

ERE STRATEGIC OBJECTIVES FOR 2021 – 2023 PERIOD

By means of this document, the Energy Regulatory Authority, hereinafter ERE, handles the strategic objectives and key aspects of action for 2021 - 2023 within the dynamics of sector development in the national context, as well as that of regional integration.

Chapter I

1- General mission and objectives

ERE activity in the areas subject to regulation, is guided by the general objectives defined according to Law no. 43/2015 and no. 102/2015. As defined in these Laws, ERE is responsible for the "*Regulation of Power and Natural Gas Sectors*". The regulation is performed by ERE, through the approval of normative or individual bylaws that regulate the activity of the sectors. The regulation also includes the establishment of a reliable, transparent tariff system in the regulated market, which is based on the criteria defined by law, considering consumer interest, as well as the provision of quality services that ensure a continuous supply with fair and supported costs. In defining the tariffs, ERE shall also "*harmonize the economic - financial objectives*" of entities that exercise regulated activity, with the overall objectives of the sector within the framework of consumer protection or state policy regarding sectoral developments.

Another aspect of the regulation includes monitoring functions through the control of licensees and the establishment of measures aimed at ensuring compliance of the licensee's operation with the applicable rules. The goal is to protect and have a positive impact on all electricity or natural gas market participants. For the purpose of this, ERE focuses on engaging to promote security of supply and sustainability for the present as well as for the future. In order to achieve this objective ERE exercises the regulation and implementation of supporting schemes, as well as conducts market surveillance. ERE cooperates with the main actors of the sector, keeping intact the institutional independence of the Authority as a dedicated purpose of the work of the regulator. The aforementioned is performed within a legal framework defined in the laws that regulate ERE activity in the Power or Natural Gas Sector.

Among the main objectives of ERE is the protection of consumer interests, in relation to regulated services provided by sector operators. ERE executes its functions by assessing the advancement of the objectives defined in the law, promoting effective and transparent competition among market participants. In the methodology regarding ERE's to carry out its functions with the purpose of promoting competition, ERE considers the extent to which consumer interest shall be protected when exercising these functions and whether or not they shall promote transparency in market activity.

In defining the Strategic Objectives, ERE is based on the realization of the goals of the above-mentioned laws and best international practices, to guarantee services to all citizens as a necessary service in economic, technical, and environmental terms, extending throughout country and harmonized with the principles and strategic objectives of the country.

Chapter II

2- STRATEGIC FRAMEWORK

The Strategic Framework is presented below oriented in two main directions:

- **Strategic objectives**, in all regulated activities of the power and natural gas sector.
- **Action plans** which describe the main measures that ERE intends to use for the realization of each strategic objective within a defined term and with concrete actions that positively affect the activities in these areas.

Strategic objectives and action plans do not interfere in the framework of activities that ERE shall undertake to regulate and control the sectors in its area of responsibility, but they represent the main points on which it intends to intervene with priority, also in the context of sectoral developments in the country.

Chapter III

STRATEGIC OBJECTIVES FOR 2021-2023

3.1- Customer protection through awareness

The main priority of the regulators is the "Protection of customer's interests" and this is the main reason why customers are at the core of ERE strategy for the next 2 years. In the information society important aspects of customer protection besides reasonable tariffs that reflect the supported costs, is also the service according to the rights and obligations of the parties. Regarding the topic of information, important aspects of customer protection are not only reasonable tariffs, which reflect the supported costs, but also the service in accordance with the rights and obligations of the parties who provide and receive this service.

In the general context of the objectives and actions described below, technological innovation and development (of which digitalization represents one of the key elements) constitute important factors of evolution, closely related to the benefits that come from the use of technology, but accompanied in parallel with the potential risk of extra costs incurred by this use of technology, which requires constant attention to service costs.

Regarding the regulatory framework, ERE is committed to consolidate the coherence of regulatory mechanisms in various activities in its area of responsibility. Within this framework, the customer takes on a crucial and growing role. In this context, customer awareness to become a customer capable of evaluating offers, a proper understanding of market mechanisms, to the opportunity to actively participate in supply-related services, such as the case of Self-Producers that produce and consume energy themselves, takes on a special significance. This is another aspect of the role of the customer and the spectrum of rights and the possibility of choice, not only of the energy supplier, but also of the active performance of the function of producer / customer of electricity, minimizing the individual costs for providing electricity and increase their role in the market. In this regard, it is very important to raise consumer awareness of the various regulatory mechanisms, but also to raise awareness about their role of consumption, in the context of the facilities created by market opening processes in the sector. On the other hand, the regulation should not only reflect a sustainable policy that allows the consumer to evaluate, but on the other hand should

harmonize the need for investment in information technology with the careful assessment of the costs associated with investments in the sector.

Another important aspect of the objectives set by ERE within the regulation framework and also the integration of contemporary practices of electricity use, is the objective related to the opening of public discussion, as well as conducting factual analysis on the impact and efficiency of use of other sources of energy, as an alternative to the use of electricity in order to reduce the impact that the latter has on the environment. Technological innovations are increasingly moving towards maximizing efficiency in providing services with low environmental impact and lower costs. Such, but not the only one, is the use of electricity as a source of energy for mobile means of transport (taxis, private cars or even public transport).

Energy is an expensive commodity and it is based on the income of a household, the need for electricity use and due to that, raising consumer awareness on the rationalization of electricity is of great importance. Establishing bridges of cooperation between ERE and Energy Efficiency Agencies in order to raise consumer and collective awareness on the importance of using electricity as a valuable product, shall be among the targets of ERE work -over the next three years.

3.2- Giving Customers a Voice

ERE, in accordance with the objectives defined by law, aims to support and promote the transition from a passive consumer, subject to regulated tariffs and regulatory acts, to an active participant in the energy market. The first step in this direction is providing the consumer with the tools to better understand their needs in quality terms, so that the concept of active market participation can work. One of the mechanisms that can be used for this purpose is focusing in ERE work for the next 3 years, for the best use of information tools, organization of trainings or information roundtables, providing a toll-free number for customer service, as well as transparency regarding legislation in favor of consumers. These mechanisms shall also serve ERE in order to handle, through the understanding of the problems or barriers that consumers find and manage to evaluate.

3.3 - Customer awareness and transparency in service evaluation

Regulatory interventions are mainly related to the development and updating of a system for the management and handling of complaints, providing accurate and fast information, within the new technological possibilities, which enable management in the shortest possible time and with more simple tools. Facilitating access to the services required under the Alternative Dispute Resolution as a means of quickly resolving issues that normally take time and also cost more such as going through court solutions.

For this purpose, it is very important to establish cooperation protocols with organizations and associations that focus on consumer protection or responsible units in customer service at the local or central government.

3.4- Reinforcing support mechanisms for vulnerable customers

The Law on Power Sector specifically handles the protection of vulnerable Customers, ensuring a fundamental and very important right, such as the right for electricity. This law, which among the objectives of ERE, defines the protection of vulnerable customers, provides inter alia, the obligation for the universal service supplier to continuously supply vulnerable customers, respecting the conditions defined in law , as well as the special conditions to be taken into account by ERE in order to guarantee the protection of those electricity customers who were granted with this status, based on the criteria and procedures for obtaining the status of vulnerable customer, defined in the corresponding legal acts.

Electricity is a vital and essential service that affects the well-being as well as the quality of life and on the light of these considerations, ERE considers that an important aspect of market functioning is related to meeting the specific needs for electricity supply to consumer categories in certain circumstances. Thereby, ERE considers that the drafting of clear regulatory policies to handle all challenges and obstacles related to the implementation of protection policies for the vulnerable consumer in power sector, is a necessary target to be achieved during the next three years.

Customer support and protection is a key priority linked to the responsibilities of the Entity. The vision is to enable an energy market for all customers including vulnerable customers. ERE work and tasks on the protection of the vulnerable customer, shall require continuous and active cooperation with the institutions that are responsible for the protection policy for all customers in general. Although it is not provided in the Law for ERE to define vulnerable customers and the criteria for obtaining the abovementioned status, in its role as a regulator of the sector, ERE's role is extremely important in establishing conditions for the possibility to supply these customers in a consistent and qualitative way.

Bylaws approved by ERE, handled the circumstances of power outages for vulnerable customers who are debtors. The focus of ERE work remains to undertake compliance and enforcement activities in order to ensure that licensees providing supply services have the necessary attention and care so their activity can be in accordance with the concepts of consumer protection according to the regulatory framework in force.

Chapter IV

ACTION PLAN

4.1- Customer activation

Within the framework of cooperation with associations and organizations, that object of their activity is consumer protection, special attention shall be paid to the promotion of transparency and clarity in the dialogue with consumers, by improving all current communication channels by ERE, which enables a more effective way to disseminate knowledge about the rights and obligations of consumers and strengthen their level of trust, by establishing a direct and innovative relationship with a wider audience using on the one hand , technological opportunities, but continuing with traditional tools, for those consumers who need it.

The establishment of a Customer Portal which is active and available to the latter, in accordance with the legislation on personal data protection and which also provides a service on the historical data of its consumption through the Integrated Information System with the Operator responsible for recording the energy consumption of customers.

Implementation of information and awareness campaigns that aim to improve consumer / user awareness on the functioning and regulation of the areas that are under ERE's competence.

4.2 - Customer awareness and transparency for service evaluation

Actions aimed at this objective include following international best practices in dispute resolution to assist in their solution. An analysis of regional practices shall serve to update these rules in the dispute resolution process. This analysis shall include, inter alia, the study on improving existing dispute resolution procedures, establishing a strategy to support effective communication by engaging in dispute resolution between consumers and licensees, interactively between ERE and the latter.

The regulatory approach to the energy market is to ensure that consumers' opinions, or their current and future needs, are considered in any case that has or needs to be adjusted.

To this end, regulatory practices shall continue to include the holding of hearing sessions and consultations between the parties, for a fair decision of the issues raised and also their respective solutions.

Electricity supply mainly consists in the provision of the service in a quality manner and with its standards. For this purpose, ERE shall prepare the indicators for measuring and evaluating the performance of Customer service, that is guaranteed by each licensee during the supply activity.

These indicators shall determine the level of customer satisfaction with the service provided, considering all aspects of the relationship with the service provider. The above relates to the terms of guarantee and implementation of a supply contract and further, aspects such as customer evaluation on the procedures and deadlines for concluding a contract, changing the supplier, issuing invoices on time, handling and resolving complaints by the service supplier and guaranteeing access to personal data related to energy consumption.

Simultaneously, service quality standards shall be defined and monitored on a regular basis. For this purpose, the criteria of quality standards shall be determined in accordance with the regulation on service quality, as well as their periodic updating based on the data generated during a calendar year and the expectation of service quality evaluation of the proposed and approved investments for public service suppliers, based on international best practices.

Any other form of involvement shall also be developed, aiming to obtain the opinion of consumers, in order to better understand their future objectives and what they expect from ERE.

4.3- Strengthening the supporting mechanisms for the vulnerable customers.

Handling the solutions for a sustainable supply of vulnerable customers requires joint action between the government, the regulator and other participants in the power sector. Vulnerability is a complex issue to handle where all policymakers, stakeholders, organizations or consumer-focused associations, as well as service suppliers need to act jointly to handle the challenges associated with this category.

Special attention shall be paid to the cooperation with the institutions that are responsible for the protection policy of vulnerable customers. For this purpose, the communication with the institutions responsible for setting the criteria on determining the vulnerable customers shall be continued.

In accordance with the developments of these policies, the aim is to update the regulatory acts related to ensure the quality of electricity supply for these customers. Based on the best regional practices and beyond, ERE shall prepare the necessary proposals to advance legal initiatives, to regulate the complementary legal framework for this category, in the role of a more active actor in terms of regulatory competencies for this category of customers.

Therefore, conducting a study on the best regulatory policies for the protection of vulnerable customers in EU countries, shall serve for the purpose of proposing the necessary amendments in legal and bylegal acts, including the necessary amendments in ERE regulatory acts, to the responsible institutions. A separate challenge in terms of protection policies for vulnerable customers, is the aspect of avoiding cross-subsidies and the role in redistributing costs to different groups of consumers, or also the need to apply policies related to energy efficiency.

Within the study for the necessary amendments in the regulatory framework, special attention shall also be paid to the aspects related to the barriers faced by these customers compared to other customers. Experience has shown that vulnerable customers may feel incapable for making decisions regarding their energy supply. The study of barriers may also include cooperation with bodies responsible for consumer protection or with consumer associations. Vulnerable customers should also be supported by consumer protection bodies or consumer associations, as well as the awareness of licensees or market participants to design policies for companies regarding the way they design and implement their services for vulnerable customers.

The drafting of a Consumer Protection Program shall serve to provide sufficient and continuous knowledge on consumer support policies.

Chapter V

5.1- The development of electricity and natural gas markets is being more efficient and integrated.

ERE shall focus on the work, among others, in promoting competition and innovation in order to reduce prices and increase the quality of services;

In light of this, the following:

- the principle of market opening - the use of market mechanisms wherever possible to take full advantage of innovation and competition;
- the principle of coherence - efficient and accountable regulation where possible, taking advantage of the great potential of the digital economy (smart), and
- the principle of fair distribution - customers of all categories must pay a fair share of system costs in accordance with the service they receive and the costs they incur.

In this regard, ERE priorities during this period shall be:

- *The development of a tariff reform based on the reorganization and opening of the market.*
 - For this purpose it is necessary a complete analysis of the problems identified after the adoption of methodologies as well as handling solutions through international best practices in this regard. Given that, reports and studies conducted by donors or regional organizations to which ERE adheres, shall be used.
 - To conduct a study for assessing opportunities that lead to lower costs for consumers and support the transition to full liberalization.
 - The detailed analysis on an assessment of how regulation affects different groups of consumers; and
 - To develop effective ways of establishing a regulatory asset base (RAB).

The need to allow an increasingly active participation of market participants with transactions oriented in the day-ahead and intraday market, shall find a solution, in order to include the costs of the system regarding the services that are provided in the market.

The objective of this strategy is to ensure that regulatory policies, mechanisms and operational practices are implemented in accordance with best regulatory practices and applicable provisions of the legislation of the Energy Community as well as the applicable Network Codes.

The Energy Regulatory Authority, approves the rules and regulations necessary to meet the obligations according to the Law on Natural Gas Sector, as amended. ERE also issues licenses for the operation of activities in the field of natural gas. It determines the tariffs and prices in accordance with the terms of the Law on Natural Gas Sector in 2015. ERE monitors, controls and ensures compliance with the terms, laws and licenses.

Provides consumer protection in relation to tariffs.

Regarding the natural gas sector, ERE has taken the necessary measures to draft the full legal framework that facilitates the operation in this sector, despite the fact that the activity in the natural gas sector in Albania is in its first steps. The long-term objectives of ERE for the next 3 years shall be:

1. The identification of the need and requirements for natural gas as well as possible scenarios to enable the supply of natural gas to the Albanian consumer, whether household or non-household.
2. The study of the Policies for the prices, tariffs and implementation of gas regulations approved by ERE.
3. The development of knowledge and skills in order for the Energy Regulatory Authority (ERE) to identify on time the possibility for regulation and intervention if it is necessary,

4. Handling issues related to the national institutional framework of the gas sector and providing recommendations for its further development, as well as supporting the development of knowledge in the field of gas and professional training of ERE employees through targeted training for specifics of the development of this sector in Albania.
5. Evaluating the existing gas network in Albania and providing recommendations for its possible integration into the future national gas system.

5.2- Regional integration

WB6 Memorandum of Understanding, signed on 27 April 2016 in Vienna by 6 countries, including Albania and Kosovo. Under this Memorandum, in accordance with their legal competencies, regulators shall use their authority to:

- Remove regulatory barriers and monitor the ongoing development at technical and regulatory level.
- Approve a joint and efficient decision-making procedure, which shall help in the possible and proper creation of the Power Exchange (PX).

Law no. 43/2015, "On power sector", as amended, defines ERE as the Authority responsible for ensuring the promotion of competition and efficiency in the sector. The Market Model approved Council of Ministers decision no. 519, dated 13.07.2016, states, among other things, that Albania is committed to implement a series of short-term measures, within the framework of the Berlin process (Western Balkans 6). The market model aims to support the implementation of commitments undertaken under law no. 43/2015, "On power sector", as amended and relevant regulations. This model aims, inter alia, to provide a stable structure and create the conditions for further regional integration between Albania and neighboring countries. The Market Union Mechanism is part of the European project for the creation of the Internal Energy Market in order to increase its efficiency.

Currently, under the assistance and the support of USAID, important steps have been taken for market merging between Albania and Kosovo.

As follows the work of the regulator among others shall focus on:

- Controlling and updating the legislation in force, to search if there are any legal obstacles in the process of market integration, including cooperation for licensing in reciprocal markets, operation of market participants, allocation of cross-border capacity through explicit auction or implementation of international best practices in this direction.
- Support for the implementation of technical rules for the operation of common markets by both TSOs.
- Drafting and signing agreements between TSOs and Regulators on the implementation of market integration.
- NEMO nomination for the operation of both markets in accordance with the nomination conditions, as well as international best practices.

5.3- Reinforcing access information for the appropriate functioning of market processes.

ERE in accordance with regulatory competences shall focus on collecting and managing the increasing flows of data that become available and also establishing its analytical methods and

decision-making based on these data. A better usage of the data shall enable ERE to operate more efficiently and transparently.

For this purpose, ERE intends to strengthen its commitment for the integration of the national energy market into the regional one, in close coordination with the ministry in charge of energy, network operators and neighboring regulators by ensuring the necessary transparency to the interested parties.

The activity progress of electricity transmission and distribution system operator, as well as their relationship with the users, shall also be analyzed within the context of avoiding barriers and handling as part of the approval of investments, which not only serve the quality of service, but also the system security, the latter has its own benefits from digitalization, but is also vulnerable from cyber attacks. In this context, ERE shall also focus on analyzing the implementation level of the Regulation on cyber security of critical infrastructure in power sector by operators as well as its expansion in the natural gas sector.

In addition to the standard regulation through supervision or data processing, it is necessary to progressively strengthen the activities for monitoring the behavior of market operators, especially in the implementation of the European Regulation REMIT, in order to guarantee transparent competitive conditions as well as to combat and prevent abusive behavior by immediately identifying any need to adapt within the regulation (also for system security purposes), as well as any reporting on market competition.

The implementation of REMIT shall be based on the legal framework and international best practices oriented towards:

- The obligation to publish private information
- The prohibition of market abuse (internal trade and market manipulation)
- Market Monitoring (registration of market participants)
- Detailed Reporting Mechanism, data collection
- Investigative and enforcement powers of the regulator
- Other aspects related to data protection and reliability
- List of contracts and data to be reported
- Responsible parties and deadlines
- Instructions, recommendations
- Introducing the parties with the obligations for the implementation of this regulation
- Interregional interaction for its implementation in the region and beyond

The regulatory policies shall continue to aim at ensuring legal and regulatory balance in order to manage the potential for abusive practices that unfairly damage the market.

Within 2021 it is intended that the consulting process of the Draft rules on wholesale electricity market integrity and transparency shall be completed, these rules shall enter into force and their implementation within the first quarter of 2021 shall be also mandatory.

CHAPTER VI

ACTION PLAN ON MARKET DEVELOPMENT

6.1- Rationalising and simplifying information flows to asses the operation processes of the market

The purpose is to complete the reforms aimed at rationalising and simplifying information flows which guarantees the proper functioning of markets and obtaining the most simplified information for the customer. In this context it is necessary to complete the trade reforms related to the right for the switch of the supply and the administration of debt intervention procedures between the parties, as well as regulatory interventions in the field of data management regarding the usage of end - use customer data that are processed by network operators.

For this reason, analysis on the data related to reporting obligations, methods and time to put into operation, use of data for interested parties and in particular for market participants, shall be conducted. In this context, in accordance with the findings during 2021, it was assessed that for 2023 proposals for the necessary amendments in regulatory acts shall be made. The above shall be the product for the evaluation of the regulatory framework that identifies any obstacles in the primary and secondary legislation in order to decide on possible amendments where deemed necessary.

In the same light, the regulator shall also serve as an interface for providing the necessary information to customers and the opportunities offered by suppliers so that the customer has an accurate overview of the opportunities offered, including prices and quality with which these services are provided, as well as the obligations of the customer according to the supply contract with the providers of this service.

6.2- The realization of market integration Albania-Kosovo

Market integration between Albania and Kosovo began under a voluntary approach. The governments of both countries have been involved from the beginning to support the project. Regulators shall play an important role in promoting cooperation agreements and the operational agreements proposed by TSOs, TSOs and PX.

It shall also focus on:

- Identifikimi se cilat pjesë të CACM mund të transpozohen në kornizën ligjore aktuale
Identifying which sections of the capacity allocation and congestion management (CACM) can be transposed into the current legal framework;
- Monitoring whether there are any legal obstacles in national legislation that hinder or delay market integration;
- TSO and PX shall be responsible for implementing the initiative and handling the operational phase.

Further work shall be performed to expand the integration by inviting other Balkan regulators to join WB6 projects.

6.3 - Increase the access to information for the proper functioning of market processes.

ERE has always valued access to information and transparency as critical to achieving its mission and purpose, a policy which underpins decision-making practices. ERE has always functioned as an open public body by publishing its decisions, without avoiding the obligations to protect confidentiality and privacy. ERE decisions are simply accessible through the website, but also through publication in the Official Gazette.

The use of new Technologies is considered as one of the tools to further the practices of an open body to the public and to the interested parties. In this regard, it is the focus of ERE by amplifying this policy within the framework of designing a digitalization strategy that serves as a basis to help establishing a culture, where data plays a major role in regulatory decisions. For this purpose, it is important to ensure the following:

- The regulator's access to data, in order to make decisions, guaranteed by this information.
- Implementation of technology in regulatory practices, providing more effective customer services, using joint platforms to improve the distribution of information to all energy market actors in order to enable more efficient and coordinated distribution of digital information throughout the sector where ERE is the recipient but also the source of market information. The action plan in this regard also includes the use of opportunities to purchase equipment, digital applications on data processing.

CHAPTER VII

REGULATORY IMPACT ASSESMENT

7.1- Transparency and integrity in administrative activity

In the study conducted by the Organisation for Economic Co-operation and Development (OECD), it is estimated that it is important for regulators to be aware of the impacts of their regulatory actions and decisions. A measurement index for many regulators can be the time necessary for drafting regulatory acts or other decisions. Unnecessary delays in regulatory processes can impose additional costs for the business and the community, thus regulators need to accelerate their processing time for key decisions within the defined standards.

ERE is an independent administrative body, in accordance with the Law on Power and Natural Gas, which exercises its powers with impartiality and transparency.

A principle consolidated in ERE activity, is that the exercise of regulatory powers includes participatory procedures, both through consultation of persons, experts in the field, as well as towards groups of interested parties. The above has been assessed as an important aspect of accountability, informing market stakeholders adequately and gathering and receiving opinions, comments and proposals.

7.2- The Action Plan consists in:

Involving interested parties in defining regulatory strategies and policies, not only ensuring that they are perceived, but also supervising the commitment to provide a report of activities, for their periodic engagement on the impact of regulatory acts.

For this purpose, there shall be evaluated the best practices for the establishment of permanent consultative structures such as joint commissions of interested parties that shall assist in decision-making.

The appointment of performance indicators for evaluation by the regulator itself constitutes a very important key element of this strategy.

7.3- Lines of action

In this regard, the following lines of action are identified:

- Transparency of decision-making,
- Publication of decisions, reports and applications.
- Ex post verification of the impact of the regulation.
- Study of best practices for regulatory impact assessment supported from academic experts and other experts in the field.

All these allow the regulator, on the one hand, to understand the response of the operators or other interested parties to the regulator's interventions, on the other hand, to implement any corrective action after the investigations, fact-finding analysis, verifying and inspecting the documents related to the implementation of these acts. For this purpose, ERE shall continue to conduct surveys to assess the regulatory impact.

ERE is focused on creating an analytical framework to continuously assess the impact of our policies on specific customer groups in different situations. Given that, ERE shall focus on drafting a regulatory framework for the criteria on the Regulatory impact assessment.

This regulatory framework shall be used to understand the impact of our policies on specific groups of customers who may be in vulnerable situations.

Our goal is that decisions shall be taken in a way that best protects the interests of existing and future customers, which includes the balancing of the benefits for every action taken against costs that may arise as a result of those decisions.

7.4- Promoting the reduction of the regulatory barriers and shorten the time for the regulatory procedures.

There are several obstacles that can affect customers decision making in the current energy market, including not knowing the options available to them and the lack of complete and complex information from licensed operating companies. Understanding these barriers and customer behaviour as well as company's response towards these customers, is of great importance.

The regulatory framework should enable investors and customers the right to maximize their opportunities. In a centralized retail market, universal services and other social and environmental obligations shall be managed, in order to guarantee a competitive market where the central

infrastructure of technology and the standards that support the retail market serve as a mechanism for equitable growth of competition between suppliers to maintain the supply costs low.

ERE shall undertake a number of activities in order to ensure that the market works efficiently. These include supervising rules, monitoring market activity and the possibility for market abuse. In particular, the analysis shall include examining whether the electricity market is working to ensure efficient trading transactions or if the market reform is required to allow more efficient ways of trading, enabling more efficient use of energy and reducing costs.

CHAPTER VIII

Regulatory framework update

8.1- Promoting the rules in accordance with the development of the legal framework of the Energy Community and evaluating the specifics of the energy system in our country.

Albania signed the Energy Community Treaty, which covers a number of areas related to Albania - EU relations, including energy. This treaty establishes several pillars regarding the security of supply, renewable energy efficiency and statistics, as well as the resemblance of the regulatory framework of the countries of the region with those of the EU.

Completely in line with the country's commitments within the framework of European integration, ERE shall continue to work with the government and the actors of the energy market, in the country and Europe, to ensure that the regulatory framework is in line with the obligations arising from this commitment. One of the most important parts of EU legislation for the European gas and electricity markets is the third package consisting of three regulations and two directives. One of the main goals of the third package is the liberalization of the energy market, the appointment of an independent national regulatory authority (NRA), responsible for regulating the energy market in the country. One of the key aspects of the third package is to ensure that transmission system operators (TSOs) are separate (or independent) from production and supply interests and are also certified as such.

ERE has already approved the certificate of compliance of TSO according to the legal requirements, a process which is under constant monitoring by ERE.

In addition, the legislative package encourages long-term investment by requiring Entso-G and Entso-E to update their ten-year network development plans once in two years. This policy is reflected in the regulation approved by ERE to approve the investment plan of TSO company.

The focus for our work and a key element of the third package, is the requirement to ensure that consumers are protected. The third package sets out obligations for suppliers relating to issues such as: Customer Invoices, Content of supply contracts, Time and duration in which supply data must be stored, the period of time a customer must take to switch the supplier, etc. The third package designed a regulatory framework to support a single European energy market by developing the European grid codes. The grid codes shall form a legally binding set of common technical and commercial rules and obligations governing the access and use of the European Energy Networks. Grid codes have been and shall be developed in capacity allocation mechanisms, energy balancing, transmission tariff structures and the interaction of interested parties.

ERE cooperated closely with the interested parties discussing opinions during the drafting and approval of bylaws that constitute the regulatory framework of the sector, which also serve to protect the customers.

8.2- Regulatory measures

The measures taken by ERE shall be:

- Necessary amendments in licensing regulations and procedures for mutual recognition of licenses;
- Engagement with operators regarding network code administration;
- Engagement with actors within the country and the European organizations or even with counterparts to complete the regulatory framework;
- Inter-institutional cooperation with European institutions related to the mechanisms that promote an efficient and sustainable market.

ERE shall work to ensure that the regulatory approaches support a competitive market that benefits consumers and does not undermine their legitimate interests.

Legal and regulatory measures shall also be taken in order to ensure that ERE has a strong regulatory administration that operates focusing on consumers and also promotes market opening.

Regulatory practices shall continue to focus on the cooperation with other members and have a transparent and effective regulatory framework.

Chapter IX

Cooperation with other institutions on regulatory affairs, for a sustainable development

9.1- Extent of cooperation

The strategic objectives described above require close cooperation with other bodies. Given the radical nature of the perspective amendments and their demands for new legislation, close cooperation with other institutions is particularly important. ERE considers important to continue the cooperation with the ministry responsible for energy using their joint teams for a number of objectives, starting from the reform in the retail market, to the role of the functioning of the systems / operators.

Of particular importance is the interaction with other institutions, such as the National Authority for Electronic Certification and Cyber Security within the framework of cooperation on issues related to the implementation of comprehensive organizational and technical measures of cyber security in communication and information systems, the Competition Authority or the People's Advocate.

ERE shall continue to deepen its engagement with European organizations and institutions, considering cooperation with such organizations as a good expertise, to help ensure positive results for consumers.

It is clear that the policy related to the power sector is in many ways cross-sectoral, with clear links to general policy areas in the country, such as, public service issues, government support for Renewable Energy Producers, vulnerable customers or development plans in the country as a whole.

Therefore, ERE shall continue to engage the resources directly with policy-making institutions to ensure a mutual understanding of the respective objectives within the area of responsibility and competence. The cooperation shall also include holding ERE annual meetings with customers, organizations, investors to be informed regarding their views, but also to promote the regulatory framework. In our regulatory work, we rely on and are also grateful for the cooperation with various bodies representing customers, but also other market participants in particular with regard to the consulting processes that ERE conducts in order that the regulatory acts reflect a balance of the interests of customers, investors and the state. Measures shall be taken to meet the obligation to be transparent, to provide arguments for the decisions that are taken and to emphasize our later goals. Experience in supply services from the customers and service providers point of view is considered to be an important asset, which reflects a prevention of barriers and also the creation of facilities in the market.

ERE shall continue to emphasize the importance to establish and maintain close connection with various types of customers: households, businesses, and large energy users.

9.2- Action Plan

The period handled in this strategy is short-term, but we still need to perform significant amendments not only in our actions, but also in the way we perform them.

With the beginning of this period shall be implemented the new organization chart of the regulator to implement the measures described above. Meanwhile, they impose new challenges which may be complied only by a major change in the way we all work: higher proficiency and rapidity, a stronger collaboration between working groups to make ERE a more efficient, capable authority to make a positive change for the customers and above all that advances and adapts to the rapid steps of technologic and economic development of the power sector. The Board decided to change its contribution and to have a more selective and strategic focus on the overall impact that ERE has in providing services that benefit the end-use customers of electricity, whether being existing customers or potential ones. The aim is to publish a more detailed guidance on how this strategy and our priorities for this period shall guide the work of ERE and also our operation plan.

During the period for the implementation of this strategy, ERE shall prepare such guidelines in order to analyse the impact of the regulatory framework. The Board shall consistently review ERE progress in distributing priorities and changing its practice.

By means of the annual customer impact report, ERE shall regularly measure and publish the progress in customer protection and the distribution of priorities set out in this document.

Chapter X

Conclusions

ERE shall conduct analysis / studies of important aspects of the regulatory framework related to the issue of regulated services.

ERE shall examine how the regulatory framework needs to evolve dynamically to keep pace with the amendments arisen as a result of Covid-19 and all the other amendments affecting the power system.

ERE shall also monitor the developments in CyberSecurity.

ERE shall focus their work and attention towards the Consumers and retail markets.

A major part of our work program 2021 - 2023 is dedicated to consumer protection and empowerment as well as to retail markets and promoting retail market competition.

ERE shall promote and make every effort to involve the interested parties in decision-making, to convey our belief in values such as integrity, simplicity, inclusiveness and above all Mutual Trust and Respect.

These values constitute our Work Culture, a culture where everyone has a responsibility to act in the long-term interest of society.