



REPUBLIKA E SHQIPËRIË  
**ENERGY REGULATORY AUTHORITY**  
**BOARD**  
**DECISION**

**No. 187, Dated 07.08.2025**

**ON**

**THE EVALUATION OF THE ANNUAL REPORT OF THE COMPLIANCE OFFICER  
OF “DISTRIBUTION SYSTEM OPERATOR” COMPANY FOR THE  
IMPLEMENTATION OF THE COMPLIANCE PROGRAM FOR 2024**

Based on Articles 16 and 72, point 3, letter “b” of Law no. 43/2015, “On Power Sector”, as amended; Article 11 of the Compliance Program of DSO company approved by Decision no. 257, dated 20.12.2020 of the Energy Regulatory Authority (ERE) Board “On the approval of the Compliance Program of DSO company”; as well as Article 15 of the Regulation for ERE Organization, Operation and Procedures, approved by the Energy Regulatory Authority (ERE) Board decision no. 96, dated 17.06.2016; ERE Board, in their meeting dated 07.08.2025, after reviewing the report Protocol no. 1426/7 dated 31.07.2025, prepared by Compliance and Regulatory Impact Directory, “On the analysis and evaluation of the Annual Compliance Report of the Distribution System Operator ‘DSO’ company for 2024”,

**Observed that:**

**1. Presentation and review of the Annual Compliance Report for 2024**

- In implementation of Article 72, point 3, letter “b” of Law no. 43/2015, “On power sector”, as amended, as well as ERE Board Decision no. 257, dated 21.12.2020 “On the approval of the Compliance Program of DSO company”, the Compliance Officer is tasked with submitting to ERE, every year, a report on the monitoring and implementation of the respective program.
- ERE is the institution responsible for evaluating this report, as part of its supervisory function over the functional and organizational independence of the distribution system operator.

**2. Submission and review of the report for 2024**

- The Compliance Officer of DSO company appointed with ERE Board Decision no. 114, dated 27.03.2023, submitted on 26.03.2025 the “Annual report on the monitoring and implementation of the Compliance Program for 2024.”
- On 12.05.2025, a hearing session was held at ERE with the Compliance Officer, and subsequently, through official letter Protocol no. 1426/5 dated 19.06.2025, additional information was requested regarding specific issues of the report.

### **3. Fulfillment of the obligations by the Compliance Officer for 2024**

- The report was submitted in accordance with the deadlines and requirements set out in the Compliance Program. It was prepared in both Albanian and English and was published on the official website of DSO company.
- The reporting obligations regarding the functional and organizational unbundling of the operator have been fulfilled. The independence of DSO from other vertically integrated structures has been demonstrated, including the approval of a new organizational structure by the Supervisory Board, which ensures functional unbundling and independent decision-making.
- Previous ERE recommendations have been implemented, and improvements have been observed in terms of transparency, access to information, the use of online platforms, and customer services.

### **4. Need for improvement and recommendations for the subsequent period**

- ERE positively assesses the performance of the Compliance Officer for 2024, but emphasizes the importance of:
  - a) Further focus on the implementation of the provisions of the Compliance Program.
  - b) Strengthening monitoring mechanisms over critical processes such as employee transfers, implementation of smart meter projects, operation of supplier platforms, supplier switching processes, as well as compliance with regulatory obligations for cybersecurity.
  - c) Detailed reporting on self-producers, the impact on the distribution network, and compliance with the equal and non-discriminatory treatment of stakeholders.

For all of the above mentioned, ERE Board

#### **Decided:**

1. To approve the Annual Report of the Compliance Officer of “DSO” company for 2024.
2. To approve ERE’s Recommendations for 2025 regarding the Annual Report of the Compliance Officer. (Attached)
3. Compliance and Regulatory Impact Directory shall notify the Ministry of Infrastructure and Energy, the “Distribution System Operator” company, the Compliance Officer, and the Energy Community Secretariat about ERE Board decision.

This decision shall enter into force immediately.

Any party involved in this procedure may request the Energy Regulatory Authority (ERE) to review the Board's decision within seven (7) calendar days from the date of issuance, provided that new evidence is submitted that may lead the Board to reach a different conclusion; or material errors have been identified. This decision may be appealed before the Administrative Court of Tirana within thirty (30) calendar days from the date of its publication in the Official Gazette.

This decision shall be published in the Official Gazette

**ERE CHAIRMAN**

**Petrit AHMETI**

## **ERE Board Decision no. 187, dated 07.08.2025**

### **Evaluation of the Annual Report of the Compliance Officer of the Distribution System Operator for 2024**

#### **Energy Regulatory Authority (ERE),**

In its capacity as the independent regulatory authority for the power and natural gas sector in the Republic of Albania, based on the provisions of Law no. 43/2015 ‘On Power Sector’, as amended, as well as on the relevant decisions of ERE Board,

Exercising the supervisory and evaluative function over the implementation of the Compliance Program by the distribution system operators, in accordance with the principles of functional, legal, and organizational unbundling;

Based on Article 72, point 3, letter ‘b’ of Law no. 43/2015 and on ERE Board Decision no. 257, dated 21.12.2020, ‘On approving the Compliance Program of DSO company’, according to which the Compliance Officer is required to submit each year to ERE a report on the monitoring and implementation of the respective program;

Considering the annual report of the Compliance Officer of DSO company for 2024 as an official document intended to inform the regulator about the measures taken for the implementation of the obligations of the Compliance Program and for ensuring an independent, transparent, and non-discriminatory operation of the operator in the market;

Assessing that the report for 2024 has been prepared and submitted in accordance with the deadlines and standards set out in the program, is structured according to the approved control methodology, and reflects the implementation of most of ERE’s previous recommendations;

Taking into account the operator’s efforts to ensure functional and organizational unbundling, improve transparency, enhance the accessibility of information, and modernize services for customers;

#### **EVALUATES**

Following the review of the annual report for 2024 in implementation of the compliance program, ERE Board observed:

1. The fulfillment of the legal and institutional obligations for the submission and publication of the report in Albanian and English, as well as its publication on the official website of the operator DSO company;
2. The implementation of a structured control methodology for the collection and analysis of information, including the monitoring of the operator’s decision-making processes, contracts, complaints, and data reported by internal structures.

3. The clear functional and organizational unbundling of DSO company from vertically integrated structures, as well as the strengthening of operational independence through the approval of the new organizational chart and the decisions of the Supervisory Council.
4. The implementation of transparency requirements through the improvement of public communication, the functionalization of the visual identity and institutional presentation through the logo and clear structuring of public content, the enhancement and addition of innovative services to ensure faster and more transparent services for customers, as well as the commitment to improving public information sections on performance and investments.

## RECOMMENDS

In order to improve the implementation of the Compliance Program for the following period (2025), ERE Board recommends to the Compliance Officer of DSO company:

1. Focus on the key issues of the Compliance Program. The Compliance Officer should ensure that the annual reporting concentrates on the essential provisions of the program, is clear, objective, and directly reflects the implementation of legal and regulatory obligations. This focus should support ERE's supervisory function and ensure a transparent and sustainable reporting process.
2. Monitoring the employee transfer process. The Compliance Officer should monitor the employee transfer process in an impartial and detailed manner, ensuring compliance with the legal framework for human resources and the Labor Code. The impact of these movements on functional impartiality and the stability of the operator's organizational structure should be assessed.
3. Maintaining independence and integrity in the exercise of the function. The Compliance Officer should continue to maintain independence, professional integrity, and discretion in performing the function, avoiding any internal influence that could compromise the objectivity and quality of supervision. This is essential to ensure that the compliance function is exercised effectively and independently.
4. Monitoring the investment and network development plan. The Compliance Officer should enhance monitoring of the implementation of the investment plan and distribution network development plan, verifying compliance with the relevant regulations and the documents approved by ERE. Complete and accurate information should be requested from the operator for each approved or ongoing project.
5. Monitoring of metering and smart metering projects. The Compliance Officer should strengthen control and reporting on metering and smart metering projects, improving monitoring mechanisms and reporting in the following period on the process and status of these projects, including their coverage level in the network. Reporting should be in accordance with the company's plans and strategies, implemented or planned for implementation, and should be accompanied by a comprehensive assessment of compliance with the operator's medium-

term development strategy and objectives for improving service quality to customers.

6. Monitoring supplier switching procedures. The Compliance Officer should strengthen control mechanisms over supplier switching procedures, ensuring the fair and transparent implementation of requests submitted by customers. The next report should clearly reflect the requests handled, complaints recorded, and compliance with the provisions of the “Regulation on switching the electricity supplier”.
7. Reporting on the new Distribution Code. The Compliance Officer should report on the status of the finalization process of the ‘New Distribution Code,’ monitoring the declared deadlines for its completion and approval in December 2025. Reporting should also include an analysis of the impact of this code on the fulfillment of the operator’s functional unbundling objectives.
8. Monitoring the supplier management platform. The Compliance Officer should monitor and report on the functionality of the supplier management platform, which, according to declarations, should be operational from July 2025. The reporting should verify whether this platform is accompanied by internal regulatory documentation, control procedures, as well as mechanisms for reporting its transparency and performance.
9. Monitoring the fulfillment of cybersecurity obligations. The Compliance Officer should continue to monitor the fulfillment of obligations in accordance with the ‘Regulation on Cybersecurity of Critical Infrastructures in the Power Sector,’ approved by Decision no. 126/2020, as amended by Decision no. 79, dated 14.04.2025, and report on the concrete measures taken by the operator in this regard.
10. Reporting on self-generating and generation sources. The Compliance Officer should include in the annual report detailed information on self-generating sources connected to the distribution network, presenting the installed capacity by region, the amount of energy produced and consumed, as well as their impact on the net load of the network. This assessment serves to analyze the challenges related to the effective and fair integration of these sources into the distribution system.

Approved on: 07.08.2025