



**REPUBLIC OF ALBANIA
ENERGY REGULATORY AUTHORITY
BOARD**

DECISION

Nr. 284, Datë 18.12.2024

**ON
APPROVING THE METHODOLOGY ON DEFINING RENEWABLE ENERGY
OBLIGATION**

Based on Articles 16, 18, point 1, letter “a” and “dh”; as well as Article 19 letter “b” of Law 43/2015, “*On Power Sector*”, as amended; Article 3, point 8 and Article 16 of Law no. 24/2023 “*On the Promotion of Using Energy from Renewable Resources*”; and Articles 15 and 26 of the *Regulation on ERE Organization, Operation and Procedures*, approved with ERE Board Decision no. 96, dated 03.09.2016; ERE Board on their meeting dated 18.12.2024, after reviewing the report Protocol no. 2574, dated 17.12.2024 prepared by the Directory of Policy Development and Surveillance of Renewable Resources “*On approving the Methodology to define Renewable Energy obligation*”,

Observed that:

- ERE Board, with Decision no. 377, dated 26.12.2023, decided to initiate the procedure on approving renewable energz obligation.
- ERE informed the interested parties to express their opinion regarding this draft – methodology as well as published the document on ERE website “Consultings” session.
- The interesting parties that have submitted their comments are: the Albanian Association of Renewable Energy (AREA) with the official letter protocol no. 1810/206, dated 23.02.2024; the Albanian Association of Electricity Suppliers (AAES) with the official letter protocol no. 1502, dated 15.02.2024 and the “Free Market Supplier” (FTL) with the Official Letter protocol no. 384/1, dated 26.03.2024. The draft of the methodology is discussed with the consultants, which assissted to address the justified comments to the interested parties.
- As follows, implementing ERE Chairman Order, on date 17.10.2024 was held the hearing session with the participation of representatives from ERE, FTL company, AREA and OSHEE Group, where were discussed and addressed the comments submitted from the interested parties.

- The comments of the interested parties are focused on the terms for the submission of the data, pre-payment from the suppliers, the transposition of the energy purchase agreement of OER after its consolidation, balancing responsibilities, recovery of the payments from other suppliers and the effectiveness of the methodology with the approval of Council of Minister Decision regarding the tasks and obligations of the Renewable Energy Operator.
- Regarding the comments submitted from the interested parties shall be clarified that ERE partially considered the comments regarding the terms for the submission of the data and the prepayment from the suppliers, postponing the term for submitting the data from the supplier and the OER producer, as well as from OER to ERE.
- Regarding the pre-payment, referring to the definitions of Article 16, point 12 of Law no. 24/2023, ERE provided that for the first OER shall have the pre-payment right, while on any case shall address at ERE the request. Also at the methodology it is included the concept of bank guarantees. Regarding the recovery of the payments from other suppliers, this provision is based on the definitions of point 10, Article 16 of Law no. 24/2023 “On the Promotion of Using Energy from Renewable Sources”.
- Comments on the balancing responsibility are not reflected at the methodology, as they do not relate with this document. Regarding the effectiveness of the Methodology, the Council of Ministers with Decision no. 696, dated 13.11.2024, defined the tasks and obligations of the “Renewable Energy Operator” company, and by ERE it is provided a transitory provision on Article 10 of the Methodology, that defines that for the approval of renewable energy obligation for 2025 period, OER or any entity that performs its obligations, may submit at ERE the request but not later than 31 March 2025, despite of the term defined on Article 7 of the Methodology.
- The methodology is structured as follows:
 - (i) **First part:** “General Provisions” – contains the purpose of the methodology, the legal basis and the definitions;
 - (ii) **Second part:** “The Role and responsibilities of the parties” – includes Articles 5, 6 and 7, where are defined the roles and responsibilities of Renewable Energy Operator (OER), those of electricity suppliers and the annual provision of energy produced from priority producers.;
 - (iii) **Third Part** of the Methodology: “Calculation of renewable energy obligation”, shall include the approach of calculating this obligation, including the support for Kpd and FiT, the balancing costs, work capital, operational and maintenance costs, correction factor and the definition of end-use customers groups.;
 - (iv) **Fourth part** of the methodology shall define the invoice, payment and regulation of renewable energy obligation, as well as the support for priority producers. Renewable energy obligation shall be a specific issue on the customer invoice, while the priority producers shall issue invoices to Renewable Energy Operator (OER), and the payments

shall be executed according to the defined conditions.

The suppliers are obliged to pay their part of the OER obligation according to the contract. ERE shall calculate the differences between the provided and the realized values, adjusting the excessive revenues or the lack of revenues to the next-year obligation;

(v) **Fifth** and the last **part** of the methodology includes transitory provisions and the extraordinary review of renewable energy obligation, the settlement of the disputes, the review and amendment of the methodology, as well as its effectiveness. The transitory provisions provide that regarding renewable energy obligation for 2025, OER or the respective entity may submit at ERE, in case of the condition defined on Article 4.2, not later than 31 March 2025, except of the term defined on Article 7. The amendment of the methodology shall be with ERE Board Decision, in conformity with the regulation for its operation, while the entry into force, shall be realized after the publication in the Official Gazette of the Republic of Albania.

- On this methodology it is defined that OER shall act as electricity purchaser for priority generators supported through contracts and incentive tariffs, maintaining contracting responsibilities to cover the payments. OER shall deliver electricity in the organized market, bilateral market or balancing market, according to the market conditions. Also shall be responsible for the invoicing and the collection of renewable energy obligation from the supplier as well as the collection and report of the data at ERE for calculating this obligation. Its costs shall be covered through renewable energy obligation fund. The Renewable Energy Operator shall request bank guarantee from the energy supplier, 15 days before the initiation of the calendar year, according to its defined form and approach.
- Implementing Article 5 of the Methodology, the responsibilities of the electricity suppliers are: *the submission of the annual forecast of energy volume that shall be supplied to OER within the defined terms, the invoicing and the collection of renewable energy obligation from end-use customers, as well as the application of this obligation value in ALL/kWh, according to the consumed energy quantity from the balancing group of the supplier.* On Article 6 are provided the procedures and terms regarding the annual *foreseen of electricity, produced from priority producers, that benefit from one of the supporting schemes.*
- The methodology defines that the renewable energy obligation in ALL/kWh is calculated considering the main factors: *the support for the Contracts for Difference (CfD), the support for incentive tariffs (Feed in Tariffs), the balancing costs, the work capital and the liquidity costs, the operational and maintenance expenses, the correction factor and the differences for the previous year, as well as the definition of end-use customers based on total electricity consumption for the respective period.*

For all of the above mentioned, ERE Board,

Decided:

1. To approve the “Methodology on defining renewable energy obligation”. (Attached to this decision)
2. Directory for Policy Development and Renewable Resources Surveillance shall inform the interesting parties regarding ERE Board Decision.

This decision enters into force after publication in the Official Gazette.

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

This decision is published in the Official Gazette.

ERE CHAIRMAN

Petrit AHMETI

METHODOLOGY ON DEFINING RENEWABLE ENERGY OBLIGATION

PART I GENERAL PROVISIONS

Article 1 Purpose

This methodology shall define the calculation of renewable energy obligation that shall be paid from the electricity end use customers, being supported on the definitions of Law no. 24/2023 “*On the promotion of using energy from renewable resources*”.

Article 2 Legal basis

This methodology is drafted based on Articles 16 and 30 of Law no. Law no. 24/2023 “*On the promotion of using energy from renewable resources*” and Article 19, letter “b” of Law no. 43/2015 “*On Power Sector*” as amended.

Article 3 Definitions

1. On this Methodology the terms as follows shall have this meaning:
 - “**Energy Regulatory Authority**” or “**ERE**” shall mean the Regulatory Authority of power and natural gas sector in Albania.
 - “**Obligation for renewable energy**” shall mean a fix tariff that is applied for the end use customers to cover the costs of the Renewable Energy Operator according to the respective quantity of electricity consumed by each end use customer, that is calculated according to the principles defined on Law no. 24/2023 “*On the promotion of using energy from renewable resources*” and this methodology.
 - “**The Renewable Energy Operator**” or “**REO**” shall mean the contracting party of qualified priority producers for support according to Law no.24/2023 “*On the promotion of using energy from renewable resources*”, through the contract for support, or based on the promoting tariff system through the agreements for energy purchase.
 - “**Contract for difference**” (**CfD**) shall mean a supporting contract financially regulated, where the Renewable Energy Operator pays to the priority producer the difference between the guaranteed price and the reference price where the reference price is lower than the guaranteed price and the priority producer pays the difference to the Renewable Energy Operator when the reference price is higher than the guaranteed price.

- **“Contract for support”** shall mean a contract through which to the priority producer is issued the support according to Law no. 24/2023 *“On the promotion of using energy from renewable resources”*
- **“Contract for premium”** shall mean a type of contract for support where it is paid a fix premium (that may be positive or negative depending on the result of the competitive process) or a sliding premium (as the difference between the guaranteed price and the reference price) from the Renewable Energy Operator for the priority producers over the market price.
- **“Guaranteed price”** shall mean a winning price that is reached through a competitive process by which the priority producer shall sell electricity according to the supporting scheme or whose difference with the reference price shall be covered financially.
- **“Reference price”** shall mean the price set regarding the day ahead Albanian market that is operated by the Albanian Power Exchange according to the definitions of the supporting scheme. The calculation of the reference price and the rules for handling the negative prices shall be defined on the documents for a competitive process even at the supporting contracts according to Law no. 24/2023 *“On promoting the use of energy from renewable resources”*. If the reference price is negative, it shall be considered zero for the purpose of regulating CfD.
- **“CfD Conversion”** shall mean the conversion of an Energy Purchase Agreement to a Contract for Difference according to Article 30 point 5, of Law no. 24/2023 *“On the promotion of using energy renewable resources”*.
- **“Energy purchase agreement”** shall mean the type of supporting agreement, where one defined purchaser guarantees the obligatory physical purchase of electricity generated from the producer with a fix price.
- **“Supplier”** shall mean a licensed company to perform the supply activity
- **“End-use customer”** shall mean a customer that purchase energy only for personal usage.
- **“RES Law”** shall mean Law no. 24/2023 *“On the promotion of using energy from renewable resources”*.
- **“Priority producer”** shall mean any electricity producer from energy renewable resources that benefits from one supporting scheme according to the effective by-laws.
- **“Existing priority producer”** shall mean a priority producer that from the moment of effectiveness of this Law no. 24/2023 *“On the promotion of using energy from renewable resources”*, signed a contract for project development with the ministry or has the prior approval for the construction of the production photovoltaic capacity up to 2 MW, the aeolian up to 3MW and for the hydropower plants with installed capacity up to 15MW.
- **“Work capital/Liquidity costs”** shall have the meaning defined on Article 7 of this methodology.

- **“FiT Support”** shall have the meaning defined on Article 7 of this methodology.
 - **“CfD support”** shall have the meaning defined on Article 7 of this methodology.
 - **“Reconciliation/correction factor”** shall have the meaning defined on Article 7 of this methodology.
2. The terms, whose definitions are not listed on point 1 of this article, as taken as a reference for the terms and definitions defined on Law no. 24/2023 *“On the promotion of using energy from renewable resources”* and Law no. 43/2015 *“On Power Sector”*, as amended.

PART II

ROLE AND RESPONSIBILITIES OF THE PARTIES

Article 4

Role and responsibilities of the Renewable Energy Operator

1. The Renewable Energy Operator (OER) shall be the electricity purchaser for all the qualified priority producers for the support through the contract for support or supported on the promoting tariff system through the agreements for electricity purchase.
2. The energy purchased from Renewable Energy Operator (OER) shall be directly delivered to the day ahead or intraday organized market.
3. For the time-period that ALPEX may not produce prices, shall be considered the electricity sale to the bilateral market and/or potential benefit, if applicable from the exposure to the balancing market.
4. The renewable energy operator (OER) shall have contractual responsibility to any priority producer to cover the payments resulting from any supporting contract signed between OER and the priority producer.
5. The renewable energy operator is responsible for invoicing the renewable energy obligation to all electricity suppliers, which exercise the electricity supply activity to the end-use customers.
6. The Renewable Energy Operator is responsible for collecting renewable energy obligation from all the electricity suppliers that exercise the electricity supply activity to the end-use customers and for paying this obligation to electricity priority producers.
7. The Renewable Energy Operator is responsible for collecting all the data from the energy priority producers qualified for the support regarding the annual volume of electricity produced and/or provided to be produced from renewable energy, for the supporting scheme and period, as well as for the support regarding the balancing responsibility for the priority producers that are fully/partially exempted from the balancing responsibility.
8. After collecting the data, the Renewable Energy Operator (OER) shall collect the data submitted from the energy priority producers and shall submit them at ERE to calculate the obligation for renewable energy that shall be charged to all end-use customers.
9. The Renewable Energy Operator (OER) to guarantee its financial neutrality shall share the imbalances costs caused from the priority producers according to the definitions of the electricity balancing Market Rules and other effective by-laws specifications, and shall collect through the renewable resources obligation those imbalance costs that are beyond the borders set according to respective Energy Purchase Agreements (MBE) for those priority producers which have a maximum border regarding the obligation of the imbalances costs or for the producers that are exempted from the balancing responsibility.
10. The costs of Renewable Energy Operator (OER) shall be covered through renewable

energy obligation whose fund shall be used to cover the supporting schemes costs as follows:

- a) the payable difference, if positive, between the guaranteed price and the reference price for the priority producers, the support issued in the form of the Contract for Difference
 - b) premium price for the priority producers, the support issued in the form of premium contracts
 - c) promoting tariffs for priority producers, the support issued in the form of Energy Purchase Agreements (MBE)
 - d) imbalance costs which are beyond the border set for those priority producers that have a maximum border regarding the imbalance obligation costs according to the respective Energy Purchase Agreements, and the costs of the producers that are fully exempted from the balancing responsibility, if applicable.
 - e) daily operational and maintenance costs of Renewable Energy Operator (OER), including, but not being limited to the financial cost, the access to the market, the circulating capital and the costs for providing the reserves to ensure the financial liquidity and the payments ability of the renewables supporting fund on continuous basis.
 - f) If OER is equipped with the liquidities from the state funds, the cost for the Albanian state shall be covered through renewable energy obligation.
11. The Renewable Energy Operator (OER) shall have the right to recover any uncollected payment from the bankrupt supplier, dividing them as collectible, unrecovered amounts with the remained suppliers in the market, in proportion to that part of the market that is occupied by each supplier.
12. The OER, 15 days prior to each calendar year, shall require each supplier to make available a bank guarantee instrument, issued by an Albanian banking institution in the form and approach determined by the OER. The value of the bank guarantee shall be calculated by considering the suppliers' tariff for renewable energy determined by the ERE for the following calendar year, multiplied by the supplier's average volume corresponding to 60 days of supply, plus the relevant VAT value.
13. In the framework of the zero financial risk principle of OER, in case of differences between the provisions and realizations of the electricity consumption of each supplier, OER shall ensure that each electricity supplier has issued a bank guarantee, with the beneficiary OER, which in each time interval covers an exposure of OER equal to the suppliers' tariff for renewable energy determined by the ERE for the following calendar year, multiplied by the supplier's average volume corresponding to 60 days of supply, plus the relevant VAT value. In case during the calendar year the supplier increases the consumption of its balancing group beyond the provision, it shall cover 100% the difference by increasing the relevant value of the bank guarantee. If the supplier does not make available to OER the additional bank guarantee instrument, in the form, manner, value and time limit determined by OER, OER shall request the Market Operator to suspend the supplier from the electricity market (only for the supply component/license), until the OER requirements are fully met. The supplier's suspension is published on the Market Operator's website. If during the calendar year the supplier reduces the consumption of its balancing group beyond the contractual provision, OER shall accept the reduction of the bank guarantee value, respectively by the same amount of the reduction of its financial exposure.

14. In case the supplier increases the consumption of its balancing group beyond the forecast during the calendar year, it must cover the difference 100% by increasing the corresponding value of the bank guarantee. If the supplier does not provide OER with the additional bank guarantee instrument in the form, manner, value, and timeframe specified by OER, OER will request the Market Operator to suspend the supplier from the electricity market (only for the supply component/license) until full compliance with OER's requirements is achieved. The supplier's suspension will be published on the Market Operator's website. If, during the calendar year, the supplier reduces the consumption of its balancing group beyond the contractual forecast, OER will accept a reduction in the value of the bank guarantee, corresponding to the same amount as the reduction in its financial exposure.
15. If the electricity supplier does not provide the activation of the supply license in the following year, there is no obligation to make the bank guarantee instrument available.
16. The OER shall require to each supplier to make a prepayment of the renewable energy obligation 15 days before the start of the OER's operation in order to guarantee the initial liquidity of the latter. This prepayment shall be applied only for the first three months from the commencement of OER's operation. The value of the prepayment shall be calculated by considering the suppliers' obligation for renewable energy determined by the ERE for the following calendar year, multiplied by the volume foreseen by the supplier for the first 90 days of supply, plus the relevant VAT value. For any other case, where the OER will require the prepayment of the renewable energy obligation by the electricity suppliers, it shall submit a request to the ERE, which will be reviewed on a case-by-case basis by ERE, also determining the value of this prepayment, in accordance with the law "On the promotion of the use of energy from renewable sources". In case the supplier does not make the prepayment in the amount and within the specified time limit, the OER shall request the Market Operator to suspend the supplier from the electricity market (only for the supply component/license), until the OER requirements are fully met. The suspension of the supplier is published on the Market Operator's website.
17. The Renewable Energy Operator shall keep detailed records of all measures including the grant of support. These records shall be kept for the entire duration of the support contract and for an additional ten year period, including all information necessary to prove that the conditions of the contract for difference, the contract for premium and the MBE have been met.
18. The Renewable Energy Operator, no later than 3 months from the application of the renewable sources obligation to electricity suppliers, shall establish an online register of priority producers eligible for support and will update it continuously on a 3-monthly basis.

Article 5

Role and responsibilities of electricity suppliers

1. Within 1 October of each year, all of electricity suppliers shall submit at the Renewable Energy Operator (OER) the annual provision of electricity volume that is expected to be supplied from them allocated according to the months for the next year, as well as the electricity supplied from them on the next year, allocated on monthly basis.

2. Any electricity supplier is responsible for invoicing and collecting from the end use customer the obligation of renewable energy invoiced from Renewable Energy Operator.
3. The supplier shall invoice the obligation of renewable energy obligation in ALL per kWh for all end-use customers according to the respective electricity amount, consumed from its balancing group.

Article 6

The annual electricity provision produced from priority producers

1. Within 1 October of each year, all the priority producers into operation as well as the priority producers that plan to set into operation their plants during the next year, shall submit to OER an annual provision of the electricity volume that is expected to be generated from renewable resources, allocated according to the months for the next year as well as the electricity produced from them on the previous year, allocated on monthly basis, as an obligation that shall be reflected even on the contract between the parties.
2. The Renewable Energy Operator collects the total volumes of electricity that are provided to be produced from the renewable resources submitted from all priority producers and calculates the monetary amounts that is expected to be shared to priority producers for the next year. Based on the data collected from the priority producers.
3. The Renewable Energy Operator provides the total production from renewable energy and the contract to pay the contract for difference for any priority producer according to the prices and the conditions of each mutual contract according to the effective legislation.

PART III

CALCULATION OF RENEWABLE ENERGY OBLIGATION

Article 7

Calculation of renewable energy obligation

1. OER shall submit at ERE the request to approve the renewable energy obligation according to Law no. 24/2023 "*On the Promotion of Renewable Energy from Renewable Resources*" and Law no. 43/2015 "*On Power Sector*" as amended as well as the definitions of this methodology.
2. Within 1 November of each year, OER shall submit at ERE the calculation for electricity obligation for renewable energy. Regarding the supply data, OER shall consider the highest value resulting from the comparison of the amount provided from the supplier and the current value for the previous year. OER shall consider the consumption values provided for the next year, based on TSO company best provisions. Regarding the production data, OER shall consider the highest value resulting from the comparison of the value provided from the producer and the value defined on the contract signed with MIE. On its provisions OER shall consider the netting electricity of the self-producers according to the provisions of effective legislation.
3. ERE, in the case of positive difference between the price/unit of the priority producers contracts and the expected market price for the next year, including the cost/unit of OER, shall define the value of renewable energy obligation in ALL per kWh according to the respective electricity amount that is consumed from each end-use customer. This obligation shall be defined on the way to cover the costs as follows based on the formula and the steps submitted as follows.

4. ERE, in the case of negative difference between the price/unit of priority producers contracts and the expected market price for the next year, including the cost/unit of OER (the exchange price or the bilateral contracts is provided to be not only higher than the price of the priority producers, but even shall fully cover all OER costs), the respective obligation of the suppliers, on quarter or annual basis, regarding renewable energy, shall be zero.
- A. **Contract for Difference (CfD) support** shall mean the amount of the support that shall be paid to priority producers with CfD contracts.
- B. **Feed in Tarif (FiT) support** shall mean the amount of the support that shall be paid to FiT contracts for small priority producers or FiT contracts for priority producers according to the competitive procedures.
- C. **Balancing costs** shall mean the balancing costs caused by small renewable energy producers (if provided for in the balancing rules) or when applicable, the costs caused over the balancing tariff border decided on the respective Energy Purchase Agreements (MBE) with the priority producers. In any case, the balancing costs shall be calculated in accordance with the balancing rules in force.
- D. **Work capital/liquidity costs** shall mean the work capital costs for the Renewable Energy Operator and the reserve/provided costs to ensure liquidity in sufficient amount and in continuation to guarantee the compliance from OER at the appropriate time of all obligations of CfD/MBE according to the terms and conditions defined on CfD/MBE.
- E. **Daily maintenance and operational costs of OER** shall mean the realized expenses in a reasonable way from OER for its daily operations.
- F. **Reconciliation/correction factor** shall mean the factor that regulates the differences between the provided values of the incomes and expenses as well as the realized values of the previous year fund.
- G. **Determination of the end-use customer group (Q)**, includes all the end-use customers, who shall be required to pay the renewable energy obligation, calculating the total electricity consumption in kWh for the respective end-use customer groups for the respective period.

$$RES \text{ Obligation (in Lek per kWh)} = \frac{A + B + C + D + E + F}{Q} \quad (\text{Formula 1})$$

The steps for calculating each component of the formula are provided as follows:

A. CfD Support:

- Includes all CfD contracts that are eligible to receive support through the scheme.
- Each CfD contract shall define:

- i. The guaranteed price in ALL per MWh. If the guaranteed price in the contract is specified in a foreign currency, the average exchange rate of that currency against ALL during the previous year, shall be used.
- ii. The calculation of the average reference price of the CfD contract in ALL/MWh expected for the next year, divided into four quarters, a calculation which shall take into account the risk reduction for the lack of financing. As the average price for each quarter, OER shall consider the average price of HUDEX, in the baseload, of each month for each quarter of the following year, minus 20%. HUDEX shall be replaced by ALPEX, only when ALPEX starts trading derivative products on a quarterly basis, in a one-year range.
- iii. Calculation of the expected amount of electricity production (PP) for the following year expressed in MWh.
- iv. The calculation of the supporting payment for the producers (if the guaranteed price $SP >$ the reference price CRP) or the liquidation to OER ($SP <$ CRP) that is expected for the following year, divided on a monthly basis.
- v. The collection of the supporting payments and the expected repayments during the hours of the year, divided on a monthly basis.
 - The collection of the supporting payments and expected repayments during the following year divided on a monthly basis for all CfD contracts shall be defined as follows:

$$A [\text{in ALL}] = \sum_{\text{all CfD contracts } (j)} \left[\sum_{\text{all months } (m)} (\zeta G_j - \zeta R_{j,m}) \times PP_{j,m} \right]$$

(formula 2)

B. FiT support:

- Identifies all FiT contracts that are eligible to receive support through the scheme.
- For each FiT contract:
 - i. Identification of the promotion tariff (FT) in ALL /MWh. If the contractual promotion tariff (FT) is specified in a foreign currency, the average exchange rate of that currency against ALL during the previous year, shall be used.
 - ii. The calculation of the reference price FiT (FRP) in ALL/MWh that is expected for the next year, divided into four quarters, a calculation which shall take into account the risk reduction for the lack of financing. As the average price for each quarter, OER shall consider the average price of HUDEX, in the baseload, of each month for each quarter of the following year, minus 20%. HUDEX shall be replaced by ALPEX, only when ALPEX starts trading derivative products on a quarterly basis, in a one-year range.
 - iii. Calculation of the expected amount of electricity production (PP) for each month of the following year expressed in MWh.
 - iv. The calculation of the net supporting value (i.e FP – FRP) expected for each month of the year.
 - v. The collection of the net supporting values expected during the months of the year.
- Collection of the net sums that are expected for all FiT contracts.

$$B [\text{in ALL}] = \sum_{\text{all FiT } (k) \text{ contracts}} \left[\sum_{\text{all months } (m)} (TN_k - \zeta R_{k,m}) \times PP_{k,m} \right]$$

(formula 3)

C. Balancing costs:

The balancing costs incurred by priority producers that are fully or partially exempted from balancing responsibility shall be part of the calculation of the renewable sources obligation. In any case, balancing costs shall be calculated in accordance with the applicable balancing rules.

$$C \text{ [në Lek]} = C_1 + C_2$$

(formula 4)

TSO shall cooperate closely with OER to make available all the data regarding the balancing costs of Priority Producers that sell directly to ALPEX.

1. For each contract, the balancing costs incurred by priority producers that are partially exempted from balancing responsibility shall be part of the calculation of the renewable sources obligation:

$$C_1 [\text{in ALL}] = \sum_{\text{All standard contracts } 1(l)} PPT_l \times SMD_l \times \max(0, KMB_l - \zeta TSHB_l)$$

(formula 5)

- i. The provision of total production (PPT) in MWh per year.
- ii. Assessment of the average quantity of the imbalances (SMD) expressed as a % of total generation.
- iii. Calculation of the average balancing costs (KMB) in ALL/MWh that is expected to be handled by the Priority Producer.
- iv. The identification of the maximum price for the balancing services in ALL/MWh, if defined in the contract. This may require a conversion of the currency from Eur to ALL.
- v. The calculation of excess balancing costs beyond the border that the Priority Producer shall require to be recovered through renewable energy obligation.
- vi. The collection of excess balancing costs for those priority producers that have defined the balancing tariff border in the respective MBE, for all the contracts when these Producers are partially exempted from balancing responsibility.

2. For each contract, the balancing costs incurred by priority producers that are fully exempt from balancing responsibility (if applicable), shall be part of the calculation of the renewable resources obligation:

$$C_2 [\text{in ALL}] = \sum_{\text{All standard contracts } 2 (m)} PPT_m \times SMD_m \times KMB_m$$

(formula 6)

- i. The provision of total production (PPT) in MWh per year.
- ii. Vlerësimi i sasisë mesatare të disbalancave (SMD) të shprehur si një % e gjenerimit total.
Assessment of the average quantity of the imbalances (IBP) expressed as a % of total generation.
- iii. The calculation of the average balancing costs (KMB) in ALL/MWh that the Priority Producer fully exempted from balancing responsibility is expected to handle.

The collection of balancing costs for those priority producers that have defined that are exempted from balancing responsibility in the respective MBE, for all the contracts when these Producers are fully exempted from balancing responsibility.

D. Work Capital Costs

Depending on the approved measure (or a combination of the measures), shall be defined the accompanied costs that may be covered through renewable energy obligation.

$$D \text{ [në Lek]} = D_1 + D_2 + D_3 \quad (\text{formula 7})$$

1. For the first three months of operation, OER shall require each supplier to make a prepayment of the renewable energy obligation. The prepayment amount shall be calculated as follows.

$$D_1 \text{ [në Lek]} = (A + B + C + D + E + F) \times \frac{n_1}{12} \times K_1 \quad (\text{formula 8})$$

where:

- **(A+B+C+D+E+F)** is the value provided (in ALL) of the renewable energy obligation that the suppliers shall pay during the complete year. The formula excludes component D1 in the calculation of component D.
- **n1** is the number of months that suppliers shall pay the renewable energy obligation in advance, specifically 3.
- **K1** is the cost expressed (in annual percentage) of providing a quarterly loan. The interest rate shall be fixed for all suppliers and shall be calculated based on the Bank of Albania's interest rate for quarterly loans.

2. If OER is required to issue a bank guarantee in accordance with the terms and conditions of the MBE related to the Priority Producers, OER shall have to recover the costs of the bank guarantee.

$$D_2 \text{ [në Lek]} = (A + B + C) \times \frac{n_2}{12} \times K_2 \quad (\text{formula 9})$$

where:

- **(A + B + C)** is the value calculated (in ALL) of the expected payments for the priority producers during a full year For FiT (B) support, it is assumed the net amount.
- **n2** is the number of the months for the expected payment that shall be covered by the bank guarantee.
- **K2** is the cost (annual cost expressed in %) for OER to maintain a bank guarantee during the complete year.

3. If OER is equipped in advance with a liquid capital from the state funds, the cost for the Albanian state shall be covered. The formula as follows assumes that only the interest shall be charged.

(formula 10)

$$D_3 \text{ [në Lek]} = KPP \times K_3$$

where:

- **KPP** is the preliminary working capital (in ALL) guaranteed by the Albanian state.
- **K3** is the capital cost (annual expressed in %) of the Albanian state.

E. Monthly operational costs of OER

The costs listed under this item are covered by the renewable energy obligation. These costs include:

- Rent;
- Staff expenses
- The costs of IT and communication
- The costs for the services
- The costs of professional expenses (e.x legal, accounting)
- Other costs associated with the provision of OER services.

F. Reconciliation/correction factor

The calculation of the reconciliation/correction for the T period:

- i. Taking into account the forecast increase in the renewable energy obligation, expressed in ALL, for year T-1 (RO (forecast)T-1) as calculated in year T-2).
- ii. Identification of the actual increase of renewable energy obligation, expressed in ALL, for year T-1 (RO (actual/current) T-1).
- iii. Shall take into consideration the provision set on the supporting scheme, expressed in ALL for year T-1, according to the calculation for year T-2.
- iv. Identification of the actual expense of the supporting scheme, expressed in ALL for year T-1.
- v. Calculation of the difference between the forecast and the realization.
- vi. Using the reconciliation/correction factor in the formula for renewable energy obligation applied for year T+1.

$$F_{T+1} [\text{në Lek}] = DER(\text{parashikim})_{T-1} - DER(\text{aktuale})_{T-1} + (A + B + C + D + E)(\text{aktuale})_{T-1} - (A + B + C + D + E)(\text{parashikim})_{T-1}$$

(formula 11)

Q. Coverage from end use customers and the suppliers

1. The definition of end-use customer groups (Q), including household and non-household customers, to whom shall be required to pay renewable energy obligation.
2. Consumption shall be calculated based on the data of TSO 10-year plan (in its absence, on the official provision submitted by TSO for this purpose).

$$Q [\text{në kWh}] = KTE$$

(formula 12)

3. At the end of each exercise period, ERE shall issue a decision on the value of the renewable energy obligation expressed in ALL per kWh to be paid by each end-use customer of electricity (during the subsequent liquidation period).
4. ERE shall communicate the decision in a transparent manner to all electricity suppliers and end-use customers and shall publish it on its official website as well as in the national written media for 3 (three) consecutive days.

PART IV
THE INVOICING AND THE PAYMENT OF RENEWABLE ENERGY
OBLIGATION

Article 8

The invoicing and the payment of renewable energy obligation and the support for the priority producers

1. Each electricity invoice, in case of positive values of the renewable energy obligation, invoiced by the electricity supplier for an end-use customer, shall include the renewable energy obligation expressly invoiced as a separate item by their electricity supplier.
2. Any priority producer shall invoice to the Renewable Energy Operator the sums of the obligations according to the terms and conditions defined on MBE/CfD.
3. Each supplier shall pay its share of the renewable energy obligation to OER. OER shall calculate each supplier's share of the renewable energy obligation in relation to each supplier's estimated market share. Depending on the calculation period of the renewable energy obligation by OER for making payments to priority producers, the period of the renewable energy obligation by electricity suppliers shall also be determined.
4. Invoices shall be based on the current electricity consumption values of each supplier's balancing group. The current consumption values shall be made available to OER by the network operators, respectively TSO and DSO, within three days from the last date of the month of issue. Payment of invoices issued by OER shall be made by the electricity suppliers in accordance with the conditions set out in the legislation in force.
5. The payment of the invoices issued from the electricity priority producer and received from OER shall be according to the terms and conditions of respective CfD/MBE.
6. The conditions and procedures for the calculation and collection of the renewable energy obligation shall be approved in accordance with the applicable legislation on state aid.

Article 9

Regulations of renewable energy obligation

1. ERE shall calculate the differences between the values and the quantities forecasted and realized for the promotion of energy from the renewable sources during the previous calendar year integrating a reconciliation/correction factor (F) according to Article 7 of this methodology.
2. The results shall be published for all the interested parties and shall be included to review renewable energy obligation for the next regulatory period.
3. Excess OER revenues shall be transferred to the following year, while the missing revenues shall be added to the following year's renewable energy obligation.

**PART V
FINAL PROVISIONS**

**Article 10
Transitional provisions**

Exceptionally, for the approval of the renewable energy obligation for 2025, OER or any entity performing its duties may submit a request at ERE, in case the condition set out in Article 4.2 is met, no later than March 31, 2025, regardless of the deadline set out in Article 7 of this methodology.

**Article 11
Extraordinary review of the Renewable Energy Obligation**

ERE, in case it identifies that during a calendar year, the components used for calculating the renewable energy obligation change to the extent that OER cannot cover the costs identified in Article 7 of this methodology, may carry out a review within the regulatory period of the renewable energy obligation. In the event that ERE changes the fixed value of the obligation, the change shall be published for all interested parties and shall be reflected in the electricity invoice, the contracts concluded between the parties as well as in the value of the collateral issued by the supplier, either in an increase or decrease in its value.

**Article 12
Settling the Disputes**

1. In case of disputes for the amount of the obligations, the parties initially shall make all the efforts to settle the dispute with mutual understanding.
2. If there is not a settlement with understanding between the parties, ERE shall act as the authority for settling the disputes implementing Law no. 43/2015 “*On Power Sector*”, as amended and the “*Regulation for handling the complaints submitted from the customers and for settling the disputes between the licensees in power and natural gas sectors*”. If there is no settlement yet, the parties shall address to the competent court.

**Article 13
Review and amendment of the methodology**

This methodology is object of review and amendment by ERE Board Decision, according to the “*Regulation on ERE Organization, Operation and Procedures*”.

**Article 14
Entry into force**

This Methodology enters into force after its publication in the Official Gazette.