Background
According to Article 3a of the Treaty establishing the Energy Community (the Treaty), the activities of the Energy Community (the EnC) shall, among others, include the implementation by the Contracting Parties of the Acquis Communautaire on energy, environment, competition and renewables. Under the Treaty, the Acquis Communautaire on energy is represented by the Directive 2003/54/EC, the Directive 2003/55/EC, and the Regulation 1228/2003/EC (Article 11 of the Treaty). The timeline, as specified in the Treaty’s Annex I, asked for this activity to be implemented by July 2007 (within twelve months of the entry into force of the Treaty). The Treaty also sets out the timetable to adopt the necessary measures to open the market to non-household customers by January 2008, and to all customers by January 2015.

Purpose
The implementation of the Acquis Communautaire on energy, and the adoption of necessary measures to open the electricity and gas markets for competition are supported by the development of tailor-made Road Maps (Action Plans), by each Contracting Party. These are based on electricity, and respectively gas templates prepared by the Energy Community Secretariat and agreed with major stakeholders in the process, including the Permanent High Level Group members.

Electricity Road Map

(1) Adoption of the Acquis Communautaire
- Review the Customer Protection Law from 2003 in order to make it fully compatible with EU standards.
- Update the Transitory Market Model and the Market Rules in order to make them fully compatible with the EnC Treaty requirements.
- Prepare new Concession Law having in mind authorisation and tendering rules for new generation capacity.
- Complete full TSO ownership unbundling (beside legal, organisational and decision making) and further develop its Market Operator’s functions. Restructure and consolidate the DSO before its unbundling and privatisation. Review the Transitory Market Model as to consider a distribution public supplier option relating to provision of the network services and electricity supply to regulated customers.
- Continue with a practice of an independent audit and publishing of the accounts of all electricity undertakings.
- Ensure that all non household customers will be granted the eligibility status as from 1 January 2008 (according to the EnC Treaty – Annex I, Para 2).
- Promote competition in the power sector and extend cooperation between the Regulatory and Competition Authorities.
- Monitor imports on a regular basis.
- Give to all interested parties and market players the information related to the market operation on a regular basis.
- Introduce allocation of cross border transmission capacity on a monthly basis to interested parties/players. Start up explicit auctions for the available transmission capacity allocation. Explore various possibilities for importing as to avoid lack of necessary transit capacities from neighbouring systems.

(2) Market structure

- Follow generation unbundling and privatisation and take measures for improvement of market competition applying analytical techniques consistent with the best practices.
- Promote further structural development of the KESH and finalise detailed programme and actions for implementation of the National Energy Strategy by 2015.
- Complete ownership unbundling of the TSO, and conduct all necessary activities to fulfil the conditions to become a member of the UCTE.
- Continue with the process of restructuring and consolidation of the distribution company before the unbundling and privatisation.

(3) Wholesale market

- Develop a balancing market and an auxiliary services market continuing the realisation of the Transitory Market Model. Define a final model from its present status to a full market design.
- Continuously review the Market Rules in parallel with the Transitory Market Model.
- Create the TSO’s own web page and start uploading all information about data, including services offered to market participants.
- Follow up generation unbundling and privatisation and take measures to enable market competition. Implement a market monitoring system to obtain reliable data for further development of the market.
- Continue with conduction of national licensing practices and procedures that are already put in place.

(4) Retail market

- Ensure that all non-households consumers may become the eligible customers from 1 January 2008 as given by the timetable set out in the Annex I of the EnC Treaty. Bring out appropriate decision concerning the market opening and granting eligibility status to customers according to the EnC Treaty timetable.
- Improve the KESH’s performance, increase collection rate and reduce electricity losses according to the Action Plan approved by the Government of Albania and agreed with the donors’ community active in Albania.
- Grant the right to all non-household consumers to take electricity from wherever they want from 1 January 2008 without any additional costs or consequences that would otherwise prevent eligible customers from changing their suppliers.
- Continue with customer protection actions.

(5) Tariff reform and affordability
- Continue applying the tariff methodologies that are put in place on the basis of cost-reflectivity.
- Draft tariffs for provision of auxiliary services and start their implementation.
- Continue to compensate vulnerable customers for the increase of tariff according to recently introduced supporting scheme approved by the Government.

Gas Road Map

(1) Adoption of the Acquis Communautaire
- Adapt the Customer Protection Law from 2003 to the needs of the foreseen gas sector and make it fully compatible with EU standards.
- Elaborate a Market Model and the Market Rules in accordance with the EnC Treaty requirements.
- Prepare a new Concession Law having in mind authorisation and tendering rules for the elaboration and construction of transmission and distribution systems needed for the gasification of the cities based on the results of the ongoing gasification study.
- Prepare and implement the legal basis for full TSO and DSO unbundling (at least legal form, and organisation and decision making from other activities) in accordance with the Directive 2003/55/EC.
- Elaborate and implement the legal basis for an independent audit and publishing of the accounts of gas undertakings in accordance with the EnC Treaty requirements.
- Develop and implement the legal provisions for organisation of third party access (TPA) to the system (transmission network, distribution network, storage facilities, upstream pipelines, direct lines etc.)
- Prepare and implement the legal provisions for the organisation for access to New Infrastructure in accordance with Article 22 of the Directive 2003/55/EC (exemption from TPA-provisions)
- Prepare and implement the legal basis for the eligibility status (according to the EnC Treaty – Annex I, Para 2).
- Develop and implement investment incentives for the gasification of the country, taking the results of the gasification study into account. The risk perception when adapting the rate of return on the regulatory asset base and when setting incentives for investments shall be considered. The regulatory framework shall suit in the above mentioned sense the region.
- Elaborate and implement the legal basis for monitoring of security of supply issues.
- Develop and implement the legal basis for provision of information to all system users needed for efficient access to the system.
- Elaborate and implement the legal basis for the establishment of a single mechanism for the cross-border transmission, in particular for the allocation of capacity, for the inter-connection agreements as well as for the operational balancing agreements.

(2) Market structure
- Develop a concept for the gasification of the country, taking the results of the gasification study (under the lead and auspices of World Bank/KfW) into account.
- Elaborate a concept for the structural development of the TSO and DSOs, based on the results of the above mentioned concept for the gasification of the country.

(3) Wholesale market
- Develop a concept for the import-, the storage- and the balancing market and an ancillary services market based on the results of the above mentioned gasification study. Define a final model from its present status to a full market design.
- Prepare transparency provisions for data like activities, services offered, conditions of access, capacity allocation procedure, etc. to be made available (published) to the market participants.
- Develop a non-discriminatory, broadly cost neutral balancing regime which avoids cross subsidisation between system users.
- Elaborate compatible provisions concerning licence- and authorization conditions.

(4) Retail market
- Develop a concept for the retail market based on the results of the above mentioned gasification study.
- Elaborate – based on the results of the gasification study – a customer switching procedure.
- Prepare a concept and the regarding provisions concerning transport capacity usage, considering the customer switching process and taking into account the results of the gasification study.
- Develop customer protection provisions.

(5) Tariff reform and affordability
- Prepare a concept for cost determination of system operators and deviation of tariffs, taking the above mentioned gasification study as a basis. Tariffs shall be cost reflective, based on efficiently incurred costs. Cross subsidies between categories of customers shall be avoided.
- Draft a concept for all inclusive tariffs, taking the above mentioned principles (costs reflectivity etc.) as a basis.
- Develop a concept regarding support scheme for the benefit of vulnerable customers, including incentives for economic energy use, based on the results of the gasification study.