

ELECTRICITY ACTION PLAN

ALBANIA

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1 ROADMAP STRUCTURE

The proposed structure, as described below is also presented for easier reference in the diagram (see page 3).

Chapter 1 - Acquis communautaire

This chapter aims to ensure that the provisions of the Directive 2003/54EC are transposed. The information required in this chapter is a reference to the national legislation indicating both the legal disposition and the relevant articles, in case that the Directive's provisions were adopted accordingly.

The overall deadline for the transposition of the electricity acquis is the 1st July 2007, except for the eligibility calendar which is January 2008 for non-household consumers and January 2015 for household consumers

Chapter 2 – Market Structure

The chapter addresses market concentration and to propose, if deemed necessary, measures.

It also pursues effective unbundling of system operators.

Chapter 3 – Wholesale market

This chapter addresses the wholesale market design and rules, in order to achieve competitive market. Competition in the wholesale market shall be ensured by transparency provisions and the regarding market monitoring. The necessary balancing regime is being covered as well, under the market rules subchapter, as the required licensing and authorization process.

Chapter 4 – Retail market

This chapter aims to ensure that the retail market opening measures in terms of eligibility thresholds and time schedules are being implemented.

The customer switching process and the payment reform is being addressed, as well as customer protection.

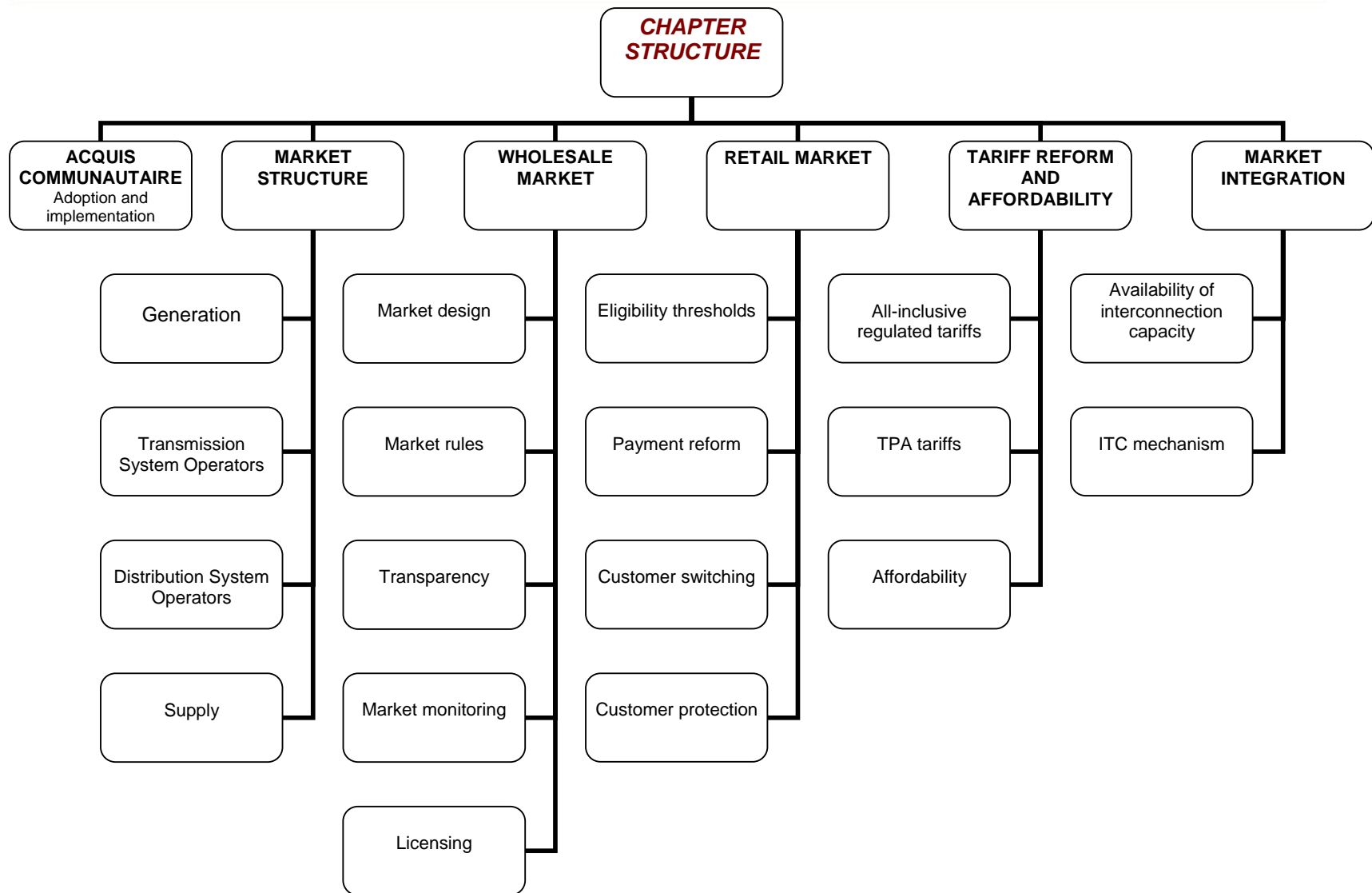
Chapter 5 – Tariff reform and Affordability

The chapter covers the issue of cost reflectiveness in all inclusive tariffs and network usage tariffs (transmission and distribution networks). Affordability issues are also being covered.

Chapter 6 – Market integration

This chapter includes a description of issues related in particular to cross border trade and cross border transport. The key issues to be solved at regional level include the methodology for capacity allocation and congestion management, the Inter TSO Compensation mechanism, and the licensing provisions that are mutually recognised.

This chapter's actions should be regarded as of regional level and should be agreed upon by regional bodies.



2 ACTION PLAN

Chapter 1 - Adoption of the *acquis communautaire* - ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
1.1 to 1.5	General rules: 1.1 Imposition on undertakings 1.2 Customer protection 1.3 Public Service Obligations 1.4 Security of Supply 1.5 Technical Rules	Develop and implement General Rules for the impositions on undertakings, customer protection, public service obligations, security of supply and technical rules	July 2007	<p>1.1 Imposition on undertakings</p> <p>The imposition is addressed in the Power Sector Law Nr. 9072, date 22.05.2003 and its amendments (Arts. 34, 35, 38, 40, 41, 43, 45, 46).</p> <p>1.2 Customer protection</p> <p>Customer protection issue is covered by the Customer Protection Law Nr 9135, date 11.09.2003, the General Rules, and by the Power Sector Law (Arts. 8, 15, 25, 27, 29, 32, 44, 50, 51, and 52). It also is covered by provisions of the Grid Code, the Type of Contract, and the Rules on Procedures and Practices adopted by the Regulatory Body (ERE).</p> <p>Legal provisions to protect vulnerable customers are included in the Decree Nr 565 date 1.08.2006 of the GoA.</p> <p>The Customer Protection Law Nr. 9135, date 11.09.2003 has to be reviewed to make it fully compatible with EU standards.</p> <p>1.3 Public Service Obligations</p> <p>Public Service Obligations are defined by the provisions of the Power Sector Law (Art 25), but also by the Grid Code and the Type of Contract.</p> <p>1.4 Security of Supply</p> <p>Security of Supply is covered by the Power</p>	June 2007	METE Regulatory Body NAE

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				<p>Sector Law (Arts. 8, 15, 25, 32, 41), the National Energy Strategy (investments and energy network upgrading), and the Market Model.</p> <p>1.5 Technical rules</p> <p>Technical rules are addressed in the Power Sector Law (Arts. 8, 30, 31, 32), the Market Model which was approved by the GoA in 2004, the Transmission, Distribution and Metering Code which was approved by the ERE in 2005.</p> <p>The Market Model and the Market Rules have to be reviewed in order to make them updated and fully compatible with the EnC Treaty requirements.</p>		
1.6 to 1.7	Generation: 1.6. Authorization 1.7. Tendering rules	Develop and implement the provisions regarding Generation: authorization criteria and tendering rules	July 2007	<p>1.6 Authorisation and 1.7 Tendering rules</p> <p>The authorization procedure is covered by the Power Sector Law (Arts 13, 14, 15, 17).</p> <p>The Power Sector Law has authorized the Regulatory Body (ERE) to prepare and to approve the Regulation on licensing procedures.</p> <p>The ERE grants licenses for the construction, installations and operation of power plants based on the criteria of the "Licensing Practices and Procedures" adopted by the ERE through the Decision Nr. 37, date 09.07.2004 and Nr. 44, date 14.10.2004.</p> <p>The Power Sector Law (Art. 38) has introduced the privileged power producers in accordance with existing "Concession Law". Ad hoc concession rules are applied in some special cases, as well as specific provisions of the Law in case of unsolicited proposals.</p>	March 2007	METE ERE

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				A new Concession Law is under preparation, and will be based on the best practices.		
1.8 to 1.13	Transmission and Distribution System Operators: 1.8. Designation 1.9. Tasks 1.10. Unbundling 1.11. Dispatching and balancing 1.12. Confidentiality 1.13. Combined operator	Develop and implement the provisions regarding Transmission and Distribution System Operators: designation, tasks, unbundling, dispatching, confidentiality, combined operator	July 2007	<p>1.8 Designation</p> <p>The TSO was established in July 2004, pursuant to the Power Sector Law (Art. 41).</p> <p>The DSO's existing status is in the form of a Distribution Division within the KESH (Electricity Entity).</p> <p>1.9 Tasks</p> <p>The TSO's tasks are defined by the Power Sector Law (Arts. 40, 41, 42), as well as its amendments to the Law Nr. 9521, date 10.04.2006 (Arts. 1 and 5). The tasks are approved by the ERE's Transmission Code (Decision Nr 58, date 28.12.2004).</p> <p>The DSO's duties are defined by the Power Sector Law (Section IV, Arts. 43, 44).</p> <p>1.10 Unbundling</p> <p>The TSO is unbundled in its legal form, organizational and decision making.</p> <p>It is expected that the ownership unbundling will be fully completed within 2006.</p> <p>The Market Operator is situated within the TSO. Further development of the Market Operator's functions is underway and will be completed during 2007.</p> <p>The DSO is in a process of restructuring and consolidation before the unbundling and privatization, within 2007.</p> <p>The Power Sector Law (Section V, Arts. 45, 46 and 51) defines power supplies activities.</p>	June 2007	METE ERE TSO KESH

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				<p>In the frame of the Market Model, a review of a distribution public supplier operator is an option relating to provision of the network services and electricity supply to regulated customers.</p> <p>The ERE has approved the Distribution Code (Decision Nr. 39 date 30.08.2005). The Metering Code has been approved by the ERE through the Decision Nr. 18, date 29.03.2005.</p> <p>1.11 Dispatching and balancing</p> <p>The Market Rules adopted by the ERE through the Decision Nr. 1, date 25.10.2005, define the responsibilities relating to the dispatching, balancing and the use of interconnectors.</p> <p>1.12 Confidentiality</p> <p>Confidentiality provisions are given by the Transmission and Distribution Codes, as well as by the Market Rules approved by the ERE (Decision Nr. 58, 39, 1, date 28.12.2004, 30.08.2005 and 25.10.2005).</p> <p>The Transitory Market Model approved by the GoA in 2004 and the Market Rules approved by the ERE are under review to make them fully compatible with the requirements from the EnC Treaty.</p> <p>1.13 Combined operator</p> <p>There is no a combined TSO-DSO in discussion.</p>		
1.14	Unbundling and transparency of	Develop and implement the provisions regarding	July 2007	1.14 Rights of access to accounts		

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to 1.15	accounts: 1.14 Rights of access to accounts 1.15 Unbundling of accounts	Unbundling/transparency of accounts: rights of access to accounts and unbundling of accounts		<p>Based on the Power Sector Law (Art. 8) the ERE monitors and controls services and accounts in respect to the terms of licenses.</p> <p>1.15 Unbundling of accounts</p> <p>Power Sector Law envisages the unbundling of accounts of transmission and distribution from competition activity (Arts. 21, 22, 23).</p> <p>Electricity undertakings have to draw up balance sheets showing revenues, expenditures and results for each activity pursuant to the Power Sector Law (Art. 23).</p> <p>The accounts of electricity undertaking are audited independently and published (www.kesh.com.al). The TSO's web site is under construction and will be fully completed by the end of 2006 when its accounts will be uploaded.</p>		
1.16 to 1.19	Organisation of access to the system 1.16 Third Party Access 1.17 Market opening and reciprocity 1.18 Direct Lines 1.19 Regulatory Authorities	Develop and implement the provisions regarding Organisation of access to the system of accounts: Third Party Access, market opening and reciprocity, direct lines and Regulatory Authorities	July 2007	<p>1.16 Third Party Access</p> <p>The TPA to transmission and distribution grids is put in place according to stipulations from the Market Model (from 2004). The TSO is obliged to justify to the interested party the denial of access to the grid according to provisions stated in the Market Rules (Arts. 11 and 18).</p> <p>Based on the Power Sector Law (Art. 26) the ERE has approved cost reflective methodologies to determine network tariff access through the Decisions Nrs. 59, 28, 29 and 30, date 29.12.2004, and 24.06.2005.</p> <p>1.17 Market opening and reciprocity</p> <p>In accordance to the Power Sector Law Nr 9072, date 22.05.2003 (Art. 48), all</p>	June 2007	ERE TSO

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				<p>customers with annual consumption over 100 GWh may apply to the ERE to obtain the status of the Eligible Customer.</p> <p>Based on the amendments to the Power Sector Law Nr 9512, date 10.04.2006., it is a duty of the ERE to consider and to grant eligibility status to customers.</p> <p>In this regard the ERE will consider how to ensure that the eligible customers may become all non household customers from 01.01.2008.</p> <p>1.18 Direct lines</p> <p>The Power Sector Law (Art. 49) does not make any obstacles to any authorization or license, to permit the construction of direct lines from a power producer to a customer, without using power system.</p> <p>1.19 Regulatory Authorities</p> <p>Independent Regulatory Body (ERE) has been established in Albania since 1996, which is fully in functions from the 2003 Power Sector Law, Section II, Arts. 4, 5, 6, 7, 8, 9, 10, 11 and 12).</p> <p>According to the Power Sector Law, the ERE is a legal and public person with headquarters in Tirana. Its Board is composed of the Chairman and 4 (four) members who shall be appointed by the Parliament.</p> <p>Based on the Power Sector Law (Art. 8), the ERE sets out the rules and requirements for granting licenses to companies for generation, transmission, distribution, supply and trade of electricity.</p> <p>The ERE also sets, regulates and reviews</p>		

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				<p>tariffs and terms and conditions of services.</p> <p>The ERE protects the interest of consumers concerning tariffs.</p> <p>The ERE promotes energy efficiency and the improvement in quality of service in the Power Sector.</p> <p>The ERE promotes competition in the Power Sector and cooperate with Albanian Authority of Competition.</p> <p>The ERE approves the Grid Codes, Market Rules, monitors the application of the tariff system, collects and processes data on energy undertakings, monitors unbundling of accounts and behaviour of energy undertakers relating to the consumers.</p> <p>It acts as the appellate body in cases of denial of access to grids or refusal of connection, by the relevant licenses.</p> <p>The ERE is in a process of consolidation of its activity.</p>		
1.20 to 1.22	Final Provisions: 1.20. Safeguard measures 1.21. Monitoring imports 1.22. Derogations	Develop and implement the Final Provisions: safeguard measures, monitoring imports, derogations (if applicable)	July 2007	<p>1.20 Safeguard measures</p> <p>There are provisions regarding the safeguard measures in the Power Sector Law (Art. 47) related to force majeure event, measure taken to ensure the defence alert status of the country, accidents in generation, transmission and distribution facilities, long term shortages of primary energy resources for production of electricity etc.</p> <p>1.21 Monitoring imports</p> <p>Based on the provisions of the Power Sector Law (Art. 41) and Transmission System Code, the TSO is responsible for an</p>	2007	METE ERE

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				<p>integrated management, reliable operation and maintenance of the Transmission System in accordance with the technical and operation safety requirements.</p> <p>According to the Power Sector Law (Art. 41, 42), the TSO is responsible for the monitoring of imports.</p> <p>1.22 Derogations</p> <p>The Power Sector Law (Art. 65) gives transitory provisions only for the appointment of regulatory board in the ERE.</p>		
1.24 to 1.29	<p>Regulation 1228/2003:</p> <p>1.24 Inter TSO Compensation mechanism</p> <p>1.25 Charges for access to the networks</p> <p>1.26 Transparency</p> <p>1.27 Congestion Management</p> <p>1.28 New Interconnectors</p> <p>1.29 Penalties</p>	<p>Implement provisions regarding cross border trade: Inter Transmission System Operators Compensation mechanism, charges for access to the network, transparency, congestion management, new interconnectors and penalties</p>	July 2007	<p>1.24 Inter TSO compensation mechanism</p> <p>TSO participates in SETSO ITC last three years.</p> <p>The tariff of import-export or transits between interconnections is calculated every year on the basis of a special inter TSO compensation mechanism which is part of CBT agreement.</p> <p>These tariffs are different for the exchanges between participants of the CBT agreement and/or other perimeter countries.</p> <p>1.25 Charges for access to the networks</p> <p>Access to the network is allowed on the basis of transparency and non-discrimination. Access is regulated and public, where the price shall be determined in the conformity of methodology approved by the ERE.</p> <p>1.26 Transparency</p> <p>Under the Chapter V (Art. 18) of the Market Rules approved by the ERE with its Decision</p>		

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				<p>Nr. 1, date 25.01.2005., the TSO is obliged to give to all the interested parties and market players, the information related to the market operation, under request which is not treated as confidential.</p> <p>1.27 Congestion management</p> <p>A Cross Border Trade agreement (CBT) is signed between SEE TSOs. The agreement is modified and signed every year by the TSOs. Based on contribution and services profited by the transits every participant is compensated in transparent way.</p> <p>The CBT agreement did not include in this scope the issue of congestions. Last year the TSO had limited possibility to import necessary transit capacity from neighbouring systems.</p> <p>Based on the obligation under Chapter III (Art. 11) of the Market Rules, the TSO is obliged to give the priority to the tariff customers for the capacity allocation and after that to the eligible customers. The TSO must make an explicit auction for the available capacity allocation.</p> <p>The TSO has reached two agreements with two eligible consumers (Darfo and Kurum). The TSO does not intent to sign any long term contracts for the use of existing interconnectors. Instead, the TSO plans to introduce allocation of transmission capacity (cross-border) on a monthly basis to interested parties/players.</p> <p>Albanian network, except in the cases of high level of import is usually available for regional transit demands causing no congestions. The only revenue that comes in these cases is the revenue from the CBT agreement and this</p>		

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				<p>revenue is used to cover the TSO's expenses for import-export-fees, etc.</p> <p>1.28 New interconnectors</p> <p>Albania participates in the SECI-USAID study relating to the transmission system planning and planning of new interconnectors. It aims to establish a database of interconnections for all SEE countries. Within this project several dry run study flows were undertaken, but without any aim to any auction.</p> <p>1.29 Penalties</p> <p>The Power Sector Law (Arts. 8, 19, 63, and 64) envisages specific penalties upon breaking law and regulations adopted by the ERE.</p> <p>Pursuant to its legal authority (Art. 18), the ERE may withdraw the license.</p>		

Chapter 2 – Market Structure – ACTIONS

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
2.1	Generation/ Supply	Assess market concentration in each Party's electricity industry through the commonly used indicators	Not applicable (except for unbundling)	<p>Market concentration in Albania is followed by the ERE and controlled by the Albanian Authority of Competition (AAC), under the Power Sector Law (Art. 8) and the Law of Competition Nr 9121, date 28.07.2003, which has been set in force. The Albanian Authority of Competition was established in 2003 when it operationally started to work.</p> <p>The ERE and the AAC will follow generation unbundling and privatization and take measures for market competition applying analytical techniques consistent with the best practices.</p>	During 2007	ERE AAC
2.2	Generation/ Supply	Adopt measures, if deemed necessary, based on the results.	Not applicable	<p>Based on Power Sector Statement and National Energy Strategy, structural developments of the vertically integrated company (KESH) and establishment of market oriented operation is promoted in Albania. A timetable was projected for each intervention in very specific Action Plan, starting from 2002.</p> <p>Albanian strategy urges for new production capacities due to the increased consumption and difficulties in balancing of power system.</p> <p>More detailed program and actions for the implementation of the National Energy Strategy by 2015, should be finalized.</p> <p>A new TPP with 130 MW installed capacity has to be constructed by 2007.</p>	April 2007	METE ERE AKE
2.3	Transmission	Ensure unbundling and implementation of	Dec 2007	The TSO is unbundled in legal form,	During	METE

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	System Operators	technical rules		<p>organizational and decision making. It is foreseen to be fully unbundled (even ownership) by the end of 2006.</p> <p>The TSO has been reregistered as a joint stock company with 100 % of shares owned by the KESH. The Supervisory Board of the TSO has approved its structure and updated it in September 2004.</p> <p>The TSO is implementing all tasks given by the Power Sector Law (Art. 40, 41, 42) and the Transmission System Code (put in place).</p> <p>The TPA to transmission grid is put in place. The Grid Code and other technical rules are in progress and full consolidation is foreseen.</p> <p>The cost reflective methodology for determining network access tariffs is adopted by the ERE through its Decision Nr 59, date 29.12.2004.</p> <p>To become a member of the UCTE, the TSO has a special Action Plan approved by the TSO Supervisory Board.</p> <p>This Action Plan includes an adequate operational practice according to the UCTE Operation Handbook, a mini SCADA project, a new dispatching centre and transmission system reinforcement (activities undertaken and planned for the period 2006-2008).</p>	2007	ERE KESH/TSO
2.4	Distribution System Operators	Ensure effective unbundling, adoption of technical rules and consolidation of distribution companies	Dec 2007	<p>Distribution activity is part of one entity (KESH) which performs generation, distribution, DSO and retail supply.</p> <p>Distribution undertaking acts in frame of the Distribution Division, within KESH.</p> <p>The Power Sector Law (Art. 43) envisages that distribution network shall be operated by</p>	Dec 2007	METE KESH

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				<p>distribution company.</p> <p>Distribution companies shall provide electricity supply and sale to customers connected to distribution network and maintain distribution facilities in accordance with technical requirement development of distribution network and customer services.</p> <p>Distribution Grid Code is approved by the ERE through Decision Nr. 39, date 30.08.2005, and it is in place.</p> <p>The DSO is in a process of restructuring and consolidation before the unbundling and privatization, within 2007.</p>		

Chapter 3 – Wholesale market – ACTIONS

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
3.1	Market design	Adoption of market design and accompanying measures to ensure liquid competitive wholesale market	Dec 2007	<p>The Transitory Market Model proposed by the ERE in cooperation with other power sector participants, was approved by the GoA through Decision Nr. 539, date 12.08.2004.</p> <p>The Model is based on bilateral contracts and the Third Party Access, including rules for governing, scheduling dispatch, balancing governance and reserve requirements.</p> <p>The ERE and the TSO are responsible legally and technically for the implementation of the Market Rules and market requirements.</p> <p>Currently, the KESH Generation covers imbalances but not according imbalance pricing (instead, the energy pricing is applied). In the next period, a balancing market and auxiliary services will be developed.</p> <p>A final model from the present status (The Transitory Market Model) to a full market design has to be defined within 2007.</p>	September 2007	METE ERE NAE
3.2	Market rules	Elaborate/ implement market rules compatible with a competitive approach	Dec 2007	<p>In accordance with the Power Sector Law (Arts. 54, 55) the ERE has adopted the Market Rules through its Decision nr. 1, date 25.01.2005.</p> <p>The ERE has approved also the Transmission, Distribution and Metering Codes through its decisions Nr. 58, 39, 18, date 28.12.2004, 30.08.2005, 29.03.2005.</p> <p>The Market Rules will be reviewed in parallel with the Transitory Market Model review.</p>	Continuous review	ERE

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3.3	Market transparency	Provide/ publish data, including services offered to market participants	Dec 2007	<p>The Grid Code and the Market Rules, which are approved by the ERE give provisions on transparency. They set requirements on what kind of data has to be provided by wholesale market participants (transmission, generation and balancing).</p> <p>Based on these requirements, the TSO should create its web page within 2006 and start uploading requested information.</p>	Dec 2006	ERE OST
3.4	Market monitoring	Implement a market monitoring system to obtain reliable data for further development of the market:	Dec 2007	<p>According to the Power Sector Law (Art. 8), market monitoring is a very important task of the ERE. Issues concerning competition and abuses of dominant position are under the competence of Albanian Authority of Competition.</p> <p>Issues concerning wholesale market and retail market are in the competence of the ERE.</p> <p>The ERE and the AAC will follow generation unbundling and privatization and take measures to enable market competition during 2007.</p> <p>The ERE will implement a market monitoring system to obtain reliable data for further development of the market.</p>	During 2007	ERE/AAC
3.5	Licensing and Authorization	Elaborate/implement a license/ authorization system, compatible on a regional level	Dec. 2007	<p>Based on the Power Sector Law, licensing and licensing procedures are responsibilities of the ERE (Arts. 13, 14, 15, 16, 17, 18, 19).</p> <p>National licensing practices and procedures are put in place.</p>	Continuous action	ERE

Chapter 4 – Retail market – ACTIONS

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
4.1	Eligibility thresholds	Elaborate and implement market opening measures in terms of eligibility thresholds	Dec 2007	<p>Currently, the eligibility threshold is set at 100 GWh/year which has been fulfilled by two consumers. The amendments to the Power Sector Law have enabled the ERE to address the determining process of eligibility status.</p> <p>The ERE, as well as all other stakeholders in Albanian Power Sector, are aware of the obligation to implement the Acquis Communautaire on energy in compliance with the timetable set out in the Annex I of the Treaty.</p> <p>The ERE will consider how to ensure that the eligible customers may become all non-household consumers from January 2008 and all customers from 1 January 2015.</p> <p>It is expected that the ERE will bring out appropriate decision concerning the market opening and granting eligibility status to customers according to given timetable.</p>	End of 2007	ERE
4.2	Payment reform	Adopt measures towards payment reform	Dec 2007	<p>The improvement of the KESH's performance, increase of collection rate and reduction of electricity losses are included in the annual action plan of the KESH.</p> <p>The Action Plan is approved by the GoA and the donors' community active in Albania.</p> <p>To increase the collection rate and to reduce non-technical losses the Action Plan comprises the installation of meters to all consumers all over the country by the end of 2006.</p> <p>The KESH has also a plan which foresees a</p>	In process 2006-2007	METE ERE KESH

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				<p>lot of investments financed by its own and the donors' community funds to upgrade transmission and distribution and control system.</p> <p>There are in progress of preparation three very important projects in North, South East and South West parts of the country, to upgrade high and medium voltage (110/20 kV) network and to establish a tele-metering system in some parts.</p> <p>The KESH has projected to use tele-metering control and differential tariff system to all business customers.</p> <p>Also, the KESH (Distribution) will start soon the implementation of differential metering system to all consumers.</p> <p>The Action Plan also includes a significant level of cooperation between the KESH and local governments to facilitate electricity payments. A system for payment of electricity bills through a banking and post office system is under preparation and implementation.</p> <p>Task Force composed of the KESH and the Electricity Police has been established.</p> <p>Payment rules are set in the contracts between different operators, as well as between the operators and consumers.</p>		
4.3	Customer switching	Elaborate/implement a non-discriminatory transparent customer switching process minimizing transaction cost and disputes	Dec 2007	<p>According to the eligibility threshold there have been now only two eligible consumers.</p> <p>One of them (Kurum) has chosen to stay with the KESH, while the other one (Darfo) has consumed its eligibility status.</p> <p>Legally, all non-household consumers will have the right from the end of 2007 to take the electricity from wherever they want.</p>	End of 2007	METE ERE KESH

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				There are no additional costs or consequences that prevent eligible customers from changing their suppliers.		
4.4	Customer protection	Elaborate/implement non-discriminatory transparent measures for protection of the customers	Dec 2007	Customer protection has been defined in the Power Sector Law (Art. 25) and the Customer Protection Law, as well as in the secondary legislation (Distribution Code and the Type Contract) adopted by the ERE.	During 2007	METE ERE

Chapter 5 – Tariff reform and Affordability – ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
5.1	All-inclusive regulated retail tariffs	Development of retail cost reflective (all-inclusive) tariffs	Dec 2007	Tariff methodologies are in place based on cost reflective system. Tariff methodologies for generation, transmission, distribution and supply are adopted by the ERE through its Decision Nr. 28, 29, 30, 59 respectively in 28.12.2004. and 24.06.2005.	Done	ERE
5.2	TPA tariffs (transmission, distribution, ancillary services)	Development of cost reflective TPA tariffs	Dec 2007	TPA tariff methodologies are in place based on the cost reflective system. Tariffs for auxiliary services are planned for drafting in 2006 and will be adopted in 2007.	End of 2006 and in 2007	ERE
5.3	Other regulated tariffs	Please include any existing actions describing how the Party will make compatible other existing regulated tariffs (e.g. regulated wholesale tariffs) with the opening to competition	Dec 2007	There are no other regulated tariffs.	/	/
5.4	Affordability	Development and adoption of support schemes for the protection of vulnerable customers	Dec 2007	The GoA's Decision Nr. 565, date 1.08.2006., and its Guidelines are in place to protect vulnerable customers. On the basis of this system the vulnerable customers pay for the electricity consumption and the GoA pays them a compensation for the increase of tariff.		METE ERE

Chapter 6 – Market Integration – ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				
No	Subchapter	Action	Deadline	Responsible party
6.1	Interconnection capacity	Develop and adopt coordinated market based mechanisms at each border	Dec 2007	Relevant regulators and TSOs
6.2	Interconnection capacity	Development of a regional coordinated market based mechanism	Not decided	Fora
6.3	Inter TSO Compensation	Agree on merger of the EU and SEE funds. Otherwise, transitionally, increase injection fee	December 2006	EC/ ETSO
6.4	Inter TSO Compensation	Development of a methodology to invoice or credit market participants in relation with the ITC	As soon as possible	CONTRACTING PARTIES
6.5	Market design/ Market rules	The European Commission shall state a preference on wholesale market opening	October 2006	European Commission
6.6	Market design/ Market rules	Guidelines for market opening indicating measures to start up competition	March 2007	European Commission/ ECRB
6.7	Market design/ Market rules	Guidelines for market rules development	March 2007	European Commission/ ECRB
6.8	Licensing	Analyze the compatibility and harmonization of licensing for trading energy across the region including the harmonization of the concepts of trade and supply	January 2008	ECRB

3 CHECKLIST/ GUIDELINES FOR EACH ACTION

CHECKLIST/GUIDELINES to Chapter 1 – Acquis communautaire

No	Subchapter	Checklist/ Guidelines
Directive 2003/54/EC		
1.1	General rules/ Imposition on undertakings	<ul style="list-style-type: none"> ▪ If applicable, description of the possible impositions on electricity undertakings of Public Service Obligations: Description of the provision and reference to national legislation
1.2	General rules/ Customer protection	<ul style="list-style-type: none"> ▪ Include provisions on universal service for households and if deemed appropriate small enterprises: <ul style="list-style-type: none"> - Obligation on distribution companies to connect customers to the grid - If necessary provisions on the Supplier of Last Resort - Final customer protection including Transparency in contractual terms and conditions, general information and dispute settlement, etc (see Annex A Directive) ▪ Protection of vulnerable customers ▪ Protection customers in remote areas ▪ Minimum information in the bills
1.3	General rules/ Public Service Obligations	<ul style="list-style-type: none"> ▪ Report immediately after the implementation of the Public Service Obligations provisions ▪ Reporting every two years on any changes regarding the Public Service Obligations
1.4	General rules/ Security of Supply	<ul style="list-style-type: none"> ▪ Provisions monitoring of Security of Supply: supply/demand balance; expected future demand, planned new infrastructure, level of maintenance of the existing infrastructure, etc ▪ Identification responsible Institution for the monitoring ▪ Report each two years
1.5	General rules/ Technical rules	<ul style="list-style-type: none"> ▪ Technical rules regarding connection to the system of power plants, distribution systems, consumer facilities, interconnectors, direct lines, etc. ▪ Publication and reporting of the technical rules
1.6	Generation/ authorisation	<ul style="list-style-type: none"> ▪ Authorisation criteria for the construction of new capacity in accordance to the requirements under article 6 of the 2003/54 Directive ▪ Publication of the criteria ▪ Motivation of refusals to applicants and appeal procedures
1.7	Generation/ Tendering rules	<ul style="list-style-type: none"> ▪ Tendering procedure provisions for new capacity (or demand side management measures). To be applied only when Security of Supply is not guaranteed and optionally otherwise ▪ Publication of the details for the tendering procedure and the tender specifications ▪ Appointment of an Institution to oversee the tendering procedure
1.8	TSO & DSO/ Designation	<ul style="list-style-type: none"> ▪ Designation of one/ more Transmission System Operator and Distribution System Operator
1.9	TSO & DSO / Tasks	<ul style="list-style-type: none"> ▪ Define the tasks of the TSO(s) and DSO(s) in accordance with art. 9 and 14 respectively
1.10	TSO & DSO / Unbundling	<ul style="list-style-type: none"> ▪ Legal, organisational and decision-making unbundling of the TSO/ DSO from other activities not related to transmission ▪ Implementation of minimum independent criteria in accordance with art. 10.2 and 15.2 respectively
1.11	TSO/ Dispatching and balancing	<ul style="list-style-type: none"> ▪ TSO: Responsibility for dispatching generation and use of interconnectors. Criteria to be published including rational for possible priority given to certain energy sources (renewables or indigenous) ▪ TSO: Responsibility to balance the system. Rules to be published.
1.12	TSO & DSO / Confidentiality	<ul style="list-style-type: none"> ▪ Provisions regarding confidentiality of commercially sensitive information
1.13	TSO & DSO/ Combined Operator	<ul style="list-style-type: none"> ▪ Possibility to have a combined transmission and distribution system operator according to the requirements

No	Subchapter	Checklist/ Guidelines
Directive 2003/54/EC		
		given in art. 17
1.14	Unbundling accounts/ access	<ul style="list-style-type: none"> Designate competent authorities, including regulatory authorities, to have right of access to the accounts of electricity undertakings
1.15	Unbundling accounts/ unbundling	<ul style="list-style-type: none"> Electricity undertakings to draw up, submit to audit and publish their annual accounts according to rules defined in accounting acquis Internal accounting: Separate accounts for each of their transmission and distribution activities; separate accounts for supply activities for eligible and non-eligible customers
1.16	Organisation access system/ TPA	<ul style="list-style-type: none"> Adopt Third Party Access System based on published tariffs TPA refusal must be substantially reasoned by the transmission or distribution system operator
1.17	Organisation access system/ Market opening and reciprocity	<ul style="list-style-type: none"> Provisions to include the eligibility calendar (non households from January 2008 and households from January 2015) Provisions on reciprocity between Contracting Parties
1.18	Organisation access system/ Direct lines	<ul style="list-style-type: none"> Provisions to enable premises of the electricity undertakings and eligible consumers through direct lines Lay down the criteria of authorisations for the construction of direct lines
1.19	Organisation access system/ Regulatory authorities	<ul style="list-style-type: none"> Designation of one or more competent bodies as regulatory authority with the functions set in art. 23
1.20	Final provisions/ Safeguard measures	<ul style="list-style-type: none"> If applicable, to communicate any safeguard measures provisions in place in the Contracting Parties' legislation
1.21	Final provisions/ Monitoring imports	<ul style="list-style-type: none"> Report every three months on the imports of electricity as regards physical flows
1.22	Final provisions/ Derogations	<ul style="list-style-type: none"> If applicable apply for derogations according to art. 26
Regulation 1228/2003		
1.28	Inter TSO Compensation mechanism	<ul style="list-style-type: none"> Contracting Parties legislation in line art. 3 of the Regulation 1228/2003 Once the EC Guidelines become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation
1.29	Charges for access to networks	<ul style="list-style-type: none"> Contracting Parties legislation in line with art. 4 of the Regulation 1228/2003 Once the EC Guidelines on ITC become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation
1.30	Transparency	<ul style="list-style-type: none"> Publication of the parameters and standards provided in art. 5 of the Regulation 1228/2003
1.31	Congestion Management	<ul style="list-style-type: none"> Contracting Parties legislation in line with art. 6 of the Regulation 1228/2003 Once the EC Guidelines become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation
1.32	New interconnectors	<ul style="list-style-type: none"> Transpose the conditions subjected to which new interconnectors might be eligible to be exempted from art. 6(6) of the Regulation 1228/2003 and art. 20, 23(2) and 4 of Directive 2003/54/EC
1.33	Penalties	<ul style="list-style-type: none"> Lay down the rules on penalties applicable to infringements of the provisions of the Regulation and adopt measures to ensure that they are implemented

CHECKLIST/GUIDELINES to Chapter 2 – Market Structure

No	Subchapter	Checklist/ Guidelines
2.1	Generation/ Supply	<ul style="list-style-type: none"> ▪ Relevant authorities shall define the relevant market, measure market concentration and apply analytical techniques consistent with international best practice. Commonly used indicators are: <ul style="list-style-type: none"> - No of companies - Installed capacity - Electricity produced - Market share - Herfindahl-Hirschman index –HHI- (by capacity and volume) - Etc.
2.2	Generation/ Supply	<ul style="list-style-type: none"> ▪ Adopt measures, if deemed necessary, based on the results ▪ Virtual capacity auctions ▪ Restructuring of the industry ▪ Security of supply provisions ▪ Planning new capacities ▪ Etc.
2.3	Transmission System Operator	<ul style="list-style-type: none"> ▪ Effective unbundling ▪ TPA conditions ▪ Effective operational implementation of the grid code and business processes (scheduling, planning, settlement of disputes, etc)
2.4	Distribution System Operator	<ul style="list-style-type: none"> ▪ Effective unbundling ▪ Technical rules for the operation of the distribution networks ▪ TPA access conditions ▪ Consolidation of the distribution companies

CHECKLIST/GUIDELINES to Chapter 3 – Wholesale Market

No	Subchapter	Checklist/ Guidelines
3.1	Market design	<ul style="list-style-type: none"> ▪ Bilateral trading versus power exchanges ▪ If applicable ensure compatibility of Wholesale supplier/ single buyer with a competitive market ▪ Etc.
3.2	Market rules	<ul style="list-style-type: none"> ▪ Contents of the Market rules. In a bilateral contracts/ balancing market model the min. elements should be: registration procedures for participants; scheduling process for physical nomination/ contract notification for internal contracts; gate closure; bids and offers rules or rules for regulated imbalance prices; imbalance prices quantities or price calculation when existence of balancing market; commercial aspects of ancillary services; guarantees to cover imbalances, dispute settlement; data to be published for market participants; mechanism and rules for allocation of interconnection capacity) ▪ Avoid preferential treatments or discriminatory practices (e.g. all participants should be bound to imbalance settlement) ▪ Issues to ensure regional compatibility of the national market rules (e.g. gate closure afternoon ahead as a minimum) ▪ Minimal constraints to bilateral contracting ▪ Import/ export trade not to be limited
3.3	Market transparency	<ul style="list-style-type: none"> ▪ System load ▪ Transmission and access interconnections ▪ Generation ▪ Balancing ▪ Information from the wholesale markets
3.4	Market monitoring	<ul style="list-style-type: none"> ▪ Implement a market monitoring system to obtain reliable data for further development of the market: <ul style="list-style-type: none"> - Periodic assessment of market concentration and abuses of dominant position - Wholesale market monitoring - Retail market monitoring: Customer switching rates, eligible and regulated retail market prices
3.5	Licensing and Authorization	<ul style="list-style-type: none"> ▪ Elaborate/implement a license/authorization system, compatible regionally

CHECKLIST/GUIDELINES to Chapter 4 – Retail market

No	Subchapter	Checklist/ Guidelines
4.1	Eligibility thresholds	<ul style="list-style-type: none"> ▪ Elaborate and implement market opening measures in terms of eligibility thresholds
4.2	Payment reform	<ul style="list-style-type: none"> ▪ Adopt measures towards payment reform: <ul style="list-style-type: none"> - Improve collection rates (at least 90% level) - Lower transmission & distribution technical losses - Upgrade of metering and control systems <p><i>Ref. Electricity Transition Strategy and Electricity Market Options Paper</i></p>
4.3	Customer switching	<ul style="list-style-type: none"> ▪ Develop customer switching protocols and required infrastructure (between new and old supplier, distribution companies and customer). They should at least include: <ul style="list-style-type: none"> - Clear responsibilities between relevant players involved including timeframes for each task in the switching process - Development of parameters to identify points of supply - Metering and settlement arrangements including when switching in between a reading cycle - Load profiles for customers which are not hourly metered - Transfer of the network capacity from old to new supplier - Upgrade IT systems and electronic filing required for customer switching <p><i>Ref. ERGEG Guidelines</i></p>
4.4	Customer protection	<ul style="list-style-type: none"> ▪ Development of Customer Protection rules which shall at least include: <ul style="list-style-type: none"> - Guarantee of connection to the network in reasonable time and price - Distribution companies to provide terms and conditions to customer prior to connection - Disconnection only in severe breach of connection contract - Quality and continuity of supply standards, including its monitoring - Dispute settlement. Companies to develop if possible code of conduct - Transparency of retail prices (available of information to make the choice, price information in the bills and price update during the contracting period) <p><i>Ref. ERGEG Guidelines</i></p>

CHECKLIST/GUIDELINES to Chapter 5 – Tariff reform and affordability

No	Subchapter	Checklist/ Guidelines
5.1	All-inclusive regulated retail tariffs	<ul style="list-style-type: none"> ▪ Development of retail cost reflective (all-inclusive) tariffs: <ul style="list-style-type: none"> - Development of a cost-reflective retail tariff methodology - Calculation of the tariffs according to the proposed methodology. Cross subsidies among consumer groups shall be avoided <p><i>Ref. USAID tariff benchmarking study</i></p>
5.2	TPA tariffs (transmission, distribution, ancillary services)	<ul style="list-style-type: none"> ▪ Development of cost reflective TPA tariffs: <ul style="list-style-type: none"> - Development of a TPA tariff methodology/s which shall take into consideration an appropriate rate of return, an appropriate depreciation of the assets, incentives for future investment and the operating costs of the company and incentives for efficiency - Calculation of the tariffs according to the proposed methodology (this will require among others, the system cost determination) <p><i>Ref. USAID tariff benchmarking study</i></p>
5.3	Other regulated tariffs	<ul style="list-style-type: none"> ▪ Please include any existing actions describing how the Party will make compatible other existing regulated tariffs (e.g. regulated wholesale tariffs) with the opening to competition
5.4	Affordability	<ul style="list-style-type: none"> ▪ Development and adoption of support schemes for the protection of vulnerable customers <p><i>Ref. ERGEG Guidelines</i></p>

CHECKLIST/GUIDELINES to Chapter 6 – Market integration

No	Subchapter	Checklist/ Guidelines
6.1	Interconnection capacity	<ul style="list-style-type: none"> ▪ Develop and adopt coordinated market based mechanisms at each border
6.2	Interconnection capacity	<ul style="list-style-type: none"> ▪ Development of a regional coordinated market based mechanism: <ul style="list-style-type: none"> - Further work and agreement on flow based capacity allocation mechanism including distribution of revenues - Establishment of an auction office, defining the financial framework, organizational structure and responsibilities
6.3	Inter TSO Compensation	<ul style="list-style-type: none"> ▪ Agree on merger of the EU and SEE funds. Otherwise, transitionally, increase injection fee
6.4	Inter TSO Compensation	<ul style="list-style-type: none"> ▪ Development of a methodology to invoice or credit market participants in relation with the ITC
6.5	Market design/ Market rules	<ul style="list-style-type: none"> ▪ The European Commission shall state a preference on wholesale market opening
6.6	Market design/ Market rules	<ul style="list-style-type: none"> ▪ Guidelines for market opening indicating measures to start up competition
6.7	Market design/ Market rules	<ul style="list-style-type: none"> ▪ Guidelines for market rules development
6.8	Licensing	<ul style="list-style-type: none"> ▪ Analyze the compatibility and harmonization of licensing for trading energy across the region including the harmonization of the concepts of trade and supply