



REPUBLIKA E SHQIPËRISË

ENERGY REGULATORY AUTHORITY

BOARD

DECISION

No. 72, Dated 13.04.2022

ON

**APPROVING THE ELECTRICITY TRANSMISSION TARIFF FOR
2022-2024 PERIOD**

Based on article 16, 19, letter “c”, point “I”, of Law no. 43/2015, “On Power Sector”, as amended; Article 15 and Article 22 of the “Rules on ERE Organization, Operation and Procedures”, approved with ERE Board Decision, no. 96, dated 17.06.2016; Council of Ministers Decision no. 244, dated 30.3.2016, “On approving the conditions for imposing public service obligation that shall be implemented to the licensees on power sector that exercise the electricity generation, transmission, distribution and electricity supply activities as amended”; Council of Ministers Decision no. 584, dated 08.10.2021, “On announcing the state of emergency in energy supply”; “Methodology for calculating electricity transmission tariffs” approved with ERE board decision no. 180, dated 08.11.2017, as well as the ERE board decision no. 244, dated 26.11.2018 “On the approval of the unified and standardized system of accounts for the licensees in the power sector for the transmission, distribution activities and for the universal service suppliers for electricity ” ERE Board on their meeting dated 13.04.2021, after reviewing the report Protocol no. 486/1, dated 11.04.2021, prepared by the Tariffs and Prices Directory “On the approving of the electricity transmission tariff for 2022-2024 period”,

Observed that:

- ERE Board 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".
- The process of reviewing the application has undergone through the continuous review of the request for income from TSO company initially with the request addressed at ERE with official letter Protocol no. 5215, dated 31.08.2021 and further updating it by the official letter Protocol no. 5215/1 dated 5.10.2021, official letter Protocol no. 5215/3 dated 04.11.2021 and official letter Protocol no. 6901/3 dated 23.12.2021.
- On 03.12.2021, a technical session was held between the representatives of ERE and TSO company regarding the information, arguments and documentation presented by the company in the application.

- During the process for the review of application, in the context of the need for further clarification, ERE, through continuous correspondence, has requested from TSO company to provide information, arguments and justifying the documentation related to all the identified issues, for the effect of maintaining the principle of transparency and for making a decision that is as fair and cost-reflective as possible.
- In accordance with point 7, of article 22, of the " Rules on ERE Organization, Operation and Procedures ", approved with ERE Board decision no. 96, dated 17.06.2016, on 29.12.2021 ERE held a public hearing with representatives from TSO company, as well as with interested parties, regarding the application for determining the electricity transmission tariff for 2022-2024 period.
- Pursuant to the deadlines defined in the " Rules on ERE Organization, Operation and Procedures" the application as well as any correspondence submitted by TSO company are published on ERE website, www.ere.gov.al
- TSO company has submitted its prediction regarding the request for energy for the regulatory period 2022-2024, based on the historical average of the energy transmitted by TSO company for consumption, as well as the increased request for energy gradient of about 1%.
- TSO company with official letter Protocol no. 851/1 dated 14.02.2022 declared that the complete financial statements of 2021 are still in the drafting process and submitted the statement of financial position, the statement of income and expenses, the report on the activity of TSO company for 2021 as well as its predictions for auxiliary services for 2022-2024 period.
- The cost of purchasing electricity to cover losses in the transmission network for 2022-2024 is taken into consideration according to the values proposed by TSO company for each year of the regulatory period.
- The revenues generated from the auxiliary services provided to KOSTT have been deducted in the calculation of the auxiliary expenses realized during 2021 and the value of the auxiliary expenses for the next regulatory period has been calculated according to the actual realization of this expense for 2021.
- Adjusted Base of Assets and Accumulated Depreciation is estimated in the required income according to the historical cost declared by TSO company.
- The value of the investments expected to be realized in the regulatory period 2022-2024, has been considered according to the prediction of the "10-year transmission network development plan (2015-2025)" approved with ERE Board decision no.212, dated 28.12.2017.
- TSO company must submit the investment plan for the regulatory period 2022-2024 and the update of the transmission network development plan for the 10-year period 2015-2025, pursuant to the " Regulation on the procedures for submitting and approving the investment plan by transmission operators and electricity distribution" approved with ERE board decision no. 135, dated 06.09.2017 and the specifications of point 3 of Council of Ministers Decision no. 584/2021.
- Weighted average cost for the capital of TSO company for 2022 - 2024 is calculated at the level of 2.28%.

- Revenues generated from the Albanian balancing market for 2020 for TSO company have resulted in 220 million ALL, while for 2021 after the entry into force of the Rules of the Albanian Balancing Market approved with ERE Board decision no. 106, dated 02.07.2020, were declared in the amount of 1.7 billion ALL. This revenue shall be adjustable throughout the regulatory period.
- The revenue generated for 2019-2021 from the allocation of capacities as well as those predicted for 2022-2024 according to the estimates conducted by ERE, are considered as deductible income.
- Electricity transmission tariffs for each year of the regulatory period 2022-2024 are: a) 0.85 ALL/kWh for the year 2022; b) 0.89 ALL/kWh for the year 2023; c) 0.83 ALL/kWh for the year 2024.
- The required revenues that are expected to be realized by TSO company have been calculated for the regulatory period 2022-2024 and the new electricity transmission tariff, which shall extend its effects from May 1, 2022, has been calculated considering the correctable difference in revenue required for January-April 2022 period for the effect of recovering unbilled revenue in the first 4 months. This difference does not affect the average transmission tariff for 2022 – 2024 and shall be corrected in deduction of the required income in the second year of the regulatory period.
- From the above, the transmission tariff for the 2022-2024 regulatory period is 0.85 ALL/kWh.
- ERE shall review the required revenue during the regulatory period, in accordance with the "Methodology for calculating the electricity transmission tariffs", approved with ERE board decision no. 180, dated 08.11.2017.

For all of the above, ERE board,

Decided:

1. To approve the electricity transmission service tariff for the regulatory period May 1, 2022 - December 31, 2024, of about 0.85 ALL/kWh.
2. The Legal Directory shall inform the interested parties about ERE Board Decision.

This decision enters immediately into force.

Each party involved in this procedure can request ERE, within 7 calendar days from the date of the decision, to review the board's decision in case it has provided new evidence that could lead the board to make a decision different from the previous one or for detected material errors. This decision can be appealed to the Tirana Administrative Court, within 30 calendar days from the day of publication in the Official Gazette.

This decision shall be published in the Official Gazette.

ERE Chairman
Petrit AHMETI