



**REPUBLIC OF ALBANIA  
ENERGY REGULATOR AUTHORITY  
BOARD**

**DECISION**

**No. 286, Dated 20.12.2024**

**ON**

**APPROVING THE METHODOLOGY TO DEFINE THE NOMINATED  
ELECTRICITY MARKET OPERATOR (NEMO)**

Based on Article 16 of Law no. 43/2015 “On Power Sector” as amended; point 3.5 of Council of Minister Decision (VKM) no. 519, dated 13.07.2016 “On approving the electricity market model”, as amended the General Conditions, Session B.4.5.6 of the “Electricity Market Rules” (*ALPEX Rules, the definitions, trading procedures as well as the clearing and settlement procedures*) approved with ERE Board Decision no. 347, dated 27.12.2022, as amended; Article 3 point 8 of the *Regulation on the requirements and procedures to define the Nominated Electricity Market Operator (NEMO) as well as the roles and responsibilities of NEMO and the Electricity Transmission System Operator in market coupling*, approved with ERE Board Decision no. 40 dated 06.03.2020; articles 15 and 26 of the *Regulation on Regulation for the organization, operation and procedures of ERE*, approved with ERE Board Decision no. 96, dated 17.06.2016; as well as the “*Framework agreement on electricity market coupling of Albania and Kosovo*”, dated 21.10.2021, signed by Albanian Energy Regulatory Authority (ERE), the Regulatory Office for Energy in Kosovo (ZRREO, the Albanian Transmission System Operator (OST company) and the System, Transmission and Market Operator in Kosovo (KOSTT company); ERE Board on their meeting dated 20.12.2024, after reviewing the report protocol no. 2583, dated 18.12.2024, prepared by Tariff and Prices Directory “*On approving the Methodology to define the tariffs of the Nominated Electricity Market Operator (NEMO)*”,

**Observed that:**

- ERE Board, with decision no. 287 dated 09.10.2023, above all, decided to open the procedure to approve the “Methodology on defining the tariffs of the Nominated Electricity Market Operator”. In this framework was defined that ALPEX company shall continue with the update of the methodology during the consultative process, enabling ERE to review and approve the methodology.
- According to Article 6, points 6.1 and 6.4 of the “Framework Agreement” on electricity market coupling of Albania and Kosovo, ERE and ZRRE shall approve a joint methodology for NEMO tariffs, based on similar principles and methods. On this framework, the parties developed communications and exchanged the draft methodologies, aiming its finalization and approval, to define the final method to calculate the Allowed Revenues.

- To discuss the principles of the methodology and the calculation method of the required revenues of ALPEX company, that are expected to be recovered through the tariffs of the Nominated Electricity Market Operator (NEMO), are held two meetings with the representatives of ERE and ZRRE through the electronic platforms, on 20.06.2024 and 13.09.2024. During these meetings the parties shared opinions, comments, and proposals regarding ALPEX draft-methodology. In conclusion, it was principally agreed and was finalized a common draft-methodology for both regulators, that was provisionally agreed for the public consultation phase.
- ERE, with the official letter protocol no. 2414, dated 18.11.2024, informed the publication of the draft-methodology on internet website and invited the interested parties for comments. The Ministry of Infrastructure and Energy, with the official letter protocol no. 2414/1, dated 10.12.2024, express the principal approval for the methodology, on the condition that the tariffs shall comply with the criteria defined on this methodology.
- By the end of the consultation process, the regulators of Albania and Kosovo finalized the final draft of the methodology, that defines the regulatory principles and the method to calculate the Allowed Revenues of the Nominated Electricity Market Operator (NEMO), ensuring the tariff and cost-reflective rights for the market participants.
- The methodology on defining the tariffs of the Nominated Electricity Market Operator, is composed of 4 chapters and three Annexes specified as follows:
  - *The first chapter*, it is defined the scope and purpose as well as the definitions used at the methodology.
  - *The second chapter*, are defined the general rules to define the revenues, the Reviews of the Tariffs and the regulatory Periods.
  - *On the third chapter*, are submitted the general principles, Allowed Costs for Operation and Maintenance, the Allowed Depreciation, Average Cost Rate of the Weightened Capital, Allowed Rate of the Work Capital as well as the Costs and Taxes of the License Tariffs,
  - *On the fourth chapter*, are defined the Principles to set the tariffs, the Process to Approve NEMO Tariffs, Amendments, Transitory Provisions as well as the Effectiveness. On Article 12 of this chapter it is submitted NEMO tariff approval process, the general principles that these tariffs shall comply.
- To the transitory provision it is defined that this methodology shall be applicable and serve to define NEMO tariffs for the 2026 tariff period and onwards. Year 2025 shall be the testing year and shall serve for the assessment of the actual costs realized from the Nominated Electricity Market Operator. The regulator shall review the tariff proposal from the Nominated Electricity Market Operator being supported on the arguments and clarifications as on 'benchmark' to compare the tariffs with other regional NEMO.

- *Annex I*, the methodology that consists on the Calculation of NEMO Allowed Revenues.
- *Annex II*, of the methodology shall define the Regulatory Basis of the Assets to calculate the allowed depreciation. The allowed depreciation costs during the actual period shall be reduced from the Regulatory Asset Basis, that is calculated according to the respective policies.
- *Annex III*, shall describe review process of NEMO tariffs. The process to review the application to set the tariffs of the Nominated Electricity Market Operator (NEMO) shall be supported on the definitions of the ‘Regulation for ERE Organization, Operation and Procedures’.
  
- Referring to the arguments mentioned above, and the finalization of the public consultation process regarding the Methodology to define the tariffs of the Nominated Electricity Market Operator (NEMO), including the interventions for the finalization of the draft by ZRRE and ERE, shall be assessed that the final agreed methodology integrated all the comments and suggestions of the interested parties. It is in conformity with the regulatory principles and the effective legal standards to define the tariffs and prices.

Regarding the above, ERE Board,

**Decided:**

1. To approve “The methodology on defining the tariffs of the Nominated Transmission System Operator (NEMO)”. (attached to this decision)
2. Tariffs and Prices Directory, shall inform ALPEX company and the interested parties regarding ERE Board Decision.

This decision enters immediately into force.

Any party involved on this procedure may require ERE that within 7 calendar days from taking the decision, the review of ERE Board decision in case there are ensured new evidences that may lead ERE Board to take a decision different from the previous one, or for observed material errors. Regarding this decision may be complained to Tirana Administrative Court, within 30 calendar days from the publication of this decision in the Official Gazette.

This decision is published on the Official Gazette.

**CHAIRMAN**

**Petrit AHMETI**

# **METODOLOGY ON DEFINING THE TARIFFS OF THE NOMINATED ELECTRICITY MARKET OPERATOR (NEMO)**

## **CHAPTER I GENERAL CONDITIONS**

### **Article 1 Scope and Purpose**

1. This methodology defines:
  - 1.1. The basis and the process to define the allowed level of the Allowed Revenues for the Nominated Electricity Market Operator (NEMO) which may be recovered each respective year to permit to cover the reasonable costs for electricity market operation and maintenance in conformity with the provisions of the “Regulation of the Requests and Procedures to Define the Nominated Electricity Market Operator (NEMO as well as the Roles and responsibilities of the NEMO-s and the Electricity Transmission System Operator in Market Coupling.

### **Article 2 Definitions**

1. The terms used on this Methodology shall have the meaning as follows:
  - 1.1. **“Current regulated revenues”** – shall mean the revenues covered by NEMO through the tariffs for the provision of NEMO services and any other unit of the Revenues set by the Regulator, measured on current basis;
  - 1.2. **“Allowed Investment Plan”** – shall mean the program of capital projects for the Regulatory Period allowed from the Regulator;
  - 1.3. **“Regulator”**- shall mean according to the case the Albanian Energy Regulatory Authority, or the Energy Regulatory Office in Kosovo;
  - 1.4. **“License Tariff”** – shall mean the payable amount according to the Tariff conditions issued from the Regulator;
  - 1.5. **“Market Operator (MO)”** – shall mean the natural or physical person, licensed from the *Regulator*, that is responsible for the operation and organization of electricity market.
  - 1.6. **“Tariffs of the Market Operator”**- shall mean the tariffs defined for the obligations that are paid for the operation and organization of the electricity market, defined from the Regulator;

- 1.7. **“Allowed Revenues”** – shall mean the revenues, defined on *Annex I* of this Methodology, which may be recovered in the respective year by NEMO through the tariffs;
  - 1.8. **“WACC”** – shall mean the Weighted Average Cost of Capital above the basic regulated asset that shall be assessed from the Regulator (*Annex I*); and,
  - 1.9. **“Work Capital”**- shall mean the necessary fund to cover the time gap between incurring the expense to provide the service and collecting the revenues from the customer during the operation.
  - 1.10. **“Testing Year”**- shall mean the 12 month period before the regulatory period, that is used as a basis to define the refined revenues for the basic year for the revenues required of the Nominated Electricity Market Operator.
2. The terms, definitions of which are not mentioned on Point 1 of this Article, shall have the meanings defined on the effective legislation for the power sector.

## **CHAPTER II**

### **RULES TO DEFINE THE NEMO REVENUES**

#### **Article 3**

##### **General principles to define NEMO revenues**

1. This rule is based on the principles as follows:
  - 1.1. The regulated Revenues that NEMO expects to win through the tariffs to cover the reasonable costs to provide the authorized services such as the Nominated Electricity Market Operator, on the measure that these costs shall be carefully justified and realized;
  - 1.2. NEMO revenues are determined transparently and impartially, based on non-discriminatory criteria;

- 1.3. NEMO revenues provide sustainability and the predictability of Market Operators activity;
  - 1.4. NEMO revenues shall ensure fairness and balance to the interests of the Market Operator and the interests of the users services that are provided by the Market Operator;
  - 1.5. NEMO revenues and tariffs shall be predictable and sustainable to the higher possible measure; and,
  - 1.6. NEMO revenues and tariffs shall be approved for a 3 year period, except of the testing period referred to the transitory provision.
2. NEMO shall propose the tariffs of the Market Operator (MO) such as the revenues that are expected to be earned from these tariffs shall be within the borders defined from the Regulator.

#### **Article 4**

##### **Review of the Tariffs and the Regulatory Periods**

1. The regulated revenues and the Allowed Rate of Return shall be defined in Reviewing the Tariffs.
2. Regulatory Period for which the NEMO Tariffs are effective is 3 years, where the approved borders of the regulated revenues shall remain effective to the moment of NEMO Tariff Review being supported to the provisions of *Annex III*
3. The form for the calculation of regulated revenues are the one defined according to *Annex I* of this Methodology.
4. Tariff Review process shall be revised supporting on the definitions according to *Annex III* of this Methodology.

### **CHAPTER III**

#### **ALLOWED REVENUES OF NEMO**

#### **Article 5**

##### **The principles to define the regulated revenues**

1. This methodology aims to set the principles to define the regulated revenues the permit to define the tariffs of the Nominated Electricity Market Operator supported on reasonable costs of NEMO activity.
2. The Regulator shall define the rate of Weighted Average Cost of Capital (WACC) for the NEMO in a level that permits the cover of reasonable capital costs for the assets within the Regulated Asset Base.

3. The Allowed revenues shall be set on such a level that enable NEMO to recover the reasonable costs of the services provided by the Nominated Electricity Market Operator, to the extent that these costs are justified.
4. The regulatory year of the Allowed Revenues of the Regulatory Period shall be composed of the:
  - 4.1. Regulatory Asset Base;
  - 4.2. Allowed costs for Operation and Maintenance;
  - 4.3. Allowed Depreciation;
  - 4.4. Weighted Average Cost of Capital;
  - 4.5. The tariffs and Taxes of the License;
  - 4.6. Allowed Rate of Work Capital;
  - 4.7. Non tariff revenues
5. In defining the reasonable costs, the Regulator shall refer, but is not obliged or limited to:
  - 5.1. Existing information of previous periods regarding NEMO volume, cost and NEMO quality of service;
  - 5.2. The provided volumes, costs and the quality of service regarding NEMO; and
  - 5.3. The comparison with the costs of similar Market Operators in Europe, considering the similarities between the Market Operators and NEMO;
6. Any other revenue that is not collected through the regulated tariffs, but relates with the provision of the services provided by NEMO shall be reduced from NEMO regulated revenue, including any difference between the value of the assets issued out of use and their regulated value.

## **Article 6**

### **Allowed Costs for Operation and Maintenance**

1. With the submission of its assessment for fix costs and other operation and maintenance costs that are required to be recovered through the regulated allowed revenues for any future regulatory period, NEMO shall require to recover only the part or elements of these costs that may be attributed in a reasonable way to its activity.
2. The allowed costs of operation and maintenance shall include only the part or the elements of corporate costs (of the mother economic unit or any related economic unit) that may be attributed in a reasonable way to NEMO supported on applicable standards of regulative contability.

## **Article 7**

### **Allowed depreciation**

1. Allowed depreciation costs shall be calculated being supported on the fiscal system to calculate depreciation for regulation purpose.
2. NEMO is not allowed to cover the depreciation costs for the assets financed from capital grants and the contributions from third parties.

## **Article 8**

### **Weighted Average Cost of Capital Rate**

1. The Weighted Average Cost of Capital Rate (WACC) over the Regulated Asset Base shall be defined by the Regulator supported on *Annex I* of this Methodology.
2. The allowed values of WACC rate over the regulated asset base, shall be defined by the Regulator in the framework of tariff review.
3. The Regulated Asset Base shall include only the assets that are considered used and useful for the tariff review period, excluding the accumulated depreciation.
4. NEMO shall not win the return over the financed assets using capital grants or donors contributions.

## **Article 9**

### **Allowed Rate of the Work Capital**

1. The allowed revenues shall include the allowed rate of the Work Capital that shall calculate the financing short-term costs to cover the difference between the payables and the receivables within any defined month.
2. The Permitted Value of the Work Capital shall be —  
calculated as 1/12 of the operational expenses —  
according to the formula as follows:

$$WCLC = 1/12 * (OPMC + LICC)$$

## **Article 10**

### **Tariff Costs and Taxes of the License**



1. The Regulator shall permit the Market Operator to cover all the licensing and tax expenses.

## **CHAPTER IV**

### **TARIFFS OF THE NOMINATED ELECTRICITY MARKET OPERATOR**

#### **Article 11**

##### **Principles to set NEMO tariffs**

1. NEMO shall propose the NEMO tariffs for approval by the Regulator in order to:
  - 1.1. NEMO shall cover the costs of its market operator, to provide the services authorized according to NEMO, to the level of Allowed Revenues defined according to this methodology; and
  - 1.2. Tariff NEMO tariffs are in conformity with the methodology drafted by NEMO and approved by the Regulator. The methodology specifies the allocation of the costs for the Market Operator operation and how these tariffs are covered.

#### **Article 12**

##### **The process of approving NEMO tariffs**

1. NEMO shall deliver to the Regulator its proposal regarding NEMO tariffs and any further amendment at least fifteen (15) working days before the proposed date of effectiveness.
2. Any methodology or amendment of the methodology shall not be effective until approved from the Regulator.
3. NEMO shall have the right to propose NEMO Tariffs that are subject to the requirements of Article 11.
4. NEMO tariffs shall aim the compliance of the criteria as follows:
  - 4.1. To promote the efficient operation of the sector and the use of electricity services for long-term customers interests;
  - 4.2. Tariff structure of NEMO shall be simple and easily accessible from the users;

- 4.3. NEMO tariffs shall reflect its reasonable to the highest possible measure;
- 4.4. The tariffs shall avoid discrimination to a category or some categories of members;
- 4.5. NEMO structural tariff shall be easily comparable to regional structures of NEMO tariffs.

### **Article 13**

#### **Amendments**

1. The regulator maintains the right to amend or modify any provision of this Methodology.
2. The procedures for the amendment or modification of this Methodology shall be the same as for its approval.

### **Article 14**

#### **Transitory Provisions**

1. This methodology shall be applicable and serve to define the tariffs of the Nominated Electricity Market Operator (NEMO) for 2026 regulatory period and ongoing.
2. Year 2025 shall be the ‘testing year that shall serve for the assessment of the actual costs realized from NEMO. For the testing year, the Regulators shall review the tariffs proposed by NEMO supported on the arguments and clarifications as well as to a *benchmark* for comparison of the tariffs proposed by other regional NEMO-s.

### **Article 15**

#### **Effectiveness**

This Methodology is approved with ERE Board Decision no. 286, dated 20.12.2024.

## **ANNEX I**

### **CALCULATION OF THE ALLOWED REVENUES OF NEMO**

1. This Annex defines the formula for the calculation of NEMO allowed revenues that aims to complete and clarify the implementation of the principles defined on this Methodology.
2. NEMO Allowed Regulated Revenues (NEMORR) shall calculate the *Review of the Tariffs* using the formula as follows:

$$NEMORR = (RAB * WACC) + (OPMC + DEPC + WCLC + LICC - NTFR)$$

*Where:*

*NEMORR*                      *Allowed Revenues of NEMO*

*RAB*                              *Regulatory Asset Base*

*WACC*                            *Weightened Average Capital Cost*

*OPMC*                          *Allowed costs of Operation and Maintenance*

*DEPC*                          *Allowed Depreciation Costs*

*WCLC*                          *Work Capital*

*LICC*                          *License Tariff and Tax*

*NTFR*                          *Non-tariff Incomes*

3. The Rate of the 'Weightened Average of Cost Capital - WACC' over the net regulated asset base shall be calculated according to the formula as follows:

$$WACC = [ ES * AroE / (1-T) ] + (DS * CoD)$$

$$ES + DS = 1$$

Where:

ES – Objective for the its own capital report to the

Regulated Asset Base ;

T – Rate for the Tax Corporate;

ARoE – Allowed rate of return over its capital after the tax;

DS – Objective for the debt capital to the Regulated Asset Base

RAB;

CoD – Cost of the debt

The regulator shall assess the proposed rate of the Weighted Average Capital Cost proposed by NEMO to the market rates connected with the capital return and the debt cost as well as considering the comparison with other companies that have the same risk, history as well as the actual financial and economic conditions of NEMO.

## **ANNEX II**

### **REGULATED ASSET BASE**

1. This Annex defines the definition of the Regulated Asset Base to calculate the Allowed Depreciation and (Article 7).
2. The Regulated Asset Base shall be a regulatory real estate asset used and useful of the NEMO that are necessary to provide its Services. The Regulated Asset Base shall make the difference between different classes of assets.
3. The regulator shall define the Regulated Asset Base before the initiation of the first Regulatory Period.
4. The Regulated Asset Base shall be updated for any Tariff Review as follows:
  - 4.1. The allowed costs of depreciation during the actual/current regulatory period shall be reduced from the Regulated Asset Base, calculated according to the respective policies;
  - 4.2. The sales or the issue out of use of the assets during the current regulatory period shall be reduced from the Regulated Asset Base on their remained value;
  - 4.3. The Regulated Asset Base does not include the assets financed from the grants and contributions of the third parties;
  - 4.4. Capital expenses during the current regulatory period shall be added to the Regulated Asset Base during the first tariff review after the date the asset is set into service and at the allowed cost in the approved investment plan. The interest during construction shall be capitalized. During the Tariff Review, the licensee may request that the actual cost, rather than the allowed cost of an investment, to be added to the Regulated Asset Base. The regulator shall approve the request if the licensee clearly demonstrate that the difference between the allowed and actual costs is due to factors beyond the licensee's control and that the licensee has made its best efforts to minimize the cost increase.
  - 4.5. If a capital project in the Allowed Investment Plan is not set into service during the Current Regulatory Period, its allowed cost shall not be added to the Regulated Asset Base in the next tariff review;
  - 4.6. In cases where maintenance costs are included or have previously been included in the allowed operating costs, they will not be capitalized nor included in the Regulated Asset Base.
  - 4.7. The Regulated Asset Base shall be adjusted by taking into account the inflation rate during the previous regulatory period, using the Harmonized Indices of Consumer Prices - All the units for the Eurozone published by Eurostat as the appropriate measure; and,

- 4.8. Depreciation policies, as determined by the Regulator, regarding the lifespan of assets shall be applied consistently and continuously and will not be altered by the licensee for regulatory purposes.
5. The Economic Asset Lifespan for different asset classes shall be used to calculate depreciation in the Regulated Asset Base. The Economic Asset Lifespan shall be determined during the Regulated Revenue Reviews to reflect the technical lifespan of the assets, except in cases where demonstrable reasons exist to justify why the technical lifespan of an asset differs from its useful economic lifespan.
6. Allowed capital expenditures shall be determined during the Tariff Reviews based on the Approved Investment Plan. The Approved Investment Plan shall:
  - 6.1. Include reasonably necessary capital projects to provide the services of the Nominated Electricity Market Operator;
  - 6.2. Identify each capital project prioritized accordingly;
  - 6.3. Is developed using a discounted cost-benefit analysis of the capital project.
7. The Approved Investment Plan shall be implemented as follows:
  - 7.1. NEMO shall make all reasonable efforts to ensure the implementation of the Approved Investment Plan within the allowed timelines;
  - 7.2. If NEMO is, or shall not be, able to undertake a capital project within the timeline specified in the Approved Investment Plan due to reasons beyond its control, it shall notify the Regulator. NEMO also shall provide details on the reasons for the delay and the revised timeline;
  - 7.3. NEMO may, at any time, apply to the Regulator to replace a capital project in its Approved Investment Plan with an alternative capital project, provided that the alternative project is expected to result in equal or greater net benefits to consumers (considering expected outcomes and costs). If the Regulator approves the replacement, the alternative project shall be added to the Regulated Asset Base in the next periodic tariff determination review for the Nominated Electricity Market Operator; and
  - 7.4. If NEMO replaces a capital project with an Approved Investment Plan with an alternative project without prior notification to the Regulator, the Regulator shall assess whether to recognize the replacement during the next Regulated Revenue Review in the tariff determination process. However, the Regulator is not obligated to accept this replacement.
  - 7.5. In all cases, the Investment Plan shall be submitted along with the Application for tariff determination for the Nominated Electricity Market Operator (NEMO) as an integral part of the projected capital expenses that shall be used in calculating regulated revenues, in accordance with the provisions of this Methodology.

### ***ANNEX III***

#### **TARIFF REVIEW PROCESS**

1. To promote transparency, the Regulator shall publish the tariff determination application, materials, and supplementary documentation submitted by NEMO, as well as stakeholder comments regarding the application, on its official website, excluding only information classified as confidential.
2. A tariff review request may be initiated through one or more of the processes as follows:
  - 2.1. Initiation by the Regulator of the Periodic Review after the completion of each 3-year tariff period;
  - 2.2. Initiation by the Regulator or NEMO due to a significant change in circumstances that existed at the time the Allowed Revenues were approved.
3. Upon the acceptance of the request outlined in paragraph 2 of this Annex, or if the company does not submit a request to the Regulator for a reduction in the Allowed Revenues under the circumstances described in paragraph (2) of this article, the Regulator shall issue a decision to open the procedure for reviewing the Allowed Revenues and deliver it to NEMO.
4. The timelines for the overall review process shall be determined by the Regulator at the initiation of the review process.
5. The regulator shall initiate the Tariff Review by informing NEMO regarding:
  - 5.1. The data for the provided and current/actual years, according to the request;
  - 5.2. The form according to which are submitted the data;
  - 5.3. The term to deliver NEMO Proposal for the Allowed Incomes for the next regulatory period.
6. NEMO's proposal shall include the following information and address the following issues (without limitation);
  - 6.1. The actual regulated revenues and the current rate of return on investments earned during the most recent regulatory year and the previous regulatory year;
  - 6.2. The actual costs of providing NEMO services during the current regulatory period, in accordance with the definition of costs used in calculating the Allowed Revenues;

- 6.3. The audit report and the audited financial statements for each financial year that has ended during the current Regulatory Period, where these are available, as required by the reporting requirements included in the Market Operator licenses;
- 6.4. The current membership demand and the total number of Exchange Members during the current Regulatory Period;
- 6.5. The provision of the Requests and expected Memberships for the next Regulatory Period;
- 6.6. The provision of Maximum Allowed Revenues, reporting each component of the allowed costs separately, for the next Regulatory Period;
- 6.7. Any studies commissioned by the MO regarding any of the issues to be included in the NEMO Proposal; and
- 6.8. Any other additional materials that the Regulator reasonably considers should be included to NEMO Proposal, provided that the Regulator has notified NEMO within a reasonable time prior to the final deadline for the NEMO Proposal submission.
- 6.9. Revenues realized from NEMO tariffs above or below the allowed ones, which shall be adjusted in the subsequent Regulatory Period.
7. In preparing its proposal, NEMO, as far as possible, shall apply the principles and formulas established in this Methodology.
8. In cases where NEMO has not implemented the principles and formulas in accordance to this Methodology, NEMO shall disclose any area where these principles have not been applied, the reason for non-application, the rationale supporting the alternative approach, and provide an assessment of the impact of using the alternative approach.
9. Upon receiving the NEMO Proposal, the Regulator shall determine its accuracy, relevance, and reasonableness by applying the established methodology, including determining whether the proposed Allowed Revenues reflect the reasonable costs of providing NEMO services.
10. The Regulator shall prepare a Preliminary Assessment of NEMO Proposal within a reasonable time (defined in paragraph 4 of this Annex) after reviewing NEMO proposals and consulting with NEMO. The Preliminary Assessment shall set out the Regulator proposals for the Allowed Revenues to be recovered by NEMO during the regulatory period and the rationale for these proposals. In preparing its Preliminary Assessment, the Regulator may modify, remove, or replace any part of the NEMO Proposal as deemed appropriate, provided that such modifications, removals, or replacements are identified and justified.



11. The process for reviewing the application for tariff determination for the Nominated Electricity Market Operator shall be carried out based on the provisions of the "Regulation on ERE Organization, Operation."
12. NEMO may complain the Regulator's decision regarding the determination of tariffs for the Nominated Electricity Market Operator according to the applicable legislation.