

DECISION

No. 337, Dated 18.12.2025

ON

**THE ASSESSMENT OF THE ANNUAL COMPLIANCE REPORT OF THE TRANSMISSION SYSTEM
OPERATOR (TSO) COMPANY FOR 2024**

Based on Articles 16, 54, and 58 of Law no. 43/2015, “*On Power Sector*,” as amended; the Energy Regulatory Authority (ERE) Board Decision no. 103, dated 30.04.2018, “*On approving the Compliance Program of TSO company*”; as well as Article 15 of the *Regulation for ERE Organization, Operation and Procedures*, approved by ERE Board Decision no. 96, dated 17.06.2016; ERE Board, at their meeting dated 18.12.2025, after reviewing the report Protocol no. 3089 dated 17.12.2025, prepared by Compliance and Regulatory Impact Assessment Directory, “*On the analysis and assessment of the Annual Compliance Report of the Transmission System Operator (TSO) company for 2024*,”

Observed that:

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

- Based on Articles 54 and 58 of Law no. 43/2015, as amended, and the Compliance Program of TSO company, the Compliance Officer is obliged to report periodically, and annually, to ERE on the monitoring of the implementation of the Compliance Program, with the aim of ensuring functional, organizational, and decision-making unbundling, protecting confidential information, and implementing the principle of non-discrimination.
- ERE, in exercising its supervisory function, evaluates the annual compliance report and issues recommendations to improve the implementation of the Compliance Program and to strengthen internal control mechanisms.

2. Submission and review of the report for 2024

- Pursuant to ERE Board Decision no. 252, dated 25.11.2024 (point 2), until the completion of the contract approval process and the appointment of the Compliance Officer by ERE, the relevant duties and functions have been carried out by the current Compliance Officer, approved by ERE Board Decision no. 50/2021.
- The Compliance Officer of TSO company has submitted at ERE the Annual Compliance Report of TSO company for 2024, through the official letter protocolled at ERE under Protocol no. 1140/3.
- From the review of the material, it results that the Compliance Officer’s reporting covers the monitoring period of the calendar year January–December 2024, while in the introduction the period “31 March – 31 December 2024” is reflected, which is considered a material clerical error.

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

- From the analysis of the report and the verifications carried out by ERE, it is concluded that TSO company has maintained institutional, financial, and operational unbundling and independence, and no violations of the Compliance Program for 2024 have been identified.
- The fulfillment of obligations related to the independence of the financial auditor and the transparency of the announcement for the selection of auditors has been confirmed, in line with the certification requirements of TSO company as an independent operator.
- In terms of information security and cybersecurity, the reporting reflects stable control and protection measures, as well as compliance with the relevant legal and regulatory framework requirements.

4. Need for improvement and recommendations for the upcoming period

- From the assessment of the Annual Compliance Report for 2024, it results that certain elements require improvement and more comprehensive reporting, specifically:
 - a) Clearer and updated reporting on the organizational structure of TSO company and any eventual changes, in accordance with the reporting obligations of the Compliance Program, along with the recommendation that this reporting be carried out within the first two months of the following year.
 - b) Full fulfillment of the Program's obligations regarding data and information platforms, including the review and updating at least once a year of the list of authorizations for access to commercially sensitive information.
 - c) Fulfillment of the Program's obligations regarding public information, including reporting on the archiving of confidential information.
 - d) Submission to ERE of detailed information on the use of revenues from the OPGW network, including the analysis conducted by the Technical Directory and the independent assessment by the Compliance Officer on the impact on the financial independence of TSO company, in accordance with the requirements of the Program and Decision no. 194/2019.
 - e) Strengthening the mechanisms for documentation and traceability of Program violations, staff training/guidance, and provided consultations, with the aim of increasing transparency and full accountability.

For all of the above mentioned, ERE Board

Decided:

1. To partially approve the Annual Report of the Compliance Officer of TSO company for 2024, prepared by the Compliance Officer.
2. To approve ERE's Assessments and Recommendations for 2024 regarding the Annual Report of the Compliance Officer. (Attached).
3. The Compliance Officer must report periodically each month of the following year on the implementation of the recommendations set out in this report.
4. Compliance and Regulatory Impact Assessment Directory shall inform the Ministry of Infrastructure and Energy, the Transmission System Operator (TSO) 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

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

The Energy Regulatory Authority (ERE), in its capacity as the independent regulatory authority for the power and natural gas sectors in Albania, plays an important role in ensuring the fair, transparent, and non-discriminatory functioning of the electricity market. One of the key mechanisms of this supervisory function is the analysis and assessment of the annual compliance report, prepared by the Compliance Officer of the electricity system operators. The purpose of the analysis of the annual compliance report is to ensure that the company effectively complies in practice with the unbundling of functions, protects confidential information, and does not unjustly favor related third parties, etc.

This duty of ERE is based on Article 54, “Ownership unbundling of the Transmission System Operator,” and 58, “Certification of the Transmission System Operator,” of Law No. 43/2015 “On Power Sector,” as amended, which establish the principle of legal, functional, and organizational unbundling of distribution and transmission system operators operating in the power sector and forming part of a vertically integrated group; on ERE Board Decision no. 103, dated 30.04.2018, which defines the obligations of TSO company for the implementation and monitoring of the Compliance Program, as well as the role of the Compliance Officer in reporting and supervision; on Decisions no. 194/2019 and no. 252/2024, which set out TSO company’s obligations for reporting on the use of the OPGW network and for the execution of the Compliance Officer’s duties until his appointment is approved by ERE; as well as on Article 9 of Directive 2009/72/EC and any other legal act relevant to this obligation.

Considering the Annual Compliance Report of TSO company’s Compliance Officer for 2024 as an official document aimed at informing the regulator on the measures taken to implement the obligations of the Compliance Program and to ensure the operator’s independent, transparent, and non-discriminatory activity in the market; and evaluating 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 the majority of ERE’s previous recommendations.

Evaluates

Following the review of the Annual Report for 2024, in accordance with the Compliance Program, ERE Board observes:

1. TSO company has partially fulfilled the essential obligations arising from the Compliance Program, Law No. 43/2015, and the applicable regulatory acts.

2. The activities of TSO company during the reporting year were generally carried out in accordance with the principles of non-discrimination, transparency, and functional unbundling.
3. The fulfillment of the legal and institutional obligations for the submission of the report in the Albanian and English languages.
4. 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.
5. The legal status of the company; in accordance with the Compliance Program and legal obligations, the unbundling and independence of TSO company have been ensured. The company has the State as its sole shareholder, pursuant to Council of Ministers Decision No. 317/2016, which ensures operational and institutional independence from other operators in the power sector, in compliance with the applicable legal requirements.
6. Organizational structure of TSO: The organizational structure has been designed to support the functional unbundling of responsibilities, ensure operational independence, and enable the effective fulfillment of the company's legal and regulatory obligations. The appointment of the members of the Supervisory Board and the Administrator has been carried out in accordance with the provisions of Law No. 43/2015, Council of Ministers Decision No. 317/2016, and TSO Statute. The relevant General Assembly decisions related to appointments and reappointments have been published in the National Business Center, ensuring transparency and compliance with legal requirements.
7. Unbundling and independence of TSO: The institutional independence of TSO during 2024 has been ensured in accordance with the requirements of Articles 54 and 58 of Law No. 43/2015 "On Power Sector." The company also demonstrates full financial independence and complies with the reporting and transparency standards required by ERE and the Energy Community Treaty. Operational independence has been respected by fulfilling the obligations arising from ERE Regulation No. 106, dated 02.07.2020, and the agreements with SEE CAO and ENTSO-E. TSO company has met the legal and regulatory obligations regarding functional and decision-making independence. The obligation regarding the independence of the financial auditor has been fully fulfilled. The Compliance Officer has assessed that TSO has adhered to the principles on salary setting and the prohibition of employment/transfers, thereby guaranteeing the independence of management.
8. Prevention of discriminatory behavior: TSO company has implemented the principles of preventing discriminatory behavior and managing conflicts of interest, in accordance with the applicable legal framework and the Compliance Program. Relevant contracts and documentation have been properly administered and archived and have been made available for verification. During the reporting period, no complaints, reports, or identified cases related to conflicts of interest involving management, employees, or third parties were submitted, demonstrating the effective functioning of the company's preventive and internal control mechanisms.

9. Security and Information Systems: During 2024, TSO ensured information security through secure and controlled systems for processing technical and commercial data, in accordance with ENTSO-E standards and the Compliance Program. Cybersecurity measures were implemented in line with the applicable legislation and EU standards, while risk management was carried out proactively and documented. Control over sensitive data and transparency were effectively maintained. No cybersecurity incidents were reported during 2024.
10. Public information: During 2024, TSO company partially complied with the requirements of the Compliance Program regarding public information. Public information, which is not classified as confidential or commercially sensitive, was made available to market participants, network users, and third parties, in accordance with the applicable legislation. TSO published on its official website the required information regarding the services offered, the technical conditions for access and connection to the transmission system, as well as data on system capacities and the volumes of transmitted energy.
11. Monitoring the implementation of the program – The Compliance Officer has carried out the majority of the tasks outlined in the Compliance Program, including monitoring the implementation of the Program, preparing the annual report, providing recommendations within TSO, investigating alleged violations, managing conflicts of interest, coordinating with ERE and other authorities, as well as providing opinions on the compliance of TSO's documents and actions.

RECOMMENDS

1. The Compliance Officer shall report in a complete, clear, and structured manner on the current organizational, functional, and technical structure of TSO company reflecting the unbundling of functions, lines of dependency, and respective responsibilities, as well as any changes made during the 2024 reporting year or noting the absence of changes. The reporting should also include the relevant decisions regarding the approval or modification of the organizational structure, as well as the planning of possible changes in accordance with the company's operational needs.
2. This reporting shall be carried out in accordance with the provisions of the Compliance Program, including the relevant provisions regarding the legal status and structure of the company, as well as the organizational structure approved by the Supervisory Board, with the aim of ensuring the continuous functional, managerial, and decision-making independence of the operator. It is recommended that the reporting be completed within the first two months of the following year.
3. Public Information: It is noted that during 2024, the methodology for the determination of tariffs was not published, as provided in point 43.2, letter "C" of the Compliance Program. It is recommended that TSO company publish the relevant methodologies on its official website, in accordance with the requirements of the Compliance Program. The Compliance Officer should monitor and report to ERE on the fulfillment of this obligation within the specified deadlines.

4. Monitoring of program implementation: It is recommended to strengthen the monitoring of trainings and instructions, including the provision of detailed training for new staff prior to the commencement of their duties, as well as the establishment of a clear and documented mechanism for reporting and tracking violations of the Compliance Program. Furthermore, it is recommended to ensure full compliance with obligations related to public information, including the publication of data required by the Program, particularly methodologies for determining transmission and connection tariffs, as well as the inclusion of systematic documentation of instructions and guidance provided to TSO company staff. Transparency should also be increased in reporting on investments and proposals for the 10-year transmission network plan, including participation in the meetings of structures specified in the Compliance Program.
5. It is recommended that TSO company and the Compliance Officer take the necessary measures to ensure full implementation of the recommendations provided by ERE for 2023, by providing detailed reporting on the actions taken and the level of their implementation, in accordance with the Compliance Program and the applicable regulatory framework.
 - The Compliance Officer shall submit to ERE detailed information on the use of revenues from the OPGW network, including the analysis conducted by the Technical Directory and its independent assessment, with the aim of ensuring the transparency and financial and operational independence of TSO company, in accordance with the Compliance Program, Decision No. 194/2019, and the correspondence carried out for this purpose during 2024.
 - TSO company shall ensure notification of the Compliance Officer regarding scheduled meetings. The Compliance Officer shall ensure participation in all meetings of the company's management and supervisory bodies, including the Supervisory Board and the General Assembly, in accordance with points 57 and 58, letter "B" of the Compliance Program. For this purpose, internal notification and communication mechanisms should be improved to guarantee the Officer's access to the relevant materials and information prior to the meetings.
 - The level of detail and documentation of the results of monitoring legal and regulatory changes related to the awareness and implementation of the Compliance Program should be improved.