeline. This terminal shall also serve for the further development of the gas market in Albania through distribution in the southern area.

This agreement includes the complete chain, starting from the conversion of the Vlora TPP with LNG, to the construction of a new gasification terminal, thus transforming Vlora into a regional distribution point. We can say that the strategic position of our country in the conditions of the energy crisis that the world is going through shall depend on the capacity of the LNG Terminal. In a medium-term perspective, our country is moving towards becoming an energy junction (Hub), where, in addition to the LNG Terminal and the TAP project, which is currently in operation, we highlight the underground gas storage project in Dumre and the possibility of contributing with production methane gas of our country through foreign companies (Shell).

The agreement for Vlora TPP shall, among other things, guarantee the security of energy supply, which is necessary at least for a reliable source of electricity production and the Vlora thermal power plant has long been considered as a source of such. While the American side is in the phase of studying regional demand and need, on the other hand, Albgaz has started an in-depth analysis as well as a market study related to small-scale distribution.

The Vlora terminal is expected to serve as a strategic investment not only for Albania, but it shall also serve to the neighboring countries such as Montenegro, North Macedonia, Kosovo, etc.

Meanwhile, the Energy Regulatory Authority has taken measures and is working with high intensity regarding the drafting of regulations, methodologies and licenses necessary for this purpose, specifically:

- Regulation for the LNG Terminal
- GNL Methodology for calculating LNG tariffs
- Liquefied Natural Gas (LNG) License
- Regulation on Natural Gas Storage
- Methodology for calculating storage tariffs
- Natural Gas Storage License
- Regulation for the use of small scale liquefied natural gas (LNG) and Compressed Natural Gas (CNG)
- Methodology for calculating LNG and CNG tariffs
- License for the use of LNG and CNG

All of these shall cover the requirements within the drafting of secondary legislation and precede the development of the gas market in our country.

2) Fier-Vlore-Fier Transmission Line (Excelerate Energy – Snam – Albgaz Agreement).

Excelerate Energy LLC, Snam and Albgaz company have signed a Memorandum of Understanding (MOU) on July 15, 2021, in Tirana, which is very important for the gas market in our country. The agreement includes:

- Construction of the natural gas pipeline from Vlora Terminal to the connection point with the Trans Adriatic Pipeline (TAP) in Fier;
- Construction of the Liquefied Natural Gas (LNG) Terminal in Vlora;
- The possibility of developing the underground storage of Gas in the salts of the Dumre region.

Regarding the last point, the parties are committed to explore the possibilities of using the underground storage of natural gas in Dumre, putting into efficiency an important asset in these salts because not all countries in the region have this possibility, which shall serve not only our country, but also the security of natural gas supply in the region and beyond in Europe. The main objective of the DNG Dumre project is to contribute to the development of the Albanian gas system. Underground

gas storage enables the reduction of the overall cost of gas supply to end use customers by providing additional services to gas markets, such as flexibility of supply and demand, and the creation of relevant trading opportunities. For on-site storage there is the possibility of capacity increase, while for regional storage the maximum required injection capacity is 113,000 m³/hour. The maximum required amount of gas intake is 190,000 m³/hour.

All this shall serve the realization of policies and priorities already established, for the diversification of energy sources, through a new and reliable source such as natural gas, becoming an active part of the connection with international supply networks such as that of TAP.

This effort and commitment by the parties is in accordance with the Memorandum of Understanding between MIE and ExxonMobil LNG Market Development Inc as well as Excelerate Global Operations, LLC" signed at the beginning of this year in the United States of America, to carry out a feasibility study for the possible development of an LNG Project at the Port of Vlora in South Albania.

The Memorandum of Understanding was signed by representatives of each party, respectively by Albgaz company; Excelerate and Snam Global Solutions. Planning is expected to begin immediately with representatives from each company forming a coordination team.

The progress of these projects shall affect the reduction of the energy crisis in our region, Europe and the world.

6.12 Albania Gas Service Company

Albanian Gas Service Company (AGSCo) is the consortium created between Albgaz and SNAM, the two state-owned gas companies in Albania and Italy, in order to carry out the operation, maintenance and technical services of the Trans Adriatic Pipeline (TAP), for the part that runs in the territory of Albania.

AGSCo has an initial staff of 52 employees, 90% of whom are Albanian. They have been trained and certified by SNAM, in Italy and Albania, since 2019 and onwards. This is based on the agreement, where the Italian company SNAM guarantees the qualification of the employees of the Joint Venture and the transfer of technological knowledge according to the standards of the sector.

6.13 Future Objectives in the Natural Gas Sector

Cooperation with the Energy Regulatory Authorities of neighboring countries, Greece and Italy, as two EU member states, for the normal operation of TAP. Coordination of all by-laws, regulations and joint decisions necessary for it, in accordance with Directive 2009/EU and Regulation 715/EU, Commission Regulation (EU) 2017/459 (CAM NC) and a number of other regulations that are related to transparency, discrimination of third parties as well as taking joint decisions for this purpose.

Cooperation with TAP and the regulatory authorities of Italy and Greece for the successful completion of the Market Testing for the capacity expansion from 10 billion m³/year to 20 billion m³/year. This testing is harmonized with the provisions of the Final Joint Opinion of the Energy Regulators on the Application of the Exemption of TAP AG, dated 6 June 2013, issued by the Authorities under Directive 2009/73/EC, ('Final Joint Opinion') of the TAP Tariffs Code with EU Regulation 2017/459 establishing the network code on Capacity Allocation Mechanisms for gas transportation systems ("CAM NC").

Cooperation with the Energy Community Secretariat for the transposition of the changes being carried out in Directive 2009/EU and Regulation 715/EU as well as other acts related to natural gas sector, biogas, biomethane, hydrogen, the use of liquefied gas with degrees small scale, the use of compressed methane gas (CNG), etc.

Cooperation with the Ministry of Lines (MIE) for the gas transmission and distribution network in Albania as well as the possibility of capacity reservation in Fier and Kuçovo planned for the exit points.

Cooperation with MIE and Albgaz for the construction of the LNG Terminal in Vlora in the presence of Exxon-Mobil and Exxelerate investments.

Cooperation with MEI and Albgaz for the storage of gas in the Dumre salts, through the participation of these giant companies together with SNAM. In fact, the feasibility study has been completed and it is effective. According to this study, it turns out that with 7 caverns that have a cost of 250 million euros, we can withdraw from the deposit about 6 billion m³ gas, and if we double the withdrawal for needs, it goes to 12 billion m³ gas with only an investment of 500 million euros. This would be almost the amount that was deposited in Europe during 2021, mainly this deposit was made in Ukraine. While the gas deposit for 2021 in Russia in the summer period was 76 billion m³. Thus on the investments, it shall also depend the underground gas storage capacity.

Cooperation with MIE and Albgaz for the construction of the Fier-Vlora pipeline, the connection with the TAP pipeline and the possible terminal that shall be built by Exxelerate. This shall also serve for the introduction of methane gas into the pipeline network of TAP and IAP.

Cooperation with MIE and Albgaz for the construction of the IAP pipeline (Ionian Adriatic Pipeline) from the point of contact with TAP in Fier to Croatia. In fact, the implementation project has been completed, the start of its construction is expected. This shall make that our entire region: Albania, Montenegro, Kosovo, Bosnia-Herzegovina, which currently does not have a developed gas market, integrate into this network.

Cooperation with the Ministry of Infrastructure and Energy and Albgaz company for a Cooperation and Handover Agreement on the Fier South Facility. TAP shall design, procure and build the gas exit point in Fier, an investment of several million euros in the country, this shall make possible the gas supply through this point to the customers of our country.

Cooperation with MIE and Albgaz for the Market Testing period of 2021 and ongoing because during the non-binding phase for the expression of interest, TAP has received interest in requests for capacity and connections in Albania for: the interconnection point in Kuçovo, for the interconnection point in Fier and the exit point Roskovec.

Also cooperation with MIE and Albgaz for the following non-binding requests for connection points: an exit point in the Roskovec relief, an exit point in Kuçovo and two requests for connection points in Fier. Developments at these exit points shall depend on coordination between TAP and the requesting party. MIE is decisive in granting the right according to the energy policies it has. (This information is made available to the public in Demand Assessment Report published by TAP on October 25, 2021).

Cooperation with the line Ministry (MIE) for the amendment of law no. 102/2015 "On Natural Gas Sector", as amended, to meet the conditions for certification of the Natural Gas Transmission Operator, Albgaz company.

Cooperation with Albgaz company in the regulatory aspect, for all the issues encountered for the opening of the natural gas market, qualification, transparency and improvement of necessary acts.

6.14 Relations with International Institutions in the field of Natural Gas

CEER (Council of European Energy Regulators) - where ERE is an observer as a candidate country for the European Union and has its contribution as a participant in working groups for legal amendments, improvement of directives and regulations in the gas sector, for the long-term

preservation of energy in crisis conditions, the amendment of the energy efficiency directive, the customer, the photovoltaic energy strategy.

GRI SSE, SOUTH SOUTH-EAST GAS REGIONAL INITIATIVE. Participation in working groups for: wholesale gas market, retail market, implementation of the network code, congestion, tariffs in the transmission, distribution and border networks, 10-year development plans, etc.

MEDREG, Association of Energy and Natural Gas Regulators for the Mediterranean region. The participation of ERE in regional studies such as: the infrastructure of the Mediterranean region, the integration of the Mediterranean infrastructure with the European one, retail and wholesale prices, cooperation with ECRB studies in Vienna.

ENTSO-G (Observer in the European Network of Transmission System Operators for Gas).

IGU (International Gas Union).

OME (Mediterranean Observatory for Energy) located in France, where ERE is a member with full rights and a participant in regional studies conducted by it.

UfM (Union for the Mediterranean region) ERE is a member with full rights and an active participant. UfM is part of OME located in Paris.

ERRA (Energy Regulators Regional Association) ERE has been a member since 2000. Participation in NG COM Meetings, trainings aimed at improving activity, to make positive changes in the daily work of regulators, as it is recognized as an important international institution, which covers Europe, Asia, Africa, the Middle East, North and South America.

ECRB, Gas Working Group, the Energy Community Regulatory Board participation in their studies and the possibility of attracting foreign investments for the development of infrastructure in our country

7. ON ERE REPORTING, REGARDING THE IMPLEMENTATION AND FOLLOW-UP TO COMPLETE THE RECOMMENDATIONS OF THE “ALBANIAN PARLIAMENT RESOLUTION TO ACCESS THE ACTIVITY OF ENERGY REGULATORY AUTHORITY FOR 2020.

The Assembly of the Republic of Albania with official letter Protocol no. 929/3 dated 12.07.2021, submitted at ERE the “Resolution of the Albanian Assembly for assessing the activity of Energy Regulatory Authority for 2020”. In accordance with decision no. 134/2018 of the Assembly of Albania "On the approval of the Annual and periodic monitoring guideline" below it is provided a copy of the information related to the implementation of the tasks of the resolution of the Assembly by the Energy Regulatory Authority.

With decision no. 181, dated 08.09.2021, ERE approved the plan of measures for the implementation and follow-up of the recommendations of the Assembly's resolution.

Within the recommendations of the Resolution of the Assembly, ERE has continued with the preparation of the Calendar of Measures detailing the activities and Structures responsible for the implementation of these recommendations.

Point 1: To request maximum commitment from OSHEE company for the implementation in the shortest possible time of the measures provided for in the Action Plan for the Functional Unbundling of OSHEE company as a step closely related to the liberalization of the electricity market, its further opening and as a request highlighted in the progress report of the EC.

Regarding this point, through correspondence with the parties (DSO and Universal Service Supplier) or the latter's reports within the framework of the tasks left within the unbundling, this point of the

financial, legal and organizational unbundling of the two operators is completed. With the fulfillment of the conditions cited above, ERE has decided to repeal point 2 of ERE Board decision no. 216, dated 11.10.2018, which was about the transfer of personnel from OSHEE company to DSO company for the performance of the latter's functional duties in accordance with the terms of the license. Also, within the framework of the operation of the unbundling of companies and the market liberalization process, communication continued for customers connected to the distribution network regarding the status of the installation of smart meters and the notification of customers who enter the unregulated market after they have been fulfilled technical conditions for entering the free market. ERE has participated in the steering committees composed of MIE, MEF, KfW and AFD, which are closely related to the monitoring of the functional unbundling of OSHEE company as an ongoing task of ERE.

Point 2: In cooperation with the Regulatory of Kosovo, shall take measures for the opening of the selection process of NEMO (the nominated electricity market operator) as well as the alignment of the secondary legislation between the two countries and other necessary steps in the function of the merger of the markets of our two countries.

In order to fulfill this task, ERE has already carried out:

- On 21.10.2021, the framework agreement was signed in Tirana between the Regulatory Authority of Kosovo and Albania as well as the Transmission System Operators between the two countries, which lays the foundations for the creation of the joint market. The signing of this agreement was preceded by joint meetings of working groups with the composition of regulators, ministries and Transmission System Operators of both countries for the preparation of the legislative, regulatory and technical framework for the creation of joint markets.
- Also, in November, following the tasks arising from this agreement, the regulators of both countries signed the memorandum for the operation of joint markets and the obligations arising from the regulators, TSOs and the power exchange for the realization of this operation.
- With the help of USAID, with the participation and promotion of both regulators and the participation of other market actors it was organized a seminar on the efficiency of the integration of the electricity markets of the two countries, as well as the measures that have been taken and the challenges that shall come in this direction.
- On December 7, 2021, ERE and ERO signed the Memorandum of Understanding for mutual recognition of licenses in trade and supply activities, between Albania and Kosovo. In this Memorandum, the two regulators agreed on the mutual recognition of electricity trading and supply licenses, which will reduce the administrative and financial costs of licensees in both countries to operate in both markets and open up ways of facilitating the operation of a joint market.

Point 3: To increase the cooperation with the Regulatory Authority of Italy to make possible the recognition of the Nominated Electricity Market Operator (NEMO) in the power exchange committees of the EU countries.

ERE has realized this request of the resolution by participating in the working groups of the KEP/AIMS project for the creation of the joint market between Albania, Italy, Montenegro and Serbia.

It shall be clarified that the recognition of the Nominated Electricity Market Operator (NEMO) in the power exchange committees of the EU countries is related to the operationalization of the Albanian Energy Exchange (ALPEX), which would create the conditions for the full fulfillment of this task, where ALPEX would apply for recognition as a market operator in Albania and Kosovo.

Currently, according to the information provided by ALPEX, the tender for the power exchange operation service by a well-known international operator, which shall pave the way for the merger of the Albanian power exchange with that of the European Union countries in the future, is being finalized. The tendering process is in the final stages and the conclusion of the contract is expected and further the beginning of the operation of the exchange, which is expected to be operational during the last quarter of 2022.

Point 4: Through new opportunities in the field of information technology, it should work for the development and implementation of a system of management and handling of complaints, providing accurate and fast information to customers, as well as handling the complaints in the shortest possible time

ERE has fulfilled this recommendation of the resolution and implemented the following tasks:

Updating an online complaint management and handling system, in order to handle customer complaints as quickly and effectively as possible, is a task that has been carried out with special attention by ERE. The update of the complaint register according to the Transparency Program is carried out within 24 hours from the registration of new complaints or receiving the response from the licensees in order to track the complaint in the shortest possible time on the part of the Customers. Information about complaints is updated (and on social networks) from time to time, with the aim of informing the consumer about the progress of the complaint handling procedure addressed to ERE to increase the efficiency in the provision of this service but also within government measures for avoiding the exposure of the customers to infection with the covid virus.

In order to fulfill this task, among others, ERE has worked to reduce the actual deadlines for handling complaints by ERE. For the 209 complaints registered during 2021 in ERE, about 92% of them were handled within a period of 7 days, and about 8% of them were treated within the 15-day period.

The 15-day legal deadline for handling complaints is clearly defined in the Regulation for handling the complaints submitted by the customers and settling the disputes between the licensee, on power and natural gas sectors ", approved with ERE Board decision no. 114, dated 8.7.2016.

The establishment of the phone number for reconciliation with customers, the progress of the complaint handling procedure but also the provision of the necessary information, has helped to establish a quick and efficient contact with them. Through this number, communication is established regularly with customers to inform them regarding questions they have about the status of their complaint, but customers who, due to the filing of incorrect address data in the Universal Service Supplier company or at ERE, it is impossible to find out about the progress of their complaint.

In fulfilling this task, ERE has taken into consideration and has taken measures to increase cooperation with operators or institutions that provide services related to consumers through continuous correspondence and conducting hearings. Close cooperation with customer associations and representatives of customer interests (People's Advocate, Consumer Protection Agency, etc.), it is believed that increased the regulatory impact through information and the provision of efficient solutions in the handling of complaints addressed to these institutions, but also the exchange of expertise in public consultations with these institutions for by-laws, subject to approval by ERE.

Point 5: On drafting the indicators for measuring and evaluating the performance of Customer service that guarantees each licensee in the supply activity, to be able to provide a quality service with standards for the customer.

ERE has completed this recommendation of the Resolution by drafting the regulation on the measures of the licensees in electricity supply activity for the achievement of the indicators prepared by ERE for measuring and evaluating the performance of customer service with ERE board decision no. 208/2021, the procedure for the approval of this regulation has already begun and the draft is in consultation with the public. Following the drafting of the Regulation after consultation with the

parties, its approval by ERE is expected. Some of the interested parties have submitted their opinions on this act to ERE. On the part of ERE, it is planned to organize a hearing with the interested parties to discuss the submitted proposals.

Point 6 - Through the means and ways of information to support and promote the transition from a passive customer, subject to regulated tariffs, regulatory acts, to an active participant of the energy market.

Regarding the completion of this recommendation, ERE board with Decision No. 109, dated 22.04.2021, approved "the standards of handling the electricity and natural gas customers complaints from the licensees in the supply activity"

Currently, following this decision, the Distribution System Operator (DSO) company submitted at ERE the relevant proposals regarding some additions and changes to the "Regulation for handling the complaints submitted by the customers and settling the disputes between the licensee, on power and natural gas sectors" proposals which were submitted to the interested parties with the purpose their consultation. After this communication, the Ministry of Infrastructure and Energy informed that: "after becoming familiar with the content of ERE Board decision no. 109, dated 22.04.2021, as well as with the proposals of DSO company it is agreed in principle for the continuation of the procedure on your part, pursuant to law no. 43/2015 "On Power sector", as amended and by-laws issued in its implementation".

In order to obtain a complete opinion and consult the proposals received from DSO company, ERE organized on October 25, 2021, a hearing between the representatives of the Ombudsman, the Union of Albanian Producers and DSO company. DSO company submitted the reviewed proposals at ERE, which, after being published on ERE's website in the consultation section, were submitted for opinion to the interested parties. Some of the interested parties have presented their position/agreement regarding what was proposed. With the completion of the public consultation process, ERE shall continue with the finalization of the process within the framework of the review of the above-mentioned Regulation in support of the request of DSO company.

Point 7: The supervision of the operator's performance must continue in terms of the implementation of the obligations arising from the law and by-laws for the protection of the rights of electricity customers.

ERE has completed this recommendation, as follows:

During 2021, in accordance with the Monitoring Calendar, Monitoring was carried out at the licensees (DSO company, Universal Service Supplier company, Free Market Supplier company and TSO company)

1. Monitoring of Universal Service Supplier company, regarding the implementation of deadlines and procedures for handling complaints registered in the Universal Service Supplier company, during 1 calendar year.
2. Monitoring of DSO company during 15.02.2021 to 05.03.2021 period, related to the implementation of the deadlines and procedures for verification of measurements in application of the Regulation, on the procedures for submitting a request, its review and notification deadlines when the customer doubts the accuracy of the data of the measuring device.
3. Monitoring of Customer Care Centers of Universal Service Supplier company, related to the performance of employees in terms of knowledge on the rights and obligations of licensed operators of the Universal Service Supplier company and DSO company.

4. Monitoring of the Universal Service Supplier company, regarding the obligations and periodic reports as well as on the supervision of the implementation of the duties arising for the licensee from ERE Board decision no. 201/2018, reviewed with decision no. 217/2020 "On the Review of the "Measure Plan for the Electricity Distribution Operator "OSHEE sh.a.", for respecting the Rights of Electricity Supply Customers", approved with ERE board decision no. 201, dated 03.09.2018. The data collected during the monitoring is being processed by the working group set up for this purpose, and at the end ERE shall hold a position on the findings of the working group on the implementation of the plan of measures in question or recommendations for the Universal Service Supplier company, in the event that flaws in its implementation shall be identified.
5. Monitoring the deadlines and procedures of new connections in the Transmission Network. During November, monitoring was carried out at TSO company and the working group set up for this purpose is processing the collected data in order to prepare information that shall be submitted to the Board.

In order to fulfill the tasks imposed by the Resolution at this point, ERE has prepared and approved the customer survey model which is regularly distributed on social networks and customers who address a complaint at ERE are invited to complete it of their own free will, to supervise and thus indicate the performance of the service by the licensees in terms of customer service but also indicate issues regarding from ERE, if there are any.

Point 8 - Through the adoption of regulatory acts, work to promote investments in electricity production power plants from small renewable sources, such as: sun, wind, biomass, etc., which bring about a gradual diversification of energy production in country, a request provided in EU progress reports.

To fulfill this recommendation, ERE has developed the following:

Through a series of correspondences with DSO company information was requested mainly with the aim of obtaining a wider insight regarding the positive impact that the introduction of small renewable sources such as photovoltaics (for self-producers) has in the diversification of energy production but also in reducing consumer expenses in order to guarantee of electricity supply. DSO company submitted detailed statistical data regarding the above, which are the object of the study by ERE. The data has been analyzed and the communication with DSO has continued as the submitted data has ambiguity in the way of handling the network by DSO. For this purpose, ERE has requested the necessary explanations to continue with the analysis of the data during 2022.

In addition to the above, ERE has periodically collected data regarding the impact that renewable sources, especially photovoltaics (self-producers as a growing category in the last year) have on the energy balance and has maintained constant contact with the Ministry of Infrastructure and Energy, in order to complete the necessary legal framework that shall facilitate the growth of this category of producers in domestic production and shall contribute to the reduction of customer expenses in terms of household electricity consumption.

Point 9: Provide the necessary assistance and cooperate with all actors in the country to make possible the construction of the gas transmission and distribution network. The rise of the gas infrastructure is important, since gas not only brings diversification of resources in the country and is more economical to use, but also has many times smaller emissions in the environment.

In relation to the implementation of this recommendation, ERE, through the correspondence addressed to MIE and Albgaz, has offered the necessary help, cooperation and assistance in matters

of its competence, to make possible the construction of the natural gas transmission and distribution network as well as information has been requested regarding forecasts and plans and strategic investments for the construction and development of the infrastructure of natural gas transmission and distribution networks. After receiving the response from these institutions, the work shall continue for the support with the technical expertise of ERE in this process.

Point 10: Regarding the use of new technologies for electric vehicle charging stations, including the regulation of the charging of this service, referring to the practices of the regulators in the EU countries, proposing the relevant options and solutions.

To fulfill this recommendation, ERE set up a Working Group for the evaluation of the regulatory and legal framework with the aim of using new technologies for electric vehicle charging stations, including the regulation of the charging of this service.

This working group, has conducted the research and follow-up of trainings and seminars organized by regional and wider organizations, related to the examination of the methods of regulating the charging of this service, as well as the acquisition of experiences from other countries to address this problematic as well as the role of the regulator in it. The results of this analysis shall be evaluated in order to examine the conditions and address the regulation of this category of customers, taking into consideration the practices of the regulators of the EU countries, still in the initial phase, but also the benefits that can be guaranteed through the regulation in depending on the specific weight that this category occupies, in the current conditions of Albania.

Point 11: Based on the principle of opening the market, the principle of coherence and that of fair distribution, to focus on its work, on promoting competition and innovation with the aim of reducing prices for the customer and increasing the quality of services.

ERE has fulfilled the tasks arising from this recommendation as follows:

1. All suppliers are requested to take measures to promote prices through websites. A part of the suppliers who have started to have activity in the free market have informed that they have started work with the aim of creating or updating internet pages in order to promote their services in them.
2. Licensed suppliers who are active in the market have been asked for information about the price components offered for the supply of end use customers in the free market. The above shall provide an overview of the levels of competition in prices offered between suppliers in the free market.

Point 12: In order to reduce regulatory barriers and shorten the time of regulatory procedures, to carry out an ex-post analysis of the relevant regulations.

To implement this recommendation, ERE worked in preparing a methodology to assess the ex-post regulatory acts on the well defined criteria of ex – post assessment in order to assess if these objectives, the undertaken effects, the costs and benefits of a part of the legislation are actualized, and to identify the difficulties or effects resulted from the legislation.

Point 13: Apart from the issues that may arise from the implementation of the pilot project of the new electricity billing system, to consider the possibility of gradually installing smart meters, based on a cost-benefit analysis and determining the appropriate level for implementation according to different areas (urban, sub-urban and rural) depending on the coverage with the telecommunications network.

As stated above in this information, ERE has implemented this recommendation as follows:

ERE has maintained correspondence regarding the status of the deployment of smart meters addressed to DSO company and TSO company. Information was obtained from these correspondences about the number of smart meters, the areas where they are installed and the data generation period for these meters and a report is being compiled regarding the above.

Correspondence continued in order to identify the (family) units to which a smart meter or feeders have been installed if the meters are located in these technical units. Communication with AKEP has also been established in order to identify the areas in which the telecommunication line is placed.

8. ERE ACTIVITY REGARDING THE DEVELOPMENT OF THE SECONDARY LEGISLATION AND OTHER LEGAL AMENDMENTS DURING 2021

8.1 The draft, review, and approval of the by-legal acts of the power and natural gas sector within their adoption with Law. 43/2015 “On Power Sector”, as amended, and Law no. 102/2015 “On Natural Gas Sector” as amended.

During 2021, the Energy Regulatory Authority (ERE) continued its work with the completion of the legal framework in the electricity and natural gas sectors, through the adoption of a significant number of acts that further enrich the secondary legislation.

Despite the difficulties that public bodies faced this year due to COVID- 19, ERE during 2021 has taken all the necessary steps for communication with the parties and other participants in the electricity and natural gas sector, creating opportunities to familiarize with the content of the documents, the possibility of consulting and listening to the interested parties. During the past year, ERE Board has approved 262 decisions in 59 meetings held in a combined way, both physically and online.

ERE Board decisions, also this year, had as their main object the revision or amendment of the acts approved earlier, the postponement of the deadlines defined in the decisions or acts, the extension of the decision-making deadlines of ERE Board, the opening of the procedure or the licensing / renewing the licenses of entities in the activities of electricity trading, production, supply or in the activities of natural gas trading, reviewing the applications of DSO company for the approval of the electricity distribution service tariff at the voltage level for 2021 and FSHU company for the approval of the price of the electricity retail service for 2021, the opening of the procedure to review the application of tariffs of the Distribution System Operator for 2022 and to review the application of TSO company for the electricity transmission tariff for 022 and 2022-2024 period for which ERE also held an official public session, etc.

During 2021, ERE has marked several important decision-making related to the review of by-laws of the electricity and natural gas sectors in the context of their adaptation to Law no. 43/2015 "On Power sector", as amended, and Law no. 102/2015 "On natural gas sector", as amended.

Some of ERE Board decisions for 2021

- 1. Decision no. 51, dated 17.02.2021 On approving the contract signed between (TSO) and KESH companies “to ensure the balancing service, the reserve capacity and the balancing energy”**

The Transmission System Operator (TSO) company submitted for approval at ERE the Contract between (TSO) and KESH companies “to ensure the balancing service, the reserve capacity and the balancing energy”

ERE Board with decision no. 184, dated 20.08.2018, approved the “Contract between OST (TSO) and KESH Companies to ensure the balancing service, the reserve capacity and the balancing energy of the electric power system for 01.01.2018 - 31.12.2018 ” from the analysis of the Contract submitted by TSO company it was concluded that it is the same as the Contract to ensure the balancing service,

the reserve capacity and the balancing energy of the electric power system for 01.01.2018 - 31.12.2018, approved with ERE board decision no.184, dated 20.08.2018.

Regarding the above mentioned, ERE board decided to extend the legal effects from January 1, 2021 until the entry into force with financial effects of ERE board decision no. 106, dated 02.07.2020, for “the approval of the Albanian electricity balancing market rules” of the “Contract to ensure the balancing service, reserve capacity and the balancing energy of the electric power system for 01.01.2018 - 31.12.2018 ”signed between (TSO) and KESH Companies».

2. Decision no. 97, dated 04.07.2021 "On approving the indicators for the standard criteria of the supply quality service and the security performance of the electricity distribution grid for 2021.

ERE Board with decision no. 181, dated 10.11.2017, approved the "Regulation on the standard criteria of the quality of the supply service and the safety performance of the electricity distribution network". Following this decision, at the request of OSHEE company / DSO company as a result of the inability to meet the requirements of this Regulation within the deadlines it sets, due to the need to make the necessary investments.

ERE Board with decision no. 255, dated 21.12.2020, approved the indicators of standard criteria for the quality of electricity transmission service for 2021. Consequently to enable the network operator DSO company, how the users / customers connected to the distribution network take the necessary measures to operate their systems or equipment under the new conditions for the approval of the distribution service quality standards, these standards enter into force immediately, but the application of point 7.2 in Article 7 of the Regulation approved with ERE board decision no. 181, dated 10.11.2017, shall be suspended until the approval of these indicators, until 31 August 2021. This point shall have full legal effects 1 September 2021 onwards. The period mentioned above shall serve to accommodate and inform all the parties including the Network Operator DSO company and its users regarding the indicators that are approved, as well and to take the necessary operational measures in order to minimize the impact of these indicators in the operation of the respective systems.

3. Decision no. 108, dated 22.04.2021 "On approving the Common Settlement Rules for Exchanges of Energy in accordance with the articles 50(3) and 51(1), of Commission Regulation (EU) 2017/2195”

ERE Board with decision no. 77, dated 19.03.2021 decided to open the procedure to review the request of Transmission System Operator (TSO Company) on approving the “the Common settlement rules for exchanges of energy in accordance with the articles 50(3) and 51(1), of Commission Regulation (EU) 2017/2195”

The additional documentation of the “Common settlement rules for exchanges of energy in accordance with the articles 50(3) and 51(1), of Commission Regulation (EU) 2017/2195” is a common proposal developed by all Transmission System Operators in the Synchronous Area Continental Europe, regarding the development of common settlement rules for unintended exchanges of energy in accordance with Article 51(1) of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing.

These Rules consist of:

(I) All continental European TSOs’ proposal for Common settlement rules for unintended exchanges of energy in accordance with the Article 51(1) of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing.

(II) All continental European TSOs' proposal for Common settlement rules for intended exchanges of energy as a result of the frequency containment process and ramping period (increase/decrease) in accordance with the Article 50(3) of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing.

4. Decision no. 126, dated 17.05.2021 " On approving the regulation on wholesale energy market integrity and transparency (REMIT)

ERE Board with decision no. 256, dated 21.12.2020 decided to open the procedure to approve the Regulation on wholesale energy market integrity and transparency (REMIT). The draft- REMIT Regulation was submitted for opinions and comments to: the Ministry of Infrastructure and Energy, Competition Authority, Distribution System Operator, Transmission System Operator, Albanian Power Corporation (KESH), the Albanian Association of Electricity Suppliers (AAES), Foreign Investors Association of Albania (FIAA), Albanian Renewable Energy Association (AREA), Energy Community Secretariat. After reviewing all the opinions and recommendations submitted by the interested parties, ERE Board with decision no. 126, dated 17.05.2021 approved the regulation on wholesale energy market integrity and transparency (REMIT).

This regulation transposes REMIT Regulation 1227/2011 as approved and adapted for the Energy Community Contracting Parties and sets out the criteria that prohibit abusive practices that may occur and affect wholesale energy markets" and at the same time, it helps in the proper functioning of these markets, taking into account their specific characteristics. The REMIT regulation also provides for the monitoring of wholesale energy markets by the Energy Regulatory Authority.

5. Decision no. 141, dated 15.06.2021 "On approving the regulation on Defining the Assessment and Selection Criteria of choosing the Supplier of Last Resort in Power Sector"

Law no. 43/2015 "On Power Sector", as amended, in article 87, point 2, provides that: ERE, based on the conditions defined under point 1, of this article appoints the Supplier of Last Resort. Council of Ministers with decision no. 449, dated 15.06.2016, decided "On approving the conditions and procedures for determining the supplier of last resort of electricity". In section III of Council of Ministers Decision no. 449, dated 15.06.2016, it was decided that: until the selection of the supplier of last resort according to this decision, ERE temporarily appoints the supplier in charge of the public service obligation to perform the duties of the supplier of last resort.

ERE Board with decision no. 131, dated 10.08.2020, decided: "To open the procedure for the approval of the Regulation on defining the assessment and selection criteria of choosing the Supplier of Last Resort in the Power Sector." This Regulation defines: a. The selection process of the supplier of last resort; b. The obligations regarding the conditions that qualify a licensee to apply and to be appointed as the Supplier of Last Resort; c. The criteria for assessment that shall be used for the selection of the supplier of last resort after the competition process; d. The rights, obligations and responsibilities of the applicant as the supplier of last resort.

6. Decision no. 235, dated 26.11.2021 " On approving the "regulation on the procedures and terms for receiving authorization from ERE to change the legal status of the licensee or to replace the partner/shareholder in charge of the interests of the licensee and to establish the quotas / shares of the partner / shareholder that controls the interests of the licensee as a means to guarantee the fulfillment of obligation/s to third parties "

ERE Board with decision no. 163, dated 12.07.2021, decided to open the procedure to review and approve the Regulation on the procedures and terms for receiving authorization from ERE to change

the legal status of the licensee or to replace the partner/shareholder in charge of the interests of the licensee”.

This Regulation was drafted in accordance with Article 20, letter "g" of Law no. 43/2015 "On Power Sector", as amended; Law no. 102/2015 "On natural gas sector", as amended; “Rules for ERE Organization, Operation and Procedures” approved with ERE Board Decision no. 96, dated 17.06.2016, as well as the conditions of the relevant licenses for exercising activities in the power and natural gas sectors.

The purpose of this regulation is to define the procedure, the required documentation and the deadlines for receiving authorization from ERE, for the licensees who submit the request for:

- a) changing the legal status of the licensee;
- b) changing the partner/shareholder controlling the licensee's interests, through sale, donation, inheritance or any other disposition of the licensee's quotas or shares;
- c) placement of quotas/shares of the licensee as a means of guaranteeing the fulfillment of the obligation/s towards third parties (mortgage, pledge, pledging or any other disposition), when the execution of this obligation results in a change of the controlling partner/shareholder the interests of the licensed company.

6. Decision no. 244, dated 02.12.2021 " On the proposal of TSO company on the indicators of standard criteria for the quality of electricity transmission service for 2022”

ERE Board with decision no. 207, dated 18.12.2017, approved the " Regulation on the quality of supply and network security performance in the electricity transmission system” which defines that TSO company shall meet the standard criteria of the quality of supply, specified by the Transmission Grid Code and this Regulation.

Indicators for Supply Quality Measures and the Grid Security Performance from the Transmission System Operator are also defined in other acts approved by the ERE board, respectively: the technical parameters which are related to voltage and frequency are defined in the "Transmission Network Code", approved by the decision of the ERE board no. 186, dated 10.11.2017, as amended with ERE board decision no. 129, dated 04.06.2018, as well as in the "Regulation of the procedures of new connections and the modification of the existing ones in the transmission system approved with ERE board decision no. 87, dated 20.04.2018.

Indicators for Supply Quality Measures and the Grid Security Performance from the Transmission System Operator are: 1. Frequency Quality (FQ), 2. Time Needed to Respond to Requests for New Connections, 3. Voltage Quality (VQ), 4. Average Interruption Duration Index (SAIDI).

Acts for which ERE has opened the procedure and is in the process of consultation with the interested parties are:

- 1) The Regulation "On New Connections in the Distribution System" approved with ERE Board decision no. 166, dated 10.10.2016, as amended – the procedure for some additions is opened, with ERE Board decision no. 247, dated 13.12.2021;
- 2) The regulation on the measures of the licensees in electricity supply activity for the achievement of the indicators prepared by ERE for measuring and evaluating the performance of customer service- the procedure is opened for approval with ERE Board decision no. 208, dated 08.10.2021;
- 3) Transmission Code- the procedure for reviewing the request of TSO company for approval, with ERE Board decision no. 160, dated 02.07.2021;

4) The regulation on the procedures and terms for license issue, modification, transferring, renewal or license termination in the power sector approved with ERE Board decision ERE Board no. 109, dated 29.06.2016, as amended - the procedure for the review is opened with ERE Board decision no. 138, dated 07.06.2021.

During 2022, ERE shall continue the work with the aim of approving or updating the secondary legislation approved pursuant to Law no. 43/2015 "On Power sector", as amended, Law no. 102/2015 "On natural gas sector", as amended, as well as Law no. 7/2017 "For promoting the use of energy from renewable sources".

Legal processes on which ERE has been a party during 2021

ERE as a defendant party in court processes

1. Legal Process with plaintiff Devy company and defendant party the Energy Regulatory Authority

The case was submitted to the Administrative Court of Tirana, with object:: 1.Repeal of decision no. 37, dated 27.02.2020 of the Energy Regulatory Authority (ERE); 2. Repeal of decision no. 10, dated 20.01.2020 of ERE; 3. Repeal of decision no. 187, dated 25.11.2019 of ERE.

The Administrative Court of Tirana has decided: Dismissal of the claim-lawsuit, this decision has been appealed by Devy company. Until now, there is still no notification from the Administrative Court of Appeal for a court hearing.

2. Legal Process with plaintiff "Wonder" company and defendant ERE/ Third party: Ministry of Infrastructure and Energy (MIE), Ministry of Agriculture and Rural Development (MBZHR), "Energo-Sas" company.

The case was submitted to the Administrative Court of Tirana, with object: the annulment as illegal of the Energy Regulatory Authority (ERE) Board decision no. 171, dated 07.11.2019. 2. Recognition of the plaintiff's right to be provided with the license for the electricity production activity regarding the Sasaj hydropower plant. 3. Obligation of the defendant party ERE to provide the plaintiff party with the relevant license.

The Administrative Court of Tirana has decided to dismiss the claim-lawsuit. "Wonder" company appealed against this decision, to the Administrative Court of Appeal.

Due to the chaotic situation at all levels of the judicial system as a result of the coercion dictated by the Covid-19 pandemic, this Court has not yet announced the date of the trial.

3. Legal Process with plaintiff "MP-HEC" company and the defendant parties Energy Regulatory Authority, Distribution System Operator, (DSO company).

Case no. 34346 Act, dated 17.09.2020, was submitted to the Administrative Court of Tirana, with object: 1. Amendment of point 1 of the Administrative Act, ERE Board decision No. 89, dated 22.5.2020, published in the Official Gazette No. 109/2020 in its point 3; Dismissal of the request of "MP - HEC" company, for the review of the ERE Board decision no. 74, dated 22.4.2020, "On some amendments in ERE Board decision no. 187, dated 25.11.2019, "On licensing "MP-HEC" company in the partial acceptance of the request of "MP- HEC" company, submitted with official letter Protocol No. 656/1 of ERE, dated 28.04.2020 "Review of ERE Board Decision No. 74 dated, 22.04.2020 "On approving some amendments in ERE Board decision no. 187, dated 25.11.2019". Repeal of Point 1, letter "b". 2. Establishing the Absolute Invalidity of the amendments to Decision No. 187 dated 25.11.2019, published in Official Gazette No. 176/2019. 3. Determination of the Absolute Invalidity of the Administrative Act Order no. 4057/2 dated 16.07.2020 of DSO. 4. The joint and several payment of the damage caused by the actions of the defendant in the amount of 30,000 Euros until

the date of filing the lawsuit with the obligation of the defendants to also pay the expected damage if it is increased by the illegal actions of the defendants.

The Administrative Court of Tirana has partially accepted the request-lawsuit and ERE has appealed to the Administrative Court of Appeal (from this Court it turns out that a date has not yet been set for the review of the case).

4. Legal Process with plaintiff "Albtek Energy" company defendant Energy Regulatory Authority and third party: Ministry of Infrastructure and Energy.

Case no. 5731 Act, dated 16.12.2019, was submitted to the Administrative Court of Tirana, with the object: 1. Obligation of the Energy Regulatory Authority to determine the sale price of the electricity put into the network, of "Albtek Energy" company from the beginning of putting this energy on the market.

The court has decided to accept the request-lawsuit.

ERE appealed to the Tirana Administrative Court of Appeal. Due to the chaotic situation at all levels of the judicial system as a result of the coercion dictated by the Covid-19 pandemic, this Court has not yet announced the date for the hearing of this case.

5. Legal Process with plaintiff A.XH and defendant Energy Regulatory Authority

Case no. 1253 Act, dated 18.01.2021, has been submitted to the Administrative Court of Tirana, with the object of trial 1-Determining the absolute invalidity of Decision No. 10 dated 20.01.2020 of ERE Board and the reflection of this invalidity in Decision No. 37 dated 27.02.2020 of the ERE Board making the following amendments in the provisions of ERE Board Decision No. 37 dated 27.02.2020

– Point 1 of ERE Board Decision No. 37/2020 becomes ; "Determining the Absolute Invalidity of ERE Board decision No. 10/2020, "On the request for non-licensing MP-HEC company by ERE and the request for the review of ERE Board decision No. 187, dated 25.11. 2019, for the licensing "MP-HEC" company in electricity production activity from "Nice"HPP.

- Repeal of point 3 of ERE Board. Decision No. 37/2020

2-Payment of the moral damage caused by the illegal publications, damaging the image of the plaintiff from the publications of ERE in the amount of 2,000,000 ALL.

Ended as a case with the withdrawal of the parties from the trial of the case.

6. Legal Process with plaintiff "HERA" company and defendant Energy Regulatory Authority

The case has been submitted to the Administrative Court of Tirana, with object:

1. Objection of ERE Board decision no. 34, dated 04.02.2021 "On the request of "Hera" company to extend the terms of decision no. 61, dated 02.11.2007", as amended, published in the Official Gazette No. 29, year 2021, for accepting the request of "Hera" company

For this court case, two preparatory sessions were held in the counseling room. In the last session held, the Administrative Court of Tirana decided to suspend the trial.

7. Legal Process with plaintiff M. K, Mr. A.E, Th.M, M.M.E, R.E, M.E and defendants Mrs. L.H, DH.Q, Ministry of Infrastructure and Energy, Tirana National Business Center, Amal Society LLC, and Energy Regulator Authority (ERE)

Case with Act no. 523 has been submitted to the Durrës Court of Appeal with the object of trial:

1. Establishing the absolute invalidity of the contracts for the sale of capital shares of "AMAL" company, according to the contracts:

- contract no. 2056 rep. and no. 218 col., dated 27.05.2004 edited by notary Dhimitra Qarri;
- contract no. 3041 rep. and no. 648 col., dated 27.07.2006 edited by notary Mariglen Rrapi;
- contract no. 504 rep. and no. 142 col. dated 23.01.2007 edited by notary Dhimitra Qarri.

2. The return of the parties to the previous state in this way:

- to oblige the defendant, the National Business Center, to register "Amal" company in the register of the National Business Center in the name of its legal owners, Manushaq Elezi and Agim Elezi.
- the obligation of the plaintiff Agim Elezi to return to the defendant Luljeta Hysolli the amount of 100,000 (one hundred thousand) ALL.

This court case has not yet been considered in the preparatory session due to the change of the judging panel.

8. Legal Process with plaintiff B. P. etc. and defendant Energy Regulatory Authority and "Seka Hydropower" company

Administrative case no. 4266 Act, dated 02.11.2020 with Object: Repeal of Decision No. 146, dt. 10.09.2020, "On licensing "Seka Hydropower" company in electricity production activity", has ended in two the levels of judgment respectively in the Administrative Court of Tirana and the Administrative Court of Appeal Tirana and is at the Appeal stage in the Supreme Court.

9. Legal Process with plaintiff AREA - Albanian Renewable Energy Association, Defendant: Council of Ministers of the Republic of Albania, Third Party: Ministry of Infrastructure and Energy and Energy Regulatory Authority

Administrative case with object: 1. Repeal of Council of Ministers Decision No. 396, dated 13.05.2020, 2. Repeal of Energy Regulatory Authority Board Decision No. 94 dated 08.06.2020 3. The measure of suspending the implementation of ERE Board Decision No. 94 dated 08.06.2020 is in the stage of judicial review in the Administrative Court of Appeal.

10. Legal Process with plaintiff "Albanian Renewable Energy Association" AREA, defendant: Energy Regulatory Authority (ERE) and Electricity Transmission System Operator TSO company

Administrative case with object: Partial repeal of the by-law normative act, Decision no. 106, dated 02.07.2020 "on approving the albanian electricity balancing market rules", only in terms of its applicability to priority producers, is in the stage of judicial review in the Administrative Court of Appeal.

11. Legal Process with plaintiff "Albanian Renewable Energy Association" AREA, defendant: Energy Regulatory Authority (ERE)

Administrative case Act no. 01830/16 dated 26.11.202, with object: Declaration of invalidity of the ERE Board decision, no. 156. dated 24.12.2015 "On the entry into force of decisions no. 139, no. 140, no. 141, no. 145, no. 146, no. 147. no. 148 dated 26.12.2014 as well as decision no. 27, dated 16.02.2015 of ERE Board for 1 January - 30 June 2016 period. The obligation of the defendant to issue a new act that shall regulate the consequences of the invalidity of decision no. 156, dated 24.12.2015, etc., is in the review stage at the High Court.

12. Legal Process with plaintiff: Mr.S.G, defendant: Energy Regulator Authority (ERE)

Administrative case Act no. 2758, dated 04.06.2021, with object: 1. Repeal as an illegal act of ERE Board decision no. 1, dated 23.04.2021, 2. Obligation of the defendant to return the plaintiff Servet Gaba, in the previous job position he had before his release, 3. Taking the measure of securing the lawsuit by suspending the execution of decision No. 1, dated 23.04.2021, of ERE Board and order no. 36, dated 30.04.2021. 4. In case the claim insurance request is not accepted, we request that the

decision be given with temporary execution, 5. The charging of court costs, including the payment of the lawyer, to the defendant. This court case has ended in the Administrative Court of Tirana, meanwhile, it has been appealed to the Administrative Court of Appeal and there is still no notification from the Court about the date of the judicial process.

13. Legal Process with plaintiff: K. I, defendant: Electricity Distribution System Operator (OSHEE Company) Gjirokastër Regional Directory, Electricity Distribution System Operator (OSHEE GROUP) and third party: Prosecutor's Office Gjirokaster

Legal Case with the object: 1. Taking the measure to insure the lawsuit by imposing the Suspension of the Executive Title Electricity Sales Tax Invoice for the period: May 2011, June - December 2014, issued for the Electricity Supply Contract with No. GJOBO20134045339 . 2. Invalidity of the Executive titles "Tax Invoice for the Sale of electricity for May 2011.3 period, issued for the Electricity Supply Contract with No. GJOBO20134045339. Invalidity of the Executive titles "Tax Invoice for the Sale of electricity for: June-December 2014 period, issued for the Electricity Supply Contract with No. GJOBO20134045339. This case is still in its preparatory phase and we are waiting for the notification from Gjirokastër District Court with the Official Summons.

14. Legal Process with plaintiff: D.P, defendant: Universal Service Supplier company, Energy Regulator Authority

Legal Case with the object: 1. Declaration of invalidity of the executive title, electricity bills, according to the bills issued for February 2007 - May 2016 period, for the electricity supply contract with no. TR2P060048069338, on behalf of the plaintiff. 2. Invalidity of arrears for these billing periods, and any liability arising from these billings, on behalf of the plaintiff. This case is still in the preparatory phase at the Tirana District Court.

15. Legal Process with plaintiff "K-Aks" company, defendant: Energy Regulatory Authority

Administrative case no. 2758, date 04.06.2021 with object: Obligation of the defendant party ERE to make available to the plaintiff party "K-Aks" company, the documentation regarding electricity connection from the Regional Directorate of OSHEE- Durres on the line built by the plaintiffs of "Shega Trans" ,"Bertino" companies and the Pular object is still in the preparatory phase in the trial at the Administrative Court of Tirana.

Court processes on which ERE has been a third party within the framework of implementing the legal competences.

1. Legal Process with plaintiff: A.M, defendant: Electricity Distribution System Operator (OSHEE Company) and third party: Energy Regulatory Authority

Administrative case with Act no. 3109 with object :Invalidity of tax invoice. This case was first examined in the Administrative Court of Tirana, the Court which declared incompetence. This case is in the preparatory phase at the Tirana District Court.

2. Legal Process with plaintiff: A.R, defendant: Electricity Distribution System Operator (OSHEE Company) and third party: Energy Regulator Authority

Civil case with No. Reg. 13412 year 2020, with the object: Partial invalidity of the Executive titles "Tax Invoice for the Sale of electricity has passed in a judicial session at Tirana District Court.

3. Legal process with plaintiff "MP-HEC" company, defendants: 1. Shkumbin-Seman Water Basin Administration Office; 2. Distribution System Operator (DSO) Tirana and the third party, the Energy Regulatory Authority (in this legal process, ERE has requested to participate as a secondary intervener).

Case with Act no. 1101, has been submitted to the Administrative Court of Vlora, with the object : 1. Compensation for the non-contractual damage caused up to this moment in the amount of 25,000

Euros, and the damage that shall be created until the final decision is made of the Decision that fundamentally resolves the issue. 2. Obligation of the Shkumbin Seman Water Basin Administration Office Fier, to issue the Administrative Act "Written confirmation for the silent approval of the "Final approval of the water flow, of the improved project of "NICE" HPP for the installed power of 2.27 MW". 3. Taking the insurance measure of the lawsuit, placing the parties in the situation before the resolution of the conflict. 4. The suspension of the implementation of the protocol act "Measurement system dismantling" dated 17.07.2020 at 16:50 issued pursuant to Order No. 4057/2, dated 16.07.2020 of DSO sh.a., obliging DSO company to reconnect "NICE" HPP plant with the state electricity distribution network, 35 KV Lozhan and the installation of the meter.

This case has remained in the review phase in the preparatory session and is currently awaiting the appointment of a judge after the dismissal of the predecessor judge by the Independent Qualification Commission.

ERE is involved in this court process as a secondary intervener.

4. Legal Process with plaintiff: “Selishtë” company defendant: (KESH) company

Legal Case with Act no. 890 Act dated 03.07.2018 with Object: 1. Obligation of the defendant to pay contractual damages caused by delays in the payment of monetary obligations, which consist of: Contractual damages in the form of penalties due to late liquidation of obligations of the plaintiff to third parties (banks) in the amount of 12,460,571 ALL. 2. Declaration of invalidity and annulment of Article 4 of the Agreement (Reconciliation and recognition of interest arrears) dated 23.11.2015 concluded between the company Selishtë sh.p.k. and KESH company .The judgment of this case has ended in the first instance with Decision No. 3055 dated 28.07.2020 and the Court has decided to dismiss the Claim. This case has been appealed by Selishtë company and we are waiting for the Court of Civil Appeals to determine the date of the court process.

5. Legal Process with plaintiff: “OSHEE” company, defendant: TSO and third party :Energy Regulatory Authority and Ionian Refining & Trading Company (IRTC) company.

Legal Case with the object: damage compensation, was submitted to Tirana District Court and is still under the review phase.

6. Legal Process with plaintiff: A.R., defendant: Electricity Distribution System Operator (OSHEE Company), Information and Data Protection Commissioner (IDP) and third party, Energy Regulatory Authority.

Court case with Object: 1. Obligation of the defendant to provide information to the plaintiff. 2. Compensation for non-property damage. 3. The granting of the Decision with temporary execution has been submitted to the Administrative Court of Tirana. In this judicial process, the jury has been changed and ERE is waiting for the continuation of the judicial process by the Court

7. Legal Process with plaintiff: “Bell” company, defendant: Universal Service Supplier (FSHU) company, Electricity Distribution System Operator (OSHEE Company), and third party : Energy Regulatory Authority.

Legal Case No. Reg. 13206/2020, with object: Compensation for damage, was submitted to Tirana District Court and is in the phase of continuing the trial and the administration of evidence.

8. Legal Process with plaintiff: S. L, defendant : Electricity Distribution System Operator (OSHEE Company), interested party Energy Regulatory Authority

Legal case Act no. 2861 Act with object: Issuance of duplicates of the execution order is completed in the Tirana Civil Appeal Court by accepting the Request and issuing the relevant duplicate.

9. Legal Process with plaintiff: “MTC ENERGY” company, defendant Electricity Distribution System Operator (OSHEE Company), third party: ALBSIG company, State Technical and Industrial Inspectorate (ISHTI) and Energy Regulatory Authority.

Legal case No. 21234-01666-41-2019, with object: 1. Award of non-contractual damages, 2. Award of contractual damages has been completed in the Korçë District Court, and in the meantime an appeal has been filed and we are waiting for Korçë court's decision.

10. Legal Process with plaintiff: Z.A.N, defendant Universal Service Supplier (FSHU) company, and third party: Energy Regulatory Authority.

Legal Case No. Reg. 8774 dated 07.04.2021 and object: Cancellation of Tax Invoices for January 2007 - October 2020, for Contract number DU0A020319029681, with measurement number 18813831, Cabin 6, with Contractor Z.A.N was submitted to Tirana District Court and is currently in preparatory phase.

11. Legal Process with plaintiff: Mr.K.Sh, defendant Electricity Distribution System Operator (OSHEE Company), Durrës Regional Directory and third party: Energy Regulatory Authority

Legal Case No. Reg. 1677, dated 06.04.2021 with object: Invalidity of Executive title, electricity bill for September 2012 & December 2012, Obligation of the Defendant to return the amount of 1,587,356.63 ALL paid by the plaintiff for the obligation arising from on the invoices made in the months of September 2012 & December 2012 as an unenforced obligation, has been submitted to the Durrës District Court and is currently in the judicial review phase.

12. Legal Process with plaintiff: Z.A.D, defendant Electricity Distribution System Operator (OSHEE Company), Durrës Regional Directory and third party: Energy Regulatory Authority

Legal Case with Act No. 1565, dated 04.02.2022, shall be conducted at Durrës District Court, with object: 1. The obligation of the defendant to compensate the damage caused by the burning of the immovable property with No. .14/160, ZK 8511, Vol 51, happened in the neighborhood No. 17 Durrës, in the value of 3,000,000 (three million) ALL. 2. Obligation of the defendant party to pay in favor of the plaintiff party interest on arrears from the moment the obligation was born until the full execution of the decision. 3. Court, attorney and expertise expenses to be borne by the defendant. This case is still in its preparatory phase and we are waiting for the notification from Tirana District Court with the Official Summons.

13. Legal Process with plaintiff: “Vëllezërit Kasmi” company defendant Electricity Distribution System Operator (OSHEE Company), and third party: Energy Regulatory Authority

Court case No. Act 8938, dated 02.03.2022, shall be conducted at the Tirana District Court, with object: 1. Securing the lawsuit by taking the measure of suspension of the implementation of the execution of the electricity sales invoice no. 417405172 August 2021, 2. Declaration of the invalidity of the executive title of electricity sale invoice with no. 417405172 August 2021 in the amount of 2,468,889.60 (ALL), 3. Obligation of the defendant to pay court costs.

This case is still in its preparatory phase and we are waiting for the notification from Durrës District Court with the Official Summons.

14. Legal Process with plaintiff: Electricity Distribution System Operator (OSHEE Company), defendant Consumer Protection Commissioner and third party: Energy Regulatory Authority

The judicial case with the object: the repeal of the Administrative Act, the decision of the Consumer Protection Commission, the taking of the measure of insurance of the lawsuit, the suspension of the implementation of the decision, terminated with the decision of the Supreme Court, dated 14.12.2021.

ERE as a as a respondent party in court processes.

1. Legal process with plaintiff Energy Regulatory Authority, defendant Commissioner for Protection from Discrimination and third party OSHEE company, Council of Ministers, Ministry of Finance and Economy, Ministry of Infrastructure and Energy and Ministry of Health and Social Protection.

Administrative case with Act No. 31159-01771- 80 Object: Finding absolutely invalid the decisions of the Commissioner for Protection from Discrimination with No. 33 dated 07.04.2020 and No. 34, 07.04.2020. The court decided to reject the Claim. ERE has appealed to the Administrative Court of Appeal in Tirana. Due to the chaotic situation at all the levels of the judicial system as a result of the coercion dictated by the Covid-19 pandemic, this Court has not yet been notified of the draw or defining the date for the process.

Held of the hearing sessions at ERE

During 2021, due to the chaotic situation in all public and private sectors as a result of the constraints dictated by the Covid-19 pandemic, the hearing sessions organized by ERE were held online for security reasons, based on the Normative Act of the Council of Ministers No. 8, dated 24.03.2020 "On some additions and changes in normative act no. 3, dated 15.03.2020, of the Council of Ministers, "On taking special administrative measures during the duration of the infection period caused by COVID-19" and ERE Chairman Order no. 53, dated 11.03.2020 "On exercising the activity of the Energy Regulatory Authority and conducting meetings or hearings", as amended. The sessions held during the year 2021 in total were 32 (thirty-two) and were held within the framework of discussions with interested parties related to the revision of by-laws pursuant to Law no. 43/2015 and that no. 102/2015 as well as for complaints/disputes of consumers or licensees at ERE. In any case, these sessions were attended by various representatives of the Technical Directories of ERE.

9. ERE ACTIVITY REGARDING CUSTOMER PROTECTION AND STANDARDS SUPERVISION

ERE in implementation of Law no. 43/2015 "On Power sector", as amended, exercises its activity in taking the most effective measures for the protection of electricity customers.

An important part of the work of the ERE structure for handling complaints of energy customers against licensees is related to the handling of complaints registered in ERE for resolution, or orientation of complaints and direct conflicts arising from the relationship between electricity suppliers or natural gas and customers, with the aim of protecting the interests of customers individually and protecting their interests as a whole from the abuses of the dominant actors in the electricity and natural gas market.

ERE keeps statistics on the number and nature of customer complaints. Complaints at ERE are handled through a number of channels, designed to increase opportunities for customers to report violations of terms of supply. These channels include physically appearing at the ERE offices, submitting a complaint in writing, or even by email.

ERE undertakes the resolution of a complaint, after ascertaining that the issue presented for consideration involves a licensed company, and then ERE addresses the complaint to the licensee for obtaining the necessary information and documentation that serves the resolution of the complaint. ERE advises customers to provide documentation related to the nature of the complaint filed.

A significant part of the complaints that are submitted at ERE, have as their main cause the lack of information regarding the obligations of customers towards licensed companies, but also about the role of ERE. To avoid the above, during 2021, ERE has done a considerable job in informing the customer about the rights and obligations towards licensed operators but also their rights in relation to ERE, in order to avoid conflicts between parties.

The object of the complaints submitted at ERE for 2021, consisted mainly of the violation of the general conditions of the "Electricity Universal Service of Supply Contract for the End use Customers approved with ERE Board decision no. 15, dated 10.01.2018, on which are defined the mutual obligations of the parties on the contract. ERE in reference to Law no. 43/2015 "On power sector" as amended, and by-laws, such as: "General Conditions of the Electricity Supply Service for the End Use Customers, "Regulation for Handling the Complaints Submitted from the Customers and for Settling the Disputes between the Licensees on Power and Natural Gas Sectors"", e "Rules on ERE Organization, Operation and Procedures", "Regulation of standards for handling the electricity and natural gas complaints from licensees in the supply activity" , has handled and analyzed the complaints of electricity customers, requesting from the licensed companies the necessary information and documentation or even the relevant instructions for solutions. During 2021, no complaint was registered with the object of resolving a dispute from licensees in the natural gas sector.

9.1 Complaints handled by ERE during 2021

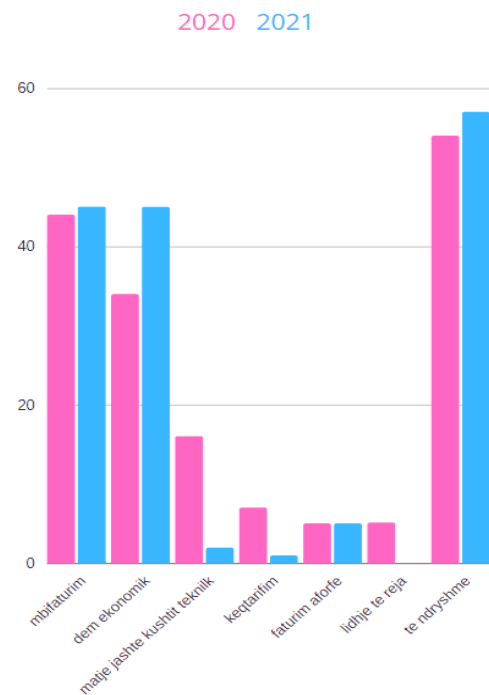
In ERE during 2021, 209 complaints/requests of Electricity customers were registered. Some of them have been recorded repeatedly, as it has turned out that the licensee to whom the complaint was addressed, was not dealt with on time or the customer was dissatisfied with his response, which in most cases is related to the absence of documentation by the customer himself but also by the licensee. There are a significant number of complaints related to contracts over 10-15 years old which, due to the practice followed at the time of their signing (with KESH , CEZ or OSHEE companies), contain incomplete data on the identity of the consumer or missing too physically contractual documents or created from this relationship. 209 complaints/requests were registered in ERE, but for 54 of them, ERE, after ascertaining that the information or documentation submitted by the customer, was not complete for the examination of the complaint by ERE, requested the completion of the documentation or the clarification of the object. of the complaint from the consumer. There are also many cases when customers immediately address at ERE for complaint resolution without first addressing a complaint for resolution to the Supplier as provided within the legal framework in force, or other circumstances when the Customer addresses a complaint at ERE without completing the legal deadlines within to which the supplier has the obligation to handle the complaint. Also, in many cases, the consumer has been addressed with a request for a solution to the ERE after all the legal deadlines for striking an invoice, and examining its compliance with the legal framework in force, both in relation to the deadlines provided for the supplier and for those provided for ERE.

In total, there are 155 complaints for which ERE has followed the complaint review procedure, the first step of which is to handle the request for information or attitude from the licensee, against whom the complaint was filed

From the administered data, it is established that complaints with the object "unmetered energy/economic damage" and complaints with the object "electricity overinvoicing" occupy the main place in the total number of complaints registered at ERE. From the analysis of the graphic on the side, it is evident according to the object of the complaint, the specific weight occupied by each category of the complaints that were addressed through ERE, for the year 2021 compared to the same categories of data recorded for the year 2020.

While there is an increase in the number of complaints about unmetered energy/economic damage and overinvoicing for 2021, compared to 2020, it is also seen that the number of complaints about measurements outside of the technical condition, wrong charging, or new connections, has a visible decrease.

Compared to 2020, a year significantly affected by the pandemic caused by the Covid virus, which led the customer to isolation and increased care for interaction and physical contact, during 2021 there was a slight increase, from 165 complaints/total requests registered for 2020 to 209 complaints/requests for 2021, addressed directly at ERE. The above, is also an indicator of increased customer awareness for addressing complaints in institutional channels through ERE, also thanks to the awareness campaigns that ERE has undertaken for this purpose.



9.1.1 Complaints according to different communication channels

It results that during 2021 there was an increase in the number of complaints addressed via email as a relatively new work practice for ERE, in the conditions of anti-Covid measures, compared to complaints registered physically at the ERE Headquarters. It turns out that during this year, half of the complaints/requests addressed at ERE, about 100, were addressed through electronic means of communication.

9.1.2 Complaints for electricity over – invoicing

From the statistical data of the ERE it is concluded that most of the complaints are occupied by complaints with the object of "over-invoicing" of electricity, accounting for a total of 45 complaints, or about 29% of the total number of complaints registered with the ERE. Complaints regarding the over-invoicing of electricity are caused by various issues like: failure to reconcile the status of the meter with the real status of the meter, human errors by the invoicing persons, delays on issuing the data for new meters in the system, etc.

ERE has requested from "FSHU" company and DSO company, that are responsible for the measurement data, the verification of the procedures followed in relation to the invoicing carried out together with the recommendations for the corresponding corrections, when it has been determined that they should be carried out, in implementation of the deadlines defined in the legislation in force, for this purpose. Of these 45 complaints about "over-invoicing" of electricity, ERE has followed the complaint review procedure, the first step of each one is to address the request for information or attitude from the licensee, against whom the complaint was filed. It turns out that measures were

taken by the licensees to deal with 37 of the 45 complaints addressed by ERE. It turns out that only for 10 of them, after the verifications, FSHU concluded that there were errors in the data registration or invoicing of the customer and therefore made the necessary corrections in the next month's invoicing, as provided for in the legislation in force. Referring to these data, according to the number of complaints addressed for this object of complaint, the margin of error in FSHU's invoicing is around 22% of the complained invoicing.

9.1.3 Complaint for unmettered Energy / Economic Damage.

ERE handled 45 complaints with the object of "unmettered energy/economic damage" or about 29%. In relation to this category, we find that most of them are about economic damage complaints invoiced in 2011-2015 and only a small number of them are for economic damage assessment invoices from 2020 or 2021, but that after the unbundling of OSHEE company into FSHU company and DSO company, the latter has started to collect old debits more consistently. On the other hand, this process becomes difficult not only for DSO company but also for the customer and ERE in resolving these complaints due to the long time that has passed since the moment of ascertaining the economic damage, and the lack of documentation related to the practice of ascertaining economic damage.

From the reports of FSHU company/DSO company it results that the customer has received answers or solutions to 37 of the 45 complaints addressed by ERE for this category.

9.1.4 Complaints for aforfe invoicing

During 2021, it is established that 5 complaints were submitted at ERE with the object of "aforfe invoicing", or about 3.2% of the complaints related to "aforfe invoicing" of electricity. It is mainly regarding aforfe invoices issued during 2007-2014 for which the customers have either complained to the supplier and have not received a solution or answer or have never complained and are presented to ERE in excess of the legal deadlines for issuing an invoice. From the reports of FSHU company it results that they have all received treatment or solutions.

9.1.5 Electricity invoicing for metering out of technical conditions

Throughout 2021, a small number of complaints with the object "metering out of technical conditions" were recorded, where 2 complaints or 1.3% of the total complaints addressed through ERE are found. This invoicing is made in cases of evidence of electricity meters that are out of the measurement accuracy class or due to their damage. It turns out that in such cases, referring to the data ascertained by DSO company the correction of invoice was made based on the methodology of reference values in case the measurement data is temporarily unavailable and inaccessible. It turns out that from FSHU company has taken the measures to deal with them, documenting at ERE the compliance with the law of the steps taken to resolve the complaint.

9.1.6 Complaints for bad-invoicing

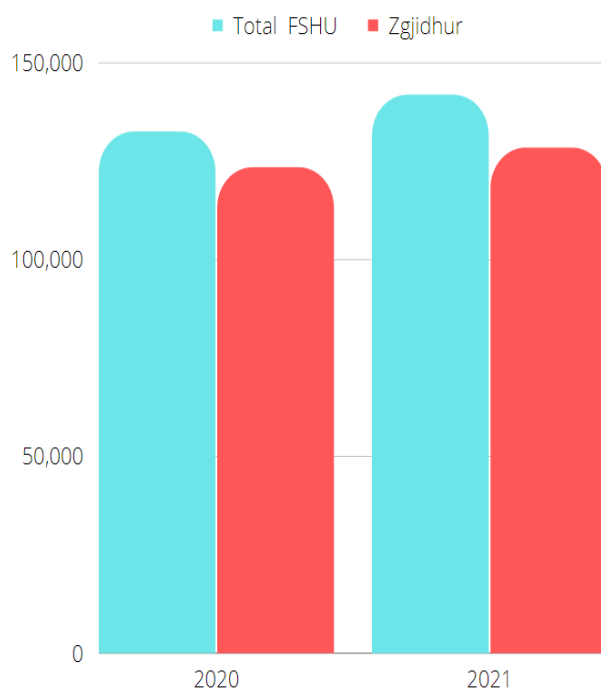
During 2021, 1 complaint was registered for bad-invoicing or about 0.65% of the total complaints registered at ERE. It is mainly a matter of bad-invoicing during 2011-2018.

9.1.7 Different complaints

At the group of the complaints classified as "different" are included the complaints of: fictitious invoicing, reference value, request for information, compensation, transformer movement, additional power, respond request from the FSHU company etc, or following FSHU company communication through ERE. At this group there are identified about 57 complaints which account for 36.77% of the total number of complaints registered at ERE and it results that in general this category of complaints is generated due to the delays from FSHU company for handling the complaints mainly submitted at

the company, or due to the lack of information by the electricity customers but in some cases also addressing their judicial solution in parallel, which suspends the administrative review procedure in ERE regarding these complaints

The work of ERE within the framework of the supervision of the fair treatment and implementation of the deadlines and procedures approved by ERE, of the complaints that customers address directly to the licensees, during 2021 has also been extended to the continuous monitoring and search for the necessary information on a daily basis regarding these complaints to licensees.



Regarding the complaints registered at FSHU from all sources, whether directly in the customer care centers, from ERE, the e-albania platform, or through other institutions, ERE has requested information from FSHU regarding not only the total number of these registered complaints but also the number of complaints handled on time.

From the collected data, during 2021, it was found that the total number of complaints submitted at FSHU from all sources was 141,809, of which 128,361 of them had received solutions, resulting in a resolution level of total complaints of 90.5%.

Figura 111 Registered and settled complaints

9.2 Giving Customers a Voice

During 2021, the structure of ERE responsible for consumer protection and the resolution of complaints held 25 hearings which aimed to take the position of the parties in a dispute with the aim of the final solution or addressing the resolution of the complaint mainly by the licensee giving recommendations to the latter. Also, through hearings, ERE has invested in order to include customer representatives as stakeholders in order to give them a voice in the drafting of regulatory policies that address customer issues, such as the regulations approved in implementation of the law into force.

The year 2021, due to the particular circumstances in which the whole world was placed due to the pandemic, caused ERE to focus more on alternative methods of communication with the customer through online communication tools.

Thus, for this purpose, informative brochures have been prepared which address issues of higher sensitivity for the customer, such as the conditions for connection, suspension or termination of a supply contract, the right to choose or change the supplier, the conditions for securing a connection with distribution network, service quality standards, right to complain, etc.

The above-mentioned brochures are published in the premises of ERE but also on the official website or social networks of ERE, with the aim of reaching as many customers as possible and providing them with the necessary information.

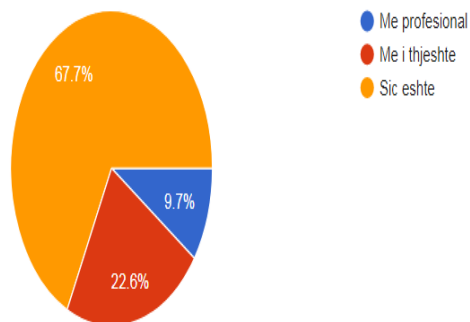
Some of the frequent questions that find synthetic answers are presented below.

1. What rights do customers have?
2. What conditions must be met to conclude an energy contract?
3. How should they make a connection to the distribution network?
4. How to connect to the distribution network for low voltage?
5. What are the low voltage tariffs?
6. How to conclude an electricity contract?
7. How to make a connection in the voltage 21 -50 kW?
8. What are the connection fees for voltage 21 – 50 kW?
9. What procedures should be followed for changing the supplier?
10. What should the electricity invoice contain?
 11. How to make a connection to the distribution network 50-100 kwh in low voltage?
 12. How to make a connection to the distribution network 50-100 kwh in medium voltage?
 13. How to make a connection to the distribution network 50-100 kwh in high voltage?
 14. How to make a connection to the distribution network 50-100 kwh in extra high voltage?
 15. How to make a connection to the distribution network 50-100 kwh in ultra high voltage?
 16. Where does supplier disconnection and reconnection differ?
13. What do you need to do to be self-producer?
14. How to make a connection to the medium voltage distribution network?
15. What is a smart meter and how does it work?
16. In what cases is the contract terminated at the customer's request?
17. When is the electricity cut off?
18. When and how should you pay the electricity invoice?
19. What does the supply contract regulate?
20. What are the methods of paying for electricity?
21. What are the charges for connection to the network for non-household customers in medium voltage?



Informacioni per konsumatorin ne web- faqen e ERE duhet te jete?

31 responses

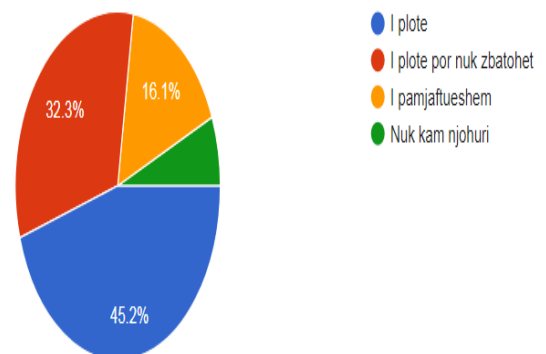


they want to receive some of the survey questions are related to the services received at ERE and how complete was the information received on the official website of ERE. Some of the survey questions are: How did you learn about ERE? About 40% of customer who completed it answered through friends; How satisfied are you with the service you received at ERE? Over 58% answered satisfied, 32% answered very satisfied and only 6.5% expressed dissatisfaction; How effective is the information you receive through ERE website? Here the customers have answered: more clearly and very clearly. The next question raises a discussion, how should the information for the customer be on the ERE website?

A considerable part of them, 67%, answered: as it is, without changes. Customers were further asked about the platform for receiving more information on their rights, where the majority responded through social networks, and the type of information they would like to receive through ERE. Mass has responded with: On their rights to the quality of service. 45% of customers think that the legislation for the protection of customer rights is complete, while 32% think that it is complete but not applied. Finally, about 61% of the total who completed the survey think that the complaint about the electricity supplier should be addressed at ERE, before FSHU company.

Mendoni se legjislacioni per mbrojtjen e te drejtave te konsumatorit eshte:

31 responses



9.3 Supervision of customer service of suppliers in the free market.

ERE developed periodic correspondence with 26 companies licensed in electricity supply activity, and 2 in natural gas supply activity, asking for information regarding the progress of the implementation of the obligations provided for in the regulation of "Standards for the treatment of complaints of electricity and natural gas customers from licensees in the supply activity", including the approval of internal procedures for handling customer complaints.

It results that some of the licensees in the supply activity have not exercised the activity of supplying electricity to end use customers and for this reason have not yet taken any action regarding the fulfillment of the above provisions.

According to the available information, it appears that only 10 of those licensed in the supply activity have exercised the activity of supplying customers in the free market during 2021.

Of the licensees in supply, 7 of them are companies that have exercised activity during 2020-2021, which have informed that they have not had any complaints filed by customers regarding the activities exercised by these companies. Also, in ERE, it turns out that no complaints were registered from customers supplied on the free market during 2021.

From 2020 until today, a relatively small number (about 400) of contracts concluded between suppliers in the free market and end use customers, with the aim of providing electricity supply service in the unregulated market, generally with contracts, are registered that include short periods of 1, 2 to 6 months.

9.4 Customers / Self-Producers

The transition to a low-carbon future based on renewable energy sources is turning passive energy customers into active energy-producing citizens, otherwise known as Self-producers. Taking this new role on the part of the customer is an opportunity not only for a more sustainable and low-carbon/net-zero energy system, but also for a more democratic and inclusive system, and above all with lower costs for customers. After the initiatives of the Albanian Government to incentivize this producer/customer category through facilitating procedures to guarantee the connection to the network as a producer and not only an Energy customer, the interest in the country regarding this practice has increased.

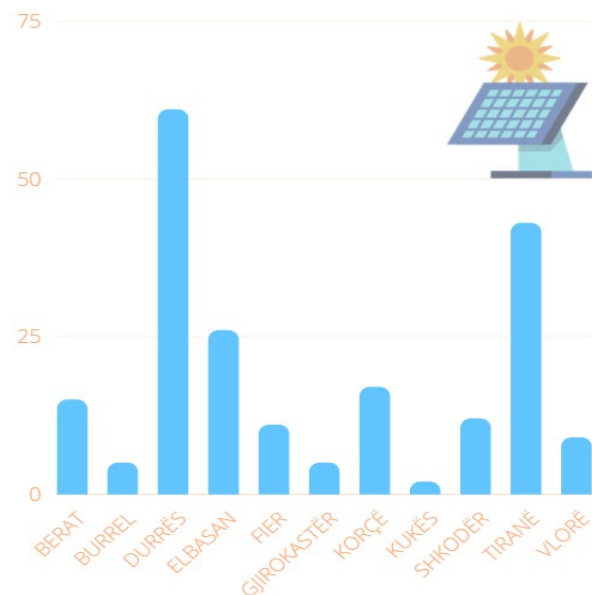
ERE has worked to collect the necessary data regarding the integration of this category of producers in the electricity market. ERE, in order to analyze the data related to the interest or even the impact that this category of electricity producers have in Albania, has requested periodic information from DSO company regarding the number of customers who have applied for a new connection as a self-producer of electricity who can install a total capacity of up to 500 kWp from the sun, in accordance with article 15, of law no. 7/2017 "*For promoting the use of energy from renewable sources*", the number of applying customers who currently have this status, as well as the average and total amount of energy produced by this category of producers.

During 2021, there were about 206 applications for the exercise of the self-producer activity from the end use customers, and 113 of them were approved for the exercise of this activity and the connection to the network by DSO company.

Currently, Durrës, Tirana and Elbasan turn out to be the areas in which there have been more photovoltaic units for self-producers installed, this is related to the greater potential of these areas to grant the yield of photovoltaic production units due to the number of sunny days, necessary for this type of technology.

From the collected data, it appears that in total during 2021, *Self-producers have produced an amount of about 2,674,615 KW during the first 8 months of 2021. The energy supplied by FSHU to these self-producers, for the same period, is 7,738,233 KW.*

As it can be seen, the ratio of energy produced by self-producers is about 1/4 of the total energy they received from the network for the purpose of electricity supply.



9.5 Secondary Legislation for the customer

During 2021, a series of acts were also approved that aim to specifically regulate the range of rights and obligations of electricity customers, as follows

1. Decision no. 24, dated 25.01.2021 “On the request of the Distribution System Operator (DSO Company) regarding the use of the replacement values of electricity consumption during the period for the implementation of the preventive measures against Covid-19”, This act regulated the modalities of electricity invoicing and reading, with reference values, for a period of 6 months from the entry into force of this decision. The decision did not result in producing negative effects in terms of increasing the number of complaints about reference value or bad-invoicing.
2. Regulation of the Standards for the handling of electricity and natural gas customer complaints by licensees in the supply activity approved by decision 60, dated 25.02.2021. This act aims to ensure a fair and effective process of handling the complaints of electricity customers, by licensees in the activity of supplying electricity or natural gas, in order to improve the quality of the energy supply service and the trust and satisfaction of customers for this service provided by the Licensees increases.
3. ERE Board with decision no. 74, dated 12.03.2021, approved the strategic objectives of ERE for 2021-2023 period. This important document established long-term strategic objectives that ERE intends to achieve in the next 3 years, in order to fulfill the legal duties according to the competence that Law no. 43/2015 "On Power sector", as amended, and Law no. 102/2015 "On natural gas sector", as amended, imposed on ERE.
4. ERE Board with the decision No. 97, Dated 07.04.2021 approved the indicators for the standard criteria of the supply quality service and the security performance of the electricity distribution grid for 2021 . This regulation specifies the indicators and requirements of the operation and quality of the electricity supply, as well as the performance related to the security of the grid for the Distribution System Operator (DSO), according to the requirements of Law no. 43/2015 "On Power sector", as amended.

5. ERE Board with decision no. 217, dated 27.10.2021, "on opening the procedure to review the request of DSO company on some amendments to point 2, letter "a" and letter "b", of ERE Board decision no. 181, dated 23.11.2016 "On some amendments in ERE Board decision no. 104, dated 23.06.2016, "On the determination of the methodology of reference values in case the measurement data are temporarily unavailable and inaccessible, as well as on the annulment of ERE Board decisions no. 49, dated 21.10.2004 and no. 146, dated 24.12.2013". In the first months of 2022, ERE approved this request of DSO company thus regulating with a temporary decision the application of the reference values proposed by DSO company, which mainly consisted in changing the methodology of the values reference. Throughout the scope of the effects of this decision, until 31.12.2022, unlike the methodology previously approved by ERE which provided that in the absence of measurement data, the applicable reference value was equal to the average of the same month of the 3 years recently, ERE accepted the request of DSO company that the reference value in the absence of measurement data should be applied according to the energy consumption of the same month of the last year, for the same customer.

6. With decision no. 244, dated 02.12.2021, ERE board decided to approve the indicators of standard criteria for the quality of electricity transmission service for 2022. This regulation specifies the indicators of the quality of the electricity supply, as well as the performance related to safety of the network for the Transmission System Operator (TSO), according to Law no. 43/2015 "On Power sector".

7. In implementation of the 3-year Strategic Objectives of ERE but also the tasks imposed by the Resolution of the Assembly of Albania for 2021, ERE has also approved the "Regulation on the measures of licensees in the supply activity to achieve the indicators of measurement and evaluation by ERE of customer service performance". This regulation, the first of its kind, to which all licensed suppliers, including the public supply company, focuses on achieving indicators of measurement and evaluation of customer service performance. Each supplier shall have the obligation to inform customers about the rights and conditions with which they shall be supplied, on the prices of electricity supply for the period offered or on the right that customers have to select another supplier. In addition to establishing the standards that suppliers must meet for a quality service, the regulation also provides for the right to monitor these indicators, by the Energy Regulatory Authority.

9.6 Standards for quality of supply and network security performance in the electricity transmission system

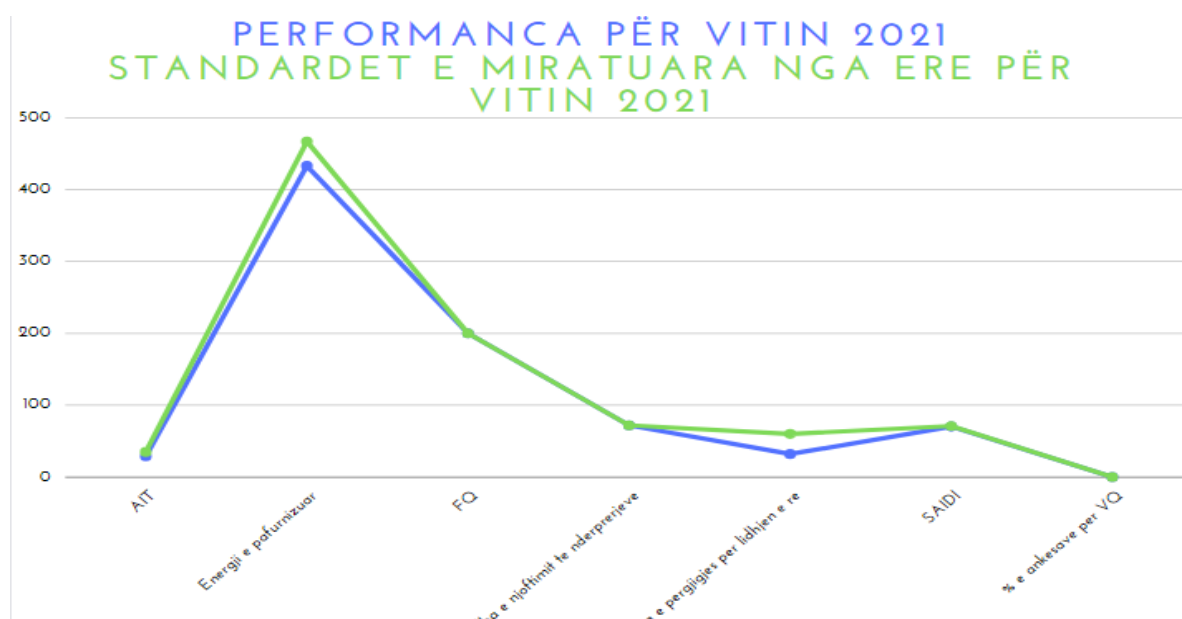
With decision no. 207, dated 18.12.2017, of the ERE board, the "Regulation on the quality of supply and network security performance in the electricity transmission system" entered into force. After repeated requests of TSO company to extend the deadline for determining the indicators, for reasonable reasons and evaluated by ERE as such, with decision no. 255, dated 21.12.2020, the ERE Board has approved the "Indicators of the standard quality criteria of the electricity transmission service for the 2021". On the part of TSO company, 3-monthly data on the progress of these indicators have been correctly submitted in accordance with the above-mentioned decisions. According to the reports of the TSO and the verifications carried out, it results that these indicators for 2021 are improved and in accordance with the standards approved by ERE with decision no. 255/2020.

Table below: Measurement Indicators for the Quality of Supply and Security Performance of the Transmission Network during the 4 quarters of 2021, Performance of 2021 in view of the Standards approved by ERE for 2021.

Parametrat e Cilesisë Furnizimit	Performanca në 3 mujorin e parë 2021	Performanca në 3 mujorin e dytë 2021	Performanca në 3 mujorin e tretë 2021	Performanca në 3 mujorin e katërt 2021	Performanca për vitin 2021	Standardet e miratuara nga ERE për vitin 2021
Koha Mesatare e Ndërprerjes së Furnizimit me Energji Elektrike (AIT)	15 min	3.7 min	3.04 min	6.26 min	28.76 min	35 min
Energjia e pa Furnizuar	247 MWh	48.414 MWh	44.128 MWh	93.493 MWh	433.035 MWh	467 MWh
Cilësia e frekuencës (FQ)	Brenda diapazonit +/- 200mHz	Brenda diapazonit +/- 200mHz	Brenda diapazonit +/- 200mHz	Brenda diapazonit +/- 200mHz	Brenda diapazonit +/- 200mHz	Brenda diapazonit +/- 200mHz
Periudha e Njoftimit të Ndërprerjeve të Planifikuara në Sistemin e Transmetimit	72 orë	72 orë	72 orë	72 orë	72 orë	72 orë
Koha e Nevojshme për t'ju Përgjigjur Kërkesave për Lidhje të Reja	30 ditë	47 ditë	30 ditë	22 ditë	32 ditë	60 ditë
Indeksi i Kohëzgjatjes Mesatare të Ndërprerjeve (SAIDI)	32 min	14.4 min	4.6 min	19.31 min	70.31 min	104 min
Cilësia e Tensionit (VQ)	Brenda diapazonit: -10%, +11.8.	Brenda diapazonit: -10%, +11.8.	Brenda diapazonit: -10%, +11.8.	Brenda diapazonit: -10%, +11.8.	Brenda diapazonit: -10%, +11.8.	Brenda diapazonit: -10%, +11.8.
Perqindja e ankesave për cilësinë e tensionit	Nuk ka ankesa	Nuk ka ankesa	Nuk ka ankesa	Nuk ka ankesa	Nuk ka ankesa	0%

Figura 112 Measurement Indicators for Quality of Supply and Transmission Network Security Performance

Below is presented in analytical graphic form the Performance of TSO company for 2021 compared to the Standards approved for TSO company for 2021 with ERE Board decision no. 255/2020.

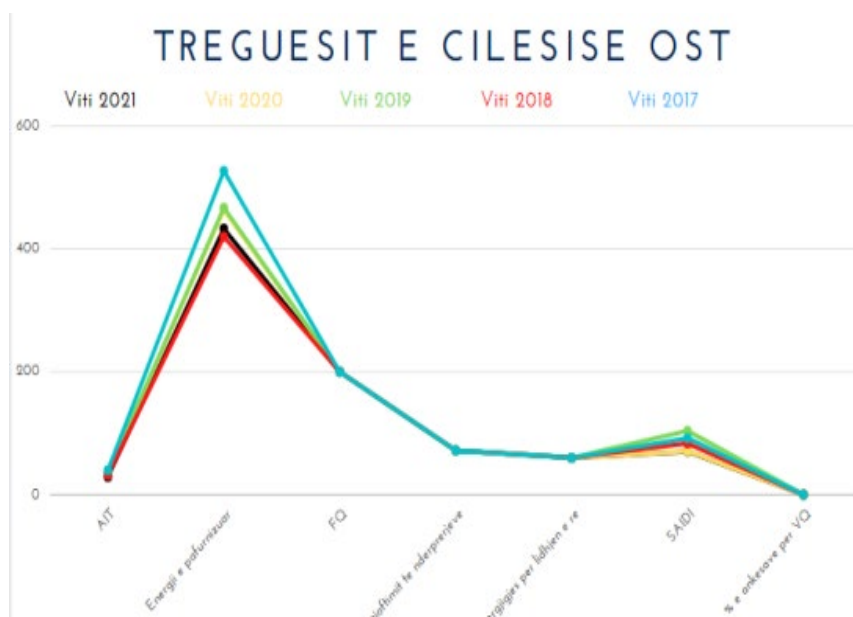


These indicators, as noted above, are in accordance with ERE Board decision no. 255/2020, and some of them are improved. We note that the above parameters such as the Average Interruption Time has decreased to 28.76 min from 35 determined in the decision, as well as Energy Not supplied seems to have improved greatly in the values of 433 MWh from the approved 467 MWh. Also, important indicators such as SAIDI (**Index for the average duration of the interruption**) has remained at low values 70.3 min out of 104 approved in ERE board decision, as well as the Time Needed to Respond to Requests for New Connections has been reduced to 32 actual days, or half of the time approved by ERE.

KPI 2020	KPI 2019	KPI 2018	KPI 2017
35 min	35 min	32 min	40 min
463.53 MWh	467.87 MWh	420.22 MWh	527,79 MWh
Brenda diapazonit +/- 200mHz	Brenda diapazonit +/- 200mHz	Brenda diapazonit +/- 200mHz	Brenda diapazonit +/- 200mHz
72	72	72	72
60 ditë	60 ditë	60 ditë	60 ditë
71 min	104 min.	83.5 min	92 min.
brenda diapazonit -10%,+5%	brenda diapazonit -10%,+5%	brenda diapazonit -10%,+5%	brenda diapazonit -10%,+5%
nuk ka	nuk ka	nuk ka	nuk ka

TSO company submitted the report which is presented as above in a tabular manner, reflecting the Quality of Supply Parameters from 2017 to 2020.

It is also noted that these indicators during 2021 have improved significantly compared to previous years.



An analytical graphic of quality indicators over the last 5 years is presented on the side. From what it is observed, for 2021 the quality parameters related to the average duration of the interruption, the energy not supplied has improved significantly compared to the previous years, while the Index for the average duration of the interruption (SAIDI) results in a slight decrease from 71 min to 70.31 min, which results in a slight improvement as shown in the graphic on the left.

ERE board decision no. 244, dated 02.12.2021, also approved the indicators of standard criteria for the quality of electricity transmission service for 2022, after the application of TSO company and verification that these standards are improved.

Quality Standards of 2022 for TSO company

Parameters of the Quality of Supply	Proposal for 2022
Average Interruption Time (AIT)	35 min
Energy not Supplied (ENS)	467 MWh
Frequency Quality (FQ)	Within the range +/- 200mHz
the Periods for the Notification of the Planned Interruptions in the Transmission System	72 hours
Necessary time to respond to new connections	Within 60 days
the Index for the average duration of the interruption (SAIDI)	100 min
Voltage Quality (VQ)	Within the range: -10%, +11.8.
Percentage of the complaints for the quality of voltage	0%

9.7 Measurement Standards for Quality of Supply and Security Performance of the Distribution Network

ERE Board with decision no. 97/2021 has decided to approve the Measurement Indicators for Supply Quality and Security Performance of the Distribution Network for 2021 DSO company submitted the periodic reports regarding the indicators for the quality of the electricity distribution service, which result as follows:

The following table presents the results of the indicators of the continuity of the energy supply of the distribution network during 2021 compared to the indicators approved by ERE with decision no. 97/2021.

Parameters of the Quality of Supply	Performance for 2021	Standards approved by ERE for 2021
Energy not Supplied (ENS)	52, 308 MWh	51, 246. 00 MWh
Frequency Quality (FQ)	•Normal operating range: 49.8 up to 50.2 Hz. • During system disorders: 48.0 up to 52.0 Hz.	•Normal operating range: 49.8 up to 50.2 Hz. •During system disturbances: 48.0 up to 52.0 Hz.
Voltage Quality (VQ)	Nominal Low High 230 V - 10% + 5% 400 V - 10% + 5% 6 000 V - 5% + 5% 10 000 V - 5% + 5% 20 000 V - 5% + 5% 35 000 V - 5% + 5% 110 000 V - 5% + 5%	Nominal Low High 230 V - 10% + 5% 400 V - 10% + 5% 6 000 V - 5% + 5% 10 000 V - 5% + 5% 20 000 V - 5% + 5% 35 000 V - 5% + 5% 110 000 V - 5% + 5%

Necessary time to respond to new connections	No more than 20 working days for installed power up to 10 kW in TU Not more than 20 working days for installed power of 10-20 kW in TU. • No more than 20 working days for installed power of 21-50 kW in TU. • No more than 60 working days for installed power of 50- 100 kW in TU. • No more than 60 working days per TM connection.	No more than 20 working days for power installed up to 10 kV in TU. • Not more than 20 working days for installed power of 10-20 kV in TU. • No more than 20 working days per power installed 21-50 kV in TU. • No more than 60 working days per installed power50- 100 kV in TU. • No more than 60 working days per TM connection.
the Periods for the Notification of the Planned Interruptions in the Transmission System	72 hours	72 hours
the Index for the average duration of the interruption (SAIDI)	53.95 hours	47.17 hours
System Average Interruption Frequency Index (SAIFI)	28.50	25.08.
Time Required for Restoration of Electricity Supply Service after a Fault in the Distribution System	TM + TU 2.78	TM + TU 1.99
Time Necessary for performing the control of the measurement system at the customer's request	5 working days from the day of submission of the Request	5 working days from the day of submission of the Request
Time Required to Respond to Metering-related Complaints	5 working days from the day of submission of the complaint	5 working days from the day of submission of the complaint
Time Required to Reconnect Customers Whose Power Has Been Interrupted	Within 48 hours, from the payment of the obligation and at the request of the Customer.	Within 48 hours, from the payment of the obligation and at the request of the Customer.
Resolving Voltage Quality Complaints	30 calendar days	30 calendar days
Percentage of Customers Currently Metered	The percentage of customers currently with meters is 100% of the number of customers	The percentage of customers currently with meters is 100% of the number of customers

Figura 113 Measurement Indicators for Quality of Supply and Distribution Network Security Performance for 2021

These indicators are considered separately according to urban and rural areas. Referring to the performance indicators of DSO company it is found that the distribution network for this period has not improved, as well as the number and duration of defects in rural areas is still high.

As mentioned above, comparing this with the same period last year, based on the data of SAIDI, SAIFI and CAIDI, it turns out that these indicators have worsened, and according to the reports of DSO company among the causes that have influenced this deterioration are: the impact of Covid-19, 11 emergencies from bad weather (January-March period), Energy Emergency CMD no. 584, and the climatic changes of the last months. The Albanian Government with Council of Ministers Decision no. 584, dated 08.10.2021, "On the Declaration of the State of Emergency in the

Comparison of DSO Performance in TL+TM+TU 2020-2021 Regarding the Main Indicators SAIFI, SAIDI, CAIDI						
	SAIFI		SAIDI		CAIDI	
	No. of Customers affected by interruptions/no. Total Customers		No. of hours of total interruptions/No. Total Customers		No. of hours of total interruptions /No. customers Affected by interruptions	
	2021	2020	2021	2020	2021	2020
January	3.42	1.7	7.4	3.75	2.18	2.2
February	2.76	2.44	5.6	5.6	2.04	2.32
March	1.98	1.63	4.27	2.8	2.16	1.76
April	1.65	1.91	2.73	3.6	1.65	1.88
May	1.7	1.93	2.89	3.1	1.7	1.64
June	2.22	1.94	3.52	3.2	1.59	1.64
July	2.3	2.02	4.02	3	1.75	1.59
August	2.0	2.32	3.28	4	1.64	1.74
September	1.92	2.03	3.15	4.3	1.64	2.13
October	2.67	2.68	5.15	5.07	1.9	1.8
November	2.65	1.44	5.32	2.3	2.01	1.6
December	3.31	2.9	6.69	6.08	2.02	2.1
GRAND TOTAL	28.25	25.07	53.95	47.17	1.89	1.88

Electricity Supply", decided to declare the state of emergency in the electricity supply, the effects of which extend until April 15, 2022.

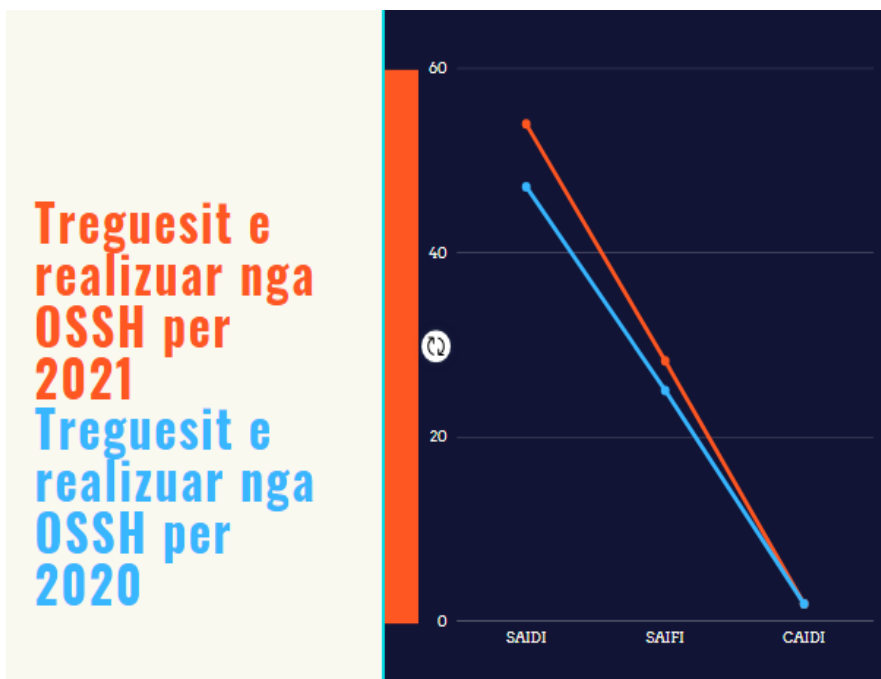
Figura 114 Comparison of DSO Performance in TL+TM+TU 2020-2021 Regarding the Main Indicators SAIFI, SAIDI, CAIDI

The decision above among others, is based on the provisions of point 4, article 90, of Law no. 43/2015, as amended, where it is quoted that: "The licensees are not responsible for the sanctions

incurred as a result of the interruption or limitation of electricity, for the cases provided for in point 1, of this article, except for the cases when the emergency situation occurs as a direct result of the fault of the licensee". As for the above, since DSO company in point 3 of the CMD has been asked to suspend investment plans, except for the necessary investments for the exercise of the activity, which would affect the achievement of the quality indicators determined by ERE, the lack of performance of DSO company as far as the achievement of these indicators is concerned, it is seen as justified.

As reported by DSO company the realization of the indicators for each month is also directly affected by the atmospheric conditions. During the first 3 months of the year, there were extreme weather conditions and the indicators were at quite high values, worsening the performance indicators. Meanwhile, the downward trend during the months of April-September of the SAIFI and SAIDI indicators is an additional indicator of the impact of atmospheric conditions on the quality of supply. Also, as reported by DSO company, an increase in indicators is also evident in the summer months of June-July-August, this is due to the increase in load due to rising temperatures. Meanwhile, even in the month of December, performance indicators deteriorate as a result of bad weather, rains and winds. However, there are some parameters of the months in 2021 which are evidently improved, such as the values for SAIDI and SAIFI for the months of April-May. These values have decreased compared to the same period of 2020.

The table on the side presents a comparative graphic of the total of the main indicators of the quality of service from the distribution system operator for 2021 compared to 2020. The indicators (SAIDI, SAIFI, CAIDI) are listed in the graphic. The coefficient of electricity interruption per customer during a year or SAIFI has had a total increase from 25 during 2020 to 28 in 2021 or otherwise 9% more, this index has worsened. The coefficient of the average



duration of interruption per customer or SAIDI has undergone an increase of about 8.7% compared to 2020, it means that these interruptions are growing and are more unstable than a year ago. Although CAIDI has not suffered any major fluctuations, the other figures seem to have increased, which means that the company OSSH sh.a. should do a better job in order to keep these indicators stable and under control, in accordance with ERE board decision no. 97/2021.

DSO company informs that the reason that impacts the quality of the distribution network, among others, is the fact that 51% of the cabins are owned by private individuals and the latter are not convinced to guarantee the access of DSO for their repair, as well as Users of the network do not apply the standards at the connection point by operating with equipment that is not subject to repair. ERE advised DSO company to take all the necessary measures to avoid obstacles created as a result of the above phenomena that affect the security and performance of the network. In the legal framework (article 69, point b/1 of Law no. 43/2015) it is the duty of DSO company, in the case of

restricting access to cabins owned by third parties, to take the necessary legal measures for the involvement of law enforcement bodies implementing in order to ensure the quality of the network by guaranteeing their access and repair. Regarding the second part, maintaining network standards is the duty of the Network Operator, as well as approving the connection point and ascertaining the compatibility of the connection with the legal and technical criteria according to the "Regulation for new connections in the distribution system"

The licensee responsible for the safe, reliable and efficient operation of the distribution network was asked to take the necessary measures, considering that maintaining the quality standards of the network guarantees not only the quality service of electricity supply to the customer but also protects DSO company from the financial effects that may be caused to the latter as a result of not meeting the standards. Achieving and maintaining these standards should be the primary duty of DSO company and for this purpose, every necessary measure should be taken within the law, and in accordance with the best international practices.

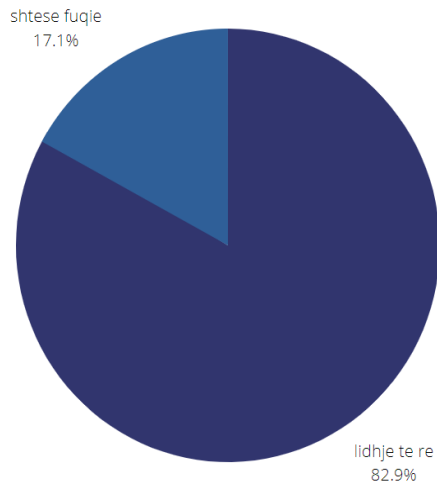
OSHEE performs the recording of interruptions, long or short, through the methods at its disposal, through the service continuity recording system, operating for all HV (high voltage) and MV (medium voltage) lines of electricity distribution and OSHEE keeps the register of interruptions for all types of the interruptions mentioned above, which contains a- The origin of the interruption; The reason for the interruption; c- The number of customers in HV involved in the interruption; d- The duration of the interruption for each customer in HV involved in the interruption; e- The number of customers in MV involved in the interruption, divided by category; f- The duration of the interruption for each customer in MV, included in the interruption, divided by category; g- The number of customers in LV (low voltage), involved in interruptions, divided by categories; h- The duration of the interruption for customers in LV, involved in the interruption and their number, according to the order of reconnection, divided by categories; i-Date, hour and minute of the start and end of the outage, for all customers involved in the outage. J - Any interruption of the customer's electricity supply, in the distribution system, which lasts more than 10 minutes, is considered a long interruption, which is recorded and used in the calculation of the SAIDI and SAIFI performance indicators.

In increasing and maintaining quality standards, the installation of a secure measurement system also plays a significant role. Regarding DSO company it is known that the measurement system has been implemented to the extent of 100% in the country. Meanwhile, as regards the installation of intelligent metering systems, the steps taken in this direction have moved at a slow pace, also due to the massive investments required by the Network Operator. Smart meters record the amount of energy consumed in each home so that the supplier can ensure invoicing for the customers.

Traditionally, in order to obtain accurate consumption information, the network operator must send meter readers to customer's homes to confirm energy consumption every month. A smart meter is very similar to a traditional meter in that it measures and records energy consumption data. However, the smart meter differs because it is a digital device that can communicate remotely. It sends consumption data every 15 minutes to an hour and eliminates the need for a meter reader. The smart meter can immediately inform the network operator if there is a power outage in a certain area, which means that the network operator can react in a faster time in restoring the service or correcting the fault.

Currently, it appears that the Distribution Network Operator has installed 5760 smart meters around the country, some of which are connected to customers, and some of them are connected to the main supply feeders in certain areas.

9.8 Access to the Distribution Network and Transmission Network



Network operators are responsible for guaranteeing access to the network and approving new connections in accordance with technical and legal rules and in accordance with the requirements of the legal regulatory framework in force.

As for access to the distribution network, during 2021, it turns out that there were a total of 17,008 applications for new connections or additional power in the distribution network, of which 14,108 are applications for New Connections while 2,900 applications are for Additional Power .

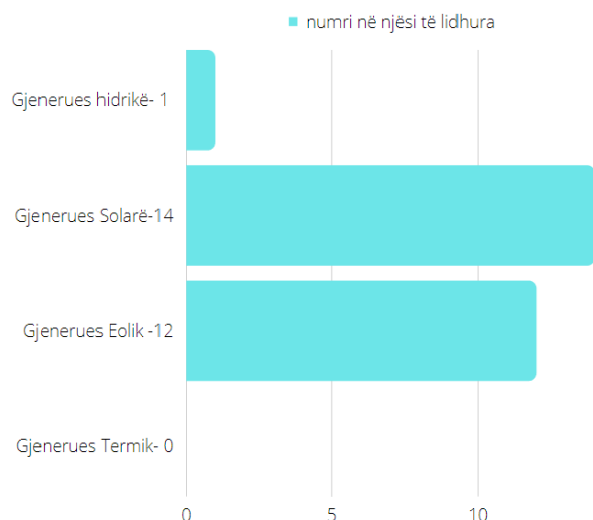
As evidenced by the graphic on the left, 82% of the applications are for New Connections and 18% are for Additional Power.

As in 2020, Tirana, Durrës and Shkodra continue to occupy the majority of applications for new connection, for each category. Kukësi continues to remain the region with the fewest applications for new network connections.

An important part of the exercise of the activity by TSO company in terms of the obligations for the implementation of the License Conditions for the transmission service is also the implementation of the conditions and deadlines provided for in the "Regulation of the procedures of new connections and the modification of the existing ones in the transmission system" approved by with ERE Board decision, no. 87, dated 20.04.2018. For this purpose, ERE requested from TSO detailed information regarding the applications registered in TSO company for New Connections in the Transmission System, the procedural deadlines followed for the approval or rejection of each application, as well as in cases of rejection, the reasons for this rejection, the number of generating units that have been put into operation.

Regarding access to the Transmission Network, it is noted that compared to 2020, there is an increase in the number of applications from 18 to 27 applications for new connections. As for the deadlines, they were met 100% in 2020. Regarding the issue of generating units, 2 more resources were put into operation in 2021.

During 2021, there was 1 approved application for "Hydrogen Generator"; 14 applications for "Solar Generator"; 12 applications for "Wind Generator"; and no application for "Thermal Generator".



Regarding the legal deadline for feedback (60 calendar days) according to the "Regulation of the procedures of new connections and the modification of the existing ones in the transmission system" TSO company has finalized the practices within the time limits to the extent of 83% of examined cases.

As for applications approved beyond the legal deadlines or not approved, according to the reports of TSO, these phenomena are as follows: 10% assessed as "Approval in principle", 16.7% as "Directed to OSHEE due to power", 63.3% as "Preliminary opinion, 7% as "Connection agreement", 3% as "Reevaluation of connection point".

9.9 Monitoring of licensees in public service activities.

Throughout 2021, ERE has conducted 5 monitoring of licensees, in order to supervise the fulfillment of the latter's obligations regarding the implementation of the provisions of regulatory acts related to the quality of customer service.

1. Monitoring the Universal Service Supplier (FSHU) on the deadlines and procedures for handling complaints, which was carried out in connection with the implementation of the deadlines and procedures for handling complaints registered in FSHU company during 25.01.2021 to 29.01.2021 period, with the purpose of implementation of deadlines and procedures for handling complaints registered at FSHU company during 2020 from all sources.

The working group after exercising control in the facilities of FSHU company and after analyzing the collected and observed data, concluded and recommended for the licensee to take measures to update the customer care platform, and in addition to perform a good job for the timely handling of complaints for all electricity customers, respecting the standards established in the "Regulations for handling complaints of electricity customers".

2. Monitoring of DSO on the verification of the implementation of the deadlines and procedures for the verification of meters in accordance with the regulation " Regulation on the procedures for submitting a request, its review and the notification deadlines when the customer doubts in the data accuracy of electricity metering device" approved with ERE Board decision no. 145, dated 18.09.2017 for applications registered in DSO company during December 2020- January 2021.

The working group, after analyzing the available data, based on the findings of the problems related to the implementation of the customer notification procedures for the verification of the meter, recommended that DSO company shall take concrete measures for changes in the internal regulatory acts as well as the relationship with the Suppliers, in order to fulfill the legal obligations to protect the rights of electricity customers for a quality service, according to the approved procedures and on time, of meters verification.

3. Monitoring of the Customer Care Centers (CCC) of FSHU company which was carried out in relation to the performance of employees in terms of knowledge on the rights and obligations of the licensed operators of FSHU company and DSO company 01.04.2021, 02.04.2021, 06.04.2021 and 07.04.2021 period.

The working group, after observing the premises of the Customer Care Centers (CCC) of FSHU company, found that the customer service staff of the CCCs were generally knowledgeable about the

procedures, rules and obligations of the operators (DSO/FSHU) and that the information of requested by the customers according to the typology of the request was provided by the service employees in an understandable way

In anticipation of the law of power sector and the regulations approved in ERE, also in reference to the findings during this monitoring, the universal service supplier is recommended to have ease in customer service and to better influence the performance of employees. The operator must pay more attention to ensuring access to the premises of the CCC, for the most disabled people. From ERE, at the end of the monitoring, it was recommended that FSHU submits at ERE a detailed report regarding the monitoring and evaluation of the performance of CCC employees; To provide in an easily available and free of charge to the interested parties, detailed, transparent information, - through various means of information near each representative office of the Supplier; To draft a more detailed report where the evaluation of CCC employees is recorded according to the methods and criteria. During this monitoring, it was also established that during the process of registering the complaint or request, the customer was not informed that in the event that the Supplier does not respond to his complaint within the deadline set in the legislation in force, or if the Customer does not agree with the answer provided by the Supplier, then he has the right to submit a complaint at ERE, and for this purpose ERE recommended the improvement of the above.

4. Monitoring of the plan of measures - Monitoring of FSHU company was carried out regarding the obligations and periodic reports as well as on the supervision of the implementation of the duties arising for the licensee from ERE Board decision no. 201/2018, "Plan of measures for the Electricity Distribution Operator 'OSHEE' company, to respect the rights of electricity supply customers", reviewed.

Regarding this monitoring, it has been concluded that the company has generally implemented the obligations foreseen in relation to the implementation of the "Measure Plan", approved ERE Board decision no. 201, dated 03.09.2018, as amended.

In the following, ERE presented the recommendations, based on the findings of the working group during the analysis of the documentation, which included measures not only to resolve the complaint but also to inform the customer about the solution provided. Also, the Supplier must ensure that Call Center employees have full access to information to inform customers about the status of the complaint (accepted/rejected), through the Call Center telephone service and the complaint tracking system.

Further, ERE recommended several measures to fulfill the obligation to display and publish the necessary data for customers as a universal service obligation, through informative brochures prepared for this purpose, but also those for the reflection in the invoice of the data that the law on power sector or the acts issued in its implementation, have provided as an obligation for all suppliers.

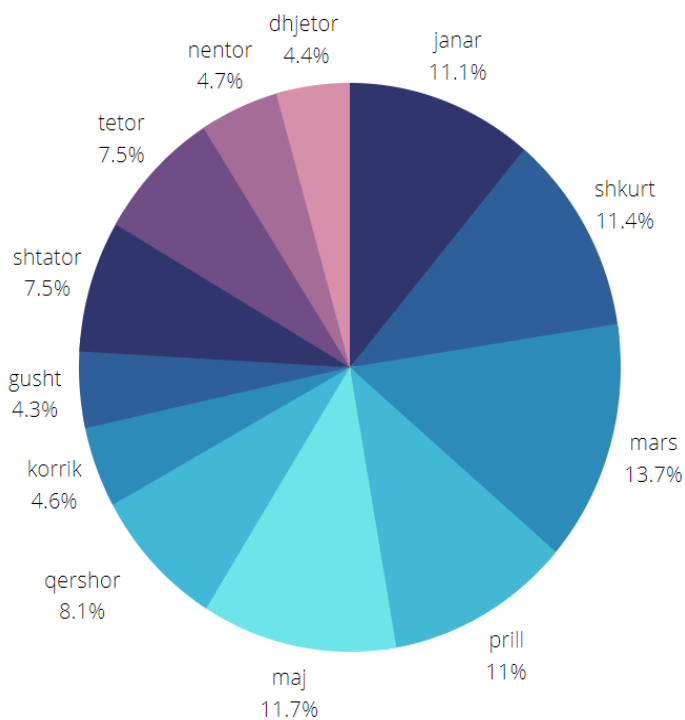
5. Monitoring of TSO company- carried out at TSO company had as its object "Ensuring the access of third parties in accordance with the requirements of the Law and the acts approved by ERE, the procedures followed as well as the deadlines within which TSO company reviews the applications, approves and implements the new connection."

ERE, after analyzing the available data and after the inspection at the TSO concluded that it did not observe any irregularities or deviations from the legal or by-law provisions that administer the modalities of new connections and the modification of existing ones in the transmission system.

9.10 Information regarding meter verification

ERE has paid and continues to pay special attention to the supervision of the activity of licensees in terms of guaranteeing the rights of electricity customers, and especially ensuring an uninterrupted

electricity supply service within quality standards of service. In order to obtain the most accurate information, ERE has requested from DSO company that in implementation of the “Regulation on the procedures for submitting a request, its review and the notification deadlines when the customer doubts in the data accuracy of electricity metering device” to submit 4-monthly information to ERE regarding customer requests for verifying the accuracy of the electricity meter". It turns out that during 2021, 1,871 verifications of the measuring device were made, at the request of Energy customers, marking the largest number of requests for verification in the months of March - May. (Table below)



As it can be seen in the attached table, during the months of March and May, there was a significant increase in the number of requests from electricity customers for the verification of meters. DSO company expresses itself regarding the procedures followed for handling these requests, which are administered by FSHU company Customer Care and processed in the same CRM online system. DSO receives from the system all other types of requests, the object of its activity which are filtered by type and submitted to working groups in the regions to carry out physical actions in the field. Regarding the analysis of the results during this period, 228 meters were changed, about 12% of the cases. The purpose of an analysis of the above data is to assess a clearer picture regarding the qualitative changes in the service of uninterrupted supply of electricity and

reduction of the number of unplanned interruptions.

ERE, in order to supervise the fulfillment of the obligations of the procedures for meter verification, organized a Monitoring at DSO company on the verification of the implementation of the deadlines and procedures for the verification of meters in accordance with the Regulation on the procedures for submitting a request, its review and the notification deadlines when the customer doubts in the data accuracy of electricity metering device” approved with ERE board decision no. 145, dated 18.09.2017 for the applications registered in the DSO during December 2020-January 2021 period.

The working group, after analyzing the available data, recommended that DSO company shall submit concrete proposals for changes in internal regulatory acts, the relationship with FSHU company, or the bylaws approved by ERE, in order to fulfill legal obligations to protect the rights of customers of electricity for a quality service, according to the approved procedures and on time, of the verification of the meters

10.ERE INTERNATIONAL ACTIVITIES

10.1 International Relations

ERE priority is and shall remain the dignified and active representation of the Regulator in regional and international activities, aiming the consistency and harmonization of its practices with the ones of region and EU countries. The participation in international activities is considered by ERE as one of the main elements that serves to institutional strengthening, increasing the knowledge and experience of its staff.

For 2021, with the extended limitations by the pandemic, ERE has worked with a high intensity through online platforms. Setting up these priorities, ERE has collaborated in intensifying the multilateral relations with international organisations like Energy Secretariat in Vienna, ECRB, MEDREG, ERRA, NARUC, CEER, IGU etc. During the last year ERE paid special importance to the participation in the workshops, meetings and other international activities. The interest of our institution in these activities was high to be informed with the best international experiences and the latest developments in the power sector by participating on these international activities as well as to present the regulator with dignity on these activities through various speeches, chairing meetings or working groups or various presentations.

10.2 Active Participation as a Member

- ERE is a member of ECRB the Regulatory Steering Board of Energy Treaty Countries and takes active participation in the working groups set up by the latter, chairing one of the 4 working groups set up by them.
- ERE is a full right member of the Regulatory Authorities Association for the South East Europe and Euro Asian Countries (ERRA), by realizing a regular participation at ERRA Chairman General Assembly, meetings of ERRA permanent Committees, as well as the Working Groups that of Electricity, natural gas and that of Tariffs and Prices
- ERE is a member of the Regulators Association for the Mediteranean Countries (MEDREG) for electricity, where during 2021 ERE Chairman held the President of MEDREG post, and at the assembly held on November was elected as the President of the Organization for a two years term. Also ERE staff has actively participated at the working group meetings including their direction for the customers working group, institutional relations, renewable energy, gas issues, the electricity working group being the drafters of the working group materials or reports.
- ERE has the observer status at CEER (Council of European Energy Regulators), a status which enables the strengthening and picking up knowledge of ERE staff during participation in working groups and meetings.
- ERE is participant at UfM (Unioni for Mediteranean) meetings, which is composed of 43 Member Countries part of the Mediteranean and aims to increase and strengthen the regional cooperation as well as implementation of the projects and initiatives that shall serve to the region. In the framework of cooperation in the power sector, UfM drafted the platform for natural gas sector as well as two other platforms for the power sector, regarding renewable resources and energy efficiency.
- ERE is a full right member of the South-South-East Gas Regional Initiative (GRI SSE), which is the Initiative of Gas Regulators in the South-South-East Region.
- Also ERE is a full right member of OME (Energy Observer for Mediteranean and Europe) a very important forum of the Mediterranean.

- As a full right member of the Balkan Advisory Forum, which includes the Regulators of Montenegro, Northern Macedonia, Greece, Serbia, Bosnia and Bulgaria, ERE staff participated at the meetings of the working groups of this Forum as well as the draft of reports that serve the regulator and stakeholders. The forum serves to exchange experiences between these regulators through the establishment of working groups in areas of common interest.
- For 2021, ERE continued to maintain a fruitful cooperation with USAID and NARUC in the joint project, supported by USAID and NARUC regarding the draft of cyber strategy, or the action plan to implement the standards of the distribution system operator quality.
ERE also participated at USAID & NARUC project related to the draft of 10-year transmission network development plans in Southeast Europe as well as the organized workshop on cyber security issues.
- ERE in the framework of Energy Community Treaty during the last year participated on Athens Forum, Gas Forum and Energy Community activities organized by Vienna Secretariat as well as the working groups of this organization.

Also ERE participated on activities intensively collaborating with the Energy Community Secretariat in Vienna, being consulted for the main decisions and asking for opinions for delicate issues. Also the draft decisions taken by ERE and the draft regulations drafted by us are sent for consulting to Vienna Secretariat or are realized meetings with them to have a better understanding of the issue and we are assisted by Vienna Secretariat in drafting the secondary legislation in the framework of the new laws. ERE has regularly and actively followed the ECRB working group meetings for customer issues, for electricity and its regional market, renewable resources, statistics, electricity, efficiency, security of supply, REMIT, natural gas, gas platform. To realize a better work and high results, ERE held joint meetings with Vienna Secretariat regarding the implementation of the third legislative package in the framework of the secondary legislation which has been on drafting and approval process by the Board and regarding the Network Codes implementation, the approval of which comes as an obligation deriving from Energy Community Treaty and ENTSO-E.

10.3 ERE Bilateral Relations

During 2021, are further intensified even the bilateral relations with the Italian Regulator (ARERA) and the Greek one (RAE). This cooperation has made possible on time realization of three regulators joint decisions regarding TAP project which commenced the operation by the end of 2020.

Another regional initiative is undertaken during 2021, on CEI support (Central European Initiative) and the Italian regulator ARERA, following the second phase of KEP (Know-How Exchange Program) Project “CEI support to strengthen the energy regulator authorities in Western Balkans”, whose object is to extend the know-how practices for the electricity market coupling initiatives between the EU members in the Western Balkans countries.

Throughout 2022, talks are being held with the regulators part of KEP for the further development of training through the creation of the Balkan Regular School (BES). The school in question shall be an initiative of the regulators and shall have the financial support of CEI or the Italian regulator as part of the cooperative relations between the parties. The school is intended to serve as a place where the employees of the regulators of the Western Balkan countries shall exchange their experiences or shall be trained by their colleagues of the European regulators regarding the challenges of the regulator in the framework of the union of the markets of electricity or current price crisis situations in the energy markets.

11. ENERGY REGULATOR AUTHORITY ORGANISATIONAL CHART AND ADMINISTRATION OF HUMAN RESOURCES

Implementing Law no. 43/2015 “On Power Sector” as amended, article 9 point 1, defines that ERE is the Regulatory institution of Power and Natural Gas Sector in Albania which is governed by the Board of Commissioners. ERE Board of Commissioners is composed of the Chairman and four Board members which are appointed by the Assembly

With Decision no. 78, dated 29.04.2020, ERE Board decided to approve ERE organisational chart, defining that the maximum number of ERE employees is 63, which are organized as follows:

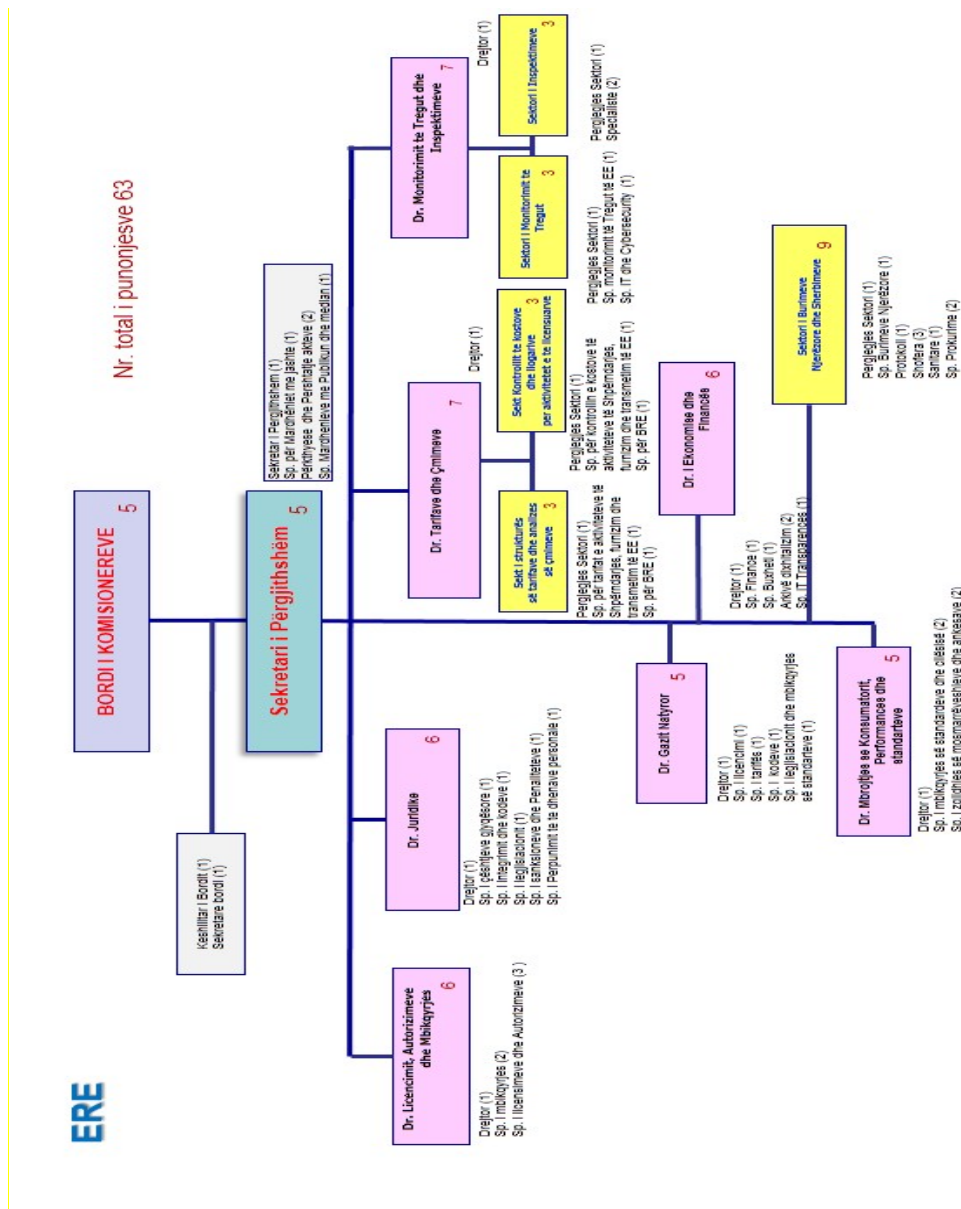


Figura 115 Organisational Chart of Energy Regulatory Authority

In addition to the Board of Commissioners, which is the decision-making body, ERE is organized with the Secretary General, 7 Directorates and human resources and services sector.

The new ERE organisational chart is based on a clear division, with the necessary capacities, to fulfill the tasks and responsibilities related to the ERE regulation areas implementing the effective legislation, such as: Consumer Protection, Draft and approval of the By-laws, Development of Natural Gas Market, Market Monitoring, Quality Standards, the impose of the Tariffs and Prices in Regulated Market Segments, Licensing, Modification, Renewal and issue of the Authorization for the operations in the activities identified at the respective laws, Institutional Relations within and outside the country, Planification for drafting the Budget, Human Resources Development.

This organisational chart takes into consideration the latest developments in the power sector such as:

- Implementation of the integrity and transparency regulation for the wholesale electricity markets (REMIT), in conformity with the obligations deriving from Energy Community Treaty, regarding the draft of the regulation as well as its monitoring by the market operators beginning from the registration of the parties to the maintenance of the data or receiving the indications to perform investigations for the cases of not implementing this regulation.
- The certification and supervision of the Nominated Operator for Electricity, according to the Regulation approved by ERE Board Decision no. 40 dated 06.03.2020.
- The approval and monitoring of implementation from the network operators of the critical infrastructures strategy, which requires the engagement and inclusion of a dedicated staff with experience in the information systems to cope with this task.
- Transposition of regulations and codes for the adopt of the by - laws, object of approval by ERE as well as processing the personal data of the licensees, according to the legislation on personal data protection.
- Supervision of the quality standards of the Transmission and Distribution System Operators operation and the new role of the customers according to the provisions of the new legislative package as self-producer.
- Digitization of the ERE archive, taking into account that the digitalization is not performed since the establishment of the Regulatory Authority and will serve to the creation of a digital archive, which can be accessed at any time and will serve more to increase ERE transparency.

Regarding the Human Resources area, during 2021 it is strictly implemented Law No. 9367 dated 07.04.2005 "On preventing the conflict of interest in exercising the public functions" as amended with Law no.86/2012 dated 18.09.2012, as amended with Law no.44/2014 dated 24.04.2014 and law no.9049, dated 10.04.2003 "On the declaration and control of the assets, financial obligations of the elected persons and some public officials" as amended with law No.85/2012 dated 18.09.2012 and Law no.45, dated 24.04.2014 as well as law no.42/2017 dated 06.04.2017.

Are completed the declarations of the periodic/annual private interests from the employees subject of this obligation, according to the time frames provided by the Law.

It is also held regular communication with the High Inspectorate of Declaration and Audit of Assets and Conflict of Interest (ILDKPKI) implementing the notifications send from this Institution.

Implementing ERE Board Decision No. 52 dated 02.04.2019, it is implemented Law no. 9584 dated 11.07.2006, " On salaries, bonuses and structures of the constitutional and other independent institutions established by Law" as well as ERE Board Decision no. 187, dated 08.03.2017 "On approving the structure and the wages level for the civil employees/employees, the deputy minister

and the employees of the cabinets, at the primeministry, the ministry of lines, president administration, the parliament, the central election commission, general prosecutor office, some independent institutions, institutions on the dependence of the council of ministers, the prime minister, institutions depending of the ministry of lines and the prefect administration” as well as Decision no. 202, dated 15.03.2017 “On some additions and amendments to decision no. 717, dated 23.06.2009 of the Council of Ministers "On the salaries of support staff of budgetary institutions and employees of some budgetary institutions" as amended.

Following Law no. 43/2015 "On the electricity sector" as amended, on the selection, appointment and promotion of ERE employees, the procedures of law no. 152/2013 "On the civil servant" and Following Law no. 43/2015, dated 30.04.2015 “On Power Sector” as amended, for the selection, appointment, and promotion on duty of ERE staff, are implemented the procedures of Law no. 152/2013 “On the civil servant” as well as the procedures according to this law for the selection and appointment of ERE employees such as the position of the Secretary General or that of the Directors of the Directorates have already been carried out. Throughout 2022, the competition procedures for other positions of the Entity will be continued in accordance with the aforementioned legal acts.

12. ADMINISTRATION OF ERE FINANCIAL RESOURCES DURING 2021

In the area of finance and administration are correctly implemented the respective legal and by-legal acts for the administration of ERE finances, including Law no. 43/2015, dated 30.04.2015 “On Power Sector”, as amended, Law no.9643, dated 20.11.2006 on “Public Procurements”, as amended, Law no. 9228, dated 29.04.2004 “On accounting and the financial statements”, as well as Order no.64 dated 22.07.2014 “On the announcement of the national improved accounting standards and their obligatory implementation”

In all cases are implemented the procedures and the time-frames regarding the procurement of the public funds, in conformity with the Procurements Law and other by-legal acts

It has followed the inventarization of the asset that ERE administers. Regarding the monetary funds, they are ensured in conformity with the respective laws of power and natural gas sectors and comprise of the application payments for the licenses/modifications/renewals and of the regulatory payments that ERE set to the licensees.

Above the main items of ERE we could mention:

- Staff payments, social and health security payments, income taxes, about which our institution liquidified all the obligations even from the electronic system” Real time obligations to which we are not debtors or with fines.
- Publications to inform the public opinion are realized implementing Law no. 43/2015, dated 30.4.2015 “On Power Sector” and no.102/2015 ‘On Natural Gas Sector’.
- Payment to liquidate the services such as water, electricity, telephone for which our institution is not a debtor, necessary service expenses to maintain the work as well as and the depreciation of the fixed tangible assets, etc.
- The payments to comply the engagements as a member country in a series of important international organizations of the power sector such as MEDREG, ERRA, IGU, CEER.

The economic and financial activity of ERE for the year 2021, in accordance with the provisions of Article 17 of Law no. 43/2015, is audited by a group of accounting experts registered and licensed for this activity based on Law no. 10091, dated 05.03.2009 “On legal auditing, organization of the accounting experts profession registered accounting experts and accredited accountants”Annex 1 of

this report presents the relevant report of the accounting expert related to the financial performance of ERE during 2021, as well as Annex 2 the performance report.

ERE budget is approved with Board decision no. 50/2022 dated 24.03.2022. This budget takes into consideration the requirements for the operation of ERE throughout 2022. In detail, this budget is presented in the table below.

BUDGET FOR 2022

No,	Name	Amount
I	COHERENT EXPENSES	251,731,883
	Staff wages	154,200,000
	Expenses for Social and health insurance	19,000,000
	Other operational expenses and expenses for third party services	68,301,200
	Depreciation Expenses	11,430,680
II	INVESTMENTS *	46,000,000
	- Electronic equipment as well - Software for the possibility of opening the market and monitoring the Licensees	23,000,000
	Total of the expected expenses for 2022	275,731,830

- For the purpose of calculating the regulatory payment of 2022, the investment expenditure will be calculated at the value of 50% of the total investment expenditure.

ANNEX 1 Audit Report of Financial Statements

**ERE-ENTI RREGULLATOR I ENERGJISË
PREZANTIMI I AUDITIMIT TË PASQYRAVE FINANCIARE TË VITIT 2021 [ML]**

1

QËLLIMI I AUDITIMIT PËR VITIN E MBYLLUR MË 31 DHJETOR 2021

Qëllimi auditimit	Pasqyrat financiare
Auditimi në përputhje me Standardet Ndërkombëtare të Auditimit të Pasqyrave Financiare.	Për vitin e përfunduar më 31 dhjetor 2021, pasqyrat janë përgatitur nga ERE në përputhje me "Standardet Kombëtare të Kontabilitetit (të përmirësuar) (SKKP), Ligjin nr.25/2018, datë 10.05.2018 "Për kontabilitetin dhe pasqyrat financiare"

PËRGJEGJËSITË E AUDITUESIT

Përgjegjësitë e audituesit	
	<ul style="list-style-type: none"> ▪ Ne kemi kryer auditimin tonë në përputhje me Standardet Ndërkombëtare të Auditimit (SNA)dhe auditimin e pasqyrave financiare në përputhje me SKKP-të. Ne kemi shqyrtuar mbi bazën e testeve të transaksioneve dhe të ekzistencës të zotërimit dhe vlerësimit të asetëve dhe detyrimeve të cilat audituesit i konsiderojnë të nevojshme në shqyrtimin e evidencave që mbështesin shumat dhe informacionet e dhëna në pasqyrat financiare. ▪ Audituesi është përgjegjës për formimin dhe shprehjen e një opinionimi mbi pasqyrat financiare që janë përgatitur nga menaxhimi i kompanisë. Për të arritur këtë, ne kemi planifikuar dhe kryer auditimin për të siguruar një siguri të arsyeshme se pasqyrat financiare janë të lira nga gabimet materiale. ▪ Ne kemi marrë një kuptim të sistemeve të kontabilitetit dhe të kontrollit të brendshëm financiar në masën e nevojshme për të konsideruar përshtatshmërinë e tyre si bazë për përgatitjen e pasqyrave financiare, por jo për të shprehur një opinion mbi efektivitetin e kontrolleve të brendshme.

Përgjegjësitë e menaxhimit	<ul style="list-style-type: none"> ▪ Pasqyrat financiare <ul style="list-style-type: none"> • Drejtimi është përgjegjës për përgatitjen dhe paraqitjen e drejtë të pasqyrave financiare në përputhje me kuadrin e zbatueshëm të raportimit financiar. ▪ Kontrolli i brendshëm: <ul style="list-style-type: none"> • Kontrollat e brendshme që drejtimi i gjykon të nevojshme për të bërë të mundur përgatitjen e pasqyrave financiare. ▪ Asistimi grupit të auditimit: <ul style="list-style-type: none"> • Dhënia e informacioneve dhe aksesit për audituesit: • Qasja në të gjitha informacionet që menaxhimi është i vetëdijshëm se është i rëndësishëm për përgatitjen e pasqyrave financiare. • Informacione shtesë që audituesit mund të kërkojnë nga menaxhimi për qëllime të auditimit. • Akses i pakufizuar për personat brenda njësisë nga të cilët ne e përcaktojmë të nevojshme për të marrë evidencë auditimi.
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OBJEKTIVAT E AUDITIMIT

Për Menaxhimin dhe palët e interesuara	Opinion dhe raporte të pavarura që shtojnë besueshmërinë e informacionit financiar të paraqitur.
Për menaxhimin	Vëzhgime dhe këshilla për raportimin financiar, çështje të tatimeve dhe biznesit nga profesionistë të lartë që kanë një kuptim të thellë të biznesit tuaj dhe të industrisë. Ne gjithashtu ndajmë përvojën e praktikave më të mira të industrisë.

QASJA E AUDITIMIT

Shkurt Mars 2022	<p>Kryerja dhe finalizimi i punës pranë zyrave të klientit, kryerja e procedurave thelbësore.</p> <p>Procedurat finale të auditimit, konkluzionet dhe raportimi.</p>
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PASQYRA E POZICIONIT FINANCIAR

	Shënime	31 dhjetor 2021	31 dhjetor 2020
AKTIVET			
Aktive afatshkurtra			
Mjete monetare	1	56.240.725	114.450.199
Investime		-	-
Te drejta te arketueshme			
Nga aktiviteti i shfrytezimit	2	11.426.152	27.104.405
Nga njesite ekonomike ku ka interesa pjesmarrese		-	-
Te tjera		436.857	68.014
Kapital i nenshkruar i papaguar		-	-
Inventaret			
Lende e pare dhe materiale te konsumueshme	3	3.107.381	2.657.246
Prodhime ne proces dhe gjysemprodukte		-	-
Produkte te gatshme		-	-
Mallra		-	-
Shpenzime te shtyra			
Te arketueshme nga te ardhura te konstatuara		-	-
Totali i aktiveve afatshkurtra		71.211.116	144.279.864
Aktive afatgjate			
Aktive financiare			
Aktive materiale			
Toka dhe ndertesat		-	-
Makineri e Pajisje		-	-
Mjete Transporti	4	5.941.168	7.426.460
Pajisje Zyresh	4	7.031.192	1.946.065
Te tjera pajisje dhe Informatike	4	95.124.324	27.946.324
Aktivitet biologjike			
Aktive jo materiale			
Koncensione, patenta, licensa, makra tregtare, te drejta dhe aktive te najashme	4	7.355.406	9.246.847
Emri i mire		-	-
Parapagime per AAJM		-	-
Aktivitet tatimore te shtyra			
Totali i aktiveve afatgjate		115.452.089	46.565.696
Totali i Aktiveve		186.663.205	190.845.561
DETYRIMET DHE KAPITALI			
Detyrime afatshkurtra			
Titujt e huamarrjes		-	-
Detyrime ndaj institucioneve te kredise		-	-
Aktetime ne avanca per porosi		-	-
Te pagueshme per aktivitetin e shfrytezimit	5	1.169.444	20.939.124
Deftesa te pagueshme		-	-
Te pagueshme ndaj njesive ekonomike brenda grupit *		-	-
Te pagueshme ndaj njesive ekonomike ku ka interesa		-	-
Te pagueshme ndaj punonjeseve dhe sigurimeve	5	2.005.067	2.128.908
Te pagueshme per detyrime tatimore	5	2.964.373	1.246.474
Te tjera te pagueshme	5	67.169	60.195
Te pagueshme per shpenzime te konstatuara			
Te ardhura te shtyra		-	-
Provizione		-	-
Totali i detyrimeve afatshkurtra		6.206.053	24.374.701
Detyrime afatgjate			
Te pagueshme per shpenzime te konstatuara		-	-
Te ardhura te shtyra AGJ		-	-
Provizione		-	-
Provizione per pensione		-	-
Provizione te tjera		-	-
Detyrime tatimore te shtyra			
Totali i detyrimeve afatgjate			
Detyrime Totale		6.206.053	24.374.701
Fondet Të Akumuar - ERE		166.470.859	106.054.620
Rritje/Rënie fondesh gjatë vitit	11	13.986.292	60.416.239
Shuma		180.457.152	166.470.859
Totali i Detyrimeve dhe i Fondeve		186.663.205	190.845.560

PASQYRA E TË ARDHURAVE DHE SHPENZIMEVE

		31 dhjetor 2021	31 dhjetor 2020
Te ardhura te shfrytezimit			
Te ardhurat nga Faturimi I Operatoreve	6	207.671.534	213.502.681
Te ardhurat nga Licensimi	6	10.796.150	2.857.000
Te tjera te ardhura nga organizma mbulim shpenzimesh		-	-
Te ardhura te tjera te shfrytezimit			
Lenda e pare dhe materiale te konsumueshme			
Lenda e pare dhe materiale te konsumueshme		-	-
Te tjera shpenzime		-	-
Shpenzime te personelit			
Paga dhe shperblime	7	(149.503.066)	(122.775.775)
Shpenzime te sigurimeve shoqerore/shendetsore	7	(16.129.562)	(13.390.205)
Shpenzimet per pensionet		-	-
Zhvleresimi i aktiveve afatgjata materiale			
Shpenzime konsumi dhe amortizimi	8	(14.389.798)	(6.512.211)
Shpenzime te tjera shfrytezimi	9	(24.411.287)	(14.060.326)
Te ardhura te tjera			
Te ardhura nga njesite ekonomike brenda grupit*		-	-
Te ardhura nga njesite ekonomike ku ka interesa pjesmarrese		-	-
Te ardhura nga investimet dhe huate e tjera ne njesi ekonomike		-	-
Te ardhura nga investimet dhe huate e tjera ne njesi ekonomike ku		-	-
Interesa te arketueshem dhe te ardhura te tjera te ngjashme nga		-	-
Interesa te arketueshem dhe te ardhura te tjera te ngjashme nga		-	-
Zhvleresim i aktiveve financiare dhe investimeve financiare			
Shpenzime financiare			
Shpenzime interesi dhe shpenzime te ngjashme		(84.594)	(73.342)
Shpenzime interesi dhe shpenzime te ngjashme per tu paguar tek		-	-
Shpenzime te tjera financiare	10	36.916	868.418
Pjesa e fitimit/(humbjes) financiare nga pjesmarriet			
		-	-
Fitimi/(humbja) para tatimit	11	13.986.292	60.416.239
Tatimi mbi fitimin			
Tatimi mbi fitimin e periudhes		-	-
Tatim fitimi i shtyre			
Pjesa e tatim fitimit te pjesemarrjeve		-	-
Rritje/(Rënie) Neto e Fondeve		13.986.292	60.416.239

Entit Rregullator të Energjisë (ERE)
Letra e manaxhimit për periudhën
Janar-Dhjetor 2021

Të nderuar zotërinj,

Grupi ynë i auditimit ka ekzaminuar kontrollin e brendshëm dhe pasqyrat financiare të Entit Rregullator të Energjisë. Sistemet e kontabilitetit dhe ato të kontrollit janë verifikuar deri në masën e nevojshme që lejon përcaktimi i procedurave të auditimit për raportim në pasqyrat financiare.

Gjatë auditimit kemi evidentuar disa problematika për të cilat kemi bashkëngjitur rekomandimet tona, në mënyrë për të ndihmuar në përmirësimin e proçeseve dhe për të arritur efikasësi operationale.

Komentet dhe rekomandimet e bashkëngjitura kanë si qëllim të vetëm informimin dhe përdorimin e drejtuesve të insitucionit dhe palëve të interesuara.

Faleminderit juve dhe stafit tuaj për bashkëpunimin dhe ndihmën e vazhdueshme gjatë proçesit të auditimit.


Auditues Ligjor


Bujar Bendo

RSM Albania sh.p.k.
License: Nr. 79; 12.04.2006
Adresa: Rruga Sami Frasheri, Ndërtesa
19, Hyrja 8, Kat. 5, Ap. 14, Tiranë
e-mail: bujar.bendo@rsm.al



Auditues Ligjor


Kondor Çeka

License: Nr. 480; 16.09.2021
Adresa: Nj.8, nr.2, Rruga
Gurakuqi, P.18, Hyrja 4, Ap.21, Tirane
e-mail: dori.ceka@viar.al



Tiranë, më 24.03.2021

Aneks I. Letra e menaxhimit

Gjetje	Rekomandime	Komentet e drejtit
<p>Përgatitja e Pasqyrave Financiare</p> <p>Pasqyrat financiare të datës 31 dhjetor 2021 janë përgatitur në një platformë excel të cilat në gjykim e audituesit ligjor mund të mbartin pasiguri mbi interpretimin kronologjik dhe logjik për të kuptuar skemat kontabile të aktivitetit. Për rrjedhojë, përgatitja në formate excel mbart një pasiguri materiale që mund të supozojnë dyshime për gabime njerzore.</p> <p>Audituesit Ligjor konstatojnë se ERE nuk ka një metodologji të miratuar për mënyrën e trajtimit të llogarive të arkëtueshme të cilat arkoohen me vonë ose nuk arrijnë të arkëtohen. Më dhjetor 2021 shuma e debitoreve të parkëtuara mbi 360 ditë është 5,653 mijë lekë.</p>	<p>Entiteti duhet të sigurojë menjëherë softëraare kontabilitetit për gjenerimin e pasqyrave financiare të vitit ushtrimore.</p> <p>Në fund të çdo periudhe raportimi, Entiteti në bazë të një metodologjie duhet të vlerësojë nëse ka një evidencë objektive të zhvlerësimit të ndonjë aktivi financiar që matet me kosto ose me kosto të amortizuara dhe nëse ekziston një evidencë objektive të zhvlerësimit, Entiteti duhet të njohë menjëherë një humbje nga zhvlerësimi në fitim ose humbje.</p>	<p>Marrim në konsideratë rekomandimin e audituesve.</p> <p>Marrim në konsideratë rekomandimin e audituesve.</p>
<p>Struktura e Teknologjise e Informacionit (IT)</p> <p>Entiteti nuk ka në strukturë staf eficient për mbulimin e sistemit të IT.</p>	<p>Entiteti duhet të investojë për funksionimin e një strukturë të IT-e efektive për aktivitetin e tij në mënyrë eficiente.</p>	<p>Marrim në konsideratë rekomandimin e audituesve.</p>

Aneks I. Letra e menaxhimit

Shtojcë

Kërkesat e Ligjit nr. 43/2015, Nenin 11 pika 7

Audituesit kanë konstatuar se ERE ka përcaktuar paqën dhe strukturën në përputhje me keto kërkesa. Me anë të vendimit nr. 46, nr. 47 dhe nr. 61 të vitit 2016 janë miratuar Rregullorja për trajtimet financiare bazë të punonjësve të ERE, trajtimi financiar bazë me karakter të përkohshëm si edhe përcaktimi i nivelit të trajtimit financiar bazë për kushtet e tregut të punës...

Përgjegjësia e Drejtimit për Objektivat dhe Kufizimet e Sistemit të Kontrollit të Brendshëm

Komentet e mëposhteme u referohen përgjegjësive së Drejtimit për sistemin e brendshëm të kontrollave, ku objektivat dhe kufizimet e qenësishme në sistemin e kontrollit të brendshëm janë marrë nga Standardet Nderkombetare të Auditimit të Federatës Ndërkombëtare të Kontabilistëve.

Përgjegjësia e Drejtimit

Drejtimi është përgjegjës për vendosjen dhe mirëmbajtjen e sistemit të kontrollave të brendshme. Në përmbushjen e kësaj përgjegjësie, Drejtimi duhet të vlerësojë përfitimet dhe kostot e pritura përkatëse të politikave dhe procedurave për kontrollin e brendshëm.

Objektivat

Objektivat e sistemit të kontrollit të brendshëm janë që të japin siguri drejtimi, sa më shumë të jetë e mundur, që asetet të jenë të mbrojtura nga perdorimi i paautorizuar ose keqpërdorimi, dhe se transakcionet janë ekzekutuar në përputhje me politikat e drejtimit dhe të regjistruhen saktë, në mënyrë që të mundësohet përgatitja në kohë e informacionit të besueshëm financiar në përputhje me parimet e zbatueshme të kontabilitetit.

Kufizimet

Për shkak të kufizimeve të qenësishme në çdo sistem të kontrollit të brendshëm, gabimet apo parregullsitë, mund të ndodhin dhe të mbeten të pazbuluara. Gjithashtu, parashikimi i çdo vlerësimi të sistemit të kontrollit të brendshëm për periudhat e ardhshme është subjekt i rrezikut që politikat dhe procedurat mund të bëhen të papërshtatshme për shkak të ndryshimeve të kushteve ose efektiviteti i hartimit dhe i zbatimit të politikave dhe procedurave mund të përkeqësohet.

PASQYRAT FINANCIARE PËR VITIN E MBYLLUR MË 31 DHJETOR 2021
ENTI RREGULLATOR I ENERGISË (ERE)

NIPT: K517170241
Adresa: Blv. "Bajram Curri",
Rruga "Viktor Eftimiu" 1023
e-mail: erealb@ere.gov.al
Tiranë, Shqipëri

Tiranë, më 15/03/2022

Enti Rregullator i Energjisë -ERE
 Shënime për pasqyrat financiare për vitin e mbyllur 31 Dhjetor 2020
 (Të gjitha shumat janë në LEK, nëse nuk shprehet ndryshe).

Përmbajtja

Pasqyra e pozicionit financiar.....	1
Pasqyra Performancës (Burimet dhe Përdorimet).....	2
Pasqyra e ndryshimit të Fondeve.....	3
Pasqyra e flukseve monetare.....	4
Shënime shpjeguese të pasqyrave financiare.....	5
A. Informacion i përgjithshëm.....	5
B. Parimet bazë për përgatitjen e pasqyrave financiare.....	5
C. Politikat kontabile.....	6
1. Transaksionet në monedhë të huaj.....	6
2. Instrumentat financiarë.....	6
3. Inventarët.....	8
4. Aktivët Afagjate Materiale (AAM-t).....	8
5. Qiratë.....	9
6. Transaksionet me palët e lidhura.....	9
7. Grantet qeveritare.....	9
8. Të Ardhurat dhe shpenzimet.....	9
9. Përfitimet e punonjësve.....	10
10. Angazhimet dhe detyrime të kushtëzuara.....	10
11. Korrigjimi i gabimeve.....	10
12. Ngjarje pas mbylljes së pasqyrave financiare.....	10
D. Shënime për Pozicionet Financiare.....	10
1. Mjetet monetare.....	10
2. Të arkëtueshme.....	11
3. Inventarët.....	11
4. Aktivët Afagjate Materiale (AAM) dhe Jo Materiale (AAJM).....	11
5. Të pagueshme për aktivitetin e shfrytëzimit.....	12
6. Të ardhurat nga aktiviteti.....	12
7. Shpenzimet për personelin.....	13
8. Shpenzimet për amortizimin dhe zhvlerësimi.....	13
9. Shpenzime të tjera shfrytëzimi.....	13
10. Shpenzime financiare.....	13
11. Rritje/(Rënie) Neto e Fondeve.....	13
12. Teprica e Fondeve më 31.12.2021.....	14
13. Palet e lidhura.....	14
14. Angazhime dhe detyrime të kushtëzuara.....	14
15. Kontrollat tatimore.....	14
16. Ngjarje pas datës së bilancit.....	14

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Enti Rregullator i Energjisë -ERE
Shënime për pasqyrat financiare për vitin e mbyllur 31 Dhjetor 2020
(Të gjitha shumot janë në LEK, nëse nuk shprehet ndryshe).

Pasqyra e pozicionit financiar

	Shënime	31 dhjetor 2021	31 dhjetor 2020
AKTIVET			
Aktive afatshkurtra			
Mjete monetare	1	56.240.725	114.450.199
Investime		-	-
Te drejta te arketueshme			
Nga aktiviteti i shfrytëzimit	2	11.426.152	27.104.405
Nga njesite ekonomike ku ka intereso pjesmarrese		-	-
Te tjera		436.857	68.014
Kapital i nenshkruar i papaguar		-	-
Inventoret			
Lende e pare dhe materiale te konsumueshme	3	3.107.381	2.657.246
Prodhime ne proces dhe gjysemprodukte		-	-
Produkte te gatshme		-	-
Mallra		-	-
Shpenzime te shtyra			
Te arketueshme nga te ardhura te konstatuara		-	-
Totali i aktiveve afatshkurtra		71.211.116	144.279.864
Aktive afatgjate			
Aktive financiare			
Aktive materiale			
Taka dhe ndertesa		-	-
Makineri e Pajise		-	-
Mjete Transporti	4	5.941.168	7.426.460
Pajise Zyresh	4	7.031.192	1.946.065
Te tjera pajise dhe Informatike	4	95.124.324	27.946.324
Aktivitet biologjike			
Aktive jo materiale			
Koncensionje, patenta, licensa, makra tregtare, te drejta dhe aktive te naishme	4	7.355.406	9.246.847
Enri i mire		-	-
Parapagime per AAJM		-	-
Aktivitet talmor te shtyra			
Totali i aktiveve afatgjate		115.452.089	46.565.696
Totali i Aktiveve		186.663.205	190.845.561
DETYRIMET DHE KAPITALI			
Detyrime afatshkurtra			
Titujt e huamarrjes		-	-
Detyrime ndaj institucioneve te kredise		-	-
Akretime ne avance per porosi		-	-
Te pagueshme per aktivitetin e shfrytëzimit	5	1.169.444	20.939.124
Deftesa te pagueshme		-	-
Te pagueshme ndaj njesive ekonomike brenda grupit *		-	-
Te pagueshme ndaj njesive ekonomike ku ka intereso		-	-
Te pagueshme ndaj punonjësve dhe sigurimeve	5	2.005.067	2.128.908
Te pagueshme per detyrime talmor	5	2.964.373	1.246.474
Te tjera te pagueshme	5	67.169	60.195
Te pagueshme per shpenzime te konstatuara		-	-
Te ardhura te shtyra		-	-
Provizione		-	-
Totali i detyrimeve afatshkurtra		6.206.053	24.374.701
Detyrime afatgjate			
Te pagueshme per shpenzime te konstatuara		-	-
Te ardhura te shtyra AGJ		-	-
Provizione		-	-
Provizione per pensione		-	-
Provizione te tjera		-	-
Detyrime talmor te shtyra			
Totali i detyrimeve afatgjate		-	-
Detyrime Totale		6.206.053	24.374.701
Fondet Të Akumuluar - ERE		166.470.859	106.054.620
Rritje/Rënie fondesh gjatë vitit	11	13.986.292	60.416.239
Shuma		180.457.152	166.470.859
Totali i Detyrimeve dhe i Fondeve		186.663.205	190.845.560

Hartuesi i Pasqyrave Financiare
Aferdita Bushi



Kryetar
Petrit Ahmeti



1

Eni Rregullator i Energjisë -ERE
Shënime për pasqyrat financiare për vitin e mbyllur 31 Dhjetor 2020
(Të gjitha shumat janë në LEK, nëse nuk shprehet ndryshe).

Pasqyra Performancës (Burimet dhe Përdorimet)

	31 dhjetor 2021	31 dhjetor 2020
Te ardhura te shfrytezimit		
Te ardhurat nga Faturimi i Operatoreve	6 207.671.534	213.502.681
Te ardhurat nga Licensimi	6 10.796.150	2.857.000
Te tjera te ardhura nga organizma mbulim shpenzimesh	-	-
Te ardhura te tjera te shfrytezimit	-	-
Lenda e pare dhe materiale te konsumueshme		
Lenda e pare dhe materiale te konsumueshme	-	-
Te tjera shpenzime	-	-
Shpenzime te personelit		
Paga dhe shperblime	7 (149.503.066)	(122.775.775)
Shpenzime te sigurimeve shoqerore/shendetore	7 (16.129.562)	(13.390.205)
Shpenzimet per pensionet	-	-
Zhvleresimi i aktiveve afatgjata materiale		
Shpenzime konsumi dhe amortizimi	8 (14.389.798)	(6.512.211)
Shpenzime te tjera shfrytezimi	9 (24.411.287)	(14.060.326)
Te ardhura te tjera		
Te ardhura nga njesite ekonomike brenda grupit*	-	-
Te ardhura nga njesite ekonomike ku ka interesa pjesmarrese	-	-
Te ardhura nga investimet dhe huate e tjera ne njesi ekonomike	-	-
Te ardhura nga investimet dhe huate e tjera ne njesi ekonomike ku	-	-
Interesa te arketueshem dhe te ardhura te tjera te ngjashme nga	-	-
Interesa te arketueshem dhe te ardhura te tjera te ngjashme nga	-	-
Zhvleresim i aktiveve financiare dhe investimeve financiare		
Shpenzime financiare		
Shpenzime interesi dhe shpenzime te ngjashme	(84.594)	(73.342)
Shpenzime interesi dhe shpenzime te ngjashme per tu paguar tek	-	-
Shpenzime te tjera financiare	10 36.916	868.418
Pjesa e fitimit/(humbjes) financiare nga pjesmarrjet		
Fitimi/(humbja) para tatimit	11 13.986.292	60.416.239
Tatimi mbi fitimin	-	-
Tatimi mbi fitimin e periudhes	-	-
Tatim fitimi i shtyre		
Pjesa e tatim fitimit te pjesemarrjeve	-	-
Rritje/(Rënie) Neto e Fondeve	13.986.292	60.416.239

Hartuesi i Pasqyrave Financiare
Aferdita Bushi



Kryetar
Petrit Ahmeti



Entit Rregulluar i Energjisë - ERE
Shënime për pasqyrat financiare për vitin e mbylltur 31 Dhjetor 2020
(Të gjitha shtimat janë në LEK, nëse nuk tregohet ndryshe).

Pasqyra e ndryshimit të Fodeve

	Fondet Të Akumuar - ERE	Rritje/Rënie fondesh gjatë vitit	Totali
Pozicioni financiar ne fillim 01.01.2020	88.957.416	17.097.204	106.054.620
Efekti i ndryshimeve ne politikat kontabile			-
Pozicioni financiar i rideklaruar ne fillim	88.957.416	17.097.204	106.054.620
Rezultati viti paraardhes	17.097.204	(17.097.204)	-
Rritje/Rënie fondesh gjatë vitit		60.416.239	60.416.239
Pozicioni financiar ne fund 31.12.2020	106.054.620	60.416.239	166.470.859
Rezultati viti paraardhes	60.416.239	(60.416.239)	-
Rritje/Rënie fondesh gjatë vitit		13.986.292	13.986.292
Pozicioni financiar ne fund 31.12.2021	166.470.859	13.986.292	180.457.152

Hartuesi i Pasqyrave Financiare

Aferdita Bushi

Kryetar

Petrit Ahmeti



Enti Rregullator i Energjisë -ERE
Shënime për pasqyrat financiare për vitin e mbyllur 31 Dhjetor 2020
(Të gjitha shumat janë në LEK, nëse nuk shprehet ndryshe).

Pasqyra e flukseve monetare

	31 dhjetor 2021	31 dhjetor 2020
Fluksi mjeteve monetare nga/perdorur ne aktivitetin e shfrytezimit:		
Fitimi/(Humbja) e perlydhes	13.986.292	60.416.239
Rregullime per shpenzimet jo-monetare:		
Shpenzime konsumi dhe amortizimi	14.389.798	6.512.211
Zhvleresimi i aktiveve afatgjata materiale		
Zhvleresimi i te drejtave te arketueshme		
Ulje ne vleren neto te realizueshme per inventaret		
Ndryshim ne aktivet dhe detyrimet e shfrytezimit		
Renie/(Rritje) ne te drejtat e arketueshme dhe te tjera	15.309.410	47.522.188
Renie/(Rritje) ne inventar	450.135	353.348
Rritje/(Renie) ne detyrime te pagueshme	18.168.648	10.581.197
Rritje/(Renie) ne detyrime per punonjesit		
Mjete monetare neto nga/ perdorur ne aktivitetin e shfrytezimit	25.066.717	125.385.183
Fluksi i mjeteve monetare nga/ perdorur ne aktivitetin e investimit		
Pagesa per blerjen e aktiveve afatgjata materiale	83.276.191	21.479.123
Arketime nga shitja e aktiveve afatgjata materiale		
Mjete monetare neto nga/perdorur ne aktivitetin e investimit	83.276.191	21.479.123
Mjete monetare neto nga/perdorur ne aktivitetin e financimit		
Rritje/(renie) neto ne mjetet monetare dhe ekuivalente me to	58.209.473	103.906.060
Mjete monetare dhe ekuivalente me to ne fillim	114.450.199	10.544.139
Efekt i luhatjeve te kurseve te kembimit te mjeteve monetare		
Mjete monetare dhe ekuivalente me to ne fund	56.240.726	114.450.199

Hartuesi i Pasqyrave Financiare
Aferdita Bushi



Kryetar
Petrit Ahmeti



Entit Rregullator i Energjisë -ERE
Shënime për pasqyrat financiare për vitin e mbyllur 31 Dhjetor 2020
(Të gjitha shumat janë në LEK, nëse nuk shprehet ndryshe).

Shënime shpjeguese të pasqyrave financiare

A. Informacion i përgjithshëm

ERE është person juridik publik, i pavarur nga interesat e industrisë së energjisë dhe nga organet shtetërore. ERE është krijuar në vitin 1995 dhe aktualisht funksionon në bazë të ligjit nr. 43/2015, datë 30.04.2015 "Për sektorin e energjisë elektrike" dhe ligjit nr.102/2015 "Për sektorin e gazit natyror".

Misioni i Entit Rregullator të Sektorit të Energjisë është:

- Garantimi i furnizimit të qëndrueshëm dhe të sigurt me energji elektrike të klientëve, nëpërmjet krijimit të një tregu funksional dhe konkurrues të energjisë elektrike, duke marrë në konsideratë interesat e klientëve, sigurinë e cilësinë e shërbimit të furnizimit me energji elektrike dhe kërkesat për mbrojtjen e mjedisit.
- Rregullimi i marrëdhënieve në veprimtaritë e prodhimit, transmetimit, shpërndarjes dhe furnizimit me energji elektrike, i cili vendos rregullat lidhur me:
 - a) hapjen, organizimin dhe funksionimin e një tregu konkurrues të energjisë elektrike;
 - b) pjesëmarrjen në tregun e energjisë elektrike;
 - c) dhënien e autorizimeve dhe licencave në sektorin e energjisë elektrike;
 - ç) rregullimin e veprimtarive në sektorin e energjisë elektrike, mbrojtjen e klientëve, sigurinë e furnizimit dhe krijimin e strukturave konkurruese të tregut të energjisë elektrike;
 - d) integrimin e tregut shqiptar në tregun rajonal dhe atë evropian të energjisë elektrike..

Kryetar i Entit Rregullator të Energjisë është Z. Petrit Ahmeti

Kohëzgjatja e periudhës raportuese është 12 muaj: 01.01.2021-31.12.2021.

B. Parimet bazë për përgatitjen e pasqyrave financiare

Bazat e përgatitjes së pasqyrave financiare

Pasqyrat financiare individuale janë përgatitur në përputhje me Standardet Kombëtare të Kontabilitetit (SKKP) dhe Ligjin Nr. 25/2018 datë 10 Maj 2018 "Për kontabilitetin dhe pasqyrat financiare".

Bazat e matjes

Këto pasqyra financiare individuale janë përgatitur bazuar në parimin e kostos historike.

Pasqyrat financiare të datës 31 Dhjetor 2021 janë përgatitur në një platformë excel.

Krahasueshmëria

Informacioni krahasues paraqitet në mënyrë të vazhdueshme, duke aplikuar politikat kontabël të dhe duke u bazuar në modelin e pasqyrave financiare sipas sistemit kontabël Shqiptar. Të dhënat krahasuese pasqyrojnë gjendjen e pozicionit financiar të shoqërisë në 31 Dhjetor 2020.

Qëndrueshmëria e Paraqitjes

Një njësi ekonomike ruan paraqitjen dhe klasifikimin e zërave në pasqyrat financiare nga njëra periudhë në tjetrën.

Biznesi në vijimësi

Pasqyrat financiare të përgatiten mbi supozimin e biznesit në vijimësi, i cili merr parasysh se Shoqëria do të vazhdojë egzistencën e aktivitetit të saj për një të ardhme të parashikuar gjatë.

Monedha funksionale dhe raportuese

Këto pasqyra financiare individuale janë paraqitur në Lek, e cila është monedha funksionale e .

Përdorimi i vlerësimeve dhe gjykimeve

Përgatitja e pasqyrave financiare në përputhje me SKKP-t kërkon që drejtimi të kryejë gjykime, çmuarje dhe supozime të cilat ndikojnë në zbatimin e politikave dhe shumave të raportuara të aktiveve dhe detyrimeve, të ardhurave dhe shpenzimeve. Rezultatet faktike mund të jenë të ndryshme nga këto vlerësime. Çmuarjet dhe supozimet rishikohen në mënyrë të vazhdueshme. Rishikimet e çmuarjeve kontabël njihen në periudhën në të cilën vlerësimi rishikohet dhe në periudhat e ardhshme nëse ato ndikohen.

Enti Rregullator i Energjisë -ERE
Shënime për pasqyrat financiare për vitin e mbyllur 31 Dhjetor 2020
(Të gjitha shumat janë në LEK, nëse nuk shprehet ndryshe).

- **Zhvlërësimi i llogarive të arkëtueshme**

Zhvlërësimi i llogarive të arkëtueshme bazohet në humbjet e vlerësuar të cilat rezultojnë nga pamundësia e klientëve apo debitorëve për të paguar detyrimet e tyre. Këto vlerësime bazohen në vjetërsinë e llogarive të arkëtueshme dhe eksperiencën e mëparshme në çregjistrimin, vlerësimin e aftësisë paguese të klientëve apo debitorëve, si dhe ndryshimet e fundit dhe të pritshme të termave të pagesës së tyre. Menaxhimi vlerëson në fund të çdo periudhe kontabël nëse ka nevojë për zhvlërësimin e llogarive të arkëtueshme.

- **Provizionet**

Provizionet në përgjithësi kërkojnë një nivel të lartë gjykimi, veçanërisht në rastet e konflikteve gjyqësore. Shoqëria vlerëson mundësinë e krijimit të një detyrimi aktual si rrjedhojë e një ngjarje të shkuar, në rast se mundësia e ndodhjes vlerësohet të jetë më shumë se 50%, në të tilla raste shoqëria provizionon vlerën e detyrimit e cila mund të matet me besueshmëri. Për shkak të nivelit të lartë të pasigurisë, në disa raste mund të ndodhë që vlerësimi mund të mos jetë në të njëjtën linjë me rezultatit e çështjes. Menaxhimi vlerëson në fund të çdo periudhe kontabël në rast se ka nevojë për krijimin e provizioneve.

C. Politikat kontabile

Shoqëria ka aplikuar politikat e mëposhtme kontabël për periudhat e paraqitura në këto pasqyra financiare individuale.

1. Transaksionet në monedhë të huaj

Transaksionet në monedhë të huaj janë konvertuar në monedhën funksionale me kursin e këmbimit të datës në të cilin është kryer transaksioni. Aktivet dhe pasivet monetare në monedhë të huaj në datën e mbylljes së bilancit janë rivlerësuar në monedhën funksionale sipas kursit të shpallur nga Banka e Shqipërisë në datën e mbylljes së periudhës ushtrimore. Diferencat që rrjedhin si rezultat i rikonvertimit njihen në pasqyrën e të ardhurave dhe shpenzimeve.

Kurset zyrtare të këmbimit për monedhat kryesore të përdorura në konvertimin e gjendjeve të bilancit emërtuar në monedhe të huaj në datën e hartimit të bilancit janë si më poshtë (në LEK):

	31.12.2021	31.12.2020
Kurset e këmbimit		
Euro/Lekë	120.76	123.7
USD/ Lekë	106.54	100.84

2. Instrumentat financiarë

Instrument financiar është çdo kontratë që krijon një aktiv financiar për një njësi ekonomike, si dhe një detyrim financiar ose instrument kapitali për një njësi ekonomike tjetër. Instrumentat financiarë të shoqërisë përbëhen nga: mjetei monetare; depozita pa afat dhe depozita me afat fiks ku njësi ekonomike është depozituesi [psh llogaritë bankare]; letra tregtare dhe kambiale tregtare; llogari, dëftesa dhe hua të arkëtueshme dhe të pagueshme; obligacione dhe instrumenta të ngjashme borxhi; zotim për të marrë një hua nëse zotimi nuk mund të paguhet në mjete monetare mjetet monetare.

Aktivët financiarë çregjistrohen kur skadojnë të drejtat kontraktuale të mbi flukset e parasë së aktivit financiar ose kur shoqëria transferon të drejtën kontraktuale për të marrë flukset e parasë nga aktivit financiar në një transaksion në të cilin të gjitha rreziqet dhe përfitimet nga pronësia e aktivit financiar transferohen. Blerjet dhe shitjet normale të aktiveve financiare kontabilizohen në datën e transaksionit, e cila është data në të cilën shoqëria angazhohet të blejë apo të shesë aktivin. Detyrimet financiare çregjistrohen nëse detyrimet kontraktuale të skadojnë, shfuqizohen ose anulohen.

Njohja fillestare

Një instrument financiar njihet nëse shoqëria bëhet palë e kushteve kontraktuale të instrumentit në fjalë. Blerjet dhe shitjet normale të instrumentave financiar kontabilizohen në datën e transaksionit, që është data në të cilën shoqëria angazhohet të blejë apo të shesë

Enti Rregullator i Energjisë -ERE
Shënime për pasqyrat financiare për vitin e mbyllur 31 Dhjetor 2020
(Të gjitha shumat janë në LEK, nëse nuk shprehet ndryshe).

Instrumentin financiar. Instrumentat financiarë njihen fillimisht me vlerën e drejtë plus çdo kosto transaksioni që lidhet me to, përveç rasteve nëse përcaktohet ndryshe, për instrumentat e mbajtur me vlerë të drejtë nëpërmjet fitim/humbje, koston e transaksionit kalojnë në shpenzime dhe të ardhura.

Vlerësimi i mëpasshëm

Në vijim të njohjes fillestare instrumentat financiarë maten siç përshkruhet më poshtë.

Mjetet monetare dhe ekuivalentet me to

Mjetet monetare dhe ekuivalentet me to përfshijnë arkën, llogaritë rrjedhëse në monedhë vendase dhe të huaj dhe paraqiten me kosto.

Llogaritë e arkëtueshme, tregtare dhe të tjera

Llogaritë e arkëtueshme financiare, tregtare dhe të tjera njihen fillimisht me vlerën e drejtë plus koston të lidhura direkt me transaksionin. Pas njohjes fillestare llogaritë e arkëtueshme tregtare dhe të tjera maten me koston e amortizuar pakësuar me humbjet nga zhvlerësimi. Provizionet për zhvlerësimin e llogarive të arkëtueshme njihen kur shumat konsiderohen të pamblidhshme. Shuma e provizionit llogaritet si diferencë midis vlerës së mbetur dhe vlerës aktuale të flukseve të ardhshme të parashikuara të parasë të skontuar me normën efektive të interesit.

Llogaritë e pagueshme

Llogaritë e pagueshme njihen fillimisht me vlerën e drejtë dhe më pas me kosto të amortizuar, duke përdorur metodën e interesit efektiv. Shoqëria e çregjistron një detyrim financiar kur detyrimet e saj kontraktuale shlyhen, anulohen apo përfundojnë.

Hua të marra dhe të dhëna

Huatë e marra dhe të dhëna njihen fillimisht dhe mbahen në vazhdim me vlerën e tregut, pa përfshirë koston e transaksioneve. Pas njohjes fillestare, huatë e marra dhe të dhëna paraqiten me kosto të amortizuar duke njohur në pasqyrën e të ardhurave dhe shpenzimeve çdo diferencë midis koston dhe vlerës së pagueshme nominale përgjatë periudhës së huamarrjes duke u bazuar (si rregull) në interesin efektiv. Shoqëria përgjithësisht huatë e marra dhe të dhëna i ka me palët e lidhura për të financuar fazën paraprake të zhvillimit të projekteve energjetike. Për këto aktive apo detyrime nuk është aplikuar interes.

Vlera e drejtë

Vlerat e drejta të përlllogaritura të mjeteve monetare dhe ekuivalentëve të tyre, të kërkesave për t'u arkëtuar, detyrimeve për t'u paguar dhe huave, përafrohen me vlerat e tyre kontabël, Shoqëria nuk ka aplikuar vlerë të drejtë.

Netimi i instrumentave financiare

Aktivitet dhe pasivet financiare netohen dhe shuma neto e tyre raportohet në bilanc nëse, dhe vetëm nëse ka një të drejtë të detyrueshme ligjore për të netuar shumën e njohur dhe ekziston mundësia për të shlyer në shumën neto, apo për të realizuar aktivin dhe shlyer pasivet njëkohësisht.

Zhvlerësime të aktiveve financiare

Një aktiv financiar konsiderohet i zhvlerësuar nëse ka të dhëna objektive që tregojnë se një apo disa ngjarje kanë efekte negative në flukset e ardhshme që parashikohet të burojnë nga aktivin. Një zhvlerësim në lidhje me aktivin financiar, të matur me kosto të amortizuar, llogaritet si diferencë midis vlerës së mbetur dhe vlerës aktuale të flukseve të ardhshme të parashikuara të parasë të skontuara me normën efektive të interesit. Aktivitet financiare të rëndësishme testohen për zhvlerësim në mënyrë individuale. Aktivitet e tjera financiare vlerësohen në mënyrë të grupuar, në grupe që kanë karakteristika të ngjashme të riskut kreditor.

Të gjitha humbjet nga zhvlerësimi njihen në pasqyrën e të ardhurave dhe shpenzimeve.

7

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Enti Rregullator i Energjisë -ERE
Shënime për pasqyrat financiare për vitin e mbyllur 31 Dhjetor 2020
(Të gjitha shumat janë në LEK, nëse nuk shprehet ndryshe).

Një humbje nga zhvlerësimi rimerret nëse rimarrja mund të lidhet objektivisht me një ngjarje të ndodhur pas njohjes së humbjes nga zhvlerësimi. Për aktivet financiare të matura me kosto të amortizuara, rimarrja njihet në pasqyrën e të ardhurave dhe shpenzimeve.

Zhvlerësime të aktiveve jo - financiare

Vlera e mbetur e aktiveve jo- financiare të , rishikohet në çdo datë raportimi për të përcaktuar nëse ka ndonjë tregues për zhvlerësim. Nëse ekziston ndonjë tregues i tillë atëherë vlerësohet vlera e rikuperueshme e aktivitetit. Një humbje nga zhvlerësimi njihet nëse vlera e mbetur e një aktivi tejkalon vlerën e rikuperueshme të tij. Humbjet nga zhvlerësimi njihen në pasqyrën e të ardhurave dhe shpenzimeve.

Ç`regjistrimi instrumentave financiare

Aktivitetet financiare se bashku me fondin rezerve të zhvlerësimit ç`regjistrohen kur skadojnë të drejtat kontraktuale të mbi flukset e parasë së aktivitetit financiar ose kur shoqëria transferon aktivin financiar tek një palë e tretë pa mbajtur kontrollin ose gjithë risqet dhe përfitimet thelbësore të aktivitetit. Detyrimet financiare çregjistrohen nëse detyrimet kontraktuale të shoqërisë perfundojnë, skadojnë, shfuqizohen ose anulohen.

3. Inventaret

Inventaret regjistrohen në konatibilitet me kosto e marrjes përfshin të gjitha shpenzimet e kryera për sjelljen e inventarit në vendin e përcaktuar. Për përcaktimin e koston të inventareve është zgjedhur metoda e koston mesatare.

4. Aktivitetet Afatgjate Materiale (AAM-t)

Njohja dhe Matja: Vlerësimi fillestar i një elementi të AAM-ve që plotëson kriteret për njohje si aktiv në pasqyrat financiare është vlerësuar me koston e marrjes ose të prodhimit të tyre. Kosto e marrjes përfshin të gjitha shpenzimet e kryera për sjelljen e aktiveve në vendin dhe kushtet ekzistuese (SKK 5).

Njohja Mepashme: AAM-të paraqitet me kosto minus amortizimin e akumuluar dhe ndonjë humbje të akumuluar nga zhvlerësimi (SKK 5).

Nëse një pjesë e një elementi të AAM-së zëvendësohet, kostoja e pjesës së re i shtohet koston së elementit, nëse ajo përmbush kriteret e përkufizimit të AAM-së dhe kriteret e njohjes së aktiveve në bilanc. Pjesa e zëvendësuar do të hiqet nga bilanci edhe nëse ajo nuk është kontabilizuar si pjesë më vete. Nëse kostoja fillestare (rrjedhimisht, edhe vlera kontabël aktuale) e pjesës së zëvendësuar nuk dihet ajo mund të vlerësohet në bazë të koston aktuale të kësaj pjesë minus amortizimin e vlerësuar.

Amortizimi: Për llogaritjen e amortizimit të AAM-ve njësi jone ekonomike ka përcaktuar si metode të amortizimit të AAM-ve metodën e amortizimit mbi bazën e vleftës së mbetur ndësa normat e amortizimit janë përdorur normat menaxheriale si më poshtë:

<u>Llojet e Aktiveve Afatgjate</u>	<u>Normat e aplikuar</u>	<u>Metoda e aplikuar</u>
Materiale		
Makineri dhe pajisje	20%	Me vlerë të mbetur
Mjete transporti	20%	Me vlerë të mbetur
Mobilje dhe Orendi	20%	Me vlerë të mbetur
Të tjera	20%	Me vlerë të mbetur
Pajisje Informatike	25%	Me vlerë të mbetur
Ndërtesa	5%	Me vlerë të mbetur
Jo materiale		
Konçension, patenta, liçenca	15%	Lineare

Tokat dhe Investimet në proces nuk amortizohen.

Ç`regjistrimi: Një zë i aktiveve afatgjate materiale ç`regjistrohet kur ai nxirret jashtë përdorimit apo atëherë kur nuk priten më përfitime ekonomike të ardhshme nga përdorimi apo nxjerrja e tij jashtë përdorimit. Fitimet dhe humbjet në rastin e nxjerrjes jashtë përdorimit

Enti Rregullator i Energjisë -ERE
Shënime për pasqyrat financiare për vitin e mbyllur 31 Dhjetor 2020
(Të gjitha shumat janë në LEK, nëse nuk shprehet ndryshe).

të aktiveve afatgjata materiale percaktohen sipas shumës së tyre të mbetur dhe merren parasysh në nxjerrjen e rezultatit operativ të ushtrimit.

Zhvlerësimi (Rënia në vlerë): Shoqëria vlerëson në datën raportimi nëse ka premisa që një aktiv të zhvlerësohet.

Aktivet Afatgjata Jo-materiale (AAJM-t)

Aktivet afatgjata jomateriale përfshijnë liçensat, të drejtat për përdorim dhe emri i mire.

Njohja dhe Matja: Liçensat, të drejtat e përdorimit të cilat përftohen nga shoqëria paraqiten me kosto minus amortizimin e akumuluar dhe humbjet e akumuluar nga zhvlerësimi, nëse ka.

Shpenzimet Mëpasshme: Shpenzimet pasuese kapitalizohen vetëm në rastin kur shtojnë përfitimet e ardhshme ekonomike të trupëzuara në aktivin specifik me të cilat ato lidhen. Të gjitha shpenzimet njihen si fitim apo humbje në momentin kur kryhen.

Amortizimi: Amortizimi njihet në pasqyrën e të ardhurave dhe shpenzimeve duke përdorur metodën lineare mbi jetëgjatësinë e parashikuar (SKK 5) të aktiveve të trupëzuara që nga data që janë të disponueshme për përdorim.

Zhvlerësimi (Rënia në vlerë): Shoqëria e vlerëson në datën e raportimit nëse ka premisa që një aktiv të zhvlerësohet.

5. Qiratë

Qiratë klasifikohen si qira financiare ose qira operative që në fillimin e qirasë. Qiratë financiare njihen si aktive dhe detyrime financiare në shkallën me më të voglën midis vlerës së drejtë të aktivit dhe vlerës aktuale të pagesave minimale të qirasë në datën e marrjes. Kosto financiare paraqet diferencën midis detyrimit total të qirasë dhe vlerës së drejtë të aktivit. Kostot financiare regjistrohen në pasqyrën përmbledhëse të të ardhurave dhe shpenzimeve gjatë kohëzgjatjes së qirasë me norma interesi të aplikueshme mbi balancën e mbetur të detyrimeve. Shoqëria nuk ka qira financiare.

6. Transaksionet me palët e lidhura

Palë të lidhura janë ato, kur njëra prej paleve kontrollohet nga pala tjetër ose ka influencë të rëndësishme në vendimarrjen financiare ose të biznesit të palës tjetër.

7. Grantet qeveritare

Grantet qeveritare njihen fillimisht si të ardhura të shtyra kur ka një siguri të arsyeshme se grantet qeveritare do të merren dhe shoqëria do të jetë në përputhje me konditat që i janë bashkëngjitur grantit. Grantet që kompensojnë shpenzimet e ndodhura të , njihen në mënyrë sistematike në pasqyrën e të ardhurave dhe shpenzimeve në të njëjtën periudhë në të cilën kanë ndodhur shpenzimet. Grantet që kompensojnë koston e aktiveve të , njihen në mënyrë sistematike në pasqyrën e të ardhurave dhe shpenzimeve përgjatë jetës së dobishme të aktivit.

8. Të Ardhurat dhe shpenzimet

Të Ardhurat

Të ardhurat njihen në masën që është e mundur që përfitime ekonomike do të hyjnë në shoqëri dhe që të ardhurat mund të maten në mënyrë të besueshme, pavarësisht se kur bëhet pagesa. Të ardhurat maten me vlerë të drejtë të shërbimit të shitur pa TVSH. Dy burimet e të ardhurave janë pagesat e të liçensuarve për tarifën e licensës për ushtrimin e aktivitetit në tregun e energjisë dhe Tarifën vjetore për rregullatorin bazuar në vendimet e bordit të ERE-s.

Shpenzimet

Shoqëria njihet shpenzimet në pasqyrën e të ardhurave dhe shpenzimeve në proporcion me kryerjen e tyre në datën e raportimit. Shpenzimet paraqiten në pasqyrën e të ardhurave dhe shpenzimeve sipas natyrës së tyre, çka kërkon gjykim të konsiderueshem nga drejtimi i .

Të ardhura dhe shpenzime financiare

Të ardhurat financiare përfshijnë të ardhura interesi nga llogaritë me banka dhe fitime nga kursi i këmbimit që njihen në pasqyrën e të ardhurave dhe shpenzimeve. Të ardhurat nga interesi njihen kur maturohen duke përdorur metodën e interesit efektiv.

9

Enti Rregullator i Energjisë -ERE
Shënime për pasqyrat financiare për vitin e mbyllur 31 Dhjetor 2020
(Të gjitha shumat janë në LEK, nëse nuk shprehet ndryshe).

Shpenzimet financiare përfshijnë shpenzime interesi mbi huamarrjet dhe humbjet nga kursi i këmbimit. Kostot e huamarrjes njihen në pasqyrën e të ardhurave dhe shpenzimeve me metodën e interesit efektiv.

9. Përfitimet e punonjësve

Kontributet e detyrueshme për sigurimet shoqërore
Shoqëria paguan vetëm kontributet për sigurimet e detyrueshme shoqërore që sigurojnë pension për punonjësit. Qeveria shqiptare është përgjegjëse për caktimin e minimumit të kontributit për sigurimet shoqërore në Shqipëri sipas një plani pensioni bazuar në kontribute. Kontributet e në planin e pensionit janë pasqyruar në pasqyrën e të ardhurave dhe shpenzimeve kur ndodhin.

Leje vjetore e paguar

Shoqëria njih si detyrim vlerën e paskontuar të kostove të çmuara lidhur me lejen vjetore për të paguar në këmbim të shërbimit të punonjësit për periudhën e përfunduar.

10. Angazhimet dhe detyrime të kushtëzuara

Detyrimet e kushtëzuara nuk njihen në pasqyrat financiare. Ato paraqiten vetëm në shënime shpjeguese, për sa kohë që mundësia e një daljeje të burimeve që përfshijnë përfitimet ekonomike është e largët. Aktivitetet e kushtëzuara nuk njihen në pasqyrat financiare por paraqiten në shënime kur një hyrje e përfitimëve ekonomike është e mundur. Vlera e një humbje të kushtëzuar njihet si provizion nëse është e mundshme që ngjarjet e ardhshme të konfirmojnë që, një detyrim ka lindur në datën e raportimit financiar, dhe mund të bëhet një vlerësim i arsyeshëm i shumës së humbjes.

11. Korrigjimi i gabimeve

Gabimet mund të shfaqen në njohjen, matjen, prezantimin ose paraqitjen e zërave të pasqyrave financiare. Paraqitjet e gabuara materiale në pasqyrën e pozicionit financiar janë materiale nëse ato, individualisht ose të grupuara, mund të ndikojnë në vendimet ekonomike që përdoruesit marrin bazuar në pasqyrat financiare. Materialiteti varet nga madhësia dhe natyra e konstatimit të gabuar ose të gjyqimit të gabuar për shkak të rrethanave. Madhësia ose natyra e zërit financiar, ose një kombinim i të dyjave, mund të jetë faktor përcaktues.

12. Ngjarje pas mbylljes së pasqyrave financiare

Ngjarjet pas datës së bilancit që përmbajnë informacion shtesë të , në datën e bilancit kontabel (ngjarjet rregulluese) janë reflektuar në pasqyrat financiare. Ngjarjet pas bilancit që nuk janë ngjarje rregulluese paraqiten të shpalosura në shënime shpjeguese të pasqyrave financiare kur janë materiale.

D. Shënime për Pozicionet Financiare

1. Mjetet monetare

	<u>Dt. 31.12.2021</u>	<u>Dt. 31.12.2020</u>
Banka Kombetare Tregtare Lek	50.475.872	112.634.291
Banka Kombetare Tregtare Euro	2.608.908	166.578
Raiffaisen Bank Lek	240.508	148.758
Union Bank	1.286.585	770.440
Union Bank Euro	76.746	234.615
Union Bank Card	1.552.107	495.517
Banka Kombetare Tregtare USD	-	-
Shuma	<u>56.240.725</u>	<u>114.450.199</u>

Veprimet e lëvizjeve monetare në librat e arkës dhe bankës, janë veprime të autorizuara, mbështeten në dokumenta që justifikojnë pagesat dhe arkëtimet, regjistrimet janë kronologjike.

Enti Rregullator i Energjisë -ERE
Shënime për pasqyrat financiare për vitin e mbyllur 31 Dhjetor 2020
(Të gjitha shumat janë në LEK, nëse nuk shprehet ndryshe).

Për gjëndjen në valutë është bërë rivlerësimi me kursin fiks të bankës Shqipërisë në datën 31.12.2021 dhe diferencat janë pasqyruar në rezultatin e shoqërisë.

2. Të arkëtueshme

	<u>Dt. 31.12.2021</u>	<u>Dt. 31.12.2020</u>
Klinate pa arketuar viti	5.772.318	22.463.562
Debitor ndër vite më shumë se 360 ditë	5.653.834	4.640.843
Shuma	11.426.152	27.104.405

Të tjera të arkëtueshme

	<u>Dt. 31.12.2021</u>	<u>Dt. 31.12.2020</u>
Te tjera te arketueshme	437.552	68.014
Shuma	437.552	68.014

3. Inventarët

	<u>Dt. 31.12.2021</u>	<u>Dt. 31.12.2020</u>
Lende e pare dhe materiale te konsumueshme	3.107.381	2.657.246
Shuma	3.107.381	2.657.246

4. Aktivët Afagjate Materiale (AAM) dhe Jo Materiale (AAJM)

Aktive Afatgjate Materiale

Vlera bruto e AAM me 31.12.2019	27.592.000	11.620.051	19.749.546	58.961.597
Shtesa gjate 2020 Pakesime			21.479.124	21.479.124
Vlera bruto e AAM me 31.12.2020	-	27.592.000	11.620.051	41.228.670
Shtesa gjate 2021 Pakesime		5.822.160	77.434.700	83.256.860
Vlera bruto e AAM me 31.12.2021	-	27.592.000	17.442.211	118.663.370
Amortizimi i akumuluar 31.12.2019	18.308.924	9.971.053	10.221.124	38.501.102
Pakesime Amortizimi i vitit 2020	1.856.615	329.799	2.434.355	4.620.770
Amortizimi i akumuluar, 31 dhjetor 2020	-	20.165.540	10.300.852	43.121.871
Shtesa gjate 2021 Pakesime	1.485.292	737.033	10.256.700	12.479.026
Amortizimi i akumuluar, 31 dhjetor 2021	-	21.650.832	11.037.885	55.600.897
Vlera neto e AAM 2021	-	5.941.168	6.404.325	95.751.190
Vlera neto e AAM 2020	-	7.426.460	1.319.199	28.573.190

Enti Rregullator i Energjisë -ERE
Shënime për pasqyrat financiare për vitin e mbyllur 31 Dhjetor 2020
(Të gjitha shumat janë në LEK, nëse nuk shprehet ndryshe).

Aktive Afatgjata Jomateriale	
AAJM	Studime zhvillimi
Gjendje me 01.01.2020	12.609.610
Shtesa investime 2020	
Pakesime	
Gjendje me 31.12.2020	12.609.610
Shtesa investime 2021	
Pakesime	
Gjendje me 31.12.2021	12.609.610
Amortizimi Akumuluar	
Gjendje me 01.01.2020	1.471.321
Shtesa 2020	1.891.442
Pakesime	
Gjendje me 31.12.2020	3.362.763
Shtesa 2021	1.891.442
Pakesime	
Gjendje me 31.12.2021	5.254.204
Gjendje me 31.12.2021	9.246.847
Gjendje me 31.12.2020	7.355.406

5. Të pagueshme për aktivitetin e shfrytëzimit

	Dt. 31.12.2021	Dt. 31.12.2020
Te pagueshme per aktivitetin e shfrytezimit	1.169.444	20.939.124
Shuma	1.169.444	20.939.124

Të pagueshme ndaj punonjësve dhe sigurimeve shoqërore/shëndetësore

	Dt. 31.12.2021	Dt. 31.12.2020
Te pagueshme ndaj punonjesve dhe sigurimeve shoqer	2.005.067	2.128.908
Shuma	2.005.067	2.128.908

Të pagueshme për detyrime tatimore dhe të tjera

	Dt. 31.12.2021	Dt. 31.12.2020
Tatim mbi te ardhurat personale	2.964.373	1.246.474
Te tjera te pagueshme	67.169	60.195
Shuma	3.031.542	1.306.669

6. Të ardhurat nga aktiviteti

	Dt. 31.12.2021	Dt. 31.12.2020
Te ardhurat nga Faturimi I Operatoreve	207.671.534	213.502.681
Te ardhurat nga Licensimi	10.796.150	2.857.000
Te tjera te ardhura nga organizma mbulim shpenzimesh	-	-
Shuma	218.467.684	216.359.681

12

Enti Rregullator i Energjisë -ERE
Shënime për pasqyrat financiare për vitin e mbyllur 31 Dhjetor 2020
(Të gjitha shumat janë në LEK, nëse nuk shprehet ndryshe).

7. Shpenzimet për personelin

	<u>Dt. 31.12.2021</u>	<u>Dt. 31.12.2020</u>
Paga dhe shperblime	- 149.503.066	- 122.775.775
Shpenzime te sigurimeve shoqerore/shendetsose	- 16.129.562	- 13.390.205
Shuma	- 165.632.628	-136.165.979

Shpenzimet e personelit janë përlogaritur konform nenit 11 te ligjit 43/2015.

8. Shpenzimet për amortizimin dhe zhvlerësimi

	<u>Dt. 31.12.2021</u>	<u>Dt. 31.12.2020</u>
Shpenzime konsumi dhe amortizimi	- 14.389.798	- 6.512.211
Shuma	- 14.389.798	- 6.512.211

9. Shpenzime të tjera shfrytëzimi

	<u>Dt. 31.12.2021</u>	<u>Dt. 31.12.2020</u>
Shpenzime te lende e pare e konsumi	- 3.052.193	- 2.476.690
Sherbime te ndryshme nga te trete	- 11.387.478	- 5.222.172
Qera	- 1.041.600	-
Shpenzime uje energji	- 584.133	- 406.769
Mirmbajtje automjete e taksa te lidhura me to	- 721.892	- 614.409
Publikime ne media	- 574.690	- 883.200
Udhetime dieta J.vendit; kuotizacion	- 5.756.973	- 3.609.543
Poste telefon etj	- 872.734	- 747.544
Taksa dhe tarifa vendore	- 99.875	- 100.000
Te tjera	- 319.720	0
Shuma	- 24.411.287	- 14.060.326

10. Shpenzime financiare

	<u>Dt. 31.12.2021</u>	<u>Dt. 31.12.2020</u>
Shpenzime interesi dhe shpenzime te ngjashme	(84.594)	(73.342)
Shpenzime te tjera financiare	36.916	868.418
Shuma	- 47.678	795.075

11. Rritje/(Rënie) Neto e Fondeve

	<u>Dt. 31.12.2021</u>	<u>Dt. 31.12.2020</u>
Rritje/Rënie fondesh gjatë vitit	13.986.292	60.416.239
Shuma	13.986.292	60.416.239

Enti Rregullator i Energjisë -ERE
Shënime për pasqyrat financiare për vitin e mbyllur 31 Dhjetor 2020
(Të gjitha shumat janë në LEK, nëse nuk shprehet ndryshe).

12. Teprica e Fondeve më 31.12.2021

	31 dhjetor 2021
Rritje/(Rënie) Neto e Fondeve	13.986.292
Shpenzime konsumi dhe amortizimi	14.389.798
Rritje/(Rënie) Neto e Fondeve - e korrigjuar (pa amortizimin)	28.376.090
Gjendje Mjete Monetare 31.12.2021	56.240.725
Kliente te paarketuar me 31.12.2021	11.426.152
Teprice e fondeve nga 2021 transferuar per buxhetin 2022	67.666.877

13. Palët e lidhura

Palët quhen të lidhura kur njëra prej tyre ka mundësinë të kontrollojë palët e tjera ose të ushtroje ndikim domethënës në vendim-marrjen financiare dhe operacionale të tyre.

14. Angazhime dhe detyrime të kushtëzuara

Çështje gjyqësore

Me 31 Dhjetor 2021 Shoqëria nuk ka asnjë çështje gjyqësore të hapur kundrejt saj apo nga ajo, që mund të kërkojë rregullime të këtyre pasqyrave financiare.

15. Kontrollë tatimore

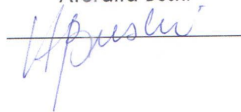
Librat e Shoqërisë nuk janë audituar nga organet tatimore për periudhën 31.12.2020. Si rrjedhojë detyrimet tatimore nuk mund të konsiderohen përfundimtare. Detyrime të mundshme që mund të rezultojnë nga një auditim i organeve tatimore nuk mund të maten në mënyrë të besueshme.

16. Ngjarje pas datës së bilancit

Me 31 Dhjetor 2021 në datën e pasqyrave financiare dhe deri në datën e aprovimit të tyre nuk ka ngjarje rregulluese të reflektuara në pasqyrat financiare ose ngjarje që janë materialisht të rëndësishme për të paraqitur në këto pasqyra.

Hartuesi i Pasqyrave Financiare

Aferdita Bushi



Kryetar

Petrit Ahmeti



Tiranë, më 15/03/2022

ANNEX 2 Performance Report

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**RAPORT I SIGURISË SË PROFESIONISTIT TË PAVARUR****Drejtuar: Kryetarit dhe Bordit të Entit Rregullator të Energjisë (ERE)**

Enti Rregullator i Energjisë ("ERE" ose "Enti") angazhoi audituesit e pavarur Znj. Fatime Alliu me License Nr.166 dhe Znj. Orjana Kalaja me License Nr.284 (referuar më tej si "Audituesit"), për të shqyrtuar informacionin jo-financiar të paraqitur në Raportin Vjetor për vitin e mbyllur më 31 Dhjetor 2021 ("të dhëna të zgjedhura"), me qëllim dhënien e sigurisë së kufizuar sipas kritereve të përshkruara më poshtë (Qëllimi i punës). Për qëllimet e këtij raporti, të dhënat e zgjedhura kanë të bëjnë me veprimtarinë e Entit në Shqipëri dhe nuk përfshijnë informacione që kanë të bëjnë me palë të tjera bashkëpunuese ose aktivitete / performanca të palëve të treta.

Qëllimi i punës

Angazhimi i dhënies së sigurisë është planifikuar dhe kryer në përputhje me Standardin Ndërkombëtar SNAS 3000, "Angazhimet e Dhënies së Sigurisë ("SNAS 3000") që ndryshojnë nga Auditimet ose Rishikimet e Informacioneve Financiare Historike", me qëllim që të japim një opinion për dhënie sigurie të nivelit të kufizuar për:

- Verifikimin e informacioneve shpjeguese cilësore dhe sasiore të paraqitura në Raportin Vjetor 2021 në mënyrë specifike për gjendjen në sektorin e energjisë elektrike dhe të gazit natyror, në krahasim me kriteret e zbatueshme ("Kriteret e Përformances", të ilustruara në Raportin Vjetor), mbështetur në Ligjin nr. 43/2015, "Për Sektorin e Energjisë Elektrike", i ndryshuar dhe Ligjin Nr. 102/2015 "Për Sektorin e Gazit Natyror", i ndryshuar.



Përgjegjësitë e drejtimit

Drejtimi i të Entit Rregullator të Energjisë është përgjegjës për përgatitjen, prezantimin, tërësinë dhe saktësinë e të dhënave jofinanciare të dhëna për ne, siç paraqiten në Raportin Vjetor 2021. Për më tepër, drejtimi i ERE është përgjegjës për regjistrimet e mbajtura dhe kontrollet e brendshme të përshtatshme që janë krijuar për të mbështetur procesin e raportimit dhe të përputhshmerisë ligjore. Në mënyrë të veçantë, drejtimi është përgjegjës për hartimin e kontrolleve të brendshme dhe zbatimin e tyre për të parandaluar që Raporti të ketë anomalie materiale.

Përgjegjësitë e Audituesve

Ne kemi kryer një shërbim dhënie sigurie të kufizuar. Përgjegjësia jonë është të shprehim konkluzionin tonë bazuar në procedurat e kryera, për të dhënat e zgjedhura, siç përshkruhet më sipër në seksionin "Qëllimi i punës".

Përgjegjësia jonë është e kufizuar në informacionin shpjegues për vitin e mbyllur më 31 dhjetor 2021, të prezantuara në Raportin Vjetor për vitin 2021.

Në masën që lejohet nga legjislacioni në fuqi, ne nuk pranojmë dhe nuk marrim asnjë përgjegjësi për angazhimin tonë, ndaj kujt do tjetër përveç ERE, përveç rasteve kur është rënë dakord në mënyrë të shkruar, me pëlqimin tonë paraprak.

Ne kemi kryer punën tonë duke mbledhur gjithë të dhënat, dokumentacionin përkatës, informacionin dhe shpjegimet që ne i konsideruam të nevojshme për të dhënat e zgjedhura të përshkruara, në seksionin "Qëllimi i punës". Procedurat e ndjekura në lidhje me të dhënat e zgjedhura përfshijnë:

- Intervistat me drejtimin dhe personelin përgjegjës për informacionin dhe supozimet përkatëse.
- Vizita në ambientet e Entit Rregullator të Energjisë.



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- Rishikimit dhe vlerësimit të proceseve dhe kontrolleve të përdorura për mbledhjen, grumbullimin, vlerësimin dhe raportimin e të dhënave;
- Teste me zgjedhje mbi të dhënat e mbledhura dhe formulat, kur kërkohen.

Niveli i Dhënies së Sigurisë

Procedurat që kemi kryer janë hartuar për të ofruar siguri të kufizuar, sic specifikohet në SNAS 3000, mbi të cilat ne u bazuam për të arritur në konkluzione për angazhimin tonë. Këto procedura nuk janë aq të zgjeruara sa ato që kërkohen për dhënien e sigurisë së arsyeshme, për pasojë, merret një nivel më i ulët i sigurisë.

Kufizimet

Për të kryer punën tonë, ne u mbështetëm ekskluzivisht në informacionin e dhënë nga drejtuesit e Drejtorive të Entit Rregullator të Energjisë, të cilin ne e pranuan me mirëbesim si informacion të plotë, të saktë, të vërtetë dhe jo mashtrues.

- Si rrjedhim, ne nuk kemi kryer procedura verifikimi shtesë, përveç procedurave të përcaktuara në mënyrë të qartë në Raportin tonë në seksionin, Përgjegjësitë e Audituesve, të cilat rrjedhin nga metodologjia e rënë dakort reciprokisht.
- Asnjë punë nuk është kryer për të dhënat të periudhave të raportimeve të mëparshme, si dhe mbi të dhënat në lidhje me objektivat dhe parashikimet.
- Asnjë punë nuk është kryer për asgjë tjetër përveç qëllimit të rënë dakord dhe për rrjedhojë, konkluzioni ynë është i kufizuar për këtë qëllim.

Pavarësia

Audituesit zbatojnë kërkesat e Standardit Ndërkombëtar për Kontrollin e Cilësisë nr.1. Bazuar në këtë, mbajmë një sistem të kontrollit të integruar të cilësisë që përfshin politikat dhe procedurat për respektimin e parimeve morale, standardeve profesionale dhe kërkesave



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përkatese ligjore dhe rregullatore. Ne jemi në përputhje me kerkesat e pavarësisë dhe standardet e tjera etike të Kodit Etikes së IFAC për profesionistët të Bordit të Standardeve Ndërkombetare të Etikes për Audituesit (IESBA), i cili bazohet në parimet themelore të integritetit, paanshmerisë, përshtatshmerisë profesionale, konfidencialitetit dhe sjelljes profesionale. Në këtë kontekst, ekipi Audituesve për dhënien e sigurisë është i pavarur nga Enti Rregullator të Energjise dhe nuk ka marrë pjesë në përgatitjen e Raportit Vjetor për vitin 2021.

Konkluzione

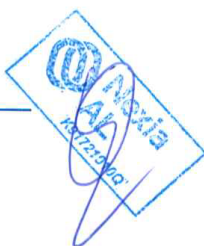
Bazuar në procedurat e kryera dhe evidencën e marrë, asgjë nuk na ka tërhequr vëmendjen tonë që të na bëjë të besojmë se ka ndonjë gabim ose anomali që do të ndikonte materialisht në dhënien e informacioneve rreth përputhshërisë ligjore të aktivitetit (përfshire shënimet shpjeguese dhe referencat përkatëse) sic paraqiten në Raportin Vjetor të Entit Rregullator të Energjisë për vitin e mbyllur më 31 Dhjetor 2021. Për më tepër, asgjë nuk ka tërhequr vëmendjen tonë që të bëjë të besojmë se të dhënat e paraqitura, nuk janë përgatitur, në të gjitha aspektet materiale, në përputhje me kriteret e përmendura më lart, në seksionin "Qëllimi i punës".

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Orjana Kalaja

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Tiranë, 17/03/2022