

Approved with Decision no. 100, of date 27.05.2024

**DISTRIBUTION METHODOLOGY OF THE INCOMES FROM CONGESTION
BETWEEN ALBANIA AND KOSOVO**

Considering that:

- (1) Between ERE, ZRRE, TSO and KOSTT companies it is signed the framework agreement on 21.10.2021 “On the electricity market coupling between Albania and Kosovo” (hereinbelow the "**Framework Agreement**").
- (2) Based on Article 6.2, and Article 7.2 of the Framework Agreement, the terms, conditions or the subsequent methodologies and agreements shall be based on the principles defined on EU 2015/1222 Commission Regulation of date 24 July 2015, that defines the instructions on capacities allocation and the congestion management shall be in conformity with the regional incentives and the other applicable practices in Albania and Kosovo as well as in conformity with the requirements provided on the Framework Agreement itself.
- (3) Based on article 7.3 sub-paragraph (f) of the Framework Agreement, the TSO, KOSTT and the NEMO of Albania and Kosovo shall draft the proposal for a methodology for the income's allocation from the congestion. The methodology shall help the effective long-term operation and the development of the electricity transmission system and shall be according to the general principles of congestion management provided on Article 66 of Law no. 43/2015 “On the Albanian Power Sector" and Article 57 and 44 of Law no. 05/L – 085 for electricity in Kosovo
- (4) According to Article 6.4 sub-paragraph (h) of the Framework Agreement, the Regulators shall above all approve, the distribution methodology of the incomes from the congestions proposed by NEMO, the TSO and KOSTT.
- (5) According to Article 6.5, of the Framework Agreement the Regulators shall consider the requirements of the regional incentives in Energy Community level and shall be consulted, shall closely cooperate and shall be coordinated with each other in order they to be approved at the same time. Both regulators if consider necessary, may agree to draft and sign a specific agreement that requires the organization of common public consultations and providing that all of the terms, conditions and methodologies provided on Article 6.4 shall be approved with the same identical content.
- (6) The TSO, KOSTT and NEMO of Albania and Kosovo drafted the distribution Methodology of the incomes from congestion (hereinbelow "**CID Methodology**").
- (7) This CID methodology takes into consideration the provisions from the general principles of the incomes from congestion in Article 16 (6) of EC Regulation no. 714/2009 of the European Parliament and of the Council dated 13 July 2009 "On the conditions for the approach to the network for the cross-border electricity exchanges (hereinbelow referred as **EC Regulation no. 714/2009**).
- (8) The CID methodology is constructed in both parts. Firstly, the definition and collection of the congestion incomes established from the implicit allocation of the capacities in the electricity market coupling of the day ahead between Albania and Kosovo (hereinbelow referred as **AL-KS DAY**).
- (9) This CID methodology proposed by the TSO and the NEMO of Albania and Kosovo is submitted for approval to the respective Regulatory Authorities according to Article 6 of the Framework Agreement.

Distribution methodology of the incomes from the congestion between Albania and Kosovo

Article 1

Purpose and scope

1. The distribution methodology of the incomes from congestion CID aims to regulate the distribution approach of the incomes from congestion for:
 - a) The bidding areas of Albania and Kosovo and the interconnectors between Albania and Kosovo where are collected the incomes from congestion;
 - b) The incomes from congestion from the capacity's allocation based on coordinated NTC approach; and
 - c) The incomes from congestion from the capacity's allocation in the day ahead frame time.

Article 2

Legal Basis

This methodology is drafted and approved according to:

1. Law no. 43/2015, dated 30/04/2015 "On Power Sector" as amended;
2. Law no. 05/L-085 dated. 21/07/2016 on Power sector of Kosovo.
3. The Memorandum of Understanding of Western Balkans, signed in Vienna on 27 April 2016 on the development of the regional electricity market and the establishment of the framework for other future cooperation signed between Albania and Kosovo;
4. The framework agreement on 21.10.2021 "On electricity market coupling of Albania and Kosovo";
5. Council of Minister Decision no. 519, of date 13.07.2016 "On approving the electricity market model", as amended;

6. ERE Board Decision no. 134, of date 06/07/2017 “On licensing the Transmission System Operator (TSO company) in electricity transmission system operation activity”;
7. ERE Board Decision no. 247, of date 29.09.2022 “On licensing the Albanian Power Exchange – ALPEX” company in electricity market operation activity”;
8. ERE Board Decision no. 347 of date 27.12.2022 “On approving the electricity market rules (ALPEX rules, the definitions, trading procedures, as well as clearing and settlement procedures);
9. ZRRE decision no. V_ 1332_2020, of date 10.12.2020 “On approving in principle KOSTT request to transfer some of the rights and obligations of KOSTT to ALPEX for the operation of day ahead and intraday electricity market in Kosovo”;
10. ERE Board Decision no. 197 of date 26.11.2020 “On approving the harmonized rules of capacities allocation of the interconnection for auction coordination office of South East Europe (SEE CAO), for the borders Albania – Greece – Albania, - Montenegro and Albania – Kosovo” ;
11. ERE Board Decision no. 228, of date 17.07.2023 and ZRRE Decision V_1748_2023 of date 17.07.2023 “On defining the Albania Power Exchange – ALPEX”, as the Nominated Electricity Market Operator (NEMO)".

Article 3

Definitions and interpretation

1. For CID methodology, the terms used on this document shall have the meaning of the definitions included on the regulatory legal and by-legal acts and the agreements between the TSO-s and NEMO-s of Albania and Kosovo.
2. Also, on this CID methodology, with the term “Net custom incomes” shall be understood the incomes allocated from congestion for the bidding area as defined on this methodology.
3. Except of this, on CID methodology, except of the cases when the context requires otherwise:
 - a. the bidding area border may be composed from one or more interconnectors to deliver the incomes from congestion;
 - b. except when not specified otherwise, the terms used shall be implemented in the context of electricity market coupling of the day ahead between Albania and Kosovo (AL• KS DAC);

- c. the singular shows the plural and vice-versa;
- d. the heads are introduced only to facilitate and do not affect the interpretation of CID methodology; and
- e. any reference to the legislation, regulation, orders, instruments, codes or any other act shall include any amendment, subsequent addition or other acts that replace them, if these amendments or additions or subsequent acts, according to their transitory or final provisions are allowed to be implemented on this methodology.

Article 4

The process and calculation of the incomes from congestion

1. ALPEX shall calculate the congestion incomes arising from DAC AL -KS and shall provide that the incomes collected from congestion shall be transferred to the TSO-s by SEECAO.
2. Albanian Electricity Power Exchange Platform (ALPEX) - EMCS, for each clearing day, shall calculate the incomes from congestion, for each Timeframe Unit of the Market (MTU) in Euro rounded to two decimal places and equal to:

The difference of the prices between two bidding areas (the price of the import bidding area minus the export bidding area) multiplied with the quantity in MWh of electricity that flows / is dispatched between these areas (Exchanged Schedules), where:

- The market prices that are used are not rounded for the AL- KS bidding areas that are calculated from the PCR algorithm and then are rounded to two decimal places. The new rounded prices are used from ALPEX-EMCS electronic platform for the calculation of the incomes from congestion.
- The respective inflow of the energy hour is issued from the cross-border schedules (exchanges) (rounded to two decimal places) between the bidding areas of Albania and Kosovo,
- The losses in the system shall not be included in the calculation of the incomes from congestion.

Article 5

Principles for the allocation

1. The TSO and KOSTT shall take their part of the net border incomes based on an 50% - 50% allocation index. The details as well as the essential justification are defined on Annex 1 of this Methodology.

Article 6

Publication of the data

1. TSO and KOSTT shall publish the required information for transparency of the distribution of the incomes from congestion.
2. The information according to paragraph 1 shall be published for each session of the market timeframe of at least on monthly basis.

Article 7

Publication and implementation of CID Methodology

1. TSO and KOSTT shall publish CID methodology with the effectiveness of the decision approved by the respective regulatory Authorities.
2. TSO and KOSTT shall implement CID methodology on the implementation date of the methodology for calculating the capacities and the implementation of the electricity market coupling between Albania and Kosovo.

Article 8

Language

The language of CID methodology shall be the Albanian Language.

ANNEX 1

According to article 4 of the distribution methodology of the incomes from congestion, this Annex describes the specific coefficient of the implemented coordination for the co-allocation of the incomes from congestion between TSO-s in the border of the bidding area.

Bidding area	Interconnector	TSO/ Involved parties	TSO / Involved Parties	Applied coefficient for the allocation of the incomes	Justification
AL-KS	Kosova B – Tirana 2 400 kV	TSO, KOSTT	TSO, KOSTT	TSO :50% KOSTT:50%	Ownership shares*
AL-KS	Prizren - Fierze 220 kV	TSO, KOSTT	TSO, KOSTT	TSO :50% KOSTT:50%	Ownership shares*

- "Ownership shares" shall mean that the TSO-s are the sole owners or that own full ownership on the lines part of the interconnectors mentioned on the respective state table.

The form for the calculation of the incomes from congestion:

The incomes from congestion = (the price of bidding area for the import and the export)* transferred quantities in MWh